

Calgary



## **COVID-19: Corporate Response Update and 2020 Property Tax Related Bylaws C2020-0382**

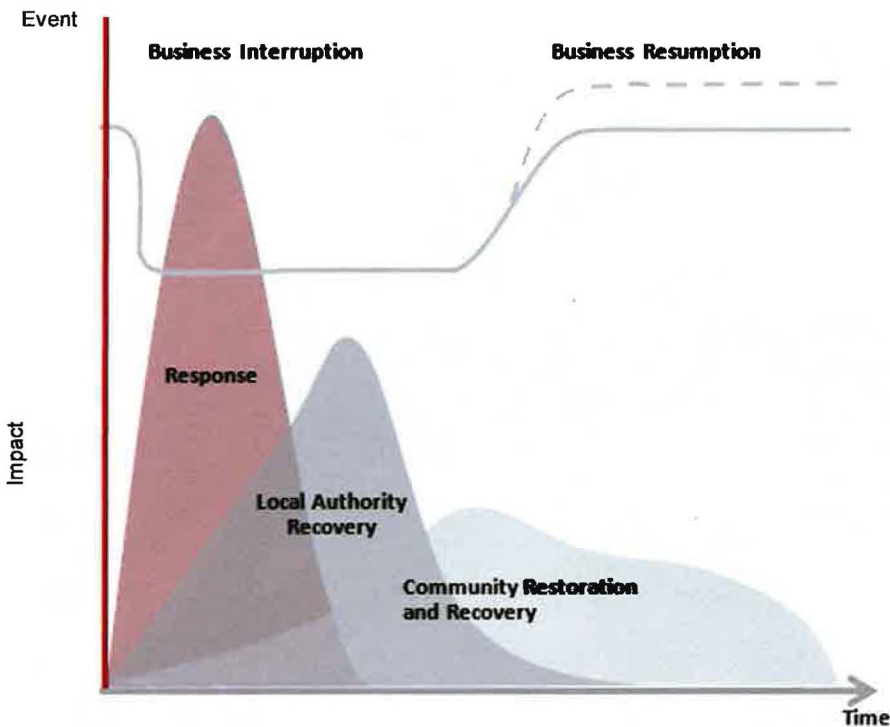
**- Update to Audit Committee**

2020 April 20



# Context and Purpose

COMPREHENSIVE EMERGENCY MANAGEMENT MODEL



- City Response and what we are watching
- Service impacts
- Budget impacts
- Financial Capacity

Decisions required in the response phase

Bringing forward recommendations (2020 April 6)

- Property tax bylaws for 2020
- Penalty delay for property tax



“The citizen would like to send kudos to all the front line staff of Calgary. You do great work. Stay healthy”



COVID-19 - Support for individuals

The City of Calgary has partners and services available to support the COVID-19 pandemic. We work together to ensure community organizations and other services.

<p><b>Government information</b></p> <p>Learn more about the financial supports offered by the province and federal government to assist you. The City programs and services will continue.</p>	<p><b>Social supports</b></p> <p>Learn more about the community agencies, support services and City programs available.</p>	<p><b>Access to food</b></p> <p>Find access to food.</p>
<p><b>Community partners</b></p> <p>Learn about some of our community partners.</p>	<p><b>Neighbours helping neighbours</b></p> <p>Get support and connect to other people who are kind enough to support your neighbour, community and the city of Calgary.</p>	



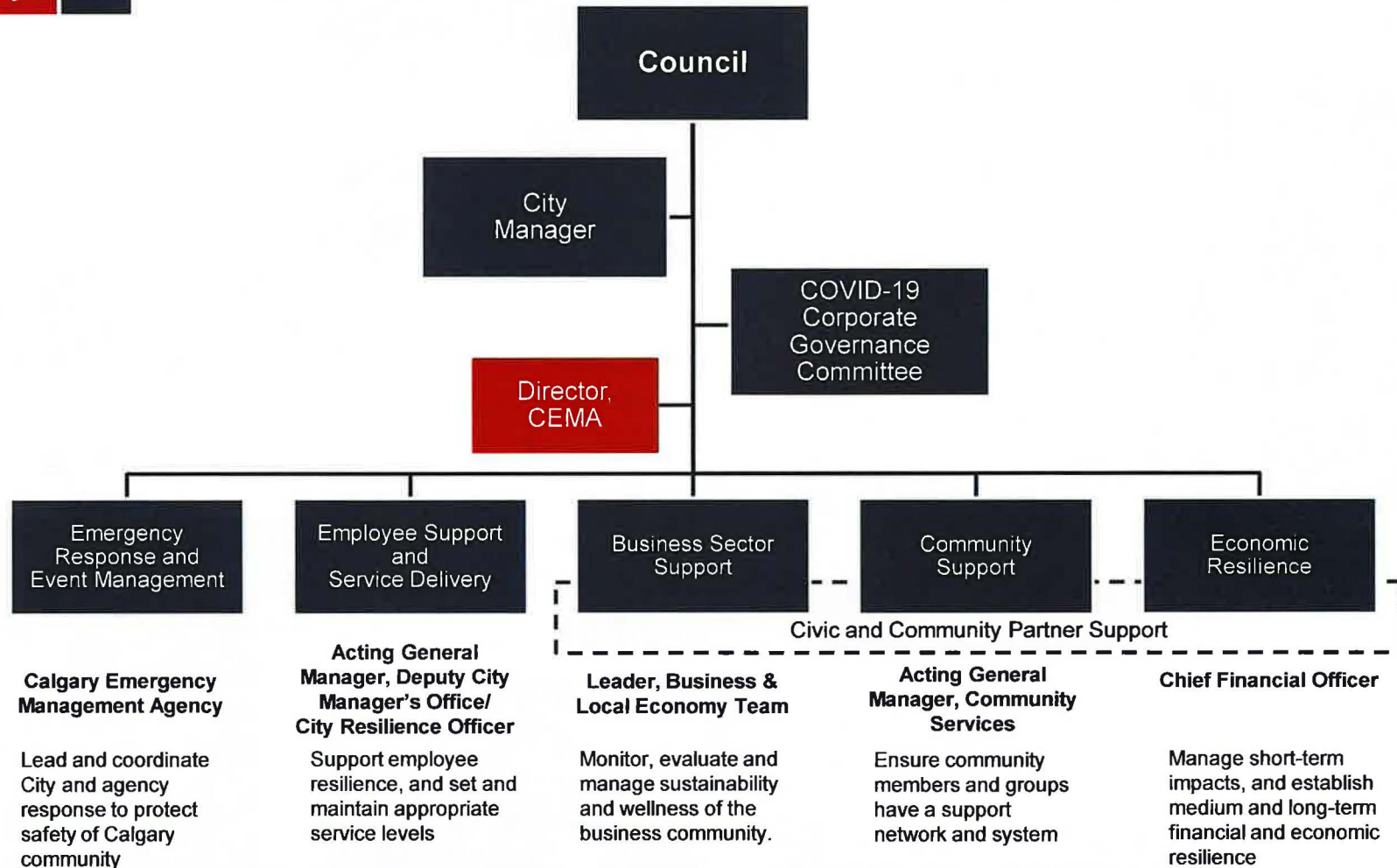
**Skatepark closed**  
To help limit the spread of COVID-19, this skatepark has been closed until further notice.



Please visit [calgary.ca/covid19](http://calgary.ca/covid19) for more information.



# COVID-19 City of Calgary Governance



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# City Financial Support for Residents and Businesses



## How the Utility Payment Delay Works

Customers call 310-2010 and advise that they are challenged with paying their bill. They are advised that the following options are available to them:

- Payment deferral for three months;
- Payment plans to spread what you pay over the month. For example, making two or more smaller payments; and
- Extended payment dates so you can pay later in the month.

Customers are encouraged to pay what they comfortably can during this time to avoid larger bills later.

A lock has been placed on all accounts to ensure there are no late fees or penalties.



## Water Utility Payment Delay – Example

Date	Billed Amount	Amount Paid	Delayed Payment Balance
March 23, 2020	\$115.43	\$115.43	\$0
April 23, 2020	\$115.43	\$0	\$115.43
May 23, 2020	\$115.43	\$0	\$230.86
June 23, 2020	\$115.43	\$0	\$346.29
July 23, 2020	\$115.43	\$173.15	\$288.57
August 23, 2020	\$115.43	\$173.15	\$230.86
September 23, 2020	\$115.43	\$173.15	\$173.15
October 23, 2020	\$115.43	\$173.15	\$115.43
November 23, 2020	\$115.43	\$173.15	\$57.72
December 23, 2020	\$115.43	\$173.15	\$0

The above is based on a typical residential customer billing excluding seasonal fluctuation and assuming payment installment of April to June over 6 months



# BIA Levy Payment Delay and Penalty Cancellation to 2020 June 30

As at 2020 March 25

BIA	Accounts Billed	Original \$ Billed	Accounts Paid	\$ Paid	Accounts Outstanding	\$ Outstanding*	BTIPP*
4th Street SW	216	\$291,682	67	\$104,214	149	\$187,468	83
Inglewood	212	\$324,519	59	\$99,314	153	\$225,205	85
Beltline	391	\$399,805	202	\$133,886	189	\$265,919	1
Mainstreet Bowness	56	\$51,151	14	\$14,812	42	\$36,339	26
Bridgeland	137	\$100,630	70	\$54,025	67	\$46,604	0
Chinatown	333	\$195,830	83	\$85,989	250	\$109,842	184
Crescent Heights	111	\$120,017	50	\$65,482	61	\$54,535	1
Calgary Downtown Association	2,469	\$1,853,835	1,265	\$1,115,917	1,204	\$737,918	559
Greenview Industrial	290	\$52,387	94	\$17,737	196	\$34,649	107
International Avenue	409	\$298,396	146	\$144,879	263	\$153,518	143
Kensington	253	\$268,166	64	\$96,929	189	\$171,237	97
Marda Loop	147	\$227,787	37	\$82,414	110	\$145,373	71
Montgomery	115	\$71,116	44	\$29,153	71	\$41,963	42
17th Avenue Retail & Entertainment District	702	\$614,293	135	\$253,299	567	\$360,994	135
Victoria Park	321	\$477,598	116	\$265,981	205	\$211,617	119
	6,162	\$5,347,211	2,446	\$2,564,030	3,716	\$2,783,181	1,653

\* BTIPP represents the number of accounts within a BIA that pay their BIA taxes in monthly instalments. These accounts would not attract penalties while they are making monthly payments. A portion of the \$ outstanding relate to monthly amounts that have not yet been received through TIPP payments and would not attract penalties. The total "lump sum" payments currently outstanding are approximately \$1,436,515 which, if left unpaid at April 1 would attract a penalty of approximately \$100,000.





## Potential City Responses Under Analysis for Further Consideration (not a comprehensive list)

Community Support	Business Support	Economic Resilience	Other
Partner Programs – utilities, operational bridge funding	Permit Fee relief and Business Licensing fees/renewals	Timely payment incentive programs	Leasing deferral program
Establish or enhance grant programs for partners	Flexibility regarding partial/temporary occupancy permits	Orderly business recovery program	Rent deferral or relief
Relax partner obligations for reporting	Relaxing requirements for BP/DP extension of commencement	Program to support transition to the new economy	Employee supports
Relief for affordable housing properties under construction	Off-site Levy payment deferral	Investments to support innovation & competitiveness in the “next normal”	Late payment & other fee relief
	Support for Taxi, Limousine & VFH		Multi-Residential PTP relief
others	others	others	others



# Government Relations and Advocacy





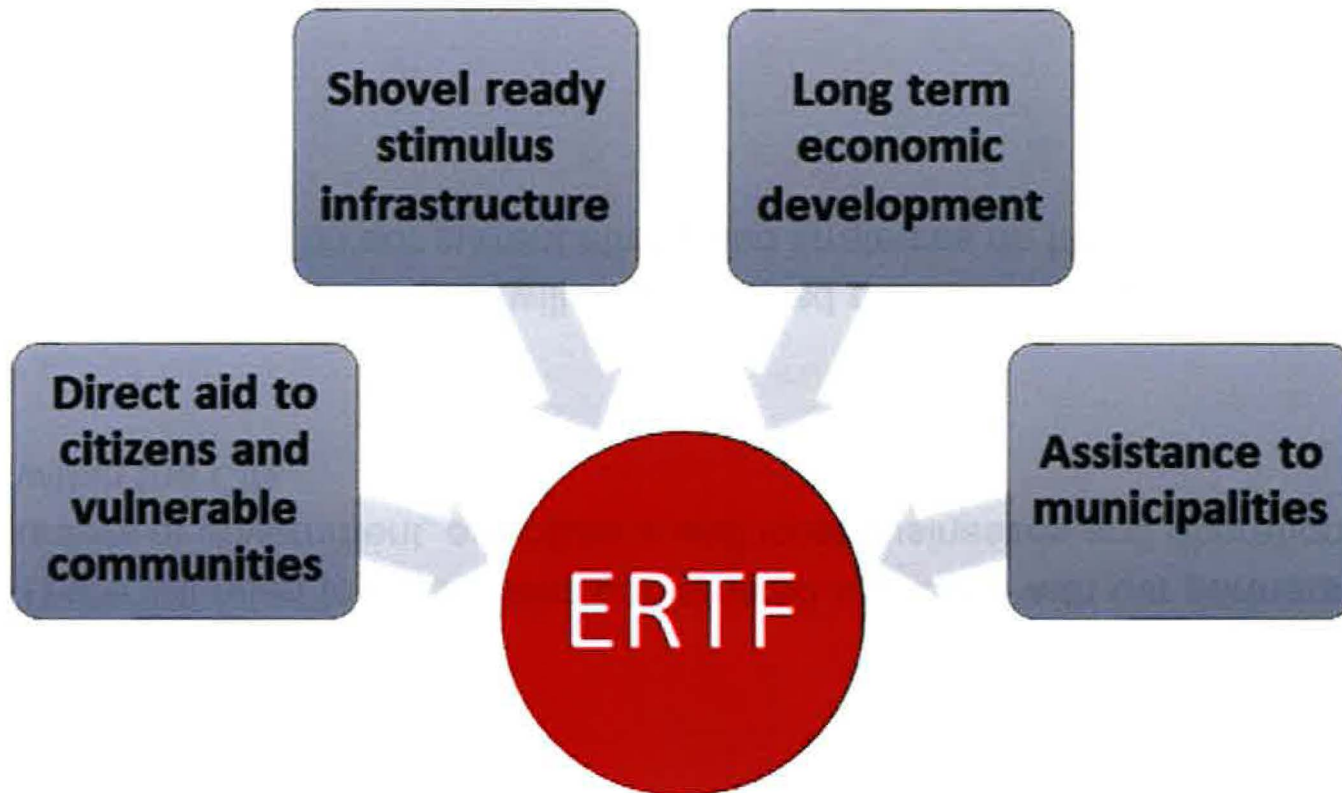
## Coordinated Government Policy Response

There will need to be a scaled coordinated approach with our partners, other orders of government, our citizens and local businesses and operations within the City.

Monitoring and strategies will be developed on short, medium and long-term basis, building on our current efforts and strategies on financial sustainability.



## Economic Resilience Task Force - Priorities



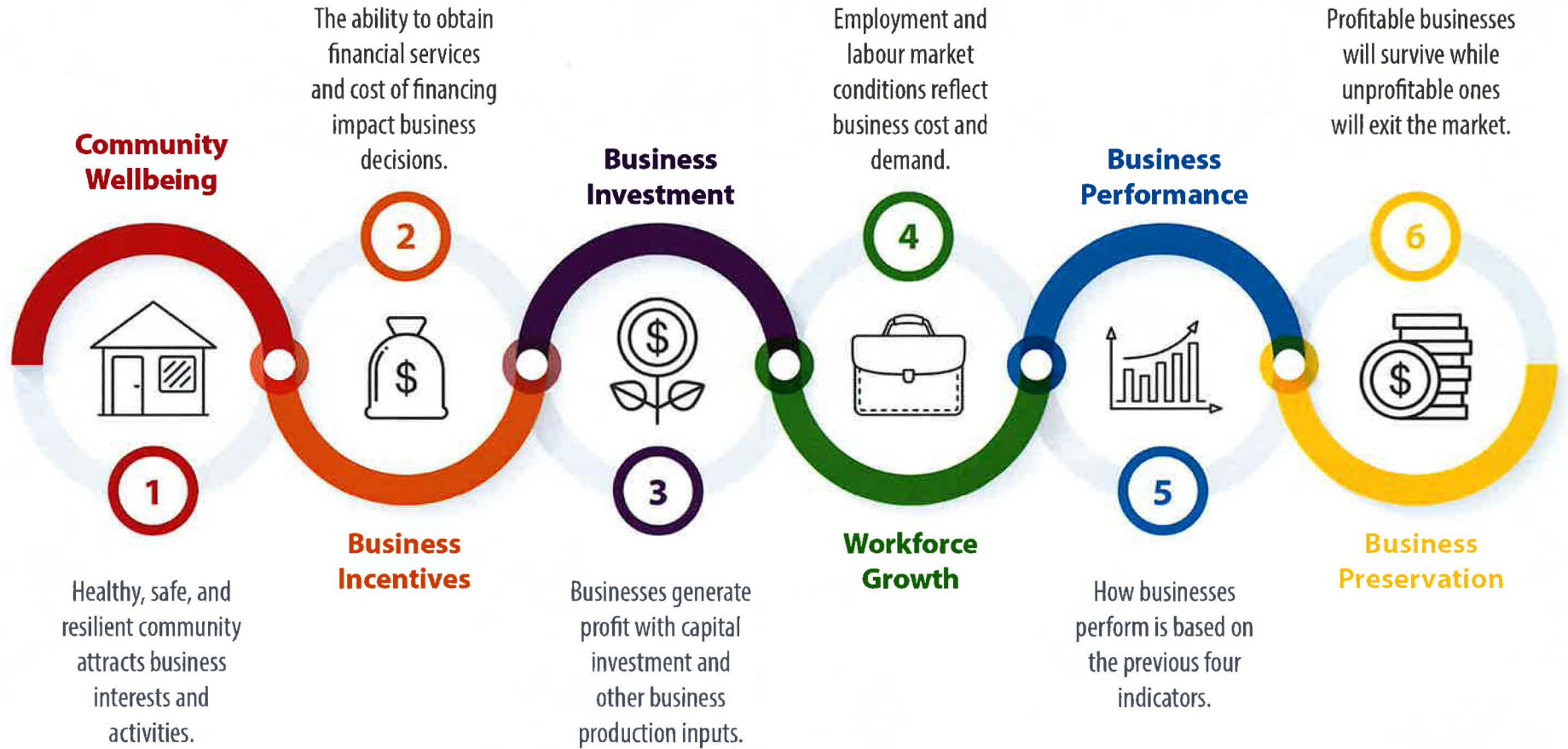
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## What We Are Watching - Economic



# Framework for Economic Monitoring





# Results Before COVID-19 Crisis

## Community Wellbeing



### STRIVING

Calgary's poverty rate and health indicators are better than the national average. For most of the past two decades, Calgary's crime severity was lower than the national average. But that changed beginning in 2015. Total crime incidence and the crime rate per 100,000 population in Calgary have both increased since 2015.



## Business Incentives

### STEADY

Overall, lending conditions in Canada remained steady. The value of loan disbursements continued to increase, as suppliers lent more to businesses of all sizes, particularly large businesses. The Bank of Canada's overnight interest rate is still at historical lows despite recent rate increases.



## Business Investment

### SUBDUED

The market size and demand for business investment will continue to grow at a moderate rate, supported by the population and employment growth in Calgary. Commercial and multi-family development should remain subdued due to high inventories and vacancies.



## Workforce Growth

### SLOW

Calgary's unemployment rate remains elevated as job growth has been moderate. Calgary faces challenging transition and market volatility as goods-producing sector job seekers move out and services-producing sector job seekers move in. Potential short-term skills shortage from this transition will affect the local economy.



## Business Performance

### SUPPRESSED

Calgary's downtown office vacancy rate remains elevated, though down slightly from the record high at Q4 2017. About 78% of Alberta small businesses in construction industry reported as profitable in 2016, with an average net profit margin at 4%.



## Business Preservation

### STABLE

The number of new businesses opening each year in the city of Calgary has been decreasing since 2014, down 15% in 2018 compared to four years ago. The rates of bankruptcies and insolvencies per 1,000 businesses have been relatively stable, while the total numbers of business bankruptcies has risen slightly in Calgary.



## 2019-2022 Service Plan Impacts Known to Date





## Financial/Economic Lens



### The City's Ongoing Strategies

- Calgary's Comeback
- One Calgary
- Tax Shift
- Financial Sustainability

### The City's COVID Response

- Maintain essential services
- Modify service delivery
- Monitor revenue impacts and incremental expenditures



## Backdrop of Recession Recovery

**Short, medium and long term strategies needed for citizens, businesses and the municipalities**

COVID 19 pandemic are compounding the current stresses and shocks including:

- The sustained economic recovery efforts
- Calgary's Comeback
- Downtown strategy
- Tax shift
- World oil markets

Additional COVID 19 stresses and shocks:

- Global recession
- Further declines in commodity prices
- TSX steep declines
- Multiple reductions in the Bank of Canada rate
- Local, national and international travel bans
- Supply chain disruptions, work restrictions
- Overall changing demand for services

**Ongoing service demand will be monitored closely and with it the related financial impacts**



## What we are watching – Our Community





## Monitoring Service Impacts

A number of factors are creating challenges with service delivery:

- Workforce availability
- Service demand changes
- Compliance with Public Health Orders (social distancing etc.)
- Compliance with other ministerial orders

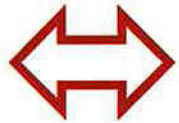
Understanding service impacts is important for effective management of:

- The emergency period
- Recovery
- Adjustment of our plans and budgets for 2020-2022

## Impact of COVID-19 on Demand

Demand

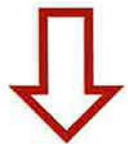
# of Business Units



24

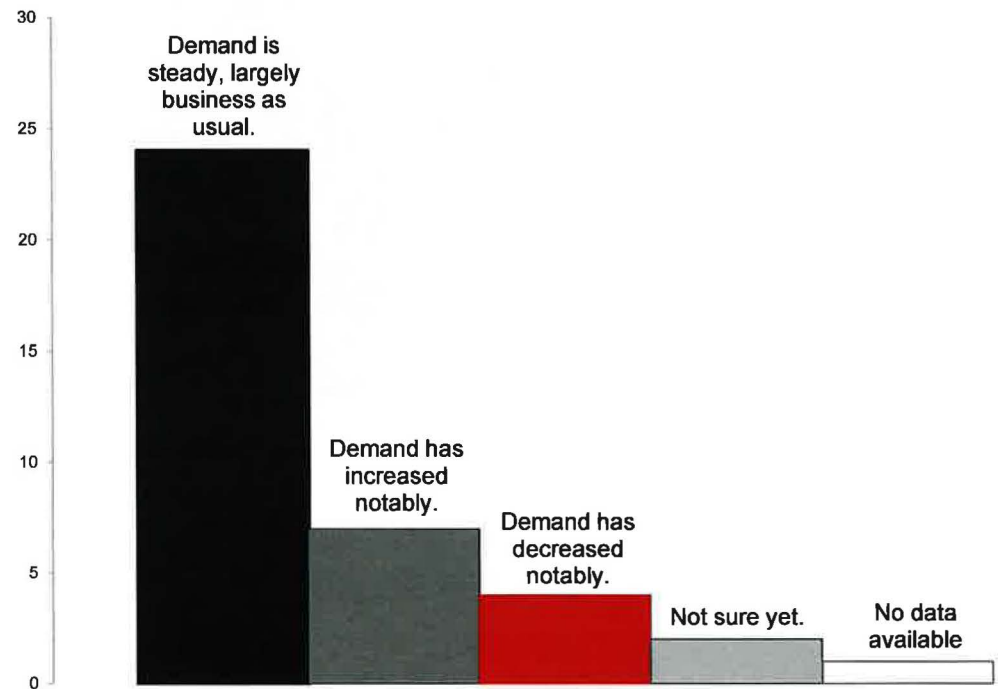


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What impact have you seen on the current demand for your service?





# Current Service Impacts

## Severe impacts

- **Recreation**
  - Amenity closures - No access to publicly funded recreation opportunities and arts and cultural opportunities for Calgarians.
- **Transit**
  - 90% reduction in C-Train ridership
  - 70% reduction in key bus route and MAX ridership
  - 90% reduction in Calgary Transit Access trips

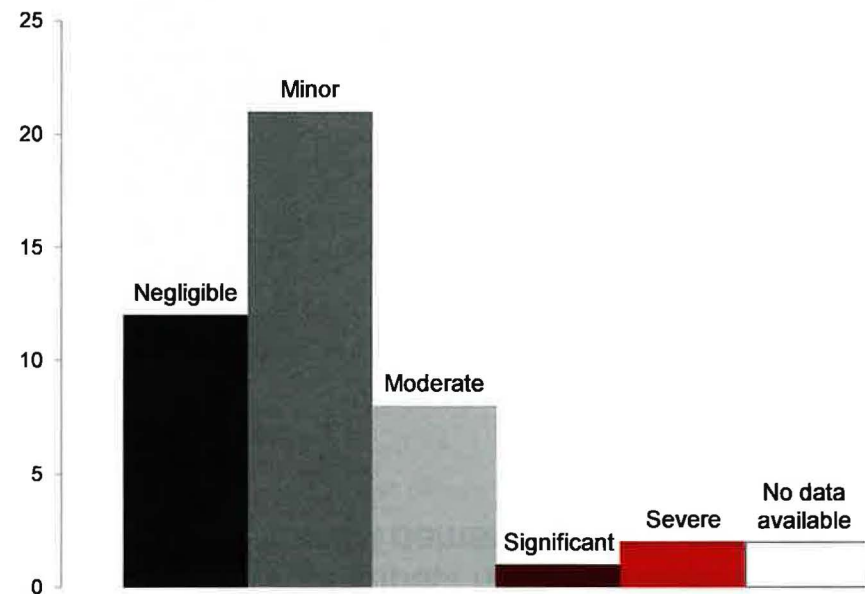
## Significant Impact

- **Calgary Emergency Management Agency**
  - Increased demand for services

## Other

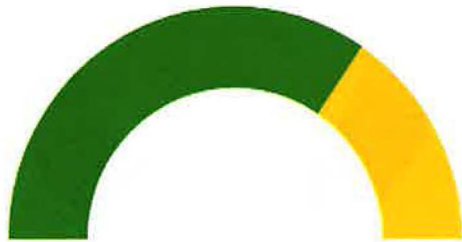
- **Calgary Neighborhoods**
  - Increased demand for new and enhanced response services

Impact on Service by Business Unit



# Impact of COVID-19 on Approved Performance Measures

Before COVID-19



- Performing as planned
- Underperforming

Estimated Impact of COVID-19 on Current Performance



- Improved
- Stayed the same
- Worsened
- Not sure yet
- No data available

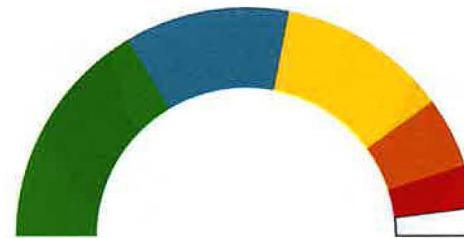
# Impact of COVID-19 on One Calgary Strategies

Before COVID-19



- Progressing as planned
- Emerging Challenges
- Challenges Materialized
- Not Started

Estimated Impact of COVID-19 on One Calgary Strategies



- Negligible
- Minor
- Moderate
- Significant
- Severe
- No data available



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## 2019-2022 Budget Impacts Known to Date



## Risk Areas – Revenues

Potential impacts and timing vary

### Immediate Term

- Recreation Centres – ongoing closure to comply with public health orders
- Transit – ridership down 80+%
- Planning and development – considering fees waived or deferred
- Police fine revenue
- Rent and lease payments (RE&DS, CHC)

### Medium Term (4-8 months)

- Property Tax and Business Improvement Area Levy – deferral programs, taxpayer cashflow and ability to pay
- Transit – lower ridership may persist
- Utilities – lost revenue due to closures, payment delays, ability to pay
- Investment income – payment delays cashflow (if approved)
- Planning & Development - considering deferring or waiving certain fees

### Long Term (potentially ongoing)

- Property Tax and Business Improvement Area Levy – ability to pay
- Investment income – market volatility, economic conditions, balance in reserves
- Franchise Fees – commodity prices, usage
- Pace of growth and development



## Risk Areas – Expenditures

Potential impacts and timing vary

### Immediate Term

- Salary and Wages - S&A, continuity pay, OT/on-call
- Supplies, enhanced cleaning, etc.
- Investments to support remote work & distancing

### Medium Term (4-8 months)

- Service Levels and Staffing impacts
- Investments to support working remotely
- Pension plan impacts

### Long Term (potentially ongoing)

- Citizen expectations and affordability
- Levels of Service
- Ongoing Staffing impacts
- Pension plan impacts



## Risk Areas – Non-Profit Organizations

### Partners are critical to the community and social wellbeing

While some partners have been impacted by program and facility closures, others are seeing an increased demand for their services and programs as a response to COVID-19

#### Partner Resource Pressures

- Traditional revenue losses such as rentals and food and beverage sales
- Decrease in volunteers availability and community fundraising
- Continued expenditures (utilities, insurances, other non-negotiable expenses)
- For capital maintenance (specific to housing at this time)
- For support with supplies and supply chain disruptions

#### Increased Service Demand for Partners Engaged in the Response

- A significant increase on community partners providing basic needs such as access to food
- A significant increase in demand for innovative ways to deliver programs and services that reduce social isolation during the pandemic such as enhancing telephone counseling capacity

#### Longer Term Sustainability

- Part of a critical continuum of citizen care and service
- Sustainability and viability if funding or resources cannot be sourced



## Overall Impact To Date

Current financial pressures with immediate impact are as follow:

- Transit revenue loss due to low ridership \$10-12M per month
- Recreation facility closures revenue loss \$3M per month
- Water Utility revenue loss \$3-4M per month
- Police – court fine revenue due to low traffic volumes
- Staff costs related to overtime, S&A, pay continuity, lower demand
- Very limited areas where expenditures are reducing

**Worsening economic conditions, and payment delay (utilities, WRS, property tax (TBC)) can result in lower ability to pay and higher risk of not collecting**



## Risks to City Revenue

No.	Revenue Stream	Original 2020 Budget	Outlook-Direction	Comments
1	Tax – Property Tax	\$1,922M	Lower	Less significant
2	User Fee - Transit	\$170M	Lower	Very significant
3	User Fee - Recreation	\$46M	Lower	Very significant
4	User Fee – Waste & Recycling	\$135M	Lower	Less significant
5	User Fee – Water Services	\$810M	Lower	TBC
6	User Fee – Planning & Development	\$75M	Lower	Very significant
7	Regulatory charge – Franchise Fees	\$243M	Lower	Moderately significant
8	Regulatory charge – Off site Levy	\$145M	Lower	Very significant
9	Investment Income	\$76M	Lower	Less significant
10	Returns from CPA	\$14M	Lower	TBC

Lower – City will receive less monies

Less significant – Revenue Change would be <10% (less than 10%)

Moderately significant – Could be as much as 20%

Very significant – Could exceed 20%



## Risks to City Expenditures

No.	Type	Original 2020 Budget	Outlook-Direction	Magnitude of Change
1	Salaries and wages:	\$1,855M		Moderately Significant
1a	Salaries and wages - overtime		Higher	Currently analyzing
1b	Salaries and wages – lower demand		TBC	Some decisions to date
1c	Salaries and wages – pay continuity		TBC	Child care coverage
1d	Salaries and wages – S&A over budget		TBC	
2	Commodity prices (fuel, oil, utilities)	\$165M	Lower	Less significant
3	Additional community services		Higher	Costs to be confirmed
4	Operational closures		TBC	Depends on scope of closures
5	Partner impacts	\$112M	Higher	See slide 21
6	Supplies	\$360M	Unknown	Higher COVID supplies, potential offset for other supplies



## Preliminary Impacts: March 12 - April 2

### Revenue

	\$ million	
Police	3.8	Court fine revenue due to minimal traffic volumes; third party funded programs such as ALERT
REDS	4.5	Property sale transactions have fallen through and are reported as revenue loss (one-time) since the business unit may not be able to meet its budgeted land sales target
Recreation	1.5	Closure of Recreation facilities
Transit	1.2	Loss in transit revenue recorded until end of April 2nd. Increased loss will be observed in April
Planning	2.5	Loss in permit revenue (most significantly Building Permit revenue)
	13.6	Total: March 12 - April 2

### Incremental Expenses

	\$ million	
Overtime	2.6	Variety of units, reporting frequency: weekly
Supplies	4.0	Mainly IT equipment, Pandemic and Facilities cleaning
	6.6	Total: March 12 - April 2





## Preliminary Impacts: March 12 - April 2

### Productivity Lost

	\$ million	
S&A	4.0	
Pay Continuity	0.5	Child care with school and day care closures, ended Mar 31
Redirected Staff (COVID response)	8.0	Recreation: \$1.7M closed Recreation Facilities, HR: \$1.1M, IT: \$1.7M, Parks \$0.4M, CEMA \$0.3M, CN \$0.3M, All other \$2.5M
	12.5	Total: March 12 – April 2

### Savings

	\$ million	
Police	0.2	Fuel, training and travel
Transit	1.0	Calgary Transit Access trips being reduced significantly that were provided by contracted services
Recreation	0.3	On call staff not reporting for work
	1.7	Total: March 12 – April 2 (including other)



## Overall Impacts Depend on Length of Response

	Approved Budget	1 month Impact	2 month impact	3 month impact
Approved 2020 expenditures	\$4.1B	To be determined		
Property Tax revenues	\$1.9B	Assume full collection, payment delay recommended		
Other Revenues*	\$2.2B	(\$25-30M)	(\$45-55M)	(\$65-80M)

\* Does not include investment income

### Impacts:

- Reductions in Other Revenues puts pressure on reserves & taxes
- Cost adjustments do not fully offset
  - Cost adjustments are slower
  - Some service continuity is required
- Balance needs of citizens for continued/added service with citizens' affordability
- Managing expenditures is a primary relief valve if support from other orders of government is not available
- Administration is currently building scenarios to understand options

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## Capital Budget Monitoring



## Corporate Capital Prioritization

Infrastructure Calgary is collecting information on The City's capital portfolio and evaluating investments against the following criteria:

- Pandemic related critical service delivery (Critical Infrastructure)
- Health & Safety Risk
- Business Continuity
- Medium-term asset failure risk (Critical Asset Risk Mitigation)
- Contractual Obligations & Job Losses

This information will assist with determining which non-essential investments could be paused, if required.

No investments have been paused to date.



## Capital Investment Pressures

- The City is already experiencing challenges with capital delivery and anticipates this to continue as a result of:
  - Workforce availability
  - Resource constraints (materials and equipment)
  - Procurement delays
- Identifying investments that could be paused, if needed, will help ensure critical services such as Emergency Management & Business Continuity and Fire & Emergency Response can access the required resources.
- Prioritizing the capital portfolio will enable The City to adapt and respond quickly as the environment changes.

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## Financial Capacity

### Reserves, Debt and Liquidity



## Reserve, Debt and Investment Impacts

Reserves	Debt	Investments
<p>Consolidated balance that is forecasted to be approximately \$2.6 billion. Nearly all are restricted in their use.</p> <p>Operating \$602,803 Capital \$1,420,922 Sustainment \$689,550</p>	<p>Lowered interest rates could increase City borrowing capacity for new debt issuances</p>	<p>Investment portfolio – down since December 2019 on a mark to market basis. Losses realize when investments are sold. Currently analyzing variance from cost</p>
<p>FSR uncommitted balance anticipated at \$129 million including 2019 year end surplus</p>	<p>While liquidity has lessened it has not become an issue as of yet. However if the market continues to suffer that could be a concern which potentially impact cost of borrowing</p>	<p>10% of investments are exposed to equity stock market. As equity markets have declined, so have interest rates and bond yields meaning other aspects of the portfolio have seen market gains</p>
<p>Reserve restrictions are Council directed, Council can change those restrictions</p>		<p>The City is a well-diversified, long-term investor so equity market volatility is part of what we expect. The remaining 90% is earning stable positive returns</p>



## Reserves – Corporate Summary of Uncommitted

	2019 balance (000's)	Uncommitted (000's)	Comments
Fiscal Stability Reserve	\$536M	\$129M	5% minimum maintained at \$170M Flood commitment \$81M
ENMAX Dividend Stabilization Reserve	\$15M	\$15M	Not recommended as some countries have seen electricity demand down by up to 20%
Reserve for Future Capital	\$357M	\$51M	Contingency/emergency funding and 2019 favorable variance for Franchise Fees
Debt Servicing Reserve	\$53M	\$53M	Base minimum still available
Lifecycle Mtc & Upgrade	\$246M	\$22M	Transfer from the Debt Servicing Reserve - funding above the minimum balance not required for Principal & Interest
Budget Savings Account	\$91M	\$23M	





## Investments – Why do we have the Funds?

The City does not hold free funds to invest on a speculative basis

Investments are committed for the following reasons:

- **Reserves:** operating, capital and sustainment
- **Capital Deposits:** off-site levies and government grants
- **Funded Employee Benefit Obligations (EBO)**
- **General Operations**
- **Other:** trusts and affiliated entities



## The City's Investment Portfolio (000's)

	2019	2018
<b>Internal Management</b>		
<b>Working Capital **</b>	815	1,611
<b>External Management</b>		
<b>Short-Term Bonds **</b>	1,634	1,113
<b>Long-Term Bonds</b>	1,487	1,198
<b>Equities</b>	459	312
<b>Infrastructure</b>	171	87
<b>FX Overlay</b>	18	2
<b>Total Assets Under Management</b>	<b>4,584</b>	<b>4,323</b>

\*\* indicates portfolios that could be liquidated more quickly

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## Responses From Other Orders of Government



## Federal Policy Response Package

	Measure	Beneficiaries	2020-2021 Cost/Impact	Timing	Authority Required
1.	Fiscal Policy – Income Support Measures	Mostly Households	\$27.4 billion	Various (below)	Various (below)
1a	Emergency Care Benefit	Households	Up to \$10 billion	Early April	Royal Assent
1b	Emergency Support Benefit	Households	Up to \$5 billion	Early April	Royal Assent
1c	GST Credit	Households/ Businesses	\$5.5 billion	By Early May	Royal Assent
1d	Enhanced Canada Child Benefit	Households	\$1.9 billion	May	Royal Assent
1e	Temporary Business Wage Subsidy	Households/ Businesses	\$3.8 billion	Immediately after legislation	Federal Legislation
1f	Canada Student Loan Payments	Households	\$190 million	Early April	Royal Assent
1g	Support for Indigenous Communities	Households	\$305 million	April	Royal Assent
1h	Support for people experiencing homelessness (through Reaching Home)	Households	\$157.5 million	April	Royal Assent
1i	Support for women’s shelters and sexual assault centres including on reserve	Households	\$50 million	April	Royal Assent
1j	Lower Registered Retirement Income Fund Minimum Withdrawal Amounts	Households	\$495 million	Immediately after legislation	Federal Legislation
2.	Fiscal Policy – Flexibility for individual and corporate taxpayers (tax payment deferral until September)	Households/ Businesses	\$55 billion	Immediately	Existing Authority
3.	Monetary Policy – Business Credit Availability Program (BCAP) through BDC and EDC – Largely Targeted at Small and Medium-sized businesses	Businesses	\$10 billion +	Immediately	Existing Authority
4.	Monetary Policy – Credit and liquidity support through financial Crown corporations, Bank of Canada, OSFI, CMHC and commercial lenders (e.g., Domestic Stability Buffer, Insured Mortgage Purchase Program, Banker’s Acceptance Purchase Facility)	Households, Businesses	In the range of \$500 billion	Immediately	Existing Authority



# Provincial Policy Response Package

	Measure	Beneficiaries	2020-2021 Cost/Impact	Timing
<b>1.</b>	<b>Additional Existing Funding</b>		\$560 million	
<b>1a</b>	Seniors and Vulnerable Groups	Households	\$60 million	Immediately
<b>1b</b>	Health Care	Households	\$500 million	Throughout 2020-21 fiscal
<b>2.</b>	<b>Support Targeting Households and Businesses</b>		>\$105 million	
<b>2a</b>	Emergency Isolation Support (one time \$1,146 if no income)	Households	\$50 million	April
<b>2b</b>	Utility Payment Deferral (for 90 days) and no disconnections	Households/ Businesses	N/A	March-June 2020
<b>2c</b>	Alberta Student Loans (6-month interest-free moratorium)	Households	N/A	Immediately
<b>2d</b>	ATB Financial (6-month deferral on loans, lines of credit, mortgages)	Households/ Businesses	N/A	Immediately
<b>2e</b>	Education property tax freeze (reversing a 3.4 per cent increase)	Households	\$55 million	June
<b>2f</b>	Job protected leave for employees (up to 14 days)	Households	N/A	Immediately
<b>3.</b>	<b>Support Targeting Businesses</b>		\$1.85 billion	
<b>3a</b>	Provincial Corporate Income Tax Deferral (until August 31, 2020)	Businesses	\$1.5 billion	March-August 2020
<b>3b</b>	WCB Premium Payment Deferral (with Alberta Government covering 50 per cent of 2020 WCB premiums for small/medium businesses)	Businesses	\$350 million	Immediately to 2021
<b>4.</b>	<b>Support Targeting the Energy Sector</b>		\$>213 million	
<b>4a</b>	Funding the Alberta Energy Regulator Levy for 6 months	Businesses	\$113 million	March-September 2020
<b>4b</b>	1-year extension for mineral agreements expiring in 2020	Businesses	N/A	2020-2021
<b>4c</b>	Orphan Well Association loan (announced March 2, 2020)	Businesses	\$100 million	Throughout 2020-21 fiscal

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# Municipal Property Tax Payment Delay Recommendation



## Property Tax Distribution – Estimated 2020

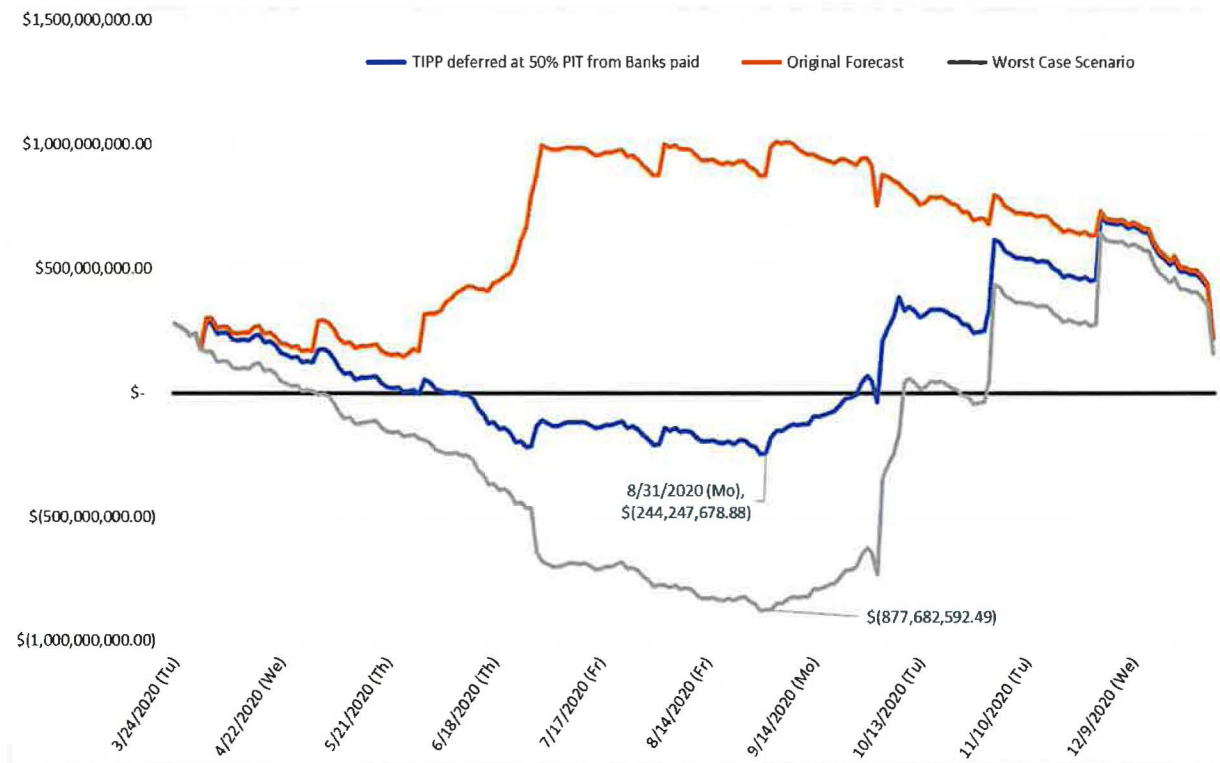
Total \$ billed (est)	Total # of accounts (est) <sup>1</sup>	% of accounts on TIPP (est) <sup>1</sup>	# accounts on TIPP (est) <sup>1</sup>	# accounts paying by lump sum (est) <sup>1</sup>	\$ collected through TIPP (est) <sup>2</sup>	\$ collected lump sum (est) <sup>2</sup>
Municipal Residential						
\$ 1,013,000,000	518,000	60%	310,800	207,200	\$ 607,800,000	\$ 405,200,000
Municipal Non-Residential						
\$ 967,000,000	14,000	50%	7,000	7,000	\$ 483,500,000	\$ 483,500,000
Total Municipal						
\$ 1,980,000,000	532,000	60%	317,800	214,200	\$ 1,091,300,000	\$ 888,700,000

Total \$ billed	Total # of accounts (est) <sup>1</sup>	% of accounts on TIPP (est) <sup>1</sup>	# accounts on TIPP (est) <sup>1</sup>	# accounts paying by lump sum (est) <sup>1</sup>	\$ collected through TIPP (est) <sup>2</sup>	\$ collected lump sum (est) <sup>2</sup>
Provincial Residential						
\$ 600,000,000	518,000	60%	310,800	207,200	\$ 360,000,000	\$ 240,000,000
Provincial Non-Residential						
\$ 223,000,000	14,000	50%	7,000	7,000	\$ 111,500,000	\$ 111,500,000
Total Provincial						
\$ 823,000,000	532,000	60%	317,800	214,200	\$ 471,500,000	\$ 351,500,000

Total \$ billed	Total # of accounts (est)	% of accounts on TIPP (est)	# accounts on TIPP (est)	# accounts paying by lump sum (est)	\$ collected through TIPP (est) <sup>2</sup>	\$ collected lump sum (est) <sup>2</sup>
Total Residential						
\$ 1,613,000,000	518,000	60%	310,800	207,200	\$ 967,800,000	\$ 645,200,000
Total Non-Residential						
\$ 1,190,000,000	14,000	50%	7,000	7,000	\$ 595,000,000	\$ 595,000,000
Total Combined						
\$ 2,803,000,000	532,000	60%	317,800	214,200	\$ 1,562,800,000	\$ 1,240,200,000



## Property Tax and Utility Bill Payment Delay Cash Flow Impacts



- Impact of GoA's provincial property tax 6-mos delay (non-res)
- Impact of Water & WRS services billing delay (90 days)
- Proposed City's TIPP and lump sum payment of res and non-res tax delay until 2020 Sept 30





## What's the Financial Impact of these Measures

### Actions required to weather:

- City's highly liquid shorter-term portfolio to meet cash requirements
- Ongoing advocacy with other orders of government

### Investment income impact:

- Up to ~\$5M for the remainder of 2020



## Potential Impacts to City held Investments with Current Market Volatility

- The City's equity holdings are down 12.4% from Dec 31, 2019 and down 16.3% from their peak at Feb 19, 2020.
- Only 10% of The City's portfolio is invested in public equities so the overall impact is far less.
- As equity markets have declined, so have interest rates and bond yields meaning the remainder of the portfolio has seen market gains.
- The City is a well-diversified, long-term investor so equity market volatility is part of what we expect.
- While we have seen years where capital gains from equity have significantly increased investment income, the year-to-year income budget is largely driven by fixed income returns which are more stable.
- Pension plans (LAPP and SFPP) are being actively monitored for impacts.



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## 2020 Property Tax Bylaws and Recommendations on 2020 Property Tax Payment Delay



## Property Tax Bylaw Requirement

MGA requires City to pass Property Tax Bylaw each year

- Payment of municipal expenditures
- Payment of provincial requisition

Property tax funds almost 50% of the operating budget

Current challenges in other revenues underscores the importance of the property tax



## Municipal Tax

- Municipal tax rates reflect Council's decisions:
  - Approve a 1.5% increase;
  - Recover the \$13 million flow-through from the 2019 Provincial budget impacts to Police; and
  - Set the property tax revenue shares to 52% residential and 48% non-residential.
- Overall residential increase of 9.01% before rebate
- Overall non-residential **decrease** of **10.08%** before rebate
- **Rebate of 1.5%** will be applied to all tax bills



2020 Adjustments – Municipal Tax Rate Impacts

	Residential		Non-Res (no BTC)	Non-Res Total
	%	\$	%	%
Impact of \$60 million reductions	-	-	(7.41%)	(5.81%)
November Decision				
1.5% Scenario	1.50%	\$30	1.50%	1.18%
\$13M Flow-through	0.75%	\$15	0.75%	0.59%
Total Budget Increase	2.25%	\$45	2.25%	1.77%
Revenue shift	6.76%	\$135	(7.70%)	(6.04%)
Total decision before rebate	9.01%	\$180	(5.45%)	(4.27%)
Bylaw rate (before rebate)	9.01%	\$180	(12.86%)	(10.08%)
Less rebate	(1.50%)	(\$30)	(1.50%)	(1.18%)
Net Impact	7.51%	\$150	(14.36%)	(11.27%)



## Total Impact to Residential Payers

	Municipal			Provincial			Combined		
	Rate %	\$ per Year	\$ per Month	Rate %	\$ per Year	\$ per Month	Rate %	\$ per Year	\$ per Month
Before Rebate	9.01%	\$180	\$15	7.6%	\$90	7.50	8.50%	\$270	\$22.50
After Rebate	7.51%	\$150	\$12.50	7.6%	\$90	7.50	7.55%	\$240	\$20.00

	Municipal	Provincial	Total
Annual bill after rebate	\$2,150	\$1,250	\$3,400
Daily bill after rebate	\$5.90	\$3.40	\$9.30



## Total Impact to Non-Residential \$5 Million Property Payers Before PTP include BTC (Revised)

	Municipal			Provincial			Combined		
	Rate %	\$ per Year	\$ per Month	Rate %	\$ per Year	\$ per Month	Rate %	\$ per Year	\$ per Month
<b>Before Rebate</b>	-10.08%	-\$8,935	-\$745	-15.19%	-\$3,206	-\$267	-11.12%	-\$12,141	-\$1,012
<b>After Rebate</b>	-11.27%	-\$9,977	-\$831	-15.19%	-\$3,206	-\$267	-12.07%	-\$13,183	-\$1,098

	Municipal	Provincial	Total
Annual bill after rebate	\$78,097	\$17,898	\$95,995
Daily bill after rebate	\$214.0	\$49.0	263.0





## Recommendations

- Delay in payment date
- Suspension of TIPP fees for flexibility re: cancellations/rejoin
- Tax funding required to provide services
- Other revenues seeing significant declines
- Rely on Federal & Provincial governments for significant relief (e.g. income supports, wage subsidies, etc.)

## Previous Actions for 2020

- 2020 PTP approved for non-res
- Reduction of tax increase from 3.03% to 1.5%
- 1.5% rebate
- Cancellation of April 1 TIPP NSF charges
- Recalculation of non-res TIPP payments to reflect Provincial deferral

## Existing Programs

- Property Tax Assistance Program (PTAP)
- Compassionate Property Tax Penalty Relief Program
- Alberta Seniors Property Tax Deferral Program



## Residential Payment Delay Example

Account Activity	No payment delay support - assume June 30 due date	With payment delay support - assume September 30 due date
<b>Opening property tax account balance</b>	0	0
<b>2020 property tax levy - applied to account June 1, 2020</b>	3,423	3,423
Assume partial payment made - June 15, 2020	(1,500)	(1,500)
<b>Balance outstanding - June 30, 2020</b>	1,923	1,923
7% penalty applied to outstanding balance - July 1, 2020	135	NA
<b>Balance outstanding - July 1, 2020</b>	2,058	1,923
Assume partial payment made - September 15, 2020	(2,058)	(9,23)
<b>Balance outstanding - September 30, 2020</b>	0	0
<b>Closing property tax account balance</b>	0	0
<b>Total penalties paid</b>	135	0

- This example assumes property taxes are levied for a residential property with the median assessed value of \$455K.
- The property owner pays as cash becomes available.
- With payment delay support, the property owner has additional time to pay without incurring penalties and avoids \$135 in penalties.



## Residential TIPP Payment Delay Example

Month	Payment
Jan	252
Feb	252
Mar	252
Apr	252
May	252
Jun	252
Jul	-
Aug	-
Sep	-
Oct	636
Nov	636
Dec	636
Total	\$3,423

- This example assumes a residential property with the median assessed value of \$455K.
- This example assumes the TIPP participant has requested to cancel their TIPP participation for July – September, and rejoins the program in October, with catch up payments spread over the remaining three months.
- The payment delay will not impact those properties that are on the TIPP program and maintain their participation in the TIPP program.
- TIPP instalments are calculated to enable the current year's tax levy to be fully paid by the end of the year.



## Non-Residential Payment Delay Example

Account Activity	No payment delay support - assume June 30 due date	With payment delay support - assume September 30 due date
Opening property tax account balance	0	0
2020 property tax levy - applied to account June 1, 2020	19,407	19,407
Assume partial payment made - June 15, 2020	(7,500)	(7,500)
<b>Balance outstanding - June 30, 2020</b>	11,907	11,907
7% penalty applied to outstanding balance - July 1, 2020	833	NA
<b>Balance outstanding - July 1, 2020</b>	12,740	11,907
Assume partial payment made - September 15, 2020	(12,740)	(11,907)
<b>Balance outstanding - September 30, 2020</b>	0	0
Closing property tax account balance	0	0
<b>Total penalties paid</b>	<b>833</b>	<b>0</b>

- This example assumes property taxes are levied for a non-residential property with an assessed value of \$1M.
- The property owner pays as cash becomes available.
- With payment delay support, the property owner has additional time to pay without incurring penalties and avoids \$833 in penalties.
- For simplicity, this example excludes the impacts of any potential deferral of provincial property tax.



## Non-Residential TIPP Payment Delay Example

Month	Payment
Jan	1,835
Feb	1,835
Mar	1,835
Apr	1,835
May	1,835
Jun	1,835
Jul	
Aug	
Sep	
Oct	2,799
Nov	2,799
Dec	2,799
Total	\$19,407

- This example assumes a non-residential property with an assessed value of \$1M.
- This example assumes the TIPP participant has requested to cancel their TIPP participation for July – September, and rejoins the program in October, with catch up payments spread over the remaining three months.
- The payment delay will not impact those properties that are on the TIPP program and maintain their participation in the TIPP program.
- TIPP instalments are calculated to enable the current year’s tax levy to be fully paid by the end of the year.
- For simplicity, this example excludes the impacts of any potential deferral of provincial property tax



## How to Access the Payment Delay Program

- Those property owners with the ability to pay are encouraged to do so.
- No action is required by property owners to benefit from the payment delay if they are paying in a lump sum.
- Bills will be sent out as usual.
- Any property owner who pays their property tax account in full on or before 2020 September 30 will not incur a late payment penalty.
- Penalties will be charged on any property tax balances that remain outstanding on 2020 October 01. The penalty will be 7%.
- Those property owners on TIPP can contact 311 or access the following link to request cancellation of the TIPP program:

<https://www.calgary.ca/cfod/finance/Pages/Property-Tax/Tax-Instalment-Payment-Plan-TIPP/TIPP-Cancel-TIPP.aspx>



## How to Access the Payment Delay Program - continued

- Property owners are encouraged to contact The City with any general or account specific inquiries about property tax
- Several convenient methods of accessing our services are available:

### Contact Tax

Method	Details
<b>Telephone</b>	311 <a href="tel:403.243.0111">403.243.0111</a> (2469) if calling from outside Calgary 24 hours a day, 7 days a week
<b>Mailing address</b>	The City of Calgary Tax & Receivable #8044 P.O. Box 2405, Station M Calgary, AB T2P 3L9
<b>Street address</b>	Tax Advisory Services, Third Floor, Calgary Municipal Building (City Hall), 800 Macleod Trail S.E.
<b>Office hours</b>	Monday - Friday, 8 a.m. - 4:30 p.m.
<b>24-hour deposit box</b>	Street level near <a href="#">Municipal Building (East Entrance) 801, 3 Street S.E.</a>



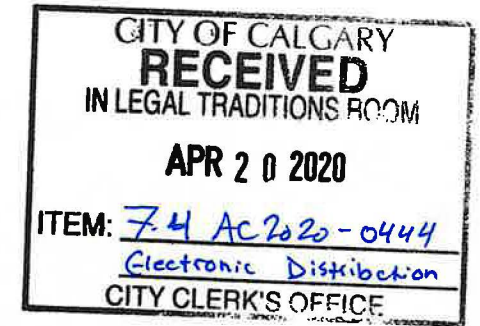
## Reasons for Recommendations

- The 2020 Property Tax and Related Bylaws are needed for The City to collect property taxes in 2020.
- The Bylaws are in alignment with the One Calgary 2019-2022 Service Plans and Budgets, as amended and adjusted.
- The 2020 Budget relies on the property tax as a municipal revenue source, particularly as other revenues are declining due to the measures implemented to contain the spread of COVID-19.
- The City is also legally required to collect Provincial Property Tax on behalf of the Provincial Government and is required to pay the Provincial Requisition quarterly.
- Recommendation 2 allows taxpayers on monthly and lump sum payment plans to delay their tax payments if they are experiencing financial hardship, from June 30 2020 to September 30, 2020, penalty free.
- May also encourage lump sum taxpayers to join TIPP in order to spread tax payments throughout the year.
- Recommendation 3 enables taxpayers who are on The City's monthly payment plan, TIPP, to cancel their monthly payments within 2020 and rejoin by the end of the year without incurring an administration fee.





## Recommendations



That Council:

1. Give three readings to:
  - a) Property Tax Bylaw 12M2020 (Attachment 1);
  - b) Rivers District Community Revitalization Levy Rate Bylaw 14M2020 (Attachment 2);  
and
  - c) Machinery and Equipment Property Tax Exemption Bylaw 13M2020 (Attachment 3).
2. Approve the cancellation of the portion of the property tax comprised of the penalties imposed under section 2(a) of Bylaw Number 8M2002 that would have accrued between July 1, 2020 and September 30, 2020; and
3. Approve that the requirement to pay an administration fee equal to 2% of the total amount of missed instalments for those taxpayers who join TIPP after January 1, under section 7(5) of Bylaw Number 9M2002 be suspended until 2021 January 1.

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# Questions