

# VILLAGE OF WILLINGDON VIABILITY PLAN

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**September 2016**

A report concerning the viability of the Village of Willingdon  
by the Village of Willingdon Viability Review Team

**Viability Review Team**

**Village of Willingdon Viability Review**

**Alberta Municipal Affairs**

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# TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY</b> .....	<b>4</b>
<b>PROJECT CHRONOLOGY</b> .....	<b>5</b>
HISTORY AND DEMOGRAPHICS .....	5
BACKGROUND AND PROJECT INITIATION .....	5
<b>NEXT STEPS IN THE PROCESS</b> .....	<b>7</b>
<b>OPTIONS FOR WILLINGDON</b> .....	<b>8</b>
<b>POTENTIAL IMPACTS TO RESIDENTS</b> .....	<b>11</b>
SUSTAINABLE GOVERNANCE .....	11
REGIONAL COOPERATION .....	15
OPERATIONAL AND ADMINISTRATIVE CAPACITY .....	17
MUNICIPAL FINANCES AND ACCOUNTING .....	19
PROPERTY TAXES AND ASSESSMENT .....	22
INFRASTRUCTURE .....	25
SERVICE DELIVERY AND RISK MANAGEMENT .....	31
COMMUNITY WELL-BEING .....	34
<b>APPENDIX A: PERFORMANCE ON KEY MEASURES</b> .....	<b>35</b>
<b>APPENDIX B: VIABILITY TEAM MANDATE</b> .....	<b>36</b>
<b>APPENDIX C: FINANCIAL POSITION</b> .....	<b>37</b>
<b>APPENDIX D: ANNUAL REVENUES AND EXPENSES</b> .....	<b>38</b>
<b>APPENDIX E: STAKEHOLDER SUMMARY</b> .....	<b>41</b>
<b>APPENDIX F: 10 YEAR CAPITAL PLAN</b> .....	<b>43</b>
<b>APPENDIX G: SUMMARY OF VRT RECOMMENDATIONS</b> .....	<b>45</b>
<b>APPENDIX H: REFERENCES FROM THE <i>MUNICIPAL GOVERNMENT ACT</i></b> .....	<b>48</b>

## List of Tables

<b>Table 1: Recommended and High Priority Infrastructure Totals</b> .....	<b>25</b>
<b>Table 2: Projected Property Tax Impact for Village of Willingdon Properties</b> .....	<b>28</b>
<b>Table 3: Potential Infrastructure Financing as a Village or Hamlet</b> .....	<b>29</b>
<b>Table 4: Municipal Sustainability Strategy Key Measures</b> .....	<b>35</b>
<b>Table 5: Financial Position (2015 – 2011)</b> .....	<b>37</b>
<b>Table 6: Accumulated Surplus (2015 – 2011)</b> .....	<b>37</b>
<b>Table 7: Operating Revenues and Expenses (2015 – 2011)</b> .....	<b>38</b>
<b>Table 8: Capital Transactions (2015 – 2011)</b> .....	<b>38</b>
<b>Table 9: Municipal Grants (2015 – 2011)</b> .....	<b>39</b>
<b>Table 10: Participant Satisfaction</b> .....	<b>42</b>
<b>Table 11: Recommended Infrastructure Projects (2016 – 2025)</b> .....	<b>43</b>
<b>Table 12: High Priority Infrastructure Projects (2016 – 2025)</b> .....	<b>44</b>

## List of Figures

<b>Figure 1: Revenue Sources (2015 - 2011)</b> .....	<b>40</b>
<b>Figure 2: Expenses by Service Area, including amortization (2015 - 2011)</b> .....	<b>40</b>

# EXECUTIVE SUMMARY

Willingdon is a small rural community in central Alberta and is located in the County of Two Hills, approximately 125 km northeast of the city of Edmonton and 40 kilometers north of the Town of Vegreville.

In August 2014, the Minister of Municipal Affairs received a petition to change the status of the municipality to that of a hamlet in the County of Two Hills. Since, changing a municipality's status to a hamlet cannot be petitioned under the *Municipal Government Act*, the petition was deemed insufficient, but due to the number of signatures on the petition, the Minister decided to initiate a viability review. A viability review is a process where a municipality's governance, finances, infrastructure and services are reviewed to determine whether changes to the municipality are required for the community to remain viable.

A Viability Review Team (VRT)<sup>1</sup> was established to determine if the Village of Willingdon was viable and develop a plan to address the factors contributing to the long-term viability of the village. The development of the Village of Willingdon Viability Plan included consultation with residents, businesses and the County of Two Hills (Appendix B: Viability Team Mandate). During this time, the VRT considered a number of factors including:

- the village's finances,
- municipal services,
- long-term planning of services and infrastructure needs,
- the current state of municipal infrastructure,
- community demographics,
- economic development and activity, and
- municipal structure and the village's relationship with the County of Two Hills.

The purpose of the Willingdon Viability Plan is to provide council, administration and the residents of Willingdon an opportunity to discuss and debate the future of their village. This document outlines the village's current finances, governance, services and infrastructure. It also highlights the village's viability issues including a declining population, increasing service costs and administrative and operational capacity.

The VRT came to the determination that the Village of Willingdon faces significant challenges and the village must take steps to improve the community's long-term viability. These steps include funding important infrastructure repairs and/or replacement and determining the most affordable method of delivering municipal services. The outcomes of these decisions and those that follow could result in the village continuing with a detailed plan to address the current viability issues, or become part of the County of Two Hills, where the priorities of the village would be evaluated equally among the other priorities of the county.

As part of their mandate, the VRT developed the Village of Willingdon Viability Plan complete with 31 recommendations (Appendix G: Summary of VRT Recommendations) aimed to address the long-term viability issues facing the village. In particular, the community of Willingdon must consider if the implementation of the needed changes are feasible, including the potential for increased property taxes, user fees, and/or changes to services; or if the financial and social costs are too extensive, driving towards consideration to become a hamlet in the County of Two Hills.

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<sup>1</sup> A committee consisting of representatives from Municipal Affairs, the Village of Willingdon, County of Two Hills, the Alberta Association of Municipal Districts and Counties, the Alberta Rural Municipal Administrators Association, the Alberta Urban Municipalities Association, and the Local Government Administration Association.

# PROJECT CHRONOLOGY

In August 2014, the Minister of Municipal Affairs received a petition to change the status of the municipality to that of a hamlet. Although the petition was deemed insufficient, the Minister decided to undertake a viability screening to assess if the issues facing the village are impacting its viability. Based on the findings of the screening and the village's performance on the key measures (Appendix A: Performance on Key Measures), a viability review was initiated.

## History and Demographics

The village is located in the County of Two Hills approximately 125 kilometers northeast of Edmonton and 40 kilometers north of the Town of Vegreville.

The Village of Willingdon was established in 1928 when the Canadian Pacific Railway built its Edmonton to Lloydminster line, bypassing the community of Whitford. The village is named after the former Governor General of Canada (1926-1931) Sir Freeman Freeman-Thomas, 1<sup>st</sup> Marquess of Willingdon.

The median age of residents in the village is 59 years, with 65 per cent of the residents over the age of 50 and 14 per cent of the residents under the age of 19. The village recorded a 23 per cent decrease in population from 1995-2015. During the same period, the provincial population increased 35 per cent. The current population of the village is 275.

## Background and Project Initiation

In September 2003, the Minister of Municipal Affairs received a request from village council to initiate a dissolution study. Staff from Municipal Affairs worked with the councils and administrations of both the village and the County of Two Hills to undertake a dissolution study and develop a report. Copies of the dissolution study report were sent to all village residents and on June 29, 2004, a vote on the question of dissolution was held. Of the 161 votes cast, 68 per cent opposed dissolution and 32 per cent were in favor of dissolution. At the time, the total population of the village was 252.

In February 2007, the Minister of Municipal Affairs approved a grant of \$125,000 to the County of Two Hills, as the managing partner, to fund the cost of exploring an alternative governance model of a specialized municipality. The funding was conditional on community information meetings, a resident plebiscite and development of a final report. A consultant was hired to prepare a report on the possible formation of a specialized municipality that would include the Town of Two Hills, the County of Two Hills, and the villages of Derwent, Myrnam, and Willingdon. The vote of the residents occurred on April 14, 2008 with the Town of Two Hills and the Village of Derwent voting in favour of forming a regional municipality and the County of Two Hills and the villages of Myrnam and Willingdon voting against the formation of a specialized municipality.

Since 2008, the village has had 17 chief administrative officers (CAOs). The frequent CAO turnover continues to be a viability factor for the village. During periods of transition, the village has relied on support from the County of Two Hills for its administration. The high turnover rate in the CAO position has also required the village to seek additional assistance from Alberta Municipal Affairs ranging from requests for time extensions for filing financial and statistical information, development of tax rate bylaws and assistance with tax recovery processes.

In August 2014, the Minister of Municipal Affairs received a petition to change the status of the municipality to that of a hamlet. Although the petition was deemed insufficient, the Minister decided to undertake a viability screening to assess if the issues facing the village were viability related. Based on the findings of the screening and the village's performance on the key measures (Appendix A: Performance on Key Measures), a viability review was initiated.

In March 2015, the Village of Willingdon VRT<sup>2</sup> was established. As part of its mandate, the VRT was to develop a plan to address the factors contributing to the long-term viability of the village and consult with residents, businesses and the County of Two Hills (Appendix B: Viability Team Mandate).

In August 2015, the VRT held a public meeting in Willingdon where approximately thirty individuals provided feedback regarding the viability of the village. Following the public meeting, residents were mailed a letter summarizing the feedback received (Appendix E: Stakeholder Summary).

In November 2015, the VRT made the decision to move forward with the next phase of the viability review and develop the viability plan that would include items such as:

- the long-term infrastructure needs and how these needs would be funded;
- the possibility of sharing services or costs with surrounding municipalities; and
- the potential of finding a long-term funding solution for both capital and operational projects, rather than relying on increases to municipal taxes.

In March 2016, the County of Two Hills was invited to provide input on the challenges and opportunities facing the Village of Willingdon and what role, if any, the county would assume if the village was to remain an incorporated municipality or if the village dissolved what changes the residents could expect. The county's responses up to August 2016 have been included throughout this report.

Following the review of the documents from the Village of Willingdon and the County of Two Hills and comments heard during stakeholder engagement activities, the VRT completed their information gathering and analysis. As part of their mandate, the VRT has developed a viability plan with 31 recommendations (Appendix G: Summary of VRT Recommendations) that could help address the viability issues facing the village.

The recommendations provided by the VRT are in the areas of governance, regional cooperation, operational and administrative capacity, finances and accounting, property taxes and assessment, infrastructure, service delivery and risk management and community well-being. This document presents a summary of the VRT's findings including how municipal services are delivered to residents and the potential changes and impacts that Willingdon residents may face in the future.

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<sup>2</sup> A committee consisting of representatives from Municipal Affairs, the Village of Willingdon, County of Two Hills, the Alberta Association of Municipal Districts and Counties, Alberta Rural Municipal Administrators Association, Alberta Urban Municipalities Association, and the Local Government Administration Association

## NEXT STEPS IN THE PROCESS

A copy of this report has been mailed to village residents and will be presented to Village Council on November 2, 2016 at 6:30pm in the Willingdon Seniors Centre, where village council will choose from either option (A) or (B):

- A. Remain 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**

***What does this option mean:** In the event village council chooses to remain a village, the Minister of Municipal Affairs will issue directives requiring village council and/or administration to implement the recommendations found within this report.*

*Section 232 of the MGA allows for the electors of a municipality to petition for a bylaw to amend or repeal a resolution. Should such a valid petition be received by the village, it would require the village council to inform the Minister to proceed to Option B.*

- B. Proceed with a vote of the electors on whether to remain a village or dissolve and become a hamlet in the County of Two Hills.**

***What does this option mean:** In the event village council chooses to proceed to dissolve, the Minister of Municipal Affairs may appoint an Official Administrator to oversee the administration of the village until the results of the vote are known. The VRT chair and Municipal Affairs staff would host a public information session prior to the public vote to provide residents with an opportunity to ask questions about the viability plan and vote process. A vote administered by Municipal Affairs staff would be held for village electors on a separate date following the public meeting.*

*A notice of public vote as well as the date and time for the public information session will be mailed to residents of the village. Municipal Affairs staff, not affiliated with the Willingdon Viability Review, will be appointed as the returning officer and deputy returning officer(s) for the vote. The date of the vote will be determined based on legislated requirements found in the Local Authorities Election Act (LAEA), MGA and the Interpretation Act.*

*Depending on the outcome of the vote, the Minister of Municipal Affairs may issue directives requiring village council and/or administration to implement the recommendations found within this report, or recommend to Cabinet that the Village of Willingdon be dissolved and become a hamlet within the County of Two Hills.*

## Questions

For further information regarding the Willingdon Viability Plan, please contact:

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## OPTIONS FOR WILLINGDON

The following pages within the report provide details on the Village of Willingdon's finances and governance, as well as programs and services that are offered to residents. It is based on information collected throughout the viability review process and is reflective of the most current information available at the time of writing.

The structure of this document reflects the spirit of the Government of Alberta's Municipal Sustainability Strategy and the Viability Review Team's (VRT) approach in determining the Village of Willingdon's long-term viability. The document explores the following key areas that were considered of greatest importance to the VRT:

- Sustainable Governance
- Regional Cooperation
- Operational and Administrative Capacity
- Municipal Finances and Accounting
- Property Taxes and Assessment
- Infrastructure
- Service Delivery and Risk Management
- Community Well Being

Within each of these sections, an overview of the current state of the village is presented, along with the potential impacts that residents may face should the village remain as an incorporated entity or dissolve and become a hamlet. At the end of each section, the VRT has provided a number of recommendations that should the village remain; the Minister of Municipal Affairs may require village council and/or administration to implement.

### Definitions

The following definitions are provided below for your reference when reviewing this document.

**Property assessment** is the process of assigning a dollar value to property for taxation purposes and is used to distribute the tax burden among property owners in a municipality.

**Taxation** is the process of applying a tax rate to the assessed value of a property to determine the taxes payable by the owner of that property.

**Property taxes** are calculated by multiplying the assessed value of a property by the tax rates that are set by the village's property tax bylaw. Municipalities levy property taxes for municipal purposes and to fund requisitions from other governing bodies.

**Equalized assessment** is a means of comparing property wealth among Alberta municipalities. The assessed values of all properties in Alberta are brought to a common level, which is used for cost-sharing programs such as education funding. The value is calculated by Alberta Municipal Affairs and it may differ from the property assessment recorded in the municipal tax bylaw.

**Accumulated surplus** is the amount by which all assets (financial and non-financial), exceed all liabilities. An accumulated surplus indicates that a government has net resources (financial and physical) that can be used to provide future services.

**Net Financial Assets (or Net Financial Debt)** is the difference between the sum of all of a municipality's financial assets and the sum of all of its liabilities.



**Option 1.****The Village of Willingdon 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.**

This option would allow Willingdon to continue as a village but would require significant changes to its finances and operations in order for the village to achieve viability. These adjustments may require reductions in village services, increases to utility fees and other user charges, as well as potential increases in property taxes. In considering this option, the VRT acknowledged the following:

*Potential Benefits to Remaining as a Village*

- Village staff serve as a local point of contact and are available to provide municipal services in the community.
- Local decision-making is maintained in Willingdon and is based on priorities determined by village council.

*Potential Challenges to Remaining as a Village*

- There may be a significant increase in taxes and/or utility fees to continue to offer the current level of service to residents and to build reserves for future infrastructure projects.
- There may be future reductions in the services provided by the village to the residents due to the cost of providing the service(s).
- In the future when major infrastructure repairs are required, the village may not have the ability to cover the costs without borrowing. Even if borrowing is used, some of the anticipated repairs may exceed the village's legislated borrowing limit.
- The village may have potential challenges in funding the necessary reserves to cover infrastructure repairs and address situations when critical failures may arise.
- The village may face increased costs and additional resourcing related issues when planning and implementing the recommendations within the report.

If this option is chosen by either village council or village electors, the Minister of Municipal Affairs may issue directives, requiring village council and/or administration to implement the recommendations included within this report.

**Option 2.****The Village of Willingdon dissolves and becomes a hamlet in the County of Two Hills.**

This option would see the orderly dissolution and wind-down of village operations. Willingdon would become a hamlet, similar to Derwent and Hairy Hill, in the County of Two Hills. Village council would be dissolved and village residents would be represented by the county councillors in Divisions 4 and 5. Municipal services in Willingdon would be delivered by the County of Two Hills. All of the village's assets, liabilities, functions and obligations would be transferred to the county. In considering this option, the VRT acknowledged the following:

*Potential Benefits to Becoming a Hamlet in the County of Two Hills*

- Residents would have continuity in how the community is administered.
- The residential municipal property tax rate will be lower in the county, but this will likely be offset by a separate residential mill rate for Willingdon to fund infrastructure repairs.

- The county may be eligible to apply for provincial grant funding to address transition costs and critical infrastructure projects in Willingdon following dissolution of the village.

*Potential Challenges to Becoming a Hamlet in the County of Two Hills*

- Special taxes and levies may be applied to hamlet residents to pay for specific services and/or infrastructure for their hamlet.
- Service levels could be different from what is currently provided by the village.
- There may be increases to user fees for municipal services.
- There could be a loss of local decision making as hamlet decisions are made by county council.
- The County of Two Hills would be responsible for completing grant applications and undertaking projects within the hamlet. Projects in Willingdon would be considered along with the priority projects in other areas of the county.
- Property owners in Willingdon will have a different tax rate compared to the rest of the county and special taxes and levies may be applied to property owners to cover hamlet specific projects (Appendix H: References from the *Municipal Government Act*).
- After five years, the County of Two Hills would no longer be eligible to receive Willingdon's base grant funding which could result in potential increases to cover operational expenses and capital projects associated with the hamlet.

If this option is chosen by village electors, the Minister of Municipal Affairs must recommend to the Lieutenant Governor in Council (Cabinet) that the village be dissolved. The Lieutenant Governor in Council may approve the Minister's recommendation, and if so, the Order in Council (OC) would indicate the date of dissolution.

On the date of dissolution, the County of Two Hills would be responsible for providing services and addressing the ongoing needs of Willingdon residents. At that point, the County of Two Hills would be able to determine how services would be delivered and how the revenue necessary to provide these services would be raised. If the costs of providing municipal services are higher in the former village than other parts of the county, or if infrastructure repairs/replacements are required, the County of Two Hills would be able to assign a separate tax rate or charge a special levy under the *MGA* (Appendix H: References from the *Municipal Government Act*).

# POTENTIAL IMPACTS TO RESIDENTS

## Sustainable Governance

Local government is the most accessible and responsive level of government. It is made up of local citizens elected by the community, which together form a municipal council. Officials elected to serve on municipal council are to look after the interests of the municipality and must base their decisions on what is best for the entire municipality. The effectiveness of a municipal council depends on the information provided and the elected officials' ability to vote in consideration of the municipality as a whole. Residents have expectations that their councillors will represent them in an ethical and informed manner. Public perceptions, including the openness and transparency of local government, will influence how the public interacts with council.

The legal framework for local government in Alberta is primarily outlined in the *MGA* and the *LAEA*. Municipal governments consist of a council, made up of councillors that represent the electorate in the municipality, and a chief elected official, known as a mayor or reeve. A fundamental duty of a councillor is to “*consider the welfare and interests of the municipality as a whole and to bring to council’s attention anything that would promote the welfare or interests of the municipality*” (*MGA*, Section 153). The *MGA* specifies that a municipal council must not exercise a power or function or perform a duty that is assigned to the CAO, but rather a municipal council is responsible for:

- (a) *developing and evaluating the policies and programs of the municipality;*
- (b) *making sure that the powers, duties and functions of the municipality are appropriately carried out;*
- (c) *carrying out the powers, duties and functions expressly given to it under this or any other enactment.*

Council activities include the passing of bylaws, adoption of policies, establishing budgets, raising funds through property and business taxes, borrowing, setting fines and fees for services, adopting plans for the use and development of land, and providing a variety of services required or desired by local residents. In addition, council is responsible for anticipating challenges and recognizing the opportunities that the municipality may face through the development and implementation of long-range plans.

In addition, the administrative capacity of a municipality is also critical to its long-term viability. Discussion regarding those elements can be found in the Operational and Administrative Capacity section, on page 18.

One of the cornerstones of an open and transparent government is the requirement to conduct meetings that are open and accessible to the public. Providing citizens with the opportunity to observe and engage their elected representatives fosters trust and confidence in the decision-making process and allows for meaningful participation and contribution from informed citizens. Open meetings act as venues for education and enable both elected officials and members of the public to make informed decisions.

### HOW WILLINGDON OPERATES TODAY

- Village council consists of three elected officials. The mayor is appointed annually at the organizational meeting from the elected councillors. Village council holds regular meetings on the last Wednesday each month in the municipal office.
- In 2007, 2013 and 2016 (by-election), the village held elections. However, in the 2010 general municipal election and 2015 by-election, councillors were acclaimed.
- The village does not have a formal strategic and/or sustainability plan.
- The MGA authorizes villages such as Willingdon, to create and enforce bylaws to maintain the health, safety and wellness of the community. Bylaw enforcement in the village is enforced through a contract with the Town of Vegreville.
- Operational and capital priorities are recommended by administration and forwarded to council for consideration during the annual budget process.
- Public participation at council meetings requires that prior notice be given by delegation representative(s) so that they can be added to the agenda one week before the meeting.
- The village makes public announcements in the Two Hills and County Chronicle and provides information to residents as needed with the utility bills and tax notices.
- A few residents have expressed concern with the level of accessibility and transparency of municipal council.
- Under current legislation, the village is not required to have a Municipal Development Plan; however, proposed legislative changes would require all municipalities to have a Municipal Development Plan and an Intermunicipal Development Plan.
- A review of municipal bylaws indicated that the land-use bylaw was last revised in 1998. Currently the village, in partnership with the County of Two Hills is updating its land-use bylaw.

### OPTION 1: IF WILLINGDON REMAINED A VILLAGE

- Council representation would not change; residents would be encouraged to run for municipal office.
- No changes are anticipated in the area of communications and community engagement.
- Village council would continue to develop bylaws and policies that govern the village. Although no bylaw changes are proposed at this time, bylaw enforcement is ongoing and additional resources will be required to ensure municipal bylaws are enforced.
- Bylaw enforcement would continue by contract with the Town of Vegreville.
- As part of a rural collaboration grant, the County of Two Hills has partnered with the village to review and update its land-use bylaw and the village will be included in the Intermunicipal Development Plan with the county.

### OPTION 2: IF WILLINGDON BECAME A HAMLET

- Residents of the County of Two Hills are represented by five councillors, elected in five electoral divisions, which are determined based on population and geographic area.
- Village council would dissolve and residents would become part of either electoral Division 4 or 5. With the population increase into the county, it is likely that the county may have to adjust electoral boundaries for all divisions.
- When the next municipal election occurs in 2017, hamlet residents would be eligible to run for the County of Two Hills Council in their division.
- Village bylaws would continue to be enforced until repealed or replaced. County council, as part of the transition, would review the village's bylaws and determine which bylaws would be repealed. Bylaw enforcement would be the responsibility of the County of Two Hills.

- The village should be encouraged to continue work with its municipal neighbours, including the County of Two Hills, the Town of Two Hills, and the Village of Myrnam on intermunicipal land use planning, intermunicipal services delivery and other areas of mutual interest.

- Hamlet residents would receive information from the County of Two Hills through updates posted on the county's website at [www.thcounty.ab.ca](http://www.thcounty.ab.ca); notices issued in the local newspaper and/or mailed correspondence.
- The county encourages public participation during public meetings and if hamlet residents need to bring hamlet related issues to the attention of county council they are encouraged to submit these in writing.
- The county may establish an advisory committee for Willingdon residents. The advisory committee will advocate on behalf of hamlet residents and would have input into the county's budget and strategic planning activities by participating in the county's public meetings.

VIABILITY REVIEW TEAM RECOMMENDATIONS TO ACHIEVE VIABILITY IF WILLINGDON REMAINS A VILLAGE:

1. Village council should budget monies for training and professional development for council and administration.
2. All members of village council must take a Roles and Responsibility Training course offered through Municipal Affairs.
3. Village council establish a policy to ensure that requirements are met for an orientation process for council following every general municipal election and by-election.
4. Village council should undertake a bylaw review to ensure that existing bylaws are compliant with current and proposed provincial legislation and that the bylaws are meeting the needs of the residents. This review should be completed within 12 months of the report being accepted by the Minister of Municipal Affairs.
5. Village council establish a schedule to review and update all policies for relevance and compliance with legislation and other regulations and to ensure that the policy meets the needs of the village.
6. Village council establish a public participation policy that identifies various means to communicate with the community and how council and administration will share information to residents on an ongoing basis. Included with this policy could be the development of a website for posting of village bylaws, council agendas and minutes. The website could also be used to explain rate increases or changes in service delivery.
7. Village council should encourage 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.
8. Council should provide more information to the public regarding the services that the municipality provides and where the municipal tax dollars are being spent. At a minimum, this information should be provided on an annual basis, and could be in the form of an annual report to residents or as an informational sheet provided in their annual tax notice.
9. Council should review the terms and conditions within the bylaw enforcement contract to ensure that an adequate level of enforcement is provided in the community.
10. Based on the proposed changes that are expected to take effect in 2017 with the proclamation of amendments to the *MGA*, the Village of Willingdon must:
  - plan to develop and adopt a three-year operating plan, a five-year capital plan and update it annually,
  - plan to develop a public participation policy;
  - plan to develop a councillor code of conduct;
  - continue to work with the County of Two Hills and other municipalities in the area to develop an Intermunicipal Collaboration Framework (ICF) to provide for the integrated and strategic planning, delivery and funding of intermunicipal services;
  - develop a Municipal Development Plan; and
  - adopt an Intermunicipal Development Plan to include those areas of land lying within the boundaries of the village and county, as they consider necessary.

## Regional Cooperation

Regional cooperation is when a municipality collaborates with its neighbours to work together to share information, services or otherwise support one another. Regional cooperation can take any number of forms including intermunicipal agreements, private-public partnerships, regional partnerships, service sharing and/or regional service delivery arrangements.

In some cases, only municipal partners are involved; while in others municipalities collaborate with municipal associations, the private sector, community groups and/or other levels of government. Regional cooperation has led to:

- cost savings through economies of scale, reduced administration/duplication and cost sharing;
- access to new financial resources (e.g. financial incentives from government, pooling of budgets);
- ability to provide a service or level of service quality that could not normally be provided;
- access to new or improved human resources, technical expertise or infrastructure;
- consistency in service delivery across administrative boundaries;
- innovation;
- sharing risks and responsibilities across multiple partners;
- building relationships and social capital; and
- the ability to improve performance and meet legislative standards.

### HOW WILLINGDON OPERATES TODAY

- Willingdon has worked cooperatively with its neighbours to provide services and undertake capital projects. Some of the benefits realized from these co-operation efforts include:
  - Water/Wastewater Operator;
  - bylaw enforcement;
  - grant applications;
  - sharing of public works equipment and projects;
  - road maintenance;
  - Emergency Services Agreement; and
  - Mutual Aid Fire Agreements
- In the process of developing these opportunities, the Village of Willingdon has developed a strong relationship with the County of Two Hills and other neighbouring municipalities.
- The County of Two Hills, the Town of Two Hills, and the villages of Willingdon and Myrnam, as part of a regional collaboration grant are currently working on an Intermunicipal Development Plan and Economic Plan. In addition, under this grant, the Village of Willingdon will also have developed its own land-use bylaw and Municipal Development Plan.
- The Village is currently a member of the following 11 regional boards and committees:
  - Alberta Central East (ACE) Regional Water Committee;
  - Eagle Hill Foundation;
  - East Alberta Information Hub;
  - Family and Community Support Services;
  - Joint Municipal Policing Committee;
  - Joint Municipalities Committee;
  - Kalyna Country;
  - Municipal Emergency Advisory Committee;
  - Regional Emergency Management;
  - Subdivision/Development Appeal Board; and
  - Two Hills Regional Waste Management Commission

**OPTION 1: IF WILLINGDON REMAINED A VILLAGE**

- The village would retain the ability to partner with other municipalities for the purposes of securing grants or providing enhanced municipal services.
- The village will continue to work with the County of Two Hills and neighbouring municipalities to provide municipal services to its residents.
- In 2016/17, a one-year agreement between the County of Two Hills and the Village of Willingdon was reached that would see the county provide \$75,000 to the village for capital infrastructure. The county has requested that the village provide a list of projects, prior to the funds being released.
- The village and county should be encouraged to continue working together to develop long-term agreements that provide both municipalities with funding security.
- The Village of Willingdon and the County of Two Hills have collaborated on a number of projects in the past and share a strong working relationship. These relationships will be increasingly important as the village pursues opportunities to enhance existing partnerships and provide programs and services to residents in the most effective and efficient manner.
- Moving forward it will become harder to find the financial resources to provide the services to residents, the need for predictable funding will become increasing important and therefore more intermunicipal cooperation will be needed.

**OPTION 2: IF WILLINGDON BECAME A HAMLET**

- The County of Two Hills would represent hamlet residents.
- Neighbouring municipalities that would have collaborated with the village for granting purposes may need to partner with the County of Two Hills or find another municipality to collaborate with as the village would lose incorporated status, and as a hamlet would not be eligible for many grants.
- Existing memberships in the regional organizations would need to be evaluated. In cases where the county is also a member, participation would continue through membership or representation by the county.
- Hamlet residents would be encouraged to form a citizen advisory committee to advise on behalf of hamlet residents.
- Hamlet residents would have input into the county budget and strategic planning activities by participating in the county's public meetings.

**VIABILITY REVIEW TEAM RECOMMENDATIONS TO ACHIEVE VIABILITY IF WILLINGDON REMAINS A VILLAGE:**

11. In anticipation of the proposed changes to the *MGA*, the village should continue working with the County of Two Hills on the development of an Intermunicipal Development Plan and begin the process of developing an Intermunicipal Collaboration Framework. Development of these agreements should have a focus on increasing economic development and reducing costs while maintaining or improving service levels to residents.
12. Prior to undertaking any major capital projects, the village should consult with neighbouring municipalities to see if there are opportunities to reduce costs by collaborating.
13. The village should consider establishing an economic development committee with a clear mandate that allows for participation from residents, local businesses and other regional organizations.
14. The village should pursue opportunities to enhance regional partnerships that:
  - provide programs and services to residents in the most effective and efficient manner;
  - create an environment that fosters economic development and growth; and
  - that helps to diversify the local tax base.



## Operational and Administrative Capacity

Municipal administration manages the community's day-to-day programs and services. Administration carries out the municipal council's decisions and manages community functions, like snow clearing and road maintenance. The *MGA* distinguishes between the powers, duties and functions of council and administration. A municipal council is explicitly not to perform a power, duty or function of the administration. This separation helps define the administrative roles and responsibilities.

Every council is required to appoint a CAO and designate one or more individuals with the responsibilities to carry out the powers, duties and functions of the CAO. The CAO is the only employee of council. Other municipal staff report to the CAO. The CAO's roles and responsibilities are prescribed in Sections 207 and 208 of the *MGA* and include:

- being the administrative head of the municipality;
- ensuring that the policies and programs of the municipality are implemented;
- advising and informing council on the operation and affairs of the municipality; and
- performing the duties, functions and powers assigned by the *MGA*, other statutes and council.

In fulfilling these duties, it is the responsibility of the CAO to ensure that the organization has the administrative capacity and necessary supports in place to operate and support council decisions.

### HOW WILLINGDON OPERATES TODAY

- Over the past eight years, the village has had 17 CAOs.
  - CAO turnover continues to be a viability factor for the village.
  - During periods of transition, the village has relied on administrative support from the County of Two Hills.
  - No formal policies or procedures exist that outlines the day-to-day operations of the village; staff report issues to the CAO.
- The municipal office is located at 4910 52 Avenue and is open four days a week between 10 am – 4 pm.
  - The municipality does not have a website.
  - Residents are able to pay utility bills and taxes at the local ATB branch, on-line or at the municipal office.
  - In addition to the CAO, the village employs two public works staff (one of which conducts water testing for the village).
- Information gathered during the stakeholder sessions and subsequent telephone calls into Municipal Affairs suggest that a number of residents are unhappy with how the village operates and how council and administration communicate to its residents.
- In 2015, the cost of providing administrative and legislative services in the village was \$172,887, this equates to approximately 60 per cent of the revenue collected from municipal taxes.
- In 2016, the village will hire one person on a part-time basis (three or four days a month) to assist with issuing utility bills and collecting payment.
- The village contracts:
  - bylaw enforcement and water/wastewater operator services from the Town of Vegreville;
  - auditor services to Hawkings EPP Dumont LLP;
  - assessment services to Municipal Assessment Services Group; and
  - water services to Alberta Central East Water Corporation (ACE).

**OPTION 1: IF WILLINGDON REMAINED A VILLAGE**

- The village will continue to be administered from the village office. Consideration to reduce administration costs may include reducing the hours of operation of the municipal office.
- Finding and retaining qualified staff was identified as a viability factor, to address retention of staff and as part of succession planning, the village will establish a minimum level of training required by the CAO. The village will cover the costs associated with training of management and staff.
- The village will continue to reach out to the County of Two Hills' administration during periods of transition.
- Residents may face tax increases or service reductions if the costs of providing municipal services increase.

**OPTION 2: IF WILLINGDON BECAME A HAMLET**

- The County would keep the municipal office in Willingdon to serve as a satellite office. This may be re-evaluated in the future.
- Municipal services such as Public Works duties would be administered from the office in Willingdon. Administration services such as tax collection, accounts payable and receivable would remain in the Village of Willingdon a few days a week while Governance of the village would be administered from the County Office in Two Hills.
- The county administrator would be responsible for the management of the hamlet. County staff and contractors would handle the provision of municipal services.
- Currently the county does not have a hamlet policy and as such, the administration of hamlets and provision of services to hamlet residents would be expected to be the same throughout the county.

**VIABILITY REVIEW TEAM RECOMMENDATIONS TO ACHIEVE VIABILITY IF WILLINGDON REMAINS A VILLAGE:**

15. The village's ability to attract and retain qualified staff is a factor in the long-term viability of the village. To address this the village should develop a policy and procedural manual and provide appropriate training for staff.
16. The village should consider advertising on job sites linked to the Alberta Urban Municipalities Association (AUMA), Alberta Association of Municipal Districts and Counties (AAMDC), the Local Government Administration Association (LGAA), Society of Local Government Managers (SLGM) and Alberta Rural Municipal Administrators Association (ARMAA) to ensure the highest possible exposure, particularly in regards to the position of CAO.
17. The village should implement a records management policy to ensure that when CAOs leave, that village records will be in order for the incoming CAO. Included with this should be consideration for how electronic records are backed-up and the appropriate retention period.

## Municipal Finances and Accounting

The municipal fiscal year is from January 1<sup>st</sup> until December 31<sup>st</sup>. All municipalities in Alberta must adopt an operating and capital budget that shows their expected expenditures and revenues; the revenues each year must be sufficient to cover the expenditures for that year. In the village, the budget cycle begins in the fall when the CAO and Director of Public Works begin to gather information on projects to include in next year's budget. Since 2014, the village has requested Municipal Affairs' assistance in developing the municipal budget and associated tax rate bylaw. In each of the three years, budget decisions have been driven by the development of the tax rate bylaw. However, the preferred practice is to determine the level of services and how much this will cost and then develop the tax rate bylaw to ensure sufficient taxes are levied to cover these costs. In 2016, the village adopted its final budget in June.

At the end of each fiscal year, municipalities prepare financial statements, which must be audited by an independent auditor appointed by council. The financial statements are public information and are available in May of the following year. For the 2013 and 2014 fiscal years, the village missed the legislated filing date of May 1, which triggered Key Measure #10 (Appendix A: Performance on Key Measures). For the 2015 financial year, the village met their requirements by filing their financial statements with Municipal Affairs on April 29, 2016. The village received a denial of audit opinion on its 2013 annual audited financial statements. A denial means that the appointed auditors are not able to express an opinion on the accuracy of the statements, and consequently on the financial position of the municipality. However, in 2014 and 2015 the auditor was able to provide an unqualified audit opinion on the financial statements, which indicates that the statements present fairly in all material respects the financial position of the village at December 31<sup>st</sup>.

Section 208 of the *MGA* assigns responsibility for the financial affairs of the municipality to the CAO. Maintaining financial records, ensuring revenues are collected, managing deposits, paying for expenditures, budgeting and tracking performance against budgets, applying for and managing grants, and investing municipal reserves are all responsibilities of the CAO. Council has a responsibility to ensure accurate reporting on the financial affairs of the municipality occurs, to review and approve budgets and mill rates, and to ensure an effective audit process occurs.

In 2015, the village reported \$825,165 in expenses and \$796,260 in operating plus \$137,452 in capital revenues. The majority of municipal expenditures were allocated to administration, water distribution, wastewater treatment and roads, streets, walks and lighting. Municipal revenues included \$290,168 from municipal taxes, \$265,389 from government transfers or grants, \$209,162 from utility revenue, sales and user fees, with the remaining \$31,521 from investments, franchise agreements and rental income (Appendix C: Financial Position). As of December 31, 2015, the village reported \$239,558 net financial assets and \$76,296 in long-term debt. In 2015, the village applied for an operating line of credit with a limit of \$190,000. As of December 31, 2015 the balance owing was \$0. Based on 2015 revenues the village is legally able to borrow up to \$1.18 million for projects in the community.

The financial position of a municipality can be considered by reviewing two key figures reported on the financial statements: Net Financial Assets (or Debt) and Accumulated Surplus. Net Financial Assets (or Debt) is equal to total financial assets less the total liabilities. Since 2014, the village has had more than the required financial assets to cover its liabilities. The Accumulated Surplus is considered a measure of the "wealth" of a municipality. This amount consists of the equity in capital assets of the village plus any reserve balances. In 2015, the village reported a total accumulated surplus of \$2,826,674, which includes \$242,100 of reserves. The remaining amount of \$2,584,574 is the equity in village capital assets. Approximately 51.2 per cent of the useful life of village assets remain.

Municipalities have access to several revenue sources to fund operations and capital improvements. The primary source of revenue is property taxes. Other revenue sources include grants (federal, provincial, municipal), franchise fees and user fees (costs a consumer pays for a program or service).

Franchise fees are collected by utilities providers, and are paid to the municipality as a charge to access municipal land to construct, maintain and operate distribution systems serving municipal residents. Village council establishes the rate. In

2015, the village received \$5,468 from ATCO Electric Ltd. and \$7,574 from AltaGas Utilities Inc. in franchise fee revenue. The revenue received from franchises fees is placed into general revenue.

Transfers or grants from senior levels of government that are not expended within that year are carried over as deferred revenue. Depending on the program, these grants could be paid prior to project completion or upon project completion. The amount of deferred revenue should not exceed the municipality's financial assets. As of December 31, 2015, the village reported \$528,947 in deferred revenue and \$505,495 in financial assets. In 2016, the village has taken action to address this including reconciling grant reporting and undertaking various capital projects.

Appendix C: Financial Position and Appendix D: Annual Revenues and Expenses provides additional details on the financial position of the municipality over the past five years.

OPTION 1: IF WILLINGDON REMAINED A VILLAGE	OPTION 2: IF WILLINGDON BECAME A HAMLET
<ul style="list-style-type: none"> <li>• The village allocates reserves on an as needed basis, there is no formal policy outlining how reserves should be allocated or how much the annual contributions should be. Consideration should be given to establishing a policy to deal with capital reserves for future projects.  In 2015, the village had reported \$216,600 unrestricted surplus. Council designated \$25,500 as restricted surplus for operations in 2012 following the sale of a municipal asset.</li> <li>• To address future reductions in revenues, the village:             <ul style="list-style-type: none"> <li>▪ would have to make up the difference through increases in property taxes and user fees, finding new revenue sources, or reducing expenses through a reduction or elimination of service.</li> <li>▪ may have to implement special taxes or local improvement levies to cover the expenses of providing the services that village residents' request.</li> <li>▪ may have to consider borrowing to help offset increased capital costs. Annual payments on debentures could be funded through increases to utility fees and/or property taxes.</li> </ul> </li> <li>• In the 2015 management letter from the village's auditors and subsequent site visits from Municipal Affairs staff, it was recommended that the village follow accepted accounting principles and ensure staff has the expertise to effectively deal with the municipal finances and records management of the village.</li> </ul>	<ul style="list-style-type: none"> <li>• The county would assume the assets, liabilities, rights, duties, functions and obligations of the village upon dissolution.</li> <li>• Any unexpended grant funding paid to the Village of Willingdon would be transferred to the county.</li> <li>• The county may also be eligible to receive grant funding to assist with costs associated with the dissolution of the village, subject to the conditions of the grant guidelines.</li> <li>• The county will receive the village's rights to revenues on the date of dissolution. In addition, the county would be able to levy additional taxes or local improvement levies to supplement revenues received for the hamlet.</li> <li>• To ensure compliance with the MGA, the county must use proceeds of the sale of hamlet assets to ensure hamlet revenues offset hamlet expenses.</li> <li>• The County of Two Hills would determine which assets are no longer required and through public tender or advertisement in the local paper, would sell the assets.</li> <li>• Any money transferred from the village to the county and money received from the sale of any village assets (including but not limited to, cash, investments, reserves, buildings, infrastructure, vehicles, machinery, and equipment) must be used to reduce village liabilities or for projects in the hamlet.</li> <li>• Agreements with the village become agreements with the county. The county would be responsible for maintaining, renegotiating, or terminating the franchise agreement with ATCO Electric Ltd. and AltaGas Utilities Inc.</li> </ul>

**VIABILITY REVIEW TEAM RECOMMENDATIONS TO ACHIEVE VIABILITY IF WILLINGDON REMAINS A VILLAGE:**

18. Village council must ensure that the audited financial statements and financial information returns are submitted to Municipal Affairs each year by May 1<sup>st</sup>, pursuant to Section 276(3) of the *MGA*.
19. Village council should work with administration to determine the level of services required and ensure that these costs are adequately reflected within the municipal budget, prior to setting the municipal tax rate.
20. Village council must establish a Reserve Fund Policy to ensure that monies are available should an unexpected event occur. The policy should:
  - a. establish an infrastructure reserve which could be funded through a combination of revenue from franchise fees, additional taxes and/or user fees;
  - b. clearly define for what purposes the infrastructure reserve and operating reserve can be used; and
  - c. provide a mechanism for council to review reserve levels on an annual basis to ensure adequate levels of reserves are maintained.
21. Village councillors should be encouraged to take municipal finance and budgeting training offered through the Elected Officials Education Program.
22. Village council should instruct administration to provide financial reports on a quarterly basis, in accordance with established financial procedures and that these reports can be released to the village residents as part of council agendas and minutes.
23. Village council review all financial policies and procedures and ensure they are being complied with or amend them to reflect current requirements and practices, including the recommendations found within the auditor's management letter.
24. The village must reconcile all outstanding grant reporting within three months of this report being approved by the Minister of Municipal Affairs. This will assist village council and administration with determining the current state of the village's finances and with future planning of capital projects.
25. Administration should investigate alternative municipal accounting software as the current software is limited and has, in the past, produced errors resulting in additional work for municipal staff and additional audit costs. Issues may be a result of the software itself and may be addressed by the software provider and/or additional training.

## Property Taxes and Assessment

Property assessment is the process of assigning a dollar value to a property for taxation purposes. In Alberta, most property is taxed “according to market value,” meaning that the amount of tax paid is based on the value of the property. Property taxes are a primary source of revenue for municipalities and are used to finance local programs and services. Each municipality is responsible for ensuring that each property owner pays his or her share of taxes.

The assessed value is used to calculate the amount of taxes that will be charged to the owner of the property. Taxation is the process of applying a tax rate to a property’s assessed value to determine the taxes payable by the owner of that property. As some types of properties are difficult to assess, Municipal Affairs prescribes rates and procedures for “regulated properties” (e.g. farmland, linear property, machinery and equipment, railway property) since:

- they seldom trade in the marketplace; and when they do trade, the sale price usually includes non-assessable items that are difficult to separate from the sale price;
- they cross municipalities and municipal boundaries; or
- they are of a unique nature.

Under the *MGA*, municipalities are responsible for collecting taxes for municipal and educational purposes. Property taxes are levied based on the value of the property as determined from the property assessment process. Property taxes are a way of distributing the cost for local government services and programs fairly throughout a municipality. The property tax system is comprised of two distinct processes:

1. preparing the assessments – completed by the municipality’s appointed assessor; and
2. setting the tax rate – completed by the municipal council. In addition, the municipality is responsible for calculating the taxes payable and collecting the taxes.

Each year, village council determines the services that are required and the amount of money they need to operate the village. After the non-tax revenues (e.g. licences, grants, fees, and permits) are subtracted, the remainder is the amount of money the municipality needs to raise through property taxes in order to provide services for the year. This revenue requirement is then used to calculate the tax rate. The tax rate is the percentage of assessed value at which each individual property is taxed in a municipality. A municipality may adjust its tax rate on a yearly basis depending on its revenue requirement. The tax rate a municipality chooses to set depends on the assessment base in the municipality and the amount of money it needs to generate using the property tax.

If council requires more revenue to run the municipality and the assessment base in the municipality has remained the same or has gone down, council will have to increase its tax rate to generate the required revenue. If the assessment base in a municipality increases, and the tax rate remains the same, more tax dollars will be collected compared to the previous year. To collect the same amount of revenue, council would reduce its tax rate to reflect the increased assessment base.

### HOW WILLINGDON OPERATES TODAY

- The value of non-residential assessment increased by 41 per cent from 2004 – 2014. Assessment is currently comprised of 86 per cent residential and 14 per cent non-residential.
- 12 businesses operate within the village. Businesses do not require a business licence to operate within the village.
- A homeowner with a residential property valued at \$100,000 can expect to pay \$1,603 in municipal property taxes including education property taxes and other requisitions; whereas a commercial property owner, with a similarly assessed property, can expect to pay \$2,225 in municipal property taxes including education property taxes and other requisitions.

- In 2016, including requisitions the
  - residential tax rate was 16.0308 mils;
  - non-residential tax rate was 22.5267 mils; and
  - the minimum municipal tax amount was \$450.
- In 2015, the tax penalties were 10 per cent on the current taxes unpaid after August 31 and an additional 15 per cent on the total outstanding balance on January 1 of the following year and again each January 1 thereafter until paid.
  - In 2015, the village had \$145,306 in uncollected taxes.
  - More than 25 per cent of the taxes levied in 2015, remained unpaid on December 31, 2015.
- For a number of years the village has not followed the tax recovery process outlined in the *MGA*. In 2016, a concentrated effort was made to ensure that this process was followed, and as such this year the village registered 16 properties for tax sales.
- At the end of the year all unpaid utility fees are transferred to the municipal tax roll.
- Municipal Assessment Services Group is the appointed municipal assessor for the Village of Willingdon.

**OPTION 1: IF WILLINGDON REMAINED A VILLAGE**

- The village will have to find ways to grow its assessment base.
- The village must follow the *MGA* regarding tax collection measures on delinquent and overdue accounts to ensure that the village is able to generate revenues to meet its expenses each year.
- The village may be able to set up a payment plan for those properties listed as arrears, to enable payment by direct withdrawal from a Canadian financial institution.
- The village must reconcile grant reporting to ensure that council decisions are based on the latest financial information.

**OPTION 2: IF WILLINGDON BECAME A HAMLET**

- The County of Two Hills would assume the assets, liabilities, rights, duties, functions and obligations of the village upon dissolution.
- The county may use proceeds of the sale of hamlet assets to ensure hamlet revenues offset hamlet expenses.
- Property taxes would be owed to the County of Two Hills and the county would utilize the tax recovery process available to all municipalities for delinquent accounts.
- A homeowner with a residential property valued at \$100,000 can expect to pay \$643 in taxes; whereas a commercial property owner, with a similarly assessed property, can expect to pay \$2,638. In 2016, including requisitions the
  - residential tax rate was 6.4343;
  - non-residential tax rate was 26.3811; and
  - the minimum municipal tax amount was \$50.
- The county can levy additional taxes or local improvement levies to supplement revenues received from hamlet residents; and consequently, service levels may decrease given the reduced amount of revenue collected. Table 2: Projected Property Tax Impact for Village of Willingdon Properties provides an outline of additional levies that have been proposed by the County of Two Hills to pay for infrastructure in Willingdon should the village dissolve.
- October 31 is the county's tax deadline. A payment received after this date is subject to a 10 per cent penalty, and a further 5 per cent is applied after

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January 1 of the following year.

- Accurate Assessment is the County of Two Hills assessor.

VIABILITY REVIEW TEAM RECOMMENDATIONS TO ACHIEVE VIABILITY IF WILLINGDON REMAINS A VILLAGE:

26. The village must follow the tax collection provisions for overdue accounts outlined in the *MGA*.



## Infrastructure

In 2009, the village commissioned Genivar Inc. (now WSP Global) to complete a water and wastewater study of the municipal water and wastewater systems in the village. The study considered existing and projected requirements, operational and maintenance procedures, the required rehabilitating/upgrading needed over the next 20 years, and the costs required to complete these upgrades.

In 2015, the village received \$150,000 under the Alberta Community Partnership program and commissioned MPE Engineering Ltd. to undertake a comprehensive infrastructure assessment and develop a ten-year capital plan of its municipal infrastructure as part of the viability review process. The infrastructure assessment included a review of the water distribution, wastewater collection and treatment, roads and storm water drainage and public buildings. The following table provides a high-level summary of the estimated costs to complete the infrastructure projects in the Village of Willingdon, as outlined within the 2015 Infrastructure Audit.

**Table 1: Recommended and High Priority Infrastructure Totals**

Capital Plans for Infrastructure Projects	Recommended*	High Priority*
<u>Year 1 – Year 5</u>	\$7,606,600	\$1,248,100
<u>Year 6 - Year 10</u>	\$7,040,900	\$2,379,900
<b>Total</b>	<b>\$14,647,500</b>	<b>\$3,628,000</b>

*\* For the list of the projects that are included in these totals, refer to **Appendix F: 10 year Capital Plan**. Please note that total indicated under the high-priority column results from the addition of the two sub-totals provided within Table 11; but does not equal the total provided by the engineer. For any future analysis, this document has used \$3,628,000.*

Recent work by the village has demonstrated that the estimates provided in the 2015 Infrastructure Audit may be higher than actual costs. Infrastructure projects undertaken by the village since the report was authored were completed for less than the engineers had indicated. A summary of the infrastructure audit key findings is provided within the body of this report. For more information, residents are encouraged to contact the village office.

### Water Supply and Distribution Systems

Water is supplied to the village by the Alberta Central East (ACE) Regional Water System and is connected to the village's reservoir and pump station located south of Highway 45. Prior to connecting the village to the regional water system in 2012, the village drew water from a number of wells that have since been abandoned.

The village's water treatment plant was constructed in 1979 and later upgraded in 1985. The treated water reservoir consists of a 15.8m diameter circular cast-in-place cell. ACE requires the village to maintain a total storage capacity of 2.5 times the maximum daily flow or 586 cubic meters. Based on information provided by the village, the reservoir has an effective storage capacity of 784 cubic meters. No direct physical evaluation of the interior of the reservoir was performed.

Much of the interior of the pump station is used by old treatment equipment left over since the village switched to ACE in 2012. The old equipment is separated from the existing distribution system through valves only, and a moderate risk of cross contamination exists. Overall the water storage and pumping system within the village requires minor maintenance over the next ten years in order to maintain the current level of service.

The water distribution system is comprised of approximately 5.5km of 100mm, 150mm, 200mm, and 250mm pipe. The majority of the installed pipe is PVC; however, some sections are cast iron pipe. Where the year of installation is unknown it has been assumed that the pipe is still cast iron. When modeled, the village's water distribution system demonstrates sufficient average day and peak flows. However, fire flow scenarios show that the system may not have the capacity to provide water service to all areas of the village during fires. MPE has recommended a number of projects to help address the issues with the water supply and distribution system.

Although the engineer provided estimates on the improvements for the water supply and distribution systems, these estimates also considered repairs to the wastewater system and are not separated based on the information provided (Appendix F: 10 year Capital Plan). The combined estimate provided by the engineer to repair both the water treatment and distribution systems along with the wastewater systems over the next 10 years was \$3,075,000.

### **Sanitary Collection and Lagoon Assessment**

MPE Engineering noted that a large percentage of the existing sanitary collection system is approaching or already beyond its original/estimated useful life. A number of high priority deficiencies were identified within the system during video inspections and most are addressed through the recommended cured-in-place pipe (CIPP) lining program. The engineers noted that at this age, physical changes to the pipe bedding and subsoil conditions create a greater risk of pipe failure. By 2020, 86 per cent of the existing sanitary collection system will have exceeded its useful life. In 2016 the village took measures to extend the useful life of the sanitary collection system CIPP and, as a result, the useful life of underground infrastructure identified as “critical” is now 90 per cent refurbished and now has a useful life until 2040.

The sanitary lagoon is located on the north side of the village, adjacent to Range Road 151. The village has recently replaced valve stems and performed structural repairs at the lagoon control structures. At the time the audit report was written, village staff have reported that all structures and lagoon cells are functioning under normal conditions and are operating within normal design parameters. MPE recommends that the anaerobic and facultative cells be dredged to improve the treatment capacity of the lagoon and that the village install monitoring wells around the existing lagoon site. The dredging and installation of these wells are estimated to cost \$95,000. The engineer also recommends monitoring the structures on a regular basis to ensure that repairs are made before the operation of the lagoon system is affected.

### **Storm Drainage**

Drainage within the village is through a network of overland drainage pathways. The existing 1995 approval from Alberta Environment for the operation of wastewater and drainage facilities indicates that no underground drainage system is present within the village; however, a piped system has since been installed on 50 Street. MPE recommends that the Alberta Environment and Parks approval be updated to include these facilities. The village did not identify any locations where flooding during rainfall events is a concern. MPE recommends that the village develop a master drainage plan and strategies that will meet Alberta Environment and Parks requirements.

### **Roads**

The village is responsible for a paved road network of approximately 13 lane-kilometres. In assessing the road network, MPE collected pavement roughness and surface distress data and prepared a roadway evaluation report including the development of a 10-year rehabilitation priority program. The results show that the village’s asphalt roadway network was assigned a rating of fair, while the cold mix portions were marginal. The analysis showed that the roadway network will require approximately \$1.7M over the next 10 years; with almost 83 per cent of the rehabilitation needs identified within the next five years. At the time of writing this report, it was unclear if the cost of road improvements were included within estimates provided for sub-surface upgrades to the water distribution or sanitary system upgrades.

### **Sidewalks**

MPE Engineering Ltd. performed a general assessment of the sidewalks in the village and completed a site visit where defects were identified. Defects identified during the walkthrough include pavement cracks, spalling, corner breaks, shattered slabs, and pavement stepping or faulting. Overall, MPE determined that the sidewalks in the village are in poor condition and require significant repair or replacement. The engineers noted that it might be more economically feasible for the village to remove sidewalks on the village periphery. By reducing the total amount of sidewalks the village is required to maintain, the village could focus on improving the sidewalks that see the most use. MPE recommended that

sidewalk repairs occur in conjunction with road and infrastructure projects in order to reduce the effective cost of the replacements.

**Municipal Buildings:**

MPE reviewed the architectural, structural, mechanical and electrical components of four municipal building sites. The municipal buildings reviewed include the village office and fire hall, the public works building, tourist building and the pump house. A site visit was performed and included a visual walkthrough of all the buildings involved. The following documents were also available from the village for MPE's review:

- Drawing: "Municipal Building for Village of Willingdon," Du-Al Buildings Ltd., dated 1962
- Specification notes for the "Willingdon Municipal Building"
- Drawing: "Willingdon Tourist Stop," designed by A. Charlton
- 2013 General Assessment Summary Report by Municipal Assessment Services Group

Over the next 10 years, the engineers estimate that \$207,500 will be required in building upgrades and maintenance. A detailed listing of the recommended building improvements are included in Appendix F: 10 year Capital Plan.

**Asset Management:**

Municipalities have been required to account for their tangible capital assets (TCA) since 2009. Accounting for TCAs required municipalities to develop an inventory of all assets in the municipality. As of the end of 2015, the village reported 51 per cent of the useful life remaining in its TCAs.

With the completion of the infrastructure audit in 2015, the village has good understanding of the infrastructure demands and the current state of assets within the village. The engineers have provided the village with a number of recommendations, many of which include ongoing maintenance and monitoring of infrastructure. Although currently not a requirement under the MGA, the village should consider adopting an asset management policy and developing an Asset Management Plan. This plan would assist the village in making decisions regarding infrastructure, and how services could be delivered in a way that considers current and future needs, manages risks and opportunities, and makes the best use of resources.

*Asset management is the process of making decisions about the use and care of infrastructure to deliver services in a way that considers current and future needs, manages risks and opportunities, and makes the best use of resources.*

*Building Community Resilience through Asset Management: A Handbook & Toolkit for Alberta Municipalities  
Alberta Municipal Affairs and Consulting Engineers of Alberta*

Additional information on asset management including toolkits, case studies and policy guides can be found at [www.municipalaffairs.alberta.ca/asset-management](http://www.municipalaffairs.alberta.ca/asset-management).

**Financial Impact of the Infrastructure Audit:**

Based on the information provided by the engineering consultants that conducted the village’s infrastructure audit and the recommended ten-year capital plan, additional funds may be required by either the village or the County of Two Hills (should the village dissolve) in order to address the identified infrastructure deficiencies. To fund the recommended infrastructure projects, a municipality may use grants from federal, provincial or other municipal governments, they may pass local improvement levies or special taxes, or they may choose to separate how different types of residential properties are assessed and set different tax rates for each assessment class.

Taken together, Sections 137, 297 and 354 of the MGA (Appendix H: References from the *Municipal Government Act*) allow a municipality to establish certain sub-classes and to set unique tax rates for each sub-class. At the time of writing this report, the County of Two Hills has indicated that, if dissolution were to occur, residential properties within the former village would be designated as a sub-class and would be subject to a different (higher) municipal tax rate than other residential properties in the county. As well, non-residential property within the former village would be subject to a higher municipal tax rate than residential property, as is currently the practice in the county.

When the 2016 County of Two Hills’ tax rate bylaw is applied to the assessment base within the Village of Willingdon, a shortfall of approximately \$177,000 results. Nearly 73 per cent of this shortfall comes from the difference in the residential tax rate between the village and county. The County of Two Hills has indicated that, following dissolution, the county would provide a similar level of service as what village residents are receiving today (e.g. administration, public works etc.). In order to maintain the service levels within the village and account for future infrastructure repairs and replacement, the county must collect sufficient revenue from hamlet property owners.

The County of Two Hills has acknowledged that capital improvements identified in Table 12: High Priority Infrastructure Projects (2016 – 2025) within Appendix F: 10 year Capital Plan would be completed, should the village dissolve. In order to complete these projects; the County of Two Hills would incur long-term debt. Since these improvements would only benefit residents within the hamlet of Willingdon, the county would recover these costs from village residents by establishing a separate assessment class for village properties.

The following table illustrates the 2016 tax rate for both the village and county while identifying the estimated property tax levy for infrastructure that would be placed on residential and non-residential properties to fund the high-priority capital infrastructure improvements identified in Table 12: High Priority Infrastructure Projects (2016 – 2025).

**Table 2: Projected Property Tax Impact for Village of Willingdon Properties**

Type of Tax or Levy	Village of Willingdon		County of Two Hills	
	2016 Tax Rate	Revenue Generated	2016 Tax Rate	Revenue Generated
<b>RESIDENTIAL</b>				
Residential Property Tax Rate <sup>^</sup>	12.9000		3.5058	\$60,983
Estimated Property Tax Levy for Infrastructure <sup>1</sup>	-	-	15.3200	\$266,490
<b>Total Tax Rate for Residential Properties</b>	12.9000	\$224,394	<b>18.9658</b>	<b>\$327,473</b>
	<i>Change (if dissolution occurred)</i>		<b>+5.9258</b>	<b>\$103,079</b>
<b>NON-RESIDENTIAL</b>				
Non-Residential Property Tax Rate <sup>^</sup>	18.5000		21.8709	\$54,286
Estimated Property Tax Levy for Infrastructure <sup>1</sup>	-	-	15.3200	\$38,026
<b>Total Tax Rate for Non-Residential Properties</b>	18.5000	\$45,919	<b>37.1909</b>	<b>\$92,313</b>
	<i>Change (if dissolution occurred)</i>		<b>+18.6909</b>	<b>\$46,393</b>
<b>MINIMUM TAX PROPERTIES</b>				
	\$450/parcel	\$24,700	\$50/parcel	\$2,744
	<i>Change (if dissolution occurred)</i>			<b>(\$21,995)</b>

<b>Change in revenue required to service debt for infrastructure replacement and provide hamlet services<sup>2</sup></b>	<b>\$127,517</b>
<p>^ This amount does not include requisitions from school tax or seniors housing that municipalities are required to collect on behalf of the province.</p> <p>1. The estimated property tax levy (and associated revenue) that is required following dissolution for residential and non-residential properties in Willingdon. Please note that these numbers may not add due to rounding.</p> <p>2. The estimated additional revenue that the County of Two Hills will collect from all properties in Willingdon, should dissolution occur. This estimate has been provided for illustration purposes and may differ depending on the actual tax rate that the County of Two Hills council may decide following dissolution. The revenue collected will be used to offset the additional costs that the County of Two Hills would incur when:</p> <ul style="list-style-type: none"> <li>a) providing urban services to Willingdon hamlet residents; and</li> <li>b) paying for the debt servicing (borrowing) that will be incurred by the county to complete the high-priority infrastructure deficiencies identified in the infrastructure audit.</li> </ul>	

In the table below two potential options to address the infrastructure financing are provided:

- A. In this scenario, the village does not become a hamlet and borrows the funds necessary to complete some of the high priority infrastructure projects. Since the Village of Willingdon is only able to borrow \$1.1 million, the remaining \$2,150,000 (or 66 per cent) of the high priority infrastructure projects will not be completed. However, 34 per cent of the infrastructure projects will be completed over a five-year period. This results in approximately \$71,000 or a 3.56 mil (21 per cent) increase in additional revenue that will be required to cover infrastructure improvements. For residential and non-residential properties assessed at \$100,000, this would translate into an approximate tax increase of \$356 per property.

It is worth noting that although a longer financing period (e.g. 10 years) reduces the annual estimated property tax levy to zero, both the five and 10-year financing periods eliminates the village's ability to borrow for other projects or unforeseen repairs and still only covers 34 per cent of the recommended repairs/replacements required to the village infrastructure.

- B. In this scenario, the village is dissolved and the County of Two Hills borrows the funds necessary to complete the high-priority infrastructure needed in Willingdon. This results in approximately \$120,000 annually (for the next 10 years) in additional revenue that will be required to cover infrastructure improvements.

**Table 3: Potential Infrastructure Financing as a Village or Hamlet**

	(A)	(B)
High Priority Infrastructure Projects (2017 Forward)	\$3,250,000	\$3,250,000
Alberta Community Partnership Post Restructuring Grants	(\$0)	(\$1,400,000)
Long-term Debt	\$1,118,094 <sup>1</sup>	\$1,850,000
<i>High Priority Infrastructure not funded</i>	\$2,150,000	-
<b>Total Payments</b>	<b>\$1,155,510<sup>2</sup></b>	<b>\$2,000,000<sup>3</sup></b>
Municipal Sustainability Initiative (capital funding)	(\$800,000)	(\$800,000) <sup>4</sup>
Remaining Balance	\$355,510	\$1,200,000
<b>Annual Revenue Required Cover Infrastructure Improvements</b>	<b>\$71,020</b>	<b>\$120,000</b>
<p>1. This is the maximum debt the Village of Willingdon is able to incur based on the 2015 audited financial statements.</p> <p>2. Total amount that will be paid over five years.</p> <p>3. Total amount that will be paid over ten years.</p> <p>4. In cases where dissolution occurs, the receiving municipality receives the benefit of an MSI funding allocation calculated as if the village had not dissolved for five consecutive years. This figure represents an estimated \$160,000 in MSI capital calculated annually for the Village of Willingdon, over five years.</p>		

The decision to incur long-term debt is left with village council. At the time of writing this report, the village has indicated that infrastructure repairs will be done on a rate of decay basis and managed within the available grant funding. As such, the village does not intend to borrow, but rather will undertake the improvements necessary with the grant funding provided from other levels of government (e.g. federal, provincial and municipal).

**OPTION 1: IF WILLINGDON REMAINED A VILLAGE**

- Council will review the infrastructure report and will use it to make decisions regarding future infrastructure projects.
  - Information regarding capital projects will be included within future budgets and projects will be completed when funding becomes available.
- The village has demonstrated that the estimates provided in the 2015 Infrastructure Audit may be higher than actual costs as recent infrastructure projects undertaken by the village were completed for much less than the engineer’s had indicated.
- Council will consider developing and adopting asset management policies to better manage and anticipate infrastructure needs within the village.
  - The village may impose special taxes or local improvement levies on village residents to pay for infrastructure projects following completion of the infrastructure audit, if projects are unable to be funded through grants.

**OPTION 2: IF WILLINGDON BECAME A HAMLET**

- According to the 2015 Municipal Sustainability Initiative (MSI) capital program guidelines, restructuring will not affect MSI capital funding allocations to municipalities for a set period following dissolution. This means that the County of Two Hills would receive a funding allocation equivalent to that which would have been calculated prior to restructuring for a subsequent five years, if the village was to dissolve and become a hamlet.
- The County of Two Hills would review the infrastructure assessment prior to any repair, replacement or removal of hamlet infrastructure.
- If critical infrastructure repairs or replacements are required following dissolution, the County of Two Hills may be eligible to apply for grants to pay for these projects.
- Infrastructure priorities in Willingdon will be based on the village’s infrastructure assessment. However, Willingdon infrastructure projects will be considered along with infrastructure needs in other parts of the county. The county’s public works department will make recommendations to council regarding the highest priorities and available grants.
- Existing hamlet facilities would continue to be utilized and maintained as necessary.
- The County of Two Hills may impose special taxes or local improvement levies on hamlet residents to pay for infrastructure projects in the future.

**VIABILITY REVIEW TEAM RECOMMENDATIONS TO ACHIEVE VIABILITY IF WILLINGDON REMAINS A VILLAGE:**

27. Village council develop a 10-year Capital plan and implement the recommendations found in the 2015 Infrastructure Audit.
28. Village council consider developing and adopting asset management policies to better manage and anticipate infrastructure needs within the village.

## Service Delivery and Risk Management

There are ever-increasing expectations for municipal councils to make informed choices about the services they provide to their citizens. This is evident for municipalities whether facing times of positive economic growth or periods of fiscal constraint. Council has a critical role to play in reviewing services a municipality provides. Sections 153 and 201 of the *MGA* prescribe the role and duties of council. Many of the broad areas prescribed require council to consider the welfare and interests of the municipality as a whole in developing and evaluating the policies and programs of the municipality, and to make sure that the powers, duties and functions of the municipality are appropriately carried out.

Every municipality provides certain services and programs that citizens feel are critical and desirable (e.g., water and wastewater management, roads, fire protection, waste management, land use planning, library, recreations, etc.). The effective delivery of these services is crucial to the operations of a municipality. In addition, municipal services and programs help foster community pride and promote economic development. Poor levels of service can undermine quality of life in municipalities and erode trust in local government. Moreover, how a municipality responds to emergencies can also have an impact on the trust citizens have in their municipality.

### HOW WILLINGDON OPERATES TODAY

The following services are provided through separate contractual agreements:

- Waste management services:
  - The village is a member of the County of Two Hills Regional Waste Management Commission and as of December 31, 2014 the commission had a post-closure liability of \$77,101.
  - Residents are required to haul waste to the transfer station and are billed \$15.75 per month.
- Fire and Emergency Services / Emergency Management:
  - Section 11.2(1) of the *Emergency Management Act* states that a local authority shall maintain an emergency management agency to act as the agent of the local authority in exercising the local authority's powers and duties under this Act.
  - Emergency Management is coordinated through the Regional Director of Emergency Management, based in Two Hills.
  - The village has an emergency management plan that is reviewed annually and amended as needed.
  - A mutual aid fire agreement exists between the Village of Willingdon and the County of Two Hills.
  - The volunteer fire department building is attached to the municipal office. The operational costs of the department are shared with the County of Two Hills.
- Bylaw Enforcement and Policing Services
  - Section 555(1) of the *MGA* states that a person who is appointed as a bylaw enforcement officer is, in the execution of enforcement duties, responsible for the preservation and maintenance of the public peace.
  - Bylaw enforcement is administered through a contact with the Town of Vegreville, while the Two Hills RCMP detachment provides policing services to the village.
- Water Distribution and Treatment:
  - In 2012, the Village entered an agreement with ACE Water Inc. In accordance with Bylaw 08-2014 all residents are charged:
    - a per cubic meter rate of \$2.95 for municipal water,
    - a village monthly fixed charge of \$37.78 for administration and local distribution costs, and
    - an ACE Water Corporation fixed charge of \$17.22.
- Municipal Assessment Services:
  - For the past twenty years, Municipal Assessment Services have been provided by Municipal Assessment Group Inc. located in Morinville.
  - The cost of the municipal assessment services contact is \$23,940.

- Currently under the *MGA*, there is no requirement for neighbouring municipalities to have an Intermunicipal Development Plan. However, proposed legislative changes, if passed, will require the Village of Willingdon and the County of Two Hills to have an Intermunicipal Development Plan in place.
- Utility users are billed on a monthly basis and residents are issued a disconnection notice for non-payment. Unpaid utility balances are transferred to the tax roll.

**OPTION 1: IF WILLINGDON REMAINED A VILLAGE**

- The village should work with the County of Two Hills when tendering larger capital projects such as road maintenance and paving.
- No changes are anticipated in the way the village maintains roads.
- No changes are anticipated in the village's planning and development process. The village is in the process of updating its land-use bylaw. Residents will be encouraged to provide feedback on the revised land-use bylaw.
- The completion of the 2015 infrastructure audit has identified a number of concerns regarding the village's infrastructure that will need addressing in the future. How the village chooses to proceed could reduce the village's level of liability and exposure to risk.

**OPTION 2: IF WILLINGDON BECAME A HAMLET**

- The County of Two Hills would be responsible for providing services to hamlet residents.
- No changes are anticipated in how utility services are provided to village residents should dissolution occur.
- If dissolution occurs, the county would assess the costs associated with the provision of utility services in the village and may change utility rates accordingly.
- The responsibility for the emergency management services and the fire department would transfer to the county.
- Bylaw enforcement in the hamlet will be consistent with other parts of the county and will be conducted by the County of Two Hills administration, who has the authority to issue fines and stop orders.
- The county utilizes the services of the Inspections Group to provide inspection services for residential and commercial inspections.
- Section 135(1)(d) of the *MGA* states that bylaws and resolutions of the old municipal authority that apply specifically to the area of land continue to apply to it until repealed or others are made in their place by the new municipal authority.
- If Willingdon becomes a hamlet, the county may impose additional taxes or local improvement levies to offset hamlet specific costs. In addition, the county may annually set a separate mill rate for residential properties within the hamlet in accordance to Section 297 of the *MGA* (Appendix H: References from the *Municipal Government Act*)



VIABILITY REVIEW TEAM RECOMMENDATIONS TO ACHIEVE VIABILITY IF WILLINGDON REMAINS A VILLAGE:

29. Village council should review utility rates annually using a full-cost recovery model that would include the amortization expense and could include reserve contributions for future infrastructure projects.
30. Village council must develop a policy to ensure that surplus funds collected through utility fees go into a capital reserve fund for future capital projects associated with that utility.

## Community Well-Being

Community well-being addresses local community characteristics that contribute to the vitality of the community and the long-term viability of the municipality. Although these characteristics can be different between neighbouring municipalities or regions within the province, this section captures the spirit of the community through the programs and services that are offered, how the public participates in community events and how individuals volunteer within their community.

### COMMUNITY WELL-BEING WITHIN WILLINGDON

- Willingdon participates in the Government of Alberta's (GOA) Family and Community Support Services (FCSS) program that is funded through an 80/20 funding partnership between the GOA and participating municipalities. Programs are provided to Willingdon residents by the County of Two Hills. The Regional FCSS Board is comprised of four elected officials and three members at large. The village appoints one elected official to the board. In 2016, the village will contribute \$2,193.
- The Eagle Hill Foundation, established in 1995, is a not-for profit organization that is municipally and provincially governed through a Board of Directors, the village appoints one director. The foundation operates senior's facilities in Willingdon, Two Hills, Myrnam, and Derwent. In 2016, the village's requisition to the foundation was \$10,872.

### OPTION 1: IF WILLINGDON REMAINED A VILLAGE

- The village would continue to support community organizations and events.
- Village council recognizes the importance of and supports volunteer work within the community.
- Community groups will continue to be responsible for insurance as the village does not allow for Additional Named Insured coverage.

### OPTION 2: IF WILLINGDON BECAME A HAMLET

- Willingdon community groups would be eligible for county support the same as other groups in the county.
- The County of Two Hills would provide informal oversight and would cover community groups as Additional Named Insured on the county's insurance policy. Community groups are to submit their minutes to the County of Two Hills.
- The county offers non-profit groups insurance by including them as Additional Named Insured. The county pays for the insurance and then invoices the respective group.

### VIABILITY REVIEW TEAM RECOMMENDATIONS TO ACHIEVE VIABILITY IF WILLINGDON REMAINS A VILLAGE:

31. Village administration will evaluate financial support for community groups on an annual basis.

## APPENDIX A: PERFORMANCE ON KEY MEASURES

The Municipal Sustainability Strategy outlines ten key measures of sustainability for municipalities in Alberta. The key measures were designed so that a municipality triggering three of the ten key measures, or measure #3, will be flagged for further review. If flagged, Alberta Municipal Affairs initiates contact with the municipality to review the cause(s) of the trigger and to discuss options for assisting the municipality to strengthen performance if necessary. The ministry would also advise the relevant municipal association. The key measures are:

	Triggered	
	2015*	2014
1. Has your municipality reported an accumulated deficit, net of equity in tangible capital assets, for the past three fiscal (calendar) years?	No	No
2. Does your municipality have less than a 1:1 ratio of current asset to current liabilities?	No	No
3. Has your municipality received a "qualified audit opinion", "denial of opinion" or an "adverse opinion" with respect to your most recent annual financial statements?	No	No
4. Has your municipality reached 80% of its debt or debt service limit?	No	No
5. Based on the annual audited financial statements, have provincial & federal grants accounted for more than 50% of your municipality's total revenue in each of the past three fiscal (calendar) years?	No	No
6. Has your municipality's non-residential assessment base declined over the past 10 years?	No	No
7. Does your municipality have more than 5% of current property tax unpaid for the most recent completed fiscal year?	Yes	Yes
8. Has your municipality experienced a decline in population of the municipality over the last 20 years?	Yes	Yes
9. Is the remaining value of the tangible capital assets less than 30% of the original cost?	No	No
10. Has your municipality missed the legislated May 1 reporting date for the annual audited financial statements in each of the last 2 years?	No	Yes

\* At the time of writing this report, the 2015 figures have not been finalized.

In addition to the key measures, the village council also completed a self-assessment questionnaire comprised of 124 questions covering eight broad subject areas. The questionnaire highlights best practices, identifies key areas of strength and those areas where improvement may be desirable. The self-assessment questionnaire is on the Municipal Affairs website at: [www.municipalaffairs.alberta.ca/1330.cfm](http://www.municipalaffairs.alberta.ca/1330.cfm).

## APPENDIX B: VIABILITY TEAM MANDATE

In August 2014, the Minister received a petition to change the status of the municipality to that of a hamlet. Although the petition was deemed insufficient, the Minister decided to undertake a viability review screening to assess if the issues facing the village were viability related. The Minister initiated the viability review in March 2015 and established the VRT comprised of representatives from the Village of Willingdon, the County of Two Hills, the AAMDC, the AUMA, the ARMAA, the LGAA and Municipal Affairs. The VRT's mandate was to:

- **Lead the Viability Review Process** which includes conducting the viability analysis, developing reports that lead to a determination of viability for the Village of Willingdon, and if applicable, develop a viability plan with support from Municipal Affairs.
- **Engage stakeholders** by sharing information and facilitating opportunities for the residents of the Village of Willingdon to provide input that will help to contribute to the viability determination of their community.
- **Liaise between member organizations and the VRT** by allowing for two-way communication between members of the VRT and the organization's they represent.
- **Provide advice** and recommendations to the Minister of Municipal Affairs on the Viability Review Process.

Over the next several months, the VRT gathered information regarding the village's finances, governance, infrastructure and programs and services. On November 30, 2015 VRT made the decision to move forward with the next steps including the development of a plan that addresses the long-term viability of the village, which would include items such as:

- the long-term infrastructure needs and how these needs would be funded;
- the possibility of sharing services or costs with surrounding municipalities; and
- the potential of finding a long-term funding solution for both capital and operational projects, rather than relying on increases to municipal taxes.

## APPENDIX C: FINANCIAL POSITION

The information below represents the financial position of the municipality from 2015-2011. The following information was taken from the municipality's audited financial statements.

**Table 5: Financial Position (2015 – 2011)**

	2015	2014	2013	2012	2011
<b>Financial Assets</b>					
Cash and cash equivalents	393,038	381,403	230,732	195,475	264,515
Taxes and grants in place of taxes	112,457	88,891	83,593	61,076	84,232
Trade and other receivables	423,868	228,963	503,461	54,833	52,082
Investments	-	67,276	26,170	128,526	101,349
<b>Total</b>	<b>\$929,363</b>	<b>\$766,533</b>	<b>\$843,956</b>	<b>\$439,910</b>	<b>\$502,178</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	84,562	38,308	243,703	216,303	172,022
Deferred revenue	528,947	514,270	530,758	118,799	118,799
Long-term debt	76,296	79,821	83,212	86,475	89,615
<b>Total</b>	<b>\$689,805</b>	<b>\$632,399</b>	<b>\$857,673</b>	<b>\$421,577</b>	<b>\$380,436</b>
<b>Net Financial Assets (Debt)</b>	<b>\$239,558</b>	<b>\$134,134</b>	<b>(\$13,717)</b>	<b>\$18,333</b>	<b>\$121,742</b>
<b>Non-Financial Assets</b>					
Tangible capital assets	2,584,574	2,581,479	2,427,159	2,526,294	2,621,471
Prepaid Expenses	2,542	2,514	-	-	-
<b>Total</b>	<b>\$2,587,116</b>	<b>\$2,583,993</b>	<b>\$2,427,159</b>	<b>\$2,526,294</b>	<b>\$2,621,471</b>
<b>Accumulated Surplus</b>	<b>\$2,826,674</b>	<b>\$2,718,127</b>	<b>\$2,413,442</b>	<b>\$2,544,627</b>	<b>\$2,743,213</b>

The municipality has no long-term debt and continues to make investments towards its infrastructure as demonstrated by the increase in net financial assets and equity in tangible capital assets. Accumulated surplus is that amount by which all assets exceed liabilities. An accumulated surplus indicates that a government has net resources (financial and physical) that can be used to provide future services.

**Table 6: Accumulated Surplus (2015 – 2011)**

	2015	2014	2013	2012	2011
Unrestricted Surplus	216,600	111,148	(39,217)	(7,167)	121,742
Restricted Surplus*	25,500	25,500	25,500	25,500	-
Equity in Tangible Capital Assets** (non-cash)	2,584,574	2,581,479	2,427,159	2,526,294	2,621,471
<b>Total</b>	<b>\$2,826,674</b>	<b>\$2,718,127</b>	<b>\$2,413,442</b>	<b>\$2,544,627</b>	<b>\$2,743,213</b>

Notes:

\* Restricted Surplus are funds that have been collected and allocated for a specific purpose. A council resolution is required to move funds from restricted surplus to unrestricted.

\*\* Tangible Capital Assets are physical assets of the municipality, including all above and below ground infrastructure. The value represented indicates the remaining life of the asset. A trend decreasing equity in Tangible Capital Assets, would suggest that the municipality is not investing in municipal infrastructure.

## APPENDIX D: ANNUAL REVENUES AND EXPENSES

The information below provides an overview of the revenues and expenses of the municipality from 2011-2015. The following information was taken from the municipality's audited financial statements. By calculating an average over the past five years, a rough financial projection is provided on the following page.

**Table 7: Operating Revenues and Expenses (2015 – 2011)**

Operating Revenues	2015	2014	2013	2012	2011
Net Municipal Taxes	290,188	378,730	228,995	214,645	209,500
Sales and User Fees	209,162	184,619	167,510	114,302	100,348
Government Transfers for Operating	265,389	76,210	32,997	70,048	104,000
Investment Income	7,455	3,846	2,775	2,286	1,629
Penalties and Costs of Taxes	10,554	-	15,866	6,449	16,808
Rentals	40	3,152	3,563	3,074	2,124
Franchise Agreement	13,042	13,661	6,282	15,008	10,512
Licenses, permits and fines	430	525	570	945	617
Other	-	-	-	19	181
<b>Total Revenue</b>	<b>\$796,260</b>	<b>\$660,743</b>	<b>\$458,518</b>	<b>\$426,776</b>	<b>\$445,719</b>
Operating Expenses					
Administrative and Legislative	172,887	173,199	193,231	148,057	257,061
Fire protection and safety services	19,163	28,609	26,606	13,402	35,375
Roads, Streets, Walks, Lighting	264,979	213,502	198,951	239,713	204,721
Water supply and distribution	169,131	156,933	238,037	174,132	99,494
Wastewater treatment and disposal	163,502	14,431	13,212	13,775	18,724
Waste Management	27,180	26,585	22,298	26,542	28,115
Parks and Recreation	8,323	7,531	9,577	9,741	5,345
<b>Total Expenses (including amortization)</b>	<b>\$825,165</b>	<b>\$620,790</b>	<b>\$701,912</b>	<b>\$625,362</b>	<b>\$648,835</b>
Amortization ( <i>non-cash expense</i> )	125,211	110,412	99,134	100,889	101,800
<b>Annual Surplus (Deficit)</b>	<b>\$96,306</b>	<b>\$150,365</b>	<b>(\$144,260)</b>	<b>(\$97,697)</b>	<b>(\$101,316)</b>

The following table indicates the capital grants that the Village of Willingdon has received from 2011-2015. As previously indicated, in 2015, the Village of Willingdon reported \$528,947 in deferred grant revenue.

**Table 8: Capital Transactions (2015 – 2011)**

Capital Transactions	2015	2014	2013	2012	2011
Government Transfers for Capital	137,452	264,732	111,435	-	153,132
Capital Property Additions	128,306	264,732	-	5,712	202,084

**Table 9: Municipal Grants (2015 – 2011)**

The following table indicates the municipal grants that have been reported to Municipal Affairs, where the Village of Willingdon has either been the managing partner or collaborated with another municipality. Only when the village has acted as the managing partner, or has received funds, are the totals indicated.

	2014/15	2013/14	2012/13	2011/12	2010/11
Alberta Community Partnership <sup>ACP</sup>	150,000	-	-	-	-
Alberta Municipal Water/Wastewater Program - Water for Life	-	-	-	-	39,833
Family and Community Support Services Program	7,310	7,310	7,310	7,310	7,310
Federal Gas Tax Fund <sup>FG</sup>	50,000	50,000	50,000	50,000	50,000
Grants in Place of Taxes	922	912	1,065	918	896
Municipal Recreation and Tourism Areas Projects	-	1,000	-	2,000	2,000
Municipal Sustainability Initiative - Capital Funding	163,246	139,548	142,307	141,538	140,877
Municipal Sustainability Initiative - Conditional Operating Funding	40,282	67,925	63,248	67,398	56,163
Summer Temporary Employment Program	-	-	-	2,800	1,796
<b>Total</b>	<b>\$411,760</b>	<b>\$266,695</b>	<b>\$263,930</b>	<b>\$271,964</b>	<b>\$298,875</b>
<i>ACP: The Village of Willingdon was the managing partner for the Infrastructure Audit</i>					
<i>FG: The Gas Tax Fund is a federal program administered by Alberta on behalf of Canada</i>					

*Alberta Community Partnership (ACP): The Village of Willingdon also participated as a partner on six additional ACP projects:*

- The Village of Myrnam as project lead, received \$250,000 under the former 2013/14 Regional Collaboration Program to partner with the Town of Two Hills, the Village of Willingdon, and the County of Two Hills to develop a regional water management plan and related intermunicipal cooperation agreements.*
- The Village of Myrnam as project lead, received \$335,000 through the 2014/15 ACP - Intermunicipal Collaboration (IC) component to partner with the Town of Two Hills, the Village of Willingdon, and the County of Two Hills to explore and develop shared service delivery strategies.*
- The Town of Two Hills as project lead, received \$350,000 through the 2014/15 ACP-IC component to partner with the villages of Myrnam and Willingdon to purchase water and wastewater infrastructure rehabilitation equipment.*
- The Town of Two Hills as project lead, received \$350,000 through the 2014/15 ACP-IC program to partner with the County of Two Hills and the villages of Myrnam and Willingdon to construct a regional recreational facility.*
- The County of Two Hills as project lead, received \$350,000 through the 2014/15 ACP-IC component to partner with the town of Two Hills and the villages of Myrnam and Willingdon to construct storage facilities for winter road maintenance materials.*
- The County of Two Hills as project lead, received \$218,875 through 2014/15 ACP-IC component to partner with the Town of Two Hills and the villages of Myrnam and Willingdon to purchase a sanding truck and plow.*

The following two figures are a five-year average illustrating the main areas where the Village of Willingdon collects revenues and on what municipal services these revenues were spent.

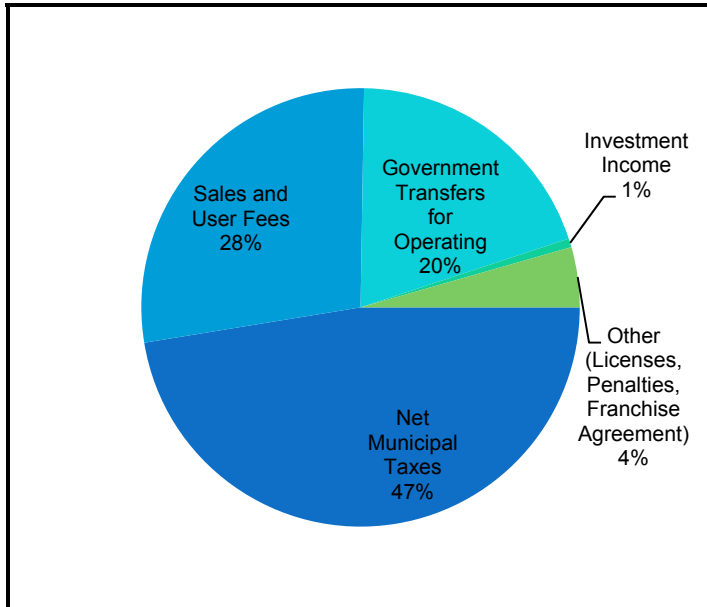


Figure 1: Revenue Sources (2015 - 2011)

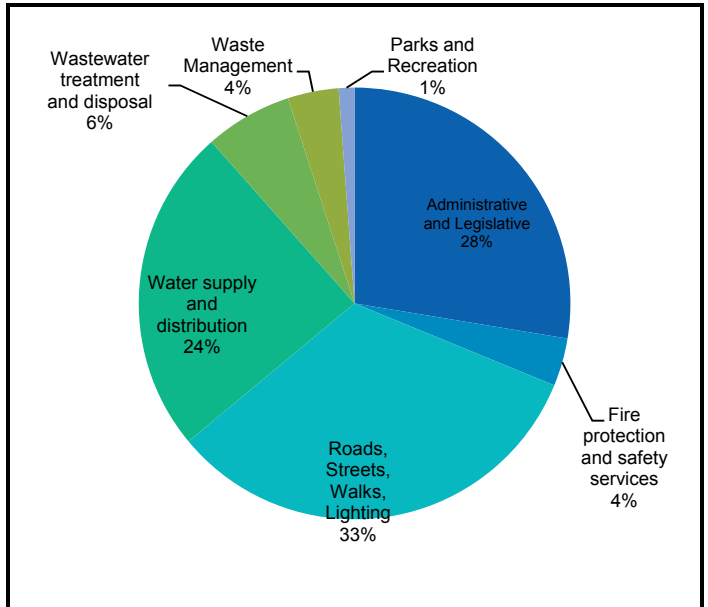


Figure 2: Expenses by Service Area, including amortization (2015 - 2011)



## APPENDIX E: STAKEHOLDER SUMMARY

The Village of Willingdon Viability Review Team held a public meeting in Willingdon on August 6, 2015, where approximately thirty individuals provided feedback on the future viability of the village by answering the questions below. A summary of the feedback heard at the meeting is included below for your information:

### 1. What does a viable community mean to you?

Participants indicated that a viable community is one comprised of both residences and commercial businesses. The need to attract residents must be balanced with providing the services and amenities residents can expect, and residents must be prepared to support these businesses. Rising taxes and the long-term affordability as well as the high rate of administrative turnover were also thought to affect the viability of the village.

### 2. Based on your knowledge and understanding of the community, do you believe that Willingdon is viable? Why or Why not?

A number of respondents indicated that they did not feel the Village of Willingdon was viable citing reasons such as population, reliance on provincial grants, high taxes and concerns with how the village was governed and administered. Some respondents indicated that the village was viable or could be viable if incentives were provided to encourage businesses, if the village retained proper leadership and were able to receive stable government funding.

### 3. What are the most significant viability issues within the village? How would you address this?

The level of taxation, service levels and types of services were the main responses received. Respondents were concerned that a reduction to services or an increase in taxes would make it difficult for those living on fixed incomes. The establishment of a shared service agreement with other municipalities was seen as a way to build administrative capacity, reduce administrative costs, and add stability to village operations. The establishment of reserves for future infrastructure repairs was also identified.

### 4. What municipal services are important to you?

Respondents indicated that water and sewer, garbage pick-up, snow removal, road/sidewalk maintenance and weed control/grass cutting were the municipal services that were of most importance. There was also a request from participants to have better communication between village council and residents.

### 5. Are there any services currently provided by the village that are not meeting your needs?

Bylaw enforcement and weed control were among the top responses received.

### 6. Are you satisfied with the level of municipal taxation in 2015? Why or why not.

The majority of the responses received on this question indicated that residents were not satisfied with the level of municipal taxation in 2015 or the increases assessed in recent years. Participants felt that the amount of taxes collected did not necessarily match the level of infrastructure provided or the level of services received.

In addition to the above questions, participants were encouraged to complete an exit survey where they were asked to provide a satisfaction level based on the following issue or topic:

**Table 10: Participant Satisfaction**

What is your level of satisfaction with the following?	Rating					Count
	Rate each topic with 1 as very dissatisfied and 5 as very satisfied					
Council communication with residents	1 (12)	2 (8)	3 (4)	4 (0)	5 (1)	25
The state of infrastructure (e.g. roads, sidewalks, water)	1 (8)	2 (10)	3 (5)	4 (1)	5 (0)	24
The cost and value of property taxes and utility fees	1 (14)	2 (6)	3 (1)	4 (1)	5 (0)	22
Quality of life in the community	1 (3)	2 (4)	3 (8)	4 (6)	5 (0)	21
How council cooperates with community groups and other municipalities	1 (10)	2 (4)	3 (4)	4 (4)	5 (0)	22
How the village manages its budget and finances	1 (11)	2 (7)	3 (2)	4 (1)	5 (0)	21
How council governs the village	1 (12)	2 (6)	3 (6)	4 (1)	5 (0)	25
How administration manages the village	1 (10)	2 (9)	3 (3)	4 (2)	5 (0)	24
Your opportunity to provide input to your municipality	1 (7)	2 (6)	3 (7)	4 (2)	5 (0)	22

*\*\*note: numbers in brackets denote the number of individuals who circled each ranking, rankings were excluded where more than one option was selected \*\**

When participants were asked if they feel that village business is conducted in an open and public manner the majority of respondents indicated no and that the village could do a better job of communicating with residents regarding changes in meeting dates, changes to tax and water rates and speaking up in council meetings.

When participants were asked if there was anything that you would like the viability review team to consider prior to making viability determination participants indicated that they were concerned with the reduction in services levels, potential increases in taxes that would result if the village was to remain, the need for economic development and bring business into town.

When asked if the session provided participants with adequate opportunity to voice concerns regarding the long-term viability of the village, of the twenty-five responses, fifteen indicated yes, one indicated no, and nine did not answer the question.

# APPENDIX F: 10 YEAR CAPITAL PLAN

**Table 11: Recommended Infrastructure Projects (2016 – 2025)**

YEAR	STREET	FROM	TO	PROJECT	PROJECTED COST
2016	N/A	N/A	N/A	Repairs to Public Works Building and Village Office and Fire Hall for Emergency/Critical Items	\$36,500
2016	50 <sup>TH</sup> STREET	53 <sup>RD</sup> AVENUE	TWP RD	50 <sup>th</sup> Street Rehabilitation – Stage 1	\$1,502,000
2016	N/A	N/A	N/A	Lagoon Dredging	\$30,000
2016	N/A	N/A	N/A	Lagoon Monitoring Wells	\$65,000
2016	HWY 45 AVENUE	49 <sup>TH</sup> STREET	52 <sup>ND</sup> AVENUE	Adjust Valves and Manholes on Highway 45*	\$50,000
2016	N/A	N/A	N/A	Pump Station Removals	\$20,000
2016	N/A	N/A	N/A	Service Distribution Pumps	\$16,000
2017	N/A	N/A	N/A	Repairs to All Municipal Buildings for Poor/Unsatisfactory Items	\$38,500
2017	50 <sup>TH</sup> STREET	52 <sup>ND</sup> AVENUE	53 <sup>RD</sup> AVENUE	50 <sup>th</sup> Street Rehabilitation – Stage 2	\$2,174,000
2018	N/A	N/A	N/A	Repairs to All Municipal Buildings for Marginal Items	\$27,500
2018	51 <sup>ST</sup> AVENUE 49 STREET	ARENA HWY 45 AVENUE	50 <sup>TH</sup> STREET 51 <sup>ST</sup> AVENUE	51 <sup>st</sup> Avenue and 49 <sup>th</sup> Street Rehabilitation	\$1,785,000
2019	N/A	N/A	N/A	Repairs to All Municipal Buildings for Marginal Items	\$27,200
2019	49 <sup>TH</sup> STREET	52 <sup>ND</sup> AVENUE	54 <sup>TH</sup> AVENUE	49 <sup>th</sup> Street Rehabilitation and Looping	\$1,102,000
2020	N/A	N/A	N/A	Repairs to All Municipal Buildings for Marginal Items	\$20,900
2020	54 <sup>TH</sup> AVENUE	49 <sup>TH</sup> STREET	50 <sup>TH</sup> STREET	54 <sup>th</sup> Avenue Rehabilitation	\$688,000
2020	N/A	N/A	N/A	Service Standby Pump	\$24,000
<b>5-Year Capital Plan</b>					<b>\$7,606,600</b>
2021	N/A	N/A	N/A	Repairs to All Municipal Buildings for Marginal Items	\$13,800
2021	HWY 45 AVENUE	49 <sup>TH</sup> STREET	52 <sup>ND</sup> AVENUE	Highway 45 Rehabilitation**	\$2,510,000
2021	N/A	N/A	N/A	Service Distribution Pump	\$16,000
2022	N/A	N/A	N/A	Repairs to Tourist Building, and Public Works Building for Good Items	\$8,600
2022	52 <sup>ND</sup> AVENUE	50 <sup>TH</sup> STREET	51 <sup>ST</sup> STREET	52 <sup>nd</sup> Avenue Central Rehabilitation	\$1,238,000
2023	N/A	N/A	N/A	Repairs to Public Works Building for Good Items	\$26,000
2023	52 <sup>ND</sup> AVENUE	52 <sup>ND</sup> STREET	TWP RD	52 <sup>nd</sup> Avenue West Rehabilitation	\$1,097,000
2024	N/A	N/A	N/A	Repairs to Tourist Building for Good Items	\$8,500
2024	51 <sup>ST</sup> AVENUE	51 <sup>ST</sup> STREET	53 <sup>RD</sup> STREET	51 <sup>st</sup> Avenue West Rehabilitation	\$1,626,000
2025	48 <sup>TH</sup> STREET	51 <sup>ST</sup> AVENUE	53 <sup>RD</sup> AVENUE	48 <sup>th</sup> Street Loop	\$473,000
2025	N/A	N/A	N/A	Service Standby Pump	\$24,000
<b>Long Term Capital Projection</b>					<b>\$7,040,900</b>
<b>Total</b>					<b>\$14,647,500</b>

\*This Project is likely entirely fundable by Alberta Transportation, as the damages to municipal infrastructure occurred during Alberta Transportation Projects.

\*\*MPE Engineering Ltd. estimates that approximately \$1,139,000 of the capital value of this project may be fundable by Alberta Transportation if it can be shown that the Highway is in need of rehabilitation.

\*\*\*The Long Term Capital Projection is intended to act as a guide for municipal planning and future documents. The items outlined in the plan should be re-evaluated within 5 years of this report to confirm the proposed expenditure and complete a new long-term plan.

**Table 12: High Priority Infrastructure Projects (2016 – 2025)**

YEAR	STREET	FROM	TO	PROJECT	PROJECTED COST
2016	N/A	N/A	N/A	Repairs to Public Works Building and Village Office and Fire Hall for Emergency/Critical Items	\$36,500
2016	52 <sup>ND</sup> AVENUE 49 <sup>TH</sup> STREET HWY 45 AVE 51 <sup>ST</sup> AVENUE	50 <sup>TH</sup> STREET 52 <sup>ND</sup> AVENUE 49 <sup>TH</sup> STREET EAST END	51 <sup>ST</sup> STREET TWP RD 50 <sup>TH</sup> STREET 49 <sup>TH</sup> STREET	CIPP Rehabilitation Program*	\$278,000
2016	HWY 45 AVE	49 <sup>TH</sup> STREET	51 <sup>ST</sup> STREET	Adjust Valves and Manholes on Highway 45**	\$50,000
2016	N/A	N/A	N/A	Pump Station Separation	\$1,500
2016	N/A	N/A	N/A	Service Distribution Pumps	\$16,000
2017	N/A	N/A	N/A	Repairs to Public Works Building for Poor/Unsatisfactory Items	\$38,500
2017	49 <sup>TH</sup> STREET	51 <sup>ST</sup> AVENUE	52A AVENUE	49 <sup>th</sup> Street South Watermain Replacement and Looping	\$351,000
2018	N/A	N/A	N/A	Repairs to Village Office and Fire Hall, Tourist Building, and Pump House for Poor/Unsatisfactory Items	\$27,500
2018	49 <sup>TH</sup> STREET	53 <sup>RD</sup> AVENUE	NORTH	49 <sup>th</sup> Street North Watermain Looping and Extension	\$377,000
2019	N/A	N/A	N/A	Repairs to Village Office and Fire Hall for Marginal Items	\$27,200
2020	N/A	N/A	N/A	Repairs to Public Works Building, Tourist Building, and Pump House for Marginal Items	\$20,900
2020	N/A	N/A	N/A	Service Standby Pump	\$24,000
<b>5 Year Capital Plan Subtotal</b>					<b>\$1,248,100</b>
2021	N/A	N/A	N/A	Repairs to All Municipal Buildings for Marginal Items	\$13,800
2021	N/A	N/A	N/A	Lagoon Dredging	\$30,000
2021	HWY 45 AVE	49 <sup>TH</sup> STREET	50 <sup>TH</sup> STREET	Highway 45 Avenue Rehabilitation – Stage 1***	\$648,000
2021	N/A	N/A	N/A	Service Distribution Pumps	\$16,000
2022	N/A	N/A	N/A	Repairs to All Municipal Buildings for Marginal Items	\$8,600
2022	54 <sup>TH</sup> AVENUE	49 <sup>TH</sup> STREET	50 <sup>TH</sup> STREET	54 <sup>th</sup> Avenue Pipe Bursting	\$264,000
2023	N/A	N/A	N/A	Repairs to All Municipal Buildings for Good Items	\$26,000
2023	HWY 45 AVE	50 <sup>TH</sup> STREET	51 <sup>ST</sup> STREET	Highway 45 Avenue Rehabilitation – Stage 2***	\$820,000
2024	N/A	N/A	N/A	Repairs to All Municipal Buildings for Good Items	\$8,500
2025	HWY 45 AVE	51 <sup>ST</sup> STREET	52 <sup>ND</sup> STREET	Highway 45 Avenue Rehabilitation – Stage 3***	\$521,000
2025	N/A	N/A	N/A	Service Standby Pump	\$24,000
<b>Long Term Capital Projection****</b>					<b>\$2,379,900</b>
<b>Total</b>					<b>\$3,687,000</b>

\*Budget numbers for these areas were adapted from a CIPP project completed in Willingdon in December of 2015. Engineering costs for this project have been removed from these calculations, and the contingency has been reduced to 10%. If the Village chooses to utilize an engineering consultant for these works, a corresponding increase must be applied to budget numbers.

\*\*This Project is likely entirely fundable by Alberta Transportation, as the damages to municipal infrastructure occurred during Alberta Transportation Projects.

\*\*\*This project may be fundable by Alberta Transportation if it can be shown that the Highway is in need of rehabilitation. MPE Engineering Ltd. estimates that the value of this funding could be as much as \$280,000 in 2021, \$300,000 in 2023, and \$140,000 in 2025. Due to budgetary constraints, the village will only consider these projects if Alberta Transportation funding is available, or if there is catastrophic failure of the infrastructure under the highway.

\*\*\*\*The Long-term Capital Projection is intended to act as a guide for municipal planning and future documents. The items outlined in the plan should be re-evaluated within 5 years of this report to confirm the proposed expenditure and complete a new long-term plan.

## APPENDIX G: SUMMARY OF VRT RECOMMENDATIONS

### Sustainable Governance

1. Village council should budget monies for training and professional development for council and administration.
2. All members of village council must take a Roles and Responsibility Training course offered through Municipal Affairs.
3. Village council establish a policy to ensure that requirements are met for an orientation process for council following every general municipal election and by-election.
4. Village council should undertake a bylaw review to ensure that existing bylaws are compliant with current and proposed provincial legislation and that the bylaws are meeting the needs of the residents. This review should be completed within 12 months of the report being accepted by the Minister of Municipal Affairs.
5. Village council establish a schedule to review and update all policies for relevance and compliance with legislation and other regulations and to ensure that the policy meets the needs of the village.
6. Village council establish a public participation policy that identifies various means to communicate with the community and how council and administration will share information to residents on an ongoing basis. Included with this policy could be the development of a website for posting of village bylaws, council agendas and minutes. The website could also be used to explain rate increases or changes in service delivery.
7. Village council should encourage 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.
8. Council should provide more information to the public regarding the services that the municipality provides and where the municipal tax dollars are being spent. At a minimum, this information should be provided on an annual basis, and could be in the form of an annual report to residents or as an informational sheet provided in their annual tax notice.
9. Council should review the terms and conditions within the bylaw enforcement contract to ensure that an adequate level of enforcement is provided in the community.
10. Based on the proposed changes that are expected to take effect in 2017 with the proclamation of amendments to the *MGA*, the Village of Willingdon must:
  - plan to develop and adopt a three-year operating plan, a five-year capital plan and update it annually;
  - plan to develop a public participation policy;
  - plan to develop a councillor code of conduct;
  - continue to work with the County of Two Hills and other municipalities in the area to develop an Intermunicipal Collaboration Framework (ICF) to provide for the integrated and strategic planning, delivery and funding of intermunicipal services;
  - develop a Municipal Development Plan; and
  - adopt an Intermunicipal Development Plan to include those areas of land lying within the boundaries of the village and county as they consider necessary.

### Regional Cooperation

11. In anticipation of the proposed changes to the *MGA*, the village should continue working with the County of Two Hills on the development of an Intermunicipal Development Plan and begin the process of developing an Intermunicipal Collaboration Framework. Development of these agreements should have a focus on increasing economic development and reducing costs while maintaining or improving service levels to residents.
12. Prior to undertaking any major capital projects, the village should consult with neighbouring municipalities to see if there are opportunities to reduce costs by collaborating.

13. The village should consider establishing an economic development committee with a clear mandate that allows for participation from residents, local businesses and other regional organizations.
14. The village should pursue opportunities to enhance regional partnerships that:
  - provide programs and services to residents in the most effective and efficient manner;
  - create an environment that fosters economic development and growth; and
  - that helps to diversify the local tax base.

#### Operational and Administrative Capacity

15. The village's ability to attract and retain qualified staff is a factor in the long-term viability of the village, to address this the village should develop a good transition plan and provide appropriate training for staff.
16. The village should consider advertising on job sites linked to the AUMA, AAMDC, the LGAA, SLGM and ARMAA to ensure the highest possible exposure, particularly in regards to the position of CAO.
17. The village should implement a records management policy to ensure that when CAOs leave that the village records will be in order for the incoming CAO. Included with this should be consideration for how electronic records are backed-up and the appropriate retention period.

#### Municipal Finances and Accounting

18. Village council must ensure that the audited financial statements and financial information returns are submitted to Municipal Affairs each year by May 1<sup>st</sup>, pursuant to Section 276(3) of the *MGA*.
19. Village council should work with administration to determine the level of service required and ensure that these costs are adequately reflected within the municipal budget, prior to setting the municipal tax rate.
20. Village council must establish a Reserve Fund Policy to ensure that monies are available should an unexpected event occur. The policy should:
  - a. Establish an infrastructure reserve which could be funded through a combination of revenue from franchise fees, additional taxes and/or user fees,
  - b. Clearly define for what purposes the infrastructure reserve and operating reserve can be used, and
  - c. Provide a mechanism for council to review reserve levels on an annual basis to ensure adequate levels of reserves are maintained.
21. Village councillors should be encouraged to take municipal finance and budgeting training offered through the Elected Officials Education Program.
22. Village council should instruct administration to provide financial reports on a quarterly basis, in accordance with established financial procedures and that these reports can be released to the village residents as part of council agendas and minutes.
23. Village council review all financial policies and procedures and ensure they are being complied with or amend them to reflect current requirements and practices, including the recommendations found within the auditor's management letter.
24. The village must reconcile all outstanding grant reporting within three months of this report being approved by the Minister of Municipal Affairs. This will assist village council and administration with determining the current state of the village's finances and with future planning of capital projects.
25. Administration should investigate alternative municipal accounting software as the current software is limited and has, in the past, produced errors resulting in additional work for municipal staff and additional audit costs. Issues may be a result of the software itself and may be addressed by the software provider and/or additional training.

#### Property Taxes and Assessment

26. The village must follow the tax collection provisions for overdue accounts outlined in the *MGA*.

#### Infrastructure

27. Village council develop a 10-year capital plan and implement the recommendations found in the 2015 Infrastructure Audit.

28. Village council consider developing and adopting asset management policies to better manage and anticipate infrastructure needs within the village.

Service Delivery and Risk Management

29. Village council should review utility rates annually using a full-cost recovery model that would include the amortization expense and could include reserve contributions for future infrastructure projects.
30. Village council must develop a policy to ensure that surplus funds collected through utility fees go into a capital reserve fund for future capital projects associated with that utility.

Community Well-Being

31. Village administration will evaluate financial support for community groups on an annual basis.

## APPENDIX H: REFERENCES FROM THE *MUNICIPAL GOVERNMENT ACT*

### Transitional and other matters

- 137** (1) An order of formation, change of status, amalgamation, annexation or dissolution may, in respect of any municipal authority affected by the order, contain provisions dealing with the following:
- (a) assessment and taxation;
  - (b) property;
  - (c) employees;
  - (d) any matter required to properly effect or deal with the formation, change of status, amalgamation, annexation or dissolution, whether transitional or otherwise;
  - (e) the application, addition, change or substitution of this or another enactment to give effect to the order.
- (2) The provisions referred to in subsection (1) may deal with rights, obligations, liabilities, assets and any other thing that the Lieutenant Governor in Council considers is appropriate to be dealt with in the order and may operate despite a collective agreement.
- (3) The Lieutenant Governor in Council may amend or repeal a provision referred to in subsection (1) that is contained in an order of formation, change of status, amalgamation, annexation or dissolution without having to comply with the requirements for passing the original order.

1994 cM-26.1 s137

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### Petition for bylaw

- 232** (1) Electors may petition for
- (a) a new bylaw, or
  - (b) a bylaw to amend or repeal a bylaw or resolution on any matter within the jurisdiction of the council under this or another enactment.
- (2) A petition requesting a new bylaw under Part 8, 9, 10 or 17 or an amendment or repeal of a bylaw or resolution made under Part 8, 9, 10 or 17 has no effect.

1994 cM-26.1 s232;1995 c24 s29;1996 c30 s12

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### Adoption of operating budget

- 242** (1) Each council must adopt an operating budget for each calendar year.
- (2) A council may adopt an interim operating budget for part of a calendar year.
- (3) An interim operating budget for a part of a calendar year ceases to have any effect when the operating budget for that calendar year is adopted.

1994 cM-26.1 s242

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### Contents of operating budget

- 243** (1) An operating budget must include the estimated amount of each of the following expenditures and transfers:
- (a) the amount needed to provide for the council's policies and programs;
  - (b) the amount needed to pay the debt obligations in respect of borrowings made to acquire, construct, remove or improve capital property;
  - (c) the amount needed to meet the requisitions or other amounts that the municipality is required to pay under an enactment;
  - (d) if necessary, the amount needed to provide for a depreciation or depletion allowance, or both, for its municipal public utilities as defined in Section 28;
  - (e) the amount to be transferred to reserves;
  - (f) the amount to be transferred to the capital budget;
  - (g) the amount needed to recover any deficiency as required under Section 244.
- (2) An operating budget must include the estimated amount of each of the following sources of revenue and transfers:
- (a) property tax;
  - (b) business tax;
  - (c) business revitalization zone tax;



- (c.1) community revitalization levy;
  - (d) special tax;
  - (e) well drilling equipment tax;
  - (f) local improvement tax;
  - (f.1) community aggregate payment levy;
  - (g) grants;
  - (h) transfers from the municipality's accumulated surplus funds or reserves;
  - (i) any other source.
- (3) The estimated revenue and transfers under subsection (2) must be at least sufficient to pay the estimated expenditures and transfers under subsection (1).
- (4) The Minister may make regulations respecting budgets and that define terms used in this section that are not defined in Section 241.

RSA 2000 cM-26 s243;2005 c14 s3

### Assigning assessment classes to property

- 297** (1) When preparing an assessment of property, the assessor must assign one or more of the following assessment classes to the property:
- (a) class 1 - residential;
  - (b) class 2 - non-residential;
  - (c) class 3 - farm land;
  - (d) class 4 - machinery and equipment.
- (2) A council may by bylaw
- (a) divide class 1 into sub-classes on any basis it considers appropriate, and
  - (b) divide class 2 into the following sub-classes:
    - i. vacant non-residential;
    - ii. improved non-residential,
 and if the council does so, the assessor may assign one or more sub-classes to a property.
- (3) If more than one assessment class or sub-class is assigned to a property, the assessor must provide a breakdown of the assessment, showing each assessment class or sub-class assigned and the portion of the assessment attributable to each assessment class or sub-class.
- (4) In this section,
- (a) "farm land" means land used for farming operations as defined in the regulations;
  - (a.1) "machinery and equipment" does not include
    - i. any thing that falls within the definition of linear property as set out in Section 284(1)(k), or
    - ii. any component of a manufacturing or processing facility that is used for the cogeneration of power;
  - (b) "non-residential", in respect of property, means linear property, components of manufacturing or processing facilities that are used for the cogeneration of power or other property on which industry, commerce or another use takes place or is permitted to take place under a land use bylaw passed by a council, but does not include farm land or land that is used or intended to be used for permanent living accommodation;
  - (c) "residential", in respect of property, means property that is not classed by the assessor as farm land, machinery and equipment or non-residential.

RSA 2000 cM-26 s297;2002 c19 s6

### **Tax rates**

**354 (2)** A tax rate must be set for each assessment class or sub-class referred to in Section 297.

**(3)** The tax rate may be different for each assessment class or sub-class referred to in Section 297.

1994 cM-26.1 s354;1996 c30 s26;1998 c24 s27;1999 c11 s15

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### **Special tax bylaw**

**382 (1)** Each council may pass a special tax bylaw to raise revenue to pay for a specific service or purpose by imposing one or more of the following special taxes:

- (a) a waterworks tax;
- (b) a sewer tax;
- (c) a boulevard tax;
- (d) a dust treatment tax;
- (e) a paving tax;
- (f) a tax to cover the cost of repair and maintenance of roads, boulevards, sewer facilities and water facilities;
- (g) repealed 2008 cE-6.6 s55;
- (h) a tax to enable the municipality to provide incentives to health professionals to reside and practice their professions in the municipality;
- (i) a fire protection area tax;
- (j) a drainage ditch tax;
- (k) a tax to provide a supply of water for the residents of a hamlet;
- (l) a recreational services tax.

**(2)** A special tax bylaw must be passed annually.

RSA 2000 cM-26 s382;2008 cE-6.6 s55

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### **Local improvement tax bylaw**

**397 (1)** A council must pass a local improvement tax bylaw in respect of each local improvement.

**(2)** A local improvement tax bylaw authorizes the council to impose a local improvement tax in respect of all land in a particular area of the municipality to raise revenue to pay for the local improvement that benefits that area of the municipality.

1994 cM-26.1 s397

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