

COPY



ALBERTA
MUNICIPAL AFFAIRS

Office of the Minister
MLA, Leduc-Beaumont

Man. C.
SCANNED

Orig to AIF

AR96174

JAN 16 2019

His Worship Craig Copeland
Mayor
City of Cold Lake
5513 - 48 Avenue
Cold Lake AB T9M 1A1

RECEIVED

JAN 21 2019

cc'd Mayor, Council, CAO,
CITY of COLD LAKE, & Serber

Dear Mayor Copeland,

Thank you for your letter of December 13, 2018 to the Honourable Rachel Notley, Premier of Alberta, regarding the financial challenges facing the City of Cold Lake. Premier Notley has requested I respond on behalf of the Government of Alberta.

I understand the economic challenges the City of Cold Lake is currently facing, as are many municipalities across the province. Our government is taking action to ensure that all municipalities have access to sustainable, predictable funding for the future.

The Government of Alberta is currently working with the Alberta Urban Municipalities Association and the Rural Municipalities of Alberta to develop a long-term municipal funding agreement to replace the Municipal Sustainability Initiative. This agreement would be unprecedented in Canada, and will fulfill our commitment to achieve a more predictable funding model that allows municipalities to plan long-term.

While we are working to address the broader needs of all Alberta municipalities, we also remain committed to supporting the City of Cold Lake in addressing its unique challenges. We continue to provide the City with an annual fiscal transfer that is unparalleled anywhere in the province.

I want to take this opportunity to correct the record regarding your mischaracterization of events surrounding the allocation of Improvement District 349 revenue. The truth is that Municipal Affairs engaged openly with all municipalities in the region, including the City of Cold Lake, over a period of several months to talk about a long-term plan for distribution of property tax revenues generated by the ID. At all times, I was very clear that my intent was to arrive at a solution which more fairly shared the ID's revenues across the region, while still recognizing the importance of the City of Cold Lake. Both at an elected and administrative level, the City of Cold Lake was actively engaged in the discussions that led to my ultimate decision.

.../2

The funding model I have approved ensures that ID 349 revenues are now more reasonably distributed to the benefit of the entire region, so that communities like the Town of Bonnyville, the Village of Glendon and the Elizabeth and Fishing Lake Metis Settlements share in the wealth generated by the ID. This is as it should be.

Meanwhile, the City of Cold Lake continues to receive more than 50 per cent of ID revenues, resulting in a transfer of more than \$16 million annually. This amount is the equivalent of approximately 80% of the city's annual property tax revenues; quite frankly, this is a level of support that no other municipality in Alberta receives, and should be clear evidence of our commitment to the City of Cold Lake.

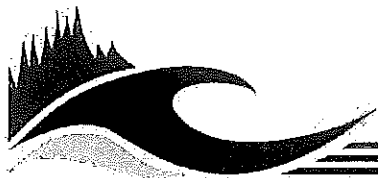
Thank you again for sharing your concerns, and I look forward to continuing to work with you and your regional colleagues in advancing your shared interests.

Sincerely,

A handwritten signature in dark ink, appearing to read "Shaye Anderson". The signature is fluid and cursive, with the first name "Shaye" being more prominent and the last name "Anderson" following in a similar style.

Hon. Shaye Anderson
Minister of Municipal Affairs

cc: Honourable Rachel Notley, Premier of Alberta
Kevin Nagoya, Chief Administrative Officer, City of Cold Lake



COPY

City of **Cold Lake**

OFFICE OF THE MAYOR

December 13, 2018

Via email: premier@gov.ab.ca

The Honourable Premier Rachel Notley
Office of the Premier
307 Legislature Building
10800 - 97 Avenue
Edmonton, AB
T5K 2B6

RE: The City of Cold Lake

Rachel
Dear Premier Notley,

It was with a measure of hope that we read your social media comment last week, pledging to "...stand up for Cold Lake...."

As I am sure you are aware, our community is in need of help.

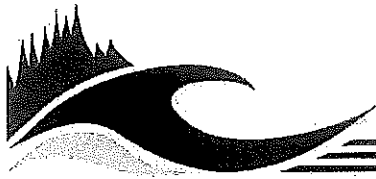
The deep and prolonged downturn in the oil patch has our residents worried. Layoffs have continued in our region, businesses of all sizes are struggling, and home foreclosures are at record levels. Major oil sands projects have been scaled back to the point where their announcement no longer provides our residents with hope that an increase in economic activity will result from them moving forward.

In addition to the poor economic realities we face, our community has been hit by successive waves of damaging news.

Our protracted dispute with the Government of Canada over its payment in lieu of taxes now adds \$1.8 million to our residents' tax burden each year. This dispute has added to our community's burden since 2012.

And then last week, we heard that the Aerospace Engineering and Test Establishment, currently located at CFB Cold Lake, will move to Ottawa, bringing high paying technical jobs with it. This represents a significant percentage of our community's workforce and its effects will be severe.

.../2



OFFICE OF THE MAYOR

-2-

In addition, this week it was announced that the Exercise Maple Flag, a major annual boost to our economy, has been postponed indefinitely. Our hotels, restaurants, and tourism operators have been able to weather economic downturns in the past due in large part to the annual exercise and the hundreds of people it would bring to our city each summer.

Absent this important reason for hope, we fear the fate of many of our businesses who are already struggling.

Finally, and as I am sure you are aware, last year your government made the decision to alter the Cold Lake Air Weapons Range Agreement in such a way that our community lost \$10 million annually. The original MOU, signed on September 20, 2011, between the City of Cold Lake and the Government of Alberta, provided for collaborative work between the city and the province on a future funding formula after the initial five-year transition period.

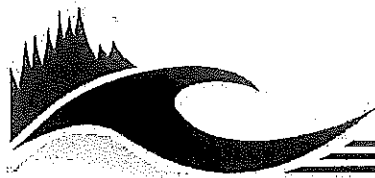
The City of Cold Lake was never afforded the benefit of this obligation.

Rather, the Minister of Municipal Affairs instituted a stakeholder process which disregarded the government's obligation to work with the city, and benefitted only our neighbours, who sought their own interests at our expense. Indeed, feedback provided to your minister from the Town of Bonnyville in a letter dated August 11, 2017, pointed to the town's perceived need to slow progress in the City of Cold Lake for the town's benefit. That this feedback seems to have received a favourable response from the Minister of Municipal Affairs is concerning.

The Cold Lake Air Weapons Range Agreement was signed to avoid the situation we are now experiencing. It was created to support the sustainability of the City of Cold Lake, especially given the presence of CFB Cold Lake and the need to provide its members with modern, efficient municipal infrastructure.

We were further dismayed to learn that recommendations from Municipal Affairs Staff that 4 Wing be included in consultations for the new funding model was entirely disregarded by the Minister of Municipal Affairs. It would seem the two entities which the original Cold Lake Air Weapons Range Agreement was created to provide for were both left out of any meaningful consultation and were negatively impacted as a result.

.../3



City of *Cold Lake*

OFFICE OF THE MAYOR

-3-

Our council is quickly nearing a point at which important decisions regarding the future of our municipality must be made. You have pledged to stand up for our community. I hope that we may have an opportunity to meet to discuss our community's future.

Sincerely,

Craig Copeland
Mayor

Cc: Kevin Nagoya; CAO
Council

