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**LOCAL GOVERNANCE
IN ALBERTA:
PRINCIPLES,
OPTIONS AND
RECOMMENDATIONS**

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TABLE OF CONTENTS

ABBREVIATIONS	1
EXECUTIVE SUMMARY	2
METROPOLITAN AREAS	3
REGIONS OUTSIDE OF THE METROPOLITAN AREAS	3
SMALL, REMOTE URBAN MUNICIPALITIES	4
INTRODUCTION	4
KEY GOVERNANCE CONCEPTS	5
VIABILITY	5
LEGITIMACY	6
KEY GOVERNANCE PRINCIPLES	8
EFFICIENCY	8
CAPACITY	9
ACCOUNTABILITY	10
ACCESSIBILITY	10
RESPONSIVENESS	11
UNDERSTANDING ADMINISTRATIVE FORMS OF GOVERNANCE	12
REGIONAL GOVERNANCE OPTIONS	13
INTERMUNICIPAL COLLABORATION FRAMEWORKS (ICFS)	14
AMALGAMATED MUNICIPALITIES	15
SPECIALIZED MUNICIPALITY STATUS (SMS)	17
GROWTH MANAGEMENT BOARDS (GMBS)	18
REGIONAL SERVICE COMMISSIONS (RSCS)	19
REGIONAL DISTRICTS (RDS) IN BRITISH COLUMBIA	20
TWO-TIERED GOVERNMENT IN ONTARIO	22
ANALYSIS OF GOVERNANCE OPTIONS	24
RESTRUCTURING RECOMMENDATIONS	27
METROPOLITAN AREAS	28
REGIONS OUTSIDE OF THE METROPOLITAN AREAS	28
SMALL, REMOTE URBAN MUNICIPALITIES	29
REFERENCES	30
ABOUT THE AUTHORS	38
ABOUT THE SCHOOL OF PUBLIC POLICY	39

LOCAL GOVERNANCE IN ALBERTA: PRINCIPLES, OPTIONS AND RECOMMENDATIONS

Dr. Sandeep Agrawal and Cody Gretzinger

ABBREVIATIONS

CMA	Census Metropolitan Area
CMRB	Calgary Metropolitan Region Board
CSD	Census Subdivision
EMRB	Edmonton Metropolitan Region Board
GDP	Gross Domestic Product
GMB	Growth Management Board
ICF	Intermunicipal Collaboration Framework
IDP	Intermunicipal Development Plan
MIZ	Metropolitan Influence Zone
MGA	Municipal Government Act
OECD	Organization for Economic Cooperation and Development
RD	Regional District
RMA	Rural Municipalities of Alberta
RSC	Regional Service Commission
SMS	Specialized Municipal Status
SLA	Self-contained Labour Area

EXECUTIVE SUMMARY

Municipalities in Alberta have faced challenges for some time. Many of these challenges have emerged at both local and regional scales, and include slower growth and aging populations, constrained finances, a shifting economic base and the impact of the COVID-19 pandemic (AUMA 2020). In response, Alberta Municipalities, an organization that advocates on behalf of more than 250 urban municipalities in the province, has commissioned several reports to address these concerns. We were tasked to assess the current state of Alberta's local governance model and investigate if changes to government structure might offer some remedy to the deficiencies uncovered in our assessment. Accordingly, the report aims to do the following: 1) provide conceptual tools to understand local government structure; 2) impart a set of principles to guide strategic efforts; 3) evaluate existing regional governance in Alberta; and 4) offer several restructuring suggestions for Alberta Municipalities to consider in consultation with municipalities and to advocate for the province to act on those they wish to pursue.

The key governance concepts of viability and legitimacy underlie this report. A government becomes viable when a critical mass of population and other antecedents are present to catalyze development. Local governments become legitimate when they can take justifiable actions in a legal manner and have active support from their citizens. To improve the viability and legitimacy of local governance, structural reforms must be guided by a set of principles. This report proposes five such principles: efficiency, capacity, accountability, accessibility and responsiveness.

To supplement viability and legitimacy, we also invoked the additional concepts of fragmentation and its counterpart, consolidation. Together, these latter two concepts support a tiered, spatial and authority structure, which can work as an analytical tool to discuss and evaluate the local government models in Alberta and elsewhere in Canada. Collectively, these concepts enable us to identify and compare the number of local government units within regions to better understand how the spatial distribution of governance may uphold the five principles of good governance. The tiered structure of a municipal government, whether it is horizontal or vertical, reveals the extent of spatial geography it serves and the distribution of authority and service responsibility between and among tiered units.

We find that Alberta's primarily horizontally fragmented governance arrangement, which includes over three hundred urban and rural municipalities, provides an accountable, accessible and responsive system. Such a system, however, lacks efficiency and capacity. Our analysis suggests that no one-size-fits-all model will work for Alberta. However, strengthening the current fragmented governance model in Alberta through intermunicipal collaboration frameworks, growth management boards and regional service commissions can bring about meaningful improvements. More disruptive options — such as amalgamation, regional districts or a two-tiered governance structure — also offer some benefits, but they should be scrutinized against the particular context of the area for which they are considered.

The report presents a series of recommendations that Alberta Municipalities can pursue with the Government of Alberta. The overarching suggestion is that the province mandate dispute-resolution mechanisms to resolve all intermunicipal challenges, including annexations. This would minimize intermunicipal frictions and foster cooperation to improve municipal viability, while also improving the fairness and the legitimacy of the governance

system. To achieve this, the current dispute resolution mechanisms must be strengthened and expanded. The other recommendations are divided into three categories, as they pertain to three distinct geographies of the province: metropolitan regions, regions outside of census metropolitan areas and small and remote urban municipalities.

METROPOLITAN AREAS

Alberta has four census metropolitan areas — Calgary, Edmonton, Red Deer and Lethbridge — as per Statistics Canada,¹ with strong economic and municipal servicing linkages that transcend municipal boundaries and would benefit from the following actions:

1. Consider creating growth management boards for the Red Deer and Lethbridge areas.
2. Extend intermunicipal collaborative framework requirements to communities that belong to growth management boards.
3. Require clear parameters on annexations or changes in urban growth boundaries in intermunicipal development plans.
4. Encourage and incentivize ways to share both hard and soft services within the metro region.
5. Allow growth management boards to manage, and also to deliver, regional services such as emergency, water and wastewater or broadband, that cover two or more contiguous municipalities.

REGIONS OUTSIDE OF THE METROPOLITAN AREAS

Regions outside of the four metropolitan areas require greater municipal viability and regional cooperation. Stagnated population and growth, coupled with under- or overuse of infrastructure and services, are some of the many elements that contribute to a municipality's poor viability. The following actions would address these concerns:

1. Encourage and take an active role in voluntary amalgamation where multiple municipalities in immediate proximity face viability issues, or where there is a collective desire or mutual agreement to amalgamate.
2. Support amalgamation of municipalities where viability, governance or service provision are recurring issues.
3. Amend intermunicipal collaboration framework regulations to allow agreements among or between non-contiguous municipalities where necessary and require inclusion of both cost- and revenue-sharing arrangements.
4. Actively encourage the formation of regional service commissions to deliver key public services.
5. Establish a provincial monitoring and oversight mechanism to assess the efficiency and accountability of regional service commissions.

¹ According to Statistics Canada, a census metropolitan area (CMA) is formed by one or more adjacent municipalities centred around a core. A CMA must have a total population of at least 100,000, of which 50,000 or more must live in the core.

SMALL, REMOTE URBAN MUNICIPALITIES

Small, remote urban municipalities, which are generally characterized by a small tax base, have low populations and less administrative capacity. Many are burdened because their infrastructure and services are used by those who live outside their boundaries. The viability of such communities is a concern that should be further investigated, as follows:

1. Periodically assess the viability of urban municipalities with small populations (three thousand or under).
2. Require municipalities periodically to assess the efficacy of agreements and update them, including intermunicipal development plans and other service and governance agreements.
3. Include any longstanding issues, such as servicing or boundary changes, in intermunicipal agreements.
4. Expand funding to assist low-capacity municipalities in high stakes discussions and negotiations.
5. In the new funding formula under consideration, recognize the unique need of small municipalities based on the use of their infrastructure and facilities rather than merely on their population and the length of their roads.

INTRODUCTION

Alberta Municipalities (ABmunis) recognizes the challenges local governments are facing, which affect the viability of local governments in the province and call into question the prevailing municipal governance structure. The challenges encompass intertwined factors, such as a shrinking tax base, cost shifting and the impacts of local policy choices. These are exacerbated by slower growth and aging populations, constrained finances, a shifting economic base and elevated COVID-19 pandemic effects (AUMA 2020). The state of municipal infrastructure has slowly been declining, with many municipalities not having asset management plans in place (Tait 2020). Fifteen urban municipalities have dissolved since 2012, partially as a result of rising costs (Harrap 2021). In fact, RMA (2022) takes the position that “municipal taxation revenues alone are not sufficient to build and/or maintain rural municipal infrastructure networks.”

This report, commissioned by the School of Public Policy as a contribution to the Alberta Municipalities project entitled “The Future of Municipal Government,” explores the solutions that municipal restructuring might provide as a response to current local, intermunicipal and regional challenges. It aims to do the following:

- Provide conceptual tools to understand local government structures.
- Impart a set of principles to guide strategic efforts at restructuring.
- Evaluate existing regional governance in Alberta.
- Offer several restructuring suggestions for Alberta’s municipalities to consider.

To fulfill the above research aims, we reviewed over one hundred pieces of academic literature as well as materials and research produced by developmental and governance organizations. We also interviewed nine key informants with in-depth knowledge of municipal governance in Alberta. These two methods were complemented by consultations with the ABmunis research committee and through discussions at the ABmunis Municipal Leaders' Caucus Meeting held in March 2022. We further informed our analysis by drawing on population statistics from Statistics Canada for distinct geographies within the province.

Our review of academic literature brought to light three broad thematic areas. The first theme covers the two fundamental governance concepts of viability and legitimacy. The second theme emerged from debates with the Canadian and international literature on local governance, pointing to fragmented versus consolidated forms of government. The third theme concerns the history of local governance, which was revealed through the literature on the Canadian context and rural development.

While these three themes fit under the rubric of good governance principles and the structure and authority of local governance in a federal context, the academic discussions are dominated by public choice theory, new institutional economics and debates on fiscal federalism. Other theories, such as public management and the corporatization of municipal government, have emerged from theorizing on local government practices and day-to-day operations. Additionally, new regionalism, collective action and actor-network theory suggest new ways of understanding governance that entail looking outside of traditional, political boundaries for solutions and seeking cooperation among local governments. Overall, the academic literature provided some guidance by taking a considered look at what has already occurred, but it was also too context-specific at times, limiting its generalizability.

The report has five sections. Section 1 reviews the two foundational governance concepts of viability and legitimacy, which describe the fundamental function and purpose of local governments. Section 2 presents five principles that enable robust, capable and ethical governance. Section 3 discusses government administrative forms to provide an analytic framework from which to understand and assess regional and local governance. Section 4 goes over seven regional governance options that are either available in the Alberta context or at least apply to it and discusses their advantages and disadvantages. Section 5 provides an analysis of the seven governance options according to the five principles discussed in Section 2. Lastly, Section 6 provides sets of recommendations for improving regional governance in metropolitan regions, regions outside of census metropolitan areas and small and remote urban municipalities.

KEY GOVERNANCE CONCEPTS

Viability and legitimacy are two concepts that describe the fundamental function and purpose of local governments. Below, we provide a brief overview of these terms as they are instrumental in framing later discussions about local government restructuring.

VIABILITY

Viability is a condition that exists when a critical mass of people, and other antecedents such as human capital and social and hard infrastructure, are present to catalyze development; in turn, this enables the continuity of local government. Local governments are viable when they can provide desired local services to a population. This demonstrates

governance through political representation that responds to citizen needs, including anticipating positive and negative stresses (Marshall and Douglas 1997). Examples of internal stresses include declining revenues, increasing expenditures and debts, declining local economy and low civic engagement; external stresses may include aspects such as cuts or modifications in the provincial funding formulas, changing legislation, social unrest and the like (Marshall and Douglas 1997). Viability therefore results from reaching a balance between (a) externally stipulated roles and prescribed functions under the provincial legislation and demands for services and representation, and (b) responses to rapidly changing economic, environmental, and technological shifts, through local economic development, political leadership and management talent (Marshall and Douglas 1997).

The notion of critical mass, mentioned above, is closely tied to viability. Critical mass is the minimal combination of human capital, social capital, infrastructure and natural or human-created amenities necessary to trigger a development process (Organization for Economic Co-operation and Development 2006). Development within a community generates revenue and attracts people to the community. Furthermore, the demands of residents drive the need for responsive service provision as well as accessible and accountable representation. Viability is the first priority for small and rural local governments, according to the Organization for Economic Co-operation and Development (OECD)'s *The New Rural Paradigm* (2006). The document explains, however, that in sparsely populated rural areas, a frequent problem is that administrative boundaries, existing fiscal schemes for transfers to local governments and legal instruments do not match the functional boundaries — that is, the actual area required to provide the necessary resources. Thus, a critical mass of resources, including population, is crucial to viability.

Available management capabilities and resources generally increase as the population of a municipality rises (Woods, Gordon & Co. Urban, Regional, and Environmental Affairs Group 1970). One study in Manitoba identified the minimum population threshold to be three thousand people, coupled with a minimum taxable assessment base of \$130 million (Ashton et al. 2013a), determining that regions or communities under this threshold likely do not have the base necessary for administrative viability, unless they receive provincial and/or federal assistance. However, other studies suggest a greater range in the population base necessary for viability, setting it at three to ten thousand.

In 2010, the Government of Alberta organized a working group to produce a municipal sustainability strategy, and the group reached consensus on eight domains that contribute to viable municipalities (Municipal Sustainability Strategy Working Group 2010). The term *viability* is used in this report in an encompassing way; the report does not attempt to parse the concept of viability into separate constituents.

LEGITIMACY

Legitimacy exists when local governments can take justifiable actions in a legal manner, while maintaining the active support of their citizens — in other words, those who believe in the municipality's role to act on their behalf. Traditional conceptions of legitimacy emphasize the input side of the political system, such as voting, democratic institutions and specific individuals, roles, people and parties (Roos and Lidström 2014), which complement the Weberian idea of legitimacy being “the willingness to comply with a system of rule” (Weber 1947). Easton (1965) provided a more citizen-centred conception, defining legitimacy as a distinct form of political support from the public that depends on

evaluating the state from a public or “common good” perspective. This more citizen-centric orientation is further developed in Gilley’s definition of legitimacy (2006a), whereby a state is increasingly legitimate the more that it is treated by its citizens as rightfully holding and exercising political power. Gilley’s research confirms that citizens evaluate governments partly based on a notion of “performance” — which includes factors such as the rule of law, control of corruption and properly managed economic reforms. Common-interest variables, such as governance, rights and equality, were found to be pivotal determinants of legitimacy (Gilley 2006a).

Building off of Weber’s definition, Beetham developed three criteria for legitimate power relations, clarifying the notion of “rightfulness”: 1) legality — acting in accordance with established rules; 2) justification — a common framework of belief shared between rulers and the ruled; and 3) acts of consent — active support from citizens for the political order (Gilley 2006). Legitimacy is maintained and reproduced when governments act in accordance with these three criteria, as legitimacy is a dynamic variable rather than a “given,” or static concept (Beetham 1991). Municipalities’ major distinguishing feature in terms of legitimacy is the extent to which they are appreciated and legitimized by their citizens (Roos and Lidström 2014). Local governments make local-level decisions that have a direct impact on people within their geographic boundaries; as well, those citizens can more easily interact with decision-makers.

Levelt and Metze (2014) add a fourth criterion to this legitimacy framework: the ability for an urban and rural regional governance network, largely made up of local governments in the region, to gain credibility. This credibility is especially pertinent in the case of less institutionalized forms of regional governance where hierarchical decision-making could be seen as an effective alternative. Levelt and Metze define credibility as citizens’ judgments about the competencies, effectiveness and trustworthiness of a political leader, an organization, institution or policy. Factors such as politicians’ reputations, charisma and performance, as well as what types of democratic procedures are used in decision-making, also play an important role in citizens’ assessments of credibility.

Contemporary challenges to representative democracy such as declining political participation and democracy vibrancy,² along with the transfer of service provision to semi-independent or private providers, means that assessments of political legitimacy are now often tied to the outputs of these arrangements including how effectively and efficiently these non-political actors deliver decisions, services and goods to citizens (Roos and Lidström 2014). Roos and Lidström noted two sites for legitimacy that are linked to a government’s policies and programs: welfare services, such as education, health and social services, which are typically provincially regulated; and collective basic services, which are mostly decided and administered by local governments.

Notably, local government legitimacy is often affected by perceptions of the quality and delivery of welfare services, even though these services are outside of local jurisdiction. Municipal spending and service quality, conversely, can be highly scrutinized by local populations, since decisions about local services are made at a local level and more closely affect citizens’ daily lives. Citizens continually evaluate — almost daily — how choices are made and local services delivered. Thus, such evaluations serve as a proxy to assess the legitimacy of a municipal government (Roos and Lidström 2014).

² See, for example: Crozier (2010).

KEY GOVERNANCE PRINCIPLES

We distilled governance principles contained in international development agency publications and academic literature into five key principles that encapsulate the various components of good governance. The literature review conducted is extensive, but not exhaustive. The report does not attempt to assess governance quality,³ but rather evaluates local government structure against five principles that we believe contribute to the key governance aims of viability and legitimacy discussed earlier. The five principles are theoretically distinct, but not mutually exclusive. They have complex and interwoven characteristics, particularly when confronting municipal governance reform. Table 1 shows the five principles along with several important ideas encapsulated in each principle. We elaborate on each of the five principles below.

Table 1. Five Principles for Local Governance

Principle	Encapsulated Ideas
Efficiency	Cost efficiency, economies of scale, reducing externalities
Capacity	Effectiveness, competence, collaboration, equitable outcomes, sound policymaking, autonomy, sustainability
Accountability	Integrity, transparency, independent oversight, openness
Accessibility	Direct democracy and representation, public participation, civil society, local expression
Responsiveness	Meeting service needs

EFFICIENCY

Efficiency speaks to the quality and standardization of public service delivery and the professionalization of bureaucracy, such as focusing government efforts on vital functions and eliminating redundancies or overlaps in functions and operations, so that public value is maximized in an ethical and professional manner (United Nations Office on Drugs and Crime 2019). The public finance literature suggests that cost efficiencies can be obtained by bringing municipal services under a larger jurisdictional boundary, since this can reduce the duplication of services provided by different government organizations while also mitigating cross-jurisdictional externalities.

Externalities occur when municipalities bear the cost of providing services to residents of neighbouring communities that use those services (such as roads, recreational centres or libraries) without receiving transferred revenues to cover the costs of their use (OECD 2006). The issue with creating larger jurisdictional boundaries to capture externalities, however, is that each urban service has its own optimal scale of production, which makes it difficult to draw economically optimal jurisdictional boundaries for municipalities that provide many services (Bird and Slack 2004). Larger government units may face increased costs due to delivering certain services over long distances and added administration costs (Boyne 1992). To illustrate this tension, consider that roads and winter control are most efficiently provided within a highly populated municipality while fire rescue services are most optimally provided at a smaller scale (Found 2010); this raises the question of whether a larger unit or many smaller units are more cost effective when a municipality is required to provide both services. What further complicates the matter is that some services, such as parks, recreation programs and recreational facilities, appear to have no economies of scale (Found 2010).

³ For a robust discussion on evaluating local governance quality, see: Taylor (2016).

No academic consensus exists on whether larger or smaller government units are more efficient. Some argue that multiple, small and uncoordinated local government bodies can hinder metropolitan-wide consensus on topics such as economic development, the environment, social or economic inequality, public service provision and financing (OECD 2007). Others, however, stress that this arrangement can spur competition among local units to attract tax revenue, which then leads to more efficient provision of local goods and services (Goodman 2019). Bird and Slack (2004) contend that the search for optimal government size can produce a never-ending list of dilemmas regarding efficiency and advocated for tax reform as a partial way to improve it. Fiscally constrained local governments often face difficult choices regarding the many demands for local service provision, meaning that the search for efficiencies must be balanced against broader community objectives and concerns defined within the particular municipal policies and plans.

Two forms of measurements based on commuting patterns as a proxy for the spatial dimension of labour activities — metropolitan influence zones (MIZ) and self-contained labour areas (SLA) — can help determine how places are connected and how services and infrastructure are used. MIZ concerns how communities outside of a Census Metropolitan Area (CMA) are connected with it, based on the commuting patterns between the two areas. High metropolitan influence could indicate that a particular region is at higher risk of economic inefficiencies due to commuters accessing a variety of municipal services and infrastructure on either side of a jurisdictional boundary, but without accounting for how and which municipality incurs what cost.

An SLA delineates an area comprised of two or more Census Subdivisions (CSDs) that exceed a threshold of 75 per cent of self-labour containment (Alasia 2017). Essentially, this means most of the residents live and work in the same geographic region, with only a few who leave or come from outside the given region for work (Munro et al. 2015). SLAs help demarcate labour areas based on rural-to-rural commuter flows. They also help define rural communities where economic patterns and activities of local businesses and residents are tied together (Ashton et al. 2013).

CAPACITY

Capacity refers to the ability of local governments to achieve sustainable and equitable outcomes through sound policymaking and competent, collaborative and effective administration; this includes a municipality's ability to organize assets and resources to achieve objectives set by the community, and where feedback from those outcomes can create additional assets (Jacob et al. 2008). Community objectives could include matters such as improving flood mitigation and climate resilience, or attracting economic investment. There are two types of municipal capacity (Marshall and Douglas 1997):

- *Reactive capacity*—the government's ability to respond to problems that emerge
- *Proactive capacity*—the government's ability to initiate effective action before problems appear or opportunities emerge

For institutions to perform their functions effectively, they require competent personnel supported by sufficient expertise, resources and tools to deal adequately with the mandates under their authority (United Nations Committee of Experts on Public Administration 2018).

High-capacity local governments are better able to navigate and ameliorate spatial inequality effectively, although this is not always the case. Decentralized fiscal arrangements can generate greater regional inequalities (Bartolini et al. 2016), which suggests that municipal capacity can only achieve limited equitable outcomes if provincial and federal levels of government do not offer effective redistributive policies. Further, it is unclear whether and how cooperation and revenue-sharing between multiple municipal governments can redress spatial equality in metropolitan areas (Kübler and Rochat 2019). Sellers et al. (2017) discuss the idea of “place equality regimes” as one solution – which arise from welfare state institutions, central-local relations, intergovernmental cooperation and revenue-sharing at the local level. Nevertheless, this is a persistent issue. For instance, even in Switzerland, a country regarded as one of the most successful examples of fragmented local governance where municipalities have a relatively high level of spatial equality, the territorial mismatch between resources and needs remains significant (Sellers et al. 2017).

ACCOUNTABILITY

Accountable local governments are ones in which public servants act with integrity and transparency, and independent oversight systems prevent corruption. Decentralization can also increase accountability and local participation,⁴ since more comparisons among different local units enable and enhance benchmarking and transparency. However, local elites may find they can more easily wield influence over smaller local governments (Bird and Slack 2004), seeding corruption or increased inequality.⁵ Lefèvre (2008) explains that such inequities are more likely when those who allocate the benefits are closer to those who receive them. Bird noted that enforcing accountability at the local level is not easy. It requires an intergovernmental fiscal system with clear and correct incentives for decision-makers, adequate information for constituents and opportunities for the public to inform and influence service delivery (Bird 2000).

Shah’s formulation of citizen-centred governance (2006) argues for appropriate safeguards to ensure governments serve the public interest with integrity. This may require institutional reforms, such as citizen charters or the means to recall public officials. These aspects reflect his push for responsible government, where units prudently manage fiscal resources and social risk. Martinez-Vasquez (2012) found that citizens prefer political accountability, and this leads to smaller jurisdictional sizes and more layers of governments. This kind of shift strongly suggests that accountability be included as a critical dimension to the theory of optimal jurisdictional size (Martinez-Vasquez 2012): It goes beyond mere concerns with efficiency, the aspect emphasized by most advocates of decentralization.

ACCESSIBILITY

Accessibility references citizens’ access to participation in local decision-making. Boyne (1992) contends that smaller governments facilitate this because they offer the public more opportunities to monitor the behaviour of local decision-makers than do larger ones. This links to Slack’s argument (2007) that the more accessible politicians are to their constituents, the more easily they can be held to account. Accessibility also constitutes localities’ ability to convey their identity through participation in local representation and

⁴ See: Seabright (1996). Also: Ebel and Yilmaz (2002).

⁵ See: Bardhan and Mookherjee (2000).

civil society. Public participation is also a significant component of Shah's model (2006), which promotes a rights-based approach and direct democracy provisions.

The Council of Europe (2021) links accessibility with other democratic provisions, such as conducting elections fairly, and representation and participation so that "citizens are at the center of public activity and they are involved in clearly defined ways in public life at the local level." In a similar vein, the OECD's *New Rural Paradigm* (2006) emphasized the need for strong private business sector representation in rural areas, as this is critical to building service capacity and capitalizing on new opportunities and resources in places with limited public services. Providing accessible governance arrangements to citizens and business interests alike is therefore a major component in generating local development objectives, which then leads to improved viability, particularly in more rural settings.

RESPONSIVENESS

Responsiveness refers to the government's aptitude to respond to citizens' legitimate expectations and needs. This includes the government's ability to adapt and institute appropriate objectives, rules, structures and procedures, as well as to respond to citizens' complaints within a reasonable timeframe (Council of Europe 2021). For the United Nations Office of Drugs and Crime, responsiveness also refers to identifying and addressing built-in discriminatory practices to enable greater participation. This may involve mechanisms like selective decentralization, so that municipalities can be more in tune with the needs of their constituents (UNODC 2019).

George Stigler (1971) asserted that a representative government works best when it is close to the people, and that people should have the right to vote for the kind and amount of public services they want. This is closely related to the idea of subsidiarity,⁶ whereby decisions regarding taxing, spending and regulatory functions should occur at the order of government closest to the people, unless a reasonable case can be made for it to occur at a higher tier of government (Stigler 1971). Assigning responsibilities based on subsidiarity likely enables improved allocative efficiency, meaning that the optimal government size would vary with economies of scale and cost-benefit implications (Shah 2006).

Public choice theorists often herald government systems with many local units as highly responsive to the needs of citizens because competition leads to individual units being rewarded when they tailor public services to match the preferences of citizens who could choose to move elsewhere.⁷ This type of attentiveness is less evident in more consolidated municipal governments, where the needs of small groups of local constituents may be less understood. This is partly because one representative may have a much larger electorate than in a small municipality and may therefore be less attuned to the hyper-local needs of individual communities within their electoral ward.

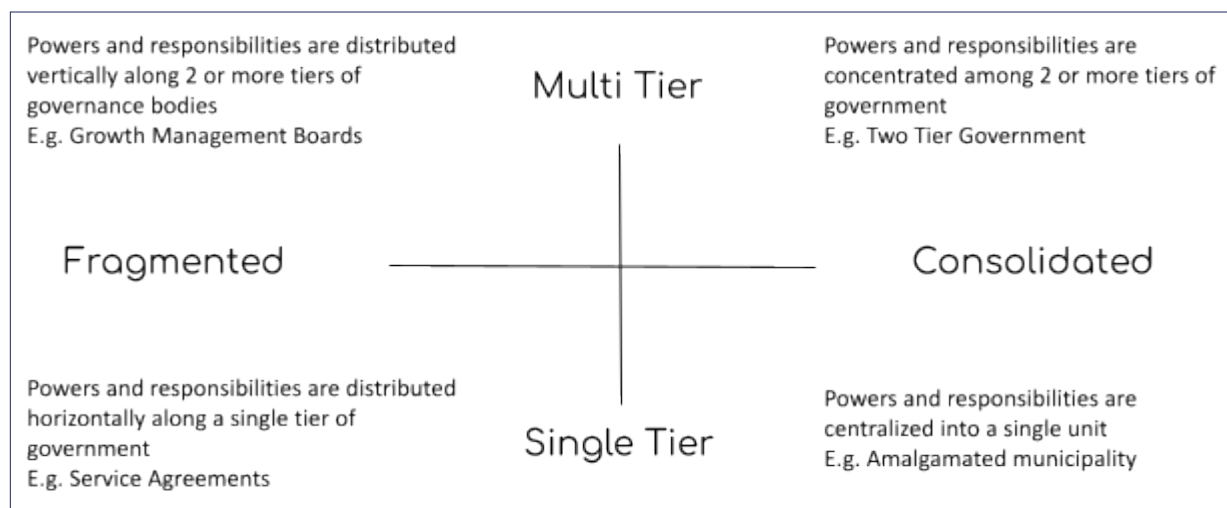
⁶ This principle came from the Roman Catholic Church in the late 19th century and is a guiding principle of the Maastricht Treaty, which standardizes governance functions in member states of the European Union.

⁷ See: Tiebout (1956).

UNDERSTANDING ADMINISTRATIVE FORMS OF GOVERNANCE

The concepts of fragmentation and consolidation are useful in describing how administrative governance is broadly organized, since they are measurements of how many governmental units exist spatially within a given area. A fragmented local governance system is one in which many units exist, as opposed to a consolidated system, which has only a few (Boyne 1996). Fragmentation can be vertical as well as horizontal. Vertical fragmentation leads to more than one tier of governance, where power and responsibilities are distributed among the multiple tiers. Horizontal fragmentation means governmental units along the same, single tier, usually where each unit has the same power and responsibilities within its boundaries. Table 2 illustrates this concept.

Table 2. Local Government Fragmentation Axis



The above diagram is not all encompassing and has limitations, but it still offers a simpler way to understand local governance structure. While general-purpose governments are easily comparable to one another under this model, local governance functions and actors are not limited to such institutions; task-specific service commissions, policy generating boards and interlocal service agreements are all examples of alternate governance types that fit along the two continuums as well. Tension exists in this model when it comes to determining if local governance is vertically fragmented. For example, a Growth Management Board or Regional Service Commission can be thought of as a collaborative extension of the single-tier system where they are composed of delegates from the single-tier municipalities for which they provide governance functions. On the other hand, these organizations can also be considered to constitute an alternate tier apart from general-purpose local governments in places where they have their own legislated authority separate from general purpose local governments.

One aspect that the model does not show, but is of high importance when applying the concepts of fragmentation and consolidation to understand local governance, is how such concepts relate to urban and rural regions. Using per capita GDP growth, Bartolini (2015) found that urban regions generally benefit when municipal fragmentation is reduced, whereas rural regions are unaffected or may even benefit from fragmentation. He defines rural regions as those in which 30 per cent or more of the population live in rural communities. Fragmentation also affects the economic growth of urban and rural regions differently. Bartolini (2015) hypothesized that decreasing municipal fragmentation in rural

areas would mean that remaining local governments had to manage an even larger area, making it harder to connect with citizens and meet their preferences. Jacob et al. (2008) affirm this hypothesis when explaining that how urban versus rural governments make decisions informs the outcome:

In urban governments, decisions are made within a relatively formal bureaucratic structure in which there may be significant distance between decision-makers and citizens. The same cannot be said for rural municipalities, where the decision-making process is embedded in more personal social ties. Because of the familiarity and lack of distance between decision-makers and constituents, the ability to compartmentalize decisions in distinct spheres or relationships is significantly reduced, and the pressure felt from particular constituents may be attenuated.

More municipal fragmentation might be desirable in rural areas, but the assertion likely does not apply to communities that are not viable. If isolated communities are not viable, then amalgamation is likely one of the few options available, from a municipal restructuring perspective, to improve the financial outlook of such municipalities. As Douglas (2005) notes, “Rural municipal restructuring is of central concern to rural development. It is not a sideshow in the shadow of other considerations such as economic development, social provision or investment in physical infrastructure.”

Consolidating governance involves a core trade-off between efficiently and capably implementing regional-scale policy decisions and providing accessible and responsive governance. Income redistribution provides a useful illustration here: scholars generally agree that government efforts to redistribute wealth to improve social security or equity among people should be centralized, since the ability for people to relocate between jurisdictions can undermine attempts to engage in redistributive policies. Thus, when centralized initiatives at the provincial or federal level are absent, consolidation could put large municipalities in a better position to undertake redistributive work. Efficiency may also increase through consolidation, since the economic and strategic behaviour of individual units in a region may be dysfunctional, yielding poor governance and policy outcomes. However, the impetus to consolidate also rejects the idea of subsidiarity discussed above, in that it increases the distance between stakeholders and their ability to provide input into the decision-making that affects them. This, in turn, reduces the accessibility and responsiveness of local government.

REGIONAL GOVERNANCE OPTIONS

Alberta’s local governance model is currently fragmented, consisting mostly of single-tier, general-purpose municipalities and a number of other local governance institutions in select regions of the province. This governance approach has evolved over time — from a simple lower-tier model of urban and rural municipalities to one that now includes various governance tools and organizational forms that provide regional decision-making and municipal services. This fragmented governance model has both advantages and disadvantages. As mentioned, fragmented local governments are more accessible to citizens, making them highly responsive to citizen needs and easier to keep accountable. On the flip side, a fragmented model often means a lack of in-house capacity and regional coordination, both of which negatively affect the efficient provision of services across jurisdictional boundaries.

Currently, five forms of regional governance exist in Alberta: intermunicipal collaboration frameworks (ICFs), amalgamated municipalities, specialized municipality status (SMS), growth management boards (GMBs) and regional service commissions (RSCs). Below, we assess the advantages and disadvantages of each option. This assessment also includes regional districts (RDs) in B.C. and two-tier governments in Ontario to assess how and even whether these approaches might work in the Alberta context.

INTERMUNICIPAL COLLABORATION FRAMEWORKS (ICFS)

ICFs are a governance tool to enable regional coordination by allowing fragmented municipalities along a single tier to manage regional affairs. They are intended (a) to provide for the integrated strategic planning, delivery and funding of intermunicipal services and stewardship of service resources, and (b) to ensure that municipalities contribute funding to services their residents benefit from (Government of Alberta 2021). ICFs were introduced in the province in 2016. As of 2018, they are mandatory for municipalities outside of metropolitan regions and often complement IDPs that have been around since the 1970s.

ICFs are essentially negotiated agreements between municipalities, with the intent to increase the efficiency of service provision and the capacity of municipalities to respond to regional issues. They may also lead to more responsive service provision. Voluntary cooperation among municipalities is an option to allow for coordinated development and to generate collective benefit by producing efficiencies and economies of scale in the provision and production of services (Carr et al. 2009). Scholars have established a few preconditions for intermunicipal collaboration: enabling legislation, institutional or demographic homogeneity, and geographic location.⁸ However, the involuntary nature of ICFs in this context is unique and remains unexplored.

Critics of intermunicipal agreements argue that they are not suitable for achieving region-wide coordination and do not provide any meaningful accountability (Sancton 1993). As well, they do not address the core reasons why governance is fragmented in the first place (Frug 2002) and they exacerbate socioeconomic inequalities (Reynolds 2003). Further, they are not associated with citizen satisfaction (Morton et al. 2008), and nor do they respond to citizen concerns (Zeemering 2012). Despite this, scholars take a strong position in favour of voluntary cooperation for the reasons mentioned in the preceding paragraph.

Interviewees who spoke about their municipalities' experience with ICFs described them as a starting point for collaboration and cost-sharing, and suggested that ICFs have so far succeeded in their intended purpose. One interviewee described "long-standing friction" with their neighbour and discussed how "urban municipalities ... felt like they had absolutely no recourse to get their rural counterpart to the table." Another interviewee stated that "ICFs did force the issue with [the neighbouring rural municipal district]," resulting in increased revenues based on actual costs and new payments for other services.

⁸ See: Holum (2020); Julnes and Pindur (1994); LeRoux (2006); Nelles (2009).

Table 3. Advantages and Disadvantages of Intermunicipal Collaborative Frameworks

Advantages	Disadvantages
<ul style="list-style-type: none"> • Provide an opportunity for municipalities to problem-solve together and develop a relationship with their municipal counterparts. • Allow for coordinated development and capacity for regional service delivery. • Relatively easy to administer when compared to other types of restructuring. • Forces municipalities to resolve potentially longstanding issues, where previously resolution may have occurred only in places with positive intermunicipal relationships. • Give, in some instances, less powerful municipalities leverage to bring their neighbours to negotiations. 	<ul style="list-style-type: none"> • Even when municipalities adopt them, agreements may not be comprehensive or made in good faith. • Do not necessarily enable regional governance coordination to the degree that enables the best regional decisions. • Mandatory nature can be counterproductive to building collaborative relationships, since firm deadlines could force a municipality to accept an unfair or not fully developed agreement. • Inaccessible to the public and may lack a strong accountability.

Although mandatory ICFs provide recourse to smaller municipalities seeking to negotiate cost-sharing, some interviewees felt that ICF negotiations were influenced by perceived or actual inequities between parties. One interviewee explained: “You have bigger centres trying to negotiate with ... smaller counties [or] you have large, powerful counties that are negotiating with smaller municipalities ... There seems to be a power struggle in a lot of cases.” Municipalities with less capacity, in terms of resources and experience, may have less ability to negotiate effectively; this may affect the outcome of negotiations and undermine the legitimacy of the resulting agreement. Furthermore, this type of tool could contribute to eroding accountability of local governance, since it is difficult for the public to gauge the quality of agreements negotiated. Such agreements offer limited opportunity for public input into decision-making, thereby making them a rather inaccessible form of governance. See Table 3 for a summary of the pros and cons of ICFs.

AMALGAMATED MUNICIPALITIES

An amalgamated municipality is the outcome of two or more municipalities consolidating, whether voluntarily or involuntarily. The process usually reduces horizontal fragmentation, but it can also reduce vertical fragmentation if other types of governance bodies within the amalgamated area are also dissolved. It may also mean that participating municipalities dissolve and a completely new municipality is incorporated, or neighbouring municipalities are absorbed into a larger existing municipality. Most often, amalgamation produces a single elected governmental body that makes policy decisions for the entire area. This highly complex undertaking leads to changes in taxation, functional arrangements and jurisdictional boundaries. Provincially driven, involuntary amalgamations appear more common in Canada. Locally driven, voluntary amalgamations are less common, typically occurring in regions with small populations and less complicated governance contexts. The few voluntary amalgamations that have occurred, such as the successful amalgamation of Turner Valley and Black Diamond in 2022, are concentrated in Alberta.

The assumption is that municipal capacity improves when amalgamation occurs, but municipalities usually do not discuss amalgamating until they are in crisis. While cost savings and service efficiencies are often cited as the reasons for undergoing the process, the evidence to support this contention is, in fact, mixed. Interviewees spoke of amalgamation as a way to address financial pressures, proactively secure long-term viability and share successes and challenges as a region rather than competing for opportunities individually. Amalgamation could preserve accountability, since the public

can easily identify the organizational unit responsible for decision-making and municipal services. Interviewees also identified barriers to amalgamation that may need to be mitigated, including the following concerns:

- *A potential loss of representation*—has implications for accessibility and responsiveness, because, for example, a small, previously independent community may go from having its own council to having only one councillor on a larger municipal council.
- *The potential loss of identity*—can affect the legitimacy of the amalgamation proposal or governance arrangement.
- *Potential for changing service levels*—can be a particularly difficult issue to face, especially where urban and rural communities with distinct needs and expectations are joined under one municipality. A rural administration that absorbs an urban municipality may not be responsive to urban needs, while rurally located communities that join a larger urban municipality may not need or want the same urban service levels as the larger locality due to the accompanying higher tax rates.

Table 4. Advantages and Disadvantages of Amalgamation

Advantages	Disadvantages
<ul style="list-style-type: none"> • Much easier to coordinate services and have a large tax base to draw upon (Tindal et al. 2017): <ul style="list-style-type: none"> - Provides singular oversight of urban fringe areas, which could help to redress externalities, spatial inequities, and urban sprawl (Carr 2004). - Increases the financial ability of smaller and poorer communities in the newly created municipality, by increasing their access to a larger tax base. - Less non-productive competition occurs between adjacent communities. • Transferring the responsibilities of less visible governance organizations to a new, highly visible unit means that the public can keep decision-making accountable through direct elections (Carr 2004). • Professionalized, knowledgeable and streamlined administration. • Ease in providing efficient and standardized services and planning. • Can potentially improve fiscal accountability (Vojnovic 2000). • Large, amalgamated units have a higher level of local political autonomy. 	<ul style="list-style-type: none"> • Economic benefits vs. costs of amalgamation are difficult to predict and measure: <ul style="list-style-type: none"> - The cost of bureaucracy increases, which leads to higher property taxes to cover service delivery costs. - Less intermunicipal competitiveness may result in less growth of certain individual municipalities. • Local governments generally resist being dissolved:⁹ <ul style="list-style-type: none"> - Locally driven consolidation attempts often fail due to a lack of buy-in from stakeholders. - Turnover of municipal politicians makes voluntary amalgamation initiatives less likely to succeed. • May not be responsive to the desire of citizens in certain areas for less services and lower taxation levels. • The logistical process of reorganization is highly complex, time consuming, inherently conflictual, and not guided by legislation. • Can have serious and lasting negative effects if not undertaken in a considerate and collaborative manner. • Administering equitable, fair taxation and providing transparency about subsidization is difficult to achieve but has an outsized impact on perceptions of legitimacy. • Difficult to balance political representation of core, suburban, and outer constituents over time, as the municipality grows. • A lower ratio of councillors to members of the public means a loss of accessibility.

SPECIALIZED MUNICIPALITY STATUS (SMS)

Specialized municipalities can be formed when the Minister of Alberta Municipal Affairs is satisfied that other incorporated statuses under the Municipal Government Act (MGA) do not meet the governance needs of a particular region. SMS is a distinct municipal category in Alberta granted through provincial legislation and without resorting to any special acts of the provincial legislature. Specialized status is only appropriate for places where legislated requirements in the MGA need to be varied to provide appropriate governance.¹⁰ Granting of this status usually, but not always, accompanies an amalgamation to consolidate governance in the area, and can allow urban and rural communities to coexist under a consolidated municipal government (Government of Alberta 2022). If SMS accompanies an amalgamation, some municipalities could maintain independent status within the newly formed border of the consolidated area.

Municipal districts¹¹ in Alberta traditionally have provided governance in rural locations, with urban development meant for other municipal entities. However, this clear divide no longer stands, as some rural municipalities are seeking urban style developments to increase their viability. This blurring of roles can make SMS a more relevant and attractive proposition than in the past. Despite this, in terms of real changes in power, taxation, recognition or access to additional grants, it is not clear what additional advantage(s) this status offers, other than establishing the opportunity to change a district's electoral boundaries, number of wards and the council makeup. One interviewee summed it up clearly: there is nothing special about a specialized municipality vis-à-vis its power or changes to electoral wards. The only unique character may be the population such districts govern, in that they comprise urban areas and a large rural region.

An interesting aspect here is that granting SMS might improve a municipality's "capacity" to govern, depending on the specific provision of the MGA that the status seeks to vary. For example, Lac La Biche's SMS enables it to differentiate geographically between urban and rural taxation, while continuing the current council and electoral ward structure. Another example is the Wood Buffalo case, where a large industrial oil sands assessment base and sparse rural population were brought into the same municipal structure as the large urban entity. The status in this case instituted a unique political arrangement that does not allow the local council to determine how many councillors it has. This arrangement is intended to preserve a balance of power between the urban entity and the rural population, which would have lost representation under normal calculations of representation by population. This status thus preserves accountability and responsiveness, making the arrangement more legitimate.

⁹ In analyzing twelve city-county consolidations, Leland and Thurmaier (2005) found that "the essential element of a successful consolidation is a group of civic elites who define the economic development vision for the community, determine that the existing political structure is incapable of supporting and implementing that vision, and convince the voters that city-county consolidation is the key to economic development that will benefit the whole community" (p. 475). They also found that arguments based on efficiency or equity are likely to fail.

¹⁰ Personal Communication with a key informant. (March 8, 2022).

¹¹ A municipal district, also called a county, is a type of municipality in rural areas of Alberta that includes farmlands as well as unincorporated communities such as hamlets and rural residential subdivisions.

Table 5. Advantages and Disadvantages of Specialized Municipality Status

Advantages	Disadvantages
<ul style="list-style-type: none"> • The flexibility to adopt a unique legislative arrangement can provide improved local governance in places with very specific regional governance challenges. • SMS can enable equitable representation from urban and rural populations in certain cases, which also helps to maintain the identities of the communities involved. • This type of arrangement would likely end the practice of strategic annexations within a given region, which can lead to urban sprawl. 	<ul style="list-style-type: none"> • Voluntary amalgamations that could lead to SMS are difficult to negotiate and are thus not often pursued without a strong incentive. • An SMS may make it difficult to generate a politically acceptable voting structure that balances urban and rural populations and concerns – which becomes more difficult as the number of government decision-makers increase (Leland and Thurmaier 2005).

GROWTH MANAGEMENT BOARDS (GMBS)

GMBs guide long-term collaborative and strategic planning to address issues with growth. This entails promoting sustainability, efficient and environmentally responsible planning, and economic competitiveness. They also aim to develop growth, servicing plans and public engagement policies, and to coordinate policies for infrastructure investment and service delivery (Government of Alberta 2021). GMBs exist in the Edmonton and Calgary regions, where they contribute to multitiered governance models.¹² Board members represent the core municipality of either Calgary or Edmonton, all adjacent rural municipalities and all urban municipalities in the region with populations over five thousand. Municipalities within the regions must participate; for a decision to pass, two thirds of member municipalities, representing at least two thirds of the population, must vote affirmatively (Government of Alberta 2022).

GMBs are expected to improve efficiency, since improved planning can lead to better service outcomes. For instance, the Edmonton Metropolitan Region Board (EMRB) is credited with curbing urban sprawl across the region (Agrawal 2016), which is estimated to save \$5-billion in associated infrastructure investment costs over the next thirty years (Edmonton Metropolitan Region Board 2022). GMBs can achieve improved efficiency because they are able to operate at a regional scale, as well as to enable the integrated development and provision of services. However, board members are indirectly elected, which shields GMBs from being as accessible and accountable to the public as directly elected municipal councils. Still, GMBs allow for some legislated regional autonomy or flexibility. Being granted this regional authority likely lends the GMBs more legitimacy, making them politically acceptable; however, this can also lead to divergent policies, such as the EMRB pursuing higher density targets than the Calgary Metropolitan Region Board (CMRB).¹³ Thus, their effectiveness may be inconsistent, dependent in part on the incentives, disincentives and roles they are granted legislatively (Grant 1992).

¹² For detailed discussion on the history and evolution of Canadian metropolitan governance, see: Taylor et al. (2014); Taylor (2020); Taylor (2022).

¹³ For example, the Edmonton Metropolitan Region Growth Plan (2020) requires a density of 45 dwelling units per hectare for greenfield developments, while the Calgary Metropolitan Region Board Growth Plan (2022) requires master-planned communities in the City of Calgary to have a minimum of twenty-five dwelling units per hectare.

Table 6. Advantages and Disadvantages of Growth Management Boards

Advantages	Disadvantages
<ul style="list-style-type: none"> • Provide a regional decision-making forum that considers the development of municipal services in an un-siloed manner. • Tend to be more effective and stable than voluntary forums, since members are forced to participate when difficult topics are discussed. • Flexible in accommodating regional preferences when it comes to growth policies. • Decisions can be made even when local governments disagree on shared objectives. • Opportunities exist to expand their powers to provide services and tackle difficult issues, such as inequality and redistribution within regions. 	<ul style="list-style-type: none"> • Particularly difficult to find a voting structure that is politically acceptable and will achieve regional goals during different phases of regional growth. • Mandatory nature can be politically unpalatable, but perhaps less so than uploading the functions to a provincial agency. • Less transparent and more confusing to the public. • Indirectly elected councillors theoretically held to account only if their municipality pays attention to their performance.

The GMBs are not free of controversy. In late 2019, the Rural Municipalities of Alberta (RMA) resolved to advocate to the Government of Alberta that GMBs be abolished and that existing regulatory tools and mechanisms, such as intermunicipal servicing and cost-sharing agreements, be strengthened instead. They argued that GMBs favour urban interests above rural ones (RMA 2019). Of particular concern is that the voting structure allows for double majority¹⁴ vetoes, along with the requirement for regional evaluation frameworks, and no independent GMB appeal process.¹⁵ One interviewee commented on the GMB in their region, expressing that “what scares some municipalities away is they think [one large city] could just take control of everything.” This possibly points to GMBs not being responsive to the needs of certain areas within their regional purview.

REGIONAL SERVICE COMMISSIONS (RSCS)

RSCs contribute to Alberta’s fragmented governance model by providing services and service-related decision-making that is independent of local government councils. While RSCs were envisioned initially as multipurpose, most evolved into single-purpose bodies only. Prior to 1994, they could provide only hard utilities (Garcea and Lesage 2005), but today they provide a range of municipal services, including assessment; emergency management and fire; economic development; planning; and water, wastewater and solid waste management (Government of Alberta 2022). They have a distinct legal status, operate independently from member municipalities, and provide and administer their own operations. Each RSC is run by a board of directors, appointed in adherence to its board appointment bylaw, which usually consists of municipally elected councillors.

Various parties may work together and include some combination of the following: two or more municipalities, First Nation reserves, Métis settlements and armed forces bases. Commissions are non-profit, cost-recovery organizations that have “natural person powers” to enter into contracts and agreements, and can hire staff, administer payroll, own property and raise capital (Government of Alberta 2022). Board members that represent municipalities are indirectly elected from local councils, with decisions made by majority rule. One interviewee explained that one of the benefits of their regional water board,

¹⁴ Double majority here means two thirds of the participating municipalities that collectively have at least two thirds of the population of the region.

¹⁵ As of 2021, a new EMRB bylaw approved by the province requires the board to create an independent appeals committee.

compared to other methods of regional collaboration, is that the participating municipalities have equal footing; the “big guys” do not control the decision-making. Today, there are seventy-six RSCs in Alberta, including the Capital Region Southwest Water Services Commission, with the newest being the Edmonton Metropolitan Transit Service (Government of Alberta 2021).

Table 7. Advantages and Disadvantages of Regional Service Commissions

Advantages	Disadvantages
<ul style="list-style-type: none"> • Effective and efficient at providing services. • Can be single-minded in their pursuit of best choices and can consequently provide a form of autonomous policy leadership that even the best administrators more closely supervised by councils could not (Tindal et al. 2017). • Can be perceived to be more equitable, since they are not necessarily driven by the largest or wealthiest party.¹⁶ 	<ul style="list-style-type: none"> • Coordination across service functions is more difficult due to the silo effect, resulting in distorted priorities and higher total government expenditures. • Low accountability: <ul style="list-style-type: none"> - rarely receive media coverage or public scrutiny. - can be easily lobbied and captured by special interests. - Indirectly elected councillors are theoretically held to account only if their municipality pays attention to the performance of its appointees. • Not intended to redress questions related to intermunicipal equity in taxation and service.

RSCs are considered to be highly efficient at providing the service they are tasked to administer, since they tend to follow market principles of allocating capital to grow their service to where there is demand for that particular service. They are therefore also highly responsive to customer demand. However, decision-making is limited to one particular service, so their single-mindedness can lead to region-wide servicing inefficiencies when growth plans of other services and municipalities are not considered. Public accountability is limited, given that these organizations are generally not accessible to the public. Their relatively small size coupled with their lack of public oversight could make them easy for special interests to influence.

REGIONAL DISTRICTS (RDS) IN BRITISH COLUMBIA

Alberta has lessons to learn from a long-standing approach in B.C. regarding regional districts (RDs). Specifically, RDs are a form of multipurpose regional special district that belong to B.C.’s governance model. B.C. has twenty-seven RDs that collectively provide over one thousand services across the province, including metropolitan Vancouver. According to the B.C. provincial government (2022), “Regional districts are a unique form of regional government in Canada, as the member municipalities ‘lend’ authority to the regional-scale government, rather than being ‘under’ its authority.” RDs provide regional governance and service delivery, a political forum for representation of regional residents and communities, and local government for unincorporated areas, while also being a vehicle for advancing the interests of the region as a whole (Cashaback 2001).

¹⁶ Personal Communication with a key informant. (March 17, 2022).

Members of the RDs are appointed from municipal councils and through direct election in the case of unincorporated areas; representation and voting rights are determined on a population-weighted basis (Wolman 2017). The board of directors is headed by a chair who also serves as the chief executive officer. Professional staff are led by a chief administrative officer. The staff complements vary widely, from fifteen to 1,500, although the average size is around 250. Recently, solid and liquid waste management, planning and emergency planning have become mandatory areas of focus (Wolman 2017). Most services provided are physical, environmental or protective, with very few cases of social or redistributive services, as they are thought to lead to interjurisdictional political conflict (Wolman 2017).

Each participating municipality can opt into the services it wants and can opt out at any time, though there are so far few examples of such opting out. The low opt-out rate is attributed to an ethos of cooperation, facilitated by membership and norms of continual interaction and negotiation. For each service provided by a RD, the appointed committee is drawn from existing members who sit on the governing board. This strategy aims to counteract the silo effect that single-purpose districts have, since a single director will sit on multiple committees. As a result, each district has evolved over time to provide a unique set of services that their members have requisitioned, and this voluntary flexibility is thought to have made the model politically viable.

Relevant to the Alberta situation, RDs can offer an efficient way to plan and deliver regional services. Similar to single-purpose bodies, they are responsive to customer demands, but this is still balanced against complex negotiations on how to most efficiently provide a host of different services. However, when some jurisdictions do not want to participate in the organization, particular services or a problematic issue, the results could lead to regional-scale inefficiencies.¹⁷ Additionally, their capacity also varies widely, which raises the question of whether they are flexible enough to operate under many different circumstances while remaining a legitimate organizational form.

Several principles support the legitimacy of RDs in B.C.: they are voluntary, consensual and flexible; they complement the municipal system; and they provide services to those who pay for them (otherwise known as fiscal equivalence), while remaining more effective at excluding those who do not pay for the service (British Columbia Ministry of Community Services 2006). Nonetheless, they do not receive much citizen support. They are not very accessible or accountable to the public, and the public has a low understanding of what RDs do and how they function. Wolman (2017) discusses at length numerous observations by participants and observers of this model of government; these pro and con points are paraphrased in Table 8.

¹⁷ The Greater Victoria area experienced decades of disagreement on where to locate a wastewater facility even though the whole region would have benefitted from this service.

Table 8: Advantages and Disadvantages of Regional Districts

Advantages	Disadvantages
<ul style="list-style-type: none"> • Greatly reduced negotiating costs due to fixed voting rules and a default financing rule that is based on converted asset values being provided. • Resolves hundreds of inter-local servicing problems. • Improved service coordination through integrated decision-making and the flexibility to adjust to different scales at which services are provided. • Consensual metropolitan leadership and local voluntary cooperation that maintains local autonomy and control. • Flexible and effective service delivery.¹⁸ • Increased efficiency when providing engineering-related services. • Around since the 1960s, which demonstrates persistence over time and that they continue to perform as they were envisioned to do. • Serves as a buffer against provincial intrusion and advances regional political interests. 	<ul style="list-style-type: none"> • Complex and demanding in terms of decision-making time and intensity. • Freeriding may occur, whereby one municipality decides not to opt into a service but receives a benefit from it. • RDs are unable to tackle really tough issues, particularly when decisions create winners or losers: <ul style="list-style-type: none"> - Some services of widespread regional benefit may not be provided, particularly when the cost would fall disproportionately on one municipality. Some service types that are typically avoided are social or redistributive services, such as affordable housing. - Economic competition makes regional economic development decisions difficult, since municipalities are generally not interested in seeing benefits accrue elsewhere. - Such situations can lead to indecision or political fallout. • Indirectly elected councillors are theoretically held to account only if their municipality pays attention to the performance of such appointees.

TWO-TIERED GOVERNMENT IN ONTARIO

A two-tiered government model consists of an upper-tier body that governs over a fairly large geographic area comprising usually two or more lower-tier municipalities. The upper-tier body is typically responsible for services that provide region-wide benefits, generate externalities, entail some redistribution, and display economies of scale (Slack and Bird 2013). Conversely, services that provide local benefits fall under the responsibility of the lower-tier. Three common options are used to select upper-tier regional council members:

- *Indirect election*—by virtue of being elected mayors of their municipalities
- *Direct election*
- *Double direct election*—for seats that are designated to serve on both the upper- and lower-tier councils

The beginning of two-tiered governance in Ontario started with the formation of the Municipality of Metropolitan Toronto (Metro Toronto) in 1953. The impetus behind its formation was having the wealthy core of the City of Toronto share the cost-burden of providing infrastructure in the growing suburbs. Metro Toronto offered a model for regional government: today, thirty upper-tier governments are classified as regions, counties or districts. Much of Ontario deploys this two-tiered government model, although several single-tiered municipalities remain, including northern municipalities, regions or counties that amalgamated into single-tiered units, and municipalities geographically located inside counties they are not part of for municipal purposes. This suggests that the model affords

¹⁸ Cashback (2001) notes that regional districts have been useful in overcoming fragmentation and disparities between municipalities and unincorporated rural areas, but it is difficult to ascertain whether service aggregation has led to economies of scale and higher-quality services at a lower cost.

some flexibility in where and how it can be implemented, presenting itself as an option that may fit into the Alberta municipal governance landscape.

Two-tiered governance has some potentially important advantages over single-tiered models in terms of efficiency, capacity and local responsiveness. For example, Metro Toronto was initially successful in combatting service problems facing its member municipalities, such as water supply, sewers, education and general financial stability. The model is also considered successful in generating equity among urban and suburban areas (Keil 2000). However, the main successes achieved before 1957 incrementally gave way to growing discord as familiar problems began to reemerge due to growing populations and urbanization occurring within and outside its borders (Keil 2000).¹⁹ Critics of the two-tier model posit waste and duplication of services between upper- and lower-tiered municipalities, which can lead to higher overall costs. Furthermore, unclear responsibilities and interjurisdictional conflict can also lower their efficiency and effectiveness.

Issues of representation on the regional council can become contentious, and this may affect the legitimacy of the governance arrangement. For example, councillor seats in Metro Toronto were apportioned based on the population of member municipalities. But, when the majority of seats was given to suburban councillors because of the high population growth in suburban wards, this was deemed unacceptable by the City of Toronto: certainly, priorities in the urban and suburban parts of the region were vastly different (Schwartz 2010).

From the standpoint of accessibility, lower- and upper-tier municipalities enable high levels of representation. Accountability in this system is maintained partially because the public can hold councillors to account via elections; citizens thus have a degree of vicarious control over public decision-making. However, when upper-tier councillors are chosen through indirect elections, oversight through these means is likely reduced. As well, the public usually knows little about the division of responsibilities across the tiers, which further undermines accountability. Schwartz (2010) has compiled many of the advantages and disadvantages of this type of model, some of which are listed in Table 9.

¹⁹ Metro Toronto survived until 1998, when this tier of the government was abolished and five suburban municipalities around the city of Toronto were amalgamated with the City of Toronto.

Table 9: Advantages and Disadvantages of Two-tiered Governance

Advantages	Disadvantages
<ul style="list-style-type: none"> • Could help smaller municipalities have access to a larger tax base. • Better service alignment with economies of scale can generate significant cost-savings. • Provides consistent service provision standards over a large area. • Local preferences can still be reflected in the quantity and quality of services provided. • Indirectly elected members mean the body will not rival the province, while directly elected members enable a greater level of public accountability. • Can be a forum of coordination for regional policies, without giving up as much local political power as amalgamation requires. • Upper-tier governments can settle issues that would be difficult to resolve in a single-tiered system, including policies and services that include redistributive elements. 	<ul style="list-style-type: none"> • Can lead to less efficiency due to many politicians and administrators being involved. • Delays can occur in implementing policies, partially because it can be challenging to enforce agreements. <ul style="list-style-type: none"> - Two tiers can be more confusing to citizens. - The confusion may lead to governments being unresponsive to certain service needs. - Fragmentation of service decisions are hard for citizens to keep track of, to enforce accountability. • Representation on regional councils can be highly contentious. • Upper-tier governments can have poor relations with the provincial government and/or with lower-tier governments in the region: <ul style="list-style-type: none"> - Yet another set of politicians is making financial demands and enacting policies that may contradict provincial government preferences. - Overcoming a collective problem can lead to organization against the provincial government. - Lines of responsibility are blurred, leading to more complexity, so that conflict between lower- and upper-tiers can ensue (Nova Scotia Local Government Task Force 1992).

ANALYSIS OF GOVERNANCE OPTIONS

Each governance option is associated with several trade-offs when assessed against the five good governance principles of efficiency, capacity, accountability, accessibility and responsiveness discussed earlier. Table 10 shows a summary of these options, compared against the five principles. The findings presented here should be considered in tandem with the benefits and drawbacks of the current system of governance found in Alberta: namely, that Alberta’s fragmented governance arrangement, which includes many urban and rural municipalities that have equal power, authority and responsibilities, provides a reasonably accountable, accessible and responsive system. This system nevertheless reveals lower levels of efficiency and capacity.

Table 10. Analysis of Governance Options

Governance Type	Efficiency	Capacity	Accountability	Accessibility	Responsiveness
Intermunicipal collaboration frameworks	↑	↑	•	•	↑
Amalgamated municipalities	↕	↑	↕	↓	↓
Specialized municipalities	•	↑	↕	↓	↓
Growth management boards	↑	↑	•	↓	•
Regional service commissions	↕	↑	↓	↓	↑
B.C.'s regional districts	↕	↑	↓	↓	↑
Ontario's two-tiered government	↕	↑	•	•	↑
↑ = positive impact ↓ = negative impact ↕ = mixed impact • = negligible impact					

Almost all the governance options reviewed here appear either to lower or to have no effect on the accessibility and accountability of the governance system. Concomitantly, all options seem to build more local capacity, thereby increasing a municipality’s ability to develop sound policies and effectively manage its assets and resources, which may result in better delivery outcomes. In most cases though, reduced accessibility and accountability make for more municipal capacity and possibly efficiency. These two areas are high priorities for Alberta’s single-tier municipalities, which are already accessible and accountable. However, the matter of achieving efficiencies is a complex issue, since most options offer a mixed impact. ICFs and GMBs appear to gain efficiencies, with little or no associated efficiency drawbacks. Two-tiered governance, amalgamated municipalities, RDs and RSCs yield mixed results. This is because their efficiency largely depends on how they are implemented, as well as on the regional context in which they are implemented.

The amalgamated municipality option, while positively affecting capacity, fails to improve on accessibility and responsiveness and has a mixed impact on efficiency and accountability. One key drawback is that councillors are often less accessible, given that the ratio between constituents to councillors usually increases. Less accessibility can then lead to a lower level of responsiveness. Consequently, amalgamation may be inappropriate in places where responsiveness and accessibility are critical – unless no other options exist because of poor viability in the region. This concern applies to much of rural Alberta with small, remote municipalities. Thus, to increase municipal viability and capacity in the face of a changing economic climate, and to attain economies of scale, voluntary amalgamations have increased in recent years. However, these voluntary amalgamations have yielded mixed outcomes²⁰ as described in the previous section, suggesting that the Government of Alberta needs to take a more active role when communities are interested in amalgamating, and when the province expects that it and the region could benefit from such a move.

²⁰ See, for example: Ashton et al. (2015).

Specialized municipalities do not offer any additional benefits with respect to extra power or authority unless such is expressly authorized by the provincial government. Certainly, they generally enjoy increased geography and a larger tax base. However, as the name suggests, specialized municipalities are created for specialized reasons or purposes; they are thus an exception to the norm, usually meant for the benefit of the province or country as whole. For instance, Wood Buffalo and Mackenzie County were created primarily to better facilitate resource extraction, while Jasper and Crowsnest Pass lie inside national parks. Broadly speaking, they increase the capacity of local government in the area, a benefit potentially enhanced with a concomitant amalgamation.

Of the two GMBs in Alberta (one in Edmonton and one in Calgary), only the EMRB has been active for more than a decade, and its body of work over this time has provided a forum to discuss long-term collaborative and strategic planning. While disputes about representation on the EMRB remain, it has still made significant headway in combatting sprawl, promoting economic competitiveness and developing growth and servicing plans. GMBs have clear benefits when it comes to efficiency and capacity, but concerns about board composition and voting can reduce its responsiveness to the diverse needs of the region and can lead to low political support, which could translate into lower legitimacy.

The service-oriented options of RSCs, RDs and ICFs all improve responsiveness. RSCs have served Albertans well since the 1980s and are becoming more prevalent, offering a diversity of services to their customers. Their activities have effectively provided individual services under a single-tiered, voluntary cooperation model. On the other hand, multipurpose RDs have worked well in B.C., with their scope of responsibilities expanding over time to include mandatory services. Notably, what RDs achieve in that province already exists in Alberta via intermunicipal cooperation, some of which manifests in RSCs. Furthermore, RDs tend to form another tier of governance, which may not be palatable in Alberta.

Recent ICFs in Alberta changed the voluntary cooperation model to a “mandatory” cooperation model. While it is too soon to tell, our key informants have given good reviews of ICFs. The ICF is now the legal and institutional vehicle to expand intermunicipal cooperation and coordination and will very likely further improve regional service provision. In sum, these three service-oriented options improve efficiencies for individual municipalities. Nonetheless, some concern persists about their regional-scale inefficiencies, which they could create or perpetuate through a fragmented form of governance — an approach that inherently lacks efficiency and capacity.

Like other models, Ontario’s two-tiered structure also presents both advantages and disadvantages. The upper tier provides regional services across its entire territory and particularly in its unincorporated rural parts, where no other institutions are in place to provide local services. The upper tier can also help in redistributing resources from municipalities with larger tax bases to those with smaller tax bases, which is difficult to achieve under most other options. However, this system can often end up with multitudes of decision-makers at both tiers, and an occasionally confused accountability structure (Spicer 2022). The deficits with the model appear similar to those of Alberta’s Regional Planning Commissions existing before 1995, which were eliminated partly because of these factors (Agrawal 2016).

When applied to Alberta, the model would introduce another layer of government, which may not be acceptable to Albertans and is perhaps not even needed. A single-tiered governance model, like Alberta currently has, arguably delivers equitable servicing across a jurisdiction, but also brings clear lines of authority and accountability.²¹

All in all, we find merit in strengthening the present governance model in Alberta through ICFs, GMBs and RSCs. Importantly, this must be executed in a manner that complements the existing single-tiered municipal structure. More “disruptive” options — such as amalgamation, RDs, or a two-tiered governance model — also offer benefits, but such options would require careful scrutiny in light of the particular regional context for which they are being considered. While the different governance organizations and agreements can be improved where some deficits persist, particularly in the areas of accountability and accessibility, they apparently serve their respective contexts well and contribute to the single-tiered, fragmented governance model pervasive in Alberta. In the recommendations section, we elaborate on ways to improve Alberta’s overall governance structure and overcome some of these existing deficits.

RESTRUCTURING RECOMMENDATIONS

This section presents suggestions for local government restructuring, based on enhancing the extant local governance principles of efficiency, capacity, accountability, accessibility and responsiveness. We emphasize that a one-size-fits-all approach does not work in the Alberta context, given vast differences in urban/rural contexts, demographics, economies, geographic locations and local cultures. Any restructuring efforts must be flexible and adaptable to these regional contexts; additionally, they must foster a sense of regional identity to overcome regional challenges. The suggestions below are crafted for Alberta Municipalities to consider in consultation with municipalities and to advocate for the province to act on those they wish to pursue.

The report presents a series of recommendations that Alberta Municipalities can pursue with the Government of Alberta. The overarching suggestion is that the province mandate dispute resolution mechanisms to resolve all intermunicipal issues, including annexations. This would minimize intermunicipal frictions and foster cooperation to improve municipal viability, while also improving the fairness and the legitimacy of the governance system. To achieve this, the current dispute resolution mechanisms must be strengthened and expanded. The other recommendations are divided into three categories as they pertain to three distinct geographies of the province: metropolitan regions, regions outside of census metropolitan areas, and small and remote urban municipalities.

²¹ See footnote 17.

METROPOLITAN AREAS

Alberta has four census metropolitan areas — Calgary, Edmonton, Red Deer, and Lethbridge — as per Statistics Canada, with strong economic and municipal servicing linkages that transcend municipal boundaries and would benefit from the following actions:

1. Consider creating growth management boards for the Red Deer and Lethbridge areas.
2. Extend intermunicipal collaboration framework requirements to communities that belong to growth management boards.
3. Require clear parameters on annexations or changes in urban growth boundaries in intermunicipal development plans.
4. Encourage and incentivize ways to share both hard and soft services within the metro region.
5. Allow growth management boards to manage, and also to deliver, regional services, such as emergency, water and wastewater, and broadband, that cover two or more contiguous municipalities.

REGIONS OUTSIDE OF THE METROPOLITAN AREAS

Regions outside of the four metropolitan areas require more municipal viability and regional cooperation. Stagnated population and growth, coupled with under- or overuse of infrastructure and services, are some of the many elements contributing to a municipality's poor viability. The following actions address these concerns:

1. Encourage and take an active role in voluntary amalgamation where multiple municipalities in immediate proximity face viability issues, or where a collective desire or mutual agreement exists to amalgamate.
2. Support amalgamation of municipalities where viability, governance or service provision are recurring issues.
3. Amend intermunicipal collaboration framework regulations to allow agreements among or between non-contiguous municipalities where necessary, and require inclusion of both cost- and revenue-sharing arrangements.
4. Actively encourage the formation of regional service commissions to deliver key public services.
5. Establish a provincial monitoring and oversight mechanism to assess the efficiency and accountability of regional service commissions.

SMALL, REMOTE URBAN MUNICIPALITIES

Small, remote urban municipalities, which are generally characterized by a small tax base, have low populations and less administrative capacity. Many are burdened because their infrastructure and services are used by those who live outside their boundaries. The viability of such communities is a concern that should be further investigated, as follows:

1. Periodically assess the viability of urban municipalities based on their population size, particularly those under three thousand.
2. Require municipalities to periodically assess the efficacy of agreements and update them, including intermunicipal development plans and other service and governance agreements.
3. Include any long-standing issues, such as servicing or boundary changes, in intermunicipal agreements.
4. Expand funding to assist low-capacity municipalities in high-stake discussions and negotiations
5. In the new funding formula under consideration, recognize the unique needs of small municipalities, based on the use of their infrastructure and facilities rather than merely on their population and length.

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