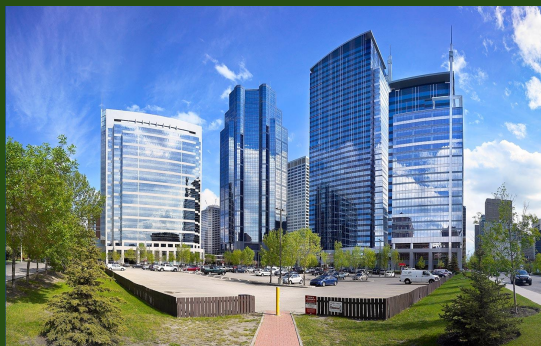




NAIOP Calgary Newsletter

September 2019



Introduction

Welcome to the newly formatted NAIOP Government Affairs Newsletter.

As readers know, there are a number of initiatives underway at the City and Region that affect our members now and for years to come. We will discuss the status of some of the key ones in this newsletter.

Pg 3: Top Priorities for NAIOP

Pg 4: Other issues for NAIOP

Pg 5: NAIOP Partners

Pg 6: Greenline

Pg 7: EAGCS (Established Areas Growth & Change Strategy)

Pg 8: Property Tax Shift

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Pg 11: Storm Water

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Issues: - Top Priorities

The Government Affairs Committee (GAC) met in July to identify the issues that are top of mind for our members.

The GAC wanted to ensure that our advocacy work was targeted and prioritized to ensure we are using our resources effectively.

The GAC will meet again this month and welcome any input from members with respect to issues they see arising that should be discussed. (send to: guy.huntingford@naiopcalgary.com)

Top Priorities for Advocacy: (in priority order)

1. Property Tax Shift
2. Green Line
3. EAGCS (Established Areas Growth and Change Strategy)
4. Storm Water Management
5. Off-site and other Levies
6. Industrial policy guidebook
7. Regional Planning (CMRB (Calgary Metropolitan Region Board)
8. MDP/CTP amendments

Issues: - Other

Of course there are many, many other issues that must receive some attention.

In no particular order.

Other advocacy issues

1. CIBEB - Commercial, Industrial, Building, Energy Benchmarking working group
2. Industrial Growth Strategy
3. BAC -Business Advisory Committee (cut red tape)
4. DAC - Developers Advisory Committee
5. Charter Authorities
6. Climate change / resilience strategy
7. DAG - Developed Areas Guidebook (renamed very recently to .. The Guidebook for Great Communities)

NAIOP Partners

The GAC identified a number of partners that work with and support NAIOP Calgary from time to time.

We will leverage these organizations and relationships when appropriate.

1. City of Calgary and other regional Counties and Municipalities
2. Calgary Chamber
3. BILD Calgary Region (Building Industry Land Development)
4. BOMA Calgary (Building Owners Managers Association)
5. CED (Calgary Economic Development)
6. SAPL (School Architecture Planning & Landscape (UofC))
7. CREW (Commercial Real Estate Women)
8. CREB (Calgary Real Estate Board)

Greenline

We continue to meet with the Greenline team to ensure constant communication and reinforcing our position.

We have met with opponents of the City's current financial & risk assessment positions and the alignment through the downtown segment. The opponents were very vocal and have appeared at Council. Since our meeting they have gone quiet.

We have offered administration our help in communicating to all stakeholders.

We support continuing the project (no stops) and agree with an RFQ/RFP process as designed by Administration

We continue to advocate for an underground alignment that maximizes benefits for our members.

See attachment 1

Minutes from Combined meeting of Council on July 29th - Greenline Item (contains 11 motions approved by Council)

See attachment 2

NAIOP / BOMA submission to Council
re: Where we stand with respect to the Greenline.

Established Areas Growth & Change Strategy

The EAGCS is the second piece of work in achieving a city wide comprehensive growth strategy (New communities strategy was completed first). The Industrial strategy is the third piece to be completed.

Note: According to the City's Growth Strategy team a growth strategy is primarily an investment strategy.

The EAGCS is split into 2 phases. The first phase report will be presented to SPC-PUD in March 2020. This is to catch the mid-cycle review of the budget and secure funding. The report will ask Committee to approve the 5 MCP's (multi community plans) that have been identified as the best areas for redevelopment, present ideas to accelerate the planning exercise to help developers come to market sooner.

The second phase (already underway) creates the ongoing framework for development in Established areas. This includes funding/financing, utilities mapping, planning (complete all MCP's) & public realm requirements/community engagement.

The City's Growth Strategies team is interested in developers that have a D.P/B.P and have not 'broken ground'. The City is eager to speak with this group and find out what they would require to get started now. They want some quick wins to show Council.

Property Tax Shift

The downtown property tax 'shift' that is of major concern to NAIOP members took many twists and turns through April, May and June. See attachment 3 for City's proposed early solution.

NAIOP took a position (see attachments 4 & 5; Letters to Council) and spoke at Council advising that something must be done to help with the increasing burden on non-residential tax payers. We supported Councillor Gondek's proposal (see attachment 6, scenario 4) that would have seen the 'split' between residential and non-residential move to 50-50 within this 4yr budget cycle and would provide relief to residential property tax payers using the \$71M of 'tax room' that the City had in reserve funds.

The Gondek motion was defeated.

See attachments 7 & 8 for some useful tax data from Altus.

The Mayor's counter motion that called for small businesses to apply for a 'tax rebate' and the City to create a small business sub-class (The MGA allows for 3 non-res' sub-classes), was also defeated so no solution was secured. Council called a special meeting for June 10th to address the crisis.

On the 10th a massive rally in front of City Hall and a litany of small business owners flooded the Council Chamber and when it was all over Council unanimously voted to cut \$60 million from the city's budget and use the \$71 million from reserve funds. This provided a 10 per cent reduction in non-residential municipal property taxes from 2018 to 2019.

The problem is (as always), no long term solution was proposed.

We understand that a special task force of experts has been formed to bring forward a long term solution.

Developing Areas Growth Strategy

As mentioned in the EAGCS report, the Strategy for growth in developing (greenfield) areas has been completed. However, there is still ongoing review and possible amendments that may occur as a result of the review. Further, one of the key pillars of the strategy is to allow an in-take of applications from developers every 2 years. The reason for this was that from 2012 to 2018 there were no new communities approved and this led to pent up demand from the market / developers and culminated in Council approving 14 new communities in July 2018 once the growth strategy was completed and implemented.

The in-take every 2 years is designed to avoid another dearth of product in the pipe-line and also to smooth the workload for administration.

A possible red-flag has surfaced.

Administration is considering 'closing the door' to developers to submit proposals at the next scheduled in-take of business cases (in the fall). The logic is 'there is enough supply' and the current (and future) capital, operating budgets and human resources are strained. The current direction to the Growth team is to stop all Developing Area work and concentrate on the Established Areas and Industrial Strategies.

This line of thinking is unfortunate as it undermines the first completed growth strategy and our concern is that it could be precedent setting. Allowing continued proposals ensures integrity in the process and, as always, the City has total control over who gets approvals so the argument that the market becomes saturated is not the case.

Business Advisory Committee

The BAC (Business Advisory Committee) was created by Councillors Sutherland and Demong. The purpose is to find ways to help businesses become more successful, specifically to propose changes to internal City processes to make dealing with the City less onerous and more timely.

There are a number of different stakeholders at the table including NAIOP, BILD, Chamber, Canadian Taxpayers Federation and various City depts.

The BAC first gathered information from industry about areas/processes/policies that could benefit from an overhaul to make them more business friendly. This is being studied now by Administration.

The BAC has been asked by Council to look at the City's Social Procurement Policy (SPP) (a pilot program is underway) and bring comments in Q4.

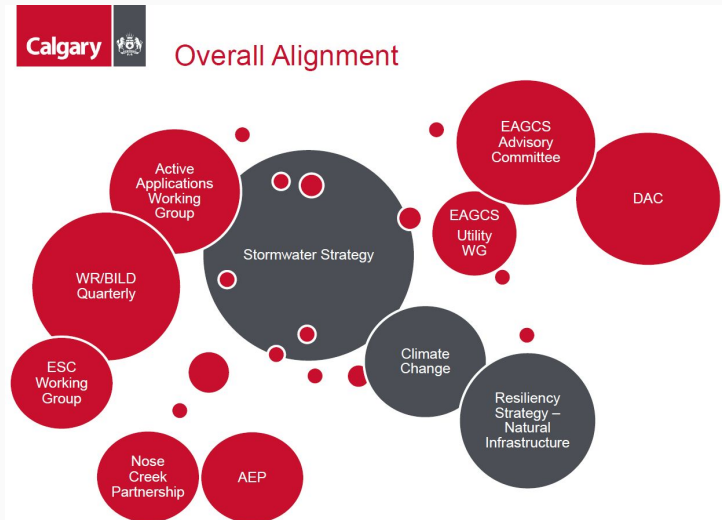
The City Procurement Dept spends over \$1B annually. Having a SPP seeks to ensure that all purchases made by the City meet a goal of getting more intentional benefit for the economy and/or communities.

Today's current procurement mandate of 'lowest cost option' will be superseded by the SPP if approved.

Businesses (especially small & medium sized) may benefit greatly from this new policy.

Storm Water

This City of Calgary diagram shows how all encompassing stormwater strategy is with respect to development and the various City/Industry groups that are actively working on it.



The stormwater file requires constant advocacy. These are the key issues.

- Volume control targets in the Nose Creek watershed are quite onerous for developers. The City has agreed to find solutions for applications that will be processed prior to Jan 2021 when a new and comprehensive stormwater policy is implemented. Our concern is what happens after that?
 - The City has agreed to study an industry proposal that replaces volume controls with a 'low energy release rate' strategy.
 - The difference in volume control targets between established and developing areas.
 - The Province needs to find solutions to stormwater reuse, Water Act approvals, issues with wetlands and diversion tactics and decide if the quality of stormwater is more or less important than quantity (industry believes quality is more important).
- .. See attachments 9 & 10 for more detailed information

Thanks!

Any Questions?

Contact us:

guy.huntingford@naiopcalgary.com



Attachments

- #1 Pg.13 Minutes from Combined meeting of Council on July 29th - Greenline Item
- #2 Pg.16 NAIOP / BOMA submission to Council
- #3 Pg.18 City of Calgary 'early' tax reform proposal
- #4 Pg.22 April 4th letter to Council re: Property Tax shift
- #5 Pg.25 June 6th letter to Council re: Non-residential sub-classes
- #6 Pg.28 Councillor Gondeks proposal (scenario 4) to create a long term solution for the property tax shift.
- #7 Pg.29 Altus Property tax rate calculator
- #8 Pg.30 2019 tax rates
- #9 Pg.31 Note to Councillor Colley-Urquhart re: Provincial stormwater issues
- #10 Pg.33 City's comprehensive look at stormwater issues and directions for now through end 2020

The following are from the Minutes of the combined meeting of Council on July 29. There was a presentation, and then discussion regarding the Greenline.

7.3 Q2 Greenline Update: TT2019-0811

The following documents were distributed with respect to Report TT2019-0811:

- Letter from the Calgary Construction Association;
- Letter from NAIOP Calgary and BOMA Calgary;
- Presentation entitled “Green Line Update TT2019-8011, July 29, 2019”; and
- Document outlining 11 Alternate Recommendation.

That with respect to Report TT2019-0811, Recommendation 1 to 11, Council, by general consent, requested that they be voted on separately.

Moved byCouncillor Keating

Seconded byCouncillor Woolley

That with respect to Recommendations 2 and 4 through 11 of Report TT2019-0811, the following be adopted:

That Council:

2. Direct Administration not to proceed with construction of the Green Line Light Rail Transit Project – Contract #1 (4th Street SE to Shepard SE) until the alignment review from 16th Ave North to 4th Street SE has been completed and any potential changes have been approved by Council;

4. Direct Administration to have the Green Line Technical Risk Committee carry out an independent peer review of the following

- Overall project budget and scope;
- Sufficiency of funding for the Project;
- Suitability of the proposed technical solution with respect to Contract 2;
- Deliverability of the Project;
- Risk identification, quantification and mitigation process; and
- Suitability and adequacy of the governance and resourcing of the Project;

5. Direct Administration not to release the Request for Qualifications (RFQ) to the market for Contract #1 (4th Street SE to Shepard SE) until the RFQ has been reviewed by the Green Line Technical and Risk Committee;

6. Direct Administration to have the Green Line Technical and Risk Committee report to

the SPC on Transportation & Transit Committee as part of the Green Line quarterly updates with respect to their independent peer review over the previous quarter;

7. Direct Administration to work with our funding partners to obtain agreement that any capital cost savings from the Green Line Stage 1 (16 Ave N to 126 Ave SE) project will be applied to the required land assembly, corridor preparation, and design and construction of extensions north and south (outside the Stage 1 project), with sequencing of the extensions to be determined utilizing the RouteAhead Project Prioritization Framework;

8. Direct Administration to initiate land assembly on an opportunity basis north of 16 Ave North, for Green Line future stages utilizing the Transportation Future Land Fund or the Revolving Fund for General Land Purchases, as a funding source; and

9. Direct Administration to develop a scoping study to examine opportunities for improvements to interim rapid transit services from North Pointe south along the Centre Street corridor and report back to the SPC on Transportation and Transit by Q1 2020. The scoping study will identify the next steps required to deliver functional planning, preliminary and detailed designs;

10. Continue advocacy efforts with our funding partners to secure funding to complete the full Green Line LRT; and

11. Direct Administration to undertake a review of risks associated with any potential alignment decisions that affect downtown real estate development values, and City Assessment values.

MOTION CARRIED

Moved byCouncillor Keating

Seconded byCouncillor Woolley

That with respect to Recommendation 1 of Report TT2019-0811, the following be adopted:

That Council:

1. Direct Administration to split the procurement of the Green Line Stage 1 Project into multiple contracts from 16 Avenue North to 126 Avenue Southeast;

Against: Councillor Farkas

MOTION CARRIED

Moved byCouncillor Keating

Seconded byCouncillor Woolley

That with respect to Recommendation 3 of Report TT2019-0811, the following be adopted:

That Council:

3. Direct Administration to conduct a feasibility review of potentially including the North Pointe to 16th Ave corridor along Centre Street in Stage 1 if the 16th Ave to 4th Street corridor is not resolved by January 2020, to be included only once confirmed with our funding partners;

○ ROLL CALL VOTE

For: (7) Councillor Carra, Councillor Chu, Councillor Colley-Urquhart, Councillor Davison, Councillor Gondek, Councillor Keating, and Councillor Sutherland

Against: Mayor Nenshi, Councillor Chahal, Councillor Demong, Councillor (6) Farkas, Councillor Farrell, and Councillor Woolley

MOTION CARRIED



Mayor Nenshi and City Councillors
P.O. Box 2100, Station M
700 Macleod Trail South
Calgary, AB
T2P 2M5

Re: NAIOP & BOMA position paper re: Calgary Green Line

Dear Mayor Nenshi and City Council,

The organizations of NAIOP and BOMA represent the majority of developers, property owners and property managers in the industrial and commercial space in Calgary. The proposed transit line, known as the Green line, will have a potentially huge impact on many members of both organizations. As such this paper provides the position and direction that the combined organizations would like to see in order for the Green line to provide the maximum benefit to all stakeholders and citizens.

We...

respect the 2017 vision for Green Line as a whole package (including the phased construction approach) as adopted by Council at the time, with the proviso that select changes to configuration and alignment could be made (following consultation with affected stakeholders).

wish to see minimal impacts to members' asset values, existing and future tenants, access considerations and the line's place making opportunities (particularly in Downtown and Beltline) and also at the identified TOD locations

support that re Phase 1 fits within the \$4.9 billion budget with acceptable risk and contingency included.

reject spending the entire \$4.9 billion budget to extend the south or north legs in the absence of a downtown component, as without a direct connection to downtown in a central alignment, support for the employment core of Calgary is significantly diminished (as is potential ridership) and connectivity to other transit corridors throughout the city is lost.

do not support a 'pause' for the south east leg portion as we believe the RFQ and RFP process timing as proposed by the Green Line team provides enough time for further study on the

downtown segment before shovels go in the ground, and this segment of the line is well understood with relatively minimal and known risks.

support the Green Line team's position that further evaluation of the downtown segment should occur given the construction risks and costs identified, and believe this action to be prudent if it does not become prolonged.

support efforts made to eliminate deep tunneling along the route (cut/cover versus TBM) that could lower cost and bring station(s) closer to the surface so they can better interact with surrounding buildings and streetscape and offer better place making and public realm opportunities.

do not support a deep tunnel based on the significant depth being discussed (7 storeys+) that would impact rider usability, lack of potential connection to existing buildings and infrastructure, and the risk of cost overruns, we do favour tunnelled or cut and cover alignments from south side of the Bow River via 2nd Street SW to at least south of CP tracks as well as under MacLeod Trail in the Beltline to meet these objectives, and prefer tunnel through the balance of the Beltline if budgets permit.

understand the need for staging the Phase 1 procurement and construction program to provide the opportunity to offer a greater proportion of work to local construction companies.

do not support elevated structures between 4th street SE and 20th Ave N. These should be avoided if possible, due to the potential for increase in crime/decrease in public safety, and the deleterious impact to street level commercial/retail activity, reduced sunlight at grade in these areas, loss of public realm potential and impact on surrounding real estate values. Cities with elevated structures are removing them for these reasons (New York, Toronto etc.) and other cities are not repeating earlier mistakes by tunneling their newer lines (cut/cover) such as Vancouver's Cambie Street stretch of the Canada Line.

support configurations or alignments that don't create barriers to or isolate a community or unduly restrict connectivity with neighbouring communities (example: Eau Claire and Chinatown).

Yours sincerely,

John Fisher, Chair NAIOP Calgary
Lee Thiessen, Chair, BOMA Calgary

Cc: City Clerk, City of Calgary
Michael Thompson, General Manager, Transportation, City of Calgary
Graham Gerylo, Senior Manager, Stakeholder Relations, City of Calgary, Green Line

City of Calgary Tax Reform Proposal: Details for the Proportional Shift Strategy (Developed March 15, 2019)

The Problems:

- There is a \$257,624,403 property tax revenue shortfall resulting from decreased assessments for downtown properties.
- The proportionate share of budget responsibility between residential and non-residential properties must become more equitable.
- There must be a temporary rebate program for homeowners to cover the dramatic proposed proportion shift.

Big Picture Thoughts:

- While a residential tax increase may seem unpopular and harmful to homeowners, there is an equal amount of danger that status quo will result in businesses closing and more Calgarians being in positions of unemployment.
- This type of reform balances the responsibility for service line budgets between residential and non-residential properties.
- This type of tax reform allows Council to enter the next 4-year budget planning cycle with an understanding of assessment base as well as market conditions so that a threshold can be set prior to budgets being developed.
- Residential and non-residential taxpayers gain certainty and predictability through this type of comprehensive assessment process that drives budget, rather than budget driving assessment.

Facts:

- The OneCalgary 2019-2022 budget already includes increases to the tax rate for residential and non-residential properties.
- This proposed tax reform replaces the formulas proposed in the budget (i.e. this proposal does not compound those rates).
- The MGA only allows property tax to be collected to cover the budgeted amount (there can be no over-collection to offset shortfalls).
- The attached spreadsheet provides detailed calculations of the proposed reform.

Four-Year Plan:

- Create a direct rebate plan for residential properties by re-allocating the 2017 PTP surplus (\$18.5 mill) + 2018 PTP surplus (\$11.7 mill) + 2019 PTP allocation (\$44 mill), for a total of \$74.2 million (thereby reducing administrative costs of an application-based program).
- Allocate any provincial tax room for 2019-2022 toward the direct rebate plan for residential properties (thereby reducing administrative costs of an application-based program).
- Seek as much in savings as possible in the approved 4-year budget by leveraging Council's request for a service line review, and allocate the savings toward the direct rebate plan for residential properties (thereby reducing administrative costs of an application-based program).

- Sell City-owned land strategically to generate: 1) one-time revenue to offset residential rate increases, and 2) add to the assessment base.
- Ask the Government of Alberta for appropriate levers based on the due diligence and municipal accountability demonstrated in this proposal.
- Develop an understanding of the assessment patterns over time (growth in number of properties, fluctuations in property values, etc.) and set the 2023-2026 four-year plan with a threshold that results in service line budgets being set within a set amount.

The Math on the Proposed Shift:

- The attached spreadsheet demonstrates the details of the shift in proportional share of budget allocated to residential and non-residential properties, in a year-over-year manner.
- Shift from non-residential to residential

	2019	2020	2021	2022
Residential:				
Proportion of budget	49	50	50	50
Shift value	\$125,233,000	\$186,596,000	even	even
Non-Residential:				
Proportion of budget	51	50	50	50
Shift value	-\$41,113,000	-\$18,796,000	even	even

- Change in tax bill for an average \$475,000 (assessed value) residential property

	2018	2019	2020	2021	2022
Tax bill	\$1,940	\$2,115	\$2,250	\$2,343	\$2,441
Change from prior year	n/a	\$175	\$136	\$92	\$99
Change from 2018	n/a	\$175	\$310	\$403	\$501
Annual % change	n/a	15.07%	6.42%	4.09%	4.21%
Previously proposed rate increase	n/a	\$65	\$174	\$283	\$392
Difference	n/a	\$110	\$136	\$120	\$109

What is Needed:

- 2019 Residential Rebate: In order to **fully** offset the \$110 increase to the anticipated rate for the average \$475,000 assessed property, we will need \$54,599,380. This amount is available if we reallocate the \$44 million earmarked for the 2019 PTP, and draw \$10,600,000 from the 2018 PTP surplus.
- 2020 Residential Rebate: In order to **fully** offset the \$136 increase to the anticipated rate for the average \$475,000 assessed property, we will need \$67,504,688. This amount can be offset by the remaining \$1.1 million from the 2018 PTP surplus + the 2017 PTP surplus of \$18.5 = \$19.6 million. This leaves \$47,904,688 to be covered, which

can be collected from any combination of strategic land sales, provincial tax room or efficiencies.

- 2021 Residential Rebate: In order to **partially** offset the \$120 increase to the anticipated rate for the average \$475,000 assessed property, we will need \$29,781,480 (**50% rebate on the increase**). This amount can be offset by any combination of strategic land sales, provincial tax room or efficiencies.
- 2022 Residential Rebate: In order to **partially** offset the \$109 increase to the anticipated rate for the average \$475,000 assessed property, we will need \$27,051,511 (**50% rebate on the increase**). This amount can be offset by any combination of strategic land sales, provincial tax room or efficiencies.
- In the end, the average \$475,000 residential property will be paying an annual total of \$60 more than expected in 2021 and an annual total of \$54.50 more than expected in 2022. It is likely that this amount (\$56,832,991) could be further offset by any combination of strategic land sales, provincial tax room or efficiencies.

Possible tax shift scenario
15-Mar-19

2018

	# of accounts	Total Assessment	Proportion	Proportional Value	Mill Rate	Shift
Residential	496,358	\$ 214,765,997,149	0.445	\$ 830,904,000	0.0038689	
Non-Residential	13,815	\$ 65,304,394,665	0.555	\$ 1,036,296,000	0.0158687	
			1	\$ 1,867,200,000	4.101626277 "Ratio"	

2019

	# of accounts	Total Assessment	Proportion	Proportional Value	Mill Rate	Shift	Percentage change
Residential	496,358	\$ 214,765,997,149	0.49	\$ 956,137,000	0.0044520	\$ 125,233,000	15.07%
Non-Residential	13,815	\$ 65,304,394,665	0.51	\$ 995,163,000	0.0152388	\$ (41,133,000)	-3.97%
			1	\$ 1,951,300,000	3.422923639 "Ratio"		

2020

	# of accounts	Total Assessment	Proportion	Proportional Value	Mill Rate	Shift	Percentage change
Residential	496,358	\$ 214,765,997,149	0.5	\$ 1,017,500,000	0.0047377	\$ 186,596,000	6.42%
Non-Residential	13,815	\$ 65,304,394,665	0.5	\$ 1,017,500,000	0.0155809	\$ (18,796,000)	2.24%
			1	\$ 2,035,000,000	3.288691339 "Ratio"		

2021

	# of accounts	Total Assessment	Proportion	Proportional Value	Mill Rate	Shift	Percentage change
Residential	496,358	\$ 214,765,997,149	0.5	\$ 1,059,150,000	0.0049316	\$ 41,650,000	4.09%
Non-Residential	13,815	\$ 65,304,394,665	0.5	\$ 1,059,150,000	0.0162187	\$ 41,650,000	4.09%
			1	\$ 2,118,300,000	3.288691339 "Ratio"		

2022

	# of accounts	Total Assessment	Proportion	Proportional Value	Mill Rate	Shift	Percentage change
Residential	496,358	\$ 214,765,997,149	0.5	\$ 1,103,750,000	0.0051393	\$ 44,600,000	4.21%
Non-Residential	13,815	\$ 65,304,394,665	0.5	\$ 1,103,750,000	0.0169016	\$ 44,600,000	4.21%
			1	\$ 2,207,500,000	3.288691339 "Ratio"		

FUTURE

2023

	# of accounts	Total Assessment	Proportion	Proportional Value	Mill Rate	Shift	Percentage change
Residential	496,358	\$ 214,765,997,149	0.5	\$ 1,103,750,000	0.0051393	\$ -	0.00%
Non-Residential	13,815	\$ 65,304,394,665	0.5	\$ 1,103,750,000	0.0169016	\$ -	0.00%
			1	\$ 2,207,500,000	3.288691339 "Ratio"		



Date: 4-Apr-2019

Mayor Nenshi and City Councillors
P.O. Box 2100, Station M
700 Macleod Trail South
Calgary, AB
T2P 2M5

Re: Downtown Tax Shift Response

Dear Mayor Nenshi and City Council,

NAIOP & BOMA Calgary watched the debate and decisions at the strategic session of Council this past Monday with great interest and apprehension.

As Council knows, the issue of significant increases in non-residential property taxes resulting from a chronic reduction in assessed property values in the downtown office portion of the non-residential assessment base, has caused great hardship for many of our members.

We applaud Council for making this issue and the longer term consequences a focus. The reasons we have come to this point are well documented and now it's time for a solution.

We believe it is fair to say that Monday's session of Council concluded with two proposals open for continued debate next Monday, April 8th. The fact is that both proposals attempt to address the problem at hand and both would be an improvement on where we stand today.

That said, NAIOP & BOMA Calgary has looked at both and offers these observations for consideration.

- Businesses and landlords need certainty for their business plans. With this in mind we want to see a solution that provides certainty through this budget cycle and beyond.
- The solution must be sustainable for the long term, therefore relying on 'rainy day' funds or grants helps in the short term, but is unsustainable in the long term.
- Creating sub-classes for 'small businesses' within the non-residential tax base is problematic due to the complexity of defining 'small business'. It would result in

increased taxes for all commercial users not ultimately defined as 'small businesses'. Creation of a new subclass would add to administrative burden at a time when the City just started realizing savings by getting rid of the business tax. We also have concern with possible inequities following the definition of 'small businesses'. Equity is a key principal that NAIOP & BOMA have advocated for in taxation.

- Creating a business sustainability fund to alleviate some of the increased tax burden to small businesses is problematic because it would not apply to all such non-residential taxpayers but only to those that applied and qualified. This would create additional bureaucracy to administer such a program, and issues of possible unfairness could arise as a result of how the qualifications are defined and applied to applicants. This program could be subject to legal challenges.
- We would like to see the City investigate the orderly disposition of industrial, under-utilized and non-core assets to create immediate cash flow along with the opportunity to move such assets into 'taxable status'.
- We recognize that something must be done to reduce the shock to residential tax payers in the short term. We support the residential phased tax program (2-3 yrs) but do not advocate for 'relief' beyond this budget cycle.
- We appreciate and applaud the work that administration has done to take \$600+M out of the budget. In these trying times we believe that more needs to be done which will help with the property tax shift burden.

Based on these observations NAIOP & BOMA Calgary believes that scenario 4, as detailed by administration in its presentation 'Downtown Tax Shift Response – Updated' is preferred. We believe that it achieves a long term solution, provides certainty and gets us there quickly while providing some relief to all tax payers in the short term.

Sincerely, on behalf of, NAIOP



Guy Huntingford
Director Strategic Initiatives
NAIOP Calgary

Sincerely, on behalf of, BOMA



Lloyd Suchet
Executive Director
BOMA Calgary



Date: 6-June-2019

Mayor Nenshi and City Councillors
P.O. Box 2100, Station M
700 Macleod Trail South
Calgary, AB
T2P 2M5

Re: Property Taxes and Proposed Non-Residential Sub-class

Dear Mayor Nenshi and City Council,

NAIOP & BOMA Calgary respectfully submit this letter as a follow-up to our letter of April 4th where we provided our suggestions regarding the property tax shift being debated as a result of the reduction in assessed property values in the downtown office portion.

We believe it is fair to say that since early April there have been a number of proposed directions presented and debated at Council and to date none have the majority endorsement of Council.

This week at PFC there was agreement that a focused debate happen (to address the growing crisis around property taxes for non-residential tax payers as the invoices have been mailed and are due June 28) at the front end of the special session of Council to be held on Monday (June 10). We applaud this initiative and look forward to a solution being realized.

With Council being faced with a number of new proposals coming forward on Monday, we are concerned that the debate around creating a non-residential sub-class has not been finalized. There was much debate at PFC this week around this topic and committee decided to defer decision until more data and analysis was completed by administration. NAIOP and BOMA have been steadfastly against a sub-class for the following reasons..

- Creating sub-classes for 'small businesses' within the non-residential tax base is problematic due to the complexity of defining 'small business'.
- It would result in increased taxes for all commercial users not ultimately defined as 'small businesses'. Using City Administration's own estimates this could amount to an approximately 18% tax increase for businesses that do not qualify, an extremely

significant increase on the type of larger businesses that could in many cases readily relocate their office requirements to other more competitive jurisdictions.

- Creation of a new sub-class would add to administrative burden at a time when the City just started realizing savings by getting rid of the business tax. Administration's report addresses this in great detail and suggests that the costs by themselves are material relative to any tax relief provided.
- Concern with possible inequities following the definition of 'small businesses'. Equity is a key principle that NAIOP & BOMA have advocated for in taxation.

It should be noted that Administrations presentation at PFC addressed each of our points above and came to the same conclusions we did. Administration went further and cited the definition of 'small business' as defined in the MGA as poorly defined and with the City's lack of data regarding the composition of businesses in Calgary, implementation would be problematic and in some cases likely subject to legal challenge and/or businesses or real estate owners restructuring their affairs to artificially take advantage of the small business rules.

While it is critical to find a solution for the property tax burden in the non-residential sector immediately, we are worried that the implementation later on of a non-residential sub-class may cause yet another set of unexpected consequences and reduce transparency within the taxation process, another key principal BOMA and NAIOP have advocated for in taxation.

In our letter in April we advocated for the following as options to help with the problem.

- The City to investigate the orderly disposition of industrial, under-utilized and non-core assets to create immediate cash flow along with the opportunity to move such assets into 'taxable status'. We are pleased that this initiative is being explored by Administration and an update was presented at PFC this week. While it will likely take time to realise the best values from the portfolio of assets, it is encouraging that the initiative is underway.
- Be more balanced, equitable and fair to non-residential ratepayers by shifting some of the tax burden to residential ratepayers, as they far outnumber the non-residential payers and the individual burden spread amongst all Calgarians would generally be more manageable for everyone. That said, we recognize that something must be done to reduce the shock to residential tax payers in the short term. We support the residential phased tax program (2-3 yrs) but do not advocate for 'relief' beyond this budget cycle.

It should be noted, as a reminder, that non-residential ratepayers are roughly 3% of the total rate payers and carry 55% of the tax revenue load, despite only owning about 23% of the assessed value of property in the city. This inequity needs to be recognised and

fixed.

We once again respectfully ask that the creation of a non-residential sub-class for small business be shelved indefinitely so as not to influence or cause uncertainty in the critical Property Tax debate that must occur immediately.

Sincerely, on behalf of, NAIOP

A handwritten signature in black ink, appearing to read "Guy Huntingford". The signature is fluid and cursive, with the first name "Guy" being more prominent.

Guy Huntingford
Director Strategic Initiatives
NAIOP Calgary

Sincerely, on behalf of, BOMA

A handwritten signature in black ink, appearing to read "Lloyd Suchet". The signature is cursive and somewhat stylized, with the last name "Suchet" being more prominent.

Lloyd Suchet
Executive Director
BOMA Calgary

Scenario 4:

Transfer from Non-Residential to Residential over two years and offer rebates over the One Calgary budget cycle

Sanjay

C2019-0352

	Proportion	Proportional Value	Tax rate	Shift	% change	Rebate
2019 Before tax rate increase						
Residential	0.45	\$850.2M	0.0039476			
Non-Residential	0.55	\$1,030.2M	0.0181013			
	1	\$1,880.4M	4.58			
2019 49% RES and 51% NR						
Residential	0.49	\$942.6M	0.0043765	\$92,375,995	10.86%	\$61M
Non-Residential	0.51	\$981.1M	0.0172196	\$(50,231,323)	-4.87%	
	1	\$1,923.7M	3.93			
2020 50% RES and 50% NR*						
Residential	0.50	\$989.3M	0.0045935	\$139,112,490	4.96%	\$83M
Non-Residential	0.50	\$987.4M	0.0173303	\$(43,926,720)	0.64%	
	1	\$1,976.7M	3.77			

*Assumes growth revenue is evenly distributed between residential and non-residential
Residential rebates for 2021 (\$43M) and 2022 (\$44M) would bridge half of the increase from the One Calgary approval.

TOTAL PROPERTY ASSESSMENT AND TAX BASE - CALGARY

DESCRIPTION	PROPERTY TAX BYLAW - 16M2015			PROPERTY TAX BYLAW - 20M2016			PROPERTY TAX BYLAW - 21M2017			PROPERTY TAX BYLAW - 17M2018			PROPERTY TAX BYLAW - 13M2019		
	(%)	(\$)	(%)	(%)	(\$)	(%)	(%)	(\$)	(%)	(%)	(\$)	(%)	(%)	(\$)	(%)
Total Property Assessment:															
Residential	74.43	209,038,904,838	13.10%	74.94	210,727,458,777	0.81%	75.28	206,333,167,652	-2.09%	76.68	214,765,997,149	4.09%	78.72	215,899,418,873	0.53%
Non-Residential	25.57	71,822,065,773	9.67%	25.06	70,473,743,928	-1.88%	24.72	67,765,450,295	-3.84%	23.32	65,304,394,665	-3.63%	21.28	58,380,240,793	-10.60%
Total	100.00	280,860,970,611		100.00	281,201,202,706		100.00	274,098,617,947			280,070,391,814			274,279,659,666	
Mill Rates:															
Residential -															
Municipal		3.5409			3.7090	4.75%		3.9633	6.86%		3.9014	-1.56%		4.2108	7.93%
Provincial		2.2135			2.4648	11.35%		2.5375	2.95%		2.4559	-3.22%		2.4432	-0.52%
Total		5.7544			6.1738	7.29%		6.5008	5.30%		6.3573	-2.21%		6.6540	4.67%
Non-Residential -															
Municipal		10.7367			12.1545	13.21%		13.8819	14.21%		15.3234	10.38%		17.7750	16.00%
Provincial		3.4575			3.7801	9.33%		3.8626	2.18%		4.1030	6.22%		4.2467	3.50%
Total		14.1942			15.9346	12.26%		17.7445	11.36%		19.4264	9.48%		22.0217	13.36%
Ratio - Non-Residential to Residential		2.47			2.58			2.73			3.06			3.31	
Municipal Ratio - Non-Residential to Residential		3.03			3.28			3.50			3.93			4.22	
Total Property Taxes:															
Residential -															
Municipal		741,172,048	61.62	5.5%	782,176,166	60.12	4.5%	817,760,243	61.01	2.5%	837,888,061	61.41	8.5%	909,109,273	63.32
Provincial		461,721,426	38.38	12.4%	518,813,019	39.88	0.8%	522,707,399	38.99	0.7%	526,576,483	38.59	0.0%	526,627,925	36.68
Total	54.13	1,202,893,474	100.00	53.67	1,300,989,185	100.00	52.79	1,340,467,642	100.00	51.89	1,364,464,544	100.00	52.83	1,435,737,198	100.00
Non-Residential -															
Municipal (Includes Business Tax Transfer)		771,549,126	75.68	11.3%	858,600,926	76.46	9.6%	940,713,204	78.46	6.4%	1,000,685,361	79.10	3.7%	1,037,708,780	80.95
Provincial		247,907,640	24.32	6.6%	264,369,994	23.54	-2.3%	258,293,161	21.54	2.3%	264,347,965	20.90	-7.6%	244,175,322	19.05
Total	45.87	1,019,456,766	100.00	46.33	1,122,970,920	100.00	47.21	1,199,006,365	100.00	48.11	1,265,033,326	100.00	47.17	1,281,884,102	100.00
Total Property Taxes -															
Municipal		1,512,721,174	68.07	8.5%	1,640,777,092	67.69	7.2%	1,758,473,447	69.25	4.6%	1,838,573,422	69.92	6%	1,946,818,053	71.64
Provincial		709,629,066	31.93	10.4%	783,183,013	32.31	-0.3%	781,000,560	30.75	1.3%	790,924,448	30.08	-3%	770,803,247	28.36
Total	100.00	2,222,350,240	100.00	100.00	2,423,960,105	100.00	100.00	2,539,474,007	100.00	100.00	2,629,497,870	100.00	100.00	2,717,621,300	100.00

City of Calgary Property Tax Rates 2019

Residential Tax Rate	2018 Rate	2019 Rate	ΔYoY
Municipal	0.0039014	0.0042108	7.93%
Provincial	0.0024559	0.0024432	-0.52%
Total	0.0063573	0.0066540	4.67%
Non-Residential Tax Rate	2018 Rate	2019 Rate	ΔYoY
Municipal	0.0153234	0.0177750	16.00%
Provincial	0.0041030	0.0042467	3.50%
Total	0.0194264	0.0220217	13.36%
Farmland Tax Rate	2018 Rate	2019 Rate	ΔYoY
Municipal	0.0177552	0.0189394	6.67%
Provincial	0.0024559	0.0024432	-0.52%
Total	0.0202111	0.0213826	5.80%
Tax Rate Ratio	2018 Ratio	2019 Ratio	ΔYoY
Total Non-Res / Res	3.06	3.31	8.30%
Municipal Non-Res / Res	3.93	4.22	7.48%

Date: 26-Jun-2019

Note to Councillor Colley-Urquhart re: Meeting with the Premier

Good afternoon Diane,

Thanks for your question at SPC-UCS this week and your request for industry input for your meeting with the Premier next Friday.

Industry is universally frustrated with Storm Water policy, as we all want to see our water systems protected while allowing for continued development that meets the City and Region's Municipal Development Plans. Councillor Chahal correctly highlighted that storm water volume control targets vary widely across established areas and new areas. New urban developments, both residential and industrial, are where the targets are extremely onerous.

You were correct when you asked if there are Provincial issues that need attention and, if addressed, would help the City and Partnership create a better and more flexible interim plan and ultimately a better permanent plan that everyone is working towards for 2021.

It should be noted that Industry has been struggling with Storm Water policy in various areas since 2007, especially as it relates to the Nose Creek watershed and partnership. You can appreciate our concern and the urgency that is needed if a permanent plan we can all live with is to be finalized by 2021.

Here are the top Provincial issues that BILD CR and NAIOP Calgary would appreciate you bring forward to the Premier.

- 1) **Water Act Approvals** – Many of our members have seen delays where applications take 12 – 18 months to get to approval in the Calgary Region. While industry has seen some recent improvements on the time for approvals through AEP (Alberta Environment & Parks), there have been no communication to indicate whether these improvements are due to deliberate and permanent process improvements, or whether they are coincidental. Without this communication, the assumption is that the Calgary Region still has significantly longer approval timelines than anywhere else in AB.
- 2) **Public Lands** – there is a general lack of communication and disconnect regarding the claiming of public land (crown claimed lands). Disconnects occur internally at the province, as well as a disconnect allowing for decisions to be made between the City of Calgary and the Province. This has resulted in delays of up to 2 years on applications.
- 3) **Storm Water and Water Reuse** – The draft water reuse guidelines presented in early 2019 are restrictive and add barriers to potential water reuse. Useable and realistic guidelines for water reuse are needed - particularly in urban areas.
 - Restrictions on stormwater use, compounded by the lack of provincial guidance on stormwater/water-reuse and reduction options are creating real challenges in urban areas to address stormwater management. Innovation and alternate approaches are further limited by these challenges, and our industry is concerned about financial and economic impacts for both industry and government. For example, new large Greenfield

developments are required to build complex water reuse plants at great cost to the developer with no clarity as to their effectiveness, how they will be maintained once they are turned over to the City, and what those additional operating costs will be.

- The main questions we struggle with are understanding “why” these measures are being put in place. We understand that there are climate, environment and water challenges to address, but the current collective set of rules do not support a clear approach to addressing these challenges. How will these stormwater measures improve our environment in a meaningful way? What is the guiding principle or end goal? Why divert water from the Bow that could benefit downstream use if we have surplus? Quality can be improved so why are we focusing on quantity?
- Industry would like to see processes and guidelines that are implementable. Some of this can be achieved through reducing the red tape currently associated with storm water, allowing businesses to move forward and provide economic benefit to the region while addressing climate concerns and protecting our environment.

4) **Wetlands and Water Diversion** – Clarity and plain language is needed to outline what is, and what is not, a diversion and when a water license is required in the context of urban developments. Specifically:

- Can treated stormwater be directed into natural wetlands to maintain pre-development conditions without a license?
- Are there any options to use natural wetlands for stormwater storage that do not require a license (i.e. adding more water than pre-development conditions)?



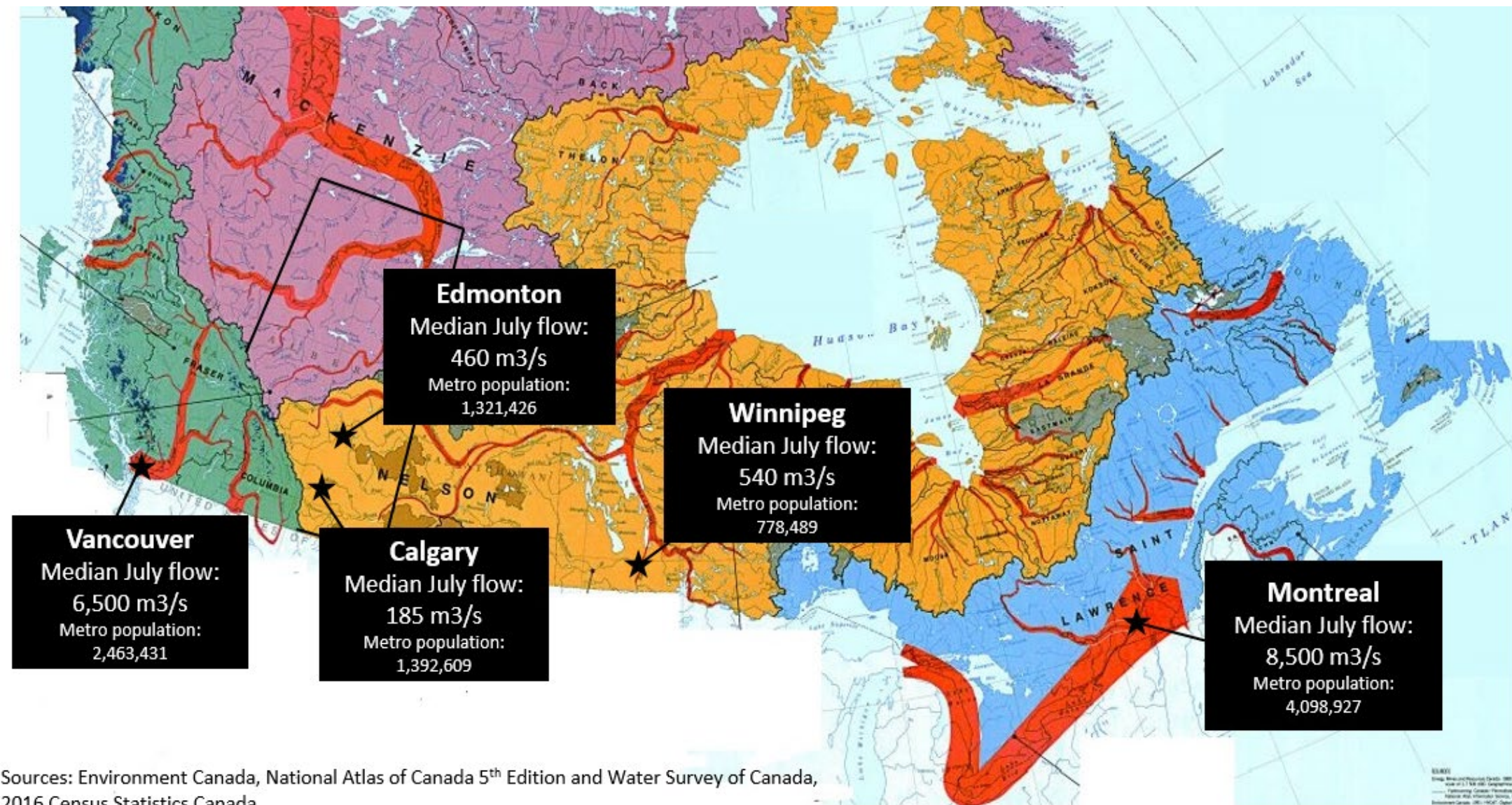
Stormwater Management and Development

April 29, 2019

Agenda

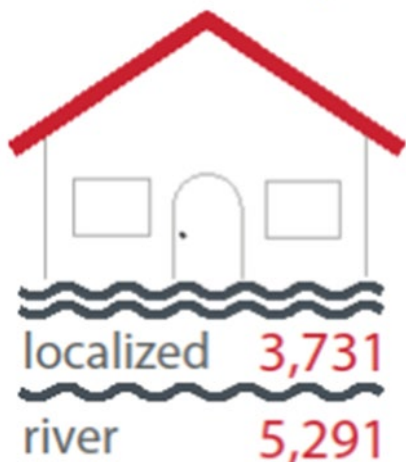
1. Stormwater Management Outcomes
2. Two Pronged Approach to Move Forward
3. Stormwater Strategy Update
4. Active Applications Working Group Progress
5. Overall Alignment

Calgary – Big City, Little River



Stormwater Management Outcomes

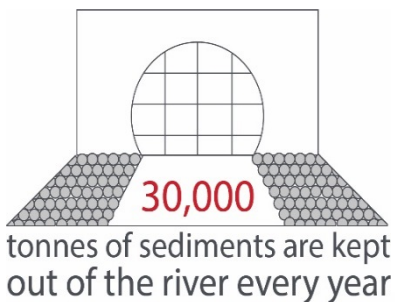
properties at risk of flooding
for a 1 in 100 return period



You can count on us to manage stormwater to protect public safety and reduce damage to property



You can trust we will work with the community and partners to ensure our watersheds are healthy



83%

Calgarians who say river areas are important



Calgarians support The City putting resources towards protecting and restoring river areas in Calgary

79%

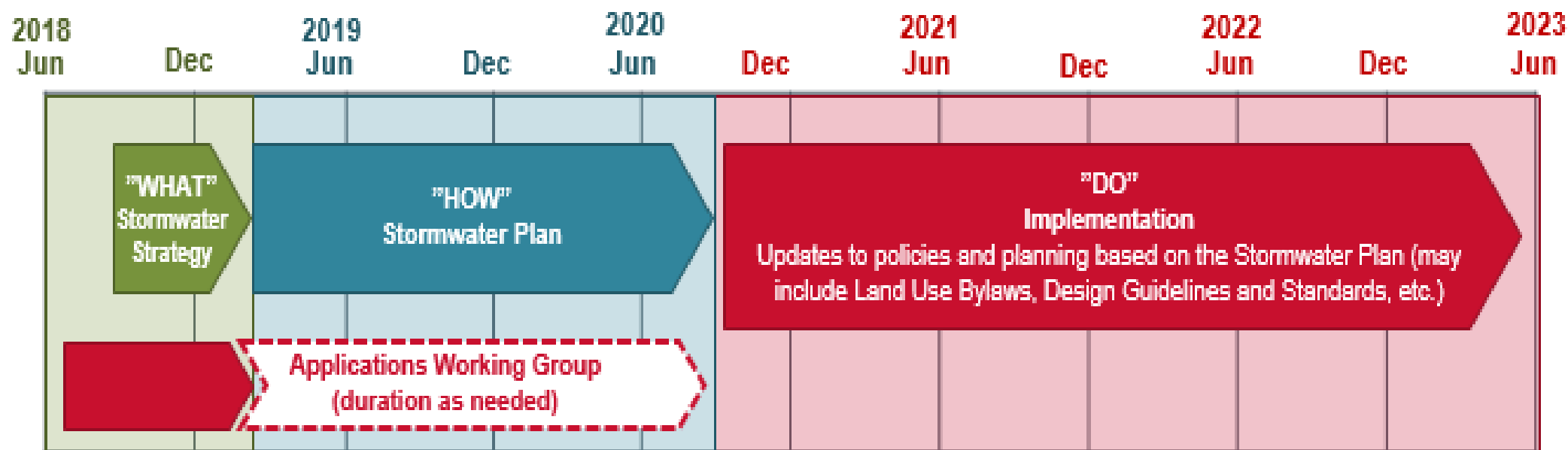


You can trust your money is used responsibly

Two Pronged Approach

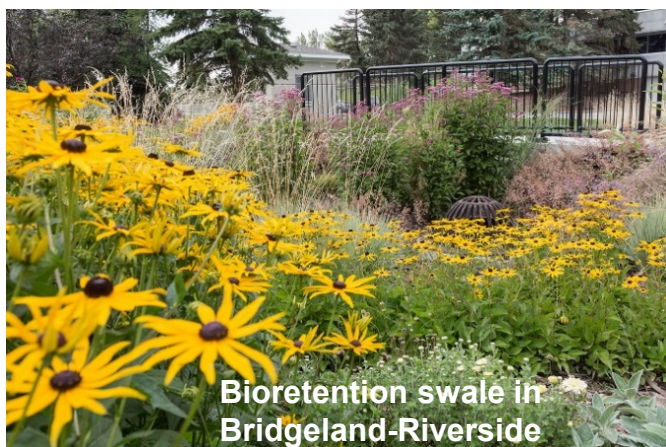
The City is committed to collaborating with BILD, NAIOP, BOMA and other key stakeholders on two focus areas:

- Development of the long term stormwater management strategy and plan
- Short term issue resolution to allow current and upcoming applications to move forward



Why are we updating our Stormwater Strategy?

- Enhance how we manage stormwater through Best Practices and new opportunities
- Refine our approach from a citizen's lens
- Many things have evolved since the 2005 Strategy:
 - Climate change
 - Regulatory changes
 - Integrated watershed management approach
 - Sustaining the ecological integrity of our streams
 - Riparian action program
 - Source water protection
 - Flood mitigation
 - Drought management
 - Drinking water and wastewater treatment
 - Regulatory compliance
 - Alignment with other Corporate objectives



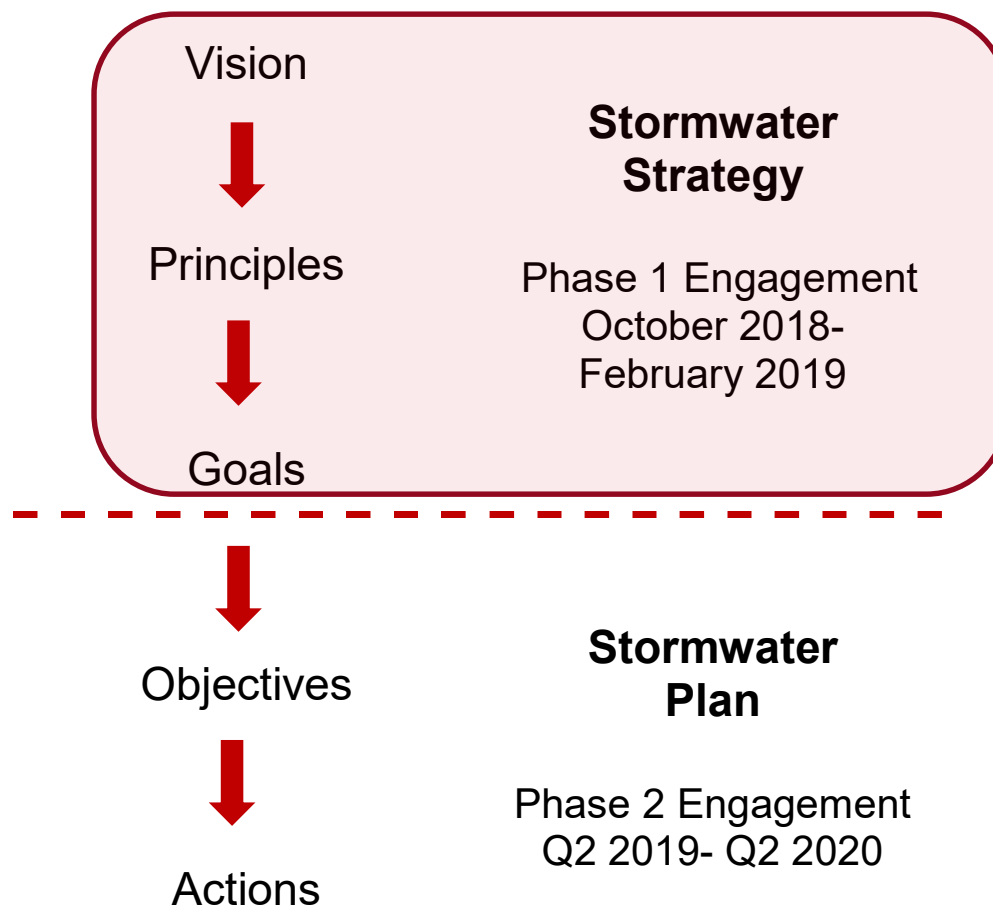
November 27, 2018

Stakeholders Invited to Participate On Advisory Groups

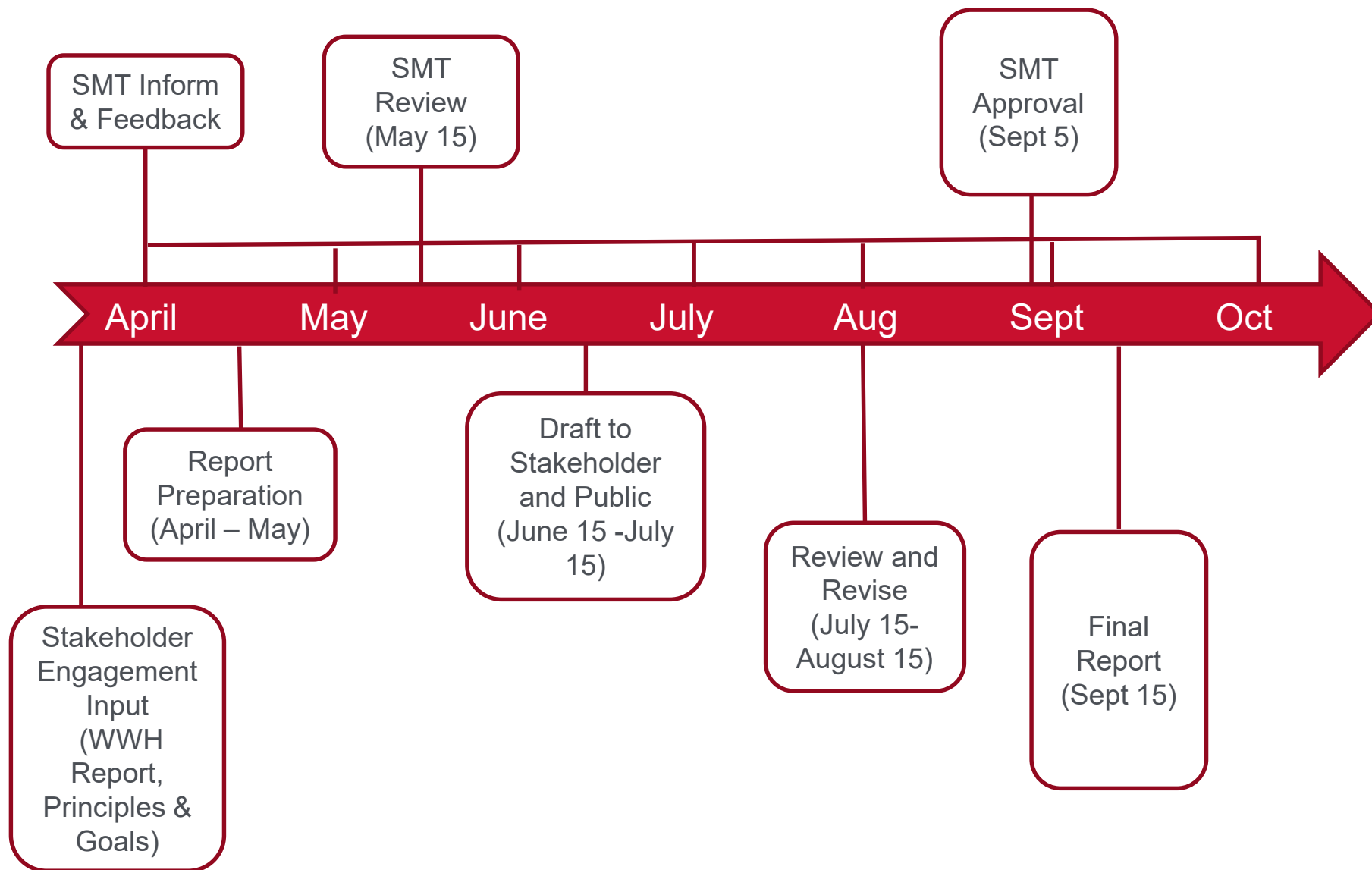
Group #1 Business & Development	Group #2 City of Calgary	Group #3 NGOs & Academics	Group #4 Regional & Regulatory & Indigenous Peoples	Group #5 Customers & Communities
<p>BILD</p> <p>NAIOP</p> <p>BOMA</p> <p>CWRA</p> <p>CP Rail</p> <p>CN Rail</p> <p>Insurance Industry</p> <p>Finance Industry</p> <p>Chamber of Commerce</p> <p>Calgary Board of Education</p> <p>Calgary Economic Development</p> <p>Calgary Airport Authority</p>	<p>Parks</p> <p>Environmental & Safety Management</p> <p>Water Resources</p> <p>Water Services</p> <p>Intergovernmental & Corporate Strategy</p> <p>Facility Management</p> <p>Planning & Development</p> <p>Finance</p> <p>CEMA</p> <p>Fire</p> <p>Roads</p> <p>Transportation</p> <p>100RC</p> <p>Waste & Recycling</p> <p>Corporate Asset Management</p>	<p>BRBC</p> <p>ERWP</p> <p>Ducks Unlimited</p> <p>Native Plant Solutions</p> <p>Nature Conservancy of Canada</p> <p>Universities & SAIT</p> <p>ALIDP</p> <p>Creekwatch</p> <p>Cows and Fish</p> <p>Miistakis Institute</p> <p>Friends of Fish Creek</p>	<p>Indigenous Peoples</p> <p>Municipalities (Cochrane, Airdrie, Chestermere, Rocky View County)</p> <p>Nose Creek Watershed Partnership</p> <p>Calgary Metropolitan Region Board</p> <p>Government of Alberta (AHS,MA,AT, AI,AEP)</p> <p>TransAlta</p> <p>Department of Fisheries & Oceans</p> <p>Environment Canada</p>	<p>Fleishmann's Yeast</p> <p>Universities, SAIT</p> <p>Irrigators</p> <p>Golf Clubs</p> <p>Youth</p> <p>CRCAG</p> <p>Flood Free Calgary</p> <p>Community Associations</p> <p>Federation of Calgary Communities</p> <p>Calgary Climate Action Network</p>

Citizen Focus Groups as needed

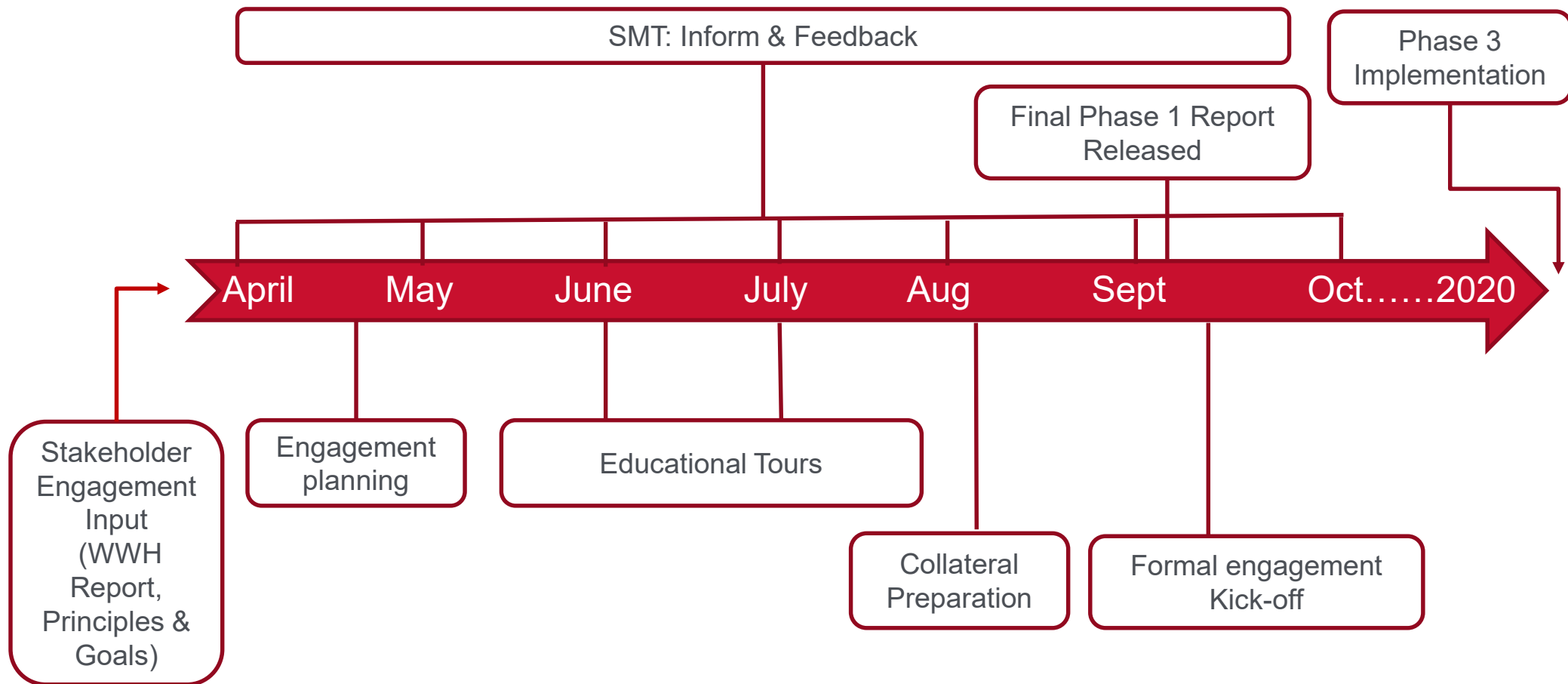
Update on the Stormwater Strategy



Phase 1 Road Map



Phase 2 Road Map



Active/Upcoming Applications

Working principles:

- Flexibility to revisit issues as new information becomes available
- Implementation of interim options should be focused on active and future applications
- Working meetings are to be open, safe opportunities for brainstorming and discussing technical solutions
- Intent is to focus on broader issues and not individual applications
- Joint bulletins to be issued as solutions are identified

Priority areas of focus established by the working group:





Unit Area Release Rate

Collaborating on Joint BILD/City Principles

Design standards should be based on a technical framework that treats all redevelopment equally

Individual private property improvements should not be burdened with storm system improvements in advance of a master plan

Solutions should consider future operations, ownership and maintenance of stormwater in a practical & sustainable manner

Stormwater should not be a barrier to new development in established neighborhoods

Fairness and equity for all customers is important

The City and Developers have a joint responsibility to bring stormwater management up to modern standards

Solutions should consider future operations, ownership and maintenance of stormwater in a practical & sustainable manner

Integrated stormwater management is critical to the development of an inspiring, livable city

Interim Requirements for Redevelopment (*Industry Bulletin October 2018*)

- ❑ All previously issued approvals will continue to be honoured
- ❑ Interim UARR of 50 L/s/ha, unless a higher critical UARR has been provided at the DP stage
 - ❑ Originally, The City had offered a less stringent requirement for small sites.
- ❑ Allowance for some free flow areas on redevelopment sites



Imperviousness Ratio

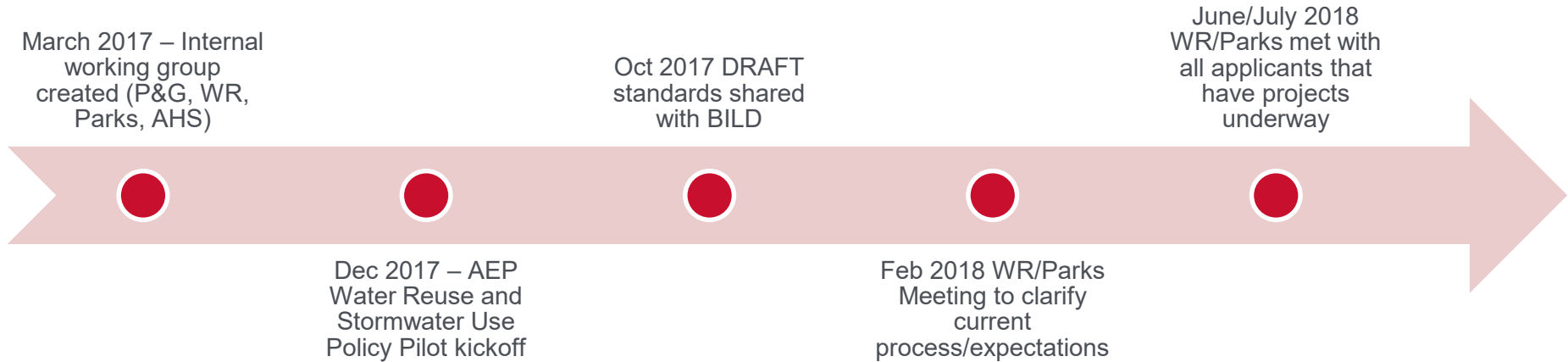
Interim Requirements for Imperviousness Ratios (*Industry Bulletin September 2018*)

- ❑ Work is underway to update Table 3-14 from the Stormwater Management & Design Manual to reflect new subdivision designs and to ensure infrastructure capacity is adequate
- ❑ New SMDP/Pond reports - Interim overall imperviousness of 67% (including roads, lanes and lots) will be used for single family residential land uses. All other land uses may use existing Table 3-14 as a minimum recommendation
- ❑ New subdivision stormwater management reports – Interim requirement for a breakdown of estimated actual imperviousness by subcatchment based on the product type is required



Requirements for Storm Reuse Irrigation Systems

Background



The City's drivers behind water reuse:

- *City's goal of using water wisely, including irrigation practices*
- *Stormwater discharge targets in our watersheds*
- *Desire from the development community for direction on Water Reuse*



Resolution Process

Objectives for 2018 meetings:

- Status updates on construction plans
- Clarification of outstanding approvals process
- CCC/FAC discussions

What we learned:

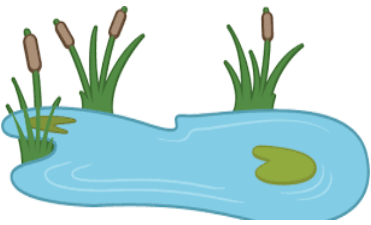

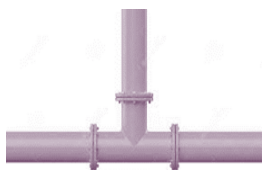


It is not sustainable to irrigate all green spaces

WR and Parks need to be aligned on the expectations/requirements

The timing for the irrigation system is different for each subdivision

There is confusion over what to include on which submission

CCC/FAC - DRAFT

Component	 Pond	 Pump house/ treatment	 Distribution piping	 Park spaces (MR)	 Irrigation equipment
CCC	Normal Pond CCC	New CCC once construction is complete	To be part of the linear storm CCC	Normal Park CCC	Part of the Park CCC
FAC	Normal Pond FAC (separate from irrigation system)	To be part of the overall Reuse irrigation system	To be part of the overall Reuse irrigation system	With temp PWS – normal FAC PWS disconnection required later	Part of Park FAC



Volume Control Targets

Interim Approach for Volume Control (*Industry Bulletin April 2019*)

- ❑ Overall volume reduction will be accepted when the following has been demonstrated:
 - ❑ Volume targets of 150-250mm for multifamily and ICI with supporting calculations to demonstrate volume has been minimized given context and site considerations
 - ❑ Maximized resilient landscaping for single family
 - ❑ Maximized irrigation on sites larger than 0.7ha
- ❑ Redevelopment areas will be assessed at Pre App or Outline Plan/land use stage

Review of Low Energy Release Concept

Objectives:

- Conduct desktop analysis to evaluate high level impacts of the low energy release on the Nose Creek.
- Consider risk mitigating opportunities to be explored further

Context:

- The desktop analysis will provide preliminary information with inherent uncertainty
- This information may be used to inform the interim approach to volume control
- Long term direction will be informed through the Stormwater Strategy progress, and more detailed analysis to be undertaken with the Nose Creek Partnership once a watershed wide hydrologic/hydraulic/morphologic/water quality model is created.

Workplan for 2019



Updates:

- Workplan tasks were shared with the working group
- RFP is being developed
- Project Overview is being drafted with BILD/NAIOP input
- Monthly check-ins will happen with BILD/NAIOP
- Interim approach will remain while the work progresses

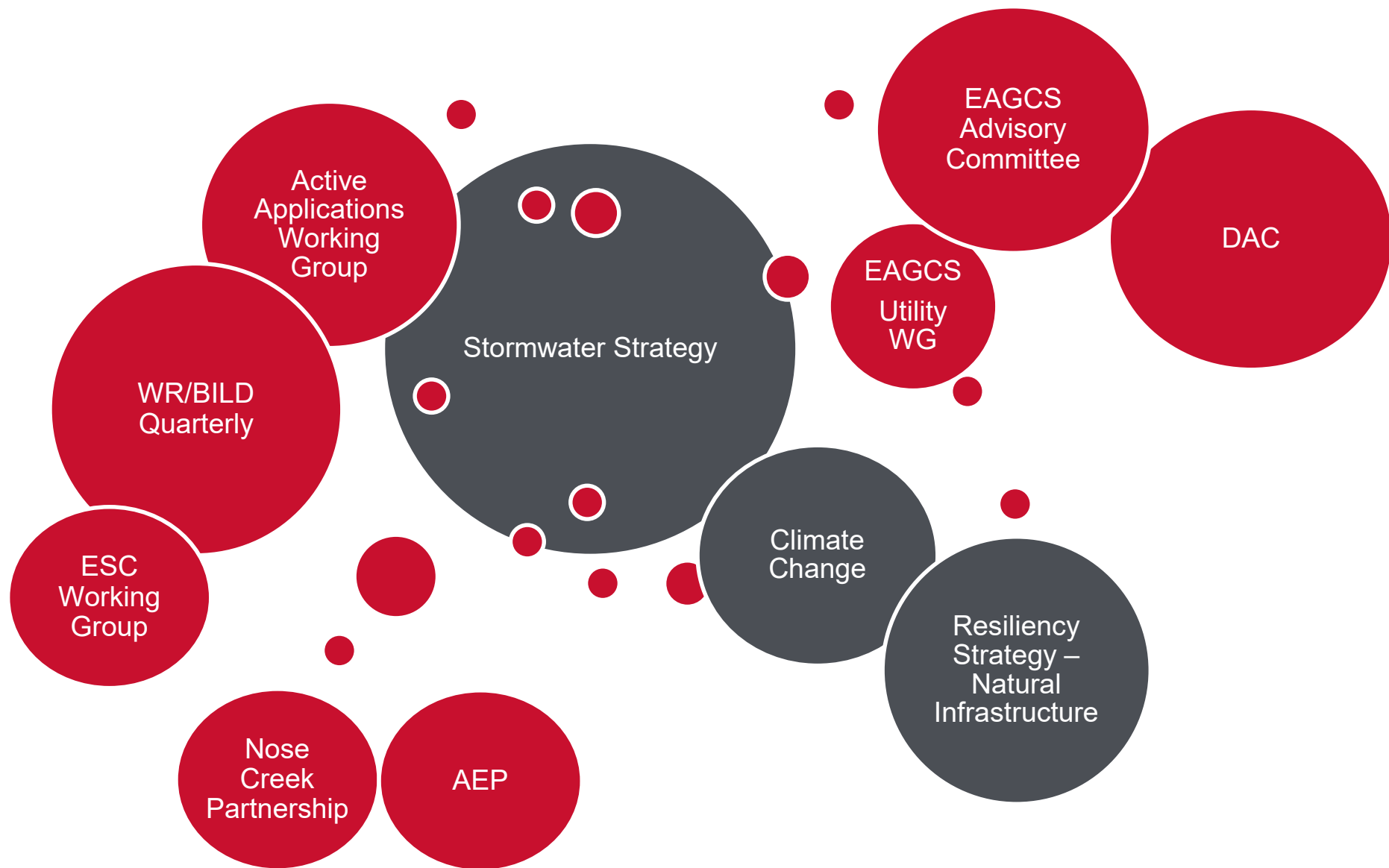
Next Steps for the Active Applications Working Group

- ❑ Oil-grit separator discussion:
 - ❑ Misalignment between City requirements and supplier information
 - ❑ Potential overlap in requirements
- ❑ Move to alternating bi-weekly meetings:
 - ❑ Updates on the low energy release work
 - ❑ Emerging application issues discussion



Overall Alignment

Overall Alignment





Questions?