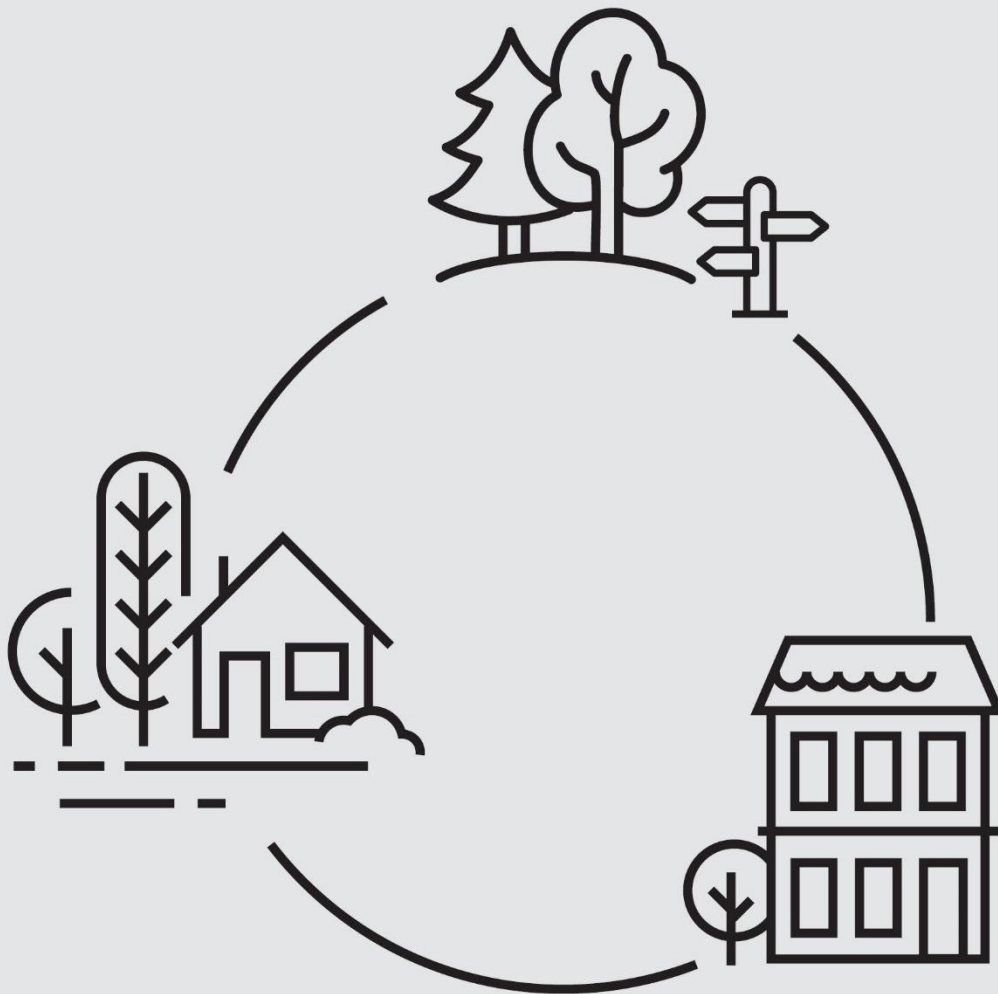

Viability review report: Village of Halkirk



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Village of Halkirk
Municipal Affairs, Government of Alberta

Village of Halkirk Viability Report

February 2022 – updated September 2024

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Executive Summary

The Minister of Municipal Affairs initiated a viability review of the Village of Halkirk at the request of council in April 2020. In February 2022, Alberta Municipal Affairs distributed a viability report to all residents of Halkirk to assist in evaluating the best form of municipal government to meet the community's current and future needs.

The 2022 report was prepared following the collection and analysis of information from both the Village of Halkirk and the County of Paintearth. At that time, elected officials and administration from the village and county, as well as municipal officials representing four Alberta municipal associations (Rural Municipalities of Alberta, Alberta Municipalities, Alberta Rural Municipal Administrators' Association, and Local Government Administration Association of Alberta) reviewed and provided input on the viability review report.

A vote of electors on the question of dissolution was held in March 2022, and village residents voted to remain a village. Since the vote, council and administration have been working with the ministry and submitting annual progress updates to the Minister per Ministerial Order No. MSD:023/22 to improve the village's viability.

In May 2024, village council requested the Minister hold an additional vote of electors citing ongoing viability challenges. In June 2024, the Minister approved the village's request and directed ministry staff to update the 2022 viability report and conduct an additional vote of electors on the question of dissolution.

This updated report reflects a review of information in the 2022 report, additional discussions with administration from both the county and village, information gathered from an additional public information session, and the review of directive submissions and updated financial information.

This updated report is intended to assist village residents in evaluating the best form of municipal government to meet the community's current and future needs. The report will compare two options for the future of the Village of Halkirk: to remain an incorporated municipality, or to dissolve and become 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, to answer the question: *What would be the same or different about remaining as a village or becoming a hamlet in the neighbouring county?*

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

Continuing as a Village

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 additional actions to improve its viability; it is anticipated those actions will include the recommendations within this updated report.

If Halkirk remains a village, residents would continue to elect three councillors to govern the municipality. Village council would be expected to address the recommended actions in this report. Village council would also 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.

If 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 balanced operating and capital budgets.

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 new Hamlet of Halkirk. Residents would participate in the election of a candidate from Division 4 as their representative on county council. The municipal office would be closed in Halkirk, with administrative functions provided through the county office in Castor. The county may consider an appropriate transitional period prior to closing the local municipal office and would offer multiple options for contacting administrative staff and making payments for services.

The County of Paintearth has qualified staff and capacity to effectively address much of the identified needs within the village. Administrative costs savings may result from the elimination of some duplicate expenses (e.g., council, staffing, accounts payable and receivable, and insurance premiums). However, due to the village's low investment in these areas, it can be anticipated these savings may be marginal.

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

Viability Vote 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:

- Future budgets should ensure resourcing for staff capacity to undertake the work required of a municipality.
- The village needs to budget for major repairs and infrastructure replacement.
- Halkirk may experience future inflationary or additional operating costs, and a potential decrease in revenue sources.
- New or additional revenue sources are not anticipated.

Based on these viability considerations, the village may require:

- increased property tax revenue for staffing, inflationary costs, and potential additional costs; and
- funding for the completion of large infrastructure projects over a ten-year period.

Viability Review Timelines

2020-2022 Viability Review and Vote

Initiation – Council Request	April 2020
Initial Public Input	May 2020
Research and Analysis	May 2020 – September 2021
Infrastructure Audit	April 2021 – September 2021
Report Distribution	February 2022
Pre-Vote Information Session	February 2022
Vote	March 2022

2024 Report Update and Vote

Initiation – Council Request	May 2024
Public Information Session	July 2024
Report Update	July 2024 – August 2024
Pre-Vote Information Session	September 2024
Vote	October 2024

Next Steps

Pre-Vote Public Information Session

Following the distribution of the updated Village of Halkirk Viability Review Report, ministry staff will host an information session on Tuesday, September 24, 2024, starting at 7:00 p.m. in the Halkirk Community Hall. The purpose of the meeting is to:

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

Vote of Residents

Two weeks after the information session, the ministry will hold another vote of the electors of the Village of Halkirk on the question of dissolution. Village electors will have a second opportunity to vote to either remain as a municipality, or to become part of the County of Paintearth. If the majority of residents vote 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, which typically include the viability review report's recommendations, which the Minister feels are necessary to ensure the viability of a municipality. The village will be required to provide reports demonstrating sufficient progress towards these directives for five years. The village is currently subject to directives through Ministerial Order No. MSD:023/22 following the March 2022 vote in which the electors chose to remain a village. The village has continued to face challenges achieving those directives, including a failure to submit progress reports on time and to achieve sufficient progress on the recommendations, despite best efforts. Failure to implement directives could lead to further provincial intervention under Section 130.3 of the *Municipal Government Act (MGA)*, including withholding money otherwise payable by the Government to the municipality pending compliance with an order of the Minister, requiring or prohibiting any other action as necessary to ensure compliance with the order, or dismissing the council or any member of it or the chief administrative officer.

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 and updated report, 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 2023 Municipal Affairs Population List identified the village population as 92, down 31.5 per cent from 121 in 2011.

The village's rural municipal neighbour is the County of Paintearth. The county has a population of 1,990 across approximately 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's boundaries. The county maintains 2,364 km of roadways.

Viability Review Process

Sections 130 – 130.1 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 in evaluating the best form of municipal government to meet the community's current and future needs. The options explored through the viability review process are to remain a distinct municipality with an action plan to improve its viability, or to dissolve the municipal corporation and become a hamlet in the neighbouring rural municipality.

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, is undertaken for villages as part of the viability review.

2020-2022 Viability Review and Vote

Initiation

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 was no longer feasible for the village to continue operations into the future.

Stakeholder Engagement

In 2020, 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 way of a Community Comment Form. The following themes were evident in the seventeen responses received:

- sense of community remains important to residents;
- residents had concerns with village bylaws and a perceived lack of enforcement;
- residents were concerned with the ability of the County of Paintearth to provide services (roads, water, and sewer); and
- municipal facilities, including the community hall and seniors centre, are valued community resources.

2022 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 described options for viability and provided recommendations to the Minister should residents choose to remain a village.

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

The February 2022 report assessed 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 provided a general introduction to the topic, a description of the current state of the Village of Halkirk, actions for council and administration to sustain viability, and an idea of what may change or stay the same if Halkirk became a hamlet in the County of Painteareth.

The viability review report recommendations provided specific actions the village needed to take towards sustainable viability.

2024 Report Update and Vote

Initiation

In May 2024, the Village of Halkirk council requested that the Minister of Municipal Affairs conduct an additional vote of electors due to ongoing viability challenges. In June 2024, and in consideration of the insufficiency of the village's 2024 Directives report submission (required under Ministerial Order No. MSD:023/22), the Minister approved an additional vote of electors on the question of dissolution.

Report Update Process

Prior to holding an additional vote of electors, the Minister directed ministry staff to update the February 2022 viability review report. This process includes hosting an additional public information session, gathering input from the village and county administrations, and undertaking an online public survey.



Sustainable Governance

Sustainable Governance

Municipal governments consist of a locally elected 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.

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*.

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 an organizational meeting, 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 bylaw.

Council defines the policies and direction that municipal administration put into action. To achieve this, 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 determines services to be provided to 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.

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. Since the 2022 vote, there have been two by-elections due to resignations of four councillors. In February 2023, a by-election filled one vacancy by acclamation, and in November 2023 a by-election saw a vote that filled three vacancies out of five candidates.

Village councillors have participated in the minimum mandatory training and the village is not operating with a strategic or business plan. Ministerial Order No. MSD:023/22, issued after the 2022 viability vote, required council to complete a comprehensive strategic planning session.

Municipal bylaws for the village remain outdated or are not in place for current issues (e.g., land use, parking, animal control, noise, unsightly properties).

Resource limitations constrain ideas for new services and directions. 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, municipal website, social media, and by posters on community bulletin boards. Village council and administration have frequent and positive contact with municipal neighbours. The village and the County of Paintearth have an approved 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.

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

Council Representation

Village of Halkirk residents would continue to be represented by three locally elected councillors. Council meetings are held on the second Thursday of each month and are open to the public.

There would be an expectation for residents to take advantage of public participation opportunities at council meetings, public hearings, or other necessary municipal activities.

Council has members on the following committees: Emergency Advisory Committee, East Central Ambulance Service, Battle River Economic Opportunities Committee, Halkirk Hall Association, Halkirk Fire Department, Paintearth Economic Development, Castor and District Housing Authority, Halkirk Water & Sewer, Palliser Regional Municipal Services, Paintearth Regional Waste Management, Shirley McClellan Regional Water Services Commission, Castor & District FCSS and Handi Van Society, Paintearth Adult Learning Council.

Council Representation

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.

Halkirk residents would be eligible to run for the Division 4 position on council.

The county 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.

Halkirk residents would continue to be represented on municipal committees through county members.

<p>Council will need to develop a comprehensive plan including realistic financial projections and should look for partnership opportunities to minimize financial burden where possible.</p>	
<p>Communication with Residents</p> <p>Village of Halkirk communicates with residents through the village newsletter, website, social media, and posters on community bulletin boards.</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 and Policies</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 will benefit from training to ensure understanding and compliance with provincial legislation.</p>	<p>Bylaws & Policies</p> <p>The former village bylaws will remain in effect for the Hamlet of Halkirk until changed or repealed by the county. The county will review the bylaws to adopt, repeal, or add if beneficial for the community.</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 participate in training to ensure compliance with provincial legislation.
- Council still needs to 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 still needs to complete a bylaw and policy review to address the needs and interests of the community, including how the village will enforce its bylaws.
- Council still needs to promote opportunities for residents to participate on council and committees.
- Council should explore operational and capital support opportunities with the county and other potential partners.



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, as per the *MGA*. 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, council's decisions on policies and programs. Many administrative functions require specialized training, skills, or certification. Local government administration requires properly trained and knowledgeable personnel. Attracting and retaining capable staff requires fair and adequate compensation and benefits. Smaller organizations face challenges associated with limited resources, minimal skilled staff, and inadequate succession plans.

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 and safety, public relations, election processes, and public works (such as maintaining water and wastewater systems).

Current State & Progress to Date

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 other routine administrative tasks.

It is understood that in the past, many CAOs have worked hours beyond the contracted time without compensation. This indicates that the village may not budget to adequately address the administrative needs of the municipality.

The current part-time CAO (24 hours per week) has limited 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 of the CAO to complete all required CAO responsibilities.

The village's public works permanent employee works full-time (40 hours per week) from late spring to early fall, and 10 hours per week through the fall and winter. Duties include miscellaneous maintenance, household garbage pickup, and seasonal grass mowing and outdoor maintenance. The village also hires a summer student to assist with outdoor 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*.

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 and maintenance
 - 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>The village would ensure capable staff are employed and trained to fulfill required duties.</p> <p>The village would ensure that capacity challenges of a limited staff are addressed adequately.</p> <p>Current contracts for services will continue.</p> <p>The village should formalize any “handshake” agreements and explore additional shared service opportunities.</p>	<p>The county would initially keep the Halkirk office open during the transition. It is anticipated the office would ultimately be closed, and administrative functions would be through the county office, east of the Town of Castor, 30 km from Halkirk.</p> <p>The county offers multiple options to contact administrative staff or make payments for services.</p> <p>Administrative and operational processes would transition to county staff. Staffing resources may be re-allocated to ensure required functions and operations are maintained.</p> <p>The county currently provides several services to the village and has the qualified staff to assume all the administrative and operational responsibilities of the community.</p>

Recommended Actions if Halkirk Remains a Municipality (Option 1)

- Council would still need to review its operational (administrative and public works) requirements and adjust its annual budget to adequately attract, train, and compensate qualified staff.
- Council and administration should develop a comprehensive succession plan to address the challenges of limited organizational human resources.
- Council would still need to formalize existing ‘handshake’ service agreements with the County of Paintearth (or other partners) to ensure common expectations are communicated to future councils.
- Council should explore additional shared service opportunities.



Finances, Assessment & Taxation

Finances, Assessment & Taxation

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. Annual financial statements must be audited by an independent auditor appointed by council and must be made publicly available in May of the following year.

Municipal finance includes more than just plans, budgets, and audited financial statements. There are other considerations as well, such as revenues and expenses.

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. After non-tax revenues are taken into account, the remainder is revenue required through property taxes. Municipalities may 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.

Expenses include municipal costs such as per diems and salaries of council and administration, as well as general administrative costs such as postage, telecommunications, advertising, memberships, audits, legal services, consulting, insurance, property assessment, office maintenance and utilities, and bank charges.

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 municipality's ability to fund other municipal services such as fire suppression, snow removal, parks and recreation, and community events.

Municipalities may borrow up to their debt limit, as determined by the *MGA*, which is set at 1.5 times the amount of municipal revenue.

Current State & Progress to Date

The 2023 audited financial statements stated the village had a total restricted/unrestricted surplus of \$489,535 and carried no debt. In the event of municipal dissolution, financial assets of the village are required to be used in the Hamlet of Halkirk.

The village has a very small tax base and in 2023 had a residential property tax rate of 11.592.

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

A combination of new or increasing costs and potential decrease in government transfer payments will need to be considered by council in the development of future budgets.

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.

Options Comparison



Option 1: Remain a Municipality



Option 2: Become a Hamlet

Property Taxes

Property taxes may need to increase to address costs related to providing operational capacity including adequate training, bylaw review and enforcement, potential reduction of government transfers, and additional or inflationary costs.

Revenue may need to increase through property tax increases or special taxes to address infrastructure maintenance and replacement expenses.

Council will need to develop reserves for infrastructure repairs and replacement.

Services & Utility Fees

Utility fees may increase to reflect full cost-recovery, including emergency repairs, invoicing, and allocations to reserves for future infrastructure replacement.

Council will need to develop a strategy to balance service levels, service delivery, and financial capacity.

Grants

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 with limited allocations for operational expenses of a municipality.

2024 Municipal Grant Allocations

Local Government Fiscal Framework (LGFF)
– Capital \$181,533

Property Taxes

A hamlet residential mill rate would be levied based on the 2024 village mill rate. The surplus between taxes collected and Halkirk-specific costs would be used for community infrastructure.

Savings from a reduction of administration costs may be anticipated but may be minimal due to limited current investment. The county's administrative capacity is greater than the village's current level.

The county would periodically review the hamlet tax rate to ensure fairness and anticipates harmonizing the property tax rates over time.

Services & Utility Fees

The county 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.

In instances where the county does not have a fee policy, they would review the former village fee structure and determine if it is adequate for the service.

Natural Gas rates are not expected to change.

Halkirk residents would pay for services not currently provided by the county (common utilities such as water/sewer distribution).

Grants

Under the current Alberta Community Partnership Programs (ACP), upon dissolution of the village, the county would be eligible for one-time provincial grant funding of approximately \$638,000 for infrastructure and approximately \$146,000 for transition of operations from the village to the county.

If the village dissolves, the county will receive LGFF funding equivalent to the amount that would have been allocated to the former village as if the dissolution had not taken

<p>Local Government Fiscal Framework (LGFF) – Operating \$50,838</p> <p>Canada Community Building Fund (CCBF) - \$55,360</p>	<p>place, in addition to its own allocation. This calculation will apply in the year the restructuring occurred plus the five subsequent years.</p>
<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 and capital 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>Assets (buildings, land, equipment)</p> <p>The 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 the Halkirk community.</p>
<p>Recreation funding</p> <p>The village owns several recreation/ cultural/historical facilities. The county provides a recreation grant to the village of \$24,000 annually, which is to assist with recreation costs. This is currently allocated for insurance and repairs & maintenance of the recreational facilities.</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 if Halkirk Remains a Municipality (Option 1)

- Council would still need to review the village’s current service levels and develop a service delivery strategy that balances future service levels with financial capacity.
- Council would still need to develop a plan to build reserves for future capital repairs and replacement of infrastructure, including funding sources such as taxation, user fees, and grant allocations.
- Council would still need to 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 and 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 are also eligible to 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.

Halkirk customarily addresses infrastructure repairs and replacements as situations occur. Grants have been the sole funding source for capital projects. At the time the 2022 viability review was initiated, Halkirk had not undertaken capital projects for several years. The village has completed the Berry Street paving since the conclusion of the viability review in February 2022 and is currently undertaking the lagoon repairs. The county has helped facilitate high-speed fibre optic broadband to the village.

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 with estimated costing.

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

The study, along with a review of municipal services, enables council to make necessary budget and operating decisions regarding infrastructure and associated costs for maintenance, repair, and replacement.

10-Year Capital Plan

The 10-year capital plan included in the infrastructure study showed estimated costing of \$8,383,600 shared across four categories;

- roadworks: \$3,874,000;
- water system: \$1,971,000;
- wastewater: \$1,566,000; and
- buildings/equipment: \$972,600.

Annual expenditures over the 10 years, to manage all existing infrastructure identified, would be an average annual expenditure of \$868,360. Much of the infrastructure identified is associated with core municipal services. The villages financial capacity will need to be assessed to determine how core municipal services will be maintained and which non-essential infrastructure may need to be minimized or disposed of.

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

Options Comparison



**Option 1:
Remain a Municipality**



**Option 2:
Become a Hamlet**

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

Addressing critical infrastructure needs would be a high priority, including identifying funding sources such as reserves, deferred revenue, grants, tax and utility fee increases, special taxes.

The county 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 such as reserves, deferred revenue, grants, tax and utility fee increases, special taxes.

Water and Wastewater Systems

Grant funding and/or special taxes may be used to complete repairs and replacement.

The village will need to assess the infrastructure inventory and the ability of the community to fund maintenance, repairs, and replacement; financial capacity may necessitate difficult decisions on non-essential inventory.

Roads and Sidewalks

The county 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.

Recommended Actions if Halkirk Remains a Municipality (Option 1)

- Council should identify essential and non-essential infrastructure, and align infrastructure inventory with financial capacity, to develop a strategy for managing infrastructure deficit.
- Council would still need to develop a 10-year capital plan based on the village's infrastructure deficit strategy to realistically address the critical repairs, maintenance, and replacements identified in the infrastructure study; this plan should include a projected funding model.



Services

Services

Under the *Municipal Government Act*, each municipality determines what services to provide. Council must make decisions about what constitutes necessary (essential) or desirable (non-essential) services. Council must also consider the costs, including infrastructure and replacement costs, and the available revenue sources to finance those services.

Municipalities are not required to provide any specific services, but often provide services such as water, wastewater, solid waste management, and snow removal. Services provided in an urban area are often different than services provided in rural areas.

Municipalities may also join with one or more municipalities to create a regional service commission that jointly provides those or other services to its municipal members.

The effective delivery of utility services and the setting of rates or user fees 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 response, as well as bylaw enforcement. These costs are often accounted for in the general municipal property tax rate rather than through an associated user fee.

Current State & Progress to Date

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.

Natural gas is provided via a partnership with the Paintearth Natural Gas Co-op.

The landfill is owned by the village but managed by Paintearth Regional Waste Management.

The County of Paintearth provides some snow removal 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.

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.

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 village owns several 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 rink;
- former church building;
- water tower (not in use); and
- a former mini-arena.

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.

The village belongs to Battle River Economic Opportunities Committee which has considered a regional tourism initiative.

The village maintains and operates the campgrounds, rodeo grounds, church, mini-arena, and water tower.

Community partners operate the senior center, community hall, and curling club with the village providing insurance coverage and some maintenance support. Residents have indicated that the seniors center and community hall are important municipal services.

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

Options Comparison



**Option 1:
 Remain a Municipality**



**Option 2:
 Become a Hamlet**

<p>The village would need to assess service levels and financial capacity to adjust services to sustainable levels.</p> <p>The village should review full cost-recovery for appropriate services.</p> <p>The village should review membership agreements to ensure they meet the communities needs.</p> <p>The village should develop a strategy for funding support to community organizations and events.</p>	<p>The county would maintain most service levels and assess needs and services to ensure sustainability.</p>
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<p>Solid Waste</p> <p>The village would need to assess user fees and adjust for full cost-recovery including future replacement of equipment, if there is a desire to maintain twice-weekly household garbage removal.</p> <p>Waste and Wastewater</p> <p>The village would continue to contract water and sewer operations and maintenance, utilizing full cost recovery practices.</p>	<p>Solid Waste</p> <p>Council direction on solid waste pickup would be required, including which cost-recovery practices the county may wish to consider. Residents could also use county transfer stations.</p> <p>Water and Wastewater</p> <p>The county would continue current service levels, but cost-recovery practices may be considered.</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 the playground, campground, and parks.</p> <p>Cemetery</p> <p>The cemetery would continue to be managed through community partners and the village.</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 allocate funding for recreation purposes to identified groups as per county policy.</p> <p>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>Cemetery</p> <p>The county would determine how they would manage the cemetery to maintain as may be required.</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 Remains a Municipality (Option 1)

- Council should align service levels with the village’s service delivery strategy to ensure sustainability.
- Council would still need to review utility fees annually to reflect full cost-recovery, including emergency repairs, invoicing, and infrastructure replacement.
- Council would still need to review its membership agreements with community service providers to ensure they are aligned with municipal goals and expectations.
- Council would still need to develop policies 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 participate in training to ensure compliance with provincial legislation.
- Council would still need to 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 would still need to complete a bylaw and policy review to address the needs and interests of the community, including how the village will enforce its bylaws.
- Council would still need to promote opportunities for residents to participate on council and committees.
- Council should explore operational and capital support opportunities with the county and other potential partners.

Administration and Operations

- Council would still need to review its operational (administrative and public works) requirements and adjust its annual budget to adequately attract, train, and compensate qualified staff.
- Council and administration should develop a comprehensive succession plan to address the challenges of limited organizational human resources.
- Council would still need to formalize existing 'handshake' service agreements with the County of Paintearth or other partners, to ensure common expectations are communicated to future councils.
- Council should explore additional shared service opportunities.

Finances, Assessment and Taxation

- Council would still need to review the village's current service levels and develop a service delivery strategy that balances future service levels with financial capacity.
- Council would still need to develop a plan to build reserves for future capital repairs and replacement of infrastructure, including funding sources such as taxation, user fees, and grant allocations.
- Council would still need to assess the needs of the municipality and dispose of buildings and equipment not integral to municipal operations.

Infrastructure

- Council should identify essential and non-essential infrastructure, and align infrastructure inventory with financial capacity, to develop a strategy for managing infrastructure deficit.
- Council would still need to develop a 10-year capital plan based on the village's infrastructure deficit strategy to realistically address the critical repairs, maintenance, and replacements identified in the infrastructure study; this plan should include a projected funding model.

Services

- Council should align service levels with the village's service delivery strategy to ensure sustainability.
- Council would still need to review utility fees annually to reflect full cost-recovery, including emergency repairs, invoicing, and infrastructure replacement.
- Council would still need to review its membership agreements with community service providers to ensure they are aligned with municipal goals and expectations.
- Council would still need to develop policies 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, October 8, 2024, from 4:00 p.m. to 8:00 p.m. and
Wednesday, October 9, 2024, 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 and updated report, 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 Officer 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 12:00 p.m. on Monday, October 7, 2024.

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.

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.

Appendix C:

Summary of 2024 Public Engagement

Ministry staff hosted a public information session on July 8th, 2024, from 7 to 9 PM at the Halkirk Community Hall. Approximately 30 attendees were present at this session, including village residents, village councillors, village staff, county councillors, and county staff.

This session was promoted in a letter mailed to residents and introduced the additional vote process, discussed the contents of the updated viability review report, and provided an opportunity to better understand the contents of the original report.

Alongside the initial public information session, ministry staff also published an online survey. The survey included 39 questions divided into 6 sections. These sections correspond with the themes discussed in the updated viability report, with the addition of Community. The themes in the survey are:

- Community
- Governance
- Administration
- Finances
- Infrastructure
- Services

The survey took approximately 10 minutes to complete and was promoted in the letter mailed to residents, and at the public information session. The survey was open for 28 days, from June 21 to July 19, 2024. Respondents submitted 8 survey responses online (80 per cent) and 2 on paper (20 per cent).

All survey respondents indicated that they live in the village. Based on a 2023 population of 92 (2023 Municipal Population List), 11% of the municipal population participated in this engagement activity. Most respondents (90 per cent) indicated that they own property in the village and no respondents indicated that they operate a business in the village.

Community

Respondents feel connected to their community and community services. Respondents like that Halkirk has a quiet (50 per cent) and small-town atmosphere (90 per cent). They value the Halkirk Elks (40 per cent of survey respondents), the Community Hall (40 per cent of survey respondents), and the seniors center (40 per cent of survey respondents). Since February 2022, respondents feel the community has changed positively because of a new CAO (50 per cent). They believe the new CAO has built trust between the village and residents and improved community spirit.

Governance

Since February 2022, respondents feel that there have been significant improvements in governance in the village. While all survey respondents are not interested in running for municipal council, 90 per cent of survey respondents feel heard and informed by current council.

Respondents feel that communications between council and residents have improved (50 per cent of survey respondents) and they perceive council as more trustworthy (40 per cent).

In discussing governance changes as a hamlet, survey respondents are concerned about how they will be represented in the county (30 per cent). Session attendees similarly asked questions about county structures and governance.

Administration

Survey respondents feel that village administration, while improved and accessible, does not have the capacity to manage village affairs and that the village's poor finances limit administration's potential for success (50 per cent). Respondents feel administration is doing well (100 per cent) and communications between administration and residents is strong (50 per cent of survey respondents), but the village's financial challenges are believed to impact overall administrative capacity (30 per cent of survey respondents).

Survey respondents and session attendees also feel that the past CAO negatively affected administration (50 per cent of survey respondents). The new CAO is rebuilding village capacity, but some respondents believe this capacity will take time to materialise (40 per cent of survey respondents).

Finances

Village finances are a repeated and often-referenced concern among survey respondents and session participants. Respondents cite the village's limited revenue (60 per cent), rising costs (50 per cent), and service fees (40 per cent) as the most pressing financial worries. While property taxes and user fees are generally appropriate for survey respondents (70 per cent), past CAO (50 per cent of survey respondents) and Council decisions (20 per cent of survey respondents) have negatively impacted the village's finances.

Session attendees asked questions about county finances and requested a comparison of village and county finances.

Infrastructure

Survey respondents are split on whether village infrastructure meets current needs. Some respondents are concerned that the village's water (40 per cent) and sewer (20 per cent) infrastructure is inadequate, while others are worried about the village's fiscal ability to afford infrastructure upgrades (30 per cent). Alternatively, other respondents feel that current infrastructure is appropriate (50 per cent). Infrastructure that survey respondents value includes water (60 per cent), sewer systems (60 per cent), recreation (20 per cent), and roads (20 per cent).

Services

Respondents feel village services have largely remained unchanged since February 2022 (90 per cent). Similarly, survey responses highlight that the village meets resident expectations in providing services (90 per cent of survey respondents).

Session attendees requested a pros and cons list of village and county services and programs on whether the village votes to remain or become a hamlet in the county.

Contact Information

Municipal Sustainability

Department of Municipal Affairs

viabilityreview@gov.ab.ca

Toll free: [310-0000](tel:310-0000) then [780-427-2225](tel:780-427-2225)

Pre-Vote Public Information Session

Following the distribution of the updated Village of Halkirk Viability Review Report, ministry staff will host an information session:

Date: Tuesday, September 24, 2024

Time: 7:00 p.m.

Location: Halkirk Community Hall

The purpose of the meeting is:

- to 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 including the vote for village electors on the question of dissolution of the village.

Additional Information

For further information about the Village of Halkirk viability review update and vote, please contact:

Dee Deveau

Municipal Viability Advisor

Alberta Municipal Affairs

Email: viabilityreview@gov.ab.ca

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