



OFFICE OF THE MAYOR

January 28, 2020

House of Commons
The Honourable Anita Anand
Minister of Public Services & Procurement Canada
Ottawa, ON
K1A 0A6
Via email: minister@pwgsc.gc.ca

Attention: The Honourable Anita Anand

Dear Minister Anand: *Anita*

Re: 4 Wing Cold Lake: Payment in Lieu of Taxes

House of Commons
The Honourable Chrystia Freeland
Deputy Prime Minister
Ottawa, ON
K1A 0A6
Via email: Chrystia.Freeland@parl.gc.ca

Attention: The Honourable Chrystia Freeland

Dear Deputy Prime Minister Freeland: *Chrystia*

Since 2012, the City of Cold Lake has been in a dispute with respect to Payment in Lieu of Taxes ("PILT") paid by the department of Public Work & Procurement Canada (PWPC) in relation to the CFB Cold Lake Military Base. We are requesting for a meeting with you to provide a briefing covering the serious and negative impact that this dispute has had, and continues to have, on our ability to deliver municipal services to a population that is comprised of a significant number of members of the Canadian Armed Forces.

It also threatens to disrupt what has been an extremely amicable and cherished relationship between 4 Wing Cold Lake and the City of Cold Lake.

The City has been working with PSPC to resolve this matter since 2013. The outstanding PILT for the years 2013 to 2018 totals just over \$10 million dollars, plus accrued interest to date, which itself totals another \$10 million. Included in the \$10 million is roughly \$2.9 million for the Government of Alberta's Alberta School Board requisition. Annually, the City has requested a deferral for this amount pending the outcome of the PILT dispute; however, this approval is by no means guaranteed.

The City has become very frustrated with the process and has expended a significant amount of effort in an attempt to ensure that this issue does not affect its' relationship with 4 Wing. That being said, the City is required to tax the balance of its taxpayers an additional amount to offset the shortage created by PSPC refusing to pay its' fair share of the total tax burden. In addition, the City is legally required to remit school taxes that it cannot collect from PSPC. Currently, the Alberta School Foundation is carrying \$2.9 million in deferrals that could be called for at any time.

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To add to this frustration, the City of Cold Lake has recently been notified that PSPC will no longer be making PILT payments on the Cold Lake Golf and Winter Club due to the status of a concession agreement. The City began to manage this facility in 2013 upon a request from the Wing Commander. PSPC not making the PILT payment for the Cold Lake Golf and Winter Club will negatively impact the City's revenue to the magnitude of about \$300,000 annually.

It is important to note that this matter is far from trivial for the City of Cold Lake. With a population of just under 15,000 people, this represents a significant portion of the City's budget. A municipal property tax hike required to cover even only the Alberta School Board Requisition would prove to be more than economically challenging for our taxpayers. The City feels this process has been drawn out far longer than needed and that more diligent effort needs to be placed on resolving the PILT dispute.

Finally, the City of Cold Lake has been forced to expend considerable financial resources on legal and appraisal services since the disagreement regarding the assessed value of CFB Cold Lake first arose. These expenses are only exacerbated by further delays, thereby adding to the total economic hardship suffered by the City, its residents and businesses. Furthermore, the City of Cold Lake residents are carrying the burden of what should be the responsibility of all Canadians.

Again, we would appreciate the opportunity to provide you with a briefing on the strong working relationship we have with 4 Wing Cold Lake and the some historical context behind the ongoing PILT dispute. We'll have Andrew Sebra, Strategic Initiatives Manager follow-up with your office in the coming days; or alternatively he can be reached at aserba@coldlake.com or at 780.594.4494 Ext. 7926.

Sincerely,

Craig Copeland,
Mayor

cc: Council

David Yurdiga, Member of Parliament for Fort McMurray - Cold Lake

Kevin Nagoya, Chief Administrative Officer

Andrew Serba, Strategic Initiatives Manager