

SPECIAL AREAS BOARD



Report to the Ratepayer - Spring 2024

Message from the Chair

Each spring, Special Areas senior administration and elected officials travel throughout the region to meet with you, our ratepayers. I encourage you to attend your local ratepayer meeting this summer to tell us how we are doing, and what we should be focusing on next.

I often get asked why Special Areas participates in the projects we do. A consistent trend we have found is that, overall, things are getting more expensive and becoming harder to get done. Whether you own a business, run a ranch, manage a farm, raise a family, or are just starting out, you are likely sharing that same experience.

The mandate for the Special Areas Board includes the responsibility to carry out and execute plans for the betterment of the region and the residents within it. We are often in a unique position to add value to projects which are critical for the region. From supporting economic development initiatives like the Sheerness Industrial Park, to funding innovative medical programming like the nurse practitioner in Consort, to partnering with the Province on major infrastructure like paving highways and building new dementia units; projects like these move the dial for the entire region. They benefit much broader areas than the communities they are located in. We are proud to invest in programs and projects that make a real difference to the people who call the Special Areas home.

One of the ways we fund projects like these is through industrial assessment. In 2024, we are starting to see our assessment increase after a decade of decline. We expect this trend to continue as renewable energy projects in the region come online and become eligible for taxation. We will continue partnering with urban neighbours in the Special Areas to help fund the programs and projects rural residents count on, and make the entire region more sustainable and competitive.

I wish you all the best during the busy months ahead; hopefully, they are filled with plentiful rains, warm temperatures, and lots of sunshine. I look forward to spending time with you this May and June at your annual ratepayer meeting.


Jordon Christianson, Chair

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Cover photo:
"Sharing a Sunflower"
by Tracy Hudson

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



2024 ANNUAL RATEPAYER MEETINGS

SUBDIVISION (SD)	LOCATION	DATE/TIME	ADVISORY COUNCIL
SA2 - SD 7 & 8	BUFFALO HALL	MAY 21 @ 1:30 PM	DARYL SWENSON, BRAD OSADZUK
SA4 - SD 1, 2 & 3	CONSORT GEM CENTRE	MAY 23 @ 1:30 PM	GORDON LONG, LAURIE FERENC, DOUG NOBLE
SA2 - SD 3 & 4	HARD GRASS HUB	MAY 24 @ 1:30 PM	BRAD SLORSTAD, JUSTIN GRIFFITH
SA2 - SD 1 & 5	HANNA LEGION HALL	MAY 31 @ 1:30 PM	KEVIN BOSSERT, MARK BLAIR
SA3 - SD 4, 5 & 6	CEREAL COMMUNITY CENTRE	JUNE 6 @ 1:30 PM	ERIKA TESSIER, JOHN KIMBER, KEVIN WILSON
SA2 - SD 2	HOMESTEAD COULEE HALL	JUNE 12 @ 1:30 PM	NEAL ROES

2023 FINANCIAL YEAR IN REVIEW

Special Areas planned a capital oriented budget in 2023 that included a full road construction program, previously deferred capital purchases, and a \$9M paving project. Actual expenditures were lower than budgeted amounts due to the deferral of the Highway 855 paving project and other key capital purchases. Approximately \$3.6M in capital purchases were deferred into future years as a result of procurement challenges. Recognizing financial pressures facing towns and villages in the region, the Industrial Tax Transfer program was doubled to \$1.65M.

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 the ongoing recovery of oil and gas, Special Areas continues to have moderate success in collecting unpaid taxes from this industry.

2023 REVENUES

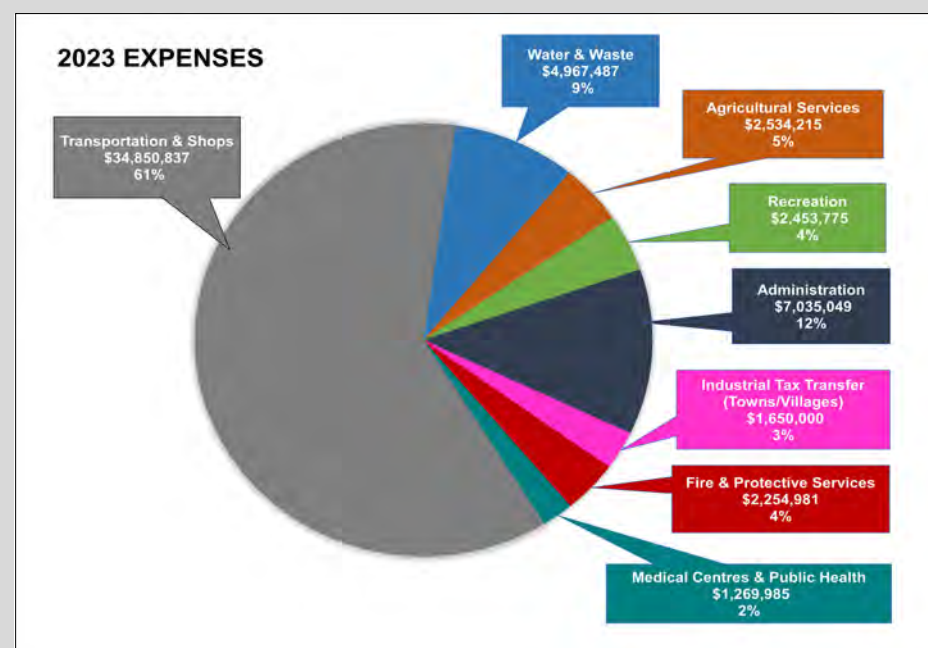
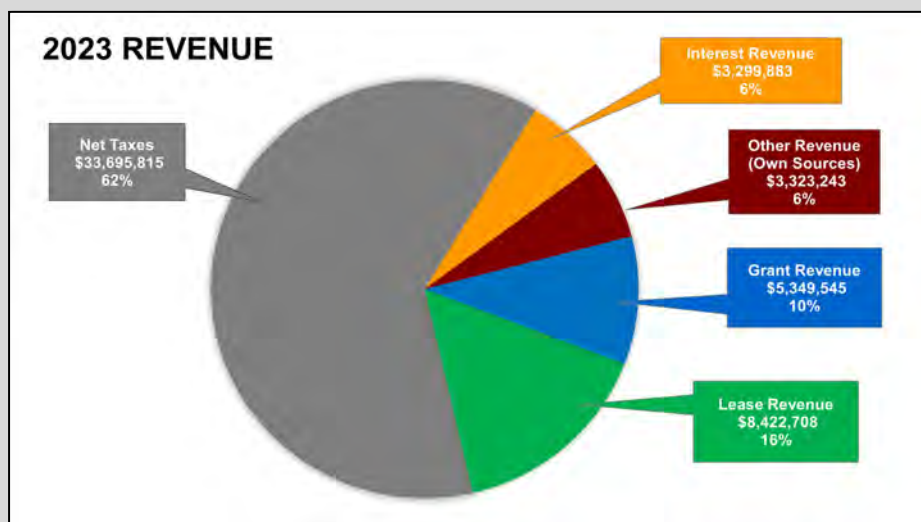
Total Revenues - \$ 54.1M

Actual revenue was \$3.0M lower or 5% less than the original budgeted amount.

The Highway 855 paving project was deferred to 2024. As this project is being 50% cost-shared by the Province, \$4.5M in revenue was deferred.

The Board approved a 25% reduction in grazing lease rental rates in response to drought conditions.

Interest income was \$1.3M higher due to higher interest rates.



2023 EXPENSES

Total Expenses - \$ 57.0M

Total expenses were \$14.0M less or 24% lower than original budgeted amount.

Actual expenses were below budgeted amounts in most operational areas, including \$9.0M from Highway 855 paving project and other deferred capital purchases.

Significant 2023 partnership work included preliminary work on a new medical clinic in Oyen and the regional irrigation project funded with the MD of Acadia, CIB, and the Province.

2024 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.

In 2024, the Board is planning a \$18.0M deficit which will be funded from the accumulated unrestricted operational surplus of \$33.9M (as of December 31, 2023). The Board remains in a strong financial position with sufficient financial resources to fund future operational and capital requirements.

2024 Budget Priorities include:

- Partnership projects including regional irrigation (MD of Acadia), Sheerness Industrial Park, and local medical priorities
- Cost-shared paving on Highway 855 with Alberta Transportation
- Completing deferred capital projects and expenditures

	2024 Budget*	2023 Actual*	2023 Budget*
Total Revenues	\$70.5M	\$54.1M	\$57.1M
Total Expenses	\$88.5M	\$57.0M	\$70.6M
Total (Deficit)	(\$18.0M)	(\$2.9M)	(\$13.5M)
*Calculated using a modified cash basis			

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 continue to impact planned capital expenditures and program costs. While conditions have been improving since 2020, the ability to source key equipment and staffing are expected to create some operational challenges.

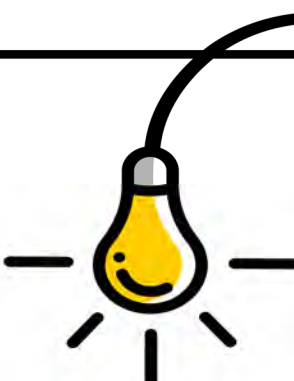
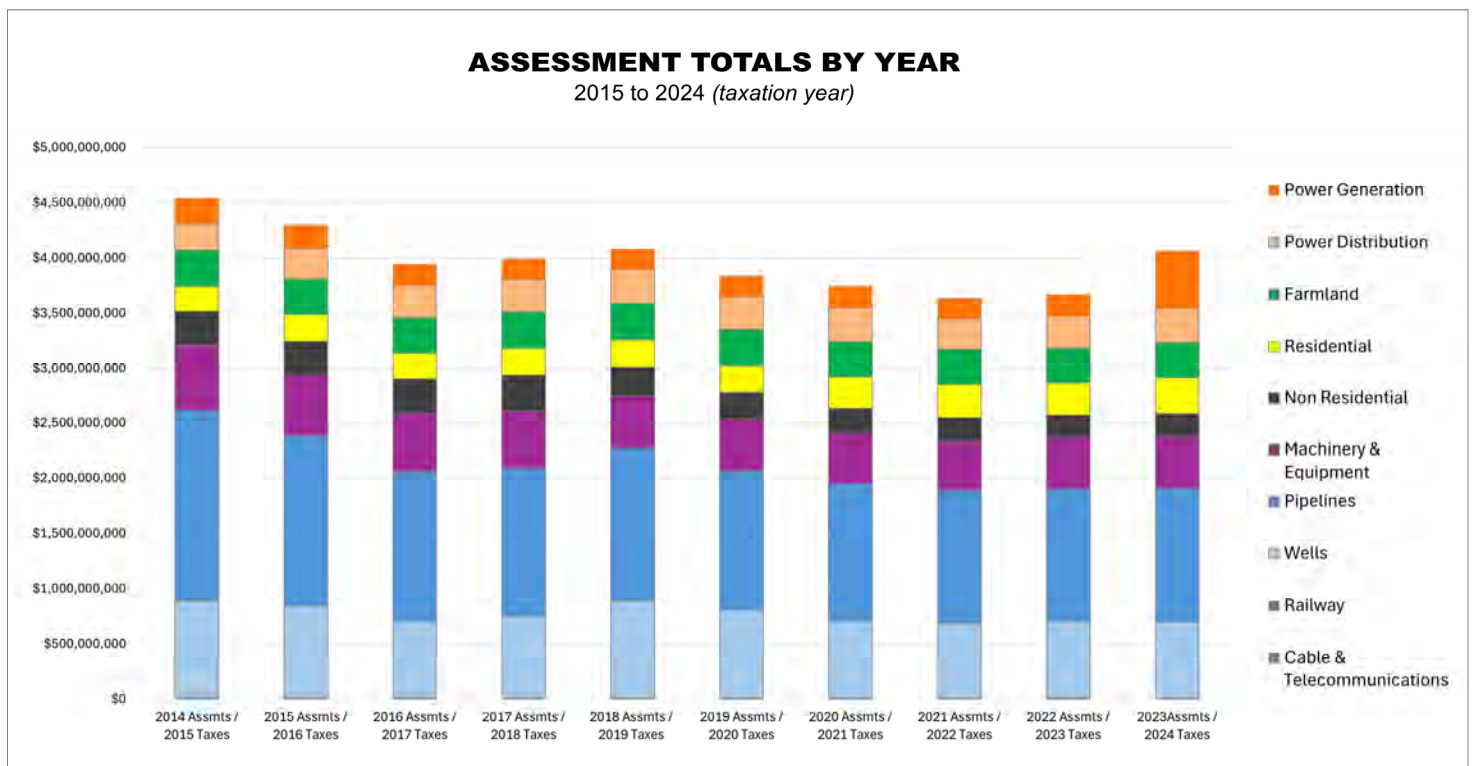
Increases to the assessment base are expected due to renewable energy projects coming online and the provincial oil and gas tax holiday coming to an end in 2025. This will positively impact municipal tax revenues over the next number of years. In 2023, the Tax Recovery Land Sale policy was approved with a duration of three years. Proceeds from this sale will be placed into a restricted reserve for future use, similar to the process used for past Tax Recovery Land Sales.

Special Areas will continue partnering with municipalities in the region through programs like the industrial tax transfer program and recreation funding. Key regional projects like the dementia/assisted living facility in Oyen will be a funding focus, along with responsive medical services for the area. These programs are intended to help manage the cost of regional services and to support key community programs and amenities.

TRENDS IN ASSESSMENT

Property assessment is the process of assigning a dollar value to a property for the purposes of taxation. The *Municipal Government Act* defines property as a parcel of land, an improvement, or a parcel of land and an improvement to the land. Assessed values are based on either a market value approach or a regulated value approach. In the Special Areas, the regulated value approach is used for the majority of assessments, including farmland and designated industrial properties like wells, pipelines, power generation, and other linear assessment properties. The Province is responsible for setting annual assessments for regulated properties.

Despite the many renewable energy projects active in the Special Areas region, assessment is just beginning to show impact from this development. The Province is responsible for determining assessment values on all designated industrial properties, including renewable energy projects. For the 2024 taxation year, we are seeing a 166% increase in power generation, compared with an average 31% increase across the province. This increase is due to renewable energy projects beginning to be included in assessment. Over the next few years, we anticipate future increases from renewable energy projects as they become operational and are included in our assessment.



2023 TAX RECOVERY LAND SALE POLICY

The 2023 Tax Recovery Land Sale (TRLS) policy was approved in July 2023 and **is in effect for three years. It will expire on July 16, 2026.** If you would like to learn more, or complete an application, reach out to your local District Office for more information.

Applications must be received prior to July 16, 2026.

Learn more at <https://specialareas.ab.ca/2023/09/tax-recovery-land-sale-policy-approved/>.

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

DROUGHT & WATER CONSERVATION

Here in the Special Areas, we are no strangers to drought and water conservation. As a part of the Palliser Triangle, the Special Areas region is prone to severe and extended periods of drought. After several dry years, much of the province is at risk of a severe drought due to below average snowpacks, low river levels, and many reservoirs at well below capacity. In response, the Government of Alberta has taken action to prepare for a potential severe drought and to find ways to help maximize provincial water supplies. You can learn more about their work by visiting <https://www.alberta.ca/drought>.

The Province stood up a Drought Command Team which is working across provincial government departments to prepare for drought and work with water users. As a part of their work, the Government of Alberta began meeting with major water users and other key stakeholders in the South Saskatchewan River Basin to develop voluntary agreements to share water if there's a severe drought. Although we don't anticipate significant impacts to rural water users, Special Areas is working with our partners in the region to help ensure everyone has the water they need in the months ahead.

As a part of the broader efforts across the province, all Albertans have been asked to consider ways to use water wisely. Conserving water is always a good habit and can help you, your community, and everyone downstream. There are small steps everyone can take to help conserve water.

Learn more about how you help conserve water at <https://www.alberta.ca/drought-how-you-can-help>.

WATER CONSERVATION TIPS			
	Take shorter (5 minutes) showers.		Water your lawn no more than necessary.
	Fix leaks, including leaky toilets and faucets.		Check for leaks in outdoor pipes, faucets and hoses.
	Use dishwashers and washing machines with full loads only.		Collect rainwater and reuse for outdoor plant use.

MD ACADIA & SPECIAL AREAS REGIONAL IRRIGATION PROJECT

Special Areas continues to work with the MD of Acadia, Canada Infrastructure Bank, and the Government of Alberta to investigate the development of irrigation in the region. After the initial feasibility work was completed in 2022, the project partners have invested \$7M to complete Phase 2 work. This work began in 2023 and includes:

- Engineering work including field studies, water availability, conceptual design of major infrastructure components, power supply & demand, and initial cost estimating
- Engagement with stakeholders including First Nations, local producers, municipalities and other groups
- Environmental and regulatory considerations
- Financial analysis and potential revenue generation

Learn more at:



Check us out at www.specialareas.ab.ca, on Facebook, Instagram, and X.



MUNICIPAL SERVICES

2023 HIGHLIGHTS

Roads & Transportation Services

In 2023, Special Areas completed 34.0 kms of road surfacing, 31.8 kms of road construction, 30.8 kms of road recrowning, and critical backtrail repairs. Over 590 kms of local roads were graveled. Major surfacing projects included base course work on Hwy 561 (11.4 km) and Pollockville Road (12.8 km).

Special Areas worked with partners in the region to complete earthwork including development of Cell E for the Big Country Waste Management Commission.

Fire & Enforcement Services

Special Areas fire departments responded to 195 calls in 2023, a slight decrease from 2022. Medical responses continue to be a large part of calls for local fire departments, representing almost 30% of all calls. Regional training continues to be a priority, including medical first responder (MFR) courses.

Enforcement services focused on supporting public safety and effective infrastructure protection of Special Areas roadways. 2023 saw a significant increase in heavy traffic on local roads from large industrial projects. Over 7,300 over-dimensional permits were issued in 2023, a 198% increase from 2022.

Municipal Parks

2023 saw a change in leadership in the Parks department with the retirement of John Armstrong as Parks Supervisor. Melissa Lee was recruited as the new Parks Supervisor and led our parks team through another busy season. We welcomed a record number of visitors, and the online reservation system (Campspot) continued to see high levels of use for Prairie Oasis Park.

Partnership work with Alberta Environment & Protected Areas included looking at potential upgrades at Gooseberry Lake and Little Fish Lake Provincial Parks, and mitigation of invasive species at Blood Indian Reservoir.

2024 PROJECTS

REGIONAL PROJECTS

- Sheerness Industrial Park & Reservoir
(funded in partnership with PrairiesCan)

FIRE & ENFORCEMENT PROJECTS

- Firehall - Cessford*
- New Tender (Water Tanker) - Cessford

PARKS & RECREATION PROJECTS

- Prairie Oasis Park - concession updates & engineering for future projects
- Blood Indian Park - investigate future location for BI Trading Post
- Carolside Campground - installation of power (serviced sites planned for 2025)
- Gooseberry & Little Fish Lake Provincial Parks - operating partnerships

FACILITIES & SHOPS PROJECTS

- Renovations and accessibility upgrades at Oyen & Consort District Offices
- Maintenance Shop - Cessford*

WATER PROJECTS

- Construction of Water Station - Scotfield
- Public engagement & investigation of new potable water systems in region

**combined build / joint structure*

Facilities

2023 work focused on preventative maintenance and supporting partnership projects in the region. Major projects completed included facility upgrades in our community pastures and the Hanna East Water Station. The facilities team also began managing the dam safety program for Special Areas owned dams.

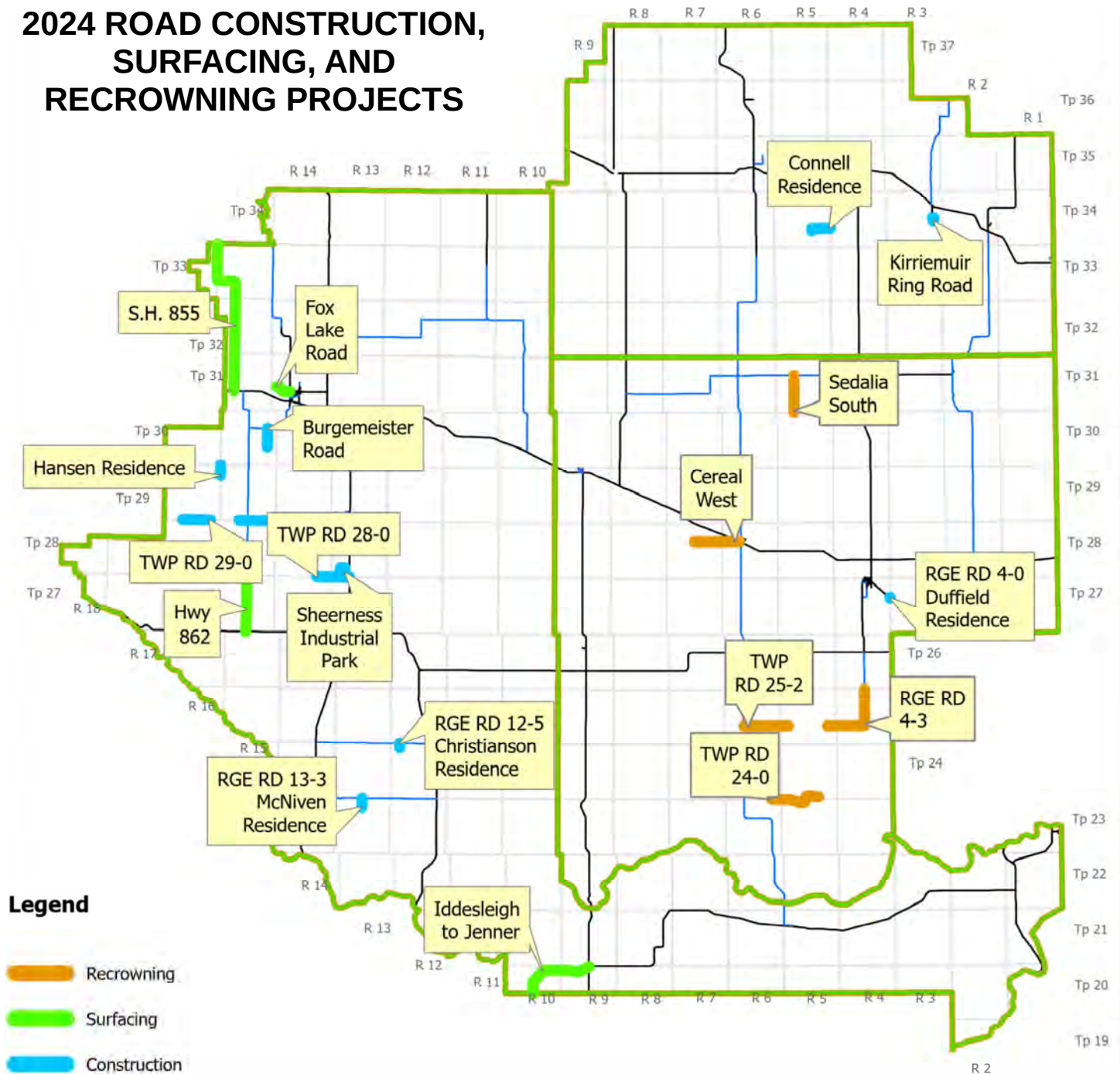
Water/Waste Water

Infrastructure improvements and ongoing maintenance were a focus in 2023. Seven certified operators on staff supported safe delivery of water/wastewater services, including relief operations to many urban partners.

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

2024 ROAD PROGRAM

2024 ROAD CONSTRUCTION, SURFACING, AND RECROWNING PROJECTS



2024 SURFACING

- Fox Lake Road (GBC/DSC) - 3.2 km
- Hwy 862 (GBC/DSC) - 12.8 km
- Iddesleigh to Jenner Road (GBC/DSC) - 12.8 km
- Hwy 855* (PAVING) - 29 km

*50% funded by Alberta Transportation

2024 CONSTRUCTION

13.0 kms of construction including:

- 5 new resident access roads
- Burgemeister Road - 2.4 km
- Kirriemuir Ring Road - 1.0 km
- Construction of the Sheerness Industrial Park & Reservoir

2024 RECROWNING

Over 35 kms of recrowning work is planned for 2024.

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

2024 AGRICULTURAL RATES

The Special Areas Board manages over 2.5 million acres of public lands 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 dispositions 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. **2024's annual rental rate per animal unit has been approved at \$75.63, a 44% increase from 2023 rates.** This increase is due to significant increases in cattle prices 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 2024, the annual cultivation rental rate is remaining the same 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 7,200 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. **2024 rates have been set at \$1.05/head/day (an increase of \$0.05/head/day), with rates for calves kept at \$8/calf/season.**

2024 RATES

Grazing Lease Rental Rate	\$75.63 per animal unit
Cultivation Lease Rate	Assessment x 0.075
Community Pasture Rate	Cattle - \$1.05/head / day Calves - \$8.00/calf / season



BREAKING RESTRICTIONS ON TAX RECOVERY LAND

Breaking restriction agreements may have been registered by Special Areas on land purchased through 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, on Facebook, Instagram, and X.