Property Assessment Growth Utilization Options

Audit & Budget Committee

May 6, 2014

Regional Municipality of Wood Buffalo

Options

1. Transfer to Capital Infrastructure Reserve (CIR) to fund future capital projects
2. Transfer to Capital Infrastructure Reserve (CIR) – Interim Finance for Land Sales on Master Agreement projects
3. Reduce Committed Debt
4. Reduce Residential Taxes
5. Reduce Non Residential Taxes
6. Reduce Machinery & Equipment Taxes
7. Transfer to Emerging Issue Reserve - Surplus

Pros and Cons

Transfer to Capital Infrastructure Reserve

Pros:

- Increase future funding capacity of capital projects ($459M unfunded capital projects)
- Reduces requirement for debt funding

Cons:

- Resource constraints on construction

Transfer to Capital Infrastructure Reserve Interim Financing (Master Agreement)

Pros:

- Funding availability for highway projects identified in the Master Agreement
- No impact on interim debt borrowing

Cons:

Reduce Committed Debt

Pros:

- Reduce committed debt from 79% to 75% of Debt Limit
- Increase in debt room to fund future projects
- Reduce list of unfunded capital projects

Cons:

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Proportional Taxes Reduction–all classes

Pros:

- Average $139 (9%) reduction per property from $1,584 to $1,445 on residential
- Reduced mill rates on residential properties
- Lower taxes paid by residential owners

Cons:

- Not sustainable
- Subsidizing provincial education taxes
- 9 consecutive years of no municipal tax increase (Urban/Rural Residential)

Reduce Rural Non Residential Taxes

Pros:

- Reduced mill rates on rural non residential properties
- Lower taxes paid by rural non residential properties
- 1 mill reduction on rural non residential = $34.8M

Cons:

- Not sustainable
- Subsidizing provincial education taxes
- 5 consecutive years of no municipal tax increase

Reduce Machinery & Equipment Taxes

Pros:

- Reduced mill rates on Machinery & Equipment (“M&E”) properties
- Lower taxes paid by M&E

Cons:

- Not sustainable
- Current regulated assessment approach contains several tax benefits
- 5 consecutive years of no municipal tax increase

Transfer to Emerging Issues Reserve - Surplus

Pros:

- Funding availability on future operational emergency needs

Cons:

- Emerging Issues Reserve would be funded in excess of maximum level as per the Fiscal Responsibility Policy by 40%
- No immediate need to fund Emerging Issues Reserve to maximum level

Administrative Recommendation

- Transfer $57.6M (net) to Capital Infrastructure Reserve – Interim Financing (Master Agreement Projects)
- Council approval will be required in the future to allocate funding to specific projects

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