***Intermunicipal Cooperation and Agreements between Neighbouring Municipalities***

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**Abstract**

During a time when Canada’s economy, most notably related to Alberta, has stalled to historic lows, individual municipalities are more concerned than ever with pooling together resources and maximizing efficiency of the infrastructure that they already possess in order to save money. Provincial governments are increasingly encouraging the utilization of intermunicipal partnerships and agreements. This paper examines a variety of reasons and incentives that municipalities may have to form these relationships, and provides a framework for different ways of collaborating that inquiring minds may find useful. It showcases several examples of such partnerships from around Canada and suggests some recommendations for Lethbridge County as they prepare to embark on new projects that involve collaborating with neighboring municipalities such as the Towns of Coaldale or Coalhurst, or broadening the scope of their current partnership with the City of Lethbridge.

**Keywords:** intermunicipal, cooperation, agreement, municipality, collaboration, partnership, regional, planning

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***Introduction***

1. Introductory Statement

Intermunicipal cooperation involves the participation of two or more municipalities in a region that make the decision to embark on a partnership that involves the sharing of services and/or costs and/or revenues. In the professional workplace of municipal and regional governance, the notion of cooperation plays a central role in the day-to-day activities and operations of any planning committee or economic development office. For a variety of reasons, it appears to be in the best interest for many municipalities to cooperate with each other and form partnership agreements, no matter what sort of investment they wish to pursue. For example, a municipality intent on building a new fire department in an area that is underserviced may benefit from contributing to expanding an existing facility in a neighboring municipality, and sharing the service. A municipality interested in obtaining water services through a private contract may find favor in a plan that includes merging with another municipality’s existing water delivery system. Those interested in pursuing a new recreational project may want to consider sharing the costs with nearby communities that will also share in the benefits (increased revenue, new investment opportunities, tourism, etc.). While these are only a few of the countless examples of potential cooperation agreements that come into fruition, these are the considerations that municipalities inevitably face when deciding to pursue any sort of new program, project, service or facility. This research paper will provide a background of intermunicipal development in Alberta beginning with its’ rich planning history and current legislation, introduce the reader to the various types of agreements that municipalities can work towards and the potential benefits from doing so, provide contemporary examples of existing Canadian intermunicipal development plans showcasing what appears to be most successful and what does not, and offer several recommendations to the Lethbridge County administration in regards to their future pursuits of intermunicipal cooperation.

1. Literature Review / History

There is a very fairly limited pool of resources in the academic and scholarly world that relate to intermunicipal planning and development in a Canadian context when compared to examples based in the United States. This is because American municipalities operate in a very different regulatory and legal environment and tend to be afforded higher levels of local power (Spicer, 2015b). The majority of Canadian articles on the subject that do exist began to appear in academic journals and research publications after the turn of the twenty-first century. They touch upon the origin of planning itself in Canada, the incentives and motivations for municipalities to begin collaborating in such ways and the benefit that such agreements and collaborations bring to all parties involves as well as some of the potential consequences. The province of Alberta is most present in discussions regarding Canadian intermunicipal planning, as the province has one of the longest traditions of planning in the country. Alberta’s planning history is significant and categorized by several shifts of power back and forth between specific planning entities and municipalities. Legislation relating to “town planning”, as it was called in the early twentieth century, was first enacted by the Alberta legislature in 1913, as a result of the rapid population increase by new settlers swarming into the West and the price of land skyrocketing in the interior of the two largest cities, Calgary and Edmonton. It was the second province to enact such legislation, after New Brunswick (Murchie et al., 1978). Regional planning commissions entered the playing field in the 1960s, following a need to standardize building regulations and land-use bylaws across the province. These commissions advised the municipalities situated within their respective regional boundaries on matters pertaining to these new standards and were required to draft general planning documents for them. These changes preceded the introduction of the newly formed Planning Act of 1977, which overruled the previous one constructed six decades earlier. As Alberta’s economy was strengthening, the rate of urban growth dramatically increased and there were major land use changes as rural areas had to be converted to accommodate residential, commercial and industrial services. When the economy slowed in the 1980s, however, municipalities increased pressure on the planning commissions to give up their subdivision and planning authority and transfer it back over to them. The most recent major piece of legislation (which is now being reviewed and in the processes of being amended) is the Municipal Government Act of 1995, revised in 2000 (Alberta Professional Planners Institute, 2014).

***Intermunicipal Agreements***

1. Existing Legislation

Alberta’s Municipal Government Act, the single piece of legislation that provides guidance and clarification for all forms of municipal and regional development in the province, stipulates that municipalities may voluntarily create development plans that involve cooperation and collaboration with each other, but that they are not required to do so by any means. Section 631 of Division 4 in the Act says “Two or more councils *may*, by each passing a bylaw in accordance with this Part or in accordance with sections 12 and 692, adopt an intermunicipal development plan to include those areas of land lying within the boundaries of the municipalities as they consider necessary” (Municipal Government Act, 2000).

However, a current review of the Act has recommended that it be amended to make such intermunicipal plans mandatory, as some municipalities who have requested it have pointed to the fact that it promotes good governance and better land-use and infrastructure planning. They also point to the fact that the voluntary nature of such agreements has increased the problem of service duplication, where adjacent municipalities have separate service delivery systems when a combined regional system would be much more efficient and cost-effective. Therefore, it has been decided that all municipalities outside of the major urban growth management areas (Edmonton and Calgary) will be required to develop what will be called Intermunicipal Collaboration Frameworks, which will “highlight and formalize existing collaborative work across the province, and provide a forum for neighboring municipalities to work more closely together to better manage growth, coordinate service delivery, and optimize resources for citizens” (Government of Alberta, n.d.).

Aside from the benefits of intermunicipal cooperation which will be explored throughout this paper, the need to develop experience and knowledge working with other municipalities is becoming increasingly evident as the provincial government introduces new guidelines and amends the Municipal Government Act to reflect them. This is especially significant for municipalities who have chosen to refrain from cooperation and operate under complete autonomy until this point in time. Lethbridge County has been progressive on the issue, establishing intermunicipal development plans which are relatively up to date with the City of Lethbridge, the Town of Coaldale, the Town of Coalhurst, and the village of Nobleford. These plans should continue to be amended as time progresses and the economy of each evolves, reflecting more modern land-use sharing practices and perhaps be used to introduce service sharing or revenue sharing agreements if the need arises.

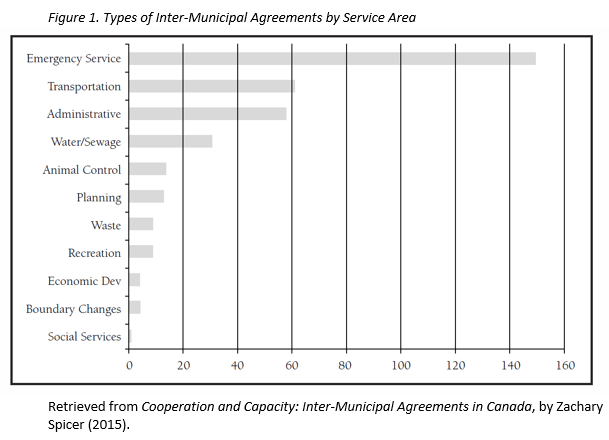
1. Incentives / Benefits

This section will discuss some of the incentives and benefits that are worth noting for a municipality when it chooses which type of intermunicipal partnership it would like to pursue. Three general incentives to form intergovernmental agreements exist; fiscal incentives to save on costs and stick to limited budgets, the need to fill service gaps and overcome location-specific challenges and the desire to control externalities amongst adjacent and neighboring municipalities (Spicer, 2015a). In regards to fiscal incentives, municipalities often operate on tighter budgets than they would prefer, especially in times of economic downturn. Often the funds simply are not present to pursue a wide variety of development and service upgrades, and so a municipality may partner with another in order to pool funds. The clear downside of this, however, is that the initial municipality no longer is entitled to full control over whatever plan it made. Service gaps occur when a municipality cannot provide a specific service due to environmental or geographical constraints. For example, some municipalities may not have reliable access to a constant source of water if they are in a dry or arid climate. Such a scenario is when this incentive becomes valid for pursuing an intermunicipal partnership, and a municipality will form a contract with another in order to obtain the water resources. Finally, the incentive of controlling externalities plays the main role in some intermunicipal partnerships. Some municipalities experience the same problems or have the same issues in any given region, and so the need to better direct the growth and development as a unified force becomes more apparent. An example of an externality can be found in a municipality that decides to build an industrial park, only to realize that the pollution produced from that park is cause harmful impacts to the environments of other municipalities downstream and downwind.

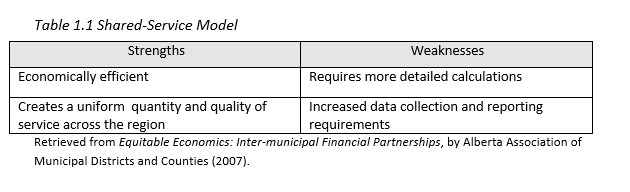
An American study found that the primary impetus for interlocal agreements (the American equivalent of intermunicipal agreements in Canada) is to increase the effectiveness and efficiency of a public service, rather than being related to the fiscal condition of the local government (Chen & Thurmaier, 2009). Furthermore, a study focusing on rural-urban partnerships and collaborations in Southern Alberta municipalities concludes that the agreements looked at were useful in providing necessary social services to each of the municipalities involved without causing duplication, while focusing on regional solutions at the same time. They brought in extra resources that individual communities could not produce on their own, and created a sense of valued community support among the members. “Moreover, rural-urban partnership can be helpful in leveraging resources, promote innovative ideas, expand service choices and lower costs and thereby help in improving quality of life” (Dunmade, 2014).

1. Types of Agreements

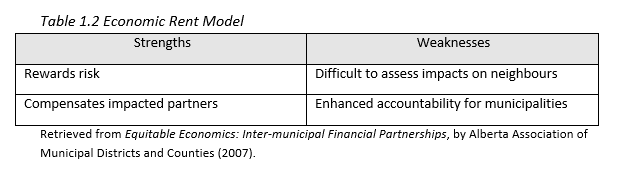
Intermunicipal agreements are generally divided into two categories, which consist of cost-sharing and revenue-sharing models. Cost-sharing is further divided into two separate models, the shared-service model and the economic rent model. Each of these models has its own strengths and weaknesses that need to be assessed and evaluated when deciding to pursue an intermunicipal partnership, in order to determine which model works best for the municipalities and proposed project in question. Several principles should be considered when judging which type of agreement is the most desirable. These include equity, efficiency, cost-effectiveness and accountability (Slack & Wight, 1997). Equity refers to costs and benefits being distributed amongst municipalities in a way that is fair and justifiable. Regions should contribute corresponding to their usage of and benefits received from whatever is being proposed. A community that receives more benefits from a specific agreement should pay more than one that receives less. Efficiency takes into account what resources are present and focuses on using them to their maximum potential. If a municipality lacks the resources (such as funding or various services) necessary to pursue a new development, that is when cooperation with neighboring municipalities who do have those resources becomes most desirable. Cost-effectiveness is self-explanatory, dictating that the service should be provided at the lowest cost possible. Finally, accountability refers to the transparency of agreements and their visibility to the tax-paying general public and consumers who will be utilizing the service. Various other sets of criteria exist, such as one that includes examining economies of scale, convenience, a potential unequal distribution of natural resources, the presence of surplus facilities, or the duplication of services (Coon 2008). Of course, different municipalities have a multitude of different needs and circumstances, thus different models are more suited to some and less to others.

In regard to the types of services covered by these agreements, (Spicer, 2015a) examines 354 different agreements amongst 117 municipalities within six Census Metropolitan Areas in Canada (Toronto, Winnipeg, Saskatoon, Regina, Edmonton and Calgary). Figure 1 shows the allocation of agreements based on the service area they incorporate into their plans. Spicer found that the vast majority of agreements and partnerships focus on the provision of emergency services, followed by transportation and administrative services. Of the three top categories, “emergency service” encompasses all areas of emergency planning or delivery, such as fire protection, dispatch, or reporting. “Transportation” includes road construction, maintenance, snow removal, and the provision of public transportation services. “Administrative” includes all items to staffing or other maintenance. These results suggest that most municipalities who enter service-sharing agreements are most concerned with filling gaps related to the provision of emergency services, as preventing the loss of life and ensuring security remain a top concern. Spicer also finds that the majority of these emergency service provisions relate to dispatch and reporting, which is to be expected in Alberta given that the provincial government requires the municipalities in the study to maintain these services throughout their boundaries.

1. Shared-Service Model

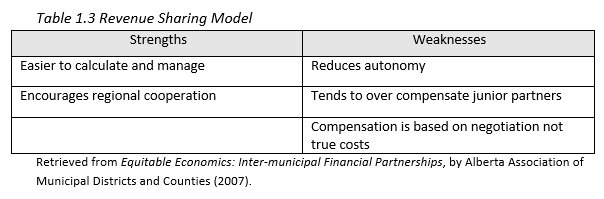
Shared-service agreements involve the planning, financing and delivering of a service within the boundaries of all municipalities who choose to participate. They allow local governments to retain their independence and self-determination, while still being able to save on costs associated with different services that may be provided (Hepburn et al. 2004). This model makes it possible to split costs in a way that correspond to factors such as the usage rate of each municipality and population size. The term “service” encompasses a wide range of offerings, as the Alberta Association of Municipal Districts and Counties notes. It can include public utilities, transportation systems, recreational facilities, emergency services, senior’s accommodation facilities and libraries, among many others. This type of model proves most useful to municipalities looking to maximize the principles of equity, efficiency and cost-effectiveness. However, as shown in table 1.1, there are weaknesses associated with the shared-service model that do not typically apply to other models. In the event of forming such an agreement, many different variables and sources of data must be thoroughly analyzed if the ultimate goal is to effectively distribute the costs of the service in a way that is deemed fair and justifiable. This requires countless hours of research and data collection, and the hiring of individuals specifically trained and prepared to handle such information.

1. Economic Rent Model

The economic rent model is the second manifestation of the cost-sharing model, where municipalities will compensate others based on impacts that are received from the development in question, which can be positive or negative. Municipalities looking to capitalize on the principles of equity and accountability (which can also be a weakness for some – see table 1.2) often find the economic rent model to be appropriate for them. Equity in this case is concerned with making sure that each party is either paying for the negative impact that they cause other municipalities or the benefits that they receive. Partners in this model must be held accountable to each other in order to make sure that their impacts are being adequately assessed, which can be quite difficult to do in many cases. Positive impacts, for example, include factors such as the increased visitor traffic in one municipality resulting from the construction of a large recreation facility in a nearby one, or the construction of a massive housing development in one that will boost the commercial services in another. Negative impacts can refer to pollution resulting from increased activity, such as the construction of an industrial park or the extracting of resources. In this case, the municipality responsible for the pollution should compensate neighboring municipalities who become negatively impacted because of it. However, as shown in table 1.2, it is sometimes difficult to assess these impacts, as it requires a massive amount of accountability which a municipality may not be partial to.

1. Revenue Sharing Model

Finally, the revenue sharing model is based on the sharing and distribution of revenue rather than costs. This model generally has the interest of an entire region in mind, rather than the individual benefits to each different municipality which are highly varied and specific. This model works well when considering developments that are not contained in any specific municipal boundaries and residential expansion into rural areas. Like the economic rent model, revenue sharing looks to capitalize on the principles of equity and accountability, as many participating municipalities may be involved at once and there must be transparency within local governments who show an interest in whatever is being proposed. While the revenue sharing model encourages an atmosphere of cooperation and moving the entire region forward, it reduces the local autonomy of each participating municipality. Larger communities may feel as though they are being under-represented when the more numerous smaller communities and municipalities receive more collective power.

1. Examples

Over the past couple decades, many different Canadians examples of intermunicipal development and regional cooperation have sprung up around the country. This section will highlight some of the many different agreements out there and which of the categories discussed earlier that they fall into.

In Alberta, the Towns of Banff and Canmore, and the Municipal District (MD) of Big Horn created a partnership agreement to address the issue of providing environmentally responsible solid waste management services throughout the region. This is a clear example of the shared-services model, as Banff, Canmore and the MD of Big Horn shared their existing resources in order to expand and improve a service management program that benefitted all of them and the environment, as the waste diversion rate at the landfill increased from 18% in 2000 to 62% in 2006 (Alberta Urban Municipalities Association, 2011).

In Manitoba, the City of Portage la Prairie and the Rural Municipality (RM) of Portage la Prairie created a revenue-sharing agreement in 2001, in which they agreed to share the revenues generated from commercial and industrial development within the region. The City is granted to 60% of revenue collected from within the City limits, and 40% of revenue collected from within the RM. The same applies to the RM, except vice versa. The main catalyst behind this development was both municipalities recognizing the contributions that each makes towards attracting new developments, which benefit the entire region as a whole. (Alberta Urban Municipalities Association, 2011).

An agreement between the Town of Whitecourt and the County of Woodlands in Alberta, formed in 2008 and amended in 2013, provides an example of cost-sharing agreement using the economic rent model. Stipulating that both Whitecourt and Woodlands County “make available and accessible to all the [Town and County] residents within the Community Area those [Town and County] services that do not discriminate in any manner between a resident of the County and a resident of the Town”, the Town provides for the maintenance, repair and supervision of recreational services such as pools, sports fields, outdoor rinks and regionals, as well as fire prevention services. It also provides for the provision of family support, library and policing services. The County, on the opposite side, maintains the operation and maintenance of the Whitecourt Airport and pursues joint economic development measures. Each of the proportionate shares payable by the Town and County to each other respectively for these services is calculated based on the respective year’s budgets and adjusted based on actual expenditures at the year’s end. The population of each and the percentage of the community area that each service occupies is also included in the final calculation of how much each contributes. Therefore, each contributes according to the impact that each service has on them. This agreement also recognizes that the entire region benefits through such cooperation (Alberta Urban Municipalities Association, n.d.).

The Town of Edson has partnered with surrounding Yellowhead County and developed what is called the “Edson Urban Fringe Intermunicipal Development Plan”. This agreement is significant because it placed considerably emphasis on making sure there was as much input as possible provided from the public and landowners who are affected by the plan. A sequence of roundtables, meetings, and information sessions were held to ensure that all voices were heard and all concerns were addressed. The main objectives of the plan for both the County and the Town include assessing which lands are feasible for Edson to annex, how to address concern over the long term well-being of the region’s aquifer used as a potable water source and develop land-use patterns that each community supports and agrees is in the long term best interest of each (Town of Edson, 2007).

One example of an intermunicipal development plan that did not have the desired effects of mutually benefitting both municipalities was that which was established by the City of St. Albert and Sturgeon County in 2001, and specified how land around the border of the two communities would be developed. In 2010, a push to repeal the plan was supported by Sturgeon County councillors as many rural landowners objected to having their land effectively controlled under it. The argument brought forth by the County was that the plan was out of date and no longer applied to the current development situation, and that it no longer was serving the community well. St. Albert refused to concede and requested that the Sturgeon County Council not repeal the plan, adding that they would continue to recognize it in their dealings with the County Council (Alary, 2010). The issues brought forth in this process reflect a clear theme of the issue of landowner’s rights, and to what extent local governments can accommodate and cater to the needs of a variety of different stakeholders, especially when considering the differing interests of rural and urban populations. An issue also brought to awareness was the lack of transparency and foresight into the future, given how the economic objectives of each participating municipality changed. One community clearly felt as if they were getting the short end of the stick, and not receiving the same level of benefits that the other was, which can be one of the major reasons for an intermunicipal development plan’s downfall.

***Conclusion***

1. Recommendations

As Lethbridge County continues to develop and expand the scope of its’ relationships with neighboring municipalities and adjacent communities, there are several recommendations it should keep in mind as it pursues new cooperative ventures and acts in accordance with its existing intermunicipal development plans. First, it should ensure that all present and future actions taken in accordance with the plans are completely visible to the public in order to maintain confidence. Any significant developments and proposed ideas should be on display to garner public opinion, such as through the use of open houses or online surveys. The second recommendation is that there needs to be a thorough discussion between the councils of all partnering communities regarding the desired goals and objections that will be pursued as according to the intermunicipal plan. This gives each municipality a vision that they will strive to achieve, and encourages each other to effectively and efficiently carry out the plan in question. There needs to be complete transparency and accountability between partner municipalities in order to ensure that decisions are being made fairly and with the best interest of each other in mind. This closely ties in with the last recommendation, which is that the plan needs to utilized and amended (if the need arises) in a way that it benefits everyone involved in some way. There is no quicker way for an intermunicipal development to fall apart than if one of the participating municipalities feels as though it’s being taken advantage or its concerns are not effectively heard, such as the case in the plan that was highlighted earlier between the City of St. Albert and Sturgeon County.

1. Concluding Statement

To conclude, intermunicipal development plans are becoming a valuable symbol of the increasing cooperation that is occurring between neighbouring municipalities, and are extremely important to study as they will soon be made mandatory under Alberta’s upcoming Modernized Municipal Government Act. This paper has discussed existing legislation in Alberta that relates to intermunicipal plans, provided a list of incentives and benefits of forming these plans, touched upon several types of the most intermunicipal developments, focused on a few examples of current plans in Alberta and Manitoba, and offered Lethbridge county a few recommendations as it moves forwards with its current plans.

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