

Municipal Dissolution:

A Factsheet for Alberta Public Libraries

What is Municipal Dissolution?

Dissolution is a municipal restructuring process, identified under Sections 129-134.1 of the *Municipal Government Act*.

Municipal dissolution usually occurs when a municipality is no longer viable, does not have the financial, governance, operational, or infrastructure capacity to continue operating on its own and cannot make the changes needed in order to achieve viability. A municipality is said to have dissolved when it is no longer incorporated and has become part of the adjacent municipality, in most cases the surrounding county or municipal district.

What is the Municipal Dissolution Process?

Prior to dissolving, a municipality must undergo a viability review. The Minister of Municipal Affairs can initiate a viability review after receiving a request from a municipal council or upon receipt of a sufficient petition numbering at least 30% of the electors within a municipality. The Minister of Municipal Affairs may also initiate a viability review if the minister feels that a viability review is warranted.

Once the Minister has determined that a viability review will be undertaken a Viability Review Team (VRT) is formed. The VRT consists of representatives from Municipal Affairs, the municipality undergoing the viability review (“review municipality”), the potential receiving municipality, and representatives from the four municipal associations. Together the VRT will review the municipality’s governance and operations, and develop a viability plan with recommendations to improve the long-term viability of the community.

Once the viability plan is complete it is presented in a public meeting. Area residents and municipal

councils are encouraged to submit comments for a period of time. The Minister of Municipal Affairs will then either issue directives to the council and administration or hold a public vote. A public vote gives residents the opportunity to decide whether they want to remain an incorporated municipality or to become an unincorporated hamlet within the receiving municipality.

If, after the vote, dissolution is the preferred option and Cabinet approves the dissolution, all of the assets and liabilities of a dissolving municipality are transferred to the receiving municipality.

More information can be found at <http://www.municipalaffairs.alberta.ca/viability-reviews>.

How does Municipal Dissolution affect Library Boards?

Section 10.1(1) of the *Libraries Act* states that when a municipality is dissolved, any library boards formed by that municipality are also dissolved, and that all the rights, assets, and liabilities of the library board pass to the dissolving municipality immediately prior to that municipality’s dissolution. These assets are then passed to the receiving municipality.

How Should a Library Board Respond to a Potential Dissolution of its Municipality?

A library board has full management and control of the library (or libraries) it manages. It has responsibility for the staff, assets, liabilities, and property under its control. Library trustees need to realize that after a municipality has dissolved, the municipal library board will cease to exist as a legal entity and will have no say in how its employees, assets, liabilities, and property will be managed or disposed of.

The board should work with municipal council and staff to consider library service during the viability review. The board should also consult with the larger community about the future of library service if dissolution occurs.

Planning for the Future

It will not be certain if the municipality will dissolve or not until the end of the dissolution process with a formal Order in Council approved by Provincial Cabinet. However, because the board will have no power after dissolution it must make a plan before a potential dissolution occurs. If the board wants to keep its library open after a potential dissolution, it should consider the following options:

1. The potential receiving municipality may have a library board of its own that will assume management of your library. If the potential receiving municipality has no library board, it may be willing to create one that could take over the library.
2. If the potential receiving municipality is a member of a library system, that system's library board may be willing to operate the library. If the system will not operate a library, residents will be able to get library service at the library of another municipality that is also a member of the system.

If no other board will assume management of the library then the board should make plans to dispose of its assets and liabilities and prepare for the closure of the library if dissolution occurs.

Managing the Transition If Dissolution Occurs

If the community votes in favor of dissolution, the dissolution may occur in a matter of months or days. Boards must be ready to implement their dissolution plans quickly if necessary, before they cease to exist.

If the board employs staff, it is critical they are informed of the board's planned response to dissolution. Inform staff of changes in responsibilities, hours, and job status and put them

in touch with the new board that will be in charge of the library if applicable. If staff members are to be dismissed, the board must fulfill all obligations as an employer terminating an employee as defined by Alberta Employment Standards.

The board should plan how to distribute its property before it dissolves. Library collections, furniture and other assets may be donated to another library, a school or another organization, or be transferred to the municipality following dissolution. The board must give notice to terminate any services or agreements it has with other organizations.

Cash assets deserve special consideration during this process. Your board should ensure that all conditions associated with provincial or federal grant funding are honoured or grants are returned. Funds that do not have conditions attached to them may be donated to an organization of the board's choice or allowed to transfer to the receiving municipality following dissolution. If another library board is taking over delivery of library service to community, the board should consider transferring its remaining funds to them. Grants from the provincial government designated for local library service may be transferred to a new board providing local library service or returned to the province.

Conclusion: A Time of Change

A potential municipal dissolution can be uncertain for the local library board, but it is critical that the board take action and manage this process. Do not assume that everything will stay the same after dissolution. It will not – your board will no longer exist. By engaging with the community, providing feedback into the viability review and taking action your board will serve your community effectively, and even if it dissolves it will leave a beneficial legacy.

For more information, please contact the Public Library Services Branch at (780) 427-4871 or libraries@gov.ab.ca