



## REVISED AGENDA

### PRIORITIES AND FINANCE COMMITTEE

January 22, 2019, 9:30 AM  
IN THE COUNCIL CHAMBER  
Members

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

1. CALL TO ORDER
2. OPENING REMARKS
3. CONFIRMATION OF AGENDA
4. CONFIRMATION OF MINUTES
  - 4.1 Minutes of the Regular Meeting of the Priorities and Finance Committee, 2018 December 04
5. POSTPONED REPORTS  
*(including related/supplemental reports)*  
None
6. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES
  - 6.1 Consideration of the Nose Creek Communities in an Economic Development Context – Deferral Request , PFC2019-0018

#### REVISED

- 6.2 *See Item 9.1.1.*
- 6.3 ZBR Program Update, PFC2019-0041

6.4 2019 Business Improvement Area Budgets and Enabling Bylaws, PFC2019-0013

6.5 Status of Outstanding Motions and Directions, PFC2019-0086

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

REVISED

9.1.1 *Green Line - Funding and Financing Update, PFC2019-0040*  
Held confidential pursuant to Sections 23, 24, 25 and 27 of the *FOIP Act*.

9.2 URGENT BUSINESS

10. ADJOURNMENT



## MINUTES

### PRIORITIES AND FINANCE COMMITTEE

**December 4, 2018, 9:30 AM  
IN THE COUNCIL CHAMBER**

**PRESENT:**

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

**ALSO PRESENT:**

City Manager J. Fielding  
City Solicitor and General Counsel G. Cole  
Acting Chief Financial Officer C. Male  
Deputy City Manager B. Stevens  
City Clerk L. Kennedy  
Acting City Clerk S. Muscoby  
Legislative Assistant D. Williams

1. **CALL TO ORDER**

Mayor Nenshi called the Meeting to order at 9:34 a.m.

2. **OPENING REMARKS**

Mayor Nenshi provided opening remarks.

3. **CONFIRMATION OF AGENDA**

**Moved by** Councillor Sutherland

That today's Agenda be amended, as follows:

- by adding a Confidential Urgent Business Item 9.2.1, Closed Motion Arising C2017-1123, Recommendation 2 "Realignment of Services", VR2018-0111; and
- by bringing forward the Confidential Items as the first Items of Business following the Confirmation of the Agenda.

**MOTION CARRIED**

**Moved by** Councillor Colley-Urquhart

That the Agenda for the 2018 December 04 Regular Meeting of the Priorities and Finance be confirmed, **as amended**.

**MOTION CARRIED**

4. CONFIRMATION OF MINUTES

4.1 Minutes of the Regular Meeting of the Priorities and Finance Committee, 2018 November 06

**Moved by** Councillor Chu

That the Minutes of the Regular Meeting of the Priorities and Finance Committee dated 2018 November 06, be confirmed.

**MOTION CARRIED**

5. POSTPONED REPORTS

None

6. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

6.1 Transparency Practices – Reporting and Closed Meetings, PFC2018-1376

A PowerPoint presentation entitled "Transparency Practices", dated 2018 December 03, was distributed with respect to Report PFC2018-1376.

Mayor Nenshi left the Chair at 10:12 a.m. and Councillor Chu assumed the chair.

Mayor Nenshi resumed the Chair at 10:16 p.m. and Councillor Chu returned to his regular seat at Committee.

**Moved by** Councillor Sutherland

That Recommendation 2 contained in Report PFC2018-1375, be amended, by deleting the words "to the SPC on Utilities and Corporate Services" following the words "up to a certain threshold value", and by substituting the words "through the process of Council Procedure Bylaw review to the January 14, 2019 Combined Meeting of Council".

**MOTION CARRIED**

**Moved by** Councillor Sutherland

That the Recommendation contained in Report PFC2018-1376 be amended by adding a Recommendation 3 a., as follows:

3. Direct Administration to investigate an amendment to the Procedure Bylaw 35M2017, as amended, for the Closed Meeting Section as follows:

- a. To allow a member to challenge the motion to hold the Closed Meeting on an item and allow for debate.

Against: Councillor Colley-Urquhart and Mayor Nenshi

**MOTION CARRIED**

**Moved by** Councillor Sutherland

That the Recommendation contained in Report PFC2018-1376 be amended by adding a Recommendation 3 b., as follows:

3. Direct Administration to investigate an amendment to the Procedure Bylaw 35M2017, as amended, for the Closed Meeting Section as follows:

- b. a public release process that allows a Council member to challenge during the closed session the requirement of the discussion to be confidential

Against: Councillor Colley-Urquhart and Mayor Nenshi

**MOTION CARRIED**

**Moved by** Councillor Sutherland

That the Recommendation contained in Report PFC2018-1376 be amended by adding a Recommendation 3 c., as follows:

3. Direct Administration to investigate an amendment to the Procedure Bylaw 35M2017, as amended, for the Closed Meeting Section as follows:

- c. a process for Council members to invite personal advisors to a Closed Meeting contingent on Council approval and with prior notification.

ROLL CALL VOTE

For: (6): Councillor Chu, Councillor Keating, Councillor Sutherland, Councillor Davison, Councillor Demong, and Councillor Farkas

Against: (4): Mayor Nenshi, Councillor Colley-Urquhart, Councillor Gondek, and Councillor Woolley

**MOTION CARRIED**

**Moved by** Councillor Colley-Urquhart

That Recommendation 1 contained in Report PFC2018-1376 be amended by adding a Recommendation 1 d., as follows:

- d. At the beginning of the Closed Meeting, Administration and The Chair clearly define the purpose and context of the closed meeting item, participants required and the outcome and decision being sought.

**MOTION CARRIED**

**Moved by** Councillor Colley-Urquhart

That the Recommendations contained in Report PFC2018-1376 be amended by adding a Recommendation 4, as follows:

4. Direct Administration to develop and define Closed Meeting roles and responsibilities of:

- a. Administration and the City Clerk; and
- b. The Chair and other participant.

**MOTION CARRIED**

**Moved by** Councillor Demong

That with respect to Report PFC2018-1376, the following be approved, **as amended:**

That the Priorities and Finance Committee recommends that Council:

1. Direct Administration to implement the following closed meeting practices:
  - a. Commencing immediately, closed meeting reports are to be presented in the agenda with an enhanced description of the item to be discussed, without revealing the confidential information;
  - b. That starting January 1, 2019, all closed meeting reports include a review-by or release-by date within the recommendations;
  - c. That any written closed meeting report, provide a supporting public report (where possible);
  - d. At the beginning of the Closed Meeting, Administration and The Chair clearly define the purpose and context of the closed meeting item, participants required and the outcome and decision being sought.**
2. Direct Administration to investigate establishing a process for delegating the authority to approve land transactions, up to a certain threshold value, **through the process of Council Procedure Bylaw review to the January 14, 2019 Combined Meeting of Council;**
3. **Direct Administration to investigate an amendment to the Procedure Bylaw 35M2017, as amended, for the Closed Meeting Section as follows:**
  - a. To allow a member to challenge the motion to hold the Closed Meeting on an item and allow for debate.**
  - b. A public release process that allows a Council member to challenge during the closed session the requirement of the discussion to be confidential.**
  - c. A process for Council members to invite personal advisors to a Closed Meeting contingent on Council approval and with prior notification.**
4. Direct Administration to develop and define Closed Meeting roles and responsibilities of:
  - a. Administration and the City Clerk; and
  - b. The Chair and other participants.

**MOTION CARRIED**

6.2 Related Party Disclosure Report, PFC2018-1391

A PowerPoint presentation entitled "Related Party Disclosures Report", dated 2018 December 04, was distributed with respect to Report PFC2018-1391.

**Moved by** Councillor Chu

That with respect to Report PFC2018-1391, the following be approved:

That the Priorities and Finance Committee:

1. Approve the collection of required information from The Mayor and The Councillors as defined by Attachment 2; and
2. Direct Administration to review the existing Disclosure Policy for Members of Council (CC044) to include the disclosure requirement in 2019 and send any recommendations for amendment to Council through the Priorities and Finance Committee no later than the end of September 2019.

**MOTION CARRIED**

6.3 Council Pension Plans – Report back, PFC2018-1162

A PowerPoint presentation entitled "Notice of Motion C2018-0935, Council Pension Plans", was distributed with respect to Report PFC2018-1162.

**Moved by** Councillor Colley-Urquhart

That with respect to Report PFC2018-1162, the following be approved:

The Priorities and Finance Committee recommends that Council receive this report for information.

Against: Councillor Farkas

**MOTION CARRIED**

6.4 Green Line LRT – Budget and Funding Confirmation – Deferral Request, PFC2018-1105

**Moved by** Councillor Keating

That with respect to Report PFC2018-1105, the following be approved:

That the Priorities and Finance Committee recommends that Council approve Administration's request to defer the report on the Green Line LRT – Budget and Funding Confirmation to a Priorities and Finance Committee meeting to occur by no later than the end of Q1 2019.

**MOTION CARRIED**

6.5 2019 Business Improvement Area Tax Bylaw, PFC2018-1068

**Moved by** Councillor Chu

That with respect to Report PFC2018-1068, the following be approved:

That the Priorities and Finance Committee recommends that Council give three readings to the proposed 2019 Business Improvement Area Tax Bylaw (Attachment 1).

**MOTION CARRIED**

6.6 Status of Outstanding Motions and Directions, PFC2018-1201

**Moved by** Councillor Chu

That with respect to Report PFC2018-1201, the following be approved:

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

**MOTION CARRIED**

7. ITEMS DIRECTLY TO COMMITTEE

7.1 REFERRED REPORTS

None

7.2 NOTICE(S) OF MOTION

None

8. URGENT BUSINESS

None

9. CONFIDENTIAL ITEMS

**Moved by** Councillor Sutherland

That pursuant to Sections 23, 24 and 25 of the Freedom of Information and Protection of Privacy Act, Committee move into Closed Meeting at 9:36 a.m. in the Council Lounge, in order to consider confidential matters with respect to the following items:

- 9.1.1 Naming of a City Park, PFC2018-1357; and
- 9.2.1 Closed Motion Arising C2017-1123, Recommendation 2 "Realignment of Services", VR2018-0111.

**MOTION CARRIED**

Committee moved into Public Meeting at 9:52 a.m. with Mayor Nenshi in the Chair.

**Moved by** Councillor Colley-Urquhart

That Committee rise and report.



**MOTION CARRIED**

Councillor Woolley introduced a group of students from Bow Valley College LINC Class in Ward 8, accompanied by their teacher.

9.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

9.1.1 Naming of a City Park, PFC2018-1357

Administration in attendance during the Closed Meeting discussions with respect to Report PFC2018-1357:

Clerk: L. Kennedy. Advice: J. Fielding. Observer: C. Male.

**Moved by** Councillor Sutherland

That with respect to Report PFC2018-1357, the following be approved:

That the Priorities and Finance Committee recommends that Council:

1. Approve Recommendation 1 contained in Report PFC2018-1357; and
2. Direct that the Report, Attachments and closed meeting discussions remain confidential pursuant to Sections 23 and 24 of the *Freedom of Information and Protection of Privacy Act* until Council rises and reports.

**MOTION CARRIED**

9.2 URGENT BUSINESS

9.2.1 Closed Motion Arising C2017-1123, Recommendation 2 "Realignment of Services", VR2018-0111

Administration in attendance during the Closed Meeting discussions with respect to Report VR2018-0111:

Clerk: L. Kennedy. Advice: J. Fielding. Observer: C. Male.

**Moved by** Councillor Gondek

That with respect to Verbal Report VR2018-0111, the following be approved:

That the Priorities and Finance Committee direct that the closed meeting discussions remain confidential pursuant to Sections 24 and 25 of the *Freedom of Information and Protection of Privacy Act*.

**MOTION CARRIED**

10. ADJOURNMENT

**Moved by** Councillor Chu

That this meeting adjourn at 11:56 a.m.

**MOTION CARRIED**

The following items have been forwarded to the 2018 December 17 Regular Meeting of Council:

Consent

Transparency Practices – Reporting and Closed Meetings, PFC2018-1376

Council Pension Plans – Report back, PFC2018-1162

Green Line LRT – Budget and Funding Confirmation – Deferral Request, PFC2018-1105

Other

2019 Business Improvement Area Tax Bylaw, PFC2018-1068

Confidential Items

Naming of a City Park, PFC2018-1357

The next Regular Meeting of the Priorities and Finance Committee has been scheduled to be held on 2019 January 22.

CONFIRMED BY COMMITTEE ON

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CHAIR

ACTING CITY CLERK

Planning & Development Report to  
Priorities and Finance Committee  
2019 January 22

ISC: UNRESTRICTED  
PFC2019-0018

## Consideration of the Nose Creek Communities in an Economic Development Context – Deferral Request

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### EXECUTIVE SUMMARY

Administration is requesting a short deferral for the Nose Creek business case review work. This work was initiated by Council through a motion arising from the New Community Growth Strategy 2018 (C2018-0900), in order to consider the Nose Creek business case within a broader economic development context. As per the Council direction, the final reporting will consider Calgary's competitiveness in attracting commercial and industrial investment, as a city and within the greater region.

A deferral will provide time for Calgary Economic Development (CED), identified members of CED's Commercial Real Estate Committee, the business case proponents, and Administration to join Councillor Jyoti Gondek (the initiator of the motion arising) in participating in a workshop where the identified questions can be considered in more detail through a collaborative, hands-on session. This session would build on the work completed on this file to-date via engagement with CED, the proponents, and the other stakeholders. Administration will also conduct engagement with Councillor Jeff Davison (Council's representative for CED).

### ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommends that Council approve Administration's request to defer the report on the consideration of the Nose Creek business case in an economic development context, and direct Administration to return to the Priorities and Finance Committee with a report in 2019 March.

### PREVIOUS COUNCIL DIRECTION / POLICY

On 2019 July 30, Council approved recommendations for the New Community Growth Strategy 2018 – Further Review and Analysis Directed through PFC2018-0678 (C2018-0900) report. Through this report, 14 new communities were approved for the One Calgary (2019-2022) service plan and budget. Additionally, the following motion arising was adopted by Council:

Direct Administration to work with Council's representative for 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:

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;
4. Evaluate ability to prevent neighbouring municipalities from poaching investment opportunities from Calgary; and
5. Provide sound rationale (if any exist) for removal of the growth management overlay (GMO). Report back through PFC in 2019 January.

**Planning & Development Report to  
Priorities and Finance Committee  
2019 January 22**

**ISC: UNRESTRICTED  
PFC2019-0018**

**Consideration of the Nose Creek Communities in an Economic Development  
Context - Deferral Request**

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**BACKGROUND**

On 2018 July 30, Council directed Administration to engage Calgary Economic Development (CED) to review the business case for the two communities in the Nose Creek Area Structure Plan (ASP) that were not approved through the New Community Growth Strategy 2018 (C2018-0900). The Council motion included direction to consider this review in the context of Calgary's competitiveness in attracting commercial investment generally, and also relative to the larger Calgary economic region. Council directed Administration to return to the Priorities and Finance Committee in 2019 January.

**INVESTIGATION: ALTERNATIVES AND ANALYSIS**

*Preliminary Work*

Administration engaged CED and met multiple times to develop a work plan, identify members for a working group based on the membership of CED's Commercial Real Estate Committee, and discuss the Nose Creek context while considering broader challenges and opportunities in attracting investment for industrial and commercial development in Calgary.

Meetings with the local Councillor and initiator of the motion (Councillor Gondek) and Council's representative to CED (Councillor Davison) occurred in August and September 2018.

Administration also involved QuadReal Property Group, the proponents of the Nose Creek business case, to ensure they were engaged and had the opportunity to present their business case to the other stakeholders.

*Progress to Date*

Those engaged to-date have committed effort and time to provide input on the regional competitiveness of Calgary's non-residential market, trends around industrial serviced land supply, and current market strength. A broad discussion and research of Calgary's industrial market competitiveness among similar North American jurisdictions has also occurred.

Furthermore, there were discussions around the development of the upcoming Industrial Area Growth Strategy, including potential scope and deliverables. This work is intended to leverage the ongoing work of the Industrial Strategy Working Group (part of the Industry/City Work Plan) and commence in 2019.

*Reason for Deferral*

The meetings mentioned above occurred through September to December 2018. In December, it was identified that this work would benefit from an additional workshop that was open to all stakeholders. Following this, due to the busy schedules of all involved, the earliest date that could be arranged for a workshop was determined to be 2019 January 23. This is a key engagement event, and Administration would like to incorporate the discussion and findings from the workshop in responding to Council's direction.

In summary, a deferral of this report to Priorities and Finance Committee meeting on 2019 March 5 allows Administration to address the five points from the motion arising and include the results of the 2019 January 23 workshop in the final report.

**Planning & Development Report to  
Priorities and Finance Committee  
2019 January 22**

**ISC: UNRESTRICTED  
PFC2019-0018**

**Consideration of the Nose Creek Communities in an Economic Development  
Context - Deferral Request**

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**Stakeholder Engagement, Research and Communication**

A number of stakeholders have been working together to achieve the goals of the Council direction. These include representatives from Calgary Economic Development (CED), identified members of CED's Commercial Real Estate Committee, the QuadReal Property Group business case proponents, Councillor Jeff Davison (Council's CED Board Member), Councillor Jyoti Gondek (initiator of the motion arising), and Administration. Stakeholders have agreed that a deferral will provide time for the scheduled workshop to be completed and reflected in the final report. QuadReal Property Group (the business case proponent) has provided a letter of no objection to the deferral. This letter is included as Attachment 1.

**Strategic Alignment**

A deferral will allow for additional information from the 2019 January 23 workshop to be reflected in the report. This will enhance the comprehensiveness of the review and provide better information on opportunities for attracting and retaining commercial and industrial investment in the city. This is aligned with the One Calgary (2019-2022) Citizen Priority: A Prosperous City.

**Social, Environmental, Economic (External)**

None regarding this request to defer.

**Financial Capacity**

***Current and Future Operating Budget:***

None regarding this request to defer.

***Current and Future Capital Budget:***

None regarding this request to defer.

**Risk Assessment**

None regarding this request to defer.

**REASON(S) FOR RECOMMENDATION(S):**

A deferral of the report on the Nose Creek business case that considers Calgary's competitiveness in attracting commercial and industrial investment will allow Administration to incorporate feedback from a stakeholder workshop that is scheduled for 2019 January 23.

**ATTACHMENT(S)**

Attach 1 – Letter from QuadReal Property Group - PFC2019-0018



**Letter from QuadReal Property Group**



QuadReal Property Group  
Suite 301, 240 - 4th Avenue SW  
Calgary, AB T2P 4H4  
Canada  
T 403-202-7500  
W [www.quadreal.com](http://www.quadreal.com)

January 14, 2019

Kathy Davies Murphy  
Manager, Growth and Strategic Services  
Planning & Development, The City of Calgary  
800 Macleod Trail SE  
Calgary, Alberta T2P 2M5

**Re: No Objection Notice – Deferral of Report to Priorities and Finance Committee**

Please be advised that QuadReal Property Group ("QuadReal"), on behalf of bclMC Realty Corporation ("bclMC"), has no objection to Administration deferring the Report due to Priorities and Finance Committee with respect to the motion adopted by Council for the Nose Creek ASP lands as part of Report C2018-0900 (New Community Growth Strategy 2018 – Further Review and Analysis Directed through PFC2018-0678) from January 2019 to March 2019.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeff Hyde", with a long, sweeping horizontal line extending to the right.

Jeff Hyde  
Senior Vice President  
Development, Prairies





Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 January 22

ISC: UNRESTRICTED  
PFC2019-0041

## **ZBR Program Update**

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### **EXECUTIVE SUMMARY**

The Zero-Based Review (ZBR) program complements The City of Calgary's other continuous improvement activities by adding a periodic, more thorough review of whether the right services are being provided in the right way. Ten ZBR reviews have been completed since 2012, including the Information Technology (IT) ZBR that is presented as part of this report. The findings from the IT ZBR bring the total annual financial gains identified through the ZBR program up to a range of \$60.4 million to \$71.5 million. In 2018, over \$16 million of financial gains were realized towards this target, bringing the total annual gains realized to \$43.6 million. A full update on the financial benefits realized and forecasted can be viewed in Attachment 1 – ZBR Program Dashboard.

The IT ZBR is now complete, and all recommendations are progressing to the Implementation stage. The focus of this ZBR was to balance IT's role in enabling and empowering The City's front-line services with its ability to act for the good of the overall corporation – maximizing the service's ability to promote the efficient and effective use of technology in, and across, all services for the benefit of all Calgarians. Opportunities range from achieving greater corporate clarity on the role of IT to creating a greater level of standardization throughout the corporation. These actions have the power to improve how services work together, assess investments, reduce overall costs and reduce security risks that arise from technology – a principle corporate risk. This approach has identified \$1.3 million in cash savings and \$4.4 million in productivity gains, for a total of \$5.7 million in annual financial gains upon full implementation (Attachment 2 – IT ZBR Summary Report).

The Roads ZBR recommendations are now fully implemented, having realized \$2.8 million in average annual financial benefits for the 2015 - 2018 period (Attachment 3 – Roads ZBR Final Implementation Update). These benefits represent significant cost savings and productivity gains beyond the consultant's estimate of \$1.4 million to \$1.9 million per annum. Roads has also implemented several additional initiatives resulting in customer service improvements, such as introduction of an online application which significantly reduced processing time for business customers obtaining excavation permits.

In addition to the financial benefits, the ZBR program also delivers benefits in the form of improved service effectiveness and enhanced organizational capacity for continuous improvement at The City. These benefits are diverse in nature and are harder to quantify, making it difficult to present them as a single headline measure. Administration continues to develop new performance measures to better align with the Results Based Accountability™ (RBA) framework and capture the full spectrum of the ZBR program's impact.

ZBRs currently in progress include Law, Supply and the Shared Challenges of Internal Services. Updates on these reviews will be brought forward to council in future ZBR program updates.

Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 January 22

ISC: UNRESTRICTED  
PFC2019-0041

## ZBR Program Update

### ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommend that Council:

1. Receive for information:
  - a. ZBR Program Dashboard (Attachment 1);
  - b. IT ZBR Summary Report (Attachment 2); and
  - c. Roads ZBR Final Implementation Update (Attachment 3).

### PREVIOUS COUNCIL DIRECTION / POLICY

The ZBR program was created by Administration as part of its response to Council's direction to become "a more effective and disciplined organization" (C2011-55). This direction was reaffirmed in the 2018 March update of these principles (C2018-0304).

The program has evolved over time, driven by both the changing circumstances since its inception and the continuous improvement ethos of the ZBR program itself. Direction for the program is therefore contained in a number of previous reports to Council, including:

- The initial report establishing the program and setting up the pilot (FCS2011-31);
- Follow-up reports, modifying some program parameters, reflecting lessons learned and further method improvements (PFC2012-0492, PFC2012-0713 and PFC2014-0554); and
- Approval of a new program mandate and reporting approach to enable the program to continue delivering results in the face of changing circumstances and new requirements (PFC2016-0883).

### BACKGROUND

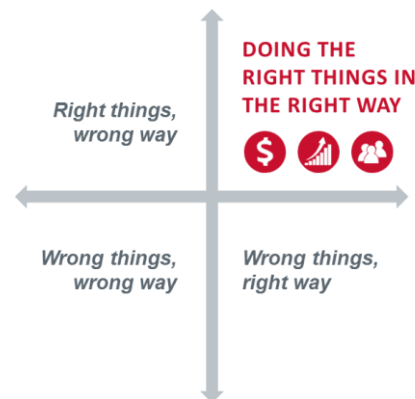
The ZBR program exists to:

1. Increase the value Calgarians get from their tax dollars by improving the efficiency, effectiveness and sustainability of services; and
2. Build the organization's capacity for continuous service improvement.

By first asking fundamental questions about whether we are doing the 'right things' in the 'right way', the ZBR program lays a foundation for true efficiency and effectiveness (Figure 1).

This work is especially important when resources are limited but the demand for City services is not. The recent economic downturn has increased the pressure on Administration to use fewer resources without compromising service quality, and incremental budget cuts are no longer enough to address this challenge. The ZBR Program helps The City balance changing citizen needs and priorities with the resources available. The savings identified by the program will help Administration to achieve the targets for efficiencies and other savings established in One Calgary: 2019-2022 Service Plans and Budgets.

Figure 1: Effectiveness and efficiency



Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 January 22

ISC: UNRESTRICTED  
PFC2019-0041

## ZBR Program Update

Since its inception, the ZBR program has used a service based approach including five areas of analysis:

1. **Service Rationale:** Why is The City providing the service? Should we be in this business?
2. **Service Level and Scope:** Why is The City providing the scope and level of service?
3. **Service Efficiency:** According to the industry standards, is the service efficient?
4. **Service Effectiveness:** According to the industry standards, is the service effective?
5. **Service Funding:** Are the sources of funding sustainable and appropriate?

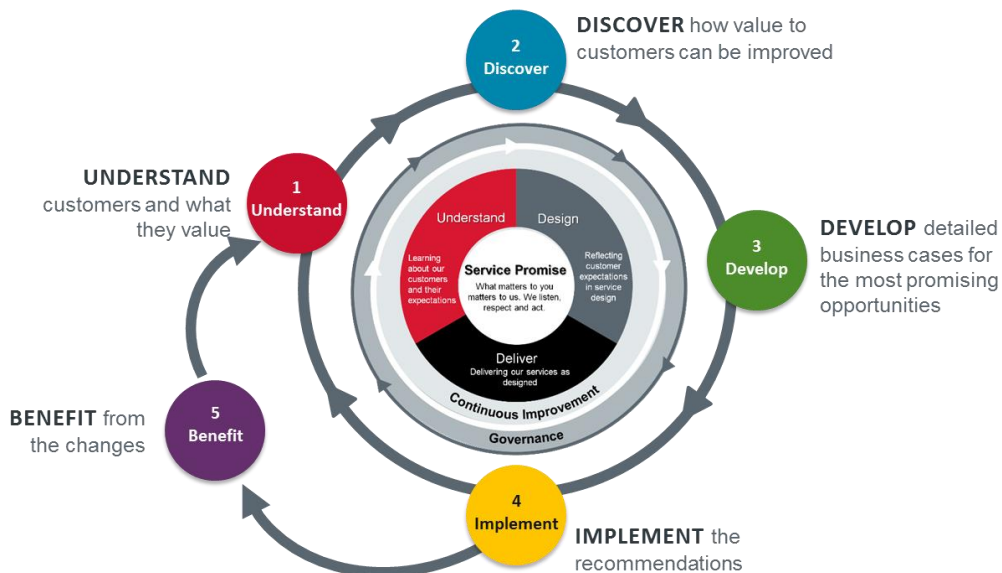
While these fundamental questions are unchanged, the frameworks, approaches and tools used in the program have evolved over time. The continuous improvement architecture that underpins the ZBR program is the same one that guided the service planning and budgeting process used in One Calgary. Using a common approach across all elements of The City's Performance Management System helps us build a culture of continuous improvement that is a hallmark of every high-performing organization, and not only in times of financial constraint. Our efforts to further embed this culture at The City will continue in the 2019-2022 cycle.

### INVESTIGATION: ALTERNATIVES AND ANALYSIS

#### ZBR Program Status: January 2019

The continuous improvement process used in ZBRs is based around The City of Calgary's Customer Service Approach (Figure 2), starting with the 'Understand' phase on the left side of the circle, below.

Figure 2: The ZBR continuous improvement process



ZBR projects are listed below by their stage in this process. ZBR Program Updates to PFC, like this report, occasionally offer additional detail on progress for a specific project in attachments. The goal of this reporting is to bring timely progress updates on all projects. Details on where more detailed information can be found on each ZBR project is also provided.

Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 January 22

ISC: UNRESTRICTED  
PFC2019-0041

## ZBR Program Update

### Summary of Benefit & Implement Stages

Stage	Business Area	Last Update
	Fleet Parks Roads Water Services Fire	Complete - PFC2012-0492 PFC2018-0017 Complete – Attachment 3 UCS2016-0169 PFC2015-0695
	Calgary Transit Water Resources Calgary Building Services Recreation Information Technology	PFC2017-0431 PFC2018-0647 PFC2018-0017 PFC2018-0647 Attachment 2

### Overall Program Summary for Benefit & Implementation Stages

- With the completion of the IT review the total number of reviews completed since 2012 is now ten. These reviews represent 70% of City services as measured by December 2018 gross operating budget. Details of the completed reviews are presented in Attachment 1.
- Total annualized financial gains of between \$60.4 million (low estimate) and \$71.5 million (high estimate) have been identified<sup>1</sup> in these reviews.
- In 2018, the Corporation realized<sup>2</sup> over \$16 million in financial gains towards this goal, bringing the total annual gains realized to \$43.6 million.
- The City has also realized benefits in the form of service effectiveness, including better customer service, reduced environmental impact and improved public safety. These results are diverse in nature and may be harder to quantify, making it difficult to present them as a single headline measure. The ZBR program's impact on service effectiveness is currently reported through case studies and success stories. This report does not include a case study attachment but further case studies will be provided to Council in the next program update report.

### Specific Project Updates for Benefit & Implementation Stages

- Attachment 2 presents the conclusion of the IT review. As a result of the IT ZBR, Administration is making commitments that will see improvement in seven areas. All seven are now in the implementation phase.
  - The overall focus of the review relates to the need for IT to find the right balance between their role as a service provider for all business units and their role in promoting and supporting decisions for the overall good of the corporation. Achieving the right balance requires a better dialogue and understanding between IT and its customers. To that end, IT has already improved their understanding of a key internal

<sup>1</sup> **Benefits Identified:** A recommendation has been made that, when implemented, has a potential benefit associated with it and a plan to achieve these benefits is being developed or implemented.

<sup>2</sup> **Benefits Realized:** A recommendation has been implemented and benefits are being experienced financially and/or through non-financial improvements.

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**ZBR Program Update**

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- customer group: leaders with responsibility for line of business software applications. Following on from this, a tool was developed to provide clarity for customers around the true and full costs of supporting an application from the initial purchase to decommissioning. This tool supports the ongoing dialogue between IT and their internal customers to optimize service levels to meet, but not exceed, service needs.
- In addition, the IT ZBR identified the need to achieve greater clarity around IT's role in making decisions that support the overall good of the corporation in connection to how existing software assets are assessed over their lifecycle and how new software is acquired and then managed for individual services and across the corporation. More clearly defining, developing and, where prudent, standardizing the data, processes and decision-making criteria needed to manage The City's application portfolio will reduce cost, reduce risk and create an environment for better cross-service collaboration. Identifying redundant line-of-business systems and decommissioning them will significantly reduce the risk for escalated support and sustainment costs in the future. Further risk reduction related to technology security results from a streamlined portfolio – not only is it more cost effective to maintain fewer applications but it also reduces the potential for security threats. As for hardware use, optimizing the use of personal productivity devices (PC's, laptops, smartphones, etc.) throughout the corporation and ensuring that each user has the right device – no more, no less – to do their job will enhance staff productivity across the corporation while reducing the capital and operating costs of these devices.
  - The total annual financial gains identified through the IT ZBR are estimated at \$5.7 million - \$1.3 million in cash savings and \$4.4 million in productivity gains. It should be noted that these benefits are expected to be achieved throughout the Corporation and do not solely fall within IT's operating or capital budgets. Further details on the benefits of the IT ZBR, and the commitments and actions Administration will undertake to deliver them, are presented in Attachment 2 – IT ZBR Summary Report.
  - The implementation of the Roads ZBR is now complete. Attachment 3 provides an update of the Roads ZBR implementation results and benefits realized, including \$2.8 million in average annual financial gains. These benefits are well above the initial estimate of \$1.4 million to \$1.9 million in annual benefits. By the end of 2018, these gains have allowed Roads to reinvest approximately \$11.4 million back in to service delivery since 2014. The ZBR program has also further strengthened Roads' culture with respect to continuous improvement. Several additional initiatives have been undertaken since the review was concluded that have resulted in halved response times for street light repairs, removal of 50% additional debris through pre-sweeping for spring cleanup, and enhanced customer experience for excavation permits through introduction of an online application for businesses.


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## ZBR Program Update

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### Summary of Develop Stage

Stage	Business Area	Last Update
	Shared Challenges of the Internal Services	PFC2018-0647

#### *Specific Project Updates for Develop Stage*

- The Shared Challenges of Internal Services ZBR is in progress. Foundational work on two opportunities (Internal Services' Role and Internal Recoveries) is underway.

### Summary of Discover & Understand Stages

Stage	Business Area	More Information
	Supply	In progress
	Law	In progress
	Facility Management ESM Land	On hold

#### *Specific Project Updates for Discover & Understand Stages*

- The foundational work completed prior to commencement of the One Calgary process ensured Supply had a head start on customer-focused and service-based thinking that is the cornerstone of the ZBR Program. The Supply ZBR has identified preliminary opportunities for improvement and those opportunities are being assessed and prioritized.
- The Law ZBR has resumed and foundational work is underway.
- During 2018, a significant amount of the organization's time and attention was focused on development of four year plans and budgets through One Calgary, including moving to a service-based model. The ZBR Program team provided support to all 61 services, integrating service review and improvement into service planning wherever possible. The work done in developing these service plans and budgets provides a strong foundation for future ZBR work and will help accelerate progress in 2019.

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## **ZBR Program Update**

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### **Data Development**

In response to the direction of the Priorities and Finance Committee in January 2018 (PFC2018-0017), the estimated date of full implementation has now been added to the program dashboard.

Work continues to improve how effectiveness gains are reported (in addition to efficiency gains) and how the ZBR program reports on its objective of capacity building for service improvement within the organization.

### **Stakeholder Engagement, Research and Communication**

Many stakeholders were engaged in the creation of this report:

- Content was developed and tested in conjunction with the IT ZBR Steering Committee, all Directors of business units that have already completed or are in the midst of completing a ZBR, as well as numerous individuals in those business units.
- Staff across the organization collaborated to collect data on benefits realized to date.
- As agreed in an earlier report on ZBR program governance (PFC2015-0903), Administration provided an opportunity for Councillors to provide input to the internal service ZBRs in May and June of 2017. Further opportunity was provided in 2018 for Council to provide input on both internal services reviews and the direction of the program in 2019-2022 through the One Calgary program engagement.

### **Strategic Alignment**

The ZBR Program is part of the Performance Management System, which in turn is one component of the Leadership Strategic Plan. The ZBR Program helps the organization respond to Council's five imperatives of integrated service delivery, engaged leadership, increased trust and confidence, a public service culture and investment and value. In particular, the ZBR program supports Stage 3 of the Leadership Strategic Plan "Road Map" as it is a tool to help improve organizational efficiency.

### **Social, Environmental, Economic (External)**

There are no direct implications from this report.

Roads contributes to social outcomes through supporting citizens' perception of safety, including providing well-lit and well-marked streets. Provision of the Streets service by the Roads business unit is also a significant economic force, providing work for The City employees as well as many contractors and other private businesses. The ZBR recommendations have supported Roads and IT in achieving these outcomes in a more efficient and effective manner.

IT contributes to social, environmental and economic outcomes through enabling other business units in service delivery thereby indirectly contributing in many ways to the quality of life for Calgarians. IT achieves these outcomes through the implementation and maintenance of technology platforms that provide the most convenient and accessible channels for citizens to connect to City services.

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## **ZBR Program Update**

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### **Financial Capacity**

#### ***Current and Future Operating Budget:***

The ZBR program helps the organization to manage operating costs, which is particularly important in the current economic climate. This report presents identified and realized reductions in operating budgets.

#### ***Current and Future Capital Budget:***

The ZBR program also helps the organization to manage capital costs. This report presents identified and realized reductions in capital budgets.

### **Risk Assessment**

Any program driving significant changes to improve services includes a degree of risk to the organization. This risk is primarily related to change management. As such, all decisions about changes to services include a detailed consideration of the risks, and this practice is now well-established at The City.

Outside of the risk to the organization, there are also risks to the successful implementation of any particular ZBR recommendation. The risks associated with the implementation of recommendations through the completed reviews include such factors as:

1. A lack of resources to implement the recommendations;
2. Poor communication with employees or customers leading to a reluctance to support implementation;
3. Lack of capacity for change within the business unit; and
4. Not measuring performance which impedes ability to demonstrate/measure improvements/success.

#### **REASON(S) FOR RECOMMENDATION(S):**

This report updates Council on the progress made through the ZBR program in increasing value for citizens by improving service efficiency and effectiveness. It also fulfills Administration's commitment to provide regular updates to Council on the ZBR program.

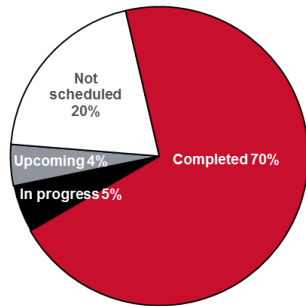
#### **ATTACHMENT(S)**

1. Attachment 1 – ZBR Program Dashboard
2. Attachment 2 – IT ZBR Summary Report
3. Attachment 3 – Roads ZBR Final Implementation Update



## PROGRAM PERFORMANCE: HEADLINE MEASURES

### How much did we do?



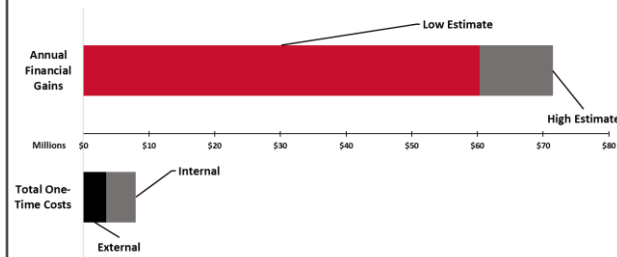
#### Proportion of City Services Reviewed through the ZBR Program

(measured by % of 2018 gross operating budget)

### Story behind the data:

- To date, ZBRs have been completed on 70% of City services. Despite the completion of the IT ZBR, this number has not changed from the last report due to the increased budget in areas not scheduled for review. The program remains on track to meet the goal of reviewing 80% of City services by 2020.
- Looking forward, the focus of the ZBR program in 2019 will continue to be on The City's internal services.
- These services have smaller budgets but are key drivers of whole organization efficiency. As such, the maximum value to be gained from these reviews lies not inside each business unit but in the relationships and processes between them – and those they serve. Improvements in these areas will have far-reaching benefits across the corporation. Any financial gains identified are likely to be for front-facing client business units, not in the internal service budget.
- Opportunities for improvement in internal-facing business units will continue to be addressed through functional or service-based ZBRs; in addition we will collaborate with multiple services to address internal services' common issues in the Shared Challenges of the Internal Services ZBR.

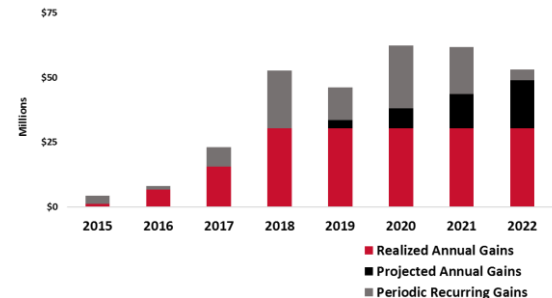
### How well did we do it?



### Story behind the data:

- The total predicted annual financial gains identified by the ZBR program to date are between \$60.4 million (low estimate) and \$71.5 million (high estimate) after full implementation. Financial gains include cost savings, productivity gains, cost avoidance and increased revenue.
- Efficiency and effectiveness improvements go hand-in-hand. Beyond the financial gains, over half of the ZBR recommendations identify advances such as improved service outcomes, higher customer satisfaction and increased employee morale. Enhanced measures on effectiveness improvements are currently under development.
- The estimated cost of undertaking the ten completed ZBRs was around \$8 million, including the pilot project with Fleet. This includes internal costs (staff time) and external costs (consulting contracts). This does not include costs associated with implementing the recommendations.
- Comparing costs and financial benefits, there have been about \$8.24 in annual financial gains identified per one-time \$1 spent on the program.
- The annual financial gains include annual gains plus the periodic recurring gains which are averaged over the implementation period.

### Is anyone better off?



### Story behind the data:

- A forecast for financial gains from the first ten completed ZBR projects is shown above (data as of Dec 2018). These figures have been updated for this program status report. Additional forecasted gains from the Recreation ZBR will be included once implementation planning has been completed.
- As more ZBRs are completed, projections for future gains will increase accordingly.
- In addition to annual financial gains, which recur every year, a number of recommendations identify recurring cost avoidance or other gains which are realized at different frequencies. These are identified as periodic gains.
- Business units that have completed ZBRs in the past are now adapting their tracking to regularly report on and forecast financial gains. The degree of accuracy in predictions will improve with time as this becomes an upfront requirement for business units completing their ZBR projects.

# ZBR Program Dashboard

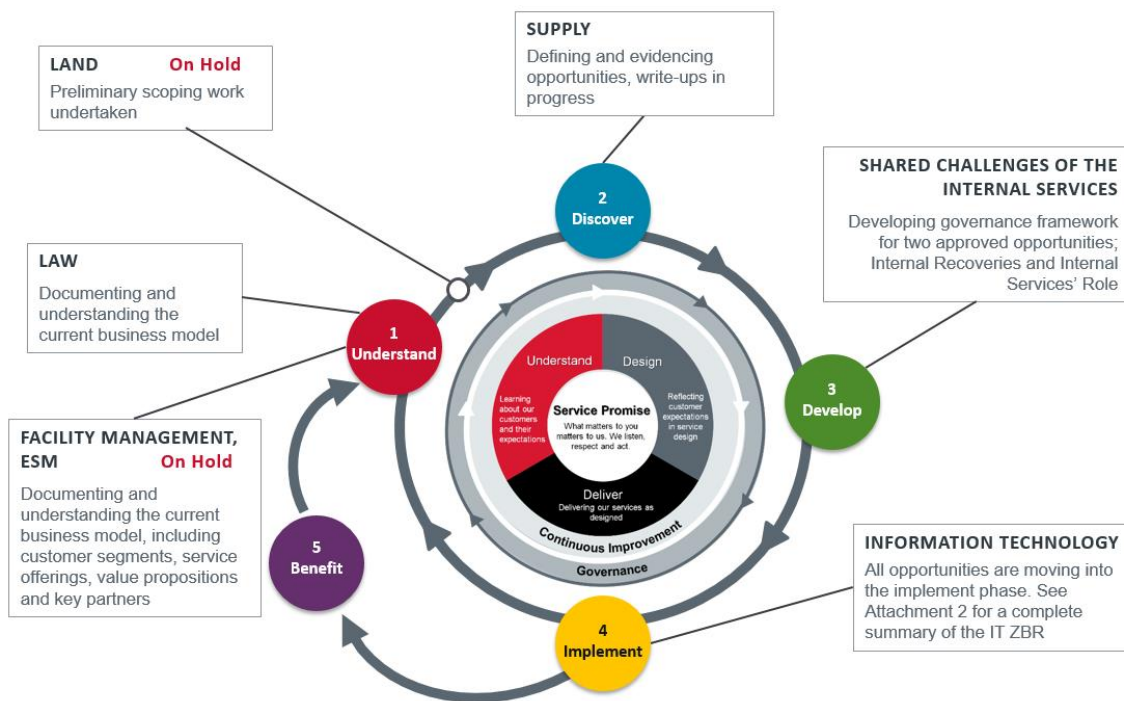
## DATA DEVELOPMENT LIST

Additional work is underway to improve tracking of service effectiveness gains and options for measuring the ZBR program objective of building capacity for service improvement within the organization.

Staff involved in the implementation of past ZBRs have been engaged to identify key options and opportunities related to the development of measures that assess capacity building within Business Units and across the Corporation.

## STATUS OF ZBRs PLANNED AND UNDERWAY

### Mapping ZBRs to the Continuous Improvement Process



# ZBR Project Implementation Tracker

Business Unit	Date Reported to PFC	Approx. Date of Full Implement'n	Current Status of Recommendations			Financial Benefits - Annual Gains		Annual Gains Realized To Date*
			Total Recommendations	Number Being Implemented	Number Complete	Low Estimate	High Estimate	
Fleet (pilot project)	Jul-12	Closed	8	0	8	-	-	-
Parks	Jul-14	2019	6	1	5	\$4.3M	\$4.3M	\$3.0M
Roads	Oct-14	Closed	5	0	5	\$1.4M	\$1.9M	\$2.8M
Water Services	Mar-15	2022	5	4	1	\$2.4M	\$6.1M	\$7.0M
Fire	Nov-15	2019	4	1	3	\$14.1M	\$15.1M	\$14.1M
Calgary Transit	Jun-16	2021	7	5	2	\$10.3M	\$11.1M	\$3.7M
Water Resources	Sep-16	2026	4	4	0	\$17.0M	\$20.5M	\$11.2M
Calgary Building Services	Nov-16	2019	4	2	2	\$3.2M	\$4.6M	\$1.8M
Recreation	Jun-18	TBD	8	8	0	\$2.0M	\$2.2M	-
IT	Jan 2019	TBD	7	6	1	\$5.7M	\$5.7M	-
<b>ZBR Program Total</b>			<b>58</b>	<b>31</b>	<b>27</b>	<b>\$60.4M</b>	<b>\$71.5M</b>	<b>\$43.6M</b>

\*Includes annual financial gains plus periodic gains (recurring cost avoidance or other gains which are realized at different frequencies). As reporting continues the dashboard will evolve, in line with our ongoing commitment to the continuous improvement of the program.



To date, the implementation of the recommendations from the **Parks ZBR** has resulted in annual ongoing gains of \$3.0M (up from \$2.4M in 2017). In conjunction with Recreation, Parks completed and is now implementing work from the Sport Field Strategic Plan. With Parks now moving into sustainment activities as they relate to the ZBR recommendations, a Parks ZBR closeout report is planned for the next ZBR Program Report.



A final implementation report on the **Roads ZBR** is included as Attachment 3. \$10M in variable annual gains were realized over four years (an average of \$2.5M per year). Roads' realized annual recurring gains were \$345K every year since 2015. Please refer to the attachment and cover report for more details. Note that a correction has been made where onetime amounts were previously reported as recurring.



The **Water Services ZBR** implementation is well underway. Annual financial gains in 2018 were \$7.0M with an additional \$2M in one-time only gains in 2017, outperforming predicted gains.



The **Fire ZBR** implementation has resulted in \$14.1 million in annual gains in 2018 (up from \$5M in 2017), inline with predicted gains. Fire is developing a Training Academy Master Plan (to be completed in 2019) which will identify strategies to address the revenue challenges the Training Academy faces in this economy. The Training Academy itself has already generated \$73,800 in revenue for 2018, plus \$236,535 of in-kind facility rentals to The Corporation.



The **Calgary Transit ZBR** started realizing financial gains in 2017. In 2018, \$3.7 million in annual ongoing gains have been realized (up from \$1.1M in 2017), with additional benefits to be realized each year until 2021. Implementation work on the Janitorial and Outside Maintenance recommendation and the Rail System Communications recommendation is complete and benefits were realized at the start of 2018.



All of the recommendations from the **Water Resources ZBR** are being implemented with gains being realized. A total of \$22.5 million has been realized since 2017 (average of \$11.2M per year). Financial gains are expected to be fully realized by 2022. Implementation of the customer delivery and service levels ZBR recommendations will wrap up in 2026.



Substantial progress has been made on all recommendations in the **Calgary Building Services ZBR**, which started realizing efficiencies in 2018. This cost avoidance will continue and is projected to reach \$4.6M by 2022. Moving services online and realizing efficiencies in inspections services are the primary factors that will increase the annual gains between 2019-2022.



Implementation planning on the **Recreation ZBR** has already begun and will be presented in a future report.



The **IT ZBR** has defined and developed all seven identified opportunities which are now moving into the Implement phase. Implementation of one of these opportunities is already complete and two are well underway.



The **Shared Challenges of the Internal Services ZBR** already has two opportunities in process. Intensive work began in the fall of 2018 to develop options to improve The City's use of Internal Recoveries.



**Next ZBR Program Report: Summer 2019**



# IT ZBR

## Summary Report

PFC2019-0041 Attachment 2

**ISC: UNRESTRICTED**

**January 22, 2019**

**Prepared by: Corporate Initiatives, Chief Financial Officer's Department**



# IT Zero-Based Review – Benefits at a Glance



## Total Financial Benefits

\$1.3 Million      \$4.4 Million  
Cash Savings      Productivity Gains  
Per Year upon Full Implementation

## Balanced Service Outcomes

Citizen expectations are met by balancing internal customer needs and the corporate good



## Informed Software Decisions

The practices used to manage software decisions are standardized, transparent and collaborative – we work better, together

## Smarter Portfolio

The City's portfolio of software is cost optimized and technology risk – a principal corporate risk – is reduced



## Getting the most out of Hardware

Hardware devices are provided to the right level – no more, no less – to maximize productivity for the dollars invested

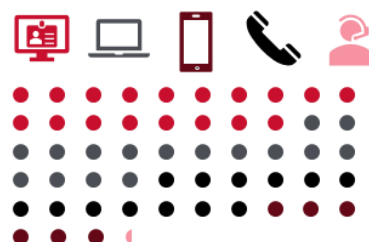
### These benefits will be achieved by:

- |   |  |
|---|--|
| 1. Improving Customer Understanding                     | 5. Tracking Total Cost of Application Ownership  |
| 2. Clarifying the Mandate                               | 6. Agreeing on Levels of Service                 |
| 3. Reviewing Application Portfolio Management Practices | 7. Providing the Right Hardware Devices to staff |
| 4. Rationalizing the Existing Application Portfolio     |  |

# IT Service by the Numbers

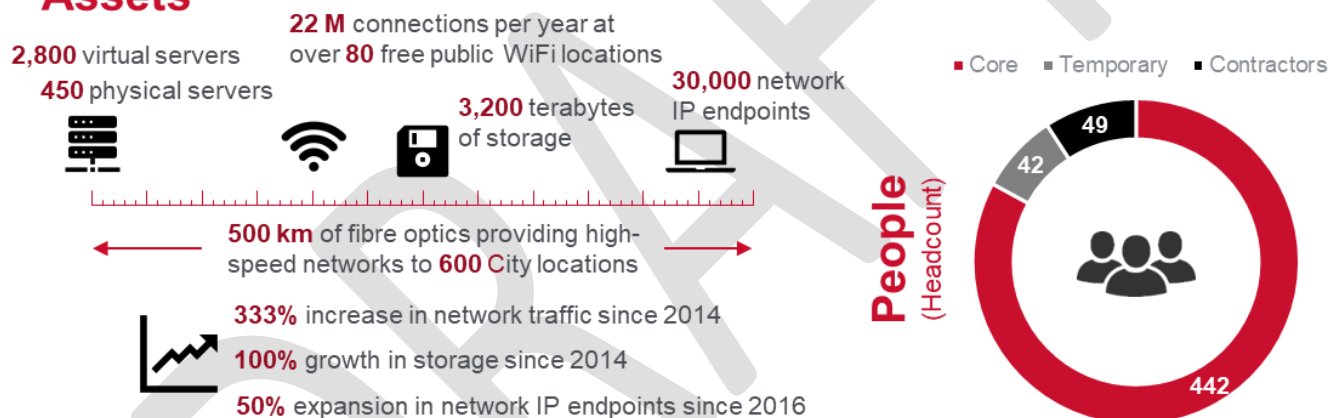
## Products and Services

- 281 citizen-facing transactions available by web or mobile app
- 375,000 myID citizen accounts & 7,000 myID business accounts
- 660 line-of-business and enterprise applications supported
- 100 cloud computing implementations (Q4 2018)
- 86 technology projects executed per year between 2015-2018 (average)



- 18,000 staff network accounts (including Active Directory and myHRconnect)
- 16,000 staff computing devices (desktops, laptops, and tablets)
- 13,000 telephone and VoIP lines
- 6,100 smartphones
- 30 call centres (including 9-1-1 and 3-1-1)

## Assets

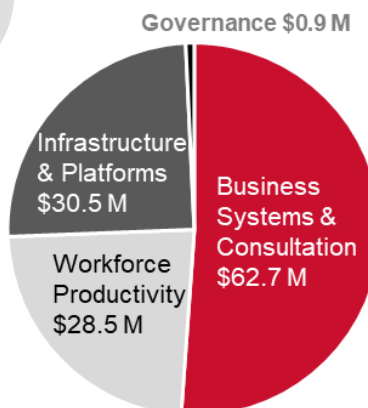


## Financial

2018 GROSS OPERATING EXPENDITURES \$121 M



WHAT THE SERVICE INCLUDES: OPERATIONAL SPENDING



- Business Systems & Consultation:** Develops and maintains both corporate-wide and line of business applications
- Workforce Productivity:** Network accounts and technology tools that enable individual staff to conduct daily business activities
- Infrastructure & Platforms:** Technology infrastructure that underpins the delivery of all technology solutions for The City
- IT Governance:** Overarching governance of corporate technology



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# IT ZBR – Balancing Customer Need with Corporate Good

Information Technology (IT) is an internal service. Like all internal services, IT is an organizational leader in striking the balance between serving the unique and varied needs of its customers with the overall good of the corporation.

This dual role creates a tension. As a customer service organization, IT is at its best when it is acting for its clients, creating solutions and accelerating their businesses. As a steward of the fundamental corporate good, IT is at its best when it sees the big picture, is actively prioritizing and is informing technology decisions with a corporate mindset.

Both roles are about doing the best thing for the citizen. This emphasizes why addressing this tension is:

- 1) Worthwhile – because IT is a core support function underlying citizen-facing services; and,
- 2) So difficult – because the corporate and customer service roles seek to achieve the same outcome in very different ways.

The first step in achieving clarity around these roles is defining IT's service mandate – all other administrative commitments cascade from this.

Currently, IT uses a “federated governance model” to make investment decisions. This combines department level accountability with a broader corporate governance body.

This model, combined with IT's customer service culture, has resulted in IT's role as a service provider – responsive to individual service and/or department needs – being prioritized over its role as a guardian of broader corporate interests and needs.

This focus has fallen out of step with a broader shift towards corporate financial restraint. IT, like all internal services, must therefore respond to

this culture shift by, itself, shifting how it provides services.

The customer-focused, operational work that IT does is critical to sustaining front-line service to citizens. If accompanied by a lack of clarity or completeness regarding the corporate element of IT's role, The City can be left vulnerable to:

- Increased Risk – Higher complexity in the software portfolio increases vulnerability and demands for support to limit system outages and security threats;
- Increased Cost – Higher potential for software duplication across user groups (also implying cost duplication) along with fewer opportunities to identify and realize corporate-wide IT investment efficiencies; and,
- Decreased Effectiveness – Misalignment between technology investment and corporate direction makes service outcomes more difficult to achieve and growing complexity makes task of realigning more challenging.

What follows in this report are the best seven opportunities found through the IT Zero-Based Review that will begin addressing this challenge of balance. They range from gaining a better understanding of IT's customers, to a direct recommendation on addressing mandate, to practical opportunities to reduce spend on productivity devices and software that have large corporate efficiency implications but limited (or reasonable) user impacts.

Opportunities found in this ZBR highlight a challenge common to all internal services and one that they will face together. As you will read, outcomes rely not only on implementation of these commitments in the IT service - they also rely on the mutual understanding and cooperation of every single one of the customers that IT works with in the corporation.

# The Opportunities

Below are brief descriptions of each of the seven opportunities that were explored in this review and form the basis of administrations commitments for improvement. More detailed information on action and progress can be found in the next section.

## 1. Improving Customer Understanding

Improving customer understanding is a foundational precursor to every other opportunity. Being able to clearly understand and articulate customer demands is a core requirement of designing a business to meet those needs. It is also essential to understanding how those needs fit into a corporate context.

## 2. Clarifying the Mandate

A key effectiveness opportunity to clarify and communicate mandate and authority over decisions and strategic corporate direction related to IT's business. This is a shared challenge of the Internal Services and will be progressed as part of that corporate-wide ZBR.

## 3. Reviewing Application Portfolio Management (APM) Practices

This opportunity is about a key place area where the “rubber hits the road” in actioning IT's mandate – how software assets are acquired and managed for individual services and across them, corporately. The APM Practices opportunity began the process to define and develop the management information, processes and decision-making criteria needed to manage The City's application portfolio and understand how to control application support costs.

## 4. Rationalizing the Existing Application Portfolio

An efficiency opportunity to identify any duplicate and redundant line of business systems.

## 5. Tracking Total Cost of Application Ownership

An opportunity to enhance the financial component of decision making related to all stages of an application's life – from purchase through to decommissioning – to better anticipate costs and align funding.

## 6. Agreeing on Levels of Service

Translating customer understanding and mandate to engage customers to determine and agree on the optimal service levels for The City's line of business systems that support City services.

## 7. Providing the Right Hardware Devices to Staff

An efficiency opportunity to optimize the use of personal productivity devices (PC's, laptops, smartphones, etc.) throughout the corporation, ensuring that each user has the right device(s) – no more and no less – to do their job.



## How the Opportunities Contribute to Balancing the IT Service Making Strategic Decisions

### *Opportunity 1: Improving Customer understanding*

### *Opportunity 2: Clarifying the Mandate*

Customer understanding underpins a clear and strong role and purpose for any service. These elements form the foundation for continuous improvement and business strategy.

The information technology industry tends to be heavily weighted to service provision, but recent shifts have seen a demand from both customers and corporate leadership to increase the strategic value and governance role of IT departments. IT's annual client survey has identified that 45 per cent of management clients are looking for IT to be a provider of strategic competitive advantage. This partnership would see IT enhance its role in the corporation to provide strategic advice, proactive recommendations on products and services and increased participation in technology decisions and investments. Delivering this type of value requires a strong and in-depth understanding of customers and their businesses.

Work completed to date builds on IT's existing – and extensive – knowledge of customer needs. This existing level of competency is evidenced by consistently high customer satisfaction scores. According to IT's Client Satisfaction survey in 2016, prior to project initiation, satisfaction for 'Existing Business Software Support' was 87 per cent. The ZBR opportunity to improve customer understanding – now completed – targeted the lowest scoring group of respondents contributing to that result - supervisors responsible for managing a business system as a core function. ZBR work was focused on the technology investment process, identified as a key frustration for this group. In-depth discussions with customers identified pain points and several areas for improvements. IT is already moving forward with updates to processes to take advantage of this information and, in 2017, satisfaction scores trended positively to 93%.

A solid foundation of customer understanding is only half of the equation for achieving balance between the service provider and governance roles of the IT service. The other essential piece is an understanding of the governance expectations as defined by the corporation in the service's mandate.

Achieving a balance between individual customer needs and overall corporate value is a key challenge for all internal services. Because of IT's strong customer understanding and service culture, their service provider role and purpose is clearer than their corporate role and purpose. Overall, IT's strongest corporate role is currently indirect and is enacted through the support of individual customers as they seek to achieve their own citizen and corporate outcomes. As identified in the ZBR, there remains an opportunity to drive wider efficiency and effectiveness gains across the corporation.

A review of role and mandate will shed light on the extent of this opportunity and how it can be better balanced with service provision.

Additionally, the IT ZBR was a key part of the realization that this opportunity is common across all internal services. As the IT ZBR progresses through to implementation and planning next steps, it will serve as a leading example for (and become part of) the Internal Services Role opportunity within the Shared Challenges of the Internal Services ZBR.

## Where the Rubber Hits the Road: Application Portfolio Management

*Opportunity 3: Reviewing Application Portfolio Management Practices*

*Opportunity 4: Rationalizing the Existing Application Portfolio*

*Opportunity 5: Tracking Total Cost of Application Ownership*

Application Portfolio Management (APM) is an IT discipline that links the organization's suite of software business tools (applications) to business strategy. In this way, APM is an important conduit through which IT actively plays out the balancing act between meeting customer needs and serving the corporation.

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### **An example of IT's role in achieving balance through APM**

*An IT customer has defined a specific software need. IT brings expertise to bear in the form of advice and governance - does the business need the "Cadillac" of tools? Are there more cost-efficient options available? What are the functionality sacrifices for this cost efficiency? Can the customer bear these? Can they be mitigated? Do other tools exist in the corporation that could be used instead? In this way, IT balances a 'customer service' focus with a 'corporate good' mind set.*

---

In 2018, IT invested \$14.7<sup>1</sup> million into the support of 660 applications that enable the operations of every other service in The City. Rising support costs are driving the need to better understand and manage the portfolio of applications. The IT ZBR brought to light the need to evolve The City's APM approach in response. The first step in achieving this was the completion of a comprehensive application inventory which was done in concert with Beniva Consulting Group (Beniva) in Q4 2018. This work helped identify the actions that will most effectively control costs and create a more sustainable application environment in The City.

### **Improving The City's Application Portfolio Management Practice**

As the IT ZBR progressed it became evident that APM is not primarily an IT problem. Whether APM is performed successfully or not will impact the whole organization's ability to operate as effectively and efficiently as possible. As such, implementing a more robust APM practice is an enterprise-wide endeavor requiring a greater emphasis on IT's role and responsibility to take actions based on the corporate good rather than emphasizing individual business unit requirements.

Importantly, the greatest value from strong APM practices does not come from rationalizing the current portfolio. While vital to the ongoing sustainability of the application portfolio, rationalization is hard – it requires significant organizational effort and resources. The greatest value from an effective APM practice is avoiding the need to rationalize applications in the first place. It's about having the information, cooperation and clarity of governance early in the application acquisition process so that duplication doesn't occur.

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<sup>1</sup> This number doesn't include support costs that are borne solely by other services and so the total investment of the corporation will likely be higher.

As part of their consulting support to the ZBR, Beniva completed a report that identified enhancements The City could make to improve its APM practice. Three foundational principles that underlie all improvements were identified, these are:

- A. An organization's IT applications must be treated as assets.**
- B. An organization needs to engage in a coordinated use of their application assets, (with regard for broader organizational efficiency).**
- C. IT needs to be able to provide the required insights to enable coordinated enterprise decision making.**

All three of these principles are used as part of The City's current APM practices. However, Beniva has recommended additional actions that would further advance The City's APM practice related to principles B and C. Administration is reviewing these recommendations as part of the development of an implementation plan. As part of this ZBR, the work of implementing better APM practices has already begun, as is discussed in the following section.

### **Creating A Smarter Portfolio**

The removal – or rationalization – of duplicate applications is expected to be a significant outcome of advancing APM practices. The completion of a comprehensive application inventory helped to provide IT with the initial insight on where this duplication might reside. This is the first step in rationalizing the portfolio.

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#### **What does “Rationalizing the Portfolio” mean?**

*Rationalization is the reduction of functional duplication (e.g. going from two applications that do the same thing to one). For example, two City services could interact with citizens in very different ways and rely similar technology. They might not know about the opportunity to consolidate their systems. APM, enabled by the application inventory, allows IT to identify this opportunity.*

#### **Why does it matter?**

*Benefits to customers and the corporation alike can be significant. Reducing cost is the most obvious. Risk is also reduced as security threats decrease along with the number of applications in use, as does the complexity of support required by IT.*

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Completing the application inventory as part of this ZBR has led to some early successes in identifying applications that can be rationalized relatively quickly. This activity highlighted \$400,000 in annual support savings across 141 applications that could be decommissioned within two years – This savings is comprised of \$80,000 in cash savings and \$320,000 in productivity gains. IT will begin reporting on the progress of decommissioning these applications next year.

Next, the ZBR performed a more in-depth examination of four functions that were identified as having a high degree of system duplication. Beniva, with the support of IT, developed business cases on each of these to explore the potential of rationalizing some applications to achieve cost savings and other benefits. The result was an estimated \$400,000 in annual cash savings with an additional \$220,000 in annual productivity gains throughout the organization upon full implementation. This not only justifies further investigation and action in these four areas but also demonstrates the power of better APM practices when applied to The City's application portfolio. IT's next step regarding these business cases



is client management engagement to further inform the analysis done to date and begin building implementation plans.

It is possible that the portfolio of 660 IT-supported applications that were in scope for the APM practices ZBR opportunity does not entirely represent all applications in use across The City. While not believed to be a large issue, to maximize the potential benefits from a corporate perspective the APM practice will need to maintain complete insight into the IT systems being used, and have more influence over portfolio decisions than it does at present, as described in principle C. Administration is currently examining opportunities to improve how this is done.

Beniva's review of the IT-supported application portfolio highlighted some additional potential duplication across City functions. It should be noted that this is only a potential duplication and that there is still significant work required to validate this potential before a true savings figure can be reported. In addition, potential savings achieved may be partially offset by one-time costs related to validating and decommissioning the duplicate applications. These potential savings, along with any further identified savings achieved through the implementation of better APM practices, will be reported on next year and through future ZBR update reports.

### More Informed Application Decisions

Beniva also contributed to a commitment to improve IT's approach to software lifecycle costing. The result was a tool that provides a structured framework in which centralized costs can be input for every stage of an application's lifecycle – from acquisition to decommissioning. This tool provides something that IT customers haven't utilized before: a fully transparent and all-in financial picture for their application decisions.

Lifecycle costing will inform funding arrangements between IT and their customers. This will reduce surprises and create a more accurate long-term investment lens for customers and the entire corporate portfolio. The tool supports APM practices – clear financial implications make the case for rationalization and the corporate good more obvious.



## Getting The “Right” Level of Service to The Customer

*Opportunity 6: Agreeing on Levels of Service*

*Opportunity 7: Providing the Right Hardware Devices to Staff*

### High-level: Getting the Right Level of Service to Customers

For IT, having agreed levels of service with their customers represents the natural extension of the conversation to balance IT's service provider and governance roles. The City's IT service currently does not have explicitly agreed-upon service levels for a majority of the Corporation's lines of business systems. The lack of clearly defined expectations puts IT in a default position of providing whatever level of service the client requires, when they require it, and decouples discussions about service levels from discussions about the associated cost.

As more information and services shift to online channels, there is an implicit expectation that services should be available anytime, anywhere. There are costs associated with this level of service, and not all business systems carry equal strategic priority. The opportunity on agreeing to levels of service is about the dialogue between IT and the business system owners regarding which systems justifiably require enhanced services and which require service that could be defined as being 'good enough'. Underlying this dialogue is the need to balance citizen expectations and customer needs with the corporate good, and achieve an optimal level of service that satisfies all three. This will lead to better value by improving the alignment of system availability with business needs, improving customer and citizen satisfaction and improving staff morale, all through clear expectations and justification to say, “not now” when appropriate. In addition, this will lead to improved relationships between IT and customers, and the potential for identifying opportunities to improve the efficiency and effectiveness of other parts of the corporation through higher levels of service.

### Practical Level: Getting the Right Devices in the Hands of Customers. Literally.

If developing agreed levels of service between IT and its customers is a component of balancing IT's service provider and governance roles, then the opportunity to maximize The City's use of hardware is a practical application of this balance. While the number of personal productivity devices (laptops, PCs, tablets, smartphones, etc.) used by City staff continues to grow, advances in technology, changing work styles and changes in software licensing requirements are providing an opportunity to optimize the deployment of devices. By taking a more strategic, governance-oriented position, IT can ensure that each employee's workstyle is considered and that they have the right tools to meet the demands of their roles – no more, and no less.

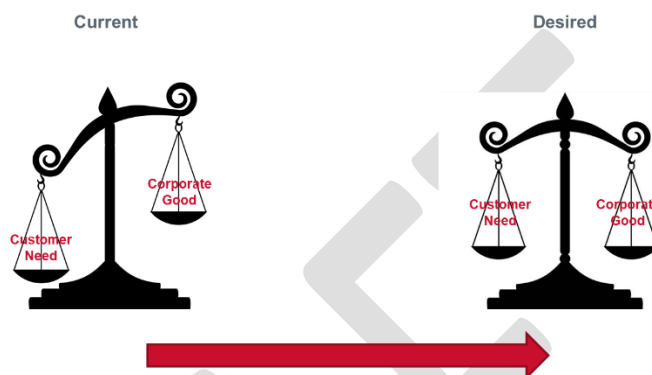
This practical application of the balance between service provider and governance roles began in 2018. Tangible benefits are expected by the end of 2019 through the consolidation of multiple personal computing devices (where possible), transitioning desktop users to Virtual Desktop, and consolidating the use of telecommunication solutions in consultation with customers. Annual benefits of \$785,000 are expected in annual cost savings, and other productivity gains spread across the corporation of approximately \$3.85 million upon full implementation.



## Conclusion

A key consideration of any Internal Service ZBR is the balance that internal services must maintain between delivering on the unique and diverse needs of their customer base and acting in the best interests of the corporation.

This challenge is increased during times of fiscal restraint, as a shifting corporate need must be interpreted by the internal services and applied across all their unique customer relationships. This implies the need to find a new balance between customer need and corporate good.



To be effective, this interplay between service and customer requires that an internal service mandate must be understood by both the internal service itself and its customers equally. Adjusting a mandate naturally implies adjustment to service – when done for the corporate good, this change requires cooperation from all parties involved.

Therefore, the higher-order, foundational commitments made by the IT ZBR are not recommended in isolation of the IT service – they require a corporate approach, cooperation and collaboration. The successful implementation of the opportunities identified – large and then small - lies more so with the willingness and ability of the corporation to act as one, rather than it does on the ability of the ZBR program and IT to present good ideas.

To begin progress on cross-corporate opportunities, the Administrative Leadership Team (ALT) have approved that IT implement the Application Portfolio Management recommendations including business unit engagement and implementation planning for key areas of business capability duplication with the goal of realizing organizational cost savings and efficiencies.

The actions Administration will take in response to the findings of this ZBR are set out in the following pages. Going forward, the IT ZBR will continue to execute on in-flight commitments and build implementation plans around several others. Concurrent work on the Shared Challenges of the Internal Service ZBR will play a significant part in how these plans take shape. Most significant to both will be continued engagement with customers – technology underpins the work of every other internal and citizen-facing service in The City.



# Administration's Commitments

1: Improving Customer Understanding	
Actions to date:	Future Actions:
<ul style="list-style-type: none"> <li>- A customer journey map was completed for the technology investment process. <ul style="list-style-type: none"> <li>o Included customer/partner engagement to determine process and pain points from their perspective</li> </ul> </li> <li>- Four key intervention points were identified: Process clarity, proactive support, synchronization across partners and communications.</li> <li>- Project approval methodology has been redesigned to evaluate project costs and anticipated benefits.</li> </ul>	<ul style="list-style-type: none"> <li>- Redesign the process for technology project approvals to address the customer "pain points" identified on the journey maps</li> </ul>
Benefits Realized / Anticipated:	
<ul style="list-style-type: none"> <li>- Informs work on IT's role and mandate, improving outcome of that opportunity</li> <li>- Investment process streamlined for customers making it easier to understand, more transparent and improving the overall customer experience</li> </ul>	
2: Clarifying the Mandate	
<ul style="list-style-type: none"> <li>- This challenge has been found to be common across all enabling services and will be further defined and addressed as part of the Shared Challenges of the Internal Services ZBR focused on role and purpose.</li> </ul>	
3: Reviewing Application Portfolio Management (APM) Practices	
Actions to date:	Future Actions:
<ul style="list-style-type: none"> <li>- Beniva Consulting Group delivered: <ul style="list-style-type: none"> <li>o A detailed application Inventory</li> <li>o A business capability model</li> <li>o An application portfolio assessment</li> <li>o An APM process recommendations report</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Enhance APM practice recommendations and develop an implementation plan</li> <li>- Validate and complete the application inventory</li> <li>- Embed use of the inventory in APM practices and customer interactions</li> </ul>
Benefits Realized / Anticipated:	
<ul style="list-style-type: none"> <li>- Accurate and comprehensive application set better informs decision making and helping IT and customers focus on the right things</li> <li>- Increased ability to justify acting in the interests of the corporation</li> <li>- Reduced costs. These savings are difficult to quantify, however, better decision making will help focus future investment and likely lead to the avoidance of future duplication (and related costs)</li> <li>- Simplified portfolio and all related support</li> <li>- Reduced risk – A simplified portfolio is easier to support which reduces the likelihood/potential for system outages and security threats</li> </ul>	

#### 4: Rationalizing the Existing Application Portfolio

Actions to date:	Future Actions:
<ul style="list-style-type: none"> <li>- Beniva Consulting Group Delivered:               <ul style="list-style-type: none"> <li>o Four business cases on the top functional areas for duplication rationalization</li> <li>o A listing of quick win opportunities</li> <li>o An application risk assessment</li> <li>o Application portfolio recommendations</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Act on quick win opportunities found</li> <li>- Validate business cases with customers / users</li> <li>- Implement the validated opportunities.</li> <li>- Continue the rationalization process, exploring the additional duplications identified by Beniva to identify and validate additional opportunities.</li> </ul>
Benefits Realized / Anticipated:	
<ul style="list-style-type: none"> <li>- Quick win application rationalization resulting in \$80,000 in cash savings and \$320,000 in productivity gains upon full implementation (expected within two years)</li> <li>- Business cases for detailed rationalization amounting to \$400,0000 in cash savings and \$220,000 in productivity gains upon full implementation</li> </ul>	

#### 5: Tracking Total Cost of Application Ownership

Actions to date:	Future Actions:
<ul style="list-style-type: none"> <li>- Beniva delivered a total cost of ownership model which enables IT to:               <ul style="list-style-type: none"> <li>o Consider the myriad of financial inputs related to applications</li> <li>o Inform customers of the full ramifications of any application decision (new or existing)</li> <li>o Inform decisions related to future funding arrangements</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Validate all fields for internal use</li> <li>- Integrate the use of the model into informing client new decisions and funding arrangements</li> <li>- Using the model to review existing application support funding agreements and advising clients on which agreements need to change</li> </ul>
Benefits Realized / Anticipated:	
<ul style="list-style-type: none"> <li>- Transparent and central hub for all application financials helps customers make more informed decisions</li> <li>- Equitable, fairly negotiated and clearly understood funding arrangements</li> <li>- Reduced future funding surprises</li> <li>- Clearer ability to compare options (scenario analysis)</li> </ul>	

6: Agreeing on Levels of Service	
Actions to date:	Future Actions:
<ul style="list-style-type: none"> <li>- Developed a framework of key factors, to support discussions</li> <li>- Engagement with services</li> <li>- Service level reports developed for every Business Unit</li> </ul>	<ul style="list-style-type: none"> <li>- Distribute service level reports to Business Unit leaders</li> <li>- Engage leaders to ensure common understanding of business systems and support provided by IT</li> <li>- Utilize costing model to determine the financial implications of adjusting service levels to meet evolving customers and citizen expectations</li> </ul>
Benefits Realized / Anticipated:	
<ul style="list-style-type: none"> <li>- Better value through improved alignment of system availability to meet business needs across the corporation</li> <li>- Increased customer and citizen satisfaction</li> <li>- Improved staff morale from a clear understanding of expectations and a clear basis for work prioritization</li> <li>- Optimized costs</li> </ul>	

7: Providing the Right Hardware Devices to Staff	
Actions to date:	Future Actions:
<ul style="list-style-type: none"> <li>- Enhancing the device advisory service to assess workforce productivity and telephony devices needed by staff</li> <li>- Project manager assigned</li> <li>- Preliminary work with two Business Units to pilot methodology</li> </ul>	<ul style="list-style-type: none"> <li>- Review of all existing and new devices to limit redundancy and optimize their productive use</li> </ul>
Benefits Realized / Anticipated:	
<ul style="list-style-type: none"> <li>- \$785,000 in annual cost savings upon full implementation</li> <li>- \$3.85 million in annual productivity gains across the organization upon full implementation</li> <li>- Support for flexible work and business continuity</li> <li>- Reduced asset complexity</li> <li>- Risk reduction</li> </ul>	

## Appendix 1: Financial Gains Summary

Commitment		Financial Benefits Upon Full Implementation	
		Cash Savings	Productivity Gains
1	Improving Customer Understanding	-	-
2	Clarifying the Mandate	-	-
3	Reviewing Application Portfolio Management Practices	-	-
4	Rationalizing the Existing Application Portfolio	\$80,000 (Quick Wins) \$400,000 (Business Cases)	\$320,000 (Quick Wins) \$220,000 (Business Cases)
5	Tracking Total Cost of Application Ownership	-	-
6	Agreeing on Levels of Service	-	-
7	Providing the Right Hardware Devices to Staff	\$785,000	\$3,850,000
Total		\$1,265,000	\$4,390,000

# ROADS Zero-Based Review (ZBR) Final Implementation Update

January 22, 2019







## ROADS ZBR Final Implementation Update

### Background

In November 2015, the Transportation and Transit committee received a report for information regarding the Roads Update Report on the Zero-Based Review (TT2015-0792). It highlighted successful gains in all five service areas covered in the ZBR:

Service Area	Description
1 Streetlight Maintenance	The purchasing strategy put into place for asset replacement resulted in a substantial cost savings estimate of approximately \$1.0 million compared to previous years.
2 Pavement Rehabilitation	The average daily production increased by 15%, or 200 tonnes per day compared to 2012. These gains equaled a savings of approximately \$1.5 million. A related strategy resulted in a reduction of \$556,000 in fleet maintenance costs.
3 Pavement Marking	The program reduced their total consumption of glass beads (in the paint) by 25% compared to the previous year, saving approximately \$45,000 annually.
4 Sign Manufacturing	Adopted administrative changes to better support customer service, and reduced the production time on certain core products by up to 50%.
5 Gravel Crushing	The implementation of performance monitoring and forecasting strategies resulted in an 11% reduction in the costs per tonne. This equaled a savings of \$409,000 based on 2015 production numbers.

The consultant's ZBR report estimated a target of \$1.4 to \$1.9 million in annual savings by 2017.

Roads actual productivity gains and cost savings were **\$3.5 million** by the end of 2015.



## (Cont'd) Background

More than just cost savings, the zero-based review also provided opportunities to encourage and support innovation within teams, which led to additional customer service improvements:

- Streetlight repairs – response times were cut in half, improving to 22 days, well below the 30 day target
- Excavation permits – created an online application program for customers to use 24/7. This reduced errors and delays from using fax, email and phone to support more than 8000 requests each year.

Teams also became more efficient in delivering several of their core services, including spring street sweeping and seasonal road marking.

Response times for street light repair were cut in **HALF**

**ENABLED** electronic applications for all excavation permits

Pre-sweeping **REMOVED** 50% more debris for Spring Clean-up

**MORE** road lines and stencils were painted than ever before (500 km)

## Progress Update

The Roads ZBR is now complete, and was very successful. By the end of 2018, the gains in efficiency and productivity have allowed Roads to reinvest approximately **\$11.4 million** back into their service delivery, compared to the 2012 baseline numbers.

<b>Roads</b>	<b>Efficiency Type</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>New annual savings</b>					
Pavement Marking	Productivity Gains	\$45,000	\$45,000	\$45,000	\$45,000
Gravel Crushing	Cost Savings	\$300,000	\$300,000	\$300,000	\$300,000
<b>SUBTOTAL</b>		<b>\$345,000</b>	<b>\$345,000</b>	<b>\$345,000</b>	<b>\$345,000</b>
<b>Variable annual savings</b>					
Street Light Maintenance	Cost Avoidance (Capital)	\$1,000,000	\$600,000	\$1,900,000	\$3,200,000
Gravel Crushing	Cost Savings	\$109,000	\$225,000	\$0	\$150,000
Pavement Rehabilitation	Productivity Gains	\$2,056,000	\$560,000	\$219,000	\$0
<b>SUBTOTAL</b>		<b>\$3,165,000</b>	<b>\$1,385,000</b>	<b>\$2,119,000</b>	<b>\$3,350,000</b>
<b>Total ZBR Savings (4 years)</b>					<b>\$11,399,000</b>

One service that will not see full implementation of the administration recommendations is the Sign Shop. Strategic investments in equipment replacement and customer service did result in production time being reduced by 30-50% for some core products. However, the feasibility of expanding commercial services to other municipalities or districts has diminished, as market conditions have changed with the development of two new sign manufacturing operations in the province, including the City of Edmonton.



## Going Forward

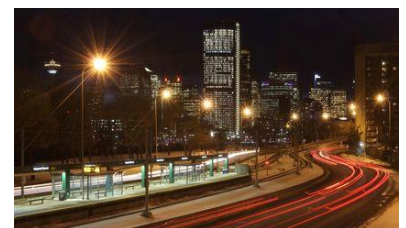
The ZBR process has led to sustainable change in how Roads continues to focus on cost-effective delivery of services, including actively encouraging staff to think about ways to make improvements.

An example of this is their **Innovation Journal** program. Held twice a year, teams participate in brainstorming sessions to talk about their processes and the way they work, use technology, and provide service – to see if there are ways to work more efficiently. At the end of 2017, the Journal had 104 entries, and 61 of the suggestions have been implemented to date.

Below are some of the additional projects and initiatives that have been implemented or are underway since the Roads ZBR was completed in 2015.

### A Culture of Continuous Improvement

Employee Engagement	<b>Innovation Journal</b> <b>Let's Talk Sessions</b> – sharing the results of employees surveys and help groups create action plans to improve their work environment <b>Women in Transportation program</b> – developing a supportive, learning environment for women in Transportation
Process Review	<b>Concrete Control Centre</b> – analysis of all concrete operations resulting in better coordination <b>311 Service Request Process mapping</b> – improved efficiency and quality of response
Customer Service	<b>New On-line Over-dimensional Booking System</b> <b>New Annual Temporary Sign Permit</b> <b>Customer Service Analysis Tool</b> – created for employees to analyze their customers journey or interaction with Roads processes to achieve their goals
Cost Savings	<b>New Installation option for iSlows</b> (residential speed signage) – Use of wooden poles reduced costs to \$1,000 versus \$5,000 for streetlight mounting. <b>Signal Cabinet Maintenance Route Optimization</b> – using ArcGIS to map inspection routes resulting in 425 less hours of driving time. <b>Steel Ramps for Sink Holes</b> – temporary structure that helps with emergency sinkholes which reduces detour set-ups and cost
Performance Measures	<b>311 Roads Dashboard</b> – provides weekly information about # of SRs received, # closed and remaining, Ward information about SR complaints and addresses - provides employees with information on trends and hotspots to help plan work





Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 January 22

ISC: UNRESTRICTED  
PFC2019-0013

## **2019 Business Improvement Area Budgets and Enabling Bylaws**

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### **EXECUTIVE SUMMARY**

To approve the 2019 budgets for Calgary's 12 Business Improvement Areas (BIAs) (formerly known as Business Revitalization Zones or BRZs) and the enabling 2019 BIA tax rates bylaws.

#### **ADMINISTRATION RECOMMENDATION:**

That the Priorities and Finance Committee recommends that Council:

1. Approve the proposed 2019 BIA budgets (Attachment 1) and authorize each BIA board to amend its respective budget by:
  - (a) transferring amounts to or from a BIA board's reserves, and
  - (b) transferring amounts between expenditures so long as the amount of the total expenditures is not increased; and
2. Give three readings to the proposed 2019 BIA Tax Rates Bylaw (Attachment 2).

### **PREVIOUS COUNCIL DIRECTION / POLICY**

Annually, since the inception of BIAs in Calgary in 1984, Council has approved the BIA annual budgets and enabling bylaws as required by the *Municipal Government Act* (MGA) and the *Business Improvement Area Regulation* (BIA Regulation).

On 2018 December 17 Council passed the 2019 BIA Tax Bylaw, a copy of which is attached for reference as Attachment 3.

### **BACKGROUND**

The Government of Alberta (the Province) passed enabling legislation in 1983 to allow municipalities to establish BIAs. The provisions are contained in Section 50 of the MGA, as amended, and the BIA Regulation. Legislation requires that, for each calendar year, Council:

- approve the BIA budgets (BIA Regulation, Section 11);
- pass a BIA tax bylaw authorizing the imposition of a tax on businesses operating within a BIA subject to certain exempted businesses (BIA Regulation, Section 20); and
- pass a BIA tax rates bylaw establishing the tax rates applicable to each BIA (BIA Regulation, Section 21).

Historically, The City would administer and impose the BIA tax in conjunction with the general business tax regime, however, given the elimination of the business tax, it became necessary to enact a standalone BIA tax bylaw. On 2018 December 17, being roughly the time of year when in previous years Council would have passed a business tax bylaw, Council passed the 2019 BIA Tax Bylaw, which bylaw incorporates some information that was previously adopted from business tax bylaws.

In accordance with the BIA Regulation (Subsection 13(1)) Council may, in its approval of the BIA Boards of Directors' (BIA Boards) budgets, authorize the BIA Boards to amend their budgets by:

- (a) transferring amounts to or from a BIA board's reserves, and

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**2019 Business Improvement Area Budgets and Enabling Bylaws**

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- (b) transferring amounts between expenditures so long as the amount of the total expenditures is not increased.

Administration is recommending that Council authorize BIA Boards to amend their budgets in accordance with Subsections 13(1) and 13(2) of the BIA Regulation to allow BIA Boards to more effectively manage their budgets to provide programming and services that is responsive to the needs of their business communities, while staying within the total expenditure approved by Council.

**INVESTIGATION: ALTERNATIVES AND ANALYSIS**

There are currently 12 BIAs in Calgary. A list, including a reference to the bylaw which creates each respective BIA, is contained in Schedule "A" to the 2019 BIA Tax Bylaw (Attachment 3). Each BIA Board has met and approved its 2019 program and budget requirements in accordance with their respective internal processes. The BIA budgets have been submitted to Administration and are included in this report for Council's approval.

Pursuant to the BIA Regulation, a BIA Board must submit an annual proposed budget to Council for approval. The BIA levy is based on the BIA's proposed budgets (Attachment 1) and is collected through a BIA tax (calculated by multiplying a business assessment by the applicable BIA tax rate set by the BIA tax rates bylaw) levied against each taxable business located in the BIA.

The 2019 BIA Levy Summary and Budgets (Attachment 1) contains, for each BIA, a summary comparing the 2019 and 2018 BIA levy followed by the 2019 budget request. The BIA budget template includes a budget overview that allows for the presentation of qualitative factors which have influenced the development of BIA budgets, as well as variance explanations. The budget overviews and variance explanations provided by individual BIAs are included verbatim and have not been edited for content. These templates, completed by each of the BIAs, can be found in Attachment 1.

The proposed 2019 BIA tax rates bylaw sets the tax rates required to raise the BIA levy identified in each budget.

Where the MGA currently enables the imposition of a BIA tax on taxable businesses within a BIA, *An Act to Strengthen Municipal Government* proposes amendments to the MGA which would permit, as an alternative, that the BIA tax be imposed on property within a BIA. To date these amendments are not in force, meaning that the BIA tax must be imposed on taxable businesses and collected through business operators. Revisions to the BIA Regulation to allow the BIA tax to be collected through BIA property owners are also anticipated but have not been released by the Province to date.

Once the revisions to the BIA Regulation are released and the amendments to the MGA are in force, it is anticipated that Administration will prepare a report for Council to consider the option to impose the BIA tax on property within a BIA instead of businesses.

To enhance administrative efficiency, businesses with a calculated BIA tax of \$24.99 or less will not receive a 2019 BIA tax notice. Administration is proposing that \$25.00 in BIA tax revenue is the minimum amount required to cover the resources required to bill, monitor and collect the BIA tax. Administration estimates this will result in approximately 400 accounts not being charged BIA tax for 2019, totaling approximately \$6,500 in BIA tax revenue. The difference in revenue

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as a result of this relaxation will be recovered through adjustments to BIA tax rates in the following year.

**Stakeholder Engagement, Research and Communication**

In accordance with the BIA Regulation (Section 12), the Finance Business Unit mailed to taxable businesses in each of the 12 BIAs a copy of the appropriate 2019 BIA budget and notice of the date and place of the 2019 January 22 Priorities and Finance Committee Meeting, and the 2019 February 04 Meeting of Council.

**Strategic Alignment**

Council's direction and the work discussed in this report aligns with the Citizen Priority of A Prosperous City in One Calgary 2019-22, "Calgary continues to grow as a magnet for talent, a place where there is opportunity for all, and strives to be the best place in Canada to start and grow a business."

The work of BIAs also supports and aligns with *Calgary in the New Economy: an updated economic strategy for Calgary*. BIAs are included as part of the Economic Development & Tourism service line in One Calgary.

**Social, Environmental, Economic (External)**

BIAs play an important role in supporting economic activity and neighbourhood revitalization.

**Financial Capacity**

***Current and Future Operating Budget:***

The revenue raised as a result of the BIA levy is transferred directly to the respective BIA.

There is an annual impact to The City's operating budget of approximately \$500 thousand to provide support to BIAs. This consists of the provision of professional and administrative support in Calgary Neighbourhoods, and across the Corporation including Law, City Clerk's and Finance.

***Current and Future Capital Budget:***

There are no implications on the capital budget.

**Risk Assessment**

2019 BIA tax bills, are scheduled to be mailed on or before 2019 February 15. From the Council meeting on 2019 February 04 to the scheduled mailing date, limited time is available to complete required activities. A delay in approving the BIA budgets and third reading of the BIA tax rates bylaw could delay the mailing of the BIA tax bills.

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### **2019 Business Improvement Area Budgets and Enabling Bylaws**

#### **REASON(S) FOR RECOMMENDATION(S):**

The MGA requires Council to approve the BIA budgets and BIA tax rates bylaw annually to provide funding to the BIAs.

#### **ATTACHMENT(S)**

1. Attachment 1 – 2019 BIA Levy Summary and Budgets
2. Attachment 2 – Proposed wording for a 2019 Business Improvement Area Tax Rates Bylaw
3. Attachment 3 – 2019 Business Improvement Area Tax Bylaw

## 2019 BIA Levy Summary and Budgets

### CALGARY'S BUSINESS IMPROVEMENT AREA (BIAs) 2019 ANNUAL BUDGETS (SUMMARY)

BUSINESS IMPROVEMENT AREA	2019 BIA LEVY \$	2018 BIA LEVY \$	
Mainstreet Bowness BIA	50,100	45,100	Attachment 1A
Calgary Downtown Association	1,586,825	1,586,825	Attachment 1B
Chinatown District BIA	215,000	160,000	Attachment 1C
4th Street South West BIA	205,800	205,800	Attachment 1D
Greenview Industrial BIA	50,000	124,000	Attachment 1E
Inglewood BIA	265,000	265,000	Attachment 1F
International Avenue BRZ	275,000	267,000	Attachment 1G
Kensington BRZ	220,000	220,000	Attachment 1H
Marda Loop BIA	220,000	189,000	Attachment 1I
Montgomery on the Bow BIA	70,000	70,000	Attachment 1J
17th Avenue Retail & Entertainment District BIA	410,800	410,800	Attachment 1K
Victoria Park BIA	389,369	389,436	Attachment 1L
<b>Total</b>	<b>3,957,894</b>	<b>3,932,961</b>	

## **2019 BIA Levy Summary and Budgets**

### **ATTACHMENT 1A**

#### **Mainstreet Bowness BIA**

#### **2019 BUDGET**

##### **BUDGET OVERVIEW**

The Mainstreet Bowness BIA is the smallest BIA in the city. We have about 60+ businesses in our zone and therefore, our budget is the smallest compared to all other BIA's in Calgary. We have been lucky to have a bit of savings in the bank, however, we face budgets restraints because our zone is so small and we wish we could more to improve our area for our business owners, customers and residents.

The Executive Director's position is part-time. The hours were increased from 12.5 hrs/week up to 15 hrs/week last year. This year was our 3rd year ever to employ an Executive Director for our BIA.

Because we are a very small BIA that can also be a challenge as well. Finding funds to help with streetscaping and marketing is a key to our Strategic Plan.

## 2019 BIA Levy Summary and Budgets

### Mainstreet Bowness BIA

#### 2019 BUDGET

	2019 \$	2018 \$	Change (INC./DEC.) \$	Rationale:
<b><u>REVENUES</u></b>				
BIA Levy	50,100	45,100	5,000	11%
Grants	9,000	11,000	(2,000)	(18%)
Events Income	11,000	10,000	1,000	10%
Interest/Other Income	1,200	2,000	(800)	(40%) savings balance has dropped so estimated interest income has been reduced
<b>Total Revenues</b>	<b>71,300</b>	<b>68,100</b>	<b>3,200</b>	<b>5%</b>

<b><u>EXPENDITURES</u></b>				
Administration	38,700	37,085	1,615	4%
Marketing/Communications	1,600	1,500	100	7%
Urban Devt.& Planning	0	0	0	0%
Streetscape Improvements	17,500	19,515	(2,015)	(10%)
Special Projects/Events	13,500	10,000	3,500	35% Bow ness BIA will again sponsor more events in 2019
Public Safety & Social Issues	0	0	0	0%
Capital Assets	0	0	0	0%
Other - BIA Specific	0	0	0	0%
<b>Total Expenditures</b>	<b>71,300</b>	<b>68,100</b>	<b>3,200</b>	<b>5%</b>

<b>Surplus/(Deficit)</b>	<b>0</b>	<b>0</b>
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#### OTHER INFORMATION (Below this line) (Optional):

##### Details of "Other Income"

1. Interest Income	1,200	2,000	(800)	(40%) savings balance has dropped so estimated interest income has been reduced
2. Product Sales	0	0	0	0%
3.	0	0	0	0%
	<b>1,200</b>	<b>2,000</b>	<b>(800)</b>	<b>(40%)</b>

##### Details of "Other-BIA Specific" expenditure

1.	0	0	0	0%
2.	0	0	0	0%
3.	0	0	0	0%
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>

## **2019 BIA Levy Summary and Budgets**

### **ATTACHMENT 1B**

#### **Calgary Downtown Association** **2019 BUDGET**

##### **BUDGET OVERVIEW**

1. Zero increase - Fourth consecutive year without a levy increase for ratepayers.
  
2. Increased costs - Devoting more resources to Public Safety matters and concerns as they relate to the Downtown.



## 2019 BIA Levy Summary and Budgets

### Calgary Downtown Association

#### 2019 BUDGET

	2019	2018	Change(INC./(DEC.))		<u>Rationale:</u>
	\$	\$	\$	%	
<b><u>REVENUES</u></b>					
BIA Levy	1,586,825	1,586,825	0	0%	Investment interest income exceeded 2018 forecast, therefore 2019 budget reflects an equivalent projection.
Grants	45,000	55,000	(10,000)	(18%)	
Events Income	60,000	60,000	0	0%	
Interest/Other Income	18,400	10,000	8,400	84%	
<b>Total Revenues</b>	<b>1,710,225</b>	<b>1,711,825</b>	<b>(1,600)</b>	<b>(0%)</b>	
<b><u>EXPENDITURES</u></b>					
Administration	242,125	231,425	10,700	5%	
Marketing/Communications	639,207	698,400	(59,193)	(8%)	
Urban Devt.& Planning	60,962	60,000	962	2%	
Streetscape Improvements		0	0	0%	
Special Projects/Events	534,077	502,000	32,077	6%	
Public Safety & Social Issues	233,854	220,000	13,854	6%	
Capital Assets	0	0	0	0%	
Other - BIA Specific	0	0	0	0%	
<b>Total Expenditures</b>	<b>1,710,225</b>	<b>1,711,825</b>	<b>(1,600)</b>	<b>(0%)</b>	
<b>Surplus/(Deficit)</b>	<b>0</b>	<b>0</b>			

#### **OTHER INFORMATION (Below this line) (Optional):**

##### Details of "Other Income"

1. Investment income	18,400	10,000	8,400	84%
2.	0	0	0	0%
3.	0	0	0	0%
	<b>18,400</b>	<b>10,000</b>	<b>8,400</b>	<b>84%</b>

##### Details of "Other-BIA Specific" expenditure

1.	0	0	0	0%
2.	0	0	0	0%
3.	0	0	0	0%
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>

## **2019 BIA Levy Summary and Budgets**

### **ATTACHMENT 1C**

#### **Chinatown District BIA**

#### **2019 BUDGET**

##### **BUDGET OVERVIEW**

1. Intention in 2019 is to move Executive Director from a part time position to full time position to obtain sponsorships for major events promoting Chinatown in 2019, as well as dealing with the possible upcoming ARP and Cultural Plan in Chinatown.
2. For 2016, 2017, and 2018 the CDBIA operated on an annual BIA levy with zero year over year increases. After being in operation of 3 years and with the number of planning issues facing Chinatown, its time to have a full time Executive Director, guiding the CDBIA going forward on urban planning and event sponsorship.
3. Major events that the CDBIA intends to coordinate in 2019 are as follows: Chinese New Years Banquet, Winter Festival (ice sculptures), Canada Day Event (working in conjunction with City of Calgary), Stampede Breakfast, August Street Festival.
4. The CDBIA intends to have street maps and brochures printed which can be installed at "advertising racks" at hotels, airport etc.. to market Chinatown as a tourist destination. This is the first year we are producing this type of advertising. Costs will be offset by selling advertising on brochures to Chinatown merchants.
5. Looking to install a lighting LED program through Chinatown to add decorative lighting on the streetscape.

## 2019 BIA Levy Summary and Budgets

### Chinatown District BIA

#### 2019 BUDGET

	2019 \$	2018 \$	Change (INC./(DEC.)) \$	Rationale:
			%	
<b><u>REVENUES</u></b>				
BIA Levy	215,000	160,000	55,000	<b>34%</b> Increase to allow for full-time ED to deal with urban planning issues. (Cultural Plan/ARP)
Grants	0	0	0	<b>0%</b>
Events Income	0	0	0	<b>0%</b> Events income (sponsorships, ticket sales) offset by expenses of events.
Interest/Other Income	35,000	81,900	(46,900)	<b>(57%)</b> Carry over of funds from prior years.
<b>Total Revenues</b>	<b>250,000</b>	<b>241,900</b>	<b>8,100</b>	<b>3%</b>
<b><u>EXPENDITURES</u></b>				
Administration	141,736	114,562	27,174	<b>24%</b> Increase due to having the ED move from part time to full time to deal with Urban Development and sponsorship generation within Chinatown.
Marketing/Communications	53,462	31,500	21,962	<b>70%</b> Adding Winter Festival to schedule of events as well, production of advertising brochure for hotels, airport on Chinatown.
Urban Devt.& Planning	19,802	20,338	(536)	<b>(3%)</b> Consulting, presentation material and printing on ARP and Chinatown Cultural Plan.
Streetscape Improvements	35,000	40,500	(5,500)	<b>(14%)</b> Streetscape Banner program funded in 2018. Banners will last for 2 years and will be replaced in 2020.
Special Projects/Events	0	0	0	<b>0%</b> Events are funded by sponsorships and ticket sales with goal of becoming net zero cost.
Public Safety & Social	0	0	0	<b>0%</b>
Capital Assets	0	0	0	<b>0%</b>
Other - BIA Specific	0	0	0	<b>0%</b>
<b>Total Expenditures</b>	<b>250,000</b>	<b>206,900</b>	<b>43,100</b>	<b>21%</b>
<b>Surplus/(Deficit)</b>	<b>0</b>	<b>35,000</b>		

## 2019 BIA Levy Summary and Budgets

### 4th Street South West BIA 2019 BUDGET

ATTACHMENT 1D

#### BUDGET OVERVIEW.

## 2019 BIA Levy Summary and Budgets

### 4th Street South West BIA

#### 2019 BUDGET

	2019	2018	Change (INC./(DEC.))	<u>Rationale:</u>
	\$	\$	\$ %	
<b><u>REVENUES</u></b>				
BIA Levy	205,800	205,800	0	0%
Grants	0	0	0	0%
Events Income	0	0	0	0%
Interest/Other Income	9,300	0	9,300	0% GST rebate
<b>Total Revenues</b>	<b>215,100</b>	<b>205,800</b>	<b>9,300</b>	<b>5%</b>

#### **EXPENDITURES**

Administration	93,713	91,300	2,413	3%
Marketing/Communications	58,000	57,500	500	1%
Urban Devt.& Planning	5,387	5,000	387	8%
Streetscape Improvements	34,000	34,000	0	0%
Special Projects/Events	24,000	18,000	6,000	33%
Public Safety & Social Issue	0	0	0	0%
Capital Assets	0	0	0	0%
Other - BIA Specific	0	0	0	0%
<b>Total Expenditures</b>	<b>215,100</b>	<b>205,800</b>	<b>9,300</b>	<b>5%</b>

<b>Surplus/(Deficit)</b>	<b>0</b>	<b>0</b>
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#### **OTHER INFORMATION (Below this line) (Optional):**

##### Details of "Other Income"

1.	0	0	0	0%
2.	0	0	0	0%
3.	0	0	0	0%
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>

##### Details of "Other-BIA Specific" expenditure

1.	0	0	0	0%
2.	0	0	0	0%
3.	0	0	0	0%
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>

## 2019 BIA Levy Summary and Budgets

ATTACHMENT 1E

Greenview Industrial BIA  
2019 Budget

### BUDGET OVERVIEW

## 2019 BIA Levy Summary and Budgets

### Greenview Industrial BIA

#### 2019 BUDGET

	2019	2018	Change (INC./DEC.))		<u>Explanation</u>
	\$	\$	\$	%	
<u>REVENUES</u>					
BIA Levy	50,000	124,000	(74,000)	(60%)	We have reduced our funding ask in order to use up 2018 funds not spent.
Grants	0	0	0	N/A	
Events Income	0	4,000	(4,000)	(100%)	Ticket revenue from quarterly events and sponsorships for annual community event.
Interest/Other Income	65,000		65,000	N/A	2018 unspent funds
<b>Total Revenues</b>	<b>115,000</b>	<b>128,000</b>	<b>(13,000)</b>	<b>(10%)</b>	
<u>EXPENDITURES</u>					
Administration	51,530	80,000	(28,470)	(36%)	Original budget contemplated a full time executive director. The first year of operations determined that a part-time administrator would be more consistent with the objectives of the Board.
Marketing/Communication	5,000	25,000	(20,000)	(80%)	Advertising expenses, postage & flyer delivery, publication of BIA directory, community relations and meetings, signage and events.
Urban Devt.& Planning	5,000	1,000	4,000	400%	Funds for various area initiatives and improvements. None were executed or considered in 2018 because the Board was still evaluating the members' priorities.
Streetscape Improvement	1,000	1,000	0	0%	
Special Projects/Events	10,000	10,000	0	0%	
Public Safety & Social Issues	42,000	1,000	41,000	4100%	Security and crime prevention; Once members were consulted, it became clear that security and crime prevention was a top concern for area businesses.
Capital Assets	2,470	5,000	(2,530)	(51%)	Laptop computer, printer, scanner etc.
Other - BIA Specific	0	5,000	(5,000)	(100%)	
<b>Total Expenditures</b>	<b>117,000</b>	<b>128,000</b>	<b>(11,000)</b>	<b>(9%)</b>	
<b>Surplus/(Deficit)</b>	<b>(2,000)</b>	<b>0</b>			

## 2019 BIA Levy Summary and Budgets

ATTACHMENT 1F

### Inglewood BIA 2019 BUDGET

#### BUDGET OVERVIEW



## 2019 BIA Levy Summary and Budgets

### Inglewood BIA

#### 2019 BUDGET

	2019	2018	Change (INC./(DEC.))	<u>Rationale:</u>
	\$	\$	\$ %	
<b><u>REVENUES</u></b>				
BIA Levy	265,000	265,000	0	0%
Grants	0	0	0	0%
Events Income	0	0	0	0%
Interest/Other Income	0	0	0	0%
<b>Total Revenues</b>	<b>265,000</b>	<b>265,000</b>	<b>0</b>	<b>0%</b>

#### **EXPENDITURES**

Administration	135,000	110,000	25,000	<b>23%</b>	1. Five year Strategic Plan professional fees 2. Staff salary increase 3. Office equipment upgrades 4. Professional development.
Marketing/Communications	60,000	35,000	25,000	<b>71%</b>	Professional fees for marketing firm, marketing strategy and all advertising for 2019.
Urban Devt.& Planning	0	0	0	<b>0%</b>	
Streetscape Improvements	30,000	70,000	(40,000)	<b>(57%)</b>	Decrease of streetscape improvements and maintenance.
Special Projects/Events	40,000	50,000	(10,000)	<b>(20%)</b>	Increase in corporate sponsorship for events such as Sunfest and Oktoberfest that lowers BIA sponsorship.
Public Safety & Social Issue	0	0	0	<b>0%</b>	
Capital Assets	0	0	0	<b>0%</b>	
Other - BIA Specific	0	0	0	<b>0%</b>	
<b>Total Expenditures</b>	<b>265,000</b>	<b>265,000</b>	<b>0</b>	<b>0%</b>	

<b>Surplus/(Deficit)</b>	<b>0</b>	<b>0</b>
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#### **OTHER INFORMATION (Below this line) (Optional):**

##### Details of "Other Income"

1.	0	0	0	<b>0%</b>
2.	0	0	0	<b>0%</b>
3.	0	0	0	<b>0%</b>
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>

##### Details of "Other-BIA Specific" expenditure

1.	0	0	0	<b>0%</b>
2.	0	0	0	<b>0%</b>
3.	0	0	0	<b>0%</b>
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>

## 2019 BIA Levy Summary and Budgets

### ATTACHMENT 1G

#### International Avenue BRZ 2019 BUDGET

##### BUDGET OVERVIEW

The International Avenue BRZ will continue to capitalize on the new branding as the Culinary and Cultural District.

The community economic development projects under our brand EMERGE will continue including Emerge Market, Incontainer, Hub and our incubator programs.

We will continue with all other programs as is the case in previous years.

## 2019 BIA Levy Summary and Budgets

### International Avenue BRZ

#### 2019 BUDGET

	2019	2018	Change (INC./(DEC.))		<u>Rationale:</u>
	\$	\$	\$	%	
<b><u>REVENUES</u></b>					
BIA Levy	275,000	267,000	8,000	3%	
Grants	179,000	65,000	114,000	175%	This includes a variety of grants we have applied for.
Events Income	50,000	18,000	32,000	178%	We will be expanding our independent music festival and therefore anticipate more revenue.
Associate Fees/Sponsorships			0	0%	
Rental income			0	0%	
Interest/Other Income	31,600	172,500	(140,900)	(82%)	Our CED funding project is largely completed.
<b>Total Revenues</b>	<b>535,600</b>	<b>522,500</b>	<b>13,100</b>	<b>3%</b>	

<b><u>EXPENDITURES</u></b>					
Administration	84,400	82,000	2,400	3%	
Marketing/Communications	78,700	91,500	(12,800)	(14%)	see special events.
Urban Devt.& Planning	63,000	64,500	(1,500)	(2%)	
Streetscape Improvements	85,000	86,000	(1,000)	(1%)	
Special Projects/Events	94,500	72,500	22,000	30%	expand our special events offering.
Public Safety & Social Issue	56,000	48,500	7,500	15%	
Capital Assets	6,000	8,600	(2,600)	(30%)	
Other - BIA Specific	68,000	68,900	(900)	(1%)	EMERGE
<b>Total Expenditures</b>	<b>535,600</b>	<b>522,500</b>	<b>13,100</b>	<b>3%</b>	

<b>Surplus/(Deficit)</b>	<b>0</b>	<b>0</b>
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#### **OTHER INFORMATION (Below this line) (Optional):**

##### Details of "Other Income"

1.	0	0	0	0%
2.	0	0	0	0%
3.	0	0	0	0%
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>

##### Details of "Other-BIA Specific" expenditure

1.	0	0	0	0%
2.	0	0	0	0%
3.	0	0	0	0%
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>

## 2019 BIA Levy Summary and Budgets

ATTACHMENT 1H

### Kensington BRZ 2019 BUDGET

#### BUDGET OVERVIEW

## 2019 BIA Levy Summary and Budgets

### Kensington BRZ

#### 2019 BUDGET

	2019	2018	Change (INC./(DEC.))	<u>Rationale:</u>
	\$	\$	\$ %	
<b><u>REVENUES</u></b>				
BIA Levy	220,000	220,000	0	0%
Grants	0	0	0	0%
Events Income	0	0	0	0%
Interest/Other Income	0	0	0	0%
<b>Total Revenues</b>	<b>220,000</b>	<b>220,000</b>	<b>0</b>	<b>0%</b>

#### **EXPENDITURES**

Administration	106,700	97,200	9,500	10%	
Marketing/Communications	33,175	69,600	(36,425)	(52%)	Changes to contract due to change in parking revenue funds available.
Urban Devt.& Planning	0	0	0	0%	
Streetscape Improvements	28,625	5,625	23,000	409%	Parking revenue less than 25% of previous year; so paying for tree lights and banners from levy budget
Special Projects/Events	39,000	35,075	3,925	11%	
Public Safety & Social Issue	0	0	0	0%	
Capital Assets	0	0	0	0%	
Other - BIA Specific	12,500	12,500	0	0%	
<b>Total Expenditures</b>	<b>220,000</b>	<b>220,000</b>	<b>0</b>	<b>0%</b>	

<b>Surplus/(Deficit)</b>	<b>0</b>	<b>0</b>
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#### **OTHER INFORMATION (Below this line) (Optional):**

##### Details of "Other Income"

1.	0	0	0	0%
2.	0	0	0	0%
3.	0	0	0	0%
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>

##### Details of "Other-BIA Specific" expenditure

1.	0	0	0	0%
2.	0	0	0	0%
3.	0	0	0	0%
4.	0	0	0	0%
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>

## 2019 BIA Levy Summary and Budgets

ATTACHMENT 11

### Marda Loop BIA 2019 BUDGET

#### BUDGET OVERVIEW

1. 2018 was the second year of partnering with the Festival Society of Marda Loop, which is responsible for Marda Gras. In 2018 and 2019 we budgeted for some costs previously on the BIA to be transferred to the Festival Society.
2. Overall, 2018 expenditures were lower than budgeted; that experience is reflected in the 2019 budget. We plan to spend about the same in 2019 as we spent in 2018, keeping continuity in our programs and direction.
3. We have chosen to increase the levy in 2019 to continue our current level of activity, to respond to the increasing number of businesses, and to avoid over-reliance on our reserves. In 2018, we did not increase the levy and instead budgeted to dip into our reserves. Our reserves are healthy, but continued reliance on them is not sustainable. At the same time, we have new commercial openings and an increased number of businesses to support. This growth also supports the BIA levy (e.g. when our levy was unchanged last year, the levy rate dropped by over 10%). We also feel that given uncertainty around the timing of Main Streets implementation, we want to keep our reserve available for potential small investments in interim streetscape improvements.

## 2019 BIA Levy Summary and Budgets

### Marda Loop BIA

#### 2019 BUDGET

	2019 \$	2018 \$	Change (INC./(DEC.)) \$	Rationale:
			%	
<b><u>REVENUES</u></b>				
BIA Levy	220,000	189,000	31,000	16%
				Last year we relied on reserves to support increased investments in marketing, events and streetscape, and to support an increasing number of businesses. This levy increase allows us to maintain activities and keep a healthy reserve. See our comment in the Budget Overview above.
Grants	10,000	10,000	0	0%
Events Income	0	0	0	0%
Interest/Other Income	13,000	73,000	(60,000)	(82%)
				Lower draw on reserves due to increased levy and lower budgeted costs. Lower expectations on sponsorship income.

<b>Total Revenues</b>	<b>243,000</b>	<b>272,000</b>	<b>(29,000)</b>	<b>(11%)</b>
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#### **EXPENDITURES**

Administration	95,340	93,460	1,880	2%
Marketing/Communications	50,000	61,000	(11,000)	(18%)
Urban Dev.& Planning	0	0	0	0%
Streetscape Improvements	38,500	34,000	4,500	13%
Special Projects/Events	58,890	81,000	(22,110)	(27%)
				Adjusted based on 2018 experience
Public Safety & Social Issue	0	0	0	0%
Capital Assets	0	0	0	0%
Other - BIA Specific	0	0	0	0%
<b>Total Expenditures</b>	<b>242,730</b>	<b>269,460</b>	<b>(26,730)</b>	<b>(10%)</b>

<b>Surplus/(Deficit)</b>	<b>270</b>	<b>2,540</b>
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#### **OTHER INFORMATION (Below this line) (Optional):**

##### Details of "Other Income"

1. Draw from reserve	7,000	52,000	(45,000)	(87%)
2. Sponsorship, interest etc	6,000	21,000	(15,000)	(71%)
3.	0	0	0	0%
	<b>13,000</b>	<b>73,000</b>	<b>(60,000)</b>	<b>(82%)</b>

## **2019 BIA Levy Summary and Budgets**

ATTACHMENT 1J

### **Montgomery on the Bow BIA** **2019 BUDGET**

#### **BUDGET OVERVIEW**



## 2019 BIA Levy Summary and Budgets

### Montgomery on the Bow BIA

#### 2019 BUDGET

	2019 \$	2018 \$	Change (INC./DEC.) \$	%	<u>Rationale:</u>
<b><u>REVENUES</u></b>					
BIA Levy	70,000	70,000	0	0%	
Grants	8,000	8,000	0	0%	Community standards / TD Parks
Events Income		0	0	0%	
Interest/Other Income	2,400	1,543	857	56%	GST; w ill spend more
<b>Total Revenues</b>	<b>80,400</b>	<b>79,543</b>	<b>857</b>	<b>1%</b>	
<b><u>EXPENDITURES</u></b>					
Administration	30,000	1,091	28,909	2650%	Hire Executive Director
Marketing/Communications	3,000	803	2,197	274%	Quarterly communications to MBIA
Urban Devt.& Planning		0	0	0%	
Streetscape Improvements	28,920		28,920	0%	Banners, flow ers, and lights
Special Projects/Events	9,000	5,736	3,264	57%	Larger winter event / TD grant event
Public Safety & Social Issue	5,985	5,985	0	0%	Graffiti removal
Capital Assets		0	0	0%	
Other - BIA Specific	3,495	3,495	0	0%	Insurance and accounting
<b>Total Expenditures</b>	<b>80,400</b>	<b>17,110</b>	<b>63,290</b>	<b>370%</b>	
<b>Surplus/(Deficit)</b>	<b>0</b>	<b>62,433</b>			

#### OTHER INFORMATION (Below this line) (Optional):

##### Details of "Other Income"

1. GST Rebate	2,400	1,543	857	56%
2.	0	0	0	0%
3.	0	0	0	0%
	<b>2,400</b>	<b>1,543</b>	<b>857</b>	<b>56%</b>

##### Details of "Other-BIA Specific" expenditure

1. Insurance	1,795	1,795	0	0%
2. Accountant	1,700	1,700	0	0%
3.	0	0	0	0%
	<b>3,495</b>	<b>3,495</b>	<b>0</b>	<b>0%</b>

## **2019 BIA Levy Summary and Budgets**

ATTACHMENT 1K

### **17th Ave Retail & Entertainment District BIA** **2019 BUDGET**

#### **BUDGET OVERVIEW**

1. As our BIA is currently in the midst of a complete reconstruction project of 17th Ave SW, businesses have seen a drastic impact to business and require additional support re: communications, messaging and marketing. Our focus will be to drive foot traffic to the avenue, support positive messages to target audiences of all the ways to access our BIA, and increase frequency of real time information to our BIA members (and when possible to the public) using an integrated marketing, promotional and events strategy. The budget is reflective of this necessity.

2. Our BIA will be facing challenges such as accessibility to our businesses, patron/visitor parking concerns, safety and security issues. All of which require additional support for marketing and communication (signage/way finding). The BIA will need additional campaigns and support around our image; specifically regarding safety and the overall experience that one can still have within our BIA, while construction is ongoing.

3. Development of new programs and events to drive engagement and pedestrian traffic to our BIA are required. These events and programs will include partnerships with different members of our community, both internal and external to our BIA. Previously designed events, new events and new programs will require additional administrative and event coordination support prior to launching key initiatives. These projects are necessary to encourage visitors who may be inclined to avoid construction zones, to still visit our area and support our businesses.

4. Budget is reflective of ongoing streetscape and public realm programs that support a safe and appealing pedestrian environment.

## 2019 BIA Levy Summary and Budgets

### 17th Avenue Retail & Entertainment District BIA

#### 2019 BUDGET

	2019	2018	Change (INC./DEC.)	<u>Rationale:</u>
	\$	\$	\$ %	
<b><u>REVENUES</u></b>				
BIA Levy	410,800	410,800	0	0%
Grants	0	0	0	0%
Events Income	0	0	0	0%
Interest/Other Income	75,000	75,000	0	0%
<b>Total Revenues</b>	<b>485,800</b>	<b>485,800</b>	<b>0</b>	<b>0%</b>

#### **EXPENDITURES**

Administration	80,750	80,750	0	0%
Marketing/Communications	191,327	190,313	1,014	1%
Urban Devt.& Planning	9,007	9,007	0	0%
Streetscape Improvements	76,500	77,500	(1,000)	(1%)
Special Projects/Events	114,407	111,223	3,184	3%
Public Safety & Social Issue	13,809	17,007	(3,198)	(19%)
Capital Assets	0	0	0	0%
Other - BIA Specific	0	0	0	0%
<b>Total Expenditures</b>	<b>485,800</b>	<b>485,800</b>	<b>0</b>	<b>0%</b>

<b>Surplus/(Deficit)</b>	<b>0</b>	<b>0</b>
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#### **OTHER INFORMATION (Below this line) (Optional):**

##### Details of "Other Income"

1.Contingency/Special Proj	75,000	75,000	0	0%	Contingency for operations and special projects related to 2018 construction season.
2.	0	0	0	0%	
3.	0	0	0	0%	
	<b>75,000</b>	<b>75,000</b>	<b>0</b>	<b>0%</b>	

##### Details of "Other-BIA Specific" expenditure

1.	0	0	0	0%
2.	0	0	0	0%
3.	0	0	0	0%
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>

## **2019 BIA Levy Summary and Budgets**

ATTACHMENT 1L

### **Victoria Park BIA** **2019 BUDGET**

#### **BUDGET OVERVIEW**

The overall assessment of the area has decreased by almost \$12 million since 2016, forcing hard decisions about what services and programs to maintain and where to cut back in order to keep a reasonable levy rate.

## 2019 BIA Levy Summary and Budgets

### Victoria Park BIA

#### 2019 BUDGET

	2019	2018	Change (INC./(DEC.))	<u>Rationale:</u>
	\$	\$	\$ %	
<b><u>REVENUES</u></b>				
BIA Levy	389,369	389,436	(67)	(0%)
Grants	12,000	7,000	5,000	71%
Events Income		0	0	0%
Interest/Other Income	35,000	32,358	2,642	8%
<b>Total Revenues</b>	<b>436,369</b>	<b>428,794</b>	<b>7,575</b>	<b>2%</b>
<b><u>EXPENDITURES</u></b>				
Administration	164,412	155,606	8,806	6%
Marketing/Communications	105,480	102,411	3,069	3%
Urban Devt.& Planning	66,716	62,216	4,500	7%
Streetscape Improvements	9,000	16,800	(7,800)	(46%)
				Traditionally enhanced street cleaning and maintenance. Shifting focus away from reactive programming.
Special Projects/Events	42,000	37,000	5,000	14%
Public Safety & Social Issue	43,761	53,761	(10,000)	(19%)
Capital Assets	1,000	1,000	0	0%
Other - BIA Specific	4,000	0	4,000	0%
<b>Total Expenditures</b>	<b>436,369</b>	<b>428,794</b>	<b>7,575</b>	<b>2%</b>
<b>Surplus/(Deficit)</b>	<b>0</b>	<b>0</b>		

#### OTHER INFORMATION (Below this line) (Optional):

##### Details of "Other Income"

1. Carry over	35,000	32,358	2,642	8%
2.	0	0	0	0%
3.	0	0	0	0%
	<b>35,000</b>	<b>32,358</b>	<b>2,642</b>	<b>8%</b>

##### Details of "Other-BIA Specific" expenditure

1.	0	0	0	0%
2.	0	0	0	0%
3.	0	0	0	0%
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>

## 2019 BIA Levy Summary and Budgets

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### **Victoria Park**

**The levy is made up of:**

	<b>2019</b>	<b>2018</b>
Victoria Park	368,869	368,936
TransAlta flat rate	20,000	20,000
First street improvement area	500	500
	<u>389,369</u>	<u>389,436</u>

**PROPOSED WORDING FOR A BYLAW PROVIDING FOR 2019 TAX RATES OF  
BUSINESS IMPROVEMENT AREAS IN THE CITY OF CALGARY**

**WHEREAS** the Council of The City of Calgary ("Council") is authorized to provide for the taxation of business improvement areas in accordance with Section 381 of the *Municipal Government Act*, R.S.A. 2000, c.M-26, (the "Act") and the regulations passed thereunder;

**AND WHEREAS** Council has provided for the taxation of business improvement areas for 2019 in Bylaw Number 1M2019, being the 2019 Business Improvement Area Tax Bylaw;

**AND WHEREAS** Council has established various business improvement areas in the city of Calgary, which are set out in Schedule "A" to this Bylaw;

**AND WHEREAS** Council has approved funds for each business improvement area based upon the proposal submitted by the board of each business improvement area;

**AND WHEREAS** Council deems it necessary to provide a business improvement area tax for each business improvement area at a rate or rates Council considers sufficient to raise the approved amounts payable to each business improvement area;

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

1. This Bylaw may be cited as the "2019 Business Improvement Area Tax Rates Bylaw".
2. In this Bylaw, the term "Business Improvement Area" may be referred to as "BIA".
3. For the year 2019, there is hereby imposed a tax rate or rates for each BIA indicated in Schedule "A" to this Bylaw, which is attached to and forms part of this Bylaw.
4. The tax rate or rates specified in Schedule "A" for a BIA are imposed upon all businesses operating within the BIA, except businesses that are exempt from BIA taxation pursuant to the 2019 Business Improvement Area Tax Bylaw.

5. As set out in the 2019 Business Improvement Area Tax Bylaw, a tax bill will be mailed or delivered to each entity liable for BIA tax, each such tax bill showing, among other things, the amount of BIA tax payable.
6. The BIA taxes contemplated by this Bylaw are due and payable as set out in the 2019 Business Improvement Area Tax Bylaw, and are subject to, in terms of unpaid taxes, penalties as per the 2019 Business Improvement Area Tax Bylaw.
7. This Bylaw comes into force on the date it is passed.

TEXT FOR DISCUSSION ONLY



**SCHEDULE "A"**

**TO THE 2019 BUSINESS IMPROVEMENT AREA TAX RATES BYLAW**

<b>BUSINESS IMPROVEMENT AREA</b>	<b>BYLAW NUMBER</b>	<b>TAX RATE 2019</b>
Mainstreet Bowness Business Improvement Area	55M2016	0.0209
Calgary Downtown Association	38M2017	0.00283
Chinatown District Business Improvement Area	43M2015	0.01208
4 <sup>th</sup> Street South West Business Improvement Area	59M2016	0.0130
Greenview Industrial Business Improvement Area	40M2017	0.0051
Inglewood Business Improvement Area	36M2017	0.0189
International Avenue Business Revitalization Zone	58M2016	0.0146
Kensington Business Revitalization Zone	56M2016	0.0159
Marda Loop Business Improvement Area	37M2017	0.0267
Montgomery on the Bow Business Improvement Area	54M2016	0.0130
17 <sup>th</sup> Avenue Retail & Entertainment District Business Improvement Area	39M2017	0.0175
Victoria Park Business Improvement Area (excluding the First Street Improvement Area)	57M2016	0.0102
First Street Improvement Area		0.0106



**BYLAW NUMBER 1M2019**

**BEING A BYLAW OF THE CITY OF CALGARY  
PROVIDING FOR TAXATION OF  
BUSINESS IMPROVEMENT AREAS  
IN THE CITY OF CALGARY FOR 2019**

\*\*\*\*\*

**WHEREAS** the Council of The City of Calgary (“Council”) has the authority to provide for the taxation of business improvement areas in accordance with Section 381 of the Municipal Government Act, R.S.A. 2000, c. M-26 (the “Act”), and the regulations passed thereunder;

**AND WHEREAS** Council has established various business improvement areas in the City of Calgary, which are set out in Schedule “A” to this Bylaw;

**AND WHEREAS** Council desires to provide for the taxation of businesses located in business improvement areas for 2019;

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

**Short Title**

1. This Bylaw may be cited as the “2019 Business Improvement Area Tax Bylaw”.

**Definitions and Interpretation**

2. (1) In this Bylaw:
  - (a) “Act” means the Municipal Government Act, R.S.A. 2000, c. M-26;
  - (b) “Business” means a business located in a BIA listed in Schedule “A”;
  - (c) “Business Improvement Area” or “BIA” means a business improvement area established pursuant to section 50 of the Act and the regulations and bylaws enacted pursuant to that section;
  - (d) “City” means The City of Calgary, a municipal corporation of the Province of Alberta and, where the context so requires, means the area contained within the municipal boundaries of the city of Calgary;
  - (e) “Commercial Purposes” means the use of the Premises for commerce or trade purposes or for the sale of assets or goods to the public for gain;
  - (f) “Municipal Assessor” means the person appointed to the designated officer position of Municipal Assessor pursuant to section 284.2 of the Act and Bylaw 49M2007;
  - (g) “Net Annual Rental Value” means the typical market annual rental value of the Premises exclusive of operating costs;

- (h) “Non-Profit” refers to an organization, association or union as defined in section 6 of the Regulation;
  - (i) “Operator of a Parking Facility” means a Person that operates a Parking Facility whose responsibilities include any one or more of the following:
    - (i) the lease, license, or rental of area or spaces in a Parking Facility,
    - (ii) the allotment of area or spaces in a Parking Facility,
    - (iii) the allocation of area or spaces in a Parking Facility,
    - (iv) the general maintenance and upkeep of the Parking Facility, which may include but is not limited to repairs, the security of the Parking Facility, and the obtaining of insurance for the Parking Facility,
    - (v) the collection of fees from the users of the Parking Facility, and
    - (vi) the delegation or assignment of one or more of the above responsibilities;
  - (j) “Parking Facility” means any space used for the parking or storage of motor vehicles and includes but is not limited to a parkade, parking garage, or parking lot;
  - (k) “Person” includes a corporation and the heirs, executors, administrators or other legal representatives of a Person;
  - (l) “Premises” means any space used in connection with a Business, and without limiting the generality of the foregoing includes:
    - (i) land and buildings or parts of buildings on such land,
    - (ii) any store, office, warehouse, factory, facility, hotel, motel, enclosure, yard or other space, and
    - (iii) a Parking Facility;
  - (m) “Regulation” means the Community Organization Property Tax Exemption Regulation (Alberta Regulation 281/1998); and
  - (n) “Trade Union” refers to a Non-Profit trade union established and recognized under the *Alberta Labour Relations Code* (R.S.A. 2000 c. L-1) or the *Canada Labour Code* (R.S.C. 1985, c. L-2).
- (2) Each provision of this Bylaw is independent of all other provisions and if any provision is declared invalid for any reason by a Court of competent jurisdiction, all other provisions of this Bylaw remain valid and enforceable.

### **Assessment of Businesses**

3.
  - (1) Every Person who operates a Business in 2019 shall be assessed a business assessment by the Municipal Assessor for the purposes of imposing a BIA tax.
  - (2) Despite subsection (1), a Person who operates a Business that is exempt from BIA taxation pursuant to section 17 shall not be assessed.
  - (3) Subsection (1) applies to an Operator of a Parking Facility, regardless of:
    - (a) whether parking space in the Parking Facility is used by any of the following:
      - (i) the owner,
      - (ii) a tenant, or
      - (iii) the public;
    - (b) the source or ownership of the motor vehicles parked or stored in the Parking Facility;
    - (c) the allocation of area or spaces within the Parking Facility; and
    - (d) the location of the Parking Facility.
  - (4) Business assessments shall be prepared based on one hundred percent of the Net Annual Rental Value of the Premises.
  - (5) Any business assessment prepared in accordance with this bylaw must be an estimate of the Net Annual Rental Value of the Premises on July 1, 2018.
  - (6) The Municipal Assessor shall:
    - (a) prepare a business assessment roll for the purposes of generating a BIA tax roll for 2019; and
    - (b) enter on the business assessment roll the name of every Person operating a Business that has been assessed in accordance with subsection (1).
4. If it is discovered that there is an error, omission or misdescription in any of the information shown on the business assessment roll for 2019, the Municipal Assessor may correct the business assessment roll for 2019.
5. If it is discovered that no business assessment has been prepared for a Business for 2019, an assessment for 2019 must be prepared.
6. After giving reasonable notice to a Person operating a Business, the Municipal Assessor may at any reasonable time, for the purpose of preparing an assessment of the Business or determining if the Business is to be assessed:

- (a) enter and inspect the Premises;
  - (b) request anything to be produced to assist the Municipal Assessor in preparing the assessment or determining if the Business is to be assessed; and
  - (c) make copies of anything necessary to the inspection.
7. (1) The provisions of section 295 of the Act apply such that:
- (a) a Person must provide, on request by the Municipal Assessor, any information necessary for the Municipal Assessor to carry out the duties and responsibilities of an assessor pursuant to Parts 9 to 12 of the Act and the associated regulations; and
  - (b) no Person may make a complaint in the year following the assessment year under section 460 of the Act if the Person has failed to provide the information requested within 60 days from the date of the request.
- (2) The provisions of section 296 of the Act apply to the Municipal Assessor's application for and acquisition of court authorized inspections and enforcement with all necessary modifications as if they had been set out in this Bylaw.

### **Supplementary Business Assessment**

8. A supplementary business assessment for 2019 will be imposed:
- (a) on each Person who operates a Business for a temporary period and whose name is not entered on the business assessment roll;
  - (b) on each Person who moves into new Premises or opens new Premises or branches of an existing Business, even though the Person's name is already entered on the business assessment roll for another Premises;
  - (c) on each Person who begins operating a Business and whose name is not entered on the business assessment roll for the associated Premises; and
  - (d) on each Person who increases the space of the Premises after the business assessment roll has been prepared.
9. Supplementary assessments will be determined by pro-rating the Net Annual Rental Value of the Premises to reflect the number of months the Business is operated during 2019, with any portion of a month greater than fifteen (15) days being considered to be a full month.
10. Sections 3 through 7 of this Bylaw apply to the imposition of a supplementary assessment.

### **Taxation**

11. All Businesses shall be taxed at the rate or rates set out in the 2019 Business Improvement Area Tax Rates Bylaw, except Businesses that are exempt from BIA taxation pursuant to section 17.
12.
  - (1) The amount of BIA tax to be imposed under this Bylaw in respect of a Business is calculated by multiplying one hundred percent of the assessment or supplementary assessment for the Business by the BIA tax rate specified in the 2019 Business Improvement Area Tax Rates Bylaw.
  - (2) A tax imposed under this Bylaw must be paid by the Person who operates the Business.
13. The City shall:
  - (a) produce a BIA tax roll containing the name of each Person liable for BIA tax set opposite to the amount of BIA tax payable by that Person; and
  - (b) mail or deliver a tax bill to each Person liable for BIA tax, which shows both the assessed value of the Premises and the amount of the BIA tax payable.
14. When a lessee, who is liable to pay the tax imposed under this Bylaw in respect of any leased Premises, sublets the whole or part of the Premises, The City may require the lessee or the sub-lessee, but not both, to pay the tax in respect of the whole or part of the Premises.
15. BIA taxes shall be due and payable on or before March 29, 2019.

#### **Liability for BIA Taxes**

16.
  - (1) Subject to sections 17 and 22 of this Bylaw, when a Person operates a Business in the City, the Person is liable for payment of the BIA tax imposed in respect of that Business, whether based on an annual or supplementary assessment.
  - (2) Despite subsection (1), if the amount of BIA tax imposed on a Business, as calculated pursuant to subsection 12(1), is less than \$25.00, the Person who operates that Business is not liable for payment of the BIA tax imposed in respect of that Business.

#### **Exemption from BIA Taxation**

17.
  - (1) Notwithstanding section 16 of this Bylaw, but subject to the subsections below, the following classes of Businesses are exempt from the payment of BIA taxes imposed under this Bylaw:
    - (a) any Business exempt from tax pursuant to sections 351, 375 or 376 of the Act;
    - (b) any Business operated on property which appears on The City's 2019 property assessment roll as one hundred percent belonging to the residential assessment class or any residential assessment subclass;

- (c) on-street parking located on roads owned by The City;
  - (d) any Business whose use of the property would qualify that property to be eligible for a property tax exemption pursuant to the *Act*;
  - (e) any Business that is a bingo operated under a bingo facility licence by a Non-Profit organization pursuant to the *Gaming and Liquor Act* (R.S.A. 2000, c. G-1);
  - (f) any Business established as a Non-Profit organization where the Premises is used to promote the interests of an industry, profession or trade including education or research;
  - (g) Premises used by a Trade Union where the activities of a Trade Union are conducted;
  - (h) any Business whose use of the property would qualify that property to be eligible for a property tax exemption under the Regulation but for sections 16(2) or (3) of the Regulation.
- (2) Premises licensed under the *Gaming and Liquor Act* are not exempt from BIA taxation with the exception of Premises in respect of which a bingo licence, casino licence, pull ticket licence, Class C liquor licence or a special event licence has been issued under the *Gaming and Liquor Regulation* (AR 143/96).
- (3) Notwithstanding subsection (1), any Business, including one operated by a Non-Profit organization or association, whose use of the Premises:
- (a) is primarily for Commercial Purposes; and
  - (b) operates in competition with other Businesses in the city of Calgary;
- is not exempt from BIA taxation.
- (4) Subject to the restrictions set out in this section, a Business may become exempt from the payment of BIA taxes imposed under this Bylaw for a portion of a Premises which becomes Vacant and Unused for a period of at least 30 days, regardless of whether there is a lease or license of occupation in place with respect to that Premises.
- (a) For greater certainty, the term “Vacant and Unused” in this section means space which forms part of a Premises but:
    - (i) is physically separated from other space by walls and locked doors or is separated by other means which makes it inaccessible and unable to be used for Business purposes; and
    - (ii) is entirely empty from wall to wall and floor to ceiling, and does not contain equipment, furnishings, cubicle walls or partitions; but



- (iii) does not include portions of the Premises which are temporarily unused such as hotel and motel rooms, individual offices, parking spaces, or space being renovated.
- (b) In order to be eligible to benefit from an exemption for Vacant and Unused space pursuant to this subsection:
  - (i) a Person must notify the Municipal Assessor in writing of the Vacant and Unused space; and
  - (ii) the Municipal Assessor must have confirmed that the space is Vacant and Unused.
- (c) Any exemption granted for Vacant and Unused space pursuant to this subsection shall not take effect or have application prior to the date of notification, and shall have effect only as long as the space is Vacant and Unused.

### **Penalties For Unpaid BIA Taxes**

- 18. (1) (a) On April 1, 2019, a penalty of seven (7%) percent of the unpaid amount of the current year's BIA tax levy shall be imposed; and
  - (b) On July 1, 2019, an additional penalty of seven (7%) percent of the unpaid amount of the current year's BIA tax levy shall be imposed.
- (2) All BIA taxes levied by The City remaining unpaid after the year in which they are levied shall have added thereto, on the first day of every month of every year, a penalty equivalent to one (1%) percent of the then unpaid taxes, so long as the taxes or any portion of them remain unpaid.
- (3) A penalty imposed under subsections (1) and (2) forms part of the tax in respect of which it is imposed.

### **Supplementary BIA Tax**

- 19. A supplementary BIA tax shall be levied upon any Person who is subject to a supplementary business assessment in accordance with sections 8 and 9 of this Bylaw.
- 20. A supplementary BIA tax is due thirty (30) days after the date on which the supplementary tax notice is mailed to the Person being taxed.
- 21. Sections 12, 13, 14 and 18 of this Bylaw apply to the imposition of a supplementary BIA tax.

## **Pro-rating and Rebating BIA Taxes**

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

## **Business Tax Instalment Payment Plan**

24. (1) In this section:
  - (a) “Business Tax Instalment Payment Plan” also referred to as “BTIPP” means the plan authorized by this Bylaw permitting taxpayers to pay business taxes or BIA taxes by way of monthly instalments;
  - (b) “Tax” includes all taxes lawfully imposed against a Business by The City pursuant to the Act, any bylaw enacted pursuant to such authority, or any other statute of the Province of Alberta, but does not include supplementary taxes;
  - (c) “Taxpayer” means the operator of a Business liable for the payment of Taxes; and
  - (d) “Tax Collector” means the City Treasurer or his or her designate.
- (2) Any Taxpayer in the City may apply to be included in BTIPP as described in this section to provide for the payment of Taxes by instalments.
- (3)
  - (a) Taxpayers who wish to apply for inclusion in BTIPP must apply to the Tax Collector on or before December 31st of each year and shall not be included within BTIPP until approved by the Tax Collector;
  - (b) A Taxpayer who applies for inclusion in BTIPP after December 31st and who is approved by the Tax Collector for inclusion in BTIPP shall pay all the monthly instalments which should have been paid as at the time of application had the Taxpayer been included in BTIPP as at January 1<sup>st</sup> plus a late enrolment fee of two percent (2%) thereof;
  - (c) The Tax Collector may refuse a Taxpayer’s request to be included in BTIPP for reasons as set out in this Bylaw;
  - (d) A Taxpayer is not eligible to be included in BTIPP unless as of December 31 of the previous year, the Taxpayer has no balance outstanding in his or her tax roll account;

- (e) A Taxpayer may not apply for inclusion in BTIPP more than once in the same calendar year with respect to the same Business.
- (4) A Taxpayer who is included and has not been removed from BTIPP, shall not be subject to the provisions of section 15 as to the due date for the payment of Taxes, nor to the provisions of section 18 as to penalties on unpaid Taxes.
- (5) A Taxpayer who is included in BTIPP shall pay Taxes on a monthly basis for the current year subject to the following conditions:
  - (a) a Taxpayer, having been included in BTIPP, shall make twelve monthly payments, to be paid by automatic bank withdrawal on the first day of each month of the calendar year in an amount equal to one-twelfth of the previous year's Tax levy or, in the event a previous year's Tax levy is not available, in an amount to be determined by the Tax Collector; and
  - (b) upon determination of the current year's Tax levy, the Taxpayer's payments shall be adjusted to provide for the full payment of the current year's Tax levy over the remaining months of the year;
  - (c) if there is an balance outstanding on a business tax roll account or a BIA tax roll account, the Taxpayer shall continue to make monthly payments in accordance with subsection (5)(a) until the outstanding balance has been paid.
- (6) In the event a Business, the previous Taxpayer of which was included in BTIPP, is sold, the BTIPP agreement is immediately cancelled as at the sale date.
- (7) The Tax Collector may remove a Taxpayer from BTIPP in the event the Taxpayer defaults in making payment of any Tax instalment on the due date as required for each instalment under subsection (5)(c).
- (8) Notice of a removal pursuant to subsection (7) shall be sent to the Taxpayer by ordinary mail to the Taxpayer's last known address as listed on the tax roll.
- (9) When a Taxpayer is removed from BTIPP subsequent to the due date for the payment of Taxes as specified in the appropriate municipal bylaws, other than this Bylaw, all unpaid Taxes become immediately due and payable and the penalty provisions of all appropriate municipal bylaws apply to the unpaid Taxes.
- (10) When a Taxpayer is removed from BTIPP prior to the due date for the payment of Taxes as specified in the appropriate municipal bylaw, or when a Taxpayer requests removal from BTIPP prior to the due date for the payment of Taxes, all payments shall be retained by the Tax Collector for credit to the Taxpayer's account and such payments will receive the benefit of any available Tax discounts as provided by bylaw and will be credited to the Taxpayer's Tax account.
- (11) In the event a Taxpayer requests removal from BTIPP pursuant to subsection 10, all Taxes due and owing shall then become due and owing on the due date for

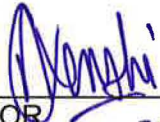
the payment of Taxes as specified in this Bylaw and the provisions of all appropriate municipal bylaws relating to penalties for unpaid Taxes shall apply to all unpaid Taxes due and owing to The City after the due date.

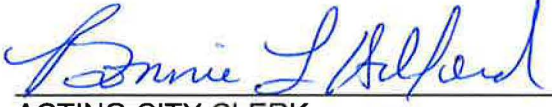
25. This Bylaw comes into force on the day it is passed.

READ A FIRST TIME ON DECEMBER 17, 2018

READ A SECOND TIME, AS AMENDED, ON DECEMBER 17, 2018

READ A THIRD TIME, AS AMENDED, ON DECEMBER 17, 2018

  
\_\_\_\_\_  
MAYOR  
SIGNED THIS 20 DAY OF December, 2019.

  
\_\_\_\_\_  
ACTING CITY CLERK  
SIGNED THIS 02 DAY OF January, 2019.

**SCHEDULE "A"**

**TO THE 2019 BUSINESS IMPROVEMENT AREA TAX BYLAW**

<b>BUSINESS IMPROVEMENT AREA</b>	<b>BYLAW NUMBER</b>
Mainstreet Bowness Business Improvement Area	55M2016
Calgary Downtown Association	38M2017
Chinatown District Business Improvement Area	43M2015
4 <sup>th</sup> Street South West Business Improvement Area	59M2016
Greenview Industrial Business Improvement Area	40M2017
Inglewood Business Improvement Area	36M2017
International Avenue Business Revitalization Zone	58M2016
Kensington Business Revitalization Zone	56M2016
Marda Loop Business Improvement Area	37M2017
Montgomery on the Bow Business Improvement Area	54M2016
17 <sup>th</sup> Avenue Retail & Entertainment District Business Improvement Area	39M2017
Victoria Park Business Improvement Area	57M2016



**Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 January 22**

**ISC: UNRESTRICTED  
PFC2019-0086**

**Status of Outstanding Motions and Directions**

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**EXECUTIVE SUMMARY**

Outstanding items for the Priorities and Finance Committee as of 2019 January 11.

**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.





## Status of Outstanding Items for the Priorities and Finance Committee

## ATTACHMENT

As at 2019 January 11

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
SOCIAL PROCUREMENT: STATE OF PRACTICE AND RECOMMENDATIONS	2019 December 17	C2018-1379	Direct Administration to return to the Priorities and Finance Committee no later than Q1 2019 with a: <ul style="list-style-type: none"> <li>a. Terms of Reference for the Sustainable , Ethical, Environment Procurement Policy (SSEPP) Advisory Task Force;</li> <li>b. Scoping Report for the three pilot projects; and</li> <li>c. Workplan.</li> </ul>	2019 Q1
GREEN LINE LRT – BUDGET AND FUNDING CONFIRMATION – DEFERRAL REQUEST	2018 December 04	PFC2018-1105	That the Priorities and Finance Committee recommends that Council approve Administration's request to defer the report on the Green Line LRT – Budget and Funding Confirmation to a Priorities and Finance Committee meeting to occur by no later than the end of Q1 2019	2019 Q1
RELATED PARTY DISCLOSURE REPORT	2018 December 04	PFC2018-1391	Direct Administration to review the existing Disclosure Policy for Members of Council (CC044) to include the disclosure requirement in 2019 and send any recommendations for amendment to Council through the Priorities and Finance Committee no later than the end of September 2019.	2019 September

## Status of Outstanding Items for the Priorities and Finance Committee

## ATTACHMENT

As at 2019 January 11

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
One Calgary 2019-2022 Service Plans and Budgets	2018 November 14	C2018-1158	<p>4. Meet with the Chamber of Commerce, Commercial Real Estate Advisory Committee of Calgary, Economic Development and other interested stakeholders by the end of April 2019 to share ideas and options generated through the tax shift work undertaken in point 3 above. Following this engagement, bring a joint Administration/business community presentation to Priorities &amp; Finance Committee on May 14, 2019.</p> <p>3. Come back in Q1 2019 with further options on shift from non-residential assessment base to the residential assessment base as previously directed by Council, including but not limited to:</p> <ul style="list-style-type: none"> <li>a. creation of a small-business assessment class;</li> <li>b. continuing shift from non-residential to residential;</li> <li>c. one-time money to manage the transition;</li> <li>d. advocacy with Federal and Provincial Governments; and</li> <li>e. an examination of reserves and other funding sources which may be available.</li> </ul>	<p>2019 May 14</p> <p>2019 Q1</p>

## Status of Outstanding Items for the Priorities and Finance Committee

## ATTACHMENT

As at 2019 January 11

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
One Calgary 2019-2022 Service Plans and Budgets	2018 November 14	C2018-1158	2. Direct Administration, in conjunction with the Mayor's Office and Members of Council, to return in Q1 2019 to the Priorities and Finance Committee with revised Terms of Reference for the Fund (Council Innovation Fund), including but not limited to: <ul style="list-style-type: none"> <li>a. A better definition for what Fund should be used for;</li> <li>b. A Revised application process; and</li> <li>c. Consideration of using a portion of the Fund for Community-driven projects throughout The City.</li> </ul>	2019 Q1
CIF APPLICATION: ONE CALGARY POLICY REVIEW	2018 November 06	PFC2018-1300	That the Priorities and Finance Committee direct Administration to report back to PFC indicating how the money was spent and outcomes of the projects no later than Q3 2020.	2020 Q3
CIF APPLICATION: ON DEMAND TRANSIT	2018 November 06	PFC2018-1291	That the Priorities and Finance Committee direct Administration to report back to PFC indicating how the money was spent and outcomes of the projects no later than Q2 2020.	2020 Q2

## Status of Outstanding Items for the Priorities and Finance Committee

As at 2019 January 11

2019 PROJECTED TAX SHIFT NON- RESIDENTIAL PROPERTIES	2018 November 06	PFC2018-1134	2. Direct the Assessment & Tax Working Group to present its final report to the Priorities and Finance Committee, no later than Q1 2019;	2019 Q1
	2018 November 19		3. Direct Administration to consider the following: <ul style="list-style-type: none"> <li>a. Budget reductions to offset tax-shift to reflect the New Norm;</li> <li>b. Solutions to reduces swings in redistribution;</li> <li>c. City-Initiated diversification of revenue sources to reduce reliance on the property tax;</li> <li>d. Alternatives to the Phased Tax Program to support businesses directly;</li> <li>e. Reducing the ratio between residential and non-residential over a period of 5 years;</li> <li>f. Incentivizing/reducing barriers to residential development in the Centre City; and</li> <li>g. Council Strategic Session Outlining Challenges and Opportunities in the Downtown.</li> </ul> 4. Direct Administration to consult with Calgary Economic Development to undertake a policy, process, and membership gap analysis, regarding Downtown recovery, to ensure alignment and maximize capacity-building, and return to Council with recommendations and budget implications no later than Q1 2019. (Updated at 2018 November 19 Regular Meeting of Council.)	
			5. Direct Administration to convene a Financial Task Force comprised of internal and external experts to develop a strategy on the following: <ul style="list-style-type: none"> <li>a. Short term mitigation</li> <li>b. Long term solutions</li> </ul>	2019 Q1

## Status of Outstanding Items for the Priorities and Finance Committee

## ATTACHMENT

As at 2019 January 11

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
			<p>c. Revenue options to improve financial resiliency; and</p> <p>6. Return to Council through Priorities and Finance Committee with the recommended membership, framework, and terms of reference no later than Q1 2019.</p>	
ONE WINDOW PHASE TWO UPDATE – DEFERRAL	2018 October 30	PFC2018-1181	That the Priorities and Finance Committee recommend that Council defer Administration's One Window Phase Two Update report to no later than Q2 2019.	2019 Q2
INDEPENDENT REVIEW OF NON- RESIDENTIAL ASSESSMENT AND APPEAL SYSTEM	2018 October 30	PFC2018-1222	That the Priorities and Finance Committee recommend that Council direct the City Manager to assign a lead to monitor and report back on the implementation of the consultant's recommendations as well as their impact on the non-residential assessment and complaint system, no later than 2019 Q3.	2019 Q3
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

## ATTACHMENT

As at 2019 January 11

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
NEW COMMUNITY GROWTH STRATEGY 2018 – FURTHER REVIEW AND ANALYSIS DIRECTION THROUGH PFC2018-0678	2018 July 30	C2018-0900	<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"> <li>1. Establish viability as contemporary mixed-use, campus-style development sites;</li> <li>2. Identify opportunity to draw targeted and prospective investors according to CED's ongoing economic diversification work;</li> <li>3. Evaluate ability to retain urban uses within the City's boundaries to stabilize the commercial tax base;</li> <li>5. Provide sound rationale (if any exist) for removal of the growth management overlay (GMO). Report back through PFC in 2019 January.</li> </ol>	2019 January

## Status of Outstanding Items for the Priorities and Finance Committee

## ATTACHMENT

As at 2019 January 11

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
COMPASSIONATE PROPERTY TAX PENALTY RELIEF	2018June 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
CORPORATE AFFORDABLE HOUSING STRATEGY Q2 2018 UPDATE	2018June 05	PFC2018-0584	That with respect to Report PFC2018-0584, the following be approved, as amended:  That the Priorities and Finance Committee recommend that Council:  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

## Status of Outstanding Items for the Priorities and Finance Committee

## ATTACHMENT

As at 2019 January 11

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
PROPOSED CODE OF CONDUCT FOR ELECTED OFFICIALS BYLAW26M2018	2018 May 28	PFC2018-0554	That with respect to PFC2018-0554, the following Motion arising be adopted:  That Council direct the Ethics Advisor to investigate how to enhance reporter protection, including but not limited Councillors staff and Report back to the Priorities and Finance Committee no later than Q4 2018.	2018 Q4
BUSINESS TAX CONSOLIDATION – 2018 ANNUAL STATUS REPORT	2018 May 28	PFC2018-0190	That with respect to Report PFC2018-0190, the following be adopted: That Council:  1. Direct Administration to bring:  (a) A 2019 status update report to the Priorities and Finance Committee in 2019 May; and  (b) A final report on Business Tax Consolidation (BTC) to the Priorities and Finance Committee in 2019 July.	2019 May  2019 July
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



## Status of Outstanding Items for the Priorities and Finance Committee

## ATTACHMENT

As at 2019 January 11

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
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
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