



Request for Decision

Title	Bylaw 1388/17 – 2017 Taxation Rates (First Reading)
Proposed Motion	<ol style="list-style-type: none">1. That Council give first reading to Bylaw 1388/17, 2017 Taxation Rates.2. That Council direct Administration to transfer to the Contingency Reserve, \$218,000 to fund Council commitments.
Administrative Recommendation	That Council approve the bylaw in a manner that is consistent with the budget and fiscal planning direction through Council’s approval of the 2017 Budget, Fiscal Framework and Reserve Policy.
Previous Council Direction	<p>December 13, 2016, Motion 455/16- That Council approve the 2017 Operating and Capital Budget as presented in the 2017 Budget Document.</p> <p>August 27, 2013, Motion 360/13- That County Council approves the document titled “Summary of Fiscal Principles, Practices, and Policies” as the working document used to guide Administration in the planning and execution of County affairs.</p>
Report	<p><u>Background Information</u></p> <ul style="list-style-type: none">• The 2017 Taxation Rate Bylaw proposes a 1.22% decrease in property taxes versus the 1.315% increase presented in the budget.• Sturgeon County’s actual assessment is greater overall than the estimated assessment when the 2017 budget was set. This increase is primarily due to increases in linear and non-residential assessment.• In accordance with the Summary of Fiscal Principles, Practices and Policies, Sturgeon County takes a conservative approach to estimating assessment for budget purposes.• The additional assessment will allow Sturgeon County to replenish the Council Contingency Reserve, thereby relieving pressure on the 2018 budget, while reducing taxes by 1.22%.• A median valued home of \$502,650 will recognize a total seven dollar (\$7) <u>decrease</u> to property taxes in 2017 for municipal, education and seniors.

- Municipal property taxes are the most important single source of revenue for Sturgeon County. Approximately 77% of operating revenues in 2017 will be derived from municipal property taxes.
- Assessments used for budget purposes are estimated approximately six (6) months prior to the availability of final figures. The estimate is required to gain an understanding of the net impact the budget will have on property taxation in the County.
- As was the case in the 2016 Taxation Rates Bylaw, a minimum tax of \$25 is included in the 2017 taxation year to address the cost of assessing and maintaining tax records on properties that pay less than \$25 in municipal tax

Actual assessments used for 2017 taxation indicate:


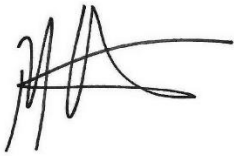

- Linear assessment growth for 2017 taxation is approximately \$88 million higher than estimated. Significant contributors include:
 - new assessment from the completion of Atco Electric's Heathfield Substation;
- Non-Residential assessment growth is approximately \$70 million higher than estimated. This is as a result of:
 - new assessment from Pembina NGL Corp's RFS II coming online as well as other development around RFS;
 - Sturgeon Refinery's (NWR) completion of the LEET certified office building and changes to the relocatable office inventory onsite; and
 - Inter-Pipeline's completion of a debottleneck project.
- Residential assessment was higher by approximately \$5 million in comparison to the estimate. This was as a result of:
 - the 2,883 cyclical inspections completed during the year. Sturgeon County Assessors maintain a five (5) year re-inspection cycle of all properties in the County to ensure that values and trends derived during valuation are applied accurately and remain relevant to the inventory being assessed.
- The Bylaw and associated recommendations are currently written in a manner that is consistent with the Summary of Fiscal Principles, Practices and Policies approved by Council by Motion 360/13 on August 27, 2013.
- The cumulative impact of the increased non-residential and residential assessments reflected above generate a net \$220,917 in tax revenue from growth, primarily Linear, Non-Residential and Residential.

In order to achieve alignment of the budget with the proposed Tax Bylaw, Administration recommends Motion #2 identified above to allocate the tax revenue generated from unanticipated assessment.

Requisitions

- The Alberta School Foundation Fund requisition increased by 3%; the impact to the average County home will be approximately a \$20 increase versus an increase of \$85 previously estimated. This decrease is due to an increase in

	<p>residential assessment from the 2016 cyclical inspections and general increase in non-residential assessment.</p> <ul style="list-style-type: none"> The Sturgeon Seniors Foundation requisition increased by 1%. The average home owner will see a decrease of \$3 versus the budget estimated \$1 increase. The change is due to increases in both residential and non-residential assessments. <p><u>External Communication</u></p> <ul style="list-style-type: none"> Tax notices will be mailed Friday May 26, 2017. (Financial Services) An advertisement will be placed in local papers and on the County’s website notifying rate payers that notices have been mailed. (Communications Services) <p><u>Relevant Policy/Legislation/Practices:</u></p> <ul style="list-style-type: none"> Section 353 of the <i>Municipal Government Act</i>, RSA 2000 c.M-26, requires for Council to pass an annual property tax bylaw. Summary of Fiscal Principles, Practices and Policies 2017 Supplementary Assessment Bylaw 1386/17 <p><u>Financial</u></p> <ul style="list-style-type: none"> The County will raise \$61,313,039 in total property tax revenue including requisitions (Note: 2016 - \$56 million). General municipal property taxes amount to \$45,905,715 (Note: 2016 – \$41 million). A 1.22% decrease in taxes as proposed in the Bylaw will generate new net tax revenue of \$220,917 as a result of unanticipated residential, non-residential and linear assessments. – This will be sufficient to fund commitments in the Contingency Reserve of \$218,000 The 2017 Sturgeon Foundation requisition of \$594,486 which increased by 1% has been received. (Note: 2016 - \$589,335) The 2017 Alberta School Foundation Fund requisition of \$14,745,306 increased by 3%. (Note: 2016 - \$14,276,675)
<p>Implication of Administrative Recommendation</p>	<p><u>Organizational:</u></p> <p>Due date for tax payments will be June 30, 2017. Printing of tax notices will commence early May, following third reading of the Bylaw.</p> <p>Combined tax/assessment notices must be ready for mailing May 26, 2017. Assessment complaints must be submitted by July 25, 2017.</p>
<p>Alternatives Considered</p>	<ol style="list-style-type: none"> That Council direct Administration to alter the allocation of \$218,000 unanticipated property taxes. Council may wish to fund alternative reserves such as Economic Development or Heavy Equipment and Vehicle Reserve. That Council direct Administration to maintain 2016 tax rates for the 2017 taxation year. This will generate additional tax revenue of \$787,800. The existing commitments in the Contingency Reserve can be met, with an

	additional \$569,800 generated to be transferred to the General Operating Reserve.
Implications of Alternatives	<p><u>Strategic Alignment:</u></p> <ul style="list-style-type: none"> Unknown – Alternative dependent <p><u>Organizational:</u></p> <p>Due date for tax payments is June 30, 2017. Printing of tax notices will commence early May, following third reading of the Bylaw.</p> <p>Combined tax/assessment notices must be ready for mailing May 26, 2017. Assessment complaints must be submitted by July 25, 2017.</p> <p><u>Financial:</u></p> <ul style="list-style-type: none"> Alternative 1 does not alter the tax revenue but does alter which reserve Council directs the funding to. Alternative 2 will maintain tax rates as they were in 2016. This will generate new tax revenue of \$787,800. After satisfying commitments in the Contingency Reserve, additional revenue of \$569,800 will be available to be transferred into the General Operating Reserve.
Follow up Action	1. Second and third reading of Bylaw 1388/17 on April 25, 2017.
Attachment(s)	<ol style="list-style-type: none"> Bylaw 1388/17 2017 Taxation Rates Summary of Fiscal Principles, Practices, and Policies 2017 Supplementary Assessment Bylaw 1386/17
Report Reviewed by:	 Manager, Financial Services  Rick Wojtkiw, GM Corporate Support  Peter Tarnawsky, County Commissioner – CAO

Strategic Alignment Checklist

Vision: Sturgeon County: a diverse, active community that pioneers opportunities and promotes initiative while embracing rural lifestyles.

Mission: Provide quality, cost effective services and infrastructure to meet the diverse needs of the Sturgeon County community, while improving competitiveness and sustainability.

Focus Areas	Not consistent	N/A	Consistent
Strong Local Governance and Regional Leadership			
<i>We promote consistent and accountable leadership through collaborative and transparent processes (Strategic Plan, pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Consistent with neighborhood role (see MDP), master plans, policies</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Considers fiscal stability and sustainability</i> 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <i>Has a positive impact on regional and sub-regional cooperation</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Respect the Natural Environment			
<i>We acknowledge the importance of a healthy environment and will minimize and monitor our impact on ecosystems (Strategic Plan, pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Compliance with Provincial and Federal regulations and/or legislation</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Ensure effective environmental risk management</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Community Identity & Spirit			
<i>We will build upon our strengths, where together we will create an inclusive, caring community (Strategic Plan, (Strategic Plan, pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Promotes and/or enhances residents' identification with Sturgeon County</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Enhances service provision through community partnerships</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Supports Sturgeon County's cultural history</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Planned Growth and Prosperity			
<i>We encourage varied and integrated enterprises that enhance our strong economic base, while balancing the needs of the community and natural environment. (Strategic Plan, pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Does the proposal align with the Integrated Regional Growth Strategy (map/policies) pg. 26 MDP</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Considers cumulative costs and long-term funding implications</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Targets growth around current or planned infrastructure</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Maintain and Enhance Strong Communities			
<i>We are committed to a safe, secure community, where our residents are respected and provided with access to opportunities. (Strategic Plan, pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Positive impact on residents' quality of life</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Supports and promotes volunteer efforts</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Provides programs and services that are accessible to all residents</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Operational Excellence			
<i>We have the organizational capability to deliver consistent and defined levels of service to all stakeholders in a professional, efficient, and cost effective manner</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Staff have the knowledge, skills and capability to perform their jobs</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Streamlines operational processes and policies</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Promotes engagement and professional interaction with stakeholders</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Considers a cost-structure which allows Sturgeon County to remain competitive within a regional, national and global context</i> 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>