



Report

TITLE: 2023 MUNICIPAL INDICATOR RESULTS

Meeting: Council Meeting

Meeting Date: November 20, 2024

Background

Alberta Municipal Affairs annually reports a performance measure that identifies the percentage of municipalities deemed to 'not face potential long term viability challenges based on their financial and governance indicators'. This performance measure is used as a benchmark for measuring the ministry's efforts to ensure Albertans live in viable municipalities and communities with responsible, collaborative and accountable local governments.

The performance measure is based on analysis of 13 municipal indicators. Each of the 13 municipal indicators has a defined benchmark. A municipality is 'not deemed to face potential long term viability challenges as long as it does not flag a critical indicator or three or more non-critical indicators.

Your municipality did not meet the threshold for one or more indicators for the 2023 financial year.

The benchmarks established by Municipal Affairs for each indicator provide a general indication of acceptable risks. However, a municipality may have unique circumstances or alternative strategies that justify a different result. Therefore, we ask you to complete the online submission form to provide your feedback or any explanatory information about your performance on the identified indicator(s).

Upon submission, your responses will be included in the Municipal Indicator Dashboard.

If you require assistance completing the feedback form please call, toll-free at 310-0000, then 780-427-2225, and ask to speak to a member of the Information Services Team or email ma.updates@gov.ab.ca.

Staff Analysis:

Indicator #4 – Tax Collection: As of December 31, 2023 - \$3,541,542 was the total outstanding taxes. Of that amount a total of \$3,279,557 was attributed to oil and gas outstanding taxes which equate to 92.61% of our total outstanding taxes. The province allows us to recover taxes related to land, which reduces arrears on all other categories except oil and gas. We have no mechanism to hold the oil and gas industry accountable for their unpaid taxes. Those companies that are no longer operating and have gone into receivership or bankruptcy continue to have taxable assessments until the facilities and pipelines have been reclaimed and we have no way to collect. Those that are still operating have end-of-life obligations which are a priority before property taxes. There is very little likelihood that we will receive any funds once the companies go into receivership.

Indicator #11 – Investment in Infrastructure: In the past three years (2021-2023) Flagstaff County did not meet the required ratio of capital spending to amortization as our Capital budgets have averaged \$2.422

million compared to our annual amortization average of \$4.589 million. We have completed an analysis of 2024-2029 and the average annual capital spending will exceed the annual amortization by an estimated 1.920 million per year based on a 6-year average. We will continue to monitor our capital spending plan and annual amortization

Alignment with the Strategic Plan

LEADERSHIP: To ensure the reliability and continuity of Flagstaff County's administration and municipal operations.

Recommendation

THAT Flagstaff County's response to the 2023 Municipal Indicator Results are as follows:

- Indicator #4 - Tax Collection Rate be to indicate that due to the lack of provincial action on the collection of oil and gas taxes, this collection rate of taxes is not within our control. If there is a taxable assessment on non-operating facilities, we will continue to have uncollectable taxes.
- Indicator #11 - Investment in Infrastructure be to indicate that Flagstaff County has reviewed their Capital Spending Plan and capital replacement (2024-2029) it will exceed the average annual amortization over the next 6 years.