REVISED AGENDA

PRIORITIES AND FINANCE COMMITTEE

October 8, 2019, 9:30 AM

IN THE COUNCIL CHAMBER

Members

Mayor N. Nenshi, Chair
Councillor S. Chu, Vice-Chair
Councillor D. Colley-Urquhart (CPS Chair)
Councillor J. Gondek (PUD Chair)
Councillor S. Keating (T&T Chair)
Councillor W. Sutherland (UCS Chair)
Councillor E. Woolley (Audit Chair)

1. CALL TO ORDER

2. OPENING REMARKS

3. CONFIRMATION OF AGENDA

4. CONFIRMATION OF MINUTES

4.1 Minutes of the Regular Meeting of the Priorities and Finance Committee, 2019 September 17

5. CONSENT AGENDA

5.1 DEFERRALS AND PROCEDURAL REQUESTS

5.1.1 Deferral Request - PFC2019-1233 - Briefing on the Motion Arising related to C2019-0901 (exploring Civic Partner cost savings) due to PFC on 2019 October 8 moved to 2019 November 5.

5.2 BRIEFINGS

5.2.1 Golf Sustainability Framework, PFC2019-1227

5.2.2 Independent Review of Non-Residential Assessment and Appeal System, PFC2019-1146

5.2.3 Assessment Review Board Update, PFC2019-1274

5.2.4 Downtown Strategy Update, PFC2019-1111
Supports Tax Shift Response - Standing Agenda Item

5.2.5 Update on Activities Related to the Strategy for Improving Service Value, PFC2019-1246

5.2.6 Status of Outstanding Motions and Directions, PFC2019-1269

6. POSTPONED REPORTS
(including related/supplemental reports)

None

7. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

7.1 Development of Off-site Levies: Update and Bylaw Amendment, PFC2019-1123

7.2 Centre City Enterprise Area Update, PFC2019-1028

7.3 Update on Notice of Motion C2019-1011 Delivering Modern and Affordable Municipal Services – (Verbal Update), PFC2019-1277

7.4 Assessment and Tax Circumstances Report, PFC2019-1058

7.5 2020 Preliminary Assessment Roll and Related Estimates, PFC2019-1147

NEW MATERIALS

7.5.1 2020 Preliminary Assessment Roll and Related Estimates, PFC2019-1147

7.6 Final Report from Assessment Tax Shift Working Group (Verbal), PFC2019-1306
Standing Agenda Item

7.7 Financial Task Force October Update - Verbal, PFC2019-1275
Supports Tax Shift Response - Standing Agenda Item

8. ITEMS DIRECTLY TO COMMITTEE

8.1 REFERRED REPORTS
None

8.2 NOTICE(S) OF MOTION
None

9. URGENT BUSINESS

10. CONFIDENTIAL ITEMS

10.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES
None

10.2 URGENT BUSINESS

11. ADJOURNMENT
Members of Council may participate remotely, if required.

MINUTES

PRIORITIES AND FINANCE COMMITTEE

September 17, 2019, 9:30 AM
IN THE COUNCIL CHAMBER

PRESENT:	Mayor N. Nenshi, Chair Councillor S. Chu, Vice-Chair Councillor D. Colley-Urquhart (CPS Chair) Councillor J. Gondek (PUD Chair) Councillor S. Keating (T&T Chair) Councillor W. Sutherland (UCS Chair) Councillor E. Woolley (Audit Chair) Councillor J. Farkas Councillor D. Farrell
ALSO PRESENT:	Acting Chief Financial Officer C. Male Acting City Clerk S. Muscoby Recorder G. Chaudhary

1. CALL TO ORDER

Mayor Nenshi called the Meeting to order at 9:30 a.m.

2. OPENING REMARKS

Mayor Nenshi provided opening remarks at today's Meeting.

3. CONFIRMATION OF AGENDA

Moved by Councillor Gondek

That the Agenda for today's Meeting be amended by adding Items of Urgent Business:

- Item 9.1. Tax Shift Assessment Working Group (TSAWG) - Verbal Update, PFC2019-1198; and
- Item 9.2 Financial Task Force Working Group - Verbal Update, PFC2019-1199.

MOTION CARRIED

Moved by Councillor Colley-Urquhart

That the Agenda for the 2019 September 17 Regular Meeting of the Priorities and Finance Committee be confirmed, **as amended:**

- **by adding Item 9.1. Tax Shift Assessment Working Group (TSAWG) - Verbal Update, PFC2019-1198; and**

- **by adding Item 9.2 Financial Task Force Working Group - Verbal Update, PFC2019-1199.**

MOTION CARRIED

4. CONFIRMATION OF MINUTES

4.1 Minutes of the Regular Meeting of the Priorities and Finance Committee, 2019 July 02

Moved by Councillor Chu

That the Minutes of the Priorities and Finance Committee held on 2019 July 02, be confirmed.

MOTION CARRIED

5. CONSENT AGENDA

Moved by Councillor Colley-Urquhart

That Council adopt the Committee Recommendations contained in the following reports, in an omnibus motion:

5.1 REFERRALS AND PROCEDURAL REQUESTS

5.1.1 Deferral Request - PFC2018-1222 Independent Review of Non-Residential Assessment and Appeal System to be moved to PFC 2019 October 8, PFC2019-1017

5.1.2 Deferral Request - Implementation Timelines and Costs for Electronic Voting in Council Due in Q3 2019 to be moved to PFC 2019 November 5, PFC2019-1184

MOTION CARRIED

5.2 BRIEFINGS

5.2.1 Status of Outstanding Motions and Directions, PFC2019-1061

5.2.2 Non-Residential Assessment Sub-Classes, PFC2019-1026

6. POSTPONED REPORTS

None

7. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

7.1 University of Calgary – Citizen Scientist Wearables Program, PFC2019-1096

Moved by Councillor Gondek

That with respect to Report PFC2019-1096, the following be approved:

That the Priorities and Finance Committee recommends that Council:

1. Approve this application for the Council Innovation Fund for the University of Calgary Citizen Scientist Wearable Program in the amount of $57, 500; and
2. Direct Administration to report back to Priorities ad Finance Committee indicating how the money was spent and the outcomes of the projects no later than Q2 2021, as per the Council Innovation Fund Terms of Reference.

Against: Councillor Farkas

MOTION CARRIED

7.2 Related Party Disclosures Policy, PFC2019-1094

Moved by Councillor Chu

That with respect to Report PFC2019-1094, the following be approved:

That the Priorities and Finance Committee recommends that Council adopt the proposed Related Party Disclosure Policy for Members of Council (the "Policy") as provided in Attachment 1.

MOTION CARRIED

7.3 Notice of Motion Process Flow and Checklist, PFC2019-0913

A revised attachment 4 was distributed with respect to Report PFC2019-0913.

Moved by Councillor Colley-Urquhart

That with respect to Report PFC2019-0913, the following be approved:

That the Priorities and Finance Committee recommends that Council:

1. Approve the checklist set out in revised Attachment 3;
2. Direct Administration to provide a revised attachment 3 based on committee direction received and add to this item on the September 30 Council Agenda;
3. Commence review of Notices of Motion on 2019 October 08; and
4. Direct the City Clerk's Office to provide an update of this process to the Priorities and Finance Committee by Q4 2020.

MOTION CARRIED

7.4 2019 Mid-year Capital and Operating Budget Revisions Report, PFC2019-1067

Moved by Councillor Chu

That with respect to Report PFC2019-1067, the following be approved:

That the Priorities and Finance Committee recommends that Council:

1. Approve the capital budget timing changes (recast), as identified in Attachment 1;
2. Approve capital budget revisions, as identified in Attachment 2; and

3. Receive for the Corporate Record:

    a. Attachment 3 – Capital Budget Revisions – Previously Approved;

    b. Attachment 4 – Capital Budget Revision Summary;

    c. Attachment 5 – 2019 Operating Budget Changes – Previously Approved; and

    d. Attachment 6 – Decisions Referrals Having Actual or Potential Impact.

MOTION CARRIED

8. ITEMS DIRECTLY TO COMMITTEE

8.1 REFERRED REPORTS

8.1.1 Keeping Tabs on City Council, C2019-0795

Moved by Councillor Farkas

That with respect to Report C2019-0795, the following be approved:

That the Priorities and Finance Committee recommends that Report C2019-0795, Notice of Motion, Keeping Tabs on City Council be received for the Corporate Record.

MOTION CARRIED

8.2 NOTICE(S) OF MOTION

None

9. URGENT BUSINESS

9.1 Tax Shift Assessment Working Group (TSAWG) - Verbal Update, PFC2019-1198

Moved by Councillor Gondek

That with respect to Report PFC2019-1198, the following be approved:

That the Priorities and Finance Committee receive the verbal presentation with respect to Report PFC2019-1198 for the Corporate Record.

MOTION CARRIED

9.2 Financial Task Force Working Group - Verbal Update, PFC2019-1199

Moved by Councillor Colley-Urquhart

That with respect to Report PFC2019-1199, the following be approved:

That the Priorities and Finance Committee receive the verbal presentation with respect to Report PFC2019-1199 for the Corporate Record.

MOTION CARRIED

10. CONFIDENTIAL ITEMS

10.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

None

10.2 URGENT BUSINESS

None

11. ADJOURNMENT

Moved by Councillor Chu

That this meeting adjourn at 11:23 a.m.

MOTION CARRIED

The following items have been forwarded to the 2019 September 30 Combined Meeting of Council:

Consent:

- University of Calgary - Citizen Scientist Wearables Program, PFC2019-1096
- Related Party Disclosures Policy, PFC2019-1094
- Notice of Motion Process Flow and Checklist, PFC2019-0913
- 2019 Mid-year Capital and Operating Budget Revisions Report, PFC2019-1067

The next Regular Meeting of the Priorities and Finance Committee is scheduled to be held on 2019 October 8 at 9:30 a.m.

CONFIRMED BY COMMITTEE ON

CHAIR

ACTING CITY CLERK

BRIEFING

Community Services Briefing to
Priorities and Finance Committee **ISC: UNRESTRICTED**
2019 October 08 **PFC2019-1227**

Golf Sustainability Framework

PURPOSE OF BRIEFING

The purpose of this briefing is to provide a consolidated update on multiple golf sustainability initiatives. Administration is responding to Notice of Motion C2019-0790 from 2019 June 17 that directed Administration to close Richmond Green Golf Course following the 2019 season, provide options for future use of the lands, and present updates on the Golf Course Sustainability Work Plan and Golf Course Real Estate and Development Assessment.

The work initiatives identified above have been consolidated into a single work plan: the Golf Sustainability Framework. A common schedule will unite all Golf sustainability and reporting activities and coordinate specific report back dates moving forward.

Calgary Recreation is also supporting Corporate Initiatives on a Golf Sub-service Review which will be presented on 2019 November 12 at a Strategic Council Meeting focused on Adjustments to One Calgary Service Plans and Budgets. Council direction resulting from the Sub-service Review will be incorporated into the Golf Sustainability Framework and reported on accordingly.

SUPPORTING INFORMATION

Background

In the last seven years, Golf Course Operations (GCO) has responded to a series of golf-related directions from Council. This includes the most recent Sub-service Review being completed by Corporate Initiatives with support from GCO. See Attachment 1 for a summary of previous Council direction.

Recognizing where there are opportunities to more closely align the intent of these reports, GCO has created a streamlined approach for consolidating and completing the work and reporting back to Council. Coupled with the results of the upcoming Golf Sub-service Review, this will give Council a clear picture of what to expect in the coming months and years when it comes to Calgary Recreation's Golf Sub-service. The Golf Sustainability Framework will put the multiple reports in context with each other to ensure Council has a complete picture regarding all aspects of GCO.

Summary of work to date

Consolidation of streams of work and timeline

Recreation has consolidated multiple Golf work streams under the title: Golf Sustainability Framework. This combines the initiatives of the Real Estate & Development Services (RE&DS) assessment, future of the Richmond Green Golf course lands, and Golf Sustainability Work Plan.

BRIEFING

Real Estate and Development Services feasibility assessment interim update
RE&DS is undertaking a process to determine the real estate potential at each municipal golf course per CPS2019-0475. McCall Lake, as per Council approval, was excluded from the process.

The Stage 1 screening process provides an objective analysis of the golf course properties and aids in identifying which golf courses may have further real estate or land development potential. Stage 2 includes more comprehensive planning, engineering and environmental analysis of the land identified in Stage 1. (See Attachment 3A.)

The following table summarizes the status of the RE&DS assessments:

Golf course	Constraints	Proceed to Stage 2	Additional notes
Richmond Green	• Golf course lands encumbered by underground City water reservoirs and future expansion of Water Services infrastructure	Yes - Stage 2 Analysis subject to broadened scope to include adjacent City lands	See Attachment 3B
Confederation Park	• Significant storm water constraints within Confederation Creek drainage • Reserve Designation	No	See Attachment 3C
Lakeview	• Extensive Environmental Reserve and slope stability setback from reservoir edge. • Extensive above and below ground utilities	No	See Attachment 3D With the closure of Richmond Green, it is expected that a number of displaced golfers may relocate to Lakeview
Maple Ridge	• In progress	Stage 1 complete Q1 2020	
Shaganappi Point	• In progress	Stage 1 complete Q1 2020	

Richmond Green Golf Course closure and future use of land
As per Council direction, Richmond Green Golf Course closed permanently in 2019 September. Council directed Administration to report back with options for the future use of the lands.

Recreation is pursuing an Expression of Interest (EOI) for interim use of Richmond Green Golf Course lands as early as Q1 2020. One of the key stipulations of the EOI is that public access will be maintained during interim use. Long-term use will be determined through engagement parallel to the RE&DS Stage 2 analysis.

Golf Course Operations – Sustainability Work Plan Initiatives Towards Net Zero
On 2018 June 25 (CPS2018-0349), Council directed that Administration report back on progress of the Golf Course Sustainability Work Plan. GCO anticipates that $1.07 million in savings will be achieved by 2022. Attachment 4 provides a description of the Sustainability

BRIEFING

Work Plan including options that will move Golf Course Operations towards net zero operations by 2022.

Next steps

Calgary Recreation will proceed with its consolidation of work under the Golf Sustainability Framework. A summary of the work and upcoming presentations to the Priorities and Finance Committee, SPC on Community & Protective Services, and Council can be found in Attachment 2.

The next update will occur on 12 November 2019 when the Golf Sub-service Review will be presented at a Strategic Council Meeting focused on Adjustments to One Calgary Service Plans and Budgets. The work initiatives identified as part of the Golf Sustainability Framework will be updated to align with any Council direction resulting from the sub-service review.

ATTACHMENT(S)

1. Previous Council Direction
2. Golf Sustainability Framework Reporting
3. A) RE&DS Scope of Work
   B) Stage 1 Richmond Green
   C) Stage 1 Confederation Park
   D) Stage 1 Lakeview
4. Golf Course Operations Sustainability Work Plan Initiatives Towards Net Zero

Previous Council Direction

On 2019 July 16, Council approved the recommendation below regarding a sub-service review, of which golf was one of six sub-services approved for review.

That with respect to Recommendation 1 of Report C2019-0883, the following be adopted:

That Council:

1. Approve the sub-service reviews contained in Table 1 of Attachment 3, released to the public during the presentation at the 2019 July 16 Strategic Meeting of Council, to be completed for the November 2019 adjustments to the One Calgary 2019 – 2022 Service Plans and Budgets.

On 2019 June 17, a Notice of Motion which was approved by Council. It stated that Council:

1. Direct Administration, as part of its Golf Course Sustainability Strategy, to proceed to close the Richmond Green Golf Course after the end of the 2019 golf season.
2. Direct Administration to return to Priorities and Finance Committee (PFC) in October 2019 with:
    a. An interim update on the Golf Course Sustainability Strategy;
    b. An interim update on the Golf Course Real Estate and Development Assessment; and,
    c. Options for future use of the Richmond Green land, considering the utilities and road requirements, as well as the Currie Barracks Master Plan.

On 2019 May 27, with respect to report CPS2019-0475, the following was adopted:

That Council:

1. Adopt the recommendation to proceed with Stage 1 of the proposed plan for a Real Estate and Development Assessment, leveraging The City's internal expertise to conduct an initial assessment of all golf course properties and return to the Priorities and Finance Committee no later than Q1 2020 with a recommendation on which properties should be included in Stage 2 of the analysis. The plan for Stage 2 will include Administration's recommendation on which golf course lands require further analysis as well as recommendations on timeline, scheduling and costs for Stage 2; and
2. Not include McCall Lake Golf Couse in any development assessments given a Redevelopment Feasibility Study was completed on McCall Lake Golf Course in 2014, and the recent investment and improvements to the course in 2018-2019.

On 2018 November 19, per CPS2018-1256 Golf Course Operations Update, Council directed Administration to report back to Council through the SPC on CPS by Q2 2021 with an update on progress toward the options outlined in the report, which were the break even options of the Sustainability Work Plan.

Previous Council Direction

In November 2018, at the One Calgary budget discussions (C2018-1158), Council directed Administration to prepare a plan for a Real Estate and Development Assessment which may include decommissioning, repurposing and/or divesting of public golf course(s) for reinvestment in the remaining golf amenities to sustain the overall operations of public golf courses in Calgary, and report back by May 2019.

On 2018 June 25, Council adopted CSP2018-0349 Golf Course Sustainability Work Plan Update:

1. Direct that Administration report back to Council on results, indicators and performance measures by Q2 of the final year of each planning cycle to inform a plan for the next cycle;
2. Direct that Attachment 6 remain confidential pursuant to Sections 23(1)(b), 24(1), and 25(1) of the Freedom of Information and Protection of Privacy Act (and that Council consider content therein in camera if requested by Council).
3. Direct that Administration report back to Council through the One Calgary budget process with options that reflect the overall Golf Course Operations to break even in terms of revenue and operating expenses.

On 2015 December 14, Council adopted CPS2015-0947 Golf Course Operations Sustainability Work Plan Update:

1. Direct Administration to continue providing municipal golf services with a City operated service model, inclusive of contracting out select services where efficiencies can be realized; and
2. Direct that Attachment 2 remain confidential pursuant to Sections 23(1)(b), 24(1)(c),24(1)(g) and 2S(1)(c) of the *Freedom* of *Information and Protection* of *Privacy Act,* until Administration fully implements Council's decision(s) with regard to Attachment 2 content.

On 2015 June 29, Council adopted CPS 2015-0492 Golf Course Capital Update:

That Council receive this update report for information.

On 2014 July 21, Council adopted recommendations contained in Report CPS2014-0398 McCall Lake Redevelopment Feasibility Study:

1. Direct Administration to discontinue McCall Lake redevelopment planning and Outline Plan preparation;
2. Direct Administration to implement the Updated Golf Course Operations Sustainability Work Plan as outlined in Attachment 2**,** after amendment to the Targeted Completion Date for the Item “Service Model Analysis“, contained on Page 1 of 2, by deleting the date “Q1 2016”, and by substituting with the date “Q4 2015”; and

Previous Council Direction

3. Direct that Attachments 6 and 7 remain confidential pursuant to Sections 23(1)(b), 24(1)(c), 24(1)(g), 25(1)(a), 25(1)(b), and 25(1)(c) of the *Freedom of Information and Protection of Privacy Act.*

On 2013 May 27, Council adopted CPS2013-0410 Golf Course Operations Guiding Principles:

1. Approve the guiding principles as a framework for Golf Course Operations revised fee structure decision making; and
2. Direct Administration to bring a revised fee structure to Council during the 2014 budget adjustment process (2013 November) for consideration.

On 2012 October 15, Council adopted CPS2012-0702 Golf Course Operations Operational Business Review & Update:

1. Approve, in principle, the elimination of the $200,000 annual contribution to general revenues from the Business Unit Recreation – Golf, Operating Budget Program 426 and refer this recommendation to the 2013 budget adjustment process in 2012 November for consideration;
2. Approve, in principle, the change of Golf Course Operations mandate from “fully self-sufficient” to “tax supported” to align with the mandate of the rest of the Recreation Business Unit and refer this recommendation to the 2013 budget adjustment process in 2012 November for consideration;
3. Approve the recommendations outlined in Attachment 2, Appendix 4 to develop a revised golf course fee structure and report back through SPC on Community and Protective Services by 2013 May with recommendations on golf fee structure.
4. Approve Administration Recommendation 4 and that Recommendation 4 remain confidential under Sections 23(1)(b), 24(1)(a), 24(1)(g), 25(1)(b) and 25(1)(c)(ii) of the *Freedom of Information and Protection of Privacy Act;* and
5. Direct Administration Recommendation 4, as amended, and the Report and Attachments, remain confidential pursuant to Sections 23(1)(b), 24(1)(a), 24(1)(g), 25(1)(b) and 25(1)(c)(ii) of the *Freedom of Information and Protection of Privacy Act*

Calgary

Golf sustainability framework reporting

	2019 GOLF SEASON	2019 golf season year-end	2020 GOLF SEASON			2020 golf season year-end	2021 GOLF SEASON		
	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Reporting	**October 8 Briefing Note** 1. RE&DS Stage 1 update 2. Richmond Green future use update 3. Golf Sustainability Work Plan (SWP) update **November 12** Sub-service review	**Q1 Report Back CPS** 1. RE&DS Stage 1 complete w/ Stage 2 recommendations 2. Richmond Green future use 3. SWP update					**Q2 Report Back CPS** 1. RE&DS Stage 2 outcomes 2. Richmond Green future use update 3. SWP update		
Work streams	RE&DS Stage 1								
	RE&DS Richmond Green Stage 2		RE&DS Stage 2 Assessments. Timeline TBD					RE&DS – TBD pending Stage 2 outcomes	
	Richmond Green interim use		Richmond Green future use engagement					Richmond Green future use implementation	
	Sustainability Work Plan		SWP – Priority strategies and initiatives (implementation and planning)					SWP strategies continued	

RE&DS (Real Estate & Development Services) Scope of Work

In November 2018 at the *One Calgary* budget discussions, a Motion Arising directed the Recreation Business Unit to prepare a plan for a real estate and development assessment on all City-owned golf courses for the purposes of decommissioning, repurposing and/or divesting of land, for reinvestment back into Recreation, to sustain the overall operations of Golf.

Recreation engaged Real Estate and Development Services (RE&DS) to assist with the formation of a real estate plan to complete this analysis. RE&DS responded by developing a two-stage plan that will determine the development potential, limitations and risks at each municipal golf course.

Stage 1 consists of screening each course through a feasibility assessment matrix, to determine if and where land at each course could be considered for repurposing or disposition. The matrix includes criteria such as: historical review, environmental review, infrastructure and servicing, planning and policy considerations, and current golf operations review.

Stage 2 consists of a more comprehensive planning, engineering and environmental analysis of those lands identified in Stage 1 that may provide for opportunities other than golf. It is expected that Stage 2 will require external consultants and additional work by the Corporation to undertake field investigations, planning and design and public engagement.

On May 27, 2019 Council approved the two-step work plan.

STAGE 1 - RICHMOND GREEN GOLF COURSE

i. EXECUTIVE SUMMARY

The results of the Stage 1 feasibility analysis completed by Real Estate & Development Services (RE&DS) at Richmond Green Golf Course (RGGC) indicate that the land is heavily encumbered by two, large underground water reservoirs that must remain in place and that the additional land around the reservoirs is required by Water Resources (WR) for future expansion. Therefore, RE&DS recommends the repurposing of RGGC to provide for the future expansion of water reservoir infrastructure while maintaining much of the open space for recreational uses. Additionally, in conjunction with the repurposing, RE&DS recommends that the two small sub-standard ball diamonds residing within the adjacent Richmond Green Park, be relocated to the portion of RGGC lands currently encumbered by the water reservoirs. The current ball diamond lands are proposed to be evaluated in a Stage 2 work program.

Subject to Council approval and pending the results of the Stage 2 analysis, the ball diamond lands at Richmond Green Park would be recommended for disposition and the sale proceeds be directed towards Golf Course Operations per the direction of the original Motion Arising, as well as a portion of funds directed towards Parks to rebuild the ball diamonds over top of the reservoirs which would replace the existing ball diamonds in Richmond Green Park. The remaining lands within the former RGGC would be maintained by Parks and could provide for other recreational opportunities until such time the lands are required for the water reservoir expansion and then reconfigured as required.

These recommendations are illustrated in the map on page 3 and show 2.04 ha± (5.04ac ±) of land at Richmond Green Park that would be analyzed for disposition. The following rationale is provided to summarize the land potential at the park and why RE&DS is proposing these recommendations:

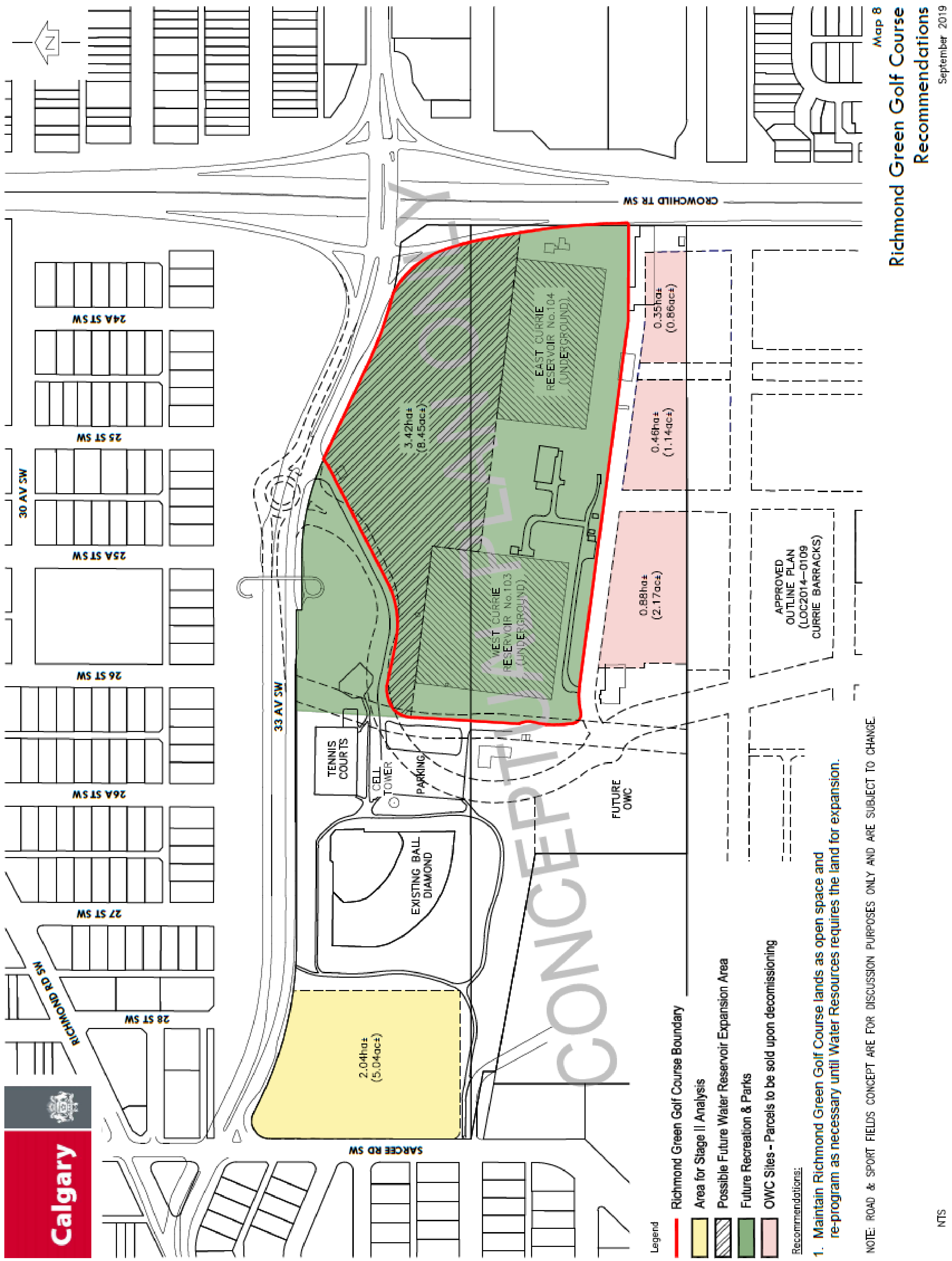
- Golf is currently played on top of the reservoirs and therefore the relocation of the ball diamonds to the reservoir site could presumably be permitted with the final configuration of the diamonds (or some other recreational use) subject to Water Resources approval;
- A potential sale of land to a private developer provides an opportunity to generate revenue for Recreation to enhance the municipal golf offering at other City of Calgary golf locations;
- A sale would provide a redevelopment opportunity near Richmond Green Park in the form of residential or mixed-use development, as the potentially surplus lands are located in a highly desirable area of Calgary and adjacent to major transportation routes and amenities;
- Richmond Green Park is an extension of Currie, which is an award-winning community, which adds value to the land;
- Aside from the closure of RGGC, the relocation of the ball diamonds to the RGGC lands would result in no net loss of ball diamonds from a quantitative standpoint for Richmond Green Park and qualitatively, would provide ball diamonds that meet The City’s current standard specifications;
- The developer of Currie is Canada Lands Company (CLC) and they are required to build a secondary access out of Currie and connect to 33 Avenue SW. Final configuration of

this road can occur in Stage 2 where RE&ADS has developed a work program that ensures multiple internal stakeholders will be consulted;

- If no disposition of land occurs at our proposed new location and no land is being disposed of at RGGC, the Corporation will be required to maintain all the green space and would need to seek new revenue opportunities to offset the operational costs (as the golf operations is no longer providing any funds). Administration's recommendation reduces the operating costs by collocating ball diamonds and water reservoirs together, and the disposition of ball diamond lands provides a one-time financial benefit to the Corporation;
- RE&DS scenario provides the opportunity for Water Resources to secure land for expansion, Golf to achieve needed income and for Parks/Recreation to explore new opportunities for programming on the reservoir lands. While there is a loss of green space at Richmond Green Park, the amount of land being preserved at RGGC allows for continued protection of open space for the adjoining communities;
- The urban canopy at RGGC is maintained until such time that the reservoirs expand. We note that development at the ball diamond lands contains significantly fewer trees;
- RGGC is unique in that it is surrounded by other municipal land assets (i.e. OWC sites). This allows the Corporation to dispose of larger quantities of adjacent land in conjunction with a possible disposition of land at Richmond Green Park, potentially increasing the proceeds back to the Corporation.

By swapping in public park and open space for the golf course lands, The City is able to achieve a long-range planning outcome for Water Resources, and a possible economic uplift for Golf Course operations. The recommendation to relocate the ball diamonds to the reservoir lands also results in the ability to program the residual golf lands for other recreational uses.

RE&DS proposes to leverage the expertise of other BU's to minimize the hiring of outside consultants, however we anticipate this work program will require a budget of $300,000 – $400,000. Stage 2 will consist of public engagement, geotechnical analysis, environmental due diligence, conceptual analysis, and further market research with the goal of preparing a Method of Disposition (MOD).


Calgary
Richmond Green Golf Course
Recommendations
Map 8
September 2019
N
CROWCHILD TR SW
30 AV SW
33 AV SW
24A ST SW
25 ST SW
25A ST SW
26 ST SW
26A ST SW
27 ST SW
28 ST SW
RICHMOND RD SW
SARCEE RD SW
EAST CURRIE RESERVOIR No.104 (UNDERGROUND)
WEST CURRIE RESERVOIR No.103 (UNDERGROUND)
3.42ha± (8.45ac±)
0.35ha± (0.86ac±)
0.46ha± (1.14ac±)
0.88ha± (2.17ac±)
2.04ha± (5.04ac±)
APPROVED OUTLINE PLAN (LOC2014-0109 CURRIE BARRACKS)
TENNIS COURTS
CELL TOWER
PARKING
EXISTING BALL DIAMOND
FUTURE OWC
CONCEPTUAL PLAN ONLY
Legend
Richmond Green Golf Course Boundary
Area for Stage II Analysis
Possible Future Water Reservoir Expansion Area
Future Recreation & Parks
OWC Sites - Parcels to be sold upon decomissioning
Recommendations:
1. Maintain Richmond Green Golf Course lands as open space and re-program as necessary until Water Resources requires the land for expansion.
NOTE: ROAD & SPORT FIELDS CONCEPT ARE FOR DISCUSSION PURPOSES ONLY AND ARE SUBJECT TO CHANGE.
NTS

STAGE 1 - CONFEDERATION GOLF COURSE

i. EXECUTIVE SUMMARY

The results of the Stage 1 feasibility analysis at Confederation Golf Course indicate that the land should not be decommissioned, divested of, or repurposed by the Corporation. The reason for this recommendation is based mostly on the stormwater issues that pertain to Confederation Creek, the lower Confederation Trunk, and the Confederation Valley. As detailed in the *Confederation Creek Drainage Study* (‘The Study’) which was done in response to the proposed Highland Park mixed-use redevelopment, there is significant issues with overland flooding in this region. The Study completed by The City and its consultant (Associated Engineering) determined that Option 4 was the best stormwater mitigation strategy for this area. Option 4 includes storing a significant amount of water at Confederation Golf Course. Please see the map below for the inundation area at our site.

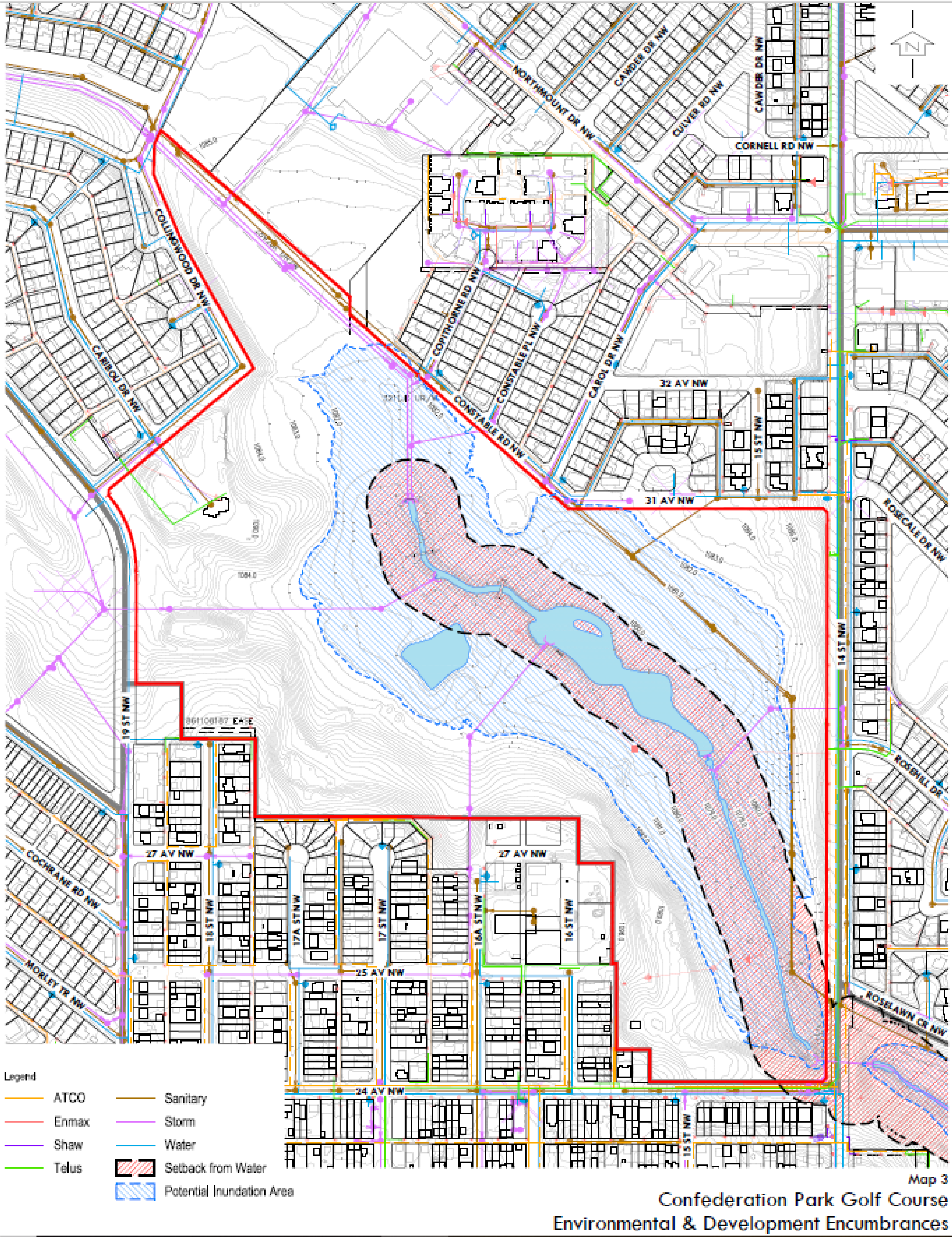
With the amount of water being stored at Confederation, there is a significant risk to the Corporation if it attempts to “carve off” or sell parcels of land that may not necessarily be required for water storage but do reside adjacent to land that is required for stormwater storage. Due to the macro analysis of The Study, including the uncertainty of where water levels will ultimately reside, there is too much risk to The City in recommending any land for disposition at this time.

Should Option 4 be implemented and should a weather event trigger the amount of water shown in the map below to be stored at Confederation Golf Course, The City can revisit the real estate potential at the course at that time. Additionally, should something change in the future regarding the Highland Park Golf course redevelopment, The City can revisit the extent of water storage needed at Confederation and determine later if there is any real estate potential available at the course.

Two additional items that were uncovered during the Stage 1 analysis include:

- The entire golf course lands are designated as Reserve on the Certificate of Title. Any disposition of land will require payment to the Joint Use Reserve Fund at market value. This is a requirement under the Joint Use Agreement (JUA) and may negate the ability to provide any sale proceeds of land back to Recreation to sustain golf operations (as was the direction from Council for this work); and
- There is a Roads maintenance yard located in the SE corner of the golf course which environmental investigations have indicated the presence of salt previously stored on site and used for road maintenance. The salinity extends beyond the maintenance yard and into the golf course. Further study is needed to determine the extent of the salt.

The Stage 1 findings have led Administration to the conclusion that golf should continue to operate at this location and Real Estate and Development Services (RE&DS) is not recommending a Stage 2 work plan be undertaken.


NORTHMOUNT DR NW
CAWDER DR NW
CULVER RD NW
CAWDER DR NW
CORNELL RD NW
COLLINGWOOD DR NW
CARIBOU DR NW
COPITHORNE RD NW
CONSTABLE PL NW
CAROL DR NW
32 AV NW
CONSTABLE RD NW
15 ST NW
31 AV NW
ROSECALE DR NW
14 ST NW
19 ST NW
ROSEHILL DR
27 AV NW
27 AV NW
COCHRANE RD NW
18 ST NW
17A ST NW
17 ST NW
16A ST NW
16 ST NW
25 AV NW
MORLEY TR NW
ROSELAWN CR NW
24 AV NW
15 ST NW
Legend
ATCO
Enmax
Shaw
Telus
Sanitary
Storm
Water
Setback from Water
Potential Inundation Area
Map 3
Confederation Park Golf Course
Environmental & Development Encumbrances

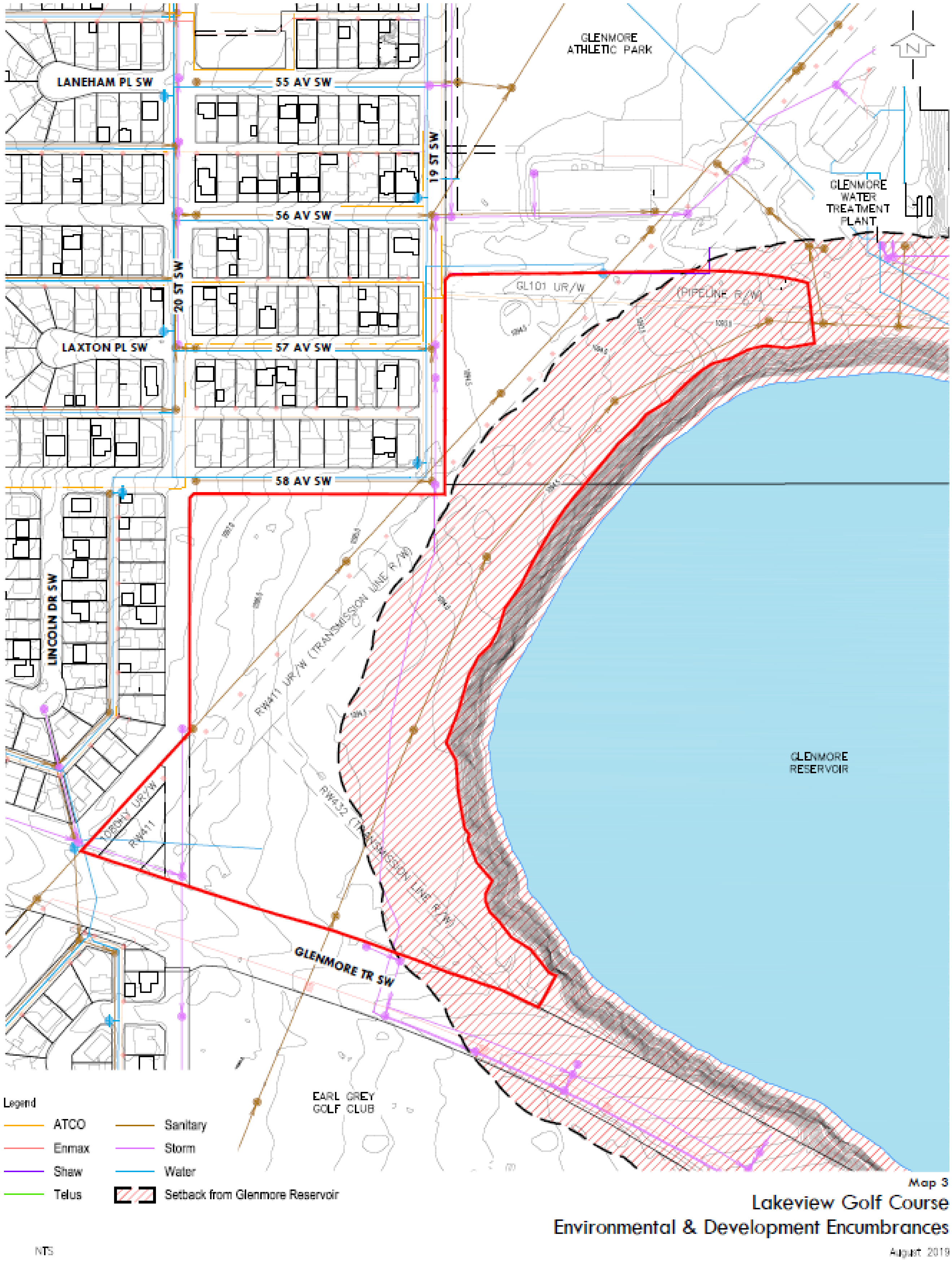
STAGE 1 - LAKEVIEW GOLF COURSE

i. EXECUTIVE SUMMARY

The results of the Stage 1 feasibility analysis indicate that the land at Lakeview Golf Course (LVGC) should not be decommissioned, divested of, or repurposed by the Corporation. The following reasons led administration to this conclusion:

- There is a significant ER buffer (map below) around the top edge of the reservoir which eliminates a majority of redevelopment opportunities. We note the ER buffer is meant to protect the reservoir from pollution runoff and vegetation habitat;
- Critical storm and sanitary mains traverse and bisect the course entirely;
- A significant embankment down to the reservoir frames the eastern edge of the course. This slope should not be encroached upon by urban development due to the possibility of slope stability issues;
- LVGC is already in a confined location with limited transportation options to access the site. Increasing density or uses on the site may trigger additional access and transportation upgrades;
- LVGC contains approximately 1000 mature trees valued at over $5M.The urban canopy should be maintained in this City quadrant;
- A large electrical transmission line crosses the golf course. This infrastructure would be very expensive to relocate and should not be undertaken;
- Other utility infrastructure running through the site…
- The golf course is part of a larger recreation hub in north Glenmore. If fits contextually with the surrounding uses and should be preserved as a recreation hub;
- The community of North Glenmore is under dedicated with MR. The golf course lands also provide passive recreation opportunities in the non-golfing season that should be maintained;
- With the closure of Richmond Green Golf Course (RGGC) it is expected that a large percentage of those golfers will now play LVGC. We note that the two courses are only 4km apart; and
- Publicly owned land adjacent to a superior amenity like the Glenmore Reservoir should be preserved. Contemplation of repurposing to something other than open space may eliminate the public's opportunity to access this location.

In summary, Real Estate and Development Services (RE&DS) recommends that no further work be undertaken on LVGC for Stage 2 of the analysis for the above noted reasons.


GLENMORE
ATHLETIC PARK
LANEHAM PL SW
55 AV SW
19 ST SW
56 AV SW
GLENMORE
WATER
TREATMENT
PLANT
20 ST SW
GL101 UR/W
(PIPELINE R/W)
LAXTON PL SW
57 AV SW
58 AV SW
LINCOLN DR SW
RW411 UR/W (TRANSMISSION LINE R/W)
GLENMORE
RESERVOIR
RW411
RW432 (TRANSMISSION LINE R/W)
GLENMORE TR SW
EARL GREY
GOLF CLUB
Legend
ATCO
Enmax
Shaw
Telus
Sanitary
Storm
Water
Setback from Glenmore Reservoir
Map 3
Lakeview Golf Course
Environmental & Development Encumbrances
NTS
August 2019

Calgary

Golf Course Operations – Sustainability Work Plan Initiatives Towards Net Zero

On 2018 November 19, Council directed Administration to report back to Council through SPC on Community and Protective Services by Q2 2021, with an update on progress to lead Golf Course Operations toward break even in terms of revenue and expenses (CPS2018-1256). Table 1 provides a description and status of priority initiatives underway to yield an estimated $1.07 million in revenue generating opportunities and cost saving and efficiencies. Table 2 provides a description of additional opportunities being investigated to further increase Golf Course Operations future sustainability.

Table 1: Break Even Options Underway

	Work Plan Initiative	Anticipated Yield by end of 2022	Status	Progress Update – 2019 October
1	McCall Lake 18 Re-opening	$280,000	Completed	• Renovations to 18-hole course completed Q2 2019. 9-hole preview as of mid May. Full 18 holes opened late June. • 2020 will be first full season of operations where post renovation performance can be fully assessed. • Year to date utilization and revenue very promising with positive customer feedback and strong attendance since the 18-hole course opened. • Marketing and other initiatives are in planning stage for 2020 with aim to support on-going golfer interest and revenue optimization.
2	Annual Fee Adjustments	$100,000	Annually	• Rates assessed and adjusted annually and where feasible. 2020 rates to be finalized late fall 2019. • Primary considerations: attendance and utilization trends in conjunction with market rates of reasonably comparable facilities.
3	Golf Technology Solution	$185,000	Underway	• Projected implementation Q1 2020. • New technology is key to increasing attendance and revenue (i.e. advanced pricing capabilities; marketing and business reporting tools; and streamlined business processes to enhance customer service and satisfaction).
4	Debt Fulfillment	$142,000	Completed	• Debt payment (P&I) for capital improvements at Maple Ridge – now paid in full.
5	Increased standardization and optimization of operational practices	$194,000	Underway	• Variety of initiatives being undertaken to ensure quality products and services while realizing efficiencies. • Restructured staffing and supervisory model out of Richmond Green Golf Course closure (2020).
6	Contracting of Select Services	$20,000	TBD	• Pilot contract for rough mowing cancelled by vendor Q1 2019. Contract did not realize anticipated profits in addition to resource and equipment challenges. • Contracting of select services is on-going and continues to be explored and where savings can be realized.
7	Richmond Green Closure	$150,000	Completed	• Richmond Green Golf Course permanently closed as of 2019 September 3 • Net $150,000 annual cost savings to be realized from the closure.
	Potential Yield	**$1,072,000**		

Table 2: Options being pursued for enhanced sustainability				
		Anticipated Total Yield	**State of Funding**	**Description**
7	Capital Improvement Alternatives	TBD	Funding realized from options out of the Real Estate and Development Services review could support re-investment in priority capital lifecycle and upgrade initiatives to sustain quality course conditions and support expanded services and revenue opportunities. Three projects are currently unfunded or on the “Unfunded for Information” capital list: • Shaganappi Clubhouse and Renewal ($8.8M) • Shaganappi Maintenance Facility Replacement ($2.1M) • Confederation Park Golf Course Clubhouse Upgrade ($1.9M) One project that’s part of the Essential Services Delivery Bundle, but currently unfunded: • Fairways and Greens Service Cycle in Essential Services Delivery Bundle ($8.3M)	With capital investment, new business opportunities are possible. For example, improved Clubhouse facilities at Shaganappi Point would provide a source of year-round revenue through: • Expanded food & beverage service • Conference, banquet and event rental possibilities.
8	Partnering with Industry	TBD	Funding would be subject to the opportunity being considered.	As the golf industry continues to evolve, opportunities exist to partner with industry leaders, to enhance golf assets and service offerings.

BRIEFING

Chief Financial Officer's Briefing to
Priorities and Finance Committee **ISC: UNRESTRICTED**
2019 October 08 **PFC2019-1146**

Independent Review of Non-Residential Assessment and Appeal System

PURPOSE OF BRIEFING

The purpose of this briefing note is to address the Priorities and Finance Committee's direction to Administration on 2018 October 30 to:

1. Assign a lead to monitor and report back on the implementation of the consultant's recommendations as well as their impact on the non-residential assessment and complaint system, no later than 2019 Q3.

SUPPORTING INFORMATION

In response to a 2017 September 11 Notice of Motion, Heuristic Consulting was engaged to conduct an independent review of the non-residential assessment and complaint process. On 2018 October 30, the final report PFC2018-1222 (the Report) was presented along with several recommendations. The recommendations in the Report strive to move the relationship between the Administration and non-residential property owners and agents from adversarial to informative and collaborative. Administration has directed a great deal of effort to address the recommendations in the Report. While there is much to be accomplished, work is progressing together with key stakeholders on many fronts. The recommendations and status updates can be found in Attachment 1. This briefing note will highlight some key issues and successes grouped into: service improvements, collaborative agreements and relationship building.

<u>Service Improvements</u>

In 2019 Administration created a new section within the Assessment Business Unit - Customer Strategy. This group provides a focal point for customer service and works to determine ways in which Administration can become more customer centric. Administration will review internal policies and practices, and will continue to focus on the goal of improving the overall customer experience.

To ensure that employees are equipped to provide exceptional customer experience, additional training on skills such as "De-escalating situations in the workplace" as well as "Effective communication with owners, agents and legal representatives," taught by industry experts, have been provided to frontline staff.

Administration has re-examined the previous program, the Advanced Consultation Period, and in 2018 launched the Pre-Roll Consultation. Administration invited owners and agents in the month of October and November to receive an overview of the observed market movements over the past year, and invited them to engage and collaborate to ensure that Administration had the best assessment values possible. Pre-Roll Consultation is now in its second year, and owners and agents have been invited again this fall, from 2019 October 3 to 2019 November 8, to engage with Administration and have productive and collaborative conversations.

BRIEFING

Collaborative Agreements

As a result of the collaborative discussions taking place during Pre-Roll Consultation, Administration has been successful in reaching agreed upon values for a large portion of the assessment base. As this trend continues, Administration will focus more time on reviewing and analyzing the next year's values instead of engaging in activities such as tribunal. This will result in values that not only continue to exceed legislative standards but are ready earlier than in previous years which will aid in the discussions with owners and agents during Pre-Roll Consultation. Administration will continue to focus on complaint resolution prior to a hearing to ensure that they are making optimal use of resources and time and maintain better relationships with customers

Relationship Building

A key recommendation of the Report was to engage in a Memorandum of Understanding (MOU) with principle tax agencies to establish basic ground rules for a respectful working relationship. In collaboration with Altus Group and AEC Property Tax Inc. a MOU was drafted and finalized in 2019. Administration will continue to involve other agencies with the MOU.

In 2019 Administration embarked on creating a collaborative tribunal schedule with key agents. As it was the first year for this process there were many lessons to be learned and improvements to be made. Administration conducted a thorough debrief, which included feedback from all participating agents, and incorporated this input into recommendations for improvement for the 2020 process. Heuristic Consulting has been engaged to work with all the stakeholders to facilitate the creation of agreed on guiding principles and processes for the 2020 scheduling process.

Stakeholder Feedback

Administration engaged Heuristic Consulting to obtain stakeholder feedback. Overall, the feedback confirms that there has been a substantial improvement in relations between tax agents and assessors. Although some exceptions are noted, tax agents feel that Administration is on the right track and are confident that improvements will continue. In the words of one tax agent: "The City of Calgary presents itself as an organization whose people are actively trying to improve service."

One area which has shown improvement over the last year is the sharing of information. While collaborative work is still underway, this not only speaks to information shared through Pre-Roll Consultation and tribunal but also engagement with the property owner to facilitate better understanding of large changes in specific property values before finalizing the roll.

Summary

Administration will continue to work towards addressing the recommendations within the Report. As part of this work, stakeholders will be engaged to ensure that the work that is being done has a positive impact and continues to move Administration to be more customer centric and collaborative in our relationships with our non-residential customers.

ATTACHMENT(S)

1. Attachment 1 – Independent Review of Non-Residential Assessment and Complaint Systems Recommendations Status Report

Independent Review of Non-Residential Assessment & Complaint Systems Recommendations Status Report

No.	Recommendation	Current Status
1	ABU use short-term external professional training /assistance to enhance expertise in valuation of complex, high value, properties	The Assessment Business Unit (ABU) has reached out to other assessment jurisdictions and industry experts such as the International Property Tax Institute to obtain information on best practices to address this recommendation. ABU will continue to search for opportunities to incorporate additional external professional training and assistance in relation to the valuation of high valued, complex properties in thinly traded markets.
2	ABU provide staff with skills training in dispute resolution, negotiation and media/external communications	A course titled “De-escalating situations at work” dealing with understanding the problems and solutions with conflict was held on 2019 July 25. The International Property Tax Institute provided a customer service course titled “Effective communication with owners, agents and legal representatives” on 2019 August 22. New training with a stronger customer experience focus will be provided to align with our Pre-Roll Consultation period in September and October 2019.
3	Both ABU and ARB enhance annual performance reporting, introducing metrics that are more client-centric and capacity linked (i.e. reflecting service standards and linking elevated service delivery to organizational capacity). ARB’s QB tracking and reporting needs improvement. ARB should reinstate public annual performance reporting.	2019 Assessment Business Plan has introduced new internal performance measures and is working on the development of additional measures which are more client centric and capacity linked. Some examples of these measures are: • Per cent of complaints that went to merit hearing • Per cent of total property assessment accounts which have signed up to receive e-Notices • Per cent of hearings that led to reductions • Per cent of complaints that went to merit hearing • Number of hours of training per valuation staff member • Metrics showing the changes from Preliminary Roll to Final Roll The components of this recommendation relating to the ARB will be tracked and reported by the Assessment Review Board and City Clerk’s.

No.	Recommendation	Current Status
4	The parties cooperatively streamline workloads and schedules (ABU, ARB, taxpayers & agents) associated with roll preparation and dispute resolution	In 2019 the ABU, ARB, taxpayers & agents collaborated to create the 2019 tribunal schedule. At the end of the process the ABU conducted a debrief on the ABU process ad determined lessons learned and areas of focus and improvement for 2020 under the following categories: • Objectives and Guiding Principles • Process and Timelines • Roles and Responsibilities • Communication and Collaboration The ABU has engaged Heuristic Consulting to facilitate workshops with the parties (ABU, Tax Agents and Major property owners) to address concerns expressed by the parties and enhance the scheduling process in the future. The ARB has embarked on their own debrief process.
5	The City work with the Province to investigate the business case for 2 or 3-year assessment rolls - investigating potential gains in system capacity, impacts on service delivery and possible impacts on financial risk/savings	The ABU Met with the Government of Alberta on 2019 May 17 and had a discussion around the recommendations in the Independent Review of Non-Residential Assessment and Appeal system. It was determined that the Government of Alberta is not currently considering a 2 or 3-year assessment cycle. Assessment will await further direction from Council should The City wish to pursue this further.
6	ABU work with principal tax agents to set basic ground rules for working relationships through Memorandums of Understanding to: a. Clarify / describe roles of key players and common goals in the non-residential property assessment system b. Set out expectations of professional behaviours and conduct c. Describe Information sharing and communications expectations d. Establish structured processes for narrowing issues, reaching agreed statements of facts and/or agreed recommendations to ARB for the scheduling of hearings e. Similarly, set out structured processes for Pre-Roll and post Pre-Roll negotiations	Working together with two key property tax agencies within Calgary, AEC Property Tax Inc. and Altus Group, Assessment along with Law crafted a Memorandum of Understanding (MOU) which set out standard ground rules around the interactions and expectations between each signing party. The MOU sets expectations around professional behaviours and conduct, information sharing, communication expectations and reaching agreements. At this time, both AEC Property Tax Inc. and Altus Group have signed off on the MOU and the ABU is continuing to reach out to other tax agencies for sign off.

No.	Recommendation	Current Status
7	ARB support cooperative practices between the parties to provide maximum flexibility for scheduling and pre-hearing dispute resolution, while respecting principles of administrative law.	This recommendation will be tracked and reported by The Assessment Review Board and City Clerk's.
8	The City work with the Province to develop a standing vehicle to clarify communication strategy - advancing consistent understanding and application of new legislative/regulatory provisions, such as: i. Section 300 of the Municipal Government Act (MGA), where the assessor is to produce summary information on comparable properties ii. Section 1.1 & 9 of Matters Relating to Assessment Complaints (MRAC) – new disclosure periods for evidence allowed in a hearing iii. Weight and authority of Ministry's Information Disclosure Guidelines iv. Use of Compliance Review applications, and their effectiveness	The ABU met with the Government of Alberta on 2019 May 17 and again on 2019 July 17 and had a discussion around the recommendations in the Independent Review of Non-Residential Assessment and Appeal system. The provincial government agreed to work towards establishing an advisory committee of experts – once the new government has settled in and provided their direction. Assessment will follow-up up with the Government of Alberta in the fall of 2019
9	ABU and ARB enhance communications strategy to better target timely messages to critical audiences	As is reported in the response to recommendation #17, the ABU has established a customer strategy team that is reviewing every aspect of the customer experience customers have with their interactions with the ABU. That includes routine communications to customers, media ads, online web content, annual Market Reports and the assessment notices. Changes are currently underway to make this content more user friendly, customer centric and timely to ensure that the right information is communicated at the right time.

No.	Recommendation	Current Status
10	Property assessment is data intensive. The assessor relies on many sources, including taxpayers, to provide necessary data. Data quality and quantity varies with market circumstances, property type and relationships. Different levels of data are required to determine assessments; to explain assessments and to support assessments on appeal. Assessment methodologies for different property types have varying data requirements for all the above. ABU's data governance should provide for optimal (not minimal) information necessary for accurate and equitable assessments; for taxpayers' acceptance / understanding of their assessments, while protecting its privacy. There is a range of data that may be provided: from minimum legislative requirements to maximum allowable while protecting privacy & confidentiality. The optimal level of information provided may vary over time and location. Optimal is that level necessary to create and maintain public confidence in the assessment system.	The ABU has reviewed the information that was previously disclosed to customers and has found areas where additional information could be provided without compromising confidentiality. As new information is obtained the ABU continually works on identifying the optimal level of information disclosure while protecting confidentiality for other parties. This is done through engagement of stakeholders, comprehensive review of legislative requirements, confidentiality requirements, and desire for transparency.
11	ABU explore data collection and data quality enhancement opportunities through the revised Pre-Roll process, and earlier resolution of those complaints critical to establishing valuation principles required to determine the next year's assessments	The ABU has made significant improvements in the quality of preliminary assessments such that all stratifications would have passed or exceeded provincial standards. Steps were also taken to expedite the process of providing pre-roll assessment information by taking advantage of our online portal. When tax agents were surveyed after pre-roll, 96% indicated preliminary values were obtained with ease and 93% responded that they were received in a reasonable amount of time. Data Collection and Data Quality sections continue to find efficiencies and incorporate data quality assurance activities. The ABU has leveraged our collaborative relationships with agents to ensure that their clients are made aware as early as possible when additional information is required to avoid any potential issues.

No.	Recommendation	Current Status
12	ABU and ARB explore use of plain language (less technical and legal) to explain assessments, simplify dispute resolution and improve public understanding	The ABU is working with Customer Service & Communications (CSC) to update the Assessment online content available to customers and make it more user friendly. External communications such as Assessment Request for Information and the assessment notice have been re-drafted by the new Customer Strategy area using plain language to ensure there is understanding of how the customer can interact with Assessment and other information available to them. This work will continue to change each year as it is desired that more information be made available to property owners moving forward.
13	ABU work with stakeholders to develop, implement and monitor processes to resolve issues/complaints with respect to high value, common-issue properties	During 2019 Pre-Roll, the ABU worked with stakeholders to resolve issues in advance of the finalization of the roll. In the 2019 Pre-Roll there were 834 agreements on over $17.6 billion of assessed value. Since mailing the 2019 assessments, the ABU has continued to work in a collaborative manner with property owners and their representatives to try and resolve issues and avoid formal ARB hearings, where possible. During the Customer Review Period, there were an additional 135 non-residential assessments totaling 700 million in assessed value that were agreed to without the need to file a complaint to the ARB. The ABU is continuing to work with agents and owners to resolve issues and complaints when possible prior to a hearing. As of 2019 June 30, 84 per cent of our total taxable non-residential roll has been resolved. In comparison, only 59 per cent of the taxable non-residential roll had been resolved at this point last year. To date, the ABU has come to agreements on 1,698 non-residential assessments totaling 26.1 billion in assessed value. Withdrawal of ARB complaints by property owners totals 1.7 billion, and 21.0 billion of our taxable non-residential roll had no complaints filed.
14	Initiate “without prejudice” settlements – ACP related process as part of MOU	In October of 2018, the ABU reached out to the agent community and ran the first “Pre-Roll Consultation Period.” Assessment staff met with agents on a total of 857 accounts and of those secured an agreement on 422 of them with a total assessment value of 11,396,775,000. This process of having collaborative conversations continued throughout the year and the ABU will launch the 2020 Pre-Roll period on 2019 Oct 3.

No.	Recommendation	Current Status
15	With increased reliance on agreements through ACP, enhance process to monitor and report changes from preliminary roll through final roll	The ABU has developed internal tracking systems and new metrics to ensure that assessment value changes are captured throughout the Pre-Roll period and the final roll.
16	Enhance content and expand awareness of ACP (kickoff) market analysis meeting for targeted audiences	The Pre-Roll Symposium ("kickoff") event was held last 2018 October 3. Over 330 major stakeholders were invited to this event and the content has greatly expanded from previous years. Surveys to stakeholders that attended the event supported this assertion. The ABU will be launching the 2019 Pre-Roll period on 2019 October 3. Work from the 2019 Pre-Roll is highlighted in recommendation #13 and #14.
17	Establish a single manager/leader in ABU to coordinate / manage ACP process	The ABU created a new team known as Customer Strategy which is staffed with an experienced Leader and staff who have strong customer service backgrounds. The new team is systematically reviewing all customer touchpoints/interactions and communications, enhancing the customer experience and executing on several initiatives aimed to improve Assessment's customer experience. Customer Strategy is also supporting and collaborating with other areas within Assessment to ensure there is a customer focus when possible.
18	We recommend that the City work with the Province to: a. Clarify governance roles of the City and Province respecting policy, standards elevation and quality management b. Develop and report annually on metrics (beyond the current ratio studies) for property strata and assessment methodology for thinly traded, high-value complex properties. c. Enhance and resource more frequent comprehensive audits of high-value complex properties d. Engage key stakeholders (e.g., Stakeholders' Advisory Group) to ensure continuing & practical adoption of leading practice and elevation of standards related to assessment methodology, information management and service delivery e. Provide for proactive public reporting on performance and service delivery, drawing upon the experience of other agencies like BC Assessment.	The ABU met with the Government of Alberta on 2019 May 17 and again on 2019 July 17 and had a discussion around the recommendations in the Independent Review of Non-Residential Assessment and Appeal system. The provincial government and the ABU will work together to find ways to improve the quality of the roll which would include working with the provincial auditor's office to enhance audits and establish more performance measures.

No.	Recommendation	Current Status
19	ARB investigate for adoption Rules of Practice & Procedure to incorporate active appeal management, dispute resolution and settlement conferencing	This recommendation will be tracked and reported by the Assessment Review Board (ARB) and City Clerk’s.
20	ABU and ARB include cost reporting on complaint and appeal processes in performance management	The ABU in conjunction with Law are conducting an analysis of the cost of both filing and proceeding on Queen’s Bench actions and what is the cost from a labour and material perspective. This will be used to inform future decisions. The component of this recommendation that relates to the ARB will be tracked and reported by the ARB and City Clerk’s.
21	The City improve the ARB system by: a. Investigating the business case for board officer positions (like the Edmonton model) b. Enhancing the ARB member performance review process (Edmonton model) c. Developing a process for ABU and tax agents to recommend scheduling to ARB (Edmonton model) d. Adopting the use of case management by Board members to narrow issues and encourage prehearing resolutions e. Publicizing its practices regarding training and qualifications of members; requirements for ‘cooling off’ periods for candidate members between employment as assessors and appointment as ARB panel members f. Clarify ARB on adjudication role; streamline / simplify and transfer administrative functions to City Clerk’s office	This recommendation will be tracked and reported by the Assessment Review Board (ARB) and City Clerk’s.

No.	Recommendation	Current Status
22	In 2019, the City review Queens Bench appeals status, statistics and strategy to determine whether changes to the appeal system are satisfying intended outcomes (Linked to 23)	In 2018, the ABU worked with owners and their agents to resolve many of the outstanding Queens Bench actions from prior years. There have been many actions discontinued on both sides over the course of recent years and there have also been far fewer QB appeals in general. In 2018 The City filed 6 applications as opposed to 44 applications in 2017 and in 2019, The City filed 0 applications.
23	The City (legal department supported by other branches, e.g., ABU and ARB) improve and utilize processes for tracking, analyzing and evaluating the use of the Queen's Bench for resolution of assessment issues (Linked to 22)	The Law Department worked at resolving prior year appeals in 2018. The lawyers pressed for more timely action on files that had no action for a large period. Queen's Bench actions are a performance metric of the Law Department with volume, resources and results being measured. Law business unit conducted an analysis of the cost of both filing and proceeding on Queen's Bench actions. This will be used to make decisions in the future.
24	The City advocate for legislative change to introduce dispute resolution alternatives (e.g., structured appeal management and mediation, single member adjudication (by hearing or written submissions) drawing from and adapting experience of jurisdictions like British Columbia, Manitoba (City of Winnipeg) and Ontario.	The ABU met with the Government of Alberta on 2019 May 17 and again on 2019 July 17 and had a discussion around the recommendations in the Independent Review of Non-Residential Assessment and Appeal system. The provincial government undertook to review the effectiveness of the Pre-Roll period and will consider legislative changes later, if required. Assessment will follow-up up with the Government of Alberta in the fall of 2019.
25	Establish standard annual performance report for ARB and publish on website (metrics and KPIs)	This recommendation will be tracked and reported by the Assessment Review Board and City Clerk's.
26	Develop / implement communication strategy to inform stakeholders / public	The ABU has examined its forms of communication to customers from media ads, online content, annual Market Reports and the assessment notices. Many changes have been implemented and are currently underway to make this content more user friendly, customer centric and timely to ensure that the right information is communicated at the right time.
27	Provide for authority in ABU and improved process to resolve issues any time between roll completion and ARB hearing.	The ABU has made a concerted effort to resolve issues and complaints prior to the hearing. The success of this work can be found in recommendation #13 in the discussion of the 2019 Pre-Roll Consultation period. In 2018 the ABU resolved 669 property complaints. These agreements were made in collaboration with the largest tax agent groups (Altus, MNP, and AEC). The ABU worked with our primary stakeholders to achieve a better result than we historically achieved (using the traditional adversarial strategy) and spent considerably less resources to achieve it.

BRIEFING

Assessment Review Board Briefing to
Priorities and Finance Committee **ISC: UNRESTRICTED**
2019 October 08 **PFC2019-1274**

Assessment Review Board Update

PURPOSE OF BRIEFING

The Assessment Review Board (ARB) is providing an update on its progress to date in implementing recommendations arising from *An Independent Review of Non-Residential Property Assessment & Complaint Systems* (PFC2018-1222).

SUPPORTING INFORMATION

The ARB broadly supported the recommendations from the report prepared by Heuristics Consulting Associates (HCA) in 2018 and has either completed or is working towards implementing many of those which can be actioned.

The HCA report primarily recommends that the ARB explore dispute resolution. In its response, the ARB identified a need for legislative change in order to provide authority for an expanded role in this area. The ARB and the Clerk have begun discussions with other tribunals and are exploring best practices in dispute resolution that are applied in various jurisdictions, and identifying the scope of legislative change that would be required to enable the Board to engage in a broad array of dispute resolution practices.

In response to HCA recommendations, the ARB also implemented a new scheduling process for 2019, in which the respondent City Assessor / Assessment Business Unit (ABU) works collaboratively with tax agencies to make consensus-based scheduling recommendations. Although successful in large measure, there are notable opportunities for improvement to this process and the Clerk, ABU and tax agents will be working together to identify and implement changes for the 2020 ARB complaint season, with oversight from ARB Leadership.

In 2019, the ARB and its Clerk also successfully implemented paperless hearing processes to improve efficiency, and the publication of ARB decisions on the CanLII website, to improve public transparency.

The ARB remains committed to continuing to work closely with the Clerk, ABU, tax agents and other stakeholders to respond to the HCA recommendations. A more detailed assessment of the progress to date in addressing HCA recommendations is contained in Attachment 1. The ARB and its Clerk are moving forward with implementing these recommendations at a pace afforded by the availability of resources.

ATTACHMENT(S)

1. Attachment 1 – Progress on Recommendations

Approval(s): John Mathias, General Chair, Calgary Assessment Review Board
Author: John Mathias, General Chair, Calgary Assessment Review Board

Progress on Recommendations arising from report PFC2018-1222

Recommendation	Status	Update
Reinstate public annual performance reporting and publish on website (metrics and KPIs)	In progress	The Assessment Review Board (ARB) published a 2018 annual report that is available for review on its website (calgaryarb.ca). Enhancement of future annual reports with metrics tied to key performance indicators, is planned for 2019.
Improve ARB's [Queen's Bench litigation] tracking and reporting	In progress	Improvements have been made to the ARB's litigation tracking and [internal] reporting process. The services of a paralegal have been engaged in part to coordinate this tracking and reporting with the ARB clerks, and in collaboration with the ARB's independent legal counsel.
Participate with parties in streamlining workloads and schedules [the Assessment Business Unit (ABU), ARB, taxpayers & agents] associated with roll preparation and dispute resolution Develop a process for ABU and tax agents to recommend scheduling to ARB (Edmonton model) Support cooperative practices between the parties to provide maximum flexibility for scheduling and pre-hearing dispute resolution, while respecting principles of administrative law.	In progress	A new scheduling process for Composite ARB hearings (non-residential complaints) was implemented in 2019 by the City Clerk's Office, in their capacity as clerks of the ARB. The scheduling process allows for the ABU and tax agents to make joint scheduling recommendations to the Clerk of the ARB. The City Clerk's Office, ABU and tax agents are participating in discussions to identify further opportunities for improving consensus-based scheduling for ARB hearings in 2020. Further information about efforts to explore options for the ARB to facilitate dispute resolution is set out below.
Enhance communications strategy to better target timely messages to critical audiences Explore use of plain language (less technical and legal) to explain assessments, simplify dispute resolution and improve public understanding	In progress	Customer Service and Communications has been engaged to facilitate a review of the ARB website by the Board and the City Clerk's Office. Further work on communications strategy is required to ensure the timely and adequate engagement of stakeholders, and will be led by the City Clerk's Office in Q1 2020.

Progress on Recommendations arising from report PFC2018-1222

Investigate for adoption Rules of Practice & Procedure to incorporate active appeal management, dispute resolution and settlement conferencing	In progress	The ARB has begun working with other municipal and provincial tribunals to explore best practices in dispute resolution in other jurisdictions, and to identify legislative amendments which may be required to expand the mandates of assessment review boards to participate in or facilitate dispute resolution processes.
The City advocate for legislative change to introduce dispute resolution alternatives (e.g., structure appeal management and mediation, single member adjudication (by hearing or written submissions) drawing from and adapting experience of jurisdictions like British Columbia, Manitoba (City of Winnipeg) and Ontario.		
ABU and ARB include cost reporting on complaint and appeal processes in performance management	To be commenced	The City Clerk's Office will lead this effort for implementing ARB cost reporting in 2020.
Investigate the business case for board officer positions (like the Edmonton model)	To be commenced	
Enhance the ARB member performance review process (Edmonton model)	Completed	The ARB launched an enhanced performance review process for members in Q4 2018.
Adopt the use of case management by Board members to narrow issues and encourage prehearing resolutions	In progress	In 2019, the ARB has instituted a pre-hearing review of assessment review files by the panels to narrow and focus issues and improve the efficiency of the hearing process. Further, the ARB will continue to explore options for expanding its legislated mandate, to ensure that it may apply appropriate dispute resolution processes in any proceeding.
Publicize ARB practices regarding training and qualifications of members; requirements for 'cooling off' periods for candidate members between employment as assessors and appointment as ARB panel members	Complete	ARB member qualifications, member training requirements and 'cooling off period' for candidates are publicized on the ARB website. Further information about Alberta Municipal Government Board (MGB) members who preside over Calgary CARB panels is available on the MGB website.

Clarify ARB's adjudication role; streamline / simplify and transfer administrative functions to City Clerk's office	Complete	Scheduling of ARB hearings for 2019 was transitioned to the City Clerk's Office.

BRIEFING

Planning & Development Briefing to
Priorities and Finance Committee **ISC: UNRESTRICTED**
2019 October 08 **PFC2019-1111**

Downtown Strategy Update

PURPOSE OF BRIEFING

The downtown strategy supports Calgary's economic recovery and resilience. The implementation of the downtown strategy continues through its four focus areas: Place, Work, Live, and Connect. The briefing includes a 2019-Q2 snapshot, comparative analysis, and update on recent activities.

SUPPORTING INFORMATION

Previous Council Direction

On 2019 July 22, Council approved PFC2019-0664 that directed Administration to continue implementing the Downtown Strategy.

At the 2019 April 01 Strategic Council Meeting, Council approved the following recommendations:

1. Endorse the direction as presented (C2019-0415-Downtown Strategy and Focus);
2. Direct Administration to provide an update on the further development of a Downtown Strategy to the Priorities and Finance Committee in 2019 July and October; and,
3. For the July Priorities and Finance Committee, Administration further refine the Downtown Strategy to include: heritage, safety, and competitive research.

Downtown Calgary Snapshot 2019-Q2 (Attachment 1)

- The combined office vacancy in downtown and the Beltline was 26.35 per cent in Q2, trending favourably and down slightly from 26.37 per cent in Q1.
- Downtown Calgary experienced positive office absorption of 144,812 square feet in Q2, its fourth consecutive quarter of positive absorption. Calgary had the third highest downtown office absorption in Canada, only Montreal and Toronto were higher in Q2. For comparison, in Q1, Calgary had positive downtown office absorption of 289,515 square feet, the highest in the country.
- In Q2, 1,405 events and programs with 473,251 attendees contributed to downtown vibrancy. In addition, summer programming and events further enhanced downtown vibrancy. For example, the Chinatown Street Festival held on August 17, contributed to downtown vibrancy with over 65 cultural and merchant tents, dozens of cultural performances, a family fun zone, and approximately 45,000 attendees which is up 25,000 from 2018.

Comparative Analysis

Conducting a comparative analysis with other metropolitan areas in Canada and the United States (Calgary, Edmonton, Montreal, Ottawa, Toronto, Vancouver, Austin, Dallas, Denver, Detroit, Houston, Nashville, Oklahoma City and Pittsburgh) through the normalization of data that accounts for population, economic indicators, and downtown office supply and vacancy rate reveals key insights.

Approval(s): Stuart Dalgeish concurs with this report. Authors: Thom Mahler and Kristyna Ng

- Calgary led major Canadian metropolitan areas in terms of nominal gross domestic product (GDP) per capita in 2018 at $78,597, significantly higher than Toronto, Montreal, and Vancouver.
- In 2019, Calgary was ranked as the fifth most livable city in the world and the most livable city in North America *(Source: Economist Intelligence Unit).*
- While downtown office vacancy rate is a frequently referenced indicator, looking at office supply, office occupancy, and office absorption tells a more comprehensive story.
- Once normalized for population size, Calgary has by far, not only the highest downtown office supply per capita, but also the highest downtown office space occupied per capita among the cities studied. Calgary has 42 square feet of downtown office supply per capita compared to an average of 14.6 square feet per capita among the cities studied. Calgary has 31 square feet of downtown office space occupied per capita compared to an average of 11.9 square feet per capita among the cities studied.
- In 2019-Q2, Calgary had the lowest downtown office Class A average net rent at $16.47 per square feet compared to $23.35 in Edmonton, $23.70 in Montreal, $34.61 in Toronto, and $44.00 in Vancouver.
- The story of opportunity is that Calgary has an abundance of economical and move-in-ready office space for companies and businesses to locate, grow, and create jobs.

Update

a) Marco De Iaco, Executive Director of the Calgary Downtown Association, joined the downtown strategy leadership team.

b) The City of Calgary and the Calgary Downtown Association has selected Gehl Studio as the design partner tasked with reimagining Calgary's downtown Stephen Avenue. The work will focus on extending the energy and vibrancy of the pedestrian mall westward; creating a program for increasing private investment and redevelopment; and creating short and long-term improvement strategies that can be implemented by both The City and private investors to make Stephen Avenue better for Calgarians and visitors.

c) In July 2019, The City of Calgary, Calgary Sports and Entertainment Corporation and the Calgary Exhibition and Stampede Limited have each approved the fundamental terms and conditions for the development and construction of a new public sports and entertainment event centre. The Event Centre will be a catalyst for redevelopment in the Rivers District and contributes to goals identified in the downtown strategy to advance Calgary's economic recovery and resilience, and is a key component to Council's update to the Economic Strategy for Calgary approved in June 2018 "Calgary in the New Economy". The Event Centre coupled with the BMO Centre expansion will see over $1 billion dollars of investment in east Victoria Park.

d) The Centre City Enterprise Area (CCEA) was instituted as a pilot in July of 2017. The CCEA is a proactive means to implementing the downtown strategy by making it easier for businesses to move and locate in the downtown and for building owners to make improvements to their buildings to attract tenants as the downtown transitions to the new economy. Administration will be making recommendations to the Priorities and Finance Committee on October 08 based on the positive impacts the CCEA has provided to date and its alignment with Council priorities regarding economic recovery and resilience.

e) A consultant has been retained to undertake the 2019 Centre City perception survey in Q4. The survey results will be prepared by 2020-Q1 and presentations of the results will be organized with Council invited to attend.

f) The team and focus area leads are working with the Civic Innovation Lab to hold strategy sessions in September and October to identify and refine priorities and actions for 2020 and beyond. A focus on alignment and improved coordination of initiatives, scheduling and impact of infrastructure projects, resources, and communications will be elevated and further refined.

g) The downtown strategy is a vital aspect to all pillars of the Economic Strategy, Calgary in the New Economy, and Calgary Economic Development (CED) is committed to leading the focus area of Work. CED stewards the implementation of the community's Economic Strategy and works closely with partners and The City to support marketing and business-development campaigns. Efforts in established sector advancement are crucial to creating a vibrant downtown that enhances quality of life and garners investment. Marketing an affordable live-work-play lifestyle in downtown, building on Calgary's strengths and leveraging the high quality of life, supply of talented workers, and the abundance of economical and move-in-ready office space is a strong advantage for the talent and company attraction campaign. Promoting Calgary as a city where mid to senior tech talent or tech companies can do meaningful work while enjoying an unparalleled quality of life will be the hallmark of the *"Live Tech. Love Life"* talent attraction campaign that will run in key North American markets in Fall 2019 and 2020. The campaign success is highly dependent on raising $1 million from private sector as this was not budgeted.

h) Highlights of the Downtown Strategy for Q3 for each focus area in addition to the above are:

Place: Both the 1 Street SE and Macleod Trail underpasses received a facelift of improved walking surfaces, lighting and railings as well as new murals. The City partnered with the Beltline Urban Mural Program to paint the 1 Street SE mural.

Work: WeWork announced its expansion to Calgary in the fall of 2019 with the opening of two locations in downtown. WeWork's first location in Calgary will open in October in the Edison, with a second location at Stephen Avenue Place opening shortly afterwards.

Live: The City supported the Alberta River Surfing Association to host the Slam Festival of surfing, skate boarding, music and art in Downtown West in support of the development of a permanent surf-wave attraction.

Connect: The Calgary Internet Exchange (YYCIX) allows networks to interconnect on an open-access ethernet fabric moving vast amounts of data at a very cost effective and safe way. It has seen massive user increases maximizing City digital asset utilization in support of business growth and attraction, with data transfer rates in September, 2019 peaking at almost 38 Gigabytes per second, up from peaks of less than 10 Gigabytes per second in December, 2018.

The City launched the Shared Electric Scooter Pilot project with two companies in July, 2019. The most recent ridership numbers indicate approximately 540,000+ e-scooter trips and around 140,000+ unique customers. The data so far shows that many Calgarians are using the scooters for short trips, to complete the last leg of their journey within the downtown core.

The pilot project is scheduled to go until October 2020. The Shared Electric Scooter Pilot project survey is underway in September to October 06, 2019 to seek public feedback.

ATTACHMENT

1. Attachment 1 – Downtown Calgary Snapshot 2019-Q2

Calgary ONWARD

Downtown Calgary Snapshot

Q2 | Published September 26, 2019

Place

78% of Calgarians believe that **downtown revitalization** is important ↑

35% | 43% | 22%
Important — Not Important

Construction Value ↓
$103M

Downtown & Beltline Office Sales ↑
$13.95M

Building Permits ↑
225

Average Office Net Rental Rate
Downtown **$11.70/sq.ft**
Beltline **$14.07/sq.ft.**

Work

Office Absorption Volume
Downtown 144,812 sq.ft.
Beltline -194,610 sq.ft

Retail
Downtown & Beltline
Supply ↑
4,373,702 sq.ft
Vacancy ↑
Q1 8.44% | **Q2 12.07%**

Office
Downtown & Beltline
Supply ↑
48,662,993 sq.ft.
Vacancy ↓
Q1 26.37% | **Q2 26.35%**

State of Calgary's Economy

Calgary's Downtown: the core of our city's vibrancy and economic resilience

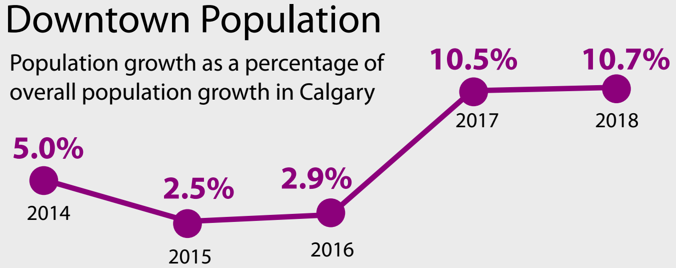
GDP Growth
1.9%
(2019 forecast)

Jobs ↑
920,600

Population ↑
1,285,711

Live

Downtown Population
Population growth as a percentage of overall population growth in Calgary



Events
1,405 Events and Programs
473,251 Attendance

Downtown Demographics

Calgary: 25-39 yo 17% | 0-14 yo 19%
Downtown: 25-39 yo 39% | 0-14 yo 6%

Walk Score®
48/100 Calgary
91/100 Downtown

Connect

Customer Overall CTrain Trip Satisfaction ↑
Q1: 87% --> Q2: 92%

501 posts across platforms
#downtownyyc

Year Over Year Parkade Occupancy Rate After 6pm ↑
2018: 17%
2019: 18%

CALGARY DOLLARS
Calgary Dollars (C$) Spent in Downtown
200 C$ leveraging $1,800 CAD

24 GBS
Calgary Internet Exchange (YYCIX) Q2 Data Transfer Peak

22 Downtown Buildings Utilizing District Energy

Place

EAST VILLAGE FUTURE-PROOFING

A seven-storey parkade being built in East Village is focused on future-proofing and redefining what a parking structure is and perhaps more importantly, what it can be. Platform Parkade and Innovation Centre will help meet the current need for parking downtown while addressing future trends, by planning for full conversion of the building into either commercial or residential use as Calgarians transition away from using vehicles. This is a partnership between Calgary Parking Authority, Platform and Calgary Municipal Land Corporation (CMLC).

WORLD-CLASS CONVENTION DESTINATION

In partnership with CMLC, the Calgary Stampede's expansion plans for the BMO Centre will more than double its floor space to nearly one million square feet. Construction on the expansion begins in 2021, and to minimize operational disruptions, local firms Gibbs Gage and Stuart Olson are building a new 100,000 sq. ft. addition to the Centre to provide rentable space during the expansion. Overall, the expansion project is a critical first step to attracting private development within Calgary's Culture & Entertainment District.

TEMPORARY PARK CREATED IN DOWNTOWN WEST

The City of Calgary supported the Downtown West Community Association to create a temporary park and community space for the enjoyment of residents and visitors to the neighbourhood. City of Calgary owned land, at the corner of 10 Street S.W. and 5 Avenue S.W., previously vacant but slated for future development was temporarily transformed to include an open space, as well as space for the community to transform as ideas and projects transpire.

RETHINKING STEPHEN AVENUE

The City and the Calgary Downtown Association (CDA) are working with their design partner Gehl Studio and a team of international and local consultants to define the future of Stephen Avenue. Work will focus on extending the energy and vibrancy of the pedestrian mall westward; encouraging private investment and redevelopment downtown; and creating short and long-term improvement strategies that can be implemented by both The City and private investors to make Stephen Avenue better for Calgarians and visitors.

Work

NEW BUSINESS ADDS DIVERSITY

Three exciting and enterprising industries recently announced their move to downtown Calgary:

- **NPower Canada** is now open and offers free digital-skills training to under-served youth, and then connects them with employers. The charitable organization's first location in Canada outside of Toronto, has already seen its first round of Calgary students graduate in August - just four months after opening.
- **WeWork**, a global leader in providing shared office space, has recognized Calgary as an epicenter of innovation and is opening two locations this fall as part of its expansion into the city.
- **Thin Air Labs** is joining forces with award-winning developer, **New World Interactive**, to create a hub for gaming that supports creators with new game development ventures.

These companies will create employment opportunities in our city, prepare Calgarians for a digital workplace, and support a diversifying economy. In total, they will occupy 145,000 square feet of downtown office space creating work innovation opportunities.

OPPORTUNITY INVESTMENT FUND DELIVERS

Since the launch of the Opportunity Calgary Investment Fund ("OCIF") in April 2018, it has been received with great interest and there have been some early successes. OCIF has awarded $20 million to seven high quality opportunities that align with the community strategy, Calgary in the New Economy. These projects will generate over $110 million of capital investment for Calgary, more than 750 high quality jobs and will absorb 113,000 square feet of downtown office space. Projected revenues anticipated from these opportunities will be greater than $780 million.

Live

'FRINGE' BENEFITS OF FESTIVALS AND EVENTS

Improving the capacity of downtown to host flagship cultural events aligns with Council's vision to elevate Calgary as a destination for tourism and event promoters. Downtown is the epicenter for major art and cultural events, generating significant economic benefit and adding vibrancy to our city, including $13.5 million visitor and operational spending; 63,000 citizen volunteer hours; and $3.9 million in charitable donations. In 2018, Tourism Calgary alone supported 89 events and generated $108 million in economic activity.

WALKABILITY STRENGTHENS OUR CORE

The City's **Pedestrian Strategy** is a plan for several key initiatives to improve walkability downtown. One such initiative is an audit of downtown spaces available for public booking. Calgary is ranked the 10th most walkable city in Canada with an overall score of 48 (out of 100), while Calgary's downtown neighbourhoods enjoy an average score of 91. Vancouver takes the top spot with scores of 78 and 96 respectively. **The Centre City Plan**, currently under revision, will also provide updated direction and policy for optimizing the Plus 15 network.

Connect

DIGITAL MUNICIPAL CURRENCY – A FIRST IN CANADA

Calgary Dollars was created in 1996 and has been supported by The City of Calgary, Family Community Support Services since 2003 to advance the interests of the small business community and vulnerable populations and in turn, strengthen Calgary's resiliency. December 7, 2018 saw the launch of the digital version of Calgary Dollars to circulate along with the printed currency. The Calgary Housing Company is now accepting Calgary Dollars as part of rent in a pilot with four other affordable housing agencies, while The City accepts Calgary Dollars for transit tickets and 50 per cent of business license fees.

FLEXIBLE, DEMAND-BASED PARKING RATES

Pricing for Calgary's on-street parking is based on demand, and paid parking is divided into 27 pricing areas. Demand-based pricing helps ensure on-street parking is managed in a transparent and equitable manner, and is used by many other major North American cities. The cost of parking is periodically adjusted to match demand, which encourages drivers to find lower-cost spots in underutilized areas. Rates are adjusted by a maximum of $0.25 per year. In areas where occupancy is below 50 per cent, prices decrease by $0.25, and in areas where occupancy is above 80 per cent, prices increase by $0.25.

Q2 | 2019 Published on September 26 2019
Data Sources: (Please refer to Glossary for details)
PLACE: Assessment, The City of Calgary; Calgary Growth Strategies, The City of Calgary; CBRE; Spring Pulse Survey, The City of Calgary.
WORK: Assessment, The City of Calgary; CBRE.
LIVE: Civic Census, The City of Calgary; Recreation, The City of Calgary; Civic Partners; Walk Score®; Federal Census, Statistics Canada.
CONNECT: Calgary Transit; Social Studio; Calgary Parking Authority, The City of Calgary; Enmax; YYCIX; Calgary Dollars.

19-00656838

Downtown Calgary Snapshot: Glossary

Downtown Calgary

The Bow and Elbow Rivers bind Calgary's Downtown to the north and east and 17 Avenue to the south and 14 Street to the west. It includes communities such as the Downtown Commercial Core, East Village, Beltline, Downtown West End, Eau Claire and Chinatown.

State of Calgary's Economy

a. **Gross Domestic Product (GDP) Growth**

Measure of the value of final goods and services produced by the economy within the Calgary Economic Region.

- Reporting Period: Annually, Forecast, June 2019
- Data Source: Statistics Canada; Stokes Economics; Spring 2019 Outlook, Corporate Economics, The City of Calgary

b. **Jobs**

Estimate of the number of employed people in the Calgary Economic Region.

- Reporting Period: Quarterly, Q2 2019
- Data Source: Statistics Canada; Corporate Economics, The City of Calgary

c. **Population**

Actual count of the number of inhabitants in the city of Calgary as per the Civic Census.

- Reporting Period: Annually, 2019
- Data Source: Civic Census, The City of Calgary

Place

a. **Construction Value**

Value of building construction permits that were issued.

- Reporting Period: Quarterly, Q2 2019
- Data Source: Calgary Growth Strategies, The City of Calgary

Correction: The Q1 Downtown Calgary Scorecard reported a Construction Value of $307M which is incorrect. The correct value is $154M.

b. **Building Permits**

Number of building permits issued.

- Reporting Period: Quarterly, Q2 2019
- Data Source: Calgary Growth Strategies, The City of Calgary

c. **Downtown & Beltline Office Sales**

Total value of office sales.

- Reporting Period: Quarterly, Q2 2019
- Data Source: Assessment, The City of Calgary

d. **Downtown & Beltline Average Office Net Rental Rates**

A weighted average of head lease rates per square foot across all building classes in a given location (such as Downtown or Beltline). This rate is exclusive of building costs such as operating costs and property taxes.

- Reporting Period: Quarterly, Q2 2019
- Data Source: CBRE

e. **Downtown Revitalization**

Results from the *2019 Spring Pulse Survey* to the question: "I am going to read a list of programs and services provided to you by The City of Calgary. Please tell me how important each one is to you: 'Downtown revitalization.'"

For more information on City of Calgary public opinion research initiatives please contact research@calgary.ca

- Reporting Period: Annually, 2019
- Data Source: Ipsos Reid, 2019 Spring Pulse Survey Topline Report

Work

a. **Office Absorption Volume**

The net change in occupied space, measured in square footage, over a specified timeframe, and takes into consideration newly constructed space. Commonly it is reported from one quarter to the next (for example, from Q4 2018 to Q1 2019).

- Reporting Period: Quarterly, Q2 2019
- Data Source: Assessment, The City of Calgary

b. **Office Supply**

Total square footage of rental space in office properties, regardless of occupancy or vacancy.

- Reporting Period: Quarterly, Q2 2019
- Data Source: CBRE

c. **Retail Supply**

Total square footage of rental space in retail properties, regardless of occupancy or vacancy.

- Reporting Period: Quarterly, Q2 2019
- Data Source: CBRE

d. **Office Vacancy**

Percentage of unoccupied space available to rent in office properties.

- Reporting Period: Quarterly, Q2 2019
- Data Source: CBRE

e. **Retail Vacancy**

Percentage of unoccupied space available to rent in retail properties.

- Reporting Period: Quarterly, Q2 2019
- Data Source: CBRE

Live

a. **Downtown Population Growth**

Demonstrates the change in Downtown population growth as a percentage of overall Calgary population growth.

- Reporting Period: 2014 - 2018
- Data Source: Civic Census, The City of Calgary

b. **Number of Events**

Number of major events, conventions and/or festivals occurring in the downtown supported by The City of Calgary and Civic Partners.

- Reporting Period: Quarterly, Q2 2019
- Data Source: Community Services, Recreation, The City of Calgary; Civic Partners

c. **Attendance at Events**

Number of participants, attendees, or delegates at the major events and/or conventions occurring in the downtown supported by The City of Calgary and Civic Partners.

- Reporting Period: Quarterly, Q1 2019
- Data Source: Community Services, Recreation, The City of Calgary; Civic Partners

d. **Walk Score**

Walk Score ® is an online, independently calculated walkability index that scores neighbourhood walkability based on a number of metrics, including walking routes to nearby amenities, distance, population density, block length and intersection density. Scores are given out of 100.

For more information regarding the Walk Score ® Methodology, please visit https://www.walkscore.com/methodology.shtml

- Reporting Period: Annually
- Data Source: Walk Score ®

e. **Demographic Population**

Highlights resident demographics for Downtown communities compared to overall Calgary population. Data demonstrates that Downtown has a higher than average population aged 25 to 34 and a lower than average population of children.

- Reporting Period: Every 5 years, 2016
- Data Source: Statistics Canada, 2016 Federal Census

Connect

a. **Customer Overall CTrain Trip Satisfaction**

Results from the Calgary Transit Monthly Customer Experience Tracking Survey for the question "Q8AD2: How would you rate your overall satisfaction with CTrains on this trip on a scale from 1 to 10 where 1 is extremely dissatisfied and 10 is extremely satisfied?". The results use top-box scores (7-10 out of 10) and filtered to only include trips that use a downtown CTrain station.

- Reporting Period: Quarterly, Q2 2019
- Data Source: NRG, Monthly Customer Experience Tracking Survey, The City of Calgary & Calgary Transit

b. **#downtownYYC**

Number of reported tweets using the #downtownYYC hashtag on the platform Twitter during the reporting period.

Cities across the world are recognizing the power of social media, hashtags and placemaking. This insight helps us understand where and how Calgarians connect with their downtown. This data comes from third party software program, Social Studio, and is able to track growth over time.

- Reporting Period: Quarterly, Q2
- Data Source: Social Studio

c. **Year Over Year Parkade Post 6 p.m. Occupancy Rate**

Occupancy rate in Downtown parkades post 6 p.m.

This information has been included to help demonstrate individuals staying in the Downtown after the standard work day as a measure of vibrancy and activity occurring in the geographic region.

- Reporting Period: Quarterly, Q2 2019
- Data Source: Calgary Parking Authority, The City of Calgary

Connect, contd.

d. **Calgary Dollars (C$) Spent in Downtown**

Value of Calgary Dollars (C$) used to leverage standard Canadian currency (CAD) in Calgary during the reporting period.

Calgary Dollars (C$) is a local and complementary currency. This means Calgary Dollars are only used in Calgary, and can be used to help purchase goods and services from businesses and other users. Local currencies like Calgary Dollars aim to help foster stronger community connections by facilitating and encouraging local consumption.

For more information regarding Calgary Dollars, visit http://calgarydollars.ca

- Reporting Period: Quarterly, Q2 2019
- Data Source: Calgary Dollars

e. **Calgary Internet Exchange (YYCIX) Q2 Data Transfer Peak**

Represents the peak data transfer volume through the Calgary Internet Exchange during the reporting period.

For more information regarding the Calgary Internet Exchange (YYCIX), visit http://yycix.ca

- Reporting Period: Quarterly, Q2 2019
- Data Source: YYCIX

f. **Downtown Buildings Utilizing District Energy**

District energy is the production and supply of thermal energy. Hot water is produced at central plants and distributed to surrounding buildings via a closed-loop underground distribution system known as a thermal grid. The thermal energy delivered to the buildings is used for space heating and domestic hot water heating. Buildings connected to the thermal grid do not need their own boiler or furnaces. Commercial buildings, condominiums, hotels, sports facilities, universities, and government complexes are all examples of buildings commonly connected to a thermal grid.

- Reporting Period: Annually, 2019
- Data Source: Enmax

BRIEFING

Chief Financial Officer's Briefing to
Priorities and Finance Committee
2019 October 08

ISC: UNRESTRICTED
PFC2019-1246

Update on Activities Related to the Strategy for Improving Service Value

PURPOSE OF BRIEFING

This briefing provides updates on several related service efficiency and effectiveness initiatives and tools that are proceeding in parallel this fall within the wider context of the Strategy for Improving Service Value (SISV). The briefing ties together activities under the Zero-Based Review program, Sub-Service Reviews, the Request for Information resulting from Council's Notice of Motion C2019-1011 – *Delivering Modern and Affordable Municipal Services in an Environment of Economic Constraint*, as well as other activities to streamline the cost of government services.

SUPPORTING INFORMATION

Attachment 1 presents a timeline that demonstrates how the following SISV initiatives will work together to contribute to savings and other goals in 2019 and beyond:

- The **Sub-Service Review (SSR) Program**. Approved by Council on 2019 July 16 (C2019-0883), this program is underway and findings and recommendations on the first reviews will be presented to Council on 2019 November 12.
- The **Request for Information (RFI)**. Originally articulated as a Request for Qualifications (RFQ), resultant from NOM C2019-1011 – *Delivering Modern and Affordable Municipal Services in an Environment of Economic Constraint* (2019 July 29). The RFI seeks to understand what external advice may be available to support The City in delivering modern and affordable municipal services in an environment of economic constraint.
- The **Zero-Based Review** (**ZBR) Program.** Initiated in 2011, the program has identified $60.4 to $71.5 million in annual financial gains after full implementation. For an overview of the ZBR program, please visit www.calgary.ca/ZBR. Two additional ZBRs --Calgary Fire Department and Calgary Parks are now completely implemented and updates are provided in Attachment 2 and Attachment 3, respectively. An initial ZBR implementation plan from Calgary Recreation can be found in Attachment 4. Financial information on the ZBR program is updated once per year with the next update scheduled to be presented to the Priorities and Finance Committee on 2019 December 3. The December report is also anticipated to present the results of two ZBR reviews conducted in 2019: Law and Internal Recoveries (part of the Shared Challenges of the Internal Services ZBR).
- Service improvement **case studies**. Case studies (Attachment 5) are regularly collected to evidence The City's capacity for continuous improvement work and the role of the ZBR program in helping to improve it.

The conversation with Council will continue in Q4 2019 and Q1 2020 around the future focus for all these streams of work and how they work together towards The City's goals, within the wider context of the SISV.

BRIEFING

BACKGROUND

The new Strategy for Improving Service Value (SISV) was introduced to Council at their Strategic Meeting on 2019 July 16 (C2019-0883). Today, many service review and improvement initiatives are undertaken across The Corporation and help The City balance changing citizen priorities with available resources. Existing and new initiatives are being brought together under the umbrella of the SISV, which will provide better coordination of cost-streamlining strategies and better tracking of progress towards savings and other targets. The SISV includes five levers or topic areas: Service Efficiency and Effectiveness, Procurement and Vendor Management, Financial Management, Workforce Management, and Technology and Automation. This briefing provides further information on some of the key work that is part of the Service Efficiency and Effectiveness lever, which focuses on the continuous improvement of our services and includes service-by-service and sub-service-by-sub-service reviews.

ATTACHMENT(S)

1. Attachment 1 – Service Value Improvement Timeline 2019-2020
2. Attachment 2 – Calgary Fire Department ZBR Final Implementation Update
3. Attachment 3 – Calgary Parks ZBR Final Implementation Update
4. Attachment 4 – Calgary Recreation ZBR Implementation Update
5. Attachment 5 – Service Improvement Case Studies

Calgary

Service Value Improvement Timeline 2019-2020

Elements of the Strategy to Improve Service Value (SISV)

- **Request for Information (RFI)**
- **Zero-Based Review (ZBR)**
- **Sub-Service Review (SSR)**

2020 plan for Strategy for Improving Service Value (Council)
Nov 12

Information presented Nov 12 to inform decisions the week of Nov 25

Update on Strategy for Improving Service Value (PFC)
Oct 8

Strategic Council Meeting
Nov 12

Service Plans & Budget Week (Council)
Nov 25

2 ZBRs presented: Law and Internal Recoveries (PFC)
Dec 3

Jan 2020 - Sub-Service Review topics decided

2019

Sep | Oct | Nov | Dec | Jan

2020

2020

Nov 25 - Nov 29 **Adjustments to the One Calgary Service Plans and Budgets**

Sep 30
Request for Information goes to market

In response to 29 Jul NoM C2019-1011 *Request for Qualifications*

Nov 5
Request for Information closed

- PFC Meeting on **Oct 8** (today) includes:
  - Update on Strategy for Improving Service Value
  - Update on ZBR program
  - Update on RFI process
- Strategic Council Meeting on **Nov 12** to include:
  - Delivery of Sub-Service Reviews
  - Reduction options (1.5%, 0%)
  - RFI high-level summary (scope and number of responses)
  - Proposal on ZBR program for 2020
- Council Meeting on **Nov 25-29** to include:
  - Decision whether to pursue acquiring external consulting support to support SISV work (RFP), if so, allocate budget for 2020
  - Approve ZBR program for 2020
  - Provide direction on continuation of Sub-Service Reviews
- PFC Meeting on **Dec 3** re. results of ZBRs for:
  - Law
  - Shared Challenges of the Internal Services: Internal Recoveries

Calgary Fire Department

ZBR FINAL IMPLEMENTATION UPDATE

BACKGROUND

In 2015 September, the Priorities and Finance Committee approved recommendations resulting from the Calgary Fire Department (CFD) Zero-Based Review (ZBR) (PFC2015-0695). It highlighted efficiency and effectiveness recommendations in three main areas:

	Recommendation Area	Description
1	Organization Efficiency and Effectiveness	• Reorganizing the management and leadership structure to improve stability, succession planning and communication and enhancing diversity and inclusion practices;
2	Resource Optimization	• Continuing the Medical Response Unit pilot (sending two-person units to moderate risk medical incidents). • Working closely with Alberta Health Services to improve coordination on medical response; • Changing the approach to recruit training and orientation and increasing utilization of the training facility and potential revenue streams; • Continuing to implement dynamic deployment and increasingly deploying resources and evaluating performance based on risk and demand using predictive modelling software; and • Pursuing complementary means to reduce fire loss (e.g. building code changes, residential sprinklers).
3	Asset and Facility Management	• Pursuing multi-use facilities including co-location with other City facilities and/or private uses such as retail or residential; and • Continue pursuing efficient and effective fleet management practices.

The consultant's ZBR report estimated a target of $14.1 to $15.1 million in annual savings by 2018. CFD's actual productivity gains and cost savings were **$14.1 million** by the end of 2018, made up of $1.0 million in cost savings and $13.1 million in cost avoidance.

The financial benefits identified by the ZBR's recommendations identified potential efficiency savings of $14.1-$15.1 million in annual operating (base) costs through a mix of productivity gains, cost savings and increased revenue generation once fully implemented. Costs of servicing future growth were more efficiently absorbed as a result of the ZBR recommendations and these savings were incorporated into Action Plan 2015-2018 as reductions.

PROGRESS UPDATE

All recommendations resulting from the CFD ZBR are completed. Of the $14.1-$15.1 million in annual financial benefits to be achieved by 2018, CFD realized $14.1 million in 2018 from base. In addition to the $8.4 million in cost avoidance identified through Action Plan 2015-2018 (included in the ZBR total), in 2016 CFD realized $3.1 million in annual savings and by 2018, this increased to $5.7 million annually through savings and avoidance. While on the low end of the predicted savings, CFD has developed a Training Master Plan which, when implemented, may increase the potential revenue stream from the Training Academy.

Recommendations	Current Status	Fire Predicted Savings		Fire Realized Savings				Fire Anticipated Savings
		Low End	Upper End	2015	2016	2017	2018	2019 - Ongoing
Ongoing annual savings (current + previous yrs' savings)		**$14,100,000**	**$15,092,000**	**$0**	**$3,100,000**	**$5,000,000**	**$14,100,000**	**$14,100,000**
New annual savings (new savings arising in current yr.)				**$0**	**$3,100,000**	**$1,900,000**	**$9,100,000**	**$0**
Management and Leadership	Complete	$1,000,000	$1,000,000		$800,000	$0	$200,000	
Resource Optimization	Complete	$13,100,000	$14,092,000		$2,300,000	$1,900,000	$8,900,000	
Asset and Facility Management	Complete	$0	$0		$0	$0	$0	

In addition to the financial benefits, the recommendations also identified the following non-financial benefits or opportunities for effectiveness improvements:

- Reorganizing the management and leadership structure to improve stability in leadership positions, workload balance and communication across CFD through better organization of work and subject matter expertise into direct reporting relationships;
- Improving diversity and inclusion practices;
- Strengthening the dynamic deployment system, which helps to optimally position fire stations, trucks and equipment to apply a greater focus on results and outcomes for citizens as the basis for future decisions on fire service provision; and
- Participating in the multi-use facility planning process for fire station development to better use space in the community for municipal needs and deliver more “one-stop shop” services to Calgarians.

Organization Efficiency and Effectiveness

72
(No change from 2017)
Effectiveness Measure: Inclusion Index
Source: Corporate Employee Survey, 2018

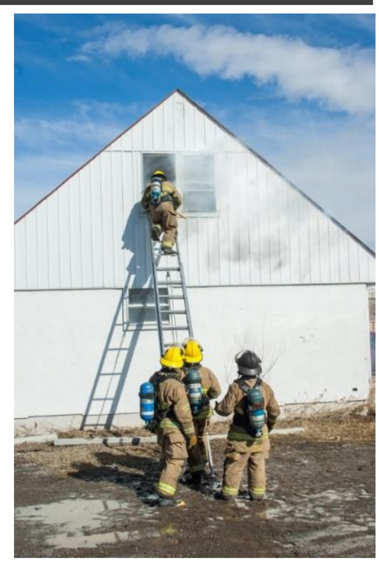
All ZBR recommendations in this category have been implemented including reducing and re-organizing the management and leadership structure, which has led to **$1 million** in savings annually. All non-financial based recommendations have also been implemented including continuing the development and implementation of a *Diversity and Inclusion Program*, which has helped build collective skills in areas like unconscious bias, cultural competency, and inclusive leadership through ongoing staff engagement, training, education and communications. CFD also continues to enhance diversity and inclusion messaging in recruitment campaigns and non-emergency community activities. Implementing a formal program allows CFD to build community relationships and attract and retain diverse candidates to the fire service and this is reflected in the CFD Employee Inclusion Index, averaging higher scores than the City of Calgary comparators in both 2017 (69) and 2018 (71). CFD continues to train firefighters to celebrate the diverse communities they serve and demonstrate that fire stations are a place where all cultures and traditions are welcomed.

CFD was also recently re-accredited for the fifth time through the Commission of Fire Accreditation International (CFAI), one of only three fire service agencies to do so in the world. Accreditation demonstrates CFD's ongoing commitment to citizen safety, organization improvement, along with demonstrating best practices related to efficiency and effectiveness.

Resource Optimization

75%
(+16% from 2014; 15% short of long-term goal of 90%)
Effectiveness Measure: Arrival of effective response force within 11 minutes at serious and escalating fires
Source: CFD FireHub, 2018

69%
(+2% from 2017; 21% short of long-term goal of 90%)
Effectiveness Measure: Flame spread limited to with the room object of origin
Source: FireHub, 2018



All ZBR recommendations in this category have been implemented. As a result of these recommendations, CFD took steps to move to a growth management model which optimized resource deployment through a stronger focus on balancing risks, resources and public safety. The ZBR process has led CFD to anticipate and respond to city growth by applying effective deployment practices, considering changing risk and the need for new resources. By emphasizing outcome measures in determining and evaluating service levels, innovative options were realized in planning for apparatus and station locations including deployment of resources based on time of day and other risk factors – a key component of dynamic deployment. In 2018, CFD limited fire spread in 69 per cent of building and structure fires, steadily improving by about 1.5 per cent annually since 2016, which is also reflected in the improvement in property loss from fires within Calgary (down almost $20 million since 2017.) Year-over- year improvement in these outcome measures indicates that implementing the ZBR's resource optimization recommendations have assisted in maximizing CFD's cost-effective model. Resource optimization efficiency has also been shown in the effective response force measure, which has steadily improved since 2014, though is still shy of our long-term goal.

This work was strengthened by software advancements in predictive modelling to support the new model for resource allocation.

Guided by the results of the Zero-Based Review, this work contributed to a reduction in the annual operating budget of **$13.1 million** annually, including savings realized through Action Plan 2015-2018.

The ZBR report originally estimated an additional $200,000 by the end of 2017 for revenue generated by the CFD Training Academy, an estimate based on fully renting out the training academy facilities to external parties, ideal circumstances in a thriving economy. While CFD fell short of this target, with an estimated one-time revenue generation of $73,800 in 2018, the facility utilization has increased due to the expansion of non-revenue generating programs such as Environmental Safety Management meetings, supporting Council's One City vision. The number of internal City of Calgary business units or emergency responder partners using the Training Academy has increased year-over-year since 2015, as has the number of recruit classes required to support new community growth. The Training Academy has also followed through on further ZBR recommendations by placing an increased emphasis on investment in training for established CFD members, reducing the availability for external revenue. Although delayed due to these increasing demands for incumbent training and continued recruit classes, CFD completed its Training Master Plan in 2019 which formally incorporated the consultant's ZBR recommendations, including identifying the next steps required to achieve improved revenue targets. The plan will also address the recently updated *Alberta Occupational Health and Safety Act* requirements and other changes in the training environment.

In July of 2018, Council reconfirmed CFD's response to critical medical interventions (IGA2018-0548) including the operation of strategically placed Medical Response Units (MRUs), which have also resulted in improved response times to critical medical interventions by providing dedicated resources in the areas experiencing the most critical medical incidents, an innovative change to deployment operations. The utilization of MRUs also allowed CFD's engines to be more available to respond to fires and other emergency calls. Though the pilot was extremely successful, CFD removed the MRUs for further budget savings requested in 2019 July. CFD is also continuing to work with Intergovernmental and Corporate Strategy to advocate for The City of Calgary to be compensated for responding to emergency calls that are within the jurisdiction of Alberta Health Services and has sent letters to the Deputy Minister asking for the same.

Asset and Facility Management

All ZBR recommendations in this category have been implemented including identifying opportunities for multi-use stations and collaborating with other City partners in station design and development, with the most recent multi-use CFD fire station opening in the community of Tuscany in the summer of 2018. CFD was also one of the first business units to transfer facilities staff, budgets and assets to Facility Management. Completed in 2018, this was part of a Corporate-wide project to develop a Corporate Coordinated Operations and Maintenance (CCOM) program, which should ultimately result in an integrated facility services approach.

Going Forward

In the future, CFD anticipates that as the city becomes larger and more populated, CFD will have more demands for its services. Urban sprawl and densification will mean that our resources will likely be busier and have to travel further to provide emergency response to outlying areas. Overall call volumes and demand for emergency services are increasing year-over-year. However, cuts to CFD's operating budget as a result of the downtrend in the economy and a decrease in the tax revenue from commercial businesses has resulted in CFD removing some frontline apparatus for service including medical response units (MRUs) and a rescue unit. CFD is committed to monitoring the impact of the removal of these units on its response time to emergency incidents, and also the impact on outcome measures affecting citizens, such as flames spread, property dollar loss due to fire and civilian deaths and injuries.

$0.89

(+$0.05 from 2017; maintained at ~$0.86 since 2013)

Effectiveness Measure: Cost of Fire Service per $1,000 Property Assessment

Source: MBNCanada, 2017

CFD continues to maximize financial efficiency through the One Calgary annual budget process and benchmarking results indicate CFD is performing on par or better than other Canadian municipalities in this area. The latest MBNCanada survey results indicate that CFD's fire service operating costs per assessed property value is significantly lower than comparable municipalities across Canada. Calgary's costs are $0.89 per $1,000 property assessment, while the median of all other participating municipalities is $1.34 per $1,000 property assessment.

CFD has also committed to make additional sustainability improvements through the 2019-2022 One Calgary process including seeking full cost recovery from the Province of Alberta for motor vehicle collisions on provincial roadways and pursuing full costs for special event services. CFD also supported a resolution put forward in the Fall 2019 AUMA convention to request reimbursement from the province for collecting and disposing of needle debris resulting from the addictions crisis.

65%

(No change from 2017; increase of 8% since 2014)

Effectiveness Measure: Per cent of contacts who improved their knowledge of how to spot hazards and prevent fires

Source: CFD Perceptions & Expectations Survey, 2018

CFD continues to strive to create a more adaptable and sustainable organization which responds to trends that have arisen since the ZBR was first brought to Council in 2015 and is using the Corporate Innovation platform to better engage its members on creating ways to make the CFD more efficient and effective. CFD maintains partnerships with other City and external services to address social issues, such as the opioid and methamphetamine crises, and improve safety and quality of life. Partnerships also enable CFD to more effectively deliver public safety education through programs like the Fire Hydrant Mobile Spray Parks and the Firefighter Story-time early literacy partnership with the Calgary Public Library. Effective delivery of public safety education is demonstrated through the number of Calgarians who report contact with CFD improved their knowledge of how to spot hazards in the home, up 8% since 2014. CFD is also developing a risk-based approach to inspections, enforcement and community safety to mitigate safety risks as a result of reduced maintenance on building life safety systems following the economic downturn, aging infrastructure and behaviours that increase the risk of fires for vulnerable populations.

In the future CFD will continue to focus on the mental health of our members as emphasized through the ZBR process. CFD has a range of proactive support programs to support the mental health of firefighters, including the Resilient Responder program and the Critical Incident Stress Management Program. CFD was also the first in Canada to pilot psychology services as part of annual firefighter wellness assessments. These programs are reducing stigma, breaking down barriers in promoting access to mental health supports and improving access to programming specific to the psychological hazards of emergency response, as demonstrated by the CFD Employee Mental Health Index, averaging higher scores than the City of Calgary comparators in both 2017 (72) and 2018 (73).

74

(-1 Point from 2017)

Effectiveness Measure: Mental Health Index

Source: Corporate Employee Survey, 2018

Calgary Parks ZBR
Final Implementation Update

2019 October 8

Parks ZBR Final Implementation Update

Background

In 2019 January, the Priorities and Finance committee received an update (PFC2019-0041 – Attachment 1) regarding the approved Parks ZBR (PFC2014-0470). It highlighted successful gains through the following recommendations:

	Recommendation Topic	Description
1	Performance Management & Maintenance Standards	1) Improving accountability and productivity by implementing maintenance standards across the city; 2) developing a consistent and formal performance management system for staff; and, 3) implementing the efficiency and effectiveness performance measures developed for all major lines of service.
2	Increased Productivity	Increasing the productivity of seasonal staff through changes to existing practices.
3	Cost Savings	Expansion of third party contracting and the potential increase of naturalization in selected park spaces.
4	Levels of Service Provisions	Investigate further the planning and development process through which assets are acquired to ensure the growing asset portfolio is sustainable.
5	Playfields Utilization & Cost Recovery	Develop a playfield strategy in conjunction with Recreation and to increase the hourly rate of playfield rentals to recover 50% of the maintenance costs.
6	Other Recommendations	Six recommendations that supplement others made through the ZBR. They include improving communication and enhancing collaboration across service lines.

(Cont'd) **Background**

Initial estimates indicated that once fully implemented, $4.3 million in total financial benefits could be achieved through a mix of productivity gains, cost savings and increased revenue generation. In addition to these quantifiable financial benefits, there are other equally important service efficiency gains resulting from improved processes related to staff schedules and transfers, greater accountability, a higher level of customer service and environmental benefits. The Parks zero-based-review also provided opportunities to encourage staff innovation and support for their ideas.

Progress Update

The Parks ZBR is now complete, and was very successful. Recommendations from the Parks ZBR has resulted in a savings of $3.0 million.

One service that will not see full implementation of the administration recommendations is the Playfield Utilization and Cost Recovery. In conjunction with Recreation, Parks has completed and is now implementing work from the Sport Field Strategic Plan. The recommendation to increase cost recovery for playfields to the levels originally identified in the ZBR were not achievable because further analysis demonstrated that most fees for adults are within a best practice range. Only the fees for youth were substantially below the 50th percentile. As such, this would neither generate the revenue anticipated nor be a citizen centric direction. The $1.2 million in savings was instead achieved through a mix of productivity gains, additional efficiencies within parks maintenance and reducing tax funded support of Cemeteries operations to move towards the long term goals to make cemeteries more self-sufficient. Parks has now moved entirely into sustainment activities as they relate to the 6 recommendations and the Parks ZBR is complete.

Recommendations	**Originally Predicted**	**2015**	**2016**	**2017**	**2018**	**Row Total**
Increased Productivity	$570,000	$180,000	$303,000			**$483,000**
Playfield Utilization and Cost Recovery	$1,240,000					**$0**
Level of Service Provisions						**$0**
Cost Savings	$2,500,000	$577,000	$454,000	$857,000	$657,000	**$2,545,000**
Total ZBR Savings Per Year	**$4,310,000**	**$757,000**	**$757,000**	**$857,000**	**$657,000**	**$3,028,000**

Going Forward

The Parks ZBR process has led to successful and sustainable changes in Parks resulting in a continuous improvement mindset focusing on cost-effective delivery, including actively encouraging staff to be innovative and think about ways to make business improvements.

(Cont'd) Going Forward

Examples of this are how Parks staff are encouraged to bring forward pilot initiatives such as:

Targeted Weed Control Using Goats (2016-ongoing)
Parks *Our BiodiverCity* plan highlights managing invasive species as one of Calgary Parks' biggest challenges. 'Legislated' weeds are the top priority and public concerns over herbicide use prompted trying other ideas – i.e. Biological control – through the use of goat herds.

Citizen Science in the City of Calgary (2017-ongoing)
In 2017 Calgary Parks adopted citizen science as a tool to inspire Calgarians to participate in citywide biodiversity stewardship action. This project pairs cost-effective wildlife monitoring tools (trail cameras) with volunteers to review captured data and improve Parks' understanding of wildlife habitat use and movement around our urban environment.

Customer Level of Service (CLOS) (2017-ongoing)
Customer Level of Service (CLOS) is the cornerstone of the Parks Asset Management Plan. Customer Level of Service is an objective method of measuring citizen's expectations of the service that Calgary Parks spaces provide and City Council's priorities. A park or community's CLOS score is comprised of scoring against a number of Service Categories which have associated Service Criterion and Attributes.

Volunteer Supported Douglas Fir Trail Rehab (2017)
Calgary Parks hired CMBA (Calgary Mountain Bike Alliance) which have expertise in sustainable trail building with volunteers. The goal of this project was to make the trail alignment reasonably safe for users and to educate the public on the inherent risks of a recreational trail. Parks organized the mobilization of volunteers on site, while CMBA supervised the volunteers to rehabilitate the trail that is now open to the public. This completed project has led to exploring other partnership opportunities with CMBA.

Flanders Field Poppies – Memorial Drive (2016-ongoing)
Calgary Parks was struggling with growing flowers and trees in the center median on Memorial Drive since it's redevelopment. Working on medians was dangerous and expensive due to lane closures, and was also disruptive to the flow of traffic. Parks needed a different solution. The soil was amended with minerals and supplements to lower the salt content and improve the growing medium in the center median planters. To stay consistent with the 'theme' of Memorial Drive, Flanders Field Poppies were trialed as plant material. To date the project has been very successful in reducing the work required in the medians and we consistently receive positive feedback from Calgarians.

Improving Park Access / Responding to Customers Desires
- Mobile Adventure Playgrounds (2016-ongoing)
- Senior Mobile Fitness Park (2018)
- Community Adventure Playgrounds (2018)
- Community Park Initiative (2018-ongoing)
- Dockless Bike Share (Liveable Streets/Calgary Parks) (2018-ongoing)

The Parks Leadership Team meets twice a year, first to plan for the upcoming year and then to debrief the year and make recommendations going forward. Parks will also continue to work with other business units to provide cost-effective services to the citizens of Calgary such as the pilot initiative to transfer oversight of sidewalk snow and ice clearing from Roads to Parks.

Calgary Recreation ZBR Implementation Update

2019 October 8

2019 Update Report

Table of Contents

Introduction

Calgary Recreation ZBR

The Calgary Recreation Zero Based Review analysis was presented to the Priorities and Finance Committee (PFC) on 2018 June 5.

The ZBR was broken into three focus areas and eight commitments.

Focus Area 1 (Lay a Strategic Foundation) focuses on the development of a Strategic Plan to fulfill Calgary Recreation's future purpose and mandate. Strategic Alignment – A Well-Run City

Focus Area 2 (Translate Purpose into Action) includes three commitments: Align the Recreation operating model to purpose, Define the product and service offering to maximize results, and Adopt a strategic approach to pricing. Strategic Alignment – A Well-Run City/A Healthy and Green City

Focus Area 3 (Optimize direct delivery) includes four commitments: Modernize admission charges, Realign operating hours with actual customer usage, Enhance leadership and management of complexes and regions, and Fine-tune regional and complex staffing structure. Strategic Alignment – A Well-Run City

In 2018 June, PFC approved the updated direction for Calgary Recreation (Calgary Recreation Strategic Direction), as outlined in the mandate, where we play, and where we lead sections of PFC2018-0647.

Mandate – Shape Calgary's recreation landscape, create vibrant communities, and inspire people to be active and creative by leading and investing in Calgary's recreation sector.

Where we play – Priority customer segments (families with children, youth, underserved Calgarians); Primary service focus (introductory and entry level skill development)

Where we lead – Understand the recreation needs and wants of Calgarians; Understand the spectrum of arts, culture, recreation and sport opportunities within the city and who provides them; Identify gaps in service provision; Continually evaluate how to bridge the gap between what is being provided, what is accessible, and what is needed; Be accountable and responsible for how The City invests in the recreation section to achieve desired outcomes; Enable others to achieve our common outcomes; Facilitate connections between providers and promote the efforts of other providers delivering common outcomes; Utilize alternate service delivery methodologies to achieve specific outcomes.

This report highlights for Council key changes currently underway at Calgary Recreation that will contribute to continual efficiency and effectiveness.

ZBR Implementation Plan Summary

Calgary Recreation has determined that the Council-approved recommendations in our ZBR report will result in a minimum revenue generation of $1.8 million over four years and cost savings between $131,000 and $374,000 annually. Further, implementation of the commitments will lead to increases in customer satisfaction, sustainability of Recreation opportunities, and continuous improvement. Calgary Recreation's ZBR Implementation Plan follows the same format as when it was initially presented to PFC in 2018 June. This report provides details on how the business unit will implement each of the commitments and includes a look at benefits for each of the commitments, from a public perspective.

Focus Area 1 – Lay a Strategic Foundation

The work in Focus Area 1 addresses: Why Calgary Recreation is vital to the quality of life in Calgary and how to better align Calgary Recreation resources and investments to those areas identified as priorities in its strategic plan.

Commitment 1. Translate strategy into a clear plan of action

UNDERWAY

1.1 Gain Council endorsement for Calgary Recreation's future purpose and mandate

1.2 Develop a simple, clear Strategic Plan to fulfill that purpose, including an Implementation roadmap that defines how the Strategic Plan will be delivered.

1.3 Use the roadmap to define a four-year plan that will progress the chosen strategies.

Council endorsed Calgary Recreation's purpose and mandate in 2018 June when PFC and, subsequently City Council, approved the Calgary Recreation Strategic Foundation. That foundation led to work throughout 2018 and early 2019 on Calgary Recreation's ZBR Implementation Plan, which is laid out in this report. The ZBR Implementation Plan contains details for each of the commitments in the ZBR. In addition, timelines and performance measures have been or are being developed for the commitments.

Commitment 1 Benefit

The key benefit, as identified in the Recreation ZBR, from the work in Commitment 1 is a foundation that will enhance individual, family and community wellbeing.

Is anyone better off – Calgary Recreation will show progress through the chart below. Note that content will be updated as Calgary Recreation collects data.

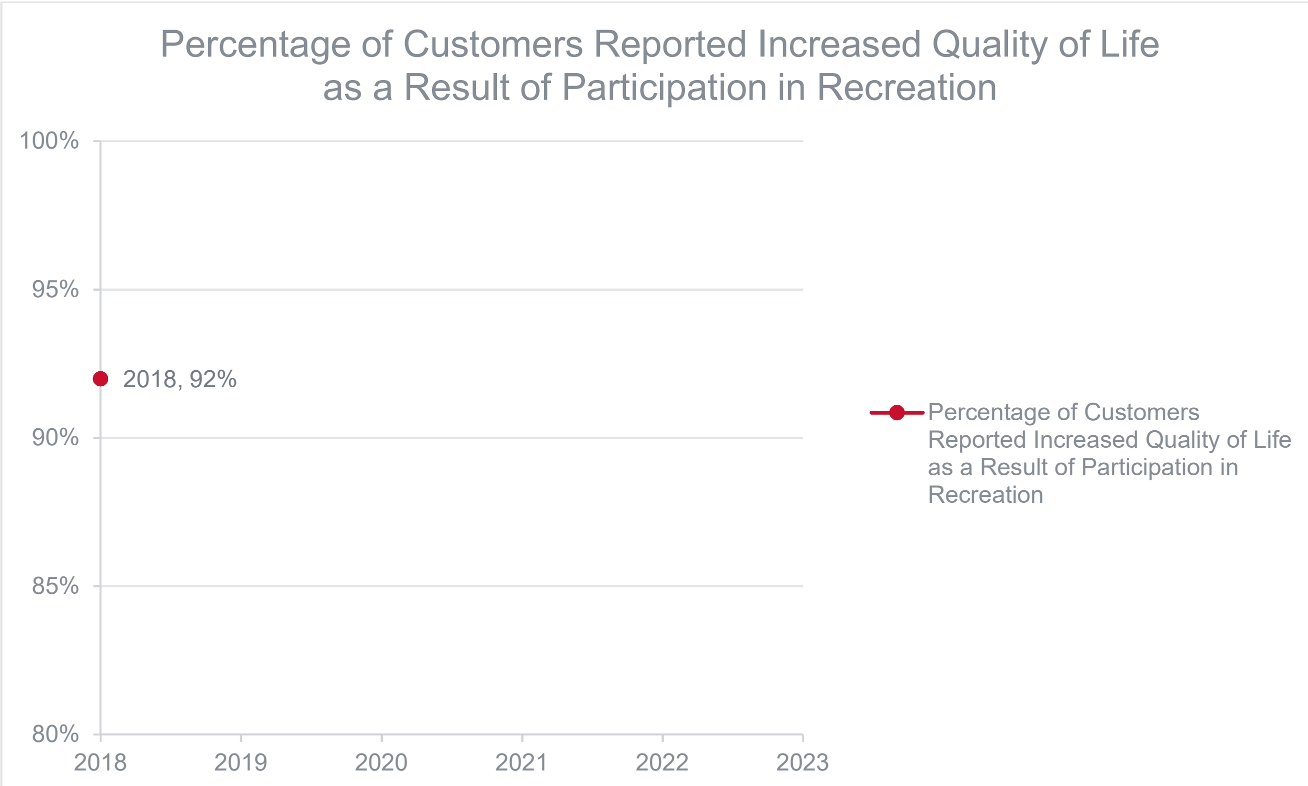


Figure 1 – Customer Experience Survey (2018)

Focus Area 2 – Translate Purpose into Action

With Calgary Recreation's purpose/mandate confirmed, the next step is to turn that purpose into achievable strategies and goals. These opportunities build on the strategic foundation developed in Focus Area 1 and drive the business unit to a more sustainable operating model.

Commitment 2. Align the Recreation operating model to purpose

UNDERWAY

2.1 Design a new operating model for the Business Unit that moves Calgary Recreation beyond its role in directly delivering programs and services within city-owned facilities, to steward the entire spectrum of recreation in the city

Figure 2 - YMCA at Seton

The ZBR program exists to increase the value Calgarians receive from their tax dollars by improving the efficiency, effectiveness, and sustainability of services.

There are noted opportunity gaps between Calgary Recreation's strategic intentions and its current operating model. With Council approval of Calgary Recreation's purpose and mandate in 2018 June, the operating model can now be redesigned to support the future direction. A new operating model will take several years to implement but is essential to ensure recreation services for citizens are sustainable well into the future.

Key deliverables – New operating model	Timeline (Design phase)
A highly integrated operating model that supports Calgary Recreation's strategic direction	Q3 2020-Q4 2022
Communications Plan (training for staff)	Q4 2020
Implementation Plan	Q4 2022

2.2 Review overall business unit management and governance structures to ensure alignment with the new operating model for a balanced focus across the whole service delivery continuum (direct and indirect)

The purpose of this initiative is to establish a leadership model to effectively and efficiently lead and invest in Calgary's recreation sector.

Key deliverables – Review management and governance structures	Timeline
Leadership model recommendations	Q1 2023
Execution Plan	Q1 2023

Commitment 2 Benefits

Key benefits, as identified in the Recreation ZBR, from the work in Commitment 2 are:

- Increase the probability of implementing Calgary Recreation's strategy by assigning clear responsibility for each of the elements in the operating model
- Support improved service outcomes by creating structures and resources necessary to manage across the whole service delivery continuum
- Ensure focus and the best use of resources

How well – Calgary Recreation will show progress through the chart below.

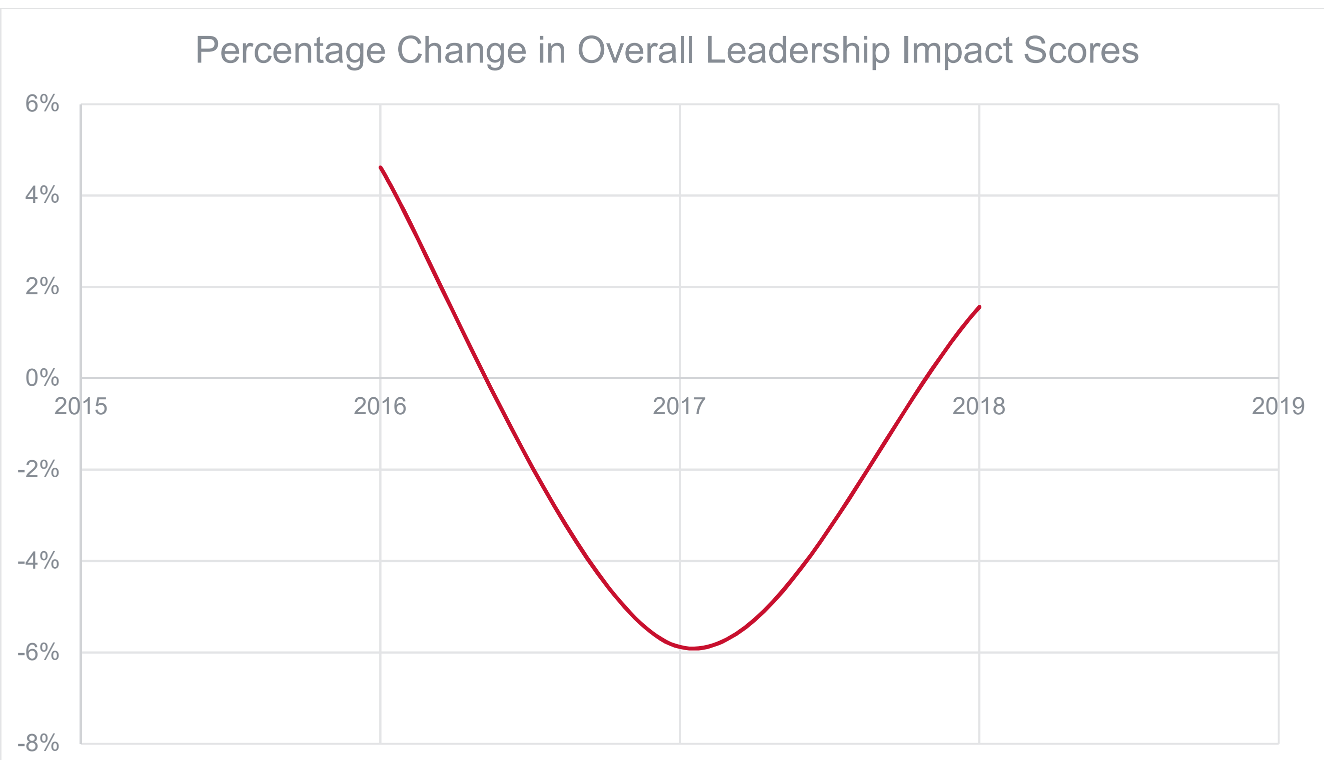


Figure 2 – Corporate Employee Satisfaction Survey (2015-present)

Commitment 3. Define the product and service offering to maximize results:

UNDERWAY

3.1 Shift the focus of the Recreation Management Team from operational management of directly delivered services to strategic leadership of the entire service delivery continuum

Calgary Recreation's ZBR identified the challenge of business unit managers to focus and balance the needs of running day-to-day operations with planning for the long term and making the operational changes which will enable change. There is opportunity to enhance strategic leadership and effective management through improved decision making and accountability and shifting to manage from purpose rather than to operate from function.

Evolving the Recreation Management Team to a Recreation Leadership Team will contribute to taking advantage of this opportunity.

Key deliverables – Shift focus of RMT from operational management to strategic leadership	Timeline
Understand phase • Communication strategy • Change Leadership Plan	Q4 2019
Design phase • Behaviour changes, processes, interactions • Working together, decision-making clarity • Strategic thinking vs tactical	Q4 2019
Deliver phase • RLT evolution implementation • Refinement throughout	Q4 2020-Q4 2022
Evaluate phase • Project wrap up	Q4 2022

3.2 Define the desired service offering menu for the entire service delivery continuum to maximize results

3.3 Develop and implement performance measures to assess the improved effectiveness of the revised product and service mix and to ensure it is achieving its intended results. Use these measures to fine-tune the mix

The work in 3.2 and 3.3 intends to acquire an understanding of current service offerings in the service delivery continuum and identify any gaps in those service offerings. The project team will bridge gaps as needed by aligning service offerings and levels with customer and community needs to improve our outcomes. Finally, this work intends to improve collaboration between Calgary Recreation and its partners by providing services that are built on shared purpose and in support of quality of results for Calgarians.

Key deliverables – Define desired service offering menu and develop and implement performance measures	Timeline
Understand Phase 1 • Identify product and service gaps in the service delivery continuum • Identify gaps in performance metrics and reporting methods in the service delivery continuum	Q4 2020
Design Phase 2 • Develop and enhance product and service strategy • Develop metrics to evaluate product mix, demonstrate accountability, and quantify benefits	Q4 2021
Design Phase 3 • Develop and implementation roadmap for 2023-26 business cycle	Q4 2022

3.4 Develop a business case for increasing drop-in programs for Children (Active Kids Club).
3.5 Develop a business case for increasing families recreating together (Play Together, Play Side by Side)

Work in 3.4 and 3.5 deals with a chance in citizens' expectations driven by demographic and economic trends. One example is participation in physical and leisure activities is shifting. Not only are the physical activity levels of children and youth (ages 5-17) well below recommended levels, but children and youth are trending away from organized sports, and shifting in large numbers towards smaller, simpler sports that do not require organization of large numbers of participants. According to the 2018 ParticipACTION Report Card on Physical Activity for Children & Youth, only a third of children and youth in Canada meet the physical activity recommendation within the Canadian 24-hour Movement Guidelines for Children and Youth.

Key deliverables – Develop business cases for increasing drop-in programs, families recreating together	Timeline
Understand phase • Identify leading practices in the sector • Current state report	Q1 2020
Design phase • Identify future state and opportunities • Recommend options	Q2 2020
Deliver phase • Prototype, pilot • Determine performance measures • Develop evaluation • Final report including recommendations	Q1 2020
Deliver phase • Develop business case that includes funding requirements and implementation plan	Q2 2021
Evaluate phase • Project close out	Q2 2021

Commitment 3 Benefits

Key benefits, as identified in the Recreation ZBR, from the work in Commitment 3 are:

- Broaden the branding of Calgary Recreation
- Improved collaboration with partners built on a shared purpose
- A focus on priority customers
- Increased number of children and increased hours of children recreating due to products and services Calgary Recreation provides or services provided by others

How well – Calgary Recreation will show progress through the chart below.

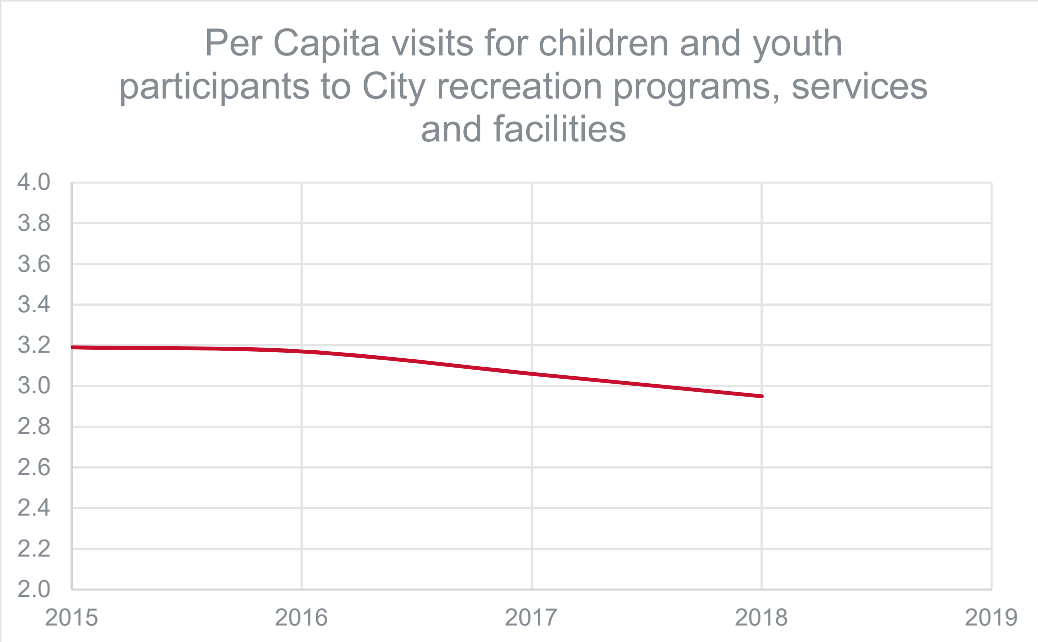


Figure 3 – 1 YYC Performance Measures: RO-PM01

Commitment 4. Adopt a strategic approach to pricing:

UNDERWAY

4.1 Secure Council approval for a new pricing approach, including reconsidering the principles used in Council Direction CPS2007-47 and focusing instead on using the Cost Recovery Framework.

4.2 Ratify the Cost Recovery Framework and apply classification of various programs and services at each level within Calgary Recreation, ensuring alignment with the overall strategic plan.

4.3 Establish the full costs of each product and service to provide the information that is the basis for establishing costs and tax support rates for all products and services.

4.4 Develop financial modeling to apply the Cost Recovery Framework to the full cost figures to generate actual proposed prices and tax support rates for all products and services.

4.5 Implement, with a phased approach, the pricing changes (as an integrated part of the overall implementation roadmap).

The purpose of this work is to design and implement a revised revenue and pricing strategy that guides Calgary Recreation in aligning the price of their products and services with its strategic intent. Calgary Recreation's prices are guided by principles in two documents: the Corporate User Fee and Subsidies Policy (UFSP; C2011-77) and Council's direction on Recreation Pass and Admission Pricing (CPS2007-47).

There is an opportunity to develop a revised pricing and revenue strategy that will better align prices and tax support to areas that are Calgary Recreation priorities.

At the completion of this work, Calgary Recreation will have a revised strategy, methodology, and new tool for recommending program and service prices. The tool will use current data within a consistent methodology to guide Calgary Recreation in setting prices that are closely aligned with its strategic intent.

Key deliverables – Adopt a strategic approach to pricing	Timeline
Cost Recovery Framework defined	Q1 2020
Calculate full-cost allocations	Q4 2020
Build financial tool and calculate schedule of proposed prices	Q2 2021
Implementation roadmap	Q3 2021
Define performance measures	Q3 2021
Project close-out	Q4 2021
Approval to implement changes	Q4 2021
Implement changes	Q1 2022

Commitment 4 benefits

Key benefits, as identified in the Recreation ZBR, from the work in Commitment 4 are:

- Ensure mill rate dollars are directed to the services contributing the most to the community
- Adjust pricing to help attract priority customer segments
- Ensure full alignment of Calgary Recreation's pricing strategy with the corporate User Fee and Subsidy Policy at the facility, program, and customer segment level
- Create a transparent rationale behind fees.

How well – Calgary Recreation will show progress through the chart below.

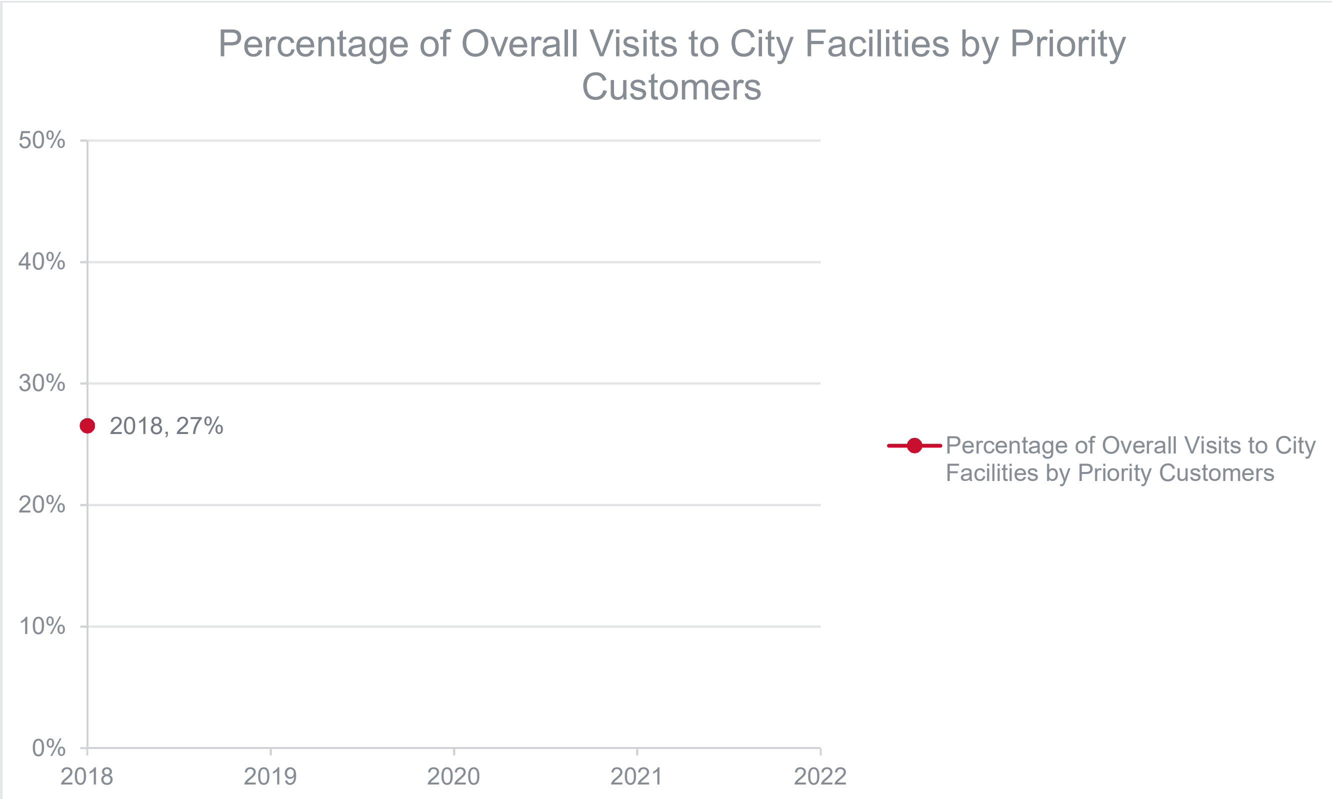


Figure 4 – Priority Customers Attendance (2018-Present)

Focus Area 3 – Optimize Direct Delivery

The commitments in response to this focus area will fine-tune operating hours to match demand, refine staffing, and better align Calgary Recreation's user fee structure to ensure tax support is applied to those areas benefitting the community as a whole.

Commitment 5. Modernize admission charges:

UNDERWAY

5.1 Withdraw the current term passes and replace them with a membership model that includes monthly billing and auto-renewal, starting at 1/12 of the current annual price.

5.2 Withdraw the 30x punch card and gradually phase out 10x cards other than for visitors.

5.3 Charge the same prices for membership at Tier 1 and 2 Aquatics & Fitness Centres (AFCs) and enable members to use any centre.

5.4 Reduce the price of a children's membership to initially $20 per month for open access to any City of Calgary AFC and Leisure Centre, to be finalized during implementation.

5.5 Increase prices for seniors (ages 65+) to a target of 75 per cent of the adult price, to be finalized during implementation.

5.6 Create new membership categories for youth/young adult (ages 15-24) and single or multi-parent families (including access for children under 14 and youth discounts 15-18).

5.7 Change the child age ranges from 7-12 years with a separate pre-school rate for children 2-6, to a single rate for children 2-14 (TBD)

The purpose of this work is to make adjustments to Calgary Recreation's Pass Model and modernize its admissions charges. In doing so, Calgary Recreation hopes to increase customer visits and promote better citizen health and wellbeing.

To achieve this, Calgary Recreation will implement the actions in two phases. Phase 1 (Understand & Design) was made up of an analysis of flat rates, development of a revised pricing schedule, customer impact analysis, documentation of software and business requirements and benchmarks/targets. Phase 1 is complete.
Phase 2 (Deliver & Evaluate) is shown in the table below.

Key deliverables – Modernize admission charges	Timeline
Engagement of fee schedule	Q3 2019
New pass model is aligned with existing business software	Q3 2019
Pass model rules and implementation definitions documented	Q4 2019
Document benchmarks and targets	Q4 2019
Training and communication	Q4 2019
Project close-out	Q2 2020
Monitoring and evaluation	Q2 2020-Q1 2024 (ongoing)

Commitment 5 Benefits

Key benefits, as identified in the Recreation ZBR, from the work in Commitment 5 are:

- Increase visits by approximately 843,000, representing an increase of 36% in attendance at Leisure Centres and Aquatics and Fitness facilities
- Support increased numbers of citizens accessing services
- Support an increased number of visits by each individual
- Contribute to a sense of belonging and community
- Promote community and individual health and wellbeing
- Generate a projected cumulative revenue increase of $1.8 million after four years

How well – Calgary Recreation will show progress through the chart below.

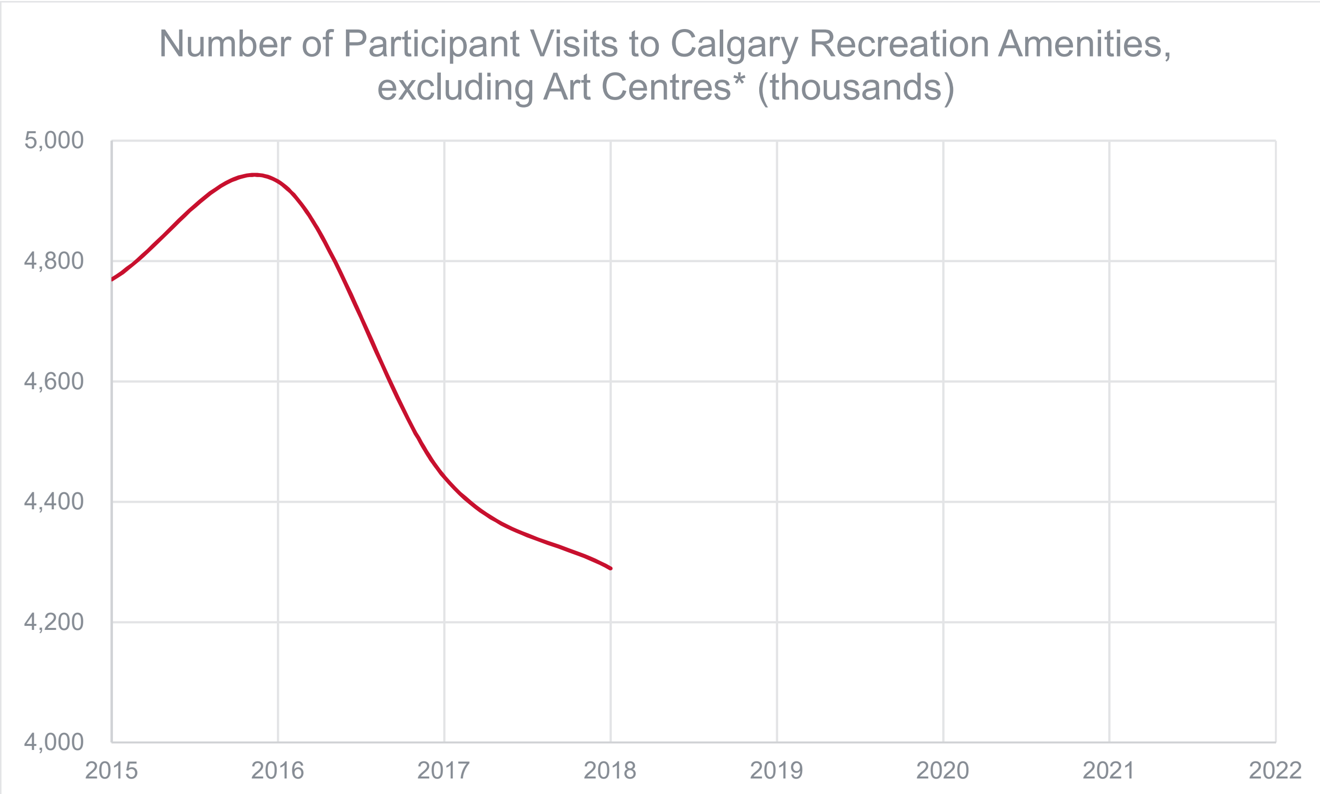


*Figure 5 – 1 YYC Performance Measures: RO-PM06. *2015-2017 includes Art Centres*

Commitment 6. Realign operating hours with actual customer usage:

UNDERWAY

6.1 Reduce arena operating hours Monday to Friday by opening later or, in a few cases, closing earlier, on an arena by arena basis.

a. Consider staffing arrangement, including alternative plans to maintain and operate both the arenas and athletic parks.

b. Move maintenance hours scheduled for the beginning or end-of-day to mid-day time slots to accommodate later opening times or earlier closing times.

c. Shift any morning bookings into those arenas which do still open early.

d. Move some Calgary Recreation programming activities (morning Public Skating or Shinny) to later time slots or alternative near-by arenas.

6.2 Following the combining of Aquatic and Fitness Centres Tiers 1 and 2 into a single tier, review attendance figures to identify any similar opportunities to reduce operating hours at AFCs and other facilities.

The purpose of this initiative is to create efficiencies within facility operations arenas and athletic parks related to staffing, scheduling, rentals and usage, and maintenance. It is also intended to staff appropriately according to facility usage, reduce arena operations staff scheduled hours based on facility rentals, review maintenance and explore expenses and revenues associated with each arena and athletic park.

Key deliverables – Reduce operating hours	Timeline
Booking, Open and Staffing hours by facility (pull, review and consolidate for 3-5 year period)	Q2 2019
Arenas staff scheduling model recommendations	Q2 2019
Monitor athletic park rentals	Q3 2019
Arenas staff scheduling model implementation	Q3 2019

Commitment 6 Benefits

Key benefits, as identified in the Recreation ZBR, from the work in Commitment 6 are:

- Minimum savings of $131,187 per year and maximum savings of $373,997 per year by being more efficient with the staff scheduling

Commitment 7. Enhance leadership and management of complexes and regions:

UNDERWAY

7.1 Redefine role, qualification and hiring practices for Complex Coordinators, considering: mechanism to recognize greater levels of responsibility; JEQs to reflect greater managing roles; prioritize overall management skills; open up the talent pool.
7.2 Ensure all Superintendents and Coordinators have, or acquire, key management skills including performance planning, performance coaching, and performance reviews.
7.3 Enable Foremans and Attendants to support the performance management process by being involved in performance planning and coaching.
7.4 Empower staff (primarily MEs) through a wider delegation of authority to ensure that appropriate decisions are made at the appropriate level.
7.5 Ensure clear accountability and decision-making authority are assigned for key service elements: direct delivery, complexes, products and services, and facility operations.

Commitment 8. Fine-tune regional and complex staffing structure:

UNDERWAY

8.1 Review the current staffing structure in direct delivery to ensure consistent standards across the whole of direct delivery and that clear accountability and decision-making authority are assigned for: developing and implementing strategies and providing operational oversight.
8.2 Review how special projects are resourced to reduce their impact on operations.
8.3 Increase the support for staff by the Staffing Coordinator positions by aligning processes and resources.
8.4 Review the distribution of the Recreation Specialists to better support all facilities and community-based programming.
8.5 Review the staffing structure in direct delivery to better embed and leverage business intelligence in operations.

Commitments 7 and 8 have been combined into one portfolio, called Workforce and Culture. The purpose of Commitments 7 and 8 is to develop a plan to support learning and development opportunities to enhance staff capabilities and build leadership and management skills for Superintendents and Complex Coordinators.

The project will help support improved decision-making and empowerment of leadership. In addition, the project will refine the role, qualifications and hiring practices for Complex Coordinators and provide a review of the regional direct delivery staffing model to ensure staff are aware of common goals and objectives.

Key deliverables – Workforce and Culture	Timeline
Understand phase Review of Workforce and Culture initiatives identified in Commitments 7 and 8 • Assemble project teams • Document current state • Identify issues/gaps/opportunities	Q2 2019
Design phase • Define future state • Develop implementation plan • Develop change management, communication and training plan • Document process change, if needed	Q2 2019-Q1 2020
Deliver phase • Execute deliverables identified in the implementation plan	Q1 2020-Q4 2022
Evaluate phase • Evaluate and make adjustments as required to components within the implementation plan	Q3 2019-Q4 2022

• Ensure actions support building capacity and clarity of leadership job expectations • Project wrap-up	

Benefits

Key benefits, as identified in the Recreation ZBR, from the work in Commitments 7 and 8 are:

- Improved outcomes through supporting local decision-making
- Improved internal ability to deliver continuous service improvements through empowering supervisors to continuously improve services within their span of control
- Enabling regional and complex management to focus on business and people management by providing an enhanced support structure that better manages operations and special projects
- Supporting improved service outcomes by creating the structures necessary to define and enforce consistent, intentional standards, policies and procedures across the whole of Direct Delivery
- Increased productivity, as greater standardization in delivery approach facilitates staff movement between different facilities and regions.

How well – Calgary Recreation will show progress through the chart below.

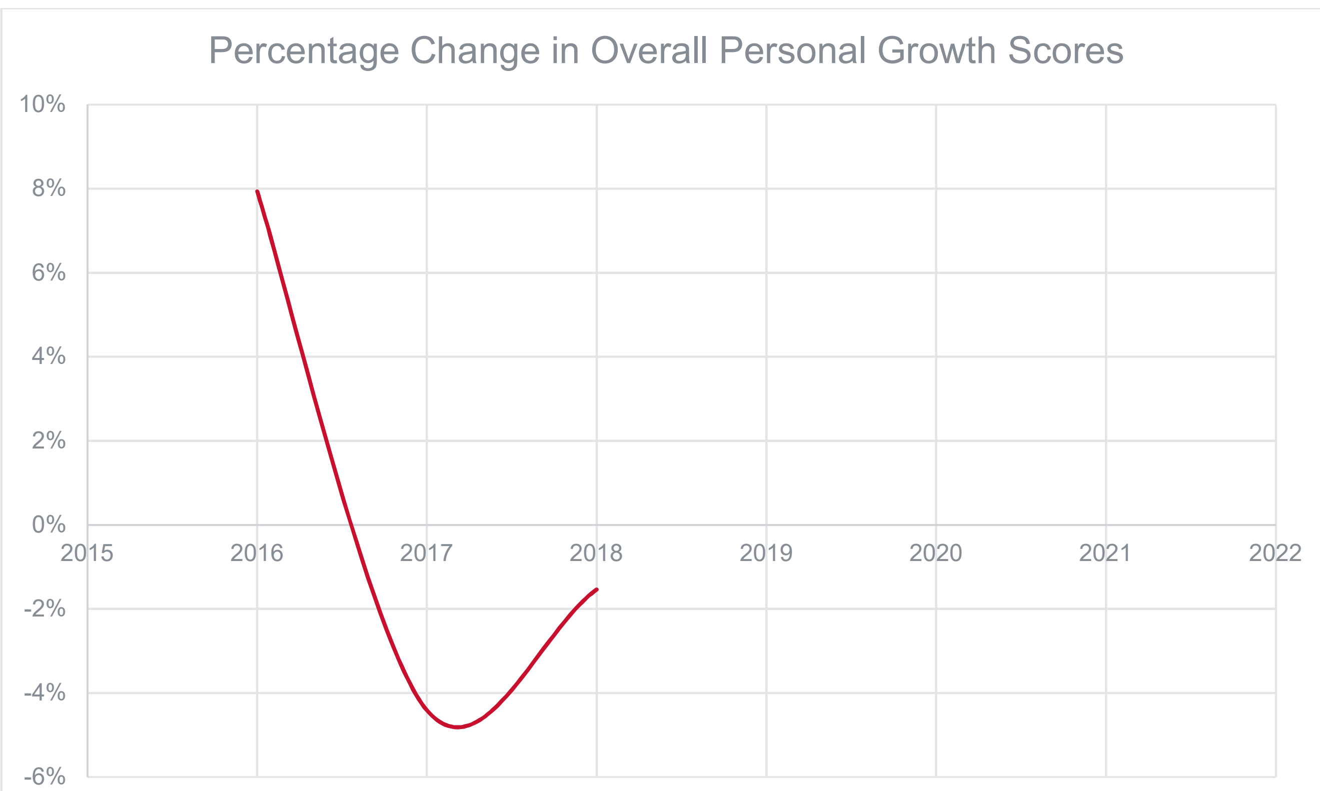


Figure 6 – Corporate Employee Survey (2015 – present)

Summary

Getting the foundation right is at the heart of Calgary Recreation's Zero Based Review. Success means strategic alignment, focusing resources on the most effective activities and, finally, ensuring recreation opportunities are sustainable for the benefit of all Calgarians.

The 2018 June ZBR Report to PFC laid out the three focus areas, eight commitments and specific actions that Calgary Recreation needs to focus on. The Implementation Report (2019 October) shows how Calgary Recreation has progressed and will continue to do so with each of the actions. Through regular Corporate Initiatives ZBR reports, Calgary Recreation will ensure PFC and Council are kept up to date on this progress.

Service Improvement Case Studies:
ZBR Initiatives

SECTION OVERVIEW

These case studies illustrate the wide range of tangible benefits being delivered for Calgarians as a result of the ZBR program.

Each case study highlights the opportunity that was identified, the action taken and the result. The results include cost savings as well as service effectiveness gains, such as better customer service or reduced environmental impact.

The effectiveness gains are diverse in nature and may be harder to quantify than financial gains, making it difficult to present them as a single headline metric. Administration is developing performance measures to better capture the effectiveness gains in future reports.

The ZBR program is mandated to deliver improvements in:

EFFICIENCY

- Cash savings
- Productivity gains
- Cost avoidance

CAPACITY BUILDING

- Continuous improvement

EFFECTIVENESS

- Service outcomes
- Customer satisfaction
- Employee morale
- Safety
- Partner relationships

Calgary

ZBR Initiative

Right Devices

1 Opportunity

- Since 2012 the number of City personal productivity devices has grown by 30 per cent.
- The use of personal productivity devices could be optimized throughout The Corporation, ensuring that each user has the right device(s) – no more and no less – to do their job.
- Advances in technology, changing workstyles and changes in software licensing requirements are giving The City the opportunity to optimize the use of personal productivity devices and avoid unnecessary duplication.

2 Action

- During 2019, IT staff contacted 1800 City staff who logged in on more than one device. From this, over 480 devices were recovered.
- IT also worked with City staff to consolidate the use of telecommunications devices.
- The PC life cycling process provides IT a regular touch point with technology users. Advice from IT guides users in making the best choices for their role and reduces the number of surplus devices.

3 Is anyone better off?

- To date in 2019, over 480 redundant devices were recovered, which has the benefit of reduced software licensing and IT support costs for the City.
- IT also worked with City clients to remove 54 desk phones when they were no longer required, reducing the number of assets that IT supports and life cycles.
- The transition from using traditional desktops to Virtual Desktops was initiated in 2019 with 230 thin PCs deployed, extending life cycles and reducing energy consumption.
- Supports the direction outlined in The City's Leadership Strategic Plan (LSP), ensuring; "Good government and sound management practices, including reducing duplication and eliminating redundancies."

EFFICIENCY

- Cash savings
- Productivity gains
- Cost avoidance

CAPACITY BUILDING

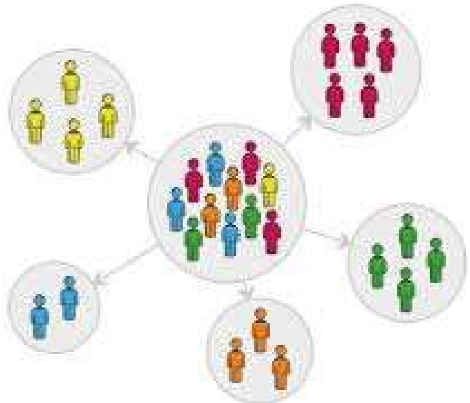
- Continuous improvement

EFFECTIVENESS

- Service outcomes
- Customer satisfaction
- Employee morale
- Safety
- Partner relationships

ZBR Initiative

Operationalizing Law's Customer Understanding



1 Opportunity

- A shared customer understanding is fundamental to service design and service improvement.
- While Legal Council & Advocacy (LCA) works closely with key customers and customer groups, there is no formal or systematic way to gain and maintain a shared understanding of their customer needs, desired outcomes and changing expectations to most efficiently and effectively deliver service to The Corporation.

2 Action

- Insights were gained from 5 employee engagement sessions, 30 employee interviews, 70 customer interviews, and a survey on shared services with 39 senior staff.
- A customer segmentation tool was developed to help LCA managers analyze their customer needs and improve services specific to those needs.
- 5 key service gaps were identified for service redesign.
- 9 actions were recommended that ensure a regular, formal mechanism for reviewing customer needs and that specific service design changes are implemented.

3 Is anyone better off?

- Customers trust LCA lawyers and believe they receive high quality legal advice. The customer segmentation tool supports managers to align finite resources to top customer needs, minimizing the impact of capacity issues on the timeliness of response on priority issues. As LCA addresses challenges with service delivery redesign, customer insights and understanding will ensure The Corporation is better off.
- LCA management team have tools and a greater understanding of how to, in a more formalized way, address the changing needs of customers.
- Customers feel heard. Aligned expectations and clear mechanisms for resolution mean the focus stays on getting work done and serving citizens.

EFFICIENCY

- Cash savings
- Productivity gains
- Cost avoidance

CAPACITY BUILDING

- Continuous improvement

EFFECTIVENESS

- **Service outcomes**
- **Customer satisfaction**
- Employee morale
- Safety
- Partner relationships

Service Improvement Case Studies:
Continuous Improvement Initiatives

SECTION OVERVIEW

The ZBR program draws on all elements of the Performance Management System to identify efficiency and effectiveness improvements. It has the greatest intersection with the "Service Review and Improvement" strand, where the ZBR program complements The City's other continuous improvement activities.

These case studies provide examples of service improvements undertaken outside of the ZBR program, which demonstrate Administration's increasing capacity for continuous improvements in line with the second purpose of the ZBR program.

The **Performance Management System** is a disciplined approach to continuous improvement designed to better serve our customers, communities and citizens.

Calgary

Continuous Improvement

Connecting with Customers

1 Opportunity

- Citizens who want to make improvements to their home or business need timely and accurate information from Planning & Development.
- Over 120,000 phone inquiries per year come into our call centre, which can mean long wait times.
- Calgarians want to save time and money while still connecting with Planning & Development.

2 Action

- On 2018 February 20, Calgary Building Services implemented an online live chat feature.
- The online live chat is an additional option for customers wanting to connect with The City for development and planning inquiries.
- This feature allows a business or homeowner to get quick and accurate answers to questions about how to make their project a success.

3 Is anyone better off?

- Within the first 30 days of providing live chat service, there were 982 chats, from the original June – September there were over 2,600 live chats per month and this number is trending higher.
- Using live chat, customers spend six seconds on average waiting to connect with The City.
- Higher chat numbers also help to reduce call centre volumes and wait times. Call centre wait times have been reduced from an average of 214 seconds in early 2018 to 103 seconds over the last six months.
- Out of all the chat customers who chose to rate their experience, 94 per cent chose 'good'.

EFFICIENCY

- Cash savings
- **Productivity gains**
- Cost avoidance

CAPACITY BUILDING

- Continuous improvement

EFFECTIVENESS

- **Service outcomes**
- **Customer satisfaction**
- Employee morale
- Safety
- Partner relationships

BRIEFING

Chief Financial Officer's Briefing to
Priorities and Finance Committee
2019 October 08

ISC: UNRESTRICTED
PFC2019-1269

Status of Outstanding Motions and Directions

PURPOSE OF BRIEFING

Outstanding items for the Priorities and Finance Committee as of 2019 September 06.

SUPPORTING INFORMATION

On 2012 April 3, the Priorities and Finance Committee directed Administration to provide the Committee with a schedule of Status of Outstanding Motions and Directions.

This report is in alignment with the mandate of the Priorities and Finance Committee.

This report tracks outstanding motions and directions from the Priorities and Finance Committee to Administration. No specific risks are associated with this report. Any risks associated with specific directions or motions will be dealt with in the context of the report on that direction or motion.

ATTACHMENT(S)

1. Attachment 1 – Status of Outstanding Items for the Priorities and Finance Committee.

DATE DUE	ITEM	DATE OF REQUEST	SOURCE	SUBJECT
2018 Q4	PROPOSED CODE OF CONDUCT FOR ELECTED OFFICIALS BYLAW26M2018	2018 May 28	PFC2018-0554	That with respect to PFC2018-0554, the following Motion arising be adopted: That Council direct the Ethics Advisor to investigate how to enhance reporter protection, including but not limited Councillors staff and Report back to the Priorities and Finance Committee no later than Q4 2018.
2019 July & October	DOWNTOWN STRATEGY FOCUS	2019 April 01	C2019-0415	That Council: 2. Direct Administration to provide an update on the further development of a Downtown Strategy to the Priorities and Finance Committee in 2019 July and October; and 3. For the July Priorities and Finance Committee, Administration further refine the Downtown Strategy to include: • Heritage, safety, and competitive research.
2019 Q3 2019 October 08	INDEPENDENT REVIEW OF NON-RESIDENTIAL ASSESSMENT AND APPEAL SYSTEM	2018 October 30 2019 September 17	PFC2018-1222 PFC2019-1017	That the Priorities and Finance Committee recommend that Council direct the City Manager to assign a lead to monitor and report back on the implementation of the consultant's recommendations as well as their impact on the non-residential assessment and complaint system, no later than 2019 Q3. Deferral request.

2019 October 08	PROPOSED 2019 BUDGET REDUCTIONS	2019 July 22	C2019-0901	Direct Administration to review areas where Civic Partners can make up for revenue loss through potential expense savings, such as working with the City to leverage buying power and/or reducing fees on services delivered by the City, including but not limited to: ○ Utilities (Partners have annual costs ranging from \$150k - \$1.5M); ○ Insurance (Partners have annual costs ranging from \$5k - \$500k); ○ Calgary Parking Authority (Partners have annual costs ranging from \$20k - \$135k); ○ Waste removal (Partners have annual costs ranging from \$26k - \$75k); and ○ Other savings such as permit fees, computer hardware, software and licensing, group benefits, and supplies (cleaning, office, chemicals, etc.). And prepare a Briefing through the Priorities and Finance Committee no later than 2019 October 08.
2019 October	DELIVERING MODERN & AFFORDABLE MUNICIPAL SERVICES IN AN ENVIRONMENT OF ECONOMIC CONSTRAINT	2019 July 29	C2019-1011	That with respect to Report C2019-1011, the following be adopted, **as amended**: 1. Administration be directed to release as soon as possible, a Request for Qualifications (RFQ) to seek proposals from external experts about services available to assist Council and Administration in achieving the aforementioned with outcomes including but not limited to: a) Delivering on Citizen Priorities and Council Directives within an environment of economic constraint; b) Mechanisms for reducing the cost of delivering municipal services while taking into account

				Administrative initiatives and projects already underway and intended to contribute to this objective; c) Capitalizing on revenue generating opportunities available to The City; and d) Developing solid business cases for short and longer-term efficiencies across the Corporation that advance the achievement of Citizen Priorities and Council Directives within an environment of economic constraint. 2. Responses to the RFQ must include but not be limited to: a) The respondent's experience in advising on and supporting transformational change in organizations delivering multiple services; b) Clear statements of deliverables and the value of those deliverables in terms of achieving Council and Administration's mutual objectives; c) A comparative analysis (gap) between current work underway in the Corporation and work recommended to achieve the outcomes listed in the preamble of this Notice of Motion; d) Recommended actions and options along with associated cost estimates and realistic timeframes; and e) The nature and extent of City staff resources required to assist in producing the deliverables within the proposed options, associated cost estimates and timeframes; and f) Change management, change leadership and performance management for accountability on results.

				3. And report back with a verbal status update through the Priorities and Finance Committee no later than October 2019.
2019 October	RICHMOND GREEN GOLF COURSE CLOSURE	2019 June 17	C2019-0790	That with respect to Councillor Sutherland and Councillor Colley-Urquhart's Motion C2019-0790, as amended, the following be adopted: NOW THEREFORE BE IT RESOLVED that Council: 2. Direct Administration to return to Priorities and Finance Committee (PFC) in October 2019 with: a. An interim update on the Golf Course Sustainability Strategy; b. An interim update on the Golf Course Real Estate and Development Assessment; and c. Options for future use of the Richmond Green land, considering the utilities and road requirements, as well as the Currie Barracks Master Plan.
2019 Q3 2019 November 05	PROCEDURE BYLAW AMENDMENTS	2019 June 17 2019 September 17	PFC2019-0591 PFC2019-1184	That with respect to Report PFC2019-0591, the following be adopted: That Council: 3. Direct Administration to return to the Priorities and Finance Committee in Q3 with an accurate cost estimate and implementation timeline for a hardware solution for electronic voting, for approval. Defferal Request to PFC 2019 November 5
2019 November	ATTAINABLE HOMES CALGARY	2019 May 27	C2019-0708	2. Direct Administration to work with AHC to review AHC long term business plan when it is available

				and bring a progress update report back to Council through the Priorities and Finance Committee no later than 2019 November 05.
2019 November	ESTABLISHMENT OF WORKING GROUP, WITH RESPECT TO REPORT C2019-0352 DOWNTOWN TAX SHIFT RESPONSE (RECOMMENDATION 10 ONLY) PFC2019-0451	2019 May 27	PFC2019-0451	That with respect to Report PFC2019-0451, the following be adopted: In accordance with the Procedure Bylaw 35M2017, as amended, Appendix B, B.9. (a), (c), (e) and (l): 1. Council direct Priorities and Finance Committee (PFC) to form a tax shift response working group by June 30, 2019, with a mandate to assess the best options for greater tax parity between assessment classes, based on an analysis of root problems that include but are not limited to disparity in proportional share of operating budget and absence of zero-based budgeting on an annual basis. 2. Council direct that PFC add an agenda item to its June 4, 2019 meeting that allows committee to: a) appoint a PFC member to lead the working group, b) determine which other members of Council will be part of the working group, c) determine which members of Administration will be part of the working group, and d) enable the lead of the working group to reach out to external stakeholder groups and bring back a list of names for the working group to finalize by June 30, 2019. 3. The tax shift response working group shall provide updates to PFC at each meeting until November 2019, at which time final recommendations will be presented to inform Council's budget deliberations so that an informed tax shift decision can be made as part of the budget process, providing certainty and predictability for property owners by November 29, 2019.

2019 Q4	COMPASSIONATE PROPERTY TAX PENALTY RELIEF	2018 June 05	PFC2018-0325	That the Priorities and Finance Committee recommends that Council: Direct Administration to report back through Priorities and Finance Committee on the results of the proposed program, including cost and number of participants, no later than 2019 Q4.
2019 Q4	NEW COMMUNITY GROWTH STRATEGY	2018 February 22	PFC2018-0200	4. Direct Administration to bring a monitoring report on the implementation of the New Community Growth Strategy to the Priorities and Finance Committee no later than Q4 2019.
2020 Q1	SOCIAL PROCUREMENT UPDATE	2019 June 3	PFC2019-0384	That the Priorities and Finance Committee recommends that Council: 1. Approve the Social Procurement Advisory Task Force Terms of Reference, Scoping Report for the Pilot Projects and the Work Plan identified in Attachment 1; and 2. Direct Administration to return to the Priorities and Finance Committee with an update no later than Q1 2020.
2020 Q1	GOLF COURSE REAL ESTATE AND DEVELOPMENT FEASIBILITY ASSESSMENT	2019 May 27	CPS2019-0475	That with respect to Report CPS2019-0475, the following be adopted, after amendment: That Council: 1. Adopt the recommendation to proceed with Stage 1 of the proposed plan for a Real Estate and Development Assessment, leveraging The City's

				internal expertise to conduct an initial assessment of all golf course properties and return to the Priorities and Finance Committee no later than Q1 2020 with a recommendation on which properties should be included in Stage 2 of the analysis. The plan for Stage 2 will include Administration's recommendation on which golf course lands require further analysis as well as recommendations on timeline, scheduling and costs for Stage 2.
2020 March	MAIN STREETS INVESTEMENT PROGRAM & ESTABLISHED AREA GROWTH & CHANGE STRATEGY	2019 May 01	PUD2019-0305	That the Standing Policy Committee on Planning and Urban Development recommend that Council: Direct Administration to report by 2020 March to Council, through the Priorities and Finance Committee, with Phase 1 work elements, as identified in this report, and refinement of plans and timing for Phase 2 work.
2020 Q2	CIF APPLICATION: ON DEMAND TRANSIT	2018 November 06	PFC2018-1291	That the Priorities and Finance Committee direct Administration to report back to PFC indicating how the money was spent and outcomes of the projects no later than Q2 2020.
2019 Q2	ECONOMIC DEVELOPMENT INVESTMENT FUND GOVERNANCE AND TERMS OF REFERENCE	2018 March 06	PFC2018-0187	7. As part of the proposed reporting process for the Wholly Owned Subsidiary, direct Administration to work with the EDIF Wholly Owned Subsidiary to bring a report to the Priorities & Finance Committee that reviews the pilot EDIF governance structure no later than 2019 Q2.
2020 June	OPPORTUNITY CALGARY INVESTEMENT FUND	2019 July 02	PFC2019-0828	Deferral.

	GOVERNANCE STRUCTURE			
2020 Q2	RESILIENT CALGARY	2019 June 17	PFC2019-0617	That with respect to Report PFC2019-0617, the following be adopted: 2. Direct Administration to report back with an update to the Priorities and Finance Committee no later than Q2 2020.
2020 September	KENSINGTON MANOR – BUILDING SAFETY STATUS AND PLANS	2019 June 04	PFC2019-0739	That the Priorities and Finance Committee recommend that Council approve: 4. Directing Administration to report back to Council through the Priorities and Finance Committee, six months after demolition is complete, or if there is a material change on site but in any event, not later than September 2020.
2020 Q3	CIF APPLICATION: ONE CALGARY POLICY REVIEW	2018 November 06	PFC2018-1300	That the Priorities and Finance Committee direct Administration to report back to PFC indicating how the money was spent and outcomes of the projects no later than Q3 2020.

Planning & Development Report to
Priorities and Finance Committee
2019 October 08

ISC: UNRESTRICTED
PFC2019-1123

Development of Off-site Levies: Update and Bylaw Amendment

EXECUTIVE SUMMARY

Off-site levies are an important source of funding that help pay for the growth-related costs of infrastructure. The levies are collected through The City's two off-site levy bylaw programs where one is applied citywide and the other applied to the Centre City. To ensure program effectiveness and alignment with legislation, the levy programs should be reviewed on a regular basis.

This report is a first step in the review and provides:

- An update on the 2018 status reports for Centre City and city-wide off-site levy bylaws.
- The amendment for the current off-site levy bylaw arising from the new City Charter provisions.
- An overview of the plan and timeline toward a renewed 2021 off-site levy bylaw.

ADMINISTRATION RECOMMENDATION:

That the Policy and Finance Committee (PFC) recommends that Council give three readings to the amending Charter Bylaw Number 2H2019.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2018 November 12, through report PFC2018-0973, Council approved the proposed bylaw amendment to the Calgary Off-site levy Bylaw 2M2016.

On 2018 June 25, Council received the Centre City Levy Annual Report for information through report PUD2018-0389, which provided a program summary for 2017.

On 2016 January 11, Council adopted the Administration Recommendations contained in Report C2016-0023, as follows:
That Council:

1. Give three readings to Bylaw 2M2016;
2. Adopt by resolution, the Community Services Charges; and
3. Direct Administration to implement the key deliverables of the 2016 work plan to address issues that arose through this process.
4. Direct Administration to create an Established Area Redevelopment Incentive Budget (EARIB) to offset reduced revenue resulting from the proposed density incentive program.

BACKGROUND

Under the Authority of the Municipal Government Act (MGA), The City can charge off-site levies through a subdivision or development permit. The levies collected are used to pay for all or part of the capital cost of new or expanded water, sanitary and storm infrastructure, new or expanded roads and transportation infrastructure, and land required for or in connection with these infrastructure projects. The MGA requires the publication of annual reports that detail the amount of levies collected and spent, and any remaining balance to be spent on future projects.

Approval(s): **Stuart Dalgleish** concurs with this report. Author: **Sarah Alexander**

Development of Off-site Levies: Update and Bylaw Amendment

Levies are collected through two off-site levy bylaws: the Centre City Off-site Levy Bylaw 38M2009 that is applied to the Centre City and the Calgary Off-site Levy Bylaw 2M2016 that is applied citywide. Through Council resolution, Community Services Charges are also collected to pay for the other development related costs for complete communities. These charges are now permitted to be included in an off-site levy bylaw through the modernized MGA.

In 2019 February, the City of Calgary Charter Regulation was enacted that gives The City authorities related to off-site levies to help address the needs of a large city and helps to legitimize our current levy program. The Charter includes direction that the citywide bylaw must be amended to include the Community Services Charges. Other authorities include the ability to: define infrastructure, establish the method of calculating benefit, and collect more than once for an intensification of use or in an area defined in an area redevelopment plan. These provisions will be considered as part of the upcoming bylaw review.

The scope of the review will include both the citywide, centre city off-site levy bylaws and recommendations from the internal Off-site Levy Administration Audit. The results of the audit are expected to be presented to the Audit Committee in 2019 Q4.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Off-site levies and community services charges are financial tools that enable development in Calgary by providing certainty to the land development industry while supporting the economic sustainability of The City. To ensure effectiveness and alignment with legislation, the levies and charges should be reviewed on a regular basis. The annual review is done through yearly reporting and broad program reviews are typically done every five years. An overview of the planned levy review is detailed below.

2018 status reports for Centre City and city-wide off-site levy bylaws
As required by the MGA, annual reports have been prepared that detail the amount of levies collected and spent for 2018 and the remaining balance that will be spent on future projects. The centre city levy annual report is scheduled to be presented to the Standing Policy Committee of Planning and Urban Development on 2019 November 6. The citywide annual levy report will also be posted on Calgary.ca, which has been the practice since 2014.

Current off-site levy bylaw amendment arising from new City Charter provisions
The modernized MGA allows Community Services Charges to be included in an off-site levy bylaw. Recognizing Calgary's existing off-site levy program, the Charter enables The City to legitimize its methodology through the provision that “the council of the City must, on or before December 31, 2019, amend Bylaw 2M2016 to include as an off-site levy the Community Services Charges as outlined in Schedule C to Bylaw 2M2016”. To facilitate this change, a minor amendment is required to Bylaw 2M2016. The change is enacted by the proposed amending Charter Bylaw Number 2H2019 (Attachment 1).

For this amendment only, as detailed in the Charter, the public hearing, advertising, and consultation requirements for an off-site levy bylaw do not apply. No other changes to the bylaw or rates can or will be done as part of this amendment. In addition, there are no changes to the

Development of Off-site Levies: Update and Bylaw Amendment

Centre City Levy Bylaw program. Annual rate changes, which are detailed in both the citywide and centre city levy bylaws, will continue to apply.

Plan and timeline toward a renewed 2021 off-site levy bylaw
Administration has created an internal cross-corporate working team to begin the process of reviewing the off-site levy bylaws. The detailed scope of work for the comprehensive levy program review is currently being developed. At this point, the major deliverables and planned consultation sessions have been identified, which include incorporating the recommendations from the off-site levy bylaw administration audit. An overview of the timeline and major milestones are included in Attachment 2 Citywide Off-site Levy Bylaw Review Schedule. This information has been provided to inform stakeholders to make them aware of the upcoming consultation and engagement required as part of the development of an off-site levy bylaw. As more details are known, they will be will posted to Calgary.ca.

Off-site levy collection, spending, monitoring and bylaw development is complex, and having multiple authorizing bylaws further complicates their oversight and management. The goals of this work over the next year will result in:

- An ongoing and effective levy program (this may include the creation of one bylaw or multiple bylaws that work together);
- Ensuring the bylaw(s) align to legislation to reduce legal risk; and
- The development of a review schedule that aligns to the service planning and budget cycle (2-4 years) with up-to-date infrastructure and cost information.

For the review, Administration will consider various options and opportunity available with the new authorities under the City of Calgary Charter, while ensuring the economic impacts are understood in the context of policy objectives.

Stakeholder Engagement, Research and Communication

Administration has been collaborating with various stakeholders from the land development industry (Industry) and communities on funding and financing tools as part of related initiatives. Industry indicated the need to have financial tools that will enable development in the established area. They also discussed the need for certainty of cost for development permit applications and a shared risk approach among those that benefit from new infrastructure. Administration has maintained a proactive approach to the levy review, as shown in the attached letters from Industry (Attachments 3).

Strategic Alignment

The recommendations in this report align with:

- Section 5.2.5 of the Municipal Development Plan by considering the municipal capacity to finance growth and infrastructure in consideration of growth and change decisions.
- The Council directive of A City of Safe and Inspiring Neighbourhoods: Growth of the city needs to be managed in a way that achieves the best possible social, environmental and economic outcomes within financial capacities.
- The One Calgary Council directive of A Well-Run City by being focused on economic resilience and continuous improvement.

Development of Off-site Levies: Update and Bylaw Amendment

Social, Environmental, Economic (External)

The off-site levies help deliver important community infrastructure and services by contributing to the funding of infrastructure that supports social and environmental wellbeing, and safe and resilient communities. They also help support the economic benefits of community growth, such as attracting private investment and creating jobs.

Financial Capacity

Current and Future Operating Budget:

There are no current or future operating budget impacts as a result of these recommendations.

Current and Future Capital Budget:

There are no current or future capital budget impacts as a result of these recommendations.

Risk Assessment

The amendment to Bylaw 2M2016 legitimizes our current levy program with no additional financial impacts to industry. If the mandated bylaw amendment is not approved, there will continue to be legal risk because the levy program is not in compliance with the MGA.

REASON(S) FOR RECOMMENDATION(S):

Under the City of Calgary Charter Regulation, Council must, on or before December 31, 2019, amend Bylaw 2M2016 to include as an off-site levy the Community Services Charges as outlined in Schedule C to Bylaw 2M2016. This bylaw amendment is the first step in the Off-site Levy Bylaw review that will occur through 2020.

ATTACHMENT(S)

1. Attachment 1 - Charter Bylaw Number 2H2019
2. Attachment 2 - Citywide Off-site Levy Bylaw Review Schedule
3. Attachment 3 - Letters from Industry

CHARTER BYLAW NUMBER 2H2019

BEING A CHARTER BYLAW OF THE CITY OF CALGARY TO AMEND BYLAW 2M2016 THE OFF-SITE LEVY BYLAW

* *

WHEREAS subsection 4(35.1) of the *City of Calgary Charter, 2018 Regulation* AR 40/2018 requires that the council of the City must, on or before December 31, 2019, amend Bylaw 2M2016 to include as an off-site levy the Community Services Charges as outlined in Schedule C to Bylaw 2M2016.

AND WHEREAS subsection 4(35.1) also provides that the public hearing, advertising, and consultation requirements set out in sections 230, 606, 606.1 and 648.001 of the *Municipal Government Act,* RSA 2000, c M-26 and section 9 of the *City of Calgary Charter, 2018 Regulation* AR 40/2018 do not apply when the City amends Bylaw 2M2016 to include as an off-site levy the Community Services Charges as outlined in Schedule C to Bylaw 2M2016.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF CALGARY ENACTS AS FOLLOWS:

1. Bylaw 2M2016, the Calgary Off-site Levies Bylaw, is hereby amended as follows:

   a. Delete the first whereas clause and replace it with the following:

WHEREAS pursuant to s.648 of the *Municipal Government Act*, R.S.A. 2000, c.M-26, as amended, and s. 4 of the *City of Calgary Charter, 2018 Regulation*, Alta Reg 40/2018, Council may provide for the imposition and payment of an off-site levy in respect of land that is to be subdivided, developed or redeveloped;

   b. Delete the second whereas clause and replace it with the following:

AND WHEREAS pursuant to s.648 of the *Municipal Government Act* an off-site levy may be used to pay for all or part of the capital cost of infrastructure defined by Council or land required for or in connection with such infrastructure;

   c. Amend section 2(c) by deleting “or” after “drainage”.

   d. Add the following clauses after section 2(d):

      (e) public libraries;

      (f) emergency response stations;

      (g) police district offices;

(h) recreation centres; or

(i) transit buses.

e. Add the following definition of "*community services charge*" in section 3(1):

> *"community services charge"* means a charge or charges imposed for public libraries, emergency response stations, police district offices, recreation centres, and transit buses as described in The City of Calgary Off-Site Levy and Community Services Charges Background Report attached to this Bylaw as Schedule "C", as amended by The City of Calgary Off-Site Levy and Community Services Charges Background Report Addendum attached to this Bylaw as Schedule "D";

f. Delete the definition of "*levy*" or "*levies*" in section 3(1) and replace with the following:

> "*levy*" or "*levies*" means either individually or collectively the *sanitary sewer levy*, *storm sewer levy*, *transportation levy*, *treatment plant levy*, *water levy,* or a *community services charge* imposed pursuant to this bylaw;

g. Amend section 5(1)(d) by deleting "and" after "*water levy,".*

h. Delete the "." in section 5(1)(e) and replace it with ", and".

i. Add the following clause after section 5(2)(e):

(f) *community services charges*.

j. Add the following subsection after section 5(6)"

(7) A *community services charge* is a *levy* and any reference to a "community services charge" in The City of Calgary Off-Site Levy and Community Services Charges Background Report attached to this Bylaw as Schedule "C", as amended by The City of Calgary Off-Site Levy and Community Services Charges Background Report Addendum attached to this Bylaw as Schedule "D", is deemed to be a reference to a *levy* in this Bylaw.

k. Schedule "B" is amended by deleting Table 1, entitled "Levy Rates in the Greenfield Area", in its entirety and replacing it with a new Table 1, entitled "Levy Rates in the Greenfield Area", attached to this Bylaw as Schedule "A"; and

I. Schedule “C” is deleted in its entirety and replaced by an amended version of The City of Calgary Off-Site Levy and Community Service Charges Background Report, attached hereto as Schedule “B”.

2. This bylaw comes into force on December 31, 2019.

READ A FIRST TIME THIS ___ DAY OF __________________, 2019.

READ A SECOND TIME THIS ___ DAY OF __________________, 2019.

READ A THIRD TIME THIS ___ DAY OF ___________________, 2019.

____
MAYOR
SIGNED THIS ___ DAY OF ___________, 2019.

____
CITY CLERK
SIGNED THIS ___ DAY OF ___________, 2019.

SCHEDULE "A"

SCHEDULE "B"

TABLE 1 - Levy Rates in the Greenfield Area

LEVY		**2018 Rate($/ha)**
Transportation levy		$133,740.00
storm sewer levy (by watershed)	Bow River	$8,340.00
	Elbow River	$0
	Fish Creek	$21,511.00
	Nose Creek	$16,868.00
	Pine Creek	$18,943.00
	Shepard	$44,110.00
sanitary sewer levy		$50,127.00
water levy		$43,413.00
treatment plant levy		$138,359.00
public libraries *levy*		$5,971.00
emergency response stations *levy*		$19,545.00
police district offices *levy*		$7,648.00
recreation centres *levy*		$41,679.00
transit buses *levy*		$4,007.00

(41M2018, 2018 December 31, 2H2019)

SCHEDULE "B"

SCHEDULE "C" Off-Site Levy & Community Services Charges

Calgary

The City of Calgary

Off-Site Levy & Community Services Charges Background Report

December 2015

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EXECUTIVE SUMMARY

This Background Report forms part of the Off-Site Levy Bylaw. In addition to outlining the infrastructure included in the Bylaw, the Background Report describes how the review was undertaken and details the growth assumptions, infrastructure projects and cost estimates underpinning the levies. It offers transparency on how the levies were calculated and outlines how the levies will be used in the future.

The review of the Off-Site Levy Bylaw has been a transparent and collaborative effort between The City and Industry from the outset. This approach is consistent with the Principles and Criteria for Off-Site Levies Regulation within the *Municipal Government Act* (MGA), which requires that "calculation of the levy is to be determined in consultation with affected landowners and developers" (Alberta Regulation 48/2004).

The proposed Off-Site Levy Bylaw itemizes the new or expanded off-site infrastructure that is necessary to serve growth in the city. The following types of infrastructure are included in the Off-Site Levy Bylaw:

- Water and wastewater treatment facilities
- Water distribution and wastewater collection infrastructure
- Drainage infrastructure
- Transportation Infrastructure
- Emergency response stations;
- Recreations centres;
- Public libraries;
- Transit buses; and
- Police district stations.

For all infrastructure projects included in the levies, analysis of benefit is determined and ensures that costs included in the levies and charges are based on the benefit allocated to growth in the development areas of the city.

Table 1 provides the proposed off-site levy rates and community services charges for growth in The City's Greenfield Area.

Table 1 - Proposed Off-Site Levy Rate for Greenfield Area

Infrastructure	2016 Proposed Rate ($/Ha)
Transportation	$136,789
Water Resources - Water and Wastewater	$206,434
Water Resources - Drainage by Catchment	
Nose Creek	$11,325
Bow River	$6,983
Pine Creek	$16,812
Shepard	$42,704
Fish Creek	-
Elbow River	-
Community Services	$78,850
Total	**$422,073 to $464,777**

Table 2 summarizes the proposed off-site levy rates for growth in The City's Established Area.

Table 2 - Off-Site Treatment Plant Levy Rate for Proposed Established Area Developments

	Residential $/Unit				
	Single Detached	Semi-Detached /Duplex	Multi-Residential Grade-Oriented	Multi-Residential Non Grade-Oriented (2 Bedroom or More)	Multi-Residential Non Grade-Oriented (1 Bedroom or Less)
Total Treatment Off-site Levy per Unit Type	**$6,267**	**$5,619**	**$3,890**	**$3,242**	**$2,593**
Commercial Development Levy Rate: $36.62/ m^2 of Gross Floor Area					
Industrial Development Levy Rate $17.58/ m^2 of Gross Floor Area					
Maximum Rate for Density ≥ 285 Equivalent Population/Hectare: $615,885/Ha.					

For the Established Area levy, credits at the above rates will be applied for existing or recent developments on the proposed development site that have been or will be demolished.

The City of Calgary Off-Site Levy Bylaw & Community Services Charges Background Report

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CHAPTER 1 – INTRODUCTION

1.1 Background

Calgary is one of the fastest growing municipalities in North America – increasing by 100,000 people in the last three years. To meet the ever-changing demands driven by growth, The City of Calgary established a collaborative cross-corporate team called *Build Calgary* in 2014. The Build Calgary team was tasked with the following two goals:

1) Implement a funding approach that provides the necessary infrastructure to accommodate projected growth; and
2) Work with partners to create a transparent approach to sustainable infrastructure funding for the orderly, economic and beneficial development of land.

The Off-Site Levy Bylaw project is one of the key initiatives of Build Calgary. In 2011, The City of Calgary approved an Off-Site Levy Bylaw and resolution to establish charges for off-site infrastructure impacts related to growth. In 2015, The City of Calgary initiated a review and major update of its transportation, water resources and community services charges for development. The need for a significant update to the Off-Site Levy Bylaw and community services charges was triggered by a number of factors, including:

- The amount of new greenfield development being driven by strong population growth;
- Demand for new infrastructure driven by anticipated growth in established areas;
- The need for a best practice approach to fund future infrastructure that balances financial impact on capital budgets, Calgary's competitive advantage, fairness to taxpayers and utility customers and impacts on affordability; and
- The levies be kept current with infrastructure needs and costs.

The proposed Off-Site Levy Bylaw itemizes the new or expanded off-site infrastructure that is necessary to serve growth in the city. The following types of infrastructure are included in the Off-Site Levy Bylaw:

- Water and wastewater treatment facilities
- Water distribution and wastewater collection infrastructure
- Drainage infrastructure
- Transportation Infrastructure
- Emergency response stations
- Recreations centres
- Public libraries
- Transit buses
- Police district stations

The proposed off-site levy and community services charges ensure that those who will use and benefit from the infrastructure pay their share of the costs in a fair and equitable manner. The proposed off-site levy and community services charges create certainty by providing stable charges to the development industry and by allowing the orderly and timely construction of infrastructure as determined by The City.

1.2 Purpose of the Background Report

This Background Report forms part of the Off-Site Levy Bylaw (the Bylaw). It describes how the review was undertaken and details the growth assumptions, infrastructure projects and cost estimates underpinning the levies. It offers transparency on how the levies were calculated and outlines how the levies will be used in the future.

The Background Report includes the following elements:

- **Chapter 1** provides the need and purpose of the off-site levy review as well as the key guiding principles and legislative context guiding its preparation.
- **Chapter 2** describes the stakeholder engagement process adopted for the review.
- **Chapter 3** outlines the relationship of the Off-Site Levy Bylaw to other municipal documents, timeframe for the off-site levy programs, allocation of costs between existing and new development, application of the levies in different areas of the city, and the unit of charge.
- **Chapter 4** presents the growth projections and land absorption assumptions used in calculating the off-site levy.
- **Chapters 5, 6 and 7** summarize the costs of each off-site levy programs (i.e. transportation, water resources and community services) and shows how the levy rates are calculated.
- **Chapter 8** includes a summary of how and when the levies will be collected, exemptions to the off-site levy, grace periods and how the levies will be monitored and reviewed.

1.3 Legislative and Regulatory Background

This section outlines the legislative and regulatory framework underpinning The City of Calgary's Off-Site Levy Bylaw and Background Report. Section 648 of the *Municipal Government Act* (MGA) allows municipalities to impose a levy to help pay for the capital costs for new or improved infrastructure identified in Section 648 of the MGA that is required to service growth. When establishing an off-site levy, The City must comply with the MGA and Principles and Criteria for Off-Site Levies Regulation, (Alberta Regulation 48/2004) which provides in part:

3(1) In determining the levy costs, the municipality is to retain the flexibility to negotiate the levy in good faith and in a manner that recognizes the unique or special circumstances of the municipality.

3(2) There is to be full and open disclosure of all levy costs and payments.

3(3) There is a shared responsibility between the municipality and developers for addressing and defining existing and future infrastructure requirements and all beneficiaries of development are to be given the opportunity to participate in the cost of providing and installing infrastructure in the municipality on an equitable basis related to the degree of benefit.

3(4) Where necessary and practicable, the municipality is to coordinate infrastructure provisions and services with neighbouring municipalities.

3(5) There is to be a correlation between the levy and the impacts of new development.

3(6) The methodology for determining the levy is to be consistent across the municipality, while recognizing variations among infrastructure types.

3(7) The method of calculation for the levy is to be clear.

3(8) The information used to calculate the levy is to be kept current.

3(9) The calculation of the levy is to include, but is not limited to:

- description of the specific infrastructure facilities,
- description of the benefiting areas,
- supporting technical data and analysis, and
- estimated costs and mechanisms to address cost increases over time.

3(10) Calculation of the levy is to be determined in consultation with affected landowners and developers.

3(11) The levy is subject to annual reporting requirements.

Although the MGA is currently under review by the Province of Alberta, the Bylaw has been developed to adhere with current legislation.

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CHAPTER 2 – PROJECT APPROACH AND STAKEHOLDER PARTICIPATION

2.1 Process for Reviewing the Off-Site Levy Bylaw

The approach to reviewing the Off-Site Levy Bylaw follows six phases. Each of the phases is described below and illustrated in Figure 1.

- **Understand/Principles Phase** – The first phase sought to understand the current assumptions around off-site levies, the current process for determining infrastructure needs and the current approach to allocating who builds, funds and finances infrastructure.
- **Options Identification Phase** – The second phase identified options for where and when growth will occur, alternate service levels and timeframes for providing infrastructure and different ways infrastructure might be built, funded and allocated. This phase included the first stakeholder engagement session.
- **Analysis and Assessment Phase** – The third phase required finalizing the growth assumptions, analysing infrastructure needs and assessing the aforementioned options from a financial and legislative perspective. This phase included the second stakeholder engagement session.
- **Calculations Phase** – The fourth phase involved developing the financial model for the new off-site levies. During this process numerous iterations were created and analysed, considering alternate methodologies.
- **Consultation and Council Process** – The fifth phase included the final stakeholder engagement session, preparing the Background Report and presenting the outcomes of the project at a Council Public Hearing.
- **Implementation Phase** – The implementation phase is on-going and ensures the processes are in place to begin charging the new levy rates and charges.

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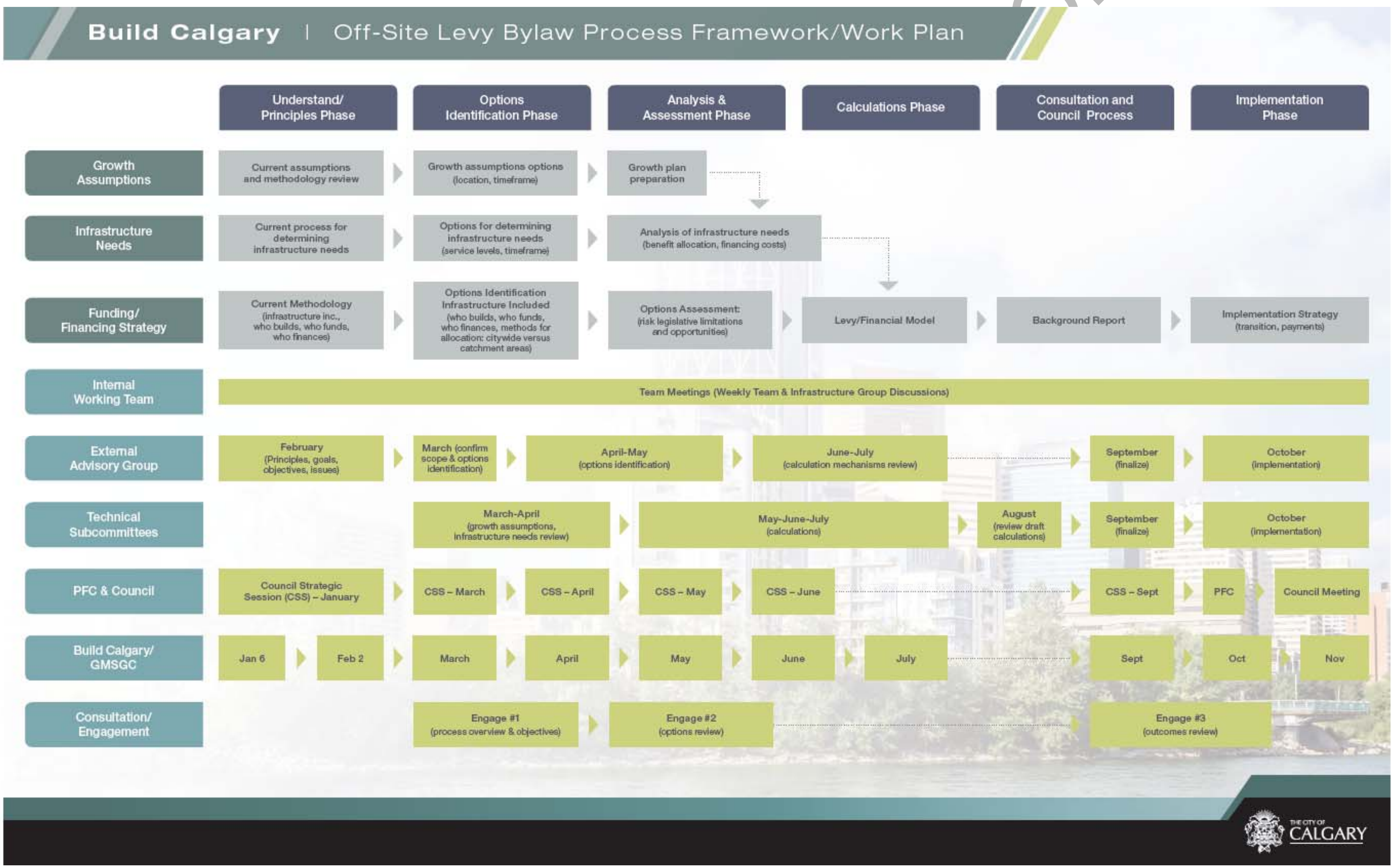
Calgary

The City of Calgary Off-Site Levy Bylaw & Community Services Charges Background Report

Figure 1 - Off-Site Levy Bylaw & Community Services Charges Process



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2.2 Stakeholder Engagement

The review of the Off-Site Levy Bylaw has been a collaborative effort between The City and Industry from the outset. This approach is consistent with the *Principles and Criteria for Off-Site Levies Regulation* within the MGA, which requires that "calculation of the levy is to be determined in consultation with affected landowners and developers" (Alberta Regulation 48/2004).

The extent of stakeholder engagement during the Off-Site Levy Bylaw process is illustrated in Table 3. The following table provides a summary of the engagement process with further detail provided in Appendix A.

Table 3 - Stakeholder Engagement Summary

Engagement Group	Members	Purpose	Frequency of Meetings
Internal Working Team	Predominantly city staff from various departments	• Developed guiding principles and framework of the work plan • Defined infrastructure projects, timing, cost estimates and options for funding	• Weekly • 32 meetings since Jan 29
External Advisory Group	City staff and external representatives from various sectors of the development industry including greenfield, inner-city and industrial	• Acted as Industry sounding board • Developed guiding principles for the project • Finalized the scope of the project • Reviewed options related to methodology, calculation of levy, funding	• Every 3 weeks • 14 meetings since Mar 11
Technical Subcommittee	City staff, external industry representatives and technical consultants	• Undertook technical analysis • Finalized the methodology and calculations	• Weekly • 20 meetings since May 5
Council	City staff and Council	• Updated on progress of project • Receive feedback	• Bi-monthly
Build Calgary /GMSGC/ALT	Build Calgary, General Managers Strategic Growth Committee (GMSGC) and Administrative Leadership Team (ALT)	• Weekly meetings with Build Calgary and monthly updates with GMSGC/ALT	• Monthly
Stakeholder Information Sessions	Developers (Greenfield and Established Area), community leaders, consultants, various committees and interest groups	• First session - overview of the Off-Site Levy Bylaw project and its objectives. • Second session -review of options • Third session - review project outcomes.	• Quarterly • Sessions in Apr, Jun & Oct

Established Area – Initial Group	City staff, large and small infill developers and interest groups that are related to Established Area of the city.	• Provided status of the work plan and receive relevant feedback • Acted as an Industry sounding board • Reviewed options related to the methodology and calculation of levy unique to the established areas of the city.	• 4 meetings since June 11
Established Area – Stakeholder Group	Established Area developers, consultants, and industry representatives	• Sessions were held in November and December with attendance of 40 to 55 industry representatives	• 2 meetings since November
Established Area – Working Group	Established Area developers, consultants, and industry representatives	• Ad hoc committee of representatives of Established Area group to develop strategy for Established Area levies	• 5 meetings since November
One on Ones	City staff and developers	• City staff met with members of the development industry at various occasions to discuss the Off-Site Levy Bylaw and the process.	• At least 21 meetings since January

2.3 Guiding Principles

An important early output from the stakeholder engagement process was a set of eleven principles to guide the preparation of the new Off-Site Levy Bylaw. The principles were jointly created by Industry and City staff to ensure the interests of stakeholders were considered throughout the project.

- **Guiding Legislation** – Understand the current legislation and risks associated with off-site levies and charges. Seek opportunities to manage or mitigate the risks and to identify opportunities for agreed upon legislative changes, whether by City Charter or amendments to the MGA, or both.
- **Certainty** – The Off-Site Levy Bylaw should contribute to overall growth management and infrastructure processes that provide cash flow, cost and infrastructure certainty. The funds collected should be used as intended.
- **Policy Alignment** – Promote achievement of goals within the Municipal Development Plan, Calgary Transportation Plan and The City of Calgary planning and financial policies.
- **Financial Sustainability** – Create an off-site levy bylaw that contributes to a sustainable financial framework for growth-related infrastructure that is in the best interest of current and future citizens of Calgary.

- **Benefit Allocation** – Costs of off-site infrastructure should be borne by those who benefit. The benefit allocation should be determined using a defined methodology that appropriately allocates infrastructure costs to growth, existing residents and/or regional customers.
- **Fairness and Equity** – Fairness and equity will be a primary consideration when determining benefit allocation, and costs, which should be distributed equitably including considerations for existing and future development.
- **Clarity and Transparency** – Methodologies and calculations used to determine the amount of the off-site levy will be clear and transparent.
- **Accountability** – Information supporting the off-site levies will be disclosed, including annual reporting on the collection and allocation of levies.
- **Collaboration** – Opportunities for collaboration with a diverse set of stakeholders will be provided during this process and in the future.
- **Efficiency** – Strive to create an off-site levy bylaw that can be easily administered.
- **Competitiveness** – Ensure that economic competitiveness for The City of Calgary is of primary consideration, especially as it relates to competition within the Calgary region and for each type of residential, commercial and industrial development.

CHAPTER 3 – DEVELOPING THE OFF-SITE LEVY PROGRAM

3.1 Relationship to Legislation and Municipal Documents

Several sources have been consulted in order to develop this off-site levy program, including the following:

- *Municipal Government Act* (MGA)
- Principles and Criteria for Off-Site Levies Regulation, (Alberta Regulation 48/2004)
- Calgary Municipal Development Plan (MDP)
- Calgary Transportation Plan (CTP)
- Route Ahead: A Strategic Plan for Transit in Calgary (Transit's 30 year Strategic Plan)
- Investing in Mobility: 10 year Transportation Infrastructure Investment Plan
- Investing in Communities: 10 year Community Services & Protective Services Infrastructure Investment Plan
- Water Infrastructure Investment Plan: 10 Year Water Resources Capital Plan
- Calgary Recreation Master Plan 2010 - 2020
- Team Spirit: Advancing Amateur Sport for All Calgarians, A 10 year Strategic Plan for Sport Facility Development and Enhancement
- Calgary Fire Department 30 Year Infrastructure Master Plan
- Calgary Fire Department Infrastructure Requirement: Proposed Plan for Growth Related Stations
- Employment Areas Growth and Change
- Calgary Public Library 2010 Library Master Facility Plan

3.2 Timeframe for Off-Site Levies

The timeframe or cost recovery window used for calculating the off-site levies for transportation, water resources and community services programs varies by infrastructure categories considering long-term capital planning and financing horizons for the various infrastructure types.

The timeframe for the transportation program is 60 years, while the water resources program is 10 years for all water resources infrastructure except treatment facilities. Treatment facilities levies are not tied to a fixed program timeframe, but use a cost of capacity model to allocate costs. This model considers recently constructed projects with available capacity for growth along with projects planned in the next 10 years. The community services programs are based on the average cost of facilities needed to serve development with an estimate of costs provided for 30 years. Further information on population and growth projections is provided in Chapter 4.

3.3 City-wide versus Area-Specific Off-Site Levies

In a city-wide off-site levy, the same levy rate is applied regardless of the location of the development. An area-specific off-site levy typically divides the community into different areas according to geographic areas or other distinctive characteristics based on technical reasons.

As part of the off-site levy review the impact of projected growth on infrastructure was reviewed to determine if the charges should be levied on a city-wide or area-specific basis. The following table summarizes the outcome of the review and where the levies are applied.

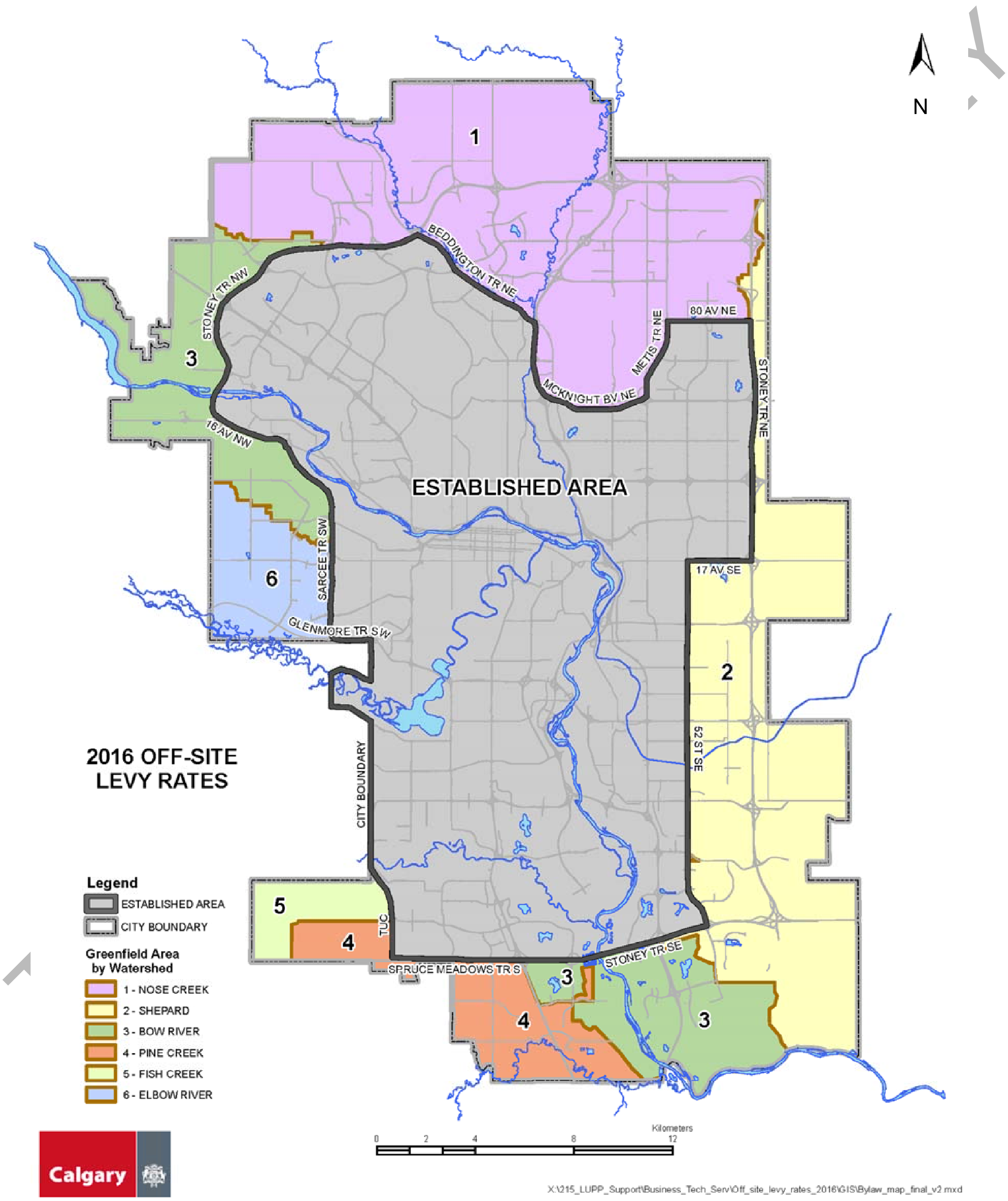
Table 4 - City-wide versus Area-Specific Off-Site Levies and Community Services Charges

Area	Infrastructure Type	City-wide or Area-Specific
Greenfield Area	• Water Resources – Water Distribution & Wastewater Collection • Transportation • Community Services	***City-Wide (Greenfield Only)*** The same rate is levied across the Greenfield Area as infrastructure benefits and impacts are evenly distributed.
	• Water Resources - Drainage	***Area-Specific (Greenfield Only)*** The levy for drainage is applied to specific greenfield catchments as benefits and impacts are attributed to specific catchments of the Greenfield Area.
Established Area & Greenfield Area	• Water Resources - Water Treatment and Wastewater Treatment	***City-Wide (Established & Greenfield)*** The levy rates differ by development type based on development impact. Levy is applied to all areas based on equivalent population.

Figure 2 illustrates The City's Established Area and the six catchments within the Greenfield Area. Those Greenfield catchments are: Bow River, Elbow River, Fish Creek, Nose Creek, Pine Creek and Shepard.

The City of Calgary Off-Site Levy Bylaw & Community Services Charges Background Report

Figure 2 - Off-Site Levy Bylaw Areas



3.4 Units of Charge

Off-site levy rates in The City's Greenfield Area is levied per hectare for all development types and for all infrastructure types.

In the Established Area, the off-site levy rate applied is only for water and wastewater treatment infrastructure. In order to apply the levy on a consistent basis for both Greenfield Area development and Established Area development, impact on treatment infrastructure capacity is determined based on equivalent population added for each type of development. For the Greenfield Area, the average equivalent population per hectare of development is determined and the corresponding levy per hectare calculated. For the Established Area, the equivalent population impact is determined based on the type of development proposed. For residential development in the Established Area, off-site levy rates are calculated based on equivalent population added by a single detached, semi-detached/duplex, and multi-residential units based on the incremental number of units added. For non-residential development in the Established Area, a rate is determined based on the average equivalent population (employees) added per square metre of gross floor area for non-residential development based on the amount of floor space added. For the Established Area, a credit will be applied based on the existing development that existed on the redevelopment of the site prior to the current proposed development. Details of the determination of the credit is included in Section 6.4.

3.5 Allocation of Benefit

For each proposed infrastructure project, costs are allocated between existing development, new growth and regional benefit. The methods to allocate the benefit of projects vary by infrastructure type and specific details are provided in the specific infrastructure sections. Considerations in determining allocation of benefit include:

- Improvement above current level of service to which all benefit
- Resolution of existing deficiencies
- Regional benefit provided
- Renewal or replacement of existing infrastructure which benefits existing users
- Capacity provided
- Projects that are required solely to accommodate new growth

The method used to determine greenfield needs for community services infrastructure is based solely on greenfield demand for libraries, fire halls, recreation centres, police district stations and transit buses. Therefore, the facilities and infrastructure costs determined through this method are 100% allocated to greenfield.

3.6 Determination of Carry-Forward Levy Fund Balances

When off-site levies and community services charges are updated, current account balances for the various levy funds should reflect whether expenditures, in the previous collection window, have exceeded or lagged amounts collected. If expenditures exceed collections, then the fund will have a surplus balance and if expenditures lag collections then the fund will have a deficit balance. To determine appropriate fund balances, expenditures should be based on the levy project actual costs and the percentage of those costs to be covered by levy funds as determined by the previous levy calculations. Often, municipalities will use other funds available to advance the levy portion of projects until sufficient levy funds are collected. As a result, the actual expenditures of levy funds may not always reflect the theoretical allocation of costs to be covered by levies.

The requirement to carry-forward surplus and deficit balances into the new levy or charge calculations depends on the model used to calculate the levies or charges. For off-site levies and charges that are calculated based on the cost of capacity or cost of facilities required to serve incremental development or population, carry-forward fund balances from previous levy programs are not credited toward the calculation. This cost of capacity method, in principle, determines the appropriate amount to charge new development for additional capacity. Any previous funds collected were collected to provide capacity for previous development or growth. For the current levy and charges calculations in this report, the cost of capacity model applies to all the community service charges and the water and wastewater treatment levies.

For all other infrastructure categories included in this report (transportation and non-treatment related water resources), calculations are timeframe based cost recovery models. These models are based on recovering identified projects costs over a defined development area determined by the timeframe for recovery. As the development timeframe advances, projects are built and levies are collected, however, these amounts are never exactly the same. Therefore, when levies are recalculated based on a new development window, the levy fund will either have a deficit or a surplus balance. Carry forward of deficit fund balances into the new levy calculation ensures that the municipality receives the total amount of projects allocated to be recovered through off-site levies. Carry forward of surplus funds ensures that development receives the benefit of amounts pre-collected for projects that remain on the project list and that surplus amount is credited toward the new levy calculation.

CHAPTER 4 – GROWTH PROJECTIONS

This chapter provides an overview of growth projections that support the Bylaw. Growth projections are important to the process as they provide the information needed to determine the infrastructure required to support identified development windows. The growth projections also identify the benefitting population and area over which infrastructure costs are allocated. Dividing the growth infrastructure costs by the growth projection areas or the growth population equivalents produces the levy per hectare or unit amounts referenced in the Bylaw.

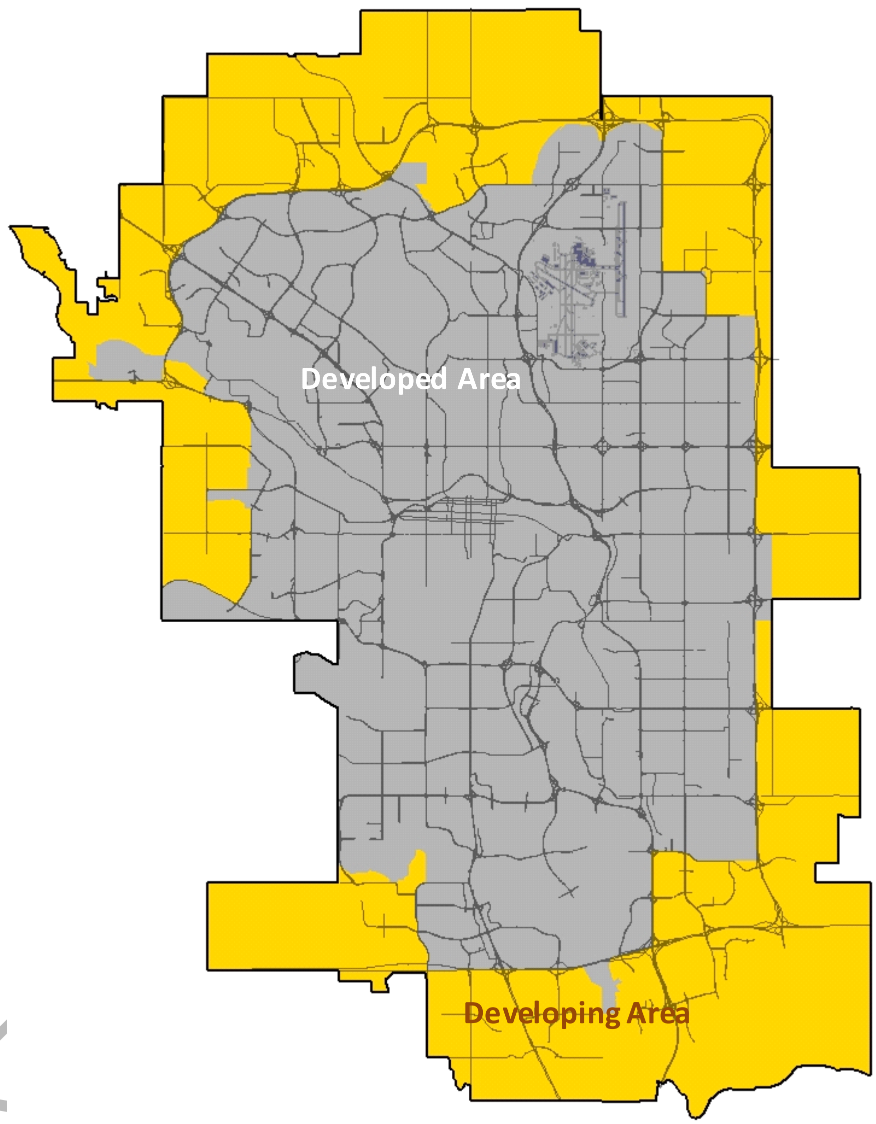
4.1 Projected Population Growth – Amount and Distribution

Projecting Based on Policy and Trend

The population growth projections used for the levies and charges are based on Calgary's MDP. Approved by City Council in 2009, this plan sets the vision for growth in the city over the next 60 years including both the amount and the location of growth. The MDP projects that Calgary's population will grow by 1.2 million people between 2006 and 2076, increasing from 1.0 million to 2.2 million. As this projection was prepared in 2009, the projection has been adjusted to meet actual socio-economic circumstances that have affected actual growth rates since 2009. The current 60 year forecast for the off-site levy calculations has been revised up by an additional 342,000 people to reflect the higher growth trend in recent years.

The MDP contains a range of policies intended to achieve the vision for the pattern of Calgary's growth over time. In particular, the MDP provides a vision for the estimated growth in the city to occur in The City's Established and Greenfield Areas at the time the MDP was prepared. The MDP refers to the Established and Greenfield areas as the Developed Area and Developing Area respectively. The Developed Area is considered to be all communities that were completely constructed prior to the approval of the MDP in 2009 and as shown in Figure 3. The Developing Area is considered to be all communities that had no or only partial urban development prior to approval of the MDP. The MDP vision includes an increasing share of growth in the Developed Area, specifically 33 percent of growth by 2039 and 50 percent of growth over the next 60 to 70 years.

Figure 3 – The City of Calgary MDP - Developed and Developing Areas



In addition to the MDP's vision for the split of growth between Developed and Developing Areas, projecting the location of future growth also takes into consideration The City's corporate forecast for population growth and development data such as the suburban lot inventory, subdivision plans and permitting activity that reflect market conditions.

In establishing a population for 2076, population growth and distribution have been projected for five year windows out to 2043. The result is a comprehensive, high resolution forecast that incorporates present day growth patterns, near term development intentions, emerging demographic trends, and the vision of the MDP. Table 5 provides the population projections for the development windows.

Table 5 - Population Projections

Areas (as defined in the MDP)	Total Population				
	2006 (actual census pop.)	2014 (actual census pop.)	2024	2039	2076
Developed Area	849,967	882,241	949,691	1,179,480	1,589,520
Developing Area	141,792	312,953	523,896	730,332	920,064
City Total	991,759	1,195,194	1,473,586	1,909,812	2,509,584

Table 5 demonstrates how the overall projection assumes that the share of growth in Developed Areas increases through the time period. Recent census data shows that the share in Developed Area growth is shifting towards this projection with 16% of population growth experienced since 2006 occurring in the Developed Areas.

4.2 Greenfield Growth Area Projections

Land area is the basis for allocating growth infrastructure costs for greenfield development. To determine levies and charges for greenfield development starting in 2016, the developable Greenfield Area is determined for each levy program timeframe. The developable Greenfield Area does not include areas with development agreements in place as the levies and charges have already been determined and fixed for those areas. Furthermore environmental reserve and skeletal roads are excluded from the determination of the developable Greenfield Area.

To determine the Greenfield Area, growth is categorized as follows: residential growth, non-residential growth supporting residential development and industrial growth.

Projections for Residential Greenfield Growth

The amount and location of future growth in greenfield areas is guided by land-use patterns and intensity standards (people and jobs per hectare) in the MDP and are further refined through Area Structure Plans (ASPs) and planning applications. Greenfield development is tracked through The City's Suburban Residential Growth report which provides information on achieved densities and corresponding people and jobs per hectare.

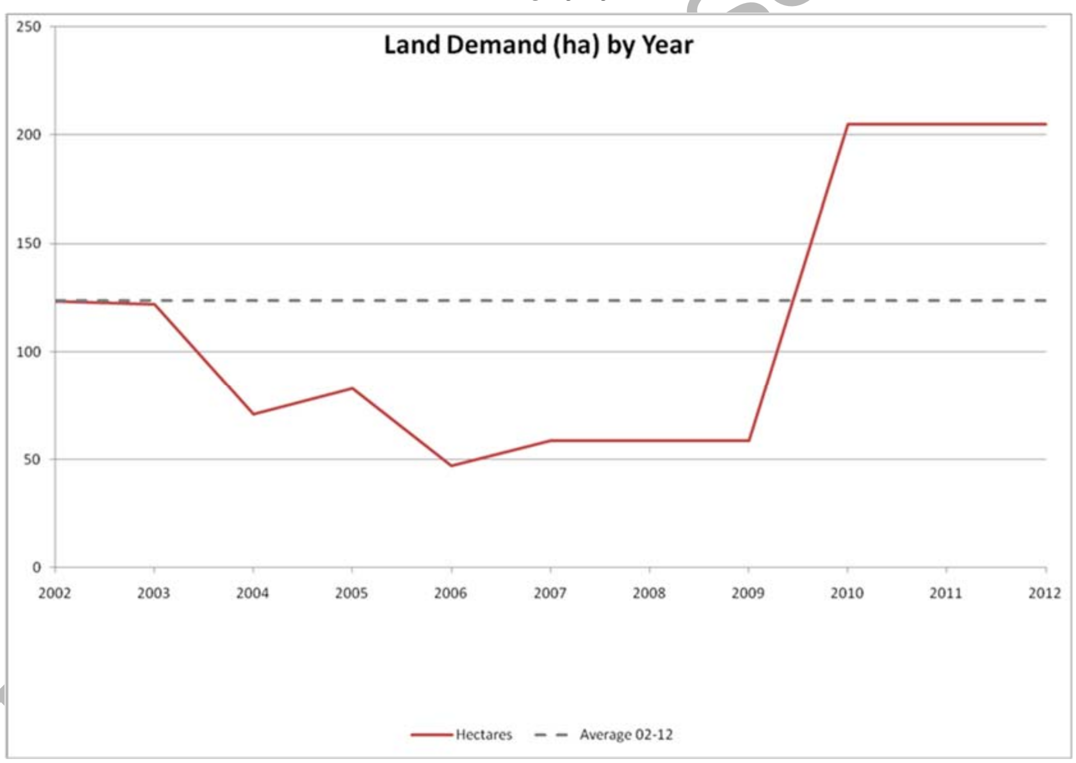
Projections for Non-Residential Greenfield Growth Supporting Residential Growth

Supporting non-residential uses include: retail centres, institutional uses, high schools, public lakes/water bodies and regional open spaces. The amount of this type of development area is estimated at 15% to the residential greenfield growth area projection. If ASPs are available, supporting non-residential area estimates provided in the ASP are used in place of the 15% estimate.

Projections for Greenfield Industrial Growth

Industrial greenfield development includes new development built under an industrial use in one of the city's industrial areas. The projection for industrial lands is based on the actual industrial land development experienced between 2002 and 2012. However, industrial land development is variable over time as illustrated in Table 6. The annual development of industrial land varied from a low of 50 hectares to a high of over 200 hectares per year.

Table 6 - Historic Industrial Land Demand in Calgary by Year



The City uses the average industrial land development over this time period of 125 hectares per year for projecting the demand for industrial land over the development window forecasts. This is a reasonable approximation over an extended timeframe of city growth.

Table 7 provides a summary of Greenfield Area projections for residential, supporting non-residential and industrial development, for the development windows used to determine the levies and charges. The numbers reflect developable land, which is total land less environmental reserve and skeletal roads.

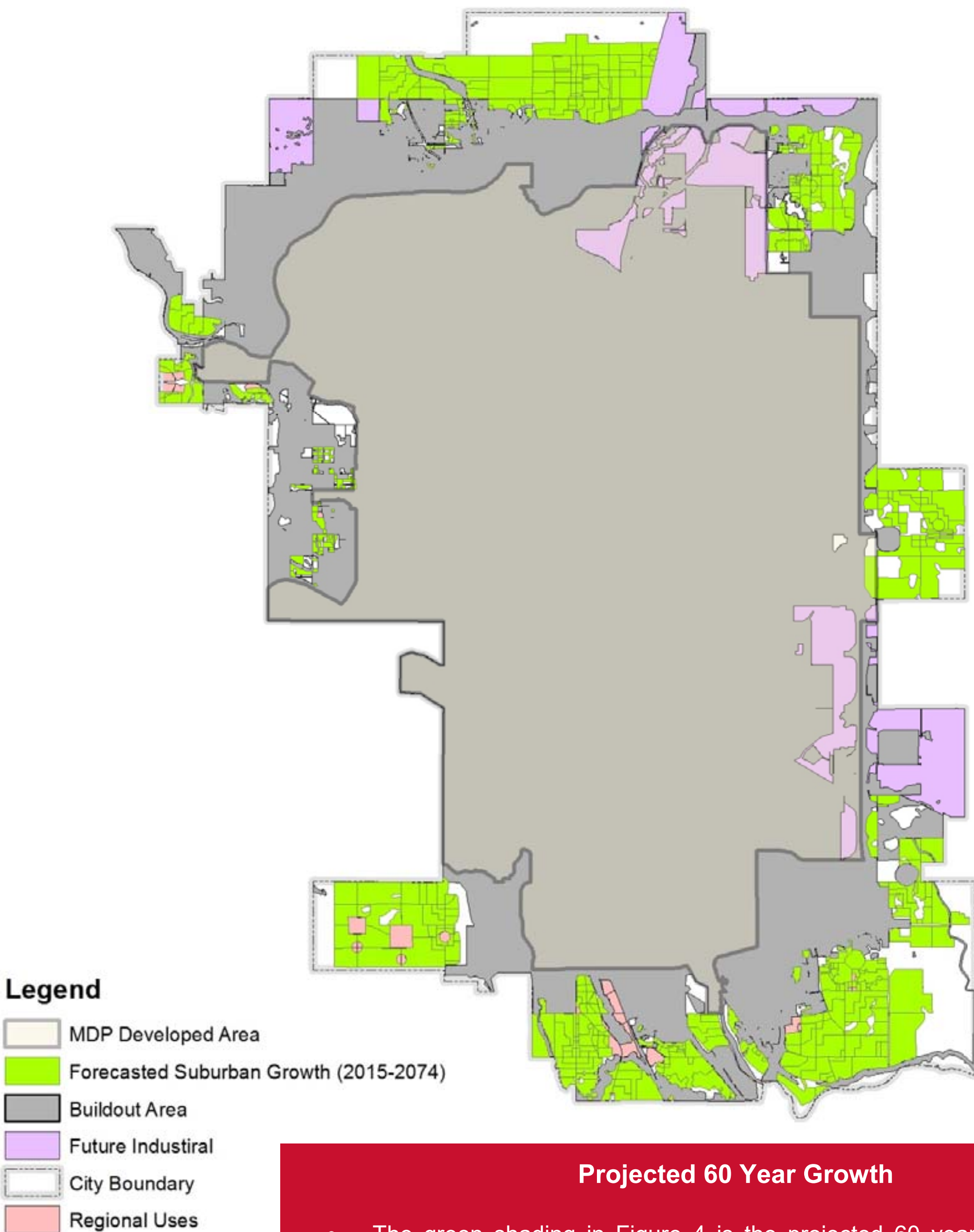
Table 7 - Estimated Greenfield Land Development Projections

Year	Residential (ha)	Non-Residential (ha)	Industrial (ha)	Total Greenfield Area for Levies and Charges
2016-2024 (9 years)[1]	2,418	70	1,125	3,613
2015-2024 (10 years)	2,687	78	1,250	4,015
2015-2044 (30 years)	6,341	371	3,750	10,462
2015-2074 (60 years)	10,307	538	7,500	18,345

1 –9 year horizon is used in some of the utilities calculations, as Water Resources is already one year into their 2015-2024 Water Infrastructure Investment Plan (WIIP)

Figure 4 illustrates where future growth is anticipated to occur within The City's Greenfield Area for the 60 year horizon. The size of the growth areas corresponds to the data provided in Table 7.

Figure 4 - Projected 60 Year Growth in Developing Areas



Projected 60 Year Growth

- The green shading in Figure 4 is the projected 60 year residential growth in The City's Greenfield Area and represents 10,307 ha.
- The purple and pink shading represents a further 8,038 ha of land that is expected to be developed for industrial and supporting non-residential uses during the same period.
- The total levy-eligible land estimated to be absorbed for all uses over the next 60 years is 18,345 ha.

CHAPTER 5 – TRANSPORTATION PROGRAM

5.1 Introduction

The City's MDP and related CTP sets out a clear framework for development over approximately a 60 year timeframe with mobility and development intrinsically linked. The future growth patterns envisioned in the plans create more compact and connected communities through a capital program which supports the increased use of active modes and transit while also maintaining auto mobility into the future. The transportation off-site levy provides a mechanism for greenfield growth to contribute to the increasing cost to provide transportation infrastructure to support the growth of the city.

The basis of the transportation levy is that future transportation infrastructure costs are levied to greenfield development based on the benefit allocated to greenfield development. As such, the benefit that existing development and growth in the Established Area will receive from future transportation infrastructure is not included in the levy.

The costs of the following types of transportation infrastructure are included in the levy

- Interchanges
- Structures over major geographic barriers (rail/creeks/ravines)
- Skeletal Roads (Expressways)
- Transportation Utility (TUC) Road connections
- Pedestrian Overpasses
- All Greenfield Traffic Signals
- Additional lanes and facilities for the purpose of Bus Rapid Transit (BRT)

Costs for operating, lifecycle or maintenance of transportation infrastructure, and roads/transit operations are not included in the levy. No costs associated with Light Rail Transit (LRT) are included in the levy.

The City of Calgary's Municipal Development Plan and Transportation Plan set out a clear framework for development growth over a 60 year timeline with associated transportation infrastructure requirements to build out the plans, as envisioned. As such, the timeframe for examining long term infrastructure needs was chosen to be 60 years.

5.2 Determining Transportation Infrastructure Needs

The City of Calgary's *Regional Transportation Model*, was used to determine the transportation infrastructure required to build out the growth patterns envisioned over 60 years within the CTP. In order to determine benefit to the Greenfield Area, the model was broken down into two areas: Greenfield Area (those areas without development at the time of the analysis) and Established Area (areas that have been predominantly developed already). As the travel patterns and transportation choices differ for the two areas, it is reasonable to determine infrastructure needs and benefit based on the two areas over the chosen timeframe.

The following table provides a summary of infrastructure and costs to support build out of the city over 60 years. A detailed project list and maps showing the location of the projects is included in Appendix B.

Table 8 - Total Transportation Infrastructure Costs

Infrastructure	Total Transportation Infrastructure Costs ($millions)	
	Established Areas Projects	Greenfield Areas Projects
Interchanges	$4,161.7	$1,911.0
Greenfield Traffic Signals	$0	$81.4
Major Structures	$600.0	$263.0
Expressway/Ring Rd Connections	$0	$233.3
Road Widening	$824.0	$0
Pedestrian Overpasses	$84.0	$42.0
Bus Rapid Transit Infrastructure	$392.0	$90.0
Total	**$6,061.7**	**$2,620.6**

These costs include the capital costs of construction of new infrastructure required to support greenfield growth. Estimates are generally based on Class V cost estimates, as per the Corporate Project Management Framework definitions. For near term projects where additional design work has been undertaken and more refined cost estimates are available, these estimates are used in the calculations. Where grants or provincial highway funding are provided from other levels of government for a specific project and obtained only to be applied to that specific project, those amounts are applied to the project costs above. Should project specific funding be received, grant amounts will be taken into consideration for future calculations.

5.3 Allocation of Benefit

The City of Calgary's *Regional Transportation Model* (RTM) was used to determine the allocation of benefit to greenfield growth for both Greenfield and Established Area infrastructure. Within the RTM, Vehicle Kilometres Travelled (VKT) were analyzed as a reflection of use (benefit) of the various pieces of infrastructure and then broken out for traffic generated from greenfield areas and traffic generated from the Established Area on the two categories of infrastructure. Based on the Established Area in the model in 2011, the greenfield benefit of Established Area infrastructure was found to be 17% and for greenfield area infrastructure the benefit to greenfield was 67%. This analysis considers regional traffic and provides an adjustment of benefit for regional traffic.

The final percentage of benefit to greenfield growth is provided in Table 9.

Table 9 - Allocation of Benefit

Transportation Infrastructure Category	% Benefit to Greenfield Development
Greenfield Area Transportation Infrastructure	67%
Established Area Transportation Infrastructure	17%

The following table summarises the allocation of transportation infrastructure costs to greenfield growth.

Table 10 - Allocation of Transportation Infrastructure Costs to Greenfield Growth

Infrastructure	Transportation Infrastructure Costs ($millions) Allocated to Greenfield Growth	
	Established Area Projects	Greenfield Area Projects
Interchanges	$707.5	$1,280.4
Greenfield Traffic Signals	$0	$54.5
Major Structures	$102.0	$176.2
Expressway/Ring Road Connections	$0	$156.3
Road Widening	$140.1	$0
Pedestrian Overpasses	$14.3	$28.1
Bus Rapid Transit Infrastructure	$66.6	$60.3
Total	**$1,030.5**	**$1,755.9**

Through development of greenfield lands since 2011, the Greenfield Area has decreased in size, while the Established Area has increased in size over the same build-out window. The allocation of benefit, therefore, needs to be adjusted to reflect the impact of growth from the smaller Greenfield Area. As of 2015, approximately 10% of the Greenfield Area growth has developed and shifted to the Established or existing development area. As a result, a reduction of 10% benefit is applied to the greenfield levy calculation provided in Section 5.5.

5.4 Levy Calculations

The proposed off-site levy for transportation infrastructure has been calculated according to the principles, assumptions and approach discussed in this Background Report. The basic calculation is shown in the following figure.

Figure 5 - Transportation Off-Site Levy Calculation

$$\text{Levy Rate} = \frac{\text{GF Area Reduction(\%)} \times [\,(\text{GF Costs(\$)} \times \text{GF Benefit(\%)}) + (\text{Established Costs(\$)} \times \text{GF Benefit(\%)})\,]}{\text{60 year GF Developable Area(Ha)}}$$

$$\text{Levy Rate} = \frac{0.9 \times [\,(\$2{,}620M \times 67\%) + (\$6{,}061M \times 17\%)\,]}{18{,}345 \text{ Ha}} = \$136{,}789/\text{Ha}$$

5.5 Transportation Levy Summary

Table 11 provides a summary of the transportation levy information provided.

Table 11 - Proposed Transportation Off-Site Levy

Proposed Transportation Off-Site Levy	Totals
Total Growth Infrastructure Cost	$8.68 Billion
Greenfield Area (Ha)	18,345 Ha
Greenfield Levy Allocation of Cost	$2.5 Billion
City Allocation of Cost	$6.18 Billion
Proposed Transportation Levy ($/Ha)	**$136,789**

CHAPTER 6 – WATER RESOURCES PROGRAM

6.1 Introduction

Growth can be challenging for The City to ensure that water, sanitary and storm infrastructure requirements are met with available funding. The City endeavours to maintain service levels while supporting new development infrastructure needs. Growth related infrastructure is required to treat and distribute water to new developments, transport sewage from homes to treatment plants, and to drain storm water from the point of origin to the appropriate release point in one of our rivers in order to pre-treat storm water and prevent flooding.

The Water Resources off-site levy program is divided into the following three components:

- **Water Distribution & Wastewater Collection** – including upgrades and extensions to water distribution infrastructure and wastewater collection infrastructure.
- **Drainage Systems** – including new and upgraded drainage facilities and collection systems
- **Water and Wastewater Treatment** – including new plants, upgrades and capacity for wastewater and water treatment

The City's 10 year capital plan for water resource infrastructure is approximately $350 million per year with half this attributable to growth related infrastructure. Treatment plants account for 60% of the growth related capital budget, with the majority of these costs related to wastewater plant upgrades and expansions. The remaining 40% of the growth related costs are associated with linear networks for infrastructure such as pipe extensions and upgrades.

The water distribution and wastewater collection projects included in the water resource off-site levy program are identified in either the Water Long Range Plan, the Sanitary Long Range Plan, or ASPs for greenfield areas and associated technical studies, such as Master Drainage Plans. Treatment plant upgrades are identified in the Water Treatment Plant Master Plan and Sanitary Long Range Plan. For near term upgrades, conceptual and/or preliminary design studies have been undertaken and are used as a basis for the costs to determine the off-site levies.

In developing the water resources levy program there were four of the Guiding Principles, as described in Section 2.3 above, that were particularly important:

- **Certainty** – A primary objective of the water resources program is to provide revenue assurance to the utilities.
- **Financial Sustainability** – Long term financial sustainability of the utilities is extremely important. There are two parts to this objective. The first is resiliency to ensure that the framework for funding and financing of growth infrastructure is responsive to changing growth levels. The second part is to manage financial risks in the business.
- **Fairness and Equity** – Fairness and equity ensures that those benefiting from the infrastructure are paying for that benefit.
- **Efficiency** – Finally, the water resources program provides an efficient levy process that is simple to administer and understand.

6.2 Water Distribution & Wastewater Collection

Water Distribution & Wastewater Collection Projects & Costs

The water distribution and wastewater collection projects for the levy program are determined for a 10 year timeframe based on The City's 10 year capital planning process. As 2016, is year two of The City's current 10 year capital plan, the levy calculations cover the remaining nine years of that plan.

The water distribution and wastewater collection off-site levy is applied across all greenfield areas and represents trunk main and other capacity improvements required to support development. The following table summarises the new water distribution and wastewater collection projects required to accommodate The City's nine year growth projections. Further details on costs are provided in Appendix C.

Table 12 - Water Distribution & Wastewater Collection Infrastructure Costs

Infrastructure	**Total** Future Water Distribution & Wastewater Collection Infrastructure Costs ($millions)
Water distribution (Upgrades)	$129.6
Water distribution (Extensions)	$136.8
Wastewater collection(Upgrades)	$356.9
Wastewater collection (Extensions)	$140.1
Total	**$763.4**

Cost estimates used in the levy calculation are assumed to be Class V cost estimates, as per the Corporate Project Management Framework definitions. These estimates include engineering, contingency and project administration. The cost estimates for the projects were taken from the Spending Plan, the 2015-2018 Water Infrastructure Investment Plan and the Proposed Water Infrastructure Investment Plan for 2019-2024.

Water Distribution & Wastewater Collection Allocation of Benefit

Water distribution and wastewater collection projects are divided into two categories – upgrades and extensions. All sanitary linear extensions and water linear extensions are the extension of pipes to serve new development areas and are 100% attributable to new growth. Sanitary and water upgrades are located within the Established Area of the city and may provide some benefit to existing development or customers. The costs allocated to growth for upgrades are undertaken on a project by project basis and the detailed allocations can be found in Appendix C. For both upgrades and extensions, the costs determined to benefit growth are further allocated to established, greenfield and regional growth based on the forecasted population and jobs for these areas within the infrastructures overall catchment area. The allocation benefit is based and the Established and Greenfield Areas as of 2015 and the associated allocation of benefit determined accordingly.

Table 13 summarises the allocation of water distribution and wastewater collection infrastructure costs to greenfield growth.

Table 13 - Greenfield Allocation of Water Distribution & Wastewater Collection Infrastructure Costs

Infrastructure	Greenfield Water Distribution & Wastewater Collection Infrastructure Costs ($m)
Water distribution (Upgrades)	$16.8
Water distribution (Extensions)	$76.7
Wastewater collection(Upgrades)	$62.4
Wastewater collection (Extensions)	$140.1
Total	**$296.0**

Water Distribution & Wastewater Collection Levy Calculation

The water distribution and wastewater collection levies include all infrastructure costs allocated to greenfield over the nine year timeframe. As all distribution and collection projects are debt financed, the costs to be recovered from development include all the principal and interest costs within the nine years. This includes previously constructed projects where debt payments are still outstanding and future debt payments from projects planned to be constructed in the nine year program. All forecasted projects assume financing over a 25 year debenture term which spreads the costs over a longer window of development. The rate is calculated by taking the aforementioned costs and dividing them by the forecasted developable, non-levied lands for the next nine years. The basic calculation is shown in the following figure.

Figure 6 - Water Distribution & Wastewater Collection Off-Site Levy Calculation

Debt Servicing for Greenfield Growth Related Capital Costs (9 yrs.) = **Cost Base Future Value**

$$\frac{\text{Cost Base Future Value}}{(1+\text{Discount Rate})^{n1....n9}} = \textbf{Cost Base Present Value}$$

n=timeline for capital investment

$$\frac{\text{Cost Base Present Value}}{\text{Greenfield Developable Land Forecast (9 yrs.)}} = \textbf{Off-site Levy}$$

Table 14 - Proposed Water Distribution and Collection Off-Site Levy

Water Distribution	
Proposed Water Distribution Levy ($/Ha)	**$32,325 / Ha.**
Water Collection	
Proposed Wastewater Collection Levy ($/Ha)	**$44,449 / Ha.**

6.3 Drainage System

Drainage System Projects & Costs

Drainage system projects are determined for a ten year timeframe based on The City's ten year capital plan. This timeframe is the basis for the off-site levy program for drainage systems projects. As 2016, is year two of the ten year program, the levy calculations covers only nine years of the program.

The drainage system off-site levy that applies to any subject lands depending on which of the six major watershed catchments areas the subject lands are located within. Those catchments are: Bow River, Elbow River, Fish Creek, Nose Creek, Pine Creek and Shepard. The total cost of drainage system projects required to accommodate The City's nine year growth projections is $67.9 million. Further details on costs are provided in Appendix C.

Cost estimates used in the levy calculation are assumed to be Class V cost estimates, as per the Corporate Project Management Framework definitions. These estimates include engineering, contingency and project administration. The cost estimates for the projects were taken from the 2015-2018 Spending Plan, 2015-2018 Water Infrastructure Investment Plan and the proposed Water Infrastructure Investment Plan for 2019-2024.

Drainage System Allocation of Benefit

Projects included in the drainage system off-site levy provide benefit to both greenfield growth and growth in the established areas of The City's six major watershed catchments areas. None of the drainage projects included in the levy calculation benefit existing development or regional areas. As such drainage system costs are allocated completely to either Greenfield Area development or Established Area development in the six catchments. Drainage off-site levies are only calculated and applied in the Greenfield Area and include only the project costs determined to benefit the Greenfield Area of the drainage catchment.

Drainage System Growth Infrastructure Needs

The following table summarises the allocation of drainage system infrastructure costs to greenfield growth and established areas growth.

Table 15 - Allocation of Drainage System Costs to Growth

Infrastructure	Drainage System Infrastructure Costs ($millions)
Greenfield Area	$44.5
Established Area	$23.4
Total	**$67.9**

Drainage System Levy Calculation

The drainage system levies include all infrastructure costs allocated to greenfield development over the nine year timeframe. All project costs to be recovered from development may include a combination of principal and interest costs, cash funded project costs and any cash payments required under Construction

Financing Agreements (CFAs) within the nine year timeframe. This includes costs from previously constructed projects where debt payments are still outstanding and future debt payments from projects to be constructed in the nine year program. All forecasted projects assume financing over a 25 year debenture term which spreads the costs over a longer window of development.

Determining the financing option to use is driven by available funds. The following table shows the financing option applied to each catchment.

Table 16 – Finance Option by Catchment

Catchment	Financing Option
Nose Creek	Cash (CFAs)
Bow River	Cash/Debt
Pine Creek	Cash/Debt
Shepard	Debt

The rate is calculated by taking the aforementioned costs and dividing them by the forecasted developable lands in each catchment for the next nine years. The simplified calculation is shown in the following figure.

Figure 7 – Drainage System Off-Site Levy Calculation

Debt Servicing for Greenfield Growth Related Capital Costs (9 yrs.) = **Cost Base Future Value**

$$\frac{\text{Cost Base Future Value}}{(1+\text{Discount Rate})^{n1\ldots n9}} = \textbf{Cost Base Present Value}$$

n=timeline for capital investment

$$\frac{\text{Cost Base Present Value}}{\text{Greenfield Developable Land Forecast (9 yrs.)}} = \textbf{Off-site Levy}$$

The proposed off-site levy for drainage systems is shown in the following table.

Table 17 – Proposed Drainage System Levy by Catchment

Catchment	$ per Hectare
Nose Creek	$11,325
Bow River	$6,983
Pine Creek	$16,812
Shepard	$42,704
Fish Creek	-
Elbow River	-

6.4 Water & Wastewater Treatment

Water & Wastewater Treatment Project Costs

The water and wastewater treatment off-site levy is applied to growth across The City's Greenfield and Established Areas and is based on allocating capacity costs for treatment upgrades to the expected equivalent population served. It is assumed that capital costs related to existing and future expansion will serve the expected equivalent population growth up to 2035 for wastewater and 2025 for water. The following table summarises the total costs of the water and wastewater treatment projects that are triggered in the ten year Water Infrastructure Investment Plan. Further details on costs are provided in Appendix C.

Table 18 – Water & Wastewater Treatment Infrastructure Costs

Infrastructure	**Total** Water & Wastewater Treatment Infrastructure Costs ($millions)
Water Treatment Plants	$97.5
Wastewater Treatment Plants	$1,302.4
Total	**$1,399.9**

Cost estimates used in the levy calculation are assumed to be Class V cost estimates, as per the Corporate Project Management Framework definitions. These estimates include engineering, contingency and project administration. The cost estimates for the projects were taken from the Spending Plan, Approved 2015-2018 Water Infrastructure Investment Plan and the Proposed Water Infrastructure Investment Plan for 2019-2024.

Water & Wastewater Treatment Projects Allocation of Benefit

Allocation of benefit to existing customers in the city is determined on a project by project basis and include costs associated with regulatory requirements to serve the existing equivalent population. Included in the portion of the projects allocated to growth is an allocation for regional growth. The portion of water and wastewater treatment growth infrastructure that benefits the regional areas is allocated based on the forecasted population and jobs for each of those areas. Further detail on the allocation of benefit for each project is provided in Appendix C.

The following table summarises the allocation of water and wastewater treatment infrastructure costs to growth in the city including both Greenfield and Established Areas growth

Table 19 - Allocation of Water & Wastewater Treatment Infrastructure Costs to Growth

Infrastructure	Water & Wastewater Treatment Infrastructure Costs ($m)
Water Treatment Plants	$76.6
Wastewater Treatment Plants	$941.4
Total	**$1017.7**

Water & Wastewater Treatment Levy Calculation

The approach to calculating the water and wastewater treatment off-site levy was to distribute capital costs to new and existing customers in proportion to the customer's usage of the facilities and the investment required to develop the facilities.

The result is an off-site levy that reflects the costs of providing the capacity needed by customer growth. For the purpose of the calculation, it was assumed that future capital investments are to be financed by a 10 year debt term. The financing costs for existing capacity are based on existing finance terms with debentures ranging between 15, 20 and 25 year terms.

The water and wastewater treatment off-site levy for all areas of the city is calculated by taking the aforementioned costs and dividing them by the total capacity available expressed in equivalent population to obtain a charge per equivalent population.

Figure 8 - Calculation for Value of Capacity per Equivalent Population (EP) for Water & Wastewater Treatment Off-Site Levy

Debt Servicing Costs for Existing and Future Capacity Future Values = **Available Capacity Future Value**

$$\frac{\text{Available Capacity Future}}{(1+\text{Discount Rate})^{n1 \ldots n}} = \textbf{Present Value of Available Capacity}$$

n=forecasted years to reach available capacity

$$\frac{\text{Present Value of Available Capacity}}{\text{Equivalent Population (EP) Served}} = \textbf{Value of Capacity per EP} = \textbf{\$2161/EP}$$

Greenfield Area Levy for Treatment

The Levy is applied to the Greenfield Area based on the average equivalent population density of 60 EP/hectare as this is the current average density of EP achieved in greenfield developments.

Figure 9 - Calculation for Greenfield Water & Wastewater Treatment Infrastructure Off-Site Levy

Value of Capacity per EP **X** Average EP per Hectare = **Greenfield Off-Site Levy Present Value**

$2161/EP **X** 60 EP per Hectare = $129,660/Hectare = **Greenfield Off-Site Levy Present Value**

Established Area Levy for Treatment

For the Established Area, the off-site levy is applied by dwelling type for residential development, and by gross floor area (sq.m.) for commercial and industrial developments. For residential developments, one resident or occupant is equal to one equivalent population. For non-residential developments, one employee is equal to 0.61 of an equivalent population. Equivalent population ratios are determined through analysis of system flow data.

Expected average equivalent population (EP) or occupancy per dwelling type is derived from The City of Calgary census data (2010-2014), research of comparable municipalities along with other stakeholder information provided.

Table 20 – Residential Equivalent Population by Unit Type

Single Detached	Semi-Detached /Duplex	Multi-Residential Grade-Oriented	Multi-Residential Non Grade-Oriented (2 Bedroom or More)	Multi-Residential Non Grade-Oriented (1 Bedroom or Less)
2.9 EP/Unit	2.6 EP/Unit	1.8 EP/Unit	1.5 EP/Unit	1.2 EP/Unit

For commercial developments, the expected average number of employees is based on the current estimated city employment intensity rate of 36 sq.m./employee. For industrial developments, the average rate of 75 sq.m./employee is derived from employment intensity assumptions in *The Guide to the MDP and CTP*. Based on these average intensities of employment for non-residential land-uses, Table 21 provides the calculation for equivalent population per square meter of gross floor area for non-residential development.

Table 21 - Non-Residential Equivalent Population per Square Metre of Gross Floor Area

Commercial Development	Industrial Development
EP/employee ÷ m^2/employee = EP/ m^2 0.61 EP/employee÷36 m^2/employee = **0.017 EP/m^2 gross floor area**	EP/employee ÷ m^2/employee = EP/ m^2 0.61 EP÷75 m^2/employee = **0.008 EP/m^2 of gross floor area**

Based on the above equivalent population calculations, Table 22 provides the calculation for the Established Area levy before any credit is applied for existing development.

Table 22 - Calculation for Established Area Water & Wastewater Treatment Infrastructure Off-Site Levy

	Single Detached	Semi-Detached /Duplex	Multi-Residential Grade-Oriented	Multi-Residential Non Grade-Oriented (2 Bedroom or More)	Multi-Residential Non Grade-Oriented (1 Bedroom or Less)
Average EP per unit	2.9 EP/Unit	2.6 EP/Unit	1.8 EP/Unit	1.5 EP/Unit	1.2 EP/Unit
Water Treatment Off-site Levy per Unit Type	$1,137	$1,019	$706	$588	$470
Wastewater Treatment Off-site Levy Per Unit Type	$5,130	$4,599	$3,184	$2,654	$2,123
Total Treatment Off-site Levy per Unit Type	**$6,267**	**$5,619**	**$3,890**	**$3,242**	**$2,593**
Commercial Development Levy Rate: $36.62/ m^2 of Gross Floor Area					
Industrial Development Levy Rate $17.58/ m^2 of Gross Floor Area					

Established Area - Credit for Existing Development

Developments in the Established Area may have existing development to be demolished or recently demolished buildings that were previously allocated capacity for water and wastewater treatment. Where new development in the Established Area replaces previous development, a reduction in the levy will be determined based on the levy unit and floor area rates included in Table 22. The reduction will be applied if development previously existed on the site within the last 10 years and was connected to both the water and wastewater systems.

Established Area Maximum Levy Rate For High Density Residential & Commercial Development:

To provide incentive for high density developments, The City is setting a maximum levy rate for high density residential, mixed use or commercial development that achieve a density for the proposed development of 285 EP/Hectare or greater. The proposed development density is calculated as follows.

Proposed Density = Proposed EP ÷ Site Development Area (Ha.)
Proposed EP = [(Units × EP/Unit) + (Sq. M. Commercial Gross Floor Area × 0.017 EP/Sq. M.)]

The maximum levy rate for developments that achieve a density of 285 EP/Hectare or greater will pay the maximum rate of \$2161/EP x 285 EP/Hectare: The levy calculation for developments achieving this density is:

\$2161 /EP x 285 EP/Ha x Site Development Area (Ha) = \$615,885/Ha x Site Development Area (Ha)

6.4 Water & Resources Levy Summary

The following table summarizes the proposed water resources off-site levy rates in The City's Greenfield Area as shown in Figure 2.

Table 23 - Proposed Off-Site Levy Rate for Greenfield Area

Infrastructure	2016 Proposed Rate ($/Ha)
Water Resources - Water and Wastewater	$206,434
Water Resources - Drainage by Catchment	
Nose Creek	$11,325
Bow River	$6,983
Pine Creek	$16,812
Shepard	$42,704
Fish Creek	-
Elbow River	-
Total	**$206,434 to $249,138**

The following table summarizes the proposed water resources off-site levy rates for growth in The City's Established Area as shown in Figure 2.

Table 24 - Off-Site Levy Rate for Proposed Established Area Development

	Single Detached	Semi-Detached /Duplex	Multi-Residential Grade-Oriented	Multi-Residential Non Grade-Oriented (2 Bedroom or More)	Multi-Residential Non Grade-Oriented (1 Bedroom or Less)
Water Treatment Off-site Levy per Unit Type	$1,137	$1,019	$706	$588	$470
Wastewater Treatment Off-site Levy Per Unit Type	$5,130	$4,599	$3,184	$2,654	$2,123
Total Treatment Off-site Levy per Unit Type	**$6,267**	**$5,619**	**$3,890**	**$3,242**	**$2,593**
Commercial Development Levy Rate: $36.62/ m^2 of Gross Floor Area					
Industrial Development Levy Rate: $17.58/ m^2 of Gross Floor Area					
Maximum Rate for Density ≥ 285 EP/Ha: $615,885/Ha x Site Development Area (Ha)					

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CHAPTER 7 – COMMUNITY SERVICES PROGRAM

7.1 Introduction

Infrastructure included in the community services charges are public libraries (Calgary Public Library), emergency response stations (Calgary Fire Department), police district offices (Calgary Police Service), recreation centres (Recreation) and transit buses (Transit). The growth timeframe used to calculate the community services program costs is 30 years. This chapter presents the proposed community services charge for each infrastructure category and explains how each was calculated. A summary of the proposed charge amounts is shown in the Table 25. Further information on levels of service and infrastructure costs are provided in Appendix D.

Table 25 - Proposed Community Services Charges

Community Services	($/Ha)
Public Libraries (Calgary Public Library)	$5,971
Emergency Response Stations (Calgary Fire Department)	$19,545
District Offices (Calgary Police Service)	$7,648
Recreation Centres (Recreation)	$41,679
Transit Buses (Transit)	$4,007
Total	**$78,850**

7.2 Public Libraries (Calgary Public Library)

Growth Infrastructure Needs

The provision of new library services will be driven by growth in The City's Greenfield Areas. To meet future demand, 0.36 ft^2 of public library space will need to be provided per person. During this 30 year window (2015-2044), the greenfield growth population is projected to be 340,918, which would require approximately 122,730 ft^2 of library space, totalling an infrastructure need of $62,469,814.

Charge Calculations

The proposed community services charge for public library infrastructure has been calculated according to the principles, assumptions and approach discussed in this Background Report. The details and assumptions are provided in Appendix D. The basic calculation is shown in the following table.

Table 26 - Public Libraries: Community Services Charge Calculation

Greenfield population (2015-2044)	340,918
Library Requirements per person (sf)	0.36
Library 2015 Costs per sf	509
Total Infrastructure Cost	62,469,814
Greenfield Area (Ha)	10,462
Proposed Levy – Public Libraries ($/Ha)	**$5,971**

7.3 Emergency Response Stations (Calgary Fire Department)

Growth Infrastructure Needs

The Calgary Fire Department has determined on average that an emergency response station will serve a greenfield development area containing 30,000 persons. During the 30 year window (2015-2044), the greenfield growth population is projected to be 340,918, which would require approximately 11.4 emergency response stations be provided, totalling an infrastructure need of $204,480,000.

Charge Calculations

The proposed community services charge for fire infrastructure has been calculated according to the principles, assumptions and approach discussed in this Background Report. The details and assumptions are provided in Appendix D. The basic calculation is shown in the following table.

Table 27 - Emergency Response Station: Community Services Calculation

Greenfield Population	340,918
Emergency Response Station per person	30,000
Infrastructure Need / # Facilities	11.36
Cost per Emergency Response	18,000,000
Total Infrastructure Cost	204,480,000
Greenfield Area (Ha)	10,462
Proposed Levy – Emergency Response Stations	**$19,545**

7.4 Police District Offices (Calgary Police Service)

Growth Infrastructure Needs

The Calgary Police Service has determined on average that a police district office will serve a catchment area containing 149,000 persons. During the 30 year window (2015-2044), the greenfield growth population is projected to be 340,918, which would require approximately 2.29 new police district offices totalling an infrastructure need of $80,016,035.

Charge Calculations

The proposed community services charge for police infrastructure has been calculated according to the principles, assumptions and approach discussed in this Background Report. The details and assumptions are provided in Appendix D. The basic calculation is shown in the following table.

Table 28 - Police District Offices: Community Services Calculation

Greenfield Population	340,918
District Office per person	149,000
Infrastructure Need / # Facilities	2.29
Cost per District Office	$34,941,500
Total Infrastructure Cost	$80,016,035
Greenfield Area (Ha)	10,462
Proposed Levy – Police District Offices ($/Ha)	**$7,648**

7.5 Recreation Centres (Recreation)

Growth Infrastructure Needs

Identification of future regional recreation centres is guided through the development of ASPs.. The catchment for a small regional recreation facility is 63,000 people. During this 30 year window (2015-2044), the greenfield growth population from 2015- 2044 is projected to be 340,918, which would require approximately 5.4 recreation centres be provided, totalling an infrastructure need of $435,046,000.

Charge Calculations

The proposed community services charge for recreation infrastructure has been calculated according to the principles, assumptions and approach discussed in this Background Report. The details and assumptions are provided in Appendix D. The basic calculation is shown in the following table.

Table 29 - Recreation Facilities: Community Services Calculation

Greenfield Population	340,918
Average ASP Population	63,000
Infrastructure Need / # Facilities	5.41
Cost per Recreation Centre	80,600,000
Total Infrastructure Cost	436,046,000
Greenfield Area (Ha)	10,462
Proposed Levy – Recreation Facilities ($/Ha)	**$41,679**

7.6 Transit Buses (Transit)

Growth Infrastructure Needs

During the 30 year window (2015-2044), the greenfield growth population is projected to be 340,918, which would require approximately 102 transit buses be provided, totalling an infrastructure need of $41,922,000.

Charge Calculations

The proposed community services charge for transit buses has been calculated according to the principles, assumptions and approach discussed in this Background Report. The basic calculation is shown in the following table.

Table 30 - Transit Buses: Community Services Calculation

Greenfield Population	340,918
Transit Buses per person	6/20,000
Infrastructure Need / # Buses	102
Cost per Bus	$411,000
Total Infrastructure Cost	$41,922,000
Greenfield Area (Ha)	10,462
Proposed Levy – Transit Buses ($/Ha)	**$4,007**

8.0 SUMMARY OF OFF-SITE LEVIES

8.1 Summary of Proposed Off-Site Levy Rates

The following tables summarize the proposed off-site levy rates for growth in The City's *Greenfield Area* as shown in Figure 2.

Table 31 - Proposed Off-Site Levy Rate for Greenfield Area

Infrastructure	2016 Proposed Rate ($/Ha)
Transportation	$136,789
Water Resources - Water and Wastewater	$206,434
Water Resources - Drainage by Catchment	
Nose Creek	$11,325
Bow River	$6,983
Pine Creek	$16,812
Shepard	$42,704
Fish Creek	-
Elbow River	-
Community Services	$78,850
Total	**$422,073 to $464,777**

The following tables summarize the proposed off-site levy rates for growth in The City's *Established Area* as shown in Figure 2.

Table 32 - Proposed Off-Site Levy Rate for Established Area

	Single Detached	Semi-Detached /Duplex	Multi-Residential Grade-Oriented	Multi-Residential Non Grade-Oriented (2 Bedroom or More)	Multi-Residential Non Grade-Oriented (1 Bedroom or Less)
Total Treatment Off-site Levy per Unit Type	**$6,267**	**$5,619**	**$3,890**	**$3,242**	**$2,593**
Commercial Development Levy Rate: $36.62/ m^2 of Gross Floor Area					
Industrial Development Levy Rate: $17.58/ m^2 of Gross Floor Area					

Maximum Rate for Density ≥ 285 EP/Ha:	**$615,885/Ha x Site Development Area (Ha)**

8.2 Exemptions to the Off-Site Levy

The only land area to be exempt from off-site levies payable are:

- Environmental Reserve
- Skeletal roads

8.5 Monitoring and Accounting

There is currently a process in place that will continue to be refined for the accounting of levy funds. Administration will continue to improve the reporting process to provide off-site levy fund annual reporting which is reconciled with *The City of Calgary Annual Report* (financial statements). Administration will continue to collaborate with industry on this work to ensure the annual Off-Site Levy Fund Report is clear and transparent on how the levy funds are collected and spent.

8.6 Reviewing the Off-Site Levy Bylaw and the Community Services Charges

Amendments to the Off-Site Levy Bylaw may be required from time to time to keep the calculations current. Adjusting the numbers may be necessary to account for the receipt of unanticipated specific grants, or to support changes required to facilitate developer funding arrangements, or to correct errors that may be identified. The overall methodology will not be reviewed for five years to provide certainty and minimize administrative costs. Amendments required would likely be identified at the time of the preparation of the Annual Levy Report and would be brought forward to Council at the appropriate time and as close as possible to the anniversary of the effective date of the Bylaw.

APPENDIX A – STAKEHOLDER ENGAGEMENT

The following table provides greater detail on those who participated in the stakeholder engagement process.

Table 33 - Stakeholder Engagement Process

Engagement Group	Members	Purpose	Frequency of Meetings
Internal Working Team	Predominantly city staff from various departments - Kathy Dietrich, Sarah Alexander, Matthew Sheldrake, Kathy Davies Murphy, Tom Hopkins, Scott Pickles, Nazrul Islam, John Kwong, Jill Floen, Joel Armitage, Oyinola Shyllon, Mauro Ficaccio, Lesley Kalmakoff, Ed Lem, Lesia Luciuk and Lynda Cooke (Urban Systems).	• Developed guiding principles of the project • Developed framework of the work plan and implement • Defined infrastructure projects, timing, cost estimates and options for funding	• Weekly • 32 meetings since Jan 29
External Advisory Group	City Staff and external representatives from various committees and interest groups of the development industry – Kathy Dietrich, Sarah Alexander, Joel Armitage, Beverly Jarvis, Chris Plosz, Colin Campbell, Grace Lui, Dennis Inglis, Jill Floen, Greg Bodnarchuk, Guy Huntingford, Jay German, John Kwong, Mike Selinger, Nazim Virani, Paul Battistella, Paul Derksen, Ryan Boyd, Robert A. Homersham.	• Acted as Industry sounding board • Developed guiding principles for the project • Finalized the scope of the project • Reviewed options related to methodology, calculation of levy, funding	• Every 3 weeks • 14 meetings since Mar 11
Technical Subcommittee	City Staff, external industry representatives and technical consultants – Kathy Dietrich, Sarah Alexander, Amie Blanchette, Joel Armitage, Alexandra E. Burdeyney, Kathy Davies Murphy, Greg Bodnarchuk, Guy Huntingford, Tom Hopkins, Sarah Huber, Jay German, Jayden Tait, Lynda Cooke, Paul Derksen, Ryan Boyd, Tony Pasquini, Scott Pickles.	• Developed the framework and analysis of the options considered • Undertook technical analysis • Finalized the methodology and calculation of the Off-Site Levy Bylaw.	• Weekly • 20 meetings since May 5
Council	City Staff and Council	• Updated on progress of project • Receive feedback	• Bi-monthly
Build Calgary /GMSGC/ALT	Build Calgary and General Managers Strategic Growth Committee	• Weekly meetings with Build Calgary and monthly updates with GMSGC/ALT	• Monthly
Stakeholder Information Sessions	Attendees included: Developers and home builders from both greenfield and established areas; various financial institutions; community associations; tax watch groups; real estate and affordable housing groups	• The first session presented an overview of the Off-Site Levy Bylaw project and its objectives. The second session reviewed the available options and the third reviewed the project outcomes.	• Quarterly • Sessions in April, June & • October

Established Area – Initial Group	Members external to The City representing the large and small infill developers and interest groups that are related to the redevelopment areas of the city. Internal departmental representatives were brought in when appropriate –David White, Amie Blanchette, Ryan Bosa, Eileen Stan, Chris Elkey, Nazim Virani, Jayden Tait, Beverly Jarvis, Paul Battistella, Oliver Trutina, Kate Thompson, Aaron Vimy, Jennifer Dobbin, Annie MacInnis, Travis Oberg, George Trutina, Iain McCorkindale, James Robertson	• Provided status of the work plan and receive relevant feedback • Acted as an Industry sounding board • Reviewed options related to the methodology and calculation of levy unique to the established areas of the City.	• 4 meetings since June 11
Established Area – Stakeholder Group	Established Area developers, consultants, and industry representatives	• Sessions were held in November and December with attendance of 40 to 55 industry representatives	• 2 meetings since November
Established Area – Working Group	Members external to The City representing the large and small infill developers and interest groups that are related to the redevelopment areas of the city. Internal departmental representatives were brought in when appropriate –David White, Amie Blanchette, Eileen Stan, Beverly Jarvis, Paul Battistella, Oliver Trutina, Mike Brander, Chris Ollenberger, Jaydan Tait, Guy Huntingford, Josh White, Richard Morden and Paul Derksen	• Ad hoc committee of representatives of Established Area group to develop strategy for Established Area levies	• 5 meetings since November
One on Ones	City Staff and developers	• City staff met with members of the development industry at various occasions to discuss the Off-Site Levy Bylaw and the process.	• At least 21 meetings since January

A.1 Engagement Sessions Summary

There were three city-wide engagement session held during the Off-Site Levy Bylaw initiative:

- The first session was on April 30. This session was attended by approximately 80 people and included a presentation on the overall process and the, understand/principles phase. The principles and project deliverables were discussed. Attendees provided input by responding to questions and providing comments. The response was generally positive.
- The second session was on June 24. This session was attended by approximately 80 people and included a presentation on the progress since April 30. It started with an update of work done to that point including: guiding principles were established, issues were identified, project scope was defined, understanding of previous (2011 - current) levy regime, completion of the growth assumptions, initial list of projects and their cost estimates, weekly technical subcommittee meetings, looking at various options (options identification phase). We then described the upcoming work including the calculations phase and the scenario analysis. We also gave a high level view of how levies are calculated that included the growth assumption and initial project lists and their cost estimates. The attendees were then asked to provide general comments and ask questions. The feedback was generally positive.
- The third session was held on October 15 and attended by approximately 80 people. It was the final stakeholder session and the main focus was on presenting the proposed rates and to receive feedback on the rates and any further outstanding questions. The date of the public hearing was provided to participants and feedback from the industry was collected in the same manner as the previous sessions.

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APPENDIX B – TRANSPORTATION PROGRAM

Table 34 - Transportation: Infrastructure Project List

Established Area Transportation Infrastructure List		
Category	**Project Name**	**Total Cost (millions)**
Interchanges	14 ST SW / Anderson Rd I/C	$70.0
	Deerfoot Tr / Glenmore Tr Interchange Improvements	$80.0
	Deerfoot Tr / Beddington Tr /11 ST NE I/C (Ultimate)	$80.0
	Deerfoot Tr / 16 AV NE - Add 3rd Level for Through Movements and basket weaves	$130.0
	Deerfoot Tr / Memorial Dr - ultimate	$100.0
	Deerfoot Tr / Peigan Tr / Barlow Tr Ultimate I/C	$100.0
	Deerfoot Tr / Glenmore Tr / Blackfoot Tr Ultimate I/C	$130.0
	Deerfoot Tr / Anderson Rd / Bow Bottom Tr Ultimate I/C	$100.0
	Anderson / Macleod Directional Ramps	$80.0
	Deerfoot Tr / 17 AV SE EBL Directional and Basket weaves btw Memorial and 17 AV SE	$150.0
	Deerfoot Tr new CD System between Glenmore Tr and Peigan Tr (Inc twin Calf Robe bridge)	$300.0
	16 AV NE / 19 ST NE I/C (with Revisions to 16 AV NE / Barlow Tr I/C)	$72.0
	McKnight Blvd / Aviation Blvd (12th St) I/C	$50.0
	TCH/Bowfort Road I/C	$71.7
	Macleod Tr / 162 AV SW I/C	$65.0
	Sarcee Tr / Richmond Rd I/C	$77.0
	Macleod Tr / Heritage Dr I/C	$80.0
	Macleod Tr / Lake Fraser Gate I/C	$50.0
	Crowchild Tr / Flanders AV I/C Upgrade	$20.0
	Macleod Tr/25 Avenue IC	$70.0
	Glenmore Tr: west of Ogden Road to Barlow Trail (widening plus 2 I/C's)	$180.0
	Glenmore Tr / 52 ST SE I/C including widening 4 - 6 lanes to 52nd St)	$101.0
	McKnight Blvd / Barlow Tr I/C	$70.0
	McKnight Blvd / 19th St I/C	$50.0
	Sarcee Tr / Bow Tr I/C	$100.0
	Shaganappi Tr / John Laurie Blvd I/C	$70.0
	Glenmore Tr / Richard Rd I/C	$50.0
	Anderson Rd / 24 ST SW I/C	$70.0
	Anderson Rd / Woodpark Blvd I/C	$70.0
	Anderson Rd / Elbow Dr I/C	$70.0
	Anderson Rd / Bonaventure Dr I/C	$70.0
	Anderson Rd / Acadia Dr I/C	$70.0
	Peigan Tr / 26 ST NE I/C	$70.0

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Established Area Transportation Infrastructure List		
Category	**Project Name**	**Total Cost (millions)**
	Peigan Tr / 36 ST NE I/C	$70.0
	Crowchild Tr / 24 AV NW - I/C and C/D System (Inc New Bridge over University Dr)	$150.0
	Crowchild Tr / University Dr / 16 AV NW - Upgrade/Revise I/Cs	$150.0
	Deerfoot Tr / 32 AV NE I/C Revs (4 lanes EB to 12 ST SE (East Int), 3 thru lights, taper to 2)	$45.0
	Deerfoot Tr / 50 AV SW I/C	$70.0
	Deerfoot Tr / McKnight Blvd - Upgrade I/C	$70.0
	McKnight Blvd/68th St NE	$70.0
	26 AV SW Connector / Blackfoot Tr I/C	$100.0
	Grade Separation at Railway Crossing: 52nd Street (23rd Ave to Hubalta Road)	$25.0
	Grade Separation at Railway Crossing: Peigan Tr (CN)	$25.0
	Grade Separation at Railway Crossing: 52nd Street & 50th Ave (CN)	$25.0
	Grade Separation at Railway Crossing: Barlow at 50th Ave (CN)	$25.0
	14 ST NW / Country Hills Blvd I/C	$70.0
	Shaganappi Tr / Country Hills Bv I/C	$70.0
	Shaganappi Tr / Northland Dr I/C	$70.0
	Shaganappi Tr / Edgemont Bv I/C	$70.0
	McKnight Blvd / 47 ST NE I/C	$70.0
	McKnight Blvd / Falconridge Bv I/C	$70.0
	Total	**$4,161.7**
Major Structures	Glenmore Causeway - Widen to 8 Core Lanes with CD System	$300.0
	Crowchild Tr - Bridge over Bow River - Widen from 6 to 8 Lanes	$300.0
	Total	**$600.0**
Road Widenings	Glenmore Tr - Widen from 4 to 6 Lanes - Crowchild Tr to Sarcee Tr	$17.0
	Peigan Tr - Widen from 2 to 4 Lanes - Barlow Tr SE to Stoney Tr	$35.0
	Anderson Road: Bonaventure Dr to Deerfoot Tr (widen EB lanes 2-3)	$3.0
	Country Hills Blvd: Barlow Tr to Coventry Blvd (widen 4-6 lanes)	$20.0
	McKnight Blvd - Widen from 4 to 6 Lanes - Edmonton Tr to 4 ST NW	$37.0
	Trans Canada Highway: Crowchild Tr. To Shag Tr. (widen 4-6 lanes)	$17.0
	16 AV NE - Widen from 4 to 6 Lanes - Barlow Tr to East Freeway	$35.0
	Beddington Tr - Widen from 4 to 6 Lanes - CHB to Stoney Tr	$14.0
	Anderson Rd - Widen from 4 to 6 Lanes - 24 ST SW to 14 ST SW	$10.0
	Sarcee Tr: Glenmore to Bow Tr (widen 4-6 lanes), + major utilities	$50.0
	Sarcee Tr: Bow Tr to TCH (widen 4-6 lanes), (due to slope stability)	$40.0
	Barlow Tr - Widen from 4 to 6 lanes - Memorial Dr to 16 Av NE	$15.0
	McKnight Blvd - Widen from 4 to 6 Lanes - 19th St to Barlow Tr	$5.0
	16 AV NW - Widen 4 to 6 Lanes - Shaganappi to Sarcee, 6 lane bridge, CPR underpass	$150.0
	Bow Tr - 37 St W to Sarcee Tr - Widen to 6 lanes	$50.0
	50 AV SW - New 4 Lane Road from Macleod Tr to Deerfoot Tr SE	$70.0
	14 ST SW - Widen from 2 to 4 Lanes - Anderson Rd to Canyon Meadows Dr	$15.0
	Shaganappi Tr - Widen from 6 to 8 Lanes - Stoney Tr to Country Hills Blvd	$10.0
	114 Avenue SE, widen 2 to 4 lanes - 52 Street to 68 Street	$15.0

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Established Area Transportation Infrastructure List		
Category	**Project Name**	**Total Cost (millions)**
	130 Avenue SE - 4 lanes from McIvor Bv to Stoney Tr (& 2-4 lanes 52 st to McIvor Bv)	$16.0
	Deerfoot Tr - Widen from 6 to 8 Lanes - Memorial to Stoney Tr, (major median structures)	$200.0
	Total	**$824.0**
Pedestrian Overpasses	Marquis of Lorne Tr, east of Macleod Tr	$6.0
	LRT/CPR tracks, from Shalom Wy to Shawmeadows Rise SE	$6.0
	Deerfoot Tr, 600 Douglas Woods Place SE to Douglasdale Business Park	$6.0
	Macleod Tr, north of 25 Avenue, Erlton to LRT station	$6.0
	16 Avenue NW, Stadium Shopping Centre to Foothills Hospital	$6.0
	Nose Creek, 32 Avenue NE	$6.0
	Deerfoot Tr N, at 40 Avenue NE	$6.0
	McKnight Bv NE, west of 52 St NE	$6.0
	Deerfoot Tr, at Beddington Tr NE	$6.0
	Beddington Tr, from Country Hills Cl to Sandstone	$6.0
	17 Avenue SW, from Aspen Landing to future Springbank Hill lands	$6.0
	Anderson Station, across Macleod Tr at north end of site	$6.0
	Chinook mall, across Macleod Tr at 61 Avenue S	$6.0
	Canada Olympic Park, across 16 Avenue to Bowness Community	$6.0
	Total	**$84.0**
BRT Infrastructure	17 Avenue SE Transit way, Blackfoot Truck Stop to Stoney Trail	$203.0
	South Crosstown	$20.0
	North Crosstown	$50.0
	South West Crosstown	$40.0
	Route 305 Improvements	$10.0
	Shaganappi HOV	$35.0
	52 Street E, Saddleridge to Seton	$38.0
	Connecting Westbrook to NW MAC	$60.0
	162 Avenue SW, Shawnessy to SW Ring Road	$75.0
	Green Trip Provincial funding for BRT Projects (EB1 to EB4)	-$139.0
	Total	**$392.0**
	Established Area Transportation Infrastructure List: TOTAL	**$6,061.7**

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Greenfield Transportation Infrastructure List		
Category	**Project Name**	**Total Cost (millions)**
Interchanges	Métis Tr / Airport Tr I/C	$70.0
	Airport Tr / Stoney Tr NE (Ultimate)	$60.0
	Macleod Tr / 194 AV SE I/C	$70.0
	Macleod Tr / 210 AV SE I/C	$70.0
	West 22X/53 St SW Interchange	$70.0
	West 22X/ 85th St W Interchange	$70.0
	West 22X/69 St W interchange	$70.0
	Deerfoot Tr / 212 AV SE I/C	$16.0
	104 St / Marquis of Lorne (Fly Over) SE	$30.0
	120 St / Marquis of Lorne I/C SE	$70.0
	East Freeway/130th Ave SE I/C (To/from the North)	$40.0
	East Freeway/106th Ave Trail Fly Over	$30.0
	Glenmore Tr / 68 ST SE I/C	$70.0
	Glenmore / Garden Rd SE	$70.0
	Glenmore / 116th E I/C Se (Second Structure and Upgrade requirements)	$70.0
	Peigan Tr / 52 ST NE I/C	$70.0
	Peigan Trail/68th St I/C	$60.0
	East Freeway / Memorial Dr Flyover	$30.0
	16 AV NE / 68 ST NE I/C	$70.0
	East Freeway/ 32 AV NE Flyover	$30.0
	64 Ave / East Freeway Flyover	$30.0
	Airport Trail/36th St NE I/C	$40.0
	Airport Trail/60th St NE I/C	$75.0
	Métis Tr / 64 AV NE I/C	$70.0
	Metis Trail/128th Ave NE I/C	$70.0
	60 St / Stoney Tr I/C NE	$50.0
	Deerfoot Tr / 128 AV NE I/C	$60.0
	Deerfoot Tr / Country Hills Blvd I/C (second structure)	$30.0
	Deerfoot Tr/Airport Trail Ultimate	$50.0
	160 Ave / Hwy 2 NE (second structure and upgrade requirements)	$30.0
	11th Street/Stoney Trail I/C	$50.0
	Centre St / Stoney Tr (second structure and upgrade requirements)	$15.0
	14 St / Stoney I/C	$40.0
	Shaganappi Tr/Stoney Tr (second structure and upgrade requirements)	$15.0
	Centre St / Hwy 566 I/C	$80.0
	Crowchild Tr / 12 Mile Coulee Rd I/C	$70.0
	Total	**$1,911.0**

Greenfield Transportation Infrastructure List		
Category	**Project Name**	**Total Cost (millions)**
Road Structures over Rail/Creek	CP Rail at 194th Ave SW	$25.0
	CP Rail at 210th Ave SW	$25.0
	210 Ave SW at Pine Creek	$20.0
	Pine Creek Crossing in South Macleod	$25.0
	CP Rail at 114th Ave SE	$25.0
	WID Canal Crossing at Glenmore Trail SE	$20.0
	144th Ave at West Nose Creek	$25.0
	160th Ave at West Nose Creek	$25.0
	160th Ave at Rail and Creek Crossing (6 Lane X-section over creek, rail, service road)	$53.0
	11th St at Nose Creek/CPR Rail Crossing	$20.0
	Total	**$263.0**
Expressways	Airport Tr - Barlow Tr, Airport - 19 St interchanges and widening 36 St to 60 St NE	$83.0
	88 Street SE skeletal road extension	$17.0
	Total	**$100.0**
Ring Road Connections	SW and West Ring Road Connections	$133.3
	Total	**$133.3**
Greenfield Traffic	296 signals required	$81.4
	Total	**$81.4**
Pedestrian Overpasses	Stoney Tr, between Centre St and 14 St NW	$6.0
	Stoney Tr, between Centre St and 11 St NE	$6.0
	Airport Tr, east of Metis Tr, between Cityscape and Savannah	$6.0
	Country Hill Bv NE, west of Stoney Trail, between North Cornerstone and South Cornerstone	$6.0
	52 Street SE, between Auburn Bay and Mahogany	$6.0
	Bow River, between Legacy and Cranston	$12.0
	Total	**$42.0**
BRT Infrastructure	162 Avenue SW, SW Ring Road to west side of Providence	$90.0
	Total	**$90.0**
	Greenfield Transportation Infrastructure List: TOTAL	**$2,620.7**

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Figure 10 - CTP Road Interchange Infrastructure

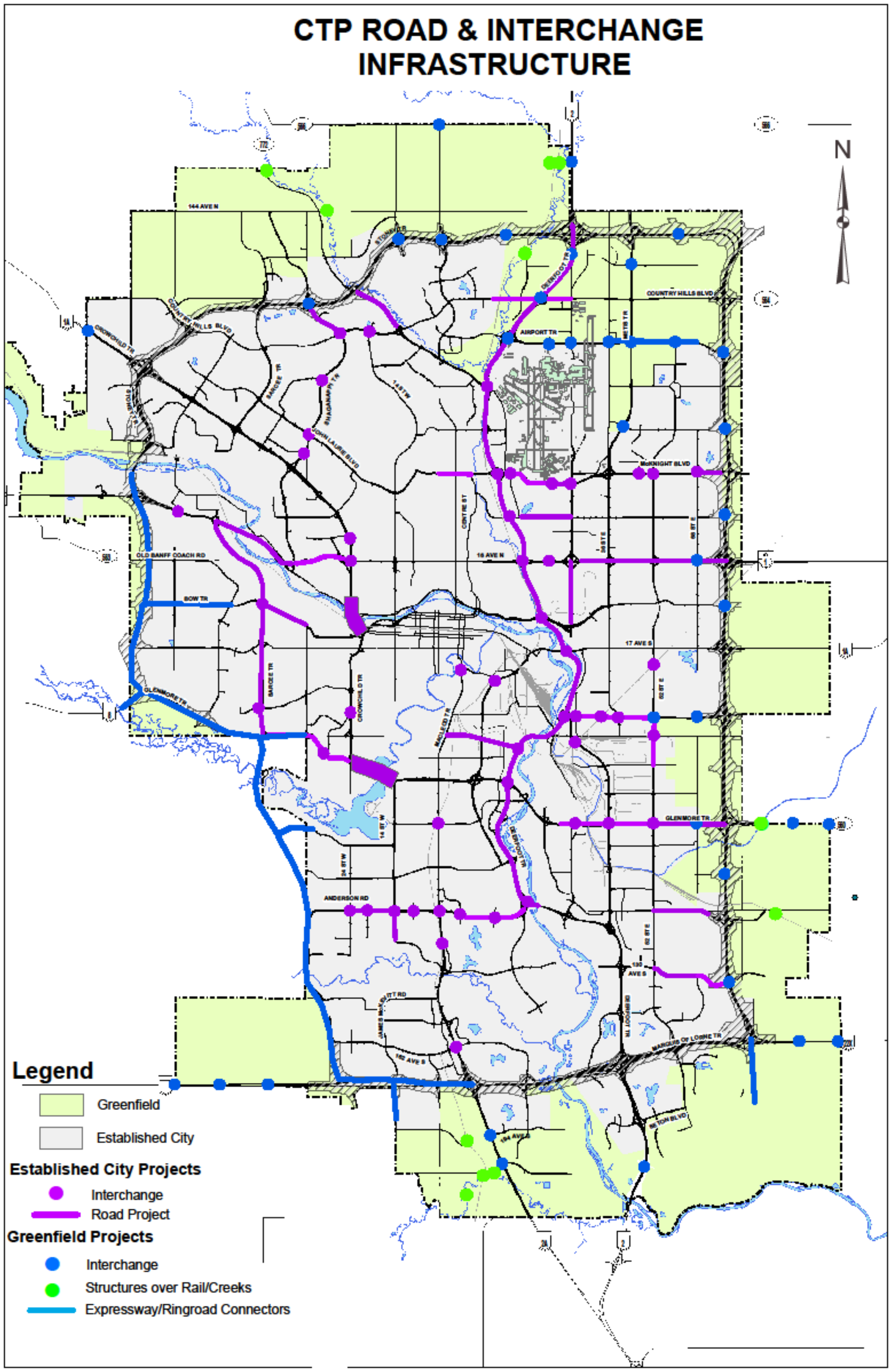
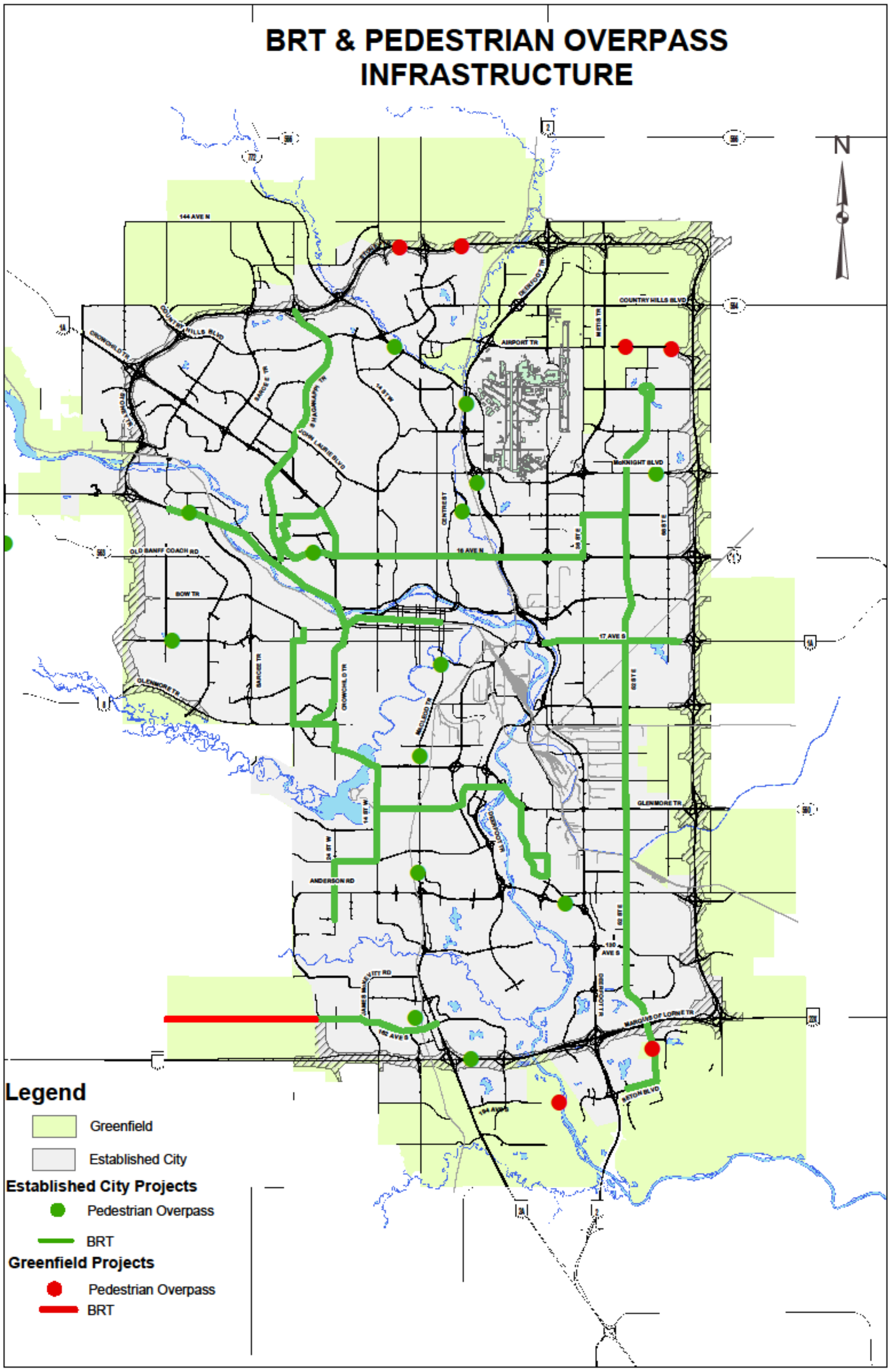


Figure 11 - BRT & Pedestrian Overpass Infrastructure



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APPENDIX C – WATER RESOURCES PROGRAM

Table 35 - Water Resources Infrastructure Project Lists

Category	Project Name	Allocation				Total Cost (millions)
		% Growth	% Greenfield	% Established	% Regional	
Water Distribution & Wastewater Collection						
Water Linear Extension Infrastructure	Ogden Feeder Main	100.0%	27.9%	55.0%	17.1%	$38.5
	Lower Sarcee Feeder Main	100.0%	71.1%	15.7%	11.8%	$30.9
	210 Ave SW Pump Station	100.0%	69.1%	17.8%	13.0%	$15.0
	210 Ave Feeder Main	100.0%	69.1%	17.8%	13.0%	$12.0
	East McKenzie FM	100.0%	29.8%	54.6%	15.6%	$6.4
	Northridge FM Ph 1 and 2	100.0%	83.2%	16.8%	0.0%	$30.7
	Northridge Reservoir	100.0%	83.2%	16.8%	0.0%	$3.2
					Total	**$136.8**
Sanitary Linear Extension Infrastructure	North Ridge Macdonald Trunk	100.0%	100.0%	0.0%	0.0%	$7.1
	West Pine Creek Sanitary Trunk Ph 2	100.0%	100.0%	0.0%	0.0%	$46.6
	Seton Tunnel Ph 1	100.0%	100.0%	0.0%	0.0%	$31.8
	Seton Tunnel Ph 2	100.0%	100.0%	0.0%	0.0%	$18.8
	144 Ave NE San Trunk	100.0%	100.0%	0.0%	0.0%	$24.1
	North Beddington San Ph 2 CFA	100.0%	100.0%	0.0%	0.0%	$8.9
	Beddington Creek II East Leg	100.0%	100.0%	0.0%	0.0%	$2.7
					Total	**$140.1**
Sanitary Upgrade Infrastructure	Redevelopment	TBD	0.0%	100.0%	0.0%	$20.9
	Saddle Ridge Sanitary Upgrade	100.0%	46.2%	53.8%	0.0%	$5.1
	Bowness Trunk Upgrade	87.0%	19.3%	40.5%	40.2%	$48.6
	Shouldice Trunk Upgrade	61.0%	11.6%	69.3%	19.1%	$24.0
	Nose Creek Trunk Upgrade	88.0%	48.4%	18.3%	33.3%	$87.7
	Inglewood Trunk Upgrade	87.0%	24.0%	57.4%	18.7%	$55.9
	McKenzie Siphon Upgrade	38.0%	40.5%	59.5%	0.0%	$7.4
	17th Ave Trunk Upgrade	TBD	0.0%	100.0%	0.0%	$4.6
	Beltline Trunk Upgrade	TBD	0.0%	100.0%	0.0%	$1.5
	Forest Lawn LS Sewer Upgrading 1	55.0%	0.0%	100.0%	0.0%	$6.7
	Forest Lawn LS Sewer Upgrading 2	68.0%	0.0%	100.0%	0.0%	$6.6
	Fish Creek West Sub Trunk	TBD	0.0%	TBD	TBD	$14.3
	Tsuu Tina Connection Upgrade	TBD	0.0%	TBD	TBD	$9.4
	Elbow Drive Trunk Upgrade 1	TBD	0.0%	100.0%	0.0%	$1.4
	Elbow Drive Trunk Upgrade 2	TBD	0.0%	100.0%	0.0%	$16.1
	Penbrooke Trunk Upgrades	89.0%	0.0%	100.0%	0.0%	$46.7
					Total	**$356.9**

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Category	Project Name	Allocation				Total Cost (millions)
		% Growth	% Greenfield	% Established	% Regional	
Water Upgrade Infrastructure	Airdrie FM Tie-in and Meter Chamber Relocation	100.0%	100.0%	0.0%	0.0%	$1.4
	Pump Station 36 Installation	100.0%	83.2%	16.8%	0.0%	$0.2
	Redevelopment	TBD	0.0%	100.0%	0.0%	$11.5
	South Glenmore Reservoir Basin II	60.0%	29.8%	54.6%	15.6%	$40.4
	Bearspaw Pump Station STN012 Upgrade	37.0%	28.3%	40.6%	31.1%	$6.6
	Bearspaw Pump Station STN020 Upgrade	37.0%	28.3%	40.6%	31.1%	$2.0
	Nose Hill Feedermain	37.0%	28.3%	40.6%	31.1%	$37.8
	Country Hills Blvd Uptown Feedermain	37.0%	28.3%	40.6%	31.1%	$29.8
					Total	**$129.6**
Drainage Facilities & Network						
Drainage Facilities & Network	North Ridge Macdonald Trunk	100.0%	100.0%	0.0%	0.0%	$7.5
	Redevelopment	TBD	0.0%	100.0%	0.0%	$20.8
	Priddis Storm Trunk Outfall	100.0%	100.0%	0.0%	0.0%	$23.8
	144 Av NE Storm Trunk 4	100.0%	100.0%	0.0%	0.0%	$0.0
	North Beddington Storm Trunk	100.0%	100.0%	0.0%	0.0%	$1.7
	Riverbend Trunk Pond	TBD	0.0%	100.0%	0.0%	$2.6
	Seton Storm Trunk	100.0%	100.0%	0.0%	0.0%	$8.0
	Seton Storm Trunk Ph 2	100.0%	100.0%	0.0%	0.0%	$3.5
					Total	**$67.9**
Water & Wastewater Treatment						
Wastewater Treatment Plants	BB WWTP Blower Upgrades	100.0%	44.3%	32.3%	23.5%	$23.1
	BB WWTP 13.2&5kV System Expansion	100.0%	44.3%	32.3%	23.5%	$44.5
	Bonnybrook Capacity Upgrade	100.0%	44.3%	32.3%	23.5%	$128.0
	BBWWTP Plant D Expansion	100.0%	44.3%	32.3%	23.5%	$552.0
	Power Management System	100.0%	44.3%	32.3%	23.5%	$3.6
	Power Distribution Upgrades	50.0%	44.3%	32.3%	23.5%	$2.6
	600V System Upgrades	50.0%	44.3%	32.3%	23.5%	$3.1
	BB Struvite Recovery	20.0%	44.3%	32.3%	23.5%	$20.2
	BB Dewatering Building	50.0%	44.3%	32.3%	23.5%	$88.5
	BB Centrate / Supernatant Treatment	80.0%	44.3%	32.3%	23.5%	$31.0
	FC WWTP Capacity Assessment	100.0%	31.5%	44.3%	24.2%	$89.7
	South Catchment Capacity Upgrade	100.0%	31.5%	44.3%	24.2%	$316.2
					Total	**$1,302.4**
Water Treatment Plants	GM WTP Capacity Expansion	100.0%	56.6%	23.5%	20.0%	$64.5
	BPWTP Capacity Upgrades	100.0%	44.8%	35.4%	19.8%	$4.9
	Bearspaw RTF Fourth Thickener	20.0%	56.6%	23.5%	20.0%	$2.4
	Glenmore UV Disinfection	100.0%	56.6%	23.5%	20.0%	$22.4
	Bearspaw UV Disinfection	100.0%	44.8%	35.4%	19.8%	$3.4
					Total	**$97.5**

Table 36 - Greenfield Allocation of Historical Debt Servicing for Water Distribution, Wastewater Collection & Drainage

As of 2014 Dec 31st (in million $)	Outstanding Debt	Debt Servicing
Water Distribution	$ 130.1	$ 174.6
Wastewater Collection	$ 123.1	$ 165.3
Drainage	$ 69.0	$ 87.7

Table 37 - Wastewater Treatment (Costs in Thousands $)

Treatment Plant	Forecasted Capital Costs (2015-2024)	Borrowing Cost	Total Forecasted Costs (Future Value)	Historical Costs	Total Costs for Available Capacity	Net Present Value	Available Capacity (Equiv. Pop.)
Bonnybrook	$ 614,700	$ 132,434	$ 747,134	$ -	$ 747,134	$ 567,263	321,479 EP
Pine Creek + Fish Creek	$ 326,704	$ 80,336	$ 407,040	$ 91,236	$ 498,276	$ 352,050	189,498 EP
Pine Creek Historical				$ 46,369	$ 46,369	$ 39,287	30,830 EP
					TOTAL	**$ 958,600**	**541,807 EP**

Table 38 - Water Treatment Plants (Costs in Thousands $)

Treatment Plant	Forecasted Capital Costs (2015-2024)	Borrowing Cost	Total Forecasted Costs FV	Historical Costs	Total Costs for Available Capacity	NPV	Available Capacity (Equiv. Pop.)
Glenmore	$ 69,552	$ 16,111	$ 85,664	$ -	$ 85,664	$ 64,148	
Bearspaw	$ 7,003	$ 1,708	$ 8,710	$ -	$ 8,710	$ 6,504	
Total Future WTP						**$ 70,652**	**185,846 EP**
Historical Capacity				$ 47,350	$ 47,350	$ 40,847	98,301 EP
					TOTAL	**$ 111,499**	**284,147 EP**

Cash Flow Analysis and Assumptions Used

A cash flow analysis was undertaken to account for the timing of projects and receipt of off-site levies. Interest earnings or borrowing costs are, therefore, accounted for in the calculation as allowed under the MGA. Based on the development forecast, the analysis calculated the off-site levy rate that is required to finance the discounted development related capital spending plan including provisions for any borrowing. The 10 year forecast for Municipal Price Index (3.3%) was used for discounting and escalation rates. The following tables summarize the assumptions used in the calculation of the water and wastewater off-site levies.

Table 39 - Interest Rates Used

Projected Borrowing	25 Year Term	10 Year Term
2016	3.50%	2.5%
2017	4.00%	3.0%
2018	4.50%	3.5%
2019	4.75%	3.8%
2020	5.00%	4.0%
2021	5.25%	4.3%
2022	5.50%	4.5%
2023	5.50%	4.5%
2024	5.50%	4.5%

Table 40 - Land Forecast in Hectares

Projected Borrowing	Residential	Industrial / Commercial	Total
2016	276	125	401
2017	276	125	401
2018	276	125	401
2019	276	125	401
2020	276	125	401
2021	276	125	401
2022	276	125	401
2023	276	125	401
2024	276	125	401

Figure 12 - Wastewater Collection Projects

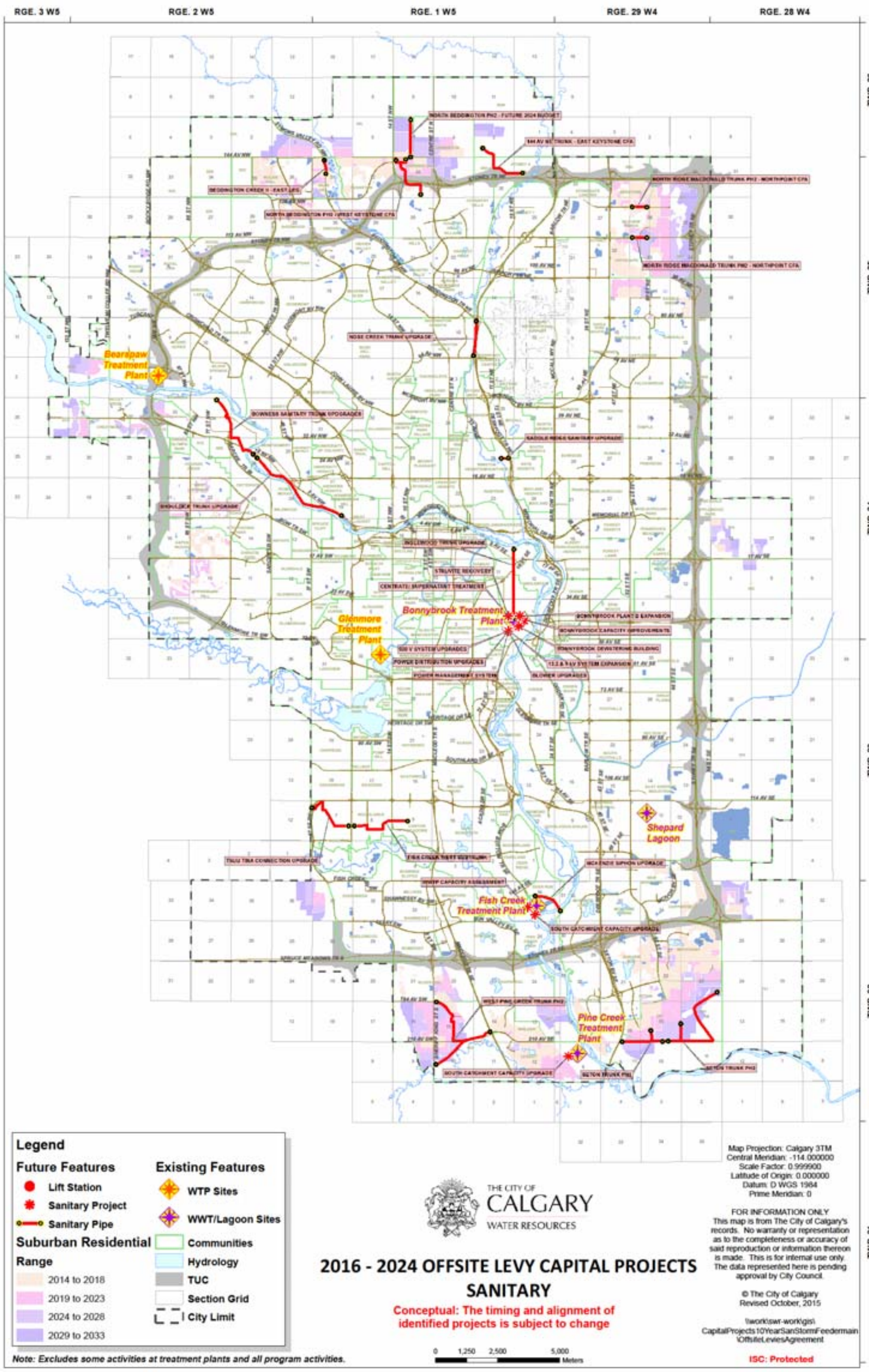

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Figure 13 - Water Distribution Projects

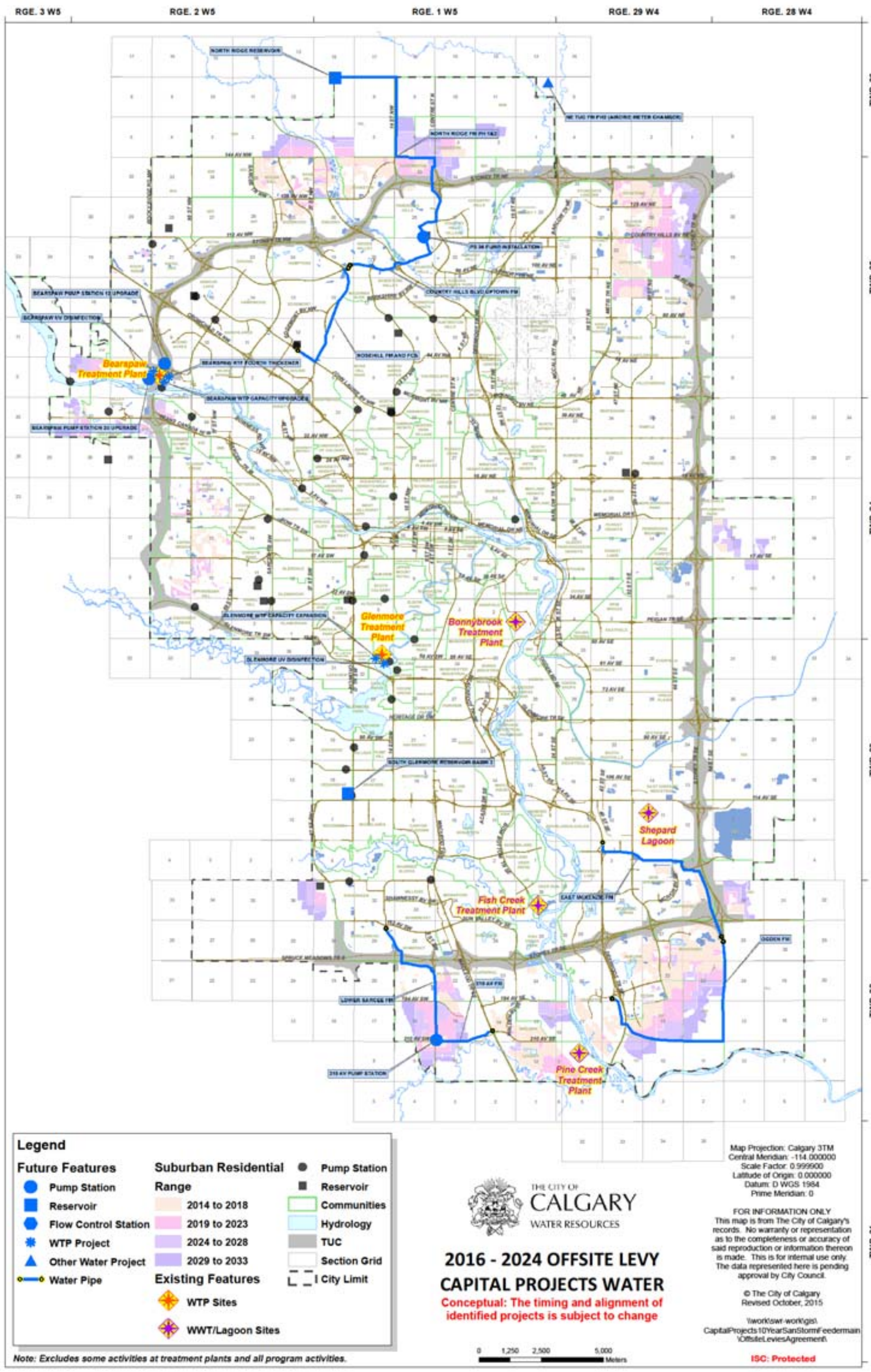

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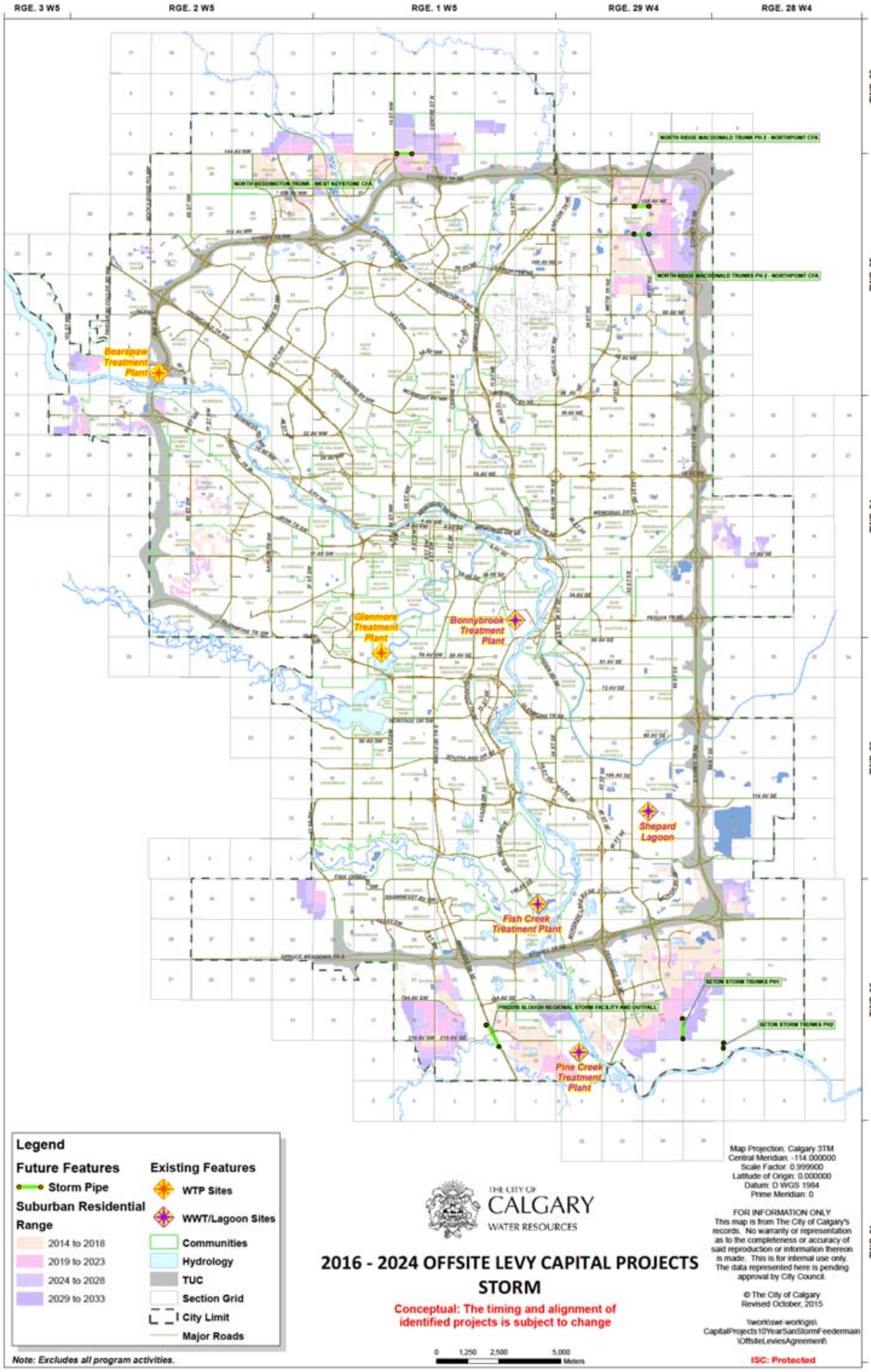
Figure 14 - Drainage Projects



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APPENDIX D – COMMUNITY SERVICES PROGRAM

D.1 Public Libraries (Calgary Public Library)

The key strategic document used to develop this off-site levy for public libraries was the Calgary Public Library (CPL) Master Facility Plan, Beyond the Box (2010).

Level of Service

There exists a number of methods to measure the amount of library service provided by municipalities to citizens. The most common method is square feet per capita which is used by The City of Calgary. Information collected by the Canadian Urban Library Council (CULC) notes the average sq ft per capita of participating members (approximately 32 Canada wide members who reported into CULC for 2013) as 0.54 sq ft per capita[1].

Library Trends

Library sizes have increased as libraries have added technology and additional formats of materials to their more traditional fare. Libraries have also added more meeting and gathering space to reflect the expanding role of public libraries as centers of community life. The amount of space required by a public library depends on the unique needs of the individual community. In traditional library planning methodology, libraries use a variety of standards to calculate required building size for an area.

Library Sizing

The location and size of a library are dependent on a number of variables, including the distance to other libraries, the presence of natural or man-made travel barriers, the availability of suitable sites and the interest of complementary site partners. User penetration has been shown to decline significantly with distance. CPL combines these factors with the population of the proposed service area when determining location and size of library projects. CPL recognizes the financial benefits and end-user convenience of co-locating but it is not a requirement.

Over the last 15 years, most new libraries have been co-located with recreation amenities and have averaged nearly 18,000 sq ft. This is a size that balances operating costs for the CPL and travel distances for users in a suburban setting. Calgary and other municipalities have a great deal of similarities when it comes to programming pieces between libraries across Canada. The CULC identifies its member's average branch library size as 16,722[2] Sq ft.

For greenfield development areas, library infrastructure costs are based on the baseline library size of 18,000 sf and 0.36 sf of library required per capita

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[1] Based on 2013 Canadian Public Library Statistics, http://www.culc.ca/cms_lib/2013%20CULC%20Library%20Statistics.pdf

[2] From Canadian Urban Library Council – 2013 KPIs, http://www.culc.ca/cms_lib/2013%20CULC%20Branch-Level.pdf

Infrastructure Costs

The following table identifies costing from a variety of co-located libraries based on budgeted (B) and actual (A) costs.

Table 41 - Precedent Costs from a Variety of Co-located Libraries

Library	CPL Land (acres)	Gross Library Size (per sf)	Library Development Costs			Total	Total Cost per sf
			Building Development	Furniture, Fixtures & Equipment	Site Development		
Genesis Phase 1 **(2011)**	1.89	18,783	$ 5,100,000 (A)	$ 1,165,240 (A)	$ 1,140,000 (A)	$ 7,405,240	$ 394
Seton **(2018)**	1.45	24,100	$ 8,630,000 (B)	$ 2,200,000 (B)	$1,820,000 (B)	$ 12,650,000	$ 525
Quarry Park **(2016)**	1.26	13,455	$ 4,670,000 (A)	$ 800,000[3] (B)	$ 860,000 (A)	$ 6,330,000	$ 470
Average	1.54	18,799	$ 6,133,333	$ 1,388,413	$ 1,273,333	$ 8,795,080	$ 463
Contingency (10%)							$ 46
Revised Average							$ 509

*** FFE does not include costs associated with materials, books etc.*
**** includes purchase cost, acreage assessment, off-site servicing, on-site servicing & improvements*

The projected costing for a co-located library in 2015 is shown in the following table (rounded / priced per sf).

Table 42 - Projected Cost for a Co-located Library in 2015

Component	2015 Costs
Building Development	$ 327 per sf
Furniture, Fixtures and Equipment	$ 74 per sf
Site Development (acquisition & development cost) per acre	**$826,839 / acre**
Total Costs per sf	**$509 per sf**

[3] Quarry Park FFE was reduced due to the transfer of FFE from Glenmore Square Branch in Ogden

The following tables outline the projected forecasted infrastructure costs for the Greenfield Area of the City.

Table 43 - Greenfield Forecasted Infrastructure Costs (2015-2044)

Sector	Population Change	Library Requirement (pop x 0.36 sf)	2015 Cost (library x $509 sf)
Total	340,918	122,730	62,469,814

D.2 Emergency Response Stations (Calgary Fire Department)

The key strategic document used to develop this community services charge for fire services was the Calgary Fire Department's 30 year Infrastructure Plan (2014-2043).

Level of Service

Identification of a need for an emergency response station is dependent on many different factors including, but not limited to, actual and forecasted incident volumes, actual and simulated response times, existing and/or proposed population sizes, geographic layout and geographic size, identified risks (existing and, if possible, proposed), and area land use zoning.

Given Calgary's risk environment and to measure its level of preparedness to respond to emergencies, Calgary Fire Department (CFD) identified in its Service Level and Response Time Targets plan, the number of fire stations per capita would be at or near comparable Canadian cities[4]. The population protected per station is a rough indicator of the workload the Calgary Fire Department (CFD) can expect and is based on the resident population protected (it does not include visitors or non-resident workers).

In 2008, the fire station per capita comparisons equalled approximately 25,000 persons. CFD chose to use the population protected per station for every 30,000 persons as a measure for communities on the periphery.

[4] Comparable cities include but are not restricted to: Mississauga, Vancouver, Regina, Ottawa, Edmonton, Toronto and Montreal.

Infrastructure Costs

The following table outlines the cost of providing a new facility and how this was determined.

Table 44 - Emergency Response Station Facility Costs (Actuals)

Component	2015 Costs	
	3-Bay Station (Seton[5], 23,842 sf[6])	
Building Construction	$14,354,930	
Construction		11,012,623.90
Consulting		1,801,888.04
Contingency (10%)		1,281,450
Equipment (Machinery, Duty Gear, Installation)		13,412.09
FFE (i.e. furniture / equipment)		82,615.57
Misc		162,939.81
Land (serviced)	$2,606,265	2.74 acres[7]
Apparatus	$1,027,350	
Engine		840,000
Equipment		187,350
Total Costs	**$17,988,545**	

D.3 District Office (Police)

The key strategic document used to develop this community services charge for future district offices was the Calgary Police Service's (CPS) Facilities Master Plan 2016–2025 / 2025-2035 (anticipated completion 2016).

Level of Service

Utilizing current information coupled with the findings from the future CPS Facilities Master Plan, it is determined that the average of 149,000 people are served by one district station

[5] Seton Emergency Response is shared with four City of Calgary business units. Other space allocation is as follows: Calgary Police Service (2,650 sf), Animal Bylaw Services (3,143 sf), Parks (2,230 sf), shared common (3,990 sf).

[6] Emergency Response specific area with their proportionate allocation of shared common.

[7] Total land purchase price for multi-use facility was 4.7 acres with lands allocated to Emergency Response and Corporate Properties. Price was $950,000 acre.

Infrastructure Costs

The following table outlines the cost of providing a new facility and how this was determined.

Table 45 - Police District Office Costs (Projected)

Component	2015 Costs		
	Component Cost	Size	Cost Per Unit
Building Construction[8]	$22,500,000	45,000 sf (4,180 s.m.)	$500 / sf
Consulting	$2,000,000	-	-
Site Development	$2,000,000	5 acres	$400,000 / acre
Contingency (10%)	$2,650,000		
Public Art (1%)	$291,500		
Land - Includes raw land purchase price and land servicing costs (i.e. building site, drainage, paving and landscaping)	$5,500,000	5 acres	$1.1 M / acre
Total Costs	**$34,941,500**[9]		

D.4 Recreation Centres (Recreation)

The projected infrastructure needs identified in this section are guided by the 2015 Facility Development and Enhancement Study (FDES), and facilitated by on-site delivery of programs and services during community build out.

Level of Service

The City's goal is to develop smaller regional facilities that can be built out as the community grows rather than building larger regional facilities which will take much longer to build. The provision of a recreation facility is population based. The City is using a catchment population of 40,000 to 80,000 people for a small regional recreation facility. The current average population catchment within approved/planned ASPs is 63,000 people/recreation centre. The charge will be based on average recreation centre coverage of 63,000 people.

Infrastructure Costs

[8] Building costs do not include furniture, fixture and equipment (FF&E). While FF&E is a capital cost associated with growth these expenses will be covered through operating.

[9] While capital costs related to Police patrol and investigative fleet have been excluded from this calculation, this capital investment required to service growth should be revisited.

The following table outlines the cost of providing a new facility and how this was determined.

Table 46 - Small Recreation Centre Costs

Component	2015 Costs, Facility Development & Enhancement Study Proposed Baseline		
	Component Cost	Size	Cost Per Unit
Building Construction - includes parking; on-site servicing; project administration; consultant fees.	$47,678,000[10]	125,000[11][12] sf	$380 / sf
Site Development - includes servicing, grading, parking etc.	3,165,000	-	-
Contingency (10%)	5,084,300		
Soft Costs - includes design, permits geotechnical testing / reports, land use etc.	6,537,653	-	-
Public Art (1%)	624,650		
Land (serviced)	$13,200,000	12 acres	$1.1 M / acre
Furniture & Equipment	$4,312,475		
Total Costs	**$80,602,078**		

* Facility costs represent baseline condition which includes aquatics, gymnasium, fitness, meeting spaces and support services (daycare and food services). Amenities beyond this level of service which provides a higher level of service include but are not limited to ice rinks, dry-land sport fieldhouses, art studios, performing art theatres, climbing walls, and youth centres.

[10] Variance from June 16, 2015 figure are the result of: removal of Quarry Park methane mitigation, owner internal costs, and alignment with an "optimized facility" as per the Facility Development & Enhancement Study (2015).

[11] The proposed 125,000 sq. ft. facility is of a size that will effectively and efficiently meet regional recreation needs while not being of a size (e.g. Rocky Ridge Regional Recreation Facility: 284,000 sq. ft.) that will require significantly more funds and thus time to construct (i.e. a smaller facility can be built in a timely manner to meet the needs of developing communities). Note: the above calculation provides 1.98 sq. ft. of facility per person in the catchment area of 63,000 people. This aligns with the FDES recommendation of 2 sq. ft. per person

[12] Variance from June 16, 2015 is the result of a more detailed analysis by square foot and alignment with the "optimized facility" as per the Facility Development & Enhancement Study (2015).

D.5 Transit Buses (Transit)

Level of Service

The need for transit buses in greenfield communities is based on existing average transit bus route coverage. Current transit bus requirement in greenfield neighborhoods is six buses per 20,000 population.

Infrastructure Costs

The average cost of a new transit bus in 2015$ is $411,000.

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GLOSSARY

Area-Specific Off-Site Levies	Levies determined for different areas according to geographic zones or other distinctive areas based on technical reasons
Build Calgary	A collaborative cross-corporate team formed by the City of Calgary
Carry-Forward Levy Fund Balances	Current account balances for existing levy funds incorporated into updated levy calculations.
City-wide Off-Site Levies	The same levy cost is applied regardless of the location of the development
Commercial Development	A use identified on a development permit, and any uses that are ancillary to the principal use listed on a development permit, that are neither *residential development* nor *industrial development*.
Cost of Capacity Method	Determines the appropriate amount to charge new development for additional capacity.
Cottage Housing Cluster	A development form as defined in the City of Calgary Land Use Bylaw 1P2007
Developed Area	Developed Area is identified in the MDP and is considered to be all communities that were completely constructed prior to the approval of the MDP.
Developing Area	The Developing Area is identified in the MDP and is considered to be all communities that had no or only partial urban development prior to approval of the MDP.
Development Agreement	A legal contract between The City and the Developer that sets out the terms and conditions under which development of the lands are to take place within the city including the responsibility to construct public facilities and associated financial obligations.
Established Area	Area of the city as shown in Figure 2 of this report to be charged the Established Area levy.
Greenfield Area	Area of the city as shown collectively the areas identified as “Greenfield Area by Watershed” in Figure 2 of this report to be charged the Greenfield Area levy.
Gross Floor Area	Development building gross floor area as defined in the Land-Use Bylaw
Industrial Development	A use identified on a development permit, and any uses that are ancillary to the principal use listed on a development permit, listed in the following City of Calgary Land Use Bylaw 1P2007 Schedule A Group of Uses: a. Direct Control Uses, with the exception of the following specific uses: i. Adult Mini-theatre, ii. Emergency Shelter, iii. Gaming Establishment – Casino, iv. Jail; b. General Industrial Group; c. Industrial Support Group, with the exception of the following specific uses: i. Artist Studio, ii. Health Services Laboratory – Without Clients,

	d. Storage Group; or e. One of the following specific uses: i. Auction Market – Other Goods, ii. Auction Market – Vehicles and Equipment, iii. Restored Building Products Sales Yard , iv. Bulk Fuel Sales Depot, v. Fleet Service, vi. Large Vehicle Service, vii. Large Vehicle and Equipment Sales, viii. Large Vehicle Wash, ix. Recreational Vehicle Sales, or x. Recreational Vehicle Service.
Multi-Residential Grade-Oriented	Development with 3 or 4 units, regardless of form OR 5 or more units, where the units are provided in a Cottage Housing Cluster, Townhouse or Rowhouse building
Multi-Residential Non Grade-Oriented (1 Bedroom or Less)	Development with 5 or more units, where the units are provided in a Multi-Residential Development that are not provided in a Cottage Housing Cluster, Townhouse or Rowhouse building and has 1 bedroom or less.
Multi-Residential Non Grade-Oriented (2 Bedroom or More)	Development with 5 or more units, where the units are provided in a Multi-Residential Development that are not provided in a Cottage Housing Cluster, Townhouse or Rowhouse Building and has 2 bedrooms or more.
Non-Residential Growth	Development associated with industrial, commercial and institutional land uses.
Off-Site Levy Bylaw Project	The Off-Site Levy Bylaw project is a review and major update of The City of Calgary's transportation, water resources and community services charges for off-site infrastructure impacts related to growth.
Residential Development	A use identified on a development permit, and any uses that are ancillary to the principal use listed on a development permit, listed in the following City of Calgary Land Use Bylaw 1P2007 Schedule A Group of Uses: a. Residential Group (except Hotel)
Rowhouse	A development form as defined in the City of Calgary Land Use Bylaw 1P2007
Semi-Detached / Duplex	Development with only 2 units
Single Detached	Development with only 1 unit
Site Development Area	Area of land that is the subject of a development permit, and may be portions of, or all of one or more areas of land described in a certificate of title or described in a certificate of title by reference to a plan filed or registered in a land titles office
Townhouse	A development form as defined in the City of Calgary Land Use Bylaw 1P2007
Watershed Catchment Area	An area of land where surface water from rain, melting snow, or ice converges to a single point at a lower elevation, usually the exit of the basin, where the waters join another waterbody, such as a river, lake, reservoir, estuary, wetland, sea, or ocean.

ACRONYMS

MGA	Municipal Government Act
GMSGC	The City of Calgary's General Managers Strategic Growth Committee
ALT	The City of Calgary's Administrative Leadership Team
MDP	Calgary Municipal Development Plan
CTP	Calgary Transportation Plan
LRT	Light Rail Transit
RTM	The City of Calgary's Regional Transportation Model
VKT	Vehicle Kilometres Travelled
CFA	Construction Financing Agreement
EP	Equivalent Population
ASP	Area Structure Plan
CPS	Calgary Police Services
CFD	Calgary Fire Department
CPL	Calgary Public Library
CULC	Canadian Urban Library Council
FDES	Facility Development and Enhancement Study

Citywide Off-site Levy Bylaw Review

This is an overview of the plan and timeline for review to move towards a renewed 2021 off-site levy bylaw.

Planned Date	Major Action or Deliverable
Q4 2019	Strategy Development: • Analysis of current state • Principles confirmation • Finalize scope of work • Develop options, scenario analysis • Work with internal and external stakeholders
Q1 – Q3 2020	• Determine levy rate and develop levy program details (including implementation of the recommendations from the audit) • Broad stakeholder engagement sessions (Q1, Q2, Q3) • Updates to Council and the Administrative Leadership Team
Q3 2020	Report to Committee/Council (recommendation to enact renewed 2021 off-site levy bylaw)
Q1-Q4 2021	Renewed 2021 off-site levy bylaw implementation, reporting, monitoring

NAIOP
COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION
CALGARY CHAPTER

September 26, 2019

Sarah Alexander, P.Eng., MBA
Manager, Growth Funding and Investment
Calgary Growth Strategies, Planning & Development
The City of Calgary | Mail Code 8117
P.O. Box 2100, Station M
Calgary, AB T2P 2M5

RE: OFF-SITE LEVY REVIEW PROCESS

Dear Ms. Alexander,

Thank you for reaching out to NAIOP Calgary to bring us up to speed on the anticipated schedule and process for reviewing and building on the work undertaken previously to support the 2016 Off-site Levy Bylaw. Your proactive approach is appreciated.

We understand that your team has worked on aligning Bylaw 2M2016 with the modernized MGA so that current community services charges can be incorporated, and is presenting this work to PFC on October 8, 2019. We see this as the beginning of a much more comprehensive process over the next couple of years that will delve into administrative audits of the Off-Site Levy Bylaw, annual reports on the Centre City levies and Off-Site levies, and ultimately a city-wide offsite levy review process that will be fundamental to the success of our industry assisting in city building.

We believe that this off-site levy review will provide for opportunities to discuss flexibility, process improvements, and also careful consideration of the ongoing challenges and headwinds that are impacting our members who practice in industrial, commercial, retail and mixed-use developments throughout Calgary.

Off-site levies can be an essential tool for funding some aspects of city building, but can also be a significant barrier to re-development or economic diversification initiatives if implemented in a way that encourages development to consider working in other jurisdictions. The on-going, and to this day, unresolved property tax shift issue is an example of how City decisions can drive development to occur in areas like Balzac instead of within our city if policy and cost considerations aren't addressed.

Tel: (403) 451-6782 600, 900 6 Avenue SW, Calgary, AB Canada T2P 3K2 **Fax:** (403) 244-2340

We appreciate your reaching out to NAIOP Calgary as a stakeholder in the off-site levy bylaw review process, and we are available to you at any time to discuss further or participate in working group on this important initiative. We are looking forward to working with you and your team to find solutions that encourage our members and the commercial, industrial and mixed-use development industry as a whole to build upon the foundation that Calgary has in place today.

Sincerely,
NAIOP Calgary

Chris Ollenberger, P. Eng.
Chair, Government Affairs, NAIOP Calgary
National Director, NAIOP

cc: Guy Huntingford, NAIOP Calgary
John Fisher, NAIOP Calgary

400, 1040 – 7th Avenue SW, Calgary, AB Canada T2P 3G9 **Tel:** (403) 451-6782 **Fax:** (403) 244-2340

The City of Calgary
PO Box 2100, Station M
Calgary, AB T2P 2M5

October 1, 2019

Attention: Members of Priorities and Finance Committee

Re: PFC2019-1123: Development of Off-site Levies: Update and Bylaw Amendment

BILD Calgary Region (BILD) thanks the City's Growth Funding and Investment team for keeping our industry informed about the City's upcoming work on the Citywide Levy Bylaw Review, inclusive of both the Off-site and Centre City Levies.

We understand that the City is currently undergoing an audit, which will be publicly shared following the process of review and approval through the City's Audit Committee and Council; and that more extensive engagement with industry will follow over the course of 2019 and 2020 on all aspects of an updated off-site levy program for 2021.

We look forward to working with the City on this program over the remainder of 2019 and through 2020.

Respectfully,
BILD Calgary Region

Grace G. Lui
Director, Strategic Initiatives and Government Relations

c.c Stuart Dalgleish, General Manager Planning & Development, City of Calgary
Matthias Tita, Director, Growth & Strategic Services, Planning & Development, City of Calgary
Sarah Alexander, Manager, Growth Funding & Investment, Planning & Development, City of Calgary
Brian Hahn, CEO, BILD Calgary Region

Urban Strategy Report to
Priorities and Finance Committee
2019 October 08

ISC: UNRESTRICTED
PFC2019-1028

Centre City Enterprise Area Update

EXECUTIVE SUMMARY

Since the economic downturn began in 2014, our Centre City has experienced high vacancy rates in both the office and retail sectors. The Centre City Enterprise Area (Enterprise Area) was instituted as a pilot in July of 2017 to make it easier for tenants and new businesses to set up operations and for building owners to make improvements to their buildings to accommodate and attract new tenants. Specifically, bylaw changes have accomplished the following:

- Established a boundary for the Centre City Enterprise Area (Attachment 1);
- Exemptions for change of use applications within the Enterprise Area from requiring a development permit, provided it is for a listed use in the district;
- Exemptions for applications for exterior alterations within the Enterprise Area from requiring a development permit, unless it is a building on the Inventory of Evaluated Historic Resources; and
- Exemptions for applications for additions less than 1,000 square metres in size within the Enterprise Area from requiring a development permit, provided the proposed development still meets Section 24 Conditions for Development Permit Exemptions.

The Land Use Bylaw update that enables the Centre City Enterprise Area and above exemptions, expires in July 2020. Administration has been monitoring the impact of the Enterprise Area and has found that it is having a measurable impact.

As a result, Administration is seeking to make permanent the exemption of change of use applications within the Enterprise Area and to extend the exemptions for exterior alterations and additions, for an additional year, to July 2021.

ADMINISTRATION RECOMMENDATION:

That with respect to Report PFC2019-1028, the following be approved:

The Priorities and Finance Committee:

1. Forward the amending bylaw to the Land Use Bylaw 1P2007 in Attachment 2, to accommodate the required advertising, and this report, directly to the 2019 November 18 Combined Meeting of Council.
2. Recommend that Council hold a Public Hearing for the proposed amending bylaw at the 2019 November 18 Combined Meeting of Council; and give three readings to the proposed Land Use Bylaw Amendment in Attachment 2.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2018, July 23, Council approved PUD2018-0627 as follows:

ADOPT, Moved by Councillor Magliocca, seconded by Councillor Farrell, that with respect to Report PUD2018-0627, the following be adopted:

That Council give three readings to Proposed Bylaw 52P2018.

Urban Strategy Report to Priorities and Finance Committee 2019 October 08

ISC: UNRESTRICTED PFC2019-1028

Centre City Enterprise Area Update

On 2017, June 12, Council, Moved by Councillor Woolley, Seconded by Councillor Carra, adopted Bylaw 30P2017, an amendment to Land Use Bylaw 1P2007 that established the Centre City Enterprise Area. The amendment suspended the requirement for development permits for changes of use, exterior alterations and small additions for a period of three years within a specific area of the Centre City experiencing high vacancy rates due to the economic downturn.

Please refer to Attachment 3 for a full list of Previous Council Direction / Policy.

BACKGROUND

In July of 2017 Council approved the Centre City Enterprise Area, to make it easier for tenants and new businesses to set up operations and for building owners to make improvements to their buildings to accommodate and attract new tenants. Specifically, bylaw changes have accomplished the following:

- Established a boundary for the Centre City Enterprise Area;
- Exemptions for change of use applications within the Enterprise Area from requiring a development permit, provided it is for a listed use in the district;
- Exemptions for applications for exterior alterations within the Enterprise Area from requiring a development permit, unless it is a building on the Inventory of Evaluated Historic Resources; and
- Exemptions for applications for additions less than 1,000 square metres in size within the Enterprise Area from requiring a development permit, provided the proposed development still meets Section 24 Conditions for Development Permit Exemptions.

The Land Use Bylaw update that enables the Centre City Enterprise Area and above exemptions, expires in July 2020.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Since the adoption of the Land Use Bylaw amendments to implement the Enterprise Area, the development industry and business community have adapted well to the revised processes and they have become part of normal business.

Interviews with businesses and applicants have shown that the streamlining of the process to getting to construction and revenue operations is a significant benefit. Further, the reduced time and risk associated with a project in the Enterprise Area makes it a more attractive investment proposition and improves Calgary's competitiveness against other jurisdictions. It has also created momentum amongst Centre City property owners to move ahead with improvements to their buildings. Currently there are a significant number of buildings that are being considered for both interior and exterior upgrades.

As the time limit to the expiry of the Enterprise Area approaches (currently July 2020), this will create uncertainty. In order to ensure that projects currently under consideration for future improvements do not face future risk relative to permitting, and to provide greater assurance to businesses and developers, Administration is recommending two actions:

Centre City Enterprise Area Update

1. Make permanent the exemption for a development permit for a change of use in an existing building as currently provided for in the Enterprise Area
2. Extend the exemption from a development permit for exterior alterations and additions for an additional year to July 2021.

Administration has been monitoring the impact of the Enterprise Area and has found that it is having a measurable impact. Most notably, the exemption for change of use applications has reduced total customer permitting timelines by 1,333 days from June 26, 2017 to June 13, 2019. On average, it saved approximately 15 days per application/customer. A further breakdown of time saved and permit fee impacts for both staff and customers is identified in Attachment 4.

In addition, no major issues have been identified with the change of use permitting and Administration will continue to actively monitor any trends that may arise. Administration has had regular discussions with the development industry and the response to the exemption provisions has been very positive in both time saved and reduction in risk. Business Improvement Areas have not reported any significant concerns within their boundaries.

Administration continues to examine and consider refinements to our permitting processes and application requirements to ensure that technical requirements such as storm water and sanitary can continue to be evaluated prior to building permit issuance. This is only applicable to large scale building conversions from office to residential or some other use. As the pace of these types of conversions has been quite slow, there is minimal risk in the short term. Administration will be working on revised internal processes to ensure servicing impacts can continue to be monitored and evaluated prior to building permit approvals.

With respect to exterior alterations, Administration is proposing only a one-year extension at this time to allow for further evaluation as a number of large projects work their way through the permitting and construction periods. Matters of design and changes to site plan that impact the public realm and public infrastructure are still being considered. Productive and collaborative discussions on these issues are occurring through a voluntary process that The City and applicant engage in prior to building permits. Learnings gained through these applications will inform future amendments to the Land Use Bylaw and the development permit process.

Stakeholder Engagement, Research and Communication

Permits related to the Enterprise Area were reviewed from June 26, 2017 to June 13, 2019. All exemptions were captured through Tenancy Changes and Building Permits that did not require a Development Permit. No major issues resulting from the exemptions, were identified. Time and cost savings are identified in Attachment 4.

Administration has had on-going discussions with Calgary Economic Development, Business Improvement Areas and community associations in Beltline and Downtown West. There have been no concerns identified with respect to the implementation of the Enterprise Area to date. In addition, specific discussions with architects and property owners on larger projects has been very positive and are supportive of continuing the program or making it permanent. A letter of support from Strategic Group is included in Attachment 5.

The Enterprise Area is now being integrated into the overall communications plans for both Business and Local Economy and Downtown Strategy initiatives.

Centre City Enterprise Area Update

Strategic Alignment

The Centre City Enterprise Area initiative is being considered as part of the overall Business and Local Economy initiative and the Downtown Strategy. The program is also fully aligned with Calgary's economic strategy, "Calgary in the New Economy", led by Calgary Economic Development. Future changes or evolution to the program continue to be evaluated within the context of these Council strategies.

Social, Environmental, Economic (External)

The Enterprise Area was initiated as a result of the economic challenges being experienced by businesses and properties in our downtown. The streamlining of approvals has been supportive of private investment, as building owners and businesses work to respond to the economic challenges. Better-enabling investment in downtown businesses and properties will help to sustain property values and support the economic resilience of our downtown. A strong downtown will help to support our overall financial health as a municipality in order to continue providing services for citizens (including social supports). Helping smooth the transition of buildings to new uses may help to avoid demolition of older buildings, which is a significant benefit to the environment, reducing waste to the landfill.

Financial Capacity

Current and Future Operating Budget:

There are no operating budget implications as a result of this report. While, there is a reduction in fees collected due to permit exemptions, there is an associated reduction in staff time and resourcing required.

Current and Future Capital Budget:

There are no capital budget implications as a result of this report.

Risk Assessment

A number of potential risks of implementing the Enterprise Area were identified in report PUD2017-0142 prior to Council adopting the enabling bylaw amendments. A summary of those risks is included as Attachment 6 to this report. To date, none of the risks have been realized in any significant way that would cause any hesitation in extending the program. As mentioned, Administration continues to actively monitor the program.

REASON(S) FOR RECOMMENDATION(S):

Administration is making these recommendations based on the positive impacts the Centre City Enterprise Area has provided to date and its alignment with Council priorities regarding economic recovery and resilience. The Enterprise Area is a proactive means to implementing the Downtown Strategy by making it easier for businesses to move and locate in the downtown and for building owners to make improvements to their buildings to attract tenants as the downtown transitions to the new economy.

Urban Strategy Report to
Priorities and Finance Committee
2019 October 08

ISC: UNRESTRICTED
PFC2019-1028

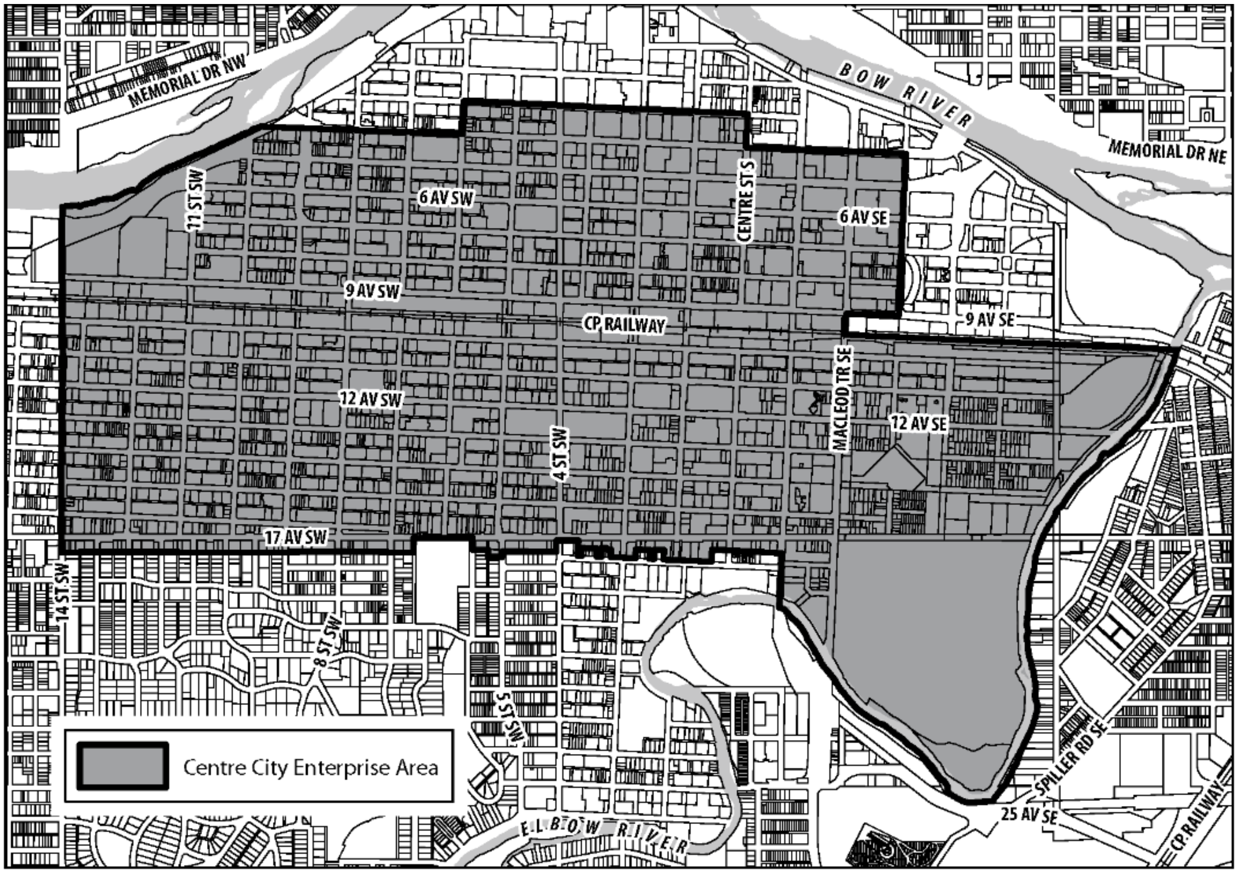
Centre City Enterprise Area Update

ATTACHMENT(S)

1. Map of Centre City Enterprise Area
2. Proposed Amendments to Land Use Bylaw 1P2007
3. Previous Council Direction
4. Summary of Permit Types and Process Time Savings
5. Letter of Support from Strategic Group
6. Risk Assessment from PUD2017-0142

Map of Centre City Enterprise Area

Map 2.1 of the “Centre City Enterprise Area” as outlined in Land Use Bylaw IP2007



Proposed Amendments to Land Use Bylaw 1P2007

1. The City of Calgary Land Use Bylaw, being Bylaw 1P2007 of the City of Calgary, as amended, is hereby further amended as follows:

   (a) Delete subsection 25.2(7) and replace with the following:

   “**(7)** Subsections (1), (3), (4), (5) and (6) remain in effect until July 1, 2021.”

2. This Bylaw comes in to force on the date of approval.

Previous Council Direction / Policy

On 2018, July 23, Council approved PUD2018-0627 as follows:

ADOPT, Moved by Councillor Magliocca, seconded by Councillor Farrell, that with respect to Report PUD2018-0627, the following be adopted:

That Council give three readings to Proposed Bylaw 52P2018.

On 2017, June 12, Council, Moved by Councillor Woolley, Seconded by Councillor Carra, adopted Bylaw 30P2017, an amendment to Land Use Bylaw 1P2007 that established the Centre City Enterprise Area. The amendment suspended the requirement for development permits for changes of use, exterior alterations and small additions for a period of three years within a specific area of the Centre City experiencing high vacancy rates due to the economic downturn.

On 2017, March 20, Council approved PUD2017-0142 as follows:
ADOPT, Moved by Councillor Chabot, Seconded by Councillor Woolley, that the SPC on Planning and Urban Development Recommendation contained in Report PUD2017-0142 be adopted as follows:

That Council direct Administration to bring forward directly to the 2017 June Public Hearing, without going through Calgary Planning Commission, the necessary amendments to Land Use Bylaw 1P2007 to implement the changes to the development permit process for the Centre City as identified in this Report. For the purposes of these amendments, Centre City is defined as the area outlined on the map in Attachment 2.

On 2016 November 21, Council approved the package of Mid-Cycle Budget Adjustments as follows:

ADOPT, AS AMENDED, Moved by Councillor Sutherland, Seconded by Councillor Pootmans, that Administration Recommendations contained in Report C2016-0863, be adopted, as follows, and as amended in Attachment 7, subject to further amendments adopted by Council at this meeting:

1. Approve the proposed Mid-cycle Adjustments in Attachment 1, as follows (excerpt from full recommendation);

    - The Operating Budget Adjustment for Funding Requests, contained on Pages 32 to 65.

Page 42:

Program-Business Unit	Source	2017
651 Urban Strategy	Fiscal Stability Reserve	$50K

Page 44:

Program-Business Unit	Source	2017
651 Urban Strategy	Fiscal Stability Reserve	$50K

Page 46:

Program-Business Unit	Source	2017
651 Urban Strategy	Fiscal Stability Reserve	$50K

Summary of Permit Types and Process Time Saving

The below table outlines time savings and fees saved by customers, due to exemptions. Exemptions were captured through Tenancy Changes given in lieu of Development Permits for a Change of Use, as well as Building Permits that did not require a Development Permit.

Tenancy Changes no Development Permit		
	Customer Days	Staff Days
Total since 2017 June 26	1333	49.3
Customer savings on Development Permit fees	$43,696.00	
Building Permit no Development Permit		
	Customer Days	Staff Days
Total since 2017 June 26	1886	175.1
Customer savings on Development Permit fees	$61,172.00	
Gross Total	**3219**	**224.4**

Letter of Support from Strategic Group

Strategic Group

Strategic Group owns, manages and develops commercial real estate. Currently, Strategic Group has 6 residential rental projects in construction, totaling approximately 1,000 units in Calgary and Edmonton.

It is challenging to make projects work financially in today's economic environment but one of the ways we are having successes is by shortening development timelines. We have a major focus on reducing carrying costs and delivering income earlier. Quick approvals have a significant impact on our projects' profitability.

Enterprise District

For the 6 projects Strategic Group has in construction, a 1-week delay would cost more than $300,000 in carrying costs and lost income. The Enterprise District significantly improves projects' profitability by reducing these costs. The result is creating jobs sooner and generating income faster for Strategic and our commercial tenants.

Two examples of the Enterprise District's successes are Strategic's Cube and Barron projects as detailed below:

1. **Cube Office Conversion**

   <u>Timing</u>
   The City only required a BP, and they approved it in 4 weeks. Any other City I am familiar with would have required a DP and BP, taking 8 months or more for the approval.
   <u>Impact</u>
   We started detailed design in March 2018, submitted the BP in April and received approval in May. Construction then started in May 2018, and the first residential tenants moved in May 1st, 2019. Construction jobs were created sooner and resulted in the generation of income 8 months earlier.
   With this office conversion, we reduced the current office vacancy while adding residential units to the City Centre, contributing to increased vibrancy.

2. **Barron Office Conversion**

   Since the Barron Building has significant Heritage features incorporated into the land use, the Enterprise District was not applicable. However, the City Enterprise District philosophy on timing was adopted for the land use and DP approval.

   <u>Timing</u>
   Darren Lockhart and I discussed the date the Barron needed to be delivered and worked back to understand the timing required for approval. The conclusion was the approval was required within 3 months, and that is what the City delivered. This process would normally have taken a minimum of 8 months including the BP.
   When I told our architect, we would have an approval in 3 months he told me it was impossible. Our City proved him wrong.

   <u>Impact</u>
   Although we are yet to set final occupancy dates, construction jobs have started, and revenues will occur 8-12 months earlier than a typical project.

Process in Edmonton

Strategic Group is completing 2 office to residential conversions in Edmonton. Edmonton has had a reputation of faster approvals than Calgary, but in the last few years this approval timing has been reversed for urban projects.

Edmonton Conversion Projects

A good example for slower approvals in Edmonton is our Capital office conversion project.

We spent more than 2 months resolving a waste and recycling issue on a DP, where this is not even considered in Calgary with the Enterprise District. The DP and BP took more than 9 months for approval.

Conclusion

The Enterprise District has been a game changer for the Development and Business Community stimulating investment, creating jobs faster for Calgarians and generating revenues earlier for Calgary businesses. I encourage City Council to renew the Enterprise District and continue to be a Municipal Leader in stimulating the development of Urban Cores.

Ken Toews
Senior Vice President, Development

Strategic Group
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Calgary AB T2P 1G6

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Main: 403.770.2300

ktoews@strategicgroup.ca
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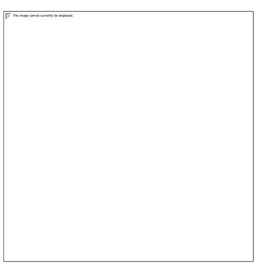

Risk Assessment from PUD2017-0142

A number of potential risks of implementing the CCEA were identified in PUD2017-0142. Observations on perceived risks outlined below:

Risk Identified	Observations	Mitigation strategies
Certain discretionary uses that have various locational restrictions in the Land Use Bylaw or in policy such as financial institutions, offices and drinking establishments could open in locations previously restricted. After the suspension period ends these uses would continue to exist.	To date, there have been no significant unintended consequences of this risk. It is something that will continue to be monitored and investigated in discussions with stakeholders.	Permanent amendments to the land use bylaw can consider modifications to how the CCEA provisions are currently written to include additional protections if stakeholders identify specific concerns.
Policies relating to the clustering of drinking establishments and licensed restaurants may not apply.	Changes in the restaurant and hospitality business have reduced this risk from previous years as there are fewer “drinking-only” establishments. With restaurants generally widening their drinking and entertainment offerings, the late-night economy is more dispersed and less likely to concentrate as it had in past.	Permanent amendments to the land use bylaw can consider modifications to how the CCEA provisions are currently written to include additional protections if stakeholders identify specific concerns.
Localized parking issues may be generated where there are no other nearby parking alternatives.	No issues or concerns have been raised or identified at this time.	
Loss of revenue from processing the development permits could be in the order of $75,000 per year.	The loss of revenue has not impacted Planning and Development operations. Reduced workload in the Centre City has allowed for resources to be applied in other areas	

Design review would not be applicable which may have the impact of a renovation or addition reducing street level pedestrian interest or comfort.	In past, very few change of use or exterior alterations development permits required formal design review and there have been no major issues identified where design quality has been impacted. In fact, applicants continue to meet with City design staff on major projects and there is a very collaborative approach being fostered outside of the formal permit process.	Administration is being proactive in reaching out to major alteration projects to facilitate comprehensive building permit, licensing and public realm construction discussions throughout the design and permitting processes. The City will continue to offer this level of service on major applications to facilitate the buiding permit and construction process.
Some City departments may miss an opportunity to update development or servicing standards that may result in some off-site costs to the municipality in the future.	No major issues have been flagged or identified at this time.	Administration, through Calgary Approvals Coordination, is continuing to review the process and will ensure this issue is addressed prior to the CCEA provisions becoming permanent.

Chief Financial Officer's Report to Priorities and Finance Committee **ISC: UNRESTRICTED**
PFC2019-1058

2019 October 08

Assessment and Tax Circumstances Report

EXECUTIVE SUMMARY

Council approval is required to cancel taxes accrued on individual tax accounts. This report includes the applicable 2016, 2017 and 2018 taxes accrued on property and business accounts that meet Administration's criteria for prior year tax cancellation. This report also includes the applicable 2018 municipal property taxes for non-profit organizations that applied and qualified for tax cancellations under the *Non-Profit Tax Mitigation Policy.* In some cases, these tax cancellations address properties that were taxed in error due to issues that arose such as the timing of when information was received, incorrect data, technical and human error and timing of appeals. This report is presented to Council twice annually and this is the second report this year.

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommend that Council under the authority of section 347 of the *Municipal Government Act:*

1. Cancel property and business taxes for the amounts listed in the Attachment 1.

2. Cancel municipal property taxes for the qualifying non-profit organizations for the amounts listed in Attachment.

3. That Report PFC 2019-1058 be forwarded to the 2019 October 21 Combined Meeting of Council.

PREVIOUS COUNCIL DIRECTION / POLICY

This report is presented to Council twice annually and Council typically accepts Administration's recommendations; the most recent report was presented at the 2019 May 27 Regular Meeting of Council.

BACKGROUND

Section 305 of the *Municipal Government Act* (MGA) does not allow assessors to change the property or business assessment value after the end of the tax year to which the assessment applies. In certain circumstances, Administration will recommend that Council considers exercising its discretionary taxation power under section 347 of the MGA to cancel taxes that correspond to property or business assessment rolls of prior tax years.

At the 2014 December 15 Regular Meeting of Council, through C2014-0919, Council adopted the *Non-Profit Tax Mitigation Policy* to cancel the property taxes of non-profit organizations that paid tax during the construction period of their facility and whose subsequent use of the property met the criteria for property tax exemption. The *Policy* is administered using the Assessment and Tax Circumstances Report for administrative efficiency.

Tax Cancellations Related to Prior Years' Assessment Rolls

Chief Financial Officer's Report to Priorities and Finance Committee 2019 October 08

ISC: UNRESTRICTED
PFC2019-1058

Assessment and Tax Circumstances Report

Section 305 of the MGA allows corrections or amendments to the property assessment roll during the current tax year. A current year amendment to an individual assessment triggers a corresponding adjustment to the current year taxes for that account.

Previously, provision to correct the current year's business assessment roll existed within section 7(a) of the Business Tax Bylaw 1M2018. An annual business tax bylaw is no longer required due to the Business Tax Consolidation process which began in 2014 and concluded as of the 2019 roll. The City has now fully consolidated the business and non-residential tax and did not assess businesses for business tax as of 2019. Going forward business tax cancellations found in this report will either be for years prior to the completion of this consolidation or for Business Improvement Area levies.

Property and business owners have a responsibility to inform the municipality of assessment errors or changes to their property or business in a timely manner in order for Administration to make the relevant changes to the business or property assessment accounts within the current taxation year. Administration does not have the ability to alter property or business assessment rolls of prior years.

Inaccuracies in assessment rolls may result from a number of factors, including but not limited to: operational considerations associated with year-end assessment roll production, timing of communication between business units, and incorrect data or mailing address information.

Generally, valid cancellation requests are for tax amounts that were levied as a result of the following circumstances:

- an incorrect issuance of a property or business assessment
- a property or business assessment that was not corrected appropriately
- a tax exemption that was not processed or not processed correctly
- a business account closure or move that was not processed or not processed correctly

Typically, the inaccuracy must be reported within two years after the inaccuracy occurred for the tax cancellation request to be considered for inclusion in this report. Manager approval is required for requests outside of this timeframe.

Exempt Organizations and the *Non-Profit Tax Mitigation Policy*

The *Non-Profit Tax Mitigation Policy* adopted by Council through C2014-0919 provides criteria for circumstances in which Administration may recommend Council to cancel municipal taxes that correspond to a period when an eligible non-profit property was under construction or under renovation.

Property tax exemptions are governed by the MGA and the *Community Organization Property Tax Exemption Regulation* (COPTER). Provisions in the legislation differ based on the use of the property and the nature of the organization which holds it. One of the differences is the tax treatment of non-profit-held property that is not in use because of construction or renovation. Property held by specific entities such as public institutions (e.g. hospitals, public colleges and universities) is exempt from property tax when it is under construction/renovation. Property that is held by non-profit organizations and societies and is to be used for an approved activity (e.g.

Assessment and Tax Circumstances Report

places of worship, chambers of commerce, food banks, and under certain conditions, arts and cultural activities) is not property tax exempt until it is actually in use for these purposes.

To be considered for municipal property tax cancellation under the *Non-Profit Tax Mitigation Policy*, organizations must attain property tax exemption for the property under the provincial legislation. Until the construction or renovation of the property is completed and then occupied, and being used for the exempt purpose, applicants pay municipal and provincial property taxes. Once the *Policy* criteria are met, up to four years of the municipal taxes paid over the construction period are subject to retroactive cancellation.

For administrative efficiency and timeliness, the *Policy* has been implemented using the Assessment and Tax Circumstances Report as the mechanism to bring these to Council for approval.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Tax Cancellations Related to Prior Years' Assessment Rolls

Property owners are encouraged each year to review and, if needed, ask questions about their property assessments before the end of the 67-day Customer Review Period that follows each assessment notice mailing. This self-reporting allows Administration to use its authority under MGA section 305 to amend the assessment roll for the current year.

Assessment sometimes receives requests for the cancellation of taxes from prior tax years; these may come from Assessment, directly from taxpayers, or from other City business units. The investigation of each request includes researching internal communications and records, speaking directly to the affected taxpayer and working with other relevant City staff.

Administration uses the following criteria to determine if the circumstances and corresponding property or business tax amounts should be brought forward to Council in this biannual report:

- typically, the inaccuracy was reported within two years of the occurrence; and
- Assessment was advised of the inaccuracy within the year the inaccuracy occurred, but the correction was either not processed or incorrectly processed; or,
- the taxpayer was not aware and/or was not notified of the change in assessment and was unable to bring the inaccuracy to the assessor's attention within the Customer Review Period; or,
- the property or business assessment account was set up in error, and the assessment notice was sent to the wrong party; or,
- another City department(s) was notified by the taxpayer of a change to the business and Assessment was not notified during the applicable taxation year.

The recommended adjustments to business tax accounts in this report would cancel or reduce municipal business taxes, and Business Improvement Areas (BIA) levies where applicable. The levies are distributed to BIAs in January each year and adjustments are made in the following year if there are increases or decreases.

The recommended adjustments to the property tax accounts due to assessment roll corrections would cancel or reduce both the municipal and provincial property taxes. Upon cancellation, the provincial portion of the property tax is a cost to The City because the provincial government does not refund its portion.

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ISC: UNRESTRICTED
PFC2019-1058

Assessment and Tax Circumstances Report

The funds for both business tax and property tax cancellations are available through The City's prior years' tax cancellation budget, should Council decide to support the recommendation for tax cancellations included in this report. If Council chooses not to support the recommendation, the tax liabilities and amounts owed will remain as originally billed.

Individual requests for prior years' tax cancellation that met the criteria are listed in Attachment 1.

Tax Cancellations Related to the *Non-Profit Tax Mitigation Policy*

To assist non-profit organizations in applying for prior year tax-relief under the *Non-Profit Tax Mitigation Policy*, Administration provides information about the *Policy*, how to qualify and the application process on Calgary.ca, via email and by phone year-round.

Requests for the cancellation of prior year municipal taxes related to exemptible property held during periods of construction or renovation come from non-profit organizations on an ongoing basis.

The *Policy* ensures that tax cancellations for properties and/or facilities that are under construction are conducted in an equitable and consistent manner through an open and transparent process. The following criteria are used to determine if the circumstances and corresponding municipal property tax amounts should be brought forward to Council:

- a building permit for the site was issued after 2013 January 01, the date established in the *Policy,* and
- the organization has filed the necessary application form to request tax cancellation under the *Policy* to Assessment, and
- the property and/or facility construction has been completed, and
- the property and/or facility is occupied by the organization and is being used for an exemptible purpose, and
- upon completion and occupancy, the organization has filed an application for property tax exemption under the MGA or COPTER to Assessment and the application has been approved.

The non-profit organization must meet all the above criteria to qualify for a tax cancellation under the *Policy*.

The value of the cancellation amount is based on the municipal tax levied during the eligible period the property was under construction and is retroactive to the organization attaining property tax exemption under provincial legislation. The eligible period begins the year that the required application is submitted to Assessment. If the application is submitted the same year the building permit is issued, the period begins as of the date the permit is issued. If the application is submitted at any point thereafter, the eligible period begins January 01 of the year in which the application is received by Assessment. The period ends either four years from the date that the eligible period begins or when the property becomes exempt from taxation, whichever is earlier.

Assessment and Tax Circumstances Report

At the time this report was prepared, three properties held by non-profit organizations met the criteria for prior year tax cancellation under the *Policy*. Applicants that meet all requirements in the future will be brought forward to Council for tax cancellation consideration on future reports.

The recommended adjustments due to the *Non-Profit Tax Mitigation Policy* would cancel or reduce only the municipal property taxes in each organization's account. If Council chooses not to support the recommendation, the tax liabilities and amounts paid will remain as originally billed.

The individual tax amounts to be cancelled for each of the qualifying *Non-Profit Tax Mitigation* applicants are listed in Attachment 2.

Stakeholder Engagement, Research and Communication

This report is a collaborative effort between Assessment, Business Registry, and Finance. Throughout the circumstance report process, the business units are in communication, ensuring appropriate investigation and analyses are conducted for an accurate reflection of the tax cancellations proposed.

Taxpayers and non-profits are contacted by City staff subsequent to their initial inquiry if additional information is needed to establish whether individual circumstances meet the tax cancellation criteria.

For tax cancellation requests related to prior years' assessment rolls, Assessment advises property or business owners listed in Attachment 1 that their requests are included in the report. A second letter advises them of Council's decision.

For tax cancellations related to the *Non-Profit Tax Mitigation Policy*, non-profits are advised of eligibility during the application or circumstance report process and those listed in Attachment 2 will be advised of Council's decision.

The accounts of approved tax cancellations are then adjusted by Finance and a refund is issued when necessary.

Strategic Alignment

The recommendations are in alignment with One Calgary 2019-2022 Service Plans and Budgets and with the *Non-Profit Property Tax Mitigation Policy*.

Social, Environmental, Economic (External)

The taxpayers who own or hold the properties and businesses listed in Attachment 1 and 2 will receive tax cancellations or refunds, if Council approves the recommendations in this report.

Financial Capacity

Current and Future Operating Budget:

The total taxes recommended for cancellation are $143,326.19. Finance has confirmed that there are sufficient funds to accommodate the tax cancellations for the accounts proposed in Attachment 1 and 2. The total budget for the prior years' property and business tax cancellations in 2019 is $1,000,000. The total budget for municipal tax cancellations proposed in Attachment 2 under the *Non-Profit Tax Mitigation Policy* is an additional $1,000,000. At this time, no adjustments to future budget allocations are required to meet the tax cancellation requests set out in this report.

Type of Tax	***2019 Tax Cancellations (This Report)***
Property Tax - *Non-NPTM Related*	$110,660.19
Business Tax	$2,134.44
Property Tax - *NPTM Related*	$30,531.56
Total	**$143,326.19**

Current and Future Capital Budget:

There are no implications to the capital budget, as a result of this report.

Risk Assessment

No implications were identified.

REASON(S) FOR RECOMMENDATION(S):

Administration is prevented by legislative constraints from (1) making corrections to tax accounts relating to prior years' assessment and tax rolls, and (2) providing tax exemptions to otherwise eligible non-profit organizations whose properties are under construction. The accounts brought forward to Council were identified using the criteria within this report. The tax liabilities and amounts owed will remain as originally billed without Council approval.

ATTACHMENT(S)

1. Attachment 1 – List of Tax Cancellations Related to Prior Years' Assessment Rolls
2. Attachment 2 – List of Tax Cancellations Related to the *Non-Profit Tax Mitigation Policy*

List of Proposed Tax Cancellations Related to Prior Years' Assessment Rolls

Issue #	Roll Number	Account Address	Tax Cancellation ($)	Reasons
PROPERTY TAX CANCELLATIONS				
2016				
1	090034000	4337 MACLEOD Trail SW	$5,099.07	Category I: a property or business assessment that was not corrected appropriately
2017				
2	090034000	4337 MACLEOD Trail SW	$6,388.02	Category I: a property or business assessment that was not corrected appropriately
3	202265955	3555 162 Avenue SW	$120.98	Category III: an incorrect issuance of a property or business assessment
4	202265971	16035 SARCEE Trail SW	$152.07	Category III: an incorrect issuance of a property or business assessment
5	202265963	15325 SARCEE Trail SW	$85.55	Category III: an incorrect issuance of a property or business assessment
6	202265989	17212R 37 Street SW	$77.36	Category III: an incorrect issuance of a property or business assessment
7	200492999	3620L 17 Avenue SE	$6,002.55	Category IV: a business account closure or move that was not processed or not processed correctly
8	202351185	9818 15 Street SE	$993.70	Category III: an incorrect issuance of a property or business assessment

List of Proposed Tax Cancellations Related to Prior Years' Assessment Rolls

Issue #	Roll Number	Account Address	Tax Cancellation ($)	Reasons
PROPERTY TAX CANCELLATIONS				
2018				
1	090034000	4337 MACLEOD Trail SW	$6,799.24	Category I: a property or business assessment that was not corrected appropriately
2	202265955	3555 162 Avenue SW	$121.71	Category III: an incorrect issuance of a property or business assessment
3	202265971	16035 SARCEE Trail SW	$152.98	Category III: an incorrect issuance of a property or business assessment
4	202265963	15325 SARCEE Trail SW	$86.06	Category III: an incorrect issuance of a property or business assessment
5	202265989	17212R 37 Street SW	$77.83	Category III: an incorrect issuance of a property or business assessment
6	200492999	3620L 17 Avenue SE	$8,236.79	Category IV: a business account closure or move that was not processed or not processed correctly
7	201378072	197 1 Street SW	$2,345.43	Category IV: a business account closure or move that was not processed or not processed correctly
8	200420560	2825 24 Avenue NW	$621.65	Category III: an incorrect issuance of a property or business assessment
9	202351185	9818 15 Street SE	$485.67	Category III: an incorrect issuance of a property or business assessment
10	201729050	2921 26 Avenue SE	$14,325.50	Category I: a property or business assessment that was not corrected appropriately
11	201452554	5750 76 Avenue SE	$58,488.03	Category III: an incorrect issuance of a property or business assessment
			$110,660.19	**Total Property Tax Cancellation**

Issue #	Business Identifier	Account Address	Tax Cancellation ($)	Reasons
BUSINESS TAX CANCELLATIONS				
2018				
1	14187983	215 12 Avenue SE	$2,134.44	Category IV: a business account closure or move that was not processed or not processed correctly
			$2,134.44	**Total Business Tax Cancellation**

List of Tax Cancellations Related to the Non-Profit Tax Mitigation Policy

Issue	Roll Number	Account Address	Tax Cancellation ($)	Reason
2019				
1	202431383	8, 2820 CENTRE Avenue NE	$793.59	The total cancellation is from December 18, 2018, to the date the property tax exemption first started on February 12, 2019. The portion from December 18, 2018 to December 31, 2018 was on the previous Circumstace report. Cancellation request for 2019 is from January 1, 2019 to February 11, 2019. (42 days)
2	202476487	10, 3151 27 Street NE	$788.80	The tax cancellation is from January 1, 2019 to the date the property tax exemption first started on February 1, 2019. Cancellation request for 2019 is from January 1, 2019 to January 31, 2019. (31 days)
3	202066916	4502 BUILDERS Road SE	$28,949.17	The tax cancellation is from January 1, 2019 to the date the property tax exemption first started on June 6, 2019. Cancellation request for 2019 is from January 1, 2019 to June 5, 2019. (156 days)
			$30,531.56	**Total NPTM Municipal Tax Cancellation**

Chief Financial Officer's Report to Priorities and Finance Committee 2019 October 08

ISC: UNRESTRICTED PFC2019-1147

2020 Preliminary Assessment Roll and Related Estimates

EXECUTIVE SUMMARY

The purpose of this report is to provide Council with early information, before November budget deliberations, on preliminary 2020 assessment information, particularly to understand how changes in the assessment roll could potentially impact the Tax Shift issue.

The projected 2020 taxable assessment roll for residential properties has decreased in total from 2019 to 2020 by approximately 4 per cent. The overall change city wide is projected to be relatively uniform.

The projected 2020 taxable assessment roll for non-residential properties has increased from 2019 to 2020 by approximately 3 per cent. Office properties, such as the Downtown A class buildings, are projected to increase in market value the most within the non-residential class.

Not every single property will experience a change in market value that is exactly the same as the overall class. Different types of properties in different locations throughout the city, will have market values that have changed in different ways and in varying magnitudes.

Within the non-residential class, some downtown office properties have increased in market value. As a result, the previous tax shift from downtown office properties to other non-residential properties appears to have stabilized for this year.

However, given the implementation of the Phased Tax Program (PTP) in 2019, most non-residential properties that did receive the credit in 2019, are projected to experience a municipal property tax increase in 2020 (based on current tax rate increase and tax share assumptions) in the net taxes payable. In general, their municipal tax payable may increase in an amount equivalent to the 2019 PTP rebate they received for 2019.

This report provides an <u>estimate</u> only of the 2020 assessment roll based on market information known to date and does not reflect physical growth. The 2020 assessment roll will not be finalized until 2020 January 2, at the time of mailing the assessment notices. The examples on the tax implications are illustrative and represent directional, order-of-magnitude estimates.

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommend that Council receive this report for the Corporate Record to inform their discussion during the November budget deliberations.

PREVIOUS COUNCIL DIRECTION / POLICY

No previous Council direction.

BACKGROUND

Assessment is the process of assigning a dollar value to a property for taxation purposes. Council sets the municipal tax supported budget requirement for the following year in November. The taxable assessment roll is used as the basis for the fair and equitable distribution of the required municipal tax supported budget. This municipal tax supported budget is then used to pay for city services such as police, fire, roads, parks and many other services that help make life better everyday for Calgarians. The assessment process does not “make the

2020 Preliminary Assessment Roll and Related Estimates

market". Instead, the assessment process simply strives to accurately reflect the real estate market within the city.

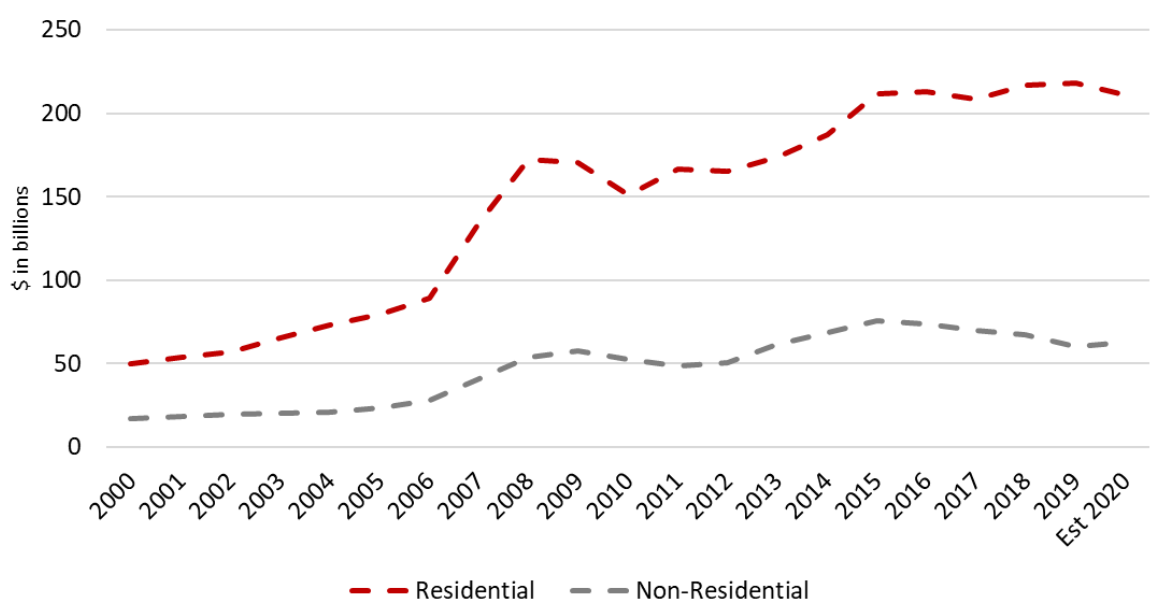
Assessments are done on an annual basis and are governed by legislation - the *Municipal Government Act* (MGA), other associated regulations, along with various tribunal and court decisions. Professional appraisal and assessment theory and practice are also used to implement the annual assessment process.

The MGA requires the annual valuation of all assessable properties. Annual property assessments reflect Calgary's real estate market conditions as of July 1 of the previous year. There are three primary assessment (tax) classes used within Calgary; residential, non-residential and farm land. The MGA allows municipalities to assess and tax machinery and equipment, however, City Council has historically chosen not to tax machinery and equipment. The assessed value of the farm class is immaterial to the total assessment roll. Thus, this report will focus only on the residential and non-residential classes.

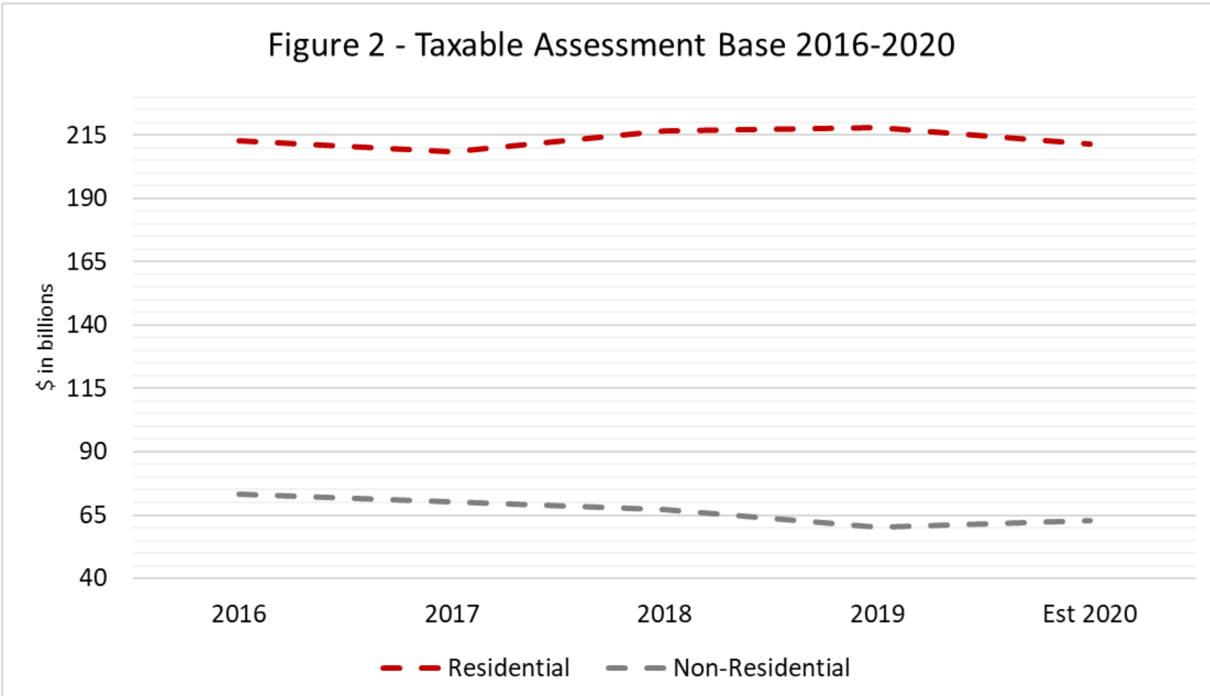
Assessment is a mechanism to fairly and equitably distribute the required property taxes and does not in and of itself create taxes. However, as a mechanism to distribute taxes, there is an intricate link between assessment and property tax distribution. Changes in market value do not automatically increase or decrease taxes, however, as different subsets of the total taxable assessment roll (different types of properties) can be affected by market forces differently, the assessed values (and the way they change from year to year) can have a material impact on how that tax supported budget is distributed among taxpayers.

As the taxable assessment roll is simply a reflection of the market, the assessment roll can vary on a year to year basis (the roll changes are a combination of market value change and physical growth). Figure 1 shows the taxable assessment roll over the past 20 years. Figure 2 shows the taxable assessment roll in more detail over the past five years.

Figure 1 - Taxable Assessment Base 2000-2020



2020 Preliminary Assessment Roll and Related Estimates



INVESTIGATION: ALTERNATIVES AND ANALYSIS

It is important to note that:

- This report provides an estimate only of the 2020 assessment roll based on market information known to date and does not reflect physical growth. It provides illustrative comparisons of the resulting estimated municipal taxes payable for 2020 for a typical residential property and a representative sample of different non-residential properties. The total municipal tax supported budget will not be finalized until 2019 November and the 2020 assessment roll will not be finalized until 2020 January 2.
- The Assessment Business Unit is just commencing the Pre-Roll Consultation period and further refinements to the projected 2020 assessment roll are expected as these cooperative discussions with non-residential owners and agents progress.
- There could be material changes to the projected 2020 roll by the time the roll is finalized.

Projected 2020 Taxable Assessment Roll

	2019	Projected 2020	Change
Residential	$215.9 billion	$206.9 billion	- 4.2%
Non-Residential	$58.4 billion	$60.3 billion	+ 3.3%

As previously noted, any individual property (or subset of properties) may experience a market value change that is different than the change in the overall market value of the entire class.

2020 Preliminary Assessment Roll and Related Estimates

Generally, there is some variation between the market value change of an individual property when compared to the market value change of the entire class. However, where there are very extreme market value changes experienced by one or more of the subsets of properties within a class, severe tax shifting can occur between those subsets.

This tax shift between downtown office and the balance of the non-residential properties is what was experienced within the non-residential class over the past five years. The market value of a small number, but high valued downtown office properties dropped in market value sharply and suddenly, whereas other subsets of the non-residential roll (retail and industrial) remained relatively unchanged in market value. This movement in relative value created a sharp tax shift within the non-residential class from the office buildings to other property types.

Overall, there is some shifting in the market values of the major subsets within the assessment roll. This is to be expected as not every single property will experience a change in market value that is exactly the same as the overall class.

It would appear that for 2020, there is considerably less tax shifting between downtown and other non-residential properties than had been experienced over the past few years. In fact, some of the market observations indicate a recovery of the market values in some property types (notably some downtown office properties and multi-residential properties).

Projected 2020 Assessment Changes

Residential Assessment

- Overall, the residential class is projected to decrease in assessment value by approximately 4 per cent.
- Typical single residential homes are projected to drop 4 per cent from a median assessed value of $475,000 in 2019, to $455,000 in 2020.
- Typical single residential condominiums, which are single titled condominium units, are projected to drop 5 per cent from a median assessed value of $255,000 in 2019, to $240,000 in 2020.
- Multi-residential properties, which are residential properties with four or more self contained units under a single land title, are projected to increase approximately 10 per cent overall. There is particular strength seen in the market value of high-rise rental apartments.
- By Community: While there are variations in the market value of residential properties across Calgary, the overall change city wide is projected to be relatively uniform.
- By Price: Generally, the 2020 projected residential roll indicates that higher valued properties declined in market value more in relation to the market value of lower priced residential properties.

Non-Residential Assessment

- Overall, the non-residential class is projected to increase in assessment value by approximately 3 per cent.
- Office properties are projected to have market value increases of approximately 5 per cent. This is a result of a renewed strength in the market value of some downtown office properties.
- Industrial properties are projected to increase by approximately 3 per cent. This increase is mainly driven by demand for warehouse distribution uses.

2020 Preliminary Assessment Roll and Related Estimates

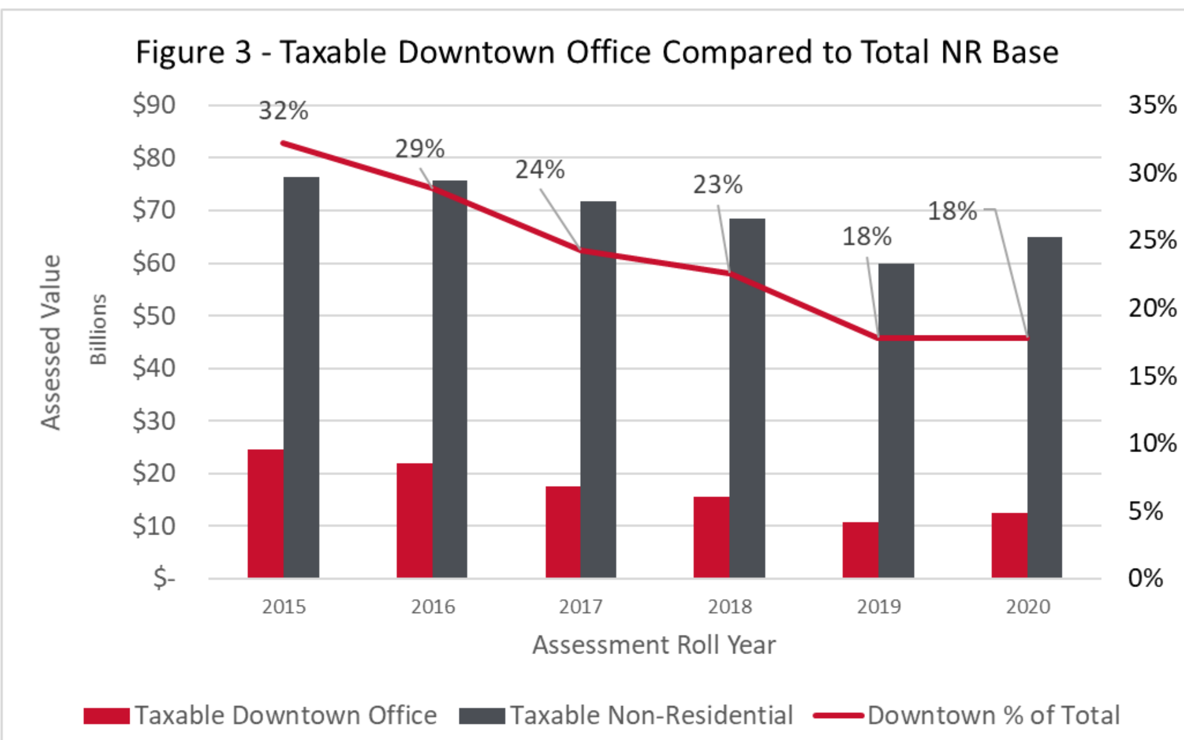
- Retail properties are projected to increase by approximately 5 per cent. Freestanding retail, strip malls, neighbourhood shopping centres and power centres are projected to increase above the overall rate, whereas downtown, beltline and enclosed malls will be relatively stable.

Assessment Roll Summary

Property Type	Estimated Change from 2019
Residential	- 4%
Single Residential	- 4%
Condominium	- 5%
Multi-Residential	+ 10%
Vacant Land	+ 2%
Non-Residential	+ 3%
Office	+ 5%
Retail	+ 5%
Industrial	+ 3 %
Other	+ 4%
Vacant Land	+ 3 %

Note that these are preliminary values and are subject to change.

With the observed increase in the market value of some downtown office properties, it is projected that the proportion of the overall taxable non-residential assessment roll shouldered by the downtown office properties has stabilized for this year (Figure 3).



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2020 Preliminary Assessment Roll and Related Estimates

Projected 2020 Municipal Property Tax Implications

While the 2020 budget will not be set until 2019 November, it is important to provide illustrative examples of the potential 2020 municipal property tax implications given the projected 2020 assessment roll. It is also important to highlight the potential municipal property tax implications in consideration of the 2019 PTP.

The Tax Shift Assessment Working Group (TSAWG), led by Councillor Gondek has been working on a much larger set of illustrative examples that include three different tax rate increase scenarios (3.03 per cent, 1.5 per cent, and 0 per cent). These are coupled with three tax share scenarios for discussion (51 per cent Non-Residential (NR)/49 per cent Residential (Res); 50 per cent NR/50 per cent Res; 48 percent NR/52 per cent Res). These examples provide a more complete set of the potential municipal property tax impacts on a variety of both residential and non-residential properties under these various scenarios. This report will include only three of these illustrative examples in order to provide a general indication of the possible tax impacts.

The following illustrative examples use the projected 2020 taxable assessment roll and the forecasted 2020 tax rate increase as contemplated in the One Calgary budget of 3.03 per cent that includes the $60 million reduction that Council approved in 2019 July as applied to the non-residential property tax rate, and maintaining the resulting 51 per cent NR/49 per cent Res relative tax share (amount of total taxes paid by the residential class versus the non-residential class). These examples are illustrative only and represent directional, order-of-magnitude estimates.

Typical Single Residential House	2019	2020 Estimate	Change
Assessment	475,000	455,000	(20,000)
Municipal Taxes	2,000	2,061	61
Monthly Payment	167	172	5

Non-Residential $5 million property	2019	2020 Estimate	Change
Assessment	5,000,000	5,000,000	
Municipal Taxes	88,875	82,264	(6,611)
Less PTP	(16,214)		
Actual Municipal Taxes	72,661	82,264	9,603

Office - Downtown A Class	2019	2020 Estimate	Change
Assessment	92,930,000	114,560,000	21,630,000
Municipal Taxes	1,651,831	1,884,821	232,990
Less PTP			
Actual Municipal Taxes	1,651,831	1,884,821	232,990

In 2019 Council approved a Phased Tax Program (PTP) to mitigate the significant tax shift. This was the third version of a PTP with additional programs occurring in 2017 and 2018. The second example above shows the potential municipal property tax impact for a property that received PTP credits in 2019. At this time there is no direction from Council to utilize another PTP or other one-time mitigation measures for 2020.

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2020 Preliminary Assessment Roll and Related Estimates

Stakeholder Engagement, Research and Communication

Administration launched the 2019 Pre-Roll Consultation Period (Pre-Roll) on 2019 October 3 and invited non-residential property owners and agents to inquire and collaborate on their 2020 assessment values. As a result, owners and agents may have an impact on their final 2020 property assessment values before they are finalized. Pre-Roll will run from 2019 October 3 to 2019 November 8.

Strategic Alignment

A quality assessment roll aligns with the Council Priority of A Well Run City.

Social, Environmental, Economic (External)

The production of an assessment roll for the purposes of taxation allows The City to distribute and collect taxes which then pay for services and amenities which benefit the citizens of Calgary.

Financial Capacity

Current and Future Operating Budget:

There are no impacts on the operating budget. Changes in the assessment base resulting from market changes do not impact tax revenues.

Current and Future Capital Budget: None

Risk Assessment

As previously stated, the assessment roll in itself does not create property taxes – it is simply a reflection of what actually happened in the real estate market. It is important to note that market value changes of individual properties and subsets of properties that are materially different than the market value changes of the entire class, can bring about significant tax shifts that directly affect property taxpayers.

This report provides an estimate only of the 2020 assessment roll based on market information known to date and does not reflect physical growth. The 2020 assessment roll will not be finalized until 2020 January 2. There are many assumptions and estimates being used to project the 2020 assessment roll at this very early stage. The Assessment Business Unit is just commencing the Pre-Roll Consultation period and further refinements to the projected 2020 assessment roll are expected as these cooperative discussions with non-residential owners and agents progress. Therefore, there could be material changes to the 2020 roll by the time that it is finalized.

REASON(S) FOR RECOMMENDATION(S):

To provide Council relevant information to help inform their discussion during the November budget deliberations.

ATTACHMENT(S)

None

Approval(s): Carla Male concurs with this report. Author: Assessment and Finance

2019 October 08

PRIORITIES AND FINANCE COMMITEE

*** SUPPLEMENTARY MATERIAL***

These items are to support the following Verbal Report:

7.6 Final Report from Assessment Tax Shift Working Group (Verbal), PFC2019-1306

Tax Shift Assessment Working Group of PFC

Meeting 1: July 2, 2019

Attendees:

- Mayor Nenshi
- Councillor Druh Farrell
- Councillor Jeromy Farkas
- Councillor Jyoti Gondek
- Robyn Ferguson, MNP
- Dave Mewha, Altus Group
- Paul Fairie, University of Calgary
- Nelson Karpa, City of Calgary
- Katie Paton, Mayor's Office
- Chris Carlile, Ward 11 Office
- Ally Bates, Ward 3 Office

General Discussion:

- Maybe we should go back and see how to continue forward with zero-based budget reviews
- Financial tax force and working group will be working close to each other
- Economic downturn is localized, how are we going to balance this
- There are two classes the city can draw the tax base from: residential and non-residential
  - The non-residential chunks that used to make up a large portion has since decreased
  - Revenue required ÷ taxable base
  - Machinery equipment is part of the tax but council doesn't impose
- Downtown properties' contribution fell from 32% → 19% of operating budget
- 490,000 residential accounts vs 14,000 non-residential accounts
- $214 billion residential assessed value vs $57 billion non-residential assessed value
- 47% to 53% split between residential and non-residential
- Council can subclass as they see fit
- Nothing should be off the table, we need to look for more resilient systems
  - We should look at different legislation provincially
  - Maybe we should have many different models instead of just market value assessment, therefore there would be more stability
  - How did we end up getting here, 7 months into the tax year?
- The working group should advise on property tax
  - the big structural fix shouldn't be done in this group, although it is a systemic issue
- We need to learn from the disconnect → could admin have advised sooner?
  - not admin's fault, when sworn in we were told of the problem
- What is the service line? Who is accruing benefit from this? who benefits the most should pay the most
- Public services benefit everyone regardless of if you use police/fire/parks/transportation etc.
- How do we get to the 50/50 split?

  - 50/50 was an idea to achieve more parity, not necessarily the best, but it starts the conversation
- The big concern we hear from people is the lack of stability; therefore the solution should be stability, to give people certainty
- Business tax consolidation was meant to be revenue neutral, is that what people have experienced?
  - No, some are benefiting and others are not
- Assessment base is up 8% across the board
- CRL is hurting us, there have been questionable investments
  - We could ask Calgary municipal land for dividend in future
- Interested in new powers in MGA → bill 7 was written broadly
- Concern is distribution, how can we focus the benefit on small businesses?
  - Could use change in MGA to give hurting businesses a new tax rate
- What research has been done and what have others have done
  - No other jurisdiction is a unicity → Calgary will need to look at present state and what to do if we move to a regional model

Outcomes:

- Paul Fairie will provide results of comparative research at next meeting
- Robyn Ferguson/Dave Mewha will provide results of market changes overtime and forecasting, as well as proposing tax models for change
- Nelson Karpa will provide proportional share data from other cities (e.g. 50/50 or different)

Next Meetings:

- July 19th at 8:00 am
- July 31st at 9:00 am

Tax Shift Assessment Working Group of PFC

Meeting 2: July 19, 2019

Attendees:

- Mayor Nenshi
- Councillor Druh Farrell
- Councillor Jyoti Gondek
- Robyn Ferguson, MNP
- Dave Mewha, Altus Group
- Paul Fairie, University of Calgary
- Nelson Karpa, City of Calgary
- Katie Paton, Mayor's Office
- Chris Carlile, Ward 11 Office
- Ally Bates, Ward 3 Office

General Discussion:

- A possible solution could be to change assessment limits (requires provincial change)
  - Example: Minnesota has limited market value increase (can't increase more than 15%). It is the most popular and proven to increase stability. Unintended consequences include people believing they are receiving a tax cut.
  - Effective communications team can help during large tax shift revolts. Research proves that if there is effective communication on property tax, the situation is calmed down.
- We are assuming we are stuck with market value assessment, however we could explore a band tax
- We should look into what would happen if we blow up the system
- We should understand the degrees of freedom in the current system
- Edmonton is the best city comparison to Calgary, however, Edmonton has more classes than Calgary; also very hard to compare as different cities supply different services
- Building owners are keeping rent high, but if people can't pay that leaves the building empty
- Do buildings value their air rights?
- What are our goals? Maybe we should work backwards towards it
- Is property tax the only method? What should we be looking at? What should our revenue streams be?
- Vancouver wanted to move to a consumption model but they said it was regressive/difficult to implement
- Should we reward the land form we are seeking? People should pay their fair share of what they use
- We need to be aware of the region; e.g. Rocky View County is currently competing head to head with Calgary with no ability to provide servicing
- Bill 7 is not a simple solution; e.g. asked if we could use Bill 7 to create a "special" class to help small businesses and we were told that would be a big stretch
- Maybe we could help the buildings that are being hit by roads under construction in front of their stores with Bill 7

- We need to make a systemic change in how we budget so that Administration has a cap based on Council's analysis of assessment base
- Is there value for council to see the iterations of what the business community is?

Outcomes:

- Dave Mewha will provide a document that can act as a "common song sheet"
- Nelson Karpa will look at sub class (multi-res class) for future meetings (Possibly September?)
- Councillor Gondek will ensure next meeting focuses on solutions for November budget cycle

Next Meetings:

- July 31st: 9:00-10:00am
- August 27th: 8:00-9:30am
- September 13th: 8:00-9:30am

Tax Shift Assessment Working Group of PFC

Meeting 3: July 31, 2019

Attendees:

- Mayor Nenshi
- Councillor Druh Farrell
- Councillor Jeromy Farkas
- Councillor Jyoti Gondek
- Robyn Ferguson, MNP
- Dave Mewha, Altus Group
- Paul Fairie, University of Calgary
- Edwin Lee, City of Calgary
- Katie Paton, Mayor's Office
- Ally Bates, Ward 3 Office

General Discussion: focus on what we need to get done for September vs longer term

- For September
  - 1- Better budgeting process that utilizes assessment information
    - Base budget review, less jargon (indicative rates, tax room), more clarity on operating budget and what services are provided to Calgarians, ensure Council understands how the mill rate is set through # of assessed properties and their assessed values
  - 2- Proportional share of operating budget and outcomes
    - Should it be 50/50 proportional share between res and non-res?
    - City of Calgary needs to speak in terms of proportion for budgeting and communicating, but resulting ratios are important for MGA and private sector purposes
    - Certainty and predictability cannot be achieved with variability we presently see
    - Should the redistribution be between res and non-res, or do we need to look at subclassing non-res by smaller vs larger (e.g. Nordstrom's vs. drycleaner)
  - 3- Outcome for property owners (residential and non-residential)
    - What will the bills look like, how do we explain what they are seeing on the bill, what is the separation between provincial and municipal portion
  - 4- What kind of a city do we want and how do we "reward"
    - Operate with fairness and equity (basic principles available from a past Assessment presentation to Council), eliminate disparity between similar properties, recognize unintended consequences of drawing into downtown
  - 5- Use Bill 7 for construction-impacted properties
    - Councillor Farkas drafting a Notice of Motion
  - 6- Competitive analysis of other jurisdictions, including the notion of elasticity (Admin to send to this working group)

- Longer term focus
  - 1- How to “fix” a proportion or ratio and offer some stability
    - Not meant to replicate Proposition 13 from the US
    - e.g. Minnesota or Saskatoon with % caps
    - e.g. when we moved from fair actual to market value (giving that 3 year buffer transition period)
  - 2- Legislative stuff like:
    - True reform to property tax (regressive) and only municipal tool
    - How do we target and help small business and fixed income residents
  - 3- Sub-class (i.e. multiresidential)
    - Significant IT challenges
    - Don’t need provincial permission for res sub-class
  - 4- Rent and property values
    - Touch base with industry and Administration to ensure equity (perhaps Sonya Sharp from Admin)
- How will decision-making change during budget process?
  - Decision 1 - How much money do we need?
  - Decision 2 - How do we allocate responsibility for operating budget between classes?
    - Caution with this feedback loop: Decision 1 informs decision 2, but 1 can be influenced by 2
  - Decision 3 - What are the impacts/consequences of cuts or increases (can Council live with its decision?)

For next meeting:

- Robyn to share her spreadsheet and allow time to digest it, play with the numbers
- Edwin to share competitive intelligence

Next Meetings:

- August 27th: 8:00-9:30am
- September 13th: 8:00-9:30am

Tax Shift Assessment Working Group of PFC

Meeting 4: August 27, 2019

Attendees:

- Councillor Jyoti Gondek
- Robyn Ferguson, MNP
- Dave Mewha, Altus Group
- Paul Fairie, University of Calgary
- Nelson Karpa, City of Calgary
- Katie Paton, Mayor's Office
- Chris Carlile, Ward 11 Office
- Ally Bates, Ward 3 Office

Key Discussion Points:

- While there is no magic formula to determine the most appropriate proportional split between residential and non-residential properties, we are able to understand the correlation between the two and the fact that proportionality should not necessarily remain static over time.
- Proportionality must be a value judgement of Council based on competitive intelligence, and result in a ratio that abides by the guidelines of the MGA and allows Calgary to remain competitive with other cities.
- This working group has struggled with two main questions:
  1) What do we want (which is a values-based question)? *This is Council's decision that the working group can advise on, but cannot make.
  2) How do we do it (which is based on tools and math)? *This is the place for this working group to weigh in and offer options with outcomes.
- While this working group must provide some clear direction for Council's decision-making this fall, it has also been recognized as a valuable way for the business sector to work with Administration and Council to facilitate better understanding of each other's realities. For this reason, the working group concept should be recommended for future years with an earlier start date to provide feedback to PFC.
- By October PFC, this working group should provide Council with clear recommendations that are grounded in a set number of scenarios that provide proportionality, ratio and budget threshold. Each scenario will generate specific outcomes, as well as come with specific consequences.
- For September's PFC, Councillor Gondek will provide committee with a verbal update that outlines working group discussions to date and the format of final recommendations for October PFC.
- The following scenarios will be presented as potential recommendations to PFC, accompanied by calculations that show impact to average homeowner and average non-residential property owner:
  1) Residential 48%/Non-Residential 52% (this is our current state which is 47/53 but results in 48/52 when the $60 million in reductions are factored in)
  2) Residential 50%/Non-Residential 50%
  3) Residential 52%/Non-Residential 48%

Next Steps:

- Councillor Gondek/Ally Bates will work on presentation to PFC (including scenarios/general discussion) and share with working group
- Robyn Ferguson and Dave Mewha to supply spreadsheet
- First half of Sept 13th meeting will be spent on the scenarios, and second half will be dedicated to finalizing scenarios and recommendations to PFC

Next Meetings:

- TSAWG - September 13th, 8:00 - 9:30 am
- PFC - September 17th – verbal update to committee
- (if needed) TSAWG - October 1st, 8:00 - 9:30 am
- PFC – October 8th – final recommendations of TSAWG

Tax Shift Assessment Working Group of PFC

Meeting 5: September 13, 2019

Attendees:

- Mayor Nenshi
- Councillor Druh Farrell
- Councillor Jeromy Farkas
- Councillor Jyoti Gondek
- Robyn Ferguson, MNP
- Dave Mewha, Altus Group
- Paul Fairie, University of Calgary
- Nelson Karpa, City of Calgary
- Katie Paton, Mayor's Office
- Chris Carlile, Ward 11 Office
- Ally Bates, Ward 3 Office

General Discussion:

- Recommendation to Council should come with a warning that the solution to the tax shift problem will not be solved by this year, and fixing the systemic issues will require a longer timeline
- We should look at implementing this working group earlier next year
- Developing a new fiscal framework with the province should be explored as a more long term solution
- TSAWG will remain neutral on the 3 scenarios in the report, but will offer "if/then" clarification for each (if you choose that scenario, this is what it would look like on this type of property)
- Confirmation of the recommendations discussed at August 27th meeting:
    - TSAWG recommends that Council be provided with assessment values and number of properties in both classes to make an informed budget decision. In addition, TSAWG will provide PFC with proportion scenarios accompanied by calculations that show impact to average homeowner and average non-residential property owner:
        1) Residential 48%/Non-Residential 52% (this is our current state which is 47/53 but results in 48/52 when the $60 million in reductions are factored in)
        2) Residential 50%/Non-Residential 50%
        3) Residential 52%/Non-Residential 48%

Outcomes for October 1st Meeting:

- Councillor Gondek and Ally Bates will work on presentation to PFC (including general discussion and longer term recommendations)
- Robyn Ferguson and Nelson Karpa will finalize the scenario spreadsheets
- Dave Mewha and Edwin Lee will provide a one page guide that explains to Council how they can read the spreadsheets
  - Katie Paton will review the document to make sure it is easy to read
- Paul Fairie will provide a one page document that will compare Calgary to other jurisdictions, and pros/cons of those models

Next Meetings:

- October 1st is next and final TSAWG meeting, from 8:00 – 9:30 am
- October 8th is the PFC meeting where recommendations will be presented

Calgary's property tax problem – Dr. Paul Fairie

Features of the Calgary economy in combination with the rules of the property tax system have led to some unintended and unfortunate consequences. This is particularly true for businesses, with larger than anticipated tax increases for some (especially suburban) commercial properties, and some very large property tax decreases for others (especially larger downtown properties).

What happened? First, the 2014 economic downturn. In addition to increasing unemployment rates and decreasing energy royalties, the downturn also hit the property market, cutting the value of many properties around the city. However, this by itself was not enough -- if (as in past downturns) property taxes had decreased more or less equally across the city, the problem described up front wouldn't have occurred.

What else happened? This downturn was different because of the extent to which the most dramatic property value drops were concentrated in the centre of the city, with downtown properties alone losing more than $10 billion in value. Calgary's specific status as a headquarters city is usually a property tax boon (allowing for relative tax decreases elsewhere in the city), but when these specific high-value properties drop precipitously in value, the property tax system's rules automatically make the rest of the city's businesses pick up the slack.

Why does this matter? Let's look at two fictional examples. Imagine two properties worth $90 and $10. The city needs $1 to pay for services, so it charges Property 1 90¢ and Property 2 10¢. A downturn hits, and the properties are now worth $45 and $5. The city still needs the same $1 to pay for services, and, after some simple arithmetic, charges the properties 90¢ and 10¢, just like before.

Imagine the same two properties worth $90 and $10, and a city that needs $1 to pay for services. Property 1 is charged 90¢ and property 2 10¢. An economic crisis now hits just Property 1, and they're now valued at $40 and $10. The city still needs $1, but now Property 1's bill is 80¢ and Property 2 has to pay 20¢ -- a 100% increase, even though overall taxes stayed the same! Swap in some real numbers and some real businesses, and this is more or less what happened in Calgary in the 2014 downturn.

Some property tax solutions that have been tried elsewhere might seem tempting, but they don't address Calgary's specific issue. Attempts in California to limit property tax increases ultimately disincentivized selling property and led to the creation of other taxes to fill in the funding gaps for local services like police and fire protection. Minnesota tried limiting property assessment changes, but taxes based on old assessments are unfair in various ways, and they abandoned this.

The tools developed by this working group can help council more explicitly consider the effects of their decisions on the taxes paid by homeowners and businesses across the city. Ultimately, regardless of how council proceeds, these short-term ideas will not stop the problem described above from happening again, and longer-term fixes (including full municipal tax reform) are the only real solution.

2020 Projected Assessment Base

0% Budget Increase

*Values Prepared on 2019 Sept 27 - subject to change

	0% Budget Increase - 49% Res/51% NR Split			0% Budget Increase - 50% Res/50% NR Split			0% Budget Increase - 52% Res/48% NR Split		
	2019	**2020 Estimate**	**YOY Change**	**2019**	**2020 Estimate**	**YOY Change**	**2019**	**2020 Estimate**	**YOY Change**
Taxable Residential Base	215,899,418,873	206,917,417,800	-4.16%	215,899,418,873	206,917,417,800	-4.16%	215,899,418,873	206,917,417,800	-4.16%
Taxable Non-Residential Base	58,380,240,793	60,315,534,520	3.31%	58,380,240,793	60,315,534,520	3.31%	58,380,240,793	60,315,534,520	3.31%
Estimated Residential Tax	908,520,000	928,763,000		908,520,000	947,717,000		908,520,000	985,626,000	
Estimated Non-Residential Tax	1,016,078,000	966,671,000		1,016,078,000	947,717,000		1,016,078,000	909,808,000	

Residential

Examples

	0% Budget Increase - 49% Res/51% NR Split			0% Budget Increase - 50% Res/50% NR Split			0% Budget Increase - 52% Res/48% NR Split		
Typical Single Residential Home	**2019**	**2020 Estimate**	**YOY Change**	**2019**	**2020 Estimate**	**YOY Change**	**2019**	**2020 Estimate**	**YOY Change**
Assessment	475,000	455,000	-4.21%	475,000	455,000	-4.21%	475,000	455,000	-4.21%
Municipal Tax Rate	0.0042108	0.0044231		0.0042108	0.0045133		0.0042108	0.0046939	
Municipal Taxes	2,000	2,013	0.62%	2,000	2,054	2.67%	2,000	2,136	6.78%
Monthly Payment	167	168	0.62%	167	171	2.67%	167	178	6.78%
Typical Single Residential Condo	**2019**	**2020 Estimate**	**YOY Change**	**2019**	**2020 Estimate**	**YOY Change**	**2019**	**2020 Estimate**	**YOY Change**
Assessment	255,000	240,000	-5.88%	255,000	240,000	-5.88%	255,000	240,000	-5.88%
Municipal Tax Rate	0.0042108	0.0044231		0.0042108	0.0045133		0.0042108	0.0046939	
Municipal Taxes	1,074	1,062	-1.14%	1,074	1,083	0.88%	1,074	1,127	4.92%
Monthly Payment	89	88	-1.14%	89	90	0.88%	89	94	4.92%

Non-Residential

Examples

	0% Budget Increase - 49% Res/51% NR Split			0% Budget Increase - 50% Res/50% NR Split			0% Budget Increase - 52% Res/48% NR Split		
Non-Residential $5m Property	**2019**	**2020 Estimate**	**YOY Change**	**2019**	**2020 Estimate**	**YOY Change**	**2019**	**2020 Estimate**	**YOY Change**
Assessment	5,000,000	5,000,000	0.00%	5,000,000	5,000,000	0.00%	5,000,000	5,000,000	0.00%
Municipal Tax Rate	0.017775	0.0158109		0.017775	0.0154083		0.017775	0.0146015	
Municipal Taxes	88,875	79,055	-11.05%	88,875	77,042	-13.31%	88,875	73,008	-17.85%
Less PTP	(16,214)			(16,214)			(16,214)		
Actual Municipal Taxes	72,661	79,055	8.80%	72,661	77,042	6.03%	72,661	73,008	0.48%

Retail - Strip Mall	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	3,250,000	3,650,000	12.31%	3,250,000	3,650,000	12.31%	3,250,000	3,650,000	12.31%
Municipal Tax Rate	0.017775	0.0158109		0.017775	0.0154083		0.017775	0.0146015	
Municipal Taxes	57,769	57,710	-0.10%	57,769	56,240	-2.65%	57,769	53,295	-7.74%
Less PTP	(11,780)			(11,780)			(11,780)		
Actual Municipal Taxes	45,988	57,710	25.49%	45,988	56,240	22.29%	45,988	53,295	15.89%

Retail - 17 AV SW	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	3,560,000	3,390,000	-4.78%	3,560,000	3,390,000	-4.78%	3,560,000	3,390,000	-4.78%
Municipal Tax Rate	0.017775	0.0158109		0.017775	0.0154083		0.017775	0.0146015	
Municipal Taxes	63,279	53,599	-15.30%	63,279	52,234	-17.45%	63,279	49,499	-21.78%
Less PTP	(15,162)			(15,162)			(15,162)		
Actual Municipal Taxes	48,117	53,599	11.39%	48,117	52,234	8.56%	48,117	49,499	2.87%

Retail - Neighbourhood Shopping Centre	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	41,390,000	44,340,000	7.13%	41,390,000	44,340,000	7.13%	41,390,000	44,340,000	7.13%
Municipal Tax Rate	0.017775	0.0158109		0.017775	0.0154083		0.017775	0.0146015	
Municipal Taxes	735,707	701,055	-4.71%	735,707	683,204	-7.14%	735,707	647,431	-12.00%
Less PTP	(132,152)			(132,152)			(132,152)		
Actual Municipal Taxes	603,555	701,055	16.15%	603,555	683,204	13.20%	603,555	647,431	7.27%

Office - Downtown AA Class	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	391,200,000	391,130,000	-0.02%	391,200,000	391,130,000	-0.02%	391,200,000	391,130,000	-0.02%
Municipal Tax Rate	0.017775	0.0158109		0.017775	0.0154083		0.017775	0.0146015	
Municipal Taxes	6,953,580	6,184,117	-11.07%	6,953,580	6,026,648	-13.33%	6,953,580	5,711,085	-17.87%
Less PTP	-			-			-		
Actual Municipal Taxes	6,953,580	6,184,117	-11.07%	6,953,580	6,026,648	-13.33%	6,953,580	5,711,085	-17.87%

Office - Downtown A Class	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	92,930,000	114,560,000	23.28%	92,930,000	114,560,000	23.28%	92,930,000	114,560,000	23.28%
Municipal Tax Rate	0.017775	0.0158109		0.017775	0.0154083		0.017775	0.0146015	
Municipal Taxes	1,651,831	1,811,297	9.65%	1,651,831	1,765,175	6.86%	1,651,831	1,672,748	1.27%
Less PTP	-			-			-		
Actual Municipal Taxes	1,651,831	1,811,297	9.65%	1,651,831	1,765,175	6.86%	1,651,831	1,672,748	1.27%

Industrial - Warehouse	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	4,970,000	5,390,000	8.45%	4,970,000	5,390,000	8.45%	4,970,000	5,390,000	8.45%
Municipal Tax Rate	0.017775	0.0158109		0.017775	0.0154083		0.017775	0.0146015	
Municipal Taxes	88,342	85,221	-3.53%	88,342	83,051	-5.99%	88,342	78,702	-10.91%
Less PTP	(13,083)			(13,083)			(13,083)		
Actual Municipal Taxes	75,259	85,221	13.24%	75,259	83,051	10.35%	75,259	78,702	4.58%

Suburban Office	2019	2020 Estimate	YOY Change
Assessment	28,170,000	25,310,000	-10.15%
Municipal Tax Rate	0.017775	0.0158109	
Municipal Taxes	500,722	400,174	-20.08%
Less PTP	(32,601)		
Actual Municipal Taxes	468,121	400,174	-14.51%

2019	2020 Estimate	YOY Change
28,170,000	25,310,000	-10.15%
0.017775	0.0154083	
500,722	389,984	-22.12%
(32,601)		
468,121	389,984	-16.69%

2019	2020 Estimate	YOY Change
28,170,000	25,310,000	-10.15%
0.017775	0.0146015	
500,722	369,564	-26.19%
(32,601)		
468,121	369,564	-21.05%

2020 Projected Assessment Base

1.5% Budget Increase

*Values Prepared on 2019 Sept 27 - subject to change

	1.5% Budget Increase - 49% Res/51% NR Split			1.5% Budget Increase - 50% Res/50% NR Split			1.5% Budget Increase - 52% Res/48% NR Split		
	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Taxable Residential Base	215,899,418,873	206,917,417,800	-4.16%	215,899,418,873	206,917,417,800	-4.16%	215,899,418,873	206,917,417,800	-4.16%
Taxable Non-Residential Base	58,380,240,793	60,315,534,520	3.31%	58,380,240,793	60,315,534,520	3.31%	58,380,240,793	60,315,534,520	3.31%
Estimated Residential Tax	908,520,000	941,502,000		908,520,000	960,716,000		908,520,000	999,145,000	
Estimated Non-Residential Tax	1,016,078,000	979,930,000		1,016,078,000	960,716,000		1,016,078,000	922,287,000	

Residential

Examples	1.5% Budget Increase - 49% Res/51% NR Split			1.5% Budget Increase - 50% Res/50% NR Split			1.5% Budget Increase - 52% Res/48% NR Split		
Typical Single Residential Home	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	475,000	455,000	-4.21%	475,000	455,000	-4.21%	475,000	455,000	-4.21%
Municipal Tax Rate	0.0042108	0.0044838		0.0042108	0.0045752		0.0042108	0.0047581	
Municipal Taxes	2,000	2,040	2.00%	2,000	2,082	4.08%	2,000	2,165	8.24%
Monthly Payment	167	170	2.00%	167	173	4.08%	167	180	8.24%
Typical Single Residential Condo	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	255,000	240,000	-5.88%	255,000	240,000	-5.88%	255,000	240,000	-5.88%
Municipal Tax Rate	0.0042108	0.0044838		0.0042108	0.0045752		0.0042108	0.0047581	
Municipal Taxes	1,074	1,076	0.22%	1,074	1,098	2.26%	1,074	1,142	6.35%
Monthly Payment	89	90	0.22%	89	92	2.26%	89	95	6.35%

Non-Residential

Examples	1.5% Budget Increase - 49% Res/51% NR Split			1.5% Budget Increase - 50% Res/50% NR Split			1.5% Budget Increase - 52% Res/48% NR Split		
Non-Residential $5m Property	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	5,000,000	5,000,000	0.00%	5,000,000	5,000,000	0.00%	5,000,000	5,000,000	0.00%
Municipal Tax Rate	0.017775	0.0160914		0.017775	0.0156836		0.017775	0.0148681	
Municipal Taxes	88,875	80,457	-9.47%	88,875	78,418	-11.77%	88,875	74,341	-16.35%
Less PTP	(16,214)			(16,214)			(16,214)		
Actual Municipal Taxes	72,661	80,457	10.73%	72,661	78,418	7.92%	72,661	74,341	2.26%

Retail - Strip Mall	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	3,250,000	3,650,000	12.31%	3,250,000	3,650,000	12.31%	3,250,000	3,650,000	12.31%
Municipal Tax Rate	0.017775	0.0160914		0.017775	0.0156836		0.017775	0.0148681	
Municipal Taxes	57,769	58,734	1.67%	57,769	57,245	-0.91%	57,769	54,269	-6.06%
Less PTP	(11,780)			(11,780)			(11,780)		
Actual Municipal Taxes	45,988	58,734	27.71%	45,988	57,245	24.48%	45,988	54,269	18.01%

Retail - 17 AV SW	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	3,560,000	3,390,000	-4.78%	3,560,000	3,390,000	-4.78%	3,560,000	3,390,000	-4.78%
Municipal Tax Rate	0.017775	0.0160914		0.017775	0.0156836		0.017775	0.0148681	
Municipal Taxes	63,279	54,550	-13.79%	63,279	53,167	-15.98%	63,279	50,403	-20.35%
Less PTP	(15,162)			(15,162)			(15,162)		
Actual Municipal Taxes	48,117	54,550	13.37%	48,117	53,167	10.50%	48,117	50,403	4.75%

Retail - Neighbourhood Shopping Centre	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	41,390,000	44,340,000	7.13%	41,390,000	44,340,000	7.13%	41,390,000	44,340,000	7.13%
Municipal Tax Rate	0.017775	0.0160914		0.017775	0.0156836		0.017775	0.0148681	
Municipal Taxes	735,707	713,493	-3.02%	735,707	695,411	-5.48%	735,707	659,252	-10.39%
Less PTP	(132,152)			(132,152)			(132,152)		
Actual Municipal Taxes	603,555	713,493	18.21%	603,555	695,411	15.22%	603,555	659,252	9.23%

Office - Downtown AA Class	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	391,200,000	391,130,000	-0.02%	391,200,000	391,130,000	-0.02%	391,200,000	391,130,000	-0.02%
Municipal Tax Rate	0.017775	0.0160914		0.017775	0.0156836		0.017775	0.0148681	
Municipal Taxes	6,953,580	6,293,829	-9.49%	6,953,580	6,134,326	-11.78%	6,953,580	5,815,360	-16.37%
Less PTP	-			-			-		
Actual Municipal Taxes	6,953,580	6,293,829	-9.49%	6,953,580	6,134,326	-11.78%	6,953,580	5,815,360	-16.37%

Office - Downtown A Class	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	92,930,000	114,560,000	23.28%	92,930,000	114,560,000	23.28%	92,930,000	114,560,000	23.28%
Municipal Tax Rate	0.017775	0.0160914		0.017775	0.0156836		0.017775	0.0148681	
Municipal Taxes	1,651,831	1,843,431	11.60%	1,651,831	1,796,713	8.77%	1,651,831	1,703,290	3.12%
Less PTP	-			-			-		
Actual Municipal Taxes	1,651,831	1,843,431	11.60%	1,651,831	1,796,713	8.77%	1,651,831	1,703,290	3.12%

Industrial - Warehouse	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	4,970,000	5,390,000	8.45%	4,970,000	5,390,000	8.45%	4,970,000	5,390,000	8.45%
Municipal Tax Rate	0.017775	0.0160914		0.017775	0.0156836		0.017775	0.0148681	
Municipal Taxes	88,342	86,733	-1.82%	88,342	84,535	-4.31%	88,342	80,139	-9.29%
Less PTP	(13,083)			(13,083)			(13,083)		
Actual Municipal Taxes	75,259	86,733	15.25%	75,259	84,535	12.33%	75,259	80,139	6.48%

Suburban Office	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	28,170,000	25,310,000	-10.15%	28,170,000	25,310,000	-10.15%	28,170,000	25,310,000	-10.15%
Municipal Tax Rate	0.017775	0.0160914		0.017775	0.0156836		0.017775	0.0148681	
Municipal Taxes	500,722	407,273	-18.66%	500,722	396,952	-20.72%	500,722	376,312	-24.85%
Less PTP	(32,601)			(32,601)			(32,601)		
Actual Municipal Taxes	468,121	407,273	-13.00%	468,121	396,952	-15.20%	468,121	376,312	-19.61%

2020 Projected Assessment Base

3.03% Budget Increase

*Values Prepared on 2019 Sept 27 - subject to change

	3.03% Budget Increase - 49% Res/51% NR Split			3.03% Budget Increase - 50% Res/50% NR Split			3.03% Budget Increase - 52% Res/48% NR Split		
	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Taxable Residential Base	215,899,418,873	206,917,417,800	-4.16%	215,899,418,873	206,917,417,800	-4.16%	215,899,418,873	206,917,417,800	-4.16%
Taxable Non-Residential Base	58,380,240,793	60,315,534,520	3.31%	58,380,240,793	60,315,534,520	3.31%	58,380,240,793	60,315,534,520	3.31%
Estimated Residential Tax	908,520,000	951,025,000		908,520,000	973,975,000		908,520,000	1,012,931,000	
Estimated Non-Residential Tax	1,016,078,000	996,925,000		1,016,078,000	973,975,000		1,016,078,000	935,019,000	

Residential

Examples

	3.03% Budget Increase - 49% Res/51% NR Split			3.03% Budget Increase - 50% Res/50% NR Split			3.03% Budget Increase - 52% Res/48% NR Split		
Typical Single Residential Home	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	475,000	455,000	-4.21%	475,000	455,000	-4.21%	475,000	455,000	-4.21%
Municipal Tax Rate	0.0042108	0.0045291		0.0042108	0.0046385		0.0042108	0.0048240	
Municipal Taxes	2,000	2,061	3.03%	2,000	2,111	5.52%	2,000	2,195	9.74%
Monthly Payment	167	172	3.03%	167	176	5.52%	167	183	9.74%

Typical Single Residential Condo	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	255,000	240,000	-5.88%	255,000	240,000	-5.88%	255,000	240,000	-5.88%
Municipal Tax Rate	0.0042108	0.0045291		0.0042108	0.0046385		0.0042108	0.0048240	
Municipal Taxes	1,074	1,087	1.23%	1,074	1,113	3.68%	1,074	1,158	7.82%
Monthly Payment	89	91	1.23%	89	93	3.68%	89	96	7.82%

Non-Residential

Examples

	3.03% Budget Increase - 49% Res/51% NR Split			3.03% Budget Increase - 50% Res/50% NR Split			3.03% Budget Increase - 52% Res/48% NR Split		
Non-Residential $5m Property	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	5,000,000	5,000,000	0.00%	5,000,000	5,000,000	0.00%	5,000,000	5,000,000	0.00%
Municipal Tax Rate	0.017775	0.0164527		0.017775	0.0159658		0.017775	0.0151382	
Municipal Taxes	88,875	82,264	-7.44%	88,875	79,829	-10.18%	88,875	75,691	-14.83%
Less PTP	(16,214)			(16,214)			(16,214)		
Actual Municipal Taxes	72,661	82,264	13.22%	72,661	79,829	9.86%	72,661	75,691	4.00%

Retail - Strip Mall	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	3,250,000	3,650,000	12.31%	3,250,000	3,650,000	12.31%	3,250,000	3,650,000	12.31%
Municipal Tax Rate	0.017775	0.0164527		0.017775	0.0159658		0.017775	0.0151382	
Municipal Taxes	57,769	60,052	3.95%	57,769	58,275	0.88%	57,769	55,254	-4.35%
Less PTP	(11,780)			(11,780)			(11,780)		
Actual Municipal Taxes	45,988	60,052	30.58%	45,988	58,275	26.72%	45,988	55,254	20.15%

Retail - 17 AV SW	2019	2020 Estimate	YOY Change	2019	2020 Estimate	Change	2019	2020 Estimate	Change
Assessment	3,560,000	3,390,000	-4.78%	3,560,000	3,390,000	-4.78%	3,560,000	3,390,000	-4.78%
Municipal Tax Rate	0.017775	0.0164527		0.017775	0.0159658		0.017775	0.0151382	
Municipal Taxes	63,279	55,775	-11.86%	63,279	54,124	-14.47%	63,279	51,318	-18.90%
Less PTP	(15,162)			(15,162)			(15,162)		
Actual Municipal Taxes	48,117	55,775	15.91%	48,117	54,124	12.48%	48,117	51,318	6.65%

Retail - Neighbourhood Shopping Centre	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	41,390,000	44,340,000	7.13%	41,390,000	44,340,000	7.13%	41,390,000	44,340,000	7.13%
Municipal Tax Rate	0.017775	0.0164527		0.017775	0.0159658		0.017775	0.0151382	
Municipal Taxes	735,707	729,513	-0.84%	735,707	707,924	-3.78%	735,707	671,228	-8.76%
Less PTP	(132,152)			(132,152)			(132,152)		
Actual Municipal Taxes	603,555	729,513	20.87%	603,555	707,924	17.29%	603,555	671,228	11.21%

Office - Downtown AA Class	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	391,200,000	391,130,000	-0.02%	391,200,000	391,130,000	-0.02%	391,200,000	391,130,000	-0.02%
Municipal Tax Rate	0.017775	0.0164527		0.017775	0.0159658		0.017775	0.0151382	
Municipal Taxes	6,953,580	6,435,145	-7.46%	6,953,580	6,244,703	-10.19%	6,953,580	5,921,004	-14.85%
Less PTP	-			-			-		
Actual Municipal Taxes	6,953,580	6,435,145	-7.46%	6,953,580	6,244,703	-10.19%	6,953,580	5,921,004	-14.85%

Office - Downtown A Class	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	92,930,000	114,560,000	23.28%	92,930,000	114,560,000	23.28%	92,930,000	114,560,000	23.28%
Municipal Tax Rate	0.017775	0.0164527		0.017775	0.0159658		0.017775	0.0151382	
Municipal Taxes	1,651,831	1,884,821	14.10%	1,651,831	1,829,042	10.73%	1,651,831	1,734,232	4.99%
Less PTP	-			-			-		
Actual Municipal Taxes	1,651,831	1,884,821	14.10%	1,651,831	1,829,042	10.73%	1,651,831	1,734,232	4.99%

Industrial - Warehouse	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	4,970,000	5,390,000	8.45%	4,970,000	5,390,000	8.45%	4,970,000	5,390,000	8.45%
Municipal Tax Rate	0.017775	0.0164527		0.017775	0.0159658		0.017775	0.0151382	
Municipal Taxes	88,342	88,680	0.38%	88,342	86,056	-2.59%	88,342	81,595	-7.64%
Less PTP	(13,083)			(13,083)			(13,083)		
Actual Municipal Taxes	75,259	88,680	17.83%	75,259	86,056	14.35%	75,259	81,595	8.42%

Suburban Office	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change	2019	2020 Estimate	YOY Change
Assessment	28,170,000	25,310,000	-10.15%	28,170,000	25,310,000	-10.15%	28,170,000	25,310,000	-10.15%
Municipal Tax Rate	0.017775	0.0164527		0.017775	0.0159658		0.017775	0.0151382	
Municipal Taxes	500,722	416,418	-16.84%	500,722	404,094	-19.30%	500,722	383,148	-23.48%
Less PTP	(32,601)			(32,601)			(32,601)		
Actual Municipal Taxes	468,121	416,418	-11.04%	468,121	404,094	-13.68%	468,121	383,148	-18.15%

TSAWG Illustrative Workbook Explanation

This Illustrative Workbook was created to provide context into the tax shift conversation. Designed as an aid, the Illustrative Workbook shows the possible changes in municipal property taxes for a set of example properties by altering two key variables;

- changes to the rate of increase of the overall tax supported budget; and
- changes to the Tax Share of municipal property taxes contributed by the Residential and Non-Residential base.

The Illustrative Workbook uses three charts to compare the 2019 property tax rates and revenues with the preliminary projections for 2020. Each chart uses a different Municipal Budget scenario. Each chart is then broken down into three columns of Residential vs. Non-Residential Tax Share projections.

Each of the examples in the Illustrative Workbook provides the calculations and outcomes under three different budget increases, and three different tax share assumptions using the 2019 property assessment roll and the 2020 projected assessment roll. It is important to note that the tax bill projections are the Municipal share only, and do not include the share the Provincial Government takes in the Education Property Tax.

The Municipal Budget and the Tax Share can be made changed independent of one another. Changes to the Municipal Budget would affect both the Residential and Non-Residential class equally, while changes to the Tax Share would not.

Different Municipal Budget increases and different Tax Share scenarios will affect the change in projected municipal taxes for 2020. Due to the “bow wave” effect of the application of the 2017, 2018 and 2019 Phased Tax Program (PTP), many example Non-Residential properties could experience municipal property tax increases even with no overall Municipal Budget increases even if the Tax Share of the Non-Residential class is decreased.

<u>Scenarios</u>

Scenario 1 assumes that the “One Calgary Budget” increase of 3.03% is maintained and shows the effect of a tax share of A) 49% Res, 51% NR B) 50% Res, 50% NR C)

Scenario 2 assumes that the “One Calgary Budget” is revised to an increase of 1.5% and shows the effect of a tax share of A) 49% Res, 51% NR B) 50% Res, 50% NR C) 52% Res, 48% NR.

Scenario 3 assumes that the “One Calgary Budget” is revised to an increase of 0% and shows the effect of a tax share of 49% Res, 51% NR B) 50% Res, 50% NR C) 52% Res, 48% NR.

Scenario 1A represents “status quo”, while Scenario 3C represents the largest reduction to Non-Residential taxes and the closest to a 0% overall increase for most businesses.

<u>Sample properties and % change comparisons</u>

Each of the property examples use the estimated change in assessment value, combined with the change in taxes rate under each Municipal Budget and Tax Share assumption. Since not all Non-Residential property assessed values change at an equal rate, and the 2019 PTP rebate amount was different for all properties, measuring YoY changes in actual taxes paid for the purpose of comparing 2020 projected taxes is significantly more complicated than it is for Residential properties.

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There is no reasonably accurate average for Non-Residential properties. To better illustrate the examples, a number of sample properties have been provided to demonstrate the actual taxes paid in 2019 (prior to and after application of the PTP) and what would be projected for 2020.

As an example, under Scenario 1A) a 17th Ave retail property could potentially see an 15.9% increase in actual Municipal property taxes paid over 2019 (after PTP), vs. a 2.9% increase in Scenario 3C). This does not mean that all 17th Ave retail properties will see the same YoY change. Even properties within the same general category will change differently from the average, but the examples do represent a typical property within the class. For the same property comparing the 2019 Municipal property taxes before the PTP credit, there could possible be a 12% reduction (scenario 1A), and a 22% property tax decline (scenario 3C).

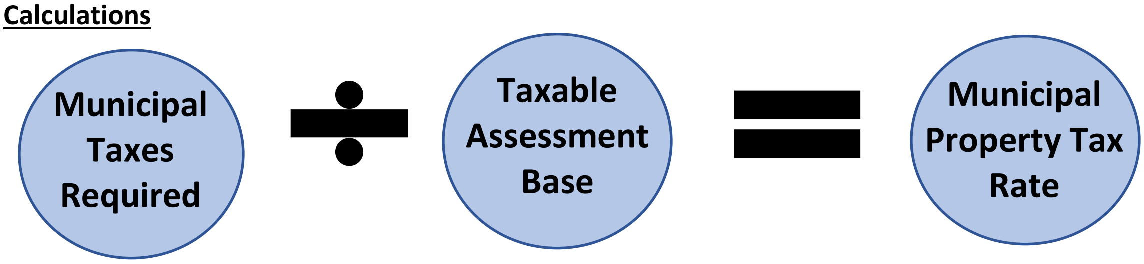
<u>PTP and the "Bow Wave" effect</u>

The 2019 PTP Rebate was implemented in June to mitigate large YoY increases seen by most Non-Residential taxpayers. The program used $131M to cap the YoY change in Non-Residential Municipal property taxes at -10% over 2018. This did not include the business tax consolidation and Provincial portion of the tax bill. As in 2017 and 2018, the PTP is based on the Municipal tax increase from the previous year (as well as other qualifying criteria). As all properties assessment values change at a different rate, no two properties qualify for the same amount of PTP rebate.

Put simply, the "bow wave" is the consequence that results from PTP rebate that was applied to Non-Residential properties. The 2019 Municipal property tax owed by Non-Residential property owners was offset by PTP in their balance owed, but that didn't reduce their assessed Municipal property tax amount. If a Non-Residential property owner owed $1000 and had a PTP rebate of $300, that didn't permanently lower their assessed Municipal taxes to $700; it remained at $1000. That means that, even if nothing changed in 2020, their Municipal property taxes would be $1000.

The "bow wave" is the total amount of the difference between the assessed Municipal property tax and the post-PTP Municipal property tax owed, cumulative, across all Non-Residential properties.

<u>Calculations</u>



Municipal Taxes / Taxable Assessment Base = Municipal Property Tax Rate
Provincial Taxes / Taxable Assessment Base = Provincial Property Tax Rate
Provincial Property Tax Rate + Municipal Property Tax Rate = Total Property Tax Rate

The assessment base (denominator) is determined annually through the market value assessment process and is not a determination made by council. The Provincial taxes are determined through equalized assessment at the Provincial level and not determined by council. The tax amount required for the

Municipal Budget is the only item in the property tax rate formula that is determined by council, thus it is isolated as the focus of the following explanations and scenarios.

Property Tax Bills: Individual property tax bills are calculated by multiplying the annual property assessment value by the total property tax rate (Mill Rate) for that class of property. For the purpose of the below examples, the Municipal portion is the focus as it is the portion that can be determined by council.

Annual Assessed Value X Municipal Tax Rate = Municipal Property Tax Bill
Annual Assessed Value X Provincial Tax Rate = Provincial Property Tax Bill
Provincial Tax Bill + Municipal Tax Bill = Total Property Tax Bill

Terms

Municipal Property Tax Budget (Increase): Of the 2019 operating budget approx. $1.95B (45%) of the total was funded by property taxes. The "One Calgary Budget" currently calls for a 3.03% increase in property taxes collected. The 3.03% refers to the relative increase in taxes collected as compared to the previous year. Changes to the pre-determined 3.03% increase are the first of the two variables that the following scenarios explore.

Tax Share: Tax share refers to the portion of property taxes that are collected from the Residential and Non-Residential assessment bases. In 2019, approx. 51.3% of Municipal property taxes were collected from the Non-Residential base, while 48.7% was collected from the Residential base. This split is the second of the two variables that the following scenarios explore.

Tax Rate Ratio: The tax rate ratio is a measure of the property taxes which are paid by a Non-Residential property as compared to a Residential property. For 2019, the Municipal NR/Res ratio was 4.22:1, which means that a Non-Residential property paid 4.22 times more Municipal property taxes than a Residential property, on the same assessed value. The tax rate ratio can be most heavily influenced by the tax share described above and is an important consideration as Provincial legislation mandates it cannot exceed 5:1. The tax rate ratio is the result of the proportionate tax share between Non-Residential and Residential Municipal tax rates.

Decisions regarding changes in the Municipal Budget and the Tax Share can be made independent of one another. Changes to the total Municipal budget would impact both the Non-Residential and Residential class equally, while changes to the tax share would not. Each of the scenarios in the workbook provides the calculations and outcomes under the three proposed Budget scenarios, combined with three different tax share assumptions. The table below estimates the tax rate ratio within each Tax Share assumption:

Municipal Tax Rate Ratio Outcomes Summary			
Current (2019) Ratio	4.22 (Share = 48.7%Res, 51.3%NR)		
Scenario	49% Res, 51% NR	50% Res, 50% NR	52% Res, 48% NR
2020 Forecast – 3.03%	3.63	3.44	3.14
2020 Forecast – 1.5%	3.59	3.43	3.12
2020 Forecast – 0%	3.57	3.41	3.11