



Date: 19-Aug-2020

To: David Duckworth, City Manager
Stuart Dagleish, GM Planning and Development

Cc: Kathy Davies Murphy, Manager, Growth Funding & Investment Planning & Development
Josh White, Director, Calgary Approvals Coordination Planning & Development

Re: Industry letter of support : 2019 Offsite Levy & Centre City Levy annual reports

On behalf of the Board of Directors of both NAIOP Calgary we provide this letter of support for the 2019 Offsite Levy (OSL) and Centre City levy (CCL) annual levy reports.

The annual reports are an important component in the industry's understanding of how growth and investment by both the City and industry has occurred over the last 12 months. We recognize that levies are constantly in flux and the annual report represents a point in time, however the year over year collections and disbursements provide industry with key accounting information.

The 2019 annual reports are the result of a multi-year initiative (started in 2014) to improve the transparency and detail in the annual reporting. This work is not finished and industry wishes to continue our work with the City to provide continuous improvement to the process.

With respect to the 2019 reports, Industry is appreciative of the effort that the City has made to provide more useful and timely information. Further we are appreciative of the City initiating an audit of the offsite levy process and reporting. The October 2019 report from the auditors for the 2017 reporting year provided recommendations for improvement that the City is working through that will provide improved governance and reporting for future years commencing with the 2020 annual reports. Industry is also appreciative of the City creating an Industry/City standing committee that will review procedures and governance of the levy work which will provide improved transparency and reporting methods in the future.

While there is still improvement that will benefit the industry in future years, the 2019 annual levy reports provide important information to Industry that is a distinct improvement over previous years. Industry appreciates the City's ongoing commitment to continuous improvement as levies are a large

component of development costs and the better informed both the City and Industry are with respect to these costs, the more effective and controlled these costs can be in the future.

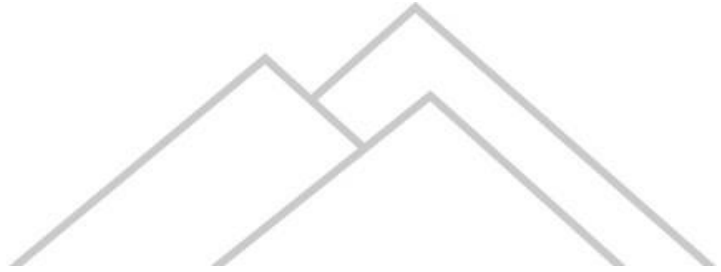
Sincerely, on behalf of, NAIOP Calgary

A handwritten signature in black ink, appearing to read "Guy Huntingford". The signature is fluid and cursive, with the first letter of each word being capitalized and prominent.

Guy Huntingford
Director Strategic Initiatives
NAIOP Calgary



August 21, 2020



City of Calgary
P. O. Box 2100,
Station M,
Calgary, Alberta
T2P 2M5

Attention: David Duckworth, City Manager
Stuart Dalglish, GM Planning and Development

Ladies and Gentleman:

Re: Industry Letter of Support: 2019 Off-site Levy and Centre City Levy Annual Report

On behalf of our members, we thank Administration and Council for the opportunity to review and provide comment on the 2019 Off-site Levy Annual Reports. Our members believe off-site levies are an investment in the great community of Calgary. We are committed in sharing the costs and benefits of new growth with all Calgarians. We believe a City/Industry alliance will help navigate the challenging times ahead due to the impact from COVID-19 on our City and we look forward to strengthening this relationship for all our benefits.

In aggregate our members collectively invest greater than \$100 million annually in off-site levies paid to the City of Calgary, and in excess of \$700M since 2015. For most of our members off-site levies are a significant portion of total annual enterprise expenses. These totals are all in addition to the costs to construct roads, utilities, parks, amenities, for these areas.

Given the magnitude of the levies contributed by our members to the City, interest in the Annual OSL Report was elevated by the findings contained within the [Off-site Levy Audit \(AC2019-1241\)](#) issued by the City Auditor's Office on October 15, 2019. BILD and the City have been in dialogue on the findings of that report since that time.

Industry is grateful for our engagement and particularly that Administration found it appropriate to form a Joint City - Industry Offsite Levies Governance Committee. The work of this Committee will allow the City and Industry to:

- Understand the findings of [Off-site Levy Audit \(AC2019-1241\)](#) and to progress on implementing the recommendations contained within it;
- By way of more regular reporting and communication, ensure Industry and the City have a current and common understanding of levy related issues; and

- Confirm future OSL reporting, in all material respects, presents an accurate accounting of levy collection and expenditures and the funds collected from Industry have been and are used for the purpose which they were collected.

The initiative taken by the City to form the Joint City - Industry Off-Site Levies Governance Committee shows leadership to address the findings of the City Auditor in a transparent way and foster a common understanding of all matters relating to off-site levies between the City, Industry and Council.

We also want to acknowledge that City staff are working their way through implementation of the remedial plan identified in the City Auditor's report at present. Accordingly, we understand that it may not be possible for the City and its auditors, both internal and external, to confirm all the recommendations from that Audit have been addressed and are reflected in the 2019 OSL Bylaw report. We understand this will not happen until the first part of 2021, when all but one of the audit report recommendations are expected to be implemented.

We accept City staff's commitment to the recommendations implementation timetable and are looking forward to seeing as many of them as possible included in the 2020 OSL reporting and are committed to working with the City to achieve this objective.

BILD has reviewed the proposed 2019 OSL Report and supporting information and find it generally acceptable. We have sought and received clarifications from the City staff and made recommendations for changes going forward with the goal of making the report more understandable. As noted above, we acknowledge that this report does not reflect implementation of all of the Audit recommendations. Nevertheless, BILD believes the current format and nature of the information contained in the report meets present needs.

In summary, BILD supports the initiative taken by the City to address the findings identified by the City Auditor in the Off-site Levy Annual Reporting Audit including industry participation in the Standing Joint City-Industry Off-site Levy Governance Committee.

We look forward to continuing to work together with the City to implement the improvements recommended by the City Auditor and accepted by City Administration.

Yours truly,



Brian R. Hahn
CEO, BILD Calgary Region

Cc: Kathy Davies Murphy, Manager Growth Strategies
Josh White, Director