

MAY 14 2019

ITEM:

PFC2019-0585
PFC2019-0550 distribution

CITY CLERK'S DEPARTMENT

Calgary



Calgary's Economic Resilience

Priorities and Finance Committee – Tuesday, May 14, 2019

Making life better everyday



Our Community

Our People

2019-2022 Citizen Priorities







Agenda for the day

- 6.1 Economic Strategy Update
- 6.2 Streamlining the Cost of Municipal Government
- 6.3 Prioritizing Next Steps to Streamline the Cost of Municipal Government
- 6.4 Small Business Resiliency Grant Program
- 6.5 Administration Response to a Motion Arising on Residential Property Tax Rebates
- 6.6 Business Tax Consolidation – 2019 Annual Status Update and Final Report
- 6.7 Social Procurement Update
- 6.8 Assessment and Tax Circumstances Report
- 6.9 2018 Year-end Capital and Operating Budget Revisions Report
- 6.10 Amendment to Bylaws and New Interim Loan to Calgary Municipal Land Corporation
- 6.11 Status of Outstanding Motions and Directions

Economic Strategy Update

Calgary Economic Development

Streamlining the Cost of Municipal Government

Mayor Nenshi



Calgary is in an enviable position



- Ranked 4th best city to live in the world (Economic Intelligence Unit, 2018), up from 5th place in 2017.
- Vancouver ranked 6th place; Toronto ranked 7th.
- Based on a study of 140 cities in the five categories: infrastructure, stability, education, healthcare, and culture and environment.
- Calgary received 100-point rating in all of the above except “culture and environment”.
- Mercer’s 2019 Quality of Living Ranking places Calgary 32nd out of 231 international cities



Calgary – most livable city in Canada

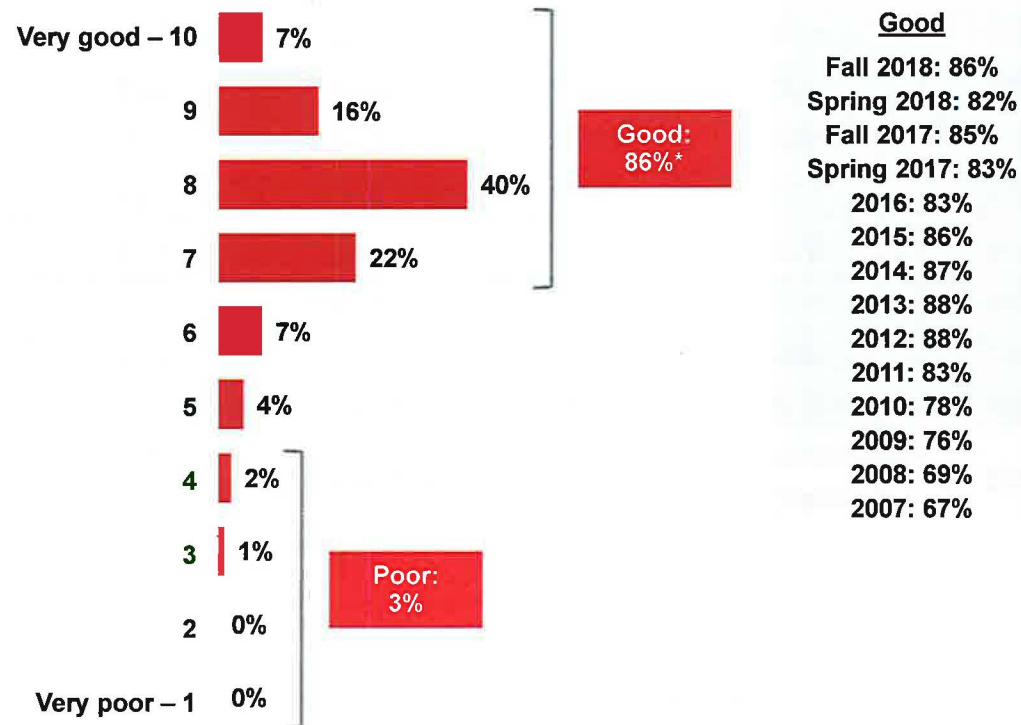
Ranked 4th most livable city in the world in 2018 – up from 5th place in 2017

The ten most liveable cities

Country	City	Rank	Overall Rating (100=ideal)	Stability	Healthcare	Culture & Environment	Education	Infrastructure
Austria	Vienna	1	99.1	100.0	100.0	96.3	100.0	100.0
Australia	Melbourne	2	98.4	95.0	100.0	98.6	100.0	100.0
Japan	Osaka	3	97.7	100.0	100.0	93.5	100.0	96.4
Canada	Calgary	4	97.5	100.0	100.0	90.0	100.0	100.0
Australia	Sydney	5	97.4	95.0	100.0	94.4	100.0	100.0
Canada	Vancouver	6	97.3	95.0	100.0	100.0	100.0	92.9
Canada	Toronto	7	97.2	100.0	100.0	97.2	100.0	89.3
Japan	Tokyo	7	97.2	100.0	100.0	94.4	100.0	92.9
Denmark	Copenhagen	9	96.8	95.0	95.8	95.4	100.0	100.0
Australia	Adelaide	10	96.6	95.0	100.0	94.2	100.0	96.4



Overall Quality of Life in Calgary

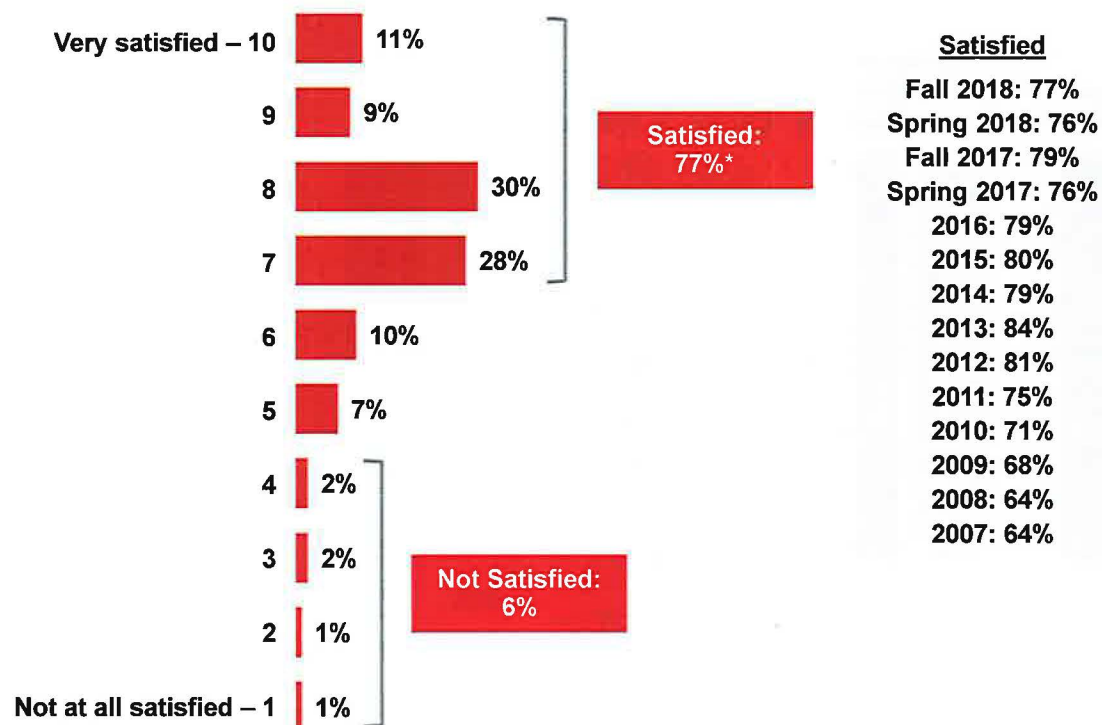


On a scale of “1” to “10” where “1” represents “very poor” and “10” represents “very good,” how would you rate the overall quality of life in the city of Calgary today?

Base: Valid respondents (n=2,497)

*Rounding

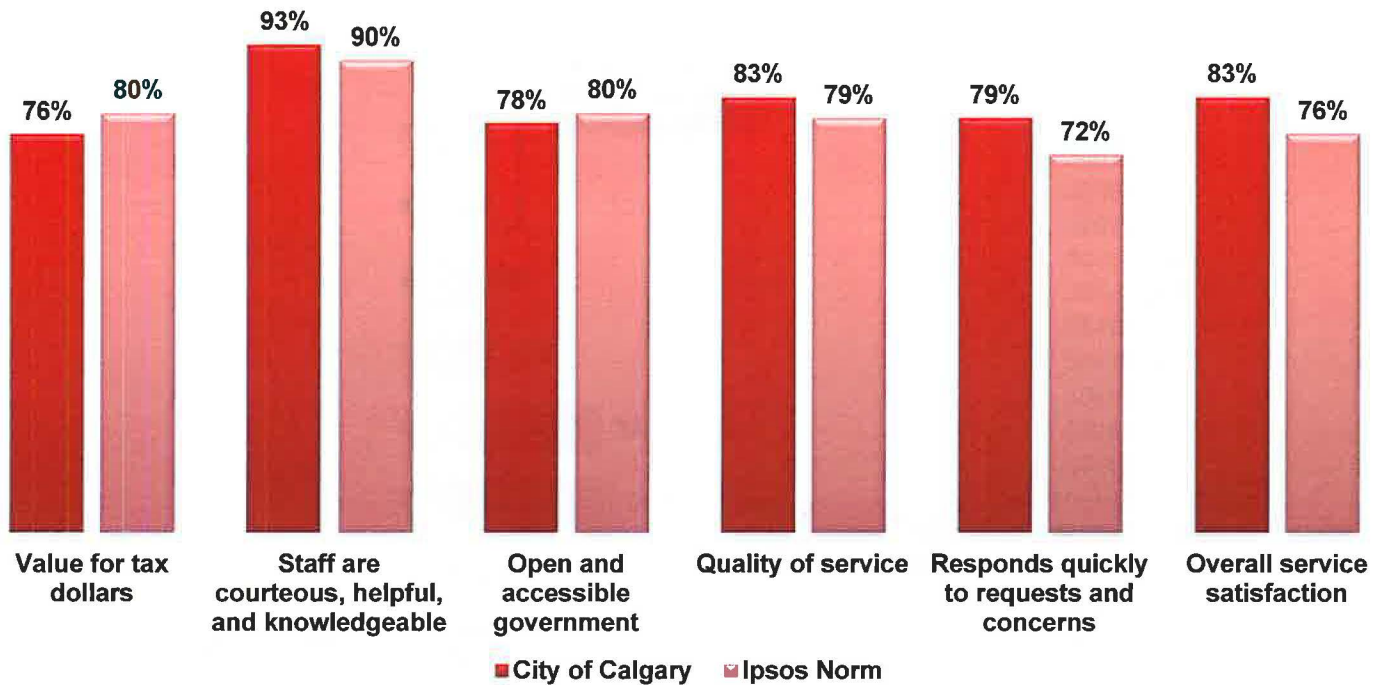
Satisfaction with the Overall Level and Quality of City Services and Programs



On a scale from “1” to “10” where “1” represents “not at all satisfied” and “10” represents “very satisfied,” how satisfied are you with the overall level and quality of services and programs provided by The City of Calgary?
Base: Valid respondents (n=2,488)

*Rounding

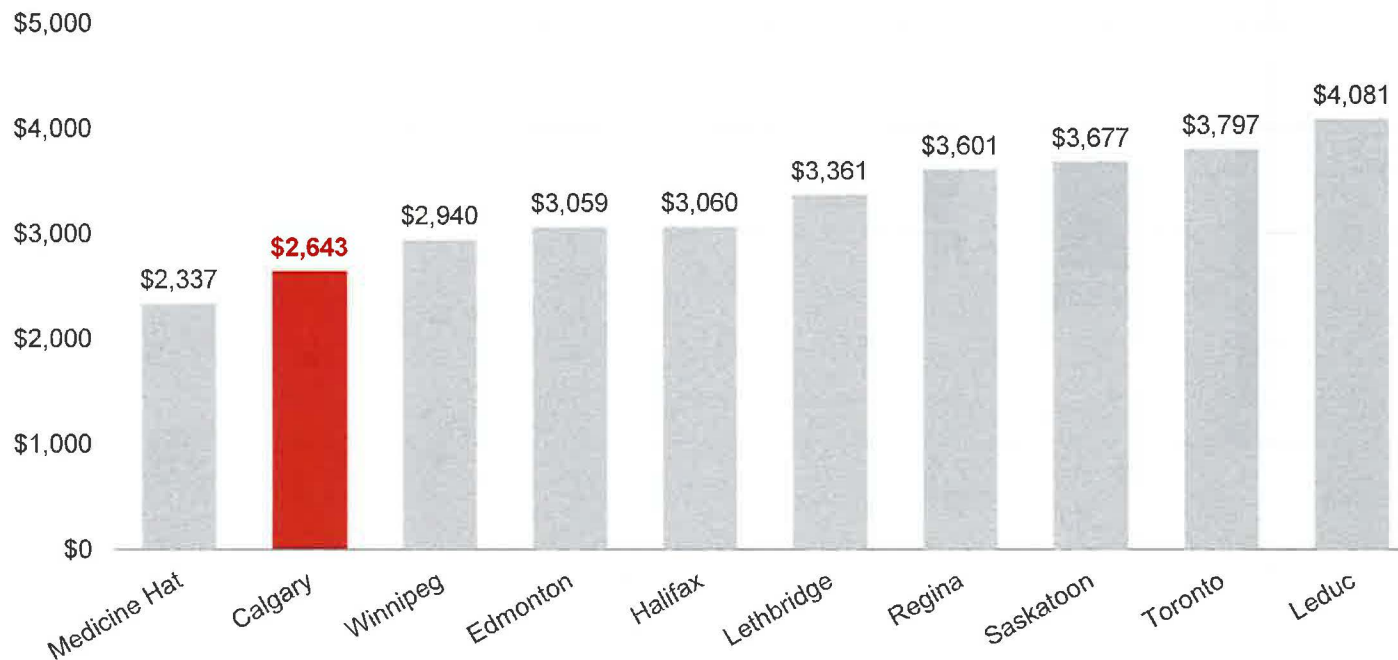
Calgary and Ipsos Municipal Norm Comparison



Top 2 Box: % Strongly agree and agree

Residential Property Taxes

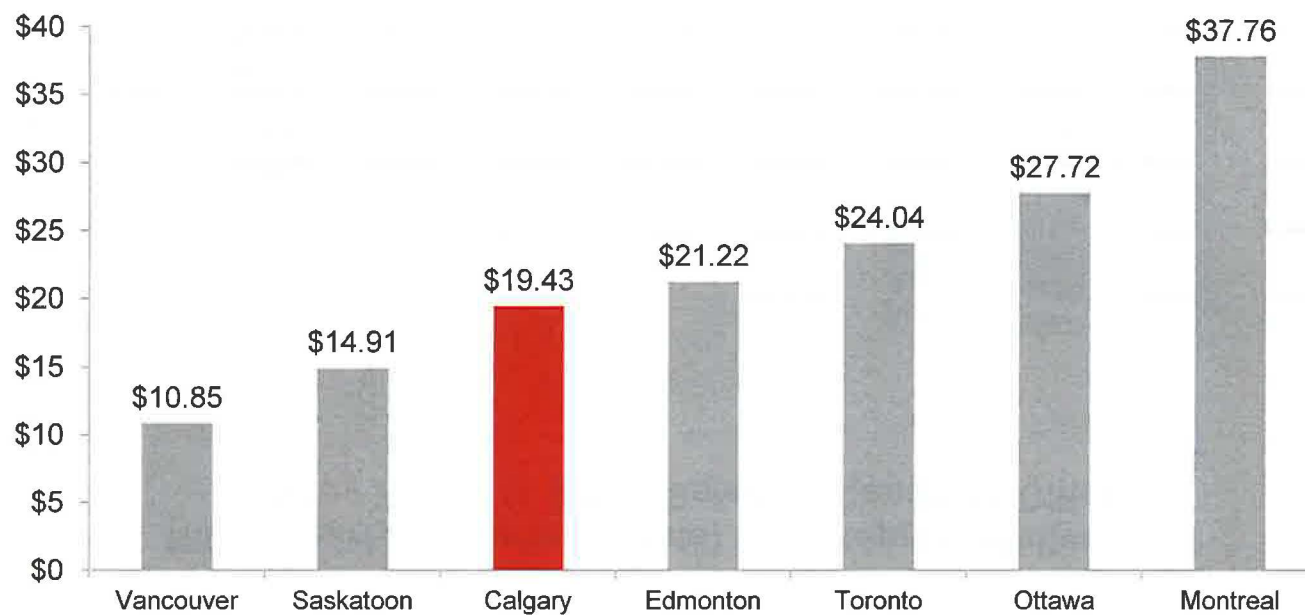
Net Property Tax (after Grants) for a Representative **Two-Storey** House in 2017 - Selected Canadian Cities



Source: The City of Calgary, 2017 Residential Property Taxes and Utility Charges Survey, Annual Report released in Nov. 2018.

Commercial Property Taxes

- 2018 Estimated Commercial Property Taxes per \$1,000 of Assessment

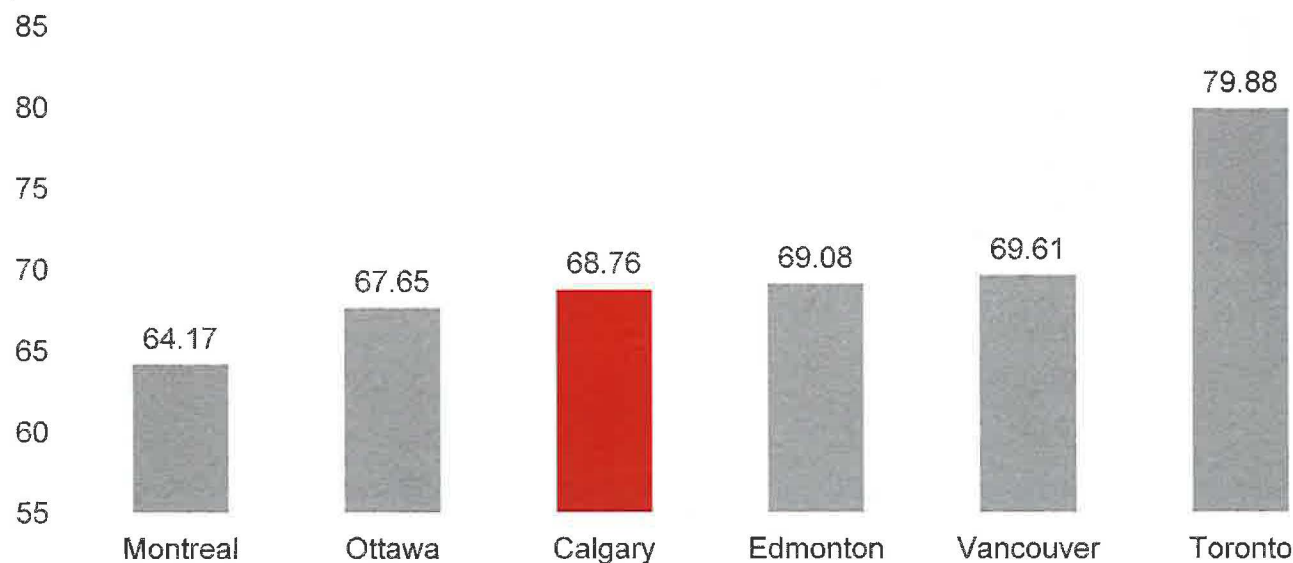


Source: Altus Group Canadian Property Tax Rate Benchmark Report 2018

Cost of Living

NUMBEO Cost of Living Index for Major Canadian Cities, May 2019

(index, with New York City =100)

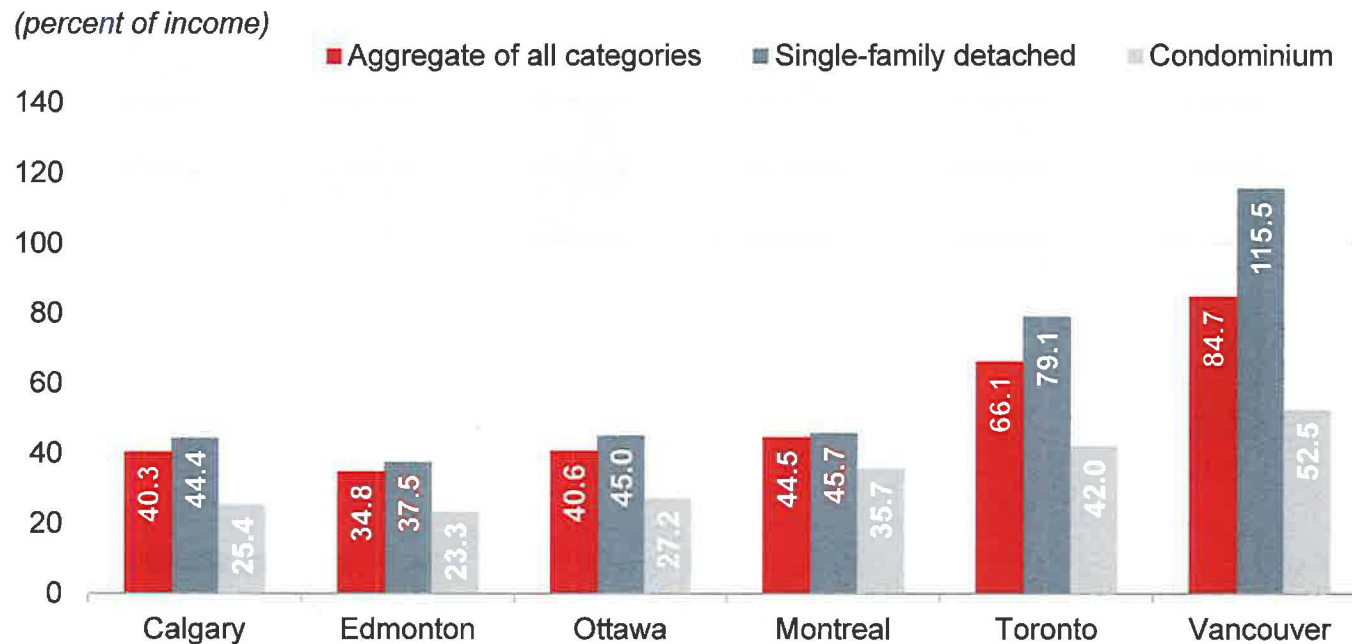


- Note: Cost of Living Index is measured by NUMBEO as a weighted index of costs on restaurants, grocery markets, utilities, transportation, sports and leisure, childcare, clothing and shoes, shelter, financing, as well as average income of each city.
- NUMBEO is the world's largest database of user-contributed data about cities and countries worldwide.

Source: NUMBEO Cost of Living Index, prices updated in May 2019.

Cost of Living - Housing Market Affordability

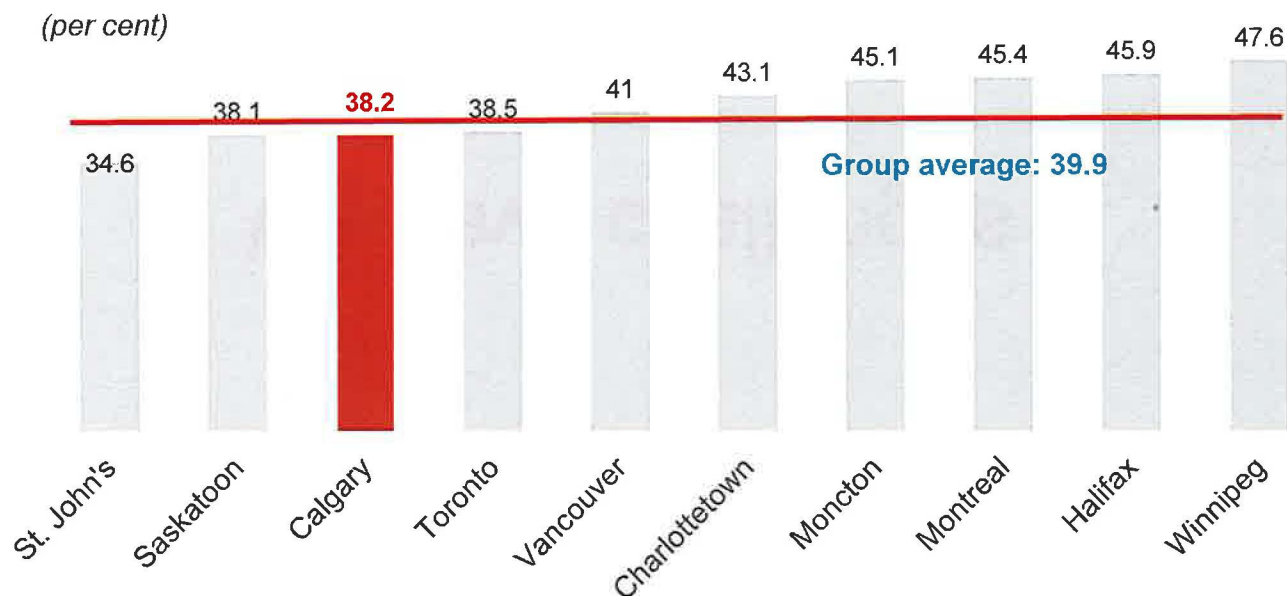
- Calgary has a more affordable housing market compared to major Canadian cities like Vancouver and Toronto.



Source: RBC Economics. Housing Trends & Affordability (Quarterly Report), March 28, 2019

Cost of Doing Business

Marginal Effective Tax Rate on Businesses in Major Canadian Municipalities
in 2018

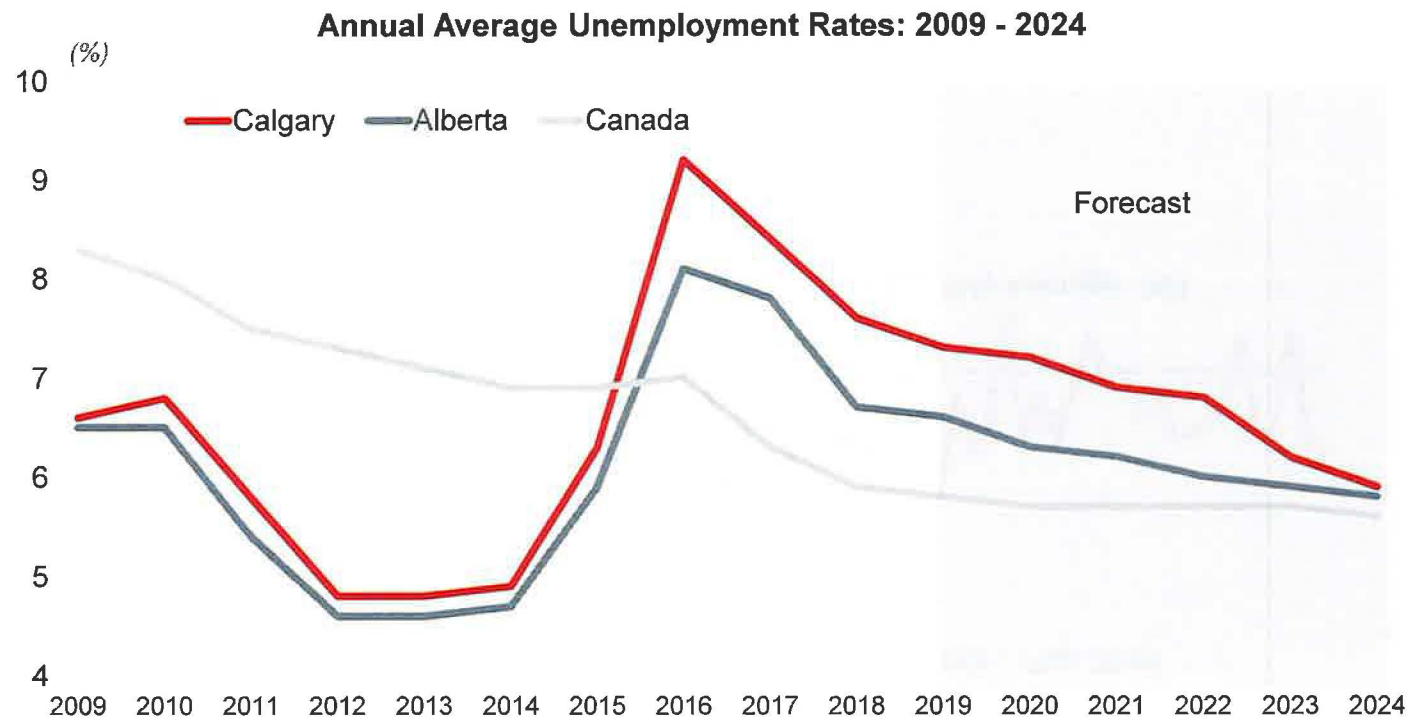


Source: *Business Tax Burdens in Canada's Major Cities: The 2018 Report Card*, C.D. Howe Institute, Dec. 2018.



We have challenges ...

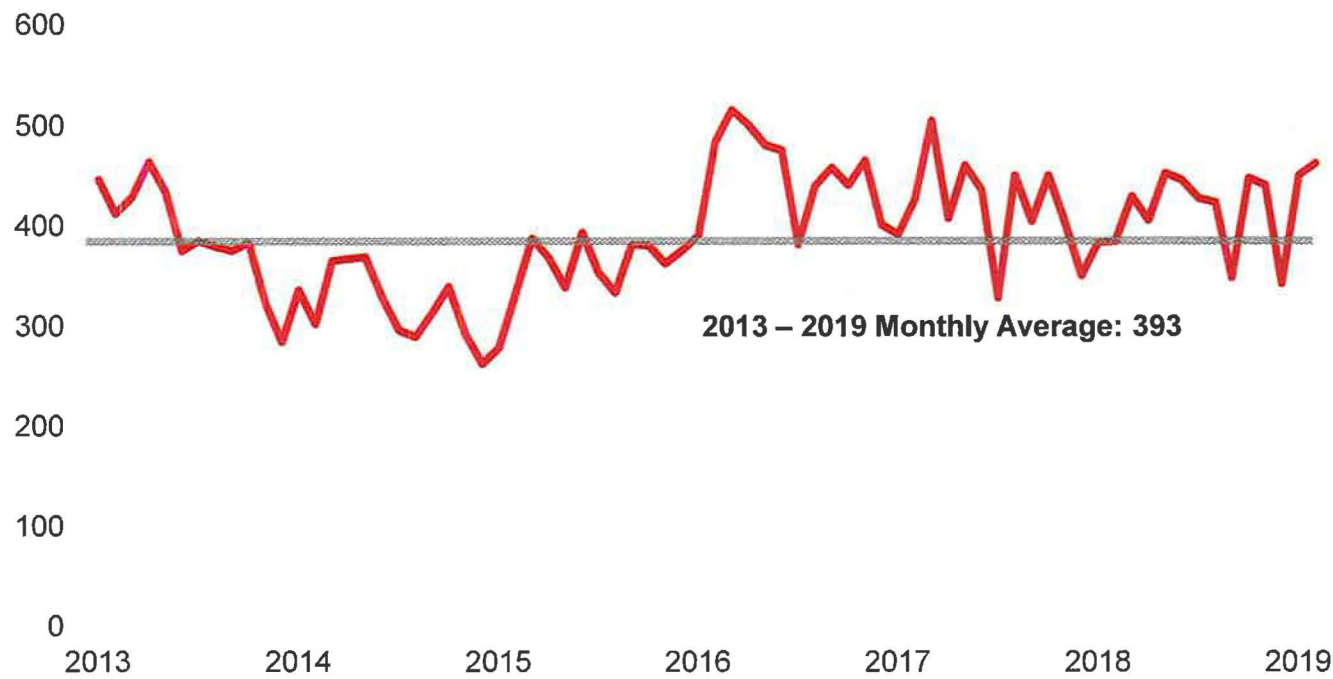
Unemployment Rates



Sources: Statistics Canada, Conference Board of Canada, Corporate Economics

Personal Bankruptcies (2013-2019)

Number of personal bankruptcies – Alberta: Jan 2013 – Feb 2019



Source: Office of the Superintendent of Bankruptcy Canada.



Mental health and addiction crisis

Opioids

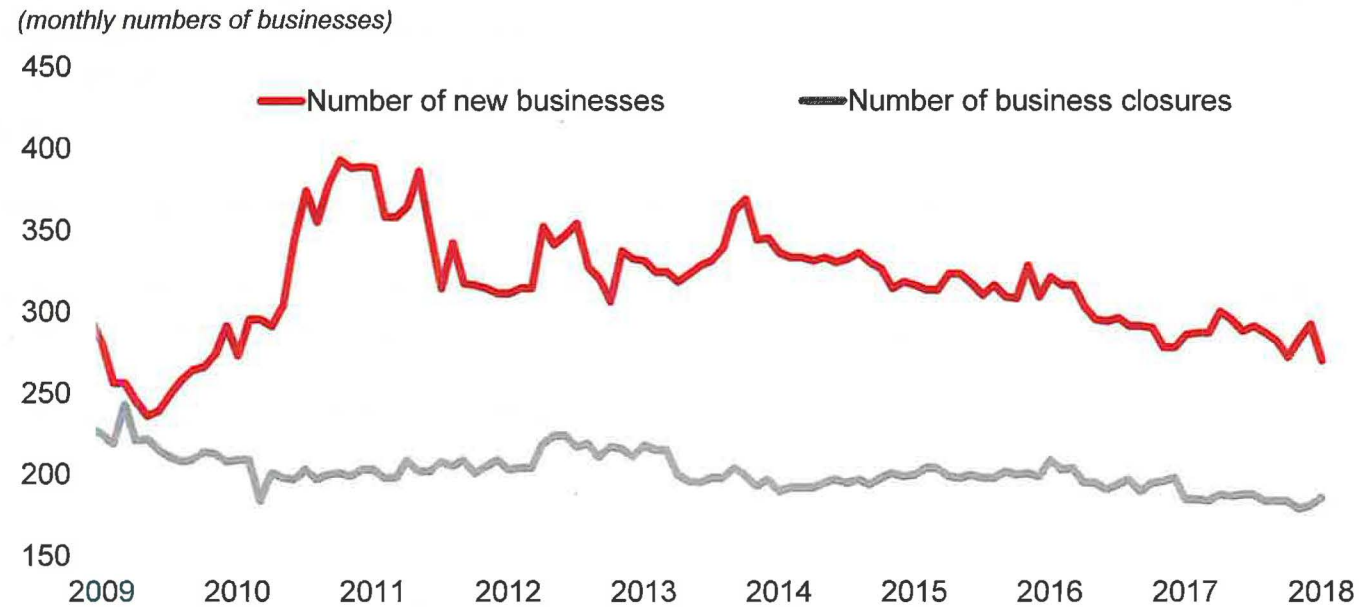
- The Calgary Zone continues to have the highest number and rate of apparent accidental poisoning deaths related to fentanyl in the province.
- On average, six people died every week in the Calgary Zone attributed to this cause of death.
- 56 per cent of carfentanil deaths in the province occurred in the Calgary Zone, an increase from the previous quarter (44 per cent).
- 60 per cent of apparent accidental fentanyl-related deaths occurred at the individual's home address.

Mental Health

- 1 in 5 Canadians experience a mental health problem or illness each year.
- Approximately 500 Albertans die by suicide each year, and suicide is consistently a leading cause of death among Albertans.
- The proportion of Calgarians who feel their perceived mental health is excellent or very good has been decreasing, from 77% in 2005, to 72% in 2014.
- In Canada, rates of depression and anxiety for youth are increasing. The rate of major depressive disorder increased from 6.2% of youth aged 18-24 in 2002 to 9.6% in 2012.
- Over the last 10 years (2007-08 to 2016-17) there has been a 66% increase in emergency department visits, and a 55% increase in hospitalizations, of children and youth (age 5-24 years) due to mental health concerns.

Business Closures and Business Startups

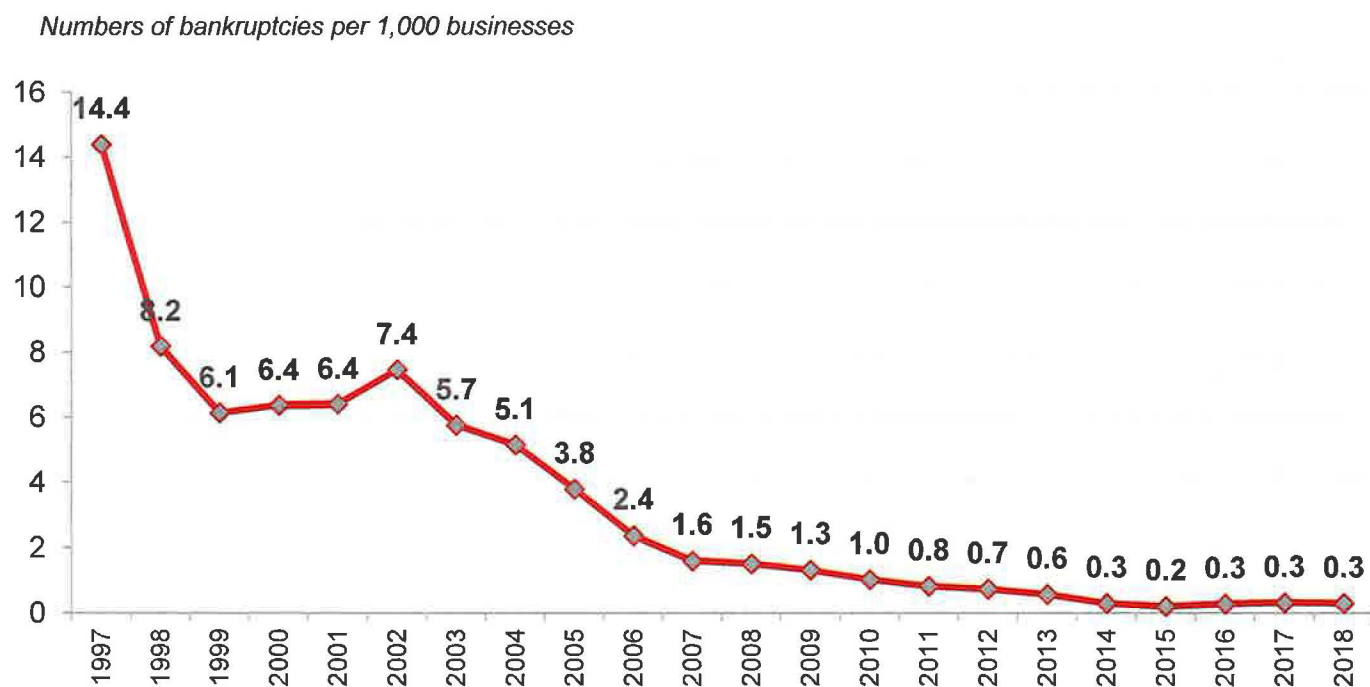
New Businesses and Closes for the City of Calgary 2009- 2018
12 Month-Moving-Average Monthly Entries and Exits



Source: The City of Calgary Tax Assessment.

Business Bankruptcies

Calgary CMA Business Bankruptcy Rates (per 1,000 businesses)



Source: Office of the Superintendent of Bankruptcy Canada, Industry Canada

The Challenge

Quotes from Business Perspectives Focus Groups 2019

“

My husband and I **work every day, 7 days a week but we are not getting paid**. Four years we have been living this way. When you ask “how do we attract new people,” I am actually seriously trying to think of ways to leave here! It is **extremely hard to try and think positively for a small business in this environment**. We do still see lots of opportunity here, even with the downturn, but one still has to be realistic. **Do we move from downtown or do we move away from Calgary?** It is on our minds a lot. If we cannot pay ourselves and we are only working hard to keep the doors open and pay the staff salary – is it worth it? I have another full-time job actually . We have been enticed by [other markets] but it is so hard to consider giving up on this place we’ve already invested four years work into. I still think if we were not downtown we’d be doing better because everything has changed since we opened. I see people spending a maximum of \$10 on lunch now compared to \$15 when we opened. Things like corporate events and Christmas parties that used to make us more money are also gone.

“

Uncertainty in the market, in the ability to invest in this economy and with the government’s lack of central policy – wildly swinging around, can’t pin it down. Minimum wage increased, property and business taxes increased – what’s next? All three levels of government are pulling us around and pulling all these strings. No one level of government is in control and they seem to be working at crossed purposes. We see one government come in and do a whole lot of things but in a few years, another government comes in and starts undoing everything. No one really knows where they stand. Who would want to come into an environment with so much uncertainty and so much political pendulum swinging? Can’t find a path down the middle that will be good for workers, industry or business. Can’t attract and retain talent and investment.

- Business Owner, Business Perspectives Focus Groups | 2019

The Opportunity



Calgary has a lot to offer. We are an amazing city offering access to a lot of amazing amenities. Realistically speaking we are actually a lot more affordable than other major Canadian cities like Toronto or Vancouver. We have so much good infrastructure but we are not attracting good people. I don't think anyone is really focussing on what they want to attract either. Is it huge companies like Amazon or small, mom and pop businesses? To me what makes a good city is a good mix of everything. And people who are willing to put their blood, sweat and tears into a Calgary business should be able to make it successful. That is just not right. But I still think there is a huge amount of opportunity in the city and it still has a lot to offer.



We had our biggest year ever last year. We are in the tech space and innovation space so it's a very different market. We've gained our largest contracts since 2018. [We] have a lot of customers that have come in for us, let's say 500 customers, with an average sale price of \$200 or so. But then we have our large enterprise clients and we gained two of those last year with more to come this year.

- Business Owner, Business Perspectives Focus Groups | 2019



Ideas from businesses about what Calgary should do



Setting aside business for a moment, the thing that always attracts people to Calgary is quality of life. I overheard a young couple who had recently come back to Calgary from Vancouver because they realized they didn't have a hope of ever owning a home. They got decent jobs in Calgary, not high paying, but decent and are seeing opportunities here. They said they love the city because of the proximity to the mountains, the friendliness, the pathway systems and even in spite of the federal government's changes to the mortgage rules they still look forward to owning their own home and raising their family in Calgary soon. Those are the kinds of things we need to promote. We also need to encourage our historically high entrepreneurial spirit which unfortunately has been broken in the past couple of years.

- Business Owner, Business Perspectives Focus Groups | 2019



I think in general, how [Calgary] describes itself over the last two years, we don't describe ourselves as optimistic. We're not selling ourselves. I think there are an amazing number of tech companies. There's people doing really amazing things. In Calgary, there's a huge amount of oil and gas, we're world leaders. But we're not recognizing that. People from across the world are hearing that and we need to promote ourselves more.

- Business Leader, Business Perspectives Focus Groups | 2019



So what are we doing?

How The City is helping businesses



As a small business, our relationship with the City of Calgary is invaluable. The guidance and support provided has allowed us to painlessly navigate the ins and outs behind the scenes, so we can focus on what we do best, make beer!

- Ben Leon, Partner, Co-founder, The Dandy Brewing Company

The contrast between working with the City of Calgary and other large municipalities is like night and day. **Calgary is streamlined, straight forward and simple.**

- Kristi Stuart, Co-Founder, Barre Belle Inc



Calgary's Economic Recovery and Resilience

