AGENDA

PRIORITIES AND FINANCE COMMITTEE

December 5, 2017, 9:30 AM

IN THE COUNCIL CHAMBER

Members

Mayor N. Nenshi, Chair
Councillor S. Chu, Vice-Chair
Councillor D. Colley-Urquhart
Councillor S. Keating
Councillor J. Magliocca
Councillor W. Sutherland

1. CALL TO ORDER

2. OPENING REMARKS

3. CONFIRMATION OF AGENDA

4. CONFIRMATION OF MINUTES

   4.1 UNCONFIRMED MINUTES OF THE REGULAR MEETING OF THE PRIORITIES AND FINANCE COMMITTEE, 2017 SEPTEMBER 05

5. POSTPONED REPORTS

   (includes related/supplemental reports)

6. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

   6.1 Economic Development Investment Fund, PFC2017-1081

   6.2 Silvera for Seniors Budget Review, PFC2017-1106

   6.3 Stampede BMO Expansion Review - Update and Work Plan, PFC2017-1188

   6.4 Report on Investment in Calgary’s Cornerstone Arts Organizations, PFC2017-1202

   6.5 Corporate Workforce Planning Update and Corporate Employee Survey Results (Verbal), PFC2017-1214

6.6 Municipal Complex Structural Upgrade, PFC2017-1211

6.7 Plus 15 Program Implementation Plan, PFC2017-1102

6.8 Corporate Security Capital Request – Implementation Plan, PFC2017-1101

Attachments 2 and 3 held confidential subject to sections 23 and 24 of FOIP.

6.9 Assessment and Tax Circumstances Report, PFC2017-1083

6.10 2018 Business Tax Bylaw, PFC2017-1082

6.11 City Assessor Bylaw Amendment, PFC2017-1127

6.12 Status Update on Project Management Practices and Capital Budget Process, PFC2017-1131

6.13 Status of Outstanding Motions and Directions, PFC2017-1080

7. ITEMS DIRECTLY TO COMMITTEE

7.1 REFERRED REPORTS

7.1.1 Referred Recommendation 10 of Report C2017-1123 (Attachment 11, 2017 Triennial Reserves), PFC2017-1241

7.2 NOTICE(S) OF MOTION

(none)

8. URGENT BUSINESS

9. CONFIDENTIAL ITEMS

9.1 Attachments 2 and 3 to Report Corporate Security Capital Request – Implementation Plan, PFC2017-1101(Item 6.8 in Open Agenda) FOIP 23 and 24

9.2 Award Presentations to the 2017 December 11 Combined Meeting of Council PFC2017-1238 (FOIP 24)

9.3 Award Presentations to the 2017 December 18 Regular Meeting of Council, PFC2017-1240 (FOIP 24)

10. ADJOURNMENT

THE CITY OF CALGARY

Proudly serving a great city

MINUTES

PRIORITIES AND FINANCE COMMITTEE
HELD 2017 SEPTEMBER 05 AT 9:30 AM
IN THE COUNCIL CHAMBER

UNCONFIRMED

PRESENT: Mayor N. Nenshi, Chair
Councillor W. Sutherland, Vice-Chair (UCS Alternate)
Councillor G-C. Carra (CPS Chair)
Councillor A. Chabot (PUD Chair)
Councillor P. Demong (UCS Chair)
Councillor E. Woolley (T&T Alternate)
*Councillor R. Pootmans (Audit Alternate)

ALSO PRESENT: City Manager J. Fielding
Deputy City Manager B. Stevens
Chief Financial Officer E. Sawyer
General Manager K. Hansen
General Manager S. Dagliesh
Acting General Manager D. Limacher
General Manager M. Logan
General Manager R. Stanley
Acting City Clerk D. Williams

This meeting was conducted in accordance with the Procedure Bylaw 44M2006, as amended.

Mayor Nenshi assumed the Chair at 9:35 a.m. and Councillor Sutherland returned to his regular seat in the Chamber.

1. CONFIRMATION OF AGENDA

CONFIRM AGENDA, Moved by Councillor Chabot, that the Agenda for the 2017 September 05 Regular Meeting of the Priorities and Finance Committee be confirmed.

CARRIED

2. CONFIRMATION OF MINUTES

2.1 UNCONFIRMED MINUTES OF THE REGULAR MEETING OF THE PRIORITIES AND FINANCE COMMITTEE, 2017 JULY 18

CONFIRM MINUTES, Moved by Councillor Pootmans, that the Minutes of the Regular Meeting of the Priorities and Finance Committee, held on 2017 July 18, be confirmed.

CARRIED

3. ITEMS FROM ADMINISTRATION AND COMMITTEES

3.1 2017 MID-YEAR ACCOUNTABILITY REPORT, PFC2017-0635

DISTRIBUTION

At the request of Administration and with the concurrence of the Vice-Chair, the Acting City Clerk distributed copies of a PowerPoint presentation entitled “2017 Mid-Year Accountability Report”, with respect to Report PFC2017-0635.

APPROVE, Moved by Councillor Sutherland, that the Administration Recommendations contained in Report PFC2017-0635 be approved, **after amendment**, as follows:

That the Priorities and Finance Committee recommends:

1. That Council receive for information:

   - Attachment 1 – 2017 Mid-Year Accountability Report.
   - Attachment 2 – Tracking Organizational Realignments; and

2. That this report be forwarded as a matter of Urgent Business to the 2017 September 11 Combined Meeting of Council.

CARRIED

UNCONFIRMED

3.2 2017 MID-YEAR CAPITAL AND OPERATING BUDGET REVISIONS REPORT, PFC2017-0615

DISTRIBUTION

At the request of Administration and with the concurrence of the Chair, the Acting City Clerk distributed copies of a PowerPoint presentation entitled "2017 Mid-Year Capital and Operating Revisions", with respect to Report PFC2017-0615.

APPROVE, Moved by Councillor Sutherland, that the Administration Recommendations contained in Report PFC2017-0615 be approved, **after amendment**, as follows:

That the Priorities and Finance Committee recommends:

1. That Council approve capital budget revisions, as identified in Attachment 1;

2. That Council Receive for information:

    a. Attachment 2 – Capital Budget Revisions – Previously approved
    b. Attachment 3 – Capital Budget Revision Summary
    c. Attachment 4 - 2017 Operating Net Budget Changes;
    d. Attachment 5 - Council Decisions/Referrals Having Actual or Potential Future Year Operating Budget Impacts; and

3. That this report be forwarded as a matter of Urgent Business to the 2017 September 11 Combined Meeting of Council.

CARRIED

3.3 SILVERA FOR SENIORS FINANCIAL REVIEW, PFC2017-0666

PERMISSION TO SPEAK, Moved by Councillor Sutherland, that the Priorities and Finance Committee permit the following members of the public to speak, as per Section 99 of the Procedure Bylaw 44M2006, as amended, with respect to Report PFC2017-0666:

- Judy MacLachlan, Vice-Chair, Silvera for Seniors
- Sarah Price, Director of Service, Silvera for Seniors
- Lina Flanagan, Chief Financial Officer, Silvera for Seniors, and
- Lorne Robertson, Chief Development Officer, Silvera for Seniors

CARRIED

DISTRIBUTION

At the request of Ms. MacLachlan and with the concurrence of the Chair, the Acting City Clerk distributed copies of a PowerPoint presentation entitled "Presentation to City of Calgary's Priorities and Finance Committee", dated 2017 September 05, with respect to Report PFC2017-0666.

UNCONFIRMED

IN CAMERA, Moved by Councillor Sutherland, that in accordance with Section 197 of the *Municipal Government Act* and Sections 23, 24 and 25 of the *Freedom of Information and Protection of Privacy Act*, the Priorities and Finance Committee move In Camera in the Council Boardroom, at 11:35 a.m., in order to consider the confidential Attachment 8 of Report PFC2017-0666.

CARRIED

The Priorities and Finance Committee moved into public session at 12:05 p.m. with Mayor Nenshi in the Chair.

RISE WITHOUT REPORTING, Moved by Councillor Sutherland, that the Priorities and Finance Committee rise without reporting.

CARRIED

CHANGE THE TIME OF SCHEDULED RECESS, Moved by Councillor Demong, that pursuant to Section 91(1)(c) of the Procedure Bylaw 44M2006, as amended, the scheduled time of recess be changed to complete the remainder of today's Agenda.

CARRIED

APPROVE, Moved by Councillor Sutherland, that Administration Recommendations 1, 2, 3 and 5 contained in Report PFC2017-0666 be approved, as follows:

That the Priorities and Finance Committee recommend that Council:

1. Accept this report and its attachments for information;

2. Direct Silvera to report back to Council through the Priorities and Finance Committee with its full 2018 budget for consideration of Council approval no later than 2017 December;

3. Direct Administration to work with Silvera and the Government of Alberta to prepare a transition plan to address the expected discontinuation of Provincial gap funding for Silvera, reporting back to Council through PFC by 2017 Q4; and

5. Direct that this report be added as an item of urgent business to the 2017 September 11 Combined Meeting of Council.

CARRIED

UNCONFIRMED

APPROVE, Moved by Councillor Sutherland, that the Administration Recommendations contained in Report PFC2017-0666 be approved, **after amendment**, as follows:

That the Priorities and Finance Committee recommend that Council:

4. **Approve the recommendations contained in Attachment 8 and keep** Attachment 8, **In Camera discussions** and recommendations confidential under sections 23, 24 and 25 of the *Freedom of Information and Protection of Privacy Act* until such time as this matter is resolved;

Opposed: A. Chabot, E. Woolley

CARRIED

3.4 STATUS OF OUTSTANDING MOTIONS AND DIRECTIONS, PFC2017-0457

APPROVE, Moved by Councillor Sutherland, that the Administration Recommendation contained in Report PFC2017-0457 be approved, as follows:

That the Priorities and Finance Committee receive this report for information.

CARRIED

3.5 AWARD PRESENTATIONS FOR THE 2017 SEPTEMBER 11 COMBINED MEETING OF COUNCIL, PFC2017-0667

APPROVE, Moved by Councillor Sutherland, that the Administration Recommendation contained in Report PFC2017-0667 be approved, as follows:

That the Priorities and Finance Committee add the presentation of the Canadian Open Data "Open Data for Value" Award and the presentation of the IdeaScale Innovation Management Award for "Best Engagement Strategy" to the 2017 September 11 Combined Meeting of Council Agenda.

CARRIED

UNCONFIRMED

3.6 CALGARY IS A CONNECTED AND CREATIVE CITY - VERBAL, PFC2017-0653

DISTRIBUTION

At the request of Administration and with the concurrence of the Chair, the Acting City Clerk distributed copies of the following, with respect to Report PFC2017-0653:

- a PowerPoint presentation entitled “Calgary is a Connected and Creative City”; and
- a Civic Innovation YYC Yearbook booklet entitled “ The Best Way to Predict the Future is to Invent It Together”.

APPROVE, Moved by Councillor Carra, that with respect to Verbal Report PFC2017-0653, the following be approved:

That the Priorities and Finance Committee receive the Calgary is a Connected and Creative City - Verbal Report for information.

CARRIED

4. URGENT BUSINESS

No item of Urgent Business were added to today’s Agenda.

5. URGENT BUSINESS IN CAMERA

No item of Urgent Business, In Camera were added to today’s Agenda.

6. ADJOURNMENT

ADJOURN, Moved by Councillor Sutherland that this meeting adjourn at 12:32 p.m.

CARRIED

CONFIRMED BY COMMITTEE ON 2017 DECEMBER 07.

MAYOR ACTING CITY CLERK

UNCONFIRMED

THE FOLLOWING ITEMS HAVE BEEN FORWARDED TO THE 2017 SEPTEMBER 11 COMBINED MEETING OF COUNCIL:

URGENT BUSINESS:

3.1 2017 MID-YEAR ACCOUNTABILITY REPORT, PFC2017-0635

3.2 2017 MID-YEAR OPERATING REPORT, PFC2017-0615

3.3 SILVERA FOR SENIORS FINANCIAL REVIEW, PFC2017-0666

3.5 AWARD PRESENTATIONS FOR THE 2017 SEPTEMBER 11 COMBINED MEETING OF COUNCIL, PFC2017-0667

The next Regular Meeting of the Priorities and Finance Committee has been scheduled to be held on 2017 December 05 at 9:30 AM.

UNCONFIRMED

Economic Development Investment Fund

EXECUTIVE SUMMARY

On 2017 March 06, Council directed Administration to explore the creation of an Economic Development Investment Fund (EDIF) as one way to respond to the prolonged economic challenges facing Calgary and capitalize on new opportunities that will create jobs, drive economic recovery and revitalize the downtown core. At the Downtown Economic Summit (2017 March 02) participants identified a need for government bodies to create additional funding sources and approaches for innovative projects and ideas. One action that could create significant impact on the local economy involves the establishment of an EDIF in Calgary. Recognition of Calgary's economy as requiring municipal intervention was also reinforced at The City's #ResilientYYC Agenda-Setting Workshop (2017 March 03) where economic uncertainty and macro-economic stress were identified by participants as the top shock and stressor impacting the city. Current research by The City of Calgary suggests Calgarians are looking to government for leadership and investment to strengthen and diversify the economy.

Intentionally managing Calgary's economy through the establishment of an EDIF requires leadership and sufficient funding. Council's approval of $10 million to establish the EDIF is a good starting point. However, given the pressing issues of high downtown office vacancy and unemployment, more needs to be done.

There will be two reports back to Council on the EDIF. This first report provides recommendation on the long-term funding value of the EDIF. The second report will include the appropriate governance structure which Administration and Calgary Economic Development (CED) will bring forward in 2018-Q1. Administration and CED, with the support of the EDIF Steering Committee, are working on the development of a strong governance model, which includes processes for identifying and evaluating investment opportunities, working with City departments, and the proposed accountability and reporting mechanisms.

The recommendations in this first report were developed through the support of best practice research on similar funds across North America and the valuable insight and strategic advice from business leaders whom generously volunteered their time and expertise on the EDIF Steering Committee.

Calgary's economic recovery and prosperity remains a top priority for businesses and citizens. There is a need and urgency to increase the available funding for and to implement the EDIF. The EDIF guiding principles include: strategic investments; fast and agile processes; rigorous business case review and validation by objective third-parties; transparency and accountability; and an overall construct that allows the EDIF to act at the same speed of business in order for Calgary to compete regionally, nationally and internationally.

ADMINISTRATION RECOMMENDATIONS:

That the Priorities & Finance Committee recommends that Council:

1. Approve an additional allocation of $90 million for the long-term funding value of the Economic Development Investment Fund (EDIF) for a total of $100 million;
2. Direct Administration and CED to report to Priorities & Finance Committee with the EDIF Terms of Reference, including a strong governance structure, no later than 2018-Q1.

Economic Development Investment Fund

PREVIOUS COUNCIL DIRECTION / POLICY

2017 June 19

ADOPT, Moved by Councillor Woolley, Seconded by Councillor Farrell, that Administration Recommendations 1, 2, 3, 4, and 6 contained in Report C2017-0370, be adopted, as follows:
That Council:

1. Approve the creation of an Economic Development Investment Fund (EDIF);
2. Approve the conceptual scope and criteria for the EDIF (ATTACHMENT 3);
3. Approve the intake model and governance structure of the EDIF (ATTACHMENT 4);
4. Approve $10 million from the Fiscal Stability Reserve (FSR) to initiate the short-term start-up of the EDIF; and,
6. Direct Administration to return to Council during the 2018 budget deliberations process in November 2017 to present terms of reference, and identify the long-term recommended value and funding sources of the EDIF.

2017 September 11

ADOPT, Moved by Councillor Woolley, Seconded by Councillor Farrell, that the Administration Recommendations contained in Report C2017-0643 be adopted, as follows:
That Council:

1. Reconsider their decision for Administration to report to Council on the EDIF at a regular meeting of Council by November 2017 during the 2018 budget deliberations process. This decision is contained in the Minutes of the Strategic Meeting of Council, 2017 June 19; and
2. Direct that Administration's recommendation on the EDIF's terms of reference, long term recommended value and funding sources be brought to the 2017 December 05 Priorities and Finance Committee Meeting for consideration.

Economic Development Investment Fund

BACKGROUND

State of the Economy
Geopolitical circumstances and global commodity prices have had a major adverse impact on the energy industry and consequently on many businesses and citizens in Calgary.

Calgary's Centre City and downtown is an economic driver and employment centre. The downtown, fueled by the concentration of energy industry headquarter offices, historically generated 40 per cent of non-residential tax revenue and 25 per cent of city-wide employment. The job losses in Calgary and very high downtown office vacancy rates have dramatically reduced these numbers. With record high unemployment and office vacancy rates, there is a need to focus on and elevate the awareness of a coordinated strategy that leverages the collective efforts of The City and its public and private sector partners to stimulate new jobs and business creation.

Gross Domestic Product (GDP)

- The Conference Board of Canada (CBOC) predicts Calgary's economy will grow by 4.6 per cent in 2017; off of multi-year lows in 2015 and 2016 *(October 2017, CBOC).*
- After two years of contraction, Calgary's gross domestic product (GDP) is forecasted to be approximately $118.3 billion in 2017, compared to $120.5 billion in 2014.

Unemployment

- Calgary's current unemployment rate is 8.3 per cent (October, 2017).
- While job growth is expected to resume, it will not return in the same form, rate or compensation levels experienced prior to the recent energy price collapse.

Office Vacancy

- According to the CBOC, Calgary's downtown office vacancy rate was 25 per cent in 2016 and forecasted to reach 27.3 per cent in 2017, with approximately 12 million square feet of unoccupied office space.
- The CBOC projects that Calgary is unlikely to see any new downtown office real estate investment for at least 12 years.
- Calgary's Downtown Office Vacancy Rate is 27.4 per cent. (Q3-2017, CBRE)

The Oil and Gas industry has fundamentally changed.

- Gradually rising oil prices will help Calgary pull out of recession. However, the fact is that the oil and gas industry appears to have fundamentally changed – jobs and prosperity will not quickly, if ever, rebound.
- According to CED and the Calgary Chamber of Commerce's Spring 2017 Business Leaders Market Perceptions Survey, 81 per cent of leaders believe this is not a normal economic cycle and the future of Calgary's economy depends on other sectors becoming stronger to compensate for a fundamental decline in the impact of the energy industry.
- In addition, only 39 per cent believe the price of oil will come back and we will be fine, down from 54 per cent last year.
- The correlation between GDP growth, job creation and office space absorption is not the same as in previous economic recoveries and is highly unlikely to come from the energy industry. The disruption of digital technology will change how work is done.
- Job growth is projected to mainly come from companies that are less than five years old. *(Source: Forbes and the Kauffman Foundation)*

Economic Development Investment Fund

- Technology changes and innovation will further impact employment and demand for large spacious floor plates and long-term leases of office space, and if anything, the energy companies will likely continue to reduce employment levels and will require less space.

Responding to the Economy: A Top Priority

On 2017 March 06, Council directed Administration to explore the creation of an Economic Development Investment Fund to respond to the prolonged economic challenges and capitalize on new opportunities that will create jobs, drive economic recovery and revitalize the downtown core.

Council, at its Strategic Meeting on 2017 June 19, approved the $10 million start-up of Calgary's EDIF to respond to Calgary's prolonged economic challenges and capitalize on new opportunities that will create jobs, drive economic recovery and revitalize the downtown core. The goals of the Calgary EDIF include, but are not limited to:

- Help create the right conditions for growth;
- Diversify the local economy;
- Leverage municipal funds for additional private and public sector investments;
- Create employment lands and stimulate employment;
- Create a return on investment (both direct and indirect);
- Support downtown office vacancy reduction; and,
- Increase the assessment tax base.

The economy continues to be top of mind for citizens and businesses. According to the Economic Perspectives Survey conducted by Ipsos in October 2017, 95 per cent of respondents agreed on the following: *"I believe that The City of Calgary has an obligation to help support our local economy in whatever way they possibly can."*

It is important that The City of Calgary and its partners take deliberate steps and use a more agile and responsive approach to support economic recovery and growth; to help reduce the impact of the economic downturn on citizens and businesses; and, help ensure Calgary's ongoing success into the future.

- In 2017, Council approved $45 million from the Fiscal Stability Reserve to cap the non-residential property tax increase at 5 per cent.
- Council's establishment of the initial EDIF funding of $10 million is another deliberate action to support economic recovery and growth. While this is a good first step, increased funding from that initially approved amount is needed to enable Calgary to have a more effective tool and resources to support business retention and to compete against others for emerging opportunities. This is a band-aid solution that cannot be replicated annually. A long-term sustainable solution is required.

Economic Development Investment Fund

INVESTIGATION: ANALYSIS

EDIF Steering Committee

Calgary Economic Development (CED) assembled a voluntary EDIF Steering Committee composed of key business leaders to explore the development of Calgary's EDIF. The EDIF Steering Committee is represented by the following members:

1. Steve Allan, Chair of the Board, CED;
2. Michael Brown, President and CEO, Calgary Municipal Land Corporation (CMLC);
3. Ian Bruce, Former CEO, Peters & Co. Limited;
4. Cheryl Gottselig, Q.C., Partner, Burnet, Duckworth & Palmer (BD&P) Law Firm;
5. Jim Gray, Chairman of the Energy Group, Brookfield Asset Management;
6. Scott Hutcheson, Executive Chairman, Aspen Properties;
7. Mary Moran, President and CEO, CED; and,
8. Barry Munro, Partner, EY.

The Steering Committee met seven times to review best practice research and helped develop impactful, efficient and effective principles and processes that will generate high value and return on investment.

EDIF Guiding Principles

The Steering Committee focused on the importance of the following guiding principles:

- Strategic and catalytic investments;
- Deal making and deal closing mechanisms;
- Fast, agile, responsive and rigorous processes;
- Leverage funding, partnerships and expertise;
- Decisions made based on solid non-political risk/reward and cost/benefit analysis;
- Utilize third-party objective validation where appropriate;
- Generate significant return on investment (ROI) and material impact;
- Transparency and accountability;
- Not business as usual – outside the box thinking; and,
- Calgary must be bold and innovative to compete.

Best Practice Research

Administration conducted research across North American jurisdictions to understand municipal approaches to facilitate economic development. In the United States and Quebec, incentive programs are commonly used for business attraction. Philosophically, CED does not believe in incentives as it borrows loyalty; it tends to not buy loyalty. Some historical evidence suggests, once the incentive ends, the company tends to consider relocation to another jurisdiction.

In other jurisdictions, programs like the EDIF have helped stimulate growth; increase diversification; and relieve conditions of economic distress while providing significant returns on investment. It represents a commitment by local government to invest in strategic and catalytic projects to strengthen the local economy particularly during times of economic downturn and recovery. Across the funds reviewed, there were commonalities of goals and measures of success including employment growth, assessment base growth, and return on investment.

Economic Development Investment Fund

Indicative Investment Opportunities in Other Jurisdictions

Some of the initiatives achieved through dedicated economic development funding in other jurisdictions have included, but are not limited to:

Accelerator and incubator hubs	Airport expansions	Business park developments
Corporate headquarter relocations	Convention centres	Clusters such as: Aerospace/Aviation; Energy/Clean Tech; Healthcare; and Information Technology
Digital and performing arts	Downtown developments	Downtown parking improvements
Life sciences centre / campus	Research institutes that formerly had no presence in the city	University facilities in the downtown

The Case of Kitchener, Ontario

The City of Kitchener's $110 million EDIF was approved in 2004 with a ten-year implementation timeframe to 2013. The EDIF was funded through a special ten-year capital levy approved by Kitchener City Council in May 2004. The fund was conceived in response to emerging opportunities in the downtown. At the same time, it was evident that local manufacturers were struggling and the city faced a shortage of developable industrial land. The EDIF provided Kitchener with a mechanism to address both urban development opportunities and the need to re-align economic tactics. The EDIF provided a dedicated funding source for the city's strategic investments in major projects including the University Of Waterloo School Of Pharmacy (Downtown Campus), Wilfred Laurier University Faculty of Social Work, the Communitech Hub, Victoria Park Improvements, and the King Street Streetscaping.

The success of Kitchener's EDIF started with a strong foundation with post-secondary and institutional partners to leverage funding and to create transformative change and impact. Through these investments, there has been a significant turnaround with Kitchener, especially its downtown, recognized as a location for innovation and entrepreneurship.

Economic Development Investment Fund

The *Kitchener EDIF Impact Analysis Report (as of 2012),* highlighted the following economic impact and many benefits realized through the EDIF.

Employment Growth	There were 1,569 jobs that can be directly linked to EDIF investments including high tech jobs, as well as jobs in manufacturing and education. The Communitech Hub alone accounted for the creation of 620 jobs. Major employers have found space downtown due to EDIF investments including Google (200 employees).
Leveraged Funds	As of 2012, the City of Kitchener invested $97.8 million, and partner investments have reached $232.9 million. This represents $2.38 in additional funding by partners per $1 invested by the city.
Assessment Growth	Downtown properties near EDIF investments are valued at over $30 million in excess of expected assessment growth; strengthening the tax base.
Residential Growth Downtown	Since 2004, the population in downtown neighbourhoods increased by 1,718 residents, including 482 urban core residents, mostly in Kaufman Lofts – a project that proceeded as a direct result of EDIF investments.
Investor Confidence	The Communitech Hub alone has seen $333 million in equity investments as of 2012. The Hub alone accounts for the creation of 620 jobs. It has played a key role in the emergence of 413 new companies as of 2012. It also housed 90 start ups in 2012. *According to Communitech's 2016 Report, it saw big growth in the Waterloo Region, with more than 380 new startups created, over $255 million in capital investment, new companies moving to the region, and 2,782 new employees hired.*

Funding Comparison

The table below provides a comparison of funding value and funding per capita across cities with similar programs to the EDIF.

- At the initial funding of $10 million, Calgary's EDIF is far below the other cities.
- An increase up to the recommended EDIF total of $100 million would be $80 per capita.
- At this funding level, Calgary would have the resources and tools to be able to compete with other cities to attract investment and leverage partnership funding.
- The per capita funding is much higher in Kitchener and Pittsburgh at $550 and US $170, respectively.

Jurisdiction	Funding Value	Funding per Capita
Calgary	*A. $10 M	$8
Calgary	***Recommended B. $100 M**	**$80**
Kitchener	$110 M	$550
Pittsburgh	US $60 M	US $170

**Funding from Reserves*

Economic Development Investment Fund

Initial Calgary EDIF Funding

Administration, CED and the EDIF Steering Committee acknowledge and recognize Council's foresight in establishing the EDIF and the initial funding allocation of $10 million. This funding was identified as a new tool for Calgary's bid for Amazon HQ2, which was submitted on 2017 October 19.

The initial $10 million of EDIF funding has been earmarked as a small component to help support Calgary's Amazon HQ2 bid. However, based on intelligence, the EDIF funding amount was weak compared to other jurisdictions. The request that Council invest in the long-term funding of the EDIF to enhance Calgary's competitive advantage for emerging and strategic economic development opportunities that will benefit the community is intended to enhance the city's position when attracting new businesses and jobs.

Recommended Calgary EDIF Funding Value

Administration, CED and the EDIF Steering Committee recommend that Council increase EDIF funding by allocating an additional $90 million for a total of $100 million. At this funding level, Calgary would have more resources and tools to be able to compete with other cities to attract investment and to leverage partnerships and additional private and public funding. Increasing EDIF to a minimum of $100 million total fund will enable Calgary to compete nationally and internationally to attract economic investment.

- A smaller fund will not be able to compete for larger scale and higher return investment opportunities.
- Insufficient funding has the potential risk of diluting the fund into smaller projects that may have higher risk and lower return on investment potential.
- The EDIF and strategic investments would propel Calgary as a leading tier 2 city in North America that is focused on its economic development strategy through the attraction of larger companies, and the retention and expansion of existing businesses.
- The fund has to have sufficient scale to warrant the desired oversight and governance and to be best able to make a meaningful difference.

Estimated Return on Investment (ROI)
The $100 million Calgary EDIF is commensurate with the Kitchener EDIF of $110 million. One measure of potential economic benefit is to use the Kitchener results as a benchmark. A very conservative estimate on the return on investment for Calgary's EDIF includes:

Estimated Return on Investment: Calgary EDIF $100 Million	
Jobs	3,600
Leveraged Funds	$238 Million
GDP Value	**$300 Million**
Potential Incremental Investment	$300 Million

Economic Development Investment Fund

EDIF: A New Tool for Calgary

The EDIF will be a high value tool for The City's economic development team to leverage. CED continues to work hard to retain and attract investment, businesses and jobs to the city. CED currently has over 100 leads and prospects in the business development pipeline. Over the last two years and looking ahead into 2018, CED has a sharp focus on the quality of business development and investment attraction by targeting major companies such as Amazon, Microsoft, Alibaba, Google, Tesla and Infosys.

Recent Examples of How EDIF Could Have Helped in Calgary

Two cases of recent business retention and expansion to Calgary and the region highlight some of the opportunities that could have been leveraged with a tool such as the EDIF. While the EDIF was not utilized for these two examples, this illustrates the type of opportunities where the fund could be used for business retention, job creation, and new investment.

1. Amazon Fulfillment Centre - Calgary Region
    - On 2017 October 26, Amazon announced its decision to construct a new fulfillment centre in the Calgary region. The 600,000 square foot centre will be built in Balzac. The new fulfillment centre will support 750 new full-time jobs in the Calgary Region. CED collaborated with the province and regional partners to help attract this significant international business expansion into the Calgary area.
    - The Calgary Region is the major transportation and logistics hub and the leading inland port in Western Canada so it is a natural fit for Amazon to locate one of its fulfilment centres here. The ability for companies to efficiently connect regional and global customers is increasingly important to business and the Calgary Region provides significant advantages, from geographic location to top-quality human resources.
    - Logistics distribution centres are significant contributors to economic prosperity in the Calgary Region. It is estimated that one new centre contributes approximately $75 million over a ten-year period to the Calgary Region's GDP in direct, indirect and induced economic impacts.
    - EDIF could have helped by providing potential competitive land options within Calgary and/or to help close the gap on land costs to attract Amazon to locate within the city – creating a higher tax base for Calgary.

2. Swoop - Ultra Low Cost Carrier
    - In the evaluation of a new headquarter site for their low cost carrier Swoop, WestJet identified various Canadian cities as potential locations.
    - In September 2017, Swoop Ultra Low Cost Carrier announced that Calgary will be the location of its headquarters.
    - The company has plans to launch in 2018 and is anticipated to support 50 new jobs.
    - CED worked with Swoop and the province to secure Calgary as the confirmed headquarter city.
    - To assist with the attraction or expansion of aviation and goods movement companies, as well as to ensure that Calgary maintains its attractiveness as a headquarters location, the EDIF could have helped to offset costs and invest in Calgary competitiveness by:

Economic Development Investment Fund

- Investment contribution to the development or enhancement of an internship program for students currently registered in post-secondary aviation or aerospace programs interested in working with companies like WestJet;
- Implementation of new transit routes or increased transit frequency to the airport to aid in talent retention of staff; and,
- New or modified roads, connectors and lights in and around the airport to enhance the efficient movement of people and cargo.

In reviewing recent business development opportunities, one of the areas in which Calgary is less competitive is the cost of land. The availability and cost of industrial land along with the variety and size of the parcels are influential factors for a company's decision to locate or expand in Calgary. An EDIF investment may assist in a variety of ways in bridging this gap.

Examples of Potential Ideas for Future EDIF Investment in Calgary

Attachment 2 provides five examples of ideas or projects for potential EDIF investment including the following:

1. Post-Secondary Institutions Downtown Campus;
2. Logistics and Distribution Centre – Inland Port Strategy;
3. Autonomous Systems Testing Site;
4. Agri-Zone Development; and,
5. Office to Residential Conversion.

Economic Development Investment Fund

EDIF OVERVIEW
This section provides a summary overview of the EDIF including Goals, Scope, Area of Applicability, Guiding Principles, Criteria, and Intake & Review.

a. Goals

The goals of the Calgary EDIF include, but are not limited to:

- Help create the right conditions for growth;
- Diversify the local economy;
- Leverage municipal funds for additional private and public sector investments;
- Create employment lands and stimulate employment;
- Create a return on investment (both direct and indirect);
- Support downtown office vacancy reduction; and,
- Increase the property tax assessment base.

b. Scope

Council approved the conceptual scope of the EDIF on 2017 June 19. Administration consulted with Law to confirm out of scope parameters to ensure alignment with the Municipal Government Act (MGA). The following items are out of scope for EDIF:

- **No municipal tax relief (revised to align with the MGA);*
- **No loans (revised to align with the MGA);* and,
- No communications, marketing or public relations.

CED and the EDIF Steering Committee recommend the in scope list (last item) be revised to *"retention or creation of employment/jobs," in general.*

Attachment 1 summarizes the updated conceptual scope of the EDIF.

c. Area of Applicability

The EDIF is applicable for eligible projects within Calgary.

d. Guiding Principles

- Strategic and catalytic investments;
- Deal making and deal closing mechanism;
- Calgary must be bold and innovative to compete;
- Fast, agile, responsive and rigorous processes;
- Leverage funding, partnerships and expertise;
- Decisions made based on solid non-political risk/reward and cost/benefit analysis;
- Utilize third-party objective validation;
- Generate significant ROI and material impact;
- Transparency and accountability; and,
- Not business as usual – outside the box thinking and processes.

Economic Development Investment Fund

e. Criteria

Criteria that will evaluate whether a project could qualify for the EDIF include:

a) Stimulate employment – jobs created;
b) Generate a return on investment (direct and indirect); and,
c) Stimulate property tax assessment base.

f. Intake & Review

An essential component to any fund is a strong intake and review body:

- CED will serve as the intake organization for all investment opportunities.
- Potential investment opportunities and proposals will be brought forward through CED.
- The City of Calgary may also bring proposals forward through CED.
- The intake process will be agile and flexible to accommodate emerging investment opportunities to ensure return on investment and material impact.
- The EDIF will not operate like a grant program. It is intended to support innovative and emerging opportunities.
- The potential investment opportunities will be reviewed and validated by CED, relevant City and private sector subject matter experts, and third-party objective assessments where appropriate.

g. Governance & Oversight

Administration, CED and the EDIF Steering Committee are working on the development of a strong and effective governance model and detailed Terms of Reference. Administration and CED will bring the Terms of Reference and governance model to Priorities & Finance Committee in 2018-Q1.

Economic Development Investment Fund

Stakeholder Engagement, Research and Communication

The City of Calgary is working to address the needs of Calgarians in light of economic changes in the community with a focus on supporting the economy, keeping Calgarians working, and increasing government effectiveness. The City continues to conduct research about the needs and changing priorities of Calgarians, to gauge perceptions of quality of life, the economy, and infrastructure investments. In light of the current economic climate, City research suggests that Calgarians are looking to government for leadership and investment to strengthen and diversify the economy moving forward. A majority of Calgarians believe that The City has an impact on their quality of life and an obligation to support the local economy.

Strategic Alignment

At the Downtown Economic Summit (2017 March 02) participants identified a need for government bodies to create additional funding sources and approaches for innovative projects and ideas. On 2017 March 03, economic uncertainty and macro-economic stress was identified by participants as the top shock and stress at The City's #ResilientYYC Agenda-Setting Workshop as part of its membership in the Rockefeller Foundation's 100 Resilient Cities network. The report and recommendations directly align with Council Priorities for 2015-2018. The EDIF has strong alignment with the 10-Year Economic Strategy for Calgary: Building on our Energy, which speaks to a collaborative effort between business, government and community partners to position Calgary as the location of choice for business and investment, foster trade and develop Calgary's workforce. The EDIF will be aligned with The City's Capital Investment Plan.

Social, Environmental, Economic (External)

Calgary's EDIF offers unique social, environmental and economic benefits. The collective impact of the EDIF is intended to provide for enhanced resilience, a range of economic benefits including local employment creation, gross domestic product, regional gross input, and increased regional income.

Financial Capacity

Current and Future Operating Budget:

Administration recommends the approval of an additional $90 million for the long-term value of the EDIF. As the proposed funding will be sourced from existing reserves, there will be no impact on the mill rate. The EDIF funding will be held in a designated City account.

Current and Future Capital Budget:

There are no current or future capital budget impacts associated with this report.

Risk Assessment

From an economic perspective, the EDIF needs sufficient funding to generate material impact and return on investment. The risk will be mitigated by having rigorous business cases, which will be reviewed by CED, Administration and validated by objective third-party experts. From a reputational risk perspective, increasing EDIF funding to a level commensurate with other jurisdictions demonstrates Calgary is open for business and supports economic growth and investment. Lastly, governance mechanisms will be developed to ensure the appropriate oversight and accountability.

Economic Development Investment Fund

REASONS FOR RECOMMENDATIONS:

Calgary's economic recovery and prosperity remains a top priority for businesses and citizens. There is a need and urgency to increase funding and implement the EDIF. Administration, CED and the EDIF Steering Committee, strongly recommend increasing EDIF funding to a minimum of $100 million total fund to enable Calgary to compete nationally and internationally to attract economic investment. A smaller fund will not be able to compete for larger scale and higher return investment opportunities. Insufficient funding has the additional potential risk of diluting the fund into small projects that have higher risk and lower return on investment.

Administration and CED will bring the governance model and Terms of Reference to Priorities & Finance Committee in 2018-Q1.

ATTACHMENTS

1. Conceptual Scope of the Economic Development Investment Fund
2. Examples of Potential Ideas for Future EDIF Investment in Calgary

Attachment 1: Conceptual Scope/Criteria of the Economic Development Investment Fund (EDIF)

In scope EDIF criteria*	Out of scope EDIF criteria
• City-wide, including the downtown Centre City • Opportunities to partner, e.g. land purchases that are strategic • Targeted infrastructure to support economic development • Land for public or non-profit institutions • Fund City process improvements • Investment in technology • Partnerships with federal and provincial governments • Augment existing or new City granting programs to create business and economic development • Job training • Trade and investment attraction / export program • Brownfield redevelopment • Innovation clusters and zones • Optimizing use of vacant space • Strategic relocation of industrial land • ***Retention or creation of employment/jobs*	• Communications, marketing or public relations • **No municipal tax relief* • **No loans*

Notes:

**Revised to align with the Municipal Government Act (MGA).*

***Revised to reflect retention or creation of employment/jobs (in general).*

Attachment 2: Examples of Potential Ideas for Future EDIF Investment in Calgary

1. Post-Secondary Institutions Downtown Campus

- There is a tremendous opportunity to develop a new post-secondary downtown campus by utilizing existing and vacant office space.
- Institutional uses will be key to help absorb vacant office space while simultaneously contributing to downtown vibrancy, education and training, and supporting area businesses.
- *"Bringing more post-secondary institutions downtown"* was identified as a priority at the Downtown Economic Summit on 2017 March 02.
- The EDIF will be a tool that could be tapped to make this a reality through partnerships with post-secondary institutions and leverage other government and private sector funding. For instance, the EDIF could support the following: upgrade required infrastructure, municipal permitting, partnership funding, research hubs and student housing.
- The potential benefit would include but is not limited to: absorption of office space, job creation, return on investment, uplift in assessment, leveraged funding, and joint venture or partnership
- Investing in a post-secondary downtown campus is strategically important.

2. Logistics and Distribution Centres – Inland Port Strategy

- Logistics distribution centres are significant contributors to economic prosperity in the Calgary Region. It is estimated that one new centre contributes approximately $75 million over a ten-year period to the Calgary Region's GDP in direct, indirect and induced economic impacts.
- To assist with the attraction or expansion of distribution centres, the EDIF could provide funding to offset land costs.
- While the scenarios are varied, they could include the following:
    - New or modified roads, connectors and lights in a specified industrial area to ensure traffic flow wait times at lights are minimal, and the transport of goods in and out of the area is safe and efficient.
    - New transit routes are installed or transit frequency is increased in industrial areas to aid in talent retention for companies located in these areas.
    - Investments in energy solutions, including new electricity sub-stations, cogeneration plants or the investment in the installation of solar panels. An investment in energy efficiency for industrial users will offset significant HVAC costs they incur within their large, open floorplan warehouses.
    - Investments to offset some costs associated with brownfield remediation.
    - Investments in dark fibre and other in-ground services for new industrial areas or industrial areas that have not undertaken those investments.
    - Investments to offset zoning or planning bylaws requiring certain types of building structures which potentially could cost more for the client, but are deemed necessary or important for The City of Calgary to maintain architectural standards within a specific area.
- The potential benefit would include but is not limited to job creation, return on investment, uplift in assessment base, leveraged funding, and joint venture or partnership.
- Investing in Calgary's lead position as an Inland Port is strategically important.

3. Autonomous Systems Testing

- Calgary has potential sites that could serve as an ideal location for autonomous systems testing.
- Calgary could consider finding a niche for autonomous systems testing such as trucks and heavy operating equipment that supports the economic development of this growing high tech industry.
- For instance, the EDIF could support the following: provide testing facility and infrastructure, municipal permitting, partnership funding, and research.
- The potential benefit would include but is not limited to job creation, return on investment, leveraged funding, and joint venture or partnership.
- Investing in Calgary's position as a potential leader in autonomous systems for industrial use is strategically important.

4. Agri-zone Development

- Agriculture and agribusiness are core industries for Calgary.
- The Smart Agri-Food Supercluster (SASC) from Alberta is one of nine supercluster proposals from across the country that has been shortlisted to provide a full application to the federal government to receive a portion of the $950-million supercluster initiative funding.
- Calgary is ideally located for the development of an agri-zone.
- The EDIF could help provide funding to offset land costs.
- While the scenarios are varied, they could include the following:
    - New or modified roads, connectors and lights in a specified industrial area to ensure traffic flow wait times at lights are minimal, and the transport of goods in and out of the area is safe and efficient.
    - New transit routes are installed or transit frequency is increased in industrial areas to aid in talent retention for companies located in these areas.
    - Investments in energy solutions, including new electricity sub-stations, cogeneration plants or the investment in the installation of solar panels. An investment in energy efficiency for industrial users will offset significant HVAC costs they incur within their large, open floorplan warehouses.
    - Investments to offset some costs associated with brownfield remediation.
    - Investments in other in-ground services for new industrial areas or industrial areas that have not undertaken those investments.
    - Investments to offset zoning or planning bylaws requiring certain types of building structures which potentially could cost more for the client, but are deemed necessary or important for The City of Calgary to maintain architectural standards within a specific area.
- The potential benefit would include but not limited to job creation, return on investment, leveraged funding, and joint venture or partnership.
- Investing in Calgary's position as a leader in agribusiness is strategically important.

5. Office to Residential Conversion

- Calgary's downtown office vacancy remains high at 27.4 per cent (Q3-2017, CBRE).
- The conversion from office to residential use is a potential solution to optimize the inventory of vacant office space in the downtown.
- "*Residential densification and repurposing existing downtown real estate"* were priorities identified at the Downtown Economic Summit on 2017 March 02.
- One proposal is to convert a class B/C office building with a floor plate of over 92,000 square feet.
- The idea is to convert two to ten floors into rental apartment and renovate the main level for tenant amenities and commercial use.
- At this time, the proposal is to create 99 rental units totalling 65,000 square feet of direct living space with an average size of 660 square feet per unit.
- The site is close to public transit and has easy access to the C-Train.
- The proposal has the potential to designate a certain portion of the rental units as affordable housing and set aside some units for student housing.
- The office vacancy in Calgary's mid-west downtown core is seen as a structural issue that will require creativity to be rectified.
- Financial analysis shows that the return of keeping the property as offices is approximately the same as converting to residential. The cost to convert the space into a product that will be competitive in the marketplace is cost prohibitive.
- To proceed with the conversion, the proposal will need financial assistance.
- The EDIF could help provide funding to help offset the costs of permitting.
- The potential benefit would include: removal/absorption of office space, increased residential density, enhanced vibrancy downtown and support for neighbouring businesses.
- Investing in a vibrant downtown where citizens can live, work and play is strategically important.

Silvera for Seniors Budget Review

EXECUTIVE SUMMARY

Silvera for Seniors (Silvera) provides affordable housing to approximately 1,600 seniors in 25 communities, and has been supported by The City of Calgary for more than 50 years. It is the sole Housing Management Body under the Alberta Housing Act responsible for operating the provincially funded seniors' lodge housing program in Calgary. Under provincial Ministerial Order H:029/16, The City holds two Council-appointed positions on Silvera's Board of Directors, has the authority to review and approve Silvera's annual budgets, and may be requisitioned by Silvera for the amount of its operating losses and reserve contributions under the seniors' lodge program. Instead of the requisition, The City has chosen to fund Silvera through a grant, which has been static at $1.365M annually since 2009. This grant is funded by the mill rate via the Calgary Housing business unit's annual operating budget of $3.65M.

This report is to provide Council, through the Priorities and Finance Committee (PFC), with an opportunity to review Silvera's 2018 capital and operating budgets. Section 7 of the current Ministerial Order states that "the board shall annually submit for approval to the City of Calgary operating and capital budgets, as may require revision from time to time, which shall include an estimate of the funding required to requisition the City."

Additionally, the report provides a progress update on discussions that have been underway since 2017 September between The City, Silvera, and the Government of Alberta to address challenges with Silvera's current governance structure and funding. The Province has committed to extending a gap funding grant to Silvera to alleviate financial pressures on the organization in 2018 but there remains a funding gap of $1.834M between the grants provided by The City and the Province and the funding that Silvera has indicated it requires in the information it has so far provided. This presents a significant financial risk to The City and property taxpayers of the city of Calgary, which may be mitigated by directing Silvera to make budget reductions and amendments to Silvera's Ministerial Order.

Silvera for Seniors Budget Review

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommend that Council:

1. Review Silvera for Seniors' 2018 capital and operating budgets, to be tabled, for consistency with The City's operating and budgeting principles.
2. Request Silvera to pursue efficiencies and budget reduction measures to match the funding provided by The City through Action Plan 2015-2018 and the transitional funding provided by the Province.
3. Direct Administration to request that Silvera report annually to the Standing Policy Committee on Community and Protective Services as part of the Civic Partner Annual Report commencing in Q2 2018.
4. Direct Administration to request that Silvera's business plan and budget for the 2019-2022 budget cycle be approved as part of the One Calgary budget and business process. This will include a review of the current lodge portfolio to confirm the transition of aging lodges to new properties and request the removal of lodges that are under contract with Alberta Health Services to provide health services.
5. Direct this report as an item of urgent business to the 2017 December 18 Regular Meeting of Council.

PREVIOUS COUNCIL DIRECTION / POLICY

At the 2017 September 11 Combined Meeting of Council, the following recommendations from the 2017 September 5 meeting of the Priorities and Finance Committee were approved:

1. Accept this report and its attachments for information;
2. Direct Silvera to report back to Council through the Priorities and Finance Committee with its full 2018 budget for consideration of Council approval no later than 2017 December;
3. Direct Administration to work with Silvera and the Government of Alberta to prepare a transition plan to address the expected discontinuation of Provincial gap funding for Silvera, reporting back to Council through PFC by 2017 Q4;
4. Request that Attachment 8 and recommendations remain confidential under sections 23(1)(b), 24(1)(a), 24(1)(c), 24(1)(g) and 25(1)(b) of the *Freedom of Information and Protection of Privacy Act* until such time as this matter is resolved; and
5. Direct this report as an item of urgent business to the 2017 September 11 Combined Meeting of Council.

On 2014 November 24, Council approved the 2015-2018 Action Plan as well as the associated operating and capital budgets. The 2015-2018 operating budget for funding Silvera for Seniors included an annual grant of $1.365M.

BACKGROUND

Silvera for Seniors, established in 1952 as the Metropolitan Calgary Foundation, is the largest seniors affordable housing provider in Calgary. It provides affordable housing to approximately 1,600 seniors in 25 communities. Silvera operates two different types of seniors housing; 16 independent living communities and nine seniors' lodge communities. It is the sole Housing

Silvera for Seniors Budget Review

Management Body under the Alberta Housing Act responsible for operating the seniors' lodge housing program in Calgary. The relationship between The City and Silvera is defined by the Government of Alberta under the Alberta Housing Act and Ministerial Order H:029/16 (Attachment 1). The City holds two Council-appointed positions on Silvera's Board of Directors. Under the Alberta Housing Act, Silvera has the authority to requisition The City for operating losses and reserves for specifically identified facilities that fall under the lodge program, but it has not exercised this authority since 1997. Instead of the requisition, The City has been contributing an annual grant to be applied towards a portion of the operations and reserves related to the lodge program, which has been static since 2009 at $1.365M. This mill-rate-funded grant is provided through the Calgary Housing business unit's annual operating budget of $3.65M. Finally, Ministerial Order H:029/16 stipulates that Silvera's Board of Directors is required to submit its annual capital and operating budgets to The City for approval.

Until this year, The City had not asked Silvera to meet the requirement to submit its budgets for approval due to an implicit understanding that The City would fund a static grant as Silvera pursued a financial strategy of increased self-sufficiency with a mixed income portfolio that reduced the organization's reliance on external government funding. In 2017 September, in light of financial challenges, increased lodges proposed to be added in the near future to the Ministerial Order and funding uncertainty that Silvera was facing, Administration proposed that The City initiate an annual review of Silvera's capital and operating budgets. A report was brought forward to provide the Priorities and Finance Committee with an opportunity to review Silvera's historical financial performance; however, due to the timing of Silvera's fiscal year, the Board of Directors had not yet approved its 2018 operating and capital budgets. As a result, Council directed Silvera to report back to Council through PFC in 2017 December to submit these documents for consideration of Council and approval.

Also in 2017 September, Administration initiated discussions with Silvera and the Government of Alberta to address challenges related to Silvera's funding and governance structure. These discussions were envisioned to include preparing a transition plan for the expected discontinuation of a significant funding source, a gap funding grant of $1.16M annually that the Government of Alberta had provided to Silvera in 2015, 2016, and 2017 to fund operating losses that exceeded the amount of The City's grant. This is also in the context of Silvera's capital plan which calls for the addition of new developments to the lodge program, which would significantly increase The City's financial risk because the developments would be eligible for City funding through the requisition. The discussions were also envisioned to include development of a best practice governance model for Silvera that would ultimately be implemented through amendments to Ministerial Order H:029/16.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Silvera has submitted the information in Attachment 1 as the 2018 operating and capital budget for Council approval. The information provided by Silvera in Attachment 1 is not detailed enough to perform a substantive analysis by Administration. Silvera's rationale for this decision is that the budget has not been approved by the Board of Directors and cannot be approved until there is confirmation from The City of 2018 funding levels. Some of the information provided by

Silvera for Seniors Budget Review

Silvera raises the following questions which Administration, it its capacity as a Board Member, has previously asked of Silvera:

- What is the breakdown, by building, of costs that are directly attributable to the lodge program only and therefore qualify for the requisition?

- What is the current and future demand for lodges and how does Silvera's Capital Development Plan (Attachment 2) match this demand?

Administration is recommending that funding for 2018 will remain consistent at the levels approved in the 2015-2018 Action Plan as well as the associated operating and capital budgets. Furthermore, Administration will be working with Silvera to realign Silvera's budget cycle to match The City's in future years.

Since the previous report to Council in 2017 September, Administration has attended several joint meetings with representatives from Silvera and Alberta Seniors and Housing. Through these discussions, the Government of Alberta has confirmed a transition plan that will extend the historical gap funding grant of at least $1.16M to Silvera through 2018. This grant will supplement Silvera's ongoing revenue sources; which include operating revenue, provincial Lodge Assistance Progam (LAP) funding, and The City's approved grant of $1.365M; to alleviate financial pressure on the organization for the coming year. The information provided by Silvera in Attachment 1 currently shows an overall deficit of $4.359M of which $2.525M would be funded collectively by The City and the Province. The remaining $1.834M is not funded and presents financial risk to The City, the Province and/or property tax payers in Calgary due to Silvera's ability to requisition The City for this projected operating loss.

Through the joint meetings, Administration is working with the Government of Alberta and Silvera to make amendments to Silvera's governance structure. The Province has indicated its willingness to amend Ministerial Order H:029/16 but has stipulated that all three parties must reach a consensus in order to make changes. Discussions to date have covered the method for appointing board members and the process for City approval of Silvera's business plan and budget. Once the discussions related to Silvera's governance structure are resolved, Administration will work with Silvera and the Government of Alberta to understand the organization's long-term funding needs in 2019 and beyond. This will enable Administration to direct Silvera to bring forward a reasonable, fiscally responsible and financially prudent request in line with the budgeting principles applied throughout all of The City's departments and partners for consideration within the 2019-2022 budget planning process. Administration will work with Silvera to bring forward their business plan and budget as part of the 2019-2022 budget deliberations.

Furthermore, under the Council Investing in Partnerships Policy, Silvera meets the criteria of a Civic Partner, Program and Service Delivery. In the coming months, Administration will work with Silvera to transition to relationship management and reporting practices that are consistent with the Civic Partner Category. As part of the transition, Administration recommends that Silvera report annually as part of the Civic Partner Annual Report to the Standing Policy Committee on Community and Protective Services commencing Q2 2018 which will be consistent with the requirement under the Ministerial Order. The transition will also allow Silvera

Silvera for Seniors Budget Review

and Administration to integrate best practices in reporting and accountability that are in place for other partners with similar levels of City investment.

Stakeholder Engagement, Research and Communication

Administration has worked with Silvera to provide this update to Council. As described above, Administration is working closely with both Silvera and the Government of Alberta to implement a more sustainable governance and funding model for Silvera going forward.

Strategic Alignment

Council's support of Silvera is aligned with The City's Corporate Affordable Housing Strategy, which formalizes affordable housing as a Council Priority and provides a direction to "utilize all appropriate municipal tools to support affordable housing providers." It is also aligned with The City's Seniors Age-Friendly Strategy and Implementation Plan 2015-2018, specifically with Result 2 under the Housing Priority Area: "Older adults live in homes that they can afford."

Social, Environmental, Economic (External)

Silvera is an important non-profit organization that provides much needed homes to low- and moderate-income seniors in Calgary. Council's review and approval of Silvera's budget will enable continued partnership between Silvera and The City to deliver affordable housing for seniors in a variety of built forms and operating models that best serve their housing needs. The ongoing collaboration between Silvera, The City, and the Province to implement a sustainable funding and governance model will ensure that Silvera is able to work toward greater financial sustainability while preserving homes and continuing to deliver services for citizens in need. This will require continued alignment between Silvera's strategic direction and The City's, and an agreement between both organizations that Silvera's business and capital plan will take into account the need to consider operating and capital requirements for new lodges over the long term, decommission, repurpose and/or sell aging assets and to utilize business practices that are in line with The City's general direction and a shared commitment to reducing the reliance on taxpayer funding.

Financial Capacity

Current and Future Operating Budget:

As outlined above, there appears to be a $1.834M funding gap in Silvera's 2018 budget between what The City and the Province have committed to provide and what Silvera has presented as required for 2018 lodge operations. Through the Silvera Board and current work with Silvera administration, City Administration has requested Silvera to be efficient and consistent with all other housing providers across the province to make budget reductions. The gap currently presents a significant financial risk to The City and could ultimately present a large financial obligation to property tax payers if Silvera chose to requisition the full amount it believes is necessary for 2018 from the 2017 year.

For 2019, once Silvera's provincial gap funding grant is discontinued, additional risks around a requisition will increase for The City to meet its legal obligations under the Alberta Housing Act. For reasons of prudence, good financial management and responsibility to citizens,

Silvera for Seniors Budget Review

Administration's preferred approach to meeting these obligations is through a grant and, as directed by Council in 2017 September, Administration will bring forward a recommendation for new base operating funding for seniors housing through the 2019-2022 budget planning process. This will also include a review of Silvera's lodge replacement plan to address the aging lodge properties that Silvera operates.

Current and Future Capital Budget:

There is no impact to the capital budget arising from this report.

Risk Assessment

The funding gap outlined above is a financial risk to The City and to property tax payers of Calgary. Administration is mitigating this risk by requesting that the gap be reduced through budget reductions albeit there is a fundamental and overriding risk in Silvera's legislated ability to requisition.

Looking further ahead, Silvera oversees a portfolio of aging lodge infrastructure which is at beginning of the end of its lifecycle and has ambitious capital development plans to grow its lodge facilities. This, coupled with inflation and increasing operating costs elsewhere, may mean there is a high likelihood of Silvera's financial requests increasing over the medium and long term. Administration is mitigating this risk through the changes being requested to the Ministerial Order which are intended to provide The City more oversight of board recruitment and continue to approve Silvera's business plan and budget going forward.

These risks place an imperative on all parties to work together in the spirit of collaboration to ensure that funding for seniors housing is prudent, sustainable and guarantees that seniors in lodge accommodation within Calgary have a safe place to call a home.

REASON(S) FOR RECOMMENDATION(S):

The budget request put forward by Silvera contains a large funding gap which presents financial risk to The City and property tax payers. Administration is recommending Council review Silvera's 2018 operating and capital budgets to facilitate awareness of this risk and for consistency with the original approved funding for Silvera as determined in the 2015-2018 budget cycle.

ATTACHMENT(S)

1. Attachment 1 – Silvera for Seniors 2018 Budget Snapshot
2. Attachment 2 – Silvera for Seniors Strategic Capital Development Plan 2017-2021

Silvera FOR SENIORS

PFC2017-1106
Attachment 1

2018 Budget Snapshot

November 6, 2017

Proposed 2018 Funding

PFC2017-1106
Attachment 1

in thousands of dollars	2017 Forecast	2018 Budget
Total Revenue & Transfers	**17,071**	**17,389**
Annual Expenditures		
Human Resources & Administration	13,425	15,076
Food & Operating Supplies	2,672	2,889
Building Maintenance		
Operating Maintenance	1,495	1,602
Suite Refurbishment	214	641
Utilities	1,434	1,540
Total Annual Expenditures	**19,240**	**21,748**
Furniture, Fixtures & Equipment (FF&E)		1,256
Capital Maintenance	1,693	2,093
Net Annual Requirement	**$ (3,862)**	**$ (7,708)**
Deferred Requirements		
FF&E (5 years)		*6,280*
Capital Building Reserves (5 years)		*10,463*

Notes on 2018 Funding Proposal

PFC2017-1106
Attachment 1

Qualifications

The 2018 Funding Proposal is based on the current, and yet to be (Board) approved 2018 Budget. As such these summary figures may be subject to further refining. The presented statement represents Management's current estimates, based on its internal budget process and estimated impacts of various economic factors.

Estimates are based on 837 units total comprising 777 existing rooms and 60 additional planned rooms. The 2017 Forecast includes the 60 planned rooms to facilitate comparability.

Total Revenue and Transfers omits provincial and city operating grant funding.

Line items Furniture, Fixtures & Equipment and Capital Maintenance are place-holder estimates for discussion.

The Board of Directors' Finance and Risk Management Committee meet on November 23, 2017 to examine and discuss Silvera's 2018 Budget. Subsequent updates may be forthcoming and will be reflected in future presentations and reports as applicable.

The final 2018 Budget will be presented to the full Board for approval and adoption at its December 7, 2017 meeting.

Silvera FOR SENIORS

PFC2017-1106
Attachment 2

Strategic Capital Development Plan

2017-2021

ISC: Unrestricted

Purpose

To give seniors the respect they deserve and make it great to be a senior in Calgary.

Vision

Silvera will be a leading advocate and caring provider of affordable homes and services for seniors to live in place with dignity.

Values

Service | Teamwork | Safety | Creating Homes | Making a Difference | Respect

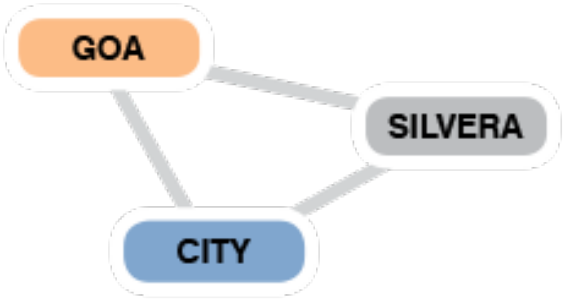
ISC: Unrestricted

Silvera's Four Strategic Intentions

1. Build and operate communities that **support independence, dignity and aging in community.**
2. Be a best-in-class, **results-based** organization
3. **Empower and engage** our people
4. Be a **voice for seniors** in Calgary

ISC: Unrestricted

Key Drivers



Increase *Appropriate* Independent and Supportive Living Capacity to meet future populations needs, including exploring partnerships to meet changing health and housing needs for vulnerable populations.

***Reduce* Silvera's *Dependency* on Government Funding**

- Market housing and related partnerships
- Mixed market housing
- Leveraging assets for long term contributions
- Partnering with Government differently
- (e.g., shared equity, land ownership, market housing, etc.)

Managing Risk (Expanding Capacity for and Tolerance of Risk)

- Assets (Maintaining and Securing)
- Operational
- Development
- Debt Financing
- Political
- Economic
- Taxation

ISC: Unrestricted

Key Drivers

SILVERA

Development of a Long Term Capital Strategy to Improve Corporate *Viability*

- Integration of Independent and Supported Living Communities
- Maximize Land Value and Site Utilization While Considering Different Ownership Structures
- Opportunity for Phasing/Flexibility
- Sense of Place (welcoming, organized comprehensible)
- Integrate Universal Design
- Enhance pedestrian circulation
- Enhance Aesthetic Aspects of Public Areas
- Connect to Adjacent Neighbourhoods
- Promote Long Term Viability

ISC: Unrestricted

Capital Plan

1. Existing Communities
2. Existing Land Opportunities
3. Future Land and/or Communities

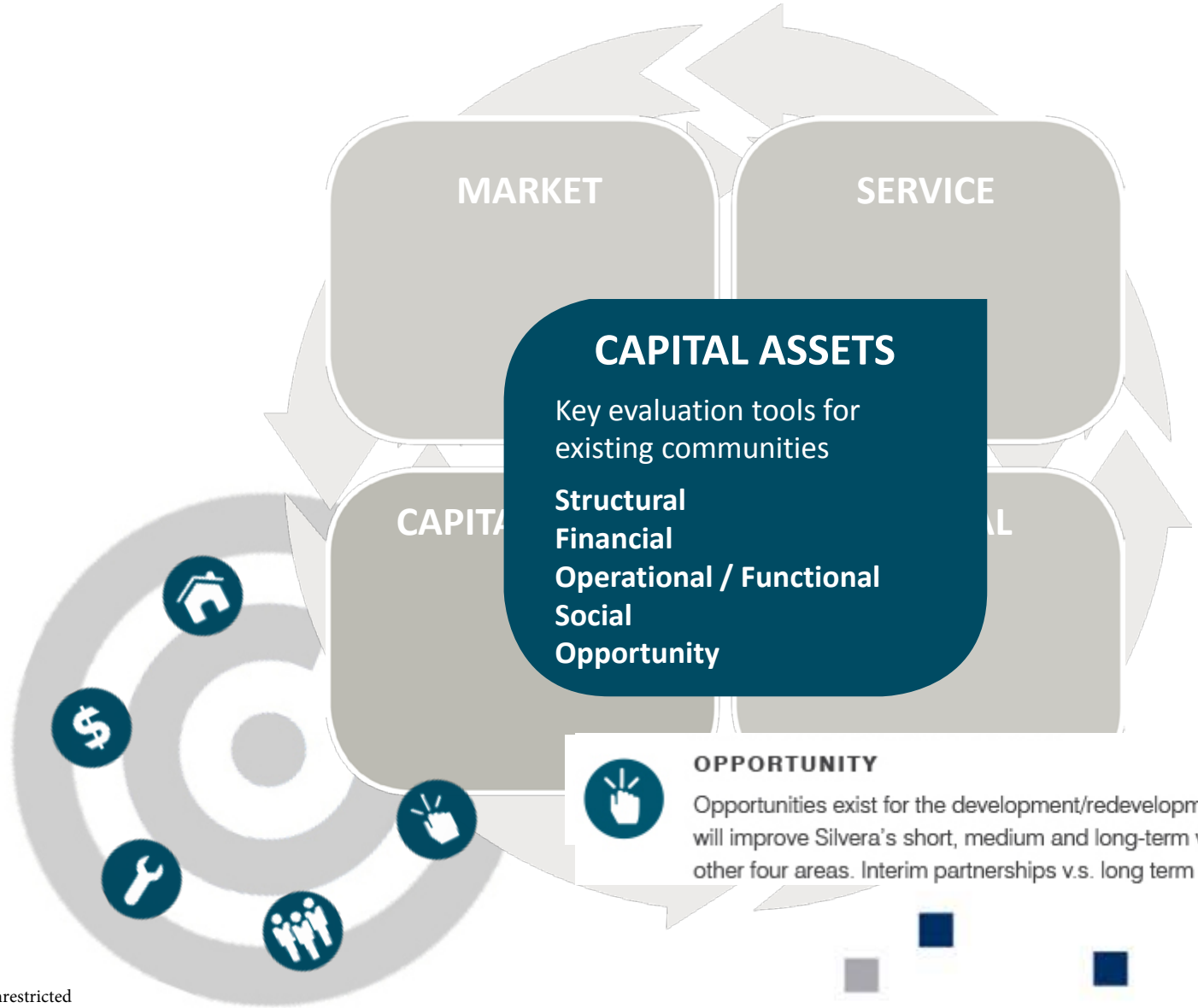
ISC: Unrestricted

Decision & Assessment Process

ISC: Unrestricted

Capital Assets Analysis

Medium and Long Term Viability of Existing Communities

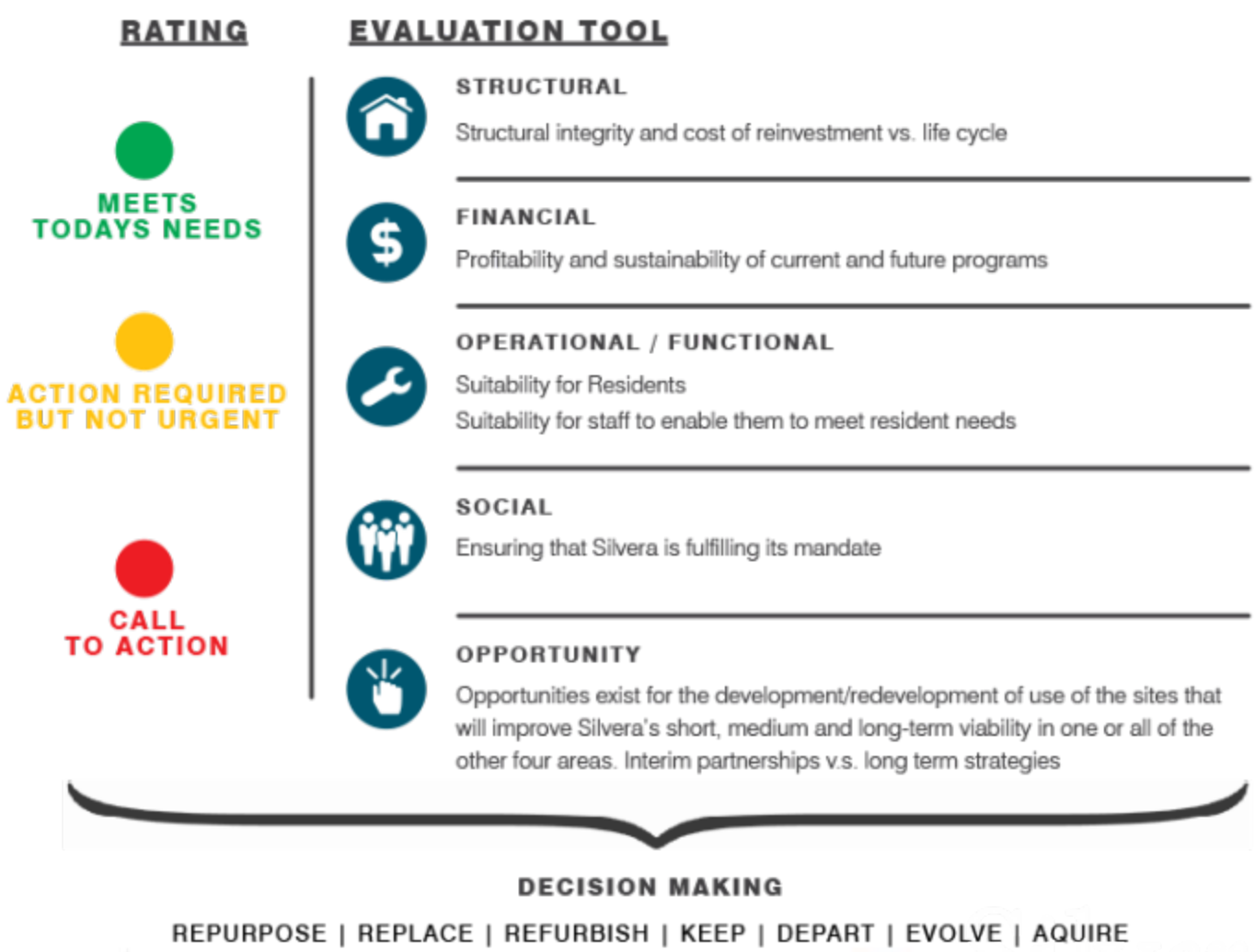


OPPORTUNITY

Opportunities exist for the development/redevelopment of use of the sites that will improve Silvera's short, medium and long-term viability in one or all of the other four areas. Interim partnerships v.s. long term strategies

ISC: Unrestricted

Existing Communities Evaluation



ISC: Unrestricted

Key Capital Decisions

Existing Communities

Repurpose the asset ..... Valleyview

OR

Replace the asset

OR

Refurbish the asset for existing uses ..... Spruce
Westview

OR

Keep the asset as is

OR

Depart the asset ..... Confederation Park Lodge

OR

Evolve the asset to a brand new product offering

OR

Acquire new assets

What Silvera is doing now

ISC: Unrestricted

Key Capital Decisions

Remaining Existing Communities

Independent Living (IL)

- Austin H Nixon
- Boxwood Place
- Friendship Manor
- Queens Court
- Beaverdam Townhouses
- Willowpark on the Bow***
- Shouldice Manor
- Chestnut Grove
- McCann Court
- Mountview Apartments
- Alder Court
- Dream Haven
- Elmwood
- Gilchrist Community (Manor and Gardens phase 1)
- Bow Valley Townhouses

Supportive Living (SL)

- Beaverdam Community*
- Shouldice Community
- Shawnessy Community Community*
- Bow Valley Lodge
- Aspen Community
- Spruce Community
- Westview Community
- Valleyview Community
- Confederation Park Community

** Repurposed*
*** Modified Supportive Living*
**** Modified Independent Living*

ISC: Unrestricted

Key Capital Decisions

Remaining Communities

What is Silvera Doing?

Structural

- Initiate Facility Condition Index and Reserve analysis to analyze structural viability and lifecycle of facilities

Financial

- Continuing to identify opportunities to improve performance

Functional

- Working with S2 Architecture to develop an assessment framework

Social

- Continue to identify measures to optimize the communities ability to meet Silvera's mandate

Opportunity

- Develop strategies for the communities to meet medium and long term opportunities

New vision for maintenance

Deliver a high-quality, safe and efficient maintenance management and service to Silvera communities that is sustainable, preventative focused and incorporates general and capital maintenance as a single unified team

ISC: Unrestricted

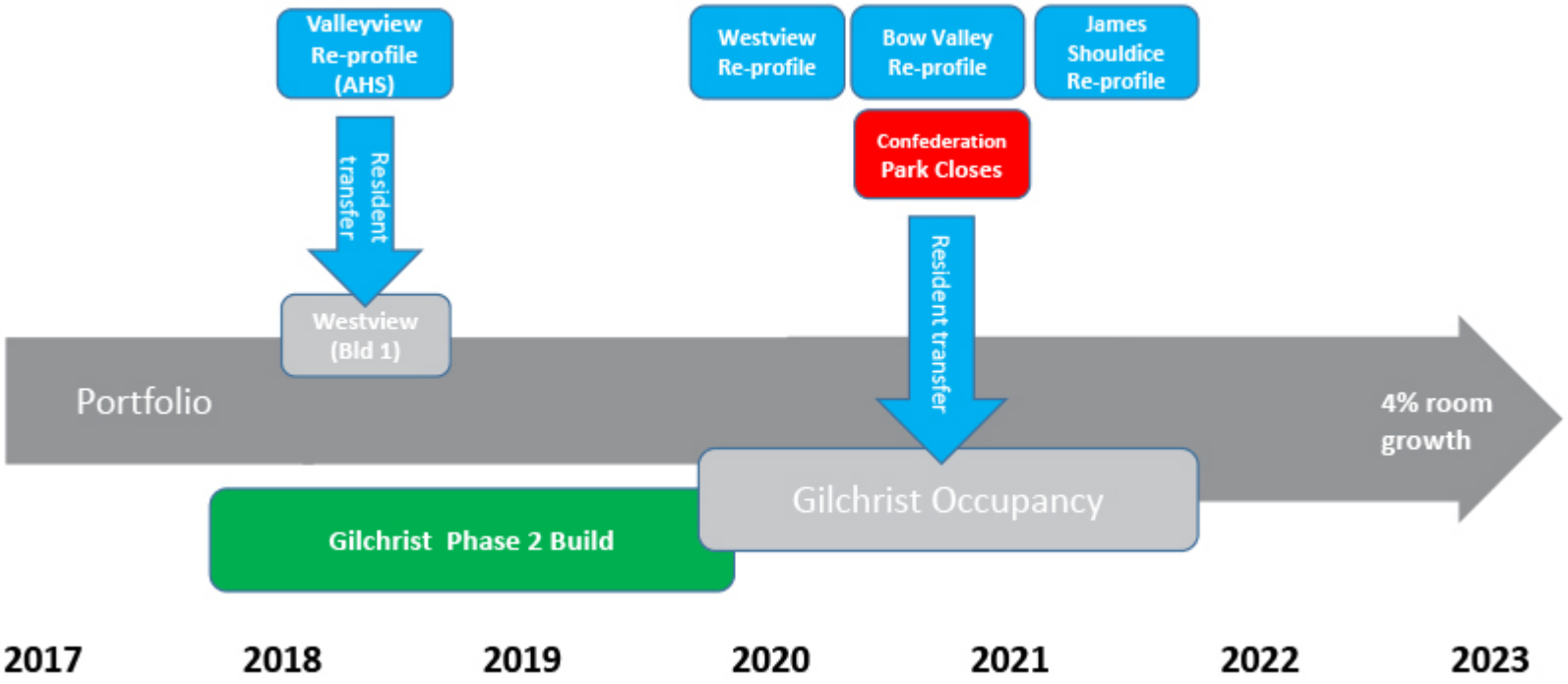
Compelling reasons for change

Build more effectiveness and efficiency:

- Create a better organizational structure
- Improve the clarity of roles
- Clarify accountabilities
- Match skillsets to position requirements

- Outcome to serve residents and staff more effectively and appropriately

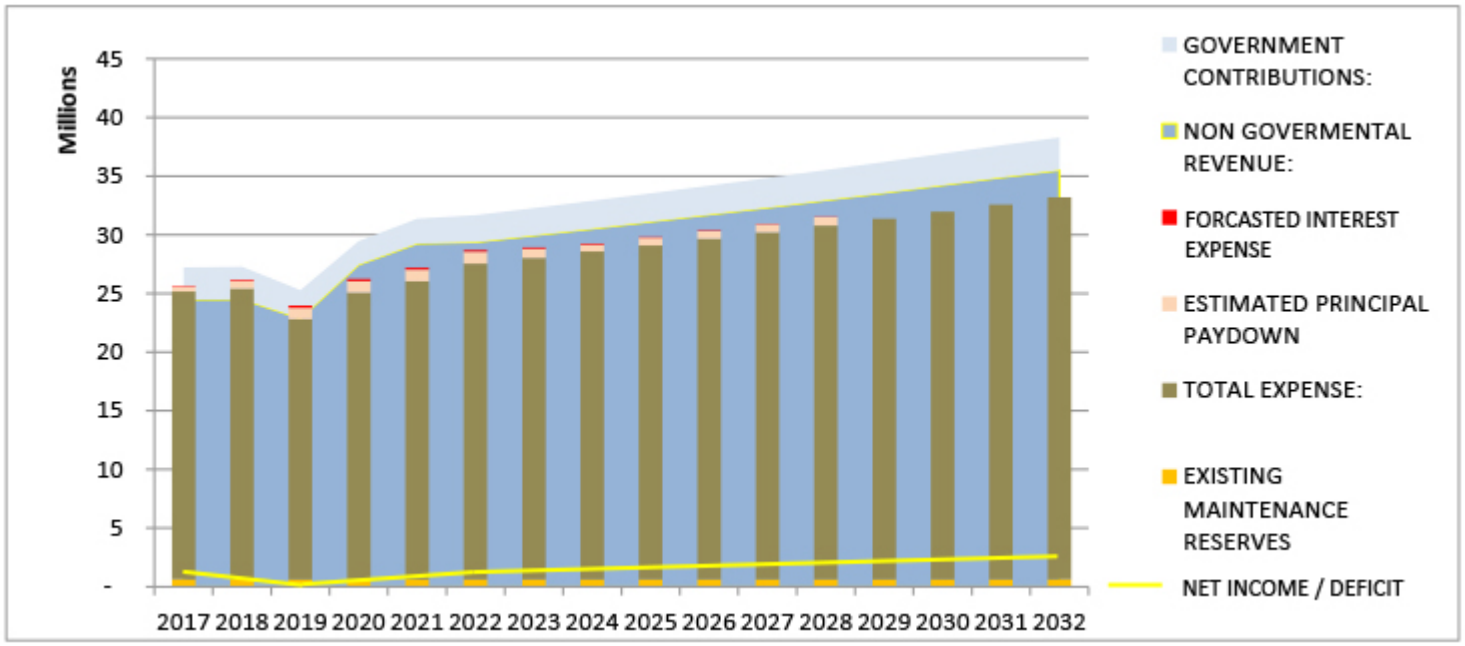
Reprofiling Timeline



ISC: Unrestricted

Revitalization Plan

PFC2017-1106
Attachment 2



ISC: Unrestricted

Capital Assets Analysis

Existing Land

ISC: Unrestricted

Bare Land Assets Evaluation

Development Components/Stages

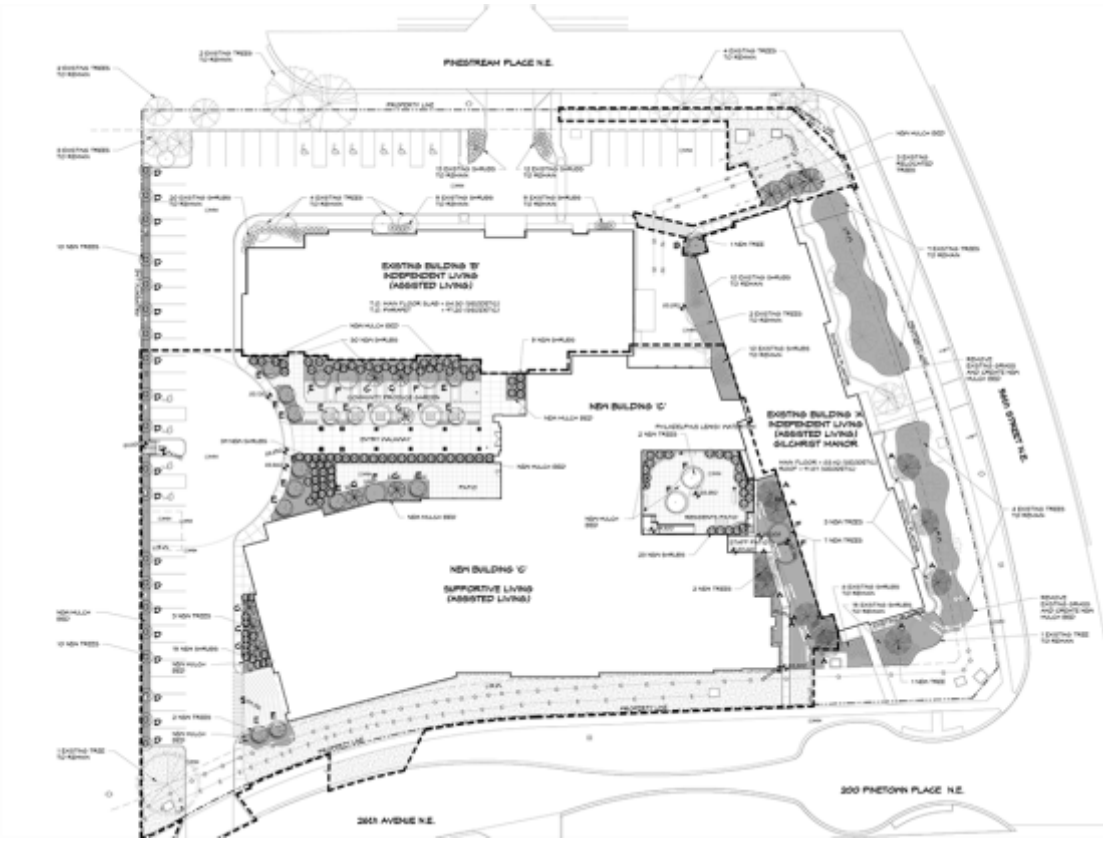
ISC: Unrestricted

Bare Land Assets

Gilchrist Phase 2

PFC2017-1106
Attachment 2

- (A) Not Required
- (M) Not Required
- (L) Already in place
- (S) Completed
- (P) Completed
- (DP) In Process
  Release Pending
- (BP) In Process
  Release Pending



- Development on hold until Alberta Housing approves funding plan
- Tender RFP to be released this summer

ISC: Unrestricted

Bare Land Assets

Glamorgan

PFC2017-1106
Attachment 2

- (A) Not Required
- (M) Completed - strong market potential for affordable housing
- (L) In Progress - Pre-application meeting in July; Application submission in August
- (S) Completed
- (P) In Process
- (DP) Upcoming - to run in paralell with land use application
- (BP) Upcoming

- Phase I finalized - Westview Refurbished
  125-135 SL Units,
  60-75 RGI Apartments
  60-75 Near Market / Affordable Market Apartments

ISC: Unrestricted

Glamorgan Master Plan

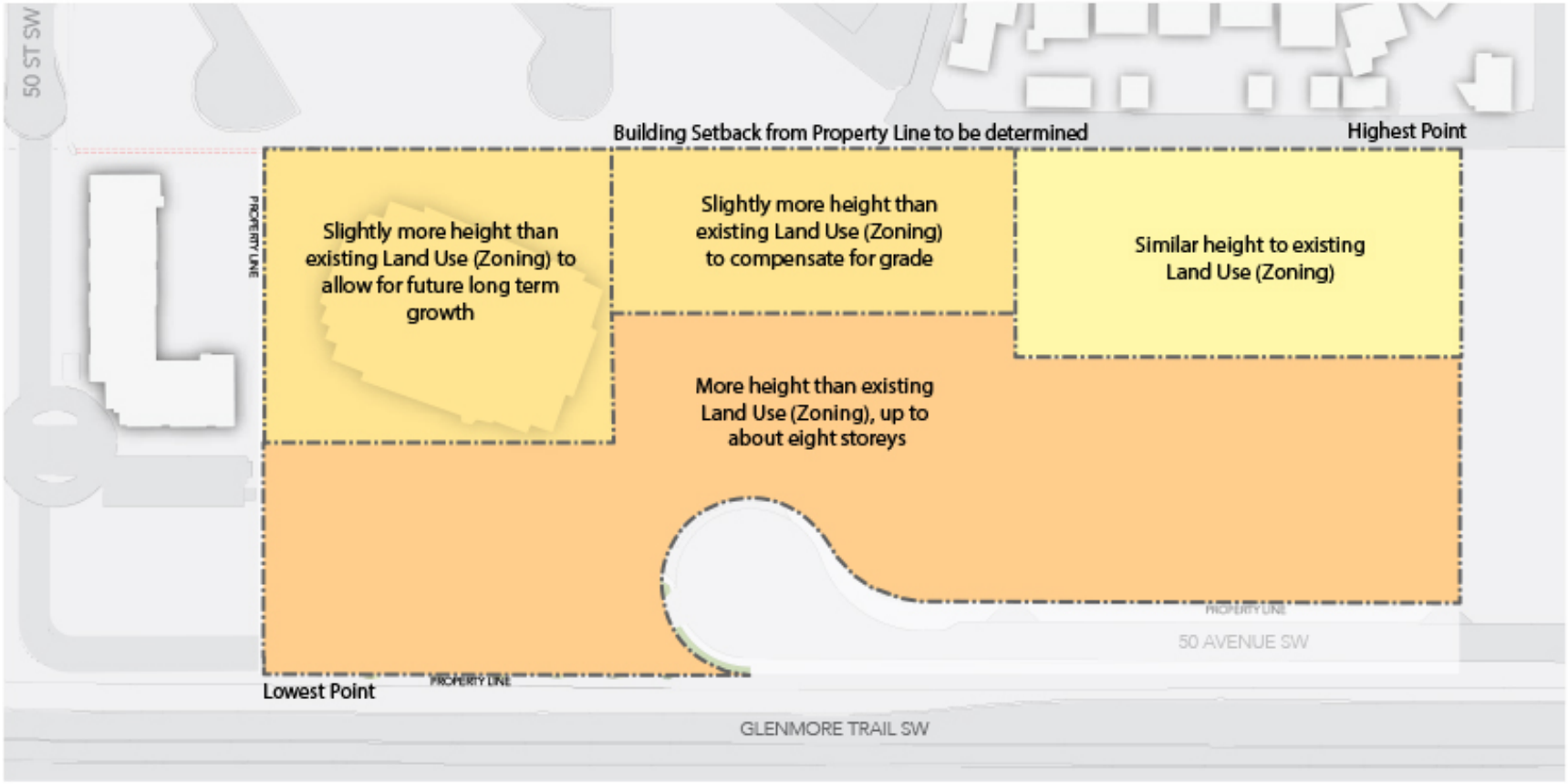
PFC2017-1106
Attachment 2

ISC: Unrestricted

Land Use Strategy

Glamorgan

PFC2017-1106
Attachment 2



NOTES:

- Direct Control Land Use (zone) for the entire site includes rules around commercial / residential uses and setbacks among others
- Specific areas have refined rules for height, massing and density
- Height designed according to topography and proximity to the future Ring Road

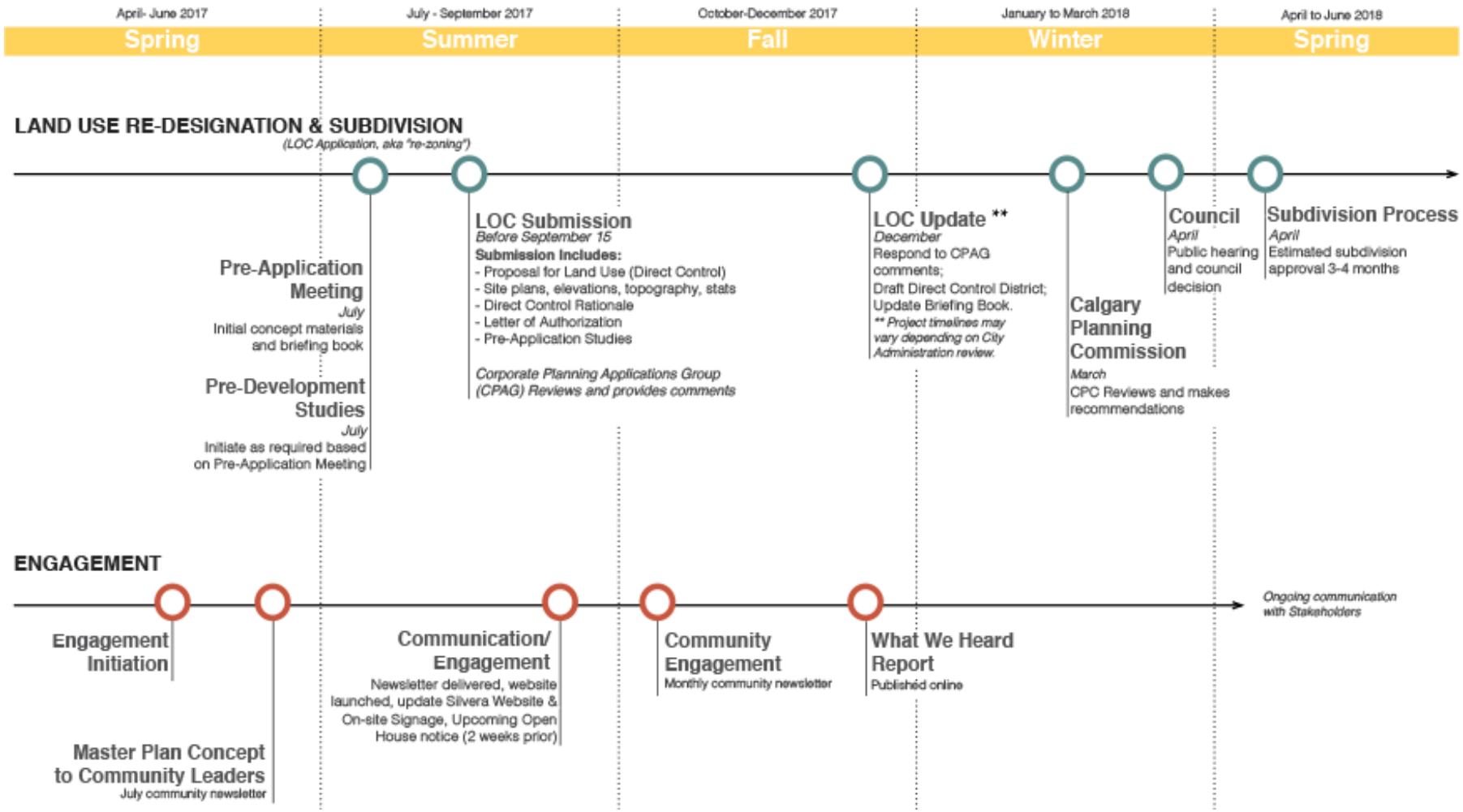
**outlined areas do not represent subdivision, they delineate where specific direct control rules will apply.*

ISC: Unrestricted

Land Use Timeline

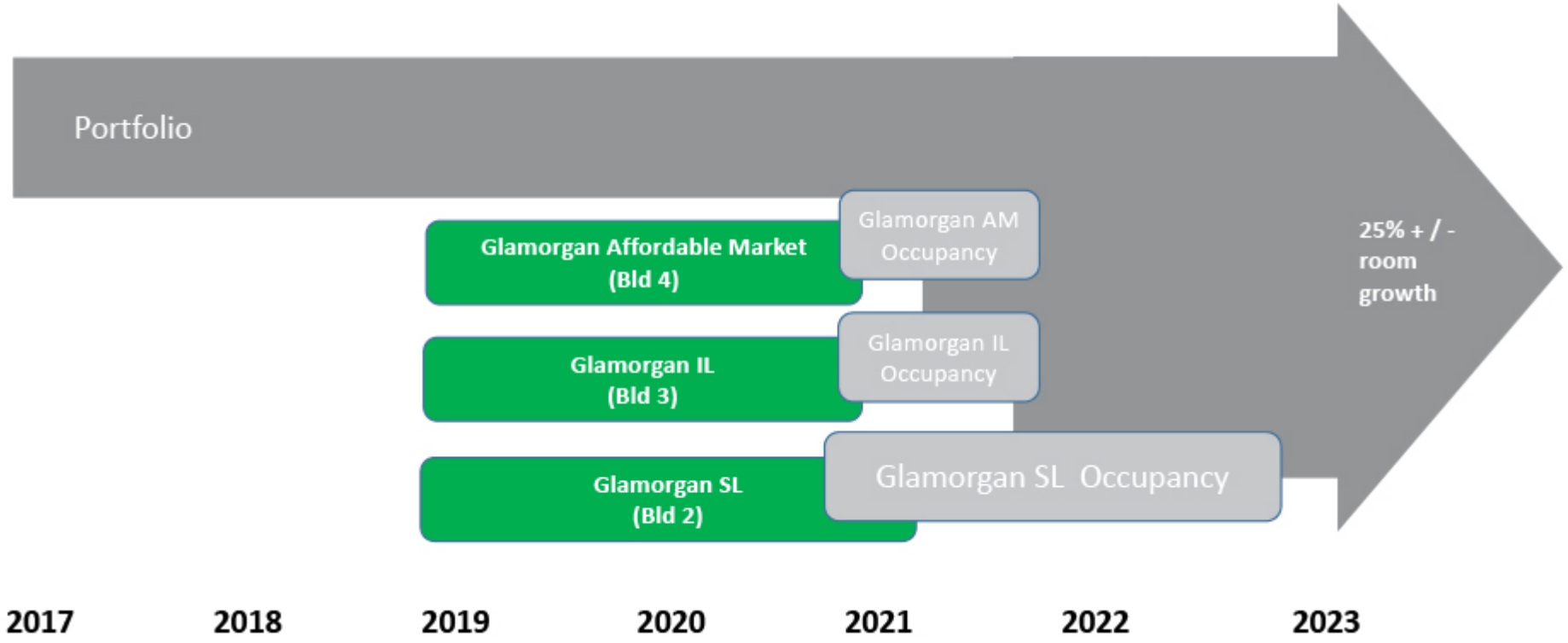
Glamorgan

PFC2017-1106
Attachment 2



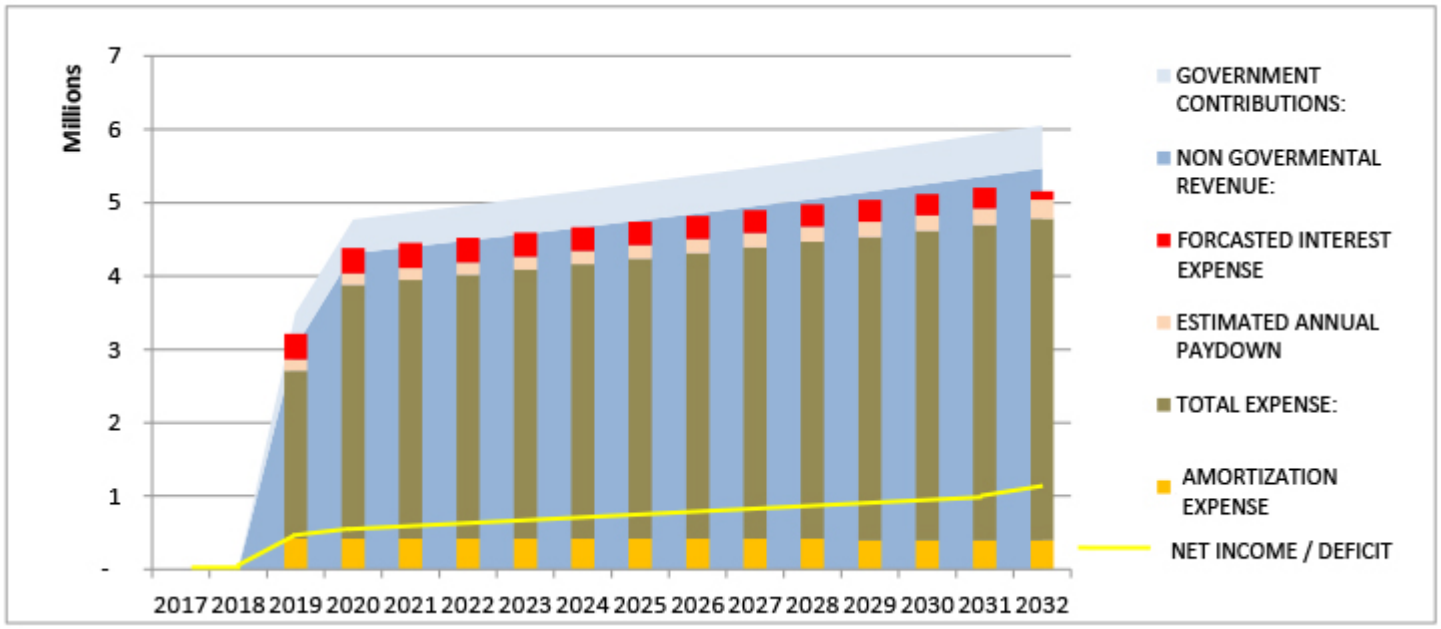
ISC: Unrestricted

Glamorgan Timeline



Proposed Developments

PFC2017-1106
Attachment 2



ISC: Unrestricted

Bare Land Assets

East Riverside

- (A) Upcoming - City has determined funding and resources are available to spearhead the preperation of a new ARP
- (M) Completed - strong market potential for all housing types
- (I) City led re-zoning initiative
- (S) TBD
- (P) In Process - Spruce
- (DP) TBD
- (BP) TBD

Bare Land Assets

East Riverside

PFC2017-1106
Attachment 2

Bare Land Assets

Jacques

- (A) Not Required
- (M) Completed - results show strong market potential for all housing types
- (L) Completed in 2017
- (S) Upcoming - will assist in producing an area of magnitude and phasing strategy
- (P) Unknown
- (DP) Unknown
- (BP) Unknown

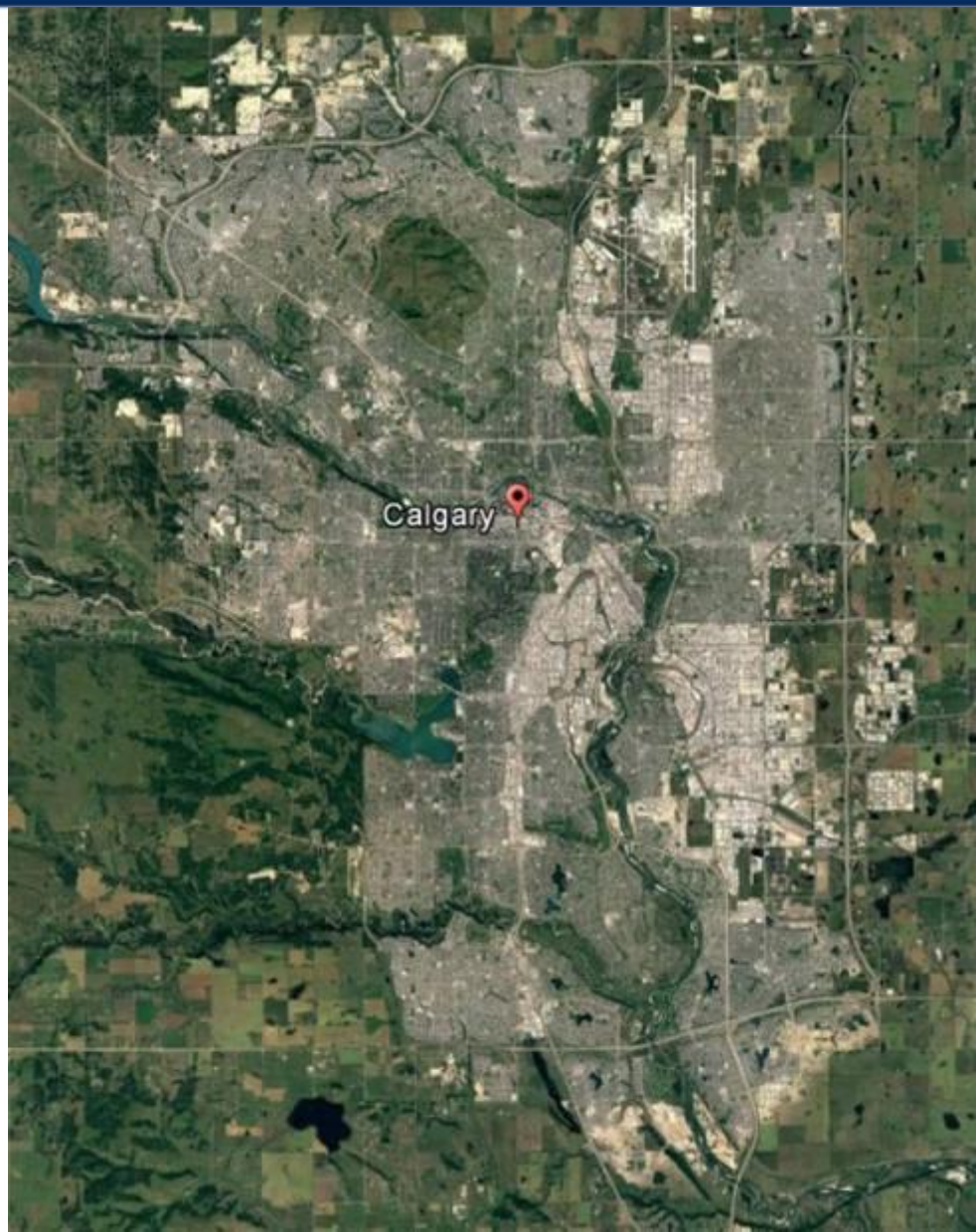
ISC: Unrestricted

Bare Land Assets

New Acquisitions

PFC2017-1106
Attachment 2

- Analyzing market potential and demographic change in various parts of the City
- Positioning Silvera to be nimble enough in the future to act swiftly on acquisition opportunities
- Factors to consider when making future acquisitions
  - LRT Greenline
  - City Mainstreets initiative
  - TOD redevelopment locations (example. Anderson Station)



ISC: Unrestricted

A) SILVERA'S FOUR STRATEGIC INTENTIONS

1. Build and operate communities that **support independence, dignity and aging in place.**
2. Be a best-in-class, **results-based** organization
3. **Empower and engage** our people
4. Be a **voice for seniors** in Calgary

1

B) KEY DRIVERS

GOA CITY SILVERA

GoA / City of Calgary / Silvera is increasing appropriate IL and SL Capacity: to meet future populations needs, including exploring partnerships to meet changing health and housing needs for vulnerable populations

2

SILVERA CITY GOA

Reduce Silvera's Dependency on Government Funding

Alternate Market Revenue Sources

- Market housing and related partnerships
- Mixed market housing
- Leveraging assets for long term contributions
- Partnering with Government differently (ex. Shared equity, market use housing, etc.)

C) DECISION & ASSESSMENT MODELS

3

D) KEY CAPITAL DECISIONS

Repurpose the asset

Replace the asset

Refurbish the asset for existing uses

Keep the asset as is

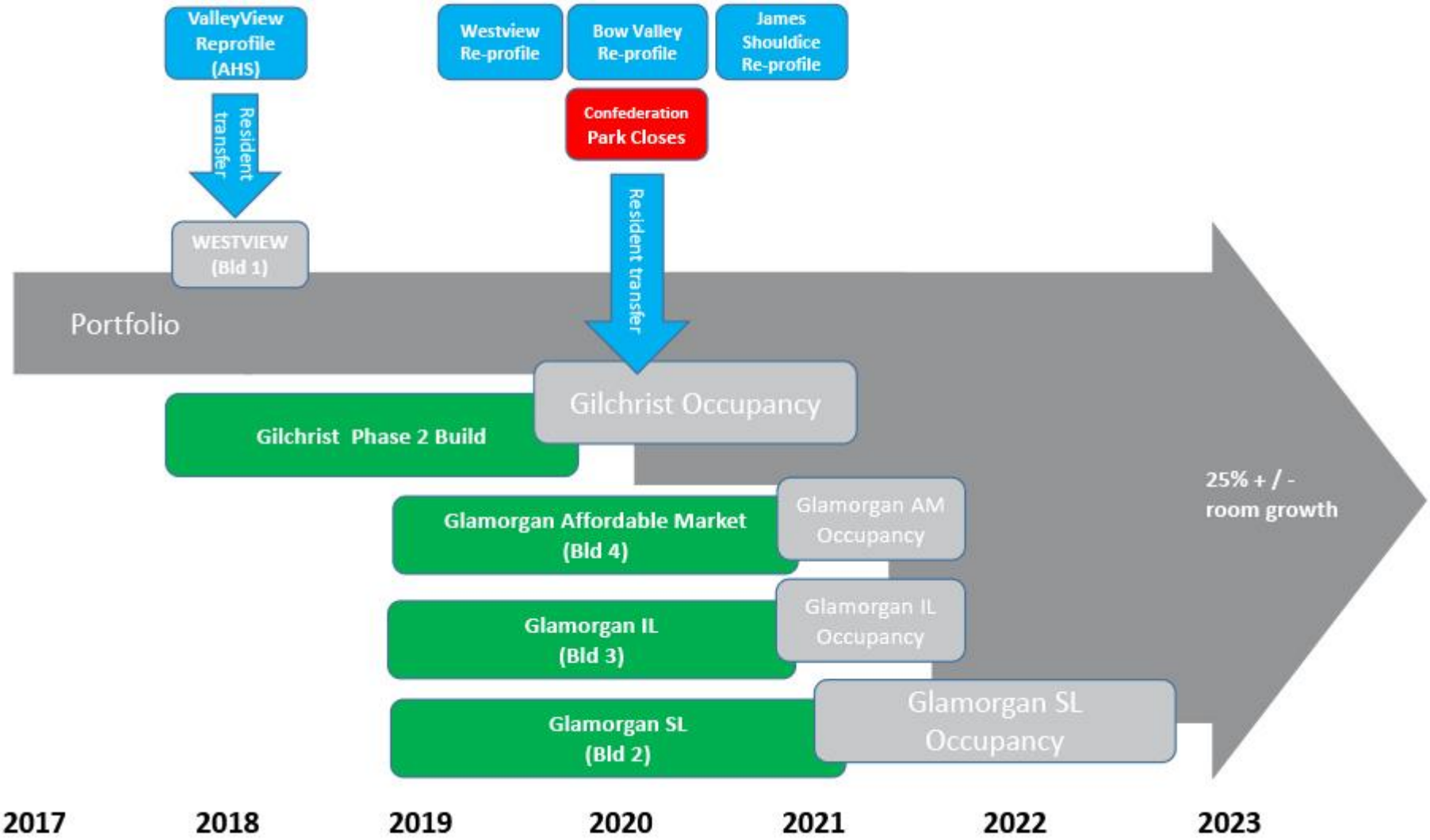
Depart the asset

Evolve the asset to a brand new product offering

Acquire new assets

ISC: Unrestricted

Summary



ISC: Unrestricted

Stampede BMO Expansion Review – Update and Work Plan

EXECUTIVE SUMMARY

The Calgary Stampede (Stampede) has submitted a Convention and Trade Centre Expansion Plan to The City and formally requested City funding for a portion of the project. Administration had engaged with the Stampede and Calgary Municipal Land Corporation (CMLC) to undertake a review of the expansion plan. This report provides Council with an update and work plan describing how the review is being coordinated amongst the three agencies. The final Stampede BMO Expansion Review report on findings and next steps will be presented to the Priorities and Finance Committee in Q1 2018.

ADMINISTRATION RECOMMENDATION:

That Priorities and Finance Committee:

1. Receive this report for information; and
2. Direct Administration to continue the Stampede BMO Expansion Review Work Plan as outlined in Attachment 1 and report back on findings and next steps no later than Q1 2018.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2017 July 19, Council directed Administration to engage with the Stampede and CMLC to undertake a review of the Calgary Stampede Convention and Trade Centre Expansion Plan and report back on findings and next steps no later than Q4 2017.

BACKGROUND

Over the past three years, the Stampede has extensively analysed a BMO Centre expansion. In June 2017, this work culminated in the development of the Calgary Stampede Convention and Trade Centre Expansion Plan. Shortly thereafter, Council directed Administration to review that Plan, including but not limited to potential:

- integration with the Rivers District Master Plan;
- implications for current and future capital funding; and
- partnerships and funding from the Federal and Provincial governments.

Administration is currently working with the Stampede and CMLC to review the expansion plan.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The Calgary Stampede Convention and Trade Centre Expansion Plan is a substantial document containing historical background, drawings, plans, consultation reports, economic impact studies and government correspondence. Administration, the Stampede and CMLC have met to discuss all analysis to date and have prepared a Work Plan for the comprehensive review requested by Council. Updates on the Calgary Telus Convention Centre and cooperation amongst Calgary's premier convention centres is also included in this section.

Stampede BMO Expansion Review – Update and Work Plan

Work Plan

The workplan consists of a three-part review by The City, CMLC, and the Stampede. No consulting services are required to complete the review. The full review will be presented to the Priorities and Finance Committee in Q1 2018.

CMLC is leading The Rivers District Master Plan integration. Earlier this year, CMLC assembled a team of stakeholders and a master planner to assist in the development of the plan. They prepared area-specific urban design principles and are currently analysing development demand and demography in the district. The timing of the Master Plan work precludes the completion of the Stampede BMO Expansion Review by Q4 2017. Having concurrent reviews permits CMLC to examine the proposed BMO Centre expansion in conjunction with The Rivers District Master Plan.

The City is investigating municipal capital funding implications. Administration is exploring all funding sources for a BMO Centre expansion including but not limited to, corporate programs surplus, pay-as-you-go, and existing reserve funds. An extension of The Rivers District Community Revitalization Levy (CRL) beyond the current 2027 termination date is also being examined jointly by The City and CMLC.

The Stampede is taking the lead on government funding and partnerships. They have engaged the Provincial and Federal governments for the past 18 months. While discussions are ongoing, Federal representatives have provided encouragement and confirmed the merit of the project. Provincial representatives have also expressed support and have suggested that a CRL analysis be prepared to determine the amount of incremental property tax revenue anticipated over an extension period. CMLC will continue analyzing the CRL and may prepare a CRL extension business case if required. The business case would be part of a potential CRL extension application that The City would have to submit to the Province.

The work plan does not include or require additional consulting services. Between 2014-2016, the Stampede commissioned a market study by Dunn Consulting and PKF Consulting, and an economic impact study by CBRE and the Conference Board of Canada. Both studies indicated an expanded BMO Centre would have significant benefits in terms of employment, economic growth and diversification. In 2016, CMLC commissioned an independent review by HVS Consulting which confirmed the Conference Board findings. The Stampede BMO Expansion Review work plan is provided in Attachment 1.

The upcoming final report is scheduled for Priorities and Finance Committee in Q1 2018. Consistent with Council direction, this report will be structured around the following guiding principles:

1. The Rivers District Master Plan vision must be achievable.
2. Any City funding contributions must be managed within current and future cash flow and debt level constraints.
3. All orders of government must partner on the expansion and provide equal funding.

Stampede BMO Expansion Review – Update and Work Plan

In addition to evaluating the Expansion Plan against these principles, the report will include a recommendation on a City application to the Province for a CRL extension. An outline of the Expansion Review Report is provided in Attachment 2.

Convention Centre Updates

At the 2017 July Combined Council Meeting, the impact of a BMO Centre expansion on the Calgary Telus Convention Centre (CTCC) was raised. Information specific to the CTCC as well as the relationship between the two convention centres are highlighted below.

Calgary Telus Convention Centre Update

The City has reviewed the services of CTCC, independent of the work on the BMO Centre expansion. A separate report will be brought to Council in Q1 2018 outlining a series of issues related to convention centre services in Calgary. That report will build on Council's 2015 November Strategic Session with the Calgary Convention Centre Authority.

Convention Centre Cooperation

Over the past year, the Calgary Telus Convention Centre and the Calgary Stampede have developed a solid working relationship that helps position Calgary as a world-class host city for national and international meetings, conferences and conventions. Both organizations collaborated and invested equally in the development of a first-ever shared industry marketing campaign: "Try Calgary on for size." Additionally, efforts are being applied to align trade show and sales missions to improve efficiencies, to share sales data and industry intelligence and to explore potential new markets for business. The Telus Convention Centre, Meetings and Conventions Calgary and the Calgary Stampede met in October for a two-day facilitated session to identify future opportunities, enhance efficiencies, and grow marketing resources between all three organizations. The Rotary Convention coming to Calgary in 2025 is a tangible example of the results produced when multiple city stakeholders come together for a common purpose.

Stakeholder Engagement, Research and Communication

Administration, CMLC and the Stampede have met on several occasions to discuss BMO Centre expansion issues and prepare the Stampede BMO Expansion Review Work Plan. All three organizations will continue to collaborate on the expansion review. Both the Stampede and CMLC have engaged stakeholders on the BMO Centre expansion and Rivers District Master Plan, respectively. The Stampede will continue to lead funding discussions with the Provincial and Federal governments.

Strategic Alignment

Expanding the BMO Centre in Victoria Park is consistent with the policies in the Rivers District Community Revitalization Plan (2007), the Stampede Master Plan (2009), Action Plan 2015-2018 Mid-Cycle Review – Culture & Entertainment District (2016), and the CMLC 2017-2019 Business Plan (2016).

Stampede BMO Expansion Review – Update and Work Plan

Social, Environmental, Economic (External)

Social

The culture and entertainment district envisioned for the east downtown is becoming a reality with the development of the National Music Centre, New Central Library, East Village and Victoria Park communities, and Stampede Park. An expanded BMO Centre would significantly support hospitality, cultural and entertainment industries in the area.

Environmental

A phase 1 environmental review of the proposed development area and immediately surrounding lands has been completed. It was determined that most of the review area was historically residential and that no environmental concerns or related costs were identified for the proposed event centre development area.

Economic (External)

A BMO Centre expansion can lead to economic growth and diversification through trade and tourism. This type of development can accelerate urban renewal in Victoria Park and surrounding communities, create construction jobs, and provide local businesses and organizations with access to new revenue streams. The expanded BMO Center would create Tier 1 business opportunities both regionally and internationally and provide Calgary with greater global reach.

Financial Capacity

Current and Future Operating Budget:

The work related to this review can be completed with existing resources. The potential expansion of the BMO Centre would not impact City operating budget.

Current and Future Capital Budget:

The City is exploring capital budget implications. The Stampede is engaged in ongoing capital budget discussions with the Provincial and Federal governments. Both capital budget aspects will be reported back to Priorities and Finance Committee.

Risk Assessment

Given the preliminary nature and work plan stage of the investigation, no significant risks have been identified. A fulsome risk assessment will be included in the final Stampede BMO Expansion Review report in Q1 2018.

REASON(S) FOR RECOMMENDATION(S):

The City, the Stampede, and CMLC must continue discussions and conduct additional analysis for Administration to advise Council on the potential endorsement and funding of the BMO Centre expansion.

ATTACHMENT(S)

1. Stampede BMO Expansion Review - Work Plan
2. Stampede BMO Expansion Review - Report Outline

Work Plan

Stampede BMO Expansion Review

NM2017-26

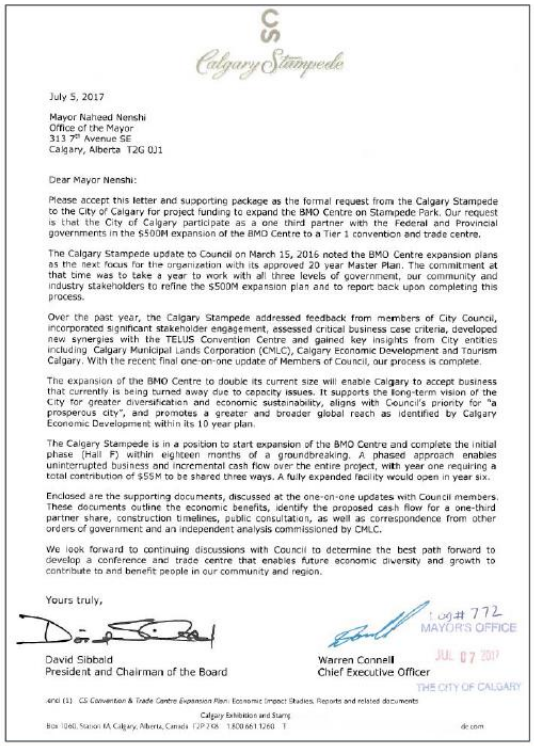
Work Plan Components

1. Background
2. Goals
3. Guiding Principles
4. Investigation
5. Assessment

Work Plan Tools

1. Schedule
2. Governance
3. Project Team
4. Stakeholders

Background



Calgary Stampede

July 5, 2017

Mayor Naheed Nenshi
Office of the Mayor
313 7th Avenue SE
Calgary, Alberta T2G 0J1

Dear Mayor Nenshi:

Please accept this letter and supporting package as the formal request from the Calgary Stampede to the City of Calgary for project funding to expand the BMO Centre on Stampede Park. Our request is that the City of Calgary participate as a one third partner with the Federal and Provincial governments in the $500M expansion of the BMO Centre to a Tier 1 convention and trade centre.

The Calgary Stampede update to Council on March 15, 2016 noted the BMO Centre expansion plans as the next focus for the organization with its approved 20 year Master Plan. The commitment at that time was to take a year to work with all three levels of government, our community and industry stakeholders to refine the $500M expansion plan and to report back upon completing this process.

Over the past year, the Calgary Stampede addressed feedback from members of City Council, incorporated significant stakeholder engagement, assessed critical business case criteria, developed new synergies with the TELUS Convention Centre and gained key insights from City entities including Calgary Municipal Lands Corporation (CMLC), Calgary Economic Development and Tourism Calgary. With the recent final one-on-one update of Members of Council, our process is complete.

The expansion of the BMO Centre to double its current size will enable Calgary to accept business that currently is being turned away due to capacity issues. It supports the long-term vision of the City for greater diversification and economic sustainability, aligns with Council's priority for "a prosperous city", and promotes a greater and broader global reach as identified by Calgary Economic Development within its 10 year plan.

The Calgary Stampede is in a position to start expansion of the BMO Centre and complete the initial phase (Hall F) within eighteen months of a groundbreaking. A phased approach enables uninterrupted business and incremental cash flow over the entire project, with year one requiring a total contribution of $55M to be shared three ways. A fully expanded facility would open in year six.

Enclosed are the supporting documents, discussed at the one-on-one updates with Council members. These documents outline the economic benefits, identify the proposed cash flow for a one-third partner share, construction timelines, public consultation, as well as correspondence from other orders of government and an independent analysis commissioned by CMLC.

We look forward to continuing discussions with Council to determine the best path forward to develop a conference and trade centre that enables future economic diversity and growth to contribute to and benefit people in our community and region.

Yours truly,

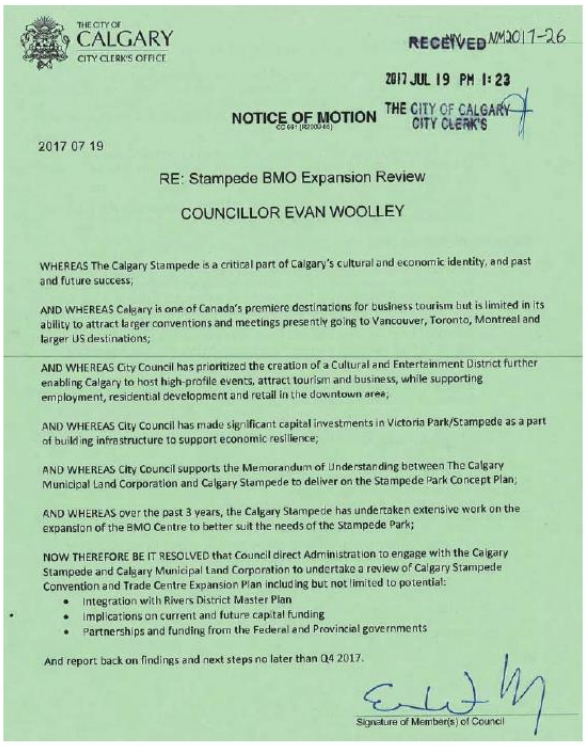
David Sibbald
President and Chairman of the Board

Warren Connell
Chief Executive Officer

Log# 772
MAYOR'S OFFICE
JUL 07 2017
THE CITY OF CALGARY

encl (1) CS Convention & Trade Centre Expansion Plan: Economic Impact Studies, Reports and related documents

Calgary Exhibition and Stamp
Box 1060, Station M, Calgary, Alberta, Canada T2P 2K8 1.800.661.1260 T



THE CITY OF CALGARY
CITY CLERK'S OFFICE

RECEIVED NM2017-26
2017 JUL 19 PM 1:23
THE CITY OF CALGARY
CITY CLERK'S

NOTICE OF MOTION

2017 07 19

RE: Stampede BMO Expansion Review

COUNCILLOR EVAN WOOLLEY

WHEREAS The Calgary Stampede is a critical part of Calgary's cultural and economic identity, and past and future success;

AND WHEREAS Calgary is one of Canada's premiere destinations for business tourism but is limited in its ability to attract larger conventions and meetings presently going to Vancouver, Toronto, Montreal and larger US destinations;

AND WHEREAS City Council has prioritized the creation of a Cultural and Entertainment District further enabling Calgary to host high-profile events, attract tourism and business, while supporting employment, residential development and retail in the downtown area;

AND WHEREAS City Council has made significant capital investments in Victoria Park/Stampede as a part of building infrastructure to support economic resilience;

AND WHEREAS City Council supports the Memorandum of Understanding between The Calgary Municipal Land Corporation and Calgary Stampede to deliver on the Stampede Park Concept Plan;

AND WHEREAS over the past 3 years, the Calgary Stampede has undertaken extensive work on the expansion of the BMO Centre to better suit the needs of the Stampede Park;

NOW THEREFORE BE IT RESOLVED that Council direct Administration to engage with the Calgary Stampede and Calgary Municipal Land Corporation to undertake a review of Calgary Stampede Convention and Trade Centre Expansion Plan including but not limited to potential:

- Integration with Rivers District Master Plan
- Implications on current and future capital funding
- Partnerships and funding from the Federal and Provincial governments

And report back on findings and next steps no later than Q4 2017.

Signature of Member(s) of Council

NM2017-26 Stampede BMO Expansion Review – Work Plan V04 3

Goals

1. Prepare a review of the Calgary Stampede Convention and Trade Centre Expansion Plan.
2. Report findings and potential next steps to Council by the end of Q1 2018.

Guiding Principles

1. The Rivers District Master Plan vision be achievable.
2. Capital funding contributions must be managed within current and future City cash flow and debt level constraints.
3. All orders of government must partner on the expansion and provide equal funding.

Investigation

Review Calgary Stampede Convention and Trade Centre Expansion Plan, including but not limited to:

	Lead by
• Integration with Rivers District Master Plan	**CMLC**
• Implications on current and future capital funding	**City**
• Partnerships and funding from the Federal and Provincial governments	**Stampede**

Assessment – evaluate in terms of Guiding Principals

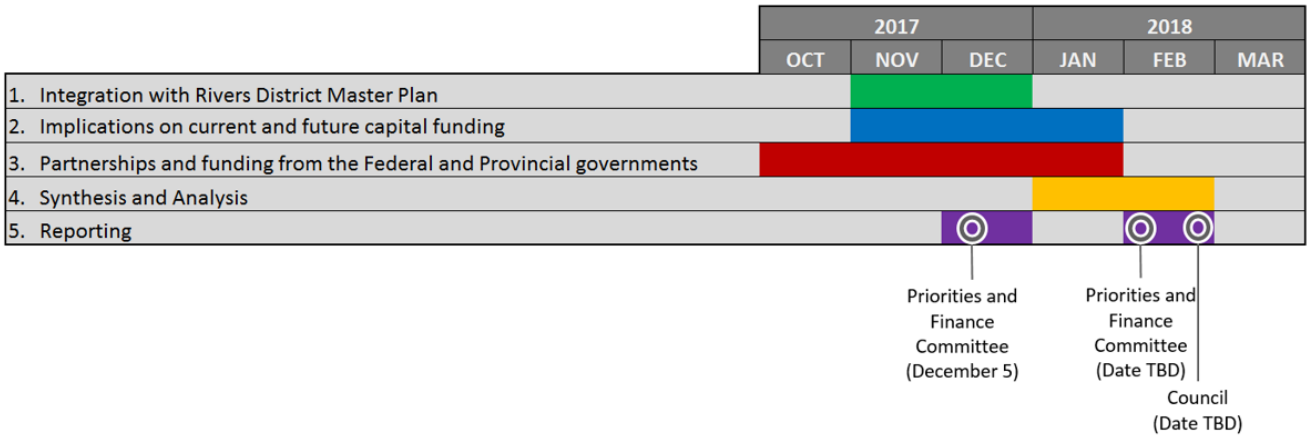
1. The Rivers District Master Plan vision must be achievable.

2. Capital funding contributions must be managed within current and future City cash flow and debt level constraints.

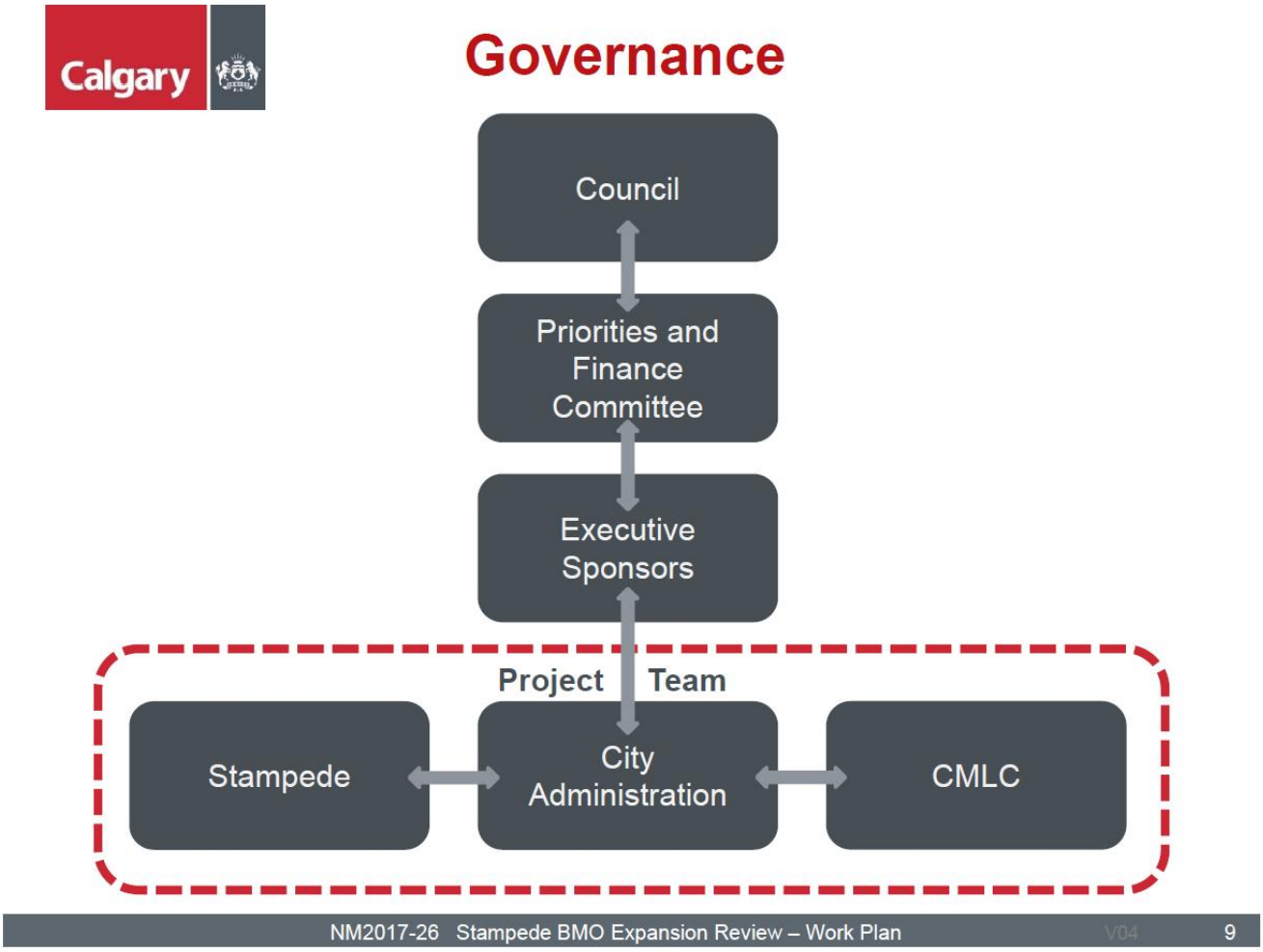
3. All orders of government must partner on the expansion and provide equal funding.

NM2017-26 Stampede BMO Expansion Review – Work Plan V04 7

Schedule



NM2017-26 Stampede BMO Expansion Review – Work Plan V04 8


Governance
Council
Priorities and Finance Committee
Executive Sponsors
Project Team
Stampede
City Administration
CMLC
NM2017-26 Stampede BMO Expansion Review – Work Plan V04 9

Project Team

Stampede

Warren Connell	Government Funding

City

Campbell Berry	Project Management
Roland Mueller	Capital Funding

CMLC

Susan Veres	Master Planning
Ko Bwanali	CRL Finance

Stampede BMO Expansion Review - Report Outline

1. Executive Summary

2. Background
    a. Victoria Park Community
    b. Stampede Master Plan
    c. Convention and Trade Centre Expansion Plan
        i. History
        ii. Economic Impact
        iii. Design

3. Investigation
    a. Rivers District Master Plan
    b. City of Calgary Capital Funding
    c. Provincial and Federal Funding Partnerships
    d. Community Revitalization Levy Analysis
        i. Timeframe Extension Implications
        ii. Process, Application, and Timing
    e. BMO Centre/Calgary Telus Convention Centre Coordination

4. Conclusions
    a. City Endorsement
    b. Government Funding
    c. Next Steps

Report on Investment in Calgary's Cornerstone Arts Organizations

EXECUTIVE SUMMARY

The bridge funding of $2 million that Council directed be invested immediately in the Cornerstone arts organizations has been distributed to the ten arts organizations supported by Calgary Arts Development Authority's (CADA) "Cornerstones" program (Alberta Ballet, Calgary Opera, Folk Festival Society, National Music Centre, Alberta Theatre Projects, Theatre Calgary, Glenbow Museum, Calgary Philharmonic Orchestra, One Yellow Rabbit and Theatre Junction Grand). The decisions about the amount of each organization's allocation were determined using the peer assessment process which is considered best practice by arts granting bodies. Decisions were based on analyses of each organization's financial state as well as on the investment case that each organization was required to make using the same criteria on which City Council had based its decision to provide the funding. The investment cases will also be used to help support the development of a sustainability framework that Council has directed be prepared by Q2 2018.

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommend that Council:

1. Receive for information this report on the investment of the funds provided for the Cornerstone arts organizations.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2015 February 10, Administration presented the Economic Resilience Strategy to Council (VR2015-0014) to focus efforts and to respond to the emerging economic downturn. One strategy singled out the need to contribute to the creation of a vibrant downtown, because a culturally vibrant downtown affects Calgary's ability to attract and retain businesses, residents and jobs.

On 2016 November 28, Council adopted the first Cultural Plan for Calgary that emphasized, as one of five key priorities, the need to Grow Calgary's Cultural Sector and Creative Industries, recognizing the economic and creative potential of Calgary's not-for-profit cultural sector and for-profit creative industries.

On 2017 March 06, Council directed Administration to explore the creation of an Economic Development Investment Fund (EDIF) to respond to the prolonged economic challenges and capitalize on new opportunities that will create jobs, drive economic recovery and revitalize the downtown core.

On 2017 June 29, as part of the discussion of the EDIF, Council referred Recommendation 5 of that Report and directed Administration to work with the Calgary Arts Development and bring forward a Report and Recommendations in regard to the 10 Cornerstones and report through the Priorities and Finance Committee with alternative funding sources, no later than 2017 July.

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On 2017 July 31, Council approved the Priorities and Finance Committee's recommendations to:

- Approve a one-time budget of $2 million to Program 449 for Calgary Arts Development Authority funded from the Fiscal Stability Reserve (FSR) to invest immediately in the 10 Cornerstone arts organizations and report back in Q4 2017 on the investment of the funds.

- Direct Calgary Arts Development to work with the Cornerstones to develop a sustainability framework and report back to Council through Priorities and Finance Committee with an update no later than Q2 2018.

BACKGROUND

For each of the past eight years the Cornerstones organizations have received a total of $1.7 million annually from The City through CADA. On average, this accounted for 3.5% of their total revenues. Until the economic downturn, sponsorships and donations from the private sector made up 38% of their revenues but those were reduced dramatically: corporate contributions to the Cornerstones decreased by over 30%, individual donations were down over 25% and revenues from fund raising events were down as much as 48%. This led to cutting budgets, using up reserves and job reductions.

With the prospect of a slow economic recovery for Calgary, CADA believed that Calgary was at risk of losing the Cornerstone arts organizations that have taken decades to build. In July Council provided an additional $2 million to the Cornerstones as bridge financing to provide time to consider the appropriate level of annual funding going forward. Council was convinced that these organizations needed to adjust to the new economic situation and directed the Cornerstones and CADA to take the opportunity to develop a new framework for sustainability. The report on that framework is to be delivered in Q2 2018.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Recognizing the differences between the organizations that make up the Cornerstones, both Administration and CADA felt that simply dividing the $2 million in 10 equal parts would not fulfil Council's intention of stabilizing each of the Cornerstones. It was also important to fulfil the assurance given to Council that the allocations would be determined through a peer assessment process, as is usual for CADA.

As a result, CADA developed the Cornerstone Bridge Funding Program (Attachment 1) which would provide the information required to make appropriate allocations for each Cornerstone. The Program consisted of two parts:

- a comprehensive analysis, by CADA, of each Cornerstone's liquidity and risk of insolvency based on financial statements going back to 2012;
- a case for investment developed by each Cornerstone organization.

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Each Cornerstone was asked to develop a case for investment that spoke to the following criteria:

- Retaining jobs in the not-for-profit arts sector;
- Ongoing direct economic impact;
- Supporting Calgary's economic development and diversification efforts;
- Revitalizing and animating the downtown core;
- Demonstrating a responsibility to improve equity, diversity and inclusion in Calgary's arts sector; and,
- Committing to artistic and operational sustainability through adaptive thinking and critical self-awareness.

The investment criteria reflected Council's belief that by directing CADA to invest funds in Calgary's 10 Cornerstone arts organizations The City will

- sustain non-profit organizations that have taken decades to build;
- retain jobs in the cultural sector;
- support economic recovery and diversification; and
- revitalize and animate the downtown core.

The Cornerstones' investment cases spoke to the fact that they are significant employers, cultural assets, tourism attractions, educational institutions, and community builders that support a diversified economy, a high quality of life, and a vibrant downtown core. In addition, the requirement to demonstrate how they were addressing equity, diversity and inclusion in the arts sector was a recognition that these arts organizations are only 10 of the 159 that CADA supports, yet they account for 52 per cent of the full-time jobs in Calgary's arts sector. They are the backbone of the arts eco-system in Calgary, serving as incubators, employers and content creators and, as such, have a responsibility to the wider community of both artists and audiences.

As part of the transfer of funds to CADA for disbursement to the Cornerstone organizations, Administration requested CADA undertake key due diligence requirements including a high level financial analysis that would inform the review panel's decisions by providing a snapshot of each Cornerstone's financial health. This practice aligns with standard due diligence processes in place within Administration's grant programs, and in the wider grant making community and provides valuable information for the development of a future sustainability plan.

The comprehensive analysis of each Cornerstone's financial vulnerability was provided as a report to the peer assessment committee in advance of the assessment meeting for consideration against each company's operational sustainability. Assessors also received copies of each case for investment.

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A proposed investment schedule was put forward for consideration, based on increasing the percentage of municipal investment for each Cornerstone to a minimum of 5% of their average annual budget as a starting point. Based on their budget size, the percentage could go up to 9.5% but everyone would start at 5%. The proposed percentage process was approved by the assessors.

This was the starting point to which were added the assessors' scores. Scores were given based on how well the applicants' addressed the investment criteria, coupled with an understanding of each organization's financial vulnerability.

Final investment recommendations were agreed to and put forward by the assessment committee as follows:

Company	2017 Municipal Grant	Municipal Grant % of Budget	Proposed One-Time Bridge Fund Allocation	**Final One-Time Bridge Fund Allocation**	NEW Municipal Grant % of Budget
Alberta Ballet*	$466,070	3%	$252,734	**$263,647**	5%
Alberta Theatre Projects	$297,285	8%	$62,067	**$72,980**	9.5%
Calgary Opera	$213,180	3%	158,663	**$158,663**	6%
Calgary Philharmonic Orchestra	$303,050	2%	$318,266	**$318,266**	5%
Folk Festival Society of Calgary**	$156,863	4%	$110,510.32	**$110,510**	6.5%
Glenbow	$141,075	1%	$367,793	**$367,793**	5.5%
National Music Centre	$57,475	1%	$324,206	**$324,206**	6%
One Yellow Rabbit	$78,375	5%	$79,008	**$89,921**	9.5%
Theatre Calgary	$303,050	3%	$198,611	**$198,611**	5%
Theatre Junction	$80,465	4%	$84,490	**$95,403**	9.5%

*Alberta Ballet municipal grant includes $242,000 investment from the Edmonton Arts Council

**Folk Festival Society of Calgary municipal grant includes $62,813 in Festival and Event Subsidy from The City of Calgary

Stakeholder Engagement, Research and Communication

CADA constructed an assessment committee that included a representative from each of the Cornerstones. The choice to include these representatives was an effort to ensure the assessors were knowledgeable about the local context, both in terms of the local economic conditions and the impact of companies of this size and scale, which is distinct from other companies in the arts community. It was a departure from discipline specific assessment and enabled the group to learn about the differing business models that exist from one art form to another. Terms of Reference were provided to ensure that requirements around conflict of interest and confidentiality were met. (Attachment 2)

Report on Investment in Calgary's Cornerstone Arts Organizations

Based on research comparing municipal arts grants in Canada, CADA determined that Cornerstone companies receive the lowest percentage of municipal funding, at an average of 3.5% of their annual budgets. By increasing the percentage of municipal investment for each Cornerstone to a minimum of 5% of their average annual budget and a maximum of 9.5%, this would put them more in line with what their counterparts across Canada receive from municipal funders.

CADA explains how each Cornerstone intends to use its funds in the Cornerstone Bridge Funding Investment Process report. (Attachment 3) The Evaluation of the process is included as Attachment 4.

Strategic Alignment

On 2016 November 28 Council approved the Cultural Plan for Calgary which outlines the central role that culture plays in city shaping, connecting people and ideas to strengthen communities. The Cultural Plan has five Strategic Priorities, one of which is to Grow the Cultural Sector and Creative Industries. By providing bridge financing to the Cornerstones, Council sought to sustain these arts organizations as they adjust to the new realities of funding.

The investment also aligns with The City's Economic Resilience Strategy and the results of the Downtown Economic Summit. In particular, providing bridge financing to these arts organizations will help to revitalize and animate the downtown core while maintaining jobs in the sector, which was a goal of Council's direction on Notice of Motion 2017-01 *Downtown Calgary and Economic Uncertainty: A Coordinated Response*.

Social, Environmental, Economic (External)

The collective impact of this funding is enhanced resilience, a range of social and economic benefits including regional employment.

Financial Capacity

Current and Future Operating Budget:

There are no current operating budget impacts associated with this report or its attachments.

Current and Future Capital Budget:

There are no current or future capital budget impacts associated with this report or its attachments.

Risk Assessment

The Cornerstone arts organizations are so-called because they serve as the foundation of Calgary's cultural life. Calgarians have built these organizations over many decades but the current economic downturn has undermined their resiliency. The investment of this one-time $2 million in bridge financing should enable them to navigate this shift in funding patterns. It is expected that, as a result, they will continue to explore opportunities for efficiencies as well as revenue generation and will report on the resulting sustainability framework to Council through CADA in Q2 2018.

Report on Investment in Calgary's Cornerstone Arts Organizations

REASON(S) FOR RECOMMENDATION(S):

The 10 Calgary arts organizations that are included in Calgary Arts Development Authority's (CADA) "Cornerstone" program play a critical role in the arts eco-system, as incubators, employers, and cultural content creators. The allocations of this one-time $2 million for the 2017 fiscal year will provide the Cornerstones with time to continue their work to adapt to the changing economic environment, investigating efficiencies and different business models and developing a framework to ensure future sustainability.

ATTACHMENT(S)

1. Cornerstone Bridge Funding Program
2. Cornerstone Bridge Funding Program – Assessor Terms of Reference
3. Cornerstone Bridge Funding Investment Process
4. Cornerstone Bridge Funding – Assessment Evaluation

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Cornerstone Bridge Funding Program

Program Description

On July 31, 2017 City Council approved a one-time allocation of $2M to Calgary Arts Development for immediate investment in the 10 Cornerstone Companies. In addition to providing $2M in funds, City Council has directed Calgary Arts Development to work with the Cornerstone Companies to develop a sustainability framework, which will be reported back to City Council through the Priorities and Finance Committee no later than Q2 2018.

Process and Criteria

This program does not use a traditional application-based grant process. Instead Calgary Arts Development will work with each Cornerstone Company to develop a case for investment that demonstrates how the company contributes to the City of Calgary's goals of:

- Retaining jobs in the not-for-profit arts sector and on-going direct economic impact.
- Supporting Calgary's economic development and diversification efforts.
- Revitalizing and animating the downtown core.
- Demonstrating a responsibility to improve equity, diversity and inclusion in Calgary's arts sector.
- Committing to artistic and operational sustainability through adaptive thinking and critical self-awareness.

Investment cases will be reviewed by a peer assessment committee. Peer assessors will rate investment cases on each of the above stated goals on a scale of 1 to 10, with 1 being 'does not contribute meaningfully to this goal' and 10 being 'the highest degree of impact on this goal.'

Calgary Arts Development will complete a comprehensive analysis of each Cornerstone's liquidity and risk of insolvency based on financial statements going back to 2012. This will be provided as a report to the peer assessment committee in advance of the assessment meeting for consideration against each company's operational sustainability.

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Program Timeline

- **September 1 – October 1, 2017:** Calgary Arts Development staff meet with board and leadership from each Cornerstone Company to discuss their investment case. Cornerstone Companies can use this opportunity to present their initial case material in this meeting, based on the program guidelines.
- **October 13, 2017: Deadline to submit investment case through grant interface***
- **October 18, 2017:** Investment cases provided to peer assessors for review and scoring
- **November 6 – 9, 2017:** Assessment meeting (exact date TBD)

**Calgary Arts Development staff requires a minimum of two business days prior to the deadline to provide feedback and advice on an investment case.*

Assessment

The subsequent cases for investment will be reviewed and recommended for funding by a peer assessment committee comprising:

- The President & CEO of Calgary Arts Development (non-voting chair).
- A representative of Tourism Calgary.
- A representative of Calgary Economic Development.
- A community member-at-large.
- The Manager of Arts & Culture from The City of Calgary (non-voting).
- A representative from each of the 10 Cornerstone Companies*.

*Each Cornerstone is asked to appoint one individual to sit on the peer assessment committee. It is recommended that this individual be a member of the senior leadership or board of directors who has a strong understanding of their company's operational model and the context of the Cornerstone Companies in Calgary's arts ecology.

After discussion of the merits of each application on an individual basis, assessors will begin their allocation process from a proposed investment schedule that is based on each Cornerstone receiving at least 5% of their annual budget from Calgary Arts Development in 2017 *as a starting point*. The 5% is calculated by adding the regular annual operating investment and the funds provided through this additional $2M.

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Based on the strength of the investment case and the assessment discussion, a company may receive more or less than the amount proposed in the investment schedule.

Conditions of Receiving a Grant

Cornerstone Companies will receive a notification via email and will be required to sign and return an investment agreement within 30 days of notification to receive funding. The investment agreement will outline interim and final report deadlines. These reports will provide evidence that the outcomes articulated in the case for investment have been achieved, or in the case that they haven't, will provide information on the company's current state and learnings obtained through the investment period.

Each Cornerstone Company will be required to appoint one representative to a Sustainability Framework Working Group as a condition of their grant.

Sustainability Framework Working Group

Calgary Arts Development will establish a working group to create a Cornerstone Sustainability Framework, to be completed and presented back to City Council no later than Q2 2018. As a condition of receiving funds through this program, Cornerstone Companies must appoint one representative to sit on the working group. The working group will be chaired by a member of Calgary Arts Development's leadership team and will meet a minimum of once a month from September 2017 to June 2018.

Calgary Arts Development will accept Letters of Interest (LOI) to participate in the working group from representatives of non-Cornerstone companies that receive operational funding from Calgary Arts Development. Calgary Arts Development will review all LOI's and invite appropriate applicants to join the working group.

Contact Information

Contact the Community Investment Team at **grants@calgaryartsdevelopment.com** or 403.476.2031 if you have any questions about the program.

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Cornerstone Bridge Funding Program

Assessor Terms of Reference

Overview

On July 31, 2017 City Council approved a one-time allocation of $2M to Calgary Arts Development for immediate investment in the 10 Cornerstone Companies.

In addition to providing $2M in funds, City Council has directed Calgary Arts Development to work with the Cornerstone Companies to develop a sustainability framework, which will be reported back to City Council through the Priorities and Finance Committee no later than Q2 2018.

Description of Role

Purpose

For all Community Investment programs, volunteers are engaged to make recommendations to Calgary Arts Development staff in an arm's-length assessment process. This process has been approved by the Calgary Arts Development Board of Directors, whose role it is to ensure that the process upholds Calgary Arts Development's commitment to transparency, as well as its fiduciary responsibility to make impactful investments on behalf of The City of Calgary and its citizens.

This program does not use a traditional application-based grant process. Instead Calgary Arts Development will work with each Cornerstone Company to develop a case for investment that demonstrates how they contribute to the City of Calgary's goals of:

- Retaining jobs in the not-for-profit arts sector and on-going direct economic impact.
- Supporting Calgary's economic development and diversification efforts.
- Revitalizing and animating the downtown core.
- Demonstrating a responsibility to improve equity, diversity and inclusion in Calgary's arts sector.
- Committing to artistic and operational sustainability through adaptive thinking and critical self-awareness.

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Membership

The subsequent cases for investment will be reviewed and recommended for funding by a peer assessment committee comprising:

- The President & CEO of Calgary Arts Development (non-voting chair).
- A representative of Tourism Calgary.
- A representative of Calgary Economic Development.
- A community member-at-large.
- The Manager of Arts & Culture from The City of Calgary (non-voting).
- A representative from each of the 10 Cornerstone Companies*.

*Each Cornerstone is asked to appoint one individual to sit on the peer assessment committee. It is recommended that this individual be a member of the senior leadership or board of directors who has a strong understanding of their company's operational model and the context of the Cornerstone Companies in Calgary's arts ecology.

It is expected that assessors will exhibit the following skills:

Cornerstone Representatives	Tourism Calgary and Calgary Economic Development Representatives	Community Representative
A background in the arts that demonstrates a profound commitment to an artistic discipline and/or reflects a high level of artistic leadership and accomplishment.	An understanding and familiarity of the role of Calgary's arts sector within the Destination Marketing Strategy and/or Economic Development strategy.	An understanding and familiarity with the arts (dance, music, theatre, visual arts and/or festivals and events).
A generous spirit, exceptional listening skills and a willingness and ability to embrace change, complexity and different viewpoints.		
An understanding and awareness of Calgary and region, and an insight into our social and cultural climate.		
The respect of peers in the community.		
The ability to function well within a committee structure.		

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Term

Committee members will meet for training and orientation sessions in addition to the assessment meetings. Assessors' time commitment for the Cornerstone Program is:

- **October 2017:** One training session in preparation for reviewing applications in the grant interface.
- **Mid-October to early-November 2017:** Read applications and enter evaluation into online grant interface.
- **November 6 – 9, 2017:** Up to two day-long meetings to discuss each company's application and collectively make recommendations for funding.

Criteria & Assessment Meeting Process

The assessment committee will meet in early November after each assessor has reviewed and provided initial scoring for each application. Cornerstone representatives will not be permitted to read or score their own company's application.

At the assessment meeting, the committee as a whole will discuss each application. Cornerstone representatives will be invited to remain in the room to address questions from the other assessors while their company's application is discussed. After the assessor questions have been addressed, that representative will be asked to leave the room for the remainder of the assessment conversation concerning their company.

The committee includes two non-voting members who will actively participate in the assessment deliberation, however they will not submit scores on the applications nor make or vote on funding recommendations.

Lines of Accountability and Communication

The assessment committee meeting will be chaired by Calgary Arts Development's President & CEO and the assessment discussion will be led by a member of Calgary Arts Development's Community Investment team.

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All deliberations of the assessment committee as well as all records, material and information obtained by a member and not generally available to the public shall be considered confidential. Adhering to the Terms of Reference, assessors shall maintain the confidentiality of their deliberations and shall safeguard such records and information from improper access.

Conflict of Interest

All committee members will follow Calgary Arts Development's Policy on Conflict of Interest and Code of Conduct (excerpt from Calgary Arts Development's Governance Manual below). All committee members are required to sign a statement agreeing to fully disclose any actual or perceived conflict with any applicant whose submission they have been appointed to review. Committee members with an actual or perceived conflict with an applicant will be removed from the assessment process for said applicant.

"Upon consideration of any proposed activity with the potential to benefit an organization or initiative with which the director or volunteer committee member shall participate in the decision making process where there is a potential or actual conflict of interest. The individual so affiliated shall leave the room during discussion and shall not vote or use personal influence in the decision-making process."

Confidentiality

Protecting the Anonymity of Assessors During the Granting Cycle

Calgary Arts Development requests that individuals engaged as assessors maintain their own anonymity and the anonymity of other assessors in order to prevent the possibility of pressure being applied from grant applicants and the community that could affect assessments.

Disclosure of Assessor Names by Calgary Arts Development

Calgary Arts Development will release assessor names as part of its annual Accountability Report published the subsequent year. In the case where assessors are engaged in programs that contain a verbal presentation from applicants, assessors will be introduced to applicants at the time of the presentation, before the program cycle is complete.

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Protecting the Confidentiality of Applicants and Applicant Information

All deliberations of assessors, all corporate records and material submitted by applicants as part of their applications that is not generally available to the public shall be considered confidential. All assessors are required to safeguard such records and information from improper access and to sign and adhere to an agreement of confidentiality prior to accessing any confidential information.

Contact Information

Contact the Community Investment Team at **grants@calgaryartsdevelopment.com** or 403.476.2031 if you have any questions about the program. The team includes:

- Emiko Muraki, Director, Community Investment & Impact
- Jordan Baylon, Community Investment Manager
- Melissa Tuplin, Community Investment Officer
- Taylor Poitras, Community Investment Assistant

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Cornerstone Bridge Funding Investment Process

On July 31, 2017, City Council approved a one-time budget of $2 million as bridge funding to Calgary's Arts Cornerstone Companies. Calgary Arts Development was directed to complete a peer assessment process to invest the $2 million amongst the 10 Cornerstone Companies and report back in Q4 2017 on the investment of the funds.

The subsequent application and investment criteria were based on the business case that City Council used in making their investment decision, and using this same application to garner information in anticipation of the sustainability framework taking place subsequently. The investment criteria were:

- Retaining jobs in the not-for-profit arts sector;
- Ongoing direct economic impact;
- Supporting Calgary's economic development and diversification efforts;
- Revitalizing and animating the downtown core;
- Demonstrating a responsibility to improve equity, diversity and inclusion in Calgary's arts sector; and,
- Committing to artistic and operational sustainability through adaptive thinking and critical self-awareness.

Calgary Arts Development worked closely with each Cornerstone Company to craft their application. In addition, Calgary Arts Development completed a comprehensive analysis of each Cornerstone's financial vulnerability using the audited or draft financial statements of each company, and where appropriate, related entities that manage an endowment on behalf of a Cornerstone Company. The financial review was based on Tuckman and Chang measures of financial vulnerability in not-for-profit organizations. The measures include:

- **Equity balance**. An organization's equity is calculated by subtracting its liabilities from its assets.
- **Operating margin**. An organization's operating margin is calculated by subtracting expenditures from revenues and dividing this difference by total revenue. The result is a ratio yielding the percentage that net income represents of total revenue.
- **Revenue concentration**. An organization's revenue concentration refers to the proportion of funding it receives from its different sources of income.

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- **Administrative costs.** Administrative costs are spent to run an organization, whereas program costs are spent to run specific programs or projects.

Cornerstone Bridge Funding Process Outline

- Full Cornerstone Bridge Fund information was published on the Calgary Arts Development website and emailed directly to the 10 Cornerstone Companies on August 21, 2017, including guidelines and program policies. The application was available in the grant interface beginning September 5, 2017.
- Calgary Arts Development staff met with each Cornerstone Company between September 5-27, 2017 to discuss the investment process and application.
- Calgary Arts Development staff reviewed and provided feedback on applications. Staff have continually documented communications with applicants throughout the process.
- Financial reviews were completed by Calgary Arts Development and financial information was verified as accurate by each Cornerstone Company.
- The Deadline Extension Approvals policy details the steps staff follow in accepting deadline extension requests. Two deadline extension requests were approved and documented.
- Calgary Arts Development constructed an assessment committee comprising:
    - One representative from each Cornerstone Company;
    - One representative from Calgary Economic Development;
    - One representative from Tourism Calgary;
    - One representative from the community-at-large;
    - Sarah Iley, Manager, Arts and Culture, City of Calgary (non-voting); and,
    - Patti Pon, President & CEO, Calgary Arts Development (non-voting).
- The choice to include representatives from each Cornerstone Company was an effort to ensure a "made in Calgary" solution that had a local context, both in terms of the local economic conditions and the impact of companies of this size and scale, which is distinct from other companies in the arts community.
- Cornerstone Assessment Committee received all of the grant applications for initial review and scoring one week prior to the assessment meetings.
- Cornerstone Assessment Committee met to discuss applications, deliberate, and make investment recommendations on November 8 & 9, 2017.
- In Calgary Arts Development's estimation, the Cornerstone Bridge Funding assessment was conducted in accordance with the process described in the Assessment Committee

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Terms of Reference (attached) and assessor recommendations were made based on the criteria described in the same document and in the guidelines.

Cornerstone Bridge Funding Allocations

Based on research comparing municipal arts grants in Canada, our Cornerstone companies receive the lowest percentage of municipal funding, at an average of 3.5% of their annual budgets. This puts them at a distinct disadvantage compared to their peers across Canada. A proposed investment schedule was put forward for consideration, based on increasing the percentage of municipal investment for each Cornerstone to a minimum of 5% of their average annual budget as a starting point. Based on their budget size, the percentage could go up to 9.5% but everyone would start at 5%. This would put them more in line with what their counterparts across Canada receive from municipal funders.

There was a great deal of thoughtfulness and a spirit of generosity in the room over the two days of assessment. The proposed percentage process was approved by the assessors. Final investment recommendations were agreed to and put forward by the assessment committee as follows:

Company	2017 Municipal Grant	Municipal Grant % of Budget	Proposed One-Time Bridge Fund Allocation	Final One-Time Bridge Fund Allocation	NEW Municipal Grant % of Budget
Alberta Ballet*	$466,070	3%	$252,734	**$263,647**	5%
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Theatre Junction	$80,465	4%	$84,490	**$95,403**	9.5%

*Alberta Ballet municipal grant includes $242,000 investment from the Edmonton Arts Council

**Folk Festival Society of Calgary municipal grant includes $62,813 in Festival and Event Subsidy from The City of Calgary

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Intended Use of Funds:

The Cornerstone Companies are not receiving the ongoing level of operational support they need relative to their size, reach, and impact in the community. Even though many of them have undergone significant transition as a response to the new normal, first and foremost they need to be given a chance to stabilize their organizations as the first step of the sustainability framework.

Here is what each company said they would do with the bridge funding:

Calgary Philharmonic Orchestra

The CPO has an imbalance in their funding model compared to their peers across Canada, receiving the lowest amount of municipal funding. In addition to this already precarious funding model, they saw significant impact from the recession because of their reliance on private sector funding and have had to draw down their reserves. The bridge funding will get them back to a balanced operating budget for their 2017/18 fiscal year. Their vision is to be the best orchestra in North America in cities under 1.5 million people. This funding will allow them to move out of a deficit position so they can start moving toward that goal.

Glenbow

The Glenbow has just completed a new strategic plan and needs to realign their staff and hire a change manager. In implementing this strategic plan the Glenbow will be making some tough decisions. Although the Glenbow believes they have shown a commitment to being an Arts Cornerstone, they have not received funding that reflects the contributions made as one. This bridge funding will help them navigate the change ahead.

Folk Festival

The Calgary Folk Music Festival has spent the last three or four years just getting by. This funding will help them imagine beyond simply maintaining their activity, add to the organization's stability and help make improvements to their facility that will allow them to shore up this significant capital asset for the society as well as the community more broadly.

Alberta Theatre Projects

Alberta Theatre Projects has historically had more municipal funding as a percentage of their budget than other Cornerstone companies because of the risk they've taken in new play development. That said, the company is undertaking an exciting new direction, Project 50,

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and the bridge funding will help them deliver on this new direction, become more adaptive, and weather the loss of philanthropic revenue.

Theatre Calgary

Theatre Calgary will use their bridge funding to support a paid mentorship program. The next generation of artists is important to the company and they'll be hiring a paid position to run the mentorship program. Theatre Calgary is also under extraordinary pressure with a decline in their subscriber base, which has been the largest in the city. They need to make decisions about their future, get themselves ahead of the curve and not get stuck in past models of revenue generation such as subscription models.

Alberta Ballet

Alberta Ballet has been experiencing financial challenges with a large accumulated deficit which they are beginning to work down. This bridge funding will help to get them address that deficit and allow them to invest in more earned revenue opportunities.

National Music Centre

The National Music Centre will use the bridge funding to invest in programming, artists, live music presentation, new exhibitions, and educational offerings. This funding is to activate programming to help them reach the potential of the building. National Music Centre will be taking a different approach to handling their mortgage and debt in the future, and the bridge funding will allow them to focus more on what they were conceived to do – provide music programming.

Calgary Opera

Calgary Opera will use these funds to invest in currently underfunded programs. The company is currently undertaking a search for a new artistic leader. The bridge funding will provide important working capital to support the artistic and operational ideas of that new leader.

Theatre Junction GRAND

Theatre Junction will use the bridge funding to explore a new direction they've started to become an outward facing arts organization that can convene and connect people in new ways. It will give them a buffer as they undertake this emergent practice for the company, providing a safety net to try experiments and learn from them.

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One Yellow Rabbit

Bridge funding is necessary to help One Yellow Rabbit get through the current year. The company recognizes a need to adapt to the new normal, and this fund will help take some of the daily anxiety away so they can think more about the bigger picture challenges they have to address going forward.

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Cornerstone Bridge Funding – Assessment Evaluation

A standard practice for all Calgary Arts Development grant assessments is to complete a post-mortem with the grant assessors at the end of the meeting to collect feedback on the process. The post-mortem was conducted for the Cornerstone Bridge Funding Program assessment and the assessors offered the following comments:

- The assessors confessed to feeling skeptical about the process as they were completing the evaluations for the applications, but found the process was extremely valuable and educational for each member of the committee. It was seen as very helpful.
- Assessors saw the process as a foundation for the next steps in sustainability, and all want to be actively involved in that, because they have put a big investment into the work so far. They are eager to begin work on the sustainability framework.
- The assessors felt the collaboration around the table needs to continue beyond discussions of how we fund each other but how we can support each other down the road.
- The assessors expressed that, while on one hand, it was a stressful situation both to write the applications and to evaluate them, it was also a tremendously generous room and space. It has been a very interesting process and different from any process anyone has experienced before.
- Most in the assessment felt that it was a good process and are comfortable with where it got to. They felt it was helpful to be in the room with their colleagues. In terms of reviewing and putting applications together, it would be helpful to streamline this aspect of the process.
- The assessors stressed the importance of being able to enter into frank and honest discussions with each other and that the confidentiality agreement that all assessors signed was critical to ensuring a safe space for sharing challenges.

Subsequent to the post-mortem conversation with the Cornerstone Bridge Funding assessors, we offered a second opportunity for comments and feedback at the first meeting of the Sustainability Framework Working Group. Feedback largely reiterated the comments above, with more emphasis on the value that was obtained by the group of Cornerstone companies coming together to share challenges and seek ways to learn from each other and work together on new solutions.

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**Deputy City Manager's Office Report to
Priorities and Finance Committee
2017 December 5**

MUNICIPAL COMPLEX STRUCTURAL UPGRADE

EXECUTIVE SUMMARY

The City owns and operates civic facilities which are essential to the delivery of services to citizens, including the Calgary Municipal Complex. In Q3 2016, external specialist structural engineers determined that Truss 'A' in the northeast corner of the Municipal Complex did not meet the life safety requirements of the Alberta Building Code. Subsequently, on 2016 September 18, out of an abundance of caution the Administrative Leadership Team (ALT) activated the City's Municipal Emergency Plan (MEP) and directed that all City staff located within the impacted portions of the Municipal Complex be temporarily relocated. As a means of addressing the identified safety issues, City staff engaged a third-party engineering firm, which recommended the installation of redundant structural shoring and additional remedial truss work. These recommendations were further confirmed by an external forensic engineering firm. Since Q3 2016 significant work has been completed, including urgent installation of the shoring system, along with the re-occupancy of 99.1 per cent of temporarily relocated staff. Further, additional remedial work to upgrade Truss 'A' and Truss 'B' has commenced and is expected to be completed in Q1 2018.

Administration's main priority is to ensure safety for citizens and City employees while also working within existing budgets to absorb as much of the cost of the Municipal Complex Structural Upgrade project as possible. Existing budgets were reprioritized by reallocating funds for building operations and maintenance projects, along with cancelling and deferring planned lifecycle projects, including energy efficiency and building automation upgrades. Through this reprioritization, a total cost of $4.6 million was absorbed through prioritizing existing budgets. Following the absorption of $4.6 million, Administration still requires $12.2 million to complete the project, for a total estimated project cost of $16.8 million. This is significantly less than the $20.7 million preliminary class five estimate to address the affected area. Recognizing that this project responded to a corporate emergency, Administration recommends that these costs be funded from the Corporate Cost Program 861. This funding ensures the long-term structural integrity of the Municipal Building along with required building codes compliance, safe re-occupancy of impacted areas and reactivation of the space within. In addition, this work supports the avoidance of future real estate costs, as the remediation process is increasing useable office capacity for floors 8-12 by 38 per cent, resulting in an estimated $6.6 million in future cost avoidance.

ADMINISTRATION RECOMMENDATION(S)

That the Priorities and Finance Committee recommends:

That Council approve the transfer of $12.2 million in project costs to be spent in 2017 and 2018 to the Corporate Cost Program 861 for the Municipal Complex Structural Upgrade.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2002 May 27, Council approved the Emergency Management Bylaw 25M2002 which describes how The City declares local emergencies, develops emergency plans and directs emergency response.

MUNICIPAL COMPLEX STRUCTURAL UPGRADE

BACKGROUND

The Calgary Municipal Complex was constructed in 1983, and includes the Municipal Building, Administration Building and Annex. The Municipal Building itself is comprised of a large concrete multi-story structure with a small triangular shaped structural steel framed pinnacle area that spans over the existing Annex and Administration Building. This area includes five floors which are suspended by two structural hangers from Truss 'A' and a single structural hanger from Truss 'B'. The two trusses are two floor levels high and directly support a mechanical floor, a mid-level floor and a portion of the roof.

Initial Discovery & Emergency Response

In 2016, during work being conducted in the northeast section of the Municipal Complex, a structural engineering consultant noticed that Truss 'A' is constructed differently from what is shown on the original design drawings and following detailed analysis and review, it was determined that the truss as constructed did not meet the life safety requirements of the Alberta Building Code.

Subsequently, on 2016 September 18th, out of an abundance of caution the Administrative Leadership Team activated The City's Municipal Emergency Plan (MEP) and Emergency Operations Centre (EOC) to ensure safety, asset protection and facilitate entry to the building while a number of affected areas were cordoned off. Within 36 hours the EOC then handed-off the emergency and operational response to Facility Management's (FM) Tactical Operations Centre (TOC) to coordinate the relocation and accommodation of affected staff. The FM TOC included Corporate representatives from Calgary Emergency Management Agency (CEMA), Environment and Safety Management (ESM), Corporate Security, Roads, Information Technology (IT), Human Resources, Finance, and Law. Measures were taken to ensure the safety of City employees and the public, manage and coordinate immediate communications and information regarding the emergency and tactical response, provide and analyze information to support decision-making and implement response plans.

Impacts to City Employees and Services

In total, 257,893 square feet or 27 per cent of the Municipal Complex was affected by the Municipal Complex Structural Upgrade, impacting 345 City staff initially and later an additional 155 staff when the shoring system was installed. Facility Management collaborated with Human Resources, IT, City Councillor offices, and impacted business units to ensure all relocated employees were accommodated to meet their short-term space and technology needs within the first week of the emergency event. Maps of the affected areas of the Municipal Complex can be found in Attachment 1.

Some City services based on the third floor of the Municipal Building were interrupted, however City Cashiers reopened within 24 hours and the Fair Entry and Tax Counters within 72 hours. Fair Entry was subsequently relocated to the Atrium lobby and the City Cashiers and Tax Counters were re-opened with some modification in their existing space. While a number of affected areas were cordoned off, the TOC was able to work with City business units to ensure service levels were maintained with as minimal an impact to citizens as possible.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Shifting from the emergency response and staff relocation process, Administration moved into addressing the structural issue itself. This process included leveraging expertise from third party engineering and architectural firms specializing in structural analysis and risk management.

In total, The City leveraged five different third-party specialists to provide input on the project which included, specialist welding engineers, strain gauge quality assurance testing, steel inspection and testing, concrete materials testing, along with utilizing a forensic engineering firm and the University of Calgary to review the work.

Through sophisticated computer analysis and testing, a third-party report was provided indicating that Truss 'A' in the northeast corner of the Municipal Building did not meet the life safety requirements of the Alberta Building Code. In addition, further testing revealed concerns with 'Truss B' and certain joints associated with both truss assembly's. These findings supported the declaration of an emergency situation as the failure of any connection relating to Truss 'A' could lead to a failure in the structural integrity of the complex. Third-party engineering analysis highlighted that despite the fact that the Municipal Complex has stood for 33 years, it was not Alberta Building Code compliant, and without interim shoring and future structural remediation, heavy snow loads or seismic events could impact future structural integrity and result in the collapse of the Municipal Building's suspended floors (portions of floors 8-12). Attachment 2 includes pictures of the Structural Collapse Model along with the associated structural shoring and structural upgrades for Truss 'A' and Truss 'B'.

Interim Shoring System

At the request of Administration, engineering consultant Read Jones Christofferson Ltd (RJC) in collaboration with the prime contractor EllisDon, presented multiple shoring options to temporarily support the structural load carried by Truss 'A', with the primary objectives of addressing the life safety requirements of the Alberta Building Code and allowing the vacated portions of the Municipal Building to be reoccupied safely. All shoring options included reliability testing and building codes inspections to ensure structural integrity and staff safety.

After review and consideration, a final shoring option was selected based on the third-party engineering expertise with safety as its first consideration, while also being cost effective, less time intensive, and the least intrusive for staff and the general public. As an additional safety measure, on 2016 November 4th Administration expanded the partial closure of the Administration Building, Annex and Municipal Building to accommodate the shoring work. This resulted in the relocation of an additional 155 employees, bringing the total number of staff safely relocated to 500.

The selected option consisted of stabilizing Truss 'A' with a shoring tower installed on a new transfer beam system constructed on the roof of the Administration Building (Attachment 2). The new transfer beam system distributes the shoring tower load to three existing columns within the Administration Building, with one of the existing columns being further reinforced to carry the shoring loads. Controlled jacking of the shoring tower was then utilized to remove tension loads from the central hangers and from Truss 'A'.

MUNICIPAL COMPLEX STRUCTURAL UPGRADE

By April 2017, the redundant shorting system was in place. Once installed, structural engineers from two separate third-party consultants independently inspected Truss 'A', using specialized equipment to test reliability. Based on these inspections, building codes officers from Calgary Building Services provided approval to re-occupy the Municipal Complex and begin remediation of Truss 'A'.

Administration began moving staff back to the Municipal Complex in a phased approach starting on Monday, May 15, 2017 and continuing into Q3 2017. To date, 99.1 percent of staff affected by the Municipal Complex Structure Upgrade have successfully and safely re-occupied the affected portions of the Administration Building, Annex and Municipal Complex.

Structural Remediation

With temporary shoring complete, the prime contractor commenced remediation of Truss 'A' and Truss 'B'.

Truss 'A'

Truss 'A' is a primary truss which suspends load from five floors in the Municipal Building (8th floor to 12th floor) and directly carries partial loads from the 13th floor while also supporting portions of the roof. The engineering firm of Amec Foster Wheeler (AFW) conducted the advanced structural assessment of the truss system and identified concerns with the condition of the welds, joints, and associated connections to Truss 'A'. AFW indicated that Truss 'A' did not meet the minimum requirements of the Alberta Building Code, and upon further investigation, that the truss exhibited high level stresses that could result in a sudden failure if additional strain was placed on the structure. AFW confirmed the original finding that Truss 'A' was fabricated differently than in the original design drawings, and that a steel member used was a different size and type than what was identified on the original drawing, which was an additional cause for concern.

Truss 'B'

In terms of Truss 'B', AFW completed a detailed element analysis and strength investigation. The results of this detailed analysis indicated that Truss 'B' met the Alberta Building Code under existing loading conditions, but failed the reliability requirements under the maximum design loads as shown on the original design drawings. These results further indicated that the existing actual loads on Truss 'B' pose no imminent concern, however the truss must be upgraded in order to achieve the maximum design loads for the complex. Without remediation ongoing floor load monitoring would be required to ensure a safety risk did not develop based on future accommodation or occupancy changes, and would prevent any future densification of the Municipal Complex. To support the Truss 'B' remediation process, a temporary box truss was installed on the roof of the Municipal Building. A controlled jacking process was then used to transfer the weight of Truss 'B' onto the temporary box truss assembly so remediation efforts could proceed.

Remediation Progress

In order to address the structural issues with both Truss 'A' and 'B', it was determined that a significant number of additional steel plates, or "stiffeners", would need to be welded into place to support the connections between the truss and surrounding structures. For Truss 'B', this process also required the installation of a "pre-stress system" prior to the installation of the stiffeners to reduce the load on Truss 'B' enough to safely install the stiffeners in question.

To date, the "pre-stress system" has been successfully installed for Truss 'B' and 80 "stiffeners" of varying sizes and shapes have been welded into place on nine separate joints for Truss 'B'. For Truss 'A', 61 "stiffeners" have now been welded into place supporting 8 joints and ensuring enhanced structural stability and safety code compliance. The 141 total number of "stiffeners" utilized weigh over 6,480 kilograms and represent 7,218 linear feet of required welding. All required welding for both Truss 'A' and 'B' is now complete. An infographic outlining key facts and figures related to the upgrade project can be found in Attachment 3. Final remediation work is still ongoing and scheduled to be complete by Q1 2018. This includes refinishing interior spaces impacted by the upgrade efforts along with ongoing testing and third-party review of the work done to date. For example, ongoing monitoring of 245 digital strain gauges installed on both Truss 'A' and Truss 'B' continues to evaluate how they respond to changes in temperature/weather and to determine if any adjustments are required to completed remediation efforts. Further, work is also required to remove the interim shoring system from the roof of the Administration Building and return the roof to its previous condition.

In addition to addressing Alberta Building Code requirements, it's important to note that this project also significantly improved the building's usable office space capacity by increasing the weight load the complex can handle. This project in conjunction with Facility Management's Long-term Accommodation Strategy, will provide 38 per cent more capacity to increase the number of employees on floors 8 through 12. This approach of increased utilization through mobility in the Municipal Complex and rationalizing other Corporate space will allow for enhanced space utilization and an estimated $6.6 million in future capital cost avoidance.

Stakeholder Engagement, Research and Communication

All affected business units and staff were engaged throughout this emergency event to meet their mid to long-term accommodation and information needs. A communications plan was developed and implemented covering all facets of communicating with public, internal and other stakeholders. This plan included ongoing structural upgrade updates to senior leadership and City staff, along with communication and change management support for relocated staff.

Strategic Alignment

Prudent and timely capital investments in lifecycle and maintenance align to and support Council Priorities for 2015-2018, including a well-run City. In addition, the Municipal Complex Structural Upgrade response also aligned with the Municipal Emergency Response Plan and associated Emergency Management Bylaw.

Social, Environmental, Economic (External)
The redundant shoring and remedial work serve to enhance the long-term structural integrity of the Municipal Building, mitigate a major safety risk and support the continuation of programs and service delivery through the maintenance of critical civic infrastructure. Investments in The City's building assets ensure continuity of City operations and safer and more sustainable space for occupants and visitors. These prudent and timely capital investments contribute to The City's Corporate Economic Resiliency Strategy and improve the productive potential of the economy by creating employment.

Financial Capacity

Current and Future Operating Budget:
A total cost of $4.6 million between 2016 and 2017 have been absorbed to date through prioritization of existing City budgets. In order to address the outstanding costs and to complete the remainder of the work, Administration is requesting approval to transfer $12.2 million of project costs to the Corporate Cost Program 861. This amounts to a total estimated project cost of $16.8 million. This is significantly less than the $20.7 million preliminary class five estimate to address the affected area. A more detailed overview of project costs can be found in Attachment 4.

Current and Future Capital Budget:
Not applicable.

Risk Assessment
The structural upgrades outlined in this report mitigate safety risks to staff and visitors of the Municipal Complex and ensure the long-term sustainability of the facility moving forward. This includes bringing the complex into full compliance with the life safety requirements of the Alberta Building Code and facilitating the safe re-occupancy of affected areas.

REASON(S) FOR RECOMMENDATION(S):
In Q3 2016, Administration in conjunction with external specialist structural engineers determined that Truss 'A' in the northeast corner of the Municipal Complex did not meet the life safety requirements of the Alberta Building Code. Subsequently, out of an abundance of caution the Administrative Leadership Team activated the City's Municipal Emergency Plan and directed that all City staff in impacted portions of the Municipal Complex be temporarily relocated as a safety precaution. As a means of addressing the identified safety issues, specialized third-party engineering firms determined the need for the installation of redundant structural shoring and additional remedial truss work. In order to address the outstanding costs and to complete the remainder of the work, Administration is requesting approval to transfer $12.2 million of project costs to the Corporate Cost Program 861. This funding request ensures the long-term structural integrity of the Municipal Building along with safety codes compliance, safe re-occupancy of impacted areas and reactivation of the space within.

Deputy City Manager's Office Report to
Priorities and Finance Committee
2017 December 5

MUNICIPAL COMPLEX STRUCTURAL UPGRADE

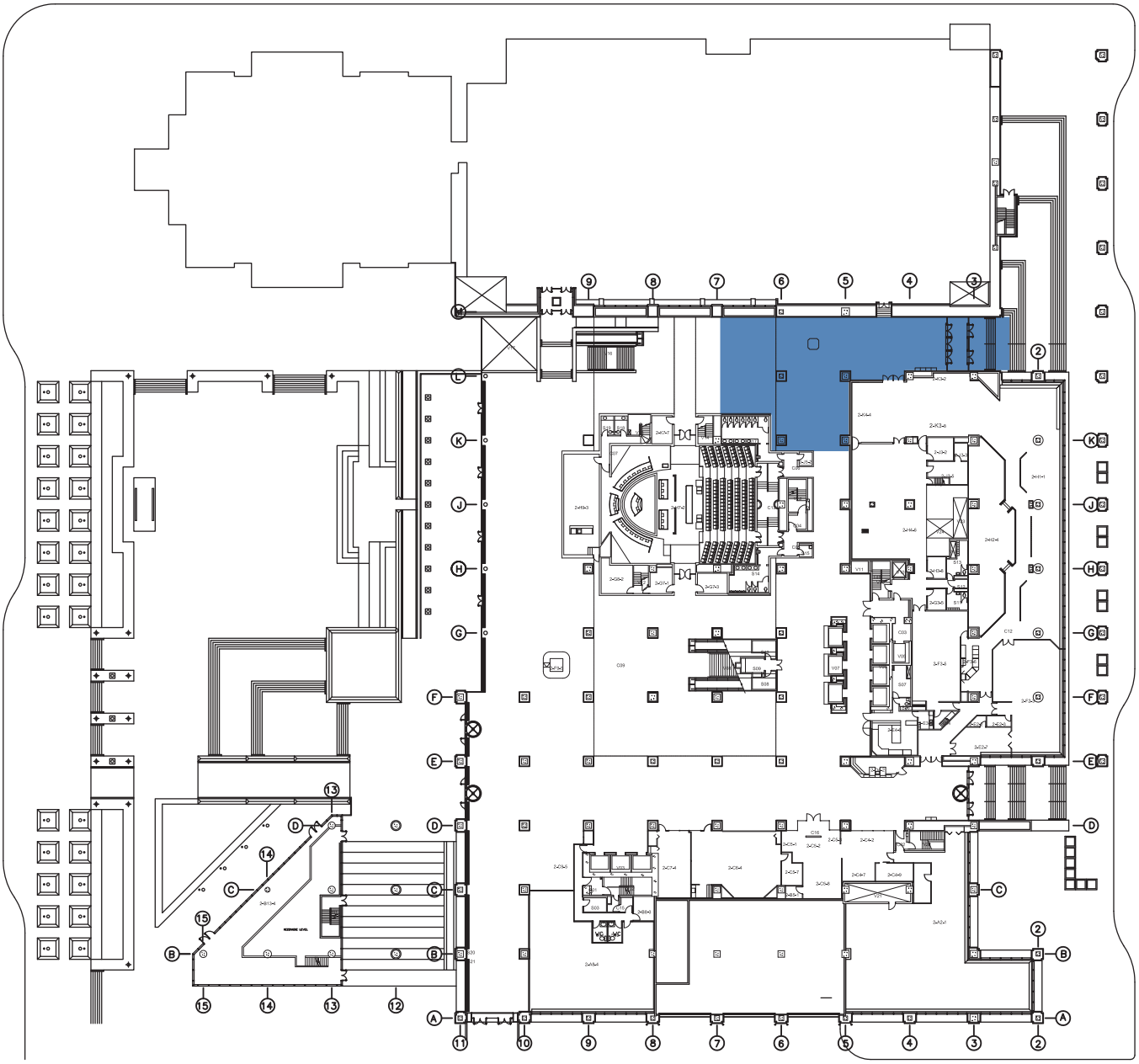
ATTACHMENT(S)

1. Maps of the Municipal Complex Structural Upgrade Affected Areas
2. Pictures of Project Structural Shoring, Remediation and Collapse Model
3. Municipal Complex Structural Upgrade Infographic
4. Municipal Complex Structural Upgrade Project Cost Overview

LEGEND:

Affected Area

Maps of Municipal Complex Structural Upgrade Affected Areas



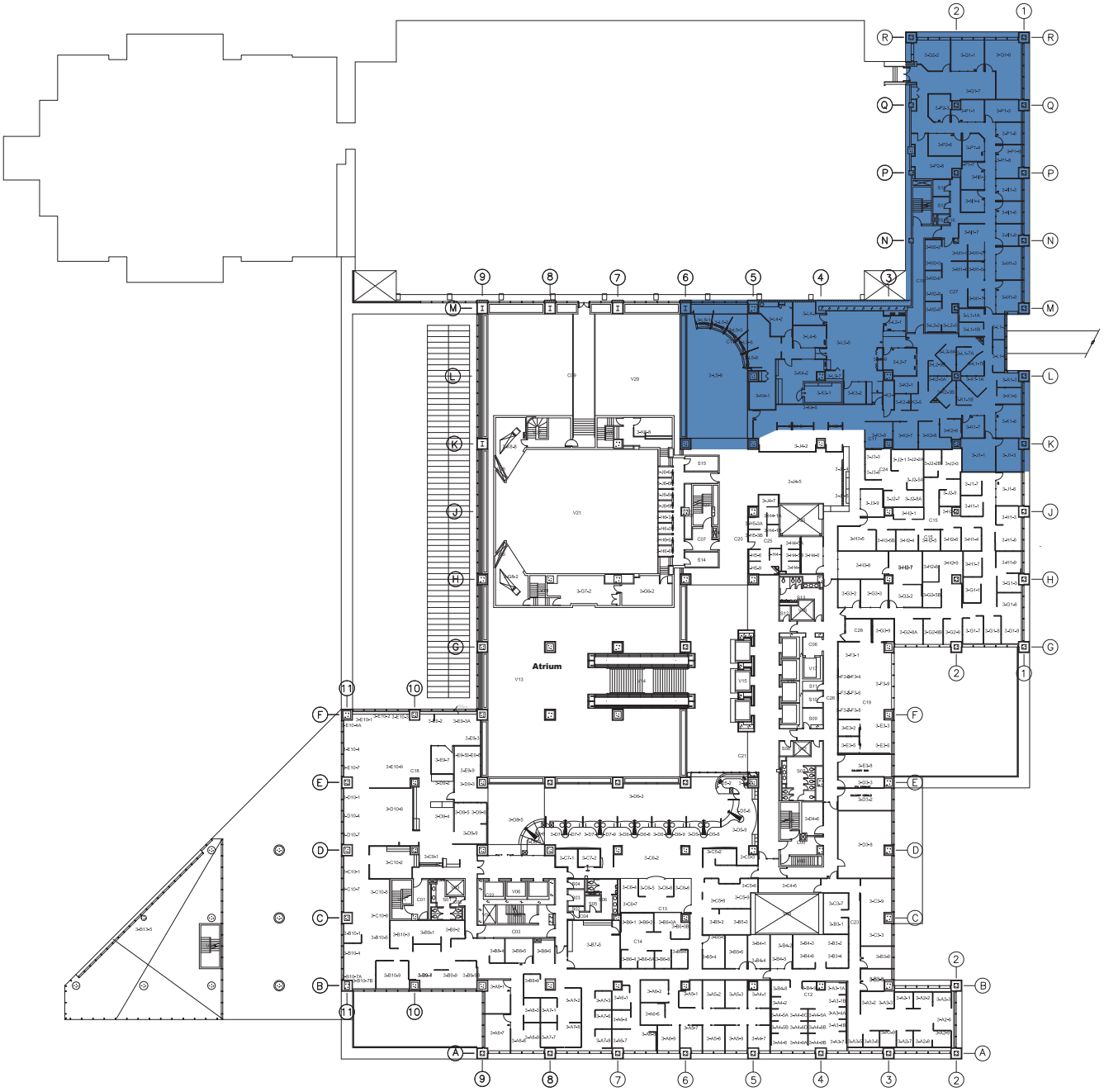
In Q3 2016, external specialist structural engineers determined that Truss ‘A’ in the north east corner of the Municipal Complex did not meet the life safety requirements of the Alberta Building Code. Subsequently, the Administrative Leadership Team activated the City’s Municipal emergency Plan and directed that 500 staff in portions of the Municipal Complex be temporarily relocated as a safety precaution. Attachment 1 provides maps of the affected areas of the Municipal Complex.

Calgary

3rd FLOOR
MUNICIPAL BUILDING

LEGEND:

Affected Area

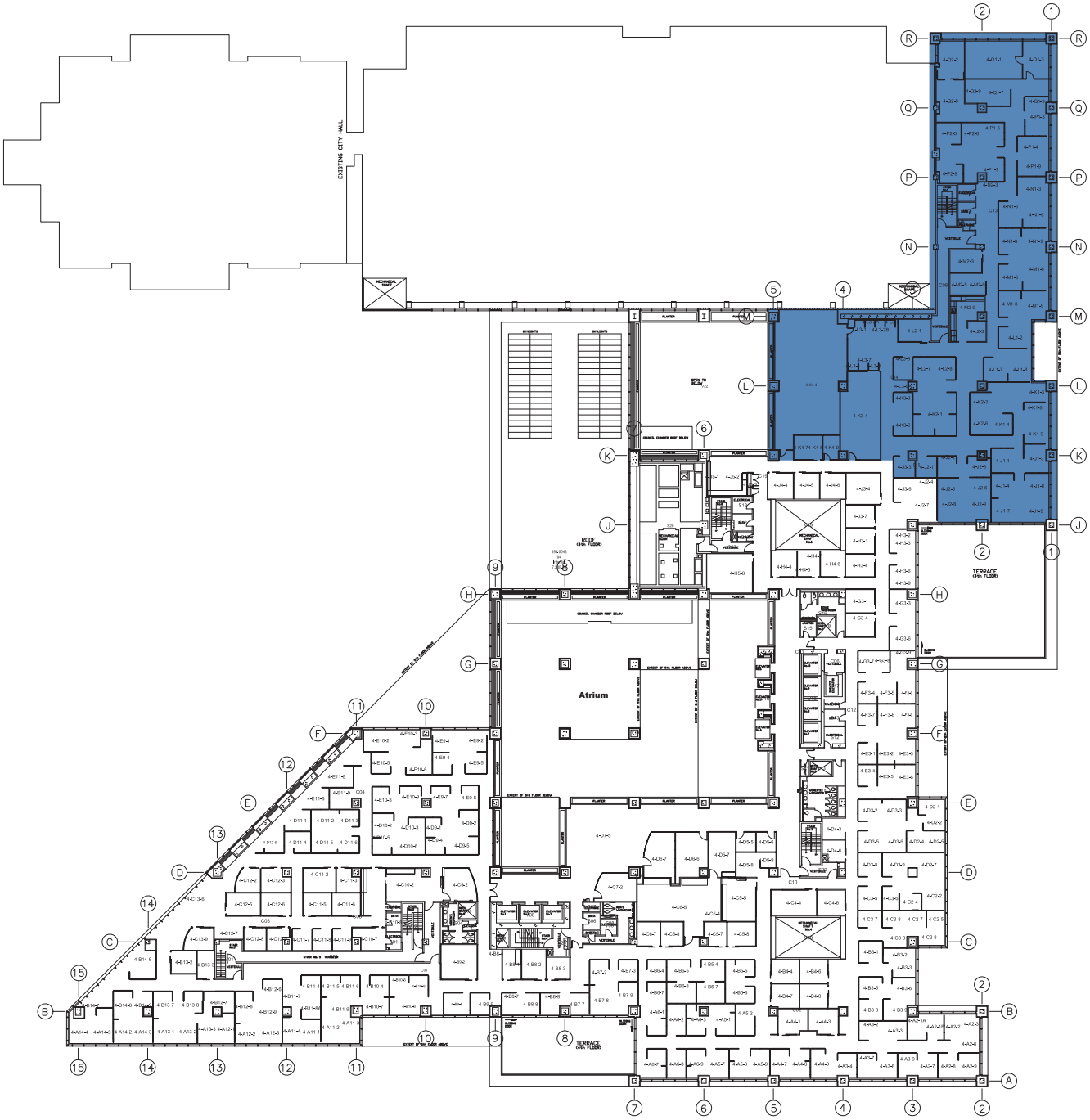


Calgary

4th FLOOR
MUNICIPAL BUILDING

LEGEND:

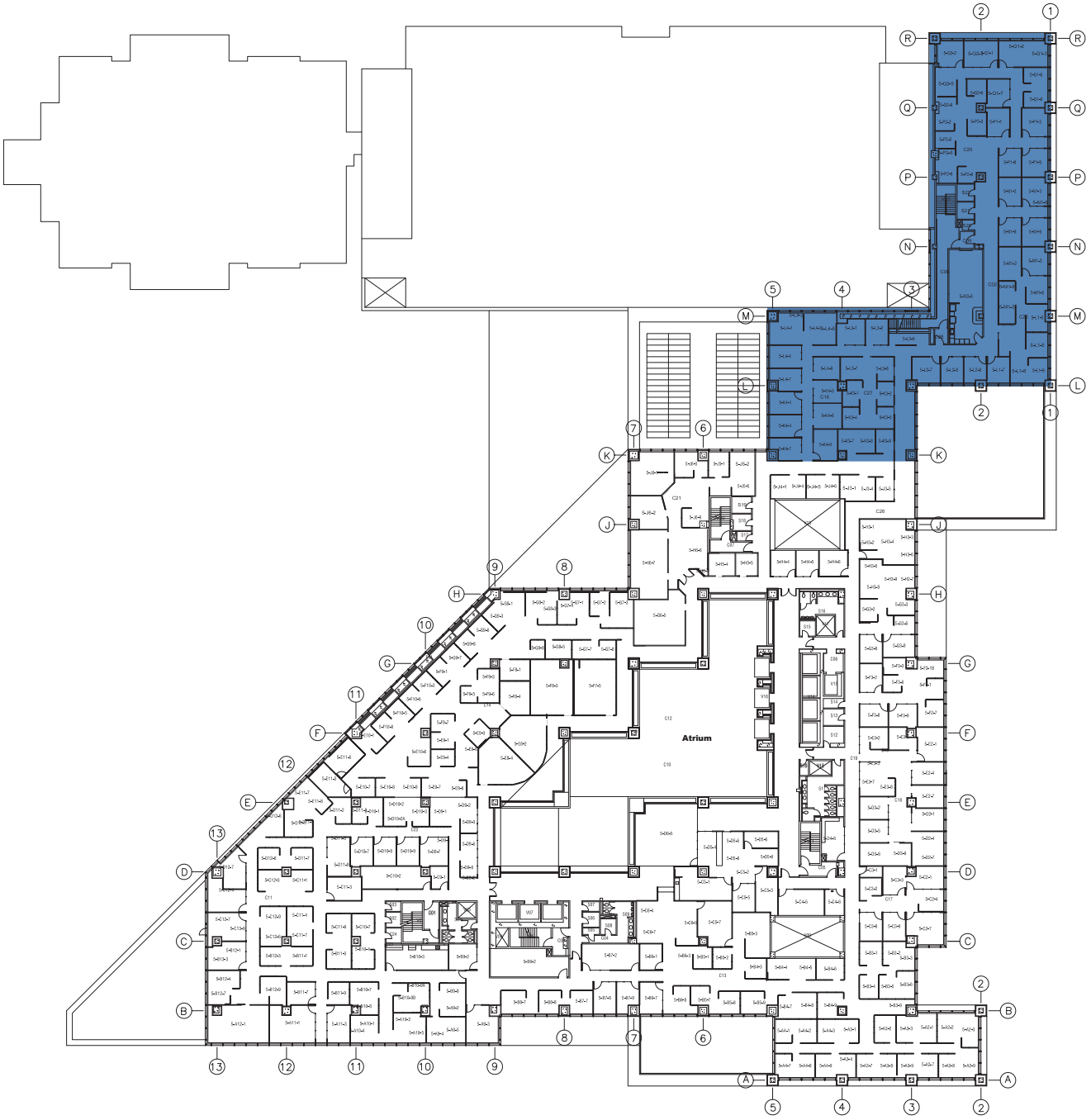
Affected Area



5th FLOOR
MUNICIPAL BUILDING

LEGEND:

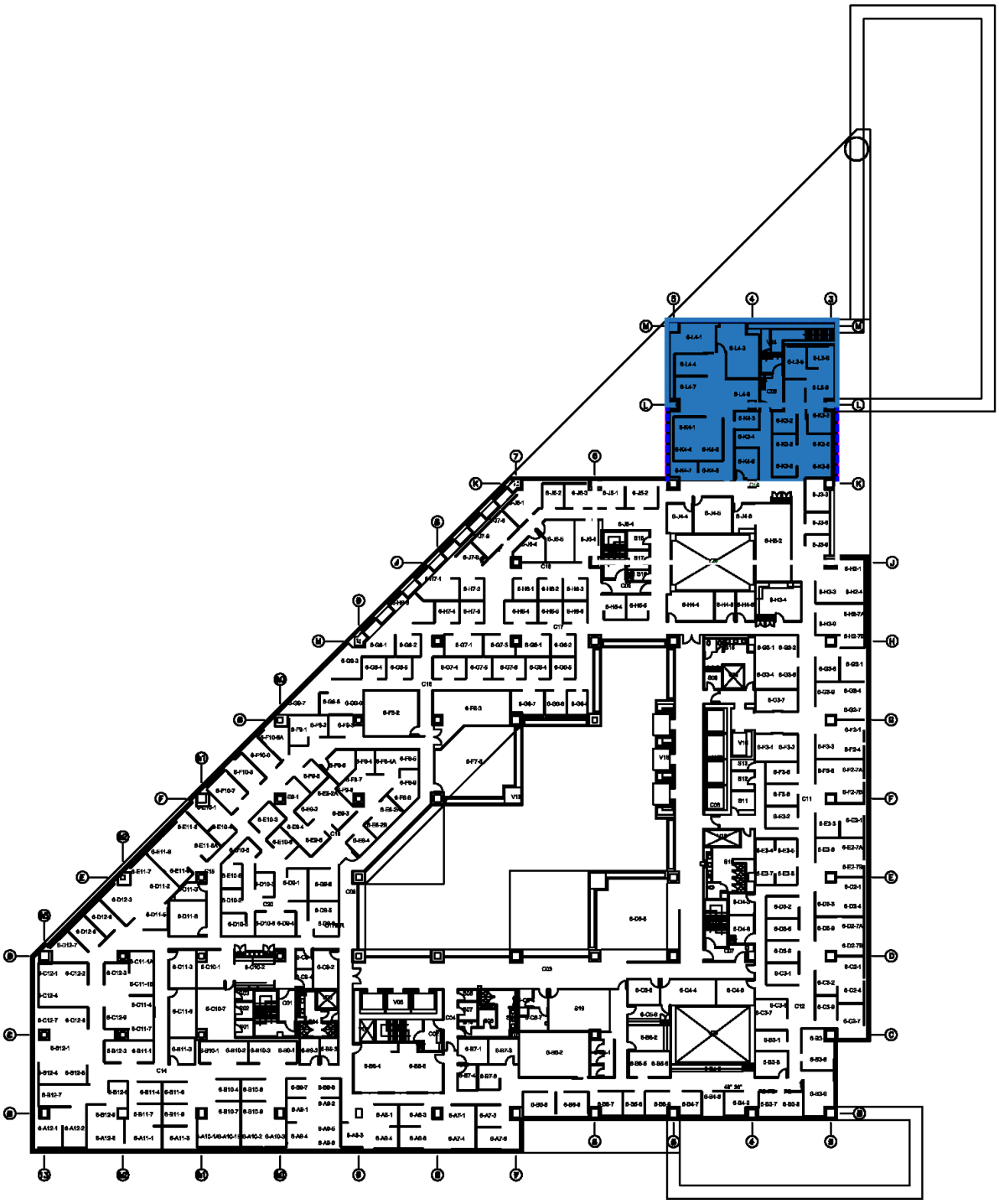
Affected Area



PFC2017-1211 - Municipal Complex Structural Upgrade Att 1
ISC: Unrestricted

LEGEND:

Affected Area



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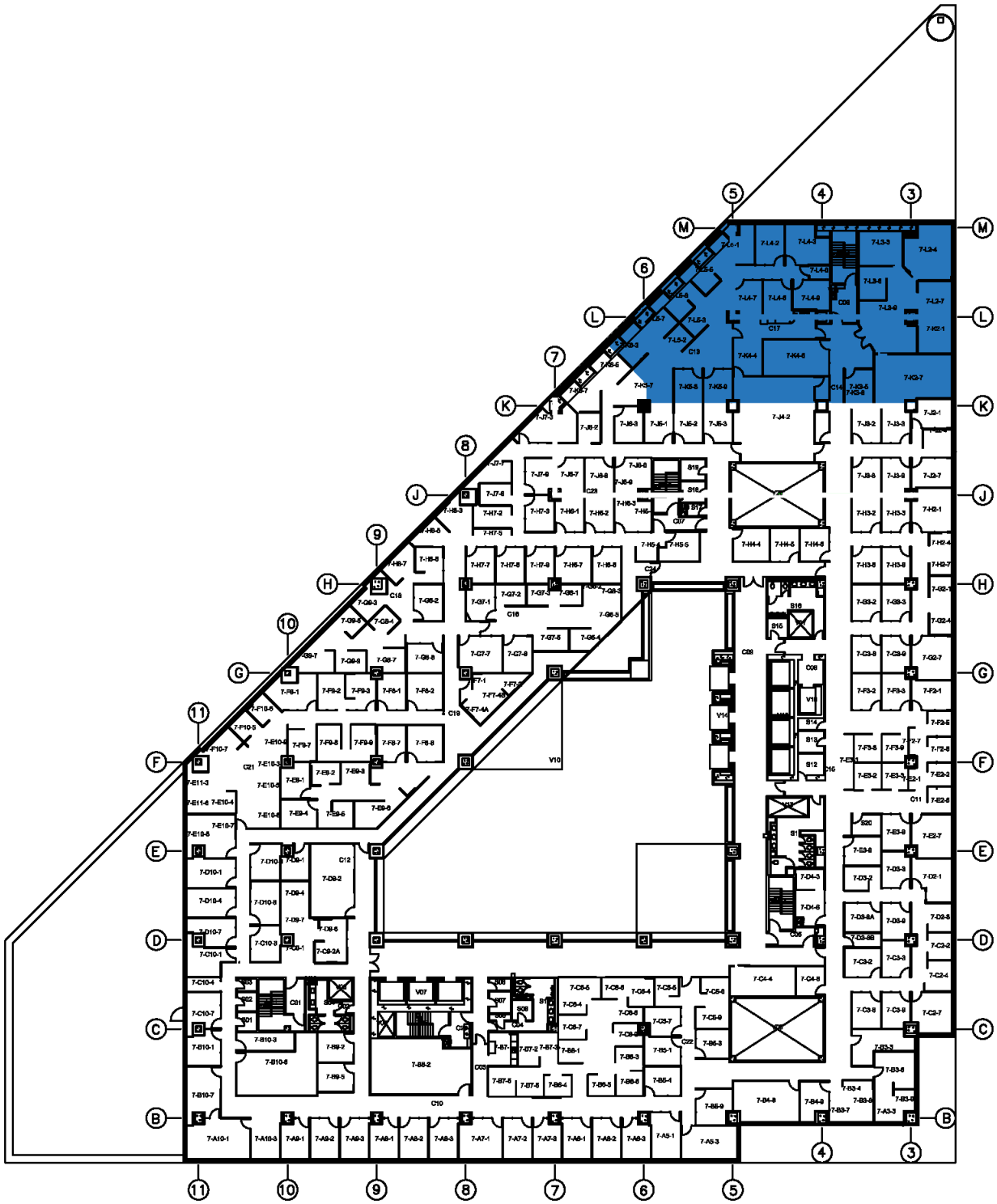


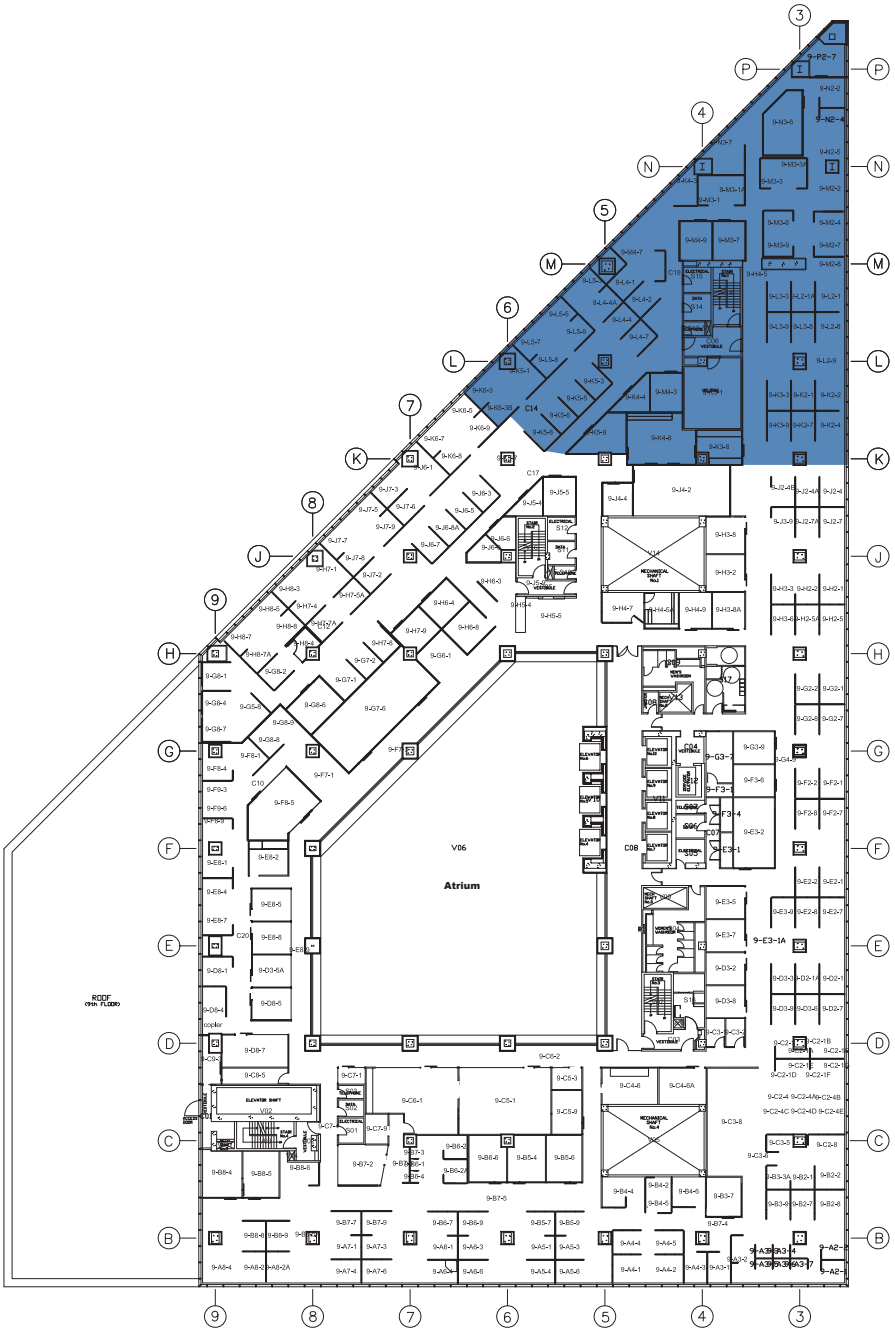
8th FLOOR
MUNICIPAL BUILDING

LEGEND:

Affected Area

LEGEND:

Affected Area



Calgary

10th FLOOR
MUNICIPAL BUILDING

LEGEND:

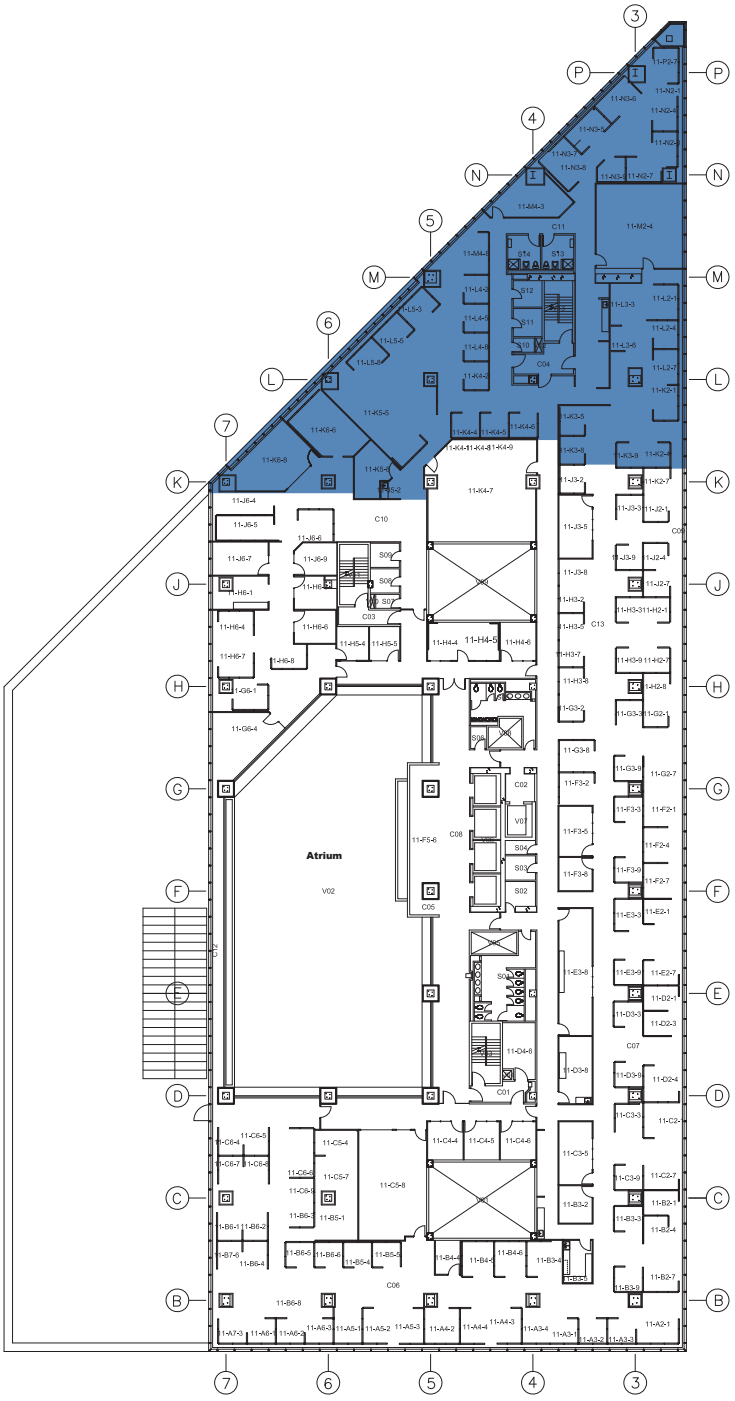
Affected Area

Calgary

11th FLOOR
MUNICIPAL BUILDING

LEGEND:

Affected Area



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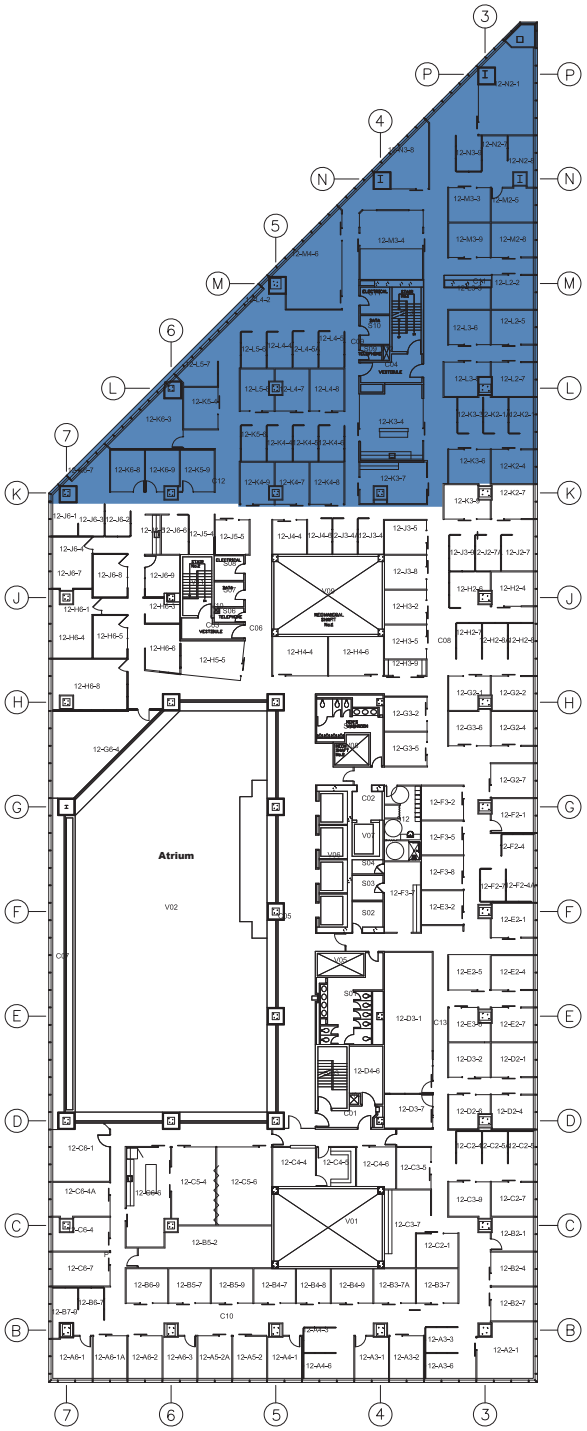
12th FLOOR
MUNICIPAL BUILDING

LEGEND:

Affected Area



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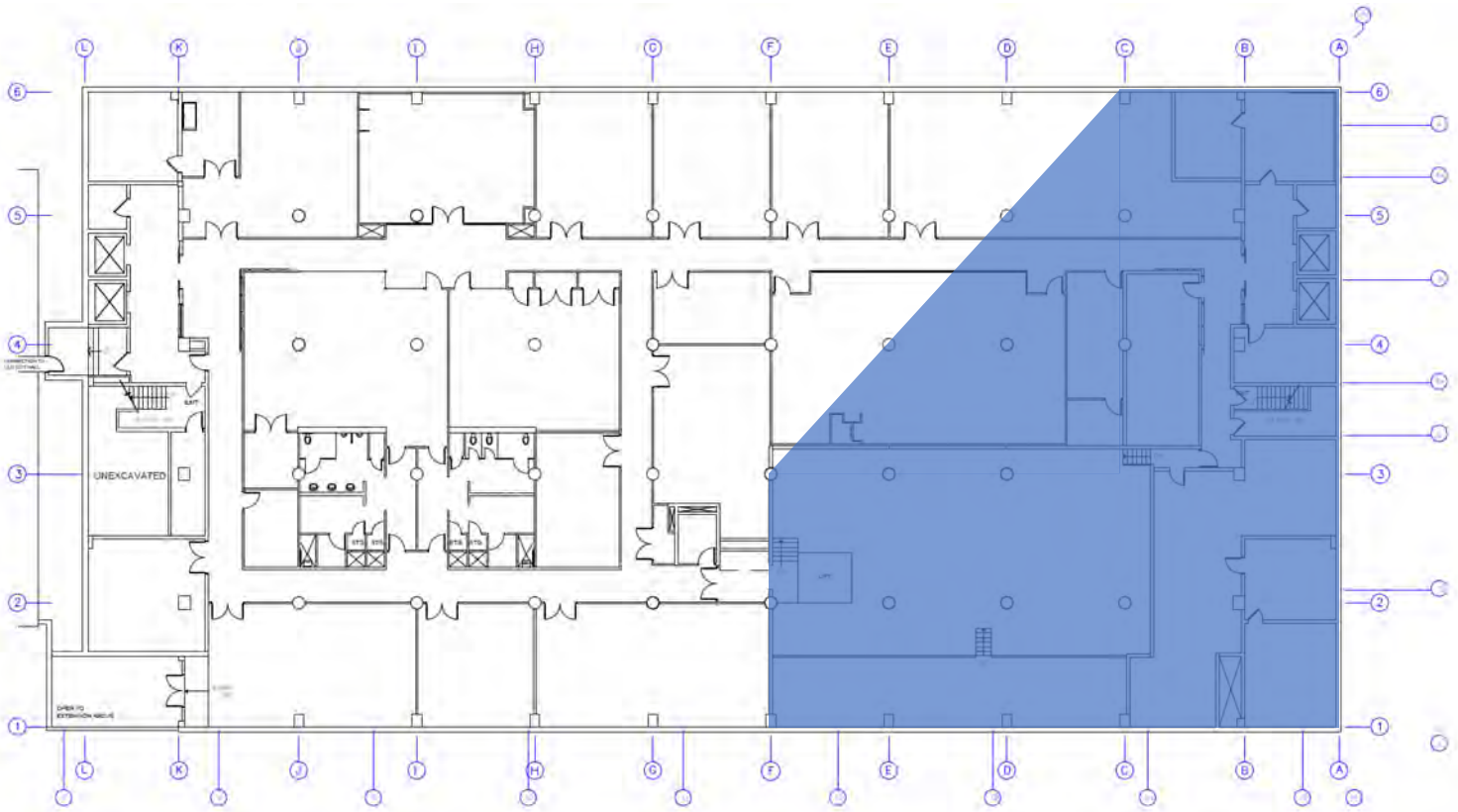

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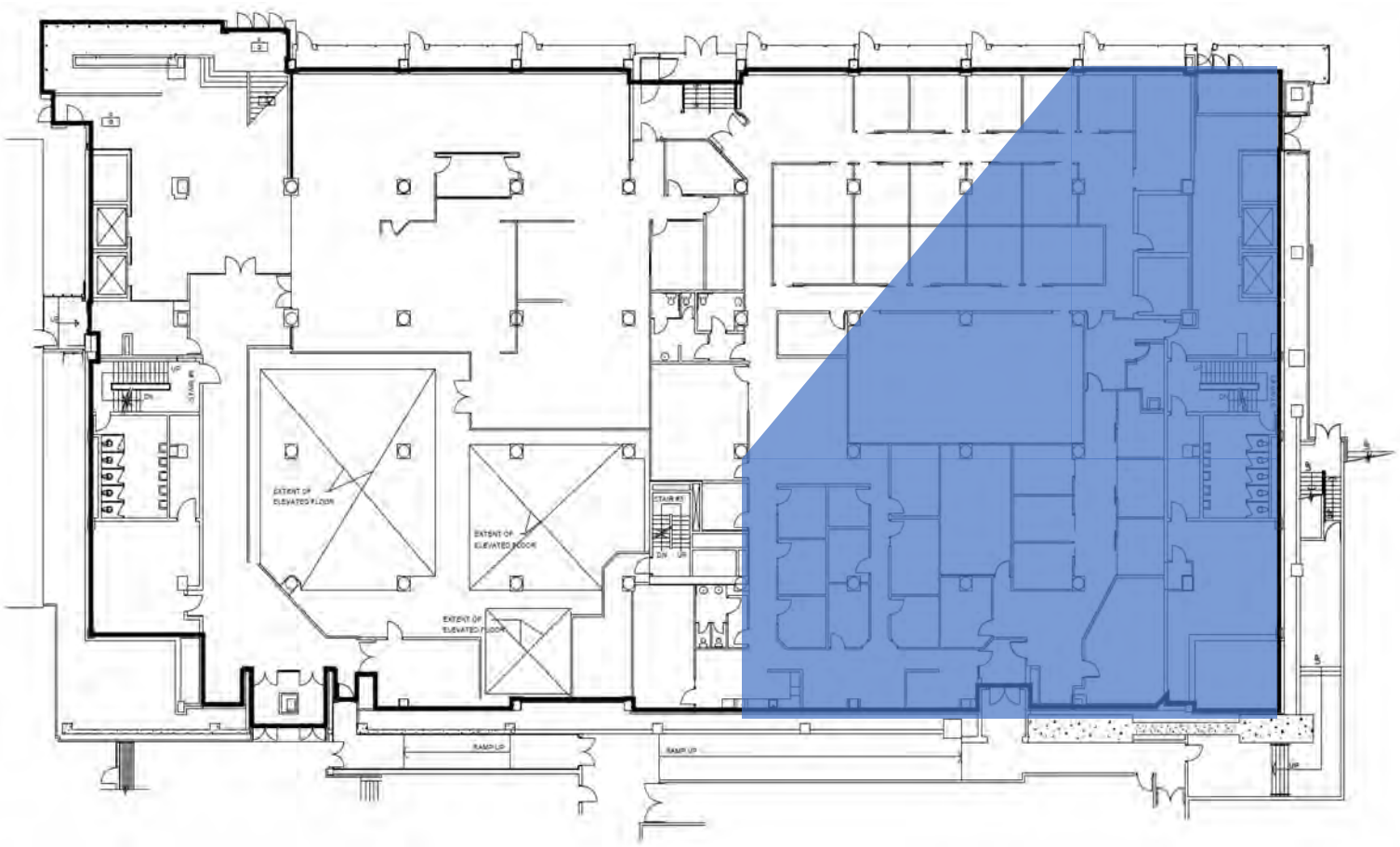

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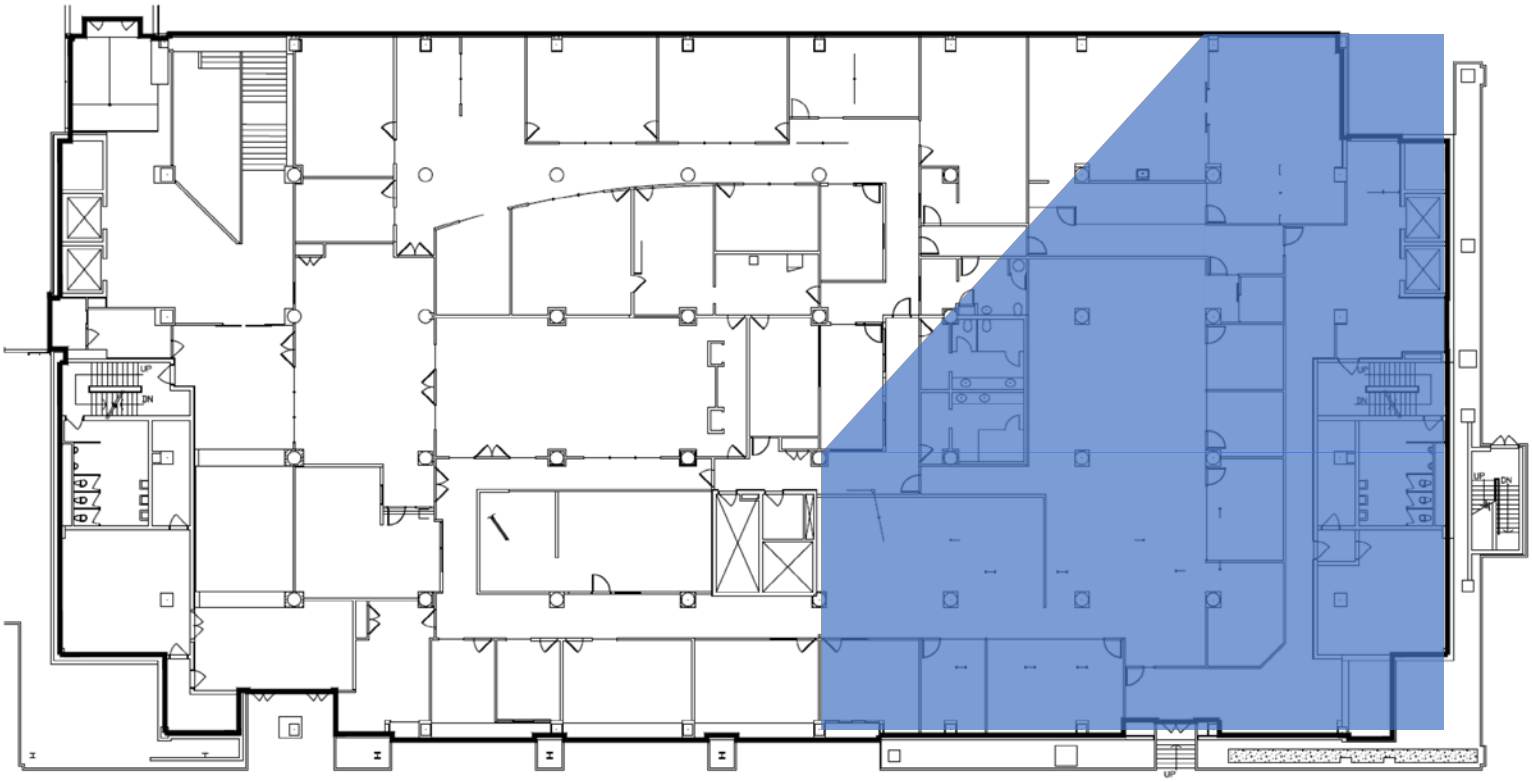

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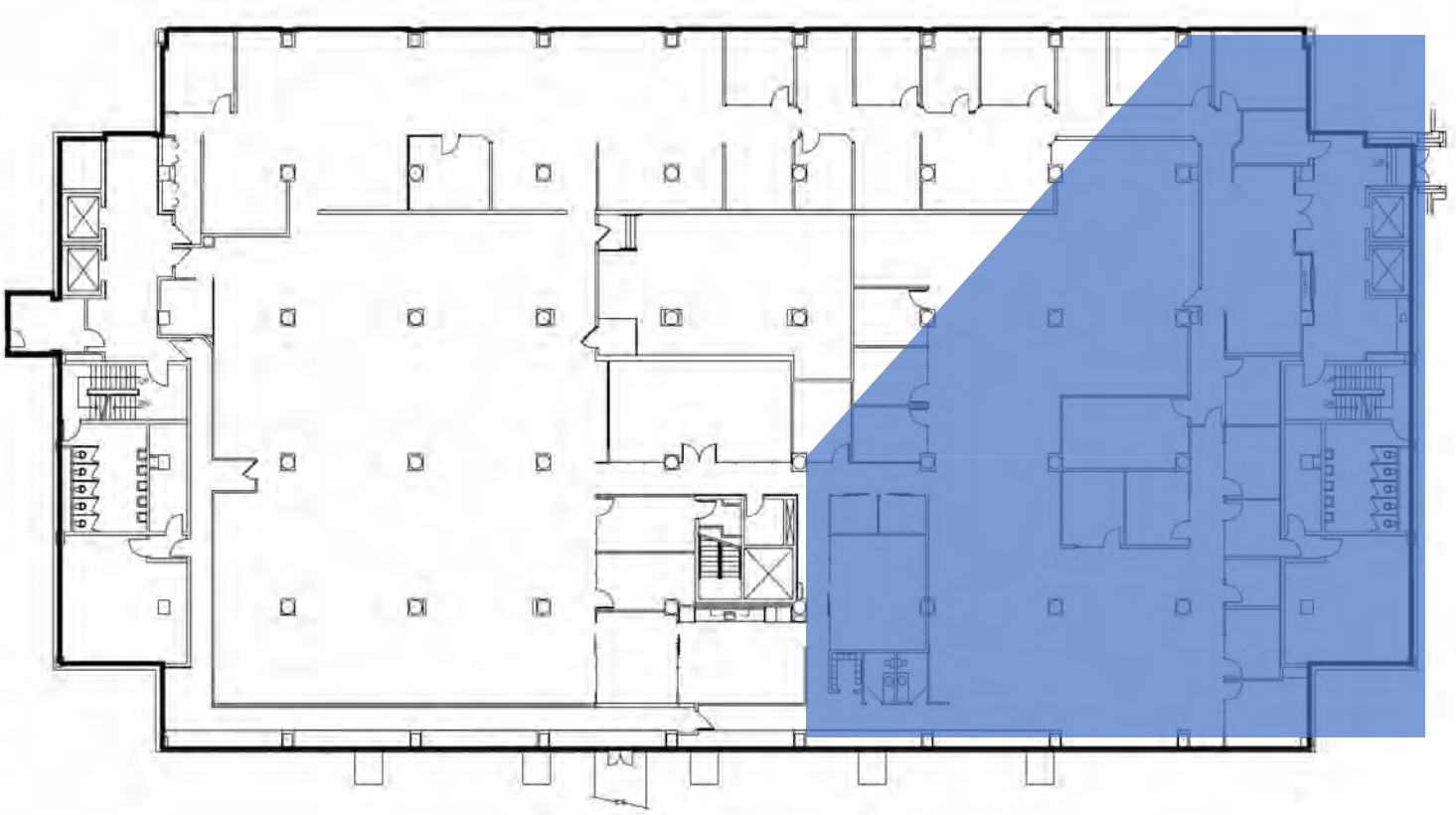

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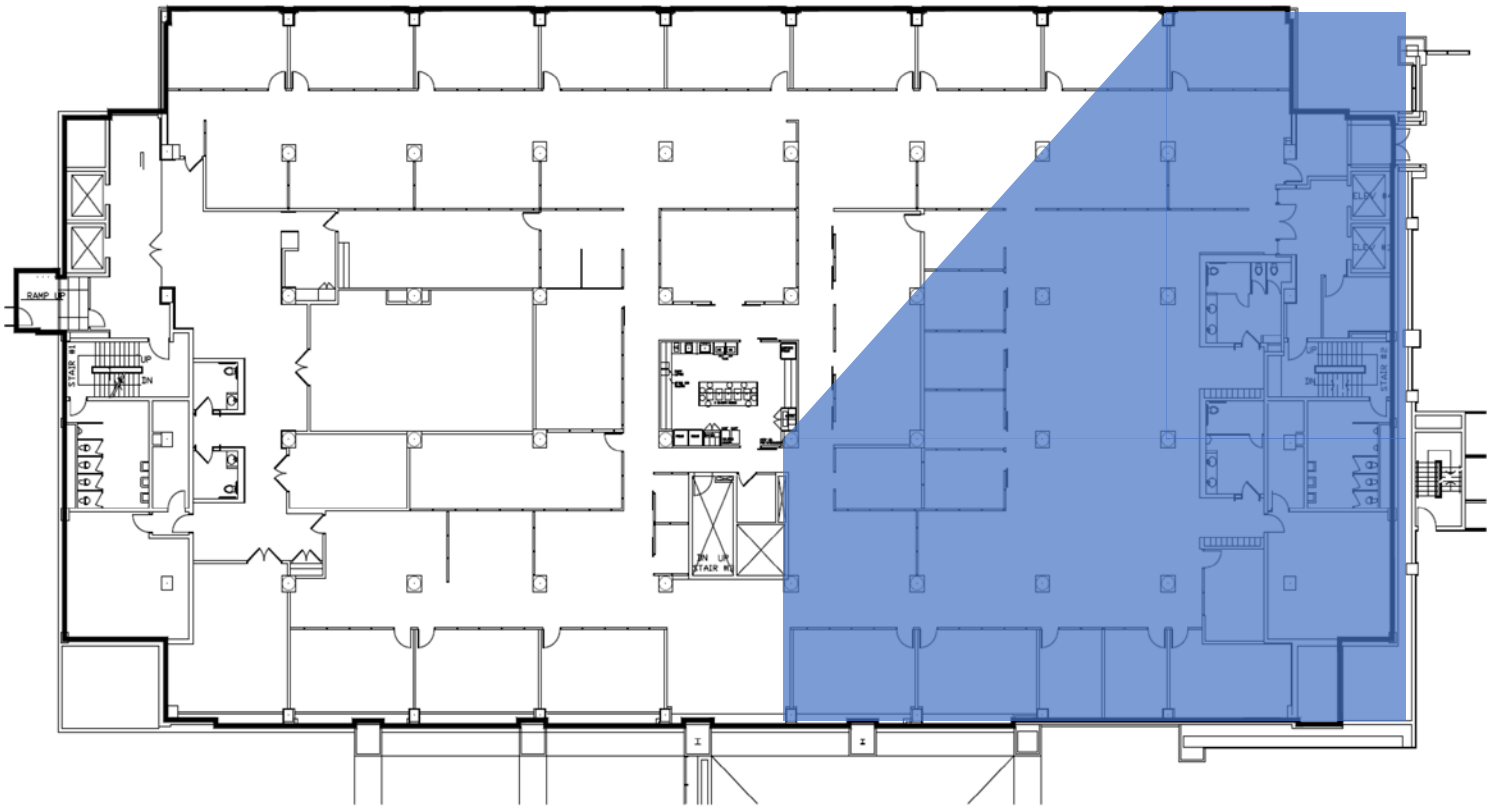
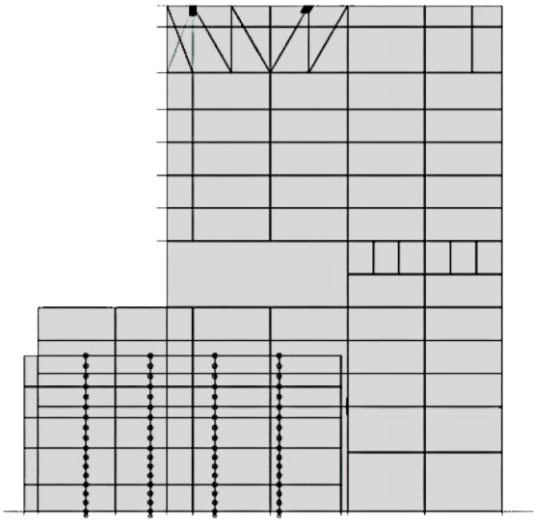


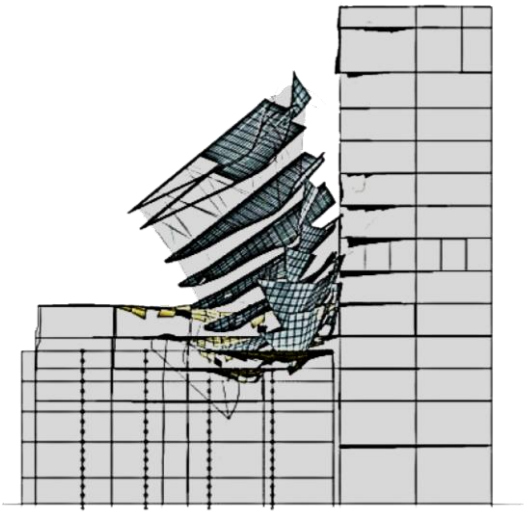
Structural Collapse Model

The objective of the Structural Collapse Model was to determine the impacted area due to the collapse of the north end of the Calgary Municipal Building in the extreme event of the failure of Truss A. The computer model was developed using the finite element software LS-DYNA and was based on the structural drawings of the Calgary Municipal Building and the Administration Building. Analysis results indicated a collapse of the suspended floors of the Municipal Building impacts the adjacent Annex Building and the Administration Building.

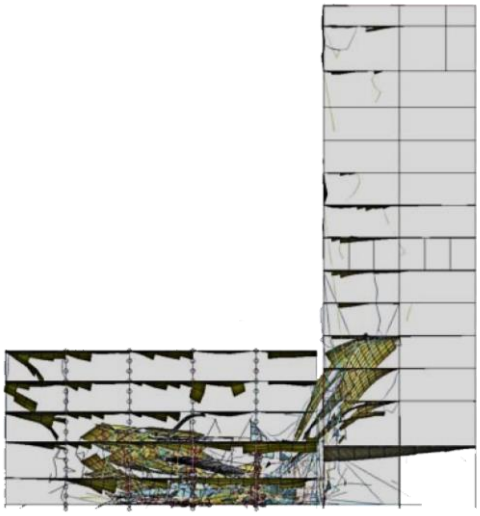
Elevation View (Looking East)



Before Collapse

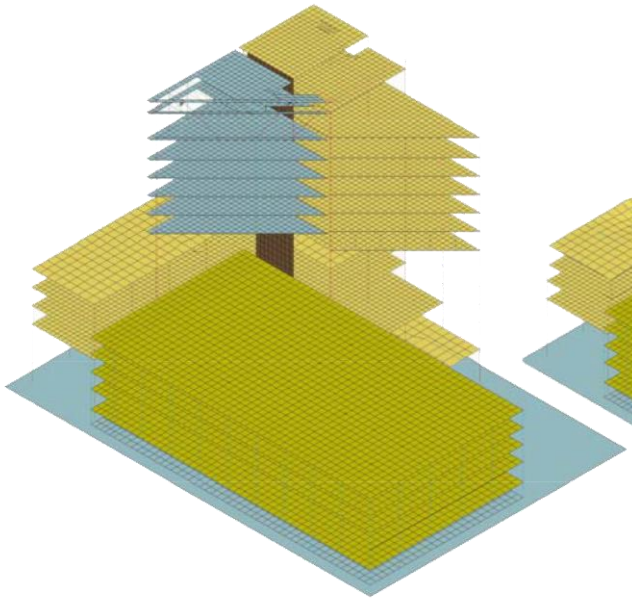


During Collapse

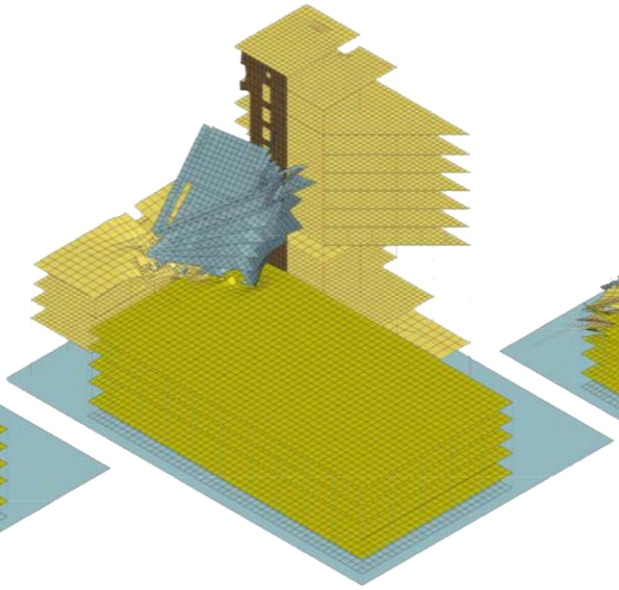


After Collapse

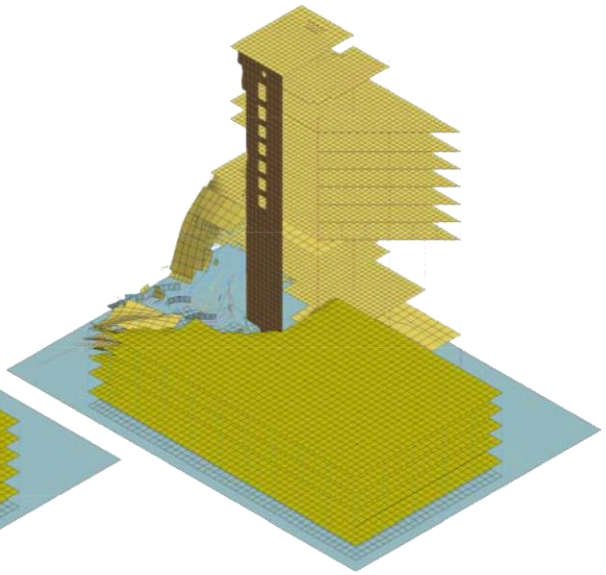
Isometric 3-D View (Looking North-East)



Before Collapse



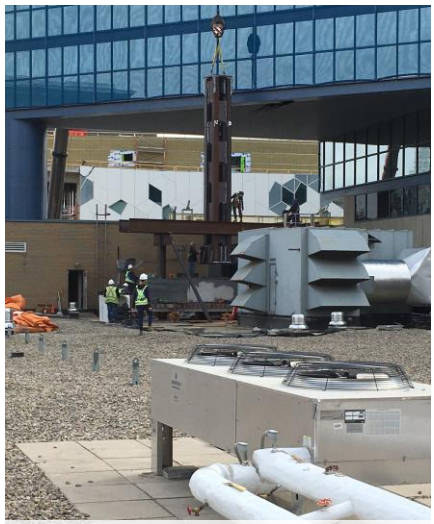
During Collapse



After Collapse

Structural Shoring - Transfer Beam

1 - Transfer Beam Base

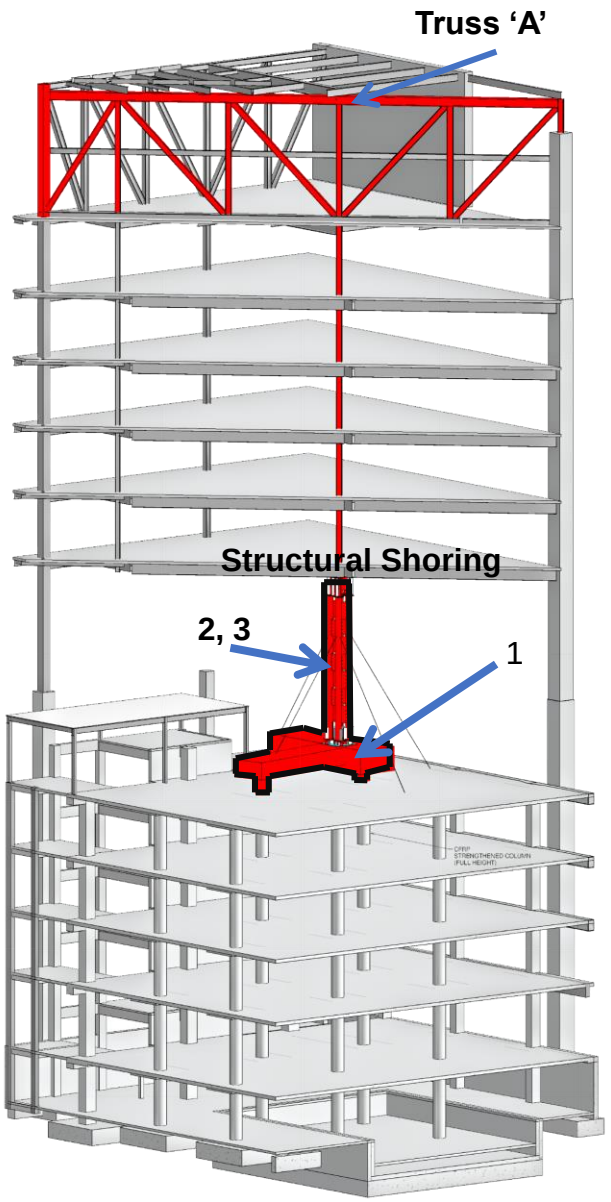


2 – Shoring Tower Installation

3 – Shoring Tower Installation

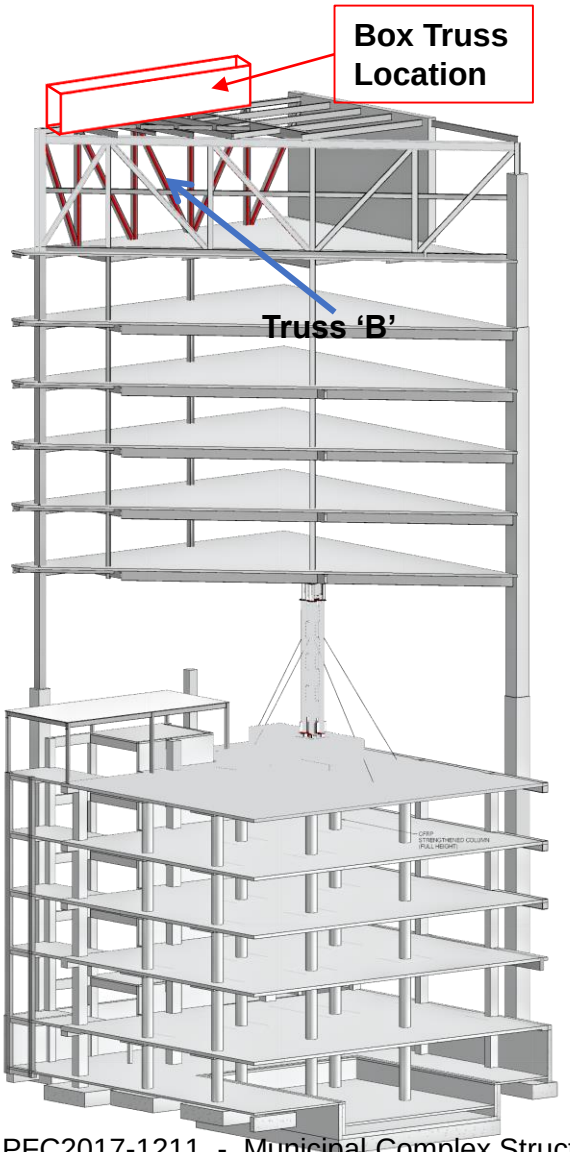
Shoring Tower & Transfer Beam Close to Completion

The new transfer beam distributes the shoring tower load from Truss ‘A’ to three existing columns of the Administration Building, with one of the existing columns of the Administration Building further reinforced to carry the shoring loads.



Temporary Box Truss

The temporary box truss is located on the roof of the Municipal building to support Truss ‘B’ remediation efforts. A controlled jacking process was then used to transfer the weight of Truss ‘B’ onto the temporary box truss assembly.



Box Truss Installation

Box Truss Installation

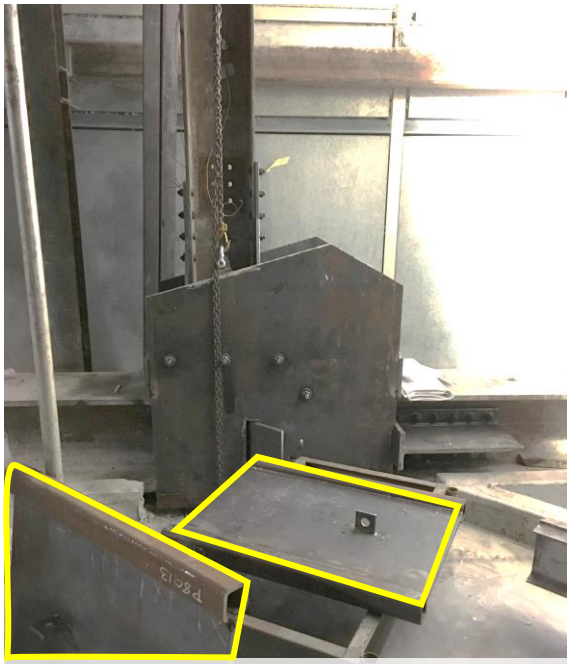
Box Truss Being Installed

Completed Box Truss

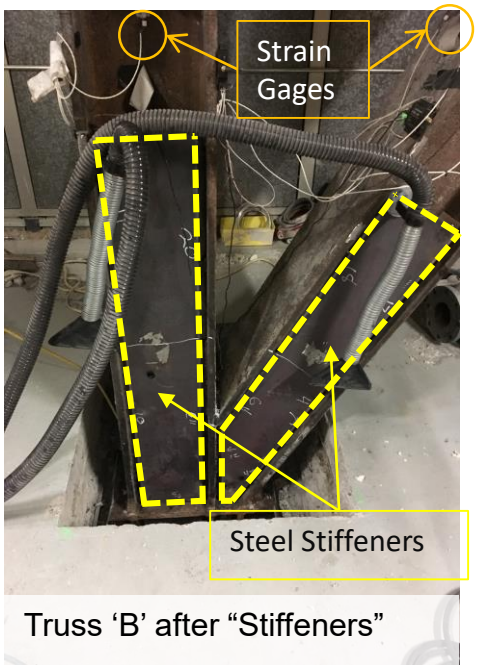
Truss ‘A’ & ‘B’ – Structural Upgrades

To upgrade the structural integrity of Truss ‘A’ and ‘B’ a significant number of additional steel plates, or “stiffeners”, were welded into place to support the connections between the truss and surrounding structure. For Truss A, 61 “stiffeners” have now been welded into place supporting eight joints. For Truss B, 80 “stiffeners” of varying sizes and shapes have been welded into place on nine separate joints ensuring enhanced structural stability and safety code compliance.

Truss ‘A’ Modification Completed with “Stiffeners”



Example of Steel plates prior to installation; “Stiffeners”



Truss ‘B’ after “Stiffeners”

Municipal Complex Structural Upgrade

During scheduled work to increase resiliency of the Municipal Complex a structural engineering consultant noticed Truss 'A' was constructed differently from what is shown on the original design drawings. To ensure workplace and public safety, Administration closed off the portions of the building affected by the structural deficiency until the upgrade was complete.

- Administration Began Scheduled Structural Upgrade Work
- During Upgrades Engineers Identify Structural Issues
- Administration Executes Safety Response Plan
- Closure of Affected Areas and Staff Relocations
- Remediation Plan Execution
- Relocate Staff Back To Affected Floors

About the Structural Upgrade

The goal of the Municipal Complex Structural Upgrade project was to safely upgrade the Municipal Complex to meet life safety requirements of the Alberta Building Code and to ensure that the capacity of the structural system meets what was specified on the original design drawings.

Upgrade Impacts

500 Staff Relocated

38 PERCENT in Usable Office Space in Floors 8 thru 12 in the Municipal Building

257,893 Square Feet of Affected Area

6.6 Million in Future Cost Avoidance

245 Strain Gauges Installed

72 Hours to restore impacted City services

Construction Facts

6,480 Kilogram Total Additional Steel added to Truss A & B

7,218 Linear Feet of Welding

141 Steel Plates Welded

Municipal Complex Structural Upgrade Project Cost Overview

Total Project Cost	**$16.8 M**
Cost absorbed through existing City budget	**-$4.6 M**
Budget Re-allocation Request	**$12.2 M**

Explanation of budget request and funding:
The total estimated cost of the Municipal Complex Structural Upgrade project is $16.8 million between 2016 to 2018. Through reprioritization, the City has been able to absorb $4.6 million in costs, while the balance of $12.2 million in project costs are requested to be funded from the Corporate Cost Program 861.

The project cost overview is listed in the table below.

Category	2016 Spend (000s)	2017 Projected Costs (000s)	2018 Projected Costs (000s)	Total Costs (000s)
COSTS				
Engineering Consultants	662	1,913	575	**3,150**
Construction	771	6,236	2,789	**9,796**
Security	8	879	-	**887**
Relocation	563	104	100	**767**
Other*	1,021	798	381	**2,200**
Total Estimated Cost	**3,025**	**9,930**	**3,845**	**16,800**
FUNDING				
Absorbed	3,025	1,575	-	**4,600**
Requested	-	8,355	3,845	**12,200**
Total Funding	**3,025**	**9,930**	**3,845**	**16,800**

* Includes safety testing, materials testing, communications, information technology costs, and other miscellaneous costs.

Plus 15 Program Implementation Plan

EXECUTIVE SUMMARY

The Plus 15 Network is an integral part of Calgary's downtown that enables pedestrian travel in an all-weather transportation network and attracts businesses to lease vacant floor space within private buildings. It is comprised of 79 City owned, climate controlled bridges and four open-air structures connected by publicly accessible walkways within private buildings. Pedestrian volumes range from 10,000 to 20,000 people per day during the winter. The current estimated asset value of the Plus 15 bridge network is $515 million.

Several Plus 15 bridges are in need of repair as components are at the end of their service life and require rehabilitation. In order to provide safe conditions for the public and support the downtown office real estate sector, lifecycle repairs are required to be completed in 2018.

ADMINISTRATION RECOMMENDATION(S):

That the Priorities and Finance Committee recommends that Council:

1. Receive the Plus 15 Program implementation plan in Attachment 1 and the Plus 15 Program Locations in Attachment 3 for information; and
2. Approve the requested capital budget as per Attachment 2 to be funded by corporate capacity identified by Infrastructure Calgary.

PREVIOUS COUNCIL DIRECTION / POLICY

At the 2017 March 06 Strategic meeting, Council adopted report C2017-0214 which included the following direction:

"Direct Administration to return with implementation plans, including refined capital estimates, public consultation plans and financing strategies, to the Priorities and Finance Committee or the appropriate Standing Policy Committee as soon as possible for final approval by Council."

Prior to receiving the direction above, as part of the Action Plan Mid Cycle Adjustments report to Council on 21 November 2016, Council approved the Capital Investment Plan and authorized the Deputy City Manager to continue to identify capital funding sources, including allocations and efficiencies from existing capital budgets and to transfer funds to the Budget Savings Account. The Deputy City Manager was directed to return to Council no later than Q2 2017 with recommendations for new, or currently unfunded investment projects.

BACKGROUND

Responsibility of the Plus 15 inventory was transferred from the Planning & Development Department to the Transportation Department in the Fall of 2016 to manage, operate and repair the Plus 15 network.

The Transportation Department initiated condition assessments of Plus 15 bridges to establish a baseline condition of the inventory in 2015. Plus 15 bridge assessments included reviews of building envelopes, building interiors as well as structural, mechanical and electrical systems. Repairs and lifecycle replacements were identified and a schedule of repairs was proposed.

Plus 15 Program Implementation Plan

Due to emerging lifecycle requirements, immediate rehabilitation of four Plus 15 bridges began in 2017 which included repairs to the building envelopes, structures and mechanical systems. Repairs to four Plus 15 bridge exteriors were also initiated for damaged sustained from over height vehicles strikes. These emergency projects were undertaken due to their impacts to the public and private property.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The Transportation Department has completed an implementation plan for the Plus 15 Program which is included in Attachment 1.

The budget needs to support ongoing lifecycle requirements and protection of this downtown amenity will be considered and brought forward for the 2019-2022 budget cycle.

Stakeholder Engagement, Research and Communication

See Attachment 1 for details.

Strategic Alignment

See Attachment 1 for details.

Social, Environmental, Economic (External)

See Attachment 1 for details.

Financial Capacity

Current and Future Operating Budget:

There are no anticipated operating budget impacts for this project. Any impacts associated with this capital investment will be absorbed within the existing Roads operating budget.

Current and Future Capital Budget:

A capital budget approval is requested for the Plus 15 Implementation Plan.

The budget request is to be funded by existing corporate capacity identified in report C2017-0214, which includes the capital budget savings account, corporate reserves, off-site levies and grant funding, and will have no net impact on the tax rate. The program/projects identified in Attachment 2 are anticipated to be funded by the Lifecycle Maintenance and Upgrade Reserve. As implementation plans are brought forward, funding allocations will be reviewed to optimize the use of the most restricted sources of funding as long the project is eligible for that funding type.

Risk Assessment

See Attachment 1 for details.

Plus 15 Program Implementation Plan

REASON(S) FOR RECOMMENDATION(S):

The Plus 15 Program will provide design & rehabilitation work that will improve public safety, protect the longevity of the asset, decrease long-term costs and support short-term job growth.

ATTACHMENT(S)

1. Infrastructure Calgary Implementation Plan – Plus 15 Program
2. Financing Strategies - Infrastructure Calgary Implementation Plan – Plus 15 Program
3. 2018 Plus 15 Program Locations

INFRASTRUCTURE CALGARY IMPLEMENTATION PLAN
PLUS 15 PROGRAM

1. OVERVIEW

Recommended Capital Project Description		**Plus 15 Program**	
Executive summary *Provide a brief description of the project and what it is expected to deliver. Capture only the essential elements of the business case, including most pertinent facts, in a clear, concise and strategic manner.*		The Plus 15 Network is an integral part of Calgary's downtown that enables pedestrian travel in an all-weather transportation network and attracts businesses to lease vacant floor space within private buildings. It is comprised of 79 City owned, climate controlled bridges and four open-air structures connected by publicly accessible walkways within private buildings. Pedestrian volumes range from 10,000 to 20,000 people per day during the winter. The current estimated asset value of the Plus 15 bridge network is $515 million. Several Plus 15 bridges are in need of repair as components are at the end of their service life and require rehabilitation. In order to provide safe conditions for the public and support the downtown office real estate sector, lifecycle repairs are required to be completed in 2018. Six Plus 15 bridges require rehabilitation design and construction in 2018. Eight additional rehabilitation designs need to be completed in 2018 so that construction can proceed in 2019 (Attachment 3). This program will enable 12% of the Plus 15 inventory to be repaired by the end of 2018 and 21% by the end of 2019.	
Expected Key Deliverables		Deliverables will include the structural, mechanical and building envelope repairs of six Plus 15 bridges and rehabilitation designs for eight additional Plus 15 bridges (Attachment 3).	
Benefits *Describe and/or quantify value and outcomes of project*	**Economic**	Gross Output: 11,507,318 Gross Domestic Product (GDP): 6,702,280 Income: 2,527,771 Employment: 30	
	Social	Community outcomes (i.e. safety, health, attractive and well-designed city, inclusion and diversity): • Safety improvements as deteriorating infrastructure is repaired • Pedestrian safety enhanced as pedestrian and vehicle conflicts are reduced at traffic intersections since pedestrian travel is at the Plus 15 level • Accessible travel for all users within the Plus 15 Network during winter conditions • Health benefits from indoor walking through the Plus 15 Network	
	Environmental	Use of the Plus 15 facilities for walking contribute to a reduction in GHG. Improved energy efficiency as building and mechanical systems are repaired or replaced to current standards.	
Return on Investment *Describe short and long term investment returns including expected financial, social and environmental considerations, avoided costs etc. Include quantifiable and qualitative returns.*		Repair of Plus 15 bridges will ensure transportation choices are provided and will reduce on-street congestion downtown. The network connects people with places and businesses and aligns with two 2015–2018 Council Priorities, A City That Moves and A Well-Run City. Repair of the Plus 15 network also aligns with the City's Pedestrian Strategy by providing accessible all-weather walking connections in high priority areas and fulfills Action 19 of the Pedestrian Strategy. Investment in design and rehabilitation if the Plus 15 bridges will improve public safety, protect the longevity of the asset, decrease long-term costs and support short-term job growth.	
Address, Ward/ Catchment		Downtown, Wards 7 & 8, all citizens that visit downtown	**Project type (MUGS)** M – Maintenance
Business Unit (BU)		**Roads**	

Strategic Alignment *IC has this information and will complete this section*	Council Priorities	A City That Moves and A Well-Run City
	Capital Investment Plan	Transportation and Transit
	Calgary Economic Development (CED) 10 year Economic Strategy: Focus	Community
	CED 10 year Economic Strategy: Strategy	2
	CED 10 year Economic Strategy: Action	1, 2

2. RESILIENCE

Program / Project Assumptions	Plus 15 Network repairs will be coordinated by the City of Calgary and condition assessments will be carried out by the City of Calgary.
Constraints	Plus 15 Policy update is required to address current safety, operational and funding requirements. Update is scheduled for Q4 2018.
Dependencies:	Development agreements currently define maintenance and operational responsibilities.
Risk(s): *Describe any known risks*	• Additional public safety impacts from deteriorating assets • Further closures in the network • Reputational risk and loss of trust from deteriorating asset condition and accessibility • Reduced funding capacity from industry due to current economic climate

3. PUBLIC CONSULTATION PLANS

Provide a brief description of public consultation completed and the dates of consultation.	• Meeting with building owners was held in November to provide information on repairs completed, upcoming repairs for 2018, and the policy update. • Online survey with building owners/managers to obtain information on safety is underway from November 24 to December 8.
Provide a brief description of public consultation outstanding and the dates of the planned consultation.	Public consultation will continue into 2018 for the Plus 15 Policy update. Discussions with building owners will continue regarding development of a Plus 15 Network security plan, Plus 15 repairs in 2018 and review of the development agreements.

4. CAPITAL ESTIMATES

Estimate Class	5
External Funding (Anticipated / Received) *List funding source and their contribution to the total cost estimate*	Review of development agreements are underway to determine if external funding contributions are anticipated.
Operating Impact *Describe operating impact of investment if any (i.e. whether new or able to be absorbed within existing operating budget). Where possible provide a precise financial and operating response identifying operating benefits of the investment. Operational efficiencies may also be identified.*	There are minimal anticipated operating budget impacts for this project. Any impacts associated with this capital investment will be absorbed within the existing Roads operating budget.

5. FINANCING STRATEGIES (Capital Budget Listing by Program – Project) – FOR APPROVAL

Recommended Capital Project Description	**Plus 15 Program**							
Program-Project	**Project / Program Description**	**Type (MUGS)**	**Category (A/C)**	**New Budget Request ($000's)**	**2017**	**2018**	**2019**	**2020**
128-885	**Bridge Rehabilitation and Protection**	**M**	**C**	**7,880**	-	7,880	-	-

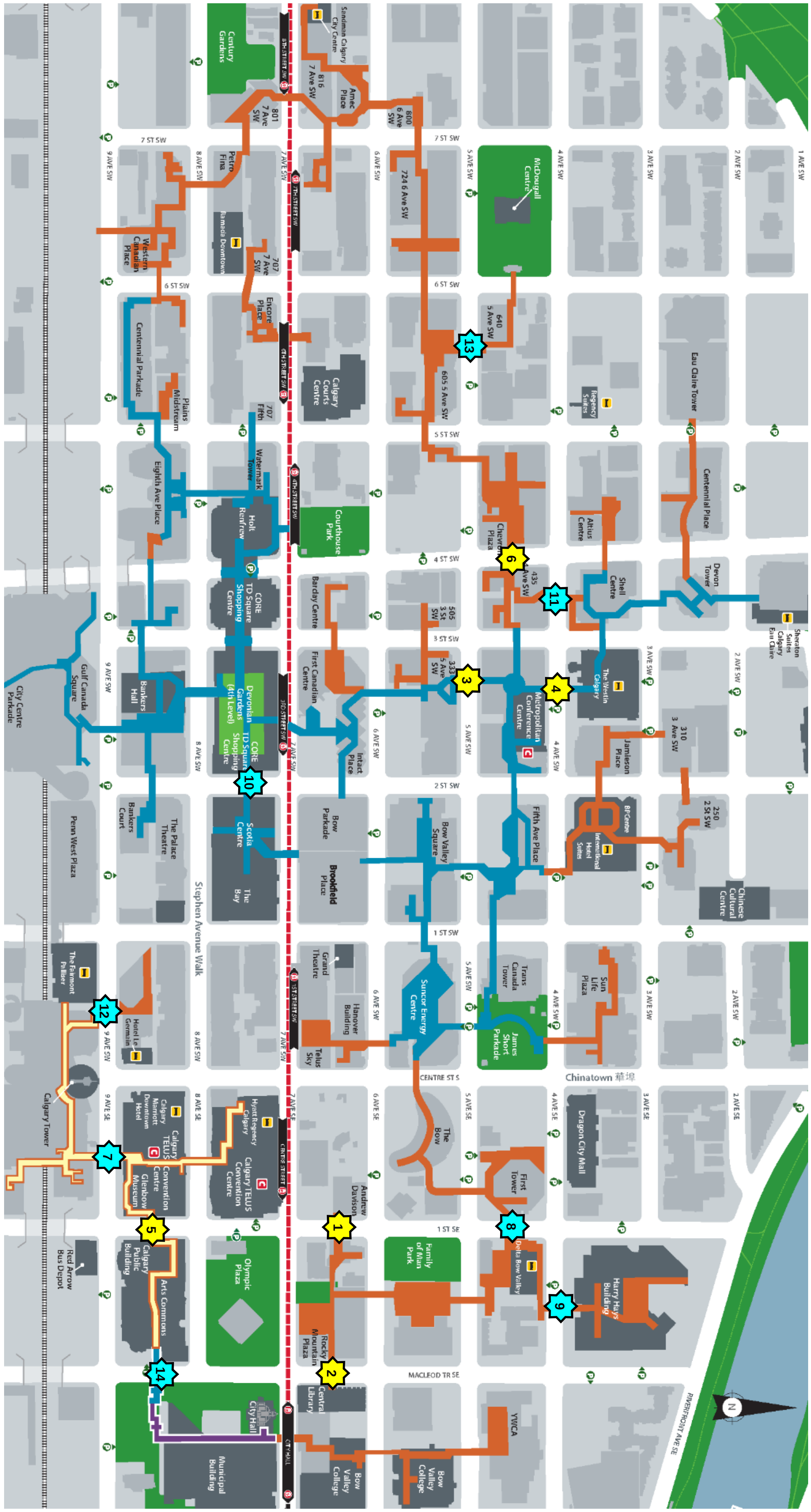
Type: M=Maintenance/Replacement, U=Upgrade, G=Growth, S=Service Change
Category: A=Project in Progress, C=New Project,

Explanation of budget requests and funding:

Program 128-885 - Bridge Rehabilitation and Protection:
New budget request of $7.88M in 2018 (funded by corporate capacity identified by Infrastructure Calgary) - anticipated to be from the Lifecycle Maintenance and Upgrade Reserve. Budget will be used to complete the following work:

- Plus 15 rehabilitation designs for fourteen bridges
- Plus 15 rehabilitation for six bridges

2018 Plus 15 Program Locations ($'000)



2018 Design & Rehabilitation (Locations 1 - 6)

2018 Design (Locations 7 - 14)

Priority	Plus 15 Location	Pedestrian Counts (Jan 2012)	Class 5 Estimate ('000)	2018 Project Phase
1	Andrew Davison - Carter Place	No data	$7,080	Design & Construction
2	Rocky Mountain Plaza to Public Library	No data		
3	333 5th Ave - Calgary Place	21,258		
4	Westin Hotel - Calgary Place	8,972		
5	Arts Commons - Telus Convention Centre	No data		
6	Chevron Place - 444 5th Avenue	12,187		
7	Palliser - Telus Convention Centre	2,709	$800	Design
8	Delta Hotel - First Tower	1,817		
9	Harry Hays - Delta Hotel	No data		
10	Lancaster - Scotia Centre	16,266		
11	Shell - 4th & 4th	4,994		
12	Tower Centre West - The Edison	No data		
13	5th & 5th - 640 5th	No data		
14	Municipal Building - Arts Commons	1,952		
		Total	**$7,880**	

Corporate Security Capital Request – Implementation Plan

EXECUTIVE SUMMARY

The Corporate Security Capital Program enhances the physical and cyber security of City of Calgary infrastructure, employees, assets, and the public. This capital investment contributes to the safety of the public, employees, members of Council, and City information, sites and assets, while mitigating risk to the Corporation.

In Q1 2017, Corporate Security's capital program was reviewed and re-prioritized due to new and emerging security threats and industry standards. As a result, additional capital funding is necessary to enable Corporate Security to invest in the appropriate measures to mitigate risks to The City, purchase additional software licenses due to growth in IT users, and increases in software costs due to the fluctuations in the Canada-US exchange rate. There are no additional operating budget impacts for the proposed increase in capital for 2018.

These capital projects will support an ongoing and fiscally responsible measured protection of assets, a thoughtful consideration of risk and mitigation strategies, and increased resiliency of City services and programs. Attachment 1 (Implementation Plan) outlines the capital projects that Corporate Security will deliver; Attachment 2 (Financing Strategies) provides a financial breakdown of each project; and Attachment 3 (Risk Assessment) provides a risk assessment.

ADMINISTRATION RECOMMENDATIONS:

Administration recommends that Council:

1. Receive for information the Corporate Security Capital Request Implementation Plan in Attachment 1;
2. Approve capital budget as per Attachment 2, to be funded by corporate capacity identified by Infrastructure Calgary;
3. Direct that Attachment 2 remain confidential pursuant to section 23(1) and 24(1) of the Freedom of Information and Protection of Privacy (FOIP) Act until this report has been approved by Council and the contracts for the projects considered in this report are awarded, unless it is determined by the Directors of Corporate Security and Supply to be appropriate to release budget information in advance of contracts being awarded; and
4. Direct that Attachment 3 remain confidential pursuant to section 23(1) and 24(1) of the Freedom of Information and Protection of Privacy (FOIP) Act.

PREVIOUS COUNCIL DIRECTION / POLICY

Corporate Security's capital budget was approved by Council in the 2015-2018 Action Plan. For the reasons outlined in the "Investigation" section of this report, increased funding for the projects identified in Attachment 1 is necessary to complete the deliverables approved by Council.

At its 2017 March 06 strategic meeting, Council adopted the recommendations in report C2017-0214 titled "C2017-0214 Infrastructure Calgary: Q1 2017 Status Update" which included the following direction: "Direct Administration to return with implementation plans, including refined capital estimates, public consultation plans and financing strategies, to the Priorities and Finance

Corporate Security Capital Request – Implementation Plan

Committee or the appropriate Standing Policy Committee as soon as possible for final approval by Council."

Prior to receiving the direction above, as part of the Action Plan Mid Cycle Adjustments report to Council on 21 November 2016, Council approved the Capital Investment Plan and authorized the Deputy City Manager to continue to identify capital funding sources, including allocations and efficiencies from existing capital budgets, and to transfer funds to the Budget Savings Account. The Deputy City Manager was directed to return to Council no later than Q2 2017 with recommendations for new, or currently unfunded investment projects.

As a result, Infrastructure Calgary recommended twenty-one programs/projects to Council and received approval in principle. Corporate Security's Capital Request and Implementation plan aligns with Council's direction and approval in principle by Council.

BACKGROUND

Corporate Security's mandate is to protect the public, employees, members of Council, and City information, sites, and assets. Threats to the security of City assets are becoming more prevalent and mitigation efforts require regular re-evaluation. Corporate Security has expanded the service it provides to business units to help mitigate risks that continue to emerge. Those risks have potentially severe ramifications for the public, employees, services, and infrastructure.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The Corporate Security Implementation Plan in Attachment 1 relates to the physical and cyber security of City of Calgary assets. Additional capital investment will contribute to the safety and security of the public, employees, members of Council, and City information, sites and assets, while mitigating risk to the Corporation. A security incident could result in The City facing legal, financial, and/or reputational consequences.

Corporate Security's capital program is constantly reviewed and re-prioritized due to new and emerging security threats and industry standards. Additional capital funding is necessary to enable Corporate Security to invest in the appropriate measures to mitigate risks to The City. Corporate Security has re-prioritized its capital projects based on the following criteria:

- Those with the highest impact to service delivery; and
- Those that best align with current risk mitigation strategies.

Following this evaluation, projects' scopes and goals have been adjusted.

Corporate Security Capital Request – Implementation Plan

Further funding is also necessary to address increased costs incurred during the execution of some projects identified in the Action Plan resulting from:

- A need to purchase additional licenses: The number of licensed City users has increased significantly since original project costs were estimated and there is increased usage of technology for efficient and effective business operations; and
- Fluctuations in the Canada-US exchange rate: The Canadian dollar declined significantly relative to the US dollar between the original cost estimates and the procurement of security software. As a result, implementation costs increased for US products.

Stakeholder Engagement, Research and Communication

Corporate Security's management team consulted with representatives of affected business units on potential projects, evaluation methodology, and process.

Strategic Alignment

Prudent and timely capital investment in the projects outlined in Attachment 1 will contribute to realizing Council priorities, specifically A Well-Run City. Corporate Security aims to enhance the efficiency and effectiveness of its program and is committed to maintaining its quality of services.

Social, Environmental, Economic (External)

Corporate Security helps facilitate other business units' service delivery. For example, in response to an increase in security incidents, Corporate Security has partnered with Transportation Infrastructure's Centre City team to implement security measures through the Public Safety Network CCTV Expansion & Redundancy project. This project delivers increased security to protect City investments such as the Riverwalk, CPR underpasses, and St Patrick's Island. As a result of this project, The City has observed an increase in usage of these public spaces.

Corporate Security is an enabling service that the public and City business units rely upon for resiliency. Corporate Security's environmental benefits are realized through the protection of infrastructure, such as that of Waste & Recycling Services and Water Resources and Water Services, to enable business continuity.

The investment in Corporate Security's program will enhance security and reduce negative economic impacts that could result from breaches in data security, sabotage, and/or human error. Increased security measures throughout The City and public spaces reduce risk of theft and vandalism of City property that result in insurance claims and increase costs to business units.

Financial Capacity

Current and Future Operating Budget:

There are no additional operating budget impacts associated with these projects.

Current and Future Capital Budget:

A capital budget approval is requested for the Corporate Security Capital Program outlined in Attachment 1. This budget request is to be funded by existing corporate capacity identified in

Corporate Security Capital Request – Implementation Plan

report C2017-0214, which includes the capital budget savings account, corporate reserves, off-site levies and grant funding, and will have no net impact on the tax rate. The projects identified in Attachment 2 are anticipated to be funded from the Lifecycle Maintenance and Upgrade Reserve (LMUR). As implementation plans are brought forward, funding allocations are reviewed to optimize the use of the most restricted sources of funding as long as the project is eligible for that funding type.

Risk Assessment

Corporate Security is an enabling service, providing security to City business units and ensuring that appropriate security measures are in place to mitigate risks to protect the public, employees, members of Council and City information, sites and assets. From an Integrated Risk Management perspective, Corporate Security has identified inherent and residual risks to The Corporation. These are outlined in Attachment 3.

REASON FOR RECOMMENDATIONS:

The proposed Corporate Security Capital Request Implementation Plan is recommended to:

- Address The City's emerging risks that expose The City to significant vulnerabilities to public and staff safety, information, City service lines;
- To implement critical security measures; and
- Avoid failure of crucial City systems through increased resiliency measures.

ATTACHMENTS

1. Infrastructure Calgary Implementation Plan – Corporate Security
2. Financing Strategies – Infrastructure Calgary Implementation Plan – Corporate Security (Confidential)
3. Risk Assessment (Confidential)

Implementation Plan

1. OVERVIEW

Recommended Capital Project Description	Corporate Security Capital Request
Executive summary *Provide a brief description of the project and what it is expected to deliver. Capture only the essential elements of the business case, including most pertinent facts, in a clear, concise and strategic manner.*	Funding the following capital projects will address security risks to The Corporation and better equip The City to protect the public, employees, members of Council, and City information, sites, and assets from threats. Investment deliverables are intended to mitigate risk to critical City infrastructure and systems (such as email security, protection of personal information, physical access to space, and public security). To address emerging threats and risks that have impacts to business continuity, The City must protect itself by enhancing its security measures. To deliver the necessary enhancements, Corporate Security requires additional capital funding to implement risk mitigation strategies. In addition, The City has experienced an increase in the number of technology users and applications at The City which require additional licenses and security measures. Fluctuations in the Canada-US exchange rate resulted in a significant impact on Corporate Security's capital program. The Canadian dollar declined significantly relative to the US dollar between the time of the original cost estimates and the procurement of security software. As a result, the implementation costs increased for US products. With the proposed additional funding Corporate Security will be in a position to complete its projects' goals and deliverables for the 2015-2018 Action Plan. If these projects are not funded, Corporate Security's ability to provide comprehensive security to The City will be adversely affected, resulting in increased risk and liability to The City.
Expected Key Deliverables	Key deliverables include: • Implement information security measures to mitigate the risk of cyber attacks that could result in breaches in data security and/or sabotage. • Enhance email protection to safeguard The City from malware and non-malware threats such as phishing emails. • Provide visibility into vulnerabilities to rapidly detect compromises, respond to breaches, and correct the underlying causes of cyber attacks. • Implementation of Governance-Risk-Compliance (GRC) tool to strengthen and mature the security posture of The City through improved insight and alignment between data, organization, applications, services and operations across the Corporation. • Derive efficiency by automating labour intensive processes with analytics solutions, thus reducing data entry and increasing efficiency. • Improve visibility by consolidating data and continuing to enable risk analytics across the organization. • Improved visibility into file level data to identify harmful or malicious files. • Ability to utilize real time alerting to monitor for suspicious activity critical for alerting on ransomware infections. • Upgrade and improve permissions management and file/folder level access control to protect City data.

Implementation Plan

Benefits *Describe and/or quantify value and outcomes of project*	**Economic**	Economic benefits include: • Mitigate negative economic impacts due to breaches in data security, sabotage, and/or human error which could result in lawsuits and financial penalties. A global example of such a breach is Equifax, one of the largest credit bureaus in the US. On Sept. 7, 2017 an application vulnerability on their website led to a data breach that exposed approximately 143 million consumers. • Protect The City of Calgary from service delivery disruption. • Provide the redundancy and resiliency needed to maintain control of security systems to protect critical sites and assets. • Minimize downtime should catastrophic failure of City systems occur.		
	Social	Corporate Security's social benefits are realized through increased protection and improved resiliency of service lines delivered by public facing business units, including Recreation, Transit, and Community Services. Corporate Security's Public Safety Network expansion will contribute to the public's safety and security when accessing City walkways.		
	Environmental	Corporate Security's environmental benefits are realized through the protection of City infrastructure including critical sites utilized by Waste & Recycling Services, Water Resources, and Water Services. Enhanced security measures support business continuity for public facing services, including services associated with environmental protection.		
Return on Investment *Describe short and long term investment returns including expected financial, social and environmental considerations, avoided costs etc. Include quantifiable and qualitative returns.*		**Financial** • Investment in analytics tools will contribute to operational efficiencies, improve ability for proactive, intelligence based decision making, and reduce laborious process requirements. • Security's return on investment includes unseen value to The Corporation, including the cost benefit of mitigating the risk of a breach or incident that could result in lawsuits and/or financial penalties. **Social** • Improved business continuity of City operations to deliver critical services to Calgarians. • Citizens are more willing to engage The City if their security and personal information is properly managed. **Environmental** • This investment will allow Corporate Security to continue to support public facing services, including Environmental and Safety Management, Water Services, and Waste and Recycling Services.		
Project location	**Address, Ward/ Catchment**	City of Calgary infrastructure and network environment	**Project types (MUGS)**	Maintenance & Upgrades

Implementation Plan

Business Unit (BU)		**Corporate Security**		
Strategic Alignment *IC has this information and will complete this section*		Council Priorities	A Well Run City A City that Moves A City of Inspiring Neighborhoods	
		Capital Investment Plan	Resilience	
		CED 10 year Economic Strategy: Strategy	1	
		CED 10 year Economic Strategy: Action	2	

2. RESILIENCE

Program / Project Assumptions	Project assumptions include: • Information technology, human resources and other enabling services within The City are available to assist in the implementation of projects. • Funding will be made available immediately.
Constraints	Corporate Security's program constraint is time. One Calgary 2019-2022 will begin a new cycle of capital projects that will require the resources needed to complete the current program. Efficient and effective use of resources, and strategic planning will be key in the delivery of Corporate Security's projects.
Dependencies:	Reliance on City of Calgary enabling services and business units' cooperation and assistance in the delivery of program objectives.
Risk(s): *Describe any known risks*	Corporate Security is an enabling service, providing security to City business units and ensuring that appropriate security measures are in place to mitigate risks and to protect the public, employees, members of Council, and City information, sites and assets. From an Integrated Risk Management perspective, Corporate Security has identified risks to the Corporation if the funding request is not approved (see Attachment 3).

3. PUBLIC CONSULTATION PLANS

Provide a brief description of public consultation completed and the dates of consultation.	Public consultation is not required for these projects.
Provide a brief description of public consultation outstanding and the dates of the planned consultation.	There are no public consultations in progress or outstanding.

Implementation Plan

4. CAPITAL ESTIMATES

Estimate Class	2
External Funding (Anticipated / Received) *List funding source and their contribution to the total cost estimate*	None
Operating Impact *Describe operating impact of investment if any (i.e. whether new or able to be absorbed within existing operating budget). Where possible provide a precise financial and operating response identifying operating benefits of the investment. Operational efficiencies may also be identified.*	There are no additional operating budget impacts associated.

Assessment and Tax Circumstances Report

EXECUTIVE SUMMARY

Council approval is needed to cancel taxes accrued in individual tax accounts. This report is presented to Council twice annually and this is the second report this year. The report includes the applicable 2015 and 2016 taxes accrued in property and business accounts that meet Administration's criteria for prior year tax cancellation. This report also includes the applicable 2017 municipal property taxes for non-profit organizations that applied and qualified for tax cancellations under the *Non-Profit Tax Mitigation Policy.*

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommend that Council under the authority of section 347 of the *Municipal Government Act:*

1. Cancel 2015 and 2016 property and business taxes that meet Administration's circumstances criteria, for the amounts listed in the Attachment 1.

2. Cancel 2017 municipal property taxes for the qualifying non-profit organizations for the amounts listed in Attachment 2.

3. That Report PFC2017-1083 be forwarded to the 2017 December 18 Meeting of Council.

PREVIOUS COUNCIL DIRECTION / POLICY

This report is presented to Council twice annually and Council typically accepts Administration's recommendations; the most recent report was presented at the 2017 May 29 Regular Meeting of Council.

BACKGROUND

Section 203 of the *Municipal Government Act* (MGA) specifies that Council may not delegate its powers with respect to taxes, including its authority to cancel, reduce or refund prior year property and business taxes.

Tax Cancellations Related to Prior Years' Assessment Rolls

In certain circumstances, Administration may ask Council to consider exercising its discretionary taxation power under section 347 of the MGA in regard to cancelling taxes that correspond to property or business assessment rolls of prior tax years.

Administration is able to adjust current year property and business accounts through provisions in section 305 of the MGA and section 7(a) of Business Tax Bylaw 1M2017 that allow corrections or amendments to property and business assessment rolls during the current tax year. A current year amendment to an individual assessment on either assessment roll triggers a corresponding adjustment to the current year property or business taxes for that account.

Assessment and Tax Circumstances Report

Property and business owners have a responsibility to inform the municipality of assessment errors or changes to their property or business in a timely manner. This allows Administration to make the relevant changes to the business or property assessment accounts within the current taxation year. Administration does not have the ability to alter property or business assessment rolls of prior years.

Inaccuracies in assessment rolls may result from a number of factors, including but not limited to: operational considerations associated with year-end assessment roll production, timing of communication between business units, incorrect data or mailing address information.

Generally, valid cancellation requests are for tax amounts that were levied as a result of the following circumstances:

- an incorrect issuance of a property or business assessment
- a property or business assessment that was not corrected appropriately
- a tax exemption that was not processed or not processed correctly
- a business account closure or move that was not processed or not processed correctly

The inaccuracy must be reported within two years after the inaccuracy occurred for the tax cancellation request to be considered for inclusion in this report.

Exempt Organizations and the *Non-Profit Tax Mitigation Policy*

The *Non-Profit Tax Mitigation Policy* adopted by Council through C2014-0919 provides criteria for circumstances in which Administration may ask Council to cancel municipal taxes that correspond to a period when an eligible non-profit property was under construction.

Property tax exemptions are governed by the MGA and the *Community Organization Property Tax Exemption Regulation* (COPTER). Provisions in the legislation differ based on the use of the property and the nature of the organization that holds it. One of these differences is the tax treatment of non-profit-held property that is not in use because of construction/renovation. Property held by specific entities such as public institutions (e.g. hospitals, public colleges and universities) is exempt from property tax when it is under construction. Property that is held by non-profit organizations to be used for an approved activity (e.g. places of worship, chambers of commerce, food banks, and under certain conditions, arts and cultural activities) is not property tax exempt until it is actually in use for these purposes.

Organizations must attain property tax exemption for the property under the provincial legislation to be considered for municipal property tax cancellation under the *Non-Profit Tax Mitigation Policy*. Until the property is completed and occupied, and being used for the exempt purpose, applicants pay municipal and provincial property taxes. Once the *Policy* criteria are met, up to four years of the municipal taxes paid over the construction period are subject to retroactive cancellation and refund/credit.

For administrative efficiency and timeliness, the *Policy* has been implemented using the Assessment and Tax Circumstances report as the mechanism.

Assessment and Tax Circumstances Report

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Tax Cancellations Related to Prior Years' Assessment Rolls

To assist property and business owners in reporting assessment errors or changes within the current tax year, Calgarians are encouraged each year to review and, if needed, ask questions about their property and/or business assessments before the end of the 60-day Customer Review Period that follows each mailing.

Assessment sometimes receives requests for the cancellation of taxes from prior tax years; these may come directly from taxpayers or from other City business units. The investigation of each request includes researching internal communications and records, speaking directly to the affected taxpayer and working with other relevant City staff.

Administration uses the following criteria to determine if the circumstances and corresponding property or business tax amounts should be brought forward to Council in this biannual report:

- the inaccuracy was reported within two years of the occurrence; and
- Assessment was advised of the inaccuracy within the Customer Review Period in the year the inaccuracy occurred, but the correction was either not processed or incorrectly processed; or,
- the taxpayer was not aware and/or was not notified of the change in assessment and was unable to bring the inaccuracy to the assessor's attention within the Customer Review Period; or,
- the property or business assessment account was set up in error, and the assessment notice was sent to the wrong party; or,
- another City department(s) was notified by the taxpayer of a change to the business and Assessment was not notified during the applicable taxation year.

The recommended adjustments to business tax accounts in this report would cancel or reduce municipal business taxes, and Business Improvement Areas (BIA) levies where applicable. The levies are distributed to BIAs in January each year and adjustments are made in the following year if there are increases or decreases.

The recommended adjustments to the property tax accounts due to assessment roll corrections would cancel or reduce both the municipal and provincial property taxes. Upon cancellation, the provincial portion of the property tax is a cost to The City because the provincial government does not refund its portion.

The funds for both business tax and property tax cancellations are available through The City's prior years' tax cancellation budget, should Council decide to support the recommendation for tax cancellations included in this report. If Council chooses not to support the recommendation, the tax liabilities and amounts owed will remain as originally billed.

Individual requests for prior years' tax cancellation that met Administration's criteria are listed in Attachment 1.

Assessment and Tax Circumstances Report

Tax Cancellations Related to the *Non-Profit Tax Mitigation Policy*

To assist non-profit organizations in applying for tax-relief under the *Non-Profit Tax Mitigation Policy*, Administration provides information about the *Policy*, how to qualify and the application process on Calgary.ca, via email and by phone year-round.

Requests for the cancellation of municipal taxes related to exemptible property held during periods of construction come from non-profit organizations on an ongoing basis.

The *Policy* ensures that tax cancellations for properties and/or facilities that are under construction are conducted in an equitable and consistent manner through an open and transparent process.

The *Policy* uses the following criteria to determine if the circumstances and corresponding municipal property tax amounts should be brought forward to Council:

- a building permit for the site was issued after 2013 January 01, the date established in the *Policy,* and
- the organization has filed the necessary application form to request tax cancellation under the *Non-Profit Tax Mitigation Policy* to Assessment, and
- the property and/or facility construction has been completed, and
- the property and/or facility is occupied by the organization and is being used for an exemptible purpose, and
- upon completion and occupancy, the organization has filed an application for property tax exemption under the MGA or COPTER to Assessment and the application has been approved.

The non-profit organization must meet all of the above criteria in order to qualify for a tax cancellation under the *Policy*.

The value of the cancellation amount is based on municipal tax levied during the eligible period the property was under construction and is retroactive to the organization attaining property tax exemption under provincial legislation. The eligible period begins the year that the required application is submitted to Assessment. If the application is submitted the same year the building permit is issued, the period begins as of the date the permit is issued. If the application is submitted at any point thereafter, the eligible period begins January 01 of the year in which the application is received by Assessment. The period ends either four years from the date that the eligible period begins or when the property becomes exempt from taxation, whichever is earlier.

At the time this report was prepared, one non-profit organization has met the criteria for municipal property tax cancellation under the *Policy*. Applicants that meet all requirements will be brought forward to Council for tax cancellation consideration on future reports.

The recommended adjustment due to the *Non-Profit Tax Mitigation Policy* would cancel or reduce the municipal property taxes in that organization's account. If Council chooses not to support the recommendation, the tax liabilities and amounts paid will remain as originally billed.

The individual tax amount cancelled for the qualifying *Non-Profit Tax Mitigation* applicant is listed in Attachment 2.

Assessment and Tax Circumstances Report

Stakeholder Engagement, Research and Communication

This report is a collaborative effort between Assessment, Business Registry, and Finance. Throughout the circumstance report process, the business units are in communication, ensuring appropriate investigation and analyses are conducted for an accurate reflection of the tax cancellations proposed.

Taxpayers and non-profits are contacted by City staff subsequent to their initial inquiry if additional information is needed to establish whether individual circumstances meet the tax cancellation criteria.

For tax cancellation requests related to prior years' assessment rolls, Assessment advises property or business owners listed in Attachments 1 if their requests are included in the report. A second letter advises them of Council's decision.

For tax cancellations related to the *Non-Profit Tax Mitigation Policy*, non-profits are advised of eligibility during the application or circumstance report process and those listed in Attachment 2 will be advised of Council's decision.

The accounts of approved tax cancellations are then adjusted by Finance and a refund is issued when necessary.

Strategic Alignment

The recommendations are in alignment with *Action* Plan 2015-2018 and with the *Non-Profit Property Tax Mitigation Policy*.

Social, Environmental, Economic (External)

The taxpayers who own or hold the properties and businesses listed in Attachment 1 and 2 will receive tax cancellations or refunds.

Financial Capacity

Current and Future Operating Budget:

The total taxes recommended for cancellation are $232,623.67. Finance has confirmed that there are sufficient funds to accommodate the tax cancellations for the accounts proposed in Attachment 1 and 2. The total budget for the prior years' property and business tax cancellations in 2017 is $1,000,000. The total budget for municipal tax cancellations proposed in Attachment 2 under the *Non-Profit Tax Mitigation Policy* is an additional $1,000,000. At this time, no adjustments to future budget allocations are required to meet the tax cancellation requests set out in this report.

Assessment and Tax Circumstances Report

Type of Tax	*2017 Tax Cancellations (This Report)*
Property Tax - *Non-NPTM Related*	$224,815.76
Business Tax	$4,467.13
Property Tax - *NPTM Related*	$3,340.78
Total	**$232,623.67**

Current and Future Capital Budget:

There are no implications to the capital budget.

Risk Assessment

No implications were identified.

REASON(S) FOR RECOMMENDATION(S):

Administration is prevented by legislative constraints from (1) making corrections to tax accounts relating to prior years' assessment and tax rolls, and (2) providing tax exemptions to otherwise eligible non-profit organizations whose properties are under construction. The accounts brought forward to Council were identified using the criteria within this report. The tax liabilities and amounts owed will remain as originally billed without Council approval.

ATTACHMENTS

1. Attachment 1 – List of Proposed Tax Cancellations Related to Prior Years' Assessment Rolls
2. Attachment 2 – List of Tax Cancellations Related to the Non-Profit Tax Mitigation Policy

List of Proposed Tax Cancellations Related to Prior Years' Assessment Rolls

Issue #	Roll Number	Account Address	Tax Cancellation ($)	Reasons
PROPERTY TAX CANCELLATIONS				
2015				
1	090055393	44 38A Avenue SW	$38,439.39	Category IV: Another City department(s) was notified by the taxpayer of a change to the business and Assessment was not notified accordingly during the applicable taxation year to correct the assessment.
2	051094506	119 Pinehill Place NE	$40,568.52	Category IV: Another City department(s) was notified by the taxpayer of a change to the business and Assessment was not notified accordingly during the applicable taxation year to correct the assessment.
2016				
3	090055393	44 38A Avenue SW	$43,154.86	Category IV: Another City department(s) was notified by the taxpayer of a change to the business and Assessment was not notified accordingly during the applicable taxation year to correct the assessment.
4	051094506	119 Pinehill Place NE	$45,253.95	Category IV: Another City department(s) was notified by the taxpayer of a change to the business and Assessment was not notified

List of Proposed Tax Cancellations Related to Prior Years' Assessment Rolls

				accordingly during the applicable taxation year to correct the assessment.
5	200714012	5260 126 Avenue SE	$1,749.41	Category I: Assessment was advised of the inaccuracy within the Customer Review Period in the year the inaccuracy occurred, but the correction was either not processed or incorrectly processed.
6	202208187	11400 27 Street SE	$55,649.63	Category I: Assessment was advised of the inaccuracy within the Customer Review Period in the year the inaccuracy occurred, but the correction was either not processed or incorrectly processed.
			$224,815.76	**Total Property Tax Cancellation**

List of Proposed Tax Cancellations Related to Prior Years' Assessment Rolls

Issue #	Business Identifier	Account Address	Tax Cancellation ($)	Reasons
BUSINESS TAX CANCELLATIONS				
2016				
7	14145783	200 1001 1 Street SE	$1,841.44	Category I: Assessment was advised of the inaccuracy within the Customer Review Period in the year the inaccuracy occurred, but the correction was either not processed or incorrectly processed.
8	13851977	808 16 Avenue SW	$1,976.22	Category I: Assessment was advised of the inaccuracy within the Customer Review Period in the year the inaccuracy occurred, but the correction was either not processed or incorrectly processed.
9	13103320	130 8615 48 Street SE	$649.47	Category IV: Another City department(s) was notified by the taxpayer of a change to the business and Assessment was not notified accordingly during the applicable taxation year to correct the assessment.
			$4,467.13	**Total Business Tax Cancellation**

List of Tax Cancellations Related to the Non-Profit Tax Mitigation Policy

List of Tax Cancellations Related to the Non-Profit Tax Mitigation Policy

Issue	Roll Number	Account Address	Tax Cancellation ($)	Reason
1	090085705	4411 Manitoba Road SE	$3,340.78	The municipal tax cancellation is for Calgary Centre for Spiritual Living, which meets the criteria for property tax exemption under MGA s. 362(1)(k) Religious Activities. The cancellation is from the date the building permit was issued, June 8, 2017, to the date the property tax exemption started, July 25, 2017.
			$3,340.78	**Total Property Tax Cancellation**

2018 Business Tax Bylaw

EXECUTIVE SUMMARY

Council approval is required to establish the 2018 Business Tax Bylaw. Business tax is a source of municipal revenue in Calgary.

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommends:

1. That Council give three readings to the proposed 2018 Business Tax Bylaw.
2. That Report PFC2017-1082 be forwarded to the 2017 December 18 Regular Meeting of Council.

PREVIOUS COUNCIL DIRECTION / POLICY

The City of Calgary annually generates municipal revenue through business taxes, most recently through the 2017 Business Tax Bylaw (1M2017).

Through PFC2012-35 *Business Tax Consolidation Framework and Associated Plans*, Council approved the consolidation of business tax into the non-residential property tax revenues over seven years starting in 2013. Updates on the Business Tax Consolidation process are reported to Council annually in May/June.

BACKGROUND

The *Municipal Government Act* (MGA) gives municipalities the option to levy a business tax. If Council chooses to levy a business tax, it must pass a Business Tax Bylaw prior to doing so.

The 2018 Business Tax Bylaw is being presented to Council in December 2017 to provide sufficient preparation time for the planned 2018 January 04 mailing of 2018 Business Assessment Notices. This is the final Business Tax Bylaw which will be presented to Council for approval, due to the elimination of the business tax in the 2019 tax year through the Business Tax Consolidation process. Business Tax Consolidation has no impact on the Business Tax Bylaw. However, the impact of consolidation will be reflected in the Business Tax Rate Bylaw in the form of a declining business tax rate. This year, for example, the business tax rate will be 80 per cent lower than it would have otherwise been. The revenue lost from the business tax is made up through a higher non-residential property tax rate.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Council has the discretion to choose whether or not to levy business taxes within the municipal boundaries. Council's 2018 Adjustments included the business tax as a municipal revenue source and established the revenue requirements from business tax. The Business Tax Bylaw provides the authority for business taxes to be collected from businesses operating within the city of Calgary. It specifies the business assessment method as the basis for business taxes to be imposed and may provide for exemptions from business tax.

2018 Business Tax Bylaw

The proposed 2018 Business Tax Bylaw mirrors the 2017 Business Tax Bylaw with two exceptions. First, updates have been completed to reflect the 2018 dates. This includes the valuation date used for preparing business assessments, the deadline for payment of business tax and when penalties for non-payment are incurred. Second, revisions are recommended to reflect changes to the MGA which will be effective on January 1, 2018. Throughout the 2018 Business Tax Bylaw all references to the term "Assessor" have been replaced by the term "Municipal Assessor", which is defined in subsection 3(1)(e). Subsection 10(1) of the 2018 Business Tax Bylaw is also updated to reflect changes to the content of subsections 295(1) and (6) of the MGA.

If the 2018 Business Tax Bylaw is approved, the 2018 Business Tax Rate Bylaw will be presented to the Priorities and Finance Committee, and subsequently to Council, in January 2018. The 2018 Business Tax Rate Bylaw will include the 2018 business tax rate, to be prepared after the 2018 business assessment roll is established. 2018 Business Tax Notices are scheduled to be mailed in late January or early February 2018.

Stakeholder Engagement, Research and Communication

The preparation of this Business Tax Bylaw Report includes staff members from the Finance, Law and Assessment business units.

Strategic Alignment

The recommendation is in alignment with the direction in *Action* Plan 2015-2018, the Mid-Cycle Adjustments and the 2018 Budget Adjustments.

Social, Environmental, Economic (External)

The proposed 2018 Business Tax Bylaw includes exemption provisions for businesses that meet eligibility provisions established in the bylaw.

Environmental

No environmental impacts have been identified.

Economic

The Business Tax Bylaw authorizes The City to assess and tax businesses. Passing the 2018 Business Tax Bylaw, and levying 2018 business taxes, is consistent with The City of Calgary's municipal tax policies in 2017 and prior years.

Financial Capacity

Current and Future Operating Budget:

The net 2018 business tax revenue is currently projected to be $44 million. Business tax revenues are a source of funding for current and future operating fiscal plans, with the business tax being fully consolidated into the non-residential property tax by 2019.

Current and Future Capital Budget:

Business tax revenues along with the property tax revenues are part of the source of capital funding in current and future capital fiscal plans.

2018 Business Tax Bylaw

Risk Assessment

If Council does not pass the 2018 Business Tax Bylaw, The City will not be able to assess businesses and levy the business tax. This would reduce the revenue available for City of Calgary operations and, in turn, services to Calgarians. Further, while the language in the 2016 Business Tax Bylaw (which mirrors the proposed bylaw) is currently subject to a court challenge, Administration recommends that the same language be incorporated in the 2018 Business Tax Bylaw.

REASON(S) FOR RECOMMENDATION(S):

The 2018 Business Tax Bylaw provides The City with the authority to mail 2018 business assessments in order to levy 2018 business taxes. *Action* Plan 2015-2018, the Mid-Cycle Adjustments and the 2018 Budget Adjustments include and rely on the business tax as a municipal revenue source. If the proposed 2018 Business Tax Bylaw is approved by Council, then once a business assessment roll is established and Council finalizes the 2018 business tax revenue requirement, the 2018 Business Tax Rate Bylaw will be presented to Council in 2018 January.

ATTACHMENT(S)

1. Attachment 1 – Proposed Wording for the 2018 Business Tax Bylaw

Short Title

1. This Bylaw may be cited as the "2018 Business Tax Bylaw".

Purposes

2. The purposes of this Bylaw are as follows:

   (a) to authorize the assessment, supplementary assessment and taxation of Businesses operating in the city of Calgary; and

   (b) to provide for the exemption from taxation of certain classes of Businesses operating in the city of Calgary.

Interpretation

3. (1) In this Bylaw:

   (a) "Act" means the *Municipal Government Act,* R.S.A. 2000, c. M-26;

   (b) "Business" has the meaning set out in section 1(1)(a) of the Act;

   (c) "City" means The City of Calgary, a municipal corporation of the Province of Alberta and, where the context so requires, means the area contained within the municipal boundaries of the city of Calgary;

   (d) "Commercial Purposes" means the use of the Premises for commerce or trade purposes or for the sale of assets or goods to the public for gain;

   (e) "Municipal Assessor" means the person appointed to the designated officer position of Municipal Assessor pursuant to section 284.2 of the Act and Bylaw 49M2007;

   (f) "Net Annual Rental Value" means the typical market annual rental value of the Premises exclusive of operating costs;

   (g) "Non-Profit" refers to an organization, association or union as defined in section 6 of the Regulation;

   (h) "Operator of a Parking Facility" means a Person that operates a Parking Facility whose responsibilities include any one or more of the following:

      (i) the lease, license, or rental of area or spaces in a Parking Facility,

      (ii) the allotment of area or spaces in a Parking Facility,

      (iii) the allocation of area or spaces in a Parking Facility,

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(iv) the general maintenance and upkeep of the Parking Facility, which may include but is not limited to repairs, the security of the Parking Facility, and the obtaining of insurance for the Parking Facility,

(v) the collection of fees from the users of the Parking Facility, and

(vi) the delegation or assignment of one or more of the above responsibilities;

(i) "Parking Facility" means any space used for the parking or storage of motor vehicles and includes but is not limited to a parkade, parking garage, or parking lot;

(j) "Person" includes a corporation and the heirs, executors, administrators or other legal representatives of a Person;

(k) "Premises" means any space used in connection with a Business, and without limiting the generality of the foregoing includes:

(i) land and buildings or parts of buildings on such land,

(ii) any store, office, warehouse, factory, facility, hotel, motel, enclosure, yard or other space, and

(iii) a Parking Facility;

(l) "Regulation" means the *Community Organization Property Tax Exemption Regulation* (Alberta Regulation 281/1998); and

(m) "Trade Union" refers to a Non-Profit trade union established and recognized under the *Alberta Labour Relations Code* (R.S.A. 2000 c. L-1) or the *Canada Labour Code* (R.S.C. 1985, c. L-2).

(2) Each provision of this Bylaw is independent of all other provisions and if any provision is declared invalid for any reason by a Court of competent jurisdiction, all other provisions of this Bylaw remain valid and enforceable.

Business Assessment

4. (1) Every Person who operates a Business in the City in 2018 shall be assessed a business assessment by the Municipal Assessor for the purposes of imposing a business tax.

(2) Subsection (1) applies to an Operator of a Parking Facility, regardless of:

(a) whether parking space in the Parking Facility is used by any of the following:

(i) the owner,

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(ii) a tenant, or

(iii) the public;

(b) the source or ownership of the motor vehicles parked or stored in the Parking Facility;

(c) the allocation of area or spaces within the Parking Facility; and

(d) the location of the Parking Facility.

(3) Business assessments shall be prepared based on one hundred percent of the Net Annual Rental Value of the Premises.

(4) Any business assessment prepared in accordance with this bylaw must be an estimate of the Net Annual Rental Value of the Premises on July 1, 2017.

5. The Municipal Assessor shall:

(a) prepare a business assessment roll for the purposes of generating a business tax roll for 2018; and

(b) enter on the business assessment roll the name of every Person operating a Business in the City and shall assess each Person by entering on that roll the name of the assessed Person and the assessed value of the Premises.

6. When the business assessment roll has been prepared, the Municipal Assessor shall mail to every Person whose name appears on the roll a notice of assessment containing the information shown on the roll which pertains to that Person.

7. If it is discovered that there is an error, omission or misdescription in any of the information shown on the business assessment roll for 2018:

(a) the Municipal Assessor may correct the business assessment roll for 2018; and

(b) on correcting the business assessment roll for 2018, an amended assessment notice must be prepared and sent to the assessed Person.

8. If it is discovered that no business assessment has been prepared for a Business for 2018, an assessment for 2018 must be prepared and an assessment notice or an amended assessment notice must be prepared and sent to the assessed Person.

9. After giving reasonable notice to a Person operating a Business, the Municipal Assessor may at any reasonable time, for the purpose of preparing an assessment of the Business or determining if the Business is to be assessed:

(a) enter and inspect the Premises;

(b) request anything to be produced to assist the Municipal Assessor in preparing the assessment or determining if the Business is to be assessed; and

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(c) make copies of anything necessary to the inspection.

10. (1) The provisions of section 295 of the Act apply such that:

(a) a Person must provide, on request by the Municipal Assessor, any information necessary for the Municipal Assessor to carry out the duties and responsibilities of an assessor pursuant to Parts 9 to 12 of the Act and the associated regulations; and

(b) no Person may make a complaint in the year following the assessment year under section 460 of the Act if the Person has failed to provide the information requested within 60 days from the date of the request.

(2) The provisions of section 296 of the Act apply to the Municipal Assessor's application for and acquisition of court authorized inspections and enforcement with all necessary modifications as if they had been set out in this Bylaw.

Supplementary Business Assessment

11. A supplementary business assessment for 2018 will be imposed:

(a) on each Person who operates a Business for a temporary period and whose name is not entered on the business tax roll;

(b) on each Person who moves into new Premises or opens new Premises or branches of an existing Business, even though the Person's name is already entered on the business tax roll for another Premises;

(c) on each Person who begins operating a Business and whose name is not entered on the business tax roll for the associated Premises; and

(d) on each Person who increases the space of the Premises after the business tax roll has been prepared.

12. Supplementary assessments will be determined by pro-rating the Net Annual Rental Value of the Premises to reflect the number of months the Business is operated during 2018, with any portion of a month greater than fifteen (15) days being considered to be a full month.

13. Sections 4 through 7 and sections 9 and 10 of this Bylaw apply to the imposition of a supplementary assessment.

Taxation

14. (1) The amount of business tax to be imposed under this Bylaw in respect of a Business is calculated by multiplying one hundred percent of the assessment or supplementary assessment for the Business by the business tax rate specified in the 2018 Business Tax Rate Bylaw.

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(2) A tax imposed under this Bylaw must be paid by the Person who operates the Business.

15. The City shall:

(a) produce a business tax roll containing the name of each Person liable for business taxes set opposite to the amount of business taxes payable by that Person; and

(b) mail or deliver a tax bill to each Person liable for business taxes, which shows both the assessed value of the Premises and the amount of the business tax payable.

16. When a lessee, who is liable to pay the tax imposed under this Bylaw in respect of any leased Premises, sublets the whole or part of the Premises, The City may require the lessee or the sub-lessee, but not both, to pay the tax in respect of the whole or part of the Premises.

17. Business taxes shall be due and payable on or before March 30, 2018.

Exemption from Taxation

18. (1) Notwithstanding section 23 of this Bylaw, but subject to the subsections below, the following classes of Businesses are exempt from the payment of business taxes imposed under this Bylaw:

(a) any Business exempt from business tax pursuant to sections 351, 375 or 376 of the Act;

(b) any Business operated on property which appears on The City's 2018 property assessment roll as one hundred percent belonging to the residential assessment class or any residential assessment subclass;

(c) on-street parking located on roads owned by The City;

(d) any Business whose use of the property would qualify that property to be eligible for a property tax exemption pursuant to the *Act*;

(e) any Business that is a bingo operated under a bingo facility licence by a Non-Profit organization pursuant to the *Gaming and Liquor Act* (R.S.A. 2000, c. G-1);

(f) any Business established as a Non-Profit organization where the Premises is used to promote the interests of an industry, profession or trade including education or research;

(g) Premises used by a Trade Union where the activities of a Trade Union are conducted;

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(h) any Business whose use of the property would qualify that property to be eligible for a property tax exemption under the Regulation but for sections 16(2) or (3) of the Regulation.

(2) Premises licensed under the *Gaming and Liquor Act* are not exempt from business taxation with the exception of Premises in respect of which a bingo licence, casino licence, pull ticket licence, Class C liquor licence or a special event licence has been issued under the *Gaming and Liquor Regulation* (AR 143/96).

(3) Notwithstanding subsection (1), any Business, including one operated by a Non-Profit organization or association, whose use of the Premises:

(a) is primarily for Commercial Purposes; and

(b) operates in competition with other Businesses in the city of Calgary

is not exempt from business taxation.

(4) Subject to the restrictions set out in this section, a Business may become exempt from the payment of business taxes imposed under this Bylaw for a portion of a Premises which becomes Vacant and Unused for a period of at least 30 days, regardless of whether there is a lease or license of occupation in place with respect to that Premises.

(a) For greater certainty, the term “Vacant and Unused” in this section means space which forms part of a Premises but:

(i) is physically separated from other space by walls and locked doors or is separated by other means which makes it inaccessible and unable to be used for Business purposes; and

(ii) is entirely empty from wall to wall and floor to ceiling, and does not contain equipment, furnishings, cubicle walls or partitions; but

(iii) does not include portions of the Premises which are temporarily unused such as hotel and motel rooms, individual offices, parking spaces, or space being renovated.

(b) In order to be eligible to benefit from an exemption for Vacant and Unused space pursuant to this subsection:

(i) a Person must notify the Municipal Assessor in writing of the Vacant and Unused space; and

(ii) the Municipal Assessor must have confirmed that the space is Vacant and Unused.

(c) Any exemption granted for Vacant and Unused space pursuant to this subsection shall not take effect or have application prior to the date of

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notification, and shall have effect only as long as the space is Vacant and Unused.

Penalties For Unpaid Business Taxes

19. (1) (a) On April 1, 2018 penalty of seven (7%) percent of the unpaid amount of the current year's tax levy shall be imposed; and

(b) On July 1, 2018 an additional penalty of seven (7%) percent of the unpaid amount of the current year's tax levy shall be imposed.

(2) All taxes levied by The City remaining unpaid after the year in which they are levied shall have added thereto, on the first day of every month of every year, a penalty equivalent to one (1%) percent of the then unpaid taxes, so long as the taxes or any portion of them remain unpaid.

(3) A penalty imposed under subsections (1) and (2) forms part of the tax in respect of which it is imposed.

Supplementary Business Tax

20. A supplementary business tax shall be levied upon any Person who is subject to a supplementary business assessment in accordance with sections 11 and 12 of this Bylaw.

21. A supplementary business tax is due thirty (30) days after the date on which the supplementary tax notice is mailed to the Person being taxed.

22. Sections 14, 15, 16 and 19 of this Bylaw apply to the imposition of a supplementary business tax.

Liability for Business Taxes

23. Subject to sections 18 and 24 of this Bylaw, when a Person operates a Business in the City, the Person is liable for payment of the business tax imposed in respect of that Business, whether based on an annual or supplementary assessment.

Pro-rating and Rebating Business Taxes

24. When The City is notified that a Business has ceased to use space in connection with the Business, the associated tax account shall be adjusted in proportion to the number of months of operation in the calendar year, with any portion of the month greater than fifteen (15) days being considered to be a full month. If there is a credit balance after the account has been adjusted, that amount will be refunded to the owner of Business or applied to any other outstanding business tax accounts of that owner.

25. If the Business receives a reduction in its business assessment, resulting in a credit balance on its business tax account, that amount will be rebated to the owner of the Business or applied to any other outstanding business tax accounts of that owner.

TEXT FOR DISCUSSION ONLY

Business Tax Instalment Payment Plan

26. (1) In this section:

(a) "Business Tax Instalment Payment Plan" also referred to as "BTIPP" means the plan authorized by this Bylaw permitting taxpayers to pay taxes by way of monthly instalments;

(b) "Tax" includes all business taxes lawfully imposed against a Business by The City pursuant to the Act, any bylaw enacted pursuant to such authority, or any other statute of the Province of Alberta, but does not include supplementary taxes;

(c) "Taxpayer" means the operator of a Business liable for the payment of Business Taxes; and

(d) "Tax Collector" means the City Treasurer or his or her designate.

(2) Any Taxpayer in the City may apply to be included in BTIPP as described in this section to provide for the payment of Taxes by instalments.

(3) (a) Taxpayers who wish to apply for inclusion in BTIPP must apply to the Tax Collector on or before December 31st of each year and shall not be included within BTIPP until approved by the Tax Collector;

(b) A Taxpayer who applies for inclusion in BTIPP after December 31st and who is approved by the Tax Collector for inclusion in BTIPP shall pay all the monthly instalments which should have been paid as at the time of application had the Taxpayer been included in BTIPP as at January 1st plus a late enrolment fee of two percent (2%) thereof;

(c) The Tax Collector may refuse a Taxpayer's request to be included in BTIPP for reasons as set out in this Bylaw;

(d) A Taxpayer may not apply for inclusion in BTIPP more than once in the same calendar year with respect to the same Business.

(4) A Taxpayer who is included and has not been removed from BTIPP, shall not be subject to the provisions of section 17 as to the due date for the payment of Taxes, nor to the provisions of section 19 as to penalties on unpaid Taxes.

(5) A Taxpayer who is included in BTIPP shall pay Taxes on a monthly basis for the current year subject to the following conditions:

(a) any time up to and including December 31 of the previous year, the Taxpayer shall notify the Tax collector that his business tax roll account will have no balance outstanding at December 31 and that he desires to pay his Taxes on a monthly basis in the next succeeding taxation year;

(b) that as of December 31 of the previous year, the Taxpayer has no balance outstanding on his tax roll account;

TEXT FOR DISCUSSION ONLY

(c) a Taxpayer, having been included in BTIPP, shall make twelve monthly payments, to be paid by automatic bank withdrawal on the first day of each month of the calendar year in an amount equal to one-twelfth of the previous year's Tax levy or, in the event a previous year's Tax levy is not available, in an amount to be determined by the Tax Collector; and

(d) upon determination of the current year's Tax levy, the Taxpayer's payments shall be adjusted to provide for the full payment of the current year's Tax levy over the remaining months of the year.

(6) In the event a Business, the previous Taxpayer of which was included in BTIPP, is sold, the BTIPP agreement is immediately cancelled as at the sale date.

(7) The Tax Collector may remove a Taxpayer from BTIPP in the event the Taxpayer defaults in making payment of any Tax instalment on the due date as required for each instalment under subsection (5)(c).

(8) Notice of a removal pursuant to subsection (7) shall be sent to the Taxpayer by ordinary mail to the Taxpayer's last known address as listed on the tax roll.

(9) When a Taxpayer is removed from BTIPP subsequent to the due date for the payment of Taxes as specified in the appropriate municipal bylaws, other than this Bylaw, all unpaid Taxes become immediately due and payable and the penalty provisions of all appropriate municipal bylaws apply to the unpaid Taxes.

(10) When a Taxpayer is removed from BTIPP prior to the due date for the payment of Taxes as specified in the appropriate municipal bylaw, or when a Taxpayer requests removal from BTIPP prior to the due date for the payment of Taxes, all payments shall be retained by the Tax Collector for credit to the Taxpayer's account and such payments will receive the benefit of any available Tax discounts as provided by bylaw and will be credited to the Taxpayer's Tax account.

(11) In the event a Taxpayer requests removal from BTIPP pursuant to subsection (10), all Taxes due and owing shall then become due and owing on the due date for the payment of Taxes as specified in the Business Tax Bylaw and the provisions of all appropriate municipal bylaws relating to penalties for unpaid Taxes shall apply to all unpaid Taxes due and owing to The City after the due date.

Coming Into Force

27 This Bylaw comes into force on the day it is passed.

TEXT FOR DISCUSSION ONLY

City Assessor Bylaw Amendment

EXECUTIVE SUMMARY

As a result of amendments to the *Municipal Government Act* (MGA) which will take effect on 2018 January 01, Council approval is required to update Bylaw 49M2007.

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommends:

1. That Council give three readings to the proposed Appointment of Municipal Assessor bylaw.

2. That Report PFC2017-1127 be forwarded to the 2017 December 18 Regular Meeting of Council.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2007 November 26, Council approved Bylaw 49M2007 establishing the position of City "assessor" as a designated officer pursuant to section 210 of the MGA.

On 2016 February 22, through Bylaw 15M2016, Council amended sections 2 and 3 of Bylaw 49M2007 to have the Chief Financial Officer to (a) grant the Chief Financial Officer authority to appoint the City Assessor and (b) provide that the City Assessor is accountable to the Chief Financial Officer.

BACKGROUND

Section 284(1)(d) of the MGA defines "assessor" as a qualified person appointed by the municipality to the position of a designated officer to carry out assessment duties defined in the MGA. Through amendments to the MGA in 2016, section 284.2 of the MGA states a municipality must appoint a person to the designated officer position of "municipal assessor". A pending amendment to MGA section 284(1)(d), to take effect on 2018 January 01, will add the term "municipal assessor" to the definition of "assessor".

Bylaw 49M2007 has to date provided authority for The City's Assessor, as a designated officer, to exercise the powers, duties, and function to annually prepare The City's assessment rolls. The Bylaw currently does not refer to an appointment of a "municipal assessor".

The last appointment of a City Assessor for Calgary was in 2013, by then City Manager Owen Tobert, whereby City Assessor Nelson Karpa was appointed, effective 2013 January 14, and introduced to Council on 2013 Februarys 05.

The current Acting City Assessor is Harvey Fairfield.

City Assessor Bylaw Amendment

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The pending amendment to section 284(1)(d) and the current section 284.2 refer to a "municipal assessor". Bylaw 49M2007 should thus be amended to reflect the terminology used in the MGA.

Stakeholder Engagement, Research and Communication

n/a

Strategic Alignment

n/a

Social, Environmental, Economic (External)

n/a

Financial Capacity

Current and Future Operating Budget:

Property and business tax revenues are a source of funding for current operating fiscal plans. A Bylaw 49M2007 that is compliant with the MGA allows The City to prepare, communicate and defend assessments used towards property and business taxation.

Current and Future Capital Budget:

Property and business tax revenues are a source of funding for current capital fiscal plans. A Bylaw 49M2007 that is compliant with the MGA allows The City to prepare, communicate and defend assessments used towards property and business taxation.

Risk Assessment

Not approving the proposed bylaw may result in The City not having a duly appointed Municipal Assessor to carry out the duties and responsibilities of an "assessor" under the MGA, as in effect 2018 January 01.

REASON(S) FOR RECOMMENDATION(S):

The recommendations to replace the term Assessor with Municipal Assessor in the bylaw and related bylaw amendments, ensures an amended Bylaw 49M2007 reflects new wording in the MGA coming into effect 2018 January 01.

ATTACHMENT(S)

1. Attachment 1 – Proposed wording for a bylaw to amend Bylaw 49M2007

PROPOSED WORDING FOR A BYLAW TO AMEND BYLAW 49M2007

1. Bylaw 49M2007, as amended, is hereby further amended.

2. In the title, the word "**ASSESSOR**" is deleted and replaced with "**MUNICIPAL ASSESSOR**".

3. In the preamble, the following is deleted:

> "**AND WHEREAS** Council of The City of Calgary ("Council") wishes to establish the position of assessor as defined in Section 284(1)(d) of the Act ("Assessor") as a designated officer pursuant to the Act;"

and replaced with the following:

> "**AND WHEREAS** Section 284.2(1) of the Act requires a municipality to appoint a person to the position of a designated officer to carry out the functions, duties and powers of a municipal assessor under the Act;".

4. Section 1 is deleted and replaced with the following:

> "1. Council hereby establishes the position of Municipal Assessor as a designated officer pursuant to Sections 210 and 284.2(1) of the Act, with all powers, duties and functions of a municipal assessor pursuant to the Act, any other enactment or bylaw. ".

5. In sections 2, 3 and 4, the word "Assessor" is deleted and replaced with "Municipal Assessor" wherever it appears.

6. This bylaw comes into force on January 1, 2018.

TEXT FOR DISCUSSION ONLY

Status Update on Project Management Practices and Capital Budget Process

EXECUTIVE SUMMARY

This report provides an update on the most recent direction from Council to Administration related to questions posed by Council on 2016 July 25 pertaining to report TT2016-0578 and the progress report provided on 2016 December 19.

During discussion regarding RouteAhead, Council requested a progress report and recommendations related to the use and reporting of project estimates, contingency and changes to the capital budgeting process including Council's approval.

While this work is not complete, progress has been made through development and implementation of foundational pieces including standards for stage gating, project risk management and project estimation, contingency and scheduling. Other efforts include developing tools to support the capital budgeting process.

With Infrastructure Calgary established, as well as 2019-2022 service planning and budgeting efforts (One Calgary) underway, Administration is well positioned to continue this work and bring it to completion.

ADMINISTRATION RECOMMENDATION:

That Council:

1. Receive this status update for information.
2. Direct that Administration bring further updates on the capital budget process through the One Calgary program.

PREVIOUS COUNCIL DIRECTION / POLICY

The most recent direction Administration received from Council was in report PFC2016-0853, presented to the Priorities and Finance Committee on 2016 December 13 and subsequently to Council on 2016 December 19. The direction received at that time was for:

> "Administration to continue its work regarding the implementation of a capital budgeting process that aligns to the stage gating, project risk management, estimation and contingency standards and report back to the Priorities and Finance Committee prior to the end of December 2017."

The above-mentioned progress report provided an update and recommendations to address previous direction received from Council on 2016 July 25 for Administration to:

> "… Report back with recommendations to Council through the Priorities and Finance Committee with a progress report no later than 2016 December 31 with:
>
> a) Changes to the City's capital budgeting process, including but not limited to consideration of Class 1-5 cost estimating process;
> b) Criteria used to rank capital projects;
> c) Criteria for determining the appropriate contingencies for projects; and
> d) The Council approval process in relation to cost estimates, contingencies, budgets

and scope changes."

The full report PFC2016-0853 is included as an attachment to this report for reference (Attachment 1).

BACKGROUND

Having robust and effective practices to identify, evaluate, prioritize and deliver investments in infrastructure is critical to meeting strategic goals and results as directed by City Council. While Administration has existing processes and tools in place to accomplish this, it is important to continuously evaluate and improve how infrastructure investments are identified, evaluated, prioritized and delivered to ensure maximum value for citizens.

The need for continuous improvement has been previously highlighted. In 2011, the opportunity to improve investment delivery and project management practices was identified by internal audits and Notices of Motion including the following:

1. Audit Committee report AC2011-54, "16th Avenue North Urban Corridor,"
2. Audit Committee report AC2011-60, "Fire Department Facilities Construction,"
3. Notice of Motion NM2011-33, "Improvements to the Project Management Process,"
4. An amendment to LPT2011-99, "West LRT – Project Update and Completion Plan"

On 2015 March 17, Administration presented its final report to the Priorities and Finance Committee (PFC) outlining the various deliverables that were developed to meet the audit and Notice of Motion requirements through the development and implementation of the Corporate Project Management Framework (CPMF). The Corporate Project Management Framework established policy, practices and standards to ensure successful delivery of projects and the best possible outcomes for Council and citizens. The work on the CPMF included development of standards and practices for project planning, reporting, and, estimating and contingency, among other key elements of project management.

Administration provided a status update regarding improvement of project management practices to Council on 2015 September 14 in report C2015-0484, "Green Sheet Response, Project Management on City Projects". The direction received from Council was that:

> "Administration continue with improvements to the Corporate Project Management Framework, including implementation of value management, stage gating and a more comprehensive approach for quality management for capital projects."

Council also approved The Corporation's Capital Infrastructure Investment Strategy (CIIS) (Attachment 3) at the meeting held on 2015 November 25. This document laid the foundation for establishing enterprise wide infrastructure investment management and is serving as the basis for improvements to capital budget processes and practice development. As the City-wide approach is maturing and being integrated with One Calgary, an update to the CIIS will be developed and returned to Council in 2018.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The improvement of infrastructure investment and project management maturity is an evolutionary journey that requires a careful and thorough approach. Undertaking business process improvements in complex organizations such as The City of Calgary involves a

significant change management effort that does take time. The work with respect to the capital budgeting process is well underway.

Capital Budgeting Process

A significant milestone regarding updating the capital budget process was to establish a City-wide approach to infrastructure investment through Infrastructure Calgary (IC). Infrastructure Calgary is now providing a means by which investments can be evaluated and coordinated to achieve the most value for citizens.

Administration has also undertaken to implement tools that support the capital budgeting process. These include the implementation of Hyperion, a new capital budgeting system, and the Corporate Level Infrastructure Investment Plan (CLIIP) tool that facilitates coordination of capital investments.

Stage Gating

Administration has also taken steps to improve internal project management and infrastructure investment practices, by developing and implementing a Stage Gate Standard as part of the Corporate Project Management Framework. Stage gating provides basic structure for evaluating and prioritizing investments and facilitates risk management for capital investments. Stage gating incorporates an approach of releasing project funds as a project progresses through various “gates” that are aligned to major project milestones. Departments within The City are at different points with respect to implementation of stage gating. Most have now completed an initial implementation and are putting the method into practice. Further work is required to implement stage gating at the City-wide or Corporate level. This work is proceeding under the guidance of Infrastructure Calgary.

Project Risk Management, Estimation and Contingency

To continue efforts to improve project management capabilities and maturity, standards for Project Risk Management and Project Estimation, Contingency and Schedule were reviewed, updated and approved in early 2017.

These standards provide the foundation for determining appropriate contingency for projects. The Project Estimation, Contingency and Schedule Standard defines classes of estimates based on project phase. Project estimates are subject to higher degrees of variance depending on the phase due to the inherent process of refining knowledge and requirements over the course of the project. Projects will most often start with at least some degree of uncertainty which translates into risk. This means there is less certainty at the start of a project and progressively more accuracy as the project progresses. The Project Risk Management Standard provides a model for identifying and classifying risks for consideration in determining the appropriate level of contingency to manage risk. Having these standards in place is fundamental for making the Council-directed adjustments to the capital budgeting process.

Work is underway regarding 2019-2022 service planning and budgeting through One Calgary and specifically capital investment planning and budgeting. The Council approval process will be reviewed as part of this work. This review will seek opportunities to better time and provide the information that Council requires to approve the capital investment portion of the budget. The review will also ensure the necessary changes to the capital budget process are made to support decision-making.

Status Update on Project Management Practices and Capital Budget Process

Attachment 2 provides additional detail regarding the process and practices that Administration have completed per Council's direction, including the criteria used to develop the appropriate levels of contingency for projects. The attachment further outlines progress in stage gating, risk management, and, estimating and contingency.

Infrastructure Calgary will continue to work with One Calgary, Finance, the Corporate Project Management Centre and the Corporate Project Management Framework Steering Committee to review and improve capital investment planning and budgeting processes. This will be done in partnership and alignment with One Calgary. This will ensure that changes to the capital budget process will be part of 2019-2022 service planning and budgeting for the next business cycle. It is through this work that criteria used to rank capital projects and the Council approval process will be reviewed and addressed.

Stakeholder Engagement, Research and Communication

The following stakeholders have been identified in previous reports as having provided input and assistance with respect to the work discussed in this report:

- Managers within the Corporate Project Management Framework (CPMF) Steering Committee;
- Infrastructure Calgary and its members within the Senior Management Team; and,
- Members of the Administrative Leadership Team.

As this work moves forward, engagement with the above stakeholders along with One Calgary and Finance will continue.

A communication plan and associated tactics will be developed and implemented to support this work.

Strategic Alignment

This work supports sound decision-making to ensure alignment to strategy and efficient achievement of strategic goals and outcomes. It specifically aligns with the Council Priority of "a well-run city".

Administration continues to explore innovative ideas that will improve The City's capital management practices and decrease time to deliver investments in infrastructure that support public service delivery.

Social, Environmental, Economic (External)

This work enables sound decision-making to achieve social, environmental and economic goals.

Financial Capacity

Current and Future Operating Budget:

This work will be completed within current operating budget allocations.

Current and Future Capital Budget:

This work will be completed within current capital budget allocations.

Status Update on Project Management Practices and Capital Budget Process

Risk Assessment

The major risks associated with this program are:

- Resource constraints that could result in slowing of the Infrastructure Calgary and Corporate Project Management Framework programs and,
- Resistance to change may be encountered from stakeholders.

Having appropriate governance as well as a change management and communications plan in place are key to mitigating these risks. Ongoing collaboration with previously mentioned stakeholders will be pursued to minimize the likelihood of these risks occurring.

REASON(S) FOR RECOMMENDATION(S):

These recommendations will support Administration's work to fully address Council's direction by making the necessary changes to the capital budgeting process and project management practices to ensure the most value from investments is realized for the benefit of citizens.

ATTACHMENTS

1. PFC2016-0853 Progress Report Update – Stage Gating, Capital and Contingency
2. Capital Budget Process, Stage Gating, Estimating and Contingency and Risk Management Update
3. Capital Infrastructure Investment Strategy

Deputy City Manager's Office Report to
Priorities and Finance Committee
2016 December 13

ISC: UNRESTRICTED
PFC2016-0853
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PROGRESS REPORT UPDATE - STAGE GATING, CAPITAL AND CONTINGENCY

EXECUTIVE SUMMARY

This report provides a response to the questions posed by Council on 2016 July 25 regarding report TT2016-0578.

Specifically, during the discussion regarding RouteAhead and questions raised regarding the Southwest Bus Rapid Transit (BRT), Council requested a progress report and recommendations related to the use and reporting of project estimates, contingency and changes to the capital budgeting process including Council's approval. The progress report and recommendations can be found in Attachment 1.

ADMINISTRATION RECOMMENDATION(S)

Administration recommends that Council:

Direct the Administration to continue its work regarding the implementation of a capital budgeting process that aligns to the stage gating, project risk management, estimation and contingency standards and report back to the Priorities and Finance Committee prior to the end of December 2017.

PREVIOUS COUNCIL DIRECTION / POLICY

In its meeting on 2016 July 25 when discussing item TT2016-0578, "RouteAhead Rapid Transit Corridors Update and Response to Public Questions on the SW BRT", Item 6 of Council's motion directed Administration to:

> "... Report back with recommendations to Council through the Priorities and Finance Committee with a progress report no later than 2016 December 31 with:
> a) Changes to the City's capital budgeting process, including but not limited to consideration of Class 1-5 cost estimating process;
> b) Criteria used to rank capital projects;
> c) Criteria for determining the appropriate contingencies for projects; and
> d) The Council approval process in relation to cost estimates, contingencies, budgets and scope changes."

BACKGROUND

The continuous improvement of infrastructure investment and project management practices has been the topic of past review and recent discussion with Council. For instance, in 2011 a number of internal audits and Notices of Motion identified further improvements for the practice of project management, including:

1. Audit Committee report AC2011-54, "16th Avenue North Urban Corridor,"
2. Audit Committee report AC2011-60, "Fire Department Facilities Construction,"
3. Notice of Motion NM2011-33, "Improvements to the Project Management Process,"
4. An amendment to LPT2011-99, "West LRT – Project Update and Completion Plan"

In addition to items one and two above, the Corporate Project Management Centre (CPMC) was directed by the Audit Committee and Council to establish the Corporate Project

Management Framework (CPMF). On 2015 March 17, Administration presented its final report to the Priorities and Finance Committee (PFC) outlining the various deliverables that were developed to meet the audit and Notice of Motion requirements. This included the development of standards and practices for estimating and contingency.

Administration provided a status update regarding the continual improvement of project management practices to Council on 2015 September 14 in report C2015-0484, "Green Sheet Response, Project Management on City Projects". The direction received from Council was that: "Administration continue with improvements to the Corporate Project Management Framework, including implementation of value management, stage gating and a more comprehensive approach for quality management for capital projects."

Council has also approved The Corporation's Capital Infrastructure Investment Strategy at its meeting on 2015 November 25. This document sets the foundation for the establishment of enterprise wide infrastructure management and will serve as the basis for new capital budget processes and practice development.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The improvement of infrastructure and project management maturity is an evolutionary journey that requires a careful and thorough approach. For a complex organization the size of The City of Calgary, improving business maturity is a change that requires time to do it right. Calgary has successfully started that journey.

While Administration is continuing to improve its project management maturity, it is also building on these successes by establishing an enterprise wide approach to infrastructure investment management, namely Infrastructure Calgary (IC). Administration's ultimate goal is to continue to move beyond simple compliance with project management standards and capital budgeting to creating value in the community through infrastructure investment.

As directed by Council regarding report C2015-0484, Administration is in the process of implementing internal project management and infrastructure investment practices, including the adoption of a Stage Gate methodology. Stage Gate is a trademarked method (by Stage Gate International) used by leading project management organizations to manage project risk. More specifically, the approach is used to release project funds as a project progresses through various "gates". Individual business units within The Corporation are at various phases of implementation of stage gating. For instance, the Water Utility, Waste & Recycling Services and Facilities Management have already implemented a stage gate process that aligns to the CPMF standard.

Attachment 1 of this report provides additional detail regarding the process and practices that Administration has completed as a result of Council's direction, including the criteria used to develop the appropriate levels of contingency for projects.

As a next step, IC will work with the CPMF Steering Committee and Finance to establish new capital budgeting processes. It will make recommendations to Council accordingly prior to the end of 2017 and the start of the next business planning and budgeting cycle.

Stakeholder Engagement, Research and Communication
The following provided input and assistance into the development of this report:

- Managers within the CPMF Steering Committee;
- Infrastructure Calgary and its members within the Senior Management Team;
- Members of the Administrative Leadership Team, and;
- External project management professionals, including Stage Gate International.

Strategic Alignment
This report aligns with the CPMF program plan as approved by Council in early 2012, the Strategic Leadership Plan, the Infrastructure Investment Strategy approved by Council in July of 2016 and goals and objectives of Action Plan 2015-2018

Social, Environmental, Economic (External)
Social
There are no social implications as part of this work.

Environmental
There are no environmental implications as part of this work.

Economic (External)
In addition to internal project management practice and infrastructure investment improvements, Administration is exploring innovative ideas that will increase The City's percent capital spend, decrease the "time to market" and inspire leveraged community value investments as part of the economic resiliency work currently underway.

Financial Capacity
Current and Future Operating Budget:
This work can be completed within current budget allocations.

Current and Future Capital Budget:
This work can be completed within current budget allocations.

Risk Assessment
The major risks associated with this program are:

- resource constraints could result in slowing or stoppage of the IC and CPMF programs;
- resistance to change may be encountered from project managers, management teams and others; and

Having the appropriate program charter and effective governance as well as a change management and communications plan in place is the key to mitigating these risks.

REASON(S) FOR RECOMMENDATION(S):
The recommendation supports Administration's ongoing work to develop a comprehensive and value added project management and infrastructure investment approach for The Corporation.

PROGRESS REPORT UPDATE - STAGE GATING, CAPITAL AND CONTINGENCY

ATTACHMENT(S)

1. Response to Question 6 of TT2016-0578, Progress Report: Changes to the Capital Budget Process

Response to Question 6 of TT2016-0578 Priorities and Finance Committee, 2016 December 14

Progress Report: Changes to The City's Capital Budgeting Process

The Corporate Project Management Framework and Infrastructure Calgary

12/14/2016

Response to Question 6 of TT2016-0578 Progress Report:
Changes to The City's Capital Budgeting Process

This attachment provides a progress report regarding the items raised during the discussion at the Transportation and Transit Standing Policy Committee for the "RouteAhead Rapid Transit Corridors Update and Response to Public Questions on the SW BRT, TT2016-0578, specifically question 6 as follows;

"6. Direct Administration to report back with recommendations to Council through the Priorities and Finance Committee with a progress report no later than 2016 December 31 with:
a) Changes to the City's capital budgeting process, including but not limited to consideration of Class 1-5 cost estimating process;
b) Criteria used to rank capital projects;
c) Criteria for determining the appropriate contingencies for projects; and
d) The Council approval process in relation to cost estimates, contingencies, budgets and scope changes."

6a) and 6d) Changes to The City's capital budgeting process, including consideration of class 1-5 cost estimating, and the Council approval process:

Background & Status:

Since 2010, and as part of the Corporate Project Management Framework (CPMF), Administration has been working to establish numerous mandatory standards and practices for capital projects. On 2015 September 14, the CPMF provided a status update to Council regarding the development and continual improvement of project management practices within The City.

As a result of the above status update, Council directed Administration to develop a standard and practice for stage gating for capital projects as part of the CPMF. In addition, many business units are working to improve cost estimating practices.

"Stage Gate" is a trademarked method (by Stage Gate International) used by leading project management organizations to manage project risk. More specifically, the approach is used to release project funds as a project progresses through various "gates." As the project manager or sponsor demonstrates that the necessary level of due diligence has been completed for that specific stage in the project's development, the stage gate committee members allow the project(s) to formally progress to the next stage. Thus, as a project progresses, the project manager obtains better cost and schedule estimates, reducing the size of contingency and improving the ability to manage project risk. Figure 1 at the end of this attachment illustrates the five stage gates that have been recommended by Stage Gate International and approved by the CPMF Steering Committee.

The CPMF Steering Committee approved a new Stage Gate Standard in Q3 of 2016 and new standards for Estimating, Contingency and Scheduling and Project Risk Management,

which are discussed further in section 6c). Refer to Figure 1 and Table 1 for excerpts of these standards.

Analysis:

The Stage Gating, Project Risk Management and the EC&S Standards work in concert to better manage project risk and form a foundation for a new capital budget process. These Project risk Management and EC&S standards will become mandatory in early 2017. The CPMF will be working with Infrastructure Calgary and the various Departments to develop implementation plans for stage gating in 2017.

Infrastructure Calgary (IC) recognizes the value that the stage gating approach offers and its links to project delivery, infrastructure investment and the capital budget approval process.
It is currently working with the CPMF Steering Committee to develop implementation plans accordingly.

Individual business units within The Corporation are at various phases of implementation of stage gating. For instance, Facility Management has already implemented a stage gate process which aligns to the CPMF standard. It is important to note that the Water Utility and Waste & Recycling Services are currently implementing a risk-based layered contingency approach as part of recommendations made through the Water Resources – Zero Based Review. It is intended that this advanced approach to contingency management, once implemented, will provide guidance and lessons learned to future enhancements to contingency management for The City. In addition, Infrastructure Calgary is working to establish its role as part of the stage gating approach in order to prioritize and recommend infrastructure investment for Council approval as part of the capital budgeting process.

As previously noted, the Corporate Project Management Centre (CPMC), on behalf of IC, is currently working with each department to develop an implementation plan for stage gating. The CPMC and IC are also working with Finance to develop linkages to the capital budgeting process and to define the Council approval process, including the identification of when Council approval occurs in the stage gating process. Further work is required on these processes. Administration will report back to committee by 2017 December.

Risks:

- The implementation of stage gating practice is a significant change to how The City manages and governs its capital projects. Implementation plans within each business unit are being designed to mitigate the risk of change.

Recommendation:

Administration recommends that IC work with the CPMF Steering Committee and Finance to continue the implementation of a capital budgeting process that aligns to the stage gating risk management and estimating and contingency standards.

6b) Criteria used to rank capital projects:

Background & Status:

In 2012, the Administrative Leadership Team required that each Infrastructure Investment Plan (sometimes referred to as "IIPs") have a set of criteria that it use to prioritize infrastructure investment. Typically, the criteria are based upon the Triple Bottom Line, but the weighting (i.e. level of importance) of the criteria relative to one another is decided upon by the General Manager. It is also left to the General Manager responsible for each IIPs to approve the specific criteria within that portfolio, to communicate the results with Council and the public and to use the content as input to the business planning and capital budgeting process.

In November of 2015 the Deputy City Manager presented an Infrastructure Investment Strategy and outlined the establishment IC.

Analysis:

Since then, IC has been working to address the needs of Calgarians through increasing the quality and velocity of capital investment through the Capital Infrastructure Investment Strategy. Progress to date was highlighted in C2016-0863 as part of Mid Cycle Adjustments. One of IC's focus areas for 2017 is identifying criteria and a process to prioritize investments across the various Infrastructure Investment Plans in line with the Strategy.

Risks:

- The implementation of enterprise portfolio management is a significant change to how The City manages and governs its infrastructure investment.

Recommendation:

Administration recommends that IC continue to develop criteria and a process to prioritize infrastructure investment at the enterprise level as well as a program charter including a risk mitigation and change management plan.

6c) Criteria for determining the appropriate contingencies for projects:

Background & Status:

Aligned with good project management practice, The City of Calgary establishes contingency funding within each program or project in order to manage project risk.

Early on in a project's development, there are many unknowns that may exist related to that project's scope, cost and schedule. At the beginning of the project very little detail is known so the estimate is based on good judgment and/or experience. As the project evolves, the project definition increases and more accurate estimates can be produced.

Every project has risks and opportunities. Risks and opportunities may result in cost increases/decreases, performance issues or safety concerns. The impact of an identified risk may not be fully known at the time an estimate is prepared. Development of contingency necessitates the evaluation of a risk/opportunity and its impact on the project resources, specifically costs. Sufficient resources would then be allocated as contingency.

In 2012, the CPMF Steering Committee approved a standard to define and guide the practice of creating estimates and the use of contingency. As of Q3 of 2016, the CPMF Steering Committee reviewed and approved a new standard for EC&S. This standard is aligned to internationally recognized standards for cost estimation (American Society of the International Association for Testing and Materials, ASTM E2516-11).

Analysis:
The specific criteria for determining the appropriate contingencies for projects are found in the CPMF Estimating, Contingency and Schedule Standard as well as the emerging CPMF Project Risk Management Standard. These standards are available to the public on the CityOnline website or upon request.

The levels of project classification are as follows:

- Class 5 estimate – Order of Magnitude
- Class 4 estimate – Conceptual Design
- Class 3 estimate – Preliminary Design
- Class 2 estimate – Detailed Design
- Class 1 estimate – Final Design/Pre-Tender

It is important to note that contingency is only applied to projects that have a Class 3 to Class 1 cost estimates.

The following key points should be considered when assigning contingency:

- Contingency shall not be used to address project changes outside the original description (performance, schedule and cost) of the project in the approved project plan.
- It is the responsibility of the project manager and project sponsor to determine whether or not there are contingencies within unit rates, lump sums, and cash allowances or within line items such as design, construction or project contingency.

In addition to the above, and as a project progresses, a risk may not have materialized into

an issue. A risk that no longer exists does not require contingency. The contingency is then released by the project. The timing of the release of unused contingency should be identified by the project manager and project sponsor.

As part of the continual improvement of project management and infrastructure investment practices, it was identified that there was an opportunity to improve project estimates when creating a capital project business case. With the pending implementation of stage gating practice, along with the Estimating, Contingency and Schedule/Risk Management standards and improvement of project estimation techniques in the business units, it is expected that Council will see more consistency in cost estimates and contingency use.

Risks:

Risks identified with respect to estimating and contingency include:

- Current budget approval processes require "a single number" and do not align to the project management practice of providing a range estimate.
- When communicating a range estimate, either for cost or schedule, it is often the lowest value that is remembered by key stakeholders. For instance, if a project is estimated to range between $1 million to $3 million, the lower value of $1 million is often remembered as the project cost.

Recommendation:

Administration recommends that IC work with the CPMF Steering Committee and Finance to continue the implementation of a capital budgeting process that aligns to the stage gating, risk management and estimation and contingency standards. Infrastructure Calgary and the CPMF Steering Committee will also develop a program implementation plan including a risk mitigation and change management plan.

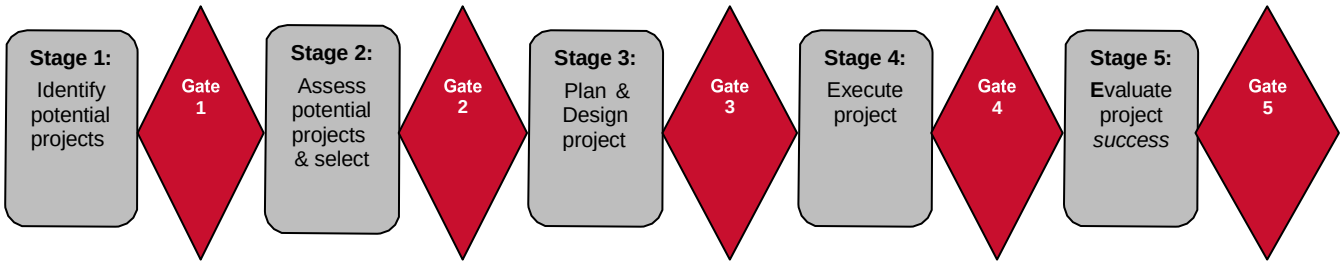

Figure 1 City of Calgary Stage Gate Approach

Table 1 City of Calgary Estimation and Contingency Standards

Estimation	
Class 5 Order of Magnitude	• Generally prepared based on very limited information and often based on judgment and/or experience • Expected variance is -50% to +100% • Developed to understand the magnitude of the costs involved in achieving the project
Class 4 Conceptual Design	• Generally prepared based on conceptual or feasibility studies, considering project options and known constraints • Expected variance is -30% to +50% • Developed to aid in defining the detailed project scope
Class 3 Preliminary Design	• Generally prepared based on preliminary design information. At this stage project assumptions and constraints have been defined and detailed design is underway • Expected variance is -20% to +30% • Developed to verify project scope and establish the basis for project cost/schedule control
Class 2 Detailed Design	• Generally prepared based on detailed design information. At this stage detailed design has advanced • Expected variance is -15% to +20% • Developed to verify project scope and establish the basis for detailed project cost/schedule control
Class 1 Final Design / Pre-Tender	• Generally prepared based on final design information. At this stage, detailed design is complete. • Expected variance is -10% to +10%. • Developed based on finalized project scope, to confirm the sufficiency of funding for the project prior to tender and/or project execution. • Provides the basis/background necessary for detailed negotiation and cost reconciliation with any bidder and/or contractor.
Contingency	
• Project contingency for cost estimates shall be based on project risk assessment in accordance with the Project Risk Management Standard and the result should be represented as a percentage of the total cost estimate. • Contingency shall be designated at Class 3 to Class 1 estimates. • Projects shall report the use of contingency dollars as defined in the Progress Reporting Standard. • Unused contingency dollars shall be released at an appropriate time as identified in the project Cost Management Plan in accordance with the Project Plan Standard. • Projects shall not use contingency dollars to address project changes as defined in the Project Change Control Standard.	

Capital Budget Process, Stage Gating, Estimating and Contingency, and, Risk Management Update

Background

Previous direction received from City Council in the last update report (PFC2016-0853) presented on 2016 December 13 was for Administration to continue implementation of a capital budgeting process that is aligned to The City of Calgary's Corporate Project Management Framework (CPMF) Stage Gating, Project Risk Management and Estimation, Contingency and Schedule Standards. Council as well sought clarification on the approval process in relation to cost estimates, contingencies and scope changes.

This document provides an update on progress and supports a recommendation to continue these efforts.

Capital Budget Process

While work to align the capital budget process with the Corporate Project Management Framework (CPMF) Stage Gating, Project Risk Management and Estimation, Contingency and Schedule Standards is not complete, it is underway and continues.

This work incorporates the following elements:

- capital investments to be aligned to municipal services;
- perform a review and update criteria used to rank capital projects;
- align with stage gating including clarification of associated decision-making and approvals; and,
- quantify and incorporate operating cost of capital.

Going forward, the effort related to updating the capital budget process to address the elements listed above will be led by Infrastructure Calgary, in conjunction with the One Calgary team and in partnership with Finance and the Corporate Project Management Centre. As business planning and budgeting for the next business cycle moves forward with the significant shift to the service-based model, it is an optimal time to undertake this work.

In parallel with the work underway regarding the capital budget process, Infrastructure Calgary has Increased focus on capital management. This has resulted in The City investing $1.6B in the community in 2016. This is an increase of $400M in investment value from the average annual investment of $1.2B. While 2017 results will not be finalized until the year is complete, it is anticipated that increased investment will be realized again in 2017. In addition, through the Infrastructure Calgary facilitated recast and reallocation of budget and funding to additional projects.

In summary, while additional work is needed to complete the work related to Council's direction regarding the capital budget process, this work is well positioned to move forward in parallel with One Calgary.

The sections that follow speak specifically to stage gating, project risk management and estimating and contingency and progress that has been made since the last update. Points specific to how they relate to the capital budgeting process are included in the discussion where applicable.

While the Stage Gating, Project Risk Management, and, Estimation, Contingency and Schedule Standards can stand alone, their true value is realized in their collective use as a strong foundation for capital investment planning, budgeting and management.

Stage Gating

Stage gating is a structured decision-making model where a proposal, project or program is divided into stages separated by gates. At each gate, from early concept through to post implementation, careful consideration is given to the decision for advancement of the proposal, project or program to the next stage. Use of the stage gate model enables the following:

- ensuring alignment of proposals, projects, programs or services with strategic objectives;
- management of portfolios;
- corporate accountability; and,
- transparency for The City's investments.

Since the last update report, the Corporate Project Management Framework Stage Gating Standard was released and implemented as of 2017 October 2. The table that follows describes the stage gate model in more detail.

Stage Name	Gate Number	Gate Objective/Content
Identify Potential Projects	1	**Objective:** To ensure a business need or opportunity is valid and to authorize advancement to the next stage. Gate Participant(s) submit summary document which includes, but is not limited to, the following: • Business need or opportunity description • Strategic alignment • Anticipated start date and duration • Known impact to dependent stakeholders • Resource requirement for next stage activities

Assess Potential Projects and Select	2	**Objective:** To ensure the business case provides information that establishes this as the right project at the right time for the business and to authorize advancement to the next stage.
		Gate Participant(s) submit a complete business case or summary document which includes, but is not limited to, the following:
		• Business need or opportunity description
		• Options analysis summary or recommendation statement
		• Strategic alignment
		• Risk summary of recommended alternative
		• Preliminary schedule
		• Financial summary, including
		  ○ Cost estimate and class of estimate
		  ○ Spend profile
		  ○ Potential funding source
		• Expected benefits summary
		• Impact to identified stakeholders

		• Resource requirement for next stage activities

Plan and Design Project	3	**Objective:** To ensure that a project has been sufficiently developed and to authorize advancement to the next stage.
		Gate Participant(s) submit project/program summary documents which include, but is not limited to, updates or changes to the following:
		• Strategic alignment
		• Scope of work summary
		• Schedule summary
		• Financial summary, including:
		  ○ Cost estimate and class of estimate
		  ○ Spend profile
		  ○ Funding source
		• Risk analysis summary
		• Delivery plan summary
		• Benefits analysis summary
		• Stakeholder engagement summary
		• Resource requirement for next Stage activities

Execute Project	4	**Objective:** To verify the project has been delivered according to plan and to confirm readiness for advancement to next stage.
		Gate Participant(s) submit a stage summary document which includes, but is not limited to, actual values for the following:
		• Work completed summary
		• Financial summary, including:
		  ○ Expenditures and commitments
		  ○ Unused contingency
		• Residual risk analysis summary
		• Delivery performance assessment
		• Plan for transition to operations or ongoing service summary
		• Resource requirement for next Stage activities

Evaluate Project Success	5	Objective: To confirm project completion, assess the extent which the project achieved its objectives identified and conduct lessons learned. Gate Participant(s) submit a project close out document which includes, but is not limited to, the following: • Benefits evaluation summary • Budget close out • Confirmation of archiving of project documentation • Completion of contractual obligations • Capture of lessons learned

The value of stage gating is realized through improvements to capital management and accountability. Stage gating presents an opportunity to facilitate clarity and consistency with respect to information presented to City Council.

Next steps regarding stage gating are to monitor post-implementation activities of the stage gating standard within Administration and provide support where it is needed. As One Calgary and the capital budget process move forward, stage gating will be integrated. In support of One Calgary these efforts will be led by Infrastructure Calgary with assistance from the Corporate Project Centre and Finance teams.

Estimating and Contingency

Following the last update report, the Corporate Project Management Framework Estimation, Contingency and Schedule Standard was reviewed and updated. The revised standard was released in 2017 January and went live as of 2017 April 3.

The following key components have been included in the approved and implemented standard:

- Project contingency for cost estimates shall be based on project risk assessment in accordance with the Project Risk Management Standard and the result should be represented as a percentage of the total cost estimate.
- Contingency shall be designated at Class 3 to Class 1 estimates.
- Unused contingency dollars shall be released at an appropriate time as identified in the Project Plan.
- Projects shall not use contingency dollars to address project changes as defined in the Project Change Control Standard.

The following table describes the five-level estimating model that was approved as part of the estimating & contingency standard.

Class	Description
Class 5 Order of Magnitude	• Generally prepared based on very limited information and often based on judgment and/or experience • Expected variance is -50% to +100% • Developed to understand the magnitude of the costs involved in achieving the project
Class 4 Conceptual Design	• Generally prepared based on conceptual or feasibility studies, considering project options and known constraints • Expected variance is -30% to +50% • Developed to aid in defining the detailed project scope
Class 3 Preliminary Design	• Generally prepared based on preliminary design information. At this stage project assumptions and constraints have been defined and detailed design is underway • Expected variance is -20% to +30% • Developed to verify project scope and establish the basis for project cost/schedule control
Class 2 Detailed Design	• Generally prepared based on detailed design information. At this stage detailed design has advanced • Expected variance is -15% to +20% • Developed to verify project scope and establish the basis for detailed project cost/schedule control
Class 1 Final Design / Pre- Tender	• Generally prepared based on final design information. At this stage detailed design is complete • Expected variance is -10% to +10% • Developed based on finalized project scope, to confirm the sufficiency of funding for the project prior to tender and/or project execution • Provides the basis/background necessary for detailed negotiation and cost reconciliation with any bidder and/or contractor

With respect to next steps, the revised Estimation, Contingency and Schedule Standard will be taken into consideration and integrated into the capital budget process, where applicable, as it moves forward. Infrastructure Calgary will lead this effort in conjunction with One Calgary and in collaboration with the Corporate Project Management Centre and Finance teams.

Risk Management

As with the Estimation, Contingency and Schedule Standard, the Project Risk Management Standard was reviewed, revised and released in 2017 January. The revised Standard was implemented as of 2017 April 3.

The Project Risk Management Standard requires that projects shall have a risk management plan and a risk register. Minimum components of a Risk Management Plan were defined and a Risk Assessment Model was included.

A key idea that directly relates to project estimates and contingency is risk response strategy. There are different ways to address an identified risk, but, there are two that warrant discussion as they tie in to project estimates and allocation of contingency.

- **Accept Risk:** An acceptance risk response strategy indicates that the project team has decided not to change the project management plan to deal with a risk, or is unable to identify any other suitable response strategy.

  A common acceptance strategy is to recognize the risk still exists and to include a contingency, including time, money, and/or resources to address the risk. The amount of contingency is determined based on the likelihood and impact of the risk event.

- **Mitigate Risk:** Mitigation risk responses are actions to reduce the probability of occurrence or impact of a risk to an acceptable level. Risk mitigation activities would be included in the program or project budget and may require resources, funds and/or time.

  It is important to note that despite undertaking mitigation activities, there may be residual risk since mitigation of risk is not the same as elimination of risk. It is for this residual risk that a contingency is included in project and program budgets.

In both cases, contingency for programs and projects remains in place until the overall risk level is reduced to the point that the contingency is no longer required. At that time, contingency is released. Ongoing risk management throughout the project or program lifecycle is essential for ensuring project and program outcomes are preserved. This includes creating and maintaining a risk register along with regular reviews to address any changes in risks or overall risk profile.

Next steps with risk management include ensuring that the revised Project Risk Management Standard is considered, and integrated along with the Estimation, Contingency and Schedule Standard, as the capital budget process is updated. Infrastructure Calgary will lead this effort in conjunction with One Calgary and in collaboration with the Corporate Project Management Centre and Finance teams.

Capital Infrastructure Investment Strategy

Administration's Capital Infrastructure Investment Strategy will work in conjunction with the Accelerated Capital for Economic Resilience (ACER) project to address several areas that have caused low capital spend rates in the past. Specifically, the strategy will:

1. **Critically examine and recast cash flows**
   One of the reasons for the low capital spend rate is that not enough rigour has been put into forecasting the cash flows of capital projects. This results in budgets that do not reflect the anticipated cash flow, leading eventually to budget deferrals. Critically examining the cash flows is anticipated to yield a more realistic capital budget. This may also free up funding in some years to advance shovel ready projects that are budgeted in later years. The recast capital budget will be presented to Council in the Budget Finalization report in Q2 2016.

2. **Determine the priority projects**
   Administration will review the prioritization of capital projects, taking a more corporate view of prioritization, understanding restricted funding sources. Rather than allocating funding to Departments to apply to the individual priority lists, the corporate priority list will be developed, with funding allocated on a project by project basis. A revised priority list will be presented to Council as part of the mid-cycle adjustment process.

3. **Align with Federal and Provincial Government Initiatives**
   Administration will review Federal and Provincial governments' announcements to identify incremental funding initiatives. Administration will also work with these governments to identify priorities and processes for infrastructure investment and align The City's capital investment priorities accordingly.

4. **Review funding sources and switch accordingly**
   Building off the corporate priority list, the funding sources will be considered and allocated on the basis of the most restricted sources first, in an attempt to free unrestricted funding.

5. **Review allocation of funding**
   The current allocation of funding will be reviewed and redistributed to best meet the corporate priority list. This will result in the revised capital budget to be presented to Council in 2016 November as part of the mid-cycle adjustments.

6. **Standardize processes**
   Cash flow estimation, procurement and permit application processes will be standardized to the greatest extent possible in order to gain efficiencies and remove key bottle necks that constrain spending.

7. **Fund additional resources**
   Fund capital project acceleration initiatives through an increase of the existing corporate project management charge against capital budgets from up to 0.5% to a maximum of 1.5%. Funding will be used to augment capital project delivery capacity in key areas such as Law and Supply Management. It will also support the implementation of cross functional teams focused on

delivering capital projects efficiently and effectively. This funding will only be used as required and appropriate controls will be established.

8. **Examine ways of involving the private sector to a greater extent**
   Discussions will include the private sector to determine the degree to which their participation can be increased in order to speed processes and delivery of infrastructure.

9. **Identify and approve associated operating budget funding**
   The operating costs of new capital projects must be identified and any associated incremental Operating Budget funding relating to those projects be approved along with the Capital Budget funding associated with those projects.

STATUS OF OUTSTANDING MOTIONS AND DIRECTIONS

EXECUTIVE SUMMARY
Outstanding items for the Priorities and Finance Committee as of 2017 November 24.

ADMINISTRATION RECOMMENDATION(S)
That the Priorities and Finance Committee receive this report for information.

PREVIOUS COUNCIL DIRECTION / POLICY
On 2012 April 03, the Priorities and Finance Committee directed Administration to provide the Committee with a schedule of Status of Outstanding Motions and Directions.

BACKGROUND
None.

INVESTIGATION: ALTERNATIVES AND ANALYSIS
None.

Stakeholder Engagement, Research and Communication
None.

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

Social, Environmental, Economic (External)
None.

Financial Capacity
Current and Future Operating Budget:
None.

Current and Future Capital Budget:
None.

Risk Assessment
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 a specific direction or motion will be dealt with in the context of the report on that direction or motion.

REASON(S) FOR RECOMMENDATION(S):
This report assists with the Priorities and Finance Committee to proactively track and manage its work.

ATTACHMENT(S)
Status of Outstanding Items for the Priorities and Finance Committee

Status of Outstanding Items for the Priorities and Finance Committee

ATTACHMENT

As at 2017 November 24

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
INDEPENDENT REVIEW OF NON-RESIDENTIAL ASSESSMENT AND COMPLAINTS (MAYOR NENSHI)	2017 September 11	NM2017-38	NOW THEREFORE BE IT RESOLVED that Council directs Administration to engage a consultant to conduct an independent review of the non-residential assessment process to determine if changes could be implemented within the bounds of the legislation to increase fairness, transparency and equity from the standpoint of all non-residential taxpayers, while taking into consideration associated financial risks to The City. AND BE IT FURTHER RESOLVED that Council directs Administration to engage a consultant to conduct an independent review of the non-residential complaint process to determine if changes could be implemented within the bounds of the legislation to the manner in which non-residential taxpayers can seek review of nonresidential property assessments. AND BE IT FURTHER RESOLVED that the independent review include an examination of the non-residential assessment complaint processes in The City of Edmonton and other relevant jurisdictions to determine what practices, if any, The City of Calgary could emulate to ensure greater fairness, transparency and predictability. AND BE IT FURTHER RESOLVED that the independent review examine non-residential assessment complaint best practices, associated financial risks and applicable legislation from other jurisdictions, for the timely and equitable resolution of assessment complaints. AND BE IT FURTHER RESOLVED that the independent review identify and recommend potential changes to the assessment complaint process in the *Municipal Government Act* for Council to consider adopting as an advocacy position to the province. AND BE IT FURTHER RESOLVED that a report return to the Priorities and Finance Committee no later than Q2 2018.	2018 Q2

Status of Outstanding Items for the Priorities and Finance Committee

As at 2017 November 24

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
DOROTHY MOTHERWELL TAX PENALTY RELIEF (CLLR WOOLLEY)	2017 September 11	NM2017-30	AND FURTHER BE IT RESOLVED that Council direct Administration to: • Investigate the current tax forgiveness programs and legislation within large Canadian municipalities and provincial and federal governments; • Review the impact to The City's tax revenues and the legal ramifications of cancelling taxes **and penalties** due to extraordinary circumstances; And return to Council with recommendations, through Priorities and Finance Committee, no later than Q2 2018.	2018 Q2
REQUEST FOR RECONSIDERATION – ECONOMIC DEVELOPMENT INVESTMENT FUND	2017 September 11	C2017-0643	Direct that Administration's recommendation on the EDIF's terms of reference, long term recommended value and funding sources be brought to the 2017 December 05 Priorities and Finance Committee Meeting for consideration.	2017 December 05
SILVERA FOR SENIORS FINANCIAL REVIEW	2017 September 05	PFC2017-0666	Direct Silvera to report back to Council through the Priorities and Finance Committee with its full 2018 budget for consideration of Council approval no later than 2017 December	2017 December 05

Status of Outstanding Items for the Priorities and Finance Committee

As at 2017 November 24

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
STAMPEDE BMO EXPANSION REVIEW (CLLR WOOLLEY)	2017 July 31	NM2017-26	NOW THEREFORE BE IT RESOLVED that Council direct the Deputy City Manager, and General Manager Community Services to engage with the Calgary Stampede and Calgary Municipal Land Corporation and Calgary Economic Development to undertake a review of Calgary Stampede Convention and Trade Centre Expansion Plan including but not limited to potential: • Integration with Rivers District Master Plan • Implications on current and future capital funding • Partnerships and funding from the Federal and Provincial governments And report back to the Priorities and Finance Committee on findings and next steps no later than Q4 2017.	2017 Q4
REVIEW OF COUNCIL'S PROCEDURE BYLAW	2017 July 31	PFC2017-0433	Direct Administration to bring forward a Procedure Bylaw review on the items listed in "Opportunity for Future Improvements", contained on Page 7 of this report, including investigating methods and strategies to streamline public hearing processes and including a review of how public hearings are conducted in other jurisdictions, and report back to Council through the Priorities and Finance Committee with recommendations no later than Q4 2018.	2018 Q4

Status of Outstanding Items for the Priorities and Finance Committee

As at 2017 November 24

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
INVESTMENT IN CALGARY'S CORNERSTONE ARTS ORGANIZATIONS	PFC 2017 July 18 Combined Meeting of Council 2017 July 31	PFC2017-0593	That Council: Approve a one-time budget of $2 million to Program 449 for Calgary Arts Development Authority funded from the Fiscal Stability Reserve (FSR) to invest immediately in the 10 Cornerstone arts organizations and report back in Q4 2017 on the investment of the funds. Direct Calgary Arts Development to work with the Cornerstones to develop a sustainability framework and report back to Council through Priorities and Finance Committee with an update no later than Q2 2018.	2017 Q4 2018 Q2
SCOPING AND PLANNING FOR A SINGLE POINT OF ENTRY TO THE NON MARKET HOUSING SYSTEM	2017 June 06	PFC2017-0221	Direct Administration to proceed with the next phase of implementation for a One Window coordinated intake process and report back to Council through the Priorities and Finance Committee by Q4 2018	2018 Q4
STRATEGIC GROWTH AND OUTLINE PLAN APPLICATIONS IN DEVELOPING AREAS	PFC 2017 June 06 Combined Meeting of Council 2017 July 31	PCF2017-0480	Direct Administration to continue working with Industry on developing process for strategic growth analysis and decisions, and bring an update report to the Priorities and Finance Committee no later than 2018 Q1	2018 Q1

Status of Outstanding Items for the Priorities and Finance Committee

As at 2017 November 24

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
DOWNTOWN PARKING STRATEGY POLICY REVISIONS	2017 May 17	TT2017-0383	Direct Administration to bring a new reserve request template for the parking reduction fee contributions generated through voluntary reductions to the Priorities and Finance Committee for approval no later than Q1 2018.	2018 Q1
ZBR PROGRAM UPDATE – MAY 2017	2017 May 16	PFC2017-0431	That the Priorities and Finance Committee recommend that Council: Approve Administration's request to defer the report on the Water Resources ZBR implementation plan to Q2 2018.	2018 Q2
COMMUNITY ECONOMIC RESILIENCY FUND – INNOVATION FUNDING	2017 March 21	PFC2017-0298	Request that Calgary Economic Development include evaluation results for the first year of the three year pilot as part of the annual report on implementation of the 10 Year Economic Strategy by 2018 May.	2018 May

Status of Outstanding Items for the Priorities and Finance Committee

As at 2017 November 24

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
COUNCIL INNOVATION FUND APPLICATION – WALK21 COMMUNITY MICROGRANTS	2017 March 21	PFC2017-0289	That the Priorities and Finance Committee recommends that Council approve the Council Innovation Fund Application – Walk21 Community Microgrants in the amount of $172,500 and Administration report back to the Priorities and Finance Committee no later than Q4 2019.	2019 Q4
MUNICIPAL NAMING, SPONSORSHIP AND NAMING RIGHTS POLICY, IMPLEMENTATION AND RECOMMENDATIONS DEFERRAL REPORT	PFC 2017 March 21 Combined Meeting of Council 2016 April 11	PFC2017-0274 C2016-0218	That the Priorities and Finance Committee recommends that Council defers the implementation report on the Municipal Naming, Sponsorship and Naming Rights Policy, including any recommended amendments, to a meeting of the Priorities and Finance Committee no later than the end of Q1 2018	2018 Q1
PROGRESS REPORT UPDATE – STAGE GATING, CAPITAL AND CONTINGENCY	2016 December 19	PFC2016-0853	That Council direct Administration to continue its work regarding the implementation of a capital budgeting process that aligns to the stage gating, project risk management, estimation and contingency standards and report back to the Priorities and Finance Committee prior to the end of 2017 December.	2017 December

Status of Outstanding Items for the Priorities and Finance Committee

As at 2017 November 24

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
10 YEAR ECONOMIC STRATEGY UPDATE	Priorities and Finance Committee 2015 December 15	PFC2015-0821	That the Priorities and Finance Committee: 2. Direct Calgary Economic Development Ltd. To provide an annual report on Building on our Energy: an Economic Strategy for Calgary to the Priorities and Finance Committee no later than May each year, commencing 2016 May.	2018 May
BUSINESS TAX CONSOLIDATION – 2016 ANNUAL STATUS REPORT	Combined Meeting of Council 2016 June 13	C2016-0455	That Council: 2. Direct Administration to bring the remaining status update reports and final status update report to the Priorities and Finance Committee in May of each applicable year.	In May of each applicable year.
CORPORATE AFFORDABLE HOUSING STRATEGY	Regular Meeting of Council 2016 July 25	PFC2016-0512	3. Direct Administration to provide a progress update on the Implementation Plan to Council through the Priorities and Finance Committee by Q2 in 2017 and 2018;	2018 Q2

REFERED ITEM

REFERRED RECOMMENDATION 10 OF REPORT C2017-1123 (ATTACHMENT 11, 2017 TRIENNIAL RESERVES) – PFC2017-1241

BACKGROUND: Recommendation 10 contained in Report C2017-1123, as follows, was referred to the 2017 December 05 Regular Meeting of the Priorities and Finance Committee. The remainder of Report C2017-1123 was dealt with on 2017 November 30:

"10. Approve the recommendations for the 2017 Triennial Reserve Review Report and 2016 Report on Reserves and Long-Term Liabilities contained on page 1 of Attachment 11."

Excerpt from the Minutes of the Special Meeting of Council, held 2017 November 27-30:

"6.3 ACTION PLAN 2018 ADJUSTMENTS, BYLAWS, 45M2017 AND 46M2017, C2017-1123

Moved by: Councillor Woolley
Seconded by: Councillor Chu

That Recommendation 10 of Report C2017-1123 be referred to the 2017 December 05 Regular Meeting of the Priorities and Finance Committee.

MOTION CARRIED"

ATTACHMENT

1. Supporting documents referenced in Referred Recommendation 10 of Report C2017-1123

2017 Triennial Reserve Review Report and 2016 Report on Reserves and Long-Term Liabilities

EXECUTIVE SUMMARY

This report provides an update on the status of The City's reserves. It summarizes the results of the 2017 Triennial Reserve Review as well as the process performed by an Administrative Reserve Review Committee. Additionally, The City's Report on Reserves and Long Term Liabilities for 2016 is included.

ADMINISTRATION RECOMMENDATION:

That Council:

1. Approve the changes to reserves recommended by the 2017 Triennial Reserves Review as outlined in Attachment 11.1 and Attachment 11.2;
2. Approve the list of reserves to be reviewed in 2018 as outlined in Attachment 11.3;
3. Approve the amendment of the Community Sustainability & Public Art Reserve as outlined in Attachment 11.4; and
4. Receive for information the 2016 Report on Reserves and Long Term Liabilities, contained in Attachment 11.5.

PREVIOUS COUNCIL DIRECTION / POLICY

The City Auditor's Office completed an audit of The City's Financial Reserves in 2009. In response to this audit, FCS2010-01 (AC2009-74), Administration assisted in the creation of a Council Policy on Financial Reserves, #CFO013, along with an associated Administration Policy and procedures.

Council Policy #CFO013 mandates a Triennial Reserve Review process in which every reserve is reviewed at least once every three years. Nine reserves were reviewed in 2017; the review of these reserves was approved by Council (PFC2016-0796 Attachment 3) on 2016 December 13. A report on the results of the review and any recommendations is to be provided to the Priorities and Finance Committee for its review and thereafter forwarded to Council for approval.

Council Policy #CFO013 requires that Reserves information be reported to the Priorities and Finance Committee and to Council in the annual Reserves Report for information purposes.

Council Policy #CFO013 provides for amendments to a reserve, which may be undertaken as a response to the Triennial Reserve Review or proactively by the originating City department.

To allow this year's reserve review to coincide with and be considered alongside the 2018 budget adjustments process, it is being reported directly to Council by special approval by the Chief Financial Officer and City Manager as allowed by and in accordance with Council policy #CFO013.

BACKGROUND

The creation, use and management of reserve funds in a formalized financial reserve policy is a best practice and consistent feature of most large cities in Canada and the United States.

2017 Triennial Reserve Review Report and 2016 Report on Reserves and Long-Term Liabilities

Reserves are a part of good management that allows for funds to be either spent judiciously over time or to ensure service levels are maintained and not immediately impacted by potential downturns in the economy. Reserves provide a measure of financial flexibility to react to budget shortfalls or to financial impacts of significant unexpected issues in a timely manner. A properly balanced approach to the planning and use of reserves is considered good financial management and is a key component of The City of Calgary's strong credit rating. For the majority of reserves, expenditures from and contributions to reserve funds are included in the Budget and Budget Adjustments approved by Council.

The City's reserves consist of the following:

Reserve Type	# of Reserves	Reserve Balance as of 2016 Dec 31
Operating	15	$676 million
Capital	17	$900 million
Sustainment	12	$513 million
Total per Reserve Report	44	$2,089 million

Within the 15 operating reserves, $557 million is held in the Fiscal Stability Reserve as an operating contingency fund and to provide for one-time funding. The majority of the 17 capital reserves totalling $900 million are either fully committed or have substantial commitments against them to finance existing approved projects and these commitments will reduce the balances over time. A total of $513 million is held in 12 separate sustainment reserves.

The attached reports present:

- The results of the Triennial Reserves Review for 2017;
- Recommendations for reserve amendments as a result of the review process as well as the proactive amendment of the Community Sustainability & Public Arts reserve; and
- Detail on all reserves and long term liabilities including the approval and authorization, funding sources, any conditions and restrictions on use and a summary of activity in each of the last five years.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Triennial Reserves Review Process

For 2017, Council approved the review of nine reserves, representing $551 million in reserve balance as of 2016 December 31.

The purpose of the Triennial Review process is to ensure that:

i. Reserve activity meets all authorizing documents requirements;
ii. Reserve activity is in accordance with City reserve policies and procedures;
iii. The reserve's purpose, conditions and/or restrictions are still relevant; and
iv. The reserve is still required in its current form.

2017 Triennial Reserve Review Report and 2016 Report on Reserves and Long-Term Liabilities

The review for each active reserve is completed by the Administrative Reserve Review Committee and covers reserve operations for its current and previous full year of operations. The Administrative Reserve Review Committee is comprised of:

- The Chief Financial Officer;
- Finance Manager, Corporate Budget Office;
- Finance Manager, Corporate Financial Reporting;
- A General Manager; and
- A Business Unit Director.

1.0 Initial Review

A review team completed a detailed review of reserve transactions and documentation of each reserve. The review team collected all relevant reserve documents and reviewed selected 2015 and 2016 transactions in order to evaluate:

- Contributions from operations to reserves;
- Contributions from reserves to operations or capital;
- Transfers between reserves;
- Compliance of reserve activities with the reserve's mandate and all other City policies and procedures; and
- Completeness and accuracy of the disclosure of financial information in the Annual Reserve Report.

The review team provided findings to the Administrative Reserve Review Committee. The committee met several times throughout the year to consider the initial review results, evaluate recommendations made by the review team, determine whether the reserves are still relevant, and whether they continue to align with current Council objectives.

2.0 Review Guiding Principles

Over the years, reserves have been created for a number of reasons and with various purposes. In order to consistently evaluate various types of reserves and determine whether changes should be recommended, the Administrative Reserve Review Committee previously agreed on a number of guiding principles.

2.1 Minimize Number of Open Reserves

Wherever possible, the number of reserves should be reduced. The Administrative Reserve Review Committee looked to consolidate or close reserves where multiple reserves serve similar purposes and to eliminate miscellaneous and redundant reserves.

2.2 Business Categories

Currently, reserves are categorized in accounting terms as operating, capital or sustainment. However, the Administrative Reserve Review Committee also categorized reserves by business purpose such that reserves can be evaluated consistently based on the business reason for the reserve. For example, some reserves have been created to manage the timing of cash flows.

Such reserves should have a reserve plan and transactions should be budgeted wherever possible, but they do not necessarily lend themselves to a target balance.

Alternatively, reserves created for contingency purposes should have a target balance. Not all transactions for these reserves can be budgeted since Administration can not anticipate a contingent event, but establishing a target balance based on an estimate of risk is appropriate.

2.3 Ongoing Relevance of Reserves

The Administrative Reserve Review Committee also looked to ensure that the business reason for the reserve was still relevant and where applicable, that Administration has a plan on the strategic use of the reserve going forward and that reserve activity be budgeted where applicable.

3.0 Results of the Reviews

3.1 Reserve Activity Meets all Authorizing Documents Requirements

All reserves reviewed are being administered as intended.

3.2 Reserve Activity is in Accordance with City Reserve Policies and Procedures

All reserve activity reviewed was recorded in a timely fashion and in accordance with Council and Administrative reserve policies and Administrative reserve procedures. No issues were identified with recorded reserve activity; however, there is an opportunity to present the reserve activities more clearly within the reserve reports. Recommendations on this are included within this report. Refer to Attachment 11.1 and 11.2 for further information.

3.3 The Reserve's Purpose, Funding, Conditions and/or Restrictions are Still Relevant

The reserves' purposes, funding, conditions and/or restrictions are still relevant. There are instances where a reserve's purpose, funding, conditions and/or restrictions are recommended for update.

Council directed Administration (C2016-0632) to work with the Calgary Police Service to review the maximum annual contribution to, and the maximum year-end balance of, the Pay-As-You-Go Fund as part of the Triennial Reserve Review in 2017. The review was conducted by the Calgary Police Service, and the Calgary Police Commission approved a recommendation for no change to these restrictions at this time. This recommendation is included within this report.

This report also recommends for approval a one-time contribution from the Fleet Services Capital Reserve to the capital portion of the Budget Savings Account for Infrastructure Calgary.

The Golf Course Division within the Recreation business unit received a gift of $1 million in 2017 from the estate of a private citizen. The direction from the estate for the use of these funds aligns with the purpose of the Golf Course Levy Reserve. A recommendation is being made in this report to authorize this one-time contribution to the Golf Course Levy Reserve. There are associated restrictions for the use of these funds included within the recommendation in Attachment 11.1.

Although the Community Sustainability & Public Arts reserve was not included in the 2017 Triennial Reserves Review process, Administration is proactively recommending an amendment to the reserve to provide more transparency between the two initiatives by splitting the reserve

2017 Triennial Reserve Review Report and 2016 Report on Reserves and Long-Term Liabilities

into two reserves: one for Community Sustainability, and one for Public Arts. The realignment of this reserve into two reserves meets the public's need for transparency and accountability.

Refer to Attachments 11.1, 11.2 and 11.4 for further information on these recommendations.

3.4 The Reserve is Still Required

As part of the review, the Administrative Reserve Review Committee questions whether every reserve being reviewed is needed, or can be closed. No reserve has been recommended for closure as a result of this year's review.

The Fleet Services Capital reserve has not been used in the past three years. Fleet Services is developing a capital plan in 2018 for the utilization of the reserve. It is recommended that a limited scope review of the reserve be performed in 2018 based on this capital expenditure plan; any recommendations arising will be brought forward in the 2018 Triennial Reserve Review.

Council, through a motion arising as a result of report CPS2017-0539, directed Administration to return to Council at the 2018 budget adjustment process with options on how to move forward with City-owned golf course operations. The outcome of this analysis may have implications to the Golf Course Levy Reserve. It is recommended that, should a significant change in the golf courses' operating model result from the motion arising project, these changes be reviewed in the 2018 Triennial Reserve Review cycle to determine whether there are any implications for the reserve.

As previously approved by Council (PFC2015-0917), the Millican-Ogden Community Enhancement Reserve was to be closed by no later than 31 December 2017. As the reserve has met its purpose and its funds have been spent with no balance remaining, it will be closed in accordance with previous approval. The reserve will no longer be reviewed as part of the Triennial Reserve Review process, but will continue to be reported on in accordance with the reserve policy and procedures.

Refer to Attachment 11.1 and 11.2 for further information.

3.5 Report Attachments

Refer to Attachment 11.1 for a complete list of general comments and reserve recommendations.

Attachment 11.2 includes reserve summaries from the 2016 Report on Reserves and Long Term Liabilities for the reserves reviewed. Recommended changes to the text are printed in red. Text with strikethroughs is to be removed.

Attachment 11.3 includes the list of reserves to be reviewed in 2018.

Attachment 11.4 includes a recommendation for a proactive amendment of the Community Sustainment & Public Art Reserve.

The first four attachments require Council approval.

Attachment 11.5 contains the 2016 Report on Reserves and Long Term Liabilities, which is presented without any edits recommended as a result of the 2017 Triennial Reserves Review as changes recommended to be made occur after 2016 December 31. This report is for Council information.

2017 Triennial Reserve Review Report and 2016 Report on Reserves and Long-Term Liabilities

Stakeholder Engagement, Research and Communication

All relevant reserve leads and General Managers were informed and consulted as part of the review.

Strategic Alignment

The Triennial Reserve Review process helps The City become a more effective organization by ensuring its reserves are being managed properly and effectively.

The 2016 Report on Reserves and Long Term Liabilities is provided for information to contribute to Council fulfilling their governance responsibilities. Robust public information on reserves and long term liabilities is essential to ensure public confidence and fulfill our obligation for transparency and accountability.

Social, Environmental, Economic (External)

A number of reserves reviewed support social and environmental programs which assist The City in providing such services. Proper management of the reserves helps The City maintain its commitment to these social and environmental initiatives.

Financial Capacity

Current and Future Operating Budget:

In certain instances, some reserve transactions are a result of unplanned activities (for example, use of contingency funds) and therefore cannot be budgeted. However, where reserve activities can be planned, those transactions are included in the operating budget. There is no impact on the current operating budget resulting from this report.

Current and Future Capital Budget:

Where reserve activities can be planned, those transactions are included in the capital budget. There is no impact on the current capital budget resulting from this report.

Risk Assessment

The Triennial Reserve Review process and the Report on Reserves and Long Term Liabilities promote responsible stewardship of reserves and ensure that these funds are managed prudently.

REASON(S) FOR RECOMMENDATION(S):

As directed in the Council-approved policy #CFO013, Administration is required to provide a Triennial Reserves Review process as well as make annual reports to the PFC and Council on Reserves and Long Term Liabilities; as detailed above, this report is being made directly to Council.

The recommendations provided in this report meet these obligations, and help to streamline administration of reserves and, where required, update reserve purposes, conditions and restrictions to Council and the general public.

2017 Triennial Reserve Review Report and 2016 Report on Reserves and Long-Term Liabilities

ATTACHMENT(S)

1. Attachment 11.1 – Comments and Recommendations of the 2017 Triennial Reserves Report
2. Attachment 11.2 – Excerpts from the 2016 Report on Reserves and Long-Term Liabilities
3. Attachment 11.3 – List of reserves proposed to be reviewed in 2018
4. Attachment 11.4 – Amendment of the Community Sustainability & Public Arts Reserve
5. Attachment 11.5 – 2016 Report on Reserves and Long Term Liabilities

Reserve Comments and Recommendations

Reserve Name	Attachment 2 Page Number	Reserve Type	Balance 2016 (in thousands)	General Comments	Recommendation(s)
Calgary Police Service Court Fine Operating Reserve	1	Operating	$4,000	The reserve is used to mitigate potential future revenue shortfalls in the Court Fine budgeted revenue portion of the Calgary Police Service (CPS) operating budget. The reserve is funded with a one-time contribution from Calgary Police Service operating budget in 2012.	There are no recommendations at this time.
Calgary Police Service Helicopter Maintenance Reserve	2	Operating	$2,390	The reserve is used to finance maintenance of the Calgary Police Service helicopters (HAWCS); minimizing major fluctuations in the Calgary Police Service operating budget, as costs vary dramatically from year to year depending on the life cycle of the various maintenance components.	There are no recommendations at this time.
911 Communications Centre Capital Financing Reserve	3	Capital	$24,141	The reserve is used to fund future capital improvements and upgrades to the Calgary 911 Communications Centre. Council approved a portion of the monthly fee on wireless phones as a funding source for the reserve in report CPS2014-0255. The reserve template is to be updated for this funding source and a recommendation is being made in this report. The budget for the transfer of a portion of the these revenues to the reserve is at historical levels and needs to be updated to reflect the actual amounts. A recommendation to update the business unit budgeting practice for this is being made in this report.	Recommend changes to the reserve's purpose and funding sources. The changes are outlined in Attachment 2. Recommend that the business unit update its budgeting practice for the transfer of funds to this reserve in the next budget cycle.
Calgary Police Service Capital Reserve	4	Capital	$40,254	The reserve is used to fund police vehicle purchases, automated fingerprint identification system (AFIS) upgrades, Pay-As-You-Go capital assets, red light camera program and other infrastructure requirements. The reserve is used in accordance with the reserve purpose. Council directed Administration in report C2016-0632 dated 2016 July 25 to work with the Calgary Police Service to review the maximum annual contribution to, and maximum year end balance of, the Pay-As-You-Go fund as part of the Triennial Reserve Review in 2017. The review was conducted by the Calgary Police Service and recommendations were approved by the Calgary Police Commission. These recommendations are included in this report for Council approval.	Recommend change to the financial activity table for the addition of a disclosure note to the Pay-As-You-Go fund to explain the closing balance for 2016. This change is outlined in Attachment 2. Recommend that the existing restrictions to the maximum annual contribution of $2,500 and the maximum year end balance of $2,500 be maintained.

Reserve Comments and Recommendations

Reserve Name	Attachment 2 Page Number	Reserve Type	Balance 2016 (in thousands)	General Comments	Recommendation(s)
Fleet Services Capital Reserve	6	Capital	$14,326	The reserve is used to fund Fleet Services capital expenditures and is funded from business unit operating budget surplus and proceeds from disposal of assets. The reserve has not been used in the past three years. There is a proposal by the business unit for a one-time transfer in 2017 of $4,900 to the capital portion of the Budget Savings Account for Infrastructure Calgary. A recommendation for this is being made in this report. The business unit is in the process of developing expenditure plans to demonstrate that the remainder of the reserve is still relevant for the business unit needs. A recommendation is being proposed for the review of the reserve for relevance in the 2018 Triennial Reserve Review cycle to allow the business unit to develop a capital plan inclusive of maintenance facilities.	Recommend changes to the reserve purpose and financial activity table. These changes are outlined in Attachment 2. Recommend a one-time transfer in 2017 of $4,900 from the reserve to the capital portion of the Budget Savings Account for Infrastructure Calgary. Recommend that a limited scope review of the future of the reserve be undertaken in the 2018 Triennial Reserve Review based on the capital expenditure plan to be developed by the business unit.
Information Technology Reserve	7	Capital	$20,746	The reserve is used to fund information technology projects and infrastructure, fibre optics projects, lifecycle replacement of City hardware and software. There is a condition around the target balance for the hardware lifecycle portion of the reserve. This condition is to be updated to align with business needs and for clarity purposes. A recommendation for this is being made in this report. The funding sources for this reserve as reported on the reserve template are to be clearly stated. A recommendation for this is being made in this report. The proceeds from disposal of replaced computer equipment is a funding source for the Information Technology Initiatives component of the reserve. These funds are being proposed to be redirected to the Hardware Replacement component within the same reserve. A recommendation for this is being made in this report. The various components within this reserve earn investment income on their respective balances. It is being proposed that only the Fibre Optics component receive an interest income allocation on the balances within this component. A recommendation for this is being made in this report. The financial activity within the different components in this reserve are reported in a combined table. It is being proposed that the presentation of the financial activity be broken-out by the various components based on the purposes. A recommendation for this is being made in this report.	Recommend changes to the reserve purpose, funding sources and source contacts. These changes are outlined in Attachment 2. Recommend changes to the reserve condition for the target balance for the Hardware Replacement component of the reserve. The target balance for the lifecycle portion of the reserve is to be updated to be between two times and two and a half times the three year average forecast of capital spending for hardware lifecycle replacement. This change is outlined in Attachment 2. Recommend changes to the allocation of the proceeds from disposal of replaced computer equipment from the Information Technology Initiatives component to the Hardware Replacement component within this reserve. This change is effective 2017. Recommend changes to the allocation of interest income to the various components within this reserve. Only the Fibre Optic component within the reserve is to earn investment income on its balances. This change is effective 2018. Recommend that breakout of the presentation of the financial activity for this reserve by the various reserve components that are based on the reserve purposes. This change is outlined in Attachment 2.

Reserve Comments and Recommendations

Reserve Name	Attachment 2 Page Number	Reserve Type	Balance 2016 (in thousands)	General Comments	Recommendation(s)
Life Cycle Maintenance and Upgrade Reserve	9	Capital	$116,122	The reserve is used to fund the maintenance and upgrade of capital assets. The property tax room allocated to the Green Line is also administered through this reserve.	Recommend changes to the reserve to include missing authorization documents, to break-out the financial activity table to separate out the funds related to the Green Line and to update the source contacts. The changes are outlined in Attachment 2.
Reserve for Future Capital (RFC)	11	Capital	$327,014	The reserve collects funds for three major purposes: Pay-As-You-Go (PAYG) funding of certain capital assets, capital contingencies, and miscellaneous flow-through reserves allocated to particular business units. While all of these components are included in the RFC, they generally have distinct funding sources, balances and purposes. The City's PAYG fund was initially established in 1986. It is funded primarily by a contribution from The City's operating budget and from accumulated debt savings. Administration uses PAYG funding as an alternative to debt in order to pay for lifecycle maintenance and upgrade projects, short-term capital projects producing assets with a life of under five years, and certain grant-ineligible costs on grant-funded projects. While this last use has been common practice for years, meets the original intent of PAYG funding, and has been clearly disclosed to City Council on multiple occasions (e.g. FCS2006-42, FCS2008-28), it is not reflected in the reserve's authorizing documents; a recommendation that use be authorized is included in this report. Over the course of the review, opportunities to streamline the administration of the reserve and its components were identified. Once they have been implemented, the reserve template can be revised to show a more detailed breakdown of the uses and commitments of funds between its three major components.	Recommend changes to the reserve authorizing documents and purpose. These changes are outlined in Attachment 2. Recommend that following completion of Administration's efforts to streamline the internal management of this reserve, the presentation of the RFC be revised to show a breakdown of the reserve's balance and activities between its three major components. The revised presentation of the financial activity to be implemented in the 2019-22 budget cycle.

Reserve Comments and Recommendations

Reserve Name	Attachment 2 Page Number	Reserve Type	Balance 2016 (in thousands)	General Comments	Recommendation(s)
Golf Course Levy Reserve	13	Sustainment	$1,712	The reserve is used to fund Golf Course capital projects and any Golf Course operating budget deficit. The funding sources for the reserve includes a surcharge on all golf passes and green fees and surplus transferred from operations. A recommendation is being made in this report to clarify the funding sources and for a change in the reserve title to remove the term 'levy' since the funding sources have expanded from the initial years. The Recreation business unit has received a gift of $1,000 in 2017 from the estate of a private citizen to be used for the Shaganappi Golf Course. The business units is proposing that the funds be held in this reserve with restrictions around its use. This is a one-time contribution to the reserve and, in accordance with policy, Council approval is required. A recommendation is being made in this report for this. Council, through a motion arising as a result of report CPS2017-0539, directed Administration to consider the contents of the motion arising and return to Council at the 2018 budget adjustment process with options on how to move forward with City-owned golf course operations. The outcome of this analysis may have implications for this reserve. There is a recommendation being made in this report to review these implications, if any, in the 2018 Triennial Reserve Review cycle, if there is a significant change to the golf courses' operating model.	Recommend changes to the reserve name, authorizing documents, purpose and funding sources. These changes are outlined in Attachment 2. Recommend that the gift of $1,000 from the estate of a private citizen be transferred to the reserve as a one-time contribution. These funds are to be tracked separately and in accordance with directions from the estate, the funds are restricted for use for upgrades and maintenance projects at the Shaganappi Golf Course. Recommend that the reserve leads advise the Administrative Review Committee of any implications to the reserve should a significant change in the golf courses' operating model result from the motion arising project. This information is to be provided during the 2018 cycle of the Triennial Reserve Review.

Calgary Police Service Court Fine Revenue Operating Reserve

$ 4,000

Operating Reserve ($000s) (2016)

Authorization: PFC2013-0084

Purpose: To mitigate potential future revenue shortfalls in the Court Fine budgeted revenue portion of the Calgary Police Service (CPS) operating budget.

Conditions: Contribute $4,000 from the 2012 Court Fine revenue portion of the CPS operating budget.

Future year contributions are not scheduled unless recommended by the Calgary Police Commission or specifically approved by Council. If requesting permission from Council to contribute to the Operating reserve, the Commission must first fund any operating shortfalls, as well as the CPS Pay-As-You-Go Reserve (to the maximum of $2,500) before any remaining surplus will be contributed to the Operating Reserve. The CPS Operating and Capital budgets (including the Court Fine revenue portion of the Operating budget), will be approved by Council as part of the multi-year budget cycles and through the adjustment process when required.

Restrictions: The reserve is funded with a one-time contribution from the CPS in 2012, unless further Council direction is received. Withdrawals from the Operating Reserve to fund shortfall in the Court Fine revenue portion of the CPS Operating budget will require a written request from the Calgary Police Commission to the attention of the City Treasurer. Any other withdrawal requests from the reserve would require a similar written request, but would also require Council's approval of each specific request.

Funding Sources: Police operating budget

Investment income: ___ yes _x_ no

Related Budget Programs: Operating program: #070 Calgary Police Service

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	4,000	4,000	4,000	4,000	-
Contributions from operations	-	-	-	-	4,000
Closing balance	4,000	4,000	4,000	4,000	4,000

Source Contacts: **Business Unit – Calgary Police Service**
Financial Lead – C. Male, City Treasurer
Operational Lead - B. Hutchins, Finance Manager

Review Schedule: Last Review: 2014 Next Review: 2017

Calgary Police Service Helicopter Maintenance Reserve

$ 2,390
(2016)

Operating Reserve ($000s)

Authorization: FB96-48 and FCS2006-29

Purpose: To provide an operating reserve to stabilize maintenance costs for the Police Service helicopter (HAWCS), as costs vary dramatically from year to year depending on the life cycle of the various maintenance components. Reserve funds will be used to finance maintenance of the Calgary Police Service helicopters, minimizing major fluctuations in the Calgary Police Service operating budget.

Conditions: Funds are to be used to finance maintenance of the CPS helicopters.

Restrictions: As per purpose.

Funding Sources: Police operating funds

Investment income: ___ yes _x_ no

Related Budget Programs: Operating program: #070 Calgary Police Service

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	3,024	3,000	2,706	2,905	2,617
Contributions from operations	808	809	808	809	808
Contributions to operations	(1,442)	(785)	(514)	(1,008)	(520)
Closing balance	2,390	3,024	3,000	2,706	2,905

Source Contacts: **Business Unit – Calgary Police Service**
Financial Lead – B. Hutchins, Finance Manager
Operational Lead – R. Chaffin, Deputy Chief

Review Schedule: Last Review: 2014 Next Review: 2017

911 Communications Centre Capital Financing Reserve

$ 24,141

Capital Reserve ($000s) (2016)

Authorization: GP98-21, FCS2004-59, FCS2010-10, CPS2014-0255 and PFC2014-0847

Purpose: To fund future capital improvements~~/~~ and upgrades to the Calgary 911 ~~Public Safety~~ Communications Centre.

Conditions: As per purpose.

Restrictions: Funds to be used as per purpose.

Funding Sources: A portion of revenue generated from the monthly fee charged to ~~Calgarians~~ citizens on both landlines and wireless phones. ~~($0.37 per voice phone line).~~

Investment income: ___ yes _x_ no

Related Budget Programs:

Operating Program: # 004 CCS – Calgary 911 (formerly # 002 Public Safety Communications)

Capital Program: # 045 Calgary 911 (formerly # 045 Public Safety Communications)

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	18,577	11,830	8,821	6,612	3,440
Contributions from operations (1)	6,769	8,300	3,498	2,611	3,227
Contributions to capital financing	(1,205)	(1,553)	(489)	(402)	(100)
Transfer from Police Reserve	-	-	-	-	45
Closing balance	24,141	18,577	11,830	8,821	6,612

(1) As per report CPS2014-0255, Council approved directing the 2014 wireless 911 funding to the 911 Communications Centre Capital Financing Reserve.

Source Contacts: **Business Unit – Calgary Community Standards**
Financial Lead – G. Drall, Finance Lead
Operational Lead – D. Odney, Commander

Review Schedule: Last Review: 2014 Next Review: 2017

Calgary Police Service Capital Reserve

$ 40,254

Capital Reserve ($000s) (2016)

Authorization: FB93-80, FB2000-12, FB2000-24, FCS2004-22, FCS2004-61, FCS2011-34, PFC2014-0847 and C2016-0632

Per FCS2011-34, this is a consolidation of the Calgary Police Services Pay-As-You-Go Capital Reserve, the Calgary Police Services Capital Financing Reserve and the red light camera funds from the Reserve for Future Capital.

Purpose:

1) To provide for the capital financing of Police Vehicles.
2) To provide for the capital financing of Police Automated Fingerprint Identification System (AFIS) upgrades. AFIS is a joint venture with the Edmonton Police Service.
3) To assist with financing Calgary Police Service (CPS) capital assets (Pay-As-You-Go).
4) To provide for the capital financing of the Red Light Camera program and other CPS infrastructure requirements.

Conditions: As per purpose.

Restrictions: Maximum annual contribution for the Pay-As-You-Go fund cannot exceed $2,500 and the Pay-As-You-Go year-end balance cannot exceed $2,500.

2016 - Allow a contribution of $~~10.5 million~~ 10,500 to the Pay-As-You-Go fund of the Calgary Police Service Capital Reserve in 2016 only.

Funding Sources:

Vehicles – Police operating funds;
AFIS upgrades – All user fees received from AFIS operations;
Pay-As-You-Go – Police operating funds and proceeds from disposal of capital assets;
Red Light Camera Surplus Funds.

Investment income: _x_ yes (AFIS only) ___ no

Related Budget Programs:

Operating Program: #070 Calgary Police Service

Capital Programs:
#031 Police Equipment
#037 Police Vehicles
#034 Automated Fingerprint System
#038 Police Facilities
#039 Police Computer Systems

Special Reporting Requirements: None

Current Activity (000's): Vehicles

	2016	2015	2014	2013	2012
Opening Balance	22,319	18,531	18,066	17,293	11,685
Contributions from operations	5,750	9,483	6,760	7,190	9,457
Contributions from Revolving Fund for General Land Purchases (1)	-	-	-	-	7,500
Contributions to capital financing	(5,740)	(5,695)	(6,295)	(6,417)	(11,349)
Closing Balance	22,329	22,319	18,531	18,066	17,293

(1) Per LAS2009-45, this transfer is from the Real Estate & Development Services Revolving Fund for General Land Purchases (7,500) (formerly Corporate Properties Revolving Fund) for acquisition of the Police block 39 property.

Current Activity (000's): AFIS

	2016	2015	2014	2013	2012
Opening Balance	819	783	751	718	801
Contributions from operations	13	16	15	17	12
Investment Income (AFIS only)	19	20	17	16	18
Contributions to capital financing	-	-	-	-	(113)
Closing Balance	851	819	783	751	718

Current Activity (000's): Pay-As-You-Go

	2016	2015	2014	2013	2012
Opening Balance	2,500	2,500	2,430	2,500	2,500
Contributions from operations	8,272	2,500	2,499	2,325	2,500
Contributions to capital financing	(1,534)	(2,500)	(2,429)	(2,395)	(2,500)
Closing Balance (2)	9,238	2,500	2,500	2,430	2,500

(2) Per FCS2004-22, a maximum amount of $2,500 to be held in the reserve (at December 31). The 2016 balance is in excess of this maximum because of an additional transfer (C2016-0632) approved by Council in 2016.

Current Activity (000's): Red Light Camera

	2016	2015	2014	2013	2012
Opening Balance	8,711	9,164	7,115	5,412	5,165
Contributions from operations	2,796	3,230	3,119	2,917	2,693
Contributions to capital financing	(3,671)	(3,683)	(1,070)	(1,214)	(2,446)
Closing Balance	7,836	8,711	9,164	7,115	5,412
Consolidated Closing Balance (3)	**40,254**	**34,349**	**30,978**	**28,362**	**25,923**

(3) Per FCS2011-34, the above balances were consolidated and the above values represent a consolidation of reserve balances from prior years for illustrative purposes only. The reserves consolidated into this are Red Light Camera Funds and the Calgary Police Service Pay-As-You-Go Reserve.

Source Contact: **Business Unit – Calgary Police Service**
Financial Lead – B. Hutchins, Finance Manager
Operational Lead – R. Chaffin, Chief

Review Schedule: Last Review: 2014 Next Review: 2017

Fleet Services Capital Reserve

$ 14,326
(2016)

Capital Reserve ($000s)

Authorization: Commissionaires Report, FCS2010-10, FCS2011-34 and PFC2014-0847

Purpose: To finance future Fleet Services capital expenditures under Council's ~~specific or blanket~~ approval~~s~~.

Conditions: Funds must be used to finance capital expenditures relating to Fleet Services only.

Restrictions: Funds are to be used as per purpose outlined above.

Funding Sources: Allocation of operating proceeds from disposal of capital assets and operating budget surpluses.

Investment income: ___ yes _x_ no

Related Budget Programs: Capital Program: #871 Acquisitions

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	10,456	4,042	-	-	-
Proceeds from asset disposal	961	1,496	278		
Contributions from operations	2,909	4,918	3,764	-	-
Closing balance	14,326	10,456	4,042	-	-

Source Contacts: **Business Unit – Fleet Services**
Financial Lead – E. Jarvo – Finance Lead
Operational Lead – M. Belzile, Manager Business Operations

Review Schedule: Last Review: 2014 Next Review: 2017

Information Technology Reserve

$ 20,746

Capital Reserve ($000s) (2016)

Authorization: FB96-101, C98-74, FCS2007-45, FCS2010-10, FCS2011-34 and PFC2014-0847

Purpose: To fund information technology projects and infrastructure, fibre optics projects; and lifecycle replacement of City hardware and software.

Conditions: The reserve will be used to fund systems costing $50 or more. ~~Per FCS2011-34,~~ The target balance for the lifecycle portion of the reserve is ~~equal to~~ between two times and two and a half times the three year average ~~annual~~ forecast of capital spending for ~~desktops, laptops and printers.~~ hardware lifecycle replacement.

Restrictions: Funds are to be used as per purpose.

Funding Sources: Initial funding – 1996 Operations

Future funding – replenished on an ongoing basis by annual operating budget contributions, personal computer replacement contributions, network account recoveries from business units, telecommunication projects and proceeds from sales of replaced computer equipment.

Investment income: _x_ yes (Fibre Optics only) ___ no

Related Budget Programs:

Capital Programs:
#803 IT Development Projects
#741 Information Technology Infrastructure
#751 Fibre Network

Special Reporting Requirements: ***None***

~~***Current Activity ($000s):***~~

	~~2016~~	~~2015~~	~~2014~~	~~2013~~	~~2012~~
~~Opening balance~~	~~18,658~~	~~18,189~~	~~15,867~~	~~15,156~~	~~16,322~~
~~Investment income~~	~~211~~	~~209~~	~~155~~	~~117~~	~~92~~
~~Net contribution from operations~~	~~13,577~~	~~10,499~~	~~9,849~~	~~8,933~~	~~8,747~~
~~Contribution to capital~~	~~(11,700)~~	~~(10,239)~~	~~(7,682)~~	~~(8,339)~~	~~(10,605)~~
~~Transfer from Reserve for Future Capital (1)~~	~~-~~	~~-~~	~~-~~	~~-~~	~~600~~
~~Closing balance~~	~~20,746~~	~~18,658~~	~~18,189~~	~~15,867~~	~~15,156~~

Current Activity (000's): IT Initiatives

	2016	2015	2014	2013	2012
Opening Balance	4,754	2,002	1,660	1,627	1,520
Contribution from operations	2,886	2,918	145	-	-
Proceeds from asset disposal	164	127	162	-	70
Investment income	122	67	35	33	37
Contribution to capital	(908)	(360)	-	-	(600)
Transfer from Reserve for Future Capital (1)					600
Closing Balance	7,018	4,754	2,002	1,660	1,627

(1) Transfer from City Clerks to IT to fund Election and Census System re-development

Current Activity (000's): IT Projects Pool

	2016	2015	2014	2013	2012
Opening Balance	5,138	6,898	4,772	4,166	5,496
Contribution from operations	3,000	2,000	5,000	5,000	5,000
Contribution to capital	(4,236)	(3,760)	(2,874)	(4,394)	(6,330)
Closing Balance	3,902	5,138	6,898	4,772	4,166

Current Activity (000's): Corporate Telecom – Fibre Optics

	2016	2015	2014	2013	2012
Opening Balance	3,160	2,777	2,268	2,167	2,689
Contribution from operations	3,300	1,322	1,273	846	610
Investment income	53	68	51	(786)	50
Contribution to capital	(3,303)	(1,007)	(815)	41	(1,182)
Closing Balance	3,210	3,160	2,777	2,268	2,167

Current Activity (000's): Hardware Replacement

	2016	2015	2014	2013	2012
Opening Balance	4,014	3,094	4,285	5,778	6,617
Contribution from operations	2,827	2,760	2,150	1,665	1,654
Contribution to capital	(1,947)	(1,840)	(3,341)	(3,158)	(2,493)
Closing Balance	4,894	4,014	3,094	4,285	5,778

Current Activity (000's): Enterprise Software Growth

	2016	2015	2014	2013	2012
Opening Balance	1,592	3,418	2,882	1,418	-
Contribution from operations	1,400	1,371	1,119	1,422	1,412
Investment income	36	74	69	42	6
Contribution to capital	(1,306)	(3,271)	(652)	-	-
Closing Balance	1,722	1,592	3,418	2,882	1,418
Consolidated Closing Balance	**20,746**	**18,658**	**18,189**	**15,867**	**15,156**

Source Contact: **Business Unit –Information Technology**
Financial Leads – E. Galindo, Finance Lead; T. Nguyen, Finance Manager
Operational Lead – H. Reed-Fenske, Director

Review Schedule: Last Review: 2014 Next Review: 2017

Lifecycle Maintenance and Upgrade Reserve

$ 116,122

Capital Reserve ($000s) (2016)

Authorization: C2002-082, CPS2005-03, FCS2006-042, FCS2008-028, FCS2011-34, M2012-0828, C2013-0330, C2013-0668 and ~~PFC2014-847~~ NM2015-33

Purpose: The Lifecycle Maintenance and Upgrade Reserve (LMUR) was established to maintain and upgrade capital assets (C2002-082).

Conditions: Funds are to be used as per purpose outlined above.

Restrictions:

1. Funds are to be used as per purpose outlined above.
2. Net proceeds from sale of surplus fire capital assets and future funds received from Alberta Health Services (AHS) are to be used exclusively for fire protective equipment (FCS2011-034).
3. Net proceeds from the sale of surplus transit capital assets are to be used exclusively for transit capital purchases (FCS2011-034).
4. Funds of the ~~Additional~~ Property Tax Room to be used as per Council approval (M2012-0828, C2013-0330).

Funding Sources: Funding Sources include:

- 2.6% of annual property taxes (FCS2008-28);
- $10,000/yr from Debt Servicing Reserve (FCS2008-028), provided no new tax-supported debt is issued and funds are not required for the interest payments for MSI related bridge financing;
- The Debt Servicing Reserve be reviewed annually and any available funding not committed for tax supported debt will be transferred to the LMUR (FCS2006-042);
- Net proceeds from sale of surplus transit and fire assets, and funds received from AHS (FCS2011-34);
- ~~Additional~~ Tax Room funds (M2012-0828 and C2013-0330);
- Transfer of $475 in 2014 from City Clerk Operating Budget to LMUR to fund capital projects (C2014-0608).

Related Budget Programs:

Investment income: ___ yes _x_ no

Operating Program: #840 Capital Financing Costs.

Capital Programs: Capital programs in various business units

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Lifecycle Maintenance & Upgrade					
Opening balance	106,487	97,251	125,729	102,075	92,205
Contributions from operations (1)	42,031	37,859	36,071	33,051	29,552
Contributions from Debt Servicing Reserve	17,879	14,528	11,710	10,000	10,000
Contributions from Property Tax Room (2)	10,346	10,346	10,231	62,346	10,231
Contributions to capital	(81,322)	(53,883)	(87,558)	(81,830)	(38,545)
Transfer to Budget Savings Account (3)	-	(150)	-	-	-
Transfer (to) from Misc Capital - Fire (4)	1,940	393	151	12	120
Transfer (to) from Misc Capital - Transit (4)	981	143	917	75	(1,488)
Closing balance (5)	98,342	106,487	97,251	125,729	102,075
Green Line Fund					
Opening balance	42,904	-	-	-	-
Contributions from Property Tax Room (2)	52,000	52,000	-	-	-
Contributions to capital	(77,123)	(9,096)	-	-	-
Closing balance	17,781	42,904	-	-	-
Total Reserve					
Closing balance (5)	116,123	149,391	97,251	125,729	102,075

(1) 2.6% of annual property taxes
(2) As per report M2012-0828 and C2013-0330, the ~~Additional~~ Property Tax Room funds are transferred to the LMUR annually.
(3) Allocated but unspent funds from capital projects financed by LMUR funding can be transferred to the capital Budget Savings Account upon project completion.
(4) As per report FCS2011-34, the Misc Capital Fire and Transit reserves are transferred into the LMUR.
(5) Committed amounts included in the closing balance total $46,187 for future projects.

Source Contact: **Business Unit – Finance**
Financial and Operational – ~~K. Hapke,~~ K. Ohlhauser, Budget Officer

Review Schedule: Last Review: 2014 Next Review: 2017

Reserve for Future Capital (RFC)

$ 327,014

Capital Reserve ($000s) (2016)

Authorization: C85-66, C96-15, NM2004-17, FCS2004-62, FCS2006-42, FCS2008-24, FCS2008-28, LPT2008-38, CPS2010-24, FCS2010-27,CPS2010-41, FCS2011-34, LAS2011-66, LAS2012-23, C2014-0774, C2014-0863, and GP2015-0485.

Purpose:
1. To fund various capital projects as per Council approval;
2. To hold Pay-As-You-Go (PAYG) funding which helps to pay for City maintenance and upgrade projects, projects producing assets with a useful life of five years or less, and, for grant-funded projects, costs ineligible to be paid using grant funding;
3. To hold contingency funds (for unforeseen projects or new emergency needs).

Conditions: A target balance for contingency purposes is 10% of previous year's capital spending less Municipal Sustainability Initiative (MSI) and less self-funded capital projects (FCS2011-034).

Restrictions:
1. Funds are to be used as per purpose outlined above.
2. Facility Management (FM, formerly Corporate Properties & Buildings) lease/sales revenue be reserved for corporate accommodation facilities and sites managed by FM (FCS2010-027).

Funding Sources: Funding sources include:
1. FM lease/sales revenue and space provision funds for new employees (FCS2010-027)
2. Franchise Fee amounts in excess of budget (FCS2004-62)
3. Contribution from Debt Servicing Reserve (DSR) for PAYG funding (up to $30,000 as of 2013)
4. PAYG funding from operation. Funding increase every 4-year planning period with population and non-residential construction inflation (FCS2008-28)
5. Transfer of Provincial Disaster Recovery reimbursement of 2013 Flood operating costs received to RFC to fund resiliency capital projects (C2014-0774)
6. Heritage Building Preservation fund, one-time $35 million allocation of 2014 operating surplus to restore and preserve city-owned heritage buildings (C2014-0863)
7. Other funding sources as directed by Council.

Investment income: ___ yes _x_ no

Related Budget Programs:

Operating Programs: #840 Capital Financing Costs
#694 Facility Management

Capital Programs: Capital programs are identified in various business units

Special Reporting Requirements: None

Current Activity ($000s):

Reserve for Future Capital - Total

	2016	2015	2014	2013	2012
Opening balance	354,190	318,286	269,629	271,888	255,491
Net contribution from operations	62,726	80,575	155,979	78,539	89,713
Transfer from DSR	30,000	30,000	30,000	30,000	25,000
Contribution from Parking Authority	1,000	1,000	1,000	1,000	1,000
Contribution to capital financing	(119,402)	(74,171)	(136,822)	(107,225)	(94,981)
Contribution to debt prepayment	-	-	-	(3,073)	(2,835)
Contribution to Community Investment Reserve	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
Closing balance (1)	327,014	354,190	318,286	269,629	271,888
Represented By:					
Allocated					
Property owners' local improvement repayments	-	-	-	-	3,072
RFC Flow Through (2)	119,683	122,247	96,791	26,231	15,758
Committed PAYG not spent	67,038	81,998	63,641	71,484	78,057
Committed RFC not spent	28,305	11,673	20,051	64,824	58,381
Unallocated					
RFC - contingency (3)	111,988	138,272	137,803	107,090	116,620
	327,014	354,190	318,286	269,629	271,888

(1) Committed amounts including in the closing balance net of 2017 and 2018 budgeted PAYG contributions is $200,164 ($132,266 for PAYG and $67,898 for RFC).

(2) Flow through funds include specific amounts committed to major projects typically spanning multiple years. In 2016, these funds primarily relate to future flood resiliency, heritage building restoration and preservation, and the management of corporate accommodation facilities.

(3) Per FCS2011-34 the target balance for contingency purposes is 10% of previous year's capital less MSI and self-funded capital projects. As such the $111,988 includes $73,227 as the target contingency balance with the remaining $38,761 as unallocated.

Source Contact:

Business Unit – Finance
Financial Lead – ~~K. Hapke~~ K. Ohlhauser, Budget Officer

Business Unit – Facility Management
Financial Lead – ~~C. Myres~~ K. Campbell, Finance Lead
Operational Lead – T. Hansen, Director

Review Schedule: Last Review: 2014 Next Review: 2017

Golf Course ~~Levy~~ Reserve

$ 1,712

Combined Operating and Capital Reserve ($000s) (2016)

Authorization: CS91-64-02, FB92-64, CS95-07, FCS2004-22, FCS2011-13 and PFC2014-0847

Purpose: To finance golf course capital projects and to fund any Golf Course operating budget deficit.

Conditions: As per purpose.

Restrictions: Funds are to be used as per the purpose outlined above.

Funding Sources: Surcharge on all golf passes and green fees and additional budget surplus transferred from golf course and recreation operations.

Investment income: _x_ yes ___ no

Related Budget Programs:

Operating Program: #426 Recreation

Capital Program: #505 Golf Courses

Special Reporting Requirements: ***None***

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	1,126	529	327	148	111
User surcharges	147	161	183	166	-
Investment income	36	25	19	13	27
Contributions from operations	403	411	-	389	532
Contributions to capital	-	-	-	-	(30)
Debenture repayments	-	-	-	(389)	(492)
Closing balance	1,712	1,126	529	327	148

Source Contacts: **Business Unit – Calgary Recreation**
Financial Lead – J. Au, Finance Lead
Operational Lead – G. Steinraths, Manager, Golf Course Operations

Review Schedule: Last Review: 2014 Next Review: 2017

Reserves to be Reviewed in 2018

Reserve Name	Reserve Type	Reserve Balance as of Dec 31, 2016 (in $ thousands)	Previously Reviewed Year
Calgary Heritage Authority Reserve	Operating	1,765	2015
Children's Reserve Fund	Operating	4,693	2015
ENMAX Dividend Stabilization Reserve	Operating	20,000	2015
Family & Community Support Services (FCSS) Stabilization Fund	Operating	5,504	2015
Fiscal Stability Reserve	Operating	556,561	2015
Group Life Reserve	Operating	1,685	2015
Health, Safety and Wellness Reserve	Operating	15,984	2015
Heritage Incentive Reserve	Operating	965	2015
Mall Programming Fund	Operating	788	2015
Self-Insurance Reserve	Operating	7,000	2015
Snow and Ice Control (SNIC) Reserve	Operating	15,000	2015
Asphalt and Crusher Plant Lifecycle Capital Reserve	Capital	7,500	2015
Corporate Housing Reserve	Capital	29,885	2015
Downtown Improvement Fund	Capital	3,684	2015
LED Street Light Re-Lamping Reserve	Capital	5,688	2015
Parking Land Acquisition Reserve	Capital	40,772	2015
Budget Savings Account	Sustainment	130,103	N/A
Real Estate Services	Sustainment	63,969	2015
	Total	**911,546**	

Community Sustainability & Public Art Reserve

$ 7,228

Combined Operating & Capital Reserve ($000s) (2016)

Authorization: CPS2008-39, C2008-76, CPS2009-06, FCS2009-26, FCS2010-28, PFC2013-0745, PFC2014-254, ALT2014-0153, ALT2014-0909 and PFC2016-0796

Purpose: This reserve has two separate purposes with two separate funding sources.

1. The purpose of the Community Sustainability Reserve is to provide interim support to assist community organizations in need of short term assistance to address operational shortfalls, as determined by Calgary Neighbourhoods. This Reserve is intended to assist organizations so that they may continue to operate and meet the needs of their community, and/or the citizens of Calgary at large. Funding is available to provide financial support, and if applicable, resources such as consultation support, in order to maximize the capacity and sustainability of an organization to contribute to inspiring neighbourhoods. Funding is provided for:

   a. Stabilization and redevelopment assistance to organizations that encounter unexpected financial circumstances or have been dealing with organizational or governance issues for more than a year.
   b. Professional consulting services support to organizations in any area that may impact sustainability to deliver improved programs and services to citizens, whether in crisis or not.

2. Per ALT2014-0909, the purpose of the Public Art Reserve is lifecycle and conservation, maintenance and programming, and pooling for iconic art pieces.

Conditions: Community Sustainment Reserve:

In order to qualify for funding, Community Associations and social recreational organizations must have an active lease or license of occupation with The City through the Community Association or Social Recreation Leasing Policy.
CSPS011 – Lease/License of Occupation to Community Organizations.

Qualifying organizations must agree to work with Administration to develop and implement recommendations resulting from professional reviews, where possible and reasonable.

The maximum funding amount for operational use is $200 over a 5 year period of time, and approved by the Director of Calgary Neighbourhoods. The maximum funding amount includes both stabilization and redevelopment assistance.

Public Art Reserve: As per purpose.

Restrictions: As per purpose and conditions.

Funding Sources: The Community Sustainability Reserve received a one-time transfer of $580 from the Lifecycle Assistance and Energy Reserve (CPS2008- 39) for operating purposes and $3,000 from corporate in 2008 (C2008- 76) for capital purposes. The purpose of the reserve was amended in 2016 so that the remaining reserve balance at Dec 31, 2015 of $2,270 could only be used for operational purposes. Funds can only be used for capital projects if the funds were approved prior to the 2016 reserve purpose amendment.

The annual amount transferred to the Public Art Reserve is approved by ALT before each multi-year budget cycle and is based on a calculation in accordance with the Corporate Public Art Policy.

Investment income: __yes _x_ no

Related Budget Programs: Operating Program: #426 Recreation

Special Reporting Requirements: None

Current Activity ($000s):

Community Sustainability Reserve	**2016**	**2015**	**2014**	**2013**	**2012**
Opening Balance	2,270	2,443	2,678	3,151	3,580
Contributions from operations	-	-	-	-	-
Contributions to operations	-	-	-	(473)	(429)
Transfer between reserves	(147)	(173)	(235)	-	-
Closing Balance	2,123	2,270	2,443	2,678	3,151

Public Art Reserve	**2016**	**2015**	**2014**	**2013**	**2012**
Opening Balance	4,093	3,272	2,607	1,885	156
Contributions from operations	26	-	-	15	39
Contributions to operations	(290)	(454)	(124)	-	(597)
Transfer between reserves	1,276	1,275	789	707	2,287
Closing Balance	5,105	4,093	3,272	2,607	1,885

Total Closing Balance	7,228	6,363	5,715	5,285	5,036

Source Contacts:
Business Unit – Calgary Neighbourhoods
Financial Lead – J. Salazar, Finance Lead
Operational Lead – J. Drucker, Manager, Neighbourhood Connections
Business Unit – Calgary Recreation
Financial Lead – J. Au, Finance Lead
Operational Lead – S. Iley, Manager, Arts and Culture

Review Schedule: Last Review: 2016 Next Review: 2019

Community Sustainability ~~& Public Art~~ Reserve

$ 2,123

Combined Operating & Capital Reserve ($000s)

(2016)

Authorization: CPS2008-39, C2008-76, CPS2009-06, FCS2009-26, FCS2010-28, PFC2013-0745, and PFC2016-0796 ~~PFC2014-254, ALT2014-0153 and ALT2014-0909~~

Purpose: ~~This reserve has two separate purposes with two separate funding sources.~~

The purpose of the Community Sustainability Reserve is to provide interim support to assist community organizations in need of short term assistance to address operational shortfalls, as determined by Calgary Neighbourhoods. This Reserve is intended to assist organizations so that they may continue to operate and meet the needs of their community, and/or the citizens of Calgary at large. Funding is available to provide financial support, and if applicable, resources such as consultation support, in order to maximize the capacity and sustainability of an organization to contribute to inspiring neighbourhoods. Funding is provided for:

a. Stabilization and redevelopment assistance to organizations that encounter unexpected financial circumstances or have been dealing with organizational or governance issues for more than a year.

b. Professional consulting services support to organizations in any area that ~~may impact sustainability to deliver improved programs and services to~~ citizens, whether in crisis or not.

~~Per ALT2014-0909 the purpose of the Public Art Reserve is lifecycle and conservation, maintenance and programming, and pooling for iconic art pieces.~~

Conditions: In order to qualify for funding, Community Associations and social recreational organizations must have an active lease or license of occupation with The City through the Community Association or Social Recreation Leasing Policy.

CSPS011 – Lease/License of Occupation to Community Organizations.

Qualifying organizations must agree to work with Administration to develop and implement recommendations resulting from professional reviews, where possible and reasonable.

The maximum funding amount for operational use is $200 over a 5 year period of time, and approved by the Director of Calgary Neighbourhoods. The maximum funding amount includes both stabilization and redevelopment assistance.

~~Public Art Reserve: As per purpose.~~

Restrictions: As per purpose and conditions.

Funding Sources: The Community Sustainability Reserve received a one-time transfer of $580 from the Lifecycle Assistance and Energy Reserve (CPS2008- 39) for operating purposes and $3,000 from corporate in 2008 (C2008- 76) for capital purposes. The purpose of the reserve was amended in 2016 so that the remaining reserve balance at Dec 31, 2015 of $2,270 could only be used for operational purposes. Funds can only be used for capital projects if the funds were approved prior to the 2016 reserve purpose amendment.

~~The annual amount transferred to the Public Art Reserve is approved by ALT before each multi-year budget cycle and is based on a calculation in accordance with the Corporate Public Art Policy.~~

Investment income: ___ yes _x_ no

Related Budget Programs: N/A ~~Operating Program: #426 Recreation~~

Special Reporting Requirements: None

Current Activity ($000s):

Community Sustainability Reserve	**2016**	**2015**	**2014**	**2013**	**2012**
Opening Balance	2,270	2,443	2,678	3,151	3,580
Contributions from operations	-	-	-	-	-
Contributions to operations	-	-	-	(473)	(429)
Transfer between reserves	(147)	(173)	(235)	-	-
Closing Balance	2,123	2,270	2,443	2,678	3,151

~~***Public Art Reserve***~~	~~**2016**~~	~~**2015**~~	~~**2014**~~	~~**2013**~~	~~**2012**~~
~~Opening Balance~~	~~4,093~~	~~3,272~~	~~2,607~~	~~1,885~~	~~156~~
~~Contributions from operations~~	~~26~~	~~-~~	~~-~~	~~15~~	~~39~~
~~Contributions to operations~~	~~(290)~~	~~(454)~~	~~(124)~~	~~-~~	~~(597)~~
~~Transfer between reserves~~	~~1,276~~	~~1,275~~	~~789~~	~~707~~	~~2,287~~
~~Closing Balance~~	~~5,105~~	~~4,093~~	~~3,272~~	~~2,607~~	~~1,885~~
~~**Total Closing Balance**~~	~~7,228~~	~~6,363~~	~~5,715~~	~~5,285~~	~~5,036~~

Source Contacts: **Business Unit – Calgary Neighbourhoods**
Financial Lead – J. Salazar, Finance Lead
Operational Lead – J. Drucker, Manager, Neighbourhood Connections
~~**Business Unit – Calgary Recreation**~~
~~Financial Lead – J. Au, Finance Lead~~
~~Operational Lead – S. Iley, Manager, Arts and Culture~~

Review Schedule: Last Review: 2016 Next Review: 2019

~~Community Sustainability &~~ Public Art Reserve

$ 5,105

Combined Operating & Capital Reserve ($000s)

(2016)

Authorization: ~~CPS2008-39, C2008-76, CPS2009-06, FCS2009-26,~~ FCS2010-28, PFC2013-0745, PFC2014-254, ALT2014-0153, ALT2014-0909 and PFC2016-0796

Purpose: ~~This reserve has two separate purposes with two separate funding sources.~~

~~The purpose of the Community Sustainability Reserve is to provide interim support to assist community organizations in need of short term assistance to address operational shortfalls, as determined by Calgary Neighbourhoods. This Reserve is intended to assist organizations so that they may continue to operate and meet the needs of their community, and/or the citizens of Calgary at large. Funding is available to provide financial support, and if applicable, resources such as consultation support, in order to maximize the capacity and sustainability of an organization to contribute to inspiring neighbourhoods. Funding is provided for:~~

~~a. Stabilization and redevelopment assistance to organizations that encounter unexpected financial circumstances or have been dealing with organizational or governance issues for more than a year.~~
~~b. Professional consulting services support to organizations in any area that may impact sustainability to deliver improved programs and services to citizens, whether in crisis or not.~~

Per ALT2014-0909 the purpose of the Public Art Reserve is lifecycle and conservation, maintenance and programming, and pooling for iconic art pieces.

Conditions: ~~Community Sustainment Reserve:~~

~~In order to qualify for funding, Community Associations and social recreational organizations must have an active lease or license of occupation with The City through the Community Association or Social Recreation Leasing Policy.~~

~~CSPS011 – Lease/License of Occupation to Community Organizations.~~

~~Qualifying organizations must agree to work with Administration to develop and implement recommendations resulting from professional reviews, where possible and reasonable.~~

~~The maximum funding amount for operational use is $200 over a 5 year period of time, and approved by the Director of Calgary Neighbourhoods. The maximum funding amount includes both stabilization and redevelopment assistance.~~

~~Public Art Reserve:~~ As per purpose.

Restrictions: As per purpose and conditions.

Funding Sources: ~~The Community Sustainability Reserve received a one-time transfer of $580 from the Lifecycle Assistance and Energy Reserve (CPS2008- 39) for operating purposes and $3,000 from corporate in 2008 (C2008- 76) for capital purposes. The purpose of the reserve was amended in 2016 so that the remaining reserve balance at Dec 31, 2015 of $2,270 could only be used for operational purposes. Funds can only be used for capital projects if the funds were approved prior to the 2016 reserve purpose amendment.~~

The annual amount transferred to the Public Art Reserve is approved by ALT before each multi-year budget cycle and is based on a calculation in accordance with the Corporate Public Art Policy.

Investment income: ___yes x no

Related Budget Programs: Operating Program: #426 Recreation

Special Reporting Requirements: None

Current Activity ($000s):

~~***Community Sustainability Reserve***~~	~~**2016**~~	~~**2015**~~	~~**2014**~~	~~**2013**~~	~~**2012**~~
~~Opening Balance~~	~~2,270~~	~~2,443~~	~~2,678~~	~~3,151~~	~~3,580~~
~~Contributions from operations~~	~~-~~	~~-~~	~~-~~	~~-~~	~~-~~
~~Contributions to operations~~	~~-~~	~~-~~	~~-~~	~~(473)~~	~~(429)~~
~~Transfer between reserves~~	~~(147)~~	~~(173)~~	~~(235)~~	~~-~~	~~-~~
~~Closing Balance~~	~~2,123~~	~~2,270~~	~~2,443~~	~~2,678~~	~~3,151~~

Public Art Reserve	**2016**	**2015**	**2014**	**2013**	**2012**
Opening Balance	4,093	3,272	2,607	1,885	156
Contributions from operations	26	-	-	15	39
Contributions to operations	(290)	(454)	(124)	-	(597)
Transfer between reserves	1,276	1,275	789	707	2,287
Closing Balance	5,105	4,093	3,272	2,607	1,885

~~**Total Closing Balance**~~	~~7,228~~	~~6,363~~	~~5,715~~	~~5,285~~	~~5,036~~

Source Contacts:
~~**Business Unit – Calgary Neighbourhoods**~~
~~Financial Lead – J. Salazar, Finance Lead~~
~~Operational Lead – J. Drucker, Manager, Neighbourhood Connections~~
Business Unit – Calgary Recreation
Financial Lead – J. Au, Finance Lead
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Review Schedule: Last Review: 2016 Next Review: 2019

THE CITY OF CALGARY

REPORT ON

RESERVES AND LONG TERM LIABILITIES

2016

December 2017

THE CITY OF CALGARY
RESERVES AND LONG TERM LIABILITIES
AS AT DECEMBER 31, 2012 - 2016
($000's)

		Page	2016	2015 (Restated)	2014	2013	2012
Operating Reserves							
Calgary Heritage Authority Legacy Endowment Fund	Closed	6	-	-	-	-	-
Calgary Heritage Authority Reserve		7	1,765	1,770	1,736	1,698	1,664
Calgary Police Service Court Fine Revenue Operating Reserve		8	4,000	4,000	4,000	4,000	4,000
Calgary Police Service Helicopter Maintenance		9	2,390	3,024	3,000	2,706	2,905
Children's Reserve Fund		10	4,693	4,605	4,605	4,595	4,502
Civic Partners Review Reserve	Closed	12	-	-	-	-	65
ENMAX Dividend Stabilization Reserve		14	20,000	20,000	16,450	10,100	-
Family & Community Support Service (FCSS) Stabilization Fund		16	5,504	5,704	3,710	3,688	3,348
Fiscal Stability Reserve		18	556,561	547,811	443,371	365,460	294,985
Group Life Reserve		20	1,685	1,580	1,494	1,338	1,253
Health, Safety and Wellness Reserve		21	15,984	13,271	10,975	7,566	7,166
Heritage Incentive Reserve		22	965	1,087	1,369	1,283	1,185
Special Reserve Fund for Heritage Preservation	Closed	24	-	-	-	-	-
Mall Programming Fund		25	788	770	754	744	1,017
Parks Foundation Reserve		26	2,376	2,395	2,257	2,114	2,099
Self - Insurance Reserve		28	7,000	7,000	7,000	7,000	7,000
Snow and Ice Control (SNIC) Reserve		30	15,000	8,940	-	4,141	3,220
Tax Loss Provision Reserve		31	37,398	37,398	37,398	39,823	39,823
Unappropriated Surplus	Closed	32	-	-	-	-	31,258
			676,109	**659,355**	**538,119**	**456,256**	**405,490**

THE CITY OF CALGARY
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($000's)

	Page	2016	2015 (Restated)	2014	2013	2012
Capital Reserves						
911 Communications Centre Capital Financing Reserve	33	24,141	18,577	11,830	8,821	6,612
Artificial Turf Field Lifecycle Reserve	34	3,015	2,221	1,548	1,047	2,108
Asphalt and Crusher Plant Lifecycle Capital Reserve	35	7,500	6,367	5,363	7,500	6,459
Calgary Police Service Capital Reserve	36	40,254	34,349	30,978	28,362	25,923
Community Investment Reserve	38	102,204	152,379	168,302	151,077	112,223
Corporate Housing Reserve	40	29,885	38,504	36,073	34,105	46,749
Debt Servicing Reserve	42	52,570	52,570	52,570	52,570	67,769
Downtown Improvement Fund	44	3,684	3,629	3,372	3,207	3,033
Fleet Services Capital Reserve	45	14,326	10,456	4,042	-	-
Information Technology Reserve	46	20,746	18,658	18,189	15,867	15,156
LED Street Light Re-Lamping Reserve	47	5,688	5,528	5,816	5,622	5,666
Legacy Parks Reserve	48	10,558	18,450	23,033	19,738	13,332
Lifecycle Maintenance and Upgrade Reserve	50	116,122	149,391	97,251	125,729	102,075
Parking Land Acquisition Reserve	52	40,772	38,215	32,657	24,688	19,991
Reserve for Future Capital	54	327,014	354,190	318,286	269,629	271,888
Revolving Fund Reserve for General Land Purchases	56	101,073	86,881	84,505	52,347	58,654
TELUS Convention Centre Reserve	58	242	213	253	200	200
		899,794	**990,578**	**894,068**	**800,509**	**757,838**
Sustainment Reserves (combined operating & capital reserves)						
Budget Savings Account	60	130,103	60,905	-	-	-
Community Sustainability Reserve	62	2,123	2,270	2,443	2,678	3,151
CBS and CCS - Business License Sustainment Reserve	64	106,363	98,408	76,247	48,701	30,794
Golf Course Levy Reserve	66	1,712	1,126	529	327	148
Livery Transport Services	67	3,737	4,076	4,539	3,722	3,127
Millican-Ogden Community Enhancement	68	5	132	171	171	171
Parks Endowment and Sustainment Reserve	70	3,118	2,328	1,291	1,184	1,408
Perpetual Care of the Municipal Cemetery System Reserve	72	15,905	13,949	12,549	10,359	8,635
Public Art Reserve	73	5,105	4,093	3,272	2,607	1,885
Real Estate Services	74	63,969	68,396	97,664	80,552	76,122
Utility Sustainment Reserve	76	133,033	83,257	49,153	44,076	52,226
Waste and Recycling Sustainment Reserve	77	48,019	48,809	41,968	33,808	41,911
		513,192	**387,749**	**289,826**	**228,185**	**219,578**
Total Reserves		**2,089,095**	**2,037,682**	**1,726,552**	**1,488,672**	**1,386,033**
Amounts included in the Reserve Report but recorded in other funds (Operating or Capital Fund) or consolidated for financial reporting purposes						
Less:						
Unappropriated Surplus (Current year surplus)		(37,731)	(59,026)	(27,490)	(8,159)	(31,258)
Livery Transport Services surplus		-	-	-	-	-
Revolving Fund for General Land Purchases		(101,073)	(86,881)	(84,505)	(52,347)	(58,654)
CMLC Internally Restricted (Real Estate Services)		(4,964)	(4,964)	(6,750)	(6,752)	(7,883)
AHCC Internal Sale (Corporate Housing Reserve)		(326)	(299)	(323)	(2,203)	(2,204)
Amounts not included in the Reserve Report but recorded in the Reserve Fund for financial reporting purposes						
Calgary Housing Company surplus (deficit)		27,448	27,426	22,589	17,010	13,737
Calgary Public Library operating fund		993	993	573	1,672	1,147
Calgary Arts Development Authority Ltd. operating fund		269	245	169	173	132
Utility Sustainment Adjustment (offset with capital deposits)		2,098	-	-	-	-
Reserves per financial statements		**1,975,809**	**1,915,176**	**1,630,815**	**1,438,066**	**1,301,050**

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RESERVES AND LONG TERM LIABILITIES
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	Page	2016	2015 (Restated)	2014	2013	2012
Long Term Liabilities						
Capital Deposits						
Acreage Assessments	80	402,170	339,009	341,689	316,486	304,502
Alberta Municipal Infrastructure Program (AMIP) Agreement	82	-	-	11,699	25,969	45,351
Cash in Lieu of Parking Fund	83	15,098	14,697	8,882	5,783	5,219
Eau Claire Improvement Fund	84	829	2,296	931	975	934
Federal Gas Tax Fund	85	76,132	67,079	-	32,769	44,377
Basic Municipal Transportation Grant	86	-	8,817	259,873	134,742	131,561
Infrastructure Canada - Alberta Program (ICAP)	87	-	-	173	173	173
Miscellaneous Capital Deposits	88	241,435	209,686	200,066	267,930	138,070
Municipal Sustainability Initiative (MSI)	90	259,942	362,375	99,264	132,973	4,387
Plus 15 Cash in Lieu Fund	91	24,665	24,364	23,999	22,937	22,350
Total Capital Deposits		**1,020,271**	**1,028,323**	**946,576**	**940,737**	**696,924**
Utility Sustainment Adjustment (offset with reserves)		(2,098)	-	-	-	-
Capital Deposits per financial statements		**1,018,173**	**1,028,323**	**946,576**	**940,737**	**696,924**
Employee Benefit Obligations						
Defined Benefit Pension Plans (Registered & Non-Registered)	92	86,738	78,890	68,153	59,873	43,690
Funded Vacation and Overtime Liability	93	217,074	208,480	195,551	189,095	180,688
Other Retirement Benefits Liability	94	176,341	167,879	160,036	149,941	137,514
		480,153	**455,249**	**423,740**	**398,909**	**361,892**
Supplementary Schedules						
Reserves Continuity	97					

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OPERATING, CAPITAL

AND SUSTAINMENT RESERVES

Calgary Heritage Authority (CHA) Legacy Endowment Fund - CLOSED

Operating Reserve ($000s) | $ - (2016)

Authorization: LAS2006-118 and PFC2012-0159

Purpose: Calgary Heritage Authority Legacy Endowment Fund from the sale of unused density from fire hall #1 site.

Conditions: As per Confirmed Council Minutes October 16, 17 & 18, 2006: "That the Report and Recommendations remain confidential following the in camera discussion pursuant to Section 24(1) of the Freedom of Information and Protection of Privacy Act until a report returns to Council and is approved following development permit approval". The development permit has been approved. In July 2012 Council authorized the reserve to be amalgamated with the Special Reserve Fund for Heritage Preservation under the newly named Calgary Heritage Authority Reserve. All funds were transferred in 2012.

Restrictions: Restrictions transferred to the Calgary Heritage Authority reserve per PFC2012-0159.

Funding Sources: Funding sources transferred to the Calgary Heritage Authority Reserve per PFC2012-0159.

Related Budget Programs:

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	-	-	-	-	1,487
Investment income	-	-	-	-	-
Contribution	-	-	-	-	-
Transfer to Calgary Heritage Authority (1)	-	-	-	-	(1,487)
Closing balance	-	-	-	-	-

(1) Per PFC2012-0159 this reserve has been closed and the balance transferred to the Calgary Heritage Authority Reserve.

Source Contacts: Financial – Finance Lead, Planning, Development & Assessment (PDA), Finance & Supply
Operational – Manager, City Wide Planning & Design

Review Schedule: Not applicable – reserve closed

Calgary Heritage Authority Reserve

Operating Reserve ($000s)

$ 1,765
(2016)

Authorization: PFC2012-0159 and PFC2015-0917

Purpose: Provide financial operating resources for the overall activities and responsibilities of the Calgary Heritage Authority ("CHA").

Conditions: Reserve will maintain a minimum, protected balance of $1,338.

Restrictions: Funds are to be used at the sole discretion of the Calgary Heritage Authority to support their activities as mandated by the Calgary Heritage Authority Act.

Funding Sources: The opening balance of this reserve is funded through the transfers from the CHA Legacy Endowment Fund (original funding from sale of unused density from fire hall #1 site) and transfers from the Heritage Preservation Fund. Investment income earned on the balances in this reserve will provide future funding.

Investment income: _x_ yes ___ no

Related Budget Programs: Operating program: #610 Calgary Growth Strategies (formerly #610 City Wide Policy & Integration) on behalf of the CHA.

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	1,770	1,736	1,698	1,664	-
Transfer from CHA Legacy Endowment Fund (1)	-	-	-	-	1,487
Transfer from Special Reserve for Heritage Preservation (1)	-	-	-	-	141
Contribution to operations	(45)	(9)	-	-	-
Investment Income	40	43	38	34	36
Closing balance	1,765	1,770	1,736	1,698	1,664

(1) As per report PFC2012-0159, these reserves were closed and balances transferred to Calgary Heritage Authority Reserve.

Source Contacts: **Business Unit – Calgary Growth Strategies**
Financial Lead – E. Coyle, Finance Lead
Operational Lead – D. Sargent, Coordinator, City Wide Policy

Review Schedule: Last Review: 2015 Next Review: 2018

Calgary Police Service Court Fine Revenue Operating Reserve

$ 4,000
(2016)

Operating Reserve ($000s)

Authorization: PFC2013-0084

Purpose: To mitigate potential future revenue shortfalls in the Court Fine budgeted revenue portion of the Calgary Police Service (CPS) operating budget.

Conditions: Contribute $4,000 from the 2012 Court Fine revenue portion of the CPS operating budget.

Future year contributions are not scheduled unless recommended by the Calgary Police Commission or specifically approved by Council. If requesting permission from Council to contribute to the Operating reserve, the Commission must first fund any operating shortfalls, as well as the CPS Pay-As-You-Go Reserve (to the maximum of $2,500) before any remaining surplus will be contributed to the Operating Reserve. The CPS Operating and Capital budgets (including the Court Fine revenue portion of the Operating budget), will be approved by Council as part of the multi-year budget cycles and through the adjustment process when required.

Restrictions: The reserve is funded with a one-time contribution from the CPS in 2012, unless further Council direction is received. Withdrawals from the Operating Reserve to fund shortfall in the Court Fine revenue portion of the CPS Operating budget will require a written request from the Calgary Police Commission to the attention of the City Treasurer. Any other withdrawal requests from the reserve would require a similar written request, but would also require Council's approval of each specific request.

Funding Sources: Police operating budget

Investment income: ___ yes _x_ no

Related Budget Programs: Operating program: #070 Calgary Police Service

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	4,000	4,000	4,000	4,000	-
Contributions from operations	-	-	-	-	4,000
Closing balance	4,000	4,000	4,000	4,000	4,000

Source Contacts: **Business Unit – Calgary Police Service**
Financial Lead – C. Male, City Treasurer
Operational Lead - B. Hutchins, Finance Manager

Review Schedule:
Last Review: 2014 Next Review: 2017

Calgary Police Service Helicopter Maintenance Reserve

$ 2,390

Operating Reserve ($000s) (2016)

Authorization: FB96-48 and FCS2006-29

Purpose: To provide an operating reserve to stabilize maintenance costs for the Police Service helicopter (HAWCS), as costs vary dramatically from year to year depending on the life cycle of the various maintenance components. Reserve funds will be used to finance maintenance of the Calgary Police Service helicopters, minimizing major fluctuations in the Calgary Police Service operating budget.

Conditions: Funds are to be used to finance maintenance of the CPS helicopters.

Restrictions: As per purpose.

Funding Sources: Police operating funds

Investment income: ___ yes _x_ no

Related Budget Programs: Operating program: #070 Calgary Police Service

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	3,024	3,000	2,706	2,905	2,617
Contributions from operations	808	809	808	809	808
Contributions to operations	(1,442)	(785)	(514)	(1,008)	(520)
Closing balance	2,390	3,024	3,000	2,706	2,905

Source Contacts: **Business Unit – Calgary Police Service**
Financial Lead – B. Hutchins, Finance Manager
Operational Lead – R. Chaffin, Deputy Police Chief

Review Schedule: Last Review: 2014 Next Review: 2017

Children's Reserve Fund

Operating Reserve ($000s)

$ 4,693
(2016)

Authorization: C2000-07, FCS2004-22, CPS2008-87, FCS2010-19, FCS2011-34, PFC2012-0606 and PFC2015-0917

Purpose: To support access for low-income families and their children (up to 18 years of age) or directly for low income children, to programs which will enhance their social well-being (including arts, recreation and sports programs).

Conditions: Administration may use up to 100% of the annual interest earned to help fund operating programs for children and youth. Interest earned not used in a year can be carried forward into future years.

Restrictions: None

Funding Sources: As per Report FCS2004-22 in 2004 all funds from the Emerging Social Issues Reserve have been transferred to a new Children's Reserve Fund. Other sources are at the discretion of Council.

Investment income: _x_ yes ___ no

Related Budget Programs: Operating program: #421 Calgary Neighbourhoods

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	4,605	4,605	4,595	4,502	4,492
Investment Income	105	115	101	93	99
Contribution to Recreation/Calgary Neighbourhoods	(17)	(115)	(91)	-	(89)
Closing balance	4,693	4,605	4,605	4,595	4,502

Source Contacts: **Business Unit – Calgary Neighbourhoods**
Financial Lead – J. Salazar, Finance Lead
Operational Lead – M. Hulsker, Manager, Strategic Services

Review Schedule: Last Review: 2015 Next Review: 2018

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Civic Partners Review Reserve - CLOSED

$ -

Operating Reserve ($000s) (2016)

Authorization: CPS2003-92, FCS2004-22, CPS2004-63, FCS2010-10 and PFC2012-0606

Purpose: To conduct reviews which assess strategic alignment between The City and its Civic Partners in the following Civic Partner categories: Agencies, Alliances, Joint Ventures, City Related Entities and Provincially-Legislated Entities.

To support research efforts to examine The City's support of partners within a sector (including but not limited to Tourism, Heritage, Culture, Arts). The research would be used to gain understanding of trends and to develop strategic approaches for The City to support organizations in a given sector.

Conditions: The Director of Recreation will authorize funding in accordance with Council approved direction. Funding will be used to support review costs such as:

- Research required for analysis and recommendations to be made to Council;
- Management of a review project in conjunction with designated City staff;
- Other review-related support;
- Expenses associated with any public consultations, surveys, etc.

The Civic Partner Accountability Framework presents three core principles to ensure partnership accountability:

- Mission Alignment – the partner must be able to deliver services that benefit the public good as determined by Council;
- Partner Organization Governance – the partner must be able to demonstrate good governance practices;
- Measure Performance – partnerships should have defined goals that are measured and publicly reported on a regular basis.

As per Report FCS2004-22 the reserve was established from the closure of the Agency Review Reserve; no impact to existing budgets. The fund is expected to be closed within four years; once it is fully expended.

As per Report FCS2010-10, this fund is extended to the end of the 2009-2010 business cycle, following which Administration will report back to Council to recommend disposition of any unspent balance.

As per Report PFC2012-0606, the reserve is to be closed once current outstanding balance has been spent.

Restrictions: Funding will be used to research and report to Council the results of a partner review and sector review with recommended future direction.

Funding Sources:

Investment income: ___ yes _x_ no

Related Budget Programs: Operating program: #426 Recreation

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	-	-	-	65	65
Transfer to operations	-	-	-	(65)	-
Closing balance	-	-	-	-	65

Source Contacts: Financial – Finance Lead, Recreation, Finance & Supply
Operational – Manager Strategy and Partnerships, Community Neighbourhood Services

Review Schedule: Not applicable – reserve closed

ENMAX Dividend Stabilization Reserve

Operating Reserve ($000s)

$ 20,000
(2016)

Authorization: NM2012-05

Purpose: To provide an operating reserve to stabilize the ENMAX dividend for any budget shortfall, as ENMAX dividend varies from year to year.

Conditions: Fund balance cannot exceed $20,000 in total.

Restrictions: Reserve is a contingency to fund shortfalls in the ENMAX dividend compared to budget.

Funding Sources: 50% of the ENMAX dividend received in excess of the annual budget, to be transferred to this reserve, to a maximum of $20,000.

Investment income: _ _ yes _x_ no

Related Budget Programs: Operating program: #860 General Revenue

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	20,000	16,450	10,100	-	-
Contributions from operations	-	3,550	6,350	10,100	-
Closing balance	20,000	20,000	16,450	10,100	-

Source Contacts: **Business Unit – Corporate Revenue & Costs**
Financial Lead – C. Fung, Corporate Finance Lead
Operational Lead – J. Kwong, Finance Manager

Review Schedule: Last Review: 2015 Next Review: 2018

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Family & Community Support Service ("FCSS") Stabilization Fund

Operating Reserve ($000s) **$ 5,504** (2016)

Authorization: CS95-21, CS008, CPS98-12, CPS2003-26; FCS2004-22, CPS2009-09, CPS2011-19 and PFC2015-0917

Purpose: The reserve is used to:

- Cover any shortfalls in case the Provincial FCSS allocation of funds is less than expected at any given year;
- Respond to emerging social issues; and
- To support clearly defined capacity-building initiatives as per Council's Policy of FCSS.

Conditions: Agencies wishing to access funds, must meet the requirements stated above under Purpose. In addition, they are required to complete an application. Administration will review the application and consult with community partners to determine the project's impact and viability.

Restrictions: As per purpose.

Funding Sources:

1. Unexpended or surplus funds from previously allocated ongoing and one-time contributions.
2. Any increase to the provincial or municipal portion of the FCSS budget announced after Council's approval of allocation for the year.

Investment income: ___ yes _x_ no

Related Budget Programs: Operating Program: #421 Calgary Neighbourhoods

Special Reporting Requirements: Annual review by Community & Neighbourhood Services, as described under conditions.

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	5,704	3,710	3,688	3,348	3,343
Contributions from operations	2,605	2,630	1,474	1,894	1,439
Contributions to operations (1)	(2,897)	(636)	(1,452)	(1,554)	(1,434)
Investment income	92	-	-	-	-
Closing balance	5,504	5,704	3,710	3,688	3,348

(1) As per CPS2011-19, Council approved an annual transfer of $1,000 from the FCSS Stabilization Fund. Administration is to use the funds on a one-time basis as per the purpose above. In 2015, Council approved the annual transfer amount of $500 as per CPS2015-0150. An additional transfer of $2,100 was approved by Council in 2016, as per CPS2016-0036, to be allocated to 72 funded agencies.

Source Contacts: **Business Unit – Calgary Neighbourhoods**
Financial Lead – J. Salazar, Finance Lead
Operational Lead – M. Hulsker, Manager, Strategic Services

Review Schedule: Last Review: 2015 Next Review: 2018

Fiscal Stability Reserve

Operating Reserve ($000s)

$ 556,561
(2016)

Authorization: Mill Rate bylaw 20M79, C2005-04, and FCS2007-45

Purpose: Prior to January 2005, the reserve was used to stabilize tax increases from year to year in order to balance operating budgets without large tax increases; planned contributions from the reserve are made as required and operating surpluses are returned to the reserve. After January 2005, the reserve has been mandated to serve the following purposes:

- A contingency fund for operational emergencies, urgent or contingency capital expenditures, and to compensate for unplanned revenue reductions with significant financial impacts;
- Investment income from the reserve would be used to fund one-time operating budget expenditures.

Conditions: As per report FCS2007-45, the reserve must maintain a minimum balance of 5% of The City's tax-supported gross expenditures (net of recoveries) and the Fiscal Stability Reserve (FSR) target balance is set at 15% of The City's tax-supported gross expenditures (net of recoveries).

Restrictions: As per purpose.

Funding Sources: Council approved annual tax supported operating surpluses transferred to the reserve, and investment income earned on reserve funds. As per report FCS2007-45, Council approved previously committed one-time contingent funds that are no longer required for their original purpose, such as recoveries from provisions for tax losses, legal claims or environmental provisions.

Investment income: _x_ yes ___ no

Related Budget Programs: Operating Programs: #856 Taxation
#860 General Revenues

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015 (Restated)	2014	2013	2012
Opening Balance	547,811	443,371	365,460	294,985	240,932
Surplus (Previous year)	-	-	-	31,258	5,240
Surplus (Current year) (1)	37,731	59,026	27,490	8,159	-
Investment income	12,319	11,465	8,504	6,855	5,444
Net contribution to operations (6)	(21,728)	(14,359)	(27,106)	(17,370)	(11,123)
Net contribution (to) from capital (2)	(1,382)	4,892	(16,310)	-	-
Funding contribution from operations (3)	10,945	55,809	84,713	45,073	57,450
Transfers (to)/from other reserves (4)	(29,135)	(12,393)	620	(3,500)	(2,958)
Closing balance (5)	556,561	547,811	443,371	365,460	294,985

(1) Due to a change in policy commencing 2013, the current year surplus is included to more appropriately reflect the funds in the FSR. In years prior, the current year surplus used to be shown as a separate item called Unappropriated Surplus in the Reserves Report.

(2) 2016: Consists mostly of contribution to capital for Utilities flood expenditures.
2015: Excess insurance receipt of $4,892 transferred back to FSR.
2014: Net contribution to capital relates to expenditures for flood resiliency projects and other flood related projects incurred as a result of the 2013 flood.

(3) Funding contribution from operations are from the transfer of various unspent contingency funds (Property and Business Tax contingent fund).

(4) Transfer (to) from other reserves:
2016: As per report C2014-0863, transfer funds from FSR to Roads Snow and Ice Control (SNIC) of ($5,000); funding to capital budget program 639 of ($900), for the Decidedly Jazz Dance Centre Project; transfer of funds from FSR to various business units' flow through FSR ($23,235).
2015: As per report C2014-0863, transfer funds from FSR to Roads SNIC of ($5,000), transfer funds from FSR to various business units' flow through FSR ($7,393).
2014: As per report C2014-0863, $620 of unallocated funds transferred from the Council Innovation Fund.
2013: As per report PFC2012-0045, transfer of funds from FSR to Roads SNIC of ($3,500).
2012: Transfers from other reserves per PFC2012-0707, transfer of Office of Civic Partners – Economic Development and Policy Coordination (EDPC) year end surplus of $542. As per PFC2012-0045, transfer of funds to Roads SNIC of ($3,500).

(5) Committed amounts in the closing balance total $228,862 consisting of: $112,034 one-time approved council items and $116,828 of balance remaining for Flood Commitment. Closing balance ratio to tax supported gross expenditures (net of recoveries) after committed amounts is 9.6% before current year surplus and 10.8% including current year surplus.

Source Contacts: **Business Unit – Finance**
Financial Lead – J. Kwong, Finance Manager, Corporate Budget Office
Operational Lead – C. Male, City Treasurer

Review Schedule: Last Review: 2015 Next Review: 2018

Group Life Reserve

$ 1,685

Externally Restricted Operating Reserve ($000s) (2016)

Authorization: FB95-92, Group Policy No. 127 and PFC2012-0606

Purpose: To satisfy contractual obligations under the Group Life benefit contract between The City and Great West Life (GWL).

Conditions: As per purpose.

Restrictions: Under the terms of the contract, The City must maintain a reserve balance comprised of two activities: 1) Incurred but Not Reported (IBNR) for claims incurred by employees in the current year but not reimbursed by the plan until the following year. The IBNR portion of the reserve is equal to 12% (2015) of the annualized Refund Billed Premium based on the last month of the policy year; and 2) a Claims Fluctuation reserve (CFR) balance equal to 25% (2015) of the Refund Billed Premium for the last complete policy year.

Funding Sources: Operating Budget Program 787, Employee Benefits.

Investment income: _x_ yes ___ no

Related Budget Programs: Operating Program: #787 Employee Benefits

Special Reporting Requirements: Quarterly financial reports and annual Core Plan financial statements for the City management and MEBAC executive. The financial statements are subject to an external audit every four years effective 2014.

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	1,580	1,494	1,338	1,253	1,189
Investment income	36	37	29	25	26
Contributions From/(to) Operations	69	49	127	60	38
Closing balance	1,685	1,580	1,494	1,338	1,253

Source Contact: **Business Unit - Finance**
Financial Lead – D. Christensen, Benefits Finance Leader
Operational Lead – C. An, Finance Manager, Corporate Financial Reporting

Review Schedule: Last Review: 2015 Next Review: 2018

Health, Safety and Wellness Reserve

Operating Reserve ($000s)

$ 15,984
(2016)

Authorization: FB94-126, FB98-64, FCS2006-32, and FCS2010-10

Purpose: To fund preventive and proactive health, safety and wellness programs as part of The City's ongoing commitment to the safety, health and wellness of employees.

Conditions: Environment & Safety to report annually to the S.P.C. on Utilities and Environment on safety compliance and performance. Human Resources provides an annual report to the Human Resources Client Council (HRCC) on health and wellness expenditures and outcomes.

Future Workers Compensation Board (WCB) rebates and dividends will be allocated 75% to the Health, Safety and Wellness (HSW) Reserve and 25% to general revenue. The Human Resources and Environment & Safety Management business units share responsibility for the HSW Reserve. Each business unit manages and report independently on its portion which is derived from half of the 2008 opening balances plus half of the annual contributions to the reserve.

Restrictions: As per purpose.

Funding Sources: A portion of the $1,600 received in 1994 from the Workers Compensation Board (WCB) as a result of increased diligence in the management of WCB claims. Effective 1998, funding will be received ($600 per year) through an increase to the employee benefit rate. A portion of WCB rebates to The City are also transferred to the reserve.

Investment income: __ yes _x_ no

Related Budget Programs: Operating Program: #787 Employee Benefits

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	13,271	10,975	7,566	7,166	7,350
Contributons from operations:					
Employee benefits rate	600	600	600	600	600
WCB	5,119	4,870	4,928	1,183	490
Contributions to operations	(3,006)	(3,174)	(2,119)	(1,383)	(1,274)
Closing balance	15,984	13,271	10,975	7,566	7,166

Source Contacts: **Business Unit – Human Resources**
Financial Leads – M. Moroz, Finance Lead and T. Nguyen, Finance Manager
Operational Lead – M. Lavallee, Chief Human Resources Officer

Review Schedule: Last Review: 2015 Next Review: 2018

Heritage Incentive Reserve

Operating Reserve ($000s)

$ 965
(2016)

Authorization: FB2002-27, FCS2004-15, FCS2004-20, PFC2012-0159 and PFC2015-0917

Purpose: To fund the implementation of the Heritage Incentive Program which began in 2003.

Grants are provided to non-city owned municipal historic resources to:

- Promote the rehabilitation and economic re-use of buildings designated as Municipal Historic Resources under the Historical Resources Act of Alberta (HRA).
- Address inequities that property owners assume when rehabilitating buildings designated under the HRA.
- Revitalize and rehabilitate derelict or underutilized heritage buildings.
- Revitalize older communities and commercial districts.

Conditions: Specific Conditions relating to use of the Reserve with respect to the grant application process, payment process, and sign requirements are detailed in report PFC2012-0159.

Restrictions: There shall be a maximum expenditure of 50% of the approved project costs or 15% of the current assessed value of the property; whichever is the lesser, except for special circumstances approved by Council. All grants may be paid out in a single payment or over the course of a 5-year period.

Applications may be accepted every five years but the total grant amount cannot exceed 50% of the approved project costs or 15% of the current assessed value of the property; whichever is the lesser, every 15 years except for special circumstances approved by Council.

Funding Sources: To be funded annually from operating budget #610 Calgary Growth Strategies (formerly #610 City Wide Policy & Integration). Prior to 2014, it was funded by operating budget #616 Land Use Planning & Policy (formerly #611 Planning & Transportation Policy).

Investment income: ___ yes _X_ no

Related Budget Programs: Operating Program: #610 Calgary Growth Strategies (formerly #610 City Wide Policy & Integration)

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	1,087	1,369	1,283	1,185	1,153
Contributions from operations	225	225	225	225	225
Contributions to operations	(347)	(507)	(139)	(127)	(193)
Closing balance	965	1,087	1,369	1,283	1,185

Source Contacts: **Business Unit – Calgary Growth Strategies**
Financial Lead – E. Coyle, Finance Lead
Operational Lead – D. Sargent, Coordinator, City Wide Policy

Review Schedule: Last Review: 2015 Next Review: 2018

Special Reserve Fund for Heritage Preservation - CLOSED

$ -

Externally Restricted Operating Reserve ($000s) (2016)

Authorization: OE95-36, C2007-83, LPT2007-64 and PFC2012-0159

Purpose: To fund high profile projects which demonstrate an aspect of historical preservation, which serve to acquire important historical collections, or which promote awareness and enjoyment of the City's history.

Conditions: Funds are to be used for Historical Preservation purposes. In July 2012 Council authorized the reserve to be amalgamated with the Calgary Heritage Authority (CHA) Legacy Endowment Fund under the newly named Calgary Heritage Authority Reserve. All funds were transferred in 2012.

Restrictions: Council must approve expenditures from the fund at the recommendation of the Heritage Advisory Board (now the Calgary Heritage Authority). Only projects initiated by The City or the Calgary Heritage Authority, with a $10,000 limit, are considered.

Funding Sources: Revenues from the disposal of the Herald Building gargoyle collection. Additional funds received by The City through the sale of historical resources and artifacts, or received through special donations of a similar nature, would augment this fund.

Investment income: _X_ yes ___ no

Related Budget Programs: Operating Program: #616 Land Use Planning & Policy

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	-	-	-	-	141
Investment income	-	-	-	-	-
Transfer to Calgary Heritage Authority Reserve (1)					(141)
Closing balance	-	-	-	-	-

(1) As per report PFC 2012-0159 this reserve has been closed and the balance transferred to the Calgary Heritage Authority Reserve.

Source Contacts: Financial – Finance Lead, PDA, Finance & Supply
Operational – Manager, City Wide Strategy

Review Schedule: Not applicable – reserve closed

Mall Programming Fund

$ 788

Operating Reserve ($000s) (2016)

Authorization: OE2001-03 and PFC2012-0606

Purpose: To maintain and supplement activities and programs on Stephen Avenue Mall, specifically in the 300 west block between Bankers Hall and Toronto Dominion Square.

Conditions: Funds are to be managed by the Mall Programming Fund Management Committee ("MPFMC") comprising of a representative from Gentra/Brookfield, Oxford Properties, the Calgary Downtown Association, and The City, with The City representative as chairman.

Restrictions: The MPFMC is authorized to approve expenditures that utilize the investment income earned by the Fund while any expenditure involving the principal of the Fund is subject to Council approval.

Funding Sources: The developer of Bankers Hall was required to pay $850 to establish the Fund. The interest earned on the initial contribution will be used for programming activities on the 300-west block on Stephen Avenue. Interest income can be carried forward if not spent in the year which it was earned.

Investment income: _x_ yes ___ no

Related Budget Programs:

Operating Program: #651 Urban Strategy (formerly #612 Local Area Planning & Implementation)

Capital Program: #616 Centre City Initiatives

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	770	754	744	1,017	1,002
Investment income	18	18	16	18	22
Contributions (to) from operations	-	3	-	-	(7)
Contributions to capital financing (1)	-	(5)	(6)	(291)	-
Closing balance	788	770	754	744	1,017

(1) In December 2012, as per PFC2012-0606, Council approved use of up to $300 of the principal to fund a lighting program for the block.

Source Contacts: **Business Unit – Urban Strategy**
Financial Lead – M. Fung, Finance Lead
Operational Lead – B. Barrington, Program Manager

Review Schedule: Last Review: 2015 Next Review: 2018

Parks Foundation Reserve

Operating Reserve ($000s)

$ 2,376
(2016)

Authorization: CS90-17-01, FB99-48, FCS2004-22, Memorandum of Agreement – April 15, 2004, FCS2007-09 and PFC2016-0796

Purpose: Create an Endowment fund and use the investment income to fund the administrative costs of Parks Foundation Calgary – a City of Calgary Civic Partner, and eliminate the annual contribution from The City to Parks Foundation Calgary's operating budget.

Conditions: Should Parks Foundation Calgary remove the funds from the Endowment Fund, except as outlined in the Restrictions below, The City will request the return of the funds in the Parks Foundation Calgary's Operating Endowment Fund.

Restrictions: Only investment earnings as outlined in the Memorandum of Agreement may be withdrawn to be used for administrative services of Parks Foundation Calgary.

Funding Sources: The City contributed $200 to the operating endowment for every $300 Parks Foundation Calgary raised for capital endowment, up to a maximum contribution by The City of $2,000, which was reached in 1998.

Investment income: _x_ yes ___ no

Related Budget Programs: Operating Program: #449 Civic Partners (Liaison: Community Services)

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	2,395	2,257	2,114	2,099	2,100
Investment income	140	213	218	90	74
Contributions to operations	(159)	(75)	(75)	(75)	(75)
Closing balance	2,376	2,395	2,257	2,114	2,099

Source Contacts: **Business Unit – Calgary Parks**
Financial Lead – T. LePrieur, Finance Lead
Operational Lead – A. Charlton, Director

Review Schedule: Last Review: 2016 Next Review: 2019

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Self-Insurance Reserve

Operating Reserve ($000s)

$ 7,000
(2016)

Authorization: FB86-130, FB94-26, FCS2010-19, PFC2012-0606 and PFC2015-0917

Purpose: All activities undertaken by The City are covered under the Civic Insurance Program using common insurance industry principles. This program is comprised of purchased insurance coverage as well as a self-funded component for any losses not covered by the purchased policy. This reserve is utilized to offset any large claim against The City either in excess of a purchased policy limit or a loss that is not covered by any insurance policy.

The City is self-insured pursuant to section 825 of the Insurance Act of Alberta for auto.

Outside insurance coverage exists for claims exceeding established self-insurance retention levels for:
a) Auto and general liabilities
b) Property – insured on statement of value of approximately $10,300

Conditions: To be compliant with regulatory requirements a minimum of $2,000 with the Self-Insurance Reserve must be allocated specifically to address auto liabilities.

In order to self-insure auto liability, The Alberta Insurance Act requires The City to maintain a separate fund.

Interest is only earned up to the amount required to maintain a reserve balance of $7,000.

Restrictions: The reserve only funds losses in excess of $500.

Funding Sources: Contributions from operations, subject to Council's budget approval.

Investment income: _x_ yes ___ no

Related Budget Programs: Operating Program: #858 Investment Income, #810 Law Program

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	7,000	7,000	7,000	7,000	7,000
Contributions to operations	-	-	-	-	-
Investment income	-	-	-	-	-
Closing balance	7,000	7,000	7,000	7,000	7,000

In addition to the closing balance above, a liability has been accrued to help cover the cost of various claims and lawsuits brought against The City in the ordinary course of business.

Administration provides an annual report to the Audit Committee on the Risk Management and Claims Division's information on the number of claims per year and claims paid per year. This confidential report is presented to the Audit Committee every year.

The reserve is only used when necessary and has not been used for the periods reported above.

Source Contact: **Business Unit – Corporate Administration**
Financial Lead – L. Marsh, Finance Lead
Operational Lead – P. Corbeil, Manager, Risk Management & Claims

Review Schedule: Last Review: 2015 Next Review: 2018

Snow and Ice Control (SNIC) Reserve

Operating Reserve ($000s)

$ 15,000 (2016)

Authorization: PFC2012-0045 and C2014-0863

Purpose: Council directed Administration to establish a Snow and Ice Control (SNIC) reserve during the 2012-2014 Business Plan and Budget debates. The reserve shall be used exclusively by the Roads Business Unit to supplement its annual SNIC budget in order to maintain Council's approved SNIC policy during years with above average severity (the number of snow events and a combination of snow, temperature and wind). The eligible expenditures are those activities as defined in the Council Policy on Snow and Ice Control (LPT2011-57).

Conditions: If the reserve fund is depleted to zero in a future year, Administration will advise Council.

Fund balance cannot exceed $15,000 as per C2014-0863.

Restrictions: As stated above.

Funding Sources: The reserve will be replenished from any surplus in Roads' SNIC budget in winters with below average severity. Contributions of $5,000 per year for 2015 and 2016 to the reserve from the Fiscal Stability Reserve (FSR) was approved in Action Plan 2015-2018.

Roads will work with Finance at the end of March and December of each year to determine the required draw or replenishment of funds to the SNIC Reserve. Roads' SNIC budget will not be adjusted in order to maintain the established baseline budgets.

Investment income: __ yes _X_ no

Related Budget Programs: Operating Program: #132 Roads

Special Reporting Requirements: The terms of reference will be reviewed prior to the beginning of each business planning and budget cycle.

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	8,940	-	4,141	3,220	-
Contributions from (to) operations	1,060	2,050	(4,141)	(2,579)	(280)
Contribution from Calgary Transit	-	1,890	-	-	-
Contribution from FSR	5,000	5,000	-	3,500	3,500
Closing balance	15,000	8,940	-	4,141	3,220

Source Contact: **Business Unit – Roads**
Financial Lead – L. Wong, Finance Lead
Operational Lead – B. Biensch, Maintenance Manager

Review Schedule: Last Review: 2015 Next Review: 2018

Tax Loss Provision Reserve

$ 37,398

Operating Reserve ($000s) (2016)

Authorization: FCS2007-45, PFC2013-0812 and PFC2016-0796

Purpose: In the event of a substantial unanticipated adverse outcome from Assessment complaints and appeals, this reserve has been established to provide for such losses.

Conditions: The level (balance) of the Tax Loss Provision Reserve shall be determined by the Chief Financial Officer with input from the Tax Provision Steering Committee. The level of the Tax Loss Provision Reserve shall not exceed the level of the current year tax provision contingency balance.

Restrictions: Contributions and withdrawals relating to specific tax loss related circumstances are authorized by the Chief Financial Officer. Any other contributions or withdrawals require Council approval.

Funding Sources: Initial funding source in 2007 is $27,000 transferred from the Assessment and Tax Contingency Provision Liability fund. Future required contributions are from operations.

Investment income: ___ yes _x_ no

Related Budget Programs: Operating Program: #856 Taxation

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	37,398	37,398	39,823	39,823	36,329
Contributions from operations	-	-	-	-	3,494
Contributions to from other sources (1)	-	-	(2,425)	-	-
Closing balance	37,398	37,398	37,398	39,823	39,823

(1) As per PFC2013-0812, $2,425 was used to minimize the impact to the tax base in 2014 as a result of a decrease in assessed value for properties impacted by the 2013 flood.

Source Contacts: **Business Unit – Corporate Revenue & Costs**
Financial Lead – C. Fung, Corporate Finance Lead
Operational Lead – E. Sawyer, Chief Financial Officer

Review Schedule: Last Review: 2016 Next Review: 2019

Unappropriated Surplus - CLOSED

Operating Reserve ($000s)

$ -
(2016)

Authorization: FCS2010-19 and PFC2013-0745 (1)

Purpose: Under Council policy, the current year's tax supported operating surplus is transferred to the Fiscal Stability Reserve (formerly Mill Rate Stabilization Reserve) in the following year.

Conditions: As per purpose.

Restrictions: The balance of this reserve is transferred to the Fiscal Stability Reserve in the following year.

Funding Sources: The current year's net tax supported operating result

Investment income: ___ yes _x_ no

Related Budget Programs: Operating Program: #860 General Revenues

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening Balance	-	-	-	31,258	5,243
Surplus (1)	-	-	-	-	31,258
Transfer to Fiscal Stability Reserve	-	-	-	(31,258)	(5,243)
Surplus	-	-	-	-	31,258

(1) As per PFC2013-0745, this reserve was closed in 2012. Current year surplus was included in the Fiscal Stability Reserve

Source Contact: Financial and Operational – Manager, Corporate Budget Office, Finance & Supply

Review Schedule: Not applicable – reserve closed

911 Communications Centre Capital Financing Reserve

Capital Reserve ($000s)

$ 24,141
(2016)

Authorization: GP98-21, FCS2004-59, FCS2010-10, CPS2014-0255 and PFC2014-0847

Purpose: To fund future capital improvements/upgrades to the 911 Public Safety communications centre.

Conditions: As per purpose.

Restrictions: Funds to be used as per purpose.

Funding Sources: A portion of revenue generated from the monthly fee charged to Calgarians. ($0.37 per voice phone line).

Investment income: ___ yes _x_ no

Related Budget Programs:

Operating Program: # 004 CCS – Calgary 911 (formerly # 002 Public Safety Communications)

Capital Program: # 045 Calgary 911 (formerly # 045 Public Safety Communications)

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	18,577	11,830	8,821	6,612	3,440
Contributions from operations (1)	6,769	8,300	3,498	2,611	3,227
Contributions to capital financing	(1,205)	(1,553)	(489)	(402)	(100)
Transfer from Police Reserve	-	-	-	-	45
Closing balance	24,141	18,577	11,830	8,821	6,612

(1) As per report CPS2014-0255, Council approved directing the 2014 wireless 911 funding to the 911 Communications Centre Capital Financing Reserve.

Source Contacts: **Business Unit – Calgary Community Standards**
Financial Lead – G. Drall, Finance Lead
Operational Lead – D. Odney, Calgary 911 Commander

Review Schedule: Last Review: 2014 Next Review: 2017

Artificial Turf Field Lifecycle Reserve

Capital Reserve ($000s)

$ 3,015
(2016)

Authorization: FCS2010-19, CPS2011-15, CPS2012-24, PFC2013-745 and PFC2016-0796

Purpose: Per FCS2010-19, expenditures associated with artificial turf field replacement.

Conditions: As per purpose.

Restrictions: Per FCS2010-19, Administration will return to Council for approval to withdraw funds from the reserve for artificial turf replacement.

Funding Sources: Beginning in 2010, annual contribution from Recreation's actual net revenue generated by artificial turf field rentals fees.

Investment income: _x_ yes ___ no

Related Budget Programs: Capital Program: #507 Recreation, Facilities

Special Reporting Requirements: Administration will be closely monitoring field revenues, expenses and the annual reserve balances and report back to Council if the yearend reserve balance deviates by 25% from projection in any year. Any significant modifications in contribution amounts will be identified through the annual budget process as necessary. At each of the 2010 and 2011 playing season, Administration reported back to the SPC on Community Services (formerly Community and Protective Services) regarding financial information for management of artificial turf.

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	2,221	1,548	1,047	2,108	428
Contributions from operations	908	628	476	298	271
Investment income	59	45	25	40	10
Contribution (to)/from capital	(173)	-	-	3,601	(3,601)
Transfer (to)/from Reserve for Future Capital	-	-	-	(5,000)	5,000
Closing balance	3,015	2,221	1,548	1,047	2,108

Source Contact: **Business Unit – Calgary Recreation**
Financial Lead – J. Au, Finance Lead
Operational Leads – J. McLaughlin, Manager, Capital Development;
H. Bruce, Manager, West Region

Review Schedule: Last Review: 2016 Next Review: 2019

Asphalt and Crusher Plant Lifecycle Capital Reserve **$ 7,500**
Capital Reserve (000's) (2016)

Authorization: FCS2010-10 and PFC2012-0606

Purpose: To finance future capital expenditures under Council's specific or blanket approvals.

Conditions: Funds must be used to finance capital expenditures relating to Roads – Plant Operations only.

As per report FCS2004-22, in 2004 this reserve will reflect only the funds available for capital improvement and not inventory.

Maximum balance: $7,500

Once this maximum balance is reached or if the balance is deemed sufficient to fund upgrade work within the four year business cycle, a portion or all of the annual budget surplus plant generates could go to fund additional paving projects at the discretion of the Director of Roads.

Restrictions: Funds are to be used as per the purpose outlined above.

Related Budget Programs:
Operating Program: #132 Roads
Capital Programs: #128-136, Plants Capital

Funding Sources: All or a portion of any Roads – plants and paving operating budget surplus, proceeds from sale of surplus assets, depreciation on plant assets and interest income.

Investment income: _x_ yes __ no

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	6,367	5,363	7,500	6,459	7,497
Investment Income	107	60	119	76	78
Contributions to capital financing	(910)	(1,056)	(2,256)	(2,272)	(1,116)
Contributions from operations	1,936	2,000	-	3,237	-
Closing balance	7,500	6,367	5,363	7,500	6,459

Source Contacts: **Business Unit – Roads**
Financial Lead – L. Wong, Finance Lead
Operational Lead – I. Spoljarich, Senior Plants Leader

Review Schedule: Last Review: 2015 Next Review: 2018

Calgary Police Service Capital Reserve

$ 40,254

Capital Reserve ($000s) (2016)

Authorization: FB93-80, FB2000-12, FB2000-24, FCS2004-22, FCS2004-61, FCS2011-34, PFC2014-0847 and C2016-0632

Per FCS2011-34, this is a consolidation of the Calgary Police Services Pay-As-You-Go Capital Reserve, the Calgary Police Services Capital Financing Reserve and the red light camera funds from the Reserve for Future Capital.

Purpose:

1) To provide for the capital financing of Police Vehicles.
2) To provide for the capital financing of Police Automated Fingerprint Identification System (AFIS) upgrades. AFIS is a joint venture with the Edmonton Police Service.
3) To assist with financing Calgary Police Service (CPS) capital assets (Pay-As-You-Go).
4) To provide for the capital financing of the Red Light Camera program and other CPS infrastructure requirements.

Conditions: As per purpose.

Restrictions: Maximum annual contribution for the Pay-As-You-Go fund cannot exceed $2,500 and the Pay-As-You-Go year-end balance cannot exceed $2,500.

2016 - Allow a contribution of $10,500 to the Pay-As-You-Go fund of the Calgary Police Service Capital Reserve in 2016 only.

Funding Sources:

Vehicles – Police operating funds;
AFIS upgrades – All user fees received from AFIS operations;
Pay-As-You-Go – Police operating funds and proceeds from disposal of capital assets;
Red Light Camera Surplus Funds.

Investment income: _x_ yes (AFIS only) ___ no

Related Budget Programs:

Operating Program: #070 Calgary Police Service

Capital Programs:
#031 Police Equipment
#037 Police Vehicles
#034 Automated Fingerprint System
#038 Police Facilities
#039 Police Computer Systems

Special Reporting Requirements: None

Current Activity (000's): Vehicles

	2016	2015	2014	2013	2012
Opening Balance	22,319	18,531	18,066	17,293	11,685
Contributions from operations	5,750	9,483	6,760	7,190	9,457
Contributions from Revolving Fund for General Land Purchases (1)	-	-	-	-	7,500
Contributions to capital financing	(5,740)	(5,695)	(6,295)	(6,417)	(11,349)
Closing Balance	22,329	22,319	18,531	18,066	17,293

(1) Per LAS2009-45, this transfer is from the Real Estate & Development Services Revolving Fund for General Land Purchases ($7,500) (formerly Corporate Properties Revolving Fund) for acquisition of the Police block 39 property.

Current Activity (000's): AFIS

	2016	2015	2014	2013	2012
Opening Balance	819	783	751	718	801
Contributions from operations	13	16	15	17	12
Investment Income (AFIS only)	19	20	17	16	18
Contributions to capital financing	-	-	-	-	(113)
Closing Balance	851	819	783	751	718

Current Activity (000's): Red Light Camera

	2016	2015	2014	2013	2012
Opening Balance	8,711	9,164	7,115	5,412	5,165
Contributions from operations	2,796	3,230	3,119	2,917	2,693
Contributions to capital financing	(3,671)	(3,683)	(1,070)	(1,214)	(2,446)
Closing Balance	7,836	8,711	9,164	7,115	5,412

Current Activity (000's): Pay-As-You-Go

	2016	2015	2014	2013	2012
Opening Balance	2,500	2,500	2,430	2,500	2,500
Contributions from operations	8,272	2,500	2,499	2,325	2,500
Contributions to capital financing	(1,534)	(2,500)	(2,429)	(2,395)	(2,500)
Closing Balance	9,238	2,500	2,500	2,430	2,500
Consolidated Closing Balance (2)	**40,254**	**34,349**	**30,978**	**28,362**	**25,923**

(2) Per FCS2011-34, the above balances were consolidated and the above values represent a consolidation of reserve balances from prior years for illustrative purposes only. The reserves consolidated into this are Red Light Camera Funds and the Calgary Police Service Pay-As-You-Go Reserve.

Source Contact: **Business Unit – Calgary Police Service**
Financial Lead – B. Hutchins, Finance Manager
Operational Lead – R. Chaffin, Chief of Police

Review Schedule: Last Review: 2014 Next Review: 2017

Community Investment Reserve

Capital Reserve ($000s)

$ 102,204
(2016)

Authorization: C2004-60, NM2004-17, CPS 2005-24, NM2006-05, LAS2008-101, CPS2011-39, FCS2011-18, LAS2011-59, PFC2012-0248, C2014-0863, CPS2015-0647 and PFC2016-0796

NM2004-17 and CPS2005-24 established a Community Investment Reserve Fund in the amount of $102,100 (GST) for five specified community capital infrastructure projects.

NM2006-05 increased the Community Investment Reserve Fund by $100,000 (GST).

CPS2011-39 directed that $42,000 annually Vacated Tax Room (VTR) be transferred to the Community Investment Reserve and funding for 2011-2016 be allocated.

PFC2012-0248 approved allocation of VTR and GST funding for the debt servicing of four New Recreation Facilities.

C2014-0863 approved allocation of VTR funding for 2017-2018 and the remaining GST funding.

CPS2015-0647 directed Administration to use the proposed guiding principles to allocate the VTR funding over the course of the next two business plan and budget cycles (to 2026).

Purpose:

1) To invest in priority community capital infrastructure and address emerging community needs.
2) To target the reduction of the growing infrastructure gap as identified through the Community Services capital infrastructure investment strategy.

Conditions: As per purpose

Restrictions: CPS2011-39 approves a new ongoing program for investment in community infrastructure.

Funding Sources:

1) Investment income generated from the reserve: to fund the cost of project management and other associated program costs.
2) Federal GST rebate effective Feb 01, 2004: $102,100 (2004-2013 approx)
3) Federal GST rebate effective Feb 01, 2004: $100,000 (2014-2023 approx)
4) VTR: $42,000 annually (effective 2011)

Investment income: _x_ yes ___ no

Related Budget Programs: Numerous Community Services Capital Programs

Special Reporting Requirements: None

Current Activity ($000s):

Current Activity (000's):	**2016**	**2015**	**2014**	**2013**	**2012**
Opening Balance	152,379	168,302	151,077	112,223	76,959
Contributions from Federal GST rebate	8,919	8,919	8,919	8,919	8,919
Contribution to capital projects - GST (1)	(8,196)	(30,321)	(14,101)	(717)	(6,670)
Contribution from Reserve for Future Capital - GST	1,500	1,500	1,500	1,500	1,500
Contributions from VTR	42,000	42,000	42,000	42,000	42,000
Contribution to capital projects - VTR (1)	(100,258)	(45,340)	(27,697)	(16,909)	(12,265)
Investment income (2)	5,860	7,369	6,604	4,181	2,152
Contribution to program costs	-	(50)	-	(120)	(372)
Closing Balance (3)	102,204	152,379	168,302	151,077	112,223

(1) Includes debt servicing payments for Regional Recreation Centres.
(2) Includes GST funds, VTR funds and Regional Recreation Centres debt.
(3) Committed amounts included in the closing balance total $102,204 for future projects.

Source Contact: **Business Unit – Civic Partners**
Financial Lead – S. MacFayden, Finance Manager
Operational Lead – K. Black, Director

Review Schedule: Last Review: 2016 Next Review: 2019

Corporate Housing Reserve

Capital Reserve ($000s)

$ 29,885
(2016)

Authorization: FB99-62, CPD2002-57, LAS2000-206, CPS2004-55, LPT2007-61, FCS2010-10, PFC2012-0606 and LAS2013-06

Purpose: To support the development of affordable rental, social and special need housing infrastructure and operating costs associated with affordable housing initiatives.

Conditions: In accordance with the terms of reference established for this reserve, the reserve funds will be used to support development initiatives that enhance or increase the supply of affordable rental and social/special needs housing. Municipal, non-profit, public and private organizations may be considered for funding, individually or as part of a partnership/joint venture.

Restrictions: External - $15,411 Internal - $6,627

2% of reserve (up to $50 maximum) is designated as an emergency fund for unanticipated costs related to The City's Homeless Strategy

Unless approved by Council, funding cannot be used to support operating and social support services associated with affordable housing.

Funding Sources:

1) The sale proceeds from selected City-Owned properties that are surplus to The City's needs; sales proceeds from other City-Owned properties not being used for affordable housing purposes and that are surplus to The City's needs shall be subject to Council approval through the Utilities and Corporate Services Committee (formerly Land and Asset Strategy Committee – LASC); 5% of gross industrial land sales proceeds.

2) Lease revenues generated from City-owned properties being utilized for current and future affordable housing initiatives;

3) Contribution of City funding (mill rate) for an amount equal to the amount previously paid in municipal subsidy agreements for provincially-owned public housing units;

4) Third-party donations, grants and contributions from individuals, public and private organizations or agencies; and

5) As approved in LA2000-206, 20% of net eligible revenue generated from Real Estate & Development Services (formerly Corporate Properties) Residential Portfolio be transferred annually to Corporate Housing Capital Reserve to fund municipally operated housing initiatives, and

6) Investment income.

Related Budget Programs:

Operating Program: # 495 Calgary Housing (formerly #488 Land Servicing & Housing)

Capital Program: # 489 Affordable Housing (formerly #489 Public Housing)

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
		(Restated)			
Opening balance	38,504	36,073	34,105	46,749	45,153
Investment income	645	762	597	784	868
Contributions from operations (1)	2,235	3,155	4,895	3,496	13,208
Contributions to operations (3)	(8,242)	(403)	(647)	(1,554)	(1,905)
Contributions to debt repayment	(245)	(245)	(997)	(1,750)	(1,751)
Contributions to capital (2)	(3,335)	(2,690)	(1)	(13,620)	(8,824)
Transfer (to)/from Reserve (1)	323	1,852	(1,879)	-	-
Closing balance	29,885	38,504	36,073	34,105	46,749

(1) Includes provincial block funding of $4,162 for 2012. The amount also includes sale proceeds from Manchester North for $5,520 which was unbudgeted due to unknown timing and applied to the project in 2012. In addition, 5% of the Industrial Land sale revenue was contributed from operations which amount to $2,040 in 2012, $1,313 in 2013 and $3,215 in 2014. Also, in 2015 a correction was made to reclassify the AHCC mortgage payment of $1,879 from contributions from operations to transfer between reserves. This correction is for the 2014 mortgage payment.

(2) Contributions to capital:
2016: Demolition at Louise Station ($1,000), Kingsland ($1,204), Bridgeland ($1,080), AH Pre-development ($51)
2015: Contributions to Capital: Construction with redesign of building and configuration for Kingsland ($1,044) and demolition at Louise Station ($1,646)
2014: Contributions to Capital: Completion of North Manchester ($1)
2013: Contributions to Capital: Construction of North Manchester ($1,834), purchase of Bridges Site 155 units ($11,558) and two housing projects ($228)
2012: Construction of North Manchester ($6,180) and Vida affordable housing projects ($2,485) and ($159) for two other affordable housing projects

(3) Contributions to operations:
2016: Includes funds transferred to Calgary Housing Company for the purchase of East Village.

Source Contact: **Business Unit – Calgary Housing**
Financial Leads – M. Alarakyia, Finance Coordinator;
S. MacFayden, Finance Manager
Operational Lead – T. Goldstein, Manager, Affordable Housing

Review Schedule: Last Review: 2015 Next Review: 2018

Debt Servicing Reserve

Capital Reserve ($000s)

$ 52,570
(2016)

Authorization: FCS2004-22 combined three reserves Sinking Fund (C98-18), Major Project Reserve (C96-15, C98-93) and Transportation Capital Reserve (C98-16) FCS2006-42, UE2007-07, C2007-14, FCS2008-28, FCS2008-28 and PFC2016-0796.

Purpose: For principal and interest payments of tax-supported debt.

FCS2008-28, Contribute to Lifecycle Maintenance and Upgrade Reserve (LMUR) and Pay-As-You-Go (PAYG).

On C2007-14 for Calgary Municipal Land Corporation (CMLC) – for operating expenditures up to $10,000.

Conditions: As per purpose.

Restrictions: Funds are to be used as purpose outlined above.

Funding Sources: Allocation of 84% of annual debt charge savings.

Investment income: _x_ yes ___ no

Related Budget Programs: Operating Program: #840 Capital Financing Costs

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	52,570	52,570	52,570	67,769	72,996
Investment income	1,177	1,340	1,207	1,473	2,026
Contributions (to)/from from operations:					
Debt Charge Savings	94,752	94,752	94,752	94,752	94,752
Principal Payment	(36,733)	(38,505)	(39,374)	(54,506)	(57,981)
Interest Payment	(11,317)	(13,059)	(14,875)	(16,918)	(19,024)
Loan to Calgary Municipal Land Corp. (CMLC) (3)	-	-	-	-	10,000
Contributions to other Reserves:	-				
Contribution to LMUR (1)	(17,879)	(14,528)	(11,710)	(10,000)	(10,000)
Contribution to PAYG (2)	(30,000)	(30,000)	(30,000)	(30,000)	(25,000)
Closing Balance	52,570	52,570	52,570	52,570	67,769

(1) As per report FCS2006-42 and FCS2008-28, the amounts transferred to Lifecycle Maintenance & Upgrade Reserve are:
- fixed amount of $10,000 annually: 2007 to 2016
- funding not committed to tax supported debt: none in 2012 to 2013, $1,710 for 2014, $4,528 for 2015 and $7,879 for 2016

(2) As per report FCS2008-28 contribution to Pay-As-You-Go from Debt Servicing Reserve of $10,000 in 2009, escalating by $5,000 per year to $30,000 by 2013;

(3) As per report C2007-14 Council approved a loan to Calgary Municipal Land Corporation (Loan bylaw 32M2007). This loan was fully repaid at the end of 2012.

Source Contact: **Business Unit – Finance**
Financial & Operational Lead – K. Ohlhauser, Budget Officer

Review Schedule: Last Review: 2016 Next Review: 2019

Downtown Improvement Fund

Excluding Stephen Avenue Heritage Area Society Fund

Capital Reserve ($000s)

$ 3,684
(2016)

Authorization: OD85-120, OD87-113, FB94-93, M2007-009, LPT2008-74, PUD2012-03, PFC2012-0606, and PFC2015-0917

Purpose: The Downtown Improvement Fund assists in the implementation of public improvement projects in the Centre City. Reserve funds may be used to help fund operating maintenance costs of specialty assets in the Centre City.

Conditions: Funds are to be used for high priority downtown improvement projects through the capital budget process. The annual maximum the reserve may fund is $300 plus any accrued carry-forward capital spending from previous years.

Restrictions: Centre City is defined in the May 2007 Centre City Plan (pg 33) and includes the Beltline.

Funding Sources: License fees charged to commercial users of public rights-of-way (OD84-45).

Funds included in approved capital projects set aside for extraordinary maintenance of specialty assets.

Investment income: _x_ yes ___ no

Related Budget Programs:

Operating Program: #651 Urban Strategy (formerly #612 Local Area Planning & Implementation)

Capital Programs: #152 Downtown Improvement
#126-176 Industrial Sidewalk Retrofit

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	3,629	3,372	3,207	3,033	3,435
Investment income	83	87	73	65	73
Contribution from operations (P 651)	255	178	142	211	270
Transfer to Public Art Reserve (1)	-	-	-	-	(2)
Contribution to capital	(283)	(8)	(50)	(102)	(743)
Closing balance	3,684	3,629	3,372	3,207	3,033

(1) Transfer to Public Art Reserve as approved by ALT to meet requirements of Public Art Policy

Source Contacts: **Business Unit – Urban Strategy**
Financial Lead – M. Fung, Finance Lead
Operational Lead – B. Barrington, Program Manager

Review Schedule: Last Review: 2015 Next Review: 2018

Fleet Services Capital Reserve

Capital Reserve ($000s)

$ 14,326
(2016)

Authorization: Commissionaires Report, FCS2010-10, FCS2011-34 and PFC2014-0847

Purpose: To finance future Fleet Services capital expenditures under Council's specific or blanket approvals.

Conditions: Funds must be used to finance capital expenditures relating to Fleet Services only.

Restrictions: Funds are to be used as per purpose outlined above.

Funding Sources: Allocation of operating proceeds from disposal of capital assets and operating budget surpluses.

Investment income: ___ yes _x_ no

Related Budget Programs: Capital Program: #871 Acquisitions

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	10,456	4,042	-	-	-
Contributions from operations	3,870	6,414	4,042	-	-
Closing balance	14,326	10,456	4,042	-	-

Source Contacts: **Business Unit – Fleet Services**
Financial Lead – E. Jarvo – Finance Lead
Operational Lead – M. Belzile, Manager, Business Operations

Review Schedule: Last Review: 2014 Next Review: 2017

Information Technology Reserve

Capital Reserve ($000s)

$ 20,746
(2016)

Authorization: FB96-101, C98-74, FCS2007-45, FCS2010-10, FCS2011-34 and PFC2014-0847

Purpose: To fund information technology projects, fibre optics projects; and lifecycle replacement of City hardware and software.

Conditions: The reserve will be used to fund systems costing $50 or more. Per FCS2011-34, the target balance for the lifecycle portion of the reserve is equal to two times the average annual capital spending for replacement desktops, laptops and printers.

Restrictions: Funds are to be used as per purpose.

Funding Sources: Initial funding – 1996 Operations

Future funding – replenished on an ongoing basis by annual operating budget contributions, PC replacement contributions, telecommunication projects and proceeds from sales of replaced computer equipment.

Investment income: _x_ yes ___ no

Related Budget Programs: Capital Programs: #803 IT Development Projects

#741 Information Technology Infrastructure

#751 Fibre Network

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	18,658	18,189	15,867	15,156	16,322
Investment income	211	209	155	117	92
Net contribution from operations	13,577	10,499	9,849	8,933	8,747
Contribution to capital	(11,700)	(10,239)	(7,682)	(8,339)	(10,605)
Transfer from Reserve for Future Capital (1)	-	-	-	-	600
Closing balance	20,746	18,658	18,189	15,867	15,156

(1) Transfer from City Clerks to IT to fund Election and Census System re-development.

Source Contacts: **Business Unit – Information Technology**
Financial Leads – M. Moroz, Finance Lead; T. Nguyen, Finance Manager
Operational Lead – H. Reed-Fenske, Chief Information Technology Officer

Review Schedule: Last Review: 2014 Next Review: 2017

LED Street Light Re-Lamping Reserve

(formerly LED Traffic Signal Display Re-Lamping Reserve)
Capital Reserve ($000s)

$ 5,688
(2016)

Authorization: TTP2002-44, PFC2012-0606 and PFC2015-0917

Purpose: To help finance initial capital expenditures for streetlight Light Emitting Diode (LED) units and future lifecycle replacement of streetlights.

Conditions: Funds are to be used as per the purpose outlined above.

Restrictions: Funds are to be used as per the purpose outlined above.

Related Budget Programs:
Operating Program: #132 Roads

Capital Programs: #128-131 Traffic Signals-LED Relamp
#128-100 LED Streetlights

Funding Source: Annual operating contribution based on energy savings as a result of the streetlight LED replacement program.

Investment income: ___ yes _x_ no

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	5,528	5,816	5,622	5,666	4,963
Contribution from operations	1,750	1,466	697	703	703
Contribution to capital	(1,590)	(1,754)	(503)	(747)	-
Closing balance	5,688	5,528	5,816	5,622	5,666

Source Contact: **Business Unit – Roads**
Financial Lead – L. Wong, Finance Lead
Operational Lead – R. Seera, Traffic Operations Manager

Review Schedule: Last Review: 2015 Next Review: 2018

Legacy Parks Reserve

Capital Reserve ($000s)

$ 10,558
(2016)

Authorization: LPC2003-17, NM2003-36, NM2003-40, C2003-67, C2006-62, NM2007-35, C2008-76, LPC2008-02, CPS2009-36, M2010-08, NM2012-05, LPC2012-0809, LPC2013-0428, LPC2014-0172, LPC2014-0823 and LPC2016-0626

Purpose: To create new park space and enhance existing parks for the benefit of Calgarians, now and in the future.

Conditions: Allocation of funds are as follows:

- $30,000 to fund the purchase and development of lands to comprise three new regional parks.
- $20,000 to fund upgrading and/or development of parks within The City limits.
- Per C2006-62, Council approved an additional $10,400 to fund the purchase of Bearspaw District.
- Per LPC2008-02, Council approved an additional $75,000 of new funding to fund Legacy Parks projects.
- Per CPS 2009-36, reallocated $7,000 of funds from Legacy to Devonian Gardens Redevelopment.
- Per NM2012-05, Council approved $75,000 of new funding to fund Legacy Parks projects.
- Per LPC2012-0809 Council approved $200 one-time operating budget from 2013 to 2017 for Parks Foundation Calgary funded by the Legacy Parks Reserve.
- Per LPC2014-0823 Council approved specific projects to be funded by $75,000 from NM2012-05.
- Per LPC2016-0626, the Legacy projects underway were reprioritized and strategically phased and high priority projects were identified.

Restrictions: Funds are to be used as per purpose outlined above.

Related Budget Programs: Capital Programs: #499 Legacy Parks
#500 Parks and Natural Areas

Funding Sources: As per NM2007-35, ENMAX dividends in excess of $35,000 (to fiscal year end 2012).

C2008-76 changed the funding to ENMAX dividends in excess of $43,000. As per NM2012-05, ENMAX dividend in excess of $47,000 be directed to ENMAX Legacy Parks fund for the next approximately 5 years, with the exception of 50% of any excess dividend, to a maximum of $20,000, be set aside in a new reserve as a contingency fund for any shortfall in the ENMAX dividends below $47,000.

Investment income: _x_ yes ___ no

Special Reporting Requirements: Per LPC2013-0428, The Legacy Parks Fund Steering Committee reports directly to Council annually through the SPC on Community Services.

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	18,450	23,033	19,738	13,332	19,738
Contributions from operations	-	4,950	6,150	9,900	8,700
Investment income	335	449	435	287	234
Contributions to capital	(11,107)	(9,982)	(3,290)	(3,781)	(5,297)
Contribution from Reserve for Future Capital	2,880	-	-	-	-
Closing balance	10,558	18,450	23,033	19,738	23,375

Source Contact: **Business Unit – Calgary Parks**
Financial Lead – T. LePrieur, Finance Lead
Operational Lead – D. Marter, Manager, Capital Development

Review Schedule: Last Review: 2016 Next Review: 2019

Lifecycle Maintenance and Upgrade Reserve

Capital Reserve ($000s)

$ 116,122
(2016)

Authorization: C2002-082, FCS2006-042, FCS2008-028, FCS2011-34, M2012-0828 and PFC2014-847

Purpose: The Lifecycle Maintenance and Upgrade Reserve (LMUR) was established to maintain and upgrade capital assets (C2002-082).

Conditions: Funds are to be used as per purpose outlined above.

Restrictions:

1. Funds are to be used as per purpose outlined above.
2. Net proceeds from sale of surplus fire capital assets and future funds received from Alberta Health Services (AHS) are to be used exclusively for fire protective equipment (FCS2011-034).
3. Net proceeds from the sale of surplus transit capital assets are to be used exclusively for transit capital purchases (FCS2011-034).
4. Funds of the Additional Tax Room to be used as per Council approval (M2012-0828).

Funding Sources: Funding Sources include:

- 2.6% of annual property taxes (FCS2008-28);
- $10,000/yr from Debt Servicing Reserve (FCS2008-028), provided no new tax-supported debt is issued and funds are not required for the interest payments for MSI related bridge financing;
- The Debt Servicing Reserve be reviewed annually and any available funding not committed for tax supported debt will be transferred to the LMUR (FCS2006-042);
- Net proceeds from sale of surplus transit and fire assets, and funds received from AHS (FCS2011-34);
- Additional Tax Room funds (M2012-0828 and C2013-0330);
- Transfer of $475 in 2014 from City Clerk Operating Budget to LMUR to fund capital projects (C2014-0608).

Investment income: ___ yes _x_ no

Related Budget Programs:

Operating Program: #840 Capital Financing Costs.

Capital Programs: Capital programs in various business units

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	149,391	97,251	125,729	102,075	92,205
Contributions from operations	42,031	37,859	36,071	33,051	29,552
Contributions from Debt Servicing Reserve	17,879	14,528	11,710	10,000	10,000
Contributions from Property Tax Room (1)	62,345	62,346	10,231	62,346	10,231
Contributions to capital	(158,445)	(62,979)	(87,558)	(81,830)	(38,545)
Transfer to Budget Savings Account	-	(150)	-	-	-
Transfer from Misc Capital - Fire (2)	1,940	393	151	12	120
Transfer (to) from Misc Capital - Transit (2)	981	143	917	75	(1,488)
Closing balance (3)	116,122	149,391	97,251	125,729	102,075

(1) As per report M2012-0828 and C2013-0330, the Additional Tax Room funds are transferred to the LMUR annually.
(2) As per report FCS2011-34, the Misc Capital Fire and Transit reserves are transferred into the LMUR.
(3) Committed amounts included in the closing balance total $46,616 for future projects.

Source Contact: **Business Unit – Finance**
Financial and Operational – K. Hapke, Budget Officer

Review Schedule: Last Review: 2014 Next Review: 2017

Parking Land Acquisition Reserve

Capital Reserve ($000s)

$ 40,772
(2016)

Authorization: LPT2006-13, C2008-61, LAS2009-45, FCS2007-26, PFC2012-0606, C2013-0509, TT2013-0124, and TT2016-0204

Purpose: Enable Calgary Parking Authority to access the funds to support lifecycle requirements for existing cash-in-lieu parking facilities.

Council approved the following special purposes:

1. Allocate $500 in 2013 and $4,000 in 2014 from this reserve to Roads Program #127 to be used for Hillhurst/Sunnyside Transit Oriented Development project in Investing in Mobility.
2. Allocate $100 in 2013 from this reserve to Roads Program #127 to be used as seed money for the Catherine Avenue Woonerf project to facilitate further design and cost estimates, conduct engagement and address land issues.

Conditions: As per purpose.

Restrictions: Funds are to be used as per the purpose outlined above.

Funding Sources: An annual allocation from monies received by The City from the Calgary Parking Authority to a cash-in-lieu of parking land acquisition fund. This allocation will be $500 per annum commencing in 2007 as well as any Calgary Parking Authority revenues received by the City in excess of budgeted levels plus any associated investment income earned on fund balances.

Investment income: _x_ yes ___ no

Related Budget Programs: Capital Programs: #851 Future Downtown Infrastructure Land
#127-140 Various Street Improvements

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	38,215	32,657	24,688	24,688	12,801
Contributions from Calgary Parking Authority	3,876	5,928	7,639	4,276	6,907
Contributions to capital financing	(4,636)	(1,180)	(248)	-	-
Contribution from Revolving Fund for General Land Purchases (1)	2,441	-	-	-	-
Investment income allocation	876	810	578	421	283
Closing balance	40,772	38,215	32,657	29,385	19,991

(1) Per C2008-61, this transfer was to purchase the portion of land not utilized by the District Energy Plant.

Source Contacts: **Business Unit – Calgary Transit & Transportation Infrastructure**
Finance Lead – T. Johnson, Finance Lead

Business Unit – Transportation Planning
Operational Lead – C. Blaschuk, Manager, Transportation Strategy

Review Schedule: Last Review: 2015 Next Review: 2018

Reserve for Future Capital (RFC)

$ 327,014

Capital Reserve ($000s) (2016)

Authorization: C85-66, C96-15, FCS2004-62, FCS2008-28, FCS2010-27 and FCS2011-34.

Purpose:
1. To fund various capital projects as per Council approval;
2. To hold Pay-As-You-Go (PAYG) funding which helps to pay for City maintenance and upgrade projects;
3. To hold contingency funds (for unforeseen projects or new emergency needs).

Conditions: A target balance for contingency purposes is 10% of previous year's capital spending less Municipal Sustainability Initiative (MSI) and less self-funded capital projects (FCS2011-034).

Restrictions:
1. Funds are to be used as per purpose outlined above.
2. Facility Management (FM, formerly Corporate Properties & Buildings) lease/sales revenue be reserved for corporate accommodation facilities and sites managed by FM (FCS2010-027).

Funding Sources: Funding sources include:
1. FM lease/sales revenue and space provision funds for new employees (FCS2010-027)
2. Franchise Fee amounts in excess of budget (FCS2004-62)
3. Contribution from Debt Servicing Reserve (DSR) for PAYG funding (up to $30,000 as of 2013)
4. PAYG funding from operation. Funding increase every 4-year planning period with population and non-residential construction inflation (FCS2008-028)
5. Transfer of Provincial Disaster Recovery reimbursement of 2013 Flood operating costs received to RFC to fund resiliency capital projects (C2014-0774)
6. Heritage Building Preservation fund, one-time $35 million allocation of 2014 operating surplus to restore and preserve city-owned heritage buildings (C2014-0863)
7. Other funding sources as directed by Council.

Investment income: ___ yes _x_ no

Related Budget Programs:

Operating Programs: #840 Capital Financing Costs
#694 Facility Management

Capital Programs: Capital programs are identified in various business units

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	354,190	318,286	269,629	271,888	255,491
Net contribution from operations	62,726	80,575	155,979	78,539	89,713
Transfer from DSR	30,000	30,000	30,000	30,000	25,000
Contribution from Parking Authority	1,000	1,000	1,000	1,000	1,000
Contribution to capital financing	(119,402)	(74,171)	(136,822)	(107,225)	(94,981)
Contribution to debt prepayment	-	-	-	(3,073)	(2,835)
Contribution to Community Investment Reserve	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
Closing balance (1)	327,014	354,190	318,286	269,629	271,888
Represented By:					
Allocated					
Property owners' local improvement repayments	-	-	-	-	3,072
RFC Flow Through	119,683	122,247	96,791	26,231	15,758
Committed PAYG not spent	67,038	81,998	63,641	71,484	78,057
Committed RFC not spent	28,305	11,673	20,051	64,824	58,381
Unallocated					
RFC - contingency (2)	111,988	138,272	137,803	107,090	116,620
	327,014	354,190	318,286	269,629	271,888

(2) Committed amounts including in the closing balance net of 2017 and 2018 budgeted PAYG contributions is $200,164 ($132,266 for PAYG and $67,898 for RFC).

(3) Per FCS2011-34 the target balance for contingency purposes is 10% of previous year's capital less MSI and self-funded capital projects. As such the $111,988 includes $73,227 as the target contingency balance with the remaining $38,761 as unallocated.

Source Contact: **Business Unit – Finance**
Financial & Operational Lead – K. Ohlhauser, Budget Officer

Business Unit – Facility Management
Financial Lead – C. Myres, Finance Lead
Operational Lead – T. Hansen, Director

Review Schedule: Last Review: 2014 Next Review: 2017

Revolving Fund Reserve for General Land Purchases

$ 101,073

Capital Reserve (000's) (2016)

Authorized: Commissioners' Report FB98-43, LAS2008-173 and PFC2016-0796

Purpose: Land required for City use must often be purchased well in advance of construction, but the capital budget has funds only for projects commencing within the current four year budget cycle. The purpose of this reserve is to acquire land required for City use in a timely manner for projects beyond the four year budget cycle, improvements to city-owned land and program administration.

Conditions: As per purpose.

Restrictions: None

Funding Sources: Initial funding in 1998 was as follows:

- $5,306 from Real Estate Retained Earnings.
- $2,500 from non-transportation project funding from the $40,200 set aside for non-transportation capital projects in excess of the Envelope.

Ongoing funding:

- Income from existing net land leases. Revenue from existing leases may be routed to business units based on approval of business case to the Corporate Land Committee (CLC).
- Sales of general lands.
- Repayment of land purchases by business unit no later than year one of the next four year budget cycle or other alternate pay back arrangements as may be approved by CLC.

Investment income: _x_ yes ___ no

Related Budget Programs:

Operating Programs: #694 – Net General Lease Revenue
#488 – General Land Sales Revenue

Capital Program: #695 Land Acquisitions – Other Civic Departments

Special Reporting Requirements: Status update to Council on the Revolving Fund every two years with the Corporate Land Framework Report.

Reporting to SPC on Utilities and Corporate Services every four years on the status of current land holdings.

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening Balance	86,881	84,505	52,347	58,654	49,799
Investment Income	2,086	2,031	1,317	1,089	839
Contributions from land sales	32,854	29,394	35,869	12,711	6,177
Contributions from operations	7,720	1,048	1,739	2,181	2,401
Contributions (to)/from capital	(23,296)	(10,760)	(3,005)	(17,447)	3,510
Contributions to other reserves	(5,141)	(18,931)	-	(1,429)	(2,068)
Net transfers to restricted reserve (1)	(31)	(406)	(3,762)	(3,412)	(2,004)
Closing Balance	101,073	86,881	84,505	52,347	58,654

(1) Transfers to restricted reserves:
Funds are restricted sales of land sold to Calgary Municipal Land Corporation (CMLC) and Attainable Homes Calgary Corporation (AHCC). Sales set up as receivables. Receipt of funds will be the earlier of a) ten years from the advancement date, or b) in the event that CMLC/AHCC had disposed of the property, or any portion thereof, the date CMLC/AHCC receives proceeds of the sale to the third party. These funds are restricted until receipt of the funds from CMLC/AHCC is deposited. Total funds to be received equal $5,845.

Source Contacts: **Business Unit** – **Real Estate & Development Services**
Financial Lead – S. Thompson, Finance Lead
Operational Lead – J. Halfyard, Manager, Land & Asset Management

Review Schedule: Last Review: 2016 Next Review: 2019

TELUS Convention Centre Reserve

Externally Restricted Capital Reserve ($000s)

$ 242
(2016)

Authorization: C97-83 and C2000-70

Purpose: In 1985 the reserve was created to finance carpeting and other major replacement items with a useful life of five years or less. Commissioners' Report C97-83 amended the use of this reserve for capital purchases regardless of their useful life.

Conditions: In order to cover emergencies, a minimum balance of $200 must be maintained in the combination of this reserve and TELUS Convention Centre's operating reserve. C2000-70 approved the reduction in the minimum balance from $500 to $200.

Restrictions Expenditures are approved by the Calgary Convention Centre Authority.

Funding Sources: Annual contribution of $180 from City operations.

Investment income: ___ yes _x_ no

Related Budget Programs:

Operating Program: #449 Civic Partners, Convention Centre

Capital Program: #626 Calgary Convention Centre

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	213	253	200	200	200
Contributions from operations	180	180	180	180	180
Contributions to capital	(151)	(220)	(127)	(180)	(295)
Closing balance	242	213	253	200	85

Source Contacts: **Business Unit – Civic Partners**
Financial Lead – J. Salazar, Finance Lead
Operational Lead – L. Kerr, Manager, Partnership Management

Review Schedule: Last Review: 2016 Next Review: 2019

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Budget Savings Account Reserve

$ 130,103

Combined Operating and Capital Reserve ($000s) (2016)

Authorization: PFC2015-0181, PFC2015-0959, PFC2016-0081 and C2016-0544

Purpose: Regular Budget Savings Account (BSA): To encourage and provide incentives for business units to seek annual savings, innovation and efficiencies, within their operating and capital budgets, including, but not limited to the use of "savings accounts".

Community Economic Resiliency Fund (CERF) Budget Savings Account: As per Council directive, to set aside funding from Corporate surplus / intentional savings to Community Economic Resiliency Fund within the Budget Savings Account for initiatives that support Calgarians and local businesses affected by the challenging economic conditions in Calgary. The Community Economic Resiliency Fund provides the opportunity to respond to the needs of the community in three ways; citizens see the direct benefit of the fund through frozen fees for key City services, non-profits and business units are able to maintain service levels and meet the increasing demand through the emergency fund and can be used as a direct stimulus to the economy by investing in initiatives for economic development and affordable housing.

Conditions: As per purpose.

Restrictions: To remain responsive to current economic conditions The City will retain flexibility in the uses of these funds in the short-term.

Any savings generated by business units will fund the Budget Savings Account. Funds will be allocated 50% to initiatives at the business unit level and 50% to initiatives at the corporate level; or, at 100% to Corporate during economic downturns.

Any savings generated in Corporate Programs, unless as directed by Council, will be directed to the Fiscal Stability Reserve as per Council's current direction.

Funding Sources: Funding for the savings account will be generated by favorable budget variances identified by business units through the management of their operating and capital budgets, and by Corporate as directed by Council.

Capital funding sources are subject to restrictions which potentially limit the uses of any funds saved. Any potential capital savings identified would require disposition in a manner consistent with the terms and conditions of any governing policies or agreements.

Investment income: ___ yes _x_ no

Related Budget Programs: Operating Programs: All impacted City Business Units
Capital Programs: All impacted City Business Units

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening Balance	60,905	-	-	-	-
Contributions from operations (1)	24,246	30,313	-	-	-
Contributions from Op - CERF (2)	58,800	30,000	-	-	-
Contributions from capital (3)	3,392	592	-	-	-
Contributions to operations	(269)	-	-	-	-
Contributions to Op - CERF	(16,971)	-	-	-	-
Closing Balance	130,103	60,905	-	-	-
Breakdown of Closing Balance:					
Operating BSA (4)	54,290	30,313	-	-	-
Operating BSA - CERF (5)	71,829	30,000	-	-	-
Capital BSA	3,984	592	-	-	-
Closing Balance	130,103	60,905	-	-	-

(1) Operating savings from various business units.
(2) 2016: Contribution for Phased Tax Program, Calgary Neighborhood Emergency Resilience and freeze user fee for Transit, Recreation fee and Pet Service Fee.
2015: Contribution for Affordable Housing Initiative in the Community, Economic Development Initiative, Calgary Neighborhood Emergency Resilience and freeze user fee for Transit, Parks fee, Recreation fee and Pet Service Fee.
(3) Capital savings from various business units.
(4) Committed amount in the closing balance is $1,630 for Calgary Transit Fleet Reliability, Janitorial and Outside Maintenance and Rail System Communications.
(5) Committed amounts in the closing balance total $68,973 consisting of: $45,000 for Phased Tax Program, $3,500 for Economic Development Initiative, $6,673 for Affordable Housing Initiatives, $8,800 to freeze User Fees Increases and $5,000 for Calgary Neighborhoods Emergency Resilience.

Source Contacts: **Business Unit – Finance**
Financial Lead – J. Kwong, Finance Manager
Operational Lead – C. Male, City Treasurer

Review Schedule: Last Review: N/A Next Review: 2018

Community Sustainability Reserve

Combined Operating & Capital Reserve ($000s)

$ 2,123
(2016)

Authorization: CPS2008-39, C2008-76, CPS2009-06, FCS2009-26, FCS2010-28, PFC2013-0745 and PFC2016-0796

Purpose: The purpose of the Community Sustainability Reserve is to provide interim support to assist community organizations in need of short term assistance to address operational shortfalls, as determined by Calgary Neighbourhoods. This Reserve is intended to assist organizations so that they may continue to operate and meet the needs of their community, and/or the citizens of Calgary at large. Funding is available to provide financial support, and if applicable, resources such as consultation support, in order to maximize the capacity and sustainability of an organization to contribute to inspiring neighbourhoods. Funding is provided for:

a. Stabilization and redevelopment assistance to organizations that encounter unexpected financial circumstances or have been dealing with organizational or governance issues for more than a year.

b. Professional consulting services support to organizations in any area that may impact sustainability to deliver improved programs and services to citizens, whether in crisis or not.

Conditions: In order to qualify for funding, Community Associations and social recreational organizations must have an active lease or license of occupation with The City through the Community Association or Social Recreation Leasing Policy.

CSPS011 – Lease/License of Occupation to Community Organizations.

Qualifying organizations must agree to work with Administration to develop and implement recommendations resulting from professional reviews, where possible and reasonable.

The maximum funding amount for operational use is $200 over a 5 year period of time, and approved by the Director of Calgary Neighbourhoods. The maximum funding amount includes both stabilization and redevelopment assistance.

Restrictions: As per purpose and conditions.

Funding Sources: The Community Sustainability Reserve received a one-time transfer of $580 from the Lifecycle Assistance and Energy Reserve (CPS2008-39) for operating purposes and $3,000 from corporate in 2008 (C2008-76) for capital purposes. The purpose of the reserve was amended in 2016 so that the remaining reserve balance at Dec 31, 2015 of $2,270 could only be used for operational purposes. Funds can only be used for capital projects if the funds were approved prior to the 2016 reserve purpose amendment.

Investment income: __ yes _x_ no

Related Budget Programs: N/A

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	2,270	2,443	2,678	3,151	3,580
Contributions to operations	-	-	-	(473)	(429)
Transfer between reserves	(147)	(173)	(235)	-	-
Closing balance	2,123	2,270	2,443	2,678	3,151

Source Contacts: **Business Unit – Calgary Neighbourhoods**
Financial Lead – J. Salazar, Finance Lead
Operational Lead – J. Drucker, Manager, Neighbourhood Connections

Review Schedule: Last Review: 2016 Next Review: 2019

Calgary Building Services[1] (CBS) and Calgary Community Standards (CCS) – Business Licence Sustainment Reserve

Combined Operating & Capital Reserve ($000s)

$ 106,363
(2016)

Authorization: FB2003-49, C2005-60, C2005-68, FCS2005-33, FCS2006-37, FCS2007-45, LPT2008-67, LPT2011-30, PFC2013-0745 and PFC2016-0796.

Purpose: This reserve has two separate purposes:

1. The CBS Reserve will be used to manage fluctuations in the level of activity in the development and building industry, supporting CBS's plan to be a sustainable self-supporting business unit without requiring mill-rate support.

2. The Calgary Community Standards (Business Licence) Reserve will be used to stabilize the budget during fluctuations in the business sector to ensure consistent, sustainable, self-supporting customer and regulatory services.

The reserves will be used for the following:

a. Stabilize operating budgets
b. Fund one-time operating expenditures
c. Fund capital expenditures

Conditions:

1. Per report LPT2011-30 Council approved the recommendation to adjust the CBS Sustainment Reserve to a guideline maximum of $60,000. Should the fund exceed the guideline maximum, the excess would be used as a contribution from reserve to CBS operations in the following year to soften any required user fees increase.

2. The CCS (Business Licence) Reserve – as per purpose.

Restrictions: As per purpose and conditions.

Funding Sources:

1. The CBS Reserve is funded by annual CBS operating surplus as of 2003 and future years**.**

2. The CCS (Business Licence) Reserve is funded by Business Licence annual operating surplus as of 2014 and future years

   Investment income: _x_ yes __ no

[1] The name for the Development & Building Approvals business unit was changed to Inspections & Permit Services in 2014 due to reorganization and subsequently changes to Calgary Building Services in 2016.

Related Budget Programs:

Operating Programs: #004, Calgary Community Standards (formerly #004, Animal & Bylaw Services)
#611, Calgary Building Services (formerly #611, Inspections & Permit Services)

Capital Programs: #048, Calgary Community Standards, Bylaw Capital
#061, Capital Asset Acquisition
#063, Cash System Integration
#064, Working Space Initiatives
#065, Land Use Bylaw Implementation/Sustainment
#067, Business Technology Sustainment
#069, eService Portfolio

Special Reporting Requirements: None

Current Activity ($000s):

CBS Sustainment Reserve	**2016**	**2015**	**2014**	**2013**	**2012**
Opening balance	93,707	74,063	48,701	30,794	27,488
Investment income	2,131	2,056	1,351	826	682
Contributions from operations	10,158	23,492	27,927	20,080	6,826
Contributions to capital	(6,882)	(5,904)	(3,916)	(2,999)	(4,202)
Closing balance	99,114	93,707	74,063	48,701	30,794

CCS Sustainment Reserve	**2016**	**2015**	**2014**	**2013**	**2012**
Opening balance	4,701	2,184	-	-	-
Investment income	146	92	26	-	-
Contributions from operations	2,439	2,425	2,158	-	-
Contributions to capital	(37)	-	-	-	-
Closing balance	7,249	4,701	2,184	-	-

Total Closing Balance	106,363	98,408	76,247	48,701	30,794

Source Contacts:

Business Unit – Calgary Building Services
Financial Lead – M. Fung, Finance Lead
Operational Lead – K. Griffiths, Director

Business Unit – Calgary Community Standards
Financial Lead – G. Drall, Finance Lead
Operational Lead – R. Hinse, Acting Director

Review Schedule: Last Review: 2016 Next Review: 2019

Golf Course Levy Reserve

Combined Operating and Capital Reserve ($000s)

$ 1,712 (2016)

Authorization: CS91-64-02, FB92-64, FCS2004-22, FCS2011-13 and PFC2014-0847

Purpose: To finance golf course capital projects and to fund any Golf Course operating deficit.

Conditions: As per purpose.

Restrictions: Funds are to be used as per the purpose outlined above.

Funding Sources: Surcharge on all golf passes and green fees and additional surplus transferred from operations.

Investment income: _x_ yes ___ no

Related Budget Programs: Operating Program: #426 Recreation

Capital Program: #505 Golf Courses

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	1,126	529	327	148	111
User surcharges	147	161	183	166	-
Investment income	36	25	19	13	27
Contributions from operations	403	411	-	389	532
Contributions to capital	-	-	-	-	(30)
Debenture repayments	-	-	-	(389)	(492)
Closing balance	1,712	1,126	529	327	148

Source Contacts: **Business Unit – Calgary Recreation**
Financial Lead – J. Au, Finance Lead
Operational Lead – G. Steinraths, Manager, Golf Course Operations

Review Schedule: Last Review: 2014 Next Review: 2017

Livery Transport Services Sustainment Reserve

(formerly Livery Transport Services Reserve) **$ 3,737**
Combined Operating and Capital Reserve ($000s) (2016)

Authorization: FCS2004-22, FCS2010-10, PFC2013-0745 and PFC2016-0796. This reserve has been reported on annually since at least 1983.

Purpose: To stabilize livery fees and financing which would benefit the industry while achieving a balanced budget without tax rate support.

The reserve is used by Livery Transport Services to:
1. Stabilize the operating budget;
2. Fund one-time operating expenditures; and
3. Fund capital expenditures that directly support livery transport services

Conditions: As per purpose.

Restrictions: As per purpose.

Funding Sources: The Livery Transport Services' operating surpluses.

Investment income: _x_ yes __ no

Related Budget Programs: Operating Program: #004 Calgary Community Standards (LTS)

Capital Program: #048 Calgary Community Standards (Bylaw Capital)

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	4,076	4,539	3,722	3,127	2,633
Annual operating surplus (deficit)	(354)	(181)	901	668	910
Investment income	86	110	99	70	84
Contributions to capital	(71)	(392)	(183)	(143)	(500)
Closing balance	3,737	4,076	4,539	3,722	3,127

Source Contacts: **Business Unit – Calgary Community Standards**
Financial Lead – G. Drall, Finance Lead
Operational Lead – M. Halat, Manager, North and East Region

Review Schedule: Last Review: 2016 Next Review: 2019

Millican-Ogden Community Enhancement

Combined Operating & Capital Reserve ($000s)

$ 5
(2016)

Authorization: C2005-80, E2010-20 and PFC2015-0917

PFC2015-0917 recommended that the reserve be closed and funds transferred back to the Fiscal Stability Reserve should a plan not be approved by the community association by the end of 2016. If a plan is in place, then recommended that Council close the reserve by no later than 2017 December 31.

Purpose: The reserve will be used to fund local improvements to enhance the Millican-Ogden community as identified in the Millican-Ogden Area Redevelopment Implementation Plan. The identified local improvements including community entrance signs, park amenities, pedestrian crossing enhancements; parks revitalization, Community Read-a-Board and other community improvement projects will allow for the implementation of the social development policies and improvement plans set forth in the Community Plan to address existing issues and needs in Millican-Ogden.

Conditions: As per purpose

Restrictions: Funds are to be used as per the purpose and conditions outlined above.

Funding Sources: One time funding from the Fiscal Stability Reserve

Investment income: ___ yes _x_ no

Related Budget Programs: Operating Program: #612 Community Planning (Previously #616 Land Use Planning & Policy)

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	132	171	171	171	271
Transfers to operations	(127)	(39)	-	-	(100)
Closing balance	5	132	171	171	171

Source Contacts: **Business Unit – Community Planning**
Financial Lead – M. Fung, Finance Lead
Operational Lead – D. Hamilton, Director

Review Schedule: Last Review: 2015 Next Review: 2018

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Parks Endowment and Sustainment Reserve

Externally Restricted Combined Operating and Capital Reserve ($000s) **$ 3,118** (2016)

Authorization: FB95-75, PFC2013-0745 and MRER2014-06.

Purpose: This reserve is a temporary repository for contributions to the development and operations of City Parks from businesses, foundations, grants, individuals and internal revenues. The fund will be used to develop, enhance or maintain Parks operations specific to the funding agreements.

Conditions: As per purpose.

Restrictions: Endowment funds:

The City entered into various donation agreements with third parties that restricts the withdrawal of the principal of the donation and provides for the expenditure of investment income only. These donations were provided to The City for the ongoing maintenance and sustainment costs of specific named Parks sites. Investment income earned on these endowment funds is transferred to reduce budget requests based on an as needed basis to support the ongoing commitment of the sponsor for the sustainment of the site.

The three endowment funds are:

- Petro-Canada endowment - the investment income is available for maintenance/lifecycle of Wildland Parks; fund balance is $220 (2015 - $215),
- Variety Park Endowment Fund - the fund is available for the maintenance and lifecycle for the spray park features and infrastructure. Fund balance is $138 (2015 - $135),
- Olympic Plaza endowment - the fund is available for lifecycle maintenance and upgrades to Olympic Plaza. Fund balance is $138 (2015 - $135).

Other donation funds:

The City receives various donations, sponsorships and funds from third parties that restrict the use of these funds (both interest and principal) for the ongoing sustainment and education costs related to specific sites. Reserve funds are transferred to the budget of the specific named parks on an as needed basis to support the sustainment and/or the specific arrangement of the donation.

Donations funds consist of:

- Clearwater Land Exchange $476 (2015 - $0)
- Inglewood Bird Sanctuary Outdoor Learning Centre $323 (2015 - $400).
- Earl Grey Golf Club $290 (2015 - $282).
- First Capital Holdings Land Exchange 936-16 Ave SW $257 (2015 - $251).
- Weaselhead Land Exchange $189 (2015 - $0)
- Ogden Park upgrades $151 (2015 - $0)
- Borden Donation $112 (2015 - $110)
- Playfields $105 (2015 - $58)
- Birth Place Forest $101 (2015 - $98)
- Remaining balance $618 (2015 - $644) is made up of miscellaneous individual contributions under $100.

Funding Sources: Contributions/payments received from various parties.

Investment income: _x_ yes ___ no

Related Budget Programs:

Operating Program: #445 Parks

Capital Program: #500 Parks and Natural Areas

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	2,328	1,291	1,184	1,408	1,334
Investment income	61	44	29	28	31
Contributions from operations	603	931	686	455	403
Contributions to capital	(86)	(78)	(20)	-	-
Contributions to operations	(446)	(324)	(588)	(707)	(360)
Contributions between reserves	658	464	-	-	-
Closing balance	3,118	2,328	1,291	1,184	1,408

Source Contact: **Business Unit – Calgary Parks**
Financial Lead – T. LePrieur, Finance Lead
Operational Lead – N. Bernard, Manager; North and West Region; K. Parker, Manager, Strategic Services

Review Schedule: Last Review: 2016 Next Review: 2019

Perpetual Care of the Municipal Cemetery System Reserve

$ **15,905**

Combined Operating & Capital Reserve ($000s) (2016)

Authorization: CS96-59-02, CPS96-77, FCS2004-31, CPS2004-71 and PFC2016-0796

Purpose: To fund operational activities associated with the perpetual maintenance of municipal cemeteries. This reserve will allow for future perpetual care of the municipal cemetery system. Perpetual care includes mowing, trimming, irrigation and repair of graves, as well as general maintenance of the structures and buildings within the cemeteries.

Conditions: Beginning in 2005, the fund may be accessed to cover annual operating deficits, capital lifecycle maintenance and upgrades, and the costs of land acquisition and development associated with Municipal Cemeteries.

Restrictions: As per purpose and conditions.

Funding Sources: Forty percent (40%) of the funds received by The City from the sale of cemetery plots, mausoleum crypts, columbarium niches, grave monuments and cemetery products shall be deposited into the Fund.

Investment income: _x_ yes ___ no

Related Budget Programs:

Operating Program: #445 Parks

Capital Program: #504 Cemeteries

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	13,949	12,549	10,359	8,635	7,873
Investment income	347	335	258	193	186
Contributions from operations	2,551	2,663	3,180	2,416	1,746
Contributions to operations	(771)	(1,246)	(1,024)	(795)	(962)
Transfers to capital	(171)	(352)	(224)	(90)	(208)
Closing balance	15,905	13,949	12,549	10,359	8,635

Source Contacts: **Business Unit – Calgary Parks**
Financial Lead – T. LePrieur, Finance Lead
Operational Lead – N. Bernard, Manager, North and West Region

Review Schedule: Last Review: 2016 Next Review: 2019

Public Art Reserve

$ 5,105

Combined Operating & Capital Reserve ($000s) (2016)

Authorization: FCS2010-28, PFC2013-0745, PFC2014-254, ALT2014-0153, ALT2014-0909 and PFC2016-0796

Purpose: Per ALT2014-0909, the purpose of the Public Art Reserve is lifecycle and conservation, maintenance and programming, and pooling for iconic art pieces.

Conditions: As per purpose.

Restrictions: As per purpose and conditions.

Funding Sources: The annual amount transferred to the Public Art Reserve is approved by ALT before each multi-year budget cycle and is based on a calculation in accordance with the Corporate Public Art Policy.

Investment income: __ yes _x_ no

Related Budget Programs: Operating Program: #426 Recreation

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	4,093	3,272	2,607	1,885	156
Contributions from operations	26	-	-	15	39
Contributions to operations	(290)	(454)	(124)	-	(597)
Transfer between reserves	1,276	1,275	789	707	2,287
Closing balance	5,105	4,093	3,272	2,607	1,885

Source Contacts: **Business Unit – Calgary Recreation**
Financial Lead – J. Au, Finance Lead
Operational Lead – S. Iley, Manager, Arts and Culture

Review Schedule: Last Review: 2016 Next Review: 2019

Real Estate Services

$ 63,969

Combined Operating & Capital Reserve ($000s) (2016)

Authorization: FCS2010-10, PFC2012-0606, PFC 2013-0745 and PFC2014-0847

Purpose: To finance land acquisitions and development of land holdings to advance economic development and diversification objectives by ensuring an available supply of “shovel ready” industrial land through the development of industrial/business parks; and to advance achievement of other municipal objectives through land improvement of City owned Transit Oriented Development areas and other Council directed special projects.

Conditions: As per purpose.

Restrictions: Funds are to be used as per the purpose outlined above.

Funding Sources: Net proceeds of serviced land sales (Industrial, Business & Special projects), proceeds of intra-city debt (principal and interest) and proceeds from excess commissions. In 1994 (and all subsequent years) the portion reinvested in land inventory is reclassified to Equity in Land Inventory.

Investment income: ___ yes _x_ no

Related Budget Programs:

Operating Program: #488 Land Servicing & Housing

Capital Programs: #696 Commercial Land Developments;
#697 Land Developments;
#699 Land For Future Developments;
#703 Transit Oriented Development;
#704 School Sites;
#705 Mixed Use Redevelopment

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	68,396	97,664	80,552	76,122	78,809
Contributions from operations for land sales	3,795	1,928	35,054	6,923	9,228
Contributions (to)/from operations	3,404	(15,991)	8,085	(1,612)	(5,632)
Transfer between reserves (1)	1,746	2,802	2,233	3,714	5,267
Investment income	145	148	96	92	114
Contributions to capital financing	(13,517)	(18,155)	(28,356)	(4,687)	(11,664)
Closing balance	63,969	68,396	97,664	80,552	76,122

(1) Transfer from other reserves:

2016: Received $1,571 from Corporate and $472 from the Revolving Fund Reserve for General Land Purchases servicing and repayment of pre-development expenses related to R.B. Benett School site. The balance also includes a transfer to Corporate Housing Reserve of ($297), equal to 5% of gross Industrial Sales.

2015: Received $2,296 from Corporate and $506 from the Revolving Fund Reserve for general land servicing and repayment of pre-development expenses related to R.B. Benett School site.

2014: Received $2,068 from Corporate and $103 from the Revolving Fund Reserve for general land servicing. The balance also includes $62 from Civic Partners for the redevelopment of Block 40.

2013: Received $2,527 from Corporate and $992 from the Revolving Fund Reserve for East Hills Debt interest and general land servicing. The balance also includes $195 from Civic Partners for the redevelopment of Block 40.

2012: Received $669 from the Revolving Fund Reserve for East Hills Debt interest and general land servicing. Received $2,274 from Corporate and $2,269 from Water Services. The balance also includes $4,091 from Civic Partnership (relating to the sale of library) for the redevelopment of Block 40 and ($4,036) for land exchange between Real Estate & Development Services & Facility Management.

Source Contact **Business Unit – Real Estate and Development Services**
Financial Lead – S. Thompson, Finance Lead
Operational Lead – C. Blash, Manager, Development Services

Review Schedule: Last Review: 2015 Next Review: 2018

Utility Sustainment Reserve

$ 133,033

Combined Operating & Capital Reserve ($000s) (2016)

Authorization: FCS2011-32 and PFC2013-0745

Purpose: This reserve has been set up to provide both an operating contingency to offset revenue fluctuations and to manage cash flow, ensuring funds are available to meet both operating and capital requirements, capital financing needs associated with capital expenditures.

Conditions: As per purpose.

Restrictions: A target balance for sustainment funds set at 10% of utility revenues.
Funds set aside for capital projects dependant on planned capital projects.

Funding Sources: Utility rate revenues at planned contributions levels and annual operating budget variances.

Portion of Acreage assessments to be spent in future years.

Investment income: _x_ yes ___ no

Related Budget Programs: Operating Program: #270 Utilities (Water Resources and Water Services)

Capital Programs: Various capital programs

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	83,257	49,153	44,076	52,226	18,982
Investment income	2,774	2,091	1,034	971	469
Contribution from operations	200,219	156,849	100,738	70,589	40,139
Contributions to capital financing	(151,428)	(122,557)	(96,695)	(79,710)	(5,095)
Transfer from Fiscal Stability Reserve	310	-	-	-	-
Transfer to Real Estate Services Reserve	(2,099)	(2,279)	-	-	-
Closing balance	133,033	83,257	49,153	44,076	54,495

	2016	2015	2014	2013	2012
Sustainment Funds	14,462	6,889	5,008	4,467	3,676
Offsite Levy Funds	85,257	59,438	29,061	23,209	16,556
Future Year Capital Funds	33,314	16,930	15,084	16,400	31,994
Total Reserve	133,033	83,257	49,153	44,076	52,226

Source Contacts **Business Unit – Utilities**
Financial Lead – B. Jia, Finance Lead
Operational Leads – R. Spackman, Director, Water Resources; D. Limacher, Acting General Manager, Utilities and Environmental Protection

Review Schedule: Last Review: 2016 Next Review: 2019

Waste and Recycling Sustainment Reserve

Combined Operating & Capital Reserve ($000s)

$ 48,019
(2016)

Authorization: FCS2011-33, PFC2013-0745 and PFC2016-0796

Purpose: This reserve provides both an operating contingency to offset revenue fluctuations and to manage cash flow, by ensuring funds are available to meet both operating and capital requirements, capital financing needs associated with capital expenditures, as well as setting funds aside for the long-term landfill care and closure care landfill liability.

Conditions: As per purpose.

Restrictions: Funds are to be used as per the purpose outlined above.
A target balance for sustainment purposes of 10% of current year's annual revenues has to be maintained.

Funding Sources: User fees and annual operating budget variances generated from self-supported programs.

Investment income: _x_ yes ___ no

Related Budget Programs:
Operating Program: #252 Waste & Recycling Services
Capital Programs: #256 Landfill/Treatment Infrastructure
#257 Diversion Infrastructure
#258 Facilities & Equipment

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	48,809	41,968	33,808	41,911	58,162
Contributions from operations	5,809	12,951	23,330	21,463	19,386
Investment income	2,575	2,705	2,221	1,982	2,199
Contributions from other sources (PAYG)	-	-	1,295	445	1,760
Contributions to capital financing	(6,844)	(6,330)	(15,310)	(26,951)	(18,892)
Contributions to operations (Landfill Closure Liability & Fleet Business Model)	(2,330)	(2,485)	(2,773)	(4,600)	(20,500)
Transfer to Public Art Reserve	-	-	(603)	(442)	(204)
Closing balance	48,019	48,809	41,968	33,808	41,911
Funds set aside for Sustainment purposes	8,947	9,660	10,278	9,657	8,804
Diversion	18,323	16,103	15,054	16,426	20,355
Landfill	338	7,271	6,002	1,185	6,294
Cash Requirement for Future Year Capital	20,411	15,775	10,634	6,540	6,458
Closing balance	48,019	48,809	41,968	33,808	41,911

Source Contacts: **Business Unit – Waste & Recycling Services**
Financial Lead – L. Peng, Finance Lead
Operational Lead – R. Valdarchi, Director

Review Schedule: Last Review: 2016 Next Review: 2019

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LONG TERM LIABILITIES

Capital Deposits

Employee Benefit Obligations

Acreage Assessments

$ 402,170

Capital Deposit ($000s) (2016)

Purpose: To finance capital only, as authorized through Council approval of capital budgets. The funds are normally utilized as soon as possible after receipt. There is no obligation for specific project spending for Water Resources and Water Services, since underground and utility works are completed before commencement of site development. For Roads, The City's only obligation is to provide the services for future Road projects. For Fire, the funds are intended for fire infrastructure projects for new growth areas only. For Civic Partners, Recreation and Parks, the funds are intended to cover the capital construction, servicing and land costs of recreation facilities, and the New Central Library costs. The funds are intended for infrastructure projects for new growth areas only.

Conditions: Budget programs:

- Funds are to be used in capital financing.

Restrictions: Third party agreements:

- Obligation to provide capital in the future.

Funding Sources: Under the terms of development agreements, an assessment per acre is levied for expressways and freeways, and for drainage mains and trunks to service new areas. Charges are also levied for storm redevelopment in older areas and for emergency response stations, recreation facilities, and libraries to serve new development. Prior to 2001, acreage assessments were also collected for Waterworks and Wastewater.

Investment Income Treatment:

- Transportation Units – investment income is added to the capital deposit balance.
- Water Resources and Water Services, Fire, Parks, Recreation and Civic Partners, Calgary Police Services, Calgary Approvals Coordination – investment income is not added to the capital deposit balance.

Related Budget Programs: Various programs

Special Reporting Requirements: None

Current Balances: ($000s)

	2016	2015 (Restated)	2014	2013	2012
Water Resources and Services	7,904	7,576	30,246	24,671	22,123
Roads	6,207	5,301	4,404	3,380	1,450
Transit	19,613	17,631	14,889	13,680	15,007
Parks & Recreation	83,331	80,287	58,478	85,775	80,471
Transportation Infrastructure	222,342	183,060	157,876	141,553	138,387
Civic Partners	19,603	19,495	16,453	14,092	11,993
Calgary Approvals Coordination	86	-	-	-	-
Fire	61,004	50,375	45,104	38,298	41,640
Calgary Police Services	30,899	24,986	21,233	18,251	15,863
Community & Neighbourhood Services	-	-	30,746	-	-
Interdepartmental charge elimination	(48,819)	(49,702)	(37,740)	(23,214)	(22,432)
Total	402,170	339,009	341,689	316,486	304,502

Source Contacts:

Business Unit:	**Financial Leads:**
Water Resources and Services	B. Jia, Finance Lead
Roads	L.Wong, Finance Lead
Transit and Transportation Infrastructure	T. Johnson, Finance Lead
Parks	T. Le Prieur, Finance Lead
Recreation	J. Au, Finance Lead
Civic Partners	J. Salazar, Finance Lead
Calgary Approvals Coordination	E. Coyle, Finance Lead
Fire	A. Szaflarski, Finance Lead
Calgary Police Services	B. Hutchins, Finance Manager
Calgary Neighbourhoods	J. Salazar, Finance Lead

Alberta Municipal Infrastructure Program (AMIP) Agreement

Capital Deposit ($000s) **$ -** (2016)

Purpose: The Province of Alberta, through the AMIP, provides financial assistance to municipalities for Core Capital Infrastructure projects to maintain or enhance economic, social and cultural opportunity and well being, while protecting and improving the quality of the environment.

Conditions: City Council and the Minister of Infrastructure and Transportation must approve the projects. All AMIP eligible projects should be completed and AMIP fund available has to be spent by December 31, 2015. The fund is now fully expended.

Restrictions: Projects must be deemed eligible as described in the AMIP Memorandum of Agreement dated 2005 May 4th signed by the Minister of Infrastructure and Transportation and the Mayor of The City.

Funding Sources: The AMIP is a per capita funding program. The City has received $905,000 over the five year period starting in 2005 and ending in 2009/2010.

Investment income: _x_ yes ___ no

Related Budget Programs: Capital Programs throughout The City

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	-	11,699	25,969	45,351	105,402
Contributions from Province	-	-	-	-	-
Investment income	-	155	475	770	1,253
Contributions to capital	-	(11,854)	(14,745)	(20,152)	(61,304)
Closing balance	-	-	11,699	25,969	45,351

Source Contacts: **Business Unit – Corporate Revenue & Costs**
Financial and Operational Lead – C. Fung, Corporate Finance Lead

Cash in Lieu of Parking Fund

$ 15,098

Capital Deposit ($000s) (2016)

Purpose: To provide parking structures or acquire land for parking.

Conditions: The deposits, including interest, are refundable if the developer subsequently provides the parking facilities.

Restrictions: Third party agreements:
- Obligation to use the funds for construction of parking facilities or land acquisitions outside the central business district.

Funding Sources: Cash payments received by the Calgary Parking Authority, under terms of development agreements, in lieu of the developer providing sufficient parking stalls.

Investment income: _x_ yes ___ no

Related Budget Programs:
Operating Program: #104 Calgary Parking Authority
Capital Program: #106 Calgary Parking Authority

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	14,697	8,882	5,783	5,219	4,004
Contributions from developers (1)	-	5,501	2,858	397	982
Investment income	401	314	241	167	233
Closing balance	15,098	14,697	8,882	5,783	5,219

(1) Contributions from developers:
2016: No new deposits.
2015: New deposit in 2015 a) HSBC (apartment building 326 units 100-124 7th Ave SW) 128 stalls in lieu of commercial parking ($5,081), b) N3 Condos Development, cash-in-lieu of residential visitor parking $420 lump-sum. Will be used in East Village new parkade construction.
2014: New deposit in 2014 a) Widewaters Group Inc. 43 stalls at the downtown rate $39.7 obligation of release of development permit ($1,707), DP2012=5376 711-4 St NE, b) Genco Holdings Ltd. 29 stalls at the downtown rate $39.7 obligation of release of development permit ($1,151). DP2012-3832 634-6 Ave SW (downtown business district offices, retail store).
2013: New deposit in 2013 for La Caille Sixth Avenue Inc. 10 stalls at the downtown rate $39.7 obligation of release of development permit ($397).
2012: New deposit in 2012 for Eighth Avenue Place – tower 2 new floors DP2011-3444. Received in January 2012 from Haines Canada Management Company (Marten Rhead, Gibbs Gage). Payment for cash-in-lieu of parking equivalent for 27 stalls at the downtown rate $36.36 obligation of release of development permit.

Source Contacts: **Related Authority – Calgary Parking Authority**
Financial Lead – J. Hackett, Controller
Operational Lead – M. Derbyshire, General Manager

Eau Claire Improvement Fund

$ 829

Capital Deposit ($000s) (2016)

Purpose: To provide capital funds for upgraded street level improvements in the Eau Claire community.

Conditions: The fund is for improvements to public lands and for public benefits only. The Executive Office must approve expenditures.

Restrictions: Third party agreements:
- Obligation to provide capital in the future.

Funding Sources: All commercial development that requires a density bonus in Land Use Districts 20Z95, 21Z95, 22Z95 and 54Z95. Special contributions from the 'C' and 'B' blocks are also made to the fund prior to release of a Development Plan for these blocks.

Investment income: _x_ yes ___ no

Related Budget Programs: Capital Programs: #616, City Centre Initiatives

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	2,296	931	975	955	934
Investment income	33	42	21	20	21
Contributions from operations	-	1,333	-	-	-
Financing capital projects	(1,500)	(10)	(65)	-	-
Closing balance	829	2,296	931	975	955

Source Contacts: **Business Unit – Community Planning**
Financial Lead – M. Fung, Finance Lead
Operational Lead – B. Barrington, Program Manager

Federal Gas Tax Fund

$ 76,132

Capital Deposit ($000s) (2016)

Purpose: The Federal Gas Tax Fund (formerly known as New Deal for cities and communities) is a program sponsored by the Federal Government commencing in 2005 to assist municipalities in addressing their sustainable municipal capital infrastructure needs. The program is supported through the allocation to Alberta Municipalities of a portion of the federal gasoline tax. Funding under this program is subject to the province receiving the funding from the federal government.

Conditions: City Council and the Minister of Infrastructure and Transportation must approve the projects.

Restrictions: Projects must be deemed eligible as described in the Memorandum of Agreement dated 2005 June 30th signed by the Minister of Infrastructure and Transportation and the Mayor of The City. Subsequently, this agreement was revised in October 2014 and signed by Minister of Municipal Affairs and the Mayor of The City.

Funding Sources: In the Federal Government's Budget 2008 document, the Gas Tax Fund was made a permanent measure to allow municipalities to better plan and finance their long-term infrastructure needs. Starting 2014 a new funding agreement with more flexible eligibility criteria was put in place.

Investment income: _x_ yes ___no

Related Budget Programs: Capital Programs throughout The City

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	67,079	-	32,769	44,377	25,658
Contribution from federal government	66,362	125,128	-	59,378	79,555
Investment income	1,486	1,288	221	785	833
Contributions to capital	(58,795)	(59,337)	(32,990)	(71,771)	(61,669)
Closing balance	76,132	67,079	-	32,769	44,377

Source Contacts: **Business Unit – Corporate Revenue & Costs**
Financial and Operational Lead – C. Fung, Corporate Finance Lead

Basic Municipal Transportation Grant

$ -

Capital Deposit ($000s) (2016)

Purpose: To establish a 'City Transportation Fund' to finance eligible expenditures incurred or to be incurred on Capital Transportation Projects under the Transportation Infrastructure Investment Program (TIIP). Effective April 1, 2014 the Basic Municipal Transportation Grant (BMTG) is combined with Municipal Sustainability Initiative (MSI) and the purpose of the grant is the same as the MSI. The BMTG under the previous agreement is fully expended and will be reported as part of MSI.

Conditions: City Council and the Alberta Municipal Affairs must approve projects.

Restrictions: Projects must be deemed eligible as described in the Memorandum of Agreement dated March 13, 2000 signed by the Minister of Infrastructure and the Executive Officer of The City.

Funding Sources: The City's BMTG allocation by the Province of Alberta is calculated based on The City's share being 55% of 43% of the prior year's provincial taxable fuel sales volumes at 5 cents per litre as per provincial fuel deliveries provided by Alberta Treasury Board and Finance.

Investment income: _x_ yes ___ no

Related Budget Programs: Capital Programs throughout The City

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	8,817	259,873	134,742	131,561	105,839
Contributions from Province	-	-	192,415	106,900	90,000
Investment income	-	3,989	4,793	3,636	2,943
Contributions to capital	(8,762)	(131,645)	(72,077)	(107,355)	(67,221)
Contributions other sources	(55)	(123,400)	-	-	-
Closing balance	-	8,817	259,873	134,742	131,561

Source Contacts: **Business Unit – Corporate Revenue & Costs**
Financial and Operational Lead – C. Fung, Corporate Finance Lead

Infrastructure Canada – Alberta Program (ICAP)

Capital Deposit ($000s)

$ -
(2016)

Purpose: To improve urban municipal infrastructure. The ICAP objectives include improving Canadians' quality of life through investments that enhance the quality of Canada's environment, support long-term economic growth, improve community infrastructure and build infrastructure through best technologies, new approaches and best practices.

Conditions: The program's first priority is Green Municipal Infrastructure, such as water and wastewater systems, water management, and solid waste management. Secondary priorities include infrastructure supporting local transportation, culture and recreation, tourism, high speed internet access for local public institutions and affordable housing.

Restrictions: All projects must meet the program requirements. Interest earned on the provincial contributions can only be used for transportation projects and must be approved by the Minister of Alberta Transportation.

Funding Sources: Cost sharing arrangement between Infrastructure Canada (Federal Government, Province of Alberta and The City). The Province prepaid their 1/3 share in 2001.

Investment income: __ yes _x_ no

Related Budget Programs: Various Programs throughout number of business units.

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	-	173	173	173	173
Contributions from:					
Provincial government	-	-	-	-	-
Federal government	-	-	-	-	-
Investment income	-	-	-	-	-
Contributions to capital	-	(173)	-	-	-
Transferred to other BU	-	-	-	-	-
Closing balance	-	-	173	173	173

Source Contacts: **Business Unit – Roads**
Financial Lead - L. Wong, Finance Lead
Operational Lead - T. McLeod, Director

Miscellaneous Capital Deposits

$ 241,435

Capital Deposit ($000s) (2016)

Purpose: To finance capital only, as authorized through Council approval of capital budgets.

Conditions: Under City policy, a prepayment (deposit) may be requested from third parties before provision of services (including water and sewer connections, sidewalks, paving, grading and gravelling).

Portions of Roads, Transit, Water Resources and Water Services, Fire, Parks, Recreation, Civic Partners, Environmental Safety Management and Facility Management deposit balances constitute unused Provincial/Federal capital grant funds that are to be spent on a cost-shared basis.

The deposits are refundable if the projects for which they were designated are not undertaken. The City may have an obligation to pay interest on any deposits refunded.

Restrictions: Third party agreements: Obligation to undertake specific capital projects or deposits must be refunded.

Funding Sources: A prepayment (deposit) by third parties in provision of services (including water and sewer connections, sidewalks, paving, grading and gravelling); and portions of Roads, Transit, and Water Resources and Water Services, Fire, Parks, Recreation, Civic Partners, Environmental Safety Management and Facility Management deposit balances constitute unused Provincial/Federal capital grant funds that are to be spent on a cost-shared basis.

Investment income:
Units with no Investment Income Allocation: Calgary Growth Strategies (formerly CPI/DBA), Calgary Approvals Coordination, Parks, Recreation, Fire, Calgary Community Standards (formerly PSC), Facility Management (formerly Corporate Properties), Corporate Analytics & Innovation (formerly Infrastructure and Information Services), Environmental and Safety Management.

Units with an Investment Income Allocation: Community Planning (formerly LPI), Urban Strategy, Calgary Transit, Transportation Infrastructure, Roads, Water Resources and Water Services,

Related Budget Programs: Various Programs

Special Reporting Requirements: None

Current Balances ($000s):

	2016	2015 (Restated)	2014	2013	2012
Roads	53,474	53,282	49,743	51,445	43,130
Transit	9,046	9,146	9,555	10,014	6,530
Community Planning (1)	3,744	13,291	9,801	10,886	9,310
Urban Strategy	9,698	-	-	-	-
Calgary Growth Strategies (2)	-	1,808	5,678	5,371	4,921
Calgary Approvals Coordination	5,085	-	-	-	-
Transportation Infrastructure	51,915	26,155	22,092	22,059	19,716
Corporate Analytics & Innovation	322	322	436	609	609
Parks & Recreation	42,559	55,338	48,232	39,777	40,776
Water Resources & Water Services	5,158	5,092	4,268	4,578	4,802
Facility Management	173	173	173	173	273
Environmental and Safety Management	-	272	2,000	2,000	2,000
Corp Revenue and Costs	54,416	35,601	33,940	112,665	-
Fire & CCS	9,350	9,276	8,266	6,791	5,309
Community & Neighbourhood Services	-	-	1,035	1,000	-
Interdepartmental Charge Elimination	(8,914)	(9,329)	(9,810)	(10,410)	(8,920)
	236,026	200,427	185,409	256,958	128,456
Related Authorities:					
Calgary Housing Company	5,409	9,259	9,614	9,614	9,614
Calgary Arts Development Authority Ltd.	-	-	6	1,358	-
Calgary Economic Development Ltd.	-	-	5,037	-	-
	5,409	9,259	14,657	10,972	9,614
Closing balance	241,435	209,686	200,066	267,930	138,070

(1) As a result of the PDA re-organization that occurred in 2016, Local Area Planning & Implementation was dissolved and all balances prior to 2016 related to Local Area Planning & Implementation was transferred to Community Planning.
(2) As a result of the PDA re-organization that occurred in 2016, City Wide Policy & Integration was dissolved and all balances prior to 2016 related to City Wide Policy & Integration was transferred to Calgary Growth Strategies.

Source Contacts:

Business Unit:	**Financial Leads:**
Roads	L.Wong, Finance Lead
Transit and Transportation Infrastructure	T. Johnson, Finance Lead
Community Planning and Urban Strategies	M. Fung, Finance Lead
Calgary Growth Strategies and Calgary Approvals Coordination	E. Coyle, Finance Lead E. Jarvo, Finance Lead
Corporate Analytics & Innovation	
Parks & Recreation	T. Le Prieur, Finance Lead, Parks J. Au, Finance Lead, Recreation and S. MacFayden, Finance Manager, CS
Water Resources and Services	B. Jia, Finance Lead
Facility Management	C. Myres, Finance Lead
Environmental and Safety Management	F. Tse, Finance Lead
Corporate Revenue and Costs	C. Fung, Corporate Finance Lead
Fire & Calgary Community Standards	A. Szaflarski, Finance Lead G. Drall, Finance Lead
Calgary Neighbourhoods	J. Salazar, Finance Lead

Municipal Sustainability Initiative (MSI)

$ 259,942

Capital Deposit ($000s) (2016)

Purpose: The Province of Alberta announced the MSI Program on April 24, 2007 as a ten year program to be phased in over four years. The Program provides municipalities with sustainable funding to assist them in meeting the challenges of growth and enhancing their long-term sustainability.

Conditions: City Council and the Minister of Municipal Affairs must approve the projects.

Restrictions: Capital projects must be deemed eligible as described in the MSI Capital Project Funding Program Guidelines (effective January 1, 2008) Schedule 1 and Revised Schedule as amended subsequently on June 3, 2014.

Operating Projects must be accepted by the Minister.

Funding Sources: Majority of the MSI funding is allocated by a formula incorporating: 48 per cent on a per capita basis; 48 per cent on education property tax requisitions and 4 per cent based on kilometres of local roads.

Investment income: _x_ yes ___ no

Related Budget Programs: Various Programs

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	362,375	99,264	132,973	4,387	1,698
Investment income	7,455	5,027	3,652	1,480	1,232
Contributions from other sources	-	283,400	100,000		
Contributions from Province	373,850	392,748	252,944	254,155	256,926
Debt repayment	(220,000)	(270,000)	(240,000)	-	-
Contributions to capital	(263,738)	(148,064)	(150,305)	(127,049)	(255,469)
Closing balance	259,942	362,375	99,264	132,973	4,387

Source Contacts: **Business Unit – Corporate Revenue & Costs**
Financial and Operational Lead – C. Fung, Corporate Finance Lead

Plus 15 Cash in Lieu Fund

Capital Deposit ($000s)

$ 24,665
(2016)

Purpose: To expand or improve the existing Plus 15 System.

Conditions: Capital budget:
- Expenditure approved through the capital budgeting process.
- Once received, the monies are not tied to any one location or project.
- Unless specifically stated in a Development Agreement, deposits are not refundable.

Restrictions: Third party agreements:
- Obligation to undertake Plus 15 construction in future.

Funding Sources: Monies received from developers paid, either in-lieu of the construction of a Plus 15 bridge, and/or as a direct contribution to the Fund required of all new developments by Bonus Standard A2(b) in the CM-2 Downtown Business District.

Interest is allocated to the Fund to ensure that inflation from rising construction costs does not undermine the ability of the Fund to expand the Plus15 System.

Investment income: _x_ yes ___ no

Related Budget Programs: Operating Program: #612 Community Planning (formerly #612 Local Area Planning & Implementation)

Capital Program: Various

Special Reporting Requirements: None

Current Activity ($000s):

	2016	2015	2014	2013	2012
Opening balance	24,364	23,999	22,937	22,884	24,624
Investment income	515	647	511	476	534
Transfer to Facility Management	(214)	(1,299)	(606)	(132)	(1,086)
Transfer to Capital P856/P656-03W	-	-	-	(3,268)	(1,199)
Contributions from operations	-	1,017	1,157	2,977	11
Closing balance	24,665	24,364	23,999	22,937	22,884

Source Contacts: **Business Unit – Community Planning**
Financial Lead – M. Fung, Finance Lead
Operational Lead – T. Matthias, Director

Defined Benefit Pension Plans (Registered & Non Registered)

$ 86,738

Employee Benefit Obligation Previously Funded and to be Funded in Future Years (2016)
($000s)

Purpose: Estimated liability for future pension plan benefits. The City has various pension plans earned by employees and expected to be provided to them when they are no longer in active service. These future benefits are estimated and accrued for existing employees as they are earned. The City's contributions are made in compliance with the funding requirements pursuant to the most recent actuarial valuation for funding purposes. The valuation is carried out by an independent actuary and is based on a number of demographic and economic assumptions. More information on each of these plans is available in Note 13 of the 2016 consolidated financial statements contained in The City's 2016 Annual Report.

Conditions: As per purpose.

Restrictions: Funds to be used for purpose as described above.

Funding Sources: Operating Budget Program 787, Employee Benefits.

Related Budget Programs: Operating Program: #787 Employee Benefits

Special Reporting Requirements: None

Current Balances ($000s):

	2016	2015	2014	2013	2012
Funded					
Registered defined benefit pension (1)	51,714	46,772	39,366	33,064	23,609
Non-reg. defined benefit pension (2)	35,024	32,118	28,787	26,809	20,081
Total	86,738	78,890	68,153	59,873	43,690

(1) Includes The Calgary Firefighters' Supplementary Pension Plan, The City of Calgary Supplementary Pension Plan, Pension Plan for Elected Officials of The City of Calgary and Calgary Police Supplementary Pension Plan.

(2) Includes the City of Calgary Overcap Pension Plans, The City of Calgary Executive Pension Plan and Supplementary Pension Plan for Elected Officials of The City of Calgary and individual contractual pension obligations.

Source Contacts: **Business Unit – Finance**
Financial Lead – C. Zimmer, Finance Leader, Pensions Finance
Operational Lead – C. An, Finance Manager, Corporate Financial Reporting

Funded Vacation and Overtime Liability

$ 217,074

Employee Benefit Obligation Previously Funded ($000s) (2016)

Purpose: Employee union and association agreements permit civic employees to defer a certain portion of their unused vacation and overtime to future years.

Conditions: This liability is recognized on the statement of financial position, with annual earned and deferred amounts being accrued to the current year's operating budget.

Restrictions: For purpose as described above.

Funding Sources: Operating Budget Program 787, Employee Benefits, City Business Units (for banked overtime), Calgary Police Service, and consolidated related authorities.

Related Budget Programs: Operating Budget Program 787, Employee Benefits, City Business Units (for banked overtime), Calgary Police Service, and consolidated related authorities.

Special Reporting Requirements: None

Current Balances ($000s):

	2016 (Note 1)	2015	2014	2013	2012
Deputy City Manager's Office	13,930	11,478	11,947	11,633	11,126
Chief Financial Office	24,801	23,387	21,339	21,239	20,902
Community Services	38,605	37,695	33,387	31,858	31,225
Corporate Administration	6,662	6,124	5,782	5,981	5,342
Planning & Development	8,474	8,289	7,312	8,141	7,865
Transportation	39,218	37,839	33,866	33,742	33,040
Utilities & Environmental Protection	25,526	25,007	22,734	21,809	20,235
Calgary Police Service	54,849	54,049	53,757	49,211	45,770
RAWW Days	671	594	1,951	2,018	1,938
	212,736	204,462	192,075	185,632	177,443
Related Authorities					
Calgary Parking Authority	887	682	472	491	531
Calgary Housing Company	1,813	1,723	1,567	1,510	1,362
Calgary TELUS Convention Centre	355	391	376	403	335
Calgary Municipal Land Corporation	61	45	28	31	25
Calgary Public Library	1,123	1,060	929	931	899
Attainable Homes Calgary Corporation	10	28	13	15	11
Calgary Economic Development Ltd.	89	89	91	82	82
	4,338	4,018	3,476	3,463	3,245
	217,074	208,480	195,551	189,095	180,688

Note 1: Current year figures have been categorized consistent with the re-organization that occurred in 2016. Prior year categorizations have been revised for comparability.

Source Contacts: **Business Unit – Finance**
Financial Lead – D. Christensen, Finance Leader, Benefits Finance
Operational Lead – C. An, Finance Manager, Corporate Financial Reporting

Other Retirement Benefits Liability

$ 176,341

Funded and to be Funded in Future Years ($000s) (2016)

Purpose: The City sponsors extended health, dental and life insurance benefits to qualifying retirees and their surviving spouses from the date of retirement to the age of 65. The City and the retirees share equally in the cost of benefits. The City also sponsors a non-contributory retiring allowance of up to seven (7) weeks of salary for qualifying retirees as well as supplementary compensation benefits. The liability is determined through actuarial valuations that are prepared at least once every three years as per section 3250 of Public Sector Accounting Standards (PSAS). Additional information is available in Note 13 of the 2016 consolidated financial statements contained in the City's 2016 Annual Report.

Conditions: As per purpose

Restrictions: Funds to be used for purpose as described above.

Funding Sources: Operating Budget Program 787, Employee Benefits

Related Budget Programs: Operating Program: #787 Employee Benefits

Special Reporting Requirements: None

Current Balances:

	2016	2015	2014	2013	2012
Post Retirement Benefits (funded)	176,341	167,879	160,036	149,941	137,514
	176,341	167,879	160,036	149,941	137,514

Source Contacts: **Business Unit – Finance**
Financial Lead – D. Christensen, Finance Leader, Benefits Finance
Operational Lead – C. An, Finance Manager, Corporate Financial Reporting

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SUPPLEMENTARY

SCHEDULES

2016 RESERVE SUPPLEMENTARY SCHEDULE

Note: Values may be slightly adjusted from values disclosed in individual reserve tables. These changes were made to facilitate balancing of the 2016 supplementary schedule.

	Operating/ Capital/ Sustainment	Jan.1/16 Opening Balance	Contribution To Operations	Contribution From Operations	Transfer to Capital Fund	Transfer Between Reserves	Corp financing (investment income)	Other	Dec. 31/16 Closing Balance
Community Strategies & Neighbourhood Services									
Children's Reserve Fund	o	(4,605)	17	-	-	-	(105)	-	**(4,693)**
Community Sustainability Reserve	s	(2,270)	-	-	-	147	-	-	**(2,123)**
FCSS Stabilization Fund	o	(5,704)	-	(2,605)	-	2,897	(92)	-	**(5,504)**
Fire & Public Safety Communication Centre									
911 Communications Centre Capital Financing Reser	c	(18,577)	-	(6,769)	1,205	-	-	-	**(24,141)**
Parks and Recreation									
Golf Course Levy Reserve	s	(1,126)	-	(550)	-	-	(36)	-	**(1,712)**
Legacy Parks Reserve	c	(18,450)	-	-	11,107	(2,880)	(335)	-	**(10,558)**
Artificial Turf Field Lifecycle Reserve	c	(2,221)	-	(908)	173	-	(59)	-	**(3,015)**
Community Investment Reserve	c	(152,379)	-	(50,919)	108,454	(1,500)	(5,860)	-	**(102,204)**
Parks Endowment and Sustainment Reserve	s	(2,328)	446	(603)	86	(658)	(61)	-	**(3,118)**
Perpetual Care of the Municipal Cemetery System R	s	(13,949)	771	(2,551)	171	-	(347)	-	**(15,905)**
Public Art Reserve	s	(4,093)	290	(26)	-	(1,276)	-	-	**(5,105)**
Societies & Related Authorities									
Parks Foundation Reserve	o	(2,395)	159	-	-	-	(140)	-	**(2,376)**
TELUS Convention Centre Reserve	c	(213)	-	(180)	151	-	-	-	**(242)**
Corporate Services									
Health, Safety and Wellness Reserve	o	(13,271)	3,006	(5,719)	-	-	-	-	**(15,984)**
Information Technology Reserve	c	(18,658)	-	(13,577)	11,700	-	(211)	-	**(20,746)**
Fleet Services Capital Reserve	c	(10,456)	-	(3,870)	-	-	-	-	**(14,326)**
Corporate Revenue & Costs									
Debt Servicing Reserve	c	(52,570)	48,050	(94,752)	-	47,879	(1,177)	-	**(52,570)**
ENMAX Dividend Stabilization Reserve	o	(20,000)	-	-	-	-	-	-	**(20,000)**
Fiscal Stability Reserve	o	(547,811)	19,725	(12,243)	1,382	29,135	(12,319)	(34,430)	**(556,561)**
Group Life Reserve	o	(1,580)	-	(69)	-	-	(36)	-	**(1,685)**
Lifecycle Maintenance and Upgrade Reserve	c	(149,391)	-	(42,459)	158,445	(82,717)	-	-	**(116,122)**
Tax Loss Provision Reserve	o	(37,398)	-	-	-	-	-	-	**(37,398)**
Self Insurance Reserve	o	(7,000)	-	-	-	-	-	-	**(7,000)**
Budget Savings Account Reserve	s	(60,905)	17,240	(83,046)	(3,392)	-	-	-	**(130,103)**
Land Use Planning & Policy & Development Approvals									
Calgary Heritage Authority Reserve	o	(1,770)	45	-	-	-	(40)	-	**(1,765)**
CBS Sustainment Fund	s	(93,707)	-	(10,158)	6,882	-	(2,131)	-	**(99,114)**
CCS Sustainment Fund	s	(4,701)	-	(2,439)	37	-	(146)	-	**(7,249)**
Millican-Ogden Community Enhancement	s	(132)	127	-	-	-	-	-	**(5)**
Downtown Improvement Fund	c	(3,629)	-	(255)	283	-	(83)	-	**(3,684)**
Heritage Incentive Reserve	o	(1,087)	347	(225)	-	-		-	**(965)**
Mall Programming Fund	o	(770)	-	-	-	-	(18)	-	**(788)**

2016 RESERVE SUPPLEMENTARY SCHEDULE

Note: Values may be slightly adjusted from values disclosed in individual reserve tables. These changes were made to facilitate balancing of the 2016 supplementary schedule.

	Operating / Capital Sustainment	Jan. 1/16 Opening Balance	Contribution To Operations	Contribution From Operations	Transfer to Capital Fund	Transfer to Equity in Land Inventory	Transfer Between Reserves	Corp financing (investment income)	Other	Dec. 31/16 Closing Balance
Roads & Transportation Planning										
Asphalt and Crusher Plant Lifecycle Capital Reserve	c	(6,367)	-	(1,936)	910	-	-	(107)	-	**(7,500)**
LED Street Light Re-Lamping Reserve	c	(5,528)	-	(1,750)	1,590	-	-	-	-	**(5,688)**
Livery Transport Services Reserve	s	(4,076)	-	-	71	-	-	(86)	354	**(3,737)**
Parking Land Acquisition Reserve	c	(38,215)	-	(3,876)	4,636	-	(2,441)	(876)	-	**(40,772)**
Snow and Ice Control Reserve	o	(8,940)	-	(1,060)	-	-	(5,000)	-	-	**(15,000)**
Real Estate & Development Services										
Real Estate Services	s	(68,396)	-	(7,199)	13,517	-	(1,746)	(145)	-	**(63,969)**
Corporate Housing Reserve	c	(38,504)	8,487	(2,262)	3,335	-	(296)	(645)	-	**(29,885)**
Drainage										
Waste & Recycling Sustainment Reserve	s	(48,809)	2,330	(5,809)	6,844	-	-	(2,575)	-	**(48,019)**
Utility Sustainment Reserve	s	(83,257)	-	(199,835)	151,044	-	1,789	(2,774)	-	**(133,033)**
Utility Sustainment Adjustment									(2,098)	**(2,098)**
Calgary Police Service										
Calgary Police Service Capital Reserve	c	(34,349)	-	(16,837)	10,945	-	-	(13)	-	**(40,254)**
Calgary Police Service Helicopter Maintenance Reserve	o	(3,024)	1,442	(808)	-	-	-	-	-	**(2,390)**
Calgary Police Service Court Fine Revenue Operating Reserve	o	(4,000)	-	-	-	-	-	-	-	**(4,000)**
Calgary Housing Company	s	(27,426)	-	-	-	-	-	-	(22)	**(27,448)**
Calgary Public Library	s	(993)	-	-	-	-	-	-	-	**(993)**
Calgary Arts Development Authority Ltd.	s	(245)	-	-	-	-	-	-	(24)	**(269)**
Corporate Housing Internal Sale Elim (1)	c	4,964	-	-	-	-	-	-	-	**4,964**
Real Estate Services Internal Sale Elim (1)	c	299	-	-	-	-	-	-	27	**326**
Reserve for Future Capital	c	(354,190)	-	(63,727)	119,403	-	(28,500)	-	-	**(327,014)**
Unappropriated Surplus		59,026	37,731	(59,026)	-	-	-	-	-	**37,731**
Total per 2016 Annual Financial Report		**(1,915,176)**	**140,213**	**(698,048)**	**608,979**	**-**	**(45,167)**	**(30,417)**	**(36,193)**	**(1,975,809)**

(1) Note: these are internal sale elimination entries.