

INDUSTRY/CITY WORK PLAN UPDATE

EXECUTIVE SUMMARY

The Industry/City Work Plan was approved on 2016 January 11 as part of the Off-Site Levy Bylaw report to Council. The work plan outlines six key initiatives that the Development Industry and Administration have been, and will continue to, collaborate on in order to enhance accountability, make improvements, provide opportunities for feedback and help set direction for future work. These initiatives address issues in all areas of Calgary including established areas, greenfield areas and industrial lands. The work plan reflects a collaborative approach to working with Industry stakeholders and continues to see a high level of engagement.

Five of the six initiative working groups were established early in 2016 and the sixth working group was formed in 2016 Fall, in alignment with the work plan timelines. Through regular meetings and engagement, working groups have been instrumental in advancing the initiatives and helping to frame priorities. The attached progress report (Attachment 1) provides updates on the Industry/City Work Plan initiatives and the results that have been achieved since the 2016 June update was presented to Council. The next Industry/City Work Plan update report will be provided no later than 2017 June and will include reporting for the first part of 2017.

Overall the work plan initiatives have been progressing well although, are slightly behind the original time estimates laid out in the Industry/City Work Plan Schedule (Attachment 2). Notable achievements include a clear process for Growth Management Overlay removals, exploration of alternate funding mechanisms, publishing an inventory of charges in the redevelopment context, training programs and process improvements. These deliverables increased transparency and strengthened relationships between The City and Industry partners. Going forward in 2017, it will be important that realistic and achievable timelines are set. Key priorities for 2017 include finalizing funding alternatives, establishing a redevelopment strategy to reduce barriers to redevelopment, further process improvements and setting goals and objectives for an industrial development strategy. A number of internal and external representatives are committing significant time and effort to ensure the success of this work.

ADMINISTRATION RECOMMENDATION(S)

That the SPC on Planning and Urban Development recommends that Council direct Administration to provide an Industry/City Work Plan update report to Council through the SPC on Planning and Urban Development by no later than 2017 June.

RECOMMENDATION OF THE SPC ON PLANNING AND URBAN DEVELOPMENT, DATED 2017 JANUARY 11:

That the Administration Recommendation contained in Report PUD2017-0014 be approved.

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PREVIOUS COUNCIL DIRECTION / POLICY

At the 2016 June 20 meeting, Council adopted Report PUD2106-0406 with the following recommendation:

2. Direct Administration to provide an Industry/City Work Plan Update report to Council through the SPC on Planning and Urban Development by 2017 January.

At the 2016 January 11 meeting, as part of the Off-Site Levy Bylaw, Council adopted Report C2016-0023 with the following recommendation:

3. Direct Administration to implement the key deliverables of the 2016 Work Plan to address issues that arose through this process, as outlined in Attachment 3 [2016 Work Plan] .

This report responds to Council direction by providing an update to Council, through the SPC on Planning and Urban Development. Regular updates were agreed to in discussions with Industry with a commitment made to return to Council every six months.

BACKGROUND

In open discussions between Industry and The City during the Off-Site Levy Bylaw process, a number of important future improvement areas were identified for action through the Industry/City Work Plan. The City and Industry committed to working together to improve the development context in Calgary by achieving the outcomes identified in Attachment 2 including:

- Initiative #1: Establish Developer Advisory Committee
- Initiative #2: Phasing Growth/Land Supply Strategy
- Initiative #3: Established Area Strategy
- Initiative #4: Funding Growth Strategy
- Initiative #5: Process Improvements Strategy
- Initiative #6: Industrial Strategy

With the change in Calgary's economic situation and the creation of Infrastructure Calgary, an additional opportunity for Initiatives #2, #3, and #6 was identified. The City has focused efforts to accelerate capital spending and potentially advance new capital spending to help with economic stimulus through Infrastructure Calgary. These areas are in alignment with the goals of the Municipal Development Plan and consider logical growth patterns, maintaining public service levels and The City's financial capacity. The Phasing Growth/Land Supply, Established Areas, and Industrial Strategy initiatives subsequently began work to identify recommendations for infrastructure projects that could be realized through Infrastructure Calgary. The intention for these stimulus recommendations is to advance public infrastructure investment opportunities and consider possibilities to leverage public sector and private developer investment.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

A progress update for each of the six initiatives, for the period 2016 June through December, is provided in Attachment 1 and some key achievements from each initiative are outlined in the table below. The update for each initiative has been reviewed by respective working group members, including Industry and Administration.

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| Initiative | Select Results/Impact (see Attachment 1 for more details) |
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| 1. Developer Advisory Committee | <ul style="list-style-type: none"> • Created a Terms of Reference for the Committee. • Strengthened the relationship between The City and Industry through increased focus on transparency, openness and continued communication. • Developer Advisory Committee provided insight and guidance on priorities for each initiative. |
| 2. Phasing Growth / Land Supply Strategy | <ul style="list-style-type: none"> • Analyzed options for the Growth Management Overlay removal process. • Recommended a decision model for Growth Management Overlay removal that was endorsed by Administration and accepted by the working group. • The decision model aligns with existing Council policy and provides greater certainty earlier in the process. • Working collaboratively with external group on next steps (submission requirements, funding options, etc.). |
| 3. Established Area Strategy | <ul style="list-style-type: none"> • Piloted Water Resources Infrastructure Information Mapping, which could improve early access to utility information for redevelopment projects. • Compiled an inventory list of Development Permit fees, charges and financial-related conditions related to redevelopment. • Reported on 2014 and 2015 Centre City Levy Program. • Summarized the background information on the Centre City Levy Program in preparation for a more comprehensive review in 2017. • Drafted an annual funding program for infrastructure and amenity needs to reduce barriers to redevelopment. • Engaged Enmax, ATCO, Telus and Shaw to address risks identified in redevelopment related to the provision of shallow utilities. • Provided advice on market considerations for investments in the Developed Areas related to economic stimulus. |
| 4. Funding Growth Strategy | <ul style="list-style-type: none"> • Increased understanding of alternative funding arrangements as they relate to Off-Site Levy Bylaw system, the capital and operating budgets and legislative and policy alignment. • Focus on quantifying the cumulative impacts of multiple new funding arrangements. |
| 5. Process Improvements Strategy | <ul style="list-style-type: none"> • Progress has been made on nine of 13 high priority process improvement projects spanning the approvals continuum from land use to post occupancy. |

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| | <ul style="list-style-type: none"> • Significant performance improvements have been recorded in most key performance indicators within the approvals system since 2016 February. • Developed and implemented two internal training programs for sustained customer service and improvements to the approval process. |
| 6. Industrial Strategy | <ul style="list-style-type: none"> • Established a working group to focus on enhancing the industrial sector in Calgary. • Got agreement on preliminary Terms of Reference. |

Each respective working group meets on a regular basis as appropriate for the work objectives. For Initiatives #1 through #5, working groups have been typically meeting bi-weekly, or more frequently when required. Meetings on Initiative #6, Industrial Strategy started in November and will be held every six to eight weeks as agreed to by Industry members. These collaborative efforts have resulted in outcomes prioritized by each initiative working group.

Industry and The City have collaboratively created project timelines to deliver on all six initiatives. Industry and The City are committed to continuing to collaborate on important city building matters beyond the project scopes, and also broadening engagement beyond members of Industry.

Initiative #1: Building on the effort of the Off-Site Levy Bylaw project, the Developer Advisory Committee (composed of external and internal membership) is designed to continue the collaborative approach for the Industry/City Work Plan. This group is an umbrella committee that provides insights and advice to Initiatives #2 through #6, as shown in Attachment 1 Figure 1.

Initiative #2: Significant work has been undertaken regarding Phasing Growth/Land Supply to arrive at a process to remove a Growth Management Overlay (GMO) and allow a developer to proceed to Outline Plan once a funding proposal and business case is reviewed by Administration and approved by Council. Developers with interests in lands that have a GMO in place have been invited to submit a proposal requesting GMO removal and must demonstrate how they intend to address capital and operating costs, Municipal Development Plan /Calgary Transportation Plan (MDP/CTP) alignment and economic stimulus. Recommendations from Administration to amend an Area Structure Plan (ASP) and remove a GMO will be brought forward to Council through the Priorities and Finance Committee.

Initiative #3: The Established Areas Working Group is addressing the issues related to reducing barriers to redevelopment in the Established Areas and thereby, balancing the additional cost of the new Off-Site Levy charges on redevelopment projects. The priorities identified by this working group include understanding the costs of redevelopment, Centre-City levy application and developing a strategic framework for an annual investment program to reduce infrastructure barriers that sometimes accompany redevelopment projects. The Established Area Working Group assisted in identifying redevelopment opportunities for the Capital Investment Plan that align with Main Streets programs, unlock redevelopment sites with infrastructure capacity upgrades or provide existing communities with public realm improvements.

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Initiative #4: The work of the Funding Growth Strategy has been primarily focused on exploring options for alternative funding of capital and operating costs. The rationale for making this the highest priority is to align with the requests for this information from Initiative #2. This working group has evaluated developer funded mechanisms for both capital and operating expenses which may allow developers to proceed in advance of City budgets. This group has also analyzed the impact on Off-Site Levies through different funding approaches. The group is working under a principle that available funding tools must reduce or eliminate financial risk to City budgets.

Initiative #5: The Process Improvement Strategy aims to address concerns across the land development approvals continuum from Land Use/Outline plans to occupancy and development closeout. Both The City and Industry have concerns about ensuring that Calgary is an attractive place for real estate investment, that the approval process is simplified and efficient and that partnerships can be built between The City, Development Industry and communities. Eight projects were initially identified in the June 2016 report to Council. Through the chartering process and in conjunction with industry, these projects now number 13, of which four have been deferred approximately six months to be adequately resourced. In addition to the process improvement projects being completed with Industry, noteworthy structural changes to the approval process have been put into place to address concerns with governance, customer relations and to aid in corporate decision making on land development issues.

Initiative #6: In the Industry/City Work Plan, the Industrial Strategy was intended to start in the second half of 2016. This initiative identified that there is a need to monitor the impacts of the Off-Site Levy rates on industrial development to inform the next bylaw review. Better understanding of strategies, policies, land supply and financial tools is needed to support industrial development and to effectively plan for industrial sector success.

The next update report will include progress and deliverables for the first part of 2017 and will be provided no later than 2017 June.

Stakeholder Engagement, Research and Communication

The Industry/City Work Plan is a unique collaboration of six working groups composed of Industry members and City staff (Attachment 1). Representation is diverse, with Industry membership including greenfield, established areas, retail/employment, industrial, development consultants and as well as the representative organizations: CHBA-UDI Calgary Region Association; Building Owners & Managers Association, Calgary Chapter (BOMA), NAIOP and Calgary Economic Development.

The work and Administrative decision making process of the Industry/City Work Plan is guided by the Directors Integrated Growth Committee (DIGC), General Managers Strategic Growth Committee (GMSGC) and Infrastructure Calgary.

To support the work plan, there is one internal cross-corporate working team comprised of representatives from: Transportation Planning, Water Resources, Calgary Approvals Coordination, Law, Calgary Fire Department, Calgary Growth Strategies, Finance and

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Community Planning. This working team prepares the information and cross-corporate analysis that supports each of the initiatives.

The update for each initiative in Attachment 1 has been reviewed by Administration and Industry committee members. In addition, CHBA-UDI Calgary Region Association has provided a letter in support of this update report (Attachment 3). Although CHBA-UDI voiced concern around extended timeframes of some of the initiatives, they are overall supportive of the work plan and have recognized it as a component of successful development and build-out of the City of Calgary. In 2017 January Administration will work with each working group and the Developer Advisory Committee to set priorities and goals and objectives for each initiative including timelines and deliverables for the year.

Strategic Alignment

The Industry/City Work Plan directly supports the 2016-2017 corporate priorities by:

- Prioritizing investments for the future
- Using existing resources more efficiently
- Investing efficiently
- Increasing transparency and accountability

Achieving the MDP and CTP requires city-building successes in a multitude of areas. Through a collaborative approach the Industry/City Work Plan members identified top priority areas for improvements to better achieve the Municipal Development Plan (MDP) and Calgary Transportation Plan (CTP) goals.

The work plan responds to, and provides a path toward achieving the following Council priorities:

- Manage and promote growth to achieve the best possible social, environmental and economic outcomes within financial capacities.
- Develop a new funding framework to provide for infrastructure in new and redeveloping neighbourhoods.
- Make it easier to build developments that meet our Municipal Development Plan and Calgary Transportation Plan objectives.

Social, Environmental, Economic (External)

The targeted outcome of enhancing the development context in Calgary through the Industry/City Work Plan initiatives means that social, environmental and economic goals (such as those of the MDP and CTP) will be more effectively implemented throughout all areas of Calgary.

The infrastructure investment recommendations being prepared with Infrastructure Calgary is a result of the focus on local economic stimulus including job creation and public and private investment. The approach supports community-building in the established, greenfield and industrial areas.

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Financial Capacity

Current and Future Operating Budget:

There are no impacts to current or future operating budgets as a result of this report.

Many projects identified within each of the six initiatives were included in the Action Plan and as such, staff resourcing for undertaking work for the Industry/City Work Plan will not result in additional operating cost impacts. However, reallocation of existing resources may be required to ensure the work can be completed following Council approved timelines.

Operating budgets and costs are a factor in the work being done on some of the Industry/City Work Plan initiatives. Where applicable, these implications are being considered as part of each initiative. Operating budget and cost implication information will be brought to Council as part of any future update on each initiative, and/or recommendation for Council's consideration.

Current and Future Capital Budget:

There are no impacts to current or future capital budgets as a result of this report.

Off-Site Levies are an important funding source for growth related infrastructure. Off-Site Levies are collected from developers to fund capital infrastructure either through debt servicing payments or "pay as you go" funding. Administration is currently monitoring a shortfall in Off-Site Levy revenue as a result of the current growth rate in Calgary.

Capital budgets and costs are a factor in the work being done on some of the Industry/City Work Plan initiatives. Where applicable, these implications are being considered as part of each initiative. Capital budget and cost implication information will be brought to Council as part of any future update on each initiative, and/or recommendation for Council's consideration.

Risk Assessment

Reporting on a regular basis and following a formal process is required to ensure the collaborative approach including transparency, accountability and open communication is maintained.

A shortfall in Off-Site Levy revenue due to the current growth rate in Calgary will impact funding decisions and the financial position of the departments. Annual Off-Site Levy reporting will be completed as part of the Funding Growth Initiative in 2017.

Development growth has implications for future capital and operating budgets. Administration, the Finance business unit, is working collaboratively to ensure recommendations, conclusions and/or decisions, arising from work undertaken on the Industry/City Work Plan, are considered.

For comprehensive decision making, risk assessments will be incorporated during the alternatives and analysis phase of the initiatives.

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REASON(S) FOR RECOMMENDATION(S):

The Industry/City Work Plan Update provides an overview of progress to-date for each initiative to enhance accountability and transparency to stakeholders, provide opportunities for feedback and an opportunity to set direction for future work. As the work plan initiatives are continuing, Administration is recommending the next update be provided no later than 2017 June.

ATTACHMENT(S)

Attachment 1: Industry/City Work Plan Update 2: June through December 2016
Attachment 2: Industry/City 2016 Work Plan Schedule
Attachment 3: Letter of Support from UDI/CHBA Calgary Region
Attachment 4: Process Improvements Projects (Initiative 5)