Resolution for AUMA Fall 2021 Convention – Advocacy on Financial Measures

RECOMMENDATION(S):

That the Intergovernmental Affairs Committee recommends that Council:

Approve submitting the resolution contained in Attachment 1 to the Alberta Urban Municipalities Association's (AUMA) Fall 2021 Convention and Annual General Meeting 2021 November 17 to 19.

RECOMMENDATION OF THE INTERGOVERNMENTAL AFFAIRS COMMITTEE, 2021 JUNE 17:

That Council approve submitting the resolution contained in Attachment 1 to the Alberta Urban Municipalities Association's (AUMA) Fall 2021 Convention and Annual General Meeting 2021 November 17 to 19.

Oppositions to Recommendation:

Against: Councillor Demong and Councillor Farka

HIGHLIGHTS

To support Calgary's economic recovery and financial resiliency, Council identified the need for a Financial Task Force (FTF). Their mandate was to identify and assess innovative solutions for short-term economic mitigation, long-term economic recovery, and revenue options for The City of Calgary's (The City) financial resilience. The FTF worked for nine months over 2019-2020 and made 35 recommendations to the 2020 June 29 Combined Council Meeting, which Council adopted. Twelve of the Financial Task Force's recommendations require advocacy towards other orders of government, including the Government of Alberta, to implement. Council directed Administration at the 2020 December 14 Combined Council Meeting to develop and implement a comprehensive provincial engagement plan regarding the FTF recommendations. The City works closely with the Alberta Urban Municipalities Association (AUMA) and fellow Alberta municipalities to advance municipal finance reform. At AUMA's 2020 Fall Convention, the City of Edmonton submitted a resolution that was passed advocating for:

> *"The Government of Alberta to reshape municipal finance for a new time and provide municipalities with reasonable measures and tools, and the responsibility that goes with them, to enable cities, towns, and villages to sustainably meet their operating and capital budget needs."*

Administration sees alignment with several of the FTF recommendations and AUMA's advocacy and is recommending as part of our provincial engagement plan that Council submit a resolution to the AUMA Fall 2021 Convention requesting to incorporate several FTF recommendations into AUMA policy to help support our collective advocacy towards the Government of Alberta on municipal finance reform. The resolution (Attachment 1) would ask AUMA to include in their advocacy on municipal finance reform:

- The expansion of revenue tools to reduce reliance on property taxes, as opportunities allow;
- The expansion of property tax flexibility as opportunities allow;
- The expansion of revenue tools to non-property related activities as opportunities allow;

- The development of non-residential property sub-classes that are efficient and easily administered to allow municipalities a tool for targeted financial relief; and
- Undertake research studies on:
  - The impact e-commerce and the new models of goods and services delivery on municipal economies and finances; and
  - Identifying a comprehensive list of services and associated costs redirected to municipalities.
- Strategic Alignment to Council's Citizen Priorities: A well-run city

DISCUSSION

The Financial Task Force made 35 recommendations to Council, including 12 recommendations whose successful implementation depends upon support from other orders of government, primarily the Government of Alberta, ranging from legislative or regulatory change to improved coordination and communication.

The City's engagement plan calls to utilizes four tools in our advocacy including tool #2 which calls for enlisting FTF and other partner voices in a campaign for change, including public messaging and tool #4 that states where opportunities exist for the Mayor and other Members of Council, sharing the aim of fiscal reform with local Members of the Legislative Assembly and Members of Parliament.

Several of the FTF recommendations (including recommendations 2, 6, 9, 12, 13, 14 and 22) have components that require advocacy with the Government of Alberta and that Administration has identified they complement AUMA's current advocacy work. These FTF recommendations are not exclusive to The City and are applicable to all of Alberta's municipalities.

The FTF recommended working with the Government of Alberta on municipal financial reform specifically on policies such as:

- Expansion of revenue tools – The revenue sources available to municipalities are restricted by provincial legislation and AUMA and Alberta's municipalities have long advocated for the ability to use alternate revenue tools – if municipalities could improve the diversity and reliance on other, non-property tax revenue sources this would help create long-term, stable, predictable municipal funding and lessen the reliance of municipalities on property tax and the need for sustained property tax increases;
- Property Tax Flexibility – The ability to differentiate taxation for businesses and organizations that make significant contributions to the character and fabric of a municipality including organizations like Business Improvement Areas (BIAs), non-profit organizations and owner-operated small businesses with limited financial means;
- Taxation of non-property related activity – Our economy is everchanging with the rapidly growing e-commerce activity that is transforming behaviours within society and municipalities need the capacity to adjust and adapt to changing demands and uses on municipal infrastructure and on municipal economies; and
- Non-residential sub-classes – Work with the Government of Alberta to expand the tools available for responses when tax circumstances that are unique to certain non-residential taxpayer groups emerge and provide the capacity for targeted property tax

relief because the current sub-class definition makes for a blunt tool for property tax relief.

Two of the FTF recommendations calls for further research and analysis to document:

- The extent of the decline in bricks and mortar retail and the current transition to new models of goods and services delivery to demonstrate that municipalities' traditional real estate tax revenues cannot capture the transition to e-commerce transactions; and
- A comprehensive list of services and associated costs redirected to municipalities by the Government of Alberta.

These research projects would help support AUMA and Alberta's municipalities in their on-going advocacy and dialogue with the Government of Alberta in determining the fiscal tools necessary to allow effective delivery of redirected services by municipalities and to meeting the challenges of a rapidly evolving economy.

A successful AUMA resolution highlighting and endorsing applicable FTF recommendations and incorporating them into AUMA's work plan and advocacy would enhance our collective voice on municipal finance reform and help in AUMA and The City's on-going advocacy work.

Previous Direction

Priorities and Finance Committee report PFC2020-1351 *Financial Task Force Recommendations - Implementation Next Steps* recommended that Council direct Administration to bring a comprehensive provincial engagement plan to the Intergovernmental Affairs Committee no later than 2021 Q2. As directed (PFC2020-1351), a provincial engagement plan was presented to the Intergovernmental Affairs Committee in Q2 2021. The Intergovernmental Affairs Committee endorsed the engagement plan laid out in IGA2021-0615 to address the FTF recommendations that require cooperation or legislative change from other orders of government.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

☐ Public Engagement was undertaken

☒ Public Communication or Engagement was not required

☒ Public/Stakeholders were informed

☐ Stakeholder dialogue/relations were undertaken

The City has had internal discussions with Finance, Intergovernmental and Corporate Strategy, Assessment and the Mayor's Office, as well as discussions with AUMA Administration and fellow municipalities.

IMPLICATIONS

Social

None.

Environmental

None.

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Economic

If The City is successful in its advocacy with the Government of Alberta on several of the Financial Task Force recommendations like property tax flexibility, on workable non-residential sub-classes to enable targeted financial relief, and on revenue from non-property related activities, The City will have new revenue and financial relief tools to support local business and remain fiscally resilient and sustainable.

Service and Financial Implications

No anticipated financial impact

None. However, if The City and AUMA's advocacy is ultimately successful, Alberta municipalities may have new revenue and financial relief tools at their disposal.

RISK

Implementing 12 of the FTF recommendations requires collaboration and cooperation from the Government of Alberta and this may be more easily achieved with support from fellow Alberta municipalities through the AUMA. Submitting a resolution to the AUMA for the Fall 2021 convention provides an opportunity to incorporate the FTF work into AUMA advocacy: Multiplying the voices calling for municipal finance reform and implementation of specific FTF recommendations. Not following through with this opportunity increases the risk our engagement with the Government of Alberta may be ineffective.

ATTACHMENT

1. City of Calgary Alberta Urban Municipalities Association (AUMA) Resolution – Advocacy on Financial Measures

Department Circulation

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