



## REVISED AGENDA

### PRIORITIES AND FINANCE COMMITTEE

May 14, 2019, 9:30 AM  
IN THE COUNCIL CHAMBER  
Members

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

1. CALL TO ORDER
2. OPENING REMARKS
3. CONFIRMATION OF AGENDA
4. CONFIRMATION OF MINUTES
  - 4.1 Minutes of the Regular Meeting of the Priorities and Finance Committee, 2019 April 02
5. POSTPONED REPORTS  
*(including related/supplemental reports)*
  - 5.1 Establishment of Working Group, With Respect To Report C2019-0352, Downtown Tax Shift Response (Recommendation 10, Only)- PFC2019-0451  
To be dealt with concurrent with Agenda Items 6.4 and 6.5
6. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES
  - 6.1 Economic Strategy Update, PFC2019-0604

NEW MATERIAL AVAILABLE

  - 6.2 Streamlining the Cost of Municipal Government, PFC2019-0550

**NEW MATERIAL AVAILABLE as of MAY 13 for Item 6.3 PFC2019-0585**

- 6.3 Prioritizing Next Steps to Streamline the Cost of Municipal Government, PFC2019-0585

**NEW MATERIAL AVAILABLE as of MAY 13 for Item 6.4 PFC2019-0590**

- 6.4 Small Business Resiliency Grant Program- PFC2019-0590  
*Attachment 7 held confidential pursuant to Section 27 (Privileged information) of FOIP*
- 6.5 Administration Response to a Motion Arising on Residential Property Tax Rebates, PFC2019-0640
- 6.6 Business Tax Consolidation – 2019 Annual Status Update and Final Report, PFC2019-0595
- 6.7 Social Procurement Update, PFC2019-0384
- 6.8 Assessment and Tax Circumstances Report, PFC2019-0295
- 6.9 2018 Year-end Capital and Operating Budget Revisions Report, PFC2019-0390
- 6.10 Amendment to Bylaws and New Interim Loan to Calgary Municipal Land Corporation, PFC2019-0600  
*Attachment 4 held confidential pursuant to Section 21 (Disclosure harmful to intergovernmental relations) of FOIP*
- 6.11 Status of Outstanding Motions and Directions, PFC2019-0597

7. **ITEMS DIRECTLY TO COMMITTEE**

- 7.1 REFERRED REPORTS  
None
- 7.2 NOTICE(S) OF MOTION  
None

8. **URGENT BUSINESS**

9. **CONFIDENTIAL ITEMS**

- 9.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES  
None
- 9.2 URGENT BUSINESS
- 9.3 CONFIDENTIAL ATTACHMENTS ONLY
- 9.3.1 Attachment 7 to Report PFC2019-0590, Small Business Resiliency Grant Program  
*Held confidential pursuant to Section 27 (Privileged information) of FOIP*

- 9.3.2 Attachment 4 to Report PFC2019-0600, Amendment to Bylaws and New Interim Loan to Calgary Municipal Land Corporation

**Review after two years**

*Held confidential pursuant to Section 21 (Disclosure harmful to intergovernmental relations) of FOIP*

10. ADJOURNMENT

Members of Council may participate remotely, if required.







## MINUTES

### PRIORITIES AND FINANCE COMMITTEE

**April 2, 2019, 9:30 AM  
IN THE COUNCIL CHAMBER**

**PRESENT:**

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

**ALSO PRESENT:**

Acting Chief Financial Officer C. Male  
Acting City Clerk J. Dubetz  
Legislative Advisor L. Gibb

**1. CALL TO ORDER**

Councillor Chu called the meeting to order at 9:30 a.m.

**2. OPENING REMARKS**

No opening remarks were provided at today's meeting.

Mayor Nenshi assumed the Chair at 9:31 a.m. and Councillor Chu assumed his regular seat at Committee.

**3. CONFIRMATION OF AGENDA**

Copies of the following documents were distributed with respect to today's Agenda:

- A Revised Agenda page
- Referred Report PFC2019-0451.

**Moved by** Councillor Sutherland

That the Revised Agenda for the 2019 April 02 Regular Meeting of the Priorities and Finance Committee be confirmed.

**MOTION CARRIED**

4. CONFIRMATION OF MINUTES

4.1 Minutes of the Regular Meeting of the Priorities and Finance Committee, 2019 March 5

A clerical correction was noted to the Unconfirmed Minutes, on page 6 of 11, under Agenda Item 6.8, deleting the words "That the Priority and Finance Committee", and replacing with the words "That the Priorities and Finance Committee".

**Moved by** Councillor Chu

That the Minutes of the Regular Meeting of the Priorities and Finance Committee, held on 2019 March 05, be confirmed **as corrected**.

**MOTION CARRIED**

5. POSTPONED REPORTS

None

6. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

6.1 The CPS Service Optimization Review and Use of Force Report, PFC2019-0361

A clerical correction was requested to Report PFC2019-0361, on page 3 of 4, in the sentence immediately following the first 4 bullets, by deleting the word "their" following the words "that relate to Use of Force", and by replacing with the word "there".

**Moved by** Councillor Sutherland

That with respect to **Corrected** Report PFC2019-0361, the following be approved, **after amendment**:

That the Priorities and Finance Committee receive this report and recommend to Council to approve the use of **up to** \$4 million of the Court Fine Revenue Operating Reserve funds for the below two initiatives. These funds will be used for temporary staffing and external consultants where required.

- The CPS Service Optimization Review that is aligned to the principles of the Zero-based Review process at the City of Calgary.
- The response to the Independent Review of Police Use of Force.

**MOTION CARRIED**

6.2 Four-Year Election Program, PFC2019-0394

**Moved by** Councillor Colley-Urquhart

That with respect to Report PFC2019-0394, the following be approved:

That the Priorities and Finance Committee:

1. Receive this report for information; and
2. Recommend that Council accept this report for information.

**MOTION CARRIED**

6.3 Update on Foundational Research for Notice of Motion C2019-0073, PFC2019-0302

With respect to Report PFC2019-0302, a Powerpoint presentation was distributed entitled "Update on Foundational Research for Notice of Motion C20190073, PFC2019-0302," dated 2019 April 02.

**Moved by** Councillor Gondek

That with respect to Report PFC2019-0302, the following be approved:

That the Priorities and Finance Committee recommend that Council:

1. Direct Administration to examine the options presented in Table 2 of Attachment 6 in place of those specified in motion C2019-0073; and
2. Defer the report back to the Priorities & Finance Committee from 2019 Q2 to 2019 July 02.

**MOTION CARRIED**

6.4 Amendments to the Procedure Bylaw, PFC2019-0231

**Moved by** Councillor Farkas

That Report PFC2019-0231, Amendments to the Procedure Bylaw, be referred to Administration for further consultation with Members of Council, to return to the 2019 June 04 Regular Meeting of the Priorities and Finance Committee.

**MOTION CARRIED**

By general consent, Item 6.5, Report PFC2019-0160 was postponed, to be heard as the last item on today's agenda.

6.5 Policy Review Project, PFC2019-0160

**Moved by** Councillor Demong

That with respect to Report PFC2019-0160, the following be approved:

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

**MOTION CARRIED**

6.6 Amendment of Council Policies: Multi-Year Business Planning and Budgeting Policy CFO004, Budgeting Reporting Policies CFO006 and Transparency and Accountability Policy CC039, PFC2019-0401

**Moved by** Councillor Chu

That with respect to Report PFC2019-0401, the following be approved:

That the Priorities and Finance Committee recommends that Council approve the following:

1. Multi-Year Business Planning and Budgeting Policy CFO004, as revised, contained in Attachment 1;
2. Budget Reporting Policies CFO006, as revised, contained in Attachment 3; and
3. Transparency and Accountability Policy CC039, as revised, contained in Attachment 5.

**MOTION CARRIED**

6.7 Proposed Approach to Council Innovation Fund Update, PFC2019-0381

The Priorities and Finance Committee recessed at 12:02 p.m. and reconvened at 1:03 p.m. with Mayor Nenshi in the Chair.

**Moved by** Councillor Colley-Urquhart

That with respect to Report PFC2019-0381, the following be approved:

That the Priorities and Finance Committee recommends that Council:

1. Approve the proposed amendments to the Terms of Reference for the Council Innovation Fund (**Attachment 2**), after amendment as follows:

**On page 1 of 2, in the Innovation Definition, by deleting the word “Interactions” following the words “products, processes or social”, and by replacing it with the word “interaction”;**

**On page 1 of 2, in Guideline 3 a), by adding the words “or prepared and sponsored by a member of Council”, following the words “must be sponsored by a member of Council”; and**

2. Approve a new Council Community Fund with corresponding Terms of Reference (**Attachment 3**), after amendment as follows:

**On page 1 of 2, in the Community-based Definition by deleting the definition entirely and by replacing it with “A project that is organized locally, takes place locally and benefits the local community.” ;**

**On page 1 of 2, in Guideline 3 a), by adding the words “or prepared and sponsored by a member of Council”, following the words “must be sponsored by a member of Council”; and**

3. Transfer **20%** from the Council Innovation Fund to the Council Community Fund.

**MOTION CARRIED**

6.8 Status of Outstanding Motions and Directions, PFC2019-0407

**Moved by** Councillor Keating

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

**MOTION CARRIED**

7. ITEMS DIRECTLY TO COMMITTEE

7.1 REFERRED REPORTS

- 7.1.1 Establishment of Working Group, With Respect To Report C2019-0352, Downtown Tax Shift Response (Recommendation 10, Only)- PFC2019-0451

**Moved by** Councillor Gondek

That the Priorities and Finance Committee postpone Report PFC2019-0451 to the 2019 May 14 Regular Meeting of the Priorities and Finance Committee.

**MOTION CARRIED**

7.2 NOTICE(S) OF MOTION

None

8. URGENT BUSINESS

None

9. CONFIDENTIAL ITEMS

**Moved by** Councillor Keating

That pursuant to Sections 17 (disclosure to personal privacy) and 24 (advice from officials) of the *Freedom of Information and Protection of Privacy Act*, the Priorities and Finance Committee move into Closed Meeting, at 1:09 p.m., in the Council Lounge, to consider the following items:

- 9.1.1 (Referred) January 28 Strategic Meeting of Council – Annual Planning Session What We Heard Report, (C2019-0190), PFC2019-0413
- 9.1.2 Supplemental Report to January 28 Strategic Meeting of Council- Annual Planning Session What We Heard Report, PFC2019-0369
- 9.2.1 Personnel Matter (Verbal), PFC2019-0459.

**MOTION CARRIED**

The Priorities and Finance Committee reconvened in a public meeting at 2:50 p.m. with Mayor Nenshi in the Chair.

**Moved by** Councillor Gondek

That the Priorities and Finance Committee rise and report.

**MOTION CARRIED**

9.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

- 9.1.1 (Referred) January 28 Strategic Meeting of Council – Annual Planning Session What We Heard Report, (C2019-0190) , PFC2019-0413

Administration in attendance during the Closed Meeting discussions with respect to Report PFC2019-0413:

Clerk: L. Kennedy. Advice: G. Cole, B. Stevens, C. Male. Observers: K. Cote, J. Clarke, C. Stewart.

**Moved by** Councillor Gondek

That with respect to Verbal Report PFC2019-0413, the following be approved:

That the Priorities and Finance Committee recommend that Council:

1. Direct that the distribution and closed meeting discussions remain confidential pursuant to Section 24 (advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

**MOTION CARRIED**

9.1.2 Supplemental Report to January 28 Strategic Meeting of Council- Annual Planning Session What We Heard Report, PFC2019-0369

Administration in attendance during the Closed Meeting discussions with respect to Report PFC2019-0369:

Clerk: L. Kennedy. Advice: G. Cole, B. Stevens, C. Male. Observers: K. Cote, J. Clarke, C. Stewart.

**Moved by** Councillor Gondek

That the Priorities and Finance Committee recommend that Council:

1. Direct the Intergovernmental & Corporate Strategy division to implement the changes to Strategic Meetings of Council proposed in Attachment 1;

2. Approve the proposed agenda for the 2019 Strategic Meetings of Council contained in Attachment 2;

3. Direct Administration to use the Immediate Strategic Priorities and Common Ground – Decision Making Criteria contained in Report C2019-0190, to use as inputs into service planning (including adjustments), service improvement and performance reporting; and

4. Direct that this report and Attachments 1-4 remain confidential pursuant to Sections 17 (disclosure harmful to personal privacy) and 23 (local public body confidence) of the *Freedom of Information and Protection of Privacy Act*, until a Council decision is made.

**MOTION CARRIED**

9.2 URGENT BUSINESS

9.2.1 Personnel Matter (Verbal), PFC2019-0459

Administration in attendance during the Closed Meeting discussions with respect to verbal Report PFC2019-0459:

Clerk: L. Kennedy. Advice: L. Shikaze, M. LaVallee, M. Brundsen.

**Moved by** Councillor Colley-Urquhart

That with respect to Report PFC2019-0459, the following be approved:

That the closed meeting discussions remain confidential pursuant to Sections 17 (Disclosure to personal privacy) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

**MOTION CARRIED**

10. ADJOURNMENT

**Moved by** Councillor Demong

ADJOURN, that this meeting adjourn at 3:00 p.m.

**MOTION CARRIED**

The following items have been forwarded to the 2019 April 29 Combined Meeting of Council:

Consent:

- The CPS Service Optimization Review and Use of Force Report, PFC2019-0361
- Four-Year Election Program, PFC2019-0394
- Update on Foundational Research for Notice of Motion C2019-0073, PFC2019-0302
- Policy Review Project, PFC2019-0160
- Amendment of Council Policies: Multi-Year Business Planning and Budgeting Policy, CFO004, Budgeting Reporting Policies CFO006 and Transparency and Accountability Policy, CC039, PFC2019-0401
- Proposed Approach to Council Innovation Fund Update, PFC2019-0381

Closed Meeting:

- (Referred) January 28 Strategic Meeting of Council – Annual Planning Session what We Heard Report, PFC2019-0413

The next Regular Meeting of the Priorities and Finance Committee is scheduled to be held on 2019 May 14.

CONFIRMED BY COMMITTEE ON

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CHAIR

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ACTING CITY CLERK





POSTPONED REPORT

Establishment of Working Group, With Respect to Report C2019-0352, Downtown Tax Shift Response (Recommendation 10, Only), PFC2019-0451

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**BACKGROUND:**

On 2019 April 1, Council considered and adopted recommendations associated with Report C2019-0352 Downtown Tax Shift Response. However Recommendation 10 only contained in that report was referred to the Priorities and Finance Committee for consideration. The Priorities and Finance Committee postponed considering the item from 2019 April 2 to May 14.

Excerpt from the Minutes of the Priorities and Finance Committee, held 2019 April 02:

**"Moved by** Councillor Gondek

That the Priorities and Finance Committee postpone Report PFC2019-0451 to the 2019 May 14 Regular Meeting of the Priorities and Finance Committee.

**MOTION CARRIED"**

Excerpt from the Minutes of the Strategic Meeting of Council, held 2019 April 01:

**"Moved by** Mayor Nenshi  
**Seconded by** Councillor Davison

That with respect to Report C2019-0352, Downtown Tax Shift Response, Recommendation 10, as follows, be referred to the 2019 April 02 Regular Meeting of the Priorities and Finance Committee:

- "10. Establish a working group of the Priorities and Finance Committee to steward the work and report back to Council with updates on an as needed basis."

**MOTION CARRIED"**

**ATTACHMENTS TO THIS BACKGROUND DOCUMENT:**

1. None



**Community Services Report to  
Priorities and Finance Committee  
2019 May 14**

**ISC: UNRESTRICTED  
PFC2019-0604**

**Economic Strategy Update**

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**EXECUTIVE SUMMARY**

In 2018, Council approved *Calgary in the New Economy: An economic strategy for Calgary* (the refreshed Strategy), an update of *Building on our Energy: an Economic Strategy for Calgary* that was originally approved in 2014. The refreshed Strategy, stewarded by Calgary Economic Development Ltd., is a roadmap that guides collaborative economic development activities in Calgary across government, industry and educational institutions, and establishes shared priorities. To build on the collective action and momentum of the refresh process and improve collaboration and integration of actions between The City, community, and Calgary Economic Development, the Leadership and Implementation Team was reconvened with enhanced representation from the private sector and stakeholders. Four area of focus Leadership Teams were established to lead Talent, Innovation, Place, and Business Friendly. This report provides an update on implementation of the refreshed Strategy since the last progress report to the Priorities and Finance Committee in 2018 June. Attachment 2 to this report from Calgary Economic Development provide detailed updates on the activities and results within each of the four areas of focus.

**ADMINISTRATION RECOMMENDATION:**

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

**PREVIOUS COUNCIL DIRECTION / POLICY**

On 2018 June 25 Council approved the Priority and Finance Committee's recommendation in PFC2018-0668 10 Year Economic Update and Refresh as follows: That Council approve *Calgary in the New Economy: An Update to the Economic Strategy for Calgary*.

See additional Previous Council Direction in Attachment 1.

**BACKGROUND**

*Calgary in the New Economy: An updated economic strategy for Calgary* (the refreshed Strategy) was approved by Council in 2018 June as an update to *Building on our Energy: an Economic Strategy for Calgary* that was developed in 2013 and approved in 2014. Since 2014, global and local economic conditions had shifted, and the refreshed Strategy focused on new opportunities for Calgary to grow and diversify. Calgary Economic Development stewards the refreshed Strategy and it is a road map that brings together Calgary's community and business leaders, entrepreneurs, innovators, partners, including The City's Civic Partners and The City to collectively establish and build Calgary's core strengths and shared priorities. The goal of the strategy is that "Calgary is the city of choice in Canada for the world's best entrepreneurs. We embrace innovation and create solutions to meet the world's needs in food, health, energy and transportation."

The refreshed Strategy is structured into four areas of focus that simplify and streamline the six energies in the previous version of the strategy: Talent, Innovation, Place, and Business Environment. To build on the momentum and energy of the refresh process' stakeholder engagement, four area of focus Leadership Teams were established to lead collaborative,

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## **Economic Strategy Update**

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cross-sector work within the four areas. Representatives from leading organizations including The City, Civic Partners, post-secondary and education institutions, not for profit agencies and the provincial and federal governments sit on these teams. A renewed Leadership and Implementation Team provides guidance for implementation of the refreshed Strategy and includes the chairs of each of the teams and increased private sector participation.

Success of the refreshed Strategy is based on cross-sector collaboration and participation and the teams take an active role in identifying priorities for their specific area of focus and setting performance measures to track results.

### **Economic Conditions**

While Calgary saw a slight increase in the pace of growth in 2017, growth slowed to the national average in 2018. GDP rose to \$115.7 billion in 2018, close to the \$116.5 billion reached in 2014 before the downturn. Given the challenging economic conditions, significant community, City and partner energy continued to focus on implementing the Strategy and improving how resources, and expertise could be leveraged to strengthen and diversify the local economy.

## **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

Priorities since the refreshed Strategy was approved by Council include restructuring and reconstituting the Implementation and Leadership Team, creating areas of focus teams, identifying priorities, identifying potential “quick wins”, gaining support of stakeholders in championing the refreshed Strategy, establishing an implementation plan, and identifying resourcing.

Collaboration has continued to be a driving theme for implementation. Across the community and within The City, there are a variety of ongoing strategies, plans and initiatives that align and compliment the refreshed Strategy. The refresh process highlighted opportunities for increased alignment of this work, and efforts to align have continued into 2019. The following are just a few examples of how The City is working alongside Calgary Economic Development and other key stakeholders engaged in economic development to better align and leverage each other's work:

- Collaboration to develop and implement a **Downtown Strategy for Calgary**, with an initial presentation to City Council on 2019 April 1 (C2019-0415), with a focus on how The City works alongside Calgary Economic Development, the Calgary Municipal Land Corporation and other key partners in this work.
- Work underway on a **resilience strategy for Calgary** is leveraging *Calgary in the New Economy* and The City's Resilience team worked alongside Calgary Economic Development to develop the economic component of the strategy and align it with the Strategy's four areas of focus: Talent, Place, Innovation, and Business Environment.
- ***Enough for All*** is a City and United Way funded poverty reduction strategy stewarded by Vibrant Communities Calgary (VCC) with support from Momentum. To reflect how Calgary's economic environment has changed since it was first accepted by Council in 2013 May, *Enough for All* was refreshed in 2018. Given the connection between the economic strategy and poverty reduction, VCC and Calgary Economic Development

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## **Economic Strategy Update**

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participated on each other's refresh committees to leverage each other's knowledge, and increase alignment.

- To update the **Centre City Plan** Administration is working alongside key stakeholders including Calgary Economic Development, Calgary Arts Development Authority and other Civic Partners that support economic development, arts and culture, and vibrancy in the downtown core to align the update of the plan with the refreshed economic strategy, and other Civic Partner strategies.

The research undertaken to refresh the Strategy in 2018 has continued in 2019 to further understand the clusters of industries that are Calgary's best opportunities for growth. Activities within the four areas of focus prioritize seven industry clusters where Calgary has strength: energy, agribusiness, transportation and logistics, tourism, creative industries, life sciences, and financial services. Research also indicated that Calgary had opportunities related to digitization of all industries through artificial intelligence and adjacent advanced technologies.

The launch of the Council approved \$100 million Opportunity Calgary Investment Fund (OCIF) supports implementation of the refreshed Strategy. Alignment with the refreshed Strategy is built into the criteria for investment. In 2018, Opportunity Calgary Investment Fund Ltd. was established as a wholly owned subsidiary of The City, and administrative support is provided by Calgary Economic Development through a Service Agreement. As of Q1 2019, OCIF's Board of Directors had announced three projects for a total combined investment of \$14.5 million.

### **Progress to date**

As part of the refresh process, Calgary Economic Development has revisited and adjusted the Leadership and Implementation Team structure. Current priorities of the Leadership Implementation Team include being a champion for the refreshed Strategy, and supporting talent attraction efforts.

Calgary Economic Development build on the energy and engagement of the refresh process and created four areas of focus Leadership Teams for Talent, Innovation, Place, and Business Environment. Once struck, each of the four teams had the opportunity to define their priorities, performance measures, and quick wins. These grassroots priorities are being used to develop a full implementation plan for the refreshed Strategy and Calgary Economic Development will integrate the performance measures for the four areas into a single metrics scorecard.

Collective strategy highlights from each of the four areas of focus are included below. Calgary Economic Development's organization-specific results for 2018 are also included in CPS2018-0538 *2018 Civic Partner Annual Report*. A detailed summary of implementation results since 2018 June from Calgary Economic Development are included in Attachment 2.

### **Area of Focus: Talent - *Calgary is Canada's destination for talent***

Talent Leadership Team chairs: Dr. Ed McCauley, President, University of Calgary; Dr. David Ross President, SAIT; and Dr. Greg Bass, CEO, Calgary Academy.

*Snapshot of current state:* Measures proposed to date identify that Calgary's unemployment rate has remained unchanged since 2018 June, employment in technology fields increased to a ten year high in 2017, and net migration of people aged 20 to 39 increased in 2017-2018.

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**Economic Strategy Update**

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*Committee defined objectives:*

- Increase community understanding of the Calgary labour market.
- Create and deploy development pathways to in demand skills.
- Strengthen linkages between post-secondary and young technology firms.
- Enhance experiential learning programs across the community.
- Advocate for Calgary in provincial and federal programs and funding allocations.
- Leverage funds and seek co-investment to achieve community goals.

**Area of Focus: Innovation - *Calgary is Canada's leading B2B Innovation Ecosystem***

Innovation Leadership Team chairs: Terry Rock, President and CEO, Platform Calgary (Calgary Technologies Inc.); Judy Fairburn, Creative Destruction Labs Director, Co-Founder Evok Innovations

*Snapshot of current state:* Startup Genome estimated there are 150-250 startups in Calgary compared the global average of 1010 in surveyed communities. In 2018, there was \$120 million in venture capital deals in Calgary.

*Committee defined objectives:*

- Tell Calgary's technology story.
- Address technology challenges of large enterprises.
- Facilitate early adoption of local technology by large enterprises.
- Strengthen connectivity between service delivery agencies.
- Establish Calgary as the place where businesses can transform.
- Enhance access to talent and experiential learning programs (Talent crossover).
- Advocate for Calgary in provincial and federal programs and funding allocations.

**Area of Focus: Place - *Calgary is Canada's most liveable city.***

Place Leadership Team chair: Michael Brown, President and CEO, Calgary Municipal Land Corporation

*Snapshot of current state:* In 2018, 83 per cent of Calgarians agree that Calgary is a great place to make a life. The 2018 Civic Census recorded 43,492 people living in the Centre City.

*Committee defined objectives:*

- Increase vibrancy and sense of pride in the downtown.
- Spur investment in the downtown.
- Include diverse voices in developing and deploying actions and initiatives.

**Area of Focus: Business Environment**

Business Environment Team chair: Stuart Dalglish, General Manager, Planning and Development, The City of Calgary

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## **Economic Strategy Update**

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Led by The City in collaboration with Calgary Economic Development and other key stakeholders, this pillar's priorities were informed by the research undertaken during the Strategy refresh process, and results of City Business Perspectives research.

*Committee defined objectives:*

- **Service:** To ensure The City is providing a customer service experience that supports and helps business navigate through each and all services, there must be an open and ongoing dialogue with the business community.
- **Value:** Service alignment with policy goals, service cost and collaboration with the business community to equip them with information, resources and dedicated support programs to strengthen their resilience and contribute to business continuity
- **Innovation:** The City will and must continue to be innovative in ways in which we serve businesses, meeting current, and being prepared for, emerging needs.

Full details about the refreshed Strategy's timelines, governance are included in Attachment 2, along with performance measures, activities and results for each of the four areas of focus (Talent, Innovation, Place, and Business Friendly).

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

The revised area of focus Leadership Team structure and refreshed Leadership Implementation Team engages a broad range of business leaders, community leaders, entrepreneurs, innovators, members of the provincial government, and members of Administration. This collaborative approach helps support and encourage alignment and leveraging strategies, plans and activities.

### **Strategic Alignment**

The refreshed Strategy closely aligns with Council Directives for *One Calgary 2019-2022*; the Calgary resiliency strategy and forthcoming *Downtown Strategy*, both currently under development; Capital Infrastructure Investment Principles; *Good Movement Strategy*; Recreation Master Plan; the Municipal Development Plan; *Corporate Industrial Land Strategy*; imagineCALGARY; Centre City Plan; the *Cultural Plan for Calgary*; *Foundations for Home: Calgary's Corporate Affordable Housing Strategy*; *Enough for All* poverty reduction strategy; and the Calgary Metropolitan Region Board.

It also aligns with related Civic Partner strategies including Tourism Calgary's *Destination Strategy*, Calgary Arts Development Authority strategy *Living a Creative Life*, and The Calgary Convention Centre Authority's work on establishing a Convention Centre District.

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

The refreshed Strategy is a key method of delivering Council Directives for *One Calgary 2019-2022*, in particular those related to a Prosperous City and is aligned with the Economic Development and Tourism Line of Service.

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## **Economic Strategy Update**

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One of the core values of the refreshed Strategy is inclusivity noting a vision of community where Calgary is safe and diverse, our community values individual contributions, and there is a shared sense of ownership in decision making and implementing initiatives. Inclusivity and diversity of different populations is built into a number of the areas of focus, most notably Talent and Place.

### **Financial Capacity**

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

Through One Calgary, Calgary Economic Development was allocated the following operating funding for its core work, including implementation of the refreshed Strategy: 2019: \$10.1 million, 2020: 10.3 million; 2021: \$10.3 million and for 2022, \$10.3 million.

In 2017 and 2018, Council approved \$100 million be allocated to the Opportunity Calgary Investment Fund, and approved the establishment of a new City of Calgary wholly owned subsidiary, Opportunity Calgary Investment Fund Ltd., to manage the Opportunity Calgary Investment Fund. As of Q1 2018, funding for three initiatives has been announced worth a total of \$14.5 million.

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

There are no capital budget impacts from this report.

### **Risk Assessment**

Calgary Economic Development Ltd, a City of Calgary wholly owned subsidiary and Civic Partner, stewards the refreshed Strategy. As stewards, they are responsible for implementation and identifying and mitigating and risks related to this work, including assessing the capacity of partners to deliver on actions identified in the Strategy. A new implementation plan for the refreshed Strategy is under development.

In terms of managing overall risk, Calgary Economic Development has an Enterprise Risk Matrix that identifies risk facing its operations and mitigation strategies. Implementation of the refreshed Strategy is included on Calgary Economic Development's corporate balanced scorecard that is monitored by the board of directors.

The City's exposure to risk related to Calgary Economic Development as a City of Calgary partner is also identified, tracked, and mitigated through existing controls under The City of Calgary's Principle Corporate Risk program (Partnership Risk) and the Service Risk Register for the Economic Development and Tourism Line of Service. Mitigation includes Calgary Economic Development participation in the accountability framework for Civic Partners that includes an annual financial review and inclusion in the Civic Partner Audit Report, and reporting to the Standing Policy Committee on Community and Protective Services as part of the Civic Partner Annual Report.



Community Services Report to  
Priorities and Finance Committee  
2019 May 14

ISC: UNRESTRICTED  
PFC2019-0604

## **Economic Strategy Update**

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

Since *Calgary in the New Economy* was approved in 2018 June, Calgary's collective efforts to strengthen and diversify our economy, and address challenges and emerging opportunities have increased through a new level of collaboration and leveraging of activities, priority setting and resources.

### **ATTACHMENT(S)**

Attachment 1: Previous Council Direction

Attachment 2: Calgary in the New Economy Progress Report



### **Previous Council Direction**

On 2018 March 19 Council adopted recommendations in PFC2018-0187 as follows: 1. Approve the creation of a new non-profit Wholly Owned Subsidiary of The City of Calgary to govern the Economic Development Investment Fund (EDIF); 2. Subject to the approval of Recommendation 1, and the holding of a shareholder meeting: a. Endorse the Mayor to serve as an ex-officio member on the board of directors of the Wholly Owned Subsidiary; and b. Endorse the current Council appointment to the Calgary Economic Development Ltd. board of directors (currently Councillor Jeff Davison) as an ex-officio member on the board of directors of the Wholly Owned Subsidiary. 3. Receive the biographies of the proposed EDIF Governance Board members for information; 4. Approve the EDIF Terms of Reference; 5. Approve the EDIF Reserve Terms and Conditions; 6. Approve the EDIF funding approval levels and decision-making authority as follows: a. Up to \$10 million, EDIF Wholly Owned Subsidiary; b. Greater than \$10 million, Priorities & Finance Committee and Council; and 7. As part of the proposed reporting process for the Wholly Owned Subsidiary, direct Administration to work with the EDIF Wholly Owned Subsidiary to bring a report to the Priorities & Finance Committee that reviews the pilot EDIF governance structure no later than 2019-Q2.

On 2017 June 19 Council approved recommendations in C2017-0370 Economic Development Investment Fund as follows: That Council 1. Approve the creation of an Economic Development Investment Fund (EDIF); 2. Approve the conceptual scope and criteria for the EDIF; 3. Approve the intake model and governance structure of the EDIF; 4. Approve \$10 million from the Fiscal Stability Reserve (FSR) to initiate the short-term start-up of the EDIF; and Direct Administration to return to Council during the 2018 budget deliberations process in November 2017 to present terms of reference, and identify the long-term recommended value and funding sources of the EDIF.

On 2017 May 29 Council approved the Priorities and Finance Committee's recommendations in PFC2017-0472 10 Year Economic Strategy Update as follows: That Council receive this report for information.

On 2017 April 10 Council approved recommendations in PFC2017-0298 Community Economic Resiliency Fund-Innovation Funding as follows: 1. Receive this report for information. 2. Approve the release of \$325 thousand from the Community Economic Resiliency Fund to Calgary Economic Development for the pilot detailed in this report [Startup Calgary]; and 3. Request that Calgary Economic Development include evaluation results for the first year of the three-year pilot as part of the annual report on implementation of the 10 Year Economic Strategy by 2018 May.

On 2016 June 13, Council approved the Priorities and Finance Committee's recommendation in PFC2016-0396 10 Year Economic Strategy Update as follows: That Council receive this report for information.

On 2016 June 13, Council approved the Priorities and Finance Committee's recommendation in PFC2016-0396 10 Year Economic Strategy Update be adopted as follows: That Council receive this report for information.

On 2016 February 22, Council approved that Administration's recommendations in C2016-0176 be adopted, as follows: That Council 1. Receive this report for information; and 2. Direct Calgary Economic Development to report back with Innovate Calgary and Administration to the Priorities and Finance Committee with a plan to develop an Innovation Framework for Calgary for approval no later than 2016 May prior to release of \$325 thousand of the \$7 million referenced in recommendation 1 of PFC2016-0081.

On 2016 February 2, the Priorities and Finance Committee adopted Administration recommendation 1 contained in PFC2016-0081 be approved, as follows: That the Priorities and Finance Committee recommend that Council: 1. Approve a one-time increase to operating budget program 449 - Calgary Economic Development by \$7 million from the Community Economic Resiliency Fund to carry out the initiatives detailed in Attachment 1 and direct Calgary Economic Development to report back on the use of the funds through their 10-Year Economic Strategy updates to the Priorities and Finance Committee; and that Administration Recommendation 4 contained in Report PFC2016-0081 be approved, as amended, as follows: That the Priorities and Finance Committee recommend that Council: 4. Direct Administration to provide a supplementary report to the 2016 February 22 Meeting of Council containing more information as requested at today's meeting, with respect to Recommendations 1 and 2.

On 2015 December 15, Council approved the 10 Year Economic Strategy Update (PFC2015-0821) and directed Calgary Economic Development to provide an annual report to the Priorities and Finance Committee no later than May each year, commencing 2016 May.

On 2014 November 3, Council adopted Building on our Energy: an Economic Strategy for Calgary including implementation plan, and directed Calgary Economic Development Ltd. to provide an annual report on the Strategy to the Priorities and Finance Committee no later than December, commencing 2015 December (PFC2014-0809).

# Calgary in the New Economy

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**Calgary Economic Development's collaborative energy makes us a conduit, connector, catalyst and storyteller for the city of Calgary.**

*14 MAY 2019 PROGRESS REPORT TO PRIORITIES AND FINANCE COMMITTEE*

PFC2019-0604  
ATTACHMENT 2

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## Executive Summary

*Calgary in the New Economy* is our broad strategy to be the city of choice for the world's best entrepreneurs. We embrace innovation and create solutions to meet the world's greatest needs in seven critical sectors: energy, agribusiness, transportation & logistics, tourism, creative industries, life sciences and financial services.

The momentum built through the stakeholder engagement process for the Economic Strategy *Calgary in the New Economy* has carried over into implementation. Several initiatives in the Economic Strategy required immediate attention. In the almost 12 months since adoption by Council, we restructured and reconstituted the Leadership and Implementation Team (LIT); created Area of Focus Leadership Teams for the four pillars: Innovation, Talent, Place and Business Environment. These teams have identified: priorities, performance measures, resources, "quick wins" and garnered stakeholder support. These stakeholders have committed to be champions for the Economic Strategy, leading its implementation within their organizations and sectors. They recognise and accept *Calgary in the New Economy* as the North Star in a community wide approach to building economic resilience and future prosperity.

The first year of implementation included:

- Leadership and Implementation Team (LIT) accepted the Charter (Appendix A) and was reconstituted; including Area of Focus Leadership Chairs and augmented private sector participation with members of the CEO Roundtable
- Leadership Teams established for each of the four areas of focus (pillars) and initial meetings held by October. Each has established priorities, confirmed measures and set out action items
- Opportunity Calgary Investment Fund decisions are aligned with pillars and key sectors in the Economic Strategy. It was evident in the first three funding announcements: MobSquad (Talent), Attabotics (Innovation, Transportation & Logistics) and Life Science Innovation Hub (Innovation, Life Sciences)
- The Government of Alberta established the Talent Advisory Council on Technology, with funding for 3,000 new tech training seats in post-secondary institutions and allocated 216 of the 400 initial seats in Calgary
- The Government of Canada allocated more than \$800 million to work integrated learning (Talent) and \$100 million to the Clean Resource Innovation Network (Innovation)
- The Calgary Innovation Coalition received \$2.2 million from the Government of Alberta to strengthen our innovation ecosystem

Leadership Teams in each area of focus have established working groups to address their priorities, including:

- Labour force information, talent acceleration and work integrated learning
- Educating Calgarians on business opportunities through adopting digital, coordinating the innovation corridor, advancing large enterprise opportunities through artificial intelligence/machine learning (AI/ML) and facilitating early adoption of local technology by large enterprise



- Enhancing the vibrancy of downtown and promoting downtown as a place to work in the new economy
- As a City, putting the tools and procedures in place to facilitate business and build a living lab

Headline metrics with baselines have been established.

TALENT	INNOVATION	PLACE	BUSINESS ENVIRONMENT
Unemployment Rate: 7.7% (2018) Technology Employment: 42,100 (2017) Net Migration 20-39: 8,950 (2017/18)	Number of Startups in Calgary: 150-250 (2018 estimate) Venture Capital deals: \$126 million (2018)	Great place to make a life: 83% (2018) Downtown population: 43,492 (2018)	Number of businesses in Calgary: 51,042 (Dec 2018)

And there are many success stories to share:

- Additional technology education deployed through community efforts (EvolveU) and the post-secondaries and launching [www.calgaryupskill.ca](http://www.calgaryupskill.ca), an interactive career planning tool
- Robogarden partnered with Calgary Board of Education to bring coding education to Calgary students
- CADA partnered with TRICO Changemaker Studio to launch Artist as Changemaker Program
- UCalgary secured ownership of the University Research Park and, with support from Opportunity Calgary Investment fund, launched the Life Science Innovation Hub
- Ground broken on Platform
- Opportunity Calgary Investment fund invested in ATTAbotics and mobsquad advancing the innovation and talent goals of the strategy
- Homegrown fintech firm Solium Capital sold to Morgan Stanley for \$1.1 billion
- Real estate firms purchase Sunlife Plaza and Stephen Avenue Place as opportunities for revitalization
- Downtown Library opened, and the old library was repurposed as a community hub for School of Architecture
- Hosted 2018 GO Media Canada Conference
- Calgary listed as top place to visit by New York Times
- CADA and Tourism launched Remarkable Experience Accelerator Program
- City of Calgary established both Business Advisory Committee of Council and a Business and Local Economy Team
- Calgary become first metropolitan municipality to initiate a one window online approach for all business permit applications
- Pop-up and interim uses without the need for permit applications was passed city-wide
- 20 companies accessed city infrastructure to test products through the Living Lab initiative

## Introduction

After experiencing a return to GDP growth and the appearance of an economic recovery in 2017, our economy slowed last year to the national average. In 2018, Calgary's GDP was \$115.7 billion, almost level with the \$116.5 billion prior to the downturn and restructuring of the energy sector that began in 2014. Employment improved in 2018 from 838,600 in January to 842,600 in December, but most attention was on a 7.7 per cent unemployment (unchanged), one of the highest among major cities in Canada, and a downtown office vacancy rate that remained in excess of 25 per cent at year-end.

This uncertainty was the backdrop to the update of the Economic Strategy in 2017 and the first half of 2018. The headwinds facing our core oil and gas industry continued and global trade was at the top of the political agenda as Canada concluded NAFTA 2.0 negotiations with the United States and Mexico amid a growing protectionist sentiment. An even greater disruptive force is the technological change that continues alongside Calgary while it gains momentum in the development of new technologies and companies, and adoption of innovative technology in our core industries.

## History

Calgary's first 10-year Economic Strategy *Think big. Act bold. Create great* was launched in 2008 at the peak of one of the longest and largest cycles of growth in the city's history. In 2014, an update *Building on our Energy* was approved by Council with three main goals – purposeful diversification, shared prosperity and strong community. Almost 90 per cent of the tactics in the strategy were under way or completed.

In the second half of 2014, an historic drop in oil prices was the impetus for a structural reform of the industry globally. The inability to build export pipelines in Canada exacerbated the challenges for the sector in Calgary. The industry shed tens of thousands of jobs. Downtown office space, built on the assumption of growth, is more than 25 per cent vacant.

In June 2018, City Council approved the ambitious Economic Strategy, *Calgary in the New Economy*. It was developed over 18 months with input from more than 1,800 Calgarians and remains committed to our city's core values – inclusiveness, entrepreneurship and community spirit. It is built around four pillars of long-term prosperity – Talent, Innovation, Place and Business Environment.

*Calgary is the city of choice in Canada for the world's best entrepreneurs. We embrace innovation and create solutions to meet the world's needs in food, health, energy and transportation.*

In the development of the Economic Strategy, the team was focused on areas that enable economic development. Through these efforts, *Calgary in the New Economy* moves the strategy from the previous six areas of focus to four.

### 2014 strategy covered six areas of focus ("energies")

Global	Leveraging energy expertise to bolster the economy and establish themselves as a global energy hub
Entrepreneurial	Supporting the development of alternate industries to reduce dependency on energy
Innovative	Fostering increased technology and innovation output, through better funding and support services
People	Reducing income inequality and improving employment opportunities for disadvantaged groups
Community	Investing in better infrastructure and facilities to create a vibrant, livable, accessible city
Collaborative	Building better partnerships between the Calgary's many private, NFP, and public organizations



### 2018 strategy has narrowed focus to four key topics



**Talent**

Calgary is Canada's destination for talent



**Place**

Calgary is Canada's most liveable city



**Innovation**

Calgary is Canada's leading B2B innovation ecosystem



**Business environment**

Calgary is Canada's most business friendly city

### Industry Cluster & Disruptive Technologies

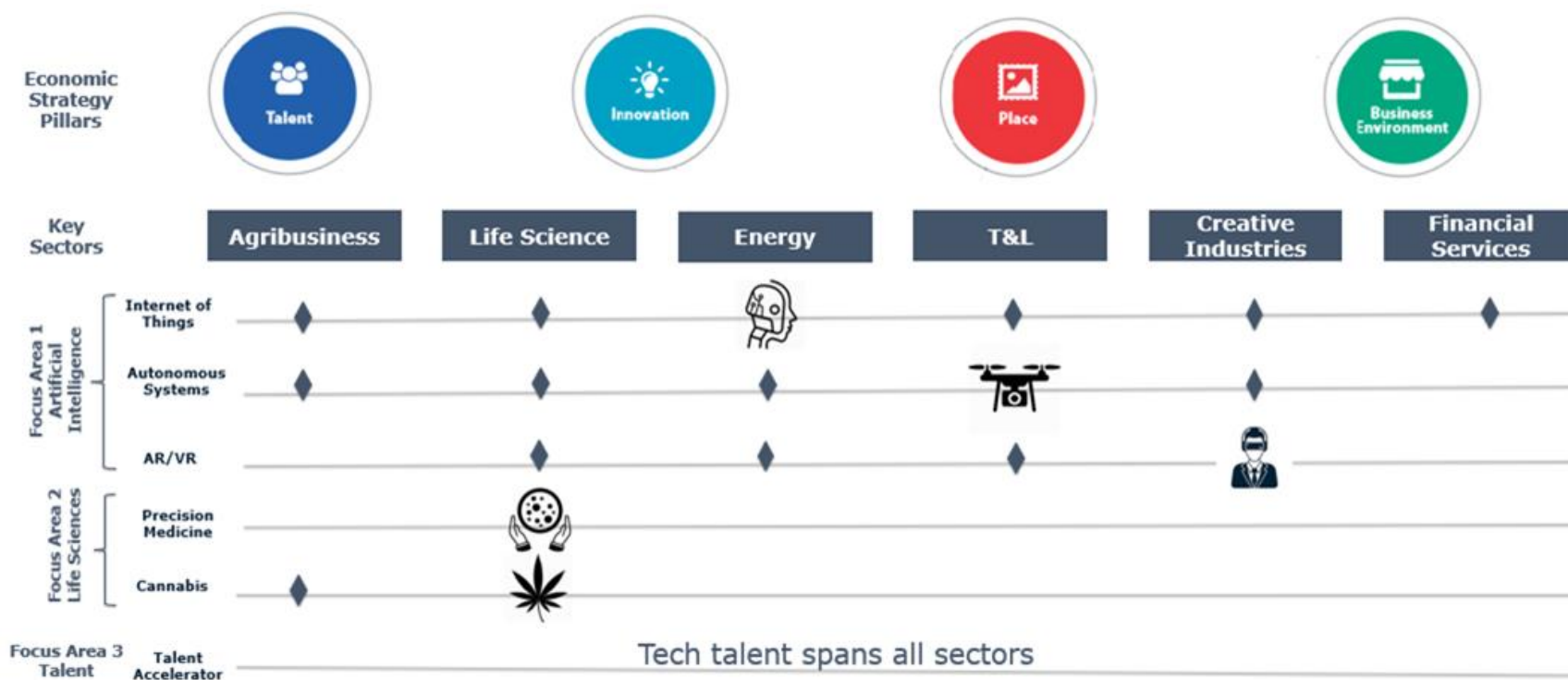
*Calgary in the New Economy* includes a deep dive into Calgary's industries through a cluster analysis. Clusters include interrelated firms and industries characterized by buyer-supplier relationship as well as a skilled workforce and institutions. The energy sector in downtown Calgary is an example of a long-established and highly integrated ecosystem.

Seven industry clusters form the foundation of Calgary’s economy and offer significant opportunities for growth.

- **Energy:** Despite declining employment the cluster remains a significant employer and champion of innovation
- **Agribusiness:** high employment concentration and champion of innovation
- **Transportation and Logistics:** high employment concentration and champion of innovation
- **Tourism:** experiencing growth in visitation and success in sporting events
- **Creative Industries:** strong growth in film and television production as well as hosting music events
- **Life Sciences:** rapid global growth while accounting for half of research spending at University of Calgary
- **Financial Services:** top four market in Canada and Calgary’s second most productive industry (earnings per capita)

Since the adoption of *Calgary in the New Economy* in June 2018, Calgary Economic Development and our community partners have conducted further research to better understand the disruptive technology opportunities, mostly digital, across the seven clusters. These technologies apply to any industry to increase efficiencies and safety.

The following chart represents our understanding of cross-sector opportunities in Calgary. Realizing these opportunities will require revisiting the elements present in the healthy ecosystems in our core industries to ensure they are in place for disruptive technologies. These elements include businesses from startup through scaleup to established companies; talent, research and accelerators; funding; and a supportive regulatory environment.



## Alignment and Engagement

The Economic Strategy provides guidance to the community and all orders of government for long-term planning and collaboration. From the outset, Calgary Economic Development worked closely with The City of Calgary, civic partners and community stakeholders to ensure the Economic Strategy aligned with other initiatives of The City of Calgary. The following strategies are all embedded in *Calgary in the New Economy*:

- Citizen's Priorities
- Resilience Strategy for Calgary
- Capital Infrastructure Investment Principles

- Municipal Development Plan/Transportation Plan
- Goods Movement Strategy and Industrial Land Strategy
- Recreation Master Plan and Open Space Plan
- Downtown Strategy for Calgary and the Centre City Plan
- Culture Plan and Living a Creative Life
- Enough for All and Affordable Housing Strategy
- Destination Strategy
- Calgary Metropolitan Region Board

*Calgary in the New Economy* is a community strategy. Among the hundreds of contributors, more than 80 individuals participate on the Leadership and Implementation Team and in working groups.

## Implementation

After determining implementation by the community would be the most productive approach, Calgary Economic Development, as stewards of the Economic Strategy, supported the convening of Leadership Teams and work them to achieve action. *Calgary in the New Economy* is a framework for guiding the community in their work. This framework presents initiatives in terms of immediate, medium, or longer-term priority.

All initiatives required immediate commencement of activity. However, some take time to gain momentum and strength. Calgary is an action-oriented community. In almost all cases, stakeholders have led the charge and measurable outcomes can be seen in most areas. There is an important role for Calgary Economic Development and stakeholders to be ambassadors of the Economic Strategy. In this way, those not directly associated to the Leadership Teams can initiate actions that lead the community to achieve our overall goals.



## Timelines

In the first 12 months, we committed to restructure and reconstitute the Leadership and Implementation Team, create sub-committees, identify priorities, identify potential “quick wins”, gain support of stakeholders in championing the Economic Strategy, and establish an implementation plan and resourcing.

The first year of implementation saw numerous activities established and underway.

- Leadership Teams for each of the areas of focus (pillars) were established and initial meetings held by October. The four area of focus Leadership Teams all had four meetings in year one
- LIT was reconstituted including chairs of the areas of focus and augmented private sector participation with members of the CEO Roundtable
- Each area of focus Team has identified priorities and created working groups to address the priorities. They are identifying outcomes, milestones and implementation timelines

- Opportunity Calgary Investment Fund decisions are aligned with pillars and key sectors in the Economic Strategy. It was evident in the first three funding announcements: MobSquad (Talent), Attabotics (Innovation, Transportation & Logistics) and Life Science Innovation Hub (Innovation, Life Sciences)
- The Government of Alberta established the Talent Advisory Council on Technology, with funding for 3,000 new tech training seats in post-secondary institutions and allocated 216 of the 400 initial seats in Calgary
- The Government of Canada allocated more than \$800 million to work integrated learning (Talent) and \$100 million to the Clean Resource Innovation Network (Innovation)
- The Calgary Innovation Coalition received increased funding from the Government of Alberta to continue strengthening the innovation ecosystem in Calgary

## Leadership and Implementation Team

The Leadership and Implementation Team is chaired by Adam Waterous and Steve Allan and is comprised of senior leaders from all orders of government, non-profit and private sectors and other key community stakeholders (Appendix B). Key responsibilities include:

- Influence and mobilize stakeholders and resources to support the Economic Strategy
- Identify economic, social or organizational changes that will influence outcomes and impact of the Economic Strategy
- Share and promote the Economic Strategy within their sphere of influence.

The initial meeting for LIT was in December 2018 where the members identified their priorities as champions of the Economic Strategy, supporting communications for it, and supporting talent attraction efforts, as seen in the Charter (Appendix A).

## Measuring Progress

In setting performance metrics, it is important to choose measures that can be measured consistently over time and available for each reporting period. The City of Calgary utilizes Results Based Accountability which distinguishes between the well-being of whole populations (the city of Calgary) and the well-being of client populations (the organizations engaged in implementing *Calgary in the New Economy*).

The Economic Strategy adopted in 2014, measured progress against 14 population-based indicators in three categories: sense of community, purposeful diversification, and shared prosperity. For many indicators, continuing to measure progress is problematic with data not available annually or being discontinued. *Calgary in the New Economy* tracks city wide measures across its four pillars: Talent, Innovation, Place and Business Environment.



The previous strategy reported on core indicators meant to answer, “How are Calgarians better off?”. Now, core indicators will reflect progress in the four areas of focus. In addition, performance indicators will be developed to reflect progress toward key initiatives. Detailed actions will be conveyed through activity reporting and storytelling. The hierarchy of performance indicators are:

TALENT	INNOVATION	PLACE	BUSINESS ENVIRONMENT
Unemployment Rate Technology Employment Net Migration (20-29)	Number of Startups In Calgary Deal Flow/Financing in Calgary	Percentage ranking Calgary Great place to make a life Downtown population	Number of businesses in Calgary
<ul style="list-style-type: none"> <li>• STEM enrollment</li> <li>• #/% Foreign students</li> <li>• K-12 student awareness of STEM</li> <li>• Hires from attraction missions</li> </ul>	<ul style="list-style-type: none"> <li>• Rainforest Score</li> <li>• Funds raised by technology companies</li> <li>• Early adoption arrangements</li> <li>• Emerging Sector companies attracted</li> </ul>	<ul style="list-style-type: none"> <li>• Downtown business count</li> <li>• Occupancy permits</li> <li>• Economic activity from events</li> <li>• Population living under LICO-AT</li> </ul>	<ul style="list-style-type: none"> <li>• % Building permits issued within 21 days</li> <li>• Companies accessing infrastructure through Living Labs</li> </ul>

## Mapping Performance Measures against Resiliency Funding and Building on our Energy

The 2014 economic strategy was structured on six “Energies”, or areas of focus. It provided the framework for a three-year grant to Calgary Economic Development (Resilience Funding) to accelerate implementation, and enhance business development and attraction efforts in energy, transportation and logistics, creative industries, agribusiness, real estate and emerging technologies. Council directed reporting on that funding be included in the Economic Strategy progress report. This reporting was included in Calgary Economic Development’s Civic Partner Report and can be found in Appendix C.

## Area of Focus: Talent

The Talent Leadership Team — co-chaired by Drs. Elizabeth Cannon/Ed McCauley, David Ross and Greg Bass — is comprised of the four largest post-secondary institutions in Calgary, representatives from the secondary school system, Government of Alberta, Western Economic Diversification and the private and non-profit sector. This group is closely connected to Alberta’s Talent Advisory Council on Technology as well as the federal Future Skills Council. Membership of the Talent Leadership Team is in Appendix D. With *Calgary in the New Economy* providing direction, the following objectives have been established:

- Increase community understanding of the Calgary labour market
- Create and deploy development pathways to in demand skills

- Strengthen linkages between post-secondary and young technology firms
- Enhance experiential learning programs across the community
- Advocate for Calgary in provincial and federal programs and funding allocations
- Leverage funds and seek co-investment to achieve community goals

At the time of approval by Council, *Calgary in the New Economy* suggested talent metrics might include unemployment rate, net migration rate for those aged 20 – 29, and number employed in technology fields. Unemployment rate, net migration rate as well as the number employed in technology fields are representative of population-based accountability metrics that are available annually. The Team is considering other possible metrics.

The Performance Accountability Metrics will represent activities in each component of the Talent area of focus.

*CALGARY'S UNEMPLOYMENT RATE REMAINED UNCHANGED AT 7.7 PER CENT FROM JUNE 2018 TO MARCH 2019.*

*EMPLOYMENT IN TECHNOLOGY FIELDS (UTILIZING CBRE SCORING CANADIAN TECH TALENT) DECLINED FROM 40,300 IN 2015 TO 36,500 IN 2016 BEFORE INCREASING TO REACH A TEN-YEAR HIGH TO 42,100 IN 2017.*

*NET MIGRATION AGED 20-39 (ESTIMATED EACH YEAR JULY 1) INCREASED FROM 5,816 IN 2016/17 TO 8,950 IN 2017/18. THIS IS FAR BELOW THE PEAK OF 13,355 REACHED IN 2013/14. DURING THIS TIME INTERNATIONAL MIGRATION HAS REMAINED CONSISTENT WHILE INTERPROVINCIAL MIGRATION DECLINED BY -765 IN 2016/17 AND RECOVERED TO 903 IN 2017/18.*

## Create Canada's Largest Talent Accelerator

<b>How much did we do? (Activities)</b>	<b>How well did we do it? (Outcomes)</b>
<ul style="list-style-type: none"> <li>• SAIT, Bow Valley College and UCalgary all developed new digital diploma, degree and post-graduate certificate programs to meet employer needs</li> <li>• Community and private sector programs expanded or launched in 2018 include EvolveU, Robogarden and Lighthouse Labs</li> </ul>	<ul style="list-style-type: none"> <li>• SAIT enrollment grew to over 550 in target programs</li> <li>• Bow Valley College will double enrollment in Data Analytics</li> <li>• EvolveU 9 of 11 in first cohort hired. Second cohort 42 students (3 hired before completions)</li> <li>• Overall STEM enrollment declined from 4,110 in 2016/17 to 3,840 in 2017/18</li> <li>• Calgary was allocated 216 of 400 new technology seats funded across Alberta</li> </ul>
<p><b>Story behind the baseline:</b> The growth of the digital sector in Canada is expected to continue to outpace other market segments, according to the Canadian and Alberta governments and independent research companies, such as Forrester's and the Information and Communications Technology Council of Canada. The update to the Economic Strategy included a review of data, secondary research and community and stakeholder engagement sessions to understand our talent needs. This process acknowledged Calgary has a highly educated population with a</p>	

concentration of engineers, but our talent pool isn't perfectly matched to the new economy. The Strategy suggests Calgary create Canada's largest talent accelerator to:

- Expand work-integrated learning
- Collaborate with PSIs and other providers to design programs aligned with business workforce requirements
- Enhance program access to diverse communities
- Pilot/scale nimble short-term programs to reskill workers

**Activity highlights:**

The concept of a talent accelerator is not necessarily a physical location but a coordinated and collective response to the talent needs of the community. The community response has resulted in the following notable activities:

- In September 2018, EvolveU launched a 6-month full stack developer program. The first cohort, comprising of 12 individuals with diverse backgrounds entered the program to teach 'hard' coding skills and 'soft' skills of working in a tech company. The program is closely tied to industry and includes an experiential learning component tackling a real-life question posed by Calgary companies. All but one of initial cohort secured employment. In the fall, EvolveU signed a one-year contract to provide programming for EI eligible participants. A cohort of 44 individuals began in January 2019. With future programming planned, the initiative will expand into the community space of the Central Library
- SAIT enrollment grew to almost 600 in target programs with 75 in Information Security Systems and 509 in Information Technology
- Bow Valley College will double enrollment in Data Analytics while experiencing growth in Digital Design and Software development while launching new programs in Information Security, Data Analytics, Cyber Security, and information Technology.
- SAIT has embedded a work placement coordinator in their technology training programs
- UCalgary developed new programs in Data Science and Gaming Software Development targeting those in mid-career. UCalgary Continuing Education Digital Technology programs include Business Intelligence and Analytics, Front-end Web Development, Cross-platform app development, Integrated Digital Media, IT Fundamentals, .Net Application Development, Python programming, Database Administration and Business Analysis
- Momentum developed the Tech Plus + Network and Cloud Technology Training program to include employability training, technical training and work experience. The first cohort of 12 commenced in February 2019 with the second cohort of 13 commencing in April 2019
- In 2018, CADA partnered with the Trico Changemakers Studio at MRU to create the Artists as Changemakers program. The hypothesis is that by involving artists at the beginning of a change making process, instead of at the end, powerful results will ensue. A cohort of 10 artists took part in the Social Innovation certificate program and then participated in a process of designing a Residency Program for artists to be paired with organizations tackling problems and will be launched in 2019
- The Government of Alberta additional seats funded in 2018 included:
  - SAIT Information Technology Diploma – 98, and Object-Oriented Software Development Certificate – 48
  - U Calgary Master of Software Engineering – 40
  - Bow Valley College Software Development Diploma – 30
- Launched [www.calgaryupskill.ca](http://www.calgaryupskill.ca), an interactive tool designed to inform and support mid-career oil and gas professionals to careers in Calgary's growing emerging industries
- The Government of Canada announced in the March 2018 budget considerable supports to the Innovation and Skills Plan, including support to work integrated (experiential) learning:
  - \$631 million over five years, starting in 2019–20, to support up to 20,000 new work placements per year for post-secondary students across Canada, in all disciplines, by 2021–22

<ul style="list-style-type: none"> <li>○ Provide Employment and Social Development Canada with an additional \$150 million over four years, starting in 2020–21, to create partnerships with innovative businesses to create up to a further 20,000 work-integrated learning opportunities per year</li> </ul>
<p><b>Action plan:</b></p> <p>Keeping in mind that team members and the broader community will continue to undertake individual initiatives, the team formed two working groups to address labour market and skills gap information, and experiential learning. These groups will prioritize the following activities in the coming year:</p> <ul style="list-style-type: none"> <li>• Coordinated and continuous community wide approach to labour market data collection and dissemination</li> <li>• Connect with other jurisdictions to understand future skills demand</li> <li>• Expand <a href="http://www.calgaryupskill.ca">www.calgaryupskill.ca</a> and support post-secondary institutions and other agencies to deploy technical training programs</li> <li>• Maintain consistent communication with TACT and Federal Skills Council</li> <li>• Map talent development initiatives in Calgary</li> <li>• Support Alberta Credentials Ecosystem (Talent crossover)</li> <li>• Support the work of Calgary Economic Development's representative to the federal Future Skills Council</li> <li>• Develop a coordinated response to developing experiential learning programs and recommendations of the Business Higher Education Roundtable</li> </ul>

## Establish Calgary as a magnet for students

<p><b>How much did we do? (Activities)</b></p> <ul style="list-style-type: none"> <li>• University of Calgary, Mount Royal University, SAIT and Bow Valley College continue to implement out of province/country student recruitment strategies</li> </ul>	<p><b>How well did we do it? (Outcomes)</b></p> <ul style="list-style-type: none"> <li>• University of Calgary total enrollment will increase from 28,784 to 29,072 FLE in 2021</li> </ul>
<p><b>Story behind the baseline:</b></p> <p>In addition to the researched shortage of skilled technology workers in Calgary, Calgary has the lowest post-secondary enrollment rates in metropolitan areas in Canada and an aging population with increasing numbers approaching retirement. To face these challenges, the goal of post-secondaries in Calgary to increase overall enrollment while also increasing enrollment from outside Calgary and outside Canada. Establishing Calgary as a magnet for students includes the following components:</p> <ul style="list-style-type: none"> <li>• Advocating for increased capacity within our post-secondary institutions</li> <li>• Exploring co-branded programs with global institutions</li> <li>• Promoting advantages of a globally diverse workforce</li> <li>• Continue to prepare teachers to teach STEAM programs</li> <li>• Secure funding for globally recognized professors</li> </ul>	
<p><b>Activity highlights:</b></p> <ul style="list-style-type: none"> <li>• The University of Calgary has a dedicated student recruitment team of 13 targeting and supporting student recruitment across Canada and globally. In addition, they have developed an international recruitment strategy and task force. This will support planned enrollment growth from 28,784 Full time learner equivalents in 2018 to 29,072 in 2021</li> <li>• Mount Royal University has established the goal of 65 per cent of students being drawn from Calgary, 20 per cent from Alberta, 10 per cent from Canada and 5 per cent international. To do so, focused recruitment strategies were developed including marketing</li> </ul>	

<p>and assignment of recruitment officers to out-of-province and international jurisdictions to visit high schools, attend events and host open houses. Internationally, Mount Royal is engaging in geo-targeted marketing campaigns tied to social media</p> <ul style="list-style-type: none"> <li>• Mount Royal continues to strengthen general education components across all programs to ensure graduates have the interdisciplinary breadth necessary to succeed in a rapidly changing, and ever-evolving workforce</li> <li>• Calgary Economic Development completed a white paper to enhance local understanding of the value of hiring New Canadians</li> </ul>
<p><b>Action plan:</b></p> <ul style="list-style-type: none"> <li>• Advocate for sufficient government funding to accommodate learner demand.</li> <li>• Increase the number of STEAM programs available as well as quickly deployed short-term credential and non-credential programs.</li> </ul>

## Emphasize creativity and innovation from kindergarten to university

<p><b>How much did we do? (Activities)</b></p> <ul style="list-style-type: none"> <li>• 39 on-site Careers in Calgary tours</li> <li>• Kids Code Jeunesse learn to code for educators</li> </ul>	<p><b>How well did we do it? (Outcomes)</b></p> <ul style="list-style-type: none"> <li>• Over 1,000 students, teachers and career practitioners participated in STEAM tours and Tech Talks</li> <li>• 75 educators raised awareness of need for digital literacy in students.</li> <li>• Students accessing experiential learning programs</li> </ul>
<p><b>Story behind the baseline:</b>  Interest in STEAM careers begins early in life and stakeholders emphasized that beyond the need for technology skills training, more is needed to raise awareness of technology careers and preparing students with a broad base of skills for an ever-changing work environment. Technology careers are not only in coding and web development but also in 'technology adjacent' areas such as product development/management, project management and low/no code applications. <i>Calgary in the New Economy</i> put forward the following components of emphasizing creativity in kindergarten to university:</p> <ul style="list-style-type: none"> <li>• Grow work-integrated learning partnerships for STEAM careers</li> <li>• Increase capacity to teach STEAM programs</li> <li>• Enhance programs encouraging underrepresented participation in STEAM learning</li> <li>• Develop after school programs with talent accelerator</li> </ul>	
<p><b>Activity highlights:</b></p> <ul style="list-style-type: none"> <li>• Calgary Economic Development supported Kids Code Jeunesse and Lighthouse Labs in hosting Code, Create, Teach introducing basic coding principles to teachers in Calgary</li> <li>• Calgary Public Library hosts Coding Buddies and Code Club for children in grades 1-3 and 4-6 respectively</li> <li>• Calgary Economic Development continued the Careers in Calgary program to raise awareness of STEAM career opportunities in Calgary. This includes on-site interviews, site tours and organized Tech Talks</li> <li>• Calgary Economic Development is supporting St. Mary's University to develop a digital literacy program for all of their students</li> <li>• RoboGarden partnered with the Calgary Board of Education to bring coding education to Calgary students</li> <li>• Held a Career Exploration and Innovation Alley informing 120 participants in opportunities and skills required</li> <li>• Supported eight best practice career opportunity sessions with Immigrant Services Calgary, SAIT, UCalgary and the Government of Alberta</li> <li>• Additional programs available in Calgary include: Canada Learning Code, EdgeMakers (Rundle and West Island College), JunioTech Robotics, Calgary Game Developers Academy for Youths, Calgary Coding School, LaunchPad Learning, Engineering for Kids</li> </ul>	

<b>Action plan:</b> <ul style="list-style-type: none"> <li>• Additional outreach in the community to understand existing programs and plans to expand or deploy new programs</li> <li>• Stronger connections between industry and educational programming for students to learn about opportunities in technology in Calgary</li> </ul>
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## Address immediate needs through attraction efforts

How much did we do? (Activities)	How well did we do it? (Outcomes)
<ul style="list-style-type: none"> <li>• Two out bound talent attraction missions with employers</li> <li>• Two in bound talent attraction missions with employers</li> </ul>	<ul style="list-style-type: none"> <li>• 7 hires throughout bound attraction missions</li> <li>• 15 hires through in bound attraction missions</li> </ul>
<b>Story behind the baseline:</b> Technology companies in Calgary have noted the acute need for more senior talent, meaning those with more than five years' experience in a technology company or working with technology solutions. It was evidenced by Benevity recruiting its president from SAP in Seattle. Though junior roles can be addressed through local training programs and building a talent pipeline, senior roles are more effectively addressed through attraction efforts. Addressing these needs through attraction efforts involves: <ul style="list-style-type: none"> <li>• Building and executing talent attraction campaigns targeting senior technology leaders</li> <li>• Attract companies to serve as magnets for students</li> </ul>	
<b>Activity highlights:</b> <ul style="list-style-type: none"> <li>• Calgary Economic Development provided support to Jacobs Engineering as a Global Talent Stream referral partner supporting the relocation of 40 foreign workers and families to Calgary and securing a project providing over 100 jobs to local displaced oil and gas professionals. We also supported another five companies as a Global Talent Stream referral partner</li> <li>• Calgary Economic Development organized five employers to join us at a technology job fair in Toronto, including presentations at universities (Ryerson, Toronto and Waterloo)</li> <li>• Organized 13 employers to join mission in Vancouver including visits with faculty from post-secondaries (Victoria, UBC, BCIT)</li> <li>• Facilitated two in bound attraction missions with VanHack resulting in 15 intermediate candidates from Brazil being offered jobs in Calgary</li> <li>• Calgary Economic Development has significant talent attraction components to major activations in 2019 including Collision in Toronto – North America's largest technology conference</li> <li>• Global Talent Attraction established in Calgary recruiting technology talent from India in the Canadian market</li> <li>• Opportunity Calgary Investment Fund invested in MobSquad, taking advantage of Calgary talent and attracting talent to the market to be deployed on remote contract roles</li> </ul>	
<b>Action plan:</b> <ul style="list-style-type: none"> <li>• Launch significant talent attraction missions in targeted cities in North America, Europe and India</li> <li>• Continue pursuing business investment attraction that serves as a talent magnet (Google, Microsoft, IBM, etc.)</li> </ul>	

## Area of Focus: Innovation

Calgary has made considerable progress in putting in place the building blocks of a networked innovation ecosystem. The city is home to numerous head offices, an active community of investors, innovation enablers and a growing number of motivated startup companies. The City of Calgary's civic partners have been investing in the innovation ecosystem. Calgary Economic Development acquired and strengthened the offerings of Startup Calgary, while Platform Calgary (formerly Calgary Technologies Inc.) has enhanced programs available to help businesses scale. Although considerable momentum has built up over the last two years, challenges remain for Calgary to catch up and lead the country in innovation:

- Our universities conduct excellent research, yet we lack connections between research institutions, industry and entrepreneurs to commercialize research
- We are falling behind other cities in generating start-ups
- Venture capital funding is well short of other cities

The Innovation Leadership Team — co-chaired by Judy Fairburn and Terry Rock — is comprised of public and private sector stakeholders including representatives from early stage and large enterprise companies, family foundations, innovation entities and the city and government of Alberta. The membership of the Innovation Leadership Team is included in Appendix D. With *Calgary in the New Economy* providing a framework for the direction of the Team, the following objectives have been established:

- Educate Calgarians on business opportunities in adopting digital with compelling success stories
- Advance opportunities and address challenges of large enterprise through digital (e.g. artificial intelligence)
- Facilitate early adoption of local technology by large enterprise
- Strengthen connectivity between service delivery agencies
- Establish Calgary as the place where businesses can transform
- Enhance access to talent and experiential learning programs (Talent crossover)
- Advocate for Calgary in provincial and federal programs and funding allocations

At the time of approval by Council, *Calgary in the New Economy* suggested innovation metrics might include number of startups, number of technology companies and number employed by technology companies. With effort and considerable community collaboration the number of technology startups can be tabulated. A broader count of "technology companies" in Calgary would be challenging as there is no commonly accepted definition of technology company.

Similarly, the number employed by technology companies would be difficult to quantify. The Innovation Team has considered performance measures suggesting deal flow and financings, along with the number of startups in the community and early adoption arrangements, would be appropriate population-based accountability metrics.

STARTUP GENOME ESTIMATES THERE ARE 150 – 250 STARTUPS IN CALGARY (GLOBAL AVERAGE IS 1010 IN SURVEYED COMMUNITIES).

PWC CBINSIGHTS IDENTIFIED \$126 MILLION IN VENTURE CAPITAL DEALS IN CALGARY IN 2018. THIS IS UP 23 PER CENT FROM 2017 AND REPRESENTS 59 PER CENT OF ALL DEALS IN THE PRAIRIES BUT ONLY 3.5 PER CENT NATIONALLY.

## Create the Calgary Innovation Corridor

How much did we do? (Activities)	How well did we do it? (Outcomes)
<ul style="list-style-type: none"> <li>Startup Calgary hosted 80 Ideation Events including monthly meet ups, office hours, Startup Weekend and Launch Party</li> <li>Startup Calgary held 188 one on one meetings with entrepreneurs</li> <li>Platform Calgary assisted 445 founders and companies</li> <li>Rainforest Alberta hosted monthly meetups and their annual community conversation</li> </ul>	<ul style="list-style-type: none"> <li>4,000 participants in Startup events</li> <li>Rainforest score decreased to 599 from 621</li> <li>Platform Calgary net promoter score is 46 'good'</li> </ul>
<p><b>Story behind the baseline:</b></p> <p>In response to the need for enhanced connectivity in the innovation ecosystem and provide a visible entity recognized by local participants and external investors alike, <i>Calgary in the New Economy</i> proposed developing the Calgary Innovation Corridor. It would address key challenges facing the community and build connections between ideas and financial capital. Calgary's downtown will be the central node and serve as a place that cultivates networks and enhances collisions between startups, large business, potential customers, academia and capital. The downtown will anchor nodes of activity extending from Fuse33 Makerspace and International Avenue, SAIT and ARIS, The University of Calgary and Mount Royal University, all connected by mass rapid transit.</p> <p>Initiatives suggested in building the Innovation Corridor include:</p> <ul style="list-style-type: none"> <li>Create more enterprise connections for startup and scaleup companies</li> <li>Build on existing assets to connect and expand innovation places and spaces in the downtown core</li> <li>Find creative ways to provide access to workspaces</li> </ul>	
<p><b>Activity highlights:</b></p> <ul style="list-style-type: none"> <li>The City of Calgary launched the Max Transit routes connecting Mount Royal University and 17th Ave SE (International Avenue) with downtown (and by extension SAIT, UCalgary and the University Research Park) via mass transit</li> <li>In March 2019, the Calgary Innovation Coalition (CIC) was awarded a \$2.2 million grant under Alberta Innovates' Regional Innovation Networks program for 2019/20. This funds CIC programs and services delivered by Platform Calgary, SAIT, Venture Mentoring Service of Alberta, RainforestAB, and the CICs Program Management Office. This funding augments City of Calgary funding to civic partners including Calgary Economic Development and Platform Calgary. Formed in 2016, the CIC now comprises 18 Calgary innovation ecosystem service providers. It is governed by CIC Fellows which include representatives from A100, Calgary Economic Development, Platform Calgary, SAIT, UCalgary, as well as two independent entrepreneurs</li> <li>UCalgary secured ownership of the University Research Park and, with support from the Opportunity Calgary Investment Fund and Western Economic Diversification, launched the Life Science Innovation Hub</li> <li>Alberta Enterprise Corp. completed a provincial deal flow study revealing 767 technology companies in Calgary (62 per cent of Alberta's total)</li> </ul>	



<ul style="list-style-type: none"> <li>Platform (building) located next to the Central Library and the National Music Centre began construction</li> <li>Calgary has experienced an explosion of meetups including meetups in artificial intelligence, blockchain and augmented/virtual reality.</li> <li>Expansion of technology company workspaces include Edison, Oxworks and Worknicer</li> <li>InterGen supports entrepreneurs through mentoring with network of retired and transitioned business executives</li> </ul>
<b>Action plan:</b> <ul style="list-style-type: none"> <li>Continue to develop and distribute the Calgary Innovation Coalition ecosystem map</li> <li>Enhance collaboration in program delivery to better serve early stage entrepreneurs</li> <li>Develop programs and coordination for scaleup entrepreneurs</li> <li>Support Rainforest AB in achieving a 'Rainforest Score' of 800</li> <li>Develop marketing materials on the Innovation Corridor for external investors</li> </ul>

## Build funding to support generational growth

<b>How much did we do? (Activities)</b> <ul style="list-style-type: none"> <li>72 entrepreneurs qualified to apply for Alberta Innovates AEI vouchers</li> <li>2 new funds launched, and 1 new venture capital company enters Alberta market</li> </ul>	<b>How well did we do it? (Outcomes)</b> <ul style="list-style-type: none"> <li>46 startups approved for vouchers with 22 already utilizing the vouchers</li> <li>Approximately \$126 million in venture capital raised by Calgary technology companies</li> <li>Calgary startups attract half of all capital raised in Alberta</li> <li>Additional \$180 million capital funds 'available' to Calgary startups</li> </ul>
<b>Story behind the baseline:</b> <p>An important aspect to a robust business ecosystem is the ability for early stage entrepreneurs and scaling companies to access capital for product development and validation and to support their company's growth. At the ideation and concepting stages entrepreneurs typically self-fund and seek friends and family for support. As they move into commitment, funding is accessed through government grants, crowd funding and potentially angel investors. Angels continue their support through the validation phase and at this point the entrepreneur may access Series A funding from venture capital organizations. As the company begins to scale Series B will be secured and the company may go public.</p> <p>Additional knowledge and quality deals are needed in Calgary to fully access scaleup capital and support company growth. Initiatives suggested by Calgary in the New Economy included:</p> <ul style="list-style-type: none"> <li>Pursue new funding models for startups and scaleups including creation of Canada's largest community-built fund to support companies as they grow</li> <li>Educate investors in the innovation space</li> <li>Facilitate the entrance of global capital to the market</li> </ul>	
<b>Activity highlights:</b> <ul style="list-style-type: none"> <li>Creative Destruction Labs (CDL) Rockies 2017/18 'Prime' cohort (no specific vertical) included 25 companies who raised approximately \$14 million and created 45 direct jobs in Calgary</li> </ul>	

<ul style="list-style-type: none"> <li>• Opportunity Calgary Investment Fund invested \$4.5 million in Attabotics, a robotics engineering company</li> <li>• Sprout Fund, based in Edmonton, launched to support early stage entrepreneurs throughout Alberta</li> <li>• InterGen Capital, a collection of 20 high net worth individuals with support from Suncor Energy and Cenovus Energy, launched a \$6 million fund for post seed and series A investments in technology impacting the energy industry.</li> <li>• PWC Moneytree Q4 2018 report 23 per cent increase in venture capital deal flow from 6 to 20 deals in Alberta worth \$126 million leading PWC to write "PwC's inaugural InvestAB report shows a thriving tech scene in Alberta" September 13, 2018</li> <li>• AEC tech deal flow study notes 50 per cent of investments are Calgary based with 61 per cent of startups in pre-seed, seed or Series A funding stage</li> <li>• Notable deals include \$3.1 million Katapult Technology, \$3.3 million Veerum, \$8.2 million Blackline Safety, \$16.0 million Circle Cardiovascular Imaging and \$78.0 million Greengate Power</li> <li>• Builders VC, \$172 million fund, enters Alberta</li> </ul>
<b>Action plan:</b> <ul style="list-style-type: none"> <li>• Continue to attract funding to the Alberta market</li> <li>• Continue to support entrepreneurs with programming to understand funding options and being prepared to 'pitch' for funding</li> </ul>

## Develop relationships within the innovation ecosystem

<b>How much did we do? (Activities)</b> <ul style="list-style-type: none"> <li>• Platform Calgary's TELUS accelerator and CDL Rockies supported 27 Calgary clients</li> <li>• Proposed measure: Accelerator programs connected companies with enterprise clients</li> </ul>	<b>How well did we do it? (Outcomes)</b> <ul style="list-style-type: none"> <li>• Proposed measure: Number of early adoption agreements</li> </ul>
<b>Story behind the baseline:</b> Calgary is a headquarters city with robust industry clusters in energy, transportation and logistics, agribusiness, creative industries, financial services, tourism and life sciences. With disruptive, emerging technologies impacting all sectors, there is opportunity for Calgary to invest in these technologies and lead the disruptive change in our core industries. To do so, linkages between early stage entrepreneurs, researchers and large enterprise must be strengthened. Suggested initiatives in the Economic Strategy include: <ul style="list-style-type: none"> <li>• Create and cultivate relationships between academia, enterprise, service agencies and investors</li> <li>• Embrace innovation in large enterprise</li> <li>• Align and expand programming of innovation accelerators</li> </ul>	
<b>Activity highlights:</b> <ul style="list-style-type: none"> <li>• UCalgary, Government of Alberta, Western Economic Diversification and the Opportunity Calgary Investment Fund invested in the Life Science Innovation Hub to increase commercialization of life science technologies</li> <li>• September 2018 CDL Rockies added an Energy cohort of 25 companies</li> <li>• Alberta Enterprise Corp deal flow study noted the composition of companies in Alberta are: 42 per cent IT, 12 per cent energy technologies, 11 per cent clean technologies, 11 per cent life science, per cent industrial and 16 per cent other industries. IT verticals include service providers, business productivity, education, ecommerce and entertainment</li> <li>• The deal flow study also showed 48 per cent are software as a service and one in five companies are spun out of academic research with 37 per cent of those being life science companies</li> </ul>	

<ul style="list-style-type: none"> <li>• The Government of Canada announced \$100 million in support of the Clean Resource Innovation Network and advancement of clean technologies in the energy sector</li> <li>• TELUS has funded Platform Calgary (formerly CTI) to run the TELUS Technology Accelerator annually since 2016 with the third cohort graduating April 30, 2019. During the third cohort, 9 Canadian startups added 26 jobs, 125 new customers, generated \$4.02 million in revenue and raised \$3.02 million in capital. Three of the nine startups (33%) signed agreements with TELUS, up from 17% on the second cohort. TELUS also funded the first cohort of the TELUS Technology Incubator with 16 IoT startups developing solutions enabled by TELUS's recently launched LTE-m network</li> <li>• The Government of Alberta announced \$100 million to advance artificial intelligence through a Calgary office for the Alberta Machine Intelligence Institute as well as funding to attract an accelerator to the Alberta market</li> </ul>
<b>Action plan:</b> <ul style="list-style-type: none"> <li>• Identify market pull in large enterprise – the challenges that need to be solved opening opportunity for technology entrepreneurs</li> <li>• Create corporate challenge competitions/events</li> <li>• Communicate Calgary's corporate challenges globally</li> </ul>

## Accelerate growth through attraction, advocacy and trade

<b>How much did we do? (Activities)</b> <ul style="list-style-type: none"> <li>• Launched OCIF receiving 187 submissions in 2018</li> <li>• Curated 400 qualified leads for investment attraction</li> <li>• Conducted 27 out bound missions in target markets</li> <li>• Received 17 in bound mission from potential investors</li> <li>• Platform Calgary submitted 13 Immigration, Refugee and Citizenship Canada (IRCC) Startup Visa program applications</li> </ul>	<b>How well did we do it? (Outcomes)</b> <ul style="list-style-type: none"> <li>• 3 OCIF funding agreements totaling grants of \$14.5 million</li> <li>• 16 emerging sector companies attracted/expanded/retained</li> <li>• 375 direct jobs in emerging sectors created/retained</li> <li>• 9 of 13 IRCC Startup Visa's approved with 4 pending decision</li> </ul>
<b>Story behind the baseline:</b> As Calgary's innovation and technology ecosystem itself is at an early stage, the attraction of companies could fill gaps in the ecosystem, open opportunities for talent attraction, accelerate the commercialization of research and adoption in addition to boosting economic growth, creating jobs and potentially filling downtown office space. Given the rate of startup formation per capita in Calgary is low compared to other jurisdictions, the need to import foreign entrepreneurs to augment local entrepreneurs continues. Suggested initiatives in the Economic Strategy include: <ul style="list-style-type: none"> <li>• Attract investment and companies to fill gaps in our innovation ecosystem</li> <li>• Advocate for government venture capital investment and tax credits</li> </ul>	
<b>Activity highlights:</b> <ul style="list-style-type: none"> <li>• New World Interactive marks the first successful attraction of a software gaming company to Calgary</li> <li>• Perfect Fit Systems, one of the Indian companies hosted by Platform Calgary as part of "The Next Big Idea" cohort that toured Vancouver, Toronto, and Calgary have decided to move their company from India to Calgary</li> <li>• Successfully retained Bayer and attracted the Canadian headquarter operations of Monsato through their merger while attracting the Canadian head office of BASF Agriculture. Coupled with previous retentions/attractions of Nutrien, Saskatchewan Potash, Dow and Dupont Calgary is the Canadian Centre of Excellence in Crop Science</li> </ul>	

<ul style="list-style-type: none"> <li>• retention</li> </ul>
<b>Action plan:</b> <ul style="list-style-type: none"> <li>• Build connection and reach of Calgary's technology companies</li> <li>• Pursue geographic focus to attraction efforts frequently visiting a smaller number of markets to raise awareness of Calgary in those markets</li> <li>• Deploy strategies to attract larger enterprise including deep understanding of Calgary's innovation ecosystem and the business plans of company targets to build a compelling business case for Calgary</li> <li>• Continue to pursue attracting foreign startup entrepreneurs via the IRCC's Startup Visa and 'Next Big Idea' programs</li> <li>• Build the Calgary Economic Development Action Calgary program to enhance marketing campaigns and expand activations in key markets</li> </ul>

## Area of Focus: Place

ImagineCALGARY, the 100-year vision for Calgary speaks to Calgary being "A great place to make a living, a great place to make a life." From this we can assume there is a desire for Calgary to offer a premier living environment; safe communities; a global centre for business; a centre for arts, culture and recreation; and a city that welcomes people. A city that offers these elements and communicates its sense of place will attract talent, foster innovation and lead in economic growth.

Shortly after *Calgary in the New Economy* was released, The Economist Intelligence Unit listed Calgary as its fourth "most liveable" city in the world and No. 1 in North America. The index assesses countries, regions and cities across five categories: stability, healthcare, culture and environment, education and infrastructure.

Calgary should be proud of the consistent high ranks achieved in this global assessment. However, we cannot rest on our laurels. Calgary's National Perceptions surveys tell us other Canadians feel their own city offers more cultural offerings than Calgary. We have the highest median income in the country but among the highest income gaps, and approximately one in 10 Calgarians live in poverty.

Chaired by Michael Brown, the Place Leadership Team is comprised of diverse stakeholders meant to represent all aspects of place building. Members include participants from The City of Calgary, civic partners, not for profit, private sector and business associations. A full list of the Place Team members is found in Appendix D. While the Place area of focus in the Economic Strategy is meant to cover the entire city, the Place Team decided to focus on the downtown in the near term. As such the Place Team has identified the following objectives:

- Increase vibrancy and sense of pride in Downtown
- Spur investment in the Downtown
- Include diverse voices in developing and deploying actions and initiatives

At the time approval by Council, Calgary in the New Economy suggested place metrics might include the population living in the core, overall quality of life rating (from annual Citizen Satisfaction survey) or third part quality of life rankings such as the Economist Intelligence Unit. In the spring of 2019, The City of Calgary initiated a renewed focus on the downtown with metrics considered including downtown assessment value, population, business openings and closings and pedestrian counts. Further consideration by the Place Leadership Team led to the identification of two population-based metrics reflecting overall quality of life rating as well as embracing downtown as a place to live.

*CITY OF CALGARY 2018 CITIZEN SATISFACTION SURVEY REVEALED 83 PER CENT AGREE CALGARY IS A GREAT PLACE TO MAKE A LIFE*

*CITY OF CALGARY 2018 CIVIC CENSUS RECORDED 43,492 PEOPLE LIVING IN THE CENTRE CITY (DOWNTOWN WEST, EAU CLAIRE, DOWNTOWN CORE, CHINATOWN, EAST VILLAGE, BELTLINE)*

### Accelerate urbanization and connectivity in the core

How much did we do? (Activities)	How well did we do it? (Outcomes)
<ul style="list-style-type: none"> <li>4 Place Leadership Team meetings</li> <li>14 interviews with property owners</li> </ul>	<ul style="list-style-type: none"> <li>5,727 Downtown businesses with employees (Dec 2018)</li> <li>48,709 square feet downtown absorption (2018) while 169,618 square feet lost in the beltline (2018)</li> </ul>
<p><b>Story behind the baseline:</b></p> <p>In 2007 Calgary revealed the Centre City plan laying out the vision for the Centre City as a liveable, caring and thriving place. Since then, considerable work has been undertaken to improve downtown neighbourhoods and connect them to those directly adjacent to the core (Beltline, Ramsay/Inglewood, Bridgeland and Sunnyside). To complement the vision for the Centre City, Calgary Municipal Land Corp. launched the Rivers District Master Plan in 2017. The two documents form a coordinated effort to accelerate urbanization and connectivity in the core.</p> <p>The Downtown Core is surrounded by anchor neighbourhoods offering a premier urban environment that welcomes residents and visitors through thriving arts and culture, tourism and recreation activities. There is opportunity to investigate and implement creative/partnership funding models for catalytic developments to kick-start growth and enhance connectivity between anchor and adjacent neighbourhoods. Initiatives suggested to accelerate urbanization and connectivity the core include:</p> <ul style="list-style-type: none"> <li>Target investment to build on existing and planned assets</li> <li>Investigate funding models for catalytic development</li> <li>Create a multi-agency committee to implement the vision for our downtown core</li> <li>Enhance connectivity between the Core, Rivers and Entertainment District, and the Beltline</li> </ul>	
<p><b>Activity highlights:</b></p> <ul style="list-style-type: none"> <li>Conducted 14 interviews with property owners representing more than 100 downtown properties to understand investment intentions and opportunities for further investment</li> <li>Revealed two opportunities for collaboration between property owners and The City to accelerate investments</li> </ul>	
<p><b>Action plan:</b></p> <ul style="list-style-type: none"> <li>Create a multi-layered map including past and planned City, profit and non-profit and institutional investments in the Downtown</li> </ul>	

- Increase communication with street front business to align open hours and retail programs with planned recreation and cultural events
- Conduct primary research with retailers and business tenants to understand opportunities and challenges
- Activate indoor and outdoor spaces in the Convention District
- Improve connectivity and wayfinding throughout downtown
- Develop a 'nightlife business' plan
- Host speaker series on downtown vibrancy
- Create multi-stakeholder engagement and action group for Downtown West including residents, businesses and City
- Deploy downtown and downtown west marketing campaign

## Expand and enhance tourism, culture and recreation assets

<p><b>How much did we do? (Activities)</b></p> <ul style="list-style-type: none"> <li>• CADA provided funding to 166 (up from 159) not for profit arts organizations and 76 (up from 67) individual artists in 2018</li> <li>• Hosted 2018 GO Media Canada</li> <li>• 89 tourism related events hosted</li> <li>• Advanced 10 Destination Strategy initiatives in 2018</li> <li>• 10,000 arts education activities for youth</li> <li>• 303 events hosted by Calgary TELUS Convention Centre</li> <li>• Library delivered 17,579 programs in Library and 4,558 programs in the community to 446,640 participants</li> </ul>	<p><b>How well did we do it? (Outcomes)</b></p> <ul style="list-style-type: none"> <li>• CADA funding supported 700 full time jobs and contracts to 8,379 artists.</li> <li>• 40 per cent of CADA investments support agencies and activities in the downtown core.</li> <li>• 330,000 children participated in arts education activities</li> <li>• \$107 million in economic activity generated from attracted events</li> <li>• 90 per cent of Tourism Calgary stakeholders see as effective champion</li> <li>• 175,000 delegates pass through TELUS Convention Centre with \$133.8 million in economic impact.</li> <li>• 6.9 million visits to libraries across Calgary</li> </ul>
<p><b>Story behind the baseline:</b></p> <p>A vibrant art and culture industry in Calgary contribute to sense of place and our ability to attract talent. Most notably, it has been shown investing in the arts can contribute to a vibrant downtown core and livable neighbourhoods. Art, culture, tourism and recreation are also important aspects of economic diversification. As stated in the Economic Impact study by KPMG in 2018, arts organizations that receive funding from Calgary Arts Development contributed \$107 million to Alberta's GDP; 1,550 full-time equivalent jobs; and generated \$16.6 million in revenues to all orders of governments. It is estimated tourism in Calgary generates \$1.6 billion in economic activity. A survey by Tourism Calgary found 85 per cent of Calgarians believe tourism contributes to the economy and quality of life. Initiatives suggested in the Economic Strategy include:</p> <ul style="list-style-type: none"> <li>• Attract, enhance and promote premier experiences and events showcasing Calgary as the Ultimate Host City</li> <li>• Pursue enhanced transportation corridor linking YYC Calgary International Airport, downtown Calgary and Banff</li> <li>• Support the Cultural Plan for Calgary and Living a Creative Life</li> <li>• Continue to build on livability assets reflecting our diversity throughout the city</li> </ul>	
<p><b>Activity highlights:</b></p> <ul style="list-style-type: none"> <li>• Hosted our first FINA world diving championship event</li> <li>• NY Times listed Calgary as one of the top 50 places to visit in 2019</li> </ul>	

<ul style="list-style-type: none"> <li>• 58 future events secured including 2019 CCMA and 2020 – 2022 XGames</li> <li>• 28 per cent of Canadians plan to visit in next two years</li> <li>• City Council increased their investment in the arts for the 2019-2022</li> <li>• The 2018 Living a Creative Life Congress held at the New Central Library focused on the theme of Arts for Social Change</li> <li>• Launched Original People's Investment Program designed with/by/for indigenous community</li> <li>• CADA invested \$200,500 to support development of cultural tourism products through the Remarkable Experience Accelerator Program</li> <li>• SpaceFinder Alberta has more than 1,000 venues listed, most in Calgary, spread out throughout the city</li> <li>• Released the annual Arts Professionals working in Calgary survey and Equity, Diversity &amp; Inclusion Report on Calgary's Arts Sector</li> <li>• Rocky Ridge (January 2018) has 18,159 members while Seton (January 2019) has 12,468. The YMCA regional recreation centres, in partnership with The City of Calgary, are responding to community needs for active, safe and amenity-rich spaces for Calgarians of all ages and income levels to belong, grow, thrive and lead</li> <li>• Opera House (CMLC) began construction</li> <li>• Opened the Central Library with 210,000 visits in the first month while also renovating Country Hills, Memorial Park, Village Square and Country Hills and opened express libraries in Rocky Ridge and Seton YMCAs</li> <li>• West Hillhurst arena refurbishment</li> <li>• Contemporary Calgary and old planetarium</li> </ul>
<p><b>Action plan:</b></p> <ul style="list-style-type: none"> <li>• Align hosting of arts, cultural and sport/recreation events for maximum impact</li> <li>• Deploy the \$1 million cultural activation fund</li> <li>• Make use of the new pop-up bylaw – using empty spaces for business, art shows, performances</li> <li>• Develop a dashboard showing arts, cultural and sport/recreation activities in summer and winter</li> <li>• Conduct surveys to understand linkage between attending events and community engagement</li> </ul>

## Intentionally support diversity and inclusion

<p><b>How much did we do? (Activities)</b></p> <ul style="list-style-type: none"> <li>• 400,000 sliding scale transit passes sold</li> <li>• 7,721 tax returns filed at volunteer tax clinics</li> <li>• 756 RESPs opened</li> <li>• Identified plans for 5000 affordable housing units</li> </ul>	<p><b>How well did we do it? (Outcomes)</b></p> <ul style="list-style-type: none"> <li>• \$3.3 million taxes refunded</li> <li>• 95% of stakeholders aware of E4A goals</li> <li>• Below living below Low Income Cut Off After Tax (LICO-AT) declined from 10.9% in 2014 to 8.7% in 2017 rising to 8.9% in 2018</li> </ul>
<p><b>Story behind the baseline:</b></p> <p>After experiencing contracting GDP in 2015 and 2016, Calgary remained one of the most prosperous placed in Canada on a GDP per capita basis. Through the extended growth period prior to the downturn, Calgary become one of the most unequal places economically where approximately one in ten Calgarians live in poverty. There are approximately 17,000 affordable housing units in Calgary serving those with annual income less than \$30,000/year spending over 50 per cent of their income on housing. Calgary has the goal of building an economy that works for everyone. An economy where all citizens have an opportunity to contribute to, and benefit from growing prosperity. Vibrant Communities Calgary, as the steward of Enough for All, the Poverty Reduction Strategy for Calgary, is an important agent of change convening and assisting organizations and individuals that work on poverty reduction by supporting their activities aligned with the</p>	

<p>strategy, foster continuous communication, enabling shared measurement and mobilizing resources. Suggested initiatives in the Economic Strategy include:</p> <ul style="list-style-type: none"> <li>• Increase economic participation for the underrepresented and unemployed</li> <li>• Promote Enough for All – Calgary’s poverty reduction strategy</li> <li>• Continually provide diverse housing options that people can afford</li> </ul>
<p><b>Activity highlights:</b></p> <ul style="list-style-type: none"> <li>• In a landmark moment Bill 26: An Act to Combat Poverty and Fight for Albertans with Disabilities increases and indexes the rates for Albertans who receive Assured Income for the Severely Handicapped, Income Support and Alberta Seniors Benefit.</li> <li>• The Low-Income Transit Sliding Scale program has had a great effect on the lives and livelihoods of those receiving it.</li> <li>• The Community Hubs Initiative (partnership between the United Way, Rotary and The City of Calgary) completed evaluation plans in Sunalta, 90 per cent complete for Village Square, Bowness and Greater Forest Lawn with Genesis Centre beginning soon</li> <li>• In 2018, VCC undertook a refresh of E4A to clarify opportunities to leverage existing work and identify key areas of focus resulting in an Evaluation Framework and the refreshed strategy (E4A 2.0) released in 2019</li> <li>• A Poverty Snapshot was released to support the understanding of poverty and its impact on Calgary’s citizens</li> <li>• The Calgary Local Immigrant Partnership, with The City of Calgary as the backbone, focused on creating a more welcoming and inclusive community for immigrants and newcomers by providing access to programs and services</li> <li>• Following direction from City Council, The City is developing a Gender Diversity, Equity, and Inclusion Strategy to advance gender equity and diversity on City Boards, Committees, Commissions and Council; City services; and The City’s workforce</li> <li>• In 2019 Calgary City Council approved a new Social Wellbeing Policy that advances principles of equity (access and inclusion); truth and reconciliation; prevention; and culture</li> <li>• In 2018, The City invested over \$17 million in programs that support the social inclusion of newcomers to Canada.</li> <li>• The City also started to develop an Indigenous Relations Office and continued to implement the Seniors Age-Friendly Strategy</li> <li>• The City’s commitment to the Access Design Standards and the accessibility of persons with disabilities provides economic benefit to The City, with respect to employment and infrastructure</li> <li>• The Advisory Committee on Accessibility focuses on broad policy issues and advises Council on access and disability issues that impact the need of people with disabilities</li> </ul>
<p><b>Action plan:</b></p> <ul style="list-style-type: none"> <li>• Implement poverty initiatives through identified levers of change</li> <li>• Inspire implementation champions and create shared value agreements with poverty reduction champions</li> <li>• Document evidence of progress in reducing poverty</li> <li>• Advocate for federal affordable housing funding to be invested in Calgary accelerating plans to build affordable housing units</li> </ul>

## Focus Area: Business Environment

Calgary continues to grow as a magnet for talent, a place where there is opportunity for all, and is leading as the best place in Canada to start and grow a business. Planning & Development undertook a zero-based review process in November 2016. That report was presented to City Council with recommendations centered on better understanding the needs of various customer groups and improving the customer experience overall. Businesses were a key and targeted customer group identified. During 2016, Planning & Development undertook an



intentional shift from being rules-based and process oriented to an outcome-based organization. This shift in approach was set-out in a new 2017 business plan.

In April 2018, Calgary Economic Development presented its update to the Economic Strategy for Calgary titled *Calgary in the New Economy*. The results from a survey with businesses were shared with The City which identified the top things government could do to support Calgary businesses. Having a more business friendly perspective/tone and keeping government spending under better control were at the forefront of the responses. This was supported by findings from The City of Calgary's Business Perspectives Research conducted in May 2018, in which businesses suggested The City's priority in working with businesses should be economic diversification, better management of spending and helping small businesses. Reducing red tape and allowing better/easier access to permits was also included in the list for some business leaders. These insights validate The City's need to partner with the business community, to continually improve City services and create the conditions for businesses to thrive. To continue to support businesses, The City needs to address issues which may cause Calgary to be less competitive for businesses considering locating to Calgary, or existing Calgary businesses and start-ups. The focus has been on three key areas; Service, Value and Innovation.

**Service** - Business owners require effective, efficient and streamlined processes that save time and money. To ensure The City is providing a customer service experience that supports and helps business navigate through each and all services, there must be an open and ongoing dialogue with the business community. Whether businesses are already here and looking to continue successfully operating or new business owners are looking to open, ensuring customers have a supportive and predictable experience to provide increased certainty for their investment is a key priority.

**Value** – Service alignment with policy goals, service cost and collaboration with the business community to equip them with information, resources and dedicated support programs to strengthen their resilience and contribute to business continuity.

**Innovation** - On the path to developing and commercializing new innovative technology, providing users, producers, and researchers access to physical and digital infrastructure and data to test concepts and products is crucial. The City of Calgary is one of the largest asset owners in the community and is an excellent resource to support the growth and development of local companies and attract companies to our growing innovation ecosystem. The City will and must continue to be innovative in ways in which we serve businesses, meeting current, and being prepared for, emerging needs.

The Living Lab initiative, a collaborative program between The City of Calgary and Calgary Economic Development, was created to formalize, simplify and market the process to open up civic infrastructure, assets (physical and digital), public spaces, transportation corridors and data to companies and academia, while providing business development and support to companies.

## Deploy initiatives to facilitate business development and growth

<b>How much did we do? (Activities)</b> <ul style="list-style-type: none"> <li>• 22,769 live chats from February to December 2018</li> <li>• 765 total occupancies granted for new commercial and industrial buildings in 2018</li> <li>• 2780 total occupancies granted for improvements to commercial and industrial buildings in 2018</li> </ul>	<b>How well did we do it? (Outcomes)</b> <ul style="list-style-type: none"> <li>• 75% of development permit decisions reached for multi-family/commercial/industrial within 120 days of application</li> <li>• 80% of building permits for new commercial or multi-family projects received permission to begin construction within 21 days of application submission</li> <li>• 44% of current businesses in Calgary do not require a business license</li> </ul>
<p><b>Story behind the baseline:</b></p> <p>Businesses surveyed want all orders of government to have a more business-friendly perspective. The efforts to be business friendly are ongoing as there are always opportunities for continued improvement. Calgary should continue to remove and reduce barriers to business growth, enhance communications with the business community and drive to maintain cost competitiveness. Focusing on value for service is essential, not only in attracting companies to Calgary, but in retaining and fostering the growth and capital expenditures of our existing businesses.</p> <p>Initiatives previously suggested in the strategy included:</p> <ul style="list-style-type: none"> <li>• Launch an open for business campaign</li> <li>• Enhance communication with the business community</li> <li>• Initiate one-window approach for business and expand the role of Customer Coordinator, Small Business</li> <li>• Ensure business continuity through disasters and infrastructure projects</li> <li>• Maintain a supply of industrial land to meet objectives in attracting new business and supporting business growth</li> <li>• Develop and deploy a public KPI scorecard</li> <li>• Advocate for provincial and federal governments to improve tax position versus the United States</li> </ul> <p>The following list of activities illustrate the progress on these prior suggestions along with new initiatives that have been launched in line with the key focus areas of Service, Value and Innovation.</p>	
<p><b>Activity highlights:</b></p> <p><b>Service</b></p> <ul style="list-style-type: none"> <li>• In 2018, Calgary became the first city in Canada to provide a virtual one-window approach with a full suite of tools and permits available online with the support of our live chat, connecting our experienced staff with customers online. This initiative was the culmination of several years of work with both staff and customers to ensure a smooth transition to an online environment. This means business owners no longer need to take the time away from their businesses during working hours to come downtown and wait for assistance.</li> <li>• In 2017 a Customer Coordinator, Small Business role was created to guide new business owners along the customer journey in opening up a small business and help existing small businesses grow. The role was also created to address small business owner's</li> </ul>	

issues and when necessary, influence change within The City process while encouraging collaboration between The City of Calgary and external businesses.

#### **Value**

- Calgary is the first major city in Canada to accept developer surety bonds as an alternative to letters of credit while reducing the overall dollar amount held for securities by 10 per cent to reduce financial burden, free up private capital and make it easier for business to invest
- Permit Fees: The City has held development and construction permit fees at 2016 levels to 2020. These fees have not increased in four years because of feedback from citizens during the economic downturn
- Planning Application Review and Approvals Process Audit: The audit found work to create specific metrics around customer timeline commitments and related data collection and reporting that is now in place led to significant performance gains in recent years. An efficient review process is essential to achieve high quality, fair and timely decisions which result in development being realized. This supports the retention and attraction of private investment in Calgary. A recent audit outlined process improvements to be implemented in 2019 that will improve timelines and transparency
- Business Continuity: CEMA has partnered with Calgary Chamber of Commerce members to ensure business owners are active participants in how emergencies are managed in Calgary. Through this partnership, business owners now have access to tools and resources such as: risk reports, best practices, exercise opportunities and active participation in real emergency events
- CEMA has shared access to the Emergency Contact Data Base (ECDB), which allows businesses to stay informed with business-specific messaging during emergencies and disasters
- Launched the Invest in Calgary ([calgary.ca/invest](http://calgary.ca/invest)) web page to share key commitments such as approval timeline performance as well as current service improvements with the business and development community
- Business Improvement Areas: Continued focus on three areas: enhance BIA- City interface; increase integration of social and economic goals; and strategic alignment, resource leveraging and collaboration between BIAs and key community stakeholders. In 2018, The City launched a BIA toolkit to help navigate BIA and City processes, provincial legislation and board governance. In 2018, Community Development Action Grants to BIAs supported street banners, events, and other initiatives

#### **Innovation**

- Formed the Business Advisory Committee of Council reinforcing the strong commitment to business stakeholders, this group is chaired by a member of City Council and will provide direct advice on improving the investment climate in the city. This group can provide a unique perspective and seek innovative ways to improve service

#### **Action plan: Service**

- Enabling pop-up and interim uses: In 2019, Calgary will be the first city in Canada to propose pop-up and interim businesses in any commercial area, eliminating lengthy approval processes and license restrictions to attract tenants to vacant spaces
- Point Trotter Industrial Park: 18 lots to market ranging in size from 1.3 acres to 5.9 acres with one lot still available in Dufferin North at 49 acres. Purchasers have included businesses in construction, agribusiness, manufacturing, wholesale trade, transportation and logistics. Both areas offer businesses the opportunity to create niche solutions as lots can be consolidatedPhase 2 Point Trotter is in for subdivision approval with grading proceeding this summer. This phase will bring on 111 acres of net saleable industrial land

<p><b>Value</b></p> <ul style="list-style-type: none"> <li>Digital Collaboration: Continue the move to a fully digital space where collaboration between businesses, customers and The City is easy, accessible and transparent</li> </ul> <p><b>Business Friendly</b></p> <ul style="list-style-type: none"> <li>Business Advisory Committee: In 2019 this group will connect with the greater business community, prioritize service improvement recommendations, and provide additional guidance on opportunities for implementation</li> <li>Business Friendly Network: Creating a cross-corporate City of Calgary team led out of Planning &amp; Development devoted to the local economy and ensuring the business community is well supported. The network is connected through external engagement, internal service management and a front-line business friendly team</li> <li>Business &amp; Local Economy Team: Serve a direct conduit for business owners and respond to input from the Business Advisory Committee and Network to identify and streamline or remove obstacles to ensure business-friendly strategy objectives are pursued and implemented throughout the corporation</li> <li>YYC – We do Business Better campaign: Will highlight how we are making it easier to invest with service improvements and initiatives while highlighting that we continue to be the best place in Canada and beyond to start and grow a business, and to “do business better”</li> </ul>
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## Develop Calgary as a living lab

<p><b>How much did we do? (Activities)</b></p> <ul style="list-style-type: none"> <li>Internal cross-corporate working group struck (City and Calgary Economic Development)</li> <li>Created a web page to serve as a “one-window in” for businesses and academia to access our Living Labs service (Calgary.ca/livinglabs)</li> <li>Hosted community roundtable workshop February 2019</li> </ul>	<p><b>How well did we do it? (Outcomes)</b></p> <ul style="list-style-type: none"> <li>20 companies accessing City assets (Appendix E)</li> </ul>
<p><b>Story behind the baseline:</b></p> <p>On the path to developing and commercializing new technology, access to physical and digital infrastructure to test concepts and products is crucial. The City of Calgary is an excellent resource to support the growth and development of local companies and attract companies to our growing innovation ecosystem. Through access to public spaces, transportation corridors, data and digital infrastructure The City of Calgary provides companies the opportunity to test products in a real-life environment. The Living Labs program is a collaborative program with The City of Calgary offering access to infrastructure and Calgary Economic Development providing business development support to companies. Living Labs is a great example of collaborating cross-corporately to provide direct support to companies that strengthen our local economy.</p> <p>Initiatives suggested in the Economic Strategy include:</p> <ul style="list-style-type: none"> <li>Share and license City of Calgary data on a large scale</li> <li>Open City infrastructure to create wireless (5G ready) zones with industry partners</li> <li>Extend dark fibre footprint to business/industrial parks and transit-oriented development sites</li> <li>Explore new ways for adoption of technology and innovation to provide solutions to municipal challenges</li> </ul>	
<p><b>Activity highlights:</b></p> <ul style="list-style-type: none"> <li>Created an asset inventory for testing including the LoRaWAN network, fiber optic network, Point Trotter industrial land and various buildings including the Calgary Film Centre</li> </ul>	

<ul style="list-style-type: none"> <li>○ Industrial land - autonomous systems flight area in City limits (Point Trotter)</li> <li>○ Service road and fibre – first autonomous shuttle pilot (ELA) collaboration with industry and academia in Western Canada</li> <li>○ Calgary Film Centre – augmented reality company demos for clients</li> <li>○ Warehouse/parkades – indoor GPS research and testing</li> <li>○ Devonian Gardens – Internet of Things agriculture sensors for humidity, soil contents, lighting</li> <li>○ Dark Fibre – research for world-class quantum computing and fibre-as-a-sensor</li> <li>○ LoRaWAN (long range, wireless area network) – GPS asset tracking sensors</li> <li>○ Water flow valves – underwater sensor technology testing</li> </ul> <ul style="list-style-type: none"> <li>• Engaged other infrastructure owners to participate (UCalgary and SAIT)</li> <li>• In the fall of 2018, facilitated the operation of an autonomous vehicle between the Calgary Zoo and TELUS Spark</li> </ul>
<p><b>Action plan:</b></p> <ul style="list-style-type: none"> <li>• Refinement of the Living Lab opportunity: Working with community representatives to explore future opportunities for Living Labs, including dedicated Living Lab zones and partnerships.</li> <li>• Marketing and outreach for Living Labs: Making more connections with our innovation ecosystem to support and understand needs.</li> <li>• Engagement for 5G Pilot: The City of Calgary is leading a 5G network proof of concept/pilot project in collaboration with many key stakeholders.</li> </ul>

## Appendix A Project Charter

### “Calgary in the New Economy”

#### Leadership and Implementation Team Charter (DRAFT)

For over twenty years, Calgary has led economic growth in Canada. Calgary is a forward looking, ambitious community. Calgary in the New Economy charts a path for Calgary to continue leading Canada in economic growth for the next twenty years or more.

To do so we must act, quickly, to address talent challenges, spur innovation, establish Calgary as the best place to live and do business in Canada. We can win with a focus on talent, innovation, place and business environment.

While not our only opportunities, our best bets are in all things energy, transportation and logistics, agribusiness, life sciences, creative industries, financial services and tourism. We will realize the opportunities in applying technology across all industries, with Calgary claiming its place in the global digital era.

We, as leaders of business, community and academia are signatories to this Charter.

#### **The Vision for Economic Development established by the Economic Strategy for Calgary:**

Calgary is the city of choice in Canada for the world’s best entrepreneurs. We embrace innovation and create solutions that meet the world’s needs in food, health, energy and transportation.

#### **Our Commitments:**

As leaders, we pledge to:

- Provide visible leadership and accountability both within our individual companies and our community.

- Allocate resources (particularly people's time) and initiate, participate in or lead projects to achieve our vision.
- Listen, respond to and work with stakeholders and governments towards our vision.
- Assess and drive progress, share strategies/ideas, remove barriers and communicate the performance of "Calgary in the New Economy".
- Comply with all applicable laws and develop and abide by information-sharing guidelines that comply with competition laws.
- Meet regularly as the Economic Strategy Implementation and Leadership team and annually review progress against commitments in this Charter.

### **Our Shared Beliefs:**

We believe that:

- Calgarians, Albertans and Canadians needs more "Calgary" – an entrepreneurial city with a strong sense of belonging and community spirit.
- Success is achieving economic growth, a stronger community, and building long-term prosperity.

## Appendix B Economic Strategy Implementation Team Members

### Implementation and Leadership Team Members

Chairs: Steve Allan and Adam Waterous

- Area of Focus Talent Chairs: Greg Bass (Calgary Academy), Ed McCauley (UCalgary), David Ross (SAIT)
- Area of Focus Innovation Chairs: Terry Rock (CTI), Judy Fairburn
- Area of Focus Place Chair: Michael Brown (CMLC)
- Area of Focus Business Environment Chair: Stuart Dalgleish (City of Calgary)
- Private sector representatives: Ross Middleton (BCG), Brad Zumwalt (Zinc Ventures), Wayne Chiu (Trico), Matthew Heffernan (Zedi), Bryan DeLottinville (Benevity), Lorraine Mitchelmore, Brent Cooper McLeod Law, Bob Espey (Parkland Fuel), Bob Sartor (YYC), Curtis Stange (ATB), Michael Crothers (Shell Canada)
- City of Calgary: Jeff Davison, Devery Corbin, Amie Blanchette, Lori Kerr
- Other orders of Government: Dylan Jones (WD), Meaghan Pelton (GoA)
- Education institutes: Laura Jo Gunter (BVC), Lesley Brown (MRU), Maryann Everett (CBE)
- Civic Partners and not for profit: Cindy Ady (Tourism Calgary), Franco Savoia (VCC), Clark Grue (CTCC), Patti Pon (CADA), Jeff Loomis (Momentum)
- Calgary Economic Development: Mary Moran, Court Ellingson



## Appendix C Reporting on Resiliency Funding and Building on our Energy

Funding was also provided to support a talent hub and marketing campaigns. In 2016 February, funding for Startup Calgary was added to the Resilience Fund. Those funds have been reported back to Priorities and Finance Committee through Economic Strategy progress reports. This progress report includes the outcomes from the third and final year of that program.

### Global Energy

Opportunity Calgary funding was used for energy advocacy across Canada. We launched the video “‘Canada, we need to talk” at the 2018 Energy Disruptors conference and the message has resonated with over 300,000 views. Calgary Economic Development partnered in hosting the conference, headlined by Richard Branson, and our CEO Mary Moran spoke on the opportunities created by the digitization of energy. The event leads into a larger energy advocacy campaign planned in 2019

CED continued to support the renewable energy sector with leadership from our advisory committee. As follow up to the market research CED supported in 2017, the Business Renewables Centre Canada launched in December, positioning Calgary as a hub for renewable energy procurement between Alberta project developers and consumers from across North America.

*ENERGY AND GREEN ECONOMY IMPACTS FOR 2018: 11 INVESTMENTS ENGAGED/ATTRACTED/RETAINED/EXPANDED RESULTING IN ESTIMATED 190 DIRECT JOBS CREATED OR RETAINED.*

### Entrepreneurial Energy

Throughout 2018, Calgary Economic Development continued to develop and expand our position as Western Canada’s logistics hub attracting investment of over 700,000 square feet of industrial real estate space in warehouse and distribution. Notable attraction and expansion files in 2018 include such companies such as Radiant Wheels, Indigo, LIME and Lowe’s. The team also continued efforts to diversify and create jobs through emerging technologies such as Autonomous Systems, Aerospace and Advanced Manufacturing. The Opportunity Calgary Investment Fund funding to Attabotics is a marquee example of this work.

*TRANSPORTATION AND LOGISTICS IMPACTS FOR 2018: 7 INVESTMENTS ENGAGED/ATTRACTED/RETAINED/EXPANDED RESULTING IN ESTIMATED 400 DIRECT JOBS CREATED OR RETAINED.*

In 2018, the Calgary Film Commission marketed our region globally resulting in \$181 million in overall production. In collaboration with key industry stakeholders, including the Calgary Film Centre, the Commission implemented an advocacy strategy that saw incentives for Film/TV part of the platforms for all major parties in the 2019 Alberta election and is expected to lead to more competitive incentives. Throughout the year, the film, television and digital media sector produced more than 600 projects in the Calgary region.

*CREATIVE INDUSTRIES IMPACTS FOR 2018: 30 MAJOR PROJECTS ATTRACTED OR RETAINED, \$181 MILLION IN ECONOMIC ACTIVITY RESULTING IN ESTIMATED 2,150 DIRECT JOBS CREATED OR RETAINED.*

In 2018, Calgary emerged as a global hub for plant science with the expansion of Bayer Canada's CropScience Division as a result of Bayer's US\$63-billion purchase of Monsanto in June. It was noted that Calgary was the best opportunity for business success; farmer proximity, attracting and retaining a more robust talent pool, easier access to collaborative initiatives in an ecosystem and easier direct flight access to most retailer HQ and tech HQ's and Ag industry events are making it easier and easier to sell Calgary's unique Agribusiness value proposition.

Additionally, we attracted a number of companies in the value added processing and beverage manufacturing space, as well as began the process of defining how we can position ourselves as a hub for alternative protein in light of the Protein Industries Canada supercluster announcement.

*AGRIBUSINESS IMPACTS FOR 2018: 14 INVESTMENTS ENGAGED/ATTRACTED/RETAINED/EXPANDED RESULTING IN ESTIMATED 220 DIRECT JOBS CREATED OR RETAINED.*

The Real Estate team at Calgary Economic Development supports Business Development in all sectors and also provides direct assistance to industry clients seeking to invest directly in Calgary's real estate market. The team assisted in landing more than \$100 million of investment in Calgary's office, suburban, retail and industrial markets. Local firms like Aspen Properties, Artis REIT, and Strategic are joined by national firms such as Slate Asset Management in making significant investments to transform tired and or vacant buildings into sought-after real estate in response to the demands of the new economy and it's changing workforce.

*REAL ESTATE IMPACTS FOR 2018: 13 INVESTMENTS ENGAGED/ATTRACTED/RETAINED/EXPANDED RESULTING IN ESTIMATED 130 DIRECT JOBS CREATED OR RETAINED*

## Innovative Energy

In 2017, The City of Calgary released \$325,000 in Opportunity Calgary funds to Calgary Economic Development to support Startup Calgary's efforts to build and sustain early stage startups. In addition to acquiring Startup Calgary, we collaborated with Calgary technologies Inc. and A100 to form the Calgary Innovation Coalition to coordinate activities in serving entrepreneurs. CED and our partners have refined our understanding of cluster and emerging technologies in Calgary and pivoted to focus on attracting and engaging technology companies.

*EMERGING SECTORS IMPACTS FOR 2018: 16 INVESTMENTS ENGAGED/ATTRACTED/RETAINED/EXPANDED RESULTING IN ESTIMATED 375 DIRECT JOBS CREATED OR RETAINED*

*STARTUP CALGARY IMPACTS FOR 2018: 42 CLIENTS REFERRED TO ALBERTA INNOVATES VOUCHER PROGRAM WITH 22 CLIENTS ALREADY ACCESSING THOSE VOUCHERS.SUPPORTED 16 STARTUPS IN RECEIVING VC FUNDING GENERATING 20 JOBS.*

## Appendix D Area of Focus Team Members

### Talent Leadership Team Members

Chairs: Dr. McCauley President University of Calgary, Dr. Ross President SAIT, Dr. Bass CEO Calgary Academy

- Lesley Brown Mount Royal University
- Laura Jo Gunter Bow Valley College
- Sheila Leblanc University of Calgary
- Elliott Hewitt Western Economic Diversification
- Rod Skura Alberta Advanced Education
- Maryann Everett Alberta Labour
- Brent Allison Longview Systems
- Marcos Lopez Solium
- Greg Chudiak Pandell
- Julie Walyuchow Critical Mass
- Derrick Hunter Hunter Family Foundation
- Cheryl Knight Knight & Assoc.
- Bryan Delottinville Benevity
- John Hui Smart Technologies
- Jeff Loomis Momentum
- Andrea Holowka Calgary Catholic School District
- Sager Grewal, UCalgary Students Union
- Erin Chrusch Mayor's Office
- Calgary Economic Development: Jeanette Sutherland, Deana Haley, Court Ellingson

### Innovation Leadership Team Members

Chairs: Judy Fairburn and Terry Rock CEO Platform

- Monique Nessel City of Calgary
- Sandi Gilbert Seed Ups
- Rick Tofani SAIT
- Chris Paterson Xarvio (BASF)
- Francois Blouin ATCO

- Mike Teshima Suncor Energy
- Trent Johnsen CDL Rockies
- Brad Zumwalt Zinc Ventures
- David Edmonds Accelerate Funds
- Ed Straw ATB
- Carey Houston 321 Sales Academy
- Jeff LaFrenz VizworX
- Erin Chrusch Mayor's Office
- Rollie Dykstra Alberta Innovates
- Jim Gibson Rainforest Alberta
- Calgary Economic Development: Alecia Peters, Kari Gordon, Court Ellingson
- Platform Calgary: James Thangaraj, Steve McIlvenna, Wally Thorson

## Place Leadership Team Members

Chair: Michael Brown

- Brian Hahn BILD Calgary Region
- Ken Toews Strategic Group
- John Fisher CBRE/NAIOP
- Trent Edwards Brookfield Residential
- Marco DeIaco Downtown Business Assoc.
- Franco Savoia Vibrant Communities Calgary
- Martina Jileckova Horizon Housing Society (CHAC)
- Cassandra McAuley Tourism Calgary
- Patti Pon Calgary Arts Development
- Clark Grue Calgary TELUS Convention Centre
- Druh Farrell Councillor Ward 7
- Evan Woolley Councillor Ward 8
- Thom Mahler City Planning
- Sarah Quayle City Green Line
- Augusto Romero City Culture
- James McLaughlin City Recreation
- Erin Chrusch Mayor's Office
- Calgary Economic Development: Leslie Shier, Deana Haley, Court Ellingson

## Business Environment Team Members

Chair: Stuart Dalglish, GM Planning

- Amie Blanchette Calgary Approvals Coordination
- Monique Nasset Information Technology
- Stephanie Knight City Manager's Office
- Karla Spilsted Real Estate & Development Services
- Jason Cameron Resilience
- Mike Luchia CEMA
- Katie Paton Mayor's Office
- Sonya Sharp Calgary Approvals
- Lisa Sierra Corporate Analytics & Innovation
- Danijela Stankovic Corporate Analytics and Innovation
- Sapna Gupta Customer Service Communications
- Blair Riddle Customer Service Communications

## Appendix E Living Lab Projects

- ACAMP – Calgary Zoo
- Aerium Analytics – Shepard Landfill
- Calgary Internet Exchange – City wide
- Canadian Fibre Optic/UCalgary – TELUS Spark, Calgary Zoo and LRT
- Civic Tech YYC and University of Calgary – Downtown
- Global Troxler – Point Trotter
- In-Flight Data – Point Trotter
- Lux Modus – 7<sup>th</sup> Avenue Transit Corridor
- Measurement Sciences Inc. – Point Trotter
- Pacific Western Transportation – TELUS Spark and Calgary Zoo
- Random Acronym - Shouldice aquatic centre
- SAIT - Point Trotter
- SAIT Research with Lockheed Martin - Shepard Landfill
- SAIT Research with NASA - Shepard Landfill
- Sensor Up - Devonian Gardens
- Takemetuit - Furniture Warehouse

- University of Calgary - City Wide Acoustic Sensor Testing
- University of Calgary – Computer Science – TELUS Spark and Calgary Zoo (ELA Pilot)
- University of Calgary – Quantum Clouds Lab - Fibre at University of Calgary
- VizWorX - Calgary Film Centre

**One Calgary Report to  
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## **Streamlining the Cost of Municipal Government**

### **EXECUTIVE SUMMARY**

Calgarians value an efficient and effective municipal government – one that is committed to delivering services that meet the needs of the community and businesses. Council and Administration are working together to deliver on these expectations by transforming service delivery and by focusing on Citizen Priorities (i.e. a prosperous city, a city that moves, a healthy and green city, a city of safe and inspiring neighbourhoods, and a well-run City). A survey by The Economist Intelligence Unit of 140 cities put Calgary as the fourth best city to live in 2018, up from fifth place the year before. Continuing efforts to advance our Citizen Priorities will contribute towards improving the state of our economy in the years to come.

This report provides an overview of the journey that The City has been on, and continues to be on, to transform the way we deliver services, streamline costs and contribute to economic recovery. This report is part of a series, including “Prioritizing next steps to streamline the cost of municipal government” (PFC2019-0585), as well as an update to Council on 2019 July 16.

### **ADMINISTRATION RECOMMENDATION:**

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

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

On 2014 September 15, Council approved the Leadership Strategic Plan: Contract with Council (LSP) (C2014-0703) which outlined five focus areas: (1) Establish a cooperative and meaningful relationship with Council, (2) Cohesive leadership culture and collaborative workforce, (3) Better serve our citizens, communities and customers, (4) Focus immediate and collective attention on planning and building a great city, and (5) Strengthen the Corporation’s financial position.

On 2017 March 20, Council received a report from the City Manager on Organizational Efficiency – Intentional Management (PFC2017-0234). This report and its attachments highlighted many of Administration’s achievements towards organizational efficiency and savings since 2015.

On 2018 November 30, Council approved the One Calgary 2019-2022 Service Plans and Budgets as amended. Administration’s Commitments were outlined in the One Calgary 2019-2022 Service Plans and Budgets and provide high-level strategic guidance to the organization for the four-year term. Administration’s Commitments reflect Council’s direction and the priority of citizens for a well-run city including one that is both efficient and effective and provides value for tax dollars.

On 2018 December 17 (C2018-1440), a progress report on the LSP was provided to Council with additional updates being provided in a previous 2016 progress report as well as through mid-year and year-end accountability reports to Council.

On 2019 February 4, Council received for information a Zero-Based Review (ZBR) Program Update (PFC2019-0041) that outlined the financial benefits realized and forecasted.

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On 2019 February 12, Council received a verbal update on the savings to date in a number of areas including the Budget Savings Account initiative, corporate workforce planning, management exempt cost savings, and intentional workforce management, as part of the Organizational Efficiency Strategy and Intentional Management (PFC2019-0913).

### **BACKGROUND**

Council Directives for 2019-2022 include the following directions regarding streamlining the cost of service delivery and enhancing service value to Calgarians:

- Council and Administration need to speak in a collective voice that improves communication with Calgarians to help them understand: the services The City delivers; how their taxes are invested; that their municipal government functions to serve Calgarians; and that their municipal government is well-run and efficient. We need to learn from Calgarians through meaningful engagement to fully understand and respond to their service requirements and needs.
- We need to shift our understanding and focus from how services are delivered to why services are delivered. The City must work on improving the value of municipal services delivered by simplifying and streamlining processes and procedures, cutting red tape, eliminating service silos, and discontinuing those services that The City should not be providing. Beyond removing barriers, The City must move to a culture that actively promotes businesses.

The work to deliver on these directives is well underway and is part of an ongoing journey to deliver effective and efficient services to Calgarians.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

Council and Administration have demonstrated their commitment towards making life better every day, working together as One City, One Voice and streamlining the cost of service delivery. Examples include:

- Cut Red Tape and Transforming Government initiatives. These initiatives were aimed at advancing any public work, initiative, project, program or plan that reflects the principles of transparency, accountability, civic engagement, innovation and citizen orientation. They included making food trucks more accessible, allowing appointment-bookings and paying for building and development permits online, a one-application program for services for low-income Calgarians and creating a business-friendly environment.
- From 2015-2018, The City identified savings of over \$600 million through operating cost reductions and efficiencies, containing labour costs, and utility rate reductions. These savings have been applied towards various efforts including lowering previously-approved tax rate increases, and re-investing towards initiatives such as the Opportunity Calgary Investment Fund (OCIF), Calgary Transit and the low-income transit pass. More details about this are provided in Attachment 1.



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### **Streamlining the Cost of Municipal Government**

- The 2019-2022 One Calgary Service Plans and Budgets put what Calgarians value about services as the focus. One Calgary supports two important cultural transformations – from an “inside-out” mindset (focused on departments and business units) to an “outside-in” mindset (focused on services); and from a “responding to growth” mindset to a “constraint environment” mindset, through increased focus and prioritization of resources. A least-harm approach with minimal impact in service delivery was taken in investment decisions made by Council and Administration on City services, focusing further investments in high priority areas that citizens and customers value, and budget freezes or reductions in areas that do not directly impact citizens. As well, there is a commitment for Administration to find an additional \$100 million in savings and efficiencies through the next four years, and \$16.5 million in workforce savings from the base in 2019.

Calgary is seen by other municipalities and organizations as a leader in our approaches in managing a well-run city. According to The Economist Intelligence Unit, Calgary was ranked the fourth most livable city in the world in 2018, up from fifth place the previous year, putting Calgary in the ranks of other world-class cities including Vienna, Melbourne, and Osaka. As a city, we are rated high in terms of stability, health care, education and infrastructure, but relatively lower in culture and environment.

Being ranked the fourth best city to live in North America in 2018 is a strong indication that we are on track with having a clear line of sight between what Calgarians value about life in Calgary, Council’s direction to Administration over the next four years to make that happen, and Administration’s response by delivering City services that matter to citizens in the most effective and efficient way. Below are some of the results that have been achieved to date to streamline costs and improve value:

- Our world-class Zero-Based Review (ZBR) program, as part of the Council-approved Corporate Strategy on Efficiency and Effectiveness (C2011-55), involves taking City services through an in-depth review. An examination of why The City is providing the service and whether we should be providing the service is a part of the ZBR program. The goal of the ZBR program is to determine whether we are doing the “right things” in the “right way”; and deliver services in an effective and efficient manner.

To date, ZBRs have been completed on 70 per cent of City services, with the total predicted annual financial gains identified through the ZBR program between \$60.4 million and \$71.5 million after full implementation. More details on how the ZBR program has been successful in streamlining costs across City services is provided in Attachment 2. By 2020, it is anticipated that 80% of City services will have been reviewed through the ZBR program.

- Guided by new Capital Infrastructure Investment Principles, capital investment recommendations for 2019-2022 are focused on providing critical infrastructure and critical asset maintenance to help address the infrastructure gap. The City will continue to maintain and enhance partnerships with the private sector and other orders of government to strategically invest and optimize capital investments to deliver value to Calgarians.
- In recent years, Calgary has consistently ranked the highest in performance in key service areas when benchmarked against other similar municipalities across Canada participating in

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### **Streamlining the Cost of Municipal Government**

the Municipal Benchmarking Network of Canada (MBNCanada) program. As examples, for three years in a row from 2015 – 2017, Calgary Roads has ranked first in having the lowest cost for all maintenance roads functions, and first in the per cent of paved kilometers where road conditions are rated as good to very good two years in a row (2016 and 2017). For three years in a row (2015 – 2017), Calgary has also ranked highest in the per cent of accounts enrolled in a pre-authorized property tax payment plan. MBNCanada Performance Reports are available at [www.mbnccanada.ca](http://www.mbnccanada.ca). Benchmarks were also an important element of the service plans and budgets as outlined in the service pages. Benchmarking remains an ongoing practice The City has adopted to ensure we learn from others and continuously improve relative to industry best practices.

- The City has in place a rigorous strategic planning process that involves a clear line of sight between the aspirations and expectations of the community with Council's direction to Administration. It will also align these aspirations, expectations and direction with service delivery through the 2019-2022 Service Plans and Budgets. Administration's progress in delivering on Council's direction for the next four years is shown in Attachment 3.

The City has embraced continuous improvement including streamlining costs and being responsive to the needs of Calgarians as part of the way we work everyday. Examples include:

- redesigning transit services in consultation with customers to lower overall costs in public transit;
- building capacity in the community to transition senior home maintenance services,
- better managing City data across services;
- reducing the response time for Freedom of Information and Protection (FOIP) requests; and
- implementing on-call and work-from-home strategies in the 311 call centre that has improved overall service levels to citizens.

As directed by Council (PFC2018-1300), there is also currently a policy review underway to improve the value of City services by identifying and resolving policy issues that act as barriers to outcomes for citizens and customers. This review is intended to improve customer experience, make City operations more efficient and develop a method that can be applied to other areas, supporting Administration's future efforts in the pursuit of these benefits in-house.

Looking ahead, the journey to transform government and streamline costs will continue. Guided by our road map into the next four years as described in the One Calgary 2019-2022 Service Plans and Budgets, Administration's response to deliver services to citizens is guided by clear corporate priorities as articulated from Administration's Commitments.

Administration will also continue to apply a results- and evidence-based approach, known as Results-Based Accountability™ (RBA), towards managing our performance (PFC2017-0234) at The City of Calgary and contribute towards quality of life for Calgarians. The results- and evidence-based approach was applied in the development of the 2019-2022 Service Plans and Budgets and continues to be applied across the organization in ongoing performance measurement and accountability, service reviews and improvement, and the management of

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## **Streamlining the Cost of Municipal Government**

risks. The City's performance management system and its associated elements is shown in Attachment 4.

A key piece of managing our performance will also involve maturing the process of risk management at The City, which adheres to ISO 31000 standards. Over- or under-managing risks limits the organization's ability to be agile towards responding to shifting circumstances and can potentially strain resources. As Administration gains a clearer understanding of Council's appetite and tolerance for managing risks in service delivery, we will be better able to apply the appropriate risk treatments to ensure that costs and efforts used to manage risks are in line with streamlining costs of municipal government.

The organizational shift from a department-based to a service-based mindset will require changes on several fronts, including removing service silos and delivering services in an integrated fashion. Embracing a service-focused perspective by putting citizens in the forefront, the focus will shift from "HOW we do things and WHO does them", to "WHAT services citizens and businesses are receiving and WHY". We will remain focused on our ability to measure and report "is anyone better off?" from the services we offer.

Transformation at The City is an ongoing journey as the needs of our citizens and customers continue to evolve amid an increasingly complex and competitive world. In recent years, our ongoing journey to continuously improve how we deliver services has been disrupted by external stresses and shocks, including adverse weather-related events and a persistent economic downturn, adding further pressure on our fiscal health. The impact of a poor economy and the resulting significant financial pressures on households and businesses in Calgary has only increased the urgency of Council and The City to relieve taxes and "do more with less". While there is an urge to continue cutting budgets when economic recovery is slow, the search for quick wins in an uncoordinated and ad-hoc fashion can disrupt and direct resources away from ongoing efforts along the steady course of service improvement The City has been on.

Calgary has a demonstrated track record with regards to streamlining the cost of municipal government with the journey continuing in 2019-2022. The key is to continue to put our citizens and customers at the forefront, improve financial sustainability through thoughtful and deliberate changes to service delivery, and embrace an operating model of continuous improvement and service excellence.

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

Citizen input was a critically important part of determining The City's focus for the 2019-2022 Service Plans and Budgets. Citizen research and engagement was leveraged and identified key themes including:

- Overall, satisfaction with City services is high, despite concerns with the economy.
- Businesses want City services and policies to support, not impede their sustainability and growth, and they tend to be more critical of City services overall.
- Citizens want open, efficient and effective City services.
- Citizens are split between increasing taxes to maintain or expand services and cutting services to maintain or reduce taxes.

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A 2018 McKinsey & Company study, which involved 80 cases and in-depth interviews with 30 leaders of government transformations, uncovered that only 20 per cent of transformations have been successful. There are five key factors that, when applied along with putting citizens at the forefront, increase the likelihood of success by more than three times – having:

- **Committed leadership**, where leaders model the desired behaviours.
- **Clear purpose and priorities**, where less is more, and setting fewer targets, being specific and results-based increases the chances of success.
- **Coordination in delivery**, where an empowered and focused team is dedicated to the transformation effort.
- **Compelling communication**, where there is two-way communication with all groups impacted by transformation efforts, particularly with employees.
- **Capability for change**, where new capacity for change and encouraging agility within the organization is essential to successful transformations.

It is noteworthy that the McKinsey study has consistently found that “less is more” when it comes to transformation objectives, in that the most successful efforts keep targets few, specific and results-based. It appears that Council and Administration have in place the necessary ingredients for a successful transformation towards striving for continuous improvement, streamlining the cost of government, and better serving the needs of our citizens and customers.

### **Strategic Alignment**

The ongoing work of One Calgary in building an operating environment of continuous improvement is critical in contributing towards fulfilling Council Directives for 2019-2022, and towards Citizen Priorities that Calgarians value about life in Calgary. Continuous improvement, streamlining the cost of government, and being effective and efficient in how we deliver services are the cornerstones of “A Well-run City”.

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

Social, environmental and economic guidance is provided through City policies, Citizen Priorities and Council Directives, all of which guide Administration in delivering on the Council-approved plans and budgets.

### **Financial Capacity**

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

Administration is on track to deliver our commitment of finding an additional \$100 million in savings and efficiencies through the next four years as identified through the 2019-2022 Service Plans and Budgets, as well as \$16.5 million in workforce savings from the base in 2019. The ZBR program is also on track to identify a total predicted annual financial gain of between \$60.6 million and \$71.5 million after full implementation. Financial gains will include cost savings, productivity gains, cost avoidance, and increased revenues. Moreover, ongoing efforts to

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## **Streamlining the Cost of Municipal Government**

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continuously improve how we deliver services and respond to citizens and customers may result in more savings in the short term.

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

The capital budget for 2019-2022 has been approved by Council and on track to be applied towards planned initiatives.

### **Risk Assessment**

Administration and Council are working together to address streamlining costs while continuing to deliver service value. There is a risk that The City of Calgary will compromise ongoing, long-term goals that support quality of life of our community to develop an operating environment of efficiency and effectiveness for short term gains. This could lead to the organization putting itself into a position where it is less able to respond nimbly or effectively to changing Citizen demands, and a changing social, political, and economic environment. To address this, Council and Administration will need to work together, taking a collaborative approach to organization-wide challenges, focus on results, keep our citizens and customers at the forefront, and stay the course to implement and deliver on long-term plans.

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

Administration has been on an ongoing journey to transform the way we deliver services and streamline our costs, contributing to economic recovery. This report provides Council with an overview of our ongoing efforts to streamline the cost of municipal government, continuously improve and work together to deliver on what is most important for Calgarians.

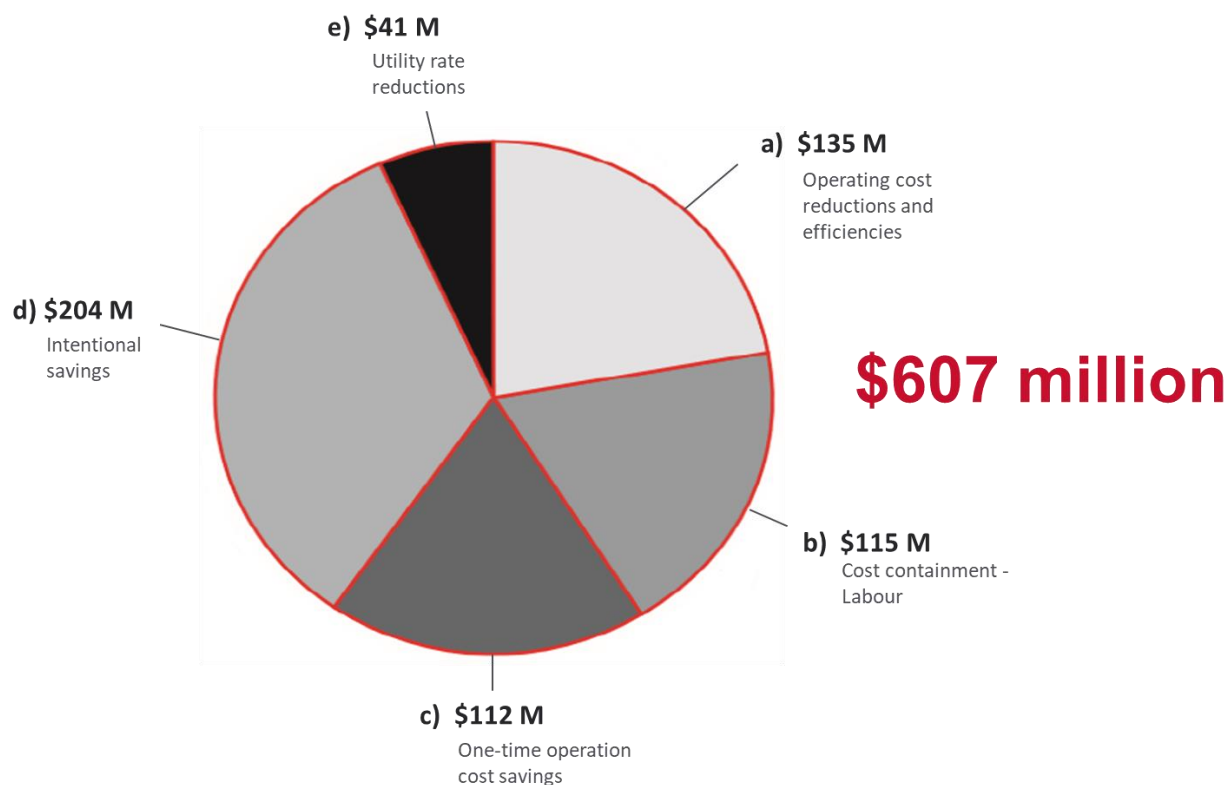
### **ATTACHMENT(S)**

1. Savings, Efficiencies and Reductions 2015-2018
2. The Zero-Based Review Program
3. Administration's Corporate Performance Scorecard
4. The City's Performance Management System



## Savings, Efficiencies and Reductions 2015-2018

Intentional Management is a process The City's leadership has adopted and implemented to realize significant savings in three key areas: cost reductions and efficiencies, cost containment, and operating cost savings. Savings found through intentional management are redirected to allow The City to deliver services within our means and provide benefits such as tax relief, fee relief, offsetting revenue shortfalls to avoid tax implications, and community support (e.g. social programs, affordable housing, etc.).



From 2015-2018, The City identified \$607 million in savings, efficiencies and reductions (as of November 2018) through intentional management, including:

- a) \$135 million in base savings through reductions in business unit budgets, corporate costs, and manageable costs to reduce the previously approved 2015-2018 tax rate increases to respond to the change in economic conditions. Furthermore, in response to landfill revenue shortfalls, reductions to landfill services were implemented while also freezing fees.
- b) \$115 million in reductions for lower-than-budgeted union settlements, lower-than-budgeted increases for exempt employees, and intentional management of the workforce. These savings were used to reduce previously approved tax rate increases and to offset projected revenue shortfalls with some available for future use.

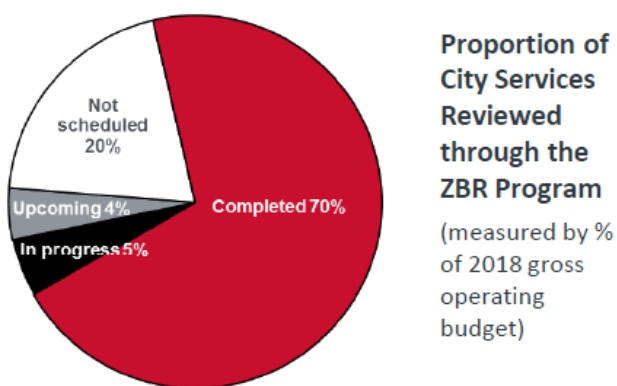
- c) \$112 million was contributed to the budget savings account reserve through further one-time savings from delayed hiring and cost containment, with another \$203 million in capital budget savings found and reallocated to projects that benefit Calgarians including the Opportunity Calgary Investment Fund, Calgary Transit, Crowchild Trail short-term improvements project, Main Streets program, and initiatives to lower the property tax rate, to name a few.
- d) \$204 million in intentional cost savings was used to fund certain initiatives such as the phased tax program to provide tax relief, community services, and the low-income transit pass for Calgarians in need.
- e) \$41 million in utility rate reductions achieved through reducing expenses.



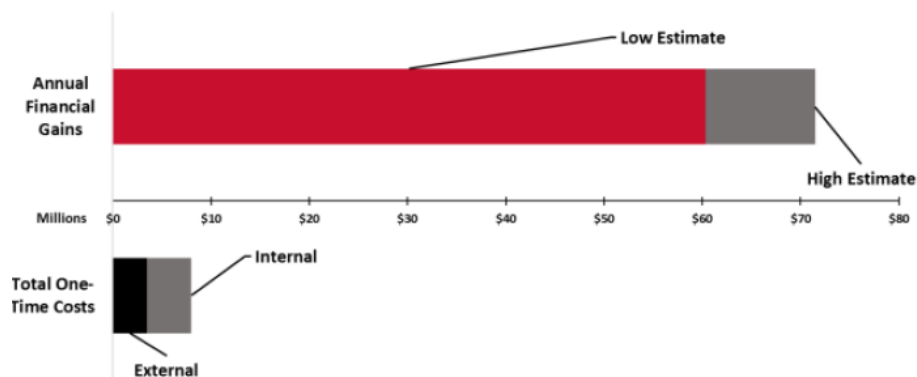
## The Zero-Based Review Program

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 representing approximately 70% of The City's annual budget. Total annual financial gains identified through the program are between \$60.4 million to \$71.5 million and the total annual gains realized to date are \$43.6 million. The ratio of program costs to identified savings since the inauguration of the program remains a favorable \$1 in one-time costs to \$8.24 in identified annual savings.

### How much did we do?



### How well did we do it?



## Continuous improvement of the program

The program itself 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. One of the key improvements made in the program is in taking a corporate-wide approach, instead of individual service reviews, towards reviewing internal services because they support the organization as a whole (PFC2016-0883).

## Purpose of the ZBR program

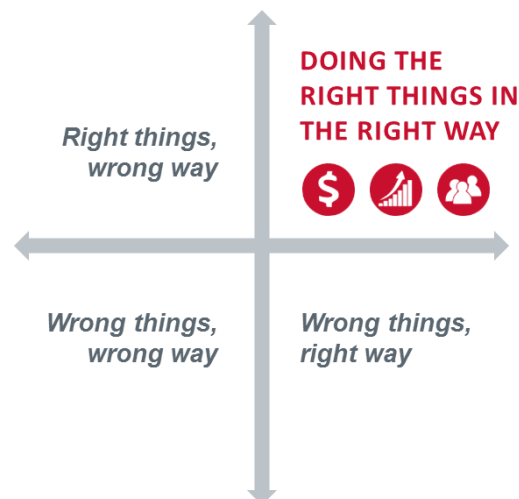
The ZBR program exists to:

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 and applies risk-based thinking to ensure The City is able to enhance opportunities and avoid risk while achieving its results in a time of constraint. 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.

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



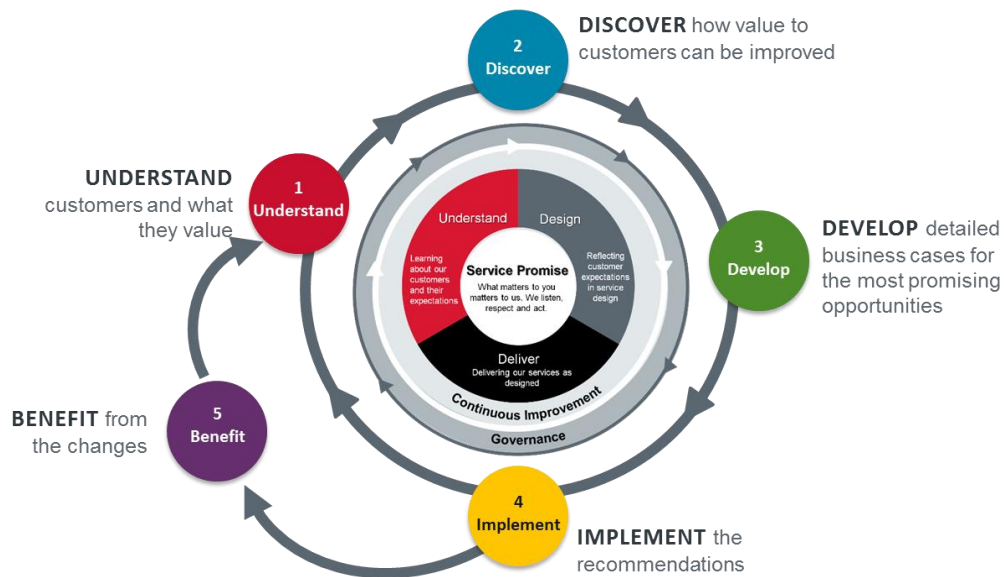
1. **Service Rationale:** Why is The City providing the service? Should we be in this business?
2. **Service Level and Scope:** Why is The City providing the scope and level of service?
3. **Service Efficiency:** According to the industry standards, is the service efficient?
4. **Service Effectiveness:** 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 of applying results- and evidence-based decision making across all elements of The City's Performance Management System, a culture of continuous improvement that is a hallmark of every high-performing organization, is instilled in the way we deliver services every day, not only in times of financial constraint. Our efforts to further embed this culture at The City will continue in the 2019-2022 cycle.

## The continuous improvement process

The continuous improvement process used in ZBRs is based around The City of Calgary's Customer Service Approach. As such, the process starts with understanding what citizens and customers value about the service in the 'Understand' phase shown below.

### The ZBR continuous improvement process



What customers value forms the desired results of the service, so that the elements of results-based thinking process (Results-Based Accountability™ or RBA) can be applied towards understanding the internal and external influences on achieving our desired results, being accountable for our service performance levels and how well we are doing, whether our customers are better off, and continuously find ways to do better with low-cost, no-cost methods, while appropriately managing the risks impacting the achievement of results.

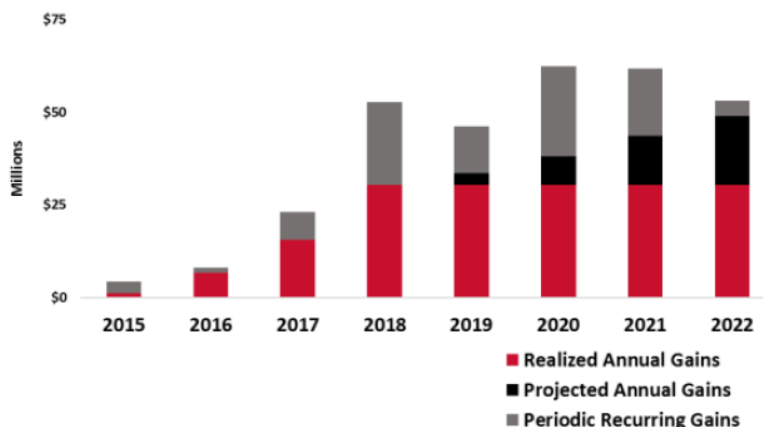
## Achievements to-date of the ZBR program

Since the first ZBR was conducted in 2012, zero-based reviews have been conducted on 70% of City services by budget. These are: Fleet, Parks, Roads, Water Services, Fire, Calgary Transit, Water Resources, Calgary Building Services, Recreation, and Information Technology.

To date, the total predicted annual financial gains identified through the ZBR program are between \$60.4

million and \$71.5 million after full implementation. Financial gains include cost savings, productivity gains, cost avoidance and increased revenues.

### Is anyone better off?



Efficiency and effectiveness improvements are complementary in that associated with the anticipated financial gains, over half of the ZBR recommendations identify advances such as improved service outcomes, higher customer satisfaction and improved employee morale. Some practical and relatable examples of how the zero-based review of services have improved the way we deliver our services include quicker turnaround times for pavement rehabilitation work and replacement of streetlight poles; reduced disruption to commuter traffic, residences and businesses related to repair of sewer backups; reduced downtime of transit ticketing machines; and a simplified single (previously fifty-one applications) online application process, with online live chat support, for building and development permits for homeowners.

Moving forward, the foundational work of the One Calgary program to present City services using a results-based way of thinking with what customers value as the focus will allow future ZBR work and accelerate the review process in 2019. The program will be focused on reviewing The City's internal services, and is currently on track to complete in-depth reviews of 80% of City services by 2020. Our approach moving forward will also speak to things such as addressing Council's areas of top concern, the speed of the reviews, breadth of coverage, level of granularity, and linking the results to the plans and budgets.



## Administration's Corporate Performance Scorecard

To deliver on Council's direction over the next four years, Administration is committed to:

- Sustain a cooperative and meaningful relationship with Council.
- Foster a safe and respectful workplace for all employees.
- Continue to promote a progressive public service culture through One City, One Voice.
- Focus attention on planning and building a resilient city, including flood mitigation and climate change.
- Enhance service to our customers and communities, including citizens and businesses.
- Further strengthen the Corporation's financial position.

The following measures show Administration's progress in delivering on the above commitments:

	Measure	2014	2015	2016	2017	2018
<b>Vision</b>	Calgary is a great place to make a life	85%	84%	82%	81%**	83%†
	Calgary is a great place to make a living	86%	80%	65%	68%**	71%
	On the right track to being a better city 10 years from now	89%	88%	86%	82%**	84%
<b>Strategy</b>	I am confident that The City will work together with local businesses and other levels of government to find the best solutions to help our city through this economic downturn	NA	NA	82%	79%	73%
	How much do you trust or distrust The City of Calgary?	NA	NA	NA	62%**	60%
	I trust The City of Calgary to make the right decisions when it comes to building projects like roads, public transportation and local facilities	NA	NA	NA	70%	66%
	The City of Calgary's credit rating	AA+	AA+	AA+	AA+	AA+
	I am proud to work at The City of Calgary	75%	87%	87%	85%	84%
	I trust my direct supervisor	NA	73%	74%	72%	73%
	I am supported to speak up about unsafe conditions	NA	NA	81%	80%	81%
	Senior management clearly communicates The City's goals and objectives	NA	52%	53%	49%	51%
<b>Value</b>	Overall satisfaction with level and quality of City services and programs	79%	80%	79%	73%**	77%
	Satisfaction with the overall level and quality of customer service	78%	80%	80%	78%*	78%
	The City does a good job of providing citizens with information about how their property tax dollars are invested in various City services	67%	65%	63%	60%**	60%

\*Fall: August-September 2017

\*\*Late fall: November 2017

† Fall 2018





# The City’s Performance Management System

*If we aren’t moving forward, we’re falling behind.*

## What is it?

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

## Why do we need it?

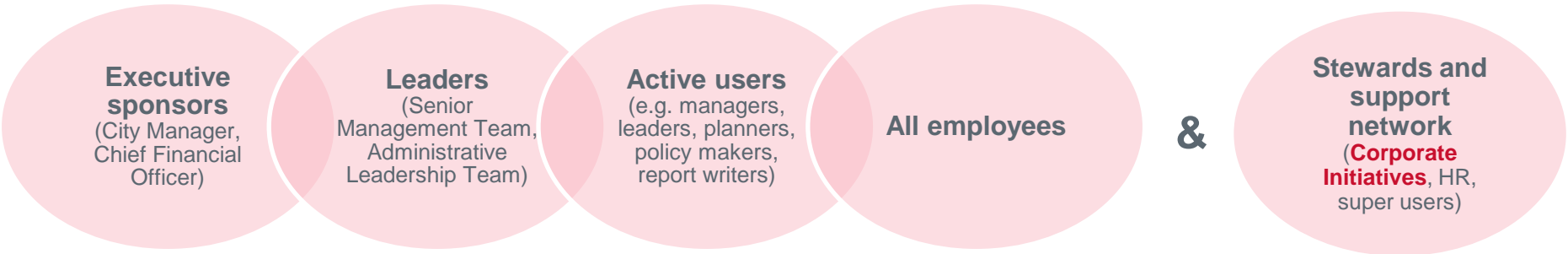
In a dynamic and complex organization, it’s challenging to be consistent and effective. The City is charged with the responsibility of delivering a wide array of programs and services under the pressures of increasing service demands, competing priorities and limited funding, all within a changing environment.

The Performance Management System provides tested methods and tools that allows us to manage our programs and services in a more consistent, effective and efficient way.

## What are the benefits?

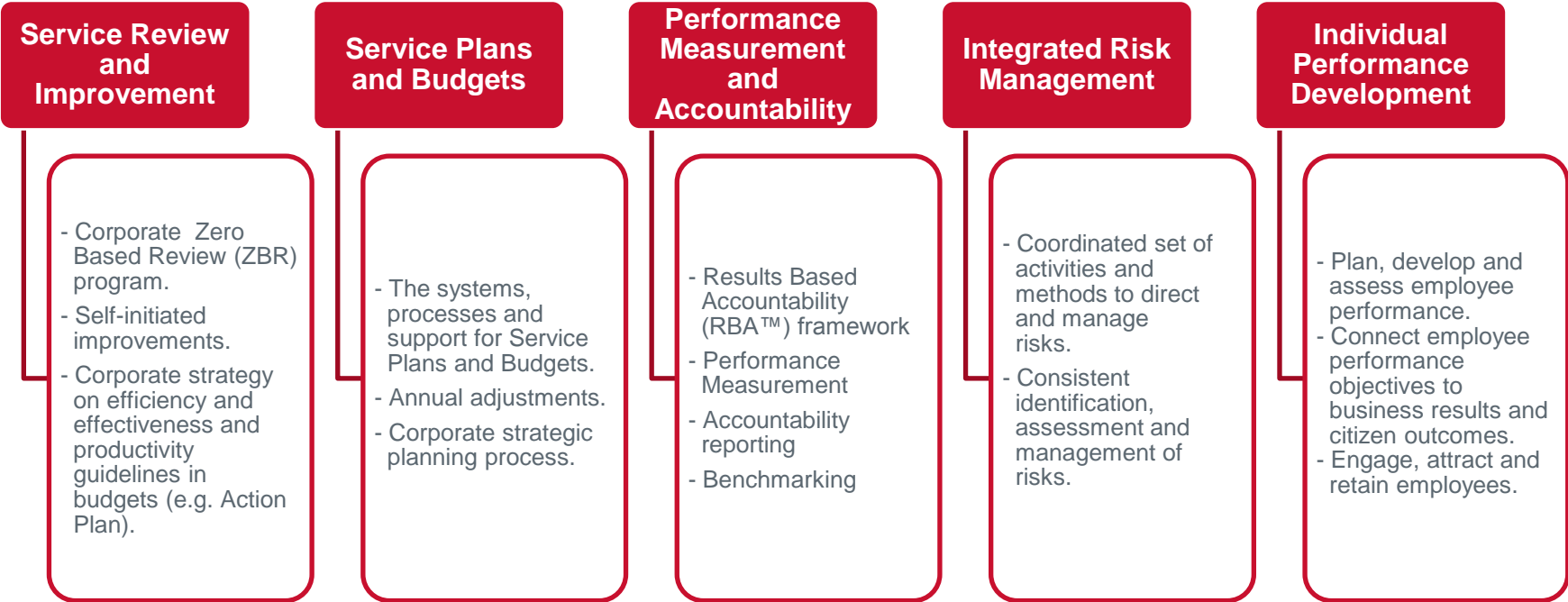
- A successfully implemented Performance Management System can:
- ✓ Increase our citizen-focus
  - ✓ Help us achieve better performance results
  - ✓ Improve our decision-making
  - ✓ Develop our organizational capacity
  - ✓ Connect our work cross-corporately

## Who is responsible?



- Value**
- Clarifies role in supporting the organization to achieve objectives and provide services to citizens.
  - Provides consistency in a complex and dynamic organization.
  - Will increase the trust and confidence of Council and citizens in the organization.
- What’s needed from them**
- Communicate what the Performance Management System is and how it can be applied.
  - Develop, enhance and continuously improve the tools within the system.
  - Support active users in applying the tools.
  - Continuously improve expert knowledge of the system tools.

## What’s included in the system?



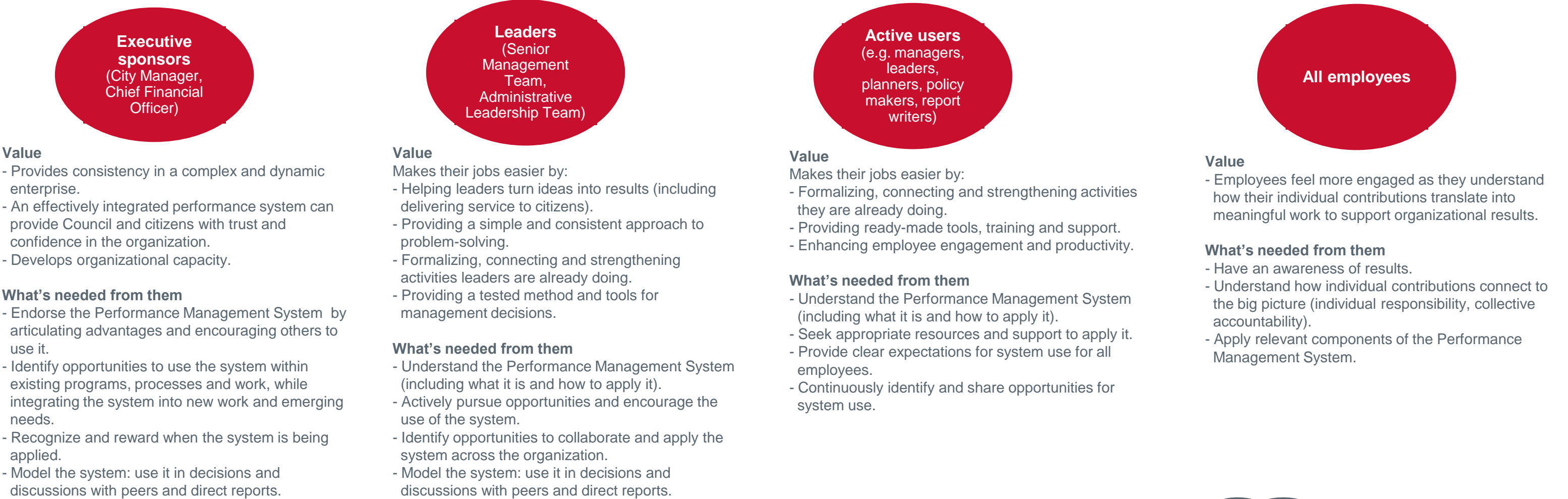
**Note** - Corporate Initiatives stewards all components above except Individual Performance Development, which is stewarded by HR. These components are aligned to the various other programs and systems within the organization.

## Telling the Performance Management System story

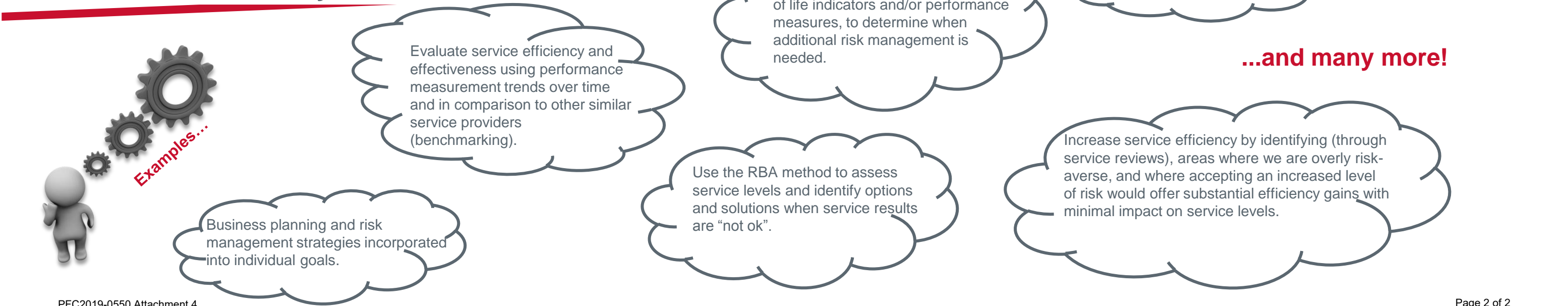


- The Performance Management System is part of the **DNA** of our organization.
- The system provides us with a disciplined approach to continuous improvement, and the strands of this approach are in all that we do.
- We move forward through continuous improvement, supporting the success of the programs and services that our citizens value most.
- The Performance Management System is designed to increase our organization’s capacity, enabling us to be as efficient and effective as possible with tax dollars.
- This efficiency and effectiveness supports us in achieving one of our organization's major priorities – to better serve our customers, communities and citizens.

Roles and responsibilities



Connections within the system



**One Calgary Report to  
Priorities and Finance Committee  
2019 May 14**

**ISC: UNRESTRICTED  
PFC2019-0585**

**Prioritizing next steps to streamline the cost of municipal government**

**EXECUTIVE SUMMARY**

Since Council's approval of the 2019-2022 Service Plans and Budgets in November 2018, Council has expressed the need to reduce costs below what was approved. Administration has received varying direction from Council about the best way to achieve further reductions, which can broadly be categorized as follows:

- Examine the scope of services and sub-services provided by The City;
- Continue to deliver efficiencies (i.e. the same or better service level at a lower cost), through optimizing operations and reducing waste; and
- Immediate budget reductions.

Each of these undertakings is significant and resource intensive, and Administration is unable to deliver a big corporate push in all three areas simultaneously while continuing to execute on the approved One Calgary plans. Further, these strategies are at odds with each other in terms of timelines, mindset, and tactics required. The first two strategies are longer-term endeavours to improve financial sustainability through thoughtful and deliberate changes to service delivery, and they rely on an organizational culture of continuous improvement. The third strategy could provide immediate financial benefits, but comes at the cost of less strategic service cuts that will likely impact citizen satisfaction and undermines the longer-term organizational culture change.

This report outlines the challenges Administration is facing to meet Council's expectations on all three fronts simultaneously and proposes a focused and staggered approach to reducing costs that is achievable and aligned with the longer-term organizational transformation underway. Clear and realistic expectations are needed to enable Administration to meet Council's needs, particularly in advance of the 2020 adjustments process in November.

**ADMINISTRATION RECOMMENDATION:**

That the Priorities and Finance Committee recommend that Council:

1. Reconsider its motion on 2019 April 01 "That Council direct Administration to provide operating budget reduction options/scenarios (equating to a budget freeze) as part of the One Calgary mid-cycle budget deliberations."
2. Direct Administration to deliver on the next steps to streamline costs, as follows:
  - a. Develop The City's portfolio of sub-services (May-Sept 2019).
  - b. Support Council to review the list of sub-services and identify areas for further investigation where scope could potentially be reduced (Sept 2019).
  - c. Undertake service reviews in the areas selected by Council and implement recommendations (2020-2022+).
  - d. Deliver existing efficiency and saving commitments already approved within the plans and budgets, and continue delivering the ZBR program (2019-2022).
  - e. Bring forward targeted budget reduction information to the mid-cycle adjustment in November 2020. Work with Council to determine an appropriate magnitude and scope for these reductions (Nov 2020).

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**Prioritizing next steps to streamline the cost of municipal government**

**PREVIOUS COUNCIL DIRECTION / POLICY**

On 2018 November 30, Council approved the One Calgary 2019-2022 Service Plans and Budgets (C2018-1158). This marked the approval of The City's strategy for service delivery over the next four years and the beginning of the execution phase of these plans. The approval included a requirement to find \$16.5 million in workforce savings from the base in 2019 and a total of \$100 million in savings (\$60 million in addition to the \$40 million included in the approved plans and budgets) to be found throughout the four years. \$20 million of this additional \$60 million is part of the base efficiencies that Administration committed to in July, and the remaining \$40 million is to fund the one-time budget strategy presented in November 2018.

At the same meeting, Council also approved the following motion:

"To better inform mid-cycle budget considerations and to shape the focus of anticipated Zero-Based Reviews, direct Administration (specifically Corporate Initiatives and Intergovernmental & Corporate Strategy) to work with Mayor Nenshi and Cllrs. Colley-Urquhart and Gondek in drafting the agenda and outcomes for the January 28, 2019 Strategic Meeting of Council that will accomplish the goals of:

- a. setting Council strategic priorities for the remainder of the term;
- b. discussing the major unfunded capital projects; and
- c. inform the agenda and outcomes for a subsequent session to conduct a review of the 61 service lines (and subsets) before the end of Q3 2019."

On 2019 April 01, Council approved a further motion:

"That Council direct the Administration to provide operating budget reduction options/scenarios (equating to a budget freeze) as part of the One Calgary mid-cycle budget deliberations."

Subsequent conversations confirmed that Council's expectation is to have budget reduction options in November 2019, equivalent to freezing the operating budget at 2019 levels. The difference between the approved total 2019 and 2020 gross expenditures (net of recoveries) is \$148M for the total City, including Police, Fire and Utilities. Further background and considerations regarding Council's previous direction is outlined in Attachments 1 and 2.

**BACKGROUND**

For the last 10 years, Administration and Council have been on a journey to transform The City of Calgary to be more efficient and effective at delivering services to citizens. A complementary report to this one (PFC2019-0550) provides an overview of the leading-edge work undertaken by The City to reduce costs, including the Zero-Based Review (ZBR) program and delivering over \$600 million in savings, efficiencies, and reductions in 2015-2018.

Heading into the 2019-2022 cycle, Administration and Council needed to continue the emphasis on cost savings in the face of continued financial challenges, which required new strategies and tactics. The One Calgary program was initiated to leverage the planning and budgeting process to advance two cultural transformations: from a department-based to a service-based mindset, and from a "responding to growth" mindset to a "constraint environment" mindset.

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As part of the One Calgary process, all services prepared information about customer service impacts in the event of a budget freeze and at various reduction scenarios. The purpose was to better understand where capacity could be generated based on some services offering reductions or freezes, allowing other services to invest according to Council Directives. This was a fully corporate approach where all services participated. It was based on a common understanding that the identification of reductions and efficiencies is the responsibility of all services, embodying our values of individual responsibility and collective accountability.

As a result of this work, Council approved a plan and budget in November 2018 that included budget freezes or reductions for some services (particularly for some of The City's enabling services), while allowing further investment in high priority services (such as Affordable Housing, Public Transit and Police Services). This innovative and thoughtful approach has made The City of Calgary a municipal leader in planning and budgeting in North America.

In addition to targeting investments in high priority areas, the 2019-2022 Service Plans and Budgets included a corporate commitment to deliver savings, including a commitment to find \$16.5 million in workforce savings from the base in 2019 as well as a total of \$100 million in efficiencies and other savings to be found throughout the four years. All this work enabled Administration to propose a tax rate increase for service delivery in 2019-2022 that was below the rate of inflation and population growth (before adding the tax rate increase to support new and actively developing community growth, per Council direction).

The focus of Administration is now on delivering the approved service plans. Over the next four years, the execution, monitoring and adjustment of the approved plans will mean that citizens are better off in 2022.

**INVESTIGATION: ALTERNATIVES AND ANALYSIS**

Even with the significant progress made over the past 10 years, Council understandably expects to see more work done by Administration to reduce costs. To be most effective, this work requires clear focus and alignment of efforts among Council and Administration.

In recent months, Administration has received varying direction from Council about the best way to move forward, which can broadly be categorized into the three strategies below:

1. **Examine the scope of City services and sub-services:** Council has increasingly expressed a desire to examine fundamental questions about the scope of services provided, including whether there are any services or sub-services that could be discontinued. This includes examining whether any City services should be provided by another level of government or the private sector. The first step in this process is to define and create a list of sub-services. As outlined in Attachment 2, this work is underway and a complete list of sub-services will be brought to Council in September.
2. **Continue to deliver efficiencies through optimizing operations and reducing waste:** Administration is regularly looking for new and innovative ways to reduce costs and realize efficiencies (without impacting service levels) through optimization and streamlining of operations. For example, this could include leveraging technology solutions or centralizing processes across City services. Administration has committed to

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find \$100 million in savings in 2019-2022, per the approved Service Plans and Budgets, and is continually identifying efficiencies through the ZBR program and other initiatives.

3. **Immediate budget reductions:** Council has also expressed a desire for immediate budget reductions to reduce taxes, rates and fees for citizens and businesses, even if this means a lower level of service. As outlined in Attachment 1, the magnitude of a budget freeze to 2019 levels in 2020 is \$148 million in City total operating expenditures. This is a significant amount and would result in reduced service levels.

While Administration is continually leveraging different tactics to reduce costs, it is not possible to deliver a big corporate push in all three areas simultaneously. Attachment 3 outlines how each of these strategies differ in terms of tactics, timeline to realize benefits, impact on citizens, and The City's organizational culture. As outlined, the strategies not only require different tactics but are also fundamentally at odds with each other – pursuing one approach can come at the expense of another.

Further, there are limited resources within the organization to do this type of work and therefore it is important to focus efforts on the top priorities. With the approval of the 2019-2022 Service Plans and Budgets, the organization is now focused on executing the approved plans. The vast majority of City employees and resources are directed to day-to-day service delivery, and there is a limit to how much corporate work can be undertaken before it starts to take away from the focus on service delivery.

Finally, there is a logical order to some of these tactics that should be considered. For example, there is a risk of wasting time and resources streamlining the operations of a service that Council would ultimately prefer to discontinue offering.

For these reasons, it is important to be thoughtful and deliberate about which approach is being utilized, and Administration and Council should be aligned and focused on the chosen strategy.

**Recommended strategy for 2019-2022**

Without a focused strategy to further streamline the cost of City services, there is a risk that Administration will not be able to successfully deliver on any of these strategies and could unintentionally undermine future efforts. Administration is therefore looking for Council's direction on how to prioritize this work in 2019 and in the remainder of the four-year cycle.

Table 1 (on page 5) outlines Administration's recommendation for a long-term strategy that focuses first on supporting Council to begin examining the scope of City services provided. This would mean directing corporate efforts towards this work in 2019 and delaying further work on immediate budget reduction options until the mid-cycle adjustment in November 2020.




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**Prioritizing next steps to streamline the cost of municipal government**

**Table 1: Proposed next steps to streamline the cost of municipal government**

Examine scope of City services and sub-services	Find \$100M as committed in the 2019-2022 Service Plans and Budgets	Immediate budget reductions
<b>Order of priority</b> 		
Develop The City's portfolio of sub-services. (May-Sept 2019)  Support Council to review the list of sub-services and identify areas for further investigation where scope could potentially be reduced. (Sept 2019)  Undertake service reviews in the areas selected by Council and implement recommendations. (2020-2022+)	Deliver existing efficiency and saving commitments already approved within the plans and budgets, and continue delivering the ZBR program. (2019-2022)	Bring forward targeted budget reduction information to the mid-cycle adjustment in November 2020. Work with Council to determine an appropriate magnitude and scope for these reductions. (Nov 2020)

Administration's recommendation continues The City on its current transformation to become a more citizen-oriented and service-oriented organization, and supports Council to ask fundamental questions about the scope of services provided. This work creates a more financially sustainable municipality in the long term and leads to innovative solutions for reducing costs with the least harm to citizens.

If Council instead directs Administration to focus first on preparing immediate budget reductions for consideration in November 2019 (per their motion on 2019 April 01), this could deliver short-term financial benefits but would come at the expense of longer-term objectives. It would require delaying work on the Council review of services and sub-services, would result in less strategic service cuts that are likely to impact citizen satisfaction, and would undermine the longer-term organizational culture change underway.

**Stakeholder Engagement, Research and Communication**

If Administration's recommendation is approved, the next steps to engage Council would be as follows:

- **July 16 – Strategic Council Meeting:** Full-day workshop to get Council's input on specific strategies going forward to streamline the cost of government, per the proposed Strategic Council Meeting topics outlined in report PFC2019-0369. Note that the full list of sub-services will not be presented at this session, but in September (see below).
- **September 17 – Priorities and Finance Committee:** Present the 2019 Mid-Year Accountability Report, including an update on performance and highlights of efforts to

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reduce costs and implement efficiencies. This will include information on ongoing continuous improvement efforts.

- **September (date TBD) – Special Meeting of Council:** Present the list of sub-services and get Council direction on which areas require more in-depth review. Provide further detail on the specific areas where savings are being made to meet existing savings commitments, and update on options for further savings.
- **November 25-29 – Council Deliberations:** Plan and budget adjustments for remaining three years of the cycle (2020-2022).

#### **Strategic Alignment**

The work of One Calgary supports the organization in achieving the Citizen Priority of “A Well-Run City: Calgary has a modern and efficient municipal government that is focused on resilience and continuous improvement to make life better every day for Calgarians by learning from citizens, partners, and others.”

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

Social, environmental and economic guidance is provided through City policies, Citizen Priorities and Council Directives, all of which will guide Administration when proposing plan and budget adjustments to Council, including prioritization of potential budget reductions.

#### **Financial Capacity**

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

Decisions made on the 2019-2022 strategy to streamline the cost of government will impact the use of resources in the current 2019 budget and the use of resources and overall size of the budget in 2020 to 2022.

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

Decisions made on the 2019-2022 strategy to streamline the cost of government will impact the current anticipated plan for capital budget resources in the pursuit of customer services. Capital implications and options will be considered throughout.

#### **Risk Assessment**

The primary risk of approving Administration's recommendation is that it will not meet the expectation of Council for immediate budget reductions for consideration in November 2019. Administration will continue to deliver efficiencies and reductions (including targeted budget reduction information at the mid-cycle adjustment in November 2020), demonstrating its commitment to streamlining the cost of government. Furthermore, Administration recognizes the need to improve communication with citizens about the value they get for their tax dollars and the leading-edge work already underway to improve services while reducing costs, including the proposed next steps to continue reducing costs in 2019-2022. To that end, Administration is currently developing a public communication campaign that will build on the examples of service improvement highlighted in report PFC2019-0550.



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If Council instead chooses to focus Administration's efforts in 2019 on immediate, across-the-board cuts, there is a significant risk that this will come at the expense of less strategic service cuts, which will have an immediate impact on citizens. This would likely result in reputational issues about the quality of City services and potentially lower the perceived value of tax dollars. Further, this approach would undermine the broader organizational change underway – immediate, across-the-board budget cuts tend to hurt productivity and reinforce siloed and competitive behaviours. As such, it would undermine the longer-term strategy to streamline costs and continually find efficiencies through being more collaborative and service-oriented.

Attempting a big corporate push in all areas at once, in addition to Administration's focus on executing the approved plans and budgets, will likely mean that none of them is done well, and could potentially undermine future efforts.

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

Administration needs to ensure sufficient resources are in place, and its recommendation would sustain the progress made to date on One Calgary, both in terms of the broader organizational culture change and the leading-edge planning and budgeting practices. This takes a longer-term view of the journey to create a culture of continuous improvement and make thoughtful and deliberate decisions about where to reduce service scope in ways that reduce costs with least harm to citizens.

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

1. Unpacking Council's "budget freeze" motion
2. Sub-services: A necessary step in maturing the service approach
3. Comparison of cost saving strategies



## Unpacking Council's "budget freeze" motion

On 2019 April 1, Council approved the following motion:

**That Council direct the Administration to provide operating budget reduction options/scenarios (equating to a budget freeze) as part of the One Calgary mid-cycle budget deliberations.**

Since that time, Administration has done further work to better understand Council's motion and the expectations behind it, and tactically how this work could be implemented.

### Assumptions

*How Administration is interpreting Council's motion*

- **Timing:** Council's expectation is to have these budget and service reduction options in November 2019 to inform the 2020 adjustments. (Note: Per Council Policy CFO004, "mid-cycle adjustments" is typically used to describe the adjustment process that happens halfway between the four years. For example, in the 2019-2022 cycle, "mid-cycle adjustments" would happen in November 2020.)
- **Budget freeze:** The budget freeze would be equivalent to freezing the budgeted operating expenditures (net of recoveries) at 2019 levels. It does not apply to capital budgets.
- **Options/scenarios:** Council is expecting multiple options or scenarios for how to freeze the budget, not just one recommendation from Administration.

### Implementation in 2019 (not recommended)

*How this would look if implemented in 2019 for 2020 adjustments*

- **Magnitude:** The difference between the approved total 2019 and 2020 gross expenditures (net of recoveries) is \$148 million for the total City, including Police, Fire and Utilities. This includes increases in non-discretionary expenses such as capital-related expenditures included in some operating budgets. Freezing total expenditures could therefore result in significant decreases in discretionary operating expenses.
- **Scope:** A budget freeze would impact all City services and operations regardless of funding source, and therefore a freeze would have a corresponding reduction in property taxes, Utility rates and user fee revenues.
- **Approach:** With limited time to prepare reduction options by November 2019, Administration would likely need to take an "across-the-board cut" approach, rather than corporately prioritizing reductions in areas that will have the least harm on citizens. This would lead to less strategic cuts and would risk undoing the One Calgary approach of taking thoughtful, cross-corporate decisions on our plans and budgets. Resources are not available to provide multiple scenarios within the timeframe.

- **Impact on service:** The “low-hanging fruit” opportunities to reduce the budget without impacting service were taken in 2015-2018 resulting in over \$600 million in savings, efficiencies and reductions. With those opportunities gone, and limited time to develop more innovative solutions, immediate reductions for 2020 would result in significant impacts to service plans, which could include elimination of some strategies, reduced service levels, and an expected decrease in citizen satisfaction. In addition, plans included in the recently approved 2019-2022 Service Plans and Budgets would need to be revisited and some Council Directives may not progress as planned.

Implementation in 2020 (recommended)

*How would this look if implemented for the mid-cycle adjustment in November 2020, per Administration’s recommendation*

- **Timing:** Bring forward budget reduction information to Council for the mid-cycle adjustment in November 2020.
- **Magnitude and scope:** Work with Council to determine an appropriate magnitude and scope for the budget reductions.
- **Approach:** Work collaboratively across the organization to identify targeted reductions that have the least harm on citizens and the achievement of Council Directives.

## Sub-Services: A necessary step in maturing the service approach

On 2018 November 30, Council passed the following motion:

**To better inform mid-cycle budget considerations and to shape the focus of anticipated Zero-Based Reviews, direct Administration (specifically Corporate Initiatives and Intergovernmental & Corporate Strategy) to work with Mayor Nenshi and Cllrs. Colley-Urquhart and Gondek in drafting the agenda and outcomes for the January 28, 2019 Strategic Meeting of Council that will accomplish the goals of:**

- a. setting Council strategic priorities for the remainder of the term;**
- b. discussing the major unfunded capital projects; and**
- c. inform the agenda and outcomes for a subsequent session to conduct a review of the 61 service lines (and subsets) before the end of Q3 2019.**

This attachment addresses the approach with respect to item “c” in the above motion.

### Background

On 2014 September 15, City Manager Jeff Fielding presented The City’s Leadership Strategic Plan, which included the direction to move the organization to a service-based approach. This was the start of a transformational change in the organization to take us from talking about who is doing work and how, towards what the organization provides to citizens, how well it is provided, and if anyone is better off.



Since 2014, The City has been on a journey to move towards Service Plans and Budgets. The motion of Council to review sub-services is consistent with advancing this approach and a list of sub-services will be provided to Council in September 2019. Once a list of sub-services is established, The City will be able to use this information to further advance the service-based approach.

### Moving forward on the path

A necessary first step in responding to Council's direction is to develop a consistent view of sub-services, including basic information including a description and the output(s) of each sub-service. Once the list of sub-services and the basic information associated with them is finalized it will be possible to estimate the budget associated with each sub-service. The list of sub-services along with basic information and estimated budgets will be presented to Council in September 2019 for review.

#### Assumptions

*How Administration is interpreting Council's 2018 November 30 motion*

- **Subsets:** The word subsets means the sub-services that sit underneath each service.
- **Timing:** Council's expectation is to review sub-services by the end of September 2019.
- **Review:** Council will review a portfolio of sub-services with basic information and estimated budgets and provide direction to Administration about which sub-services should be reviewed with a view to possibly ceasing the provision of the service.

#### Implementation

##### *Purpose and Scope*

Based on Council direction and the assumptions above, the following purpose and scope for the project has been determined for September 2019:

1. *Maturation of the Service Approach:* Setting up sub-services as useful tool in service management into the future by preparing a portfolio of sub-services.
2. *Decision-Making:* Give Council the opportunity to conduct a more in-depth review about whether it wants to continue offering a sub-service.
3. *Operational Transparency:* Give Council the opportunity to have a deeper line of sight into the services The City provides.
4. *Building Trust & Confidence:* Build trust and confidence that Administration is active in reviewing and improving our services.

***Note: This project identifies sub-services within the existing service portfolio and does not include a review of the main service portfolio or an in-depth business analysis exercise like a ZBR.***

Where we've been	Where we are now	Where next?
<ul style="list-style-type: none"> <li>• Development of the service portfolio (2016-2017)</li> <li>• Development of One Calgary 2019-2022 Service Plans and Budgets (2018)</li> </ul>	<ul style="list-style-type: none"> <li>• Develop a list of sub-services (September 2019)</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct review of sub-services based on September 2019 direction</li> <li>• Identify service levels and service standards</li> <li>• Seek cross-corporate efficiency opportunities</li> <li>• Tie sub-services more closely to adjustments (2021 and beyond)</li> </ul>

## Comparison of cost saving strategies

	Examine scope of City services and sub-services	Find \$100M as committed in 2019-2022 Service Plans and Budgets	Immediate budget reductions
Timeline to realize cost savings	<p>Long-term</p> <p>Thoughtful work is required to make an informed decision about discontinuing services. Even after a decision is made, getting out of the business of providing a service or sub-service (including sale or decommission of assets) can take years and would have associated exit costs.</p>	<p>Medium and long-term</p> <p>The “quick wins” in this category have mostly been taken already, which resulted in \$600M in savings, efficiencies and reductions in 2015-2018 and a right-sizing of the budget. Remaining opportunities (such as working across services to reduce duplication) require several months to several years for analysis, redesign and implementation.</p>	<p>Short-term</p> <p>Cost savings are realized immediately</p>
Impact on service value	<p>Depending on the outcome of this work, there could be decisions to stop providing a service or sub-service. However, doing so strategically would improve the overall value of the suite of City services provided to citizens.</p>	<p>True efficiencies reduce costs with no impact on service levels, improving the overall value of the service.</p>	<p>Without the time to identify innovative solutions for reducing costs, immediate cuts come at the expense of lower service levels that are typically less strategic, potentially lowering perceptions of service value.</p>
Citizen input	<p>Requires extensive public consultation and communication to understand what citizens value most.</p>	<p>Citizen perceptions provide the foundation for where efficiencies might be found. However, there is limited need for additional citizen input when the work is focused on streamlining internal operations.</p>	<p>The short-term nature of this approach limits the ability to engage citizens on where cuts will be made. It could also lead to lower citizen satisfaction due to associated cuts to service levels.</p>
Employee morale and organizational culture	<p>Potential harm to employee morale in the short term when comparing the relative value of different City services. However, with careful management, this work can energize the organization and stimulate a customer-focused mindset.</p>	<p>To do this well requires building a culture of collaboration and continuous improvement. It also requires training staff to become experts in business improvement. It has the potential to increase employee morale.</p>	<p>Immediate, across-the-board budget cuts reinforce competitive, siloed thinking and hurt employee morale and productivity. It impacts the ability to inspire staff to go “above and beyond” and practice continuous improvement.</p>





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## **Small Business Resiliency Grant**

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### **EXECUTIVE SUMMARY**

The prolonged economic downturn facing Calgary necessitates innovative and perhaps unconventional approaches to provide potential support to small businesses. As directed by Council, Administration has prepared the conceptual framework for a potential Small Business Resiliency Grant program ("SBRG") and performed due diligence to identify and assess the potential risks and benefits associated with this type of grant program. Using a new and innovative approach for The City to provide support to small businesses affords us an opportunity to capitalize upon the risks that Council is comfortable to assuming.

This information is being provided to enable Council to weigh the risks involved and whether the potential benefits to the small business community are commensurate, appropriate and in line with the risk tolerance level acceptable to Council in making the final decision whether to move forward with this grant program.

### **ADMINISTRATION RECOMMENDATIONS:**

That the Priorities and Finance Committee recommends Council:

1. Receive this report for information;
2. Approve the conceptual framework of a Small Business Resiliency Grant program, including the draft Terms of Reference included in this report;
3. Direct Administration to develop an implementation plan for the first year of a potential two year grant program utilizing the first \$35.9 million of \$70.9 million of one-time funding (\$44 million from the Fiscal Stability Reserve and \$26.9 million within the Budget Savings Account from the 2017 and 2018 Phased Tax Program funding not required due to appeal resolutions). Year one of the program will be run based on a Terms of Reference finalized by Q3 2019 to the satisfaction of the City Manager and Chief Financial Officer. The results from the first year of the program will then be evaluated, and any material changes to be considered will be brought to PFC prior to implementation of year 2;
4. To facilitate Administration's implementation of this program a budget request of up to \$1.5 million (to be allocated from the \$35.9 million of the grant program funding in the first year) based upon information known at this time;
5. Direct Administration to report back to Priorities and Finance Committee with an implementation report by Q4 2019 for information; and
6. Direct that attachment 7 remain confidential pursuant to section 27(1)(a) of the *Freedom of Information and Protection of Privacy Act*.

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

On 2019 April 08, Council adopted Recommendation 1 of Report C2019-0382 and gave three readings to Proposed Property Tax Bylaw 13M2019. This resulted in a residential combined property tax rate increase of 3.45%, and a non-residential combined property tax rate decrease of 3.07% (before the impact of Business Tax Consolidation).

On 2019 April 01, in consideration of report C2019-0352 Council approved:

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### **Small Business Resiliency Grant**

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- Direct Administration to develop criteria for a Small Business Sustainment Grant to a maximum of \$70.9 million of one-time funding (\$44 million from the Fiscal Stability Reserve and \$26.9 million from the 2017 and 2018 Phased Tax Program funding not required due to appeal resolutions), returning to the Priorities and Finance Committee on 14 May 2019.
- Direct Administration to explore the creation of a small business assessment class for implementation in 2021 reporting back to PFC in 2019 June.

On 2018 November 14, in consideration of report C2018-1158 Council approved:

- Direct Administration to 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 the Priorities & Finance Committee on May 14, 2019.

On 2018 March 19, in consideration of report PFC2018-0045, Council approved the implementation of the 2018 Municipal Non-Residential Phased Tax Program (PTP).

On 2018 March 19, in consideration of report PFC2018-0187, Council established the Economic Development Investment Fund (EDIF). This fund has been further refined as is now known as the Opportunity Calgary Investment Fund (OCIF).

On 2017 January 23, in consideration of report C2017-0057, Council approved the implementation of the 2017 Municipal Non-Residential Phased Tax Program (PTP).

On 2016 February 02, in consideration of report PFC2016-0081, Priorities and Finance Committee reviewed options for possible relief for businesses.

### **BACKGROUND**

The trying economic conditions over the past few years have had a profound negative impact on the business community within the city of Calgary. Since 2014, the substantial drop in the price of oil, together with increased costs and taxes imposed by other orders of government (such as the minimum wage increase and the Carbon Tax), and continued strong economic headwinds faced by business owners have all negatively impacted the business community. The very steep and rapid decline in the market value of a small number of very high valued non-residential properties redistributed the property tax responsibility to other non-residential properties such that some non-residential properties have suffered untenable property tax increases.

Small businesses (defined as those with less than 50 employees) are the heart of the economic engine of Calgary. According to Statistics Canada, approximately 95% of all businesses in Calgary are small businesses. These businesses provide employment opportunities and contribute to the economy. Small business owners and start-ups, deal with many barriers to entry and personal financial risk. We continuously hear this through social media, other news outlets and simple conversations with our business owners. It is up to us, The City, to maintain

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an ongoing open dialog with the business community who can help us identify opportunities that will support their success. While businesses have been impacted by a variety of policy and environmental factors beyond The City of Calgary's control, we do have an opportunity to support our economy in a variety of ways. Supporting local business owners means delivering service, value and innovation.

The City of Calgary has been taking action to support Calgary's economy, keep Calgarians working, and reduce the cost of local government. Some examples include:

- To support economic recovery and growth for citizens and businesses, Council created the \$100 million Opportunity Calgary Investment Fund (OCIF). The OCIF is intended to support projects that will stimulate growth in targeted sectors of Calgary's economy. It is for existing local businesses that are expanding their operations and for attracting new business and investment to Calgary.
- Under Council direction, Administration has achieved significant savings and has provided notable benefits to Calgarians through the intentional management of The City's financial position and progress in using the Performance Management System. Part of these savings are being allocated to provide funding to respond to the economic recovery including the \$70.9 million offered for the potential Small Business Resiliency Grant. Since Action Plan 2015-2018 was approved, The City has achieved \$607 million in savings, efficiencies and reductions through intentional management including:
  - \$135 million in base savings through reductions in business unit budgets, corporate costs, and manageable costs to reduce the previously approved 2015-2018 tax rate increases to respond to the change in economic conditions. Furthermore, in response to landfill revenue shortfalls, reductions to landfill services were implemented while also freezing fees.
  - \$115 million in reductions for lower than budgeted increases for exempt employees, workforce management and union settlements. These savings were used to reduce previously approved tax rate increases and to offset projected revenue shortfalls with some savings available for future use.
  - \$112 million in operating savings has been contributed to the Budget Savings Account (BSA) reserve with another \$203 million in capital budget savings identified and reallocated to projects that benefit Calgarians including OCIF, Calgary Transit, the Crowchild Trail short-term improvements project, Main Streets Program, and initiatives to lower the property tax rate, to name a few.
  - \$204 million intentional cost savings was used to fund certain initiatives such as the phased tax programs (PTP) for tax relief, community services, and the low-income transit pass for Calgarians in need.

Council has also implemented many programs to provide support and assistance to the business community in Calgary over these trying times. The City of Calgary together with many of its partners have implemented key programs and initiatives to encourage growth and vibrancy. Some examples are included in attachment 1.

The PTP was introduced in 2017 to mitigate the redistributive effects caused by the rapid decline in the market value of a number of high valued downtown office buildings. A second

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PTP was implemented in 2018. Feedback from stakeholders has indicated that these programs may not have been as successful as anticipated at reaching the businesses most impacted severely by the tax shift and therefore a third PTP for 2019 was not approved by Council to date.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

#### **Conceptual Framework**

The direction provided by Council was for Administration to develop criteria for a potential Small Business *Sustainment* Grant. However, after considerable discussion within Administration, it was felt that the concept of financial resiliency and recovery better captured the intended essence of this program. Therefore, the title of the proposed program is renamed - Small Business *Resiliency* Grant (SBRG).

The concept of a SBRG that runs in 2019 and 2020 is to support those Calgary small businesses most severely affected by the economic downturn and, to a limited extent, the most negatively impacted by the effect of the non-residential property tax redistribution. It is estimated, based upon information available to the City and through Statistics Canada, there could be up to 50,000 businesses that may be eligible for a SBRG. As The City currently does not capture an accurate registry of small businesses, which is part of the information required to assess eligibility for the grant program, it is difficult to provide an accurate estimate of the number of potential applicants.

This report articulates the conceptual framework for a SBRG. In order to develop a successful and efficient program that provides for maximum benefit while minimizing risk and unintended consequences, considerable care and attention to detail is required to develop the Terms of Reference, the application form, comprehensive communications plan, and to develop all required administrative systems and processes. The program development is based on lessons learned and insight from other existing City of Calgary grant programs. In response to the direction of Council, this report is intended to lay out the conceptual framework of how such a program could potentially operate, and to present a draft Terms of Reference. This report also provides a draft of an application form in order to provide the Priorities and Finance Committee with an understanding of how the application and review process could possibly work.

#### **Administrative Framework**

The concept of this grant program is to have a fully online application process and to employ, where possible, automation in the review of applications, the allocation of the grants, and the processing of payments. While all applications must be submitted by the applicant through an online form, individual registration support is anticipated to be available through 311. The plan is to leverage existing City systems, datasets, and processes as much as possible to draw on current existing information for application verification. An inherent challenge in the building of the program is ensuring the confidentiality of financial information that will be required to assess eligibility for the program. This information is not currently collected by The City of Calgary. This information gathering is a key element of program administration. It is also important to note that an online application system that can handle this volume and data storage requirements does not currently exist and would have to be developed based upon existing

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grant application and other registry programs. The potential for up to 50,000 potential applicants raises a scalability issue for the online system and may also place significant pressure on the 311 system that will require substantial additional resources. In addition, as there is a large discrepancy in the number of businesses identified by Statistics Canada vs The City's business licensing program (50,000 vs 35,000) there may also be a rush to register businesses in order to be eligible for the grant program thereby creating the need for additional resources as well.

The program is intended to be location based (grant applicable per location). Though there would be considerations / limits based on total size of the business (all locations). Only businesses located within Calgary that pay City of Calgary non-residential property tax either directly or indirectly are eligible. Other eligibility criteria are contained in the draft Terms of Reference (Attachment 2). Attachment 2 also includes a draft Application Form. It is envisioned that the application process will be a two-step process.

- Step one. Confirm eligibility. The applicant would need to meet all the eligibility criteria (see Attachment 2).
- Step two. Only after all eligibility criteria are satisfied would the applicant fill in an application form. Only applicants / applications that are fully eligible and have fully completed the application form will be processed.

The concept would be that, businesses would be grouped based upon their number of employees – and at this time only businesses with less than 20 employees would be eligible. Further analysis is required to confirm the business size eligible. There would be a minimum and maximum grant available, and that some number of grant levels based upon the number of employees would be available between those maximum and minimum thresholds. Confirmation of the number of valid applications will be required in order to finalize the grant levels. However, based upon the best current estimates of the potential eligible number of businesses, the minimum grant would be set is estimated to be \$750 and the maximum grant is estimated at \$4,000.

As this is proposed to be a two year grant program, an application would be required in each year, consideration will be given to potentially develop a "short form" application for the second year should the applicant stipulate that basic key information remains the same as provided in the year one application.

It is important to note that there are material risks with the implementation of this program. A number of issues and significant risks are identified in the Risk Assessment section of this report.

In addition to providing information on the specifics of how the program would work, information is also provided in this report for comparative purposes on what other jurisdictions have done to address similar issues (attachment 3), a summary of stakeholder engagement feedback on this potential program (attachment 4), an estimate and identification of administrative costs and capacity issues to implement this program (attachment 6) and a confidential attachment on the legal risks (attachment 7).

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If after considering the potential benefits, impact upon businesses that are eligible, issues, risks and associated administrative costs, and if Council wishes to proceed with developing this grant program, Administration can use the draft concept, together with any further direction, and work on finalizing aspects of the program and return with a program for final approval by The City Manager and Chief Financial Officer for implementation in 2019.

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

An internal working group within Administration was pulled together to provide input to the development of this conceptual framework. Business units represented in this working group include: Calgary Neighbourhoods, Finance, Assessment, Law, Customer Service and Communication, Planning and Development and Information Technology.

Administration has engaged Heuristic Consulting Associates (HCA) to conduct a preliminary jurisdictional scan to determine if any other jurisdiction in Canada has such a program and to gather any available information and data. The preliminary information obtained to date is that no other jurisdictions have implemented a similar program and in fact many Canadian municipalities in other provinces are prohibited by their enabling legislation from providing direct aid to businesses. Further information on the results of the jurisdictional scan can be found in Attachment 3.

Administration has also engaged HCA to undertake stakeholder engagement and research work specifically with respect to two areas of focus:

- Engagement with the Chamber of Commerce, Commercial Real Estate Advisory Committee, Calgary Economic Development and other stakeholders to share ideas relating to the tax shift work and possible medium and long-term solutions (Direction from Council 2018 November 14).
- Engagement with stakeholders, especially adversely affected small businesses, related to a SBSG concept. (Direction from Council 2019 April 1)
- Attachment 4 provides further detailed material regarding the engagement work/stakeholder engagement sessions undertaken by HCA to date.

The feedback on the possible medium and long term solutions related to the tax shift is included in attachment 4 but is not a topic for this report. That information instead will be more fulsomely considered by the Financial Task Force – the setup of that Task Force will be brought forward to PFC on 2019 June 4 to finalize Terms of Reference and approve the go forward steps.

In regard to the SBRG, HCA has compiled the feedback received to date on this program and has summarized the key points brought forward as follows:

- Consideration of support for small business by Council is viewed as positive recognition that there are significant issues facing small business in our community.
- Although small businesses would welcome support, the majority of stakeholders felt strongly that the SBSG is not workable and is unlikely to meet its objective to support struggling businesses.
- It is seen as another 'band-aid' solution that does not address the underlying problem.
- Important risks / disadvantages that stakeholders perceive with SBSG:

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- They will add significant administrative costs at a time when taxpayers are expecting the City to cut municipal expenditures and improve cost management.
- Benefits of the SBSG will not be distributed equitably.
- The amount of assistance available over two years may be immaterial to offset property tax increases. The funding required will deplete resources for more viable solutions.
- Stakeholders suggest a simpler and more equitable solution. Use the \$70.9 million funding to reduce the Non-Residential tax rate so that all businesses receive some benefit.

Administration also had an opportunity to recently meet with the Business Advisory Committee to discuss the potential SBRG. During that discussion, it was found that a top concern from business representatives is still the overall tax shift. They further commented that if a SBRG were to be made available, their primary concerns were to ensure that when assessing who is eligible and what amount is available, the process is transparent and enforces the principles of fairness and equity.

### **Strategic Alignment**

The proposed SBRG program aligns with two fundamental Council Priorities:

- A Prosperous City
- A Well Run City

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

As previously noted, the challenging economic environment experienced over the past few years and severe economic headwinds faced by the Calgary business community have taken their toll on all Calgarians. Attachment 5 provides further summary information regarding the current economic conditions in Calgary and the effects on Calgarians.

### **Financial Capacity**

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

In accordance with Council direction of 2019 April 01, a maximum of \$70.9 million of one-time funding is currently available (\$44 million from the Fiscal Stability Reserve and \$26.9 million within the Budget Savings Account from the 2017 and 2018 Phased Tax Program funding not required due to appeal resolutions) for a potential Small Business Resiliency Grant.

It is expected that there will be operating costs associated with the development, testing, communication, and implementation of this program. At this time, the minimum preliminary cost estimate for the direct operating costs of the program is up to \$1,000,000. This is a high-level estimate and actuals may be significantly different. Attachment 6 provides a summary of the minimum cost estimates for the \$1,000,000. The cost estimates include the impact on business licensing, additional 311 support, financial resources required to review and audit the applications received and grant payment processing costs. Administration does not currently have the resources or funding available to execute this work, and funding is required if the

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program is approved. If the program is over a period of two years, additional funding would be required in 2020 and a request will have to be made to Council for these funds.

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

There will be capital cost requirements associated with a Small Business Resiliency Grant program relating to the online application process. Although, The City has other online grant application systems that could be adapted for this program, further work is required to explore if there are additional requirements specific to this direction especially as it relates to scalability and security of the sensitive financial information that is being required to be submitted for each business. Attachment 6 provides a summary of the preliminary capital cost estimates of up to \$500,000. There is currently no capacity within the capital budget to fund any capital requirements relating to this program. Future capital costs impact is currently unknown at this time.

#### **Risk Assessment**

While many Calgary businesses have been affected to some degree over the past few years due to the challenging economic conditions, it is difficult in an efficient and succinct manner to identify the most affected businesses or the businesses most in need of financial support. The economic conditions have affected different types of businesses differently, and other economic and non-economic stressors may have also affected some businesses, but not others.

The principle risk in the development of such a program is ensuring that the funding is in fact required by the business and is meaningful for the business. The transparency and integrity of this program is paramount.

The draft Terms of Reference note the following principles:

- **Effectiveness.** Ensuring that the limited funding has maximum impact both for the applicant business and broader community. The grants payable under this program need to “make a difference” to the business and to the community. The level of impact would be difficult to measure with consistency and certainty given the broad range and types of businesses. It is important also that the positive effect of such a program be lasting.
- **Efficiency.** Ensuring that the program is administratively efficient, both for the applicant and for the administration / adjudication process. While the concept of the program is to make it as efficient as possible, including as much use as possible of online entry and programmatic application processing, there will still be significant effort and costs associated with the full development and implementation of this program.
- **Risk minimization.** Ensuring that risks such as legal risk, financial risk, and reputational risk are contained as much as possible. These risks should be carefully examined as it is unlikely they can be completely mitigated or avoided without substantially altering the purpose and effectiveness of the program.
- **Transparency.** Ensuring that the program is well understood, and all decisions made in respect of application adjudication are as transparent as possible.



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- Integrity. Ensuring, to the greatest extent possible, that duly qualified applicants receive funding.

**Issues / Risks:**

1. **Volume.** Small business is defined in the Matters Related to Assessment Subclasses (MRAS) by number of employees. The City of Calgary does not currently collect information on the number of employees each registered business has, so at this time it is difficult to accurately gauge how many businesses may be eligible for this grant program. Based on preliminary analysis, it is estimated that approximately 20,000-50,000 Calgary business could be eligible for this SBRG program. Further analysis is ongoing, and this estimate will be updated and refined as additional information is obtained. However, developing and implementing an application and grant review process that would support this potential volume would be a challenge as The City does not currently manage any grant programs of this size. Other programs range from a few hundred to a few thousand applications.
2. **Effectiveness.** What level of funding would make a material impact for a business? As discussed earlier, while no grant maximum is being recommended at this point, as an example, a program with a maximum grant of \$5,000 and a minimum grant of \$750, with an estimate of a total yearly available grant amount of \$35,000,000 and an estimated low-end number of eligible applicants of 20,000 business, yields an average grant of \$1,750 per business. This average grant, along with the maximum grant level must be considered in the context of "making a difference".
3. **Cost of Program Administration.** Funding would be required for programming (development, testing, etc.), communications, and staff time would be required for program implementation and administration. It is envisioned that the design of any systems and processes to support this program will leverage existing systems and processes and re-use existing systems as much as possible. However, it is expected that specific functionality and processes will be required and scalability is an issue. The timeline to do the system related work is anticipated to be approximately 6 months, however this work may be able to be expedited depending upon how complex the final evaluation criteria and related algorithm to assess the criteria may be. Manual processes may need to be used temporarily if the criteria and algorithm are complex. Further significant 311, business licensing and finance resources will also be needed.

Stress will also be placed on existing systems and processes. For comparison, the accounts payable division of Finance currently issues approximately 30,000 cheques per year in total. Depending on the number of successful applications, the volume of work in accounts payable alone could increase by over 65 percent. There is currently no capacity within Accounts Payable to take on this work without additional funding support. Even simple elements of the program such as ordering stock, supplies and mailing costs could be estimated to be a minimum of \$40,000 per year (based on an estimate of 20,000 cheques processed and mailed). Should direction be provided to implement this program, the intent will be to use least cost options wherever available. The effort and potential costs for program administration are initially estimated to be up to \$100,000. EFT payments appear on the surface to be a more cost effective method of payment, however, with the

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administrative requirements to establish vendors, makes this a more costly option. Administration recommends proceeding with issuing cheques should this program proceed. Outsourcing is not an available option as this would cause significant risk in various capacities including violation of union contracts, delegation of authorities, recording, reconciliation and fraud mitigation.

4. Verification / Auditing. While the program will attempt to make use of as many automated verification functions as possible (example – cross checking the application with existing City datasets such as Business Registry / Business Licensing, property assessment roll, accounts receivable for outstanding payments to The City, etc.), there will still be manual requirements for verification to ensure, as much as possible, the correctness and validity of applications. Additional costs could be incurred to validate data. Additional manual verification of supplied financial information and spot and or risk-based auditing of financial and other supplied information will be required to ensure accuracy and transparency. This process of verification is expected to be resource intensive, require a specific skillset, and would require additional funding to support the work. However, even with these verification and auditing programs in place, the risk of invalid application remains.
5. Privacy. Program applicants will be providing valuable and confidential economic and financial information. The program must ensure and safeguard this information. While all appropriate steps will be taken in the design of the program and the systems and processes used by the program to ensure privacy, there still can be a residual risk. Holding sensitive financial and personal information for small businesses is a considerable risk.
6. Legal. Confidential attachment 7 contains additional risk analysis.

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

Council on 2019 April 01 directed Administration to develop criteria for a Small Business Sustainment Grant. This report articulates the conceptual framework for a Small Business Resiliency Grant program, along with draft Terms of Reference.

In consideration of the issues and risk identified, and of the potential financial benefits estimated, should this conceptual framework be satisfactory to the Priorities and Finance Committee and Council, Administration can then take this framework, together with any further direction, and finalize the program for implementation.

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

1. Attachment 1 – Summary of City of Calgary and partner support program / initiatives
2. Attachment 2 – Draft Terms of Reference / Draft Application Form
3. Attachment 3 – Jurisdictional scan summary
4. Attachment 4 – HCA stakeholder engagement summary
5. Attachment 5 – Summary of economic conditions
6. Attachment 6 – 2019 Cost Estimate Summary
7. Attachment 7 – Legal Opinion and Risk Analysis (Confidential)

## Sample of City of Calgary and Partner Support Programs / Initiatives

City of Calgary sample initiatives:

- Business Improvement Areas
- Opportunity Calgary Investment Fund (OCIF)
- Calgary Eats! Policy changes
- Centre City Enterprise Area
- MyBusiness Hub
- Electric Vehicle Strategy
- Calgary Approvals Coordination
- Improved timelines for approvals – business related permits
- Online applications for payments and business licenses
- Business Licensing improvements
- Customer Coordinator Small Business role created

Sample of other business support programs:

- **Business Link** is a nonprofit organization that helps entrepreneurs navigate the steps toward starting their own businesses. We can help with one-on-one support and guidance, market research, access to experts, training, networking opportunities, and specialized support for Indigenous entrepreneurs.
- **Momentum:** It's simply that many don't have the tools they need to fulfill their potential. Despite Calgary's prosperity, there are still people in our city living below the low income cut off (LICO), also known as the poverty line. At Momentum, everything is grounded in a community economic development approach. We work with individuals, businesses, communities and systems to increase each individuals' income and assets and create a thriving local economy for all.



**The City of Calgary  
Small Business Resiliency Grant (SBRG)  
Draft Terms of Reference**

## **Background**

On 2019 April 01, in consideration of report C2019-0352 Council directed Administration to develop criteria for a Small Business Sustainment Grant to a maximum of \$70.9 million of one-time funding (\$44 million from the Fiscal Stability Reserve and \$26.9 million from the 2017 and 2018 Phased Tax Program funding not required due to appeal resolutions), returning to the Priorities and Finance Committee on 14 May 2019.

The draft terms of Reference outline the potential criteria for a Small Business Resiliency Grant based on Council's direction.

## **Purpose**

The purpose of the Small Business Resiliency Grant is to support those Calgary businesses most severely affected by the economic downturn and negatively impacted by the effect of the non-residential property tax redistribution.

This is a two-year program (2019 and 2020), and an application is required in each year.

## **Principles**

The grant program will operate in consideration of these guiding principles:

- Effectiveness
- Efficiency
- Risk minimization
- Transparency
- Integrity

## **Application Timeframe**

A call for applications to the program will commence on XXX and will be open for 30 days after commencement.

## **Application Process**

Step 1: Applicants must first meet all eligibility criteria in order to apply to the program.

Step 2: Eligible applicants must fully complete and submit the application form.

## **Eligibility Criteria**

To be eligible for funding the following criteria must be met:

- The business (applicant) must have paid City of Calgary non-residential property tax in 2017, 2018 and 2019 (either directly as an owner or through a lease)
- The Business must be registered with The City of Calgary

- The Business must meet the definition of a small business for purposes of this program – currently indicated to be between 1 and 19 employees
- The business must be a Canadian Controlled Private Corporation (CCPC) as defined by Canada Revenue Agency (criteria still under consideration)
- The business must be operating as of the application date
- The business must not have any tax arrears with The City of Calgary, have any other overdue funds owed to The City, or be in violation of any relevant City regulation at date of application.
- Non-for-profit businesses are not eligible to apply.
- The business must fully complete the application form and provide all required information
- The business must allow for all appropriate verification of information provided on the application form
- The applicant must agree to provide further information to the City regarding the use of the grant, if requested.
- Applicants will agree to abide by The City's determination of their eligibility for participation in the program.
- Other factors to be confirmed

### **Evaluation Criteria**

The following criteria will be used to evaluate applications for grant funding for acceptance and for the determination of level of funding to be provided.

- Size of business (number of employees at the business location)
- Length of time in business (in business for 2 or more years) – duration to be finalized

### **Funding Recommendation and Decisions**

Applications received for the Small Business Resiliency Grant will be first assessed programmatically based on the information provided through the on-line application form. If required, a further evaluation may be conducted by a panel comprised of City of Calgary staff from such business units as Calgary Neighborhoods, Finance, and other business units. Final funding recommendations will be approved by appropriate signing authorities within City Administration.

**The City of Calgary**  
**Small Business Resiliency Grant (SBRG)**  
***Draft* Application Form**

Field #	Field Name
<b>Identifying Information</b>	
1	Company Name
2	Business location (address)
3	Trade Name (if applicable)
4	City of Calgary Business Identifier
5	Are you licensed through Federal or Provincial authorities / statutes? (yes/no)
6	City of Calgary Property Assessment Roll Number (if applicable)
7	Contact Information Applicant name Applicant Title Applicant mailing address Applicant phone number Applicant email address
<b>Business Information:</b>	
8	Confirmation that non-residential property taxes were paid to the City of Calgary (net of any rebate or credit). Tenants will be required to break out the non-residential property tax paid from their lease payments. This information must be verified by the landlord by either rental invoices or other landlord provided documentation if requested. 2019 2018 2017
9	Confirmation of number of full time equivalent employees employed at this location
10	Does this business have multiple locations within Calgary (yes/no)
11	Do you own the property at this location or do you rent? (own / rent)
12	If you rent – what is the length of term remaining in your lease (years)
13	Number of years operating the current business at this location (years)
14	Do you sublease space at this location (yes/no)

**Submit**

By submitting this application, I hereby declare that the information provided is complete and accurate and I submit to any verification and audit process as applicable and appropriate in the sole view of the City of Calgary.

Placeholder for privacy statement. *Work in Progress.*







## Jurisdictional Scan Summary

### Jurisdictional (Canada) Scan: Municipal Direct Aid to Business

Catherine MacDonald & Bruce Turner  
Heuristic Consulting Associates



*Solutions that Work*

## Small Business Sustainment – Review of Canadian Experience

As part of the analysis of Calgary's proposed Small Business Sustainment (Resiliency) Grant, a review of Canadian jurisdictions was undertaken to identify whether other municipalities had experience with similar programs. And, if so, how effective those programs had been in achieving their aims.

The applicable legislation and related practices in Ontario, Saskatchewan, Quebec, Manitoba, Nova Scotia, Newfoundland, BC and Alberta (Edmonton) were considered in the review.

In half of those jurisdictions (Ontario, Quebec, Nova Scotia and BC) legislation prohibits the granting of aid, by a municipality, to business or industry. The applicable legislation, in those jurisdictions, typically provides some limited, special circumscribed exceptions to the general prohibition (e.g., for the preservation or improvement of designated properties) but those exceptions are narrow and appear targeted to non-economic aspects of the properties potentially benefitting from the relief. In these jurisdictions, councils are not otherwise given any broad discretion to provide aid to business by way of grants or exemptions/abatements.

In St. John's, there is no specific prohibition from the granting of aid but the applicable legislation (*the City of St. John's Act*) is written in a prescriptive manner. Unlike the law in most other jurisdictions, this means that the legislation specifies (prescribes) the actions that the City is authorized to undertake. If an action is not authorized, then it is not allowed. Consequently, prohibitive sections are redundant in that type of legislation. There is no authority in the legislation for the provision of aid to business or industry in the *City of St. John's Act*. This means that provision of aid is disallowed by the absence of authority, rather than by a specified prohibition.

In Winnipeg, a 'small business tax credit' program helps offset cost to small business of the business tax. Business tax applies only to occupied space, so that the small business tax credit is available for occupied space up to a threshold. The threshold essentially reflects the amount of space the business occupies – the implied assumption is therefore that the tax credit is of benefit only to small business. A tax rate is determined each year by dividing the total *Annual*

*Rental Value* by the residual amount of revenue to be raised through business tax (approximately \$60 million). Taxpayers expend considerable effort to get below the threshold in order to qualify for the small business tax credit. Winnipeg would prefer to eliminate the business tax but there are political implications for doing so.

In Saskatchewan, where there is no prohibition against aiding industrial or commercial properties, the municipal approach seems to have been to provide tax exemptions/abatements, rather than to pay grants. Recently both Saskatoon and Regina have developed incentives to *attract* business using their tax programs. In Saskatoon this appears to be in the nature of a tax abatement program whereas Saskatoon's approach is in the nature of a tax exemption<sup>1</sup>.

Edmonton operates under the same legislation as Calgary (other than their independent Charters) and under that legislation there appears to be nothing to prevent the granting of aid to business or industry. Incentive programs have been developed, in Edmonton, to assist small business owners to improve and develop their properties. Some of these incentives are directed specifically to brownfield redevelopment and the others largely target development incentives, e.g.

- the Corner Store Pilot Program which supports the revitalization of community commercial areas through “a variety of methods including storefront and interior improvement grants, business support, regulatory support, and in some cases, infrastructure upgrades”<sup>2</sup> and
- the Development Incentive program, which is opening for applications in mid-2019 for interior improvement grants, to encourage “property owners in Business Improvement Areas to invest in higher density residential and/or commercial development. The program provides grants to cover a portion of building or renovation costs”<sup>3</sup>

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<sup>1</sup> More information about these programs can be found in the Saskatchewan Government publication called [2018 Saskatchewan Business Incentives](#). Saskatchewan also has provincially based business incentive programs again described in this paper

<sup>2</sup> [Corner Store Pilot program description](#)

<sup>3</sup> [Development Incentive Program](#)

The following table references appropriate legislative authorities for scanned jurisdictions.

## Comparative Jurisdiction Review

### Grants to assist small business

Jurisdiction	Legislation providing municipal powers and duties	Prohibition against aid to business	Grants to assist small business <sup>4</sup>	Contacts
<b>Ontario</b>				
Toronto London Hamilton Ottawa	<ul style="list-style-type: none"> <li><i>Municipal Act, 2001</i></li> <li><i>City of Toronto Act, 2006</i></li> <li><i>City of Ottawa Act, 1999</i></li> <li><i>City of Hamilton Act</i></li> </ul>	Yes - ss. 106, 107 of <i>Municipal Act, 2001</i> ; ss. 82-84 of <i>City of Toronto Act, 2006</i>	Not allowed by legislation (although some limited granting is allowed in s. 107 of the <i>Municipal Act</i> and s. 83 of the <i>City of Toronto Act</i> , it seems to be subject to the general prohibitions in ss. 106 and 82, respectively)	Legislation review only
<b>Saskatchewan</b>				
Regina Saskatoon	<ul style="list-style-type: none"> <li><i>Cities Act</i></li> <li><i>Municipalities Act</i></li> </ul>	No specific legislative prohibition	No known grant history, but in Regina, there have been historical examples of tax exemptions given to building owners to attract new business. <sup>5</sup>	Regina – Gerry Krismer Saskatoon – Mike Voth, Director Corporate Revenue
<b>Quebec</b>				

<sup>4</sup> Sometimes the provision of grants is also called “bonusing” in the literature review. Note - those jurisdictions that provide a general prohibition against aid to business typically do provide some legislative authority to enable specific aid for the preservation and improvement of heritage properties.

<sup>5</sup> Information received from Gerry Kismer, City Assessor, City of Regina (April 30, 2019)

Montreal	<ul style="list-style-type: none"> <li>• <i>An Act Respecting Municipal Taxation</i></li> <li>• <i>Municipal Code</i></li> <li>• <i>Cities and Towns Act</i></li> <li>• <i>Municipal Aid Prohibition Act</i></li> </ul>	Yes – ss. 1-3 of <i>Municipal Aid Prohibition Act</i>	Not allowed by legislation	Legislation review only
<b>Manitoba</b>				
Winnipeg	<ul style="list-style-type: none"> <li>• <i>Municipal Act</i></li> <li>• <i>Municipal Assessment Act</i></li> <li>• <i>City of Winnipeg Charter</i></li> </ul>	No specific prohibition	Winnipeg provides a 'small business tax credit' to offset the cost to small business of the business tax	Kelly Shields, City Assessor
<b>Nova Scotia</b>				
Halifax	<ul style="list-style-type: none"> <li>• <i>Municipal Government Act</i></li> <li>• <i>Halifax Regional Municipality Charter, 2006</i></li> </ul>	Yes - s. 57(2) of <i>Municipal Government Act</i>	Not allowed by legislation	Legislation review only
<b>Newfoundland</b>				
St. John's	<ul style="list-style-type: none"> <li>• <i>City of St. John's Act</i><sup>6</sup></li> </ul>	Legislation in Newfoundland is prescriptive – actions not allowed unless specific authority given. Although there is no prohibition against aid, there is also no authority to allow such aid.	No known history of grants. A few years ago the province provided for a phase in of taxes for new businesses but none are receiving it now. And grants have been allowed for restoration of heritage buildings <sup>7</sup> .	Derek Coffey, Deputy City Manager, City of St. John's

<sup>6</sup> The Act specifically enables the City to reduce taxes due to the poverty of the person liable to pay the taxes, s. 262 (not clear if it applies to businesses, appears to be targeted to residential property owners but that limitation is not clear)

<sup>7</sup> Information provided by Derek Coffey, Deputy City Manager, City of St. John's (April 30, 2019)

<b>British Columbia</b>				
Vancouver	<ul style="list-style-type: none"> <li>• <i>Community Charter</i></li> <li>• <i>Local Government Act</i></li> <li>• <i>Vancouver Charter</i><sup>8</sup></li> </ul>	Yes - s. 125 of <i>Community Charter</i> and s. 273 of <i>Local Government Act</i>	Not allowed by legislation	Legislation review only Patrice Impey, Chief Financial Officer and General Manager, Finance, Risk, and Supply Chain Management
<b>Alberta</b>				
Edmonton	<ul style="list-style-type: none"> <li>• <i>Municipal Government Act</i></li> <li>• <i>City of Edmonton Charter</i></li> </ul>	No prohibition	No rebates or grants, in Edmonton, similar to Calgary's proposal <sup>9</sup> but incentive programs are in place to assist small business property owners improve and develop their properties <sup>10</sup> and specifically for brownfield redevelopment <sup>11</sup>	Rod Risling, Branch Manager, Assessment and Taxation, City of Edmonton

<sup>8</sup> Cities outside of Vancouver are governed, for local government tax purposes, by the *Community Charter*. The *Local Government Act* applies to rural areas and regional districts. In BC "**assistance**" been defined as "means providing a grant, benefit, advantage or other form of assistance" (see s. 271 of *Local Government Act*). The Vancouver Charter contains no specific prohibition, but as an older, more prescriptive type of legislation, provides specific authorities for particular actions by council (e.g., s. 204 "Authorized Expenditures"). But it is clear that the overall legislative scheme in BC is to curtail the provision of such aid by all local governments.

<sup>9</sup> Information provided by Rod Risling, Manager, Assessment and Taxation, City of Edmonton and through the City website

<sup>10</sup> [www.edmonton.ca/business\\_economy/business\\_resources/small-business-funding-initiatives-programs.aspx](http://www.edmonton.ca/business_economy/business_resources/small-business-funding-initiatives-programs.aspx)

<sup>11</sup> [www.edmonton.ca/programs\\_services/funding\\_grants/brownfield-redevelopment-grant-program.aspx](http://www.edmonton.ca/programs_services/funding_grants/brownfield-redevelopment-grant-program.aspx)

5/8/2019

# Small Business Sustainment Grants & Mid- Term Outlook

Property Tax Impacts & Distribution

Bruce Turner, Heuristic Consulting Associates



*Solutions that Work*

## ***Business & Real Estate Stakeholder Engagement<sup>1</sup>***

### ***What we've done in response to Administration's direction***

To gain stakeholders' perspectives regarding the proposed Small Business Sustainment Grant and mid-term outlook for tax shift, HCA engaged a cross-section of the business and real estate communities in Calgary, seeking input on two topics:

1. **2019 – 2020:** concerns about and criteria for the proposed Small Business Sustainment (SBS) grant program<sup>2</sup> ([PART 1](#))
2. **Mid-term (3 – 4 years out)** perspective: concerns and ideas regarding tax sharing between Residential and Non-Residential property classes<sup>3</sup> ([PART 2](#))
3. **Cross-Canada Review:** Regarding SBS grants, HCA also conducted a cross-Canada review to identify the experience of other jurisdictions with grants or other direct aid to business by municipalities. Our findings on comparative jurisdictions are reported in **Appendix 3**.

Through phone discussions, in-person meetings, an electronic survey and an interactive workshop on April 29, HCA heard concerns and ideas from Calgary's business and real estate communities related to the Small Business Sustainment grant program (2019) and regarding tax share direction over the next 3 – 4 years. In this process we were careful not to revisit decisions already taken by Council.

Responses from the business community confirm their earlier preferences for a tax system that provides:

- Fairness and equity in taxation
- Transparency and accountability, and
- Certainty and simplicity.

## **PART 1. 2019 – 2020 Small Business Sustainment (SBS) Grant**

The purpose of the *Small Business Sustainment Grant*, intended as a two-year program, is to support those Calgary businesses most severely affected by the economic downturn and negatively impacted by the effect of the non-residential property tax redistribution.

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<sup>1</sup> Calgary Economic Development and Calgary Chamber of Commerce have been tremendously supportive in our outreach to stakeholders.

<sup>2</sup> Council direction from April 1, 2019: "...develop criteria and process for a Small Business Sustainment Grant to a maximum of \$70.9 million of one-time funding (\$44 million from Fiscal Stability reserve, and \$26.9 million from the 2017 and 2018 Phased Tax Program funding not required due to appeal resolutions), returning to the Priorities and Finance Committee on May 14, 2019.

<sup>3</sup> Council direction from November 14, 2018: "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 the Priorities and Finance Committee on May 14, 2019."



HCA engaged stakeholders to identify their concerns and ideas regarding the SBS grant program. We also undertook cross-Canada research to determine whether other jurisdictions have experience with such programs (*reported in Attachment 3*).

Through phone discussions, meetings and an interactive workshop on April 29<sup>th</sup>, stakeholders provided their views of possible advantages, disadvantages and risks associated with the proposed SBS grant program. In short, stakeholders were asked, given the purpose of the SBS grants program, whether they viewed it as a workable, beneficial short-term solution.

Although small businesses would welcome support, the majority of stakeholders felt that the SBS grant program is not workable and is unlikely to meet its objective of supporting struggling businesses.

It is seen as another ‘band-aid’ solution that does not address the underlying requirement for shift in Non-Residential / Residential tax share. In the words of one stakeholder: *‘Like the PTP, it is another band-aid where surgery is needed.’*

In the April 29<sup>th</sup> workshop, stakeholders were asked to identify perceived advantages and disadvantages / risks associated with the proposed SBS grants program:

#### **ADVANTAGES OF SBS**

- Business community stakeholders felt that the primary advantage is political. Taxpayers might believe that the City was listening and acting upon their concerns.
- A two-year program, if successful, might provide time for economic recovery and diminish or eliminate the need for a substantial tax share shift from Non-Residential to Residential.
  - As a counter point, stakeholders felt that future uncertainty due to restructuring of the oil & gas industry is unlikely to restore the historic relationships between Non-Residential and Residential.

#### **DISADVANTAGES / RISKS associated with SBS**

- The repeated message was that a SBS grant program, like its predecessor PTP program, is only a ‘band-aid where surgery is required’.
- SBS grants will potentially defer and complicate the inevitable tax share shift by using funds that might better be used to expedite the tax share shift.
- The SBS will add significant administrative costs at a time when taxpayers are expecting the City to cut municipal expenditures and improve cost management.
- Benefits of the SBS grants will not be distributed equitably. It will be challenging to identify the proportionate need of struggling businesses in different industry sectors. Regardless of administrative criteria, thriving businesses will qualify for grants and poorly managed businesses - likely to fail in any event - will receive public funding.
- The amount of assistance available over two years may well be immaterial where property tax increases are substantial. (For example, assume that 30,000 businesses

qualify for the SBS grant. Given the grant funding of \$70.9 million for two years, the average assistance to business would be approximately \$1,200 per year. Where property taxes have increased perhaps \$10,000 to \$20,000 per year, the SBS grant will provide limited support for struggling business.

- The SBS grants are described as support for small business. Yet larger businesses (more than 50 employees) may be struggling equally. Small business is extremely difficult to define with any accuracy. A thriving business with 49 employees may qualify for the SBS grant, while a struggling firm with 51 employees remains at risk.
- Funding for SBS grants (\$70.9 million) continues to deplete City reserves and potentially limit adoption of more viable longer term solutions.
- Similar businesses in dissimilar locations, in different industries and under various management styles will be impacted differently. SBS grants seem unlikely to recognize various levels or types of business stress, making equitable grant funding or to make funding proportionate to support required.
- Administration of SBS grants (i.e. verification) will require that the applicant submit sensitive business information in competitive markets. Is the risk of information disclosure worth the relatively small grant? Does the City have authority to request information necessary to verification?

### Stakeholders' Idea for Consideration: An Alternative to SBS Grants

Stakeholders suggest that a simpler and more equitable solution is to use the \$70.9 million funding to reduce the Non-Residential tax rate so that **all** businesses receive some benefit.

### CRITERIA FOR ADMINISTERING SBS GRANTS – STAKEHOLDER REVIEW

In the April 29<sup>th</sup> interactive workshop, stakeholders were invited to review '*straw dog*' criteria to assist Administration in enhancing effectiveness and efficiency of the SBS grants program.

Approximately one-third of workshop attendees elected not to participate in evaluating these criteria, as they strongly disagreed with the concept of a SBS grant.

Questions (criteria) that received affirmative results for workshop participants who did evaluate the straw criteria are shown in the graph below:

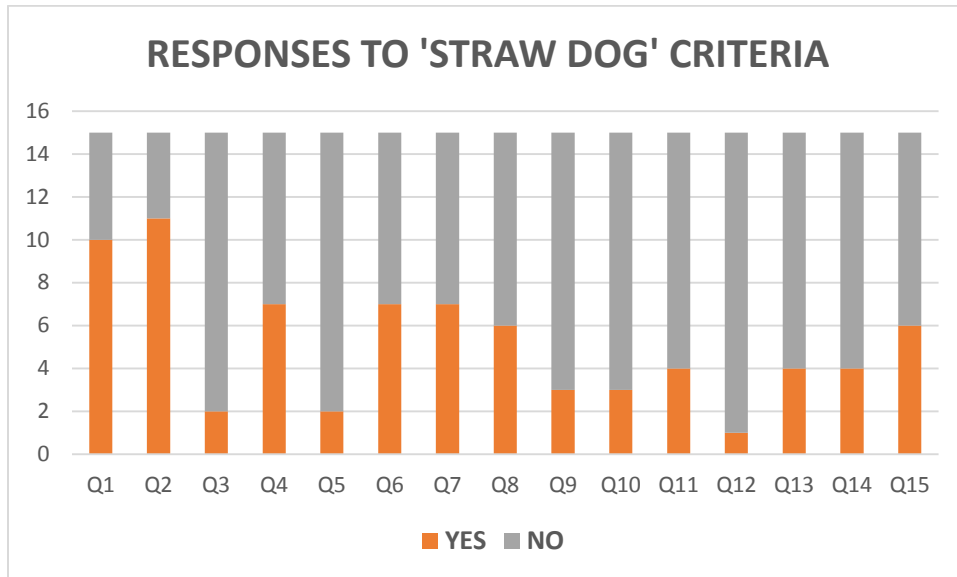


Figure 1: Stakeholder Preferences for Criteria

Q1: Paid property tax in 2019

Q2: Business registered in the City of Calgary

Q3: Meet small business definition: Matters Relating to Assessment Subclass (MRAS) Regulation

Q4: Business operating at application (some respondents struck "solvent" as a requirement)

Q5: Business with no tax arrears; no contravention of City regulation

Q6: Grants limited to 'for profit' businesses

Q7: Must complete application; provide all required information

Q8: Must allow verification of all application information

Q9: Must provide information to City regarding use of the grant

Q10: Business with no tax arrears; no contravention of City regulation

Q11: SBS grant threshold set at \_\_\_\_\_%, (e.g., 10% above previous year's tax)

Q12: SBS grant has ceiling of \_\_\_\_\_ (e.g., where profitability ratio reaches industry benchmark)

Q13: No SBS grant if tax due to new construction & development

Q14: Eligible for small business income tax rate (< 100 employees)

Q15: Business location leased for minimum 1 remaining year

Presuming that the SBS grant program proceeded despite reservations, those attendees that did review the draft criteria agreed with their general intent. Examples of questions that arose included:

- How do you prove a startup business to be solvent? A struggling business might be becoming insolvent due to the property tax increase. Businesses are reluctant to open their books should that be required for verification.

- Definition of a small business in the MRAS Regulation is unrealistic and unworkable? (e.g., 50 FTE's is 'way too high')
- Why just focus on small business? Medium and big business have more impact (e.g., in the workshop, it was stated that a local business has just announced that it was closing (400 jobs lost) and moving to Saskatoon.
- Why include a requirement for 'no tax arrears' in a support program? The reason they are in arrears may be *due* to the property tax increase.
- The Executive Director for Kensington BRZ was unable to attend the April 29 workshop but provided a comprehensive list of concerns and ideas regarding administration of the SBS grant program. Her email comments are attached as *Appendix 2 (below)*.

#### CRITERIA MOST QUESTIONED BY WORKSHOP PARTICIPANTS:

Having reviewed the criteria, workshop participants were asked (in team exercises) to identify those criteria most questionable or with which they disagreed most. They were also invited to add criteria if they felt any were missing:

1. Do not require the criterion: *"business with no tax arrears; no contravention of City regulation"*. This criterion is too broad and contrary to the spirit of the SBS grant program of supporting struggling business.
2. Do not require the criterion: *"Business location leased for a minimum of 1 remaining year."* (Note: this contradicts the replies of electronic survey respondents who identified this criterion as one they favoured)
3. Need to introduce an effective / accelerated tax shift program (*added by stakeholders under 'Other Criteria' and received a large number of 'dot' votes*)

### Electronic Survey Results

Stakeholder responses to an electronic survey provided further feedback.

Electronic survey respondents primarily represented small business (i.e. less than 50 employees):

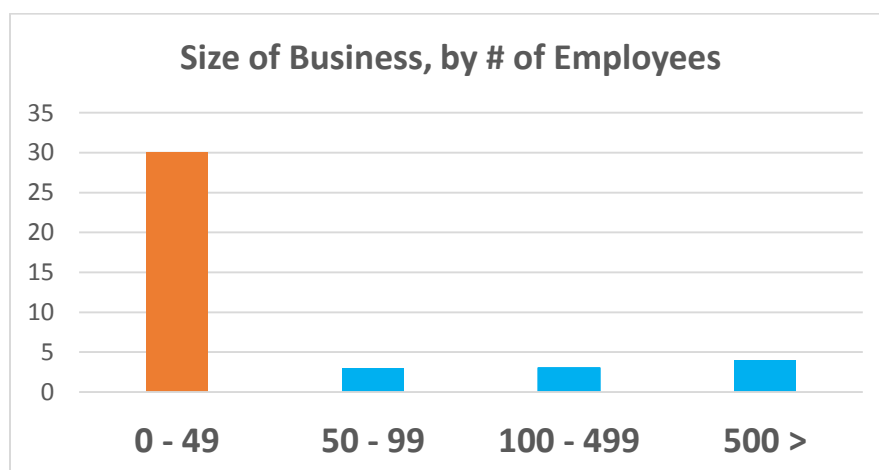


Figure 2: Survey Respondents' Business Size (FTEs)

Figure 3 (below) shows that 50% of survey respondents preferred that the SBS grant amount should be based on the increase in property tax over the past year. However, a large proportion (40%) of respondents preferred that grants be quantified based on the impact on net profitability ratio of the increase in property tax. *(Note: Administration of the former may be complicated for multi-tenant properties; varying lease terms and conditions, etc.)*

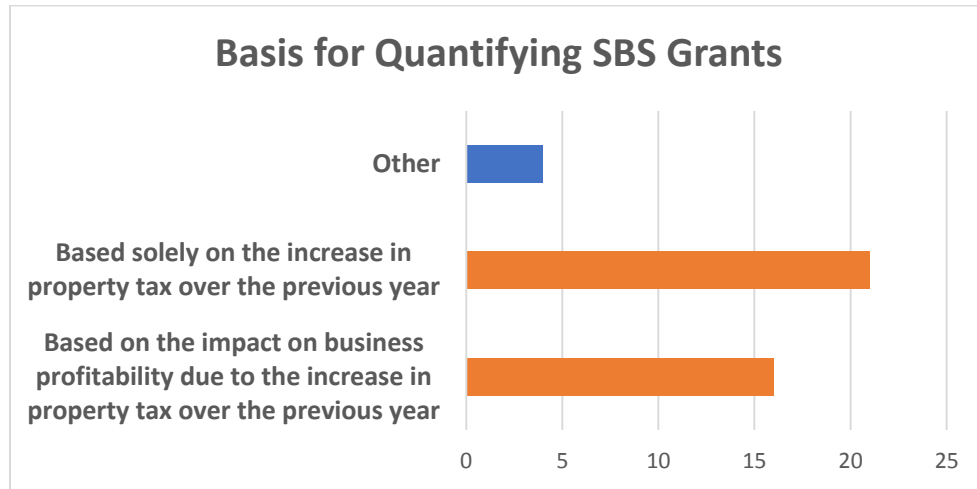


Figure 3: Basis for Quantifying SBS Grants

Figure 4 indicates stakeholders' preference for qualifying thresholds for SBS grants. While the second preference (*% property tax increase*) may be simpler, the highest ranked option (*impact on net profitability ratio*) may help measure the level of business need and help avoid grants to thriving businesses.

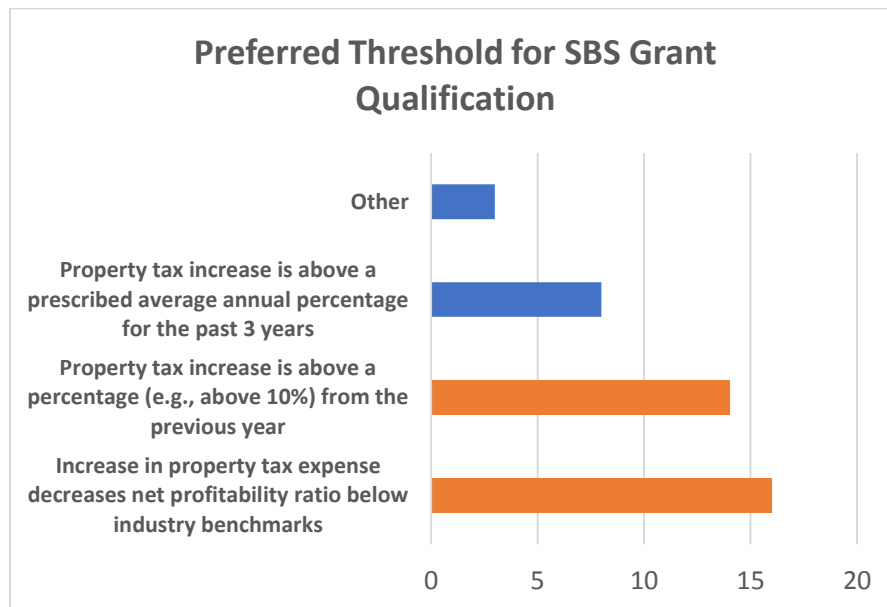


Figure 4: Preferred basis for determining qualifying grant threshold

Stakeholders preferred that the ceiling for SBS grants be based on percentage impact on net profitability ratios – compared to same industry benchmarks – caused by the increase in property tax. Whilst conceptually sound as it places the SBS grant ceiling at the businesses' breakeven point, this criterion would require significant administration and that each business open its books for the City's verification process.

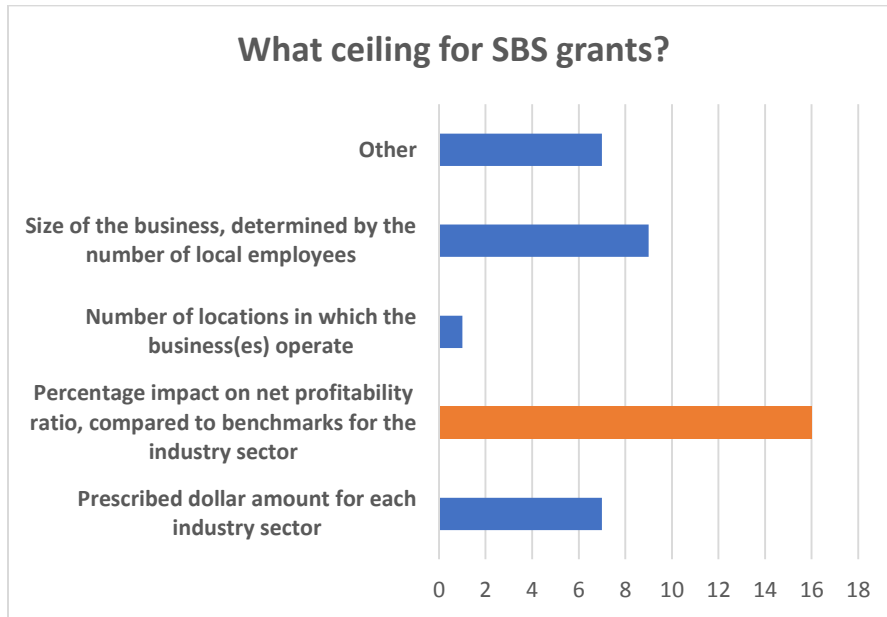


Figure 5: Preferred ceiling for SBS grants

Early findings regarding stakeholder concerns and expectations are summarized in bullet form below:

### Stakeholders' Ideas for Consideration:

- Expedite the tax share shift from Non-Residential to Residential to occur in one year with offsetting mitigation (e.g., rebates or circuit breakers) for vulnerable taxpayers.
- Business (especially small business) is struggling. Recognize that small business is the primary engine of job creation which provide employees with the funds to pay their residential taxes and mortgages. Make this a key message to increase taxpayer understanding of the imperative to shift tax share.
- The City's accountability is neither obvious, nor transparent. Stakeholders suggest the following topics for increased taxpayer information:
  - Educate / inform taxpayers, with focus on why it is necessary and beneficial to **all** taxpayers to shift tax load from Non-Residential to Residential
  - Explain why it is necessary to use property tax policy to fix a budget issue. That is, what percentage of the budget gap (lost revenue from downtown) is filled with tax revenue vs cost savings

- Explain what lies behind the City's decision not to proceed with expedited tax share shifts from Non-Residential to Residential
- Explain risks to all taxpayers. For one example: Show how business margins are reduced by increasing property tax loads (and other government tax increases). Enhance homeowners' understanding of the impact on them – i.e. as small business jobs disappear - *housing demand decreases and with it the equity (wealth) that residents have in their homes.*
- Explain why discretionary spending cannot be deferred for 2 – 3 years until the local economy improves and the City is better positioned to proceed with large projects.

### Business community stakeholders - we are in this together:

- Continue outreach through Chamber of Commerce; Calgary Economic Development and Business Improvement Areas (BIA)
- Extend that outreach to groups of small business owners who may be neither Chamber members nor belong to a BIA/BRZ.

## PART 2. Mid-term Perspective (3 – 4 years out)

### Tax share shift from Non-Residential to Residential – How Far? How Fast?

Workshop participants considered the relative merits of a gradual vs expedited transfer of property tax burden from Non-Residential to Residential.

#### 1. How Far? (What rational basis for tax share?)

Observing the City's discussions about percentage tax share distributions between Non-Residential and Residential classes, stakeholders fail to understand the underlying rationale for determining present tax share.

Percentage distributions of tax share (*e.g., whether 47% / 53%; 50% / 50% or 48% / 52%*) appear relatively unimportant in the absence of a logical strategy that is communicated to taxpayers explaining how tax sharing occurs between property classes.

Likewise, a targeted tax rate ratio based on comparison with other jurisdictions is not seen as appropriate since a multitude of interjurisdictional variables impede and make such comparison misleading.

#### 2. How Fast? (gradual or expedited tax share shift?)

Redistribution of tax load from Non-Residential to Residential was a central concern identified in the April 29<sup>th</sup> interactive workshop.

To address this concern, workshop attendees were asked to identify advantages of a *gradual* vs an *expedited* tax share shift. Their consensus view was that there were limited advantages and significant disadvantages to a gradual shift.

***Advantages of a gradual tax share shift:***

- Gradual tax share shift may be politically popular if residential taxpayers see it as Council listening to them / acting on their behalf.
- May be seen by residential taxpayers as maintaining affordability and minimizing impact of tax increases
- Should the local economy rebound in the near future, a gradual shift may allow the option of discontinuing tax share shift to Residential. However this was considered unlikely as indications are that Calgary's future recovery is uncertain, and its restructuring economy will look very different from its past.

***Disadvantages of a gradual tax share shift:***

- Residential taxpayers may perceive the gradual tax shift as a sustained tax increase, year after year.
- There was strong consensus among workshop attendees and in preceding phone interviews that the tax load shift to Residential needs to be expedited, not made gradually. A previous Calgary example of a gradual shift is Business Tax Consolidation (BTC) which occurred gradually over 7 years. Had that shift been completed within a shorter window, BTC would not have exacerbated impacts on tax load redistribution to the same extent that it has. For example, on the need to increase Non-Residential tax rates and the tax rate ratio.
- Making the shift more quickly saves jobs and businesses by helping to arrest the potential for downward spiral driving toward continuing business closures. Stakeholders describe that downward spiral thus: business closures cause increased Non-Residential vacancies which in turn lead to decreasing rents. Lower rents lead to continuing but uneven decline in asset values (and subsequent assessments). The uneven decreases contribute to continuing uncertainty and loss of investor confidence, reducing tax competitiveness and long-run property tax revenue.
- Business revenues are declining (due to the oil & gas slump) even as costs are increasing. Small business owners particularly are struggling. They see government as a major contributor to increasing costs – due to factors such as the carbon tax, pipeline capacity, and minimum wage increases. *Most visible* amongst these is the *increased property tax* which can be expected to elicit a strong reaction.
- The mood of Non-Residential stakeholders in the workshop and in meetings / phone interviews might be characterized as one of frustration and disappointment. The City is felt not to be hearing or responding to the business community's concerns and ideas. There was a common impression that, in making a gradual tax shift, Councillors were catering to residential voters without recognizing that small business is the primary job creation engine – providing residential



voters with the means to pay taxes. In the words of one workshop participant: 'Councillors are keeping the electorate happy to get votes.'

- A gradual tax share shift does not sufficiently offset the changing economic climate necessary to business retention in Calgary. That is, it is ineffective in addressing underlying immediate problems to help struggling business survive and to encourage investment.
- Stakeholders expressed that the City is contributing to a decline in tax competitiveness. They state that this is evident in the City's extensive industrial land holding. Their argument is that the City holds one of the largest industrial land portfolios in North America (totalling approximately 2,000 acres). That controlling market share gives the City the ability to maintain high prices. These and increasing taxes are believed to have led to the loss of 5 million square feet of new development to Rocky View County.

### Ideas for Consideration:

- Regardless whether the above arguments are accurate, they need to be researched and facts communicated to the investment / development community to maintain Calgary's 'business friendly' reputation.
- Business and real estate workshop participants strongly support an expedited transfer of property tax burden from Non-Residential to Residential. In doing so, the City should consider developing a tax share strategy; moving to a basis for tax sharing between the Non-Residential and Residential property classes that reflects One Calgary and that is communicated to all taxpayers.
- That tax sharing strategy should be developed with stakeholders, providing accountability through transparent communication to taxpayers. The strategy could offer opportunities to better:
  - link revenue sources (property tax; user fees; grants) with expenditures and services. The City has already made some progress in this direction through its budgeting process, and
  - clarify *equity* from two perspectives: considering equity both in '*who benefits*' and in terms of '*who pays*'.

### Answering tax share shift questions – building a frame for: *How far? How fast?*

To answer these questions, workshop participants discussed the following steps:

1. Investigate and understand the basis for the *current / historical* tax share. Advance Calgary's strategy for linking revenue sources (property tax, user fees, grants) with expenditures.
2. Identify and weight factors that might contribute to tax share distribution. Examples might include the contribution of balanced tax share factors that:
  - a. improves business retention & expansion

- b. maintains Calgary's reputation as business friendly & tax competitive
  - c. attracts / retains skilled labour force
  - d. encourages investment in Calgary
  - e. maintains services & infrastructure that grows residents' wealth (equity value in their homes)
  - f. encourages small business job creation; improving income levels and housing affordability
3. Develop and engage stakeholders in develop and execute a strategy to reach / fund transition to reach targeted tax share base
  4. Adopt metrics (similar to those applied by City of Vancouver) for tracking / measuring changes and updating the basis for future tax share changes

From research of other jurisdictions, we learned that they were hearing the same message we heard from Calgary stakeholders. The expectation is that when taxpayers are struggling, taxing jurisdictions should be:

- focussing their attention on cutting costs and increasing efficiencies
- transparent in communicating where real cost savings are achieved, versus forestalling future cost increases. For example, business community stakeholders understand that there has been a \$250 million property tax redistribution in the City. But, when they hear that the City has realized \$600+ in savings, efficiencies and reductions through intentional management, they have trouble reconciling these facts.

Possible options and actions should be identified and evaluated using criteria that reflect:

- Calgarians' many perspectives
- One Calgary Plans & Budgets
- Principles of a sound property tax system, with emphasis on those identified by stakeholders as most important to them

**Appendix '1': Stakeholder outreach: Calgary Business & Real Estate Communities**

**Appendix '2': SBS administration concerns and ideas: Kensington BRZ**

**For HCA's report on the Jurisdictional Review, see Attachment '3' of main report**

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**Appendix '1'**

<b>Stakeholder Group of Business &amp; Real Estate Communities</b>	<b>Engagement</b>	<b>Contact(s)</b>
BILD	Interactive Workshop / e-Survey	Grace Lui
BOMA / MNP	Interactive Workshop / e-Survey	Giovanni Worseley / Lloyd Suchet
Kensington BRZ	Phone / e-Survey	Annie Mac Innes
Calgary Chamber of Commerce	Interactive Workshop / e-Survey	Duncan Webster
Calgary Economic Development	In-Person; Phone Meeting / e-Survey; Interactive Workshop	Deana Haley; Leslie Shier
Commercial Real Estate Advisory Committee of Calgary	Phone / In-Person Meeting; e-Survey; Interactive Workshop	David Wallach; Hannes Kovac; Richard Morden; Iain McCorkindale; Guy Huntingford
Canadian Federation of Independent Business (CFIB)	Interactive Workshop / e-Survey	Richard Truscott
NAIOP	Phone Meeting / e-Survey	Richard Morden; Guy Huntingford
Tax Agent Community	Interactive Workshop / e-Survey	Kyle Fletcher; Dave Mewha; Giovannie Worseley; Robyn Ferguson
Bentall Kennedy	Interactive Workshop	Art Skow
Oxford Properties Group	Interactive Workshop	Dan Alexander
Chinatown BIA	Interactive Workshop	Terry Wong
17TH AVE RETAIL & ENTERTAINMENT DISTRICT BIA	Interactive Workshop	Esther Kelly

4 <sup>th</sup> Street BIA	Interactive Workshop	Julie O'Donnell
Alberta Storage Place Ltd.	Interactive Workshop	John Milino
Montgomery BIA	Interactive Workshop	Marion Hayes
M3 Development Management	Interactive Workshop	Iain G. McCorkindale
Kensington Auto	Phone interview	Bob Pilser

## Appendix '2': Email submission from Kensington BRZ

Dear gentlemen,

Unfortunately, I am away giving a paper at a conference on Monday so will be unable to attend [*i.e. the April 29<sup>th</sup> stakeholder workshop*].

I would like to provide the following questions/and thoughts about the tax shift small business grant program:

### What constitutes a small business and who qualifies for a grant?

- Current definition of what constitutes a small business (<50 employees) is not fine grained enough. I think small size stores that are national chains like Starbucks qualify and Starbucks hardly needs rescuing. How do we make sure grants get to small, independent businesses?
- Also not sure how to treat local Calgary chains like Red's Diner?
- Are we constrained legislatively from refining this definition?

### How much should grants be?

- I have no idea but I think we need to come up with a formula with a cap?

### Implementation Ideas

- Is there a way to use the information in the tax rolls to identify 'small businesses'?
- Business taxes are still broken out in the BIAs. Could the business tax rolls be used to identify small businesses?
- Given how similar all the Calgary BIA levy rates are, could the BIA levy amounts, which are being mailed separately this year, be used, at least within the BIAs, to identify everyone below a certain amount? Given the levy is based on occupancy, square footage and main floor/upstairs/downstairs this might be possible way to identify smaller businesses? Say, for example, all businesses paying less than x amount in a levy are obviously small premises businesses although again that probably include the Starbucks type businesses?
- Could 311 be used in some way? Perhaps business owner calls 311, gives their business tax rolls identifying number and then 311 passes on request for grant to be approved or rejected?
- Can the tax rolls or business licenses be used as a way to identify those businesses who qualify.

- Approximately 1/3 of my businesses have no social media presence so there will need to be an old school option for being notified of the grant program and for applying for the grant.
- The BIAs could be a useful resource in this process. The Kensington BIA would participate in early morning sessions (best time to get my owner/operators before they go to work) held in Kensington at modest City expense (coffee and pastries) for my member businesses who would qualify for a grant to come to an information meeting and have City staff help them fill out an application. For some of my member businesses on line applications can be challenging, coming to City hall and paying for parking can be intimidating and time consuming. A couple of one-stop open houses for people to come get help filling out their grant applications would be ideal for small BIAs like Kensington.
- There should be no fee for applying for a grant.
- Efforts should be made to minimize other costs associated with applying for grants. Possible corollary costs might include time away from their business/paying an employee to mind the shop, downtown parking, and help from accountant to collect relevant information to qualify are examples.
- Transparency is a critical element for this grant process. Businesses and the media are already still would up about this process and negative follow up will benefit no one. Here is an example of what not to do! The chart used at Council on April 8 in Option 1 – C2019-0352 #1 shows a 1.77% decrease in non-residential property tax but this is noted as not including the Business Tax Consolidation impact so in fact businesses will NOT see a decrease but in fact will see an increase of about \$320 a year by my, admittedly amateur, calculations. This seems unfortunate (not to have included the business tax consolidation) given my businesses will look at the the total amount collected for municipal taxes and be annoyed to see a decrease claimed by the left hand then nullified by the right hand. This is just the sort of apparent sleight of hand that really frustrates my businesses and makes them mistrustful and angry.

#### Things to consider

- Need for clear criteria for who qualifies for grant and who does not so businesses do not waste time and money applying for grants for which they are not eligible.
- Defining small businesses in a way that allows certainty for applicants but allows for some flexibility for anomalies like small local Calgary franchises like Red's Diner.
- We need to create a really simple and inexpensive process since the process is only planned to be used for two years. We need to try to piggyback on existing City resources rather than reinvent the wheel.
- Do we actually need to have a grant application process or can we define what constitutes a 'small business' sufficiently precisely enough to then simply rebate those business accounts? Then perhaps there is only an application process for those businesses who feel they were unfairly disqualified from receiving a grant and let them make their case?

- A simple rebate to non-residential property tax account rather than issuing a check might save money but this risks landlords pocketing the money and not passing on the rebate as has happened in past two years. If money goes to landlords, not to tenant businesses, how will landlord compliance with passing on rebate to tenants be tracked and enforced?

### Risks

- Negative reaction in the media if grant criteria are not crystal clear and defensible.
- Negative reaction in the media if we don't get small business qualifiers right.
- Negative reaction in the media with regard to transparent, easy to understand process (See the note above about business tax calculation not being included in the calculations indicating that business taxes are going down by 1.77% when actually including the business tax calculation taxes are going up?)
- Negative reaction in the media if information rollout is flawed or parameters/information necessary to qualify are too onerous.
- Negative reaction in the media if the process is too cumbersome and slow and backlogs result.

Annie

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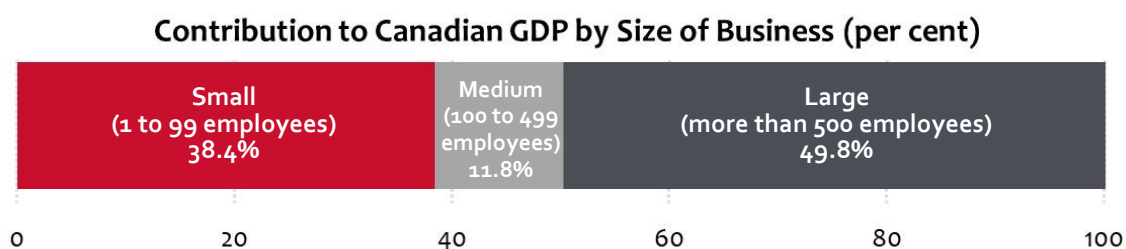




## Small Businesses in the Calgary Economy

### Contribution of Small Businesses to the Economy

Multiple definitions of small businesses exist. Examples include using the level of loan authorization (Canadian Banker's Association), the level of export sales (Export Development Canada), and the number of employees (Industry Canada). The Industry Canada definition aligns more closely to the Municipal Government Act (MGA), but the threshold of fewer than a hundred employees is different. These businesses make a significant contribution to the Canadian economy. They foster economic growth, employment and income. Gross domestic product (GDP) measures the value industries, through their activities, add to inputs. Small businesses contribute about two out of every five dollars in Canadian GDP.

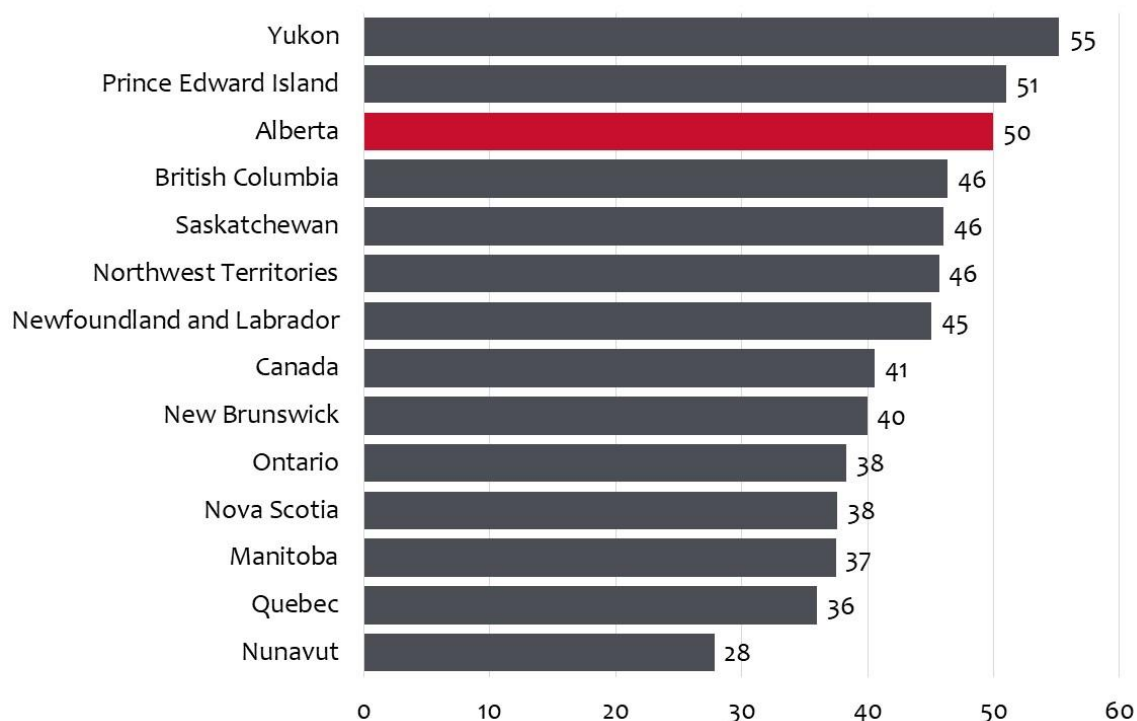


Sources: Statistics Canada, Industry Canada, Corporate Economics and Regulatory Affairs

### High Concentration of Very Small Businesses in Alberta

While the information on the contribution to GDP is currently only available for businesses with fewer than a hundred employees, information on business counts suggests that a lot of that contribution would be due to businesses with fewer than fifty employees. In 2018, Canada had 1,212,833 businesses with fewer than fifty employees compared with 34,430 businesses with 50 to 99 employees. The province of Alberta has a much higher concentration of the MGA definition of small businesses (fewer than 50 employees) than the Canadian average. In mid-2018, there were 50 small businesses in Alberta per thousand individuals aged 18 years and over. The Canadian average was 41 small businesses per thousand individuals aged 18 years and over.

### Small Businesses in Canadian Provinces (Number of Small Businesses per '000 people)

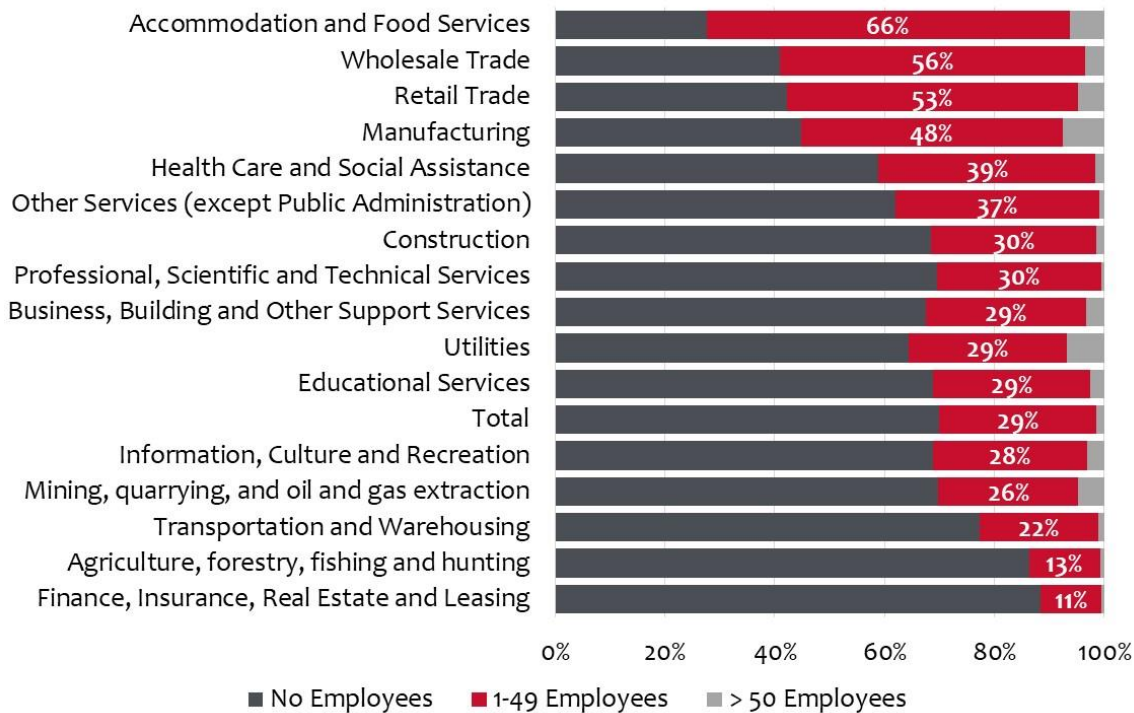


Sources: Statistics Canada, Industry Canada, Corporate Economics and Regulatory Affairs

### Many Small Businesses right across all Calgary industries

At the end of 2018, there were 49,073 small businesses in the city of Calgary. Small businesses represented 29 per cent of the business community. Sole proprietorships (with self-employed individuals) represented 70 per cent of businesses (120,070), and 2,615 (or 1 per cent) were medium and large businesses. A single industry in the services-producing sector – Professional, Scientific, and Technical Services - had 10,457 businesses (or 21 per cent) of Calgary's small businesses. The industry is the service industry most closely tied to oil and gas extraction. Small businesses represented more than half of the business community in three industries – accommodation and food services, wholesale and retail trade.

### Industry Concentration (Sole Proprietorship, Small Business, Medium & Large Business)

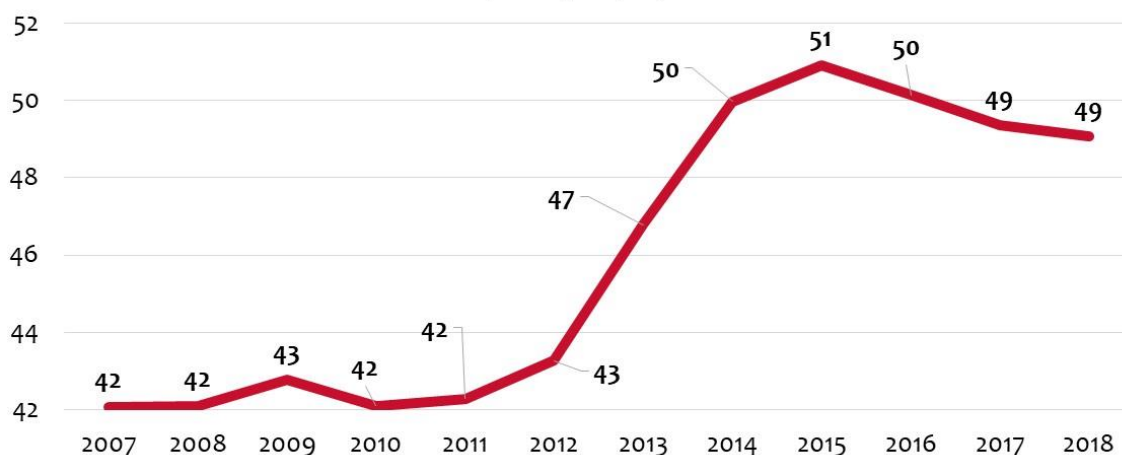


Sources: Alberta Economic Development & Trade, Canada Revenue Agency, Corporate Economics & Regulatory Affairs

### The number of Small Businesses has not recovered to the Pre-Recession Level

Over the long-term, the number of small businesses in Calgary increased from 42,065 in 2007 to 49,073 in 2018. It is an average annual rate of increase of 1.4 per cent. The average growth rate of small businesses is faster than medium-to-large businesses (0.6 per cent) but lower than sole proprietorships (6.9 per cent). The growth rate of small businesses is similar to the growth rate of the economy over the 2007 to 2018 period. However, the level of economic activity (or GDP) surpassed pre-recession heights by 2018, while the number of small businesses is still below the peak. The number of small business peaked at 50,912 in 2015 as the recession commenced.

**Growth of Small Businesses (1-49 Employees) in Calgary**  
(‘000 people)



Sources: Alberta Economic Development & Trade, Canada Revenue Agency, Corporate Economics & Regulatory Affairs

## 2019 Cost Estimates Summary

**Note** – at this time, these high-level cost estimates are preliminary based on limited analysis. Costs are considered incremental and currently unfunded within the One Calgary business plans and budget.

Work Element	Cost Estimate
<b>Capital</b>	
Systems development / implementation	\$500,000
<b>Operating</b>	
Grant Implementation costs	\$1,000,000
<b>Total cost estimate</b>	<b>\$1,500,000</b>

### Capital - Systems development / implementation – estimate up to \$500,000

- IT cost to develop the solution
  - Online web solution with one form; questions as per the Draft Application Form (application information intake)
  - Includes financial information file upload capability
  - Simple/configurable logic in the backend to apply automated adjudication rules
  - Assuming MyID integration for authorization
  - Leverages code written for Planning and Development's MyBusiness solution
  - Includes transition and warranty period
  - Includes vulnerability testing
  - Includes performance/load testing
  - Integrations. The assumption at this time is that schedule is the priority, so many of the 'nice-to-have' integrations would be excluded in the scope of this assessment.
- Corporate Security Penetration testing costs
- Business Process Mapping (as required)
- Appropriate access and records management to maintain confidentiality

### Operating Grant implementation – estimate up to \$1,000,000

- Communication – marketing support, material development/branding, materials
- 311 supports
- Engagement
- Additional Staff resourcing
  - Finalize grant implementation plan
  - Implement and monitor application process
  - Review grant submissions
  - Audit/validating information
  - Staff time for processing of payments
- Payment processing – cost of printing of cheques, mailing costs, validation of payment information
- Tracking and reporting of the grant program



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## Administration Response to a Motion Arising on Residential Property Tax Rebates

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### EXECUTIVE SUMMARY

Council directed Administration to develop criteria and process for a Residential Property Tax Rebate Program and report back to Priorities and Finance Committee on 2019 May 14.

#### ADMINISTRATION RECOMMENDATION:

The Priorities and Finance Committee recommends that:

1. Council receive this report for information.
2. Council direct Administration to abandon this Motion Arising due to the potential cost and risks associated with pursuing a 2019 property tax rebate outside of the regular property tax billing cycle.

### PREVIOUS COUNCIL DIRECTION / POLICY

On 2019 April 08, Council adopted Recommendation 1 of Report C2019-0382 and gave three readings to Proposed Property Tax Bylaw 13M2019. This resulted in a residential combined property tax rate increase of 3.45%, and a non-residential combined property tax rate decrease of 3.07%.

On 2019 April 01, Council directed Administration to develop criteria and process for a Residential Property Tax Rebate Program to a maximum of \$70.9 million of one-time funding for 2019 (\$44 million from the Fiscal Stability Reserve, and \$26.9 million from the 2017 and 2018 Phased Tax Program funding not required due to appeal resolutions), returning to Priorities and Finance Committee on 2019 May 14.

On 2017 April 10, Council approved that with respect to Report C2017-0288, Council rebate the 2017 tax room as a one-time return to taxpayers, in the amount of \$23.7 million.

On 2016 November 21, Council approved C2016-0863, Action Plan Mid-cycle Adjustments, which reduced the previously-approved 2017 tax rate increase from 4.7% down to 1.5%, with a 1.5% rebate for 2017, effectively bringing the 2017 tax rate increase to 0%.

On 2013 November 25, Council directed that the unallocated \$52 Million in tax room for 2014 be allocated for a tax rebate to residential and non-residential taxpayers, to be shown as a separate line item on the 2014 property tax bill as per C2013-0668.

### BACKGROUND

Each year, Council approves the amount of expenditure required to support City services. From this amount, revenue sources other than property tax, such as licence fees, user fees and provincial grants are subtracted. The balance is the amount raised by property taxes. Tax rates are established to calculate property tax and reflect the amount of taxes to be paid for every dollar of assessed value.

Property tax bylaws must be prepared annually in accordance with the Municipal Government Act. The property tax bylaw authorizes Council to impose a tax in respect of a property in the municipality. This allows the municipality to generate the tax funds necessary for its operation. Tax impacts on individual properties will vary depending on the specific assessment change

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## **Administration Response to a Motion Arising on Residential Property Tax Rebates**

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from 2018 to 2019. A property tax rebate is one method of mitigating the impact of a property tax increase for a class or classes of property on a temporary basis.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

A tax rebate is a credit applied to the taxes associated with a property and is not a rebate to a specific individual owner. A rebate can be applied to a property in one of two ways: as a factor or as a specific amount.

Typically, a rebate is applied to a property as a factor. In this situation, a factor (or rate) is calculated by dividing the total amount of funding available for the rebate by the total assessed value of all properties qualifying for the rebate. The rebate amount is calculated by multiplying the property's assessed value by the relevant total rebate factor. For properties having more than one assessment class, the assessment value per class is multiplied by the relevant class's total rebate factor. The rebate is applied to individual properties in relation to their assessed value. A higher assessed property value will result in a higher rebate and, conversely, a lower assessed property value will result in a lower rebate. This method of calculating a rebate is equitable in terms of the rebate is in proportion to the value of the property and the associated property tax levy.

The other method of applying a property tax rebate is to use a flat amount applied to all properties regardless of assessed value. For example, if the full amount of potential available rebate funding of \$70.9 million was distributed evenly to the approximately 500,000 residential property accounts in Calgary, the resulting rebate would be approximately \$142 per property tax account. This method of calculating and applying a rebate is not equitable as it does not offer relief in proportion to the to the property tax levy incurred.

Administration does not recommend that a residential property tax rebate be applied for 2019. The 2019 property tax bills have been prepared and are scheduled to be mailed to over 500,000 residential and non-residential property owners on 2019 May 24.

The property tax billing cycle is a carefully orchestrated process that occurs every year and culminates in the production of annual tax bills every May. This cycle has been in place for decades, and sophisticated technical systems and processes continue to be developed to support this process. The size, complexity and importance of this process requires that it be conducted according to carefully considered timelines which contain many dependencies. Ensuring the accuracy and integrity of financial transactions associated with each individual property tax account is fundamental to this process.

To apply a residential property tax rebate outside of the existing cycle would introduce significant risk, expense and customer disruption to the property tax billing process, including:

- Approximately 500,000 property tax payers will be receiving their property tax bills through late May and early June. Applying a rebate after the annual billing would require subsequent customer notification which would create customer confusion, and double the printing and mailing costs associated with the annual billing;
- The time and effort associated with the annual property tax billing process that occurs between February and May of each year would essentially have to be duplicated to ensure the successful application of an off-cycle property tax rebate. As this has never



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**Administration Response to a Motion Arising on Residential Property Tax  
Rebates**

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been done before, extensive testing would need to be conducted. It is currently unknown if this capability exists within our property tax billing system;

- Approximately 270,000 property tax payers who are on the Tax Instalment Payment Plan (TIPP) would see their TIPP installment payment recalculated several times. Once on July 1<sup>st</sup> in accordance with timelines established as part of the current annual billing process, and then again after the rebate had been applied to their accounts. It would be necessary to notify TIPP customers of their revised monthly instalment amounts which would result in double the printing and mailing costs for these accounts.
- Rebates being applied outside of the annual billing process have not been contemplated as part of existing system and process design, and any changes would need to be thoroughly tested to ensure that system integrity and accuracy is maintained. There is a strong possibility that system programming changes would be required for which capital funding has not been identified;
- The application of rebates after the 2019 June 28 property tax payment deadline would result in credit balances on a significant number of property tax accounts. Processing and preparing refund cheques would be extremely costly and the volume would overwhelm The City's property tax system and Accounts Payable system. For example, in 2018, The City's Accounts Payable group issued approximately 30,000 cheques for the entire year. A rebate applied after the property tax payment deadline could potentially result in approximately 500,000 cheques having to be issued in a much shorter timeframe. The City's Accounts Payable section does not have the capacity nor resources to accommodate a cheque run of this magnitude.

Property tax rebates have been considered, and can be accommodated, through the standard annual billing job stream. This has been done successfully twice within the last several years, once in 2014 and again in 2017. However, the application of a rebate outside of the billing stream has not previously been considered and a significant investment of time and resources would be required to evaluate whether or not this was feasible.

**Stakeholder Engagement, Research and Communication**

All property owners in Calgary have received their 2019 Property Assessment Notices which gave them their 2019 property assessed values. The 2019 property tax bills have been prepared and are scheduled to be mailed 2019 May 24.

**Strategic Alignment**

The recommendations are in alignment with the direction in Council's approval of One Calgary 2019-2022 Service Plans and Budgets (C2018-1158), as amended.

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

The property tax bylaw and associated annual property tax billing cycle allows the municipality to generate the tax funds necessary for its operation. This allows The City to deliver the full range of municipal services approved in One Calgary 2019-2022 Service Plans and Budgets, as amended.

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**Administration Response to a Motion Arising on Residential Property Tax  
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**Financial Capacity**

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

As this would be a significant change from established practice, a thorough review of existing system capability and resource capacity would need to be undertaken to establish the viability of preparing an off-cycle rebate. However, preliminary estimates of certain operating costs required to support this work in 2019 are approximately \$2 million, including the costs of: printing and mailing statements of account to all impacted property owners; costs associated with potentially outsourcing the preparation and mailing of refund cheques; and additional staff resources required to address the anticipated increase in volume of calls from taxpayers. This list is not exhaustive but does highlight some significant likely anticipated costs. In addition, there would be opportunity costs associated with pursuing an off-cycle rebate since existing and planned work within Taxation and Information Technology would need to be reprioritized to provide resources to support the preparation of an off-cycle rebate. This work has not been contemplated as part of Taxation's current 2019 operating budget.

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

There would be capital costs incurred to accommodate this initiative, however, they cannot be adequately quantified without extensive system testing once the potential scope of an off-cycle rebate program has been established. In addition, an off-cycle rebate would require a reprioritization of the Taxation work plan and the associated redirection of resources. This work has not been contemplated as part of Taxation's current 2019 capital budget.

**Risk Assessment**

The property tax billing cycle and associated systems and processes have been developed over many years, and property taxpayers, our customers, are accustomed to this cycle. Preparing a rebate outside of this cycle has not been contemplated and would introduce technical, financial and reputational risk to The City. Significant evaluation and testing would need to be conducted to determine if this is even possible and to fully understand the risks, and identify mitigation strategies, associated with pursuing an off-cycle rebate.

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

Conducting the annual property tax billing according to a carefully considered schedule ensures that it is conducted with accuracy and integrity, and that taxpayers' expectation of timely and accurate property tax bills are met.

**ATTACHMENT(S)**

None

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## **Business Tax Consolidation – 2019 Annual Status Update and Final Report**

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### **EXECUTIVE SUMMARY**

This report fulfills Council's direction arising from PFC2012-35 to provide both an annual status update to Council through the Priorities and Finance Committee in Q2 each year of the Business Tax Consolidation (BTC) process (2013-2019) and a final report no later than 2019 July.

In 2011, with the support of industry leaders, Council directed Administration to investigate the possible consolidation of business taxes with the non-residential property tax. The investigation determined that moving from a dual tax environment to a single tax on non-residential property would improve efficiency in the administration of Calgary's municipal tax system, cut red tape, and enhance transparency and economic attractiveness. Calgary was the last remaining municipality in Alberta still using a business tax on occupancy.

As of 2019, a cumulative 100 per cent of business tax revenues have been transferred incrementally to the non-residential property tax and the consolidation process is complete. The City is no longer levying a municipal business tax.

Administration is committed to prepare assessments for businesses within Business Improvement Areas (BIAs) until a suitable alternative is in place. There are currently 12 BIAs in Calgary. Throughout the consolidation process, The City advocated for changes to provincial legislation that restrict BIAs to using business assessment as the basis for levying BIA taxes. Significant progress has been made and the anticipated changes were included in the updated MGA; however, the new provisions have not been proclaimed and the intentions of the Government of Alberta are not clear.

In consultation with internal stakeholders and BIA representatives, an interim BIA business assessment process was developed for the 2019 tax year using end of lifecycle computer systems for billing and collection of the BIA tax. This has ensured BTC has no negative impacts on the ability of businesses to jointly raise and administer funds for various projects and promotional activities within their respective BIAs in 2019.

Capital expenditures would be required to maintain the computer systems past 2019; this is estimated to be in the range of \$2.5 million.

As discussed in 2012 and subsequent BTC update reports, once the legislation is in force Administration will recommend to Council that The City collect BIA taxes through the non-residential property base and systems.

#### **ADMINISTRATION RECOMMENDATION:**

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

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

As Council direction on this topic is extensive, Administration has included an Attachment that summarizes and references all previous Council direction.

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## **Business Tax Consolidation - 2019 Annual Status Update and Final Report**

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### **BACKGROUND**

Historically, Calgary has collected a property tax from the owners of non-residential properties and a separate business tax from the occupants of non-residential properties. Council received a report for information on the possibility of moving to a single tax in 2008. Through a Notice of Motion adopted by Council in 2011, Administration was directed to further investigate the development of an implementation plan for business tax consolidation; this was included in Council's 2012-2014 Fiscal Plan. Following Administration's consultation and communication with stakeholders, Council approved plans to incrementally transfer business tax revenues to the non-residential property tax over the period of 2013 to 2019. Administration has provided annual status reports to Council, including any potential issues or changes to ensure BTC proceeded as planned.

The consolidation process is now complete. The City no longer levies a separate municipal business tax as a cumulative 100 per cent of business tax revenues have been transferred incrementally to the non-residential property tax.

As discussed in 2012 and subsequent BTC update reports, Administration will continue to prepare business assessments to levy and collect the BIA tax until a suitable alternative is provided by the Government of Alberta.

In 2017, following consultation with internal and external stakeholders, the report PFC2017-0291 *Alternatives for the Collection of the Business Improvement Area Levy* was presented to Council for information. However, all alternatives to the existing business assessment-based process are contingent upon changes to provincial legislation and Regulations that were anticipated for 2018. The enabling provisions are still not in force and timelines are unknown.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

This section is divided into two in order to deliver report requirements. The first provides the annual analysis of progress on Council directions in PFC2012-35; it follows the same format as previous update reports. The second is a final reporting.

#### **Annual Update on BTC Implementation Progress**

As in previous progress update reports, the analysis below is grouped by the five Council directions provided in PFC2012-35.

#### **Council Direction 1: Recommendation to consolidate**

As per the annual transfers approved in PFC2012-35 (table below), Administration transferred 20 per cent of business tax revenues to the non-residential property tax in 2019. This resulted in a 4.3 per cent increase to the 2019 non-residential property tax rate. Without consolidation, 2019 business tax revenue (including allowance for tribunal losses and estimated net growth) would have amounted to \$44.4 million; after the incremental 20 per cent transfer, business tax revenue amounted to \$0. The total cumulative increase to the non-residential tax rate is 19 per cent.

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Business Tax Transfer to Non-Residential Property Tax			
Year	Incremental Transfer (%)	Cumulative Transfer (%)	Non-Residential Property Tax Change
2013	0%	0%	0%
2014	10%	10%	2.3% (actual)
2015	10%	20%	2.2% (actual)
2016	20%	40%	4.0% (actual)
2017	20%	60%	3.8% (actual)
2018	20%	80%	4.6% (actual)
2019	20%	100%	4.3% (actual)
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>19%</b>

Rivers District Community Revitalization Levy (CRL) revenues are transferred to the Calgary Municipal Land Corporation (CMLC), the wholly owned subsidiary of The City responsible for the implementation of the Rivers District Community Revitalization. These revenues are based on the consolidated non-residential property tax and so would include the transferred business tax amount. Corrections are made annually to (1) ensure the CRL revenues do not include unintended funds due to BTC, (2) maintain compliance with the CRL regulation, and (3) keep The City's operating budget whole.

Council Direction 2: Supplementary directions and policies

*Zero per cent business tax rate increase policy*

Actions taken since the last annual report (PFC2018-0190) include the continued application of Council's zero per cent business tax rate increase policy. The policy applies both to the business tax rate and the portion of the non-residential property tax rate that is associated with consolidation (i.e. all business tax revenues consolidated into the non-residential property tax).

As directed through NM2011-20, the policy will continue in the consolidated tax environment. Starting in 2019, the "business tax amount" will be adjusted based on non-residential property assessment growth rather than business assessment growth. The amount will continue to be subject to a zero per cent business tax rate increase equivalent.

*Business Improvement Area (BIA) Financing*

As directed through PFC2012-35, Administration will continue collecting BIA levies through a business assessment process until a suitable alternative is provided by the Province.

Although progress has been made since 2012, as of April 2019 the MGA amendments that would allow Council to impose a BIA tax on property or businesses (but not both) are not in force. Administration will continue to advocate for the unproclaimed sections and for the anticipated BIA-related Regulation that will address the practical applications of this provision.

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*Grants-in-lieu of taxes*

Canadian Pacific Railway, and provincial and federal governments will pay 2019 grants-in-lieu of 100 per cent of the consolidated taxes, even though they were not obligated to pay a business tax.

*Council Direction 3: Plans associated with consolidation*

*Implementation Plan*

Consistent with the implementation plan in Report PFC2012-35, the following actions have been taken since the last annual status report (PFC2018-0190) in May 2018.

- On 2019 January 03, 2019 non-residential assessment notices were mailed and information on the completion of BTC was included in an insert with these notices.
- No business assessment notices were mailed; for cost efficiency, BIA business assessments were put on the BIA tax notices sent in February.
- On 2019 February 04, Council passed the *Business Improvement Area Tax Rates Bylaw 5M2019*.
- On 2019 February 08, the BIA tax bills with the levies set by Bylaw 5M2019 were mailed. Information explaining the completion of BTC, the administration and calculation of BIA taxes, and the associated assessment for the business was included with the mailing.
- On 2019 April 08, Council passed the *2019 Property Tax Bylaw 13M2019* with the non-residential property tax rate that reflects a cumulative 19 per cent increase and the business tax rate of zero due to BTC.
- The last item in the 2019 cycle is the mailing of property tax bills in May 2019.
- From the 2019 tax year forward, The City will no longer pass a business tax bylaw or a business tax rate bylaw. However, the cycle of annual BIA enabling bylaws and property tax related bylaws will continue for the foreseeable future.

*Communications Plan*

Consistent with the PFC2012-35 BTC communications plan, the following actions have been taken since the last annual status report (PFC2018-0190).

2018

- Quarterly reports were sent to the BIA Executive and Boards containing business membership and BIA levy collection information. Assessment and Tax responded to inquiries and requests for additional information through the year.
- Ad hoc communications and meetings between Calgary Neighbourhoods and BIAs occurred through the year and facilitated ongoing communication between Administration and BIAs.
- On October 15, Calgary Neighbourhoods, Community Planning and Assessment met formally with BIA representatives to discuss upcoming issues including BIA taxes and BTC.
- From October 02 - November 02, Assessment held the Pre-Roll Consultation Period (which replaced the previous annual Advance Consultation Period) to provide preliminary property

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assessment values and open up discussions with non-residential property owners, including any questions about the 2019 BTC transfer.

- BIA Executives were formally advised of the 2018 December 4 meeting of the Priorities and Finance Committee regarding the 2019 BIA Tax Bylaw and the late agreement that, for administrative cost savings for businesses and The City, The City would not bill or collect BIA tax from businesses with a BIA tax of \$25 or less. The BIAs were assured that this would not impact their budgets.

**2019**

- The insert included with non-residential property assessment notices sent January 03 informed non-residential property owners of the 2019 incremental business tax transfer and its impact on their property taxes. It also advised that business tax has been eliminated.
- 2019 Business Improvement Area process details (i.e. annual tax bills, quarterly reports), and information on business tax consolidation, amended annual and amended supplementary tax bills, customer review period, and an update on provincial legislation was sent to BIA Executive Directors and Boards to assist in their communications to member businesses on January 7.
- The BTC website calgary.ca/btc was updated to reflect the conclusion of the consolidation process and direct users to the new BIA Tax website calgary.ca/BIAtax webpages and the main calgary.ca/BIA page.
- BTC and BIA related questions will continue to be answered year-round by knowledgeable Assessment staff.

**Council Direction 4: Reporting back to Council**

**a) Implementation Readiness Report**

*Business Tax Consolidation – Implementation Readiness Report* (PFC2012-0499) was received for information on 2012 September 24.

**b) Annual Status Report**

Council directed Administration to provide annual status reporting through the Priorities and Finance Committee for 2013 to 2019. Annual update reports on progress were received by Council in 2013 - 2018.

**c) Final Report**

In advance of the 2019 Q2 deadline for the final report and for administrative efficiency, this report combines the final report with the 2019 progress status update report.

**Council Direction 5: Tax mitigation for limited benefit non-profit organizations (LBNP)**

As directed in PFC2012-0139, this program provided eligible LBNPs with tax relief for a three-year transitory adjustment period rather than the one-year period provided in the general consolidation implementation plan. Amounts equal to the annual BTC-related property tax increase to their business premises were refunded in 2014 (through PFC2014-0289) and 2015 (through PFC2015-0432).

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**Business Tax Consolidation - 2019 Annual Status Update and Final Report**

Final Reporting on BTC Implementation Process

In keeping with *Council Direction 4* above, this section is a final reporting on the completion of Council directions in PFC2012-35.

As of 2019 April 8, Administration has reached its performance target to have 100 per cent of business tax revenue consolidated into the non-residential property tax by 2019. The associated administrative efficiencies support One Calgary efforts to deliver service value in a financially restrained environment. These have included reductions in tribunal and related administration costs, assessment notice mailing, and tax bill mailing, collection and enforcement requirements.

The next table reflects the environment in 2011 when moving to a single tax was investigated, and the same administrative requirements in the 2018 and 2019 assessment and tax years.

<b><i>Annual Mailing*</i></b>	<b>2011</b>	<b>2018</b>	<b>2019</b>	<b>Change from 2011</b>
<b><i>Business Assessment Notices Mailed</i></b>	25,532	26,848	0	-100%
<b><i>Business Tax Bills Mailed</i></b>	25,558	27,049	5,386 (BIAs only)	-79%
<b><i>Total</i></b>	<b>51,090</b>	<b>53,897</b>	<b>5,386</b>	<b>-90%</b>

*\*(excludes notices and bills prepared for business openings within the year)*

As directed in NM2011-25, wherever possible the benefits and savings are being extended to non-residential property taxpayers. Most visibly, this is reflected in Assessment's new focus on customer experience and the capacity to be more responsive to the needs and service expectations of non-residential property owners. Assessment has been able to absorb the increased property assessment-related workload and volume that is due to the increase in number of non-residential accounts, and in the complexity of issues related to the non-residential assessment base.

**Stakeholder Engagement, Research and Communication**

The preparation of this report involved representatives from Finance, Tax, and Assessment. Ongoing two-way communications with BIA representatives, and previous collaborative work with industry and business representatives, Calgary Neighbourhoods, and Calgary Community Standards was also used in report preparation.

The creation of the interim BIA assessment and tax collection processes used for 2019 was a collaborative effort between Assessment, Law, IT, Tax and Finance. Additional systems work required collaboration across divisions within Tax to ensure that the 2019 technical billing solution was viable.

Assessment maintains a year-round customer inquiry service to answer assessment and BTC related questions. During the 2019 Customer Review Period, 16 customers inquired about the mechanics of consolidation, the end of business tax and/or their BIA tax bill.



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## **Business Tax Consolidation - 2019 Annual Status Update and Final Report**

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### **Strategic Alignment**

Completing the business tax consolidation and providing continued support for Business Improvement Areas supports One Calgary and the "A Prosperous City" Council Priority which notes that "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."

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

#### **Social**

There are no social impacts in addition to those identified in PFC2012-35.

#### **Environmental**

No environmental impacts have been identified.

#### **Economic**

Moving from a dual tax environment to a single tax on non-residential property has enhanced transparency and economic attractiveness.

### **Financial Capacity**

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

The BTC process has been revenue neutral to The City.

For 2019, Finance is adapting existing systems for billing and collecting the BIA tax and on-going manual intervention is required; this has resulted in continuing operational costs. While neither Assessment nor Finance experienced material implementation costs to develop an interim process for the 2019 tax year, it has been accomplished through a reprioritization of work, creating delays in other value-added work previously identified as a priority.

Going forward, the estimated annual operating cost of continuing to administer a business assessment process for the businesses currently located within BIAs is estimated to be \$300,000 annually.

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

If the content of the new BIA Regulation is not provided, Administration must seek Council's approval to continue levying the BIA tax on business owners and for any associated budgetary changes needed to enable billing, receivable and collection activity on this basis. This will require capital expenditures to replace existing systems, estimated to be in the range of \$2.5 million, which is unfunded. In 2019 on-going manual intervention is being used for quality control and to meet requirements to bill only businesses within BIAs. BTOOLS (Business Tools OnLine Suite), The City's business tax billing and collection system, is no longer supported and must be replaced as soon as possible to mitigate the high risk of system failure. A new module in PTWeb, The City's property tax billing and collection system, would have to be developed to handle all BIA-related billing, receivable and collection activity.

### **Risk Assessment**

There are no risks associated with the report.

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Going forward, since business tax was the only relationship that The City had directly with the business (and not the owner of the property), there is an ongoing risk that it will be difficult to maintain current business contact and location information for businesses that don't have to be licenced by The City. The data is used by several different business units including Calgary Community Standards (CCS), Planning and Development, and Calgary Neighbourhoods. To ensure the Business Registry is the most accurate and up to date source of business information, Assessment's existing process of collecting tenant lists from building owners is being used with Business Licence resources (e.g. inspectors) to obtain information about business operators located on properties where owners do not voluntarily engage in Assessment's tenant list process.

If the anticipated changes to provincial legislation continue to be delayed or are deferred indefinitely there will be risks associated with the administration of the BIA levy. Continued use of BTOOLS presents undesirable high risks. Gathering requirements and work on a replacement system would have to begin mid-2019 to be ready in mid-2021 at the earliest.

#### **REASON FOR RECOMMENDATION:**

The implementation of business tax consolidation has been completed.

#### **ATTACHMENT**

Attachment 1 - Previous Council Direction

## PREVIOUS COUNCIL DIRECTION / POLICY

On 2018 December 04 through PFC2018-1068 Council approved 1M2019, the 2019 *Business Improvement Area Tax Bylaw* which specified the business assessment method as the basis for the BIA tax.

On 2018 May 28 through PFC2018-0190 *Business Tax Consolidation – 2018 Annual Status Report*, Council received for information the 2018 annual update and Directed Administration to bring (a) a 2019 status update report to the Priorities and Finance Committee in May 2019 and (b) a final report on BTC to the Priorities and Finance Committee in July 2019.

On 2017 May 29 through PFC2017-0308 *Business Tax Consolidation – 2017 Annual Status Report*, Council received for information the 2017 annual update and directed Administration to bring the 2018 annual report on Business Tax Consolidation to the Priorities and Finance Committee in May 2018.

On 2016 June 13 through C2016-0455 *Business Tax Consolidation – 2016 Annual Status Report*, Council received for information the 2016 annual update and directed Administration to bring the 2017 annual report on Business Tax Consolidation to the Priorities and Finance Committee in May 2017.

On 2015 June 15 through PFC2015-0432 *Business Tax Consolidation – 2015 Annual Status Report*, Council received for information the 2015 annual update, approved 2014 and 2015 property tax refunds to eligible non-profit organizations under the Limited Benefit Non-Profit Tax Mitigation Program and directed Administration to bring the 2016 annual report on Business Tax Consolidation to the Priorities and Finance Committee in May 2016.

On 2014 April 26 through PFC2014-0217 *Business Tax Consolidation – 2014 Annual Status Report*, Council received for information the 2014 annual update and directed Administration to (1) bring a report in May 2014 recommending Council approval of tax refunds under the Limited Benefit Tax Mitigation Program; and, (2) for the following year, bring the annual report on Business Tax Consolidation in May 2015.

On 2012 April 09 through PFC2012-35 *Business Tax Consolidation Framework and Associated Plans*, Council approved the consolidation of business tax revenues into the non-residential property tax by adopting recommendation 4(b) of the report. All the recommendations adopted by Council in consideration of PFC2012-35 are presented below.

“That the Priorities and Finance Committee recommend that Council:

1. Consolidate business tax revenues into the non-residential property tax, based on the following schedule for the incremental transfer of budgeted 2013 business tax revenues, adjusted for physical growth and contingency amounts in future years, to the non-residential property tax:
  - (a) zero per cent in 2013,
  - (b) 10 per cent in each of the years 2014 - 2015, and
  - (c) 20 per cent in each of the years 2016 - 2019,with the business tax, for business tax revenue purposes, eliminated in 2019.
2. Approve the following supplementary directions and policies, applicable both during and after the consolidation process unless otherwise stated:
  - (a) the effect of Council's zero per cent business tax rate increase policy would continue to apply to the business tax amount transferred to the non-residential property tax;

- (b) a machinery and equipment property tax exemption bylaw will continue to be passed annually, applying to all Calgary machinery and equipment property, except for property subject to annexation agreements and Orders in Council;
  - (c) for the purposes of continuity in, and certainty to, Business Revitalization Zone financing:
    - i. in consultation with Business Revitalization Zone stakeholders, advocate to the provincial government for a suitable financing alternative other than the current business assessment and business revitalization zone levy process; and,
    - ii. the business assessment and business revitalization zone levy process continue until such time as a suitable business revitalization zone financing alternative is established.
  - (d) Council's decision regarding business tax consolidation be communicated, by way of letters from the Mayor to the provincial and federal governments and railway company that are subject to the payment of grants in lieu of the non-residential property tax in Calgary, with the letter including Council's expectation that grants in lieu of property tax be paid at 100 per cent of the property tax rate; and, for the provincial government, that the letter also express Council's intention to advocate for a suitable financing alternative to the business assessment and business revitalization zone levy process.
  - (e) for the properties, or portions thereof, occupied by non-profit organizations, and listed in Attachment 5, the effect of a zero per cent transfer of business tax to the non-residential property tax will be continued and applied for the 2014 and 2015 years; this to be implemented by way of a property tax refund, approved by Council through the annual status report referenced in recommendation #4.
3. Direct Administration to undertake the:
- (a) implementation plan in Attachment 2; and,
  - (b) communications plan in Attachment 3.
4. Direct Administration to provide the following consolidation reports to Council, through the Priorities and Finance Committee:
- (a) an implementation readiness report in 2012 September;
  - (b) annual status reports, including any business tax consolidation related budget implications, by no later than April in each of the 2013-2019 years; and,
  - (c) a final report by no later than 2019 July.

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PFC2019-0384**

**Social Procurement Update**

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**EXECUTIVE SUMMARY**

The purpose of this report is to seek Council's approval of the Social Procurement Advisory Task Force Terms of Reference, Scoping Report for the pilot projects and Work Plan. This will allow Administration to move forward, with Council's direction, toward utilization of existing procurement to create greater community benefit and economic resilience. Administration's three-year Social Procurement implementation strategy pilot project will be agile and learn fast by using external and internal stakeholder input to adapt. It will try various options to reach the goal of a shift towards procurement based on achieving multiple outcomes that put the citizen first in addition to maximizing financial value.

**ADMINISTRATION RECOMMENDATION:**

That the Priorities and Finance Committee recommends that Council:

1. Approve the Social Procurement Advisory Task Force Terms of Reference, Scoping Report for the Pilot Projects and the Work Plan identified in Attachment 1; and
2. Direct Administration to return to the Priorities and Finance Committee with an update no later than Q1 2020.

**PREVIOUS COUNCIL DIRECTION / POLICY**

On 2018 April 05, Council unanimously adopted a Notice of Motion C2018-0396 directing Administration to develop a report on Social Procurement and report back to Council no later than Q4 2018.

On 2018 December 17, Council directed Administration to proceed with the Social Procurement initiative C2018-1379 by developing Terms of Reference for the Sustainable, Ethical, Environment Procurement Policy (SSEPP) Advisory Task Force, a Scoping Report for the three pilot projects and a Work Plan and report back to Council through PFC by Q1 2019. Council also approved a budget of \$505,000 for the Social Procurement initiative to be funded from the Budget Savings Account (BSA).

On 2019 March 18, Council approved a deferral report with a report back date of 2019 May. The additional time allowed Administration to engage potential stakeholders, determine the best governance structure for the Terms of Reference for this initiative and launch the Advisory Task Force.

**BACKGROUND**

Historically, procurement has been about choosing the supplier offering the lowest price while still meeting technical requirements of providing high quality products or services with minimal risk. Social Procurement is a means of using our procurement dollars to make intentional positive contributions to both the local economy and the overall vibrancy of the community.

In response to Notice of Motion C2018-0396, Supply Management engaged Buy Social Canada who were selected by a competitive process to develop a report on how The City of Calgary could implement Social Procurement. This included a review of the best or evolving practices in other jurisdictions, risk analysis, industry perspective, review of relevant policies and practices at The City, review of current legislation and trade agreements and potential benefits to the

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community. During the 2018 December 17 Council meeting, Council approved this report in principal. Administration was asked to report back to the Priorities and Finance Committee with the Terms of Reference for the Advisory Task Force, the Work Plan and the Scoping Report for the Pilot Projects.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

#### **Terms of Reference**

Administration has engaged various stakeholders and reviewed numerous options for the governance model for the Social Procurement Advisory Task Force (Attachment 1, pages 11-15). With efficiency, reducing red tape and agility in mind, Administration recommends an Advisory Task Force that advises and makes recommendations to the Director of Supply Management who in turn makes decisions and reports to Council. The Advisory Task Force will advise on potential issues, identify areas of opportunity, support the development of outcome measurements and help to build relationships between suppliers and The City. Through this Advisory Task Force, we are also signaling to the market that this is a new initiative and we are open to feedback. We will be counting on this group to help us identify what is working and what is not working quickly and adapt based on these learnings.

#### **Scoping Report for Pilot Projects**

The Pilot projects identified (Attachment 1, pages 16-19) are areas Administration has either determined can be tested and evaluated quickly or areas we must work on such as Community Benefit Agreements tied to larger construction projects including those with federal government funding. Through the Advisory Task Force, supported by the Supply Management business unit, many options will be identified and tested for each type of pilot project. This fast-paced trial of various options will allow us to adapt the project as needed to ensure we are truly creating a program that puts citizens first. For each of these opportunities the objectives, outcomes and measurements will be developed, tested and evaluated.

#### **Work Plan**

The three-year Work Plan (Attachment 1, pages 3-10) is divided into three phases that are intended to try various opportunities and see where the greatest social benefits can be achieved quickly. It is also structured in such a way to train internal and external stakeholders early and test pilot projects that require less up-front work first. This foundational work will make it easier when we have more complicated pilot projects that will be initiated in Phase 2 (2020). This phased approach will also help provide time for engagement and relationship building with industry and social enterprises.

In Phase 1 (2019), we will be designing, initiating, learning and piloting the first three types of pilot projects and the Community Benefit Agreement for Green Line. In Phase 2 (2020), we will be engaging more broadly, continue to test, measure and initiate the next three types of pilot projects. Finally, in Phase 3 (2021), we will work through implementation of social procurement into The City's procurement procedures.

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

The Advisory Task Force held their first meeting on 2019 May 1 and its membership is made up of a multi-stakeholder group from various sectors (Attachment 1, page 13). The first meeting

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consisted of an overview of the project and identifying gaps where additional representation is required. As well, the first working group was struck to review a current procurement opportunity. The Advisory Task Force will meet regularly for the remainder of the project to meet the objectives outlined in the Work Plan. In addition to this, Administration is working on developing a Communications Plan, an Engagement Plan and a Change Management Plan for this project. As part of the communications strategy, this initiative will be tied into the ongoing Business Friendly work to ensure alignment.

### **Strategic Alignment**

Social Procurement aligns with many Council priorities including a commitment to creating and sustaining a vibrant, healthy, safe and caring community that works for all today and tomorrow. This commitment has been expressed through policies, plans and strategies including the Triple Bottom Line Policy Framework, Calgary's Resilience Strategy, the imagine CALGARY plan, and the 2020 Sustainability Direction. The City recognized the potential to achieve many of these objectives by leveraging its existing purchasing power with the adoption in 2008 of the Sustainable Environmental and Ethical Procurement Policy (SEEPP). The addition of Social Procurement is the next step in leveraging procurement to help with economic recovery and creating a more resilient city by utilizing City dollars to achieve greater community benefit.

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

#### **Financial Capacity**

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

There is an approved budget of \$505,000 from the Business Savings Account (BSA) to cover the pilot project but does not include additional operating costs required to continue Social Procurement past the initial three years.

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

No impacts have been identified for this recommendation.

#### **Risk Assessment**

There is a risk that we will not get the community benefit outcomes we are looking to achieve; however, this is why we are planning to try a number of different approaches to find the right fit and achieve multiple outcomes that put the citizen first while maximizing financial value. We will learn fast and adapt as necessary. There is also a risk that there will be resistance to change both internally and externally as this is a new way of doing procurement for The City. One of the goals of our multi-stakeholder Advisory Task Force is that they represent a sector perspective in order to address this transition and develop of policy that can work.

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

After thorough research of other jurisdictions and alignment with other areas of The City, Administration believes the proposed Social Procurement Advisory Task Force Terms of Reference, Work Plan and Scoping Report of Pilot Projects will provide a solid foundation for this project, foster greater economic resilience for Calgarians and be successful in building a more resilient, accessible and inclusive community.

### **ATTACHMENT(S)**

1. Attachment 1 – Social Procurement Policy Implementation Report



# **SOCIAL PROCUREMENT POLICY IMPLEMENTATION**

# Background

The City of Calgary adopted in principle a social procurement policy and strategy to create a Sustainable, Social, Ethical and Environmental Procurement Policy, (SSEPP), that will advance the utilization of existing procurement to create local social, economic and environmental value.

The social procurement policy will integrate social value into the existing SEEPP procurement process.

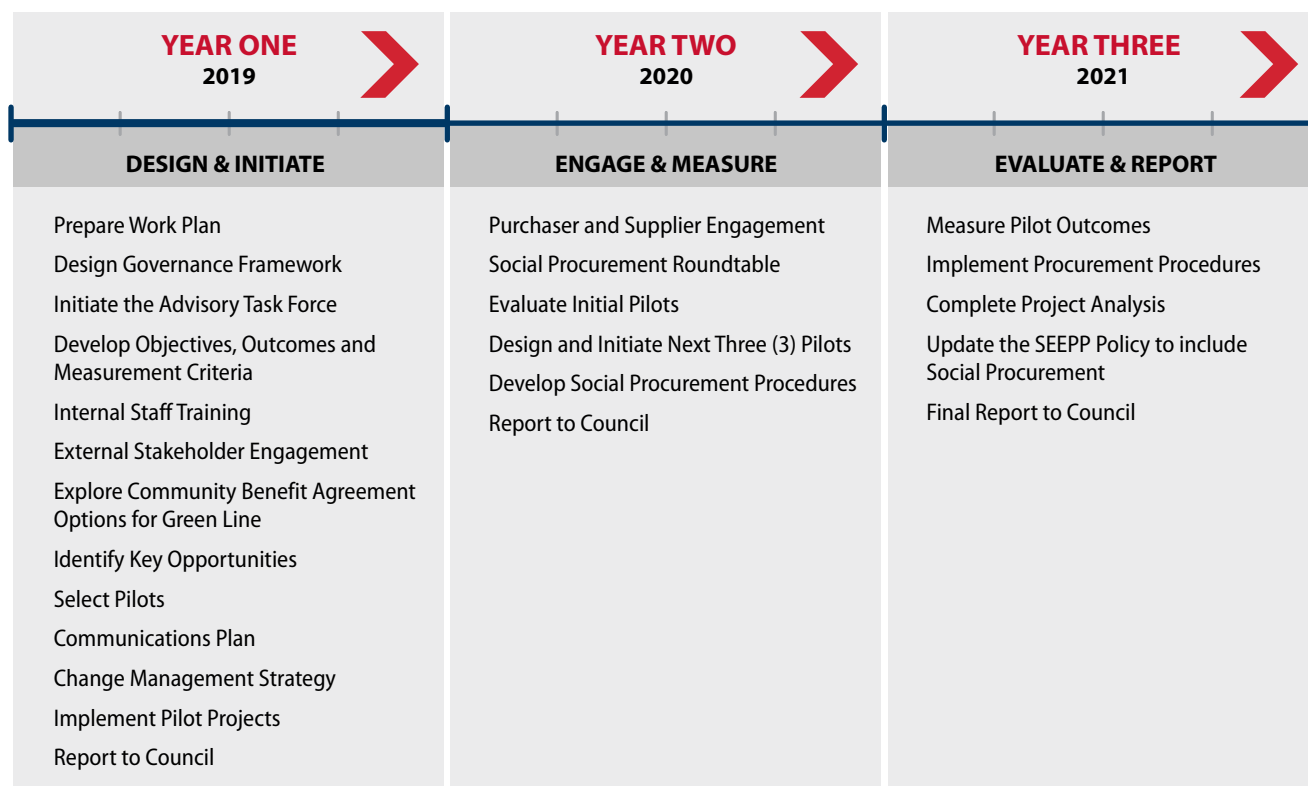
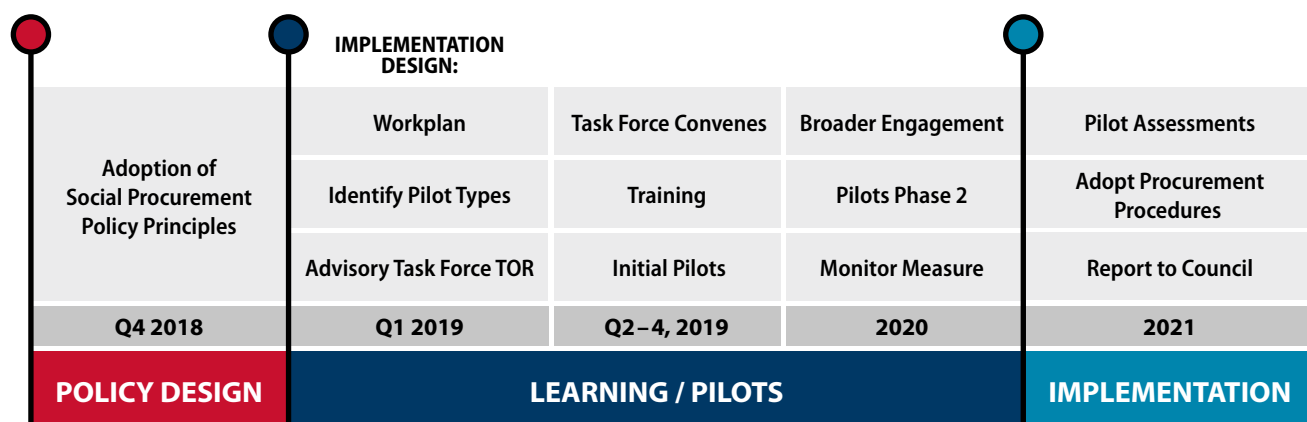
The key local economic and social issues that SSEPP will contribute to addressing are:

- Increased access to City contracts for a more diverse, more resilient, and more socially inclusive small- and medium-sized business sector
- Greater economic opportunity and integration for marginalized groups in Calgary
- Increased apprenticeship, paid work-experience, and entry-level opportunities in the trades and other career-track employment, especially for marginalized community members, e.g. Indigenous peoples, women, and immigrants
- Increased preparedness to respond to Infrastructure Canada's recent requirement for Community Benefit Employment Agreements for infrastructure investments. And the ability to provide greater community benefit for large construction projects.

This report responds to Council's request that Administration return to the Priorities and Finance Committee with a:

- *Work Plan for Implementation of the Social Procurement Strategy*. A three year flexible, agile approach will allow ample opportunities to test, verify, and implement sound policy and effective practices. – Page 3
- *Terms of Reference for the Advisory Task Force*. A multi-stakeholder group comprised of city, private sector, and community representatives. – Page 11
- *Scoping Report for the Pilot Project Framework and Examples*. Multiple pilots will use variable models to test the options and opportunities of social procurement. – Page 16

# Work Plan for Implementation of the Social Procurement Strategy



# Work Plan Summary

## **PHASE 1**

### **January 2019 to December 2019**

- Prepare three-year Work Plan
- Design Social Procurement Project Governance Framework
- Initiate the Advisory Task Force
  - Appoint Members
  - Provide Orientation / Training for Members
- Develop Objectives, Outcomes and Measurement Criteria
- Design and Initiate Internal Staff Training
- Design and Initiate External Stakeholder Engagement
- Develop Communications Plan
- Develop Change Management Strategy
- Identify Opportunities
  - Goods & Services Purchasing
  - Green Line Infrastructure
- Scope Green Line Community & Employment Benefit Agreement
- Implement Initial Pilot Projects
- Report to City Council

## **PHASE 2**

### **January 2020 to December 2020**

- Maintain Purchaser and Supplier Engagement Process
  - Initiate Social Procurement Roundtable
- Evaluate Initial Pilots
- Design and Initiate Next Three (3) Pilots (*"Pilots Stage 2"*)
- Develop and Adopt Procurement Procedures
- Report to City Council

## **PHASE 3**

### **January 2021 to December 2021**

- Implement Pilots Stage 2
  - Measure Pilot Outcomes
- Implement Procurement Procedures
- Complete a Project Analysis
- Update the SEEPP Policy to include Social Procurement
- Final Report to City Council

# Work Plan Detailed Process

## PHASE ONE

### January 2019 to December 2019

- Prepare three-year Work Plan
- Design Social Procurement Project Governance Framework
  - Complete Terms of Reference for Advisory Task Force
- Initiate the Advisory Task Force
  - Appoint Members
  - Provide Orientation/Training for Members
- Identify Opportunities for Pilot Projects
  - Develop Objectives, Outcomes and Measurement Criteria
- Scope the Green Line Community Benefit Agreement Options
- Design and Initiate Internal Staff Training
- Design and Initiate External Stakeholder Engagement
- Develop Communications Plan
- Develop Change Management Strategy
- Implement the Initial Pilot Projects
- Report to City Council

### Develop Social Procurement Objectives, Outcomes and Measurement Criteria

The recommended objectives for consideration in the design and measurement of pilots may include:

- Increased access to contracts from The City for small- and medium-sized businesses and social enterprises that demonstrate social value outcomes

- Increased opportunities for small businesses and social enterprises to access sub-contracting through enhanced relationships with The City's prime contractors
- Support for capacity building for small- and medium-sized businesses and social enterprises to be prepared to participate in sub-contract supply opportunities and Community Benefit Agreements
- Increased preparedness to comply with Alberta Integrated Bilateral Agreement for the Investing in Canada Infrastructure Program
- Green Line Community Benefit Agreement Design with developer and community engagement

### Design and Initiate Internal Staff Training

City Staff Training Plan: Introduction to Social Procurement Workshop

1. 2-hour introduction for Procurement staff and Advisory Task Force
  - In-person
  - Webinar recorded and available on-demand

### Training Objective:

Internal City departments will be provided with learning sessions and social procurement guidelines to effectively contribute to the program design, implementation and success.

After the training the Stakeholders will have the capacity to consider and evaluate opportunities:

- Identify key procurement opportunities from both the purchasing side and supply side
- Identify 'low hanging fruit' within existing purchasing items and services

- Engage and identify social procurement opportunities through Calgary Housing Company (CHC)
- Examine contract opportunities emerging over the next 1-5 years allowing potential proponents to prepare to bid successfully
- Work with major contractors and suppliers, Tier 1, to identify potential opportunities for sub-contracting
- Work with social enterprises and small- and medium-sized businesses to identify capacity matching opportunities through a supplier capacity analysis
- Understand the applicable trade agreements
- Understand Community Benefit Agreement options and employment opportunities

### Training for City Purchasers

- Review existing procurement policy for barriers and opportunities
- Adjust the criteria requirements in all bid request documents to include social value considerations
- Decide social value weighting ranges for commonly procured goods and services
  - E.g. Catering, construction, landscaping, maintenance services, vehicles and technical equipment
- Understand the applicable trade agreements
- Access extended learning and training opportunities via the Social Enterprise Institute

### Design and Initiate External Stakeholder Engagement

Workshops and Training Opportunities for Potential Suppliers

- Opportunity Identification
- How to Respond to RFP
- Pre-qualification Requirements
- Community Benefit Agreement Process

### Explore Community Benefit Agreement Opportunities

- Engage construction industry representatives and community members regarding Green Line application of Canada – Alberta Integrated Bilateral Agreement for the Investing in Canada Infrastructure Program which states that “*we will report on community employment benefits, provided to at least three (3) of the federal target groups (apprentices, Indigenous peoples, women, persons with disabilities, veterans, youth, new Canadians, or small-medium-sized enterprises and social enterprises)*”.
- Review and identify infrastructure or major development projects for Community Benefit Agreement (CBA) opportunities

### External Stakeholder Engagement will include:

- Providing coaching to increase awareness and participation by local businesses and social enterprises
- Providing regular information and training sessions for current and potential suppliers
- Encouraging major suppliers, construction industry contractors to implement social procurement in their supply chain
- Providing learning events and engagement activities
- External cross-sector supplier and purchaser events
- Host trade shows for large contractors to meet social value suppliers
- Identifying and preparing a list of pre-qualified social value suppliers that provide low dollar procurement opportunities directly for business units.
  - E.g. Catering, couriers, temporary labour, printing services

### Develop Communications Plan

Staff will prepare an internal and external communications plan to inform stakeholders on the new policy, including goals, expected outcomes and processes.

### Develop Change Management Strategy

Staff will integrate the Social Procurement Policy expectations and change process into existing staff learning and procedural programs.

### Identify and Initiate Pilot Project Opportunities

The implementation of different types of pilot projects will test and design multiple outcomes and be agile in order to fail fast and learn fast. This will help us to reach our goal of achieving multiple outcomes that put the citizen first in addition to maximizing financial value. This includes the inclusion of more small- and medium-sized businesses and social enterprises. This process will be advised by the Advisory Task Force, City staff and be led by The City.

### Examples of Phase One Pilot Program Opportunities

#### Low value Purchases:

Explore trade agreement financial threshold opportunities to do direct small item purchasing

- Examine The City's previous purchases under the \$25,000 amount (e.g. catering, printing, couriers, events, etc.) for potential direct contracting where social objectives can be achieved:
  - Indigenous-owned catering service
  - Non-profit space for events

### Trade Agreement Exceptions:

Explore Trade agreement exceptions that meet the "*legitimate public welfare objectives*" using Non-profit Suppliers and Persons with Disability Suppliers

- Trade agreements allow exceptions for direct purchasing from non-profits
- Purchase temporary labour support from non-profit employment training provider
- Utilize non-profit social enterprise for maintenance services for Calgary Housing repairs

### Include Social Value Language in RFP's for Targeted City Departments:

- Example: Calgary Housing opportunities to work with suppliers that employ residents to do:
  - Apartment and unit refurbishing
  - Interior and exterior maintenance
  - Catering, cleaning, maintenance, and recycling

Pilot RFPs with additional weighting for social value for upcoming procurement opportunities for services that would be a good fit for social procurement

- Examples: catering, landscaping, etc.

Each pilot project will measure options for data collection and reporting systems, such as:

- The number and financial value of contracts maintained with local businesses and social enterprises
- The number and financial value of new contracts awarded to local businesses and social enterprises
- The number of targeted employment positions filled
- The number and financial value of supplier sub-contracts

- The number of apprenticeships and training positions created and completed
- Increased knowledge of procurement process for small businesses
- Increased knowledge from City staff on how to create social benefit through purchasing
- Increased number of small businesses responding to procurement opportunities
- Number and dollar value of jobs created for targeted marginalized groups
- A count of equivalent full time employees per contract, reported by supplier
- Amount of payroll to targeted employees, reported by supplier
- Contracts directed to or won by diverse suppliers and social enterprises
- Number of contracts awarded that have a social value component, reported by The City
- Dollar Value of Contracts that have a social value component, reported by The City
- Assess annual City purchasing percentage awarded to small- and medium-sized businesses
  - Assess by postal code
  - Assess by business sector

Assess internal implementation progress using an annual updated SSEEPP leadership questionnaire to evaluate social procurement progress toward the goals identified by the Task Force. Metrics that measure outcomes will be preferred.

### **Community Benefit Agreements:**

Phase 1 pilots will include scoping and advising on a CBA and Community Employment Benefit Plan that may be implemented as part of the SSEEPP policy framework as applied to the Green Line Project.

## **PHASE TWO**

### **January 2020 to December 2020**

- Maintain Purchaser and Supplier Engagement Process
  - Social Procurement Roundtable
- Evaluate Initial Pilots
- Design and Initiate Next Three Types of Pilots (*"Pilots Stage 2"*)
- Develop Procurement Procedures
- Update to Council, Q1 2020

### **Maintain Purchaser and Supplier Engagement Process**

- Initiate Community of Practice through a multi-stakeholder, facilitated Social Procurement Engagement
- Engage Anchor Institutions in the process

### **Evaluate Initial Pilots**

- Utilize measurement criteria to evaluate outcomes
- Assess barriers and prepare adjustment strategy
- Use Advisory Task Force perspective and experience

### **Design and Initiate Pilots Stage 2**

- RFPs social value criteria and weighting on a major purchase
  - Social value opportunity for Tier 2 and 3 suppliers
- Private sector partner engagement in a social procurement project



### **Develop Procurement Procedures**

- Advisory Task Force and Supply Management co-creation process
- Review solicitation processes (including RFQs, and RFIs), including but not limited to:
  - Criteria and weighting
  - Application of trade agreements
- Assess opportunity identification and supplier matching
- Draft and circulate findings in a memo for review and comment

### **PHASE THREE**

#### **January 2021 to December 2021**

- Implement Pilots Stage 2
  - Measure Pilot Outcomes
- Implement Procurement Procedures
- Update to Council, Q1 2021
- Provide Final Report to Council, Q1 2022

#### **Implement Pilots Stage 2**

- Use Advisory Task Force, External Stakeholders and Staff input to do a comprehensive analysis of pilot projects and create report

#### **Complete Design and Implement Procurement Procedures**

- Use Phase 2 Consultation Process to develop procedures
- Review and adjust procedures with internal City staff from:
  - Law and Legislative Services
  - Finance
  - Supply Management

#### **Prepare Final Assessment and Project Report**

- Outcomes Analysis
- Stakeholder Evaluation
- Social Value Outcomes

# Work Plan Time Line and Resources

## PHASE ONE

TASK	PHASE ONE TIME LINE	LEAD RESPONSIBLE
<b>WORK PLAN</b>	<b>Q1 2019</b>	<b>STAFF</b>
Initiate the Advisory Task Force	Q2	Staff
Design and Initiate Internal Staff Training	Q2-3	Consultant
Explore Community Benefit Agreement Options	Q2	Task Force
Design and Initiate External Stakeholder Engagement	Q2-3	Consultant
Develop Communications Plan	Q3	Staff
Develop Change Management Strategy	Q3	Staff
Identify Opportunities and Initiate Initial Pilot Projects	Q2-Q4	Task Force / Staff

## PHASE TWO

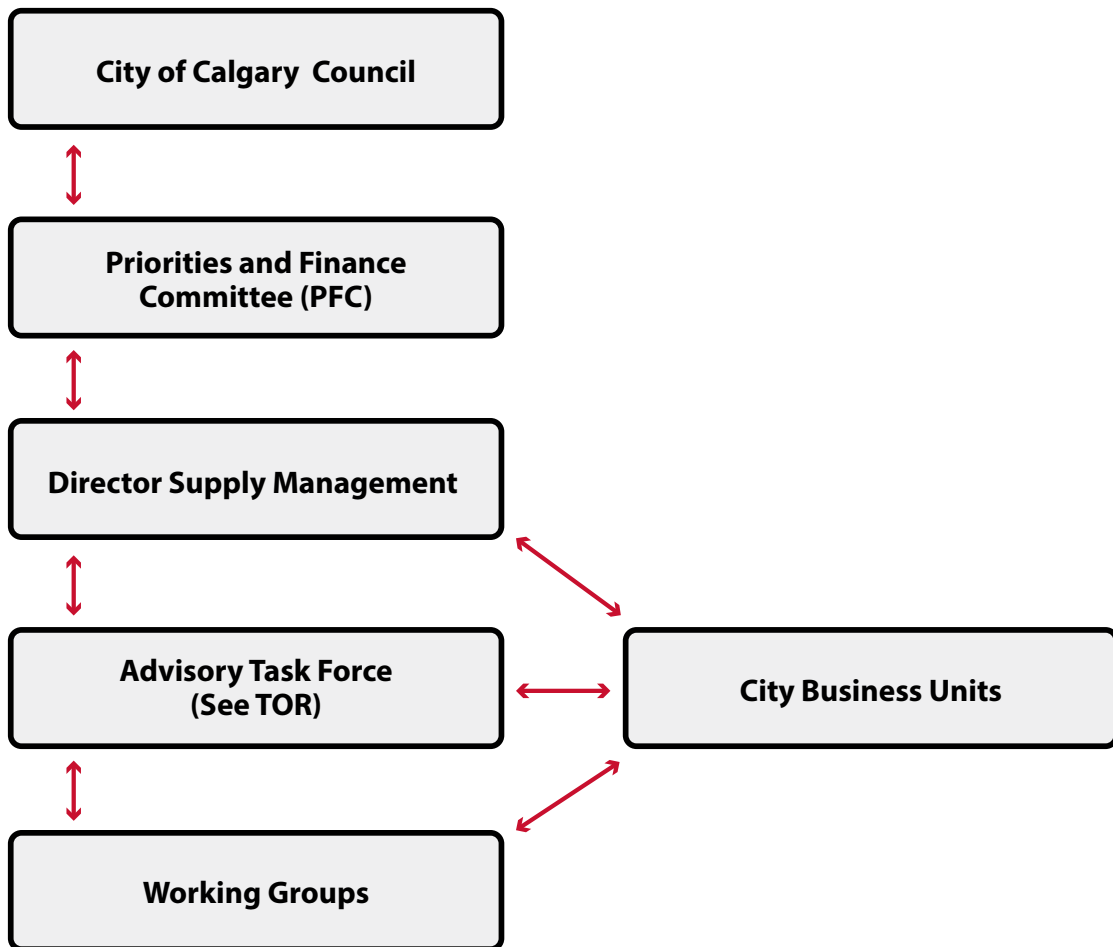
TASK	PHASE TWO TIME LINE	LEAD
<b>WORK PLAN</b>	<b>Q1 2020</b>	<b>STAFF</b>
Report to Council	Q1	Staff / Task Force
Purchaser and Supplier Engagement Process	Q1-Q2	Consultant
Identify Multiple Pilot Opportunities: test, evaluate, pivot, implement, report	Q2	Task Force
Initiate Social Procurement Roundtable	Q2	Consultant
Design and Initiate Next Three (3) Pilots	Q3	Task Force / Staff
Develop Procurement Procedures	Q3	Staff

## PHASE THREE

TASK	PHASE THREE TIME LINE	LEAD
<b>WORK PLAN</b>	<b>Q1 2021</b>	<b>STAFF</b>
Report to Council	Q1	Staff
Complete Pilots Stage 2	Q1-Q2	Staff
Measure Phase Pilot Outcomes	Q2	Task Force
Implement Procurement Procedures	Q3	Staff
Report to Council	Q1-2022	Staff

# Terms of Reference for the Advisory Task Force

## **SOCIAL PROCUREMENT POLICY STRATEGY GOVERNANCE MODEL**



## **TERMS OF REFERENCE:**

### **Social Procurement Implementation Advisory Task Force**

#### **1. Background**

The City of Calgary has accepted in principle a social procurement policy and strategy to create a Sustainable, Social, Ethical and Environmental Procurement Policy, SSEEP, that will advance the utilization of existing procurement to create local social, economic and environmental value.

The primary purpose of the Social Procurement policy is to respond to local economic and social issues, with potential outcomes:

- Increased access to City contracts will contribute to a more diverse, more resilient, and more socially inclusive small and medium-sized business sector
- Support for economic recovery with greater opportunity and integration for marginalized groups in Calgary
- Increased apprenticeship, paid work-experience, and entry-level opportunities in the trades and other career-track employment, especially for marginalized community members, e.g. Indigenous peoples, women, and immigrants.
- Increased prepared to respond to Infrastructure Canada's recent requirement for Community Benefit Employment Agreements for infrastructure investments.

#### **2. Purpose**

The Advisory Task Force is a multi-stakeholder group to advise and support The City on the process of designing, implementing and measuring a social value into the existing procurement process.

Members of the Advisory Task Force acknowledge and agree that the outcomes and responsibilities expected of them are to:

- Support and monitor integration into existing City of Calgary social objectives: Calgary's Resilience Strategy (under development), imagineCALGARY, Enough for All, etc.
- Inform City staff and Task Force Members with stakeholder value and process issues
- Support mitigation of supplier and construction sector fears and perceived barriers
- Build relationships between suppliers and purchasers
- Identify social issues and measurable benchmarks for success consistent with existing City policy
- Identify 'low hanging fruit' and pilot project opportunities
- Support the development and application of the outcomes measurement process

#### **3. Roles and Responsibilities**

The role of the Advisory Task Force is to advise the Director of Supply Management on the implementation of the Social Procurement Program. The Task Force will support the implementation process to: create the appropriate goals, establish the measurement criteria and the reporting methodology. The Social Procurement process will build upon existing policies, programs and strategies of the SSEEP Policy as presented to The City of Calgary at the regular meeting on December 2018 (<https://pub-calgary.escribemeetings.com/filestream.ashx?DocumentId=75350>).

The Advisory Task Force is by its purpose and design intended to be advisory only. It is not a decision making body. The public members are expected to represent a sector voice and perspective to positively contribute to the policy implementation.

The Advisory Task Force will, at a minimum, meet quarterly and will be responsible to submit annual progress reports to City Council through the Director of Supply Management.

Advisory Task Force members agree to participate in regular meetings and appropriate training opportunities, prepare for meetings, and contribute professionally as required from time to time.

#### 4. Reporting Relationships

The Advisory Task Force reports to and is responsible to the Director of Supply Management.

#### 5. Decisions

Collaboration and mutual respect are basic principles of the Advisory Task Force conduct.

Decision-making of the Advisory Task Force will strive to reach consensus by all members in attendance. However, if the Co-Chairs determine that consensus cannot be reasonably reached and the Task Force is at quorum, a vote shall be held and the decision shall be made by the simple majority. If there is a tie, The City co-chair will decide.

#### 6. General

##### 6.1 Membership

Membership as defined within the policy:

- One (1) Representative from Supply Management - Co-chair
- One (1) Representative from Supply Management - Project Lead and Secretariat
- One (1) Representative from Resilience and Infrastructure Calgary
- One (1) Representative from Calgary Neighbourhoods
- One (1) Representative from Environmental and Safety Management
- One (1) Representative from Facility Management
- Two (2) Representatives from City Corporations
  - E.g. Attainable Homes Calgary Corporation, Calgary Arts Development, Calgary Economic Development, Calgary Housing Company, Calgary Municipal Land Corporation, Calgary Technologies

- One (1) Representative from the Calgary Construction Association
- One (1) Representative from the Calgary Road Builders Association
- One (1) Representative from Calgary Economic Development
- One (1) Representative from the Chamber of Commerce
- One (1) Representative from Respect for the Earth and All People (REAP)
- One (1) Representative from Momentum
- One (1) Representative from Anchor Institution
- At large appointment(s)

The initial Advisory Task Force members will be selected by the Director of Supply Management.

The main Task Force may create working groups to meet at other times to address and report back on identified and specific issues. Each task force will have a defined topic, described outcome and reporting timeline.

Terms and processes will comply with Council Policy on Governance and Appointments of Boards, Commissions and Committees as published at <http://www.calgary.ca/CA/city-clerks/Documents/Council-policy-library/CP2016-03-Governance-Appointments-BCCs.pdf>.

##### 6.2 Term

Term begins upon appointment by of the Director of Supply Management.

Term ends on December 31, 2021 unless terminated earlier.

If a member terminates prior, then The City staff Co-Chair may appoint a replacement representing a similar stakeholder perspective or experience.

### 6.3 Meeting Chair

The Advisory Task Force will elect one Co-Chair from the non-City members of the Task Force. The Co-Chair will contribute to the agenda preparation, the meeting content, and report preparations.

### 6.4 Agenda Items

Supply Management is responsible for the administrative and secretariat requirements of the Advisory Task Force. The Project Lead will coordinate the secretariat function of the Task Force. In addition to agenda compilation, this role also includes provision of analysis, technical support and subject matter expertise.

Any member can raise or propose agenda items. Agenda items are to be provided two weeks in advance of meetings to the secretariat for agenda inclusion. The agenda and supporting documentation will be forwarded to Task Force members one week prior to meetings.

The agendas for the quarterly meetings will generally follow the topic areas outlined in the Project Plan, subject to periodic decisions about scheduling and deliverables made by members of the Task Force.

Facilitation may be provided for Advisory Task Force general meetings as required and determined by the Director of Supply Management.

### 6.5 Minutes

The minutes will be prepared by Supply Management and will be circulated to the Task Force. Records of meetings will be managed by Supply Management.

### 6.6 Frequency and Duration of Meetings

The Task Force will meet for 2 hours quarterly or more often subject to relative progress based on the Project Plan and schedule, meetings may occasionally be cancelled or the agenda items dealt with through e-mail, teleconference or Skype, etc.

Additional meetings may be set for Task Force members or smaller sub-sets to deal with specific agenda items or deliverables.

### 6.7 Delegates & Proxies

If a member of the Task Force is not available to attend a meeting, a delegate will be permitted to attend provided the delegated representative has appropriate decision-making authority. The delegated representative is expected to bring information back to the absent member.

### 6.8 Quorum Requirements

Quorum is defined as a simple majority of the total membership of the Task Force. In general, this will mean half of the total number of members.

### 6.9 Review of Terms of Reference

The Terms of Reference will be reviewed once a year.

### 6.10 Confidentiality

Task Force members will be required to treat all communications as confidential and are not to disclose any internal information without the prior written consent from one of the City Staff Task Force Co-Chair on any matter that may impact the success of the process or create a real or perceived conflict of interest.

### 6.11 No Employment, Service, Agency Relationship

Membership on the Advisory Task Force does not constitute employment with The City of Calgary or any other City department or agency. Nothing in this Agreement is intended to create, creates or shall be interpreted or construed as creating a partnership, joint venture or the relationship of principle and agent, or of employer and employee between you and The City or any other City department or agency.

## 6.12 Reimbursement

Task Force members will not be compensated for their time.

## 6.13 Intellectual Property

All property and property rights including intellectual property rights and interests and claims in or to any record produced by one or more members of the Task Force or by anyone on behalf of the Task Force for the purposes of this agreement or fulfilling their responsibilities as a member of the Advisory Task Force, shall immediately, as soon as they come into existence, vest in and remain the property of The City of Calgary. Members must ensure that any and all agreements and arrangements between themselves and anyone acting on your behalf or for them comply with this provision. Members agree to assist The City including signing any documents that may be required to be signed to give effect to this provision. This assistance shall be provided without any further consideration being paid or otherwise provided to the member. This provision survives the expiry or early termination of this agreement.

## 6.14 Conflict of Interest

Conflict of interest is as defined by The City of Calgary Conflict of Interest Policy HR-LR-004 (<http://publicaccess.calgary.ca/ldm01/livelink.exe?func=ccpa.general&msgID=MsrsKK-sKqL&msgAction=Download>).

Members must, in undertaking their responsibilities under this agreement and as a member of the Advisory Task Force, act honestly, only in the public interest, and at all times in a manner that upholds the highest ethical standards so that public confidence and trust in the integrity, objectivity and impartiality of government are conserved and enhanced. In carrying out their responsibilities as a member of the Advisory Task Force, members must not act in any way to further their own or a family members' private or personal interests.

Furthermore, members must not knowingly take advantage of, or benefit from, any information, confidential or otherwise, that is obtained in the course of undertaking their responsibilities under this agreement and as a member of the Advisory Task Force, which is not generally available to the public, either during the term of this agreement or after its expiry.

If members anticipate they may find themselves or are in a situation that constitutes an actual or perceived conflict of interest, they must inform The City of Calgary Director of Supply Management immediately in writing and complete any required documentation disclosing the nature of the conflict. Members agree to abide by any instructions provided by The City of Calgary to address the conflict up to and including removing themselves or being removed as a member of the Advisory Task Force.

This provision survives the expiry or early termination of this Agreement.

## 6.15 Termination

Should a member wish to end membership on the Advisory Task Force, they must inform The City of Calgary in writing and provide the date on which their membership will end.

Missing 3 consecutive meetings may be cause for termination.

The City of Calgary may terminate membership on the Advisory Task Force at any time without notice or reason and membership ceases on the effective date of that termination.

The City of Calgary may terminate this agreement at any time without notice or reason and membership ceases on the effective date of that termination.

This Agreement terminates on the date that membership ends, but the confidentiality clause remains in affect even after termination.



# Pilot Project Framework and Examples

The social procurement pilots will have three (3) key objectives:

1. Establish the data collection and reporting systems for measuring outcomes
2. Use variable models to test the options and opportunities of social procurement models
3. Provide the framework and basis for permanent social procurement procedures

## Pilot Projects Evaluation Framework: Alignment with City of Calgary Policy & Programs

Each pilot project will evaluate the options for data collection and reporting systems for measuring outcomes, which may include items such as:

- The number and financial value of contracts maintained with local businesses and social enterprises
- The number and financial value of new contracts awarded to local businesses and social enterprises
- The number of targeted employment positions filled
- The number and financial value of supplier sub-contracts
- The number of apprenticeships and training positions created and completed
- Increased knowledge of procurement process for small businesses
- Increased knowledge from City staff on how to create social benefit through purchasing
- Increased number of small businesses responding to procurement opportunities

- Number and dollar value of jobs created for targeted marginalized groups
- A count of equivalent full time employees per contract, reported by supplier
- Amount of payroll to targeted employees, reported by supplier
- Contracts directed to or won by diverse suppliers and social enterprises
- Number of contracts awarded that have a social value component, reported by The City
- Dollar Value of Contracts that have a social value component, reported by The City
- Assess annual City purchasing percentage awarded to small- and medium-sized businesses
  - Assess by postal code
  - Assess by business sector
- Assess internal implementation progress using an annual updated SSEPP leadership questionnaire to evaluate social procurement progress toward the goals identified by the Task Force.

## The pilots will use variable models to test the options and opportunities of social procurement models

### Examples of Potential Phase One Pilot Program Opportunities

#### Low value Purchases:

Explore trade agreement financial threshold opportunities to do direct small item purchasing

- Examine The City's previous purchases under the \$25,000 amount (e.g. catering, printing,



couriers, events, etc.) for potential direct contracting where social objectives can be achieved:

- Indigenous owned catering service
- Non-profit space for events

#### **Trade Agreement Exceptions:**

Explore Trade agreement exceptions that meet the “*legitimate public welfare objectives*” using Non-profit Suppliers and Persons with Disability Suppliers

- Trade agreements allow exceptions for direct purchasing from non-profits
- Purchase temporary labour support from non-profit employment training provider
- Utilize non-profit social enterprise for maintenance services for Calgary Housing repairs

#### **Social Value Language and Weighting in RFP’s for Targeted City Departments:**

- Example: Calgary Housing opportunities to work with suppliers that employ residents to do:
  - Apartment and unit refurbishing
  - Interior and exterior maintenance
  - Catering, cleaning, maintenance, and recycling

Pilot RFP with additional weighting for social value for upcoming procurement opportunities for services that would be a good fit for social procurement

- Examples: catering, landscaping, packaging, fulfilment, etc.

### Provide the framework and basis for permanent social procurement procedures

Based upon the pilot projects evaluations and learnings the Supply Management staff will design and implement permanent social procurement procedures.

### Social Procurement Pilot Objectives Meeting City of Calgary Policy Goals:

The following City of Calgary policies, strategies and frameworks were reviewed to identify how the five types of social procurement pilot projects can contribute to meeting The City's priorities and aspirations.

- **Pilot 1** – Direct Award:  
Under Financial Threshold
- **Pilot 2** – Direct Award:  
Trade Agreement Exception
- **Pilot 3** – Social Value Weighting RFP
- **Pilot 4** – Sub-Contract Opportunity
- **Pilot 5** – Green Line Community  
Benefit Agreement

Policy Objectives	More diverse more resilient, and more socially inclusive small and medium-sized business sector.	Greater economic opportunity and integration for marginalized groups.	Increased apprenticeship, paid work-experience, and entry-level opportunities in the trades and other career-track employment.	Increased preparedness to respond to Infrastructure Canada's investments.
<b>PILOT ALIGNMENT</b>				
Pilot 1	✓	✓		
Pilot 2	✓	✓	✓	✓
Pilot 3	✓	✓		
Pilot 4	✓	✓		
Pilot 5		✓	✓	✓

Policy Objectives	More diverse more resilient, and more socially inclusive small and medium-sized business sector.	Greater economic opportunity and integration for marginalized groups.	Increased apprenticeship, paid work-experience, and entry-level opportunities in the trades and other career-track employment.	Increased preparedness to respond to Infrastructure Canada's investments.
<b>CITY OF CALGARY ALIGNMENT</b>				
One Calgary	✓	✓	✓	✓
Council Directives	✓	✓	✓	✓
Calgary 2020	✓	✓	✓	
Triple Bottom Line Policy	✓	✓	✓	
Municipal Development Plan	✓		✓	
imagineCalgary	✓	✓	✓	✓
Capital Infrastructure Investment Principles			✓	✓
SEEP	✓			
White Goose Flying	✓		✓	
Capital Infrastructure Investment Principles			✓	✓
Community Economic Development Neighbourhood Framework	✓	✓		✓
Welcoming Community Policy	✓	✓		
<b>PARTNERSHIP STRATEGY ALIGNMENT</b>				
100 Resilient Cities Framework	✓	✓	✓	✓
Calgary Economic Development Strategy	✓	✓	✓	
Enough for All		✓	✓	
Calgary Local Immigrant Partnership – Local Settlement Strategy	✓	✓	✓	



Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 May 14

ISC: UNRESTRICTED  
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## **Assessment and Tax Circumstances Report**

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### **EXECUTIVE SUMMARY**

Council approval is required to cancel taxes accrued on individual tax accounts. This report includes the applicable 2017 and 2018 taxes accrued on property and business accounts that meet Administration's criteria for prior year tax cancellation. This report also includes the applicable 2017 and 2018 municipal property taxes for non-profit organizations that applied and qualified for tax cancellations under the *Non-Profit Tax Mitigation Policy*. In some cases, these tax cancellations address properties that were taxed in error due to issues that arose such as the timing of when information was received, incorrect data, technical and human error and timing of appeals. This report is presented to Council twice annually and this is the first report this year.

#### **ADMINISTRATION RECOMMENDATION:**

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

1. Cancel property and business taxes for the amounts listed in the Attachment 1.
2. Cancel municipal property taxes for the qualifying non-profit organizations for the amounts listed in Attachment 2.
3. That Report PFC 2019-0295 be forwarded to the 2019 May 27 Regular Meeting of Council.

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

This report is presented to Council twice annually and Council typically accepts Administration's recommendations; the most recent report was presented at the 2018 October 15 Regular Meeting of Council.

### **BACKGROUND**

Section 305 of the *Municipal Government Act* (MGA) does not allow assessors to change the property or business assessment value after the end of the tax year to which the assessment applies. In certain circumstances, Administration will recommend that Council considers exercising its discretionary taxation power under section 347 of the MGA to cancel taxes that correspond to property or business assessment rolls of prior tax years.

At the 2014 December 15 Regular Meeting of Council, through C2014-0919, Council adopted the *Non-Profit Tax Mitigation Policy* to cancel the property taxes of non-profit organizations that paid tax during the construction period of their facility and whose subsequent use of the property met the criteria for property tax exemption. The *Policy* is administered using the Assessment and Tax Circumstances Report for administrative efficiency.

Chief Financial Officer's Report to  
Priorities and Finance Committee  
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## **Assessment and Tax Circumstances Report**

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### **Tax Cancellations Related to Prior Years' Assessment Rolls**

Section 305 of the MGA allows corrections or amendments to the property assessment roll during the current tax year. Provision to correct the business assessment roll existed within section 7(a) of the Business Tax Bylaw 1M2018. A current year amendment to an individual assessment triggers a corresponding adjustment to the current year taxes for that account.

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

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

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

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

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

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

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

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

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

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**Assessment and Tax Circumstances Report**

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For administrative efficiency and timeliness, the *Policy* has been implemented using the Assessment and Tax Circumstances Report as the mechanism to bring these to Council for approval.

**INVESTIGATION: ALTERNATIVES AND ANALYSIS**

**Tax Cancellations Related to Prior Years' Assessment Rolls**

Property and business owners are encouraged each year to review and, if needed, ask questions about their property and/or business assessments before the end of the 60-day Customer Review Period that follows each assessment notice mailing. This self-reporting allows Administration to use its authority under MGA section 305 to amend the assessment roll for the current year.

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

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

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

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

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

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

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

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**Assessment and Tax Circumstances Report**

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

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

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

The *Policy* ensures that tax cancellations for properties and/or facilities that are under construction are conducted in an equitable and consistent manner through an open and transparent process. The following criteria are used to determine if the circumstances and corresponding municipal property tax amounts should be brought forward to Council:

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

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

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

At the time this report was prepared, ten properties held by non-profit organizations have met the criteria for prior year tax cancellation under the *Policy*. Applicants that meet all requirements in the future will be brought forward to Council for tax cancellation consideration on future reports.

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

The individual tax amounts to be cancelled for each of the qualifying *Non-Profit Tax Mitigation* applicants are listed in Attachment 2.



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## **Assessment and Tax Circumstances Report**

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

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

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

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

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

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

### **Strategic Alignment**

The recommendations are in alignment with One Calgary 2019-2022 Service Plans and Budgets and with the *Non-Profit Property Tax Mitigation Policy*.

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

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

### **Financial Capacity**

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

The total taxes recommended for cancellation are \$214,410.20. Finance has confirmed that there are sufficient funds to accommodate the tax cancellations for the accounts proposed in Attachment 1 and 2. The total budget for the prior years' property and business tax cancellations in 2019 is \$1,000,000. The total budget for municipal tax cancellations proposed in Attachment 2 under the *Non-Profit Tax Mitigation Policy* is an additional \$1,000,000. At this time, no adjustments to future budget allocations are required to meet the tax cancellation requests set out in this report.

Chief Financial Officer's Report to  
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**Assessment and Tax Circumstances Report**

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<i>Type of Tax</i>	<i>2019 Tax Cancellations (This Report)</i>
Property Tax - <i>Non-NPTM Related</i>	\$74,370.54
Business Tax	\$22,442.67
Property Tax - <i>NPTM Related</i>	\$117,596.99
<b>Total</b>	<b>\$214,410.20</b>

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

There are no implications to the capital budget, as a result of this report.

**Risk Assessment**

No implications were identified.

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

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

**ATTACHMENT(S)**

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

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

Issue #	Roll Number	Account Address	Tax Cancellation (\$)	Reasons
<b><u>PROPERTY TAX CANCELLATIONS</u></b>				
<b>2017</b>				
<b>1</b>	091020107	1372 Hastings Crescent SE	\$2,451.85	The City was advised that an exempt organization leased additional space, but the adjustment was not processed.
<b>2</b>	101004109	64201A Street SW	\$8,526.23	The City was advised that an exempt organization leased additional space, but the adjustment was not processed.
<b>3</b>	202373007	208 Rock Lake Drive NW	\$5,460.67	An assessment notice was issued for non-assessable property and mailed to an incorrect address
<b>2018</b>				
<b>4</b>	091020107	1372 Hastings Crescent SE	\$3,331.63	The City was advised that an exempt organization leased additional space, but the adjustment was not processed.
<b>5</b>	101004109	6420 1A Street SW	\$9,101.27	The City was advised that an exempt organization leased additional space, but the adjustment was not processed.
<b>6</b>	202138368	2000 Airport Road NE	\$3,283.06	The City was advised of a lease termination for an airport terminal tenant and the tax cancellation was not processed.
<b>7</b>	200572550	1920 Highfield Crescent SE	\$4,918.60	The property tax exemption was not processed due to operational considerations associated with the year-end assessment roll process.

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

<b>Issue #</b>	<b>Roll Number</b>	<b>Account Address</b>	<b>Tax Cancellation (\$)</b>	<b>Reasons</b>
<b>8</b>	068244607	111 2 Street SW	\$1,992.24	The property tax exemption was not processed due to the assessment for this account being under appeal in 2018.
<b>9</b>	112107909	6912 Farrell Road SE	\$1,916.03	The property tax exemption was not processed due to operational considerations associated with the year-end assessment roll process.
<b>10</b>	040055600	4644 83 Street NW	\$304.62	A supplementary assessment was issued for an incorrect value based on a factual error.
<b>11</b>	059018200	2120 Kensington Road NW	\$3,372.24	An error on the assessed value for the property tax exempt portion was identified but unable to be processed.
<b>12</b>	202366712	4650 50 Avenue SW	\$29,712.10	The property tax exemption was not processed due to operational considerations associated with the year-end assessment roll process.
			<b>\$74,370.54</b>	<b>Total Property Tax Cancellation</b>

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

Issue #	Business Identifier	Account Address	Tax Cancellation (\$)	Reasons
<b><u>BUSINESS TAX CANCELLATIONS</u></b>				
<b>2017</b>				
<b>13</b>	14634448	4215C 11 ST NE	\$691.72	The business tax exemption was not processed due to operational considerations associated with the year-end assessment roll process.
<b>14</b>	12476438	H, 7803 35 ST SE	\$4,039.39	The assessment area was not corrected when The City was informed in 2017.
<b>15</b>	12477725	109, 211 – 11 Avenue SW	\$4,439.99	The business tax exemption was not processed due to operational considerations associated with the year-end assessment roll process.
<b>2018</b>				
<b>16</b>	14945455	210, 41 Royal Vista Drive NW	\$799.50	The assessment area was not corrected when The City was informed in 2018.
<b>17</b>	13054515	1210, 530 8 Avenue SW	\$1,240.29	The assessment area was not corrected when The City was informed in 2018.
<b>18</b>	13720016	536 38A Avenue SE	\$235.46	The business move was not processed when The City was informed in 2018.
<b>19</b>	13144837	374, 5222 130 Avenue SE	\$819.66	The business close was not processed when The City was informed in 2018.
<b>20</b>	14491633	1225 34 Avenue NE	\$1,154.05	The assessment area was not corrected when The City was informed in 2018.

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

<b>Issue #</b>	<b>Business Identifier</b>	<b>Account Address</b>	<b>Tax Cancellation (\$)</b>	<b>Reasons</b>
<b>21</b>	14166698	303, 1228 Kensington Road NW	\$41.62	The City was informed of the business closure late in the year and was not processed due to operational considerations associated with year-end assessment roll production.
<b>22</b>	14436547	1153 Kensington Crescent NW	\$2,268.15	The City was informed of the business closure late in the year and was not processed due to operational considerations associated with year-end assessment roll production.
<b>23</b>	264911	3904 17 Avenue SE	\$139.24	The City was informed of the business closure late in the year and was not processed due to operational considerations associated with year-end assessment roll production.
<b>24</b>	12598256	1700, 500 – 4 Avenue SW	\$220.85	The City was informed of the business closure late in the year and was not processed due to operational considerations associated with year-end assessment roll production.
<b>25</b>	13638804	480, 435 – 4 Avenue SW	\$667.92	The City was informed of the business closure late in the year and was not processed due to operational considerations associated with year-end assessment roll production.
<b>26</b>	13745351	884, 401 – 9 Avenue SW	\$3,353.05	The City was informed of the business closure late in the year and was not processed due to operational considerations associated with year-end assessment roll production.

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

<b>Issue #</b>	<b>Business Identifier</b>	<b>Account Address</b>	<b>Tax Cancellation (\$)</b>	<b>Reasons</b>
<b>27</b>	13913140	1207 1 Street SW	\$1,199.58	The City was informed of the business closure late in the year and was not processed due to operational considerations associated with year-end assessment roll production.
<b>28</b>	14119796	308, 1235 – 17 Avenue SW	\$839.00	The business closure was initiated but not completed due to a system failure.
<b>29</b>	610055	108 2640 52 Street NE	\$117.77	The City was informed of the business closure late in the year and was not processed due to operational considerations associated with year-end assessment roll production.
<b>30</b>	14875660	5, 2421 Centre Avenue SE	\$112.70	The City was informed of the business closure late in the year and was not processed due to operational considerations associated with year-end assessment roll production.
<b>31</b>	13306527	2430, 700 2 Street SW	\$62.73	The City was informed of the business closure late in the year and was not processed due to operational considerations associated with year-end assessment roll production.
			<b>\$22,442.67</b>	<b>Total Business Tax Cancellation</b>





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

Issue	Roll Number	Account Address	Tax Cancellation (\$)	Reason
<b>2017</b>				
<b>1</b>	202366712	4650 50 Ave SW	\$19,200.99	<p>The municipal property tax cancellation is for Horizon Housing, which meets the criteria for property tax exemption under section 362(1)(n)(iii)(B) charitable and benevolent and owned by a non-profit.</p> <p>The cancellation is from the date the building permit was issued, April 7, 2017, to the date the property tax exemption first started on October 26, 2018. Cancellation request for 2017 is from April 7, 2017 to December 31, 2017.</p>
<b>2018</b>				
<b>1</b>	202366712	4650 50 Ave SW	\$27,454.46	<p>The municipal property tax cancellation is for Horizon Housing, which meets the criteria for property tax exemption under section 362(1)(n)(iii)(B) charitable and benevolent and owned by a non-profit.</p> <p>Same account as the request above. The 2018 cancellation is from January 1, 2018, to the date the property tax exemption first started on October 26, 2018.</p>
<b>2</b>	201558434	24, 6060 Memorial Dr NE	\$1,171.30	<p>The municipal property tax cancellation is for the Mustard Seed Society, which meets the criteria for property tax exemption under section 15(k) of COPTER – charitable and benevolent.</p> <p>The cancellation is from January 1, 2018, to the date the property tax exemption started, February 1, 2018.</p>

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

<b>Issue</b>	<b>Roll Number</b>	<b>Account Address</b>	<b>Tax Cancellation (\$)</b>	<b>Reason</b>
<b>3</b>	202281887	9685 Harvest Hills Bv NW	\$15,045.48	<p>The municipal property tax cancellation is for the Skyview Community Church, which meets the criteria for property tax exemption under section 362(1)(k) used for divine worship or education by a religious body.</p> <p>The cancellation is from January 1, 2018, to the date the property tax exemption first started on July 1, 2018.</p>
<b>4</b>	034502989	4, 3927 Edmonton Tr NE	\$8,114.89	<p>The municipal property tax cancellation is for the Redeemed Christian Church of God, which meets the criteria for property tax exemption under section 362(1)(k) used for divine worship or education by a religious body.</p> <p>The cancellation is from January 1, 2018, to the first religious service on December 2, 2018.</p>
<b>5</b>	034503003	5, 3927 Edmonton Tr NE	\$8,114.89	<p>The municipal property tax cancellation is for the Redeemed Christian Church of God, which meets the criteria for property tax exemption under section 362(1)(k) used for divine worship or education by a religious body.</p> <p>The cancellation is from January 1, 2018, to the first religious service on December 2, 2018.</p>
<b>6</b>	034503029	6, 3927 Edmonton Tr NE	\$7,847.68	<p>The municipal property tax cancellation is for the Redeemed Christian Church of God, which meets the criteria for property tax exemption under section 362(1)(k) used for divine worship or education by a religious body.</p> <p>The cancellation is from January 1, 2018, to the first religious service on December 2, 2018.</p>

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

Issue	Roll Number	Account Address	Tax Cancellation (\$)	Reason
<b>7</b>	057244907	719 5 St NE	\$2,510.41	<p>The municipal property tax cancellation is for the HomeSpace Society, which meets the criteria for property tax exemption under section 362(1)(n)(iii)(B) – charitable and benevolent, owned by a non-profit.</p> <p>The cancellation is from January 1, 2018, to the date the property tax exemption started, on December 3, 2018.</p>
<b>8</b>	201729050	2921 26 Ave SE	\$17,510.73	<p>The municipal property tax cancellation is for the Bethany Care Society, which meets the criteria for property tax exemption under section 362(1)(h) Nursing Home and 362(1)(n)(iii)(B) – charitable and benevolent, owned by a non-profit.</p> <p>The cancellation is from January 1, 2018, to the date the property tax exemption started, on September 1, 2018.</p>
<b>9</b>	201721610	116, 10450 50 St SE	\$10,403.12	<p>The municipal property tax cancellation is for the Calgary Southwest United Soccer Association, which meets the criteria for property tax exemption under section 362(1)(n)(ii) Community Games, Sports, Athletics or Recreation.</p> <p>The cancellation is from January 1, 2018, to the date the property tax exemption started, March 1, 2018.</p>
<b>10</b>	202431383	8, 2820 Centre Ave NE	\$223.05	<p>The municipal property tax cancellation is for the Calgary Ki Society, which meets the criteria for property tax exemption under section 15(a) of COPTER – sports and recreation.</p> <p>The cancellation is from from the date the building permit was issued December 18 to December 31 2018.</p>
			<b>\$117,596.99</b>	<b>Total NPTM Municipal Tax Cancellation</b>



Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 May 14

ISC: UNRESTRICTED  
PFC2019-0390

## **2018 Year-end Capital and Operating Budget Revisions Report**

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### **EXECUTIVE SUMMARY**

A revision report provides Council a summary of operating and capital budget changes that have occurred over a particular period of time. These changes can be approved through Council reports or by Administration if within the authorization limits outlined in Budget Reporting Policy CFO006. The mid-year revision report (PFC2018-0964) provided Council with budget information as of 2018 June 30 and this year-end report provides the subsequent budget revisions that occurred between 2018 July 1 and 2018 December 31.

The 2015-2018 business plans and budgets (Action Plan) were approved by business unit therefore the 2018 budget revisions are also provided at this level. As the 2019-2022 business plans and budgets (One Calgary) were approved by service, this report includes additional service summaries to prepare for 2019 service reporting. The One Calgary document reflects the operating budget starting point as at 2018 March 31 and the previously approved capital budget as of 2018 June 30 therefore these schedules outline how the estimated 2018 service budget changed by the end of the year.

### **ADMINISTRATION RECOMMENDATION:**

That the Priorities and Finance Committee recommends that Council:

1. Receive for information:
  - a. Attachment 1 – Capital Budget Revisions – Previously Approved
  - b. Attachment 2 – Capital Budget Revision Summary
  - c. Attachment 3 – 2018 Operating Business Unit Net Budget Changes
  - d. Attachment 4 – 2018 Operating Service Budget Summary
  - e. Attachment 5 – Council Decisions/Referrals Having Actual or Potential Future Year Operating Budget Impacts

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

On 2006 February 27, Council approved Budget Reporting Policy CFO006 which authorizes administration to approve net departmental changes up to \$200,000 (FSC2006-08).

Council approved the 2015-2018 capital and operating budgets in the 2014 November 24 Special Meeting of Council (C2014-0863). Council subsequently received for information revisions to the capital and operating budgets contained in Mid-year and Year-end revision reports.

Council authorized the Deputy City Manager to continue to identify capital funding sources, including allocations and efficiencies from existing capital budgets and transfer funds to the Budget Savings Account on 2016 November 21 (C2016-0863).

On 2019 April 29, Council approved the revised Budget Reporting Policy CFO006 which was updated to align with Service Plans and Budgets and clarify Administration's authorization limits for operating and capital budgets. These changes will be incorporated in the 2019 operating and capital budget revision reports.

Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 May 14

ISC: UNRESTRICTED  
PFC2019-0390

## **2018 Year-end Capital and Operating Budget Revisions Report**

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### **BACKGROUND**

The purpose of the revision report is to provide Council with consolidated information on all changes to budgets in order to maintain continuity and transparency with both the operating and capital budgets. Attachments 1-5 are received for information because changes have been previously approved by Council or are within Administration's discretion to approve under the Budget Reporting Policy CFO006.

#### ***Capital***

On 2018 September 11, Council approved the 2018 April 01 to 2018 June 30 capital budget revisions (PFC2018-0964).

This report provides the capital budget revisions previously approved by Council and/or Administration for the period of 2018 July 01 to 2018 December 31 for information and the continuity of capital budget by Business Unit and by Service from 2018 June 30 to 2018 December 31.

#### ***Operating***

On 2018 September 11, Council received the 2018 Operating Net Budget Changes between 2018 January 01 and 2018 June 30 for information (PFC2018-0964).

This report informs Council of changes to the 2018 net operating business unit budget between 2018 July 01 and 2018 December 31 that have been previously approved by Council or Administration.

A service budget summary has also been provided to inform Council on how the 2018 March 31 net service budget presented on 2018 Nov 14 as part of One Calgary has changed between the period of 2018 April 01 and 2018 December 31.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

#### ***Capital***

**Attachment 1** outlines the budget revisions that have been approved by Administration (revisions with a net budget impact under \$200,000 and transfers to capital budget savings) or by Council through separate reports. For the period from 2018 July 01 to 2018 December 31, Administration and Council approvals included relinquishments, increases and net zero transfers required to reflect updated capital plans.

These revisions resulted in a \$6.219 million increase to the 2018 capital budget and a \$153.350 million increase in 2019-2022. The increase is primarily driven by Council's approval of Airport Trail NE Phase II.

**Attachment 2** provides a summary by business unit and by service of the budget continuity between 2018 July 1 to 2018 December 31. In addition, this attachment shows the impact to business unit budgets if criteria have now been met to lift confidentiality from previously approved Council reports such as Infrastructure Calgary implementation plans. These budgets had previously been included in a single line item for confidential reports and are now included in the business unit budgets.

Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 May 14

ISC: UNRESTRICTED  
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## **2018 Year-end Capital and Operating Budget Revisions Report**

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As a result of these revisions, the revised 2018 capital budget was \$2.097 billion with \$2.264 billion in previously approved budget remaining in 2019-2022.

This attachment also includes the revised 2019-2023 budget by service after accounting for One Calgary budget approvals as well as the carry forward of unspent 2018 capital budget. The revised budget is \$2.448 billion in 2019 and \$3.598 billion in 2020-2023.

### ***Operating***

**Attachment 3** shows the changes to the 2018 net operating business unit budget between 2018 July 01 and 2018 December 31 that have either been previously approved by Council or are within the scope of Administration to authorize as per Council Policy CFO006. During this period, there was no change to the total City net budget, and the main changes were as follows:

- Transfers of \$5.8 million from corporate to business unit budgets for utility cost inflation and previously approved growth;
- Transfers between business units due to organizational changes; and
- Council approved increases of \$3.7 million (funded by the Budget Savings Account and the Fiscal Stability Reserve) and carry forwards of \$2.6 million.

**Attachment 4** summarizes how the 2018 March 31 net operating service budget presented in One Calgary changed between 2018 April 1 and 2018 December 31. As the 2018 operating budget was approved by business unit, these business unit budgets were allocated to services to create the 2018 operating budget by service. This was necessary to bridge the previous business unit budgets with the service budgets presented in One Calgary for 2019-2022. Changes to the business unit budgets as well as changes within a business unit will both impact the allocation of the business unit budgets to services.

The changes to the 2018 service budgets are primarily driven by:

- approved changes to the 2018 operating budget by business unit
- budget realignments (movements) within a business unit
- refinement of the service allocation methodology (i.e. how the business unit budget is distributed among service, what percentage of the business unit budget gets allocated to each service line)

The 2018 December 31 budget by service will be reflected in 2019-2022 service budgets as it serves as the base for the 2019 budget year. The discretion to move budgets within a business unit has impacted the 2018 allocation of service budgets, with limited explanation available for the impact on the service budgets. For the 2019-2022 budget period, all changes impacting service budgets will be fully explained as Council and Administration are permitted to make revisions, recognizing the commitments to service levels within the One Calgary Plan. Revisions to the service budgets will continue to be communicated to Council in the mid-year and year-end revision reports.

**Attachment 5** lists Council decisions and referrals which have an actual or potential future year operating budget impact. This is provided to meet the requirement of NM2008-53 to track Council decisions and referrals.

Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 May 14

ISC: UNRESTRICTED  
PFC2019-0390

## **2018 Year-end Capital and Operating Budget Revisions Report**

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

The 2015-2018 business plans and budgets were developed through engagement with various internal and external stakeholders. Revision reports brought forward throughout the cycle reflect the operating and capital budget changes that are driven by actual experiences and/or new Council direction. The 2018 budget information was also used as the starting point in developing the 2019-2022 service plans and budgets.

### **Strategic Alignment**

This report summarizes budget revisions that align with direction and priorities established in the approved 2015 – 2018 business plans and budgets. The revision processes allow Administration to adapt to changes in economic conditions and the external environment, incorporate additional information that is available, and allow long term objectives to be met and support Council's priorities of a Well Run City and a Prosperous City.

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

The social, environmental and economic landscape impacts business units in various ways. Revisions to the operating and capital budgets reflect changes that have been made to respond to these factors.

### **Financial Capacity**

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

There is no net impact to the 2018 operating budget. 2018 operating budget revisions reflect changes based on Council approval and Administrative directions as outlined within CFO006.

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

Capital budget revisions between 2018 July 01 and 2018 December 31, resulted in a \$6.219 million increase to the 2018 capital budget and an increase of \$153.350 million in 2019-2022.

### **Risk Assessment**

The budget revisions included in this report are for information. Any risk associated with these revisions would have been identified at the time of approval.

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

- Administration is providing Attachments 1-5 for Council information to maintain continuity and transparency in accordance with Budget Reporting Policy CFO006.



Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 May 14

ISC: UNRESTRICTED  
PFC2019-0390

## **2018 Year-end Capital and Operating Budget Revisions Report**

### **ATTACHMENT(S)**

1. Attachment 1 – Capital Budget Revisions – Previously Approved
2. Attachment 2 – Capital Budget Revision Summary
3. Attachment 3 – 2018 Operating Business Unit Net Budget Changes
4. Attachment 4 – 2018 Operating Service Budget Summary
5. Attachment 5 – Council Decisions/Referrals Having Actual or Potential Future Year  
Operating Budget Impacts



**CAPITAL BUDGET REVISIONS - PREVIOUSLY APPROVED**  
**(\$000s)**  
**For information**  
**FOR THE PERIOD 2018 JULY 1 TO DECEMBER 31**

**Previously Approved by Administration**

Department	Service	Budget ID	Business Unit & Descriptions	2018 Increase/ (Decrease)	2019 Increase/ (Decrease)	2020 Increase/ (Decrease)	2021 Increase/ (Decrease)	2022 Increase/ (Decrease)	TOTAL Increase/ (Decrease)
Relinquishments									
COMMUNITY SERVICES			CALGARY RECREATION						
	Recreation Opportunities	519-130	Facility Lifecycle						
			Previously Approved Budget Remaining	25,911	-	-	-	-	25,911
			Relinquishment	(20)	-	-	-	-	(20)
			Revised Budget	25,891	-	-	-	-	25,891
			Budget relinquishment of \$20 thousand in Developer & Other Contribution is required to align the capital budget with available funding in the capital deposit account.						
Increases									
COMMUNITY SERVICES			CALGARY RECREATION						
	Recreation Opportunities	933-001	Mapleridge Golf Course pumphouse						
			Previously Approved Budget Remaining	1,586	-	-	-	-	1,586
			Increase	200	-	-	-	-	200
			Revised Budget	1,786	-	-	-	-	1,786
			Budget request of \$200 thousand funded by 2013 Flood funding due to higher tender prices.						
TRANSPORTATION			ROADS						
	Sidewalks & Pathways	128-134	Various concrete construction						
			Previously Approved Budget Remaining	250	-	-	-	-	250
			Increase	85	-	-	-	-	85
			Revised Budget	335	-	-	-	-	335
			Budget request of \$85 thousand funded by Developer & Other Contributions due to unplanned developer permit work for driveway and missing links construction.						
	Streets	128-885	Bridge Rehabilitation and Protection						
			Previously Approved Budget Remaining	23,694	-	-	-	-	23,694
			Increase	2	-	-	-	-	2
			Revised Budget	23,696	-	-	-	-	23,696
			Budget request of \$2 thousand is funded by Developer & Other Contributions due to revised cost estimates.						
Transfers									
COMMUNITY SERVICES			CALGARY COMMUNITY STANDARDS						
	Calgary 9-1-1	045-009	911 Critical Technologies Maintenance	(17)	-	-	-	-	(17)
	Calgary 9-1-1	045-014	911 Systems Integration	17	-	-	-	-	17
			Total	-	-	-	-	-	-
			Budget transfer of \$17 thousand funded by the Community Investment Reserve to realign project budgets due to timing delays.						
CORPORATE ADMINISTRATION			CORPORATE SECURITY						
	Corporate Security	955-001	SE-Flood resiliency measures	(106)	-	-	-	-	(106)
CORPORATE CAPITAL PROGRAMS			CORPORATE CAPITAL PROGRAMS						
	Capital Corporate Programs	888-001	Capital Corporate programs	106	-	-	-	-	106
			Total	-	-	-	-	-	-
			Budget transfer of \$106 thousand to Capital Budget Savings funded by Capital Reserves due to flood projects being completed under budget.						
DEPUTY CITY MANAGERS OFFICE			SUPPLY						
	Procurement & Warehousing	736-006	Building U upgrade project	(457)	-	-	-	-	(457)
CORPORATE CAPITAL PROGRAMS			CORPORATE CAPITAL PROGRAMS						
	Capital Corporate Programs	888-001	Capital Corporate programs	457	-	-	-	-	457
			Total	-	-	-	-	-	-
			Budget transfer of \$457 thousand to Capital Budget Savings funded by Pay-As-You-Go due to savings from Building U upgrade project.						
TRANSPORTATION			TRANSPORTATION INFRASTRUCTURE						
	Streets	151-001	Glenmore Ogden CPR	(134)	-	-	-	-	(134)
	Streets	855-002	Airport Trail underpass	134	-	-	-	-	134
			Total	-	-	-	-	-	-
			Budget transfer of \$134 thousand funded by Developer & Other Contributions to realign project budgets in order to manage costs being higher than budget.						
Total Previously Approved by Administration				267	-	-	-	-	267

**CAPITAL BUDGET REVISIONS - PREVIOUSLY APPROVED**  
**(\$000s)**  
**For information**  
**FOR THE PERIOD 2018 JULY 1 TO DECEMBER 31**

**Previously Approved by Council**

Previously Approved by Council	Service	Budget ID	Business Unit & Descriptions	2018 Increase/ (Decrease)	2019 Increase/ (Decrease)	2020 Increase/ (Decrease)	2021 Increase/ (Decrease)	2022 Increase/ (Decrease)	TOTAL Increase/ (Decrease)
Increases									
COMMUNITY SERVICES			CALGARY RECREATIONS						
	Recreation Opportunities	507-691	Genesis Centre						
			Previously Approved Budget Remaining	573	-	-	-	-	573
			Increase	50	550	1,550	-	-	2,150
			Revised Budget	623	550	1,550	-	-	2,723
			Council approved budget increase \$2.15 million as per Notice of Motion C2018-1212 re: Genesis Centre Outdoor Artificial Turf Community Field, funded by Fiscal Stability Reserve						
TRANSPORTATION			TRANSPORTATION INFRASTRUCTURE						
	Streets	859-001	Airport Trail NE Phase II						
			Previously Approved Budget Remaining	-	-	-	-	-	-
			Increase	4,600	72,700	62,165	13,885	-	153,350
			Revised Budget	4,600	72,700	62,165	13,885	-	153,350
			Council approved an increase of \$153.35 million for Airport Rail NE Phase II per TT2018-0856 funded by \$75.65 million Developer & Other Contributions, \$27.7 million Other Provincial Grants, and \$50 million Other Federal Grants.						
	Streets	147-148	ROADS Local improvement paving						
			Previously Approved Budget Remaining	-	-	-	-	-	-
			Increase	1,302	-	-	-	-	1,302
			Revised Budget	1,302	-	-	-	-	1,302
			Council report C2018-0838 approved an increase of \$1.302 million for Local Improvements funded by Self-supported Debt.						
Transfers									
COMMUNITY SERVICES			CALGARY HOUSING						
	Affordable Housing	489-AHS	Increase Affordable Housing	(12,000)	-	-	-	-	(12,000)
DEPUTY CITY MANAGERS OFFICE			FACILITY MANAGEMENT						
	Facility Management	777-001	Varsity Multi-service center	12,000	-	-	-	-	12,000
			Total	-	-	-	-	-	-
			Council reports PFC2018-0491 & UCS2018-0527 approved the transfer of \$12 million funded by MSI.						
COMMUNITY SERVICES			CALGARY FIRE						
	Fire & Emergency Response	042-179	Station 17 replacement	(1,198)	(8,400)	(9,400)	-	-	(18,998)
DEPUTY CITY MANAGERS OFFICE			FACILITY MANAGEMENT						
	Facility Management	777-001	Varsity Multi-service center	1,198	8,400	9,400	-	-	18,998
			Total	-	-	-	-	-	-
			Council reports PFC2018-0491 & UCS2018-0527 approved the transfer of \$18.998 million funded by MSI and Developer & Other Contributions.						
CONFIDENTIAL REPORTS									
			Budget increase resulting from confidential report(s) approved during this period	-	-	-	1,500	1,000	2,500

**Total Previously Approved by Council**      **5,952      73,250      63,715      15,385      1,000      159,302**

**Total Previously Approved by Administration and Council**      **6,219      73,250      63,715      15,385      1,000      159,569**

**CAPITAL BUDGET REVISION SUMMARY  
AS AT 2018 DECEMBER 31 (BY BUSINESS UNIT)  
(\$000s)**

**For information**

**Purpose:** To provide continuity of capital budget changes from Mid-year to Year-end Budget Revision Report.

	As at 2018 June 30 (PFC2018-0964) <sup>1</sup>		Revisions (2018 July 1 to December 31) <sup>1</sup>				As at 2018 December 31 <sup>1,2</sup>	
<u>Department/Business Unit</u>	2018 Budget	2019-2022+ Budget	2018 Revisions for Information (Att 1)	2019-2022+ Revisions for Information (Att 1)	2018 Confidentiality Lifted	2019-2022+ Confidentiality Lifted	2018 Revised Budget	2019-2022+ Revised Budget
<b>COMMUNITY SERVICES</b>								
Calgary Community Standards	12,135	1,053	-	-	6,358	-	18,493	1,053
Calgary Emergency Management Agency	2,707	-	-	-	-	-	2,707	-
Calgary Fire Department	45,560	60,598	(1,198)	(17,800)	7,643	-	52,005	42,798
Calgary Housing	22,921	36,709	(12,000)	-	3,388	-	14,309	36,709
Calgary Parks	11,564	77,090	-	-	35,854	-	47,418	77,090
Calgary Recreation	167,761	22,351	230	2,100	10,670	-	178,661	24,451
<b>TOTAL COMMUNITY SERVICES</b>	<b>262,648</b>	<b>197,801</b>	<b>(12,968)</b>	<b>(15,700)</b>	<b>63,913</b>	<b>-</b>	<b>313,593</b>	<b>182,101</b>
<b>DEPUTY CITY MANAGER'S OFFICE</b>								
Corporate Analytics & Innovation	14,527	1,928	-	-	-	-	14,527	1,928
Resilience & Infrastructure Calgary	-	-	-	-	4,500	500	4,500	500
Facility Management	39,671	28,377	13,198	17,800	18,945	-	71,814	46,177
Fleet Services	24,766	88,868	-	-	-	-	24,766	88,868
Real Estate & Development Services	46,327	205,993	-	-	-	-	46,327	205,993
Supply	2,077	2,067	(457)	-	-	-	1,620	2,067
<b>TOTAL DEPUTY CITY MANAGER'S OFFICE</b>	<b>127,368</b>	<b>327,233</b>	<b>12,741</b>	<b>17,800</b>	<b>23,445</b>	<b>500</b>	<b>163,554</b>	<b>345,533</b>
<b>PLANNING &amp; DEVELOPMENT</b>								
Calgary Growth Strategies	-	-	-	-	-	-	-	-
Calgary Building Services	9,249	281	-	-	-	-	9,249	281
<b>TOTAL PLANNING &amp; DEVELOPMENT</b>	<b>9,249</b>	<b>281</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,249</b>	<b>281</b>
<b>URBAN STRATEGY</b>	<b>674</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,526</b>	<b>25,474</b>	<b>5,200</b>	<b>25,474</b>
<b>TRANSPORTATION</b>								
Calgary Transit	129,864	33,880	-	-	90,038	-	219,902	33,880
Roads	84,062	6,953	1,389	-	-	-	85,451	6,953
Transportation Infrastructure	337,997	311,165	4,600	148,750	78,150	36,000	420,747	495,915
Green Line	247,436	344,729	-	-	-	-	247,436	344,729
<b>TOTAL TRANSPORTATION</b>	<b>799,359</b>	<b>696,727</b>	<b>5,989</b>	<b>148,750</b>	<b>168,188</b>	<b>36,000</b>	<b>973,536</b>	<b>881,477</b>
<b>UTILITIES &amp; ENVIRONMENTAL PROTECTION</b>								
Environmental & Safety Management	350	165	-	-	-	-	350	165
Waste & Recycling Services	43,155	7,579	-	-	-	-	43,155	7,579
Utilities (Water Resources & Water Services)	380,040	679,971	-	-	12,140	5,950	392,180	685,921
<b>TOTAL UTILITIES &amp; ENVIR. PROT.</b>	<b>423,545</b>	<b>687,715</b>	<b>-</b>	<b>-</b>	<b>12,140</b>	<b>5,950</b>	<b>435,685</b>	<b>693,665</b>
<b>CALGARY POLICE SERVICE</b>	<b>52,518</b>	<b>8,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,518</b>	<b>8,000</b>
<b>CHIEF FINANCIAL OFFICER'S DEPARTMENT</b>								
Assessment	5,478	7,972	-	-	-	-	5,478	7,972
Customer Service & Communications	7,191	4,860	-	-	-	-	7,191	4,860
Finance	1,787	300	-	-	-	-	1,787	300
Human Resources	1,889	-	-	-	-	-	1,889	-
Information Technology	39,733	21,338	-	-	-	-	39,733	21,338
<b>TOTAL CFOD</b>	<b>56,079</b>	<b>34,470</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,079</b>	<b>34,470</b>
<b>LAW AND LEGISLATIVE SERVICES</b>								
City Clerk's Office	784	1,178	-	-	-	-	784	1,178
Corporate Security	2,427	-	(106)	-	3,568	180	5,889	180
Law	200	200	-	-	-	-	200	200
<b>TOTAL LAW AND LEGISLATIVE SERVICES</b>	<b>3,412</b>	<b>1,378</b>	<b>(106)</b>	<b>-</b>	<b>3,568</b>	<b>180</b>	<b>6,874</b>	<b>1,558</b>
<b>CIVIC PARTNERS</b>								
Capital Investment in Civic Partners	1,593	5,427	-	-	13,202	-	14,795	5,427
Calgary Public Library	3,243	-	-	-	-	-	3,243	-
Calgary Telus Convention Centre	0	-	-	-	-	-	0	-
Calgary Zoological Society	480	-	-	-	-	-	480	-
Cultural Related Infrastructure	3,928	-	-	-	-	-	3,928	-
Fort Calgary	1,890	-	-	-	-	-	1,890	-
Recreation Culture Artifact	178	265	-	-	-	-	178	265
2013 Flood Civic Partners	3,378	-	-	-	-	-	3,378	-
Sage Hill Library	-	5,000	-	-	-	-	-	5,000
<b>TOTAL CIVIC PARTNERS</b>	<b>14,690</b>	<b>10,692</b>	<b>-</b>	<b>-</b>	<b>13,202</b>	<b>-</b>	<b>27,892</b>	<b>10,692</b>
<b>CALGARY PARKING AUTHORITY</b>	<b>52,236</b>	<b>19,642</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,236</b>	<b>19,642</b>
<b>CORPORATE CAPITAL PROGRAMS</b>	<b>527</b>	<b>60,726</b>	<b>563</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,090</b>	<b>60,726</b>
<b>NEW CONFIDENTIAL REPORT(S)<sup>3, 4</sup></b>				<b>2,500</b>				
<b>TOTAL CITY</b>	<b>1,802,304</b>	<b>2,044,665</b>	<b>6,219</b>	<b>153,350</b>	<b>288,982</b>	<b>68,104</b>	<b>2,097,505</b>	<b>2,263,619</b>

**Notes:**

1. Figures may not add due to rounding

2. Year end balances do not include One Calgary approvals

3. Reflects new confidential reports approved during this period. The remaining confidential budget from previously approved reports is \$258.376 million as at 2018 December 31.

4. Confidential reports as of 2018 June 30 are not presented because the budget has been allocated to business units if confidentiality was lifted during the period.

**CAPITAL BUDGET REVISION SUMMARY  
AS AT 2018 DECEMBER 31 (BY SERVICE)  
(\$000s)**

**For information**

**Purpose:** To provide a service view of capital budget changes from June 30 to December 31, 2018 to transition to 2019 service reporting.

	As at 2018 June 30 <sup>1</sup>		Revisions (2018 July 1 to December 31) <sup>1</sup>				As at 2018 December 31 <sup>1,2</sup>	
<u>Citizen Priority/Service</u>	2018 Budget	2019-2022+ Budget	2018 Revisions for Information (Att 1)	2019-2022+ Revisions for Information (Att 1)	2018 Confidentiality Lifted	2019-2022+ Confidentiality Lifted	2018 Revised Budget	2019-2022+ Revised Budget
<b>A Prosperous City</b>								
Affordable Housing	22,921	36,709	(12,000)	-	3,388	-	14,309	36,709
Arts & Culture	1,428	-	-	-	-	-	1,428	-
Business Licensing	192	133	-	-	-	-	192	133
Economic Development & Tourism	10,019	5,692	-	-	13,202	-	23,221	5,692
Land Development & Sales	33,543	204,615	-	-	-	-	33,543	204,615
Library Services	3,243	5,000	-	-	-	-	3,243	5,000
<b>TOTAL - A Prosperous City</b>	<b>71,346</b>	<b>252,149</b>	<b>(12,000)</b>	<b>-</b>	<b>16,590</b>	<b>-</b>	<b>75,936</b>	<b>252,149</b>
<b>A City of Safe &amp; Inspiring Neighbourhoods</b>								
Building Safety	6,249	281	-	-	-	-	6,249	281
Bylaw Education & Compliance	848	20	-	-	-	-	848	20
Calgary 9-1-1	16,238	900	-	-	1,000	-	17,238	900
City Cemeteries	3,973	3,050	-	-	-	-	3,973	3,050
City Planning & Policy	547	-	-	-	-	-	547	-
Development Approvals	3,000	-	-	-	-	-	3,000	-
Emergency Management & Business Continuity	2,707	-	-	-	-	-	2,707	-
Fire & Emergency Response	45,560	60,598	(1,198)	(17,800)	7,643	-	52,005	42,798
Neighbourhood Support	3,898	3,000	-	-	5,358	-	9,256	3,000
Pet Ownership & Licensing	131	-	-	-	-	-	131	-
Police Services	52,518	8,000	-	-	-	-	52,518	8,000
<b>TOTAL - A City of Safe &amp; Inspiring Neighbourhoods</b>	<b>135,669</b>	<b>75,849</b>	<b>(1,198)</b>	<b>(17,800)</b>	<b>14,001</b>	<b>-</b>	<b>148,472</b>	<b>58,049</b>
<b>A City That Moves</b>								
Parking	52,560	19,642	-	-	-	-	52,560	19,642
Public Transit	529,589	464,260	-	-	90,038	-	619,627	464,260
Sidewalks & Pathways	26,695	34,456	85	-	25,446	29,474	52,226	63,930
Specialized Transit	3,024	-	-	-	-	-	3,024	-
Streets	241,333	203,011	5,904	148,750	63,000	32,000	310,237	383,761
Taxi, Limousine & Vehicles-for-Hire	84	-	-	-	-	-	84	-
<b>TOTAL - A City That Moves</b>	<b>853,285</b>	<b>721,369</b>	<b>5,989</b>	<b>148,750</b>	<b>178,484</b>	<b>61,474</b>	<b>1,037,758</b>	<b>931,593</b>
<b>A Healthy &amp; Green City</b>								
Environmental Management	305	50	-	-	-	-	305	50
Parks & Open Spaces	5,739	69,040	-	-	30,084	-	35,823	69,040
Recreation Opportunities	158,505	19,351	230	2,100	10,670	-	169,405	21,451
Stormwater Management	72,438	76,229	-	-	12,140	5,950	84,578	82,179
Urban Forestry	372	-	-	-	-	-	372	-
Waste & Recycling	43,155	7,579	-	-	-	-	43,155	7,579
Wastewater Collection & Treatment	195,949	464,429	-	-	-	-	195,949	464,429
Water Treatment & Supply	111,653	139,313	-	-	-	-	111,653	139,313
<b>TOTAL - A Healthy &amp; Green City</b>	<b>588,116</b>	<b>775,991</b>	<b>230</b>	<b>2,100</b>	<b>52,894</b>	<b>5,950</b>	<b>641,240</b>	<b>784,041</b>
<b>A Well-Run City</b>								
Appeals & Tribunals	112	316	-	-	-	-	112	316
Citizen Engagement & Insights	1,266	1,038	-	-	-	-	1,266	1,038
Citizen Information & Services	4,603	2,472	-	-	-	-	4,603	2,472
City Auditor's Office	-	-	-	-	-	-	-	-
Corporate Governance	-	-	-	-	4,500	500	4,500	500
Council & Committee Support	138	-	-	-	-	-	138	-
Mayor & Council	-	-	-	-	-	-	-	-
Municipal Elections	-	-	-	-	-	-	-	-
Property Assessment	5,478	7,972	-	-	-	-	5,478	7,972
Records Management, Access & Privacy	535	862	-	-	-	-	535	862
Taxation	-	-	-	-	-	-	-	-
<b>TOTAL - A Well-Run City</b>	<b>12,132</b>	<b>12,660</b>	<b>-</b>	<b>-</b>	<b>4,500</b>	<b>500</b>	<b>16,632</b>	<b>13,160</b>
<b>Enabling Services</b>								
Corporate Security	2,427	-	(106)	-	3,568	180	5,889	180
Data Analytics & Information Access	5,621	-	-	-	-	-	5,621	-
Facility Management	39,671	28,377	13,198	17,800	18,945	-	71,814	46,177
Financial Support	1,787	300	-	-	-	-	1,787	300
Fleet Management	24,766	88,868	-	-	-	-	24,766	88,868
Human Resources Support	1,889	-	-	-	-	-	1,889	-
Infrastructure Support	8,906	1,928	-	-	-	-	8,906	1,928
Insurance & Claims	200	200	-	-	-	-	200	200
IT Solutions & Support	39,733	21,338	-	-	-	-	39,733	21,338
Legal Counsel & Advocacy	-	-	-	-	-	-	-	-
Organizational Health, Safety & Wellness	45	115	-	-	-	-	45	115
Procurement & Warehousing	2,077	2,067	(457)	-	-	-	1,620	2,067
Real Estate	12,784	1,378	-	-	-	-	12,784	1,378
Strategic Marketing & Communications	1,322	1,350	-	-	-	-	1,322	1,350
<b>TOTAL - Enabling Services</b>	<b>141,229</b>	<b>145,921</b>	<b>12,635</b>	<b>17,800</b>	<b>22,513</b>	<b>180</b>	<b>176,377</b>	<b>163,901</b>
<b>CORPORATE CAPITAL PROGRAMS</b>	<b>527</b>	<b>60,726</b>	<b>563</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,090</b>	<b>60,726</b>
<b>NEW CONFIDENTIAL REPORT(S)<sup>3,4</sup></b>			<b>-</b>	<b>2,500</b>				
<b>TOTAL CITY</b>	<b>1,802,304</b>	<b>2,044,665</b>	<b>6,219</b>	<b>153,350</b>	<b>288,982</b>	<b>68,104</b>	<b>2,097,505</b>	<b>2,263,619</b>

**Notes:**

- Figures may not add due to rounding
- Year end balances do not include One Calgary approvals
- Reflects new confidential reports approved during this period. The remaining confidential budget from previously approved reports is \$258,376 million as at 2018 December 31.
- Confidential reports as of 2018 June 30 are not presented because the budget has been allocated to business units if confidentiality was lifted during the period.

**CAPITAL BUDGET REVISION SUMMARY**  
**2019-2023+ SERVICE BUDGET**  
**(\$000s)**

**For information**

**Purpose:** To provide a revised 2019-2023+ service budget that reflects unspent 2018 budgets and revisions after 2018 June 30 that were excluded from the One Calgary document.

<u>Citizen Priority/Service</u>	<b>2019 Budget per One Calgary (C2018-1158)<sup>1</sup></b>	<b>Carry Forward from 2018<sup>1</sup></b>	<b>2019 Revisions for Information (Att 1)<sup>1,2</sup></b>	<b>2019 Revised Budget<sup>1</sup></b>	<b>2020-2023 Budget per One Calgary (C2018-1158)<sup>1</sup></b>	<b>2020-2023 Revisions for Information (Att 1)<sup>1,2</sup></b>	<b>2020-2023 Revised Budget<sup>1</sup></b>
<b>A Prosperous City</b>							
Affordable Housing	44,840	9,016	-	53,855	141,972	-	141,972
Arts & Culture	2,590	1,406	-	3,996	22,084	-	22,084
Business Licensing	123	98	-	221	510	-	510
Economic Development & Tourism	15,950	8,190	-	24,140	26,901	-	26,901
Land Development & Sales	57,590	22,571	-	80,161	197,448	-	197,448
Library Services	2,024	291	-	2,315	22,146	-	22,146
<b>TOTAL - A Prosperous City</b>	<b>123,117</b>	<b>41,572</b>	<b>-</b>	<b>164,688</b>	<b>411,061</b>	<b>-</b>	<b>411,061</b>
<b>A City of Safe &amp; Inspiring Neighbourhoods</b>							
Building Safety	3,281	1,449	-	4,730	20,000	-	20,000
Bylaw Education & Compliance	245	243	-	488	725	-	725
Calgary 9-1-1	2,900	6,464	-	9,364	8,500	-	8,500
City Cemeteries	10,008	849	-	10,857	7,167	-	7,167
City Planning & Policy	900	175	-	1,075	3,100	-	3,100
Development Approvals	3,580	2,772	-	6,352	9,420	-	9,420
Emergency Management & Business Continuity	1,704	2,069	-	3,773	5,779	-	5,779
Fire & Emergency Response	35,754	30,860	(8,400)	58,213	111,576	(9,400)	102,176
Neighbourhood Support	6,267	2,129	-	8,395	22,601	-	22,601
Pet Ownership & Licensing	191	49	-	240	774	-	774
Police Services	34,956	25,319	-	60,275	82,704	-	82,704
<b>TOTAL - A City of Safe &amp; Inspiring Neighbourhoods</b>	<b>99,786</b>	<b>72,377</b>	<b>(8,400)</b>	<b>163,763</b>	<b>272,345</b>	<b>(9,400)</b>	<b>262,945</b>
<b>A City That Moves</b>							
Parking	29,737	45,490	-	75,227	38,232	-	38,232
Public Transit	299,064	152,001	-	451,065	438,242	-	438,242
Sidewalks & Pathways	65,950	22,546	-	88,496	71,355	-	71,355
Specialized Transit	383	2,714	-	3,096	293	-	293
Streets	298,731	84,079	72,700	455,510	402,120	76,050	478,170
Taxi, Limousine & Vehicles-for-Hire	180	47	-	227	940	-	940
<b>TOTAL - A City That Moves</b>	<b>694,044</b>	<b>306,877</b>	<b>72,700</b>	<b>1,073,621</b>	<b>951,181</b>	<b>76,050</b>	<b>1,027,231</b>
<b>A Healthy &amp; Green City</b>							
Environmental Management	595	176	-	771	1,120	-	1,120
Parks & Open Spaces	40,860	4,625	-	45,485	66,088	-	66,088
Recreation Opportunities	39,083	89,195	550	128,828	91,430	1,550	92,980
Stormwater Management	72,830	21,598	-	94,428	220,842	-	220,842
Urban Forestry	1,500	120	-	1,620	9,000	-	9,000
Waste & Recycling	29,242	14,494	-	43,736	88,940	-	88,940
Wastewater Collection & Treatment	267,939	23,824	-	291,763	651,299	-	651,299
Water Treatment & Supply	121,775	33,700	-	155,475	369,244	-	369,244
<b>TOTAL - A Healthy &amp; Green City</b>	<b>573,824</b>	<b>187,732</b>	<b>550</b>	<b>762,106</b>	<b>1,497,963</b>	<b>1,550</b>	<b>1,499,513</b>
<b>A Well-Run City</b>							
Appeals & Tribunals	316	86	-	402	-	-	-
Citizen Engagement & Insights	1,038	205	-	1,243	-	-	-
Citizen Information & Services	4,690	1,022	-	5,712	4,323	-	4,323
City Auditor's Office	140	-	-	140	-	-	-
Corporate Governance	500	3,061	-	3,561	-	-	-
Council & Committee Support	-	43	-	43	-	-	-
Mayor & Council	200	-	-	200	100	-	100
Municipal Elections	1,020	-	-	1,020	2,580	-	2,580
Property Assessment	7,972	3,118	-	11,090	3,600	-	3,600
Records Management, Access & Privacy	750	273	-	1,022	1,671	-	1,671
Taxation	1,000	-	-	1,000	1,000	-	1,000
<b>TOTAL - A Well-Run City</b>	<b>17,625</b>	<b>7,808</b>	<b>-</b>	<b>25,433</b>	<b>13,273</b>	<b>-</b>	<b>13,273</b>
<b>Enabling Services</b>							
Corporate Security	3,738	3,131	-	6,869	5,329	-	5,329
Data Analytics & Information Access	2,450	1,845	-	4,294	6,281	-	6,281
Facility Management	47,521	19,968	8,400	75,890	75,502	9,400	84,902
Financial Support	683	1,341	-	2,024	1,088	-	1,088
Fleet Management	97,546	(11,144)	-	86,402	151,222	-	151,222
Human Resources Support	-	1,889	-	1,889	-	-	-
Infrastructure Support	5,661	3,798	-	9,459	7,349	-	7,349
Insurance & Claims	200	190	-	390	-	-	-
IT Solutions & Support	46,966	7,810	-	54,775	78,656	-	78,656
Legal Counsel & Advocacy	1	-	-	1	455	-	455
Organizational Health, Safety & Wellness	254	(10)	-	244	356	-	356
Procurement & Warehousing	1,935	1,025	-	2,960	3,764	-	3,764
Real Estate	25,405	1,883	-	27,288	44,648	-	44,648
Strategic Marketing & Communications	1,350	263	-	1,613	-	-	-
<b>TOTAL - Enabling Services</b>	<b>233,709</b>	<b>31,988</b>	<b>8,400</b>	<b>274,097</b>	<b>374,650</b>	<b>9,400</b>	<b>384,050</b>
<b>CORPORATE CAPITAL PROGRAMS</b>	<b>12,875</b>	<b>1,090</b>	<b>-</b>	<b>13,965</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NEW CONFIDENTIAL REPORT(S)<sup>3</sup></b>			<b>-</b>			<b>2,500</b>	
<b>TOTAL CITY</b>	<b>1,754,980</b>	<b>649,443</b>	<b>73,250</b>	<b>2,477,673</b>	<b>3,520,473</b>	<b>80,100</b>	<b>3,598,073</b>

**Notes:**

- Figures may not add due to rounding
- Budget confidentiality being lifted had already been distributed to related services in C2018-1158
- Reflects new confidential reports approved during this period. The remaining confidential budget from previously approved reports is \$258.376 million as at 2018 December 31.





**2018 Operating Business Unit Net Budget Changes (\$000s)**

For information

For The Period 2018 July 1 To December 31

**Note:** all changes are net zero with no change to the City's net budget.

Business Unit	2018 Net Operating Budget as at 2018 Jun 30 (PFC2018-0964)	2018 Net Operating Budget as at 2018 Dec 31	Change	Comments
<b>UTILITIES &amp; ENVIRONMENTAL PROTECTION</b>				
Environmental & Safety Management	10,862	10,862	-	• No changes.
Waste & Recycling Services	44,579	44,600	21	• Administration approved \$21 for 2018 electricity inflation allocation from Corporate Costs for tax support.
Utilities (Water Resources and Water Services)	-	-	-	• No changes.
GM - Utilities & Environmental Protection	421	421	-	• No changes.
<b>TOTAL UTILITIES &amp; ENVIRONMENTAL PROTECTION</b>	<b>55,862</b>	<b>55,883</b>	<b>21</b>	
<b>TRANSPORTATION</b>				
Calgary Transit	261,489	262,579	1,090	• Council approved \$366 one-time transfer from Fiscal Stability Reserve to Calgary Transit for Bus Rapid Transit Network Marketing Strategy (TT2018-0905). • Administration approved: \$25 for 2018 water & sewer inflation allocation from Corporate Costs. \$699 for 2018 electricity inflation allocation from Corporate Costs.
Roads	152,875	153,504	629	• Administration approved: \$10 for 2018 water & sewer inflation allocation from Corporate Costs. \$619 for 2018 electricity inflation allocation from Corporate Costs.
Green Line	-	-	-	• Administration approved net zero transfer (both expenditure and recoveries are \$863) from Transportation Infrastructure to better align to business needs.
Transportation Infrastructure	361	361	-	• Administration approved net zero transfer (both expenditure and recoveries are \$863) to Green Line to better align to business needs.
Transportation Planning	13,354	13,354	-	• No changes.
GM - Transportation	1,021	1,021	-	• No changes.
<b>TOTAL TRANSPORTATION</b>	<b>429,100</b>	<b>430,820</b>	<b>1,719</b>	

Business Unit	2018 Net Operating Budget as at 2018 Jun 30 (PFC2018-0964)	2018 Net Operating Budget as at 2018 Dec 31	Change	Comments
<b>COMMUNITY SERVICES</b>				
Calgary Community Standards	47,333	47,333	-	• No changes.
Calgary Emergency Management Agency (CEMA)	5,177	5,177	-	• No changes.
Calgary Fire Department	230,849	234,337	3,488	• Administration approved: \$3,000 transfer from Corporate Costs Program for the previously approved 2018 growth in regards to the East Macleod station (C2014-0863). \$410 settlement allocation on the previously approved growth for the East Macleod station. \$12 for 2018 water & sewer inflation allocation from Corporate Costs. \$66 for 2018 electricity inflation allocation from Corporate Costs.
Calgary Neighbourhoods	44,151	44,152	1	• Administration approved \$1 for 2018 electricity inflation allocation from Corporate Costs.
Calgary Parks	86,764	87,143	379	• Administration approved: \$354 for 2018 water & sewer inflation allocation from Corporate Costs. \$25 for 2018 electricity inflation allocation from Corporate Costs.
Calgary Recreation	60,220	54,315	(5,905)	• Administration approved: (\$6,200) transfer of one-time Calgary Bid Exploration Committee 2026 Olympic Bid to General Counsel - Law & Legislative Services. \$94 for 2018 water & sewer inflation allocation from Corporate Costs. \$201 for 2018 electricity inflation allocation from Corporate Costs.
Calgary Housing	6,834	6,834	-	• No changes.
GM - Community Services	843	843	-	• No changes.
<b>TOTAL COMMUNITY SERVICES</b>	<b>482,171</b>	<b>480,134</b>	<b>(2,037)</b>	
<b>CIVIC PARTNERS</b>	<b>95,558</b>	<b>94,797</b>	<b>(761)</b>	• Council approved (\$761) one-time Economic Development & Policy Coordination carry forward to 2019 (C2018-1158).
<b>CALGARY POLICE SERVICE</b>	<b>401,070</b>	<b>401,070</b>	-	• No changes.

Business Unit	2018 Net Operating Budget as at 2018 Jun 30 (PFC2018-0964)	2018 Net Operating Budget as at 2018 Dec 31	Change	Comments
<b>PLANNING &amp; DEVELOPMENT</b>				
Calgary Approvals Coordination	309	73	(236)	• Administration approved: \$4 transfer from Calgary Building Service to better align to business needs. (\$240) transfer to Community Planning to better align to business needs.
Calgary Building Services	2,917	2,779	(138)	• Administration approved: (\$134) transfer to Calgary Growth Strategy to better align to business needs. (\$4) transfer to Calgary Approval Coordination to better align to business needs.
Calgary Growth Strategies	7,401	7,460	59	• Administration approved: \$134 transfer from Calgary Building Service to better align to business needs. (\$75) transfer to Community Planning to better align to business needs.
Community Planning	6,089	6,404	315	• Administration approved: \$240 transfer from Calgary Approvals Coordination to better align to business needs. \$75 transfer from Calgary Growth Strategies to better align to business needs.
GM - Planning & Development	780	780	-	• No changes.
<b>TOTAL PLANNING &amp; DEVELOPMENT</b>	<b>17,497</b>	<b>17,497</b>	<b>0</b>	
<b>DEPUTY CITY MANAGER'S OFFICE</b>				
Corporate Analytics & Innovation	19,892	20,017	125	• Administration approved \$125 transfer from Assessment to Corporate Analytics & Innovation to better align to business needs.
Facility Management	49,384	49,634	250	• Administration approved: \$25 for 2018 water & sewer inflation allocation from Corporate Costs. \$225 for 2018 electricity inflation allocation from Corporate Costs.
Fleet Services	-	-	-	• No changes.
Real Estate & Development Services	3,619	3,619	-	• No changes.
Resilience & Infrastructure Calgary	1,025	1,025	-	• No changes.
Supply Management	9,033	9,033	-	• No changes.
GM - Deputy City Manager's Office	3,177	3,177	-	• No changes.
<b>TOTAL DEPUTY CITY MANAGER'S OFFICE</b>	<b>86,130</b>	<b>86,504</b>	<b>375</b>	
<b>URBAN STRATEGY</b>	<b>2,623</b>	<b>2,623</b>	<b>-</b>	• No changes.

Business Unit	2018 Net Operating Budget as at 2018 Jun 30 (PFC2018-0964)	2018 Net Operating Budget as at 2018 Dec 31	Change	Comments
<b>LAW &amp; LEGISLATIVE SERVICES</b>				
City Clerk's Office	13,637	13,637	-	• No changes.
Corporate Security	9,101	9,101	-	• No changes.
Law	10,709	10,709	-	• No changes.
GC - Law & Legislative Services	1,394	10,931	9,537	<ul style="list-style-type: none"> <li>• Council approved one-time \$3,337 increase to the 2018 budget for the 2026 Olympic and Paralympic Winter Games funded from Budget Saving Account (OPC2018-0866).</li> <li>• Administration approved one-time \$6,200 transfer of Calgary Bid Exploration Committee 2026 Olympic Bid budget from Recreation.</li> </ul>
<b>TOTAL LAW &amp; LEGISLATIVE SERVICES</b>	<b>34,841</b>	<b>44,378</b>	<b>9,537</b>	
<b>CITY MANAGER'S OFFICE</b>	<b>2,168</b>	<b>2,168</b>	-	• No changes.
<b>CHIEF FINANCIAL OFFICER'S DEPARTMENT</b>				
Assessment	21,700	21,575	(125)	• Administration approved (\$125) transfer to Corporate Analytics & Innovation from Assessment to better align to business needs.
Customer Service & Communications	24,529	24,529	-	• No changes.
Finance	35,747	35,747	-	• No changes.
Human Resources	31,357	31,357	-	• No changes.
Information Technology	64,680	64,681	1	• Administration approved \$1 for 2018 electricity inflation allocation from Corporate Costs..
GM - CFOD	809	809	-	• No changes.
<b>TOTAL CHIEF FINANCIAL OFFICER'S DEPARTMENT</b>	<b>178,822</b>	<b>178,698</b>	<b>(124)</b>	
<b>COUNCIL</b>				
Audit Committee	749	749	-	• No changes.
City Auditor's Office	2,914	2,914	-	• No changes.
Mayor's Office	1,941	1,941	-	• No changes.
Office of the Councillors	9,156	9,156	-	• No changes.
<b>TOTAL COUNCIL</b>	<b>14,760</b>	<b>14,760</b>	-	

Business Unit	2018 Net Operating Budget as at 2018 Jun 30 (PFC2018-0964)	2018 Net Operating Budget as at 2018 Dec 31	Change	Comments
<b>CORPORATE PROGRAMS - COMMON REVENUES</b>				
Franchise Fees	(236,713)	(236,713)	-	• No changes.
General Revenue	(143,743)	(144,824)	(1,081)	• Council approved: (\$3,337) one-time increase to the 2018 budget for 2026 Olympic and Paralympic Winter Games funded from Budget Saving Account (OPC2018-0866). (\$366) one-time transfer from Fiscal Stability Reserve to Calgary Transit for Bus Rapid Transit Network Marketing Strategy (TT2018-0905). \$761 one-time Economic Development & Policy Coordination carry forward to 2019 (C2018-1158). \$1,861 one-time carry forward for Council's Innovation Fund (C2018-1158).
Investment Income & Financial Charges	(30,500)	(30,500)	-	• No changes.
Taxation	(1,870,487)	(1,870,487)	-	• No changes.
<b>TOTAL CORPORATE PROGRAMS - COMMON REVENUES</b>	<b>(2,281,443)</b>	<b>(2,282,524)</b>	<b>(1,081)</b>	
<b>CORPORATE PROGRAMS - CORPORATE COSTS &amp; DEBT SERVICING</b>				
Capital Financing Costs	334,848	334,848	-	• No changes.
Civic & Intergovernmental Affairs	387	387	-	• No changes.
Corporate Costs	151,483	143,834	(7,649)	• Council approved: (\$1,861) one-time carry forward for Council's Innovation Fund (C2018-1158). • Administration approved: (\$3,000) transfer to Calgary Fire Department for the previously approved growth in regards to the East Macleod station (C2014-0863). (\$410) settlement allocation on the previously approved growth for the East Macleod station. (\$520) for 2018 water & sewer inflation allocation. (\$1,858) for 2018 electricity inflation allocation.
Employee Benefits	(6,900)	(6,900)	-	• No changes.
Gas, Power and Telecom. Committee	950	950	-	• No changes.
Scholarships	73	73	-	• No changes.
<b>TOTAL CORPORATE PROGRAMS - CORPORATE COSTS &amp; DEBT SERVICING</b>	<b>480,841</b>	<b>473,192</b>	<b>(7,649)</b>	
<b>TOTAL CORPORATE PROGRAMS</b>	<b>(1,800,602)</b>	<b>(1,809,332)</b>	<b>(8,730)</b>	
<b>TOTAL CITY</b>	<b>-</b>	<b>-</b>	<b>-</b>	



**2018 Operating Service Budget Summary (\$000s)**  
**For Information**  
**For The Period 2018 March 31 to 2018 December 31**

The purpose of this summary is to show Council how the 2018 March 31 service budget presented during One Calgary changed over the course of the year, as the 2018 December 31 budget by service serves as base for the 2019 budget year. The changes are primarily driven by approved changes to the 2018 operating budget by business unit, budget realignments within a business unit and refinement of the service allocation methodology. The discretion to move budgets within a business units has impacted the 2018 allocation of service budgets, with limited explanation available for the impact on the service budgets. For the 2019-2022 budget period, all changes impacting service budgets will be fully explained.

**Note:** 2018 budget changes were approved by Administration and Council by business units (Attachment 3). All changes are net zero with no change to the City's net budget. Service budget changes are a reflection of business unit budget movements via an allocation methodology or refinements of business unit allocations to service lines.

Service	2018 Net Operating Budget as at 2018 March 31 (C2018-1158)	2018 Net Operating Budget as at 2018 Dec 31	Change	Comments
<b>A PROSPEROUS CITY</b>				
Affordable Housing	8,232	8,239	7	• Realignment of Calgary Neighbourhoods business unit budgets resulting in service budget changes.
Arts & Culture	16,006	15,856	(150)	• Realignment of Recreation business unit budgets resulting in service budget changes.
Business Licensing	-	-	-	• No changes.
Community Strategies	10,339	10,041	(298)	• (\$299) realignment of Calgary Neighbourhoods business unit budgets resulting in service budget changes. \$1 for 2018 electricity inflation allocation.
Economic Development & Tourism	33,027	32,339	(688)	• (\$761) one-time Economic Development and Policy Coordination 2018 budget carry forward to 2019. \$73 realignment of Calgary Neighbourhoods business unit budgets resulting in service budget changes.
Land Development & Sales	442	442	-	• No changes.
Library Services	54,050	54,098	48	• \$48 realignment of Calgary Neighbourhoods business unit budgets resulting in service budget changes.
Social Programs	27,120	27,773	653	• \$667 realignment of Calgary Neighbourhoods business unit budgets resulting in service budget changes. (\$14) refinement of Recreation allocation to Service Lines impacting Social Programs.
<b>TOTAL A PROSPEROUS CITY</b>	<b>149,216</b>	<b>148,788</b>	<b>(428)</b>	

Service	2018 Net Operating Budget as at 2018 March 31 (C2018-1158)	2018 Net Operating Budget as at 2018 Dec 31	Change	Comments
<b>A CITY OF SAFE &amp; INSPIRING NEIGHBOURHOODS</b>				
Building Safety	-	-	-	• No changes.
Bylaw Education & Compliance	8,871	9,148	277	• \$220 transfer from Pet Ownership and Licensing to better align business needs. \$57 transfer from Calgary 911 to better align to business needs.
Calgary 9-1-1	34,191	33,676	(515)	• (\$400) transfer to Facility Management for Corporate Coordinated Operations & Maintenance (CCOM) reorganization. (\$115) transfer to Pet Ownership and Licensing and Bylaw Education and Compliance to better align business needs.
City Cemeteries	1,297	1,326	29	• Realignment of Parks business unit budgets resulting in service budget changes.
City Planning & Policy	21,114	20,905	(209)	• (\$112) transfer to Council & Committee Support to better align to business needs. (\$153) transfer to Financial Support Service to better align to business needs. \$51 transfer from Executive Leadership to better align to business needs. \$5 realignment of Calgary Neighbourhoods business unit budgets resulting in service budget changes.
Development Approvals	1,040	1,040	-	• No changes.
Emergency Management & Business Continuity	5,176	5,176	-	• No changes.
Fire & Emergency Response	228,796	226,365	(2,431)	• \$3,000 transfer from Corporate Costs Program for the previously approved 2018 growth in regards to the East MacLeod station (C2014-0863). \$410 settlement allocation on the previously approved growth for the East Macleod station. (\$6,330) transfer to Facility Management for Corporate Coordinated Operations & Maintenance (CCOM) reorganization. \$411 realignment of Fire business unit budgets resulting in service budget changes. \$12 for 2018 water & sewer inflation allocation. \$66 for 2018 electricity inflation allocation.
Fire Inspection & Enforcement	6,058	6,685	627	• Realignment of Fire business unit budgets resulting in service budget changes.
Fire Safety Education	2,326	1,288	(1,038)	• Realignment of Fire business unit budgets resulting in service budget changes.
Neighbourhood Support	7,346	6,830	(516)	• (\$506) realignment of Calgary Neighbourhoods business unit budgets resulting in service budget changes. (\$10) refinement of Recreation business unit allocation impacting Neighbourhood Support.
Pet Ownership & Licensing	5,005	4,508	(497)	• (\$334) transfer to Facility Management for Corporate Coordinated Operations & Maintenance (CCOM) reorganization. (\$220) transfer to Bylaw Education and Compliance to better align business needs. \$57 transfer from Calgary 911 to better align to business needs.
Police Services	401,070	401,070	-	• No changes.
<b>TOTAL A CITY OF SAFE &amp; INSPIRING NEIGHBOURHOODS</b>	<b>722,290</b>	<b>718,018</b>	<b>(4,273)</b>	



Service	2018 Net Operating Budget as at 2018 March 31 (C2018-1158)	2018 Net Operating Budget as at 2018 Dec 31	Change	Comments
<b>A CITY THAT MOVES</b>				
Parking	1,575	1,386	(189)	• Realignment of Roads business unit budgets resulting in service budget changes.
Public Transit	221,919	222,924	1,005	• \$366 one-time transfer from Fiscal Stability Reserve to Calgary Transit for Bus Rapid Transit Network Marketing Strategy (TT2018-0905). \$25 for 2018 water & sewer inflation allocation. \$699 for 2018 electricity inflation allocation. (\$126) Transportation Infrastructure reallocated to Streets to better align to business needs. \$25 Transportation Infrastructure reallocated from Sidewalks & Pathways to better align to business needs. \$16 realignment of Roads business unit budgets resulting in service budget changes.
Sidewalks & Pathways	35,597	34,957	(640)	• (\$528) realignment of Roads business unit budgets resulting in service budget changes. (\$87) realignment of Parks business unit budgets resulting in service budget changes. (\$25) Transportation Infrastructure reallocated from Sidewalk & Pathway to Public Transit to better align to business needs.
Specialized Transit	41,226	41,226	-	• No changes.
Streets	128,607	130,063	1,456	• \$10 for 2018 water & sewer inflation allocation. \$619 for 2018 electricity inflation allocation. \$701 realignment of Roads business unit budgets resulting in service budget changes. \$126 Transportation Infrastructure reallocated from Public Transit to Streets to better align to business needs.
Taxi, Limousine & Vehicles-for-Hire	-	-	-	• No changes.
<b>TOTAL A CITY THAT MOVES</b>	<b>428,924</b>	<b>430,556</b>	<b>1,632</b>	

Service	2018 Net Operating Budget as at 2018 March 31 (C2018-1158)	2018 Net Operating Budget as at 2018 Dec 31	Change	Comments
<b>A HEALTHY &amp; GREEN CITY</b>				
Environmental Management	5,336	5,336	-	• No changes.
Parks & Open Spaces	69,532	68,506	(1,026)	• (\$1,650) transfer to Facility Management for Corporate Coordinated Operations & Maintenance (CCOM) reorganization. \$354 for 2018 water & sewer inflation allocation. \$25 for 2018 electricity inflation allocation. \$245 realignment of Parks business unit budgets resulting in service budget changes.
Recreation Opportunities	50,789	54,599	3,810	• \$3,337 one-time increase to the 2018 budget for 2026 Olympic and Paralympic Winter Games funded from Budget Saving Account (OPC2018-0866). \$94 for 2018 water & sewer inflation allocation. \$201 for 2018 electricity inflation allocation. \$178 realignment of Recreation business unit budgets resulting in service budget changes.
Stormwater Management	13	-	(13)	• Realignment between Stormwater Management and Wastewater Collection & Treatment.
Urban Forestry	14,752	14,566	(186)	• (\$186) realignment of Parks business unit budgets resulting in service budget changes.
Waste & Recycling	44,579	44,600	21	• \$21 for 2018 electricity inflation allocation.
Wastewater Collection & Treatment	(493)	(480)	13	• Realignment between Stormwater Management and Wastewater Collection & Treatment.
Water Treatment & Supply	-	-	-	• No changes.
<b>TOTAL A HEALTHY &amp; GREEN CITY</b>	<b>184,508</b>	<b>187,128</b>	<b>2,619</b>	

Service	2018 Net Operating Budget as at 2018 March 31 (C2018-1158)	2018 Net Operating Budget as at 2018 Dec 31	Change	Comments
<b>A WELL-RUN CITY</b>				
Appeals & Tribunals	4,608	4,598	(10)	• Transfer to Council & Committee Support to better align to business needs.
City Auditor's Office	2,914	2,914	-	• No changes.
Citizen Information & Services	10,519	10,519	-	• No changes.
Citizen Engagement & Insights	6,180	6,180	-	• No changes.
Corporate Governance	12,237	12,221	(16)	• (\$17) transfer to Financial Support to better align to business needs. \$1 for refinements to service allocations.
Council & Committee Support	3,666	3,788	122	• \$112 transfer from City Planning & Policy to better align to business needs. \$10 transfer from Appeals & Tribunals to better align to business needs.
Executive Leadership	11,898	11,825	(73)	• (\$22) transfer to Financial Support service. (\$51) transfer to City Planning & Policy service to better align to business needs.
Mayor & Council	12,217	12,217	-	• No changes.
Municipal Elections	1,752	1,752	-	• No changes.
Property Assessment	21,700	21,575	(125)	• Transfer to Data Analytics & Information Access to better align to business needs.
Records Management, Access & Privacy	3,389	3,389	-	• No changes.
Taxation	5,977	6,023	46	• Transfer from Financial Support to better align to business needs.
<b>TOTAL A WELL-RUN CITY</b>	<b>97,058</b>	<b>97,001</b>	<b>(56)</b>	

Service	2018 Net Operating Budget as at 2018 March 31 (C2018-1158)	2018 Net Operating Budget as at 2018 Dec 31	Change	Comments
<b>ENABLING SERVICES</b>				
Corporate Security	9,102	9,102	-	• No changes.
Data Analytics & Information Access	7,851	8,014	163	• \$125 transfer to Property Assessment to better align to business needs. • \$38 transfer from Infrastructure Support services to better align to business needs.
Facility Management	39,631	49,143	9,512	• \$9,264 transfer from Calgary 911, Fire & Emergency Response, Pet Ownership & Licensing, Parks & Open Spaces, and IT Solution & Support for Corporate Coordinated Operations & Maintenance (CCOM) reorganization. • \$25 for 2018 water & sewer inflation allocation. • \$225 for 2018 electricity inflation allocation. • (\$2) for refinements to service allocation.
Financial Support	24,229	24,375	146	• (\$46) Transfer to Taxation to better align to business needs. • \$22 Transfer from Executive Leadership. • \$17 transfer from Corporate Governance to better align to business needs. • \$153 transfer from City Planning & Policy Service Line to better align business needs.
Fleet Management	-	-	-	• No changes.
Human Resources Support	26,678	26,678	-	• No changes.
Infrastructure Support	8,483	8,445	(38)	• (\$38) transfer to Data Analytics & Information Access to better align to business needs.
Insurance & Claims	1,268	1,268	-	• No changes.
IT Solutions & Support	64,318	63,769	(549)	• (\$550) transfer to Facility Management for Corporate Coordinated Operations & Maintenance (CCOM) reorganization. • \$1 for 2018 Electricity inflation allocation.
Legal Counsel & Advocacy	9,609	9,609	-	• No changes.
Organizational Health, Safety & Wellness	8,183	8,183	-	• No changes.
Procurement & Warehousing	8,645	8,645	-	• No changes.
Real Estate	3,108	3,108	-	• No changes.
Strategic Marketing & Communications	7,500	7,500	-	• No changes.
<b>TOTAL ENABLING SERVICES</b>	<b>218,605</b>	<b>227,839</b>	<b>9,234</b>	

Service	2018 Net Operating Budget as at 2018 March 31 (C2018-1158)	2018 Net Operating Budget as at 2018 Dec 31	Change	Comments
<b>TOTAL CORPORATE PROGRAMS - COMMON REVENUES</b>	<b>(2,281,443)</b>	<b>(2,282,524)</b>	<b>(1,081)</b>	<ul style="list-style-type: none"> <li>(\$3,337) one-time increase to the 2018 budget for 2026 Olympic and Paralympic Winter Games funded from Budget Saving Account (OPC2018-0866).</li> <li>(\$366) one-time transfer from Fiscal Stability Reserve to Calgary Transit for Bus Rapid Transit Network Marketing Strategy (TT2018-0905).</li> <li>\$761 one-time Economic Development &amp; Policy Coordination carry forward to 2019 (C2018-1158).</li> <li>\$1,861 one-time carry forward for Council's Innovation Fund (C2018-1158).</li> </ul>
<b>TOTAL CORPORATE PROGRAMS - CORPORATE COSTS &amp; DEBT SERVICING</b>	<b>480,841</b>	<b>473,194</b>	<b>(7,647)</b>	<ul style="list-style-type: none"> <li>(\$3,000) transfer to Calgary Fire Department for the previously approved growth in regards to the East Macleod station (C2014-0863).</li> <li>(\$410) settlement allocation on the previously approved growth for the East Macleod station.</li> <li>(\$1,861) one-time carry forward for Council's Innovation Fund (C2018-1158).</li> <li>(\$520) for 2018 water &amp; sewer inflation allocation.</li> <li>(\$1,858) for 2018 electricity inflation allocation.</li> </ul>
<b>TOTAL CITY</b>	<b>-</b>	<b>-</b>	<b>-</b>	



**Council Decisions/Referrals Having Actual or Potential Future Year Operating Budget Impacts**

Provided to meet the requirement of NM2008-53 to track decisions or referrals that Council has made between 2018 July 01 to 2018 December 31 (other than approved or reconsideration of One Calgary in November 2018) which have an actual or potential future year budget impact.

DATE	REPORT #	TITLE	DESCRIPTION	POTENTIAL BUDGET IMPACT (\$000s)
30-Jul-2018	C2018-0956	Community Action on Mental Health and Addictions	<p>That with respect to Notice of Motion C2018-0956, the following be adopted, as amended: NOW THEREFORE BE IT RESOLVED THAT Council earmark up to \$25 million from the Fiscal Stability Reserve for Crime Prevention and a new Mental Health and Addictions Strategy over the next five years, with \$15 million allocated to the Community Services Prevention Investment Framework, The City's necessary FCSS contributions, and other short term initiatives in areas, such as Crime Prevention Through Environmental Design, and that the remaining \$10 million be earmarked to seed funding for initiatives resulting from the strategy described below, subject to adoption of a governance and decision-making framework; A scoping report and work plan for the development of the community strategy identifying short, medium and long term actions, no later than Q1 2019.</p> <p>Report CPS2018-1096 brought to the Regular meeting of Council on 2018 Oct 15 and report C2018-1443 brought to Strategic Meeting of Council on 2018 Dec 19 relating to Community Action on Mental Health and Addictions had no decisions or referrals that had an actual or potential future year budget impact.</p>	25,000
17-Dec-2018	C2018-1379	Social Procurement: State of Practice and Recommendations	<p>That with respect to Report C2018-1379, the following be adopted:</p> <ul style="list-style-type: none"> <li>- Adopt the recommendations, in principle, on pages 17,18 and 19 in Attachment 1;</li> <li>- Approve the budget of \$505,000 as outlined on page 24 of Attachment 1, to be funded from the Budget Savings Account (BSA); and</li> <li>- 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> </li> </ul> <p>Report PFC2019-0167 was brought to Combined Meeting of Council on 2019 March 18. Council deferred Administration's Social Procurement response to no later than 2019 May. No decision or referral was made in this report which had an actual or potential future year impact.</p>	505





Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 May 14

ISC: UNRESTRICTED  
PFC2019-0600

## Amendment to Bylaws and New Interim Loan to Calgary Municipal Land Corporation

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### EXECUTIVE SUMMARY

Calgary Municipal Land Corporation ("**CMLC**") has requested amendments to the terms of the loans from The City of Calgary ("**The City**") to CMLC authorized by Bylaw 37M2018. Loans have not yet been advanced. The loans authorized by Bylaw 37M2018 are related to authorized borrowings by The City from Alberta Capital Finance Authority ("**ACFA**") pursuant to Bylaw 2B2018 and, as such, if the terms of the loans contemplated by Bylaw 37M2018 are amended, corresponding amendments will be required to the terms of the borrowings contemplated by Bylaw 2B2018. Without limitation but most notably, the bylaw amendments requested reflect:

- 1) Increased terms of loans and borrowings from up to 9 years to up to 28 years;
- 2) Amounts of authorized loans and borrowings decreasing from up to \$92 million to a maximum of \$80 million; and
- 3) Removal of the Green Line interface (in Victoria Park) from the capital projects to be funded with the loans and borrowings.

Concurrently, Administration requests approval of a new interim loan by The City to CMLC to provide up to \$4 million of interim financing to CMLC from working capital funds to permit CMLC to advance activity related to the 9th Avenue SE Bridge and 17th Avenue SE Extension projects (the "**Current Capital Projects**"), being 2 of the 3 capital projects contemplated in original Bylaws 37M2018 and 2B2018 (the "**Capital Projects**") in advance of the next available ACFA loan drawdown date of 2019 September 15.

Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 May 14

ISC: UNRESTRICTED  
PFC2019-0600

**Amendment to Bylaws and New Interim Loan to Calgary Municipal Land Corporation**

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**ADMINISTRATION RECOMMENDATION:**

That the Priorities and Finance Committee recommend that Council:

- 1) Give first reading to Bylaw 2B2019, being the proposed bylaw to amend Bylaw 2B2018, being a bylaw of The City of Calgary authorizing The City of Calgary to incur indebtedness by the issuance of debentures for financing capital projects for Calgary Municipal Land Corporation;
- 2) Give first reading to Bylaw 19M2019, being the proposed bylaw to amend Bylaw 37M2018, being a bylaw of The City of Calgary authorizing municipal loans to Calgary Municipal Land Corporation;
- 3) Give first reading to Bylaw 20M2019, being a bylaw of The City of Calgary authorizing municipal loans to Calgary Municipal Land Corporation;
- 4) Direct Administration to amend the existing Second Amended and Restated Credit Agreement between The City and CMLC dated July 23, 2010 in form and content acceptable to the City Treasurer, prior to funds being advanced under the proposed Bylaws; and
- 5) Direct that Attachment 4 remain confidential pursuant to Exceptions to Disclosure Sections 24 and 25 of the *Freedom of Information and Protection of Privacy Act* (Alberta).

**PREVIOUS COUNCIL DIRECTION / POLICY**

On 2018 September 24, Council passed Bylaw 37M2018 which authorized up to \$92 million in loans (the "**ACFA Loans**") from The City to CMLC pursuant to Sections 264(1)(b) and 265 of the Municipal Government Act (R.S.A. 2000 c. M-26) (the "**MGA**") for financing the Capital Projects, which capital projects were included in CMLC's 2017-2019 Business Plan and Budgets, which were approved by the Council of The City, as shareholder, on 2016 December 15.

On 2018 September 24, Council passed Bylaw 2B2018 which authorized The City to borrow, to issue debentures on behalf of The City for, up to \$92 million to finance the Capital Projects, all pursuant to Sections 251 and 258 of the MGA. It is contemplated that such borrowings would be from ACFA.

On 2019 January 15, Council passed Bylaw 63M2018 which authorized up to \$6 million in short term (maximum 1-year term) loans from The City to CMLC pursuant to Sections 264(1)(b) and 265 of the MGA, for interim financing of the Capital Projects.

On 2007 April 16, Council passed Bylaw 27M2007, being The Rivers District Community Revitalization Levy Bylaw (the "**CRL Bylaw**"), which bylaw contemplated the implementation of a community revitalization levy ("**CRL**") for 20 years to 2027 (the "**Original CRL Term**").

Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 May 14

ISC: UNRESTRICTED  
PFC2019-0600

## **Amendment to Bylaws and New Interim Loan to Calgary Municipal Land Corporation**

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### **BACKGROUND**

#### **Bylaw Amendments – Increase Term**

CMLC is a wholly-owned subsidiary of The City that was formed to implement and execute the Rivers District Community Revitalization Plan, which plan formed part of the CRL Bylaw, with the mandate to kick-start Calgary's urban renewal. CMLC, as a result, manages several construction, design and vision projects within the Rivers District (as that term is defined in the CRL Regulation (defined below)).

When the CRL Bylaw was passed, the City of Calgary Rivers District Community Revitalization Levy Regulation (AR 232/2006) (the "**CRL Regulation**") provided that a community revitalization levy bylaw would terminate on the earliest of a set of dates, one of which was at the end of a period of 20 years from the year in which the initial bylaw was approved by the Lieutenant Governor in Council. On 2018 December 20, the CRL Regulation was amended such that the reference therein to '20 years' was replaced with '40 years'.

On 2019 February 12, the Province of Alberta approved amendments the CRL Bylaw, as made by Bylaw 2M2019, to extend the Original CRL Term by an additional 20 years to 2047 (the "**Extended CRL Term**").

Both Bylaws 37M2018 and 2B2018 contemplated, respectively, loan and borrowing terms of up to 9 years such that the maturity dates would not extend beyond the Original CRL Term. With the Extended CRL Term, CMLC has requested that the term of the loans under Bylaw 37M2018 be amended from up to 9 years to up to 28 years and, if such amendment is to be made, the term of the corresponding borrowings under Bylaw 2B2018 will need to be amended from up to 9 years to up to 28 years. The extended term of the borrowing aligns the borrowing term with the economic life of the assets and supports new private development in the area, generating additional CRL revenue that will continue to support repayment of existing and proposed debt.

#### **Bylaw Amendments – Decrease Amounts and Amend Projects**

Proposed amendments to Bylaws provide optionality with respect to how ACFA Loans can be structured, based on individual project requirements and subject to ACFA approval. The total amount of borrowing proposed in the amended Bylaws was decreased to reflect CMLC's near-term project requirements for Current Capital Projects. One of the Capital Projects, construction of the Green Line interface (in Victoria Park) project, currently estimated to cost \$40 million and consist mainly of the 5<sup>th</sup> Street Underpass SE design and construction, is tentatively scheduled to commence in 2026 and, as such, CMLC does not require funds for this project at this time. The project continues to form part of CMLC's business plan and funding for it will be addressed with a subsequent Bylaw request, once supporting detail is known.

Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 May 14

ISC: UNRESTRICTED  
PFC2019-0600

## **Amendment to Bylaws and New Interim Loan to Calgary Municipal Land Corporation**

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### **New Interim Loan**

As part of its ongoing business planning, CMLC has identified the need for \$4 million to advance activity related to the Current Capital Projects by 2019 July 31. However, the next allowable drawdown through ACFA is 2019 September 15 and, as such, Administration is requesting approval, through Bylaw 20M2019, to advance \$4 million of working capital funds to CMLC in the form of an interim loan to bridge liquidity until The City can loan the debenture funds contemplated in Bylaw 37M2018, as proposed to be amended in Bylaw 19M2019.

The monies contemplated to be lent by The City to CMLC under authority of Bylaw 20M2019 are interim financing until the monies contemplated to be lent by The City to CMLC under authority of Bylaw 37M2018, as proposed to be amended by proposed Bylaw 19M2019, are advanced. The monies contemplated to be lent by The City to CMLC under authority of Bylaw 37M2018, as proposed to be amended by proposed Bylaw 19M2019, are intended, in part, to refinance the up to \$4 million interim loan contemplated by Bylaw 20M2019 and the up to \$6 million interim loan previously advanced by The City to CMLC under Bylaw 63M2018 on or about 2019 September 15.

### **General**

The CRL is based on future property taxes being collected within the Rivers District resulting in risk associated with planning and constructing large infrastructure projects, which require significant up-front investment and often overlap with other project funding requirements. CMLC requires flexibility to respond to changing demands and assumptions driving continued development, as such, the bylaw amendments and new proposed bylaw reflect the most current information available to enable CMLC to continue delivering on its mandate. With the CRL extension approved and planned projects, increased communication between The City and CMLC regarding current and future revitalization will ensure sustainable development continues within the Rivers District.

Prior to any loans being advanced by The City to CMLC under Bylaw 20M2019 or under Bylaw 37M2018, as proposed to be amended by proposed Bylaw 19M2019, the existing Second Amended and Restated Credit Agreement between The City and CMLC dated July 23, 2010 must be amended to reflect amendments to the authorized terms of the loans and the additional contemplated interim loan in form and content acceptable to the City Treasurer. This is anticipated to be complete by 2019 July 31.

## **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

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

Treasury staff has had ongoing communication with CMLC on financial and operational performance and forecasts. CMLC has reviewed and concurs with this report and Attachment 4. Treasury has worked with City Law on this report and Attachments 1, 2, and 3.

Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 May 14

ISC: UNRESTRICTED  
PFC2019-0600

## **Amendment to Bylaws and New Interim Loan to Calgary Municipal Land Corporation**

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### **Strategic Alignment**

The City supports CMLC through the provision of municipal loans to implement and execute the Rivers District Community Revitalization Plan – a public infrastructure program approved by the City of Calgary and the Province of Alberta to kick-start Calgary's urban renewal.

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

The proposed \$4 million interim loan amount contemplated by Bylaw 20M2019 will be funded through The City's working capital funds subject to being repaid with AFCA Loans on or about 2019 September 15, and will bear interest such that there is no net impact to the City's working capital account.

The City has capacity available in its working capital account due to timing of liabilities and can provide an internal loan for the proposed size for a short term, as recommended, without adversely impacting other obligations.

### **Financial Capacity**

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

There is no impact to the operating budget, given the short-term nature of the interim loan requested and interest to be charged.

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

None regarding this request.

### **Risk Assessment**

CMLC's financial profile continues to be updated to reflect the Extended CRL Term, announcement of new capital projects, and prioritization of existing projects within the Rivers District. A financial assessment was conducted and is reflected in Attachment 4.

Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 May 14

ISC: UNRESTRICTED  
PFC2019-0600

## **Amendment to Bylaws and New Interim Loan to Calgary Municipal Land Corporation**

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

Administration Recommends:

1. The amendments to Bylaws 37M2018 and 2B2018, as outlined above to allow for a term consistent with the extended CRL term and to reflect CMLC's near-term project funding requirements;
2. \$4 million in working capital fund be advanced to CMLC as an interim loan until the next ACFA drawdown date of 2019 September 15, for commencing activity related to the Current Capital Projects; and
3. Amending the existing Second Amended and Restated Credit Agreement between The City and CMLC to reflect amendments to the authorized terms of the loans and the additional contemplated interim loan in form and content acceptable to the City Treasurer.

### **ATTACHMENT(S)**

1. Attachment 1 – Proposed wording for Bylaw 2B2019
2. Attachment 2 – Proposed wording for Bylaw 19M2019
3. Attachment 3 – Proposed wording for Bylaw 20M2019
4. Attachment 4 – CMLC Financial Overview - Confidential

### **Proposed Wording for a Bylaw to Amend Bylaw 2B2018**

**WHEREAS** on 2016 December 15 the Council of The City of Calgary ("**Council**"), as shareholder, adopted and approved Calgary Municipal Land Corporation's 2017-2019 Business Plan and Budgets;

**AND WHEREAS** Council has considered PFC2019-0600 and deems it necessary to amend Bylaw 2B2018, being a bylaw authorizing The City of Calgary to incur indebtedness by the issuance of debentures in the total amount of \$92 million for financing capital projects for Calgary Municipal Land Corporation;

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

1. Bylaw 2B2018, being a bylaw authorizing The City of Calgary to incur indebtedness by the issuance of debentures in the total amount of \$92 million for financing capital projects for Calgary Municipal Land Corporation, is hereby amended.
2. In the title, the reference to "\$92 MILLION" is hereby deleted and replaced with "\$80 MILLION".
3. In the 4<sup>th</sup> paragraph of the recitals, the reference to "\$104 million" is hereby deleted and replaced with "\$80 million".
4. The 5<sup>th</sup> paragraph of the recitals is deleted in its entirety.
5. In the 6<sup>th</sup> paragraph of the recitals, the reference to "\$92 million" is hereby deleted and replaced with "\$80 million".
6. In the 7<sup>th</sup> paragraph of the recitals, the reference to "nine (9)" is hereby deleted and replaced with "twenty-eight (28)".
7. In the 7<sup>th</sup> paragraph of the recitals, the reference to "Project" is hereby deleted and replaced with "Projects".
8. In Section 2, the reference to "\$92 million" is hereby deleted and replaced with "\$80 million".
9. The body of Section 3 is hereby deleted in its entirety and replaced with the following:

"3.     *The City shall:*

- (a)     *pay semi-annual equal principal and interest installments when due and as required on the indebtedness not exceeding a term of 28 years, subject to a term end date no later than December 31, 2047, at an interest rate fixed by ACFA on the date of the borrowing, up to a maximum rate of 8% per annum; or*

**Proposed Wording for a Bylaw to Amend Bylaw 2B2018**

- (b) *pay over the term, which term shall not exceed 28 years and be subject to a term end date no later than December 31, 2047:*
  - (i) *for up to 10 years (over the first 10 years of the term), semi-annual interest instalments when due and as required on the indebtedness at an interest rate fixed by ACFA on the date of borrowing, up to a maximum rate of 8% per annum; and*
  - (ii) *after the expiration of the interest-only payment window period contemplated in 3(b)(i) above, over the balance of the term, semi-annual equal principal and interest installments when due and as required on the indebtedness at an interest rate fixed by ACFA on the date of the borrowing, up to a maximum rate of 8% per annum; or*
- (c) *pay interest and principal when due and as required on the indebtedness not exceeding a term of 28 years, subject to a term end date no later than December 31, 2047, at an interest rate fixed by ACFA on the date of the borrowing, up to a maximum rate of 8% per annum.*

10. The body of Schedule "A" to Bylaw 2B2018 is deleted in its entirety and replaced with the body set forth in Schedule "A" attached hereto.

11. This Bylaw comes into force on the date it is passed.

READ A FIRST TIME THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2019.

READ A SECOND TIME THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2019.

READ A THIRD TIME THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2019.

\_\_\_\_\_  
MAYOR

SIGNED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2019.

\_\_\_\_\_  
CITY CLERK

SIGNED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2019.

SCHEDULE "A"



**Proposed Wording for a Bylaw to Amend Bylaw 2B2018**

THE CITY OF CALGARY

BORROWING BYLAW NO. 2B2019  
(000's)

Amount of Bylaw: \$80,000

Term of Borrowing: not to exceed 28 years, subject to a term end date no later than December 31, 2047

*Municipal Government Act* Section no.s: 187, 191, 251, 253, 258 & 606

Council's Authorizing Document (As Shareholder): CMLC's 2017 - 2019 Business Plan and Budgets approved 2016 December 15

\*\*\*\*\*

Purpose of Borrowing

CMLC

Construction of 9<sup>th</sup> Avenue S.E. Bridge  
17<sup>th</sup> Avenue S.E. Extension



**Proposed Wording for a Bylaw to Amend Bylaw 37M2018**

**WHEREAS** on 2016 December 15 the Council of The City of Calgary ("**Council**"), as shareholder, adopted and approved Calgary Municipal Land Corporation's 2017-2019 Business Plan and budgets;

**AND WHEREAS** Council has considered PFC2019-0600 and deems it necessary to amend Bylaw 37M2018, being a bylaw of The City of Calgary authorizing municipal loans to Calgary Municipal Land Corporation;

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

1. Bylaw 37M2018, being a bylaw of The City of Calgary authorizing municipal loans to Calgary Municipal Land Corporation, is hereby amended.
2. In Section 2(a), delete the phrase ", *Green Line interface (in Victoria Park)*".
3. In Section 2(c), the reference to "2B2018" is hereby deleted and replaced with "2B2018, as amended by Bylaw 2B2019".
4. In Section 3(1), the reference to "2B2018" is hereby deleted and replaced with "2B2018, as amended by Bylaw 2B2019,".
5. In Section 3(1), the reference to "\$92 million" is hereby deleted and replaced with "\$80 million".
6. The body of Section 3(2)(a) is hereby deleted in its entirety and replaced with the following:  
  
"Council has given three readings to Bylaw 2B2019;"
7. The body of Section 3(2)(b) is hereby deleted in its entirety and replaced with the following:  
  
"Council has given three readings to this Bylaw;"
8. The body of Section 3(3) is hereby deleted in its entirety and replaced with the following:  
  
"Generally, CMLC shall repay to The City the indebtedness according to repayment terms which mirror the repayment terms in effect from time to time for The City on the underlying debentures issued pursuant to Borrowing Bylaw 2B2018, as amended by Bylaw 2B2019, provided that (i) the term of the indebtedness shall not exceed 28 years, subject to a term end date no later than December 31, 2047, and (ii) interest on the indebtedness shall accrue at a rate equal to the interest rate fixed by ACFA on the date of the underlying debenture borrowing, subject to a minimum rate of 1% per annum."
9. This Bylaw comes into force on the date it is passed.

**Proposed Wording for a Bylaw to Amend Bylaw 37M2018**

READ A FIRST TIME THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2019.

READ A SECOND TIME THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2019.

READ A THIRD TIME THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2019.

\_\_\_\_\_  
MAYOR

SIGNED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2019.

\_\_\_\_\_  
CITY CLERK

SIGNED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2019.

**Proposed Wording for a Bylaw Authorizing Municipal Loans to Calgary Municipal Land Corporation**

**WHEREAS** the Council of The City of Calgary ("**Council**") is authorized to provide for the lending of money by The City of Calgary ("**The City**") to one of its controlled corporations pursuant to Sections 264(1)(b) and 265 of the *Municipal Government Act* (R.S.A. 2000, c.M-26) and the regulations passed thereunder;

**AND WHEREAS** Calgary Municipal Land Corporation ("**CMLC**") is one of The City's controlled corporations;

**AND WHEREAS** Bylaw 37M2018 was passed on 2018 September 24 and, currently, is proposed to be amended as set forth in Bylaw 19M2019 such that, that bylaw will, if amended as proposed, generally and among other things, authorize The City to lend up to \$80 million in debenture funds issued by Alberta Capital Finance Authority to CMLC for financing the construction of the 9th Avenue S.E. bridge and the 17th Avenue S.E. extension (together, the "**Capital Projects**"), each of which were included in CMLC's 2017-2019 Business Plan and Budgets which were approved by Council, as shareholder, on 2016 December 15;

**AND WHEREAS**, prior to The City's receipt of the debenture funds contemplated in Bylaw 37M2018, as proposed to be amended by 19M2019, Council deems it advisable for The City to provide interim financing, by way of an interim loan, to CMLC for financing the Capital Projects;

**AND WHEREAS**, the monies contemplated to be lent by The City to CMLC under authority of this bylaw are interim financing until the up to \$80 million contemplated to be lent by The City to CMLC under authority of Bylaw 37M2018, as proposed to be amended by 19M2019, (the "**ACFA Loans**") are advanced and, as such, the loans contemplated by this bylaw are to be re-financed as part of the ACFA Loans;

**NOW THEREFORE THE MUNICIPAL COUNCIL OF THE CITY OF CALGARY, DULY ASSEMBLED, ENACTS THE FOLLOWING:**

1. The City shall lend to CMLC monies out of The City's working capital funds up to a maximum sum of \$4 million for the interim financing of the Capital Projects (the "**Loan**"). Such loan authorization is made on the condition that the Loan is in accordance with the terms and conditions outlined in the Second Amended and Restated Credit Agreement between The City, as lender, and CMLC, as borrower, dated 2010 July 23, as amended from time to time.
2. The Loan shall be advanced by The City to CMLC after:
  - a. Council has given three readings to this bylaw;
  - b. Council has given three readings to Bylaw 19M2019; and

**Proposed Wording for a Bylaw Authorizing Municipal Loans to Calgary Municipal Land Corporation**

- c. upon receipt of a written request from CMLC and approval from the City Treasurer of The City.
3. The term of the Loan shall not exceed a period of 6 months. If and to the extent not repaid or re-financed, as contemplated below, prior to the maturity date of the Loan, the Loan shall be repaid by CMLC to The City, in full, on the maturity date of the Loan. The total principal amount of the Loan may be re-financed through the issuance of the ACFA Loans prior to the maturity date of the Loan, and in such case, any accrued interest will be paid in full by CMLC at the time of the refinancing. Interest on the principal amount of the Loan outstanding from time to time will be calculated monthly at a rate equal to the average weighted yield on working capital funds calculated for the number of days in a given month, subject to a minimum interest rate of 1% per annum.
4. CMLC shall pay to The City a basic fee at rate equal to 0.25% per annum on the principal amount of the Loan outstanding from time to time, such fee to be calculated monthly.
5. This Bylaw comes into force on the date it is passed.

READ A FIRST TIME THIS                      DAY OF                      , 2019.

READ A SECOND TIME THIS                      DAY OF                      , 2019.

READ A THIRD TIME THIS                      DAY OF                      , 2019.

\_\_\_\_\_  
MAYOR

DATED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2019.

\_\_\_\_\_  
CITY CLERK

DATED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2019.

**Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 May 14**

**ISC: UNRESTRICTED  
PFC2019-0597**

**Status of Outstanding Motions and Directions**

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**EXECUTIVE SUMMARY**

Outstanding items for the Priorities and Finance Committee as of 2019 May 7.

**ADMINISTRATION RECOMMENDATION:**

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

**PREVIOUS COUNCIL DIRECTION / POLICY**

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

**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)**

**Financial Capacity**

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

There are no operating impacts as a result of this report.

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

There are no capital impacts as a result of this report.

**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 specific directions or motions 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.

**Chief Financial Officer's Report to  
Priorities and Finance Committee  
2019 May 14**

**ISC: UNRESTRICTED  
PFC2019-0597**

**Status of Outstanding Motions and Directions**

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**ATTACHMENT(S)**

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



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
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:  a. Terms of Reference for the Sustainable , Ethical, Environment Procurement Policy (SSEPP) Advisory Task Force; b. Scoping Report for the three pilot projects; and c. Workplan.	2019 Q1  Deferred to May 14
DOWNTOWN TAX SHIFT RESPONSE - UPDATED	2019 April 1	C2019-0352	Direct Administration to develop criteria and process for a Small Business Sustainment Grant to a maximum of \$70.9 million of one-time funding (\$44 million from the Fiscal Stability reserve, and \$26.9 million from the 2017 and 2018 Phased Tax Program funding not required due to appeal resolutions), returning to the Priorities and Finance Committee on 14 May 2019.	2019 May 14

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
DOWNTOWN TAX SHIFT RESPONSE - UPDATED	2019 April 1	C2019-0352	That Council Direct Administration to develop criteria and process for a Residential Property Tax Rebate Program to a maximum of \$70.9 million of one-time funding for 2019 (\$44 million from the Fiscal Stability reserve, and \$26.9 million from the 2017 and 2018 Phased Tax Program funding not required due to appeal resolutions), returning to the Priorities and Finance Committee on 14 May 2019.	2019 May 14
ESTABLISHMENT OF WORKING GROUP WITH RESPECT TO DOWNTOWN TAX SHIFT RESPONSE	2019 April 1	C2019-0352	10. Establish a working group of the Priorities and Finance Committee to steward the work and report back to Council with updates on an as needed basis.	2019 April 2
	2019 April 2	PFC2019-0451	That the Priorities and Finance Committee postpone Report PFC2019-0451 to the 2019 May 14 Regular Meeting of the Priorities and Finance Committee.	2019 May 14
ONE CALGARY 2019-2022 SERVICE PLANS AND BUDGET	2018 November 14	C2018-1158	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 & Finance Committee on May 14, 2019.	2019 May 14

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
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 14  2019 May 14
DOWNTOWN TAX SHIFT RESPONSE - UPDATED	2019 April 1	C2019-0352	5. Direct Administration to continue its work on maximizing value from our assets, returning to the Priorities and Finance Committee with an update on 04 June 2019.	2019 June 4
DOWNTOWN TAX SHIFT RESPONSE - UPDATED	2019 April 1	C2019-0352	6. Direct Administration to explore the creation of a small business assessment class for implementation in 2021 reporting back to the Priorities and Finance Committee in 2019 June.	2019 June

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
DOWNTOWN TAX SHIFT RESPONSE - UPDATED	2019 April 1	C2019-0352	7. Direct Administration to further refine and update the proposed roles and responsibilities of the Financial Task Force and bring an updated Terms of Reference for the Financial Task Force for discussion and consideration of the Priorities and Finance Committee no later than June, 2019.	2019 June
AMENDMENTS TO PROCEDURE BYLAW	2019 April 2	PFC2019-0231	That Report PFC2019-0231, Amendments to the Procedure Bylaw, be referred to Administration for further consultation with Members of Council, to return to the 2019 June 04 Regular Meeting of the Priorities and Finance Committee.	2019 June
HISTORIC GRAND LODGE OF THE FREEMASONS	2018 July 30	C2018-0959	That with respect to Notice of Motion C2018-0959, the following Motion Arising be adopted:  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.	2019 Q2

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
CORPORATE AFFORDABLE HOUSING STRATEGY Q2 2018 UPDATE	2018 June 05	PFC2018-0584	<p>That with respect to Report PFC2018-0584, the following be approved, as amended:</p> <p>That the Priorities and Finance Committee recommend that Council:</p> <ol style="list-style-type: none"> <li>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</li> </ol> <p>Invite the Community Housing Affordability Collective to provide an update on their work to the Priorities and Finance Committee no later than Q2 2019.</p>	2019 Q2
ECONOMIC DEVELOPMENT INVESTMENT FUND GOVERNANCE AND TERMS OF REFERENCE	2018 March 06	PFC2018-0187	<p>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 &amp; Finance Committee that reviews the pilot EDIF governance structure no later than 2019 Q2.</p>	2019 Q2

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
DOWNTOWN STRATEGY FOCUS	2019 April 1	C2019-0415	<p>That Council:</p> <ol style="list-style-type: none"> <li>1. Endorse the direction as presented (C2019-0415-Downtown Strategy and Focus).</li> <li>2. Direct Administration to provide an update on the further development of a Downtown Strategy to the Priorities and Finance Committee in 2019 July and October; and</li> <li>3. For the July Priorities and Finance Committee, Administration further refine the Downtown Strategy to include: <ul style="list-style-type: none"> <li>• heritage,</li> <li>• safety, and</li> <li>• competitive research.</li> </ul> </li> </ol>	2019 July & October
UPDATE ON FOUNDATIONAL RESEARCH FOR NOTICE OF MOTION C2019-0073	2019 April 2	PFC2019-0302	<p>That with respect to Report PFC2019-0302, the following be approved:</p> <p>That the Priorities and Finance Committee recommend that Council:</p> <ol style="list-style-type: none"> <li>1. Direct Administration to examine the options presented in Table 2 of Attachment 6 in place of those specified in motion C2019-0073; and</li> <li>2. Defer the report back to the Priorities &amp; Finance Committee from 2019 Q2 to 2019 July 02</li> </ol>	2019 July 2

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
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
ESTABLISHMENT OF A WORKING GROUP (VERBAL)	2019 April 3	BAC2019-0444	That the Business Advisory Committee:  2. Report back to the Priorities and Finance Committee no later than 2019 September 17 on its workplan	2019 September
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

ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
COMPASSIONATE PROPERTY TAX PENALTY RELIEF	2018 June 05	PFC2018-0325	That the Priorities and Finance Committee recommends that Council:  Direct Administration to report back through Priorities and Finance Committee on the results of the proposed program, including cost and number of participants, no later than 2019 Q4.	2019 Q4
NEW COMMUNITY GROWTH STRATEGY	2018 February 22	PFC2018-0200	4. Direct Administration to bring a monitoring report on the implementation of the New Community Growth Strategy to the Priorities and Finance Committee no later than Q4 2019.	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
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



ITEM	DATE OF REQUEST	SOURCE	SUBJECT	DATE DUE
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