

# SPECIAL AREAS BOARD



## Report to the Ratepayer - Spring 2023

### Message from the Chair

After a cold slow start to spring this year, it looks like warmer weather is finally around the corner. Here at Special Areas, we are busy getting ready for the 2023 construction and fieldwork season. We are planning a full construction season this year, including over 72 kms of road work. Our focus remains on delivering cost-effective, responsive, and innovative programs that meet your needs.

Securing safe, predictable, and affordable water is a key priority for the Board and Advisory Council. Living where we live, we all understand the impacts of prolonged droughts and water scarcity. Our partnership project on developing new irrigation in the region is called the MD of Acadia & Special Areas Irrigation Project and has moved into the next phase. Phase II work is expected to take two years to complete, and includes preliminary engineering design, environmental and regulatory considerations, and potential financing options. This work is expected to move the project closer to an investment decision. We are also working on existing irrigation systems in the region to identify how those systems can work better for all users.

Recent challenges at the Big Country Hospital in Oyen have shown how medical services – and the people who provide them in our communities – are under significant pressure. We continue working with community leaders throughout the Special Areas to advocate for sustainable, well funded, and responsive health services in our rural remote area. Resource shortages – whether equipment, people, or capacity - continue to impact all areas of our operations. Unfortunately, this is equally true for our medical community. We don't expect to find quick or easy fixes to these challenges, or that there will be a single solution. We will keep working alongside our partners to make sure the right resources are in place to keep our communities safe and healthy.

We have listened to your feedback around a potential tax recovery land sale and have brought a draft policy forward to Edmonton for consideration. We hope to report back on this issue at our annual ratepayer meetings planned this May and June. These meetings are your meetings, and we want to hear from you about what our priorities should be and how we are doing. I encourage everyone to join us at your local ratepayer meeting, or to connect with your local Advisory Councillor if you are not able to attend.

I wish you all the best in your work this coming season and look forward to meeting with you later this spring.

  
Jordon Christianson, Chair

## IN THIS EDITION

### FINANCIALS

- 2022 REVIEW
- 2023 BUDGET
- FUTURE TRENDS

### PUBLIC LANDS

- OFCAF FUNDING
- 2023 AGRICULTURAL RATES
- BREAKING RESTRICTIONS

### MUNICIPAL SERVICES

- RECYCLED ASPHALT PILOT PROGRAM
- 2022 PROGRAM HIGHLIGHTS
- 2023 ROAD PROGRAM

### 2023 LAND USE ORDER REVIEW

Cover photo:  
Harvest Sky Region

Special Area No.2 District Office	(403) 854 - 5625	212 - 2nd Ave. W, Box 820, Hanna, AB T0J 1P0
Special Area No.3 District Office	(403) 664 - 3618	319 Main St., Box 30, Oyen, AB T0J 2J0
Special Area No.4 District Office	(403) 577 - 3523	4916 - 50th St., Box 220, Consort, AB T0C 1B0



## 2023 ANNUAL RATEPAYER MEETINGS

SUBDIVISION (SD)	LOCATION	DATE/TIME	ADVISORY COUNCIL
SA2 - SD 7 & 8	BUFFALO HALL	MAY 31 @ 1:30 PM	DARYL SWENSON, BRAD OSADCZUK
SA2 - SD 3 & 4	HARDGRASS HUB	JUNE 1 @ 1:30 PM	BRAD SLORSTAD, JUSTIN GRIFFITH
SA2 - SD 2	HOMESTEAD COULEE HALL	JUNE 6 @ 1:30 PM	NEAL ROES
SA2 - SD 1 & 5	HANNA LEGION HALL	JUNE 7 @ 1:30 PM	KEVIN BOSSERT, MARK BLAIR
SA4 - SD 1, 2 & 3	CONSORT GEM CENTRE	JUNE 20 @ 1:30 PM	GRAHAM SCHETZLE, LAURIE FERENCE, DOUG NOBLE
SA3 - SD 4, 5 & 6	CJ PEACOCK CENTRE	JUNE 28 @ 2:00 PM	ERIKA TESSIER, JOHN KIMBER, KEVIN WILSON

# 2022 FINANCIAL YEAR IN REVIEW

Special Areas planned a full - employment budget in 2022, including a full road construction program and related capital expenditures. Supply chain issues continued to impact procurement of equipment and other key materials because of limited supplies and extended delays. Approximately \$2.4M in capital purchases were deferred into future years as a result of these challenges. As supply chain issues resolve moving forward, deferred capital purchases will be managed based on operational priorities and strategic purchasing opportunities.

Since 2018, Special Areas has taken a proactive approach to managing bad debts related to the non payment of property taxes by oil and gas. We have done this through the creation of a bad debt levy which is applied to industrial ratepayers in the Special Areas. With 2022's economic upturn in oil and gas, Special Areas had moderate success in collecting a portion of unpaid taxes from this industry. We will continue to focus on working with this sector to ensure the municipal taxes which are owed are paid on a timely basis.

## 2022 REVENUES

### Total Revenues - \$55.9M

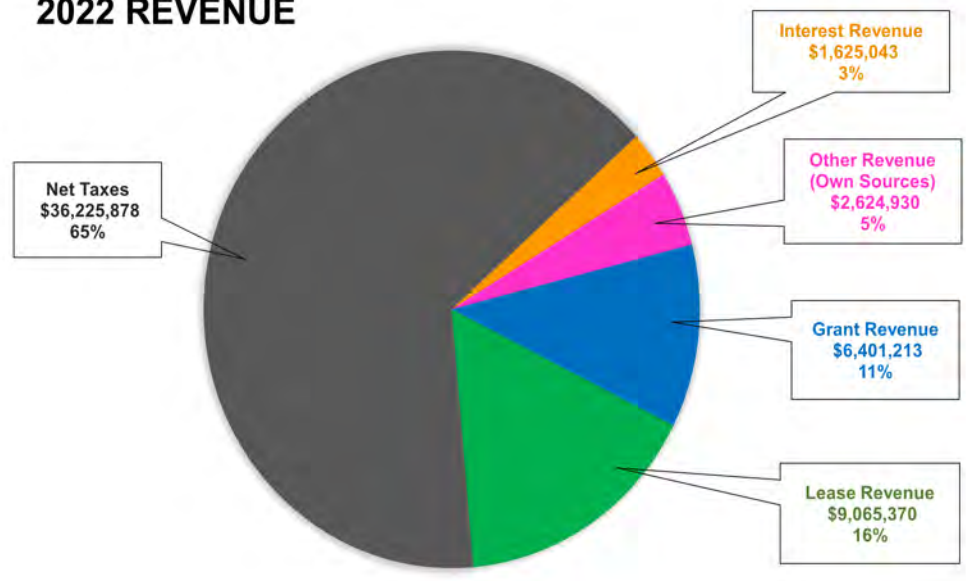
Total revenue was \$8.9M higher or 19% more than the original budgeted amount.

This surplus was partially a result of \$6.4M in bad debt (unpaid taxes) being recovered due to improved financial positions of some industrial ratepayers.

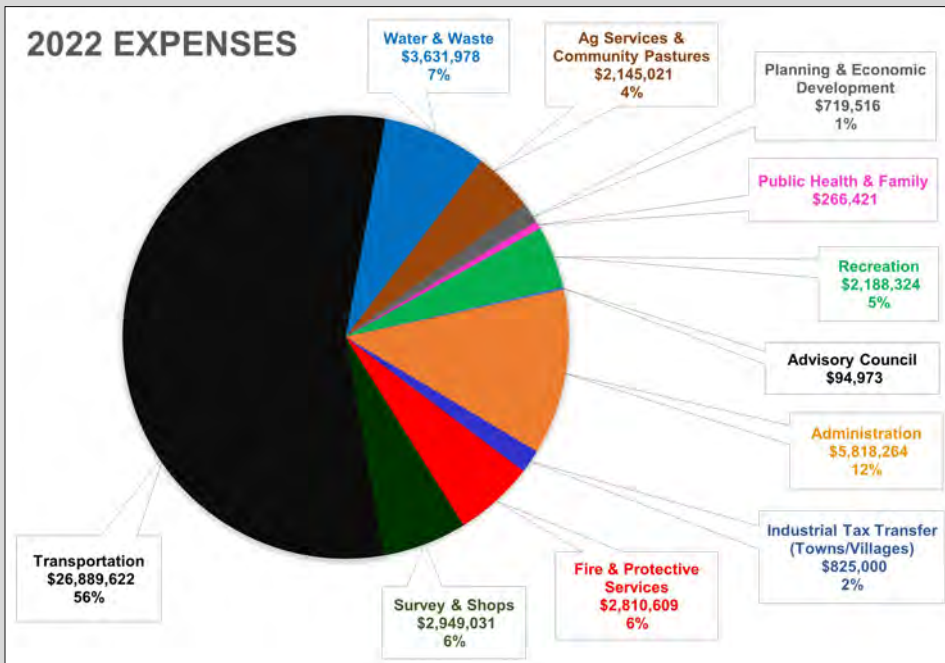
\$1.4M in one-time grant funding was received from the province related to the amalgamation of Cereal into the Special Areas.

Interest income was \$1.1M higher due to increasing interest rates.

### 2022 REVENUE



### 2022 EXPENSES



## 2022 EXPENSES

### Total Expenses - \$48.3M

Total expenses were \$4.5M less or 8% lower than original budgeted amount.

Expenses were slightly below budgeted amounts in most operational areas, with \$2.6M in capital spending and a \$1.3M GBC road project deferred into 2023.

Significant 2022 partnership work included regional irrigation project which was funded with the MD of Acadia, CIB, and the Province. The Phase 1 feasibility report was released, and Phase II work announced in December 2022.

# 2023 BUDGET HIGHLIGHTS

Special Areas funds operations through revenues generated from taxation, leasing of public lands, and other sources including grants. As a part of the budgeting process, Advisory Council recommends long-term capital, operational, and strategic priorities to the Board. The Board uses these recommendations to provide direction to Administration on developing the proposed budget. This proposed budget is first reviewed by the Board, then shared with the Advisory Council at the fall Advisory Council meeting. Advisory Council finalizes the proposed budget which is then taken to the Board for approval. The Board focuses on ensuring the budget meets ratepayer needs, is affordable, and supports Special Areas long-term financial strategies.

The 2023 budget has been approved and includes total planned expenditures of \$70.6M. Overall, this represents a 34% increase from 2022's budgeted expenditures. Total revenue for 2023 is projected at \$57.1M, an increase of \$9.4M (or 20%) from 2022. The Board remains in a strong financial position with sufficient financial resources to fund future operational and capital requirements. The Board has an accumulated unrestricted operational surplus available for funding future expenditures.

	2023 Budget*	2022 Budget*
Total Revenues	\$57.1M	\$47.7M
Total Expenses	\$70.6M	\$52.8M
Total (Deficit)	(\$13.5M)	(\$5.1M)
*Calculated using a modified cash basis		

Special Areas is planning a deficit of \$13.5M for the 2023 fiscal year. This will be funded out of the accumulated unrestricted operational surplus.

The focus in 2023 is:

- Cost-shared paving project with Alberta Transportation for Hwy 855
- Full-employment budget and road program
- Completing deferred capital projects and expenditures from 2022

## FUTURE FINANCIAL TRENDS

Special Areas will focus on delivering sustainable program levels and prioritizing key capital expenditures. Inflationary pressures, including the effect of the carbon tax, are expected to negatively impact planned capital expenditures and program costs. Scarcity of resources, from staffing to equipment to parts, will continue to create operational challenges in 2023 and beyond.

Municipal taxation revenues are expected to continue declining over the next three years due to:

- Declining assessment base from oil & gas reclamation and abandonment work
- Impacts of provincially mandated oil & gas relief programs, including a three-year tax holiday for new wells and pipelines (in effect for the 2024 taxation year)
- Elimination of the oil well drilling equipment tax (brought into effect in 2021)
- Assessment related to new renewable projects not taking effect until the 2024 taxation year

Special Areas will continue partnering with municipalities in the region through programs like the municipal industrial tax transfer and recreation board funding. These programs are intended to help manage the cost of regional services and to support community programs and amenities.



# ON-FARM CLIMATE ACTION FUND (OFCAF)



First announced in 2021, the \$200 million On-Farm Climate Action Fund (OFCAF) is an initiative by the Government of Canada to help farmers tackle climate change. OFCAF provides financial support to producers to accelerate their adoption and implementation of on-farm Beneficial Management Practices (BMPs) to lower Greenhouse Gas (GHG) emissions, support production efficiency, sustainability and resiliency on their farm operations. The OFCAF program will offer producers resources to help support the adoption of new BMPs.

Results Driven Agriculture Research (RDAR) is a program delivery partner that will administer OFCAF in Alberta, delivering three activity categories.

1. Improving Nitrogen Management
2. Increasing Adoption of Cover Cropping
3. Expanding Adoption of Rotational Grazing

Producers can apply for multiple projects up to a combined maximum grant payment of \$75,000. Applicants are eligible for a maximum 85% reimbursement of eligible cash expenditures across the three BMP target areas. Applicants are required to pay 100% of the upfront costs with no payment in kind, with invoices needing to be submitted after payment. Payments under OFCAF program are considered taxable income.

The OFCAF program will operate until March 31, 2024. Applications close on November 30, 2023. Learn more about how to apply at <https://rdar.ca/ofcaf/>.

Applications under the OFCAF program need to be reviewed and approved by a Professional Agrologist (PAg) or Certified Crop Advisor (CCA). If you are developing an application for OFCAF that includes public land in the Special Areas (grazing/cultivation leases), please contact our Rangeland Department at (403) 854-5600.

## RECYCLED ASPHALT IN HAMLETS

Special Areas is piloting a new recycled asphalt paving program for the 2023 season. The budget allocated \$300,000 towards this program, supporting around 3 kms of recycled asphalt paving projects in hamlets in the region.

2023 projects are planned in Altario, Compeer, Jenner, New Brigden, and Monitor.

### What is recycled asphalt?

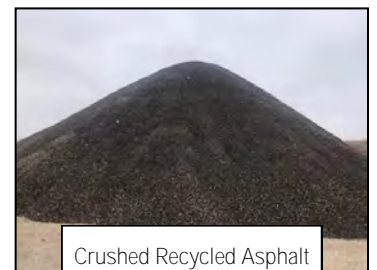
Recycled asphalt (sometimes called reclaimed asphalt pavement) is reprocessed pavement that contains asphalt and aggregates. It uses asphalt that has been removed as a result of asphalt reconstruction and/or resurfacing, and recycles it for new road surfaces.

### Why is this product being piloted in hamlets?

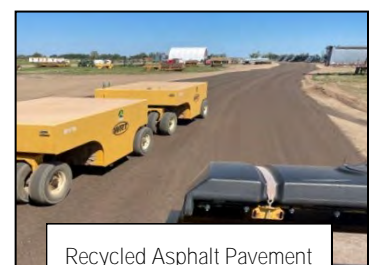
Recycled asphalt is a cost effective solution to putting a paved surface on key roads in hamlets. In testing last season, recycled asphalt demonstrated the ability to withstand high stress and resist deformation and surface cracking. This product will allow a paved surface to be laid down at significantly lower costs when compared to traditional paving.

### How do I know if a road is being done in my hamlet?

Projects were selected based on proximity to key community amenities like schools, businesses, post offices, and recreational facilities. Roadways that would be impacted by future infrastructure work were deferred to make sure the recycled asphalt pavement is not laid before critical infrastructure work is completed.



Crushed Recycled Asphalt



Recycled Asphalt Pavement

*Want to stay up-to-date on our latest news and updates?*

# LAND USE ORDER REVIEW

The Special Areas Board is updating the Special Areas Land Use Order in an effort to reduce red tape, streamline regulations, and help support clear and understandable development processes in the Special Areas.

The current Land Use Order was last updated in 2015, and needed to be reviewed to make sure it aligned with recent legislative changes and Special Areas Board's Municipal Development Plan (MDP). Updating the Land Use Order will help make sure it is more flexible and is easier to use for everyone. The process to update the Land Use Order first began last year, and is expected to be completed late this year after the public has a chance to provide feedback.

Some of the goals of the Land Use Order review include:

- Reducing red-tape
- Making it easier to read and understand by all users
- Aligning it with recent legislative changes and the MDP
- Encouraging more subdivision and streamlining development processes

The Land Use Order review is being led by Special Areas Administration, with the project team including representatives from Property Administration, Development Officers, and planning staff from Palliser Regional Municipal Services. The review process has considered a wide variety of current and potential uses by businesses and residents in the Special Areas.

**We want to hear from you throughout the summer to better understand your concerns and priorities related to development in the Special Areas.**

This summer, we are sharing the draft Land Use Order on our website along with some frequently asked questions and other materials. We want to make sure you have the time you need to review these documents and to reach out if you have any questions or concerns. You can find out more about our online public engagement process on our website.

This fall we will host open houses throughout the Special Areas where you can come speak with staff one-on-one to ask questions and share feedback. More information on these in-person events will be shared on our website and social media.

Learn more about the Special Areas Land Use Order review at [www.specialareas.ab.ca](http://www.specialareas.ab.ca).

## What is Zoning?

The Land Use Order classifies parcels of land into **Land Use Districts**. This is also known as zoning.

The Land Use Order outlines the rules for development of land in the Special Areas for each district (zone) as well as the process for making decisions for development permit applications.

Each district (zone) has its own set of regulations which include a list of permitted and discretionary uses.

Examples of regulations in land use districts can include things like number of dwellings on a property, setbacks from property lines, and separation distances between uses.

## What is the Land Use Order?

The Land Use Order is a document that regulates development within the Special Areas, and is required for every municipality in Alberta as per the requirements of the provincial *Municipal Government Act*.

The Land Use Order helps ensure neighbouring land uses are compatible with each other and that what one person does on their property does not negatively impact their neighbours.

It considers things like:

- Types of buildings and activities on a property
- What can be built on a property and where it can be built
- Density of development on a property



# MUNICIPAL SERVICES

## 2022 HIGHLIGHTS

### Roads & Transportation Services

In 2022, Special Areas completed 36.7 kms of road soil/surface stabilization work, 20.0 kms of road construction, 35.5 kms of road recrowning, and critical backtrail repairs. Over 785 kms of local roads were graveled in 2023. Major projects included base course work on Hwy 586 (11.8 kms) and Hwy 561 (10.4 kms), and repairs and seal coating on Hwy 899 (14.5 kms), Wardlow Road (2.3 kms), and Hwy 872 (1.2 kms).

Special Areas worked with partners in the region to complete earthwork including: development of Cell D (BCWMC), Consort Ball Diamonds, and the Starland Seed Cleaning Plant.

### Fire & Enforcement Services

Special Areas fire departments responded to 246 calls in 2022, which is in-line with our ten-year average. Medical responses continue to be a large part of calls for local fire departments, representing over 35% of all calls. 2022 also saw a change in our Fire Services leadership team as Rob Palmer moved into the Fire Chief role with Glen Durand's retirement.

Enforcement services remained focused on public safety and infrastructure protection of Special Areas roadways. 2022 saw heavy traffic on local roads due to large industrial projects in the region. Over 3500 over-dimensional permits were issued in 2022, a 52% increase from 2021.

### Municipal Parks

We hosted a record number of visitors in 2022 at Prairie Oasis Park, resulting in significant pressures on operations and staffing. The online reservation system transitioned to a new provider (Campspot) and a new entrance booth opened with positive reviews from campers.

Mitigation work with Alberta Environment at Blood Indian Park continued, including a netting and seining program for Prussian Carp. Special Areas managed Gooseberry and Little Fish Lake Provincial Parks as a part of our long-term operational agreement with Alberta Environment & Protected Areas.

## 2023 PROJECTS

### REGIONAL PARTNERSHIPS

- Cell E Construction for Big Country Waste Management Commission
- Site preparation & earthwork for Acadia Foundation/AHS Oyen project

### FIRE & ENFORCEMENT PROJECTS

- Firehall Addition - Consort
- New Firehall Construction - Cessford

### PARKS & RECREATION PROJECTS

- Prairie Oasis Park - Camp Kitchen in North Loop
- Gooseberry & Little Fish Lake Provincial Parks - Operating Partnership with the Province

### FACILITIES & SHOPS PROJECTS

- Remount Community Pasture - Living Quarters Renovations
- Oyen District Office Renovations
- Maintenance Shops - Fence Repairs (Altario) & Floor Repairs (Jenner)

### WATER PROJECTS

- System Improvements - Scotfield
- Preliminary Work on Potential Regional Waterline Extensions

### Facilities

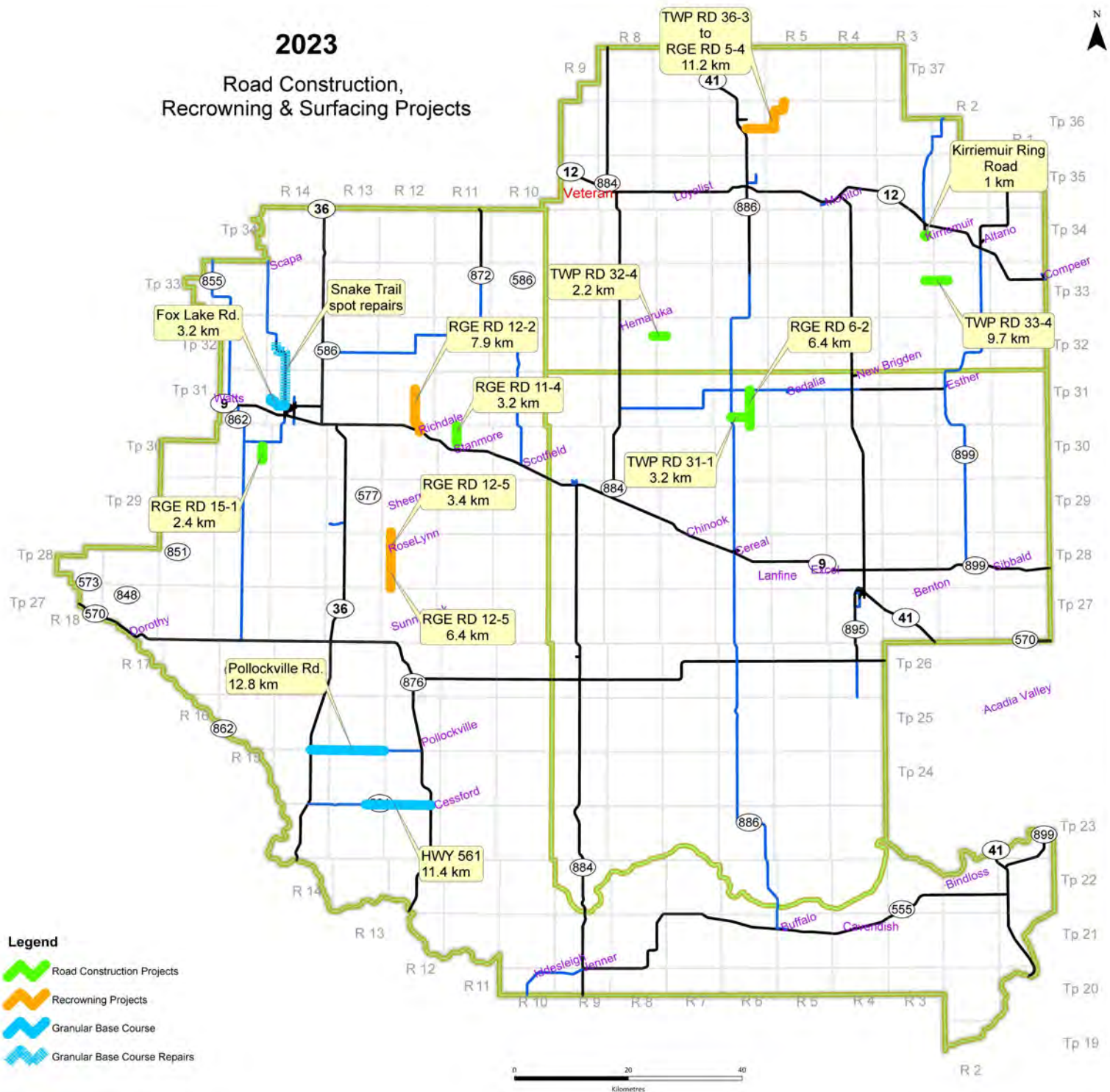
Ongoing supply chain issues and procurement shortages continued to pose challenges in 2022, with some projects delayed as a result. Major projects included: Big Stone firehall, SDS truck fill, community pasture accommodations, and a new roof at the Consort District Office.

### Water/Waste Water

Water infrastructure improvements and preventative maintenance were a key focus in 2022. With six certified operators on staff, the safe delivery of water and wastewater services was supported, including relief operations to many of our urban partners.



# 2023 ROAD PROGRAM



## 2023 SURFACING

- Hwy 561 (GBC/DSC) - 11.4 km
- Pollockville Road (GBC/DSC) - 12.8 km
- Fox Lake Road (GBC/DSC) - 3.2 km
- Spot repairs on Snake Trail

\*GBC/DSC refers to Granulated Base Course with a Double Seal Coat surface on top.

## 2023 CONSTRUCTION

28 kms of construction including:

- Twp Rd 33-4 = 9.7 km
- Rge Rd 6-2 = 6.4 km
- Twp Rd 31-1 = 3.2 km
- Twp Rd 32-4 = 2.2 km
- Rge Rd 11-4 = 3.2 km

## 2023 RECROWNING

Over 28 kms of recrowning work is planned for 2023, with projects from 3.4 km to 11.2 km in length.

**Road recrowning** restores a road to the previously built design standard (crown/width) at a much lower cost than full road construction.

# 2023 AGRICULTURAL RATES

The Special Areas Board manages over 2.5 million acres of public lands located within our boundaries, made up of both municipal tax recovery and provincial crown lands. Public lands are managed under the *Special Areas Act*, with uses including agricultural leases and community pastures. To learn more about public land management in the Special Areas, specific rental or lease rates, or public land policies, contact the Property Administration team at (403) 854-5600.

As the public land manager, Special Areas has a mandate to provide responsible long-term land and water management while supporting a diverse range of opportunities. The Board is committed to responsible public land policies which protect sensitive ecological areas and support the viability of agricultural operations in the region. Public lands in the Special Areas are primarily managed through agricultural leases, including both grazing and cultivation. Approximately 88% of agricultural leases are held as grazing leases, with 12% being cultivation based. Lease rates are reviewed annually, with proposed rates recommended by the Advisory Council and Board.

Grazing lease rates are determined using a formula that integrates average market prices, average weight gain and forage values to determine the annual per acre rental rate for producers. **2023's annual rental rate per animal unit has been approved at \$51.67, a 14% increase from 2022 rates.** This increase is a result of stronger prices for cattle which increased average market prices.

Cultivation lease rates are determined using a formula which integrates assessed land values and an assessment factor, with the overall formula changing in response to private land rental rates. **For 2023, the proposed annual cultivation rental rate is being held at an assessment factor of 0.075.**

The Board manages over 172,000 acres of community pastures which provide supplemental grazing in the region. Community pastures support over 7200 cow-calf pairs each season, although allotments may be reduced due to drought, water scarcity, and other environmental conditions. Allotments are set each year by the Special Areas Board based on recommendations from allotment committees, and in accordance with the Special Areas Disposition Regulation and Community Pasture Policy. Special Areas continues to move towards a cost-recovery position for community pastures through incremental increases to pasture rates. **2023 community pasture rates have been set at \$1/head/day (an increase of \$0.05/head/day), with rates for calves kept at \$8/calf/season.**

## 2023 RATES

Grazing Lease Rental Rate	\$51.67 per animal unit
Cultivation Lease Rate	Assessment x 0.0750
Community Pasture Rate	Cattle - \$1.00/ head / day Calves - \$8.00/ calf / season



## BREAKING RESTRICTIONS ON NATIVE PRAIRIE

Breaking restriction agreements may have been registered by Special Areas on land purchased through previous tax recovery land sales.

A breaking restriction agreement is a document registered against a title of a property which places a limitation on future use. These agreements prevent cultivation of native prairie and run with the land. They are binding on all future owners of the property.

**It is the responsibility of the title holder to be aware of all caveats registered on title, including any restrictions on use.**

**Any breaches of breaking restriction agreements may result in land being transferred back to the Special Areas Board.**

To check if your land has caveats registered on title, you can do a search through any Alberta Registries Office or the Alberta Land Titles Database. Learn more at <https://alta.registries.gov.ab.ca>

Check us out at [www.specialareas.ab.ca](http://www.specialareas.ab.ca), on Facebook, Instagram and Twitter.