

## Financial Task Force Recommendations - Implementation Next Steps

### **RECOMMENDATION(S):**

That the Priorities and Finance Committee recommends that Council:

1. Direct Administration to bring a comprehensive provincial engagement plan to the Intergovernmental Affairs Committee no later than 2021 Q2; and
2. Direct Administration to incorporate engagement plan implications in the 2021 Q2 Semi-Annual FTF Implementation Update Report to the Priorities and Finance Committee.

### **HIGHLIGHTS**

- Council directed work, through a Financial Task Force (FTF), on solutions to address the challenges of the current municipal property assessment and tax system. The Task Force identified eight success factors. On 2020 June 29, Council accepted thirty-five recommendations that contribute to achieving success.
- On 2020 July 27, Council directed the CFO to monitor and report on progress semi-annually in June and December through the Priorities and Finance Committee. For governance support, Administrative oversight would include members of the Task Force and the Senior Management Team (SMT).
- For some of the Administrative actions that do not require new investments and using one-time investments approved by Council, there is notable progress toward implementing the recommendations. Today's update summarizes the advancements on those recommendations.
- At the time of writing, we are seeking base budgetary approvals in 2020 November and have identified an implementation lead, work on the full complement of recommendations has commenced. The high-level work plan provides an overview, and the Implementation Team would be agile and accommodate adjustments to evolving findings.
- The Task Force identified the need to work better with partners, especially the provincial government, in achieving progress. The specific success factor requires collaboration. Administration will complete a comprehensive provincial engagement plan by 2021 Q2.
- The semi-annual progress update contributes to building trust with Calgarians and local businesses. First, it demonstrates our commitment to transparency and accountability as the implementation work proceeds. Second, it communicates our plan to partner and collaborate with other orders of government to support good-quality public service in Calgary.
- Strategic Alignment to Council's Citizen Priorities: A well-run city
- Background and Previous Council Direction is included as Attachment 1.

### **DISCUSSION**

#### **Success Factors**

Although a pre-COVID-19 environment drove the Task Force recommendations, the fallout from the pandemic has laid bare some of the shortcomings with the current property assessment and taxation system. The City of Calgary had limited ability to adjust to the fiscal situation and needed

## **Financial Task Force Recommendations - Implementation Next Steps**

support from other orders of government, making the eight success factors identified by the Task Force even more relevant today.

- Improving the understanding of municipal finance circumstances
- Bringing property taxation into the twenty-first century
- Improving tax efficiency for long-term fiscal sustainability
- Responding to Calgary's cyclical economy using existing tools
- Preparing for changes that would occur as the economy evolves
- Making Calgary more competitive, livable and attractive
- Supporting regional economic development
- Working better with partners in achieving progress

### **Work Plan**

The Council-approved Administration's Action Items from 2020 July 27 have informed a high-level work plan. The goal of the work plan is to achieve transparency with respect to the work underway and provide line-of-sight to Council on rigour to the content that would come forward in the future. It will be the main mechanism for identifying content for the semi-annual progress updates to Council.

A current state assessment across all recommendations is underway. To fulfill each of the Administrative Actions and pending budgetary approval in the 2020 Mid-Cycle Adjustments, the Financial Task Force (FTF) Implementation Team will develop and solicit Implementation Proposals. The Implementation Team would work alongside subject matter experts throughout The Corporation on these proposals (more detail on the work plan is in Attachment 2). The gap between the current state assessment and the implementation proposals' content would drive progression over time across recommendations. Recommendations with significant divergence between the current and desired state would take longer to implement.

Consistent with other City-wide initiatives, much of the work will occur within the areas with pre-existing expertise. The Implementation Team will fill any gaps and provide support where possible to ensure progress.

### **Governance Structure**

On 2020 July 27, Council directed the CFO to monitor and report on progress semi-annually in June and December through the Priorities and Finance Committee. To ensure the CFO benefits from additional expertise for implementation, oversight would include a few members of the now disbanded Financial Task Force and the Senior Management Team (SMT).

A risk-based, multi-level governance structure is proposed (see Attachment 3). Risk-based governance means that when the risks associated with an Implementation Proposal are evaluated to be relatively low; the lowest tier of governance will be authorized to direct the implementation of the action.

The intent is to use existing Council direction to drive implementation forward wherever possible, while focusing the upper tiers of the governance structure, including Council and its committees, on those items carrying the most risk, including broad policy changes and matters relating to The City's advocacy strategy.

## **Financial Task Force Recommendations - Implementation Next Steps**

### **Notable Progress Thus Far**

More rapid progress on implementation was limited by:

1. Council only recently received recommendations for approval of the base budget investments necessary to undertake the related implementation work in 2020 November.
2. Implementation Team and other recruitment needed to move The City subject matter experts away from current work to the work program informed by the work plan.
3. The need to develop an approach to implementation that recognizes the crucial role that engagement with the Province would play, given interdependencies for most recommendations.

Despite these constraints, Administration made progress on some of the recommendations of the Task Force. Attachment 4 summarizes the advancements on those recommendations or aspects of recommendations that do not require new investments or used one-time resources approved by Council in 2020 July. Comprehensive reporting on all Administration Action Items will be a feature of future semi-annual progress reports.

The Task Force identified the need to work better with partners, especially the provincial government, to achieve progress. The success factor specifically requires collaboration. As a result, Administration would develop a comprehensive provincial engagement plan by 2021 Q2.

### **STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)**

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder or customer dialogue/relations were undertaken

The implementation of the Task Force recommendations is an important plank of The City's economic strategy. In many cases, this involves continuing to do pre-existing work on items like regional economic development and the downtown strategy. In some cases, there will be additional work to achieve better integration between external partners like Calgary Economic Development and The City.

### **IMPLICATIONS**

#### **Social, Environmental and Economic Implications**

The implementation of the Task Force recommendations is an important plank of The City's economic strategy. In many cases, this involves continuing to do pre-existing work on items like regional economic development and the downtown strategy. In some cases, there will be additional work to achieve better integration between external partners like Calgary Economic Development and The City.

#### **Service and Financial Implications**

## **Financial Task Force Recommendations - Implementation Next Steps**

No anticipated financial impact

The recommendations of the Financial Task Force have broad implications across The City. In general, the recommendations tend towards improvement to the assessment and taxation system, clearer communication of value, more diversity in revenue sources, more regional coordination and a clear focus on economic development.

### **RISK**

The implementation of the Financial Task Force recommendations is a large and complex program composed of many projects. There are three significant risk categories.

Dependency on partners – many recommendations rely on our regional and provincial partners' collaboration and cooperation. While work on The City's position and approach will continue, actual implementation could be slowed or stopped due to disagreement about implementation details with partners. City Administration will work hard to mitigate this risk by prioritizing early engagement on joint interest and responsibility issues.

Corporate context – the implementation of the Financial Task Force recommendations will take place in a context of change. Work on the organizational realignment underway may impact the amount of time that non-dedicated employees devote to Financial Task Force Implementation-related activities. In addition, the SAVE program will continue to require resources around the organization to continue to find savings for the 2022 budget adjustments. The one-time and base budget requests associated with the Financial Task Force help mitigate the risk. Still, there is a residual risk given the amount of change.

Political sensitivity – the Financial Task Force has recommended increasing user fees to reduce the need for property tax funding or changing the taxation system. The impacts of these types of changes are likely to be felt acutely by certain users or taxpayers. Affected groups would likely express some degree of concern publicly. Where it is possible to foresee these acute impacts, the Financial Task Force implementation team will inform affected stakeholders about the potential impacts as early as possible.

### **ATTACHMENT(S)**

1. Previous Council Direction, Background
2. Financial Task Force Implementation High-Level Work Plan
3. Financial Task Force Implementation Governance Structure
4. Notable Progress on Administration Action Items

Department Circulation

General Manager	Department	Approve/Consult/Inform
Carla Male	Chief Financial Officer's Department	Approve
Chris Arthurs	Deputy City Manager's Office	Consult