

Planning & Development Services Report to
Executive Committee
2024 April 16

ISC: UNRESTRICTED
EC2024-0428

Planning and Development Sustainment Reserve Fund Amendments

PURPOSE

The purpose of this report is to amend the Planning & Development Sustainment Reserve to reflect previous council direction, including recommendations from the 2023 Triennial Reserve Review, and to align with changes to the Planning & Development Services (PDS) department structure arising from the corporate realignment.

PREVIOUS COUNCIL DIRECTION

In the 2023 June Triennial Reserve Review (EC2023-0466), Administration was directed to provide an update on the impacts of the realignment on our reserves. In 2022 November (C2022-1051), Council directed Administration to conduct a review of whether more existing tax-supported initiatives could be funded by fee-based reserves.

RECOMMENDATION(S):

That Executive Committee recommend that Council:

1. Approve recommended changes to the Planning and Development Sustainment Reserve Template as presented in Attachment 2;
2. Approve the proposed Service Funding Principles as presented in Attachment 3; and
3. Direct Administration to include the impact of these changes as part of Mid-Cycle Adjustments.

RECOMMENDATIONS OF THE EXECUTIVE COMMITTEE, 2024 APRIL 16:

That Council:

1. Adopt recommended changes to the Planning and Development Sustainment Reserve Template as presented in Attachment 2;
2. Adopt the proposed Service Funding Principles as presented in Attachment 3; and
3. Direct Administration to include the impact of these changes as part of Mid-Cycle Adjustments.

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

Chief Administrative Officer David Duckworth, Chief Financial Officer Carla Male and Acting General Manager Debra Hamilton concur with this report. Updating the Planning and Development Sustainment Reserve sets transparent expectations for how funds are used to support department services and initiatives.

HIGHLIGHTS

- These amendments, along with approval of proposed Service Funding Principles, will allow fee revenues to fund more of the services offered by PDS, which enables a reduced reliance on tax-support.
- **What does this mean to Calgarians?** Approval of these recommendations will lower the amount of tax funding required to deliver some existing services provided within PDS, allowing for tax revenue to be shifted to fund other services that matter to

Planning and Development Sustainment Reserve Fund Amendments

Calgarians. This will strengthen PDS' abilities to provide consistent, quality and timely services that enable the development of new homes and businesses for Calgarians.

- **Why does this matter?** These recommendations will align user fees with the value of service provided, and approving the Service Funding Principles provides clarity around when PD fees and the PD Sustainment Reserve can and should be utilized.
- The proposed amendments align with the User Fee and Subsidies Policy (CFO010 CD2024-0015).
- If approved, these changes will result in 2025 Mid-Cycle Budget Adjustments.
- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

The PD Sustainment Reserve Fund was established in 2003 by Council to provide future operational stabilization to the department, and to fund one-time operating and capital expenditures from annual operating surpluses from fee-supported operations. PDS as a department enables and provides development, building and approval services along with tools that support and enable future development. These services are all delivered within the Planning Approvals Continuum (Approvals Continuum is shown in the Service Funding Principles found at Attachment 3).

As part of the 2023 Triennial Reserve Review, and following the organizational realignment, it was directed that Administration provide an update on the impacts of the realignment on the reserve including any impacts to the user fee and tax funded ratio. As a result, Administration completed a review to analyze the new department functions to better understand the services provided by each division and how they align to expenditures along the Approvals Continuum, Administration agreed to report back to Council in 2024 with any resulting budget adjustments.

As a result of this work, Administration is recommending the proposed amendments to the PD Sustainment Reserve Template outlined in Attachment 2, along with approval of the Service Funding Principles presented in Attachment 3, which outline how and when PDS fee funding can and should be applied to services along the Approvals Continuum. If approved, PDS will bring forward mid-cycle budget adjustments that reflect the updates.

In 2022 PDS engaged an external consultant to complete a comprehensive fee review, which concluded that our fees are competitive with other jurisdictions. There is no immediate impact anticipated to current PDS fees as a result of these recommendations. In future years, expenditure and projected reserve levels will be monitored to inform any future proposed fee changes.

EXTERNAL ENGAGEMENT AND COMMUNICATION

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

PDS management proactively presented the proposed changes to the BILD Board of Directors, welcoming follow up conversations and the opportunity for input on these amendments. BILD shared a letter of support for the proposed changes (Attachment 4), noting a desire to continue conversations on approved planned expenditures and welcoming opportunities for further collaboration to support the development industry.

IMPLICATIONS

Social

Services performed within PDS and included in scope of the proposed amendments play a critical role in shaping the future of Calgary communities. Notably, they help enable the delivery of more housing and business opportunities for Calgarians.

Environmental

Effectively funded PDS services support the development of more environmentally sustainable buildings, communities and mobility networks.

Economic

The proposed amendments support continued development activity in Calgary and align fee funding to services which enable that development.

Service and Financial Implications

Self-supported and tax-supported funding

If approved, the updated PD Sustainment Reserve will be more closely aligned with the intended services. PD user fees will be applied to related expenditures, which supports reduced reliance on tax support. There will be no change to the services provided.

RISK

Fluctuations to building and development activity impact the PD Sustainment Reserve balance. Such fluctuations could result in user fees increasing, or a reduction in operating and capital expenditures. This is an ongoing risk with shifting more services from tax support to support from fees that may fluctuate based on market conditions. Administration will continue to monitor this risk and pursue mitigation measures as necessary.

ATTACHMENT(S)

1. Previous Council Direction, Background
2. Amendments to PD Sustainment Reserve Template
3. Service Funding Principles
4. BILD Letter
5. Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
David Duckworth	Chief Administrative Officer	Approve
Debra Hamilton	Planning and Development Services	Approve
Carla Male	Chief Financial Officer	Approve

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City Clerks: J. Palaschuk / K. Picketts