

**AGENDA
COUNCIL COMMITTEE MEETING
MUNICIPAL DISTRICT OF PINCHER CREEK
MARCH 13, 2018
9:00 AM**

1. Approval of Agenda
2. 2018 Mill Rate Discussion – Part 2
 - Report from Director of Finance, dated March 8, 2018
3. In-Camera (9:45 am)
 - Legal – Kenow Fire – FOIP Section 21
4. Investment Update (10:30 am)
 - Powerpoint Presentation from CIBC Wood Gundy, March 2018
5. Roundtable
6. Adjournment

MD OF PINCHER CREEK

March 8, 2018

TO: Roland Milligan, Acting CAO
FROM: Janene Felker, Director of Finance
SUBJECT: **2018 Mill Rate Discussion – Part 2**

1. Origin

Using the information gained at the meeting on March 6, 2018, there are three more options for Council's consideration in regards to the 2018 municipal mill rate.

2. Discussion

The options provided show the mill rate for the Residential and Farmland assessment classes range from 4-5% increase from 2017 and then adjust the Non-Residential to the necessary rate to collect enough tax funds for the 2018 year. In addition, there is an option as calculated by Councillor Hammond.

Respectfully Submitted,



Janene Felker, Director of Finance

Reviewed By: Roland Milligan, Acting CAO



Date: 2018/03/08

Generating Municipal Tax Revenue

Option 1

Assessment Class	Total Assessment	Mill Rate	Revenue Generated	% Change
Farmland	58,788,200	6.6162	388,954	4.00%
Residential	540,272,410	4.5778	2,473,259	4.00%
Non Residential	314,387,730	8.8500	2,782,331	8.49%
Machinery & Equipment	178,874,100	8.8500	1,583,036	8.49%
Power Generation	420,355,660	8.8500	3,720,148	8.49%
Exempt	71,186,740	0.0000	-	
	<u>1,583,864,840</u>		<u>10,947,728</u>	

Option 2

Assessment Class	Total Assessment	Mill Rate	Revenue Generated	% Change
Farmland	58,788,200	6.6480	390,824	4.50%
Residential	540,272,410	4.5998	2,485,145	4.50%
Non Residential	314,387,730	8.8350	2,777,616	8.30%
Machinery & Equipment	178,874,100	8.8350	1,580,353	8.30%
Power Generation	420,355,660	8.8350	3,713,842	8.30%
Exempt	71,186,740	0.0000	-	
	<u>1,583,864,840</u>		<u>10,947,780</u>	

Option 3

Assessment Class	Total Assessment	Mill Rate	Revenue Generated	% Change
Farmland	58,788,200	6.6798	392,693	5.00%
Residential	540,272,410	4.6218	2,497,031	5.00%
Non Residential	314,387,730	8.8200	2,772,900	8.12%
Machinery & Equipment	178,874,100	8.8200	1,577,670	8.12%
Power Generation	420,355,660	8.8200	3,707,537	8.12%
Exempt	71,186,740	0.0000	-	
	<u>1,583,864,840</u>		<u>10,947,831</u>	

Option 4

- Councillor Hammond's preferred option

Assessment Class	Total Assessment	Mill Rate	Revenue Generated	% Change
Farmland	58,788,200	6.8070	400,171	7.00%
Residential	540,272,410	4.6900	2,533,878	6.55%
Non Residential	314,387,730	8.7720	2,757,809	7.53%
Machinery & Equipment	178,874,100	8.7720	1,569,084	7.53%
Power Generation	420,355,660	8.7720	3,687,360	7.53%
Exempt	71,186,740	0.0000	-	
	<u>1,583,864,840</u>		<u>10,948,302</u>	

The total taxes, for municipal purposes required for 2018 is \$10,947,840.00

Assessment Class	Percentage of Total Assessment	2018 Assessment	2017 Mill Rate	Revenue Generated
Farmland	3.71%	\$58,788,200	6.3617	\$373,993
Residential	34.11%	\$540,272,410	4.4017	\$2,378,117
Non Residential	19.85%	\$314,387,730	8.1578	\$2,564,712
Machinery & Equipment	11.29%	\$178,874,100	8.1578	\$1,459,219
Power Generation	26.54%	\$420,355,660	8.1578	\$3,429,177
Exempt	4.49%	\$71,186,740	0.00	\$0.00
	100.00%	\$1,583,864,840		\$10,205,219

shortfall -\$742,621.28

* Mill Rate "Option #5"	Mill rate Increase over 2017	Revenue Generated	% increase over 2017 mill rate
6.807	0.45	\$400,171	7.0%
4.690	0.29	\$2,533,878	6.5%
8.772	0.61	\$2,757,652	7.5%
8.772	0.61	\$1,568,994	7.5%
8.772	0.61	\$3,687,150	7.5%
0.00	0.00	\$0	
		\$10,947,845	

surplus \$4.69

Mill Rate "Option #1"	Mill rate Increase over 2017	Revenue Generated	
6.8070	0.45	\$400,171	7.0%
4.7098	0.31	\$2,544,575	7.0%
8.76	0.60	\$2,754,037	7.4%
8.76	0.60	\$1,566,937	7.4%
8.76	0.60	\$3,682,316	7.4%
0.0	0.00	\$0	
		\$10,948,035	

surplus \$195.49

Mill Rate "Option #2"	Mill rate Increase over 2017	Revenue Generated	
6.6162	0.25	\$388,954	4.0%
4.5778	0.18	\$2,473,259	4.0%
8.85	0.69	\$2,782,331	8.5%
8.85	0.69	\$1,583,036	8.5%
8.85	0.69	\$3,720,148	8.5%
0.0	0.00	\$0	
		\$10,947,728	

shortfall -\$111.69

Mill Rate "Option #3"	Mill rate Increase over 2017	Revenue Generated	
6.62	0.25	\$388,954	4.0%
4.58	0.18	\$2,473,259	4.0%
8.48	0.33	\$2,667,297	4.0%
8.48	0.33	\$1,517,586	4.0%
8.48	0.33	\$3,566,339	4.0%
0.0	0.00	\$0	
		\$10,613,436	

shortfall -\$334,404.33

Mill Rate "Option #4"	Mill rate Increase over 2017	Revenue Generated	
6.807	0.45	\$400,171	7.0%
4.798	0.40	\$2,592,227	9.0%
8.708	0.55	\$2,737,625	6.7%
8.708	0.55	\$1,557,600	6.7%
8.708	0.55	\$3,660,373	6.7%
0.0	0.00	\$0	
		\$10,947,997	

surplus \$156.68

Sample Levies

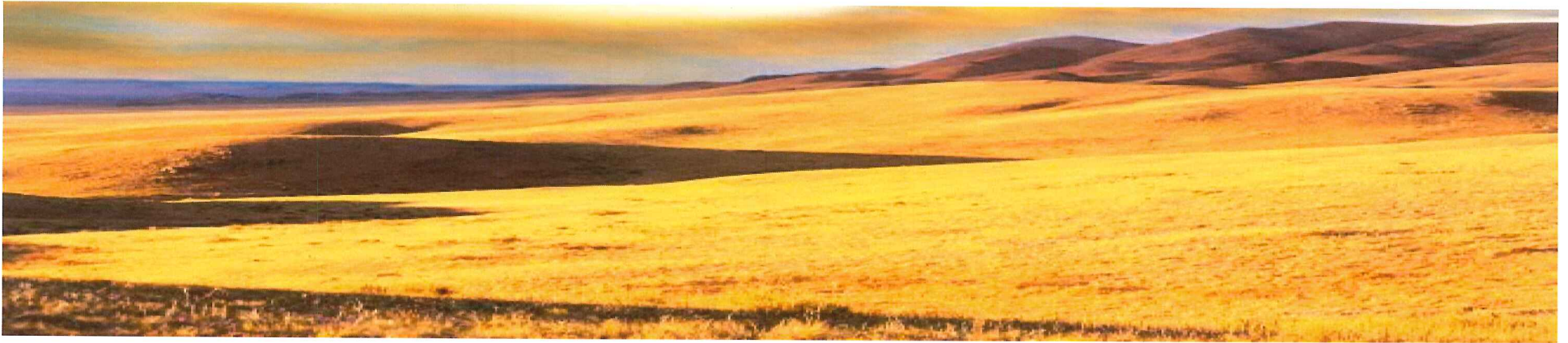
- Here are some sample levies for the options on the previous page. I've selected a few examples from each assessment category to show Council the impact on different properties.

Note: the 2017 taxes includes requisitions, but since we do not know the school and foundation requisitions I've left the amounts at their 2017 amounts. That means that these projected levies will change in response to those two requisitions once they are received.

	2017 Taxes	Option 1			Option 2			Option 3			Option 4		
		2018 Projection	\$ Change	% Change	2018 Projection	\$ Change	% Change	2018 Projection	\$ Change	% Change	2018 Projection	\$ Change	% Change
Farmland													
1	1,907.46	1,990.89	83.43	4.37%	1,997.49	90.03	4.72%	2,004.09	96.63	5.07%	2,030.47	123.01	6.45%
2	3,187.12	3,341.66	154.54	4.85%	3,352.10	164.98	5.18%	3,362.54	175.42	5.50%	3,400.19	213.07	6.69%
Residential													
Agricultural													
1	2,733.33	2,931.18	197.85	7.24%	2,939.74	206.41	7.55%	2,948.30	214.97	7.86%	2,975.05	241.72	8.84%
2	1,834.88	1,956.92	122.04	6.65%	1,962.68	127.80	6.97%	1,968.44	133.56	7.28%	1,986.76	151.88	8.28%
Country Residential													
1	3,674.95	3,875.72	200.77	5.46%	3,886.99	212.04	5.77%	3,898.27	223.32	6.08%	3,933.23	258.28	7.03%
2	2,584.33	2,782.41	198.08	7.66%	2,790.51	206.18	7.98%	2,798.60	214.27	8.29%	2,823.70	239.37	9.26%
Hamlets													
1	2,078.46	2,186.61	108.15	5.20%	2,192.97	114.51	5.51%	2,199.34	120.88	5.82%	2,219.06	140.60	6.76%
2	3,245.79	3,392.58	146.79	4.52%	3,402.45	156.66	4.83%	3,412.32	166.53	5.13%	3,442.92	197.13	6.07%
Non Residential													
Commercial													
1	3,842.23	4,123.05	280.82	7.31%	4,118.41	276.18	7.19%	4,113.78	271.55	7.07%	4,098.95	256.72	6.68%
2	338.84	361.60	22.76	6.72%	361.19	22.35	6.60%	360.79	21.95	6.48%	359.49	20.65	6.09%
Industrial													
1	1,333,226.20	1,154,239.79	(178,986.41)	-13.43%	1,152,463.28	(180,762.92)	-13.56%	1,150,686.78	(182,539.42)	-13.69%	1,145,001.95	(188,224.25)	-14.12%
2	18,495.66	19,811.98	1,316.32	7.12%	19,789.71	1,294.05	7.00%	19,767.44	1,271.78	6.88%	19,696.17	1,200.51	6.49%
Linear													
1	675,210.91	710,903.77	35,692.86	5.29%	709,770.74	34,559.83	5.12%	708,637.70	33,426.79	4.95%	705,011.99	29,801.08	4.41%
2	1,486,958.45	1,570,051.56	83,093.11	5.59%	1,567,549.22	80,590.77	5.42%	1,565,046.88	78,088.43	5.25%	1,557,039.39	70,080.94	4.71%
3	782,485.55	876,890.16	94,404.61	12.06%	875,492.58	93,007.03	11.89%	874,094.99	91,609.44	11.71%	869,622.73	87,137.18	11.14%

Note 1 - Assessment for this tax roll decreased by over 32,000,000

Note 2 - Assessment for this tax roll increased by 1,800,000



MD of Pincher Creek

March 2018



CIBC
Wood Gundy

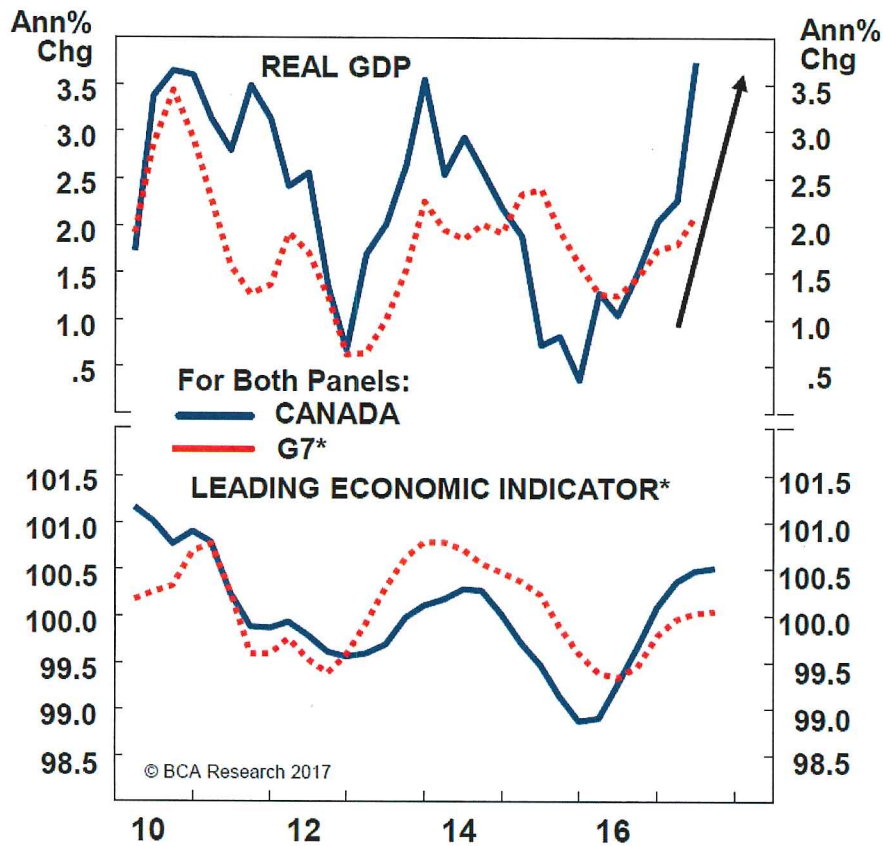
Poland Hobson
Advisory Group

Presenter:

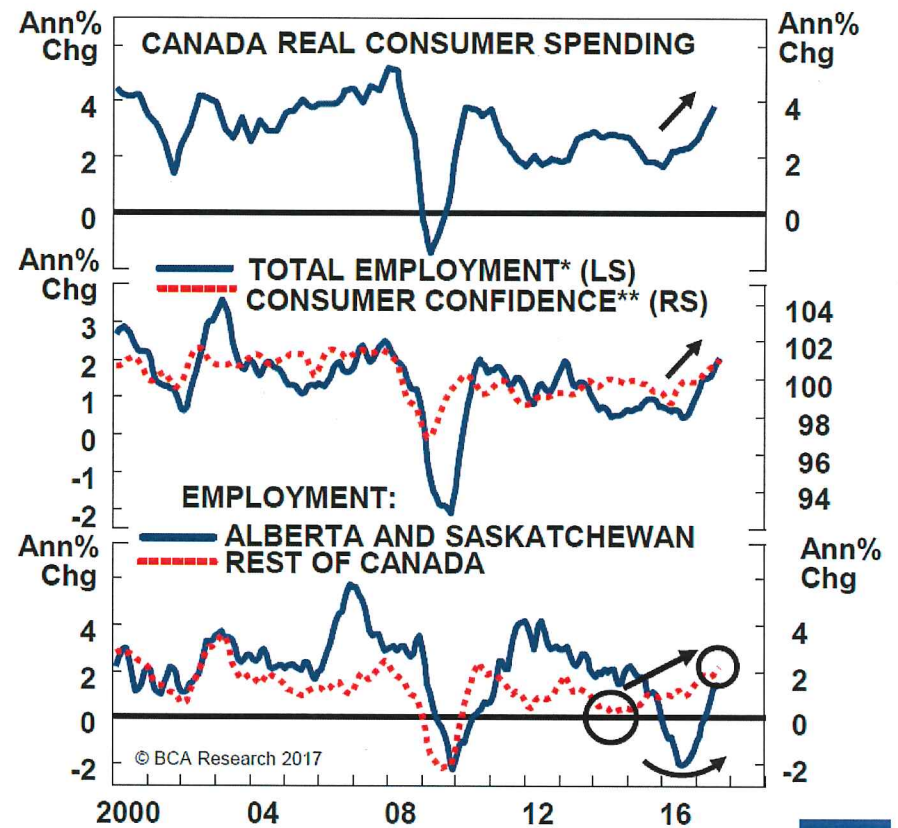
Todd Poland, CIM, First Vice President, Investment Advisor, Portfolio Manager

Canadian Growth

Canada leads the G7
in year over year growth



Confidence, spending and
employment are all increasing



Provincial Forecast

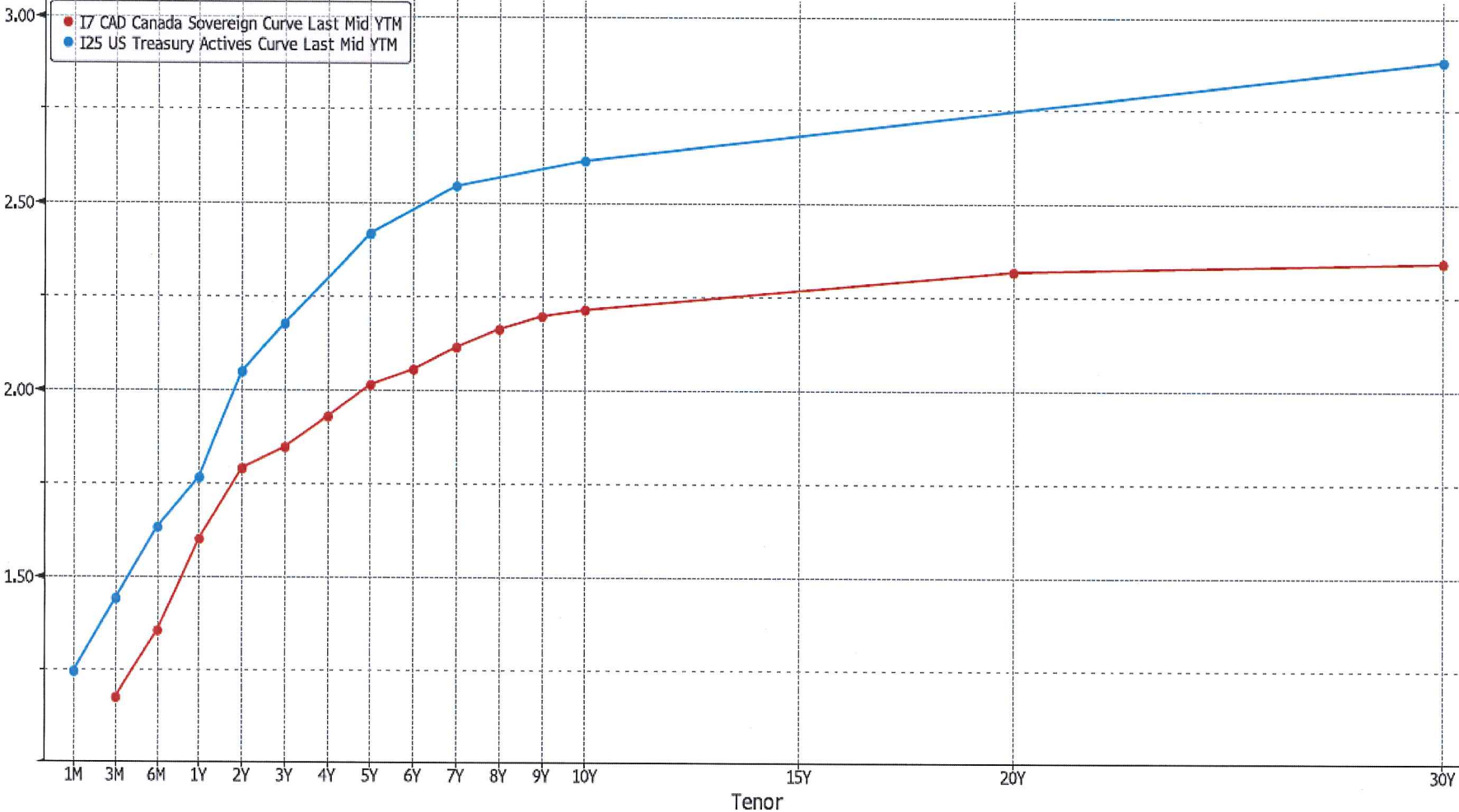
	Real GDP Y/Y % Chg				Unemployment %				Housing Starts 000s Units				Consumer Price Index Y/Y % Chg			
	2016A	2017F	2018F	2019F	2016A	2017A	2018F	2019F	2016A	2017A	2018F	2019F	2016A	2017F	2018F	2019F
BC	3.5	3.2	2.2	1.5	6	5.1	4.9	4.9	41.8	43.5	37	31	1.9	2.1	2	2.1
Alta	-3.7	3.8	2.3	1.9	8.1	7.8	6.7	6.3	24.5	29.3	32	31	1.1	1.6	2.1	2.1
Sask	-0.5	2.2	2.1	1.8	6.3	6.3	5.7	5.3	4.8	5	6	6	1.1	1.7	2.7	2
Man	2.2	2.9	2	1.8	6.1	5.4	5.4	5.5	5.3	7.6	7	7	1.3	1.6	2.4	2.1
Ont	2.6	2.9	2.3	1.7	6.5	6	5.2	5.1	75	80.2	70	64	1.8	1.7	2.3	2.3
Qué	1.4	3	1.8	1.5	7.1	6.1	5.4	5.5	38.9	46.3	36	31	0.7	1.1	1.9	2.1
NB	1.2	1.8	1.1	1	9.5	8.1	7.7	7.6	1.8	2.3	2	2	2.2	2.3	2.2	2.1
NS	0.8	1.7	1.2	0.9	8.3	8.4	8.2	8.2	3.8	4	3	3	1.2	1.1	1.9	2.1
PEI	2.3	1.8	1.1	0.8	10.8	9.8	8.5	8	0.6	1	0.8	0.5	1.2	1.9	2.4	2.1
N&L	1.9	-1.8	-0.9	0.4	13.4	14.8	14.1	13.9	1.4	1.4	1.5	1.5	2.7	2.4	2.1	2.1
Canada	1.4	2.9	2.1	1.6	7	6.3	5.7	5.6	198	221	195	177	1.4	1.6	2.1	2.1

Sources: CIBC, Statistics Canada, CMHC

Alberta is projected to lead all provinces with growth forecast to remain amongst the top performers through 2019, as higher resource prices help support growth going forward.

Source: Bank Credit Analyst.

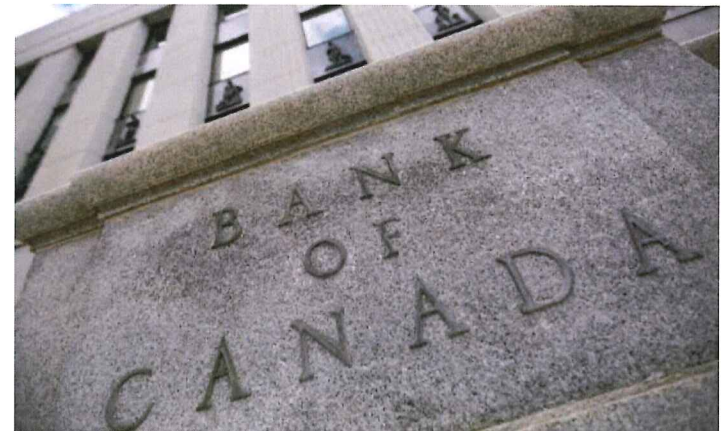
Yield Curve



Source: Bloomberg

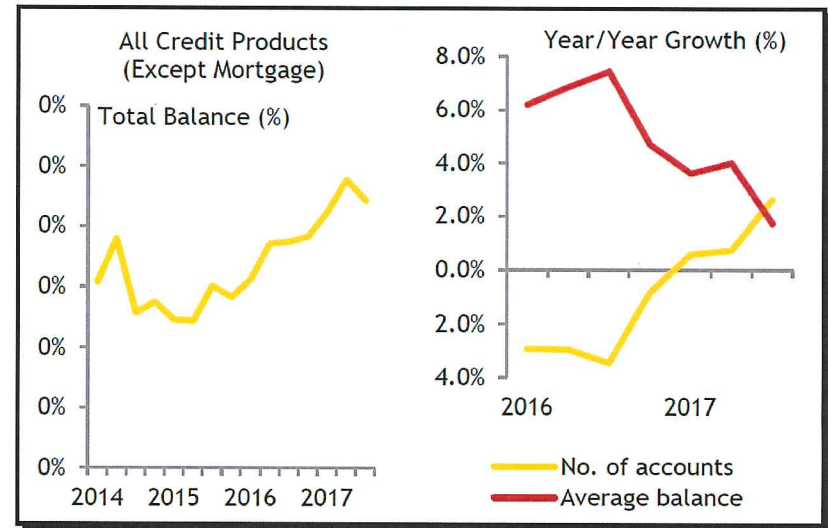
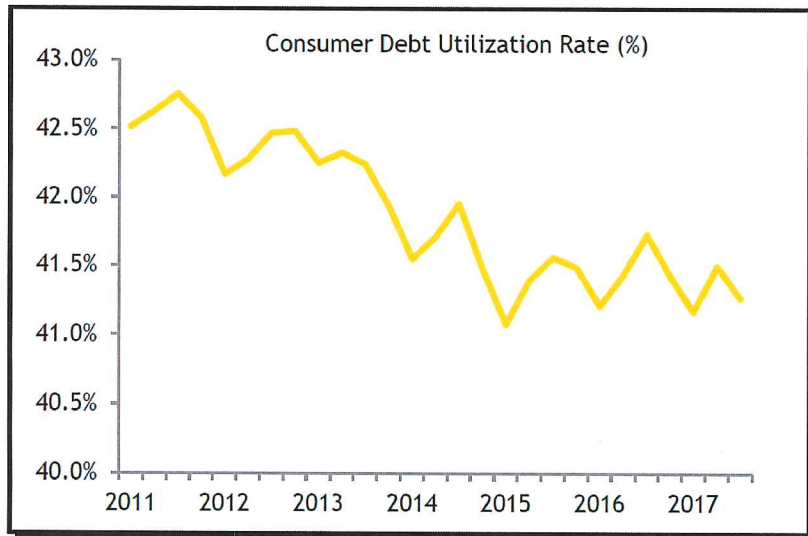
Bank of Canada

- Governor Poloz has taken a cautious approach to any future rate hikes leaving rates unchanged.
- Tightening policies and the need to first assess the impact of previous rate hikes call for a patient approach from the BoC.
- Trade policy developments are a growing source of uncertainty .
- We anticipate only one additional hike in 2018.



Rising Rates – What to expect?

Although consumer credit is increasing, the total amount of credit is being spread cross more borrowers, dampening the impact of rising rates.



Consumers are using less of the debt that's been made available to them.

NAFTA

“We lose with Canada — big-league. Tremendous, tremendous trade deficits with Canada.”

- Donald Trump

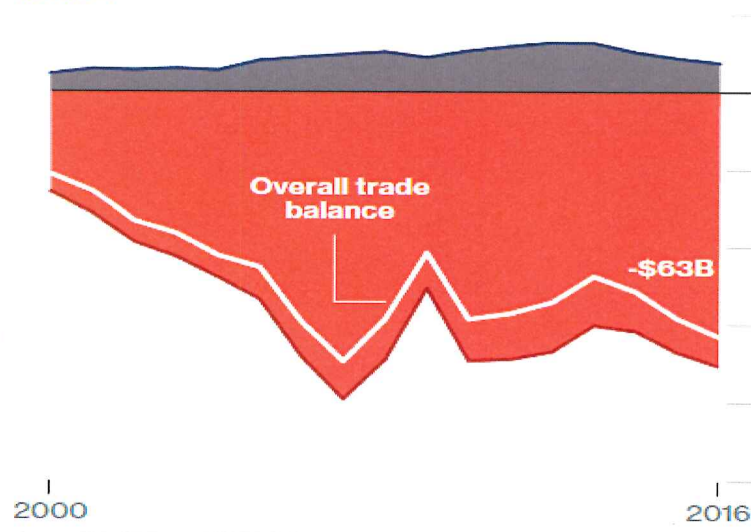


Accounting for Services

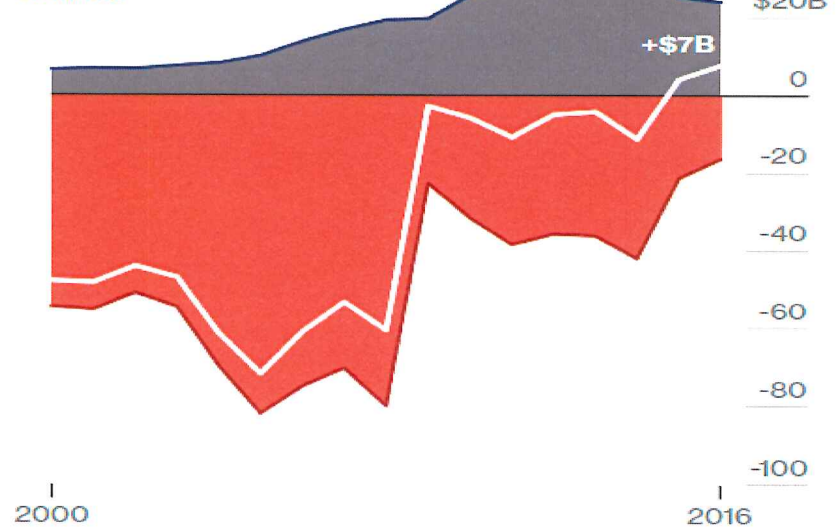
When services are included, the U.S. has an overall trade surplus with Canada.

Balance of trade on
■ Services ■ Goods

Mexico

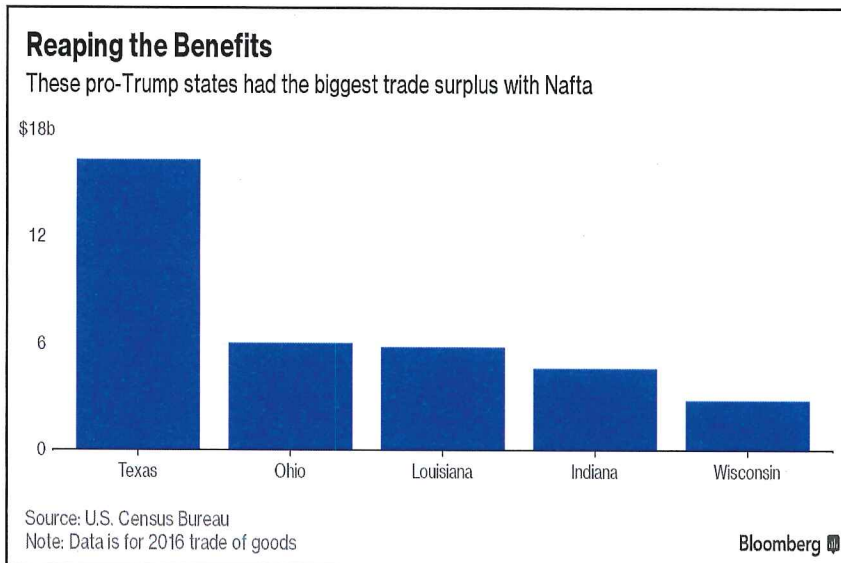
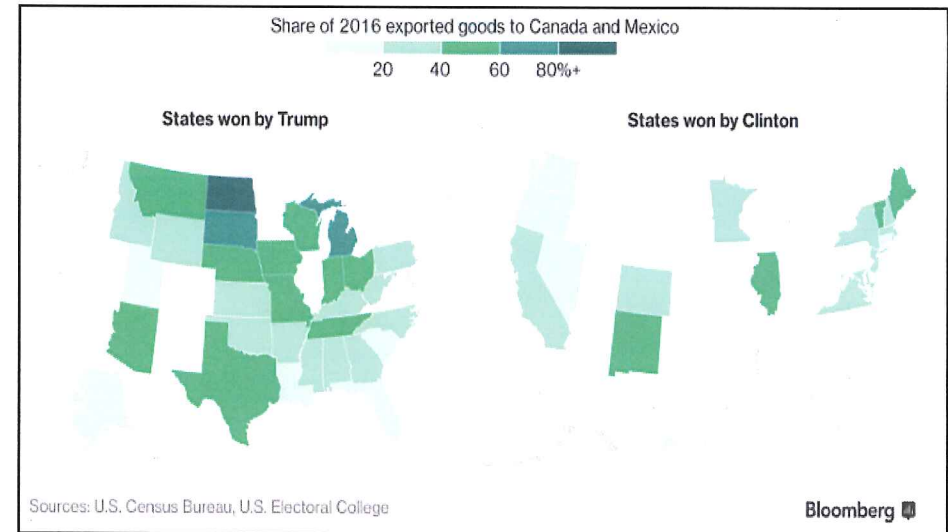


Canada



NAFTA

- Manufacturing and border States that supported Trump rely heavily on trades with NAFTA members.
- Top 10 states with the biggest trade surpluses with NAFTA all voted Republican.

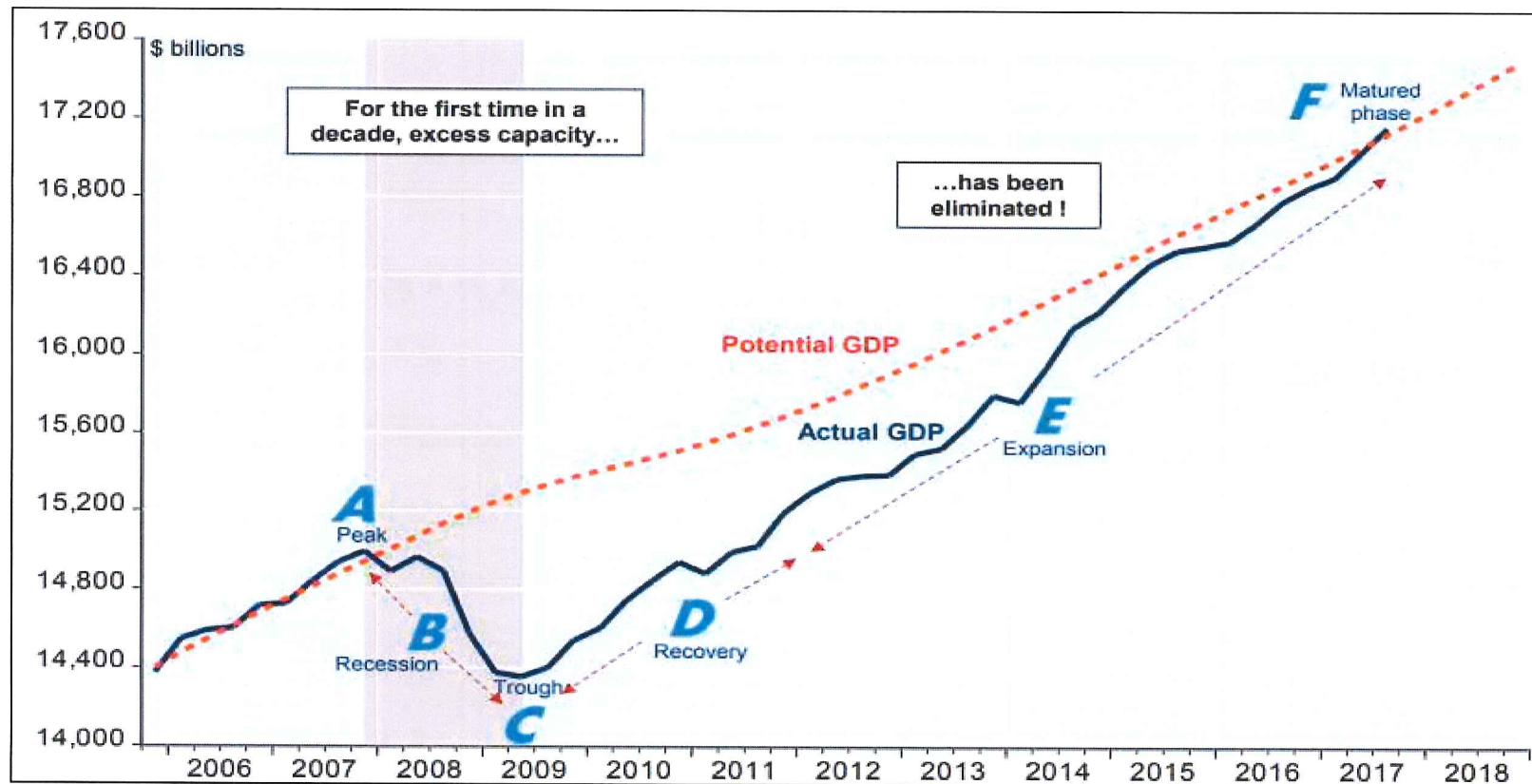


- Year-end deadline extended to early-2018 amid impasses on tough U.S. demands that have essentially been rejected by Canada and Mexico.
- Canada has put forward two sets of proposals at ongoing NAFTA negotiations.

United States

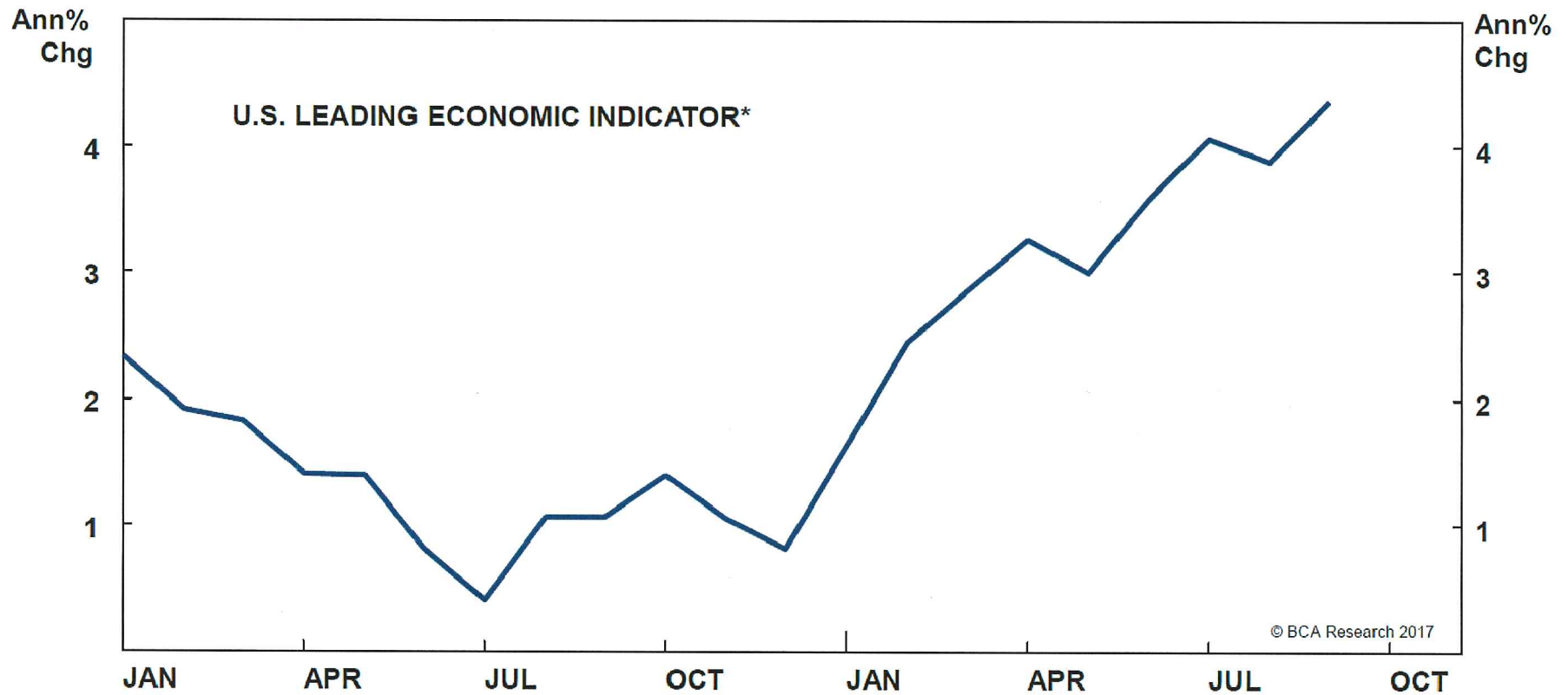
Output gap officially closed in 2017

Development normally associated with the beginning of the matured phase of the cycle

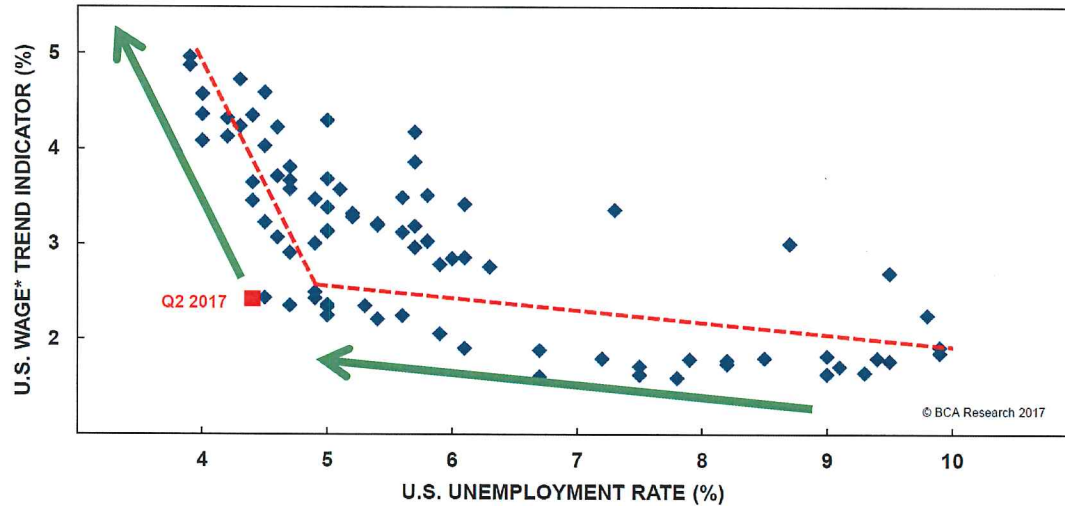


United States

The trend continues...United States leading indicator is pointing higher

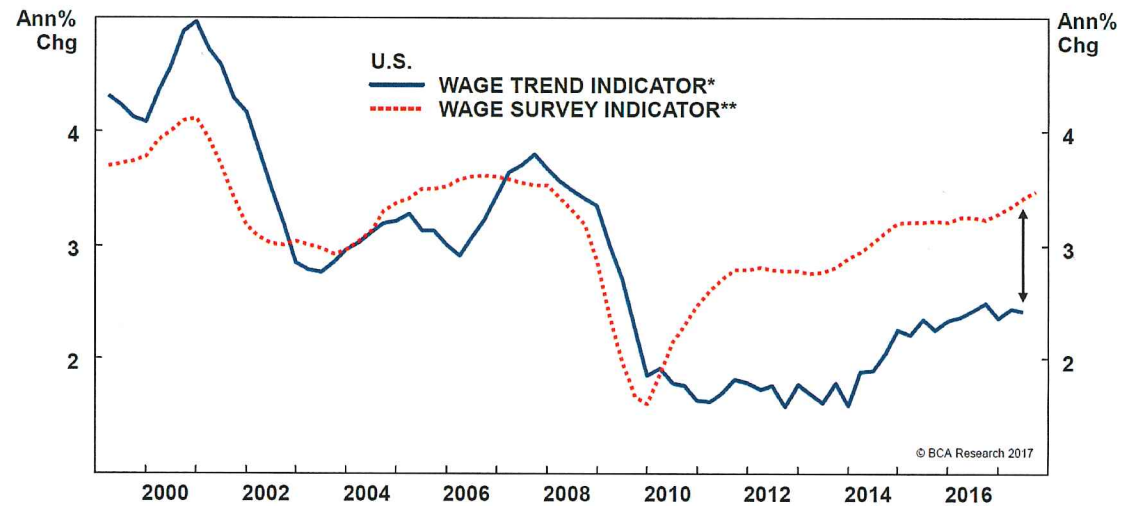


United States – Wage Growth



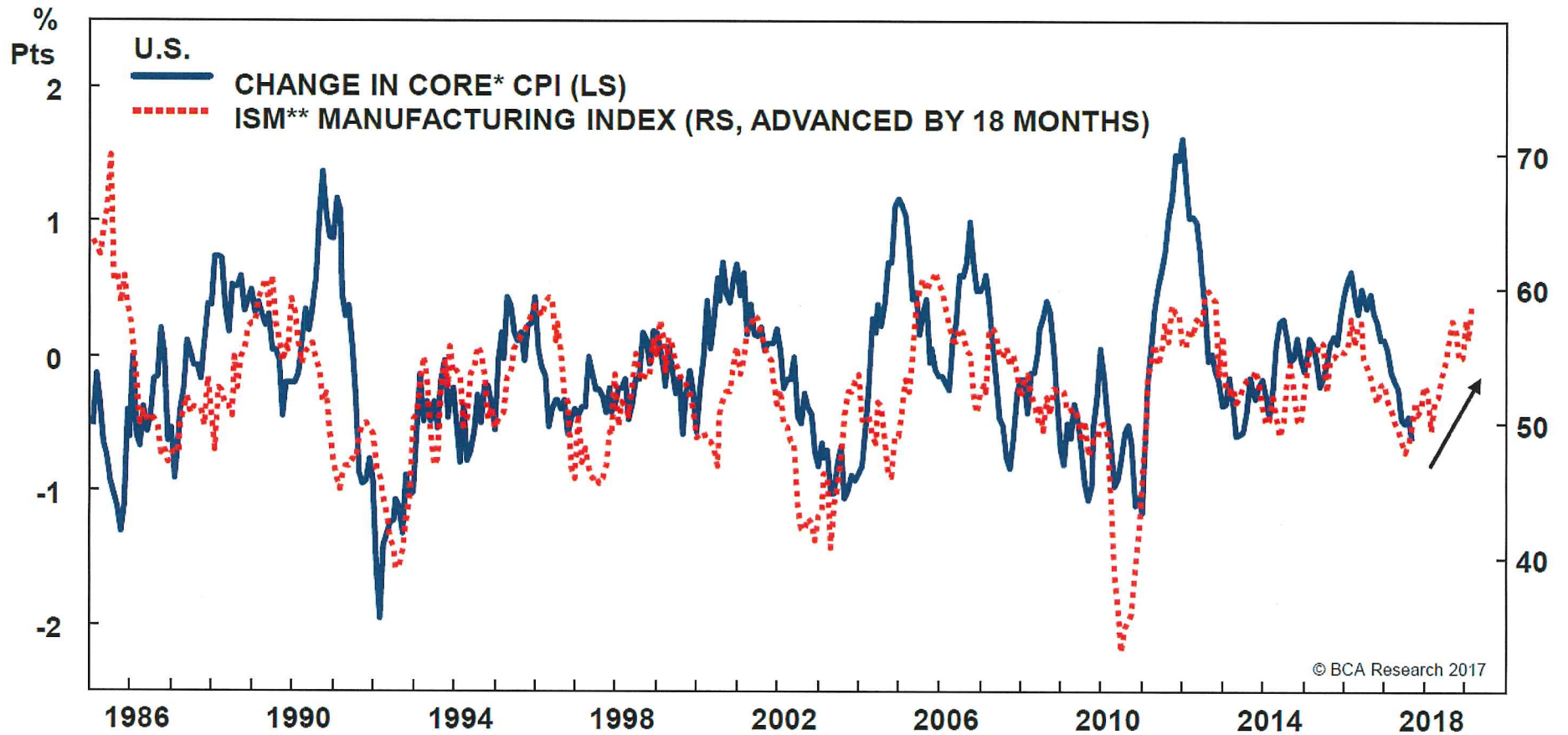
The U.S. economy has moved to the steep side of the Phillips Curve...

...and survey data points to higher wage growth ahead



Inflation

Strong ISM signaling a rise in inflation



© BCA Research 2017

Source: BCA Research

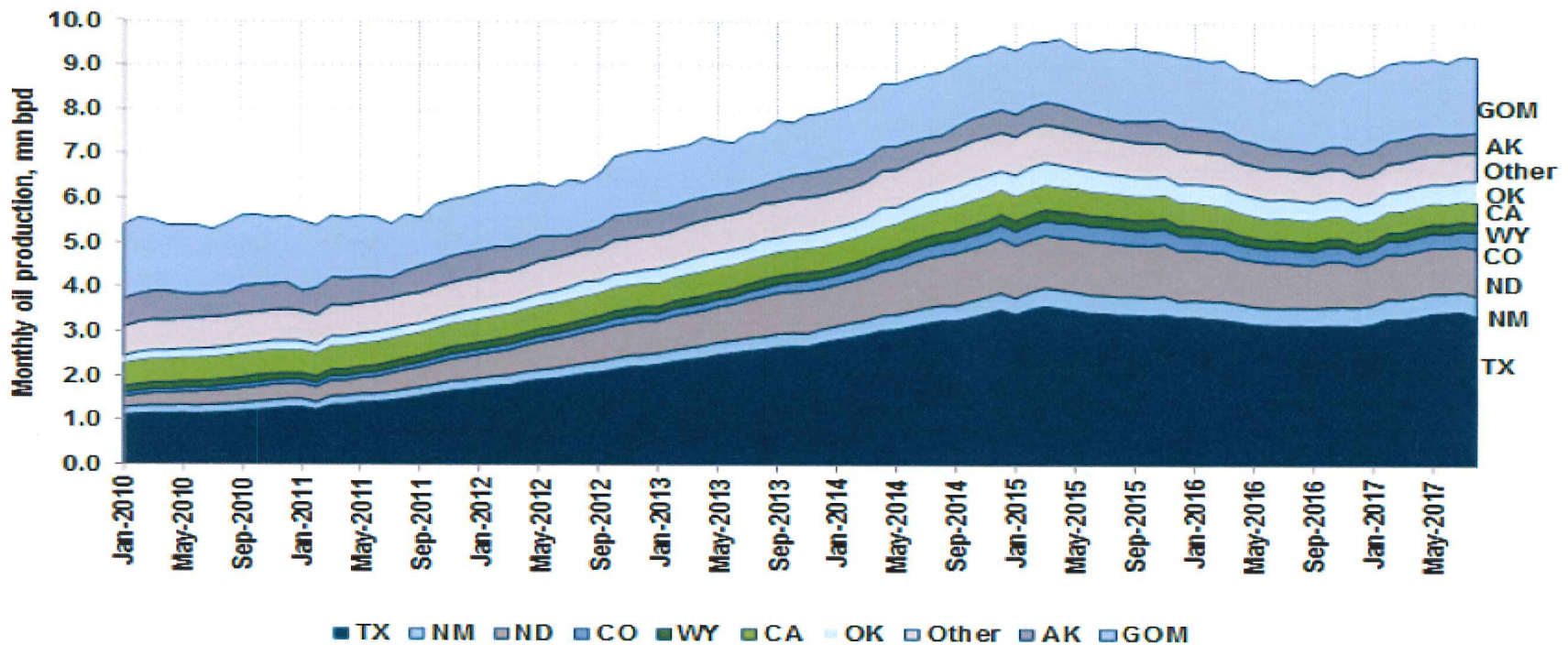
Commodities: Oil



Source: Bloomberg,

Supply

- Canadian rig counts are on the rise and up 82% from 2016.
- U.S. crude oil production continues to rise from the levels seen in 2016.

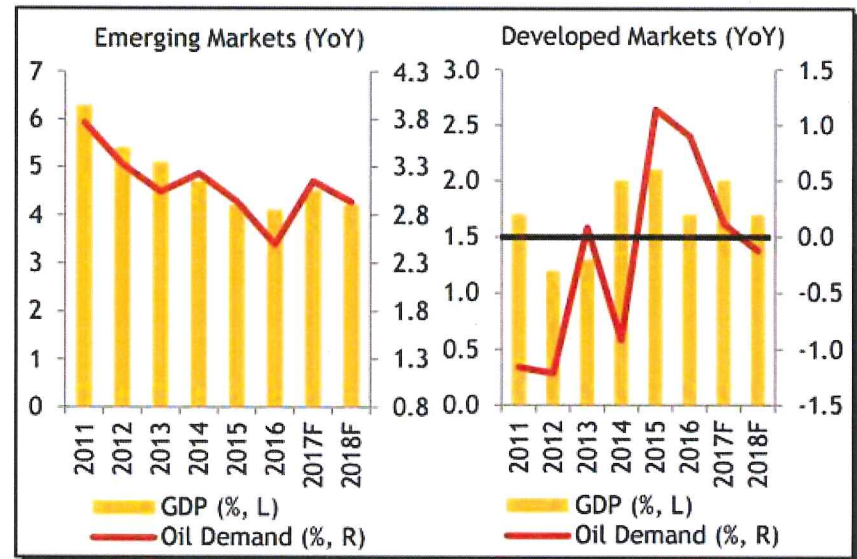


Source: EIA, Bloomberg, Baker Hughes

Demand

Emerging markets will drive all of total oil demand growth

- Emerging markets will drive demand growth as economic activity picks up.
- Normalization of supply-demand balance expected early to mid-2018.



Oil: Summary

Putting it all together

Supply

- North American production forecasted to grow
- OPEC honoring production cuts
- Geopolitical risks high amongst OPEC members.

Demand

- Global oil demand on the rise with Emerging markets leading demand growth
- Global supply-demand balance expected in 2018
- Prices reflecting forecasts, lending support to 2018 projected balance

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