

# Attachment I

## **Growth and the Economy**

The Royal Bank Economic and Financial Market Outlook for June quoted “Our forecast is for Canada’s economy to expand at a slightly faster than the 3% average quarterly pace for the remainder of 2012 and gradually to slow to its potential rate of 2.25% in the second quarter of 2013.”<sup>1</sup>

“Alberta’s economy is growing briskly despite a slowdown in the global economy and escalation of the Eurozone debt crisis. Economic growth in the province is forecast at a solid 3.8% in 2012 on the heels of an estimated 3.5% gain in 2011. Alberta had the strongest job growth in the country in 2011. Employment expanded by an impressive 3.8%. Attracted by new job opportunities and high wages, net migration is expected to pick up. Real consumer spending is expected to remain strong, above 3.5% annual growth over the medium term, helping to sustain Alberta’s economic expansion.”<sup>2</sup>

Development for Parkland County is very strong so far in 2012. Building permits to May 31, 2012 were at \$63M versus \$34M for the same period in 2011. The continued upturn in the economy encourages new construction and improvements which will provide additional assessment, property taxes and population as more people move to Parkland County. The challenge for Council and Administration is to continue to maintain service levels over a large physical area and a still growing population.

Additions to County’s facilities and infrastructure, as a result of growth, will increase the manpower, supplies and equipment requirements and costs in all departments to offer the same level of services provided in past years. Growth also impacts services such as Fire and By-law Enforcement etc. More roads, parks areas etc. add to the cost of delivering services. The Tax and Utilities programs are affected by the addition of new tax and utility accounts etc. Growth is good but it also has a cost especially if the same or better levels of service are desired.

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<sup>1</sup> <http://www.rbc.com/economics/market/pdf/fcst.pdf>

<sup>2</sup> <http://www.finance.alberta.ca/publications/budget/budget2012/fiscal-plan-economic-outlook.pdf>

## **Assessment Predictions**

Residential and Commercial assessment for 2012 continues to show improved numbers from last year. The Acheson area continues to see strong activity with the area now in a better position to handle the next boom. Vacant sales seem to be very strong indicating there will continue to be strong growth in the Acheson area in the next couple of years.

The growth in the Machinery and Equipment assessment wasn't very strong last year. Assessment Services is predicting that it will be stronger in 2012 and 2013. The County currently collects \$232M in assessment which is 2.86% of our total assessment base which isn't a lot but it is expected that Parkland County should see a 1.5-2% increase in the next couple of years.

Parkland County saw a large change in Linear assessment this year (from 12% to 21% of our assessment base largely due to Keepphills 3 going on the tax roll in the 2012 taxation year). Assessment Services does not expect much change in linear for 2013. They are predicting a possible decrease due to depreciation.

## **Interest Rates**

RBC's June Financial Market Update predicts "The Bank will be in position to raise the overnight rate in 2012, but for it to occur late in year when financial markets have stabilized and the risks facing the global economy have swung to positive from negative. As indicated previously, our baseline assumption is that by year end, policies will be in place to address the European crisis sufficiently to dampen the downside risks to the global economic outlook and pull the euro area economies out of recession."<sup>3</sup>

## **Internal Utility Costs**

Parkland County is a member of the AMSC Energy Aggregation Program therefore it is expected that prices for electricity and natural gas will remain fairly stable for the balance of the aggregation program which ends December 31, 2013.

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<sup>3</sup> <http://www.rbc.com/economics/market/pdf/sum.pdf>

### **Fuel Costs**

The price of gas and diesel is subject to supply and demand in the market. Fleet Services is predicting an escalation in fuel costs for 2013-2015.

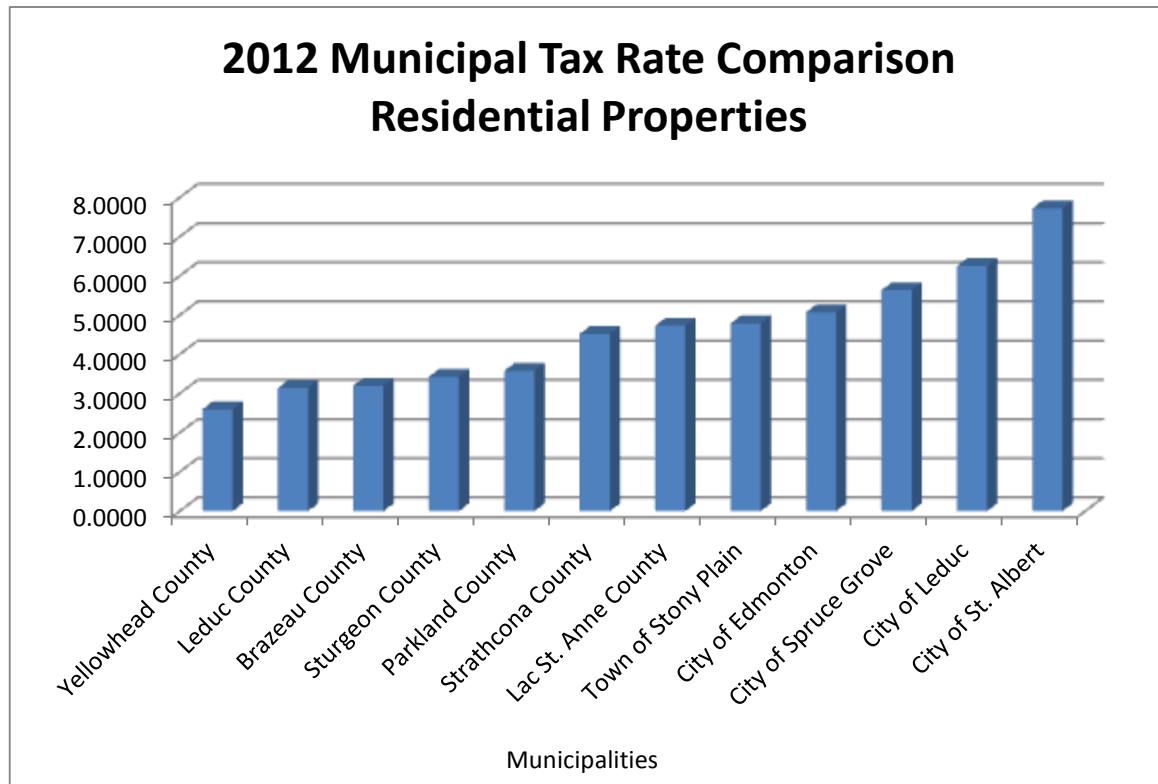
### **Manpower Planning**

With the upturn in the economy and specifically Alberta, it is expected that there will be a looming shortage of skilled workers. Parkland County will continue to improve recruitment and retention practices according to its strategic plan to ensure that Parkland hires and retains the best employees.

The three year contract Parkland County had with International Union of Operating Engineers expires December 31, 2012 resulting in uncertainty in staffing costs.

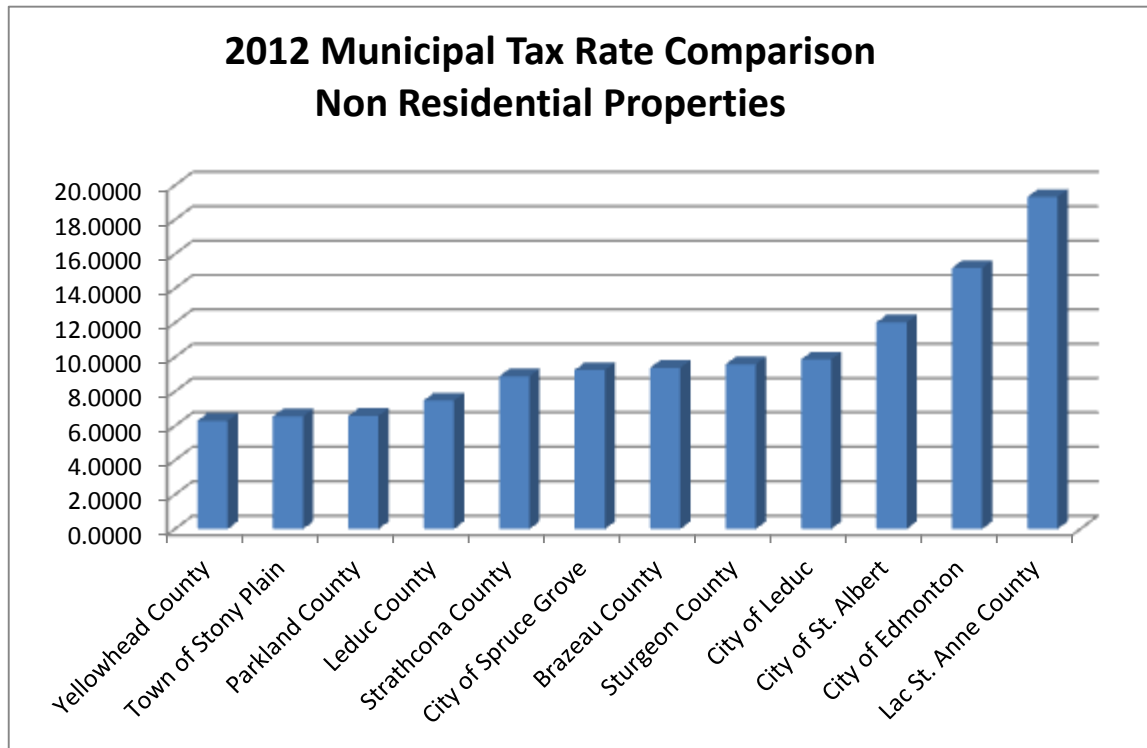
## Tax Rates

The following charts illustrate how Parkland County's tax rates compare to area municipalities.



Parkland County has the fifth lowest residential tax rate of the twelve municipalities listed. Please keep in mind different levels of service dictate the amount of taxes required by the municipality. Because of Parkland County's proximity to Edmonton and the number of residential subdivisions in the County the range and level of service expected is higher than some of the smaller and more "rural" municipalities such as Yellowhead and Brazeau County.

The tax rate comparison also showed that municipalities such as Sturgeon County, Leduc County, and Lac St. Anne County have a significantly higher farmland tax rate than their residential tax rate. This ranges from 1.8-3.7 times higher than the residential tax rate thus allowing them to offer a more competitive residential tax rate.



Parkland County has the third lowest non-residential tax rate of the twelve municipalities listed. Again, different levels of service dictate the amount of taxes required by the municipality. Some municipalities charge a significantly higher premium to their non-residential taxpayers.

It is important that Parkland County monitor these rates to ensure that the County remains competitive and also maintains a balance between residential and non-residential taxes.