

Relevant Financial Task Force Recommendations

Council directed Administration to create a Financial Task Force (FTF) to identify and assess innovative solutions for short-term economic mitigation, long-term economic recovery solutions, and revenue options. The FTF reported back to Council in June 2020 with 35 recommendations in eight focus areas (C2020-0742).

Administration has investigated four FTF recommendations to inform Council's decision-making.

Recommendation	Theme	Focus of this report (in relation to detailed recommendations)
9	Working better with partners in achieving progress	Analyzing the impact of the digital economy on municipal revenue-generating tools.
13	Improving the understanding of municipal finance circumstances	Assessing the result of added responsibilities on the municipality.
21	Responding to Calgary's cyclical economy using existing tools	Conducting a comprehensive review and gap analysis on the use of traditional revenue sources to address the speculation that The City is not using revenue authorities to full effect.
22	Preparing for changes that would occur as the economy evolves	Assessing the extent to which The City can generate revenue from new sources as we transition to the new economy.

The complete content of the four FTF recommendations is listed below.

Recommendation #9: Develop research and analysis that document the extent of the decline in bricks and mortar and the transition to new models of delivering goods and services. Use it to demonstrate that municipalities' traditional real estate tax revenues cannot capture the transition to e-commerce transactions. Use the findings to advocate for the reform of municipal finances and the revenue-generating tools available to municipalities.

Recommendation #13: Collaborate with the province to authorize access to tools that address services that arise from provincial government direction or changes.

- Identify services that may have been directed to The City explicitly or inadvertently.
- The inadvertent transfer of responsibility occurs when third parties are no longer able or willing to deliver the services, but The City steps in for continuity as the last resort government service provider.
- These services have value for those who access them. Ensuring continuity, as well as adequate funding for those services, is vital.
- Use the results from the review to engage in a dialogue with the province. Collaborate to determine and agree on the fiscal tools necessary to allow effective delivery of those services by the municipality.

Recommendation #21: Work with The City of Calgary's Economic Resilience Task Force to assess the extent to which The City of Calgary has fully explored revenue from existing authorities. Address the speculation that The City is not using revenue authorities to full effect.

Undertake a comprehensive review and gap analysis on the use of traditional revenue sources. The review should consider legislative changes required to acquire authority (if applicable) and administrative practices that need changing for execution. The tools to consider include but are not limited to:

- Return on Assets and Investments/ Proprietary Charges
 - a. *Develop and implement additional revenue from a strategic review of the business activities, proprietary charges and dividend policies of municipal corporations, such as ENMAX, Calgary Parking Authority.*
 - b. *Develop and implement the generation of recurring fees from the use of City assets and the one-time sale of excess capacity or assets (e.g. land that is not used or required).*
 - c. *Develop and implement the generation of returns from a public-private partnership for non-essential services, e.g. golf courses.*
 - d. *Invite proposals from members of the public and firms that would generate ideas to tap the unused potential.*
- Regulatory Charges
 - e. *Explore the use of regulatory charges, like 'franchise fees' or 'local access fees' for services provided in the City of Calgary which do not otherwise pay property tax (e.g. telecommunications infrastructure).*
 - f. *Advertisement charges that include billboards and digital ads targeted in Calgary.*
 - g. *Develop and implement licensing charges for business vehicles. It provides an opportunity for targeted relief when required for businesses.*
 - h. *Develop and implement the extension of business licensing requirements to a wide variety of home-based businesses.*
- User Fees
 - i. *Apply total cost for municipal services complemented with Calgary resident discounts for certain services (e.g. park and ride) to achieve differential user fees.*
 - j. *Develop and implement the sale of memberships and long-term subscriptions for access to a wide range of services, e.g. golf courses.*
 - k. *Charges for the use of proprietary assets, e.g. data.*
 - l. *Deliver non-essential services only if the costs are fully recoverable through user fees.*
- Taxes
 - m. *Develop and implement taxes that would focus on tourists and visitors that use City services.*
 - n. *Seek agreement with the province to share revenue generated during "boom" years for a rainy-day fund to mirror the heritage fund.*

Recommendation #22: Work with The City of Calgary's Economic Resilience Task Force to assess the extent to which The City of Calgary can generate revenue from new sources as we transition to the new economy. Undertake a comprehensive review and gap analysis on the utilization of new economy revenue sources. The review should include a consideration of legislative changes required to acquire authority (if applicable) and administrative practices that need to change for execution. The tools to consider include but are not limited to:

- Return on Assets or Investments/ Proprietary Charges
 - a. *Consider investing in broadband infrastructure to gain long term dividends, including through partnerships with the telecommunications industry.*

- b. Invite proposals from members of the public and firms that would generate ideas for new economy revenue sources.*
 - c. Exchange value created by City, e.g. data and other assets, subject to privacy rules, for private sector services or dollars to limit cost pressures.*
- Regulatory Charges
 - d. Develop and implement 'franchise fee' type charges that leverage value in regulated assets that reflect the transition to the new economy, e.g. Calgary's 5G infrastructure.*
- User Fees
 - e. Develop and implement vehicle permitting charges with the transition to driverless cars.*
 - f. Develop and implement licenses for new economy services, e.g. e-scooters, ridesharing.*
- Taxes
 - g. Develop and implement a separate property tax class to capture businesses that are not bricks and mortar businesses operating outside the property assessment system.*
 - h. Develop and implement taxation for e-commerce revenue generated from local consumption of goods and services not reflected in bricks and mortar.*
 - i. Develop and implement a tax on home-based small businesses that would become more prevalent due to the transition to the new economy. Consider a different tax rate if a home is used as an office but address the trend toward increased home-work.*