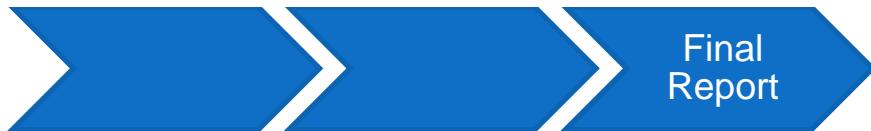


Village Of Cremona Viability Review

Viability Determination Report

April 2014



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

Viability Review Team

Village of Cremona Viability Review

Alberta Municipal Affairs

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www.municipalaffairs.alberta.ca

Print Version ISBN No.: 978-1-4601-1604-3

Digital (PDF) Version ISBN No.: 978-1-4601-1603-6

Printed in Canada



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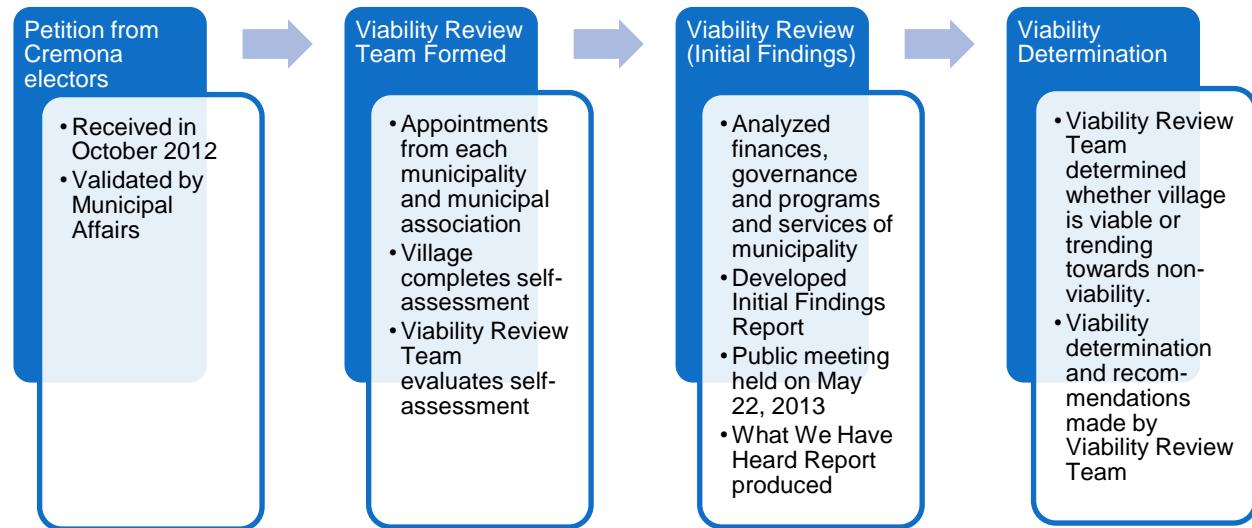
EXECUTIVE SUMMARY

In March 2012, the electors of the Village of Cremona submitted a petition to the Minister of Municipal Affairs, requesting that the Minister undertake a dissolution study for the Village of Cremona. The Minister found the petition to be sufficient and in October 2012 advised that a study would be done using the viability review process.

The Village of Cremona viability review began in October 2012 with the establishment of the Viability Review Team that led the Village of Cremona Viability Review. The team consisted of one elected and one administrative official each from the Village of Cremona and from Mountain View County, and one representative each from the Alberta Association of Municipal Districts and Counties, the Alberta Urban Municipalities Association, the Alberta Rural Municipal Administrators Association, the Local Government Administration Association and representation from Alberta Municipal Affairs.

In April 2013, an Initial Findings Report, prepared by the Viability Review Team, was provided to the public. The report outlined the village's performance on key measures of sustainability and indicators of viability, as outlined in the Municipal Sustainability Strategy.

A public meeting was held in the Village of Cremona on May 22, 2013 to review the findings of the Viability Review Team, to answer questions concerning the viability review and to gather input from the public on information contained in the Initial Findings Report.



In August 2013, the Village of Cremona What We Have Heard Report was provided to the public. The report was intended to inform and support the Viability Review Team's work in determining the viability of the Village of Cremona. The report contained a compilation of public input received and answers to questions from the public.

The 2013 general municipal election process was underway beginning with nomination day in September 2013. As a result, the viability review process was suspended until the conclusion of the election and confirmation of the Viability Review Team membership. The process reconvened and the Viability Review Team met in February 2014 to render a viability determination. The outcome of that meeting is reflected in this report.

PURPOSE OF THIS REPORT

The Viability Determination Report provides the team's viability determination, the reasons for the decision, and the recommended actions to be taken for the ongoing viability of the Village of Cremona. The Viability Review Team examined the eight broad areas in which to assess the viability of a municipality, as outlined in the Municipal Sustainability Strategy. These areas are:



Sustainable governance addresses topics such as council practices and procedures, compliance with legislation, citizen engagement, and strategic planning.

Operational and administrative capacity addresses the capacity of the municipality to operate on a daily basis and support council decisions.

Financial stability addresses the municipality's capacity to generate and manage revenues sufficient to provide necessary infrastructure and services to the public.

Service delivery addresses the capacity of the municipality to provide essential services that meet residents' expectations and any appropriate standards.

Regional co-operation addresses the municipality's approach to collaborating with neighbours for the benefit of local and regional residents.

Infrastructure addresses the municipality's capacity to effectively and efficiently manage public infrastructure on behalf of residents.

Community well-being addresses local community characteristics that contribute to the vitality of the community and the long-term viability of the municipality.

Risk management addresses the capacity of the municipality to identify and manage key risks on behalf of residents.

VIABILITY DETERMINATION

The viability review process requires the Viability Review Team to undertake a complete examination of the finances, administration, governance and services of the Village of Cremona. Stakeholder input was part of the information gathering and research that forms part of the review.

This examination process concludes with a viability determination that either determines that the municipality is clearly viable, or the municipality is trending towards non-viability.

If the Viability Review Team determines that the Village of Cremona is viable, the team recommends to the Minister of Municipal Affairs that council may take actions to ensure and/or improve the ongoing viability of the municipality. The formal viability review is concluded.

If the Viability Review Team determines that the Village of Cremona is trending towards non-viability, the team recommends to the Minister of Municipal Affairs that the process continue with the development of a viability plan. The viability plan would examine steps to be taken for the municipality to become viable as well as the impact that municipal dissolution could have for residents of the village and on the governance and administration of Mountain View County if the Village of Cremona dissolved and became a hamlet in Mountain View County.

Decision on the Village of Cremona's viability

Based on information reflected in the Initial Findings Report and the stakeholder input summarized in the What We Have Heard Report, the Viability Review Team determined that the Village of Cremona is viable based on the implementation of the series of recommendations explained throughout this report.

This decision was not unanimous as some members of the Viability Review Team believe that the village faced significant viability challenges due to the state of the village's infrastructure, and the estimated costs to address future infrastructure issues threaten the viability of the village.

Reasons for decision

The members of the Village of Cremona Viability Review Team made their determination for the following reasons:

Based on a close review of the eight broad areas in which to assess the viability of a municipality, the Village of Cremona council and administration have taken significant steps to address areas for improvements and respond to identified challenges in all but one area.

The capacity of the village to effectively and efficiently manage public infrastructure is the largest challenge and viability risk. This one single area did not, in and of itself, warrant a determination that the village would be trending towards being non-viable. Further, there was insufficient current data to do an in-depth analysis of the impact that upgrades or maintenance to the village infrastructure would have on the ongoing viability of the village. Therefore, the Viability Review Team made a determination that the village is viable, however, village council is encouraged to implement recommendations provided in this report with a priority on the recommendations addressing infrastructure management and planning.

VIABILITY RECOMMENDATIONS

Sustainable Governance

The initial findings indicated that a three-member council was not an effective governance model for the leadership requirements and governance responsibilities in the Village of Cremona. The Viability Review Team supports and applauds the council for proactively taking steps to increase the council to a total of five members. The October 2013 municipal elections gave a clear indication of the political interest within the community as there were three candidates for mayor and six candidates for the four councillor positions.

The initial findings concluded that the village did not have a strategic plan or business plan and an outdated sustainability plan. The current village council has taken steps to draft a strategic plan.

The Viability Review Team acknowledged that the greatest concern from the public stemmed from inadequate processes to support effective communication between council, administration and citizens. The Viability Review Team also noted that the current council has implemented several public engagement initiatives such as an informal open house prior to each regular council meeting, and an open question and answer session during council meetings. It was also recognized that development of the village website has been occurring, including the posting of village bylaws, and council agenda and minutes.

The initial findings revealed that bylaws and policies were dated and in some instances of little relevance. Citizens also expressed concern with the relevance of some bylaw provisions and limited access to copies of applicable bylaws or policies.

It was noted that the current council and administration have implemented a systematic process to bring forward bylaws and policies for review, revision or repeal. Given the number of bylaws, it will take time for the thorough review of bylaws to be completed.

Recommendations

- 1. Council completes the development of a Village of Cremona Strategic Plan and adopts a process to ensure a regular review and update of the plan.**
- 2. Council develops a communication plan or policy to establish communication processes and public engagement opportunities.**
- 3. Council and administration continues with the review of village bylaws and policies and updates as required to ensure they are relevant and align with Council's vision for the community.**
- 4. Administration ensures that at a minimum, bylaws are available to the public upon request.**

Operational and Administrative Capacity

It was noted that in the initial findings the village did not have formal job descriptions for village employees.

Citizens expressed concern with the cost for administration services and the manner in which some services were provided.

The organizational structure for village staff has changed significantly since the viability review process began. Council entered into service contracts as a means to effectively address workload issues, including a contract with the Town of Didsbury for the services of an interim Chief Administrative Officer. In addition, the current council entered into a contract with Mountain View County to fulfil the finance and accounting functions, including billings. Council is also investigating other effective means of providing bylaw enforcement services and planning and development services.

Recently, the village office hours have been modified and remain open during noon, improving citizen access to the office.

It is of concern that the village is unable to determine the purpose for the capital reserve fund and that there is the absence of a policy governing back up storage of electronic data.

Recommendations

- 5. Council undertakes a review and evaluation of alternate cost effective staff resourcing options, which may include intermunicipal shared services, service contracts or direct employment.**
- 6. Council commits to a plan for a permanent solution to fill the Chief Administrative Officer position.**
- 7. Council directs administration to develop job descriptions for all village employees.**
- 8. Council takes into consideration training and development policies and practices when reviewing the human resources policies.**
- 9. Council adopts an appropriate policy to ensure the secure off-site storage of data.**
- 10. Council adopts a policy to clearly outline the purpose and use for reserve funds.**

Financial Stability

Analysis of the village's budget and actual expenses and revenues revealed significant variances. It was noted that as of September 2013, the Village of Cremona contracts Mountain View County for the provision of financial services.

In 2013, the Government of Alberta announced that the focus over the next years will shift away from operational support towards municipal collaboration. Municipal Sustainability Initiative (MSI) operating grant funding will be realigned to the Regional Collaboration Program to encourage municipalities to work together on regional objectives. The village relies on the current operating grant for general operation and the elimination of this grant will have an impact on the village revenues.

The Viability Review Team further noted the financial risk with the level of unpaid/uncollected municipal property taxes. The current village administration has initiated steps to begin addressing collection of unpaid property taxes.

The Viability Review Team heard concerns from the public over the need to increase the village assessment base and the value of being able to attract businesses, commercial establishments and development.

The initial findings indicated that revenue collected in utility costs did not cover the actual cost for providing the utilities which results in the utility service being subsidized by property tax revenue. It was also noted that in the past, collection for unpaid utility bills was not actively pursued. The current administration has initiated a process for utility bill collection.

Recommendations

- 11. Council undertakes a review of the village amortization policy and ensure the policy direction is reflected in budget and variance reports.**
- 12. Council undertakes a utility rate review and begin phasing in utility fees that are consistent with ensuring full cost recovery for provision of the service.**
- 13. Council considers a policy to define a utility bill collection process to ensure ongoing and consistent enforcement and collection of utility fees.**
- 14. Council continues to explore new and creative options to introduce efficiencies in utility operations.**
- 15. Council explores opportunities for partnership funding under the Regional Collaboration Program as a revenue source to replace the reduced Municipal Sustainability Initiative operating grant.**
- 16. Council directs administration to take immediate steps towards appropriate collection of tax arrears, up to and including implementation of the property tax recovery process as outlined in the *Municipal Government Act*.**
- 17. Council review the mix of residential and non-residential tax rates to determine if the distribution of tax burden adequately meets the village's strategic vision for residential and commercial development.**

Service Delivery

Village council and administration are taking steps to ensure the efficient and effective delivery of key services to village residents such as planning and development and bylaw enforcement. The Viability Review Team supports the current direction of council and had no additional recommendations for the Village of Cremona in the area of service delivery.

Resident concerns over accessibility to the village office have been addressed with the modification to the office hours.

Recommendations are not required in this area.

Regional Co-operation

The Municipal Area Partnership is an effective group for discussing and exploring co-operation amongst municipalities in the region.

Recommendation

- 18. Council continues to explore ongoing opportunities to participate in regional partnerships that enhance and support council's strategic vision for the Village of Cremona.**

Infrastructure

The greatest concern from the Viability Review Team was the lack of a current infrastructure assessment to provide an accurate description of the current state of the village infrastructure and recommend

required upgrades based on prioritization criteria identifying urgent upgrades and the degree of maintenance required.

Given the limited and outdated information available during the viability review process, the Viability Review Team determined that the infrastructure was the largest area of concern and posed the greatest viability risk for the Village of Cremona. It was noted that this situation is not unique only to the Village of Cremona and without information on the current state of infrastructure in the village and on updated costs for maintenance, repairs and upgrades, it is not possible for the Viability Review Team to provide further analysis.

The Viability Review Team noted in their discussions that the incorporation status of the Village of Cremona (whether it remained as a village, or restructured to become a hamlet in Mountain View County) would not provide different options to address the infrastructure needs in Cremona. Infrastructure is being repaired or replaced as needed to ensure that the health and safety of the community is not harmed and as resources become available. Therefore, the concerns with the infrastructure in the village are not significant enough to classify the village as trending towards non-viability at this time.

Recommendations in this area should be given the greatest priority to address the ongoing viability of the village.

Recommendations

- 19. Council engages an engineering firm to undertake an infrastructure audit and assessment.**
- 20. Based on the finding and recommendations of an infrastructure audit, Council adopts a multi-year capital plan detailing infrastructure projects and identifying revenue sources to fund the plan.**

Community Well-Being

The Viability Review Team noted that council communication with the community has improved since the initiation of the viability review. Information about community initiatives is included with the monthly village newsletter and council supports culture and recreational opportunities.

Recommendation

- 21. Council supports worthwhile volunteer initiatives which aid in enhancing the positive sense of community.**

Risk Management

The initial findings revealed that a significant concern shared by village residents was the uncertainty of fire and rescue services as a result of the village notifying Mountain View County that the village would withdraw from a Fire Services Agreement. Since that time, a new agreement was put in place and the management structure for services has changed. The Village of Cremona has a representative on an advisory group that provides input into the operation of the emergency services.

Recommendations are not required in this area.

CONCLUSION

The following recommendations were identified by the Viability Review Team for the consideration of the village council:

1. Council completes the development of a Village of Cremona Strategic Plan and adopts a process to ensure a regular review and update of the plan.
2. Council develops a communication plan or policy to establish communication processes and public engagement opportunities.
3. Council and administration continues with the review of village bylaws and policies and updates as required to ensure they are relevant and align with Council's vision for the community.
4. Administration ensures that, at a minimum, bylaws are available to the public upon request.
5. Council undertakes a review and evaluation of alternate cost effective staff resourcing options, which may include intermunicipal shared services, service contracts or direct employment.
6. Council commits to a plan for a permanent solution to fill the Chief Administrative Officer position.
7. Council directs administration to develop job descriptions for all village employees.
8. Council takes into consideration training and development policies and practices when reviewing the human resources policies.
9. Council adopts an appropriate policy to ensure the secure off-site storage of data.
10. Council adopts a policy to clearly outline the purpose and use for reserve funds.
11. Council undertakes a review of the village amortization policy and ensure the policy direction is reflected in budget and variance reports.
12. Council undertakes a utility rate review and begin phasing in utility fees that are consistent with ensuring full cost recovery for provision of the service.
13. Council considers a policy to define a utility bill collection process to ensure ongoing and consistent enforcement and collection of utility fees.
14. Council continues to explore new and creative options to introduce efficiencies in utility operations.
15. Council explores opportunities for partnership funding under the Regional Collaboration Program as a revenue source to replace the reduced Municipal Sustainability Initiative operating grant.
16. Council directs administration to take immediate steps towards appropriate collection of tax arrears, up to and including implementation of the property tax recovery process as outlined in the *Municipal Government Act*.
17. Council review the mix of residential and non-residential tax rates to determine if the distribution of tax burden adequately meets the village's strategic vision for residential and commercial development.
18. Council continues to explore ongoing opportunities to participate in regional partnerships that enhance and support council's strategic vision for the Village of Cremona.
19. Council engages an engineering firm to undertake an infrastructure audit and assessment.
20. Based on the finding and recommendations of an infrastructure audit, Council adopts a multi-year capital plan detailing infrastructure projects and identifying revenue sources to fund the plan.
21. Council supports worthwhile volunteer initiatives which aid in enhancing the positive sense of community.

It is recognized the 21 recommendations made by the Viability Review Team are not binding on the Village of Cremona. However, these recommendations were developed for the consideration of village council in order to support village council and administration with ensuring that Cremona remains a viable municipality. This is the final report for the Village of Cremona Viability Review Team and the viability review for the village is deemed to be concluded.