



**AGENDA**  
**SPECIAL MEETING OF COUNCIL**  
**RE: 2019 BUDGET STRATEGIES**

**June 10, 2019, 8:00 AM**  
**IN THE COUNCIL CHAMBER**

1. CALL TO ORDER
2. OPENING REMARKS
3. CONFIRMATION OF AGENDA
4. UNFINISHED BUSINESS  
None
5. POSTPONED REPORTS  
*(including related/supplemental reports)*  
None
6. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES
  - 6.1 Immediate Tax Relief for Calgary Businesses, C2019-0782  
Councillors Keating, Sutherland, Colley-Urquhart, Woolley, Chahal, Davison, Demong, Magliocca, Chu, Carra
  - 6.2 Emergency Action for Budget Reductions and Tax Relief, C2019-0783  
Councillor Farkas
7. CONFIDENTIAL ITEMS  
None
8. ADJOURNMENT  
Members of Council may participate remotely if required.





**Report Number:** C2019-0782  
**Meeting:** Special Meeting of Council  
**Meeting Date:** 2019 June 10

## NOTICE OF MOTION

### RE: Immediate Tax Relief for Calgary Businesses

**Sponsoring Councillors:** Keating, Sutherland, Colley-Urquhart, Woolley, Chahal, Davison, Demong, Magliocca, Chu, Carra

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1. WHEREAS Calgary's economic downturn has resulted in the second highest unemployment rate in Canada, a significant impact on downtown vacancy rates, and declining property values of downtown office buildings, resulting in a \$250 million shift in and redistribution of property taxes among non-residential property taxpayers mainly outside the downtown in 2019;
2. AND WHEREAS Calgary City Council established the Municipal Non-Residential Phased Tax Program to assist non-residential properties impacted by tax increases due to the large shifts in market value for the 2017 and 2018 tax years, limiting tax increases due to these changes in the assessed value of non-residential properties to 5% in 2017 and again in 2018;
3. AND WHEREAS The City of Calgary (The City) had previously set aside \$70.9 million (\$44 million from the Fiscal Stability Reserve and \$26.9 million within the Budget Savings Account) for tax relief for small businesses through either a grant program or a phased tax program in 2019;
4. AND WHEREAS property taxes are the primary source of funding for The City's operating budget to support the delivery of municipal services to Calgarians, with The City collecting property tax from approximately 14,000 non-residential properties and approximately 500,000 residential properties;
5. AND WHEREAS on April 8, 2019 Council continued to shift the tax burden from non-residential property taxpayers to residential property taxpayers, where the total tax revenue share is now 47% residential (+1% change) and 53% non-residential (-1%);
6. AND WHEREAS more than half of non-residential properties will experience an assessment-related tax increase in 2019 great than 10%, with approximately 1,300 non-residential property owners experiencing property tax increases of 30% or greater, approximately 1,400 non-residential property owners experiencing property tax increases of 20 to 30%, and approximately 5,250 non-residential property owners experiencing property tax increases of 10 to 20%;
7. AND WHEREAS Provincial law, specifically the *Municipal Government Act* and related regulations, establishes the property tax system, including the methods of assessment and the distribution of taxes among non-residential taxpayers, which have resulted in these massive tax increases for Calgary businesses;
8. AND WHEREAS during this current economic downturn, the Province has requisitioned approximately \$3.8 billion from Calgarians through property taxes over the past five years, which accounted for 30.5% of the total property taxes collected in 2018;
9. AND WHEREAS Council addressed this issue in the 2019 operating budget, recognizing that the magnitude and impact of this complex problem requires short, mid-term and long-term solutions with challenging economic forecasts anticipated to continue over the next three years of the Business Planning Cycle;

10. AND WHEREAS when Council approved the One Calgary 2019 – 2022 Service Plans and Budget (One Calgary) on November 30, 2018, further direction was provided by Council to Administration to undertake a comprehensive “Line of Service Review” (LOSR) to closely examine the 61 lines of service in which Administration advised that such a LOSR will take a minimum of 18 months;
11. AND WHEREAS it is important to acknowledge that during the 2015-2018 period in dealing with the economic downturn, City Administration through intentional management of the operating budget identified and realized \$614 million in cost savings and efficiencies, and further, leading into the One Calgary Budget, an additional \$40 million in efficiencies were incorporated, with a further \$16.5 million in salary and wage reductions realized for 2019;
12. AND WHEREAS during One Calgary budget deliberations, although not directed by Council, Administration also committed to finding an additional \$60 million total in efficiencies and budget reductions within the remaining 2020 – 2022 cycle;
13. AND WHEREAS salaries for management exempt staff were frozen in 2018 and 2019, while in 2017 the exempt salary ranges were frozen so those at the top of the range had a salary freeze, while Council has been advised that The City does not have the authority, nor has it been granted by the Province of Alberta, to roll back wages and salaries of unionized employees as a mechanism to reduce the operating budget and ultimately the tax burden;
14. AND WHEREAS City Administration has requested that Council provide it with clear direction for the remaining three years of the Business Planning Cycle;
15. AND WHEREAS the intent of this Notice of Motion is to direct Administration to identify additional operating cost reductions for Council to implement immediately to provide immediate tax relief to Calgary businesses that drive the Calgary economy and make this a world-class city;

NOW THEREFORE BE IT RESOLVED that:

1. Council reconsider and rescind its motion on May 27, 2019 “That Council direct Administration to commit \$70.9 million of one time funding (\$44 million from the Fiscal Stability Reserve and \$26.9 million within the Budget Savings Account) for strategies related to short term mitigation measures or potential long term solutions for business in Calgary, to be determined through the work of the Financial Task Force (to be formed once the Terms of Reference are approved) and/or the working group, with options to be recommended to Council through Priorities and Finance Committee no later than November 2019”;
2. Administration identify permanent budget reductions of \$60 million for the 2019 tax year and report back to Council, no later than July 31, 2019, with the details of the proposed reductions for approval, which may include, but are not limited to, reductions and/or the elimination of programs, services and staffing positions;
3. Administration implement a 2019 Phased Tax Program (PTP), in a manner consistent with 2018, using the \$70.9 million as identified in 1 above and the \$60 million as identified in 2 above as an immediate credit to non-residential property tax accounts. This combined amount of \$130.9 million (one-time) will result in capping non-residential tax changes at -10.0% for 2019 (excluding increases as a result of non-market changes like property upgrades and expansions), on a basis proportional to the non-residential tax accounts’ increases above the previous year, and before business tax consolidation impacts (approximately 4.2% increase);
4. Administration to make available to the eligible non-residential property owner the impact of the 2019 PTP on or before June 28, 2019 on a best effort basis. Administration will ensure eligible PTP participants will see the monthly amount adjusted no later than August 1, 2019, and payment for any remaining qualifying accounts with an outstanding credit balance will be made no later than July 31, 2019;
5. Administration be directed to use the \$60 million in 2019 permanent savings as identified in 2 above to reduce the non-residential tax rate impact for 2020 and beyond to achieve a shift from the non-residential assessment base to the residential base.

6. Council requests the Mayor to send a letter to our partners in the provincial government requesting to engage in discussions regarding assessment reform.





Report Number: C2019-0783

Meeting: Special Meeting of Council

Meeting Date: 2019 June 10

## NOTICE OF MOTION

### RE: EMERGENCY ACTION FOR BUDGET REDUCTIONS AND TAX RELIEF

**Sponsoring Council Member(s):** JEROMY FARKAS

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BE IT RESOLVED THAT Council leads by example in reducing expenses by adopting a 15% reduction (and subsequent freeze) in their respective office expense accounts for the duration of the One Calgary 2019 – 2022 Service Plans and Budget;

FURTHER BE IT RESOLVED THAT Council further leads by example and reconsiders its decision on January 14, 2019 (Council Member Remuneration Calculation - C2019-0058) and:

1. immediately adopts a 7.5% reduction in base yearly pay, with no further increases to be permitted until the 2021 Council term (or such a time that an increase is recommended by an independent citizen committee);
2. immediately freezes the Elected Officials Pension Plan and Supplementary Pension Plan for Elected Officials, with benefits accrued to date to be honoured, but not grow based on increases in salary or future contributions, until the 2021 Council term (or such a time that a change to the plans or resumption is recommended by an independent citizen committee);

FURTHER BE IT RESOLVED THAT Council requests Management Exempt Staff to voluntarily accept a 5% reduction in base pay;

FURTHER BE IT RESOLVED THAT Council requests each bargaining unit to voluntarily accept a 2.5% reduction in base pay;

FURTHER BE IT RESOLVED THAT Council takes emergency action for budget reductions and tax relief for Calgary businesses and:

1. withdraws \$50 million from the Opportunity Calgary Investment Fund;
2. reconsiders its decision on May 27, 2019 (PFC2019-0590) regarding the use of the \$70.9 million (\$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), for “strategies related to short term mitigation measures or potential long term solutions for businesses in Calgary”;
3. directs Administration to prepare a package of \$35 million in budget reductions and deferred spending applicable to the 2019 budget year, for debate and adoption no later than the July 29<sup>th</sup> Combined Meeting of Council;
4. directs Administration to pool the sum of 1, 2, and 3, and apply up to \$155.9 million as a credit to non-residential property tax accounts, capping assessment-related tax increases at -10% for 2019, on a basis proportional to the non-residential tax accounts’ increases above the previous year (not related to property upgrades and expansions) by June 28, 2019; and
5. directs Administration to commit the remaining funds for property tax relief as may be determined by Council at a later time.

FURTHER BE IT RESOLVED THAT Council directs Administration to engage every City employee through a survey, for their cost savings ideas to be compiled and presented verbatim to Council for consideration no later than the July 29<sup>th</sup> Combined Meeting of Council;

LASTLY BE IT RESOLVED THAT Council commits to seeking further long-term budget reductions for the benefit of both residential and non-residential property tax accounts, as part of the One Calgary 2019-2022 Service Plans revisions in November 2019.