

BRIEFING

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Item #5.1.2

City Manager's Office Briefing to
Strategic Meeting of Council
2020 May 11

ISC: UNRESTRICTED
C2020-0542

COVID-19 Relief Package to Support Businesses

PURPOSE OF BRIEFING

At the 2020 April 30 Strategic Meeting of Council, the Verbal Report C2020-0508 had recommendations 1, 3 and 4, approved. The purpose of this memo is to outline further information on the approved COVID-19 relief package to support business.

SUPPORTING INFORMATION

1. RECOMMENDATION 1 APPROVED – WAIVE BUSINESS LICENCE RENEWAL FEE

Business Licensing has measures already in place and new measures approved at the 2020 April 30 Strategic Meeting of Council.

Current Measures in Place

On 2019 October 21, Council approved amendments to business-related bylaws to save time and money for Calgary's business community, including:

- Amending licence requirements aimed at eliminating redundant processes;
- Removing licence categories for business activity posing low risk to public safety; and
- Reducing licence fees by 10 per cent to provide some relief to all licenced businesses.

The amendments came into effect on 2020 January 01 to better enable business success.

New Measures Approved

The COVID-19 pandemic has created unprecedented challenges for Calgary businesses. To better support our local economy and lessen the financial burden for business owners, Administration is proposing to support businesses by waiving the business licence renewal payment for a period of one year, effective 2020 March 17. Waiving the renewal payment will benefit nearly 40,000 businesses in Calgary. The estimated yearly revenue received through business licence renewal and fire inspection fee is \$6.6 million.

The Business Licence Sustainment Reserve will be used to mitigate the shortfall. The purpose of the reserve is to stabilize the budget during fluctuations in the business sector to ensure consistent, sustainable, self-supporting customer and regulatory services. The reserve can be used to stabilize the operating budget, fund one-time operating expenditures, and fund capital projects. The reserve will be closely monitored throughout 2020. Additional information on the Business Licence Sustainment Reserve can be found in the Attachment. Should the Business Licence Sustainment Reserve be severely impacted as a result of waiving the renewal fees, the Planning & Development department has agreed to support Calgary Community Standards' Business Licensing service line.

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2. RECOMMENDATIONS 3 AND 4 APPROVED – PLANNING & DEVELOPMENT FEE WAIVE AND DEFERRAL

Support Measure #1: Waived Fees

Timeframe: May 1, 2020 - October 31, 2020

Estimated cost: \$2M

Rationale: Waiving fees for the six (6) month period outlined will eliminate direct costs to businesses and homeowners to offer financial relief in a time of economic distress. These products were identified to benefit customers being directly impacted and responding to changes because of COVID-19.

- Pre-application fee (total estimate of \$200K)
- Change of Use Development Permits (DP) both discretionary and permitted use (total estimate of \$350K)
- Home Occupation (Class 2) DP (total estimate \$200K)
- Residential Certificates of Compliance (total estimate \$1.2M)

Support Measure #2: Deferred Fees

Timeframe: May 1, 2020 - October 31, 2020

Estimated cost: The estimated foregone investment return for these deferrals is approximately \$1M. Deferring fees will shift the timing of Planning & Development's revenue by an anticipated maximum of \$30M at any given time, thus creating the need to utilize the reserve to bridge this timing.

Rationale: To help customers manage the cashflow of projects, Administration is deferring 75 per cent of fee payments to the near final stages of the application process. Twenty five per cent of the fee will be due at time of application, with the remainder due at the stage noted below.

Note: products that are immediately released are not eligible for deferred payment.

- Building Permits - Commercial and Multi-Family: 25 per cent at application, 75 per cent prior to issuance*
- Development Permits: 25 per cent at application, 75 per cent prior to decision
- Land Use Amendments, Outline Plans, Road Closures: 25 per cent at application, 75 per cent prior to Calgary Planning Commission
- Subdivision by Instrument: 25 per cent at application, 75 per cent prior to decision
- Subdivision by Tentative Plan: 25 per cent at application, 75 per cent prior to endorsement or one year from submission, whichever comes first.

**Initial proposal presented to Council on 2020 April 30 is being altered effective 2020 May 12. The original proposal was for an upfront (i.e. at time of application) deposit of 25 per cent, to a maximum of \$10K for Commercial/Multifamily Building Permits, with the remaining 75 per cent, or, if applicable, the total amount less the maximum \$10K upfront deposit, due at specified final stage. The May 12 amendment removes the upfront deposit maximum. The amendment purpose is to make implementation easier, effectively balance managing risk to The City with commitment from the applicant on large building permit applications, and still provide a scalable benefit to customers based on all sizes of applications.*

Support Measure #3: Existing Permit Flexibility

Timeframe: May 1, 2020 - October 31, 2020

Estimated cost: \$0

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Rationale: Extension of expiry windows on existing permits ensures approvals do not expire while developers and businesses deal with the impacts of COVID-19. Temporary refunds offer cash flow relief and remove barriers to encourage land development.

- Building and Trade Permits: extend upcoming expiry windows by six (6) months
- Development Permits: extend upcoming expiry windows by six (6) months
- Commercial Building Permits: where construction has not started, offering a temporary refund of 75 per cent while keeping the permit open until construction is ready to commence, at which point the temporary refund of 75 per cent must be re-paid.

Support Measure #4: Fee Simplification

Timeframe: Permanent

Estimated cost: Minimal

Rationale: Removal of cost recovery payment structure for outline plans, land use amendments and ancillary applications within a Growth Management Overlay. Now all outline plans, land use amendments and ancillary applications will be charged in accordance with the standard fee schedule, and benefit from the deferral program listed above. The 25 per cent upfront fee on the standard fee schedule will be significantly less than the previously required \$125K deposit which leaves more money in applicant's hands in the short term. Additionally, removal of the cost recovery mechanism significantly reduced the administrative burden to The City of Calgary and the applicant. We anticipate the overall financial impact will be approximately revenue neutral.

Information about the Planning & Development Sustainment Reserve

Funding Source: Items #1-#4 will be funded from the Planning & Development Sustainment Reserve, which had a 2020 opening balance of \$81.7M. This reserve has sufficient capacity to support these measures, and these measures are an appropriate use of this reserve.

ATTACHMENT(S)

1. Attachment – Business Licence Sustainment Reserve Terms of Reference