



Calgary



**Off-site levy payment relief in  
response to COVID-19 pandemic**

C2020-0647

**Combined Council  
Meeting**

2020 June 15

ISC: Unrestricted



## Pandemic response measures for the development and building industry

- Construction site safety & service continuity through virtual inspections and protocols for on-site inspections
- Business payment relief through application fee structure adjustments
- Preliminary investigation into Off-Site Levy Payment relief for the development industry
- Other Corporate measures for (e.g. Municipal Property Tax relief and Utility payment deferrals)

## Preliminary investigation

Preliminary investigation started in April and has been informed through discussions with the following stakeholders:

- Economic Resiliency Task Force (ERTF)
- BILD Calgary Region
- NAIOP
- City of Calgary
  - Administrative Leadership Team (ALT)
  - COVID-19 Corporate Governance Committee
  - Law
  - Finance
  - Water Resources, Community Services, Transportation



## Off-site Levy Projection

	Off-site Levy			
	Water	Transportation	Community Services	OSL Total
Opening balance @ Jan 1, 2020	56.0	93.4	181.2	<b>330.6</b>
Billing (Jan to Jun 2020)	26.9	16.1	7.1	<b>50.1</b>
Billing (July - Dec 2020)	30.9	30.0	15.6	<b>76.5</b>
Less budgeted current year spend	(61.0)	(90.1)	(50.3)	<b>(201.4)</b>
<b>Projected balance as at Dec 31, 2020</b>	<b>52.8</b>	<b>49.5</b>	<b>153.5</b>	<b>255.8</b>

- Balances (in millions) have further restrictions based on service line and infrastructure type.
- City Centre Levy is not reflected above, but would be considered. The 2020 opening balance is approximately \$8M.
- Investment income has been excluded.
- Transportation includes Transit busses.
- Community Services includes Fire, Police, Recreation, and Library.



## Off-site levy payment relief program - Risks

Key risks of an off-site levy payment relief program include:

- Compounding cash flow and liquidity challenges:
  - Less predictable receipt of payment
  - Utilities' principal and interest payments, normally covered by levy payments
  - Foregone investment income
- Increased risk of developer default and non-collection of outstanding levy payments
- Delay of off-site levy bylaw review and audit implementation



## Off-site levy payment relief program - Benefits

Potential benefits of an off-site levy payment relief program include:

- Responding to development industry concerns about near-term cash flow issues due to the pandemic
- Maintain employment of Calgarians in the development and building industry
- Maintain confidence for industry, financiers and lenders that Calgary is open for business
- Maintain growth in tax base and revenue for The City over the long term



## Principles of a potential payment relief option

- Maintain the principle of ‘Growth Pays for Growth’
- Manage City liquidity and cash flow
- Mitigate risk of non-payment
- Enable economic activity during pandemic recovery
- Transparent approach that maintains the integrity of the off-site levy bylaw and process



## Potential options and next steps

	Option	Next Steps	Workplan Impact	Council
1	Maintain status quo	<ul style="list-style-type: none"> <li>Stakeholder engagement</li> </ul>	<ul style="list-style-type: none"> <li>Low</li> </ul>	<ul style="list-style-type: none"> <li>Status quo recommendation</li> <li>July Council</li> </ul>
2	Late payment fee credit – City costs covered	<ul style="list-style-type: none"> <li>Stakeholder engagement</li> </ul>	<ul style="list-style-type: none"> <li>Medium</li> </ul>	<ul style="list-style-type: none"> <li>Council Resolution</li> <li>July Council</li> </ul>
3	Late payment fee credit – City costs not fully covered	<ul style="list-style-type: none"> <li>Extensive stakeholder engagement</li> <li>Levy bylaw amendment likely</li> <li>Advertising</li> </ul>	<ul style="list-style-type: none"> <li>High</li> </ul>	<ul style="list-style-type: none"> <li>Public Hearing</li> <li>Bylaw amendments</li> <li>September Council</li> </ul>
4	Other options arising through engagement	<ul style="list-style-type: none"> <li>Extensive stakeholder engagement</li> <li>Levy bylaw amendment(s) likely</li> <li>Advertising</li> </ul>	<ul style="list-style-type: none"> <li>High</li> </ul>	<ul style="list-style-type: none"> <li>Public Hearing</li> <li>Bylaw amendments</li> <li>September Council</li> </ul>





## Administration Recommendation

If further exploration is desired, that Council direct Administration to further explore an off-site levy payment relief program in response to the COVID-19 pandemic's impact on the development industry, including: stakeholder engagement to determine a recommended option, conduct next steps for the option(s) as outlined in Attachment 3, and report back to Council no later than 2020 September 14.

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JUN 15 2020

ITEM: 9.2.2 C2020-0647

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