



AGENDA

PRIORITIES AND FINANCE COMMITTEE

March 10, 2020, 9:30 AM
IN THE COUNCIL CHAMBER
Members

Mayor N. Nenshi, Chair
Councillor S. Chu, Vice-Chair
Councillor G-C. Carra (CPS Chair)
Councillor J. Davison (T&T Chair)
Councillor J. Gondek (PUD Chair)
Councillor W. Sutherland (UCS Chair)
Councillor E. Woolley (Audit Chair)

1. CALL TO ORDER
2. OPENING REMARKS
3. CONFIRMATION OF AGENDA
4. CONFIRMATION OF MINUTES
 - 4.1 Minutes of the Regular Meeting of the Priorities and Finance Committee, 2020 February 11
5. CONSENT AGENDA
 - 5.1 DEFERRALS AND PROCEDURAL REQUESTS
 - 5.1.1 Defer Douglasdale-McKenzie Slopes Update from Q1 2020 to 2020 April 21, Priorities and Finance Committee, PFC2020-0333
 - 5.2 BRIEFINGS
 - 5.2.1 Status of Outstanding Motions and Directions, PFC2020-0304
 - 5.2.2 Financial Task Force 2020 March Update, PFC2020-0315
 - 5.2.3 Electronic Voting Implementation, PFC2020-0326

6. POSTPONED REPORTS
(including related/supplemental reports)

None

7. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

- 7.1 Solutions for Achieving Value and Excellence (SAVE) Program Q1 2020 Update, PFC2020-0284
- 7.2 Golf Sustainability Framework Q1 2020 Update, PFC2020-0251
- 7.3 Response to AC2019-1329 – City Pensions, PFC2020-0160
- 7.4 Council Innovation Fund Request for The Future of Stephen Avenue – Activate + Experiment, PFC2020-0274
- 7.5 2019 Year-End Accountability Report, PFC2020-0158

8. ITEMS DIRECTLY TO COMMITTEE

8.1 REFERRED REPORTS
None

8.2 NOTICE(S) OF MOTION

8.2.1 THE BRENDA STRAFFORD FOUNDATION LTD- CLIFTON HOUSE LAND
ACQUISITION, PFC2020-0314
Gian-Carlo Carra

8.2.2 Proactive Security Training for City Staff, PFC2020-0334
Jeromy Farkas

9. URGENT BUSINESS

10. CONFIDENTIAL ITEMS

10.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES
None

10.2 URGENT BUSINESS

11. ADJOURNMENT

Members of Council may participate remotely, if required.



MINUTES

PRIORITIES AND FINANCE COMMITTEE

**February 11, 2020, 9:30 AM
IN THE COUNCIL CHAMBER**

PRESENT: Mayor N. Nenshi (Remote Participation)
Councillor S. Chu, Vice-Chair
Councillor G-C. Carra (CPS Chair)
Councillor J. Davison (T&T Chair)
Councillor J. Gondek (PUD Chair)
Councillor W. Sutherland (UCS Chair)
Councillor E. Woolley (Audit Chair)
Councillor J. Farkas
Councillor J. Magliocca

ALSO PRESENT: Chief Financial Officer C. Male
Deputy City Clerk T. Mowrey
Legislative Advisor D. Williams

1. **CALL TO ORDER**

Councillor Chu called the Meeting to order at 9:30 a.m.

2. **OPENING REMARKS**

Councillor Chu provided opening remarks.

3. **CONFIRMATION OF AGENDA**

Moved by Councillor Farkas

That the Agenda for today's Meeting be amended by adding an Item of Urgent Business, 9.1 Council Spending on Federation of Canadian Municipalities Conferences, PFC2020-0237.

ROLL CALL VOTE

For: (6): Councillor Chu, Councillor Davison, Councillor Gondek, Councillor Sutherland, Councillor Farkas, and Councillor Magliocca

Against: (3): Mayor Nenshi, Councillor Carra, and Councillor Woolley

MOTION CARRIED

Moved by Councillor Davison

That the Agenda for the 2020 February 11 Regular Meeting of the Priorities and Finance Committee be confirmed, **as amended**.

MOTION CARRIED

4. CONFIRMATION OF MINUTES

- 4.1 Minutes of the Regular Meeting of the Priorities and Finance Committee, 2020 January 21

Moved by Councillor Gondek

That the Minutes of the 2020 January 21 Regular Meeting of the Priorities and Finance Committee be confirmed.

MOTION CARRIED

5. CONSENT AGENDA

Moved by Councillor Magliocca

That the Priorities and Finance Committee receive the following briefings for the Corporate Record, in an omnibus motion:

- 5.1 DEFERRALS AND PROCEDURAL REQUESTS

- 5.2 BRIEFINGS

- 5.2.1 Status of Outstanding Motions and Directions, PFC2020-0157

- 5.2.2 Summer Student Program – Response to NOM C2019-0297, PFC2020-0166

MOTION CARRIED

6. POSTPONED REPORTS

None

7. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

- 7.1 2020 Supplementary Property Assessment and Tax Bylaws, PFC2020-0010

Moved by Councillor Gondek

That with respect to report PFC2020-0010, the following be approved:

That the Priorities and Finance Committee recommends that Council give three readings to the Proposed 2020 Supplementary Property Assessment Bylaw and Proposed 2020 Supplementary Property Tax Bylaw.

MOTION CARRIED

- 7.2 Financial Task Force February Verbal Update, PFC2020-0209

Moved by Councillor Farkas

That Administration be thanked for their presentation.

MOTION CARRIED

- 7.3 Solutions for Achieving Value and Excellence (SAVE) February Verbal Update, PFC2020-0203

Moved by Councillor Gondek

That Administration be thanked for their presentation.

MOTION CARRIED

8. ITEMS DIRECTLY TO COMMITTEE

8.1 REFERRED REPORTS

None

8.2 NOTICE(S) OF MOTION

None

8.2.1 Attendance Tracking for Mayor and Council, PFC2020-0210

A document entitled "Notice of Motion Checklist" was distributed with respect to Notice of Motion PFC2020-0210.

Councillor Woolley rose on a Question of Privilege with respect to the conduct of an individual Member of the Committee.

Moved by Councillor Farkas

That with respect to Notice of Motion PFC2020-0210, the following be approved.

That Notice of Motion PFC2020-0210 be forwarded to Council for consideration.

ROLL CALL VOTE

For: (4): Councillor Chu, Councillor Gondek, Councillor Farkas, and Councillor Magliocca
Against: (5): Mayor Nenshi, Councillor Carra, Councillor Davison, Councillor Sutherland, and Councillor Woolley

MOTION DEFEATED

Councillor Farkas rose on a Point of Order with respect to asking if the lost Notice of Motion can go direct to Council.

Councillor Carra rose on a Question of Privilege with respect to the conduct of an individual Member of the Committee.

Councillor Davison rose on Point of Order with respect to the video recording of this Committee Meeting being available for public viewing.

Mayor Nenshi rose on a Point of Order with respect to the procedure of technical reviews of Notices of Motions at the Priorities and Finance Committee.

9. URGENT BUSINESS

9.1 Council Spending on Federation of Canadian Municipalities Conferences, PFC2020-0237

A following documents were distributed with respect to Report PFC2020-0237:

- A document entitled "Notice of Motion Council Spending on Federation of Canadian Municipalities Conferences"; and
- A "Notice of Motion Checklist".

Moved by Councillor Farkas

That with respect to Notice of Motion PFC2020-0237, the following be approved:

That Notice of Motion PFC2020-0237 be forwarded to Council for consideration.

MOTION CARRIED

10. CONFIDENTIAL ITEMS

10.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

None

10.2 URGENT BUSINESS

None

11. ADJOURNMENT

Moved by Councillor Woolley

That this meeting adjourn at 10:51 a.m.

MOTION CARRIED

THE FOLLOWING ITEMS HAVE BEEN FORWARDED TO THE 2020 FEBRUARY 24 COMBINED MEETING OF COUNCIL:

ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

2020 Supplementary Property Assessment and Tax Bylaws, PFC2020-0010

Council Spending on Federation of Canadian Municipalities Conferences, PFC2020-0237

The next Regular Meeting of the Priorities and Finance Committee is scheduled to be held on 2020 March 10 at 9:30 a.m.

CONFIRMED BY COMMITTEE ON

CHAIR

ACTING CITY CLERK

UNCONFIRMED

BRIEFING

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Item # 5.2.1

**Chief Financial Officer's Briefing to
Priorities and Finance Committee
2020 March 10**

**ISC: UNRESTRICTED
PFC2020-0304**

Status of Outstanding Motions and Directions

PURPOSE OF BRIEFING

Outstanding items for the Priorities and Finance Committee as of 2020 February 24.

SUPPORTING INFORMATION

On 2012 April 3, the Priorities and Finance Committee directed Administration to provide the Committee with a schedule of Status of Outstanding Motions and Directions.

This report is in alignment with the mandate of the Priorities and Finance Committee.

This report tracks outstanding motions and directions from the Priorities and Finance Committee to Administration. No specific risks are associated with this report. Any risks associated with specific directions or motions will be dealt with in the context of the report on that direction or motion.

ATTACHMENT(S)

1. Attachment 1 – Status of Outstanding Items for the Priorities and Finance Committee

DATE BACK TO COMMITTEE	ITEM	DATE OF REQUEST	SOURCE	SUBJECT
2018 Q4	PROPOSED CODE OF CONDUCT FOR ELECTED OFFICIALS BYLAW26M2018	2018 May 28	PFC2018-0554	That with respect to PFC2018-0554, the following Motion arising be adopted: That Council direct the Ethics Advisor to investigate how to enhance reporter protection, including but not limited Councillors staff and Report back to the Priorities and Finance Committee no later than Q4 2018.
2019 Q3	PROCEDURE BYLAW AMENDMENTS	2019 June 17	PFC2019-0591	That with respect to Report PFC2019-0591, the following be adopted: That Council: 3. Direct Administration to return to the Priorities and Finance Committee in Q3 with an accurate cost estimate and implementation timeline for a hardware solution for electronic voting, for approval.
2019 November 05		2019 September 17	PFC2019-1184	Deferral Request to PFC 2019 November 05.
2020 March 10		2019 November 05	PFC2019-1366	Deferral Request Implementation of Electronic Voting to PFC 2020 March 10
2020 Q1	COMPREHENSIVE PUBLIC SECTOR PENSION REVIEW	2019 October 24	AC2019-1329	That with respect to Report AC2019-1329, the following be approved: The Audit Committee recommends that Council direct Administration to bring a report to the Priorities and Finance Committee no later than Q1 2020 responding to

				the questions from the Working Group addressing citizen perceptions of the pension plans within The City.
2020 Q1	GOLF COURSE REAL ESTATE AND DEVELOPMENT FEASIBILITY ASSESSMENT	2019 May 27	CPS2019-0475	<p>That with respect to Report CPS2019-0475, the following be adopted, after amendment:</p> <p>That Council:</p> <p>1. Adopt the recommendation to proceed with Stage 1 of the proposed plan for a Real Estate and Development Assessment, leveraging The City's internal expertise to conduct an initial assessment of all golf course properties and return to the Priorities and Finance Committee no later than Q1 2020 with a recommendation on which properties should be included in Stage 2 of the analysis. The plan for Stage 2 will include Administration's recommendation on which golf course lands require further analysis as well as recommendations on timeline, scheduling and costs for Stage 2.</p>
<p>2020 Q1</p> <p>On Going Until 2020 September</p>	2020 ADJUSTMENTS TO THE ONE CALGARY SERVICE PLANS AND BUDGETS	2019 November 29	C2019-1052	<p>11. Administration report back to Priorities and Finance Committee in Q1 2020 on all components of the Strategy for Improving Service Value, including anticipated activities and costs to undertake the scope of work identified in C2019-1011, Delivering Modern & Affordable Municipal Services in an Environment of Economic Constraint, which was passed unanimously by Council 2019 July 2019.</p> <p>13. Administration to provide regular updates through Priorities and Finance Committee as a standing agenda item from December 2019 to September 2020.</p>

2020 May	NOTICE OF MOTION – IDENTIFYING A FUNDING SOURCE FOR PUBLIC REALM IMPROVEMENTS IN ESTABLISHED AREAS	2020 February 03	PFC2020-0131	<p>3. That this dedicated funding stream for the Established Areas Growth Strategy will further be allocated by Administration for priority areas and projects arising from the upcoming investment decision framework (which may include Main Streets or TOD opportunities) to be outlined through the <i>Established Area Growth and Change Strategy</i> report to be brought to the Priorities and Finance Committee in 2020 May.</p> <p>8. That Administration report annually to Council through Priorities and Finance Committee on the status/balance, use and benefits of the dedicated funding stream for the Established Areas Growth Strategy through the <i>Growth Monitoring Report</i>.</p>
2020 May 2020 Q4	CITY PLANNING & POLICY 2020 WORK PLAN	2020 January 15	PUD2020-0016	<p>That the Standing Policy Committee on Planning and Urban Development recommend that Council:</p> <p>Adjust the reporting timelines for:</p> <p>i. The Established Area Growth and Change Strategy – Phase 1 (PUD2019-0305), to report to Council, through Priorities and Finance Committee no later than 2020 May.</p> <p>Adjust the reporting timelines for: ii. The New Community Growth Strategy – Growth Management Overlay Policy Review (PFC2019-1062), to report to Council, through the Priorities and Finance Committee no later than 2020 Q4.</p>
2020 Q2	RESPONSE TO WATER FLUORIDATION IN THE CITY OF CALGARY REPORT	2019 October 29	CPS2019-0965	<p>That the Standing Policy Committee on Community and Protective Services recommends to Council that:</p> <p>3. Direct Administration to undertake a full cost analysis for the potential reintroduction of fluoride into the water system including ongoing projected operational costs, City's authority and jurisdiction with regard to fluoridation, capital costs and possible utility rate impacts; and</p> <p>4. Report back directly through Priorities and Finance Committee no later than Q2 2020.</p>

<p>No later than Q3 2020</p> <p>2020 October 13</p>	<p>2019 GROWTH STRATEGY MONITORING REPORT</p>	<p>2019 November 05</p>	<p>PFC2019-1062</p>	<p>That the Priorities and Finance Committee recommends that Council direct Administration to:</p> <p>5. Evolve the practice of looking at a direct incremental operating cost model to a full operating cost model, in conjunction with other stakeholders. A briefing on progress toward the new model will be presented at 2020 June 9 Priorities and Finance Committee meeting, with a targeted timeline for completion of no later than Q3 2021.</p> <p>4. Review business cases by May 29, 2020, with subsequent dialogue with proponents and a summary of approved and rejected cases to be forwarded to October 13 2020 Priorities and Finance Committee for review, discussion and recommendation. Recommendations will be forwarded to the following Council meeting for decision</p> <p>7. Bring a 2020 Growth Strategy Monitoring Report to Council through Priorities and Finance Committee by no later than 2020 October.</p>
<p>2020 Q2</p>	<p>CIF APPLICATION: ON DEMAND TRANSIT</p>	<p>2018 November 06</p>	<p>PFC2018-1291</p>	<p>That the Priorities and Finance Committee direct Administration to report back to PFC indicating how the money was spent and outcomes of the projects no later than Q2 2020.</p>
<p>2019 Q2</p>	<p>ECONOMIC DEVELOPMENT INVESTMENT FUND GOVERNANCE AND TERMS OF REFERENCE</p>	<p>2018 March 06</p>	<p>PFC2018-0187</p>	<p>7. As part of the proposed reporting process for the Wholly Owned Subsidiary, direct Administration to work with the EDIF Wholly Owned Subsidiary to bring a report to the Priorities & Finance Committee that reviews the pilot EDIF governance structure no later than 2019 Q2.</p>

2020 June	OPPORTUNITY CALGARY INVESTMENT FUND GOVERNANCE STRUCTURE	2019 July 02	PFC2019-0828	Deferral.
2020 Q2	RESILIENT CALGARY	2019 June 17	PFC2019-0617	That with respect to Report PFC2019-0617, the following be adopted: 2. Direct Administration to report back with an update to the Priorities and Finance Committee no later than Q2 2020.
2020 September 08	2020 ADJUSTMENTS TO THE ONE CALGARY SERVICE PLANS AND BUDGETS	2019 November 29	C2019-1052	12. d. Present preliminary results and actions to the 2020 September 8 Priorities and Finance Committee to inform November 2020 budget deliberations.
2020 September	KENSINGTON MANOR – BUILDING SAFETY STATUS AND PLANS	2019 June 04	PFC2019-0739	That the Priorities and Finance Committee recommend that Council approve: 4. Directing Administration to report back to Council through the Priorities and Finance Committee, six months after demolition is complete, or if there is a material change on site but in any event, not later than September 2020.
Prior to November 2020 Mid-cycle Adjustments	2020 ADJUSTMENTS TO THE ONE CALGARY SERVICE PLANS AND BUDGETS	2019 November 29	C2019-1052	That with respect to Report PFC2019-1402, the following be approved: That Council direct Administration to report back to the Priorities and Finance Committee with indicative rates for 2021 and 2022 prior to the November 2020 Mid-cycle Adjustments.

2020 Q3	CIF APPLICATION: ONE CALGARY POLICY REVIEW	2018 November 06	PFC2018-1300	That the Priorities and Finance Committee direct Administration to report back to PFC indicating how the money was spent and outcomes of the projects no later than Q3 2020.
2020 May	CITY PLANNING & POLICY 2020 WORK PLAN	2020 January 15	PUD2020-0016	That the Standing Policy Committee on Planning and Urban Development recommend that Council: B. Adjust the reporting timelines for: ii. The New Community Growth Strategy – Growth Management Overlay Policy Review (PFC2019-1062), to report to Council, through Priorities and Finance Committee no later than 2020 Q4.
2020 Q4	NOTICE OF MOTION PROCESS FLOW AND CHECKLIST	2019 September 30	PFC2019-0913	That Council: 4. Direct the City Clerk's Office to provide an update of this process to the Priorities and Finance Committee by Q4 2020.
2021 Q1	SOCIAL PROCUREMENT UPDATE (NOW CALLED BENEFIT DRIVEN PROCUREMENT POLICY)	2019 December 16	PFC2019-0384	That Council: 1. Approve the Social Procurement Advisory Task Force Terms of Reference, Scoping Report for the Pilot Projects and the Work Plan identified in Attachment 1; and 2. Direct Administration to return to the Priorities and Finance Committee with an update no later than Q1 2021 .

2021 Q1	2020 NON-RESIDENTIAL PROPERTY TAX RELIEF OPTIONS	2020 February 03	PFC2020-0015	3. Direct Administration to come back with options for a transitional non-residential Phased tax program for 2021 if required to the Priorities and Finance Committee in Q1 2021 due to uncertainties relating to future market conditions and the 2021 assessment values.
2021 Q2	UNIVERSITY OF CALGARY – CITIZEN SCIENTIST WEARABLES PROGRAM	2019 September 30	PFC2019-1096	That with respect to Report PFC2019-1096, the following be adopted: That Council: 1. Approve this application for the Council Innovation Fund for the University of Calgary Citizen Scientist Wearable Program in the amount of \$57,500; and 2. Direct Administration to report back to Priorities and Finance Committee indicating how the money was spent and the outcomes of the projects no later than Q2 2021, as per the Council Innovation Fund Terms of Reference.
ANNUALLY	CITY OF CALGARY CITIZEN PRIVACY DATA PRACTICES	2020 January 27	C2020-0039	2. Direct the City Clerk/FOIP Head to provide an annual report to the Priorities and Finance Committee on The City's Privacy Management Program.
2022 Q4	CIVIC CENSUS REVIEW	2020 February 03	PFC2020-0094	3. Direct the Returning Officer to report back with an evaluation of discussions with Statistics Canada and the provincial government and the ongoing value of a civic census by Q4 2022

2023 Q2	ROADSIDE NATURALIZATION PILOT	2020 February 24	C2020-0265	<p>That with respect to Report C2020-0265, the following be adopted:</p> <p>That Council:</p> <p>4. Direct Administration to report back to the Priorities and Finance Committee on the outcomes of this project no later than Q2 2023, with interim reports on project progress and return-on-investment as information becomes available.</p>
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Item # 5.2.2

**Chief Financial Officer's Briefing to
Priorities and Finance Committee
2020 March 10**

**ISC: UNRESTRICTED
PFC2020-0315**

Financial Task Force 2020 March Update

PURPOSE OF BRIEFING

The Financial Task Force is providing an overview and summary to the Priorities and Finance Committee (PFC) and Council about the work undertaken thus far and to come. This briefing will summarize:

- The schedule of meetings;
- Topics discussed and to come;
- Highlight elements of the communications plan; and
- Provide a date for the anticipated final report.

Financial Task Force members have focused their work on the Terms of Reference as approved by Council 2019 June 17 through *PFC2019-0707 Financial Task Force Terms of Reference*.

SUPPORTING INFORMATION

The membership of the Financial Task Force have been meeting regularly since 2019 September in an effort to solidify their understanding of the complex financial issues facing The City of Calgary and further identify options and opportunities that are available and have the potential to provide the most impact in recommendations to Council.

Many of the options that have been discussed to date fall within two categories:

- Near term items that are possible within our current legislated authorities; and
- Longer term solutions that will require cooperation and collaboration with other orders of government, other municipalities and adjacent counties.

Some of the principal issues that the Financial Task Force have focused on are:

- Decreasing the volatility of annual property taxes to individual taxpayers;
- Improving the consistency and predictability of annual revenues for The City;
- Considering alternatives to enhance sustainable revenue options that are tied to appropriate levels of service and related costs incurred by The City; and
- Creating a framework for financial decision making based on “evidence-based decision making principles” to help align decision making with the longer term vision for the City.

Some of these items may be addressed through taxation or assessment policy related recommendations while others may be addressed through recommendations relating to potential new revenues sources.

At the 2020 February 11 Priorities and Finance Committee meeting discussion centred around Committee members wanting a more robust understanding of the topics which the Financial Task Force was exploring. Attachment 1 Schedule of Meetings and Topic Areas outlines the

BRIEFING

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Item # 5.2.2

number of meetings completed and the topic area discussed; as well as, anticipated topic areas for future meetings.

Administration is working on the development of a fulsome engagement and communications plan to highlight the work undertaken by the Financial Task Force along with their draft and final recommendations. Some components of the communications plan include: targeted stakeholder engagement and planned communication tactics post final report and recommendations.

The Financial Task Force is working towards preparing draft recommendations in certain topic areas and will continue to refine and finalize these in the coming meetings, all of which, will culminate in a final report that is intended to be presented to Council at the Strategic Session 2020 June 29.

ATTACHMENT(S)

1. Attachment 1 – Schedule of Meetings and Topic Areas

SCHEDULE OF MEETINGS AND TOPIC AREAS

No.	Meeting Date	Topic Areas
1	2019/09/20	<ul style="list-style-type: none"> • Overview of property tax process • Background on Tax Policy • Background on Assessment Policy • Background on last few years of tax shift
2	2019/09/26	<ul style="list-style-type: none"> • Background material presentations • Problem solving discussion • Guiding principles for tax policy formulation
3	2019/10/11	<ul style="list-style-type: none"> • Guiding principles • Tax and collections • Calgary Economic Development presentation
4	2019/10/24	<ul style="list-style-type: none"> • Continued discussion on problem solving • Guiding principles
5	2019/11/07	<ul style="list-style-type: none"> • New revenue options
6	2019/11/14	<ul style="list-style-type: none"> • Update on City budget adjustments process and Provincial budget • Revenues and cost sharing • Additional research identification
7	2019/12/18	<ul style="list-style-type: none"> • Regionalization challenges
8	2020/01/16	<ul style="list-style-type: none"> • New and ongoing revenues • One-time revenues or investments required
9a	2020/01/30	<ul style="list-style-type: none"> • Overview of MGA rules which govern Assessment • Overview of points related to Assessment reform and policy
9b	2020/02/20	
10	2020/02/27	<ul style="list-style-type: none"> • Overview of tax legislation and current policy • Taxation policy and potential reforms • Formulation of draft recommendations

No.	Anticipated - Topic Areas
11	<ul style="list-style-type: none"> • Tax and Assessment Policy
12	<ul style="list-style-type: none"> • New revenues
13	<ul style="list-style-type: none"> • Regionalization discussions
14	<ul style="list-style-type: none"> • To be confirmed
15	<ul style="list-style-type: none"> • To be confirmed
16	<ul style="list-style-type: none"> • To be confirmed

BRIEFING

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Item # 5.2.3

City Clerk Briefing to

Priorities and Finance Committee
2020 March 10

ISC: UNRESTRICTED
PFC2020-0326

Electronic Voting Implementation

PURPOSE OF BRIEFING

This Briefing outlines the scope and timeline for implementation of electronic voting for meetings of Council and Committee.

SUPPORTING INFORMATION

The Procedure Bylaw was amended in June 2019 to provide a framework for incorporating electronic voting at Council and Committee as follows:

Voting Style

119. (1) Voting at *Council* and *Committee* meetings may be captured using an electronic voting system.
(2) When all votes have been placed, the tally shall be displayed in the meeting room; however, a vote is not final until the *Chair* announces the result of the vote.
(3) If the electronic voting system is not available, voting shall be by voice.
(4) Despite subsections (1) and (3), if three or more *Members* indicate their opposition to a motion during an electronic vote or a voice vote, a *Roll Call Vote* must be taken.
(5) At any time prior to commencing a vote by voice, a *Member* may request a *Roll Call Vote* or a *Recorded Vote*.

(24M2019, 2019 June 17)

The City Clerk's Office has been engaging with internal and external partners and vendors to assess the options available to implement electronic voting in a manner that achieves key objectives. These objectives are:

- Vote display in the meeting room (visible to members and the public);
- Vote integration into the minutes, with a preference for automatic integration;
- Ability to capture vote information in a way that can be published on The City's Open Data site;
- The system and software must integrate with operating procedures as smoothly as possible;
- Costs for implementation must be low, leveraging or integrating with existing systems and technology where possible.

The project team in The City Clerk's Office has made significant progress to ensure the option chosen meets the criteria set out above. While some work remains to finalize costs and operating procedures, it is expected that an electronic voting system can be in place for both the Council Chamber and the Engineering Traditions Committee Room (Old City Hall) at the beginning of September 2020. Our next update on implementation will be Summer 2020.

Chief Financial Officer's Report to
Priorities and Finance Committee
2020 March 10

ISC: UNRESTRICTED
PFC2020-0284

Solutions for Achieving Value and Excellence (SAVE) Program Q1 2020 Update

EXECUTIVE SUMMARY

This report provides an update on the Solutions for Achieving Value and Excellence (SAVE) program, as directed by Council in 2019 November. It gives an overview of the program activities completed, underway and planned, together with overall timelines and projected costs. Council's approval is sought to redeploy resources from the ZBR program, to minimize the need for additional funding.

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommend that Council direct Administration to:

1. Pause new Zero-Based Reviews (ZBRs) for the duration of 2020 and 2021; and
2. Incorporate reporting on prior ZBRs into SAVE program updates.

PREVIOUS COUNCIL DIRECTION / POLICY

The SAVE program, previously known as the Strategy for Improving Service Value (SISV), was introduced to Council in 2019 July (C2019-0883). On 2019 November 29, Council directed that the SAVE program:

- identify at least \$74 million in operational savings, with a minimum of \$24 million in savings implemented by the start of 2021 and at least \$50 million more by the start of 2022;
- provide the Priorities and Finance Committee (PFC) with an update in Q1 of 2020 on components of the SAVE program, "including anticipated activities and costs to undertake the scope of work identified in C2019-1011, *Delivering Modern & Affordable Municipal Services in an Environment of Economic Constraint...*"; and
- wrap all current initiatives related to savings and efficiency, including ZBRs and sub-service reviews, into the SAVE program.

On 2016 November 15, the PFC approved Administration's recommendation for an updated ZBR program mandate and reporting approach, including requirements to report to the PFC no less than three times per year (PFC2016-0883).

BACKGROUND

Faced with a continued economic downturn, The City must find a balance between streamlining our activities, maintaining safety, and protecting the environment, all while providing the quality of services that Calgarians want and expect. SAVE provides a strategic approach to meeting the fiscal challenges faced by The City while minimizing the need for future across-the-board reductions.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Development of the SAVE program is aligned with The City's standard Program Management Practices, which features a three-phase program life-cycle. The Program Definition Phase has been the focus to date and is nearing completion. The Program Delivery Phase is now ramping up. As directed by Council, program delivery will be augmented by an external consultant and evaluation of responses to the recent Request for Proposals is currently underway. The

Chief Financial Officer's Report to
Priorities and Finance Committee
2020 March 10

ISC: UNRESTRICTED
PFC2020-0284

Solutions for Achieving Value and Excellence (SAVE) Program Q1 2020 Update

Program Closure Phase is tentatively scheduled for 2022. Attachment 1: SAVE Framework and Timelines provides further details.

Significant resources are needed to deliver the required results within the specified timeframe. Attachment 1 also summarises the costs to deliver the SAVE program, and explains how Administration will accommodate them within existing budgets.

Stakeholder Engagement, Research and Communication

Communication and change management strategies are currently being developed for SAVE. Administration is committed to making the findings of the external consultant public, and the SAVE website (calgary.ca/save) will be updated as the program evolves. Public engagement will also be part of SAVE and will be coordinated with other plan and budget related topics.

Strategic Alignment

SAVE supports the City Manager's goal to: *Optimize financial management of operating and capital budgets and reduce the cost of government with an objective to find savings and maximize operating base budget to ensure sustainable service delivery (C2020-0184)*. SAVE also furthers The City's commitment to continuous improvement, the citizen priority of "a well-run city", and One Calgary's service-based approach to plans and budgets.

Social, Environmental, Economic (External)

N/A

Financial Capacity

Current and Future Operating Budget:

There are no operating budget impacts as a result of this report.

Current and Future Capital Budget:

There are no capital budget impacts as a result of this report.

Risk Assessment

Although SAVE presents various risks, they are outweighed by the potential benefits of taking action. Attachment 2: SAVE Program Risks and Opportunities provides further details.

REASON(S) FOR RECOMMENDATION(S):

Re-allocating resources from the ZBR program supports the SAVE program to achieve its goals while minimizing the need for additional funding.

ATTACHMENT(S)

1. Attachment 1 – SAVE Program Framework and Timelines
2. Attachment 2 – SAVE Program Risks and Opportunities

SAVE Program Framework and Timelines

Development of the Solutions for Achieving Value and Excellence (SAVE) program has focused on the creation of a comprehensive but flexible structure where related projects and activities will be managed together to track and achieve collective benefits. SAVE's framework is being informed by The City's updated Program Management Practices, which feature the following framework:

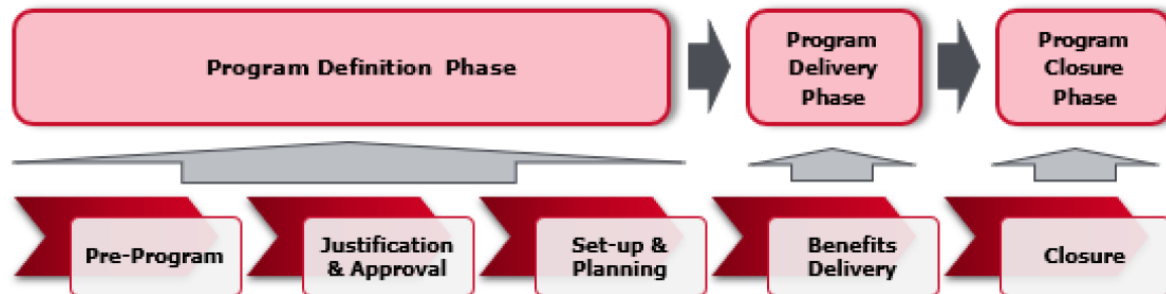


Figure 1: SAVE Program Framework

Final program design and implementation will also leverage the ZBR program as well as learnings from similar activities in other organizations. In particular, Administration has been able to learn from the Alberta Health Services Review and reviews completed by other municipalities, including Lethbridge, Toronto, Vancouver, Regina, and Saskatoon.

SAVE program activities to date have been concentrated in the Program Definition Phase:

- Communicating program need and strategic alignment
- Governance framework approved, including program sponsor and steering committee
- Stakeholder analysis
- Preliminary implementation roadmap
- Risk register
- External consultant needs defined and Request for Proposal (RFP) process underway

The Program Delivery Phase is ramping up now and includes evaluation of more than 150 internal ideas to identify and action the most impactful opportunities. As directed by Council, this work will be accelerated and augmented by an external consultant, who will be chosen through an RFP process and is scheduled to begin work in early April. Preliminary results will be presented to the 2020 September 8 Priorities and Finance Committee (PFC) to inform the November budget deliberations. Program delivery will continue through 2021 to pursue the \$50 million in additional savings for 2022.

The Program Closure Phase is tentatively scheduled for 2022 and will include consideration and potential launch of future service improvement activities.

Program Delivery Activities

To accomplish the goals of the SAVE program, Administration will take a systematic approach for identifying and realizing savings, moving away from across-the-board reductions. This will be accomplished by building on the initial focus areas for SAVE that were introduced to Council in 2019 (Figure 2) and by constructing a staged process for developing and assessing ideas.



Figure 2: SAVE Focus Areas

Ideas and opportunities will be solicited through various internal and external channels. Initiatives with the strongest business cases will be prioritized using the following criteria: delivers savings; quick to implement; challenges the status quo; enhances agility; and supports organizational culture. Regular internal reporting and monthly updates to the PFC will continue. A high-level timeline of the overall program is provided in Figure 3 (see next page).

Program Costs

The RFP for the consultant was valued at up to \$3 million. City staff are essential to support their work and a consultant-to-client ratio of between 1:1 and 1:3 is desirable. By redeploying Zero-Based Review program resources, the majority of resource requirements can be met within existing budgets. Resources from the One Calgary team are also being leveraged to support the SAVE program.

Finally, resources have been put in place to create a Project Management Office (PMO) for SAVE. Together, this represents a further investment of around \$3 million per year from within existing budgets. Costs for the time of other staff across the organization has not yet been estimated, and the implementation costs for specific initiatives will not be known until projects have been selected. An initial one-time budget of \$2 million has been set aside to cover such costs where they cannot be absorbed. All costs are expected to be recouped in time from the savings generated by the program.

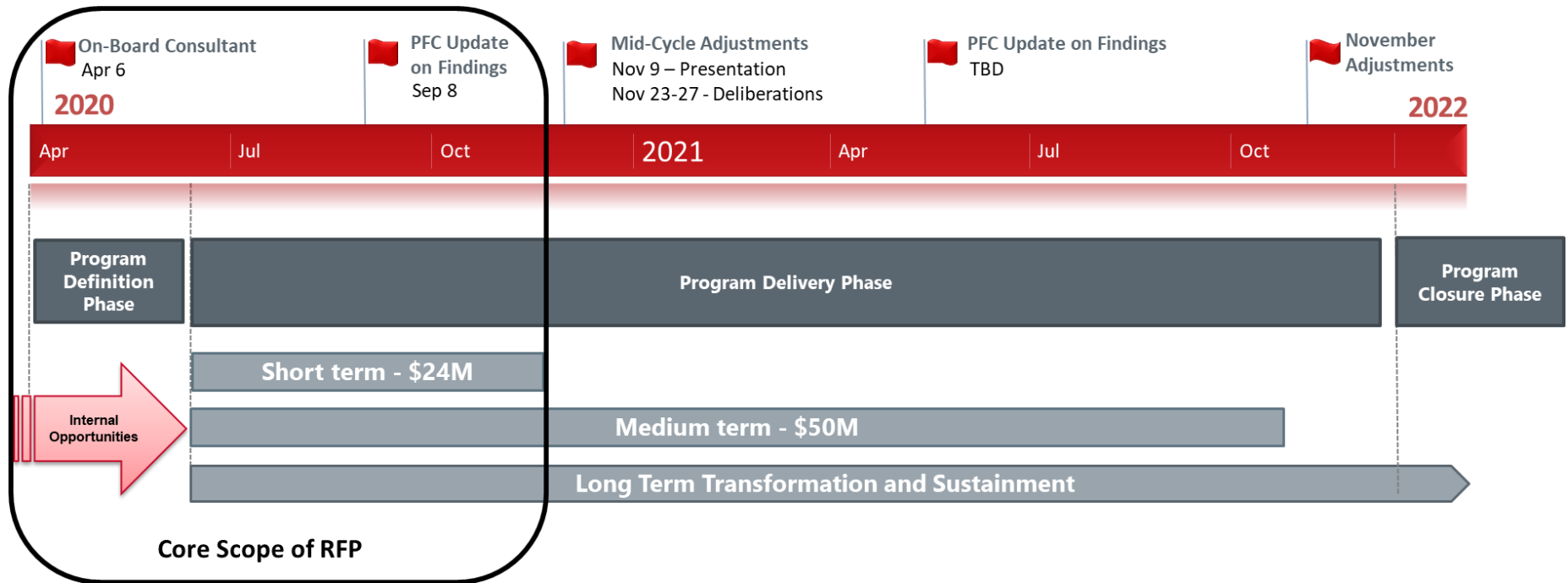


Figure 3: High-Level SAVE Timelines

SAVE Program Risks and Opportunities

The SAVE program presents various risks and opportunities, which can be divided into two general categories:

1. Risk and opportunities of acting/not acting to achieve savings targets:
 - a. Likelihood and size of future across-the-board reductions decreases/increases
 - b. Citizen trust and confidence improves/declines
 - c. Organizational culture change is reinforced/hindered

The potential benefits of taking action are a primary driver of the program.

2. Risks while executing the program:
 - a. Savings initiatives are smaller than anticipated, or may impact services and operations more than anticipated
 - b. High leadership turnover and general “change fatigue” affects ability to deliver savings in a timely and decisive manner
 - c. External consultant does not effectively integrate into program and organization
 - d. Cultural norms limit collaboration, innovation, and/or centralization of savings
 - e. Insufficient resources to execute program administration and initiatives

Management of these execution risks will be incorporated into all elements of program planning and implementation. Figure 1 provides a heat map of these risks through the lens of The City’s Principal Corporate Risks. The heat map reflects residual risk after mitigation has been applied and not initial risk, which in some cases is much higher.

Re-allocation of ZBR resources and expertise will be an essential mitigation strategy, as will the leveraging of analytical tools and lessons learned from other programs more generally. Continued communication, including dashboards to track progress, program evolutions with Service Owners and Service Leaders Forum, spotlighting of success stories and continued prioritization of the SAVE program by senior members of Administration will reinforce the program.

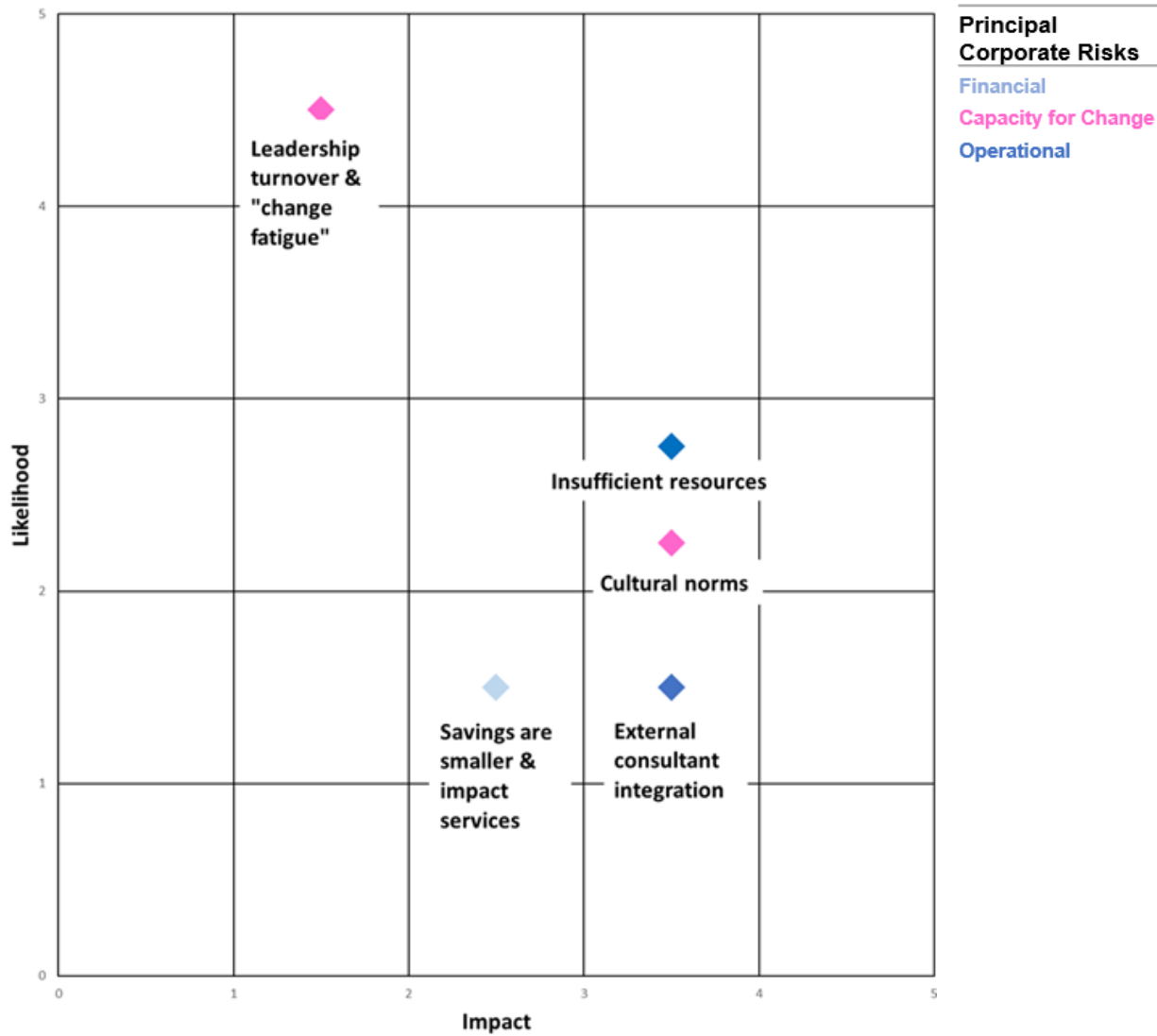


Figure 1: SAVE Risk Matrix

**Community Services Report to
Priorities and Finance Committee
2020 March 10**

**ISC: UNRESTRICTED
PFC2020-0251**

Golf Sustainability Framework Q1 2020 Update

EXECUTIVE SUMMARY

This report is an update on three initiatives under the Golf Sustainability Framework, following a Briefing Note (PFC2019-1227) provided to Council on 2019 October 8.

The first initiative, Timeline for Request For Proposal (RFP) Development, responds to Notice of Motion C2019-1468 directing the development of an RFP to secure a long-term management contract for operation and service provision at all City of Calgary golf courses and reporting back with a scope of work to deliver the RFP (see Attachment 1).

The second initiative, Real Estate & Development Services' Feasibility Assessments, summarizes findings as shared with Council in 2019 October (PFC2019-1227), and outlines next steps for completing the analysis of real estate potential at Richmond Green and Shaganappi Point golf courses (see Attachment 2).

The third initiative, Status of Golf Sustainability Framework Initiatives, provides a current state of ongoing golf sustainability initiatives as committed to in 2019 October (PFC2019-1227), including an update of plans for the interim use of Richmond Green in 2020 (see Attachment 3).

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommend that Council:

1. Forward this report to the 2020 March 16 Combined Meeting of Council as an item of urgent business; and
2. Direct Administration to proceed with Stage 2 assessments for Richmond Green and Shaganappi Point golf courses.

PREVIOUS COUNCIL DIRECTION / POLICY

Administration has responded to a series of golf-related directions from Council since The City's golf courses began receiving tax support in 2013. Recreation has consolidated multiple work streams under the Golf Sustainability Framework (see Attachment 4, Previous Council Direction). To allow for more streamlined reporting, a procedural change moved Administration's reporting requirement for Notice of Motion C2019-1468 from the SPC on Community and Protective Services to the Priorities and Finance Committee. Administration's annual update to the SPC on Community and Protective Services on progress of the Golf Sustainability Framework was also transferred to the Priorities and Finance Committee.

This report directly responds to the following Council directions:

On 2019 November 18, Council adopted Notice of Motion C2019-1468 (Golf course Operations Request For Proposal):

1. Direct Administration to develop a Request For Proposal (RFP) and go to market to secure a long-term management contract for the operations and service provision of all City of Calgary golf courses.
2. Direct Administration to develop a scope of work to deliver an RFP to the market and report back to Council through the SPC on Community and Protective Services no later than early Q1 2020 with a timeline and funding recommendation required to create, administer and evaluate and RFP process.

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PFC2020-0251**

Golf Sustainability Framework Q1 2020 Update

On 2019 May 27, Council adopted Report CPS2019-0475 (Golf Course Real Estate and Development Feasibility Assessment), as amended:

1. Adopt the recommendation to proceed with Stage 1 of the proposed plan for a Real Estate and Development Assessment, leveraging The City's internal expertise to conduct an initial assessment of all golf course properties and return to the Priorities and Finance Committee no later than Q1 2020 with a recommendation on which properties should be included in Stage 2 of the analysis. The plan for Stage 2 will include Administration's recommendation on which golf course lands require further analysis as well as recommendations on timeline, scheduling and costs for Stage 2; and
2. Not include McCall Lake Golf Course in any development assessments given a Redevelopment Feasibility Study was completed on McCall Lake Golf Course in 2014, and the recent investment and improvements to the course in 2018-2019.

On 2019 June 17, Council approved the Richmond Green Golf Course Closure Notice Of Motion (C2019-0790). Closure of Richmond Green in 2019 September prompted Administration to explore interim publicly accessible uses at the site until completion of Stage 2 of Real Estate and Development Services' feasibility assessments are completed and long-term plans for the site are confirmed.

BACKGROUND

This report coordinates recent directions into a single report to provide Committee and Council with an overview of activities impacting golf course sustainability, streamlining reporting and improving administrative efficiency.

The City operates seven municipal golf courses with 90 holes and three driving ranges at five locations. These golf courses provide \$10 to \$11 million in direct economic activity each year, requiring an average annual tax support of \$700 thousand.

From 1995 to 2012, The City's golf courses were self-supporting, funding both their operational and capital requirements. Over this 17-year period, golf revenues contributed an additional \$3.6 million to Corporate general revenues and funded \$14 million in golf course capital projects; contributing to the quality and longevity of these assets.

In 2013, with consideration given to Golf's increasing expenses, constrained revenue growth in an increasingly congested market and capital funding challenges, Council removed Calgary Recreation's requirement to provide \$200 thousand annually in golf revenues to Corporate general revenues and allowed City golf courses to receive operating tax support. Between 2013 and 2017, tax support for City golf courses has averaged seven per cent or \$700 thousand annually. Through the Golf Sustainability Framework, Administration and Council are identifying opportunities to improve golf course operations on City lands with the target of reaching net zero operating support by the end of 2022.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

This section describes investigations for each of Council's recent directions.

1. Response to NOM C2019-1468 – Executing the Requests For Proposals
2. Real Estate & Development Services – Feasibility Assessments
3. Interim Use at Richmond Green

**Community Services Report to
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PFC2020-0251**

Golf Sustainability Framework Q1 2020 Update

1. Response to NOM C2019-1468 – Executing the Requests For Proposals

To develop an RFP to secure a long-term management contract for golf course operation and service provision, Administration will pursue the course of action outlined below.

In light of capacity constraints, Administration will engage a consultant to oversee the RFP design process in collaboration with The City's Supply Management. A two-step process is required to execute this approach. An initial RFP (RFP1) will identify an external consultant with the skills and knowledge to prepare and deliver of a management contract RFP (RFP2). The consultant will provide an independent industry perspective and expert evaluation of critical business areas. This includes ensuring that ongoing public benefit is realized through contracting to an external service provider.

RFP1 will be published to market through The City's procurement processes following this report. The consultant will work in collaboration with Administration to develop RFP2, which will be used to solicit responses from qualified golf course operators. The consulting scope will include developing RFP2's evaluation criteria and procurement document content.

Through this scope of work, by 2021 Q3, Administration will provide an RFP opportunity for third-party operators to bid on a long-term management contract for the operation and service provision at all City of Calgary golf courses. Administration will update Council at key milestones throughout the development of RFP2. For a preliminary schedule and additional explanation, see Attachment 1.

2. Real Estate & Development Services – Feasibility Assessments

A two-stage real estate and redevelopment feasibility assessment of City golf course lands is underway. Administration has concluded Stage 1 and a summary of results for all sites is provided in Attachment 2. Findings identified conditional potential for redevelopment at two sites: Richmond Green Golf Course if the land analysis scope is expanded to include City lands adjacent to the golf course, and portions of Shaganappi Point Golf Course with the highest potential for redevelopment.

Stage 2 will examine the land development potential of these specific sites and is divided into milestones (i.e. geotechnical, planning, engineering, environmental analyses and public engagement). Milestones will be stage-gated sequentially based on the outcomes of each. For example, if preliminary analysis reveals redevelopment of a site is not feasible, further expenses on investigation will not proceed. This approach ensures effective management of resources. Work on Stage 2 will begin upon Council approval of this report.

3. Interim Use at Richmond Green

In 2019, Council directed Administration to close Richmond Green Golf Course and identify options for future use of the lands. Stage 2 of Real Estate & Development Services' feasibility assessment will provide a comprehensive analysis of the long-term potential for Richmond Green. While Stage 2 is underway, an opportunity exists to provide interim use at the site.

On an interim basis, beginning in Q2 2020, Calgary Recreation will activate the Richmond Green site as a public park. This will allow the site to continue providing recreational opportunities for the community and ensure the land remains activated, safe and accessible to the public. Use of the site will be assessed on an annual basis until Stage 2 of Real Estate &

**Community Services Report to
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PFC2020-0251**

Golf Sustainability Framework Q1 2020 Update

Development Services' feasibility assessment is completed and long-term plans for Richmond Green are confirmed.

Stakeholder Engagement, Research and Communication

In the development of this report, Administration engaged internal stakeholders from Supply Management, Labour Relations, Calgary Recreation Capital Development, Finance and Real Estate & Development Services. Administration also informed The City's citizen-based Golf Management Advisory Committee of ongoing work within the Golf Sustainability Framework.

Strategic Alignment

The Golf Sustainability Framework is a mechanism for responding to Council direction in a diligent, expedient and transparent way. Initiatives within the Golf Sustainability Framework's scope align with Council's priorities to build: a City of Inspiring Neighbourhoods; a Healthy and Green City; and a Well-Run City. The proposed approach aligns with the *Sport for Life Policy*, that describes The City's commitment to affordable, accessible and comprehensive recreation and open space opportunities and programs.

Social, Environmental, Economic (External)

The Golf Sustainability Framework ensures municipal golf courses continue to be effective active and passive year-round outdoor public environments. Activities at the sites include golf leagues and tournaments, school and community group introductory programs, learn-to-golf programs for children and youth, and opportunities for winter activities like cross-country skiing and the annual Lions Festival of Lights. These open green spaces provide opportunities for individuals to be active and social, promoting health and overall well-being.

Golf courses are large natural areas, providing green space in the built environment while accommodating City infrastructure (e.g. storm water and transportation corridors). They are an important part of Calgary's ecosystem, contributing to the urban forest, providing habitat and corridors for wildlife, and acting as flight pathways and urban wetlands.

The Golf Sustainability Framework ensures the economic benefit of golf course operations is maximized year over year. RFP2 and Real Estate & Development Services' Stage 2 analysis provide opportunities to understand the economic benefits of making systemic changes to the provision of golf services to Calgarians.

Financial Capacity

Current and Future Operating Budget:

- **Executing the RFPs**
Consulting for this scope of work will be funded from the Golf Reserve fund. This represents a one-time funding need and will not carry forward as an ongoing operational expense.
- **Real Estate & Development Services – Feasibility Assessments**
Costs for Stages 1 and 2 will be funded through the Real Estate Reserve. This represents a one-time funding need and will not carry forward as an ongoing operational expense.

Community Services Report to
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Golf Sustainability Framework Q1 2020 Update

- **Interim use at Richmond Green**

There are no operational budget impacts resulting from the interim use described in this report.

Current and Future Capital Budget:

- Costs for the interim use of Richmond Green are minimal (up to \$10 thousand). This represents a one-time capital cost to transition the site. Once Stage 2 assessments are complete, future capital costs will be identified.

Risk Assessment

- **Executing the RFPs**

There is a risk that RFP2 could have legal implications due to the labour relations component of the scope of work. While there might be a desire to expedite this work, due diligence must be undertaken to limit labour relations implications. In designing the contract management structure, Administration will be required to identify legal approaches to mitigate and decrease risks with RFP2. This includes using a stage-gate approach for key components such as compliance with Alberta Labour Code, impacted Collective Agreements, and contract management structure prior to going to market.

- **Real Estate & Development Services – Feasibility Assessments**

There is a financial exposure risk presented by Stage 2 of Real Estate & Development Services' analysis. If land development is found to be unfeasible only at final evaluation, the aggregate costs of the feasibility assessments would be borne by the Corporation. Cost obligations will be mitigated through effective budget management using a stage-gating approach that provides project 'off-ramps' to cease work if land development is found to be unfeasible after each investigation activity.

- **Interim use at Richmond Green**

There is a low reputational risk that the interim use of Richmond Green may create a long-term service expectation in the local and broader community. Proactive public communication will help manage public expectations around short- and long-term service opportunities at the site.

REASON(S) FOR RECOMMENDATION(S):

Adding this item as urgent business to the 2020 March 16 Combined Meeting of Council agenda ensures Council has received information about the Request For Proposal process, allowing Administration to immediately proceed according to the proposed schedule.

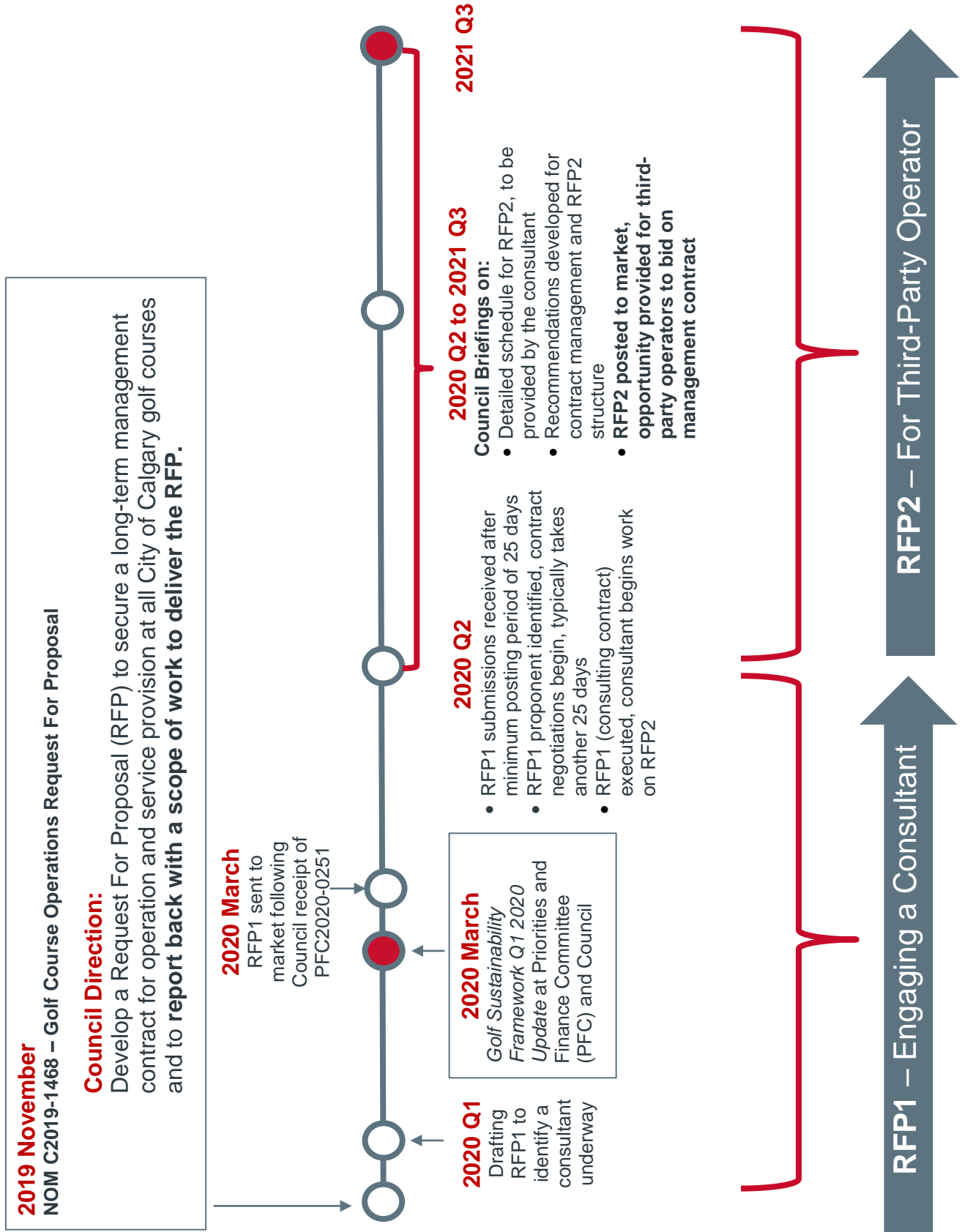
Proceeding with Stage 2 assessments for Richmond Green and Shaganappi Point golf courses allows Administration to identify the redevelopment potential of the sites.

ATTACHMENT(S)

1. Timeline for Request For Proposal Development
2. Real Estate and Development Services Feasibility Assessment
3. Status of Golf Sustainability Framework Initiatives
4. Previous Council Direction

Timeline for Request For Proposal Development

Timeline for Request For Proposal Development



Real Estate and Development Services Feasibility Assessment

In 2018 November at the *One Calgary* budget discussions, a Motion Arising directed Calgary Recreation to prepare a plan for a real estate and development assessment on all City-owned golf courses for the purposes of decommissioning, repurposing and/or divesting of land, for reinvestment back into sustaining the overall operations of Golf.

Recreation engaged Real Estate and Development Services (RE&DS) to assist with the formation of a real estate plan to complete this analysis. RE&DS responded by developing a two-stage plan to determine the development potential, limitations and risks at each municipal golf course. On 2019 May 27 Council approved the two-step work plan.

On 2019 October 08, a briefing note (PFC2019-1227) detailed the Stage 1 findings on four of the six sites identified for review: Richmond Green, Confederation Park, Lakeview and McCall Lake. Table 1: *Stage 1 Assessment findings presented 2019 October 08 in briefing note (PFC2019-1227)*, on the next page, provides a review of the previous report findings.

Stage 1 consisted of screening each course through a feasibility assessment matrix, to determine if and where land at each course could be considered for repurposing or disposition.

The feasibility matrix in Stage 1 was developed internally by RE&DS and consists of the following criteria:

- Historical and Background Information;
- Environmental and Development Encumbrances;
- Location;
- Regulatory and Policy Considerations;
- Planning Considerations;
- Servicing and Site Access Considerations;
- Mobility;
- Alignment with the Municipal Development Plan (MDP);
- Market Opportunity;
- Cost Risks; and
- Golf Course Operations.

This report provides the completion of Stage 1 findings for the remaining sites: Maple Ridge and Shaganappi Point, a summary of recommended next steps and an overview of the scope of work defined as Stage 2 Analysis.

Real Estate and Development Services Feasibility Assessment

Table 1 – Stage 1 Assessment findings presented 2019 October 08 in briefing note (PFC2019-1227)

Golf Course	Constraints	Proceed to Stage 2
Richmond Green	<ul style="list-style-type: none"> Golf course lands encumbered by City infrastructure and future expansion of Water Services infrastructure 	Yes - Stage 2 Analysis subject to broadened scope to include adjacent City lands stewarded by Water Resources & Calgary Parks.
Confederation Park	<ul style="list-style-type: none"> Significant storm water constraints within Confederation Creek drainage Reserve Designation 	No
Lakeview	<ul style="list-style-type: none"> Extensive Environmental Reserve and slope stability setback from reservoir edge. Extensive above and below ground utilities 	No
McCall Lake	<ul style="list-style-type: none"> Excluded as per Council direction 	No

Stage 2 consists of a more comprehensive planning, engineering and environmental analysis of those lands identified in Stage 1 that may provide for opportunities other than golf. It is expected that Stage 2 will require external consultants and additional work by the Corporation to undertake field investigations, planning and design and public engagement.

Real Estate and Development Services Feasibility Assessment

Maple Ridge - STAGE 1

The results of the Stage 1 feasibility assessment completed by Real Estate and Development Services (RE&DS) at Maple Ridge Golf Course concludes that there are multiple impacts on the site. The impacts identified would require additional investigation outside of scope for the Stage 1 assessment to be resolved.

RE&DS is unable to proceed with Stage 2 assessments due to the status of the transportation project for Deerfoot Trail. There are three concepts being explored to widen Deerfoot Trail and once a final concept plan has been identified a Stage 2 assessment of the site can be undertaken if the impacts to the site as a result of that project still indicate development potential.

Table 2 – Maple Ridge Golf Course Stage 1 Feasibility Impacts

Category	Score
Historical / Background	No Impact
Location	No Impact
Environmental and Development Encumbrances	Severe Impact (tied to Planning Considerations)
Alignment with Municipal Development Plan	Moderate Impact
Regulatory and Policy Considerations	Moderate Impact
Planning Considerations	Severe Impact
Servicing and Site Access Considerations	Moderate Impact
Mobility	Moderate to Severe Impact
Area Market Analysis	Moderate Impact
Cost Risks	Moderate to Severe Impact
Golf Operations	Moderate Impact

The site has severe impacts in multiple areas of the Stage 1 assessments specifically in Environmental and Development Encumbrances, Planning Considerations, Mobility and Cost Risks.

These areas of the Stage 1 assessment indicate moderate and severe impacts to the City and adjacent private land parcels.

- The Planning Considerations identified that the completion of the master plan for the Deerfoot Trail study being undertaken by Alberta Transportation and the City of Calgary's Transportation department should take precedence over any further real estate program that would make recommendations for repurposing or disposition of land. This transportation project has the most severe impacts to the site and causes uncertainty for other components making it difficult to provide final recommendations.
- The Environmental and Development Encumbrances were completed at the Stage 1 level. This assessment identified that further in-depth assessments would be required to gather more specific information for geotechnical, servicing and transportation considerations to provide current state information at this site.

Real Estate and Development Services Feasibility Assessment

Shaganappi Point Golf Course - STAGE 1

The results of the Stage 1 feasibility assessment completed by Real Estate and Development Services (RE&DS) at Shaganappi Point Golf Course indicate that the 65.58 ha (162.05ac) of land illustrated in **Map 7** should be evaluated in a Stage 2 work program. While RE&DS does not expect a disposition of the entire golf course lands, the parking lots, clubhouse, driving range and maintenance facilities offer areas for potential reconfiguration and/or opportunities for redevelopment.

Table 3 – Shaganappi Point Golf Course Stage 1 Feasibility Impacts

Category	Score
Historical / Background	Moderate Impact
Location	No Impact
Environmental and Development Encumbrances	Moderate Impact
Alignment with Municipal Development Plan	Moderate Impact
Regulatory and Policy Considerations	Moderate Impact
Planning Considerations	Moderate Impact
Servicing and Site Access Considerations	Moderate Impact
Mobility	No Impact
Area Market Analysis	Moderate Impact
Cost Risks	Moderate Impact
Golf Operations	Moderate Impact

Reasons for recommendation:

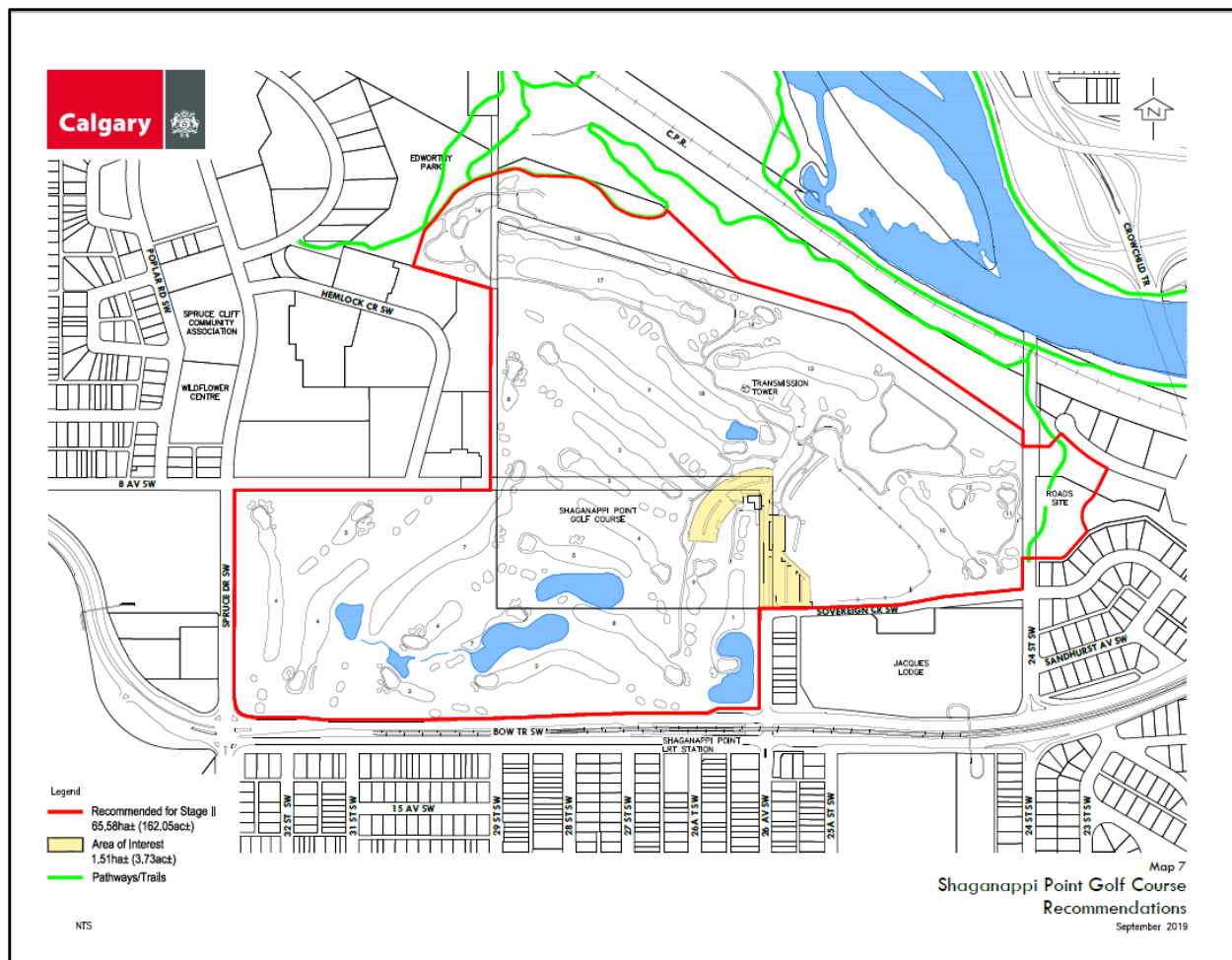
- Shaganappi Point Golf Course has real estate potential. It is an inner-city location, with close proximity to major employment and has views towards the Bow River, Rocky Mountains and downtown;
- Portions of Shaganappi Point Golf Course would be considered Transit Oriented Development (TOD) and development at the course could capitalize on the City's objectives to build more density around public transit infrastructure;
- The former Jacques Lodge site is adjacent to the lands and is slated for re-development. There may be an opportunity to partner on development objectives;
- A high-level look at the market surrounding the site shows potential for redevelopment given its location, amenities, housing stock and demographics. If the site were to be developed at present, there would be considerable competition from projects in planning stages, currently pre-selling, or selling. Since the downturn, multi-family projects, particularly high-rises, are struggling to achieve viable absorption rates. In response, some developers have shifted from condominium to rental to mitigate risk. An in-depth market analysis is required to determine market potential and expected returns once project timing is established;
- Calgary Recreation has undertaken preliminary work for a new clubhouse at Shaganappi Point Golf Course. A Stage 2 analysis presents an opportunity to further examine this endeavor in conjunction with land development; and

Real Estate and Development Services Feasibility Assessment

- Repurposing work in Stage 2 could be evaluated to determine if the entire property could be reconfigured to modify or add additional uses to generate additional income for Golf.

Work will begin on Stage 2 at Shaganappi Point Golf Course in Q2 2020; with the ultimate intent to investigate repurposing, decommissioning and/or disposition.

Map 7 – Shaganappi Point Golf Course Area of Interest



Real Estate and Development Services Feasibility Assessment

Completion of Stage 1 - Recommended Next Steps

RE&DS has identified development potential at two sites following Stage 1 assessments. RE&DS recommends more in-depth analysis for Richmond Green and Shaganappi Point Golf Course at this time.

Scope of work for Stage 2 Analysis –Richmond Green and Shaganappi Point

It is estimated that the Stage 2 work program could take 12 to 14 months for these two sites. The time would be used for securing external consultants, leveraging internal resources to assist with due diligence and completing the necessary field studies, design and planning required to determine what development is possible.

RE&DS will look to leverage internal resources to minimize the hiring of outside consultants, however RE&DS anticipates this work program will require a budget of up to \$750 thousand for Shaganappi Point and up to \$310 thousand for Richmond Green. RE&DS will utilize internal funds for this scope of work.

Stage 2 will consist of geotechnical analysis, environmental due diligence, planning, further market research and public engagement. RE&DS expects that Stage 2 can begin in Q2 2020. Upon completion, Administration will bring a report to Council for further consideration.

Stage 2 deliverables for both sites include, but may not be limited to:

- Confirming transportation capacity;
- Confirming servicing capacity (storm, sanitary and water);
- Determining Opinion of Probable Costs (OPC) for development options;
- Geotechnical and environmental reporting;
- Land valuations for development options;
- Public and stakeholder engagement events and feedback reports; and
- Administration's recommendations for repurposing and disposing of land.

Stage 2 deliverable specific to Richmond Green:

- Expand the area of analysis for Richmond Green to include the adjacent Calgary Parks and Water Resources lands inclusive of City lands founds between Sarcee Road, 33rd Avenue South West and Crowchild Trail.

Stage 2 deliverables specific to Shaganappi Point Golf Course:

- Development options including exploration of residential, commercial and banquet / clubhouse uses.
- Reconfiguring the driving range and selected golf holes to maximize space. This should include a cost benefit analysis on effects of enhancing or eliminating certain golf offerings.

Subject to Stage 2 outcomes, as stated in the original motion, any proceeds from a disposition of land at Shaganappi Point Golf Course and Richmond Green would be directed back to Calgary Recreation to support ongoing golf operations.

Status of Golf Sustainability Framework Initiatives

This attachment provides the current state on the Golf Sustainability Framework initiatives since the last update provided through PFC2019-1227 on 2019 October 08.

Table 1 provides a description and status of priority initiatives underway to yield \$1 million in revenue generating opportunities, cost savings and efficiencies.

Table 1: Break Even Options Underway				
	Work Plan Initiative	Anticipated Yield by end of 2022	Project Status	Progress Update – 2020 March
1	Richmond Green Closure	\$150,000	Completed	<ul style="list-style-type: none"> As of 2020 net \$150,000 annual cost savings from the closure will be realized. Richmond Green Golf Course permanently closed as of 2019 September 3.
2	Debt Fulfillment	\$142,000	Completed	<ul style="list-style-type: none"> Debt payment (P&I) for capital improvements at Maple Ridge – paid in full.
3	McCall Lake 18 Re-opening	\$280,000	Completed	<ul style="list-style-type: none"> 2020 will be first full season of operations where renovation performance can be fully assessed. Renovations to 18-hole course completed 2019 Q2. 9-hole preview as of mid May. Full 18 holes opened late June. Marketing and other initiatives are planned for 2020 with aim to support on-going golfer interest and revenue optimization. Anticipated yield based on full operations 2020 through 2022.
4	Annual Fee Adjustments	\$100,000+	Ongoing	<ul style="list-style-type: none"> Adjustments in 2019 resulted in an incremental annual revenue increase of \$89,000 and are anticipated to generate a further \$96,000 in 2020. Rates assessed and adjusted annually where feasible. Primary considerations: attendance and utilization trends in conjunction with market rates of reasonably comparable facilities. Future 2021 and 2022 rates will be evaluated annually based on primary considerations.
5	Golf Technology Solution	\$185,000	Underway	<ul style="list-style-type: none"> Implementation 2020 Q1. Anticipated yield will accrue throughout 2020 – 2022. Technology is key to increasing attendance and revenue. Dynamic pricing capabilities will be used to increase attendance and fill underutilized tee times. Enhanced marketing tools allow for targeted and measurable promotional campaigns. Improved business reporting tools enable real time daily business analysis. Streamlined business processes for frontline staff will enhance the customer's golf experience. Capabilities to add and leverage evolving technology.
6	Increased standardization and optimization of operational practices	\$194,000	Underway	<ul style="list-style-type: none"> Anticipated yield will accrue throughout 2020 – 2022. Variety of initiatives being undertaken to ensure quality products and services while realizing efficiencies. 2020 - Restructured staffing and supervisory model out of Richmond Green Golf Course closure. Improved staff management during inclement weather and Statutory holidays. Limiting/eliminating overtime through task prioritization and identification of daily efficiencies.

Status of Golf Sustainability Framework Initiatives

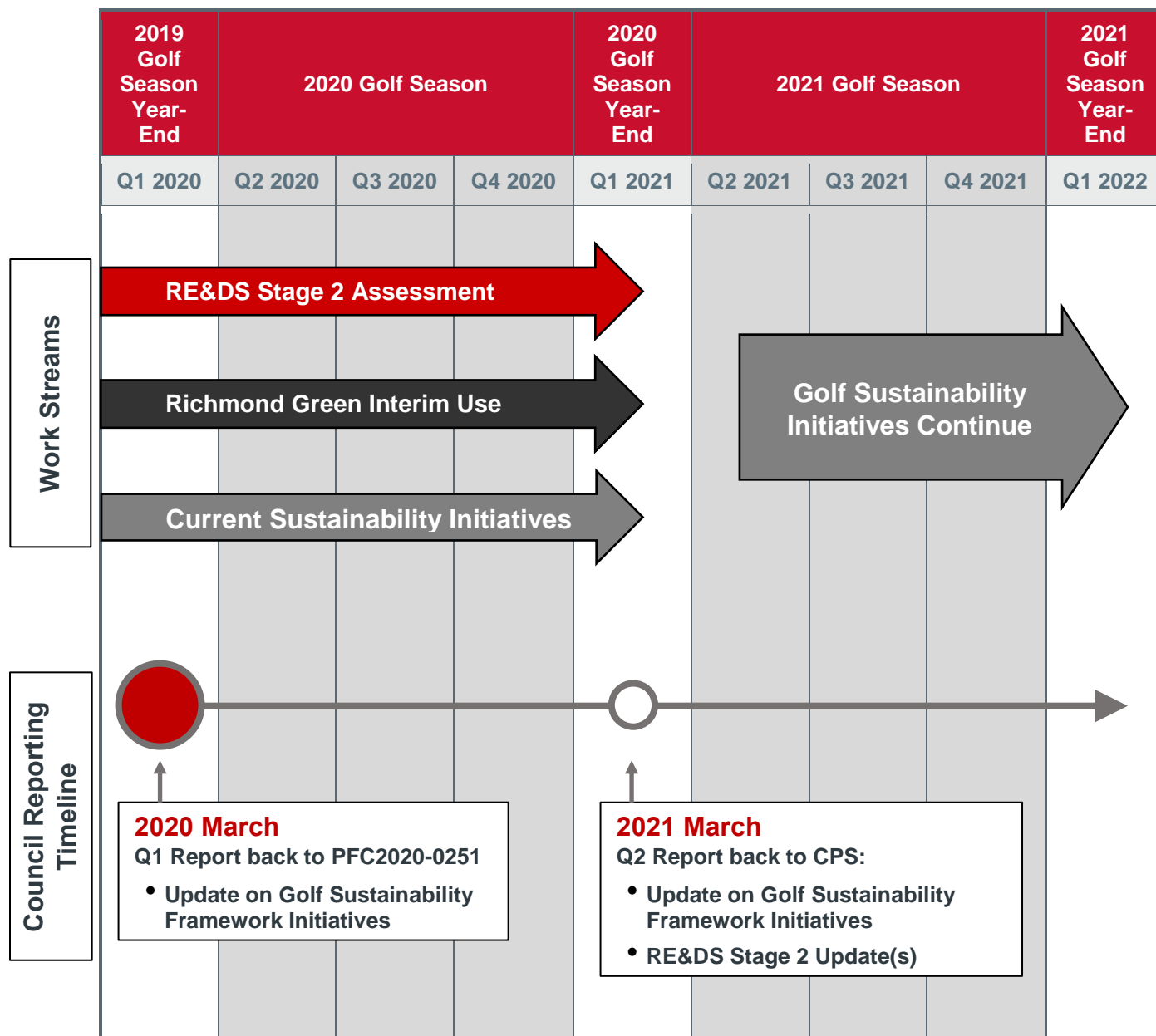
				<ul style="list-style-type: none"> Implementation of technology to collect data to determine task-based unit cost variations across sites will enable identification of inefficiencies and corrective action. Leveraging buying power through increased bulk materials purchases.
7	Contracting of Select Services	\$20,000	TBD	<ul style="list-style-type: none"> Pilot contract for rough mowing cancelled by vendor 2019 Q1. Contract did not realize anticipated profits in addition to resource and equipment challenges. Contracting of select services is on-going and continues to be explored where savings can be realized. Anticipated yield will accrue throughout 2020 – 2022. Notice of Motion C2019-1468 (Golf course Operations Request For Proposal). Scope of work presented to Committee 2020 March 10.
Potential Yield		\$1,072,000+		

Table 2 provides a description of additional opportunities being investigated to further increase Golf future sustainability.

Table 2: Options Being Pursued for Enhanced Sustainability				
	Work Plan Initiative	Anticipated Total Yield	State of Funding	Description
8	Capital Improvement Alternatives	TBD	<p>Three projects are currently unfunded or on the “Unfunded for Information” capital list:</p> <ul style="list-style-type: none"> Shaganappi Clubhouse and Renewal (\$8.8M) Shaganappi Maintenance Facility Replacement (\$2.1M) Confederation Park Golf Course Clubhouse Upgrade (\$1.9M) <p>One project is part of the Essential Services Delivery Bundle, but is currently unfunded:</p> <ul style="list-style-type: none"> Fairways and Greens Service Cycle in Essential Services Delivery Bundle (\$8.3M) <p>Funding realized from options out of the Real Estate and Development Services’ review could support re-investment in priority capital lifecycle and upgrade initiatives to sustain quality course conditions and support expanded services and revenue opportunities.</p>	<p>With capital investment, new business opportunities are possible. For example, improved Clubhouse facilities at Shaganappi Point would provide a source of year-round revenue through:</p> <ul style="list-style-type: none"> Expanded food & beverage service Conference, banquet and event rental possibilities.
9	Partnering with Industry	TBD	Funding would be subject to the opportunity being considered.	As the golf industry continues to evolve, opportunities exist to partner with industry leaders, to enhance golf assets and service offerings.

Status of Golf Sustainability Framework Initiatives

Golf Sustainability Framework – Council Reporting Timelines



Previous Council Direction

On 2019 November 18, Council approved the Golf Course Operations Request For Proposal Notice of Motion (C2019-1468) which provided the following instructions:

1. Direct Administration to develop a Request For Proposal (RFP) and go to market to secure a long-term management contract for the operations and service provision of all City of Calgary golf courses.
 2. Direct Administration to develop a scope of work to deliver an RFP to the market and report back to Council through the SPC on Community and Protective Services no later than early Q1 2020 with a timeline and funding recommendation required to create, administer and evaluate an RFP process.
-

On 2019 November 12, the results of Golf Programs and Activities' Sub-Service Review were delivered to Council in Attachment 10 of the 2020 Adjustments to the One Calgary Service Plans and Budgets (C2019-1052).

On 2019 October 08, a Golf Sustainability Framework briefing note (PFC2019-1227) was provided to the Priorities and Finance Committee (PFC). The briefing note contained:

- a. An interim update on the Golf Course Sustainability Strategy;
 - b. An interim update on the Golf Course Real Estate and Development Assessment; and,
 - c. Options for future use of the Richmond Green land.
-

On 2019 July 16, Council approved the recommendation below regarding a sub-service review, of which Golf Programs and Activities was one of six sub-services initially approved for review.

That with respect to Recommendation 1 of Report C2019-0883, the following be adopted:

That Council:

1. Approve the sub-service reviews contained in Table 1 of Attachment 3, released to the public during the presentation at the 2019 July 16 Strategic Meeting of Council, to be completed for the November 2019 adjustments to the One Calgary 2019 – 2022 Service Plans and Budgets.
-

On 2019 June 17, the Richmond Green Golf Course Closure notice of motion (C2019-0790) which was approved by Council. It stated that Council:

1. Direct Administration, as part of its Golf Course Sustainability Strategy, to proceed to close the Richmond Green Golf Course after the end of the 2019 golf season.
2. Direct Administration to return to Priorities and Finance Committee (PFC) in October 2019 with:

Previous Council Direction

- a. An interim update on the Golf Course Sustainability Strategy;
- b. An interim update on the Golf Course Real Estate and Development Assessment; and,
- c. Options for future use of the Richmond Green land, considering the utilities and road requirements, as well as the Currie Barracks Master Plan.

On 2019 May 27, with respect to report CPS2019-0475, the following was adopted:

That Council:

1. Adopt the recommendation to proceed with Stage 1 of the proposed plan for a Real Estate and Development Assessment, leveraging The City's internal expertise to conduct an initial assessment of all golf course properties and return to the Priorities and Finance Committee no later than Q1 2020 with a recommendation on which properties should be included in Stage 2 of the analysis. The plan for Stage 2 will include Administration's recommendation on which golf course lands require further analysis as well as recommendations on timeline, scheduling and costs for Stage 2; and
2. Not include McCall Lake Golf Course in any development assessments given a Redevelopment Feasibility Study was completed on McCall Lake Golf Course in 2014, and the recent investment and improvements to the course in 2018-2019.

On 2018 November 30, through a motion arising at the One Calgary budget discussions (C2018-1158), Council directed Administration to:

1. Bring forward a plan for a real estate and redevelopment assessment (including costs) which may include decommissioning, repurposing, and/or divesting of public golf course(s) for reinvestment in the remaining amenities to sustain the overall operations of public golf courses in Calgary. And further, report back directly through the SPC on Community and Protective Services no later than May 2019.

On 2018 November 19, per CPS2018-1256 Golf Course Operations Update, Council directed Administration to report back to Council through the SPC on CPS by Q2 2021 with an update on progress toward the options outlined in the report, which were the break even options of the Sustainability Work Plan.

On 2018 June 25, Council adopted CSP2018-0349 Golf Course Sustainability Work Plan Update:

1. Direct that Administration report back to Council on results, indicators and performance measures by Q2 of the final year of each planning cycle to inform a plan for the next cycle;

Previous Council Direction

2. Direct that Attachment 6 remain confidential pursuant to Sections 23(1)(b), 24(1), and 25(1) of the Freedom of Information and Protection of Privacy Act (and that Council consider content therein in camera if requested by Council).
 3. Direct that Administration report back to Council through the One Calgary budget process with options that reflect the overall Golf Course Operations to break even in terms of revenue and operating expenses.
-

On 2017 November 27, at the 2018 budget adjustment deliberations:

With respect to report CPS2017-0539 Review of Golf Courses Planning Considerations and Taxation Implications, and the Motion Arising for Report CPS2017-0539 contained in the 2017 July 24 Minutes of the Regular Meeting of Council,

Council directed Administration to come forward to the SPC on Community and Protective Services no later than 2018 June with an update on the Golf Course Operations Sustainability Workplan and a status report on the direction from the Motion Arising from CPS2017-0539.

On 2017 July 24, in response to NM2017-04 Administration delivered to Council report CPS2017-0539 Review of Golf Courses Planning Considerations and Taxation Implications.

With respect to report CPS2017-0539, Council requests Administration to consider the content of Councillor Colley-Urquhart's proposed Motion Arising document (contained in the 2017 July 24 Minutes of the Regular Meeting of Council) and return to Council at the 2018 budget adjustment process with options on how to move forward with City-owned golf course operations.

On 2017 February 27, Council referred Notice of Motion NM2017-04 Tax Burden of Calgary Golf Courses to the Administration and that in advance of executing the resolution contained in NM2017-04, Council directs Administration to review the state of golf and golf courses within The City of Calgary and propose a framework for addressing golf course retention and redevelopment and report back to Council through the SPC on Community and Protective Services and/or the SPC on Planning and Urban Development by Q3 2017.

On 2015 December 14, Council adopted CPS2015-0947 Golf Course Operations Sustainability Work Plan Update:

1. Direct Administration to continue providing municipal golf services with a City operated service model, inclusive of contracting out select services where efficiencies can be realized; and
 2. Direct that Attachment 2 remain confidential pursuant to Sections 23(1)(b), 24(1)(c), 24(1)(g) and 25(1)(c) of the *Freedom of Information and Protection of Privacy Act*, until Administration fully implements Council's decision(s) with regard to Attachment 2 content.
-

Previous Council Direction

On 2015 June 29, Council adopted CPS 2015-0492 Golf Course Capital Update:

That Council receive this update report for information.

On 2014 July 21, Council adopted recommendations contained in Report CPS2014-0398 McCall Lake Redevelopment Feasibility Study:

1. Direct Administration to discontinue McCall Lake redevelopment planning and Outline Plan preparation;
 2. Direct Administration to implement the Updated Golf Course Operations Sustainability Work Plan as outlined in Attachment 2, after amendment to the Targeted Completion Date for the Item "Service Model Analysis", contained on Page 1 of 2, by deleting the date "Q1 2016", and by substituting with the date "Q4 2015"; and
 3. Direct that Attachments 6 and 7 remain confidential pursuant to Sections 23(1)(b), 24(1)(c), 24(1)(g), 25(1)(a), 25(1)(b), and 25(1)(c) of the *Freedom of Information and Protection of Privacy Act*.
-

On 2013 May 27, Council adopted CPS2013-0410 Golf Course Operations Guiding Principles:

1. Approve the guiding principles as a framework for Golf Course Operations revised fee structure decision making; and
 2. Direct Administration to bring a revised fee structure to Council during the 2014 budget adjustment process (2013 November) for consideration.
-

On 2012 October 15, Council adopted CPS2012-0702 Golf Course Operations Operational Business Review & Update:

1. Approve, in principle, the elimination of the \$200,000 annual contribution to general revenues from the Business Unit Recreation – Golf, Operating Budget Program 426 and refer this recommendation to the 2013 budget adjustment process in 2012 November for consideration;
2. Approve, in principle, the change of Golf Course Operations mandate from "fully self-sufficient" to "tax supported" to align with the mandate of the rest of the Recreation Business Unit and refer this recommendation to the 2013 budget adjustment process in 2012 November for consideration;
3. Approve the recommendations outlined in Attachment 2, Appendix 4 to develop a revised golf course fee structure and report back through SPC on Community and Protective Services by 2013 May with recommendations on golf fee structure.
4. Approve Administration Recommendation 4 and that Recommendation 4 remain confidential under Sections 23(1)(b), 24(1)(a), 24(1)(g), 25(1)(b) and 25(1)(c)(ii) of the *Freedom of Information and Protection of Privacy Act*; and
5. Direct Administration Recommendation 4, as amended, and the Report and Attachments, remain confidential pursuant to Sections 23(1)(b), 24(1)(a), 24(1)(g), 25(1)(b) and 25(1)(c)(ii) of the *Freedom of Information and Protection of Privacy Act*

**Chief Financial Officer's Report to
Priorities and Finance Committee
2020 March 10**

**ISC: UNRESTRICTED
PFC2020-0160**

Response to AC2019-1329 – City Pensions

EXECUTIVE SUMMARY

At the Combined Meeting of Council held on 2019 November 18 Council approved Audit Committee report AC2019-1329 Comprehensive Public Sector Pension Review Referral to Audit Committee – Final Report, directing Administration to

“bring a report to the Priorities and Finance Committee no later than Q1 2020 responding to the questions from the Working Group addressing citizen perceptions of the pension plans within The City.”

Administration has responded to these questions using a cross-functional lens including: Human Resources, Finance and Communications. The number and unique features of the 12 pension plans at The City could make the goal of widespread understanding somewhat challenging.

Attachment 1 to this report starts first by illustrating the current landscape of retirement savings in Canada. This is followed by a description of the plans at The City. Finally, responses are provided to each of the questions that Administration was requested to answer.

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommends that Council:

1. Receive this report and attachment for the Corporate Record and discussion; and
2. Forward this report and attachment to Council for the Corporate Record.

PREVIOUS COUNCIL DIRECTION / POLICY

At the Combined Meeting of Council on 2019 April 29, the following motion with respect to Notice of Motion C2019-0568 (Compensation Public Sector Review) was carried:

“That Council refer Notice of Motion C2019-0568 to Audit Committee and request that they provide a recommendation to a September 2019 Council meeting on how to best achieve the intent based on their experience with annual audits of The City’s pension plans, as internal and external experts in matters of financial and organizational effectiveness.”

At the Audit Committee meeting on 2019 June 27, a motion carried that the Audit Committee:

“Directs that a Working Group be established to provide a recommendation to Audit Committee no later than their 2019 September 6 meeting, on how best to achieve the intent of Notice of Motion C2019-0568, Comprehensive Pension Review and that the recommendation be forwarded to a Meeting of Council no later than 2019 September.”

The Audit Committee struck a Working Group comprised of citizen members of Audit Committee L. Caltagirone, M. Dalton and M. Lambert, as well as Councillor Gondek, with support from Human Resources and the Executive Assistant to the Audit Committee.

**Chief Financial Officer's Report to
Priorities and Finance Committee
2020 March 10**

**ISC: UNRESTRICTED
PFC2020-0160**

Response to AC2019-1329 - City Pensions

BACKGROUND

The Working Group of the Audit Committee established as their primary goal: “to ensure that Calgarians receive answers to their questions about pensions at the City of Calgary.” They laid out for Administration, a series of questions grouped under three broad categories:

1. Are our pensions designed fairly?
2. Are our pensions administered properly?
3. Context (e.g. trends)

The Working Group identified the need for Administration to create more clarity around the pension plans in order to give assurance to citizens. Recognizing the technical jargon and complexity associated with pension plans, they more specifically directed Administration to work with Communications to create “plain language” responses to the questions.

Members of Administration from Human Resources, Finance and Communications worked together to develop this report.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Administration determined that prior to addressing the questions it would be important to create context around retirement savings. For example: What are the ways in which people save for retirement and what are the typical sources of retirement income for Canadians? Further, Administration wanted to create foundational knowledge of common pension plans and other retirement savings vehicles found in Canadian public and private sector workplaces.

Second, Administration determined that it would also be important to provide basic information on the plans in which City employees and Council members participate: What are the plans? How do they work? How do some of them work together? How are they monitored? What is their financial picture?

Once the above-mentioned ground-work was laid, Administration proceeded to answer the questions. The content was put through various lenses, including: Human Resources, Finance and Communications to create a picture that was accurate and understandable.

Administration’s response, including the above-mentioned sections which help create context, can be found in Attachment 1.

Stakeholder Engagement, Research and Communication

Human Resources, Customer Service & Communications, and Finance worked together to develop this response. There were additional reviews of the content with several employees to assess the report from a plain language lens.

Strategic Alignment

This report is aligned with Council’s priority of having a Well-Run City.

Chief Financial Officer's Report to
Priorities and Finance Committee
2020 March 10

ISC: UNRESTRICTED
PFC2020-0160

Response to AC2019-1329 - City Pensions

Social, Environmental, Economic (External)

Financial Capacity

Current and Future Operating Budget:

This report, while discussing financial matters, does not impact the current or future operating budgets.

Current and Future Capital Budget:

None.

Risk Assessment

There is a reputational risk if citizens do not know whether The City's pension plans are well designed, well governed, justified and sustainable. There is also a risk of inaccurate information being disseminated and incorrect conclusions being drawn if there is insufficient access to accurate, reliable, timely and understandable information.

REASON(S) FOR RECOMMENDATION(S):

Administration was directed to respond to the questions put forward by the Audit Committee's Working Group in report AC2019-1329.

ATTACHMENT(S)

1. Attachment 1 – Pension Information Package

Calgary



Pension Information Package

2020 February 28

calgary.ca | contact 311

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1. Are The City of Calgary’s pensions monitored?	
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4. How will The City of Calgary demonstrate not only the absolute values of its pension plans, but also trending over time (as part or percentage of total cost)?	
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1. What are the current trends for public and private sector pensions, and how much sense do they make for The City of Calgary?	
2. With the retirement crisis in Canada, is The City of Calgary doing its best to address the financial well-being of its employees?	

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Council Direction

On 2019 November 18, Council approved Audit Committee report AC2019-1329, which directed Administration to answer questions from the Audit Committee's Working Group addressing citizen perceptions of the pension plans within The City, and report back to the Priorities and Finance Committee no later than Q1 of 2020. The questions fell under the following three key headings:

- 1. Are our pensions designed fairly?**
- 2. Are our pensions administered properly?**
- 3. Context (i.e. current trends)**

Introduction

Before addressing the specific questions raised by the Audit Committee's Working Group, this report begins by laying out foundational information about pension plans and retirement savings in general (Canadian Retirement Landscape), followed by information about The City's pension plans (Retirement Plans at The City). In this way, we hope to create a level of understanding that will help in addressing the questions (Answering the Questions).

Definition Glossary

We've underlined key words and phrases throughout this document to further your understanding of pension and retirement terms. See **Appendix A – Definition Glossary**.

Key Highlights

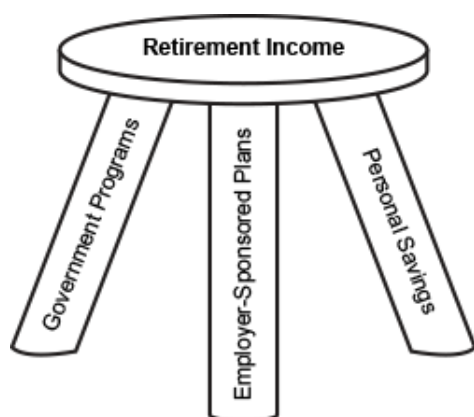
1. Over 85 per cent of Canadian public sector employees have a pension plan.
2. City of Calgary employees contribute towards their pension during each pay period.
3. The vast majority of City employees (nearly 90 per cent) participate in one of two multi-employer pension plans (MEPPs) – Local Authorities Pension Plan (LAPP) or Special Forces Pension Plan (SFPP).
4. The supplementary pension plans, in which 12 per cent of City employees participate, build upon each other to ensure a consistent two per cent pension formula over the member's full salary for the pensionable service period. This consistent two per cent formula cannot be achieved under LAPP alone because of the formula rate limit and maximum salary caps under the Income Tax Act (ITA). The employee does not receive a duplicate pension benefit.
5. For every \$1 paid out in pension in 2017, LAPP reports that about 90 cents came from investment earnings, and nearly half the remainder came from employee contributions.
6. The City's largest multi-employer pension plan, LAPP brings together 420 employers and their 163,000 employees into a single plan that pools resources to obtain lower investment and administration fees, and to reduce volatility.
7. Pension plans in which City employees participate have governance structures in place to ensure they are regularly monitored and financially sustainable. The Pension Governance Committee (PGC) reports to Council annually on the activities for all pension plans in which City employees participate.
8. As shown on the annual financial statement, The City's pension expenses related to the pension plans account for five per cent of The City's annual expenses.
9. Financial well-being, in which pensions play a part, contributes to employee retention, health and productivity.
10. The City will be conducting the Total Compensation Review in 2020, which will help place the pension plans in a broader context.

Canadian Retirement Landscape

Most Canadians need to save towards their retirement if they wish to maintain a standard of living approaching what they enjoyed during their working years. As people are living longer the need is ever-increasing.

Sources of retirement income

Retirement income sources are often depicted as a three-legged stool:



1. **Government programs**
(including CPP/QPP, OAS, GIS)
2. **Personal savings**
(including tax-assisted savings in RRSPs, TFSA's)
3. **Employer-sponsored retirement and savings plans.**

1. **Government programs** are designed to provide a base level of income needed in retirement. The Canada Pension Plan (CPP) and Quebec Pension Plan (QPP) are designed to provide about 25 per cent of an average person's retirement income. The actual amount depends on a person's work history and their earnings. Recently the government introduced a gradual enhancement to the CPP increasing the benefit to about 33.3 per cent of employment earnings by 2035, over a concern that Canadians were not saving enough for retirement. Old Age Security (OAS) is designed to provide about 12 per cent of an average person's retirement income and the Guaranteed Income Supplement (GIS) is a supplement paid to low income seniors.
2. **Personal savings** may be tax-assisted (RRSPs and TFSA's) or after-tax savings (non-registered funds and bank accounts).
3. **Employer-sponsored retirement/savings plans** include pension plans, Group RRSPs, deferred profit-sharing plans and stock-purchase plans.

For many, all three of these vehicles have been essential to providing an income in retirement. However, we know that for many others, this optimal situation is not the case. Workplace pensions cover only 37 per cent of all working Canadians while in the Public Sector, 87 per cent

of workers are covered by a pension plan¹. Without employer-sponsored pensions there is a much higher onus on personal savings, as well as personal investment decision-making which many people are ill-equipped to handle.

Employer-sponsored pension plans

Pension plans play an important role in an employee's total compensation package and are used as attraction and retention tools by employers.

Types of pension plans

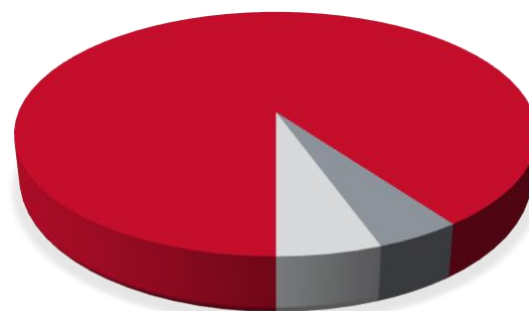
There are two predominant types of employer-sponsored pension plans in Canada: the defined benefit plan and the defined contribution plan:

1. The **Defined Benefit Plan (DB)**, as the name suggests, provides a defined benefit or pension income to the retiree, based on a formula that typically takes into account years of pensionable service and average pensionable earnings. Typically, both employees and the employer contribute to the plan. The plan funds are invested to ensure that plan members can be assured of their pension income at retirement. Actuarial valuations are done on a regular basis to ensure the plan is funded to the level deemed appropriate by the employer. The benefit is paid for the lifetime of the retiree, sometimes as a life guaranteed pension, and sometimes as a joint and survivor pension. Sometimes the pension is adjusted in line with a percentage of consumer price index increases.

DB plans are funded from contributions and investment earnings. Taxpayers may believe they are paying for every dollar paid out in

pension, but that is not the case. The Local Authorities Pension Plan (LAPP), in which most City employees are members, reports that for every \$1 paid out in pension in 2017, about 90 cents came from investment

PENSION BENEFIT FUNDING SOURCES (LAPP)



- Investment earnings (LAPP) 90¢
- Employee contributions 4.5¢
- Employer contributions 5.5¢

¹ Statistics Canada, Tables 11-10-0133-01 and 14-10-0027-01.

earnings. And close to half of the remainder came from employee contributions (see **Appendix B – LAPP Information**).

2. The **Defined Contribution Plan (DC)**, as its name implies, has a defined contribution rate for the employee which is often matched by the employer. The employee invests the accumulated contributions based on

investment choices provided by the plan. When the employee retires, they receive the value of their pension account based on accumulated contributions and investment returns which they can use to provide retirement income, by drawing down the balance or purchasing an annuity or other retirement income stream. Below are listed risks associated with each type of plan:

Defined Benefit Plan	Defined Contribution Plan
Plan sponsor (employer) bears the risk that investments in the plan don't perform as expected, requiring extra contributions	Employee bears investment risk in the plan
Plan sponsor (employer) bears the risk that pensioners live longer than expected (longevity risk), requiring extra contributions	Employee bears the risk that they outlive their retirement savings

3. Other Pension Plans

There are other, less common types of pension plans in Canada as well, including:

- **Target benefit plan:** has a defined formula the plan is “targeting” as a pension (like a DB plan), but the benefit amount is not guaranteed (like a DC plan).
- **Defined benefit-floor plan:** provides a modest defined formula to act as a minimum guaranteed benefit plus employees contribute to a DC plan.
- **Flex plan:** allows some benefit choices to be made from the base DB plan formula from a side account within the pension fund (a type of spending account funded by the member).
- **DB/DC choice plan:** at retirement, an employee can choose between a DB plan benefit and the balance in their DC plan.
- **Age-based plan:** younger employees participate in a DC plan; at a certain age they start to participate in a DB plan.

The prevalence of the main types of pension plans in Canada is shown in the following table which shows a wide gap between public and private sector employees:

% of Paid Workers Covered by Registered Pension Plan 1997-2017²

	1997	2002	2007	2012	2017
All sectors	41.5	39.6	38.4	38.5	37.1
DB plans	35.6	32.5	29.5	27.5	24.9
DC plans	5.2	6.0	6.1	6.4	6.8
Other plans*	0.6	1.0	2.8	4.6	5.4
Public Sector**	88.0	86.6	83.5	87.9	87.1
DB plans	83.6	81.4	77.9	82.8	79.1
DC plans	3.7	4.3	3.8	4.0	4.0
Other plans	0.7	0.9	1.8	1.0	4.1
Private Sector	28.2	28.2	25.7	24.2	22.7
DB plans	21.9	21.3	15.8	11.5	9.2
DC plans	5.6	6.2	6.7	7.1	7.6
Other plans	0.6	0.6	3.1	5.6	5.8

* 'Other' plans include those having a hybrid, composite, defined benefit / defined contribution or other component.

** Public sector includes governments, crown corporations, health and education, government boards commissions and agencies.

It should be noted that pension coverage of employees in the private sector nationally has never been high, peaking at 35 per cent in the early 1980's.³

² Statistics Canada, Tables 11-10-0133-01 and 14-10-0027-01

³ Mackenzie, Hugh, *Pensions in Manitoba: What's Working, What's Not, What's a Solution and What's Not*, in Canadian Centre for Policy Alternatives, September 2017

4. Supplementary Pension Plans

For defined benefit plans, supplementary pension plans build upon the base plan to ensure a pension formula covering the employee's total pensionable earnings and pensionable service. These plans are most commonly found in organizations with DB plans. Because of tax deferral, the Income Tax Act (ITA) places a limit or cap on how much someone can *receive* from DB plans and contribute to DC plans. Where an employee's DB plan pension is limited by that cap, the supplementary plan formula is applied to the remaining pensionable earnings. The plan member is not receiving a duplicate benefit for the same salary amounts, as shown below:

Base Plan	Supplemental Plan 1	Supplemental Plan 2
Base plan formula as % of earnings	Supplemental plan formula for earnings up to ITA maximum	Supplemental plan formula for earnings over ITA maximum

5. Multi-Employer Pension Plans (MEPP)

MEPPs bring together a number of employers and their employees into one plan. This allows employers to pool resources in order to obtain lower investment and administration fees, and to reduce volatility. The large funds with stable employee populations typically found in these plans enable investments into types of asset classes (e.g. real estate and infrastructure) which are not generally available to smaller funds. MEPPs also provide employees the ability to change employers without the need to end participation in the pension plan.

Other key differences between MEPPs and single-employer pension plans are:

Single Employer Plans	Multi-Employer Plans (MEPPs)
The employer is usually the legal trustee and carries the fiduciary duties	Typically, employers and the employee group (often a union or multiple unions) share trusteeship and fiduciary duties
Economic and demographic risks are pooled among the employer's employees only; the smaller the group, the more volatile the experience	Economic and demographic risks are pooled among the employees of all employers; a larger number of employees reduces experience volatility
The employer measures the obligation annually and this amount is reflected as a liability in the financial statements	Each employer only records contributions to the plan as an expense in the financial statements and does not record their share of the plan obligation.

6. Registered Pension Plans/Non-registered Retirement Arrangements

To obtain preferred tax status, pension plans are registered with Canada Revenue Agency (CRA) under the Income Tax Act (ITA). These pension plans must also register with the pension regulator in their province. Any retirement arrangements that are not registered are not truly pension plans and do not have preferred tax status. Other key differences include:

Registered Pension Plans	Non-Registered Retirement Arrangements
Pension plan provisions must comply with the ITA and the provincial regulations	There are no regulations with which to comply
Contributions are tax-deductible	Contributions not tax-deductible
Formal pension fund for employees set up, and investment income in pension fund not taxable	Formal pension fund generally not allowed

Retirement Plans At The City

The City's pension plans form a valuable part of an employee's total compensation package. This year, The City is undertaking a review of its total rewards package, including base compensation, benefits, perquisites and pensions, and benchmarking them against comparable organizations. The results will be presented to Council in the fall of 2020.

The twelve (12) pension plans and retirement arrangements in which City of Calgary employees (and former employees) participate are all **defined benefit** and may be categorized in different ways:

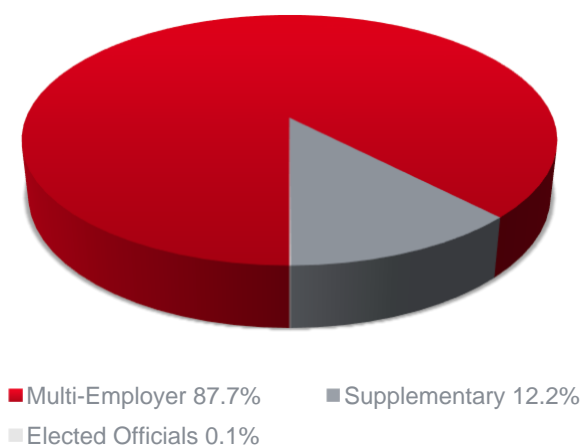
- **Closed** plans or **open** plans.
- **Multi-employer** plans or **single-employer** plans.
- **Base** plans or **supplementary** plans.
- **Registered** pension plans or **non-registered** retirement arrangements.

The City also offers access to a Group RRSP for employees through payroll deductions.

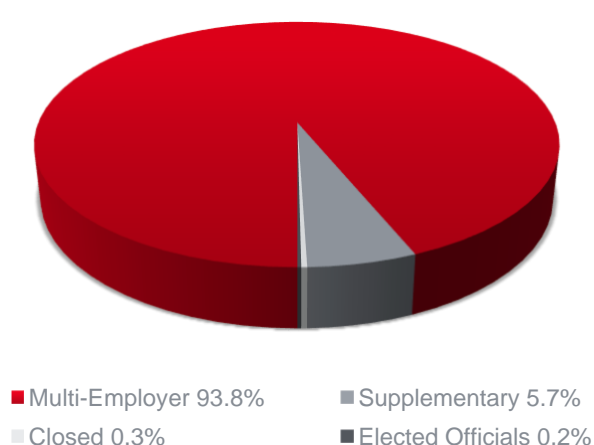
Understandably, it can be difficult to navigate the various plans. However, the vast majority of employees and employer contributions relate to our multi-employer pension plans (MEPPs) and their associated supplementary plans.

The following charts show the relative size of our plans in terms of City employees who participate in them and the amount of contributions to them by The City. The MEPPs are by far the largest:⁴

ACTIVE MEMBERS



EMPLOYER CONTRIBUTIONS
(EMPLOYEE CONTRIBUTIONS NOT SHOWN)



⁴ City of Calgary financial statements as at December 31, 2018

This report captures key features of each plan but will focus on our largest multi-employer pension plan (LAPP) and its related supplementary plans. A table outlining information (e.g. eligibility, membership, contribution rates) on all City open plans can be found in **Appendix E – Information on Open Plans**.

Defined Benefit Multi-Employer Plans (MEPPs)

There are two (2) defined benefit multi-employer pension plans in which City employees participate:

- | | |
|--|---|
| <p>1. Local Authorities Pension Plan (LAPP),
a registered pension plan of over 400 Alberta public sector employers, in which most City employees participate.</p> | <p>Combined active membership for City employees in these plans at the end of 2018, was 15,600 employees.</p> |
| <p>2. Special Forces Pension Plan (SFPP),
a registered pension plan which covers police officers at The City and six (6) other employers.</p> | <p>As DB plans, they provide a benefit based on years of pensionable service and average pensionable earnings up to the Income Tax Act (ITA) limit. SFPP also includes a bridge benefit which pays a benefit from retirement to age 65.</p> |

Employee and employer contribution rates are set by the trustees based on actuarial valuations and their funding policies. Current (2020) contribution rates are:

Plan	Employer Contribution	Employee Contribution
LAPP	9.39% of earnings up to YMPE; 13.84% over YMPE up to annual earnings cap	8.39% of earnings up to YMPE; 12.84% over YMPE up to annual earnings cap
SFPP	14.55% of earnings up to earnings cap	13.45% of earnings up to annual earnings cap

* The YMPE (Yearly Maximum Pensionable Earnings) is the maximum earnings under the Canada Pension Plan as set by CRA. The YMPE changes every year.

Examples of these plans can be found in **Appendix F – Examples**; however, an LAPP example is included here to illustrate this plan (see next page):

Employee Profile 1 – LAPP

Hamadi, Transit Supervisor

Years of service: 24.2

Average salary: \$77,858

Age: 61

Pension payable per year: \$29,488

Meet Hamadi, a fictitious Transit Supervisor with over 24 years of service with The City of Calgary. He started his career at The City of Calgary as a Transit Operator (Bus driver) in 1994 and began contributing to the Local Authorities Pension Plan (LAPP) when he became a full-time employee in 1996.

Hamadi enjoyed connecting with Calgarians as part of his job, but he knew that he wanted to grow his career and help support his daughter with her post-secondary education. In 2015, Hamadi was promoted to the role of Transit Supervisor.

At 61, Hamadi is starting to think about retirement and what he might receive as part of his pension. Hamadi went to the LAPP website and ran a retirement estimate. Hamadi also took the time to look around the website for all sorts of other important information regarding the LAPP pension plan. The LAPP website gave him the following estimate of the pension payable to him if he were to retire today.

	First level of salary in LAPP formula	Remaining level of salary in LAPP formula	Total
Salary	\$56,440	\$21,418	\$77,858
Multiply by % in plan's formula	LAPP first level: (x 1.4%)	LAPP remaining level: (x 2%)	
Multiply by years of service	x 24.2	x 24.2	
Estimated pension payable annually	\$19,122	+ \$10,366	= \$29,488

Employee profile is based on the LAPP valuation report, which provides average age, service, and salary for LAPP membership, and members tend to retire at their 85-point date. This data provides us with the "average" LAPP person who does not have a pension partner.

Governance of these plans is multi-faceted and comprehensive; the plans:

- Are regulated by the province through the employment pension plans act (EPPA) and the federal government through the Income Tax Act (ITA).
- Have oversight by a joint employer and employee sponsor board who sets governance policy and contribution rates and can alter plan design.
- Have oversight by a joint employee and employer fiduciary board who set the funding policy and the investment policy.
- Complete regular (annually for LAPP) actuarial valuations.

- Are audited annually by the Office of the Auditor General (OAG).

The City is an active participant on the joint boards for both plans either directly or, in the case of the LAPP, with a seat that is shared with The City of Edmonton. However, influence in LAPP in particular, is limited as our representation on the Board somewhat reflects our share of the total membership (<10%). For more information on the specific responsibilities and activities undertaken by the corporations, click here or visit lapp.ca/sfpp.ca. Additional information has been provided in **Appendices B – LAPP Information** and **C – SFPP Information**.

Supplementary Plans

The Income Tax Act (ITA) allows defined benefit pension plans to cover up to two per cent of salary for each year of pensionable service up to certain limits. The City's supplementary plans simply build upon the base plan formula such that a two per cent pension covering the employee's *full* salary for every year of pensionable service in the supplemental plan is paid. Employees are not receiving a duplicate benefit on the same salary.

There are four (4) supplementary plans in which City employees participate:

1. The **City of Calgary Supplementary Pension Plan (SPP)**, a single-employer registered pension plan in which some City employees participate, supplemental to the Local Authorities Pension Plan (LAPP).
2. The **City of Calgary Overcap Pension Plan (OCP)**, a non-registered pension plan also supplemental to LAPP and SPP in which senior-level City employees participate.
3. The **City of Calgary Police Chief and Deputies Overcap Pension Plan (PCDOP)**, a non-registered pension plan supplemental to the Special Forces Pension Plan (SFPP).
4. The **Calgary Firefighters Supplementary Pension Plan (FSPP)**, a registered pension plan jointly sponsored by The City and the firefighters' Union.

With the exception of FSPP, The City is the legal plan administrator for the supplementary plans and this responsibility has been delegated to the Pension Governance Committee (PGC) which reports annually to Council. The PGC uses a professional investment manager, a third-party administrator and an actuary to aid in discharging its fiduciary duties. The PGC is chaired by the Chief Human Resources Officer and among its voting members are two General Managers and two members of Council. The PGC's Terms of Reference can be found in its annual report to Council. More information on the FSPP and its fiduciary board is in **Appendix D – FSPP Information**.

Employee and employer contribution rates to the FSPP are set by the FSPP Board based on actuarial valuations and the funding policy. Similarly, contribution rates to SPP are set by the Pension Governance Committee based on actuarial valuations and the funding policy. OCPP and PCDOPP contributions are fully funded by The City as required. While the liabilities are included in The City's financial statements, there are no invested assets set aside. The funds are available as the liability is accrued.

Current (2020) SPP and FSPP contribution rates are below:

Supplementary Plan	Employer Contribution	Employee Contribution
FSPP	2.83% of earnings up to salary cap	2.32% of earnings up to salary cap
SPP	2.92% of earnings up to salary cap	2.35% of earnings up to salary cap

Examples of these plans can be found in **Appendix F – Examples**; however, an SPP example is included here to illustrate this plan:

Employee Profile 2 – Supplementary Pension Plan (SPP)

Jackie, Leader

Age: 60.8

Years of LAPP service: 24.25

Years of SPP service: 19.35

Average salary: \$135,200

Pension payable: \$63,913

Meet Jackie, a fictitious Water Quality Service leader for The City of Calgary. Jackie manages The City's water and wastewater laboratories and a team of professional chemists, microbiologists and aquatic biologists who test our drinking water and wastewater 365 days a year.

Upon her graduation from the University of Calgary, Jackie was hired as a full-time Water Quality Technician at The City. As she developed her skills in the lab, Jackie continued her education in the evenings with a focus in management. Her career has included a few promotions and lateral moves that have furthered her knowledge and expertise. Nineteen years ago, Jackie won the leader competition. At almost 61, she's not ready to retire yet but is talking to her financial advisor about her pension. As a City employee, Jackie contributes to the Local Authorities Pension Plan (LAPP) and recently ran a retirement estimate on the LAPP website.

As a leader, Jackie contributes to the Supplementary Pension Plan (SPP) that builds upon LAPP and provides a pension on salary that is not covered by LAPP but which is under the Income Tax Act allowable salary.

Jackie went to the SPP website and ran a retirement estimate. The LAPP and SPP websites provided her with the pensions payable to her should she retire today.

	First level of salary in LAPP formula	Remaining level of salary in LAPP formula	Level of salary in SPP formula	Total
Salary	\$56,440	\$78,760	\$56,440	\$135,200
Multiply by % in formula	LAPP first level: (x 1.4%)*	LAPP remaining level: (x 2%)	SPP formula: (x 0.6%)*	
Multiply by years of service	x 24.25	x 24.25	x 19.35	
Estimated pension payable annually	\$19,161	+ \$38,199	+ \$6,553	= \$63,913

Employee profile is based The City's Supplementary Pension Plan (SPP). The SPP supplements the LAPP formula for earnings with the Income Tax Act limit. This data provides us the "average" SPP person at retirement who does not have a pension partner. *Income Tax Act allows the defined benefit pension to cover 2% of salary for each year of service (1.4% + 0.6% = 2%). Jackie is not receiving a duplicate benefit on the same salary.

Council Pension Plans

Council members can join the **Pension Plan for Elected Officials of The City of Calgary** (EOPP), a defined benefit single-employer registered pension plan.

Council members who are impacted by the Income Tax Act (ITA) limits on pensionable earnings for each year of pensionable service can participate in a supplementary plan, the **Supplementary Pension Plan for Elected Officials of The City of Calgary** (EOSP), which supplements the base plan to provide a two per cent pension on all pensionable earnings.

The plan administrator for both plans is The City which decides on investment policies and funding policies. Plan design changes are recommended

to Council by the Council Compensation Review Committee, a citizen committee that is formed through Council Bylaw to provide independent review and recommendations to Council on Council compensation matters.

Currently contribution rates are nine per cent for members of Council and 18.64 per cent for The City, whose rate fluctuates based on funding requirements. The supplementary plan, with only one active member currently, is fully funded by The City. Council supplementary plan pensions are fully funded by The City as required. While the liabilities are included in The City's financial statements, there are no invested assets set aside. The funds are available as the liability is accrued.

Closed Plans

Closed plans are ones that are closed to new members. These pensions will continue until the last remaining member, pensioner or beneficiary dies.

There are four (4) plans which are closed to new members. These are:

1. The **City of Calgary Executive Pension Plan** (EPP), a non-registered retirement arrangement for named executives prior to 2000.
2. The **Calgary Police Supplementary Pension Plan** (PSPP), a registered pension plan for police officers prior to 1979.
3. The **City of Calgary Fire Chief and Deputies Overcap Pension Plan** (FCDOPP), a non-registered retirement arrangement for Fire Chief and Deputies prior to 2008.
4. **Contractual Obligations**, representing non-registered retirement arrangements negotiated with individuals prior to 2000.

There were no active members and fewer than 40 participants in all four plans combined at the end of 2018.

Answering The Questions

Are our pensions designed fairly?

1. What is the benchmarking process for City of Calgary pensions, and where does The City believe it should “rank” itself?

Until 2019 March 1, the provincial government through the Minister of Finance was the plan administrator for our multi-employer pension plans (MEPPs). This meant that the employers and employees who funded the pension plan and bore the investment risk, had no oversight on pension plan design, funding policy or investment policy. There was little appetite for individual employers to benchmark plans, as there was almost no opportunity to effect change. The plans have recently completed significant work in moving towards the new joint governance model.

The plans may engage in benchmarking of certain performance measures and costs. LAPP, by far the largest pension plan in terms of City membership and dollar contributions, has reported the following benchmarked information (see **Appendix B – LAPP Information**):

- Five-year net returns are at median of large public sector plans.
- Administrative costs are at median of large public sector plans.

SFPP has reported the same benchmarked information (see **Appendix C – SFPP Information**).

The City of Calgary will be engaging a third party in 2020 to benchmark all key elements of The City’s total compensation program for employees. This will include benchmarking the pension plans in which employees participate, with comparator organizations. The review will look at elements individually as well as the competitive positioning of the total rewards program as a whole.

We do know from Statistics Canada data⁵ that over 85 per cent of the Canadian Public Sector has a pension plan and almost 80 per cent have a defined benefit pension plan. In an informal review of Canadian municipalities, we found that most municipal governments either have their own DB plan or participate in a province-wide DB plan. Some of these pension plans, like OMERS (Ontario) and the BC Municipal Pension Plan (British Columbia), combine a base plan with a supplementary plan.

Benchmarking was conducted at the start of our largest supplementary plans in 2000. An environmental scan of provincial public service supplementary plans was done at this time and helped inform the decision to introduce these plans.

⁵ Statistics Canada, Tables 11-10-0133-01 and 14-10-0027-01.

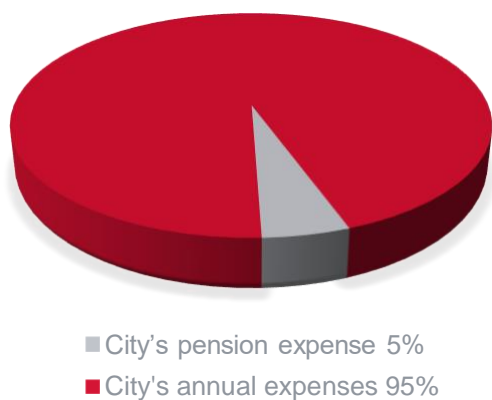
Council pensions are the responsibility of the Council Compensation Review Committee (CCRC) and may be benchmarked when Council's compensation is being reviewed. Pensions were benchmarked by the CCRC in each of 2006, 2012 and 2017.

While there is no specified pension "rank", when we benchmark base compensation, The City has traditionally targeted its base compensation to the median of the market, which is a blend of private and public employers. This positioning enables The City to continue to attract and retain required talent while being financially prudent.

2. What is the cost to The Corporation relative to the benchmark?

In 2018, City expenditures to support the twelve (12) plans was \$194 million, 5 per cent of The City's annual expenses. The comparable funding from City employees to their pension plans was approximately \$173 million.

PENSION EXPENDITURES AS A PERCENTAGE OF THE CITY'S ANNUAL EXPENSES



While we will be undertaking a market review of our main pension plans as part of the Total Compensation Review, it is not certain we will be able to access competitive data that would enable us to answer this question. We will have a better understanding of the data available later this year.

3. What is the context of The City's total compensation model (of which pensions are one part) in today's economic environment?

The City is conducting a total compensation review, which will be presented to Council in the fall of 2020. The review will examine The City's market positioning with respect to each element of the total compensation program, including pensions, as well as evaluate the relative value of the compensation plan as a whole against market.

Our total compensation program needs to be reflective of and sensitive to changes in the economy, while continuing to attract and retain the qualified talent it needs to deliver services. This can be a fine balance. With recent sustained pay freezes, turnover has increased in certain areas.

While we also know that pension plans may not be top of mind for all employees, a 2014 Willis Towers Watson study found that 45 per cent of respondents said their company's retirement program was an important reason for joining their employer at organizations with DB plans and 68 per cent said that the retirement program gave them a compelling reason to stay on the job. Even younger employees (<age 40) agreed that it was an attraction factor (39 per cent) in their employment decision, and 58 per cent said it is an important reason to stay with their employer.⁶

⁶ Gardner, J. and Nyce, S., *Attracting and Keeping Employees: The Strategic Value of Employee Benefits*. Towers Watson, 2014.

More studies point to the importance of good financial health: a survey conducted by the Canadian Public Pension Leadership Council found that 47 per cent of Canadians reported being highly concerned about running out of money after retirement, and all generations shared this concern⁷. Studies also show that employees troubled by their finances are twice as likely to be in poor health as those who are not worried. They report higher absenteeism and higher presenteeism (i.e. at work but not productive).⁸ The Bank of Canada reported in 2018 that household debt was approximately 170 per cent of disposable income, up from 100 per cent 20 years ago. In other words, the average Canadian owed about \$1.70 for every dollar of disposable income earned per year, after taxes.

There is value to both the employee and employer in having a workplace pension plan. The City's pension plans provide employees with a level of financial security and certainty. Their pension income does not depend solely on the performance of their savings based on investment choices they have made. They understand how they will need to augment their pension to achieve financial well-being in retirement. They are more

likely to be financially able to retire when they reach eligibility.

From The City's standpoint, employees are more likely to be engaged and productive, and are more likely to have confidence in their ability to plan for and meet their financial needs into the future. Employees participating in City plans are also more likely to have the ability to leave The City when eligible for retirement, giving way to job opportunities for new staff.

That being said, it is important that we monitor and evaluate the overall value of the total compensation program to ensure it is competitive and sustainable.

4. Can The City of Calgary provide examples of what a pension payout looks like within The Corporation? (i.e. if this person retired on a set date, what will s/he earn in pension benefits? Provide 12 tangible examples reflecting a diverse selection of positions at The City, of which one example would include a Councillor.)

Please see examples in **Appendix F – Examples**.

⁷ Brown, R. L., *The Social Implications of Pensions*. Canadian Public Pension Leadership Council, 2019

⁸ Willis Towers Watson, 2017 Global Benefits Attitudes Survey

Are our pensions administered properly?

1. Are The City of Calgary's pensions monitored?

All twelve (12) pension plans/retirement arrangements are monitored and subject to sound governance practices:

Multi-employer pension plans (MEPPs)

The MEPP administrators (LAPP/SFPP Corporations) are responsible for the governance and administration of the plans. With the passing of the Joint Governance Act (JGA) in Alberta on 2019 March 1, The City now has direct Trustee representation on both Boards. City representatives also participate in stakeholder meetings to review the Corporations' performance. Information from these meetings is shared with the Pension Governance Committee (PGC) (includes two Council representatives). The PGC provides a report annually to Council. The LAPP governance structure is comprehensive and includes:

- Adhering to all requirements of the provincial regulations for registered pension plans (the EPPA).
- Annual actuarial funding valuations.
- Setting and regular review of investment policy, funding policy, and performance.
- Annual audit by the Office of the Auditor General.

More complete information on LAPP's governance structure may be found at lapp.ca/page/our-governance. Similarly, more complete information on SFPP's governance structure may be found at sfpp.ca/page/sfpp-corporation.

The City is responsible for remitting correct contributions to the LAPP and SFPP and informing the third-party administrator of terminations/retirements/enrolments/data changes. Contribution remittances are reviewed by Pensions Finance and the third-party administrator.

Supplementary plans and Council plans

The FSPP Board is responsible for the governance of the FSPP. The City appoints Trustees to this Board and City representatives participate in stakeholder meetings to review the Board's performance. Information from these stakeholder meetings is shared with the Pension Governance Committee.

The City utilizes a third-party administrator to administer the supplementary plans and Council plans. The third-party administrator reports to the Pension Governance Committee quarterly, who provides a report annually to Council, outlining the governance and administration, membership, contributions, investment returns and funded position of each plan.

Supplementary plan payments are reconciled by Pensions Finance. Cost-of-living increases are calculated by the third-party administrator and confirmed by The City.

2. How does The City of Calgary address both the tangible (e.g. financial health of plan) and non-tangible (e.g. cost of turnover, lost knowledge base) variables involved in pensions?

LAPP/SFPP and FSPP Corporations and Board are responsible for addressing the financial health of those pension plans. City representatives

participate on sponsor and/or corporate boards as well as stakeholder meetings to review the Corporations' and Board's performance.

Triennial actuarial valuations are performed for our supplementary registered pension plans, are reviewed by the Pension Governance Committee (PGC) and are reported to Council. The financial health of all City plans is attributable to sound governance practices, investment policies and funding policies, and the stability and risk pooling offered through our participation in large, multi-employer pension plans (MEPPs).

Liabilities are calculated annually on an accounting basis (accounting valuation) for all pension plans and non-registered retirement arrangements, with the exception of MEPPs, for inclusion in The City's financial statements.

The City tracks a number of metrics that can signal employee satisfaction or dissatisfaction with employment at The City. Turnover is one important measure, as resignations represent a loss of investment, knowledge, productivity and service continuity. Industry experts have estimated the replacement costs to fill vacancies can average 1.5 times the annual salary for the position. Turnover rates at The City tend to have an inverse relationship with age: the turnover rate for younger employees is higher and then gradually decreases as employees age.

Survey results from HR Metrics Survey for the years 2014 to 2018 show that The City had a lower turnover rate than the benchmarked organizations in the public sector.

While a direct link between turnover and pensions can be difficult to establish, according to an Application Satisfaction Survey from Human Resources at The City in 2018, competitive pay and pension ranked second and fifth amongst

seventeen (17) retention attributes that employees said influenced their decision to stay with The City.

3. How does The City of Calgary stay focused on the future of its pension plans and anticipate liabilities?

Pension plan risks are outlined in the multi-employer pension plan (MEPP) strategic plans. The Corporations and Boards use a number of measures to provide insight on the future of the pension plans, including periodic asset/liability modelling (ALM) studies. For more information, visit lapp.ca, sfpp.ca and fspp.ca.

The actuary for most supplementary plans and the Council pension plan reports changes and anticipated trends that may affect the plans, to the PGC at its quarterly meetings.

The City performs annual accounting valuations and records liabilities in The City's financial statements. Plans are recorded on the financial statements as a net obligation and, therefore, assets and returns are extremely important. Funding valuations set contribution levels that ensure adequate investments exist to service the associated obligations.

4. How will The City of Calgary demonstrate not only the absolute values of its pension plans, but also trending over time (as part or percentage of total cost)?

The City is undertaking a total compensation review in 2020 that will examine its competitive positioning relative to the market, and the value of the pension plans as a component of total compensation.

The City currently has actuarial valuations performed on its supplementary plans (SPP and EOPP) as well as accounting valuations on all

plans except the two large multi-employer pension plans (MEPPs). The results are reported in the Pension Governance Committee's (PGC's) annual report and in The City's financial

statements. Historical, funded ratios and contribution rates are provided in the PGC annual report presented in July to Council to show trends.

Context

1. What are the current trends for public and private sector pensions, and how much sense do they make for the City of Calgary?

There are several trends that are noteworthy from a pension perspective:

Life expectancy is increasing for men and women as shown in the chart below, requiring retirement income for a longer period:

Life Expectancy in Years from Birth and from Age 65

From Birth	Males	Females	Both
1980	72	79.1	75.4
2017	79.9	84	82
At Age 65			
1980	14.6	18.9	16.8
2017	19.3	22.1	20.8

We have also seen an internal trend with employees delaying retirement. The average retirement age has gradually risen from 59.9 to 61.8 years between 2010 and 2019.

Interest rates remain low, which makes it more difficult for plans to earn returns that will be sufficient to secure a reasonable retirement income.

There has been a shift in the private sector from DB plans to DC plans. This has been driven by a number of factors including:

- The cost of funding the plans as a result of decreasing investment returns, increasing life expectancy and solvency funding regulations.
- The decline of industries where DB plans predominated (e.g. manufacturing), and an increase in the service sector where DC plans are more common.
- Company risk aversion or decrease in risk tolerance for the funding risk.
- Competition from large pension funds whose scale results in lower investment fees and a greater range of investment opportunities.
- The impact of reporting a DB plan on an entity's financial statements, specifically the actuary and actuarial valuation costs, and financial comprehension and reporting complexity.
- Globalization of the workforce and the need for corporations to consolidate benefit plans, which is very difficult for DB plans.

Changes in direction demonstrated by federal and provincial governments create some level of uncertainty:

- The current federal government eliminated the previous government's plan to increase the age for receipt of the Canada Pension Plan (CPP) (driven by increased longevity) but did proceed to implement a gradual enhancement to the CPP.
- The previous Alberta Government allowed our multi-employer pension plans (MEPPs) to become jointly (employee and employer) governed and gave the Boards latitude to consider different administrators and investment companies in the future. The

current government maintained the joint trustee arrangement but rescinded the ability for boards to select investment and administration providers.

- The current Alberta government is considering the idea of removing Alberta from the CPP and setting up a provincial plan.

There has been a movement across many Canadian jurisdictions to relax funding requirements from the very costly solvency funding (the amount it would cost to windup a pension plan) to either going-concern funding (assumes the continuation of the pension plan) or the establishment of solvency funding **only** if certain going-concern targets are not met.

Most of these trends *favour* The City of Calgary's pension plans status. As a member of two large jointly-sponsored defined benefit multi-employer pension plans (MEPPs) whose investment arm, AIMCo, is one of the eight largest investment funds in Canada, our plans:

- Incur lower management expense and administration fees.
- Spread the risk across a large pool of employers and employees.
- Give access to top investment expertise, and a broad range of investment options.
- Are funded on the less costly and less restrictive going concern-valuation basis.
- Account for demographic and economic trends and risks in their governance practices.

2. With the retirement crisis in Canada, is The City of Calgary doing its best to address the financial well-being of its employees?

Employees at The City enjoy a comprehensive compensation package that includes base compensation, benefits and the opportunity for a retirement income.

The City supports and promotes the financial well-being of its employees in a number of other ways as well, including:

- Offering healthy workplace information sessions to employees that focus on financial wellness (e.g. budgeting) and, through the Employee and Family Assistance Program, financial coaching.

- Delivering total rewards statements so employees can see the value of their total rewards package.
- Providing workshops and resources (retirement analyst) to explain pension plans.
- Inviting Alberta Pension Services to speak to employees about their pension plan.
- Directing employees to excellent resources on the multi-employer pension plan (MEPP) (LAPP and SFPP) sites.

However, we know there is an opportunity to do more to support employees in better managing their financial well-being.

Appendix A – Definition Glossary

Accounting Valuation

An accounting valuation is an assessment of the plan's obligations valued in accordance with accounting standards. The results of an accounting valuation appear on an entity's financial statements, but is not used to calculate the contributions required to fund the plan.

Active Member

An active member is an employee who is currently contributing to the pension plan.

Actuarial(ly) Equivalent

To be actuarially equivalent, the present value of the expected future pension payments for the different forms of pension are equal. The present value of all future pension payments is calculated with regard to life expectancy and is discounted to today using current interest rates.

Actuarial Valuation or Actuarial Funding Valuation

An actuarial valuation or actuarial funding valuation is an analysis performed by an actuary that compares the assets and liabilities of a pension plan using economic and demographic assumptions to determine the funded status. An actuarial valuation for defined benefit registered pension plans in Alberta is required to be performed at least every three years.

Actuary

An actuary is a financial professional trained to calculate the value of pension payments using data about life expectancy, retirement ages, and interest rates and is a Fellow of the Canadian Institute of Actuaries.

Administrator and Third-Party Administrator

The sponsor of the pension plan is the administrator. The administrator will contract certain administrative functions to a third-party provider. This third-party administrator takes care of the pension plans on a day-to-day basis and is reviewed at regular intervals by the administrator.

Annuity

An annuity is a series of specified monthly payments to a person purchased from a Canadian life insurance company. These payments are provided under a contract with the life insurance company in exchange for an up-front premium. The monthly amount paid differs based on the size of the original sum of money and the form of pension chosen.

Beneficiary (other than pension partner)

A beneficiary is the person(s) named to receive a benefit if the employee dies before retirement or to receive the remaining payments under a life guaranteed pension if the employee dies after retirement. If the employee does not have a pension partner and does not name a beneficiary, the estate is the beneficiary.

Bridge Benefit

Some pension plans provide for a pension which is paid from their date of retirement to age 65, then stop. The reason this pension is called a "bridge benefit" is because the original intention was to bridge a person from retirement date to when they were expected to start collecting their Canada Pension Plan pension.

Closed Plan

A closed plan is a pension plan which does not accept new members.

Commuted Value

The commuted value is the amount of money paid in a lump sum that is equal to the actuarially equivalent value of future pension payments under the normal form of pension, as determined by the plan actuary. The commuted value is calculated using prescribed interest rates and probable life-span factors.

Consumer Price Index

The Consumer Price Index is a measure of the rate of average price change for goods and services bought by consumers in Canada. It is used as a way to estimate changes in prices and inflation.

Cost-of-living Increases

Some pension plans and retirement arrangements provide for increases in the benefit of pensioners to reflect increases in the cost of living, usually with reference to the consumer price index.

CRA or Canada Revenue Agency

CRA is the federal government agency responsible for administering the Income Tax Act including the provisions for registered pension plans.

Defined Benefit Pension Plan or Defined Benefit Plan or DB Plan

A defined benefit plan or DB plan pays a lifetime monthly pension defined by a formula that is used to calculate the benefit. The benefit is calculated at retirement and is independent of the pension plan fund's investment returns. All the pension plans in which The City participates are defined benefit pension plans.

Defined Contribution Pension Plan or Defined Contribution Plan or DC Plan

A defined contribution plan does not promise a specific benefit at retirement. It is a type of retirement plan in which the employer, employee

or both make contributions to a trust fund on a regular basis. The employee draws income from the trust fund account balance to provide income in retirement. The future monthly pension fluctuates based on the investment earnings.

Employment Pension Plans Act (EPPA)

The employment pension plans act is the legislation in the province of Alberta which governs registered pension plans.

Fiduciary

A fiduciary is a legal term to describe a person who has a legal or ethical relationship of trust to someone else. Fiduciaries must act at all times for the benefit and interest of the other party.

Form of Pension and Optional Form of Pension

Form of pension refers to the type of benefit provided to an employee's pension partner and/or beneficiary on death. When an employee retires, the employee will generally have a number of different forms of pension, called optional forms of pension, to choose from.

Funding Policy

A funding policy is required by Alberta regulation for defined benefit registered pension plans. The funding policy establishes the guidelines by which the plan sponsor will set contributions.

Going-concern Valuation or Going Concern Funding

A going-concern valuation provides an assessment of a pension plan on the premise that the plan continues into the future indefinitely based on assumptions in respect of future events. The results of the going-concern valuation are used to calculate contributions required to fund the plan and are referred to as going concern funding.

ITA or Income Tax Act

The Income Tax Act or ITA is the legislation which governs what types of income are taxed when, and at what rate. Canada Revenue Agency is the body responsible for the Income Tax Act and its regulations.

Investment Manager

The investment manager is a professional investment firm which invests the pension plan funds in accordance with the investment policy.

Investment Policy or Statement of Investment Policy (SIPP)

The investment policy is required by Alberta regulation for registered pension plans. The investment policy establishes the guidelines for the investment of the pension plan fund, the objectives and risk tolerance of the parties involved, and the risk characteristics of asset classes. The investment policy helps ensure the pension assets are invested in ways that protect the interests of the pension plan members.

Joint and Survivor Pension

A form of pension in which the employee receives payments for the employee's lifetime and the surviving pension partner receives a percentage of the payments for the remainder of their lifetime. The percentage of payments is chosen at time of retirement.

Life Guaranteed Pension

A form of pension in which the employee receives payments for the employee's lifetime, with a stated number of payments guaranteed in any event. Should the retired employee pass away before the end of the guarantee period, the surviving beneficiary or pension partner would receive the value of the remaining payment to the end of the guarantee period. Common guarantees are 5, 10, and 15 years, or no guarantee.

Multi-Employer Pension Plan (MEPP)

A MEPP is a plan in which multiple employer and employee groups participate. They are often set up for an entire industry or geographical area. A fiduciary is appointed to manage the plan on behalf of the employers and employees.

Non-Registered Pension Plans or Non-Registered Retirement Arrangements

A non-registered pension plan or (more correct) a non-registered retirement arrangement is a pension plan which has not been, and cannot be, registered with the provincial pension regulator or CRA. There are no regulations which oversee these plans, other than general provisions of the Income Tax Act.

Normal Form of Pension

Normal form of pension refers to the form of pension specified as the default in the pension plan provisions.

Open Plan

An open plan is a pension plan in which new employees can join.

Pension Governance Committee or PGC

The City has an obligation to look after the interests of employees in all the pension plans in which City employees participate. The PGC has been delegated this responsibility.

Pension Partner

In order to qualify as a pension partner, a person must meet the description under Alberta pension legislation, as follows: "A pension partner is a person to whom an employee is married and has not been separated from for more than 3 years. If no such person exists, a pension partner is a person who has lived with the employee in a marriage-like relationship for 3 years before the pension starts, or a person in a relationship with the employee of some permanence where there is

a child from the relationship by birth or adoption.”

If the employee has a pension partner, Alberta pension legislation requires that the pension partner is the beneficiary unless the pension partner has waived this right.

Pension Plan or Plan

In this context, “pension plan” or “plan” are generic terms designed to encompass the registered pension plans, non-registered pension plans / non-registered retirement arrangements in which employees of The City participate.

Pensionable Earnings

Pensionable earnings are the earnings used to calculate contributions and pension entitlement. The definition of pensionable earnings varies from pension plan to pension plan.

Pensionable Service

Pensionable service is the years of service used to calculate the pension benefit. Pensionable service may be limited to a maximum number of years in some pension plans.

Registered Pension Plan

A pension plan is “registered” when its defining documents have been submitted to, and accepted by, the provincial pension regulator and CRA. A registered pension plan must comply with the regulations of the two bodies.

RRSP (Registered Retirement Savings Plan) or Group RRSP

An RRSP is a type of tax-sheltered investment account that is registered with CRA. Retirement savings within the RRSP are allowed to grow tax-free and are taxed when withdrawn. RRSPs must be collapsed by the end of the year in which a person turns age 71. Group RRSPs are no different than RRSPs, except that the employee can make contributions directly from payroll.

Single-Employer Pension Plan

A single employer pension plan is set up by an employer for its employees – either the whole employee population, or a select group. The employer is also referred to as the plan sponsor and has fiduciary duties to the employees.

Solvency Valuation or Solvency Funding

A solvency valuation provides an assessment of a pension plan on the premise that the pension plan is terminated based on current payout assumptions. The results of the solvency valuation are used to calculate funds required to immediately fund the plan and are referred to as solvency funding.

TFSA (Tax-Free Savings Account)

A TFSA is a type of tax-sheltered investment account that is registered with CRA. After-tax dollars are put into the account, and investment income is allowed to grow tax-free. Neither the principal nor the investment income is taxed when withdrawn.

Total Compensation Package or Total Compensation

Also known as a Total Rewards Package, a total compensation package is the total of all different types of compensation which may be received by an employee. This may include salary, perquisites, benefits and pensions.

Total Rewards Package or Total Rewards

See “Total Compensation Package”.

YMPE (Yearly Maximum Pensionable Earnings)

The YMPE is the year’s maximum pensionable earnings for the Canada Pension Plan set by CRA. The YMPE changes every year.

Appendix B – Local Authorities Pension Plan (LAPP) Information



GOVERNANCE SUMMARY PREPARED FOR THE CITY OF CALGARY

The following list of high level statements was prepared to assist the City of Calgary in assessing and benchmarking its participation in LAPP.

- LAPP represents the core and in most cases, the sole source of employer-sponsored retirement income savings arrangements for the majority of public service employees.
- LAPP has a long history of strong governance. In 2019, the Plan's governance structure was modified and the Plan is now formally registered as a jointly sponsored pension plan under the Employment Pension Plans Act (EPPA). LAPP's legal Administrator is LAPP Corporation. Complete information regarding LAPP's governance structure and LAPP Corporation can be found at lapp.ca/page/our-governance.
- As part of LAPP's on-going governance initiatives, LAPP completes annual actuarial funding valuations and periodic asset/liability modelling (ALM) studies. The most recent actuarial funding valuation prepared as of December 31, 2018 reported that the Plan is 107.7% funded. LAPP Corporation will be completing its next ALM study in 2020.
- LAPP recently commissioned an external actuarial consultant to provide LAPP with an independent expert view of certain financial, risk and long-term sustainability measures related to the Plan. Following the completion of the assessment and review, the external party reported that in their opinion:
 - LAPP is using assumptions that produce appropriate contribution requirements supporting long term sustainability and is being funded on a reasonable basis
 - As currently construed in terms of benefit design and funding policy, LAPP's long term funding requirements are expected to remain reasonably stable and most likely be in the range of 16.5% to 17.0% of pay
 - Achieving similar retirement income outcomes using a defined contribution (DC) approach would necessitate contribution rates in the range of 23% to 30% of pay
- As a large jointly sponsored pension plan, LAPP benefits from economies of scale and is able to deliver benefits securely, stably and cost effectively. Part of LAPP's inherent advantage as a jointly sponsored

pension plan under the EPPA is that it is exempt from the funding requirements and resulting funding volatility associated with pension plans that are subject to solvency funding rules.

- LAPP regularly benchmarks its performance against the performance of its peers. Each year, CEM Benchmarking Inc. is engaged to benchmark LAPP's administration service levels and costs against those of other large Canadian public sector pension plans. LAPP's results are very close to the median results for the peer group, with administration cost levels being right at the median and service scores being just below the median. Similarly, the benchmarking of investment results is also completed by CEM Benchmarking Inc., who monitor investment returns, value add and expense levels. Not accounting for differences in investment policy, LAPP's 5-year net returns have matched the peer median returns of 7.4% per annum.
- LAPP, Alberta Pension Services Corporation (APS) and AIMCo are each audited annually by the Office of the Auditor General (OAG).

Appendix C – Special Forces Pension Plan (SFPP) Information



CITY OF CALGARY – PUBLIC SECTOR PENSION REVIEW SPECIAL FORCES PENSION PLAN

Pension Overview

- SFPP is the pension plan for Alberta’s municipal police officers.
- SFPP is a defined benefit pension plan that is designed to support the unique nature of police, allowing them to retire after 25 years of pensionable service or at age 55 with an unreduced pension. This is something that the Income Tax Act allows SFPP to provide.
- Alberta municipal police services participate in SFPP: Calgary, Edmonton, Camrose, Lacombe, Lethbridge, Medicine Hat, and Taber.
- SFPP is the 81st largest pension fund in Canada (based on assets) and in the 90th percentile in Alberta (based on active members).
- Every year, SFPP completes an environmental scan for trends in the pension industry. Nearly all police services across Canada participate in defined benefit pension plans. This is not expected to change.

Governance Overview

- In 2019, SFPP’s governance changed to become a jointly sponsored pension plan, registered under Alberta’s Employment Pension Plans Act.
- SFPP is jointly sponsored by seven municipalities and seven police associations.
- Together, the sponsors are responsible for decisions about Plan benefits and setting contribution rates.
- SFPP Corporation has the fiduciary duties in managing the Plan, and must act in the best interest of all SFPP members. Managing Plan administrative costs is a priority for SFPP.
- Under the new governance arrangement, SFPP achieved a lot in 2019. This includes establishing a new pension transfer agreement with the RCMP Pension Plan, allowing part-time police officers to join SFPP, updating and addressing issues in the Plan for the first time in 30 years, and analyzing the performance and costs of our service providers.
- Further information about SFPP’s governance is available at <https://www.sfpp.ca/page/sfpp-corporation>.

Funding Overview

- SFPP has a Funding Policy, which sets the priorities on how to fund the Plan.
- SFPP completes an actuarial valuation at least every three years. The most recent actuarial valuation, prepared for December 31, 2018, shows that SFPP is 92.4% funded (an improvement on 88.5% in December 31, 2016).
- SFPP's post-1991 service (post-pension reform) is 98.8% funded.
- Around 80 cents of every SFPP pension dollar is funded from investments. SFPP reviews the Plan's Statement of Investment Policies and Procedures every year to make any necessary adjustments to meet the Plan's funding.

Administration Overview

- SFPP Corporation is responsible for the oversight of SFPP's investment and administrative service providers. Bill 22 has made these service providers mandatory.
- SFPP's investments are managed by Alberta Investment Management Corporation (AIMCo), an Alberta Government Agency that is one of Canada's largest institutional investment managers. SFPP's partnership with AIMCo provides investment opportunities in pools that a plan of SFPP's size typically cannot find.
- SFPP's administration services are provided by Alberta Pensions Services Corporation (APS), an Alberta Government Agency, that also provides services for other Alberta public sector pension plans.
- Both AIMCo and APS regularly benchmark their performance against their peers. These surveys look at AIMCo and APS as a whole, rather than SFPP specifically. Both surveys are performed by CEM Benchmarking Inc., a Canadian company specializing in pension benchmarking.
 - The most recent CEM Benchmarking investment survey results indicate that AIMCo's asset management costs (47.7 basis points) was below their peer median (55.2 basis points).
 - SFPP has a value-add performance benchmark for AIMCo, which they have achieved four times out of the last eight years. Over the same period, AIMCo's costs have remained stable.
- SFPP Corporation is currently undertaking independent reviews of AIMCo and APS, focusing on the costs for SFPP specifically.
- SFPP will continue to look at opportunities to enhance services and value for money for our members and employers.

WWW.SFPP.CA

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Appendix D – Calgary Firefighters Supplementary Pension Plan (FSPP)

Audit Committee Working Group Report Questions

Are our pensions administered properly?

- Are the City of Calgary's pensions monitored?
- How does the City of Calgary address both the tangible (e.g. financial health of plan) and non-tangible (e.g. cost of turnover, lost knowledge base) variables involved in pensions?
- How does the City of Calgary stay focused on the future of its pension plans and anticipate liabilities?
- How will the City of Calgary demonstrate not only the absolute values of its pension plans, but also trending over time (as part or percentage of total cost)?

Calgary Firefighters Supplementary Pension Plan

Overview

The Calgary Firefighters Supplementary Pension Plan (the "Plan") and Trust Fund (the "Fund") was jointly established in 1974 by the City of Calgary (the "City") and the International Association of Firefighters Local 255 ("IAFF") to provide ancillary early retirement benefits and supplementary death and disability benefits to members of the Plan and other beneficiaries.

The Plan is a registered pension plan under the *Income Tax Act (Canada)* and the *Employment Pension Plans Act (Alberta)* (the "EPPA").

Roles and Responsibilities

The Plan's Board of Trustees (the "Board") is subject to and governed by the trust agreement between the City and IAFF. The Board, which is the "administrator" of the Plan for the purposes of the EPPA, is a jointly sponsored board of Trustees, with an equal number nominated by each of the City and the IAFF and one independent trustee appointed by the trustees nominated by the City and IAFF. Responsibilities of the Trustees arise by virtue of statutory, fiduciary and contractual obligations.

In fulfilling its obligations as administrator under the EPPA, the Board has a duty to:

- (i) act honestly, in good faith and in the best interests of members of the Plan and other beneficiaries entitled to benefits from the Plan;

- (ii) exercise the care, diligence and skill that a person of ordinary prudence would exercise when dealing with the property of another person; and
- (iii) avoid knowingly allowing the interests of the Trustees or any other party to conflict with its powers and duties in respect of the Plan.

The Board has two distinct roles with respect to the Plan:

- (i) setting overall direction and providing oversight, and
- (ii) ensuring the day-to-day administration of the Plan.

The Board delegates its day-to-day administration functions but retains accountability for direction-setting and ultimate oversight. The Board has delegated the day-to-day administration of the Plan, including the responsibility for maintaining Plan records and managing the day-to-day affairs and operation of the Plan, to its administration center (the “FSPP Administration Centre”). The FSPP Administration Centre acts in accordance with the directions, instructions and approvals given by the Board, and reports back to the Board regularly.

The Board has also delegated authority for other specialized tasks, such as investment management services, legal services, actuarial services etc., to third-party service providers. These third-party service providers also act in accordance with the directions, instructions and approvals given by the Board, and report back to the Board regularly.

Contractually, the Trustees are bound by the terms of the Trust Agreement and the Plan. Other contractual obligations initiated by the Trustees are third-party services relating to Plan administration, investment management of Plan assets, and custodial, banking, actuarial, auditing, insurance, legal and other consulting services.

FSPP-Related Responses to Questions Posed

1. Is the FSPP monitored?

The Board of Trustees provides oversight of all FSPP matters. The Board has contractual agreements with professional third-party providers related to Plan administration, investment management of Plan assets, and custodial, banking, actuarial, auditing, insurance, legal and other consulting services.

The Plan, and its current funding and investment status is subject to ongoing reviews by the Alberta Superintendent of Pensions pursuant to the *Employment Pension Plans Act*. The Plan is also subject to the requirements of the *Income Tax Act (Canada)* and meets all the related filing and registration requirements.

2. How does the Board of Trustees address the tangible (e.g. financial health of plan) variables?

The Board employs the services of an actuary to assess the financial position of the Plan at least every three years, In addition, the actuary works with the Board on a regular basis to ensure that action is taken if Plan experience deviates materially from the expected assumptions set in the most recent valuation of the Plan.

The Board has contracted the services of a professional investment organization to assist the Board in all strategic investment matters and in ongoing investment performance monitoring issues.

3. How does the Board of Trustees stay focused on the future of the Plan and anticipate liabilities?

In addition to regular funding valuation of the Plan by the Plan's actuary and ongoing funding monitoring, the Board of Trustees undertakes the following:

- comprehensive modelling of current and future Plan liabilities and assets under various potential and extreme economic scenarios, to ensure that there will be sufficient assets to meet the Plan's benefit payout requirements based on sustainable contribution rates from plan members and the City; and
- comprehensive studies of plan experience to ensure that the assumptions that are used to assess the funded status of the Plan continue to be appropriate best-estimate assumptions.

Appendix E – Open Pension Plans

Type of Plan (Name of Plan)	Eligibility	Sponsor	Active City Members as at 2018 Dec 31 (rounded)	City Authority	Employee contribution rates as at 2018 Dec 31	Employer contributions rates as at 2018 Dec 31	Accrued Benefit Liability as at 2018 Dec 31*
Multi-Employer (MEPP) Defined Benefit Plans							
Local Authorities Pension Plan (LAPP)	Most staff	LAPP Corp	13,500	Share seat on Board w/City of Edmonton	9.39% up to YMPE, 13.84% over YMPE up to annual salary cap	10.39% up to YMPE, 14.84% over YMPE up to annual salary cap	n/a
Special Forces Pension Plan (SFPP)	Police	SFPP Corp	2,100	Seat on Board	13.45% up to annual salary cap	14.55% up to annual salary cap	n/a
Supplementary Pension Plans							
Supplementary Pension Plan (SPP)	Exempt	City	780	Plan Sponsor	2.35% up to annual salary cap	2.92% up to annual salary cap	\$6,567,600 (@55%)
Overcap Pension Plan (OCP)	Exempt	City	260	Plan Sponsor	n/a	n/a	\$25,926,100
Police Chief & Deputies Overcap Pension Plan (PCDOP)	Police Chief & Deputies	City	<10	Plan Sponsor	n/a	n/a	\$4,782,900
Firefighters Supplementary Pension Plan (FSPP)	IAFF 255	City and IAFF 255	1,380	Joint Sponsor with IAFF	2.63% up to annual salary cap	3.22% up to annual salary cap	\$43,686,900 (@55%)

Elected Officials							
Elected Officials Pension Plan (EOPP)	Members of Council	City	14	Plan Sponsor	9.00% up to annual salary cap	18.64% up to annual salary cap	\$560,100
Elected Officials Supplementary Pension Plan (EOSP)	Members of Council	City	<10	Plan Sponsor	n/a	n/a	\$829,900

*Net liability for financial statement purposes established by the Accounting Valuation.

Appendix F – Examples

Local Authorities Pension Plan (LAPP), The City of Calgary Supplementary Pension Plan (SPP) and The City of Calgary Overcap Pension Plan (OCP)

1. The following three examples show the difference in LAPP, SPP and OCPP pensions for an average employee⁹:

- Current age 45.6 years.
- Current service 9.0 years (the same service in all 3 plans).
- Who retires at their 85-point date (60.8 years old with 24.2 years of service).
- With no pension partner.
- Who picks the basic or normal form of pension.¹⁰

Person “A” earns the LAPP average salary of \$77,858, Person “B” earns the SPP average salary of \$135,200 and Person “C” earns the OCPP average salary of \$167,000.

	Person A	Person B	Person C
LAPP monthly pension	\$2,457	\$4,770	\$5,996
SPP monthly pension	n/a	\$719	\$286
OCP monthly pension	n/a	n/a	\$500
Total	\$2,457	\$5,489	\$6,782
Replacement ratio*	37.9%	48.7%	48.7%

* The replacement ratio indicates how much of an employee's earnings are replaced by the pension.

⁹ As reported in the December 31, 2018 LAPP actuarial valuation.

¹⁰ The basic or normal form of pension for LAPP is payable for the employee's lifetime, with 5 years guaranteed payments. The basic or normal form of pension for SPP and OCPP is payable for the employee's lifetime, with 10 years guaranteed payments.

2. The following three examples show the difference in LAPP pensions for employees with short or long service, as well as employees who leave The City before retirement and leave their pension in LAPP to retirement.

Person “D” is Person “A” with service capped at 35 years of service:

	Person D
LAPP monthly pension	\$3,554
Replacement ratio*	54.8%

* The replacement ratio indicates how much of an employee’s earnings are replaced by the pension.

Not everyone retires with 85 points, and these employees are subject to a pension reduction.
Person “E”:

- Retires at age 55.
- With 25 years of service (80 points).
- With the LAPP average salary of \$77,858.
- With no pension partner.
- Who picks the basic or normal form of pension.¹¹

	Person E
LAPP pension formula	\$2,538
Reduction	15%
LAPP monthly pension	\$2,158
Replacement ratio*	33.3%

* The replacement ratio indicates how much of an employee’s earnings are replaced by the pension.

¹¹ The basic or normal form of pension for LAPP is payable for the employee’s lifetime, with 5 years guaranteed payments. The basic or normal form of pension for SPP and OCPP is payable for the employee’s lifetime, with 10 years guaranteed payments.

Person “E” could have left their pension in the pension plan to avoid the reduction. If Person “E” waited until age 65, there would be no reduction to their pension, as illustrated by Person “F”:

- Retires at age 60.
- With 25 years of service (85 points).
- With the LAPP average salary of \$77,858.
- With no pension partner.
- Who picks the basic or normal form of pension.¹²

	Person F
LAPP pension formula	\$2,538
Reduction	0%
LAPP monthly pension	\$2,538
Replacement ratio*	39.1%

* The replacement ratio indicates how much of an employee's earnings are replaced by the pension.

¹² The basic or normal form of pension for LAPP is payable for the employee's lifetime, with 5 years guaranteed payments. The basic or normal form of pension for SPP and OCPP is payable for the employee's lifetime, with 10 years guaranteed payments.

3. OCPP supplements LAPP and SPP for pensionable earnings in excess of the Income Tax Act (ITA) limit. It is important to note that not all members of OCPP will receive a benefit from it. This example outlines an employee who is not expected to receive an OCPP benefit based on the employee's salary (\$154,600), with age and service the same as Person C above.

	Person G
LAPP monthly pension	\$5,553
SPP monthly pension	\$725
OCPP monthly pension	\$0
Total	\$6,278
Replacement ratio*	48.7%

* The replacement ratio indicates how much of an employee's earnings are replaced by the pension.

Local Authorities Pension Plan (LAPP) and Calgary Firefighters' Supplementary Pension Plan (FSPP)

The following example shows the pensions payable from LAPP and FSPP for an average firefighter:¹³

- Age at retirement 58.0 years.
- Service at retirement 28.3 years.
- With no pension partner.
- Who picks the basic or normal form of pension.¹⁴

4. Person "H" earns the average salary of FSPP retirements in 2019 of \$135,800.

	Person H
LAPP monthly pension	\$5,608
FSPP monthly pension to age 65	\$799
Total to age 65	\$6,407
Replacement ratio*	56.6%
Total after age 65	\$5,608
Replacement ratio*	49.6%

* The replacement ratio indicates how much of an employee's earnings are replaced by the pension.

¹³ 2019 FSPP retirement data.

¹⁴ The basic or normal form of pension for LAPP is payable for the employee's lifetime, with 5 years guaranteed payments. The basic or normal form of pension for FSPP is payable to the employee's age 65, with 5 years guaranteed payments.

Special Forces Pension Plan (SFPP) and The City of Calgary Police Chief and Deputies Overcap Pension Plan (PCDOPP)

5. The following two examples show the difference in SFPP and PCDOPP pensions for an average police officer:¹⁵

- Current age 40.8 years.
- Current service 12.1 years.
- Who retires when first retirement eligible (25 years of service).
- With no pension partner.
- Who picks the basic or normal form of pension.¹⁶

Person “I” earns the SFPP average salary of \$114,500, and Person “J” earns the PCDOPP average salary of \$232,000.

	Person I	Person J
SFPP monthly pension to age 65	\$4,771	\$6,442
PCDOPP monthly pension	n/a	\$2,493
Total to age 65	\$4,771	\$8,935
Replacement ratio*	50.0%	46.2%
Total after age 65	\$4,037	\$8,201
Replacement ratio*	42.3%	42.4%

* The replacement ratio indicates how much of an employee’s earnings are replaced by the pension.

¹⁵ As reported in the December 31, 2018 SFPP actuarial valuation.

¹⁶ The basic or normal form of pension for SFPP is payable for the employee’s lifetime, with 5 years guaranteed payments, with a bridge benefit to age 65. The basic or normal form of pension for PCDOPP is payable to the employee’s age 65, with 5 years guaranteed payments.

Pension Plan for Elected Officials of The City of Calgary (EOPP) and Supplementary Pension Plan for Elected Officials of The City of Calgary (EOSP)

6. The following two examples show the difference in EOPP and EOSP for an Elected Official:¹⁷

- Current age 53.4 years.
- Current service 8.4 years.
- Who retires at age 60 with 15 years of service.
- With no pension partner.
- Who picks the basic or normal form of pension.¹⁸

Person “K” earns the current Councillor salary of \$113,325 and Person “L” earns the current Mayor salary of \$200,586.

	Person K	Person L
EOPP monthly pension	\$2,833	\$3,865
EOSP monthly pension	\$0	\$1,149
Total	\$2,833	\$5,014
Replacement ratio*	30.0%	30.0%

* The replacement ratio indicates how much of an Elected Official’s earnings are replaced by the pension.

¹⁷ As reported in the December 31, 2018 EOPP actuarial valuation.

¹⁸ The basic or normal form of pension for EOPP and EOSP is payable for the Elected Official’s lifetime, with 5 years guaranteed payments.

**Planning & Development Report to
Priorities and Finance Committee
2020 March 10**

**ISC: UNRESTRICTED
PFC2020-0274**

Council Innovation Fund Request for The Future of Stephen Avenue – Activate + Experiment

EXECUTIVE SUMMARY

Since Summer 2019, Administration has been working in partnership with the Calgary Downtown Association (CDA) to procure and collaborate with a diverse team of local and world-renowned consultants on *The Future of Stephen Avenue* project, which spans from Olympic Plaza (Macleod Tr SE) to Mewata Armoury (11 St SW). This project seeks to address pressing social, environmental and economic issues on the Avenue and reinforce its place as one of Calgary's most iconic streets.

Currently the project team is working on the first phase, the Public Realm Strategy, scheduled for completion this summer. The project would then remain dormant until a capital funding request for Detailed Design (Phase 2) and Construction (Phase 3) is submitted for the 2022-25 budget cycle. Administration has identified a unique opportunity to use the "dormant period" to test innovative ideas on the Avenue. The Council Innovation Fund (CIF) is an ideal funding source for this innovative work.

With CIF support, Administration will enact change immediately along the Avenue, allow the project team to prototype and test innovative ideas, and communicate to Calgarians that The City is committed to attracting tourism, promoting commerce and improving public safety along the Avenue. This work will be completed in partnership with Calgary Downtown Association and other strategic partners (i.e. civic partners, post-secondary institutions, building owners and local business), and will directly support the Downtown Strategy and Calgary's Comeback.

This project is an ideal candidate for the Council Innovation Fund because it closely aligns with the purpose of the Fund, the Fund's definition of innovation, and the guidelines and detailed criteria of the Fund. More importantly, funding will enact change through "light, quick and cheap" interventions that will improve the immediate social, environmental and economic conditions of Stephen Avenue, while allowing Administration to learn from these interventions and refine the ultimate design for the Avenue.

This Council Innovation Fund Request is sponsored by Councillor Farrell, Councillor Woolley and Councillor Davison.

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommends that Council:

1. Approve this application to the Council Innovation Fund for *The Future of Stephen Avenue: Activate & Experiment*, in the amount of \$300,000; and
2. Direct Administration to report back to PFC on the outcomes of this project by Q1 2023 as per the fund guidelines.

Council Innovation Fund Request for The Future of Stephen Avenue - Activate + Experiment

PREVIOUS COUNCIL DIRECTION / POLICY

On 2020 February 3, Council approved the City Planning and Policy 2020 Workplan, which included the Centre City – Stephen Avenue Streetscape Master Plan, item 41, with a start date of Q3 2018 and an end date of Q2 2020.

BACKGROUND

Why it's time to enact change on Stephen Avenue

Currently, Stephen Avenue is a street that was designed and is operated to create a vibrant urban experience from roughly 9am to 5pm on weekdays. With the ongoing economic downturn, a significant reduction in downtown office workers, and a persistent rise in social disorder on the Avenue, the 9-5 weekday model is no longer sufficient to sustain the same safe, welcoming and attractive environment that Stephen Avenue once offered to Calgarians, tourists, and business visitors. This decline in attractiveness is further compounded by aging physical infrastructure as the Avenue approaches the end of its usable life cycle as the pedestrian mall was constructed in the early 1990s.

Prior to the economic downturn, local businesses thrived along the Avenue, despite a lack of activity on evenings and weekends. Today, those quiet periods are making it exceedingly difficult for local businesses to succeed. Private investment in the area has languished, and storefront vacancies are rapidly increasing.

In response to these setbacks, efforts are underway to survive the downturn and thrive in the long-term. Calgarians have resolved to adapt, diversify, and overcome these economic hardships. This period of economic transition means now is the opportune time to plan a path forward, refresh our thinking, and envision a new future of possibilities for Stephen Avenue.

What is Administration currently working on along Stephen Avenue?

Currently, The Future of Stephen Avenue project team is working on a Public Realm Strategy for the Avenue that reimagines the street through the lenses of economic recovery, addressing public safety concerns, and adapting to changes in how people move, live, work and play. The Public Realm Strategy will propose short, medium and long-term changes to the physical design of the Avenue, as well as a series of recommendations that would improve operations and maintenance, current governance models, and programming and activation strategies.

The Public Realm Strategy is jointly funded through a partnership with The City and Calgary Downtown Association.

Council Innovation Fund Request for The Future of Stephen Avenue - Activate + Experiment

How CIF will enact immediate change on Stephen Avenue

Since its inception in 2018, The Future of Stephen Avenue project has striven to be innovative, cost-effective and impactful. With a gap between the Public Realm Study and capital funding, the project aspires to utilize this interim period to enact change immediately by testing new ideas that respond to systemic change facing Calgary's downtown. It will address social issues and inject life into a struggling retail and hospitality environment.

Administration recognizes Stephen Avenue as one of Calgary's most iconic streets, one that holds immense potential to bolster the vitality of Downtown Calgary as a premier destination, a thriving business economy and an exciting place to live – if done right. With the public realm study coming to completion in Summer 2020, and no funding in place for detailed design and construction, there is an enormous opportunity to improve the avenue now through cost-effective, short term interventions. More importantly, the lessons learned from these experiments and interventions will be used to refine the design should capital funding become available in the future. This iterative approach to design – whereby ideas are tested, outcomes are measured, and then the design is refined – is closely aligned with CIFs definition of innovation, making The Future of Stephen Avenue an ideal applicant for the fund.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Administration has identified two scenarios for moving The Future of Stephen Avenue project forward. The conventional approach would be followed if no funds are made available for short-term activations and experiments. The alternative, with support from CIF, is an innovation approach that allows for immediate action on the Avenue. These are summarized in greater detail below.

Conventional Approach

In Summer 2020, the Public Realm Strategy will be complete. There is no existing funding allocated for detailed design or construction now, meaning the project will sit dormant until funding becomes available. A capital funding request will likely be brought forward to Council for the 2022-2025 budget cycle. If this project follows this “conventional approach” to capital project delivery (refer to attachment 1), no visible improvements to the Avenue will be complete until construction commences.

A dormant period in the project, commencing in Q2 2020, under the conventional approach would be disappointing to stakeholders and strategic partners, who are eager to see changes on the avenue and address immediate social, environmental and economic concerns.

Innovation Approach

With CIF funding, which will be used to leverage funding from strategic partners, Administration will be able to embark on an “innovation approach” to enact immediate change on the Avenue by testing ideas from the Public Realm Strategy (refer to attachment 1). This new “Phase 1a: Activate + Experiment,” would play a critical role in the long-term economic success of the Avenue, in that it will allow The City to work with strategic partners (i.e., civic partners, post-secondary institutions, building owners and local business) to prototype innovative solutions to numerous challenges facing Stephen Avenue and adjacent areas. These prototypes are intended to be **lighter, quicker and cheaper** than traditional design processes. This lighter,

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Council Innovation Fund Request for The Future of Stephen Avenue - Activate + Experiment

quicker, cheaper approach will allow the project team to test, measure and refine solutions identified in Phase 1 while minimizing risk, attracting economic activity, and creating new opportunities for social interaction throughout the length of the Avenue. While this approach has not been widely utilized in Calgary, this has proven as an ideal model for testing and refining public realm redevelopment ideas in places like Times Square in New York City, Market Street in San Francisco, and the 16th Street Transit Mall in Denver.

In order to maximize the value of this phase on the overall outcome for The Future of Stephen Avenue, Administration will undertake a threefold approach to interim project delivery: 1) *enact change*, 2) *quantify change*, and 3) *communicate change*. This approach is discussed in greater detail below.

1. Enact change

Administration will work with internal and external partners to create, implement and support public space activations, design interventions, public safety improvements, and governance experiments to prototype ideas for the “beta version” of the Future of Stephen Ave. These activations, interventions and experiments will use CIF funds in combination with leveraged external funding through partnerships. This will include winter, evening and weekend activations when activity on the Avenue traditionally wanes.

2. Quantify change

Impacts of interventions on Stephen Avenue will be quantified. These include metrics that quantify changes in social behavior, measure intensity of use by the public, and estimate both economic and environmental impacts. Data will then be used to determine final solutions for long term solutions.

3. Communicate change

Administration will focus on getting the word out that Stephen Avenue is a great place to be. We will work closely with Communications to inform the public on the great work The City and its partners are doing to *Make Life Better Every Day* on the Avenue through a proactive communications and marketing program throughout Phase 1a. Communication efforts will be used to generate media attention, create a flurry of positive activity on social media, and keep the public up to date with the vibrant and strategic nature of the project.

The work proposed, and the overall approach fully meet the criteria of the Council Innovation Fund. CIF provides financial support for innovation projects that aim to improve quality of life in Calgary. Innovation is defined as: *the translation of ideas into new or improved services, products, processes, or social interaction, that create value for the community.*

Why this project is innovative:

- The project will experiment with short term activations and infrastructure to better understand their impact and success, and to ultimately inform long-term infrastructure decisions. Prototyping allows us to collect design intelligence, directly from the market we intend to serve. This will result in an improved product – the streetscape – and lead to greater social interaction along the Avenue.
- This is an adaptation of the Lean Startup model (a progressive product delivery model utilized in the tech industry with great success) to a city building project. The model

Council Innovation Fund Request for The Future of Stephen Avenue - Activate + Experiment

focuses on rapid prototyping to build a more refined solution than the initial untested concept. Findings from this innovation phase will be documented and reported on. Learnings will be carried forward to other Urban Initiatives projects and available to other City projects. This work will result in an improved process.

- “We measure what we care about”. We will be filling the measurement gaps with new tools that can be utilized on other City public space projects. These measurements will quantify impacts of the experiments and activations, and the vitality of Stephen Avenue over time. This work will result in the testing of a new service that can be utilized on other city projects.
- This work will cut red tape and feed into a new governance model that will empower businesses and organizations to take greater ownership over the street. Findings could feed into a new activation model for Downtown and all of Calgary.

For further detail on how *Activate + Experiment* meets the criteria of the CIF Terms of Reference see attachment 2.

Stakeholder Engagement, Research and Communication

Since Fall 2018, *The Future of Stephen Avenue* project has engaged the public and stakeholders extensively, conducted research along the avenue, and provided a strong level of communication on the project. Meetings with business and institutional stakeholders have uncovered strong interest and support in activating the Avenue. Among savvy property and business owners, the need to innovate in the face of a changing economy and the evolving nature of retail, workplace, entertainment, technology and mobility, is well understood. Stakeholders and the public want to see big changes in the long term, but also want to see small changes in the immediate future.

In December 2019, the CDA hosted a Blue Ribbon Panel Event titled *The Economics of Placemaking*, which generated a lot of excitement with attendees, and they recognized the potential of light, quick and cheap interventions in improving our public realm. Urban Initiatives also hosted a two-day public storefront on the Avenue that attracted a wide demographic of downtown workers, tourists, general public, and business owners.

Strategic Alignment

The Future of Stephen Avenue: Activate + Experiment is fully aligned with the Downtown Strategy and Calgary’s Comeback. Through the Downtown Strategy, Administration is committed to making life better every day for citizens, customers, residents and businesses through a focus on four pillars:

- 1) Place - Building and supporting programming in the downtown that creates a destination and experience for all Calgarians and visitors to enjoy.
- 2) Work - Supporting the development of new and existing business in downtown Calgary by ensuring our policies and services support business success in Calgary.
- 3) Live - Ensuring that downtown is a neighbourhood of choice to reside by providing the amenities to enhance the quality of life for people living downtown.

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- 4) Connect - Creating and managing the frameworks that connect people, goods, information and ideas.

Administration will work with the Downtown Strategy leadership team to ensure the funding will contribute to all four focus areas. Many of the identified strategies of the Downtown Strategy (outlined in attachment 2) align with the desired outcomes of this project.

The proposed work also fully meets the criteria of the Terms of Reference for the Council Innovation Fund. For further detail on this alignment refer to attachment 3.

Social, Environmental, Economic (External)

The *Activate and Experiment* Phase is based on the fundamental principles of sustainable development and the Triple Bottom Line (TBL) framework that is used by The City of Calgary. Work in *Phase 1a* will test innovative solutions and activations along the Avenue that will target improvements to the social, environmental and economic fabrics. Each prototype or activation undertaken will incorporate one of the three TBL components. A brief summary of our approach for each TBL component is provided below. For a more comprehensive presentation of example project ideas, refer to attachment 4.

Social

This work positively impacts the social environment of the Avenue. It increases street activity during peak and non-peak periods; encourages social mixing and shared experiences; addresses social disorder and helps people feel safe.

Environmental

This work positively impacts the health and well-being of citizens and reduces the environmental impact of the urban realm. It increases physical and mental well-being of citizens; increases ecological diversity; increases storm water retention; decreases waste; decreases GHG emissions; considers the adaptive reuse of the street over its lifespan.

Economic

This work generates a positive economic impact on Stephen Avenue and the downtown. It increases spending on Stephen Avenue and surrounding area; attracts investment; leverages other assets (institutions, organizations, businesses) to activate the public realm.

Financial Capacity

As of 2020 February 26, the balance of the Council Innovation Fund is approximately \$3.4M. This application is a one-time funding request of \$300K.

Current and Future Operating Budget:

This interim phase was not initially contemplated during project initiation and chartering – it has evolved through the process of working with the consultant team and engaging with stakeholders and the public. There is no current or future operating budget allocated beyond Phase 1 of this project, but stakeholders and citizens are adamant in enacting change now – not later.

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If the results from Phase 1a demonstrate the value of advancing *The Future of Stephen Avenue* project further, Administration would pursue continued funding by building on partnerships, seeking new investments or opportunities for alignment, continuing to work with businesses and stakeholders, and engaging Council around next steps for project success and support.

Current and Future Capital Budget:

Phase 1a was not initially contemplated during project initiation and chartering – it has evolved through the process of working with the consultant team and engaging with stakeholders and the public. Currently there is no current capital budget allocated towards this phase

Risk Assessment

There are several risks associated with not funding this interim phase of work. Taking no action to address short term needs may result in Administration's loss of credibility with citizens and stakeholders. A dormant period on the project will reduce the momentum and energy that has been created by the City of Calgary and the Calgary Downtown Association amongst stakeholders who are looking for investment in the area to support plans for their businesses and buildings. It would also be a lost opportunity to accelerate actions that support the Downtown Strategy. Additionally, testing innovative solutions at smaller increments reduces risk of the overall project from a quality, time and cost perspective. Tested longer-term investments will benefit from the experience The City will gain from this pilot work.

REASON(S) FOR RECOMMENDATION(S):

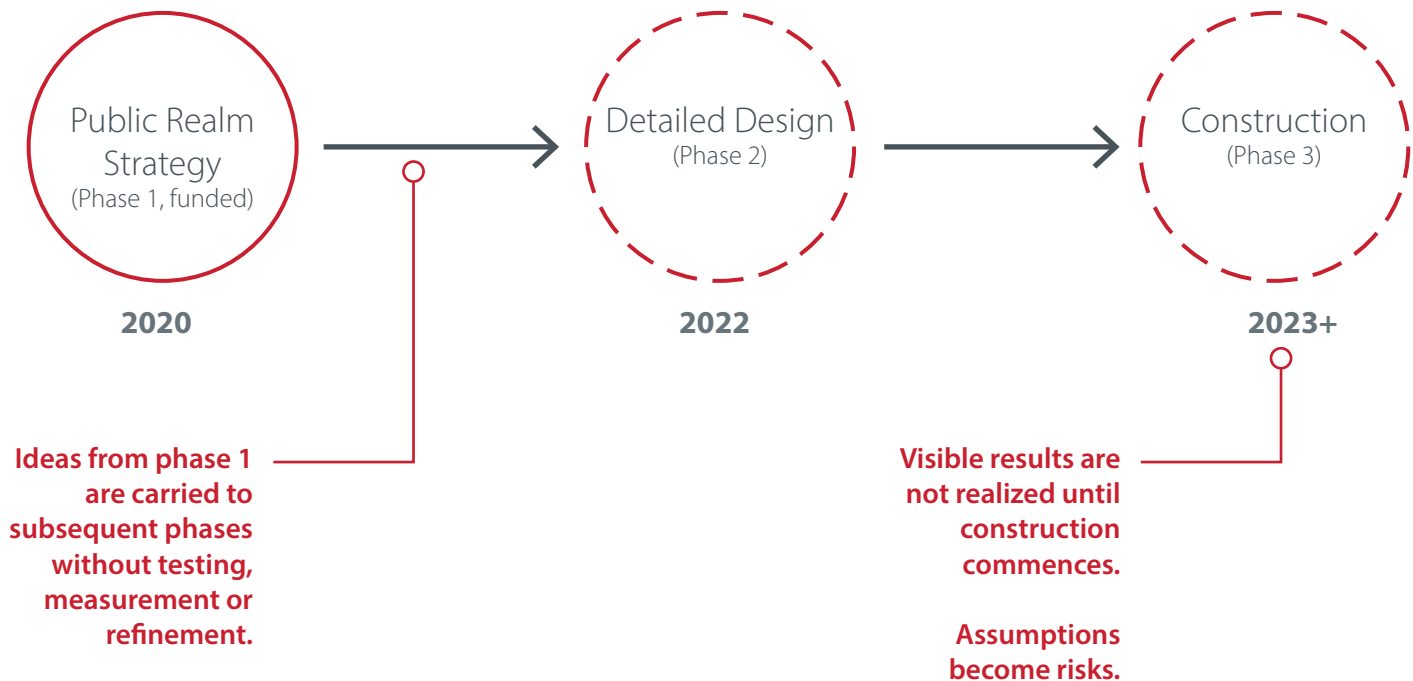
This application meets the existing Council Innovation Fund Terms of Reference. This pilot is a one-time funding request for an innovative pilot project that has the potential to impact city-wide processes, policies and procedures around public space construction projects, how we measure public life and cut-red tape along the Avenue. Implementation of these innovative solutions will support Council Priorities and has the potential to revitalize the area, advance the Downtown Strategy and build field tested knowledge and internal capacity to further the strategies for the four pillars: Place, Live, Work, Connect.

ATTACHMENT(S)

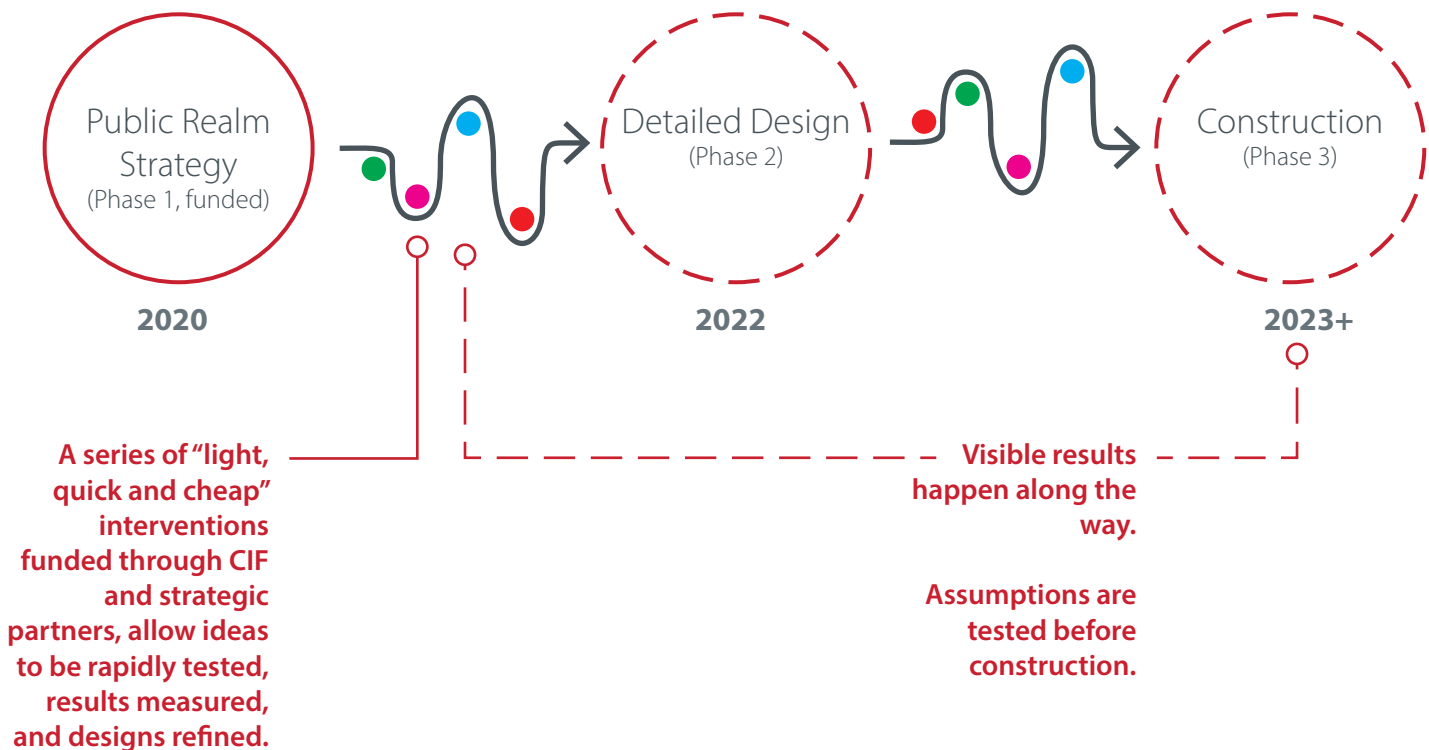
1. Attachment 1 – Project process diagram for *The Future of Stephen Avenue*
2. Attachment 2 – Application for Council Innovation Fund
3. Attachment 3 – Downtown Strategy, Summary of Focus Areas
4. Attachment 4 – Supplemental Information for *The Future of Stephen Avenue: Activate + Experiment*
5. Attachment 5 – Estimated budget for *The Future of Stephen Avenue: Activate + Experiment*
6. Attachment 6 – Letters of Support for *The Future of Stephen Avenue: Activate + Experiment*

The Future of Stephen Avenue Project Process

Conventional approach | Design is linear



Innovation approach | Design is non-linear





APPLICATION FOR COUNCIL INNOVATION FUND

CC 941 (R2019-10)

** Be sure to save your completed document to your desktop before you print and/or email the form for submission so you do not lose your content. Please email your desktop copy and other attachments to the [CFOD Administrative Assistant](#) (see Contact Information on the CFOD myCity page for details), who will confirm receipt.*

Date of Submission

2020-03-03

Name of Project

The Future of Stephen Avenue: Activate + Experiment

Sponsoring Councillor

Druh Farrell, Evan Woolley and Jeff Davison

Applicant Name

Kate Zago

Applicant Contact Number

(403) 268-2234

Include area code, no spaces

Applicant Business Unit or Name of Organization

Calgary Growth Strategies

Affected Business Units and/or Departments

Urban Initiatives

Amount of Funds Requested - please attach budget breakdown details in an attachment

\$300,000.00

Draft PFC cover report attached

☒ Yes ☐ No

Please list supporting documents provided.

- Cover PFC Report
- Downtown Strategy, Summary of Focus Areas
- Supplemental Information on The Future of Stephen Avenue: Activations + Experiments
- Estimated Budget for The Future of Stephen Avenue: Activations + Experiments

Applications for the Council Innovation Fund are to be submitted to the Chief Financial Officer Department (name of person) no later than six (6) weeks in advance of the targeted Priorities and Finance Committee (PFC) meeting date.

Only completed applications supported by a PFC cover report will be submitted for placement on the PFC agenda. The PFC will review the report and proposal and provide their recommendation to Council. The recommendation and report will then be forwarded to Council at their next scheduled meeting.

Provide a summary description of the project to a maximum of 2 pages.

Urban Initiatives is requesting funding to embark on a new interim phase for *The Future of Stephen Avenue* project. As *Phase 1: The Public Realm Strategy*, comes to completion in Summer 2020, Urban Initiatives is proposing to embark on **Activate + Experiment**. In this phase, we will work in partnership with the Calgary Downtown Association (CDA) and other strategic partners (ie. Civic partners, post-secondary institutions, building owners and local business) to test short, medium and long-term strategies for a flexible street and to find ways that will allow Stephen Avenue to evolve, adapt, and remain effective for a long period of time at minimal expense.

Innovating the design and project delivery process for *The Future of Stephen Avenue* is critical as we work towards creating a bold vision for Stephen Avenue as a unique destination and place. An economic downturn coupled with the rapid changes in how we shop, work, recreate and inhabit the city, require fresh ideas and new future possibilities that need testing and refinement before final implementation.

Methodology for Activations + Experiments

Over the next two years, Urban Initiatives will work with both internal and external stakeholders to bring forward numerous prototypes, activations, and experiments along Stephen Avenue through a three-step process (listed below). This methodology will ensure that The City:

- 1) **Enacts change:** we take action NOW to improve the social, environmental and economic conditions of the Avenue through innovative processes, products and services.
- 2) **Quantifies change:** the impacts of our actions will be quantified, and used to inform refinements to the *Future of Stephen Avenue* project.
- 3) **Communicates change:** in combination with our strategic partners, The City will advertise our efforts through enhanced outreach, share our results with Calgarians, and celebrate our achievements.

Refer to page 4 of the Council Report for further details of the approach.

Criteria for Activations + Experiments

Project selection for activations and experiments will be chosen based on the below criteria. For a list of project examples refer to Attachment 4.

Triple Bottom Line Approach

- refer to Council Report, page 5 for further detail

Aligned with the Public Realm Study for Stephen Avenue

- What is the impact of the project on the final design, governance models or economic solutions for the Avenue?

Partnership Opportunities

- Are there organizations, businesses or other stakeholders interested in testing out ideas? Can additional funding be leveraged?

Location

- Are testing locations spread throughout the project area?

Summary of Key Benefits

Through the Council Innovation Fund (CIF), additional funds for *The Future of Stephen Avenue: Activate + Experiment* would allow Urban Initiatives to:

- Make Calgary better - right away! Rather than waiting for the next budget cycle to request capital funds for redevelopment, the project team can make lighter, quicker, cheaper improvements in Q2 2020 through Q2 2022.
- Demonstrate Council's commitment to Calgary's Comeback! By funding short-term improvements to the Avenue, The City will show business owners, property owners, downtown employees, tourists, and citizens at large that Stephen Avenue is an exciting place to be, and is a focal point of economic and social activity in the downtown.
- Leverage CIF funds to encourage investment in the Avenue! Through strategic partnerships forged through Phase 1, The City can collaborate with CDA, property owners, businesses, and groups interested in making Stephen Avenue a premiere urban experience through joint public realm improvements.
- Not only test innovative ideas but measure their impacts and tweak the design! This lean approach to urban design is built upon the proven model of the Lean Startup widely used in entrepreneurship and the tech industry. Prototype test measure pivot is a new standard in business development and has been proven as a successful approach in urban development.

How is the Project Creating Value for the Community?

- Citizens will gain direct experience of proposed changes vs. abstract understanding through renderings and open houses. A prototype is the best form of public engagement!
- Increased social and economic activity along the avenue are clear goals of both Calgary's Comeback and the Downtown Strategy.
- Measure what we care about. By providing quantitative data on the Avenue, Calgarians can clearly comprehend the value and impact of our short-term improvements to the Avenue.
- Increased awareness and transparency for The Future of Stephen Avenue project.
- The experimentation process will minimize long-term risk, help streamline approval processes, and cut red tape as it relates to trying innovative things on the Avenue.

Identify how this project meets the criteria as outlined in the Terms of Reference for the Council Innovation Fund.

Please attach additional information as required.

Refreshing Stephen Avenue fully meets the criteria and intent of the Council Innovation Fund. The proposed pilot project is innovative, meets council priorities, and works to modernize policies and procedures in a way that would impact other projects in Urban Initiatives work program and other areas of the organization. The proposed project will also be sustainable in the long term, fiscally sound and well-managed.

Innovation

The proposed Phase 1a of Stephen Avenue pilots a new method in implementing streetscape master plans and construction projects. This interim phase of 'test, measure, refine' has had demonstrated success in many other municipalities and major public infrastructure projects, but has yet to be employed in Calgary beyond a few small scaled projects.

Why its innovative:

- We will experiment with short term activations and infrastructure to better understand their impact and success, and to ultimately inform long-term infrastructure decisions. Prototyping allows us to collect design intelligence, directly from the market we intend to serve. This will result in an improved product - the streetscape - and lead to greater social interaction along the Avenue.
- Adaptation of the Lean Startup model (a progressive product delivery model utilized in the tech industry with great success) to city building project. The model focuses on rapid prototyping to build a more refined solution than the initial untested concept. Learnings will be carried forward to other Urban Initiatives projects including Main Streets, and available to other City projects. This will result in an improved process.
- "We measure what we care about". We will be filling the measurement gaps with new tools that can be utilized on other City public space projects. These measurements will quantify impacts of the experiments and activations, and the vitality of Stephen Avenue over time. This work will result in the testing of a new service that can be utilized on other city projects.
- This work will cut red tape and feed into a new governance model that will empower businesses and organizations to take greater ownership over the street. Findings could feed into a new activation model for Downtown and all of Calgary.

Council Priorities

The project is aligned with the Council Priorities listed below.

Prosperous City:

- Support civic, business and community partners, as well as business revitalization zones, to collaborate and attract local and global investment (P3)
- Seek out partnerships with other governments and community partners to achieve community well-being (P5)

A city of inspiring neighbourhoods:

- Provide great public spaces and public realm improvements across the city to foster opportunity for well used public spaces and places for citizen connections and urban vitality (N9)

A city that moves:

- Invest in active transportation infrastructure, including cycling and pedestrian networks as funding becomes available (M4)

A well-run city:

- Be as efficient and effective as possible, reducing costs and focusing on value-for-money. (Key focus areas that relate: Implement improved use of performance measures and benchmarks to inform service planning and service delivery; Enhance business intelligence capabilities to improve facility, product and service decisions) (W2)
- Examine opportunities for alternative service delivery for competitiveness. (key focus area: Examine and enhance alternative service delivery mechanisms where possible, including public-private-partnership (P3) models for delivery and operation) (W3)
- Regularly collaborate and engage citizens to encourage participation in City decision-making, and better communicate the reasons for the decisions (W5)

Impacts on city-wide policies and procedures

- Create a model for major public space projects, where testing and prototyping is undertaken to help determine final long-term design solution.
- Utilization of new measurement tools that could impact the way we as a corporation and municipality design public space and determine success on projects. Traffic engineers have been very successful at determining design based on quantified data. We will build upon this approach, for public spaces.

- Remove barriers and create tools for external organizations to activate public spaces with greater ease.

Viable and Sustainable in the Long Term

- Increase success and longevity of future design solutions.
- Use learnings from activations undertaken in this phase to reduce barriers for external organizations to activate the avenue, increasing vibrancy while at the same time reducing the need for city resources.

Fiscally Sound

- Testing and prototyping ideas before implementing design decisions ensures long term infrastructure improvements are effective.
- Funds will be used to leverage other partnership opportunities, increasing financial capacity of the phase overall.

Well Managed

- Urban Initiatives has a proven track record for fiscal responsibility while delivering projects that have maximum impact.

Outline the proposed timeline for this project, including the final report back date.

The timeline of this work is Q2 2020 to Q2 2022, with a final report back to Council by Q1 2023.

Identify what success looks like, and how it will be measured.

A successful project would result in the following being realized on the final project: an effective and field-tested public realm design; a stronger presence of businesses and institutions contributing to the Avenue; and a robust future governance model.

Success will be measured by the following indicators:

- High quality data captured demonstrating the level of effectiveness of activations and experiments
- Increased users during activations
- Increased activations by external partners (not CDA or City)
- Reduction in approval timelines for activations
- Implementation of tested and refined design solutions within final project

Your personal information is being collected, used and disclosed for the administration and processing of your application for funding under the Council Innovation Fund Project. Your information is collected pursuant to section 33(c) of The Freedom of Information and Protection of Privacy Act ("FOIP Act") of Alberta. If you have any questions about the collection, use or disclosure of your personal information, please contact The City of Calgary's Chief Financial Office (#8003), The City of Calgary P.O. Box 2100, Stn. M, Calgary, AB T2P 2M5 and by calling at 403-268-5664.

Downtown Strategy

Summary of Focus Areas

The Future of Stephen Avenue: Activate + Experiment is fully aligned with the Downtown Strategy. Below is a description of the desired outcome of each of those focus areas and the proposed strategies to get there.

<p>FOCUS AREA: PLACE</p> <p>Outcome Downtown is a central setting and built form that is desirable to current and future businesses, residents and visitors.</p> <p>Strategies</p> <ul style="list-style-type: none">• Support private investment.• Invest in physical Infrastructure and provide amenities/services.• Align safety resources and address social disorder for optimal benefit.• Work with Calgary Heritage Authority and City heritage specialists on downtown heritage priorities.
<p>FOCUS AREA: WORK</p> <p>Outcome Downtown office spaces are re-energized with diverse and innovative businesses and jobs supporting the community's strategy, Calgary in the New Economy.</p> <p>Strategies</p> <ul style="list-style-type: none">• Grow existing and attract new companies that support the economic ecosystem downtown.• Retain, retrain and recruit top talent to support Calgary in the New Economy.
<p>Focus AREA: LIVE</p> <p>Outcome Downtown is an inclusive and vibrant neighbourhood; a destination of unique experiences for visitors and all Calgarians.</p> <p>Strategies</p> <ul style="list-style-type: none">• Provide programming and services to enhance visitor and resident experiences.• Identify and prioritize programming that increases visits locally and from afar.
<p>Focus Area: CONNECT</p> <p>Outcome Our downtown is where people, goods, information and ideas connect.</p> <p>Strategies</p> <ul style="list-style-type: none">• Strengthen the resilience of our mobility, utility and digital networks.• Foster a future focused ecosystem that embraces disruptors and innovation

ACTIVATIONS + EXPERIMENTS

- 2 Introduction
- 3 Prototyping Street Furniture
- 4 Playful Moments
- 5 Pavement Improvements
- 6 Greening the Avenue
- 7 Downtown Ambassador Program
- 8 Building Raincoat Prototype
- 9 Storefronts Exhibition Program
- 10 King Street Pilot
- 11 16th Street Meet in the Streets
- 12 Image Sources



ACTIVATIONS + EXPERIMENTS

Our intent for The Future of Stephen Avenue is straightforward.

Make Stephen Avenue Calgary's most iconic and exciting street by leveraging the existing elements that make it a great space – pedestrian friendly; prominent location; a balance of historical and contemporary buildings; and an abundance of destinations and things to do.

Now is our opportunity to innovate, field test ideas, build partnerships and engage the public through direct experience. Let's make Calgary better – right away! – and learn along the way. Findings will allow us to recalibrate final solutions, providing us with greater assurance in testing new ideas.

The following pages contain a range of **example projects** that could be adopted or emulated in the next two years if funding is approved. This list is intended to provide Council with an idea of the types of projects that could be undertaken in the next two years. Final projects will be chosen based on the following criteria:

Triple Bottom Line Approach

(Please refer to Council Report, page 5 for further detail)

- Does the project meet social, environmental and/or economic goals?
- Is there a range of projects that collectively contribute to each area?

Aligned with the Public Realm Study for Stephen Avenue

- What is the impact of the project on the final design, governance models or economic solutions for the Avenue?

Partnership Opportunities

- Are there organizations, businesses or other stakeholders interested in testing out ideas? Can additional funding be leveraged?

Location

- Are testing locations spread throughout the project area?



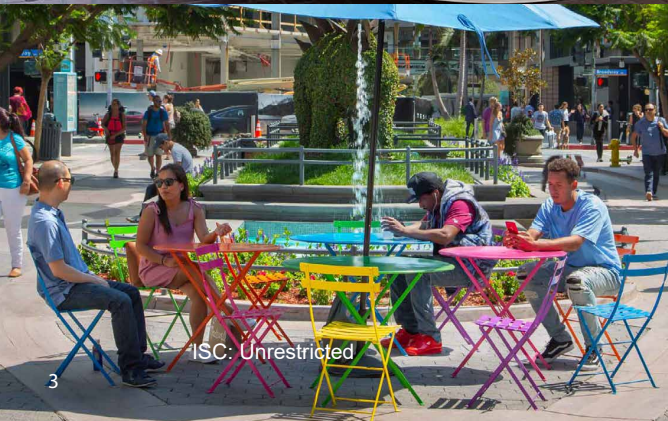
PROTOTYPING STREET FURNITURE

SOCIAL

ECONOMIC

PARTNERSHIP OPPORTUNITIES

Calgary Downtown Association
School of Architecture, Planning and
Landscape (SAPL)
Calgary Telus Convention Centre



Great public spaces require places for people to sit, take a moment, have a conversation and watch the world go by. Streets that function as pedestrian corridors also have similar needs for places to rest. For example, Stephen Avenue is a popular route for strolling seniors and access to a bench for rest has a direct impact on this population's desire and ability to utilize these corridors. Let's work with creative Calgarians and enterprising institutions and businesses to test out street furniture design solutions.

Questions that could be addressed:

- What type of seating are people drawn to? Traditional, novel, colourful, moveable, etc?
- Are there configurations that foster social interaction or increase length of stay?
- What are the most successful locations? Can we identify a latent need?
- Does an increase in street furniture impact the number of people on the Avenue?

ISC: Unrestricted

PLAYFUL MOMENTS

SOCIAL

ECONOMIC

PARTNERSHIP OPPORTUNITIES

Calgary Downtown Association
Telus Spark
Recreation, City of Calgary



Can play be integrated into a seamless pedestrian experience or should it be kept tucked away in more formal park spaces? At present, Olympic Plaza users are about 10% children, whereas the rest of the avenue is only 1%. Playful moments have the potential to attract this younger audience and at the same time draw in and spark the whimsical nature of all ages.

Questions that could be addressed:

- Does the demographic of children along the avenue increase?
- Does it impact user experience and perceptions of the avenue?
- Is there an impact on the number of people visiting Stephen Avenue?
- Is there an impact on businesses in the area?



ISC: Unrestricted

PAVEMENT IMPROVEMENTS

SOCIAL

ENVIRONMENTAL

PARTNERSHIP OPPORTUNITIES

Roads, City of Calgary
School of Architecture, Planning and
Landscape (SAPL)
Alberta Association of
Landscape Architects



Sections of Stephen Avenue act as a prominent public space first and foremost, while others provide multi-modal connections to important destinations. We would like to test out design solutions for pavement that will increase and maintain the function and readability of the Avenue as an inviting pedestrian corridor and contribute to a resilient Downtown, while still providing some flexibility.

Questions that could be addressed:

- Are there permeable pavement options that would reduce the impact of storm events on the stormwater system?
- Can pavement enhancements be used to assist with wayfinding?



GREENING THE AVENUE

SOCIAL

ENVIRONMENTAL

PARTNERSHIP OPPORTUNITIES

Parks, City of Calgary

Roads, City of Calgary

Alberta Association of
Landscape Architects



Incorporating nature into the urban realm has a proven positive impact on citizen well-being, biodiversity, storm water retention and air quality. It can also be a useful tool to enhance the aesthetic experience along the Avenue in both vibrant areas and those that are less inspiring.

Questions that could be addressed:

- Can we add more plantings to the Avenue while ensuring space for mobility needs?
- Are there simple solutions to increase street tree lifespans on the avenue over their current four to seven years?



ISC: Unrestricted

DOWNTOWN AMBASSADOR PROGRAM

SANTA MONICA

SOCIAL

ECONOMIC

PARTNERSHIP OPPORTUNITIES

Calgary Downtown Association



The Downtown Santa Monica Ambassadors provide friendly help to tourists and locals. The program has been a huge success and serves a whole host of needs including safety, cleaning, hospitality, outreach and landscaping services. They provide eyes on the street, act as a friendly concierge, help keep the streets clean and can assist vulnerable populations in accessing services.



Questions that could be addressed through similar interventions:

- Is there a positive impact on the number of people visiting Stephen Avenue?
- Is there a positive impact on businesses in the area?
- Does the perception of safety increase?
- Do incidents along the avenue decrease?



ISC: Unrestricted

BUILDING RAINCOAT PROTOTYPE

TORONTO

SOCIAL

ENVIRONMENTAL

PARTNERSHIP OPPORTUNITIES

Calgary Downtown Association

Triovest

School of Architecture, Planning and
Landscape (SAPL)



The Raincoat is one of Sidewalk labs many prototypes to provide protection during harsh weather and is one example of the many microclimate innovations in development, working to enhance outdoor comfort year-round in public spaces. The Raincoat consists of an adjustable awning or second skin that could extend outward from a building's edge to protect the sidewalk from rain, wind and sun.

Questions that could be addressed through similar interventions:

- Are there opportunities to increase outdoor comfort through microclimate considerations?
- Do microclimate interventions increase pedestrian activity on the Avenue during colder months?



ISC: Unrestricted

STOREFRONTS EXHIBITION PROGRAM

VICTORIA

SOCIAL

PARTNERSHIP OPPORTUNITIES

Calgary Downtown Association
Contemporary Calgary
Glenbow



The City of Victoria worked with the business community and local artists to animate vacant storefronts on Douglas Street with dynamic art installations. Artists working with visual or new medias including but not limited to printmaking, fibre arts, mixed media, photography, video, light installations, and conceptual work, were invited to submit applications for the City of Victoria's new Storefronts Victoria Exhibition Program. Submissions went through a two-stage process, where artists were assessed on concept, execution and how well their exhibit appealed to a diverse audience.

Questions that could be addressed through similar interventions:

- Can this type of program contribute to a sense of ownership along the avenue, with partnering organizations?
- Is there a positive impact on the number of people visiting Stephen Avenue?
- Does it impact user experience and perceptions of the avenue?

KING STREET PILOT

TORONTO

SOCIAL

ECONOMIC

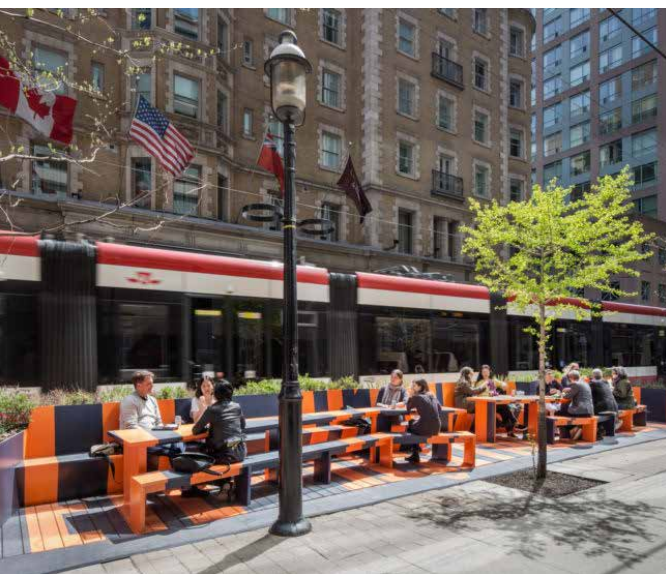
PARTNERSHIP OPPORTUNITIES

Parks, City of Calgary

Roads, City of Calgary

Slate Asset Management

Trivest



Toronto took on a bold pilot to prioritize transit and people on King Street, a busy corridor in the heart of Downtown. The city limited through traffic and expanded opportunities for public life and activity in the curb lanes with temporary parklets. Many of these parklets were created through a design competition, and others were established as licensed cafes that provided additional space for businesses. The pilot was a success and Toronto's City Council voted to make the program permanent.

This pilot is an example of how we can creatively reconsider our right of ways in a way that benefits both people and business.

Questions that could be addressed through similar interventions:

- Can patios be reconfigured and reconsidered along Stephen Avenue and select side streets to enhance both the public realm and better meet business needs?
- Is there a positive impact on businesses in the area?
- Is there a positive impact on the number of people visiting Stephen Avenue?



ISC Unrestricted

16TH STREET MEET IN THE STREETS

DENVER

SOCIAL

ECONOMIC

PARTNERSHIP OPPORTUNITIES

Calgary Downtown Association
Roads, City of Calgary
Calgary Telus Convention Centre



In 2015 The City of Denver and Gehl Studio transformed the 16th Street Mall, a main street in Denver's historic downtown core. Although it is a high-volume pedestrian corridor, only one percent of pedestrians were found to stop and spend time on the street. In response, Meet in the Streets events were held over 5 weekends in the summer, turning the street into a people oriented oasis with programming, play spaces and places to hang out. Through an iterative process of measuring the use of the street, testing ideas and refining initiatives, short, medium and long-term improvements for the area were identified.

Questions that could be addressed through similar interventions:

- What interventions attract the most use?
- Is there a positive impact on the number of people visiting Stephen Avenue, including on evenings and weekends?
- Does the diversity of users increase?
- Is there a positive impact on businesses?
- Does it impact user experience and perceptions of the Avenue overall?

IMAGE SOURCES

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Estimated Budget

The Future of Stephen Avenue: Activations + Experiments

Item #	Item	Funding request
1	Enact Change <ul style="list-style-type: none">• City-led activations + experiments• Partner activations + experiments	\$190,000
2	Measure Change <ul style="list-style-type: none">• Establishing baseline and measuring public life on the Avenue• Measurement of success of activations + experiments• Quantifying Calgary's comeback	\$80,000
3	Communicate Change <ul style="list-style-type: none">• Increase marketing efforts• Professional photography and creative services• Promotion of partnership opportunities with community and businesses• Public presentation of project findings	\$30,000
Total Request		\$300,000

Letters of Support for The Future of Stephen Avenue: Activate + Experiment

PFC2020-0274
Attachment 6



Suite 1440, The Edison Building
150 - 9 Avenue SW, Calgary, Alberta T2P 3H9
(403) 215-1570 | info@downtowncalgary.com
downtowncalgary.com

February 25, 2020

Members of Council
Priorities and Finance Committee
Urban Initiatives

Re: Council Innovation Fund Request for The Future of Stephen Avenue – Activate + Experiment

To whom it may concern,

On behalf of the Calgary Downtown Association (CDA), please accept this letter in support of Phase 1a of The Future of Stephen Avenue project – Activate and Experiment.

As a champion of the downtown experience, the CDA is actively working to bring residents, tourists and investment to the downtown. Our financial support of the project to date reflects our belief that a vibrant and inviting downtown core is vital to the success of any city. Indeed, The Future of Stephen Avenue project is the cornerstone of our placemaking efforts.

We understand that changing perceptions about what is possible for downtown and Stephen Avenue requires action and innovation. As the Phase 1: Public Realm Strategy nears completion, we are keen to undertake forthcoming recommendations from our diverse team of local and world-renowned consultants to re-establish Stephen Avenue as one of Calgary's most iconic streets. Leveraging the Council Innovation Fund (CIF) will allow the CDA and The City to continue their partnership on this important work, and collaborate with civic partners, post-secondary institutions, building owners and local business to prototype and test innovative ideas. CIF funding will also allow us to collectively address pressing social, environmental and economic issues on the Avenue, and bridge the gap between completion of the Phase 1: Public Realm Study and capital requests for Phases 2 and 3 of the project that are scheduled for the next budget cycle.

Change is happening. We believe the Activate and Experiment Phase will allow us to capitalize on project momentum as well as recent programming successes like GLOW 2020.

If you have any questions, please do not hesitate to contact me.

A handwritten signature in black ink, appearing to read 'Marco De Iaco', is written over a thin horizontal line.

Marco De Iaco
Executive Director
Calgary Downtown Association
marcod@downtowncalgary.com

Experience Art And Culture At Glenbow

PFC2020-0274
Attachment 6

Glenbow
130 9 Avenue SE
Calgary, Alberta
Canada T2G 0P3
T 403 268 4100
glenbow.org

The Future of Stephen Avenue project
Urban Initiatives
The City of Calgary
Floor 1, Municipal Building, 800 Macleod Trail SE
P.O. Box 2100, Station M, Calgary, AB Canada T2P

February 25, 2020

To Members of Council
 Priorities and Finance Committee
 Planning & Development

At Glenbow, we believe in bringing art and culture to life, inviting new perspectives, inspiring creativity and moving our community forward. We reach beyond the walls of our building and make connections throughout our community and around the world.

At the center of our work today, is a focus on the Glenbow experience – approachable, inclusive, and authentic. Through our exhibitions and programming we provide an inspiring and accessible platform for navigating compelling and challenging stories, ideas and concepts. With carefully curated travelling exhibitions and by using our diverse and remarkable collections, we contribute to and shape the conversation about the important role that art and culture play in our communities, in a way that only Glenbow can.

Glenbow has made a concerted effort to deepen relationships with other arts organizations, civic partners, community organizations and all three levels of government. We recognize that Glenbow is part of a large and diverse ecosystem. We know we play an important role in contributing to the vibrancy of the arts sector, activating the city centre and enhancing our communities. We are establishing strong allies across many sectors who are working towards shared goals to build a strong and resilient city.

Experience Art And Culture At Glenbow

PFC2020-0274
Attachment 6

Glenbow
130 9 Avenue SE
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glenbow.org

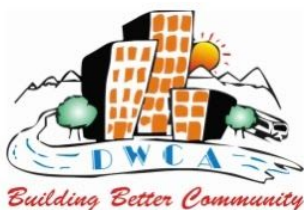
Glenbow is excited to support Urban Initiatives as they embark on a new phase for reimagining Stephen Avenue – *Activate and Experiment* – along with the Calgary Downtown Association (CDA) and other strategic partners. This phase is a critical component of the long-term economic success of the Avenue, in that it will allow The City to work with strategic partners to prototype innovative solutions to numerous challenges facing Stephen Avenue and adjacent areas.

Stephen Avenue is more than just our doorstep it is a cultural hub, connecting Calgarians and visitors with some of the city's most prominent cultural facilities and we look forward to participating with Urban Initiatives in the rapid prototyping of ideas to improve the social, environmental and economic conditions of Stephen Avenue.

Respectfully,



Nicholas R. Bell
President & CEO



Downtown West Community Association
1708-1108 6 Ave SW
Calgary, AB
T2P 5K1

February 26, 2020

RE: The Future Of Stephen Avenue Project - Activate & Experiment

Dear Mayor Nenshi, Councillor Evan Woolley, and City Council,

I am writing to inform you that The Board of Directors of the Downtown West Community Association has voted unanimously to support The Future of Stephen Avenue Project - Activate & Experiment. We believe that the prototypes, experiments, and activations that you would be funding are critical for our community due to the following reasons.

With the project's ultimate goal of attracting private investment along the avenue, it provides a much needed opportunity for our community to transition away from being a static residential-only block and into a vibrant and walkable mixed-use district. We strongly believe that Downtown West has all the necessary ingredients to become a viable destination for Calgarians.

At the same time, the board is of the opinion that in order for new businesses along Stephen Avenue to thrive year-round, it is vital that we enable established inner-city communities like Downtown West to support the incoming business community by investing adequately into the public realm nearby. The prototypes, experiments, and activations that you would be voting for represent an opportunity for our community to work together with businesses, community stakeholders, and the City to get our long-term approach right.

We urge you to approve the ask before you that would fund the Future Stephen Avenue Project to *Activate and Experiment*.

Sincerely,

Board of Directors, Downtown West Community Association

Farnaz Sadeghpour, President
Calvin Shum, Vice-President
Jean-Michel Crepin, Treasurer
Tara Weber, Director
Elvira Smid, Director
Jenson Quon, Director
Manu Chugh, Director
Derrick Ho-Chung-Qui, Director

March 2, 2020

Thom Mahler
Manager, Urban Initiatives
Calgary Growth Strategies

RE: The Future of Stephen Avenue

The Calgary TELUS Convention Centre is pleased to support the Urban Initiatives department in their application for Council Innovation Fund. This grant will enable the Urban Initiatives department to prototype innovative ideas and test key assumptions about the social, environmental and economic conditions of Stephen Avenue before construction.

The CTCC is supportive of this project and believe that this funding will offer opportunity to demonstrate to Calgarians how small structural and programming changes on 8th Avenue can greatly improve vibrancy and safety in downtown Calgary.

We applaud the Urban Initiatives Department for their forward-thinking efforts to gather customized research for the Stephen Avenue Redevelopment project and believe that this funding will have a meaningful, and sustainable, impact on downtown Calgary.

Sincerely,



Kurby Court
Acting President & CEO
Calgary TELUS Convention Centre

CC: Members of Council
SPC on Planning and Urban Development
City Clerk's Office, The City of Calgary
Wellington Holbrook, Chairman of the Board of Directors, Calgary Convention Centre Authority

**Chief Financial Officer's Report to
Priorities and Finance Committee
2020 March 10**

**ISC: UNRESTRICTED
PFC2020-0158**

2019 Year-End Accountability Report

EXECUTIVE SUMMARY

This report summarizes how The City made life better for Calgarians in 2019. It provides details of The City's performance in relation to the commitments made in the adjusted One Calgary 2019-2022 Service Plans and Budgets. Overall, The City is meeting those commitments. As the city's economy continues to grow slowly, City Administration is committed to delivering the services that Calgarians value at a reasonable cost. This year The City won 32 awards from external organizations and continued to cut costs while limiting the harm arising from those tough choices.

ADMINISTRATION RECOMMENDATION:

The Priorities and Finance Committee recommends that Council:

1. Receive this report for the Corporate Record and discussion.

PREVIOUS COUNCIL DIRECTION / POLICY

The Multi-Year Business Planning and Budgeting Policy (CFO004) states that Administration will provide mid-year and year-end reports to the Priorities and Finance Committee to inform Council about performance against approved plans and budgets. On 2019 July 22, through consideration of Report C2019-0901 *Proposed 2019 Budget Reductions*, Council directed Administration to combine the 2019 Mid-Year Accountability Report into the 2019 Year-End Accountability Report.

BACKGROUND

In exercising taxation power there is an accompanying responsibility to be open and forthright with how the proceeds have been used. Further, the ability to improve our services rests on understanding where we are, where we are going, and where we need to get better. The combination of our commitment to transparency and our drive to continuously improve and deliver more value is why this report is an important one for Council and Administration. Accountability reports ensure that Administration regularly demonstrates value and remains accountable to Council and citizens. They do so by providing detailed information on the status of Citizen Priorities, approved performance measures and The City's financial situation.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The Year End Accountability Report (Attachment 1) provides high level updates on the status of: Citizen Priorities, corporate performance, capital and operating budgets and debt. Supplemental information, available online at calgary.ca provides: (1) a service by service update including performance measure and budget updates compared to the approved Service Plans and Budgets; (2) an update on each of 622 strategies included in the Service Plans and Budgets; and, (3) a list of the external awards won by The City in 2019.

Stakeholder Engagement, Research and Communication

All City departments collaborated to produce this Report.

Chief Financial Officer's Report to
Priorities and Finance Committee
2020 March 10

ISC: UNRESTRICTED
PFC2020-0158

2019 Year-End Accountability Report

Strategic Alignment

Accountability reporting assists the City Manager in accomplishing Goal 1 of the City Manager Performance Development Plan by helping to “Communicate clearly and openly, and share information through regular updates and reporting”. The report also contributes to Goals 5 and 6 by showing progress on the implementation of the Service Plans and Budgets and communicating the value of municipal government.

This report complements The City of Calgary 2019 Annual Report, which will be published in April and provides The City’s audited consolidated financial statements, detailed financial information in compliance with public sector accounting standards and Government Finance Officers Association best practices.

Social, Environmental, Economic (External)

The 2019 Year-End Accountability Report provides details of The City’s accomplishments and challenges in 2019, including social, environmental and economic impacts

Financial Capacity

Current and Future Operating Budget:

No budget impacts as a result of this report.

Current and Future Capital Budget:

No budget impacts as a result of this report.

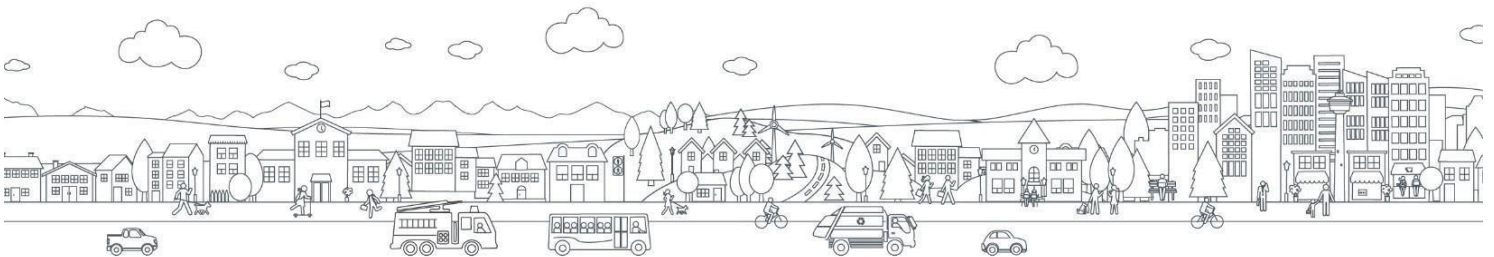
Risk Assessment

The July 2019 reductions and the 2020 budget adjustments in November increased The City’s risk exposure over the year, including impacts on The City’s financial risk, reputational risk and infrastructure management risk. These risks are part of the five priority risks for 2020 that The City is actively monitoring and managing as reported bi-annually to Audit Committee and then to Council.

REASON(S) FOR RECOMMENDATION(S):

ATTACHMENT(S)

1. Attachment 1 – 2019 Year End-Accountability Report



2019 Year-End Accountability Report

Reporting on the One Calgary 2019-2022 Service Plans and Budgets

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Executive Summary

This is the first accountability report on The City of Calgary's progress towards delivering our One Calgary 2019-2022 Service Plans and Budgets. It enables Council and citizens to ensure the objectives of the Service Plans and Budgets are being achieved, and provides a springboard for improving service value through:

- summaries that describe how we are delivering on Citizen Priorities;
- tracking approved performance measures;
- updates on how our strategies are progressing; and
- comparing budgeted expenditures to actual expenditures and explaining any variances.

Contributing to Citizen's Priorities

The overarching goals for The City are defined by Citizen Priorities. The City is advancing Citizen Priorities every day by delivering services that matter to Calgarians like water supply, fire and emergency response, recreation, public transit and police services. The status of each Citizen Priority is summarized in the following pages.

Highlights from this year include: launching the MAX bus routes to improve cross city connections, investing in innovative affordable housing projects like the Rosedale Affordable Housing Development, facilitating more mobility options through the e-scooter and e-bike pilot, opening the world's largest YMCA in Seton and launching the Community Action Plan on Mental Health and Addiction, all while continuing to ensure that Calgary retains its status as both a low-tax big city and one of the most livable cities in the world. Our achievements won 32 awards from external organizations in 2019.



The City is committed to working with citizens, customers, communities and businesses to support Calgary's recovery in the face of recent economic challenges. In support of local businesses, The City froze permit fees and created the #BuyLocalYYC campaign to encourage Calgarians to support local businesses. Major capital projects are also underway including the BMO expansion, the Event Centre development and the Green Line project. All of the above was accomplished while maintaining a tight focus on balancing service levels with the need to keep municipal tax rates low.

In addition to meeting Council's request to find \$60 million of in-year reductions, Administration made a commitment to find a further \$100 million during the four-year cycle. By accelerating our cost-reduction efforts and through the prudent management of expenditures, Administration has found the required savings. Work to identify and implement further savings as directed by Council continues through the Solutions for Achieving Value and Excellence (SAVE) Program.



- Performing as planned
- Underperforming

Performance Against Plan

As part of the July 2019 reductions, 10 per cent of the 255 performance measures presented in the Service Plans and Budgets were impacted. Most performance measures (close to 70 per cent) are on track or exceeding the revised performance expectations. We will continue to manage our performance, particularly where we are underperforming compared to our plan, such as timeliness in customer service, public trust and confidence, and falling revenues.

Executive Summary

Strategy Progress Against Plan

91 per cent of our strategies are on track, while the remaining 8 per cent have identified challenges and 1 per cent have not yet started and are planned to start in 2020 or 2021. Given the continuing local economic challenges our city faces and of the reductions from original spending plans, we're proud of that achievement.

The most up to date performance data for each service, an update on each of the 622 strategies in the Service Plans and Budgets, along with a listing of awards The City of Calgary received can be found in the supplemental documents to this report on calgary.ca.



- Progressing as planned
- Emerging Challenges
- Challenges Materialized
- Not Started

Operating & Capital Budget

The City continued to carefully manage budgets and respond to external funding challenges in 2019. This included the July 2019 reductions and adjustments to the 2020 operating budgets in November 2019 and capital budgets in February 2020.

The City has total operating savings of \$128.8 million for 2019 relative to the reduced budget, comprising tax-supported service savings of \$16.2 million and savings from Corporate activities of \$112.6 million. This has led to a contribution of \$17.9 million to the operating Budget Savings Account (BSA), which was primarily the result of staff vacancies from intentionally managing the workforce. The remaining \$110.9 million was transferred to the Fiscal Stability Reserve primarily resulting from lower employee benefits costs and higher investment income. These savings were achieved, despite the in-year budget reductions that were implemented, through active financial monitoring and management throughout the year. These savings have been partially committed in 2020 to the 2020 phased tax program and funding for established areas infrastructure.

Actual capital investment in 2019 was \$1.4 billion (77.8 per cent of the \$1.8 billion budget, with almost all the unspent portion carried forward to 2020). This investment supports service delivery while contributing to the Calgary economy. Savings of \$1.2 million being contributed to the capital BSA as a result of budget refinements and projects being completed under budget.

A Prosperous City

Citizen Priority Status



- Progressing as planned
- Emerging Challenges
- Challenges Materialized
- Not Started

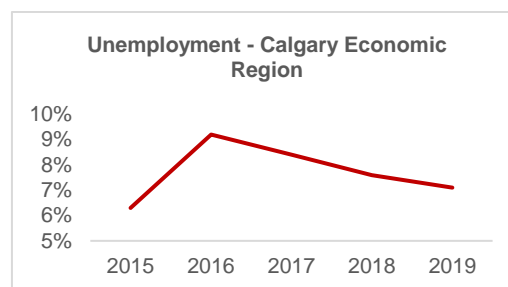
95 per cent of strategies that align to A Prosperous City stayed on track in 2019.

How is Calgary doing?



Economy gathering momentum

The real gross domestic product (GDP) is a measure of the value of all goods and services produced by the economy. Calgary's real GDP growth rate is estimated to be 1.3 per cent for 2019, down from 2.5 percent in 2018, but well above the negative values recorded in 2015 (-3.5 per cent) and 2016 (-2.6 per cent).



Improvements in employment rate

The 2019 increase in employment is the most substantial year-over-year improvement recorded in the past seven years for the Calgary Economic Region. The unemployment rate was estimated at 7.1 per cent in 2019, down from 7.6 per cent in 2018. Strong gains in the total labour force were also recorded in 2019.

What did The City do in 2019?

As the local economy continues to gain momentum after a prolonged economic downturn, we're working hard to support Calgarians and make it easier to do business in Calgary.

- ✓ Council approved amendments to business-related bylaws such as removing redundant police checks, eliminating unnecessary licence categories and reducing fees for all business licences.
- ✓ Through the Economic Development Fund, the Opportunity Calgary Investment Fund committed over \$20 million towards seven innovative businesses to support the diversification of Calgary's economy.
- ✓ Council approved the Resilient Calgary strategy. This strategy includes major initiatives such as the Awareness of Natural Infrastructure, Equity on Boards, Talent for Emerging Economies and the Future of Calgary's Centre City in support of the Downtown Strategy.
- ✓ 19 families are enjoying new homes thanks to the development of new affordable housing units under the Non-Market Housing Land Disposition Program.
- ✓ We also improved our process for applying for subsidized City-services. In 2019, over 114,000 Calgarians were approved for the Fair Entry Program, which enables low-income Calgarians to apply for multiple programs and services with one application.



A City of Safe & Inspiring Neighbourhoods

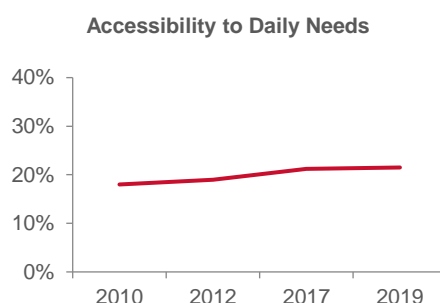
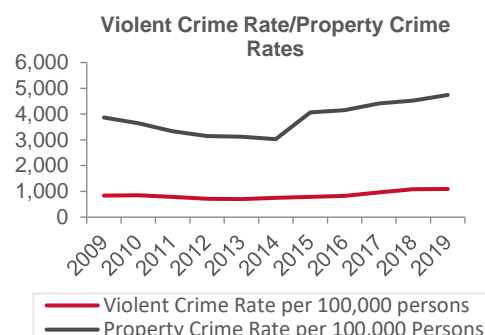
Citizen Priority Status



- Progressing as planned
- Emerging Challenges
- Challenges Materialized
- Not Started

93 per cent of strategies that align to A City of Safe & Inspiring Neighbourhoods stayed on track in 2019.

How is Calgary doing?



Safety remains a focus

Public safety remains a priority for The City. Numerous initiatives have begun to address the increasing presence of methamphetamine, violence, and acquisitive crime, resulting in arrests and seizures of weapons and drugs. Recent high-profile incidents relating to violent crime has heightened the concern of Calgarians about public safety. Crimes of opportunity continue to contribute to Calgary's sustained high volume of vehicle thefts, robberies and break and enters.

Improved community access

Significant work has been done in recent years to improve access to daily amenities for new and existing communities. This encourages more sustainable modes of travel such as cycling and walking, improving overall accessibility within neighbourhoods. An additional 11,700 residents are living within these strategic growth areas in 2019 compared to 2017, representing an increase of 0.3 per cent. .

What did The City do in 2019?

Every Calgarian has the right to live in a safe, mixed and inclusive neighbourhood. To support this, The City has continued to make safety, community and inclusivity a priority.

- ✓ The Calgary Police Service educated Calgarians on crime prevention through traffic safety campaigns, Coffee with a Cop, canine social media, report on Officer contacts, fraud prevention and theft awareness initiatives.
- ✓ 5,300 Calgarians, including some of our most vulnerable citizens, received vital emergency preparedness information at 50 events held throughout the city.
- ✓ Council approved Land Use Bylaw amendments that will allow City-owned vacant parcels of land to be developed into urban farms, allowing the production of fresh, healthy foods in local communities.
- ✓ Fire Safety Education reached more Calgarians with the translation of the Home Safety brochures into five additional languages.
- ✓ To better support community groups, volunteer recruitment workshops were held throughout the city, in partnership with the Federation of Calgary Communities.



A City That Moves

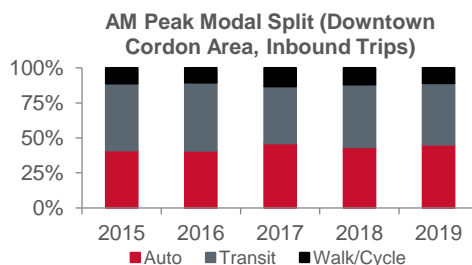
Citizen Priority Status



- Progressing as planned
- Emerging Challenges
- Challenges Materialized
- Not Started

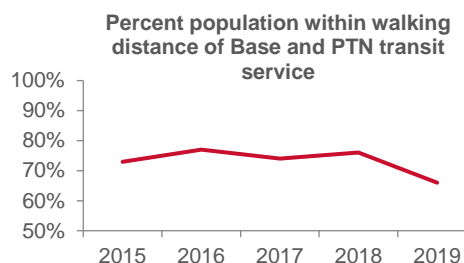
91 per cent of strategies that align to A City that Moves stayed on track in 2019.

How is Calgary doing?



Steady transportation pattern

The AM peak modal split in the downtown has remained consistent with previous years. Approximately 50% commute by automobile, 40% by transit and 10% commute by walking or cycling.



Reduced network access

In 2019 there was a reduction in transit service that impacted the total base and Primary Transit Network (PTN) service investments. Newer areas in the city with no service or introductory public transit service impact this indicator.

What did The City do in 2019?

Crews worked hard in 2019 to help Calgarians get where they needed to be.

- ✓ Over 150,000 Calgarians took part in the pilot for the e-bike and e-scooter, which saw over 915,000 rides by the end of the year.
- ✓ The City repaved 186 lane kilometres of roads, sealed 79 kilometres of cracks and repaired 16,000 potholes.
- ✓ 4 major road connections to the Southwest Ring Road and lifecycle work on vehicle bridges, pedestrian bridges and three Plus 15 networks.
- ✓ The Green Line is an integral piece of Calgary's transit network and work continued on it through 2019 with the Stage 1 alignment, from 16 Avenue N to 126 Avenue SE developed.
- ✓ With the launch of the MAX yellow rapid transit line, four MAX lines are serving citizens in all four quadrants of the city along with changes to 21 existing routes to improve efficiency and connections to major destinations.



A Healthy & Green City

Citizen Priority Status



- Progressing as planned
- Emerging Challenges
- Challenges Materialized
- Not Started

93 per cent of strategies that align to A Healthy & Green City stayed on track in 2019.

How is Calgary doing?

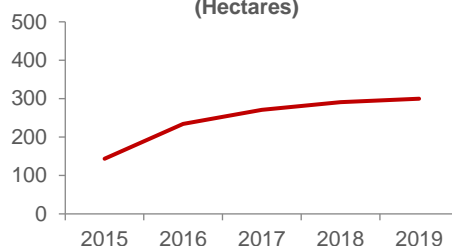
Percentage of physically active Calgarians



Active Calgarians

The majority of Calgarians (68.4%) are sufficiently physically active to achieve health benefits. This is the highest proportion of sufficiently active Calgarians since 2000. Province-wide, 64% of Albertans report having sufficient activity levels.

City Habitat Restoration (Hectares)



Continued habitat restoration

Habitat restoration supports policies related to climate change and environmental stewardship, and promotes the ecological processes of nature. Protection of habitats and biodiversity is the responsibility of municipalities and regional neighbours. The number of hectares under naturalization has slowed in recent years to just under 300 in 2019.

What did The City do in 2019?

To be a leader in environmental stewardship and to develop resilient neighbourhoods where Calgarians can live active and healthy lifestyles continues to be a priority for The City.

- ✓ The largest City owned and constructed YMCA in the world was opened: the multi-purpose Brookfield Residential YMCA at Seton. The approximately 330,000 square foot facility features a full-service regional library branch operated by the Calgary Public Library.
- ✓ The Climate Resiliency Strategy was Council approved, which established an 18 member Calgary Climate Panel that includes community members and representatives from private businesses.
- ✓ Over 1,700 Calgarians attended The City's second annual Calgary Climate Symposium, which was designed to empower participants to reduce their contributions to climate change and to help them prepare for and adapt to a changing climate.
- ✓ Council approved Calgary's first action plan on mental health and addiction so Calgarians have access to community-based solutions to support their recovery.
- ✓ All flood recovery projects and all outstanding work funded by provincial recovery programs was completed in 2019. The City continues to identify flood mitigation projects and develop flood awareness programs to build Calgary's flood resilience.
- ✓ 300 critical trees were replaced in 2019 to enhance the city's attractiveness and urban forest.



A Well-Run City

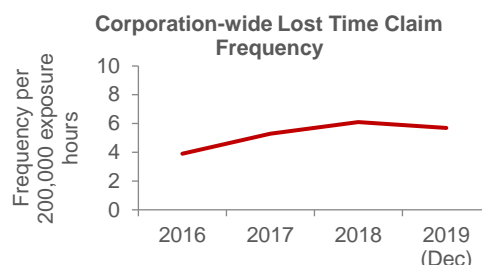
Citizen Priority Status



- Progressing as planned
- Emerging Challenges
- Challenges Materialized
- Not Started

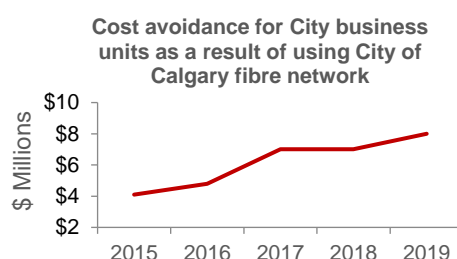
90 per cent of strategies that align to A Well-Run City stayed on track in 2019

How is Calgary doing?



Improved safety performance

Significant improvements in the safety of City staff were realized in 2019. Between 2018 and 2019, notable improvements in Lost Time Claims included; Utilities & Environmental Protection – 23 per cent improvement and Deputy City Manager's Office – 54 per cent improvement.



Improved connectivity

For the last 19 years, The City has been deploying optical fibre to support City services. As of the end of 2019, over 670 facilities and assets (such as traffic controllers) have been connected using the City fibre network, avoiding third-party communication costs estimated to be \$8 million per year.

What did The City do in 2019?

The City is continuously reviewing how it delivers its services to Calgarians and ensuring these services are delivered in an effective, efficient and financially sustainable manner.

- ✓ In 2019 July, The City reduced its 2019 budget by \$60 million in order to provide additional tax relief to the business community. These reductions were made taking a least harm approach, to minimize the impact on citizen-facing services.
- ✓ The Solutions for Achieving Value and Excellence (SAVE) program was initiated. With a target of \$74 million over the next 2 years, SAVE reflects a strategic approach to cost-savings that will help minimize the need for future across-the-board reductions.
- ✓ In recognition of The City's commitment to its employees and the commitments made by staff to deliver great services to Calgarians, The City was nominated as one of Canada's Best Employers in 2019 by Forbes Magazine.
- ✓ Council approved the Gender Equity, Diversity and Inclusion Strategy, which demonstrates The City's commitment to creating an equitable and inclusive organization.
- ✓ To support the delivery of 16 programs for Indigenous children and youth, \$2.4 million in grant funding was allocated to deliver programming that provides cultural opportunities.



Measuring Overall Corporate Performance

The numbers for 2019 in the table below show three key areas where there is a decline in performance: Calgary as a place to make a living; the level of public trust and confidence in The City to pull through tough economic times; and citizen perception of the value that tax dollars bring through City services. Administration will continue to work to find ways to positively influence these measures in 2020 and beyond. Despite these challenges, The City continues to demonstrate strong financial management, as seen through our continuing AA+ credit rating. Efforts to be financially prudent continue through the Solutions for Achieving Value and Excellence (SAVE) program, the update of The City's Long Range Financial Plan, and the Financial Task Force a volunteer citizen committee was established to develop strategies related to short term mitigation measures, develop strategies related to potential long term solutions and explore new revenue options that can work toward improving financial resiliency.

The City's resilience, despite recent economic hardship, is evident as Calgary continues to be the best city in North America and the Western Hemisphere in which to live (Economist Intelligence Unit, 2019).

	Measure	2014	2015	2016	2017	2018	2019
Vision	Calgary is a great place to make a life	85%	84%	82%	81%**	83%†	79%
	Calgary is a great place to make a living	86%	80%	65%	68%**	71%	63%
	On the right track to being a better city 10 years from now	89%	88%	86%	82%**	84%	76%
Strategy	I am confident that The City will work together with local businesses and other levels of government to find the best solutions to help our city through this economic downturn	NA	NA	82%	79%	73%	66%
	How much do you trust or distrust The City of Calgary? <i>(percentage of citizens who trust The City of Calgary)</i>	NA	NA	NA	62%**	60%	52%
	I trust The City of Calgary to make the right decisions when it comes to building projects like roads, public transportation and local facilities	NA	NA	NA	70%	66%	62%
	The City of Calgary's credit rating	AA+	AA+	AA+	AA+	AA+	AA+
	I am proud to work at The City of Calgary	75%	87%	87%	85%	84%	81%
	I trust my direct supervisor	NA	73%	74%	72%	73%	74%
	I am supported to speak up about unsafe conditions	NA	NA	81%	80%	81%	83%
	Senior management clearly communicates The City's goals and objectives	NA	52%	53%	49%	51%	50%
Value	Overall satisfaction with level and quality of City services and programs	79%	80%	79%	73%**	77%	74%
	Satisfaction with the overall level and quality of customer service	78%	80%	80%	78%*	78%	74%
	The City does a good job of providing citizens with information about how their property tax dollars are invested in various City services	67%	65%	63%	60%**	60%	55%

*Fall: August-September 2017

**Late fall: November 2017

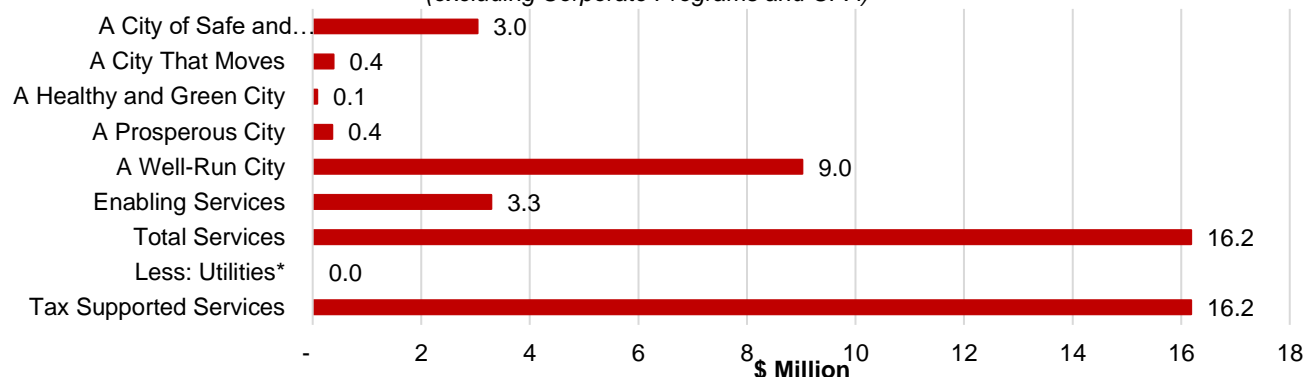
† Fall 2018

Source: 2019 Citizen Satisfaction Survey, 2019 Corporate Employee Survey, Economic Perspectives - Q4 2019

Operating Budget Overview

Budget to Actuals Variance prior to Budget Savings Account Contributions December 31, 2019

(excluding Corporate Programs and CPA)

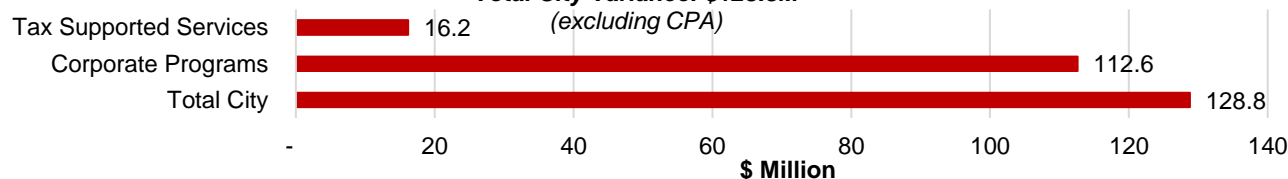


*Utilities includes Stormwater Management, Wastewater Collection and Treatment, and Water Treatment & Supply

Budget to Actuals Variance prior to Budget Savings Account Contributions December 31, 2019

Total City Variance: \$128.8M

(excluding CPA)



The City of Calgary's favourable variance of \$128.8 million, prior to BSA contribution, was a combined effect of:

(1) Tax supported service savings of \$16.2 million:

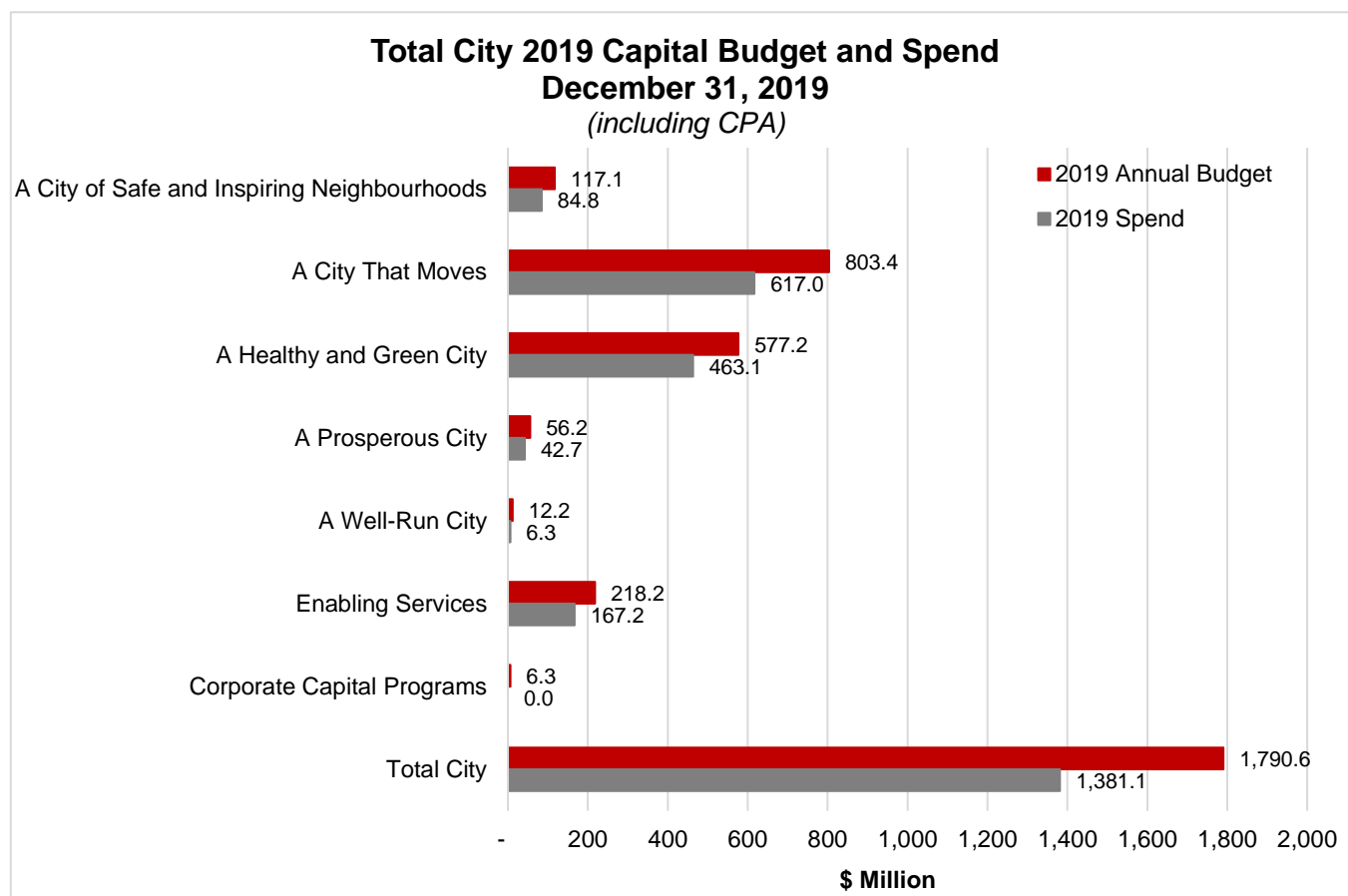
- Saving in salary and wages resulting from intentionally managing the workforce and lower than budgeted contract and general, materials and equipment and business expenses \$7.2 million;
- Saving in training and employee service award costs and contract costs \$2.2 million;
- Councillors and Ward offices favourable savings \$2.4 million;
- Sum of other savings from various services net to \$4.4 million.

(2) Corporate Programs' savings of \$112.6 million:

- Investment Income is higher due to higher-earning investments \$29.1 million and previously unrealized gains \$60.0 million;
- Employee benefits savings due to changes in retirement allowances, higher benefit recoveries, savings in other health benefit expenses offset by an unfavourable variance in pension and retirement benefits \$39.4 million;
- Higher Franchise Fee revenue from ATCO and ENMAX offset by higher contribution to ENMAX Legacy Parks Fund \$10.8 million;
- Partially offset by tax cancellations as per Council direction C2019-0706, C2019-0698, C2019-0667 and C2019-0647, lower Grant-in-Lieu from the Province, lower tax revenue due to lower assessments as well as higher capital financing costs (\$27.1) million;
- Sum of other variances \$0.4 million.

The cumulative balance in the Operating Budget Savings Account (BSA) is \$61 million after the 2019 contribution totaling \$17.9 million, which was attributed to management of workforce and staff vacancies. The remaining \$110.9 million was transferred to the Fiscal Stability Reserve. These savings have been partially committed in 2020 to the 2020 phased tax program and funding of established areas infrastructure.

Capital Budget Overview



In 2019, the City's capital investment was \$1.4 billion (77.8 per cent of the \$1.8 billion budget). The tax supported component of the City's 2019 investment represents approximately \$1.0 billion of \$1.4 billion.

Corporate Programs holds capital funding previously transferred to the Capital BSA of \$6.3 million which has either already been committed or will be reprioritized to other capital investments. 2019 contributions to the BSA equal \$1.2 million.

Capital Investment Update

Calgary residents are supported by infrastructure and services

The City invests capital in infrastructure projects and programs to support service delivery and to help build a great city. Highlights for 2019 include:

- ✓ Housing Agreements resulting in 166 planned new affordable homes, helping to keep vulnerable residents off the streets.
- ✓ Four MAX routes (rapid transit lines) implemented in 2018/2019, improving commuting lines and connectivity.
- ✓ Capacity upgrades at Bonnybrook Wastewater Treatment Plant to protect the environment and accommodate the city's growth.
- ✓ New library in Seton opened, bringing Library service closer for over 100,000 Calgarians.
- ✓ Grand opening of the City owned Brookfield Residential YMCA, increasing from 56 per cent to 64 per cent of Calgarians who have equitable access to suitable, publicly funded aquatics and fitness amenities.
- ✓ Resurfaced 186 lane kilometers of paved roadways and fixed over 16,000 potholes, providing safer driving conditions.
- ✓ Glenmore Dam improvements to upgrade existing infrastructure and provide additional reservoir storage and flood resiliency.
- ✓ Centralization of operations and maintenance for 173 City-owned buildings for greater efficiencies
- ✓ Universally accessible playground opened at Shouldice Park where children of all abilities can enjoy sport and play together.
- ✓ Replacing approximately 3,500 trees per year (2019-2022) to maintain existing urban tree canopy.
- ✓ Retrofitted 159 pedestrian crossings with wheelchair ramps for improved accessibility.
- ✓ Upgraded network cameras and other security equipment to improve safety at locations including International Avenue, Victoria Park, East Village, Downtown Riverwalk Pathway, Olympic Plaza and the 4th street underpass.
- ✓ Completed four ring road connectors, 17 Avenue SW reconstruction, Symons Valley Parkway extension and a major link for Airport Trail NE.
- ✓ In 2019 Council approved the financial strategy for four significant city building investments: BMO Centre expansion, Event Centre, phase one of Arts Common and a Multi-Sport Field House.

Risks & Issues

Capital funding relies heavily on grant funding. When grant funding is reduced— such as occurred in the most recent Alberta Provincial budget – The City either needs to reduce its capital budget or switch funding sources to make up the shortfall. A resulting risk is an increase to the existing \$5.67 billion Infrastructure Gap (City of Calgary 2017 Infrastructure Status Report). While this gap is a substantial decrease from previous reports, there is a risk that the gap could begin trending up through further potential reductions.

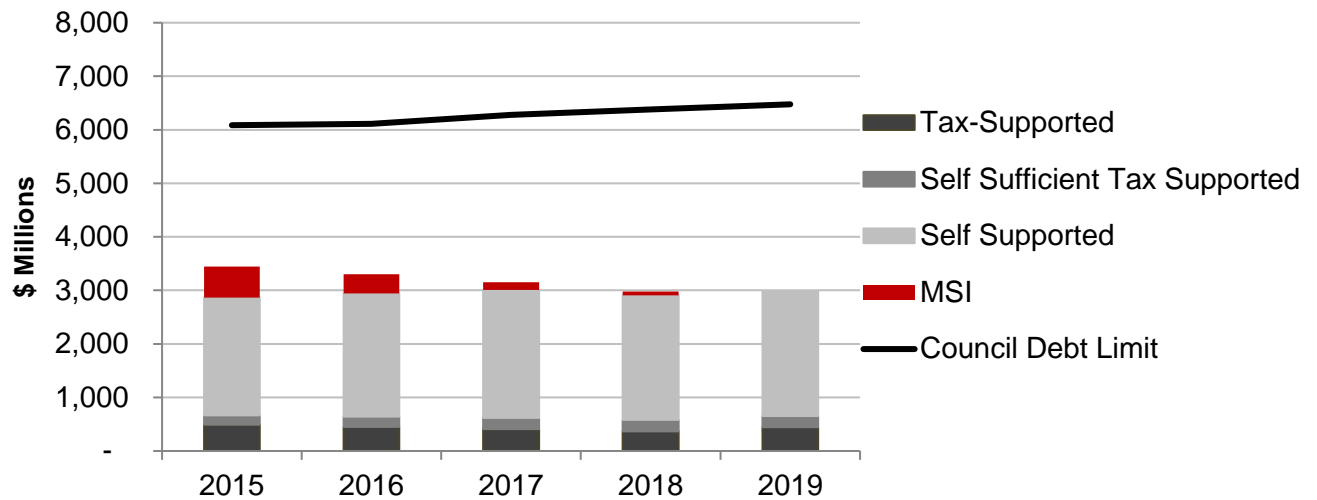
Corporate efforts continue to better understand growth risk as an organizational risk, where growth capital investments carry both opportunities and challenges for the economy and The City's financial position.

Project Management

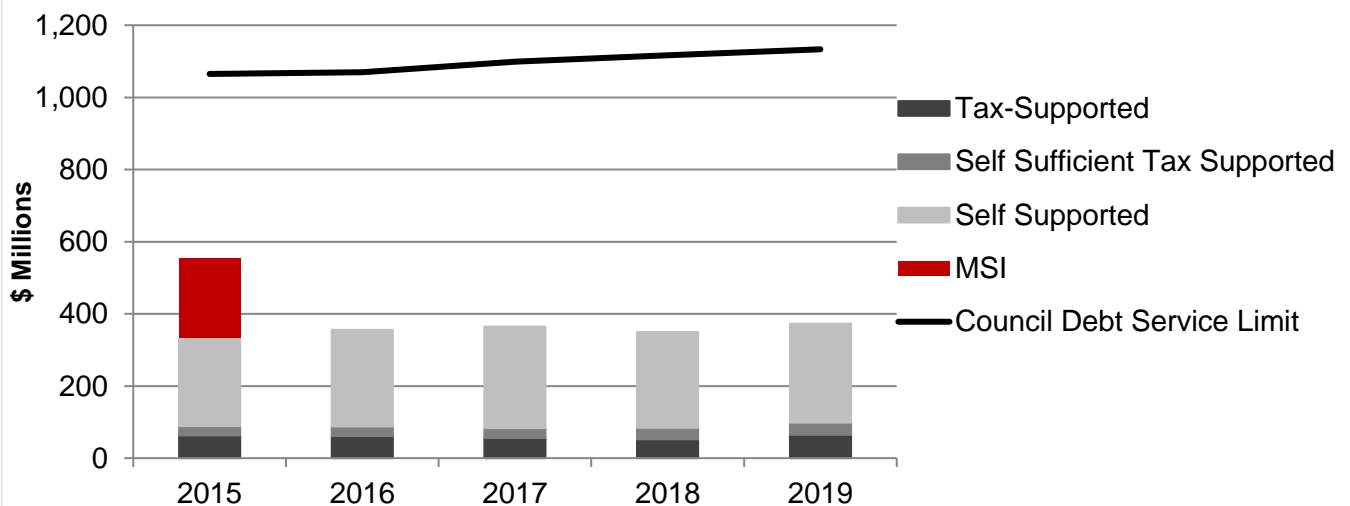
The City of Calgary continually implements improvements to ensure that infrastructure projects are well managed. The Project Management Quality Assurance program continues to monitor and report on project management practices, and in 2019 The City released a Program Management Practices Guide.

Debt Overview

Total Debt Outstanding 2015-2019



Debt Service (Principal & Interest)



Total debt outstanding in 2019 is trending downward with an estimated outstanding balance of \$3.0 billion.



Report Number: PFC2020-0314

Meeting: Priorities and Finance Committee

Meeting Date: 2020 March 10

NOTICE OF MOTION

RE: THE BRENDA STRAFFORD FOUNDATION LTD- CLIFTON HOUSE LAND ACQUISITION

Sponsoring Councillor(s): Gian-Carlo Carra

WHEREAS *The Brenda Strafford Foundation Ltd.*, being a registered Canadian charitable organization, owns and operates the seniors care facility, known as the Clifton Manor, located at 4726 8 Avenue SE; and

AND WHEREAS *The Brenda Strafford Foundation Ltd.* is proposing a new 175 bed seniors care facility on a vacant parcel of land located at 4725 8 Avenue SE (7610185;B;4); and

AND WHEREAS The City of Calgary is the owner of the 47 Street SE road right of way adjacent to 4725 8 Avenue SE (herein referred to as the "Property") in the community of Forest Lawn; and

AND WHEREAS *The Brenda Strafford Foundation Ltd.* has expressed an interest in acquiring an approximate 0.11 acre portion of the Property at below market value to expand and develop a greater public interface and landscaping.

NOW THEREFORE BE IT RESOLVED that City Administration be directed to:

Prepare a Non-Profit Method of Disposition Report as approved through UCS2018-0912 Proposed Framework – Transacting with Non-Profit Organizations below Market Value, and report back to Council through the SPC on Utilities & Corporate services no later than Q3 2020.



Report Number: PFC2020-0334

Meeting: Priorities & Finance Committee

Meeting Date: 2020 March 10

NOTICE OF MOTION

RE: PROACTIVE SECURITY TRAINING FOR CITY STAFF

Sponsoring Councillor(s): Jeromy Farkas

WHEREAS:

1. On Wednesday July 3rd, 2019 Toronto City Hall was placed in a hold and secure scenario;
2. Thousands of Toronto City staff, members of the public, and Members of Council were in City Hall when the lock-down procedure was initiated due to an incident involving a firearm outside the building;
3. The lock-down initiation left many confused and unsure on what actions should be taken in a security incident;
4. While thankfully no direct harm was caused in this incident, it provides an opportunity for the City of Calgary to learn from the efforts of other jurisdictions to promote safety, be informed on appropriate emergency responses, and take an active role in supporting our colleagues;

THEREFORE BE IT RESOLVED THAT:

City Council directs Corporate Security to review existing training resources and identify new opportunities to collaborate with City and external expertise to develop consistent emergency response procedures for all City of Calgary and City Council Members' staff, including but not limited to:

- i. simplified, plain-language procedures tailored to the specific work environments of staff; based on current best practices;
- ii. conducting annual drills to enhance emergency preparedness as appropriate for the facility and its intended purpose;
- iii. incorporating consistent training into required new employee training packages;
- iv. assess how best to provide updates to City of Calgary employees on active assailant and other emergency situations; and
- v. access to City of Calgary resources and opportunities for additional awareness regarding the procedures and best practices outlined above.