

BRIEFING

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Item # 11.2

Chief Financial Officer's Briefing to

Executive Committee

2022 June 29

ISC: UNRESTRICTED

EC2022-0652

Financial Task Force Implementation Update

PURPOSE OF BRIEFING

The Financial Task Force report and recommendations were delivered to Council on 2020 June 29 (C2020-0742). The expansive scope of the recommendations required a cross-corporate implementation program. There were 35 recommendations made by the Financial Task Force and Administration responded to the recommendations with 73 administrative action items. Council directed bi-annual reporting on the implementation of the Financial Task Force's recommendations. A high-level overview of progress on each recommendation and administrative action is included on page 2 of Attachment 1.

SUPPORTING INFORMATION

The recommendations of the Financial Task Force seek to ensure more sustainable, long-term approaches to municipal fiscal issues. Administration remains committed to addressing the recommendations brought forward by the Financial Task Force and is actively engaged in implementing those recommendations.

Overall Program Status

A member of Administration with relevant skills and experience has been assigned to each action item and asked to provide a proposal to address the item. Thus far, 70 of the 73 Administrative Action Items are being implemented through 35 proposals. A one-page summary featuring the substance of each proposal, the progress made thus far, and what to expect in the next 6 months has been included in Attachment 1.

Program highlights and successes over the past 6 months can be found in Attachment 2.

User Fees and Subsidies Policy Review

In alignment with Financial Task Force recommendation 4, Administration is conducting a review of the User Fees and Subsidies Policy. The approach, goals, and process for the review, as well as proposed touchpoints with the public and Council, are presented in EC2022-0687.

Property Tax Policy Framework

In response to Financial Task Force recommendations 6, 19, 20 & 34, Administration is preparing a Property Tax Policy Framework to improve clarity around property tax policy, address the distribution of property taxes between the residential and non-residential classes, and detail other options for Council intervention to differentiate tax responsibility between different types of properties. This work, which was expected to be completed for the June meeting of the Executive Committee, will now be presented to Executive Committee in September.

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Assessment Smoothing

In response to Financial Task Force recommendation 35, Administration conducted an investigation into assessment smoothing as a potential mitigation for year-over-year tax changes caused by annual changes in property assessment. This analysis will be presented to Executive Committee in September to coincide with the discussion of the Property Tax Policy Framework.

Non-Residential Assessment Subclasses

In response to Financial Task Force recommendation 26, Administration conducted an investigation into non-residential assessment subclasses as a potential mitigation for year-over-year tax changes caused by annual changes in property assessment, including to support targeted temporary tax relief. This analysis will be presented to Executive Committee in September to coincide with the discussion of the Property Tax Policy Framework.

Challenges

Several Task Force recommendations (28, 29 & 30) rely on improved costing for services that offer a substantial benefit to non-Calgarians. Resource constraints have meant this work has not yet been advanced, but Council approved an adjustment to the 2022 operating budget to fund additional financial reporting and analysis. Though an enterprise-wide approach to these recommendations is not yet available, service-specific cost and value studies (e.g. business licencing) are progressing on schedule.

A recommendation suggesting The City examine options to employ countercyclical fiscal policy (32) is being delayed to be brought to Executive Committee in Q4 2022.

What's next?

In the next 6 months, work will continue on additional items recommended by the Financial Task Force, including:

- Continued work on property tax policy framework
- Update on provincial advocacy regarding municipal finances
- Updated analysis on the fiscal imbalance between orders of government
- Recommendations from analysis of countercyclical fiscal policy

ATTACHMENTS

1. Attachment 1 – Implementation Reports
2. Attachment 2 – Financial Task Force Q2 2022 Highlights & Successes