

Request for Decision

Title	Regulated Property Tax Policy (Replacement of Significant Tax Revenue Growth Policy)
Proposed Motion	That Council approve the Regulated Property Tax Policy as presented.
Administrative Recommendation	That Council approve the Regulated Property Tax Policy as presented in Attachment 3.
Previous Council / Committee Direction	<p><u>September 27, 2022 Regular Council Meeting</u> Motion 355/22: That Council postpone item 4.4 to the October 11, 2022 Council meeting.</p> <p><u>December 14, 2021 Regular Council Meeting</u> Motion 548/21: That Council approve the amended Significant Tax Revenue Growth Policy as presented.</p> <p><u>November 27, 2018 Regular Council Meeting</u> Motion 335/18: That Council approve the amended Reserve Policy (PLY_Reserve_Policy_2016) as presented.</p> <p><u>March 28, 2017 Regular Council Meeting</u> Motion 131/17: That Council approve the Significant Tax Revenue Growth Policy.</p>
Report	<p><u>Background Information</u></p> <ul style="list-style-type: none"> Sturgeon County has a unique assessment base due to a high concentration of heavy industrial properties. The assessment of these properties is regulated by the Government of Alberta. Under these regulations, assessment values decline over a period of 15 to 25 years. The declining assessment, and related declining revenues, creates challenges to the financial sustainability of County operations. The key principle is that overreliance on declining revenues will put downward pressure on services and upward pressure on tax rates. Maintaining the current policy requires complex financial monitoring and provides limited benefits. The proposed new policy will improve the efficiency of financial administration and supports process simplification. In November 2018, Council approved amendments to the Reserve Policy based on Administration's recommendation, to enhance financial transparency and accountability of significant tax growth revenues.

	<ul style="list-style-type: none"> • The proposed Regulated Property Tax Policy would replace the current Significant Tax Revenue Growth policy (Attachment 1). A redlined copy of the Regulated Property Tax Policy is attached for reference to show proposed changes from the current policy (Attachment 2). • Key changes include the following: <ul style="list-style-type: none"> ○ Removal of priority tax funding allocation areas, the target ratio, and other complexities; ○ Clarification of the importance of monitoring ongoing reliance on tax revenue generated from regulated properties; ○ Updating of the Purpose, Policy Statement, Definitions, Responsibilities, and Procedures sections to align with the new approach; and ○ Updating formatting and logo to align with new brand and policy template standards. <p><u>Analysis</u></p> <ul style="list-style-type: none"> • Funding ongoing operating costs with declining revenue needs to be limited to achieve financial sustainability. By comparison, funding capital investments will provide greater flexibility to adjust to service levels and decrease reliance on declining revenues. However, capital infrastructure needs to be maintained and replaced which creates a degree of reliance. • Decisions to utilize regulated revenues are highly strategic and contextual. These decisions are significantly hampered by a rigid policy. • Maintaining the current policy requires complex financial monitoring and provides limited benefits. The proposed new policy will improve the efficiency of financial administration and supports process simplification. • The new policy requires and will be supported by regular reporting to Council on the status of regulated revenues. <p><u>External Communication</u></p> <p>The new policy will be available on the County's website once approved.</p> <p><u>Relevant Policy/Legislation/Practices</u></p> <ul style="list-style-type: none"> • Debt Management Policy • Reserve Policy • Sturgeon County's Strategic Plan
Implication of Administrative Recommendation	<p><u>Strategic Alignment</u></p> <p>Operational Excellence – Simplifying the current policy will reduce administrative "red tape".</p> <p><u>Organizational</u></p> <p>Administration will implement the new policy as approved by Council.</p> <p><u>Financial</u></p> <p>The new policy maintains a focus on long-term financial sustainability.</p>
Alternatives Considered	<p>Council could receive the proposed Regulated Property Tax Policy as information and maintain the current Significant Tax Revenue Growth Policy.</p>

Implications of Alternatives	<u>Strategic Alignment</u> Shortcomings within the existing procedures would remain, and the opportunity to improve and create a more efficient process would be lost. <u>Organizational</u> None. <u>Financial</u> None.
Follow up Action	1. Obtain Mayor and CAO signatures on the Policy (Legislative Services, October 2022). 2. Post the Policy on the website (Corporate Finance & Treasury and Corporate Communications, October 2022).
Attachments	Attachment 1: Significant Revenue Growth Policy (Existing) Attachment 2: Proposed Regulated Property Tax Policy - Redlined Attachment 3: Proposed Regulated Property Tax Policy - Final
Report Reviewed by:	Sabrina Duquette, Manager, Corporate Finance & Treasury Andrew Hayes, General Manager, Financial Services & Chief Financial Officer Reegan McCullough, County Commissioner – CAO

Strategic Alignment Checklist

Vision: *Offering a rich tapestry of historical, cultural, and natural experiences, Sturgeon County is a municipality that honours its rural roots and cultivates desirable communities. Uniquely situated to provide world-class agricultural, energy, and business investment opportunities, the County prioritizes responsible stewardship and dreaming big.*

Guiding Principles: Collaboration | Accountability | Flexibility | Excellence | Safety | Future Readiness | Affordability | Innovation

Community Outcome	Not consistent	Consistent	N/A
Planned Growth			
<ul style="list-style-type: none"> Internationally competitive to attract, grow and sustain diverse businesses; tenacious focus on new growth and innovation 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Modern broadband and digital capabilities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Low cost, minimal red-tape regulations 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Reliable and effective infrastructure planning; comprehensive land use and infrastructure planning 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Thriving Communities			
<ul style="list-style-type: none"> Beautiful, surprising places with high standards; integrated natural spaces & trail systems; healthy and resilient 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Engaging cultural, historical, and civic amenities; strong community identity and pride 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Safe, welcoming, and diverse communities; small community feel and personal connection; commitment to high quality of life 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Environmental Stewardship			
<ul style="list-style-type: none"> Clean air, land, and water; Carbon neutral municipal practices; circular economy opportunities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Conservation of natural areas and agricultural lands; enhanced greening and biodiversity; safekeeping ecosystems 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Sustainable development; partnerships with industry and others to drive emission reductions 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Collaborative Governance			
<ul style="list-style-type: none"> Predictable and stable external relationships; volunteer partnerships 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Meaningful connections with Indigenous communities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Ongoing community consultation and engagement; transparent and action-oriented decision making based on sound rationale 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Respectful and informed debate; clear and supportive governance processes 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Operational Excellence			
<ul style="list-style-type: none"> Engaged and effective people – Council, Admin and Volunteers; continuous learning and improvement mindset; nimble and bold, with strong leadership 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Quality cost-effective service delivery; robust procurement and operational practices and policies; asset management and performance measurement; careful debt and reserve stewardship; long-term financial planning and sustainability 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Future focused thinking to proactively respond to emerging opportunities and challenges 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Alternative revenue generation and service delivery models integrated strategic and business planning 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>