



January 8, 2021

Mayor Nenshi and Members of Priorities and Finance Committee (PFC)
City of Calgary
P.O. Box 2100, Station M
Calgary, Alberta T2P 2M5

Your Worship Mayor Nenshi and Members of PFC,

Re: Strategy for a New Off-Site Levy Bylaw – PFC2021-0035

On behalf of the members of BILD and NAIOP, who represent approximately 850 businesses and employ over 50,000 people, we write you to provide our perspective on the matter of the **Strategy for a New Off-site Levy Bylaw** and recommendations being delivered to you by City Administration at the PFC meeting on January 12, 2021.

Industry supports the Principles referred to in Administration's update to PFC and the need for additional time to appropriately develop an Off-Site Levy (OSL) Bylaw update. Given the difficult events of the past year combined with the discovery of significant additional OSL balance accounting errors, we agree additional time is required to ensure accurate data inputs form the basis of any further OSL discussions.

While we generally concur with Administration's approach contained in their update, there are other aspects of moving forward towards an OSL Bylaw update which create considerable concern if not addressed. Many of these concerns revolve around the accuracy of data, both in past transactions and forward-looking assumptions, Administration is required to provide to stakeholders to support the development of a transparent, fair, and effective OSL bylaw and the ongoing reporting of OSL funds.

In addition to our support of Administration's approach, to address issues we believe are important to The City and Industry, we respectfully request PFC recommend to City Council that it direct The City proceed in a timely fashion with **an independent external audit of OSL accounting and project management with scope and terms of reference determined jointly by Industry and The City.**

The City's Internal Auditor identified serious shortcomings within The City's own processes. While the Auditor's findings and corresponding action items attempt to address those issues on a go forward basis, Industry does not have confidence in the accuracy of historical OSL funds accounting and whether the current OSL balances are correct given the recently disclosed accounting errors (investment income allocation).

Industry recognizes the difficulty in internal coordination, in an organization as large as The City, to collect the required information to fully respond to Industry's requests and confirm the data in such responses is accurate. A group of Industry Financial Professionals, from a cross section of our membership, also share concerns with the accuracy of the data. This group believes the most effective and reliable way to address these concerns requires an independent external audit to ensure the baseline inputs are materially correct.

Industry Financial Professionals have indicated their willingness to work with Administration to develop such a scope and terms of reference of an independent external audit. We ask that PFC and Council direct Administration to work with Industry in reviewing the scope of the previous OSL reporting audit and developing the scope and terms of reference of an independent external audit.

Industry believes there may also be significant merit in **retaining an independent arms-length professional to act in the role of an OSL manager/facilitator**. Doing so will allow Industry participants and Administration to focus efforts and finite resources on the work of the bylaw update. An OSL manager/facilitator could facilitate dialogue and assist in working through challenges which arise, providing an important resource in a year which has begun with as many uncertainties as the last year ended.

The building and development industry is a significant contributor to the economy of Calgary, with an average annual employment income from industry related activities estimated at \$4 billion. Most of that income has a further positive effect and impact on supporting the Calgary economy, employment and results in further fees and revenues to the City of Calgary. Clearly it is important that an OSL Bylaw update helps maintain and grow this level of employment and its positive impact, while achieving the City's goals of the MDP and CTP.

From the onset of the OSL Bylaw update, Industry has strongly supported the principle that "growth pays for growth". Industry believes this will be most effectively achieved through PFC and Council adopting Administration's update and approach as well as Industry's supportive recommendations outlined above. This will also provide confidence in the governance and stewardship of the OSL fund. As noted in PFC2021-0035, this is required for the The City and Industry to invest in the right infrastructure, productive implementation of the city-wide growth strategy, investor confidence, sound growth-related infrastructure decisions, and citizen, business and customer access to facilities and services when needed.

Thank you for your consideration of our requests. We trust you find them reasonable and supportive as we continue to work together on the update of the OSL Bylaw.

Respectfully,



Brian R. Hahn
CEO, BILD Calgary



Guy Huntingford
Dir. Strategic Initiatives, NAIOP Calgary

Cc. Members of Calgary City Council
David Duckworth, City Manager
Stuart Dalgleish, General Manager Planning and Development