

Hill Spring

# VILLAGE OF HILL SPRING

VIABILITY PLAN PRESENTATION

SEPTEMBER 19, 2016

800

3 Ave S

# Agenda and Meeting Outcomes

- Overview of the Viability Review Process
- Viability Review Team (VRT) Findings
  - How was the viability of the Village of Hill Spring evaluated?
  - Recommendations to improve the long-term viability of the community.
- Options to Consider
- Next Steps
- Questions and Answers

# Municipal Restructuring – Viability Reviews

## *Part 4 – Municipal Government Act*

### Formation

- MGA s.77-90

### Change of Status

- MGA s.91-97

### Change of Name

- MGA s.98-99

### Amalgamation

- MGA  
s.100-112

### Annexation

- MGA  
s.112.1-128

### Dissolution

- MGA  
s.129-134.1

# Viability Review

- A process that the Minister undertakes to assess and evaluate a municipality's long-term sustainability and viability.
- Led by a Viability Review Team (VRT).
- In this process a municipality's finances, governance and programs and services are examined in detail and input is collected from residents, property owners and the potential receiving municipality.
  - *This work is done with the purpose of moving beyond status quo and focusing on solutions that will help the municipality remain viable over the long-term.*

# Viability Review Team (VRT) Mandate

- Engage stakeholders and gather feedback.
- Review information about the municipality's finances, governance, programs and services.
- Determine the viability of the municipality.
- Develop a plan with options and recommendations to improve the long-term viability of the village.

# Background

- 2008
  - Municipal inspection of the village at the request of village council results in 50 recommendations on how the governance and operations of the village could improve.
- 2010
  - Minister of Municipal Affairs decides to undertake a dissolution study and appoints an official administrator, later rescinding the appointment and not proceeding with dissolution study.
- 2014
  - Village Council requests the Minister of Municipal Affairs to undertake a viability review for the village, a screening confirms the issues facing village were significant to warrant a full viability review.

# Project History

- 2015
  - July: VRT was established.
  - September: VRT determined that village was trending towards non-viability and more information was needed.
  - November: Public meeting held in Hill Spring and VRT Chair and Project Lead met with the Village of Hill Spring Council.
  - December: Summary of feedback was mailed to residents.
- 2016
  - March: VRT Chair and Project Lead met with Cardston County.
  - May: Village Council accept Infrastructure Audit for information.
  - June: Viability Plan was completed and submitted to Municipal Affairs.
  - September: Viability Plan is presented in the Village of Hill Spring.

# How Viability was Evaluated

How will the Village:

- pay for current operations and future upgrades to its municipal facilities?
- sustain the services it offers and the infrastructure within the community?
- maintain/anticipate increases to the cost of providing municipal services?
- maintain/anticipate capital improvements that may be required and how these are funded?
- be progressive and competitive, but still be affordable?
- diversify the investment base enough to attract residents and business?
- sustain and/or diversify its population and demographics?
- maintain its incorporated status?

What is the:

- potential of the community and its ability to attract residents and businesses?
- role of the province to ensure that rural Alberta communities survive?

Where will the:

- community be in the future and what will be the financial impact on residents?

# Results of Viability Review and Findings

1. Village of Hill Spring was found to be trending towards non-viability based on 5 factors [pages 7-8]
  
2. To help address the long-term viability and sustainability of the village, the VRT made 32 recommendations in the areas of:
  - Sustainable Governance [pages 13-14]
  - Regional Cooperation [page 15]
  - Operations and Administrative Capacity [pages 16-17]
  - Municipal Finances and Accounting [pages 18-20]
  - Property Taxes and Assessment [pages 21-22]
  - Infrastructure [pages 23-26]
  - Service Delivery and Risk Management [pages 27-28]
  - Community Well-Being [pages 29-30]

*A complete listing of the VRT recommendations is found at the end of this presentation and in the Village of Hill Spring Viability Plan Appendix L (pages 48-50).*

# Trending Towards Non-Viability

Village of Hill Spring Viability Plan (pages 7-8)

1. The village has **very few non-residential (business) tax payers** and the lack of development and growth in the municipality has led to a greater dependence on the village's residential tax base.
2. The village has continued to operate and provide the required services to its residents; however, as the **population declines and the costs of providing these services rise, residents may be faced with large tax increases.**
3. Although administrative agreements with neighbouring villages have increased the organizational capacity within the village, **the ability to attract and retain qualified personnel**, in the absence of these agreements, remains in question.

# Trending Towards Non-Viability

Village of Hill Spring Viability Plan (pages 7-8)

4. For the past few years, operating grants from senior levels of government have declined. The **heavy reliance on these grants for continued village operations** suggests that the village will need to increase revenues through taxation or further reduce service levels to balance future budgets.
5. The continued **reliance on volunteers** to assist with village operations, although well intentioned, **exposes the village to increased liability and risk**. Subsequently, hiring and/or providing the required training for these individuals may significantly increase the cost of providing these services.

# Sustainable Governance

Pages 13-14

## Findings:

- Village Council consists of five members.
- Sometimes the commitments on village council do not allow for active participation on other boards or committees.
- Council will be faced with future challenges when the changes to the Municipal Government Act are rolled out.

## Recommendations:

1. Ensuring compliance with proposed changes to the MGA
2. Provide additional councillor training
3. Undertaking a bylaw review
4. Encouraging residents to run in municipal elections
5. Improving economic development

# Regional Cooperation

Page 15

## Findings:

- The Village of Hill Spring has a long history of working cooperatively with its neighbours.
- The village has successfully secured a number of regional grants to improve the level of municipal service.
- The village is a member of 10 regional committees and boards and recently established an Economic Development Committee.

## Recommendations:

6. Pursue opportunities to enhance regional partnerships.
7. Council should evaluate which boards and committees they participate on.
8. Should explore opportunities to share water operator with neighbouring municipalities.
9. Continue to develop shared service agreements that reduce costs while maintaining service levels.

# Operational and Administrative Capacity

Pages 16-17

## Findings:

- Since 2011, the village has contracted Chief Administrative Officer services by using revenue from government grants.
- The village utilizes volunteers to provide non-essential services, some of which may expose the municipality to increased liability and risk.
- For 2014 and 2015 financial years, the village has missed the legislated reporting date to file the audited financial returns with Municipal Affairs.

## Recommendations:

10. Establish a training program and budget to access opportunities to build administrative/council capacity.
11. Seek legal and risk management advice on current practices and use of volunteers.
12. Administration costs must be reduced or taxes/municipal fees increased.
13. Increased communication with residents is required to better show where municipal tax dollars are spent.

# Municipal Finances and Accounting

Pages 18-20

## Findings:

- Over the years, Hill Spring has demonstrated an above average ability to access government grants.
- Property taxes and user fees are mainly used to pay for administration and operations, and government grants used to address construction and replacement of capital infrastructure.
- Amounts indicated within the 2015 audited financial statements do not appear to match agreements signed by the village.

## Recommendations:

14. Contributions to the infrastructure fund must increase.
15. An infrastructure reserve policy must be developed.
16. Review municipal revenue sources to ensure a proper balance from taxes, franchise fees, and user fees.
17. Continue to reconcile grants received with the costs of completed projects.
18. 2015 financial figures should be restated when the 2016 audited financial statements are prepared.

# Property Tax and Assessment

Pages 21-22

## Findings:

- 95% of assessment in Hill Spring is residential
- In 2015, the village had \$27,085 (or 19%) in uncollected taxes, with a total of \$42,798 in property tax arrears
  - This impacts the village's ability to pay for expenses
- In 2015, village administration began property tax recovery proceedings.
- Property taxes per capita are about average for the village.

## Recommendations:

19. Improve communication to electors regarding property assessment and taxation
20. Provide information to electors regarding how municipal funds are spent as part of a year end report.
21. Impose local improvement taxes for projects that benefit an area of the village and not the village as a whole.

# Infrastructure

Pages 23-26

## Findings:

- Infrastructure Audit highlighted \$1.6 M in high priority infrastructure projects over the next 10 years
  - \$3.9 M if a south water line was constructed and the north water line upgraded.
- To fund these upgrades taxes/user fees would have to increase 11% each year, for the next 10 years.
  - This assumes that grant revenue from provincial government remains unchanged (\$200,000 annually).

## Recommendations:

22. Formally document ongoing operations and develop a maintenance plan for village infrastructure.
23. Approve and fund a 10-year capital plan.
24. Develop a policy to ensure the 10-year capital plan is reviewed and projects appropriately funded.
25. Consider taking on debt with an appropriate repayment plan.
26. Repairs or replacement to infrastructure must be completed by a qualified trades person.
27. Communicate with residents the importance of maintaining a cost recovery model for municipal infrastructure.

# Service Delivery and Risk Management

Pages 27-28

## Findings:

- Village office provides basic municipal services to residents.
- A number of municipal services are offered through contract with neighbouring municipalities.
- In the past, the village has relied heavily on the use of volunteers to provide non-essential municipal services.
- Completion of the Infrastructure Audit has identified a number of concerns regarding the village's infrastructure.

## Recommendations:

28. Review utility rates to ensure full-cost recovery model.
29. Develop a policy that ensures funds collected through a utility fee goes into a reserve for future capital projects.
30. Review the occupational health and safety policy for the municipality to ensure compliance.
31. Approve a volunteer policy that has been reviewed by legal counsel.

# Community Well Being

Pages 29-30

## Findings:

- Strong sense of community within Hill Spring.

## Recommendations:

32. Village administration should continue to support community groups.

# Next Steps

Page 9

- Following this presentation, Village of Hill Spring Council must decide which path it feels is best for the community of Hill Spring.
- Village Council will choose between either:
  - A. Remaining as a village by accepting the recommendations found within the Viability Plan, including any directives that may be issued by the Minister of Municipal Affairs.

Or

  - B. Proceeding with a public vote where the electors will decide from two of the following options:

# Option 1:

Page 11 - 12

The Village of Hill Spring remains as a village by accepting the recommendations found within the Viability Plan, including any directives that may be issued by the Minister of Municipal Affairs.

Benefits

Challenges

# Option 2:

Page 11 - 12

Dissolve the Village of Hill Spring and Hill Spring becomes a hamlet in Cardston County.

Benefits

Challenges

*For a list of the benefits and challenges identified by the VRT, please refer to the pages 11-12 of the Village of Hill Spring Viability Plan*

# If dissolution was to occur ...

Broad Area	Anticipated Change
Sustainable Governance	<ul style="list-style-type: none"> <li>Residents of Hill Spring would be represented by Cardston County.</li> </ul>
Regional Cooperation	<ul style="list-style-type: none"> <li>Membership in regional boards/commissions would continue under Cardston County.</li> </ul>
Operational and Administrative Capacity	<ul style="list-style-type: none"> <li>County CAO would be responsible for the management of the village.</li> <li>Municipal services would be provided to Hill Spring Residents from the County Office in Cardston.</li> </ul>
Municipal Finances and Accounting	<ul style="list-style-type: none"> <li>Cardston County would assume the assets, liabilities, rights, duties, functions and obligations of the village upon dissolution.</li> </ul>

# If dissolution was to occur ...

Broad Area	Anticipated Change
Property Taxes and Assessment	<ul style="list-style-type: none"> <li>• Taxes previously levied by village, would be owed to County.</li> <li>• The County has the ability to designate a sub-class of residential properties and assign different taxes rates to cover expenses that are higher in the village than other residential areas in the county</li> </ul>
Infrastructure	<ul style="list-style-type: none"> <li>• Cardston would review the infrastructure assessment prior to undertaking any repairs.</li> <li>• Existing village facilities would continue to be utilized and maintained as necessary.</li> </ul>
Service Delivery and Risk Management	<ul style="list-style-type: none"> <li>• Cardston County would be responsible for providing services to residents.</li> </ul>
Community Well Being	<ul style="list-style-type: none"> <li>• Community groups would be eligible for support the same as other groups in the county.</li> <li>• Cardston County would cover community groups as Additional Named Insured on the county's insurance policy.</li> </ul>

*For a complete list of anticipated changes residents can expect, please refer to the Village of Hill Spring Viability Plan*

# Financial Implications of Dissolution

- Operating
  - reduced administration costs
  - potentially more funds for infrastructure
  - utility fees may potentially increase to address full cost recovery
- Capital
  - Municipal Sustainability Initiative grants would continue for a period of five years following dissolution
  - Alberta Community Partnership (ACP) provides a one time \$950,000 to upgrade existing infrastructure identified within the Infrastructure Audit.

# Questions



# Wrap Up

- Council decision to be provided to the Minister of Municipal Affairs
- Depending on Council's decision, a vote of the electors may be required

**Thank you for attending and taking an interest in the future of your village.**

Questions regarding the Hill Spring Viability Review can be directed to:

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# Sustainable Governance

## VRT Recommendations: Appendix L

1. Village council should complete an assessment of all new legislative requirements resulting from the review of the *Municipal Government Act*, and ensure all new requirements are planned and budgeted for including councillor training, a municipal development plan, an intermunicipal development plan and an intermunicipal collaboration framework.
2. All members of village council must take a “Roles and Responsibilities” course offered through Municipal Affairs within three months of this report being accepted by the Minister of Municipal Affairs.
3. Village council should undertake a bylaw review to ensure that existing bylaws are compliant with provincial legislation and that the bylaws are meeting the needs of the residents. This review should be within twelve months of the report being accepted by the Minister of Municipal Affairs.
4. Village council should encourage representation from the public to run in municipal elections by hosting information sessions on what it means to be an elected official and outlining the opportunities and challenges facing the municipality and how these align with the responsibilities of being an elected official.
  - If the next municipal general election in 2017 results in an acclaimed council and no election is conducted, village council should consider reducing representation from five councillors to three.
5. Village council should continue working with the economic development committee, ensuring that a clear mandate exists, the committee functions effectively, and that participation from other regional organizations is encouraged.

# Regional Cooperation

## VRT Recommendations: Appendix L

6. The village should pursue opportunities to enhance regional partnerships that provide programs and services to residents in the most effective and efficient manner.
7. Council participation on boards and committees are important to understanding how regional changes or initiatives may affect village residents; however, council should evaluate which boards and committees they participate on, as attendance at all committees is not consistent. If the village has a member status on a committee, the expectation is that they attend.
8. The village should explore the operational efficiencies, increases in the level of service and potential costs savings that would result with respect to a shared water treatment operator, should an agreement be possible with Cardston County and the Village of Glenwood.
9. The village should continue working with Cardston County and the Village of Glenwood to develop additional shared services agreements that have a focus on reducing administrative costs while maintaining service levels to residents.

# Operation and Administrative Capacity

## VRT Recommendations: Appendix L

10. The village's ability to attract and retain qualified staff is a factor in the long-term viability of the village. The village should establish a training program and a budget to encourage council and administration to attend workshops and access opportunities to build capacity. These could include taking formal classes, job shadowing or accessing municipal interns.
11. The Village should seek legal and risk management advice on its current practices of operations and maintenance conducted by volunteers. This includes seeking a legal opinion and advice from its insurance provider.
12. If the village is to remain viable, council must find a way to reduce the costs associated with administering the village or seek additional revenue sources. Consideration should be given towards increasing municipal taxes and raising utility rates to ensure full cost recovery.
13. Council and administration should develop a strategy for taxpayers to better understand where their tax dollars are going and the value that they receive for them. This communication could be included as part of the village's yearly tax notice.

# Municipal Finances and Accounting

## VRT Recommendations: Appendix L

14. Contributions to an infrastructure reserve fund must increase either through additional taxes, levies or fees to ensure that funds are available should an unexpected event occur and to achieve funding of future critical infrastructure repairs/replacement.
15. Council must develop an infrastructure reserve policy that distinguishes the types of reserves that exist and puts monies away in these restricted reserve accounts for future capital projects.
  - This infrastructure reserve policy must use the long-range capital plan for its basis. The capital plan will identify the necessary projects, the timing of initiating and completing each project and the required funding to complete each project. Funding for these projects will come from various sources including funds annually set aside according to a specific timeline. The infrastructure reserve policy, if followed, will ensure that sufficient funds are in place for each project.
16. Council should review its revenue sources to ensure that a proper balance from taxes, franchise fees and user fees exist.
17. The village should continue to reconcile grants received with the cost of completed projects in a timely manner.
18. The 2015 financial figures should be restated in the 2016 Audited Financial Statements to account for the amounts and types allocated to the restricted surplus as well as the deferred revenue from grants. Consideration should also be given to include a statement regarding the existence or non-existence of contaminated sites as per the accounting standard issued by the Public Sector Accounting Board.

# Property Taxes and Assessment

VRT Recommendations: Appendix L

19. Council must improve communication by providing electors with information regarding property assessment and taxation processes.
20. Council must provide electors with information outlining how municipal funds are spent as part of a year-end report and within the report promote the value of the services the village provides.
21. Council must impose local improvement taxes for projects that benefit an area of the village and not the village as a whole. These would include, but not limited to improvements to a block of sidewalk or a septic line upgrade.

# Infrastructure

## VRT Recommendations: Appendix L

22. Village administration will formally document ongoing operations and develop a maintenance plan for village infrastructure (e.g. water treatment plant, irrigation pipes).
23. Village council must approve and fund a 10-year capital plan through approved funding sources such as municipal taxes, utility fees, or grant programs.
24. Village council will develop a policy to ensure that the 10-year capital plan is reviewed as part of the annual budget process and that the infrastructure projects listed within the 10-year capital plan are appropriately funded.
25. Village council should consider taking on debt with an appropriate repayment plan, if required, to meet the approved 10-year capital plan.
26. Village administration will ensure that any repairs or replacement undertaken to the mechanical, electrical or structural components of the municipal buildings and facilities will be completed by a qualified trades person.
27. Village administration will communicate to electors the importance of establishing and maintaining a cost recovery model with respect to the fees charged to maintain, operate and provide utility services.

# Service Delivery and Risk Management

## VRT Recommendations: Appendix L

28. Village council will continue to review utility rates annually using a full-cost recovery model that would include the amortization expense and could also include future capital infrastructure projects.
29. Village council must develop a policy to ensure that surplus funds collected through a utilities fee go into a capital reserve fund for future capital projects associated with the utility.
30. Village administration will review the occupational health and safety policy for the municipality to ensure that the village is compliant with current legislation.
31. Village council must approve a volunteer policy, which has been reviewed by legal counsel and the village's insurance provider within six months of this report being accepted by the Minister of Municipal Affairs.

# Community Well Being

VRT Recommendations: Appendix L

32. Village administration will continue to budget financial support for community groups on an annual basis.