

Request to Repeal Bylaw 104/75 Unpaid General Accounts Bylaw

RECOMMENDATION(S):

Administration recommends that Council:

1. Repeal Bylaw 104/75, Being a Bylaw of the City of Calgary to Fix an Interest Charge on Unpaid General Accounts, by giving three readings to the proposed bylaw in Attachment 3.

HIGHLIGHTS

- It is recommended that Council repeal Bylaw 104/75, Being a Bylaw of the City of Calgary to Fix an Interest Charge on Unpaid General Accounts (Attachment 2).
- Bylaw 104/75 conflicts with the Alberta Prompt Payment and Construction Lien Act (PPCLA).
- PPCLA legislation has introduced new payment requirements which were not contemplated when Bylaw 104/75 was passed in 1975 June.
- The City's corporate receivables portfolio is managed in accordance with Administration Policy FA-027 Accounts Receivable. This policy defines the business rules and best practices for billing external customers and the management of the associated corporate accounts receivable. This Policy is administered by Finance under the authority of the Chief Financial Officer.
- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

In 1975, City Council approved Bylaw 104/75, Being a Bylaw of the City of Calgary to Fix an Interest Charge on Unpaid General Accounts. This Bylaw identified that The City impose interest charges of one and one-half per cent per month on all general accounts payable to The City of Calgary that remain unpaid thirty days after the date of mailing of the invoice.

In 2020 and 2021, the Province of Alberta passed Bill 37 and Bill 62 which updated the Builder's Lien Act and introduces new payment requirements. The legislation came into effect on 2022 August 29, with a new name, the Alberta Prompt Payment and Construction Lien Act (PPCLA).

This legislation introduced new requirements for the prompt payment of contractors, subcontractors, sub-subcontractors and engineering and architectural consultants, related to the supply of materials and services for land improvement projects, including the issuance and payment of invoices, the adjudication of disputes, as well as changes to timelines for registering liens.

This legislation also introduces payment terms outside of the standard 30 days after the date of the mailing of the invoice as identified in Bylaw 104/75. Under the Alberta Prompt Payment and Construction Lien Act, payment terms available to those receiving services from The City of Calgary could vary between 28 and 42 days depending on The City's relationship with the customer.

**Corporate Planning and Financial Services Report to
Regular Meeting of Council
2023 July 04**

**ISC: UNRESTRICTED
C2023-0569
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EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|--|---|
| <input type="checkbox"/> Public engagement was undertaken | <input type="checkbox"/> Dialogue with interested parties was undertaken |
| <input type="checkbox"/> Public/interested parties were informed | <input checked="" type="checkbox"/> Public communication or engagement was not required |

IMPLICATIONS

Social

Not Applicable

Environmental

Not Applicable

Economic

Not Applicable

Service and Financial Implications

No anticipated financial impact

RISK

The introduction of the Alberta Prompt Payment and Construction Lien Act has introduced payment requirements to which The City must adhere. The payment term identified in Bylaw 104/75 conflicts with legislated payment requirements. The City is at risk of non-compliance with provincial payment legislation if it continues to manage payment terms in accordance with Bylaw 104/75.

ATTACHMENT(S)

1. Attachment 1 - Previous Council Direction, Background
2. Attachment 2 - Bylaw 104/75, The Unpaid General Accounts Bylaw
3. Attachment 3 – Bylaw 33M2023 – Being a Bylaw to Repeal Bylaw 104/75, The Unpaid General Accounts Bylaw

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Les Tochor, Acting CFO/General Manager CPFS	Corporate Planning & Financial Services	Approve