

THOMAS R L MANAGEMENT INC.

Village of Champion

Municipal Inspection

January, 2012

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Executive Summary

The Province of Alberta by way of Request for Proposal contracted for a Municipal Inspection of the Village of Champion, Alberta pursuant to Section 571 of the Municipal Government Act. The contract was awarded to Thomas R L Management Inc. of Lloydminster in December, 2011.

The reason for the inspection was that the Minister had received a sufficient Petition from the Electors for the Village of Champion requesting that the Minister of Municipal Affairs “Conduct an inquiry of the Municipal Affairs of the Village of Champion for the year 2010 to present.”

The Minister received the Petition in July of 2011 and acknowledged the same on August 18, 2011 having determined that the Petition was sufficient to warrant a municipal inspection. Since that time, a new Minister of Municipal Affairs (Minister Doug Griffiths) was appointed. In November, 2011 he notified the Petitioners Representative that an Inspector had been appointed and the Inspection took place from January 9 – 11, 2012.

Under Section 574 of the Municipal Government Act, specific powers are granted to the Minister when dealing with issues that may arise as a result of a Section 571 Inspection. The Act specifically states:

“ 574(1) If, because of an inspection under section 571,..... the Minister considers that a municipality is managed in an irregular, improper or improvident manner, the Minister may by order direct the council, the chief administrative officer or a designated officer of the municipality to take any action that the Minister considers proper in the circumstances.”

This report will point out a number of items that appear to be in contravention of the Municipal Government Act. That being the case, the Minister may wish to issue appropriate directives in order to assist the Village.

The Village of Champion has been presented with some challenges in the past couple of years. During the first half of the 2011 year, the Village employed an Interim CAO due to the departure of a previous CAO. At the same time, the sole Public Works employee had parted ways with the Village, making it difficult for the Council to provide continuity and consistency in their daily operations. As the Council proceeded to conduct their operations, decisions were often made, not necessarily wrong or poor decisions, but decisions and actions that were not successfully communicated to Village residents. As a result of this uncertainty, a Petition was circulated among the residents. The findings and recommendations in this report are intended to be helpful to the Village Council and residents and hopefully help guide a return to clear understanding and productive discussions among the parties.

About the Village of Champion

Champion was incorporated as a Village in the Province of Alberta in 1911. At that time, agriculture and rail transport were significant employment generators in and around the Champion area. Champion is located within the County of Vulcan along Provincial Highway No. 23. The Village is approximately 73 kilometres from Lethbridge, 147 Km from Calgary and 177 Km from a major U.S.A. Border Crossing point at Coutts, Alberta. The Town of Vulcan is nearby at approximately 22 Km. The population of the Village today sits at 384 persons (2007).

It is quite apparent when a person first visits the Village that there must be a number of persons in and around Champion who take great pride in volunteering their time and services to make facilities in Champion quite attractive and welcoming. There is evidence of facility modernization in many areas such as a well laid out campground facility, a recently renovated Community Hall, an upgraded Legion Hall, several very attractive church facilities, a new outdoor swimming pool and some locations where the local Communities-in-Bloom organization have tastefully decorated and enhanced smaller public areas.

The downtown area is populated with some older wood-frame structure buildings that are quite dated and in need of renewal. There is an older Hotel that is closed at the present time, however, a recent purchase by a developer with plans to modernize and reopen the Hotel is quite promising and will certainly add value to the updated infrastructure of the Village. The

Village office is located on the main street and although it is an older structure as well, it is kept, neat, clean and is inviting.

During the course of the Inspection, the following persons were interviewed on Village matters, either by telephone or in person:

- Amy Rupp, Contract CAO
- Martin Woolf, Financial Advisor, CFO – Town of Raymond
- Mayor Dick Ellis
- Councillors: Elaine Dixson, Christine Nyberg and Art Dyck
- Petitioners: The Petitioner’s representative along with approximately 20 persons who had signed the Petition met in a group setting at the local Legion Hall.

The concerns expressed by the Petitioners were of the nature of past behaviors and actions either by the Council or individual members of Council. Some felt that the limited information they have received was unfulfilling in that it often raised more questions. Some felt that the Village did not communicate well with the residents and that their concerns were not considered to be of value. These feelings of uncertainty led them to sign a Petition to an outside authority in order to gain access to information about their own Village matters.

In any case, the issue of clear and concise communications seemed to be the problem not only between the Village and the residents, but internally, as well, between the Council members and particularly to those that are new to the Council.

The Mayor, Chief Administrative Officer and the Councilor’s were very open and honest in their views on Village matters. They all possessed a genuine appreciation of their position within the community and were sincere in their approach to municipal governance.

LEGISLATIVE ISSUES

The Council (five persons) for Champion is elected at-large by the electors for the Village of Champion. Each year an Organizational Meeting is held of which a Mayor and a Deputy Mayor are elected internally by the Council. The last election for the Council was held in October of 2010.

The Village Council has had some past difficulties in retaining staff. The present Council has taken a slightly unique approach by contracting the services of their Chief Administrative Officer from the Town of Raymond. Along with this contract were some levels of support including financial management. On June 13, 2011, the Council entered into a one year

agreement with the Town of Raymond that provided supervisory, administrative and financial services to the Village for an annual sum of \$52,600.00 inclusive of GST.

The Town of Raymond provides the same or similar services to several nearby Villages and Improvement Districts. In order to do this, they have employed municipal interns, presumably all reporting back to the Town Manager as well as the local Councils they serve.

CAO services under this type of agreement has some advantages as there is added value with trained extra oversight of the operations support for the CAO when they need administrative advice and assistance. The current CAO is new to the post but possesses a positive and friendly approach to her duties. One disadvantage is the distance from the Town of Raymond to Champion which may make it difficult to fit in and be more a part of the community.

A review of some of the records, particularly the past Council Agendas and Minutes reveal that some adjustments should be made to provide a solid understanding and provide a permanent record of Council deliberations. Items noted were as follows:

Minutes

1. Minutes should be kept on good quality, acid-free paper so that they retain a long, long shelf life and until such time as they can be electronically archived.
2. Resolutions made by the Council must be documented in a clear and unambiguous language to clearly express the intent of their action. Extra care in ensuring the resolutions are worded properly will help avoid matters getting “lost in translation” later on down the road.
3. Avoid the use of acronyms, or provide the full name of the organization or object at least once in the text before employing the abbreviated form. It must be remembered that the minutes are open for viewing by all and this simple clarification will help the reader better understand a subject and who may not be familiar at all with the shortened version.
4. Be consistent throughout when using the terms “adopt”, “accept” and ‘approve”. There were a couple of instances where the terms were used interchangeably.
5. Pinpoint the time when a Council member left a meeting and returned. Should a member miss a vote on a matter, it should clearly show them being out of the room by making the notation of their return after the resolution(s). In the event that the Council member declares they have a pecuniary interest the time of departure and return is less important to document than the subject matter that was covered while absent.

6. Keep minutes up to date. It was noted that Council minutes were adopted for October 24, November 14 and December 12, 2011 all at the meeting of January 9th, 2012. Minutes should be produced for Council's review at their next Council meeting.

Agendas

Agendas can be much more meaningful if issued well in advance of the meeting and contain a summary or short version report of a subject to be debated by the Council. Doing this will help frame the matter and help zero in on the debate points and keep the pertinent issues of the matter at the forefront.

RECOMMENDATIONS:

- 1. That the Village CAO incorporate the foregoing practices and employ other best practices for agenda preparation and minute taking as they become known and available.***
- 2. That the Council conduct a careful review of the advantages and disadvantages of contracted administrative services prior to any renewal, including the measuring of public support for any or proposed renewal arrangement.***

During the Council meeting attended on January 9th and later confirmed during post interviews with some Council members, it became evident that some of the Council members did not understand procedures or their role as a Council member as well as they should. There was some confusion on what information Council was "allowed" to see on a particular personnel item. It became clear that some Council members were confused at their inability to access information, even to the point of being told that they may not be entitled due to privacy reasons.

There is little information that comes to the Village that a Council member is not entitled to see in a technical sense, however, a knowledgeable Council member who has access to sensitive information will know that they are bound by privacy legislation in how they use and disburse the information. It appears that there is some confusion over which is not really a matter of furnishing information, but more of the matter of the understanding of the role of Council members and administration. Not clearly understanding the role between Council and administration can sometimes be a little frustrating and can lead to the building of a wall between the two if their respective roles are not clearly understood. It can also have further repercussions with the residents of Champion if a Council member is discussing municipal business with electors in the Village and does not have a firm understanding of these principals.

The Council is guided in this matter by Section 201 of the MGA. This section of legislation is very clear in laying out the principal role of Council's role in municipal organization. Of particular relevance to this situation is Section 201(2) of which has been contravened. The section states:

"201(2) A council must not exercise a power or function or perform a duty that is by this or another enactment or bylaw specifically assigned to the chief administrative officer or a designated officer."

It was noted that the Council did go into an in-camera session, not once, but twice during the Council meeting. The first time was an agenda placed discussion and quite appropriate, the second one was impromptu. The Council is the final stages of passing a new Procedure Bylaw which should adequately address this matter.

RECOMMENDATION

- 3. It is recommended that the Council for the Village of Champion undertake Council Member training in order for all members to obtain a basic and consistent level of the various elements on governance of a local municipal government; such training should include the role of Council and administration as well as a Council's responsibilities under the Freedom of Information and Protection of Privacy Act.***

Council Member training can be accessed through the Elected Officials Education Program (EOEP). The EOEP was developed to provide municipally elected officials with an opportunity to broaden their knowledge and skills, raising the quality of municipal government and enabling those in office to effectively achieve the goals of their community. The Program provides a combination of workshops and a variety of on-line courses.

An overview of this valuable resource can be viewed at: <http://eoep.ca> Alberta Municipal Affairs sometimes conducts workshops on various subjects with little or no cost and within the Community area. There is some training available on-line for FOIP through Service Alberta at: <http://www.servicealberta.ca/foip/training/online-training.cfm>.

FINANCIAL ISSUES

The Village has an annual operating budget of approximately \$ 711,483.00 (2011). This is net of the Alberta School Foundation Requisition for school purposes they are required to raise and remit to the Province on the Community's behalf. Of the total amount available to the Village, approximately \$274,854 (38.6%) is raised to offset this through real property taxes and special levies, \$172,850.00 (24.29%) through the sale of water, sewer and garbage services,

\$100,354.00(14.1%), from federal or provincial grant sources, \$85,000.00(11.95%) through sale of land, with the rest, \$78,425.00(11%) being raised through various fees and charges such as fire services and campground fees.

An Independent Audit has been performed for 2010; however it was not completed and submitted to the Council until late October, 2011. The budget for 2011 appears balanced, but it is noted there are many outstanding entries to be done in order to complete the 2011 fiscal year.

The Council through its contracted administration has been busy catching up on regular reporting as evidenced by the fact that basic monthly bank reconciliations for January, 2011 to June, 2011 were only submitted to Council at the January 9, 2012 meeting. This has to be stepped up and reported on a monthly basis and should include a copy of the balances provided by the bank on their stationery.

A *TRIAL BALANCE REPORT* for the period 2011/01/01 to 2012/01/09 was provided by the Financial Officer contracted to the Village. This report is a line by line summary of totals for all revenue and expenditures made by the Village to date. It is not a particularly useful report in its present format, when viewing it from a Council or a member of the Public's view. The report contains no categorization by revenue or expenditure type, sub totals or information that a user could easily go to an area of interest to review specific costs of an activity. This matter was discussed with the Financial Officer for future improvement and may even culminate in a change of accounting software that the Village is using should that be the wish of the Village Council and administration.

There were no concerns of any irregularities within the financial information provided at the time of the inspection. It should be noted that a complete audit of the financial records will be performed shortly by the appointed municipal auditors with Council receiving their statement and recommendations within the first quarter of 2012.

RECOMMENDATIONS:

- 4. That Council instruct the Administration to produce a clear and concise format for the reporting of the Village's financial progress on a regular basis, of which the reports can be released to the Village residents following adoption by the Council.**
- 5. That the Council instruct the Administration to provide a copy of the Bank Balances on the bank stationery as a part of the monthly bank reconciliation report so that Council has a reference point when viewing the reconciliation.**

HOW CHAMPION COMPARES

Alberta Municipal Affairs has prepared some comparative information that may assist the Village in knowing how they stand in comparison to their peer Villages. These can be illustrated using the ***“Financial Indicator Graphs” for 2010***. This series of indicators was produced by the Local Government Services Division, Financial Advisory Services and is very helpful in providing a quick snapshot in a particular financial area by comparing Champion with a “peer” group of similar sized Villages. This peer group numbers nineteen Villages in total with populations ranging from 334 persons to 458 persons. Champion has the 10th largest population of this nineteen Village grouping. These comparisons are intended to help Council and administration in making planning decisions, however, they are prepared from Financial Statement information only and do not necessarily take into account any unique or extraordinary issues that may have arose during the course of any one year.

A concern expressed by the Petitioner group was the level of taxation and cost of living in the Village. Taxes and User Fees are the most common of charges need by a Council to operate the Village and maintain infrastructure and services. Although it is a concern of most, there does not appear to be a big issue at this time.

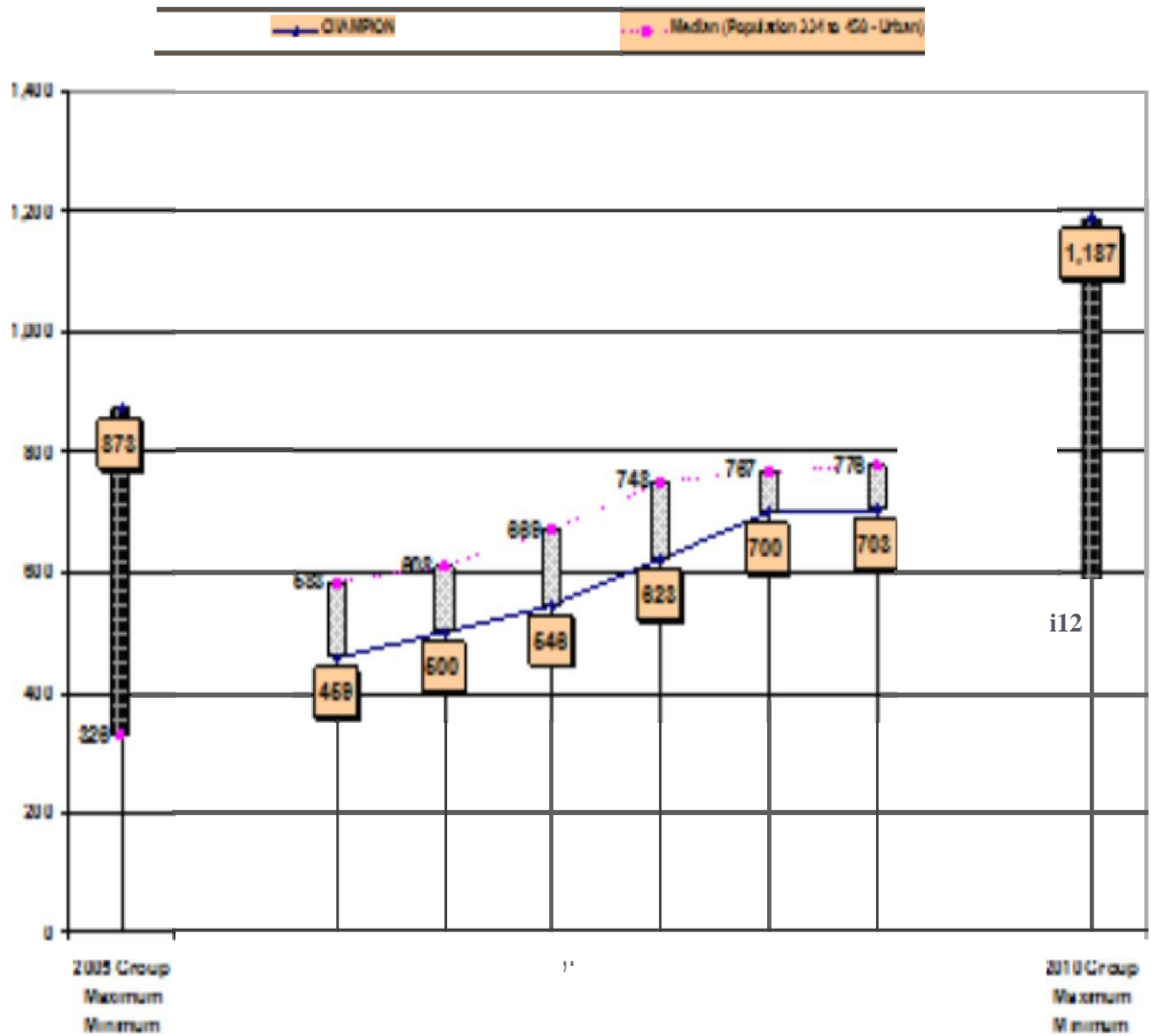
The Village is fortunate in that they do cooperate with neighbouring jurisdictions on matters of Fire Service, Planning, Waste Disposal, Water supply and other basic necessities. Intermunicipal cooperation is almost essential and is quite necessary when resources are scarce and the number of residents is fairly low.

The Village of Champion is a very good example of a Village that is able to cooperate with the neighboring jurisdictions

A comparative chart is reproduced on the following page shows how Champion ranks within their peer group is reproduced on the following pages.

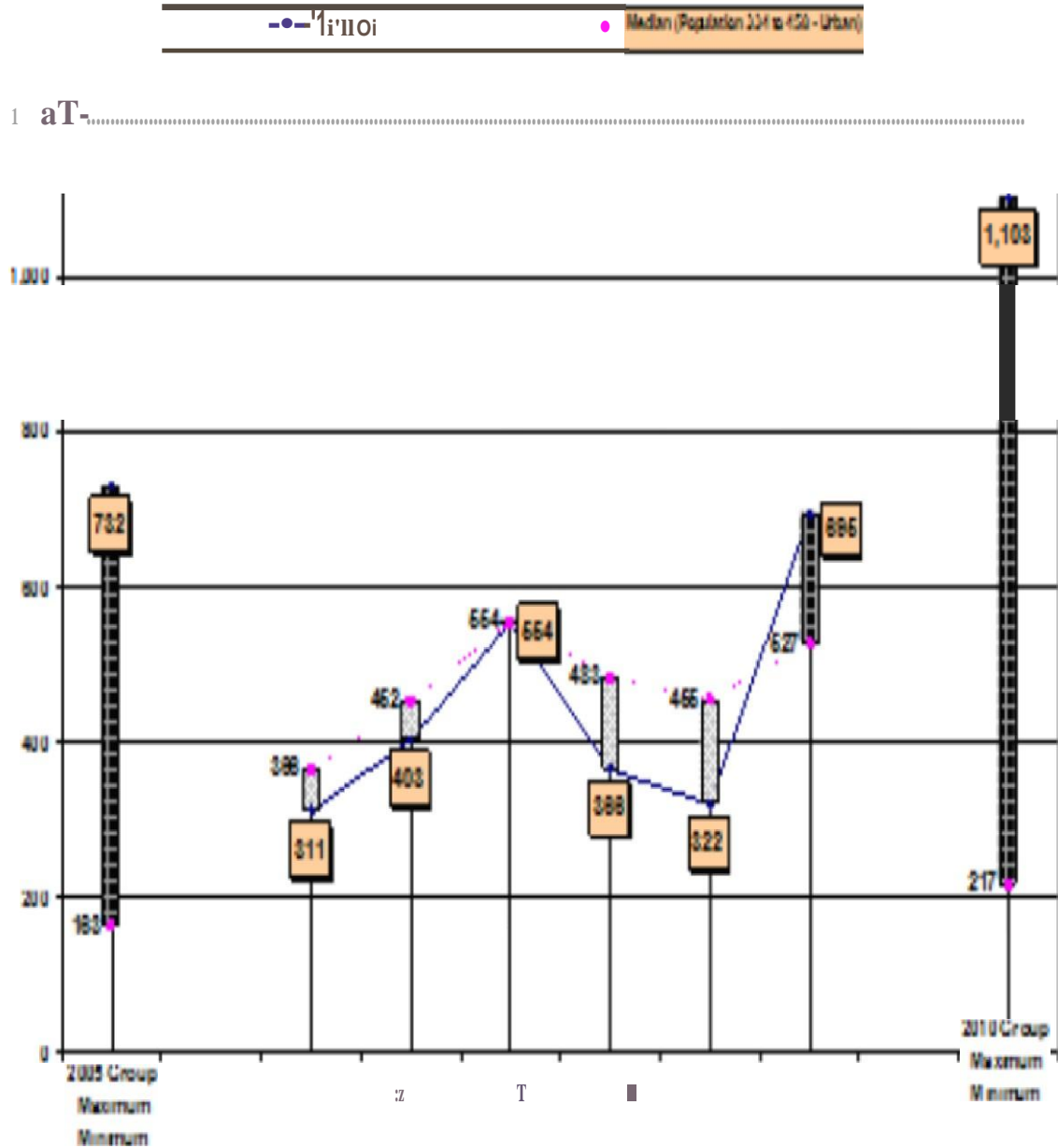
The illustration below simply means that taxes, on a per capita basis for Champion were \$703.00 per capita, while the median of all 19 peer Villages was \$ 776.00 per capita in 2010. Champion has shown to be consistently below the median since at least 2005.

Rate of Property Taxes Per Capita



An additional comparative chart is added which shows a comparison on Sales and user Charges on a per capital basis.

Safes and User Charges Capi-a



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The chart forgoing chart simply illustrates a growing reliance on user fees which is not uncommon amongst many municipalities today. A good way to view these two charts is to add

the per capita amounts together for both Champion and the two median numbers. Doing this would reveal Champion as averaging close toward the median. (\$1,303 per capita- Median vs. \$1,398 per capita- Champion.)

A full set of these Indicators is available at the Village Office.

COMMUNICATION ISSUES

Much has been said during the Inspection on the issue of Council/Village communications. There was an initiative by a Council member to create a platform to reach out and effectively communicate better with the Village residents. This initiative got off to a rocky start, not that the idea was wrong, but possibly the procedures leading up to it did not have a full buy-in of the Council. The idea was certainly a good one, but good communication takes several thoughtful movements in order to be successful.

Although the Village Council has had some challenges in past, they are attempting to repair things in a manner they see best. An example of a challenge to them is the fact that the Village arena is no longer useable in that the building has effectively been condemned. The arena was supposed to help serve as change rooms for the new swimming pool, however, Council was not made privy to that report prior to the construction of the new pool. This is an example of a challenge that can be shared with the people of the Village on what to do.

Both the Council and the people are viewing each other as being on opposite sides. In reality, they are not on opposing sides; they simply are not communicating with one another enough on Village matters in the correct way. There needs to be a thoughtful mechanism whereby the two parties can gain mutual respect so that personal differences are set aside in the best interests of the entire Village. This process should start now.

RECOMMENDATION:

- 6. The Council can add significant value and satisfaction to their positions on Council by taking a greater interest on the issues of communication and transparency. The Council should search for ways and means to better engage the residents in the affairs of the Village by:***
 - 1. Planning, preparing for and conducting more public meetings on matters of significant concern to the Village residents.***

- 2. *Conducting Council meetings in a more suitable location where people can attend and set the starting time for when people can comfortably attend. This does not mean every meeting, but possibly every second meeting.***
- 3. *Set a specific time on the Council Agenda where residents can bring issues to the Council. Set a time limit for speaking, if necessary. This could be set for the last meeting of the month, but in any case, a time where everyone knows of its availability.***
- 4. *Search for better ways and means of distributing information to the residents. The lack of a public media organization in the Village should not be a barrier.***

The Residents of Champion can be of great assistance to their Council by:

- 1. Showing respect for the elected offices held by the Council Members. Elected Officials are often tasked with making difficult decisions, but they are doing this on the residents behalf.**
- 2. Always be open-minded when discussing matters with the Council. A resident may carry their own opinion; however, the Council has the burden of representing and considering everyone's opinion.**
- 3. Be flexible when asked for understanding.**
- 4. Become a great Volunteer when an appropriate situation or opportunity arises that calls upon, but is a close match to your own personal skillset.**

There are a multiple of resources that can assist a Village whether it be a planning issue or simple community collaboration matters. These resources are readily available as well through Alberta Municipal Affairs. There are also a wide variety of toolkits available through the Alberta Urban Municipalities Association (AUMA). The AUMA main website is located at:

<http://www.auma.ca>.

The Village of Champion is very much encouraged to become more proactive in this area.

INSPECTOR'S STATEMENT

In accordance with Section 574 of the Municipal Government Act, the inspection for the Village of Champion has determined that the Village has been managed in an irregular manner. There are numerous contraventions of the MGA which must be addressed.

Respectfully submitted this 10th day of February, 2012

Tom Lysyk

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