



PARCS UPDATE #90 SPECIAL EDITION August 16 /2018

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The Story - RM of MCKILLOP TAKES AIM AT COTTAGE OWNERS

1. A devastating budget for cottage owners

Today's CBC story states that "according to documents obtained by CBC News, the mill rates [in the RM of McKillop] were increased **87 per cent for residential properties** and only **five per cent for agricultural properties**. All residences are also now on the hook for a new \$850 base tax."

The story, however, quotes a ***much worse example*** in which "For a residential home that is valued at \$350,000, **last year the property tax would have been around \$1,500. With the new rates, this year that same home's property tax will be around \$4,311, roughly a 187% increase.**"

2. No advance warning from the administrator to the Council

PARCS has learned that, about 3 weeks ago, the RM administrator presented Council with sudden and unexpected news that the RM was **1 million dollars in debt** and that they would have to raise taxes to cover this debt.

One resident stated that, "Council appears to have had no idea that their spending was leading to this serious situation. Just recently the administrator was recommending that Council spend \$17,000 on a new trailer and when asked by a Councillor whether they could afford it, she assured them it was in the budget." It appears that the administrator had no sense at that time of the budget crises she was about to present to Council.

CBC news reported that "the RM Reeve, Howard Arndt, said the tax increase is 'extremely disturbing'. He said **he feels 'mislead'** by the state of their finances. He said that this February, before a public meeting, he checked [with the administrator] on the RM's finances and was told they were on track. "So everything went along and we made these expenditures," he said. "Then we start through the budget process about two weeks ago; all of a sudden find we have this huge problem." The vote for the tax increase was recorded and was a split vote¹.

CBC reports that Arndt said he only just found out the RM was in hundreds of thousands of dollars in debt from the year before. "**We overspent \$400,000 last year and we weren't told**, we weren't even warned about that as the year progressed," he said.

Note - This edition has been prepared in response to the story released today by CBC News Saskatchewan.

Although PARCS President Garry Dixon is interviewed in the CBC story, this story is written solely by PARCS editor, Lynne Saas.

The editorial comments that follow on the next page are also solely those of the editor and are based on information that has come forward to PARCS in recent years.

¹ The Council of the RM of McKillop has 7 members: the Reeve and 6 councillors. Of these seven, **2 members represent cottage communities and 5 members represent agricultural ratepayers.**

The Editorial – RATEPAYERS HAVE BEEN WARNING OF A PROBLEM

1. Ratepayers association ignored by council and by province

A **McKillop Ratepayers Association** was formed about 2 years ago. Suspecting financial mismanagement, last year, as per the dictates of the law, they presented their RM with a petition calling for both **a forensic financial audit and a management audit**. The petition was **signed by 420 ratepayers**.² As per the law, the administrator verified these names. Initially, her referral to Council's legal advisors led to some questions. When the legal advice later came back recommending that Council listen to the petitioners, the McKillop Council **ignored their own legal advice and did not proceed with the audits**.

2. Saskatchewan does not enforce the rules for municipal governments

When representatives from the McKillop Ratepayers Association approached the Ministry of Government Relations about their legal petition being ignored, they were told by the Advisory Services Branch that although they could advise ratepayers about **what the law said**, they could offer **no provisions for enforcing the law**.

"We were told that we would have to take Council to court," said a member of the Association. "In other words, we were advised that we would have to spend our own money to prove that our council was abusing the spending of the tax dollars that we had already spent." It certainly seems like **double jeopardy for taxpayers**.

3. McKillop is not the only RM where cottage owners feel unfairly treated

Although we know of many rural municipalities where the RM Council has **practices and procedures in place for listening to its cottage community ratepayers**, it is also true that every year PARCS receives communications from cottage communities in rural municipalities that do not feel able to have their concerns addressed by their RM councils.

The electoral system for RMs is typically unfair for ratepayers in cottage communities. For example, the division system in McKillop means that 970 people in one division (where there are a lot of cottage owners) get to elect one councilor while only 68 people in another division (which has mostly agricultural voters) also elect one councilor. **Representation by equal populations is supposed to be a fundamental principles of democracy** – but not so in rural municipalities with cottage communities.

PARCS has been recently approached by organized hamlet boards in three different rural municipalities who are desperate to gain resort village status so that they can manage their own affairs, and who have been told by advisory services that the province is not anxious to have more resort villages.

Note – As this edition goes to press, PARCS has learned that, at a special council meeting called last night with only 4 hours' notice, about 40 ratepayers who were in attendance to voice their concerns about their tax increases were also witness to the motion that was carried to terminate the RM administrator.

Surely the first step is for the province to put enforcement provisions into place to ensure that RM councils adhere to ratepayers association petitions that follow the provisions set out in law.

² To be legal, a petition would only have required signatures from 15% of the 732 ratepayer (110 signatures). This petition was **signed by 57% of the McKillop ratepayers**. Had these audits occurred, surely the McKillop Council would have had advance warning that they had been seriously overspending for the past two years, and that they would have been forced to forego some of the spending that they had approved during that time.

