

Community Services Report to  
Strategic Meeting of Council  
2020 May 11

ISC: UNRESTRICTED  
C2020-0526

## COVID-19 Relief Package to Support Community Associations and Social Recreation Groups

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### EXECUTIVE SUMMARY

The City of Calgary has a lease/license of occupation with over 180 community associations and social recreation groups that operate close to \$1 billion in City-owned assets to provide social, recreation, and community-building opportunities for Calgarians. This report recommends one-time relief in the form of a \$6 million transfer to the Community Sustainability Reserve to support these non-profit community partners to address their urgent financial needs. These grassroots organizations play a critical role supporting neighbourhood vibrancy and help manage a significant portfolio of City-owned assets for public benefit. Public health orders in place for COVID-19 have significantly impacted the ability of these organizations to meet daily expenses, and in many instances, these organizations face immediate threats to their sustainability during the response and recovery from the current COVID-19 pandemic. Even if some public health orders are eased in the coming weeks, it is anticipated the facilities will not be able to be open at full capacity and will continue to face significant financial challenges as their regular revenue sources will take time to stabilize and return to normal.

Leveraging the existing Community Sustainability Reserve with new additional guidelines for COVID-19 Response Funding (Attachment 1) allows Administration to act quickly to provide immediate financial relief for these non-profit partners who are at significant risk of failure without financial aid. The investment would support community associations and social recreation groups to continue to operate and support the social wellbeing and quality of life of Calgarians. The stability that this relief can provide will alleviate immediate pressures in the local context as organizations continue to prepare and adjust for a rapidly changing operational landscape including additional forms of relief that other orders of government may provide.

### ADMINISTRATION RECOMMENDATION:

That Council:

1. Allocate \$6 million from the Operating Budget Savings Account to the Community Sustainability Reserve to support community associations and social recreation groups with a lease and/or license of occupation with The City of Calgary, for their immediate financial needs; and
2. Approve the Guidelines for COVID-19 Response Funding (Attachment 1) to guide COVID-19 pandemic financial supports to community associations and social recreation groups made available through the Community Sustainability Reserve.

### PREVIOUS COUNCIL DIRECTION / POLICY

On 2020 April 30, at a Strategic Meeting of Council, Administration was directed to return to the 2020 May 11 Strategic Meeting of Council with a report on Municipal Relief.

On 2019 December 16, Council approved the 2019 Triennial Reserves Review Report including a review of the Community Sustainability Reserve, originally established in 2008 to provide interim support to assist community associations in need of short-term funding to address operational shortfalls, and stabilization and redevelopment assistance.

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On 2019 December 6, Council received AC2019-1175 Status of Community Associations and Social Recreation Organizations on City Owned Land for the Corporate Record.

### **BACKGROUND**

The City of Calgary has a lease/license of occupation with over 180 community associations (CA) and social recreation groups (SRG) to operate close to \$1 billion in City-owned assets for the purpose of providing social, recreation, and community-building opportunities for Calgarians. These organizations are primarily small volunteer-driven organizations with minimal reserves, if any, and the impact of the pandemic on their operations is limiting their ability to cover their expenses and threatening their future sustainability. The Community Sustainability Reserve (Attachment 2) was originally established in 2008 with an intent to support these organizations by providing operational funding to address financial issues that impact the long-term sustainability of the organization.

Public health orders put in place to manage the COVID-19 pandemic, including facility closures, and the resulting cancellation of programs and services, are having a severe impact on the ability of CAs and SRGs to meet their fixed daily expenses including utilities, insurance, and other non-negotiable obligations. Feedback from CAs and SRGs indicates that while programs announced to date defer some of these fixed expenses and provide short term relief, the fact that they are deferral programs will create problems in the longer term. Other options available, including business loans and redirecting existing casino proceeds, are only available to some organizations and do not sufficiently address the financial challenges being experienced by these partner organizations.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

Administration has been working closely with CAs and SRGs to understand the impact of the COVID-19 pandemic and continues to gather detailed information about cash-on-hand and the cash flow projections of these organizations including estimates on the number of days they can continue to operate. As most CAs and SRGs relied on monthly income from rentals and other sources to cover daily expenses, the impact of facility closures on their financial health was immediate and significant. Many have indicated their short and long-term ability to operate is threatened.

CAs and SRGs with reserve funds set aside to maintain the City-owned assets they manage are now rapidly depleting these funds to cover daily operating costs, creating long-term challenges to maintain the assets. The lack of financial resources available has a significant impact on their capacity to manage the City-owned assets they are responsible to operate and maintain.

Data collected to this point indicates that if organizations cannot access additional funding sources to support fixed expenses in the short term, and financial support for anticipated expenses related to recovery, 10 per cent of organizations may need to consider closing down operations before the end of August, and an additional 10 per cent by year end. Even if selected public health orders are eased in the coming weeks, it is anticipated the facilities will not be able to be open at full capacity and these organizations will continue to face significant financial challenges as their regular revenue sources will take time to stabilize and return to normal.

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As part of the due diligence process to recommend a relief option, Administration analyzed the range of fixed operating expenses and changes to cash flow. Analysis indicates that an additional \$6 million is required to support these partner organizations over the course of the next year to meet their urgent financial needs in response to the impact of the COVID-19 pandemic. Targeted funding to organizations would focus on fixed expense requirements that support financial sustainability. This approach will provide immediate, short-term relief, and, if required, allow time for further long-term funding options to be explored with other orders of government. Attachment 1, Guidelines for COVID-19 Response Funding, provides detailed information on the process, eligibility, and evaluation criteria that will be used to assess requests for COVID-19 pandemic financial relief through the Community Sustainability Reserve.

### **Stakeholder Engagement, Research and Communication**

Since the beginning of the COVID-19 pandemic, Administration has worked closely with the Federation of Calgary Communities (the Federation) to understand the impact of public health orders on CA and SRG operations. This collaboration with the Federation has included meetings with organizations, assessment of financial need, and the creation of a cash flow tool. Administration is currently in the process of working directly with CAs and SRGs to collect information about cash-on-hand and to complete a cash flow analysis to determine the number of days organizations can continue to operate.

The Alberta Non-profit Network recently surveyed the non-profit and voluntary sector to provide a picture of challenges from COVID-19. With close to 500 respondents, the top five anticipated impacts to organizations reported in order are:

- Concern over low financial reserve
- Increased demand for supports/services from clients and communities
- Reduced hours for staff due to budget constraints
- Difficulty engaging volunteers
- Reduced revenue from earned income (e.g. sales, fees for service, cancelled events)

### **Strategic Alignment**

The proposed strategy to support CAs and SRGs aligns with Citizen Priorities around Safe and Inspiring Neighbourhoods and a Well-run City by mitigating risk to The City through existing tools, and proposes an effective grant process based on an existing successful program.

### **Social, Environmental, Economic (External)**

CAs and SRGs play a key role in the vibrancy of local neighbourhoods. They offer programs, services, events and opportunities that create social cohesion and support quality of life for all Calgarians.

### **Financial Capacity**

#### ***Current and Future Operating Budget:***

This report recommends that \$6 million from the Operating Budget Savings Account be allocated to the Community Sustainability Reserve.

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As this report requests funding from existing reserves, there is no impact to current or future budgets.

### ***Current and Future Capital Budget:***

This report does not address capital considerations, so there is no impact.

### **Risk Assessment**

In the case that a CA or SRG is no longer financially viable, there is a risk that The City will need to take on the management of the City-owned assets and potentially any associated liabilities. As current leases/licenses of occupation do not include a minimum notification period by which groups are required to inform The City of their decision to return assets, City-owned facilities could be returned without warning. Immediate relief funding for eligible organizations is recommended to mitigate the risk to The City in assuming operations of the assets.

Permanent closure of community facilities would result in the loss of accessible, local programs and services to a community, including essential programs such as childcare, after school care programs, and seniors programming.

If a CA or SRG does not have financial resources to cover daily operating expenses, there may be an impact on its ability to carry out capital projects that impact the safety of the facility.

### **REASON(S) FOR RECOMMENDATION(S):**

Community associations and social recreation groups play a critical role in community vibrancy and health. Current pandemic health measures are having a severe impact on their ability to meet daily expenses, and in a number of cases, are threatening their organizational sustainability. Without immediate relief funding many of these partners will not be able to operate, will be forced to return community assets to The City and will be unable to support the social wellbeing and quality of life of Calgarians.

### **ATTACHMENT(S)**

1. Attachment 1 – Guidelines for COVID-19 Response Funding from the Community Sustainability Reserve (CSR) 2020
2. Attachment 2 – Community Sustainability Reserve (CSR) - Terms of Reference (TOR) (2016)