

Organized Hamlet of Day's Beach 2022 Annual Meeting

Financial Agreement

The RM of Meota has been working for the last two years to document the financial relationship they have with each of the hamlets. The RM's stated intent for the financial agreement template is to provide a fair and equitable framework to follow when making agreements with each of the hamlets. The Financial Agreement details a formula that the RM of Meota will use to determine a dollar amount that they need to retain to cover the RM expenses for the specific Hamlet and then it is converted into the % of the tax levy.

Historically the RM has retained the same % of the tax levy for all Hamlets despite the fact their tax rates (aka mill rate) varied significantly. This was unconsidered inequitable because it resulted in hamlets who needed to set a higher mill rate to cover their expenses or build up their reserves paying a larger share of the annual general government costs.

The RM decided to use a formula based on a Hamlet's assessed values because it is a number determined by SAMA, a third party and it is frequently used in Canada as a basis for tax calculations. The use of the assessed value means that all Hamlets are treated similarly however the Hamlets with the highest assessed value will pay a larger dollar amount of the sharable government and Hamlet transportation services expenses. For example, as Day's Beach and Lakeview have a very similar assessed values they will both be charged a similar dollar amount of the RM's expenses but as Lakeview's mill rate is higher the % of the tax levy the RM will retain will be lower than ours.

The RM used a consultative process to draft the new Financial Agreement; they circulated the document for comment at least 10 times and also invited the Hamlet Boards to attend both in-person and zoom information meetings. At these meeting the RM presented the most current version of the Financial Agreement and explained their rationale for the different elements of the agreement and any changes they were proposing.

The Day's Beach Hamlet Board commented extensively on the document to ensure that it was consistent with the Municipalities Act and the Municipalities Regulations, it preserved the rights bestowed by that legislation and also allowed us to retain our ability to set our own mill rate.

In early April the RM finalized the draft Financial Agreement and sent it to each hamlet board for signature. Recognizing that this agreement establishes a process that is different to that previously followed the Hamlet Boards were allowed to present the Financial Agreement at their Annual meetings for approval by residents prior to signing it.

The majority of the Day's Beach Hamlet Board believe we should sign the Financial Agreement but we have been unable to reach consensus. Accordingly, we have decided to circulate this summary document, a copy of the legal opinion we asked the RM to obtain and Financial Agreement we have be asked to sign so you have the information you need to form your own opinion prior to discussing it at the Annual Meeting on July 3, 2022

The positions of the Hamlet Board Members are as follows:

Colleen and Shannon's position is:

We believe we should sign the Financial Agreement. While neither of us like to pay taxes they are a fact of life and our priority is to keep the mill rate as low as we can and to be allocated a reasonable amount of the RM of Meota's general government and Hamlet transportation costs.

Because Day's Beach has the lowest mill rate in the RM, the change in methodology results in Day's Beach being allocated more of the RM's expenses than in prior years. The amount we are being charged in 2022 is equivalent, based on assessed value, to that being charged to other Hamlets. Our interpretation of the Municipalities Act and the legal review that was done is that while the RM needs to get our agreement to change the allocation %, it has the legal authority to change our mill rate to a mutually agreed rate that allows it to recover expenses associated with the Hamlets. We believe this means that if we don't agree to the allocation determined by the Financial Agreement's formula they could increase our mill rate until the current 40% allocation allows them to recover expenses or they could choose to use the RM's general residential mill rate of 6.6 for Day's Beach.

Terry's position is:

The RM is in conflict with the Municipality Act. Mr. Shaw was on the Hamlet Board when they agreed on a 40% allocation to the RM. The MA is very clear. The RM can not unilaterally change the allocation to 60%. The RM got a legal opinion regarding the proposed new tax agreement. The RM lost. The RM tax agreement was written as a bylaw. They lost the legal opinion, so they changed it to a policy. That changes nothing, the RM is still in conflict with the MA. They are breaking the law. The MA has a dispute resolution clause. And we should use it.