

CITY OF EDMONTON ANNEXATION APPLICATION

APPENDIX 7.0

FISCAL IMPACT ANALYSIS



MARCH 2018

Edmonton



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APPLIED MANAGEMENT INC.

Fiscal Impact Analysis of the City of Edmonton's Proposed Annexation

Submitted to:

City of Edmonton - Sustainable Development

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March 8, 2018

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1. Introduction

The City of Edmonton proposes to annex adjacent areas to the southwest and southeast of the City. The annexation lands, totalling 8,267 ha, and lying within the municipal jurisdictions of Leduc County and the Town of Beaumont, are identified visually in Figure 1.1.

The report that follows examines the potential fiscal impacts of the City's proposed annexation on the affected municipalities and landowners.

1.1 Purposes and Methodological Framework

The primary purposes of the study are to assess both the immediate and longer-term fiscal impacts of the proposed annexation on the affected ratepayers and municipalities, and to examine the fiscal sustainability and manageability of the affected municipalities on a “going forward” basis if the annexation is approved. The Municipal Government Board (MGB) has cited the importance of financial impacts, impact mitigation, and relevant financial conditions in other annexation cases before the Board and those also are among the annexation principles the Board has defined in its review of proposed annexations.

The essential approach taken in the study is to quantify the marginal or incremental effects that annexation will have on those parties that will be affected by annexation. Essentially, the study examines the differential effects as between the expected “with annexation” and “without annexation” fiscal eventualities for those ratepayers and municipalities directly affected by the annexation.

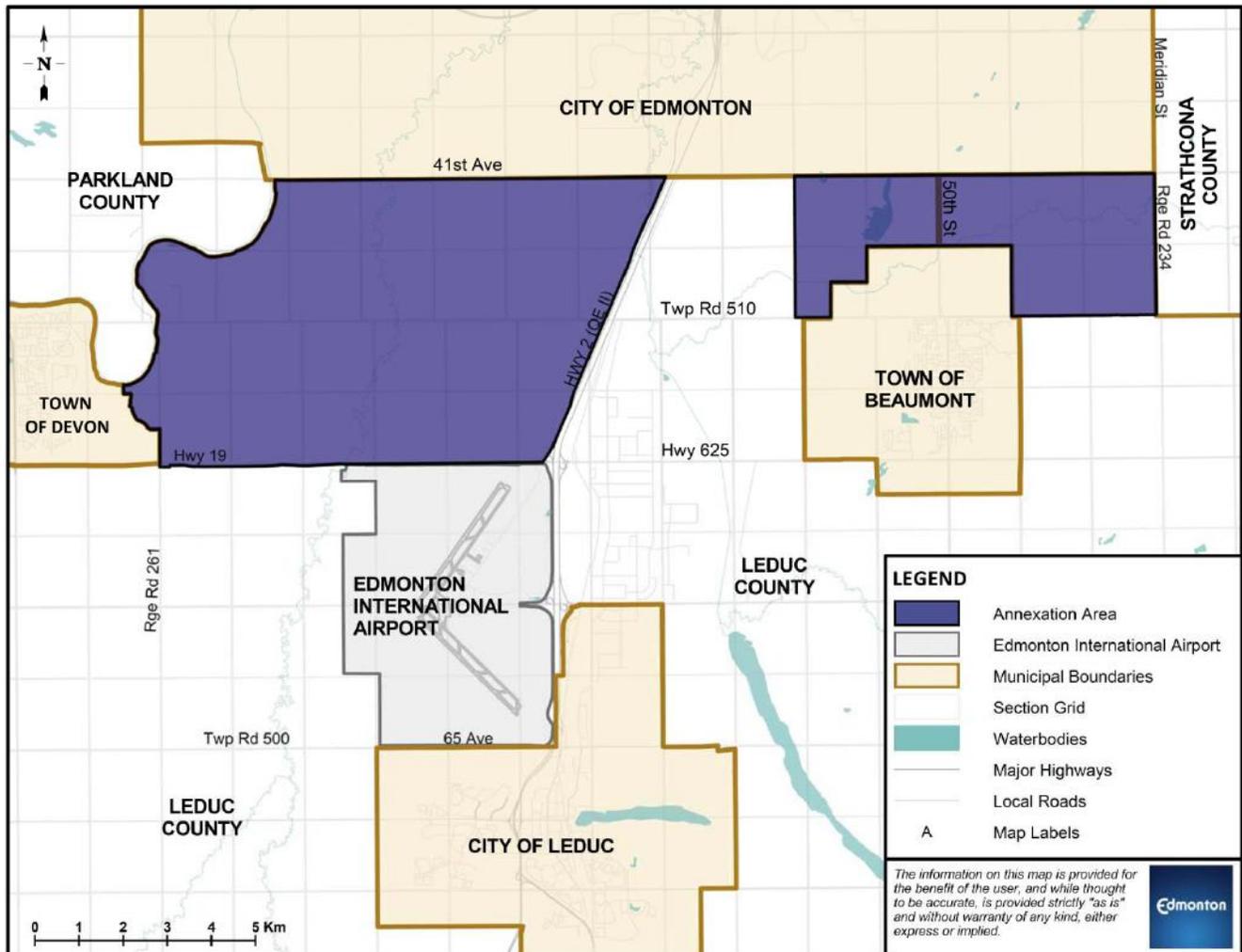
1.2 Organization of the Report

The report is organized as follows:

- Section 2 includes an overview of the proposed annexation and annexation area, examines the significance of the annexation lands in geographic, demographic, and fiscal terms to the City of Edmonton, Leduc County, and the Town of Beaumont, and provides estimates of the immediate-term fiscal impacts of annexation to the affected municipalities and to existing ratepayers within the annexation area.
- Section 3 provides a comparative profile of the financial situation of the affected municipalities and a baseline context from which to view the long-term fiscal impact analyses discussed subsequently in Section 4.
- Section 4 examines the expected long-term fiscal consequences of annexation to the City of Edmonton, Leduc County, the Town of Beaumont, and ratepayers within the annexation area.
- Section 5 provides an overall summary of findings and conclusions.

Appendices to the report include computational details in support of the report analyses.

Figure 1.1 City of Edmonton Proposed Annexation



2. Short-Term Annexation Fiscal Implications

2.1 Key Features of the Proposed Annexation Lands

The proposed annexation comprises two distinct and separate areas located south of the City's present boundaries. The southeast component, located east of the QEII, includes lands primarily within Leduc County that extend southward from the City to Township Road 510 and the Town of Beaumont's northern boundary. The southeast area also includes one mile (1.6 kilometers) of right-of-way (ROW) for Highway #814/50 Street that lies within the municipal jurisdiction of the Town of Beaumont. The larger, southwest annexation area is situated to the west of QEII, reaching the North Saskatchewan River on the west and bounded on the south by the Edmonton International Airport (EIA).

The entire annexation area is largely undeveloped and remains primarily in agricultural or parkland use, with some residential acreages. The developable annexation lands are intended largely to meet the City's residential and non-residential growth requirements within its south sector. Those requirements are analyzed in the City's 2014 and more recent 2018 growth studies¹.

2.2 Municipal Impacts of Annexation at Current Development

2.2.1 General Overview

An initial overview of the absolute and relative significance of the proposed annexation to the City of Edmonton – the municipal annexing authority – and Leduc County, which would experience the most significant loss of territorial jurisdiction over lands annexed by the City, is summarized in Table 2.1. The table does not illustrate the specific Town of Beaumont impacts, which are limited to the road ROW associated with the one mile section of Highway #814/50 Street that extends south from the City to the lands recently annexed by the Town from Leduc County. The Beaumont lands that are subject to the City's proposed annexation do not include any residences or service population nor generate any taxable assessments.

The annexation area is of a primarily rural nature, comprising farm properties that include approximately 140 residences, and approximately 160 acreage residences, totaling about 300 dwelling units. The total population of the annexation area is estimated to be slightly more than 700 people.

In its current form and level of development, the annexation would have a negligible impact (roughly 0.1%) on the City's population and dwelling counts and would imply a modest reduction in Leduc County's population base and housing inventory (about 5%).

The annexation would add about 12% to the City's land area and reduce the County's by approximately 3%. Similarly, it would increase the City's road inventory by almost 2%, while reducing the County's by about 4%. The annexation would reduce Beaumont's road inventory by roughly 2-3%.

The taxable assessments for the annexation area are dominated by residential property assessments, which account for 80% of the total. The remainder comprises non-residential property, including linear, farmland, and a small amount of M&E (machinery and equipment).

The immediate effects of the annexation, under present land uses and development, would be to increase the City's taxable assessment base by 0.1%. The County's assessment base would be reduced by less than 2%.

¹ City of Edmonton Growth Study, prepared by Nichols Applied Management Inc., December 2014;
City of Edmonton Growth Study, prepared by Nichols Applied Management Inc., February 2018.

For the City of Edmonton, the most significant and immediate impact relates to the increase in the City's land base. The remaining impacts on population, road network, and tax base are relatively insignificant.

The annexation impacts on Leduc County in terms of population, area, and road inventory are more significant, in relative terms, but at approximately 3% to 5%, remain at modest levels.

Table 2.1 Municipal Impacts Relating to Existing Development in the Proposed Annexation Area

Category	-----City of Edmonton-----			-----Leduc County-----	
	Annexation Area	Before Annexation	After Annexation	Before Annexation	After Annexation
Population	706 ¹	932,546 ⁵	933,252	13,697 ⁵	12,991
Dwelling Units	307 ²	389,527 ⁶	389,834	6,453 ⁶	6,146
Municipal Area (ha)	8,277 ³	69,983 ⁶	78,260	265,211 ⁶	256,934
Roads (km)	84 ³	4,929 ⁶	5,013	2,218 ⁶	2,136
Taxable Assessment (\$1,000s)	\$157,284 ⁴	\$167,195,780 ⁷	\$167,353,064 ⁷	\$8,110,859 ⁸	\$7,953,576
Immediate Annexation Effects (% change)					
Population			+0.1%		-5.2%
Dwelling Units			+0.1%		-4.8%
Municipal Area (ha)			+11.8%		-3.2%
Roads (km)			+1.7%		-3.7%
Taxable Assessment			+0.1%		-1.9%

1. Population estimate based on dwelling units (see note 2) multiplied by 2.3 average persons per household for the County in 2016 Federal Census data.
2. Leduc County assessment data (2017) for County dwellings (307). Includes first and additional residences on farm properties and occupied other residences.
3. City of Edmonton estimates. Road distance for annexation area includes approximately 1.6 km relating to the Highway #814/50 Street section that extends south from the City's southern boundary (41 Avenue) and lies within the Town of Beaumont.
4. 2017 County assessment data for annexation lands. Includes also linear assessments (\$15.9 million).
5. Statistics Canada 2016 Census. Census figures for County adjusted to reflect January 1, 2017 Beaumont annexation area, involving transfer of estimated 83 people (Fiscal Impact Analysis of the Annexation Proposed by the Town of Beaumont, Applications Management Consulting Ltd., March 15, 2015).
6. Alberta Municipal Affairs. Municipal profiles as at 2015. Municipal area for Leduc County adjusted to reflect annexation area transfer to Town of Beaumont having effect January 1, 2017 totaling 1,360 ha. County road lengths for 2015 reduced by 11.9 km and dwelling units by 27 to reflect the recent Beaumont annexation, as per estimates in County's Fiscal Impact Analysis prepared by Applications Management Consulting Ltd., March 15, 2015.
7. City of Edmonton property tax bylaw 2017. Excludes M&E as it is exempt in the City. Excludes Business Improvement Area and Community Revitalization Area assessments.
8. Leduc County property tax bylaw 2017.

2.2.2 Impacts on Municipal Property Assessments and Taxation

The detailed impacts of the proposed annexation on the taxable assessment base and assessment composition of the City of Edmonton and Leduc County are summarized in Table 2.2.

The overall property assessment impacts to the City are small, potentially adding 0.1% to Edmonton's tax base, and the amount and composition of the assessments added to the City from the proposed annexation lands in their current level and form of development will not have a material effect on the City's assessment mix.

The potential assessment losses to the County from annexation are relatively small, implying a loss of 1.9% in municipal assessments, with the County's residential and farmland assessment base most materially affected (approximately 5%) by annexation.

The potential tax revenue impacts of annexation to the two municipalities are summarized in Table 2.3 and Table 2.4. There are no anticipated tax revenue impacts to the Town of Beaumont.

Table 2.3 shows the impacts of annexation to the City's tax revenues, based on current development in the annexation area and 2017 assessment data and municipal tax rates. If current City tax rates are applied to the annexation area assessments, the municipal tax revenues that potentially would accrue to the City would total \$1.2 million annually, equivalent to an increase in the City's property tax revenues of less than 0.1%. However, the City has proposed 50-year tax protection for existing residential and non-residential properties in the annexation area and that would shield those properties currently subject to the lower tax rates in the County from immediate increases in tax levels following annexation. As indicated in Table 2.3, the effect to the City of proposed tax protection would be to reduce potential tax revenues by more than one-third, to approximately \$0.8 million annually. These adjusted "tax protected" revenues are equivalent to less than 0.1% of City property taxes, which total roughly \$1.5 billion annually.

As quantified in Table 2.4, the estimated gross municipal property tax revenues derived by Leduc County from the annexation area totals \$0.65 million annually, or 1.4% of total County property taxes. This represents a somewhat lower share than the annexation area's share of County assessments (1.9%, Table 2.1), because a significant proportion of annexation area assessments relate to residential properties which are subject to relatively low municipal tax rates.

Table 2.2 Impacts of Proposed Annexation on Municipal Taxable Assessments, City of Edmonton and Leduc County

Category	Annexation Area Taxable Assessments ¹	-----City of Edmonton-----		-----Leduc County-----	
		Before Annexation ³	After Annexation	Before Annexation ³	After Annexation
Farmland	\$4,845,030	\$20,686,630	\$25,531,660 (+23.4%)	\$90,406,980	\$85,561,950 (-5.4%)
Residential	\$125,765,730	\$126,274,962,927	\$126,400,728,657 (+0.1%)	\$2,679,928,670	\$2,554,162,940 (-4.7%)
Non-Residential	\$26,487,160	\$40,900,130,810	\$40,926,617,970 (+0.1%)	\$4,558,205,070	\$4,531,717,910 (-0.6%)
M&E	\$185,350 ²	Exempt ²	Exempt ²	\$782,318,260	\$782,132,910
Total	\$157,283,270	\$167,195,780,367	\$167,352,878,287 (+0.1%)	\$8,110,858,980	\$7,953,575,710 (-1.9%)

1. 2017 assessments. Includes linear assessments totalling \$15.9 million.
2. M&E is exempt from taxation in City of Edmonton, but taxable in Leduc County.
3. 2017 municipal property tax bylaw figures.

Table 2.3 Impacts of Proposed Annexation on City of Edmonton Municipal Tax Revenues, 2017

Category	Annexation Area Assessments ¹	City Municipal Tax Rates ²	City Annexation Area Taxes ³	Total City of Edmonton Taxes ²	Annexation Taxes as % of Total City Taxes	Tax Protected Rates ⁴	Annexation Area Tax Protected Levy	Protected Tax Levies as % of Total City Taxes
Farmland	\$4,845,030	0.0060066	\$29,102	\$128,580	0.0% ⁶	0.0060066	\$29,102	0.0% ⁶
Residential	\$125,765,730	0.0060066 ⁵	\$755,424	\$774,156,132	0.1%	0.00325	\$408,739	0.0% ⁶
Non-Residential								
Commercial/Industrial	\$10,559,130	0.0168561	\$177,986	-	-	0.00679	\$71,696	-
Linear	\$15,928,030	0.0168561	\$286,484	-	-	0.0168561	\$268,484	-
Total Non-Res	\$26,487,160	-	\$446,470	\$723,906,365	0.0% ⁶	-	\$340,180	0.0% ⁶
M&E	\$185,350	Exempt	Exempt	\$0	-	-	-	-
Total	\$157,283,270	-	\$1,230,996	\$1,498,191,077	0.1%	-	\$778,021	0.1%

1. Assumes rural assessment exemptions for farm residences and buildings will extend to the City.
2. 2017 City property tax bylaw. Excludes BIA and CRL taxes.
3. Without assumed City tax protection.
4. Farmland rates based on City mill rates, which are lower than in the County. Residential and non-residential (commercial/industrial) taxes are based on County rates, which are lower than in the City. Annexed linear properties are assumed to be taxed at City non-residential mill rates.
5. Assumes single-family residential tax rate.
6. Less than 0.1% rounded.

Table 2.4 Impacts of Proposed Annexation on Leduc County Municipal Tax Revenues, 2017¹

Category	Annexation Area Assessments	County 2017 Tax Rates	Annexation Area Municipal Taxes	County 2017 Taxes	Annexation Area as % of Total County Levies
Farmland	\$4,845,030	0.01329	\$64,390	\$1,201,509	0.1%
Residential	\$125,765,730	0.00325	\$408,739	\$8,709,768	0.9%
Non-Residential					
Commercial/Industrial	\$10,559,130	-	-	-	-
Linear	\$15,928,030	-	-	-	-
Total Non-Res	\$26,487,160	0.00679	\$179,848	\$30,950,212	0.4%
M&E	\$185,350	0.00679	\$1,259	\$5,311,941	0.0% ²
Total	\$157,283,270	-	\$654,235	\$46,173,430	1.4%

1. Excludes assessments/taxes from lands recently annexed (Jan. 1, 2017) from County by Town of Beaumont.

2. Less than 0.1% rounded.

2.3 Potential Assessment and Taxation Impacts to Annexed Properties

Municipal tax rates in the City relating to farmland and machinery and equipment (the latter, exempt in the City) are below those in Leduc County, but the City's tax rates are significantly higher for residential and non-residential properties (85% and 148% higher, respectively). Education taxes (Alberta School Foundation Fund Requisitions) apply equally in the two jurisdictions and are unaffected by annexation. Figure 2.1 compares the 2017 municipal tax rates as between the City of Edmonton and Leduc County.

Under the assumption that assessment practices remain unchanged with annexation², and in the absence of tax protection policies, municipal taxes for properties in the annexation area (other than farmland and machinery and equipment) would increase significantly under the City's jurisdiction. The impact pertains to municipal taxes only, which in the case of the City comprises roughly three-quarters of the total municipal and education property tax bill, so the percentage or relative impact on the overall property tax bill for affected properties would be lessened from the illustrated differentials shown in Figure 2.1.

It is not uncommon for annexing municipalities to provide "tax protection" that negates tax impacts that might otherwise occur with a change of jurisdiction, although the duration and triggering conditions for termination of the protection can vary with the particular circumstances.

In general, tax protection provides for tax rates for annexed properties to be set at the lower of the respective rates that exist within the predecessor and annexing municipalities.

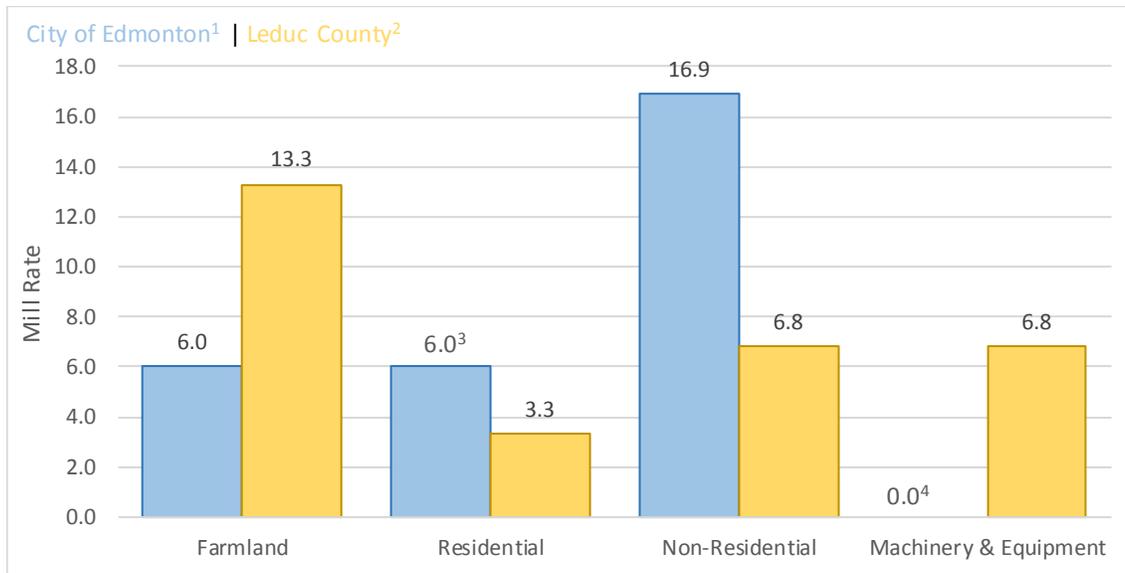
The City of Edmonton has proposed that tax protection would extend to all properties in the annexation area other than linear properties for a period of 50 years, subject to triggering conditions relating to changes in land use, servicing and other matters³. The effect of the tax protection would be to negate the potential tax increases for the residential and non-residential properties (other than linear) that would be annexed, as shown in Figure 2.1, and to provide tax reductions for farmland and machinery and equipment, where City rates are lower (M&E is exempt for taxation in the City) than those in the County.

No Beaumont properties are affected by the taxation differences between the City and the Town.

² Rural assessment exemptions relating to farm residences and outbuildings are assumed to extend to those properties under the City's proposed annexation.

³ The City also has proposed tax protection for 25 years to new industrial developments within the Remington Development Corp. lands that form part of the Crossroads Area Structure Plan area, which lies adjacent to QEII and immediately north of the EIA.

Figure 2.1 Comparative Municipal Tax Rates (Mills) for City of Edmonton and Leduc County, 2017



1. Excludes allowances on requisitions of 0.0441 mills on residential and farmland properties and 0.0683 mills on non-residential properties.
 2. Excludes allowances on requisitions of 0.04 mills and Leduc Foundation of 0.02 mills.
 3. Single family tax rate.
 4. Exempt in City of Edmonton.
- Sources: City and County Property Tax Bylaws for 2017

2.4 Short-Term Municipal Revenue-Expenditure Impacts

The proposed transfer of land to the City’s jurisdiction will have some immediate financial impacts to the City itself and to the annexee municipalities, Leduc County and – to a much lesser degree -- Beaumont as well. These impacts relate to the effects on municipal revenues and expenditures associated with existing development in the annexation area and to the provision of municipal services within that area.

For the City of Edmonton, additional revenues will accrue through property taxes and from user fees, license revenues, and so forth that will relate to the areas that are annexed.

At the same time, the City will extend municipal services to the annexation area and its residents and businesses. Prominent among those services will be road maintenance, policing and fire protection, and parks and green space management, together with other required municipal services.

For Leduc County, property taxes and other revenues that are now derived from the annexation areas will be affected but at the same time municipal services provision to those areas will cease, with related municipal expenditure savings.

The City of Edmonton and Leduc County have discussed potential compensation arrangements as well, and the fiscal implications of those potential arrangements are considered in the short-term fiscal analysis.

For the Town of Beaumont, the primary fiscal consequence of annexation in the immediate term will be the reduction in municipal operational and maintenance costs associated with the one-mile (1.6 km) section of Highway #814 currently within the Town’s jurisdiction and proposed for annexation by the City.

This section of the report examines the analyses carried out and the findings as to the expected cost-revenue impacts to the City of Edmonton, Leduc County, and the Town of Beaumont immediately following annexation. A later part of the report (Section 4) addresses the longer-term municipal consequences to the City of Edmonton as the annexation area experiences additional residential and non-residential development as projected in the City's Growth Study. As well, Section 4 describes the County's longer-term municipal financial prospects if the proposed annexation occurs.

2.4.1 City of Edmonton

The short-term effects of annexation on the City's annual operating revenues and expenditures are estimated as shown in Table 2.5. The supporting bases and assumptions are also provided in the table.

The analysis indicates that the annexation, in relation to the current state of development of the affected lands, would contribute annual property taxes and other revenues totalling approximately \$1.1 million to the City, while adding annual operating costs of about \$5.1 million. These figures together equate to net annual on-going costs to the City of slightly more than \$4.0 million annually, exclusive of any compensation paid to the County.

The City and the County have negotiated a proposed compensation agreement to involve payments by the City of \$8.5 million, as follows:

- Tax loss compensation based on estimated 10 years non-declining taxes totalling \$5.3 million;⁴
- Stranded assets compensation (one-time) totalling \$1.5 million; and
- Other compensation (one-time) totalling \$1.7 million.

Under these assumptions, the City's combined net costs in the initial years following annexation would amount to \$7.78 million⁵ in 2019, the assumed year of effective annexation, with subsequent net annual costs of \$4.58 million in the nine years following, and \$4.05 million annually thereafter. These impacts do not reflect potential capital costs that may be incurred by the City in the annexation area, or the financial effects of anticipated new residential and non-residential growth in the area. These effects are captured in the long-term fiscal analysis included in Section 4 of the report.

The expected net municipal costs to the City (including compensation) associated with administering the annexation area, averaging almost \$5.0 million annually in the first 10 years, reinforces the earlier evidence that the annexation presents no financial "windfall" to the City of Edmonton and does not constitute any form of "tax grab" by the City.

⁴ Assumed to be paid in annual amounts of \$0.53 million over 10 years.

⁵ \$4.0 net annual costs (Table 2.5) plus one-time compensation (\$3.2 million) plus annual tax loss compensation of \$0.53 million.

Table 2.5 City of Edmonton: Estimated Annual Revenue-Expenditure Impacts of Proposed Annexation at Current Development

Revenue/Expenditure Categories	\$1,000s	Assumptions
Operating Revenues		
Municipal Property Taxes	\$778	Assessment values for 2017 tax year (see Table 2.3). City tax rates for 2017, with tax-protected 2017 County rates where applicable.
Grants	\$11	Policing grants @ \$16/capita for annexation area population (706). Other grants are assumed unchanged.
User Fees		
General	\$134	Assumed at average City per capita level (\$190) applied to area population.
Waste Management	\$150	City estimates.
Total Revenue Effects	\$1,073	
Operating Expenditures		
Transportation	\$2,170	City of Edmonton estimates with adjustments for modified annexation area. Excludes contingency overheads, potential rehabilitation, etc.
Policing	\$1,100	Estimated at 0.3% increase in general policing costs, reflecting 0.1% population impact plus enlarged low density geographic area.
Fire Protection	\$100	Estimated short-term variable costs related to existing City fire protection or interim contracted services.
Waste Management	\$100	City estimates of marginal costs.
FCSS/Library	\$0	Assumes services from existing facilities.
Agricultural services	\$50	Estimated at 3% of County ASB operating budget (2016) net of capital costs and other transfers.
Parks Operations (weed control, natural areas)	\$1,600	Operating cost estimates by City of Edmonton, excluding contingency and potential costs, and adjusted for revised annexation area.
Total Expenditure Effects	\$5,120	
Net Annual Impact	(\$4,047)	

2.4.2 Leduc County

The estimated effects of annexation on County annual operating revenues and expenditures are examined in Table 2.6. The underlying assumptions for the estimates are included in the table. The figures are based on County operating budgets for 2016, and 2017 assessment data and tax rates.

The analysis indicates that the annexation would reduce County revenues by an estimated \$0.8 million annually but also reduce expenditures and transfers by \$0.4 million, implying a net income reduction of approximately \$0.4 million annually to the County.

These figures are exclusive of tax loss and other compensation the City proposes to transfer to the County. The City's proposed compensation, discussed earlier in Section 2.4.1, totals \$8.5 million. It is assumed that \$3.2 million would comprise a one-time transfer in 2019 and the tax-loss compensation in the aggregate amount of \$5.3 million would be paid annually in equal amounts over 10 years beginning in 2019.

With these compensation proposals, and factoring in the estimated before-compensation net cost impacts to the County (Table 2.6), the County would realize net financial benefits from annexation in the years following the proposed transfer of lands to the City.

Table 2.6 Leduc County: Estimated Annual Revenue-Expenditure Impacts of Proposed Annexation at Current Development¹

Revenue/Expenditure Categories	\$1,000s	Assumptions
Operating Revenues		
Municipal Property Taxes	(\$654)	Assessment values for 2017 tax year (see Table 2.4). County 2017 tax rates.
Grants	\$0	Assumed unchanged.
User Fees	(\$124)	Assumes 5% reduction in budgeted 2016 police fines, permits, recreation/parks and planning fees.
<i>Total Revenue Effects</i>	<i>(\$778)</i>	
Operating Expenditures		
General Government	\$0	Assumed largely fixed, unchanged.
Protective Services		
Policing/Bylaw		Largely fixed. Policing costs mostly borne by province.
Fire Protection	(\$39)	Assumes 20% of Nisku-Leduc fire district costs are allocable to annexation area and 75% of hourly wages are variable.
Transportation	(\$276)	Based on 2016 County budget for transportation salaries/wages, centralized services, goods/materials totalling \$13.8 m. Assumes 50% variable to road length and annexation area comprises 4% of County roads.
Waste Management	(\$18)	Based on 2016 waste management budget of \$1.419 m. Assumes 25% variable to population, annexation area 5% of County population.
Family and Community Support Services	\$0	Assumes costs largely fixed.
Planning and Development	(\$53)	2016 budget \$5.255 m. Assumes 75% fixed, 25% variable to population and area. Assumes 4% annexation effect.
Agricultural Services	(\$9)	2016 budget for pest and weed, soil, and crop-related contracted services and goods, and services totalling \$305,800. 3% assumed allocable to annexation area.
Recreation, Parks, Culture Library Board	\$0	Assumed largely fixed.
<i>Total Expenditure and Transfer Effects</i>	<i>(\$395)</i>	
Net Annual Impact	(\$383)	

1. Figures are exclusive of proposed annexation compensation from City of Edmonton

2.4.3 Town of Beaumont

The primary fiscal effect on the Town of Beaumont of the City's proposed annexation of the one-mile (1.6 km) section of Highway #814 (50 Street) south of the City's 41 Avenue boundary would be to reduce the Town's responsibilities for roadway operations and maintenance associated with that stretch of municipal roadway. Excluding longer-term capital expenditures, in the short term those savings to the Town are estimated at roughly

\$60,000 per annum.⁶ Those expected annexation savings are positive to the Town, but modest in relation to Beaumont's net annual municipal tax levy of approximately \$17.1 million (2017 Budget).

⁶ Based on approximately 6 lane-kilometers at an assumed operating cost of \$10,000 per lane-kilometer.

3. Municipal Financial Context

As a prelude to the study’s further and longer-term examination of the municipal financial impacts of annexation, Nichols Applied Management (NAM) has reviewed a number of key financial trends and indicators pertaining to the affected municipalities to provide a baseline context from which to consider the subsequent impacts assessments.

3.1 Overview of Affected Municipalities

There is a considerable difference in the current profile, development form, and financial structure of the two municipalities affected by the proposed annexation.

City of Edmonton

The City of Edmonton is a large urban centre of more than 900,000 people, the second largest city in Alberta – and the central hub community for the Capital Region. The City’s population has grown by approximately 360,000 people over the past 30 years⁷, growing by an average of 1.6% annually over that period, and the City has sustained itself fiscally over many decades of growth through the course of, and in part as a product of, a number of annexations. Those annexations have allowed the City to grow and to maintain its role as the regional centre, and to accommodate a balance of residential, commercial, and industrial development. The most recent and substantial of the City’s annexations occurred in 1982. The present annexation proposal is shown within the context of the City’s earlier annexations, in Figure 3.1, while Table 3.1 below compares the relative size and growth capacity of the current annexation proposal with the 1982 annexation.

Table 3.1 Current and Most Recent City of Edmonton Annexations

	1982 Annexation	Current Annexation
Size of annexation	700 km ²	83 km ²
City population	551,000	932,546 ¹
Growth capacity of annexation	40-50 years of City-wide growth	20-25 years of City south sector growth ²

1. Canada Census, 2016.

Leduc County

Leduc County, by contrast to the City, is a predominantly rural municipality, encompassing a large area of 266,000 hectares and with a population of less than 14,000⁸. The largest hamlet in the County is New Sarepta, with a population of roughly 500 persons. The County’s overall population has remained largely unchanged over the past 30 years⁹. Quite apart from that relatively level resident population, the County has experienced considerable non-residential growth, over several decades, most particularly within the Nisku business area and at the Edmonton International Airport (EIA). The County benefits economically and financially also from the presence of power, mining, and transmission facilities in the western part of the County and from other linear properties within the municipality.

The financial consequence of the County’s modest population and population growth in combination with the County’s considerable non-residential development is that the County has a very strong financial position and low

⁷ Based on City of Edmonton 1986 population of 571,506 from Alberta Municipal Affairs Official Population List.

⁸ Canada Census, 2016, 13,780.

⁹ Official population in 1986, 13,296.

tax rates. Leduc County has substantial opportunities for continued industrial and commercial growth in the Nisku and north Nisku areas, on the EIA lands, and also in developing industrial parks elsewhere in the County.

Particularly promising in the short-to-medium term are the continuing industrial development prospects in the north Nisku lands, which are located to the east of QEII between the City's proposed southeast and southwest annexation lands. This area formed part of the City's original annexation proposal in 2013. This developing industrial area is immediately adjacent to the City's south industrial sector and, with full urban-level services, is attracting in part businesses unable to find adequate choice within the City's dwindling industrial land supply in the south. The rate of development of the north Nisku lands is likely to accelerate as land supply diminishes further within the City. This will benefit the County economically and fiscally.

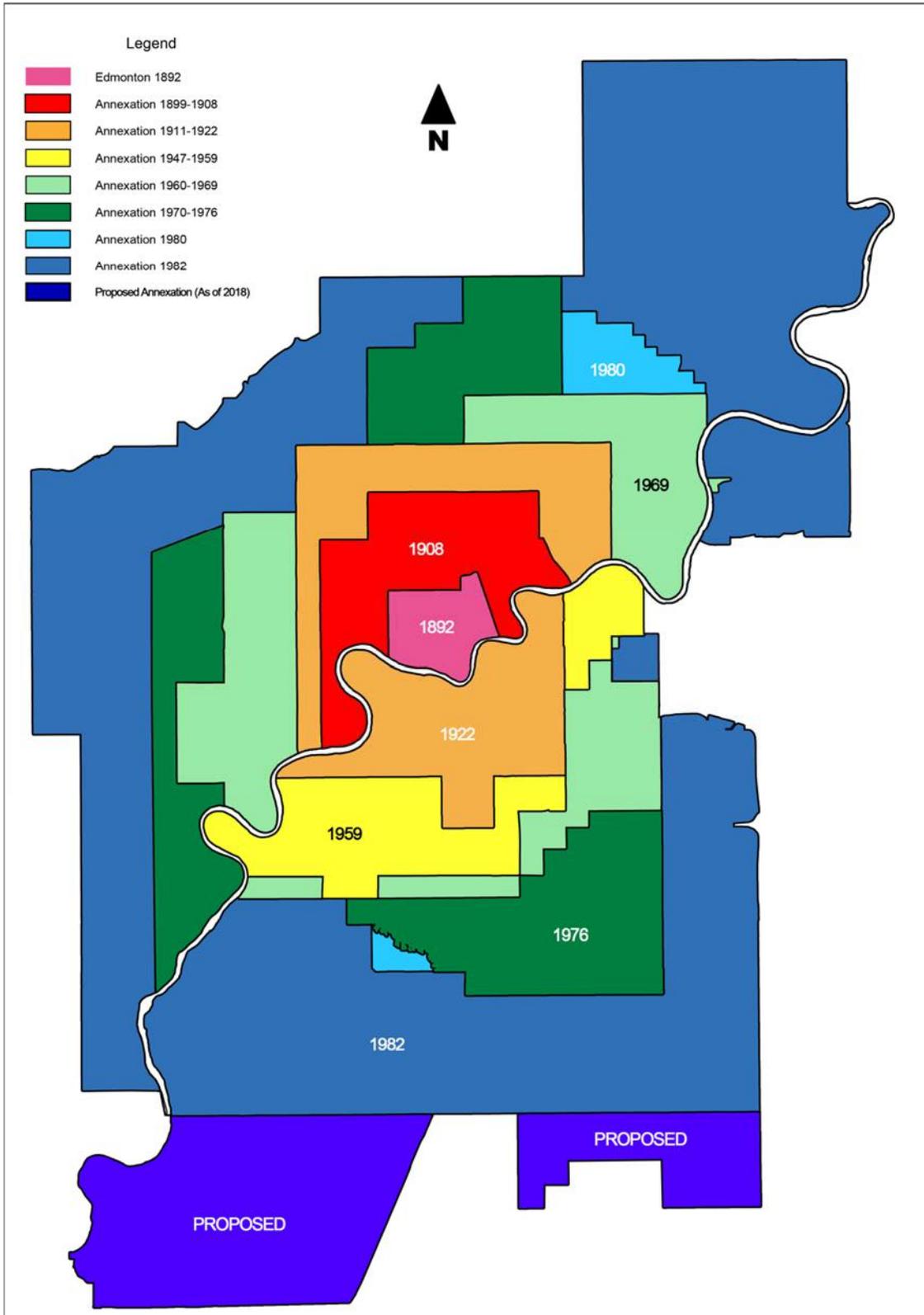
Town of Beaumont

The Town of Beaumont, with a population in 2016 of 17,396¹⁰, is a fast-growing urban centre located southeast of the City. The Town recently annexed areas to its south, west, and north that will provide long-term growth capacity for the community. The Town serves a largely dormitory function in the region, with less than 20% of the Town's labour force employed within the community and with commercial and industrial properties accounting for only 5% of the Town's assessment base. The Town may face fiscal challenges in the future arising from its continued residential growth, the demands for increased municipal services and service levels as the community grows, and the need to attract non-residential development to help support the associated costs of anticipated residential growth.

With the City's proposed annexation of Beaumont lands confined to only the one-mile Highway #814/50 Street corridor that transects the larger southeast annexation lands, the minimal fiscal consequences of annexation to the Town have not warranted a more comprehensive overview of the Town's financial context.

¹⁰ Canada Census, 2016.

Figure 3.1 City of Edmonton Historical Geographic Growth and Proposed Annexation



3.2 Comparative Financial Indicators - - City of Edmonton

A number of key municipal financial indicators have been examined to assess elements of the City's financial well-being. These City benchmarks have been compared with aggregate averages for the other urban municipalities in the Capital Region, and in one instance, for the region as a whole. The selected indicators pertain to:

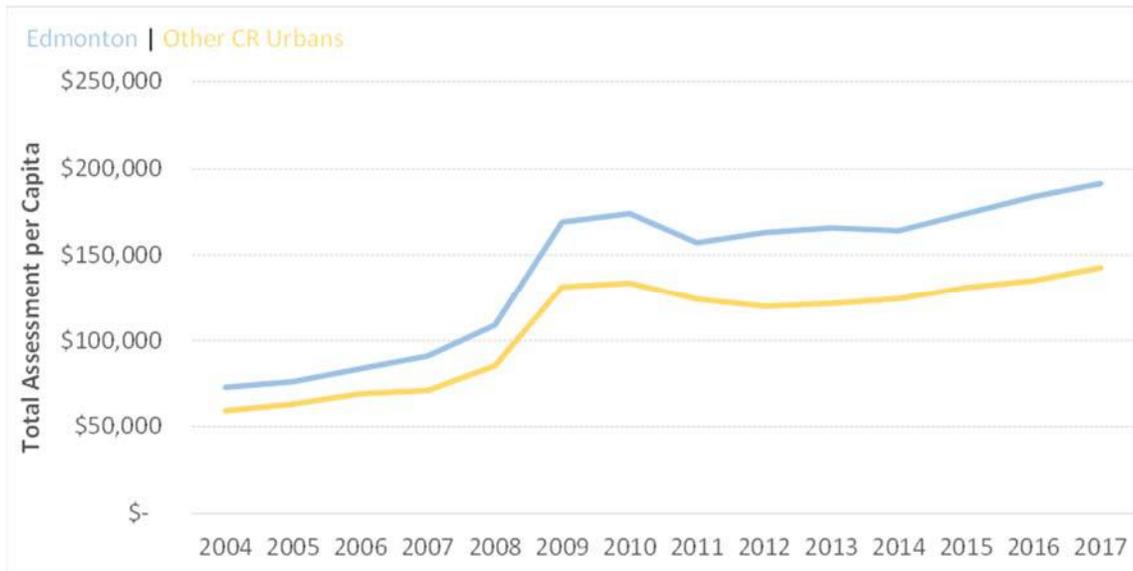
- Relative changes over time in equalized assessments per capita for the City and the other regional urban centres;
- Changes over time in the non-residential share of the City's assessment base compared with other urban municipalities in the region;
- Changes over time in the City's share of the region's (urban and rural municipalities combined) property assessments;
- The levels of current residential and non-residential municipal tax rates as between the City and the other urban municipalities in the region;
- The City's comparative municipal debt levels as a percentage of provincially-defined debt limits, as a measure of remaining debt capacity; and,
- Comparisons of municipal expenditures per capita for the City and for the other regional urban municipalities.

Figure 3.2 compares the City's assessment levels and growth over time in per capita terms with other urban centres in the surrounding region. Over the period 2004-2017, the City's comparative assessment levels have remained above the aggregated levels for other urban municipalities and have increased at a somewhat faster pace as well, as evidenced by the increasing gap between the Edmonton and the "other urbans" figures.

The City's non-residential share of assessments – an important indicator of financial strength – also has remained relatively unchanged (near 25%) over the period since 2004. By comparison, and as shown in Figure 3.3, the average for other urban centres in the region has declined somewhat over the years – from 22% in 2004 to 17% for 2017 and is now materially below City levels.

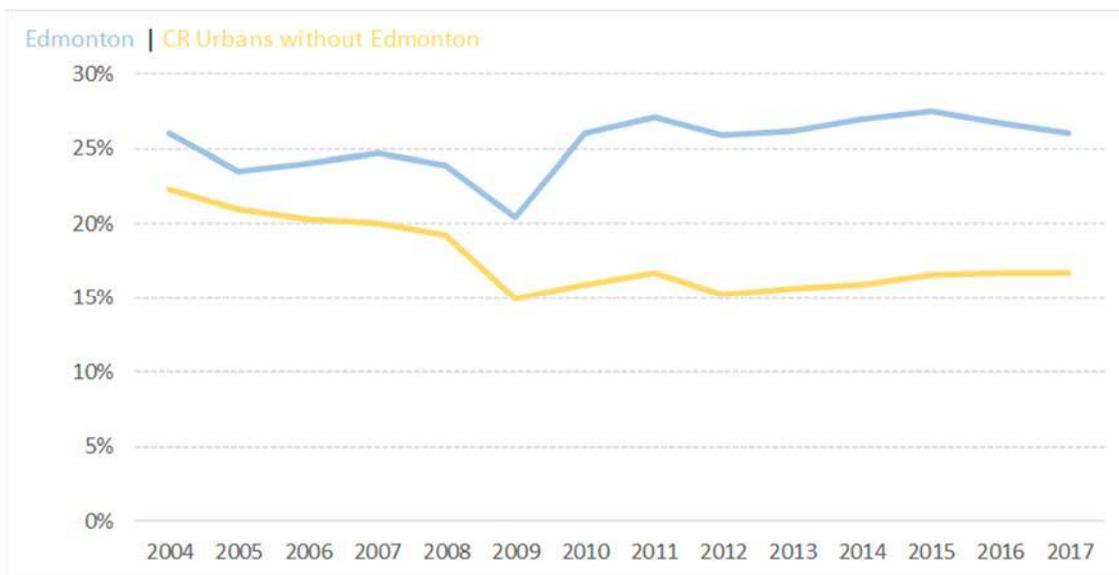
Edmonton's share of total regional residential and non-residential assessments has remained since 2004 at fairly consistent levels – about two-thirds of the total – as displayed in Figure 3.4. Over a more recent timeframe, the City's share of regional non-residential assessments has dipped slightly, from about 70% in 2010 to 66% in 2017.

Figure 3.2 Total Equalized Assessments per Capita – Edmonton and Other Capital Region Urbans, 2004-2017¹



1. Capital Region Urbans includes villages, towns, and cities in the region. Populations taken from Alberta Municipal Affairs annual Population Lists and are unweighted in analysis.
 Source: Tabulated by NAM from Alberta Municipal Affairs Equalized Assessment Reports.

Figure 3.3 Non-Residential Share of Assessment Base, City of Edmonton and Regional Urban Comparatives, 2004-2017¹



1. Capital Region Urbans includes villages, towns, and cities in the region. Includes M&E. Percentages for other Capital Region urbans are unweighted by population size.
 Source: Tabulated by NAM from Alberta Municipal Affairs Equalized Assessment Reports.

Figure 3.4 Edmonton's Share of Capital Region Residential and Non-residential Assessments, 2004-2017¹

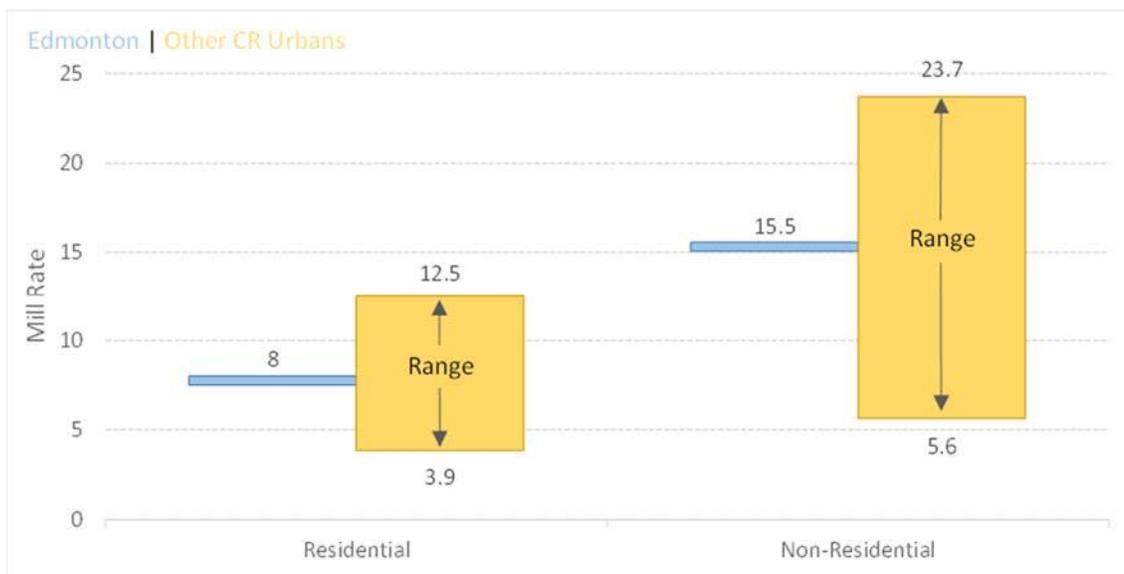


1. Non-residential excludes Machinery and Equipment (M&E). Capital Region data includes all rural and urban municipalities other than Edmonton.

Source: Tabulated by NAM from Alberta Municipal Affairs Equalized Assessment Reports.

The City's municipal tax rates lie close to the mid-point of the regional range for other urban municipalities in the region, as shown in Figure 3.5

Figure 3.5 Municipal Residential and Non-Residential Property Tax Rates, City of Edmonton and Other Regional Urban Municipalities, 2016¹

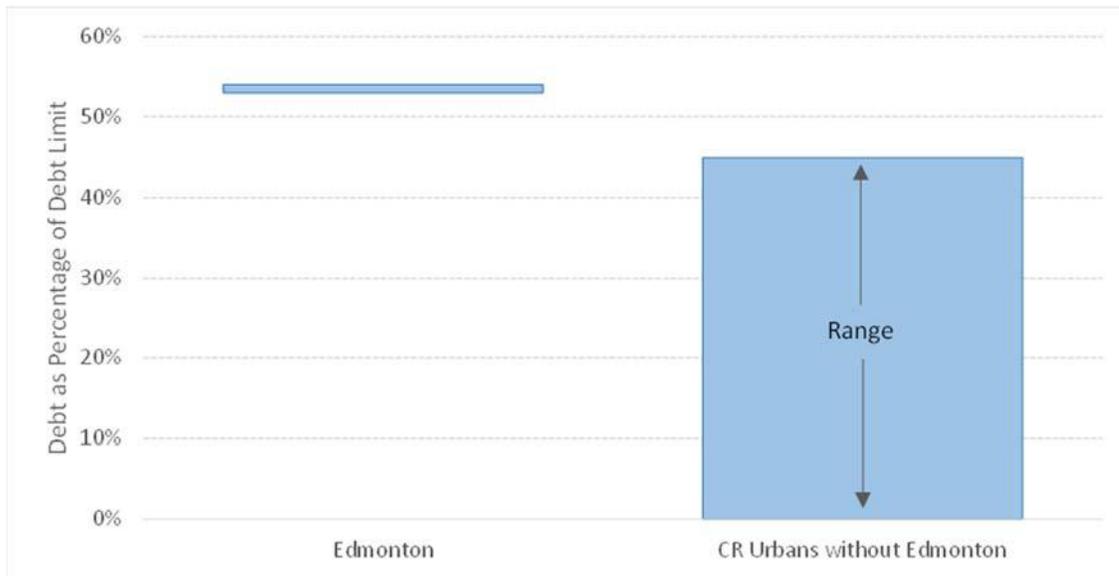


1. Other CR Urbans includes all villages, towns, and cities in the region, excluding Edmonton.

Source: 2016 municipal property tax bylaws.

Edmonton's debt levels as a percentage of its regulated debt capacity is shown in Figure 3.6 and compared with the range for other urban jurisdictions in the region. The City's debt level is slightly more than one-half of its permitted limit but exceeds that of other urban centres in the region. This is attributable in large part to the elevated service levels and needs associated with the City's size and hub role in the region (for example, Light Rapid Transit, major regional road transportation infrastructure, and large-scale recreational and cultural facilities).

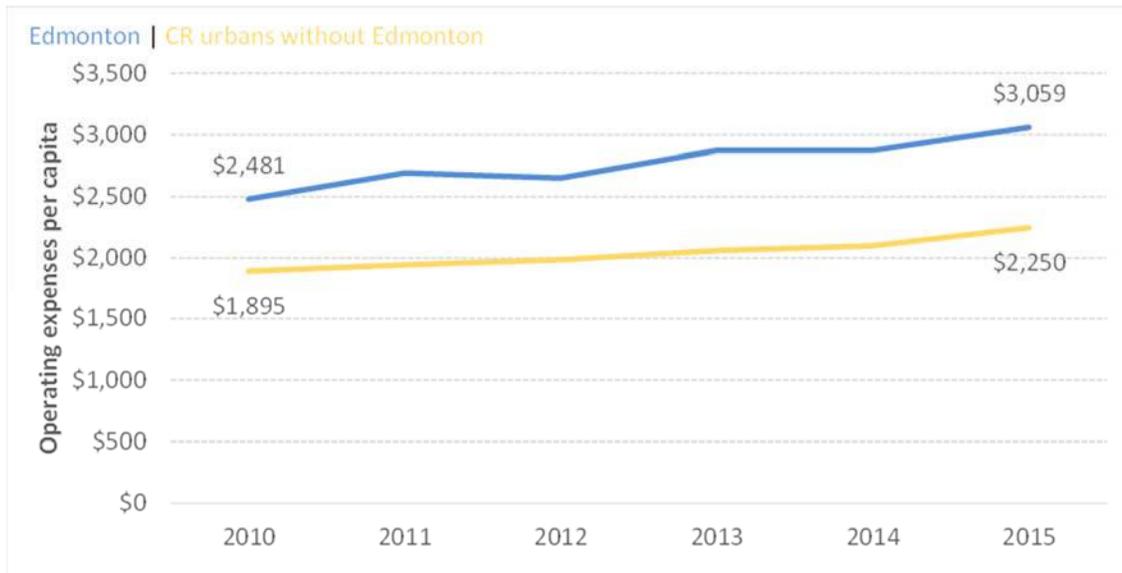
Figure 3.6 Debt as a Percentage of Debt Limit, City of Edmonton and Regional Urban Comparatives, 2015¹



1. CR Urbans includes all villages, towns, and cities in the region, excluding Edmonton.
 Source: Tabulated by NAM from Alberta Municipal Affairs Financial and Statistical Data.

The City also incurs higher operating costs than the other, smaller urban centres in the region, similarly reflecting a variety of factors including the costs associated with its central hub role in the region. This is demonstrated in Figure 3.7. The City's favorable tax base in terms of mix and per capita levels helps support the City's elevated debt and spending levels.

Figure 3.7 Municipal Operating Costs Per Capita, City of Edmonton and Regional Urban Comparatives, 2010-2015¹



1. CR Urbans includes all villages, towns, and cities in the region excluding Edmonton, and are weighted. Operating costs exclude wastewater treatment and disposal, and water supply and distribution expenditures to improve inter-municipal comparability given different operational, organizational, and financial practices among the municipalities relating to utility services. Source: Data from Alberta Municipal Affairs Municipal Financial and Statistical Data. Populations in given years from Alberta Municipal Affairs annual Population Lists.

Edmonton has demonstrated in the past its financial capacity to accommodate long-term growth. The City’s most recent annexation in 1982 encompassed a growth area roughly eight times larger than the current annexation area and provided added land supply at that time to accommodate more than 40 years of overall City growth. This compares to the roughly twenty-plus years of expansion capacity for only the City’s south sector as contemplated by the present annexation proposal.

The proposed annexation is seen as supportive of the City’s longer-term financial sustainability by providing a mix of residential and non-residential growth opportunity that will assist the City to finance the added costs associated with its role as the dominant regional centre.

3.3 Comparative Financial Indicators -- Leduc County

Similar financial indicators to those discussed in 3.1 have been calculated for Leduc County, with comparative data provided for other urban and rural municipalities in the Capital Region¹¹. As well, a figure comparing equalized assessments per road kilometer has been added: that measure is considered particularly relevant for rural municipalities because road costs account for a significant share of their municipal costs. The length of rural road system operated and maintained provides a proxy for relative transportation costs.

The strength of a municipality’s tax base provides an important indicator of relative financial capacity. Figure 3.8 compares the historical equalized assessment, in per capita terms, for Leduc County with other urban and rural municipalities in the Edmonton region. On this measure, Leduc County is shown to have an exceptionally strong

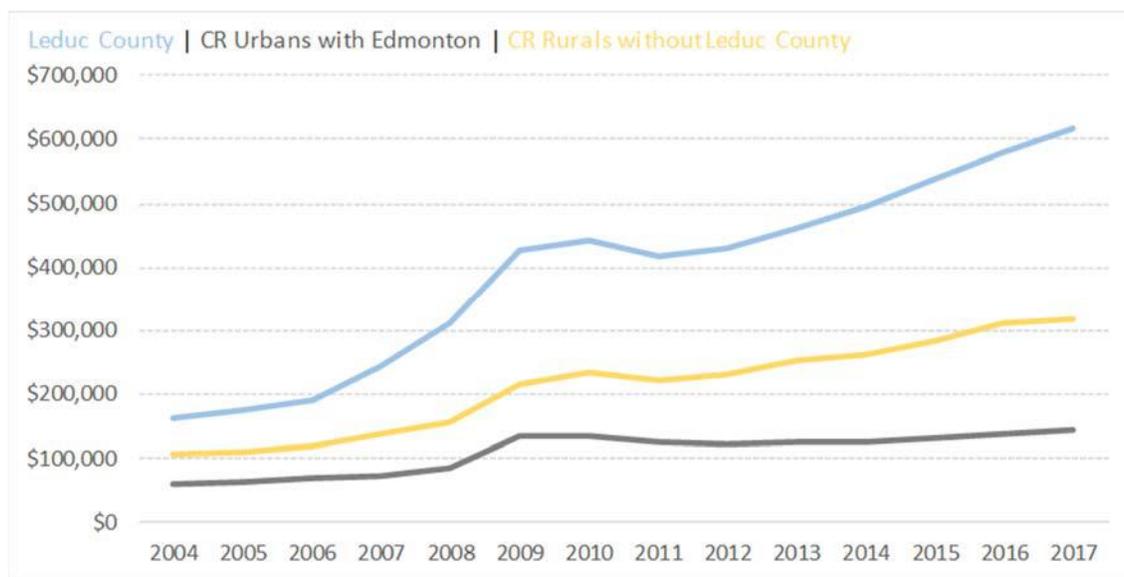
¹¹ The rural municipal comparisons exclude Strathcona County, a specialized municipality, but include Sturgeon County, Parkland County, and Lamont County.

tax base, and that relative strength has widened over time compared to the County's other urban and rural neighbors in the region.

Leduc County's strong tax base is linked largely to its considerable non-residential development, which in the County includes industrial and commercial developments, power and pipelines, and the EIA. Figure 3.9 compares over time the County's assessment share attributable to non-residential properties with the averages for other rural and urban municipalities in the region. The County's non-residential share has remained remarkably stable since 2004, and its favorable differential relative to other municipalities in the region (both urban and rural) has remained significant and virtually unchanged over the past more than a decade.

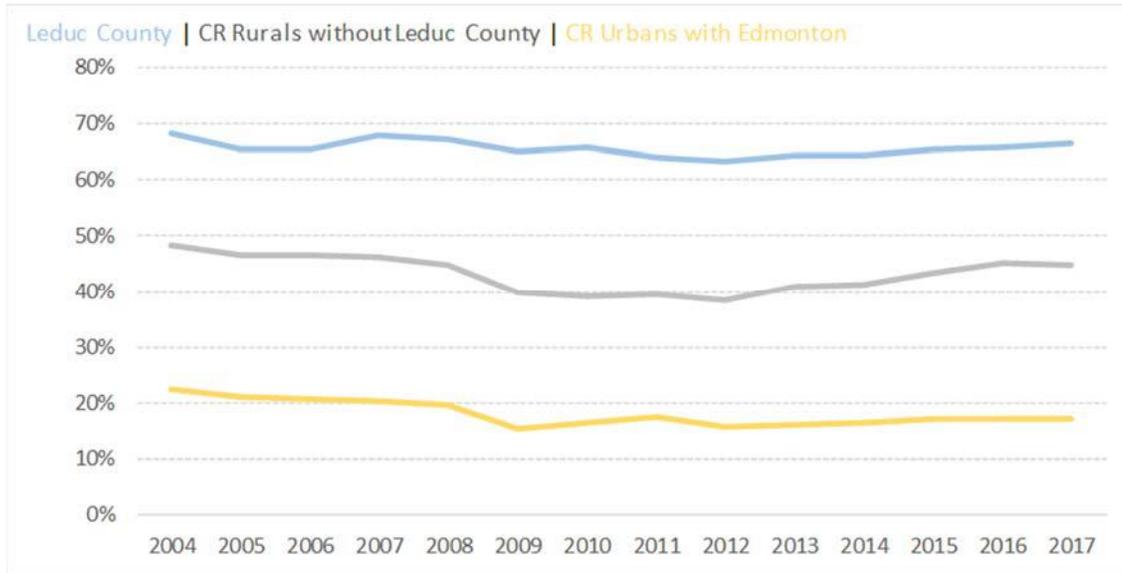
The County's assessment base has also been measured relative to the road system the County needs to maintain, and that metric is compared with other rural municipalities in the region. On that measure – and as shown in Figure 3.10 – the County's assessments per road kilometer exceed by almost 25% the average level for the other rural jurisdictions.

Figure 3.8 Equalized Assessments per Capita, Leduc County and Other Regional Urban and Rural Municipalities, 2004-2017¹



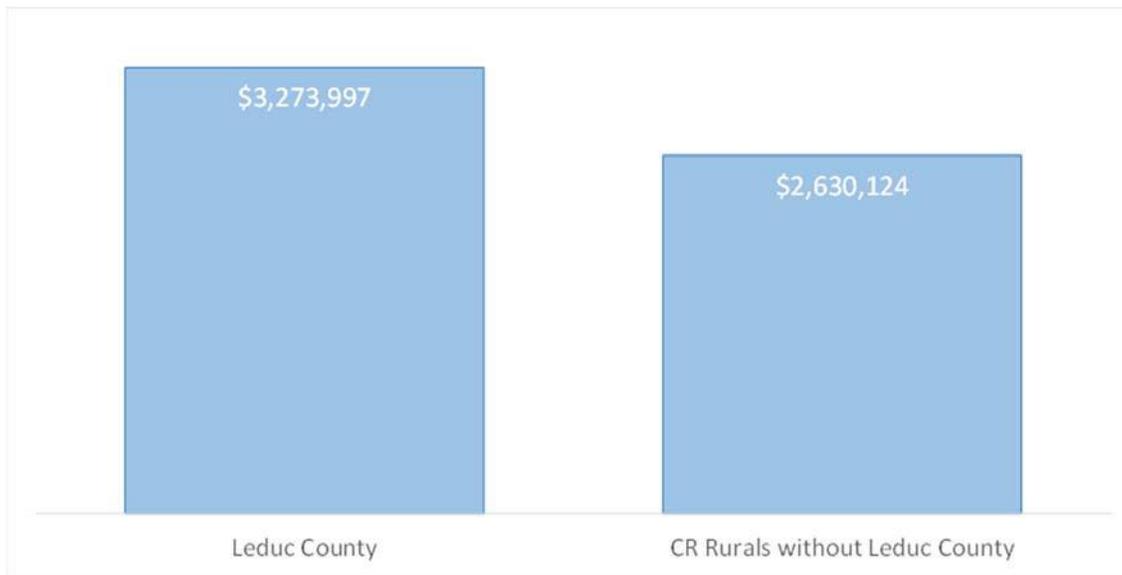
1. CR urbans include City of Edmonton and all other villages, towns, and cities in the region. CR rurals excludes Leduc County and Strathcona County, a specialized municipality. Aggregate figures are unweighted by municipal size. Source: Tabulated by NAM from Alberta Municipal Affairs Equalized Assessment Reports. Population figures taken from Alberta Municipal Affairs annual Population Lists.

Figure 3.9 Non-Residential Share of Assessment Base, Leduc County and Other Regional Urban and Rural Municipalities, 2004-2017¹



1. Includes M&E. Comparative municipal figures not weighted.
 Source: Tabulations by NAM from Alberta Municipal Affairs Equalized Assessment Reports.

Figure 3.10 Equalized Assessment per Road Kilometer, Leduc County and Other Regional Rural Municipalities, 2015¹



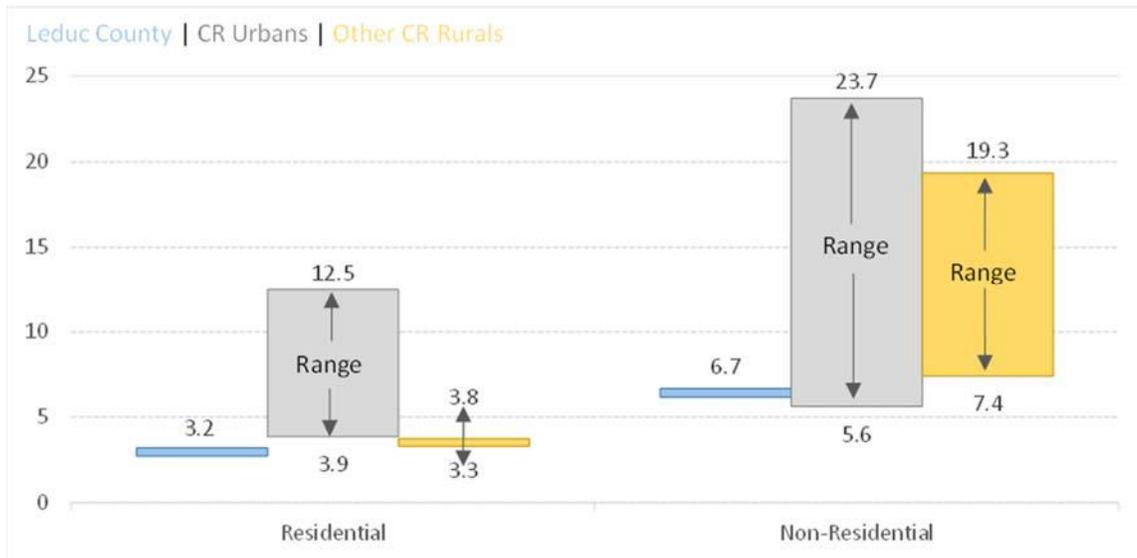
1. CR rurals excludes Strathcona County, a specialized municipality.
 Source: Alberta Municipal Affairs Equalized Assessment 2015 Reports. Road-kilometers from Municipal Profiles, 2015 Alberta Municipal Affairs website.

The County's strong assessment base is reflected also in its low tax rates, which are compared in Figure 3.11 with other urban and rural municipalities in the region. Leduc County has the lowest residential tax rates in the region and near the lowest non-residential tax rates as well. That also testifies to the County's exceptional fiscal situation.

Current debt levels for the County are compared in Figure 3.12 and are shown to be generally comparable to other municipalities in the region.

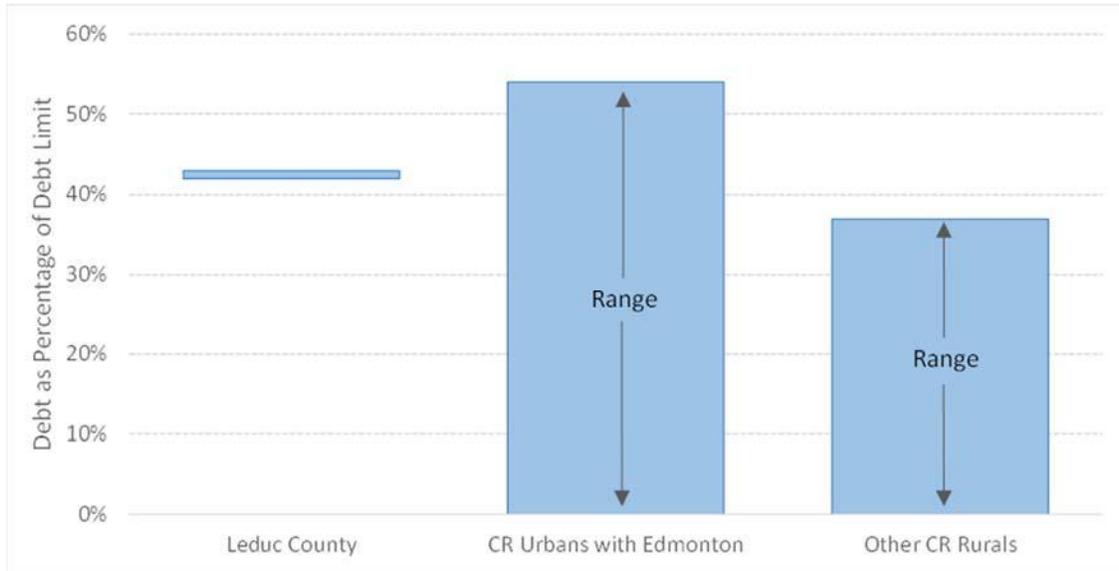
In summary, Leduc County is seen to have a very strong financial position, marked particularly by its substantial non-residential economic foundation and modest population and population growth, and as reflected in its very favorable tax base composition and low tax rates.

Figure 3.11 Residential and Non-Residential Property Tax Rates, Leduc County and Other Regional Urban and Rural Municipalities, 2016¹



1. CR Urbans includes all villages, towns, and cities in the region. Other CR Rurals includes rural counties in the region, excluding Strathcona County, a specialized municipality, and Leduc County.
Source: Municipal property tax bylaws.

Figure 3.12 Debt as a Percentage of Debt Limit, Leduc County and Other Regional Urban and Rural Municipalities, 2015¹



1. CR Urbans includes all villages, towns, and cities in the region, including Edmonton. Other CR Rural includes counties in the region, excluding Leduc County and Strathcona County, a specialized municipality.
Source: Tabulated by NAM from Alberta Municipal Affairs Financial and Statistical Data.

3.4 General Conclusions from Municipal Finance Overview

The brief overview of the financial trends and current position of the two municipalities most strongly affected by the City’s proposed annexation indicates first, that the City of Edmonton, the annexing municipality, has a stable and strong financial position, marked by balanced residential and non-residential development, and has a financial resiliency underpinned by its large and growing population base and its position as the dominant urban centre in the northern half of the province. The City’s most recent annexation – in 1982 – was much larger in scale in both absolute and relative terms to the currently proposed annexation, and Edmonton has administered, maintained, and absorbed those lands while retaining the City’s positive fiscal condition.

Leduc County, which would be most affected by the loss of lands through the annexation, has an extremely strong financial position, with an assessment mix comprised of two-thirds non-residential, and tax rates the lowest among the rural municipalities in the region and roughly one-half the average level for the region’s urban municipalities. This favourable financial position is not expected to be affected under the proposed annexation.

4. Long-Term Fiscal Impacts

This section of the report examines the long-term fiscal impacts of the proposed annexation on the City of Edmonton and assesses also the long-term fiscal condition of Leduc County if the annexation occurs. The report illustrates, for the property owners subject to annexation, what the longer-term implications would be to their tax rates “with” and “without” the City’s proposed tax protection proposal. A brief assessment is included regarding the longer-term fiscal considerations for the Town of Beaumont.

4.1 Methodological Approach

The approach taken in the fiscal impact analysis is to project the long term population and residential and non-residential growth of Leduc County and the City of Edmonton, under defined scenarios: “with” annexation for the County, and “with” and “without” annexation for the City. Based on the growth within each of those scenarios, NAM has estimated annual taxable assessments for the respective municipalities, in constant dollars. For each of the scenarios as well, estimates have been made of non-tax revenues and operating expenditures, relying on recent municipal financial information including available budgets, and on assumptions regarding the changes in the components of those financial flows over time and in relation to the municipal growth scenarios. Capital costs are reflected to the extent they are funded from operating accounts through Pay-As-You-Go (PAYG) or tax-supported debt servicing approaches. The estimated net projected revenue deficiencies requiring property tax support are linked to the projected taxable assessments and expressed in terms of property tax rates. These are used as a gauge to indicate real tax changes and scenario fiscal differentials over time.

4.2 Leduc County Fiscal Analysis

The main purpose for examining Leduc County’s long-term fiscal situation under a “with” annexation scenario is to ascertain the County’s financial manageability and sustainability if annexation occurs¹². Section 3 of this report provided evidence to indicate that the County presently has a very favorable financial position, demonstrated particularly by a strong non-residential tax base and low property tax levels. This provides the County with considerable financial resiliency within the context of the proposed annexation.

In general terms, the annexation area remains largely in undeveloped agricultural use and the transference of those lands to the City of Edmonton would have modest immediate effects on the County’s assessment base and municipal costs and revenues. As well, the limited impacts expected to occur with annexation are expected to be more than counterbalanced under the City’s proposed compensation arrangements.

The proposed annexation area provides Edmonton with both residential and non-residential potential growth areas. The County has not expressed interest in accommodating large-scale residential development on the annexation lands but has contemplated non-residential development in particular areas north of Highway 19 within the southwest annexation area, and indeed has approved plans for initial industrial/commercial development in the area immediately adjacent to QEII and north of the EIA. With annexation, this logical non-residential zone of development would accrue to the City rather than the County, and would assist in providing non-residential fiscal balance to the City’s predominantly residential-oriented growth areas within the remainder of the annexation lands. The City has withdrawn its initial proposal to annex the currently developing north Nisku industrial area east of QEII that is located immediately south of the City’s boundary.

¹² The analysis also provides a basis for ascertaining the future tax impacts on annexed properties, by providing projected “with” annexation tax rates for the County that can be compared to projected tax rates in the City with annexation.

The north Nisku industrial area, which will remain within the County, will benefit in the short- to medium-term from spillover industrial and commercial development as the City's south industrial area approaches build-out within the next few years and before the proposed southwest industrial area within the annexation lands north of the EIA gains development momentum.

The long-term fiscal analysis that has been carried out weighs the combined outcomes to the County of its potential loss of the annexation lands (refer to Table 2.6), the City's proposed compensation to address County transitional effects and other annexation costs, and the County's outlook for future growth and development, and it quantifies the accompanying financial results. The financial analysis recognizes that the County will experience continuing but modest residential growth (apart from the one-time population loss if annexation occurs) but is positioned geographically within the region to realize sustained and considerable non-residential growth – in Nisku, in north Nisku, at the EIA and on its accompanying lands, in the south Devon industrial zone, and elsewhere in the County – to offset the municipal costs of its expected growth and to maintain its enviable financial situation.

The key inputs to the County financial analysis are these:

1) County population projections.

"With" and "without" population projections for the County are used to estimate residential assessments and certain County non-tax revenues and expenditures. The population estimates for the two scenarios are shown visually in Figure 4.1.

2) County non-residential growth projections

Industrial land absorption estimates and EIA property assessment growth projections were used to project County non-residential assessment growth.

3) County assessment projections

The County's projected assessment estimates (less the property assessments lost at time of annexation), disaggregated by farmland, residential, and non-residential categories, were calculated from the growth analyses in (1) and (2) above, and served as the platform for measuring future tax rates based on projected tax requirements.

4) Direct annexation cost-revenue impacts

These immediate financial impacts of annexation, discussed earlier in Section 2.4.2 and summarized in Table 2.6, were incorporated within the County's net projected non-tax revenues and tax-supported operating expenditures.

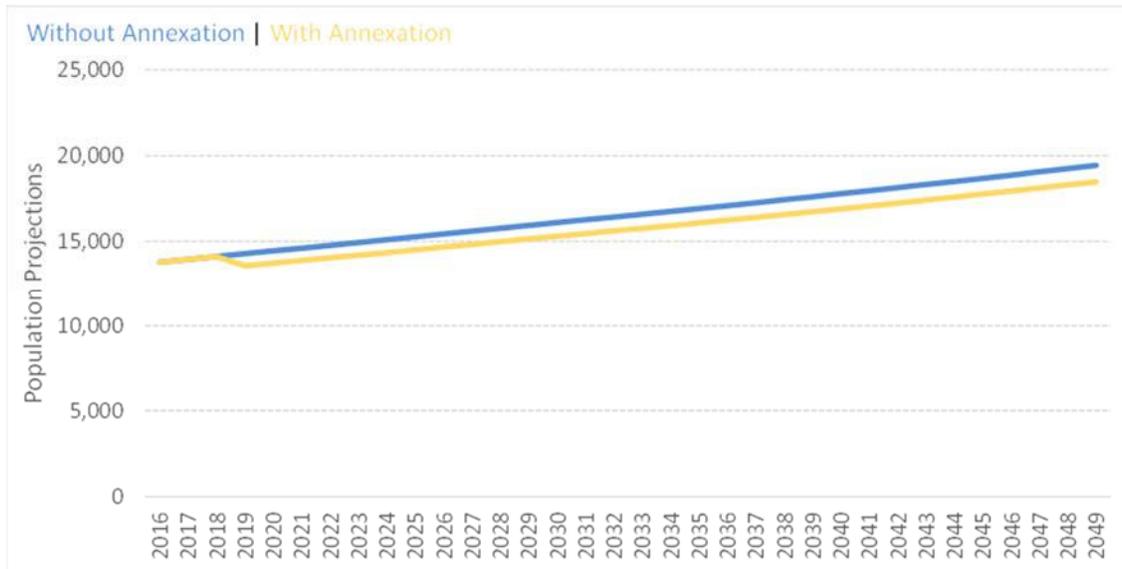
5) Operating cost-revenue projections

The County's net annualized non-tax revenues and tax-supported expenditures were projected, based on the residential and non-residential growth estimates and assumed relationships between County growth and the various cost-revenue centres.

In carrying out the above analyses, the study team relied on a considerable number of data sources and assumptions, and those are defined in greater detail in Appendix A.

At the conclusion of the analytical work within (1) to (5) above, the resultant long-term estimates of the County's annual property tax requirements were matched against the corresponding assessment estimates to yield projected tax rates.

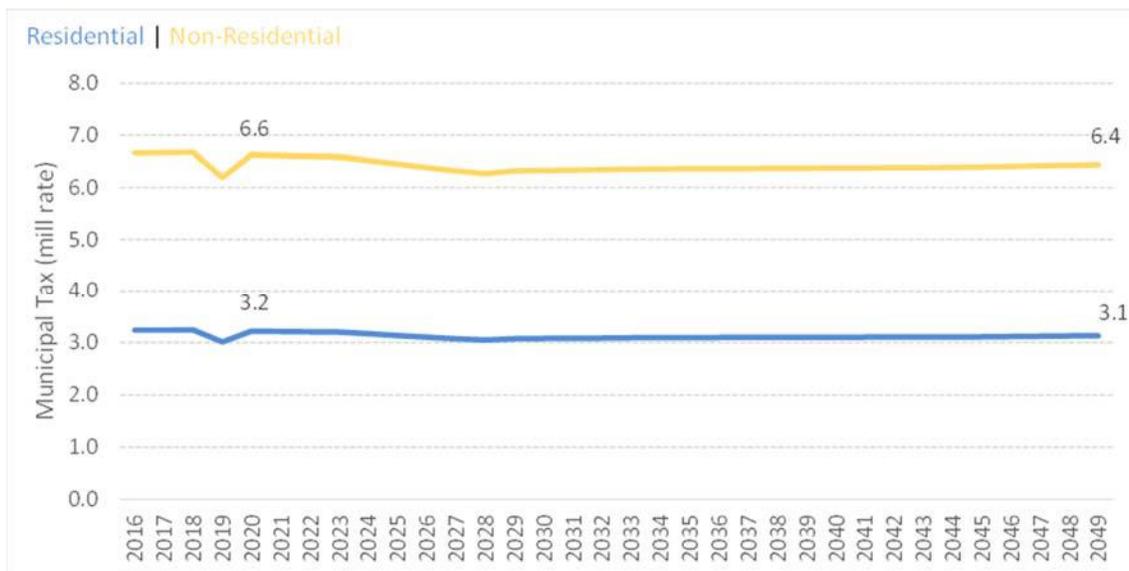
Figure 4.1 Leduc County Population Projections, With and Without Annexation, 2016-2049



1. Assumes growth rate implicit in CRB low 2014-2044 County population projections. “With” annexation scenario reflects the County’s estimated loss of approximately 700 population in 2019 if annexation occurs.

The County’s projected tax rates, expressed in constant dollar terms to provide comparability over time, are shown in Figure 4.2 in terms of both residential and non-residential rates. The ratio of those rates, one to the other, are assumed to remain constant over time. The tax rates shown in Figure 4.2 are premised on the City’s proposed annexation becoming effective on January 1, 2019, with municipal jurisdiction of the lands transferred to the City of Edmonton at that time.

Figure 4.2 Leduc County Projected Residential and Non-Residential Mill Rates with Annexation, 2016-2049



The “with” annexation tax rates for the County are shown to remain generally level, declining slightly, over the projection period to 2049. Under this “with” annexation scenario, the County’s financial position as reflected in its tax levels is projected to remain strong over the long term, with required tax rates remaining relatively level in real terms. A short-term downward “blip” in County tax rates is shown in the assumed year of annexation, 2019, reflecting the one-time annexation compensation assumptions in the study. Tax rates in 2049, under this “with” annexation scenario, are projected to be approximately 3% lower than the County’s immediate pre- and post-annexation levels.

The long-term results indicate that the County’s tax levels are likely to remain extremely competitive vis-a-vis other urban and rural municipalities in the Capital Region. Currently, the County’s residential tax rates are similar to those of the other rural jurisdictions in the region, but less than one-half the average for the region’s urban municipalities. Leduc County’s non-residential tax rates are roughly one-half the average for both urban and rural municipalities in the region. The financial projections suggest that the County’s relative competitiveness and financial strength is likely to be maintained in the long-term and largely unaffected by the proposed annexation.

The financial projections for the County (with annexation assumed) also are presented in terms of residential: non-residential assessment composition (Figure 4.3) and assessments per capita (Figure 4.4). These financial indicators also suggest that with annexation the County’s financial well-being will remain very strong.

Figure 4.3 Leduc County: Projected Assessment Composition With Annexation (Non-Residential Share of Total)

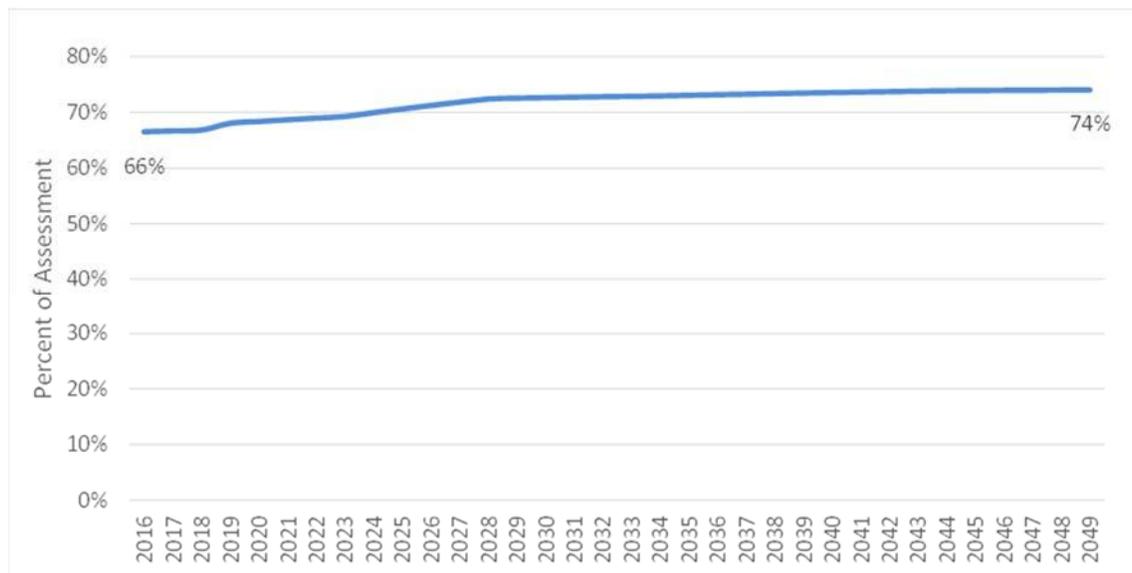
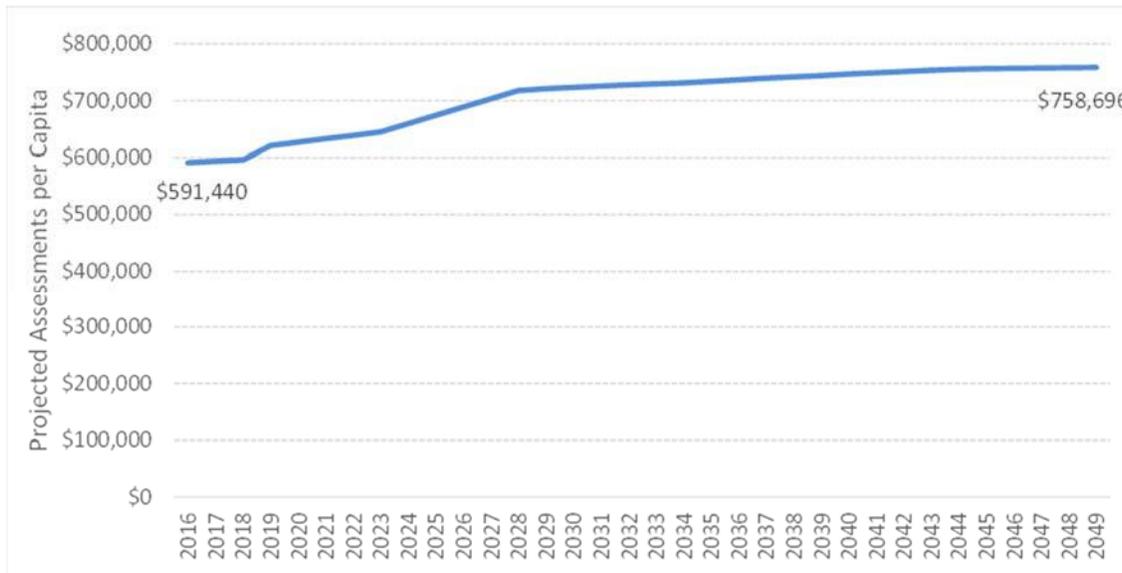


Figure 4.4 Leduc County: Projected Taxable Assessments Per Capita With Annexation (Constant \$)



In the absence of annexation (the “without” case), Leduc County would retain the lands proposed by the City for residential growth and also the lands immediately north of the EIA, largely encompassed within the Noise Exposure Forecast-affected (NEF) area, designated for non-residential purposes. Under a “without” annexation scenario, the potential development of the non-residential lands north of the airport as part of the County would further expand the County’s considerable non-residential assessment base. If the County were not to accommodate residential growth within the remaining lands proposed for annexation by the City, the fiscal outcome to the County likely would be a further enhancement of the County’s very positive outlook and tax regime as shown in Figure 4.2.

However, if the County was to accommodate residential development within the remainder of the proposed annexation lands, as is proposed by the City and as is contemplated by the CRB, this would have potentially significant fiscal implications to the County.

Under regionally-approved residential densities, approximately 206,000 people would ultimately be accommodated by the City on the annexation lands. If any significant amount of that residential growth was to be accommodated by the County - - rather than the City - - in the absence of annexation, this would imply up to a ten-fold increase in the County’s population. That population increase would induce a significant expansion in Leduc County costs associated with people-based services provision and elevated service levels, as well as adverse effects to the County’s attractive residential: non-residential assessment balances.

Under this “without annexation” scenario, the County’s relative financial situation and tax levels would likely be very negatively affected compared to the County’s fiscal position as demonstrated earlier if the City’s annexation is approved.

4.3 City of Edmonton Fiscal Analysis

The purposes for examining the City of Edmonton’s long-term fiscal impacts of annexation are two-fold: 1) to assess the City’s financial ability to accommodate the proposed annexation area and absorb and manage its

associated current and future development; and 2) to evaluate the net fiscal impacts of annexation by comparing the City's "with annexation" and "without annexation" development scenarios.

The City has demonstrated in the past its ability to absorb new growth areas through annexation. As referenced earlier in this report, the City's last annexation – in 1982 – was approximately eight times larger than the current annexation proposal and was superimposed on a community at that time that was three-fifths of Edmonton's present size. Notwithstanding that historical experience, a fiscal evaluation has been carried out that examines the City's expected future financial state – measured by constant dollar tax rates – if the annexation is approved and the City's growth study projections are realized.

The evaluation assesses the short- and long-term impacts of annexation on the City's finances. The short-term fiscal impacts of annexation to the City were examined earlier in section 2.4.1 and summarized in Table 2.5 and were shown to be nominally negative to the City as a whole, involving added net costs of approximately \$4.0 million annually for several years, equivalent to about 0.3% of the City's current annual tax requirements, and further costs for proposed compensation to Leduc County.

The longer-term fiscal impacts of the annexation reflect primarily the implications of incremental growth and development to the City that will be supported by the additional land capacity. The City's 2014 and more recent 2018 Growth Studies have examined the long-term residential and non-residential growth expected within the City's current boundaries, and also in the proposed annexation lands if those are transferred to the City. The updated Growth Study (2018) concludes that current residential lands in the City's south sector will be effectively absorbed in terms of low density residential development within fifteen years (2033) and that the adverse effects on supply choice and competition will manifest themselves earlier if additional City land supply is not available in that area. A similar – and yet more imminent – land supply issue relates to industrial development. The 2018 Growth Study estimates that the City's south industrial area will be effectively absorbed within five years (2023) – and its findings indicate that some potential City non-residential development already is being diverted to outside the municipality because of industrial land supply shortages in the City's south sector.

Figure 4.5, drawn from the most recent City Growth Study, displays the incremental population growth effects of the proposed annexation. The shaded area between the "with" and "without" annexation scenarios defines the City's projected added population if the proposed annexation occurs. Ultimately, the entire annexation area will accommodate an additional 207,000 people. By 2049, the end of the projection period shown in Figure 4.5, the City's incremental population growth will total approximately 177,000, or roughly 86% of the annexation area's potential capacity.

Figure 4.5 Edmonton Population Projections, With and Without Annexation, 2016-2049

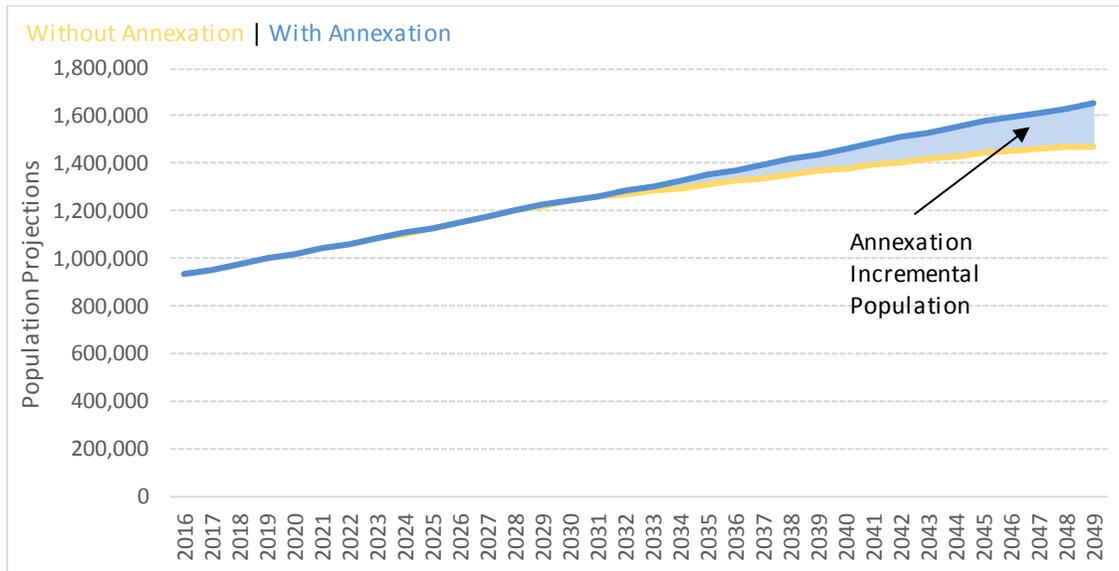
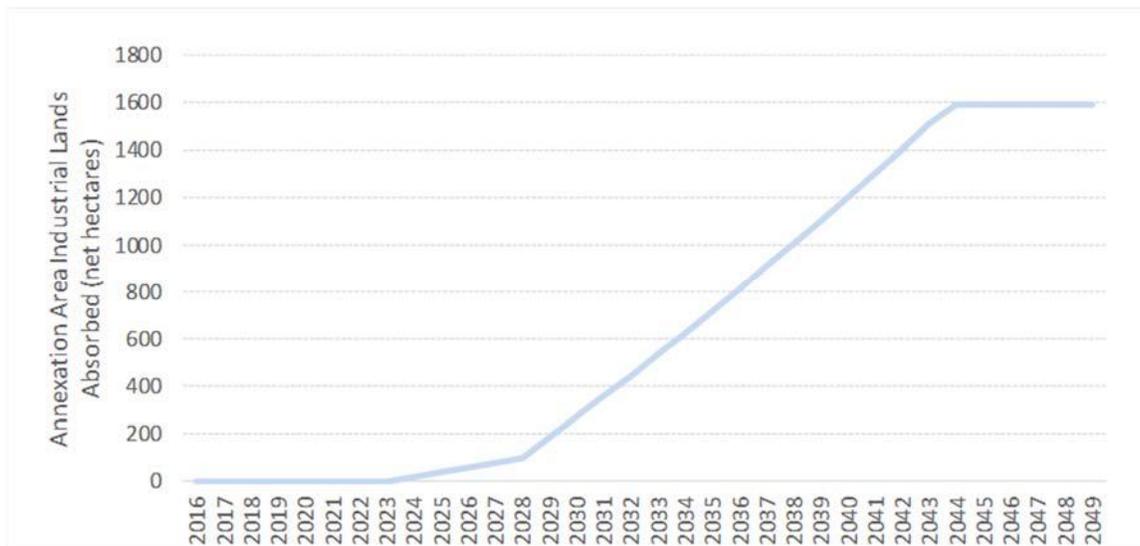


Figure 4.6 Projected City Industrial Land Absorption Within Proposed Annexation Area¹



1. Includes absorption for industrial uses only. Excludes assumed additional development of 10% of industrially-designated lands for non-industrial uses, including commercial. Excludes as well commercial and mixed-use developments included within proposed annexation residential zones.

Figure 4.6 shows the projected incremental development of industrial lands (net hectares) that will accrue to the City if the annexation occurs. These data also are derived from the City’s 2018 Growth Study analyses. By 2049, the end of the projection period shown, the designated non-residential lands in the annexation area would be fully absorbed.

The Growth Study projections pertaining to City population, required dwelling units by type, and non-residential land absorption provide the key input “drivers” to the fiscal impact analysis. Under the alternative “with” and

“without” annexation scenarios, those growth projections define the City’s incremental development that will occur with annexation and generate the predominant long-term fiscal impacts to the City.

Figure 4.7 summarizes the key findings from the City fiscal analysis. It shows the projected mill rates, in constant dollar terms, for the City’s residential and non-residential properties under “with annexation” and “without annexation” scenarios. During the initial decade following annexation, the differential in tax rates between the “with” and “without” annexation cases is negligible, notwithstanding the added costs to the City of extending services to the annexed area, the proposed City compensation payments to Leduc County, the continuing tax protection offered by the City to annexed properties, and the limited amount of new incremental growth in the annexation area in the early years. Over time, as city residential and industrial development advances into the annexation lands, the fiscal benefits to the City will become more pronounced, because of the additional commercial/industrial development accruing within the annexation area, and also in the City’s central business district and other commercial areas induced by the enlarged annexation population. Fiscal benefits will also accrue from the added growth of the City in helping to support municipal costs that are attributable to continuing growth elsewhere in the region. Costs that will be borne by the City irrespective of whether a part of the regional growth occurs within or outside of the City’s boundaries suggest that added fiscal benefits will derive from development that occurs within the City rather than externally¹³. By the end of the projection period, as illustrated in Figure 4.7, the City’s tax rates with annexation are shown to be 9.2% lower than would occur if the proposed annexation is not approved.

Some supplementary financial analyses have been carried out in relation to the annexation scenario. Figure 4.8 shows that the non-residential share of the City’s total tax base will remain virtually level through the projection period under the “with” annexation scenario, with the non-residential percentage share decreasing by a barely perceptible 0.3 percentage points over the 30-year projection horizon. On a per capita basis, the City’s assessments are projected to increase marginally by 2049 under the annexation scenario as shown in Figure 4.9.

Figure 4.10 illustrates the projected distribution over time of the incremental assessments accruing to the City with annexation. The residential and industrial assessment shares that are identified relate entirely to developments within the annexation lands. The commercial share includes two forms of incremental commercial development: 1) commercial assessments directly accompanying new residential development in the annexation area and 2) commercial assessments attributed to the additional annexation-based population growth that may occur within the industrial parts of the annexation area or elsewhere in the City, including the Central Business District.

¹³ The City’s operating expenditures for policing, community services, and transportation functions have been assumed to be partly (20%) associated with ex-City regional population growth, as related both to usage by non-residents and to the City’s regional hub functions and concentration in terms of various socio-economic pressures (e.g., poverty, immigration, homelessness, etc.) and regional services provision. In addition, it has been assumed that 10% of the City’s growth-related capital costs are associated with the regional population (ex-City).

Figure 4.7 City of Edmonton Projected Residential and Non-Residential Mill Rates, With and Without Annexation, 2016-2049



Note: The one-time upward tick in mill rates, the same “with” and “without” annexation, arises from a bulge in indicated debt servicing costs within the City’s debt service schedule.

Figure 4.8 City of Edmonton Non-Residential Share of Total Assessment Base, With Annexation

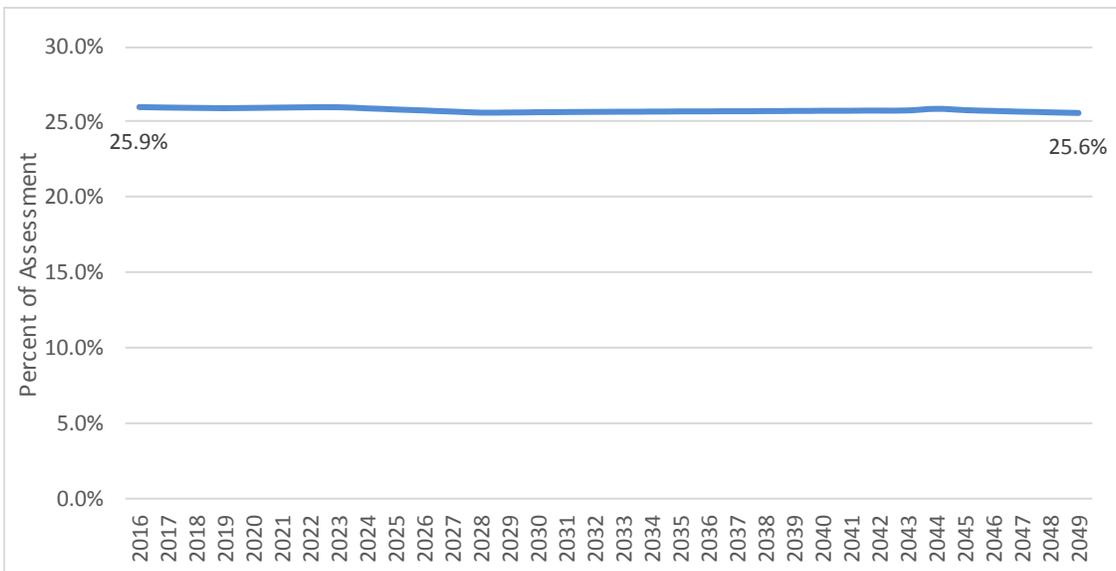


Figure 4.9 City of Edmonton Taxable Assessments per Capita, With Annexation

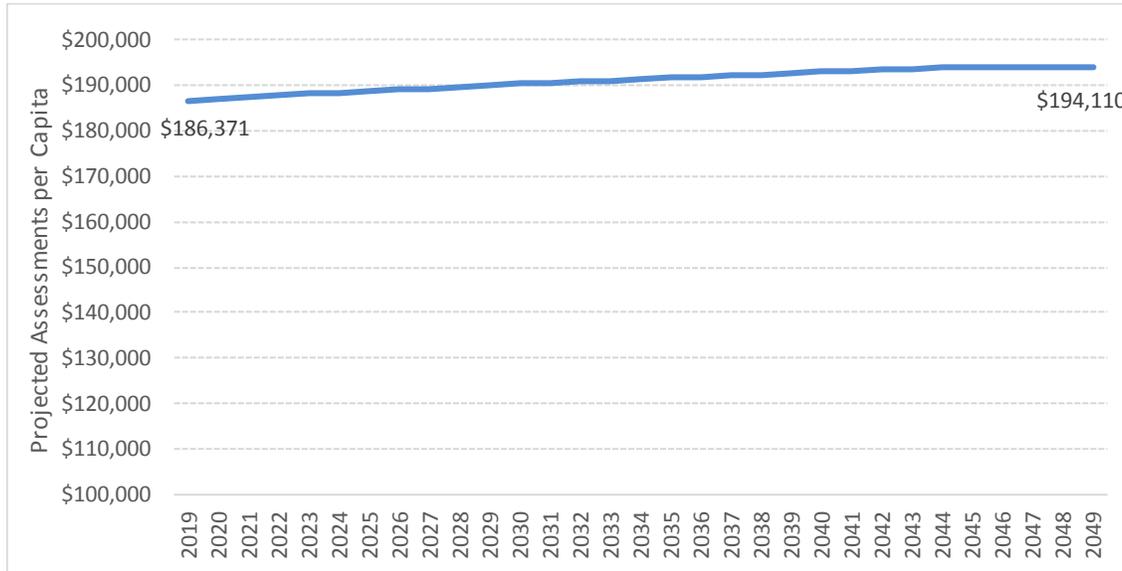
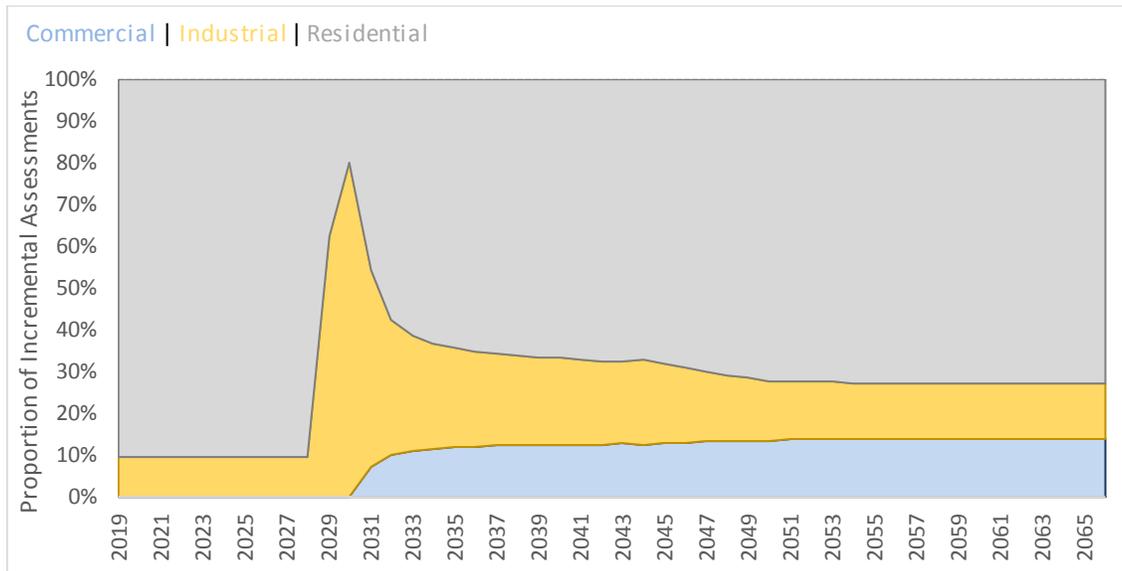


Figure 4.10 Composition of City Incremental Assessment Growth Attributable to Annexation



4.4 Impacts on Annexed Properties

Under normal circumstances, properties transferred to the jurisdiction of another municipality are taxed at the relevant tax rates in the new jurisdiction. However, it is not unusual in annexation cases that tax protection is provided to affected ratepayers to minimize potential adverse tax impacts that would otherwise occur if property changes from one municipal jurisdiction to another through a boundary adjustment. Tax protection can apply for varying periods of time to different types of property and be subject to various conditions.

The principle that generally underlies tax protection arrangements is that the annexed properties will pay tax rates at the lower of the annexing municipality’s or the annexee municipality’s tax rates.

The projected longer-term impacts of the City’s proposed annexation on farmland, residential, and non-residential tax rates are discussed in this section of the report. The City has proposed tax protection for 50 years from the time of annexation. As well, it is proposed that assessment practices and exemptions that apply to the County as a rural jurisdiction will be extended to the City for annexed properties.

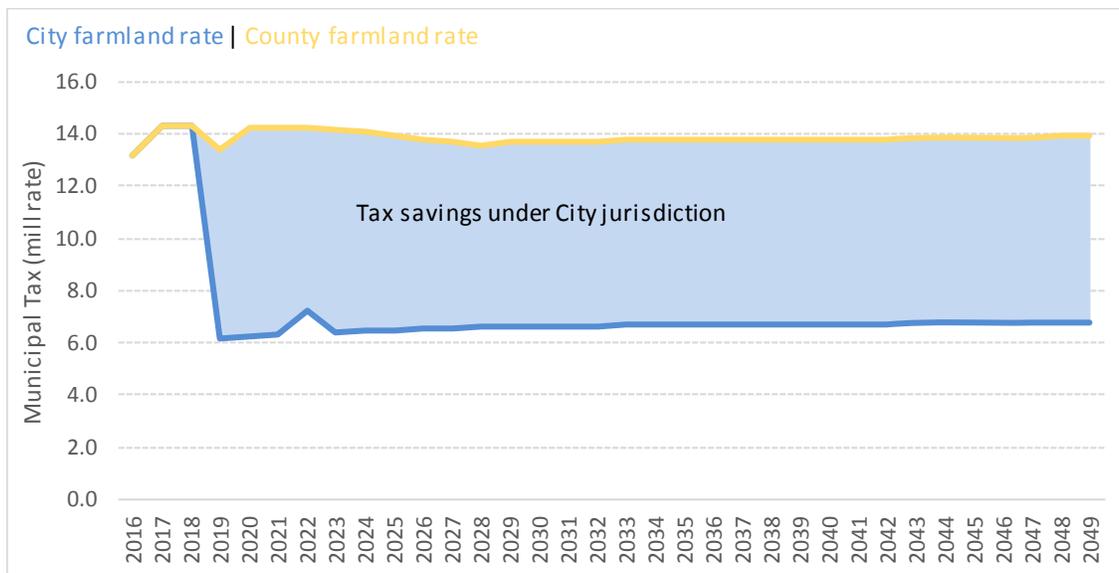
The impact analyses in the following subsections of the report compare the relevant annual City tax rates under the “with” annexation scenario with the preceding year’s tax rates that would apply in the County, as estimated in section 4.2. In setting appropriate tax-protected rates for the coming year, urban municipalities generally apply the available tax rate that was in place for the preceding tax year within the relevant rural jurisdiction.

4.4.1 Farmland

Figure 4.11 shows the comparative municipal tax rates for the City and County over the 30-year period to the year 2049. Farmland tax rates are lower in the City than in the County and City rates would thereby apply to annexed farmland properties. The projected tax rate differentials are shown to remain relatively constant over the projected period and the application of the city’s tax rates implies a more than 50% annual municipal tax saving for farmland properties over the period shown. The tax protection would extend beyond the period displayed in the chart.

It should be noted that residential properties located on farmsteads are taxed at residential tax rates which differ from farmland rates in the County. In contrast to relative farmland tax rates, the County’s residential rates are considerably below the City’s.

Figure 4.11 Annexation Area Farmland (Municipal) Tax Rates, 2016-2049

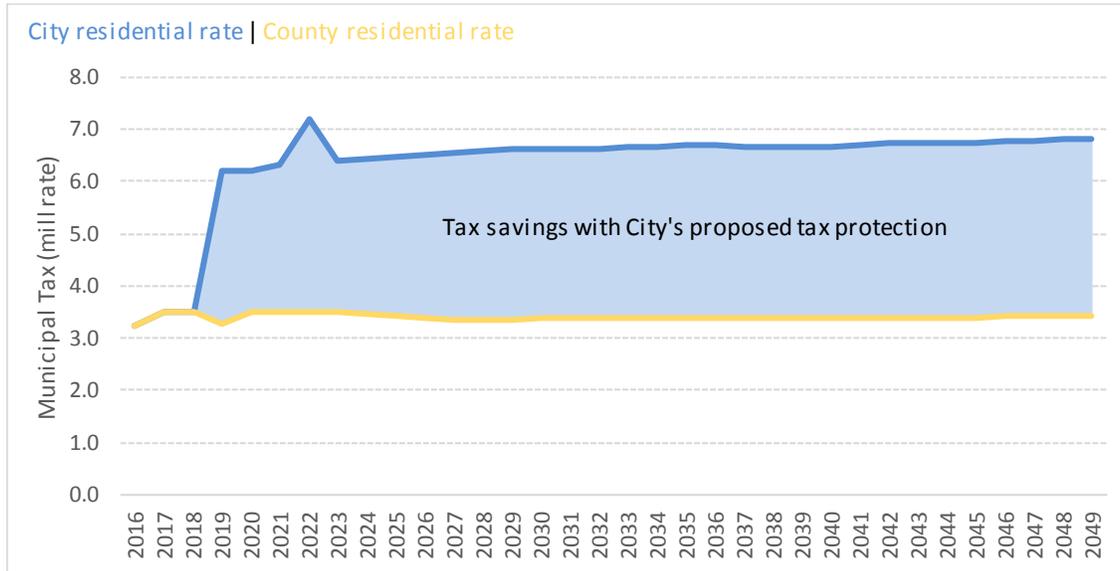


4.4.2 Residential Properties

Figure 4.12 compares the applicable municipal tax rates for residential properties within the City and County over a 30-year forecast period. In the absence of residential tax protection, property taxes for existing residential properties annexed to the City would roughly double and the differential in City-County rates would likely widen marginally over time.

With tax protection at County rates, residential tax levels for the annexed properties would remain roughly at current levels. The expected residential tax savings deriving from the City tax-protection policy is shown as the shaded area in the figure.

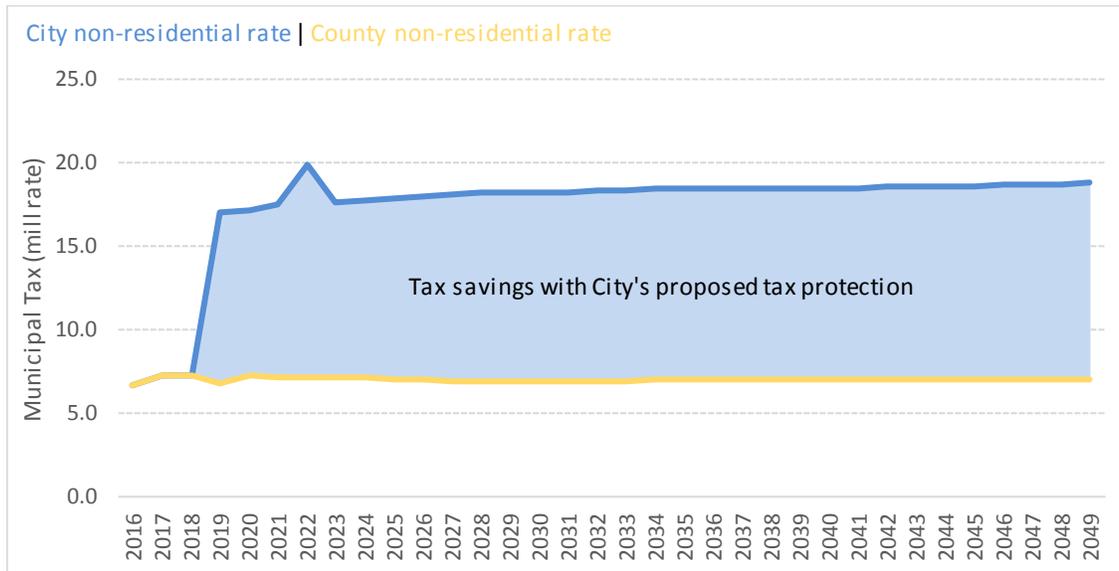
Figure 4.12 Annexation Area Residential (Municipal) Tax Rates, 2016-2049



4.4.3 Non-Residential Properties¹⁸

As with residential properties, annexed non-residential properties also would normally be subject to higher city rates, which in 2017, at 16.9 mills are more than double County levels (6.8 mills). Under projected long-term tax rates for the two municipalities, the tax savings embodied in the proposed tax protection plan are shown in Figure 4.13. As indicated, the differential between City and County rates is projected to widen modestly over time, and this implies that the annual tax savings under the tax protection policy also would increase slightly in the longer term.

Figure 4.13 Annexation Area Non-Residential (Municipal) Tax Rates, 2016-2049



4.5 Impacts on the Town of Beaumont

The long-term fiscal impacts to Beaumont of the City’s proposed annexation of the one-mile (1.6 km) section of Highway #814/50 Street that is within the Town’s present municipal jurisdiction is expected to be positive. In the short-term, the Town will benefit from a modest reduction in road operation and maintenance costs. In the longer term, Beaumont will incur reduced roadway recapitalization and upgrading expenditures associated with the removal of the annexed road section from the Town’s responsibility.

As well, the Town of Beaumont, together with the City of Edmonton and Leduc County, recently signed an Intermunicipal Planning Framework Agreement that will, among its other purposes, support the development of a sub-regional cost- and benefit-sharing framework, including a commitment toward a plan for future cost-sharing of the 50th Street corridor. As part of the Framework Agreement, the City of Edmonton removed the nine quarter sections of land that lie within the Town of Beaumont, from the City’s annexation application. The Agreement will encourage the coordination of sub-regional land use and infrastructure development, the minimization of infrastructure duplication, and cost-sharing, with attendant financial benefits to residents and taxpayers.

Beyond the tangible fiscal benefits to the Town of the City’s proposed assumption of responsibility for a section of Highway #814, Beaumont is expected to realize material longer-term fiscal benefits through the new sub-regional Framework Agreement.

5. Summary of Conclusions

Proposed Annexation

1. The City of Edmonton proposes to annex adjacent areas to the southwest and southeast of the City totaling approximately 8,267 ha. The affected lands are situated primarily within Leduc County, with an additional one-mile (1.6 km) section of Highway #814 proposed for annexation from the Town of Beaumont. The annexation area is largely undeveloped and remains primarily in agricultural or parkland use, with some residential acreages.

Immediate and Short-Term Annexation Impacts

2. In the current form and level of development of the affected lands, the annexation would have a negligible impact on the City's population (0.1%) and assessment base (0.1%) but would add almost 12% to the City's land base. Leduc County's size and population would be reduced by approximately 3% and 5%, respectively, and the County's assessment base would be reduced by 2%. The Town of Beaumont's road inventory would be reduced by 2% to 3%.

3. City tax rates are significantly higher than those in the County for residential and non-residential properties. City farmland rates are lower, while M & E properties are not subject to municipal property taxation in Edmonton. The potential negative taxation impacts to annexation-affected residential and non-residential property owners (other than linear properties) will be negated through the City's proposed long-term tax protection policies.

4. The short-term net costs of annexation to the City are estimated to be approximately \$4.0 million annually (equivalent to 0.3% of current annual City tax levies) with additional compensation costs, spread over 10 years, totaling \$8.5 million.

5. The net costs of annexation to the County are estimated to be \$0.4 million annually (equivalent to 0.9% of the County's current annual tax levies), not including the proposed compensation totalling \$8.5 million from the City. With compensation included, the County will realize net financial benefits from annexation in the years following the transfer of the affected lands to the municipal jurisdiction of the City.

6. There are no anticipated tax revenue impacts from annexation to the Town of Beaumont, but the municipality will benefit from roughly \$60,000 per annum roadway cost savings through the City's proposed annexation of the section of Highway #814/50 Street.

Baseline Financial Context

7. Key financial trends and indicators were examined in relation to the City of Edmonton and Leduc County, the two most-affected municipalities, to provide a baseline context from which to view the subsequent impact assessments. The Municipal Government Board has shown in the past its concerns regarding local government fiscal impacts and municipal financial sustainability and "manageability" arising from annexation.

8. The financial assessment overview indicates first, that the City of Edmonton, the annexing municipality, has a stable and strong financial position, marked by relatively balanced residential and non-residential development. The City has a financial resiliency as well, underpinned by its large and growing population base and its position as the dominant urban center in the northern half of the province. The City's most recent annexation – in 1982 – was much larger in both absolute and relative terms compared to the currently proposed annexation, and Edmonton has provided continuing services to those lands and absorbed considerable new growth while maintaining its general fiscal health over the more than three decades since that last annexation.

9. Leduc County, the municipality most affected by the potential loss of lands through the annexation, has an extremely strong financial position, with an assessment mix comprising two-thirds non-residential development and with tax rates the lowest among the rural municipalities in the region and roughly one-half the average level for the region's urban municipalities. That favorable financial position is not expected to be materially affected under the proposed annexation.

Long Term Fiscal Impacts: Leduc County

10. The primary purpose for examining Leduc County's long-term fiscal situation under a "with" annexation scenario is to ascertain the County's financial manageability and sustainability if annexation occurs. The report indicates that the County has a very favorable financial position, demonstrated particularly by a strong non-residential tax base and low property tax levels. This provides the County with considerable financial resiliency within the context of the proposed annexation.

The long-term fiscal analysis that has been carried out weighs the effects to the County of the potential loss of the annexation lands together with the municipality's continuing prospects for growth and development and quantifies the accompanying financial results. The financial analysis recognizes that the County will experience continuing but modest residential growth but is positioned geographically within the region to accommodate considerable additional non-residential development – in Nisku and north Nisku, within the EIA lands, in the south Devon industrial zone, and elsewhere in the County as well – that will serve to offset the municipal costs of its residential growth while maintaining over time its very enviable financial circumstances.

The report summarizes the estimated longer-term County residential and non-residential mill rates to the year 2049. Under the "with" annexation scenario, the County's financial position as reflected in tax levels is projected to remain consistently strong over the long term, with required tax rates remaining at roughly current levels in real terms. A short-term downward "blip" in County tax rates is shown in the assumed year of annexation, 2019, reflecting the initial compensation payments from the City. In the years following, implied mill rate levels in the County are shown to decline slightly, and by 2049 are estimated to be 3% lower than immediate pre- and post-annexation tax levels.

The long-term fiscal analysis indicates that the County's tax levels are likely to remain low and extremely competitive with those of other urban and rural municipalities in the Capital Region and that the county's enviable financial circumstances will be unaffected by the proposed annexation.

Long Term Fiscal Impacts: City of Edmonton

11. The fiscal analysis also examines the combined short- and long-term impacts of annexation on the City's finances. The short-term fiscal impacts of annexation to the City are shown to be nominally negative to the City as a whole. With compensation costs paid by the City added, potential City tax levels in 2019 would be an estimated 0.5% higher "with" annexation than "without". During the initial decade following annexation, the differential in City tax rates between the "with" and "without" annexation cases is minimal.

The longer-term impacts of annexation to the City largely reflect the implications of incremental development to the City. The annexation will extend the City's land supply and enable the City to accommodate an additional 207,000 people, as well as additional commercial and industrial development.

Over time, as City residential and industrial development advances into the annexation lands, the fiscal benefits to the City will become more pronounced, contributed by new commercial and industrial development and by the effects of the City's added growth in helping to pay for municipal costs that are attributable in part to continuing regional growth and development. By the end of the projection period in 2049, the City's tax rates with

annexation are shown to be approximately 9.2% lower than would occur if the proposed annexation does not occur.

Impacts on Annexed Properties

12. The City of Edmonton has proposed long-term tax protection measures that will nullify potentially negative municipal property tax impacts on annexed residential and non-residential properties. Under the City's tax proposals, annexed residential and non-residential properties (other than linear) will be taxed at the lower of City and County rates, the latter projected to remain below those of the City over the long term. Affected farmland properties will benefit from annexation because the City's relevant tax rates are lower than those for the County.

Long Term Fiscal Impacts: Town of Beaumont

13. The long-term fiscal impacts to Beaumont of the City's proposed annexation of the one-mile (1.6 km) section of Highway #514/50 Street is expected to be positive. In the near term the Town will benefit from a modest reduction in its road operation and maintenance costs. In the longer-term, Beaumont will avoid some road recapitalization and upgrading costs that it would otherwise incur. More significantly, the Town's participation in a new Intermunicipal Planning Framework Agreement with the City of Edmonton and Leduc County is expected to provide fiscal benefits to Beaumont that will arise from more coordinated infrastructure planning and development and from new intermunicipal cost-sharing arrangements.

Appendix A Supporting Assumptions

Table A.5.1 Leduc County Long-Term Financial Analysis: Underlying Assumptions

Analytical Parameter	Assumption
Population Growth	
2016 Population	13,780
Growth Rate	CRB 2014-2044 low growth scenario
Commercial & Industrial Absorption	
Nisku	10 ha/yr (from 2019)
North Nisku	
Current growth (estimate)	15 ha/yr
City spillover (additional)	70% of City south sector unmet demand (from City Growth Study)
New Sarepta	3 ha/yr (Source: Leduc County. New Sarepta Market Research Report, 2013)
South Devon	3 ha/yr, rising to 13 by 2040 (Source: South of Devon Area Structure Plan Industrial Market Assessment, Watson & Associates, 2014)
Other rural (estimate)	2 ha/yr
Assessment Growth	
Base Assessments	County assessments for 2016 tax year
Residential	Prorated from population
Farmland	Constant
Linear	Constant
M&E	Constant
Commercial/Industrial	Absorption estimates @ \$3 m per hectare
Annexation Impacts	
Assessments	As per short-term impacts, Section 2.4.2 of Report
Revenues (Non-Tax) and Expenditures	As per short-term impacts, Section 2.4.2 of Report
Annexation Compensation	\$8.5 million (includes annexation area tax losses, defined assets compensation, County annexation costs). Assumes one-time payment to County of \$3.2 m in 2019 for assets/other costs. Tax loss compensation totaling \$5.3 million assumed to be paid to County over 10 years in equal annual amounts.
Future Tax Rate	
Res/Non-Res Ratio	Assumed at 2016 ratios (farmland, residential, non-residential)

Table A.5.2 Leduc County Long-Term Financial Analysis: Revenue and Expenditure Assumptions¹

Description	Expenses	Revenues	Projection Basis
	2016 Base Budget (\$ million)		
Non-tax misc. revenues	-	\$2.987 ²	Constant
Tax administration allowances	-	\$0.326	0.00004 assessments levy
General administration	\$10.419	\$1.219	Expenses 10% fixed, 90% based on population growth Revenues @ 11.7% of expenses
Protective (excl. EIA)	\$4.709	\$1.183	Expenses based 100% on population growth Revenues @ 25% of expenses
Transportation	\$26.945	\$7.505	Expenses based 75% on population growth, 25% commercial/industrial assessments (non-EIA) Revenues @ 27.9% of expenses
Environmental Treatment	\$6.102 ²	\$4.897	Expenses based on residential and commercial/industrial assessment growth (non-EIA). Revenues @ 80% of expenses.
FCSS	\$2.134	\$1.692	Expenses based 100% on population growth Revenues: \$1.537 m (grants) constant, plus 7% of expenses
Environmental development	\$6.999	\$2.635	Expenses: 25% fixed, 75% tied to residential and commercial/industrial assessment growth. Revenues: \$0.17 m fixed (grants) plus 35% of expenses.
Recreation, Parks	\$5.206	\$1.298	Expenses: 100% based on population growth Revenues: 25% of expenses
Operating reserves, debt servicing (net)	\$1.847	-	100% based on population growth
Net operating surplus			Assumes constant \$0.104 m surplus as per 2016 budget
EIA fire protection	\$2.621	-	Current agreement extends to 2018 (\$2.758 m). Projected in years following in proportion to EIA estimated assessments.
EIA tax transfers to City of Leduc	\$2.504	-	Projected in proportion to EIA estimated assessments growth.

1. Based on Leduc County's 2016 operating budget.

2. Revenues net of local improvement levies (\$0.4 m). Environmental treatment expenses are net of equivalent debt service charges.

Table A.5.3 City of Edmonton Long-Term Financial Analysis: Underlying Assumptions

Analytical Parameter	Assumptions
Municipal Growth	
Population, land absorption, etc.	'With' and 'without' annexation growth projections from 2018 City of Edmonton Growth Study
Date of Annexation	January 1, 2019
Assessment Growth	
Base assessments	City assessments for 2016 tax year from 2016 Property Tax Bylaw, and detailed City assessment data
Residential assessment growth	Growth Study residential growth estimates by type of unit. Assumed assessment values: LDR @ \$450,000/unit; MDR (Row) @ \$325,000/unit; MDR (apt) and HDR @ \$275,000/unit
Non-Residential assessment growth	Growth Study growth absorption estimates for conventional industry and petrochem development. Assumed industrial assessment values: \$3.5 million/net ha for conventional industry; \$1.3 million/net ha for petrochemical industry. Commercial assessment growth based on \$28,500/capita applied to new City population growth. Linear assessment growth based on \$560/capita applied to new City population growth.
Annexation Impacts	
Annexation area assessments (current state) and related taxes	As per short-term impacts (See Table 2-3 of report). Assessment valuations of annexed properties assumed to be consistent with those of County
Tax Protection	Current residential and non-residential properties (excluding linear) tax protected at lower of City or County tax rates for 50 years. Linear properties assumed subject to City rates upon annexation. The City also has proposed tax protection for a period of 25 years from the date of annexation to new industrial developments within the Remington Development Corp. lands, the first phase of the Crossroads Area Structure Plan. That tax protection has been applied to the 2018 Growth Study annexation area industrial absorption estimates as they pertain to the Remington Lands.
Compensation to Leduc County	One-time payment of \$3.2 m to Leduc County in 2019 for assets and costs. Additional tax-loss compensation totaling \$5.3 m paid in equal annual amounts over 10 years beginning in 2019.
Revenues (non-tax) and expenditures	As per short-term impacts, Table 2.5 of report
Future Tax Rate	
Res/Non-Res Ratio	Assumed at 2016 ratios (farmland, residential, other residential, non-residential)

Table A.5.4 City of Edmonton Long-Term Financial Analysis: Revenue and Expenditure Assumptions

Description	2016	2017	2018	Projection Basis
	----- (\$ million)-----			
Operating Revenues (excl. local improvement taxes, special levies, etc.)				
User fees, fines, permits	\$522.1	\$546.5	\$545.4	City per capita
Grants	\$101.2	\$95.6	\$94.0	Constant
Return on Investments	\$215.6	\$209.7	\$213.5	Constant
Franchise Fees	\$154.2	\$159.4	\$165.4	City per capita
Total Operating Revenues	\$993.1	\$1,011.2	\$1,018.3	
Operating Expenditures (excl. local improvement and special levy supported costs)				
Economic Development	\$47.6	\$48.6	\$49.0	City per capita
Public Library	\$50.1	\$52.1	\$54.5	City per capita
Other Boards/Commissions	\$36.6	\$37.1	\$37.9	City per capita
Corporate Services	\$96.6	\$101.5	\$103.0	City per capita
Financial Services	\$46.2	\$47.7	\$48.9	City per capita
Sustainable Development	\$159.9	\$152.9	\$151.8	City per capita
Corporate Expenditures	\$38.1	\$42.4	\$51.2	City per capita
Taxation Expenditures	\$18.0	\$18.4	\$18.7	City per capita
Automated Enforcement	\$58.5	\$59.2	\$59.6	City per capita
Police Services	\$376.8	\$385.5	\$396.1	80% of current costs increase proportional to City pop'n. 20% to increase with regional pop'n (excl. City)
Community Services	\$534.9	\$558.0	\$580.8	
Transportation	\$555.0	\$573.9	\$595.4	25% fixed, 75% variable to City population
Council/Senior Administration	\$24.3	\$25.7	\$26.5	
Other Corporate Projects	\$2.4	\$1.3	\$1.3	
Total Operating Expenditures	\$2,045.0	\$2,104.3	\$2,174.7	
Tax-Supported Capital Costs				
SLRT debt costs	\$44.5	\$44.5	\$44.5	Assumed constant, on-going
Tax-supported debt servicing (debt incurred to 2018)	\$92.90	\$109.6	\$125.9	City debt-servicing projections (tax-supported)
Neighborhood renewal	\$104.9	\$104.9	\$104.9	(see below)
PAYG	\$151.9	\$137.3	\$143.3	(see below)
Net to/from reserves	(\$29.5)	\$0.0	(\$7.3)	Assumed @ net \$0
Sub-total	\$364.7	\$396.3	\$411.3	
New growth and renewal capital (gross costs) Post 2018¹				
Renewal – Average/year	\$470.7 m (2015-2018)			Gross renewal spending assumed to increase by \$10 m per year for 10 years. 90% of current baseline growth costs increase proportional to City population. 10% increase with regional population (excl. City). 25% of annual growth and renewal costs financed by PAYG. 22% of annual growth and renewal costs financed by tax-supported debt, serviced over 25 years. The remaining 53% is from other levels of government and financing sources.
Growth – Average/year	\$651.4 m (2015-2018)			

1. The tax-supported cost estimates for the City used in the FIA are not derived from the separate annexation infrastructure serviceability report entitled: City of Edmonton – Leduc Annexation Infrastructure Serviceability Review, prepared in June 2017 by Associated Engineering Alberta Ltd. That report includes infrastructure serviceability concepts and cost estimates for the annexation area service areas including, but in some instances, extending beyond the annexation area, and does not encompass potential capital expenditures relating to other City growth areas and the City at large, required for the Fiscal Impact Analysis. The FIA is also based on tax-supported capital costs only, and necessarily includes assumptions regarding capital financing insofar as they affect only long-term City tax requirements.

Sources: City of Edmonton. 2016-2018 Operating Budget. Some categorizations by NAM. 2015-2018 Capital Budget and Investing in Edmonton: Capital Projects, 2004-2014.



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