

**AGENDA
COUNCIL COMMITTEE MEETING
MUNICIPAL DISTRICT OF PINCHER CREEK
MARCH 6, 2018
9:00 AM**

1. Approval of Agenda
2. Assessment Presentation – Doug Jensen
3. 2018 Mill Rate Discussion
 - Report from Director of Finance, dated March 2, 2018
4. Adjournment

Property Assessment Discussion:

- Assessor's purpose is to prepare and defend the Assessment Roll in accordance to the MGA and Regulations.
- Assess all parcels of land and Improvements.
- Property Types: Residential, Non Residential, Farmland, Railway, Machinery & Equipment and Linear.
- Taxable & Exempt: Some exempt examples are: Schools, Churches, Hospitals, Nursing Homes and Municipal Owned Building. Some leasing arrangements can change taxation status. There are also Grant in Lieu Properties.
- Important Assessment Dates: July 1, December 31, February 28 and May 1.
- May – June is the 60 day review period for property assessments, it is best to have ratepayers review their concerns before filing an appeal. There are also appeal fees for different property types.
- Market Value is the valuation standard unless the land or improvement types qualify under a regulated rate. Nearly 2/3 of our assessment values are regulated. Regulated types: Farmland, Linear, Railway and M & E.
- Assessment of Farmland: Irrigation, Arable, Improved Pasture and Native Pasture.
- RAP: Rural Assessment policy.
- Assessment Audit: .95-1.05, July 1, 2014 to June 30, 2017 analysis period. Must pass all statistical tests before we can use it as an Assessment Roll.
- DIP: Designated Industrial Properties
- In 2015 and 2016 all Industrial sites were inspected and recalculated.
- In 2017 all rural accounts were reviewed: checked all data, recalculated every improvement and updated some market factors.
- Every year there are shifts in the Assessment Base, this year they are more significant. Residential and Agricultural Occupied: +6-8%, Linear Pipeline: -5%, Linear Co Generation: -3%, M&E: -18%, DIP: -5%.

Any questions?

Doug Jensen

MD OF PINCHER CREEK

March 2, 2018

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

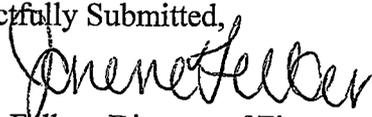
1. Origin

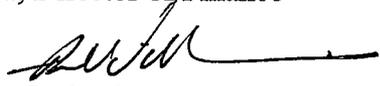
The purpose of this presentation is to present Council with the 2018 assessment information and to have a discussion regarding the 2018 Mill Rates.

2. Discussion

The MD has experienced a fairly significant overall decrease in assessment. I have gathered all of the information available at this time in hopes of having a discussion with Council on how they want the 2018 Mill Rates to look. The next steps would be the presentation of a draft Mill Rate Bylaw at a future Council Committee meeting and then the eventual presentation and passing of the actual Mill Rate Bylaw by Council at a future Council meeting, once the Provincial School and Pincher Creek Foundation Requisitions have been received.

Respectfully Submitted,


Janene Felker, Director of Finance


Reviewed By: Roland Milligan, Acting CAO

Date: 2018/03/02

2018 Mill Rate Discussion

Assessment

This is a comparison, by assessment category, of the 2018 assessment to the 2017 assessment. As discussed by the MD's assessor, there were some significant swings in the MD's assessment makeup. There was a large increase in the Residential categories due to the total review that was completed by the assessor in 2017. In addition, there was a large decrease in the Non-Residential categories due to significant losses in assessment in large industrial companies and linear properties within the MD.

Description	2018 Assessment	2017 Assessment	Dollar Change	Percentage Change
Total Farmland	58,788,200	58,792,100	(3,900)	-0.01%
Agricultural	264,633,610	249,751,150	14,882,460	5.96%
Country Residential	159,098,140	148,728,400	10,369,740	6.97%
Hamlets	116,540,660	114,840,710	1,699,950	1.48%
Total Residential	540,272,410	513,320,260	26,952,150	5.25%
Commercial	16,101,560	15,559,050	542,510	3.49%
Industrial	232,859,600	273,900,860	(41,041,260)	-14.98%
Linear	664,656,330	677,350,130	(12,693,800)	-1.87%
Total Non Residential	913,617,490	966,810,040	(53,192,550)	-5.50%
Total Exempt Assessment	71,186,740	80,050,190	(8,863,450)	-11.07%
Total Assessment	1,583,864,840	1,618,972,590	(35,107,750)	-2.17%

2018 Budget Recap

Council started with a direction to Administration of an overall 3% municipal tax increase. After going through the budget and adding some items through the decision points portion of the presentation, Council authorized an additional 1% municipal tax increase along with a transfer of \$79,150 from the Mill Rate Stabilization Reserve to balance the 2018 Budget.

The total taxes, for municipal purposes, that is required to be generated for 2018 is \$10,947,840.

Another Piece of Information

It was previously asked, what is the result if we used the 2018 assessment and the 2017 mill rates?

Assessment Class	2018 Assessment	2017 Mill Rate	Revenue Generated
Farmland	58,788,200	6.3617	373,993
Residential	540,272,410	4.4017	2,378,117
Non Residential	314,387,730	8.1578	2,564,712
Machinery & Equipment	178,874,100	8.1578	1,459,219
Power Generation	420,355,660	8.1578	3,429,177
Exempt	71,186,740	0.0000	-
	<u>1,583,864,840</u>		<u>10,205,219</u>

Generating Municipal Tax Revenue

Below are some options for Council's consideration for possible mill rates for 2018 and some possibilities of how to deal with the tax burden on different assessment categories due to the loss in assessment.

Option 1

This option sees all assessment classes share the effect of the total loss of assessment.

Assessment Class	Total Assessment	Mill Rate	Revenue Generated	% Change
Farmland	58,788,200	6.8070	400,171	7.00%
Residential	540,272,410	4.7098	2,544,575	7.00%
Non Residential	314,387,730	8.7600	2,754,037	7.38%
Machinery & Equipment	178,874,100	8.7600	1,566,937	7.38%
Power Generation	420,355,660	8.7600	3,682,316	7.38%
Exempt	71,186,740	0.0000	-	
	<u>1,583,864,840</u>		<u>10,948,035</u>	

Option 2

Due to the 5% loss in non-residential assessment, this option keeps the farm/residential rate at the Council determined 4% increase and shifts the tax burden on to the non-residential categories since that is where the assessment was lost.

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 3

The option sticks with the Council approved 4% increase and then requires a transfer from Mill Rate Stabilization Reserve in order to meet the 2018 budget requirement.

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	8.4841	2,667,297	4.00%
Machinery & Equipment	178,874,100	8.4841	1,517,586	4.00%
Power Generation	420,355,660	8.4841	3,566,339	4.00%
Exempt	71,186,740	0.0000	-	
	<u>1,583,864,840</u>		<u>10,613,436</u>	

Required Transfer from Mill Rate Stabilization Reserve 334,404

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.

	Acres	Agricultural Assessment	Market Value Assessment	2017 Taxes	Option 1			Option 2		
					2018 Projection	\$ Change	% Change	2018 Projection	\$ Change	% Change
Farmland										
1	1492	207,400	-	1,907.46	2,030.47	123.01	6.45%	1,990.89	83.43	4.37%
2	1424	185,000	207,090	3,187.12	3,404.29	217.17	6.81%	3,341.66	154.54	4.85%
Residential										
Agricultural										
1		7,700	377,900	2,733.33	2,982.53	249.20	9.12%	2,931.18	197.85	7.24%
2		16,400	238,000	1,834.88	1,991.47	156.59	8.53%	1,956.92	122.04	6.65%
Country Residential										
1			512,600	3,674.95	3,943.38	268.43	7.30%	3,875.72	200.77	5.46%
2			368,000	2,584.33	2,830.99	246.66	9.54%	2,782.41	198.08	7.66%
Hamlets										
1			289,200	2,078.46	2,224.79	146.33	7.04%	2,186.61	108.15	5.20%
2			448,700	3,245.79	3,451.80	206.01	6.35%	3,392.58	146.79	4.52%
Non Residential										
Commercial										
1			309,000	3,842.23	4,095.30	253.07	6.59%	4,123.05	280.82	7.31%
2			27,100	338.84	359.17	20.33	6.00%	361.60	22.76	6.72%
Industrial										
1 (Note 1)			118,433,800	1,333,226.20	1,143,604.44	(189,621.76)	-14.22%	1,154,239.79	(178,986.41)	-13.43%
2			1,484,800	18,495.66	19,678.65	1,182.99	6.40%	19,811.98	1,316.32	7.12%
Linear										
1			75,535,650	675,210.91	704,120.67	28,909.76	4.28%	710,903.77	35,692.86	5.29%
2			166,822,670	1,486,958.45	1,555,070.88	68,112.43	4.58%	1,570,051.56	83,093.11	5.59%
3 (Note 2)			93,172,200	782,485.55	868,523.30	86,037.75	11.00%	876,890.16	94,404.61	12.06%

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

Option 3			
	2018 Projection	\$ Change	% Change
Farmland			
1	1,990.89	83.43	4.37%
2	3,341.66	154.54	4.85%
Residential			
Agricultural			
1	2,931.18	197.85	7.24%
2	1,956.92	122.04	6.65%
Country Residential			
1	3,875.72	200.77	5.46%
2	2,782.41	198.08	7.66%
Hamlets			
1	2,186.61	108.15	5.20%
2	3,392.58	146.79	4.52%
Non Residential			
Commercial			
1	4,009.99	167.76	4.37%
2	351.68	12.84	3.79%
Industrial			
1	1,110,904.86	(222,321.34)	-16.68%
2	19,268.70	773.04	4.18%
Linear			
1	683,265.28	8,054.37	1.19%
2	1,509,011.14	22,052.69	1.48%
3	842,798.45	60,312.90	7.71%

Reserve Status Sheet

6-12-0-735-6735

General Reserve - Mill Rate Stabilization

March 2, 2018

Balance Start of Year	Opening Balance	1,302,503.02
Previous Approved Amounts	Projected Transfer to Balance 2018 Budget	(79,150.00)
	Grant Writer (February 13, 2018)	<u>(20,000.00)</u>
Projected Balance as of March 2, 2018		1,203,353.02