

## Town Report to Community

At the September 14, 2020 Regular Meeting of Council, Mr. Jim Litkowski requested to be a scheduled delegation at which Mr. Litkowski made a presentation outlining several concerns which Council and Administration will address.

From what has been shared in the presentation, it is alleged that tax rates within the Town have increased over 100%. This of course would be alarming if it was accurate. Mr. Litkowski is correct that the per person tax rate in 2015 was \$1,133. In 2019, the per person tax rate was \$1,199. This is an increase of 5.8%. This increase is relating to municipal taxes only. The presentation made by Mr. Litkowski was comparing Operating Expenses to Town taxes. Operating expenses can be funded through many sources only one of which is Municipal Taxes. Other sources of funding are government grants, reserves, debt, franchise fees, user fees, licenses and permits, etc.

There are other costs which each property owner is charged for on their tax notice. These costs are referred to as "Requisitions" from external organizations such as the Pincher Creek Foundation (Crestview Lodge), the Pincher Creek Emergency Services (Fire Dept.), the Provincial Education requisition (Holy Spirit and Livingstone Range School Division) and starting in 2020 again from the Province, the Police Fund. All of these additional charges are passed on to each municipality at cost. The Town collects these fees and forwards them to the organizations.

Individual property taxes will vary depending on the **annual property assessment** which is again mandated by the Province. It is subject to change based on such things as the neighborhood age and property housing style, improvements to the property, local sales, new development, etc.

The Town has been experiencing steady growth in new assessment each year at approximately 2 – 2.5%. A 1% in growth equals about \$43,000.00 in new tax revenue. The Growth rate is directly related to development, both new and upgraded on individual properties throughout the community, both residential and commercial.

Mr. Litkowski indicated that the Town of Pincher Creek has had an increase in Operating Spending from 2007 to 2017 of 56%. Prior to 2009, the financial statements for Municipalities were prepared on the basis of Fund Accounting which did not recognize amortization. The operating expenses per person from 2015 to 2019 was \$2,236.04 and \$2,793.16 respectively. This is a growth rate of 25%.

### **Town Debt:**

The Town has had some manageable debt over the last 15 yrs. or so as indicated in the annual financial statements. In 2006, the Town Council decided to develop the land where Walmart, Ramada Hotel, Boston Pizza and UFA etc. were ultimately built. The area was developed with underground infrastructure, streets and street lights to attract potential investors and developers which paid off almost immediately and continues today. The debenture obtained at that point in time was for \$800,000 and was paid in full in 2016.

Another debenture was taken out in \$153,765 in 2016 for the Ramada (Canalta) Infrastructure project, and paid back to the Town by Canalta through a local improvement and was paid in full in 2016.

A third debenture was obtained in 2007/08 to build the new RCMP building on Hunter St. This is a shared loan between the RCMP K Division and the Town. K Division pays the monthly debenture fees for the administration portion of the building, the operating and maintenance costs of the entire building, and the Town pays the debenture costs for the cells at an annual cost of \$111,640, which will be paid in 2032.

In 2019/20 Town Council decided to borrow up to \$2,000,000 towards the construction of the two new Early Learning Centres (daycare). The total cost of approximately \$4,125,000 has also been partially paid from Town reserves. The Municipal District of Pincher Creek # 9 has also committed \$1,000,000 towards the Childcare Centres. Council began advertising the Debenture Bylaws in 2019 with no opposition presented by the general public.

When Municipal Councils are faced with providing or upgrading services in a community, they must determine how they will pay for them. Some considerations that are reviewed and analyzed are the cost of borrowing (interest rates) and the interest rates revenue derived from the reserves. In addition, a big question is who should pay ..... residents who have helped build reserves through their property taxes or residents who are and will be users of the facilities going forward. This present Council determined that it was appropriate to share the expense through past and future resident contributions.

The new Pincher Creek Early Learning Centres (daycare) are both an investment in Social Structure (reliable, safe, educational and fun) learning environment for our children and the local Economy, providing the opportunity for parents to work, childcare employment opportunities, opening of new businesses, etc. with confidence that their children are cared for.

**Please see attached a letter from the Deputy Minister of Municipal Affairs which was received on October 20, 2020 advising the Town of Pincher Creek that there are no performance measure risks to our viability.**