



STAFF REPORT

Title: Letter - Minister of Municipal Affairs Regarding Improvement District (ID) No. 349

Meeting Date: November 19, 2019

Executive Summary:

On October 30, Mayor Craig Copeland received via email an undated letter from the Honourable Minister of Municipal Affairs, Kaycee Madu, regarding the minister's future plans to establish a new arrangement for the distribution of municipal tax revenue from ID 349.

The letter also states that 2019 allocations will be withheld until a new arrangement is made. There is no indication in regards to whether the previous minister's plans for 2019 allocations will be honoured, despite all parties to the arrangement having budgeted on the previous minister's correspondence in regards to the revenue allocations.

Administration continued to work to understand all implications for the 2019 budget and the 2020 budget process.

Background:

The attached letter arrived two days prior to a meeting of chief elected officials from the four municipalities and two Metis Settlements who were a party to the previous minister's arrangement.

Minister of Municipal Affairs Kaycee Madu had visited Cold Lake and other surrounding municipalities on September 18, 2019. Withholding of the 2019 allocations was not communicated to the City of Cold Lake at the time. Shortly after the visit, however, elected officials from other municipalities, via the local media, reported that it had been communicated to them. It was unclear whether or not this hold back would apply to Cold Lake. Administration for the City of Cold Lake attempted to verify these reports, but were unable to do so until the Minister's letter arrived.

The Alberta Urban Municipalities Association (AUMA) has chosen to remain silent on the implications of using municipal tax revenue to fund indigenous communities. It is administration's understanding that the Rural Municipalities Association (RMA), however, is monitoring the implications that the government's decision will likely have province wide.



It should be noted that Municipal Affairs staff also raised concerns about the implications that the use of municipal tax revenue can have in Alberta. Former Minister of Municipal Affairs Denielle Larivee repeatedly said that funding for Metis Settlements would not come from ID 349, but would rather be a part of a larger conversation in the province. Staff members at Municipal Affairs also noted in a briefing to Indigenous Relations that “The use of property taxes to fund non-municipal activities is a much broader policy discussion that could have significant implications for provincial and municipal finances.”

The City of Cold Lake’s sustainability has been tied to revenue from ID 349 since the original agreement was signed with the Government of Alberta in 2011. That the City’s sustainability relies on ID 349 revenue was accepted by the MD of Bonnyville, the Municipal Government Board and the Minister of Municipal Affairs in the City’s 2019 annexation.

It should also be noted that the Government of Alberta has never paid out in full its obligations under the original MOU, nor has it – in the view of the City of Cold Lake – consulted with the City on the future of the agreement.

Alternatives:

This report is intended for Council’s information.

Recommended Action:

Administration recommends that Council accept the attached letter as information.

Budget Implications (Yes or No):

No

Submitted by:

Kevin Nagoya, Chief Administrative Officer