

VILLAGE OF CHAMPION VIABILITY PLAN

September 2018

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

Viability Review Team

Village of Champion Viability Review

Alberta Municipal Affairs

©2018 Government of Alberta

www.municipalaffairs.alberta.ca

Print Version ISBN No.: 978-1-4601-4146-5

Digital (PDF) Version ISBN No.: 978-1-4601-4147-2

Printed in Canada

TABLE OF CONTENTS

EXECUTIVE SUMMARY	4
BACKGROUND.....	4
REVIEW PROCESS.....	4
ANALYSIS & OPTIONS.....	5
<i>What are the options?</i>	6
<i>Implications for Residents</i>	6
FINDINGS AND RECOMMENDATIONS	9
NEXT STEPS.....	10
POTENTIAL IMPACTS TO RESIDENTS	11
SUSTAINABLE GOVERNANCE.....	11
REGIONAL COOPERATION.....	13
OPERATIONAL AND ADMINISTRATIVE CAPACITY.....	15
MUNICIPAL FINANCES AND ACCOUNTING	17
PROPERTY TAXES AND ASSESSMENT	19
INFRASTRUCTURE	21
SERVICE DELIVERY AND RISK MANAGEMENT	25
COMMUNITY WELL-BEING.....	26
FINANCIAL ANALYSIS OF VIABILITY OPTIONS	28
MUNICIPAL OPERATIONS	28
POTENTIAL IMPACT ON PROPERTY TAXES.....	29
MUNICIPAL INFRASTRUCTURE	30
APPENDIX A: PERFORMANCE ON MUNICIPAL INDICATORS	32
APPENDIX B: FINANCIAL POSITION	35
APPENDIX C: ANNUAL REVENUES AND EXPENSES	37
APPENDIX D: STAKEHOLDER SUMMARY – MARCH 28, 2017.....	39
APPENDIX E: INFRASTRUCTURE AND 10-YEAR CAPITAL PLAN SUMMARY	43

List of Tables

Table 1: Estimated Costs of Infrastructure Repairs (in 2017 dollars).....	22
Table 2: Revised 10-Year Infrastructure Repairs (in 2017 dollars).....	22
Table 3: Revenues & Expenses (if Champion became a hamlet)	29
Table 4: Comparison of Residential Property Taxes at County and Village Rates	30
Table 5: Financial Position (2016 – 2012).....	35
Table 6: Accumulated Surplus (2016 – 2012).....	36
Table 7: Operating Revenues and Expenses (2016 – 2012).....	37
Table 8: Capital Transactions (2016 – 2012)	37
Table 9: Change in Net Financial Assets (2016 – 2012)	38
Table 10: Participant Survey Results	40

List of Figures

Figure 1: Revenue Sources (2012 - 2016).....	38
Figure 2: Expenses by Service Area.....	38

EXECUTIVE SUMMARY

Background

Champion is a village in southern Alberta, located in Vulcan County, approximately 74 kilometres (46 mi) north of Lethbridge and 147 kilometres (91 mi) south of Calgary, Alberta. The 2016 Federal Census indicated the population of the Village of Champion is 317.

On February 17, 2016, the Minister decided to conduct a viability review for the village. A viability review is a process in which a municipality's governance, finances, infrastructure and services are studied to determine whether changes to the municipality are required for the community to remain viable. It also considers the relative merits of the community remaining as a stand-alone municipality, versus dissolving the municipal corporation to become part of the surrounding municipality.

On completion of a viability review, the Minister may order the municipality to take actions to support its long term viability. Alternatively, the Minister may hold a vote of the electors to gauge the level of support for dissolving the municipal corporation, whereby the community would become part of the county. The decision to dissolve a municipal corporation ultimately rests with the Government of Alberta.

Review Process

Infrastructure Audit

After the Minister chose to initiate the viability review, the village was encouraged to apply to Municipal Affairs for a grant to undertake a comprehensive infrastructure audit of the village's above and below ground infrastructure. The infrastructure audit is a crucial part of understanding a municipality's viability, because the ability of the municipality to fund infrastructure is so central to providing services to residents. On March 3, 2016, the Minister approved a grant of \$150,000 for the village to undertake an infrastructure audit and the village contracted ISL Engineering to conduct the audit. The infrastructure audit was completed and approved by village council on February 17, 2017. Village administration subsequently followed up with the engineers and received revised quotes for some of the projects. Since receiving the infrastructure audit, the village has also completed a number of the infrastructure projects (see **Appendix E: Infrastructure and 10-Year Capital Plan Summary**). The full report of the engineer is available at the village office.

Viability Review Team

After the infrastructure audit was complete, the Minister established a Viability Review Team (VRT) in February 2017. A Viability Review Team is a committee consisting of representatives from the provincial ministry of Municipal Affairs, the Village of Champion and Vulcan County councils and administration, the Alberta Urban Municipalities Association, the Rural Municipalities of Alberta, the Alberta Rural Municipal Administrator's Association, and the Local Government Administration Association. The mandate of the VRT was to:

1. Guide the Viability Review by evaluating the long-term viability of the Village of Champion and developing substantive recommendations that would help the Village of Champion become viable. The findings and recommendations are to be published in a Viability Plan.
2. Engage stakeholders by sharing information and providing opportunities for the community to provide feedback on the Viability Plan.

3. Provide updates to member organizations by sharing the approved key messages following each meeting.
4. Provide feedback to the Minister at the end of the Viability Review process on ways the viability review process could be improved.

Viability Report

As part of its mandate, the VRT was to consult with residents, businesses and Vulcan County and develop a plan to address the factors contributing to the long-term viability of the village. On March 28, 2017, the VRT held a public meeting in Champion where eighty-one individuals provided feedback regarding the viability of the village (**Appendix D: Stakeholder Summary – March 28, 2017**).

In May 2017, the province informed the VRT that all VRTs in Alberta would be put on hiatus until after the October 2017 general municipal elections, so as not to impact the elections process. The VRT re-convened in March 2018, holding two meetings on March 1 and June 20 to discuss the village's current state and provide recommendations for promoting viability. During this time, the VRT considered a number of factors including the village's finances, municipal services, long-term planning of services and infrastructure needs, the current state of municipal infrastructure, community demographics, economic development and activity, municipal structure, and the village's relationship with Vulcan County. The VRT also reviewed information based on documents provided by the Village of Champion and Vulcan County, the infrastructure report created by ISL Engineering Inc., and the comments heard during the stakeholder consultation.

The analysis and findings of the VRT resulted in this document, the final report of the Viability Review Team. The purpose of the Champion Viability Plan is to provide village council, administration and the residents of Champion an opportunity to discuss and debate the future of their village.

Analysis & Options

The VRT considered eight different categories of municipal operations in thinking about the viability of the Village of Champion. These eight categories are: 1) Sustainable Governance, 2) Regional Cooperation, 3) Operational and Administrative Capacity, 4) Municipal Finances and Accounting, 5) Property Taxes and Assessment, 6) Infrastructure, 7) Service Delivery and Risk Management, and 8) Community Well Being. For each of these categories, the VRT answered four questions. The first question they answered for each category was: ***How does Champion operate today?***

Then, the VRT looked at the following two questions regarding options for the future of Champion:

- Option 1: ***What would happen if Champion remained a village?***
- Option 2: ***What would happen if Champion became a hamlet in Vulcan County?***

Finally, the VRT answered the question: ***If Champion did remain a village, what could the village do to promote its ongoing future viability?*** The VRT provided seventeen recommendations to the village in answer to this question (see [Findings and Recommendations](#)).

The answers to all of these questions comprise the main body of this report under [Potential Impacts to Residents](#).

What are the options?

- **Option 1: The Village of Champion remains a village and completes directives issued by the Minister of Municipal Affairs.** This option would allow Champion to continue as a village but would require changes to its operations in order for the village to achieve viability. The Minister would issue “directives” to the municipality under this option. Essentially, these “directives” would mean that the village would have to carry out the actions recommended by the VRT in this report (see [Findings and Recommendations](#)).

- **Option 2. The Village of Champion dissolves and becomes a hamlet in Vulcan County.** Based on a vote of eligible electors from the village, this option would see the orderly dissolution and wind-down of the village corporation. Champion would become a hamlet in Vulcan County and would legally be part of the county for the purposes of municipal governance, infrastructure, property taxes, municipal services, etc. All of the village corporation assets, liabilities, functions and obligations would be transferred to the county.

Implications for Residents

The VRT felt it was important to highlight some of the similarities and differences for residents under Option 1 and Option 2. In this section, the VRT drew on the main body of this report for this “Q&A” section to answer: ***What would be the same or different about remaining as a village or becoming a hamlet in Vulcan County?*** This section does NOT address all of the changes that might occur; the VRT chose to highlight what they thought would be of most interest to residents. For full details, read the [Potential Impacts to Residents](#) and [Financial Analysis of Viability](#) sections.

Q1. What happens to our community identity?

If Champion remains a village, the community continues to have a legal identity as a separate municipal corporation. If Champion became a hamlet, it would legally be part of Vulcan County. Regardless of the outcome, the community will continue to be recognized as an important centre in the region, and will continue to be serviced and supported under the local government framework.

Q2. What would our council representation be?

If Champion remains a village, there would still be five councillors (average one councillor per 63 people). Champion has some difficulty filling council positions; in both the 2010 and 2017 municipal elections, all the nominees automatically became councillors because no one else ran. If Champion became a hamlet, the hamlet would become part of Ward 6 and would be represented by one of seven Vulcan County councillors (average one councillor per 570 people).

Q3. Where would I learn about and give input on municipal matters?

If Champion remained a village, the village would be encouraged to post more of its bylaws and policies online, in addition to current notification and public engagement methods. If Champion became a hamlet, information would be available from Vulcan County social media, the Vulcan Advocate, and the municipal website (which has the County’s bylaws, policies, agendas, and meeting minutes online). Residents could ask questions of county council at question period of every council meeting or request to be placed on the agenda as a delegation.

Q4. Would the Champion library stay open?

The library would remain open regardless of whether Champion is a village or a hamlet. If Champion became a hamlet, all six library branches in Vulcan County plus the Champion branch would have their funding allocations reviewed.

Q5. What happens to our regional representation?

If Champion remains a village, it would maintain and periodically review its membership on regional committees, such as the Marquis Foundation for senior's housing and the Vulcan and Region Family and Community Support Services. Vulcan County is a member of all of the same nine boards and committees as Champion. So if Champion became a hamlet, representation on those boards and committee would be through the county's councillors.

Q6. How would I pay my utility and tax bills?

If Champion remains a village, residents would continue paying bills at the village office. If Champion became a hamlet, residents would pay in person at the Vulcan County Administrative Office at 102 Centre St. in Vulcan.

Q7. What would my utility costs be?

For water and garbage services, both the Village of Champion and Vulcan County are members of the Twin Valley Regional Water Services Commission and the Vulcan District Waste Commission. The fees charged are determined by those two commissions on a "cost recovery basis" (i.e. to cover the commissions' cost of providing services). Either way, water and garbage services would continue to be charged for full cost recovery.

For sewer and wastewater services, the County would bill on a bi-monthly cycle with charges remaining at the current village rate for the two years. Should the County determine after the two year cycle that efficiencies can be gained or deficiencies need to be addressed, the bi-monthly charge would be adjusted accordingly.

Q8. How would fire services be provided?

If Champion remained a village, fire services would continue to be provided from the new Champion fire hall. The village currently accounts for the costs of fire services within the overall municipal property taxes charged. If Champion became a hamlet, the County would charge a levy of 0.0003980, or \$39.80 on \$100,000 worth of property assessment value. For further information on the levy, see the [Financial Analysis of Viability](#) section.

Q9. How would bylaw enforcement be provided?

The village recently signed a contract for bylaw enforcement services from the county's Community Peace Officer (CPO). If Champion became a hamlet, the CPO would continue to perform regular patrols and bylaw enforcement.

Q10. What would my taxes be?

The village and the county approach property taxes a bit differently. The village accounts for the funds it needs for recreation and fire services and municipal contributions to the Vulcan District Waste Commission, within its general municipal property tax mill rate. The county splits out the mill rates for recreation and fire services, and its contribution to the Vulcan District Waste Commission, by adding these as separate levies to their residents on top of the municipal property tax mill rate. Both the village and

county break out the requisitions for the Alberta School Foundation Fund (ASFF) and the Seniors' Housing Foundation separately in their property tax bylaws.

Once these considerations are incorporated, the taxes for \$100,000 of residential assessment for the Village of Champion are \$1,657 (in 2017 rates). If Champion became a hamlet, Vulcan County would have to decide whether to reduce services levels or add a special levy to maintain the same service levels*. If the county chose to use taxes to make up the operating shortfall (between the county's lower tax rates and village's current service levels), property taxes on \$100,000 of residential assessment for Champion would be approximately \$1,504* (in 2017 rates). Vulcan County could also explore reducing facilities' operations and the level of services offered to manage this operating deficit. For a full discussion of potential cost implications for residents, see [Financial Analysis of Viability](#).

* *This discussion of property taxes and service levels does not account for the costs of addressing the infrastructure projects recommended by the engineer's report (see next two questions).*

Q11. Would all of the projects in the engineer's infrastructure report be completed?

Both the village and the county indicated they would complete all the high priority projects recommended by the engineer (including subsequent revisions), and within the recommended timeframe. See "Infrastructure" under the [Potential Impacts to Residents](#) and **Appendix E: Infrastructure and 10-Year Capital Plan Summary** for details.

Q12. How will the cost of infrastructure projects be covered?

If Champion remained a village, the village has indicated that it would not have to incur any long-term debt or raise property taxes in order to fund the infrastructure projects recommended by the engineer. The cost of capital projects would be covered through tax revenues, the provincial Municipal Sustainability Initiative (MSI) Capital grants, Community Facility Enhancement Program grants, and the federal Gas Tax Fund grants.

If Champion became a hamlet, Vulcan County would fund the high priority infrastructure projects with any provincial MSI grants that are allocated by the province from the former village to the county. Any revenue shortfall would then be collected under a special tax or local improvement tax (allowed under sections 382 and 397 of the *Municipal Government Act*) on Champion residents. This would be in addition to any property taxes or special hamlet service taxes that the County may impose. For a full discussion of potential cost implications for residents, see the [Financial Analysis of Viability](#) section.

Q13. Would roads be paved and serviced?

If Champion remains a village, the village council has indicated they would replace all roads (to paved or gravel as they are now) over 30 years, as recommended by the engineer. If Champion became a hamlet, the County indicated it would also fund road replacement, but would gradually convert all of the paved roads to gravel, as they did in the hamlets of Mossleigh and Kirkcaldy. Gravel street maintenance would occur on a regular basis, with the County's divisional grader operator undertaking this as part of their regular duties. Aggregate/gravel for small repairs would be readily available with no delay in delivery. The county would provide snow removal with existing equipment. If Champion residents wanted dust abatement, an additional charge would apply.

Findings and Recommendations

Based on the information outlined in this report, the VRT determined that the Village of Champion is clearly viable. The VRT also recommended seventeen actions that could promote the village's ongoing future viability:

1. Village council must integrate into their existing strategic plan the recommendations resulting from the viability review.
2. The village must post bylaws and policies on the village's website in a dedicated folder and maintain a schedule for ongoing review of bylaws and policies.
3. The village should continue to encourage residents to run in municipal elections by hosting information sessions and/or open houses regarding the responsibilities of councillors, as well as providing a nomination package for prospective councillors.
4. The village should continue to work with Vulcan County and other regional partners and highlight the benefits of these partnerships for residents on the village website.
5. The village should continue to develop its Intermunicipal Collaboration Framework with Vulcan County.
6. The village council should continue to follow its Records Retention Bylaw 2017-05 to ensure that when CAOs leave, village records will be in order for the incoming CAO. Included with this should be consideration for how electronic records are backed-up and the appropriate retention period.
7. The village council should continue to provide information to village residents and property owners through the village newsletter, regarding revenues (including property taxes), and expenditures on programs and services, to help taxpayers better understand how property tax dollars are spent and the value received from them.
8. Village administration should investigate alternative municipal accounting software.
9. As part of the annual budget process, the village should undertake a service capacity review to align program and service levels, council and resident's expectations, and available resources and funding.
10. The village should continue to follow the municipally legislated tax recovery process.
11. The village should provide information about property assessment and taxation processes to property owners, including communicating to residents the negative impact of unpaid property taxes on municipal cash flow.
12. The village must approve and fund a 10-year capital plan through approved funding sources such as municipal taxes, utility fees, or grant programs.
13. The village must review and update ongoing operations and develop a maintenance plan for village infrastructure (e.g. water treatment plant, irrigation pipes).
14. The village should consider developing and adopting asset management policies to better manage and anticipate infrastructure needs within the village.
15. The village should continue to review utility rates annually using a full-cost recovery model that would include the amortization expense and could include reserve contributions for future infrastructure projects.
16. The village should continue its community outreach program and continue to celebrate, support, and provide financial assistance to community groups.
17. Village administration should continually review Occupational Health and Safety requirements to ensure that the village is compliant with current requirements.

This document presents a summary of the VRT's findings, including how municipal services are delivered to village residents and the potential changes and impacts that village residents may face in the future. Residents of Champion must weigh the benefits and challenges of remaining as a village or becoming a hamlet in Vulcan County.

Next Steps

A copy of this report will be mailed to village residents and be presented in a public meeting in the Champion Community Hall on October 4, 2018 at 7 PM. Following the meeting, the public will have the ability to provide written comments to the Minister regarding the long-term viability of the village, as well as indicating their preference to remain a village or to become a hamlet.

Once the 30-day comment period has elapsed, based on the information contained within the report and the comments received from the public, the Minister will make a decision and determine if directives will be issued or a vote will be held. Should the Minister of Municipal Affairs decide:

- **that directives will be issued:** *no public vote would be held, and village council and administration would be provided with a list of actions that would be based on the recommendations contained within this report. These actions would need to be completed within the time specified by the Minister.*
- **that a public vote will be held on the question of dissolution:** *a notice of public vote as well as the date and time for the public information session would be mailed to residents of the village. The vote would be conducted using the process set out in the Local Authorities Election Act. On the day of the vote, electors would be asked to choose between the following two options:*

1. **The Village of Champion remains a village and completes directives issued by the Minister of Municipal Affairs**

What does this option mean: The Minister of Municipal Affairs will issue directives requiring village council and/or administration to implement some or all recommendations in this report.

or

2. **The Village of Champion dissolves and becomes a hamlet in Vulcan County**

What does this option mean: The Minister of Municipal Affairs would recommend to cabinet that the Village of Champion municipal corporation be dissolved, and Champion would become a hamlet within Vulcan County. Following the date of dissolution, Vulcan County would assume the responsibility of providing services to the hamlet.

Definitions

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

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

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

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

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

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

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

POTENTIAL IMPACTS TO RESIDENTS

Sustainable Governance

The legal framework for local government in Alberta is outlined within the *Municipal Government Act (MGA)* and the *Local Authorities Election Act (LAEA)*. Municipal governments consist of a council, made up of councillors that represent the electorate in the municipality, and a Chief Elected Official, known as a mayor or reeve. A fundamental duty of a councillor is to “*consider the welfare and interests of the municipality as a whole and to bring to council's attention anything that would promote the welfare or interests of the municipality*” (MGA, section 153). The MGA specifies that a municipal council must not exercise a power or function, or perform a duty, which is assigned to the chief administrative officer, but rather a municipal council is responsible for:

- developing and evaluating the policies and programs of the municipality,
- carrying out the powers, duties and functions expressly given to it under this or any other enactment.

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

HOW CHAMPION OPERATES TODAY

- In 2004, 2007 and 2013 the village held general municipal elections. In the 2010 and 2017 elections, councillors were acclaimed.
- Village council consists of five elected officials. The mayor is elected annually from within council at the organizational meeting. Village council holds meetings one Monday per month in the council chambers.
- The village makes public announcements in the Vulcan Advocate newspaper and through bi-annual community newsletters. The village also provides information to residents through its website, Facebook page, postings by the post office and senior’s centre, and occasionally by placing notices in residents’ mailboxes.
- Public participation at council meetings requires that prior written notice be given by delegation representative(s) so that they can be added to the agenda three days before they plan to attend the meeting.
- Operational and capital priorities are determined by council with input from administration.
- The *Municipal Government Act* authorizes municipalities to create and enforce bylaws to maintain the health, safety and wellness of the community. The village does not currently have a municipal bylaw enforcement officer and is reviewing options for cost effective enforcement.
- The village currently has a Utility Bylaw that is updated annually and is calculated to achieve 100% cost recovery.
- The village passed a formal Strategic Plan and has completed a Municipal Development Plan.
- The village signed a contract with Vulcan County in 2018 for Community Peace Officer services for bylaw enforcement.
- The municipality is currently working in partnership with Vulcan County and the Village of Arrowwood on an Intermunicipal Development Plan for which grant funding has been secured.
- The municipality will be developing an Intermunicipal Collaboration Framework with Vulcan County.
- The village, as part of its annual budgeting process, provides funds to undertake professional development activities for council and staff.

OPTION 1: IF CHAMPION REMAINED A VILLAGE

- Council representation would not change; residents would be encouraged to run for municipal office.
- No changes are anticipated in the area of communications and community engagement.
- The village council would continue to develop bylaws and policies that govern the village.
- The village will continue to maintain the contract for Community Peace Officer services for bylaw enforcement from Vulcan County.
- The village will continue working with its

OPTION 2: IF CHAMPION BECAME A HAMLET

- Council representation would consist of one elected councillor from Ward 6; there are seven county councillors in total for the current county population of 3,984. With Vulcan County absorbing Champion, divisional ward boundaries would need to be reviewed to ensure population parity amongst the wards.
- Community engagement and notification would take place through the Vulcan County social media, website and Vulcan Advocate. Residents can ask questions of Council at question period of every Council meeting or

<p>municipal neighbours, including Vulcan County, on areas of mutual interest.</p>	<p>request from Administration to be placed on the agenda as a delegation.</p> <ul style="list-style-type: none"> ▪ Existing policies and bylaws within Vulcan County would apply to Champion. There is opportunity to develop new bylaw and policies to address any special circumstance that arises within the Hamlet of Champion. ▪ Bylaw enforcement will be performed by the Vulcan County Community Peace Officer.
--	--

<p>VIABILITY REVIEW TEAM RECOMMENDATIONS TO ACHIEVE VIABILITY IF CHAMPION REMAINS A VILLAGE:</p>
<ol style="list-style-type: none"> 1. Village council must integrate the recommendations resulting from the viability review into their strategic plan. 2. The village must post bylaws and policies on the village's website in a dedicated folder and maintain a schedule for ongoing review of bylaws and policies. 3. The village should continue to encourage residents to run in municipal elections by hosting information sessions and/or open houses regarding the responsibilities of councillors, as well as providing a nomination packages for prospective councillors.

Regional Cooperation

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

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

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

HOW CHAMPION OPERATES TODAY

- Champion has worked cooperatively with its neighbours to provide services and undertake capital projects. Some of the benefits realized from these co-operation efforts include:
 - Fire Services, Recreation, and Family & Community Support Services (FCSS) offered in partnership with Vulcan County, and
 - Water and Waste Services through regional commissions set up with neighboring municipalities.
- The village has a strong relationship with Vulcan County and other municipalities in the region and as a result has received provincial funding to:
 - Develop a regional emergency management training program (Alberta Community Partnership),
 - Develop an emergency management plan (Alberta Community Partnership),
 - Develop an Inter-municipal Development Plan (Alberta Community Partnership), and
 - Partner with the villages of Milo and Lomond to update land use bylaws (Alberta Community Partnership).
- The Village is currently a member of the following 8 regional boards and committees:
 - Champion and District Recreation Committee,
 - Foothills Regional Emergency Services Commission,
 - Marquis Foundation (Seniors Housing),
 - Oldman River Regional Services Commission, (Professional Planning Services),
 - Twin Valley Regional Water Services Commission,
 - Vulcan County Adult Learning Council,
 - Vulcan District Waste Commission, and
 - Vulcan and Region Family and Community Support Services.

OPTION 1: IF CHAMPION REMAINED A VILLAGE

- The village would retain the ability to partner with other municipalities (such as Vulcan County) for the purposes of securing grants or providing enhanced municipal services.
- The village will continue to work with Vulcan County and neighbouring municipalities to provide municipal services to its residents and undertake joint capital projects wherever feasible.
- The village will be required to complete an Inter-municipal Collaboration Framework (ICF) agreement with Vulcan County.
- The village will continue to review the benefits of its participation on regional boards as necessary.

OPTION 2: IF CHAMPION BECAME A HAMLET

- Representation of Champion interests would be recognized by the sitting Vulcan County members, who are represented on all 8 of the same boards.
- IDP and ICF framework between Vulcan County and Champion would no longer be required.
- Capital and service needs would be undertaken by Vulcan County.
- Grant opportunities for the hamlet would still be investigated by Vulcan County.

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

4. The village should continue to work with Vulcan County and other regional partners and highlight the benefits of these partnerships for residents on the village website.
5. The village should continue to develop its Intermunicipal Collaboration Framework with Vulcan County.

Operational and Administrative Capacity

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

Every council is required to appoint a chief administrative officer (CAO) and designate one or more individuals with the responsibilities to carry out the powers, duties and functions of the CAO. The CAO is the administration head of a municipality. Sections 207 and 208 of the *MGA* outline the roles and responsibilities of the CAO, including:

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

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

HOW CHAMPION OPERATES TODAY

- The municipal office is located at 135 Main Street and is open Tuesday, Wednesday and Thursday between 9:00 am – 3:00 pm.
 - The municipality has a website (www.villageofchampion.com).
 - Residents are able to pay utility bills and taxes at the local ATB branch, on-line or at the municipal office.
 - In addition to the CAO, the village employs one full and one part-time public works staff, one part-time municipal clerk, and one part-time water operator. Seasonal and odd contract workers are hired as needed.
 - Council agendas and meeting minutes are posted on the Village of Champion website.
- The village passed a Records Retention bylaw in 2017 to ensure that village records are properly maintained and stored.
- Information gathered during the stakeholder sessions suggests that residents are passionate about their

community and understand the challenges and opportunities facing the village.

- In 2016, the cost of providing administrative services in the village was \$197,405, which equates to approximately 64 per cent of the revenue collected from municipal taxes and represents 26 per cent of total expenses. These costs include items such as CAO and administrative staff pay, insurance, property assessment, audit, and overhead and capital costs for running the village office.
- The village contracts:
 - Assessment services from Benchmark Assessment Services,
 - Planning and Development Services from the Oldman River Regional Services Commission (ORRSC),
 - Economic Development Officer contracted through a Community and Regional Economic Support (CARES), grant for 2017, to market village owned residential and commercial properties, and
 - Financial audit services from KMPG LLP.

OPTION 1: IF CHAMPION REMAINED A VILLAGE

- The village's Chief Administrative Officer will continue to be responsible for the management and day-to-day operations of the village. Village staff and contractors will handle the provision of municipal services
- As part of the annual budget process, the village will continue to determine if staffing is at an appropriate level for the services and programs the village provides.
- The village will continue to implement a records management and retention policy to ensure that village records are properly maintained and stored.

OPTION 2: IF CHAMPION BECAME A HAMLET

- The Chief Administrative Officer of the Village would be employed by Vulcan County over an estimated transition period of 12 months.
- The Village Public Works Foreman would retain his position for handling day-to-day operations within the Hamlet. This individual would report to the Vulcan County Director of Operations.
- Seasonal staff at Vulcan County would assist in the operations of the hamlet from May 1st to October 1st.
- All other municipal staff functions would be absorbed by current staffing at Vulcan County. Any changes to staffing levels must be conducted in compliance with Alberta Labour laws.
- The annual budget process will continue to determine an appropriate level for the services and programs for the hamlet.
- Administrative inquiries would be addressed at the Vulcan County Administrative Office at 102 Centre Street in Vulcan Alberta.
- Assessment services will continue to be performed by Benchmark Assessment Services.

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

6. The village council should continue to follow its Records Retention Bylaw 2017-05 to ensure that when CAOs leave, village records will be in order for the incoming CAO. Included with this should be consideration for how electronic records are backed-up and the appropriate retention period.

Municipal Finances and Accounting

The municipal fiscal year is from January 1st until December 31st. All municipalities in Alberta must adopt an operating and capital budget that shows their expected expenditures and revenues. The revenues each year must be sufficient to cover the expenditures for that year. Municipalities must also prepare three year operating and five year capital plans. In the village, the budget cycle begins in late fall when council and the CAO have a budget planning meeting. In 2017, the village adopted its final budget in April.

At the end of each fiscal year, municipalities prepare financial statements, which must be audited by an independent auditor appointed by council. The financial statements are considered public information and are available in May of the following year. The village filed their financial statements with Municipal Affairs after the legislated deadline for reporting on the 2014 fiscal year. However, in the 2015, 2016, and 2017 fiscal years the statements were filed before the deadline.

The municipal administration is responsible for maintaining financial records, ensuring revenues are collected, managing deposits, paying for expenditures, budgeting and tracking performance against budgets, applying for and managing grants, and investing municipal reserves. Council has a responsibility to develop and evaluate the policies and programs of the municipality, and ensure the chief administrative officer performs his/her assigned duties and functions.

In 2016, the village reported \$878,123 in expenses and \$1,244,341 in operating revenue plus \$49,496 in capital revenues. The majority of municipal expenditures were for roads, administration and water supply and distribution. Municipal revenues included \$308,780 from municipal taxes, \$201,059 from government transfers or grants, \$264,995 from sales and user fees, with the remaining \$469,507 from grants and donations, franchise agreements, and penalties and costs of taxes. (Appendix C: Table 7)

The financial position of a municipality can be assessed based on its net financial assets (or debt) as reported in its financial statements. Net financial assets (or debt) is equal to total financial assets less the total liabilities. Since 2012, the village has had sufficient financial assets to cover its liabilities. As of December 31, 2016, the village reported \$42,319 in net financial assets. (Appendix B: Table 5)

The village also holds \$188,756 in land for resale at the end of 2016. The net financial assets of \$42,319 and land for resale of \$188,756 make up the accumulated surplus (excluding equity in tangible capital assets) of \$231,075 at the end of 2016. (Appendix B: Table 6)

The village holds \$5,120,967 in tangible assets, which are reported at original cost less amortization. (Appendix B: Table 5) Tangible capital assets include land, land improvements, buildings, engineered

structures (e.g., water, wastewater, and storm sewer lines), machinery and equipment, and vehicles. Based on unamortized costs, approximately 59% per cent of the useful life of tangible capital assets remains.

Based on 2016 revenues the village is able to borrow approximately \$1.5 million for projects in the community. However, the village has used none of its available borrowing room from 2012 to 2016, as has no long-term debt.

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

Franchise fees are collected by utilities providers, and are paid to the municipality as a charge to access municipal land to construct, maintain and operate distribution systems serving municipal residents. Village council establishes the rate. In some cases, the franchise fee is a percentage of the energy charge and the delivery charge, which fluctuates with the price of gas or electricity changes. In other cases, the fee is based on delivery costs and is not subject to market price fluctuations. In 2017, the village will receive approximately \$16,000 from ATCO and \$25,000 from Fortis in franchise fee revenue. The revenue received from franchises fees is placed into general revenue.

Transfers or grants from senior levels of government that are not expended within that year are carried over as deferred revenue. Depending on the program, these grants could be paid prior to project completion or upon project completion. The amount of deferred revenue should not exceed the municipality's financial assets. As of December 31, 2016, the village reported \$494,106 in deferred revenue and \$550,154 in financial assets.

OPTION 1: IF CHAMPION REMAINED A VILLAGE

- In 2016, the village had reported an accumulated surplus, net of tangible capital assets, of \$231,075 (composed of net financial assets and land held for resale).
- Reserves have not been allocated (moved into restricted surplus) since 2012 due to a lack of funds. A reserves policy was created on December 5, 2016. In February 2018, \$100,000 was allocated from operational funds into capital reserves so that some funds are available should an unforeseen repair to infrastructure be required.
- An additional \$50,000 in reserves may become available, should decommissioning of an old water line not be required. The village is currently negotiating with Alberta Parks, which may pay to upgrade the water line in order to provide water through the Village to Little Bow

OPTION 2: IF CHAMPION BECAME A HAMLET

- Hamlet restricted reserve accounts would be established to ensure any funds currently held by the village would remain available to the hamlet.
- Should existing reserves not be sufficient to cover off any unforeseen infrastructure repairs, current reserves held by Vulcan County would be utilized and then "repaid" through a special tax levy beginning the following year for a specified term.
- Franchise fee revenue would be utilized for operational expenses within the hamlet.
- Vulcan County would continue with the objective of providing potable water to Little Bow Park in hopes of recognizing the \$50,000 by not decommissioning the old water line and entering into a partnership with Alberta Environment and Parks.

<p>Park.</p> <ul style="list-style-type: none"> Maintaining adequate reserves ensure the village has resources to maintain service levels or address critical infrastructure repairs in a timely manner. 	
---	--

<p>VIABILITY REVIEW TEAM RECOMMENDATIONS TO ACHIEVE VIABILITY IF CHAMPION REMAINS A VILLAGE:</p>
<ol style="list-style-type: none"> The village council should continue to provide information to village residents and property owners through the village newsletter, regarding revenues (including property taxes), and expenditures on programs and services, to help taxpayers better understand how property tax dollars are spent and the value received from them. Village administration should investigate alternative municipal accounting software. As part of the annual budget process, council should undertake a service capacity review to align program and service levels, council and resident’s expectations, and available resources and funding.

Property Taxes and Assessment

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

- Preparing the assessments – completed by the municipality’s appointed assessor.
- Setting the tax rate – completed by the municipal council. In addition, the municipality is responsible for calculating the taxes payable, providing tax notices, and collection of taxes.

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

Assessment is the process of establishing a dollar value on a property for taxation purposes. This value is used to calculate the amount of taxes that will be charged to the owner of the property. Taxation is the process of applying a tax rate to a property’s assessed value to determine the taxes payable by the owner of that property.

As some types of properties are difficult to assess, Municipal Affairs prescribes rates and procedures for “regulated properties” (e.g. linear property, machinery and equipment, railway property) since:

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

Each year, village council determines the services that are required and the amount of money they need to operate the village. After the non-tax revenues (e.g. licences, grants, fees, and permits) are subtracted, the remainder is the amount of money the municipality needs to raise through property taxes in order to provide services for the year. This revenue requirement is then used to calculate the tax rate. The tax rate is generally expressed as the amount of taxes per \$1,000 of assessed value of the property (or mills). A municipality may adjust its tax rate on a yearly basis depending on its revenue requirement. The tax rate a municipality chooses to set depends on the assessment base in the municipality and the amount of money it needs to generate using the property tax.

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

HOW CHAMPION OPERATES TODAY

- Non-residential assessment increased by 3.9 per cent from 2012 – 2016. Assessment is currently comprised of 92 per cent residential, 5 per cent non-residential, and 3 per cent linear.
- Currently, there are 21 commercial properties within the village, with an additional 11 expected upon the completion of an industrial park. Businesses do not require a business licence to operate within the village.
- An individual with a residential property valued at \$100,000 can expect to pay \$1660 in property taxes, including education property taxes and other requisitions. Of that amount, the village receives \$1,400 for municipal property taxes. A commercial property owner, with a similarly assessed property, can expect to pay \$1968 in property taxes, including education property taxes and other requisitions. In 2016, including requisitions the:
 - residential tax rate was 16.60245 mills,
 - non-residential tax rate was 19.68075 mills,
 - linear tax rate was 16.5000 mills, and
 - the minimum tax amount was \$1,000 for residential and \$1,200 for non-residential properties.
- In 2017, the municipal mill rate for non-residential properties was reduced from 16.5000 to 10.000 to encourage development in the industrial park. Three of the industrial lots have been purchased to date.
- The Village of Champion currently has a contract with Benchmark Assessment Consultants Inc. to provide municipal assessment services. In 2016, the assessment services cost the village \$5,750.34.
- The village follows the tax recovery process outlined in the *Municipal Government Act (MGA)* and after six months, unpaid utility fees are transferred to the municipal tax roll. To assist residents with tax payments, the village allows for a Tax Installment Payment Plan or customized payment plans for past due taxes or special circumstances.

- In 2016, the tax penalties were 12 per cent on the current taxes unpaid after August 31st, an additional 1.5% per cent on taxes that remain unpaid following the end of each of the next three months, and 18 per cent on all taxes remaining unpaid after December 31, 2016.
 - In 2016, the village had \$58,640 in uncollected taxes, which negatively impacts the village’s cash flow.
- More than 12 per cent of the taxes levied in 2016 remained unpaid on December 31, 2016. As of December 31, 2017, the overdue portion was reduced to 4.3% of the municipal portion of the tax base, or a total of \$14,341.31 owing on five residential properties. The overdue portion was further reduced in early 2018 to 3.6% and the village is following up regarding the overdue taxes on the remaining four residential properties.
- There have been no municipal sales of property due to overdue taxes in the past few years.

OPTION 1: IF CHAMPION REMAINED A VILLAGE

- The village will continue to ensure tax collection on overdue accounts by following the tax recovery process outlined within the *Municipal Government Act*.

OPTION 2: IF CHAMPION BECAME A HAMLET

- Based on Vulcan County’s 2017 Tax Rate Bylaws:
- Champion would fall within the Champion Fire District and see a special fire protection tax rate of 0.0015369.
 - Champion would fall within the Champion Recreation District and see a special tax rate levy of 0.0005720.
 - A minimum tax of \$30 per parcel would apply.
 - Vulcan County will continue to ensure tax collection on overdue accounts by following the tax recovery process outlined within the *Municipal Government Act*.

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

10. The village should continue to follow the municipally legislated tax recovery process.
11. The village council should provide information about property assessment and taxation processes to property owners, including communicating to residents the negative impact of unpaid property taxes on municipal cash flow.

Infrastructure

In 2016, the village received \$150,000 under the Alberta Community Partnership program and commissioned ISL Engineering to undertake a comprehensive infrastructure assessment and develop a ten-year capital plan of its municipal infrastructure. The infrastructure assessment included a review of the water storage, pumping and distribution; wastewater collection and treatment system; stormwater drainage; roads and sidewalks; and municipal buildings. The following table provides a high-level summary of the estimated costs to complete the

infrastructure projects in the village of Champion, as outlined within the 2017 Infrastructure Audit that was approved by council on February 21, 2017.

Table 1: Estimated Costs of Infrastructure Repairs (in 2017 dollars)

	Water	Sanitary Sewer	Roads	Buildings/Parks	Total
Years 1-5 (2017-2021)	855,505	502,500	575,000	1,061,850	2,994,855
Years 6-10 (2022-2026)	195,900	14,500	575,000	0	785,400
Total	1,051,405	517,000	1,150,000	1,061,850	3,780,255

In addition to the total cost of \$3,780,255 above, the engineers recommended building a new water storage reservoir, based on modelling of potential future needs, at a cost of \$1,076,650. While the engineers did not include the reservoir in the total cost of the 10-year capital plan, they strongly recommended that the village include it as a project. However, a new reservoir would only really be necessary if the village’s population were to increase substantially over the next ten years. If the reservoir were included, the total cost of the 10-year capital plan would be \$4,856,905.

Subsequent Revisions and Progress to Date

Subsequent to council’s approval of the February 2017 infrastructure audit, village administration requested further review of civic buildings and wastewater lagoon projects, for which the engineers provided updated pricing. Since receiving the infrastructure report in early 2017, village administration has also completed a number of the recommended projects and adjusted some projects based on further information. With these considerations, the village has revised the 10-year capital plan to a total of \$2,217,110¹ as of December 2017 (not including a new water reservoir).

Table 2: Revised 10-Year Infrastructure Repairs (in 2017 dollars)

	Water	Sanitary Sewer	Roads	Buildings/Parks	Total
Years 1-10 (2017-2026)	364,700	503,225	885,000	464,185	2,217,110

In 2017, the municipality made progress on a number of the capital projects. For water infrastructure, the village upgraded four high lift pumps and remediated the two water reservoirs, completing \$34,550 worth of the water related projects. All of the pipes for the sanitary sewer system that the engineers identified as needing immediate repair were replaced. All of the sidewalks were also replaced at a total cost of \$265,000. The village has also completed or is working on various municipal buildings and park projects, including the pumphouse and work on the picnic shelter and public washrooms.

A more detailed summary of the recommended infrastructure projects and work that the village has completed to date can be found in **Appendix E: Summary**. The full infrastructure report from ISL Engineering is also available at the village office.

¹ The village initially included the possibility of receiving \$47,000 in grant funding for the community hall and library, which would have brought the total to a lower amount of \$2,172,525. In this report, grants were not calculated into the total for the sake of clarity. A minor adjustment of \$225 was also added to the village’s total to accurately reflect the \$19,225 amount from ISL engineering’s revised project cost for the wastewater lagoon.

Asset Management

Municipalities have been required to account for their tangible capital assets (TCAs) since 2009. Accounting for TCAs required municipalities to develop an inventory of all assets in the municipality. As of the end of 2016, the village reported 59 per cent of the useful life remaining in its TCAs.

With the completion of the infrastructure audit in 2017, the village has good understanding of the infrastructure demands and the current state of assets within the village. The engineers have provided the village with a number of recommendations, many of which include ongoing maintenance and monitoring of infrastructure. Currently, the village does not have a formal asset management plan. If a plan was developed, it would assist the village in making decisions regarding infrastructure and how services could be delivered in consideration of current and future needs. It would also assist decision makers to manage risks and opportunities while making the best use of resources.

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

Financial Impact of the Capital Plan

Based on the information provided by ISL Engineering and their recommended ten-year capital plan, the village may be able to address infrastructure deficiencies with current revenues, assuming continued receipt of annual infrastructure grant funding from the provincial and federal governments. To fund infrastructure projects, a municipality may use grants, pass local improvement levies or special taxes, or specify how different types of residential properties are assessed and set different tax rates for each assessment class (according to sections 137, 297 and 354 of the *Municipal Government Act*).

THE CURRENT INFRASTRUCTURE SITUATION IN THE VILLAGE (BASED ON THE ENGINEER'S REPORT)

- The village uses grants from the provincial and federal governments to fund their infrastructure projects
- Projects are completed based on the highest priority.
- Based on the 2017 infrastructure audit, the village has a \$3.78 million infrastructure deficit
 - \$3 million (79%) requires upgrading or replacement within the next five years (2017-2022).

The initial breakdown of the 10-year infrastructure costs as indicated by the infrastructure audit (as discussed in **Appendix E: Summary**) is \$1,051,405 for water, \$517,000 for sanitary sewer, \$1,150,000 for roads, and \$1,061,850 for buildings and parks. The total comes to \$3,780,255; if the new water reservoir is included at a cost of \$1,076,650 the total from the engineering report comes to \$4,856,905.

Table 2 shows the revised total of \$2,217,110 for the 10-year infrastructure costs, as discussed in the summary of Infrastructure costs in **Appendix E: Summary**. Both the village and county were requested by the VRT to identify how the capital projects within this revised estimate would be funded. The village has indicated that the infrastructure projects would be fully funded (**Error! Reference source not found.**). The county indicated that based on the information provided in the infrastructure audit, the infrastructure projects would remain fully funded.

The decision to incur long-term debt is left with municipal council. At the time of writing this report, the village has indicated that no long-term debt would be incurred, as the cost of capital projects may be covered through revenues, provincial Municipal Sustainability Initiative and Community Facility Enhancement Program grants, and the federal Gas Tax Fund. Based on the 2016 financial statements, the village is able to borrow a maximum of \$1,564,923, while Vulcan County is able to borrow a maximum of \$29,564,939. Vulcan County has indicated that no long-term debt would be incurred. For further details on the potential impact to residents, see the **Financial Analysis of Viability Options** portion of this document.

OPTION 1: IF CHAMPION REMAINED A VILLAGE

- The village would use the infrastructure audit to decide on the priorities for 2017 and beyond.
- The village is currently working on a formal asset management plan in order to better manage and anticipate infrastructure needs within the village.

The village will use grants from the provincial and federal governments to complete the highest priority projects.

OPTION 2: IF CHAMPION BECAME A HAMLET

- The Vulcan County would use the infrastructure audit to decide on the priorities for 2017 and beyond.
- Hamlet assets would be added into Vulcan County's existing 20-year capital plan and asset management program. Analysis of long term funding would be undertaken to ensure projects remain fully funded and completed in the approximate timeframe outlined in the infrastructure audit report.
- The County would gradually convert all paved roads in the village to gravel.
- Provincial and federal grants when available would still be utilized.
- Cost benefit analysis of owning the old fire hall, current village office, and village shop would be undertaken. Buildings would be sold or torn down.
- Small addition would be added onto the Vulcan County Grader Shed to accommodate some public works equipment.

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

12. The village council must approve and fund a 10-year capital plan through approved funding sources such as municipal taxes, utility fees, or grant programs.
13. Village administration must review and update ongoing operations and develop a maintenance plan for village infrastructure (e.g. water treatment plant, irrigation pipes).
14. The village council should consider developing and adopting asset management policies to better manage and anticipate infrastructure needs within the village.

Service Delivery and Risk Management

There are ever-increasing expectations for municipal councils to make informed choices about the services they provide to their citizens. This is evident for municipalities whether facing times of positive economic growth or periods of fiscal constraint. Council has a critical role to play in reviewing services a municipality provides. Sections 153 and 201 of the *Municipal Government Act* prescribe the role and duties of council, including the requirement to consider the welfare and interests of the municipality as a whole in developing and evaluating the policies and programs of the municipality.

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

HOW CHAMPION OPERATES TODAY

The following services are provided through separate contractual agreements:

- Waste Management Services:
 - The village is a member of the Vulcan District Waste Commission. The commission's 2016 audited financial statements did not show the amount of the commission's post-closure liability.
- Fire and Emergency Services / Emergency Management:
 - Section 11.2(1) of the *Emergency Management Act* states that a local authority shall maintain an emergency management agency to act as the agent of the local authority in exercising the local authority's powers and duties under this Act.
 - The village has an emergency management plan that is reviewed annually and amended as needed.
 - A mutual aid agreement exists between the Village of Champion and the MD of Willow Creek No. 26.
 - An agreement for Disaster and Safety Program management services exists between the Village of Champion, Vulcan County, Town of Vulcan, Village of Carmangay, and Village of Lomond.
 - The operational costs of the fire department are shared with Vulcan County as outlined within a memorandum of agreement.
- Bylaw Enforcement and Policing Services
 - Section 555(1) of the *Municipal Government Act (MGA)* states that a person who is appointed as a bylaw enforcement officer is, in the execution of enforcement duties, responsible for the preservation and maintenance of the public peace. Currently the village does not have a municipal bylaw enforcement officer and is looking into cost effective measures for this service.
 - The village signed a contract with Vulcan County in 2018 for the provision of community peace officer services for bylaw enforcement.
 - The Vulcan RCMP detachment provides policing services to the village.
- Snow Removal: The village provides snow removal services in-house.
- In accordance with Bylaw No. 2015-004, the following charges are applied on a monthly basis, with a monthly compounding late payment penalty of 3.5 per cent, and unpaid utility balances transferred to the tax roll:

Service	Residential (base)	Commercial (base)	Consumption
Water (water outside Village)	\$40.00 (\$75.00)	\$60.00 (\$75.00)	\$1.75 m ³
Sewer/Wastewater	\$8.00	\$14.00	
Garbage	\$8.00	\$8.00	
Recycling	\$20.25	\$40.25	
Total (total outside Village)	\$75.00 (\$100.00)	\$121.00 (\$136.00)	

OPTION 1: IF CHAMPION REMAINED A VILLAGE

- The completion of the 2016 infrastructure audit has identified a number of concerns regarding the village’s infrastructure that will need addressing in the future. How the village chooses to proceed could reduce the village’s level of liability and exposure to risk.
- The base rate for garbage moved from \$6.75 to \$8.00 to account for the change in fees from the Vulcan District Waste Commission, which provides waste removal services to the village.
- The water consumption rate moved from \$1.71 to \$1.75 per cubic meter to account for the change in fees from the Twin Valley Regional Water Commission, from which the village receives its water supply.

OPTION 2: IF CHAMPION BECAME A HAMLET

- Vulcan County would also continue to use the 2016 infrastructure audit, and determine best options to move forward to reduce liability risk and exposure.
- Garbage pick-up service would continue to be performed by the Vulcan District Waste Commission at a 100% cost recovery rate.
- Water consumption rate will be at 100% cost recovery per cubic metre.
- Water and sewer capital restricted reserve would be established for future projects, with funds being acquired through special tax levy.

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

15. Village council should continue to review utility rates annually using a full-cost recovery model that would include the amortization expense and could include reserve contributions for future infrastructure projects.

Community Well-Being

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

COMMUNITY WELL-BEING WITHIN CHAMPION

- According to the 2016 Federal Census, the average age of village residents is 49 years, with 57 per cent of the residents over the age of 50, and 16 per cent of the residents under the age of 19.
 - The 2016 Federal Census indicated the population of the Village of Champion was 317.
 - Over the past twenty-years (1995-2015), the population of Alberta as a whole has increased 35 per cent, while the population within the village has decreased 21 per cent.
- Champion participates in the Government of Alberta’s Family and Community Support Services (FCSS) program that is funded through an 80/20 funding partnership between the GOA and participating municipalities. Programs are provided to Champion residents through the Vulcan & Region FCSS.
 - The FCSS facilitates community events, provides a home support program and other supports for seniors, and provides early childhood development supports.
 - The FCSS Board is comprised of one elected official and three members at large. The village appoints one elected official to the board. In 2017, the village will contribute \$2,987.
- The Marquis Foundation is a not-for profit organization that is municipally governed through an eight member Board of Directors; the village appoints one director to the board. The foundation operates the Peter Dawson Lodge that opened in 1964 in Vulcan, and operates the senior’s apartment in Champion. In 2016, the village’s requisition to the foundation was \$2,648.
- The village is a member of the Chinook Arch Regional Library System and the Champion Library is operated by the Champion Library Board.
- The following organizations and initiatives are important to ensure the community well-being within the village:

<ul style="list-style-type: none"> ▪ Communities in Bloom (2016 Provincial winner) ▪ Champion Cemetery Maintenance Committee 	<ul style="list-style-type: none"> ▪ Champion Swimming Pool Society ▪ Champion Skating Rink Society ▪ Champion Royal Canadian Legion ▪ Champion Anniversary Committee 	<ul style="list-style-type: none"> ▪ Champion Hall Board ▪ Champion School Board ▪ Champion Campground ▪ Champion Lions Club
--	---	--

OPTION 1: IF CHAMPION REMAINED A VILLAGE

- The village would continue to support community organizations and events.

OPTION 2: IF CHAMPION BECAME A HAMLET

- Membership in FCSS, and Chinook Arch would be under Vulcan County.
- Recreation funding would be acquired through the Champion Recreation District Special Levy; the 2017 levy was 0.0005720.
- Vulcan County would continue to support community organizations and events where feasible.

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

16. The village should continue its community outreach program and continue to celebrate, support, and provide financial assistance to community groups.
17. Village administration should continually review Occupational Health and Safety requirements to ensure that the village is compliant with current requirements.

FINANCIAL ANALYSIS OF VIABILITY OPTIONS

The VRT acknowledges that this assessment has limitations and a more comprehensive review or the inclusion of additional data, additional revenue from grants, increased non-residential assessment or cost savings from tendering infrastructure projects, would significantly affect the VRT's financial analysis and estimates.

Municipal Operations

In undertaking the financial analysis for the municipal operations, the VRT used the 2017 operational budget that was approved by village council. Since the Village of Champion budgeted sufficient revenues to offset operational expenses, no additional financial analysis was required for the village.

Vulcan County was also provided a copy of the 2017 operational budget of **\$730,497** that was approved by village council and was asked to estimate how much it would cost to operate the village for a year. Based on the budget information, Vulcan County estimated that approximately **\$115,353** could potentially be saved from eliminating duplication that would result should the village dissolve. With the expenses known, Vulcan County focused on estimating the revenues that could be generated. It was assumed that revenue sources that the village budgeted (e.g., user fees, franchise fees, grants) would be held constant under the county, with the exception of revenue collected from municipal taxes.

At the time of writing this report, Vulcan County has indicated that, if dissolution were to occur, properties within the former village would be subject to the same municipal tax rates as other properties in the county. Note that while Champion includes operating amounts for recreation and fire services within its overall property tax rate, Vulcan County splits them out and "shows" them as a levy on top of the residential property tax rate.

Table 3 shows the revenue amounts that would come from Champion if it were a hamlet, to cover operating expenses (based on the 2017 Champion budget) and assuming county tax rates were applied.

Table 3: Revenues & Expenses (if Champion became a hamlet)

Revenues* & Expenses	2017 County Tax Rates (mills)	2017 Champion Property Assessed Values	Revenue Amount (Rate*Assessment)
Residential Property Tax	5.7600	18,287,840	\$105,338
Fire Protection Levy	1.5369	18,287,840	\$28,107
Recreation Levy	0.5720	18,287,840	\$10,461
Non-Residential Property Tax	9.1400	921,080	\$8,419
Linear Property Tax	9.1400	519,160	\$4,745
Grants, Penalties, & Other Income	-	-	\$369,705
Total Revenues			\$526,775
**Total Expenses			- \$730,497
***Savings			+ \$115,352
Shortfall			\$88,370

* Note: excludes requisitions (e.g. school tax, seniors housing) that municipalities are required to collect on behalf of the province, as these do not represent a revenue source to the municipality.

** Based on 2017 Champion operational budget.

*** Indicates the savings that would occur from eliminating duplications that would result should the village dissolve.

Potential Impact on Property Taxes

For Vulcan County to provide municipal services to hamlet residents (if Champion became a hamlet), either tax revenue (at the county tax rate) would have to increase and/or service levels would have to decrease. Unlike the village, which includes cost of recreation and fire services in its overall residential property tax, the County splits out recreation and fire services as a separate levy on top of the residential property tax.

Table 4 shows a comparison of what residential property taxes would be on \$100,000 worth of assessed property value if Champion remained a village, or if it became a hamlet and the county chose to impose a special tax to make up for the revenue shortfall of \$88,370.64. Given that residential property comprises a total of 92.7% (or \$18,287,840) of assessed property value in the village, the VRT assumed 92.7% of the special tax would be imposed on residential property taxes, for a total of \$81,919.598. The remaining \$6,451.04 of the shortfall would be imposed on the remaining linear (2.6% or \$921,080 of assessed value) and non-residential (4.7% or \$921,080 of assessed value) assessment in Champion.

Table 4: Comparison of Residential Property Taxes at County and Village Rates

Residential Property Taxes	County Tax Rate (mills)	Tax on \$100,000 of Assessed Value (County)	Village Tax Rate (mills)	Tax on \$100,000 of Assessed Value (Village)
Residential Property Tax	5.7600	\$576.00	14.0000	\$1,400.00
Fire Protection Levy	1.5369	\$153.69	0	\$0.00
Recreation Levy	0.5720	\$57.20	0	\$0.00
*Proposed Special Tax (to cover 92.7% of the shortfall)	4.4795	\$447.95	0	\$0.00
**ASFF Requisition	2.5229	\$252.29	2.4262	\$242.62
**Marquis Foundation (Seniors' Housing)	0.1662	\$16.62	0.1476	\$14.76
Total Residential Property Taxes		As a Hamlet: \$1,503.75		As a Village: \$1,657.38

* This tax rate does not currently exist; it is a potential proposed rate to demonstrate the mill rate the County might have to impose to maintain current levels of service.

** The requisitions for the Alberta School Foundation Fund (ASFF) and Marquis Foundation for seniors' housing are included because they are a property tax to residents; however, these are not a revenue source for municipalities.

Because residents within the village currently receive urban services that are different from those within Vulcan County (e.g. water/wastewater, roads/sidewalks, garbage collection etc.) and since the urban services benefit village residents, Vulcan County has indicated that Champion residents should pay for the services they receive. To determine exactly how much village residences would be charged, Vulcan County would need to first determine the level of service that it is willing to provide hamlet residents and what the anticipated level of service would cost taxpayers.

As part of the transitional period following dissolution, Vulcan County has indicated that, rather than provide the same current level of services by imposing the full special tax shown above, it would consider providing a lesser level of service to village residents compared to what they are receiving today. These services would be funded through general taxation and potentially some amount of a special tax levy. Vulcan County has indicated that Champion residents could expect a similar level of service that other county hamlets receive over the long-term.

Municipal Infrastructure

As previously mentioned, the infrastructure audit has indicated that the village has a \$3.78 million infrastructure deficit, of which \$3 million (79%) requires upgrading or replacement within the next five years (2017-2022). The VRT acknowledges that this assessment is an estimate provided by the engineers. Additional data has refined these costs to a new estimate of \$2,217,110 (see **Appendix E: Infrastructure and 10-Year Capital Plan Summary**). Based on the infrastructure audit and the feedback received from both municipalities, the VRT has developed two potential funding scenarios for the infrastructure deficit shown as Option 1 (if Champion remains a village) and Option 2 (if Champion became a hamlet).

OPTION 1: The Village does not have to borrow to fund infrastructure projects.

- This means:
 - 100% of the high priority infrastructure projects, as revised by the village from the engineers recommendations, are completed.
 - residential and non-residential taxes would stay the same, as no municipal borrowing would be required based on the plan submitted by the village for funding of infrastructure projects.
- Assumptions made:
 - assumes no changes are made in existing grant programs, and the village applies for and receives provincial Community Facility Enhancement Program (CFEP) grants to fund 50% of projects for the community hall and the library.

OPTION 2: Vulcan County would not have to borrow to fund infrastructure projects.

- This means:
 - 100% of the high priority infrastructure projects identified by the engineer are completed.
 - No borrowing costs are expected. Future restricted reserves will be built to fund future capital projects.
- Assumptions made:
 - assumes that no changes are made in existing grant programs.

If Champion remained a village, the village has indicated that (based on the financial position and capital plan for completing the projects recommended by the engineer) they would be able to complete all of the \$2,217,110 of high priority projects. The village would be able to do this within its current budget, without raising taxes, incurring any debt, or changing service levels. This assumes that there are no changes to current operating or capital grants or other revenue sources the village is currently receiving, and that the village would receive provincial funding.

If Champion became a hamlet, Vulcan County would fund the high priority infrastructure projects with any provincial MSI operating grants that are allocated by the province, from the former village to the county. Any revenue shortfall would then be collected under a special or local improvement tax on Champion residents. Municipalities can impose a special tax under section 382, or a local improvement tax under section 397, of the *Municipal Government Act*. For example, the county imposed a waterworks tax for residents in the hamlets of Mossleigh (water treatment plant at \$368.15 per parcel in 2018) and Kirkcaldy (water line at \$393.34 per parcel in 2018) for services that specifically benefited them. The county considers costs and consults with hamlet residents before going ahead with such services or other projects.

The county indicated there may be some additional cost savings on infrastructure projects, as Vulcan County tenders engineered projects on a four-year term. The secure four-year contract allows the engineers to offer their services to the county at a discounted rate. Additionally, the county would use their existing equipment and personnel to complete any small water and sewer repairs.

For comparison, if Champion remained a village, any costs of infrastructure upgrades would occur within the currently imposed property taxes. If Champion became a hamlet, the County may impose additional taxes on Champion residents, in addition to the potential taxes shown in **Table 4**, to cover the cost of infrastructure repairs and replacement.

APPENDIX A: PERFORMANCE ON MUNICIPAL INDICATORS

In 2018, Alberta Municipal Affairs established an updated set of indicators intended to measure specific aspects of municipal governance, finance and community. Each indicator has a defined benchmark. The benchmarks are rules of thumb that set a general level of acceptable risk. However, each municipality may have unique circumstances or alternative strategies that justify a different result.

If a municipality does not meet the criteria for being “not at risk”, it does not necessarily mean there is any cause for concern; however, the municipality is encouraged to review the circumstances giving rise to the indicator results to ensure it is not exposed to potential or emerging risks. An exception to an indicator benchmark does not indicate fault or mismanagement on the part of the municipality; an indicator may be triggered by events that are beyond the control of council and administration, or may result from circumstances that are being effectively managed by the municipality.

Indicator	Description	Expected Result and What It Means	Champion Actual Result - 2017
Audit Outcome	Audit report in the municipality’s audited annual financial statements.	The audit report does not identify a going concern risk or denial of opinion.	Indicator met The municipal auditor has been able to complete the audit and express an opinion, and has not identified a specific concern about the ability of the municipality to meet its financial obligations.
Legislation-Backed Ministry Interventions	Interventions authorized by the Minister of Municipal Affairs in accordance with the <i>Municipal Government Act</i> , such as a viability review, or where directives have been issued pursuant to an inspection.	The municipality has not been the subject of a Municipal Affairs intervention.	EXCEPTION – Indicator not met The municipality has been the subject of a Municipal Affairs intervention: Viability review in process.
Tax Base Ratio	Tax base ratio is the proportion of the total municipal tax revenue generated by residential and farmland tax base, regardless of whether it is municipal property taxes, special taxes, or local improvement taxes.	The municipality’s residential and farmland tax revenue accounts for no more than 95 per cent of its total tax revenue.	EXCEPTION - indicator not met Residential and farmland tax revenue accounts for 95.8 per cent of total tax revenue in 2017.
Tax Collection Rate	The ability of the municipality to collect own-source revenues, including property taxes, special taxes, local improvement taxes, well drilling equipment taxes, and grants-in-place-of-taxes.	The municipality collects at least 90 per cent of the municipal taxes (e.g. property taxes, special taxes) levied in any year.	Indicator met The municipality collected 95.7 per cent of the municipal taxes at the end of 2017. The municipality is able to collect its tax revenues and use those funds to meet budgeted commitments and requisitioning obligations.

Indicator	Description	Expected Result and What It Means	Champion Actual Result - 2017
Population Change	The change in population of the municipality over the past ten years based on the Municipal Affairs Population List.	The population has not declined by more than 20 per cent over a ten-year period.	Indicator met The population decreased by 12.9 per cent over a ten-year period (2006 to 2016).
Current Ratio	The ratio of current assets (cash, temporary investments, accounts receivable) to current liabilities (accounts payable, temporary borrowings, current repayment obligations on long-term borrowings).	The ratio of current assets to current liabilities is greater than one.	Indicator met The ratio of current assets to current liabilities is 5.2 to 1. The municipality is able to pay for its current financial obligations using cash or near-cash assets.
Accumulated Surplus	The total assets of the municipality net of total debt, excluding tangible capital property and debts related to tangible capital property.	The municipality has a positive (above zero) surplus.	Indicator met The municipality has a surplus of \$559,566 in 2017. The municipality has more operational assets than liabilities, which generally provides the municipality with cash flow to meet ongoing obligations and manage through lean periods of the year where costs may exceed revenues.
On-time financial reporting	Whether the municipality has completed submission its annual financial statements and financial information returns to Municipal Affairs by the legislated due date.	The municipality's financial statements and financial information returns for the preceding calendar year are received by Municipal Affairs no later than May 8. Financial reporting is an important aspect of municipal accountability to its residents and businesses.	Indicator met The village's financial statements and financial information returns were submitted on time. The municipality is preparing its audited financial reports on a timely basis.
Debt to Revenue Percentage	The total amount of municipal borrowings, including long term capital leases, as a percentage of total municipal revenues.	The municipality's total borrowings represent less than 120 per cent (160 per cent for municipalities with a higher regulated debt limit) of its total revenue.	Indicator met The village has no borrowings.
Debt Service to Revenue Percentage	The total cost of making scheduled repayments (including interest) on borrowings as a percentage of total municipal revenues.	The municipality's total costs for borrowing repayments do not exceed 20 per cent (28 per cent for municipalities with a higher regulated debt limit) of its total revenue.	Indicator met The village has no debt repayments.

Indicator	Description	Expected Result and What It Means	Champion Actual Result - 2017
Infrastructure investment – asset sustainability ratio	The total cost of current year additions (through purchases or construction) to tangible capital assets (vehicles, equipment, buildings, roads, utility infrastructure, land) relative to the current year's amortization (depreciation) on all tangible capital assets.	<p>The municipality's capital additions over 5 years exceeds the past 5 years' amortization (depreciation).</p> <p>This measure does not account for the effects of inflation; typically, replacement costs for new assets exceed the historic cost of existing assets.</p>	<p>Indicator met</p> <p>The municipality is replacing its existing tangible capital assets and investing in new assets and infrastructure at a rate of 1.7 to 1 in relation to the estimated wear or obsolescence of its existing assets.</p>
Infrastructure age - net book value of tangible capital assets	The net book value of tangible capital assets as a percentage of the total original costs. Net book value is the original purchase cost less amortization (depreciation).	<p>The net book value of the municipality's tangible capital assets is greater than 40 per cent of the original cost.</p> <p>If the municipality is adding new services or expanded facilities and infrastructure, it would be expected that the ratio would be higher than 40 per cent.</p>	<p>Indicator met</p> <p>Net book value is 59 per cent of the original cost in 2017.</p>
Interest in Municipal Office	The number of candidates running in the most recent municipal election relative to the total number of councillor positions up for election.	<p>The number of candidates exceeded the number of councillor positions.</p> <p>The ratio of candidates to total council positions measures the willingness of electors to run for municipal office.</p>	<p>EXCEPTION - indicator not met</p> <p>In the 2017 municipal elections all of the councillors were acclaimed.</p>

APPENDIX B: FINANCIAL POSITION

The information below represents the financial position of the municipality from 2016-2012. The following information was taken from the municipality's audited financial statements.

Table 5: Financial Position (2016 – 2012)

	2016	2015	2014	2013	2012
Financial Assets					
Cash and Temporary Investments	403,705	254,222	246,103	137,528	170,784
Receivables					
Taxes and grants in place of taxes	58,640	78,689	69,643	41,546	28,013
Trade and other receivables	64,725	102,224	88,290	533,016	191,934
Land for resale inventory	23,084	23,084	23,084	26,084	23,978
Long-term Investments	0	0	0	0	0
Total Financial Assets	\$550,154	\$458,219	\$427,120	\$738,174	\$414,709
Liabilities					
Accounts payable and accrued liabilities	13,729	176,829	87,935	51,729	44,855
Deferred revenue	494,106	255,556	203,702	413,596	286,419
Long-term debt	0	0	0	0	0
Total Liabilities	\$507,835	\$432,385	\$291,637	\$465,325	\$331,274
Net Financial Assets	\$42,319	\$25,834	\$135,483	\$272,849	\$83,435
Non-Financial Assets					
Tangible capital assets	\$5,120,967	\$4,907,732	\$4,996,512	\$5,021,040	\$5,145,483
Prepaid Expenses	0	2,762	2,740	7,315	2,552
Other (Land held for resale: work in progress)	188,756	-	-	-	-
Total Non-Financial Assets	\$5,309,723	\$4,910,494	\$4,999,252	\$5,028,355	\$5,148,035

The municipality has \$0 in long-term debt. Since 2013, the village has not been making investments towards its infrastructure as demonstrated by the general decrease, rather than increase, in net financial assets and equity in tangible capital assets. Accumulated surplus is that amount by which all assets exceed liabilities. An accumulated surplus indicates that a government has net resources (financial and physical) that can be used to provide future services.

Table 6: Accumulated Surplus (2016 – 2012)

	2016	2015	2014	2013	2012
Unrestricted Surplus	231,075	28,596	138,223	280,164	85,987
Restricted Surplus*	0	0	0	0	0
Accumulated Surplus (excluding equity in TCA)	231,075	28,596	138,223	280,164	85,987
Equity in Tangible Capital Assets (TCA)**	5,120,967	4,907,732	4,996,512	5,021,040	5,145,483
Total Accumulated Surplus	\$5,352,042	\$4,936,328	\$5,134,735	\$5,301,204	\$5,231,470

Notes:

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

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

APPENDIX C: ANNUAL REVENUES AND EXPENSES

The information below provides an overview of the revenues and expenses of the municipality from 2012-2016. The following information was taken from the municipality's audited financial statements. By calculating an average over the past five years, a financial overview is provided in Figures 1 and 2 on the following page.

Table 7: Operating Revenues and Expenses (2016 – 2012)

Operating Revenues	2016	2015	2014	2013	2012
User Fees and Sales of Goods	264,995	272,315	242,968	210,359	165,102
Net Municipal Property Taxes	308,780	327,748	350,980	309,173	314,033
Government Transfers (Operating)	201,059	0	49,942	131,680	76,553
Other:					
- Franchise and concession contracts	50,633	41,162	41,208	34,236	28,816
- Penalties and costs of taxes	8,694	13,860	12,439	13,311	10,631
- Grants and donations	410,180	88,692	-	-	-
- Gain(loss) on disposal of tangible capital assets	-	-	(21,188)	3,791	-
Total Revenue	\$1,244,341	\$743,777	\$676,349	\$702,550	\$595,135
Operating Expenses					
Water, Wastewater, Waste Services	283,891	243,025	281,543	230,204	221,553
General government	197,405	287,624	200,056	-	-
- Administration	-	-	-	173,443	161,984
- Legislative	-	-	-	10,351	12,458
Roads, Streets, Walks, Lighting	94,446	95,743	98,449	95,071	90,612
Parks and Recreation	131,134	89,989	88,010	72,689	60,383
Police, fire, ambulance & bylaw	21,792	6,972	14,160	19,024	19,050
Amortization	149,455	136,761	160,600	145,318	143,399
Total Expenses (including amortization)	\$878,123	\$860,114	\$842,818	\$746,100	\$709,403
Add back amortization (non-cash expense)	149,455	136,761	160,600	145,318	143,399
Adjusted Revenues / Expenses (Cash basis)	\$515,673	\$20,424	(\$5,869)	\$101,768	\$29,131

The following table indicates the capital grants that the Village of Champion has applied to capital projects from 2012-2016. As previously indicated, in 2016, the Village of Champion reported \$494,106 in deferred grant revenue.

Table 8: Capital Transactions (2016 – 2012)

Capital Transactions	2016	2015	2014	2013	2012
Government Transfers (Capital)	49,496	0	0	127,234	3,400

The following table indicates the change in Net Financial Assets from 2012 - 2016.

Table 9: Change in Net Financial Assets (2016 – 2012)

Change in Net Financial Assets	2016	2015	2014	2013	2012
Revenues – Expenses (Net)	\$415,714	(\$148,910)	(\$166,469)	\$83,684	(\$110,868)
Government Transfers for Capital	49,496	0	0	127,234	3,400
Increase (Decrease) in Net Financial Assets	16,485	(60,152)	(137,365)	203,366	(45,669)
Net Financial Assets, Beginning of Year	25,834	85,986	272,848	69,483	129,104
Net Financial Assets, End of Year	\$42,319	\$25,834	\$135,483	\$272,849	\$83,435

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

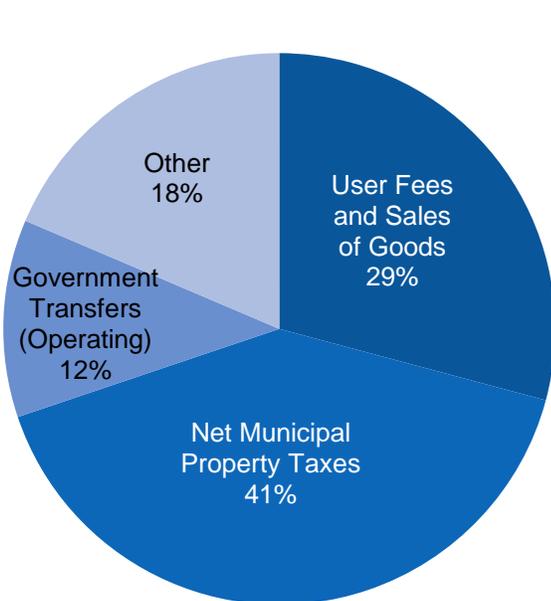


Figure 1: Revenue Sources (2012 - 2016)

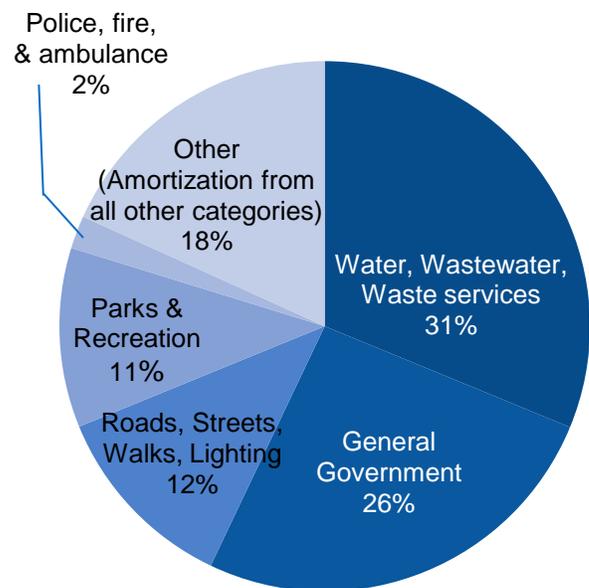


Figure 2: Expenses by Service Area including amortization (2012 - 2016)

APPENDIX D: STAKEHOLDER SUMMARY – MARCH 28, 2017

The Village of Champion Viability Review Team held a public meeting in Champion on March 28, 2017, where eighty-one individuals provided feedback on the future viability of the village. Of these, 66 individuals were from the Village of Champion, 8 were from Vulcan County, and 6 were from elsewhere and one did not indicate where they were from. A summary of the feedback heard at the meeting is included below:

1. What does a viable community mean to you?

Participants shared a strong sense of community. Having the ability to raise a family in a safe place, where everyone knows each other and where people look out for one another, ranked high among respondents. Participants also indicated that community identity and autonomy were important. Additionally, participants considered a number of services, particularly maintained roads, affordable water, and the fire hall, to be necessary. Amenities also featured prominently, with particular emphasis on the school and swimming pool, as well as volunteerism and clubs to help provide services. Also of note was some emphasis on encouraging economic and population growth.

2. What are your concerns with the current state and future state of the village?

The most widely expressed concern was the state of infrastructure, particularly roads and sidewalks, with water and sewer also noted. The second most expressed concern was unsightly properties along with lack of bylaw enforcement, as well as the presence of derelict or condemned buildings. Participants noted five other main concerns, which each had similar levels of comments. These included concerns regarding the ability to increase revenues and related concerns about the ability to attract industry and families for economic and population growth. Participants expressed concerns with taxation, including the ability to balance taxation with infrastructure needs, while others expressed that taxation is too high or unfair. Finally, participants expressed that municipal spending on administration was too high, that strong municipal leadership is required, and a variety of individual concerns related to services and amenities.

3. If Champion were to become a hamlet in Vulcan County, what would be your expectations, fears and concerns?

Participants' responses focused primarily on service levels. Some expected that service levels would stay the same or increase, while others feared reduced service levels or lack of prioritization of services or maintenance. In particular, participants expressed fears around the timeliness of snow removal. A number of respondents indicated they would expect infrastructure improvements, particularly for roads. A few individuals also expressed concerns about emergency services and bylaw enforcement. Another major focus was taxation. A number of participants indicated an expectation that taxes would be lower, with a similar number feared uncertainty about how or whether taxes would change, while another few individuals expressed fear of increased taxes. Numerous participants expressed concern regarding loss in voice and control of the community if they joined the county, particularly given a decrease in the number of representatives. Finally, a few participants expressed concern that a loss of community spirit and identity would occur.

4. As a resident of Champion, do you feel that you receive good value with respect to the services that are provided? Why or Why not?

Participants appeared split in their responses. Approximately half the respondents indicated that they were pleased with the level of services they were receiving and that volunteers collaboratively run some services. The other half of the comments indicated that infrastructure (roads/sidewalks) and bylaw enforcement need improving.

5. Based on your knowledge and understanding of the Village of Champion, do you think the village has issues with its long-term viability? Why or Why not? If not, what are some solutions to improve the long-term viability of the village?

There was no clear consensus among attendees regarding whether the village has long-term viability challenges. Those who did express that there are viability challenges primarily indicated this was to do with a lack of assessment base for taxation due to an inability to attract industry and population growth. A similar number of responses indicated that the village’s challenges are no different from similar Alberta communities, particularly in the current economic climate, and that those challenges will occur regardless. Other respondents felt that the village was conditionally viable, or is moving in the right direction, by trying to attract economic and population growth. A few individuals who definitively expressed that the village is viable said this was due to the village not having any debt and to the strong volunteer base and community spirit.

6. Looking ahead, what do you think the top priorities should be for the Village of Champion?

Numerous respondents indicated the need to focus on economic and population growth, including creating a long-term plan and increasing the attractiveness of the community by cleaning up the village. Related to this, numerous individuals also expressed a need to increase communication between council, administration and residents and meaningful opportunities for resident input. A significant number of respondents also expressed the need to repair and maintain infrastructure and public works, with a few comments on creating or maintaining amenities.

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

Table 10: Participant Survey Results

1. What is your level of satisfaction with the following?

What is your level of satisfaction with the following?	Unsatisfied	Satisfied	Neither satisfied or dissatisfied
Council communication with residents	7	10	24
The state of infrastructure:	-	-	-
• Roads	23	12	7
• Sidewalks	19	16	7
• Water System	13	22	7
• Sewer	5	28	9

• Storm Sewer	-	1	-
The cost and value of:	-	-	-
Property taxes	21	13	8
Water rates	22	12	8
Quality of life in the community	1	30	11
How council cooperates with community groups and other municipalities	4	25	13
How the village manages its budget and finances	9	19	14
The way in which the village conducts business	8	18	16
How council governs the village	10	17	15
How administration manages the village	7	21	14
Opportunity to provide input to your municipality	6	23	13

2. Would you be willing to pay the same or more in property tax to maintain village status and have village council represent your interests? Please explain.

The majority of respondents indicated that they did not want to pay more taxes. A number indicated that they would be willing to pay a little more, if it would mean being able to remain as a village. Most respondents indicated that they wanted to remain as a village in order to maintain control of their community.

3. Would you be willing to pay the same or more in property tax to become a hamlet in Vulcan County and have the council represent your interests? Please explain.

No respondents were willing to pay more taxes in order to become a hamlet, although a couple individuals said they would be willing to pay similar taxes. A few indicated that there was not enough information to answer the question.

4. With all that you have heard this evening, what are the Village of Champion’s three biggest challenges moving forward? How would you address these?

- Economic development – attracting businesses
- Population growth – attracting families
- Infrastructure – maintain and improve roads and sidewalks
- Better communication between administration, council and residents
- Administration – reduce costs
- Clean up village – increase bylaw enforcement and deal with unsightly & condemned properties

5. Is there anything that you would like the Viability Review Team to consider in the development of the viability plan?

- I believe that the governing body of our village has our best interests at heart not only because they live in the community but because they receive feedback from their residents.
- Make new subdivisions NEW not junk buildings moved in.
- Recommendations concerning costs vs. service.
- Holding meetings with all the villages in the county to address feasibility of sharing administrative personnel and functions.
- Many of the discontent residents.

- Get rid of all the scrap vehicles around town and probably some of the really crappy house and buildings.
 - Proper assessment of taxes.
 - We are not going to be a hamlet. Right now no debt. Isn't this a good thing?
 - Make very sure that we maintain equal services as a hamlet. Attempt to find ways of maintaining village status.
 - The people that yell the loudest or complain the most don't necessarily make up the overall desire of the village and that many who are wanting to remain a village will not have a vote because they do not directly live in the village.
 - What is the current administration's long term plan / direction? Heard village directed by a "small old boys club" is it there?
 - Concern of losing services, amenities and control if we become a hamlet.
 - See the full ten villages we were compared to in the study.
 - The concerns of the majority.
 - More input from residents on how funds are spent in town.
 - Consider the amount of volunteerism and pride many people have in and around this community.
 - When I walked in the room tonight I was honestly annoyed that this process was actually taking place as I didn't see any problems. But after listening to discussion, I feel the process was actually good because people realized what an incredible community this is, and how fortunate they really are.
 - Initial misinformation to residents; change may not be good at all; why fix something that isn't broken; our village is fine just the way it is!!
 - Please consider that there is a positive contingency living in our community that believes there is a bright future.
 - Can the county guarantee lower taxes and better infrastructure services?
 - We do not want to lose control of our village but need more tax base and better services.
 - We want to stay a village, period!!!
 - Would like county to lay out costs as to taxes / expenses and how hamlet residents would be responsible for costs.
6. Do you feel this session provided you with adequate opportunity to voice your concerns regarding the long-term viability of the village? 34 Yes 6 No 3 Unanswered

Comments for the No vote:

- Not enough time given vis a vis agenda structure
- One sided questions
- Not sufficient info from county
- Not enough county information
- It is difficult to gain all info available in a short time. I need to do more homework.

APPENDIX E: INFRASTRUCTURE AND 10-YEAR CAPITAL PLAN SUMMARY

Water Supply and Distribution Systems

The village previously employed a direct filtration water treatment plant (WTP) to produce potable water for its residents. However, approximately five years ago the village moved away from producing their own potable water and instead now receives potable water through the Twin Valley Regional Water Commission. The water treatment plant still houses old and un-used equipment, which was part of the original water treatment process.

The town receives potable water via a regional water line from Vulcan, which splits into two lines downstream of the pumphouse and allows the option of filling either of two treated potable water reservoirs. The south reservoir is of steel construction and was built in 1988. The north reservoir (Reservoir A) is older (year of construction is unknown) and is built out of concrete. Under normal operation, only the north reservoir is filled from the regional line. The two reservoirs are connected with a common line that is normally used to fill the south reservoir. From the south reservoir, a discharge line connects to the high lift pumps from which water is pumped to distribution. The water can also be pumped by the fire pump in case of a fire event or when high lift pump pressure drops below a certain set point. Potable water is chlorinated with liquid chlorine at the plant prior to distribution.

The engineers recommended the following projects:

- Replace or refurbish the four high lift pumps within 5-10 years.
- Fix leak in the north reservoir; clean and remove rust from both the North and South reservoirs.
- Replace chlorine analyzer probe and controller.
- Fix fire pump leak and install flow meter to monitor fire pump flow; replace fire pump based on capacity.
- Remove the water treatment plan (WTP) equipment that is abandoned in place.
- Replace the irrigation pump control with the one with ground fault and insulation monitor relay.
- Complete various projects related to upkeep of the electrical system.
- Remediate damage to building structure, including slab, housekeeping pads and roof.

The village's water distribution system consists of watermains ranging from 75mm to 150mm in size. The watermains consist primarily of Polyvinyl Chloride (PVC) pipe and a few copper pipes. There are four distribution pumps installed at the water treatment plant. Only two of those distribution pumps are used to distribute the water in the village as of November 2016, which operate one at a time with the second pump as a standby. The results of the peak hour demand static conditions suggested that there are no water pressure deficiencies in the village during peak hour demand. The information collected by the engineers from the village and the Oldman River Regional Services Commission did not show the year of construction of the pipes. The engineers recommended that the village obtain better information regarding the age and diameter of pipes and create a strategy for replacement of the older pipes.

One existing fire pump supplies water in the event of a fire. There are major concerns with respect to fire flow within the village, as the fire pump is not able to deliver the current fire flow requirement. According to the engineers, the issue could be fixed by either replacing the existing fire pump with a new higher capacity fire pump or by upgrading the smaller diameter pipes with larger diameter pipes. The village should also install a number of new fire hydrants.

The engineers also did modelling of potential future needs, based on extending the existing water distribution system for residential purposes. The model is based on the future population using all current vacant dwellings, or a total population of around 450. To account for potential future conditions, the engineers recommended building a new water storage reservoir at a cost of \$1,076,650.

The proposed upgrades to the water supply and distribution system over the next 10 years were estimated at a cost of approximately \$1,015,405 dollars (not including the new water reservoir). The individual project estimates can be found in **Appendix 8.1B (10 Year Capital Plan)** of the infrastructure audit report, which is available at the village office.

Subsequent revisions to water supply and distribution projects:

The village has already completed \$34,550 worth of the recommended projects. The village has also revised three of the recommended projects from the infrastructure report as follows:

- *Installation of new piping in the water distribution system (\$345,655)* - Subsequent to the report, the village was able to confirm through council minutes from the 1990s that the water system is Polyvinyl Chloride (PVC) pipes; the exact year of construction is unknown. The village has determined that new piping is unnecessary, as PVC piping has a long life and the pressure testing showed no water pressure deficiencies during peak demand periods. However, the village has budgeted \$90,000 over 10 years for documentation and inspection as well as valve replacements.
- *Fire pump replacement (\$435,000)* – Rather than replace the fire pump with a higher volume one, the village has investigated their options and decided to put in a backup generator, as there are four pumps that can be turned on, with only two currently in use for water distribution, that are controlled with a programmable logic controller (PLC). According to the village, this is a more standard set up and will cost a maximum of \$100,000.
- *Removal of un-used water treatment plant equipment (\$61,500)* – According to the village, this removal can only occur once the building is torn down in a post 10-year horizon. The village has said that the equipment is physically separated from the working portion of water plant and does not pose issues. The project cost would then be \$0.
- All four of the high lift pumps were upgraded in 2017. The leak in the north reservoir and the cleaning and rust removal in both reservoirs was also completed.

Given the completed and revised projects, the village's new total for the water distribution and supply systems over the next 10 years would be \$364,700 (not including the new water storage reservoir).

Sanitary Sewer System and Lagoon Assessment

The village's wastewater system is composed of a number of manholes and pipes that convey sewage to the village's wastewater lagoon before the treated effluent is used for irrigation. Pipes range in diameter from 200 mm to 300 mm, with the majority being 200 mm. In all, there is a total of 5 km of sanitary sewer in the village. The village's existing sanitary system was flushed and inspected by Closed Circuit TV (CCTV) for failures in the system. The engineers identified a number of pipes (primarily of clay material) that needed repair immediately or soon to prevent further problems. These areas were between 5th and 6th Ave N; between 3rd

and 4th Ave N; between 1st and 3rd Ave N and 4th and 5th street; 2nd St. at 1st Ave N; and between 3rd and 2nd Ave S west of 3rd street. Some pipe intrusions and joint issues were also noted. The engineers recommended that joint and intrusion issues should be attended to and that the pipes in deteriorating condition be lined and replaced.

The collected wastewater from the village flows by gravity and discharge into the wastewater lagoon located roughly 500 meters northeast of the village. The lagoon includes two anaerobic cells parallel to one another, one facultative treatment cell and one storage cell. Due to a lack of background information, the engineers calculated the depth and retention period of the cells based on the assumption that the lagoon was designed according to the Standards and *Guidelines for Municipal Waterworks, Wastewater and Storm Drainage Systems Guide* (from Alberta Environment and Parks). There are also no records indicating the amount of generated wastewater flows discharging into the wastewater lagoon. Based on assumptions of flow generation rates, the engineers concluded that the existing cells have the capacity to treat the current wastewater flows discharging into the lagoon. The facultative and storage cells have a spare capacity to take 40% and 15% more wastewater volumes, respectively. The anaerobic cells are on the limit. The existing lagoon does not have the capacity to take any future increase in the current wastewater influent.

The engineers strongly recommended that the village gather information to have a better understanding of the lagoon geometry and then re-evaluate the lagoon capacity and timing of any existing upgrades. The engineers also recommended that wastewater monitoring and reporting practices be established immediately to comply with the Code of Practice.

The total projects costs over 10 years based on the engineering report come to \$517,000. The individual project estimates can be found in **Appendix 8.1B (10 Year Capital Plan)** of the infrastructure audit report, available at the village office.

Subsequent revisions to sanitary system and lagoon projects:

The village has reviewed the projects recommended by ISL engineering and made the following adjustments:

- *Wastewater lagoon testing and re-evaluation* (\$30,000) – The village discussed the lagoon re-evaluation project with the ISL engineers and received an updated project plan with a revised total of \$19,225.
- *Treated wastewater monitoring and reporting* (\$300 annually) – The village will account for monitoring and reporting of the wastewater system under its operational rather than capital budget.
- All of the pipes identified by the engineers as needing immediate repair were remediated in the summer of 2017.

Based on these revisions, the 10-year capital costs for the wastewater collection and lagoon system comes to a new total of \$503,225.

Roads and Drainage

The existing roadway network in the village is composed of a numbered grid system of roadways. The majority of roadways are either gravel or surfaced with a dust control measure. The existing sidewalk system in the village is generally separate concrete walkways that run parallel to the roadways. The sidewalk system is mostly complete on both sides of each roadway, with a few exceptions in the southeast corner of the village.

The engineers assumed that the village prefers not to surface roadways that are currently gravel, and that any roads currently surfaced with a dust control measure would be rehabilitated. In order to maintain an acceptable level of service for all surfaced and dust controlled roadways, the engineers recommended ongoing replacement and rehabilitation of all the village's roadways over a 30-year period. Overall, the village sidewalks are in poor to fair condition, with many of the walkways having impeding vegetation, tripping hazards or ending abruptly. The engineers recommended fully replacing the full extent of the 6,200 meters of sidewalk in the village.

The village's stormwater system consists of both minor and major drainage. The minor system is a piped drainage system including both storm sewers and culverts along with catchbasin manholes connections and additional catchbasin flows. The existing gravity sewer is located along 5 Avenue N from 5 Street to Range Road 235. The major system consists of overland conveyance features in the form of ditches and swales throughout the rest of the village. The existing curb and gutter system, as well as culverts, form an interface between both piped and overland infrastructure and are a part of both the minor and major systems. The stormwater runoff from the Village and upstream areas is conveyed primarily to one of four outfall locations as well as a number of low-lying areas, effectively forming seven catchment areas. There are no existing stormwater management facilities (SMWF).

Overall, the overland system within the village tends to drain adequately towards the various low-lying areas or culvert outfalls. The models have highlighted numerous areas where issues are likely to exist, specifically at locations where culverts are over capacity and ponding in the upstream ditch is likely to occur. There is one primary area of surface flooding problems. This location is the low-lying area northwest of 2 Avenue N and southwest of 2 Street, which has much of the northwest catchment draining into it. Due to the minimal slope in the area, it is difficult to alleviate this issue entirely and it is likely that this area will continue to contain standing water in the future.

As no specific flooding issues have been highlighted pertaining to the existing overland drainage system, other than the ponding north of 2 Avenue N, upgrading culverts to the recommended minimum of 600 mm is considered cost-prohibitive. The engineers recommended that the village consider culvert replacements at the time of road rehabilitation or other infrastructure upgrades to reduce costs significantly. As a result, the engineers did not include any costs for the stormwater system in the total cost of the 10-year capital plan. The individual project estimates can be found in **Appendix 8.1B (10 Year Capital Plan)** of the infrastructure audit report, available at the village office.

Subsequent revisions to road and drainage projects:

- The village has already completed \$265,000 (for sidewalks replacements) of the \$1,150,000 in recommended projects for roads, sidewalks and drainage, leaving a total of \$885,000 over 10 years.

Municipal Buildings and Parks

A number of municipal buildings and the park were assessed as part of the 2017 infrastructure audit. The municipal buildings assessed included the community hall, fire hall, grader shed, library, pumphouse, recycling depot, town shop (public works building), legacy corner (village garage), and the village office. Over the next

10 years, ISL Engineering Inc. estimated that \$ \$1,061,850 will be required in building and parks upgrades and maintenance. The individual project estimates can be found in **Appendix 8.1B (10 Year Capital Plan)** of the infrastructure audit report, available at the village office.

Subsequent revisions to municipal buildings and parks projects:

Following the initial engineering report, the village requested an updated building plan report, for which the engineers provided revised projects and costs for the library, town shop (public works building), community hall, and the village office. The village also completed some of the projects. Based these revisions (by the engineers and village), the total remaining project costs are \$464,185 over 10 years as follows:

- *Community Hall* – ISL engineering provided a revised project and budget cost of \$46,250.
- *Fire Hall* - The old fire hall is vacant as the volunteer fire department has moved to new facilities. The fire hall is being rented to a local business, so the revised project cost is \$0.
- *Grader Shed* – The grader shed is on a large piece of property that would be good for commercial; the village plans on selling this property, so the project cost for remediating the shed is \$0.
- *Library* - ISL engineering revised project and budget cost of and the village's addition of installation of emergency lights bringing the total to \$49,050.
- *Picnic shelter and public washrooms* – Of the \$13,300 required for these projects, the village has already completed \$6,200, with a remaining amount of \$6,100.
- *Recycling depot* – This asset belongs to the Vulcan District Waste Commission and so the village has removed this as a cost.
- *Town shop (public works building)* – The village plans on building a new public works shops as soon as possible, at a cost of \$200,000 (down from \$419,613). Costs associated with remediating the old building were removed.
- *Legacy corner (village garage)* – The village plans on selling this building so there will be no costs for tearing down the unsafe building. *Pumphouse* – ISL engineering provided a project and budget cost of \$5,000; the village was able to complete the work at a cost of \$585.

Questions

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

Sarah Ranson

Municipal Viability Manager (Project Lead)
Alberta Municipal Affairs

Micaela Miller

Municipal Viability Analyst
Alberta Municipal Affairs

Email: viabilityreview@gov.ab.ca

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