



# Build Calgary

Together we're building  
a great city.

Update  
Strategic Council Session  
2015 September 21  
C2015-0781



## Agenda

CITY OF CALGARY  
**RECEIVED**  
IN COUNCIL CHAMBER

SEP 21 2015

ITEM: Distribution  
C2015-0781  
CITY CLERK'S DEPARTMENT

**Build Calgary  
Initiatives**

Off-site Levy  
Bylaw

Legislative  
Framework

Land Supply  
Process

Regional  
Coordination

Commercial  
Industrial  
TOD

Finance



## Key Dates

Event	Date
Strategic Council Session – Budget 101 & Build Calgary Update	Sept. 21
3 <sup>rd</sup> Stakeholder Engagement Session	Oct
Council Public Hearing	Dec. 7
Regional Strategy Update	Dec. 14



CITY CLERK'S DEPARTMENT

SEP 21 2015

ITEM

CITY CLERK'S DEPARTMENT

## Off-site Levy Bylaw Update





## Status

- Project on track for December Public Hearing
- Process continuing to be guided by principles of:
  - Transparency
  - Collaboration
  - Defendability
  - Engagement



## Work to Date

- Shared draft calculations with External Advisory Group (comprised of representatives from NAOIP and UDI, CHBA, inner city developers, small and large scale greenfield developers)
- Responding to questions regarding:
  - Growth assumptions
  - Capital projects lists
  - Cost estimates
  - Calculation methodology



## Work to Date

- Proposing an off-site levy for developed areas of the city
  - Based on impact on water and wastewater treatment only
  - Continual engagement with inner city developers to gather their input



## Next Steps

- Preparing for the 3<sup>rd</sup> Stakeholder Engagement Workshop in October
- Preparing the Background Report
- Drafting the Bylaw
- Preparing the Implementation Plan



## Next Steps

- Continuing to work on the Land Supply Initiative
  - Growth Management Overlay process improvements
  - Supporting redevelopment
  - Investigate financing tools to provide required infrastructure



# Finance Update



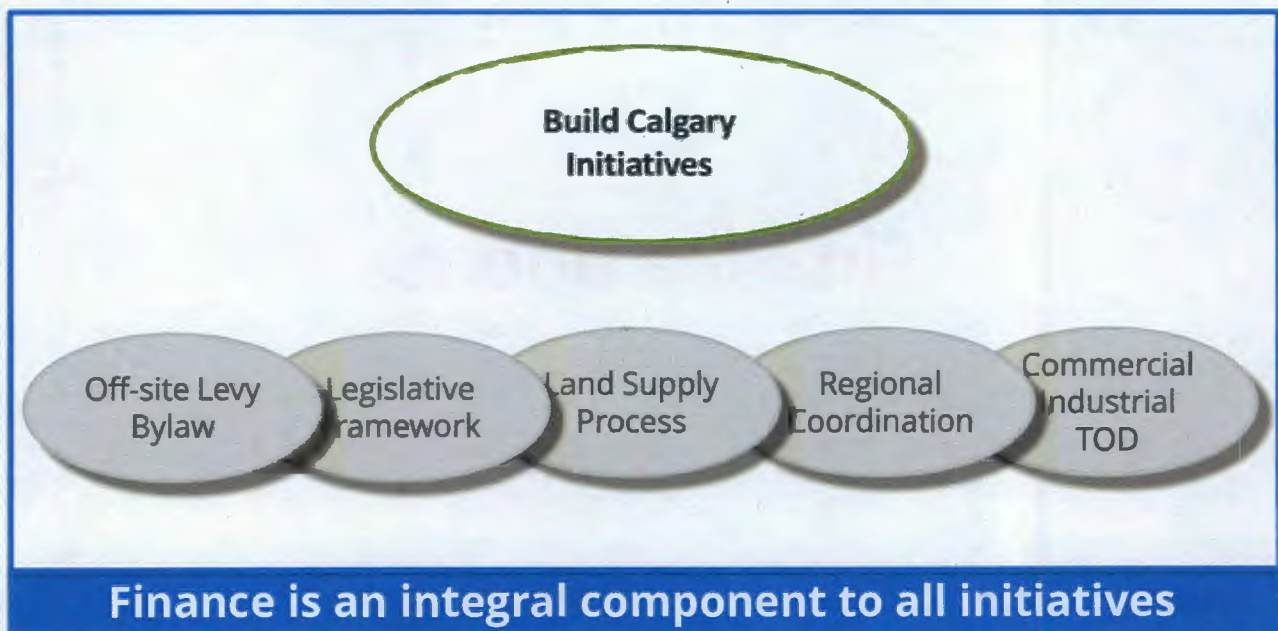


## Agenda

- Finance's role in Build Calgary
- Strategies to strengthen The City's financial position
- Take - Aways & Next steps



## Finance's Role in Build Calgary



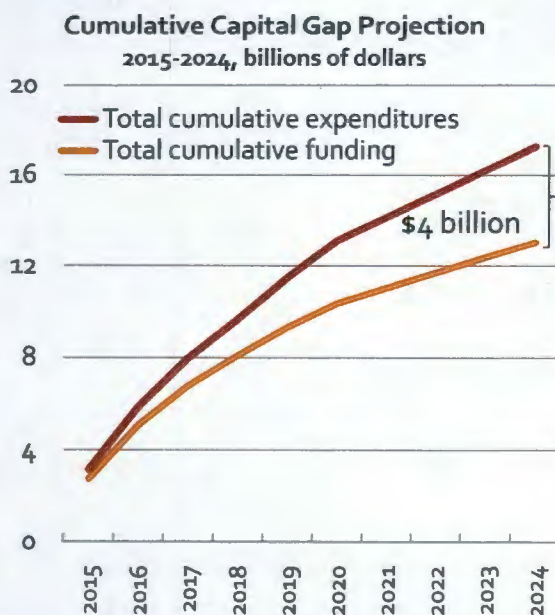


## Strengthening The Corporation's Financial Position

- Create an investment strategy to fund essential infrastructure and close the current infrastructure gap
- Generate greater investment capital for infrastructure financing
- Align capital investment with strategic infrastructure requirements



## Capital Funding Gap

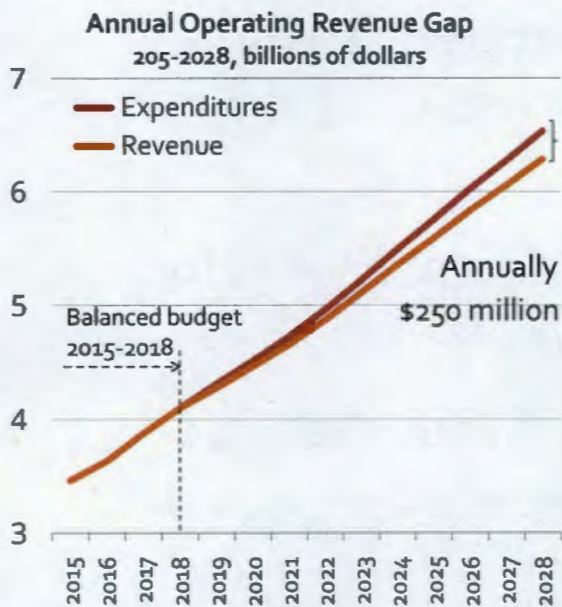


- Based on Long Range Financial forecast
- Consistent with all six Infrastructure Investment Plans for the 10 year period of 2015-2024
- New or unforeseen spending requirements will increase shortfall





## Operating Budget Gap (Need for Action)



- Balanced budget for 2015-2018 based on the latest Action Plan
- Revenues grow at a slower pace than expenditures
- Gap needs to be addressed to ensure we meet the balanced budget requirement through revenue increases, efficiency gains, or service reductions



## Initiatives That Have Generated Efficiencies

BPBC<sub>3</sub> (2012-2014) savings of \$45M.

- Transit - streamlined operations
- Roads - fleet rationalization
- Parks - contracting out services
- Water - automation of systems
- Fire - reduction in overtime costs





## **Initiatives That Have Generated Efficiencies**

**Action Plan 2015-2018 savings of \$50M.**

- Transit - service hour adjustments
- Roads - improved cost recovery
- Parks - contracting out services
- Water - operational efficiencies
- Fire - staff reduction costs



## **Initiatives that have generated efficiencies**

**Zero-Based Reviews**

**Respond to Council's Priority – Well Run City**

- Fleet (Pilot)
- Roads, Parks, Fire (2014)
- Transit, Water Resources, Inspection & Permit (2015)
- Recreation, IT, Law (2016)
- Finance & Supply, CPB (2017)



## **Initiatives that have generated efficiencies**

### **Budget Savings Account**

- Created in 2014
- Incentive for Business Units to save
- Fund one-time operating and capital initiatives
- Funding from favorable budget variances



## **Why This Matters to Calgarians**

- Transportation and mobility infrastructure with capacity to accommodate a changing and growing population
- Water infrastructure to ensure clean and sufficient water supply
- Sanitation infrastructure to continue to meet modern standards of hygiene efficiently and sustainably
- Infrastructure to achieve safe and secure communities where Calgarians can live and work in confidence





## Financial Sustainability Goal

- Deliver the level and types of services expected by the community at acceptable levels of taxation and fees
- Balance revenue and expenditure constraints over the long term, in addition to raising sufficient revenue for current obligations



## Financial Sustainability Hurdles

- Property taxes do not respond to economic and population growth
- Most of The City's revenue streams are fixed
- Funds for capital projects tend to be derived from grants from other orders of government
- The current MGA imposes limits on The City's ability to generate revenue



## Extensive Review of Funding and Financing Tools



## Evaluation Criteria

Evaluated tools in context of Long Range Financial Plan strategies

- Sufficiency
- Efficiency
- Risk Management
- Flexibility
- Credibility





## Sufficiency

### *New revenue generation*

- The City of Calgary requires a diverse set of revenue tools.
- Funding for capital projects needs to be predictable, reliable, and well-aligned with City priorities.
- New revenue criteria:
  - Expands with Calgary's economy and population
  - Progressive; does not unduly burden disadvantaged Calgarians
  - Relatively inexpensive to implement and administer



## Sufficiency

### *Investment capital under current legislation*

- \$1.5 billion pledge through **New Federal Public Transit Fund** for Green Line
- **Carbon capture and storage program** funding of \$250 million for 2015/16 will be reinvested into the construction of public transit (provincial government's election platform)
- Replacement of **MSI funding**



## Efficiency

- Reviewing and repurposing **unspent capital**
- Better **coordination of all capital and funding** to reduce costs, streamline tendering process, and achieve economies of scale
- **Prioritize/recast capital (pending Provincial Budget funding)** to align with strategic infrastructure needs
- Explore **asset recycling** to replace aging infrastructure with new, productivity enhancing infrastructure



## Risk Management

- Exploring approaches where The City facilitates **cost sharing among Developers**
- **Public-private partnerships (P3s)** will allow a transfer of risks onto the private sector
- Proactive **asset maintenance** can reduce infrastructure repair and replacement costs
- **Work collaboratively with City partners** to utilize diverse expertise in decision making
- The **Corporate Project Management Framework** was created to streamline capital construction projects





## Flexibility

- Use debt more strategically by borrowing when unique “long-term” opportunities are available
- Review interpretations of debt proration rules and create debt capacity
- Looking at opportunities to finance real estate development



## Credibility

- Review internal debt limit and debt servicing limit
- Use of internal corporate funding and improving cash flow projections to support liquidity management
- Opportunities for reallocation of property tax room
- Expediting pace of capital spending through the Accelerating Capital for Economic Resilience (ACER) program
- Maintain our AA+ credit rating



## Next Steps

- Multiple tools have been reviewed
- Implementation as appropriate
- Request further authority through PFC as required