



REVISED AGENDA

PRIORITIES AND FINANCE COMMITTEE

November 6, 2018, 8:30 AM
IN THE COUNCIL CHAMBER
Members

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

Audit Chair to be elected at the 2018 November 20 Audit Meeting

1. CALL TO ORDER
2. OPENING REMARKS
3. CONFIRMATION OF AGENDA
4. CONFIRMATION OF MINUTES
None
5. POSTPONED REPORTS

Revised Material

- 5.1 *2019 Projected Tax Shift Non-Residential Properties, PFC2018-1134*

Revised Material

- 5.2 *Material Unfunded Investment Analysis (Verbal), PFC2018-1238*

6. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

- 6.1 2018 Triennial Reserve Review Report, PFC2018-1125
- 6.2 Actively Developing Communities in Keystone Hills Area Structure Plan – Growth Management Overlay Removal, PFC2018-1180
- 6.3 CIF Application: On Demand Transit, PFC2018-1291

6.4 CIF Application: One Calgary Policy Review, PFC2018-1300

6.5 Status of Outstanding Motions and Directions, PFC2018-1200

7. ITEMS DIRECTLY TO COMMITTEE

7.1 REFERRED REPORTS
None

7.2 NOTICE(S) OF MOTION
None

8. URGENT BUSINESS

9. CONFIDENTIAL ITEMS

9.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES
None

9.2 URGENT BUSINESS

10. ADJOURNMENT

Council Members may participate in the meeting remotely, if necessary.

POSTPONED REPORT

2019 Projected Tax Shift Non-Residential Properties, PFC2018-1134

Background: At the 2018 October 31 Strategic Meeting, Council postponed Item 8.1, 2019 Projected Tax Shift Non-Residential Properties, PFC2018-1134 and Item 8.2, Material Unfunded Investment Analysis (Verbal), PFC2018-1238 to the 2018 November 06 Regular Meeting of the Priorities and Finance Committee.

Excerpt from the Minutes of the Strategic Meeting of Council, 2018 October 31:

“8.1 2019 Projected Tax Shift Non-Residential Properties, PFC2018-1134

Moved by Councillor Farrell

Seconded by Councillor Colley-Urquhart

That with respect to Reports PFC2018-1134 and PFC2018-1238 the following be adopted:

That Council:

1. Postpone Item 8.1, 2019 Projected Tax Shift Non-Residential Properties, PFC2018-1134 and Item 8.2, Material Unfunded Investment Analysis (Verbal), PFC2018-1238 to the 2018 November 06 Regular Meeting of the Priorities and Finance Committee; and
2. Change the start time of the November 06 Regular Meeting of the Priorities and Finance Committee Meeting from 9:30 a.m. to 8:30 a.m.

MOTION CARRIED”

Chief Financial Officer's Report to
Priorities and Finance Committee
2018 October 30

ISC: UNRESTRICTED
PFC2018-1134

2019 Projected Tax Shift Non-Residential Properties

EXECUTIVE SUMMARY

Changes in market value due to fluctuations in the real estate market are a regular part of the annual property assessment cycle in Alberta. As a result, a property's assessed value can either increase or decrease from one year to the next. In addition to individual properties, entire property types can also experience changes to market values based on economic conditions, which can lead to a redistribution of property taxes amongst the other property types.

In 2017-2018, a redistribution of property taxes occurred after market changes led to both a substantial decrease in the office property type, specifically downtown offices, and increases in the industrial and retail property types primarily located outside of the downtown core. The portion of property taxes that was previously paid by downtown offices shifted to other property types within the non-residential property class, in particular industrial and retail properties primarily located outside the downtown core.

In response, two separate one-time programs, the 2017 Municipal Non-Residential Phased Tax Program, and subsequently, the 2018 Municipal Non-Residential Phased Tax Program, were developed to mitigate the impacts caused by the tax distribution. These programs limited the increase in 2017 and 2018 municipal non-residential property taxes for eligible non-residential property owners to 5 per cent (not including the effect of Business Tax Consolidation).

An additional redistribution is expected in 2019 due to the continued decrease in values of downtown office properties; specifically, from 32 per cent of the total non-residential assessment base in 2015 to an expected 19 per cent in 2019.

A cross-corporate working group was formed in 2018 to address this issue. The Assessment and Tax Working Group (Working Group) intends to provide a report to the Priorities and Finance Committee (PFC) in Q1 2019 which will investigate short, medium and long-term options to address the potential financial and economic impact of the expected redistribution of 2019 property taxes.

This interim report is being provided to PFC to share information on the 2019 preliminary Assessment Roll and the expected 2019 property tax redistribution. In addition, the Working Group is seeking PFC's direction to prepare its final report, which would be presented in Q1 2019.

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee:

1. Receive this report for information; and
2. Direct the Assessment & Tax Working Group to present its final report to the Priorities and Finance Committee, no later than Q1 2019.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2012 April 09, Council approved PFC2012-35, the consolidation of business tax revenue into the non-residential property tax, based on the following schedule for the incremental transfer of budgeted 2013 business tax revenue, adjusted for physical growth and contingency amounts in future years:

- zero per cent in 2013;

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- 10 per cent in each of the years 2014-2015; and
- 20 per cent in each of the years 2016-2019,

with business tax, for business tax purposes, eliminated in 2019.

On 2017 January 23, Council approved C2017-0057, which recommended the implementation of the one-time 2017 Municipal Non-Residential Phased Tax Program (2017 PTP). The 2017 PTP limited the increase in 2017 municipal non-residential property taxes for eligible non-residential property owners to five per cent (not including the effect of Business Tax Consolidation (BTC)).

On 2018 March 19, Council approved PFC2018-0045, which recommended the implementation of the one-time 2018 Municipal Non-Residential Phased Tax Program (2018 PTP). The 2018 PTP limited the increase in 2018 municipal non-residential property taxes for eligible non-residential property owners to five per cent (not including the effect of BTC).

On 2018 April 25 Council approved the indicative tax rates set out in C2018-0489.

BACKGROUND

The Real Estate Market in Downtown Calgary

The recession impacted many aspects of the downtown including the real estate market. Some market transactions (sales) have been observed over the past year that have indicated a further decline of the market value of properties in the downtown. However, the full view of the impact on not only the downtown real estate market, but the entire non-residential assessment and tax base has not been evident until the recent completion of the preliminary 2019 property assessment roll. The preparation of the 2019 preliminary assessment roll confirmed that the market value of downtown office properties will continue to decrease in 2019. This will lead to a redistribution of property taxes from non-residential property owners in the downtown to non-residential property owners with properties in other areas of the city. To investigate this issue, a cross-corporate working group was formed.

Administration is currently compiling information on the forecasted real estate market environment in Calgary to provide context around the future challenges of the vacancy rates in downtown Calgary. The Calgary office real estate market has also seen many market transactions over the past two years where properties have sold for substantially less than they did in sales just a few years prior.

Administration's initial research, using third-party data from the Altus Insite, has found that the office vacancy rate in downtown Calgary has increased since 2013, peaking in 2018 at 23 per cent. The downtown office vacancy rate is expected to decline slowly in the next three to seven years, from 22 per cent in 2019 to 13.3 per cent in 2025.

The demand side shock from the 2015-2016 economic recession triggered the high office vacancy rate in downtown Calgary. At the same time construction of new downtown office buildings was completed in 2017, which added to the inventory.

Due to the excess inventory in downtown offices, developers are not expected to start new major downtown office construction for some time. Most of the additions to downtown office space is expected to be due to completion of projects that are already underway. Alternative office space is also available through the recent buildup of good quality office space outside

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downtown. As a result, the absorption of the downtown office buildings will depend on the demand side activities, principally employment growth for office workers.

Economic and employment growth in the Calgary Economic Region is expected to improve compared to 2015-2018 and will help to absorb excess capacity pushing down the vacancy rate. The primary forecast risk relates to uncertainty with market access for Alberta crude. This factor will have an impact on the level of investment relative to the pre-recession levels, the pace of downtown office space absorption and by extension the pace of vacancy rate decline.

Other components of Calgary's economy have weathered the recent economic stressors better and in different ways. This corresponds to the relative stability and even slight increase in the market value of properties in other segments of the non-residential assessment and tax base. Calgary's support of the retail market has translated into market values holding and Calgary's leadership in the area of logistics and distribution also translated into stable market values within the industrial and warehouse sections.

The Property Assessment System in Alberta

In order to assess the issue of decreasing market value in downtown office properties and the impact on the overall assessment and tax base, it is important to consider Alberta's property overarching assessment and taxation system. Property in Alberta is taxed on the principle of *ad valorem*, or "according to value" using property assessments as the basis for the fair and equitable distribution of property tax. In this system, a property's assessed value is an indicator of a property owner's ability to pay. Property assessment is a method of determining the distribution of property tax and does not determine the amount of property tax that must be collected by a municipality. A property value-based distribution system for municipal and provincial (mainly school) funding is widely used across Canada, the United States and is used in some form across most developed countries.

In accordance with the *Municipal Government Act* (MGA) and the *Matters Relating to Assessment and Taxation Regulation, 2018*, (MRAT) annual property assessments are prepared on the basis of market value. A property's assessment must be an estimate of the value of the property as of July 01 and reflect the physical condition of the property on December 31, in the year prior to the tax year.

The MGA categorizes properties into different property classes. The property classes used in Calgary are: "residential", "non-residential", "farm land", and "machinery and equipment". Sub-classes can also be established for residential properties through bylaw and non-residential properties through the *Matters Relating to Assessment Sub-classes Regulation*, which came into effect on 2018 January 01.

To ensure property assessments are prepared fairly and equitably, Administration follows the quality methods and standards outlined in the MGA and MRAT when preparing annual property assessments. The Government of Alberta also completes an audit of market value-based assessments in each Alberta municipality to confirm the property assessments meet the legislated provincial quality standards before assessment notices are mailed to property owners. Assessors must also ensure they meet professional appraisal standards, guidelines and principles when preparing property assessments including the qualifications outlined in the *Qualifications of Assessor Regulation*.

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There has been recognition of the benefits of a market value property assessment and taxation system. As noted by Enid Slack and Richard M. Bird in *The Political Economy of Property Tax Reform* “[t]he conventional consensus is that capital (or market) value taxation is best, for several reasons.” One reason being that other assessment systems which do not take into account value changes over time can result in inequities compared to the market assessment system which reflects value changes.

The use of market value assessments for the distribution of taxes was reviewed by Council’s Property Tax Mitigation Special Advisory Group (SAG) in FCS2007-05, *Review of Market Value Assessment and Tax Policy*. It was noted in Attachment 6 that there were a number of alignment points between a market value assessment and property tax system and the Fair Calgary (Social) Policy. One reason being that a market value assessment system and property tax system treats all individuals with “respect, and without discrimination (equality)”. To the extent that individuals who own similarly valued homes are considered to be in similar circumstances, market value assessment ensures they pay similar taxes. Attachment 1 to that report contained a report prepared for the SAG by Enid Slack and Steve Pomeroy. This report, *An Evaluation of Tax Policy and Market Value Assessment Using Calgary’s Triple Bottom Line Framework*, outlined that “...most studies of property taxation over the last 30 years have recommended that market value assessment be used as the base for property tax on the grounds that it is superior to any of the alternatives in terms of fairness.”

Property Taxes in The City of Calgary

The annual property assessment cycle does not influence the amount of property tax revenue generated. Property taxes are collected to fund municipal services as well as the provincial property tax requisitions. Specifically, the municipal property tax rates are based on the total municipal property tax requirement set out in The City’s annual budget. The provincial property tax rate is determined by the annual provincial property tax requisitions provided by the Government of Alberta.

Each property class is assigned its own tax rate through the annual Property Tax Bylaw. Effective 2016 May 31, the MGA requires that the ratio of the highest municipal non-residential tax rate when compared to the lowest municipal residential tax rate not exceed 5:1. The 2018 property tax rates are outlined in Attachment 1. The amount of property tax a property owner is required to pay is calculated by multiplying the applicable provincial and municipal tax rates by the property’s assessed value.

Changes in Market Value and Related Tax Shifts

Increases and decreases in market value are a regular part of the annual assessment cycle. Since a property’s annual assessment must reflect the value of the property on July 01 of the previous year, a property’s assessed value is influenced by fluctuations in the real estate market. From one year to the next the assessed value could stay the same, increase or decrease, based on market conditions.

This type of market value change, and corresponding property tax shift, is a natural occurrence in market value assessment system and the real estate environment in general. Since property assessments are a proxy for ability to pay property tax, as a property decreases in value, the

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system adjusts, and the owner's share of property taxes decreases. On the other hand, as the value of property increases, the system adjusts, and the owner's share of property taxes increases.

In addition to the regular shifts experienced by individual properties, entire property types can also experience changes to assessed values based on market conditions. These shifts can lead to a redistribution of property taxes amongst the other property types. Usually these changes occur slowly over time; however, in some circumstances a specific property type or industry sector can experience a substantial change. If the assessed values of one property type decrease significantly so does the amount of property tax paid by that property type. Since The City must still gather the property taxes required in the municipal budget and the provincial requisitions, the amount of property taxes paid by other property types will increase to close the gap in property taxes collected. In certain cases this can lead to a material increase in property taxes paid by the other property types, especially when the real estate market for one property type is changing differently than others.

In 2017-2018, a redistribution of property taxes occurred after market changes led to both a substantial decrease in value for the office property type, in particular downtown offices, and an increase in values for the industrial and retail property types primarily located outside of the downtown core. As outlined in Attachment 2, in 2015, 32 per cent of all non-residential assessment value resided in downtown offices. This means that the non-residential property assessment base (and tax base) was heavily dependent on downtown office properties. By 2018, the non-residential assessment base was more balanced throughout the various property types with 23 per cent of all non-residential assessment value residing in downtown offices, despite the addition of new office properties in 2018.

During 2017-2018, the portion of property taxes that was previously paid by downtown offices was shifted to other property types within the non-residential property class, in particular industrial and retail properties primarily located outside of the downtown core that experienced either:

- an increase to their assessed value;
- no change to their assessed value; or
- a smaller decrease to their assessed value than the downtown office property class.

The 2017 PTP and, subsequently, the 2018 PTP were developed to mitigate the impacts caused by the tax redistribution. Both the 2017 PTP and 2018 PTP were separate, one-time programs which limited the increase in 2017 and 2018 municipal non-residential property taxes for eligible non-residential property owners to 5 per cent (not including the effect of BTC).

The 2017 PTP was funded by a transfer of \$45 million to the Community Economic Resiliency Fund from intentional savings in 2016 Corporate Programs. As of 2018 September 20 approximately \$26.4 million in 2017 PTP credits have been distributed to over 5,000 accounts. 2017 PTP credits of approximately \$4 million are currently set aside for accounts with outstanding proceedings before the Assessment Review Board or Alberta Court of Queen's Bench.

The cost of the 2018 PTP is estimated to be \$41 million, which was funded by the Fiscal Stability Reserve through a transfer from intentional savings in 2017 Corporate Programs. As of 2018 September 24 approximately \$20.4 million in 2018 PTP credits have been distributed to

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over 6,500 accounts. Approximately \$18.9 million in 2018 PTP credits is set aside for accounts currently before the Assessment Review Board or Alberta Court of Queen's Bench.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The Working Group was established in 2018 to investigate the impacts of the redistribution of property taxes from non-residential property owners of downtown office properties to non-residential property owners of properties located outside the downtown core.

Based on the 2019 preliminary assessment roll, Administration forecasts there will be a further redistribution of property taxes in the 2019 tax year due to a continual decrease in market value of the office property type, mainly downtown offices. As outlined in Attachment 2 the percentage of the preliminary non-residential assessment roll allocated to downtown offices is anticipated to be 19 per cent in 2019. This is a decrease from 23 per cent in 2018. It is expected that this will contribute to a tax increase for non-residential property owners located outside of the downtown core, where market values have remained more stable. The preliminary 2019 non-residential assessment roll demonstrated the proportion of assessed value born by all office properties will decrease from 26 per cent in 2018 to the expected level of 21 per cent in 2019 (Attachment 3).

Further analysis of the preliminary 2019 assessment roll indicates:

- The assessed value of office properties is expected to drop whereas other components of the non-residential assessment roll are expected to maintain market value (Attachment 4).
- While all sub-components within the office property group are expected to experience a decline in market value, the decline in the downtown office is expected to be largest (Attachment 5).

Based on preliminary 2019 assessed values and the preliminary 2019 estimated tax rates, 2019 non-residential property taxes will increase where there has been no market value change, a market value decrease or a market value increase for a specific property's assessment as between 2018 and 2019. Further details are outlined in Attachment 6.

Based on a preliminary analysis of the 2019 assessment roll, if there were to be a Phased Tax Program similar to the previous programs, it is expected that the one-time cost of such a program would be approximately \$89 million.

If directed, the Working Group will investigate and identify short, medium and long-term options to address the potential financial and economic impacts of the expected redistribution of property taxes amongst property owners and provide a report to PFC in Q1 2019.

Stakeholder Engagement, Research and Communication

If directed, the Working Group intends to engage an external consulting group to complete the necessary research required for preparation of the property tax redistribution part of the report. The Working Group also intends to work with multiple stakeholders to identify and evaluate potential options to address the tax redistribution. This engagement will be completed using a variety of mechanisms including facilitated workshops and individual interviews.

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Strategic Alignment

The proposed options for tax policy reform and/or tax relief are intended to align with two fundamental Council Priorities:

- A Well Run City; and
- A Prosperous City.

This proposal will also support Key Result Areas within the Economic Resilience Strategy; in particular:

- Continue to provide service delivery to Calgarians;
- Focus on ensuring value for money in the services we offer;
- Review economic situation and respond to impacts to *Action* Plan with an eye towards the One Calgary timeline;
- Identify and respond to what is required to retain productive people, businesses, incomes, jobs and investment projects; and
- Contribute to the creation of a vibrant and prosperous downtown Calgary.

Social, Environmental, Economic (External)

The 2015-2016 economic recession impacted many parts of the business community in Calgary. Many of the negative impacts on citizens, business and community organizations have been identified and discussed in the Economic Development Investment Fund report, PFC2017-1081. Recent economic growth has not been as robust as required to address these challenges.

Financial Capacity

Current and Future Operating Budget:

The cost of retaining an external consultant will be funded by the current operating budget. There are no significant future operating impacts associated with this report.

Current and Future Capital Budget:

There are no capital budget impacts associated with the preparation and distribution of this report.

Risk Assessment

The Working Group will analyze the risks associated with the options presented in the final report.

REASON(S) FOR RECOMMENDATION(S):

The Working Group intends to provide a report to PFC regarding the continued redistributive tax effect of the rapidly declining market value of certain non-residential properties in the city.

The Working Group, with the assistance of a consulting group, other business units and stakeholders will investigate several options to address the current and future effects of the property tax redistribution and present its recommendations to PFC in Q1 2019.

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ATTACHMENT(S)

1. City of Calgary 2018 Property Tax Rates
2. Preliminary Non-Residential Assessment Roll and Downtown Offices
3. Preliminary Office Contribution to the Assessment Roll
4. Preliminary 2019 Non-Residential Assessment Roll Overview
5. Preliminary Office Inventory Overview
6. Estimated 2019 Property Taxes for No Market Value Change, Market Value Decline and Market Value Increase

City of Calgary 2018 Property Tax Rates

The following tax rates were established by the Property Tax Bylaw 17M2018, for the 2018 tax year:

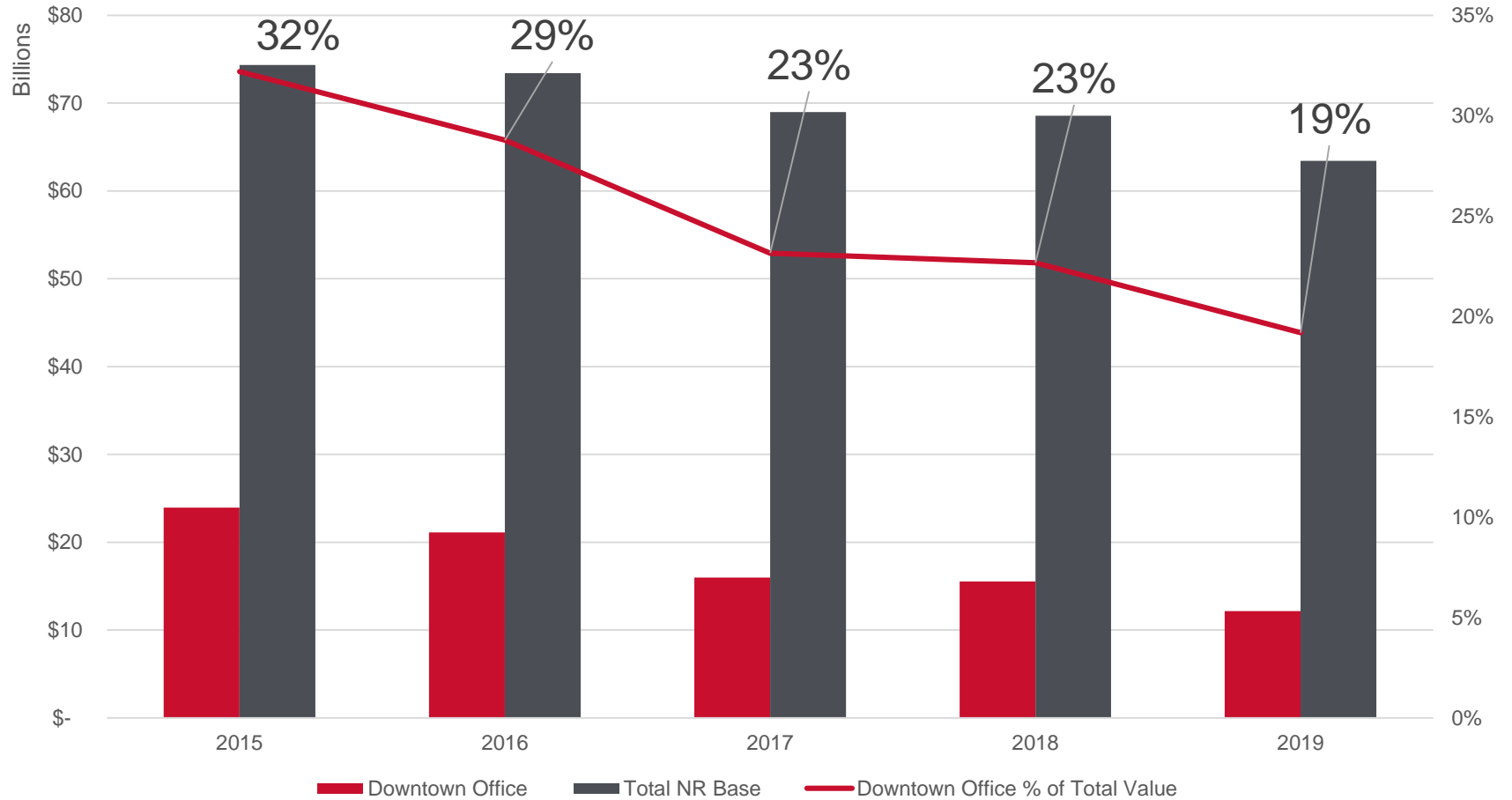
Property Class	Municipal Tax Rate	Provincial Tax Rate	Total Tax Rate
Residential	0.0039014	0.0024599	0.0063573
Non-residential	0.0153234	0.0041030	0.0194264
Farm land	0.0177552	0.0024559	0.0202111

The current ratio between the municipal non-residential tax rate and municipal residential tax rate is approximately 3.9:1.



Preliminary Non-Residential Assessment Roll and Downtown Office

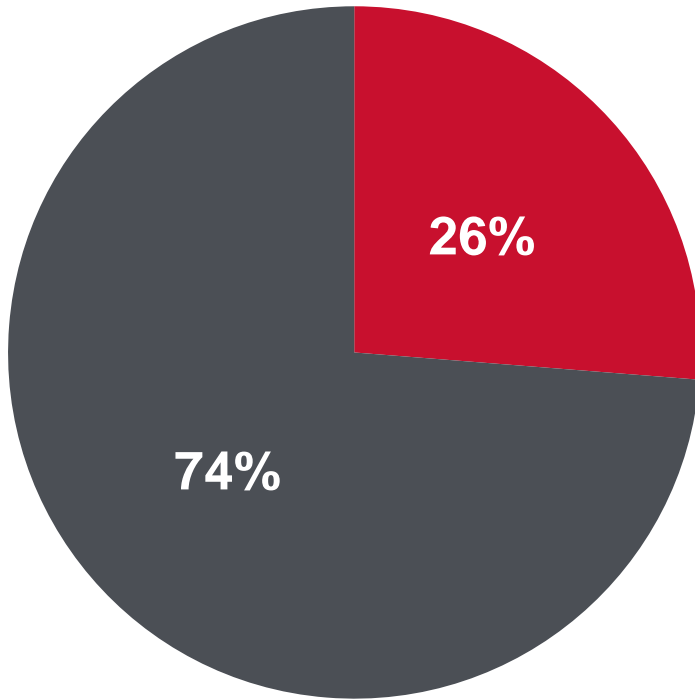
PFC2018-1134 2019 Projected Tax Shift Non-Residential Properties – Att 2
ISC: UNRESTRICTED



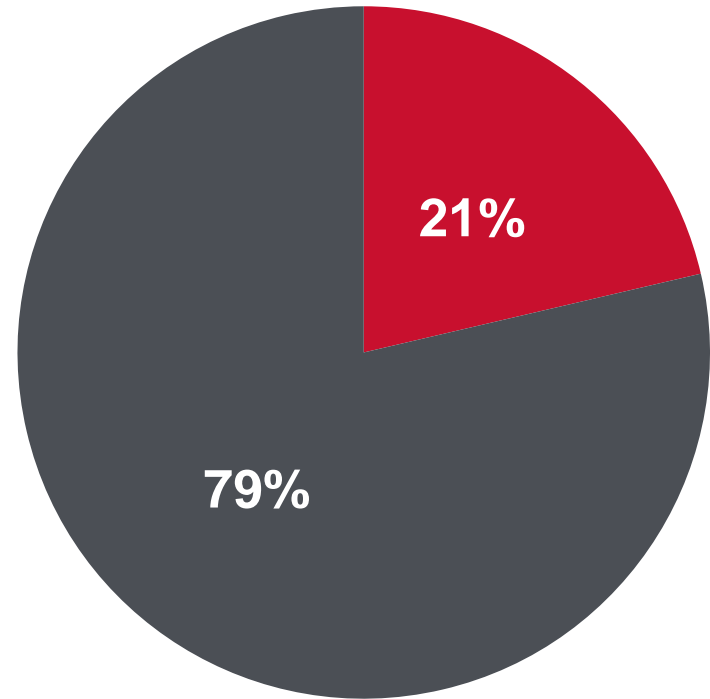


Preliminary Office Contribution to the Assessment Roll

2018 Assessment Roll Year



2019 Assessment Roll Year

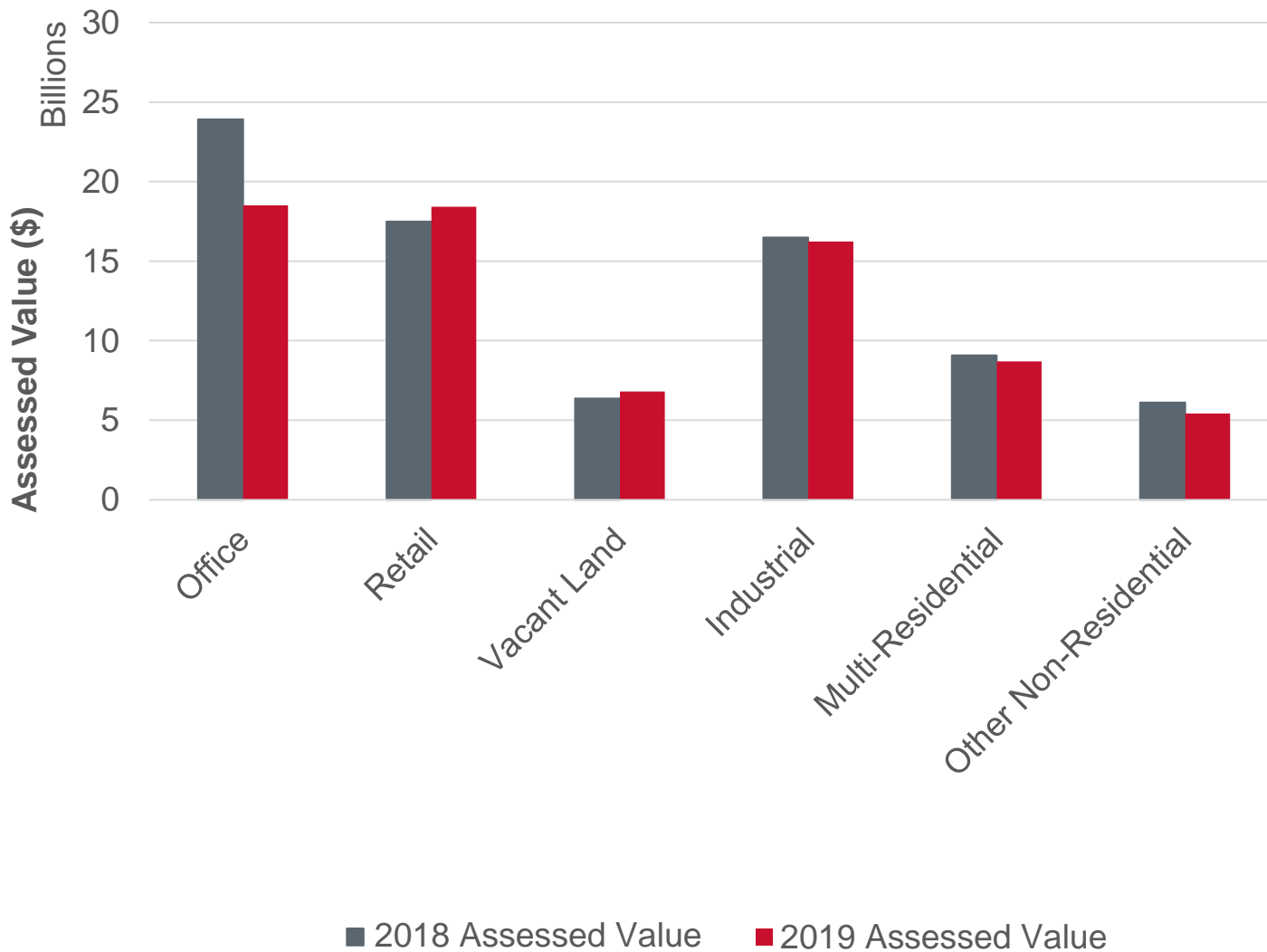


■ All Office Properties

■ All Other Non-Residential Properties

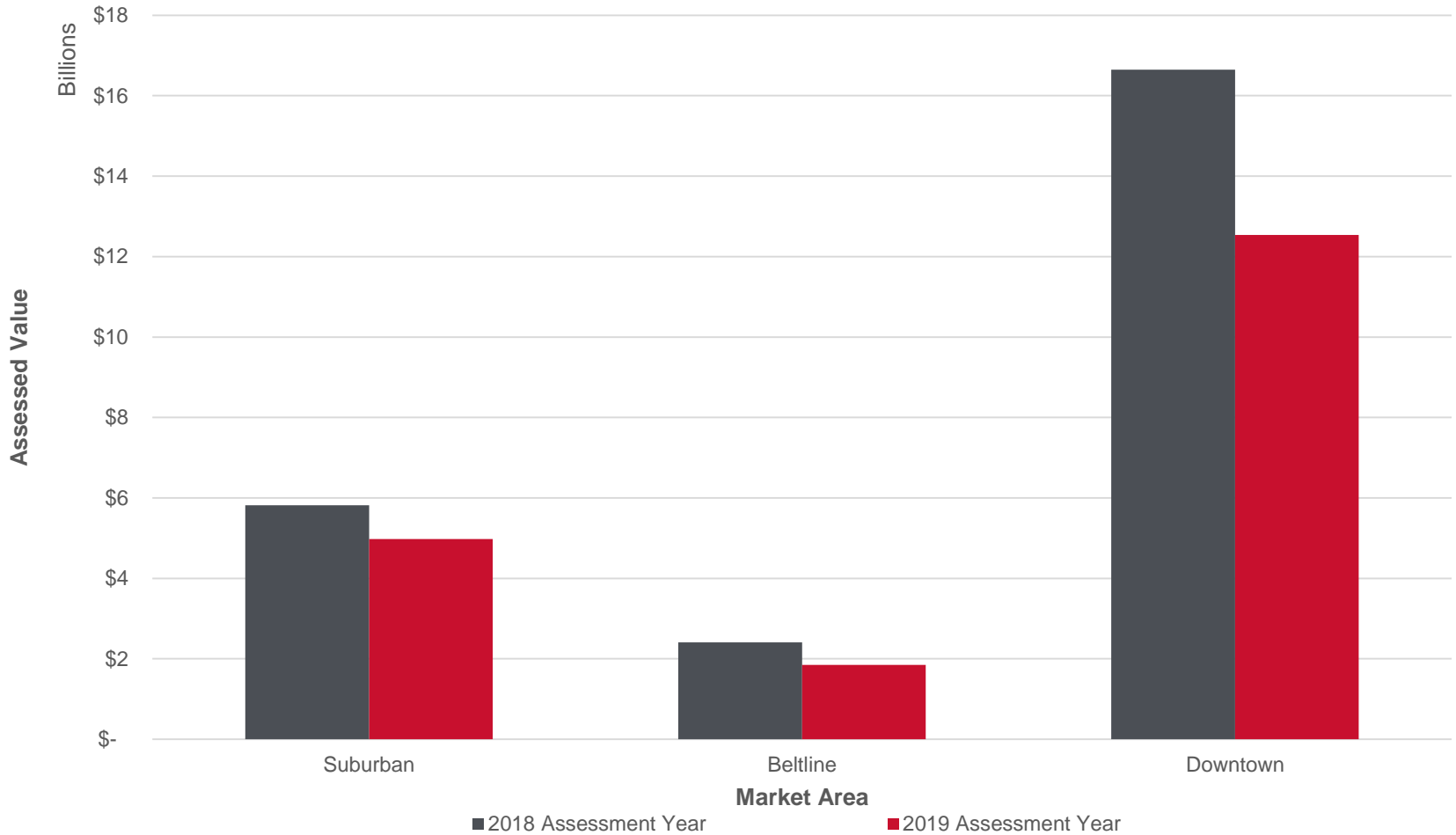


Preliminary 2019 Non-Residential Assessment Roll Overview





Preliminary Office Inventory Overview





Estimated 2019 Property Taxes for No Market Value Change

	2018	2019	\$ Change	% Change
Assessment	5,000,000	5,000,000	0	0.0%
Taxes	97,132	113,685	16,553	17%

Tax shift accounts for approximately 10.0% of the projected change in taxes.

Note: Taxes are estimates based on preliminary assessments and the indicated tax increase



Estimated 2019 Property Taxes for Market Value Decline

	2018	2019	\$ Change	% Change
Assessment	5,000,000	4,500,000	-500,000	-10.0%
Taxes	97,132	102,317	5,185	5.3%

Tax shift accounts for approximately -1.3% of the projected change in taxes.

Note: Taxes are estimates based on preliminary assessments and the indicated tax increase



Estimated 2019 Property Taxes for Market Value Increase

	2018	2019	\$ Change	% Change
Assessment	5,000,000	5,500,000	500,000	10.0%
Taxes	97,132	125,054	27,922	28.7%

Tax shift accounts for approximately 21% of the projected change in taxes.

Note: Taxes are estimates based on preliminary assessments and the indicated tax increase

POSTPONED REPORT

Material Unfunded Investment Analysis (Verbal), PFC2018-1238

Background: At the 2018 October 31 Strategic Meeting, Council postponed Item 8.1, 2019 Projected Tax Shift Non-Residential Properties, PFC2018-1134 and Item 8.2, Material Unfunded Investment Analysis (Verbal), PFC2018-1238 to the 2018 November 06 Regular Meeting of the Priorities and Finance Committee.

Excerpt from the Minutes of the Strategic Meeting of Council, 2018 October 31:

“8.2 Material Unfunded Investment Analysis (Verbal), PFC2018-1238

Moved by Councillor Farrell

Seconded by Councillor Colley-Urquhart

That with respect to Reports PFC2018-1134 and PFC2018-1238 the following be adopted:

That Council:

1. Postpone Item 8.1, 2019 Projected Tax Shift Non-Residential Properties, PFC2018-1134 and Item 8.2, Material Unfunded Investment Analysis (Verbal), PFC2018-1238 to the 2018 November 06 Regular Meeting of the Priorities and Finance Committee; and
2. Change the start time of the November 06 Regular Meeting of the Priorities and Finance Committee Meeting from 9:30 a.m. to 8:30 a.m.

MOTION CARRIED”

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PFC2018-1125

2018 Triennial Reserve Review Report

EXECUTIVE SUMMARY

This report summarizes the results of the Triennial Reserve Review and the process performed by an Administrative Reserve Review Committee.

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommends that Council:

1. Approve the changes to reserves as outlined in Attachment 1 and Attachment 2; and
2. Approve the list of reserves to be reviewed in 2019 as outlined in Attachment 3.

PREVIOUS COUNCIL DIRECTION / POLICY

The City Auditor's Office completed an audit of The City's Financial Reserves in 2009. The FCS2010-01 (AC2009-74) report dated 2010 January 18 detailed the recommendations of the audit and Administration's response and work plan to address the recommendations. One of Administration's responses was to create a Triennial Reserve Review process in which every reserve will be reviewed at least once every three years. The list of 18 reserves reviewed in 2018 was approved by Council (C2017-1123 Attachment 11.3) on 2017 December 18. Two other reserves were identified for follow-up in 2018 at the same time, and have been investigated as a part of this review.

On 2016 June 16, Council directed administration, through report TT2016-0204, to create a process to enable the CPA to access funds from the Parking Land Acquisition Reserve to support lifecycle requirements for existing cash-in-lieu parking facilities.

BACKGROUND

Reserves are 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 downturns in the economy, adverse weather events, and other factors outside of The City's control. Reserves provide The City with the financial flexibility to react in a timely manner to the financial impacts of budget shortfalls and significant unexpected issues. 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 open reserves consist of the following:

Reserve Type	# of Reserves	Reserve Balance as of 2017 Dec 31
Operating	16	\$695 million
Capital	17	\$884 million
Sustainment	12	\$624 million
Total per Reserve Report	45	\$2,203 million

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2018 Triennial Reserve Review Report

There are 16 operating reserves totalling \$695 million, of which \$574 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 \$884 million are either fully committed or have substantial commitments against them to finance existing approved projects. A total of \$624 million is held in 12 separate sustainment reserves.

In 2010, Council approved Policy CFO013, Financial Reserves. The primary objective of the policy is to authorize or clarify processes required for:

- The creation of new reserves, including the purpose, funding, conditions, restrictions and appropriate minimum/maximum funding ranges;
- Administration of reserves, including annual contributions and withdrawals, investment income bearing status, the treatment of one-time or unanticipated revenue sources and courses of action if a reserve is over or under funded;
- Periodic reviews of all reserves; and
- Amendment or closure of a reserve.

Administration also developed and approved Administrative Policy FA-050, Financial Reserves, in support of the Council Policy. The Policy and associated procedures reflect best practices and provide additional guidance, procedures and responsibilities in the administration and reporting of reserves.

Council Policy CFO013 outlines a triennial review process requiring that every active reserve be reviewed at least once every three years.

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.

The review for each active reserve will cover a period including the current year and the previous full year of operations for that reserve and shall be completed by an Administrative Reserve Review Committee comprised of:

- The Chief Financial Officer;
- Finance Manager, Corporate Budget Office;
- Finance Manager, Corporate Financial Reporting;
- A General Manager; and
- A Business Unit Director.

By the end of the year, the Administrative Reserve Review Committee prepares a report for the Priorities and Finance Committee. The report includes the criteria used to evaluate the reserves, a summary of all findings, any applicable recommendations based upon the findings, follow up of the previous year's review recommendations if required, and a list of reserves to be reviewed during the following year. The report's recommendations, and next year's review workplan, are subject to Council approval.

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2018 Triennial Reserve Review Report

INVESTIGATION: ALTERNATIVES AND ANALYSIS

In 2017, Council approved the 2018 review, consisting of 18 reserves. These represented a balance of \$965 million as of 2017 December 31, or approximately 44 percent of The City's total reserves balance.

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 2016 and 2017 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 today, 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 Ensure clear separation between Reserves

The Administrative Reserve Review Committee recommends the consolidation or closure of reserves where multiple reserves serve similar purposes and to eliminate redundant reserves.

2.2 Business Categories

Currently, reserves are categorized according to the programs they support: operating, capital, or both operating and capital (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.

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2018 Triennial Reserve Review Report

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

For the past several years, Administration has been following a number of control measures, such as annual checklists and documentation protocols, which have improved reserve processes and oversight.

3.1 Reserve activity meets all authorizing documents requirements

All reserves reviewed are being administered as intended. There were a few instances where authorizing document requirements are no longer relevant and have been replaced with alternate processes. Refer to Attachment 1 for further information.

3.2 Reserve activity is in accordance with City reserve policies and procedures

Almost all reserve activity reviewed was recorded in a timely fashion and in accordance with Council and Administrative reserve policies and Administrative reserve procedures. A one-time contribution of \$919,000 was made to the Snow and Ice Control (SNIC) Reserve from another internal budget that is not a typical funding source, and a minor restatement is required to the totals in the Corporate Housing Reserve and Downtown Improvement Fund. Aside from these, there were no issues identified with recorded reserve activity. Refer to Attachment 1 for further information and recommendations to address these issues, and to Attachment 2 to view the proposed restatements.

3.3 The reserve's purpose, conditions and/or restrictions are still relevant

The reserves' purposes, conditions and/or restrictions are still relevant. There are instances where a reserve's purpose, conditions and/or restrictions are recommended for update. Refer to Attachment 1 for further information and recommendations, and to Attachment 2 to view the proposed changes.

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. The Parking Land Acquisition Reserve is recommended for immediate closure and replacement with a new reserve solely for the use of the Calgary Parking Authority, as per Council's direction in TT2016-0204. The LED Street Light Re-Lamping Reserve is recommended to cease funding after 2018 and closed once its balance has been depleted, expected by the end of 2019.

Refer to Attachment 1 for a complete list of general comments and reserve recommendations.

Attachment 2 includes reserve summaries from the 2017 Annual Reserve Report for the reserves reviewed. Suggested changes to the text are highlighted in red. Strikethrough text is to be removed.

Attachment 3 includes the list of reserves to be reviewed in 2019.

All three Attachments require Council approval.

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Stakeholder Engagement, Research and Communication

All relevant reserve leads and the Administrative Leadership Team 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.

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 helps to mitigate risk by ensuring reserve balances are neither too high, where cash is held unnecessarily, or too low, where funds are insufficient to meet future needs. Maintaining adequate liquidity in the reserve system enables The City to respond quickly and effectively to shortfalls and unanticipated or uncontrollable events, improving corporate resiliency and reducing the risk that service levels might be adversely affected by economic trends and unforeseen circumstances. Strong reserves preserve Council and Administration's flexibility, and the vital role they play in preserving The City's fiscal stability is recognized by our credit rating agencies.

REASON(S) FOR RECOMMENDATION(S):

The recommendations help to streamline administration of reserves and, where required, update reserve purposes, conditions and restrictions to Council and the general public.

ATTACHMENT(S)

1. Attachment 1 – Reserve review comments and recommendations
2. Attachment 2 – Relevant excerpts from the 2017 Annual Reserve Report
3. Attachment 3 – Reserves to be reviewed in 2019

Reserve Comments and Recommendations

Reserve Name	Attachment 2 Page Number	Reserve Type	Balance 2017 (in thousands)	General Comments (\$ in thousands)	Recommendation(s) (\$ in thousands)
Calgary Heritage Authority Reserve	1	Operating	\$1,772	<p>This reserve was created as an endowment fund in 2012 through the merging of two earlier funds related to the preservation of Calgary's heritage. The reserve is administered by The City, but its funds are to be spent by the Calgary Heritage Authority at its sole discretion to provide resources to support its mandated activities.</p> <p>The review found that the reserve is appropriately managed and is used in compliance with its purpose, conditions and restrictions. The review also identified that the reserve may be affected by decisions made in the One Calgary budgeting process.</p>	<p>Revise the reserve template, as shown in Attachment 2, to add clarity around the origin of the reserve's minimum balance and to readily identify both the accumulated net interest, which is available for use, and the protected principal amount, which is not.</p> <p>Re-examine this reserve on a limited scope as part of the 2019 Triennial Reserves Review to determine whether any changes to its funding have been necessitated by the results of the One Calgary budgeting process.</p>
Children's Reserve Fund	2	Operating	\$4,723	<p>This endowment-type reserve earns investment income, which can be used for programs to support low income families and their children. During the review period, this funding was used to support Recreation's Fee Assistance Program. The review found that the reserve is appropriately managed and used in compliance with its purpose, conditions and restrictions.</p> <p>The amount of interest earned by the reserve fluctuates between approximately \$100 and \$150 per year.</p>	<p>Revise the reserve template, as shown in Attachment 2, to clearly identify that reserve funds must be used in accordance with the reserve's terms and conditions, and to separate the principle and investment income to readily identify both the accumulated net interest, which is available for use, and the protected principal amount, which is not.</p>

Reserve Name	Attachment 2 Page Number	Reserve Type	Balance 2017 (in thousands)	General Comments (\$ in thousands)	Recommendation(s) (\$ in thousands)
ENMAX Dividend Stabilization Reserve	3	Operating	\$20,000	<p>This reserve is used as a contingency to stabilize any shortfall in the ENMAX dividend. There were no transactions over the review period.</p> <p>There are inconsistencies between the reserve's authorizing documents and its template. According to the reserve's authorizing documents, it is to be used whenever the dividend is below \$47,000; according to the reserve's template, it is to be used whenever there is an unfavourable variance between the dividend and its budget, which may vary year-to-year and need not necessarily be \$47,000.</p> <p>The authorizing documents also state that contributions to the reserve are based on the excess over budget, while withdrawals are set against the benchmark of \$47,000. If the budget is below \$47,000, this can lead to a situation where the reserve terms call for both a withdrawal from the reserve and a contribution to the reserve.</p> <p>Similar inconsistency exists in the definition of funding sources for the Legacy Parks Reserve, which specifies excesses over \$47,000.</p>	<p>As the 2018 ENMAX dividend budget is set at \$47,000, the discrepancies in the template and authorizing document have no effect at present.</p> <p>Confirm that this reserve is intended to operate as a contingency to fund any shortfalls in the ENMAX dividend compared to its annual approved budget.</p> <p>Track this change as a carry-forward item to be addressed as part of the Legacy Parks Reserve review as a regular part of the scheduled 2019 Triennial Reserves Review.</p>
Family & Community Support Services (FCSS) Stabilization Fund	4	Operating	\$4,361	<p>This reserve supports the broader FCSS program and provides funding for preventive social services initiatives, including capacity building, and emerging issues.</p> <p>The Council Policy on FCSS defines the procedures relevant to the FCSS program. The FCSS program, which is subject to provincial reporting and external financial audit requirements, determines the draw from this reserve through its annual budget.</p> <p>The special reporting requirement stated on the reserve template should have been removed when the reserve conditions were revised in 2015. The authorizing documents section includes reference to a policy that has been replaced and is no longer relevant.</p>	<p>Revise the reserve template, as shown in Attachment 2, to correct the authorizing documents section, clarify the reserve conditions, remove the out-of-date special reporting requirement, and remove an out-of-date reference from the Current Activity table.</p>

Reserve Name	Attachment 2 Page Number	Reserve Type	Balance 2017 (in thousands)	General Comments (\$ in thousands)	Recommendation(s) (\$ in thousands)
Fiscal Stability Reserve	6	Operating	\$573,721	<p>The FSR is primarily a contingency reserve, with the ability to fund one-time operating budget expenditures through its investment income. The reserve's target and minimum balances are set based on a proportion of tax-supported operating expenditures net of recovery; these are set at 15% and 5%, respectively, and were examined as part of the review.</p> <p>Council's Fiscal Stability Reserve policy, CFO002, last updated in 2008, defines the terms and conditions for the FSR.</p> <p>Council's Franchise Fee policy, CFO003, last updated in 2004, defines the treatment for the favourable and unfavourable budget variance for franchise fee revenues.</p> <p>According to the policy, unfavourable budget variances relating to the franchise fees should be funded by reducing budgeted contributions to the Reserve for Future Capital. There were unfavourable variances in the franchise fees budget in 2015, 2016 and 2017. At present, all budgeted contributions to the RFC are assigned to a specific business unit and use; there are no unassigned contributions that could be used to fund an unfavourable variance. As such, the policy could not be followed and so the unfavourable variance flowed through to the Fiscal Stability Reserve.</p> <p>An internal loan from the FSR, to provide funding for the relocation of the McHugh House, was approved by Council (C2014-0188) and paid from the reserve in 2015.</p> <p>The review found reserve activity to be appropriately authorized.</p>	<p>Recommend minor edits to the purpose section of the reserve as outlined in Attachment 2.</p> <p>Recommend disclosure notes for the internal loan from the FSR within the financial activity table as outlined in Attachment 2.</p> <p>Recommend that CFO002 FSR policy and CFO003 Franchise Fee policy be reviewed in the 2019-22 business cycle as part of a broader review of CFOD budgeting and reserve policies. Approved updates to these Council policies resulting from the review will inform the future management and operation of this reserve.</p>
Group Life Reserve	8	Operating	\$1,725	<p>The Group Life Reserve was established to meet a contractual obligation between The City and its benefits provider. The City is required to maintain a reserve balance based on its Refund Billed Premium.</p> <p>Over the review period, the reserve's transactions were solely to set the balance at its contractually required level. All transactions were appropriate and properly authorized. All special reporting requirements were met.</p>	No recommendations.

Reserve Name	Attachment 2 Page Number	Reserve Type	Balance 2017 (in thousands)	General Comments (\$ in thousands)	Recommendation(s) (\$ in thousands)
Health, Safety and Wellness Reserve	9	Operating	\$18,813	<p>This reserve is jointly administered by Human Resources and Environmental and Safety Management. The reserve is used to fund preventive and proactive health, wellness and safety programs. There are jointly defined principles and criteria for the use of the funds, which the review has determined were followed.</p> <p>The reserve is funded through a contribution from the Employee Benefits Program budget, WCB rebates and WCB dividends.</p> <p>The reserve has special reporting requirements. The review has determined that these are being met.</p> <p>At present, the reserve is considered temporarily overfunded as a result of several years of large WCB return on investment payments. These dividends are not anticipated to continue, and balances are expected to normalize over the coming years.</p>	Revise the reserve template, as shown in Attachment 2, to more clearly identify special reporting requirements under that section, explicitly state the proportions used in distributing the funding sources, and separate the Current Activity table into the reserve's two components to enable users to identify activities and balances related to safety, health and wellness.
Heritage Incentive Reserve	11	Operating	\$1,205	<p>This reserve was created in 2003 to fund the implementation of The City's Heritage Incentive Program, which provides grants to non-City-owned municipal heritage resources.</p> <p>The reserve operates using a defined grant process, which sets forth maximum expenditures, eligibility requirements, and establishes a strict first-come, first-serve policy. The review has determined that the reserve has been operated in accordance with the grant process.</p> <p>The reserve is generally funded through mill rate contributions, though a one-time contribution was made in 2017 with Council approval. The review has found the reserve's funding to be compliant with its terms.</p> <p>At present, the reserve is capable of financing approximately three to four projects through to completion each year. By contrast, inventoried historical sites that are potentially eligible for a formal heritage designation and grant funding increase by thirty to fifty per year; Calgary's heritage resources also continue to age. This creates significant funding pressure, and the reserve is fully subscribed each year.</p> <p>As part of One Calgary, a request has been made to increase the funding for this reserve.</p>	<p>Re-examine this reserve on a limited scope as part of the 2019 Triennial Reserves Review to determine whether any changes to its purpose, conditions, restrictions or funding sources have been necessitated by the results of the One Calgary budgeting process.</p> <p>Approve that this reserve earns interest income, effective January 1, 2018, in keeping with Council's original approval in report FB2002-27.</p>

Reserve Name	Attachment 2 Page Number	Reserve Type	Balance 2017 (in thousands)	General Comments (\$ in thousands)	Recommendation(s) (\$ in thousands)
Mall Programming Fund	13	Operating	\$813	<p>The reserve is used to maintain and supplement activities and programs on Stephen Avenue Mall in the 300 west block between Bankers Hall and Toronto Dominion Square.</p> <p>There were no transactions during the period covered by this review.</p> <p>This reserve was initially funded through a contribution related to a public art project, which formed the initial principal balance for this endowment-type reserve. Expenditures involving the principal of the Fund may be made only by Council approval.</p> <p>Accumulated interest is managed by the Mall Programming Fund Management Committee (MPFMC), which includes a City representative as its chairperson of this committee.</p> <p>The MPFMC has not met since 2013 and currently lacks Terms of Reference. Through 2019, the development of a Stephen Avenue Masterplan and new terms of reference for the MPFMC is underway. This will inform the future use of this reserve, its operation and governance.</p>	<p>Revise the reserve template, as shown in Attachment 2, to readily identify both the accumulated net interest and the protected principal amount.</p> <p>Recommend that any changes to the reserve resulting from the Stephen Avenue Masterplan and the terms of reference for the MPFMC be examined as part of the 2019 Triennial Reserve Review.</p>
Self-Insurance Reserve	14	Operating	\$7,000	<p>This contingency reserve is required by law to allow The City to partially self-insure. The Superintendent of Insurance annually assesses the adequacy of funds held by The City for self-insurance purposes.</p> <p>Self-insurance at The City is managed both through this reserve and through an annual liability provision. Only losses in excess of \$500 are funded from this reserve. It has not been used to pay claims since 2005.</p> <p>The reserve has reached its maximum balance of \$7,000.</p>	No recommendations.

Reserve Name	Attachment 2 Page Number	Reserve Type	Balance 2017 (in thousands)	General Comments (\$ in thousands)	Recommendation(s) (\$ in thousands)
Snow and Ice Control (SNIC) Reserve	16	Operating	\$12,482	<p>This reserve is used to stabilize The City's Snow and Ice Control (SNIC) budget by accumulating SNIC budget surpluses generated in years with lower-than-average weather severity, and using them to fund budget shortfalls where required.</p> <p>In 2017, \$919 of unspent funds were transferred into the reserve from Calgary Transit's budget for accessibility improvements, which primarily relates to SNIC. This was a one-time contribution that does not fall within the reserve's normal funding source.</p> <p>In 2018, Calgary Transit and Roads signed a Memorandum of Understanding that would enable certain Transit accessibility-related SNIC budgets to be accumulated in this reserve and used later along similar principles to the reserve's present structure.</p> <p>All other reserve activities over the review period were determined to be in accordance with the reserve's purpose, conditions, restrictions and approved funding sources.</p>	<p>Approve the Transit \$919 contribution to this reserve from 2017.</p> <p>Approve the changes shown in the template, as shown in Attachment 2, to improve reserve administration and enable other business units with SNIC responsibilities to draw on this reserve to fund SNIC activities where necessary.</p> <p>Approve the addition of Calgary Transit funding and use of this reserve, as detailed in Attachment 2, as well as the revision to the reserve Current Activity table to segregate future Roads and Transit contributions, as they will be managed under slightly different terms.</p> <p>Revisit this reserve's target balance as part of the 2019 Triennial Reserves Review in light of potential changes to SNIC service levels as part of the One Calgary budgeting process.</p>
Asphalt and Crusher Plant Lifecycle Capital Reserve	18	Capital	\$6,443	<p>This reserve is used to finance future capital expenditures relating to The City's Asphalt Plant and Crusher Plant. The reserve has a target maximum balance of \$7,500, and intended to be funded until it reaches the maximum balance or is sufficient to fund the next four years of Plant Operations capital expenditures through budget surpluses, proceeds of sale from surplus assets, depreciation on plant assets, and interest income.</p> <p>Roads has a detailed 10-year capital plan for Plant Operations; this reserve is sufficiently funded to support it over the next four years.</p> <p>Transactions were found to be properly approved, in accordance with reserve's terms and conditions, based on a sample approach.</p> <p>Plants is largely a self-funded, self-supporting activity. A change to the reserve's funding source to reflect the excess of revenues and recoveries over expenditures after other fund transfers, rather than budget variances, would be more aligned with this status.</p>	<p>Approve the change to the reserve's approved funding source as shown in Attachment 2.</p> <p>Make changes to the Reserves Template, as outlined in Attachment 2, to increase the clarity of the document and improve its usability.</p>

Reserve Name	Attachment 2 Page Number	Reserve Type	Balance 2017 (in thousands)	General Comments (\$ in thousands)	Recommendation(s) (\$ in thousands)
Corporate Housing Reserve	20	Capital	\$30,383	<p>This reserve is used to support the development of affordable rental, social and special needs housing infrastructure and to manage operating costs associated with affordable housing initiatives.</p> <p>It is funded through certain real-estate related financing sources, a municipal subsidy, investment income, lease revenues, and third party donations, grants and contributions.</p> <p>A review of reserve activities has found them to be appropriate and compliant with the reserve's requirements.</p> <p>A portion of RFC PAYG funding from 2017 was double-counted in this reserve's current activity table, and should be removed; this was an in-and-out transaction and had no effect on the ending balance.</p>	<p>Approve the restatement of balances, shown in Attachment 2, to remove an incorrectly included PAYG transfer.</p> <p>Approve clerical revisions to the reserve's authorizing documents and conditions, as shown in Attachment 2, to improve usability and clarity.</p> <p>Re-examine this reserve in 2019 in light of potential changes relating to the Housing Incentive Program that may be approved as part of the One Calgary budget process.</p>
Downtown Improvement Fund	23	Capital	\$3,050	<p>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.</p> <p>The reserve is funded by license fees charged to commercial users of public rights-of-way, primarily pushcart and License of Occupation (LoO) revenues for street-level and Plus 15 areas; these revenues are then reinvested into the downtown area.</p> <p>The terms restrict funding contributions to \$300 per year, with the ability to accrue unspent amounts to future years. As the reserve is budgeted on a program basis, any spending under \$300 is typically accrued.</p> <p>A \$500 transaction recorded as a contribution to capital recorded in 2017 was actually a transfer to the RFC based on budget re-allocations made in 2013 and 2014.</p> <p>Other transactions and activities were found to be appropriate.</p>	<p>Approve a change to the reserve's conditions, effective 2017, to establish a four-year limitation on carry-forwards, and to the reserve's Current Activity table to clearly show how much accrued carry-forward is available to the reserve's owners.</p> <p>Approve a change to the Current Activity table, as shown in Attachment 2, to correctly identify \$500 in spending in 2017 as a transfer to another reserve.</p>

Reserve Name	Attachment 2 Page Number	Reserve Type	Balance 2017 (in thousands)	General Comments (\$ in thousands)	Recommendation(s) (\$ in thousands)
LED Street Light Re-Lamping Reserve	25	Capital	\$9,123	<p>This reserve is financed using savings arising from energy efficiency benefits of LED re-lamping. These savings are then reinvested into further re-lamping.</p> <p>The City recently completed a large LED Street Light Re-lamping project, which was accelerated due to the downturn and concluded in 2.5 years instead of four. Electrical savings (in kWh) of approximately 40% resulted from this change, leading to significant contributions to this reserve.</p> <p>In practice, this reserve was funded using budget surpluses. As budgets were revised down over time to take into account cost savings, contributions were slightly less than anticipated. This did not affect the successful completion of the re-lamping project. Otherwise, spending and funding were in accordance with reserve terms.</p> <p>With the Re-lamping project complete, this reserve has served its primary purpose. Roads has established a capital spending plan to draw down the remainder of the funds in this reserve.</p>	<p>Formally redefine the reserve's funding to budget surpluses rather than electricity savings, as shown in Attachment 2.</p> <p>Cease funding to this reserve effective after this year and authorize its closure once it has been depleted, expected by the end of 2019.</p>
Parking Land Acquisition Reserve	26	Capital	\$41,719	<p>The purpose of the reserve was initially to fund land purchases to be used for parking facilities in suitable locations in the Downtown.</p> <p>Two additional special projects, relating to innovative TOD and living street programs, were also approved by Council.</p> <p>As the cash-in-lieu program has been concluded and new Downtown Parking Strategy has been approved, Council stipulated that this reserve should be closed once the two approved special purpose projects were finished.</p> <p>The two special purpose projects are now completed and the reserve has met its purpose. This reserve is therefore recommended for closure in accordance with prior Council direction.</p>	<p>Authorize closure of this reserve and the transfer of the remainder of its balance to the newly created Cash-in-Lieu Lifecycle Sustainment Reserve.</p>
Cash-in-Lieu Lifecycle Sustainment Reserve (PROPOSED)	28	Sustainment	\$0	<p>Council directed Administration to create a process, in conjunction with the Calgary Parking Authority (CPA) and The City's Reserve policies, to enable CPA to access funds from the Parking Land Acquisition Reserve to support lifecycle requirements for existing cash-in-lieu parking facilities.</p> <p>This Cash-in-Lieu Lifecycle Sustainment Reserve, funded by the closing balance of the Parking Land Acquisition Reserve, will serve that purpose.</p>	<p>Authorize the creation of this reserve, with purpose, conditions, restrictions, and funding sources as detailed in Attachment 2.</p> <p>Approve the addition of this reserve to the 2020 Triennial Reserves Review schedule, to be reviewed at the same time as the Parking Revenue Reinvestment Reserve.</p>

Reserve Name	Attachment 2 Page Number	Reserve Type	Balance 2017 (in thousands)	General Comments (\$ in thousands)	Recommendation(s) (\$ in thousands)
Budget Savings Account	29	Sustainment	\$157,334	<p>This reserve was created to encourage and provide incentives for business units to seek savings, innovations, and efficiencies, and to set aside funding for a Community Economic Resiliency Fund ("CERF") to be used to freeze fees, fund non-profits and business units, and provide direct economic stimulus.</p> <p>A review of a sample of reserve transactions determined that they were consistent with the reserve's terms and conditions.</p> <p>The BSA reserve accepts all departmental favourable operating variances, with Council and corporate program variances placed into the FSR.</p> <p>Most economic recovery expenditures were funded through BSA-CERF. Some were also funded through the main BSA and the FSR. In all cases, this was as approved by Council.</p> <p>In practice, the provision for 100% corporate use of contributions is used to mitigating the effects of an economic downturn. These effects are not necessarily limited to the duration of the downturn itself, and can continue after the economy has begun to recover.</p>	<p>Approve changes to the reserve template, as outlined in Attachment 2, to clarify the relationship between Corporate use of reserve funds and impact-mitigation for economic downturns.</p> <p>Approve the review of the relationship between this reserve and the Fiscal Stability Reserve as part of the 2019-2022 business cycle review of CFOD reserve and budget policies.</p>

Reserve Name	Attachment 2 Page Number	Reserve Type	Balance 2017 (in thousands)	General Comments (\$ in thousands)	Recommendation(s) (\$ in thousands)
Real Estate Services Reserve	31	Sustainment	\$70,796	<p>This reserve is used to finance the acquisition and development of land by the Real Estate & Development Services business unit. Using this reserve's funds, REDS improves and develops lands to meet Municipal purposes and for resale. The reserve is self-sustaining, as the proceeds arising from the sale of improved lands are re-invested.</p> <p>The review determined that the reserve was used in accordance with its purpose, conditions and restrictions, and funded in accordance with its approved funding sources.</p> <p>It was determined that a portion of funding in this reserve, relating to the Bridges Project, is tracked separately as a General Hospital Legacy Endowment Fund and was authorized to receive investment income. As these funds are presently being used to manage RE&DS development activities in the Bow Valley Centre (General Hospital) land area, they are appropriately contained within the Real Estate Reserve until the conclusion of the Bridges Project.</p>	<p>Approve changes to the Reserves Template as shown in Attachment 1 to provide improved transparency, disclosure and tracking of funds relating to the General Hospital Legacy Endowment Fund.</p> <p>Authorize the allocation of interest income to the portions of the reserve that relate to the Bridges Project/General Hospital Legacy Endowment Fund.</p>

2017 Follow-Up Reserve Comments and Recommendations

Reserve Name	Attachment 2 Page Number	Reserve Type	Balance 2017 (in thousands)	General Comments (numerical values in thousands)	Recommendation(s) (numerical values in thousands)
Golf Course Reserve	33	Sustainment	\$2,777	<p>As part of the 2017 Triennial Reserves Review, Administration identified a Notice of Motion arising from report CPS2017-0159 that directed Administration to return to Council with certain information and alternatives related to The City's Golf Courses.</p> <p>Accordingly, Administration committed to follow up on this as part of the 2018 Triennial Reserve Review and determine whether any changes are required to this reserve.</p> <p>As there were no significant changes to the golf course's operating model, no further actions are required.</p>	No recommendations.

Reserve Name	Attachment 2 Page Number	Reserve Type	Balance 2017 (in thousands)	General Comments (\$ in thousands)	Recommendation(s) (\$ in thousands)
Fleet Services Reserve	34	Capital	\$10,933	<p>As part of the 2017 Triennial Reserves Review, Administration identified that the Fleet Services business unit was in the process of developing expenditure plans using this reserve.</p> <p>Accordingly, Administration committed to follow up on this as part of the 2018 Triennial Reserve Review.</p> <p>Fleet Services has developed a capital plan for the use of this reserve, and anticipates withdrawing \$10,000 over the course of 2018 and 2019 to use for the acquisition of fleet vehicles in preference to debt.</p> <p>As a capital plan has been created, no further actions are required.</p>	No recommendations.

Calgary Heritage Authority Reserve

Operating Reserve (\$000s)

\$ 1,772
(2017)

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. **This is the value of the initial funding and establishing endowment principal amount for this reserve's predecessor, the Calgary Heritage Authority Legacy Endowment Fund; refer to Funding Sources for additional information.**

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.

Related Budget Program: Operating Program: #610 Calgary Growth Strategies (formerly #610 City Wide Policy & Integration) on behalf of the CHA.

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

Special Reporting Requirements: None.

Current Activity (\$000s):

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening balance	1,765	1,770	1,736	1,698	1,664
Investment Income	55	40	43	38	34
Contribution to operations	(48)	(45)	(9)	-	-
Closing balance	<u>1,772</u>	<u>1,765</u>	<u>1,770</u>	<u>1,736</u>	<u>1,698</u>

Closing balance consists of:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Principal	1,338	1,338	1,338	1,338	1,338
Accumulated net interest	434	427	432	398	360
Closing balance	<u>1,772</u>	<u>1,765</u>	<u>1,770</u>	<u>1,736</u>	<u>1,698</u>

Source Contacts: **Business Unit –** Calgary Growth Strategies
Financial Lead – S. Mackenzie, Finance Lead
Operational Lead – J. Mueller, Manager, City Planning and Policy Services

Review Schedule: Last Review: 2015 Next Review: 2018

Children's Reserve Fund

Operating Reserve (\$000s)

\$ 4,723
(2017)

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.~~ As per purpose and conditions.

Related Budget Program: Operating Program: #421 Calgary Neighbourhoods

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

Special Reporting Requirements: None.

Current Activity (\$000s):

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening balance	4,693	4,605	4,605	4,595	4,502
Investment Income	150	105	115	101	93
Contribution to Recreation/Calgary Neighbourhoods	(120)	(17)	(115)	(91)	-
Closing balance	<u>4,723</u>	<u>4,693</u>	<u>4,605</u>	<u>4,605</u>	<u>4,595</u>

Closing balance consists of:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Principal Amount	4,502	4,502	4,502	4,502	4,502
Accumulated Net Investment Income	221	191	103	103	93
Closing balance	<u>4,723</u>	<u>4,693</u>	<u>4,605</u>	<u>4,605</u>	<u>4,595</u>

Source Contacts: **Business Unit – Calgary Neighbourhoods**
 Financial Lead – J. Salazar, Finance Lead
 Operational Lead – ~~K. Black~~ M. Hulsker, Director

Review Schedule: Last Review: 2015 Next Review: 2018

ENMAX Dividend Stabilization Reserve\$ 20,000
(2017)

Operating Reserve (\$000s)

Authorization: NM 2012-05**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.**Related Budget Program:** Operating Program: #860 General Revenue**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**Special Reporting Requirements:** None.**Current Activity (\$000s):**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening balance	20,000	20,000	16,450	10,100	-
Contributions from operations	-	-	3,550	6,350	10,100
Closing balance	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>16,450</u>	<u>10,100</u>

Source Contacts: **Business Unit –** **Corporate Revenue & Costs**
 Financial Lead – C. Fung, Corporate Finance Lead
 Operational Lead – **T. Nguyen J. Kwong**, Finance Manager

Review Schedule: Last Review: 2015 Next Review: 2018

Family & Community Support Service (“FCSS”) Stabilization Fund \$ 4,361
Operating Reserve (\$000s) (2017)

Authorization: CS95-21, ~~CS008~~, CPS98-12, CPS2003-26, FCS2004-22, CPS2009-09, CPS2011-19 and PFC 2015-0917.

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
- 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 ~~may~~ consult with community partners to determine the project’s impact and viability.

Restrictions: As per purpose.

Related Budget Program: Operating Program: #421 Calgary Neighbourhoods

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: X Yes No

Special Reporting Requirements: ~~None~~
~~Annual review by Community & Neighbourhood Services, as described under conditions.~~

Current Activity (\$000s):

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening balance	5,504	5,704	3,710	3,688	3,348
Contributions from operations	513	2,605	2,630	1,474	1,894
Contributions to operations(1)	(1,805)	(2,897)	(636)	(1,452)	(1,554)
Investment income	149	92	-	-	-
Closing balance	4,361	5,504	5,704	3,710	3,688

- (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. As per CPS2016-0827 Council approved \$1,000 to be accessed from the FCSS Stabilization Fund in 2017 for the purpose of funding organizations for one-time capacity building projects and emerging issues. An additional \$500 was withdrawn as per CPS2016-0397 for the purposes of maintaining contribution to the FCSS program budget. \$305 in 2016 approved funds were extended and paid in 2017.

Source Contacts: **Business Unit –** **Calgary Neighbourhoods**
 Financial Lead – J. Salazar, Finance Lead
 Operational Lead – ~~P. Yung M. Hulsker~~, Manager

Review Schedule: Last Review: 2015 Next Review: 2018

Fiscal Stability Reserve

Operating Reserve (\$000s)

\$ 573,721
(2017)

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~~ **were** made as required and operating surpluses ~~are~~ **were** 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; and
- 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.

Related Budget Programs: Operating Program: #856 Taxation
#860 General Revenue

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

Special Reporting Requirements: None.

Current Activity (\$000s):

	<u>2017</u>	<u>2016</u>	<u>2015</u> (Restated)	<u>2014</u>	<u>2013</u>
Opening Balance	556,561	547,811	443,371	365,460	294,985
Surplus (Previous year)	-	-	-	-	31,258
Surplus (Current year) ⁽¹⁾	80,955	37,731	59,026	27,490	8,159
Investment income	16,651	12,319	11,465	8,504	6,855
Net contribution (to) operations	(78,449)	(21,728)	(14,359)	(27,106)	(17,370)
Net contribution (to) from capital ⁽²⁾	(7,824)	(1,382)	4,892	(16,310)	-
Funding contribution from operations ⁽³⁾	16,793	10,945	55,809	84,713	45,073
Transfers (to)/from other reserves ⁽⁴⁾	(10,966)	(29,135)	(12,393)	620	(3,500)
Closing balance ⁽⁵⁾	573,721	556,561	547,811	443,371	365,460

- (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) 2017: Contribution to capital consists of \$5,342 for City's resiliency projects and \$2,482 for Utilities flood expenditures.
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 is from the transfer of various unspent contingency funds, for example, the Property and Business Tax contingent fund unrequired Property Tax and Business Tax contingencies.~~
- (4) Transfer (to)/from other reserve:
2017: As per C2017-0370, transfer funds to Economic Development Investment Fund ("EDIF") of (\$10,000); transfer funds to various business units' through "FSR flow through reserves" (\$1,374); transfer of \$350 from Economic Development and Policy Co-ordination ("EDPC") year-end surplus to fund future Council Innovation Fund; transfer of \$58 from Budget Savings Account ("BSA") Reserve for 2016 over-contribution to BSA.
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). **Transfer (to) other reserves include a \$300 internal loan to facilitate the relocation of the McHugh House (C2014-0188).**
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).
- (5) Committed amounts in the closing balance total \$135,090 consisting of: \$26,960 one-time approved council items, \$107,630 of balance remaining for Flood Commitment, and \$500 of balance remaining for land-related matters (VR2017-0029). Closing balance ratio to tax supported gross expenditures (net of recoveries) after committed amounts is 11.2% before current year surplus and 13.8% including current year surplus. **The minimum level to be maintained in the reserve is \$159,475.**

Source Contacts:

Business Unit –
Financial Lead –
Operational Lead –

Finance

T. Nguyen, Finance Manager, Corporate Budget Office
C. Male, City Treasurer

Review Schedule:

Last Review:

2015

Next Review:

2018

Group Life Reserve

Externally Restricted Operating Reserve (\$000s)

\$ 1,725
(2017)

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% 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% of the Refund Billed Premium for the last complete policy year.

Related Budget Program: Operating Program: #787 Employee Benefits

Funding Sources: Operating Budget Program: #787 Employee Benefits

Investment income: X Yes No

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):

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening balance	1,685	1,580	1,494	1,338	1,253
Investment income	53	36	37	29	25
Contributions from/(to) Operations	(13)	69	49	127	60
Closing balance	<u>1,725</u>	<u>1,685</u>	<u>1,580</u>	<u>1,494</u>	<u>1,338</u>

Source Contacts:

Business Unit –	Finance
Financial Lead –	D. Christensen, Finance Leader, Benefits Finance
Operational Lead –	G. Wiebe, Finance Manager, Corporate Financial Reporting

Review Schedule: Last Review: 2015 Next Review: 2018

Health, Safety and Wellness Reserve

Operating Reserve (\$000s)

\$ 18,813
(2017)

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 ~~Employee Benefits program general revenue~~. The Human Resources and Environment & Safety Management business units share responsibility for the HSW Reserve. Each business unit manages and reports 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.

Related Budget Program: Operating Program: #787 Employee Benefits

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~~ 75% of WCB rebates and dividends to The City are also transferred to the reserve.

Investment income: ____ Yes X No

Special Reporting Requirements: ~~None.~~
Environment & Safety to report semi-annually to the S.P.C. on Utilities and Corporate Services 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.

Current Activity (\$000s):

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening balance	-15,984	-13,271	-10,975	-7,566	-7,166
Contributions from operations:					
Employee benefits rate	—600	—600	—600	—600	—600
WCB	-4,890	-5,119	-4,870	-4,928	-1,183
Contributions to operations	-(2,661)	-(3,006)	-(3,174)	-(2,119)	-(1,383)
Closing balance	-18,813	-15,984	-13,271	-10,975	-7,566

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening balance	15,984	13,271	10,975	7,566	7,166
Contributions from operations:					
Employee benefits rate	600	600	600	600	600
WCB Rebate	636	600	573	548	600
WCB Return on Investment	4,255	4,519	4,296	4,381	583
Contributions to operations					
Safety (ESM)	(1,779)	(1,977)	(1,776)	(940)	(638)
Health & Wellness (HR)	(882)	(1,030)	(1,397)	(1,179)	(746)
Closing balance	18,813	15,984	13,271	10,975	7,566

Closing balance attributable to:	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Safety (ESM)	8,744	7,778	6,895	5,936	4,112
Health & Wellness (HR)	10,069	8,206	6,376	5,039	3,454
Closing balance	18,813	15,984	13,271	10,975	7,566

Source Contacts:	Business Unit –	Human Resources
	Financial Lead –	T. Nguyen , Acting Finance Manager E. Galindo, Finance Lead
	Operational Lead	M. Lavalee L. Shikaze, Director
	Business Unit –	Environment & Safety Management
	Financial Lead –	F. Tse, Finance Lead
	Operational Lead –	C. Collier, Director

Review Schedule:	Last Review:	2015	Next Review:	2018
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Heritage Incentive Reserve

Operating Reserve (\$000s)

\$ 1,205
(2017)

Authorization:	FB2002-27, FCS2004-15, FCS2004-20, PFC2012-0159 and PFC2015-0917.
Purpose:	<p>To fund the implementation of the Heritage Incentive Program which began in 2003.</p> <p>Grants are provided to non-city owned municipal historic resources to:</p> <ul style="list-style-type: none">• 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:	<p>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.</p> <p>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.</p>
Related Budget Program:	Operating Program: #610 Calgary Growth Strategies (formerly #610 City Wide Policy & Integration)
Funding Sources:	<p>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).</p> <p>Investment income: <u> X </u> Yes <u> X </u> No</p>
Special Reporting Requirements:	None.

Current Activity (\$000s):

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening balance	965	1,087	1,369	1,283	1,185
Contributions from operations	525	225	225	225	225
Contributions to operations	(285)	(347)	(507)	(139)	(127)
Closing balance	<u>1,205</u>	<u>965</u>	<u>1,087</u>	<u>1,369</u>	<u>1,283</u>

Source Contacts: **Business Unit –** **Calgary Growth Strategies**
 Financial Lead – S. Mackenzie, Finance Lead
 Operational Lead – J. Mueller, Manager, City Planning & Policy Services

Review Schedule: Last Review: 2015 Next Review: 2018

Mall Programming Fund

Operating Reserve (\$000s)

\$	813
	(2017)

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.**Related Budget Program:** Operating Program: #651 Urban Strategy (formerly #612 Local Area Planning & Implementation)**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**Special Reporting Requirements:** None.**Current Activity (\$000s):**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening balance	788	770	754	744	1,017
Investment income	25	18	18	16	18
Contributions to capital financing	-	-	(5)	(6)	(291)
Contributions to operations	-	-	3	-	-
Closing balance	<u>813</u>	<u>788</u>	<u>770</u>	<u>754</u>	<u>744</u>

Closing balance consists of:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Principal Amount	688	688	688	688	688
Accumulated Net Investment Income	125	100	82	66	56
Closing balance	<u>813</u>	<u>788</u>	<u>770</u>	<u>754</u>	<u>744</u>

Source Contacts:

Business Unit –	Urban Strategy
Financial Lead –	M. Fung, Finance Lead
Operational Lead –	J. Tang, Program Manager

Review Schedule: Last Review: 2015 Next Review: 2018

Self-Insurance Reserve

Operating Reserve (\$000s)

\$ 7,000
(2017)

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 approximately \$10,058,708

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.

Related Budget Programs: Operating Program: #858 Investment Income
#810 Law Program

Funding Sources: Contributions from operations, subject to Council's budget approval.

Investment income: X Yes No

Special Reporting Requirements: None.

Current Activity (\$000s):

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening balance	7,000	7,000	7,000	7,000	7,000
Contributions to operations	-	-	-	-	-
Investment income	-	-	-	-	-
Closing balance	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>

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 Contacts:	Business Unit – Financial Lead – Operational Lead –	Law T. Topping, Finance Lead P. Corbeil, Manager, Risk Management & Claims
Review Schedule:	Last Review:	2015 Next Review: 2018

Snow and Ice Control (“SNIC”) Reserve

\$ 12,482
(2017)

Operating Reserve (\$000s)

Authorization: PFC2012-0045 and C2014-0863.

Purpose: Council directed Administration to establish a SNIC reserve during the 2012-2014 Business Plan and Budget debates. The reserve shall be used ~~exclusively~~ by ~~the Roads Business Units~~ business units to supplement ~~its~~ **their** annual SNIC budgets 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).

Calgary Transit’s contribution to this reserve may be used by Transit or Roads for eligible expenditures, in accordance with the Memorandum of Understanding between Calgary Transit and Roads dated 2018 October 1 and as defined in the Council Policy on Snow and Ice Control (LPT2011-57), to ensure the safety and mobility of Calgary Transit customers, pedestrians, cyclists and vehicles.

Conditions: If the reserve fund is depleted to zero in a future year, Administration will advise Council.

Fund balance cannot exceed \$15,000 per C2014-0863.

Restrictions: ~~As stated above.~~ Withdrawals from the Roads-funded portion of this reserve by business units other than Roads require approval by the Reserve Operational Lead.

Related Budget Program: Operating Program: #132 Roads
#110 Calgary Transit

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.

The reserve may be replenished from any surplus from Calgary Transit’s snow removal priority accessibility budget.

In situations where a full contribution from both the Roads and Calgary Transit budget surpluses would cause the reserve to exceed its maximum balance, Roads’ surplus shall be contributed to the reserve first.

Roads will work with Finance at the end of ~~March~~ April 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

Special Reporting Requirements: The terms of reference will be reviewed prior to the beginning of each business planning and budget cycle.

Current Activity (\$000s):

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening balance	15,000	8,940	-	4,141	3,220
Contributions from (to) operations	(3,437)	1,060	2,050	(4,141)	(2,579)
Contribution from Calgary Transit	919	-	1,890	-	-
Contribution from FSR	-	5,000	5,000	-	3,500
Closing balance	<u>12,482</u>	<u>15,000</u>	<u>8,940</u>	<u>-</u>	<u>4,141</u>

Closing balance attributable to:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Roads	12,482	15,000	8,940	-	4,141
Calgary Transit	-	-	-	-	-
Closing balance	<u>12,482</u>	<u>15,000</u>	<u>8,940</u>	<u>-</u>	<u>4,141</u>

Source Contacts: **Business Unit – Roads**
 Financial Lead – L. Wong, Finance Lead
 Operational Lead – B. Biensch, Maintenance Manager

Review Schedule: Last Review: 2015 Next Review: 2018

Asphalt and Crusher Plant Lifecycle Capital Reserve

Capital Reserve (000's)

\$ 6,443
(2017)

Authorization: FCS2010-10 and PFC2012-0606.

Purpose: To finance ~~future~~ capital expenditures relating to Roads – Plants Operations as budgeted through The City's annual capital budget process or a specific Council approval. ~~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 the 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 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 Program: Operating Program: #132 Roads
Capital Program: #128-136 Plants Capital

Funding Sources: ~~All or a portion of any Roads – plants & paving operating budget surplus, Proceeds from sale of surplus Roads – Plants assets, depreciation on plant assets and interest income , and any excess of Roads – Plants revenues or recoveries over expenditures after other fund transfers.~~ Where the reserve has reached its maximum balance, or if the balance of the reserve is deemed sufficient by the Director of Roads to fund Plants upgrade work within the four-year business cycle, Roads may elect to withhold all or a portion of the contributions to this reserve.

Investment income: X Yes No

Special Reporting Requirements: None.

Current Activity (\$000s):

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening balance	7,500	6,367	5,363	7,500	6,459
Investment Income	156	107	60	119	76
Contributions to capital financing	(1,213)	(910)	(1,056)	(2,256)	(2,272)
Contributions from operations	-	1,936	2,000	-	3,237
Closing balance	6,443	7,500	6,367	5,363	7,500

Source Contacts: **Business Unit – Roads**
 Financial Lead – L. Wong, Finance Lead
 Operational Lead – ~~L. Spoljarich~~ R. Trastanetz, Senior Plants Leader

Review Schedule: Last Review: 2015 Next Review: 2018

Corporate Housing Reserve

Capital Reserve (\$000s)

\$ 30,383
(2017)

Authorization: FB99-62, CPS2002-57, LAS2000-206, CPS2004-55, FCS2004-58, ~~LPT2007-64~~, FCS2010-10, PFC2012-0606 and LAS2013-06. Grant Funding Agreement 2007, 2008-2009 and 2009-2010, One Window Project Agreement 2017-2019.

Purpose: To support the development of affordable rental, social and special needs housing infrastructure and operating costs associated with affordable housing initiatives.

Conditions: In accordance with the terms of reference established for the reserve, the reserve 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 partnership/joint venture.

Funds contributed by a grant will be managed and used in accordance with the terms of the applicable grant agreement.

Restrictions: External - \$ 13,451 Internal - \$ 6,300

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.

Related Budget Program: Operating Program: #495 Calgary Housing (previously #488 Land Servicing & Housing)
Capital Program: #489 Affordable Housing (previously #489 Public 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 (previously Land and Asset Strategy Committee – "LASC"); 5% of gross industrial land sales proceeds.
- 2) Lease revenues generated from the 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.
- 5) As approved in LA~~S~~2000-206, 20% of net eligible revenues generated from Real Estate & Development Services (previously Corporate Properties) Residential Portfolio be transferred annually to Corporate Housing Capital Reserve to fund municipally operated housing initiatives, and
- 6) Investment income.

Investment income: X Yes No

Special Reporting Requirements:

None.

Current Activity (\$000s):

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
			(Restated)		
Opening balance	29,885	38,531	36,073	34,105	46,749
Investment income	754	645	762	597	784
Contributions from operations ⁽⁴⁾	1,595	2,235	3,155	4,895	3,496
Contributions to operations ⁽³⁾	(1,026)	(8,242)	(403)	(647)	(1,554)
Contributions to debt repayment	(244)	(245)	(245)	(997)	(1,750)
Contributions to capital ⁽²⁾	(2,539)	(3,335)	(2,690)	(1)	(13,620)
Transfer (to)/from Reserve ⁽¹⁾	1,957	296	1,879	(1,879)	-
Closing balance	30,383	29,885	38,531	36,073	34,105

- (1) 5% of the Industrial Land sale revenue was contributed from operations which amount to \$1,957 in 2017, \$297 in 2016, \$3,215 in 2014, and \$1,313 in 2013. 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: **2017:** ~~Rosedale (\$174)~~, Kingsland (\$699), Bridgeland (\$1,693), AH Pre-development (\$147); **2016:** Demolition at Louise Station (\$1,000), Kingsland (\$1,204), Bridgeland (\$1,080), AH Pre-development (\$51); **2015:** Construction with redesign of building and configuration for Kingsland (\$1,044) and demolition at Louise Station (\$1,646); **2014:** Completion of North Manchester (\$1); and **2013:** Construction of North Manchester (\$1,834), purchase of Bridges Site 155 units (\$11,558) and two housing projects (\$228).
- (3) Contributions to operation: **2017:** Includes funds used to fund the increased service around Implementation of The City of Calgary Corporate Affordable Housing Strategy (\$861); and **2016:** Includes funds transferred to Calgary Housing Company - purchase of East Village (\$8,000).

Source Contacts:

Business Unit –	Calgary Housing
Financial Lead –	M. Alarakyia, Finance Coordinator and S. MacFayden, Finance Manager
Operational Lead –	T. Goldstein, Manager

Review Schedule: Last Review: 2015 Next Review: 2018

Downtown Improvement Fund
Excluding Stephen Avenue Heritage Area Society Fund
Capital Reserve (\$000s)

\$ 3,050
(2017)

- 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.~~ Unused capacity from a year may be accrued and carried forward for up to four years, including the year in which it was accrued.
- Restrictions:** Centre City is defined in the May 2007 Centre City Plan (page 33) and includes the Beltline.
- Related Budget Program:** Operating Program: #651 Urban Strategy (previously #612 Local Area Planning & Implementation)
Capital Programs: #152 Downtown Improvement
#126 – 176 Industrial Sidewalk Retrofit
- 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
- Special Reporting Requirements:** None.

Current Activity (\$000s):

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening balance	3,684	3,629	3,372	3,207	3,033
Investment income	107	83	87	73	65
Contribution from operations (P 651)	121	255	178	142	211
Contribution to capital	(362)	(283)	(8)	(50)	(102)
Transfer between reserves (1)	(500)				
Closing balance	3,050	3,684	3,629	3,372	3,207

Note 1: Transfer to the Reserve for Future Capital (RFC)

Carry-forwards available:	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening carry-forward	633	616	324	74	(124)
Annual spending limit	300	300	300	300	300
Annual expenditures	(862)	(283)	(8)	(50)	(102)
Prior year carry-forward used	362	283	8	37	139
Carry-forward accrued for this year	(200)	300	300	287	337
Carry-forwards lapsed from prior years	-	-	-	-	-
Accrued year-end carry-forward	71	633	616	324	74

Source Contacts: **Business Unit –** **Urban Strategy**
 Financial Lead – M. Fung, Finance Lead
 Operational Lead – J. Tang, Program Manager

Review Schedule: Last Review: 2015 Next Review: 2018

LED Street Light Re-Lamping Reserve

(formerly LED Traffic Signal Display Re-Lamping Reserve)
Capital Reserve (\$000s)

\$ 9,123
(2017)

Authorization: TTP 2002-44, PFC 2012-0606 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 Sources: Annual operating ~~contribution~~ budget surpluses from Roads – Street Lighting budget 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):

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening balance	5,688	5,528	5,816	5,622	5,666
Contribution from operations	4,500	1,750	1,466	697	703
Contribution to capital	(1,065)	(1,590)	(1,754)	(503)	(747)
Closing balance	<u>9,123</u>	<u>5,688</u>	<u>5,528</u>	<u>5,816</u>	<u>5,622</u>

Source Contacts: **Business Unit – Roads**
Financial Lead – L. Wong, Finance Lead
Operational Lead – R. Seera, Traffic Operations Manager

Review Schedule: Last Review: 2015 Next Review: 2018

Parking Land Acquisition Reserve

Capital Reserve (\$000s)

\$ 41,719
(2017)

Authorization: LPT2006-13, C2008-61, LAS2009-45, FCS2007-26, PFC2012-0606, C2013-0509, TT2013-0124, TT2016-0204 and TT2017-0044.

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.

Related Budget Programs: Capital Programs: #851 Future Downtown Infrastructure Land
#127-140 Various Street Improvements

Funding Sources: Prior to 2017, 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 was \$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. Beginning in 2017, the reserve will no longer receive funding and the reserve will be used for the purpose identified above until the funds are exhausted.

Investment income: X Yes No

Special Reporting Requirements: None.

Current Activity (\$000s):

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening balance	40,772	38,215	32,657	24,688	19,991
Contributions from Calgary Parking Authority	-	3,876	5,928	7,639	4,276
Contribution to Parking Revenue Reinvestment Reserve	(1,688)	-	-	-	-
Contribution from Revolving Fund for General Land Purchases ⁽¹⁾	-	2,441	-	-	-
Contributions from/(to) capital financing	1,327	(4,636)	(1,180)	(248)	-
Investment income allocation	1,308	876	810	578	421
Closing balance	<u>41,719</u>	<u>40,772</u>	<u>38,215</u>	<u>32,657</u>	<u>24,688</u>

(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**
 Financial Lead – T. Johnson, Finance Lead

Business Unit – **Transportation Planning**
 Operational Lead – A. Sebjanic, Manager, Transportation Strategy

Review Schedule: Last Review: 2015 Next Review: 2018

Cash-in-Lieu Lifecycle Sustainment Reserve (PROPOSED)

Sustainment Reserve (\$000s)

\$ **41,719**
(2018)**Authorization:** TT2016-0204, TT2017-0044 and PFC2018-1125**Purpose:** The purpose of this reserve is to fund the lifecycle operating and capital needs for existing cash-in-lieu parking facilities managed by the Calgary Parking Authority.**Conditions:** As per purpose.**Restrictions:** Funds are to be used at the sole discretion of the Calgary Parking Authority to support their lifecycle activities for the cash-in-lieu parking facilities. Expenditures are approved by the Calgary Parking Authority through the approval of the budget by the Calgary Parking Committee.

For parking facilities that have both cash-in-lieu and other financing, this reserve may fund a percentage of work equal to the proportion of cash-in-lieu stalls to the total stalls within the facility.

Related Budget Programs: Operating Program: #104 Calgary Parking Authority

Capital Programs: #106 Calgary Parking Authority

Funding Sources: The balance in the Parking Land Acquisition Reserve of \$41,719 at December 31, 2017 was transferred to this newly created reserve to fund the purpose per Council direction in TT2016-0204.Investment income: X Yes No**Special Reporting Requirements:** None.**Current Activity (\$000s):**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Opening balance	-	-	-	-	-
Transfer from Parking Land Acquisition Reserve	41,719	-	-	-	-
Investment income allocation	-	-	-	-	-
Closing balance	<u>41,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Source Contacts:

Business Unit –	Transportation Planning
Financial Lead –	L. Wong, Finance Lead
Operational Lead –	A. Sebjanic, Manager, Transportation Strategy

Related Authority –	Calgary Parking Authority
Financial Lead –	J. Foulds, Controller
Operational Lead –	G. Furtado, General Manager

Review Schedule: Last Review: N/A Next Review: 2020

Budget Savings Account Reserve

Combined Operating and Capital Reserve (\$000s)

\$ 157,334
(2017)

Authorization: PFC2015-0181, PFC2015-0959, PFC2016-0081, C2016-0544, C2016-0863, PFC2017-0223 (TT2017-0044) and C2017-0057.

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~~ **may** 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 to~~ **mitigate the impacts of** 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.

Related Budget Programs: Operating Program: All impacted City Business Units.
Capital Program: All impacted City Business Units.

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

Special Reporting Requirements: None.

Current Activity (\$000s):

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening balance	130,103	60,905	-	-	-
Contributions from operations ⁽¹⁾	34,295	24,246	30,313	-	-
Contributions from operations to CERF ⁽²⁾	45,000	58,800	30,000	-	-
Contributions from capital ⁽³⁾	-	3,392	592	-	-
Contributions to operations	(15,866)	(269)	-	-	-
Contributions to operations from CERF	(37,536)	(16,971)	-	-	-
Transfer from other operating reserves	422	-	-	-	-
Transfer from other capital reserves	916	-	-	-	-
Closing balance	<u>157,334</u>	<u>130,103</u>	<u>60,905</u>	<u>-</u>	<u>-</u>

Breakdown of Closing Balance:

Operating BSA ⁽⁴⁾	73,141	54,290	30,313	-	-
Operating BSA-CERF ⁽⁵⁾	79,293	71,829	30,000	-	-
Capital BSA	4,900	3,984	592	-	-
Closing Balance	<u>157,334</u>	<u>130,103</u>	<u>60,905</u>	<u>-</u>	<u>-</u>

(1) Operating savings from various business units.

(2) 2017: Contribution for 2018 Municipal Non-Residential Phased Tax Program ("PTP").

2016: Contribution for 2017 PTP, Calgary Neighborhood Emergency Resilience and user fees freeze for Calgary Transit, Recreation and pet licensing.

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 total \$25,764 consisting of: \$764 for Calgary Transit Fleet Reliability, Janitorial and Outside Maintenance and Rail System Communications; and \$25,000 for Economic Development Investment Fund Reserve.

(5) Committed amounts in the closing balance total \$76,626 consisting of: \$25,225 for 2017 PTP, \$45,000 for 2018 PTP, \$1,200 for Calgary Economic Development Initiatives, \$4,569 for Affordable Housing Initiatives, and \$632 for User Fees Freeze.

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

Real Estate Services

Combined Operating & Capital Reserve (\$000s)

\$ 70,796
(2017)

Authorization: Notice of Motion 1997-May-26, CPS98-37, FCS2010-10, PFC2012-0606, PFC2013-0745, ~~and~~ PFC2014-0847 and PUD2016-0524.

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.

This Reserve contains the funds allocated to the Calgary General Hospital Legacy Fund, established by CPS98-37 as an endowment generated from the revenues generated by the use, redevelopment and sale of the Calgary General Hospital, Bow Valley Centre lands (“Bridges Project”).

Conditions: As per purpose.

Restrictions: Real Estate Services Reserve Funds are to be used as per the purpose outlined above.

Calgary General Hospital Legacy Fund monies are restricted by Terms of Reference set forth in CPS98-37 and PUD2016-0524. Funds shall be disbursed only for the continuation of the Bridges Project or, for healthy Calgary initiatives, with the recommendation of the Calgary General Hospital Legacy Review Committee and approval by City Council.

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

Funding Sources: Net proceeds of serviced land sales (Industrial, Business & Special Projects), proceeds of intra-city debt (principal and interest) and proceeds ~~of from-excess~~ commissions. In 1994 (and all subsequent years) the portion reinvested in land inventory is reclassified to Equity in Land Inventory.

Investment income⁽¹⁾: X Yes X No

(1) Interest income is allocated only to portions of the reserve balance that relate to the Calgary General Hospital Legacy Fund/Bridges Project. Other portions of this reserve are not allocated interest.

Special Reporting Requirements: None.

Current Activity (\$000s):
Real Estate Services Reserve

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening balance	57,608	62,005	91,238	76,305	71,368
Contributions from operations for land sales	25,093	3,795	1,928	35,054	6,923
Contributions from/(to) operations	7,885	3,440	(15,992)	5,414	(1,254)
Contributions (to)/from capital financing	(25,102)	(13,378)	(17,971)	(27,767)	(4,446)
Investment income	199	145	148	96	92
Transfer between reserves ⁽¹⁾	(967)	1,746	2,802	2,233	3,714
Closing balance	<u>64,517</u>	<u>57,608</u>	<u>62,005</u>	<u>91,239</u>	<u>76,305</u>

General Hospital Legacy Endowment Fund (Bridges Project)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening balance	6,361	6,391	6,426	4,247	4,754
Contributions from/(to) operations	-	(36)	-	2,671	(358)
Contributions (to)/from capital	(281)	(139)	(184)	(589)	(241)
Investment income	199	145	149	97	92
Closing balance	<u>6,279</u>	<u>6,361</u>	<u>6,391</u>	<u>6,426</u>	<u>4,247</u>
Total closing balance	<u>70,796</u>	<u>63,969</u>	<u>68,396</u>	<u>97,665</u>	<u>80,552</u>

(1) Transfer from other reserves:

2017: Received a total of \$990 from the Revolving Fund Reserve for: General Land Purchase of \$131, repayment of pre-development expenses related to R.B. Bennett School site of \$347 and net proceeds for land sales to the Calgary Municipal Land Corporation of \$512. The balance of (\$967) also includes a transfer to the Corporate Housing Reserve of (\$1,957), which is equal to 5% of its gross industrial land sales proceeds.

2016: Received \$1,571 from Treasury and \$472 from the Revolving Fund Reserve for General Land Purchases servicing and repayment of pre-development expenses related to R.B. Bennett 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 Treasury and \$506 from the Revolving Fund Reserve for general land servicing and repayment of pre-development expenses related to R.B. Bennett School site.

2014: Received \$2,068 from Treasury 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 Treasury 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.

Source Contacts: **Business Unit –** **Real Estate and Development Services**
 Financial Lead – D. Stamper, Finance Lead
 Operational Leads – C. Blash, Manager

Review Schedule: Last Review: 2015 Next Review: 2018

Golf Course Reserve\$ 2,777
(2017)

Combined Operating and Capital Reserve (\$000s)

Authorization: CS91-64-02, FB92-64, CS95-07, FCS2004-22, FCS2011-13, PFC2014-0847 and PFC2017-1241.

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.

Private contributions of \$1,000 were received in 2017 and will be used towards upgrade and maintenance projects at the Shaganappi Golf Course.

Related Budget Programs: Operating Program: #426 Recreation
Capital Program: #505 Golf Courses

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

Special Reporting Requirements: None.

Current Activity (\$000s):

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening balance	1,712	1,126	529	327	148
User surcharges	138	147	161	183	166
Investment income	74	36	25	19	13
Contributions from operations	13	403	411	-	389
Donation	1,000	-	-	-	-
Contribution to operations	(160)	-	-	-	-
Debenture repayments	-	-	-	-	(389)
Closing balance	<u>2,777</u>	<u>1,712</u>	<u>1,126</u>	<u>529</u>	<u>327</u>

Source Contacts: **Business Unit – Calgary Recreation**
Financial Lead – R. Turley, Finance Lead
Operational Lead – G. Steinraths, Manager, Golf Course Operations

Review Schedule: Last Review: 2017 Next Review: 2020

Fleet Services Capital Reserve

Capital Reserve (\$000s)

\$ 10,933
(2017)

Authorization: Commissionaires Report, FCS2010-10, FCS2011-34 and PFC2014-0847 and C2017-1123.

Purpose: To finance future Fleet Services Capital Expenditures under Council's approval.

Conditions: Funds must be used to finance capital expenditures relating to Fleet Services only.

Restrictions: Funds are to be used only for the purposes outlined above

Related Budget Program: Capital Program: #871 Acquisitions

Funding Sources: Allocation of operating proceeds from disposal of capital assets and operating budget surpluses.

Investment income: ____ Yes X No

Special Reporting Requirements: None.

Current Activity (\$000s):

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Opening balance	14,326	10,456	4,042	-	-
Gain/(loss) on asset disposals	(178)	961	1,496	278	-
Contributions from operations	1,685	2,909	4,918	3,764	-
Contribution to Budget Savings Account ⁽¹⁾	(4,900)	-	-	-	-
Closing balance	<u>10,933</u>	<u>14,326</u>	<u>10,456</u>	<u>4,042</u>	<u>-</u>

(1) The contribution to the Capital Budget Savings Account is a one-time contribution, which was made as per the recommendations noted in the 2017 Triennial Reserve Review Report, C2017-1123.

Source Contacts:

Business Unit –	Fleet Services
Financial Lead –	E. Jarvo, Finance Lead
Operational Lead –	M. Belzile, Manager, Business Operations

Review Schedule: Last Review: 2017 Next Review: 2020

Reserves to be Reviewed in 2019

Reserve Name	Reserve Type	Reserve Balance as of Dec 31, 2017 (in \$ thousands)	Previously Reviewed Year
Parks Foundation Reserve	Operating	2,407	2016
Tax Loss Provision Reserve	Operating	37,398	2016
Artificial Turf Field Lifecycle Reserve	Capital	3,271	2016
Community Investment Reserve	Capital	39,407	2016
Debt Servicing Reserve	Capital	52,570	2016
Legacy Parks Reserve	Capital	7,195	2016
Revolving Fund for General Land Purchases	Capital	102,118	2016
TELUS Convention Centre Reserve	Capital	20	2016
Community Sustainability Reserve	Sustainment	2,119	2016
Calgary Building Services (CBS) and Calgary Community Standards (CCS) - Business License Sustainment Reserve	Sustainment	96,335	2016
Livery Transport Services Sustainment Reserve	Sustainment	4,145	2016
Parks Endowment and Sustainment Reserve	Sustainment	4,494	2016
Perpetual Care of the Municipal Cemetery System Reserve	Sustainment	18,221	2016
Public Art Reserve	Sustainment	5,883	2016
Utility Sustainment Reserve	Sustainment	142,392	2016
Waste and Recycling Sustainment Reserve	Sustainment	64,802	2016
Total		582,777	

Follow-Ups Scheduled for 2019

Reserve Name	Reserve Type	Reserve Balance as of Dec 31, 2017 (in \$ thousands)	Previously Reviewed Year
Calgary Heritage Authority Reserve	Operating	1,772	2018
Heritage Incentive Reserve	Operating	1,205	2018
Mall Programming Fund	Operating	813	2018
Snow and Ice Control (SNIC) Reserve	Operating	12,482	2018
Corporate Housing Reserve	Capital	30,383	2018
Total		46,655	

Planning & Development Report to
Priorities and Finance Committee
2018 November 06

ISC: UNRESTRICTED
PFC2018-1180

Actively Developing Communities in Keystone Hills Area Structure Plan – Growth Management Overlay Removal

EXECUTIVE SUMMARY

The purpose of this report is to amend the Keystone Hills Area Structure Plan to remove a portion of the Growth Management Overlay to allow for the continued development of the actively developing communities of Livingston and Carrington in the north central part of Calgary. Currently, the Keystone Hills Area Structure Plan contains a partial Growth Management Overlay, indicating additional capital and operating investments are required to facilitate development. A number of these required investments are expected to be included in the One Calgary 2019-2022 Service Plans and Budgets. The funding sources are anticipated to be off-site levies and the indicative tax rate for actively developing communities. Approval of these investments and the associated partial removal of the Growth Management Overlay would help facilitate further development in the Keystone Hills Area Structure Plan.

This report is being brought forward ahead of One Calgary 2019-2022 budget approvals in 2018 November in order to obtain direction to advertise the proposed bylaw for the first Public Hearing after budget approvals, which will save time and provide certainty for developers. The recommendation reflects the direction that Council gave with their approval of an indicative tax rate in 2018 April to support the required investments and funding sources through The City's budgeting process to continue the build out of Carrington and Livingston.

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee:

1. Direct this report (PFC2018-1180) to the December 10 Regular Public Hearing Meeting of Council to the Public Hearing portion of the Agenda to accommodate the required advertising;
2. Recommend that Council:
 - a. Hold a public hearing on the proposed bylaw amendment as outlined in Attachment 1; and
 - b. Give three readings of the proposed bylaw amendment to the Keystone Hills Area Structure Plan in Attachment 1.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2018 September 11, Council approved an amendment to the Keystone Hills Area Structure Plan (ASP) to remove a portion of the Growth Management Overlay for the Southeast Keystone business case.

On 2018 July 23, Council approved an amendment to the conditions on the Growth Management Overlay map in the Keystone Hills Area Structure Plan to increase the transportation capacity.

On 2018 April 25, Council approved the 2019-2022 indicative tax rates as part of the One Calgary: Setting Indicative Rates for 2019-2022 report (C2018-0489). This included a 1.4 per cent base impact in 2019 and 0.4 per cent in 2020-2022 for actively developing communities.

Actively Developing Communities in Keystone Hills Area Structure Plan - Growth Management Overlay Removal

BACKGROUND

The Keystone Hills Area Structure Plan (ASP), approved by Council in 2012, covers approximately 1,080 hectares of land located in the north part of the city, bounded by Stoney Trail N to the south, 14 Street NW to the west, 160 Avenue N to the north, and 15 Street NE to the east (Attachment 2). The future Green Line LRT is anticipated to extend along Centre Street N across Stoney Trail N to 160 Avenue N, with a station located at about 144 Avenue N and 160 Avenue N. The Keystone Hills ASP, at completion, is expected to accommodate approximately 60,000 residents and employ about 18,000 people in three complete communities and one industrial/employment area. The ASP also envisions a future Major Activity Centre and Urban Corridor at 144 Avenue N and Centre Street N and along Centre Street N, respectively.

There are currently 27 actively developing communities with land use approval in Calgary. These communities have obtained required approvals and have connections to City services and infrastructure and have commenced residential construction. In most cases the required utilities, transportation and fire investments have already been made and development is proceeding. Examples include Sage Hill and Cranston. In some cases, the communities are partially serviced with these investments, and further investment is required to support full build out.

Carrington and Livingston in the Keystone Hills ASP are two examples of this second case of actively developing communities. These two communities began development in 2015. Five outline plans with associated land use amendments have been approved by Calgary Planning Commission and Council respectively to date. That includes Livingston stages 1a, 1b and 2a (Brookfield), as well as two Carrington stages (Mattamy, Genstar and H3 Developments). The approved land uses in the area are anticipated to allow for approximately 6,900 units. Development continues to be approved in the communities of Livingston and Carrington. According to the 2018 Civic Census, the population of Carrington is 321 occupying 97 dwellings and the population of Livingston is 704 occupying 245 dwellings. To support the existing development, developers have invested in local infrastructure such as utilities, roads and parks. The City has also invested in water, sanitary, and storm utilities, and the Stoney Trail/14 Street NW interchange ramps.

Council's adoption of the Keystone Hills ASP in 2012 July, Bylaw 15P2012, included a Growth Management Overlay (Overlay) which extended over the entire Keystone Hills Plan Area.

At the 2015 July 27 Regular meeting of Council, Council decided to facilitate advancement of infrastructure ahead of planned capital budget expenditures in the Keystone Hills area through the approval of several borrowing bylaws, budget adjustments and Construction Financing Agreements (C2015-0526). Under these Construction Finance Agreements, water, sanitary and storm servicing investments were initiated in East and West Keystone Hills. Council was then able to approve Bylaw 7P2015 which lifted the Growth Management Overlay from a portion of the Keystone Hills ASP area and allowed for the development and construction within the newly created communities of Carrington and Livingston. The Growth Management Overlay Removal Area was approved subject to the following three conditions at the time:

Actively Developing Communities in Keystone Hills Area Structure Plan - Growth Management Overlay Removal

1. *"The required transportation upgrades are not funded at this time. A 1400 single-family equivalent unit capacity constraint is in place for the entire Keystone Hills ASP."*
2. *"The required fire station is not funded at this time. Portions of the Growth Management Overlay Removal Area are beyond the Alberta Building Code 10-minute fire response area therefore development will be limited."*
3. *"If the 144th Ave NW road alignment is revised, the Growth Management Overlay Removal Area boundary adjacent to 144th Ave NW will match the revised alignment."*

The Growth Management Overlay in the ASP has been amended twice since. First, in 2018 July through Bylaw 50P2018, the transportation capacity was increased to 3,300 single-residential equivalent units because the area developers agreed to construct additional infrastructure at their cost. At the same time, conditions 2 and 3 were removed since they had been previously satisfied. Second, in 2018 September through Bylaw 68P2018, the Growth Management Overlay Map was amended to remove the Growth Management Overlay for the Southeast Keystone Business Case area as a result of the New Community Growth Strategy 2018 approvals in 2018 July (report C2018-0900). The current Growth Management Overlay Map can be found in Attachment 3.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The remaining City funded infrastructure for transportation and fire required for the communities of Carrington and Livingston is expected to be included in the One Calgary 2019-2022 budget cycle. As a result, the developers submitted a request to remove the Overlay to align with the anticipated One Calgary 2019-2022 Service Plans and Budgets.

Administration reviewed the request against the three factors used as a basis for making growth related planning recommendations, most recently applied through the New Community Growth Strategy 2018. These factors are Municipal Development Plan/Calgary Transportation Plan (MDP/CTP) Alignment, Market Forces, and City Financial Capacity.

MDP/CTP Alignment

Over the next couple of years, Carrington and Livingston will be the only actively developing communities in the middle of build-out in the North sector. Other actively developing communities in the North sector are in the last phases of development and the new communities approved in the New Community Growth Strategy 2018, in Glacier Ridge and SE Keystone, will take time to obtain approvals and service the land.

The proposed Growth Management Overlay removal is in alignment with the policies of the MDP and the Keystone Hills ASP. Specifically, the Overlay removal area aligns with policy 5.1(1a) of the ASP which states the Overlay should only be removed when it is determined that issues regarding the coordination of municipally-financed infrastructure and services with the rate of growth have suitably been resolved. The Overlay removal also aligns with policy 2.1.4a of the MDP, which speaks to the optimization of existing infrastructure and services. Finally, there is alignment with MDP policy 5.2.5b(ii), which calls for The City to expedite the completion of communities in Planning Greenfield Areas ahead of supporting the development of Future

Actively Developing Communities in Keystone Hills Area Structure Plan - Growth Management Overlay Removal

Greenfield Areas. With the anticipated investments in One Calgary 2019-2022 Service Plans and Budgets, the coordination of municipally-financed infrastructure and services with the rate of growth has been resolved and further optimization of existing utility and transportation infrastructure and services will be achieved to support these actively developing communities.

Market Forces

Should the investments be approved and the Overlay subsequently removed, growth capacity for an additional 3,782 single/semi residential units and 2,005 multi-residential units would become available. This builds upon the current capacity of 3,226 single/semi residential units and 8,365 multi-residential units in the North planning sector. The additional market capacity was included in the New Community Growth Strategy 2018 anticipating the inclusion of the investments in the One Calgary budget and is therefore not over and above what Council already contemplated through the New Community Growth Strategy 2018. If the Overlay is not able to be removed, there is a risk that Carrington will have to pause midway through the development program. The development capacity added through this amendment helps the return on investment for capital investments previously made and the necessary investments required in One Calgary 2019-2022 Service Plans and Budgets.

Financial Capacity

For the proposed Overlay removal area, all projected direct capital and operating costs for One Calgary will be funded through the indicative tax rate that was identified as part of the One Calgary: Setting Indicative Rates for 2019-2022 report (C2018-0489) that went forward on 2018 April 25. This included a 1.4 per cent base impact in 2019 and 0.4 per cent in 2020-2022 for Actively Developing Communities to be used for capital and operating costs.

Additional development in Carrington and Livingston is expected to provide approximately \$54.4 million in off-site levies calculated at proposed 2019 rates. The off-site levies provided would be used for utilities, transportation infrastructure, and community services within the greenfield area.

Furthermore, new development in the Overlay removal area will generate property taxes for The City, depending on market strength and the distribution of growth.

Infrastructure Summary

Below is a summary of anticipated investments in One Calgary 2019-2022 Service Plans and Budgets that would facilitate additional development in Keystone Hills:

Transportation Infrastructure

Additional development within the Overlay removal area above the current 3,300 unit capacity limit will require a transportation infrastructure investment of \$55 million in the One Calgary 2019-2022 budget, broken down as follows:

1. Construction of the interchange at Stoney Trail/14 Street NW – Estimated at \$30 million. This interchange is expected to be completed in 2022.

Actively Developing Communities in Keystone Hills Area Structure Plan - Growth Management Overlay Removal

2. Upgrade of the interchange at Stoney Trail/Centre Street N – Estimated at \$20 million. This interchange is expected to be completed in 2022.
3. Ramps connecting Stoney Trail westbound to 11 Street northbound, and 11 Street southbound to Stoney Trail westbound – Estimated at \$5 million. These ramps are an initial phase of the full interchange at Stoney Trail/11 Street NE and expected to be completed in 2021.

All the transportation infrastructure projects are subject to approval by Alberta Transportation and the completion dates may vary as a result. Conditions of approval will be applied to individual subdivision applications, requiring the necessary transportation network improvements to service further development within the proposed transportation capacity increase.

The ultimate transportation improvements in the area will be funded through a combination of off-site levies and City funding. These improvements are included within the current Off-Site Levy Bylaw and a breakdown of funding is included in Attachment 4.

Fire Infrastructure and Servicing

A temporary fire hall and associated staffing is anticipated to be required in 2020 at an estimated cost of \$2 million for capital costs and \$3.4 million annually for operating costs. This would provide fire service for the Keystone Hills ASP until the permanent infrastructure is in place at a future date. Operating resources are expected to transfer to the permanent at this time as well.

This is funded through a combination of off-site levies and a portion of the indicative property tax for actively developing communities of 1.4 per cent in 2019 and 0.4 per cent per year in 2020-2022.

Utility Infrastructure

Current infrastructure for water, storm, and sanitary servicing is anticipated to be sufficient for the Overlay removal area. No additional capital infrastructure is required to provide water, storm and sanitary servicing to the Overlay removal area.

Rationale for the Recommendation

The proposed Overlay removal area aligns with strategic growth policies in the MDP and CTP, is responsive to market forces in the north part of the city and is supportable within The City's financial capacity. In addition to benefitting the Overlay removal area, the investments noted above are required for existing development in the actively developing communities of Carrington, Livingston and Evanston, and will benefit new communities in Glacier Ridge and Southeast Keystone, approved through the New Community Growth Strategy 2018.

This report is moving forward to the Priorities and Finance Committee ahead of One Calgary 2019-2022 proposed budget deliberations to facilitate advertising and allow for the ASP amendment to be heard by Council at the first Public Hearing following budget deliberations.

Actively Developing Communities in Keystone Hills Area Structure Plan - Growth Management Overlay Removal

Should Council not approve the investments outlined in Attachment 4 and associated funding sources through the One Calgary approvals, there would be insufficient Council approvals in place for Administration to recommend that the Overlay could be removed, as the required infrastructure is necessary to allow the continued logical development of this area of the city and maintain level of service expectations.

Remaining Growth Management Overlay area in the Keystone Hills ASP

No analysis has been completed or business cases submitted for development in the remaining Overlay area, generally described as north of 144 Avenue NE and east of 6 St NE to the plan boundary. As defined in the New Community Growth Strategy 2018 report (C2018-0900) that went forward on 2018 July 30, land owners on the east side of the ASP with an Overlay remaining in place may submit a business case for new community growth and development approvals in coordination with the One Calgary 2019-2022 Service Plans and Budgets Mid-Cycle adjustment process. Based on information at this time, the northeast corner of the ASP will require the 144 Avenue NE sanitary trunk extension to service development and this infrastructure has not been included in the One Calgary 2019-2022 budget or the Off-site Levy Bylaw, and therefore there is no funding source for this infrastructure.

The business case process employed through the New Community Growth Strategy 2018 emphasized that MDP/CTP Alignment and Market Forces are important considerations in addition to the requirements for capital and operating investments; this is expected to be the case at the Mid Cycle review as well.

Stakeholder Engagement, Research and Communication

Administration has worked collaboratively with the developers and their consultants to identify the required infrastructure and servicing, and to understand the benefitting area of the infrastructure and servicing, in order to support additional development in the Keystone Hills ASP.

Administration reached out to the developers east of 6 Street NE and north of 144 Avenue NE where the Growth Management Overlay will remain. Administration explained the next round of new community investment would be considered in coordination with the One Calgary Mid-Cycle adjustment process in 2020. The developers in this area did not indicate any immediate plans to begin construction in this area.

Strategic Alignment

The recommendations in this report align with current expectations for the One Calgary 2019-2022 Service Plans and Budgets that is to be presented to Council in 2018 November. The Overlay removal aligns with Section 5.2.5 of the Municipal Development Plan (MDP) by considering the municipal capacity to finance growth and infrastructure in consideration of growth and change decisions. Allowing continued development in Livingston and Carrington also helps achieve the MDP goal of a prosperous economy through continued economic activity and job creation associated with new development.

Actively Developing Communities in Keystone Hills Area Structure Plan - Growth Management Overlay Removal

Social, Environmental, Economic (External)

Social

The continuation of development in Carrington and Livingston will provide additional population to support the existing and planned amenities within the community and in the broader area of the city, including existing libraries and recreation centres, the future Green Line LRT line, the Keystone Hills Urban Corridor, Major Activity Centre and multiple school sites. The developer has noted that the Neighbourhood Activity Centre in the southwest part of the Overlay removal area will be able to succeed much more quickly with development continuing into this area.

Environmental

Site-specific environmental considerations are part of outline plan and land use amendment application reviews.

Economic (External)

Further development within the Keystone Hills ASP allows the area developers to continue to invest in the residential and non-residential development. This, in turn, will help grow the tax base and help maintain the pace of private investment while leveraging City capital investment in this area.

Financial Capacity

Current and Future Operating Budget:

Operating costs associated with existing development in the communities of Carrington and Livingston has been included in the current operating budget. The projected directly incremental operating costs of \$5.6 million for additional development in Carrington and Livingston during 2019-2022 have been included in the One Calgary 2019-2022 Service Plans and Budgets. This would be offset by \$3.5 million of projected incremental tax revenue attributed to direct costs of the additional development, and the costs are also projected to have a wider benefit beyond the additional development. As development continues and the local infrastructure is assumed by The City, and as additional services come on line, increases to future operating budgets will be required.

Current and Future Capital Budget:

There is no impact to the current capital budget as a result of this report. The required capital investments of \$57 million to continue development in Carrington and Livingston have been included in the One Calgary 2019-2022 Service Plans and Budgets. These investments will be funded by The City and off-site levies. As development continues in the Keystone Hills ASP, future capital investment will be required by The City beyond 2022 of approximately \$40 million to support the build out of the Keystone Hills ASP. This additional infrastructure will also support additional development beyond the Keystone Hills ASP.

Risk Assessment

Timing of Growth Management Overlay removal and One Calgary approvals

As stated earlier in this report, this report is proceeding to the Priorities and Finance Committee ahead of One Calgary 2019-2022 proposed budget deliberations to allow for the ASP

**Planning & Development Report to
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**ISC: UNRESTRICTED
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**Actively Developing Communities in Keystone Hills Area Structure Plan - Growth
Management Overlay Removal**

amendment to be heard by Council at the first Public Hearing following One Calgary budget deliberations. This means the Priorities and Finance Committee will be receiving this report ahead of One Calgary approvals, but Council will make the final decision on this report after One Calgary approvals.

Should Council not approve, or vary significantly, the investments outlined in Attachment 4 and associated funding sources through the One Calgary approvals, there would be insufficient Council approvals in place for Administration to recommend that the Overlay could be removed. Administration would instead recommend that Council file and abandon the bylaw, thereby leaving the Overlay in place for now. The required infrastructure is necessary to allow the continued logical development of this area of the city and maintain level of service expectations. Therefore, three readings of the proposed Overlay removal (ASP amendment) on 2018 December 10 will in part hinge upon Council's decisions at budget time.

Timing of development and infrastructure completion

Although infrastructure is expected to be funded and constructed during 2019-2022, the timing between infrastructure completion and subdivision completion may not align. This risk can be mitigated at the subdivision approval stage using application conditions or acceptance of a temporary lower level of service until infrastructure is completed and operational.

Delayed return on investment related to growth pace and dispersion

With the approval of the New Community Growth Strategy 2018 report (C2018-0900) that went forward on 2018 July 30, the addition of new communities to the North sector and citywide will increase the dispersion of growth and may slow development in Carrington and Livingston. Therefore, capital and operating investments may be required in more areas, while no additional tax revenue would potentially be received. This could create the potential for a slower than anticipated return on investment, cash flow shortfall to cover principal and interest charges, and potentially increased or inefficient operating costs.

REASON(S) FOR RECOMMENDATION(S):

Administration supports the proposed amendment to the Keystone Hills Area Structure Plan as the continued investment in infrastructure is expected to be included in the One Calgary 2019-2022 Service Plans and Budgets, and the proposed amendment is supported by an evaluation of MDP/CTP Alignment, Market Factors, and City Financial Capacity. The recommended amendment to the Keystone Hills ASP will allow for continued development of The City's actively developing communities.

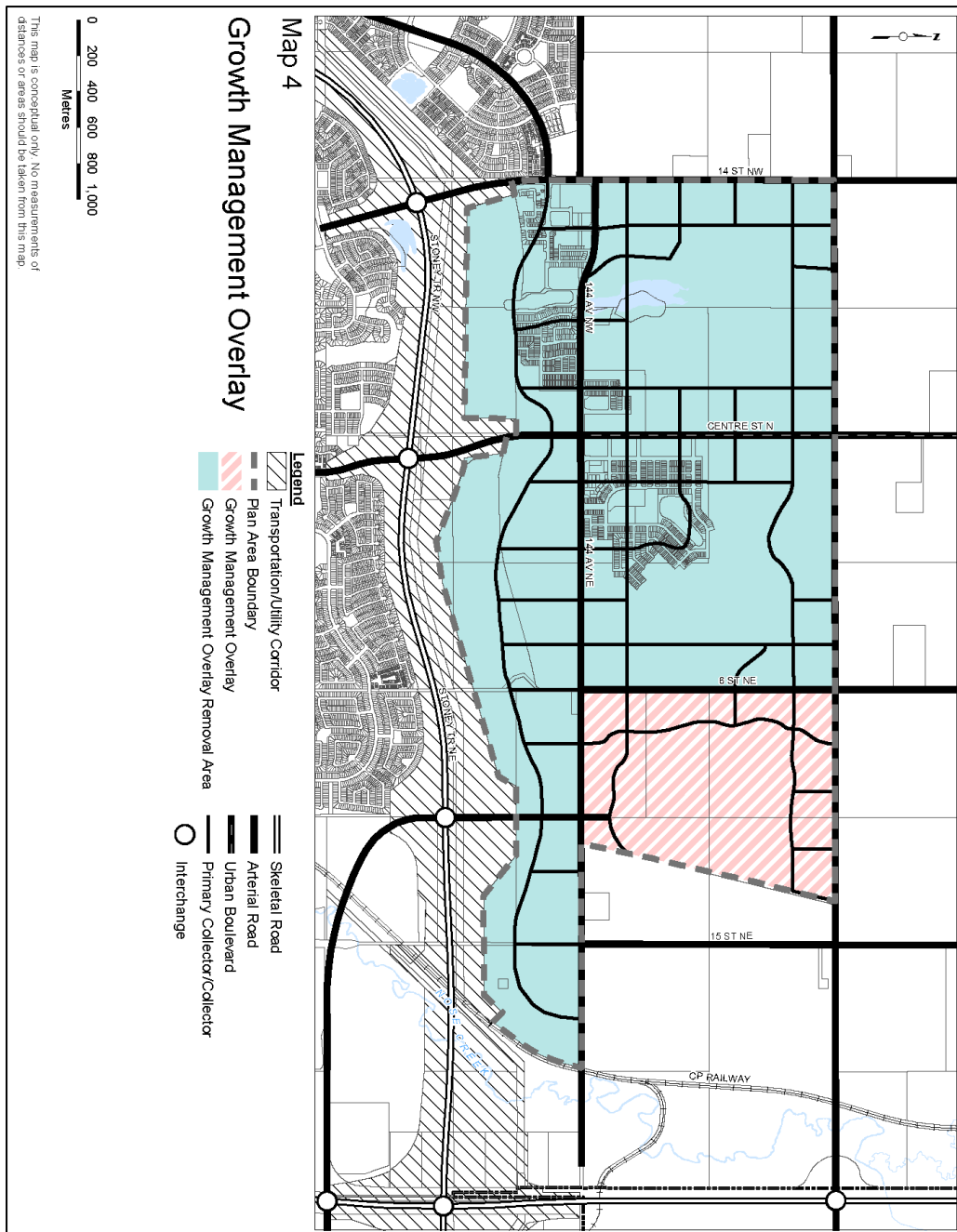
ATTACHMENT(S)

1. Attachment 1 – Proposed Amendment to the Keystone Hills Area Structure Plan
2. Attachment 2 – Keystone Hills Area Structure Plan Location
3. Attachment 3 – Current Keystone Hills Growth Management Overlay Map
4. Attachment 4 – Capital and Operating Costs Expected to be Included in One Calgary 2019-2022

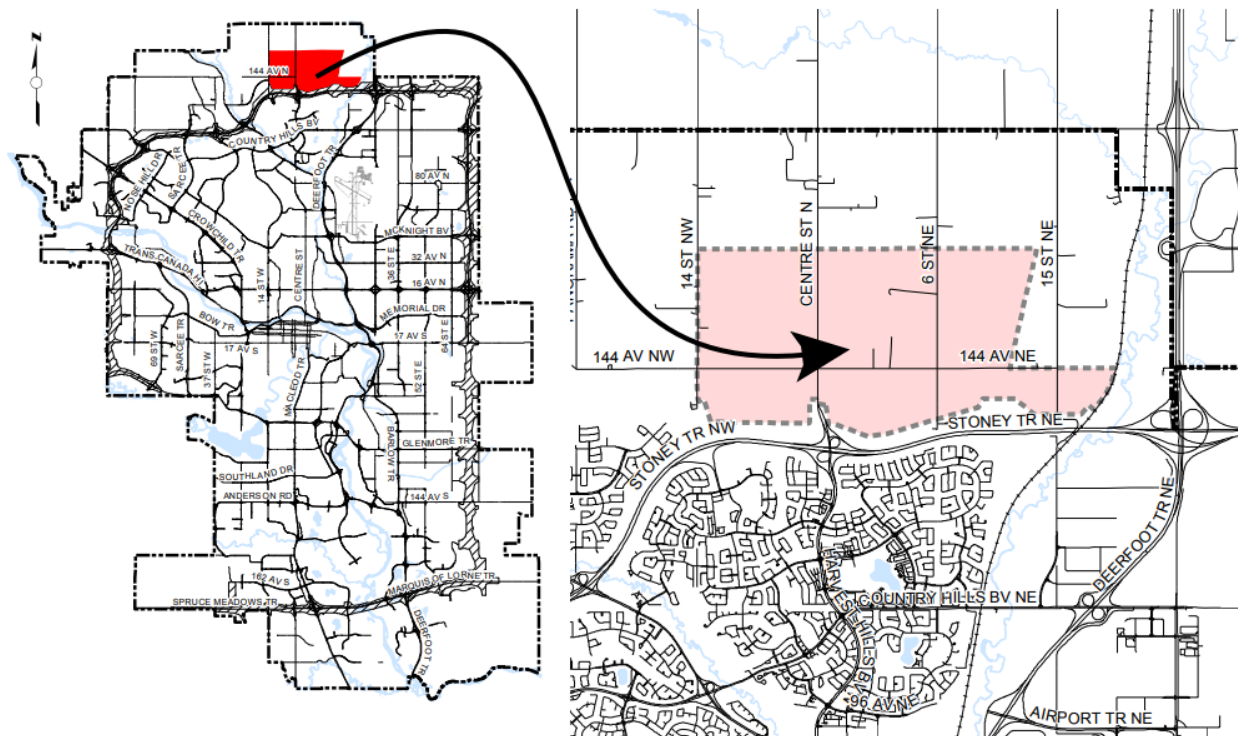
Proposed Amendment to the Keystone Hills Area Structure Plan

1. Delete the existing Map 4 entitled “Growth Management Overlay” and replace it with the revised Map 4 entitled “Growth Management Overlay” attached as Schedule “A”.

Schedule “A” Revised Map 4 – “Growth Management Overlay”



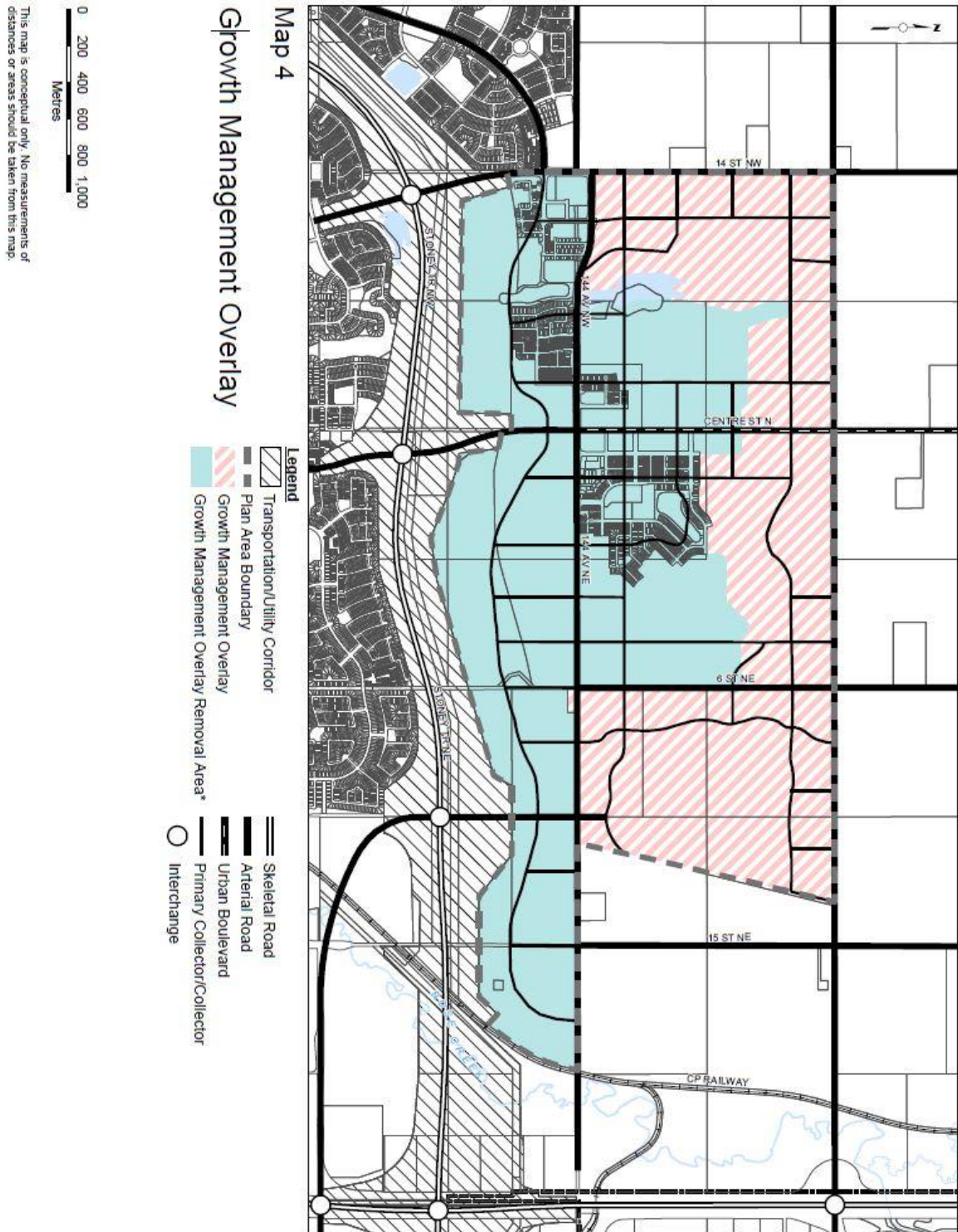
Keystone Hills Area Structure Plan Location



Map 1

Plan Area Location

Current Keystone Hills Growth Management Overlay Map



Capital and Operating Costs Expected to be Included in One Calgary 2019-2022

The capital and directly incremental operating costs that support the continued development of the Carrington and Livingston communities will be funded through a combination of off-site levies and a portion of the indicative property tax for the 27 actively developing communities. To support the additional Growth Management Overlay removal area the following is required to be included in the One Calgary (2019-2022) service plan and budget.

Capital

Total Capital - \$57 Million

Table 1: Capital cost breakdown 2019-2022

Project	OSL Portion	City (Tax) Portion	Total Capital Budget
Interchange at Stoney Trail/14 Street NW	\$18.1M	\$11.9M	\$30.0M
Interchange at Stoney Trail/Centre Street N	\$12.1M	\$7.9M	\$20.0M
Stoney Trail/11 Street NE north ramps	\$3.0M	\$2.0M	\$5.0M
Livingston Temporary Fire Station	\$2.0M	\$0.0M	\$2.0M
Total	\$35.2M	\$21.8M	\$57.0M

Annual Incremental Operating Costs

Total Directly Incremental Operating Costs – (One Calgary): \$5.638 Million

Livingston

(\$000s)	2019	2020	2021	2022
Directly Incremental Operating Costs	\$81	\$3,572	\$334	\$405

Carrington

(\$000s)	2019	2020	2021	2022
Directly Incremental Operating Costs	\$60	\$231	\$316	\$639

The annual incremental increase is based on Administration's assumed growth rate for each community. Each year's increase would be included in the base operating costs the following year.

**Mayor's Office Report to
Priorities and Finance Committee
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**ISC: UNRESTRICTED
PFC2018-1291**

Council Innovation Fund Application

Council Sponsor: Councillor Jyoti Gondek and Councillor Shane Keating

Internal Sponsor(s): Calgary Transit, Information Technology and Community Standards

Name of Project: On Demand Transit Service Pilot

EXECUTIVE SUMMARY

Councillor Gondek and Councillor Keating are sponsoring an application to the Council Innovation Fund (CIF) in partnership with City Administration, represented by Calgary Transit, Information Technology and Community Standards (Bylaw and Livery).

Councillors Gondek and Keating are requesting a withdrawal of \$338,000 from the CIF to fund an On-Demand Transit Service pilot project. This application proposes offering on-demand transit service in newer communities where transit demand is presently insufficient. A review of new technologies, best practices and pilot projects as other transit agencies has identified that a demand-responsive service model may be able to provide better service at a lower cost than traditional models in areas or time periods that typically experience lower customer demand. This type of on-demand operation, common with ride-sharing companies, is very new to public transit.

A pilot project is being recommended to determine the efficacy of this model within Calgary, and confirm outcomes prior to making large investments in capital and process change. The application on-demand and ride-aggregating technology to a large public transit system is relatively new. Use of the innovation fund will allow Calgary Transit to test this technology in a new community by gathering information and customer feedback in the Calgary context. If successful, this model can be applied to other areas across the city where low demand restricts the ability to provide cost-effective traditional fixed route transit services.

ADMINISTRATION RECOMMENDATION:

1. That the Priorities and Finance Committee recommend Council approve this application for the CIF for the On-Demand Transit Service pilot project in the amount of \$338,000.
2. That the Priorities and Finance Committee direct Administration to report back to PFC indicating how the money was spent and outcomes of the projects no later than Q2 2020

PREVIOUS COUNCIL DIRECTION / POLICY

As part of the 2010 November deliberations on the 2011 budget, Council established the CIF and directed Administration to develop Terms of Reference for the fund and create criteria that would guide Council on withdrawals request from the CIF. The Terms of Reference (see attachment 2) were adopted in March 2011 and are based on the following:

- The project will contribute to Council's goals and has potential City-wide application;
- The project is innovative or a pilot project or experiment that proposes a new or different way of doing The City's work.

Successful applications must provide detailed documentation and address one of the following:

- a) One-time start up or "seed" funds for initiatives or programs which will support or contribute to Council's priorities.

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Council Innovation Fund Application

Council Sponsor: Councillor Jyoti Gondek and Councillor Shane Keating

Internal Sponsor(s): Calgary Transit, Information Technology and Community Standards

Name of Project: On Demand Transit Service Pilot

- b) Pilot projects or experiments that have potential to change city-wide policies and procedures.

Any Council member(s) can submit an application to the Priorities and Finance Committee for review and consideration and ultimately for Council's consideration and approval. The proposal for funding must demonstrate credibility, fiscal responsibility and good management which will be important considerations in the evaluation of applications.

BACKGROUND

The remaining budget in the Council Innovation Fund, including surplus from previously approved projects, totals \$1,228,662.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

See Attachment 1 for more details.

Stakeholder Engagement, Research and Communication

See Attachment 1 for more details.

Strategic Alignment

See Attachment 1 for more details.

Social, Environmental, Economic (External)

See Attachment 1 for more details.

Financial Capacity

Current and Future Operating Budget:

See Attachment 1 for more details.

Current and Future Capital Budget:

Should this application for \$338,000 be approved, the remaining balance in the Council Innovation Fund would be \$890,662.

There are two applications for the CIF before the Priorities and Finance Committee on Nov. 6. Should PFC2018-1300 also be approved, the remaining balance in the CIF would be \$365,662.

Risk Assessment

The Terms of Reference for the CIF have been developed to support a wide variety of candidate projects. Members of Council retain the discretion to develop and support applications to the CIF and Council retains the discretion and final decision-making power over withdrawals from the fund.

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ISC: UNRESTRICTED
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Council Innovation Fund Application

Council Sponsor: Councillor Jyoti Gondek and Councillor Shane Keating

Internal Sponsor(s): Calgary Transit, Information Technology and Community Standards

Name of Project: On Demand Transit Service Pilot

REASON(S) FOR RECOMMENDATION(S):

This application meets the Terms of Reference for the CIF. This project is a one-time funding request that has the potential to have a city-wide impact. In addition, this project supports the Council Priorities as well as the Municipal Development Plan and the Calgary Transportation Plan.

ATTACHMENT(S)

1. Attachment 1 – Councillor Gondek and Councillor Keating CIF Application: On-Demand Transit Service
2. Attachment 2 – City Manager Report – Council Innovation Fund Terms of Reference (Policy Interpretation) PAC2011-05 - 2011 March 01

Application to the City of Calgary Council Innovation Fund

Date: October 12, 2018

Name of Project: On-Demand Transit Service Pilot

Sponsor: Councillors Gondek and Keating

Affected Business Unit(s) and / or Departments:

Calgary Transit, Information Technology, Community Standards

Amount of Funds Requested: \$338,000

Project Description:

The On-Demand Transit Service Project is exploring new public transit service delivery methods to identify opportunities for providing more cost-effective service options. A review of new technologies, best practices and pilot projects at other transit agencies has identified that a demand-responsive service model may be able to provide better service at a lower cost than traditional models in areas or time periods that typically experience lower customer demand. This type of on-demand operation, common with ride-sharing companies, is very new to public transit. A pilot project is being recommended to determine the efficacy of this model within Calgary, and confirm outcomes prior to making large investments in capital and process change.

The pilot will focus on providing on-demand transit services in newer communities where demand is presently insufficient to warrant traditional fixed route/fixed schedule operations. By applying a demand responsive model, the pilot will identify whether a new community can be serviced more efficiently, at a lower total cost. The pilot will also monitor customer uptake and satisfaction with this service model. The project is intended to connect new communities with the existing transit network, and to retail and community services not available locally, via short trips and shared rides. Regular fares will be charged for this service.

The on-demand nature of this model has the potential to provide customers with convenient access to a shared transportation service while lowering operating costs and increasing efficiency of service delivery. If proven, this model could be applied to other areas and time periods that typically have low transit ridership.

The application of on-demand and ride-aggregating technology to a large public transit system is relatively new. Use of the innovation fund will allow Calgary Transit to test this technology in a new community by gathering information and customer feedback in the Calgary context. If successful, this model can be applied to other areas across the city where low demand restricts the ability to provide cost-effective traditional fixed route transit services.

Project Benefits – Why is this Project Needed, and Why Now?

The desire for public transit continues to grow across the city, while limited operating budgets and competing demands for resources constrain our ability to address that growth. We want to provide

Calgarians with improved travel options. Council has prioritized initiating transit service in actively developing and new communities, and lower density employment areas faster and more cost-effectively.

This project looks to pilot a service tool that could help address the need. This pilot is meant to enhance the tools in CT's service delivery toolbox, while not taking away from the need for continued investment in high-quality mass transit as the most efficient and cost-effective way to enable people's movement throughout the city.

During periods of moderate to high rider demand, transit systems can tailor vehicle size and route frequency to match demand and minimize the cost per rider. However, in times of low demand, even the smallest vehicle has a significant hourly cost that includes labour, maintenance costs, fuel, and capital costs. This translates in to a relatively high cost per rider.

Several of Calgary Transit's routes, which are highly cost-effective during peak hours, have a higher cost per rider during off-peak periods such as late nights and weekends. Transit continually reviews our routes, looking for ways to combine or redraw them to make them more effective. But where this cannot be achieved, the only option is to run a low performing route or to cancel it. While cancelling routes can look good for our bottom line, it comes with a high impact to our customers.

As a citizen-focused organization that is also a good steward of tax revenues, we must find another option, one that will allow us to provide more cost-effective and efficient service that increases value by better matching to demand at a lower cost. This project allows us to apply peer learnings and private sector practices to operate an on-demand transit service. In addition, the multitude of technology applications in relation to transportation and ride-sharing makes this a good time to test this model.

Project Partners

- **Information Technology Companies:** Although many Transportation Service Providers have developed their own dispatching and ride-hailing technology, we anticipate that some of the proposals will be partnerships between a service provider and an IT company. Fueled initially by Transportation Network Companies (TNCs), this market space is growing rapidly and moving in to the public transit sphere. Technology platforms for on-demand transit can be purchased off-the-shelf, or customized and branded for the client.
- **Transportation Service Providers:** Until an RFP is evaluated, it is unknown what type of company will offer the next service plan. We anticipate proposals from bus lines, taxi companies and other transportation providers. Each has a different business model, and each brings with it certain advantages and insights in to the efficient movement of people.
- **City Business Units:** as a leading-edge initiative, the project has worked closely with City representatives from Community Standards (Bylaws and Livery), Law, Risk, Labour Relations, and IT to ensure that risk to The City is minimized.

Project Timeline

November 2018	RFP to market for eight weeks
January 2019	Preferred Proponent awarded
February 2019	Community outreach begins
February 2019	Operational modelling and development of operations plan
April 2019	Twelve-month pilot project begins

Project Budget

The total budget for the project is \$338,000, which is net of (estimated) new revenue generated. The budget includes:

- **Communications, targeted marketing and branding**, identified as key to ensuring uptake of the service as was identified in the research and peer review.
- **Project administration costs**, including project management, contract management, data analysis, revising service levels as required throughout the pilot, and responding to customer inquiries.
- **Start up costs**, including app development, backend technology requirements, and training.
- **Pilot service costs**, which is the estimated cost to provide the service net of estimated new revenue. This estimate is based on providing approximately 100 rides per weekday and 60 rides per weekend day, over the course of a 12-month pilot. Costs will vary based on demand for service.

How does this Project meet the Criteria of the Fund as set out in the Terms of Reference?

The Council Innovation Fund applies to programs and pilot projects that encourage innovation and support the goals of Council as set out in current Council Priorities.

Council Priorities

Specifically, this project supports the following Council Priorities:

1. A prosperous city:
 - a. Moving our citizens efficiently and in a cost-effective manner promotes business growth and tourism, while reducing traffic congestion and pollution.
 - b. Providing transit to low density communities in a more cost-effective manner promotes new communities by providing potential home buyers with more transportation options
2. Inspiring neighbourhoods:
 - a. Promoting more transportation options allows freedom of movement across the City, encouraging our citizens to explore not only their own neighbourhood, but also other Calgary communities.
3. A city that moves:
 - a. Improved transit connections reduce reliance on personal vehicles, freeing up road space.
 - b. Improved transit affords low-income citizens greater access to the job market.

4. A health and green city:
 - a. Moving our citizens efficiently reduces reliance on personal vehicles and decreases traffic and noise pollution.
5. A well-run city:
 - a. By partnering with the private industry and embracing new technologies, The City will be presented with new ideas and methods for delivering public services.

Municipal Development Plan and Calgary Transportation Plan

The project aligns with the goals of the Municipal Development Plan (MDP) and the Calgary Transportation Plan by supporting City Council's Sustainability Principles and Key Directions for Land Use and Mobility:

1. By increasing the range of cost-effective transit options, the project directly supports Sustainability Principle #1: Creating a range of housing opportunities and choices.
2. The project also aligns with
 - a. Sustainability Principle #4; Provide a variety of transportation options
 - b. Sustainability Principle #9: Connect people, goods and services locally, regionally and globally
 - c. Sustainability Principle #10: Provide transportation services in a safe, effective, affordable and efficient manner that ensures reasonable accessibility to all areas of the city for all citizens.
3. The project directly supports Key Direction #5: Increased mobility choices.
4. The project indirectly supports Key Direction #6: Develop a Primary Transit Network.

Although the Plan suggests the development of areas of high population density to support cost effective transit, there is the problem of "which comes first?" To entice potential buyers in to new high-density communities, developers want to offer an existing transit network. By finding new models to service low density populations, this project will allow The City to fill the gap until densities allow for fixed route, high frequency transit services.

What does Success look Like and How will it be Measured?

This pilot is intended to connect new communities with the existing transit network, and to retail and community services not available locally. Higher transit usage is associated with increased quality of life and lower municipal infrastructure costs.

The project will be a success if there is a reasonable uptake in usage and customer satisfaction, and cost per rider is lower than what would be expected using traditional fixed route services in low demand areas.

Success will be measured and reported back to PFC in Q2 2020 with the following key indicators:

Measure	Target
Ridership	620 trips per week
Customer satisfaction	85%

Apps downloaded	200
Cost per Ride	<i>confidential</i>

**City Manager Report to
Personnel and Accountability Committee
2011 March 01**

**ISC: UNRESTRICTED
PAC2011-06
Page 1 of 2**

**CITY MANAGER REPORT – COUNCIL INNOVATION FUND TERMS OF REFERENCE
(POLICY INTERPRETATION)**

SUMMARY/ISSUE

As part of the 2010 November deliberations on the 2011 budget, Council established the Council Innovation Fund (CIF). Subsequent Council direction gave rise to the need to create Terms of Reference identifying criteria to qualify for withdrawals from the Fund.

PREVIOUS COUNCIL DIRECTION/POLICY

On 2010 November 29 Council adopted a motion amending the 2011 Operating and Capital Budgets and Business Plans, authorizing up to \$5 Million from the Fiscal Stability Reserve to be used for innovation and pilot projects subject to the approval of Council. On 2011 February 14 Council adopted a motion directing Administration to consult with Members of Council in drafting a Terms of Reference (TOR) for the Innovation Fund, to return to the Personnel and Accountability Committee (PAC) no later than 2011 March 01 and ... that no applications to the Innovation Fund be approved until the TOR have been adopted by Council.

ADMINISTRATION RECOMMENDATION:

That PAC recommends that Council adopt the Terms of Reference (see Attachment) for applications to the Council Innovation Fund.

INVESTIGATION

Council established the Council Innovation Fund through the 2010 November deliberations on the 2011 budget.

Candidate projects requesting withdrawals from the Council Innovation Fund have been brought forward to Council individually for approval. To date two projects have received funding: a facilitated review of The City's municipal purpose and core services (up to \$2.5 million) and the Mission Road Main Street Project (\$300,000).

Given the level of interest in the CIF to date it is anticipated that more funding requests will be forthcoming. Some criteria and a process for requesting and approving funds are needed.

The proposed Terms of Reference (Attachment 1) establish some guidelines for disbursements from the CIF, based on the following:

- The project will contribute to Council's goals and has potential City-wide application;
- The project is innovative or a pilot project or experiment that proposes a new or different way of doing The City's work.

Candidate projects will be expected to provide detailed supporting documentation.

An approved Terms of Reference will provide helpful guidelines to applicants wishing to requisition monies from the fund, which will make the application process easier to understand and comply with and therefore more efficient. Clear Terms of Reference will enhance the transparency and fairness of decision-making regarding use of the Council Innovation Fund, and will enable Council to demonstrate value for money to the taxpayers.

BUSINESS PLAN/BUDGET IMPLICATIONS

Establishing the Terms of Reference will make decisions regarding expenditures from the Council Innovation Fund more transparent and easier to understand.

The Council Innovation Fund should be used for operating budget items.

Applications to the CIF will be entertained throughout the 2011 calendar year. To date \$2.8 million has been allocated, leaving

**City Manager Report to
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2011 March 01**

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**CITY MANAGER REPORT – COUNCIL INNOVATION FUND TERMS OF REFERENCE
(POLICY INTERPRETATION)**

\$2.2 million in the Fund. In order to ensure that some monies remain available for the latter part of the year, no more the \$1.1 million from the funds remaining in the CIF should be disbursed before 2011 July 01. This will ensure that \$1.1 million remains in the Fund for applications that may be submitted between 2011 July 01 and December 31.

RISKS

The proposed Terms of Reference for the Council Innovation Fund have been developed to be flexible enough to support a wide variety of candidate projects. The risk associated with adopting the proposed Terms of Reference is that the flexibility created results in ambiguity as to whether a project does or does not qualify for the fund. This risk is of low impact as Council retains discretion and final decision-making power over withdrawals from the fund.

ATTACHMENT

Terms of Reference for the Council Innovation Fund.

TERMS OF REFERENCE FOR THE COUNCIL INNOVATION FUND

Purpose of the Council Innovation Fund

The broad purpose of the Council Innovation Fund (CIF) is to encourage innovations or pilot projects that have the potential to support or contribute to the goals of Council and that have city-wide application.

Guidelines

1. Process for Applications

- a) Applications for the withdrawal of funds from the CIF shall be brought by members of Council to Council for approval through a report included in the agenda of the Personnel and Accountability Committee (PAC). PAC will recommend approval or rejection to Council.
- b) The Mayor's Office will be the point of contact for all applications and will forward all proposals to PAC. Applications should be submitted to the Mayor's office no later than the 15th of the month.
- c) The applicant will be expected to complete and submit a prescribed form to the Mayor's Office. It is the responsibility of the member of Council seeking to access the CIF to use the application form to make their case to Council in the context of these guidelines.
- d) Successful applicants must report back to Council through PAC indicating how the money was spent and the outcomes of the project within 12 months of the approval of funding.
- ↓
- e) Any unused portions of CIF awards must be returned to the CIF.

2. Criteria for Successful Applications

Applications should demonstrate that the proposal is consistent with the Purpose of the Council Innovation Fund as set out in these Terms of Reference.

Successful applications will address one of the following:

- a) One-time start up or "seed" funds for initiatives or programs which will support or contribute to Council's priorities.
- b) Pilot projects or experiments that have the potential to change city-wide policies and procedures.

Applications for funding must include detailed documentation..

The proposal for funding must demonstrate credibility, fiscal responsibility and good management which will be important considerations in the evaluation of applications.

**Mayor's Office Report to
Priorities and Finance Committee
2018 November 06**

**ISC: UNRESTRICTED
PFC2018-1300**

**Council Innovation Fund Application
Council Sponsor: Councillor Peter Demong
Internal Sponsor(s): Chief Financial Office, Deputy City Manager's Office
Name of Project: One Calgary Policy Review**

EXECUTIVE SUMMARY

Councillor Peter Demong is presenting this application to the Council Innovation Fund (CIF) requesting a withdrawal of \$525,000 to fund the One Calgary Policy Review pilot project.

One Calgary represents an innovative way of looking at The City of Calgary's planning and budgeting process. Rather than approaching plans and budgets from the perspective of the internal departments that have traditionally delivered services, the City has begun a shift to looking at the services we deliver from the lens of the customer. It is an opportunity to look at the balance between the costs incurred and the value-added by the services we provide. This shift to service-based approach, an increasing focus on "outside-in" customer-service orientation, "One City" thinking across departments, and a desire for supporting innovation, provides the context to review policies from fresh perspectives to ensure they enhance the process and the outcome rather than bog things down for the customer.

This application is to secure funding to develop and execute a policy review pilot project. The goal of this pilot project will be to develop a scope and method for reviewing Council and Administration policies through a service-based lens that can potentially be applied to other service lines. Key to the project will be the acquisition of an independent consultant to undertake the review.

ADMINISTRATION RECOMMENDATION:

1. That the Priorities and Finance Committee recommend Council approve this application for the CIF for the One Calgary Policy Review in the amount of \$525,000.
2. That the Priorities and Finance Committee direct Administration to report back to PFC indicating how the money was spent and outcomes of the projects no later than Q3 2020

PREVIOUS COUNCIL DIRECTION / POLICY

As part of the 2010 November deliberations on the 2011 budget, Council established the CIF and directed Administration to develop Terms of Reference for the fund and create criteria that would guide Council on withdrawals request from the CIF. The Terms of Reference (see attachment 2) were adopted in March 2011 and are based on the following:

- The project will contribute to Council's goals and has potential City-wide application;
- The project is innovative or a pilot project or experiment that proposes a new or different way of doing The City's work.

Successful applications must provide detailed documentation and address one of the following:

- a) One-time start up or "seed" funds for initiatives or programs which will support or contribute to Council's priorities.
- b) Pilot projects or experiments that have potential to change city-wide policies and procedures.

Any Council member(s) can submit an application to the Priorities and Finance Committee for review and consideration and ultimately for Council's consideration and approval. The proposal

Mayor's Office Report to
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2018 November 06

ISC: UNRESTRICTED
PFC2018-1300

Council Innovation Fund Application
Council Sponsor: Councillor Peter Demong
Internal Sponsor(s): Chief Financial Office, Deputy City Manager's Office
Name of Project: One Calgary Policy Review

for funding must demonstrate credibility, fiscal responsibility and good management which will be important considerations in the evaluation of applications.

BACKGROUND

The remaining budget in the Council Innovation Fund, including surplus from previously approved projects, totals \$1,228,662.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

See Attachment 1 for more details.

Stakeholder Engagement, Research and Communication

See Attachment 1 for more details.

Strategic Alignment

See Attachment 1 for more details.

Social, Environmental, Economic (External)

See Attachment 1 for more details.

Financial Capacity

Current and Future Operating Budget:

See Attachment 1 for more details.

Current and Future Capital Budget:

Should this application for \$525,000 be approved, the remaining balance in the Council Innovation Fund would be \$703,662.

There are two applications for the CIF before the Priorities and Finance Committee on Nov. 6. Should PFC2018-1291 also be approved, the remaining balance in the CIF would be \$365,662.

Risk Assessment

The Terms of Reference for the CIF have been developed to support a wide variety of candidate projects. Members of Council retain the discretion to develop and support applications to the CIF and Council retains the discretion and final decision-making power over withdrawals from the fund.

Mayor's Office Report to
Priorities and Finance Committee
2018 November 06

ISC: UNRESTRICTED
PFC2018-1300

Council Innovation Fund Application
Council Sponsor: Councillor Peter Demong
Internal Sponsor(s): Chief Financial Office, Deputy City Manager' s Office
Name of Project: One Calgary Policy Review

REASON(S) FOR RECOMMENDATION(S):

This application meets the Terms of Reference for the CIF. This project is a one-time funding request that has the potential to have a city-wide impact. In addition, this project supports the Council Priorities.

ATTACHMENT(S)

1. Attachment 1 – Councillor Demong CIF Application: One Calgary Policy Review
2. Attachment 2 – One Calgary Policy Review Proposal
3. Attachment 3 – City Manager Report – Council Innovation Fund Terms of Reference (Policy Interpretation) PAC2011-05 - 2011 March 01



THE CITY OF CALGARY OFFICE OF THE MAYOR

Application to the City of Calgary Council Innovation Fund

Date: October 30, 2018

Name of Project: Policy Review Proposal

Sponsor: Councillor Peter Demong

Phone Number: 1-403-268-5633

Address: Office of the Councillors, 4 Floor Administration Building, 313-7 Avenue S.E.

Affected Business Unit(s) and/or Departments: TBD (Chief Financial Officer's Department; Deputy City Manager's Office)

Amount of Funds Requested: \$525,000

Summary Description of Project (Max 1 page)

The goal of this application is to secure funding to develop and execute a policy review pilot (prototype) which will develop a scope and method for reviewing Council and Administration policies through a service-based lens. This service-based approach, along with an increasing focus on "outside-in" customer-service orientation, "One City" thinking across departments, and a desire to support innovation, provides the context to review policies from a renewed perspective to ensure they enhance the process and the outcome for the customer. This review will provide an opportunity to look at policies from an integrated, customer-focused view to support a balance between costs and service value added.

Key to the project will be the acquisition of an independent consultant to support the review and bring an external perspective to the pilot. The results of this work can potentially be applied to other service lines for a broader impact.

Proposed Timeline (including proposed date of final report):

The review is expected to be completed within 18 months. Below is the timeline of milestones and deliverables.

Date	Milestone	Deliverable
March 2019	Presentation to Priorities and Finance Committee and Council	-Develop scope and method -Identify potential review subject matter -Recruit independent consultant
April 2020	Presentation to relevant Standing Policy Committee and Council	-Develop policy recommendations based on review.
June 2020	Presentation to Priorities and Finance Committee and Council	-Report back on learnings from review -Identify potential next steps for any continuation of the work.



The deadline for applications to the City of Calgary Innovation Fund is the 15th of every month. Applications can be dropped off at the Mayor's Office. All applications will be reviewed at the next Priorities and Finance Committee (PFC) meeting. PFC will then forward the proposal, along with a recommendation, to Council to be voted on at the next scheduled Council meeting.



THE CITY OF CALGARY OFFICE OF THE MAYOR

Attach 1
PFC2018-1300

Application to the City of Calgary Council Innovation Fund

How does this project meet the criteria of the fund as set out in the Terms of Reference for the Council Innovation Fund?

This project will by definition have the potential to change city-wide policies. Should the review be deemed successful there is the potential to go on to either review other services lines or develop a framework for ongoing policy reviews, making the money requested in this application potential “seed” funds for a broader initiative.

Given the number and wide variety of documents relating to City Council and Administration’s operations, this application has the potential to support or contribute to all of Council’s priorities, organized under the five Citizen Priorities. The intent of this project, however, supports three of the Citizen Priorities in particular: A Prosperous City, A Healthy and Green City, and A Well-Run City. First, a renewed focus on customer experience will help ensure that City policies allow businesses and Calgarians to prosper. Second, any policy reviewed by the project would be reviewed for its alignment with the City’s new Climate Resilience Strategy satisfying the priority of A Healthy and Green City. Third, the project will help to satisfy the priority of A Well-Run City by reviewing policies to make sure they are customer-oriented and modernized where needed.

What does success look like and how will it be measured?

Success for this exploratory phase is improved customer experience, more efficient City of Calgary operations, and the potential for the adoption of an informed extended policy review program.

This will be measured in a few different ways:

1. Greater customer satisfaction with City services, measured by customer feedback;
2. Reduction in complexity for customers reaching their outcomes, measured by customer feedback;
3. Reduced time for customers reaching their outcomes (increased efficiency);
4. Better links between City polices and services where relevant; and
5. Any cost savings associated with policy amendments adopted by Council as a result of the project.



The deadline for applications to the City of Calgary Innovation Fund is the 15th of every month. Applications can be dropped off at the Mayor’s Office. All applications will be reviewed at the next Priorities and Finance Committee (PFC) meeting. PFC will then forward the proposal, along with a recommendation, to Council to be voted on at the next scheduled Council meeting.

Policy review proposal

Outcome

To improve the value that City services offer to citizens and customers by:

- identifying any issues with City policies that have a significant adverse impact on service delivery or customer experience;
- identifying solutions to address those issues;
- identifying what, if any, further ongoing work in this area would add value; and
- contributing to the development of the organization's capacity for continuous service improvement.

Objectives

1. Determine which organizational policies need to be reviewed and updated to ensure that they reflect existing and emerging customer needs and priorities, organizational goals and legislative requirements, including considerations of whether policies:

- a) support the achievement of defined Council outcomes, including climate-related outcomes;
- b) are aligned, not duplicative or contradictory;
- c) are linked to the City services; and
- d) are clear, transparent and meeting intended objectives.

2. For the areas of greatest potential benefit, consider options and make recommendations for improvements.

Approach

A four-step process is proposed as an approach which can be modified as needed:

1. As a first step, the following will be identified and confirmed:

- clearly defined problem statement;
- appropriate success measures and determination of the value of the exercise, including the definition and estimation of results and benefits that could be expected from addressing the issues identified;
- Determination of the extent and subject of the issues with existing policies;
- Review of existing policies for customer focus, effectiveness and content of subject area policies; cohesiveness, duplication and contradictions;
- A small or modest-scale service area to prototype the method.

2. A broad look across the suite of policies will help identify any trouble spots. For the prototype area, specific areas for improvement will be identified, scoped and prioritized.

3. For the highest priority areas, solutions will be identified. Managing the scope of areas under review to only the best opportunities for impact will minimize the costs of the review while maximizing the potential benefits.

4. Based on the insights gained through the prototype process (2, 3), potential next steps for any continuation of the work will be identified.

With the goal of reducing duplication of work, this prototype review will be undertaken in conjunction with other policy review efforts currently underway in the organization such as:

1. ZBR program;
2. City Clerks review of Council policies;
3. Business friendly initiatives;
4. Review of policies by the climate change group (proposed to start with the Water and Planning areas;)
5. Work on the administrative policy library within the Corporate Governance service line;

The prototype review will be conducted over an 18-month period from January 2019 to June 2020. Results will be provided to Council, including successes and impacts, and any recommended next steps (including resource requirements if necessary).

A cross-corporate approach will be applied throughout the review in which priorities and directions are determined based on overall corporate impact as well as individual service needs. This approach may serve as an innovative template for other future corporate projects.

Resources and Costs

It is proposed that an external consultant will be retained to support the review. The consultant will be engaged once Administration has completed a preliminary scoping, so as to ensure the consultant engagement is focused and effective. The external consultant will be expected to: bring an external perspective; bring leading practices to the organization; and enable significant knowledge transfer to staff working on the project.

Given the intent for knowledge transfer, and to ensure the consultant is effectively managed and supported, the proposal is for City staff to be dedicated to the project to work closely with the external consultant to an equivalent total effort of two full time employees (FTE). Additionally, input from the subject matter experts will be required. One FTE may be resourced from within Administration. Anticipated costs for an 18-month review are shown below.

Budget:

	<i>Annual</i>	<i>18 months</i>
2 FTEs	\$300,000	\$450,000
Consultant	N/A	\$300,000
Total		\$750,000

Innovation Fund Request:

	<i>Annual</i>	<i>18 months</i>
1 FTEs	\$150,000	\$225,000
Consultant	N/A	\$300,000
Total request		\$525,000

**City Manager Report to
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2011 March 01**

**ISC: UNRESTRICTED
PAC2011-06
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**CITY MANAGER REPORT – COUNCIL INNOVATION FUND TERMS OF REFERENCE
(POLICY INTERPRETATION)**

SUMMARY/ISSUE

As part of the 2010 November deliberations on the 2011 budget, Council established the Council Innovation Fund (CIF). Subsequent Council direction gave rise to the need to create Terms of Reference identifying criteria to qualify for withdrawals from the Fund.

PREVIOUS COUNCIL DIRECTION/POLICY

On 2010 November 29 Council adopted a motion amending the 2011 Operating and Capital Budgets and Business Plans, authorizing up to \$5 Million from the Fiscal Stability Reserve to be used for innovation and pilot projects subject to the approval of Council. On 2011 February 14 Council adopted a motion directing Administration to consult with Members of Council in drafting a Terms of Reference (TOR) for the Innovation Fund, to return to the Personnel and Accountability Committee (PAC) no later than 2011 March 01 and ... that no applications to the Innovation Fund be approved until the TOR have been adopted by Council.

ADMINISTRATION RECOMMENDATION:

That PAC recommends that Council adopt the Terms of Reference (see Attachment) for applications to the Council Innovation Fund.

INVESTIGATION

Council established the Council Innovation Fund through the 2010 November deliberations on the 2011 budget.

Candidate projects requesting withdrawals from the Council Innovation Fund have been brought forward to Council individually for approval. To date two projects have received funding: a facilitated review of The City's municipal purpose and core services (up to \$2.5 million) and the Mission Road Main Street Project (\$300,000).

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Candidate projects will be expected to provide detailed supporting documentation.

An approved Terms of Reference will provide helpful guidelines to applicants wishing to requisition monies from the fund, which will make the application process easier to understand and comply with and therefore more efficient. Clear Terms of Reference will enhance the transparency and fairness of decision-making regarding use of the Council Innovation Fund, and will enable Council to demonstrate value for money to the taxpayers.

BUSINESS PLAN/BUDGET IMPLICATIONS

Establishing the Terms of Reference will make decisions regarding expenditures from the Council Innovation Fund more transparent and easier to understand.

The Council Innovation Fund should be used for operating budget items.

Applications to the CIF will be entertained throughout the 2011 calendar year. To date \$2.8 million has been allocated, leaving

**City Manager Report to
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2011 March 01**

**ISC: UNRESTRICTED
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**CITY MANAGER REPORT – COUNCIL INNOVATION FUND TERMS OF REFERENCE
(POLICY INTERPRETATION)**

\$2.2 million in the Fund. In order to ensure that some monies remain available for the latter part of the year, no more the \$1.1 million from the funds remaining in the CIF should be disbursed before 2011 July 01. This will ensure that \$1.1 million remains in the Fund for applications that may be submitted between 2011 July 01 and December 31.

RISKS

The proposed Terms of Reference for the Council Innovation Fund have been developed to be flexible enough to support a wide variety of candidate projects. The risk associated with adopting the proposed Terms of Reference is that the flexibility created results in ambiguity as to whether a project does or does not qualify for the fund. This risk is of low impact as Council retains discretion and final decision-making power over withdrawals from the fund.

ATTACHMENT

Terms of Reference for the Council Innovation Fund.

TERMS OF REFERENCE FOR THE COUNCIL INNOVATION FUND

Purpose of the Council Innovation Fund

The broad purpose of the Council Innovation Fund (CIF) is to encourage innovations or pilot projects that have the potential to support or contribute to the goals of Council and that have city-wide application.

Guidelines

1. Process for Applications

- a) Applications for the withdrawal of funds from the CIF shall be brought by members of Council to Council for approval through a report included in the agenda of the Personnel and Accountability Committee (PAC). PAC will recommend approval or rejection to Council.
- b) The Mayor's Office will be the point of contact for all applications and will forward all proposals to PAC. Applications should be submitted to the Mayor's office no later than the 15th of the month.
- c) The applicant will be expected to complete and submit a prescribed form to the Mayor's Office. It is the responsibility of the member of Council seeking to access the CIF to use the application form to make their case to Council in the context of these guidelines.
- d) Successful applicants must report back to Council through PAC indicating how the money was spent and the outcomes of the project within 12 months of the approval of funding.
- ↓
- e) Any unused portions of CIF awards must be returned to the CIF.

2. Criteria for Successful Applications

Applications should demonstrate that the proposal is consistent with the Purpose of the Council Innovation Fund as set out in these Terms of Reference.

Successful applications will address one of the following:

- a) One-time start up or "seed" funds for initiatives or programs which will support or contribute to Council's priorities.
- b) Pilot projects or experiments that have the potential to change city-wide policies and procedures.

Applications for funding must include detailed documentation..

The proposal for funding must demonstrate credibility, fiscal responsibility and good management which will be important considerations in the evaluation of applications.

Chief Financial Officer's Report to
Priorities and Finance Committee
2018 November 06

ISC: UNRESTRICTED
PFC2018-1200

Status of Outstanding Motions and Directions

EXECUTIVE SUMMARY

Outstanding items for the Priorities and Finance Committee as of 2018 October 25.

ADMINISTRATION RECOMMENDATION:

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.

Chief Financial Officer's Report to
Priorities and Finance Committee
2018 November 06

ISC: UNRESTRICTED
PFC2018-1200

Status of Outstanding Motions and Directions

Status of Outstanding Items for the Priorities and Finance Committee

ATTACHMENT 1

As at 2018 October 25

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
REFORMING COUNCIL'S CLOSED-DOOR MEETINGS		C2018-1218	That Notice of Motion C2018-1218, Reforming Council's Closed-Door Meetings, be referred to Administration to be incorporated into the work directed by Council at the 2018 April 05 Combined Meeting of Council, in Notice of Motion C2018-0405, Ensuring Efficiency, Transparency and Appropriate use of Closed Meetings for Council Business, which is to return to Council, through the Priorities and Finance Committee, no later than Q4 2018.	2018 Q2
ONE CALGARY 2019-2022 PRELIMINARY 2019 PROPERTY ASSESSMENT UPDATE (VERBAL)	2018 October 11	C2018-1203	Refer Verbal Report C2018-1203 to the 2018 October 30 Priorities and Finance Committee Meeting;	2018 October 30
ONE CALGARY 2019-2022: UPDATE PRIOR TO FINALIZING PROPOSED SERVICE PLANS AND BUDGETS	2018 October 11	C2018-1149	That with respect to Report C2018-1149, the following be adopted: Refer the proposed public portion of the PowerPoint presentation entitled "Material Unfunded Investment Analysis" to the 2018 October 30 Priorities and Finance Committee Meeting.	2018 October 30

Status of Outstanding Items for the Priorities and Finance Committee

ATTACHMENT 1

As at 2018 October 25

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
COUNCIL PENSION PLANS	2018 July 30	C2018-0935	<p>With respect to Notice of Motion C2018-0935, the following be adopted:</p> <p>NOW THEREFORE BE IT RESOLVED THAT Human Resources meet with each member of Council to gather their observations, experiences and suggestions relating to the Council pension plans, including plan governance;</p> <p>AND FURTHER BE IT RESOLVED THAT Human Resources determine whether Council suggestions and comments fall within the mandate and terms of reference of the Pension Governance Committee, the mandate of the Council Compensation Review Committee and/or the mandate of other committees of Council, or Administration;</p> <p>AND FURTHER BE IT RESOLVED THAT Administration report back to the PFC and Council no later than December 31, 2018 for a review of findings and recommendations.</p>	2018 December 31

Status of Outstanding Items for the Priorities and Finance Committee

ATTACHMENT 1

As at 2018 October 25

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
HISTORIC GRAND LODGE OF THE FREEMASONS	2018 July 30	C2018-0959	<p>That with respect to Notice of Motion C2018-0959, the following Motion Arising be adopted:</p> <p>That Council direct Administration to prepare a report, and return to Council through the Priorities and Finance Committee no later than 2019 Q2, that provides an overview of the legislation governing property tax exemptions and tax cancellations in Alberta, Administration's current process for administering property tax exemptions, the property tax base exempt from taxation and previous Council direction regarding property tax cancellations.</p>	2019 Q2

Status of Outstanding Items for the Priorities and Finance Committee

As at 2018 October 25

<p>NEW COMMUNITY GROWTH STRATEGY 2018 – FURTHER REVIEW AND ANALYSIS DIRECTION THROUGH PFC2018-0678</p>	<p>2018 July 30</p>	<p>C2018-0900</p>	<p>3. For the fourteen communities identified in Attachment 4 (C2018-0900), as amended, direct Administration to:</p> <p>(d) Direct Administration, in consultation with stakeholders, to incorporate the proportionate share of the cost of off-site transportation infrastructure and any additional off-site utilities infrastructure attributable to new growth that provides servicing to new communities into the off-site levy rates, through a proposed amendment to the Off-site Levy Bylaw 2M2016, and report back to the Priorities and Finance Committee by no later than 2018 Q4.</p> <p>That with respect to Report C2018-0900, the following motion arising be adopted, in part:</p> <p>That Council:</p> <p>Direct Administration to work with Council's representative on Calgary Economic Development (CED) to identify appropriate members of CED staff and the CED Commercial Real Estate Committee to serve as an ad hoc working group that will review the Nose Creek business case to:</p> <ol style="list-style-type: none"> 1. Establish viability as contemporary mixed-use, campus-style development sites; 2. Identify opportunity to draw targeted and prospective investors according to CED's ongoing economic diversification work; 3. Evaluate ability to retain urban uses within the City's boundaries to stabilize the commercial tax base; 	<p>2018 Q4</p> <p>2019 January</p>
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Status of Outstanding Items for the Priorities and Finance Committee

ATTACHMENT 1

As at 2018 October 25

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
			5. Provide sound rationale (if any exist) for removal of the growth management overlay (GMO). Report back through PFC in 2019 January.	
INDEPENDENT REVIEW OF NON-RESIDENTIAL ASSESSMENT AND APPEAL SYSTEM	2018 June 28	PFC2018-0798	That the Priorities and Finance Committee: Direct that Administration return to PFC with the final, independent report and recommendations no later than Q4 2018	2018 Q4
UTILITIES INDICATIVE RATES AND FUNDING NEW GROWTH	2018 June 18	C2018-0787	Direct Administration, in consultation with stakeholders, to incorporate the proportionate share of the cost of off-site utility infrastructure attributable to new growth that provides servicing to communities approved by Council in the New Community Growth Strategy report (PFC2018-0678) into the off-site levy rates, through a proposed amendment to the water, sanitary sewer and storm sewer levy rates in Bylaw 2M2016, and report back to the Priorities and Finance Committee by no later than 2018 Q4.	2018 Q4
COMPASSIONATE PROPERTY TAX PENALTY RELIEF	2018 June 05	PFC2018-0325	That the Priorities and Finance Committee recommends that Council: Direct Administration to report back through Priorities and Finance Committee on the results of the proposed program, including cost and number of participants, no later than 2019 Q4.	2019 Q4

Status of Outstanding Items for the Priorities and Finance Committee

ATTACHMENT 1

As at 2018 October 25

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
CORPORATE AFFORDABLE HOUSING STRATEGY Q2 2018 UPDATE	2018 June 05	PFC2018-0584	<p>That with respect to Report PFC2018-0584, the following be approved, as amended:</p> <p>That the Priorities and Finance Committee recommend that Council:</p> <ol style="list-style-type: none"> 1. Direct that Administration return to Council, through the Priorities and Finance Committee, with an update on this work, no later than Q2 2019; and 2. Invite the Community Housing Affordability Collective to provide an update on their work to the Priorities and Finance Committee no later than Q2 2019. 	2019 Q2
PROPOSED CODE OF CONDUCT FOR ELECTED OFFICIALS BYLAW26M2018	2018 May 28	PFC2018-0554	<p>That with respect to PFC2018-0554, the following Motion arising be adopted:</p> <p>That Council direct the Ethics Advisor to investigate how to enhance reporter protection, including but not limited Councillors staff and Report back to the Priorities and Finance Committee no later than Q4 2018.</p>	2018 Q4

Status of Outstanding Items for the Priorities and Finance Committee

ATTACHMENT 1

As at 2018 October 25

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
BUSINESS TAX CONSOLIDATION – 2018 ANNUAL STATUS REPORT	2018 May 28	PFC2018-0190	<p>That with respect to Report PFC2018-0190, the following be adopted: That Council:</p> <p>1. Direct Administration to bring:</p> <p>(a) A 2019 status update report to the Priorities and Finance Committee in 2019 May; and</p> <p>(b) A final report on Business Tax Consolidation (BTC) to the Priorities and Finance Committee in 2019 July.</p>	<p>2019 May</p> <p>2019 July</p>

Status of Outstanding Items for the Priorities and Finance Committee

ATTACHMENT 1

As at 2018 October 25

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
ENSURING EFFICIENCY, TRANSPARENCY AND THE APPROPRIATE USE OF CLOSED MEETINGS FOR COUNCIL BUSINESS	2018 April 05	C2018-0405	<p>That with respect to Notice of Motion C2018-0405, the following be adopted:</p> <p>NOW THEREFORE BE IT RESOLVED that Administration be directed to bring forward a report to Council, through the Priorities and Finance Committee, no later than Q4 2018, which report shall include the following information:</p> <ol style="list-style-type: none"> 1. The categories of matters that have been discussed in closed meetings of Council over the past year and the time spent in closed meetings of Council during that period; and 2. Information about governance practices and committee structures and strategies used by other Canadian municipalities in order to allow Administration to bring forward recommendations and strategies that: <ul style="list-style-type: none"> ▪ help increase transparency in decision-making processes; ▪ assist with ensuring Council meeting efficiency and effectiveness; and ▪ assist in decreasing the amount of time Council spends in closed meetings while still ensuring that personal privacy is protected and that Council is given the opportunity to discuss matters in closed meetings appropriate for discussion in that forum. 	2018 Q4

Status of Outstanding Items for the Priorities and Finance Committee

ATTACHMENT 1

As at 2018 October 25

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
ECONOMIC DEVELOPMENT INVESTMENT FUND GOVERNANCE AND TERMS OF REFERENCE	2018 March 06	PFC2018-0187	As part of the proposed reporting process for the Wholly Owned Subsidiary, direct Administration to work with the EDIF Wholly Owned Subsidiary to bring a report to the Priorities & Finance Committee that reviews the pilot EDIF governance structure no later than 2019 Q2.	2019 Q2
GREEN LINE LIGHT RAIL TRANSIT PROJECT DELIVERY MODEL RECOMMENDATION	2018 March 06	PFC2018-0207	Council direct Administration to report back no later than Q4 2018 to the Priorities and Finance Committee of Council with the recommended budgets for approval including financing and confirmation of funding from the other orders of government for the Project.	2018 Q4
NEW COMMUNITY GROWTH STRATEGY	2018 February 22	PFC2018-0200	4. Direct Administration to bring a monitoring report on the implementation of the New Community Growth Strategy to the Priorities and Finance Committee no later than Q4 2019; and	2019 Q4

Status of Outstanding Items for the Priorities and Finance Committee

ATTACHMENT 1

As at 2018 October 25

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
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
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
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