

2019 RATEPAYER MEETINGS



Special Areas Board
EST. 1938

CHAIR'S UPDATE

- Update on SAB, Advisory Council
- Government of Alberta, Alberta Municipal Affairs
- Special Areas-Town of Hanna Coal Transition
- Special Areas Water Supply Project



Questions?

Jordon Christianson, Chair

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Finance & Administration

Darren Jones, Financial Services Coordinator



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2018 Financial Statements

Strong financial position

- ◆ Sufficient financial resources to fund future operational and capital requirements
- ◆ Accumulated operational surplus increases to \$15.45M

Continue to focus on lowering expenditures

- ◆ Operational efficiencies
- ◆ Competitive contract pricing
- ◆ Tendering through clear procurement processes

Additional revenue means surplus position for 2018

- ◆ Advance of MSI grant funds for 2019 (one year early) means increase in revenue
- ◆ High activity in oil well drilling (OWD) results in increased other revenue

Balance Sheet

- Cash is up
 - \$6.5M (2018)
- Acadia Foundation loans drawing down
 - \$2.5M (from 2017)
- Taxes Rec. up \$750k
 - \$1M current (2018)
 - \$2.94M arrears written off (2018)
- Accumulated operational surplus
 - \$15.4M (from \$9.05M)

- 1 -
SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION (CASH BASIS)
AS AT DECEMBER 31, 2018

		2018	2017
ASSETS & LIABILITIES			
Financial Assets			
Cash (Note 4)	\$	37,800,661	\$ 31,352,073
Accounts receivable, net (Note 5)		3,297,702	3,307,118
Notes receivable (Note 6)		6,605,317	8,403,034
Due from Province of Alberta (Note 7)		537,549	4,092,804
Due from Government of Canada (Note 8)		1,432,805	909,585
Taxes receivable (Note 9)		1,224,130	471,741
Prepays		699,219	246,772
		<u>51,597,383</u>	<u>48,783,127</u>
Investments (Schedule 1)		30,020,570	29,105,414
Total Financial Assets		<u>81,617,953</u>	<u>77,888,541</u>
Liabilities			
Accounts payable and accruals	\$	2,978,417	\$ 3,484,351
Vacation accrual		1,125,542	1,148,375
Deferred revenues		475,471	388,404
Deferred government grant revenue (Note 10)		306,701	-
Due to Province of Alberta (Note 7)		470,370	654,767
		<u>5,356,501</u>	<u>5,675,897</u>
Long-term debt (Note 11)		2,602,182	5,124,731
Provision for gravel pit reclamation (Note 12)		3,210,000	3,150,000
Total Liabilities		<u>11,168,683</u>	<u>13,950,628</u>
Net Financial Assets (Schedule 3)		70,449,270	63,937,913
Physical Assets (Note 13 & Schedule 6)			
Road infrastructure		165,829,199	161,022,640
Capital assets		60,759,275	61,769,697
Inventories		9,011,322	9,109,022
Total Physical Assets		<u>235,599,796</u>	<u>231,901,359</u>
	\$	<u>306,049,066</u>	\$ <u>295,839,272</u>
TRUST EQUITY			
Equity:			
Accumulated excess of revenue over expenditure		15,451,081	9,047,816
Reserves		54,998,189	54,890,097
In physical assets		235,599,796	231,901,359
Total Equity	\$	<u>306,049,066</u>	\$ <u>295,839,272</u>

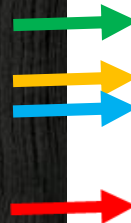
The accompanying notes and schedules are part of these financial statements.

Revenue

- Net taxes up
 - \$1.3M increase from budget
- Grazing lease revenue on track with budget
 - \$2.1M (2018)
- MSI funds up
 - 2019 monies advanced in 2018 (\$1.6M)
- Other revenue up
 - \$2.2M increase over budget
 - Oil well drilling (OWD) \$1.8M above budget.

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SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED EXCESS
OF REVENUE OVER EXPENDITURE (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018

Revenue	2018		2017
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
	(Note 15)	(Cash Basis)	(Cash Basis)
General municipal:			
Taxation			
Power and pipeline	\$ 34,424,239	\$ 33,992,050	\$ 33,444,686
Real property	12,965,444	12,848,294	12,852,184
Grazing and cultivation	738,695	719,122	738,695
Penalties and costs on taxes	300,000	459,260	276,640
	<u>48,428,378</u>	<u>48,018,726</u>	<u>47,312,205</u>
Less amounts expended by transfers:			
Alberta School Foundation Fund	12,890,303	11,449,677	12,168,895
Seniors Foundation requisitions	3,956,075	2,908,360	3,956,075
Bad Debt Levy	1,000,000	1,462,510	982,703
	<u>17,846,378</u>	<u>15,820,547</u>	<u>17,107,673</u>
Net taxes for municipal purposes	30,582,000	32,198,179	30,204,532
Leases (Note 17)	9,350,280	8,980,163	12,302,371
Government transfers for operating (Note 18)	5,199,751	7,228,365	6,451,977
Government transfers for capital (Note 18)	2,021,246	2,021,246	1,311,699
Interest	1,078,111	1,114,185	1,167,306
Tax recovery land sales	160,000	120,173	561,089
Other	3,785,585	6,013,846	4,390,008
Total revenue, carried forward	\$ <u>52,176,973</u>	\$ <u>57,676,157</u>	\$ <u>56,388,982</u>



Expenditures

- Total expenditures down from budget (\$1.2M)
- Surplus for 2018 (\$3.7M)
 - Versus budgeted deficit of \$2.86M
 - Change in position a result of increase in revenue from MSI & OWD
- Accumulated operational surplus at \$15.4M

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SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED EXCESS
OF REVENUE OVER EXPENDITURE (CASH BASIS, cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>		<u>2017</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
	(Note 15)	(Cash Basis)	(Cash Basis)
Total revenue, brought forward	\$ 52,176,973	\$ 57,676,157	\$ 56,388,982
Expenditure			
General municipal:			
Transportation services	34,435,734	34,416,656	39,450,135
Administrative services	5,821,869	5,997,934	6,031,638
Water and sanitation services	3,427,392	3,204,668	3,822,631
Agriculture and community pasture services	4,818,210	4,423,077	3,817,659
Recreational and cultural services	2,628,058	2,327,974	2,473,403
Protective services	3,325,916	2,875,721	1,956,495
Industrial tax transfers	580,000	580,000	580,000
Transfer to tax recovery land sale reserve: Phase III	-	108,092	512,717
Total expenditure	<u>55,037,179</u>	<u>53,934,122</u>	<u>58,644,678</u>
Excess of expenditure over revenue	\$ <u>(2,860,206)</u>	3,742,035	(2,255,696)
Accumulated excess of revenue over expenditure at beginning of year		9,047,816	13,504,876
		12,789,851	11,249,180
Add: transfers from equity in capital assets		2,563,530	-
Add (deduct): equity change in inventory to convert to cash basis		97,700	(2,201,364)
		2,661,230	(2,201,364)
Accumulated excess of revenue over expenditure at end of year		\$ <u>15,451,081</u>	\$ <u>9,047,816</u>





Questions?

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Municipal Services

Owen Francis, Director

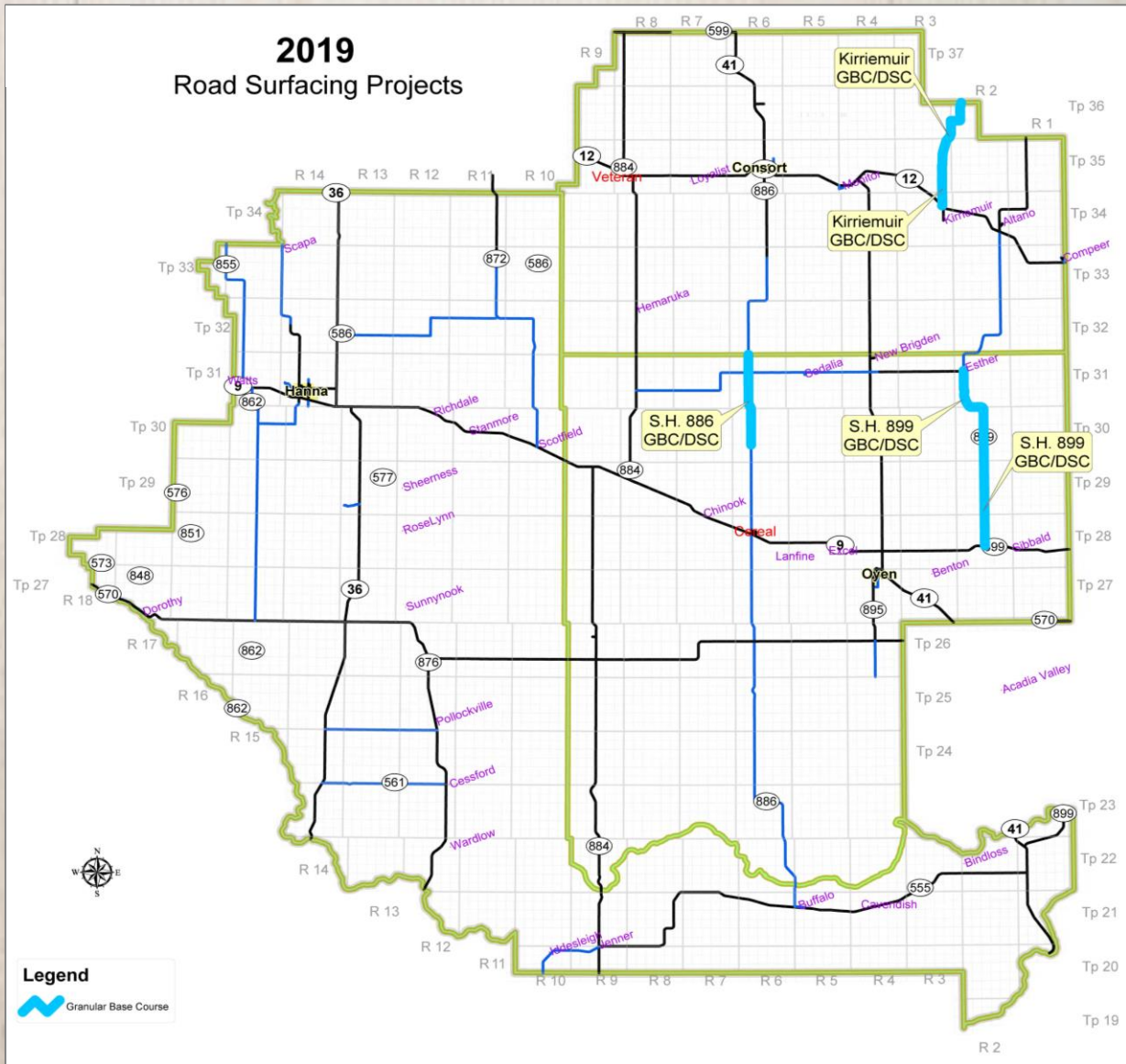


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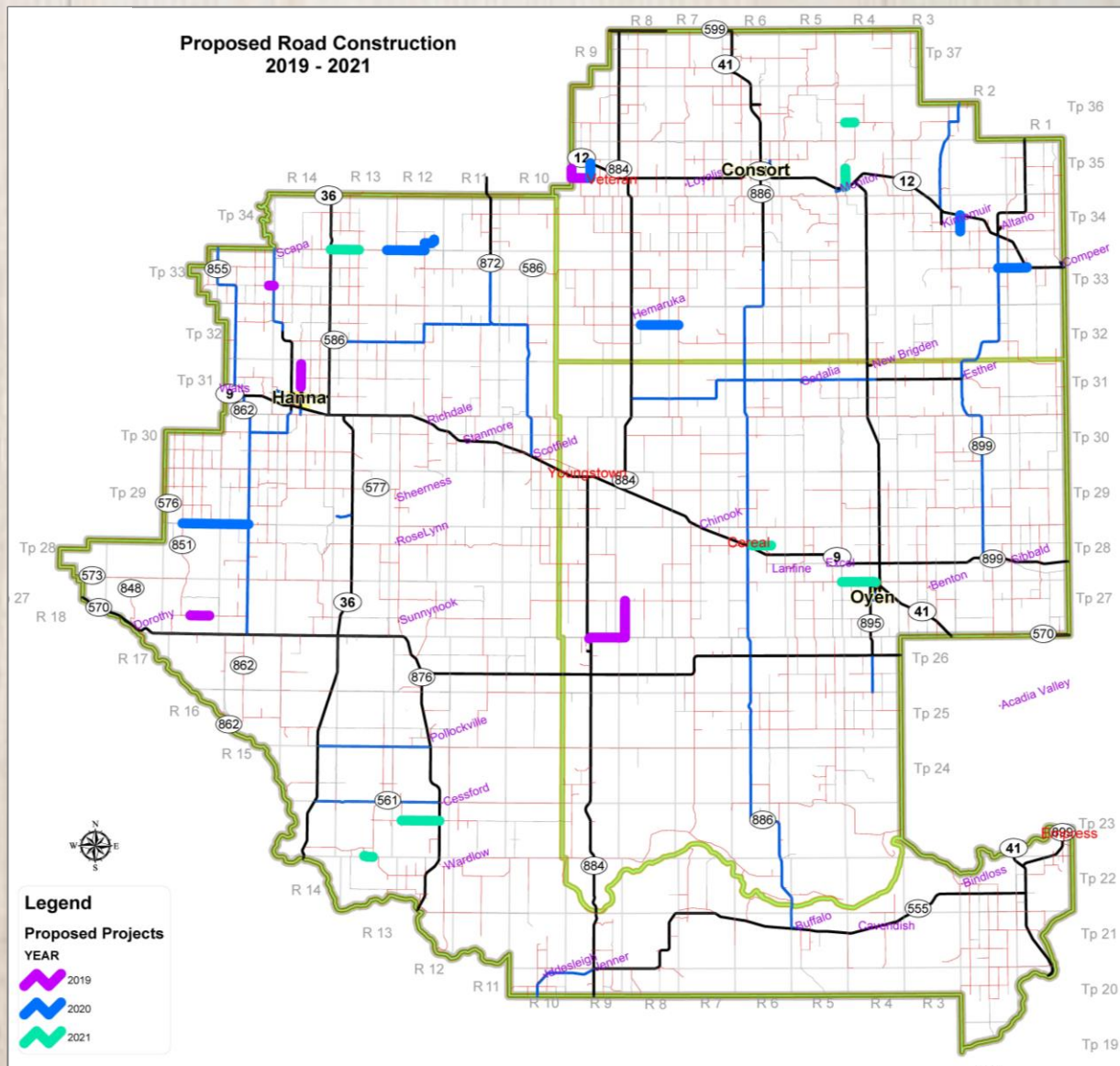
ROADS

- Secondary Highway Agreement
 - Partnership with Alberta Transportation
 - April to October Special Areas takes over approximately 500 km of unpaved secondary highways
 - Currently in the third year of three year agreement
- Secondary Highways projects
 - 2019 - Hwy 886 and 899 – Granular Base Course (GBC)
 - 2018 - Hwy 862 and 586 – Cement & Cement Stabilized Grade (CSG)
- Staged Surfacing Plan continues, but Cement Stabilized Grade (CSG) work is done

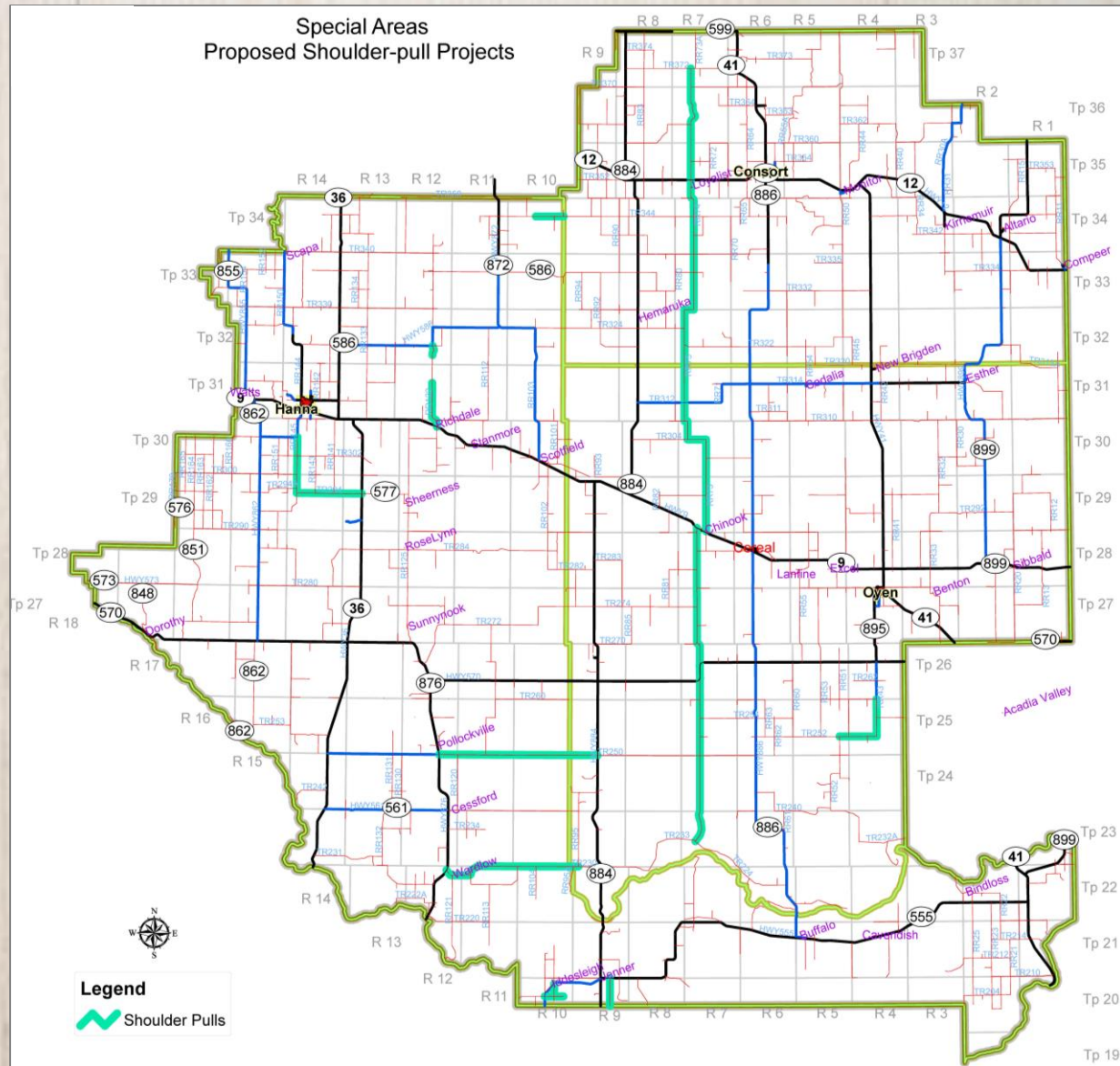
2019 Road Surfacing Projects



2019 – 21 Road Construction



Proposed Shoulder Pull Projects



WATER

- Working with Alberta Environment to eliminate requirement of 7 days/week attendance at Jenner
 - This will result in lower operational costs
- Completion water distribution line replacement in Jenner and Bindloss
- New Truckfill in Sibbald area.
- Supporting small communities in the Special Areas with service agreements to offer relief personnel for non-SAB operated water systems.

EMERGENCY SERVICES

- Fire Services
 - 2018 had 222 calls - 127 were fire (versus 369 calls in 2017)
 - Training for Public Works Staff
 - Fire capital plan for 2019 includes:
 - Veteran Fire Hall (cost-sharing between SAB & Veteran)
 - 1 Wildland Fire Truck
 - Regional Emergency Management Plan being completed in 2019 through grant funding
 - Will result in creation of community and regional emergency plans & training to support regional emergency responses.
 - Includes all urban municipalities located within the Special Areas boundaries

EMERGENCY SERVICES

- Community Peace Officers
 - Three officers on staff to provide enforcement for municipal infrastructure (parks, roads, etc.)
 - 2019 focus:
 - Increased presence on secondary highways – especially those identified as priorities by ratepayers and Council
 - Focus on education rather than enforcement
 - Building relationships with other enforcement agencies through joint operations, skill sharing/education, community events.

PARKS

- 2019 Capital projects:
 - Docks and pilings at Blood Indian/Carolside
 - Playground replacement at Prairie Oasis Park (including main day use area)
- Fisheries & Blood Indian Park
 - Stocking in 2018 fall with Tiger Trout
 - Netting and other control techniques for invasive species (Carp)
 - One fish limit in place for Carolside
- Camping fees at 3 municipal campgrounds
 - Prairie Oasis
 - Blood Indian
 - Carolside





Questions?

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Property Administration

Trent Caskey, Director



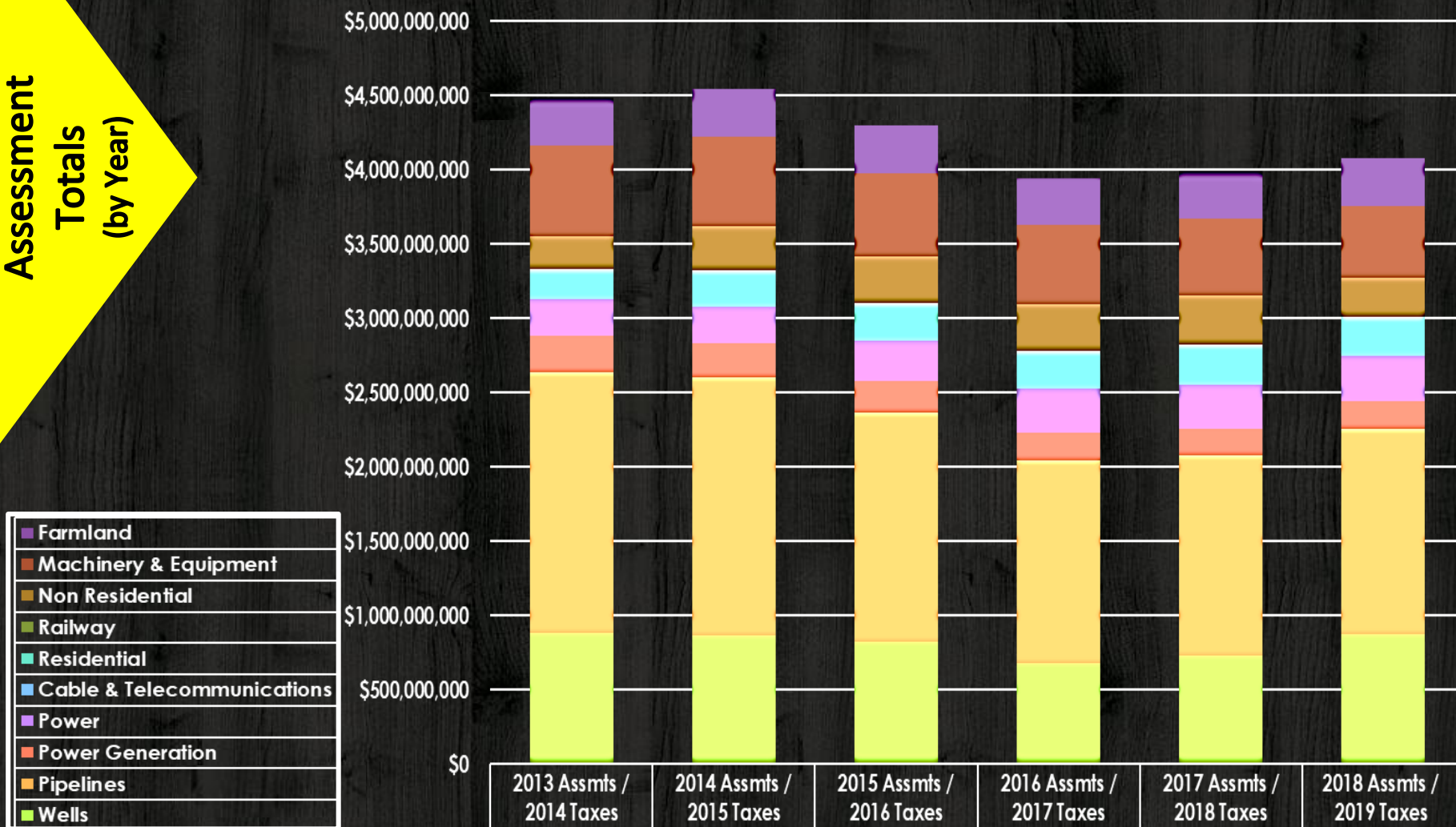
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2004 TAX RECOVERY LAND SALE

- Offered 435,000 acres
- 245,680 acres sold (56.5%)
 - ~6,240 acres (39 quarter sections) sold to leaseholders as “bonus quarters”
 - This means the leaseholders had 3 or more tax recovery quarters traded from dispositions (they were eligible to purchase a 3rd quarter)
- ~940,000 acres of Tax Recovery Land remaining in the Special Areas

Assessment Totals (by Year)

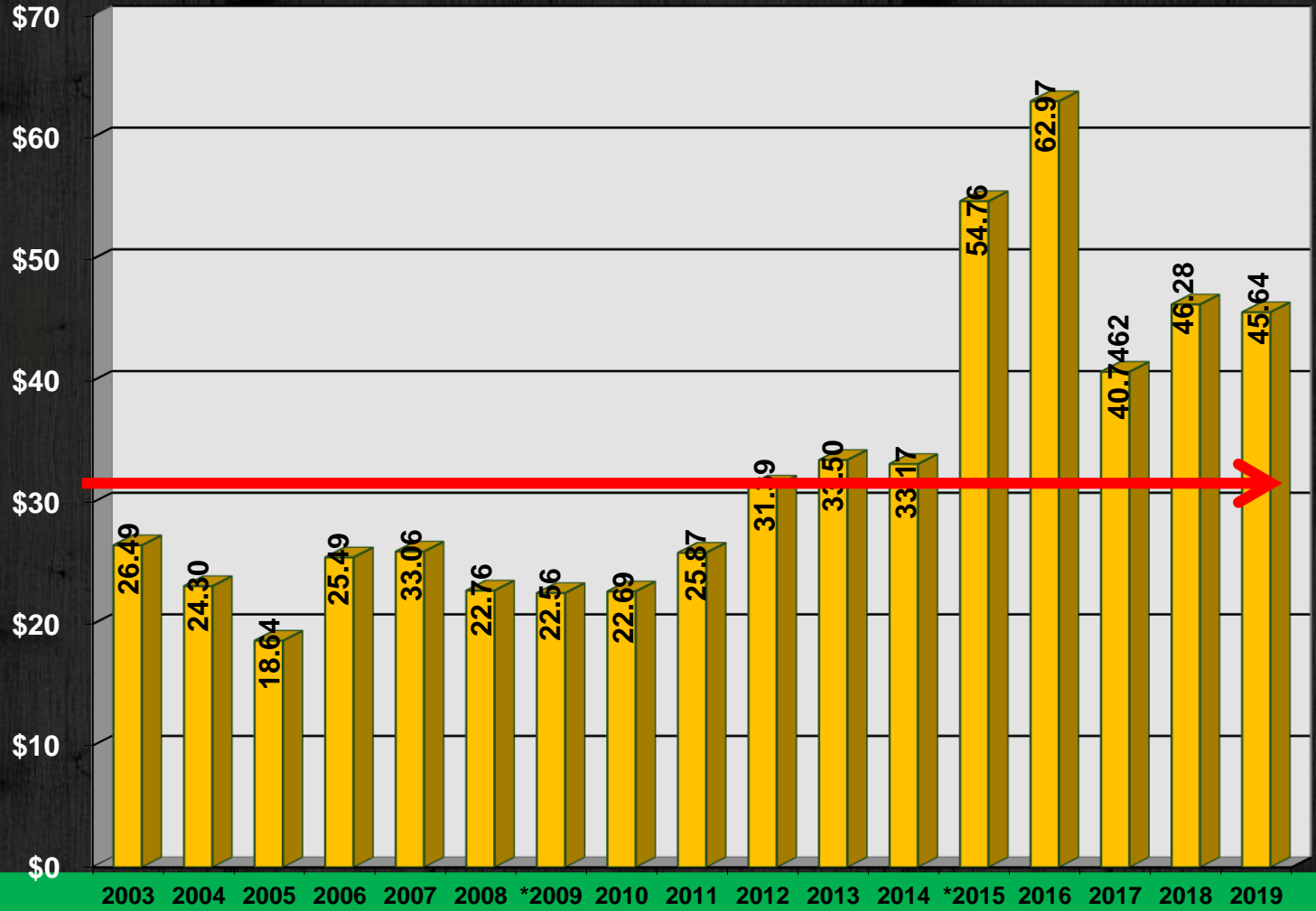
Assessment Totals By Year



ANNUAL RATE REVIEW

- Cultivation Leases:
 - 2018 - 0.0648 (factor)
 - 2019 – 0.0680 (increase of 4.7%)
 - Increase reflects increases in rental rates on private lands
 - Future adjustments will be made to reflect rental rates on private land
 - Use smaller, more frequent increases to avoid big rate hikes in a single year
- Impact for 2019?
 - Average rental = \$1,005.45/quarter
 - Based on avg. assessment of \$14,786/quarter

ANNUAL RATE REVIEW



LAND USE ORDER - REVIEW

- Special Areas Land Use Order (LUO) is primary planning & development tool
- A review of the current LUO is underway
- Specific areas are being reviewed, including:
 - Hamlet districts
 - Subdivisions
 - Renewable energy developments (solar/wind)
 - Cannabis growing/dispensing facilities
 - Topographic features

COMMUNITY PASTURES

- 2019 fees set at \$0.75/head/day
 - Increase of \$0.04/head/day from 2018
- Pastures allotments at 100% capacity
 - Except Remount CP – allotments at 80% due to fire
- Community Pasture Policy Review Committee
 - Created December 2018 by Advisory Council
 - Asked to draft a new policy to replace current one
- Remount update:
 - 20% reduction from 2017 allotments in place for 2019, applied to both Remount breeding and Cavendish sides
 - Some patrons temporarily shifted to other pastures, 1 patron volunteered for larger reduction for 2 year period



ICFs & IDPs

- Intermunicipal Collaboration Frameworks (ICFs) and Intermunicipal Development Plans (IDPs) are required under 2016 changes to the *Municipal Government Act*.
 - These need to be in place by April 1, 2020
- ICFs support integrated & strategic planning, delivery and funding of intermunicipal services
 - E.g. transportation, waste/wastewater, emergency services, recreation
- IDPs address current and future land use of municipalities that share a common boundary
 - E.g. transportation development, social/economic development, manner of and the proposals for future developments

ICFs & IDPs

- Special Areas has to complete one of each with each of our neighboring municipalities (32 documents in total)
 - Town of Hanna
 - Town of Oyen
 - Village of Consort
 - Village of Cereal
 - Village of Veteran
 - Village of Empress
 - Village of Youngstown
 - Town of Drumheller
 - County of Newell
 - Wheatland County
 - County of Stettler No. 6
 - County of Paintearth No. 18
 - M.D. of Acadia No. 34
 - Starland County
 - M.D. of Provost No. 52
 - Cypress County

OTHER MAJOR UPDATES

- Policy for Sale of Abandoned Railway
- Oyen Rail Yard & Logistics Park Project
 - Special Areas & Oyen Development Corporation formed
 - Investigating future development/potential sale of project
- Policy to Promote Economic Development
 - Business Retention and Expansion (BRE) strategy and investment toolkit



Questions?

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Want to learn more?

Head to www.specialareas.ab.ca to view copies of current financial statements, ratepayer minute books, newsletters, and ratepayer meeting minutes. To get a hardcopy of any of these items, contact your local District Office or Youngstown Service Center.

To contact your locally elected Advisory Councillor, head to the Advisory Council contact page on www.specialareas.ab.ca.

To speak with Special Areas administration, contact our Board Office at (403) 854-5600.

