

**Municipal Incentives**  
**Paintearth Economic Partnership**  
**Society (PEPS)**  
**Assessment and Final**  
**Recommendations**



***Submitted to:*** Paintearth Economic Partnership Society (PEPS)

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***Date:*** February 11, 2011

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## 1. Introduction

The Paintearth Economic Partnership Society (PEPS) is updating its Industry Attraction Strategy. The intent is to ensure that PEPS is well-positioned to take advantage of emerging business and industrial development and attraction opportunities.

PEPS has engaged Nichols Applied Management, an independent management consulting and research firm, to undertake this project – working closely with the PEPS Board of Directors, the PEPS Economic Development Officer, and consulting with key business and community leaders across the region.

The initial focus of this project and much of the **Phase 1: Economic and Demographic Baseline Assessment Report** (submitted on August 17, 2010) was on research, consultations and analysis. The subsequent focus – the **Phase 2: Industry Attraction Strategy Report** (initial draft submitted on November 3, 2010) – has been on strategy development, implementation and execution.

The core objectives of the Industry Attraction Strategy are, first and foremost, aimed at:

- Delivering Results (Building on Strengths/Identified SWOT Competencies)
- Enhancing the PEPS Investment Attraction Brand and Locational Draw (Quality of Life)
- Putting PEPS on the ‘Radar Screen’ (Companies Looking to Relocate/Expand)
- Establishing a Focused, Targeted Game Plan for Industry Attraction/Business Growth
- Identifying and Closing Competitiveness Gaps (Municipal Incentives Review)

### 1.1 Work Plan

The work plan has addressed each of the following core economic development areas and, given the competitive dynamics at play within the highly-competitive PEPS regional trading area, remains focused on identifying niche business/industry and market development opportunities.

**Business Retention** – The easiest businesses to attract are the ones you’ve already got. How does PEPS maintain, encourage and continue to support high rates of business retention?

**Growth and Development of Existing Businesses** – Nurturing and growing small businesses into medium-sized enterprises. Is the business climate attractive? Are there additional business supports and assistance which could further encourage small business growth and development?

**New Business Attraction (New Jobs and Investment)** – A renewed focus on ‘results achieved’ rather than just ‘activities undertaken’ in measuring results from various economic development

and investment attraction activities. What are the targeted sectors and industries and what is the rationale for establishing these ‘priorities?’

**Future Directions in Business/Industrial Strategy** – Where are the specific opportunities? Is the business climate and overall Paintearth business case competitive? What can we do to more effectively promote and realize these opportunities? What is the potential role for municipal incentives? What are our competitors doing and what are the emerging trends and best practices in rural economic development? In Alberta? Across Canada?

Trends in the use of municipal incentives, emerging best practices and their potential role in further leveraging economic development in the PEPS region are the primary focus of this report.

## 1.2 The Importance of Community Sustainability

As the economy begins to pick-up momentum in the aftermath of the recent global recession, many Alberta communities are becoming more proactive (and, in some cases, much more aggressive) in promoting and pursuing economic development. In most cases, there is a strong fiscal dimension involved – the need to grow the commercial and industrial assessment base to maintain a stable assessment mix across all ratepayer categories.

Assessment composition – and trends in the assessment mix – are an important indication of municipal fiscal capacity. It is now widely accepted that non-residential properties typically yield municipal revenues that are higher than associated expenditures. Residential properties generally yield municipal revenues that are lower than associated expenditures.

A recent cost of service analysis undertaken by Nichols Applied Management for a range of urban, suburban and rural Alberta municipalities indicates that for every dollar of revenue from non-residential developments, the range of municipal service-based expenditures was only between \$0.20 and \$0.60.

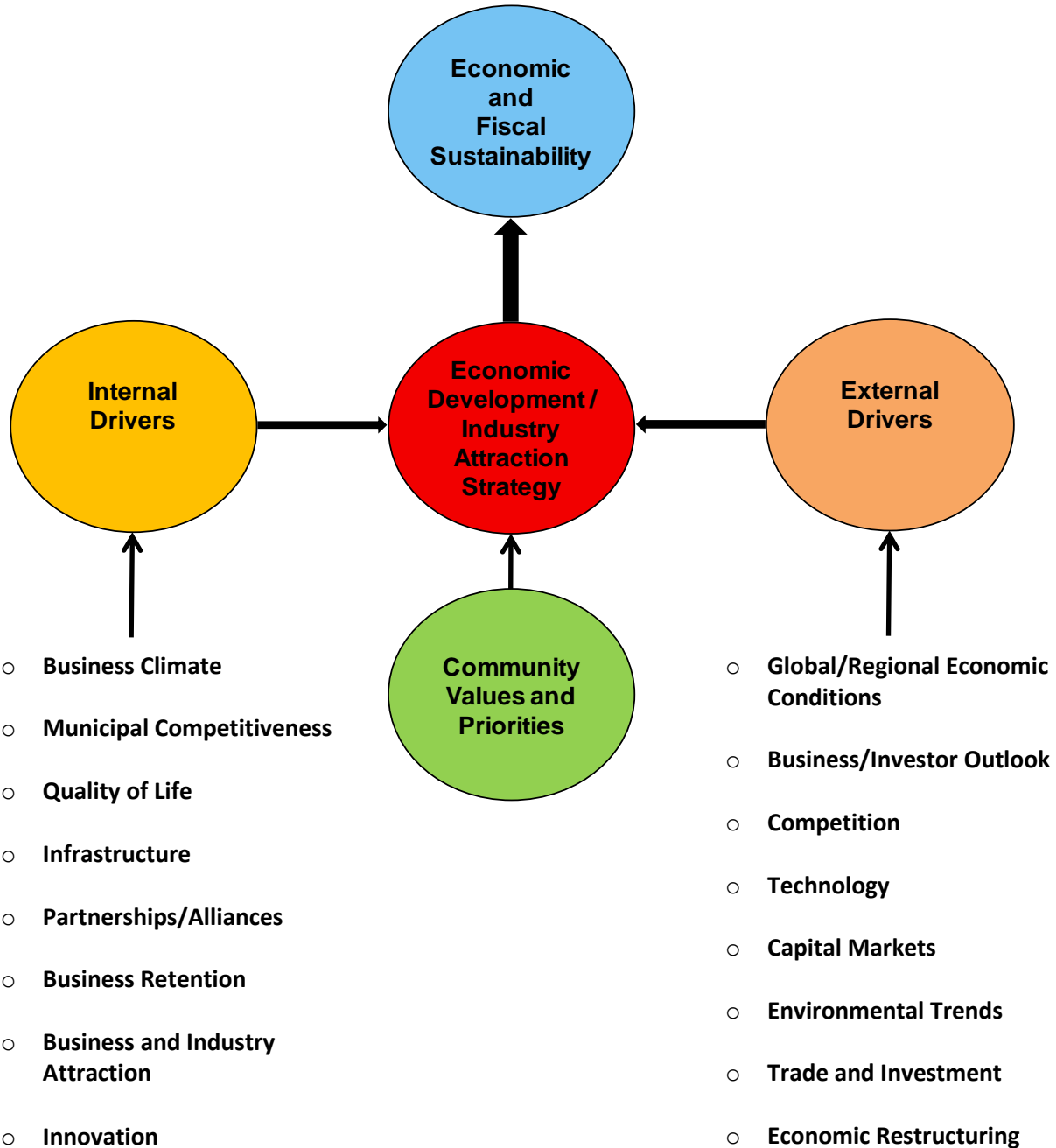
In comparison, the analysis found that for every dollar of revenue from residential developments, the range of municipal service-based expenditures was typically in the range of \$1.10 to \$1.20.

Even though these are aggregated figures across 44 Alberta municipalities, they still underscore the importance of attracting new commercial and industrial development (and assessment).

- What are we trying to accomplish? Three core objectives:
  - ✓ identify potential niche markets and businesses which fit within the PEPS region’s existing core competencies, competitive strengths and community values;
  - ✓ develop business case frameworks and investment attraction ‘rationale’ for the most promising opportunities, including retail and commercial services; and

- ✓ develop an overall implementation plan aimed at delivering results (increased commercial/industrial assessment) and enhancing the longer term fiscal/financial sustainability of PEPS member communities.

### Economic and Fiscal Sustainability: Key Drivers and Inter-Relationships



The overall fiscal capacity of the PEPS region – and its individual municipal partners – to continue providing the services, programs and infrastructure that residents expect, while maintaining reasonable levels of taxation for both residential and non-residential ratepayers, is critical to community sustainability.

### ***Competitive Fundamentals Essential***

Generally speaking, the PEPS business, fiscal and regulatory climate is certainly competitive relative to many other rural jurisdictions in Alberta.

Competitive prices for serviced and unserved industrial land are a major advantage over the province’s urban centres. In addition, affordable housing costs, competitive cost structures for business, relative proximity to the province’s major urban centres, and a high quality of life only reinforce these strong business fundamentals.

But there are competitive ‘gaps’ and challenges for the PEPS region and these are identified and discussed in more detail in the ***Phase 1: Economic and Demographic Baseline Assessment Report***. These include:

- A stagnant and/or declining population.
- An aging population.
- A continuing out-migration of younger residents.

This trend is not unique to the PEPS region, but rather represents a broader rural trend, resulting from a variety of dynamics including:

- the consolidation and reduction in the number of family-based farms and agricultural operations;
  - children not electing to take over family farming businesses; and
  - increased out-migration to urban centres, in pursuit of education, employment and lifestyle options.
- Stagnant and/or declining traffic flows on major transportation corridors.
  - Strong regional competition in commercial, retail and business services (Red Deer Region, Stettler, Metro-Calgary and Alberta Capital Region markets).
    - ✓ City of Red Deer Population: 89,891.
    - ✓ Red Deer Region Population: 144,300.

- ✓ Red Deer Region Market Catchment Area: 229,933.
- ✓ The City of Red Deer has distribution capability to over 2.4 million people within a 160 km radius and is clearly seen as a location exhibiting significant logistical and other business development advantages.

❑ High Retail Outflow in Several Key Retail Categories

According to a recent (random) Nichols Applied Management Survey of Heads of Households, 54% of total grocery/food expenditures of PEPS residents are made outside the PEPS region. This represents almost \$8 million in expenditure leakage from an annual grocery/food expenditure total of about \$14.8 million.

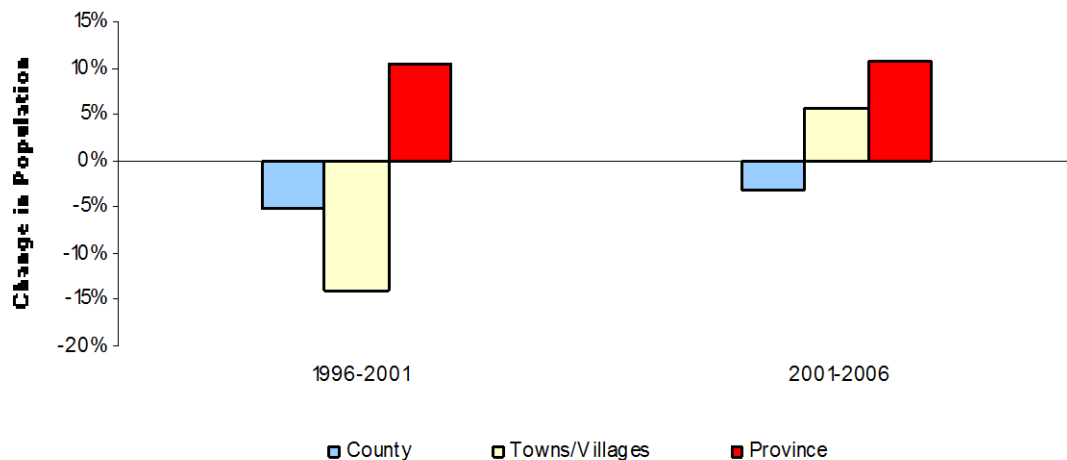
### 1.3 Statistical Profiles

#### PEPS Region Population

Population Centre	Population	% Total
Coronation	1,015	24%
Castor	931	22%
Halkirk	113	3%
Subtotal Towns/Villages	2,059	49%
County of Paintearth	2,126	51%
<b>Total PEPS Region</b>	<b>4,185</b>	<b>100%</b>

Source: 2006 Federal Census.

#### Population Trends



Source: 2001, 2006 Federal Census.

## Population Change - Select Regions

Region (County)	2006 Population	% Change (96-01)	% Change (01-06)
Stettler County	11,423	1%	-1%
Flagstaff County	8,794	-6%	-2%
Paintearth County	4,185	-10%	1%

Note: Total population, including towns/villages within County boundaries.

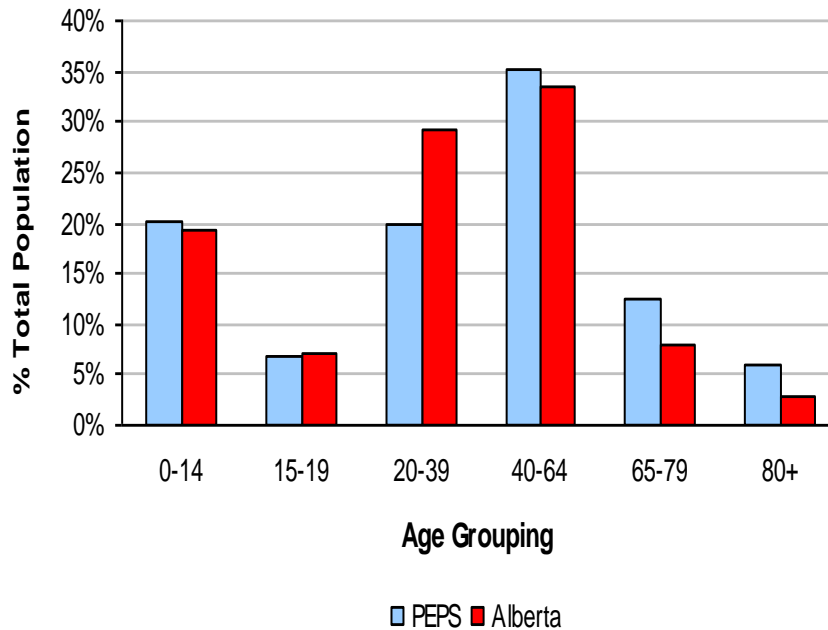
Source: 2001, 2006 Federal Census.

## Median Age

Community	Median Age
County of Paintearth	41
Coronation	42
Halkirk	44
Castor	49
<b>Alberta</b>	<b>36</b>

Source: 2006 Federal Census.

## Age Demographic



Source: 2006 Federal Census.

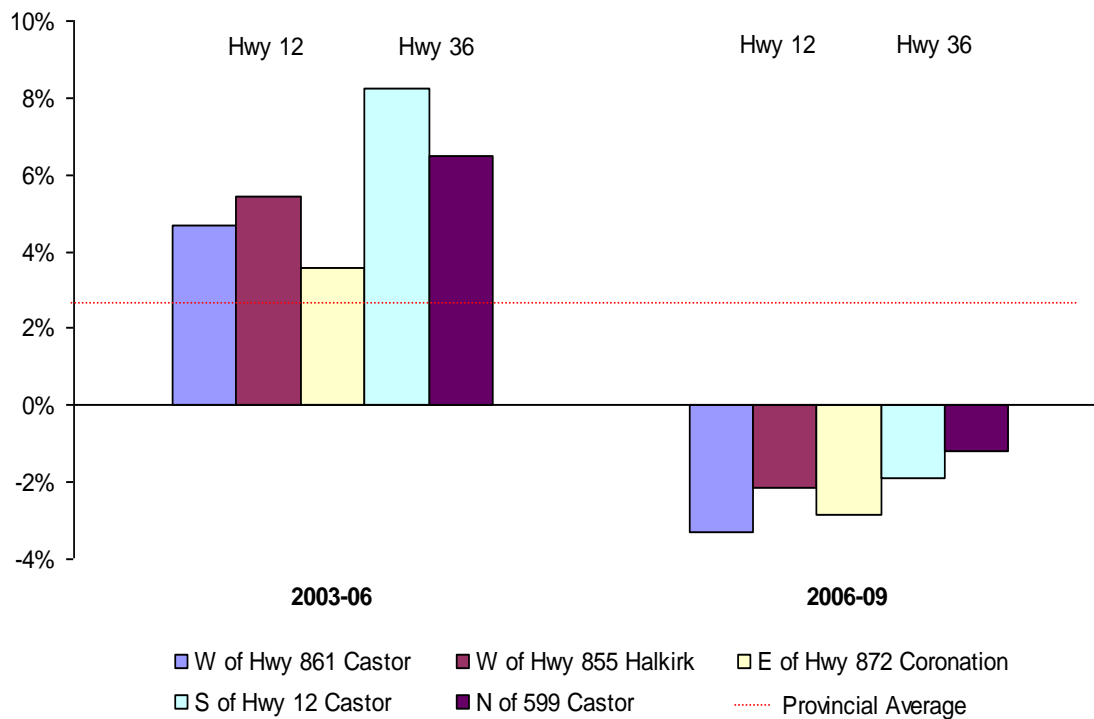
## Traffic Volume Changes - Primary Highways

Roadway	Area	Average Annual Rate of Change in AADT (%)		
		2003-06	2006-09	2003-09
Hwy 12	W of Hwy 861 Castor	4.7	-3.3	1.2
	W of Hwy 855 Halkirk	5.5	-2.2	2.6
	E of Hwy 872 Coronation	3.6	-2.9	0.4
Hwy 36	S of Hwy 12 Castor	8.2	-1.9	2.6
	N of Hwy 599 Castor	6.5	-1.2	2.2

Note: AADT = Average Annual Daily Traffic - two way vehicle movements.

Source: Alberta Transportation, *Alberta Highways 1 to 986 Traffic Volume History (Points) 2000 - 2009*.

## Traffic Volume Changes - Primary Highways



Source: Alberta Transportation, *Alberta Highways 1 to 986 Traffic Volume History (Points) 2000 - 2009*.

In general, a continuation of the historical slow decline in population would be the expected trajectory for the PEPS region. This is not cast in stone however, as a number of other factors

can come into play. Factors which could have a positive impact on the region's population include:

- continued strong growth in the province as a whole, which has trickle down effects across most geographic regions;
- a continuation or acceleration of the trend where retirees are choosing to relocate from Calgary and other urban centres across Alberta to the highly-affordable, high quality of life PEPS region; and/or
- successful new economic development and industry attraction initiatives that are able to trigger employment-led in-migration into the region.

Another possible scenario, which would have a negative effect on the region's population, would be the closure of ATCO's Battle River Generating Station and associated coal mine operated by Prairie Mines and Royalty Limited (PMRL). If this were to happen, the population of the PEPS region would experience a noticeable decline, potentially in the range of 5%, linked to the disappearance of over 300 full-time positions in the generating station and mine, as well as associated indirect and induced employment in the region.

Clearly, this scenario is being highlighted simply as a medium to longer term risk factor and to again stress the importance of new industry attraction and economic diversification.

## 2. Municipal Incentives for Business

### 2.1 Current Fiscal Climate

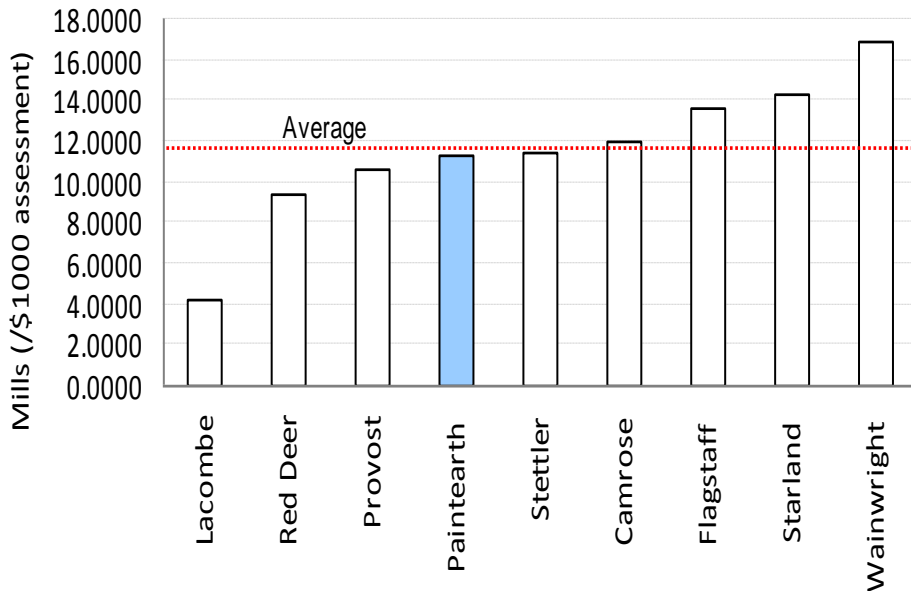
#### *Business Taxation and Municipal Expenditures*

Businesses contribute to the funding of municipal services, such as policing, emergency services, recreation and general administration primarily through a combination of property taxes and others fees and levies.

For industrial and business properties, the property taxes paid is determined based on a non-residential mill rate that is applied against the assessed value of the property.

As the graphic below shows, in 2009, the County of Paintearth’s non-residential mill rate was similar to the average for other comparable rural municipalities.

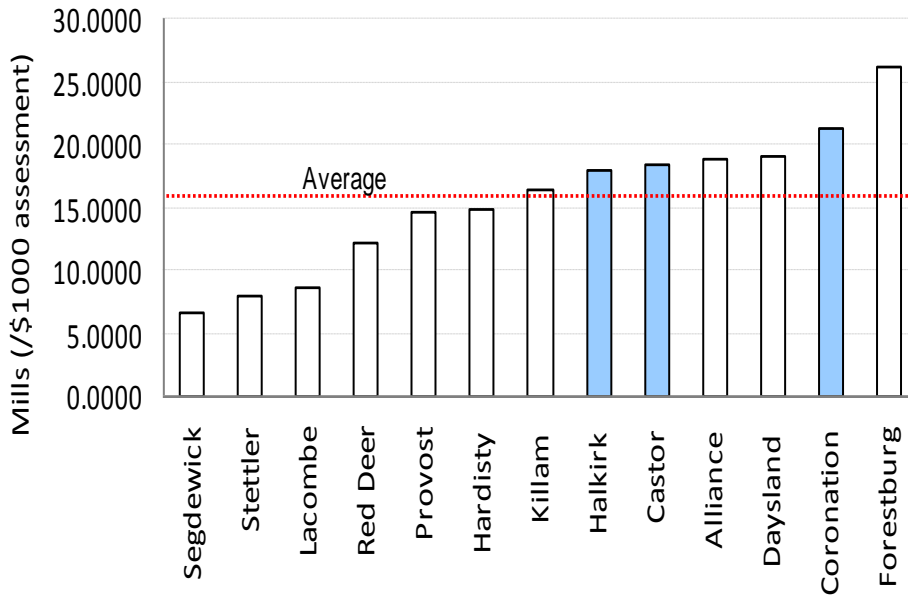
#### **Non-Residential Mill Rates – Rural Comparators**



Source: Nichols Applied Management, using Alberta Municipal Affairs 2009 mill rate data.

The graphic on the next page shows that Halkirk, Castor and Coronation all have higher non-residential mill rates than the average for comparator urban communities.

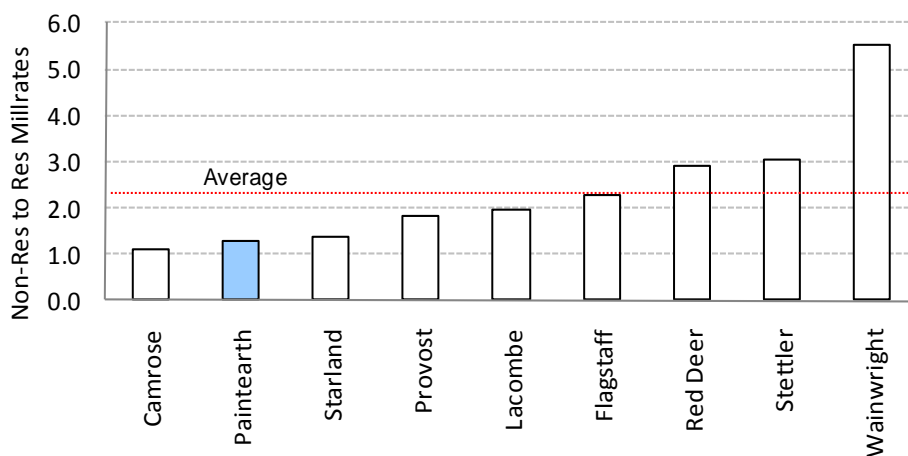
## Non-Residential Mill Rates – Urban Comparators



Source: Nichols Applied Management, using Alberta Municipal Affairs 2009 mill rate data.

Municipalities apply a split mill rate to non-residential and residential properties. The ratio of the non-residential mill rate to the residential mill rate provides some understanding of the relative tax burden that municipalities place on both types of properties. The next two graphics compare the ratios applied in PEPS communities versus other comparator jurisdictions.

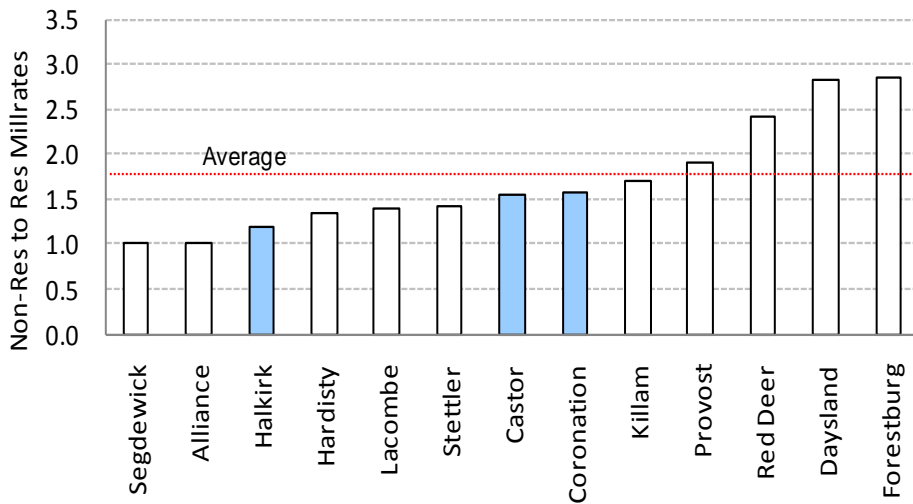
## Non-Residential/Residential Split – Rural Comparators



Source: Nichols Applied Management, using Alberta Municipal Affairs 2009 mill rate data.

The County of Paintearth's 2009 non-residential/residential mill rate ratio is 1.29, indicating that non-residential taxpayers bear slightly more burden than residents within the County. Paintearth's split ratio is lower than most other comparator rural municipalities.

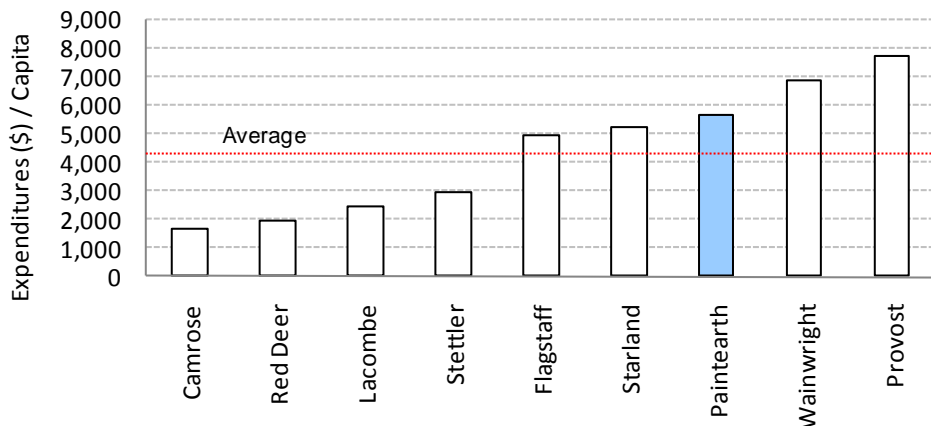
### Non-Residential/Residential Split – Urban Comparators



Source: Nichols Applied Management, using Alberta Municipal Affairs 2009 mill rate data.

For urban municipalities, Halkirk (1.19), Castor (1.54) and Coronation (1.57) are all lower than the urban comparator average (1.70).

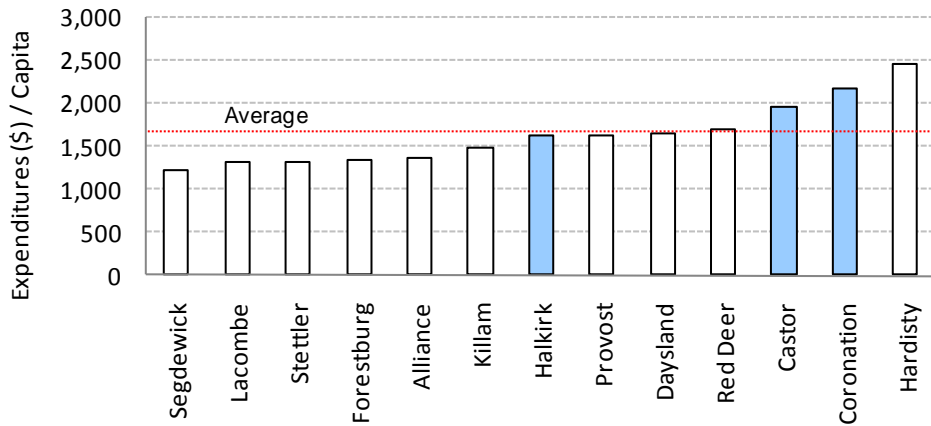
### Municipal Expenditures per Capita – Rural Comparators



Source: Nichols Applied Management, 2008 Municipal Utilities Survey.

In terms of municipal expenditures per capita, Paintearth is above average for rural comparators, with a value of \$5,600 per resident. For urban centres, municipal expenditures per capita in Halkirk are close to the average for urban comparators, while expenditures in Castor and Coronation are above average.

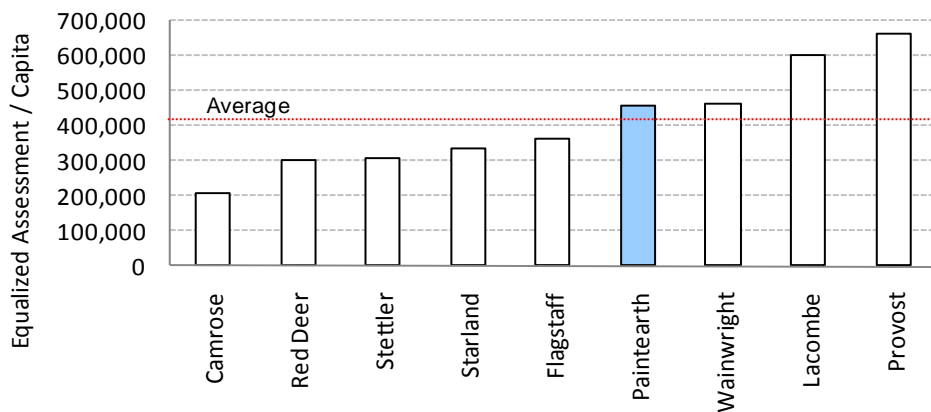
### Municipal Expenditures per Capita – Urban Comparators



Source: Nichols Applied Management, 2008 Municipal Utilities Survey.

Regarding the municipal assessment base on a per capita basis, the following graphics present how the rural and urban PEPS communities compare to other comparator municipalities for tax base.

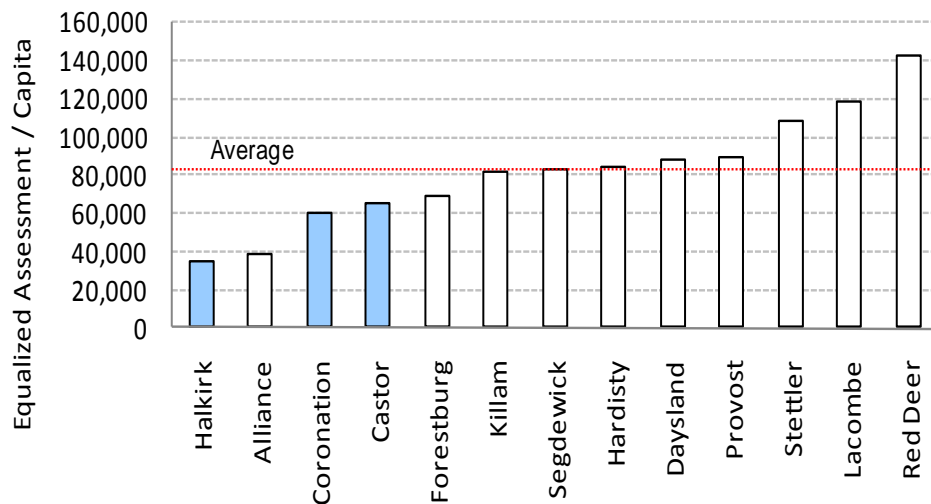
### Assessment per Capita (2010) – Rural Comparators



Source: Nichols Applied Management, using Alberta Municipal Affairs 2010 assessment data.

Paintearth’s 2010 assessment per capita is \$456,000, higher than the comparator average of \$410,000.

## Assessment per Capita (2010) – Urban Comparators



Source: Nichols Applied Management, using Alberta Municipal Affairs 2010 assessment data.

All three urban PEPS communities have lower assessment bases in 2010 -- Halkirk (\$34,500), Coronation (\$60,000) and Castor (\$65,700) – than other urban comparators (\$81,800).

## 2.2 Alberta Business Network Focus Group Feedback and Analysis

Nichols Applied Management recently participated in 14 Alberta Business Network Focus Group sessions with key business and industry leaders and decision-makers (252 individuals in total) from across all sectors and regions of the Alberta economy.

In this latest round of focus groups, conducted semi-annually to probe the current thinking and concerns of Alberta’s broader business community, the main topic of discussion was ‘Rural Alberta and Rural Economic Development.’ In fact, several of the discussion segments were framed by the PEPS region experience and economic development challenges.

This provided a unique opportunity to hear directly from a range of Alberta business leaders on:

- their general awareness and understanding of the PEPS region;

- ❑ the business development opportunities and challenges they felt were currently confronting the region; and
- ❑ their suggestions on how PEPS could more effectively pursue available business development/attraction opportunities.

### ***What did we hear?***

#### **❑ Initial Unprompted Responses**

- Very low level of awareness of the PEPS region and PEPS communities.
- Most could not describe where the County of Paintearth was located, although Castor and Coronation were more familiar to some.
- No awareness at all of the PEPS cooperative/collaborative economic development initiative.
- None had visited the PEPS website or had seen any PEPS promotional materials.
- The feeling was that the PEPS region was almost exclusively a primary agricultural-producing area.
- The region’s agricultural service communities were felt to be in decline and under pressure from the growing regional commercial/retail presence and draw of nearby urban centres.
- Definitely not ‘top-of-mind’ when considering business siting/location options.
- Viewed as a rural, sparsely-populated area with a lack of industrial infrastructure and available industrial workforce.
- Seen as being too far from Calgary, Edmonton, Fort McMurray, Alberta’s Industrial Heartland and other major regional economic hubs.

#### **❑ Prompted Responses (Website and/or Promotional Materials Exposure)**

- Information was useful and helpful in better understanding the PEPS region.
- Small population and ‘isolated’ rural location are both major competitive disadvantages.
- Quality of life, affordability, family-oriented neighbourhoods, good schools and a strong sense of community would appear to be significant locational draws.

- Many knowledge-intensive businesses are looking for just these types of community-based attributes and this is definitely a positive for the region.
- Good highway connections and the longer term potential to further develop the Ports to Plains heavy haul corridor along Highway 36 are also emerging as significant strengths upon which to build.
- There is a significant lack of awareness of the region's tourism products and events and the perception – somewhat unfair – is that the region doesn't have much to offer.

#### ❑ **Suggestions/Recommendations**

- PEPS needs to assert itself in the investment attraction 'game' and make sure that potential investors are fully aware of what the region has to offer. Don't be afraid to politely pester these people!
- There is no point in chasing every industry and opportunity that is out there, only some will fit with the region's key competitive strengths and advantages. Be selective and relentless in building your brand and the business advantages of your region.
- Municipal incentives should always be on the table and may be required to boost the attractiveness of a smaller, rural-based location or to offset similar incentives being offered elsewhere. But the reality is that extremely competitive industrial land costs in rural Alberta are, in most instances, already incentive enough.
- You just need to find the right business niche and owners willing to look at a relocation or new business siting and promote what you already have. Targeted awareness and promotion are the key, with incentives potentially available to close the deal or to sweeten the pot.
- There is no one-size-fits-all, so maintain the flexibility to customize any incentives to the specific opportunity being pursued. And remember that existing business and residents will be closely watching so the need to maintain a level playing field, or the perception of a level playing field, will be paramount.
- While there may be significant cost advantages in choosing a smaller rural community in which to site a new plant, many outside investors will still shy away from making this type of decision. What often helps is the presence of a local or regional partner who can help raise the broader investor group's overall level of comfort.

- Realistically pick your priorities, identify the players who can make it happen, know your competition, and begin the chase. It won't happen overnight, but it also won't happen if you just sit back and wait for the phone to ring. You have to build the face-to-face relationships, not with other regional economic development officers, but with the broader business and investor community.

### 2.3 Comparative Costs of Serviced Industrial Land

Nichols Applied Management's October 2010 Survey of Average Benchmark Ask Prices for Serviced Industrial Land is illustrative of the significant cost advantage enjoyed by the PEPS region. Industrial land prices are, by far, one of the biggest competitive advantages PEPS has over other urban/suburban competitor jurisdictions. This was stressed by numerous participants in the recently completed Alberta Business Network Focus Group sessions.

Community/Location	Serviced Industrial Land / Cost Per Acre
<b>Metro-Calgary Market</b>	
Central	\$800,000-\$900,000
Northeast	\$800,000-\$900,000
Northwest	\$800,000-\$850,000
Southeast	\$550,000-\$600,000
Weighted (Transactional) Average	\$775,000
<b>Red Deer Region</b> Weighted (Transactional) Average	\$175,000-\$325,000
<b>Lacombe County</b> Weighted (Transactional) Average	\$150,000-\$200,000

	(Continued from Previous Page)
<b>Community/Location</b>	<b>Serviced Industrial Land / Cost Per Acre</b>
<b>Alberta Capital Region</b>	
Southeast Edmonton	\$550,000-\$700,000
Strathcona County	\$500,000-\$550,000
Northwest Edmonton	\$500,000
City of Leduc	\$400,000
Nisku/Leduc County	\$350,000-\$375,000
City of Fort Saskatchewan	\$350,000-\$375,000
City of Spruce Grove	\$325,000-\$350,000
Parkland County	\$325,000-\$350,000
Sturgeon County	\$300,000
<b>Crowfoot Crossing/County of Paintearth</b>	<b>\$70,000</b>

Source: Survey of Average Benchmark Ask Prices, Nichols Applied Management, October 2010.

Note: Does not include recent transaction prices or effective discounts from ask price.

### 3. Consultant Recommendations

#### Step #1 – Getting the Competitive Fundamentals Right

- ✓ Municipal competitiveness – maintaining a competitive business, fiscal (municipal taxes and levies) and regulatory climate.
- ✓ Industrial land prices/off-site levies (serviced/unserved land ‘value proposition’).
- ✓ Quality of life and community amenities are key locational advantages.
- ✓ The importance of regulatory effectiveness and efficiency in influencing business location or expansion decisions.
- ✓ Building a customer service mindset in the regulatory approvals process.
- ✓ Projecting an open-for-business attitude and approach to business/industrial attraction.
- ✓ Role of incentives for business/industry attraction, 'critical mass' or ‘destination’ projects.

#### Step #2 – Identifying and Closing Competitiveness Gaps

*What does the Municipal Government Act (MGA) say about the use of municipal incentives?  
What constraints does it impose?*

##### ***Cancellation, reduction, refund or deferral of taxes***

*Section 347(1) If a council considers it equitable to do so, it may, generally or with respect to a particular taxable property or business or a class of taxable property or business, do one or more of the following, with or without conditions:*

- (a) cancel or reduce tax arrears;
- (b) cancel or refund all or part of a tax;
- (c) defer the collection of a tax.

### **Proposal of local improvement**

Section 393(1) A council may on its own initiative propose a local improvement.

(2) A group of owners in a municipality may petition the council for a local improvement.

### **Contents of plan**

395(1) A local improvement plan must

(f) state the portion of the estimated cost of the local improvement proposed to be paid

- (i) by the municipality,
- (ii) from revenue raised by the local improvement tax, and
- (iii) from other sources of revenue...

## **3.1 Conclusions**

- ✓ A fair amount of flexibility and discretion to act.
- ✓ Transparency – key principle.
- ✓ Fairness – key regulatory (legal) guideline.
- ✓ Opportunity to innovate – absolutely!
- ✓ A one-size-fits-all policy or a customized approach? Both can be accommodated.
- ✓ A slippery slope? A race to the bottom?
- ✓ Tax concessions are permitted, subject to transparency/fairness principles and guidelines.
- ✓ Municipal front-ending of infrastructure is one of the more common approaches.
- ✓ Local Improvement Plans and Community Revitalization Levies are another approach often used by larger and medium-sized Canadian and U.S. municipalities.
- ✓ Municipal land assembly can provide significant benefits to a developer.
- ✓ Municipal land sales and land sale financing can also be an effective incentive.

- ✓ Fiscal/financial sustainability – any municipal incentives being considered should have a direct and/or indirect net positive impact on the municipality’s longer term financial position.
- ✓ When to pull the trigger?
- ✓ Payback periods should be neutral or ‘reasonable’ for other ratepayers.
- ✓ Fiscal impact models are a useful tool for analyzing multi-year financial impacts.

***Fiscal Climate and Performance – The Need for Municipal Incentives?***

For all intents and purposes, PEPS member communities generally measure above-average in certain metrics, and average to below-average for others. The following table presents a summary of the analysis presented earlier in this report.

**Summary of Fiscal Performance: Comparisons**

**Note:** Fiscal metrics of PEPS communities in relation to regional comparators. ‘Above-Average’ signifies positive to business and/or business infrastructure.

Indicator	Paintearth	Halkirk	Castor	Coronation
Non-Residential Mill Rate	Average	Below-Average	Below-Average	Below-Average
Non-Residential/ Residential Mill Rate Split	Above-Average	Above-Average	Above-Average	Above-Average
Expenditures per Capita	Above-Average	Average	Above-Average	Above-Average
Assessment per Capita	Above-Average	Below-Average	Below-Average	Below-Average

At this point in time, it appears that the need for additional broad-based municipal incentives is not great and that the playing field with other regional rural- and urban-based jurisdictions is relatively level.

This is not to say that municipal incentives should be overlooked, but rather that they are not some type of ‘magic bullet’ for unleashing economic and business development. In fact, with some of the most competitive (inexpensive) commercial/industrial land prices in Alberta, the potential for municipal incentives to incent development is inherently limited given the already low assessed value of commercial/industrial property.

Municipal incentives are just one tool to be utilized in leveraging and securing specific niche market business development opportunities. Other tools – increasing awareness and promotion of opportunities, community affordability, quality of life and the highly competitive business cost structures that exist within the PEPS region – remain much more significant in the overall scheme of things. Once again, this was one of the key findings from the recently-completed Alberta Business Network Focus Group sessions.

### 3.2 Specific Recommendations and Next Steps

The following recommendations on the possible use and role of municipal incentives are offered for consideration of the four PEPS community members – the County of Paintearth, the Village of Halkirk and the Towns of Castor and Coronation.

#### Recommendation 1:

PEPS region communities already have a number of significant business/investment attraction advantages, including:

- competitive prices for serviced and unserviced commercial/industrial land;
- affordable housing;
- competitive cost structures for business;
- relative proximity to the province's urban centres; and
- a high quality of life.

Increased awareness and promotion of these and other locational advantages should remain the first order priority for the PEPS region's economic development activities over the immediate term.

While efforts to date have been considerable, the results of the Alberta Business Network Focus Group sessions has demonstrated a need for doing much more in the way of targeted awareness-building and promotion of the region's key locational attributes. This is particularly true for the 10 economic/business clusters identified as having significant growth potential for the PEPS region over the next decade:

- Agriculture/Agri-Business Value Chain

- Horticulture and Greenhouse Industry
- Transportation and Logistics
- Light/Value-Added Manufacturing
- Renewable Energy
- Coal and Oil/Gas-Related Services
- Recycling (Sorting and Processing Facility)
- Tourism – Destination Product Development and Marketing
- Tourism – Destination Event Development and Marketing
- Small Business
  - ✓ Retail
  - ✓ Commercial
  - ✓ Business and Professional Services

### **Recommendation 2:**

Municipal incentives take many forms and are not just 'tax concessions.' In fact, the PEPS region has several examples of other more subtle types of municipal incentives that have either been used in the past, are currently available or are under development. These include:

- municipal front-ending of infrastructure costs;
- municipal land assembly (rail lands, Crowfoot Crossing development, etc.); and
- incentivized municipal land sales (at cost or at minimal mark-up to cost).

These types of incentives should continue to be explored and – where necessary – used to help facilitate and spur economic development .

### **Recommendation 3:**

Incentives being provided by surrounding competitor municipalities are generally comparable in structure and intent and are not seen, at least at this point in time, as unduly altering the competitive business/investment attraction landscape.

It will be critical that any changes in municipal incentive structures or competitive positioning within the broader regional economy be closely monitored.

#### **Recommendation 4:**

Explore 'revenue neutral' land sale financing models that spread the costs of a multi-year development for a developer(s) out over a similar time horizon. The associated borrowing bylaw would provide that the developer(s) would also service the bonds issued in support of the land acquisition and/or servicing requirements.

The City of Spruce Grove has recently designed and implemented a similar 'land sale financing and developer partnership' model to launch its West Wind Commercial Plaza development along the Yellowhead Highway.

A confidential briefing session will be arranged with City of Spruce Grove staff to discuss best practices comparisons and potential lessons to be learned for the PEPS region.

#### **Recommendation 5:**

Any and all future municipal incentives brought forward for review and consideration must have a direct and/or indirect net positive impact on the municipality's longer term financial position.

Fiscal impact models are a useful tool for analyzing multi-year financial impacts and can either be acquired for internal use, or third-party analysis and evaluation services contracted for on a case-by-case basis.

This type of analysis is essential to protecting the broader public interest and ensuring that there is a solid platform of information and metrics upon which to base sound public policy decisions and future direction.

#### **Recommendation 6:**

That PEPS region municipalities continue to work together to ensure a cooperative, collaborative approach to economic development . This is – without doubt – in the collective best interests of all PEPS member municipalities.

Any future use of municipal incentives should be aimed at enhancing and promoting the PEPS region's competitive attractiveness, rather than the attractiveness of one PEPS municipality over another.

### **Recommendation 7:**

Transparency and fairness are the core principles and guidelines to be used in discussing and evaluating proposed municipal incentive structures. Staying true to these principles, and utilizing a facts-based fiscal impact model analysis and 'net positive impact' approach to decision-making, will most often be the key to broad public acceptance of a specific incentives package.

### **Recommendation 8:**

That a major commercial real estate firm(s) be brought in to market and promote available commercial/industrial lands throughout the PEPS region. As it currently stands, many companies looking to relocate or site a new plant or outlet in Central Alberta are likely not even aware of what the PEPS region has to offer.

As an example, a major Western Canadian truck stop/commercial service plaza developer recently indicated that they were completely unaware of the Crowfoot Crossing development until they were brought into the region as part of an in-bound investment attraction mission organized by Nichols Applied Management. In addition, there was little (if any) information on the web or elsewhere about this or the medium to longer term potential of redeveloping some of the former rail lands across the PEPS region.

### **Recommendation 9:**

That a presentation and roundtable discussion on this report and the recommendations contained therein be held at the next meeting of the PEPS Board of Directors, scheduled for March 2, 2011 in Castor, Alberta.