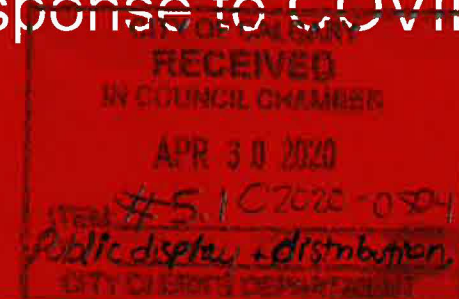


C2020 – 0504 Initial 2020 Scenario Forecasts in Response to COVID-19

2020 April 30

Strategic Meeting of Council



Roadmap for Today's Conversation

C2020-0504

Initial 2020 Scenario Forecasts in Response to COVID-19



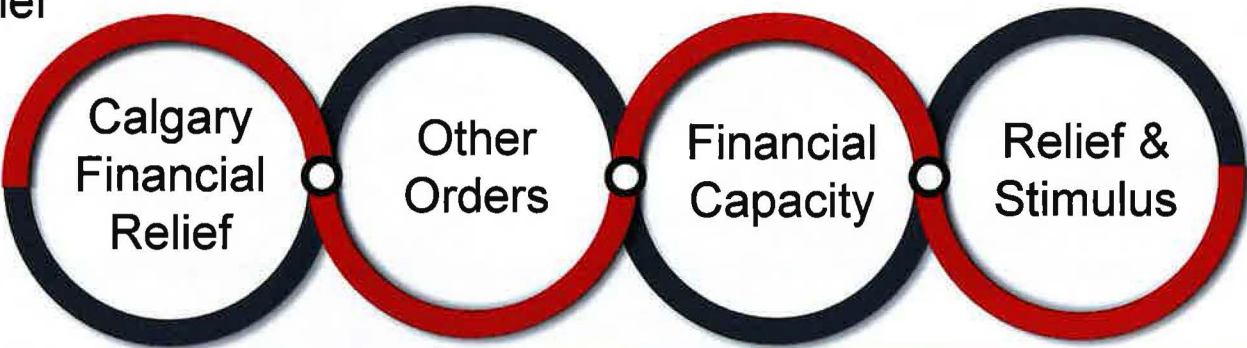
C2020-0507

City of Calgary COVID-19 Advocacy Update

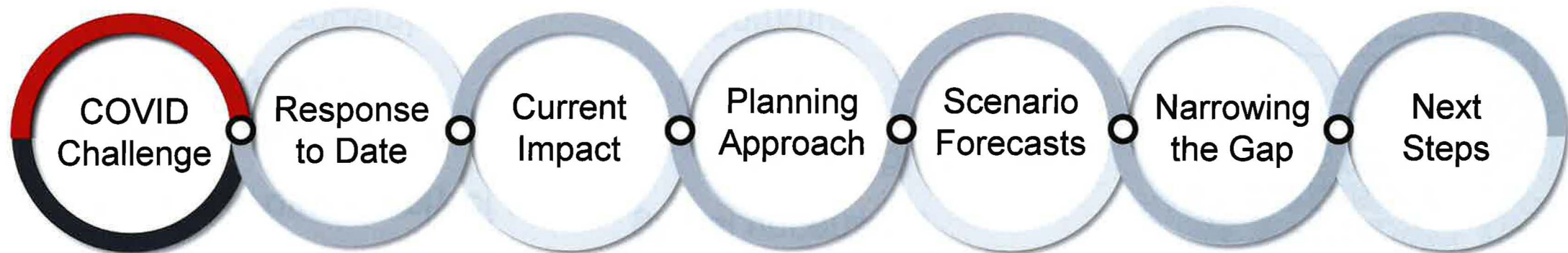


C2020-0508

Discussion on Municipal Relief

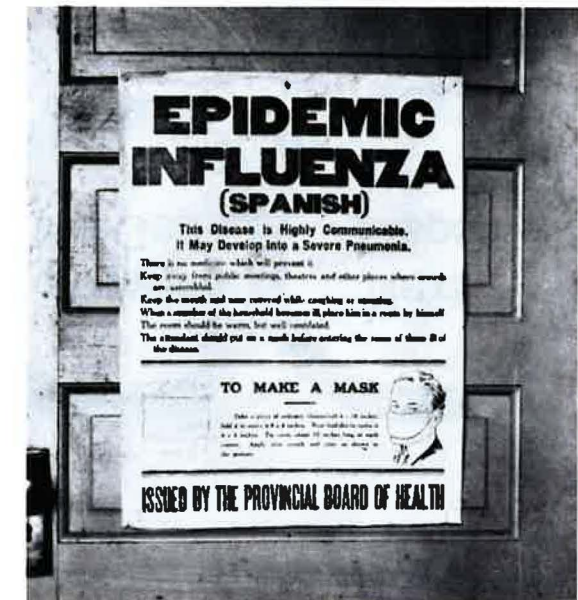


COVID challenge



A once in-a-century challenge

Situation	Uncertainty
<ul style="list-style-type: none"> Fragile economic situation <ul style="list-style-type: none"> Global oversupply of oil Actively responding to emergency situation <ul style="list-style-type: none"> Global pandemic Must prepare for the medium and long term 	<ul style="list-style-type: none"> High local, national and global uncertainty <ul style="list-style-type: none"> Impact on businesses Economy Community Additional funding opportunities



Comprehensive Emergency Management Model

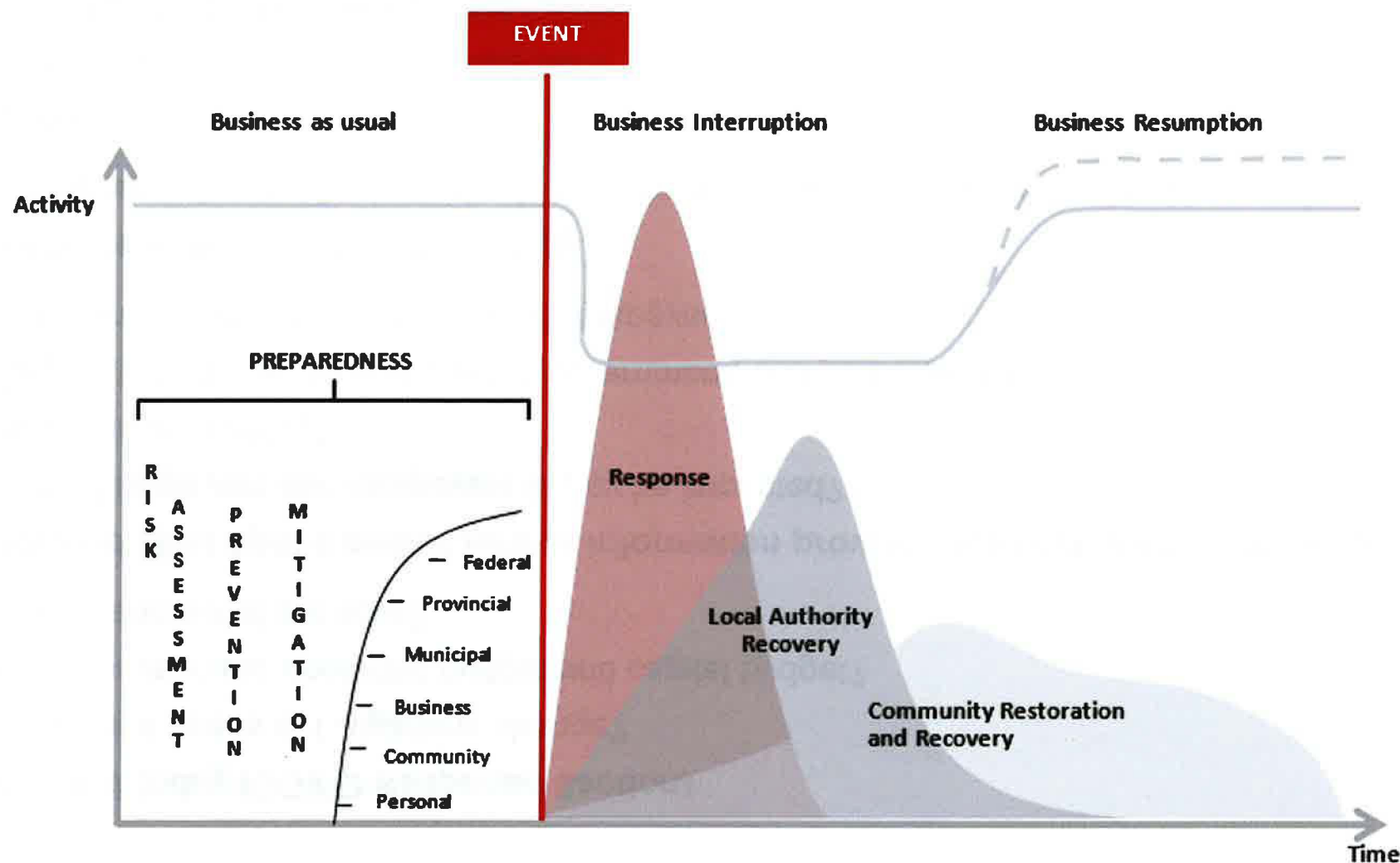


Figure 4.1 – Comprehensive Emergency Management Model; Business Continuity Emphasized

Some important questions from Council are guiding our work

Initial response provided today (COVID Response Section)

- 1) How will the desires and needs of Calgarians change?
- 2) What options do we have in our operating budget and capital budget?
- 3) Where do we lean in and out of services?

Initial response provided 2020 April 6 and/or further information provided today (Municipal Relief Section)

- 1) How will the ability of taxpayers and ratepayers to pay be impacted?
- 2) What options do we have in policy?
- 3) What can the City do to help - as an employer, a government, and corporation?
- 4) What is the City's plan in terms of offering relief for taxpayers?

Initial response will be provided in a future meeting

- 1) Does it still make sense to have a four year budget process with such volatility in the world, country, and province?

We are continuing to monitor

- 1) How will the most vulnerable in our city be impacted?
- 2) How will the decisions of local business impact Calgary?
- 3) What is the impact of the world financial market volatility on our ability to achieve our budget targets?

Response to date



Four objectives of the COVID-19 response



Be responsible partners to help “flatten the curve” and protect human safety



Support our employees

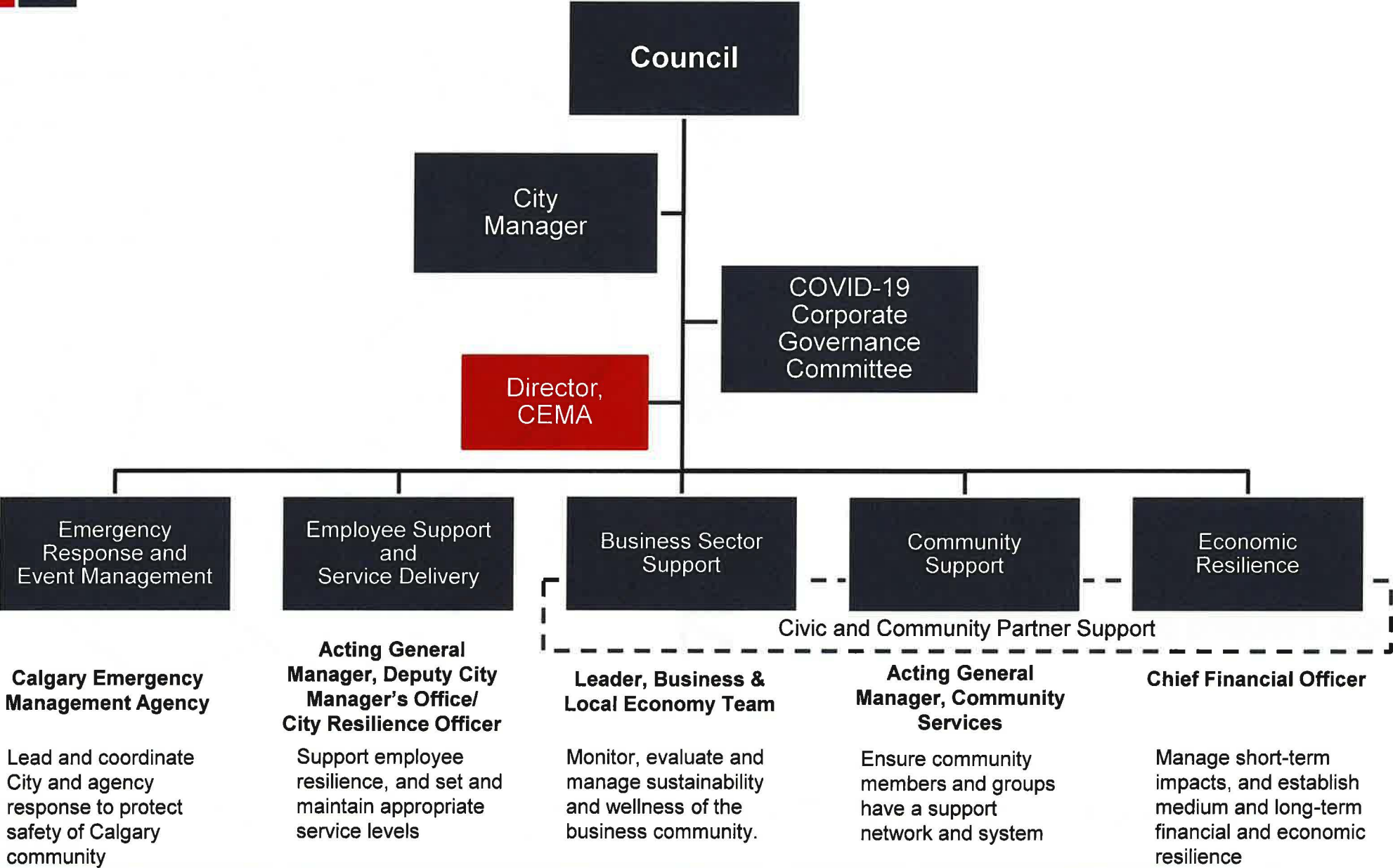


Maintain appropriate City of Calgary services to our community



Prepare for the resilience of our organization and our community

COVID-19 City of Calgary Governance



Maintaining Our Focus: Making Life Better Every Day



Economic, financial and business indicators



Community and social indicators



Mobility indicators

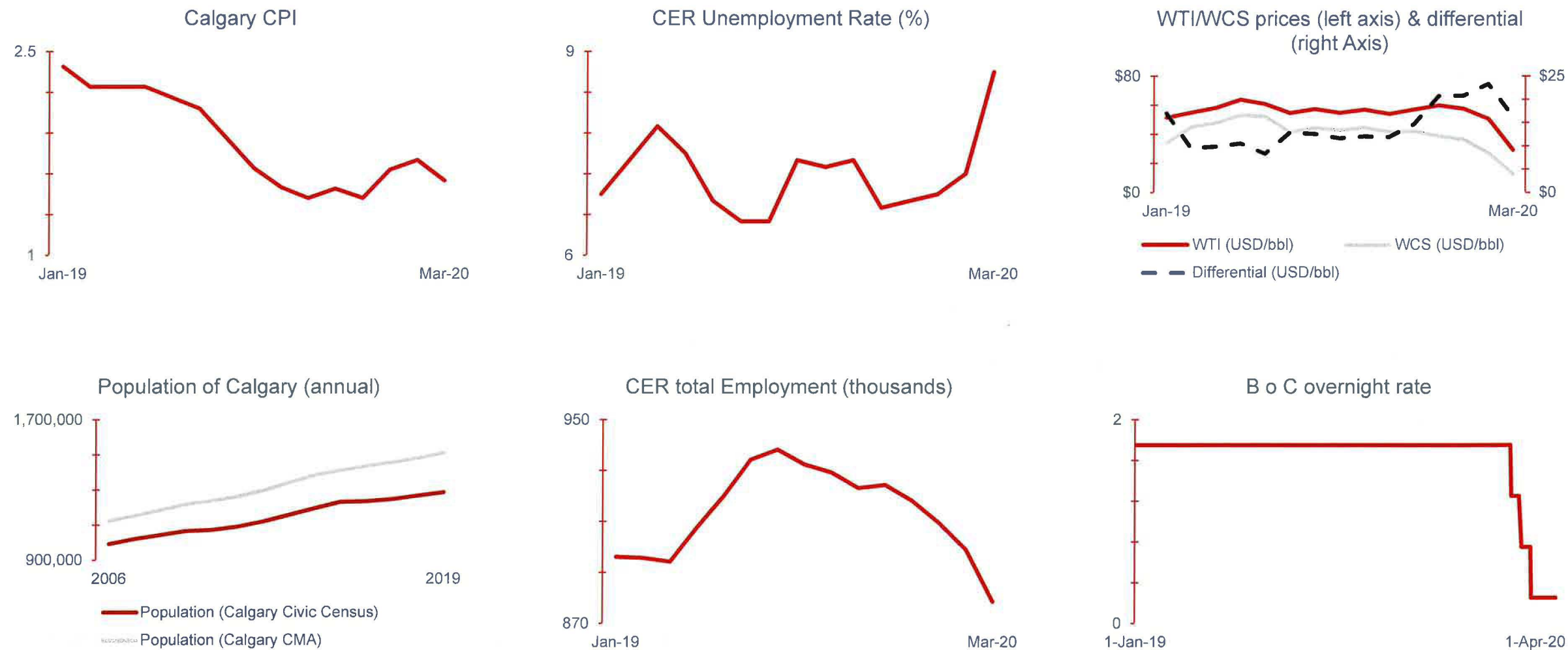


Health and wellness indicators

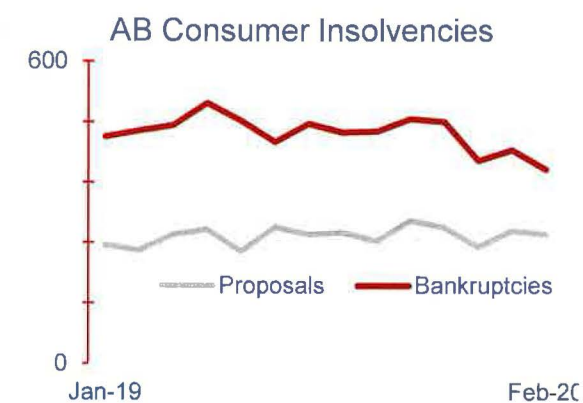
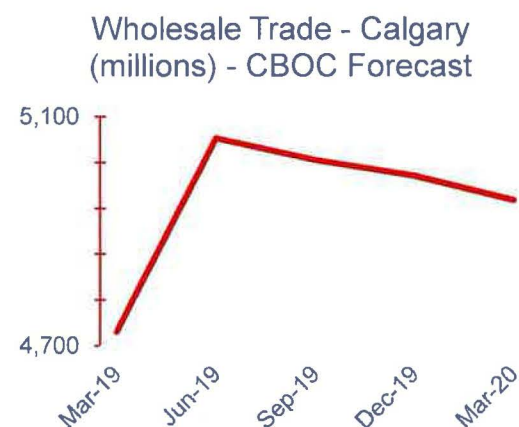
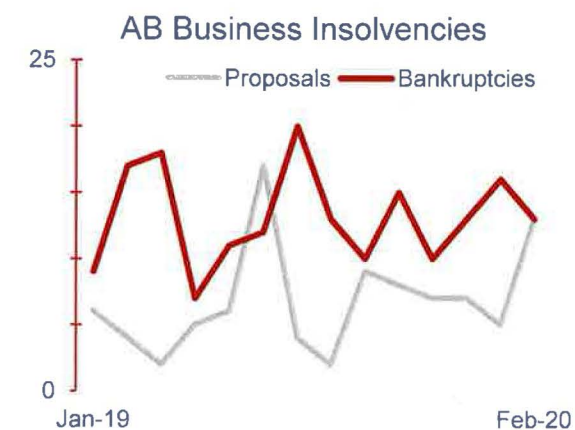
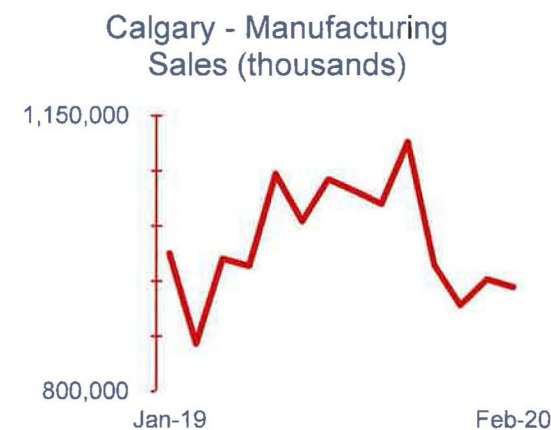


Environmental indicators

Economic, financial and business indicators



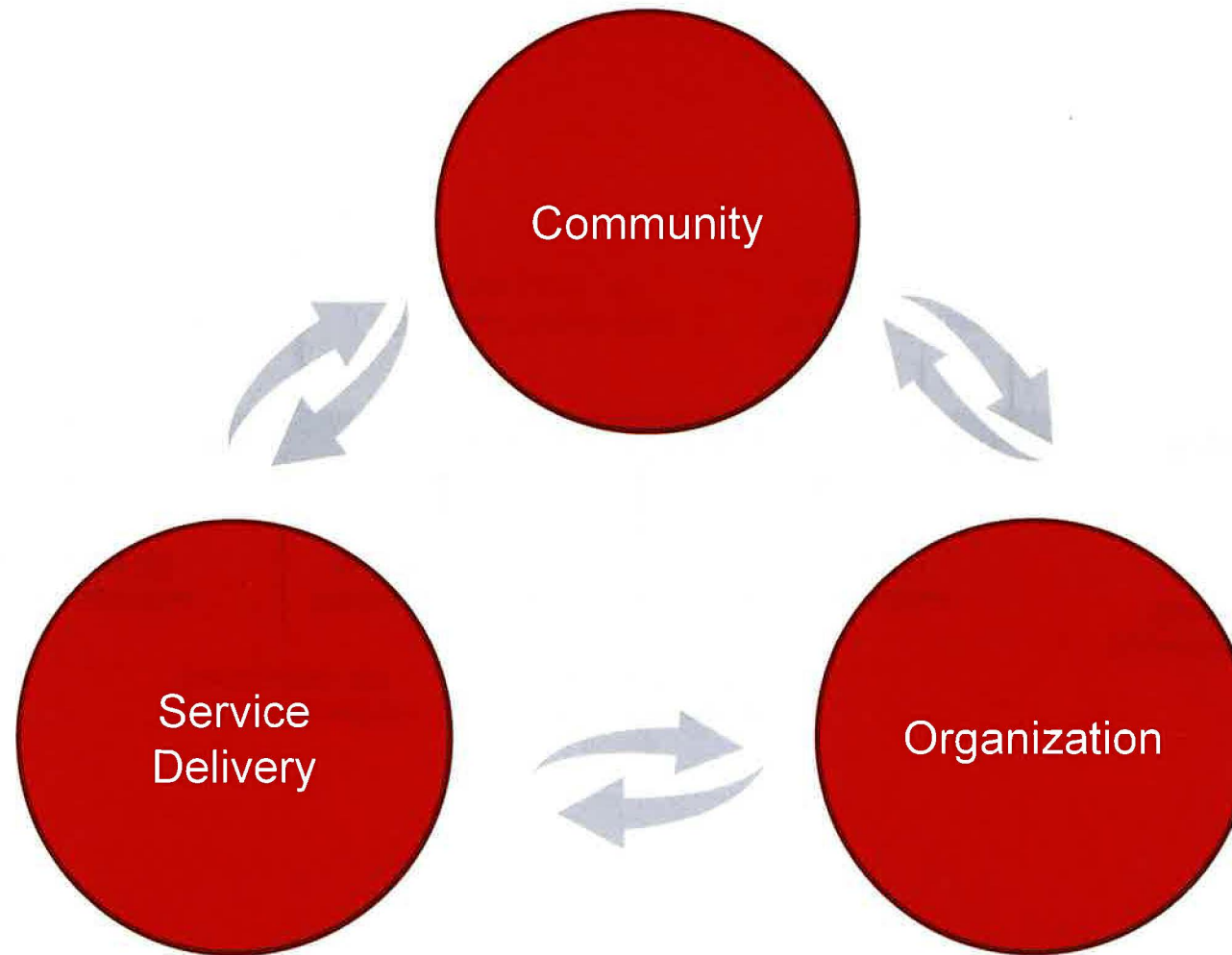
Economic, financial and business indicators



Corporate research and the COVID-19 pandemic



Risk management approach



Financial goals & strategies

Services and Infrastructure for Citizens

Financial Sustainability & Resilience

Flexibility

Efficiency

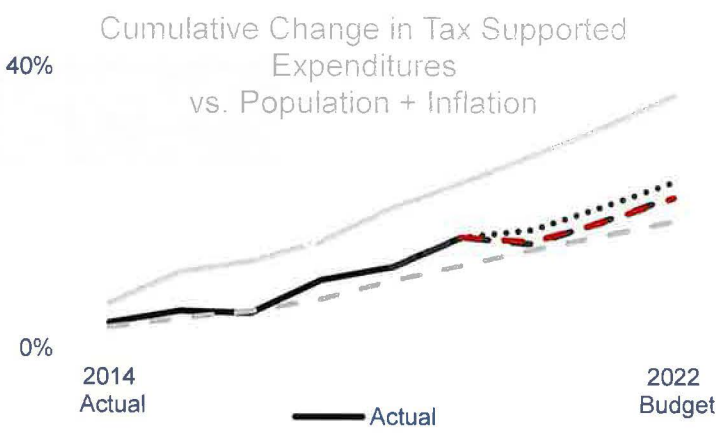
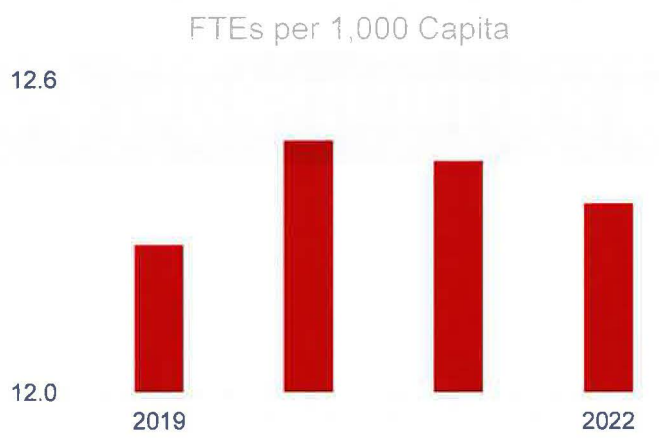
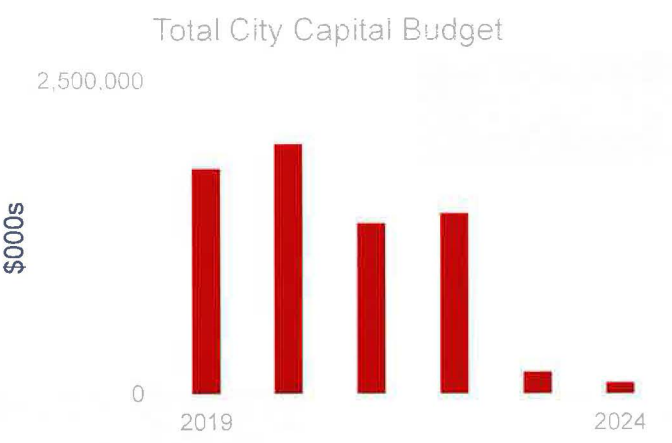
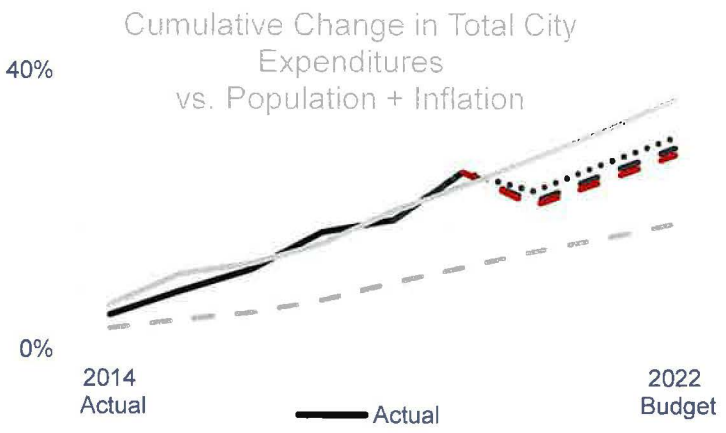
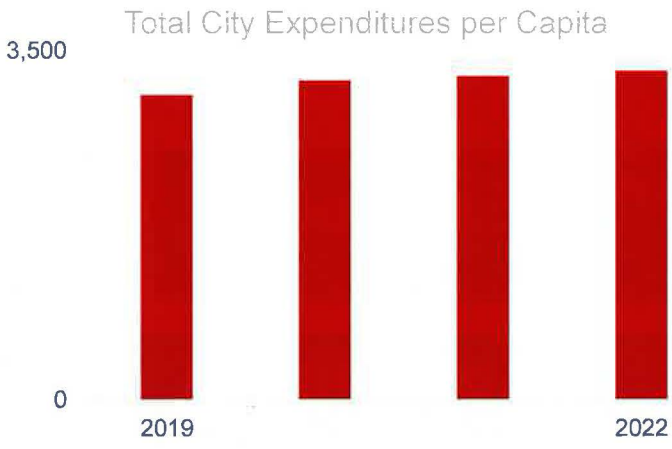
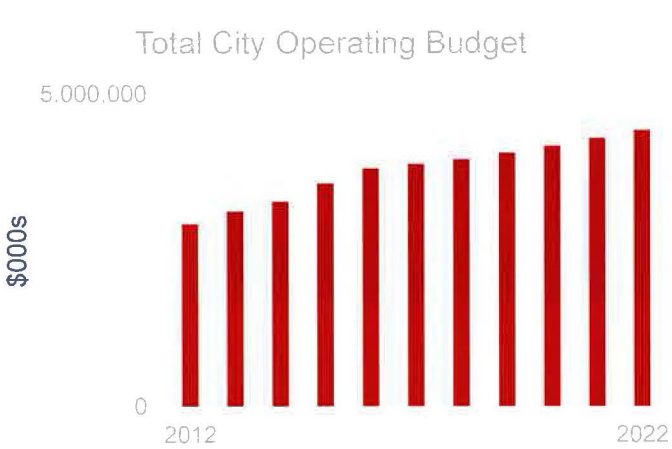
Sufficiency

Risk
Management

Credibility

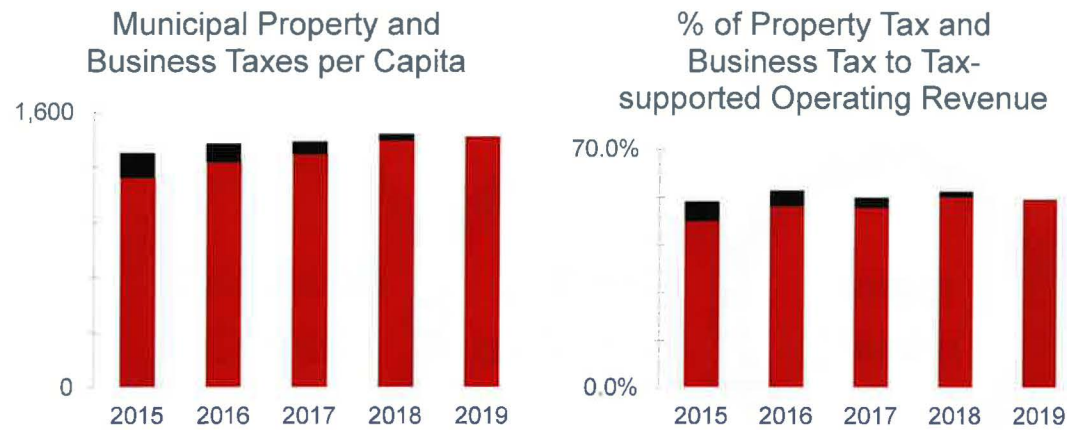
Performance measures

Efficiency

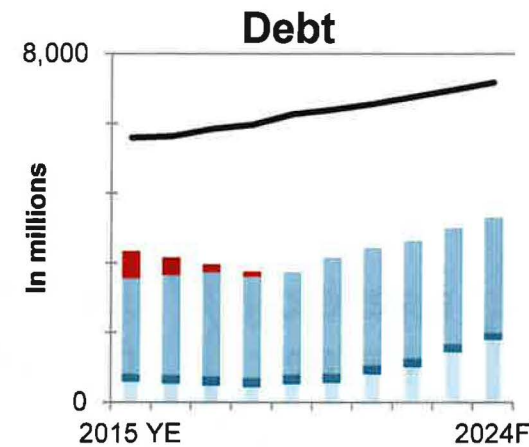


Performance measures

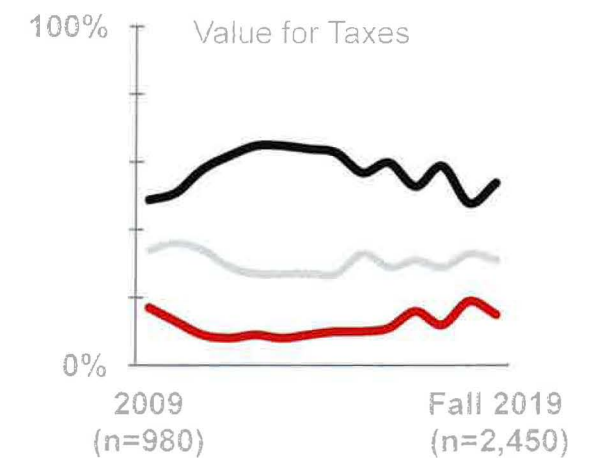
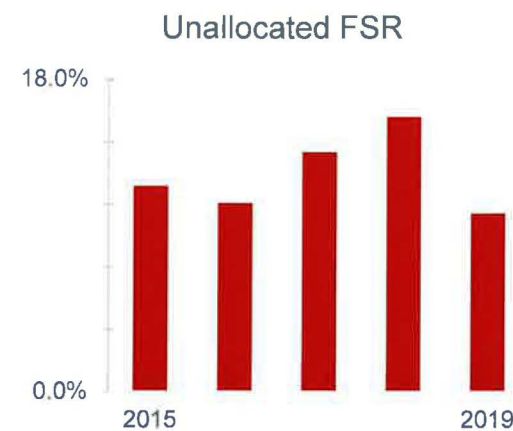
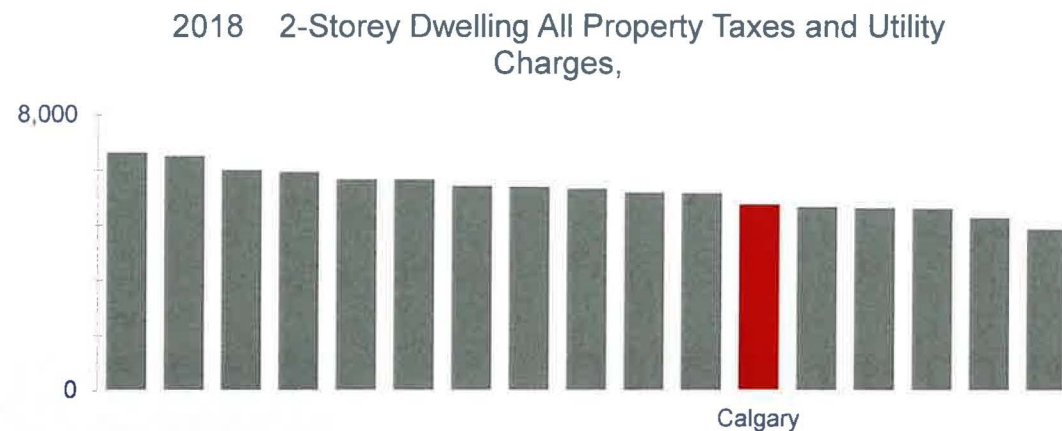
Sufficiency



Risk Management



Credibility



Update on current COVID-19 impact



Impact of COVID-19 on demand

Demand



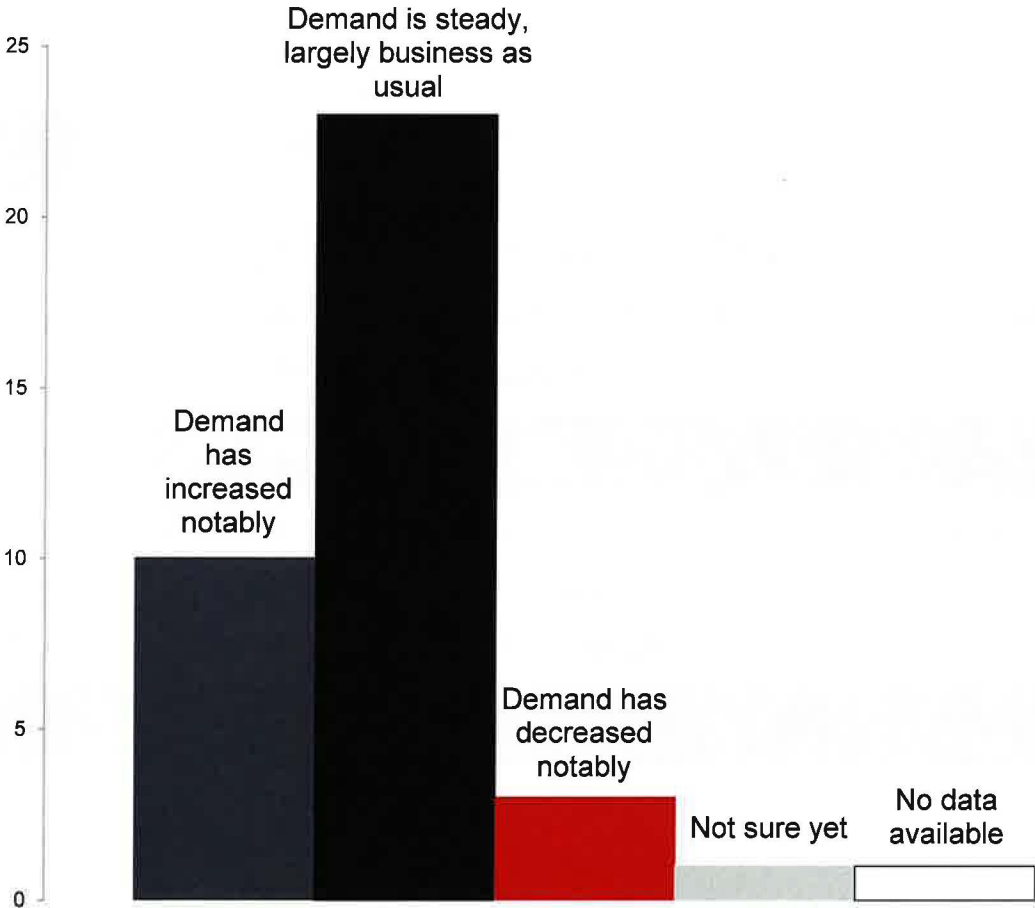
of Business Units

10

23

3

What impact have you seen on the current demand for your service?



As of 2020 April 29

Known service impacts due to COVID-19

Demand impacts	Doing more
<ul style="list-style-type: none"> Decreased ridership Transit and Special Transit No recreation participation, festivals, events Decreased development activity (industrial sales, development permits, developer contributions) Decreased consumption water & wastewater Decreased waste to Waste Management Fac. Decreased parking 	<ul style="list-style-type: none"> COVID response overtime IT solutions and support Communications and on-line engagement
Delays	Doing less
<ul style="list-style-type: none"> Planning policies Livery Transportation bylaw Establishing Indigenous Relations Office 	<ul style="list-style-type: none"> Cancel 2020 census Community cleanups postponed/cancelled Cancelled / postponed programs Delay in tribunal hearings Spay/Neuter program Scaled back taxation collection activity

Current service impacts

- Severe Impacts**

Recreation

- Facilities closed until further notice
- 668,000 missed visits to date from cancelled bookings and registered programs

Transit

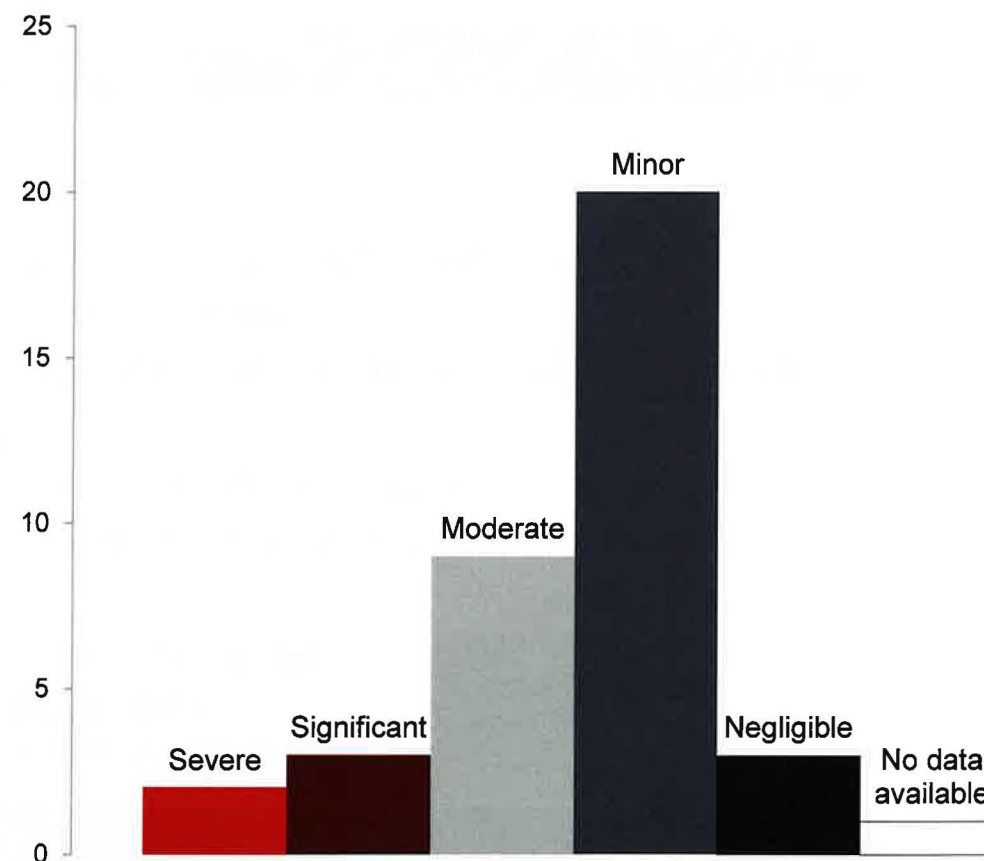
- 90% reduction in C-Train ridership
- 80% reduction in key bus route and MAX ridership
- 90% reduction in Calgary Transit Access trips

- **Significant Impact – increased demand**
Calgary Emergency Management Agency

Law

Supply Management

Impact on Service by Business Unit



As of 2020 April 29



Preliminary financial impacts: March 12 - April 19

	\$ millions	
Revenue	(21.5)	<ul style="list-style-type: none"> • Closure of recreation facilities • Loss in transit revenue • Reduction in permit revenue
Incremental Expenses	(10.7)	<ul style="list-style-type: none"> • Overtime • Layoffs in Recreation and Calgary Neighbourhoods • IT equipment and pandemic supplies • Facility cleaning
Savings	4.7	<ul style="list-style-type: none"> • Reduction in Calgary Transit Access trips provided by contracted service providers • On call Recreation staff not reporting to work
Total	(27.5)	

	\$ millions	
Incremental Productivity Lost/ Redirected	(12.9)	<ul style="list-style-type: none"> • S&A related to COVID event • Pay Continuity • Redirected staff (COVID response)

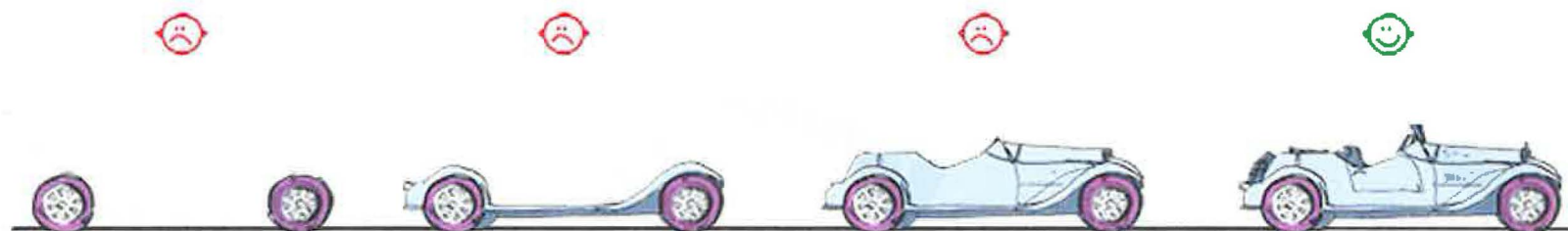
Note: Police impacts not included – will be reported monthly following approval from Police Commission.

We have a robust planning approach



A dynamic environment requires an agile, value-driven approach to planning

Not like this...



Instead like this!



Our initial forecasts will become more refined over time

Today's presentation

1 Initial Forecast

Initial process gathered data for preliminary scenarios



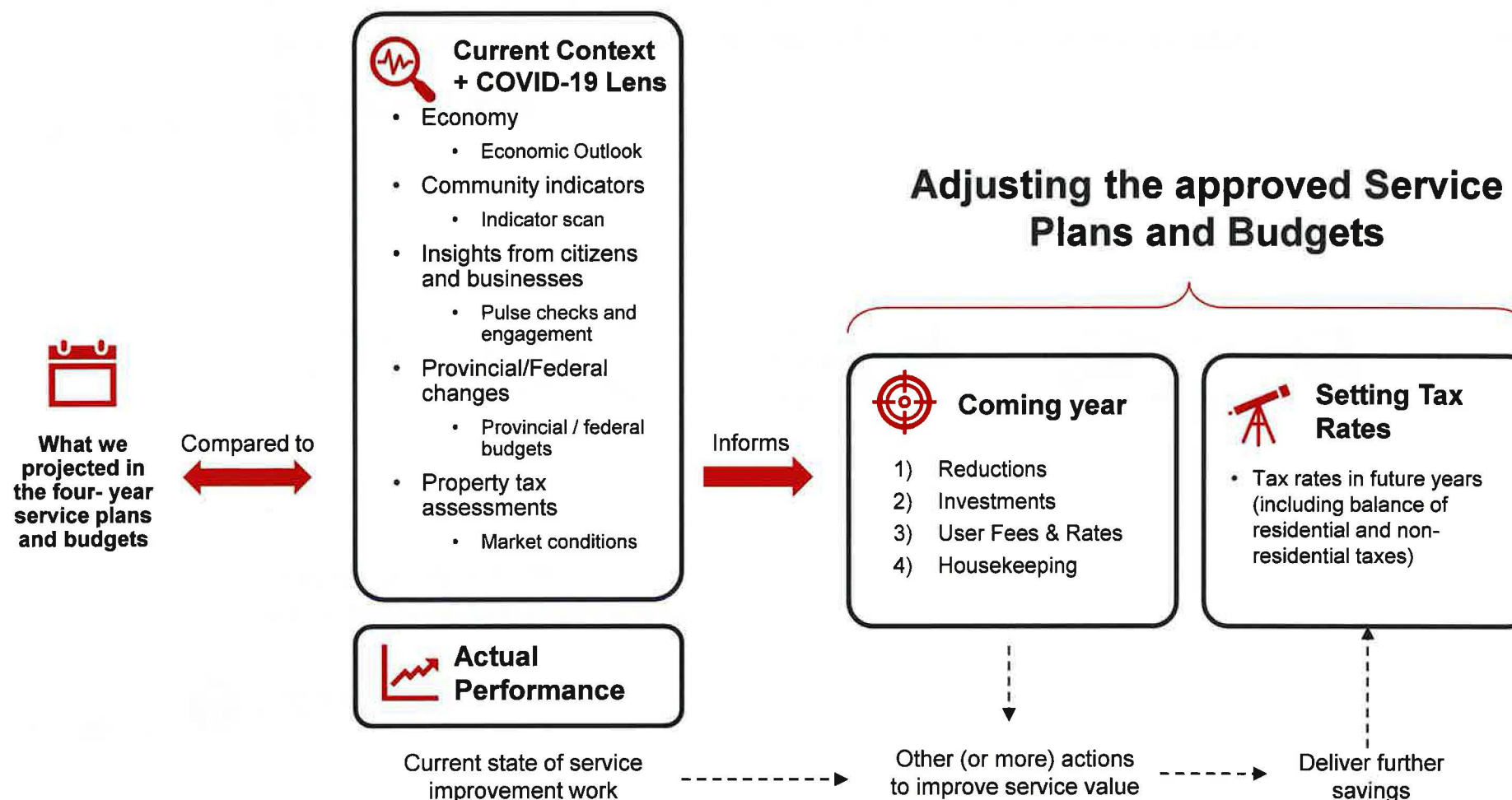
Next steps

2 Refinement

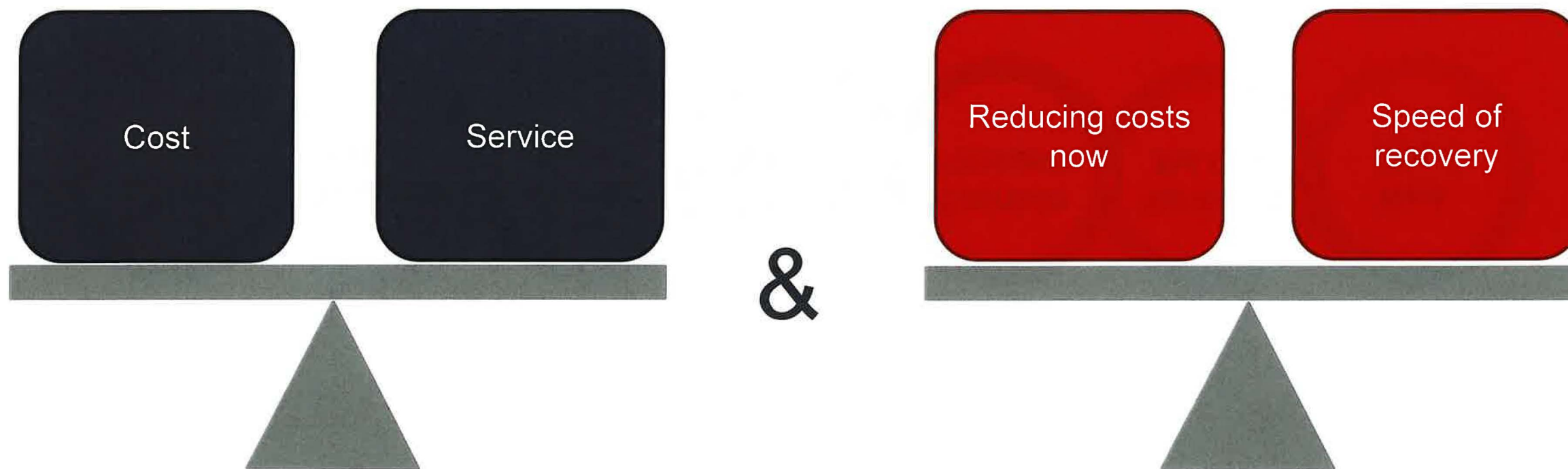
Define fuller scenarios and develop planning assumptions based on each
Ongoing process to refine the initial data and align it to the scenarios

- For 2020
- For the Mid-Cycle Adjustment (2021+)

We will fit the elements of the adjustments process around the emergency response



Striking the right balance



Scenario forecasts



Initial scenario forecasts - Method

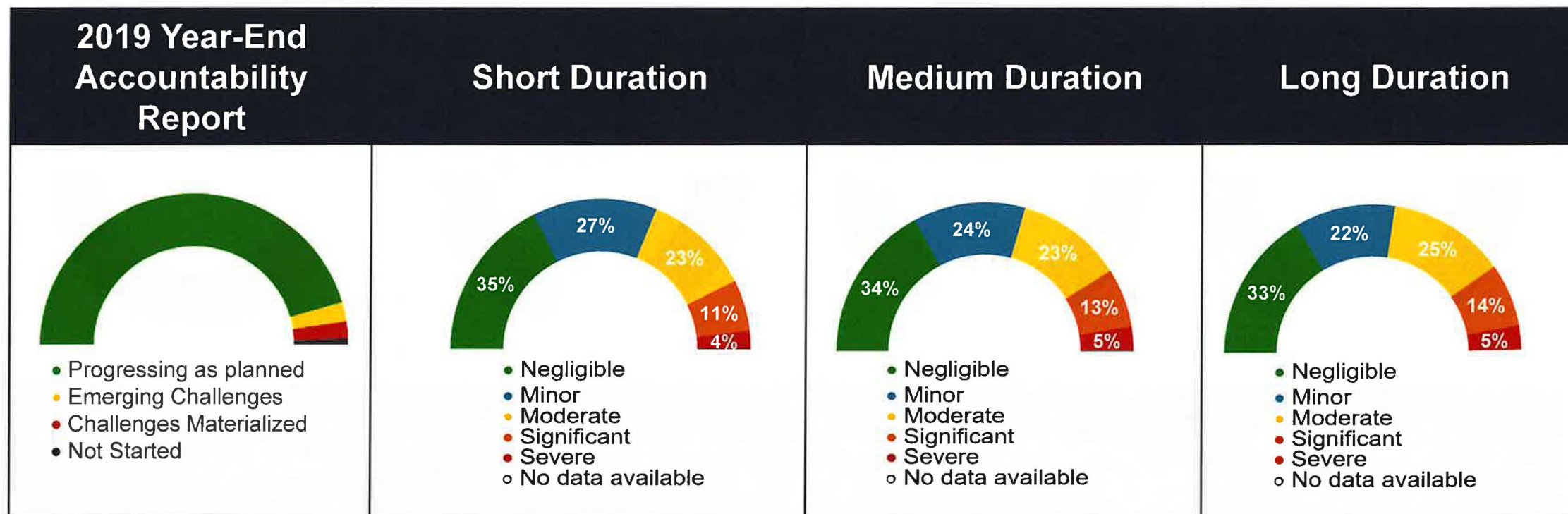
- Corporate-wide exercise
 - Civic partners excluded
 - Police have not yet been contacted
- Services:
 - **Projected the impacts to their service & finances by year-end 2020 (gap)**
 - Developed options for temporary COVID changes (narrowing the gap)
- Assumptions if current situation last until:
 - a) Short Duration: 2020 June 30
 - b) Medium Duration: 2020 September 30
 - c) Long Duration: 2020 December 31
- Significant assumptions due to scope of uncertainty

Duration = duration of current state

Key assumptions of scenarios

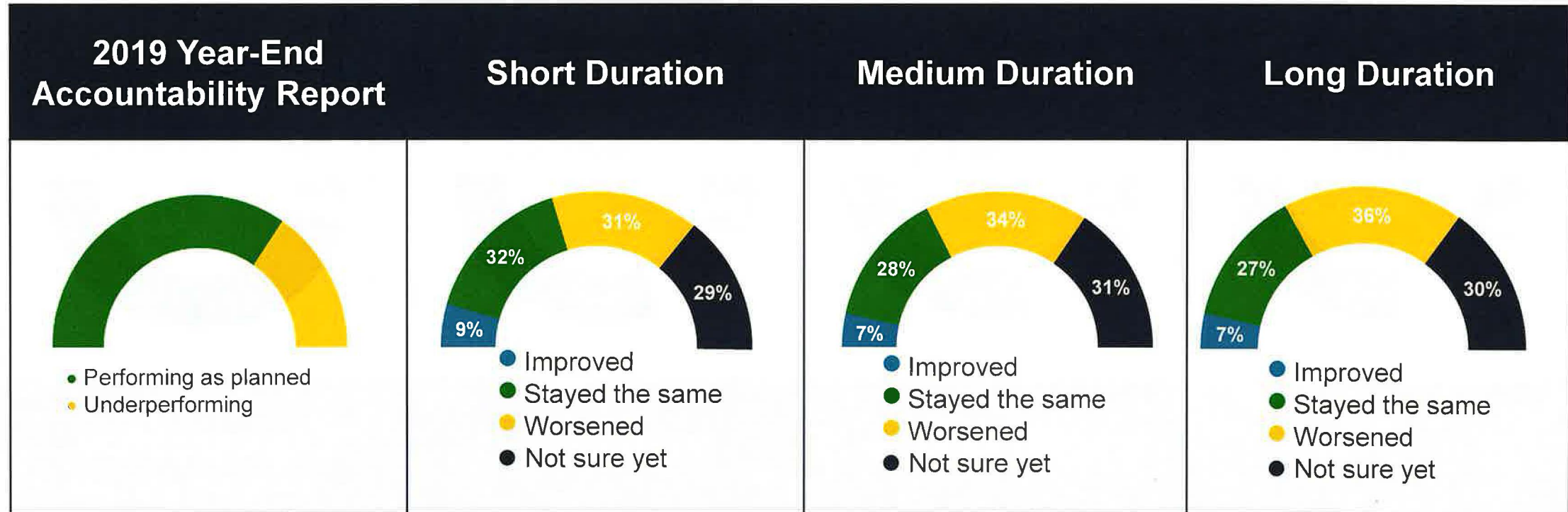
- Current local state of emergency and Alberta Health Service (AHS) public health orders
 - Staff and public safety, social isolation, and gatherings
- CEMA definitions of Essential services are in place
- Supply chain remains disrupted
- Impacts to capital investments (construction, job sites, access to materials and contractors) remain at the current level
- Tax revenue aligns with 2020 Adjustments
- Current revenue trends hold, unless more refined assumptions on user fee and rate revenue available.
- Current expenditure trends hold, unless more refined expenditure projections based on your service's circumstances.
- No new sources of funding (either operating or capital) is available from the Federal or Provincial government.
- Performance expectations for your future projections may not align with prior Council approvals.

Forecast strategy impact



Duration = duration of current state

Forecast performance impact



Duration = duration of current state



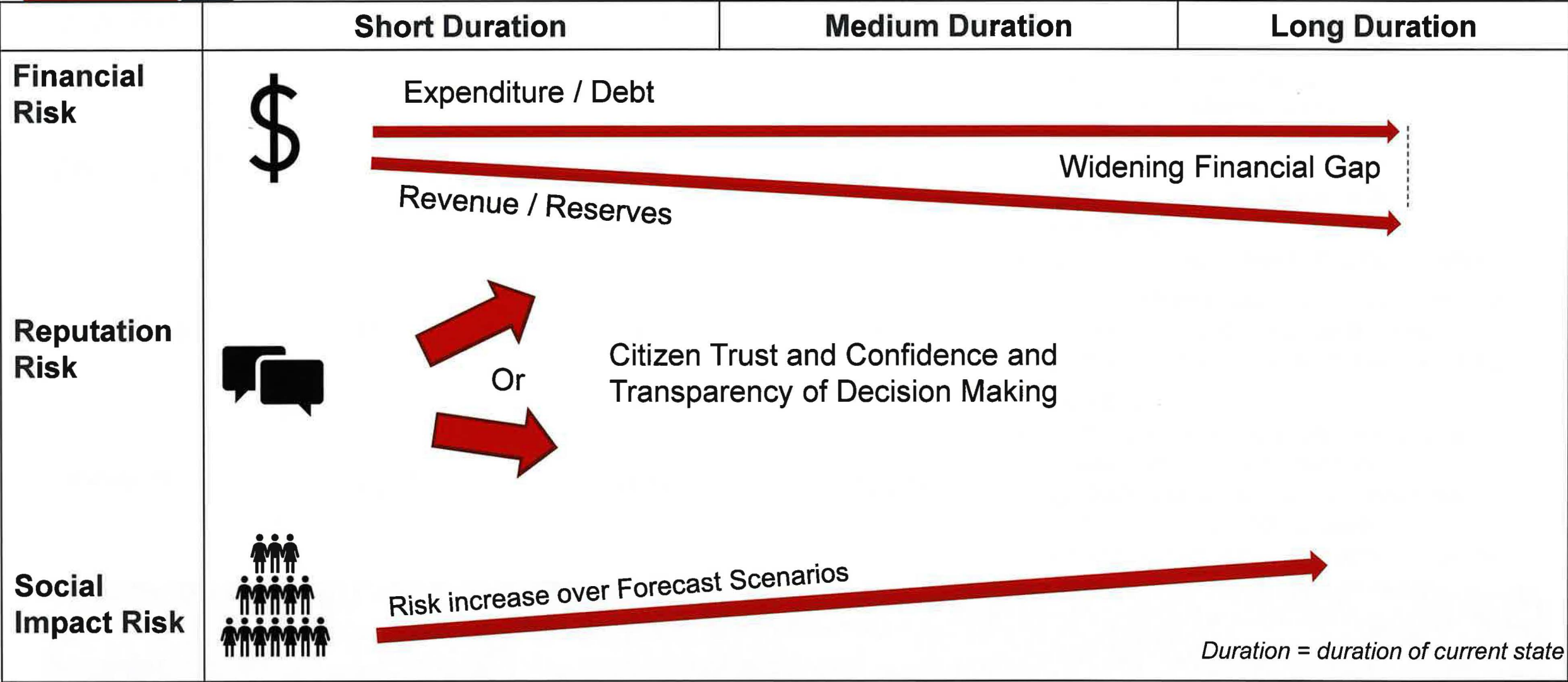
Projected 2020 gap

Account Category	Short Duration \$ millions	Medium Duration \$ millions	Long Duration \$ millions	Explanations
Revenue	(184)	(243)	(296)	<ul style="list-style-type: none"> • Loss of transit revenue (reduced ridership) • Closure of recreation facilities • Decrease in water consumption from temporary business closures • Lower franchise fees from water utility services
Recoveries	(2)	(3)	(4)	<ul style="list-style-type: none"> • Lower demand for internal services such as waste management as a result of vacancies and reduced building capacity
Expenditures	41	57	65	<ul style="list-style-type: none"> • Temporary and part-time staff lay-offs in recreation • Seasonal staff reductions in parks • Vacancy savings from intentionally managing the workforce • Offset by increased overtime and supply costs associated with COVID-19
Total gap	(145)	(189)	(235)	

Note: \$ estimates rounded to the nearest million.

Duration = duration of current state

Forecast changes in risk



- Business Continuity risk is impacted by temporarily not providing certain services and reducing others
- Health and Safety was mentioned often either in relation to the public or employees
- Political and Economic risks are under additional pressure due to the COVID-19 response and require close monitoring

Temporary COVID changes – Risk trade-offs

Principal Corporate Risk	We're reducing the impact of this risk by...	We're taking on risk in this area to...
Financial	<ul style="list-style-type: none"> delaying or reducing expenditures and hiring 	<ul style="list-style-type: none"> ensure the continuation of essential services – we are taking on financial risk to lessen the impact to citizens
Social Impact	<ul style="list-style-type: none"> reducing the impact of emergency measures on people experiencing vulnerability 	<ul style="list-style-type: none"> ensure social distancing – we are taking on risk which may strain efforts to offer support to citizens in need
Health and Safety	<ul style="list-style-type: none"> reducing the spread of COVID-19 and ensuring staff and citizens are safe 	<ul style="list-style-type: none"> ensure physical health – we are taking on risk which may present as a strain on efforts to improve psychological safety and wellness initiatives for city staff
Talent Management and Workforce Planning Risk	<ul style="list-style-type: none"> avoiding direct impacts to staff whenever possible. 	<ul style="list-style-type: none"> ensure we are supporting staff changes – we are taking on risk by offering less professional development, training, and support for staff
Business Continuity	<ul style="list-style-type: none"> reducing risk to essential services and priority work. 	<ul style="list-style-type: none"> ensure critical and priority work is maintained – we are taking some operations and process risk in delays and service reductions.

Trade offs become more exaggerated with longer duration of event

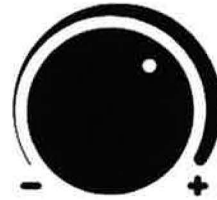
Narrowing the gap



Tactics to narrow the gap



Service reductions and/or service increases



Efficiencies



Unfilled vacancies



Use of reserves



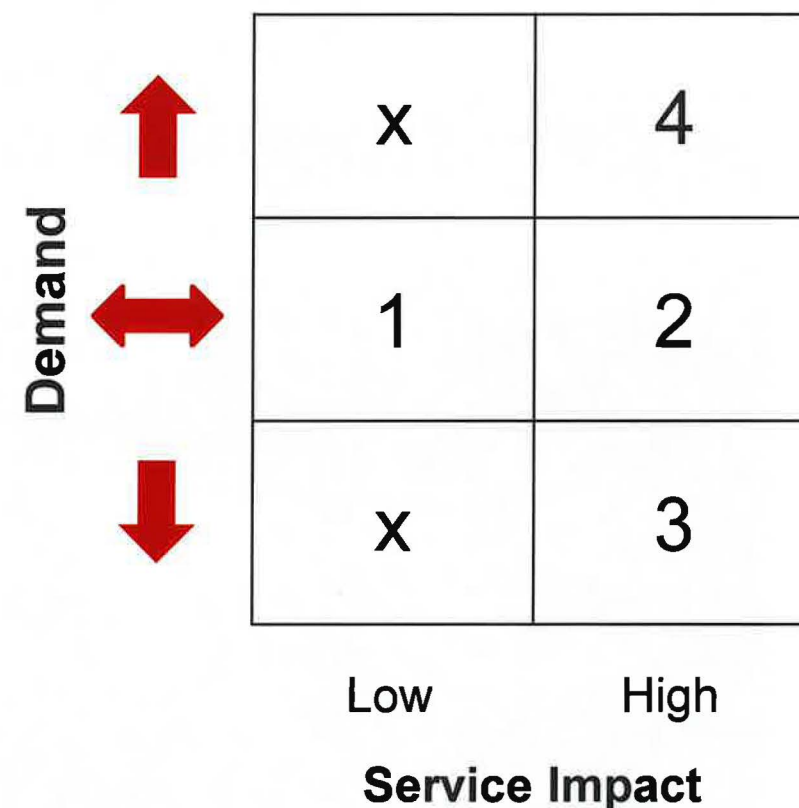
Capital changes

Workforce

- Treat employees with dignity and respect while balancing employer/employee interests
- Intentional workforce management and adjustment
- Extensive support for employees:
 - Mental Health
 - Regular communications (e.g. weekly townhalls, COVID FAQ's)
 - Safety
- Anticipating recovery

Temporary COVID change stories

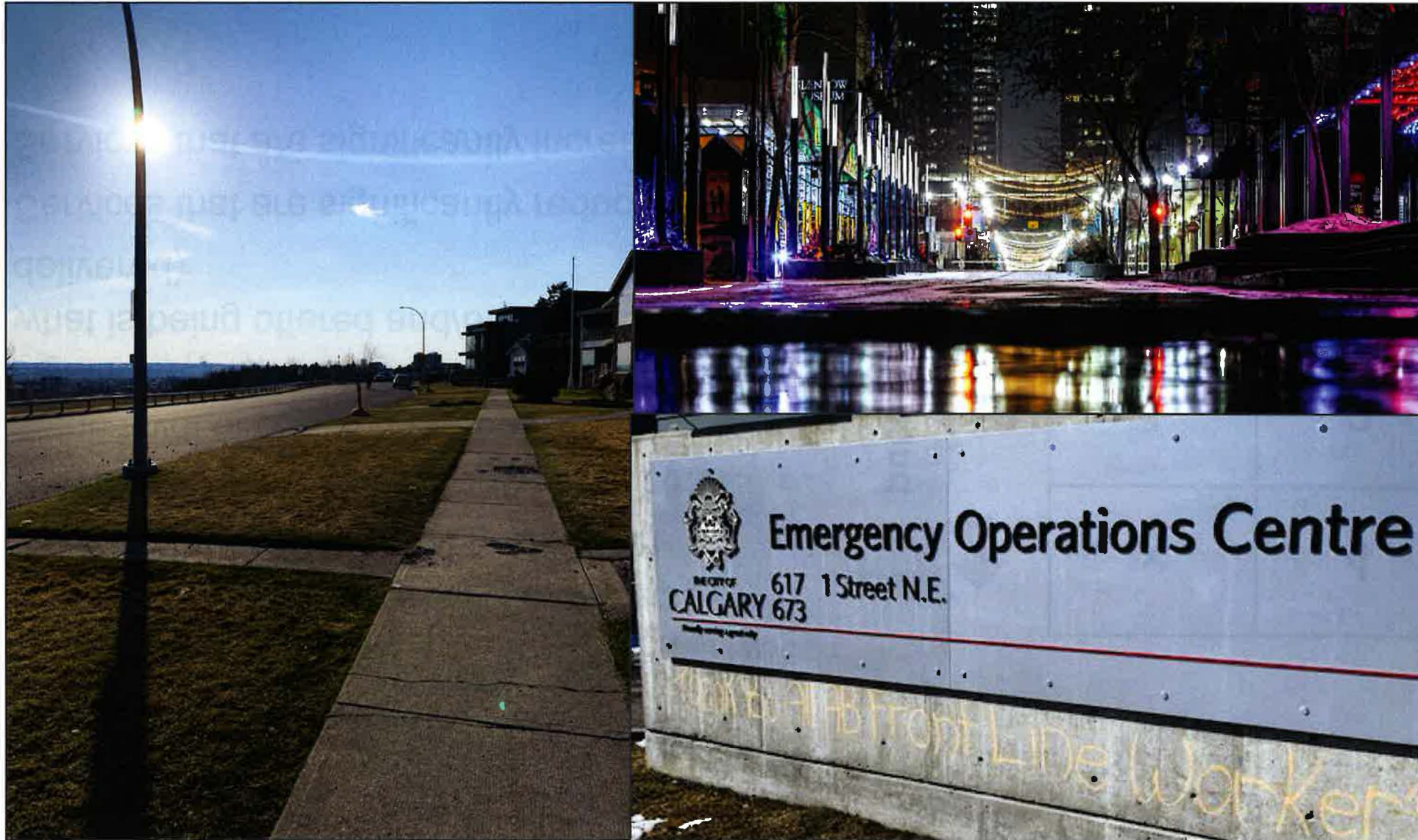
1. Services that are not greatly impacted by COVID and are important to maintain
2. Services that are continuing at about the same level of demand but operating significantly differently (due to changes in what is being offered and/or how it is being delivered)
3. Services that are significantly reduced
4. Services that are significantly increased



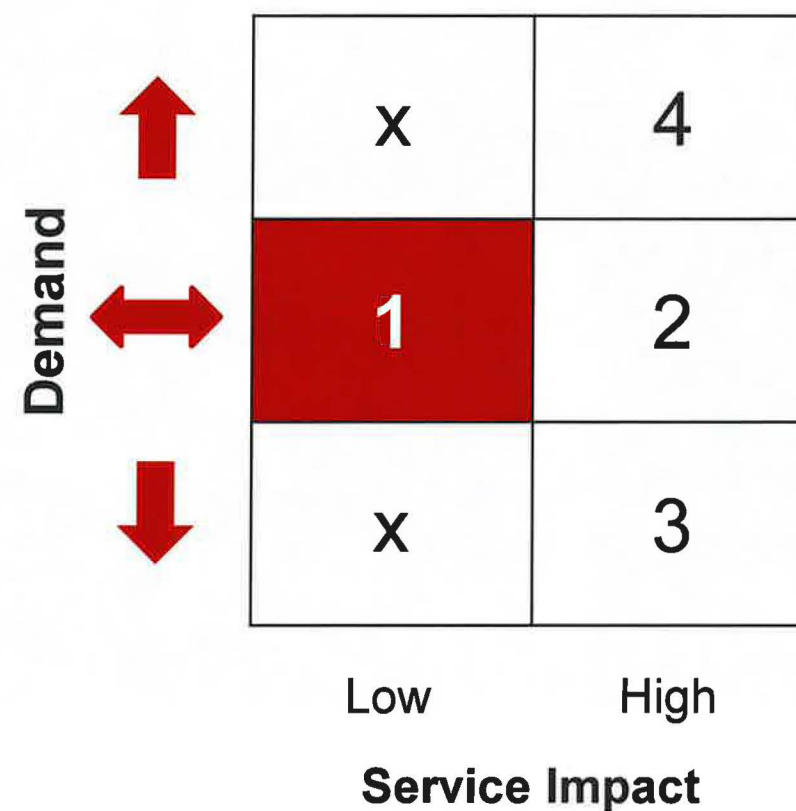
Note:

Civic partners were excluded and Police have not yet been contacted

Calgary Emergency Management Agency (CEMA)

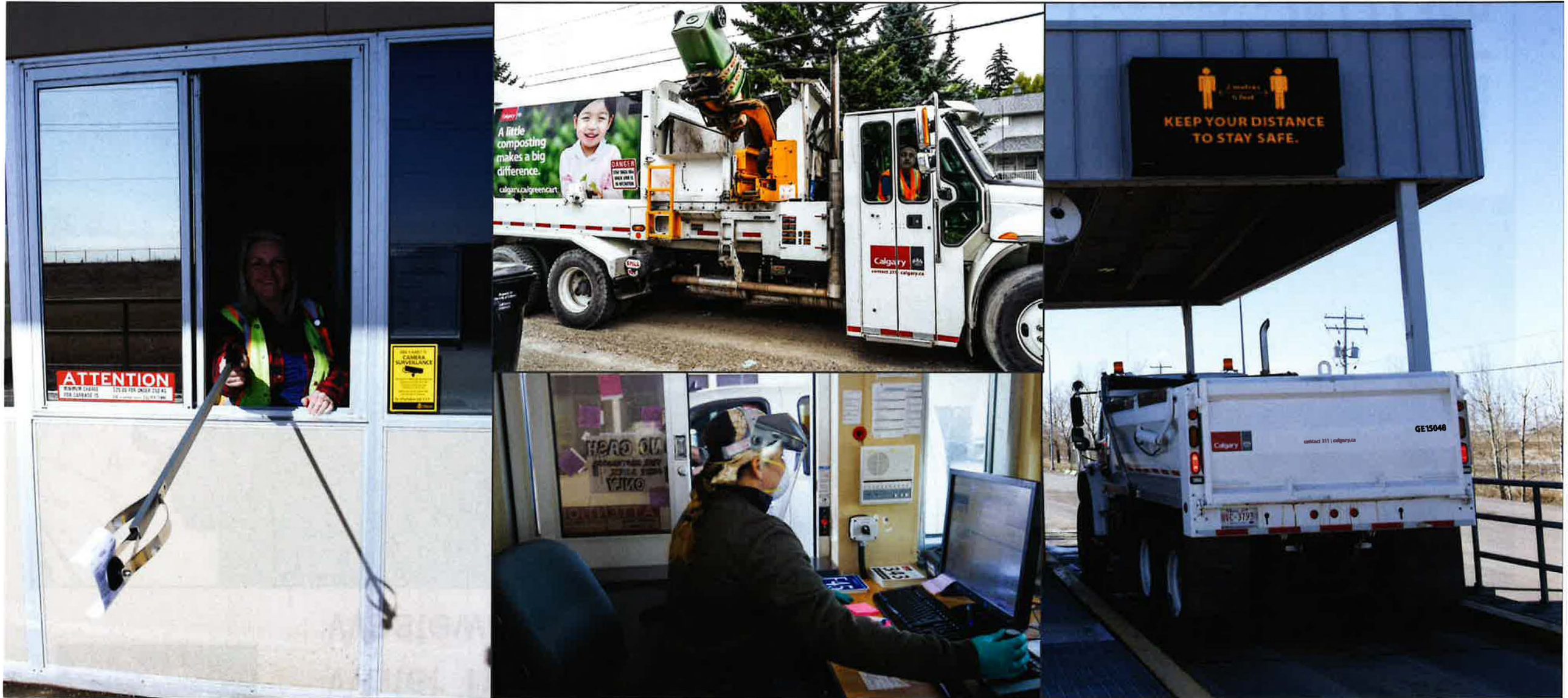


1. Services that are not greatly impacted by COVID and are important to maintain





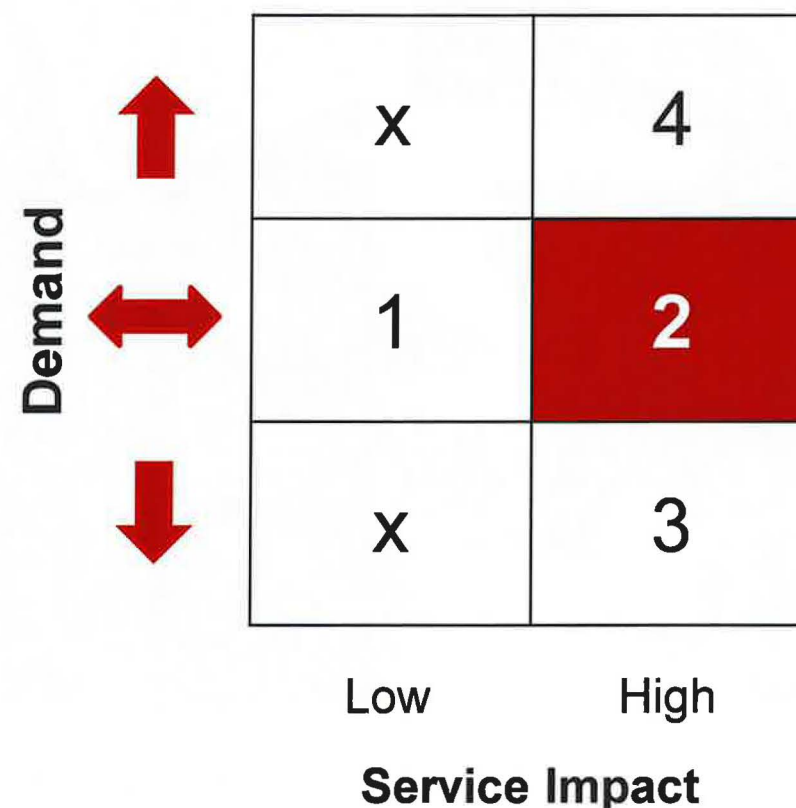
Waste & Recycling



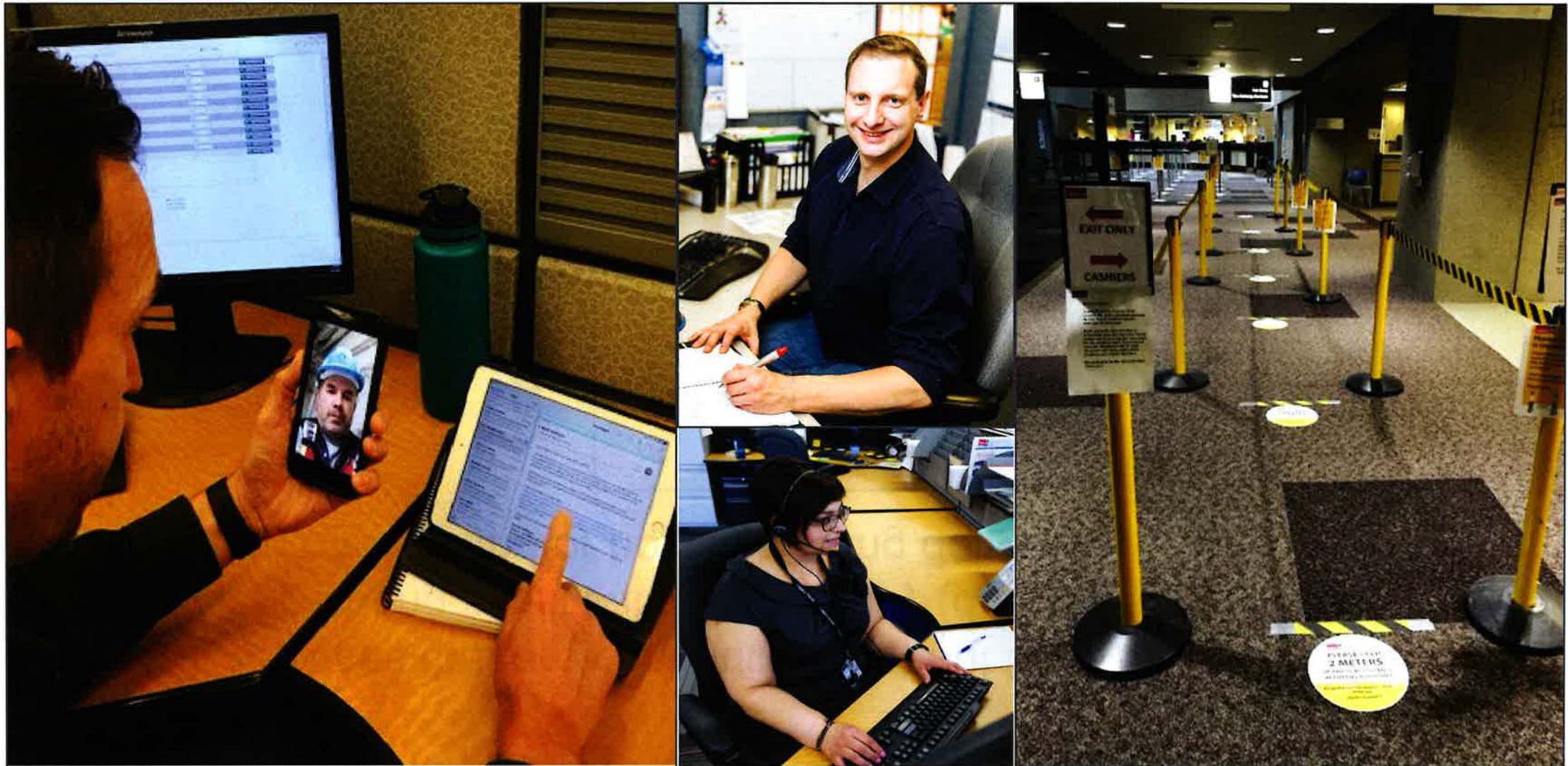
Water Treatment & Supply Wastewater Collection & Treatment



2. Services that are continuing at about the same level of demand but operating significantly differently (due to changes in what is being offered and/or how it is being delivered)



Building Safety & Development Approvals (Planning & Development Services)



Sidewalks & Pathways, Streets, Parking, Parks & Open Spaces, Bylaw

Automated
Push Buttons

**DO NOT PUSH
THE BUTTON**
PEDESTRIAN
CROSSING NOW
AUTOMATED

PLEASE
WAIT FOR WALK
SIGNAL BEFORE
CROSSING



Direction of Travel



One-Way Stairs



Distancing for
Parks/CPA

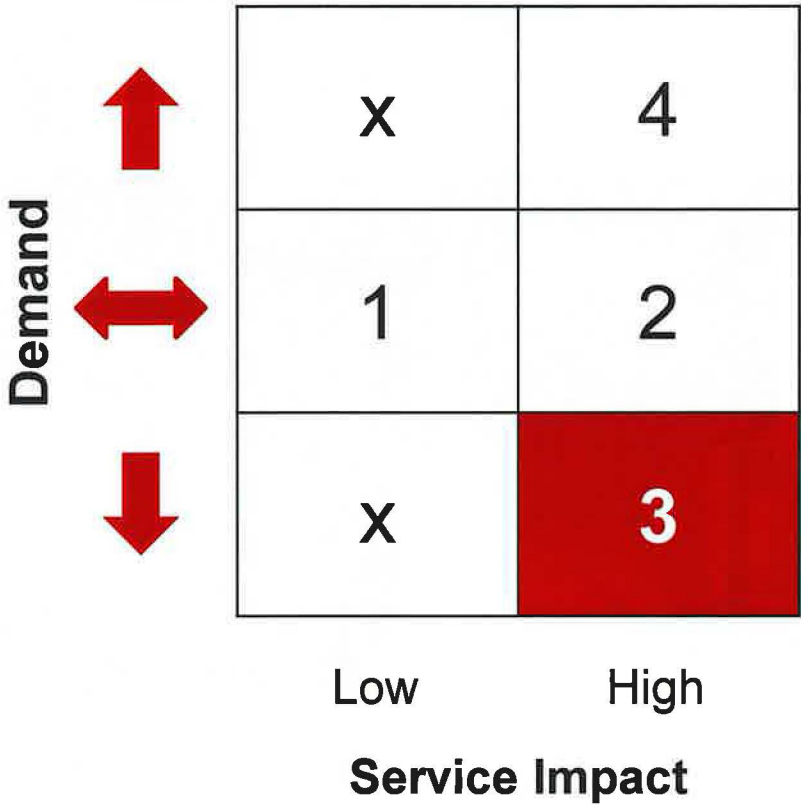


Help us make a clean
sweep. We're all in
this together.

calgary.ca/sweep



3. Services that are significantly reduced



Recreation Opportunities

Calgary

Athletic Park Closed

To help limit the spread of COVID-19, this athletic park has been closed until further notice.



Please visit calgary.ca/covid19 for more information.

Gymnasium


Gym is
CLOSED
until further notice

MULTI-PURPOSE ROOM CLOSURE

As a result of the measures put in place to limit the amount of time Albertans are spending in large crowds and crowded space, this multi-purpose room will be closed effective immediately.

Thank you for your understanding and support.

NOTICE



Please do not enter this facility if you have a new or worse cough, shortness of breath or a fever over 100°F.

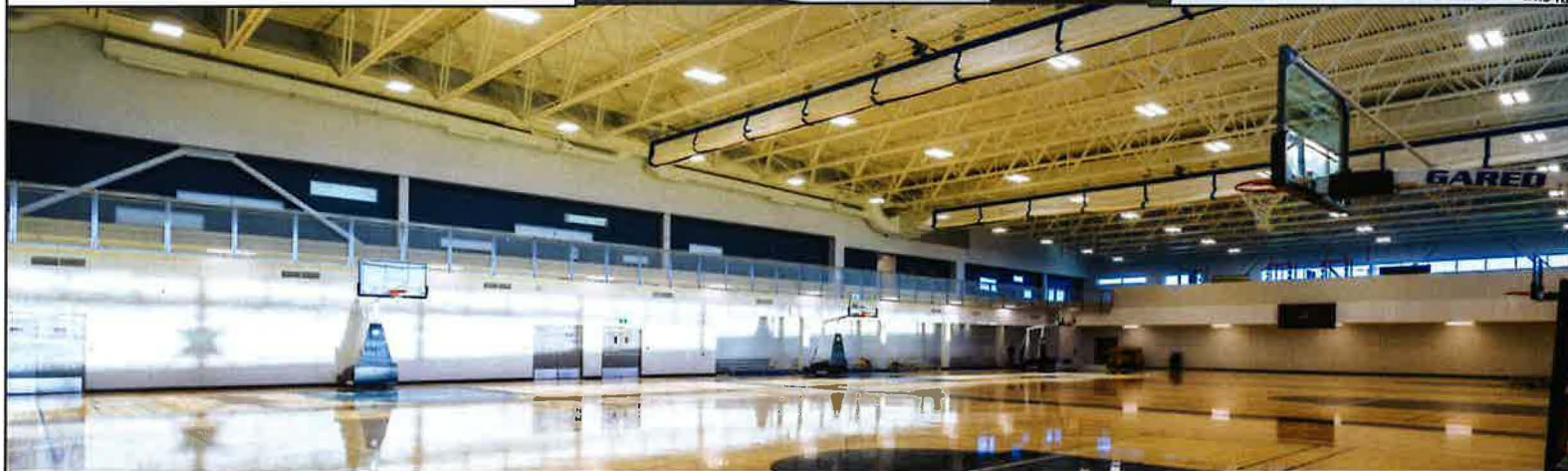
If you are exhibiting these flu-like symptoms, please remain at home until your symptoms resolve.

This recommendation is for your health and the health of City staff and patrons of this facility.

Calgary

Skatepark closed

To help limit the spread of COVID-19, this skatepark has been closed until further notice.

Calgary

COVID-19 Pandemic

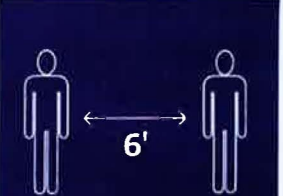
Keep Your Distance to Keep Safe

Social distancing means limiting the number of people you come into close contact with. It can help you reduce the risk of getting sick.

To protect yourself and others:

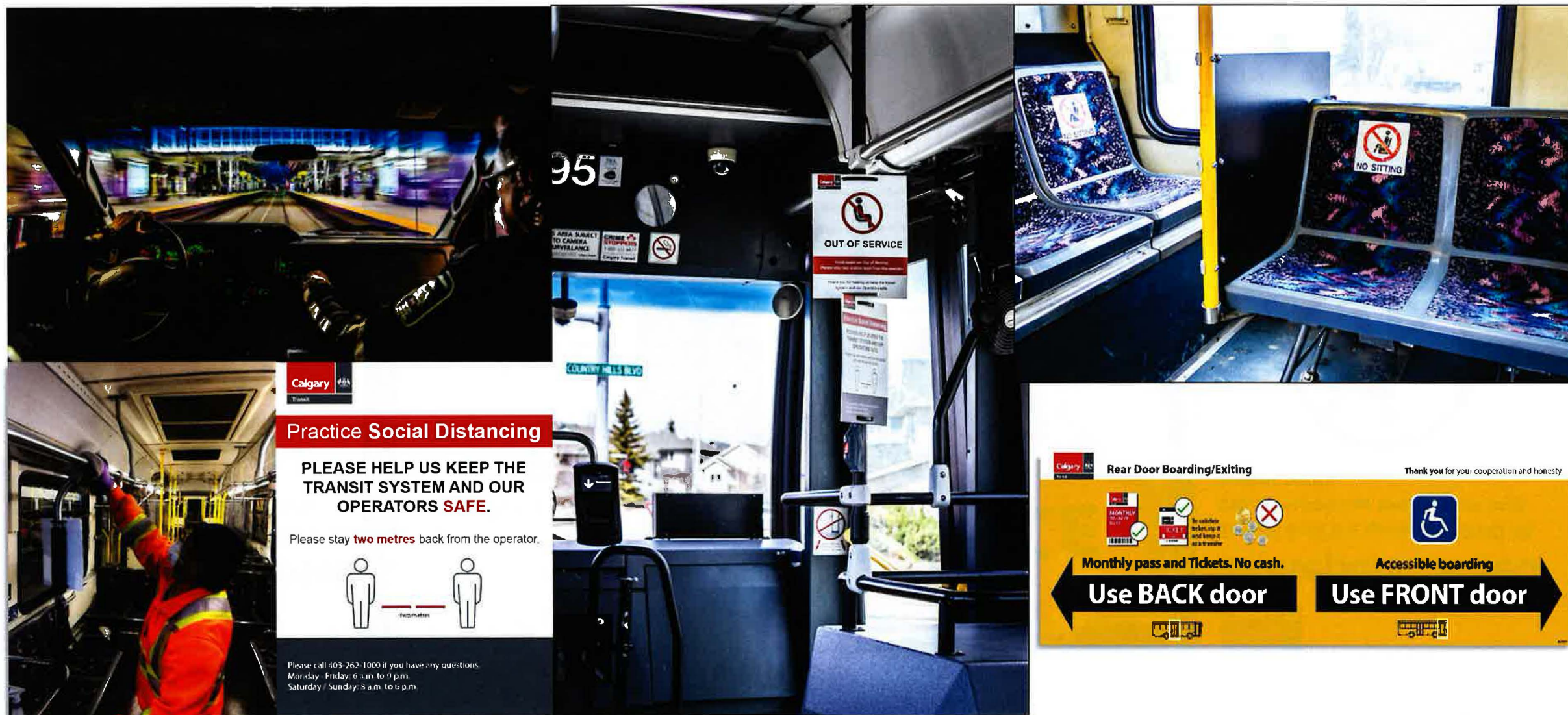
- Avoid close contact with other people.
- Keep at least 6 feet or 2 metres (the length of a bicycle) from others.
- Avoid grouping together.
- Wash or sanitize your hands after touching communal surfaces.

Stay Safe – Calgary Needs You



Avoid groups and crowds and maintain 6 feet of personal space.

Public Transit





Specialized Transit



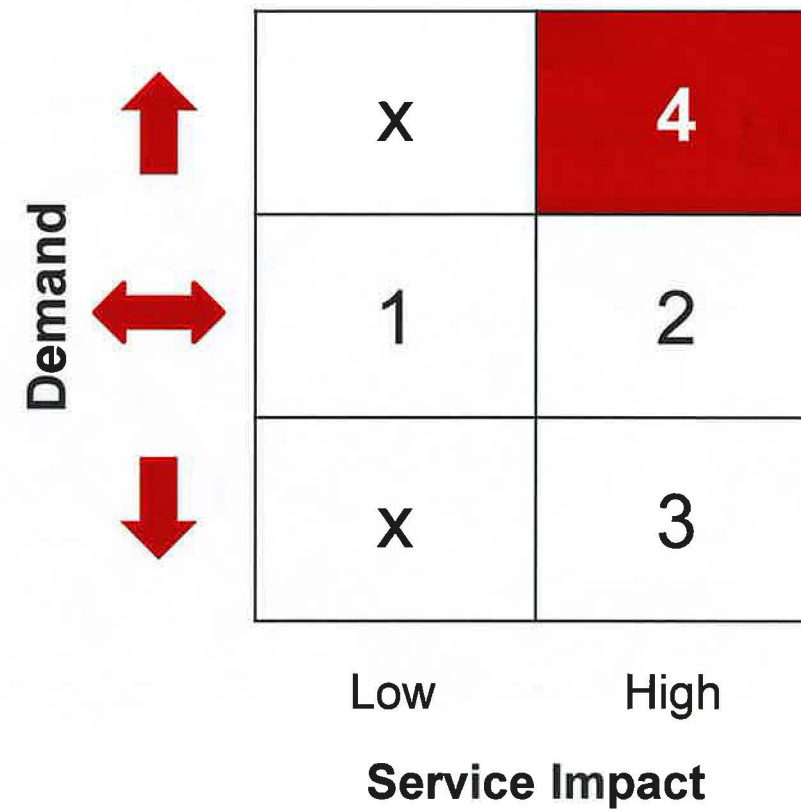
Safety For All



We're going contactless
so that together,
we are untouchable.

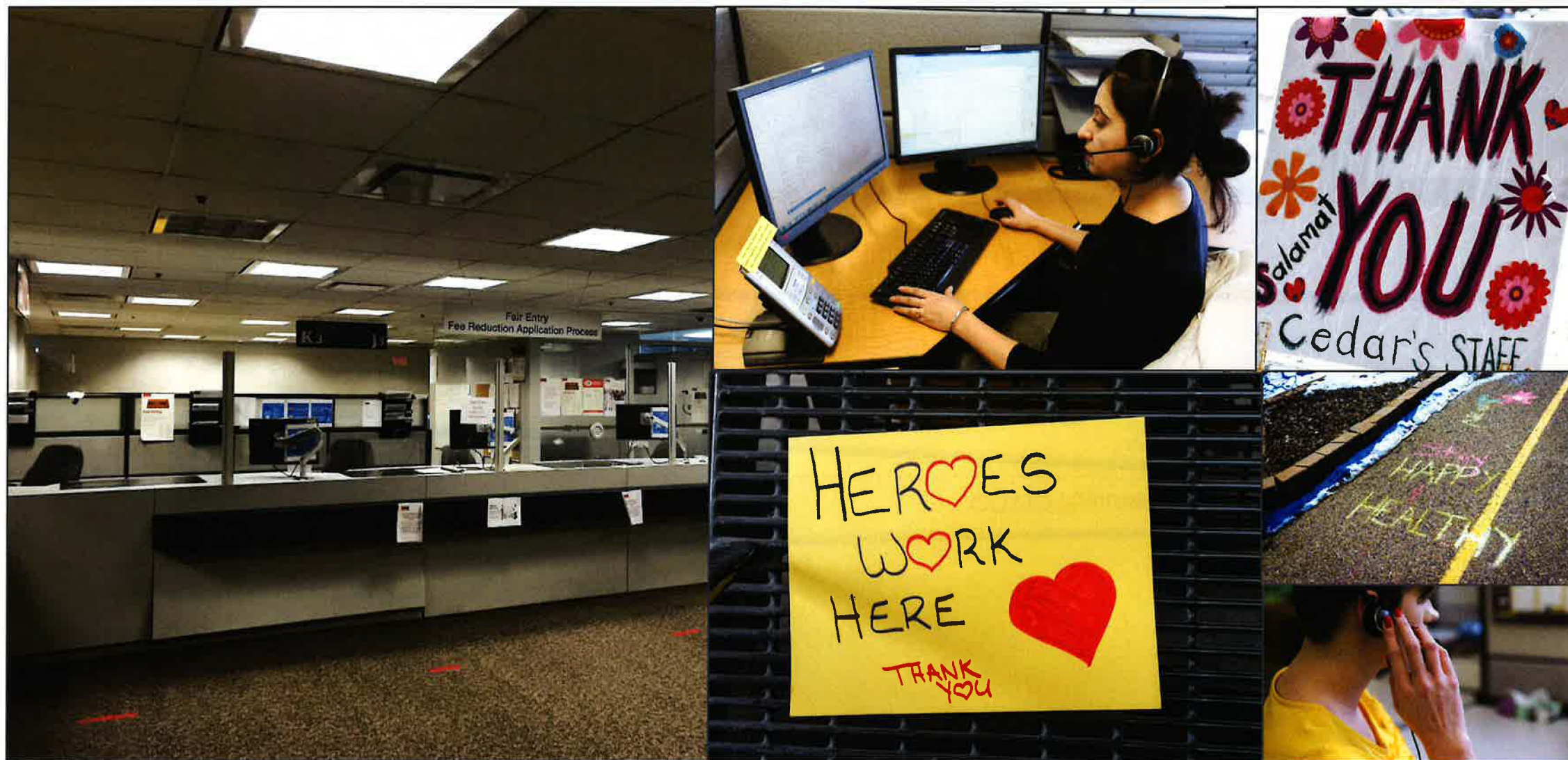


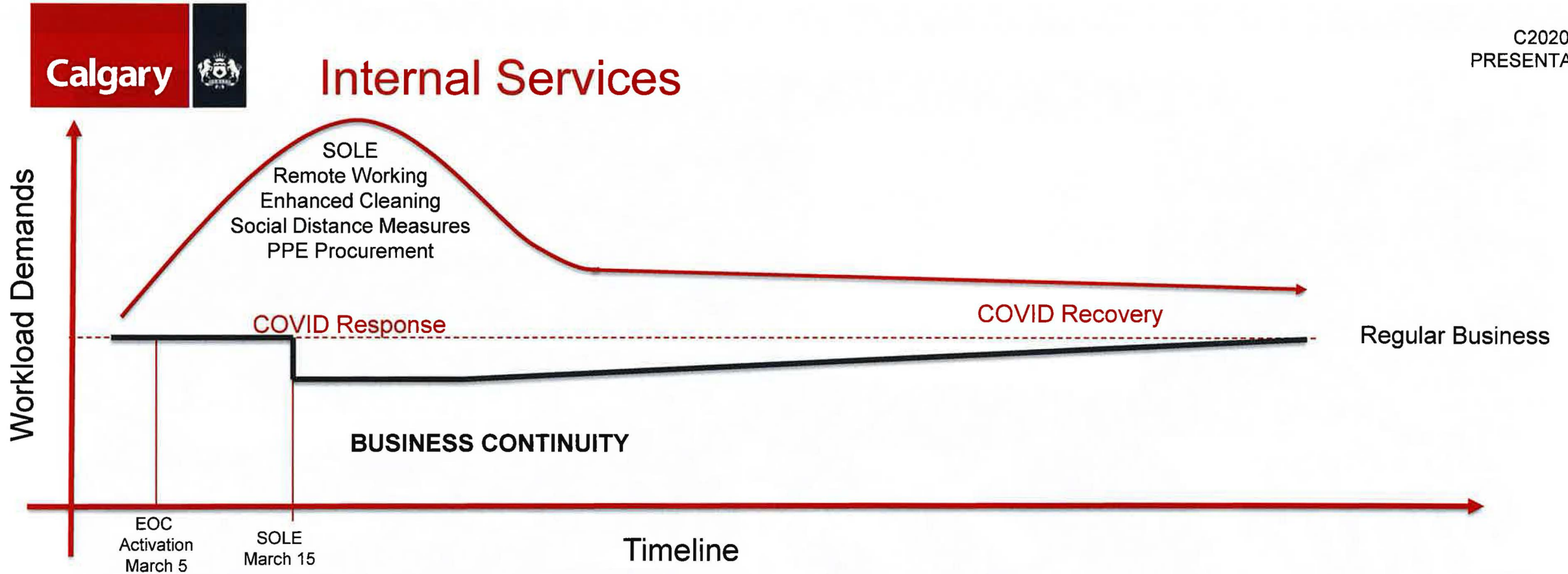
4. Services that are significantly increased





Calgary Neighbourhoods





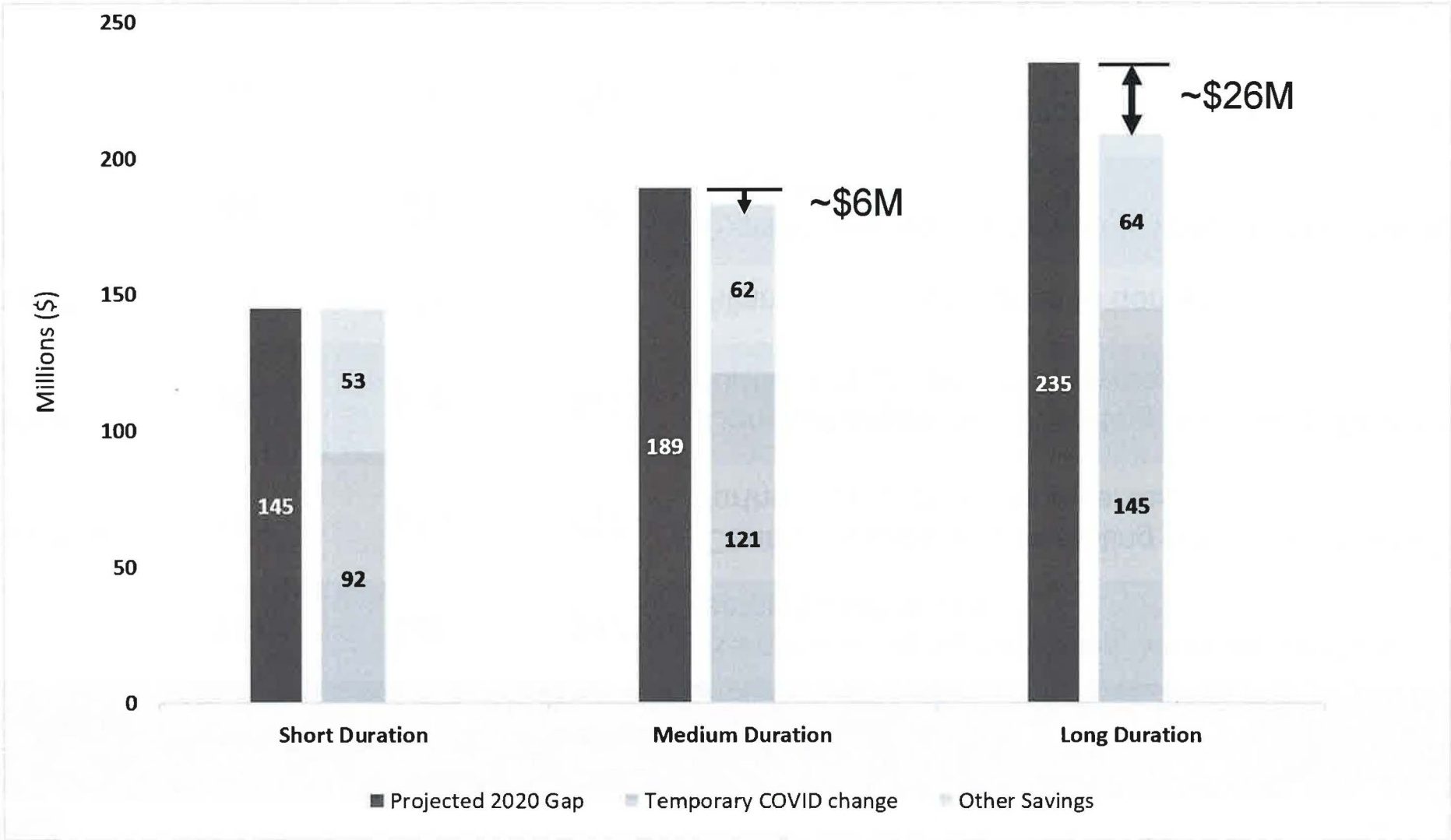
Largest value temporary COVID changes

Note: All \$ figures rounded in millions

Service	Short Duration	Medium Duration	Long Duration	Summary	Citizen Impact
Public Transit	\$42	\$42	\$42	Remove some transit routes, lower service level on some transit routes.	Direct
Wastewater Collection & Treatment	\$10	\$18	\$27	Consider capital and operating reductions. Consider further use of debt and reserves.	Indirect
Water Treatment & Supply	\$12	\$18	\$22	Consider capital and operating reductions. Consider further use of debt and reserves.	Indirect
Specialized Transit	\$8	\$14	\$20	Align Specialized Transit to demand.	Direct
Building Safety	\$4	\$8	\$9	Expenditure reductions and utilization of reserve as required.	Indirect
Waste & Recycling	\$5	\$7	\$8	Consider capital and operating reductions. Consider use of reserves.	Indirect
Sidewalks & Pathways	\$3	\$4	\$5	Relinquish and absorb growth, maintain pedestrian pavement marking level of service, service levels for snow and ice control slightly reduced.	Direct

Duration = duration of current state

Narrowing the gap



Duration = duration of current state

Next steps



Brief update on capital activities

Infrastructure Calgary is working to support the continued delivery of infrastructure projects during the COVID-19 response and recovery. This work includes:

- Understanding the critical investments required for service delivery in a pandemic environment and to maintain health and safety
- Maintaining a list of shovel-ready investments to support recovery if stimulus funding is made available. Establishing criteria to help prioritize these projects with a focus on maximizing value for the community and support for the economy
- Understanding the issues and risks The City and industry are experiencing and establishing mitigation measures. Also recognizing opportunities to accelerate capital projects where it is safe and feasible to do so
- Establishing regular reporting to monitor the status, impacts and issues of capital investments
- A fulsome update will be provided to Council on 11 May 2020



Next steps



Implement additional temporary COVID changes



Update Council on capital activities May 11



Identify and develop more sophisticated scenarios



Update forecasts based on new scenarios



Build detailed picture of the impacts



Provide monthly updates to Council

Recommendation

C2020-0504 Initial 2020 Scenario Forecasts in Response to COVID-19

That Council receive this report for the public record.