

Fall 2020 Council Message

As this is being written, one can definitely feel and smell Fall in the air – some leaves are changing color, the crickets are here, and swathers and combines are on the move with harvest under way. With lots of moisture and in those areas where there was no hail, the pastures and crops are looking to be the best many of us have seen in a long time! Let's hope that calf prices will be good also.

Updates on some topics covered in the last newsletter:

- **Willow Creek Regional ICF ("Intermunicipal Collaborative Framework") Agreement**
 1. The **Intermunicipal Emergency Services Agreement** is complete between the MD and all the Towns – assuring that everyone has the same quality and level of emergency service regardless of where a citizen resides in the MD of Willow Creek.
 2. The ICF Committee met for the first time – outcomes were:
 - > a meeting arranged and held with the RCMP discussing and keeping the dialogue open with regards to policing in the MD and the Towns, AND
 - > a **Recreation** subcommittee was created with negotiations/discussions underway looking at recreation services between the Towns and the MD.
- **COVID 19** - The MD of Willow Creek is not immune – we have had and currently do have cases. This nasty virus certainly does not seem to want to disappear. Therefore, we cannot be complacent – we must be ever mindful of our own little cohorts (bubbles), washing our hands, wearing a mask where required and where social distancing may not be possible, and if sick or exhibiting symptoms, stay home and self-isolate. Please remember that this virus knows no boundaries when it comes to who we are as individuals, and we are all in this together – avoid discrimination and if someone is sick, sympathy, kindness and consideration can go a long way in recovery. The MD, like everyone else, has adapted to the new norm and continues to provide the necessary services required. Thank you to all the administration and staff.

Changes to Assessment of Oil and Gas Properties and Impact on the MD

In case you are not aware, the Government of Alberta is considering changes to the assessment model on how Machinery and Equipment and Linear Property are assessed. The review stated that all of the changes are intended to enhance the viability of the oil and gas industry in Alberta while ensuring the ongoing viability of municipalities”.

Quite the opposite is true – any of the four options currently being considered will impact the operations of rural municipalities across the Province. Depending on the option selected, the changes will reduce the overall assessed value of oil and gas property in rural Alberta by between \$8.9 billion and \$26 billion, and result in rural municipalities losing a combined total of between \$108.7 million and \$26.7 million in property tax revenue in the first year in which the changes are implemented. The impacts vary widely in different regions of the province – some could lose as much as 49% of their current non-residential assessment value and 40% of their overall revenue in the first year of the proposed changes.

While the municipalities are losing revenue, the oil and gas companies are getting a break that no one else is – this is totally unfair – this approach includes no incentives or requirements that industry use the property tax savings to invest in Alberta or to create jobs. A few large companies will take their savings elsewhere – likely out of the province and country. We have made it clear to our MLA and the Government, that we do not see this as a viable solution to the oil and gas industry woes.

For the MD of Willow Creek, in the first year of the proposed changes, the worst scenario would be a total assessment base loss of \$131.4 million and total property taxes of \$1.034 million - a 7% reduction in revenue. Compounding the tax burden are increasing police costs, loss of assessment due to annexation, and potential increased costs that may arise due to intermunicipal agreements.

Our towns within the MD will not escape the effects of these changes in the assessment model either – As School and Seniors Housing requisitions are based on equalized assessment, the assessment model change - reducing the total assessment of MD will result in the Town property tax payers paying a larger percentage of costs associated with those requisitioning bodies as compared to the current model. Also, the loss of assessment will impact the ability of the MD to participate in cost sharing of shared services provided by the Towns.

Be assured that Council and Administration continues to weigh all available information to ensure that we will be able deliver the necessary services for our ratepayers in 2021 and the future.

Part of those options may have to be cuts to our workforce of up to 21% (2 FTE).

Also, due to the dependency of the MD on the Non-residential property (62% currently), even a small reduction (7 %) in assessment in this class **may** require a dramatic shift in the tax burden to the Farmland (11% currently to 21.6% excluding 5:1 limits) and Residential (27% currently to 31.4%) tax classes. At the present time, the MD of Willow Creek has no set policy on how the farmland, residential and non-residential tax rates should relate to one another. Therefore, Council may take this opportunity to consider developing a Property Tax Policy which would provide guidance on how the annual cost of municipal services is distributed among the property classes.

Derrick Krizsan - Congratulations on your one year anniversary September 1st as CAO for the MD. Thank you for your guidance, dedication and hard work.

Everyone be safe.

The Council of the M.D. of Willow Creek No. 26

