



C2020-0742 Financial Task Force Report and Recommendations

June 29, 2020

Strategic Session of Council



Introduction to the Recommendations



Heidi L. Conrad, Member of the Financial Task Force
Chief Financial Officer, Matco Financial

Key takeaways from the work of the Task Force

1 Improving the Understanding of Municipal Finance Circumstances

2 Responding to Calgary's Cyclical Economy using Existing Tools

3 Bringing Property Taxation into the Twenty-First Century

4 Improving Tax Efficiency for Long-Term Fiscal Sustainability

5 Preparing for Changes that would occur as the economy evolves

6 Making Calgary more Competitive, Livable and Attractive

7 Supporting Regional Economic Development

8 Working Better with Partners in Achieving Progress

Key messages from stakeholders engaged



**Take
Action**



**Move
Quickly**



**Build
Trust**



**Get
Support**

Report and Recommendations



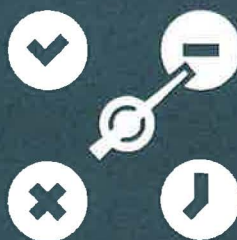
Carla Male, Chair of the Financial Task Force
Chief Financial Officer, The City of Calgary

I. Decision-making priorities for municipal finances

01-03 Use evidence for decisions



04 Respond to Calgary's evolving economy



05-08 Manage the transition to the new economy



09 Advocate for timely legislative change



10 Focus on long-term fiscal sustainability



11 Use the guiding principles



II. Practices that align with economic drivers of change

12 Make subclass legislation usable



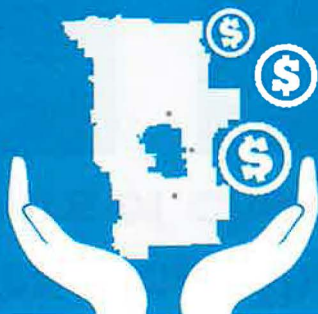
13 Investigate cost recovery with the province



14 Ensure funding for new services



15-17 Support regional economic development



18 Balance livability and tax competitiveness



II. Practices that align with economic drivers of change

19 Distribute tax responsibility appropriately



20 Choose tax stability over volatility



21 Leverage untapped revenue potential



22 Identify revenue from the new economy



23 Enhance ongoing communication approach



III. Processes that respond to stakeholder expectations

24 Assess the cumulative impact of decisions



25 Motivate Calgarians to increase TIPP program uptake



26 Maintain annual assessments to anticipate the evolving economy



27 Generate high-quality information for the tax rate decision



28-30 Quantify the cost and value of services and distribution of benefits



IV. Policies to support achieving fiscal sustainability

31 Affirm preference for tax stability over service stability and respond appropriately



32 Adjust tax rates for relief when needed and stabilize rates with reserve



33 Investigate the crisis level vacancy in the downtown office market and respond with actions



34 Explore tax reform rather than using one-time measures repetitively



35 Investigate the use of multi-year property assessment averages to reduce volatility



Overview of work program/ considerations

12

Number of External
Members on the
Financial Task Force

17

Unique Half-Day or Full-
Day Discussions on
Potential Solutions

08

Ongoing pieces of work in
The City that the Task Force
avoided duplicating

07

Stakeholder Groups Engaged
Leading up to the Today's
Strategic Session

Financial Task Force Membership



Carla Male
(Chair)



Heidi Conrad



JT Dhoot



Dave Dunlop



Brian Hahn



Sarah Lerner



Annie MacInnis



Dave Mewha



Dr. Lindsay Tedds



Alan Tennant



Dr. Rene Wells



Nizar Walji



Mike Yuzwa

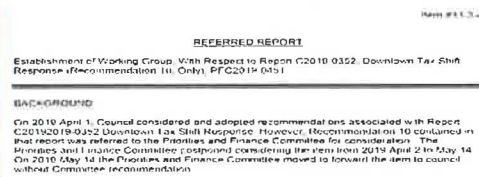
Work that the Task Force did not duplicate



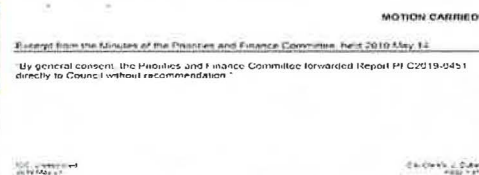
1 Long Range Financial Plan



5 Resilience Strategy



2 Tax Shift Assessment Working Group



6 Downtown Strategy



3 Mid cycle budget adjustments



7 Business Friendly



4 SAVE Program



8 Federal and Provincial Advocacy



Stakeholder Engagement Feedback



Sarah Lerner, Member of the Financial Task Force
Owner, Outside In Investor Relations, Ltd.



Shortlist of stakeholder groups



Business Improvement Areas



Calgary City Council



High-level themes from stakeholder feedback

1. Leverage opportunities to promote the value and quality of life in Calgary
2. Structure the fiscal and tax environment in a way that attracts people, investment and jobs growth to the city
3. Align Calgary's economic strategy with the transition to the new economy
4. Make sure the regulatory environment is fair, transparent, stable and predictable
5. Continue to engage and communicate with stakeholders



Focus of stakeholder feedback

Use evidence for decisions (1)	Respond to Calgary's evolving economy (4)	Manage the transition to the new economy (5)	Advocate for timely legislative change (6)	Focus on long-term fiscal sustainability (8)	Use the guiding principles (1)				
Make subclass legislation usable (8)	Investigate cost recovery with the province (1)	Ensure funding for new services (0)	Support regional economic development (1)	Balance livability and tax competitiveness (7)	Distribute tax responsibility appropriately (4)	Choose tax stability over volatility (1)	Leverage untapped revenue potential (8)	Identify revenue from the new economy (5)	Enhance ongoing communication approach (9)
Assess the cumulative impact of decisions (1)	Motivate Calgarians to increase TIPP program uptake (0)	Maintain annual assessments to anticipate the evolving economy (3)	Generate high-quality information for the tax rate decision (2)	Quantify the cost and value of services and distribution of benefits (1)					
Affirm preference for tax stability over service stability and respond appropriately (4)	Adjust tax rates for relief when needed and stabilize rates with reserve (1)	Investigate the crisis level vacancy in the downtown office market and respond with actions (3)	Explore tax reform rather than using one-time measures repetitively (1)	Investigate the use of multi-year property assessment averages to reduce volatility (6)					

Legend:

Significant interest (6, 7, 8, 9)
High interest (3, 4, 5)
Moderate interest (1, 2)
No interest (0)

Preliminary Responses from Administration



Carla Male, Chair of the Financial Task Force
Chief Financial Officer, The City of Calgary

Noticeable immediate differences

- I. Communication and reporting enhancements:
 - i. Be more explicit about the evidence relied upon for decision making
 - ii. More frequent, plain language communications leading up to decision points for all stakeholders
 - iii. Analysis and benchmarking to determine tax competitiveness
 - iv. Efforts to increase participation in TIPP
 - v. Additional information on assessment distribution impacts at indicative rate approval and Property Tax bylaw approval
 - vi. Longer term impacts of one-time mitigation tools
- II. Additional downtown research on why:
 - i. Companies are choosing not to locate downtown
 - ii. Companies are choosing to leave the downtown

With the right resources and timing

- I. Take a longer term view and report anticipated property tax impacts of future financial gaps beyond the current cycle
- II. Better integration of economic outlook and information in the planning & budget process, such as anticipated impacts of the economy, (e-commerce, as an example)
- III. Better anticipation, monitoring and reporting of key economic indicators and changes in residential and non-residential real estate markets

With the right resources and timing (cont'd)

- I. Better analysis and reporting of economic activity and the resulting potential distributive effects on assessment
- II. Research to support efforts on:
 - i. usable non-residential subclasses,
 - ii. extent of the decline of economic reliance on “bricks and mortar”
 - iii. Fiscal arrangements needed for co-delivery of public service
 - iv. Property tax responsibility between residential and non-residential
 - v. Review of Calgary resident benefits vs regional benefits
 - vi. The effectiveness of multi-year smoothing

Continued support for existing programs

- I. Continue to support and advance conditions where business, entrepreneurship and innovation can thrive
- II. Support the work of the Economic Resilience Task Force
- III. Continue with annual assessment processes
- IV. Continue to support our economic strategy, Calgary in the New Economy
- V. Support the work of the SAVE program:
 - i. Review of the User Fees Policy
 - ii. Continue ongoing work of prudent budgeting and spending
 - iii. Review of existing and potential new revenue sources, including review of those identified by the Task Force



Working with regional partners

- I. To investigate and raise awareness, investigate growth impacts and identify opportunities
- II. Investigate an administrative protocol to mitigate impacts and issues when services are extended beyond our boundary
- III. Investigate whether there are recommendations for changes to user fee pricing

- I. Advocate for municipal tax reform, including:
 - i. alternatives for property tax
 - ii. usable non-residential subclasses
 - iii. Tools that target relief where needed
- II. Advocate for differentiated taxation for businesses and organizations that make significant contributions to the character and fabric of the City
- III. Advocate for revenue streams that support new or changes to municipal services as a result of provincial government changes
- IV. Advocate for legislative change to enable information on the distribution of annual property assessments before the approved tax rate decision

- I. Long Range Financial Plan
 - i. Incorporation of broader economic impacts
 - ii. Peer review
- II. Planning for the next 4 year business plan and budget
 - i. Permanent Council approved principles for service planning and budgeting, including principles related to:
 - Calgary's economic strategy
 - Long term fiscal sustainability
 - Long term growth in property tax revenue reflects anticipated long-term population & real economic growth
 - Incorporates a balance of stability and predictability of both tax levels and service levels
 - Minimize the use of one time tax mitigation measures

Administration's recommendations

That Council:

1. Accept the reports and recommendations of the Financial Task Force in Attachments 2 and 3;
2. Direct Administration to scope the costs of implementation based on Administration's responses and timelines in Attachment 5 and report to Council with a request for approval of resources, where appropriate by 2020 July 29;
3. Direct the City Manager to assign a lead to monitor and report back with a semi-annual schedule for reporting on the implementation of the Financial Task Force's recommendations;
4. Receive a presentation and this report as part of the Council orientation in 2021; and
5. Thank the citizen volunteers for their professional contributions and their passion for Calgary's success.