REVISED AGENDA

PRIORITIES AND FINANCE COMMITTEE

November 5, 2019, 9:30 AM
IN THE COUNCIL CHAMBER

Members

Mayor N. Nenshi, Chair
Councillor S. Chu, Vice-Chair
Councillor G-C. Carra (CPS Chair)
Councillor J. Gondek (PUD Chair)
Councillor J. Davison (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 October 08

5. CONSENT AGENDA

   5.1 DEFERRALS AND PROCEDURAL REQUESTS

      5.1.1 Deferral Request - PFC2019-1366 - Implementation of Electronic Voting from 5 November 2019 to 8 March 2020

   5.2 BRIEFINGS

      5.2.1 Exploring Civic Partner Cost Savings, PFC2019-1216

      5.2.2 Status of Outstanding Motions and Directions, PFC2019-1342

6. POSTPONED REPORTS
(including related/supplemental reports)

None

7. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

7.1 Flatwater Pool Business and Service Continuity Update, PFC2019-1330

7.2 Water Utility Indicative Rates – Revised for 2020, PFC2019-1402

7.3 2019 Growth Strategy Monitoring Report, PFC2019-1062

7.4 Attainable Homes Calgary Corporation – Progress Update Report, PFC2019-1294

7.5 Assessment Review Board Fees, PFC2019-1077

REVISED MATERIALS

7.5.1 Assessment Review Board Fees Cover Report and Attachments

7.6 City Appeal Board Fees, PFC2019-1078

REVISED MATERIAL

7.6.1 City Appeal Board Fees Cover Report and Attachments

7.7 Response to NOM C2019-1278 (Blue Ribbon Panel Report) (Verbal), PFC2019-1400

7.8 Financial Task Force November (Verbal) Update, PFC2019-1341

7.9 Discussion on Proportional Share for Tax Classes for 2020 in Advance of Budget Deliberations, PFC2019-1394

8. ITEMS DIRECTLY TO COMMITTEE

8.1 REFERRED REPORTS
None

8.2 NOTICE(S) OF MOTION

8.2.1 City of Calgary Wage Contract Reconsideration (2020) & City Council Remuneration for 2019-2020, PFC2019-1397
Councillor Ward Sutherland and Councillor Jeff Davison

9. URGENT BUSINESS

10. CONFIDENTIAL ITEMS

10.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

10.1.1 River Valley School Society Land Acquisition, PFC2019-1393
Councillor Ward Sutherland

Held confidential pursuant to Section 23 (local public body confidences), 24 (advice from officials) and 25 (disclosure harmful to economic and other interests of a public body) of *FOIP*.

Review By: 2029 November 05

10.2 URGENT BUSINESS

11. ADJOURNMENT

MINUTES

PRIORITIES AND FINANCE COMMITTEE

October 8, 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 G-C. Carra Councillor J. Davison Councillor J. Farkas Councillor D. Farrell Councillor J. Magliocca
ALSO PRESENT:	Acting Chief Finanical Officer C. Male Acting City Clerk S. Muscoby Legislative Advisor D. Williams

1. CALL TO ORDER

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

2. OPENING REMARKS

   Mayor Nenshi provided opening remarks.

3. CONFIRMATION OF AGENDA

   Moved by Councillor Gondek

   That the Agenda for today's Meeting be amended by adding an item of Urgent Business, 9.1 Aligning Property Tax Methodology and Budgets to Calgary's New Economic Reality, PFC2019-1323.

   MOTION CARRIED

   Moved by Councillor Colley-Urquhart

   That the Agenda for today's Meeting be amended by adding an item of Urgent Business, 9.2 Combatting Antisemitism In The City of Calgary, PFC2019-1324.

   MOTION CARRIED

Moved by Councillor Colley-Urquhart

That the Agenda for today's Meeting be amended by adding an item of Urgent Business, 9.3 ENMAX Rating (Verbal), PFC2019-1325.

MOTION CARRIED

Moved by Councillor Colley-Urquhart

That the Agenda for the 2019 October 08 Regular Meeting of the Priorities and Finance Committee be confirmed, **as amended**.

MOTION CARRIED

4. CONFIRMATION OF MINUTES

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

Moved by Councillor Chu

That the Minutes of the 2019 September 17 Regular Meeting of the Priorities and Finance Committee be confirmed.

MOTION CARRIED

5. CONSENT AGENDA

Moved by Councillor Colley-Urquhart

That the Administration Recommendations contained in the following reports be approved in an omnibus motion:

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

For information.

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

5.2.3 Assessment Review Board Update, PFC2019-1274

For information.

5.2.4 Downtown Strategy Update, PFC2019-1111

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

For information.

5.2.6 Status of Outstanding Motions and Directions, PFC2019-1269

Against: Councillor Colley-Urquhart

MOTION CARRIED

6. POSTPONED REPORTS

None

7. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

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

A presentation entitled "Development of Off-Site Levies: Update and Bylaw Amendment", dated 2019 October 8, was distributed with respect to Report PFC2019-1123.

Clerical corrections were noted as follows:

- in the Administration Recommendation by deleting the word "Policy" prior to the words "and Finance Committee" and by substituting the word "Priorities"; and
- in Attachment 1, page 2, Section i, by deleting the clause "5(2)(e)" following the words "Add the following clause after section" and by substituting the clause "5(1)(e)".

Moved by Councillor Gondek

That with respect to Report PFC2019-1123, the following be approved, **as corrected**:

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

MOTION CARRIED

7.2 Centre City Enterprise Area Update, PFC2019-1028

A presentation entitled "Centre City Enterprise Area-Update", dated 2019 October 8, was distributed with respect to Report PFC2019-1028.

Moved by Councillor Gondek

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.

MOTION CARRIED

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

A document containing an "Excerpt from the 2019 from the Minutes of the Combined Meeting of Council, held 2019 July 29 and Notice of Motion", was distributed with respect to Report PFC2019-1277.

Moved by Councillor Colley-Urquhart

That with respect to Report PFC2019-1277, the following be approved:

That the Priorities and Finance Committee receive the Verbal Presentation for the Corporate Record.

MOTION CARRIED

7.4 Assessment and Tax Circumstances Report, PFC2019-1058

Moved by Councillor Chu

That with respect to Report PFC2019-1058, the following be approved, **as corrected**:

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 **2**.
3. That Report PFC 2019-1058 be forwarded to the 2019 October 21 Combined Meeting of Council.

MOTION CARRIED

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

A presentation entitled "2020 Preliminary Assessment Roll and Related Estimates", dated 2019 October 8, was distributed with respect to Report PFC2019-1147.

That with respect to Report PFC2019-1147, the following be approved:

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.

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

The following Members of the Tax Shift Assessment Working Group came forward to present to Committee:

- Councillor Jyoti Gondek
- Robyn Ferguson, Property Tax Services, MNP
- Paul Fairie, University of Calgary
- Nelson Karpa, City of Calgary

A presentation entitled "Tax Shift Assessment Working Group: Final Report & Recommendations", dated 2019 October 8, was distributed with respect to Report PFC2019-1306.

Pursuant to Section 6(1) of the Procedure Bylaw 35M2017, as amended, Section 78(2)(a) was suspended, by general consent, to allow Committee to complete the remainder of today's Agenda.

Moved by Councillor Gondek

That the with respect to Verbal Report PFC2019-1306, the following be approved:

That the Priorities and Finance Committee receive the Tax Shift Assessment Working Group presentation and supplementary material for the Corporate Record.

MOTION CARRIED

Mayor Nenshi thanked all the Members of the Tax Shift Assessment Working Group for their dedicated time and great work.

7.7 Financial Task Force October Update - Verbal, PFC2019-1275

Moved by Councillor Chu

That with respect to Report PFC2019-1275, the following be approved:

That the Priorities and Finance Committee receive the Verbal presentation with respect for the Corporate Record.

MOTION CARRIED

8. <u>ITEMS DIRECTLY TO COMMITTEE</u>

8.1 REFERRED REPORTS

None

8.2 NOTICE(S) OF MOTION

None

9. URGENT BUSINESS

9.1 Aligning Property Tax Methodology and Budgets to Calgary's New Economic Reality, PFC2019-1323

A document entitled "Notice of Motion Checklist" was distributed.

Moved by Councillor Gondek

That Notice of Motion, Aligning Property Tax Methodology and Budgets to Calgary's New Economic Reality, PFC2019-1323, be forwarded to Council.

ROLL CALL VOTE

For: (6): Councillor Chu, Councillor Colley-Urquhart, Councillor Gondek, Councillor Sutherland, Councillor Davison, and Councillor Farkas

Against: (3): Mayor Nenshi, Councillor Woolley, and Councillor Farrell

MOTION CARRIED

9.2 Combatting Antisemitism In The City of Calgary, PFC2019-1324

A document entitled "Notice of Motion Checklist" and attachments were distributed.

A clerical correction the title in the Notice of Motion by deleting the name "Nenshi" following the name "Keating" and by adding the words "and Mayor Nenshi" following the name "Woolley".

Moved by Councillor Colley-Urquhart

That Notice of Motion, Combatting Antisemitism In The City of Calgary, PFC2019-1324, be forwarded to Council, **as corrected**.

MOTION CARRIED

9.3 ENMAX Rating (Verbal), PFC2019-1325

The following, were received for the Corporate Record, with respect to Report PFC2019-1325:

- A public document entitled "S&P Global Ratings";
- A confidential Presentation; and
- A confidential Distribution.

Moved by Councillor Woolley

That pursuant to Sections 16 (Disclosure harmful to business interests of a third party), 25 (Disclosure harmful to economic and other interests of a public body) and 27 (Privileged information) of the *Freedom of Information and Protection of Privacy Act,* the Committee move into Closed Meeting, in the Council Lounge at 12:58 p.m. to consider confidential matters with respect to the following item:

- 9.3 ENMAX Rating (Verbal), PFC2019-1325

MOTION CARRIED

The Committee moved into Public Meeting at 1:29 p.m. with Mayor Nenshi in the Chair.

Moved by Councillor Chu

That the Committee rise and report.

MOTION CARRIED

Administration in attendance during the Closed Meeting discussions with respect to Report PFC2019-1325:

Clerk: S. Muscoby and D. Williams. Advice: A. Brown and C. Male. Legal Advice: G. Cole. Observer: D. Duckworth.

Moved by Councillor Chu

That with respect to Verbal Report PFC2019-1325, the following be approved:

That the Priorities and Finance Committee:

1. Approve the confidential Recommendation as discussed in today's Closed Meeting;
2. Direct that the Closed Meeting discussions, presentation and documents received remain confidential pursuant to Sections 16 (Disclosure harmful to business interests of a third party), 25(Disclosure harmful to economic and other interests of a public body) and 27 (Privileged information) of the *Freedom of Information and Protection of Privacy Act* except as needed to further the recommendation and to be reviewed by 2024 October 8.

And further, that this item be forwarded to Council for discussion in the Closed Meeting portion of the 2019, October 21 Combined Meeting.

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 1:30 p.m.

MOTION CARRIED

The following items were forwarded to the 2019 October 21 Combined Meeting of Council:

CONSENT

Assessment and Tax Circumstances Report, PFC2019-1058

2020 Preliminary Assessment Roll and Related Estimates, PFC2019-1147

PUBLIC HEARING PORTION

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

COMMITTEE REPORTS

Aligning Property Tax Methodology and Budgets to Calgary's New Economic Reality, PFC2019-1323

Combatting Antisemitism In The City of Calgary, PFC2019-1324

CONFIDENTIAL ITEMS

ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEE

ENMAX Rating (Verbal), PFC2019-1325

The following item was forwarded to the 2019 November 18 Combined Meeting of Council:

ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEE

Centre City Enterprise Area Update, PFC2019-1028

The next Regular Meeting of the Priorities and Finance Committee is scheduled to be held on 2019 November 05, at 9:30 a.m.

CHAIR

ACTING CITY CLERK

BRIEFING

Community Services Briefing to
Priorities and Finance Committee **ISC: UNRESTRICTED**
2019 November 05 **PFC2019-1216**

Exploring Civic Partner Cost Savings

PURPOSE OF BRIEFING

The City of Calgary invests in Civic Partners to deliver effective programs and services in targeted areas, develop and advance strategies, and construct and manage assets. Guided by The City's *Investing in Partnerships Policy*, Administration supports Civic Partners by focusing on aligned objectives and mutually agreed upon results; balancing interdependence, mutual accountability, and autonomy; and integrating risk management practices. As part of the regular course of business, Administration leverages The City's expertise and resources to help find efficiencies and cost savings for Civic Partners while working within The City's approved budget. This leverages and extends The City's investment of operating and capital funding, facilities and assets in Civic Partners and frees up resources they can direct to operations, including programs and services.

This Briefing provides an update on work underway in response to a Motion Arising adopted by Council on 2019 July 22 that directed Administration to review areas where Civic Partners can find savings including working with The City to leverage buying power in the areas of utilities, insurance, parking, waste removal, and other savings including security, supplies and asset management. The direction to Administration has amplified and broadened strategies already underway as ongoing support to Civic Partners.

Each Civic Partner operation has unique needs and requirements. As Administration identifies new cost saving opportunities, each Civic Partner organization will need to assess the business case for participation based on its operational needs and current state. For example, by determining if the service being offered meets the necessary requirements and desired level of service, and evaluating if they have contracts, agreements, or other commitments in place that restrict participation. In some circumstances, long range planning may be required to realize savings.

SUPPORTING INFORMATION

The following are some examples of existing and previously explored opportunities to leverage the buying power of Civic Partners as a group, and for Civic Partners to leverage The City's buying power. Civic Partners have been, and will continue to be engaged in this process to gain a better understanding of the opportunities that best meet their operational needs.

Through the **Civic Partner Insurance Program**, The City is already successfully leveraging its buying power to secure affordable insurance policies for some Civic Partners, leading to significant costs savings. Due to The City's capacity, the program is not able to accommodate all Civic Partners.

BRIEFING

A number of options to meet Civic Partners' electricity needs more efficiently have been identified including development of an **energy management solution** that would leverage the aggregated energy profiles of Civic Partners to provide increased certainty and stability in pricing. This would be combined with advisory expertise, and identification of energy conservation opportunities. Work is underway to identify a group of Civic Partners and other City partners that may be interested in participating.

Customer classes and rates for **water and wastewater services** are determined based on demands on the system. Civic Partners are grouped with other institutional, business and not for profit customers of the Water Utility and there is no opportunity to find savings for Civic Partners for water at this time.

Upon the request of a Civic Partner, The City is willing to work with individual Civic Partners to explore providing **waste, recycling, and/or compost collection services** for their operations. The decision to enter into a contract for services will be determined by the Partner, and will be based on whether or not The City's services meets their needs and desired level of service. Service costs for Civic Partners would vary based on their facility's requirements. The City can also work with them on waste reduction opportunities.

A number of Civic Partners have negotiated individual **parking management agreements** with the Calgary Parking Authority (CPA) including Fort Calgary, Heritage Park, and the Calgary Zoo. The CPA will continue to work with Civic Partners to address the unique parking needs of customers while continuing to fulfill its mandate. The Office of Partnerships will work with CPA to promote a consistent approach to Civic Partner agreements where possible.

When an opportunity is identified by a Civic Partner or Administration, The City's **corporate services** are leveraged to provide support in terms of advice or services, for example, related to security or information technology. To date, security advice and support has been provided to a number of Civic Partners including Arts Commons, Fort Calgary, Calgary Public Library, Calgary Convention Centre Authority, and Contemporary Calgary. Administration will continue to assess need for corporate service support for Civic Partners, and capacity within The City to meet this demand.

In terms of leveraging buying power, The City has a large corporate inventory and a service model that can be expanded to include Civic Partners. Administration will work with Civic Partners to determine if there is demand to access **supplies, streetlighting, central stores and clothing**. Specialty supplies would not be available and Civic Partners will need to determine if The City's options meet their expectations and are cost effective. There is also an opportunity to work with Civic Partners to identify if any other current City contracts may be of interest. These opportunities will be further explored with Civic Partners to determine where added value can be found.

Civic Partners deliver valuable programs and services for Calgary and Calgarians. As part of The City's support for these organizations, Administration will continue to identify and pursue medium and long term options that lead to cost savings and efficiencies. Any opportunities that are pursued will prioritize approaches that do not impact Administration's budget.

Item # 5.2.1

BRIEFING

Approval(s): Black, Katie concurs with this report. Author: Mustard, Kim

BRIEFING

Chief Financial Officer's Briefing to
Priorities and Finance Committee
2019 November 05

ISC: UNRESTRICTED
PFC2019-1342

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 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 November 5	BRIEFING ON THE MOTION ARISING RELATED TO C2019-0901	2019 October 08	PFC2019-1233	Deferral Request

2019 Q3	PROCEDURE BYLAW AMENDMENTS	2019 June 17	PFC2019-0591	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.
2019 November 05		2019 September 17	PFC2019-1184	Deferral 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 05	ALIGNING PROPERTY TAX METHODOLOGY AND BUDGETS TO CALGARY'S NEW ECONOMIC REALITY	2019 October 21	PFC2019-1323	That with respect to Resolutions 1, a and b, 2, 3 and 5, contained in Councillor Gondek's revised Report C2019-1323, the following be adopted: 1. Council enact the 4 recommendations (see below) of the Tax Shift Assessment Working Group (TSAWG), recognizing the collaborative efforts of private, public and elected representatives in identifying property tax and budget reform initiatives based on empirical evidence (in the form of the supplementary documents attached to the 2019 October 8 final report and recommendations to Priorities and Finance Committee from TSAW: a. TSAWG recommends that Council make a values-based decision on the proportional share of operating

				budget responsibility between residential and non-residential property tax classes. This is to be informed by the scenarios provided. b. TSAWG recommends that Council be provided with assessment values and number of properties in both residential and non-residential property tax assessment classes for November 2019 and future budget seasons to make informed decisions based on past actuals and projected assessment amounts. 2. Prior to budget setting in November 2019, Council explore the most equitable, appropriate and sustainable proportional share of operating budget between residential and non-residential tax assessment classes for 2020 (using the scenarios provided by the TSAWG) by adding this as an agenda item to the 2019 November 5 meeting of the Priorities and Finance Committee, with recommendations to be sent to the 2019 November 18 Combined Meeting of Council; 3. Council use Recommendation 1b to aid in understanding estimated revenue streams between residential and non-residential tax assessment classes, as well as examples of individual taxpayer circumstances (using the most readily available information in Administration's annual assessment roll report), each November when the One Calgary budget is adjusted for the remaining years of 2021 and 5. As part of ensuring that the City of Calgary is evolving its approaches to taxation and budgeting, the Chief Financial Officer liaise with the appropriate counterpart at the Government of Alberta to understand the provincial portion of Calgarians' property taxes before November 2019 budget setting

				in an effort to provide more certainty and predictability to residents and businesses.
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 GOVERNANCE STRUCTURE	2019 July 02	PFC2019-0828	Deferral.

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.
2020 Q4	NOTICE OF MOTION PROCESS FLOW AND CHECKLIST	2019 September 30	PFC2019-0913	That Council: 4. Direct the City Clerk's Office to provide an update of this process to the Priorities and Finance Committee by Q4 2020.
2021 Q2	UNIVERSITY OF CALGARY – CITIZEN SCIENTIST WEARABLES PROGRAM	2019 September 30	PFC2019-1096	That with respect to Report PFC2019-1096, the following be adopted: 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 and 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.
NO DATE	MODERNIZATION OF MUNICIPAL EXPENSE DISCLOSURE: CITY OF CALGARY BLUE BOOK	2019 September 30	C2019-1278	That with respect to Notice of Motion C2019-1278, new Resolution 1 be adopted, as follows: That Council direct Administration to: 1. Review the Blue Ribbon Panel Report and report back directly through the Priorities and Finance Committee on those Recommendations that have applicability to the City of Calgary.

Community Services Report to **ISC: UNRESTRICTED**
Priorities and Finance Committee **PFC2019-1330**
2019 November 05

Flatwater Pool Business and Service Continuity Update

EXECUTIVE SUMMARY

Administration has consulted relevant stakeholders to explore business and service continuity options for two flatwater pools identified for potential closure to address 2019 budget constraints. Inputs have included public presentations and submissions, correspondence with elected officials and staff, several meetings with key stakeholders, and brainstorming sessions with community organizations and other nearby recreation service providers. Financial records and building condition assessments were also reviewed.

The key findings identified through the research and consultations are:

- Continuing aquatics service at these facilities would require additional tax-supported operating and capital funding regardless of the operator.
- The community and social benefits derived from these facilities are highly valued by community members and stakeholders.
- Changing use patterns are impacting other recreation operators in the area as well as the two pools that are the focus of the current work.

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommends that Council direct Administration to:

1. Stop service at the Beltline Aquatic and Fitness Centre and the Inglewood Aquatic Centre at the end of 2019 in support of 2019 Budget Reductions (C2019-0901);
2. Focus on planning activities to identify and work towards long-term, sustainable service alternatives to create a desired future state that maximizes community and social benefits in the area from targeted City investments.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2019 September 11, Council approved CPS2019-1055, directing Administration to continue to explore business and service continuity options for two flatwater pool facilities and report back to Council no later than 2019 November 30.

On 2019 July 23, Council approved C2019-0901 removing $60 million from the operating budget for the current tax year. Council also approved Motions Arising related to that report including:

> Pending discussions on business continuity opportunities and area Councillors, allocate up to $800,000 from 2019 Corporate Program Savings to allow for interim servicing of the community recreational assets referred to in Line 75 – Recreation Opportunities for the 2019 year, and report to Council on 2019 September 30.

On 2019 June 10, Council approved C2019-0782, directing Administration to identify permanent budget reductions of $60 million for the 2019 tax year. Council identified thirteen guiding principles for Administration to consider in identifying proposed reductions, which included possible reductions to and/or elimination of programs, services and staffing positions.

BACKGROUND

On 2019 July 23, Council received Administration's proposed budget reductions which included stopping direct delivery of services at two flatwater pool facilities, the Beltline and Inglewood aquatic centres. Several factors led to identifying these specific facilities: elevated tax-support requirements for operating and capital compared to other facilities; outdated facility configurations resulting in limited utilization; and considerations aligned with the Calgary Recreation Zero Based Review (ZBR) (PFC2019-0647) including the availability of alternate publicly accessible aquatic services nearby.

With the direction to continue operations ("interim servicing") at the facilities through 2019, Administration has actively investigated several business and service continuity options. Consultations with relevant stakeholders included members of the public at the 2019 September 11 meeting of the SPC on Community and Protective Services (CPS) stakeholders, subject matter experts, elected officials and staff, community organizations and other nearby recreation service providers.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The central question faced by Administration was: Are there ways to continue to provide aquatic services at Beltline and Inglewood *and* to deliver the required budget reduction?

In answering this question, Administration used the following success criteria:

- Achievable within reduced base operating budget as approved in C2019-0901
- Comparable to city-wide service levels
- Sustainable as a long-term solution
- Responsive to community-articulated concerns

What We Did

Adding to public presentations at the 2019 September meeting of the CPS, submissions to Council, several meetings, and conversations with area councillors, Administration reached out to user groups of the facilities, community organizations and other recreation operators in the catchment area and hosted two brainstorming sessions. The sessions helped to better understand the community needs being met by these facilities and provided ideas for further analysis.

What We Learned

The prospect of stopping service at these facilities will have impacts to users and the local community. Administration acknowledges this and recognizes the facilities' importance to those affected.

Several options for consideration were assembled from inputs received, focused on ongoing aquatics operations: A) increase user base and generate more revenue B) decrease hours to reduce costs C) shift to partner operation; and, D) support need for community and social benefits and investigate repurposing of facilities / sites.

Flatwater Pool Business and Service Continuity Update

Administration assessed these options against the success criteria above, considering what it would take to implement each concept and its operating and capital budget requirements.

Attachment 1 provides a summary of options analyzed. Ideas generated through the community brainstorming session are included in the Flatwater Pool Brainstorm Report Back, Attachment 2.

What We Found

Analysis of business and service continuity options revealed aquatics services at these facilities cannot be supported within the current reduced base operating budget, regardless of the operator. Any combination of options to increase revenue and decrease costs at these facilities would still require an operating budget increase ranging from $400,000 and $800,000 (see Attachment 1).

While hearing ideas focussed on keeping aquatic services available at these sites, many of the service benefits identified by the community were not necessarily derived from the pools themselves, but from opportunities for community gathering and building connections. These benefits are not exclusive to recreation activities, and The City has invested in other amenities, activities and initiatives to address these needs as outlined in Attachment 3.

Applying the Investigation Criteria

The recommendations for this report were identified by applying the success criteria to the business and service continuity options generated from the stakeholder consultations. The criteria balanced current operating and capital budget constraints with long-term solution(s) addressing community needs into the future.

Criterion	Conclusion
Achievable within reduced base operating budget	• Whether operated by The City or a partner, continuation of aquatic services at Beltline and Inglewood would require additional tax-supported operating and capital funding.
Comparable to city-wide service levels	<u>Aquatics services:</u> • Aquatic service at levels comparable to those city-wide is available through other publicly accessible recreation facilities in the area. <u>Other community amenities and services:</u> • Other amenities and initiatives are available in the area providing community benefit. • Exploring broader community needs and preferences would enhance ability to efficiently match area services to needs.
Sustainable as a long-term solution	• Existing Beltline and Inglewood facilities will continue to present operating and capital budget challenges without redevelopment or repurposing. • Analyzing community needs and densification patterns would inform options into the future that could include repurposing these facilities, investing in other programs or facilities, and exploring other service options.

Flatwater Pool Business and Service Continuity Update

Responsive to community-articulated concerns	• Administration seeks to understand the needs and preferences of the community, including those community members not served by the existing amenities or facilities. • A collaborative approach could efficiently match services to the entire community's needs.

Stakeholder Engagement, Research and Communication

In addition to public submissions and stakeholder meetings, brainstorming sessions occurred with individuals representing user groups and catchment community organizations, and with representatives from Repsol Sport Centre and the Calgary YMCA. The results from these sessions informed the investigation options.

Administration continues to work with impacted user groups to identify service alternatives should Council endorse the recommendations of this report.

Administration also continues to discuss progress with area Councillors.

Strategic Alignment

This report and its recommendations align with:

- The Calgary Recreation ZBR (PFC2018-0647), recommending shifting the emphasis from direct delivery to a balance of both direct and indirect delivery.
- The Recreation Master Plan 2010 – 2020 (CPS2010-40), identifying that, "partnerships and collaborations are recognized as vital to the development of a broad and responsive recreation service continuum".
- The Facility Development and Enhancement Study (2016), Inglewood/Beltline Catchment Recommendation: Closure of existing facilities and replacement with Optimized recreation facility by 2039, subject to reaching population densities.
- Corporate Plans and Area Redevelopment Plans (ARP): Beltline ARP (2019), the Historic East Calgary ARP (Update by Q2 2020) and the Centre City Plan (2007): all provide visions to guide growth and development with the intent of delivering community vibrancy, including valued community and social benefits. Common to these plans is the creation of vibrant and resilient cultures, distinct places that provide unique experiences, gathering places and destination spaces (i.e. centres for arts, culture, recreation, tourism and entertainment). The recommendation to assess and modify service offerings aligns with plans seeking to create environments that welcome a diversity of people to live, work and visit, through tailored service offerings accommodating a diversity of community and citizen needs.
- The Social Wellbeing Policy (CP2019-01) follows four Social Wellbeing Principles (Equity, Truth and Reconciliation, Culture, and Prevention) when making decisions; developing plans, policies and strategies; and delivery City services. The recommendation to tailor service offerings aligns with the policy on how The City can

Flatwater Pool Business and Service Continuity Update

reduce barriers and continually improve delivery of services to all Calgarians, considering aspects of diversity.

Social, Environmental, Economic (External)

Social
While there are publicly accessible recreation facilities and other community amenities for this catchment area, community members have conveyed the specific importance of these facilities to them. The City will continue to collaborate and explore opportunities to address gaps identified by users.

Seeking to understand the needs and preferences of the community, including community members not served by the existing facilities will enhance the ability to efficiently match area services to greater community needs.

Environmental
The aging flatwater pools limited and declining utilization decreases operational efficiency. This results in high resource consumption per user, compared to other service locations. Stopping service or repurposing buildings to effectively deliver different services would decrease energy consumption, greenhouse gas emissions and landfill waste.

Economic
Stopping service at these two facilities will shift the limited user demand to partner facilities, supporting the financial sustainability of these partners while continuing to deliver an equitable level of service across the city; and at the same time, improve the efficiency and effectiveness of tax dollar use.

Operating Beltline and Inglewood as aquatics facilities would continue to present operating and capital budget challenges without redevelopment or repurposing to meet the needs of the communities into the future.

Financial Capacity

Current and Future Operating Budget:

The approved operating budget for Recreation Opportunities is insufficient to continue aquatics services at these facilities. If Council chooses to pursue a direction that sees the aquatics services at these facilities continue, the estimated operating budget impact is identified in Attachment 1, ranging from $400,000 - $800,000.

Current and Future Capital Budget:

There is no capital budget dedicated to renewing or repurposing these facilities. Continuing aquatics services at these facilities would require a potential capital investment of $5.2 million over the next five years, based on current lifecycle plans. Estimated costs to redevelop or repurpose the facilities are identified in Attachment 1 and are highly dependent on the scope of work, ranging from $1.1 million - $100 million.

Community Services Report to Priorities and Finance Committee 2019 November 05

ISC: UNRESTRICTED PFC2019-1330

Flatwater Pool Business and Service Continuity Update

Risk Assessment

There is some concern that the locations of alternate service providers are too far away from the two flatwater pool sites. However, the partner-operated amenities within the catchment area provide access and service levels comparable to other areas of the city.

There is also perception that existing users will not be able to afford access to local partner-operated facilities. However, each operating partner provides a subsidised access program based on need, which honours The City's Fair Entry program for eligibility to its subsidy.

Unoccupied buildings present some safety concern. A portion of the Recreation Opportunities operating budget will cover basic carrying costs for utilities, site safety and security.

REASON(S) FOR RECOMMENDATION(S):

After analyzing business and service continuity options for Beltline and Inglewood facilities, Administration determined that continuing aquatics services cannot be done within base operating budget. Whether operated by The City or a partner, additional tax-supported operating and capital funding would be required. The success of any changes to the operating model would be severely limited by operating and capital budget challenges, without redevelopment or repurposing of the existing facilities.

The impact on individual users and groups is acknowledged, and Administration will continue to work to accommodate those impacted. By working with the communities, long-term, sustainable service alternatives can create a desired future state that maximizes community and social benefits from targeted City investments.

ATTACHMENT(S)

1. Summary: Options for Beltline and Inglewood Facilities
2. Flatwater Pool Brainstorm Summary
3. Inventory of City Amenities and Supported Programs in Catchment Area
4. Update on Ability to Accommodate User Groups

SUMMARY: OPTIONS FOR BELTLINE AND INGLEWOOD FACILITIES

OPTIONS: CONTINUE OPERATION AS AQUATICS FACILITIES

A: Increase User Base and Generate More Revenue (3 Concepts)

Concept A1	**REDESIGN PROGRAM MIX / ALLOCATION** *Change mix of registered programs, drop-in times, and rental availability.* *e.g., increase rental hours at Inglewood*
Benefits	• Focuses types of programming at certain locations to capitalize on each location's strengths
Disadvantages	• Could impact existing users if the optimal program mix is different than existing use patterns • Would put needs of different users and groups in competition • Inherent capacity limitations as prime-time hours are already subscribed, some groups would lose access for participation/ revenue to increase using prime time hours if unmet demand existed
What would it take to make it work	• Needs to be an unmet demand for the type of programming that these facilities could meet • Program types need to be more financially sustainable than current mix (need to exceed or be near cost recovery) • Need to consider impact on other providers in catchment area, cannot just take patrons from another facility
Operating Budget Impact	• Based on historic attempts to increase usage through varied programming, off-prime time hours do not draw users. During prime-time hours, any gains from increasing one aspect of the product mix is offset by losses in other components of the product mix. Therefore, likely a net zero impact on the operational budgets. • Unfunded operating budget = **$800,000 required to maintain current service level**
Capital Impact	• Current lifecycle plan estimates **$5.2 million over next 5 years**
Concept A2	**INCREASE MARKETTING AND PROMOTIONS** *e.g., advertising, signage, events*
Benefits	• Chance to increase user base by increasing awareness among non-users • Market segmentation can reach out to under-represented populations
Disadvantages	• Previously attempted marketing programs have shown it is difficult to achieve attendance increases or sustain long-term given the choice of service options in the vicinity • Probability of reaching targets unlikely (i.e., need to approximately double attendance)
What would it take to make it work	• Marketing or promotions that appeal to market segments • Ability to translate promotional visit to an ongoing user • Fundamental need: drive a non-user to become a user and not just take from another facility (a non-predatory approach)
Operating Budget Impact	• Previous experience has indicated an increase in costs for marketing and promotions with unsustainable long-term increase in attendance. Therefore, net zero impact on the unfunded operating budget. • Unfunded operating budget = **$800,000 required to maintain current service level**
Capital Impact	• Same as concept above

SUMMARY: OPTIONS FOR BELTLINE AND INGLEWOOD FACILITIES

Concept A3	**ALTERNATE PRICING MODEL** *e.g., increased prices (compared to other City direct-delivery facilities), membership model*
Benefits	• Could increase revenue if community users/ market will bear costs • A more predictable funding stream if memberships are used
Disadvantages	• Existing users could be priced out of access • Challenge to generate enough ongoing revenue from membership model without complementary increase in services or offerings • Membership fee may not replace service access fees (e.g., registered program / drop in fees would still be required or membership fees would need to cover all revenue targets)
What would it take to make it work	• Enough users willing to pay additional fees for these locations on an ongoing basis • Ability for catchment area to support membership numbers • Costs must remain competitive with other recreation facilities in the area for this to be viable (e.g. Repsol at $72/month)
Operating Budget Impact	• **$100,000 increased revenue** possible between the two facilities (With the premise of a 25% increase on fees assuming no decrease in attendance). Market response is undetermined for this or any other increase. • Unfunded operating budget = **$700,000 required to maintain current service level**
Capital Impact	• Same as concept above

✗ Within Current Budget	✗ Comparable to City-Wide**	✗ Long-Term Solution	✓ Responsive to Community

** Maintaining service at these two facilities would exceed comparable city-wide service levels in the catchment area.

B: Decrease Hours to Reduce Costs (3 Concepts)*

Concept B1	**CHANGE HOURS – REDUCE OPERATING HOURS** *e.g., stagger daytime hours at both pools, maintain prime time evening hours. Only one pool opens on Sundays.*
Benefits	• Align hours with times that are more financially viable • Operate two facilities in tandem, so one will always be open • Lost hours are those with the least user impact
Disadvantages	• Decrease in service level • One location would be closed during the day on any given weekday • Full day closures could diminish opportunity for additional revenues such as unique (not recurring) rentals
What would it take to make it work	• Adjustments to staffing and scheduling models • Subject to labour relations considerations
Operating Budget Impact	• **$200,000 net reduction in expenses** due to reduction in hours • Unfunded operating budget = **$600,000 required for reduced level of service**
Capital Impact	• Current lifecycle plan estimates **$5.2 million over next 5 years**
Concept B2	**CHANGE HOURS – SPLIT SHIFTS** *Split staffing shifts to close during afternoons but be open mornings and evenings.*
Benefits	• Align hours with times that are more financially viable • Facilities open during peak demand hours
Disadvantages	• Decrease in service level • Focusing on mornings and evenings limits access for day-time users

SUMMARY: OPTIONS FOR BELTLINE AND INGLEWOOD FACILITIES

What it would take, Operating Budget Impact, Capital Investment Impact similar or the same as concept B1 above			
Concept B3	**CLOSE ONE OF THE TWO POOLS**		
Benefits	• Reduce operating budget by approximately $400k • Possibility of users from closed facility moving over to the facility that remains open		
Disadvantages	• These facilities are different in services provided and user groups, users may not have their needs met by the remaining facility		
What would it take to make it work	• Determination of decision making criteria: which one to keep open. Weighting of financial variables and social impact variables to be considered.		
Operating Budget Impact	• **$400,000 estimated reduction in operational funding** • Unfunded operating budget = **$400,000 with reduced service level**		
Capital Impact	• Keep Inglewood Open - Current lifecycle plan estimates **over 5 years: $3.5 million** • Keep Beltline Open - Current lifecycle plan estimates **over 5 years: $432,000**		
× **Within Current Budget**	× **Comparable to City-Wide****	✓ **Long-Term Solution*****	✓ **Responsive to Community**

** Maintaining service at these two facilities would exceed comparable city-wide service levels in the catchment area.
***Long-term solution with an ongoing increase to budget.

C: Shift to Partner Operated (2 Concepts)

Concept C1	**GRANT-FUNDED COMMUNITY OPERATOR** *Build on partnership model for Social Recreation Groups.* *Other groups under this model include:* *Vecova, COSPA (Calgary Outdoor Swimming Pools Association), Rotary Challenger Park*
Benefits	• Potential to reduce salary and wage costs
Disadvantages	• Age of assets and the associated routine work to keep facilities operational and safe may be unreasonable to ask from a community organization • Completion of all outstanding lifecycle capital investment may be required to secure a proponent
What would it take to make it work	• Request for Proposals and due diligence proposal reviews to select proponent • A validated, viable long-term operator • Capital investment to ready facilities • Based on experience with community partners on aquatics-focused facilities an ongoing operating grant would be required. • Negotiations with operator and labour relations (financial modelling assumes no succession rights) • Likely 2-3 years to implement based on previous experience to prepare Request for Proposal, go to market, select proponent, negotiate contract, create and execute the transition, and complete any capital work necessary prior to take over.
Operating Budget Impact	• Unfunded operating budget = **$600,000 to maintain current service level**
Capital Impact	• Current lifecycle plan estimates **$5.2 million over next 5 years, will remain City financial liability**

SUMMARY: OPTIONS FOR BELTLINE AND INGLEWOOD FACILITIES

Concept C2	**NOMINAL TRIPLE-NET LEASE** *Regional Recreation Centre model where partner is responsible for all operating and capital costs.*
Benefits	• All operating and capital responsibility rests with one operator. For this concept to be viable, a positive cash flow would be required (which these facilities do not currently deliver). • Costs of facility lifecycle maintenance recovered through revenue
Disadvantages	• Model is better suited to multi amenity new build facility with a long-range agreement • Limited revenue potential due to facility configuration unable to offset increased costs of aged assets and the required lifecycle capital work
What would it take to make it work	• Same as concept above
Operating Budget Impact	• Projected loss to third party operator under this model **up to $1M.** Liability would likely remain with the City due to low operational cashflow.
Capital Impact	• Projected incurred lifecycle expense by operator estimated at **$5.2 million over next 5 years.** Liability would likely remain with the City due to low operational cashflow.

× **Within Current Budget**	× **Comparable to City-Wide****	✓ **Long-Term Solution*****	✓ **Responsive to Community**

** Maintaining service at these two facilities would exceed comparable city-wide service levels in the catchment area.
***Long-term solution with an ongoing increase to budget.

OPTIONS TO GENERATE COMMUNITY AND SOCIAL BENEFITS

D: Support Need for Community and Social Benefits, Investigate Repurposing of Facilities / Sites. (1 Concept, with add ons)

Concept D1	**INVESTIGATE METHODS TO MEET COMMUNITY NEEDS** *Community needs that do not involve a pool* *Including identifying how/if these sites could be used*
Benefits	• Allows fulsome understanding of broader community need • No pool would mean less expensive assets to program and maintain assuming additional services, yet to be defined are needed
Disadvantages	• Time and cost for community engagement and to develop plan, which would displace other prioritized work • Scale of possible capital investment and operating budget requirement is unknown.
What would it take to make it work	• Negotiation to extend, revise or remove restrictive covenant at Inglewood site
Operating Budget Impact	• Identified solutions may have future operating budget impacts
Capital Impact	• Identified solutions may have future capital budget impacts.

✓ **Within Current Budget**	✓ **Comparable to City-Wide**	✓ **Long-Term Solution**	✓ **Responsive to Community******

**** in principle meets the service benefits identified by the community that are not necessarily derived from the pools themselves, but from opportunities for community gathering and building connections.

SUMMARY: OPTIONS FOR BELTLINE AND INGLEWOOD FACILITIES

Concept D1.1	REPURPOSE BELTLINE INTO A FITNESS-ONLY FACILITY
Benefits	• No pool would mean less expensive asset to program and maintain
Disadvantages	• All lifecycle capital and operating funding needs at the Beltline facility remain unchanged except for those associated with aquatics
What would it take to make it work	• 12-16 months for project planning and construction (unfunded) • Identification and assignment of capital funding source (unfunded)
Operating Budget Impact	• Unfunded operating budget = up to **$350,000 (Beltline only).** • Expenses decrease with no pool but there is a decrease in revenues as well. Drop-in admission and passes have lower cost recovery than programs. Even with the configuration change there would be little fitness programming to generate revenue in a congested marketplace.
Capital Impact	• **$1.2 million** to repurpose pool area (2019 estimate) • Current lifecycle plan estimates over 5 years: **$432,000**

✗ Within Current Budget	✗ Comparable to City-Wide**	✓ Long-Term Solution***	✗ Responsive to Community*****

** Maintaining service at these two facilities would exceed comparable city-wide service levels in the catchment area.
***Long-term solution with an ongoing increase to budget.
*****Only partially responsive as it’s only one facility (Beltline)

Concept D 1.2	PLAN AND BUILD NEW RECREATION FACILITY
Benefits	• Focus effort and funding on aligning with long term service delivery plans
Disadvantages	• No set timeline or date since dependent on catchment area population growth
What would it take to make it work	• Catchment area population growth numbers met. • Identifications and assignment of capital funding source (unfunded) • 48-60 months for project planning and construction (unfunded) • Identification of service delivery model and operator.
Operating Budget Impact	• Operating model selected may have future operating budget impacts.
Capital Impact	• Dependent on type of facility and amenity mix. **In the range of $100 million** excluding demolition and land acquisition costs

✗ Within Current Budget	✓ Comparable to City-Wide	✓ Long-Term Solution	✓ Responsive to Community

Flatwater Pool Brainstorm Summary

SEPTEMBER 26, 2019

FOR CITY OF CALGARY RECREATION

BY CIVIC INNOVATION YYC

Contents

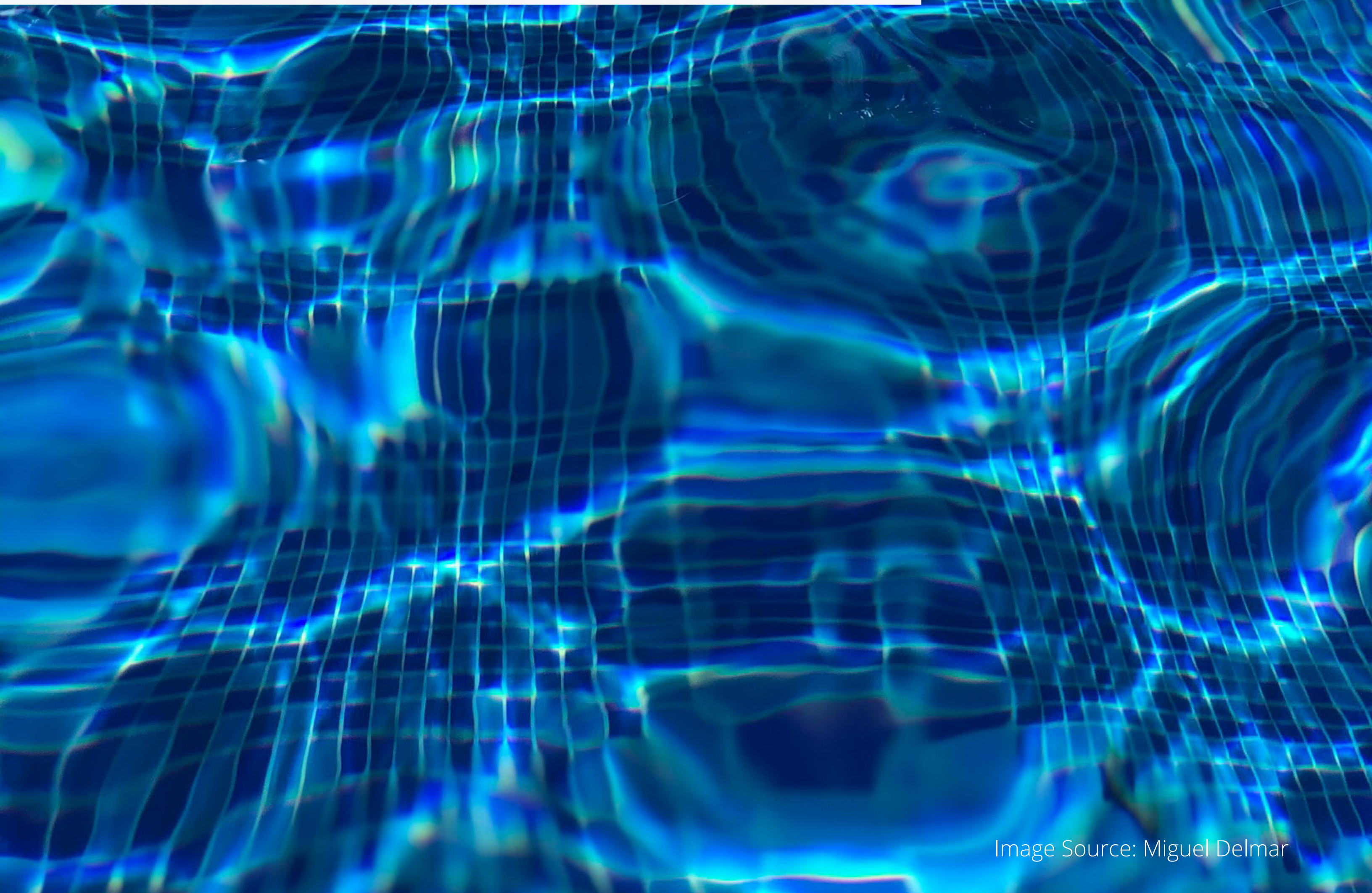


Image Source: Miguel Delmar

Flatwater Pools

Challenge

On July 23, 2019, Administration presented Council with a proposed package on how to meet the required reduction to the 2019 budget. Included in this, Administration identified stopping service at the Inglewood and Beltline recreation facilities as the least-harm way to reduce expenditures from Calgary Recreation's budget. Council at that time, did not approve the closure of the pools but directed Administration to investigate business continuity options. On September 30, Council reiterated this, directing Administration to continue their analysis and leave no stone unturned to explore business continuity options for the two facilities.

How We Responded

City of Calgary Recreation approached Civic Innovation YYC to co-design and lead a workshop on behalf of Calgary Recreation at the Inglewood Community Association on September 26 2019 from 4 - 5:30 p.m.

This session was comprised of some user groups and catchment area community organizations who presented to the Standing Policy Committee on Community and Protective Services on September 11, 2019, and or people who made written submission to Council or individual members of Council.

The Purpose

The purpose of this session was to brainstorm business continuity ideas for the Inglewood Aquatic Centre and Beltline Aquatic & Fitness Centre, which will serve as one of several inputs into the development of the report back to Council in November 2019.

Flatwater Pools Brainstorm Session Participants

+ Tamara Marajh, Beltline Neighbourhood Association
+ Rob Gairns, Beltline Neighbourhood Association
+ Karl Gossen, Calgary Dolphins Swim Club
+ Louise Riley, Calgary Dolphins Swim Club
+ Philip McCutcheon, CommunityWise Resource Centre
+ Linda Poetz, Inner City Coalition, Bridgeland-Riverside Community Association
+ Phil Levson, Inglewood Community Association
+ Suzanne Leacock, Inglewood Community Association, YYC Save the Pools
+ Heather Stewart-MacLean, Manager Strategic Business Services, The City of Calgary

Problem Mapping

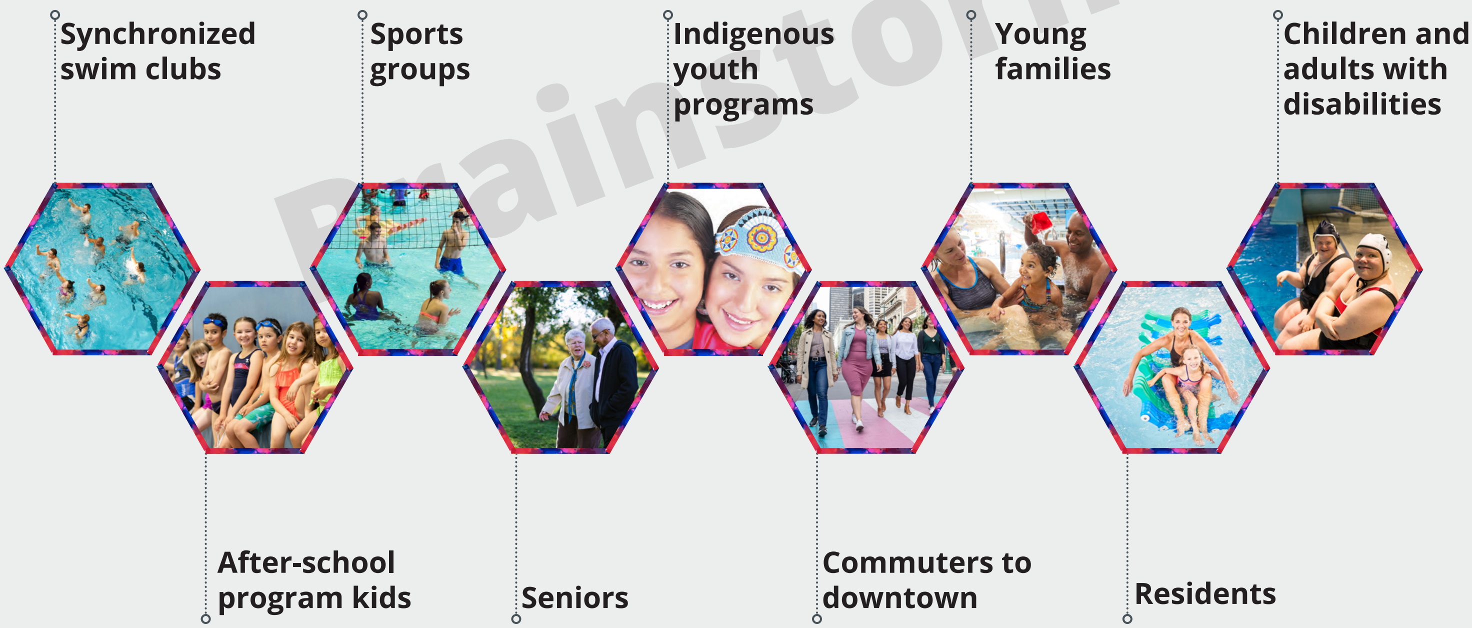
IDENTIFYING THE NEEDS AND INSIGHTS FROM CITIZEN GROUPS AND BRAINSTORM PARTICIPANTS

How We Got There

Civic Innovation YYC began the session with Problem Mapping to clarify the information gathered to date, and set a clear foundation for idea generation.

The Problem Map was pre-populated with the information that was presented to Council in the Public Hearing by citizens and emailed to Councillors. Participants were then given the opportunity to review the Problem Map and add any needs the facilities are currently serving, user insights, and perceived constraints of addressing the challenge, based on their understanding.

Users



Needs Identified By the Community

+ Build community connections
+ Experience affordable recreation options
+ Affordable spaces for community gatherings and community organizations
+ Affordable exercise opportunities, year-round
+ Develop the life skill of swimming
+ Practice aquatic sports and other recreational programs
+ Unstructured play opportunities

Problem Mapping

CONTINUED

User Insights

+ There are multiple **ways to measure the impact** of a community asset (in addition to use numbers)
+ Some users prefer **single-use facilities**
+ **The walkability** of communities matter to residents
+ Some current pool renters are **willing to pay more** for access to resource
+ Inner-city residents pay **higher taxes** than suburban residents
+ The City is open to exploring creative **options**
+ The Inglewood area is poised for **increased density** in the coming years and the Beltline is already the densest neighbourhood in the city
+ Some individuals do not perceive Repsol Sport Centre and the Gray Family Eau Claire YMCA as **family-friendly amenities** (e.g. expensive, too cold, no rope swings/climbing wall, etc.)
+ The **change in hours and programming** at the Inglewood pool may have affected access and use
+ Inglewood Pool is the only **indoor recreation** facility in Inglewood/Ramsay/Bridgeland
+ Include other public/private facilities that receive tax dollars to **compare value per use**
+ There are long-term concerns around operating recreational facilities in terms of **financial sustainability**
+ Make conscious decisions around **wants and needs**, these two pools fall under the needs category for certain user groups
+ Beltline pool has **no parking** and **no elevator accessibility**
+ Smaller sized pools are helpful for programs because coaches can better monitor pool users for **increased safety**
+ **Larger recreation centers are overwhelming** for kids and adults with disabilities to navigate the facility independently

Perceived Constraints

+ City-wide **budget reductions**
+ Significant **capital investment** required to keep the two facilities open
+ Recreation's new/current **mandate for service**
+ **No space** on sites for added amenities
+ **Time pressure** is especially challenging for some community groups and community associations to respond and plan for alternative arrangements
+ **January 1 shut down** of pools is not based on the fiscal year of some not-for-profit organizations and/or alternative pool facilities that run on the April1-March31 fiscal year. This is a challenge for organizations that need to sign contracts for annual pool use

How Might We

PRIORITIZING THREE *HOW MIGHT WE* QUESTIONS FOR IDEA GENERATION

How We Got There

Participants reviewed the Problem Map, and each participant voted on their top three needs to focus the ideation efforts. The aggregated top three needs were converted into "How Might We" questions to support ideation. This format of questioning helps open up dialogue and actionable ideas around addressing the needs.

The group brainstormed ideas, considering the following three perspectives:

1. Options to continue service at the specific facilities (e.g. alternate operator at no cost to The City)
2. Alternate uses for the impacted sites that would provide similar benefits to the communities/users (e.g. other types of recreation opportunity or community programs)
3. Service continuity options for impacted user groups (e.g. alternate locations to accommodate groups)

How might we create opportunities to build community connections?

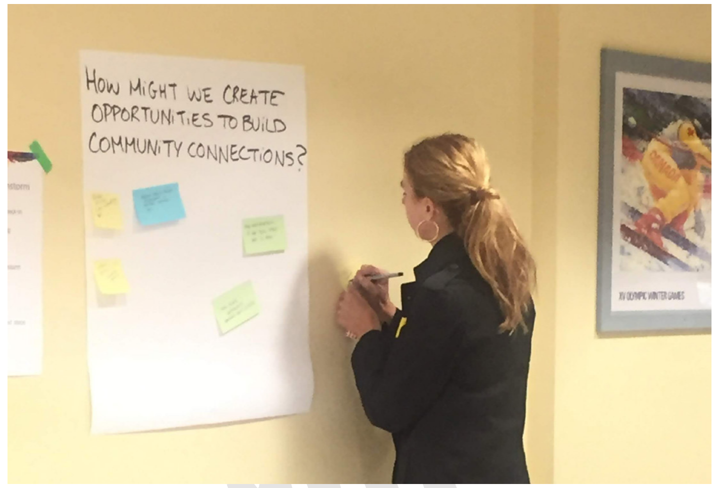
How might we create affordable spaces for organizations and community gatherings?

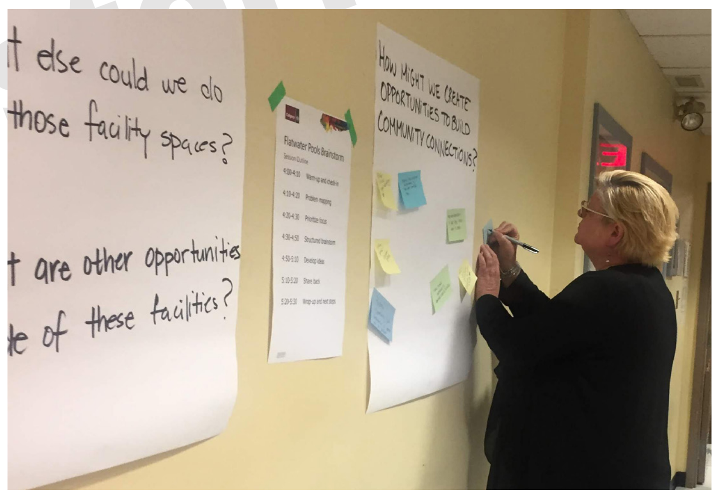
How might we create opportunities for affordable and physically accessible recreation?

Ideas Generated

A LIST OF EACH IDEA GENERATED FOR THE *HOW MIGHT WE* QUESTION

How might we create opportunities to build community connections?



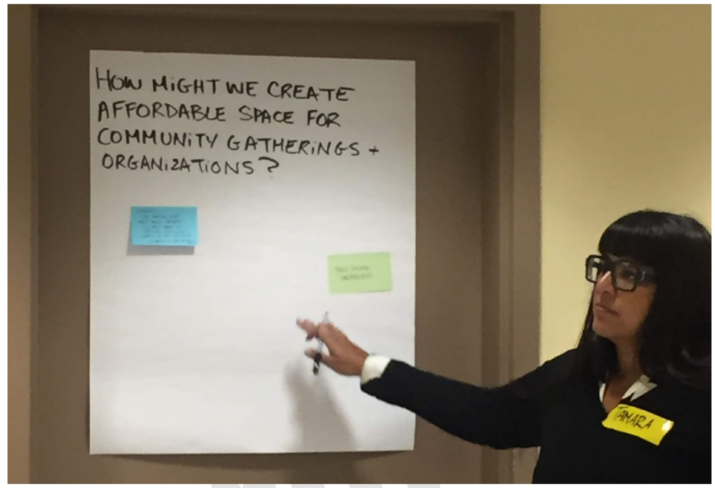


+ Better utilize signs – advertising
+ Engage public-private organizations to hold and host events at the pools
+ Build up more school group usage
+ More media/advertising of what the spaces have to offer
+ Coffee groups and volunteer groups
+ Keep it public
+ Host community activities such as BBQs and swimming or Run and Swim Group
+ Offer discounts for groups such as housing collectives (Horizon Housing, YWCA, EXIT)
+ Public-private partnerships, sponsored events and activities
+ Re-vamp programs (e.g. Swim and walk)
+ Ask the community and users about what they want and get them excited about the potential of the pool's future
+ Host pay what you can nights
+ Restart the Community Hub conversation to operate out of Beltline
+ New community meet-ups to generate higher usage of existing facilities

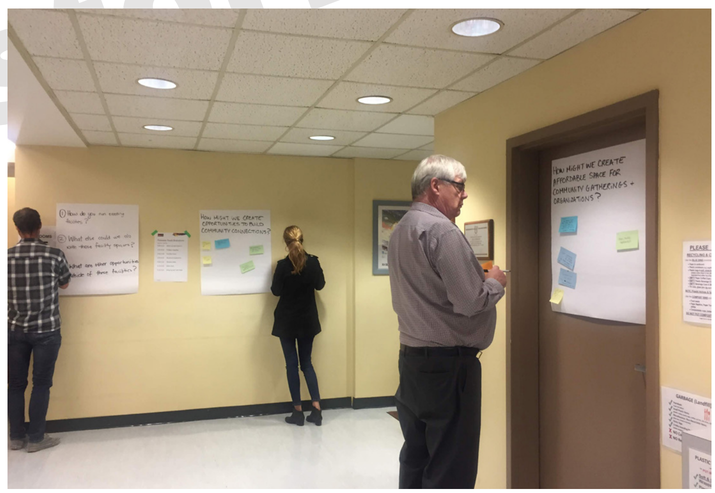
Ideas Generated

A LIST OF EACH IDEA GENERATED FOR THE *HOW MIGHT WE* QUESTION

How might we create affordable spaces for organizations and community gatherings?



- It exists...the potential users aren't being targeted (e.g. many people in Beltline don't know what's at the facility).
- Marketing, PR, social media
- Reach out to the community to find out what the needs and opportunities are
- Make the community a part of the process
- Seek corporate sponsorships and facility naming for advertising (same as Scotiabank Saddledome)
- Sell advertising in the buildings like in the hockey arenas
- Public-private partnerships
- Create a way for community members to become owners of the facilities
- Explore opportunities for alternate use of the Beltline Recreation Centre. Relinquish operation to others, such as communities.
- Recreation could still deliver public recreation programs at other times
- Explore more private groups utilizing facilities to generate income
- Invest in community engagement with the coordinator of the site (Beltline)



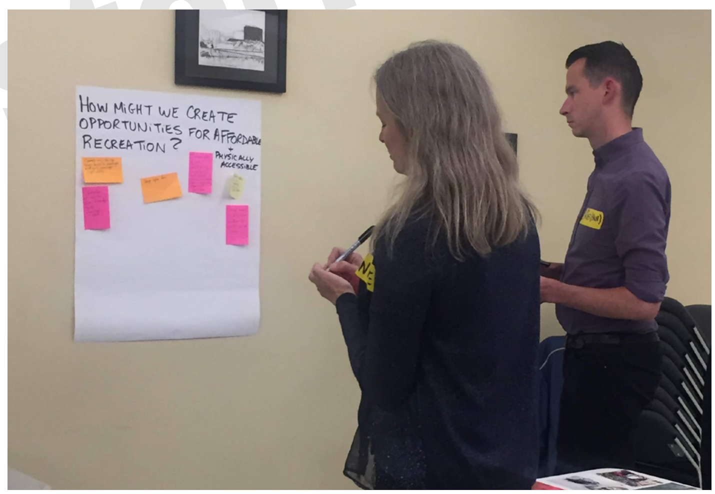
Ideas Generated

A LIST OF EACH IDEA GENERATED FOR THE *HOW MIGHT WE* QUESTION

How might we create opportunities for affordable and physically accessible recreation?

+ Add onto the building, more space
+ Modify and tailor metrics that The City uses to ‘justify’ a recreation facility
    - Catchment area (8-9km doesn’t make sense from a walkability factor)
    - Users
    - Modality of access
    - Size
    - Facility with modifications might be sufficient

+ Operate only during busy hours such as evening, and early mornings (split shifts)
+ Charge higher fees
+ Increase the use of pool and facilities by consulting with users and potential users and asking them what would bring them out
+ Increase rates for non-community groups to offset costs
+ Charge users slightly more so that the facility can be viable
+ Utilize spaces in addition to pool such as BBQ & swim night, or fitness equipment
+ Offer yoga classes in the green spaces outside
+ Reconsider the 50/50 recoverability
+ Take into account broad social return on investment in recoverability factor
+ Many people are unaware of what is available
+ Marketing
+ Subsidize costs for community members or specialized groups at other facilities
+ Operate at more user-friendly hours (evenings please)
+ Extend existing hours and make the facility more attractive, more classes, more facility use opportunities could increase use



Prioritized Ideas

A DETAILED DESCRIPTION, RISKS AND BENEFITS OF KEY IDEAS GENERATED BY EACH PARTICIPANT

SPLIT-SHIFTS

Operate pools on a 'split-shift' only during busy times of the day. I believe this would be early mornings, evenings and weekends. Close for middle of the day.

What benefits should the idea have?

+ Saves staff cost which is usually the most significant part of an operating cost

What risks are involved?

+ Some staff will not like the "perceived" inconvenience of a split-shift, but look for staff that want to work part-time

What further exploration might be required?

+ Define busy vs. low usage times for each pool which will be different for each facility

What gets you excited about this idea?

+ Cost savings to contribute to a decision to keep a pool open

MARKET THE POOLS

Better marketing of pool to generate more usage (more signs, posters, etc.)

What benefits should the idea have?

+ Awareness of what programs are offered and how it differs from other pools
+ More community members using pool and feeling pride in their community pool
+ More people travelling from different areas of the city because of the benefit of the pool
+ More usage means less subsidization

What risks are involved?

+ Overcrowding
+ Spending more money
+ Too many private bookings and less time available for community members

What further exploration might be required?

+ Costs involved
+ Where advertising is most effective
+ What has been offered in the past

What gets you excited about this idea?

+ Many people don't use the pool because they are not aware
+ Inglewood Pool is unique for groups and parties
+ Also great for sports programs, school programs
+ Many people may not be aware of that

MAKE POOLS ATTRACTIVE

Increase use of the facilities by extending hours, providing more classes, introducing other uses. Consult with potential users on what would make the facility more attractive to them.

What benefits should the idea have?

+ Pools remain open to the public
+ More people use the facility
+ Revenues increase
+ Community connections happen
+ Physical and mental health improve

What risks are involved?

+ Potential users may have no interest
+ Use might not increase
+ Revenues do not increase

What further exploration might be required?

+ Research to determine what users want and what other potential users and user groups exist
+ Research in other cities to see how they do it

What gets you excited about this idea?

+ Potential for the facility to remain viable and benefit the community
+ Community taking ownership of the use of the pool

BELTLINE RE-PURPOSING

Enter into partnerships with others. Beltline has unique opportunities for realizing the social value of the facility as well as unique challenges of cost recoverability and underutilization. Perhaps opening up operation and control to others could be explored to include a broad range of social services which do have public benefit.

What benefits should the idea have?

+ Recreation as a business unit could still offer public programming opportunities at times
+ Saves The City money in operating costs
+ Innovative

What risks are involved?

+ Anyone being able to manage multi-user, multi-purpose facilities
+ That the best-equipped partners tend to support efforts of gentrification which harms marginalized and low-income peoples' experiences in any neighbourhood

What further exploration might be required?

+ Stakeholder engagement

What gets you excited about this idea?

+ Honestly, there is dire need of community groups in the area to have access to affordable, inclusive, welcoming and culturally relevant spaces

Prioritized Ideas

CONTINUED

EXCITE THE COMMUNITY

Get the community excited about the potential for the pool's future.

What benefits should the idea have?

- Re-looking at space, place and opportunities for the building on usage
- Increased awareness
- Interest will build on possibilities of types of uses and hours
- Capacity building and connection forming opportunities

What risks are involved?

- They wouldn't get excited
- May require funding

What further exploration might be required?

- Many of these ideas developed on the sticky notes during this session could build on this

What gets you excited about this idea?

- Building upon what is there
- Utilization of the old site and helping to maintain the land and increase usage
- Wellness for the community and people

SPONSORSHIPS

Seek corporate sponsorships including selling advertising and forming public-private partnerships.

What benefits should the idea have?

- Could bring more attention and recognition to the facilities and therefore generate more revenue
- Facilities may be able to operate without increased users
- Takes the 'business burden' off Recreation

What risks are involved?

- Could be little benefit to the sponsor
- Might be challenging to encourage these sponsorships - they may need an incentive
- Social value to existing and low-income users

What further exploration might be required?

- Are there interested companies that already exist
- Provide incentives to those private sponsors

What gets you excited about this idea?

- Could mean keeping these facilities open for current users
- Brings attention to these facilities as assets to our communities

INCREASE USER BASE

Use social media, events and partnerships with public organizations and private groups and companies to increase awareness that the Beltline Pool exists, awareness that there are also other facilities and user rates. This will drive up revenue and help make the facility more viable.

What benefits should the idea have?

+ Pools remain open to the public
+ More people use the facility
+ Revenues increase
+ Community connections happen
+ Physical and mental health improve

What risks are involved?

+ Potential users may have no interest
+ Use might not increase
+ Revenues do not increase

What further exploration might be required?

+ Research to determine what users want and what other potential users and user groups exist
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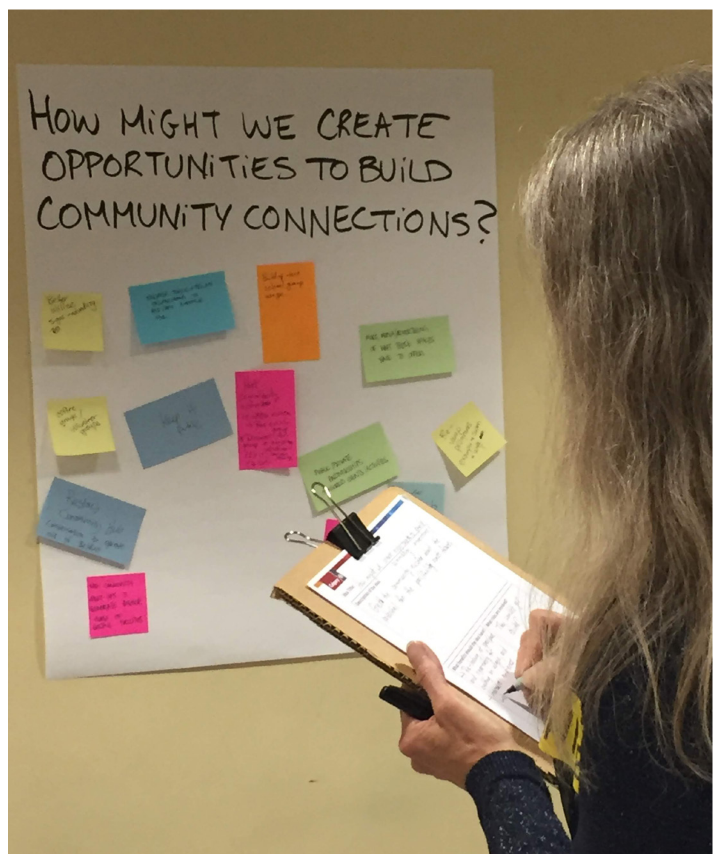


City of Calgary Recreation Next Steps

+ The information will be used as one input into the November report back to Council.
+ The City of Calgary Recreation team will take a closer look at the ideas the group prioritized to the degree possible in the time available
+ The report back to Council is currently scheduled to go to the Priorities and Finance Committee on Nov 5 and to Council on Nov 18

- Sept 26 — **Flatwater Pools Brainstorm**
- Oct — **Review and consideration of ideas generated**
- Nov 5 — **Report to Priorities and Finance Committee**
- Nov 18 — **Report to Council**

Civic Innovation YYC

Civic Innovation YYC exists to accelerate collaboration, build innovation capacities and design bold explorations into complex problems.

Our Purpose

We build the capacity of City of Calgary employees to embrace risk and tackle complex problems using trusted design methodology and scrappy adaptability. We shift the status quo by keeping humans at the centre of everything we do.

Our Vision

We envision a City where civic employees are human-centred in their thinking, collaborative by nature, and boldly experiment to design a better Calgary with citizens.

Our Strategies

We concentrate our work in three key strategic areas:

+ **Collaborate & Collide**
  We create opportunities to work better together. We design connections between people and projects across The City and citizen groups to respond to complex challenges.

+ **Build Capacity**
  We enhance our clients' ability to effectively collaborate, design and innovate using experiential professional learning and consulting.

+ **Design for Innovation**
  We use research, data synthesis and design thinking to support The City to embrace risk and experimentation as opportunities to improve services for citizens.


Calgary

INVENTORY OF CITY AMENITIES AND SUPPORTED PROGRAMS IN CATCHMENT AREA

Below are some examples of amenities and programs providing community and social benefits that the City invests in

REGIONAL COMMUNITY AMENITIES

Amenities
• Repsol Sport Centre: City-owned, publicly-accessible facility operated through partnership with Lindsay Park Sports Society. Receives capital investment and annual operating grant. • Grey Family YMCA at Eau Claire: Publicly-accessible recreation facility. YMCA Calgary is a partner operator for six City-owned facilities. This site is owned directly by the YMCA.

BELTLINE

Amenities
Recently Completed • Thomson Family Park: Redevelopment of park to increase public open space in the Beltline, with a focus on families. • Connaught Off-leash Park Upgrades: New enclosed off-leash area for small dogs. This new park addition is the first off-leash area in downtown Calgary. *Current/Upcoming* • Beltline Park: Development of a parcel of land at 936 16 Ave. S.W. into a vibrant public park to be enjoyed by all. • Central Memorial Park: Fitness classes, drumming circles, movies, jazz battles and more.
City and/or Community Supported Programs
• Calgary Public Library: Memorial Park branch. • Calgary After School: Calgary Neighbourhoods program at Sacred Heart (in Sunalta); YMCA School Support program at Connaught School; Bridge at St. Monica; Exploring options at Historic Holy Angels School and St. Monica and/or St. Mary's. • Community Social Work Program; Community Social Worker (CSW) located in the Beltline working with residents on addressing social issues with neighbourhood-based solutions. • Beltline Neighbourhoods Association; The Neighbourhood Partnership Coordinator provides support to the Association. • Business Improvement Area (BIA): Request to establish a new BIA in Beltline approved Q3 2019.

- Community Partners Service Offerings: Central Library School's Out program; National Music Centre Jam Club; YMCA's Youth Program for New Canadians at St. Mary's: Two Wheel View's Beltline Bike Club.

INGLEWOOD

Amenities

Recently Completed

- Mills Park: One of the first natural play spaces in a City park and was redeveloped entirely with natural play elements

- Inglewood Bird Sanctuary Outdoor Learning Centre: Expands programs that teach citizens and children about nature and the environment as well as help to replace infrastructure lost during the flood.

Current/Upcoming

- Jack Long Park: Redevelopment to improve the community park space. The park will feature paved areas that will serve as flexible spaces for small concerts/theatre events, food truck servicing, market kiosks, or other arts/cultural uses. Will also have open lawn spaces, picnic areas, a playground, a rain garden and sculptural elements donated by the Inglewood BRZ Business Revitalization

- Inglewood Bird Sanctuary - Nature Centre Expansion: Will add an additional classroom, new vestibule, new washrooms, volunteer office, storage and catering space. Repurpose under-used space within the existing building and add additional space over part of the current paved patio area.

- Inglewood Bird Sanctuary - Restoration: Improve ecological quality of degraded habitats in the sanctuary. Activities invasive species control, herbivore mitigation and planting and seeding of native species.

- Colonel Walker House: Feasibility study to upgrade the Historic Colonel Walker House to support education opportunities and programming.

City and/or Community Supported Programs

- Inglewood Community Association: Activities include: pre-school soccer; supervised kid's shinny/skate; ball hockey; bike polo; family baseball

- Inglewood Business Improvement Area: Provides support to BIA

- Community Partners/Local Offerings: 4Cats Arts – running 14 out-of-school arts classes for children ages 5-15; Esker Foundation – free monthly arts workshops for youth; Alexandra Society – Art in Motion Dance Education classes for ages 4/5 and 6/7

Update on Ability to Accommodate User Groups

Administration identified five impacted aquatics groups at the Inglewood Aquatic Facility. Engagement began following Council's decision on 23 July 2019. To date, this process has identified options for all groups and has resulted in an agreed upon scenario for two groups. Below is an update regarding progress made to date.

Aquatics Group	Relocated?		Scale of Impact	Existing Relationship at Other Facilities?
Waterwerks Kayak Club	✓	Waterwerks Kayak Club has accepted the opportunity to relocate to Acadia Aquatic & Fitness Centre on Friday evenings from 6:30-8pm.	12-15 Participants are registered for the program	N/A
Special Olympics	✓	The City, in collaboration with our partner Vecova, have successfully found a business continuity solution for the Special Olympics swim club at Vecova.	55 Swimmers registered for the program	SAIT Vecova
Calgary Aquabelles	In process	Calgary Recreation has connected Aquabelles with Repsol and with Seton YMCA and they are in conversation regarding booking opportunities for their program.	50 Swimmers registered for the program	Repsol Brookfield YMCA Seton Spray Lake Sawmills Cochrane
Calgary Dolphins Swim Club	✓ In process	The City, in collaboration with the Calgary Jewish Centre, have successfully found a business continuity solution for the Calgary Dolphins swim club at the Calgary Jewish Centre on Monday	25-30 Swimmers attend the program on Monday/Thursday evening and Saturday morning	N/A

		and Wednesday evenings. The club is still looking for a pool to host their Saturday morning practices.		
Killarney Synchro Swim Club	✓	Killarney Synchro Swim Club has accepted the opportunity to relocate to Foothills Aquatic Centre on Monday and Wednesday evenings from 4-6pm.	75 Swimmers registered for the program	Mount Royal SAIT Seton YMCA University of Calgary

Utilities & Environmental Protection Report to
Priorities and Finance Committee
2019 November 05

ISC: UNRESTRICTED
PFC2019-1402

Water Utility Indicative Rates – Revised for 2020

EXECUTIVE SUMMARY

This report presents Administration's analysis and recommendations for revising the 2020 indicative rates for Calgary's Water Treatment and Supply (Water), Wastewater Collection and Treatment (Wastewater), and Stormwater Management (Stormwater) lines of service, collectively known as the Water Utility. In response to the challenging economic conditions in the Calgary community, Administration recommends reducing One Calgary approved 2020 utility rate increases for Water and Stormwater. However, due to the off-site levy shortfall, an increase is recommended for Wastewater.

Calgary is in a slower growth period, with active urban development in 2019 lower than anticipated. As less revenue is being collected, the Water Utility is experiencing an off-site levy shortfall for the fourth consecutive year. This shortfall is temporary until urban development occurs. However, if urban development does not occur, there will be a permanent subsidy of growth by utility rate payers and future rates will be impacted. Based on the revised 2019 October land forecast, the off-site levy shortfall will persist.

The following table summarizes the indicative rates being proposed for 2020. At this time, Administration recommends revising 2020 rates only. The proposed indicative rates will leverage efficiencies, capital savings, and service reductions, while maintaining the capital investment required to support the needs of a growing city. They also incorporate the projected shortfall and thus mitigate some risk of off-site levy revenue not materializing.

Table 1: Indicative rates for the Water, Wastewater, and Stormwater lines of service

Line of Service	One Calgary 2020 Approved Rates	Proposed Change	Recommended 2020 Rates
Water Treatment and Supply	+0.3%	-0.8%	-0.5%
Wastewater Collection and Treatment	+5.1%	+1.6%	+6.7%
Stormwater Management	+2.5%	-1.2%	+1.3%

Based on the cost of service recommendations, not all customers will see the same increase or decrease in rates. A typical residential metered customer will see a slight decrease to the overall monthly bill compared to 2019. However, because the impact for each customer class does vary, multi-family and business customer bills will see a moderate increase to the overall monthly bill. These impacts are detailed in the report.

Utilities & Environmental Protection Report to Priorities and Finance Committee
2019 November 05

ISC: UNRESTRICTED
PFC2019-1402

Water Utility Indicative Rates - Revised for 2020

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommends that Council:

1. Approve the 2020 indicative rates for Water, Wastewater, and Stormwater lines of service shown in Table 2;
2. Direct Administration to prepare related amending bylaws reflecting the indicative rates shown in Table 2, and that they be forwarded to the November budget adjustments; and
3. Direct Administration to report back to Priorities and Finance Committee with indicative rates for 2021 and 2022 prior to the November 2020 Mid Cycle Adjustments.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2018 November 24, Council Approved (C2018-1158) Attachment 3, the specific indicative rate increases of 0.3 per cent, 5.1 per cent, and 2.5 per cent for Water, Wastewater, and Stormwater, respectively. Additional, historical direction is provided in Attachment 1.

BACKGROUND

Under One Calgary, The City of Calgary (The City) is committed to Calgary’s economic recovery through effective and efficient service delivery, while continuing to look for efficiencies to streamline the cost of municipal government. With increasing capital investment required to maintain highly reliable water and wastewater systems, meet regulatory requirements, and be resilient to environmental and economic changes, it is vital the Water Utility focus on continuous improvements and implementation of the zero-based review recommendations to keep rates low for customers.

The Water Utility delivers services through a public utility model, where all revenue requirements are recovered through user rates, levies, and other utility fees. In the development of the 2019-2022 indicative rates, the Water Utility considered drivers and priorities related to operating and capital expenditures, customer expectations, and requirements to meet financial plan compliance to improve financial sustainability. The Water Utility continues to experience pressure on the rates to meet increasingly stringent regulations, provide high quality service, support the needs of a growing city, and maintain critical assets and infrastructure. Revised land development forecasts and lower than anticipated urban development have also resulted in greater off-site levy revenue shortfalls. These shortfalls place an upward pressure on utility rates.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

In response to Calgary’s current economic conditions, Administration has undertaken a review of options in each line of service to reduce annual rate increases for 2020. Each line of service is uniquely impacted by the current economic environment and challenges in meeting land development forecasts. A more detailed summary is included as Attachment 2.

Water Utility Indicative Rates - Revised for 2020

Stakeholder Engagement, Research and Communication

Water Treatment and Supply

Reliable water service provides the foundation to a healthy and green city. As Calgary's population continues to grow, so does the demand on the rivers. With a finite supply of water, the Water line of service must operate wisely, considering future water supply and demand. Due to water conservation measures embraced by Calgarians, the line of service has been able to delay investments in treatment capacity and defer costly plant upgrades. The Water line of service continues to face short term revenue pressures as a result of conservation efforts and lower per capita residential consumption. In response, the Water line of service has identified effective cost reducing methods through proactively relinquishing and deferring capital investments, continuous innovation, and efficiency opportunities. These actions have resulted in the ability to keep rates low for customers.

The Water line of service is in a good financial position with lower requirements for capital expenditures and a favourable variance to the operating budget due to efficiencies and fleet optimization. Debt is declining and the capital program is moderating, resulting in decreasing interest expenses. The Water line of service can absorb inflationary pressures and adverse fluctuations in off-site levies for growth related costs. For these reasons, the Water line of service can accommodate the recommended 0.5 per cent reduction in rates for 2020, a 0.8 per cent reduction to the One Calgary approved 2020 rate. Furthermore, this reduction does not impact service levels. A reduction in the Water line of service will result in a $1.68 savings per month to the water portion of the residential customers' typical monthly utility bill compared to 2019. This will help to offset the increases realized in the other two lines of services.

Wastewater Collection and Treatment

Calgary is a large, growing city located on two small rivers. To maintain the health of the rivers, ongoing investment is required to meet regulatory requirements. As the city grows, the demand for treatment processes will continue to increase. The Wastewater line of service is focused on finding efficiencies and process improvements within the plants, to offset the additional operational and maintenance costs that a growing infrastructure base requires.

Despite the off-site levy revenue shortfall, the Wastewater line of service must continue to deliver on capital spending commitments in anticipation of an economic recovery and natural population growth. Over the next few years, a continued priority for this line of service is the significant upgrades at Bonnybrook Wastewater Treatment Plant to address wastewater demands and regulations that will serve future generations of Calgarians. As a result of these financial pressures, the Wastewater line of service cannot maintain the One Calgary approved service line rate increase of 5.1 per cent in 2020. To maintain wastewater rates at affordable levels, the Wastewater line of service has implemented reductions in several areas including capital maintenance, salary and wage, consulting, and research. These reductions result in increased risk of sanitary sewer backups in homes and businesses, and will be monitored closely by Administration. Persistent shortfalls in levies for growth related costs leave the Wastewater line of service requiring a 6.7 per cent rate increase, 1.6 per cent higher than what was approved in One Calgary. This will result in a $1.30 increase on a typical residential metered customer's monthly bill compared to 2019.

Water Utility Indicative Rates ‑ Revised for 2020

Stormwater Management

A healthy, resilient watershed provides clean, reliable water resources, and is vital to ensure that property is protected from flooding and rivers remain healthy. Efforts to improve flood resiliency and reduce local stormwater flooding are ongoing through a variety of infrastructure programs to address the pressure on Calgary's rivers from growth.

Climate change will alter how and when Calgary's watershed receives precipitation, affecting both water quantity and quality. To balance the social, environmental, and economic pressures, this line of service continues to support delivery of the Community Drainage Improvements program to increase flood resiliency in targeted communities and focus on the Council-approved Flood Resilience Plan (PFC2017-0462). With the recent changes to the provincial Alberta Community Resilience Program (ACRP), the ability of the Stormwater line of service to deliver the current capital investment plan will be significantly impacted. An additional review and reprioritization of the capital investment plan is required to determine a response to the reduced funding. Despite these pressures and lower than anticipated urban development in benefiting areas, a reduced rate increase is recommended for the Stormwater line of service. Due to realized efficiencies and less requirement for capital expenditures, Administration is recommending a 1.3 per cent increase to the Stormwater rate. The proposed 2020 rate is 1.2 per cent lower than the One Calgary approved rate, and will result in an approximate $0.20 increase compared to 2019 on all monthly bills.

Table 2: 2020 indicative rates for the Water, Wastewater, and Stormwater lines of service

Line of Service	Recommended Revised 2020 Rates
Water Treatment and Supply	-0.5%
Wastewater Collection and Treatment	+6.7%
Stormwater Management	+1.3%

Impact on Customer Classes

Based on cost of service study recommendations, Council directed Administration to close the gap for each customer class to varying degrees, with 100 per cent cost of service recovery for multi-family customers. As a result, customer classes will be impacted differently and not all customer classes will see the same decrease or increase in utility rates. Overall the utility rate revenue will change according to the revised recommended rates indicated above. As shown in Table 3, a typical residential metered customer will see an overall decrease of $0.18 to the monthly bill compared to 2019. This is based on 19m3/month water consumption per month.

Water Utility Indicative Rates ‑ Revised for 2020

Table 3: Approximate Impact on typical residential monthly utility bill based on 19m3/month water consumption

Line of Service	2019 Monthly Bill	2020 Incremental Change	2020 Monthly Bill
Water Treatment and Supply	$45.75	-$1.68	$44.07
Wastewater Collection and Treatment	$54.43	$1.30	$55.73
Stormwater Management	$15.43	$0.20	$15.63
Total	**$115.61**	**-$0.18**	**$115.43**

As the impact for each customer class varies, multi-family and business customers will see an overall increase to bills, based on a representative amount of consumption per month. Specifically, the overall increases will be 2.6 per cent, 2.7 per cent, and 3.5 per cent for multi-family customers using around 600 m3/month, general service regular customers using around 400 m3/month, and general service large customers using around 10,500 m3/ month, respectively.

Stakeholder Engagement, Research and Communication

The Water Utility is committed to delivering quality water, wastewater and stormwater services for customers. In revising the 2020 rates, the Water Utility considered the current economic climate and identified efficiencies to minimize impact on customers' monthly bills. Based on the 2018 Citizen's Perspective Survey 94 per cent of citizens are satisfied with the quality of water and 91 per cent of citizens are satisfied with the reliability of service. Each year, the Water Utility communicates changes to customers' rates. Various tactics are used, including updating calgary.ca, providing information on the bill, and responding to customers questions when they contact The City or our contracted customer care and billing provider.

Strategic Alignment

The Water Utility is committed to One Calgary's effort to support Calgary's economic recovery. The proposed utility rates align with the commitment to provide affordable services, while maintaining the financial capacity to deliver on Council Priorities. Furthermore, the proposed utility rates align with The City's 2020 Sustainability Direction, which ensures sufficient funding to support a growing city and maintain river health.

Social, Environmental, Economic (External)

Current economic challenges have affected the Calgary community. With reduced rate increases for 2020 in Water and Stormwater, the Water Utility can still ensure The City's social, environmental, and economic goals are delivered under sound and sustainable financial policies, while maintaining affordable services and reducing the magnitude of bill increases for Calgarians.

Water Utility Indicative Rates ‐ Revised for 2020

Financial Capacity

Current and Future Operating and Capital Budget:

The net zero budget adjustments to be presented to Council in 2019 November will include an overall reduction of $29.1 million in rate and off-site levy revenue offset by operating expenditure reductions. Operating includes capital charges such as principal, interest, and depreciation. To ensure the overall capital budget is maintained within the approved rates, the Water Utility relinquished $12.6 million and $20.6 million in 2019 and 2020, respectively, across the three lines of service. The proposed indicative rates support financial sustainability and compliance with the Council approved 2019-2022 financial plans for the Water, Wastewater, and Stormwater lines of service.

Risk Assessment

Forecasted off-site levy revenue is uncertain due to current economic conditions. With lower than anticipated urban development in 2019, off-site levy shortfalls are increasing. Off-site levy revenues are intended to fund 100 per cent of the developers' share of utility costs attributable to new growth. The off-site levy revenue shortfall the Water Utility is experiencing is temporary until urban development occurs. However, if urban development does not occur, there will be a permanent subsidy of growth by utility rate payers and future rates will be impacted. The proposed indicative rates incorporate the projected shortfall and thus mitigate some risk of off-site levy revenue not materializing.

The recent reduction to the 2020-2024 ACRP funding puts significant risk on the Stormwater line of service. Specifically, the ability to fully deliver on the Council-Approved Flood Resilience Plan. Early information has identified a potential shortfall of $81 million in capital funding. To address the change in capital funding, this shortfall must be absorbed by utility rate increases, capital budget reductions or through exploration of other funding options. Administration's recommendations at Mid-Cycle Adjustments will incorporate the impacts of the provincial funding changes.

REASON(S) FOR RECOMMENDATION(S):

In response to the challenging economic conditions felt by the Calgary community, Administration has investigated options to reduce the One Calgary approved 2020 utility rate increases. The proposed indicative rates will leverage efficiencies, capital savings, and service reductions, while maintaining the capital investment required to support the needs of a growing city. Each line of service is uniquely impacted by the multi-year slowdown in urban development and the associated off-site levy revenue shortfall. Reductions to utility rate increases were identified for Water and Stormwater. The need for a continued large capital program to position the Wastewater line of service for the future, requires a further increase to the Wastewater utility rate in 2020. As the proposed rate adjustments refer to 2020 only, Administration will report back with 2021 and 2022 rates at Mid Cycle Adjustments.

ATTACHMENT(S)

1. Attachment 1 – Previous Council Direction for Revised 2020 Water Utility Indicative Rates
2. Attachment 2 – Revised Indicative Rates for 2020: Water, Wastewater, and Stormwater Lines of Service

Previous Council Direction for Revised 2020 Water Utility Indicative Rates

PREVIOUS COUNCIL DIRECTION / POLICY

On 2018 November 24, Council Approved (C2018-1158) Attachment 3, the specific indicative rate increases of 0.3 per cent, 5.1 per cent, and 2.5 per cent for Water, Wastewater, and Stormwater, respectively.

Leading up to the approval of C2018-1158, Council considered the following:

- On 2018 March 19, Council approved (UCS2018-0223) financial plans for the Water and Wastewater lines of service, as well as (UCS2018-0230) for the Stormwater line of service for the 2019-2022 timeframe.

- On 2018 April 25, Council considered recommendation 2 of (C2018-0489) One Calgary: Setting Indicative Rates for 2019-2022 as follows: "approve 2019-2022 indicative rates for Water, Wastewater and Stormwater services including new growth as outlined on slide 52 of the presentation, as distributed at today's Meeting". Council directed that recommendation 2 be referred to the 2018 June 18 Strategic Meeting of Council.

- On 2018 June 18, Council approved (C2018-0787) 2019-2022 range of indicative rate increases for Water, Wastewater, and Stormwater services.

- On 2018 July 30, Council directed Administration to, through the Cost of Service Study, develop water, wastewater and stormwater rates for 2019-2022 for each inside city customer class, and for outside city customers following the strategies articulated in Attachment 2 of report (UCS2018-0884), and report back to Council as part of One Calgary in 2018 November.

PFC2019-1402
Attachment 2

REVISED INDICATIVE RATES FOR 2020:
WATER, WASTEWATER, AND STORMWATER LINES OF SERVICE

2019 NOVEMBER 05

MAKING LIFE BETTER EVERY DAY

ISC: Unrestricted

Table of Contents

1.0 EXECUTIVE SUMMARY

This report presents Administration's analysis and recommendations for the revised 2020 indicative rates for Calgary's Water Treatment and Supply (Water), Wastewater Collection and Treatment (Wastewater), and Stormwater Management (Stormwater) lines of service, collectively known as the Water Utility. In response to the challenging economic conditions felt by the Calgary community, Administration has undertaken a review of options to reduce annual rate increases for 2020. It is recommended the Water Utility revise 2020 rates only, to ensure the appropriate continued response to economic conditions and uncertain off-site levy revenue.

Calgary is in a slower growth period, with active urban development in 2019 lower than anticipated. As less revenue is being collected, the Water Utility is experiencing a large off-site levy shortfall for the fourth consecutive year. This shortfall is temporary until urban development occurs. However, if urban development does not occur, there will be a permanent subsidy of growth by utility rate payers and future rates will be impacted. Based on the revised 2019 October land forecast, the off-site levy shortfall will persist.

Despite the off-site levy revenue shortfall, the Water Utility must continue to deliver on capital spending commitments in anticipation of an economic recovery and natural population growth. These two financial pressures can no longer be absorbed by the Water Utility. As a result, the Wastewater line of service cannot maintain the One Calgary approved service line rate increase of 5.1 per cent in 2020. In contrast, the Water and Stormwater lines of service have less requirement for capital expenditure, therefore, can absorb pressure from off-site levies while accommodating reductions to the One Calgary approved rate increases for 2020.

Table 1: 2020 indicative rates for Water, Wastewater, and Stormwater lines of service

Line of Service	One Calgary 2020 Approved Rates	Proposed Change	Recommended Revised 2020 Rates
Water Treatment and Supply	+0.3%	-0.8%	-0.5%
Wastewater Collection and Treatment	+5.1%	+1.6%	+6.7%
Stormwater Management	+2.5%	-1.2%	+1.3%

The recommended revised 2020 indicative rates align with the Water Utility's focus on finding efficiencies through continuous improvements and implementation of the zero-based reviews recommendations. The proposed indicative rates will leverage efficiencies, capital savings, and service reductions, while maintaining the capital investment required to support the needs of a growing city. They also incorporate the projected shortfall in off-site levies and thus mitigate some risk of off-site levy revenue not materializing due to the uncertainty of growth. This does result in utility rate payers paying for some of the costs of growth.

Based on the cost of service recommendations, not all customers will see the same increase or decrease in rates. As show in Table 2, a typical residential metered customer will see a slight decrease of $0.18 to the overall monthly bill compared to 2019. However, because the impact for each customer class does vary, multi-family and business customer bills, will see moderate increase to the overall monthly bill. These impacts are detailed in the report.

Table 2: Approximate impact on typical residential monthly utility bill

Line of Service	2020 Incremental Change	2020 Monthly Bill
Water Treatment and Supply $45.75 monthly in 2019	-$1.68	$44.07
Wastewater Collection and Treatment $54.43 monthly in 2019	$1.30	$55.73
Stormwater Management $15.43 monthly in 2019	$0.20	$15.63
Total* **$115.61 monthly in 2019**	**-$0.18**	**$115.43**

*Typical residential metered monthly bill is based on 19m3/month

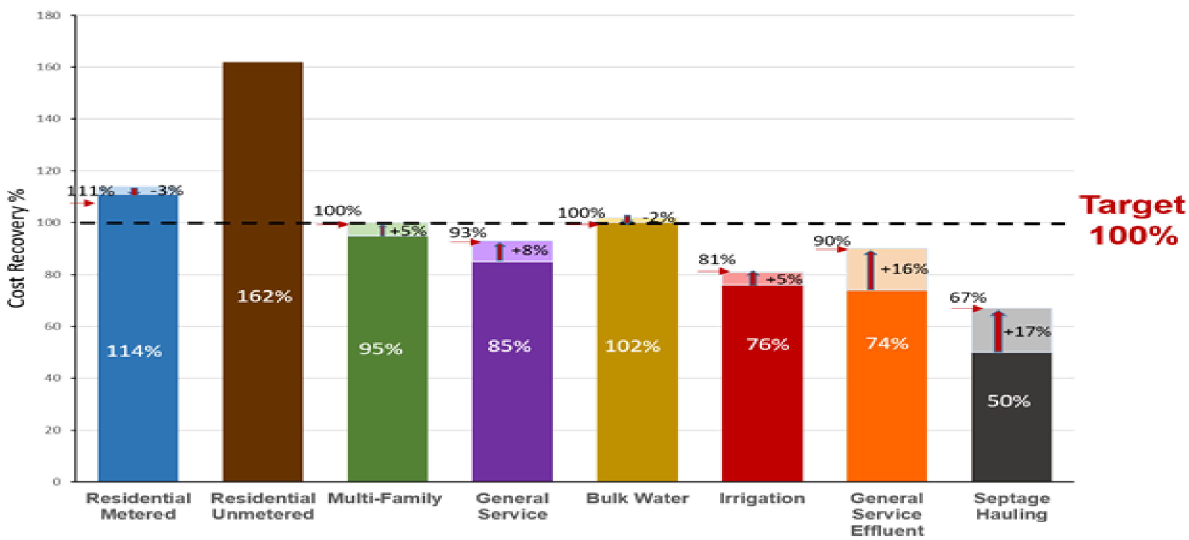
2.0 FINANCIAL MODEL

The Water, Wastewater, and Stormwater lines of service are provided under a self-sustaining public utility model. All costs are recovered through user rates, levies, fees, and sources other than the municipal tax base. The key components of the self-sustaining utility business model include:

- ***Revenue*** – The Water Utility's revenue consists primarily of rate revenue based on Council approved utility rates for each line of service. Water and Wastewater rate revenue is generated through basic service charges and volumetric rates that are applied by customer class. Revenue for the Stormwater line of service is generated through a uniform flat service charge to all customers.

- ***Off-site levy revenue*** **–** Off-site levy revenue is driven by growth and urban development investments required to service new communities. Current levies are collected based on the revised Off-Site Levy Bylaw and rates for 2019-2022 (2018 November PFC2018-0973). Off-site levy revenues are intended to fund the developers' share of the utility costs attributable to new growth and provide full cost recovery of growth related infrastructure. Significant risks and uncertainty exist within the current model's assumptions, that can result in temporary financial shortfalls that must be buffered by utility rates.
- ***Financial policies*** **–**2018 March 19, Council endorsed and approved the recommended 2019-2022 financial plans for the Water and Wastewater lines of service (UCS2018-0223) and the Stormwater line of service (UCS2018-0230). The financial plans articulate policies, measures, targets, and a timeline for compliance, specifically focusing on cash and debt financing. These financial policies help to manage obligations and mitigate financial risks. Adhering to the plans ensure improved financial capacity and sustainability to meet the challenges the Water Utility faces. For the Water and Wastewater lines of service, financial policies also direct a fixed dividend and franchise fee on revenues. Maintaining compliance is contingent on the line of service rate increases presented in this report.
- ***Cost of Service basis*** **–**The Water Utility performs a Cost of Service Study (COSS) each business cycle. A COSS ensures the cost of providing a service is distributed in a fair and equitable manner. Costs are assigned to each customer class based on consumption characteristics and the demand that class places on the system. This results in different customer classes paying unique utility rates. The COSS process carefully considers fixed and variable costs, resulting in a rate structure that balances the interests of fairness and equity, financial sustainability and water resource management. As part of preparing the 2019-2022 service plans and budgets, the Water Utility performed a COSS for the three lines of service (UCS2018-0884). Through the COSS, a gap between the cost recovery and the exact cost of service was identified within customer classes. Council directed Administration to close the gap for each customer class to varying degrees, with 100 per cent cost of service for multi-family.

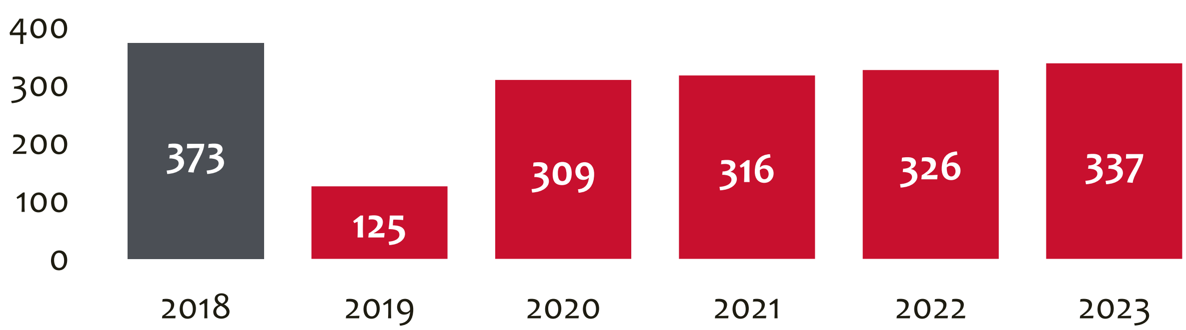
Figure 1: Cost of Service Study approved 2019-2022 cost recovery by customer class



3.0 DRIVERS

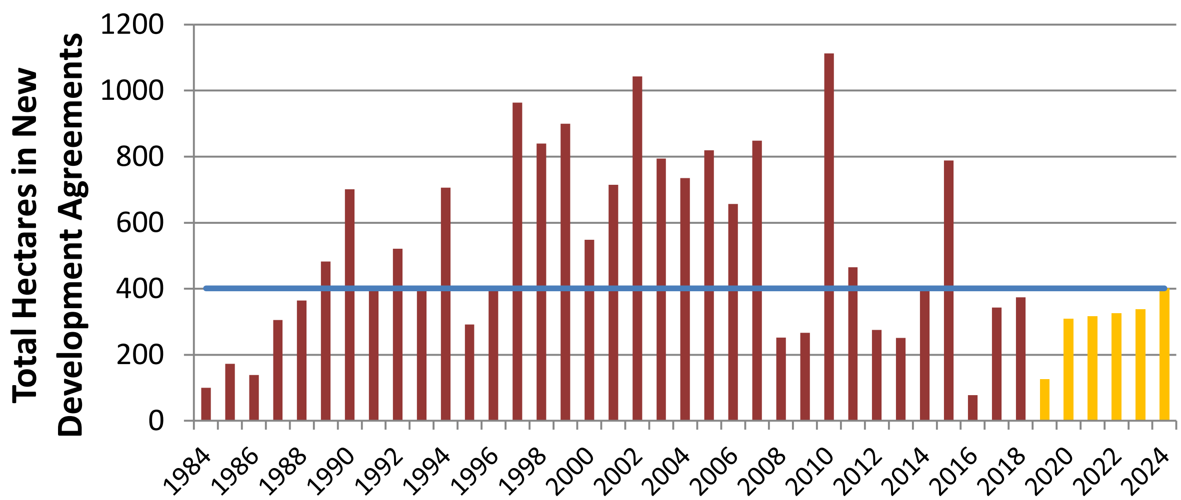
The City of Calgary is focused on providing services that are of value to citizens. The Water Utility provides services to 1.25 million Calgarians, as well as to municipalities outside of Calgary. In the development of the 2019-2022 indicative rates, the Water Utility considered drivers and priorities related to operating and capital expenditures, customer expectations, and requirements to meet financial plan compliance to improve financial sustainability. The Water Utility continues to experience pressure on the rates to meet increasingly stringent regulations, provide high quality service, support the needs of a growing city, and maintain critical assets and infrastructure.

Figure 2: Revised October 2019 Forecast Update (Hectares of Land)



Calgary is in a slower growth period, with active urban development in 2019 lower than anticipated. As less revenue is being collected, the Water Utility is experiencing a large off-site levy shortfall for the fourth consecutive year. Off-site levy revenues are intended to fund 100 per cent of the developers' share of utility costs attributable to new growth. However, revenues vary based on hectares of urban development as well as timing of capital investment to support growth. In periods where actual urban development, or projected pace of future urban development, is lower than the 400 hectares per year assumption in the off-site levy rates, a temporary financial shortfall occurs. Since the new bylaw was approved, actual land development and current forecasts have been lower than the historical average. Based on the revised 2019 October land forecast, the off-site levy shortfall will persist. As a result, the Wastewater line of service cannot maintain the One Calgary approved service line rate increase of 5.1 per cent in 2020.

Figure 3: Total hectares in new urban development agreements (1984-2024)



In response to Calgary's current economic conditions, Administration has undertaken a review of options to reduce annual rate increases for 2020. Based on the Water Utility's ability to adjust utility rates, Administration examined options for each line of service. Building on the operational efficiencies identified and zero-based review recommendations, the Water Utility identified additional savings. The Water Utility has taken reductions across all three lines of service in salary and wages, and consulting. Capital investments were also reprioritized and the Water Utility revisited factors on which the long-range capital plan is built. As a result, relinquishments were recommended across all three lines of service to ensure the overall capital budget is maintained within the approved rates. This resulted in a total relinquishment of $12.6 million and $20.6 million in 2019 and 2020, respectively. Each line of service is uniquely impacted, due to the current economic environment and challenges in meeting land development forecasts.

4.0 SERVICES PROVIDED BY THE WATER UTILITY

4.1 THE WATER TREATMENT AND SUPPLY LINE OF SERVICE

Reliable water service provides the foundation to a healthy and green city. As Calgary's population continues to grow, so does the demand on the rivers. With a finite supply of water, the Water line of service needs to operate wisely, considering future water demands. Due to water conservation measures embraced by Calgarians, the line of service has been able to delay investments in treatment capacity and defer costly plant upgrades. These actions have resulted in our ability to keep rates low for customers

Water conservation efforts aim to reduce water consumption and are important to ensure long term water supply reliability. However, the Water line of service must continue to look for ways to mitigate the upward pressures that lower per capita consumption places on revenues and financial sustainability. In response, the line of service has identified effective cost reducing methods through proactively relinquishing capital investments, continuous innovation, and efficiency opportunities to help offset additional inflationary pressures.

4.2 THE WASTEWATER COLLECTION AND TREATMENT LINE OF SERVICE

Calgary is a large, growing city located on two small rivers. To maintain the health of the rivers, ongoing investment is required to meet regulatory requirements. Over the next few years, a continued priority for this service is the significant upgrades at Bonnybrook Wastewater Treatment Plant to address wastewater demands and regulations that will serve future generations of Calgarians.

The nature of the Wastewater line of service is capital intensive, and two-thirds of the planned investments are driven by growth. With rising capital investments required to maintain highly reliable Wastewater systems, meet regulatory requirements, and protect the rivers and the environment, an increased emphasis on service efficiency is vital to the line of service. As the city grows, pressure on treatment processes will continue to increase. Water conservation efforts have no impact on this ever-growing demand. In response, the Wastewater line of service is focused on continually finding efficiencies and process improvements within the plants.

To maintain wastewater rates at affordable levels, the Wastewater line of service has implemented reductions in several areas including capital maintenance, salary and wage, consulting, and research while maintaining capital investments, growing debt, and inflationary pressures. The capital maintenance reductions include reduced investment in the customer initiated private side sanitary replacement program and sanitary trenchless rehabilitation. These reductions result in increased risk of sanitary sewer backups in homes and businesses, and will be monitored closely by Administration.

4.3 THE STORMWATER MANAGEMENT LINE OF SERVICE

A healthy, resilient watershed provides clean, reliable water resources, and is vital to ensure that property is protected from flooding and rivers remain healthy. Efforts to improve flood resiliency and reduce local stormwater flooding are ongoing through a variety of infrastructure programs to address the pressure on Calgary's rivers from growth.

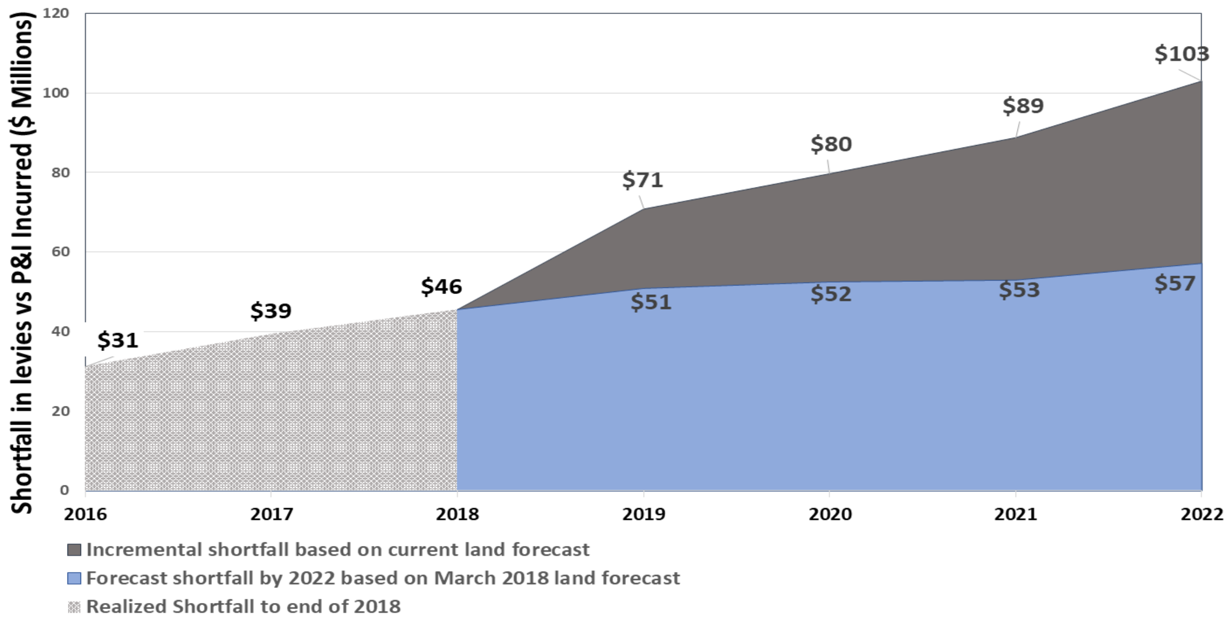
Climate change will alter how and when Calgary's watershed receives precipitation, affecting both water quantity and quality. To balance the social, environmental, and economic pressures, the Community Drainage Investment program continues to be a high priority for the line of service, identifying localized flooding risks and delivering stormwater infrastructure upgrades. The Water Utility is also focused on implementing the Council-approved Flood Resilience Plan (PFC2017-0462). Flood resiliency investments including berms and bank restoration projects are required to reduce impacts of future flood events. These projects represent approximately 38 per cent of the capital budget, of which a large portion is funded through external grants. With the recent changes to the provincial Alberta Community Resilience Program (ACRP), the Stormwater line of service will be significantly impacted. Specifically, the ability to fully deliver on the Council-Approved Flood Resilience Plan. Early information has identified a potential shortfall of $81 million in capital funding. An additional review and reprioritization of the capital program is required to explore further options and determine a response to the reduced funding. Despite these pressures and lower than anticipated urban development in benefiting areas, the Stormwater line of service has identified reductions to offset increasing rates.

5.0 PROPOSED INDICATIVE RATES

The proposed indicative rates will leverage efficiencies, capital savings, and service reductions, while maintaining the capital investment required to support the needs of a growing city. Additional considerations in the recommendations for the revised 2020 indicative rates for the three lines of service include:

- ***Compliance with financial plans:*** Specific drivers include meeting the debt service coverage ratio and sustainment reserve balance for each line of service by the end of 2022.
- ***The off-site levy shortfall in 2017 and 2018*** *(from 2016 and 2017 growth)* was partially absorbed in the utility rates through efficiencies and service reductions that resulted in operating budget reductions, but also put pressure on 2019-2022 rate increases.
- ***Growth and off-site levy revenue***: The significant shortfall will continue throughout the 2019-2022 business cycle. The off-site levy revenue shortfall the Water Utility is experiencing is temporary until urban development occurs. However, if urban development does not occur, there would be a permanent subsidy of growth by utility rate payers.

Figure 4: Projected off-site levy shortfall (cumulative for 2016-2022)



Indicative Rates for the Water Treatment and Supply Line of Service

The Water line of service is currently in a good financial position with lower requirement for capital expenditures and a favourable variance to the operating budget due to efficiencies and fleet optimization. Debt is declining and the capital program is moderating, resulting in decreasing interest expense. The Water line of service can absorb inflationary pressures and adverse fluctuations in off-site levies for growth-related costs. Based on these considerations, the line of service can accommodate the recommended 0.5% reduction in rates. Furthermore, this reduction does not impact service levels. A reduction in the 2020 indicative rate for the Water line of service will result in a $1.68 savings per month to the water portion of the residential customers' typical monthly utility bill compared to 2019, helping to offset the increases realized in the other lines of services.

The tables below summarize previous reported and current proposed water indicative rates and drivers for 2020.

Table 3: Indicative water rate increases

	One Calgary Approved 2020	Proposed Change	Revised 2020 Recommended Rates
Water Indicative Rates	+0.3%	-0.8%	-0.5%

Table 4: Water treatment and supply drivers / impacts

WATER	Estimated total	Operating costs	Capital related costs	Off-site Levy shortfall	Reserves	Franchise fee
Impact on typical monthly utility bill $45.75 in 2019	-0.5%	0.0%	-0.3%	0.0%	-0.2%	0.0%

Indicative Rates for the Wastewater Collection and Treatment Line of Service

The effect of growth has a substantial and compounding impact on the Wastewater line of service due to the capital requirement to build new infrastructure. To maintain wastewater rates at affordable levels, the Wastewater line of service has implemented reductions in several areas including capital maintenance, salary and wage, consulting, and research while maintaining a substantial capital program and growing debt and inflationary pressures. Despite these reductions, persistent shortfalls in levies for growth related costs leave the Wastewater line of service requiring a 6.7 per cent rate increase, 1.6 per cent higher than what was approved in One Calgary. This will result in a $1.30 increase on a typical residential metered customer's monthly bill compared to 2019.

The tables below summarize previous reported and current proposed wastewater indicative rates and drivers for 2020.

Table 5: Indicative wastewater rate increases

	One Calgary Approved 2020	Proposed Change	Revised 2020 Recommended Rates
Wastewater Indicative Rates	+5.1%	+1.6%	+6.7%

Table 6: Wastewater collection and treatment drivers / impacts

WASTEWATER	Estimated total	Operating costs	Capital related costs	Off-site Levy shortfall	Reserves	Franchise fee
Impact on typical monthly utility bill $54.43 in 2019	+6.7%	+1.3%	+2.7%	+1.3%	+1.1%	+0.3%

Indicative Rates for the Stormwater Management Line of Service

The Stormwater line of service continues to experience upward pressure to mitigate the environmental, social, and economic risks of river and localized flooding while considering climatic variability. Despite these pressures, as well as a lowered land forecast and recent provincial funding changes, a reduced rate increase is recommended for Stormwater. This is due in part to ongoing efforts in realizing efficiencies and less requirement for capital expenditures. Administration is recommending a 1.3 per cent increase to the Stormwater rate, which is 1.2 per cent lower than the One Calgary approved 2020 rate. The result is an approximate $0.20 increase on all monthly bills compared to 2019.

The tables below summarize previous reported and current proposed stormwater indicative rates and drivers for 2020.

Table 7: Indicative stormwater rate increases

	One Calgary Approved 2020	Proposed Change	Revised 2020 Recommended Rates
Stormwater Indicative Rates	+2.5%	-1.2%	+1.3%

Table 8: Stormwater management drivers / impacts

STORMWATER	Estimated total	Operating costs	Capital related costs	Off-site Levy shortfall	Reserves
Impact on typical monthly utility bill $15.43 in 2019	+1.3%	+0.2%	+0.3%	+0.7%	+0.1%

Estimated Customer Impacts

Based on cost of service recommendations, customer classes will be impacted differently and not all customer classes will see the same decrease or increase in utility rates. Overall the utility rate revenue will change according to the revised recommended rates indicated in Table 10. A typical residential metered customer will see an overall decrease of $0.18 to the monthly bill compared to 2019. This is based on 19m3/month water consumption per month.

Table 9: Approximate impact on typical residential metered monthly utility bill based on 19m3/month water consumption

Line of Service	2020 Incremental Change	2020 Monthly Bill
Water Treatment and Supply $45.75 monthly in 2019	-$1.68	$44.07
Wastewater Collection and Treatment $54.43 monthly in 2019	$1.30	$55.73
Stormwater Management $15.43 monthly in 2019	$0.20	$15.63
Total **$115.61 monthly in 2019**	**-$0.18**	**$115.43**

As the impact for each customer class does vary, multi-family and business customer bills, based on a representative amount of consumption per month, will see an overall increase. Specifically, the overall increases will be 2.6 per cent, 2.7 per cent, and 3.5 per cent for multi-family customers using around 600 m3/month, general service regular customers using around 400 m3/month, and general service large customers using around 10,500 m3/ month, respectively.

Table 10: 2020 indicative rates for Water, Wastewater, and Stormwater lines of service

Line of Service	Recommended Revised 2020 Indicative Rates
Water Treatment and Supply	-0.5%
Wastewater Collection and Treatment	+6.7%
Stormwater Management	+1.3%

Administration recommends revising 2020 rates only, to ensure the appropriate continued response to economic conditions and uncertain off-site levy revenue, while focusing efforts on keeping rates low. Recommendations for 2021 and 2022 revised indicative rates will be brought to Council in advance of Mid-Cycle Adjustments, allowing the Water Utility time to consider and respond to direction from Council on the Growth Monitoring Report, including decisions on additional new communities, and continued efforts to find efficiencies.

Planning & Development Report to Priorities and Finance Committee 2019 November 05

ISC: UNRESTRICTED PFC2019-1062

2019 Growth Strategy Monitoring Report

EXECUTIVE SUMMARY

This report responds to Council's direction from report PFC2018-0200 to bring a monitoring report on the implementation of the New Community Growth Strategy 2018 to the Priorities and Finance Committee no later than Q4 2019.

The first purpose of the report is to provide data and analysis on private development progress and City investment status from 2018 July to the end of 2019 September, where data is available, in the 27 actively developing communities and the 14 new communities approved by Council through the New Community Growth Strategy 2018 and associated One Calgary (2019-2022) approvals. A summary of this analysis is included as Attachment 1.

The second purpose is to provide the results of a debrief and lessons learned exercise on the New Community Growth Strategy 2018 framework that was conducted by Stack'd Consulting Inc. The final consultant report is included as Attachment 2. This debrief focused on process, data, and analysis, with a goal of improving the growth decision making process ahead of the next round of new community growth recommendations.

Finally, the third purpose is to bring forward an Administrative evaluation with regards to the next round of new community growth recommendations, currently directed by Council to return in 2020 March. This analysis is based on an assessment of the monitoring information, short-term market forecasts, and The City's current availability of resources, as well as feedback from the development industry and other stakeholders. Based on the results of this evaluation and discussions with BILD Calgary Region, Administration's recommendation is to accept business cases this Fall and to bring forward new community recommendations by 2020 November, prior to mid-cycle budget discussions. In consideration of unknown workload related to further operating cost discussions with stakeholders and unknown volume of business case submissions, Administration will make best efforts to complete this work by 2020 November, or no later than 2021 March.

It is envisioned that this report can be the first example of an annual report monitoring The City's progress towards a Comprehensive Citywide Growth Strategy. As work continues and completes on established and industrial areas, monitoring and reporting can be added for these areas as well. This monitoring report is intended to ensure transparency and accountability and provide both Council and stakeholders with current information for decision making.

Approval(s): **Dalgleish, Stuart** concurs with this report. Author: **Small, Shawn**

Planning & Development Report to Priorities and Finance Committee 2019 November 05

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2019 Growth Strategy Monitoring Report

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommends that Council direct Administration to:

1. Bring a report with the next recommendations for new community growth and development approvals as outlined in Attachment 3 of this report to Council, through Priorities and Finance Committee, by 2020 November or no later than 2021 March, thereby deferring previous Council direction; and

2. Bring a 2020 Growth Strategy Monitoring Report, to Council, through Priorities and Finance Committee, by no later than 2020 October.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2018 July 30, Council approved a total of 11 business cases representing 14 new communities for the New Community Growth Strategy 2018. Eight communities were recommended for approval to the Priorities and Finance Committee through PFC2018-0678, and the Priorities and Finance Committee also recommended that associated Growth Management Overlay removals be brought forward to Council on 2018 July 30 for a public hearing. Overlay removals were accomplished through C2018-0585 *New Community Growth Strategy – Growth Management Overlay Removals Arising from PFC2018-0678*.

An additional six new communities were added on 2018 July 30 through Council direction on supplemental report C2018-0900 *New Community Growth Strategy 2018 – Further Review and Analysis Directed through PFC2018-0678*.

With respect to recommendation four in Report C2018-0900, the following be adopted, as amended:

That Council:

4. Direct Administration to bring the next recommendations for new community growth and development approvals by no later than 2020 March, and in coordination with the One Calgary 2019-2022 four year service plan and budget mid-cycle adjustment process.

On 2018 March 19, Council approved recommendations two and four in report PFC2018-0200 specifically related to the New Community Growth Strategy work:

2. Direct Administration to work collaboratively with industry on potential new capital and operating options including those outside current policy constraints to:
   - Help share risk;
   - Leverage private investment;
   - Reduce City costs; and
   - Other mutually beneficial outcomes.

   And report back to Council through the Priorities and Finance Committee, as part of the next two-year cycle;

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.

Attachment 4 of this report contains the complete Council direction from reports C2018-0900 and PFC2018-0200.

BACKGROUND

In 2016 October, Administration extended an invitation to the development industry (Industry) to submit business cases in support of new community development in areas of the city that had a Growth Management Overlay (Overlay) in place in the Area Structure Plan. Twelve business cases proposing to initiate development in 16 new communities were subsequently received and reviewed. Proponents were asked to include information responding to criteria that outlined how their lands and development plans advanced the objectives of the Municipal Development Plan (MDP) and Calgary Transportation Plan (CTP), met market demand, and contributed to economic development in Calgary through property tax generation, private capital investment and job creation.

In 2018, Council provided direction for a New Community Growth Strategy (NCGS) through a Strategic Session of Council in January (verbal report C2018-0122), through report PFC2018-0200, and with the setting of indicative rates in report C2018-0489. Foundational to the New Community Growth Strategy, Administration and Industry agreed on six principles that were developed together in the Fall of 2017 to guide this work, they are; 1) Collaborate, 2) Incorporate a market oriented perspective, 3) Advancing new development, 4) Establishing accountable processes, 5) Cumulative impact considerations on capital and operating costs, and 6) Shared risk.

As directed by Council, Administration undertook a review of the business cases received, and brought forward a recommendation of new communities for investment in the One Calgary (2019-2022) service plan and budget. Also as part of One Calgary and subsequent to the setting of indicative rates, Administration identified recommended investments for the 27 actively developing communities.

To fund the new communities approved through report C2018-0900 plus the 27 actively developing communities identified in report PFC2018-0200, dedicated funding sources were identified through the One Calgary (2019-2022) service plan and budget that included utility rates, off-site levies and dedicating a specific portion of the property tax rate increase for 2019-2022 for the 14 new communities and the 27 actively developing communities. The dedicated property tax rate is intended to fund The City's portion of capital and the direct incremental operating costs to serve these communities. Council approved a property tax rate increase of 0.75 per cent in 2019 for new communities and a tax rate increase of 1.4 per cent in 2019 and 0.4 per cent per year in 2020-2022 for actively developing communities. The Off-Site Levy Bylaw was updated to include necessary capital infrastructure to serve these new communities through report PFC2018-0973 on 2018 November 12.

At the time of Council's approval of the 14 new communities in 2018 July, a community was defined generally by the community boundaries approved within Area Structure Plans. Many of

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2019 Growth Strategy Monitoring Report

the approved business cases represented a portion of a new community, with additional development within the community expected to be brought forward later. Since that time, many of the business cases have moved forward in the development continuum and have received Council approval of new community boundaries and names. These new community boundaries and names no longer add up to 14, nor do the new community boundaries represent the same areas of business cases. For consistency, Administration continues to reference the 14 new communities as they were approved in 2018 July, as well as the new community name. A map of the 14 new communities, and a table of how naming has changed since, is included in Attachment 1.

The goal of preparing a monitoring report is to enhance transparency and accountability for both The City and Industry, and to ensure the process is continuously improving and responsive to change. Within report PFC2018-0678, Administration indicated that a monitoring report will assist in assessing the success of the current evaluation process and communicate recommended process changes. An internal and external review of the NCGS process was conducted by an independent third party. The review was intended to identify areas for improvement and the results are included in this report in Attachment 2.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The three purposes for this report are both separate and related. They are discussed individually below, with linkages highlighted where appropriate.

New Community Growth Strategy 2018 Monitoring

The objective of the monitoring report, included as Attachment 1, is to provide transparency and accountability based on The City's and developers' commitments made through the NCGS 2018 decisions and through the One Calgary (2019-2022) service plan and budget. Other objectives of the monitoring report are to demonstrate the investment of private capital within the Calgary market and inform future discussions on growth investment decision-making and the determination of service levels. The information provided in Attachment 1 complements other reporting on growth, such as The City's *Suburban Residential Growth* document and external reports on supply and demand.

Attachment 1 includes an overall Calgary market snapshot (page 2), community development progress through the application process, market absorption, financial summary, and infrastructure and service details for each of the 27 actively developing communities (page 7) and the 14 new communities (page 13) approved in 2018 July. The monitoring attachment also includes overall conclusions (page 15); the conclusions have also been included on page 8 in this report. The monitoring report in Attachment 1 can become a template for a single, citywide monitoring report for a Comprehensive Citywide Growth Strategy that will evolve to include established and industrial areas.

The information within Attachment 1 generally represents the period from the end of 2018 July to 2019 August. Financial data is aligned with the One Calgary (2019-2022) budget cycle beginning in 2019 January and including to the end of 2019 July. No financial information has been gathered prior to 2019 January under the previous budget since it was not directly attributed to specific budget requests linked to new and actively developing community growth.

2019 Growth Strategy Monitoring Report

The information regarding the status of the new communities is based on progress at the beginning of 2019 September.

Indications are for a below average year for construction as highlighted below in the Market Snapshot. As the 27 actively developing communities continue to build out, The City incurs new operating and capital costs associated with these communities, and sees revenue from tax assessments and off-site levies. The majority of developers in the 14 new communities are still anticipating first occupancies of new homes in 2021. The monitoring results indicate that progress is as expected for the 14 new communities, however, it is too early to know the full budget impacts and whether market absorption will occur as was expected at the time of the 2018 decisions.

Market Snapshot
Administration uses several metrics to understand the strength of the economy, and specifically the new community housing market. Below are some indicators of Calgary's current market.

Table 1 – City of Calgary Building Permit Construction Value (source: City of Calgary)

	Jan 2018 through end Sept 2018	Jan 2019 through end Sept 2019	Per cent Change	2019 Forecast
Total citywide building permit construction value	$3.4 billion	$3.1 billion	down 9%	$4.5 billion

Table 2 - Calgary Census Metropolitan Area (CMA) Housing Starts (source: Canada Mortgage and Housing Corporation – Housing Now and Housing Outlook publications)

	Jan 2018 through end of Sep 2018	Jan 2019 through end of Sep 2019	Per cent Change	2019 Forecast*
Calgary CMA Housing Starts	8,919	8,007	down 10%	11,300 to 12,600

*Housing Market Outlook, Fall 2018

Table 3 – Total Off-site Levy Area in Greenfield Development Agreements (source: City of Calgary)

	Jan 2018 through end of Sep 2018	Jan 2019 through end of Sep 2019	Per cent Change	Original 2019 Forecast
Total Off-site Levy area in Greenfield Development Agreements	310 hectares	121 hectares	down 61%	312 hectares

- In 2018, 374 hectares were executed through Development Agreements in the greenfield area. This number is consistent with the 400 hectares average in development agreements expected annually in the Offsite Levy Bylaw calculation.

Table 4 – 2019 Calgary Population (source: City of Calgary Civic Census)

2019 Growth Strategy Monitoring Report

	April 2018 (A)	April 2019 (B)	*Difference between Censuses (A) – (B)*	2019 Spring Forecast (C)	*Variance from Spring Forecast (B) – (C)*
Total Population Growth	+21,007	+18,367	*-2,640*	+24,000	*-5,633*
Natural Increase	+9,419	+8,807	*-612*	+10,000	*-5,193*
Net Migration	+11,588	+9,560	*-2,028*	+14,000	*-440*

- Approximately 82 per cent of the citywide population growth between 2018 and 2019 occurred in the Developing Areas as identified in Map 1 of the Municipal Development Plan.

The market has been stable or is slightly weaker than in 2018 (as evidenced by the drop in building permits, housing starts, and development agreements), and economic forecasts are largely anticipating tepid growth overall (e.g., Alberta GDP forecasts from Conference Board, ATB and RBC anticipate -0.8 to +0.8 per cent for 2019, and +1.9 to +2.0 per cent for 2020). Administration anticipates GDP growth of +1.9 and +1.7 per cent for 2019 and 2020, respectively.

Regionally, about 89 per cent of housing starts in 2019 YTD have occurred in Calgary. This is higher than in full year 2017 and 2018, when it was 82 per cent and 85 per cent, respectively.

Turning to land supply, in 2019 August The City's *Suburban Residential Growth* document reported on the current serviced land supply and the anticipated serviced land supply based on the approvals from 2018 July and subsequent planning approvals:

Table 5 – Supply Measures (source: City of Calgary; 2018 April)

Measures of Supply	Single/Semi Detached	Multi Residential
Currently Serviced (in 27 Actively Developing Communities)	15,952 (4 years)	35,271 (14 years)
Budgeted to be Serviced through One Calgary (in 27 Actively Developing Communities)	18,211 (4 years)	10,420 (4 years)
Budgeted to be Serviced through One Calgary (in 14 New Communities)	24,249 (6 years)	15,128 (6 years)
Total	**58,412 (14 years)**	**60,819 (24 years)**

Table 5 uses forecasted demand of 4,106 single/semi units per year and 2,492 multi units per year to calculate years of supply. If demand is lower than these thresholds, then years of supply will increase. If demand is higher, years of supply will decrease.

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This supply will be gradually introduced over the next two business cycles, and demand will continue, therefore these numbers represent gross supply. It is estimated that there will be 4.3 years of single/semi-detached serviced residential supply at the end of 2022 and 6.0 years of single/semi-detached serviced supply at the end of 2023-2026 once all 14 new communities become serviced.

City Investment in the 27 Actively Developing Communities
In the last year, the 27 actively developing communities grew by 5,451 units. Most of this growth occurred in the North, Northeast and Southeast Sectors of the city. As illustrated page 6 of Attachment 1, eight of the 27 communities will be considered substantially complete in the next three years, as single and semi-detached development will be nearly built out, with multi-residential sites expected to complete substantially later.

Within these communities, The City has incurred an increase of approximately $2 million in direct incremental operating costs as of 2019 September 30 from a budget of $3.8 million for new roads maintenance, transit service, sidewalk and pathways maintenance and parks maintenance. As part of the 2019 July base operating budget reductions (C2019-0901) Council approved a $1.9 million reduction from an original budget of $5.7 million for Actively Developing Communities. The budget reductions in 2019 July were made to the Parks & Open Spaces, Public Transit and Bylaw Education service lines, meaning that the remainder of the citywide operating budget for these three service lines need to absorb any direct incremental operating costs in these communities, effectively lowering the service level provided across the city.

Table 6 – 2019 Base Operating Budget Reductions Actively Developing Communities ($000s)

Service	One Calgary 2019 Original Budget	2019 July Operating Budget Reduction	2019 Adjusted Operating Budget
Parks & Open Spaces	1,426	(1,426)	0
Public Transit	1,500	(359)	1,141
Parking	24	0	24
Sidewalks & Pathways	511	0	511
Streets	2,144	0	2,144
Bylaw Education	135	(135)	0
Total	5,740	(1,920)	3,820

In the 27 actively developing communities, the 2019 property tax increased by approximately $25 million over the 2018 property tax. It should be noted that it cannot be determined exactly how much of the property tax increased due to new unit growth (versus other forms of appreciation) at this time. It is also recognized that the costs incurred in these communities only represents the direct incremental costs whereas the property tax revenue would be allocated to cover all property tax supported costs.

Both The City and developers are continuing to invest in capital infrastructure to provide necessary servicing in these communities. In 2019 from January to the end of September, The

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City has spent approximately $1.5 million from a budget of approximately $13.3 million for 2019. The $1.5 million has been spent on transportation capital infrastructure in these communities, primarily on traffic signals and work related to the 130 Avenue SE missing links. Administration continues engineering design work on projects related to the 27 actively developing communities.

City Investment in the 14 New Communities
Within the 14 new communities approved last July, 19 Land Use and Outline Plan applications have been submitted. Of the 19 applications, 12 have received land use approval as of 2019 September 30. There are still some small Overlay removed areas where no applications have been submitted. As part of the 2018 business case review process, Administration projected that occupancy would begin in 2021 in all new communities. Based on the progress of different applications at this time, Administration is unable to determine with certainty how likely occupancy in 2021 would be for each developer in each community. To date, no development agreements have been executed however, almost all of the developers have indicated that their business plans for occupancy are on track as outlined in the business cases.

Since no occupancy was projected in 2019, no direct incremental operating costs for the 14 new communities were budgeted, and none have occurred.

As of 2019 September 30, capital infrastructure expenditures of approximately $24 million from a 2019 budget of approximately $48 million have occurred for utility construction and 88 Street SE engineering design in the Rangeview area to service the communities of Seton and Rangeview, and for utility construction in the Glacier Ridge area to service communities north of 144 Avenue North. Administration continues to work on engineering design of infrastructure projects to align with developers' projected timing.

Conclusion
The 27 actively developing communities continue to build out and The City continues to see revenues and costs associated with these communities. Planning reviews continue in the 14 new communities, and first occupancies are still anticipated in most communities by 2021. Administration continues to design and prepare for construction of the capital infrastructure projects identified in the One Calgary (2019-2022) service plan and budget. This is evidence that developers are investing in the early stages of community development and The City is delivering on its committed investments.

An overall conclusion arising from these monitoring results is that it remains very early on in the development cycle, especially for the 14 new communities. It is likely premature to make definitive statements about the impacts of the 2018 new community growth decisions (C2018-0900). In 2018, actively developing communities built at a rate somewhat slower than historical levels (5,451 units against the ten-year average of 6,021). No new development has yet occurred in any of the new communities, however none was anticipated by this point as it takes time for developers to secure approvals and coordinate construction.

With no evidence to suggest that development and absorption is occurring ahead of schedule, these results would indicate that current growth capacity and dispersion is more than sufficient to meet market demand. Supply levels should easily stay within the three to five years of serviced suburban land target established in policy 5.2.3b of the Municipal Development Plan. If serviced supply approved through the NCGS 2018 is initiated expeditiously, Administration concludes that Council's 2018 July 30 New Community Growth Strategy (C2018-0900) approvals will sufficiently address market supply for this (2019-2022) and the next business cycle (2023-2026) and retain private investment for Calgary.

Continuous monitoring will help both Industry and The City to be sensitive to market shifts and collaboratively work together to achieve the NCGS 2018 goals identified last summer, as well as to identify as early as possible if demand increases and supply levels begin to fall.

Administration recommends Council receive the monitoring results provided in this report for information.

New Community Growth Strategy 2018 Debrief
This report also includes an assessment of the current evaluation process, undertaken in 2019 in a spirit of continuous process improvement. To help provide an independent third party perspective, Administration retained Stack'd Consulting Inc. to conduct an internal and external debrief on the NCGS 2018 to help improve the growth decision-making process. The report completed by Stack'd is included as Attachment 2 of this report.

The engagement focused on three key areas:
1. Process (e.g., timelines, clarity, transparency and communication);
2. Data and analysis (e.g., feedback on data assumptions); and
3. Evaluation Criteria (e.g., criteria based on Municipal Development Plan/Calgary Transportation Plan alignment, market demand, and financial impacts).

The debrief focused on process and did not include an assessment of the growth decisions that were recommended by Administration or made by Council. A comparison to how growth decisions are made in other jurisdictions was also not in scope.

<u>Engagement</u>
To obtain the feedback on the process, members of City Council, as well as representatives from Industry and Administration who were part of the process were all engaged to ensure feedback was collected from a variety of sources and perspectives. Attachment 2 outlines a list of stakeholders who participated via a number of different methods of engagement.

<u>Recommendation Summary</u>
The consultants' top priority recommendations are outlined below and contained in Attachment 2 of this report:

1. Establish overarching priorities for the portfolio across related initiatives (e.g. Established Area Growth, Industrial Growth) to help address competing priorities and coordinate efforts and resources across the full range of growth opportunities;
2. Retain the three evaluation criteria 'pillars' as Guiding Principles and set specific priorities related to each pillar (MDP, Market Demand, City Financials) for a given business-cycle;

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3. Design a Business Case Template to directly reflect business cycle priorities and help ensure alignment of business case submission information with evaluation criteria;
4. Establish and publish a master data set at the start of the process that reflects the supporting data and assumptions required by the business case economic and market projections to help reduce rework, debate, and inconsistency and improve transparency;
5. Clearly define the NCGS process, how it fits within the broader set of corporate processes and growth initiatives, and publish expectations to stakeholders in advance of initiating the business case review process; and,
6. Ensure transparent, frequent, and open communication across all stakeholders regarding all elements of the NCGS initiative.

Conclusion

Administration supports the recommendations put forward in the report from Stack'd Consulting. Administration will continue to work collaboratively with Industry through the Industry/City Work Plan New Community Working Group to implement the recommendations contained within the Stack'd report. This work will be reported on through the Industry/City workplan, which provides an annual report to Council through the SPC on Planning and Urban Development.

Administration recommends Council receive the New Community Growth Strategy 2018 Debrief update provided in this section of the report for information.

Seeking Direction for New Community Growth Strategy 2020

Council Direction

In 2018 July, Council directed Administration to bring the next recommendations for new community growth and development approvals by no later than 2020 March, and in coordination with the One Calgary (2019-2022) service plan and budget mid-cycle adjustment process. The rationale behind this direction at the time was that the review of new community growth opportunities every two years would provide the following benefits:

1. Allows for ongoing and predictable decision-making timing for Council and the development industry;
2. Aligns with the City budget cycle timing in order that growth opportunities be considered cumulatively at the same time, and also alongside other City budget priorities; and
3. Allows a biannual check of market demand conditions, and an opportunity for action should additional investment be necessary to create capacity in the market.

Current Context

When the New Community Growth Strategy work started, the concept of a repeatable two-year process, aligned with The City's budget cycle, was considered important to Industry and Administration in order to provide flexibility and nimbleness to meet market demand, and also to consider the financial capacity of The City at budget time.

Since the NCGS 2018 decision in 2018 July, the context for decisions has changed:

1. The housing market has slowed since last July, as indicated in the monitoring section above and in Attachment 1.
2. Housing forecasting is not as optimistic as it was at the time of the 2018 July decision.

3. The City's financial context has changed. To help address the shift in the non-residential tax base, Administration brought forward $60 million in permanent tax supported operating reductions to the first year of the One Calgary (2019-2022) service plan and budget through report C2019-0901.
4. Administration is currently preparing 2020 budget reduction options for 2020, the second year of One Calgary (2019-2022).
5. On 2019 October 24, the Government of Alberta released their 2019-2020 budget and there are both impacts to operating and capital for The City. The impacts to the capital budget as a result of reductions will be reviewed and reprioritized by Administration.
6. In 2019 February, Council approved the City Planning and Policy Priorities work plan (PUD2019-0253), which identified the ongoing work of the Established Area Growth and Change Strategy and the scoping work of the Industrial Growth Strategy as priorities

Based on all the factors and reasons identified above, and in consultation with stakeholders, Administration believes it is prudent to reconsider the 2020 March timing that is indicated in the current Council direction.

<u>NCGS 2020 Process</u>
Administration began discussions about potential options for conducting the NCGS 2020 mid-cycle evaluation with industry members and other stakeholders in 2019 August. Administration, BILD Calgary Region, and other stakeholders discussed various viewpoints and concerns:

- City financial impacts to current and future capital and operating budgets, and resulting impacts to property tax, utility, and off-site levy rates;
- Market supply compared to forecasted demand over the next five years;
- Status of the Established Area Growth and Change Strategy and the as yet to be started Industrial Growth Strategy priorities in the City Planning and Policy service work plan;
- Potential economic opportunities;
- Messaging and optics with industry and investors that Calgary is open for business; and
- Managing expectations, consistency, and repeatability of the NCGS process established in 2018.

Following discussions with different stakeholders and consideration of the points identified above, Administration is recommending that business cases may be accepted from now to 2020 March 1, followed by conducting a 2020 NCGS evaluation with an extended timeline to bring forward recommendations not later than 2020 November. BILD Calgary Region is in agreement to extend the timeline to 2020 November as indicated in their letter included as Attachment 5. This extended timeline allows Administration to meet the current Industry expectation for a repeatable, consistent process that demonstrates that The City is open for business. The deferral to November helps recognize prioritization of the Established Area Growth and Change Strategy and the Industrial Growth Strategy.

In order to focus the 2020 New Community Growth Strategy review, Administration will adjust the application of certain criteria and use off-ramps for those business cases that do not meet these criteria. This approach is intended to accomplish four things:

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1. Recognize the principle of shared risk that Industry and Administration agreed to as part of the New Community Growth Strategy 2018 work,
2. Address City financial constraints related to capital and operating funding availability,
3. Address City resourcing constraints related to work plan priorities, and
4. Continue to drive toward a Comprehensive Citywide Growth Strategy that includes new communities, established areas and industrial areas for 2022 March.

There are four adjustments to the application of the evaluation criteria for 2020; they include (a) City capital costs, (b) City operating costs, (c) Contiguous and logically serviceable land and (d) Demonstration of private investment and improving near term market competition. Details of these application adjustments are outlined in Attachment 3.

Administration is also recommending that an off-ramp approach be used, so that if a business case does not meet all of the criteria mentioned above, the business case will be placed on an off-ramp and not proceed further into the review process. Proponents would then be notified.

Administration will then only bring forward a full analysis of the business cases that meet these criteria to Council. A Growth Management Overlay, for business cases approved by Council, will then be removed in conjunction with the land use redesignation (when ready) after budget approval. By using off-ramps and focusing on business cases that align to the criteria outlined above, Administration is best positioned to meet the 2020 November timeline and continue prioritizing Established Area and Industrial Area growth strategy work. Changes to this approach would most likely result in changes to the 2020 November timeline to adequately resource an expanded scope of work. In consideration of unknown workload related to further operating cost discussions with stakeholders and unknown volume of business case submissions, Administration will make best efforts to complete this work by 2020 November, or no later than 2021 March. Established Area Growth and Change Phase 1 recommendations are currently on track to come to Council, through Priorities and Finance Committee, in 2020 March and it is Administration's intention to prepare a scoping report for the Industrial Growth Strategy by Q4 2020, subject to on-going work and corporate resource capacity.

The annual monitoring of growth in Calgary provides information and introduces flexibility into the process. Should results from the 2020 monitoring report for new communities indicate a shifting market or other deviations from the current context stated above, business cases would already have been submitted and evaluated and therefore recommendations may be informed by these monitoring results.

<u>BILD Calgary Region Feedback</u>
Feedback received from BILD Calgary Region has indicated general agreement with items (a) and (c) above for this round of business case review, including the use of off ramps for these criteria.

Through the discussions, BILD Calgary's position on item (b) is that requiring no new operating costs for the remainder of the One Calgary (2019-2022) service plan and budget is reasonable, but prior to 2027 is not, as many things may change before that time and Council may choose to increase taxes to support operating costs in the future. BILD Calgary's position is also that using an off ramp for operating costs is not appropriate. BILD Calgary has also requested additional information about how operating costs would be assessed during this round. Administration will be undertaking a review on how the full operating costs of a business case is determined, and discussing this with Industry. Alternatives may also exist to mitigate operating cost impacts such that no tax increase is required. BILD Calgary and Administration have agreed to continue to meet and identify and evaluate alternative mechanisms that may allow business cases to move forward while not triggering City funding.

BILD Calgary also does not agree with item (d) requiring Land Use and Outline Plan application prior to 2020 October. BILD Calgary has asked Administration to remove this requirement for the following reasons, (1) it is a change from the 2018 process, (2) business case proponents will need to move quickly into preparing an application in order to submit within one year, and (3) a Land Use and Outline Plan application represents significant investment and assumption of risk on the part of the proponent to compile an application without certainty from the business case process. BILD Calgary's positions are expanded upon in Attachment 5.

Conclusion

After careful consideration of feedback received from stakeholders, the conclusions of the monitoring results and the prioritization of growth strategy work in a resource-limited environment, Administration believes the NCGS 2020 process identified as outlined in Attachment 3 appropriately balances the concerns of Industry, the fiscal and resource constraints faced by The City, as well as the pressure on property tax and utility rate payers. Focusing available resources on these strategies will help reach the goal of a Comprehensive Citywide Growth Strategy that includes new communities, established areas and industrial areas for 2022 March.

Work on continuous process improvement for the NCGS (beginning with implementation of the Stack'd recommendations) will be undertaken to ensure the best possible process for business case analysis. Ongoing monitoring will provide information for Administration and Industry to evaluate any shifts requiring attention prior to 2022.

Stakeholder Engagement, Research and Communication

Stakeholders were involved in discussions on the three components of this report:

- **Monitoring Report** Administration discussed the purpose of the monitoring report and timelines with the Industry/City New Community Working Group to provide a general overview of what would be included in the monitoring report. Administration continued these discussions periodically with the working group into September. Administration also contacted developers in all 14 new communities to receive a general update on current timing of applications and servicing.

- **NCGS 2018 Debrief** In addition to the engagement conducted during the NCGS 2018 debrief, Administration brought forward the recommendations included in the Stack'd Consulting Inc. to the Industry/City New Communities Working Group. Administration will work together with the Working Group to implement refinements to the growth strategy process and evaluation ahead of conducting the next review.

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- **NCGS 2020 Evaluation Options** Administration also brought forward options for the NCGS 2020 for discussion with the Developer Advisory Committee in August and September 2019. Discussions with individual land owners with prospective business cases, BILD Calgary Region, and some members of Council were also held. As a result of this feedback, Administration and BILD Calgary met several more times in October to try and reach agreement that would address outstanding concerns. These meetings fostered a shared understanding, and Administration and BILD Calgary were able to reach agreement on several issues. A letter from BILD Calgary Region is included as Attachment 5. A letter from NAIOP Commercial Real Estate Development Association was also received and is included as Attachment 6.

Strategic Alignment

The report aligns with the One Calgary Council directive of *A Well-Run City* by being focused on resilience and continuous improvement. There is also alignment with the One Calgary Council directive of *A City of Safe and Inspiring Neighbourhoods* which identifies that 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 information and recommendations provided in the monitoring report will help The City meet the policies contained in Sections 2.1.4 and 5.2.5 of the Municipal Development Plan by providing the information required to make planning and capital investment decisions within a corporate strategic framework and to avoid premature investment in municipal infrastructure and by prioritizing the intensification of Developed Areas.

Social, Environmental, Economic (External)

<u>Social, Environmental</u>
The recommendations in this report will allow Administration to balance attention to the established communities and industrial components of the comprehensive citywide growth strategy and thereby enables balanced consideration of social and environmental considerations across the city.

<u>Economic (External)</u>
The decisions made by Council on new community growth in 2018 July were well received by Industry and have provided multiple new opportunities for growth, capital retention, and job creation. However, this new supply, when coupled with an expectation of slower growth in the housing sector, raises questions of whether additional investment in and attention to new community growth will continue to yield returns. The recommendations in the report support those developers who have already invested in the servicing of their land and those developers who are about to invest in the new community areas already approved.

Financial Capacity

Current and Future Operating Budget:
There is no impact to the current operating budget as a result of this report. If changes are required to operating budgets, these changes will be brought forward through the regular budget process.

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Current and Future Capital Budget:
There is no impact to the current capital budget as a result of this report. If changes are required to capital budgets, these changes will be brought forward through the regular budget adjustment process. Any changes to the cost of off-site levy eligible capital infrastructure and changes to the infrastructure requirements will also be incorporated into the scheduled Off-site Levy Bylaw update in 2021.

Risk Assessment

The risks of Council not approving the recommendation include:

Resource challenges
As Administration continues to balance Council priorities while considering constrained resources, business planning challenges within Administration may have the potential to impact the timing and financial flexibility of the Established Area and Industrial Area growth strategies. These growth strategies rely on expertise from across the Corporation.

There is a risk given City resources and an increasingly financially constrained environment that Administration may not be able to meet Industry's expectations around the growth process and timing of deliverables. In consideration of unknown workload related to further operating cost discussions with stakeholders and unknown volume of business case submissions, Administration will make best efforts to complete the new community work by 2020 November, or no later than 2021 March.

The risks associated with slow growth and approving additional new communities include:

Current impacts from slower growth
Slower build out has been observed in some actively developing areas, which has resulted in unintended consequences. For instance, the water utility has seen some water quality issues in two actively developing communities as a result of less water demand from slower build out and a delay in developer infrastructure. Additional flushing of the water main is being done to maintain acceptable water quality within the water main. This flushing has resulted in additional costs to the developer and has operational impacts to the water utility. Similar water quality concerns may be realized as new communities come on line with a slower build out. Administration continues to work with impacted developers to monitor and manage the risks.

Lower than anticipated offsite levy revenues
In the water utility, offsite levy revenues are intended to fund the developer's share of the utility costs attributable to new growth. In periods where actual development, or the projected pace of future development, is lower than 400 hectares per year, a temporary financial shortfall occurs. The only mechanism to absorb this shortfall is in utility rates, until the development happens.

As is summarized in the monitoring report (Attachment 1), Calgary is in a slower growth period, and land absorption in 2019 has been significantly lower than 400 hectares. With the information currently available and the potential for this trend to continue, the already significant offsite levy shortfall will continue to grow. To accommodate this, the rate increase for 2020 in

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the Wastewater Collection and Treatment service line will need to be increased from what was approved in One Calgary (2019-2022).

Future capital and operating costs
Although not directly tied to this report, if more new communities are added to a sufficiently supplied market, an increase in future operating costs may be incurred to serve those areas. This would add further operating cost obligations and risk and property tax pressure to future budget cycles, coupled with uncertainty related to revenue increases through property tax from increased residential units. Inefficiencies in City services can result if numerous communities are building slowly, and services continue to be introduced.

There is also increased competition for capital infrastructure dollars across the corporation, as a result of increased funding uncertainty from other levels of government.

REASON(S) FOR RECOMMENDATION(S):

Administration acknowledges the positive impact that the 2018 July New Community Growth Strategy approvals have had on retaining capital, creating jobs, and facilitating a healthy, diverse supply of housing choices in new community areas.

The monitoring results indicate a slower growth environment is anticipated to continue and the supply in the market remains balanced.

Administration also acknowledges the feedback received from stakeholders highlights the importance of demonstrating that Calgary is open for business, and to meet industry expectations for a repeatable and consistent process.

Administration and stakeholders are aware of the pressure on The City’s staff and financial resourcing, and the prioritization of the Established Area and Industrial Area strategy work.

Annual monitoring will provide information on market shifts and trends and will inform timing decisions on bringing forward future new community recommendations if warranted.

In consideration of all factors, Administration recommends conducting a NCGS review in 2020 as outlined in Attachment 3 of this report and bringing forward any recommendations for new communities if warranted, by 2020 November or no later than 2021 March, pending workload related to on-going operating cost approaches and unknown volume of business case submissions.

ATTACHMENT(S)

1. Attachment 1 – Monitoring Report
2. Attachment 2 – New Community Growth Strategy Debrief Report
3. Attachment 3 – Criteria Application Adjustments for the 2020 New Community Growth Strategy Review
4. Attachment 4 – Council Direction from Reports C2018-0900 and PFC2018-0200
5. Attachment 5 – BILD Calgary Region Letter
6. Attachment 6 – NAIOP Letter
7. Attachment 7 - Public Submissions

New Community Growth Strategy Monitoring Report

2018 July through 2019 September

Table of Contents

Executive Summary

Purpose
This monitoring report is intended to provide a progress update on the status of growth and change in Calgary. It is anticipated that this report can become a template for a single, city-wide monitoring report for strategic growth that will eventually include established and industrial areas, as growth strategies are developed and implemented for these areas.

This first edition is specifically focused on growth related to City investments in the 27 actively developing communities and the 14 new communities approved through the New Community Growth Strategy 2018 (NCGS). The objective of the monitoring report is to provide transparency and accountability based on commitments (City and developer) made through the NCGS 2018 decisions and through the One Calgary (2019-2022) service plan and budget.

Content
The monitoring report includes an overall Calgary market snapshot, community development progress, market absorption, financial summary, and infrastructure and service details for the 27 actively developing communities and the new communities approved in 2018 July. The report also offers conclusions based on the data. The information within this document will help inform future discussions on growth investment decision-making and service introduction levels. The report complements the information in the The City's *Suburban Residential Growth* document.

Period
The information generally represents the period from 2018 July to 2019 September. A number of data sources do not exactly align with this period, and this is noted where necessary. For instance, 2019 census data[1] is current as of April 2019. Financial data is aligned with the One Calgary (2019-2022) budget cycle, beginning in 2019 January and including to the end of 2019 September.[2] No financial information has been gathered prior to 2019 January under the previous budget since it was not directly attributed to specific budget requests linked to new and actively developing community growth. Since financial data is only based on the first seven months of the One Calgary (2019-2022) budget, the financial information provided is generally limited. The information regarding development status of the new communities is based on their progress at the beginning of 2019 October.

Conclusion
The monitoring report has highlighted that Calgary is in a slower growth period with lower than average increases in population and housing units. Land absorption (defined as amount, in hectares, of City-developer development agreements) in 2019 has also been lower than anticipated at approximately 121 hectares to the end of September in the greenfield areas.

The 27 actively developing communities continue to grow and The City will continue to see associated revenues and costs as a result. The 14 new communities have shown progress through The City's approvals continuum towards the goal of achieving occupancy in 2021. Significant insight will come from the next year as development agreements are executed and construction begins in anticipation of 2021.

[1] Civic Census data and analysis can be found here: http://www.calgary.ca/census

[2] The One Calgary 2019-2022 Service Plans and Budget can be found here: https://www.calgary.ca/cfod/finance/Pages/Plans-Budgets-and-Financial-Reports/Plans-and-Budget-2019-2022/Plans-and-Budget-2019-2022.aspx. Details on the Growth budgets can be found as part of One Calgary 2019-2022 Service Plans and Budgets (C2018-1158), Attachment 9 "Supplemental Information", pages 19-20 (operating budgets) and 146-148 (capital budgets).

Calgary Market Snapshot

Summary

This section provides an overall snapshot of what has happened in the Calgary market since the approval of the New Community Growth Strategy in 2018 July. Calgary has remained in a period of slower economic growth since the time of the 2018 July decisions. The price per barrel of oil (West Texas Intermediate) has moved in a range of $43 to $75 USD, sitting $13 below the 2018 July price of $70 to settle at $57 in 2019 September. The price per barrel of Western Canadian Select has moved in a range of $6 to $53 USD, sitting $8 below the 2018 July price of $53 to settle at $45 in 2019 September. Since 2018 July, the prime lending rate has increased by 0.25 percentage points to 3.95 percent. This is still the case, though long term government bond yields have recently declined, then rebounded. Related, Federal mortgage rules also remain a challenge for the housing market in Calgary.

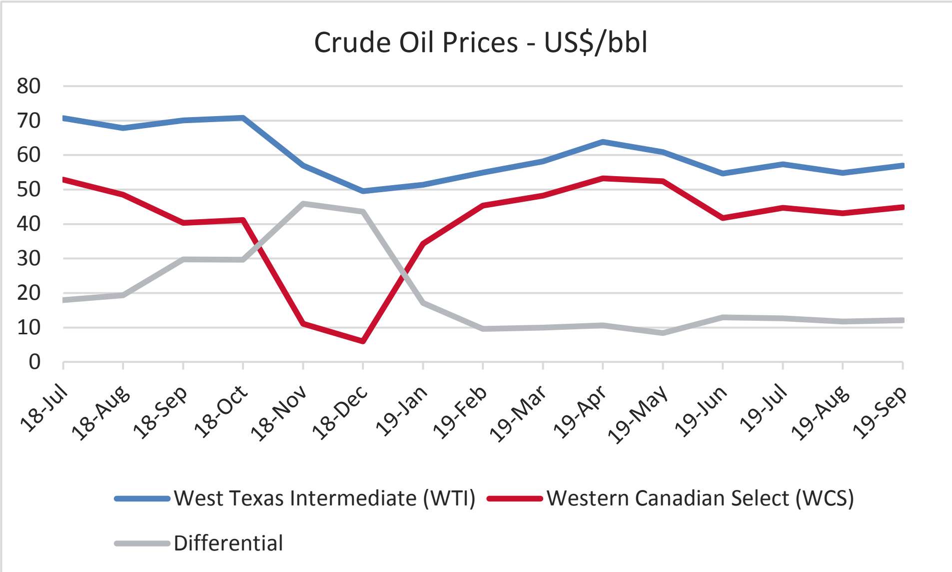
The housing market outlook has not substantially improved relative to when the growth decisions were made in 2018 July. While the unemployment rate in Calgary has moved downward in a positive way recently, forecasts for Alberta's economy are anticipating tepid growth overall (e.g., Alberta GDP forecasts from Conference Board, ATB and RBC anticipate -0.8 to +0.8 per cent for 2019, and +1.9 to +2.0 per cent for 2020). The City's Corporate Economics group anticipates GDP growth of +1.9 and +1.7 per cent for 2019 and 2020, respectively.

In 2018, development agreements associated with 375 hectares were received in greenfield areas. This number was very close to the anticipated 400 hectares per year assumption employed in the Off-site Levy Bylaw. However, for January to September 2019, this number has tracked lower, at approximately 121 hectares in greenfield areas year to date (116 hectares in new and actively developing communities).

Population growth for 2019, as forecasted by The City in 2019 Spring, was +24,000. The actual result for 2019, as released through the Census in 2019 September, was +18,367. Chiefly lower natural increase, but also lower net migration contributed to the smaller figure. In relation to the growth targets contained in the Municipal Development Plan (5.2.2), 82 percent of population growth occurred in the Developing Areas between 2018 and 2019.

Growth in the housing stock in 2019 was +5,866 units, as released through the Census in 2019 September. This was the lowest annual growth since 2011.

Figure 1 - Crude Oil Prices



WTI Source: U.S. Energy Information Administration
WCS Source: Alberta Energy

Figure 2 - Calgary Population Growth

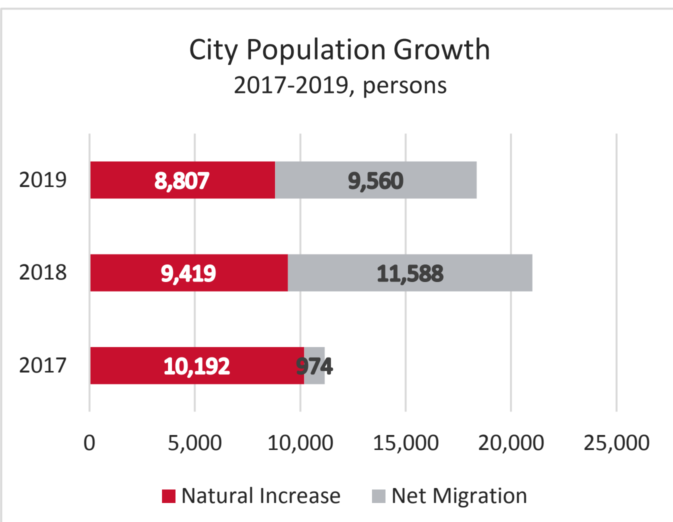


Figure 3 - Housing Starts

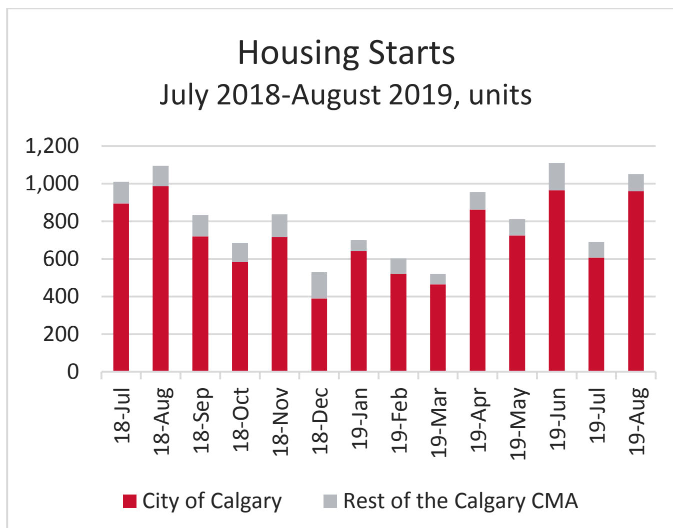


Figure 4 - Unemployment Rate

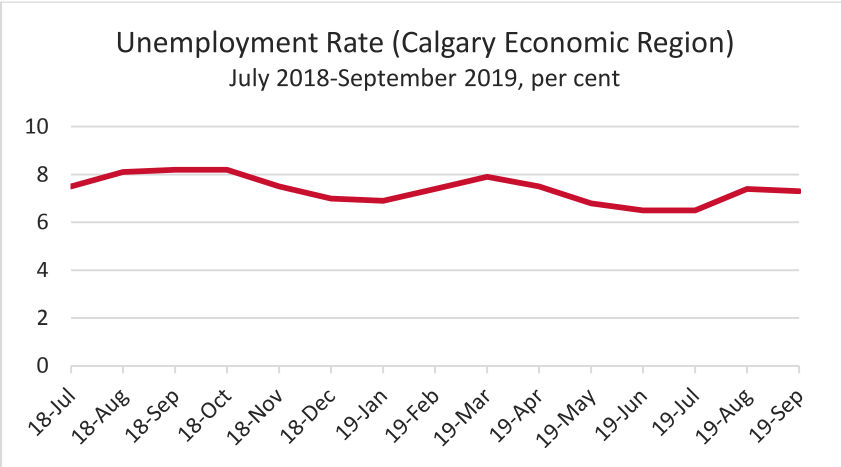
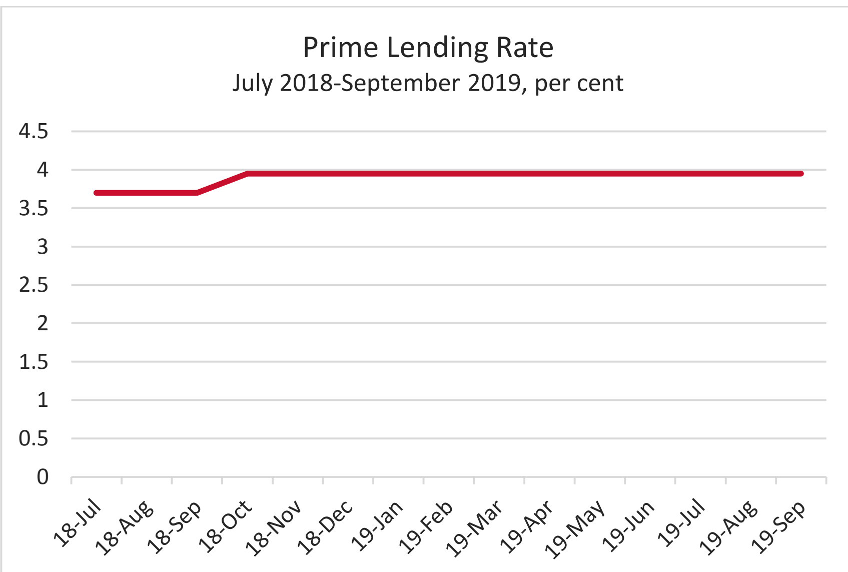


Figure 5 – Canada Chartered Banks Prime Lending Rate



Definitional Note on the 14 New Communities

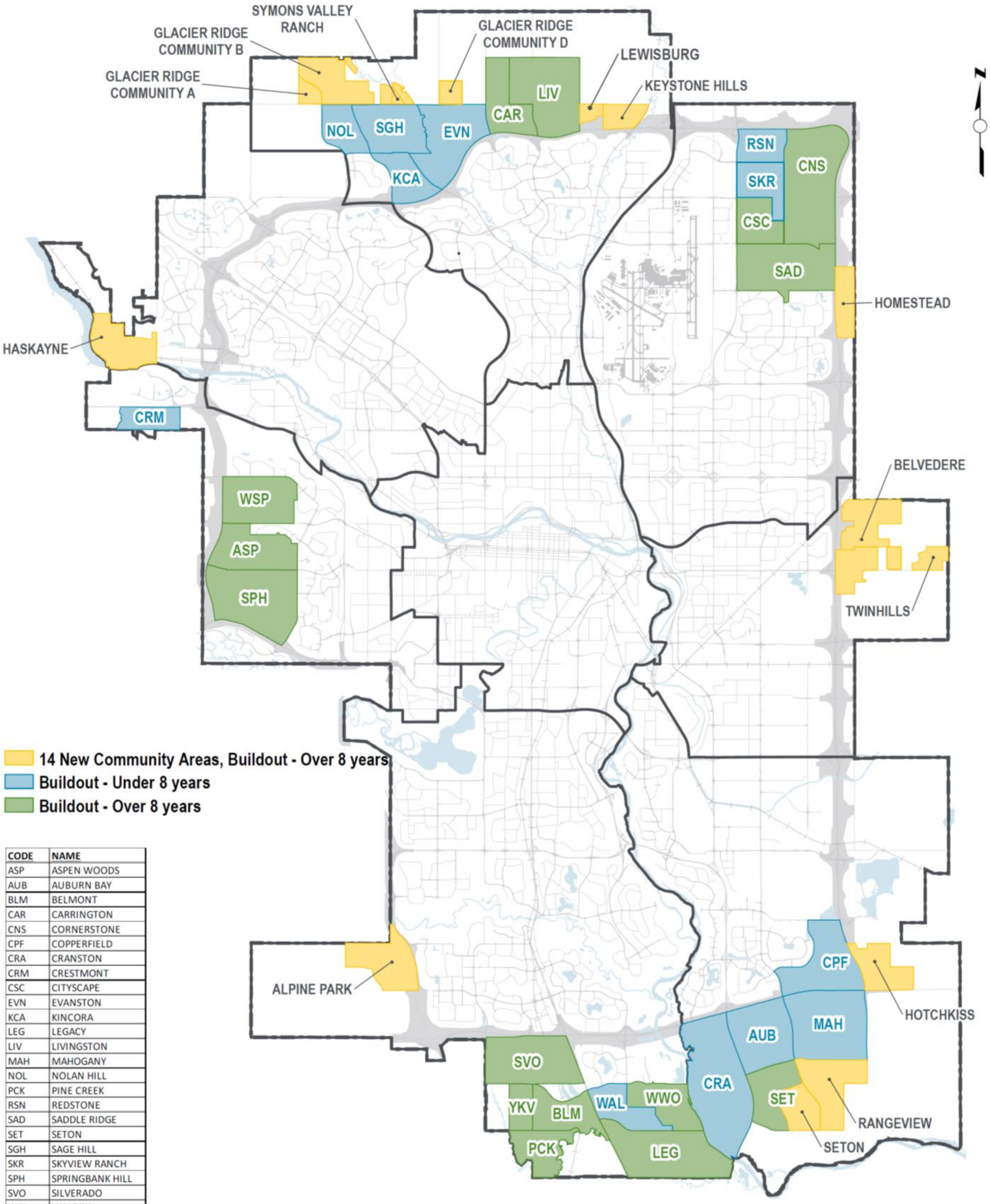
Through the New Community Growth Strategy 2018, eleven business cases proposing 14 new communities were approved by Council. These communities represented all, or a portion of, communities identified through the Area Structure Plan process. The new communities vary widely in size, and some will be the subject of future business cases to address completion of the communities. There is not a one-to-one ratio of business cases to new communities.

As is common in the planning process, the final community naming and determination of the community boundaries can and does change as development applications move through the planning continuum.

The following table shows how the 14 new communities have been refined since 2018 July. The map on the following page shows the most recent boundaries for the new and actively developing communities, and the legend indicates anticipated build out time.

NCGS 2018 Name (# of Communities)	2019 Community Name
Keystone Hills (2)	Lewisburg
	Keystone Hills
East Stoney	Homestead
Belvedere (West)	Belvedere
Belvedere (TwinHills)	TwinHills
South Shepard	Hotchkiss
Rangeview (2)	Seton
	Rangeview
Providence	Alpine Park
Haskayne	Haskayne (Rockland Park)
Glacier Ridge (Ronmor/Wenzel) (2)	Glacier Ridge A
	Glacier Ridge B
Glacier Ridge (Capexco)	Symons Valley Ranch
Glacier Ridge (Qualico)	Glacier Ridge D

Map of 27 Actively Developing and 14 New Communities



CODE	NAME
ASP	ASPEN WOODS
AUB	AUBURN BAY
BLM	BELMONT
CAR	CARRINGTON
CNS	CORNERSTONE
CPF	COPPERFIELD
CRA	CRANSTON
CRM	CRESTMONT
CSC	CITYSCAPE
EVN	EVANSTON
KCA	KINCORA
LEG	LEGACY
LIV	LIVINGSTON
MAH	MAHOGANY
NOL	NOLAN HILL
PCK	PINE CREEK
RSN	REDSTONE
SAD	SADDLE RIDGE
SET	SETON
SGH	SAGE HILL
SKR	SKYVIEW RANCH
SPH	SPRINGBANK HILL
SVO	SILVERADO
WAL	WALDEN
WSP	WEST SPRINGS
WWO	WOLF WILLOW
YKV	YORKVILLE

27 Actively Developing Communities

Summary

The 27 actively developing communities continue to build out and see gains in population growth compared to other parts of the city. Over the course of the One Calgary (2019-2022) service plan and budget, eight communities are expected to completed single and semi-detached dwelling unit development with only multi-residential development remaining in those communities. As these communities develop, operating costs of these communities increase as services are provided.

Market Absorption

Population in the 27 actively developing communities increased by +13,981 people in +5,451 units in 2019. The majority of population growth occurred in the Southeast and North planning sectors while the majority of the unit increase occurred in the North and Northeast planning sectors. The 27 actively developing communities saw a +3,418 single-residential and semi-detached unit increase compared to a +2,033 multi-residential unit increase, for a ratio of 63 per cent to 37 per cent.

Figure 6 - Population Growth in Actively Developing Communities

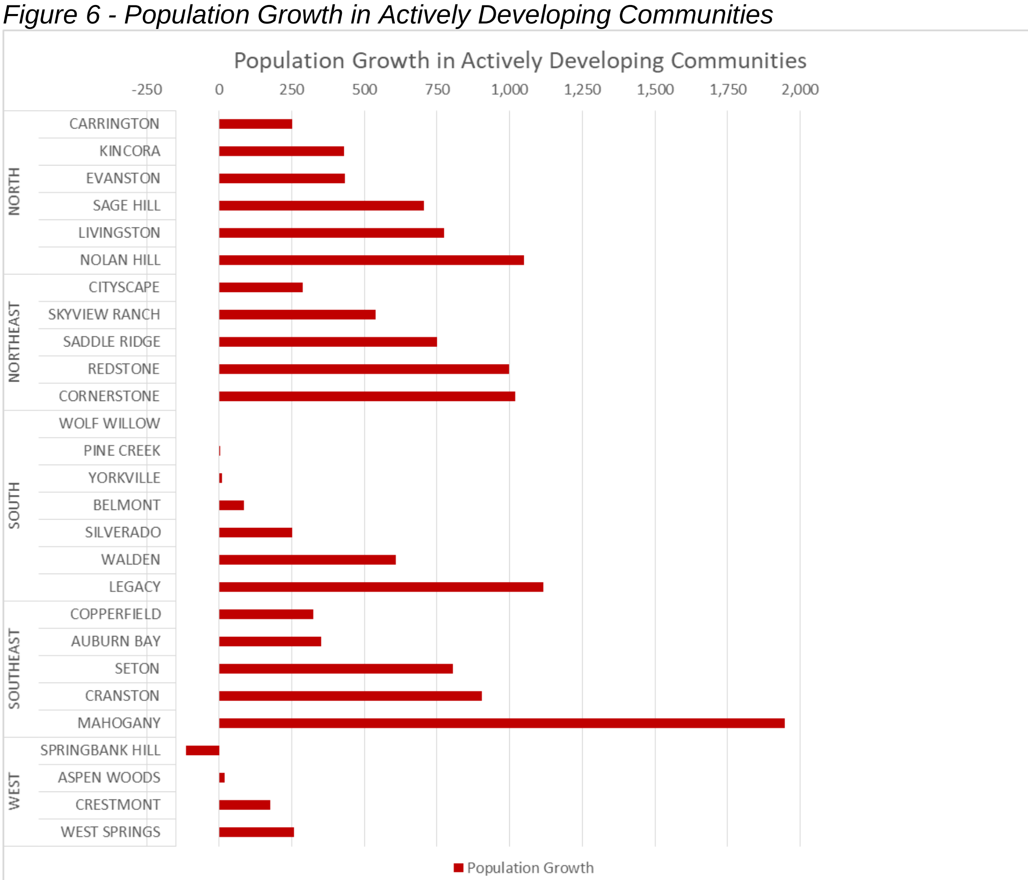


Figure 7 - Housing Unit Growth in Actively Developing Communities

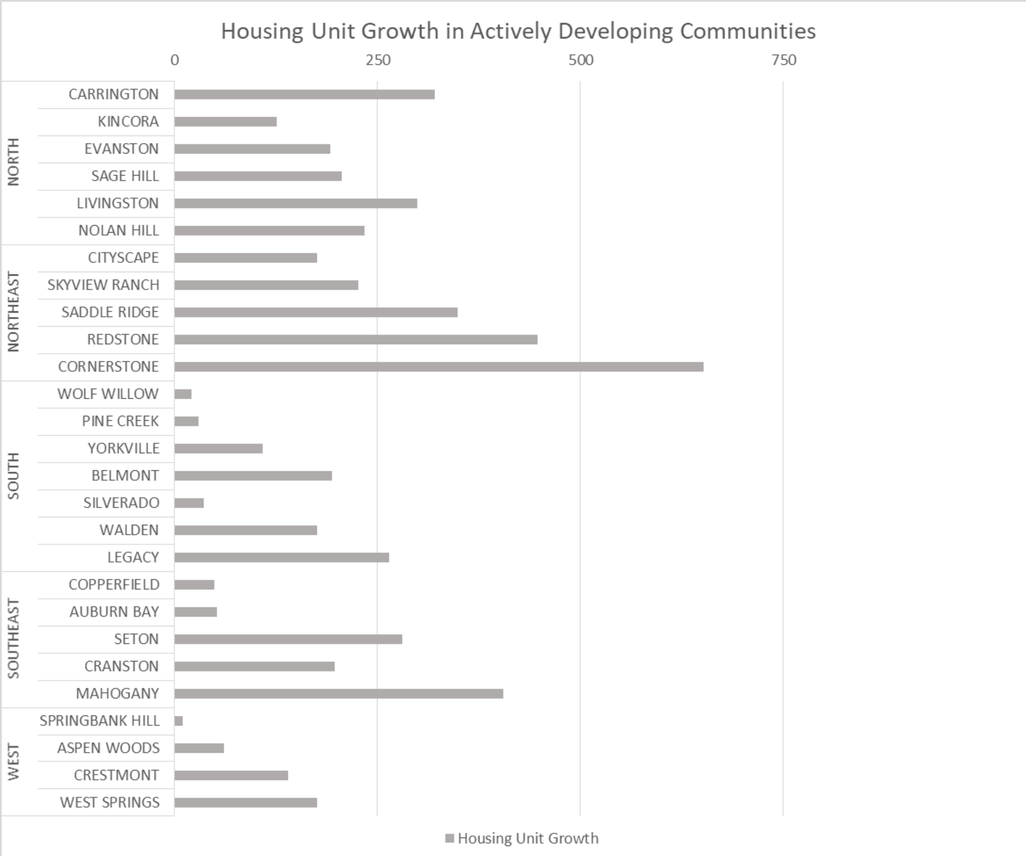
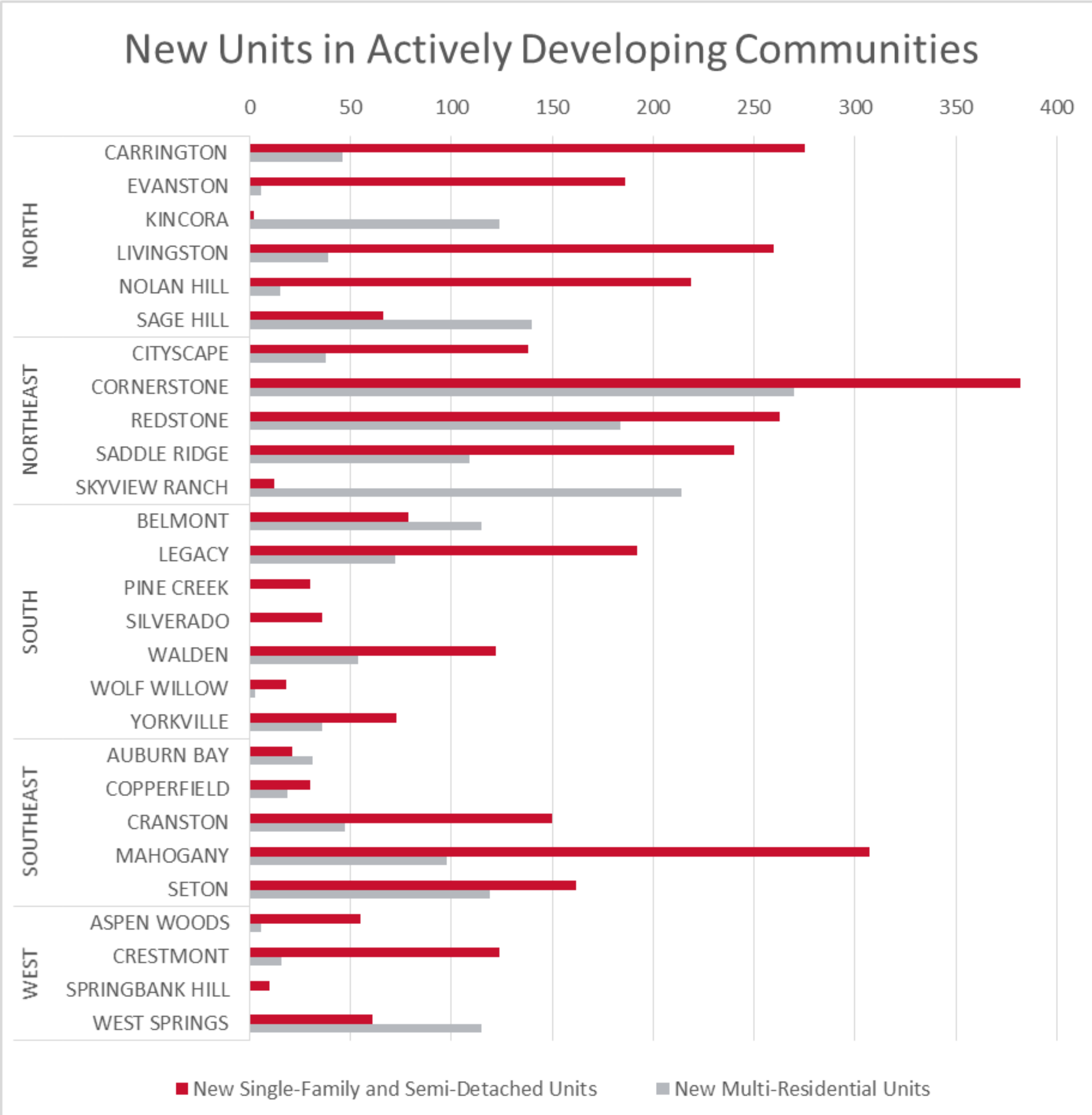


Figure 8 - New Units in Actively Developing Communities

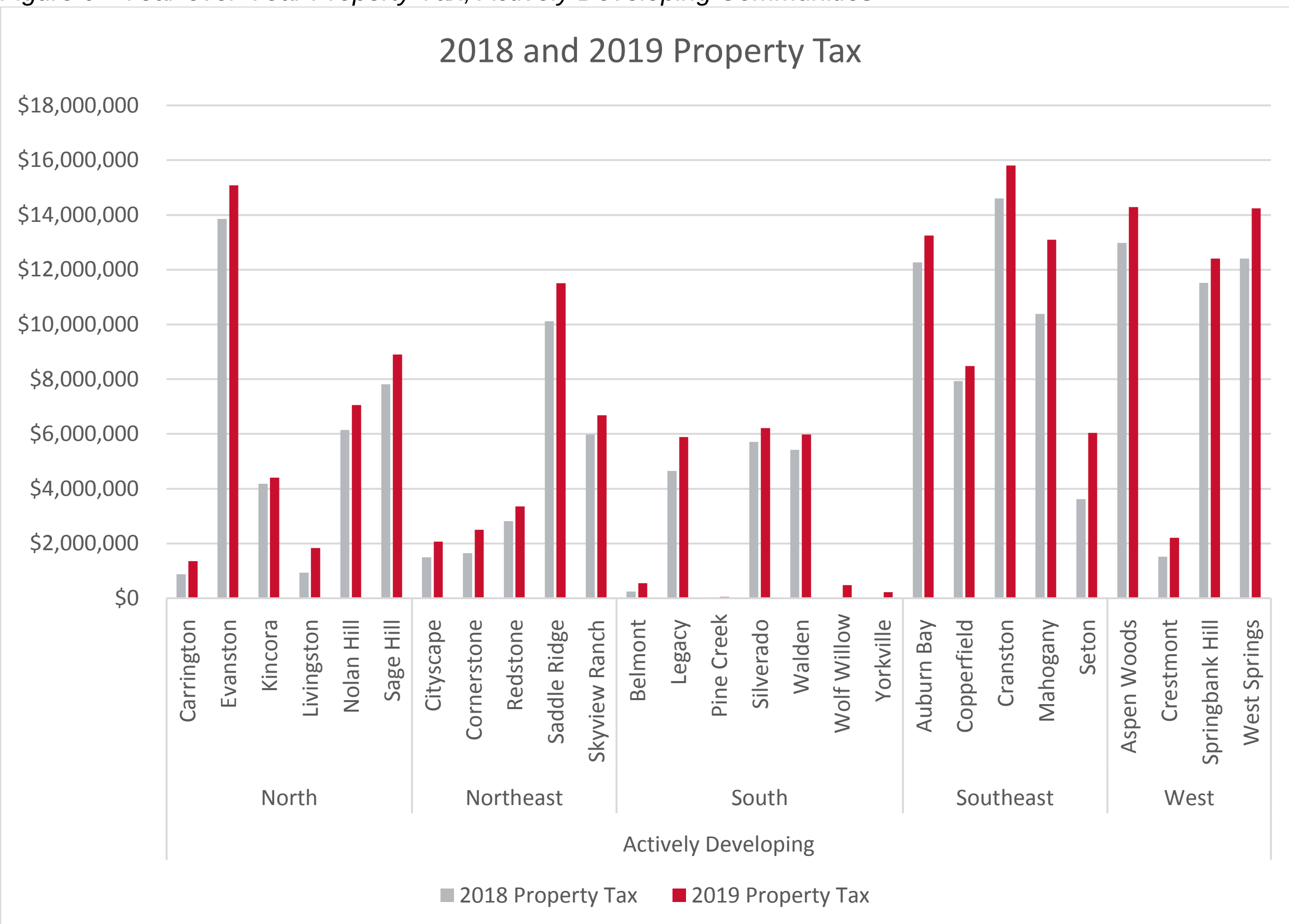


Financial Summary

Financial data associated with new and actively developing communities is aligned with the One Calgary (2019-2022) service plan and budget cycle beginning in 2019 January and including to the end of 2019 September. No financial information has been gathered for prior to 2019 January under the previous budget since it was not directly attributed to specific budget requests linked to new and actively developing community growth.

The following chart illustrates the increase in property taxes assessed between 2018 and 2019. The property tax increased by approximately $25 million in 2019 in the 27 actively developing communities. It should be noted that it cannot be determined exactly how much of the property tax increased due to new unit growth (versus other forms of appreciation) at this time.

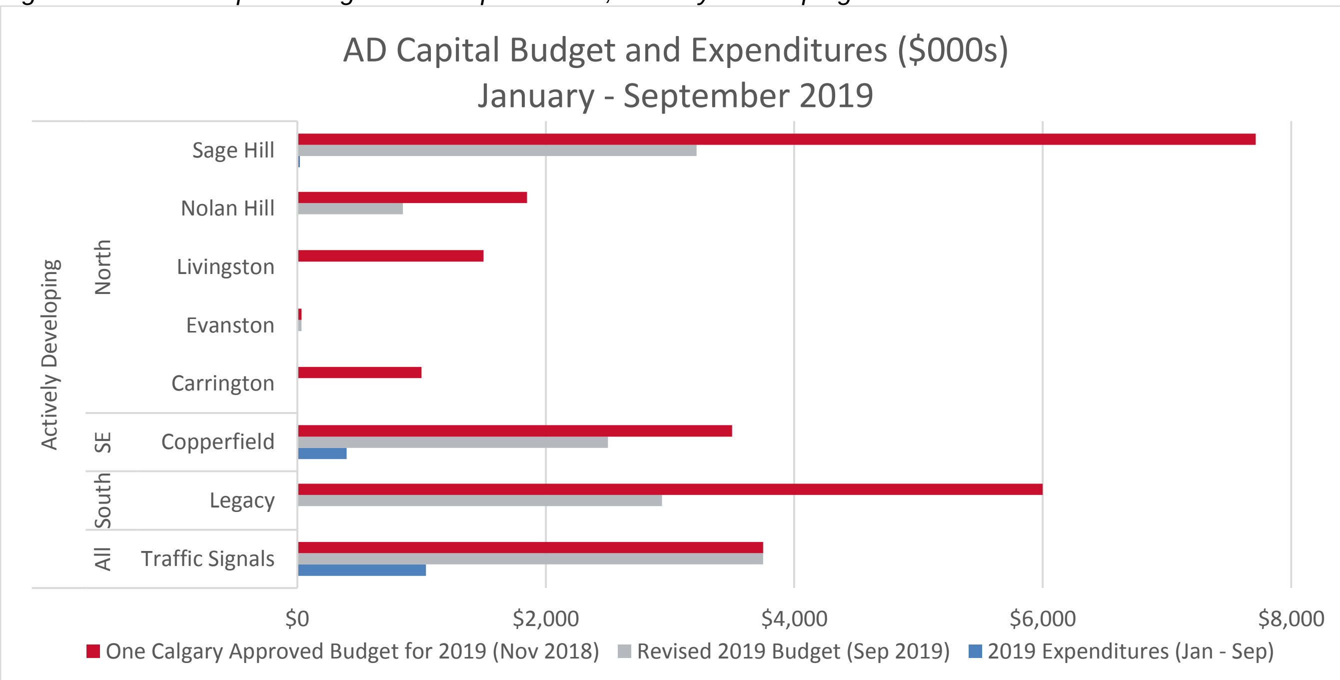
Figure 9 - Year-over-Year Property Tax, Actively Developing Communities



Infrastructure and Service Details

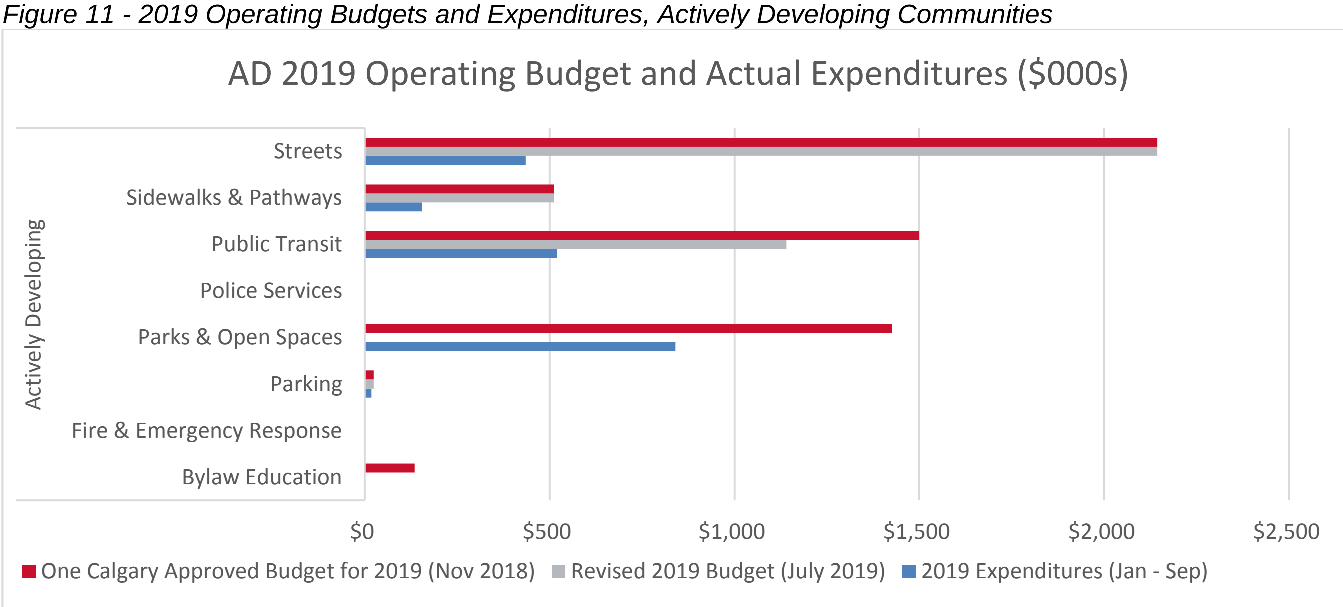
In the actively developing communities, capital expenditures are illustrated in Figure 10. The capital expenditures represented are for transportation infrastructure projects. There is no capital infrastructure for utilities directly associated with the actively developing communities. Communities that did not incur capital costs are not listed. In the first nine months of 2019 approximately $1.5 million has been spent on capital infrastructure in the actively developing communities from a budget of approximately $13.3 million. The 2019 capital budget was adjusted from the One Calgary budget in 2019 September, a portion of the 2019 budget was redistributed to 2020 to 2022. Expenditures are expected to increase significantly in the latter half of the year as additional engineering design and construction begins for the identified infrastructure projects in the One Calgary budget. Figure 11 below illustrates the operating expenditures to date in relation to the One Calgary budget (2018 November) and revised budget (2019 July). The City has incurred an increase of approximately $2.0 million in direct incremental operating costs out of a revised budget of $3.8 million for the first nine months of 2019 for new roads maintenance, transit service, sidewalk and pathways maintenance and parks maintenance

Figure 10 - 2019 Capital Budgets and Expenditures, Actively Developing Communities



Note: Adjustments to the capital budget were made in 2019 September.

Figure 11 - 2019 Operating Budgets and Expenditures, Actively Developing Communities



Service Summary

Parks and Open Spaces
Over the monitoring period, approximately 19 hectares of Environmental Reserve (ER) and Municipal Reserve (MR) land was assumed by The City and approximately 34 hectares of parks space was constructed. The full operating costs associated with these lands will be the responsibility of The City by the end of the budget cycle. While operating costs have been incurred to date in 2019, as part of the budget revisions in 2019 July, the parks budget associated with the growth of the 27 actively developing communities was relinquished and operating costs will be absorbed in the overall citywide maintenance budget.

Streets
Over the monitoring timeframe, The City assumed the full operating costs of approximately 86 lane kilometres of streets. Of the 86 lane kilometres, approximately 60 lane kilometres were assumed in 2019 and therefore directly connected to the operating spending under the Streets service line in the financial section. Approximately 76 lane kilometres of streets were constructed within the actively developing communities over the monitoring time period and received construction completion certificates. The full operating costs associated with these streets will be assumed by The City within this budget cycle. As illustrated in Figure 3, the actual operating expenditures to date are greater than the budgeted amount. The budgeted amount was not based on the predicted operating costs from new growth in the 27 actively developing communities.

Public Transit
Transit added the equivalent of 3 new bus routes in the actively developing communities and increased service in five other communities through the reallocation of service hours across the city. There is no transit service in six of the 27 communities to date due to the communities’ early stage of development.

14 New Communities

Summary

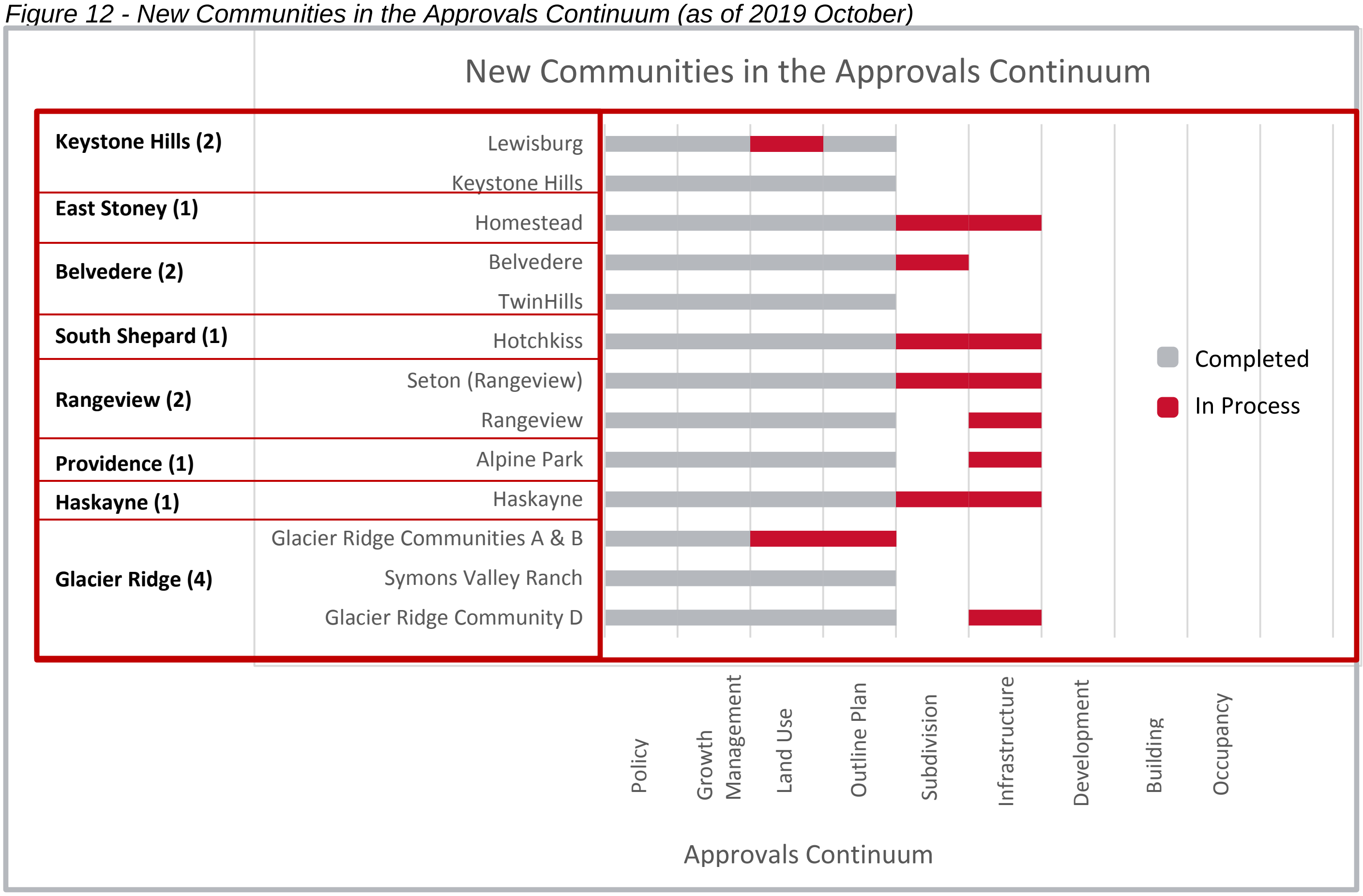
All new communities have been progressing through the development approvals continuum. Within the new communities approved in 2018 July, 19 Land Use and Outline Plan applications have been submitted. Of the 19 applications, 12 have received land use approval and the majority of these have proceeded to the next stages of the development continuum as shown in Figure 12 below.

Market Absorption

In 2018 July, Administration expected first occupancies in all new communities by 2021. Despite differing levels of progress since 2018 July, it is feasible that this can occur.

Figure 12 demonstrates progress made by each new community in the approvals continuum, based on the furthest advanced development proposal in that community. If a stage in the continuum is indicated as “in process”, this means an application has been submitted, but the approval has not yet concluded.

Figure 12 - New Communities in the Approvals Continuum (as of 2019 October)



Definitions:

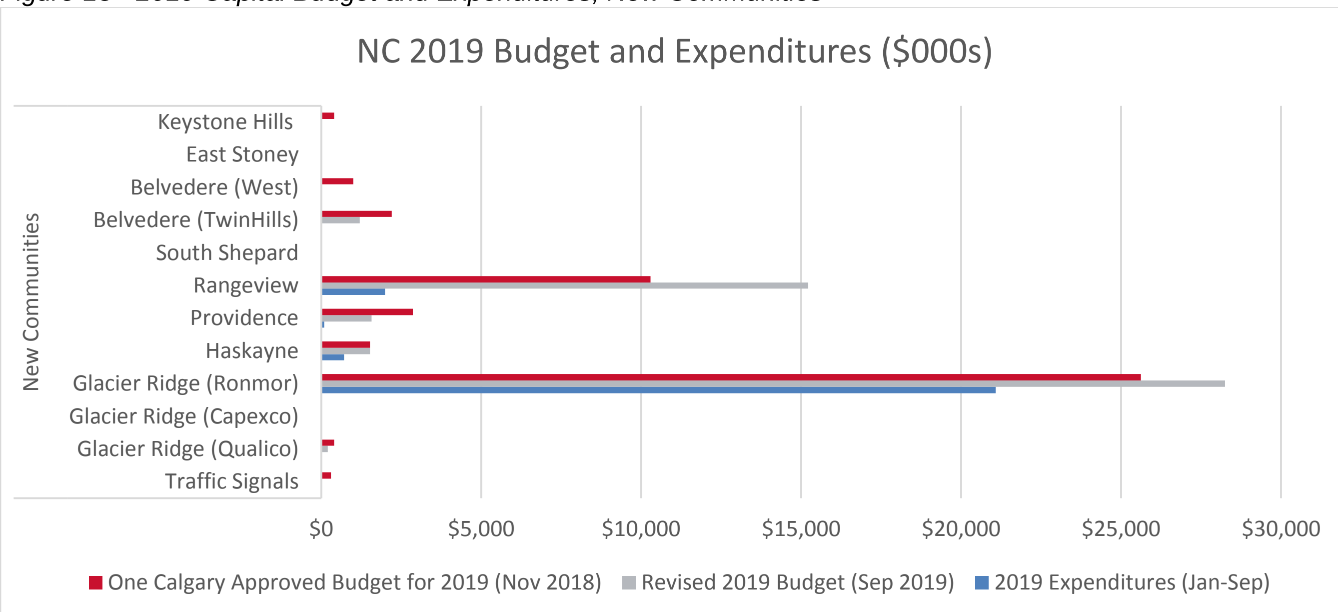
Infrastructure: underlying system of works upon which development is built (e.g. roads, water and sewer lines)
Development: the process and end product of physical construction

Financial Summary

As none of the 14 new communities have reached the development stage, no operating costs were incurred between 2019 January and 2019 July; similarly, there is no approved budget for operating costs in these communities in 2019.

Figure 13 shows capital expenditures that have occurred in preparation of servicing the new communities. In the first nine months of 2019 approximately $23.9 million has been spent on capital infrastructure in the new communities from a budget of approximately $48.0 million. The largest capital expenditures in Rangeview and Glacier Ridge (Ronmor) are a result of construction having started on utilities. Some engineering design work has also started for other utility projects and for some transportation projects in other communities.

Figure 13 - 2019 Capital Budget and Expenditures, New Communities



Infrastructure and Service Details

Engineering and design work has begun to some degree in all new communities in preparation of aligning the timing of infrastructure with development. To help with the delivery of some projects Administration will be entering into Construction Agreements with some developers to allow developers to construct the infrastructure according to their timing. As a result, these developers will be responsible for this timing. Administration is expected to enter into a construction agreement with developers for Southeast Keystone (Keystone Hills and Lewisburg), Belvedere (TwinHills), Haskayne (Rockland Park) and potentially Providence (Alpine Park).

Conclusion

The monitoring information indicates growth is slower than projected in Calgary currently than at this time last year. Population growth, while reasonably strong, was softer than forecasted last July. Unit growth has weakened. As well, after a strong 2018, land absorption as reflected through development agreements has been noticeably weaker in 2019.

All 14 new communities have demonstrated progress on the planning approvals required to move forward into development, particularly on land use approvals. It will be necessary to closely monitor progress now that development will move into physical construction and the execution of development agreements, both steps in the development process that require considerable capital investment on the part of the developer. This will determine to what extent the new communities can reach the target of occupancy by 2021.

Considering these data points, it is helpful to reexamine the expected serviced capacity approved in 2018 July against current forecasts:

For Single/Semi Detached Residential	**2019-2022**	**2023-2026**
Serviced Capacity - Start of Period	14,080	17,881
Forecasted Demand - Entire Period	(16,160)	(16,672)
Additional Available Capacity from Actively Developing Communities	18,211	0
Serviced Capacity - Before New Community Growth Strategy	16,131	1,209
Additional Available Capacity from New Community Growth Strategy	1,750	22,499
Total Serviced Capacity - End of Period	17,881	23,708
Estimated Years of Supply Balance – End of Period	4.3	5.7
For Multi Residential	**2019-2022**	**2023-2026**
Serviced Capacity - Start of Period	32,659	32,919
Forecasted Demand - Entire Period	(10,160)	(8,875)
Additional Available Capacity from Actively Developing Communities	10,420	0
Serviced Capacity - Before New Community Growth Strategy	32,919	24,044
Additional Available Capacity from New Community Growth Strategy	0	15,128
Total Serviced Capacity - End of Period	32,919	39,172
Estimated Years of Supply Balance – End of Period	14.8	17.7

Note: Actively developing community capacity is projected to become available during the 2019-2022 budget cycle, while the NCGS capacity is projected to become available largely through the 2023-2026 budget cycle

Based upon this, the supply of land remains sufficient to accommodate the projected demand through this budget cycle and the 2023-2026 budget cycle. Furthermore, dispersion of supply is healthy, with current serviced capacity in six of seven new community planning sectors, and additional available capacity expected to increase via approved new communities in the Northwest, North, Northeast, East, Southeast, and South sectors.

As the monitoring report becomes a repeatable exercise moving forward, greater detail will be incorporated as reporting measures improve and additional data becomes available.

PFC2019-1062
ATTACHMENT 2

Stack'd exists to deliver exceptional consulting services to our clients.

New Community Growth Strategy: Stakeholder Engagement Review and Lessons Learned

The City of Calgary, Calgary Growth Strategies

August 26, 2019

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ISC: Unrestricted

Table of Contents

Executive Summary

Purpose and Objectives

In May 2019, The City of Calgary (herein "The City") issued a Statement of Requirements titled "New Community Growth Strategy" (RFQ 19-0104) and subsequently engaged Stack'd Consulting Inc. (herein Stack'd) to collect stakeholder feedback and lessons learned and provide recommendations for improvement regarding The City's New Community Growth Strategy (NCGS) 2018 framework and process. The primary contact for Stack'd within City Administration was the Calgary Growth Strategies business unit.

The primary goal for collecting this feedback and creating recommendations was to improve the growth decision-making process, as per the commitment made to Council by Administration in July of 2018. As per the scope of work, Stack'd solicited feedback in the following three areas to identify opportunities for improvement:

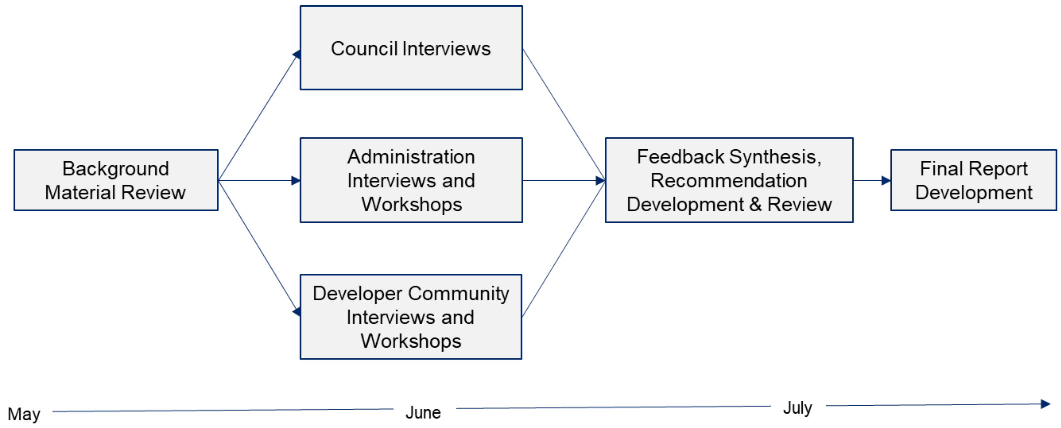
1. **Process:** Collect feedback on process timelines, clarity, responsibilities, transparency, and communication;
2. **Data and Analysis:** Understand perspectives on the data requested and provided in the business cases, data assumptions used, and analysis performed; and,
3. **Evaluation Criteria Framework:** Solicit feedback on the criteria framework and whether it should be adjusted to measure any additional factors to achieve Council's goals. Understand if measuring against the current evaluation criteria achieves a balanced outcome in strategic growth decisions.

Approach and Participants

The Stakeholder's engaged were from three groups:

1. **City Council**: the body that ultimately approves new community growth business cases;
2. **Land Development Industry (Industry)**: the developer community that submits business cases to be considered; and,
3. **City Administration**: the staff that conduct or contribute to the process, assess the business cases and make recommendations to Council.

Over 55 members of these stakeholder groups (see Appendix A) were engaged over a two-month period utilizing both one-on-one interviews and workshops. The feedback received was then analyzed, and recommendations drafted and reviewed with the Calgary Growth Strategies Team in advance of developing this report (see illustration below):



Feedback Summary

To best understand the feedback received, it is important to appreciate the context of the NCGS 2018 process. In particular, the NCGS 2018 process was not a pre-defined, structured process. In addition, a process of this nature had not been conducted since the work of the Framework for Growth and Change in 2013, resulting in a sense of increased demand for new growth opportunities within the stakeholder community. As a result, the process evolved over time with the specification of requirements and criteria occurring to some degree, 'mid-flight.' As a result:

- By the end of the process, significant progress was made in structuring and defining the process, requirements, and decision criteria, providing a better starting point for future business case evaluations;
- The development of this structure while 'in-flight' resulted in many lessons learned and opportunities for improvement; and,
- The context for the NCGS 2018 process was unique, with stakeholder goals, needs, and requirements reflecting the community and business environment at that time.

As per The City's requirements, the feedback was received and is presented below in the three subject areas specified.

Evaluation Criteria

The purpose for establishing the Evaluation Criteria Framework (see Appendix B) was to help ensure that the set of approved new community business cases would help achieve Council's goals, support The City's strategic priorities and reflect a balanced outcome across the key factors considered. At the highest level the criteria applied was defined by the following three factors:

1. Municipal Development Plan (MDP) / Calgary Transportation Plan (CTP) Goals;
2. Market Demand; and,
3. City of Calgary Financial Considerations

Although there certainly were a variety of perspectives expressed by the different stakeholder groups engaged, a number of improvement opportunities were commonly shared across stakeholder groups including those for:

- Better clarity, alignment and focus on the highest priorities and decision criteria;
- More complete view of lifecycle costs and economic impact of specific business cases;

- Portfolio-based decision making rooted in the broader set of City strategic priorities; and,
- Greater flexibility in applying criteria to allow for variance in types of business case scenarios.

Data and Analysis

Given that the Evaluation Criteria Framework was formed mid-flight during the business case submission and evaluation timeline, the resulting data requirements and related requests, assumptions used, and the analysis performed likewise emerged over the course of the process.

Business Case Guidelines were developed into a draft format (see Appendix C) and communicated to those developers who expressed interest in submitting a business case (they were not widely distributed to all developers). The purpose of these Business Case Guidelines was to help ensure that business case submissions were focused appropriately and consistently on the right information to enable fair evaluation by Administration and decision making by Council.

Generally, suggested improvements regarding Data & Analysis focused on greater standardization and transparency regarding inputs, models and assumptions to better streamline and align the work effort in the preparation and analysis of business cases. In addition, both Industry and Administration agreed that tightening the Business Case Guidelines and evaluation process via a relatively prescriptive template that better defines the scope and level of information is required. This would help ensure better consistency in submissions, efficiency in their preparation, greater fairness in their evaluation, and less effort to prepare summaries for Council.

Process

Process feedback focused on the overall clarity and communication of the business case submission and review process, the roles and responsibilities of each group, timelines, and the transparency of the overall review and decision-making process.

Generally, stakeholders felt that the NCGS 2018 process was a positive initiative and that it will provide a solid foundation for future iterations of the process. Several opportunities for improvement commonly identified across all stakeholder groups included:

- Integrating and aligning the NCGS process with other growth initiatives and strategies (e.g. Established Areas and Industrial growth initiatives);
- Integrating and aligning with other City processes (e.g. One Calgary, budgeting cycle, Area Structure Plans);
- Ensuring the process is clear, repeatable, and flexible;
- Clearly defining and communicating goals and desired outcomes;
- Establishing more reasonable timelines and adhering to deadlines; and,
- Clarifying roles, responsibilities, and expectations for all parties involved throughout the process.

It is important to note that some of the feedback regarding communication, timelines, and expectations stems directly from the fact that the NCGS 2018 process was evolving and shifting over time. A number of these issues should be addressed in the next iteration of the process given there is now a previous process upon which to set expectations and project timelines.

Recommendation Summary

The recommendations outlined below are primarily based on the opportunities for improving the efficiency and effectiveness of the NCGS 2018 process as identified by the three stakeholder groups consulted. These recommendations reflect more of “what” should be considered for change, rather than specifying exactly “how” it should change, given the scope of this engagement did not include the completion of an objective performance review. Further efforts to validate and both develop and implement tactical solutions for these recommendations is required.

Overall, the top priority recommendations for the NCGS to implement for the next round of business case evaluations are:

- Establish overarching priorities for the portfolio across related initiatives (e.g. Established Area Growth, Industrial Growth) to help address competing priorities and coordinate efforts and resources across the full range of growth opportunities;
- Retain the three evaluation criteria ‘pillars’ as Guiding Principles and set specific priorities related to each pillar (MDP, Market Demand, City Financials) for a given business-cycle;
- Design a Business Case Template to directly reflect business cycle priorities and help ensure alignment of business case submission information with evaluation criteria;
- Establish and publish a master data set at the start of the process that reflects the supporting data and assumptions required by the business case economic and market projections to help reduce rework, debate, and inconsistency and improve transparency;
- Clearly define the NCGS process, how it fits within the broader set of corporate processes and growth initiatives, and publish expectations to stakeholders in advance of initiating the business case review process; and,
- Ensure transparent, frequent, and open communication across all stakeholders regarding all elements of the NCGS initiative.

Greater detail on each of these recommendations are captured in the main body of the report below.

1.0 Purpose, Objectives and Approach

1.1 Purpose, Objectives and Context

Purpose and Objectives

In May 2019, The City of Calgary (herein "The City") engaged Stack'd Consulting Inc. (herein Stack'd) to collect feedback and lessons learned and provide recommendations for improvement regarding The City's New Community Growth Strategy (NCGS) 2018 framework and process. The primary goal for collecting this feedback and creating recommendations was to improve the growth decision-making process for the expected NCGS evaluation ahead of the 2020 One Calgary mid-cycle budget adjustment.

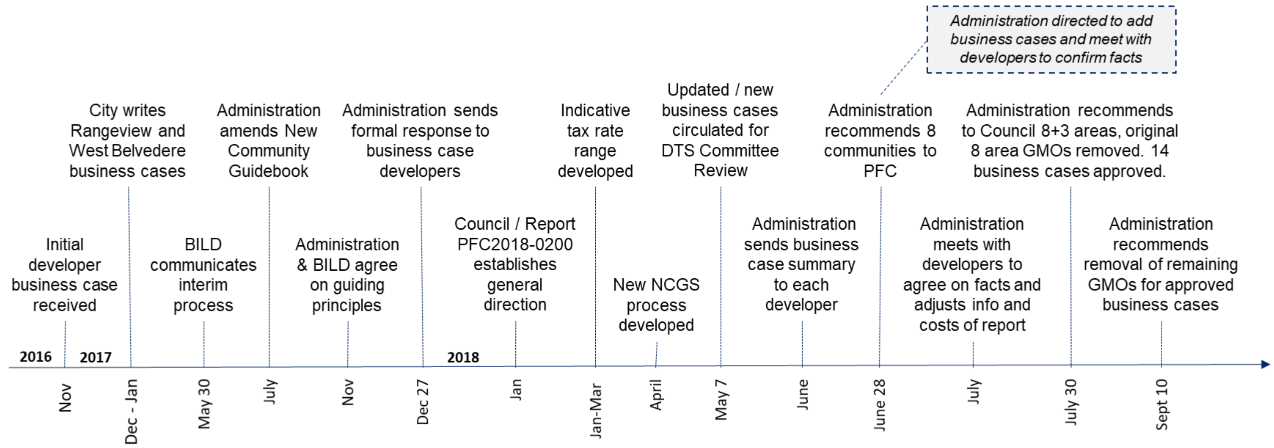
During the stakeholder engagement process, Stack'd solicited feedback in the following three areas to identify opportunities for improvement:

1. **Process:** Collect feedback on process timelines, clarity, responsibilities, transparency, and communication;
2. **Data and Analysis:** Understand perspectives on the data requested and provided in the business cases, data assumptions used, and analysis performed; and,
3. **Evaluation Criteria Framework:** Solicit feedback on the criteria framework and whether it should be adjusted to measure any additional factors to achieve Council's goals. Understand if measuring against the current evaluation criteria achieves a balanced outcome in strategic growth decisions.

The purpose of this report is to highlight the key feedback received from various stakeholders and identify the emerging recommendations that warrant further examination, validation, and planning for future cycles of this process.

Context

To best understand the feedback received, it is important to appreciate the context of the NCGS 2018 process. In particular, the NCGS 2018 process was not a pre-defined, structured process. In addition, a process of this nature had not been conducted since the work of the Framework for Growth and Change in 2013, resulting in accumulated demand for new growth opportunities within the stakeholder community. As a result, and as reflected in the high-level timeline summarized below, the process evolved over time with the specification of requirements and criteria occurring 'mid-flight.'



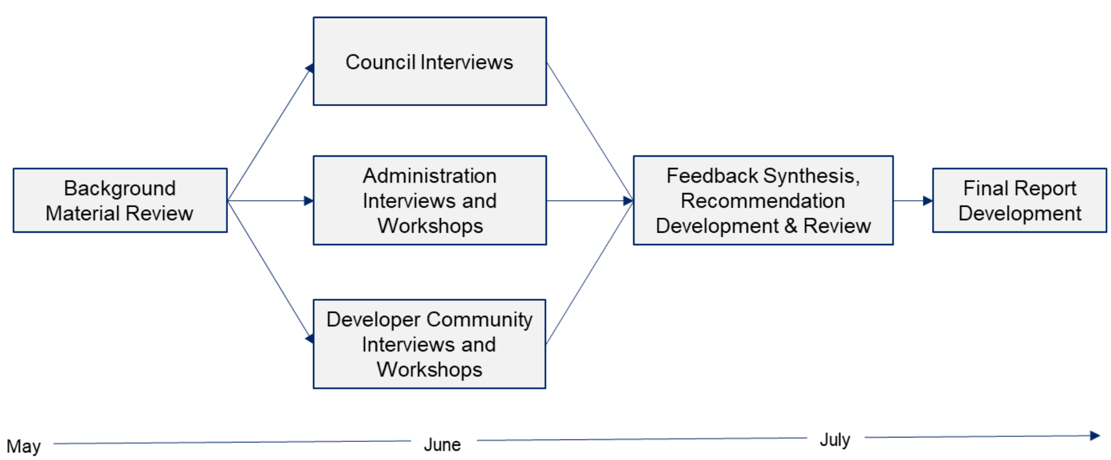
Given this context, the following general observations should be recognized:

- By the end of the process, significant progress was made in structuring and defining the process, requirements, and decision criteria, providing a better starting point for future applications;
- The development of this structure while 'in-flight' resulted in many lessons learned and opportunities for improvement; and,
- The context for the NCGS 2018 process was unique, with stakeholder goals, needs, and requirements reflecting the community and business environment at that time.

1.2 Approach and Participants

Approach

Stack'd was engaged to solicit stakeholder feedback, analyze the results, and make recommendations related to the NCGS 2018 process as summarized below:



Of note, the scope of this engagement did not include conducting external best practice research, nor an in-depth evaluation of City-internal methods, processes or analysis that the Calgary Growth Strategies Team and other internal supporting areas may have applied. As such, the results from this engagement's approach primarily reflect the themes that emerged from the stakeholder community feedback. In addition, they primarily identify “what” opportunities for improvement should be focused on, but not necessarily “how” they should be improved. Therefore, the resulting recommendations should be considered ‘emerging’ and subject to further validation and development.

Participant Stakeholders

Given the stakeholder-centric focus of this engagement, it was critical to identify and effectively engage the key stakeholders who were involved in the NCGS 2018 process. This project engaged those that helped develop, evaluate, recommend and decide on which new community growth business cases would be approved. At the highest level, the relevant stakeholders that were engaged were grouped as follows:

1. **City Council**: the body that ultimately approves new community growth business cases;
2. **Land Development Industry (Industry)**: the developer community that submits business cases to be considered; and,
3. **City Administration**: the staff that conduct or contribute to the process, assess the business cases and make recommendations to Council.

More specifically, Stack’d conducted the following stakeholder engagement activities with more than 55 members from these groups as summarized below (please refer to Appendix A for a detailed list of those stakeholders who chose to participate):

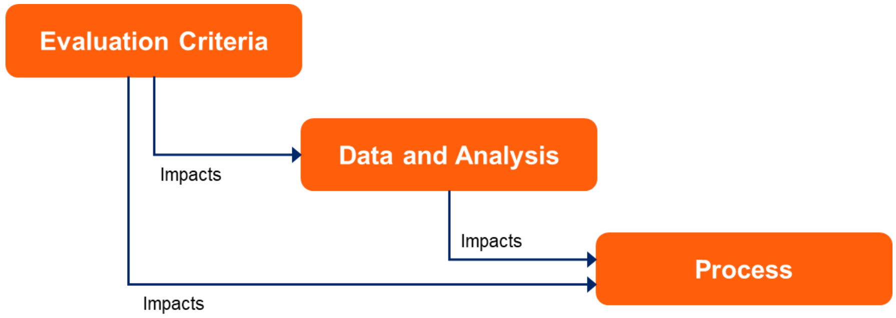
3 Workshops
- Director Growth Committee Workshop
- Internal Stakeholder Workshop
- Developer / Consultant Workshop

17 Individual Interviews
- 8 Councillors
- 2 BILD Calgary Region representatives
- 7 City GMs / Senior Leaders / Directors

It should be noted that due to current availability and/or organizational changes since the 2018 process was conducted, stakeholder engagement could not include all who were part of the NCGS 2018 initiative.

2.0 Feedback Themes

A summary of the feedback received from the stakeholders engaged is provided in the sections below. This feedback is grouped by subject area as requested by The City (per Section 1.1) and the presentation organized according to the relationship among these three subject areas, as illustrated below:



For example, a change to certain Evaluation Criteria may impact which information and data is required from Industry and the analysis then required by Administration. These changes may also require additional changes to the overall application and evaluation process.

2.1 Evaluation Criteria

The purpose for establishing the Evaluation Criteria Framework (see Appendix B) was to help ensure that the set of approved new community business cases would help achieve Council's goals, support The City's strategic priorities and reflect a balanced outcome across the key factors considered. At the highest level the criteria applied was defined by the following three factors:

1. Municipal Development Plan (MDP) / Calgary Transportation Plan (CTP) Goals;
2. Market Demand; and,
3. City of Calgary Financial Considerations.

A table summarizing the stakeholder feedback, the frequency by which the feedback was received, and the source(s) of the feedback is provided below. A high priority is indicated for those items that were specifically identified by one of more individuals as having a high priority. Medium priority items were considered important by a respondent(s) but not specified as high priority. Low priority items reflect those items that were identified but not of particular importance to the respondent.

Feedback Summary

Frequency: High (5+) Medium (2-5) Low (1) **Priority level:** ✓✓✓ high ✓✓ medium ✓ low

Feedback Summary	Frequency	Council	Industry	Administration
1. Generally positive feedback overall: build on this foundation as 'Guiding Principles' • Overall, the introduction of the evaluation criteria was generally seen as having a positive impact and bringing structure to the process, and at a high-level should serve as enduring guiding principles or pillars across business cycles	High	✓✓✓	✓✓	✓✓✓
2. Add business cycle specific priorities • Within these guiding principles or pillars, priorities specific to the current business cycle should be identified, weighted accordingly, and communicated widely to provide greater focus and enable more effective decision making	High	✓✓✓	✓✓✓	✓✓
3. Tighten business case guidelines to reflect business cycle-specific priorities • Tighten business case guidelines by creating a Business Case Template that reflects evaluation criteria broadly, and business cycle-specific priorities specifically	High	✓✓✓	✓✓✓	✓✓
4. Market Demand contentious: need greater clarity • Market Demand featured the most disparate views across the stakeholder groups. Views on which stakeholder group should serve as its authority ranged from Industry to City Administration. It was further noted that it requires greater clarity and transparency on application of criteria.	High	✓✓✓	✓✓✓	✓✓✓
5. Need longer-term, broader portfolio view when evaluating business cases • Need to evaluate business cases within a broader portfolio view of growth investments. In addition, move to incorporate full lifecycle costs to gauge long-term impact and account for phased implementations.	High	✓✓✓		✓✓✓
6. City Staff question value of work given eventual decision and outcome • Disconnect between Administration's original recommendation of 8 business cases, and the eventual approval of 14 business cases created staff discontent with NCGS process	High	✓✓		✓✓✓
7. Varied views: 'unleash' vs. 'control'; urban vs. suburban; myopic vs. broad • There was a range of philosophically disparate views across stakeholder groups on the following topics: i. Degree to which The City should be controlling development through the NCGS process; ii. Desired balance between urban and suburban growth investments; and,	High	✓✓		

Feedback Summary	Frequency	Council	Industry	Administration
iii. Preference to evaluate specific business cases on their individual merits vs. within the context of long term, broad City strategies.				
8. MDP criteria value questioned: too subjective • MDP criteria was seen as too subjective and ineffective: needs to be more outcomes focused to enable better evaluation, decision making and accountability	Med	✓✓	✓✓✓	
9. ‘Connect the dots’ more explicitly; ensure decision-implications clear • Need to be more explicit in connecting the dots for decision-makers to ensure the full implications of decisions are understood *(e.g. capital growth investment budget constraints)* and the broader set of City strategic priorities and related investment requirements are accounted for	Med	✓✓		✓✓✓
10. Add Developer Performance as criteria • A developer’s past performance on meeting new community growth commitments and achieving targeted business case results should be part of the evaluation criteria	Med	✓✓		✓✓
11. Flexibility to differentiate between low and high-risk cases; community-specific needs • Need to be flexible on how to apply criteria to distinguish between complex, high-risk business cases and ‘slam dunk’ straight forward opportunities, and to recognize community-specific needs that broadly applied criteria may not adequately appreciate	Med	✓✓	✓✓	
12. Disconnect with Council priorities created rework • Not fully understanding Council’s level of investment appetite (i.e. 14 business case approvals out of 16) contributed to duplicate cycles of business case evaluation and recommendation development	Med		✓✓	✓✓
13. “Open for business” was Council priority • It was not clearly or commonly understood that Council valued “being open for business” to prevent the movement of investments to other jurisdictions communities	Med	✓✓		
14. Need greater clarity on infrastructure requirements • Infrastructure requirements (in particular Fire) were not clearly articulated or understood creating confusion and some frustration	Med		✓✓	
15. Differentiate residential from non-residential criteria • Application of criteria needs to be flexible to differentiate between residential and non-residential contexts (also see “Flexibility to differentiate…” above)	Med		✓✓	

Feedback Summary	Frequency	Council	Industry	Administration
16. Varied Views: weighting of Financial criteria • Alternate views were expressed on the weighting of the financial criteria. Some believed it required greater emphasis given current business-cycle realities. Others believed it received too much emphasis and may undermine achieving the long-term City vision.	Med			✓✓
17. Financial criteria needs lifecycle operating costs • Financial criteria should incorporate forecasted operating costs (even at rule of thumb level) to better understand expected economic value and full impact of business case decisions	Med			✓✓
18. Revisit Financial policies and priorities and align; focus on basics • City needs to revisit its community priorities and ensure that finances for basic community servicing needs are in place prior to investing in more discretionary community services	Low			✓✓
19. Apply criteria via third-party expertise • Utilize third-party expertise (e.g. advisory body composed of CED, University, Conference Board of Canada, etc.) to apply the evaluation criteria and vet the Administration's recommendations for Council	Low			✓✓
20. Focus on "Project Financials" not "City Financials" • Financial criteria should be about the Project Financials from a community perspective, not just from a City Financials perspective	Low	✓✓		

Synopsis:

Although there certainly were a variety of perspectives expressed by the different stakeholder groups engaged, a number of improvement opportunities were commonly shared across all groups including those for:

- Better clarity, alignment and focus on the highest priorities and decision criteria;
- More complete view of lifecycle costs and economic impact of specific business cases;
- Portfolio-based decision making rooted in the broader set of City strategic priorities; and,
- Greater flexibility in applying criteria to allow for variance in types of business case scenarios.

However, it is also acknowledged that such a process will not likely find full agreement among all stakeholders given the different roles and goals each has within the new community growth context. A general summary of each stakeholder group's view of the evaluation criteria is provided below including some elements that distinguished their feedback from others.

Councillors

Out of the three stakeholder groups, Councillors had perhaps the greatest variety of perspectives within their participating members as it related to evaluation criteria. Understandably, this variety generally seemed to be rooted in the specific requirements and priorities of the ward served, although in some cases broader City-wide points of view were also expressed. Given unanimous agreement on evaluation criteria may be aspirational, generally the Councillor group agreed with the common items bulleted above. What most distinguished individual Councillor views from others within the group included:

- Challenging the Market Demand criterion, as some perceive Industry as "experts" in this assessment and the ones that bear much of the related risk; and,
- Questioning the degree of control The City applies in the growth of communities through the NCGS process.

Industry

Industry, as represented by BILD Calgary Region and the Developers and / or related consultants that chose to participate in the workshop, were less concerned about The City's broader strategic priorities or perhaps incorporating full lifecycle costs. Instead, they were more concerned with clarity on priorities and requirements (e.g. fire) being evaluated fairly and transparently, and that there is flexibility to account for business case specific contexts (e.g. residential versus non-residential).

Administration

Whereas Administration feedback on evaluation criteria aligned with the common items bulleted above, what distinguished their point of view regarding evaluation criteria was generally two-fold:

- The desire to ensure the role they play and the work they do is meaningful: i.e. understanding the decision criteria and driving a process that delivered the recommendations and information aligned with that criteria; and,
- From some, a more robust, and perhaps more highly prioritized application of financial considerations.

2.2 Data & Analysis

Given that the Evaluation Criteria formed mid-flight during the business case submission and evaluation timeline, the resulting data requirements and related requests, assumptions used, and the analysis performed were subject to the emerging criteria and therefore likewise emerged over the course of the process.

Business Case Guidelines were developed into a draft format (see Appendix C) and communicated to those developers who expressed interest in submitting a business case (they were not widely distributed to all developers). The purpose of the Business Case Guidelines was to help ensure that business case submissions were focused appropriately and consistently on the right information to enable fair evaluation by Administration and decision making by Council. More specifically, the Guidelines established were related to:

- Area Description and Projected Phasing / Rate of Growth;
- Capital Costs;
- Operating Costs;
- Municipal Development Plan/Calgary Transportation Plan Alignment; and,
- Triple Bottom Line Analysis.

A table summarizing the stakeholder feedback, the frequency by which the feedback was received, and the source(s) of the feedback is provided below.

Synopsis:

Generally, suggested improvements for the data and analysis element of the NCGS 2018 process focused on greater standardization and transparency regarding inputs, models and assumptions to better streamline and align the work effort in the preparation and analysis of business cases. The in-flight evolution of evaluation criteria and lack of pre-established standard models (marketing, economic value) created greater rework and an environment requiring substantial effort by all involved.

As a result, the primary feedback regarding data and analysis centered around the selection and application of common models (economic, market, cost) and the transparency and consistent application of the supporting data and assumptions. In addition, both Industry and Administration agreed that tightening the Business Case Guidelines and evaluation process via a relatively prescriptive template that better defines the scope and level of information is required. This would help ensure better consistency in submissions, efficiency in their preparation, greater fairness in their evaluation, and less effort to prepare summaries for Council.

A summary of each stakeholder group's view of the data and analysis applied is provided below including some elements that distinguished their feedback from others.

Councillors

Generally, the Councillor group agreed with the common items identified above. One slight exception to this was a generally greater desire to leverage external expertise, as required, to help provide an independent economic and financial analysis.

Frequency:	High (5+) Medium (2-5) Low (1)	**Priority level:**	✓✓✓ high	✓✓ medium	✓ low

Feedback Summary

Feedback Summary	Frequency	Council	Industry	Administration
1. Agree on and apply single economic forecast model • Establish a single, agreed upon economic model that meets Council's decision-making needs, Administration's evaluation requirements, and is practical and reasonable for Developers to comply with	High	✓✓✓	✓✓✓	✓✓✓
2. Make Business Case Guidelines more prescriptive reflecting business cycle-specific priorities • Tighten Business Case Guidelines by creating a Business Case Template that reflects evaluation criteria broadly, and business cycle-specific priorities specifically (similar feedback within Evaluation Criteria)	High	✓✓	✓✓✓	✓✓✓
3. Establish more robust operating cost treatment • Require more robust operating cost treatment, clear assumptions, and longer-term lifecycle cost analysis (assuming these are identified as key Evaluation Criteria improvements per feedback in previous section)	High	✓✓✓	✓✓	✓✓✓
4. Establish one market demand model • Need greater transparency regarding the market demand model applied in the evaluation process (including core assumptions and drivers), ensuring it integrates and aligns as necessary with the overall economic model	High	✓✓	✓✓✓	
5. Need greater consistency across City Business Units in data and assumptions • Where appropriate, need to ensure greater consistency and transparency in the application of common assumptions and data by the various supporting Business Units	High			✓✓✓
6. Where appropriate, leverage external expertise to apply independent economic and financial analysis • Augment Administration staff as required to conduct comprehensive economic and financial analysis, assumption and risk identification to address complexity of business case requirements, and help mitigate internal resourcing requirements given the infrequent need for these capabilities	Med	✓✓✓	✓✓	✓✓
7. Include historical developer performance in analysis	Med	✓✓	✓✓	

Feedback Summary	Frequency	Council	Industry	Administration
• Include market absorption and historical developer performance (e.g. accuracy of estimates) in meeting objectives in analysis of business cases (similar to item in Evaluation Criteria)				
8. Only accept and evaluate data required by the evaluation criteria and priorities • Apply a Request for Proposal (RFP) style discipline in establishing requirements (e.g. Business Case Template reflecting Evaluation Criteria) and methods that help ensure apples-to-apples evaluation of business cases	Med	✓✓		✓✓
9. Need clarity on level of detail required in business case • Business Case submissions reflected a wide range in level of detail submitted, creating difficulty in ensuring that a fair and consistent evaluation was applied	Med	✓✓		✓✓
10. Communicate and consistently apply master data set with research-based assumptions • Ensure common set of supporting data assumptions are transparent and defensible based on sufficient research	Med		✓✓	✓✓✓
11. Business Case Summary document was excellent • Generally, the work done by Administration to provide a consistent summary of each business case to help ensure a fair and equitable evaluation was considered exceptionally well done	Med		✓✓	
12. Need clearer fire servicing and coverage requirements • Perhaps due to a parallel in-flight initiative to address these requirements during the NCGS 2018 process, in the next iteration need clearer requirements related to fire services	Med		✓✓✓	
13. Need better version and scope control to reduce confusion across Business Units • Aligning Business Unit inputs with business case requirements proved challenging due to changes to business case scope, requirement specifications and inadequate version control / communication	Med			✓✓
14. Need more tangible outcome-based, MDP-related data in business case • Like the Evaluation Criteria item, Business Case Template should reflect outcome based MDP criteria where possible, recognizing limitations on specificity at this stage of development planning	Low			✓✓

Feedback Summary	Frequency	Council	Industry	Administration
15. Difficult balancing City long-term, broader needs with Developer-specific needs • How can Business Case Guidelines and Template (and upstream Evaluation Criteria) strike the right balance?	Low		✓✓	
16. Consider a preferred-vendor model to reduce rework / time to meet City standards • Establish a limited set of engineering vendors (for example) that are pre-certified as City-standard compliant such that technical approval is expedited	Low		✓✓	

Industry

Industry was generally most focused on the transparency of the models, data, and assumptions Administration applied in the evaluation of the business cases. In addition, Developers were concerned about the rework and delays they experienced in meeting City standards. They were also unique in identifying the possibility of utilizing a preferred-vendor model regarding the evaluation of business cases to ensure alignment with established engineering standards. Accessing and meeting specific Business Unit requirements (fire, infrastructure, etc.) was also an area of particular focus and desired improvement.

Administration

Administration generally shared the same desire to clarify and apply consistent models and underlying assumptions and data to help streamline and evaluate business cases. Of particular note was the need to align with supporting Business Units on the assumptions, data, and requirements of the NCGS process.

2.4 Process

Feedback in this area focused on the overall clarity and communication of the business case submission and review process, the roles and responsibilities of each group, timelines, and the transparency of the overall review and decision-making process.

While the NCGS 2018 process was built while it was already ‘in flight,’ the core series of activities that took place provides a foundation for future iterations of the business case submission and review cycle. A visualization of the process that took place is available on page 10 of this document for reference.

A table summarizing the stakeholder feedback, the frequency by which the feedback was received, and the source(s) of the feedback is provided below.

Feedback Summary

Frequency: High (5+) Medium (2-5) Low (1) **Priority level:** ✓✓✓ high ✓✓ medium ✓ low

Feedback Summary	Frequency	Council	Industry	Administration
1. Integrate and align with other initiatives and strategies (e.g. Established Areas, Industrial, etc.) • Would be valuable to have a portfolio-level view of growth investments so business case selection decisions don't inadvertently exhaust resources which may be required for other growth and / or capital needs	High	✓✓✓	✓✓✓	✓✓✓
2. Integrate and align with other processes (e.g. One Calgary, budgeting cycle, ASP process) • Process needs to become part of regular cadence of City business and purposefully feed into and draw information from relevant corporate-level initiatives and processes. Current sentiment is that there is some duplication of effort and the NCGS process seemed to be operating somewhat separately from other City planning and budgeting processes.	High	✓✓✓	✓✓✓	✓✓✓
3. Ensure process is clear, repeatable, and flexible • Repeating the process with small changes will be easier for all stakeholders to navigate than using a fundamentally different process each time. Rather than overhauling the process, take the foundational pieces that worked well and make minor tweaks to areas that could be improved.	High	✓✓	✓✓✓	✓✓✓
4. Clearly define and communicate goals and desired outcomes • Widely communicate the overall priorities for the process and desired outcomes so all stakeholders can work towards the same goal and provide the best information possible. If the direction changes mid-cycle, communicate this widely so that everyone is working with the same information.	High	✓✓✓	✓✓✓	✓✓✓
5. Establish more reasonable timelines and adherence to deadlines • Administration generally indicated that they wanted longer deadlines or more advance notice of expectations and deadlines prior to being engaged. Timelines would be more reasonable if they could anticipate when the wave of work will arrive.	High	✓✓	✓✓✓	✓✓✓

Feedback Summary	Frequency	Council	Industry	Administration
• Developers generally wanted stricter adherence to deadlines on The City's side indicating that if everyone is clear on the timelines and deadlines, they should be able to meet them if people are held accountable to them. • Some members of Council wanted the overall process timing to be expedited or streamlined.				
6. Clarify roles, responsibilities, and expectations for all parties throughout process • Clearly define the role of each party and hold them accountable to those actions / activities (one group suggested using a responsibility assignment matrix / RACI). Ensure understanding across all groups of what others are responsible for and impacts of not meetings deadlines.	High	✓✓	✓✓	✓✓✓
7. Maintain level of collaboration and engagement between City and Industry • Continue strengthening this relationship and supporting the process with input from both sides to produce an improved process and mutually beneficial outcome.	High		✓✓✓	✓
8. Dedicated City resources required (both generalists and SMEs) • All parties were happy with the work and dedication of the Calgary Growth Strategies Team. However, it was acknowledged there is a need to create additional capacity and capability for the team to meet the bandwidth required to support the process.	Med		✓✓	✓
9. Better tracking of Return on Investment (ROI) of approved business cases • This feedback links back to overall quality and accuracy of data. There is a desire to implement activities to track data and develop ways to better predict ROI and actual "success rates" for developments. This could be used to not only hold developers accountable, but also create more accurate numbers for The City to use as inputs.	Med	✓✓		✓✓
10. Minimize politicization of process • While recognizing Councillors are elected to represent their constituents, need to emphasize what is best for Calgary as a whole, rather than specific communities • Referring to business cases as each representing new "communities" created a public perception difficult to undo (i.e. 14 new "communities" were not approved)	Med	✓		✓✓

Synopsis:

Generally, stakeholders felt that the NCGS 2018 process was a positive initiative and that it will provide a solid foundation for future iterations of the process with only minor tweaks required to make it run more smoothly and efficiently.

There were several opportunities for improvement identified as a medium to high priority across all stakeholder groups, including:

- Integrating and aligning the NCGS process with other growth initiatives and strategies (e.g. Established Areas and Industrial);
- Integrating and aligning with other City processes (e.g. One Calgary, budgeting cycle, ASP process, etc.);
- Ensuring a clear, repeatable, and flexible process;
- Clearly defining and communicating goals and desired outcomes;
- Establishing more reasonable timelines and adhering to deadlines; and,
- Clarifying roles, responsibilities, and expectations for all parties involved throughout the process.

It is important to note that some of the feedback regarding communication, timelines, and expectations stems directly from the fact that the NCGS 2018 process was evolving and shifting over time. These issues will likely be addressed in the next iteration of the process given there is now a previous process upon which to set expectations and project timelines.

Each stakeholder group also had perspectives that distinguished their feedback from the other groups. A general summary of each group's unique feedback regarding the overall NCGS process is provided below.

Councillors

While there were a variety of perspectives among Councillors, this group generally agreed with the common items identified in the summary above. Some Councillors identified the need to better track ROI of approved business cases. While opinions were mixed on how to best calculate and track this value, it was identified that ROI could be used to not only help hold developers accountable, but also create more accurate numbers for The City to use as inputs into future calculations.

The most unique feedback that came from Councillors was the suggestion that given the current financial situation, The City should use the next iteration of the cycle to focus on gaps in growth that need to be filled to address specific community needs, rather than another broad, open call for business cases.

In addition, the process needs to emphasize that a business case does not representing a new "community" necessarily. Careful communications will help avoid creating a public misperception (i.e. 14 new "communities" were not approved).

Industry

Industry, as represented by BILD Calgary Region and those Developers and / or related consultants that chose to participate in the workshop, were mostly concerned with maintaining the level of collaboration, engagement, and openness between The City and Industry in future iterations of the process. They also felt that there is a need to continue having dedicated City resources working on this process. However, they generally felt that further capacity and capability is required within the Calgary Growth Strategies Team during this process to meet the timelines required.

Two additional pieces of unique feedback were identified by individuals who attended the Industry workshop (but are not representative of the entire Developer group):

- Leverage Area Structure Plan (ASP) requirements and find ways to share information / reduce rework to help streamline the process; and,
- Limit Administration’s role to analysis of business cases but stop short of providing a concrete recommendation to Council.

Administration

In addition to aligning with the common items listed in the summary section, individual members of the Administration group echoed Industry’s desire to maintain the level of collaboration and engagement between The City and industry. They also generally suggested adding more capacity to the Calgary Growth Strategies Team to support the execution of this process. As well, Administration identified a need to explore tracking of ROI in the long term to collect data, drive better decision making, and hold developers accountable.

Members of Administration felt that the process was overly politicized. In particular, while recognizing Councillors are elected to represent their constituents, the view was overall there was not sufficient focus on what was best for Calgary as a whole, but rather on advancing individual communities.

Administration also had a unique perspective regarding customizing different approaches for each Business Unit based on the complexity of their contribution / analysis and additional needs they may have. Because some Business Units required longer timelines or more information than others to perform their reviews, it was suggested that there could be multiple streams of internal review work with different timelines based on the amount of review / iteration required for their piece.

3.0 Observations and Recommendations

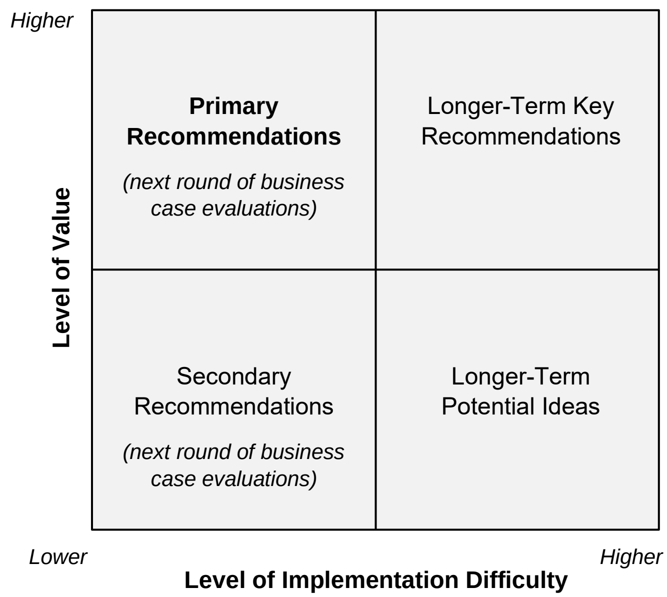
The recommendations outlined below are primarily based on the opportunities for improving the efficiency and effectiveness of the NCGS 2018 process as identified by the three stakeholder groups consulted. These recommendations reflect more of “what” should be considered for change, rather than specifying exactly “how” it should change, given the scope of this engagement did not include the completion of an objective performance review. Further efforts to validate and both develop and implement tactical solutions for these recommendations is required.

The recommendations are organized according to the three subject areas examined: Evaluation Criteria, Data and Analysis, and Process. Stack’d reviewed each set of recommendations with the Calgary Growth Strategies business unit and evaluated them based on the matrix shown below.

3.1 Prioritization Matrix

Level of Value: The degree to which the overall process will benefit from the recommendation. Value includes attributes such as accuracy, completeness, efficiency, effectiveness, stakeholder relationship, etc.

Level of Implementation Difficulty: How difficult it would be to achieve the value of this recommendation. Contributing factors could include solution complexity, risk, stakeholder alignment, effort / time / resources required, expertise, etc.



Based on this prioritization, the recommendations have been grouped into four categories:

1) *Primary Recommendations* – higher-value recommendations that may require less effort to implement and should be considered as part of the next round of business case evaluations.
2) *Secondary Recommendations* – recommendations that are lower-value but may require limited effort to implement and should be considered for the next round of business case evaluations.
3) *Longer-Term Key Recommendations* – higher-value recommendations that may be difficult to implement or have major interdependencies with other initiatives or processes. These recommendations may still add significant value but are likely long-term initiatives.
4) *Longer-Term Potential Ideas* – lower-value recommendations that will be difficult to implement based on the current context. These items should be kept in mind, but likely aren’t worth the short-term effort of pursuing.

3.2 Overall Recommendations

Overall, the top priority recommendations for the NCGS to implement for the next round of business case evaluations are:

- Establish overarching priorities for the portfolio across related initiatives (e.g. Established Area Growth, Industrial Growth) to help address competing priorities and coordinate efforts and resources across the full range of growth opportunities [P1];
- Retain the three evaluation criteria ‘pillars’ as Guiding Principles and set specific priorities related to each pillar (MDP, Market Demand, City Financials) for a given business-cycle [C2];
- Design a Business Case Template to directly reflect business cycle priorities and help ensure alignment of business case submission information with evaluation criteria [C3];
- Establish and publish a master data set at the start of the process that reflects the supporting data and assumptions required by the business case economic and market projections to help reduce rework, debate, and inconsistency and improve transparency [D2];
- Clearly define the NCGS process, how it fits within the broader set of corporate processes and growth initiatives, and publish expectations to stakeholders in advance of initiating the business case review process [P3]; and,
- Ensure transparent, frequent, and open communication across all stakeholders regarding all elements of the NCGS initiative [D5].

Below we have summarized all recommendations grouped according to subject area.

3.3 Evaluation Criteria Recommendations

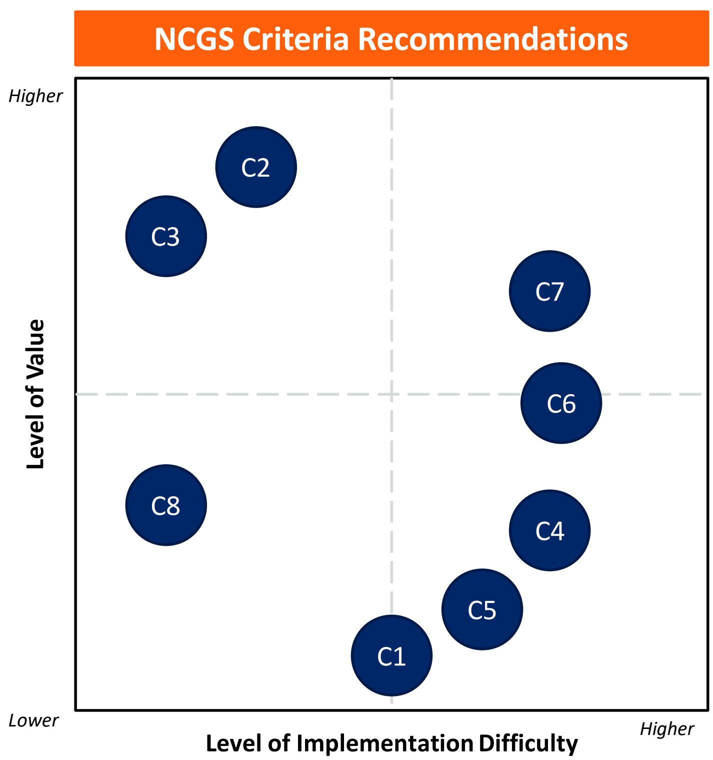
The following recommendations respond to the stakeholder feedback received regarding the NCGS 2018 Evaluation Criteria. These recommendations are organized according to their relative priority as drafted and reviewed with the Calgary Growth Strategies business unit (see matrix on the right side of this page).

Primary Recommendations

C2. Retain criteria framework’s three evaluation criteria ‘pillars’ as Guiding Principles

Given that the evaluation criteria was generally seen as having a positive impact and bringing structure to the NCGS 2018 process, it is recommended that they be retained and elevated into Guiding Principles that provide a sustainable, consistent criteria framework to evaluating new community business cases across business cycles.

However, to help ensure they are both relevant and effective within a given business cycle, it is recommended that specific priorities related to each of the criteria framework’s pillars (MDP, Market Demand, City Financials) are set for a given business-cycle at the initiation of the NCGS process. This will require engaging Council in advance of the



NCGS process to establish the related business cycle priorities, consistent with the overarching NCGS initiative parameters per recommendation C1.

Improving the application of the Evaluation Criteria would help drive alignment across all parties and create clarity on the overall priorities, reducing rework, frustration, and debate among groups.

C3. Design Business Case Template to directly reflect business cycle priorities

To help make the business-cycle specific priorities 'real,' it is recommended that Administration ensure that the Business Case Guidelines are consistent with these priorities, and augmented with a more prescriptive Business Case Template for Industry that directly reflects these priorities to help ensure only relevant information is provided and is done so in a consistent fashion.

As part of this recommendation, Administration should ensure broad-based communication is conducted across the stakeholder community and includes the NCGS parameters relative to other strategic goals, the business cycle priorities, and the related Business Case Template.

Designing a template directly aligned with the business cycle priorities can help create a more efficient business case development and evaluation process, ensuring that all information collected is relevant to the decision-making process. This change should be relatively easy to implement, as it would require modification of the existing template or the creation of a similar template focused on the priority criteria.

Note: this recommendation would need to be completed to achieve full value of implementing C2.

Secondary Recommendations

C8. Strengthen MDP alignment by establishing more tangible outcome-oriented criteria

The current MDP criteria includes several goals and related considerations. Alignment is difficult to tangibly demonstrate for many of these goals given how early in the Developer's process the NCGS process is (e.g. urban design is downstream from this process). Information provided in the business cases is directionally aligned, but not outcome-specific, and is therefore perceived as being applied too subjectively, limiting the overall effectiveness of the MDP criteria. For example, for the "Greening the City" criteria, are developers going to be evaluated on high-level commitments to incorporate renewable energy services and green buildings? Or are they expected to provide estimates of how many electric vehicle charging stations or solar-powered amenities will be included?

While it would be difficult to drive to that level of detail, there are perhaps a limited set of MDP goals / considerations where outcome-based criteria might be established that Developers can be held accountable to. Given this, it is recommended that Administration lead a process to identify and establish this limited set of outcome based MDP criteria for future business cycle applications. Having more outcome-focused criteria for evaluating MDP alignment will enable better business case evaluation, decision making, and accountability.

Longer-Term Key Recommendations

C7. Strengthen Financial criteria by advancing toward full lifecycle costs

Currently, only capital costs are well understood and considered in the business case evaluation and approval process, largely due to the complexity and existing limitations in determining incremental life-cycle operating costs. However, without the financial criteria incorporating forecasted operating costs to better understand the full investment required for a given business case, the implications of the approval decisions may have unintentional and potentially negative long-term impact to The City.

Therefore, it is recommended that an initiative is developed to establish a consistent basis by which to estimate the full lifecycle costs of a new community business case, and to understand the associated risks. It is expected this may require a staged approach given the concern expressed by stakeholders about managing the complexity of estimating full lifecycle costs. In the shorter term, the approach may be more ‘rule of thumb’ oriented (e.g. based on typical industry cost drivers), but could provide a consistent means by which to gauge relative cost levels of the various business cases submitted.

Longer-Term Potential Ideas

C1. Establish overarching NCGS parameters aligned to City’s strategic goals and priorities

It is important to ensure that the context for the NCGS process is well defined within The City’s overall strategic goals and priorities. With limited resources, it is critical to broadly establish the level of investment to be considered in new communities for any given business-cycle relative to other strategic goals and priorities of The City, helping to ensure NCGS works within capital budget constraints specific to this initiative, and therefore preserving capital for those other City priorities.

As part of this, it is important that portfolio-level rationale and leading practices are applied to identify and present the optimum set of recommended business cases within such parameters, and that the approval process includes considering them as such an ‘optimized’ set.

This recommendation has a direct dependency on other initiatives and corporate processes. Until a similar approach is applied across the Established Area and Industrial Grown portfolios, the value of this recommendation will be limited in the short term.

C6. Gain agreement on Market Demand criteria, model, and basis for evaluation

Taking steps to ensure accepted, clear, and consistent Market Demand criteria is applied evenly across all business cases should help bridge the current varied stakeholder perspectives regarding this Evaluation Criteria pillar. It is recommended that the relevant market demand criteria for a given business cycle is selected and agreed to by representatives of each stakeholder community in advance of initiating the NCGS process, utilizing third-party expertise as necessary to achieve this in a transparent and unbiased fashion.

While this recommendation could add a great deal of credibility and, therefore, support and buy-in from Industry, it is expected to be challenging to get all stakeholders aligned before the next round of business case evaluations.

C4. Design criteria (and process) should flex with different levels of risk and community-specific needs

Although it is critical to set a strong, consistent foundation for the Evaluation Criteria, it will also be important to understand when / how to be flexible and nimble to apply criteria in a fair and equitable way. A one-size-fits-all approach may not adequately distinguish between complex, high-risk business cases and relatively simple, low-risk opportunities. In addition, community specific needs may not be adequately recognized by broad City-wide Evaluation Criteria.

It is recommended that the Evaluation Criteria priorities established for each business cycle include an appreciation for acceptable levels of risk and community-specific needs. These priorities should be applied in a consistent and equitable fashion across all developers. Incorporating flexibility for risk and community-specific needs will optimize the overall portfolio and help ensure community needs are being met.

This recommendation will have downstream implications to the data, analysis, and process design of NCGS and may represent a level of sophistication that extends beyond a ‘next step’ in the evolution of NCGS.

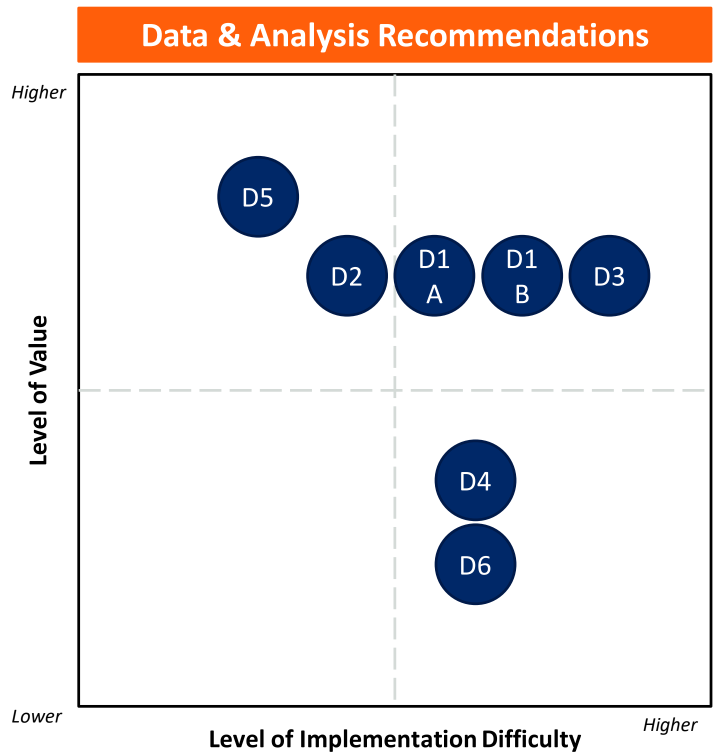
C5. Consider use of third-party body to objectively apply criteria and support decision process

It is recommended that third-party, objective experts be considered to apply the Evaluation Criteria to the set of recommended business cases proposed by Administration as a means to independently vet the results as a service to The City. This would not only strengthen the independence of the analysis, but also assist The City balance its resourcing requirements in light of the NCGS process demands.

This objective third party may take various forms and efforts are required to identify the most appropriate options. However, it is acknowledged that sourcing and securing the right skill sets, knowledge, and expertise to conduct this review could be challenging from both a resourcing and financing point of view.

3.4 Data & Analysis Recommendations

The following recommendations respond to the stakeholder feedback received regarding the Data and Analysis as part of the NCGS 2018 process.



Primary Recommendations

D5. Ensure transparent, frequent, and open communication across all stakeholders

Often, challenges and issues are improved or even fully addressed simply through effective communication. As a lower-cost, immediate opportunity, it is recommended that Administration establish and diligently execute an effective communications plan across all stakeholders upon the initiation of the next NCGS business case review cycle.

This recommendation originated with concerns regarding a lack of clarity regarding what assumptions, data and calculations were applied by Administration, but then broadened to include clarity concerns regarding the evaluation criteria and process subject areas as well.

This recommendation will be particularly important if numerous changes are implemented (as contemplated in this report). In addition, stakeholder issues regarding clarity of business plan detail, better understanding fire servicing and coverage requirements, and managing version and scope control may all benefit from more effective communications. Regardless, better communications will help ensure participants have a clearer understanding of the data required (and why it is required), the analysis being applied, and the results of the process.

Implementing this recommendation may be best accomplished by integrating communications with NCGS stakeholders with other growth initiatives or corporate processes they may be also a part of.

D2. Establish and consistently apply master data set with clear well-founded assumptions

To help reduce rework debate, and inconsistency and improve transparency, a key recommendation is to establish and publish a master data set that reflects the supporting data and assumptions at the start of the process. This may include certain economic factors, population forecasts, inflation rates, timing assumptions, etc. This will assist in increasing the level of consistency of data and assumptions applied within the business case economic and market projections and subsequent evaluation analysis. This will be even more important should operating costs be included in the evaluation process given the challenges with estimating full lifecycle costs.

Communication and alignment by Administration both internally with Business Units and externally with Developers and their consultants will help ensure the desired level of transparency is established. However, it is understood that there may be circumstances where alternate assumptions are appropriate within certain Business Unit contexts that will require reconciliation and/or recognition. Regardless, it is important that this master data / assumption set is defensible and based on solid rationale, rigorous research, and industry leading practices.

Longer-Term Key Recommendations

D1A. Agree on a single economic forecasting model up-front

It is recommended that Administration lead an effort to establish a single, agreed-upon economic model that meets Council's decision-making needs and Administration's evaluation requirements while remaining practical and reasonable for Developers to comply with.

Establishing and communicating a clear, agreed-upon economic model to relevant stakeholders up front will streamline the business case development and evaluation process. This clarity will also help ensure that consistent and comparable reviews are performed across the set of business cases.

As necessary, Administration may wish to utilize third-party expertise to achieve this in a transparent and unbiased fashion.

D1B. Consistently and fairly estimate full lifecycle costs

Assuming the Evaluation Criteria related to full lifecycle costs goes forward (recommendation C7), the Data and Analysis conducted during the NCGS process will need to include a more robust operating cost treatment, clear assumptions, and longer-term lifecycle cost analysis. Currently, only capital costs are well understood and considered in the business case evaluation and approval process, largely due to the complexity and existing limitations in determining incremental life-cycle operating costs for a specific business case. However, incorporating forecasted operating costs is critical to better understand the true economic value and full impact of business case decisions.

Therefore, it is recommended that an initiative is developed to establish a consistent basis by which to evaluate the full lifecycle costs of a new community business case. It is expected this may require a staged approach given the concern expressed by stakeholders about the level of complexity involved in this analysis. In the shorter term, the approach may be more 'rule of thumb' oriented, but at least a consistent means by which to gauge relative cost levels of the various business cases submitted. Whatever approach is established must align with the economic forecasting model selected.

D3. Establish one market demand model aligned with Market Demand criteria

Assuming the Evaluation Criteria recommendation related to Market Demand criteria improvement (C6) is accepted, the Data and Analysis conducted during the NCGS process will need to include selecting a Market Demand model consistent with the related criteria. This model will need to be communicated to the stakeholder community in advance of initiating the NCGS process and integrated within the overall economic model utilized.

Given that members of Industry each may have adopted different market demand models that integrate into their current practices, it is not expected that Administration will gain agreement from all stakeholders on a common market demand model. However, improvements can be made by increasing the transparency of the model selection process and how the model is applied in the business case evaluation process. Where appropriate, utilizing third-party expertise in the market demand model selection process may help achieve greater acceptance by Industry as a whole.

While this recommendation could add a great deal of credibility and, therefore, support and buy-in from Industry, it would likely be very challenging to get all stakeholders aligned on this before the next round of business case evaluations.

Longer-Term Potential Ideas

D4. Consider use of third-party expertise to apply more robust, objective economic analysis

As necessary, consider leveraging independent, third party expertise to conduct comprehensive economic and financial analysis as well as assumption and risk identification for complex business case requirements. This will potentially become increasingly important in the event Administration pursues full lifecycle costing as part of the analysis.

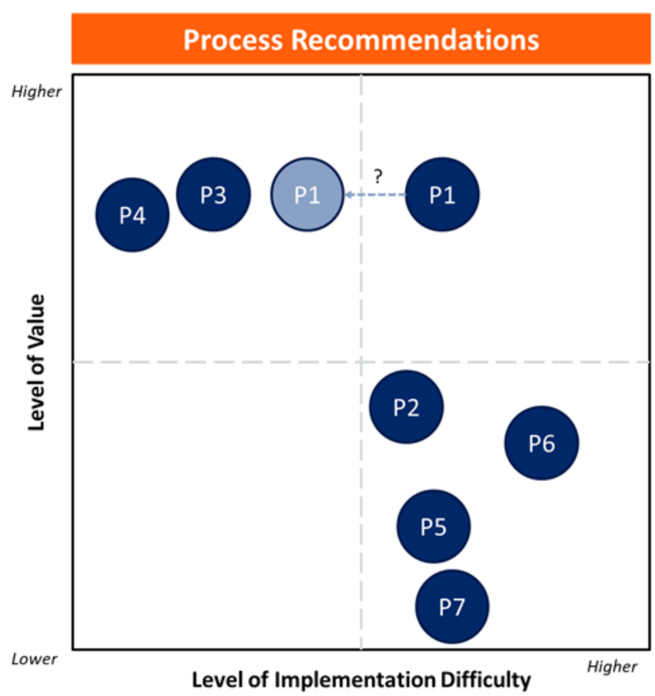
Identifying and securing the correct skill sets and knowledge base may be a challenge when implementing this recommendation, from both a resourcing and cost perspective.

D6. Implement processes and tools to measure and track results

It is recommended that Administration include a methodology and tool to track and measure data from approved and progressing business case projects in order to enable more accurate development and evaluation of estimates in the future, and to gauge developer performance and help hold them accountable to commitments. The intent is to track the data that reflects the evaluation criteria by which the business case was originally approved, whether that may include the number of jobs generated, market absorption rates, construction progress, etc. It is not clear to what extent the current mid-cycle review process may already address some of these items, and therefore it is expected this recommendation would build on the mid-cycle review current practices and plans as required.

The City could encounter challenges related to data availability and establishing a common measurement system across all stakeholders.

3.5 Process Recommendations



Primary Recommendations

P4. Maintain collaboration and consultation with Developers and BILD Calgary Region

Because stakeholders broadly felt that the collaboration between The City and Industry streamlined and added value to the NCGS process, it is recommended that The City continue to foster this relationship during future iterations of this process.

In particular, BILD played a key role representing Industry and committing time and resources to regularly meet with Administration and help enable the NCGS process in order to make it as efficient and effective as possible.

Maintaining this relationship should be relatively easy to do and will continue to build and strengthen lines of communication between The City and Industry, improving the overall quality of the business cases submitted for review, and providing more frequent opportunities for collaboration and continuous improvement.

P3. Clearly define process, publish expectations, and hold all stakeholder groups accountable to them

Given that a primary frustration across stakeholder groups centered on rework resulting from a lack of clarity around expectations and timelines, it is recommended that The City make efforts to clearly define and outline the next iteration of the process in detail up front. To ensure all parties are aligned early on, time should be taken to establish roles, responsibilities, timelines, deadlines, criteria, templates, and expectations for all groups involved (Administration, Council, Developers).

While there is value in being nimble, it is important to adhere to the expectations established at the beginning of each cycle. If expectations or deadlines change mid-process, these should be communicated clearly and widely to all stakeholder groups.

Providing clear expectations and timelines at the onset of the process will help eliminate rework and duplication of effort to create a more efficient and streamlined process. The biggest challenge when implementing this recommendation will be responding to shifting priorities and pressures as the process progresses and developing a fair and reasonable process / mechanism for holding stakeholders accountable to deadlines and commitments.

Longer-Term Key Recommendations

P1. Establish overarching priorities for portfolio across related initiatives

To help address competing priorities, it is recommended that the Calgary Growth Strategies Team develop overarching priorities for the next round of business case evaluations that can be applied across all growth initiatives (NCGS, Established Area, and Industrial Growth).

Creating this high-level set of context-dependent priorities for each cycle would help guide a more coordinated view of the full range of growth opportunities and allow for a more holistic prioritization of The City's growth portfolio.

To fully achieve the value of this recommendation, the Established Area and Industrial growth strategies would require clearly defined scopes and processes. Based on stakeholder feedback, more analysis would also need to be done to determine whether Council should set business cycle priorities or if Administration should rely on long-term guiding documents.

Note: This recommendation has the potential to directly impact other growth initiatives or corporate processes if The City were to pursue it.

Note: It is assumed that because the NCGS process precedes the Established Area Growth and the Industrial Growth initiatives, that realizing the value of this recommendation is contingent on those initiatives being sufficiently defined to enable a prioritization that crosses all three. This interdependency, together with assuming the next round of business case evaluations would be initiated in the fall of 2019, is the reason for plotting this recommendation in the Longer-Term Key Recommendations quadrant. In the event our assumption is proved incorrect and meaningful prioritization can occur in advance of the next round of business case evaluations, then this recommendation would be a Primary Recommendation.

Longer-Term Potential Ideas

P2. Establish clear NCGS scope and integrated approach across broader growth program and with other corporate processes

The City should consider taking an integrated approach across growth initiatives and within broader corporate processes to identify and manage process interdependencies between growth initiatives and other City processes. A regular cadence of activities and timelines needs to be established so that the NCGS process and other growth initiatives become more integrated into the regular business cycle rather than an unexpected piece of work to support a special project. Having this broader picture of how growth fits within The City and its other initiatives will also position the Calgary Growth Strategies Team to more easily 'connect the dots' for Council when providing recommendations and analysis.

This has been listed as a long-term potential idea because the value of this activity will be somewhat limited until the other growth strategies are well-defined and operational. Clearly defining where this process fits within the broader suite of City processes would still be a valuable exercise to help business units anticipate and support the NCGS process as part of their regular business cycle.

It will also be difficult to implement this recommendation given the organizational complexity of The City and differing opinions about where NCGS should fit within overall City processes (e.g. which processes drive or feed into NCGS and which processes does NCGS drive or feed into).

Note: This recommendation has the potential to directly impact other growth initiatives or corporate processes if The City were to pursue it.

P6. Address resourcing concerns

Both Industry and Administration indicated that the Calgary Growth Strategies Team faced resourcing limitations during the NCGS process and that additional resources should be explored. To address these issues, it is recommended that The City consider seconding or hire additional resources to Growth Strategies Team to more easily meet the demands placed on them during the NCGS process (e.g. SMEs, industry experience).

If resources were able to focus primarily on NCGS work during the process, reviews and analysis could be completed more efficiently and effectively, reducing rework and helping the overall process run more smoothly.

Given the current economic situation, it will likely be difficult to secure additional internal resourcing or significant consulting resources. As a result, this is listed as a long-term improvement opportunity.

P5. Consider more fulsome pre-app process to streamline analysis-heavy processes

The City could explore developing a more robust pre-application review or analysis process to support business case development and shorten overall process timelines. This would be most appropriate for business units that contribute to areas of business cases requiring detailed analysis or input from subject matter experts (e.g. infrastructure).

It has been listed as a long-term recommendation because the value added by creating a formal process may be limited, as some pieces of this already happen on an informal basis. Rather than providing detailed analysis at this phase, a high-level conversation could be held between developers and these business units where City staff could provide basic feedback on whether a concept would be feasible or not. Even at this more limited level, it could be difficult to implement without duplicating effort or placing a greater burden on Administration.

P7. Develop growth Portfolio Management capabilities and align with corporate Portfolio Management

Applying Portfolio Management leading practices, processes, tools, and skills to the NCGS process would improve the overall efficiency and effectiveness of the process. Having a portfolio-level view of growth within The City would improve decision making processes by providing a broader view to the impacts of and interdependencies between initiatives.

While this recommendation could add a great deal of value in the long term, the effectiveness of a portfolio management program will be limited until all three growth strategies are established.

Adding leading practices, processes, and tools to NCGS work would not be overly difficult to accomplish over time, but broader portfolio management work is nearly impossible until other initiatives are up and running.

Note: This recommendation has the potential to directly impact other growth initiatives or corporate processes if The City were to pursue it.

Appendix A: Stakeholders Consulted

Interviews – City Council

- Councillor Joe Magliocca
- Councillor Jyoti Gondek
- Councillor Gian-Carlo Carra
- Councillor Shane Keating
- Councillor Druh Farrell
- Councillor Ward Sutherland
- Councillor Sean Chu
- Councillor Evan Woolley

Interviews – BILD Calgary Region

- Grace Lui – Director, Strategic Initiatives and Government Relations
- Guy Huntingford – former CEO

Workshop – External Developers & Consultants

- Josh White – Dream
- Peter Trutina – Truman
- Ben Mercer – Qualico
- Grace Lui – BILD Calgary Region
- Leah McKenna – Brookfield
- Marcello Chiacchia – Genstar
- Bela Syal – Situated
- Charles Boechler – Minto
- Graeme Melton – Melcor
- Jeff Petrick – Pacific
- Jane Power – Urban Systems
- David Symes – Stantec
- Annie Stefaniuk – Genesis
- Mac Logan – OpenGate (Maplehawk)
- Kathy Oberg – B&A

Note: the following three participants are City Staff who attended the “External” workshop

- Marie Standing – City of Calgary, Water Resources
- Nazrul Islam – City of Calgary, Calgary Growth Strategies
- Ashley Parks – City of Calgary, Water Resources

Interviews – City GMs / Senior Leaders

- Stuart Dalgleish – Planning and Development
- David Duckworth – Utilities & Environmental Protection
- Brad Stevens – Deputy City Manager
- Jill Floen - City Solicitor
- Carla Male – CFO

DIGC Workshop – City Directors

- Steve Dongworth – Fire Chief
- Jason Halfyard – Manager, Land & Asset Management, representing Real Estate & Development Services
- Darrel Bell – Director, Facility Management
- Kyle Ripley – Director, Calgary Parks
- Debra Hamilton – Director, Community Planning
- Ryan Vanderputten – Director, Transportation Planning
- Matthias Tita – Director, Calgary Growth Strategies
- Maggie Choi – Manager, Infrastructure Planning, representing Water Resources
- Bruce McBride – Leader, Geospatial Analysis & Planning, representing the Manager, Strategic Services for Fire
- Thao Nguyen – Director, Finance/City Treasurer

Interviews – Additional City Directors and Managers

- Francois Bouchart – Director, Water Resources Planning
- Feisal Lakha – Manager, Transportation Development Services

Workshop – City Staff & Growth Strategy Team

- Stacy McFarlane – Finance
- Nikhil Lobo – Transit
- Stephen Hove – Corporate Analytics and Innovation
- Kathy Davies Murphy – Calgary Growth Strategies
- Zheng Dou – Facility Management
- Kiranpreet Singh – Calgary Transit
- Trudy Webster – Law
- Gillian Skeates – Finance
- Matthew Sheldrake – Calgary Growth Strategies
- Shawn Small – Calgary Growth Strategies
- Robyn Jamieson - Calgary Growth Strategies

Appendix B: Evaluation Criteria Framework

BUSINESS CASE EVALUATION CRITERIA

Factor	MDP Goal	Definition	Current New Community Considerations
Strategic Alignment: Municipal Development Plan / Calgary Transportation Plan	Prosperous Economy	Planning for our economy's long-term sustainability ensures that current and future generations are resilient and adaptable to economic cycles and unanticipated changes.	How many temporary construction jobs are expected from development in the business case area? How many future jobs/permanent jobs are expected within the business case area? How does the business case area support innovative economic diversification for Calgary?
	Compact City	A dispersed and spread out population creates some social, economic and environmental challenges. In a compact city, balancing growth between new and developed areas builds vibrant, thriving communities. A compact city is made up of complete communities that provide a broad range of housing choices and services, as well as high quality transit and transportation options.	Is the business case area contiguous? Is the business case area logically serviceable? How does the business case area meet the intensity target of 60 people and jobs per gross developable hectare?
	Great Communities	Great communities are flexible. They adapt to the needs of current and future residents by providing a variety of housing options and services so that people can meet their day-to-day needs within their own neighbourhood. Essentially, it is about creating communities where residents can live, work and play.	Is the business case area greater than 40 hectares? If larger than 75 hectares, what is the plan to accommodate multiple neighbourhoods? How does the business case area include non-residential development, or leverage adjacent non-residential development? How the business case area integrate Neighbourhood Activity Centres (NAC), a Community Activity Centre (CAC), and/or leverage a Major Activity Centre (MAC)? How does the business case area support City facilities, such as libraries and recreation centres?
	Good Urban Design	Good urban design is the result of collaboration and coordination between various disciplines, creating public places that people enjoy.	How does the business case area meet or exceed the MDP intensity target of 60 people and jobs per gross developable hectare? How does the business case area demonstrate innovation or a new approach for development in Calgary (e.g. LEED, BREAM)?
	Connecting the City	The design of the transportation system has a significant impact on how a city grows and how people get around. The Municipal Development Plan encourages more sustainable transportation options such as walking, cycling and transit to create a system that provides more choice. This means prioritizing investment to improve transit networks, designing streets to accommodate cycling and walking, plus improved connectivity.	How does the business case connect to the rest of the city via walking and cycling networks? How does the business case area integrate with the Primary Transit Network in the MDP/CTP?
	Greening the City	Protecting environmentally sensitive areas and promoting renewable energy sources, energy efficiency, low-impact development for stormwater management, construction of green buildings, and encouraging cycling and walking all work together to make Calgary more environmentally friendly.	How does the business case help deliver quality public spaces or open spaces for residents/employees?
	Managing Growth and Change	Founded on the principles of sustainable development and guided by fiscal responsibility and managed growth, these goals will stimulate growth and change across the city for the next 60 years.	How does the business case area use existing municipal infrastructure or deliver on current municipal strategies and initiatives? What does the business case propose as a practical strategy to achieve the long term city wide fire/emergency service response policy?
Factor	**MDP Goal**	**Definition**	**Considerations**
Market Demand	Managing Growth and Change	Founded on the principles of sustainable development and guided by fiscal responsibility and managed growth, these goals will stimulate growth and change across the city for the next 60 years.	What is the status of required environmental/infrastructure servicing studies? (e.g., Master Drainage Plan, Transportation Impact Assessment) Are there any considerations involving third parties? (e.g., public land claims, rights of way acquisitions, Provincial funding or approvals) How can it be demonstrated that the required private investment capital will be available after the City investments are made? How does the business case area benefit the city-wide serviced residential or non-residential growth capacity? How does it improve near term market competition? How does the business case area benefit the sector/local serviced residential or non-residential growth capacity? How does it improve near term market competition?
Factor	**MDP Goal**	**Definition**	**Considerations**
City of Calgary Financial Considerations	Managing Growth and Change	Founded on the principles of sustainable development and guided by fiscal responsibility and managed growth, these goals will stimulate growth and change across the city for the next 60 years.	What do you expect are the City of Calgary capital costs for the business case area over the lifetime of the development? Include pertinent information around the expected phasing of these costs. What do you expect are the City of Calgary annual operating costs for the business case area over the lifetime of the development? What is the anticipated total amount of levies to be contributed by the business case area (using 2018 rates)? What is the average annual City portion of the property tax revenue for the business case area over the lifetime of the development?
Other	*Other*	*Are there any other key attributes that should be highlighted about the business case area? Examples could include improvements to city resiliency and sustainability, service efficiency, alignment to other City initiatives, and innovative approaches.*	

Appendix C: Business Case Guidelines

Business Case Guidelines for Future Investment Areas

(Growth Management Overlay Removal Submission)

CONTENTS

1. PURPOSE OF THE BUSINESS CASE

The purpose of the business case is to present a rationale and funding proposal for initiating development in lands where a Growth Management Overlay (hereafter, Overlay) is in place. If an Overlay is in place for a development area (hereafter, Overlay Removal Area), this indicates that no funding source has been identified for required capital and operating costs necessary to bring City services to the Overlay Removal Area, as determined by The City.

Therefore, the applicant's goal in submitting the business case is for a Council approved Area Structure Plan amendment to remove the Overlay for the Overlay Removal Area. Please note that all applicants in all Area Structure Plans can submit Land Use/Outline Plan applications, however Council must remove the Overlay prior to approval.

In pursuit of this, the business case is to address five elements - Area Description and Projected Phasing/Rate of Growth, Unfunded Capital Costs, Unfunded Operating Costs, Municipal Development Plan/Calgary Transportation Plan Alignment, and Triple Bottom Line Analysis. Requirements are described later in this document in blue font. Following Administration's review and written assessment of the business case, the applicant will have a choice:

Option A: Wait for the next City of Calgary service plans and budget cycle, where the business case may be considered by Administration for a Council funding recommendation. In this case, the Overlay would be recommended for removal following Council approval of funding.

Option B: Proceed ahead with entering into financial and risk mitigation agreements that detail commitments made around capital and operating costs, to the satisfaction of Administration and/or

Council. In this case, Administration would make a recommendation on the funding agreements to the Priorities and Finance Committee.

2. FOUNDATION FOR THE REVIEW

In completing its review, Administration will rely upon the direction provided in the New Community Planning Guidebook (Volume 2 of the Municipal Development Plan):

4.3 Urban Growth Policies

These policies provide a decision-making process for Council to decide on the co-ordination of growth and servicing within each Plan Area, pursuant to growth management policies in place at the time.

1. ***Growth Management Overlay***
    a. *A Growth Management Overlay (Overlay) will be applied to the undeveloped parts of each ASP and will be removed as Council deems growth management issues have been resolved.*
    b. *A portion (or all) of an Overlay should be removed (through an amendment to the ASP) when issues regarding the coordination of the funding and financing of municipal infrastructure and services with the rate of growth have been resolved.*
    c. *The area removed from the Overlay should form a logical and well-defined planning and servicing area. Except in extenuating circumstances regarding servicing, the Overlay should not be removed for an area smaller than a Neighbourhood.*
    d. *Prior to approval of an Outline Plan/Land Use Amendment application to accommodate fully-serviced urban development within a site, the portion of the Overlay that applies to the site must be removed."*

2. ***Growth Management Analysis Submission***

    An application to amend an Overlay must include a growth management analysis that addresses the means of coordinating development with the funding and financing of municipal services over time. It shall contain the following elements:
    a. *the projected phasing and rate of growth;*
    b. *the major on-site and off -site municipal water, sanitary, stormwater, emergency services and transportation infrastructure improvements necessary to serve the subject site;*
    c. *the proximity of the application area to existing municipal water, sanitary, stormwater, emergency services and transportation servicing;*
    d. *the Provincial, Municipal, and developer financial obligations for municipal water, sanitary, stormwater, emergency services and transportation infrastructure improvements, noting who pays for what and when;*
    e. *whether or not the required municipal water, sanitary, stormwater, emergency services and transportation infrastructure to service the application area is identified within The City's Capital Budget and/or Capital Plan; and*
    f. *The City's ability to provide emergency services to City and Provincial standards, considering both capital and operating costs.*

City of Calgary Review and Governance

A business case review will be coordinated through Calgary Growth Strategies, with a recommendation made to the Directors Integrated Growth Committee (DIGC). The recommendation may, at DIGC's discretion, be forwarded for endorsement to the General Managers Strategic Growth Committee (GMSGC). This Administrative recommendation will be, in the case of Option A, developed through the service plans and budget process, or in the case of Option B, presented to the Priorities and Finance Committee (PFC), which will then make a recommendation to Council.

3. GUIDELINES

a) Area Description and Projected Phasing/Rate of Growth

This section addresses site/development attributes.

1. Provide a map and description of the proposed Overlay Removal Area. The Overlay Removal Area shall become fully serviced (water, sanitary, stormwater, transportation, emergency response) if this business case is approved by Council.
2. Provide:
    a. Proposed land use and road pattern (Area Structure Plan or Outline Plan level detail)
    b. Proposed intensity (people and jobs)
3. Indicate if the Overlay Removal Area is contiguous, of a minimum size, and logically serviceable, as per Attachment 1: Key Definitions for the Strategic Growth Decision Framework
4. Provide the anticipated timeframe of development for the Overlay Removal Area, including annual absorption rate and estimated annual starts and time to total build out.
5. Provide a market analysis and rationale for the annual absorption rate, taking into account local and citywide supply and demand considerations.

b) Capital Costs

This section addresses the identification of required City leading capital infrastructure. All capital costs required to service the Overlay Removal Area should be identified.

Administration will review any proposed alternative funding mechanism, however, please see below for notes about the availability of certain common mechanisms.

MECHANISM	STATUS
Future Budget Inclusion (associated with Option A)	Business case is be based on presenting rationale for future City capital budget inclusion. Administration makes funding recommendations prior to each major capital budgeting exercise. If the required capital costs are not recommendation for inclusion, business case would be held until next major capital budgeting exercise.
Construction Finance Agreements (Front	Administration has indicated that Construction Finance Agreements are **not currently supported**, due to the impact on City debt capacity

Ending) (associated with Option B)	during a time when debt flexibility is necessary. This position may be updated as conditions warrant.
No City Portion Recovery Agreement (associated with Option B)	This mechanism is still under evaluation. The premise is that the applicant would finance both the City portion (if applicable) and the developer (levy) portion of a required capital asset. The City portion would never be reimbursed to the applicant. The developer (levy) portion could be reimbursed once sufficient targeted funding was available in City off-site levy accounts.
No City Capital Costs Required (Unassociated)	This mechanism is based on the premise that all required City capital costs are in place, in approved budgets, or that developer funded interim servicing is proposed.

1. Indicate the maximum capital costs for the following leading infrastructure types:
   a. Water
   b. Sanitary
   c. Stormwater
   d. Emergency Services (Calgary Fire Department)
   e. Transportation
2. Please indicate whether capacity is existing (i.e. all required City infrastructure is existing or in approved budgets) or whether an alternate funding mechanism is required (i.e., a City sized infrastructure piece is not in place and not included in approved budgets). If an alternate funding mechanism is required, please describe the methodology including the repayment terms.
3. Indicate proximity to existing City of Calgary infrastructure servicing. Indicate whether third party lands will need to be acquired in order to support the business case.
4. Indicate if any infrastructure listed in #1 above is proposed to be serviced using interim measures, and if so, provide details.
5. Is Provincial coordination/funding required for any infrastructure listed in #1 above, and if so, what is the funding approach?
6. Briefly indicate the necessary capital infrastructure required for the next development phase beyond the Overlay Removal Area.

c) Operating Costs

This section addresses the identification of City operating costs necessary to service the Overlay Removal Area. If The City has not approved operating costs for the Overlay Removal Area in its service plans and budgets, then The City does not have the ability to fund operating costs in an Overlay Removal Area unless a funding mechanism is volunteered by an applicant.

1. Indicate if the applicant is willing to accept the Developer Funded Operating Cost Offset mechanism, developed between The City and BILD Calgary Region (**note, this work is ongoing and the mechanism is not yet available).*

d) Municipal Development Plan/Calgary Transportation Plan Alignment

Administration endeavours to ensure that all development in the city helps to achieve the vision, goals and objectives of the Municipal Development Plan, Calgary Transportation Plan and the relevant Local Area Plan. Please ensure benefits described are directly related to development in the Overlay Removal Area.

1. Comment on how development in the Overlay Removal Area addresses the key sections of the MDP:
    a. A prosperous economy
    b. Shaping a more compact urban form
    c. Creating great communities
    d. Urban design
    e. Connecting the city
    f. Greening the city
2. Consider how the Overlay Removal Area helps achieve the growth policies in the MDP's Chapter 5: Framework for growth and change.
3. Comment on how development in the Overlay Removal Area addresses the goals and implementation of the Calgary Transportation Plan.
4. Comment on how development in the Overlay Removal Area addresses the goals and implementation of the Area Structure Plan.

e) Triple Bottom Line Analysis

Administration will also consider the economic, social and environmental merits of development in the Overlay Removal Area. This is in alignment with The City's Triple Bottom Line Framework. Please ensure the benefits described are directly related to development in the Overlay Removal Area.

1. Describe how development in the Overlay Removal Area addresses key aspects of the Triple Bottom Line:
    a. Economic
        a. Stimulus Benefits
            i. Jobs created by infrastructure investment
            ii. Jobs created by development in the Overlay Removal Area
            iii. Investment by developer/homebuilder in Overlay Removal Area
        b. City Financial Impact
            i. Property tax generated in Overlay Removal Area
            ii. Off-site levies payable
            iii. Fees paid
        c. Lasting Economic Impact
            i. Jobs created by eventual land use and development
    b. Social
        a. How does the development provide social benefit to the local area and the city? How does the development help achieve other City policies?
    c. Environmental
        a. How does the development provide environmental benefit to the local area and the city?

Criteria Application Adjustments for the 2020 New Community Growth Strategy Review

Within the New Community Growth Strategy framework of (1) Municipal Development Plan and Calgary Transportation Plan alignment, (2) market demand and (3) financial impact, Administration will adjust the application of certain criteria during the 2020 New Community Growth Strategy review, and also use off-ramps for those business cases that do not meet these criteria. This approach is intended to accomplish four things:

1. Recognize the principle of shared risk that Industry and Administration agreed to as part of the New Community Growth Strategy 2018 work,
2. Address City financial constraints related to capital and operating funding availability,
3. Address City resourcing constraints related to work plan priorities, and
4. Continue to drive toward a Comprehensive Citywide Growth Strategy that includes new communities, established areas and industrial areas for 2022 March.

Adjusted Application of Specific NCGS Criteria for 2020

Adjustments to evaluation criteria application for 2020 are listed in the table below:

Criterion	2020 Application – A Supported Business Case Shall
(a) City Capital Costs	• Not trigger new City designated capital costs to initiate and support development. • *Rationale: eliminates the need for additive increases to property tax, utility, and off-site levy rates, and* • *Leverages previous and planned capital investments*
(b) City Operating Costs	• Not trigger an additional tax rate increase to fund required operating costs in the current One Calgary (2019-2022) budget or the next budget cycle (2023-2026). • Evolve from a direct incremental operating cost model that was used in 2018 to a full operating cost model. • *Rationale: eliminates the need for additive increases to property tax rates related to new community growth prior to 2027.* • *Approach: further consultation with stakeholders to be completed by 2020 March 1.*
(c) Contiguous and Logically Serviceable	• Be immediately contiguous and adjacent to approved urban land uses • *Rationale: development will be more efficient from a servicing perspective and is a natural extension of the built form, thereby contributing to completing communities.*
(d) Demonstrating private investment and improving near term market competition	• Have a Land Use and Outline Plan application submitted by 2020 October to demonstrate a commitment and ability to come to market as soon as possible. • *Rationale: The City is interested in seeing short term growth and return on investment, this shows that a proponent is preparing to begin development by addressing technical and policy planning issues. In 2018, all business cases met this test.*

Use of Off-Ramps

If and when it is determined that a business case does not meet all of the criteria in the table above, the business case will be placed on an “off-ramp” and not proceed further into the review process. Proponents would then be notified.

Administration will then only bring forward a full analysis of the business cases that meet the above four criteria to Council. By using off-ramps and focusing on business cases that align to the criteria outlined above, Administration’s ability to continue prioritizing Established Area and Industrial Area growth work can continue.

Council Direction from Reports C2018-0900 and PFC2018-0200

On 2018 July 30, Council approved a total of 14 new communities for the 2018 New Community Growth Strategy. Eight communities were recommended for approval by the Priorities and Finance Committee through PFC2018-0678, and the Priorities and Finance Committee also recommended that associated Growth Management Overlay removals be brought forward to Council on 2018 July 30 for a public hearing. Overlay removals were accomplished through C2018-0585 *New Community Growth Strategy – Growth Management Overlay Removals Arising from PFC2018-0678*.

An additional six new communities were added on 2018 July 30 through Council direction on supplemental report C2018-0900 *New Community Growth Strategy 2018 – Further Review and Analysis Directed through PFC2018-0678*.

The complete direction from C2018-0900 is below:

With respect to Report C2018-0900, the following be adopted, as amended:
That Council:

1. Amend Attachment 4 to include the following communities:

   ASP Area | Proponent(s) | # of Communities | City Sector

   - Glacier Ridge Area Structure Plan | Ronmor/Wenzel | 2 | North
   - Glacier Ridge Area Structure Plan – Symons Valley Ranch | Capexco Inc. | 1 *note, this area is better defined as a Community Activity Centre | North
   - Belvedere Area Structure Plan – West Belvedere | Tristar/Truman/ Lansdowne/Others | 1 | East
   - Rangeview Area Structure Plan | Brookfield/Genstar/ Section23/Others | 2 | Southeast
   - Providence Area Structure Plan | Dream/Qualico | 1 | South
   - Haskayne Area Structure Plan | Brookfield/Marquis | 1 | Northwest
   - Addition: East Stoney Area Structure Plan | Pacific | 1 | Northeast
   - Addition: Keystone Hills Area Structure | Plan Melcor/Genstar/Pacific | 2 (one residential, one commercial/industrial) | North
   - Belvedere-Twin Hills | OpenGate | 1 | East
   - Glacier Ridge | Qualico | 1 | North
   - South Shepard | Hopewell/Melcor | 1 | Southeast

2. For the fourteen communities identified in Attachment 4 (C2018-0900), as amended:
   a) approve, as part of One Calgary 2019-2022 four year service plan and budget, a property tax rate increase of up to 0.75% in 2019 to fund the capital and direct incremental operating budgets necessary to support development of these communities;
   b) approve, as part of One Calgary 2019-2022 four year service plan and budget, a water utility rate increase of up to 0.5% per year to fund the specific capital budget necessary to support development of these communities;
   c) confirm its intention to provide, through 2023 and future years' capital and operating budgets, the necessary public infrastructure and services to serve and support these communities; and
   d) In 2022, use the Fiscal Sustainability Reserve (FSR), to a maximum of $4 Million, to fund the cost of capital for the New Community Growth Strategy included in the One Calgary 2019-2022 budget, if required; and

   e) Use the capacity that is created from the use of the FSR to fund, on a one time basis, the shortfall in operating cost in 2022 attributable to South Shepard.

3. For the fourteen communities identified in Attachment 4 (C2018-0900), as amended, direct Administration to:
   a) Include the estimated capital and direct incremental operating investments, including any changes to the estimates, in 2018 November as part of One Calgary 2019-2022 four year service plan and budget, subject to the required operating and capital funding being in place;
   b) Continue to refine the 2023 and future years' capital and operating budget estimates, and when needed, bring incremental additional budget requests to Council for the necessary public infrastructure and services to serve and support these communities;
   c) Prepare bylaws and advertise for proposed Area Structure Plan amendments to remove Growth Management Overlays for the communities in Attachment 4 (C2018-0900), as amended, for a public hearing of Council, and bring these amendments directly to the 2018 September 10 Combined Meeting of Council for a public hearing;
   d) Direct Administration, in consultation with stakeholders, to incorporate the proportionate share of the cost of off-site transportation infrastructure and any additional off-site utilities infrastructure attributable to new growth that provides servicing to new communities into the off-site levy rates, through a proposed amendment to the Off-site Levy Bylaw 2M2016, and report back to the Priorities and Finance Committee by no later than 2018 Q4.

4. Direct Administration to bring the next recommendations for new community growth and development approvals by no later than 2020 March, and in coordination with the One Calgary 2019-2022 four year service plan and budget mid-cycle adjustment process.

On 2018 March 19, Council approved several directions in report PFC2018-0200 specifically related to the New Community Growth Strategy work:

1. Report back to Council through the Priorities and Finance Committee in 2018 Q2 with strategic growth recommendations that increase the level of City commitment and investment in new communities, beginning with the 2019-2022 budget cycle, as identified in option 1(b) in this report, and prioritize future growth areas outlined in Attachment 1, including financial implications for the 2019-2022 budget cycle, future budget cycles, and how any funding gaps for operating and capital would be funded using the property tax.

   For context, Option 1(b) in the report states "**Increase funding allocation** for new community growth. Use current growth strategy decision making inputs (strategic alignment, meeting demand forecasts, and City financial capacity) to make recommendations. Identify for Council what investments best prepare The City for growth over the next ten years with an added perspective to stimulate economic growth and attract additional private investment. This could result in three to four ASPs or six to twelve new communities starting in the next budget cycle.

   - *Operating Costs:* Funded through City budgets, allocated from standard funding sources (property taxes and user fees). Increased allocation and funding sources to be identified through future reporting, ahead of the 2018 November One Calgary budget.
   - *Capital Costs:* Funded through City budgets, allocated from standard funding sources (off-site levies, grants and Pay as You Go). Increased allocation and funding

sources to be identified through future reporting, ahead of the November presentation of One Calgary."

2. Direct Administration to work collaboratively with industry on potential new capital and operating options including those outside current policy constraints to:
    - Help share risk;
    - Leverage private investment;
    - Reduce City costs; and
    - Other mutually beneficial outcomes.

   And report back to Council through the Priorities and Finance Committee, as part of the next two-year cycle;

3. Develop and share criteria by which business cases will be evaluated to be shared with Council at Administration's discretion no later than April 2018.

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.

5. Direct Administration to bring a report to Council, through the Priorities and Finance Committee, no later than Q3 2018, with findings and recommendations toward the development of an Established Areas Growth Strategy, including funding and timing considerations, that complements the New Community Growth Strategy.

This report responds specifically to Recommendation 4 from C2018-0900 and recommendations 2 and 4 from PFC2018-0200.

BILD Calgary Region Letter

The City of Calgary
PO Box 2100, Station M
Calgary, AB T2P 2M5

October 29, 2019

Attention: Members of Priorities and Finance Committee

Re: PFC2019-1062: Growth Strategy Monitoring Report

BILD Calgary Region (BILD) thanks the Growth Strategies team for working with industry to address concerns arising from recommendations relating to the intake and review of New Communities business cases. It is our understanding these were to be included with Administration's October 2019 Growth Strategies Monitoring Report to Priorities and Finance Committee (PFC). We would also like to thank the members of PFC for deferring the matter of the Report to the November 2019 meeting to allow those discussions to occur.

After working constructively with Administration, in the lead up to the October 8, 2019 PFC meeting and the time since, BILD understands Administration, in summary, will be making the following recommendations:

1. Intake of new communities business cases to remain open until March of 2020, however; due to workload and resource constraints, deferral of recommendations to Council on new communities business cases until at least November 2020.
2. No consideration of business cases which:
    a. Result in any taxpayer or city utility funded capital costs.
    b. Trigger additional City of Calgary funded operating costs or do not otherwise have an alternate funding mechanism for City of Calgary operating costs. From the discussions on this item, BILD further understands Administration is undertaking a review of how it determines and calculates operating costs and, has offered to continue to meet to understand how such costs will be determined and to identify and evaluate alternate mechanisms that may allow business cases to move forward.
    c. Proposed development is not contiguous with an approved Area Structure Plan (ASP).
    d. Do not show commitment to develop as demonstrated by submission of a land use and outline plan application.
3. GMO removal to occur at the same time as land use approval, and after 2020 November decisions.
4. Only those business cases which are recommended for approval by Administration will be presented to Council.

BILD remains a strong advocate for a city-wide growth strategy including current work on the Established Areas Growth and Change Strategy (EAGCS) and upcoming work on the Industrial Strategy. Our commitment to a citywide growth strategy is demonstrated by active participation by BILD staff and industry volunteers on all EAGCS working groups and Advisory Council. In addition, we have dedicated significant resources to policy, process and engagement which has supported and encouraged successful infill development.

Whether it be in respect of new communities, established areas or industrial areas, we strongly believe a functional, predictable and unified growth strategy will benefit industry, the City of Calgary and, importantly, Calgarians. BILD's members look to Administration and ultimately to City Council, as regulators, to establish and adhere to principles for both the regulations and how the regulations are applied. Clear, predictable regulations and processes allow Administration, Council and industry the common understanding and flexibility to invest time and resources in a way that has the highest probability of being productive for all stakeholders. BILD supports a transparent, predictable and functional system. To do otherwise risks eroding business confidence and investor trust in the City of Calgary.

BILD and Administration invested significant time and resources in the development of the intake and evaluation process used in the prior cycle of new community business case intake and evaluations. The present cycle of business case intake opened in September 2019 and was expected to result in recommendations regarding all submitted business cases in March 2020, as directed by Council.

BILD acknowledges the fiscal and resource pressures on Administration—industry has been coping with similar pressures for some time now. BILD is not asking for guaranteed outcomes that result in approval of additional new communities, or that progress be delayed on the established areas or industrial strategy work at the expense of new community review. BILD acknowledges that any future recommendations to approve any business case may be weighted upon the financial capacity of the City in the coming year.

Accordingly, BILD recommends:

1. New community business case recommendations from Administration be delayed from March 2020, as originally directed by Council, to no later than the November 2020 Council meeting.
2. Consideration of business cases which:
    a. Result in zero taxpayer or city utility funded capital costs
    b. Proposed development is contiguous with an approved Area Structure Plan (ASP).
3. GMO removal to occur at the time of business case approval
4. Regardless of Administration's recommendation, presentation of all business cases to Council for final decision. BILD believes Council to be the appropriate final decision makers on business case matters
5. Council support for adequate resourcing for:
    a. Evaluation of new community business cases;
    b. EAGCS; and
    c. The development of the Industrial Growth Strategy

Council and Administration have expressed a desire to be "open for business" and "business friendly". BILD believes support of its recommendation contribute to a predictable process which helps sustain investor certainty, employment and build confidence in the system.

We thank Administration for continuing to work with industry on growth strategies and we thank PFC for the opportunity to bring forward our industry's input on these important recommendations.

Respectfully,
BILD Calgary Region

Brian R. Hahn, CEO

c.c Stuart Dalgleish, General Manager Planning & Development, City of Calgary
Matthias Tita, Director, Growth & Strategic Services, Planning & Development, City of Calgary
Kathy Davies Murphy, Manager, Growth & Strategic Services, Planning & Development, City of Calgary

NAIOP
COMMERCIAL REAL ESTATE DEVELOPMENT ASSOCIATION
CALGARY CHAPTER

September 30, 2019

Kathy Davies Murphy
Manager, Growth & Strategic Services
Planning & Development
The City of Calgary | Mail Code 8117
P.O. Box 2100, Station M
Calgary, AB T2P 2M5

RE: Growth Monitoring, Established Areas and Industrial Strategy

Dear Ms. Davies Murphy,

Thank you for your continued efforts to include NAIOP Calgary in your stakeholder processes with respect to established area strategies and industrial considerations. Your proactive and inclusive approach to considering our members concerns is appreciated.

We understand that you and your team will soon be discussing the city's growth monitoring report with Priorities and Finance Committee (PFC). As you are aware, NAIOP Calgary's members quite concerned about the regional competitiveness of Calgary's industrial and commercial development, largely (but not solely) due to Council's ongoing deliberations and indecision on the property tax shift issue for several years now. This remains unresolved to date, and we understand that Council faces some potentially difficult decisions with respect to the property tax split and burden that is not (and likely never was) sustainable between residential and non-residential accounts. Even Council recognized in a press release on May 30, 2019 that "City Council is very aware of the significant tax burden on Calgary businesses as a result of the severe economic downturn". To date NAIOP Calgary members have still not seen a sustainable, reasonable and more balanced property tax revenue adjustment or other solution presented for discussion or engagement.

We previously wrote to Council on March 18, 2019 noting "in 2018, over 496,000 residential accounts had a taxable assessment base of about $214.8 billion, against which municipal taxes generated revenue of about $838M. This is contrasted against only approximately 13,800 non-residential accounts with a taxable assessment base of about $65 billion being asked to provide just over $1 Billion in municipal tax revenue. Essentially, this means that only 2.7% of all property tax accounts are being asked to shoulder the burden of over 54% of the entire revenue generated for municipal property taxes, despite only owning 23% of the taxable assessment base."

NAIOP Calgary continues to find significant value in working with you and your team on all aspects of a comprehensive, city wide growth strategy that includes new communities, established areas and industrial areas in a sustainable manner. We deeply appreciate the efforts of your team in understanding the pressure points for our members and working together to find sustainable, resilient solutions.

While the growth monitoring report being presented to PFC contains a notable amount of considerations for further reflection; NAIOP Calgary would highlight the following as key considerations for the report and beyond:

1) We note that Calgary is not currently meeting its admittedly optimistic targets with respect to intensification outlined in the MDP/CTP at this time, and that an adjustment is likely needed here, which will have several implications throughout the growth strategy for our city;

2) We remain quite concerned about regional competitiveness in industrial and commercial development. As PFC and Council is likely aware, the Industrial Strategy has had to be deferred given available resources, yet it remains an outstanding and important tool for diversification and economic improvement for Calgary. Together, we need to consider appropriate levels of industrial land supply based on location and land use as well as the cost of development to attract companies to Calgary, and we recognize your interest in building the tax base. Clearly, and bluntly, other nearby jurisdictions have been more competitive and sensitive to the economics of industrial and commercial development costs, especially property taxes, and Calgary could certainly do more to address this ex-urban and ongoing issue;

3) We are hopeful that the industrial strategy could hopefully address outcomes such as economic diversification, regional competitiveness, building resilience and job growth in industrial areas in Calgary, leveraging services within the City limits and accessing a skilled labour market in these economically challenging times;

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

4) We note to PFC and Council that the industrial strategy is the last of the three strategic growth types to be addressed for a number of reasons, and developing the scope of work for industrial growth strategy now is imperative to prepare for recommendations for the next City budget cycle (2023-2026); and finally,

5) We strongly advocate for the continuation of the Established Area work beyond March 2020, as it will likely further develop funding tools and consider costs of development to reduce risks to investors in a redevelopment context and of course acknowledging that capital is very fluid and can easily find multiple alternative jurisdictions to invest in. It is important that PFC and Council recognize that Calgary is no longer, and may never be again, the "go-to" capital investment geographic location of choice. We must compete with many other municipalities in Canada and globally to attract sustainable capital investment.

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

100, 5709 - 2nd Street SE Calgary, AB T2H 2W4
QUALICOCOMMUNITIES.COM

QUALICO communities

September 30, 2019

Committee Members
Priorities and Finance Committee
City of Calgary
PO Box 2100 Stn. M #8001B
Calgary, AB T2P 2M5

RE: PFC2019-1062: Growth Strategy Monitoring Report
West View Business Case

Dear Committee Members:

We have been made aware that the City Administration is amending the previous direction provided to them from Council regarding the submission of business cases for new development areas. Please accept this letter as Qualico Communities formal request to submit a Business Case for our lands within the West View Area Structure Plan, as shown on the attached plan. These lands are located south of the Trans-Canada Highway, immediately west of the existing community of Crestmont. Qualico kindly requests that the Priorities and Finance Committee direct administration to accept and review this Business Case. The opportunity to review business cases allows City Council to make thoughtful, informed decisions regarding the City's growth and ultimately, its economic development.

As you are aware, the City administration indicated throughout the 2018 Growth Management Overlay Business Case review that there would be the opportunity for a mid-budget cycle review in 2020. Council supported this approach, directing administration to complete a full evaluation of Business Cases for March 2020. Given this guidance, Qualico made the business decision to invest in planning its contiguous, serviceable lands, funding the City lead/developer-funded West View Area Structure Plan. These lands are in a position, both in terms of timing and location, to be developed in the immediate future. Qualico offers the following as rationale as to why these business case for these lands should be accepted by the City and then considered for GMO removal:

- City Administration and Council have shown continual support for the West View Area Structure Plan. The ASP was given first reading in July, with second and third are anticipated in November.
- The existing community of Crestmont will be fully built out in 2020, there is no future land supply.
- Qualico is proposing that the GMO be removed only for lands that require zero capital outlay from the City.

100, 5709 - 2nd Street SE Calgary, AB T2H 2W4
QUALICOCOMMUNITIES.COM

QUALICO communities

- Development of these lands will provide additional tax revenue to support infrastructure investments the City has already made.
- Development of these lands will generate levies to fund future infrastructure projects required to complete the existing communities along the Trans-Canada corridor.
- The development of this area would leverage existing infrastructure investment in the West Memorial San Trunk. The City benefits from generated tax and utility revenue if the use of capacity is maximized.
- Emergency services for the area would be provided via the existing Valley Ridge Fire Station. The result is increasing the station's service coverage without increasing its operating costs, thus making more efficient use of tax-funded operating costs already attributed to the area.
- Qualico will fund an Outline Plan that would extend to the western limits of the City, beyond the proposed GMO removal area. This ensures thoughtful planning for the future completion of this community, including planning for a future regional rec centre.
- The OP/LU application fees ($125,000) are ample to cover administrative costs associated with the file review, including the business case and GMO removal.
- Fee simple land supply in this area is very limited, despite strong demand. Fee simple residential product is not the focus of any of the developments currently underway in this corridor.
- Qualico has been a key contributor to Calgary's economy, having been continually active in the City since 1955. Qualico has developed 27 communities in the City of Calgary, employs 400 staff in Calgary and supports thousands of jobs directly or indirectly.
- There continues to be steady demand for housing throughout the City. Qualico has now developed the final phase in each of Crestmont, Evanston, Redstone and Silverado, and has a team ready to rejuvenate the supply of desirable housing in areas where the market demands.

Qualico strongly believes that the City should accept new Business Cases as per the previous direction from Council. In addition, Qualico believes that there is merit in reviewing the Business Case to develop our immediately serviceable land in the West View ASP at no additional cost to the City, while utilizing previously funded City infrastructure and services with our application.

We would request that the Priorities and Finance Committee direct administration to honour the direction given by Council in July 2018, accept our Business Case for GMO removal review, and allow Council the opportunity to make thoughtful and informed decisions about Calgary's future growth.

We will be present at Committee to answer any questions that you may have at that time.

Thank you for your consideration.

100, 5709 - 2nd Street SE Calgary, AB T2H 2W4
QUALICOCOMMUNITIES.COM

Regards,

Claudio Palumbo
Vice President, Community Development Southern Alberta
Qualico Communities

Cc Ben Mercer, Qualico Communities
Clark Piechotta, Qualico Communities

Enclosure: West View ASP Site Plan


TUSCANY
SCENIC ACRES
SPRINGBANK
ROCKLAND PARK
48 Avenue NW
VALLEY RIDGE
Stoney Trail NW
WEST VIEW ASP
TransCanada Highway 1
OUTLINE PLAN AREA
CRESTMONT
Township Road 245
STAGE 1 AREA
Highway 568
QUALICO®
communities

GENESIS

October 1, 2019

The City of Calgary
PO box 2100, Station M
Calgary, AB T2P 2M5

Attention: Members of Priorities and Finance Committee

Re: PFC2019-1062 Growth Monitoring Report

Genesis Land Development Corp. (Genesis) wishes to express our concerns about the possible acceptance of City Administration's recommendation to defer the next full evaluation of new community business cases to March 2020 which will be presented to Council.

Genesis has land holdings that are situated in an approved ASP or are about to receive 2nd and 3rd readings from Council in the immediate future. These land holdings do NOT require any future funding from the City and one has already been vetted by administration as being serviced by water resources and transportation from a capital perspective and being in a net positive cash flow from operational requirements. The other parcel will not require any additional servicing requirements as the necessary infrastructure has been budgeted through the existing new community growth management approval process. This parcel still needs to be looked at from an operational perspective and it is why Genesis asks the Committee and Council to allow it to be evaluated as per the 2018 directive of Council.

Genesis has a long history of developing communities in Calgary and takes great pride in bringing forth some of the more inventive places for citizens to live. We also look forward to continuing our relationship with the City and providing great places to live, work and play. One of the aforementioned land holdings is in the Ricardo Ranch ASP. Once approved, the community will offer perhaps the most unique opportunity within the City for future residents to engage with the Bow River, the river escarpment and the escarpment edge that has never before been offered in Calgary. The other parcel is situated in north-central Calgary and will offer enhanced recreational amenities allowing residents to interact with water features while maintaining affordability of product.

Our company made decisions on purchasing land and providing the funds for obtaining approvals based on the predictability that new business cases would continually be evaluated, and that the ability to proceed or not would be from the results of the merits of those applications.

Please note that Genesis is fully supportive of development in Calgary in both existing communities and in new areas. It is our belief that development needs to be encouraged and not dissuaded for the City to reach its full potential to offer residents the highest quality of experience while maintaining affordability and efficient use of public expenditures.

Genesis asks the Committee and Council to direct administration to accept new community business cases as per the 2018 directive and to not accept the recommendation to defer evaluation of business cases to March 2022.

Respectfully,

Arnie Stefaniuk, P. Eng, Vice President Land Development

c.c. Stuart Dalgleish, General Manager Planning and Development, City of Calgary

Matthias Tita, Director, Growth and Strategic Services, Planning and Development, City of Calgary

Kathy Davies Murphy, Manager, Growth and Strategic Services, Planning and Development, City of Calgary

Public Submission

City Clerk's Office

Please use this form to send your comments relating to Public Hearing matters, or other Council and Committee matters, to the City Clerk's Office. In accordance with sections 43 through 45 of Procedure Bylaw 35M2017, as amended. The information provided may be included in written record for Council and Council Committee meetings which are publicly available through www.calgary.ca/ph. Comments that are disrespectful or do not contain required information may not be included.

FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY ACT

Personal information provided in submissions relating to Public Hearing Matters before Council or Council Committees is collected under the authority of Bylaw 35M2017 and Section 33(c) of the Freedom of Information and Protection of Privacy (FOIP) Act of Alberta, and/or the Municipal Government Act (MGA) Section 636, for the purpose of receiving public participation in municipal decision-making. Your name, contact information and comments will be made publicly available in the Council Agenda. If you have questions regarding the collection and use of your personal information, please contact City Clerk's Legislative Coordinator at 403-268-5861, or City Clerk's Office, 700 Macleod Trail S.E., P.O Box 2100, Postal Station 'M' 8007, Calgary, Alberta, T2P 2M5.

✓ * I have read and understand that my name, contact information and comments will be made publicly available in the Council Agenda.

* First name	Ben
* Last name	Mercer
Email	bmercer@qualico.com
Phone	403.606.8498
* Subject	PFC2019-1062: Growth Strategy Monitoring Report - October 8, 2019
* Comments - please refrain from providing personal information in this field (maximum 2500 characters)	I am submitting a letter on behalf of Qualico Communities, to be included with the Administration report for item PFC2019-1062, on October 8th, 2019. I will email the letter to publicsubmissions@calgary.ca and cityclerk@calgary.ca Thank you.

RICARDO Ranch ESTD 2017

1 October 2019

The City of Calgary
Priorities and Finance Committee
c/o City Clerks
P.O. Box 2100, Stn. M
Calgary, Alberta, Canada T2P 2M5

ATTN: **Members of the Priorities and Finance Committee**

RE: **Ricardo Ranch Business Case - Soutzo Lands**

Dear Members of the PFC,

I am writing today on behalf of myself and my family to outline our concern regarding the potential for elimination of the Ricardo Ranch lands from consideration as a community worth removal of the Growth Management Overlay (GMO).

When reviewed as part of the initial business cases considered by Council, Ricardo Ranch was included with Rangeview, however, because we didn't have an ASP in place at that time, we were not considered for GMO removal. It was not because we had any funding or operational deficits.

We have first reading on an ASP at this time, and the Soutzo family is currently working with the City's Water Resources Department to allow for the installation of the Ogden Feeder Main and the Seton Storm Trunk within the Soutzo lands. We have cooperated with the City and allowed for utilization of access and land for working area in order to facilitate the completion of these projects which are of regional significance.

All required capital-intensive infrastructure, including the completion of 212 Avenue SE, is being undertaken to support the communities of Rangeview, Seton and Ricardo Ranch. Development of our lands assists the City in cost recovery for these large projects and does not require any additional capital expenditure on behalf of the City to achieve. This was detailed in the business case presented to Council which had the potential to realize the most

Soutzo FAMILY

substantial return to the City of Calgary of any business case presented. Removing the GMO on Ricardo Ranch:

- Aligns with the City's MDP and CTP Objectives;
- Leverages existing and approved infrastructure investment;
- Completes the development within the south end to the City limits and, with development, opens up a tremendous amenity, the Bow River and crown lands, in this area to a vast number of Calgarians, and;
- Helps advance regional infrastructure with a feedermain, trunk line and 212 Ave SE

Sincerely,

PER: Mr. Alexander Soutzo
Ricardo Ranch

The City of Calgary
PO Box 2100, Station M
Calgary, AB
T2P 2M5

October 29, 2019
Via Email

RE: PFC2019-1062: Growth Strategy Monitoring Report

Attention Members of Priorities and Finance Committee,

We are writing to express Dream Development's concern over PFC2019-1062: Growth Strategy Monitoring Report scheduled for discussion at the November 5, 2019 Committee meeting.

We continue to maintain that the process of business case submissions should proceed as directed by Council based on the commitment to a predictable system made between Industry and the City. Our business decisions have been significantly influenced by Council's prior direction on business case evaluation timing, and a material change to that direction will have a major negative impact on the state of our business as it would for other developers. In one of many examples, due to our best intent to align with the principles laid out by Administration during the previous intake, Dream respectfully pulled back the *Glacier Ridge Case* in early 2018 with the understanding that there would be another business case review period in 2020 as was directed by Council at that time.

We believe all business cases should continue to be accepted, with each evaluated on their individual merit. In the Case of *Glacier Ridge,* the development requires no additional leading infrastructure and leverages existing or already-funded infrastructure projects (such as the 144 Ave NW Bridge). Furthermore, the lands require no incremental increase in operating costs based on it being fully covered by existing emergency service stations, and transit requiring only small extensions of existing services. We are sympathetic to the various significant challenges the City currently faces and mindful of the concerns surrounding the costs of funding additional greenfield development. To this end we advance the *Glacier Ridge* Case as it asks only to utilize infrastructure which is already existing or funded.

Our understanding is that Administration continues to have ongoing discussion about altering the business case criteria, ostensibly to ensure applicants are serious about their investment. One of those criteria under review is a completed Outline Plan and Land Use application which takes at least a year and costs upwards of $1,000,000 to complete. Our concern is that this criterion asks developers to put significant amounts of money and time at risk. The length of time, history of process changes and level of investment to prepare an Outline Plan can only be rationalized with the certainty of Growth Management Overlay (GMO).

One of the reasons given by Administration for revisions to criteria is to counter the time and resource constraints on staff; an understandable concern given the cuts asked of the departments. However, the intention of the budget reduction was not to deter further investment in the future of Calgary. If the concern is staff resources, we believe this could be alleviated by a business case cost recovery application fee.

There is also discussion that Administration is developing an operating cost model to assist in evaluating business cases. Our concern is this adds additional time and complexity to an already strained process as operating cost models cannot follow a one-sized-fits-all and thus become highly nuanced. In the case in *Glacier Ridge*, for example, only transit extension are required.

The costs associated with a constantly shifting regulatory framework are apparent. Our ongoing desire is for consistency in process and a merit-based evaluation system.

We respectfully request the PFC Committee consider the above in their discussions, deliberations and ultimate recommendations to Council.

Should you have any questions or desire more context, we would be pleased to respond.

Sincerely,

Tara Steell, MPl., RPP, MCIP
General Manager Land, Calgary

cc: Members of Council
Jeff Beatch, Dream Development
Jeff Heximer, Dream Development

Chief Financial Officer's Report to Priorities and Finance Committee 2019 November 05

ISC: UNRESTRICTED
PFC2019-1294

Attainable Homes Calgary Corporation – Progress Update Report

EXECUTIVE SUMMARY

This report provides an update on Attainable Homes Calgary Corporation's ("AHC") Reach Martindale housing project ("Martindale Project") and AHC's credit facilities.

ADMINISTRATION RECOMMENDATION:
That the Priorities and Finance Committee recommends that Council: 1) Direct Administration to provide a one-time waiver of AHC's breach of its annual Interest Coverage Ratio for the period ending 2018 December 31, subject to the same waiver being received from AHC' Lender; 2) Direct Administration to amend any existing agreements between The City and AHC as applicable and to reflect AHC's credit facility renewal with its financial institution in form and content acceptable to the City Treasurer; and 3) Receive the progress report for the corporate record.
Click here to enter recommendation(s).

PREVIOUS COUNCIL DIRECTION / POLICY

On 2010 January 25 (M2009-11), Council passed Bylaw 64M2009, authorizing The City to lend to AHC up to $10 million for financing AHC's operating expenditures.

On 2013 July 29 (NM2013-20), Council resolved that AHC work with Administration to determine appropriate credit facility options and make recommendations to support achieving its mandate and report back to Council through the Priorities and Finance Committee no later than 2013 December 10.

On 2013 December 10 (PFC2013-0754), Administration requested a deferral to report back to the Priorities and Finance Committee by 2014 May to allow sufficient time for AHC to prepare and present its business plan to its Board of Directors and enable Administration to complete its due diligence and provide recommendations.

Through its business plan review, in 2014, AHC concluded that a revolving debt facility would better support its lumpy cash flows and requested to convert its $10 million loan facility with The City into the Revolving Debt Facility. An independent third-party financial consultant was utilized by The City to assist in evaluating the business plan and AHC's request.

On 2014 July 22 (PFC2014-0392), Council passed Bylaw 41M2014, authorizing The City to guarantee the repayment of the Revolving Debt Facility to a maximum sum of $10 million in accordance with terms and conditions outlined in a credit agreement between The City and AHC.

On 2016 April 13, in response to an Urgent Business Notice of Motion, Council directed Administration to postpone and subordinate The City's security position in favour of any lender who provides financing to AHC, outside of the Revolving Debt Facility, from time to time, provided that such postponement and subordination shall only secure the value of the assets being financed by the lender.

Attainable Homes Calgary Corporation ‑ Progress Update Report

On 2019 May 27 (C2019-0708), Council directed Administration to postpone and subordinate security that The City held with respect to AHC's Reach Martindale housing development and provide a consent to assign proceeds from the sale of housing units within the Martindale Project. Administration was also directed to work with AHC to review its long-term business plan when available and bring a progress update report back to Council through the Priorities and Finance Committee no later than 2019 November 5.

BACKGROUND

AHC is the active project manager on the Martindale Project where it recently completed the first three of twelve proposed buildings. As developer/manager of the Martindale Project, AHC is responsible for all costs associated with the project and any related sales and marketing activities. AHC is required to front all construction costs while sales proceeds from the project are typically deferred until after completion of housing units. In 2019 April, AHC realized the construction costs associated with the Martindale Project, in addition to managing its existing property inventory placed significant pressure on liquidity due to an extended construction/sales cycle. To address the timing difference between outflows and inflows, AHC successfully negotiated the provision of short-term liquidity through AHC's Lender to meet financial commitments to guarantee completion and transfer of units to homebuyers in 2019 Q3.

AHC requested from The City, in its capacity as guarantor, that additional security be provided to AHC's Lender to enable the New Debt Facility. To accommodate the New Debt Facility, The City was asked to subordinate and postpone any security interests in the Martindale Project up to a maximum property value of $4.5 million and provide an irrevocable assignment of sales proceeds up to a maximum of $2 million with respect to Martindale Project housing units.

On 2019 June 11, as requested by AHC and directed by Council, The City provided subordination and postponement of its security in the Martindale Project and consented to the irrevocable assignment of sales proceeds at the Martindale Project.

On 2019 June 12, AHC's Lender approved a $2 million temporary bridge loan facility ("New Debt Facility") by way of one advance made directly to AHC's builder partner with all amounts owing under the New Debt Facility becoming due and payable in-full on 2019 August 15. Proceeds from the New Debt Facility were immediately applied to trade payables owed to its builder partner for construction costs incurred at the Martindale Project to avoid any delays with turning over housing units to AHC customers.

AHC closed sales on a total of 24 units at the Martindale Project during 2019 Q3. Net proceeds inflows from sales in June and July were approximately $2.6 million and were applied to reduce AHC's $10 million City-guaranteed Revolving Debt Facility extended by AHC's Lender ("Revolving Debt Facility") from $9.8 million as at 2019 May 31 to $7.2 million as at 2019 July 31. Additional net proceeds of $2.9 million were received in August, from which $2 million was used to permanently repay the New Debt Facility on 2019 August 7 in advance of the maturity date and the excess was applied to further reduce the $10 million Revolving Debt Facility to $6.3 million at 2019 September 30. AHC's Lender subsequently confirmed that it provided a full discharge of the above security to AHC's legal counsel to be removed from title on all remaining units. AHC's Lender also, as part of its credit facility review, acknowledged a breach of AHC's interest coverage ratio covenant of not less than 1.5:1 at all times, tested annually, at 2018 December 31 ("Interest Coverage Ratio) and confirmed its intention to provide a waiver of this breach as part of its annual review. The City, as guarantor to AHC's credit facilities, requires that AHC similarly maintain an Interest Coverage Ratio not less than 1.25:1 at all times under a separate agreement ("City Credit Agreement"). Interest Coverage Ratio was -6.22:1 per AHC's audited financial statements as at 2018 December 31 with the formal breach acknowledged in AHC's compliance certificate provided to AHC's Lender on 2019 May 27, subsequent to the previous report to Council.

The above actions and provision of the New Debt Facility enabled AHC to manage immediate liquidity challenges and improve its overall financial position; however, there continue to be risks associated with the current model requiring the full attention of management and shareholders to properly mitigate. The City continues to collaborate with the AHC's management team, as they are in the process of developing a comprehensive long-term business plan to present for review/discussion and anticipated by 2019 Q2.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Credit Facilities

Outstanding indebtedness on AHC's Revolving Debt Facility decreased from $9.8 million at 2019 May 31 to $6.3 million at 2019 September 30, including a $0.3 million letter of credit in favour of The City.

In relation to the guarantee provided by The City to AHC's Lender ("City Guarantee"), The City and AHC entered into the City Credit Agreement which, generally and among other things, provided a commitment by AHC to reimburse and pay to The City any amounts paid by The City to AHC's Lender under the City Guarantee, and as security for performance of such obligations, AHC granted, generally, a first-ranking security interest in all its property in favour of The City.

AHC established the Evergreen Loan Facility in 2016 to acquire completed units from various housing projects and developments in The City. Repayment of the Evergreen Loan Facility is not guaranteed by The City. Current outstanding indebtedness on the Evergreen Loan Facility was repaid from $1.03 million to $0 in 2019 June with proceeds from the sale of units previously acquired by AHC; availability under this Facility is currently capped at $0 by AHC's Lender.

Stakeholder Engagement, Research and Communication

Treasury staff within the Finance Business Unit continue to work with AHC regarding financial performance, forecasts, operating challenges, and planning in the near to long-term.

Strategic Alignment

AHC is a non-profit, social enterprise, created and wholly-owned by The City, working to help moderate-income Calgarians achieve their dreams of quality home ownership.

Attainable Homes Calgary Corporation – Progress Update Report

Social, Environmental, Economic (External)

AHC was created in 2009 with a mandate to build 1,000 well-made, entry-level homes for moderate-income Calgarians.

Financial Capacity

Current and Future Operating Budget:

The City, as guarantor, would be obligated to pay the debts and liabilities of AHC under the Revolving Debt Facility up to a maximum sum of $10 million should AHC's Lender ever decide to call on the City Guarantee.

Current and Future Capital Budget:

There are no current and future capital budget impacts as a result of the recommendations in this report.

Risk Assessment

Current Default

As at 2018 December 31, AHC was in breach of certain terms and conditions outlined in the credit agreement with AHC's Lender and therefore, was also in breach of its City Credit Agreement. AHC's Lender was in the process of conducting an annual review of existing credit facilities in May and is currently working to finalize its renewal of AHC's credit facilities. AHC updated The City as to the process and indicated its Lender intends to waive the breach at year-end and will be amending certain covenants to better match AHC's operating cycle going forward. The City Credit Agreement is on terms and conditions similar to AHC's Lender and will require the same waiver to avoid a cross default between the two agreements.

AHC's Lender Approval

The Lender indicated they were comfortable with the above waiver and reconsideration of certain covenants attached to AHC's credit facilities due to the reliance on these facilities to fund construction costs in advance of proceeds from the sale of housing units.

Credit facilities will be reviewed again once AHC completes its updated business plan and long-term outlook with respect to buildings 7-12 (Phase 2) at the Martindale Project and its other projects. The City will continue to work with AHC through the process to understand what's required to deliver on its plans and what/if any impacts there might be on the existing structure.

Erosion of The City's Security

The City and AHC's Lender each have a charge registered against AHC's property, including its interests in purchase and sale agreements for units in the Martindale. The City's charge currently has a priority position over AHC's Lender's charge. Any postponement and subordination of The City's charge in favour of AHC's Lender, or assignment of assets by AHC to AHC's Lender, results in less coverage on indebtedness and increases the risk of a less than full recovery of obligations.

Attainable Homes Calgary Corporation - Progress Update Report

Subject to confirmation of financing options to support Phase 2 at the Martindale Project, it is likely that any additional support provided by its Lenders could require further postponement, subordination, and assignment related to the specific project. The City will work with AHC to better understand what implications this could have on existing Council approvals or risk to The City as shareholder and guarantor.

Obligations to Builder Partners
AHC has entered into $16.2 million of builder contracts binding them to material purchases in 2019 without a confirmed source of funding; however, management has confirmed through various conversations with its partners they are able to defer any outright purchase of units in the absence of a buyer in exchange for carrying costs in the interim. AHC was able to negotiate a smaller commitment to its partners and further reduce its obligation to purchase units but must continue to manage liquidity to meet all current and future obligations.

Liquidity
Capacity under the existing Revolving Debt Facility improved from $Nil at 2019 May 31 to $3.6 million at 2019 September 30 (net of $0.3 million letter of credit) and provides AHC with some flexibility to meet ongoing obligations; however, remaining costs to complete buildings 1-6 (Phase 1) of the Martindale Project are approximately $2 million that without additional confirmed sales/closings will consume most of the available liquidity.

The Evergreen Loan Facility is capped at zero and does represent additional liquidity available to AHC currently. The cash flow forecast depends heavily on high-level sales assumptions being converted to actual sales, availability/marketability of product, and market absorption.

Repayment
Repayment of any outstanding indebtedness remains subject to: 1) completion of the units at the Martindale Project; 2) removal of all conditions to closing under purchase and sale agreements, and 3) turnover of properties held in existing inventory.

The Martindale Project continues to experience strong traffic through its show homes with remaining buildings in Phase 1 still under construction and timing of completion/turnovers dependent on achieving internal presale targets. AHC currently has one firm and one conditional sale of a total six available units in building 4 with construction of this building on hold until 60% presales target has been achieved. Building 5 has three firm and one conditional sale with anticipated closings in 2020 Q2. Building 6 has sold-out with anticipated closings during 2019 Q4.

Anticipated costs to complete remaining buildings in Phase 1 of the Martindale Project are estimated to be $2 million and funded with the Revolving debt facility, as approved by AHC's Lender.

Phase 2 construction at the Martindale Project construction has not commenced and will be released for sale on a building-by-building basis, and construction will not progress until pre-sales targets are achieved. As a part of its long-term business planning, AHC plans to pursue project related financing through its AHC's Lender and will update The City accordingly.

Chief Financial Officer's Report to Priorities and Finance Committee 2019 November 05

ISC: UNRESTRICTED
PFC2019-1294

Attainable Homes Calgary Corporation ‐ Progress Update Report

Comprehensive Long-Term Business Plan

AHC is in the process of preparing a comprehensive long-term business plan, including financial projections to support sustainability. Administration will review AHC's comprehensive long-term business plan when it is available and will highlight any supporting recommendations at that time. Subject to completion of this plan and if necessary Administration may, at AHC's sole expense, engage an independent third-party to identify key risks and mitigation strategies, conduct scenario analyses, and assess the long-term viability of AHC's business plan. The long-term business plan will take AHC some time to prepare and timeline for completion is currently uncertain; however, a more detailed update is expected in 2020 Q2.

Upcoming Meeting Schedule

AHC has provided the following meeting schedule to Administration to outline next-steps in its business plan development:

- AHC's 2020 business plan will be reviewed by its Development Committee, Audit and Accountability Committee, and Corporate Performance and Governance Committee by the end of 2019 November.
- AHC's Board of Directors will review its 2020 business plan for approval in 2019 December;
- AHC's management will also provide its committees and Board of Directors with an updated budget for the Martindale Project, including pricing, sales pace, and costs;
- AHC's Board of Directors will meet in 2020 Q1 to review and approve the 2019 audited financial statements.
- AHC's management will present its annual report, 2019 audited financial statements and 2020 business plan to its Shareholder in spring 2020.

REASON(S) FOR RECOMMENDATION(S):

Administration acknowledges that AHC has undertaken significant steps to address near-term liquidity issues; however, there continue to be significant risks associated with AHC's operations that require addressing through a more comprehensive business plan and financial strategy. A one-time waiver of AHC's 2018 Interest Coverage Ratio breach is consistent with AHC's Lender approval of the annual credit facility renewal and removes the risk of conflict or cross-default between the City Credit Agreement and its credit agreement with AHC's Lender. AHC's financial covenant package is under review as part of its comprehensive long-term plans and may require further amendment to ensure the adequate protection against risks to ongoing operations.

ATTACHMENT(S)

None

City Clerk's Report to
Priorities and Finance Committee
2019 October 08

ISC: UNRESTRICTED
PFC2019-1077

Assessment Review Board Fees

EXECUTIVE SUMMARY

This report outlines recommended changes to Calgary Assessment Review Board (ARB) complaint fees.

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommend that Council:

1. Approve the proposed fees, with new complaint filing fees to be effective 2021 January 01; and,
2. Direct the City Clerk's Office to prepare an amending bylaw with the proposed fees, to bring forward during Adjustments to One Calgary Service Plans and Budgets.

PREVIOUS COUNCIL DIRECTION / POLICY

At its 2008 November 17 Special Meeting, Council considered report FCS2008-41 and subsequently passed a resolution to establish complaint filing fees for the ARB, as follows:

> "1.a. (ii) A percentage-based filing fee equal to one percent of the revenue neutral tax levy calculated from the current year assessment, rounded down to the nearest dollar with a minimum fee of $30;
>
> 1.a.(iii) That the maximum Assessment Review Board filing fee be $5,000 per roll number/premises."

At its Strategic Meeting of Council on 2018 May 16, Council adopted recommendations in report C2018-0586 and deferred establishment of long-term tax support rates for the Appeals & Tribunals service to the 2019 service plans and budgets adjustment process.

BACKGROUND

Section 481(1) of the *Municipal Government Act* (MGA) indicates that Council "…may set fees payable by persons wishing to make complaints…"; however, limits on assessment complaint filing fees were established by the Government of Alberta in 2009. These limits were established in Schedule 2 of the *Matters Relating to Assessment Complaints Regulation* (MRAC), and those same limits on complaint filing fees remain in effect today.

Complaints on single-residential, multi-residential properties with three or fewer units, and farmland properties that are heard by the Local Assessment Review Board (LARB) have a maximum filing fee of $50. Complaints on non-residential and multi-residential properties with four or more units, are heard by the Composite Assessment Review Board (CARB) and have a maximum filing fee of $650.

The legislation allows for refunds of complaint filing fees in some circumstances.

City Clerk's Report to
Priorities and Finance Committee
2019 October 08

ISC: UNRESTRICTED
PFC2019-1077

Assessment Review Board Fees

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Assessment complaint filing fees are recommended at $50 for LARB complaints and $650 for CARB complaints, as set out in Schedule 2 of MRAC as the maximum allowable complaint filing fees. A $40 early filing rate is recommended for annual LARB complaints filed on or before January 31st of each year. To allow sufficient time for changes to be made to the assessment notices, the new complaint filing fees would come into effect in 2021.

Complaint fees in other jurisdictions

Comparable jurisdictions operating under the same provincial assessment review legislation, such as Edmonton, Lethbridge, Red Deer and Fort McMurray, have set complaint fees at the provincially-regulated maximum rates (Attachment 1).

Impact

The fee revenue collected and retained (Attachment 2) varies depending on case outcomes that are determined by the ARB on a case-by-case basis.

Complaints on amended and supplementary assessments would not be considered for early complaint filing rates due to administrative complexity and smaller overall numbers of these types of complaints. Early complaint filing can create efficiencies in ARB scheduling and facility use, provide convenience for the public, with earlier resolution of their complaints, and lower the number of tax bill adjustments required.

The early filing deadline for LARB complaints has been set four weeks from the mailing date for assessment notices, and three weeks from the Assessment Notice date, in order to mitigate the risk that individuals will file complaints before attempting to resolve their differences with an assessor. Further, the City Clerk's Office will enhance its communication efforts, through its website and ePortal system, to ensure that prospective complainants are encouraged to discuss concerns about their assessments with the Assessment Business Unit (ABU) prior to filing a complaint. An early filing fee for CARB complaints is not recommended at this time.

Fees for copies of a public record

A new $50 fee for a copy of a public record of a complaint, or a portion of that record, is also proposed. The $50 fee would cover administrative costs of providing electronic copies, but will not cover printing costs for those who request paper copies of records.

Stakeholder Engagement, Research and Communication

The Chair of the Assessment Review Board, the City Assessor and the Manager of Tax, Receivables and Accounts Payable were engaged in development of the recommendations of this report.

City Clerk's Report to
Priorities and Finance Committee
2019 October 08

ISC: UNRESTRICTED
PFC2019-1077

Assessment Review Board Fees

Strategic Alignment

The recommendations in this report align with Council's Directives relating to a Well-Run City: "Calgary has a modern and efficient municipal government that is focused on resilience and continuous improvement to make life better every day for Calgarians by learning from citizens, partners, and others" (One Calgary 2019-2022).

Social, Environmental, Economic (External)

The Appeals & Tribunals service provides a benefit to individuals who exercise legal rights, and a broad benefit to society in allowing the availability of a process for challenging some decisions of local government in a manner that is less formal, lower-cost and more efficient than seeking recourse through the courts.

Financial Capacity

Current and Future Operating Budget:

No impact to the current or future operating budget is anticipated.

Current and Future Capital Budget:

No impact to the current or future capital budget is anticipated.

Risk Assessment

None.

REASONS FOR RECOMMENDATIONS:

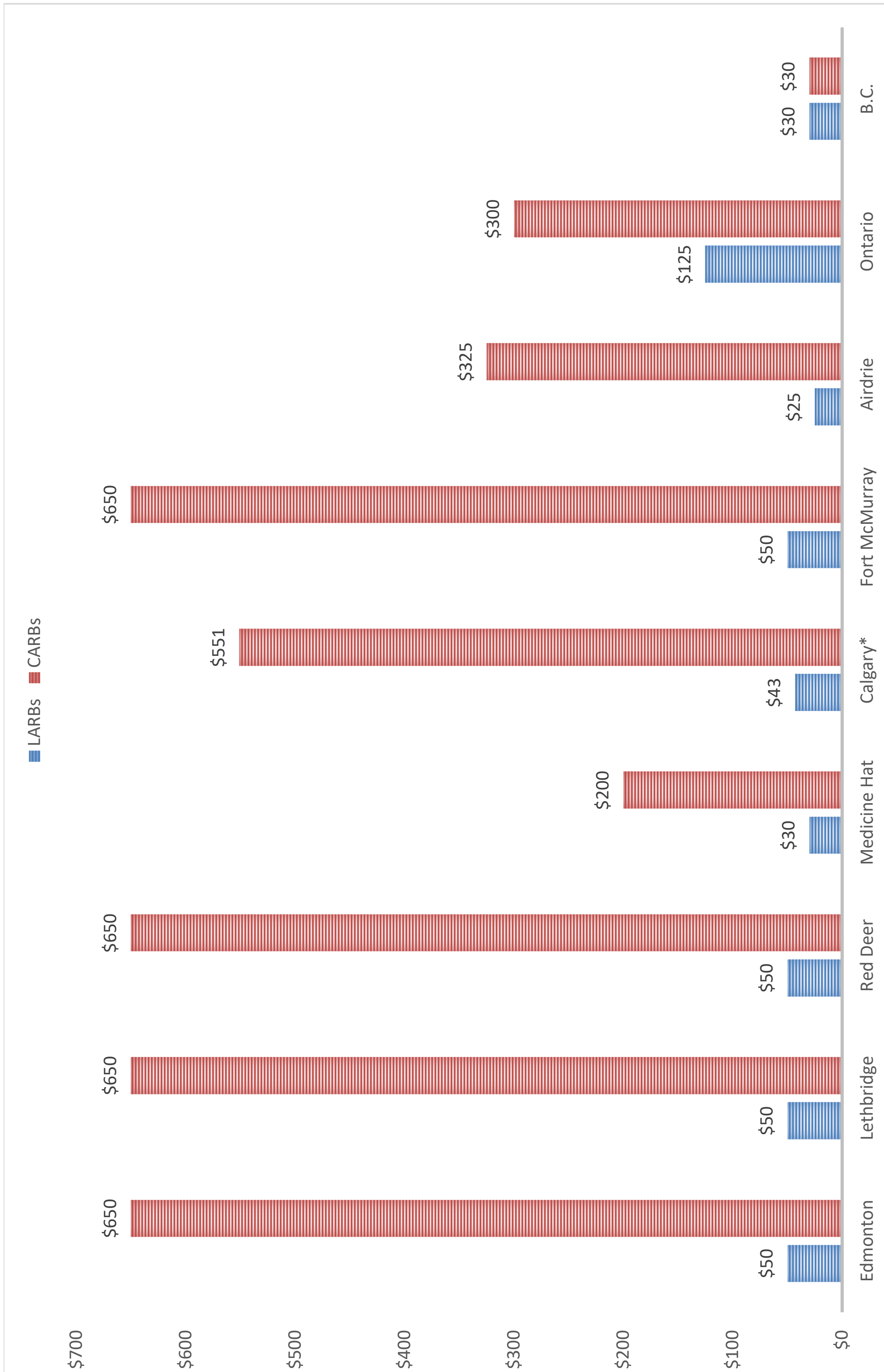
The proposed fees bring Calgary into better alignment with other comparable jurisdictions in Alberta and help offset operating costs.

Establishing a fee for copies of a public record of a complaint ensures that users requesting this service are covering an appropriate portion of the administrative costs.

ATTACHMENTS

1. Attachment 1 – Comparison of Assessment Review Complaint Fees in Other Jurisdictions
2. Attachment 2 – ARB Budget and Fee Revenue (2015-2018)

Comparison of Assessment Review Complaint Fees in Other Jurisdictions



*Average filing fees for 2018 roll year

ARB Budget and Fee Revenue (2015-2018)

	2015	2016	2017	2018
Actual Fee Revenue	$ 560,811	$ 734,240	$ 836,788	$ 438,049
Budgeted Expenditures	$ 4,772,505	$ 4,605,324	$ 4,085,140	$ 3,723,140
Percentage of budget	11.7%	15.9%	20.0%	11.8%
Actual Expenditures	$ 3,116,858	$ 3,509,443	$ 3,531,754	$ 2,766,172
Percentage of actual	18.0%	20.9%	23.7%	15.8%

LARB complaint volumes	2080	2136	1562	1366
CARB complaint volumes	2113	2471	2667	2200
Total complaints	4193	4607	4229	3566

LARB Hearings	1275	1848	1085	990
CARB Hearings	1698	1855	2167	885
Total Hearings	2973	3703	3252	1875

Average complaint cost / complaint	$ 743	$ 762	$ 835	$776
Average complaint cost / hearing	$1,048	$948	$1,086	$1,475

City Clerk's Office Report to
Priorities and Finance Committee
2019 October 08

ISC: UNRESTRICTED
PFC2019-1078

City Appeal Board Fees

EXECUTIVE SUMMARY

This report outlines recommended changes to fees for Calgary Subdivision and Development Appeals (SDAB).

ADMINISTRATION RECOMMENDATIONS:

That the Priorities and Finance Committee recommend that Council:

1. Approve the proposed fees; and,
2. Direct the City Clerk's Office to prepare an amending bylaw with the proposed fees to bring forward during Adjustments to One Calgary Service Plans and Budgets.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2002 December 03, Council adopted Bylaw 22P2002, amending Bylaw 25P95, establishing a $25 non-refundable administration fee for appeals to SDAB.

On 2007 October 23, Council adopted Bylaw 48M2007 and established the Licence and Community Standards Appeal Board (LCSAB), which included a $100 non-refundable filing fee for appeals relating to LCSAB appeals

At its 2013 May 27 Regular Meeting, Council approved the joint recommendations of the City Clerk and the SDAB, to:

- increase the subdivision and development appeal filing fee to $100,
- establish fee refunds for withdrawn appeals; and,
- direct that "…the City Clerk assess and propose incremental fee increases, when necessary, in alignment with the Business Planning and Budget Coordination cycle, every 3 or 4 years as appropriate."

At its 2013 July 29 Regular Meeting, Council amended the Calgary Subdivision and Development Appeal Board Bylaw, Bylaw 25P95, as amended, increasing the appeal filing fee to $100, and establishing fee refunds for withdrawn appeals.

On 2018 May 16, Council passed a resolution deferring long-term tax support rates for the Appeals and Tribunals service to the 2019 service plans and budgets.

BACKGROUND

The *Municipal Government Act* (MGA) requires Council to establish, by bylaw, a subdivision and development appeal board [MGA, s.627]. Section 630.1 of the MGA also provides that "a council may establish and charge fees for matters under this Part."

The fee for filing development and subdivision appeals was increased at the beginning of 2014 from $25 to $100. Recommendations adopted by Council at that time called on the City Clerk to identify changes to fees in alignment with the business planning and budget coordination process, when necessary. In 2018, establishment of long-term tax support rates for the Appeals and Tribunals service was deferred to the adjustment process for 2019.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

An appeal fee of $200 for all SDAB appeals is proposed. This fee would double the existing $100 fee, but would continue to be below the average of appeal fees in other Alberta jurisdictions, and would also compare favourably to jurisdictions outside the province.

Due to the very small volume of appeals before the LCSAB, no analysis of the $100 appeal fee for most matters (with the exception of a $500 appeal fee for *Weed Control Act* appeals) was undertaken.

Fee revenue in relation to operational costs

As intensification of the urban landscape increases, the planning and legal complexity of appeals arising before the Calgary SDAB is also increasing, and rivals that found in any Canadian jurisdiction. This complexity drives cost factors such as the time it takes to process appeals, the length of hearings, the amount of time it takes to write decisions, and related legal and administrative costs.

Fee revenue from development and subdivision appeals has always been relatively low in relation to the cost of supporting the SDAB appeal process. Total annual fee revenue for the City Appeal Boards section of the Appeals and Tribunals division from 2015 to 2018 averaged $17,047: this represents the equivalent of only one to two percent of what was spent to provide service (excluding facilities and corporate costs).

Despite measures being taken to lower operational costs, such as reducing the size of quorum for SDAB appeals, the average cost of supporting SDAB proceedings has trended upwards over the past number of years. In 2015, the average cost per appeal was approximately $6,358; by 2018, that cost had risen to $8,218.

Complaint fees in other jurisdictions

SDAB appeal fees in Calgary remain below the averages for other Alberta municipalities operating under a similar legislative framework (Attachment 1). Development appeal fees in Alberta average $215. Subdivision appeal fees in Alberta average between $275 (excluding St. Albert) and $399 (including St. Albert).

In jurisdictions outside of Alberta, appeal fees are also higher, such as in Vancouver, where the appeal fee is $531, or in Toronto, where the appeal fee is $300.

The proposed fee would establish affordability of subdivision and development appeals that is broadly comparable with fees in other jurisdictions.

City Clerk's Office Report to
Priorities and Finance Committee
2019 October 08

ISC: UNRESTRICTED
PFC2019-1078

City Appeal Board Fees

Impact

Fees established for the Appeals and Tribunals service should balance the affordability for those who use the service with affordability in maintaining the system. Some of the common participants in development and subdivision appeals before the SDAB include: land developers, businesses, members of the public seeking to develop their own properties, affected persons, subdivision and development authority representatives, and community associations.

A number of measures continue to be taken by the SDAB and the City Clerk's Office to increase the responsiveness of the appeal process for participants. At the same time, measures that improve the cost efficiency of delivering an effective service to the public are also being introduced (e.g. reducing quorum, establishing concurrent hearings).

The $200 appeal fee proposed in this report balances the scope of fee increase with the evolving cost pressures to deliver effective, timely service.

Copy of a hearing recording fee

A $50 administration fee is proposed for a copy of an audio recording of a hearing of the SDAB. Previously, the SDAB required individuals to pay for a transcript to be produced, which was both expensive for those who wanted to know what was said at an SDAB hearing, and administratively burdensome. The SDAB recently changed its policy to allow electronic copies of hearing recordings to be provided to those who request them, and so a $50 fee is proposed to cover the administrative costs.

Stakeholder Engagement, Research and Communication

The SDAB has no position respecting changes to the appeal fee.

Strategic Alignment

This report aligns with Council's priority of a Well-Run City: "Calgary has a modern and efficient municipal government that is focused on resilience and continuous improvement to make life better every day for Calgarians by learning from citizens, partners, and others" (One Calgary 2019-2022).

Social, Environmental, Economic (External)

The Appeals and Tribunals service provides a benefit to individuals who exercise legal rights, and a broad benefit to society in allowing the availability of a process for challenging some decisions of local government in a manner that is less formal, expensive and time-consuming than seeking recourse through courts

City Clerk's Office Report to
Priorities and Finance Committee
2019 October 08

ISC: UNRESTRICTED
PFC2019-1078

City Appeal Board Fees

Financial Capacity

Current and Future Operating Budget:

As it is difficult to forecast the number of appeals which may be filed, it is difficult to forecast the impact on future years' revenue; however, if appeal volumes remain relatively consistent with those experienced between 2015 and 2018 (Attachment 2), between $12,000 and $19,000 in additional revenue can be anticipated in future years.

Current and Future Capital Budget:

No impact to the current or future capital budget is anticipated.

Risk Assessment

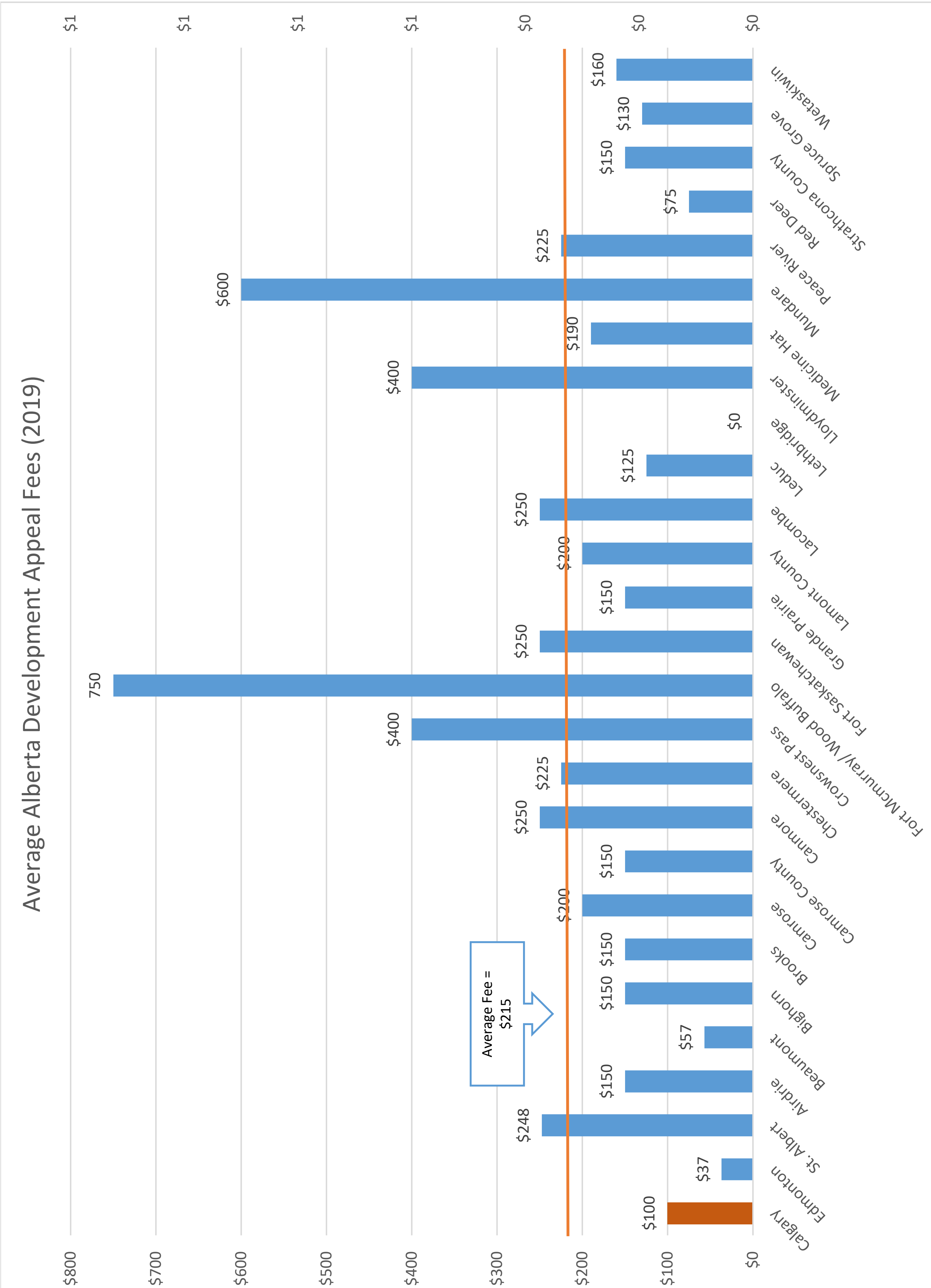
There is a risk that the increased appeal fee will be seen as obstructing the ability of some individuals to participate in the appeal process; however, even after the appeal fee increase proposed in this report, development and subdivision appeals will still be more affordable on average than is the case in many other jurisdictions.

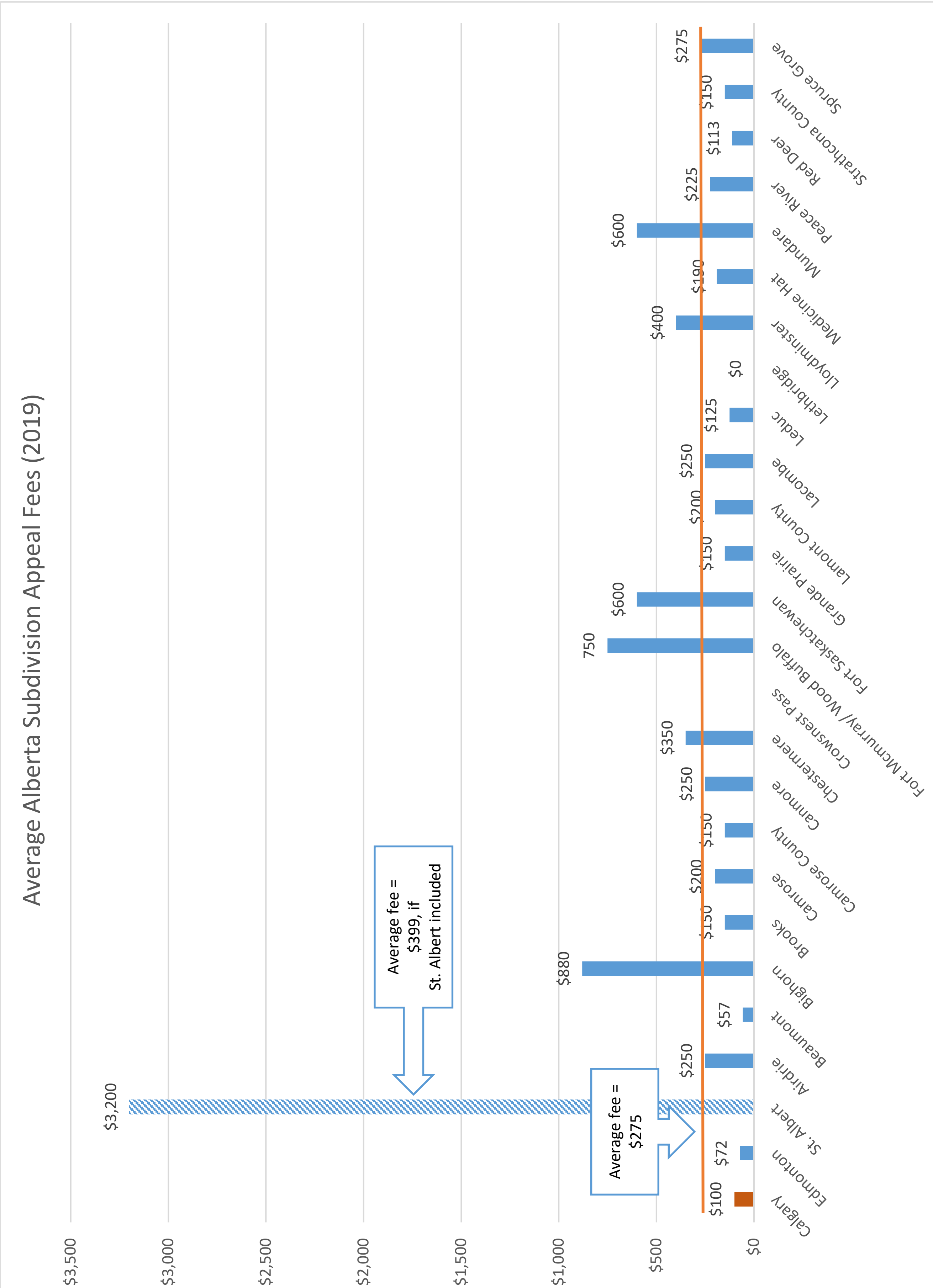
REASONS FOR RECOMMENDATIONS:

Changes to SDAB fees are recommended to balance the scope of a fee increase with the cost pressures in delivering effective, timely service. The proposed fee would also establish a cost which provides affordability of subdivision and development appeals that is broadly comparable to that which exists in other Alberta jurisdictions.

ATTACHMENTS

1. Attachment 1 – Average Alberta Development and Subdivision Appeal Fees
2. Attachment 2 – City Appeal Boards Budget and Fee Revenue


Average Alberta Development Appeal Fees (2019)
$0
$100
$200
$300
$400
$500
$600
$700
$800
$1
Calgary $100
Edmonton $37
St. Albert $248
Airdrie $150
Beaumont $57
Bighorn $150
Brooks $150
Camrose $200
Camrose County $150
Canmore $250
Chestermere $225
Crowsnest Pass $400
Fort Mcmurray / Wood Buffalo 750
Fort Saskatchewan $250
Grande Prairie $150
Lamont County $200
Lacombe $250
Leduc $125
Lethbridge $0
Lloydminster $400
Medicine Hat $190
Mundare $600
Peace River $225
Red Deer $75
Strathcona County $150
Spruce Grove $130
Wetaskiwin $160
Average Fee = $215


Average Alberta Subdivision Appeal Fees (2019)
$3,500
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
Calgary
Edmonton
St. Albert
Airdrie
Beaumont
Bighorn
Brooks
Camrose
Camrose County
Canmore
Chestermere
Crowsnest Pass
Fort Mcmurray / Wood Buffalo
Fort Saskatchewan
Grande Prairie
Lamont County
Lacombe
Leduc
Lethbridge
Lloydminster
Medicine Hat
Mundare
Peace River
Red Deer
Strathcona County
Spruce Grove
$100
$72
$3,200
$250
$57
$880
$150
$200
$150
$250
$350
750
$600
$150
$200
$250
$125
$0
$400
$190
$600
$225
$113
$150
$275
Average fee = $275
Average fee = $399, if St. Albert included

City Appeal Boards Budget and Fee Revenue (2015-2018)

	2015	2016	2017	2018
Actual Fee Revenue	$ 16,495	$ 13,805	$ 14,471	$ 23,418
Budgeted Expenditures	$ 1,017,841	$ 1,033,869	$ 1,056,664	$ 1,053,164
Percentage of budget	2%	1%	1%	2%
Actual Expenditures	$ 1,055,409	$ 1,131,425	$ 1,179,964	$ 1,594,367
Percentage of actual	2%	1%	1%	1%

Development and Enforcement Order Appeals	165	123	116	191
Subdivision Appeals	1	0	3	3
Total Appeals	166	123	119	194

Withdrawals	26	15	14	45
Percentage of Total Appeals Withdrawn	16%	12%	12%	23%

Average appeal cost	$ 6,358	$ 9,199	$ 9,916	$ 8,218

Chief Financial Officer's Report to Priorities and Finance Committee 2019 November 05

ISC: UNRESTRICTED PFC2019-1394

Discussion on proportional share for tax classes for 2020 in advance of budget deliberations

EXECUTIVE SUMMARY

As directed by NOM C2019-1323, Council is to explore the most equitable, appropriate and sustainable proportionate share of operating budget between residential and non-residential tax assessment classes for 2020 (using the illustrative examples provided by the Tax Shift Assessment Working Group (TSAWG) Attachment 1).

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee use the Tax Shift Assessment Working Group (TSAWG) illustrative examples presented in Attachment 1 as reference material in their discussion and development of Council recommendations on the proportion of property taxes between residential and non-residential properties for 2020.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2019 October 21, Council approved the following recommendations of the Tax Shift Assessment Working Group from C2019-1323.

1. Council enact the 4 recommendations (see below) of the Tax Shift Assessment Working Group (TSAWG), recognizing the collaborative efforts of private, public and elected representatives in identifying property tax and budget reform initiatives based on empirical evidence (in the form of the supplementary documents attached to the 2019 October 8 final report and recommendations to Priorities and Finance Committee from TSAWG:

    a. TSAWG recommends that Council make a values-based decision on the proportional share of operating budget responsibility between residential and non-residential property tax classes. This is to be informed by the scenarios provided.

    b. TSAWG recommends that Council be provided with assessment values and number of properties in both residential and non-residential property tax assessment classes for November 2019 and future budget seasons to make informed decisions based on past actuals and projected assessment amounts.

    c. (defeated)

    d. TSAWG recommends that the Financial Task Force liaise with the working group lead or any other members as required to fully understand the discussion items that are longer term solutions for tax reform.

2. Prior to budget setting in November 2019, Council explore the most equitable, appropriate and sustainable proportional share of operating budget between residential and non-residential tax assessment classes for 2020 (using the scenarios provided by the TSAWG) by adding this as an agenda item to the 2019 November 5 meeting of the Priorities and Finance Committee, with recommendations to be sent to the 2019 November 18 Combined Meeting of Council;

3. Council use Recommendation 1b to aid in understanding estimated revenue streams between residential and non-residential tax assessment classes, as well as examples of individual taxpayer circumstances (using the most readily available information in

Discussion on proportional share for tax classes for 2020 in advance of budget deliberations

Administration's annual assessment roll report), each November when the One Calgary budget is adjusted for the remaining years of 2021 and

5. As part of ensuring that the City of Calgary is evolving its approaches to taxation and budgeting, the Chief Financial Officer liaise with the appropriate counterpart at the Government of Alberta to understand the provincial portion of Calgarians' property taxes before November 2019 budget setting in an effort to provide more certainty and predictability to residents and businesses.

BACKGROUND

As a result of the TSAWG work, a recommendation was made that Council make a values-based decision on the proportional share of operating budget responsibility between residential and non-residential property tax classes. This is to be informed by the illustrative examples provided by the TSAWG.

Further, prior to budget setting in 2019 November, Council explore the most equitable, appropriate and sustainable proportional share of operating budget between residential and non-residential tax assessment classes for 2020 (using the scenarios provided by the TSAWG) by adding this as an agenda item to the 2019 November 5 meeting of the Priorities and Finance Committee, with recommendations to be sent to the 2019 November 18 Combined Meeting of Council. Information is included in this report to facilitate the discussion at PFC and Council.

In 2019, the proportionate share of property tax revenue is 53% for non-residential tax responsibility and 47% for residential tax responsibility. This is a change from the 2018 split of 54%:46%, including the last year of the Business Tax Consolidation. With the budget reductions of 2019 July, the share for non-residential tax responsibility is 51% and 49% for residential tax responsibility for 2020 based on the current budget approval.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The information provided in Attachment 1 outlines the options for consideration by PFC and Council in their discussions.

Stakeholder Engagement, Research and Communication

None required.

Strategic Alignment

Social, Environmental, Economic (External)

None noted.

Financial Capacity

Current and Future Operating Budget:

No impacts.

Chief Financial Officer's Report to Priorities and Finance Committee 2019 November 05

ISC: UNRESTRICTED PFC2019-1394

Discussion on proportional share for tax classes for 2020 in advance of budget deliberations

Current and Future Capital Budget:

No impacts.

Risk Assessment

Information is provided to facilitate the discussion at PFC and Council on the proportion of property tax distribution between residential and non-residential properties for 2020. There is a risk that additional information beyond these scenarios may be required for decision making.

REASON(S) FOR RECOMMENDATION(S):

The discussion on property tax proportion is aligned with budget deliberations in an effort to provide property tax payers with transparency in the decision making process.

ATTACHMENT

1. Attachment 1 – Illustrative examples from Tax Shift Assessment Working Group

Approval(s): Carla Male concurs with this report. Author: Sheryl McMullen, Nelson Karpa, Chris Jacyk

2020 Projected Assessment Base

0% Budget Increase

*Values Prepared on 2019 Sept 27 - subject to change

0% Budget Increase - 49% Res/51% NR Split

	2019	2020 Estimate	YOY Change
Taxable Residential Base	215,899,418,873	206,917,417,800	-4.16%
Taxable Non-Residential Base	58,380,240,793	60,315,534,520	3.31%
Estimated Residential Tax	908,520,000	928,763,000	
Estimated Non-Residential Tax	1,016,078,000	966,671,000	

0% Budget Increase - 50% Res/50% NR Split

	2019	2020 Estimate	YOY Change
Taxable Residential Base	215,899,418,873	206,917,417,800	-4.16%
Taxable Non-Residential Base	58,380,240,793	60,315,534,520	3.31%
Estimated Residential Tax	908,520,000	947,717,000	
Estimated Non-Residential Tax	1,016,078,000	947,717,000	

0% Budget Increase - 52% Res/48% NR Split

	2019	2020 Estimate	YOY Change
Taxable Residential Base	215,899,418,873	206,917,417,800	-4.16%
Taxable Non-Residential Base	58,380,240,793	60,315,534,520	3.31%
Estimated Residential Tax	908,520,000	985,626,000	
Estimated Non-Residential Tax	1,016,078,000	909,808,000	

Residential

0% Budget Increase - 49% Res/51% NR Split

Examples

Typical Single Residential Home	2019	2020 Estimate	YOY Change
Assessment	475,000	455,000	-4.21%
Municipal Tax Rate	0.0042108	0.0044231	
Municipal Taxes	2,000	2,013	0.62%
Monthly Payment	167	168	0.62%

Typical Single Residential Condo	2019	2020 Estimate	YOY Change
Assessment	255,000	240,000	-5.88%
Municipal Tax Rate	0.0042108	0.0044231	
Municipal Taxes	1,074	1,062	-1.14%
Monthly Payment	89	88	-1.14%

0% Budget Increase - 50% Res/50% NR Split

Typical Single Residential Home	2019	2020 Estimate	YOY Change
Assessment	475,000	455,000	-4.21%
Municipal Tax Rate	0.0042108	0.0045133	
Municipal Taxes	2,000	2,054	2.67%
Monthly Payment	167	171	2.67%

Typical Single Residential Condo	2019	2020 Estimate	YOY Change
Assessment	255,000	240,000	-5.88%
Municipal Tax Rate	0.0042108	0.0045133	
Municipal Taxes	1,074	1,083	0.88%
Monthly Payment	89	90	0.88%

0% Budget Increase - 52% Res/48% NR Split

Typical Single Residential Home	2019	2020 Estimate	YOY Change
Assessment	475,000	455,000	-4.21%
Municipal Tax Rate	0.0042108	0.0046939	
Municipal Taxes	2,000	2,136	6.78%
Monthly Payment	167	178	6.78%

Typical Single Residential Condo	2019	2020 Estimate	YOY Change
Assessment	255,000	240,000	-5.88%
Municipal Tax Rate	0.0042108	0.0046939	
Municipal Taxes	1,074	1,127	4.92%
Monthly Payment	89	94	4.92%

Non-Residential

0% Budget Increase - 49% Res/51% NR Split

Examples

Non-Residential $5m Property	2019	2020 Estimate	YOY Change
Assessment	5,000,000	5,000,000	0.00%
Municipal Tax Rate	0.017775	0.0158109	
Municipal Taxes	88,875	79,055	-11.05%
Less PTP	(16,214)		
Actual Municipal Taxes	72,661	79,055	8.80%

0% Budget Increase - 50% Res/50% NR Split

Non-Residential $5m Property	2019	2020 Estimate	YOY Change
Assessment	5,000,000	5,000,000	0.00%
Municipal Tax Rate	0.017775	0.0154083	
Municipal Taxes	88,875	77,042	-13.31%
Less PTP	(16,214)		
Actual Municipal Taxes	72,661	77,042	6.03%

0% Budget Increase - 52% Res/48% NR Split

Non-Residential $5m Property	2019	2020 Estimate	YOY Change
Assessment	5,000,000	5,000,000	0.00%
Municipal Tax Rate	0.017775	0.0146015	
Municipal Taxes	88,875	73,008	-17.85%
Less PTP	(16,214)		
Actual Municipal Taxes	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

	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		
Examples									
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

	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		
Examples									
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
Assessment	28,170,000	25,310,000	-10.15%
Municipal Tax Rate	0.017775	0.0160914	
Municipal Taxes	500,722	407,273	-18.66%
Less PTP	(32,601)		
Actual Municipal Taxes	468,121	407,273	-13.00%

	2019	2020 Estimate	YOY Change
Assessment	28,170,000	25,310,000	-10.15%
Municipal Tax Rate	0.017775	0.0156836	
Municipal Taxes	500,722	396,952	-20.72%
Less PTP	(32,601)		
Actual Municipal Taxes	468,121	396,952	-15.20%

	2019	2020 Estimate	YOY Change
Assessment	28,170,000	25,310,000	-10.15%
Municipal Tax Rate	0.017775	0.0148681	
Municipal Taxes	500,722	376,312	-24.85%
Less PTP	(32,601)		
Actual Municipal Taxes	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

	2019	2020 Estimate	YOY Change
Taxable Residential Base	215,899,418,873	206,917,417,800	-4.16%
Taxable Non-Residential Base	58,380,240,793	60,315,534,520	3.31%
Estimated Residential Tax	908,520,000	951,025,000	
Estimated Non-Residential Tax	1,016,078,000	996,925,000	

3.03% Budget Increase - 50% Res/50% NR Split

	2019	2020 Estimate	YOY Change
Taxable Residential Base	215,899,418,873	206,917,417,800	-4.16%
Taxable Non-Residential Base	58,380,240,793	60,315,534,520	3.31%
Estimated Residential Tax	908,520,000	973,975,000	
Estimated Non-Residential Tax	1,016,078,000	973,975,000	

3.03% Budget Increase - 52% Res/48% NR Split

	2019	2020 Estimate	YOY Change
Taxable Residential Base	215,899,418,873	206,917,417,800	-4.16%
Taxable Non-Residential Base	58,380,240,793	60,315,534,520	3.31%
Estimated Residential Tax	908,520,000	1,012,931,000	
Estimated Non-Residential Tax	1,016,078,000	935,019,000	

Residential

Examples

3.03% Budget Increase - 49% Res/51% NR Split

Typical Single Residential Home	2019	2020 Estimate	YOY Change
Assessment	475,000	455,000	-4.21%
Municipal Tax Rate	0.0042108	0.0045291	
Municipal Taxes	2,000	2,061	3.03%
Monthly Payment	167	172	3.03%

Typical Single Residential Condo	2019	2020 Estimate	YOY Change
Assessment	255,000	240,000	-5.88%
Municipal Tax Rate	0.0042108	0.0045291	
Municipal Taxes	1,074	1,087	1.23%
Monthly Payment	89	91	1.23%

3.03% Budget Increase - 50% Res/50% NR Split

Typical Single Residential Home	2019	2020 Estimate	YOY Change
Assessment	475,000	455,000	-4.21%
Municipal Tax Rate	0.0042108	0.0046385	
Municipal Taxes	2,000	2,111	5.52%
Monthly Payment	167	176	5.52%

Typical Single Residential Condo	2019	2020 Estimate	YOY Change
Assessment	255,000	240,000	-5.88%
Municipal Tax Rate	0.0042108	0.0046385	
Municipal Taxes	1,074	1,113	3.68%
Monthly Payment	89	93	3.68%

3.03% Budget Increase - 52% Res/48% NR Split

Typical Single Residential Home	2019	2020 Estimate	YOY Change
Assessment	475,000	455,000	-4.21%
Municipal Tax Rate	0.0042108	0.0048240	
Municipal Taxes	2,000	2,195	9.74%
Monthly Payment	167	183	9.74%

Typical Single Residential Condo	2019	2020 Estimate	YOY Change
Assessment	255,000	240,000	-5.88%
Municipal Tax Rate	0.0042108	0.0048240	
Municipal Taxes	1,074	1,158	7.82%
Monthly Payment	89	96	7.82%

Non-Residential

Examples

3.03% Budget Increase - 49% Res/51% NR Split

Non-Residential $5m Property	2019	2020 Estimate	YOY Change
Assessment	5,000,000	5,000,000	0.00%
Municipal Tax Rate	0.017775	0.0164527	
Municipal Taxes	88,875	82,264	-7.44%
Less PTP	(16,214)		
Actual Municipal Taxes	72,661	82,264	13.22%

3.03% Budget Increase - 50% Res/50% NR Split

Non-Residential $5m Property	2019	2020 Estimate	YOY Change
Assessment	5,000,000	5,000,000	0.00%
Municipal Tax Rate	0.017775	0.0159658	
Municipal Taxes	88,875	79,829	-10.18%
Less PTP	(16,214)		
Actual Municipal Taxes	72,661	79,829	9.86%

3.03% Budget Increase - 52% Res/48% NR Split

Non-Residential $5m Property	2019	2020 Estimate	YOY Change
Assessment	5,000,000	5,000,000	0.00%
Municipal Tax Rate	0.017775	0.0151382	
Municipal Taxes	88,875	75,691	-14.83%
Less PTP	(16,214)		
Actual Municipal Taxes	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%

Report Number: PFC2019-1397

Meeting: Priorities & Finance Committee

Meeting Date: 2019 November 05

NOTICE OF MOTION

RE: City of Calgary Wage Contract Reconsideration (2020) & City Council Remuneration for 2019-2020

Sponsoring Councillor(s): Councillor Ward Sutherland and Councillor Jeff Davison

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WHEREAS in November 2019, the City of Calgary Council will make readjustments to its budget plan for 2020 and beyond;

AND WHEREAS City Council must consider significant future economic forecasting which contemplates the continued slowing of economic recovery in Calgary;

AND WHEREAS economic factors in our City have continued to decline since negotiations began in 2017, and the result is that homeowners and businesses could face unsustainable property tax increases for years to come if the City's base budgeting is not reset;

AND WHEREAS a 1.5% wage increase in 2020 represents an approximately $31M increase to the base operational budget, which equates to a 1.8% property tax increase;

AND WHEREAS the increase of $31M to the operational budget represents half of the $60M in cuts made in the summer of 2019, the opportunity for council to deliver a 0% property tax 2020 will not be possible without significance cuts, reduction of workforce, or wages without an increase;

AND WHEREAS under the current economic environment, the City of Calgary's revenue and economic forecast in 2020 will not compensate for the wage increases;

AND WHEREAS Calgary Union – L37, L38, L709, L583, AND L2103 have seen on average of 1.33% wage increase the last 3 years;

AND WHEREAS the last 3 years of Council compensation adjustments are as follows: 2016(-2.49%), 2017(-0.08%), 2018-0% = (-.91%) Average

AND WHEREAS Councillor Remuneration is reviewed on a yearly term and any change of compensation is determined by a Council Compensation Review Committee policy;

AND WHEREAS base salary adjustments are effective, the first pay period of each year and the current Councillor base salary is $113,416.36 per annum taxable; (Attachment 2)

AND WHEREAS base salary percentage may increase or decrease as per the Average Weekly Earnings of Alberta as reported by the Statistics Canada survey of Employment Payroll and Hours;

NOW THEREFORE BE IT RESOLVED that Council;

1. Direct Administration to officially request all unions to reconsider the 1.5% wage increase for 2020 and agree to a voluntary 0% in 2020, thereby making a commitment to property tax relief during this extensive time of economic downturn in our City, and respond to Council before November 12, 2019.

2. Request that Council show continued leadership and stand with our union employees by voting on taking a voluntarily wage freeze reflective of 0% for 2019 and 0% wage adjustment for 2020, City Councillor remuneration.

Final Wage	2014	2015	2016	2017	2018	2019	2020
Calgary Police Service	2.25%	2.75%	3.00%	2.50%	NS	NS	NS
Calgary Fire Department	2.25%	2.50%	2.50%	2.50%	0.00%	1.50%	1.88%
Calgary Union - L37	1.80%	3.20%	3.50%	4.00%	0.00%	0.00%	1.50%
Calgary Union - L38	1.80%	3.20%	3.50%	4.00%	0.00%	0.00%	1.50%
Calgary Union - L709	1.80%	3.20%	3.50%	4.00%	0.00%	0.00%	1.50%
Calgary Union - L583	1.80%	3.20%	3.50%	4.00%	0.00%	0.00%	1.50%
Calgary Union - L254	1.80%	3.20%	3.50%	4.00%	NS	NS	NS
Calgary Union - L2103	1.80%	3.20%	3.50%	4.00%	0.00%	0.00%	1.50%
Calgary non Union	1.80%	3.20%	1.25%	0.00%	0.00%	1.20%	1.25%
City Council	0.00%	3.81%	0.88%	-2.49%	-0.08%	NS	NS

City # Councillors	Base Salary	Pop/Ward
Calgary- 14 Cllrs	113,416	90,500
Edmonton -11 Cllrs	114,306	81,000
-Toronto- 25 - Cllrs	116,506	112,000

*NS- No Settlement