
Viability review report

Village of Halkirk



February 2022

Alberta

Village of Halkirk
Municipal Affairs, Government of Alberta

Village of Halkirk Viability Report

February 2022

© Government of Alberta

www.municipalaffairs.ca

Print Version ISBN No.: 978-1-4601-5324-6

Printed in Canada

Table of Contents

Executive Summary	4
Viability Review Timeline	5
Next Steps.....	5
Review & Findings	7
Municipal Backgrounds.....	7
Viability Review Process.....	8
Sustainable Governance	10
Administration & Operations.....	13
Finances, Assessment & Taxation	16
Infrastructure	20
Services.....	23
Appendix A:	26
Recommendations for Viability	26
Appendix B: Vote on a Question	27

Executive Summary

The viability review report is intended to assist residents of Halkirk in evaluating the best form of municipal government to meet the community's current and future needs.

Alberta Municipal Affairs developed this report following the collection and analysis of information from both the Village of Halkirk and the County of Paintearth. Elected officials and administration from the village and county, and municipal officials representing four Alberta municipal associations, the Rural Municipalities of Alberta, the Alberta Municipalities, the Alberta Rural Municipal Administrators' Association, and the Local Government Administration Association of Alberta, reviewed and provided input to the viability review report.

Regardless of which form of municipal government the viability review results in, the people, businesses, and community spirit will continue to be what defines the community of Halkirk.

The report considers two options for the future of the Village of Halkirk:

- 1) The Village of Halkirk remains an incorporated municipality and council implements the recommended actions in this report according to the direction of the Minister of Municipal Affairs, or
- 2) The municipal corporation of the Village of Halkirk dissolves and Halkirk becomes a hamlet in the County of Paintearth.

Based on information available at the time of writing, the viability report highlights some of the major similarities and differences for residents under these two options, in order to answer the question: *What would be the same or different about remaining as a village or becoming a hamlet in of the neighbouring county?*

Viability Considerations

Analysis of the information provided by the village, and dialogue with council and administration, identified factors that need to be considered when assessing the ongoing viability of the Village of Halkirk:

1. Future budgets should ensure resourcing for staff capacity to undertake the work required of a municipality.
2. The village needs to budget for the procurement and implementation of major repair and replacement of infrastructure.
3. Halkirk taxpayers will experience future inflationary and additional operating costs, and decreased provincial grants.
4. New or additional revenue sources available to the village are not anticipated.

Based off these viability considerations, future viability of the village will require:

1. increased property tax revenue for staffing and related costs, inflationary costs, and new costs, such as a portion of policing costs; and
2. completion of large infrastructure projects over a ten-year period.

Continuing as a Village

With the approval of a viability review for the village, the Minister has expressed that the Village of Halkirk's current state must be improved to ensure a viable future for the community. Should electors vote to remain as a municipality, the Minister of Municipal Affairs will direct the village to take actions to improve its viability based on the recommendations within this report.

If Halkirk remains as a village, residents would continue to elect three councillors to govern the municipality and village council would be expected to address the recommended actions in this report. Council would continue to be responsible for hiring and evaluating the chief administrative officer (CAO), who is responsible for overseeing the administration and operation of the village and implementing the decisions of council.

Many of the recommendations within the report will require increases to the village's annual expenditures. As municipal costs rise and additional funding is required to replace core infrastructure, residents should anticipate an increase in property taxes and utility fees to maintain a balanced operating budget.

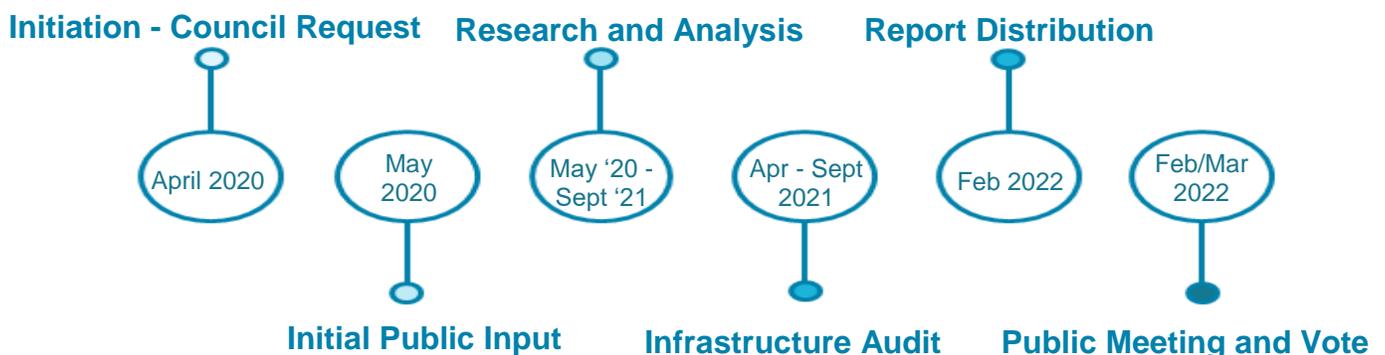
Becoming a Hamlet in the County of Paintearth

If Halkirk becomes a hamlet in the County of Paintearth, the county would have full responsibility for the governance and operation of the Hamlet of Halkirk. Residents would participate in the election of a candidate from Division 4 as their representation on county council. The municipal office would be closed in Halkirk and the administrative functions provided through the county office in Castor.

The County of Paintearth currently has qualified staff and capacity to address much of the identified needs within the municipality. Administrative costs savings will result from the elimination of some duplication of expenses (e.g., council, staffing, accounts payable and receivable, and insurance premiums).

The County of Paintearth has indicated it would maintain property taxes and utility fees at the current village levels, and then review them after one year. Any surplus over the actual cost of local services would be allocated towards infrastructure repairs within Halkirk.

Viability Review Timeline



Following the distribution of the Village of Halkirk Viability Review Report, ministry staff will host an information session on Wednesday, February 23, 2022, commencing at 7:00 p.m.. The purpose of the meeting is:

- to outline the process to date and present the Village of Halkirk Viability Review Report;
- to provide residents, property owners, and community stakeholders with an opportunity to ask questions; and
- to explain the next steps in the viability review including the vote for village electors on the question of dissolution of the village.

Additional information about the information session is provided on the last page of this report.

Vote of Residents

The next step of the viability review will be a vote of the electors of the Village of Halkirk on the question of dissolution. Village of Halkirk electors will have the opportunity to vote on either remaining as a municipality or becoming part of the County of Paintearth. If the majority vote is to dissolve and become part of the county, the Minister is required to recommend dissolution to Cabinet. If the majority of residents vote to remain a municipality, the Minister must keep Halkirk as an incorporated municipality and issue directives to council. Directives are a set of mandatory actions based on the viability review's recommendations that the Minister feels are necessary to ensure the viability of Halkirk. The village will be required to provide progress reports for five years. Failure to implement directives could lead to further provincial intervention.

A community information meeting will be held to review the viability report in advance of the vote of electors. Residents, businesses, property owners, and other interested stakeholders are invited to receive an overview of the report and ask any questions about it or about the vote itself.

The vote of electors is governed by the *Local Authorities Election Act (LAEA)*, including voter eligibility. Only eligible electors of the Village of Halkirk are permitted to vote on the question of dissolution of the Village of Halkirk. Property owners who are not residents are not able to vote.

The question that will be asked of electors is:

Based on the findings of the Village of Halkirk Viability Review, which one of the two options below do you support for the future of Halkirk? (Select one only)

Option 1. The Village of Halkirk remains a village and implements changes to achieve viability.

Option 2. Dissolve the Village of Halkirk and Halkirk becomes a hamlet in the County of Paintearth

Review & Findings



Municipal Backgrounds

The Village of Halkirk was formed in 1912 and is located in central Alberta, 41km east of the Town of Stettler, on Highway 12. The 2016 federal census identified the village population as 112, down 8.5 per cent from 121 in 2011.

The village's rural municipal neighbour is the County of Paintearth. The county has a population of 2,102 across 346,000 hectares, including the hamlets of Brownfield and Fleet. The towns of Castor and Coronation, and the Village of Halkirk are municipalities within the county boundaries. The county maintains 2,364 km of roadways.

Initiation of Review

The Minister of Municipal Affairs initiated a viability review of the Village of Halkirk at the request of council in April 2020. Council at that time cited an aging and decreasing population, lack of interest in local government participation, increased costs, no new development, and staff capacity as reasons that it is no longer feasible for the village to continue operations into the future.

Viability Review Process

Sections 130 – 130.2 of the *Municipal Government Act (MGA)* provide for the Minister to conduct a viability review and require a vote of the electors prior to the dissolution of a municipality.

The viability review process is intended to assist residents of Halkirk in evaluating the best form of municipal government to meet the community's current and future needs. The options for the future of Halkirk explored through the viability review process are:

- 1) Remain a distinct municipality with an action plan to improve its viability. Should the Village of Halkirk remain, this report contains recommended actions to be implemented by council and administration to improve future viability.
- 2) Dissolve the municipal corporation and become part of the County of Paintearth, while still maintaining its name and community spirit as a hamlet. The County of Paintearth council would be the governing body for the purpose of municipal operations and services.

Regardless of which municipal government model is chosen through this process, the people, businesses, and community spirit will continue to be what defines the community of Halkirk.

Infrastructure Study

The provision of municipal public works, such as roads, water and wastewater lines, and emergency response, requires significant physical infrastructure. Understanding the condition of the infrastructure and the future financial investments that will be needed to continue to provide these services is key to managing municipal viability. For this reason, an infrastructure study, funded by Municipal Affairs through the Alberta Community Partnership grant program, was conducted for the Village of Halkirk as part of the viability review.

Stakeholder Engagement

The COVID-19 public health situation prevented in-person engagement with residents. As an alternative, residents were asked in May 2020 to provide input by means of a Community Comment Form. The following themes were evident in the seventeen responses received:

- 1) Sense of community remains important to residents.
- 2) Residents had concerns with village bylaws and a perceived lack of enforcement.
- 3) Residents were concerned with the ability of the County of Paintearth to provide services (roads, water, and sewer).
- 4) Municipal facilities, including the Community Hall and Seniors Centre, are valued community resources.

Viability Report

Municipal Affairs analyzed information provided by Village of Halkirk and County of Paintearth, and input received from residents of Halkirk. The viability report describes options for viability and provides recommendations to the Minister should residents choose to remain a village.

Representatives from the Village of Halkirk, the County of Paintearth, and representatives from the Alberta Municipalities association, the Local Government Administration Association, the Rural Municipalities of Alberta, and Alberta Rural Municipal Administrators' Association reviewed the viability report and its recommendations.

This report assesses the municipality's viability by considering five broad areas:

- **Sustainable governance** - addresses council practices and procedures, compliance with legislation, citizen engagement, strategic planning, and regional collaboration.
- **Administration and Operations** - addresses the capacity of the municipality to operate on a daily basis and implement council decisions.
- **Finances, Assessment & Taxation** - addresses the municipality's capacity to generate and manage revenues (including property tax assessment and collection of taxes) sufficient to provide for necessary infrastructure and services now and in the future.
- **Infrastructure** - addresses the municipality's capacity to effectively and efficiently manage its infrastructure.
- **Services** - addresses the capacity of the municipality to provide essential services that meet public expectations and applicable regulated standards.

For each of these areas, the report provides 1) a general introduction to the topic, 2) a description of the current state of the Village of Halkirk, 3) actions for council and administration to foster viability, and, 4) an idea of what may change or stay the same if Halkirk became a hamlet in the County of Paintearth.

The Viability Report recommendations provide specific actions the village would need to take towards continued viability.



Sustainable Governance

Sustainable Governance

Municipal governments consist of a council as the governing body of the municipal corporation and the custodian of its legislative powers under the authority of the *MGA*. Council sets the overall direction of the municipality, exercising the powers of the municipality through decisions at council meetings to create and review policies and programs.

Council is comprised of councillors that represent the electorate in the municipality. The chief elected official, also known as the mayor or reeve, may be elected at large by the electorate or chosen by the councillors at the first organizational meeting following the election, as is done in Halkirk. Councillors are expected to work together for the good of the community, consistent with the *MGA* and council's own code of conduct.

Council defines the policies and direction that municipal administration will put into action. To do so, council passes bylaws, adopts policies, and establishes budgets; raises revenue through property and business taxes, borrowing, and setting fines and fees for services; adopts plans for the use and development of land; and provides services required or desired by 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.

Did you know?

The legal framework and authority for local government in Alberta is primarily set out in the *Municipal Government Act* and the *Local Authorities Election Act*.

Current State & Progress to Date

The council of the Village of Halkirk consists of three councillors who are elected at large. The mayor is appointed annually by council at its organizational meeting.

The village has previously struggled to attract residents interested in running for council, and does not receive substantial community input on municipal issues. Three councillors were acclaimed for the 2021-2025 term.

Village councillors only participate in the minimum mandatory training and the village does not operate with a strategic or business plan. Resource limitations constrain ideas for new services and directions.

Municipal bylaws for the village are either outdated or not in place for current issues (e.g., land use, parking, animal control, noise, unsightly properties). Bylaw enforcement is limited, and is conducted by the CAO. Council has decided not to contract bylaw enforcement services due to cost.

Council communicates with residents through the village newsletter and by posters on community bulletin boards. Village council and administration have frequent and positive contact with its municipal neighbours. The village and the County of Paintearth have an agreed upon intermunicipal collaboration framework.

The county has been supportive of Halkirk during regional discussions, supporting Halkirk recreation and events, and contributing financially where the county deems it appropriate.

Halkirk is a Member of the Shirley McClellan Regional Water Services Commission.

Did you know?
 Alberta municipalities are interdependent, and often work with each other through a variety of partnership agreements, sharing of services, and formal collaboration activities.

Options Comparison

 Option 1: Remain a Municipality	 Option 2: Become a Hamlet
<p>Council Representation</p> <p>Residents would continue to be represented by three locally elected councillors. Council meetings are held on the third Wednesday of each month and are open to the public.</p> <p>Communication with Residents</p> <p>Village of Halkirk communicates with residents through the village newsletter and posters on community bulletin boards.</p> <p>Bylaws</p> <p>The village would undertake a review to revise, repeal, or add bylaws that address the needs of residents.</p> <p>Council will need to determine how bylaw enforcement would be conducted.</p>	<p>Council Representation</p> <p>Residents of Halkirk would be represented by the elected Division 4 councillor within the County of Paintearth. Council meets on the 1st and 3rd Tuesdays of each month.</p> <p>Residents would be eligible to run for the Division 4 position on council.</p> <p>The County of Paintearth procedural bylaw sets out the process for bringing issues forward to council. Local/hamlet-related issues can be raised with county council, the elected councillor, or with county administration.</p> <p>Communication with Residents</p> <p>The County of Paintearth engages with residents by mail, email, website, local media, and social media.</p> <p>Bylaws</p> <p>All village bylaws remain in effect until changed or repealed by Paintearth. The county will review Halkirk bylaws to adopt, repeal, or add if beneficial for the hamlet.</p> <p>The county has bylaw enforcement officers who would address needs in Halkirk.</p>

Recommended Actions if Halkirk Remains a Municipality (Option 1)

- Council should complete a comprehensive plan for the village inclusive of a services review, staffing needs assessment, and capital plan, with realistic operational and capital financial projections to achieve the plan.
- Council should complete a bylaw review to address the needs and interests of the community.
- Council should promote opportunities for residents to participate on council and committees.
- Council should determine how it will enforce its bylaws.



Administration & Operations

Administrative Capacity

Municipal administration implements the policy and directions of council. Councillors, including the mayor or reeve, are not permitted to undertake administrative functions. All municipalities in Alberta must appoint a Chief Administrative Officer (CAO) who has overall responsibility for the operations of the municipal corporation.

The CAO advises and informs the council on the operations and affairs of the municipality and implements, or directs staff to implement, policies and programs. Many administrative functions require specialized training, skills, or certification. Investing in professional development and training of the CAO and staff is central to effective municipal operations and service delivery.

Diverse functions for the administration of a municipality include: general administration (implementing policies and procedures), governance processes (supporting council), property assessment and taxation, budgeting and accounting, payables and receivables, audit and legal functions, risk management, occupational health & safety, public relations, election processes, and public works (such as maintaining water and wastewater systems).

Current State & Progress to Date

Municipalities in Alberta must appoint a CAO who has overall responsibility for the operation of the corporation. Local government administration requires properly trained and knowledgeable personnel. Attracting and retaining capable staff requires fair and adequate compensation and benefits.

The village budgets for part-time employees including a CAO (0.4 FTE), public works foreman (0.5 FTE), and part-time administrative support for reading gas meters, stuffing envelopes, and other tasks.

It is understood that a previous CAO worked many hours beyond the contracted time, without compensation. This indicates that the village may not have budgeted to adequately address the administrative needs of the municipality.

The part-time CAO hours has limited the capacity to fulfil all the duties and expectations of the role, including writing and submitting grant applications, procuring and managing major capital projects, MGA compliance, fire department administration, and financial management. There is also an expectation from village council for the CAO to undertake non-administrative duties, which has affected the ability for the CAO to complete all of their CAO responsibilities.

The village's public works permanent employee works full-time from late spring to early fall, and six hours per week through the fall and winter. Duties include miscellaneous maintenance,

Did you know?

Council members are obligated not to undertake any municipal function that has been delegated to the CAO and administration by the *Municipal Government Act*.

household garbage pickup, and seasonal grass mowing and outdoor maintenance. The village also hires a summer student to assist with outdoor maintenance.

Many administrative functions are contracted to service suppliers including:

- Property assessment
- Information technology maintenance
- Public works including:
 - Water or sewer operations and repairs
 - Road repairs
 - Building repairs

Options Comparison



Option 1: Remain a Municipality



Option 2: Become a Hamlet

Administration and Public Works	Administration and Public Works
<p>The village will review its operational needs to ensure staffing levels meet the needs of the municipality, including the increased demand related to overseeing infrastructure projects.</p> <p>Halkirk would ensure capable staff are employed and trained to fulfill required duties. Contracts for services will continue.</p>	<p>The County of Paintearth would initially keep the Halkirk office open during the transition. It is anticipated the office would ultimately be closed, and administrative functions would be at the county office, east of the Town of Castor, 30 km from Halkirk.</p> <p>Administrative and operational processes would transition to Paintearth staff. Staffing resources may be re-allocated to ensure required functions and operations are maintained.</p> <p>Paintearth currently provides several services to the village, and has the qualified staff to assume all of the administrative and operational responsibilities of the community.</p>

Recommended Actions if Halkirk were to remain a Municipality (Option 1)

- Council should increase its annual budget to attract, train, and compensate qualified staff to address its operational requirements.
- Council should review its operational and administrative functions to assess its staffing levels, and budget accordingly.
- Council should formalize existing 'handshake' service agreements with the County of Paintearth to ensure common expectations are communicated to future councils.



Finances, Assessment & Taxation

Finances, Assessment & Taxation

Annual financial statements must be audited by an independent auditor appointed by council and are publicly available in May of the following year. Municipalities must prepare three-year operating and five-year capital plans. Municipalities must also adopt annual operating and capital budgets that show their expected expenditures and revenues. Municipal revenues must be sufficient to cover expenditures for that year.

Municipal Expenditures. Overhead municipal costs include per diems and salaries of council and administration, as well as a number of general administrative costs such as postage, telecommunications, advertising, memberships, audit, legal, consulting, insurance, property assessment, office maintenance and utilities, and bank charges. These baseline costs are required for effective local administration. However, even with prudent cost management, baseline costs can consume a significant proportion of revenues, particularly in smaller municipalities where the costs cannot be spread out among a larger base of residences and businesses.

Core services such as utilities and roads are a significant expense due to the cost of required infrastructure. Significant one-time costs to replace failing infrastructure for core utility services may impact the ability to fund other municipal services such as fire suppression, snow removal, parks and recreation, and community events.

Municipal Revenues. Each year, municipal council determines the desired level of services and the revenues required for municipal services and operations. Revenue sources may include non-tax sources such as user fees (including utility fees), franchise fees paid by utility providers to access municipal land, and federal and provincial grants. Unexpended grants are reported as deferred revenue and must be expended for the purpose they were received. After non-tax revenues are deducted, the remainder is the revenue required through property taxes.

Property assessment is the process of assigning a dollar amount to property, based on the market value of the property, and is used to determine the proportion of taxes to be paid on each property. The tax rate is set annually and generally expressed as the amount of taxes per \$1,000 of assessed value of the property (mills). Municipalities are also required to collect education property taxes on behalf of the province. Unpaid property taxes are a concern as municipalities rely on these revenues to finance municipal operations, programs and services. Municipalities can also choose to impose special taxes and local improvement taxes on property in any area of a municipality to fund a service or project that will benefit that specific area.

Municipalities may borrow up to their debt limit, as determined by the *MGA*, which is set at two times the amount of municipal revenue.

Current State & Progress to Date

The Village of Halkirk is in a positive financial position, according to the village's 2020 audited financial statements. While the village does not include saving for future capital costs within its annual budget, it has accumulated a surplus over several years. As of December 31, 2020, the village had an accumulated surplus of \$551,532, as well as grant funding of \$486,000 allocated by the province for capital projects, but not yet received. Updated data from the 2021 financial year is not available at the time of publishing this report. The village has no debt. In the event of municipal dissolution, financial assets of the village are required to be used in Halkirk.

Did you know?

Municipal utilities rates (for water, wastewater, and garbage removal) should include some savings for future major repair and replacement of utility infrastructure.

The village has a very small tax base and has a 2021 property tax rate of 11.6072 on residential property.

Halkirk's natural gas utility generates a small annual surplus, used for general operating expense.

A combination of new policing costs and decreased provincial government transfer payments will need to be considered by council in the development of future budgets.

The table below compares the Village of Halkirk and the County of Paintearth 2021 property tax rates and the amount of property tax that property owners would pay on a property assessed at \$50,000.

Comparison of Total Halkirk Property Taxes at Village and Paintearth Tax Rates

The county has indicated tax rates in Halkirk would remain unchanged, and be reviewed after one year. Any surplus over the actual cost of local services would be allocated towards infrastructure repairs within Halkirk.

	Village of Halkirk		County of Paintearth	
	Residential	Non-residential	Residential	Non-residential
2021 Municipal Tax Rate (Mill Rate)	11.6072	12.6072	4.846303	14.439101
Alberta School Foundation Fund	2.6004	3.7888	2.563900	3.893300
Seniors Foundation	0.5124	0.5124	0.526760	0.526760
Total	14.7200	16.9084	7.937053	18.859161
Example: property assessed at \$50,000	\$736.00	\$845.42	\$396.85	\$942.96
Total Property Taxes Generated in Halkirk (For comparison)	\$82,719	\$28,543	\$44,602	\$31,836
Minimum Property Tax	\$500		\$50	

Options Comparison



Option 1: Remain a Municipality



Option 2: Become a Hamlet

Property Taxes	Property Taxes								
<p>Property taxes would need to increase to:</p> <ul style="list-style-type: none"> – Address rising operating costs related to <ul style="list-style-type: none"> ○ increased employee compensation and training; ○ the addition of policing costs; and ○ bylaw enforcement – Contribute to infrastructure improvement needs – Reflect reduced government transfer payments 	<p>A hamlet residential mill rate would be levied based on the 2021 village mill rate. The surplus between taxes collected and Halkirk-specific costs would be used for Halkirk infrastructure.</p> <p>Savings from a reduction of administration cost are anticipated.</p> <p>The county would periodically review the hamlet tax rate to ensure fairness, and anticipates harmonizing the property tax rates over time.</p>								
<p>Utility Fees</p> <p>Water and waste water utility fees may increase to reflect full cost-recovery, including emergency repairs, invoicing, and allocations to reserves for infrastructure replacement.</p> <p>The village must budget for sufficient administrative support identified within recommendations</p>	<p>Utility Fees</p> <p>Paintearth would implement its own fee structure for hamlet utilities. Fee structure would be based on cost for the county to operate and provide the service or product.</p> <p>In instances where Paintearth does not have a fee policy, Paintearth would review the former village fee structure and determine if it should be implemented for the hamlet.</p> <p>Natural Gas rates are not expected to change.</p> <p>Hamlet residents would pay for services not currently provided by Paintearth (e.g., household garbage pickup).</p>								
<p>Grants</p> <p>The village would continue to be eligible for annual provincial and federal grants under the terms of each program. Grant funding is primarily directed to capital projects, and cannot be used for operational expenses of a municipality.</p> <p><u>2022 Municipal Grants</u></p> <table border="0"> <tr> <td>Municipal Sustainability Initiative (MSI)_</td> <td></td> </tr> <tr> <td>Capital Projects</td> <td>\$54,888</td> </tr> <tr> <td>Operating</td> <td>\$25,419</td> </tr> <tr> <td>Federal Gas Tax Fund (GTF)</td> <td>\$50,000</td> </tr> </table>	Municipal Sustainability Initiative (MSI)_		Capital Projects	\$54,888	Operating	\$25,419	Federal Gas Tax Fund (GTF)	\$50,000	<p>Grants</p> <p>Under existing grant programs (subject ongoing budget approval), Paintearth County would be eligible for one-time provincial grant funding of approximately \$668,000 for infrastructure in Halkirk, and approximately \$144,800 for the transition of operations from the village to the county.</p> <p>Subject to continued grant conditions, MSI funding at the 2022 level would continue for five years. Thereafter, provincial grants would reflect the inclusion of Halkirk in funding formulas to the County as a whole.</p>
Municipal Sustainability Initiative (MSI)_									
Capital Projects	\$54,888								
Operating	\$25,419								
Federal Gas Tax Fund (GTF)	\$50,000								

<p>Assets (buildings, land, equipment)</p> <p>The village should assess the needs of the municipality and dispose of buildings and equipment not integral to municipal operations to reduce operating costs.</p> <p>Village-owned buildings include:</p> <ul style="list-style-type: none"> • Village Office and Public Works Shop • Seniors Centre • Community Hall • Curling Rink • Fire Hall • Post Office • Recreation Grounds • Mini-Arena • Water Tower • Former Church <p>Recreation funding</p> <p>The village owns several recreation/cultural/historical facilities. The county provides a recreation grant to Halkirk of \$20,000 annually, which is to assist with recreation costs. This is currently allocated for insurance (\$15,000) and Repairs & Maintenance (\$5,000) on the recreation facilities.</p>	<p>Assets (buildings, land, equipment)</p> <p>Paintearth County would review the condition and use of assets. Should any assets be disposed of, funds from their sale must be used for infrastructure projects in Halkirk.</p> <p>Recreation funding</p> <p>Recreation funding is delivered in accordance with county policy. Annual commitments for funding are outlined within the policy.</p>
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Recommended Actions for if Halkirk remains a Municipality (Option 1)

- Utility fees should be reviewed to reflect full cost-recovery, including emergency repairs, invoicing, and allocations to reserves for infrastructure replacement.
- Council should ensure it is developing reserves through taxation, user fees, and grants for future capital repairs and replacement of infrastructure.
- Council should assess the needs of the municipality and dispose of buildings and equipment not integral to municipal operations.



Infrastructure

Infrastructure

Municipal infrastructure includes the water system, wastewater system, roads and sidewalks, storm sewer drainage, parks, campgrounds and recreation facilities, and municipal buildings, such as the municipal office or fire station. A municipality's ability to fund infrastructure costs for core services expected by residents is a crucial aspect of whether a municipality is financially viable.

Ideally, infrastructure is maintained and gradually replaced over time. Many municipalities across Canada have not historically invested in the lifecycle of assets and are now facing high replacement costs for aging infrastructure. Replacing infrastructure can be funded from municipal reserves if the municipality has been saving for these costs as part of annual budgets. If not, the municipality may choose to fund infrastructure with long-term debt, paying financing costs annually, rather than using reserves saved in the past. Funding infrastructure through debt usually requires that the municipality have a sufficient tax base that can absorb additional costs of debt financing. Municipalities may also apply for provincial or federal grants to help subsidize the costs of replacing infrastructure.

Current State & Progress to Date

The municipality and its residents are responsible for major repairs and replacement of infrastructure. The provincial and federal governments provide grants to partially subsidize capital projects.

Halkirk customarily addresses infrastructure repairs and replacements as situations occur. Grants have been the sole funding source for capital projects. At the time the viability review was initiated, Halkirk had not undertaken capital projects for a number of years. Projects initiated in 2020 include:

- Firehall addition and upgrade
- Booth washrooms replacement
- Playground resurfacing
- Sidewalk replacement

Infrastructure Study

The Government of Alberta provided grant funding to conduct an infrastructure study of the current state of Halkirk's roads, water & wastewater, buildings and other assets, and provide a ten-year capital plan. The study, along with a review of municipal services, will enable council to make appropriate budget and operating decisions.

Did you know?

According to a 2016 report¹ by Canada Infrastructure, municipalities own 60% of Canada's core public infrastructure, and one-third of that is in fair, poor, or very poor condition. A decline in spending on public infrastructure through the 1970s and 80s means that municipalities now face higher costs to replace infrastructure.

The study, completed in September 2021, concludes that much of the infrastructure was built prior to 1980, with some even being built in the 1950s. Much is at or near the end of its life expectancy. The study provides a ten-year capital plan with costing (+ or – 30 per cent).

10-Year Capital Plan

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Roadworks	\$301,000	\$625,000	\$436,000	\$401,000	\$288,000	\$288,000	\$448,000	\$572,000	\$515,000	\$0	\$3,874,000
Water System	\$3,000	\$161,000	\$268,000	\$297,000	\$220,500	\$220,500	\$282,000	\$222,000	\$297,000	\$0	\$1,971,000
Waste Water	\$0	\$139,000	\$172,000	\$14,000	\$264,000	\$69,000	\$101,000	\$250,000	\$122,000	\$435,000	\$1,566,000
Buildings/ Equipment	\$79,500	\$96,600	\$140,000	\$100,000	\$98,500	\$87,000	\$150,000	\$81,500	\$70,500	\$69,000	\$972,600
	\$383,500	\$1,021,600	\$1,016,000	\$812,000	\$871,000	\$664,500	\$981,000	\$1,125,500	\$1,004,500	\$504,000	\$8,383,600

Funding for municipal infrastructure comes from several sources – accumulated operating surpluses, property taxes, special levies, and grants. Successive councils will need to determine the balance to ensure that core municipal services are maintained.

Overall, the municipal infrastructure is in functioning condition, but at the stage of needing an immediate, planned approach to fund and replace it.

The village office, senior center, community hall and curling rink each have foundation issues requiring remediation within three to five years. Additionally, the curling rink has other structural issues and ice plant equipment that is of particular concern, with the recommendation for a phase two environmental site assessment, as well as a detailed building condition assessment.

Options Comparison



Option 1: Remain a Municipality

Council would determine its approach to completing the necessary infrastructure projects over a ten-year period, identifying funding sources, such as grants, tax and utility fee increases, special taxes, etc.

Regular maintenance costs would be included within annual operating budgets.



Option 2: Become a Hamlet

Paintearth would review the infrastructure study and develop a prioritized plan to complete necessary projects.

Addressing critical infrastructure needs would be a high priority, with funding from Halkirk reserves, deferred revenue, and residents.

Water and Waste Water Systems

Grant funding may be used to complete repairs and replacement.

Roads and Sidewalks

Paintearth would assess service levels regarding road and sidewalk repairs. For

example, roads may not be repaved or surfaces may be graveled.

Municipal Buildings

The county would review the use and condition of structures to determine the best approach to each.

Parks and Recreation

Grass is cut in campgrounds twice a year.

**Recommended Actions if Halkirk were to remain a municipality
(Option 1)**

- Council should develop a 10-year plan for addressing the critical repairs, maintenance, and replacements identified in the infrastructure study. The plan should include a projected funding model.



Services

Services

Under the *Municipal Government Act*, each municipality determines what services, such as water or paved roads, to provide. Council may consult residents in making decisions about what constitutes necessary or desirable services. Council must also consider the costs, including infrastructure and replacement costs, and the available revenue sources (e.g. utility fees and taxes) to finance those services.

Municipalities are not required to provide any specific services, but often provide services such as water and wastewater management, roads, fire protection, and waste management. Services such as water or waste management are provided more often in urban than in rural municipalities. Municipalities may also join with one or more municipalities to create a regional service commission that jointly provides water, wastewater, waste, emergency, or other services to its municipal members.

The effective delivery of services and the setting of utility rates (fees for service) based on a full-cost recovery model are crucial to the operations of a municipality. In addition to utility services, the municipality may also provide such services as emergency and fire, bylaw enforcement, and snow removal. These costs are often accounted for in the general municipal property tax rate rather than an associated fee-for-service.

Current State & Progress to Date

The purposes of a municipality include the provision of services and facilities that are necessary for residents and to develop and maintain safe and viable communities. The most basic of services are the provision of roads, water & waste water systems, and emergency services.

Water services for the Village of Halkirk includes distribution of water from the Shirley McClellan Regional Water Services Commission. The village contributes financially to 36 per cent of the operating costs for use of the county's reservoir.

The village operates the natural gas distribution system, contracting the maintenance to the Paintearth Gas Co-op.

Snow removal for the village has been provided by the county without cost, subject to the availability of equipment and operator; however, county roads are the priority.

Household garbage is picked up twice a week by village public works. A garbage fee is charged on utility bills monthly. Recycling is available for residents at the waste transfer site.

Did you know?

Each municipality determines the types and levels of services they will provide. Water/wastewater systems, road maintenance, garbage collection and fire services are common and costly core services.

The Volunteer Fire Department is operated by the village and serves the village and the county through a regional fire agreement. The county contributes to the village for fire operations and equipment. The county provides a pumper truck and a tank truck, and 85 per cent of vehicle repair costs. In addition, the county covers 50 per cent of training costs for firefighters.

The village owns a number of recreational, cultural, and historical properties, and has a general goal to pursue historical tourism to drive local economic development. These facilities include the community hall, senior centre, rodeo grounds, two campgrounds, curling club, former church building, water tower (not in use), and a former mini-arena (model railroad display). The 2020 budget included work on the former church and for the water tower. The village belongs to Battle River Economic Opportunities Committee which is considering a regional tourism initiative in 2022.

The village maintains and operates the campgrounds, rodeo grounds, church and water tower. Community partners operate the senior center, community hall, curling club, and mini arena, with the village providing insurance coverage and some maintenance support. Residents have indicated that the seniors center and community hall are important municipal services.

Natural Gas is provided via a partnership with the Paintearth Natural Gas Co-op. The County of Paintearth provides some snow removal and infrastructure maintenance on a 'good neighbour' basis at its convenience and cost.

Family and Community Support Services are provided through the Castor and District FCSS and will continue under either governance model.

Did you know?
Family and Community Social Services (FCSS) is a unique 80/20 funding agreement between the Government of Alberta and participating municipalities to provide early intervention and prevention social services.

Options Comparison

 Option 1: Remain a Municipality	 Option 2: Become a Hamlet
The village would continue to determine service levels and budget accordingly.	The county would match most service levels, and then periodically assess needs and services in Halkirk to ensure their cost-effectiveness.
Solid Waste The village would continue to have twice-weekly household garbage removal.	Solid Waste Council direction on whether solid waste pickup would continue in Halkirk would be required. Residents could also use county transfer stations.

<p>Waste and Waste Water</p> <p>The village would continue to contract water and sewer operations and maintenance to the county.</p>	<p>Water and Waste Water</p> <p>The county would continue current service levels.</p>
<p>Natural Gas</p> <p>The village would continue contracting operations and maintenance to the Paintearth Natural Gas Cooperative. Invoicing and meter-reading will be handled by village staff.</p> <p>Parks and Recreation Facilities</p> <p>The village would continue to provide mowing and maintenance of parks and playground.</p>	<p>Natural Gas</p> <p>The county does not anticipate changes to services levels and would continue to contract operations and maintenance to the Paintearth Natural Gas cooperative.</p> <p>Parks and Recreation Facilities</p> <p>The county would continue to allocate funding for recreation purposes in Halkirk. Mowing and basic maintenance of parks would continue.</p> <p>The county will adapt its process with campgrounds to best address the needs of the Halkirk campground.</p>
<p>Emergency Services</p> <p>The village would continue to operate the volunteer fire department.</p>	<p>Emergency Services</p> <p>The volunteer fire department would continue to operate, under the County of Paintearth Director of Community Services.</p>

Recommended Actions if Halkirk were to remain a Municipality (Option 1)

- Council should complete a service capacity review to align service levels with council and resident expectations, and budget for the required staffing/contracting.
- Council should review its membership agreements with community service providers to ensure they are aligned with municipal goals and expectations.
- Council should develop a policy and procedures on funding support to community organizations and events.

Appendix A:

Recommendations for Viability

If the electors of the Village of Halkirk choose to remain a municipality, council will be directed by Ministerial Order to address the following recommendations for viability:

Sustainable Governance

- Council should complete a comprehensive plan for the village inclusive of a services review, staffing needs assessment, and capital plan, with realistic operational and capital financial projections to achieve the plan.
- Council should complete a bylaw review to address the needs and interests of the community.
- Council should promote opportunities for residents to participate on council and committees.
- Council should determine how it will enforce its bylaws.

Administration and Operations

- Council should increase its annual budget to attract, train, and compensate qualified staff to address its operational requirements.
- Council should review its operational and administrative functions to assess its staffing levels, and budget accordingly.
- Council should formalize existing 'handshake' service agreements with the County of Paintearth to ensure common expectations are communicated to future councils.

Finances, Assessment and Taxation

- Utility fees should be reviewed to reflect full cost recovery, including emergency repairs, invoicing, and allocations to reserves for infrastructure replacement.
- Council should ensure it is developing reserves through taxation, user fees, and grants for future capital repairs and replacement of infrastructure.
- Council should assess the needs of the municipality and dispose of buildings and equipment not integral to municipal operations.

Infrastructure

- Council should develop a 10-year plan for addressing the critical repairs, maintenance, and replacements identified in the infrastructure study. The plan should include a projected funding model.

Municipal Services

- Council should complete a service capacity review to align service levels with council and resident expectations, and budget for the required staffing/contracting.
- Council should review its membership agreements with community service providers to ensure they are aligned with municipal goals and expectations.
- Council should develop a policy and procedures on funding support to community organizations and events.

Appendix B: Vote on a Question

A vote of the electors of the Village of Halkirk on the question of dissolution of the village will be conducted in accordance with the *Local Authorities Election Act*.

Location: Halkirk Community Hall
111 Main Street, Halkirk, Alberta T0C 1M0

Dates and Times: Tuesday, March 8, 2021, from 4:00 p.m. to 8:00 p.m. and
Wednesday, March 9, 2021, from 10:00 a.m. to 4:00 p.m.

The Question

Electors will be asked the following question on the ballot:

Based on the findings of the Village of Halkirk Viability Review, which one of the two options below do you support for the future of Halkirk? (Select one only)

Option 1. The Village of Halkirk remains a village and implements changes to achieve viability.

Option 2. Dissolve the Village of Halkirk and Halkirk becomes a hamlet in the County of Paintearth.

Vote by Special Ballot

Special ballots (mail-in) are available for electors who have physical disability preventing them from being able to attend the voting station or will be away from the village during the days of the vote. An elector may apply for a special ballot from the Returning Office by one of the following methods:

By mail: Attention: Returning Officer – Village of Halkirk Viability Review Vote
17th Floor, 10155-102 Street, Edmonton, AB, T5J 4L4

By phone: Toll-free in Alberta by dialing: 310-0000 then 780-427-2225

By email: viabilityreview@gov.ab.ca

Special Ballots **must** be returned by mail or courier to the Edmonton address above and received by 4:00 p.m. on Monday, March 7, 2022.

Voter Eligibility and Identification

The *LAEA* clearly stipulates that to be eligible to vote, a person must be:

- a Canadian citizen;
- over the age of 18 years; and
- a resident of Alberta and the municipality on the day of the vote.

Voter identification must be presented that clearly identifies the person with an address within the Village of Halkirk.

Scrutineers

The Returning Officer, if requested in writing by two or more electors, shall appoint, in writing, those persons named in the request as scrutineers to attend at the voting station on behalf of the persons interested in promoting the voting for either response. One scrutineer for each side of the question will be permitted within the polling station at any one time, including during the vote count.

Public Health Measures During COVID Pandemic

Ensuring the safety of the public and election administrators is the highest priority. A variety of measures will be taken to comply with public health guidance during the COVID pandemic. Electors should expect enforcement of the maximum number of people for indoor gatherings, physical distancing, availability of face masks and hand sanitizer, and regular cleaning/disinfecting of high touch surfaces and writing tools for forms and ballots.

The Outcome

If a majority of voters choose to dissolve (50 per cent plus one of valid ballots cast), the Minister must recommend to Cabinet that the village be dissolved at a suitable time to allow for a smooth transition of services. Until such time, the village will continue to operate.

If a majority of voters choose to remain a village (50 per cent plus one of valid ballots cast), the Minister will provide specific directives to ensure the future viability of the municipality.