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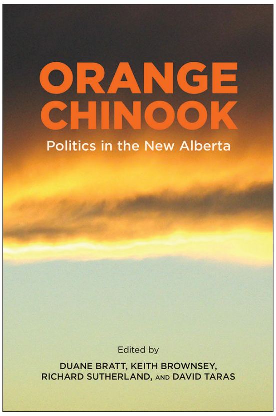

ORANGE CHINOOK: Politics in the New Alberta

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Alberta's Cities under the NDP

James Wilt

The Alberta NDP is a party of the cities.

It's a popular notion. After all, Edmonton has served as the NDP's fortress since the party's Ray Martin–led surge in 1986, with urban issues such as public housing, mass transit, and other major infrastructure projects typically anchoring its list of policy priorities. And the May 2015 election appeared to validate this reputation. The NDP swept Edmonton, Red Deer, Lethbridge, and, surprisingly, claimed over half the seats in Calgary. Its election platform explicitly pledged to "provide stable, predictable funding to both large and smaller municipalities and ensure they have resources they need to fulfill infrastructure priorities, such as transit."[1] One would think it safe to assume that the new government would prioritize issues facing cities in 2015 and beyond.

After all, it had a perfect opportunity. Under section 92 of Canada's Constitution, cities exist as "creatures" of the provinces. That means that almost all municipal powers are granted by the province, and that no inherent powers reside outside of that framework. Alberta's Municipal Government Act (MGA)—the massive piece of legislation that grants existence and powers to all 344 of the province's municipalities—had been under formal review since 2012, providing the new NDP government a once-in-a-generation chance to powerfully redefine how cities raise revenue, plan growth, and interact with other governments. There were very high expectations to finally fix what Grande Prairie mayor Bill Given dubbed a "local government system that's rooted in the Alberta of a hundred years ago."[2] So in order to assess whether the Alberta NDP lived up to such hopes—and its broader reputation as an urban-oriented party—almost two-dozen phone interviews were conducted with subject experts between August and November 2016.

The former minister of municipal affairs Danielle Larivee emphasized that all 344 municipalities have different needs and relationships with neighbouring governments.[3] While this is true, there are many easily identifiable commonalities between them. As a result, the Alberta NDP could have taken a number of fairly obvious and innovative steps to rectify some of the outstanding problems identified by many mayors throughout the province. The near-consensus is that it failed to do so. Instead, it appears the new government capitulated to strong pressures from counties and business lobby groups to avoid adjusting assessment calculations or mandating regional revenue sharing. The NDP refused to expand own-source taxation powers for cities, keeping them trapped within the unpopular political boundaries of property taxes, user fees, and underwhelming grants from higher levels of government. And it effectively accepted the free-for-all voluntary planning model introduced by former premier Ralph Klein. As a result, the NDP selected to preserve the province's anachronistic and paternalistic relationship with its cities, as outlined in the MGA. This arguably betrays any alleged commitment the NDP has to urban municipalities, likely in order to protect future political viability.

Five Key Points of Context

The most obvious way of assessing the validity of these fairly significant claims is by exploring the nuances of Bill 21, the Modernized Municipal Government Act. The city charters for Edmonton and Calgary also offer a frame through which to view these issues, and an assessment of what the charters will mean for the big cities is therefore included near the end of this chapter. But first, it's important to establish some context. Alberta's municipalities face some of the same challenges as municipalities across the country, but there are key distinctions. What follows are five important historic factors that help inform the evaluation of the Alberta government's current relationship with its cities and help explain its arguably underwhelming decisions with regards to the MGA.

Municipal Dependence on Property Taxes

Alberta's municipalities don't have a lot of financial wiggle room: they're not allowed to run deficits, are restricted by debt and debt-serving limits, and don't tend to borrow as much as they can; in 2015, Calgary was at 45 per cent of its debt limit, while Edmonton was at 54 per cent.

This model has proven sufficient for covering operating costs, which are largely covered by own-source revenues. But as Calgary mayor Naheed Nenshi put it, this reality "makes it very, very hard to plan for very big-ticket budget items."[4] Even if municipalities can hypothetically borrow more, they remain unable to pay back the loans.

This is because Canadian cities rely heavily on property taxes, which account for almost half of their total revenues. There are indeed upsides to this funding mechanism. Property taxes are extremely visible, easy to administer, and provide cities with a very stable source of revenue. As Minister Larivee pointed out: "Property tax really doesn't have substantial limits. It's up to [municipal governments] to find the results with the residents."[5] This is technically true. But there's a reason that Alberta's municipal property taxes are around the same as they were in 1988 in percentage of personal income (2.5 per cent).[6]

Enid Slack, director of the Institute on Municipal Finance and Governance at the University of Toronto's Munk School of Global Affairs, noted that homeowners are *annually* reminded of the amount they're being taxed.[7] Property taxes are distinct in this regard from income tax—which, unless you're self-employed, is withheld at source—and the sales tax: both usually just rise with the rate of inflation or consumption, whereas there are no autonomic adjustments with property tax. This can create an annual groundswell of opposition to property tax hikes, despite cities' arguably desperate need for additional revenue to build and maintain infrastructure and social services. It likely doesn't help that the province requires municipalities to raise 32 per cent of its education budget via municipal property taxes, a set-up that Edmonton mayor Don Iveson has previously described as "extremely irritating."[8]

Mayors will often argue that the property tax doesn't represent people's capacity to pay, especially when it comes to retirees living in gentrifying areas who may be asset rich but income poor. While that is a potential issue,

Table 12.1. Breakdown of Twelve Common Municipal Revenue Sources for all Albertan Municipalities in 2011

MUNICIPALITY REVENUE SOURCE	2011 REVENUE TOTALS FROM ALL MUNICIPALITIES	PERCENTAGE OF 2011 REVENUES
Property Tax	$4,808,356,295	42.85%
Business Tax	$212,484,611	1.89%
Special Taxes	$9,264,899	0.08%
Business Revitalization Zone Taxes	$3,665,315	0.03%
Local Improvement Taxes	$37,977,813	0.34%
Well Drilling Equipment Taxes	$26,346,455	0.23%
Developer Agreements + Levies	$172,949,456	1.54%
Sales and User Charges	$2,918,315,262	26.02%
Franchise and Concession Contracts	$375,057,714	3.34%
Fines/Penalties	$193,192,205	1.72%
Provincial Grants	$2,193,118,342	19.54%
Federal Grants	$271,761,973	2.42%
Total Revenue	**$11,222,490,340**	100%

Sources: MGA Review Discussion Paper, December 2013.

credit and grant systems do exist for people in such situations, and these could feasibly be expanded. The main issue with the property tax is that it's very visible and thus deeply unpopular.

Currently, Alberta's municipalities don't have the power to levy other forms of own-source revenues, such as local sales, income, or land-transfer taxes. Mayors argue that this has locked them into a structural deficit of sorts, preventing them from expanding capital expenditure for much-needed infrastructure and social services. It's a political predicament that informs the remainder of the discussion in this chapter.

Withdrawing of Federal Involvement from Cities

This is only a particularly acute problem because higher levels of government have gradually withdrawn financial involvement in municipalities. Borrowing is generally cheapest for the federal government. Yet public capital stock ownership has effectively flipped in the last half-century, with the federal government's 44 per cent share in 1955 dropping to 13 per cent in 2011, and the amount owned by municipalities increasing from 22 per cent to 52 per cent in the same window.

Overall, public infrastructure spending as a share of GDP plummeted from over 3.7 per cent after the Second World War to below 2 per cent in 2000.[9] Municipalities, constrained by an absence of politically viable tax options and in some cases a lack of taxable population base, haven't picked up the tab.

This has contributed to a national infrastructure deficit that has now risen as high as $570 billion; merely maintaining existing infrastructure would require a return to infrastructure spending as a share of GDP of 2.9 per cent.[10] In March 2016, Nenshi told the *Globe and Mail* that Calgary had $25 billion in unfunded projects.[11] Mayor Given of Grande Prairie said his city requires around $100 million in investments to get its infrastructure up to snuff: "A lot of the needs are very basic infrastructure: roads, sewer, storm sewer."[12]

Ottawa has indeed made some substantial reinvestments in cities via the Gas Tax Fund and Building Canada Fund. But such value is expected to erode with inflation and new demands unless increased.[13] In addition, there hasn't been any sustained investment from the federal government in areas like social housing since the 1980s; and what funding there is only available for emergency and transitional facilities. It's not like cities have picked up the tab. Many units just haven't been built. "In many ways, the cities have been starved for their infrastructure," said Jan Reimer, former mayor of Edmonton. "And not just physical infrastructure but social infrastructure as well."[14]

These realities have helped nudge municipalities into private-public partnership (or "P3") arrangements, which can allow cities to keep obligations off the books in the short-term but often end up costing significantly more in the long-term; many private projects borrow at a higher rate than governments, and also expect a higher rate of return; Canadian investors are on the look for "stable, predictable returns in the seven to nine per cent range."[15] A 2014 report by the auditor general of Ontario concluded that seventy-four P3 projects, mostly in the health-care sector, had cost citizens almost $8 billion more over nine years than if they had been contracted out and managed by the public sector; the auditor general also found "no empirical data" for the claim that P3s cut the risk of cost and time overruns by over four times.[16]

Yet the very same year, a "P3 screen" was introduced for any federally funded infrastructure project over $100 million. At the time, Nenshi responded to the criteria by arguing that "P3 Canada's processes are onerous and they are expensive."[17] Toby Sanger, senior economist with the Canadian Union of Public Employees, argued that the federal government was "essentially forcing municipalities to engage in P3s in that way," and that "municipalities that wanted some federal money just didn't have any choice in that area."[18] Both of Alberta's recent ring road projects—Edmonton's Anthony Henday Drive and Calgary's Stoney Trail—used P3 approaches, as did Kananaskis Country's Evan-Thomas Water Treatment and Wastewater Treatment Facility project.

The federal government's new infrastructure plan will also rely on "leveraging" private capital via a $35-billion public fund, an approach that some fear will lead to higher long-term costs and user fees (it's estimated by Sanger that such an approach could double the cost of infrastructure over thirty years).[19] The federal Liberals have committed $186 billion to infrastructure funding over a dozen years, but it's unclear at the time of writing how much of that is expected to be "leveraged" from the private sector.

Politicization and Backtracking of Provincial Grants

The province has also played a significant role in perpetuating the chronic underfunding of municipalities. The most obvious example of this is the cuts in transfers that hit cities during the Klein Revolution of the 1990s, which Reimer described as a "succession of ongoing punitive cuts with no thought."[20] It also manifested more recently—and subtly—with the failure of the Municipal Sustainability Initiative (MSI), which was introduced in 2007 as a planned, decade-long burst of funding to Alberta's municipalities: aside from the first two years, provincial funding didn't meet the pledged amounts; from 2010 to 2013, Calgary was promised $407 million per year, but only received an annual allotment of between $254 and $256 million.[21]

Nenshi noted that his predecessor, Dave Bronconnier, committed most of the city's total MSI allotment on the West Line of the LRT.[22] Since cash flows haven't matched what was promised by the province, the city has racked up "nine-figure interest payments on the debt" after borrowing against future funds.[23] "For provincial governments, it's very, very easy to cut future cash flows," Nenshi said. "But what they've forgotten about is in the big cities, that money has already been spent."[24] While the NDP did commit an additional $4.5 billion over five years to infrastructure, it was explicitly advertised as stimulus spending as opposed to long-term investments.[25] Al Duerr, former mayor of Calgary, noted that "revenue streams are largely at the whim of the provincial government," and that "many people think [these funds] are gifts from senior governments, not . . . a redistribution of wealth to source."[26] This echoes calculations made by the Federation of Canadian Municipalities, which found that municipalities only receive eight cents of every tax dollar collected.[27] "Every time a provincial government screws up, who gets hurt?" Duerr asked. "The municipalities. But the municipal needs don't change. It's that another order of government has screwed up."[28]

In April 2016, the Alberta NDP cut an extra $50 million in MSI funding that it had promised.[29] Only four months later, the government announced it would be cutting future infrastructure funding from one-third of infrastructure project costs to only 25 per cent following the announcement of increased funding by the federal government; mayors across the country are currently pushing for a 50-33-17 split between the federal, provincial, and municipal governments for infrastructure costs that better reflects their capacity to pay.[30] This arrangement also allows the province to commit funding to extremely visible infrastructure. UC Berkeley College of Environmental Design's Gregory Morrow (previously at the University of Calgary) said there's "absolutely" a bias towards funding certain types of projects, which itself shapes urban form and growth patterns. "That has impacts," Morrow said. "Once you put in Stoney Trail, it incentivizes a certain pattern of growth around it."[31]

Stephen Carter, who served as chief of staff for former premier Alison Redford and campaign strategist for Calgary mayor Nenshi, said that such a system of funding has led to Calgary and Edmonton only receiving funding for ring road infrastructure at the expense of light rail transit investments. He argued that "the provincial government now gets to allocate money based on vote-getting as opposed to allocating money based on revenues to be received in a rational fashion. I'm not saying the ring road isn't the right thing. The city of Calgary may have wanted a ring road. But we didn't get a choice because it was dictated by the province of Alberta."[32]

Carter said that this has resulted in a disproportionate power arrangement whereby MLAs have more power than a mayor, and he added that there's been a "real bias" in funding rural programs over urban ones.[33] The NDP even acknowledged this in its pre-election survey when the party claimed that "We believe we must remove partisan choices from capital allocation decisions."[34] But while it committed to establishing an "Infrastructure Sunshine List" to prevent the politicization of capital spending, it instead opted to only release three full pages of unfunded projects listed on the province's website, including schools, hospitals, courthouses, and roads; opposition parties were pushing for a ranked list that would help prevent spending based on immediate political needs.[35]

The construction of major new sports venues in Calgary and Edmonton have become a significant public policy issue in recent years. In 2013, Edmonton City Council considered using increased MSI funding to help pay for the new Rogers Place arena and Winter Garden, but it later decided to negotiate a "community revitalization levy" (CRL) with the province—the same mechanism being used in Calgary's East Village development. This meant that all municipal and provincial property taxes for that part of the city that exceed the baseline over the next twenty years will help pay for the project. The proposed CalgaryNEXT sports complex also included the use of a CRL. However, in June 2016, the Alberta NDP announced that it was no longer accepting applications for CRLs due to the ongoing review of the MGA. Since then, the province hasn't made any public statements about its willingness to help fund sporting facilities.

This fiscal framework also presents a unique problem for mid-sized cities. For example, Lethbridge mayor Chris Spearman noted that there are funding opportunities for cities whose population is under 45,000 people, and for large cities such as Calgary and Edmonton, but little in between.[36] Red Deer mayor Tara Veer expressed concern that such funding disparities might widen with the introduction of city charters; she cited a recently announced transit pilot for low-income users launched in Edmonton and Calgary, making explicit reference to the fact that both are "charter cities."[37] In addition, Veer noted that the granting of new tax powers to larger cities could exacerbate the competitive disadvantage that smaller cities face in attracting investments and expansion, as property taxes could ostensibly be reduced in tandem.

Across the board, there was an extremely palpable desire from mayors for stable, predictable, and long-term funding from the province. Some, like Carter, went even further, suggesting that "we shouldn't have MSI grants in a society where cities should be able to get the revenues that they need from the populations that exist."[38] But at the time of the MGA review, the cities were very clearly still creatures of the province.

The Ongoing Absence of Regional Planning

The opposite is true in the sphere of planning, with the province adopting an extremely hands-off approach since the mid-1990s. It's had equally as disastrous an effect. The University of Alberta's Sandeep Agrawal said that from the 1950s to the 1980s, Alberta boasted a fairly mature set of policies and guidelines governing the growth of its cities.[39] During this period the province played a key role in development patterns and regional planning, encouraging annexing and authoritative planning bodies. Then came Premier Ralph Klein, who repealed the Planning Act of 1977, and all regional and metro planning commissions. This occurred when many other cities were heading in the direction of the "unicity" model. Duerr described the move as "one of the shortest-sighted, purely ideological things that the province did," and he claimed it has led to a ring of "ultra -low-density residentials surrounding Calgary that have all kinds of servicing issues."[40] Reimer said the move made collaboration with the surrounding municipalities extremely difficult, as everyone was attempting to protect their tax base.[41] Agrawal said: "Essentially, since 1995 until about 2008, there was a total policy vacuum vis-à-vis regional planning in Alberta. That had its own consequences that we are still trying to grapple with."[42]

Area structure plans (ASPs) and area redevelopment plans (ARPs) are the only statutory policy documents that municipalities can use to leverage types of development. Calgary and Edmonton have deployed "community revitalization levies," in which assessments are frozen for a gentrifying region and future tax revenue gets directly reinvested in the area. But those are, by nature, extremely ad hoc and localized. For the vast remainder of municipal planning, an overall lack of big-picture regional planning throughout the province has resulted in hyper-local competition and infighting. That has, in turn, made it extremely difficult to coordinate transportation systems and land-use planning regimes to maximize much-needed economies of scale. "There's no point in every municipality having their own fire, their own police, their own transit," Agrawal said. "This could all be done in a much more centralized, rather [than] regional, way, which would benefit a much larger area and population, and perhaps integrate different economies that exist in those places."[43]

In 2008, the Capital Region Board—which effectively forced Edmonton and twenty-three surrounding municipalities, including Strathcona County, St. Albert, and Spruce Grove, to work together on sustainable growth—was formed, and the Alberta Land Stewardship Act (ALSA) was introduced, providing a regional land-use framework. While the ALSA was proclaimed in 2009, four of the seven regional plans still do not exist as of early 2017. Tensions are still extremely pronounced between many neighbouring municipalities. The decade-long rivalry between Rocky View County and Calgary over residential density requirements and the potential increased burden on roads, water, and sewage infrastructure serves as an obvious example. The Calgary Metropolitan Plan, ratified by the voluntary regional partnership, still hasn't been implemented due to such tensions.[44]

Political blogger David Climenhaga noted that there has also been "a lot of tension and dislike and bad feeling and disputes" between Sturgeon County and St. Albert, the latter being the second-largest city in the Edmonton Capital Region.[45] "Almost anywhere there's a major urban area next to a county, there are some tensions and problems of these kinds," Climenhaga said. "Some of the fallout's not necessarily obvious."[46] And while many argue that competition between jurisdictions is fine, even desirable, it would be preferable if such competition was more regional in nature. Much of the problem returns to the dual issues of service usage and revenue sharing. In 2016, the city of Grande Prairie calculated that linear properties—oil and gas wells, transmission lines, pipelines—generate $845 million per year in tax revenues, but that cities only receive 7.7 per cent of these funds, with municipal districts (MDs) and counties receiving 77.6 per cent.[47] In other words, there's a significant disparity in per-capita assessment between urban and rural communities.

And yet urban municipalities end up providing many of the services that rural residents use: recreation centres, libraries, police stations, roads.

This also means that counties and MDs can afford to have a lower property tax rate than nearby municipalities, attracting investments such as malls and shopping centres. The situation has reached its most extreme form in Cold Lake, where the mayor and council have long pushed for the chance to dissolve and merge with surrounding rural districts in order to stay financially viable.[48] Medicine Hat mayor Ted Clugston said: "It has been frustrating for us providing all the services, the leisure, the libraries, the event centres, everything, and not having an agreement with our partners. Basically paying for everything and they use it."[49] This is the inevitable outcome of a free-for-all planning regime in which hundreds of municipalities are battling for their own interests with next to no intervention from the province.

Government-assigned arbitrators and mediators attempt to resolve these disputes, often at great cost to municipalities. But some tensions just can't be resolved in the current planning regime. That would require significantly more intervention by the province. "The only way you solve the problem of regional governance is for the province to be willing to be involved," said Jack Lucas, a political scientist at the University of Calgary.[50] Agrawal agreed: "It's only some other provincial entity that could do this job."[51]

Future Demands

The situation facing Alberta municipalities is fairly dire already, with a significant lack of money for infrastructure projects and a dearth of planning direction from the province. That's not even considering the increased burdens that will be placed on cities in coming years. The seniors population in Alberta will double by 2031 according to Alberta Health.[52] This will put increased burdens on cities in regards to mobility, affordable housing, and emergency services. The province's population is also expected to increase by almost 2 million people by 2041, with 46 per cent of the anticipated growth from international migration.[53] And while the homeless count in Calgary—which accounts for 54 per cent of the province's homeless population, compared to 34 per cent in Edmonton—has stabilized in recent years at around 3,200 people, it's still nowhere near the goal of zero that was articulated in the city's ten-year Plan to End Homelessness by 2018.[54] In other words, municipalities are already struggling with building and maintaining infrastructure and services for their current populations.

Then there's the looming crises related to climate change. Sara Hastings-Simon, director of the Pembina Institute's Alberta-focused Clean Economy Program, said it's critical that governments begin to invest in mitigation and adaptation now, as it's much cheaper to do so ahead of time.[55] The National Round Table on the Environment and the Economy has estimated that climate change will cost Canada about $5 billion per year by 2020, and at least $21 billion a year by 2050.[56]

Climate-resilient infrastructure will require addressing stormwater infrastructure, flood retention, distributed grids, installing permeable surfaces, and planting more trees for shade.[57] "A lot of municipalities have old infrastructure that's not able to handle this higher volume of rainfall," said Grande Prairie mayor Bill Given. "Things that would be a 1-in-100-year event are happening more and more often. We're going to see basic infrastructure like storm sewer upgrades and storm retention plans that need to be made."[58]

Some of this will be addressed with regulatory overhauls aimed at allowing for more efficient permitting processes, with government procuring investments from the private sector. But much of it will simply require more upfront investments and interventions from various levels of government. Interestingly, Mayor Nenshi has publicly opposed the application of carbon pricing to municipalities; in an interview, he noted that Calgary has long had a mandated LEED Gold Standard for new buildings and retrofits, and it has used 100 per cent renewable electricity for things like the C-Train.[59] As a result, he has petitioned the province for the municipalities to receive rebates. Hastings-Simon said she was "very surprised" at Nenshi's position on carbon pricing, which she claims represents "short-term thinking and framing around the costs." "Of course, the carbon levy comes with costs," she said. "But that's meant to drive behaviour. There's reason for it. It's not a punitive approach."[60] In contrast, Edmonton mayor Don Iveson expressed support for the mechanism, stating in a 2016 interview with the CBC that it made the city's plan to purchase electric buses considerably more viable than before.[61]

Comparing Expectations to Realities

So let's see how Bill 21—which was tabled on 31 May 2016, and received royal assent on 9 December 2016—looks within the context of the aforementioned factors.

A growth-management board was made mandatory for the Calgary region, an implicit recognition of the failure of the previously attempted voluntary regime. In addition, all municipalities in Alberta—all the way down to tiny summer villages—are now required to develop municipal development plans (MDPs) and intermunicipal collaboration frameworks (ICFs). Deron Bilous, the NDP's first municipal affairs minister, stated in September 2015 that "funding is a great way to help incent that behaviour," referencing the hoped-for collaboration between municipalities.[62] Rebecca Graff-McRae, research manager at the Parkland Institute, said that the minister's comments were widely interpreted as a potential for "big carrot . . . [encouraging] municipalities to put together revenue-sharing plans."[63] And yet, as she pointed out, "instead, it seemed that they went the opposite direction . . . [by] making that collaboration issue mandatory—you have to have a regional collaborative plan—but the revenue-sharing stipulations are all voluntary and very vague." However, Graff-McRae noted that even the concept of mandatory collaboration may simply result in neighbouring municipalities "mandatorily agreeing that they have nothing to work on."[64] Cold Lake mayor Craig Copeland suggested that mandatory ICFs will only increase friction between urban and rural governments: "I believe people lobbied very, very hard to keep the revenue in rural Alberta," he said.[65]

Significantly, the new MGA will also expand the scope of off-site levies and tax exemptions for brownfield development, widen the duties of the provincial ombudsman, allocate to the province the assessment of industrial properties, and allow for inclusionary zoning. Affordable housing expert Alina Turner stressed that municipalities already had the authority to use inclusionary zoning in land-use bylaws but haven't historically exercised it due to fears of exposing themselves to litigation from developers.[66] In late November, the president of the Canadian Mortgage and Housing Corporation echoed this sentiment, suggesting that municipalities should address "rezoning restrictions, density limits, development fees, and the time it takes for approval of new supply" before asking for more funding.[67]

In addition, the revamped MGA will allow municipalities to split non-residential property tax rates into more subcategories than just "vacant" and "improved." It will also mandate a maximum property tax ratio of 5:1 for non-residential and residential properties, meaning the tax rate on offices, retail, and industrial properties will only be allowed to be *five times* higher than the tax rate on residential properties. In 2017, property tax ratios were as follows: 3.5:1 in Calgary; 2.8:1 in Edmonton; 2.4:1 in Lethbridge; and 2.3:1 in Medicine Hat. Grande Prairie's mayor noted that "you wouldn't necessarily think that these are traditional NDP priority areas, or voices that would have influence with the NDP."[68]

Many of the changes were welcomed by mayors. But they were fairly minor in scope, representing tweaks to the legislation that any party could have conceivably backed. Part of that may be explained by the fact that the MGA has been under formal review since 2012, and debated since 2008. Larivee, who previously worked as a registered nurse for Alberta Health Services, was the province's sixth municipal affairs minister since December 2013. In the past decade, department ministers have included Ray Danyluk, Hector Goudreau, Doug Griffiths, Ken Hughes, Diana McQueen, and Deron Bilous. Larivee herself was replaced in January 2017 by Shaye Anderson. Graff-McRae acknowledged that the NDP "almost ended up with the worst of both worlds," with "half of it done but having to engage in another round of consultations and town halls."[69] Mayors and reeves were getting sick of it too. Nolan Crouse, former mayor of St. Albert and chair of the Capital Region Board, said: "I think the review's a gross misuse of resources. I think it's a gross misuse of commitments and time. People are almost tired of it. Give me a break on this one."[70]

But Graff-McRae also suggested that the blowback on the controversial Bill 6—which expanded Workers' Compensation Board coverage and Occupational Health and Safety standards to farm workers—may have exhausted the NDP's willingness to anger rural residents and governments.[71] Some mayors also pinned the blame on the inexperience of the new crop of NDP MLAs, the party's lack of knowledge about urban-rural tensions, and the reduction in the size of cabinet from twenty ministers under the PCs to twelve under the NDP. "So not only is it centrally controlled but fewer ministers means they don't have enough time in the day," said Crouse.[72] Both Given and Clugston indicated that they wished the NDP had approached municipal issues as aggressively and decisively as they had the climate change file.[73] "That's the kind of thing that could have resulted in them really solidifying their position in the cities," Climenhaga said. "I think it's a real failure of nerve to say 'they're going to hate us in the rural regions if we do this, so we better not.' Well I've got news for the NDP: they're going to be hated in the rural regions anyway."[74]

An Additional Note on City Charters

City charters have long been pointed to as a potential solution for Calgary and Edmonton's fiscal woes. Jack Lucas of the University of Calgary said there are two key dimensions to the concept: first, a symbolic acknowledgement that such cities are different entities from smaller municipalities; and second, a desire to make new fiscal tools available. Toronto received "charter status" in 2007, allowing it to introduce a land-transfer tax and vehicle registration tax (the latter of which Rob Ford famously eliminated in 2010, during his first full council session as mayor). Other major Canadian cities, including Vancouver, Winnipeg, and Montreal, have city charters in place with their respective provinces, each featuring different powers and approaches.

While city charters can increase local powers and efficiencies around bylaws, administrative processes, and other significant areas, they haven't historically changed the relationship between cities and provinces in any fundamental sense. The same looks to be the case in Alberta.

In response to renewed discussions about the possibility of city charters following the NDP's 2015 win, the coalition See Charter, Think Tax was launched in 2015 by such right-wing organizations as the Canadian Taxpayers Federation and Canadian Federation of Independent Business. However, the new city charter regulations—under review since October 2014—won't allow for any new taxation powers for Calgary and Edmonton. Instead, the cities will receive fairly small allowances, including the ability to run multi-year operating deficits accompanied by expenditures to cover the deficit over three years, to use electronic means to administer tax notices and other assessment notices, to issue loans for affordable housing, and delegating responsibilities on issues including secondary suite applications.[75]

A new infrastructure program was also announced, tying municipal funding for capital grants directly to provincial revenues, which tend to be wildly unpredictable from year to year. Despite that, Edmonton mayor Don Iveson told the CBC that it moves the city "in the direction of sustainable, predictable, guaranteed revenue sharing to support infrastructure."[76] The actual funding formula hasn't been made public yet, nor is there any indication that the province will see dramatically increased revenue in future years that would result in improved infrastructure funding for cities.

What the NDP Could Have Done

This brings us to the million-, or multi-billion-, dollar question: What should the NDP have done differently with the MGA and city charters if it really wanted to be the party of cities? Once again, the answer to this question varies based on municipality. But there were common items among most interviewees.

First, give municipalities the ability to gather more own-source revenues, including local sales, income, and land-transfer taxes. Better yet, allow for the levying and redistribution of such taxes on a regional basis to prevent mid-sized cities such as Grande Prairie and Medicine Hat from losing investments to the counties. If done correctly, this could free cities from the politically binding option of only increasing property taxes and user fees, resulting in more own-source revenue for both operating and capital plans. It's no panacea, but it would be a start.

Second, update assessment calculations for farmland, and machinery and equipment. Minister Larivee said that farmers "would likely not necessarily see it as a good thing."[77] That is true. The same goes for owners of refineries, upgraders, chemical plants, agri-food facilities, and paper plants. But the continued suppression of assessments for such industries means that other sources—namely residential and business properties—effectively subsidize them. Foregoing such revenue is a specific policy decision that could, and arguably should, be addressed.

Third, mandate revenue sharing between cities and rural areas, especially in the case of adjacent counties with high revenues from linear properties. Counties receive a vast majority of the tax revenue from linear properties and displacing service fulfillment onto the cities, meaning they can also afford to keep property tax rates lower than in the cities. Revenue sharing would mean that rural municipalities have to pay at least a share of what their residents use.

Fourth, in some situations—especially in Northern Alberta—consider encouraging and allowing for the merging of urban and rural municipalities. Minister Larivee stressed that the province was "in no way . . . going to do mandatory amalgamations," which indicates that the government wants municipalities to make such decisions on their own.[78] But given the aforementioned disparity in revenue, it's rather unlikely that rural governments will ever be interested in that. Mayor Copeland pointed out that there are already three examples of how amalgamation can work in the form of specialized municipalities such as Lac La Biche, Strathcona, and Wood Buffalo. It would require some political will from both mayors and the province. Redrawing the province's electoral boundaries to create mixed urban-rural ridings could assist with this. Amalgamations would not be as urgent a need if the previous concept of revenue sharing was pursued.

Fifth, address regional planning. Morrow noted that there are many examples of what this could look like, including deploying both "carrots" and "sticks" to incentivize collaborative, cost-efficient, and sustainable growth.[79] Regional bodies created by the province would allow for far better coordination and long-term planning, which would help achieve more sustainable growth patterns. Simply put, the province must become more involved.

Sixth, ensure that funding promises to cities are fulfilled, legislated, and indexed for inflation. As Clugston emphasized, "you'll hear this from every municipality: all they want to know is some consistency. Tell us what it's going to be and tell us it's going to be three, four, five years and you're not going to change it"[80] It's an extremely simple but crucial step.

Seventh, petition the federal government for even more stable, predictable, and long-term funding for cities. Carter noted that Mayor Nenshi of Calgary should use the "bully pulpit" to acquire more funds from the province for the Green Line, like former Edmonton mayor Stephen Mandel did for his city's downtown arena.[81] It's a fair point. But given present economic conditions, the NDP has arguably run out of political capital—not to mention financial capital—for the near future. The alternative is calling for upfront infrastructure investments from the federal government in "unprofitable" projects such as social housing, transit to low-income and underserved communities, and climate adaptations. That alone would cost billions, and can't currently be shouldered by the province.

Conclusion

The Alberta NDP failed to take advantage of a massive opportunity to permanently reform the way that cities raise revenue, plan for growth, and interact with other levels of government. It's clear that this was the result of a series of political calculations: revenue sharing, increased taxes, and more provincial involvement in planning may not exactly be a winning combo in the rural ridings, despite the obvious need. Perhaps the approach will prove successful for the 2019 election, winning the party an extra few seats in the rurals. Eventually, Calgary and Edmonton may end up with a few additional powers, although Premier Rachel Notley has suggested those won't include new own-source revenue tools.[82] But the rest of Alberta's cities will effectively be left in the same condition they have been in for the past few decades: cash-strapped, dilapidated, and forced to shoulder an increasing share of service provision as demands compound with climate change and an aging, and increasing, population. The consequences won't immediately manifest. As a result, this issue may win or lose an election, or even appear on a list of major policy items. But it's arguably one of the most important subjects facing the province, regardless of which party wins in 2019. The Alberta NDP may consider itself to be a party of the cities. It certainly hasn't shown itself to be that in practice.

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