



ECONOMIC DEVELOPMENT ADVISORY COMMITTEE

MEETING AGENDA

December 7, 2020

6:00 p.m.

Virtual

CALL TO ORDER

1. **ADOPTION OF AGENDA**

2. **MINUTES**

a. Inaugural EDAC Meeting Minutes – October 29, 2020

3. **INFORMATION ITEMS**

a. City of Spruce Grove Financial Direction & Strategies – Frostad/Boje

4. **BUSINESS ITEMS**

a. Development of Annual Workplan - Stevenson

5. **DELEGATIONS**

6. **CLOSED SESSION**

ADJOURNMENT



**Economic Development Advisory Committee
December 7, 2020**

REQUEST FOR DECISION

ITEM DESCRIPTION:

1. ADOPTION OF AGENDA

PROPOSED MOTION:

That the agenda be approved as presented.

BACKGROUND/ANALYSIS:

n/a

FINANCIAL IMPLICATIONS:

n/a

ATTACHMENTS:

n/a



Economic Development Advisory Committee

Minutes of the Inaugural Meeting
Held October 29, 2020
Virtual

Committee Members Present:

Councillor Erin Stevenson, Chair
Councillor Dave Oldham, Vice-Chair
Councillor Michelle Gruhlke
Mayor Stuart Houston, Ex-officio
Robert Smith
Anthony Worbeck
Braven Blackwell
Bruce Mullett
Kelly J. Rose
Victor Moroz
Charlene Bell
Heather Shewchuk

Also In Attendance:

Dave Walker, Manager, Economic & Business Development
Karla Gould, Economic Development Specialist
Jamie-Lynn Scobie, Economic Development Specialist
Lindsay O'Mara, Deputy City Clerk

CALL TO ORDER

Chairperson Erin Stevenson called the meeting to order at 7:30 p.m.

1. ADOPTION OF AGENDA

No amendments, additions or deletions were made to the agenda.

2020-01 Moved by Victor Moroz that the agenda be adopted as amended.

Carried



2. MINUTES

n/a

3. BUSINESS ITEMS

- a. 2020-2021 Economic Development Advisory Committee Meeting Dates Schedule

2020-02 Moved by Anthony Worbeck that the 2020-2021 calendar of regularly scheduled Economic Development Advisory Committee regular meeting dates be approved as presented.

Carried

- b. Discussion about Annual Workplan

2020-03 Moved by Charlene Bell that the Economic Development Advisory Committee Annual Workplan item be received as information

Carried

4. DELEGATIONS

- a. Bruno Peters of IBI Group presented on the Spruce Grove Broadband Strategy

2020-04 Moved by Kelly John Rose that Bruno Peters of IBI Group be thanked for his presentation.

Carried

5. INFORMATION ITEMS

There were no Information Items on the agenda.



6.

CLOSED SESSION

The Economic Development Advisory Committee did not go into Closed Session.

Chairperson Erin Stevenson declared the meeting adjourned at 8:49 pm.

CHAIRPERSON – ERIN STEVENSON

RECORDING SECRETARY

DRAFT



**Economic Development Advisory Committee
December 7, 2020**

REQUEST FOR DECISION

ITEM DESCRIPTION:

2. APPROVAL OF MINUTES

PROPOSED MOTION:

That the October 29, 2020 EDAC Inaugural Meeting Minutes be approved as presented.

BACKGROUND/ANALYSIS:

n/a

FINANCIAL IMPLICATIONS:

n/a

ATTACHMENTS:

October 29, 2020 EDAC Inaugural Meeting Minutes

City of Spruce Grove Financial Direction & Strategies

Economic Development Advisory Committee

December 7, 2020

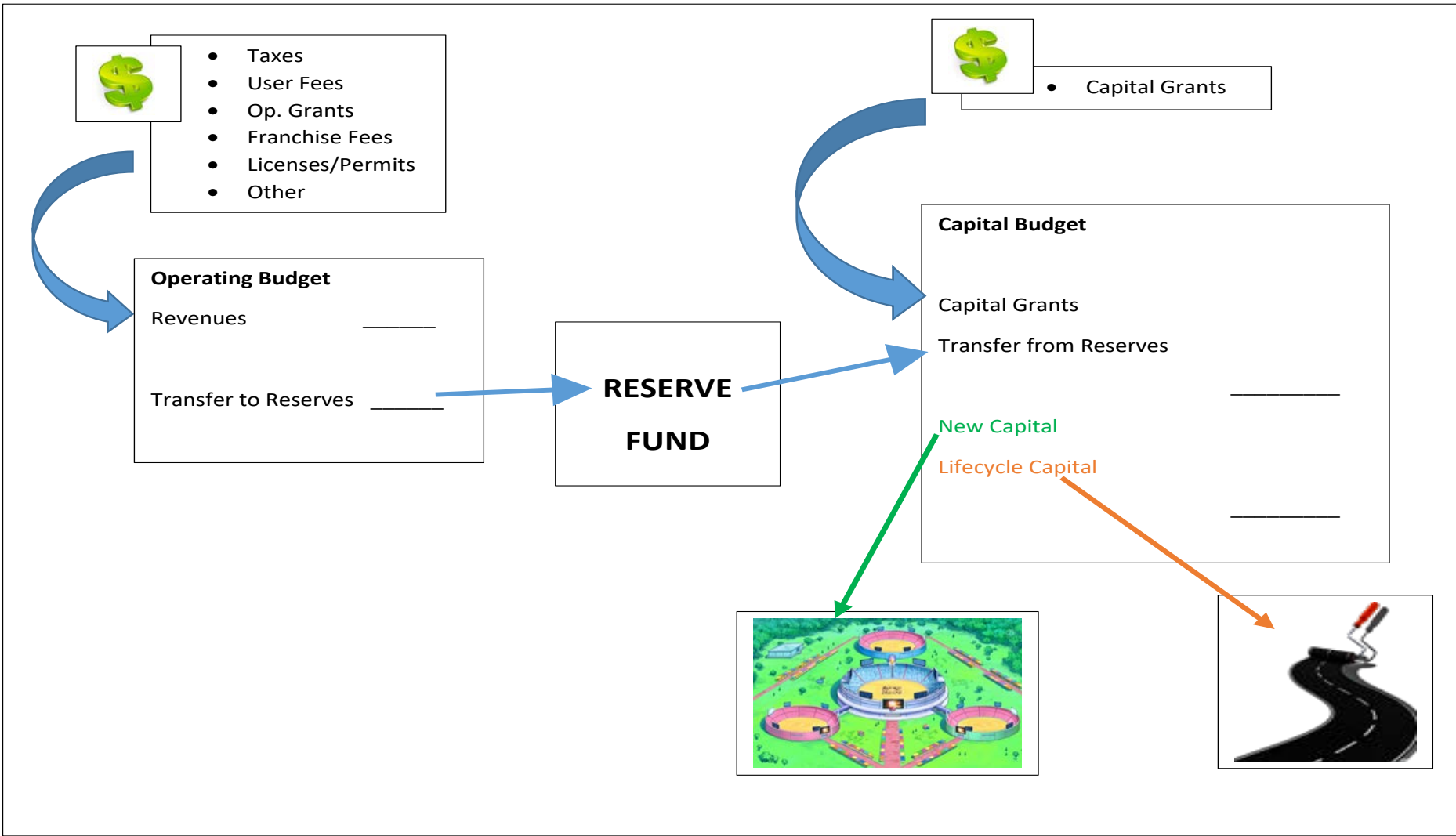
Today's Environment

- Budget 2020
 - Spring Budget Adjustment
 - COVID-19 Implications: Ongoing Operational Budget Cuts
- Forecast 2020
 - COVID-19 Implications: One Time Operational Budget Cuts
 - Temporary Service Level Changes
 - Delayed Lifecycling
- Stimulus Funding 2020:
 - Federal and Provincial Sources – clear purpose and requirements
 - Operational (“MOST”): \$3.6 million – one time only
 - Transit (“STIP”): \$87 thousand – one time only
 - Capital: \$4.2 million – one time only; expended by December 2021
- 2021 Economic Outlook
 - Provincial/Regional
 - Implications: Developer Industry, Municipal Growth

Fiscal Sustainability: How to Get There

- Fiscal Sustainability – what does it mean practically?
 - Funding today without compromising the future
 - Providing services that citizens are willing to pay for
 - Maintaining infrastructure in good condition
 - Having funding for future infrastructure
 - Flexing tax rates and fees to adjust to different rates of community growth
- Fiscal Sustainability Principles
 - Transparency
 - Sustainability
 - Equity
 - Competitiveness

Follow the Money – Where Does It Go?



Capital Budget – Two Streams

- New Capital – new buildings or acquisition of assets
 - Examples: Transit Hub, Arena, etc.
- Lifecycle Capital – maintaining in existence Municipal Assets
 - Examples: Road works, Community Infrastructure, Utility Maintenance
- What is the potential cost of these two streams in 2021?

2021 Budget	New Capital (000's)	Lifecycle (000's)	Total (000's)
Municipal	\$ 11,676	\$ 12,885	\$ 24,561
Utility	\$ 279	\$ 9,206	\$ 9,485
Developer	\$ 170	0	\$ 170
	\$ 12,125	\$ 22,091	\$ 34,216

Municipal Capital Budget - Ten Year View

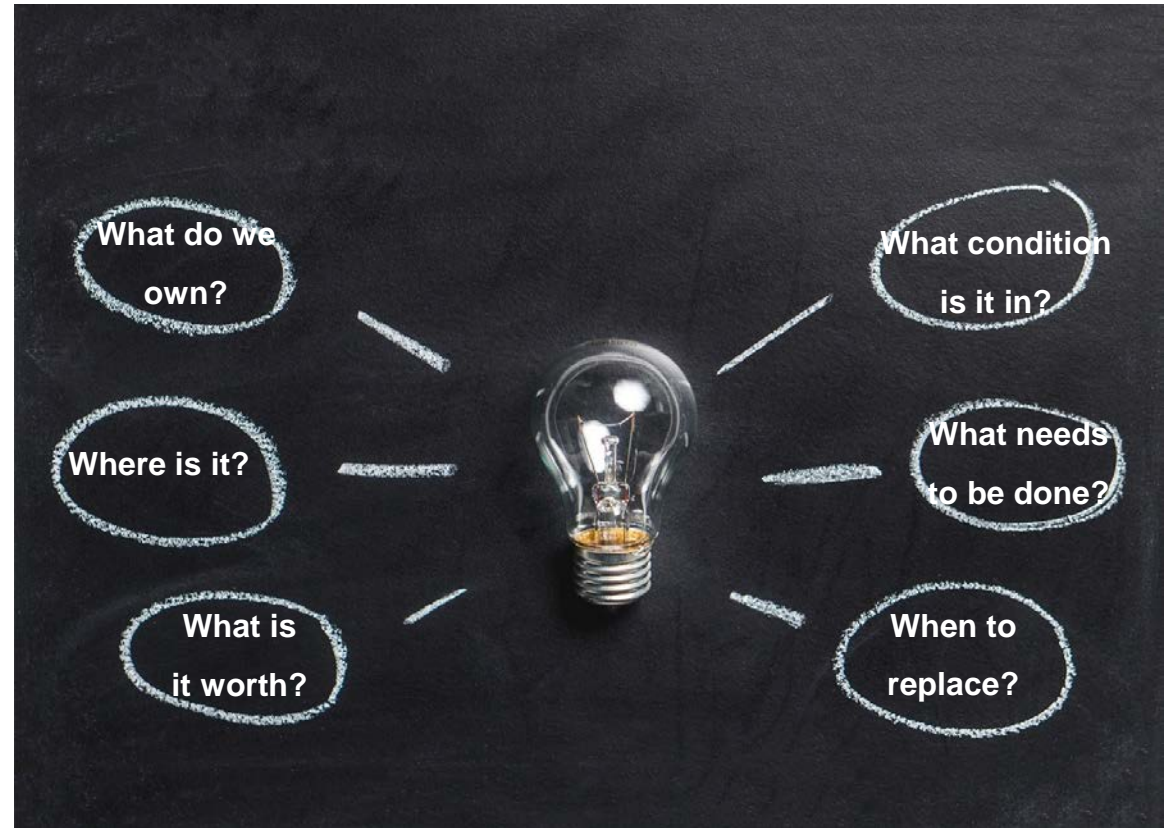
Ten Year Capital Shortfall											
Capital as Submitted	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
MSI/FGTF Grants Used	\$ 16,532	\$ 20,866	\$ 13,191								\$ 50,589
Remaining Average Grant Funding				\$ 8,502	\$ 8,502	\$ 8,502	\$ 8,502	\$ 8,502	\$ 8,502	\$ 8,502	\$ 59,511
Other Grants	\$ 6,446										\$ 6,446
Reserves/MOST Grant	\$ 1,834	\$ 1,821	\$ 1,466								\$ 5,121
Operating Budget	\$ 248	\$ 32									\$ 280
Debentures		\$ 7,500	\$ 14,200								\$ 21,700
Total Revenue Available	\$ 25,060	\$ 30,219	\$ 28,857	\$ 8,502	\$ 8,502	\$ 8,502	\$ 8,502	\$ 8,502	\$ 8,502	\$ 8,502	\$ 143,647
New Growth Capital	\$ 12,175	\$ 21,075	\$ 19,236	\$ 15,399	\$ 2,785	\$ 4,764	\$ 2,254				\$ 77,688
Lifecycling	\$ 12,885	\$ 9,144	\$ 9,621	\$ 9,060	\$ 9,274	\$ 7,947	\$ 7,270	\$ 7,667	\$ 7,169	\$ 8,846	\$ 88,883
Total Capital Expense	\$ 25,060	\$ 30,219	\$ 28,857	\$ 24,459	\$ 12,059	\$ 12,711	\$ 9,524	\$ 7,667	\$ 7,169	\$ 8,846	\$ 166,571
Shortfall	\$ -	\$ -	\$ -	-\$ 15,958	-\$ 3,558	-\$ 4,210	-\$ 1,023	\$ 835	\$ 1,333	-\$ 345	-\$ 22,925

Note the ten year Capital Plan is still not fully mapped in the out years and is likely to be somewhat higher than presented in those years.

Assets in Spruce Grove

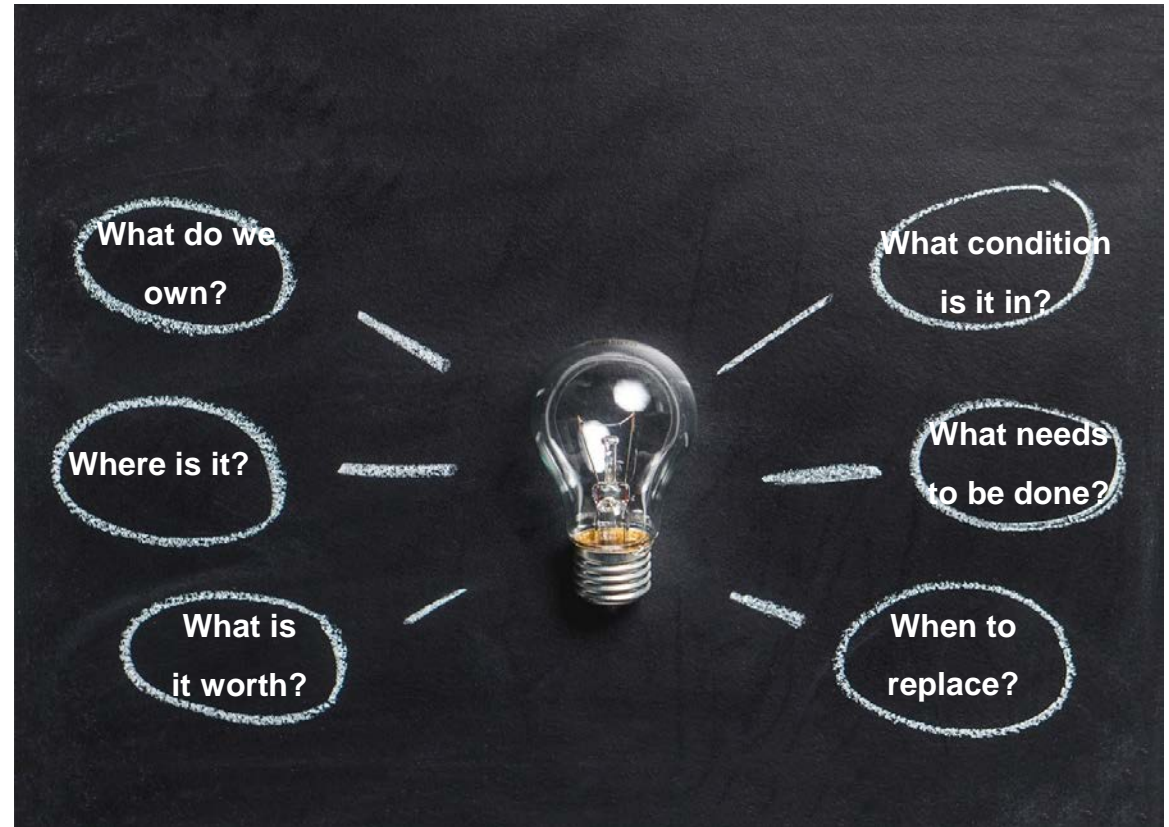
- What do we own:
 - Transportation (Roadways)
 - Utility Systems (Sanitary, Storm and Water)
 - Parks and Pathways
 - Facilities (Civic and Community)
 - Public Safety
 - Public Works
 - Public Transit

Approximate Value: \$737 million



Assets in Spruce Grove

- What Needs to be Done and When to Replace
 - Analytics inform the optimal timing of when to invest in lifecycling
 - Scenarios enable the risk and benefit, including the future cost of delaying addressing an asset functional deficiency today
 - Acceleration of new asset construction between 2007-2018 is triggering a corresponding surge in lifecycling demands in the City
 - Budget 2021 options present approaches to addressing the asset management demands



Capital Lifecycle Budget

Average Life vs. Extended Life Analysis

Asset Type	Total Capital Asset (TCA) Cost as of Dec 2019	Industry Standards estimated Useful Life	Average Useful Life Calculation Base	Lifecycle Cost Per Year Using Average Useful Life	Extended Useful Life Calculation Base	Lifecycle Cost Per Year Using Extended Useful Life
Land	\$156,726,000					
Land Improvements	\$25,689,000	15-25 years	20.00	\$1,541,340	25.00	\$1,233,072
Leasehold Improvements	\$1,005,000					
Buildings	\$100,660,000	25-50 years	40.00	\$3,019,800	50.00	\$2,415,840
Engineered Structures	\$410,642,000	20-75 years	45.00	\$10,950,453	75.00	\$6,570,272
Machinery & Equipment	\$23,159,000	4-20 years	15.00	\$1,852,720	20.00	\$1,389,540
Vehicles	\$11,275,000	8-25 years	10.00	\$1,353,000	25.00	\$541,200
Construction in Progress	\$1,831,000					
TOTAL	\$730,987,000			\$18,717,313		\$12,149,924

How Do We Fund Capital (New and Lifecycling)?

- Grants
- Debt
- Operating Revenue
 - Fees
 - Taxes
 - Franchise Fees
- Other Revenue
 - Municipal Partnership
 - Sponsorship
- Reserves

How to Fund Lifecycle Reserve

- Options to Fund Lifecycle Reserves
 - User Fees
 - Grants
 - Fines
 - Licenses/Permit Fees
 - Franchise Fees
 - Utility Rates
 - Offsite Levies
 - Developer Contributions
 - Property Taxes
 - Other Taxes
- Who should pay – the particular beneficiary or the greater community?

New Policy Direction – Creation of Reserves

- Reserves are required to build sustainable funding of lifecycle requirements for assets.
- The funding of reserves will be ongoing through dedicated funding sources that operate as a continuous flow through with annual transfers coming in and capital expenditures going out.

Required Annual Operating Transfers to Reserves	
Civic Infrastructure	\$435,000
Community Facilities	\$684,000
Parks/Open Spaces	\$410,000
Public Works	\$387,000
Transit	\$195,000
Transportation	\$3,619,000
Total	\$5,755,000

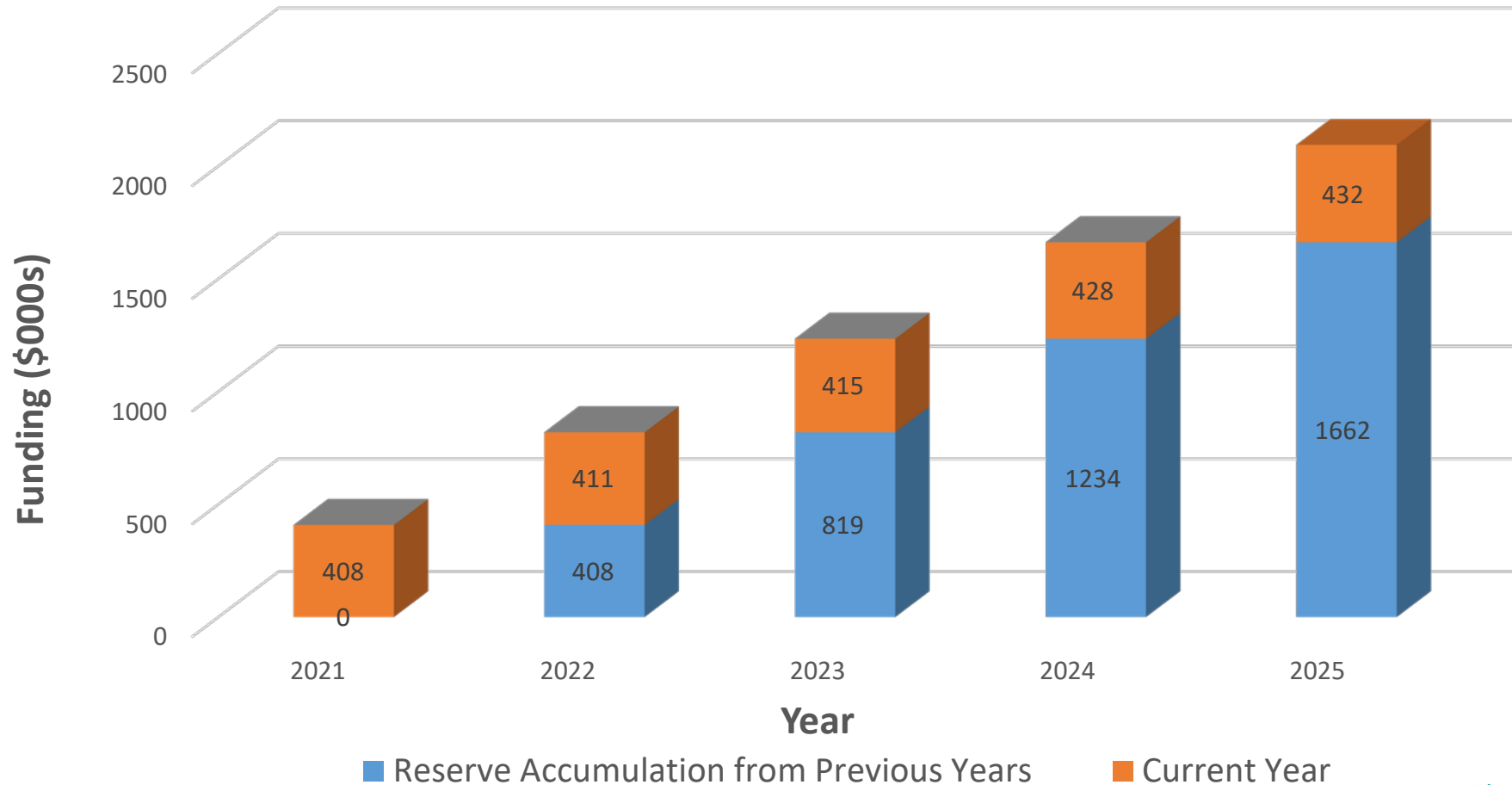
Approved Decision by Council

Dedicated Tax Stream for Lifecycling Over 5 Years

- The City requires \$5.755 million in annual transfers to fund the municipal lifecycle program.
- As the municipality increases taxes over a five year period dedicated to infrastructure renewal, the operating budget will begin to have a dedicated funding source for lifecycle budgeting.
- Council has approved a five year dedicated tax stream for lifecycling. In 2021, the increase will be 1%.
- The compounding effect of an annual increase of 1% every year for five years would generate dedicated transfers of \$2.09 million.
- In year one, a 1% increase to a non-residential ratepayer would be \$0.73 per \$100,000 of assessment per month or \$8.76 per year.
- Follows the Fiscal Principle of Transparency.

Approved Decision by Council

Dedicated Tax Stream for Lifecycling (1% increase for 5 years)



Approved Decision by Council

Property Tax Rate Split Shift Over 7 Years

- Residential/non-residential tax rate split is currently 1.38.
- Low in comparison with other municipalities – average split rate is 1.73 (without Edmonton and Calgary)
- Council approved a 7 year property tax rate split shift. The increase in the rate split is 0.025 for 2021.
- The non-residential impact of the split shift is \$1.32 per month or \$15.84 annually per \$100,000 of assessment.
- Follows the Fiscal Principle of Equity.

Analysis of Res/Non-Res Tax Split - 2020 Tax Rates			
Community	Res	Non Res	Split
Leduc	0.007603	0.008792	1.16
Stony Plain	0.006288	0.007443	1.18
St. Albert	0.008358	0.010382	1.24
Spruce Grove	0.006366	0.00877	1.38
Grande Prairie	0.009642	0.016077	1.67
Fort Saskatchewan	0.005609	0.009657	1.72
Lloydminster	0.006308	0.011354	1.80
Red Deer	0.007198	0.014064	1.95
Parkland County	0.004192	0.008384	2.00
Airdrie	0.004785	0.010048	2.10
Medicine Hat	0.007115	0.01571	2.21
Lethbridge	0.008892	0.02092	2.35
Edmonton	0.006817	0.018504	2.71
Calgary	0.004780	0.015828	3.31
Average			1.91

Approved Decision by Council

0.025 Property Tax Split Rate Shift (Year One)

Comparison of Before Tax and After Tax for Residential and Non-Residential Taxpayers on \$500,000 Assessment

	Residential	Non-Residential			
		Federal	Part 1 Tax 38%	Federal Abatement 28%	Small Business 9%
		Provincial	Higher 8%	Higher 8%	Lower 2%
Non residential property taxes before income tax			\$4,385	\$4,385	\$4,385
(Proposed increase in 2021 for tax split change)			\$87	\$87	\$87
Revised non-residential property tax before income tax			\$4,472	\$4,472	\$4,472
Savings on Fed. tax from deductibility of property taxes			1,699	1,252	402
Savings on Prov. tax from deductibility of property taxes			358	358	89
After income tax property taxes	\$3,183		2,415	2,862	3,980
Effective split after property taxes			0.76	0.90	1.25
		Average		\$3,086	
		Average Split		0.97	

Approved Decision by Council

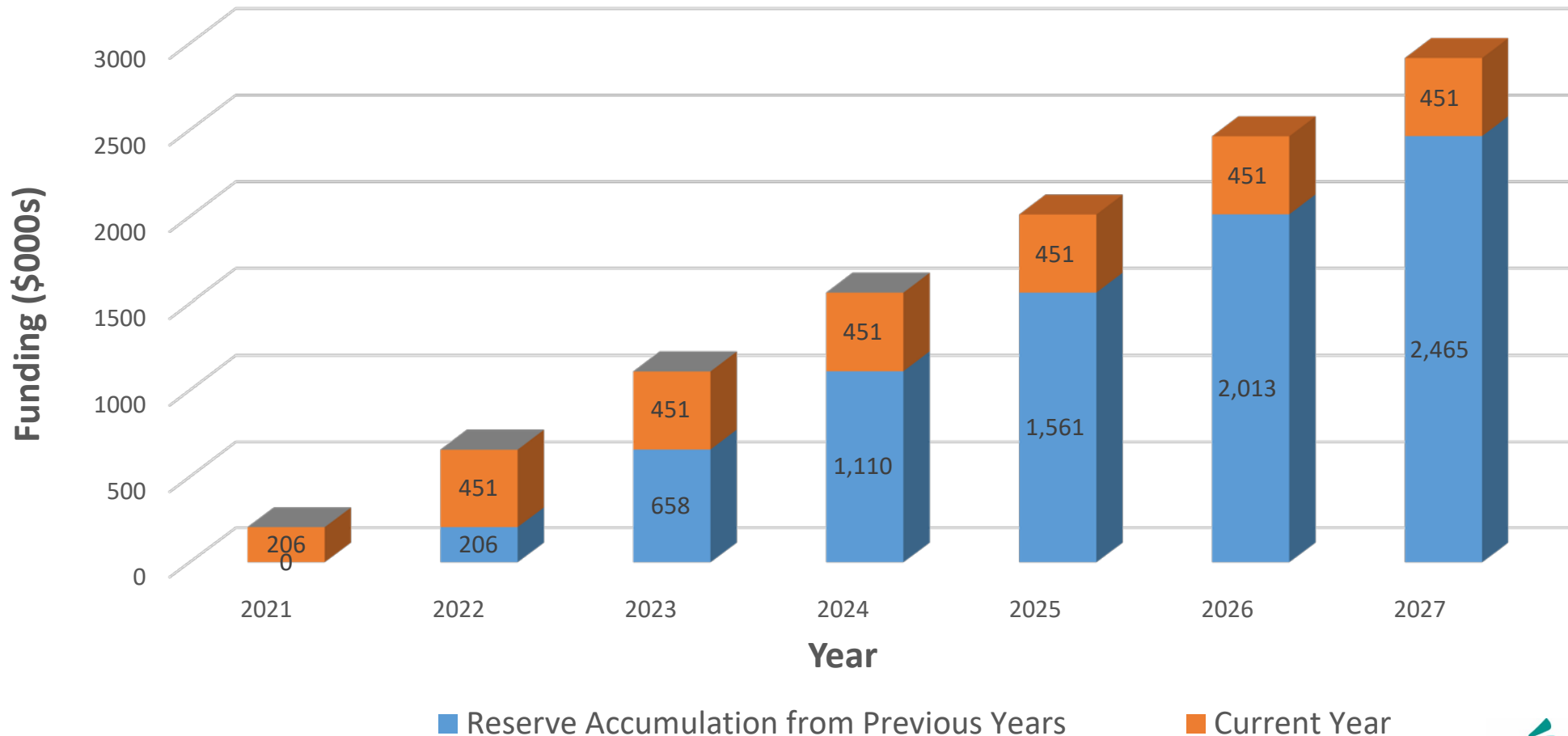
0.025 Property Tax Split Rate Shift (Year Seven)

Comparison of Before Tax and After Tax for Residential and Non-Residential Taxpayers on \$500,000 Assessment

	Residential	Non-Residential			
		Federal	Part 1 Tax 38%	Federal Abatement 28%	Small Business 9%
		Provincial	Higher 8%	Higher 8%	Lower 2%
Non residential property taxes before income tax			\$4,385	\$4,385	\$4,385
Proposed increase over 7 years			\$1,128	\$1,128	\$1,128
Revised non-residential property tax before income tax			\$5,513	\$5,513	\$5,513
Savings on Fed. tax from deductibility of property taxes			2,095	1,544	496
Savings on Prov. tax from deductibility of property taxes			441	441	110
After income tax property taxes	\$3,183		2,977	3,528	4,907
Effective split after property taxes			0.94	1.11	1.54
		Average		\$3,804	
		Average Split		1.20	

Approved Decision by Council

0.025 Property Tax Rate Split Shift (over 7 years)



Fiscal Impact to Non-residential Ratepayers

Non-Residential Rate Changes	Monthly Impact	
Non-Residential Taxes – 1% Increase	\$0.73	Based on an approved 1% tax rate increase per \$100,000 of assessment for the next 5 years.*
Non-Residential Taxes – 0.025 Tax Rate Split Shift	\$1.32	Based on an approved property tax split shift by 0.0250 per \$100,000 of assessment in year one and 0.545 each year after that for six years.
Total Monthly Impact	\$2.05	

Note: The impacts of monthly utility costs and franchise fees (natural gas and electric) would be directly related to the unique consumption levels and as such are not represented on this chart.

Questions?



Economic Development Advisory Committee December 7, 2020

REQUEST FOR DECISION

ITEM DESCRIPTION:

3. INFORMATION ITEMS

- a. City of Spruce Grove Financial Direction & Strategies – Frostad/Boje

PROPOSED MOTION:

That the City's Financial Direction & Strategies presentation be accepted as information.

BACKGROUND/ANALYSIS:

Finance is invited to make a presentation to the Committee to provide information about the City of Spruce Grove's current financial position and the financial strategy going forward.

A summary of what the presentation includes is as follows:

- Provide an overview of the current financial position of the City
- Explain components of the City's capital budget
- Discuss proposed strategies to achieve fiscal sustainability
- Provide information regarding policy direction
- Highlight the financial decisions approved by Council

The information in this presentation will support the Committee in its decisions in developing the annual workplan.

FINANCIAL IMPLICATIONS:

n/a

ATTACHMENTS:

City of Spruce Grove Financial Direction and Strategies – PowerPoint Presentation



Economic Development Advisory Committee December 7, 2020

REQUEST FOR DECISION

ITEM DESCRIPTION:**4. BUSINESS ITEMS**

- a. Development of EDAC Annual Workplan - Stevenson

PROPOSED MOTION:

That the EDAC Annual Workplan be developed as discussed.

BACKGROUND/ANALYSIS:

In accordance with the Economic Development Advisory Committee Bylaw C-1121-20, the Committee is required to develop an annual work plan for Council approval that identifies key priorities and goals based on its mandate and this bylaw.

The Committee may provide reports which include recommendations on matters related to the Committee's mandate and annual work plan to Council, as appropriate.

At least once per year, the Committee will report to Council on the following:

- review of its work plan;
- update on progress and initiatives; and
- any information or recommendations on issues or opportunities within its mandate.

FINANCIAL IMPLICATIONS:

n/a

ATTACHMENTS:

n/a