

# Viability Review Report

## Village of Gadsby



Municipal Affairs, Government of Alberta  
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Village of Gadsby Viability Review Report  
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# Executive Summary

## Major Implications for Residents

Alberta Municipal Affairs staff prepared the Village of Gadsby Viability Review Report based on information collected from the village and the County of Stettler. The draft report was reviewed by officials and administration from the village and county, and municipal officials representing four Alberta municipal associations, prior to the publication and distribution of the finalized report to village residents.

The Viability Review Report describes two options for the future of Gadsby:

1. the Village of Gadsby remains an incorporated municipality and council addresses the recommended actions in this report according to the direction of the Minister of Municipal Affairs, and
2. the municipal corporation of Gadsby dissolves and becomes a hamlet in the County of Stettler.

This Executive Summary highlights the major similarities and differences under these two options answering the questions:

**What will be the same or different if Gadsby remains a village?**

**What will be the same or different if Gadsby becomes a hamlet in the County of Stettler?**

## Life as a Village

With the approval of a viability review for the village, the Minister has expressed that Gadsby'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.

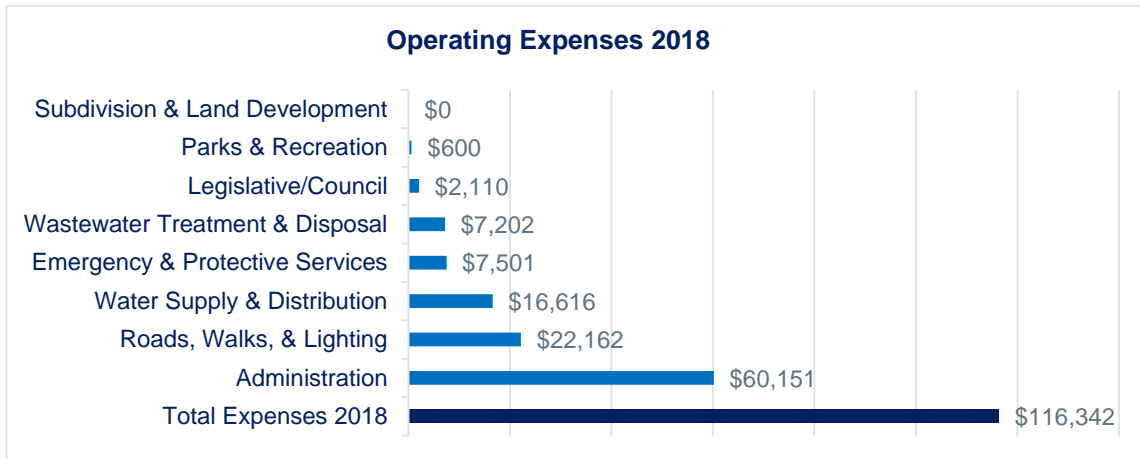
**Council** The Official Administrator will conduct a by-election to elect a new council and the elected councillors will be expected to address the recommended actions in this Viability Review Report.

**Administration** The council will hire a CAO and either rehabilitate the current village office or acquire alternate space to operate out of.

**Finances** Costs associated with the administration of the village consume over 53 per cent of the village expenses and consume almost 94 per cent of total municipal property taxes. There appears to be little opportunity to reduce council and administrative costs since the village's current costs are already less than half of the average costs reported by small Alberta villages. Since the village reported near break-even operations in 2018 (See Appendix D), it is not anticipated that property taxes could decrease in the foreseeable future

**Taxes** The village's municipal property tax rate on residential properties equates to \$41.98 for each \$1,000 of assessed property value. This is the highest residential tax rate in the province, and is almost four times the average for small villages.

Despite careful cost management, property taxes will need to be maintained at the same level to continue the operation of the village at current service levels. The village must address tax arrears through the legislated tax recovery program.



**Services** The village will have sole responsibility for provision of services and programs. The village will determine the levels of services for grass mowing in the summer months, road grading and filling of potholes, and snow ploughing. The village will require similar levels of funding as now to continue to provide these services. As associated costs increase, residents can anticipate increases in utility fees and property taxes.

**Infrastructure** The infrastructure audit indicates that the village needs to spend approximately \$2.4 million over the next ten years to maintain and upgrade the current village infrastructure. This amount is more than the reported value of the village's capital assets at the end of 2018 (\$1.4 million), and more than the total assessed value of all residences and other private property in the village (\$1.4 million).

All of the village's property taxes, fees, and other local revenues are required for operational services, and the village is not providing any local funding towards the replacement of capital assets. Recent capital projects have been funded by provincial and federal grants.

In the event that future provincial or federal grants are reduced or require a matching portion from the village, it is not clear how the needed projects could be funded. Funding could come partly from the village's allocated but unused provincial and federal capital grants of approximately \$900,000 reported at the end of 2018. The village could raise the balance through borrowing within the village's 2019 debt limit of \$176,000, future federal and provincial grants, and increases in fees and property taxes.

## Life as a Hamlet in the County

The Village of Gadsby will dissolve and become a hamlet in the County of Stettler. The county will have full responsibility for the operation of the hamlet of Gadsby.

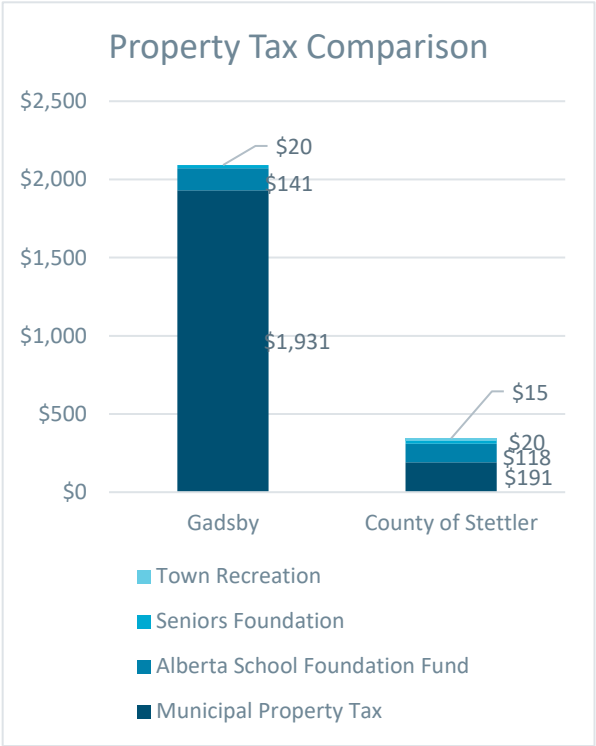
**Council** Gadsby will become a hamlet in the County of Stettler Ward 3: Botha-Gadsby. Residents will be represented by the Division 3 county councillor and eligible for election to the county council.

**Administration** Under the direction of the county CAO, services will be provided out of the county building located in the Town of Stettler similar to the way services have been provided since June 2019.

**Taxes** Residents can expect property taxes to decrease to the county tax rate. The county could impose additional taxes for services provided to the Hamlet of Gadsby. However, it is not anticipated taxes will increase to the current level.

**Services** The County of Stettler will be responsible for services in Gadsby. County public works teams will maintain village property in the summer months and clear snow in the winter months.

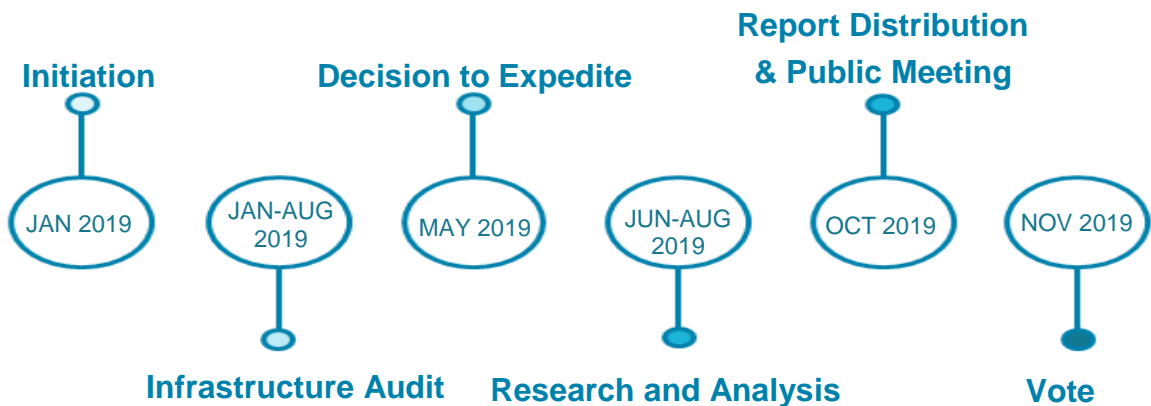
**Infrastructure** The county will receive the infrastructure audit and recommended 10-year capital project plan. As a receiving municipality following dissolution of a village, the county may be eligible for a provincial grant to fund critical infrastructure upgrades in Gadsby. The County of Stettler funds infrastructure projects through a combination of reserves, debt, grant funding from the federal and provincial governments, and on occasion, may levy a special tax to complete a specific community need.



For a full analysis and implications of the options, read the **Review and Findings** section that comprises the main body of this report.

### Viability Review Timeline

The following timeline shows the steps taken to date in the viability review.



## Next Steps

### Public Meeting

Following distribution of the Village of Gadsby Viability Review Report, Ministry staff will host a public meeting in the Gadsby Community Hall:

- to outline the process to date and present this 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.

### Vote of Village Electors

Although the *Municipal Government Act* makes conducting a vote a discretionary step in viability reviews, the Government of Alberta has determined this step is in the best interest of Gadsby's residents given the current situation.

Village electors will vote to either remain as the Village of Gadsby or become a hamlet in the County of Stettler. If the majority vote were to dissolve and become a hamlet in the neighboring municipality, the Minister is required to recommend dissolution to the Provincial Cabinet. However, it is ultimately cabinet's decision whether to dissolve the municipality or not. If the majority vote were to remain a municipality, the village would not dissolve. The Minister will issue directives and require progress reports for five years.

The vote must be conducted in accordance with the *Local Authorities Election Act*, which establishes the rules for vote eligibility, voting and counting procedures, and scrutineers.

Detailed information is provided on the last page of this report.



# Review and Findings



## **Municipal Background**

The Village of Gadsby is located north of Highway 12, approximately 25 kilometres east of the Town of Stettler. The Gadsby post office opened in 1909 and the province incorporated the community as the Village of Gadsby soon after in May 1910.

According to the 2016 federal census, the village's population is 40. In 2016, the average population of the 86 villages in the province was 425.

The village's rural neighbor is the County of Stettler. The county's administration building is located in the Town of Stettler. The population of the county is 5,526 according to the 2016 federal census.

## **Assistance from Municipal Affairs**

Municipal Affairs has provided assistance to the village in a variety of capacities.

In response to petitions from Gadsby residents for an audit and an inquiry, the ministry completed a Municipal Corporate Review for the village that recommended changes to the village operation in June 2009.

In response to a petition from residents, a dissolution study, the former process to determine the viability of a municipality, was completed for the Village of Gadsby in 2010. The village residents voted not to dissolve with 5 (22%) electors in favour of dissolution and 18 (78%) in favour of remaining a village. The population of the village at the time was 35.

In May 2019 following the resignation of the village council and changes in administration, the Minister appointed an official administrator to ensure council decisions are made during the

viability review, and if applicable, to conduct a by-election for village council on completion of the review. Subsequently, the official administrator contracted administration services for the village from the County of Stettler.

The ministry has also provided assistance and advice to new village CAOs through on-site visits.

## **Village of Gadsby Viability Review**

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

Options for the future of Gadsby, explored through the viability review, are:

- 1) Remaining a distinct municipality with an action plan to improve the village's viability. The report contains recommended actions to be addressed by council and administration to promote the future viability of the village should the Village of Gadsby remain.
- 2) Dissolving the municipal corporation to become a hamlet in the County of Stettler, and at the same time, retaining the name and community spirit of Gadsby. The county will be the governing body for the purpose of municipal operations and services.

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 Gadsby.

## **Initiation of Review**

In January 2019 following a request from the village council, the Minister decided to undertake a viability review for Gadsby.

In May 2019 following the appointment of the official administrator, the Minister decided to expedite the viability review committing at the time, to distribute a viability review report to residents, conduct a vote of village electors on the question of dissolution, and hold a public meeting just prior to the vote.

## **Infrastructure Audit**

The provision of municipal public works such as roads, water distribution and wastewater collection, and emergency response require significant physical infrastructure and funding. Understanding the condition of municipal infrastructure and the future financial investments required to maintain it is key to municipal viability.

As a municipality undergoing a viability review, the village received \$120,000, through the Alberta Community Partnership grant, to complete an infrastructure audit to determine the state of the village infrastructure and develop a 10-year capital plan addressing identified repairs and upgrades to existing village infrastructure. The village completed this work in August 2019.

## **Viability Review Report**

The ministry led the development of the Village of Gadsby Viability Review Report with support from the village, the County of Stettler, and the municipal associations.

In addition to the councils and administrations of the village and county, the four associations, the Rural Municipalities of Alberta, the Alberta Urban Municipalities Association, the Alberta Rural

Municipal Administrators Association and the Local Government Administration Association of Alberta reviewed and provided input to the viability review report.

The Viability Review Report assesses Gadsby's viability by considering seven broad areas:

- **Sustainable governance** - addresses council practices and procedures, compliance with legislation, citizen engagement, and strategic planning.
- **Administration and Operations** - addresses the capacity of the municipality to operate on a daily basis and implement council decisions.
- **Finances, Assessment and 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 manage its infrastructure effectively and efficiently.
- **Services** - addresses the capacity of the municipality to provide essential services that meet public expectations and applicable regulated standards.
- **Regional cooperation** - addresses the municipality's approach to collaboration with neighbours for the benefit of the community and the region.
- **Community well-being** - addresses characteristics that contribute to the vitality of the community and the long-term viability of the municipality.

For each of these seven areas, the **Review and Findings** section of the report provides:

- a general introduction to the topic;
- a description of the current state of the village in that area;
- recommended actions for council and administration to promote viability; and
- an indication of what may change or stay the same if Gadsby became a hamlet in the County of Stettler. Ultimately, any actual changes will require a decision of the County of Stettler council should Gadsby join the county.



# Sustainable Governance

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## 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 *Municipal Government Act*.

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 (CEO), 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 and annually at subsequent organizational meetings.

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.

## Current State and Progress to Date

Following the resignation of all three councillors at a special council meeting on May 8, 2019, the Minister of Municipal Affairs appointed an official administrator (OA), pursuant to section 168 of the *Municipal Government Act*, to act with the powers of the Village of Gadsby council.

The OA continues to hold regular council meetings on the third Thursday of the month in the meeting room at the County of Stettler - Gadsby Truck Fill Station. The appointment of the OA extends to the conclusion of the viability review or until a by-election to elect three councillors occurs.

The village has bylaws relating to councillor appointments to boards and committees, councillor code of conduct, council procedures, public participation and public hearings, and land use that are available on the village website.

Currently the village does not have any long-term strategic plan, economic development plan, or business plan for the municipality.

## Did you know?

The legal framework and authority for local government in Alberta is the *Municipal Government Act (MGA)* and the *Local Authorities Election Act (LAEA)*.



# Sustainable Governance

## Options Comparison



### Option 1: Remain a Municipality



### Option 2: Become a Hamlet

#### Council Representation

Village council will continue to consist of three members elected at large by village residents and the mayor appointed from within council at the annual organization meeting.

In 2018, the village reported that there were 27 residences in the village. This means that approximately one in every nine households would need to serve on council.

Council members would be appointed to various boards and committees in accordance with the village policy No. 08-18, to represent the interests of village residents.

A by-election to elect three village councillors will occur after the viability review. The Minister of Municipal Affairs will set the date.

Previously, councillors were elected in the 2013 and 2017 general municipal elections and appointed in the 2018 by-election

#### Council Meetings

Regular council meetings would continue to be held on the third Thursday of the month, unless a future council determines otherwise. Council meetings would follow the council procedural bylaw No. 417/17.

#### Public Participation

Residents will have opportunity to engage on municipal issues in accordance with the village's public participation policy No. 06-18 and public hearing procedure policy No. 05-18.

#### Council Representation

There are seven County of Stettler councillors in total. At the annual organizational meeting, one of the county councillors is appointed Reeve. Council members are appointed to various boards and committees to represent the interests of all county residents, which will include Gadsby residents.

It is important that residents of a dissolved municipality be represented on the municipal council, entitled to vote, and eligible to run for council.

Gadsby will be absorbed into the County of Stettler Ward 3: Botha-Gadsby.

This means that Gadsby residents will be represented by the county councillor for Ward 3 and will be eligible for nomination and election to the County of Stettler council.

#### Council Meetings

Regular county council meetings are held at 10:00 a.m. on the second Wednesday of every month in the County of Stettler administration building. Meetings are open to the public and are well attended by county residents.

#### Public Participation

The county procedural bylaw establishes the rules and regulations for the order and conduct in which council transacts its business and meetings including committee structure, meeting schedules, leadership rules and remuneration.

The county holds an annual public meeting for the purposes of reviewing the budget, and various other meetings in regards to specific projects as they arise.

The county will provide Gadsby residents with information about provision of county services.



# Sustainable Governance

## Code of Conduct

Councillors would abide by the village's code of conduct bylaw No. 422/18 passed in May 2018.

## Councillor Training

The village will need to consider allocating funds in the annual operating budget for the purpose of council professional development, which has not occurred in the past.

## Bylaws and Policies

The village will need to ensure it has all mandatory bylaws and determine how bylaws will be enforced.

## Long-Term Planning

The village will need to develop a long-term municipal strategic plan, update its Municipal development plan (MDP) and develop an intermunicipal development plan (IDP) with the County of Stettler.

The village will also develop long-term financial plans: 3-Year operational and 5-year capital plans.

## Code of Conduct

Councillors would continue to abide by the county's code of conduct bylaw passed in May 2018.

## Councillor Training

The county budgets for the professional development of its councillors. County councillors participate in professional development that includes orientation training following municipal elections, attendance at Rural Municipalities of Alberta conferences, and participation in elected officials training.

## Bylaws and Policies

Existing village bylaws will remain in force for Gadsby until the county repeals or replaces them with a county bylaw. The county will review village bylaws and ensure consistency with county bylaws.

The county's community peace officers enforce county bylaws.

## Long-Term Planning

Gadsby will be included in the county's long-term and land use planning including the MDP and land use bylaw. An IDP will not be required.

Gadsby will be considered within the county's budget and business planning cycle.

Future projects identified for Gadsby will be prioritized along with the needs of the county as a whole.

## Recommended Actions for Option 1

- Recommended Action 1:** Council must develop a plan to address the recommendations in the Village of Gadsby Viability Review Report.
- Recommended Action 2:** Council should include funds in the annual operating budget for councillor professional development, including training and travel costs.
- Recommended Action 3:** Council must develop an intermunicipal development plan with the County of Stettler, update its municipal development plan, and have long-term financial plans in accordance with legislation.
- Recommended Action 4:** Council must engage residents in the governance of the village and encourage them to serve on council and village committees.





# Administration and Operations

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

## Current State and Progress to Date

The village CAO was terminated at the May 8, 2019 special council meeting prior to the resignation of village council.

Following appointment in May 2019, the Official Administrator, acting in place of council, contracted with the County of Stettler for administrative services, including a chief administrative officer (CAO), at a cost of \$35,000 for the duration of the viability review from June 2019 until December 31, 2019 (\$5,000/month). The Official Administrator appointed the County of Stettler CAO as the Gadsby CAO at a village council meeting.

In addition to the county CAO acting as the village CAO, the contracted administrative services provided by the county include the day-to-day operation of the village, financial management, planning and development, public works, bylaw enforcement by the county's community peace officers, and communication with village residents.

The part-time outdoor public works staff person, who maintains village property, was retained. However, prior to continuation of work, the county public works department provided safety training to the employee and performed safety upgrades to the village equipment to ensure the employee's safety and compliance with legislation. The village did not adhere to provincial safety standards, including safety code and occupational health and safety requirements, in the past.



# Administration and Operations

Additional flooding in June and detection of mold in the village office building necessitated the closing of the village office due to health and safety concerns for employees.

Residents may contact the county offices for information and services and leave mail, including bill payments, at the village office. County staff pick-up mail, including utility payments, from the building mail-slot weekly. Village information and notices of council meetings are posted on the newly erected bulletin board.

## Options Comparison



### Option 1: Remain a Municipality



### Option 2: Become a Hamlet

#### Chief Administrative Officer

Following a by-election to elect a new council, council will be required to contract or hire a new Chief Administrative Office to oversee the administration and operation of the village.

If residents vote to remain a village, the county will not extend the administration contract past December 31, 2019,

#### Municipal Staff

The village will be required to determine staffing requirements and ensure appropriate staffing for village programs and services. Council will need to budget for relevant professional development, including education, training, and attendance of staff at relevant conferences.

#### Office Building and Hours

The village will need to rehabilitate the village office building or acquire a new building to operate out of, and determine hours of work for municipal staff and hours when the office is open to the public.

#### Enforcement Bylaws

The village has a number of enforceable bylaws, including nuisance bylaw No. 416/17, and will need to hire or contract bylaw enforcement services and specify in a bylaw the powers and duties of bylaw enforcement officers.

#### Chief Administrative Officer

Administration and operation of the hamlet of Gadsby will be overseen by the county CAO.

#### Municipal Staff

The county CAO will be responsible for the management of the hamlet of Gadsby along with the rest of the county. The county's diverse team of over 80 employees will provide municipal administration and operations services in the same manner as currently provided throughout the county.

Records and liabilities associated with village employees and contracts will be transferred to the county.

The county provides training and professional development for staff as required.

#### Office Buildings and Hours

The county will provide services to Gadsby residents through its administration building in the Town of Stettler, which is open Monday to Friday from 8:30 a.m. to 4:30 p.m. The county public works shop is located south of the town on Highway 56.

#### Enforcement Bylaws

The county will review the village's bylaws to either retain or repeal each bylaw and bring Gadsby under county bylaws.

The county's community peace officers enforce county bylaws.





# Administration and Operations

## **Risk Management and Occupational Health and Safety (OHS)**

The village will need to comply with provincial safety standards, including safety code and occupational health and safety requirements.

## **Communication**

The village posts bylaws, public notices, and other information on the village website.

## **Risk Management and Occupational Health and Safety (OHS)**

The county will update its policies and practices to include Gadsby.

## **Communication**

The county's website and social media accounts are the main source for residents to stay up-to-date on county information and to submit a request for services.

## **Recommended Actions for Option 1**

- Recommended Action 5:** Council must hire a chief administrative officer, ideally through a formal recruitment process and review, and address other municipal staffing needs.
- Recommended Action 6:** the village must comply with provincial safety standards, including safety code and occupational health and safety requirements.
- Recommended Action 7:** Council should continue to provide funds in the annual operating budget for the chief administrative officer and other employees to undertake relevant professional development activities.



# Finances, Assessment, and Taxation

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## Municipal operating plans, annual budgets, and audited statements

The municipal fiscal year is from January 1 until December 31. Municipalities must prepare three-year operating and five-year capital plans in addition to adopting annual operating and capital budgets that show their anticipated expenditures and revenues. Municipal revenues must be sufficient to cover expenditures.

At year's end, municipalities must prepare annual financial statements for audit by an independent council appointed auditor. Municipalities must submit their audited financial statements to Municipal Affairs and make them publicly available in May of the following year.

Filing of audited financial statements with the ministry is a performance measure calculated annually for all municipalities. Filing after the May due date triggers one of the municipal risk indicators.

**Municipal Expenditures** Baseline costs to keep a village office open and provide core services include per diems and salaries of council and administration, as well as a number of general 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 governance. 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 assessment 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 affect 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 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 revenues required through property taxes.

**Assessment and Taxation** 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 amount of taxes to be paid on each property. Set annually by bylaw, the municipal tax rate is generally expressed as the amount of taxes per \$1,000 of assessed value of the property (or mills). Despite the tax rate, the property tax bylaw may specify a minimum amount payable as property tax.

### Did you know?

All municipalities have a 'baseline' cost for operating that includes costs for keeping the municipal office open and attracting and retaining qualified staff. Municipalities with a lower tax base to raise revenues must first allocate budget towards these baseline costs and may not have the revenues to fund the full extent of municipal services desired by residents.



# Finances, Assessment, and Taxation

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.

The ability of a municipality to collect property tax is a performance measure calculated annually for all municipalities. A municipality that is able to collect 90 per cent or more of current property taxes and use those funds to meet budgeted commitments is considered to be “not at risk”. Those collecting less than 90 per cent may be at risk and should review the legislated tax recovery process that enables municipalities to collect tax arrears.

In addition to non-tax revenues, property and special taxes, municipalities may also borrow up to their debt limit, which is set at two times the amount of municipal revenue.

**Requisitions** In addition to municipal property tax, municipalities are required to levy taxes to pay the Alberta School Foundation Fund (provincial education taxes) requisition, a management body requisition for lodge accommodation (senior housing), and the designated industrial property (DIP) requisition to fund the costs related to the assessment of DIP property.

**Tax Installment Payment Plans (TIPPS)** Municipal Payment plans enables property owners to pay property taxes in 12 monthly installments without incurring tax penalties.

## Current State and Progress to Date

**Multi-year Financial Plans** To date the village has not finalized mandatory three-year operating and five-year capital plans.

**Budget** In 2019, the village’s municipal budgeted expenditures (excluding amortization costs) totaled \$126,143. This amount reflects minimal service provision and extreme cost containment.

In the 2019 tax rate bylaw, the village estimated all non-tax revenues and transfers for the year to be \$60,643. In order to fund the total budgeted expenses of \$126,143, the balance of \$65,500 would be raised through general municipal taxation.

The revised 2019 budget includes capital costs of \$409,877, for a total of \$536,020. The village will fund the capital costs from deferred grant revenues.

**Audited Financial Statements** The village has historically submitted its annual audited financial statements to Municipal Affairs by the legislated May 1 timeline. The village’s 2018 audited statements are published on the village website.

According to the 2018 audited financial statements the village had as of December 31, 2018:

- an accumulated operating surplus of \$98,922, which provides it with adequate working capital to meet annual operational requirements; and
- approximately \$920,000 in capital grant funding to fund capital projects in future years (deferred revenue).

**Federal and Provincial Grants** Historically, the village has funded major capital projects, for example the sewage lagoon and collection system, solely from provincial and federal grants.

Grant revenues, not expended in the year received, are listed as deferred revenue in the audited financial statements, must be expended on future capital infrastructure projects, and cannot be used for the day-to-day operation of the village.

**Assessment and Taxation** The village set the 2019 general municipal residential and non-residential property tax rates at 41.9845 mills. This equates to a property tax levy of \$41.98 for



# Finances, Assessment, and Taxation

each \$1,000 of assessed property value. The high mill rate is offset by the relatively low assessment values, in that the average assessment per dwelling unit is approximately \$46,000, resulting in an average municipal property tax of approximately \$2,000 per dwelling unit. Despite the municipal tax rate, the village set a minimum municipal property tax levy of \$500.

A comparison of the 2019 property taxes levied by the village on a property assessed at \$46,000 and the property taxes that would have been levied by the County of Stettler on the same property, if Gadsby had been a hamlet in the county, can be found in the **Financial Impacts** section of this report.

**Tax Collection** As indicated in **Appendix B: Performance Indicators**, the village has experienced difficulty collecting property taxes in the past, having collected 64 per cent of current taxes in 2017 and 68 per cent in 2018. This could be due to the high tax rate.

Many small villages experience difficulty in collecting taxes if the rate exceeds 13 mills. The village appears to have informal agreements with property owners for payment of tax arrears. The collection of less than 90 per cent of current property taxes in 2017 and 2018 indicates the village might be at risk.

**Appendix D: Financial Position** provides a breakdown of the village’s 2018 revenues of \$117,910 and expenses of \$116,342 resulting in a surplus of \$1,568.

## Options Comparison



### Option 1: Remain a Municipality



### Option 2: Become a Hamlet

#### Financial Position

All existing assets and liabilities will remain with the village.

The village council will continue to be responsible for raising sufficient revenues to provide for its operational requirements and obligations.

With the rising costs of providing services, village residents may face increases in taxes and user fees, or reduction in service delivery in order for the village to have sufficient revenue to fund the estimated expenditures.

#### Residential Property Taxes

The village will continue to set tax rates based on the village’s annual budgets.

In 2019, the total tax rate was 45.4728 mills:

- 41.9845 - General Municipal
- 3.0728 - Alberta School Foundation Fund
- 0.4155 - Stettler Housing Authority

#### Financial Position

As part of dissolution, all village assets will be transferred to the county. Assets include but are not limited to cash, investments, reserves, unexpended grants, buildings, infrastructure, vehicles, and equipment.

All money transferred from the village to the county and all money received from the sale of village assets must be used to reduce liabilities of the former village or for projects in the new hamlet of Gadsby and must be accounted for separately.

The costs of providing services to Gadsby will be included in the county budget.

#### Residential Property Taxes

County tax rates will apply.

In 2019, the total tax rate was 7.4500 mills:

- 4.1474 - General Municipal
- 0.3170 – Town Recreation (Special Tax)
- 2.5610 - Alberta School Foundation Fund
- 0.4246 - Stettler Housing Authority



# Finances, Assessment, and Taxation

In 2019, the village levied a minimum tax of \$500 per property.

## Non-Residential Property Taxes

In 2019, the total rates for non-residential properties was 47.4221 and non-residential/linear DIP was 47.5007.

## Special and Improvement Taxes

Currently the village does not levy special or improvement taxes. Future municipal councils will determine the requirements for special and local improvement taxes.

Future village councils will determine the taxes based on budget requirements

## Tax Due Dates and Penalties

The village tax due date is August 31.

The village levies tax penalties of:

- 8 per cent on current taxes on September 1; and
- 10 per cent on all unpaid taxes on January 1 of the following year.

## Tax Installment Payment Plan

The village tax payment plan is calculated over a 12-month period starting in August each year.

## Tax arrears

The village will continue to be responsible for collection of outstanding tax balances and to implement the tax recovery program.

In 2019, the county levied a minimum tax of \$50 per property.

## Non-Residential Property Taxes

In 2019, the total rates for non-residential properties was 17.9180 and the total for non-residential/linear DIP was 17.9966.

The county also levies taxes on farmland and machinery and equipment.

## Special and Improvement Taxes

Should the county require additional funds for projects specifically benefiting Gadsby alone, it could choose to levy a special or local improvement tax.

Future county councils will determine the taxes based on Gadsby's needs.

## Tax Due Dates and Penalties

The county tax due date is the last working day in October.

The county levies tax penalties of:

- 10 per cent on current taxes on November 1; and
- 8 per cent on all unpaid taxes on February 1 of the following year.

## Tax Installment Payment Plan

The county tax payment plan is calculated over the 12-month period January to December. To participate in the program, property taxes must be at a zero balance as of December 31 the previous year and paid through a pre-authorized debit agreement.

## Tax arrears

Property taxes previously levied and owed to the village will be owed to the County of Stettler. The county follows the tax recovery program and will continue any tax recovery proceedings initiated by the village.

## Recommended Actions for Option 1

- Recommended Action 8:** Council must follow the process outlined in the *Municipal Government Act* for recovery of unpaid property taxes including formalization of agreements with owners for payment of tax arrears.
- Recommended Action 9:** Council must annually prepare 3-year operating and 5-year capital plans.



# 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.

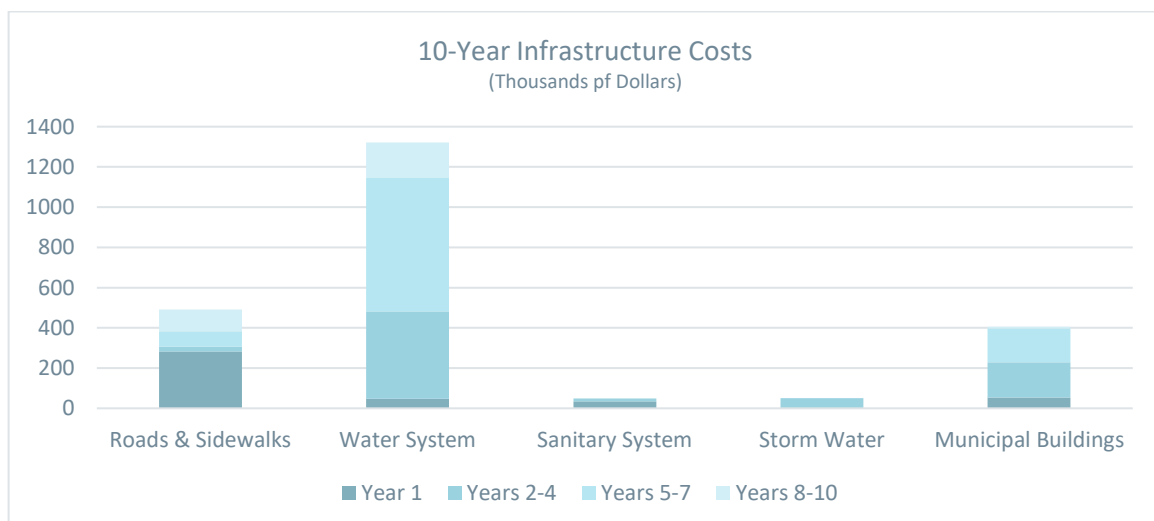
Ideally, infrastructure is maintained and gradually replaced over time. Many municipalities across Canada have not historically invested in this asset management and are now facing high replacement costs for aging infrastructure. Replacing infrastructure can be funded from municipal reserves if the municipality has historically saved for these costs as part of the budget. If not, the municipality may choose to fund infrastructure with its debt limit and pay financing costs in the future, 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 cover costs of replacing infrastructure.

## Current State and Progress to Date

### Infrastructure Audit

As a municipality going through a viability review, the Village of Gadsby accessed a Provincial grant, through the Alberta Community Partnership program, to hire an engineering company to conduct an infrastructure audit. The village's infrastructure audit assesses the current state of village infrastructure and contains a short-term capital plan (2020 – 2024) and long-term capital plan (2025 - 2030) for infrastructure maintenance and replacement costs to maintain current levels of services. The total costs of \$2,317,800 (excluding \$71,000 for Waste Transfer Station) in the plan for 2020 - 2030 are initial estimates based on 2019 costs that can vary by 20 to 30 per cent from detailed costs once a company is hired to do the actual work.

### Ten-year Capital Costs for the Upgrade and Maintenance of Village Infrastructure





# Infrastructure

## Water Distribution System

- Condition:
  - high density polyethylene (HDPE) distribution system is in good condition
  - pump station within the village municipal building is in poor condition and considered to be unsafe due to the presence of mold.
- Critical work recommended to be completed within one year:
  - pump house bypassing.
- Work recommended to be completed with one to three years:
  - complete water looping and install additional valves to improve water circulation, quality, and availability during shut off due to line repairs; and
  - abandon water mains in private property and locate in village right-of-ways.
- Additional work in years 2025 to 2030 includes water tank installation and additional water main installation and looping.

Total estimated cost for projects in years:

- 2020 to 2024: **\$481,000**; plus
- 2025 to 2030: **\$841,000**.

## Sanitary System

- Condition:
  - sanitary system is in good working condition with the capacity to convey flows under current and future conditions; and
  - transfer structures at the lagoon are generally in very good condition.
- Critical work recommended to be completed within one year:
  - lift station alarm installation; and
  - realignment of manhole covers.
- Work recommended to be completed with one to three years:
  - location of lagoon outfall and riprap installation.

Total estimated cost for projects in years

- 2020 to 2024: **\$49,000**; plus
- 2025 to 2030: None.

## Storm Water Drainage

- Condition:
  - overall condition is marginal:
    - ditches lack adequate slope and require cleaning and trimming of vegetation to allow proper flow of storm water; and
    - some culverts eroded and in need replacement.
- Short-term recommended projects to be completed with one to three years:
  - completion of a storm water master plan.

### Did you know?

According to a 2016 report<sup>1</sup> 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.

<sup>1</sup>Canada Infrastructure. (2016). *Informing the Future: Canadian Infrastructure Report Card*.





# Infrastructure

Total estimated cost for projects in years:

- 2020 to 2024: **\$50,00**; plus
- 2025 to 2030: to be determined based on storm water master plan findings.

## Waste Transfer Station

- Condition:
  - Potential for environmental risk moderate to high.
- Work recommended to be completed with one to three years:
  - upgrade access road; and
  - soil sampling to determine environmental risks, removal of identified oil related staining, and secondary containment measures for batteries and oil related products.

Total estimated cost for projects in years:

- 2020 to 2024: **\$71,00**; plus
- 2025 to 2030: None.

The Stettler Waste Management Authority will be responsible for this work and associated costs.

## Roads and Sidewalks

### Paved Road Network

The village is responsible for approximately 3.2 kilometres of paved roadway. Approximately 50 per cent is asphalt overlay and 50 per cent is gravel

- Condition:
  - overall 2 kilometres (62 per cent) is in acceptable condition and 1.2 kilometres (38 per cent) is in need of rehabilitation.
- Recommendations:
  - ten year remediation program of asphalt overlays to achieve minimal backlog by 2028; and
  - improve current level-of service and achieve a manageable backlog (21 per cent) of remediation work in 2028 with funding of \$331,000 over ten years;

Or

  - address the high level of backlog (60 per cent) in the network in the first year with funding of \$282,500 in year one.

Total overall cost of:

- **\$493,000** to achieve minimal backlog at the end of ten years as included in long-term capital plans;
- Or
- **\$331,000** to achieve 21 percent backlog at the end of ten years.

### Sidewalks

The village has a minimal sidewalk network of approximately 440 metres in total

- Condition:
  - the majority is affected by cracking, heaving, and spalling and rated in poor condition; and
  - other sidewalk is affected by overgrowth and rated as fair.





# Infrastructure

- Recommendations:
  - sidewalks should be either replaced or removed; and
  - repairs should be unified with road and infrastructure projects to reduce effective cost.

Associated costs will be based on decision to replace or remove and are not provided.

## Municipal Buildings

### Village Office, Shop, and Truck Fill Station

- Condition:
  - overall condition is marginal to poor;
  - mold and moisture damage in building; and
  - formerly a gas station and mechanic shop, the site may have contamination.
- Critical work recommended to be completed within one year:
  - soil testing for contamination; and
  - mold and hazardous material testing.
- Work recommended to be completed within one to three years:
  - cleaning out and removal of mold;
  - site grading to address drainage;
  - repair floors and walls from water damage, roof structure supports; and
  - replace windows, wall materials, main electrical panel, lighting system throughout the building, and bathroom fixtures.

Total estimated cost for upgrades and maintenance in years 2020 to 2023: **\$146,750.**

### Former Bank Building

- Condition:
  - overall condition generally good; and
  - constructed of combustible materials and is not equipped with a sprinkler system
  - some upgrades in recent years.
- Critical work recommended to be completed within one year:
  - hazardous material audit; and
  - emergency lighting, lighting system, and exit signage upgrades.
- Work recommended to be completed within one to three years:
  - replace second floor doors, windows, skylight, and seal on exterior door;
  - replace main electrical panel and upgrade lighting system;
  - install washroom fans; and
  - wall structure detreating.
- Total estimated cost for upgrades and maintenance in years 2020 to 2023: **\$110,000.**

### Twenty-year Capital Plan for Municipal Buildings

Construction Year	Estimated Cost (2019 Cost)
2020	\$53,500
2021 – 2023	\$176,000
2023 – 2025	\$168,000
2025 – 2029	\$7,800
2029 – 2040	\$50,000
<b>Total</b>	<b>\$455,300</b>



# Infrastructure

## Ball Diamonds, Playground, and Campground

- Condition:
  - overall condition of recreation facilities is good.
- Recommendations:
  - no recommendations for remediation; and
  - regular maintenance is required to control surrounding vegetation.

## Cemetery

- Condition:
  - the cemetery is kept in very good condition by Omega Circle.
- Recommendations:
  - no recommendations for remediation.

Refer to **Appendix C** for the 10-year capital plans of all projects recommended by the engineer.

## Funding Infrastructure Projects

Grants	Funding Availability
Deferred Revenues (December 31, 2018)	*\$920,000
2019 Municipal Sustainability Initiative	\$117,550
2019 Federal Gas Tax Fund	\$100,000
<b>Total</b>	<b>\$1,137,550</b>

Note: \*The village may have spent some of these monies on 2019 capital projects, so deferred revenues may be less than \$920,000. It is also not known if the 2019 capital projects address projects identified in the Infrastructure Audit.

The recommended project costs, as listed in the ten-year capital plan (**Appendix C: Long-term Capital Plans**), total \$2,388,800 leaving a deficit of \$1,251,250 to be funded through other sources including increase in taxes, debt, and future provincial and federal grant programs.

## Options Comparison



### Option 1: Remain a Municipality



### Option 2: Become a Hamlet

Infrastructure	Infrastructure
<p>The Village of Gadsby Infrastructure Audit contains a ten-year capital plan. It will be the responsibility of the village to develop and adopt a long-term capital plan for Gadsby.</p> <p>During its annual capital budget process, the village council will determine the projects and funding sources for that year.</p>	<p>The County of Stettler will receive the infrastructure audit and associated ten-year capital plan.</p> <p>It will be the responsibility of the county council to determine which projects will be completed and how they will be funded.</p> <p>The county will be eligible for provincial restructuring funding for projects in Gadsby</p>



# Infrastructure

identified in the village's infrastructure audit. The county also has options to impose taxes on properties in Gadsby to partially or fully fund projects.

The County of Stettler is maintaining the water and sanitary system under the administrative services contract, so the maintenance of these systems will not change significantly.

The Stettler Waste Management Authority maintains the waste transfer site.

**Water System:** It is the county's general practice to ensure the waterlines are looped for proper circulation of water. This project will likely be undertaken soon after dissolution

**Road System:** The county has a general practice of not paving back alleys or laneways. Existing paved roads in the village will be maintained to the county's acceptable standard, and replacement of pavement in the village will fall under the priority setting functions of the county budget process. The County is capable of coordinating repair work for paved roads with other projects throughout the county.

**Sidewalks:** The county does have a policy directly relating to sidewalks. The county will determine if the sidewalks will be replaced or removed dependent on what purpose the sidewalks serve and usage.

**Municipal Buildings:** Upon completion of hazardous waste audits and testing for mold in the two buildings, the county will determine the use of the village offices and former bank thereafter.

## Recommended Actions for Option 1

- Recommended Action 10:** The council should adopt the findings of the infrastructure audit into a ten-year capital plan for the village that includes proposed revenue sources balanced between property taxes, fees for services, borrowings, and grant revenues both deferred and future grant funding.
- Recommended Action 11:** The council should develop a long-term operations and maintenance plan for village infrastructure including roads, utility systems, and municipal buildings and ensure the plan is followed through policy.



# Services

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## Services

Under the *Municipal Government Act*, each municipality determines what services, such as water or paved roads, to provide. Councils may consult residents in making decisions about what constitutes necessary or desirable services. Councils 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 and Progress to Date

### Water Services

The village is responsible for the operation and maintenance of the water distribution system within the village boundaries. The village purchases water from the County of Stettler. Associated costs are passed on to users through utility rates based on a full-cost recovery model. Any deficit in revenues is funded from property taxes.

### Did you know?

Basing utility rates on a full cost recovery model is a Best Practice for municipalities in Alberta.

The village does not have trained qualified operators. Through a contract for services, county staff monitor the water treatment plant and take water samples daily.

### Wastewater System

The village is responsible for the operation and maintenance of the wastewater collection system and the sewage lagoon.

The village does not have trained qualified wastewater operators. Through a contract for services, county staff monitor the lagoon and perform testing as required.

At the time, the wastewater collection system was constructed, linking properties to the sewage lagoon, property owners were given the option to connect to the system or maintain an existing pump-out system on their property. Those owners, who chose not to connect, are responsible for charges associated with the maintenance and emptying of their holding tanks.



# Services

## Solid Waste Services

The Village of Gadsby is a member of the Stettler Waste Management Authority.

Village residents take their garbage and recycling to the Gadsby transfer station owned by the village and managed by the authority. The authority hauls the waste to its landfill site in the County of Stettler. The County of Stettler manages the recycling program.

The transfer station provides a convenient drop-off location for area residents instead of transporting waste to the landfill site. The transfer station is not intended for hazardous waste such as asbestos.

A recent incident, when asbestos from a building demolished at the direction of the village was left at the transfer site, necessitated a major clean up and transportation of the asbestos-waste to a hazardous waste facility. The cost of the cleanup, carried out by the authority, could have been avoided had the building been tested prior to demolition. Costs associated with the cleanup and transfer to the hazardous waste facility became the responsibility of the village.

## Utility Rates

Analysis of utility rates indicates that in 2018, the amount collected from utility rates funds operational costs though does not fund the cost of capital expenditures.

Monthly utility rates are set in village bylaws.

## Comparison of 2019 Utility Rates

Service		Gadsby	Stettler
Water	Flat rate monthly	\$30	\$20
	Consumption Fee	\$3.00/m <sup>3</sup>	\$2.71/m <sup>3</sup>
Wastewater	Flat rate	\$25	\$18

Both the village and county fund costs associated with solid waste, including the transfer station, from general revenues.

## Road Maintenance and Snow Clearance

The infrastructure audit indicates the roads are in need of upgrades. Since June, the county crews have maintained streets and filled potholes as needed. Prior to that time, the village contracted road maintenance services.

According to the village's Snow Removal Policy #01-17, the Village of Gadsby clears designated roads as quickly and efficiently as possible after a significant snowfall or blowing and drifting that causes problems for traffic to move throughout the village according to set priority routes:

- first priority routes, Alberta Avenue, 3<sup>rd</sup> Street and Railway Avenue, are cleared when there is a minimum three inches of snowfall;
- second priority routes are cleared when there is a minimum of six inches of snowfall; and
- alleys and roads may be ploughed after significant blowing and drifting at the discretion of administration.

Not owning its own equipment, the village contracts these services at a minimum cost of approximately \$1,500 each time.



## Services

For the duration of the administrative services contract with the county, Gadsby is included in the county rotation at no additional cost to the village.

### **Summer Maintenance Program**

The village cuts grass on village owned properties throughout the village. The Gadsby District Ball Association mows and maintains the village owned ball diamonds located in the county and Omega Circle mows and maintains the cemetery.

### **Land Use Planning and Development Services**

Land use planning includes the development of bylaws and plans that govern how land and buildings can be developed in the village.

Currently, the county's staff provide planning and development services as part of the contract for administrative services. Typical of small municipalities that do not have the expertise on staff, the practice of the village has been to contract planning services on an as needs basis and to provide some development services in-house.

In recent months, the village administration has identified and is addressing contraventions of the village's development and planning bylaw including the height of buildings and encroachment on village land.

### **Emergency Management**

In 2007, the County of Stettler, Town of Stettler, villages of Big Valley, Botha, Donalda, Gadsby, and summer villages of Rochon Sands and White Sands formed a regional partnership agreement for emergency management services. The emergency management agreement between the municipalities allows the municipalities to work together under a mutual aid agreement in a time of emergency.

The County of Stettler director of emergency management is responsible for the development and coordination of an overall regional program of preparedness for response to, and recovery from emergencies and disasters, as well as assisting the other municipalities, including Gadsby, to develop and maintain a high level of emergency preparedness.

Participating municipalities pay an annual fee. The annual fee is expected to increase to approximately \$5,000 from each municipality located within the County of Stettler, including the Village of Gadsby, due to new legislated responsibilities for municipalities.

### **Fire Suppression**

Stettler Fire Rescue Services provides services to Gadsby for an annual fee based on the number of properties in the village. The village invoices property owners for fire department responses.



# Services

## Options Comparison



### Option 1: Remain a Municipality



### Option 2: Become a Hamlet

<p><b>Utility Services</b></p> <p>The village will continue to be responsible for the provision of utility services and setting of utility rates.</p>	<p><b>Water Services</b></p> <p>County staff will operate and maintain the village water system.</p>
<p>No changes are anticipated in how water, wastewater, and solid waste services are provided.</p>	<p><b>Wastewater</b></p> <p>The County of Stettler will be responsible for the monitoring and maintenance of the sewage lagoon and the collection system in the village.</p> <p>County residents contract privately for sewage pump-out services and Gadsby residents with properties, not connected to the sewage collection system, can expect to do the same.</p>
	<p><b>Solid Waste Services</b></p> <p>There will be no changes in solid waste services for Gadsby residents.</p> <p>The County of Stettler funds services through property taxes.</p>
<p><b>Utility Rates</b></p> <p>The village will continue to be responsible for the setting and collection of utility fees.</p> <p>Residents can anticipate changes in utility rates from time to time as the village bases rates on a full cost recovery model. As costs increase, these additional costs would be passed on to consumers.</p>	<p><b>Utility Rates</b></p> <p>The County of Stettler has a policy direction that requires the full cost recovery of utilities. The county's current utility rates include:</p> <ul style="list-style-type: none"> <li>• Charge for administration and transfer to reserves for maintenance and upgrades: \$20/month.</li> <li>• Water consumption: \$2.71 per cubic meter</li> <li>• Wastewater: flat rate of \$18/month</li> </ul> <p>Payment options for utilities include credit card, cheques, cash, Interac, and telebanking, and may be made in person at the county office, at most financial institutions, or on-line.</p>
<p><b>Road Maintenance and Snow Ploughing</b></p> <p>The village will continue to be responsible for these services in accordance with its policies.</p> <p>No changes are anticipated in how the services are provided.</p> <p>Without the equipment and staff, the village will need to continue to contract road maintenance and snow ploughing.</p>	<p><b>Road Maintenance and Snow Ploughing</b></p> <p>The public works department will perform road maintenance in Gadsby. The county is currently responsible for approximately 2,780 km of road, including four hamlets, and has several policies pertaining to the maintenance of roadways and streets.</p> <p>Following the county's Snow Ploughing Service Standards policy, county public works staff will plough all streets in Gadsby.</p>





# Services

## Summer Maintenance Program

The village will need to align service level expectations with associated costs including staff training and maintenance of equipment to address safety.

## Development and Planning

The village would continue to be responsible for land use and development matters in the village contracting services when required.

The current land use bylaw No. 419/17 will remain in effect.

## Fire and Disaster Services

No changes are anticipated in how services are provided. However, the village can expect an increase in the cost of services that would be funded through property taxes or increases in utility fees.

Response time varies on severity and duration of the snow event. Generally, all snow is cleared from county roadways within four to seven days. Back alleys are ploughed as required.

## Summer Maintenance Program

Gadsby will be part of the county summer maintenance program. County mowing crews will cut the grass on village facilities on a regular basis of approximately every two weeks.

## Development and Planning

The county's planning and development department will handle land use and development matters relating to Gadsby.

The Gadsby Land Use Bylaw will remain in effect until the county includes Gadsby in the County of Stettler Land Use Bylaw.

## Fire and Disaster Services

There would be no changes in the delivery of services to Gadsby.

The county also invoices residents for fire department responses to a maximum of \$2,500 for each event.

## Recommended Actions for Option 1

- Recommended Action 12:** Annually during the budget process, the council should include the public in a service level review to align the community's service level expectations with associated costs and revenues.
- Recommended Action 13:** Council should review utility rates annually and base them on a full cost recovery model.
- Recommended Action 14:** Council should consider the connection of all residential properties to the wastewater collection system.
- Recommended Action 15:** Council must follow environmental standards for solid waste in cooperation with the Stettler Waste Management Authority.
- Recommended Action 16:** Council must put the appropriate emergency management plans in place for the village.





# Regional Cooperation

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## Regional Cooperation

Municipalities may work in partnership to provide efficient and effective services through formal agreements, including intermunicipal service or mutual aid agreements. For example, two municipalities may share the cost of a bylaw enforcement officer that provides part-time enforcement in each municipality. Residents may benefit from these partnerships by having lowered costs, increased efficiency, and/or increased capacity of their local government.

Municipalities are required to develop Intermunicipal Collaboration Frameworks (ICFs) that list services provided by each municipality, shared intermunicipal services, and services provided by third parties. Similarly, municipalities are required to create Intermunicipal Development Plans (IDPs) with neighbouring municipalities to identify mutually acceptable land-use practices along shared boundaries.

## Current State and Progress to Date

The Village of Gadsby is a member of a number of regional programs that provide services to the village and residents.

These programs include:

- Stettler Regional Fire Department
- Stettler and District Ambulance Association
- Stettler Waste Management Authority
- County of Stettler Housing Authority
- Administrative services contracted from the County of Stettler as of June 2019





# Regional Cooperation

## Options Comparison



### Option 1: Remain a Municipality



### Option 2: Become a Hamlet

#### Regional Services

With the new changes to the *Municipal Government Act*, the Village of Gadsby is required to establish an intermunicipal collaboration framework with the County of Stettler that will address services relating to transportation, water and wastewater, solid waste, emergency services, recreation, and any other services that benefit the village.

The framework will include a list of the services provided by the village and county, the services being shared on an intermunicipal basis, and services provided by a third party by an agreement with the municipalities.

#### Regional Services

Regional service agreements will transfer to the county.

Gadsby will be represented by the county in its relationships with other municipalities.

The County of Stettler is a contributing member to the following regional services:

- Stettler and District Fire Department
- Stettler and District Ambulance Association
- Stettler Waste Management Authority
- Shirley McClellan Regional Water Services Commission
- County of Stettler Housing Authority
- Stettler Public Library
- Stettler and District FCSS

## Recommended Actions for Option 1

- **Recommended Action 17:** Council must develop an Intermunicipal Collaboration Framework with the County of Stettler.



# Community Well-Being

## Community Well-Being

Community well-being addresses local community characteristics that contribute to the vitality of the community and the long-term viability of the municipality. Vibrant and strong communities may be fostered through the programs and services offered, public participation in community events and activities, and connections between residents.

Municipalities may provide a range of community assets such as libraries, senior or youth centres, early childhood programs, and senior lodge accommodations. Additionally, recreation is often a sought-after amenity by residents. Recreation may include recreation facilities, parks, programs and activities, and may involve partnerships with local volunteer organizations and community groups.

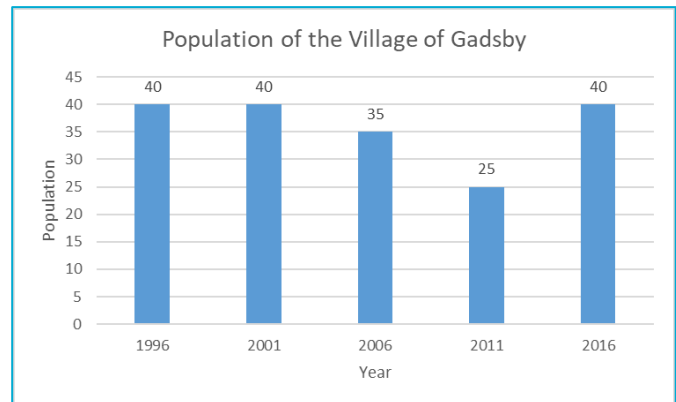
Municipalities may also provide funding to community groups and organizations to enhance community well-being through events that provide opportunities for connection. Social supports may be provided through *Family and Community Support Services (FCSS)* by the municipality alone or in partnership with other municipalities in the region.

## Current State and Progress to Date

### Demographics

The following information is taken from the 2016 Federal Census:

- The population of the Village of Gadsby increased from 25 in 2011 to 40 in 2016, an increase of 60 per cent. The same population count recorded in the municipality in 1996 and 2001.
- The Village of Gadsby, like other municipalities in Alberta, is experiencing an aging population. In 2016, the median age of the municipality was 43.8 versus 36.7 for Alberta. Seniors currently represent 22.3 per cent of Gadsby's population versus 12.3 per cent for the province as a whole.
- In 2016, the unemployment rate for the Village of Gadsby was 40 per cent. This is more than four times higher than the Alberta rate of 9 per cent.
- In 2016, Gadsby had 25 households. Of these households, 60 per cent were one-person households. This rate is considerably higher than the provincial rate of 24 per cent.
- Alberta households recorded a median total income of \$93,835. Income levels in Gadsby were considerably lower at \$36,480, 39 per cent of the median total income for Alberta.
- In the judgement of 80 per cent of the residents, their dwellings require major repair to such as defective plumbing or electrical wiring, and structural repairs to walls, floors or ceilings. This is not surprising given that the majority of homes were built prior to 1980.





## Community Well-Being

**Recreational Facilities** The village owns the sports fields, playgrounds, campground and the bank building.

The Gadsby ball association maintains the ball diamonds owned by the village and located within the county.

The village leases the Omega Circle Cemetery to the Omega Circle non-profit group that operates and maintains the cemetery.

**Community Groups** Active community groups in the village include the Gadsby Hall Association, the Gadsby Ball Association, and Omega Circle.

**Library Services** Gadsby residents may join the Stettler Public Library as non-residents as the village has chosen not to be a member of the Parkland Regional Library system.

**Senior Housing** Gadsby is a member of the Stettler Housing Authority. The nearest senior housing facilities are located in the Town of Stettler and the villages of Big Valley and Donalda.

**Family and Community Support Services** Gadsby does not participate in the Family and Community Support Services (FCSS) program.

**Regional Recreation Board** As a member of the Regional Recreation Board, the Village of Gadsby contributes a per-capital recreation fee to the County of Stettler. The county council, upon recommendation from the recreation board allocates the funds back to the member municipalities, including Gadsby, to support the operation of public recreation facilities and parks, recreational activities, and special (capital) projects.

### 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 preventative social services.*



# Community Well-Being

## Options Comparison



### Option 1: Remain a Municipality



### Option 2: Become a Hamlet

#### Community and Volunteer Support

Agreements with community groups for maintenance and operation of facilities would continue.

The council would consider financial assistance to community groups and support for community events during the annual budget deliberations.

#### Village Recreation Facilities

The village will continue to own the facilities and be responsible for costs associated with the ongoing operation and maintenance.

Community groups will be eligible to apply for funding from the Regional Recreation Board.

#### Participation in Regional Programs

Residents could continue to access the Stettler Public Library services by paying the non-resident library fee.

Should the village choose to become a member of the regional library system, or participate in the Alberta FCSS program, associated costs would be funded through the village's general revenues and may result in an increase in property taxes.

#### Community and Volunteer Support

The identity and sense of pride in the community of Gadsby will remain. The community groups and activities would continue.

The County of Stettler supports its communities and their community groups as the county council recognizes the importance of volunteers to the viability of a community.

#### Village Recreation Facilities

Ownership of the recreation facilities will transfer to the county. The county will be responsible for the maintenance of Gadsby facilities.

The agreements the village has with the Gadsby Ball Association and the Omega Circle would become agreements with the county.

It is the intention of the county to continue the current village agreements.

There will be no changes to the allocations under the Recreation Operation Assistance Grant and the Recreation Special Project Funding

#### Participation in Regional Programs

The county participates in the regional FCSS program and is a member of the Parkland Regional Library system enabling county residents to enjoy the benefits of being members of the Stettler Public Library.

Representatives from the Town of Stettler and the County of Stettler govern the library. Gadsby residents will be eligible to access library services as residents of the county.

## Recommended Actions for Option 1

- **Recommended Action 18:** Council should consider different ways to support community groups with services in-kind and financial assistance.

# Financial Impacts

## Municipal Property Taxes

A primary source of revenue for municipalities, property taxes finance local programs and services such as road construction and maintenance, parks and leisure facilities, fire protection, and emergency services.

Table 1 shows the Village of Gadsby's 2019 property tax rates and the amount of property tax that owners paid to the village on a property assessed at \$46,000 (average assessment); and

Table 2 shows the County of Stettler's tax rates and the amount of property tax that Gadsby property owners could have expected to be levied by the County of Stettler on a property assessed at \$46,000 if Gadsby had been a hamlet in the county in 2019.

The significant decrease in property tax revenue from Gadsby property owners means that the County of Stettler may not be able to provide the services and service levels currently provided by the Village of Gadsby without additional funding sources such as local improvement and special taxes that would be imposed on properties in Gadsby in addition to the municipal property tax rate paid by all county residents.

Moreover, taxes may not be the only financial cost that would change. Utility rates could increase to cover the cost of services to Gadsby residents, and additional fees may be considered for other services. These factors will have an effect on the cost of living in the village.

**TABLE 1: 2019 VILLAGE OF GADSBY MUNICIPAL PROPERTY TAX**

VILLAGE OF GADSBY	RESIDENTIAL	NON-RESIDENTIAL
2019 Municipal Property Tax Rate	41.9845	41.9845
Alberta School Foundation Fund	3.0728	5.0221
Stettler Housing Management Body	0.4155	0.4155
Total	45.4728	47.4221
Assessed Property Value	\$46,000	\$46,000
<b>2019 Total Property Tax</b>	<b>\$2,092</b>	<b>\$2,181</b>

MINIMUM TAX \$500

**TABLE 2: 2019 COUNTY OF STETTLER MUNICIPAL PROPERTY TAX**

COUNTY OF STETTLER	RESIDENTIAL	NON-RESIDENTIAL
2019 Municipal Property Tax Rate	4.1474	13.3322
Town of Stettler Recreation (Special Tax)	0.3170	0.3170
Alberta School Foundation Fund	2.5610	3.8442
Stettler Housing Management Body	0.4246	0.4246
Total	7.4500	17.9180
Assessed Property Value	\$46,000	\$46,000
<b>2019 Total Property Tax</b>	<b>\$343</b>	<b>\$824</b>

MINIMUM TAX \$50

NOTE: The revenues from the Town of Stettler Recreation (Special Tax) are provided to the town so county residents may use town facilities at no extra charge.

# Appendix A:

## Recommendations for Viability

### Sustainable Governance

- **Recommended Action 1:** Council should develop a plan to address the recommendations of the Village of Gadsby Viability Review Report.
- **Recommended Action 2:** Council should include funds in the annual operating budget for councillor professional development, including training and travel costs.
- **Recommended Action 3:** Council must develop an intermunicipal development plan with the County of Stettler and update its municipal development plan in accordance with legislation.
- **Recommended Action 4:** Council must engage residents in the governance of the village and encourage them to serve on council and village committees.

### Administration and Operations

- **Recommended Action 5:** Council must hire a chief administrative officer, ideally through a formal recruitment process and review, and address other municipal staffing needs.
- **Recommended Action 6:** The village must comply with provincial safety standards, including safety code and occupational health and safety requirements
- **Recommended Action 7:** Council should continue to provide funds in the annual operating budget for the chief administrative officer and other employees to undertake relevant professional development activities.

### Finances, Assessment, and Taxation

- **Recommended Action 8:** Council must follow the process outlined in the *Municipal Government Act* for recovery of unpaid property taxes including formalization of agreements with owners for payment of tax arrears.
- **Recommended Action 9:** Council must annually prepare 3-year operating and 5-year capital plans.

### Infrastructure

- **Recommended Action 10:** The council should adopt the findings of the infrastructure audit into a ten-year capital plan for the village that includes proposed revenue sources balanced between property taxes, fees for services, borrowings, and grant revenues both deferred and future grant funding.
- **Recommended Action 11:** The council should develop a long-term operations and maintenance plan for village infrastructure including roads, utility systems, and municipal buildings and ensure the plan is followed through policy.

## Services

- **Recommended Action 12:** Annually during the budget process, the council should include the public in a service level review to align the community's service level expectations with associated costs and revenues.
- **Recommended Action 13:** Council should review utility rates annually and base them on a full cost recovery model.
- **Recommended Action 14:** Council should consider the connection of all residential properties to the wastewater collection system.
- **Recommended Action 15:** Council must follow environmental standards as a partner of the Stettler Waste Management Authority.
- **Recommended Action 16:** Council must put the appropriate emergency management plans in place for the village.

## Regional Cooperation

- **Recommended Action 17:** Council must develop an Intermunicipal Collaboration Framework with the County of Stettler.

## Community Well-being

- **Recommended Action 18:** Council should consider different ways to support community groups with services in-kind and financial assistance.



# Appendix B: Performance Indicators

## 2018 Performance Indicators – Village of Gadsby

In 2017, Municipal Affairs developed a performance measure for the ministry Business Plan and annual report. This measure provides information on the percentage of municipalities that meet targets across 13 measures, which include financial, governance, and infrastructure. A municipality's risk is assessed based on thirteen indicators independently derived from the source data supplied by the municipality. Each indicator has a defined trigger level. A municipality is deemed at risk if it triggers one critical indicator or three or more of the eleven non-critical indicators.

Additional information about the performance measures is published on the ministry website at: <https://www.alberta.ca/municipal-sustainability-overview.aspx>.

ID	Description	Result	Trigger
CI01	AUDIT OUTCOME: Auditor must report on exceptional circumstances. Triggered when the municipal auditor has identified a going concern risk, or denial of opinion in the municipality's audited financial statements.	N/A	No
C102	MINISTRY INTERVENTION: The Province may need to intervene under exceptional circumstances. Triggered when Municipal Affairs has used its legislative authority to intervene in the municipality's operations, including viability reviews, inspections, etc.	No	No
NC01	TAX BASE BALANCE: The percentage of the total tax revenue that is collected from residential and farmland properties. Triggered when more than 95 per cent of the municipality's tax revenue comes from residential and farmland properties.	88.82%	No
NC02	TAX COLLECTION RATE: The percentage of property taxes collected. Triggered when a municipality collects less than 90 percent of the property taxes it levies in the reporting year.	63.69%	Yes*
NC03	POPULATION CHANGE: The percentage of population change in the municipality over a ten-year period. Triggered when a municipality's population declines by 20 per cent. Improvement districts and summer villages are excluded.	14.29%	No
NC04	CURRENT RATIO: The ratio of current assets compared to current liabilities. Triggered when the result is less than 1. A result of N/A indicates that the municipality has other long-term investments that, together with current assets, more than meet its current liabilities.	1.09	No
NC05	ACCUMULATED SURPLUS/DEFICIT: The total assets minus liabilities of the municipality excluding capital assets and related debt. Triggered when a municipality is in a deficit (-) position for the reporting year. Municipalities in a deficit position are required to recover the shortfall in the following year	\$98,922	No
NC06	ON TIME FINANCIAL REPORTING: Municipalities are required to submit year-end audited financial statements and financial information returns to Municipal Affairs by May 8th of the reporting year. Triggered if the municipality filed after May 8th.	Yes	No
NC07	DEBT TO REVENUE PERCENTAGE: Total borrowings as a percentage of total revenue. Triggered when a municipality's debt is greater than 120 percent of its total revenue.	0.00%	No
NC08	DEBT SERVICE TO REVENUE PERCENTAGE: Annual principal and interest payments as a percentage of total revenue. Triggered when principle and interest payments on borrowings is greater than 20 percent of the municipality's total revenue.	0.00%	No
NC09	INVESTMENT IN INFRASTRUCTURE: The ratio of new investment in capital assets compared to the depreciation (or amortization) of existing assets over a five year period. Triggered if a municipality's capital spending is less than the depreciation of its assets, indicated by a result less than 1.	2.52	No
NC10	INFRASTRUCTURE AGE: The depreciated (amortized) value of tangible capital assets as a percentage of original cost. Triggered when the net book value of the tangible capital assets is less than 40 percent of the original cost.	68.69%	No
NC11	INTEREST IN MUNICIPAL OFFICE: Elections votes are only held if there are more candidates than positions. Triggered when no vote is held because all councillors are acclaimed. A result of N/A indicates that no election or by-election occurred within the reporting year.	1.00	Yes**

\*Information about tax collection is in the **Finance, Assessment and Taxation** section of the Gadsby report.

\*\*In the 2018 by-election, there was only one candidate for the one councillor position. The nominee was acclaimed and an election was not held.

# Appendix C: Long-term Capital Plans

Infrastructure	2020	2021	2022	2023	2024	Sub-total
Road Works	\$282,521	\$0	\$0	\$23,630	\$35,094	\$342,000
Water System	\$47,000	\$212,000	\$28,000	\$194,000	\$0	\$481,000
Sanitary System	\$35,000	\$0	\$14,000	\$0	\$0	\$49,000
Storm water	\$0	\$50,000	\$0	\$0	\$0	\$50,000
<b>Total</b>	<b>\$364,500</b>	<b>\$262,000</b>	<b>\$42,000</b>	<b>\$218,000</b>	<b>\$35,000</b>	<b>\$921,500</b>

Infrastructure	2025	2026	2027	2028	2029/30	Total
Roads and Sidewalks	\$0	\$41,410	\$0	\$0	\$109,000	\$151,000
Water System	\$589,000	\$75,000	\$67,000	\$22,000	\$88,000	\$841,000
Sanitary System	\$0	\$0	\$0	\$0	\$0	\$0
Storm water	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$589,000</b>	<b>\$116,000</b>	<b>\$67,000</b>	<b>\$2,000</b>	<b>\$197,000</b>	<b>\$991,000</b>

Municipal Buildings	2020	2021-23	2023-25	2025-29	Total
Former Bank Building	\$12,750	\$56,500	\$93,000	\$6,800	<b>\$169,050</b>
Office Shop and Truck Fill	\$40,750	\$119,500	\$74,000	\$1,000	<b>\$235,250</b>
<b>Total</b>	<b>\$53,500</b>	<b>\$176,000</b>	<b>\$168,000</b>	<b>\$7,800</b>	<b>\$405,300</b>

Total projected costs 2020 - 2029	\$2,317,800
Deferred grants and 2019 grant revenues	<u>*\$1,237,550</u>
Funding to be raised from other sources including increases in taxes or utility rates, debt, and future provincial and federal grant programs.	<b>*\$1,080,250</b>

Note: \*May be lower amount as village may have spent some of these monies in 2019 on other capital projects, and the amount to be raised may be higher.

# Appendix D: Financial Position

Source: Village of Gadsby 2018 Audited Financial Statements

## Consolidated Statement of Operations

REVENUE	2018
Municipal Property Taxes	\$66,390
User Fees/Utilities	\$26,074
Government Transfers (Operating)	\$15,770
Investment Income	\$311
Franchise & Rentals	\$5,937
Penalties on Taxes	\$3,428
	\$117,910
EXPENSES	
Legislative/Council	\$2,110
Administration	\$60,151
Protective Services	\$7,501
Roads, Walks, Lighting	\$22,162
Water Supply & Distribution	\$16,616
Wastewater Treatment & Disposal	\$7,780
Subdivision & Land Development	\$0
Parks & Recreation	\$600
	\$116,342
Operating Surplus or (Deficit)	<b>\$1,568</b>
Amortization of tangible capital assets	(\$45,797)
Government Transfers (Capital)	\$70,901
Net Surplus or (Deficit)	<b>\$25,104</b>

## Financial Position on December 31, 2018

Financial Assets	\$1,049,449
Deferred Revenue	(\$954,565)
<b>Net Financial Assets</b>	<b>\$94,884</b>

## Public Meeting to Present the Viability Review Report

As part of the Village of Gadsby viability review, Alberta Municipal Affairs will hold a public information session for residents, property owners, and community stakeholders:

- to briefly outline the process to date and present the report;
- to provide an opportunity to learn about the viability options; and
- to explain the next steps in the viability review including the vote for village electors.

Location: Gadsby Community Hall  
#20 – 6<sup>th</sup> Street, Gadsby East, SW 27-38-17-W4

Date: Tuesday, October 29, 2019

Time: 6:30 p.m. to 8:30 p.m. Doors open at 6:00 p.m.

## Vote on the Question of Dissolution of Gadsby

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

Location: Meeting Room in the County of Stettler - Gadsby Truck Fill Station  
at NW-1/4 27-38-17-W4th

Dates and Times: Wednesday, November 13, 2019, from 4:00 p.m. to 8:00 p.m. and  
Thursday, November 14, 2019, from 10:00 a.m. to 4:00 p.m.

## Vote by Special Ballot

Those electors unable to vote at the voting station on Election Day may apply to vote by special ballot. Requests for the special ballot application form (Form 16, Local Authorities Election Forms Regulation) may be made in writing, by telephone, or by email to the Returning Officer.

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

By phone: Toll-free at 310-0000, 780-427-2225

By email: [viabilityreview@gov.ab.ca](mailto:viabilityreview@gov.ab.ca)

Special Ballots must be returned by mail to the Edmonton address above and received by 4 p.m. on Tuesday, November 12, 2019.

## Additional Information

For further information about the viability review, please contact:

**Municipal Viability Team at Alberta Municipal Affairs**

**By Email:** [viabilityreview@gov.ab.ca](mailto:viabilityreview@gov.ab.ca) or

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

**All village and county residents are encouraged to attend the meeting, and**

**Eligible village electors are encouraged to vote on this important question.**