



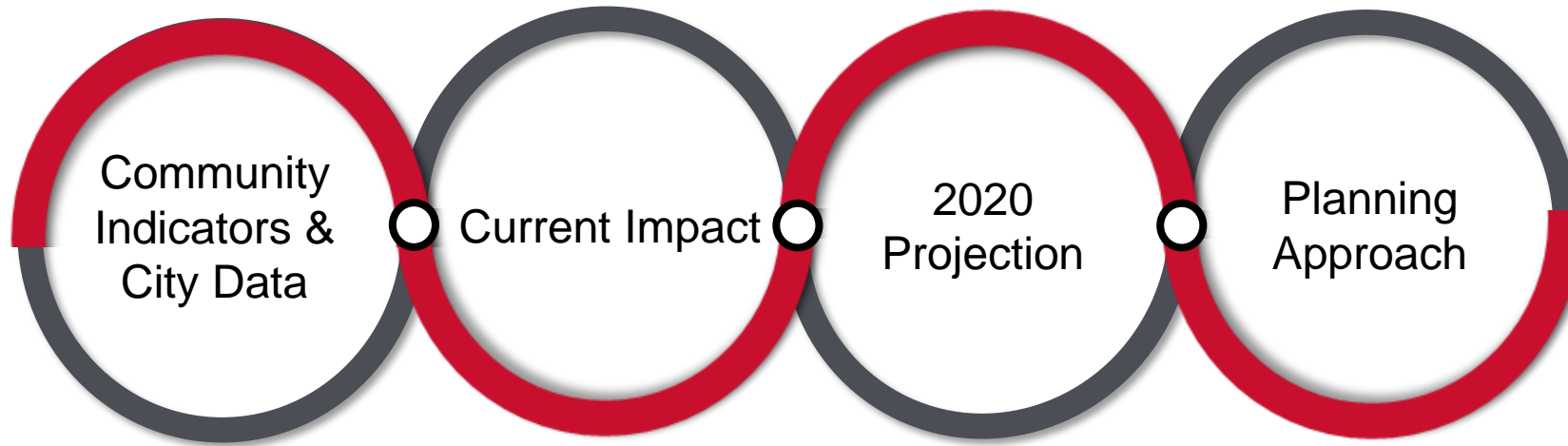
C2020–0938 Service Plan and Budget Update - September

2020 September 14

Combined Meeting of Council

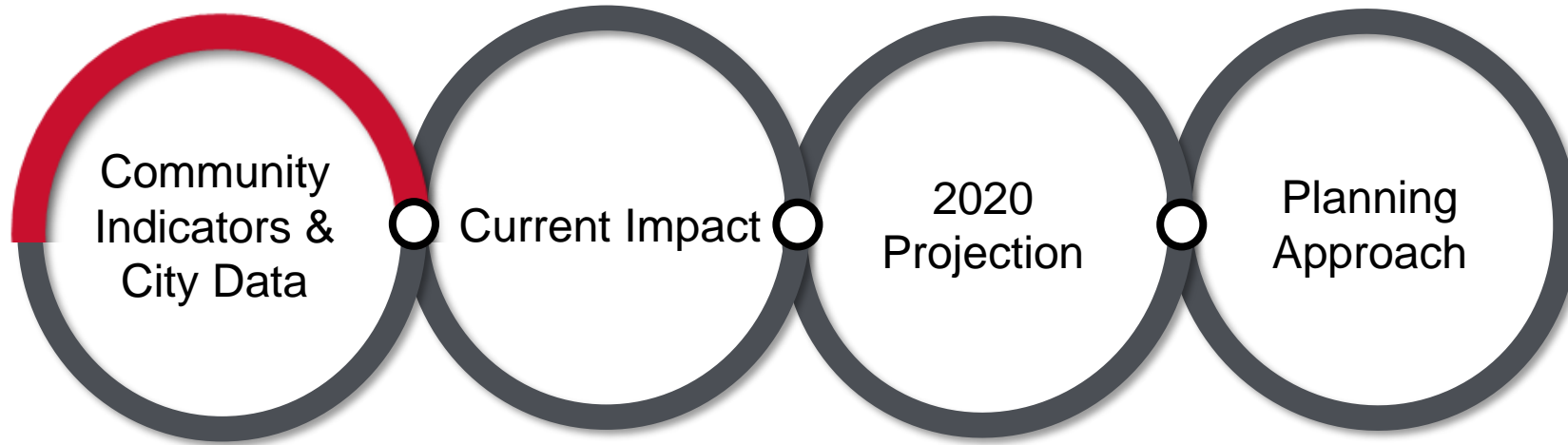


Roadmap for Service Plan & Budget Update





Community & City Indicators





Maintaining Our Focus: Making Life Better Every Day

Administration continues to take an evidence-based approach to better understand community impacts and trends using indicators. A selection of indicators will be brought forward each month as data and information becomes available.



Community and social indicators



Health and wellness indicators



Mobility indicators



Economic, financial and business indicators



Environmental indicators

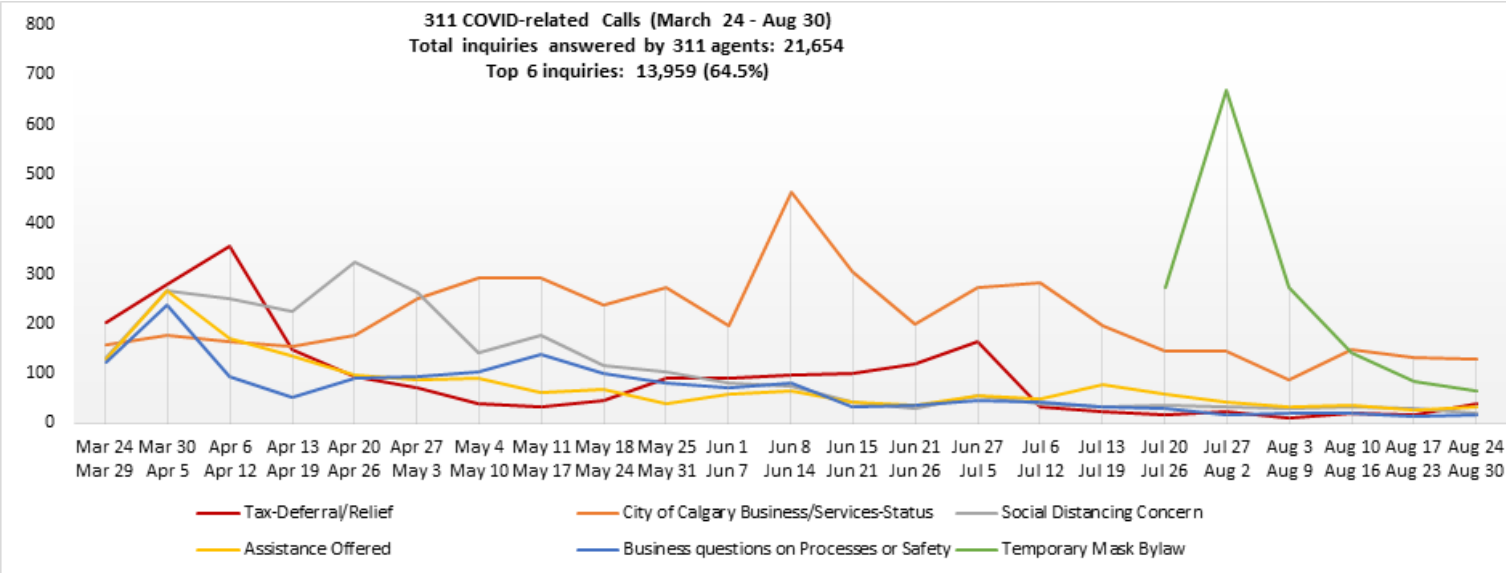
NOTE: Indicators are data used to better understand impacts to the community. Performance measures are specifically related to performance of City services. Adjustments to performance measures will be brought forward in November as part of Mid-Cycle Adjustments and reported in twice-yearly accountability reports.



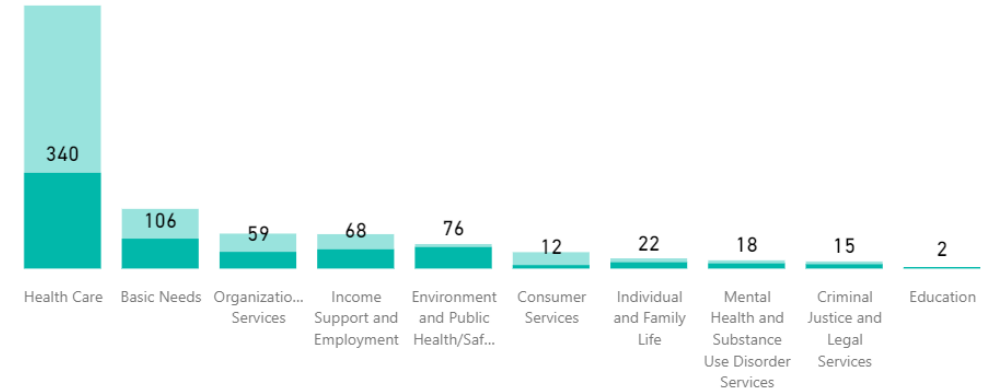
Community indicators – Community and Social

Top COVID-19 related calls

311 Calls (March 24 – August 30):



211 Calls (from March to August 2020)



Top 5 topics:

- City of Calgary programs/services enquiries.
- Temporary mask bylaw.
- Tax deferral/relief.
- Assistance Offered* (includes calls related to COVID medical information resources, COVID help resources (groceries, community help, etc.), rent or eviction concerns or enquiries, utility bills deferrals or relief, etc.)
- Non-City business questions on processes or safety.
- Social distancing concern.

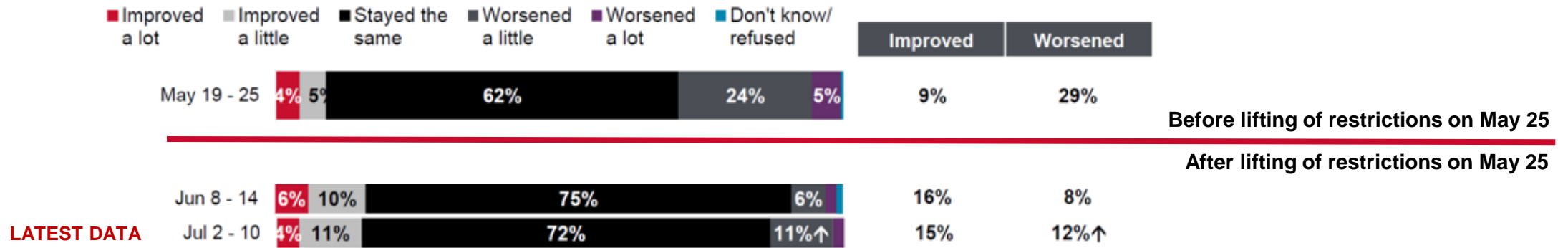
- From March to August, there were a total of 718 calls from Calgary.
- From August 2 – 15, COVID-19 was the 11th top issue on crisis contacts.
- Top COVID-related issues were anxiety, family relationships, and isolation/loneliness.

Source: 311 CEMA situational awareness & 211 dashboards



Community Indicators – Health & Wellness

Change in physical health



Question: Would you say your physical health has improved, remained the same, or worsened?
 Base: All respondents (May 19 – 25, n=400; June 8 – 14, n=500; July 2 – 10, n=500)
 Note: 2% and lower not labelled.

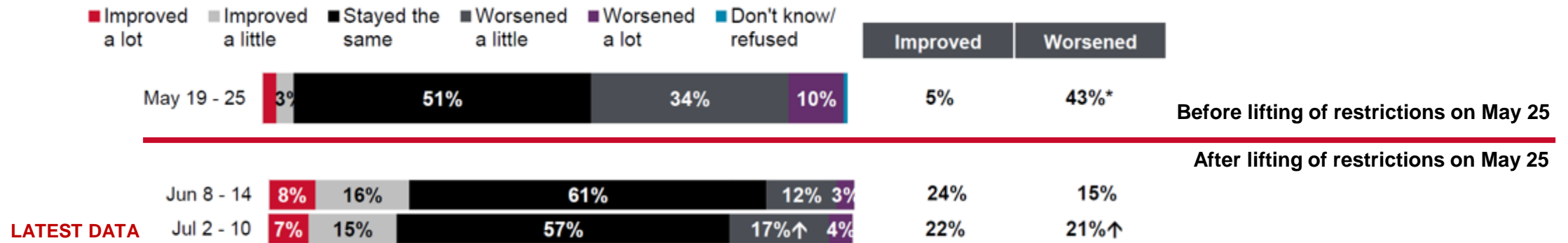
Prior to the lifting of restrictions beginning on May 25, three-in-ten Calgarians (29%) reported that their physical health had worsened since just before the pandemic started. Following the lifting of restrictions, a minority of Calgarians (16% in June and 15% in July) reported an improvement in their physical health; however, the proportion saying it's worsened increased slightly, from 8% in June to 12% in July.

Source: The City of Calgary CSC Corporate Research Team
 2020 Citizen Perspectives Survey - COVID-19 Snapshot #4



Community Indicators – Health & Wellness

Change in mental health



Question: Would you say your mental health has improved, remained the same, or worsened?
 Base: All respondents (May 19 – 25, n=400; June 8 – 14, n=500; July 2 – 10, n=500)
 Note: 2% and lower not labelled.

*Rounding

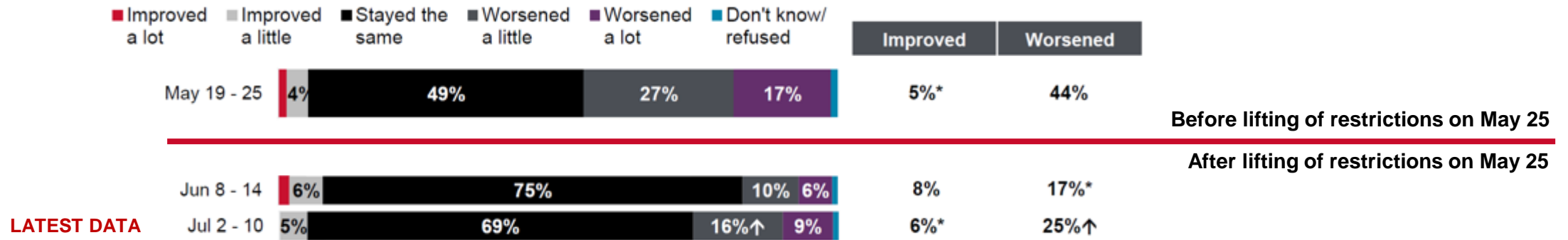
Prior to the lifting of restrictions beginning on May 25, four-in-five Calgarians (43%) reported that their mental health had worsened since just before the pandemic started. Following the lifting of restrictions, some said their mental health improved (24% in June and 22% in July) while the proportion saying it's worsened increased from 15% in June to 21% in July.

Source: The City of Calgary CSC Corporate Research Team
 2020 Citizen Perspectives Survey - COVID-19 Snapshot #4



Community Indicators – Health & Wellness

Change in Personal Financial Situation



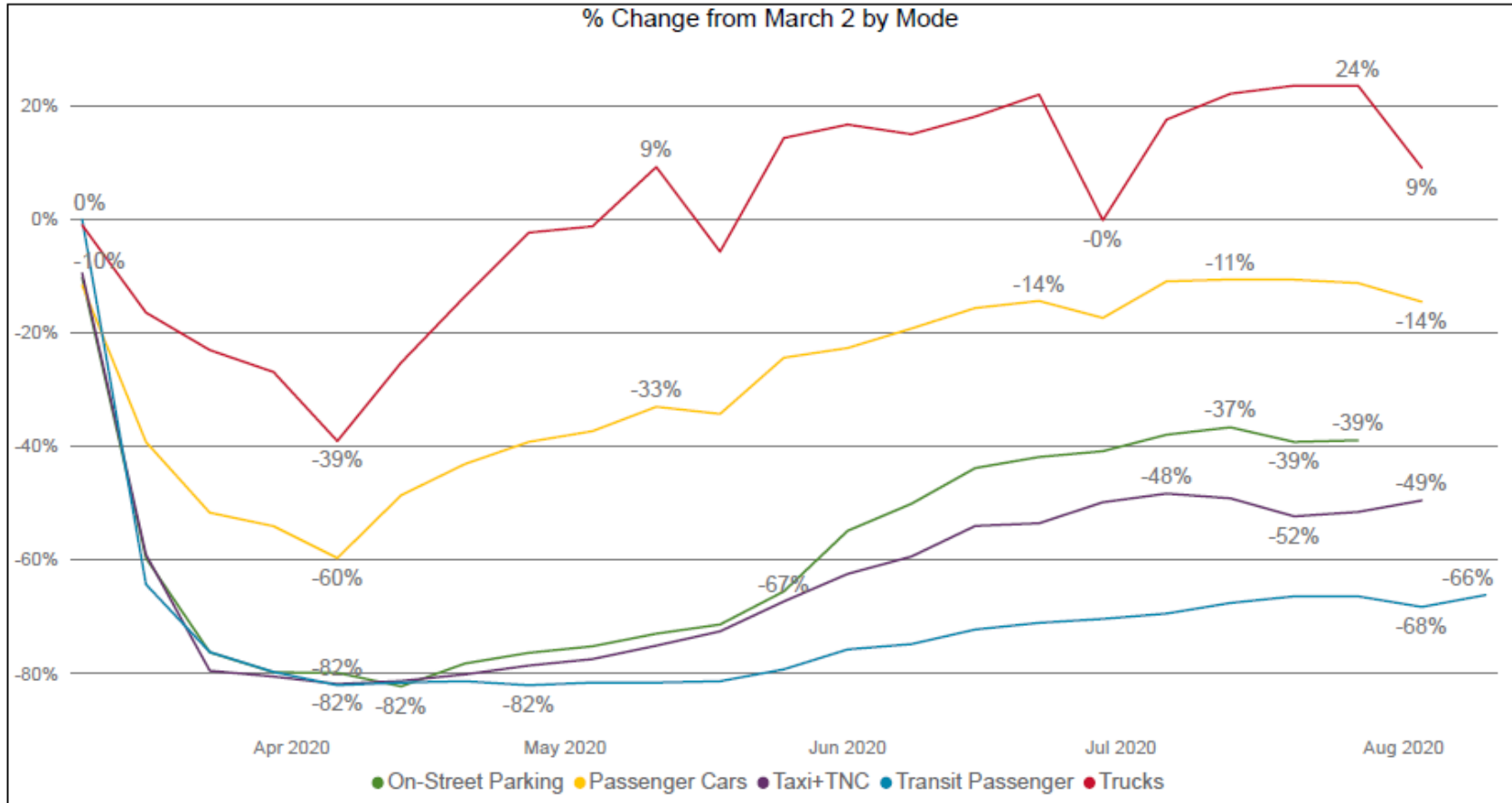
Question: Would you say your personal financial situation has improved, remained the same, or worsened?
 Base: All respondents (May 19 – 25, n=400; June 8 – 14, n=500; July 2 – 10, n=500)
 Note: 2% and lower not labelled.

*Rounding

Prior to the lifting of restrictions beginning on May 25, around four-in-five Calgarians (44%) said their personal financial situation worsened since just before the pandemic started. Following the lifting of restrictions, fewer than one in ten (8% in June and 6% in July) say it improved while the proportion saying it's worsened increased from 17% in June to 25% in July.



How citizens are getting around

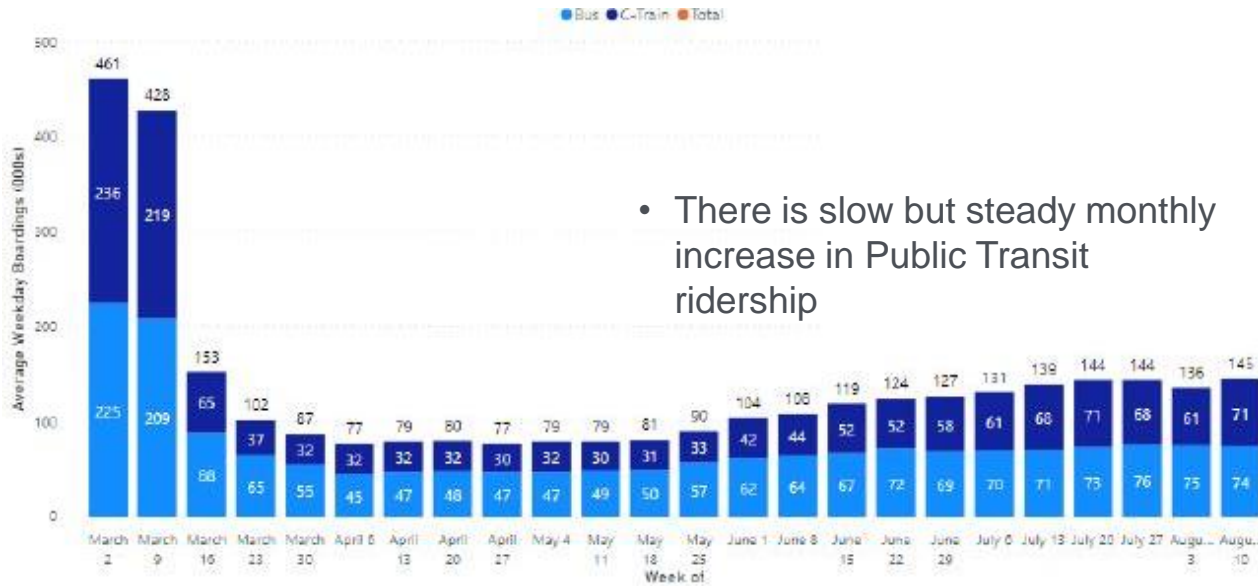


- City-wide, vehicle traffic has increased to 93% of the volume from early March. Heavy truck volume is higher than early March and generally higher than the same time in 2019.
- On-street parking transactions have increased to 68% of normal volume (in/around core). Off-street parking transactions are recovering at a slower pace.

Source: The City of Calgary Transportation Department



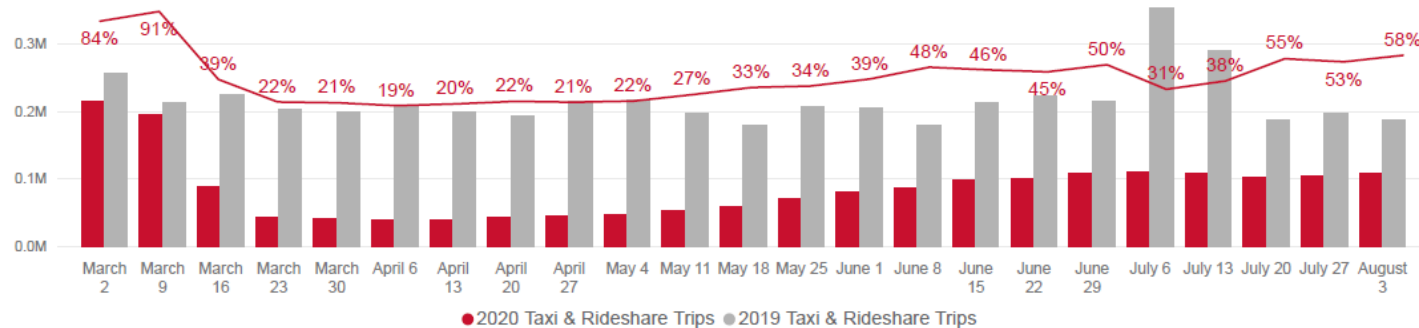
Use of Bus and Train (Weekly '000s)



- There is slow but steady monthly increase in Public Transit ridership

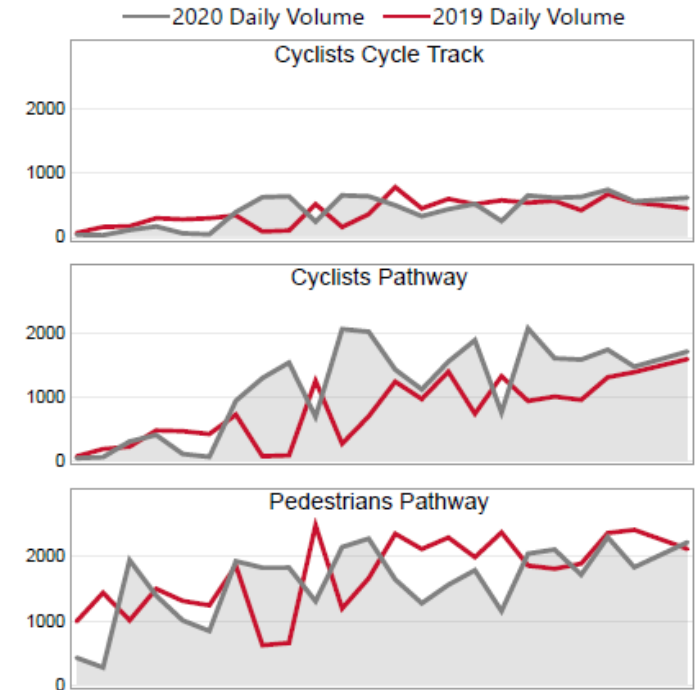
- Pathway use remains high by pedestrians and cyclists

Use of Taxi and Rideshare Trips (Weekly '000s) (2019 vs 2020) & Percent Change from 2019



- Taxi/TNC trips have increased to 58% of trips compared to the same time in 2019

Use of Pathways Weekend Eco-Counter Location Data: 2020 Compared to 2019

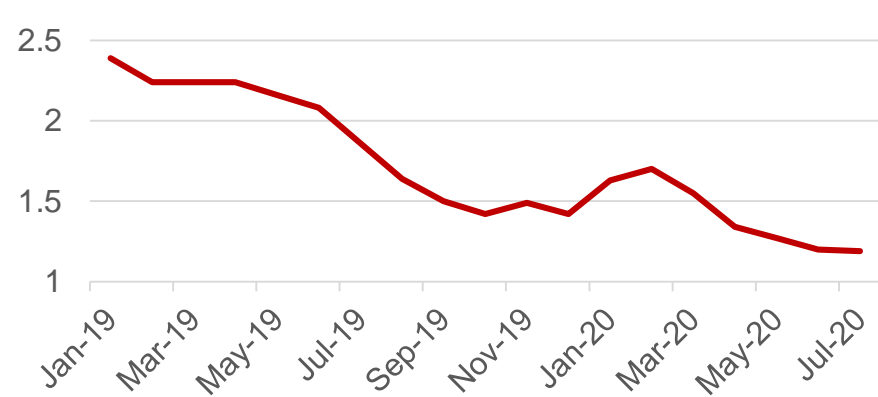


Source: The City of Calgary Transportation Department

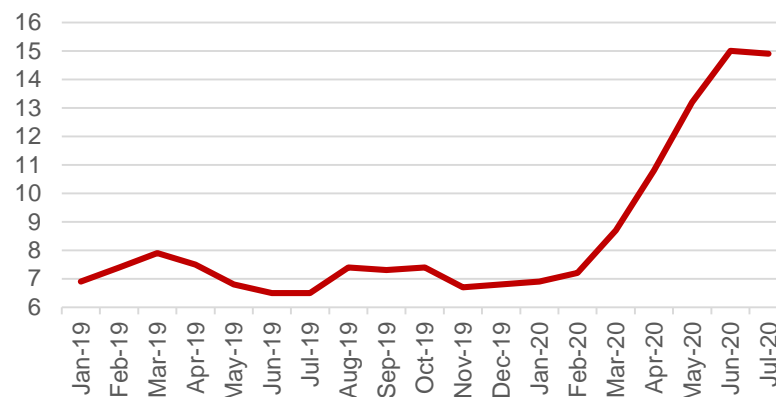


Community Indicators – Economic (January 2019-Present)

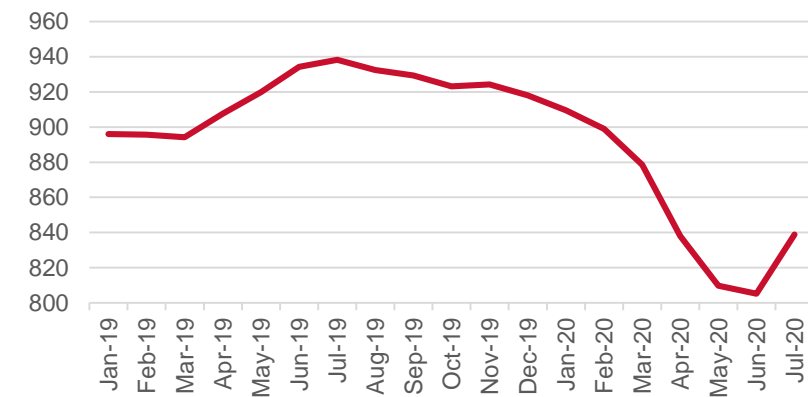
Calgary: All-items CPI (inflation)



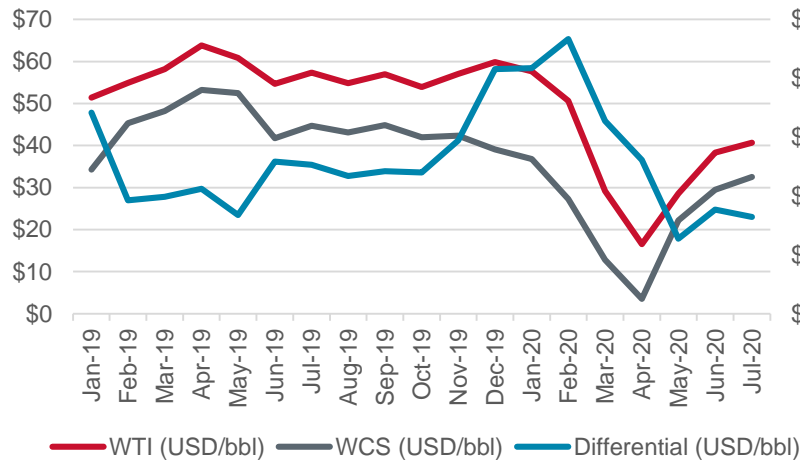
CER Unemployment Rate (%)



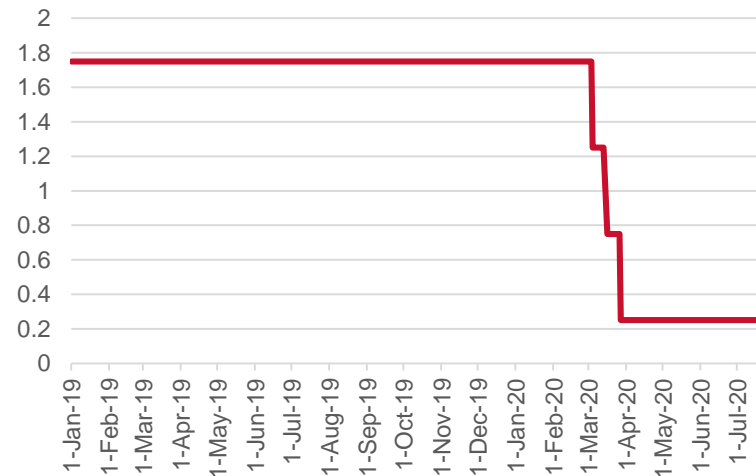
CER Total Employment (thousands)



WTI/WCS monthly prices (left axis) and differential (right Axis)



Bank of Canada overnight rate (%)



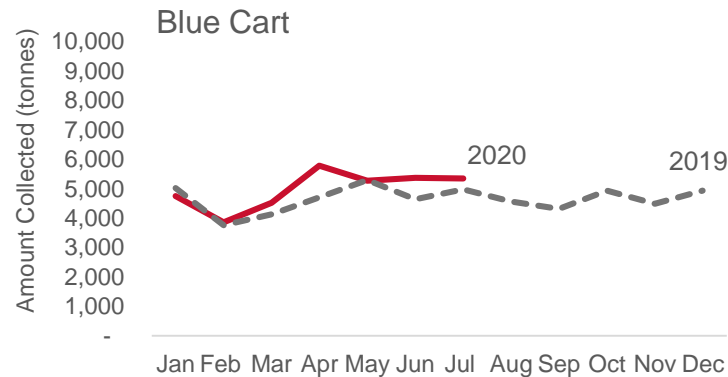
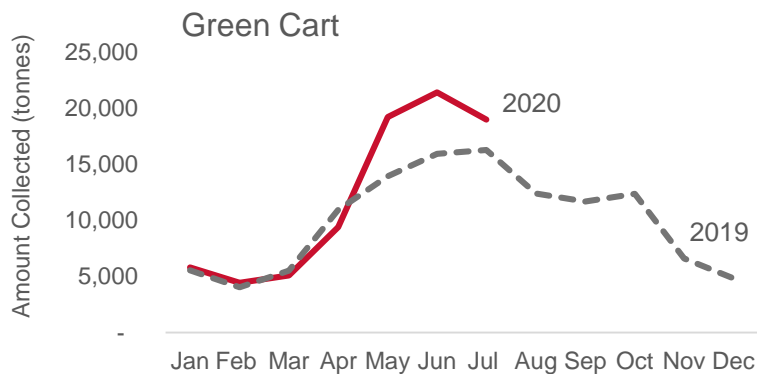
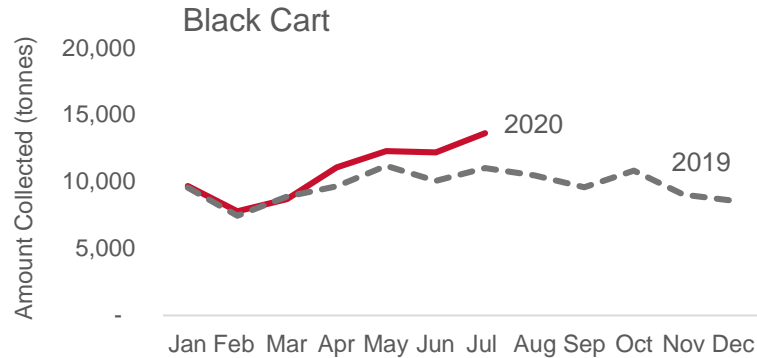
Source: The City of Calgary Corporate Economics



Community Indicators – Environmental

Garbage, composting and recycling patterns

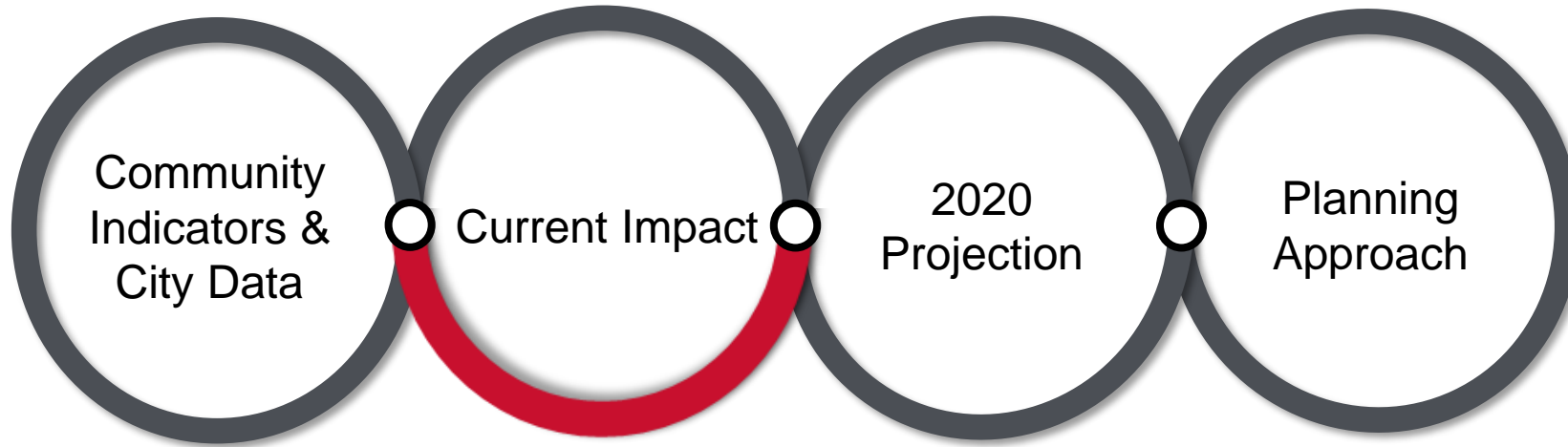
Material Collected in residential Black, Green, and Blue Cart Programs



- Curbside diversion rate is **51%** (Jan-Jun 2020), compared to 53% for the same period in 2019
- Cart collections are higher than seasonal norms, but returning to seasonal norms:
 - Black cart: 20% higher
 - Green cart: 66% higher
 - Blue cart: 17% higher



Update on current COVID-19 impact

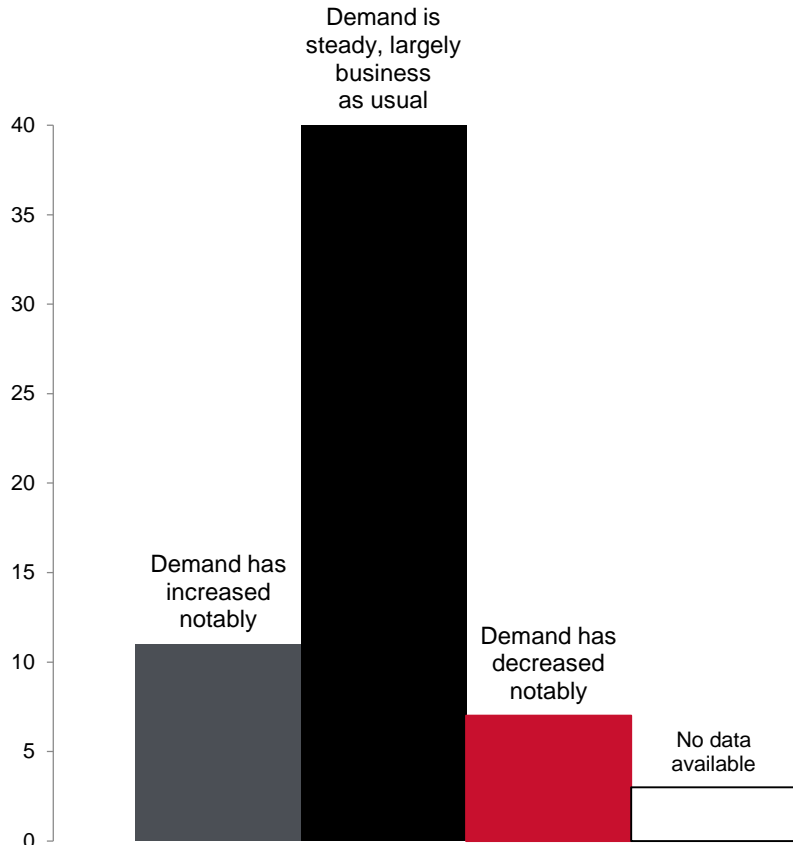




Impact of COVID-19 on service demand

As of 2020 August 26

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



Number of Services	Demand Explanation
11 ↑	<ul style="list-style-type: none"> In response to the easing of COVID restrictions, both internal and external service providers such as Affordable Housing, Human Resources Support, Facility Management, Community Strategies, and Taxi, Limousine & Vehicles-for-Hire are seeing service demand increases.
40 ↔	<ul style="list-style-type: none"> Steady demand for 40 services versus 39 services at the last report.
7 ↓	<ul style="list-style-type: none"> While seeing some increased usage due to the easing of COVID restrictions, service providers such as Public Transit, Specialized Transit, Parking and Recreation Opportunities are still experiencing decreased demand compared to normal levels. This decrease in demand is continuing to have large revenue impacts which affect The City as a whole; Remaining consistent since last month, external service providers such as Arts & Culture, Fire Safety Education, and Land Development & Sales are still experiencing a decreased service demand for due to the continued large gathering restrictions and economic uncertainty.
3 No Data Available	<ul style="list-style-type: none"> Services primarily made up of Civic Partners were not asked for this information. Calgary Police Service impacts will be available when approved by the Calgary Police Commission.

Impact of COVID-19 on services

As of 2020 August 26

Severe Impacts

Arts and Culture / Recreation Opportunities

- Continued to open selected facilities including: Arenas, fields at Calgary Soccer Centre, and Athletic Parks
- Skateparks and Sir Winston Churchill Aquatic & Recreation Centre re-opened
- 41,041 visits compared to 348,586 in July 2019
- 1,116 program registrations compared to 9,755 in July 2019
- 1,814 bookings compared to 3,861 in July 2019
- All golf courses open with 55,000 rounds played compared to 46,000 rounds in July 2019

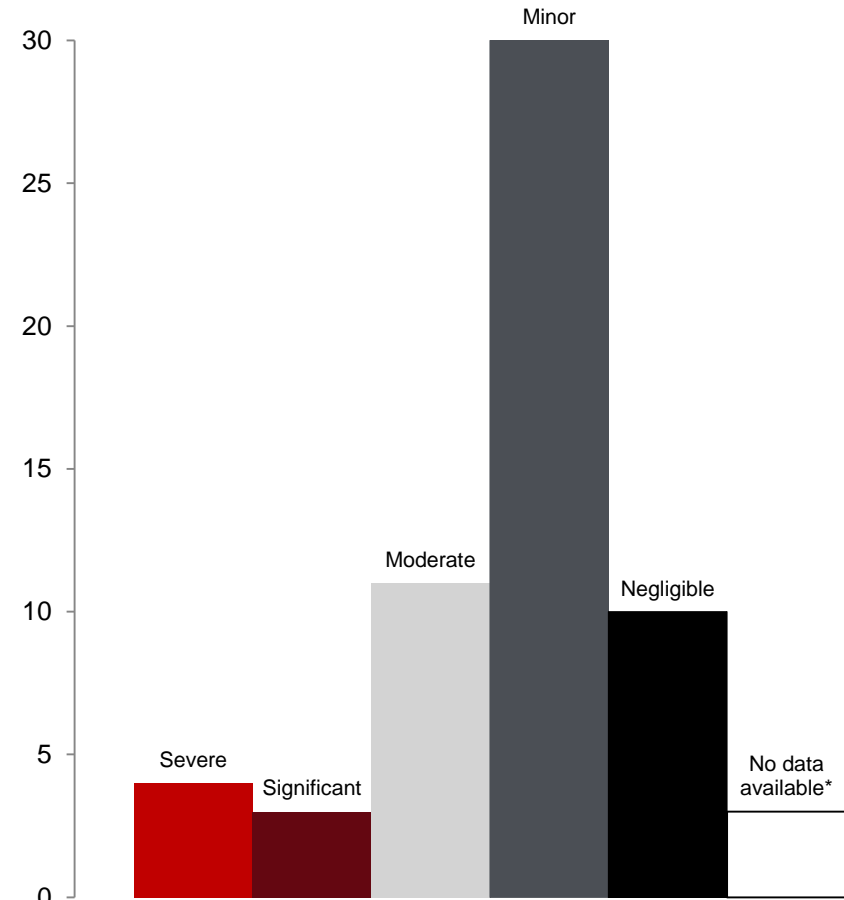
Public Transit / Specialized Transit

- Though Public Transit ridership is still low due to remote working/studying options, ridership has increased by 5% over last month, improving the overall ridership from 25% up to 30% of 2019 levels.
- Monthly revenue is reduced by approximately 75% for Public Transit service, due to loss in revenue from fares, reserved parking, advertising, and fines etc.
- Physical distancing measures have been lifted after masks were made mandatory onboard transit vehicles.
- Additional cleanliness and sanitization measures continue to be in place.
- Social disorder incidents are being monitored.

Significant Impact

- Fire Safety Education: has been unable to deliver its service through personal interactions given restrictions on public gatherings during stage 1 and 2
- Municipal Elections: 2020 Civic Census cancelled
- Social Programs: services continue to move to in-person delivery with safety modifications

Current Impact on Service



* Services primarily made up of Civic Partners were not asked for this information. Calgary Police Service impacts will be available when approved by the Calgary Police Commission.



Additional impacts of COVID-19 on services

As of 2020 August 26

Demand impacts	Doing More
<ul style="list-style-type: none"> Decreased demand for some commercial & single family home building permit applications, but increased demand for Residential Improvement Projects permits Decreased number of building safety inspections (7200 virtual since March), but increased time required to complete due to additional time to assist homeowners with virtual inspections and comply with COVID-related safety protocols Procurement has increased short term capacity and is prioritizing 2020/21 construction procurement and stimulus readiness in order to manage cycle time Black, Blue and Green Cart Program tonnes are trending back towards seasonal norms Pathway use remains high by pedestrians and cyclists, over 536,000 e-Scooter trips from May 22 - Aug 16 City-wide, vehicle traffic has increased to 93% of normal volume, heavy truck volume is higher than the same time in 2019 Taxi/Transportation Network Company (TNC) trips have increased to 58% of trips compared to the same time in 2019 On-street parking transactions have increased to 68% of normal volume (in and around the core) 	<ul style="list-style-type: none"> Culture and public art have seen an increase in requests for support in creation of new social and community initiatives Additional COVID-19 research as response/relaunch continues Community Strategies work has resumed on One Calgary strategies with extended timelines and Council Advisory Committees are convening remotely Commencing work on the re-exit plan, in case of a second wave in cases Affordable Housing service demand has increased notably, due to coordinating and responding to new initiatives requiring support during COVID. Facility cleaning as services and activities relaunch Financial relief: Extended tax payment deadline; Planning & Development deferral and/or waive fee payments; Waived Business Licence renewal; Rent relief; Waived Taxi & Limousine driver fees and 50% plate fees; Additional support partners; and Low Income Transit pass fares suppressed for March, April and May Online programs and applications IT solutions and support Communications and on-line engagement
	<h3>Doing Less / Delays</h3> <ul style="list-style-type: none"> Tribunal hearings: all boards meeting virtual / remote, volume decreased, but complexity increased Less mowing, trimming, irrigation, weed control in parks Prioritized hiring Suspended in-person engagement on policy / delayed delivery of reports to Council Calgary Transit removed some routes, reduced frequency on others Cancelled 2020 Community cleanups Cancelled 2020 census Spay/Neuter program Closure of some of the plus 15 network

Items in BOLD are changes from last month's update



As of 2020 August 26

Some relaunch activities for August include:

- ✓ Starting August 1, 2020 face coverings must be worn in City of Calgary facilities, City Hall and other City of Calgary buildings. Some exceptions apply.
- ✓ Fair Entry offices reopened at Village Square Leisure Centre.
- ✓ Parks and Pathway Bookings are accepting applications for specific activities (boot camps, wedding ceremonies (no receptions), and picnic sites/BBQs).
- ✓ Skateparks are open with physical distancing in place.
- ✓ Sir Winston Churchill Aquatic & Recreation Centre reopened.
- ✓ Selected arenas are only open for bookings including: George Blundun, Henry Viney, Jimmie Condon, Max Bell Centre, Norma Bush, Optimist, Rose Kohn, Shouldice, Southland, Stew Hendry and Stu Peppard. Registered programs, public skate and shinny activities are not available.
- ✓ Calgary Soccer Centre reopened: all outdoor fields, Annex Bravo Field (Great Clips), and Annex Delta Field (MUSC – McKenzie United Soccer Club)
- ✓ Select athletic parks and fields are now open for booking permits including: Acadia, Ernest Manning, Foothills, Glenmore, Optimist, Renfrew, and Shouldice.
- ✓ Glenmore reservoir is open for public recreational use only, including: Canoe & boat launch, North (Heritage Park) boat launch, South boat launch, and Wheel Chair Accessibility Board Launch.
- ✓ Relaunch of cat trap program.
- ✓ The Youth Employment Centre is now open for both in-person and virtual / remove meetings by appointment only.



Preliminary financial impacts: March 12 – August 24

	\$ millions	
Revenue Loss	(117.0)	<ul style="list-style-type: none"> Closure of recreation facilities Loss in transit revenue Reduction in permit revenue Property sale transactions have fallen and delayed land transactions to future years Lower revenue for Calgary Police Service
Incremental Expenses	(18.8)	<ul style="list-style-type: none"> Overtime Layoffs of certain temporary and permanent staff IT equipment and pandemic supplies Facility cleaning
Savings	54.7	<ul style="list-style-type: none"> Reduction in Calgary Transit Access trips provided by contracted service providers Staff reductions and delays in hiring seasonal staff Reduced training and fuel costs
Total	(81.1)	

Notes:

- Calgary Parking Authority and other corporate revenues not included.*
- Calgary Police Service impacts as of June 30 - fine revenue impacts are largely anticipated to be in Q3-Q4 due to time lags*
- Brackets indicate unfavourable variance.*



Breakdown of preliminary financial impacts: March 12 – August 24

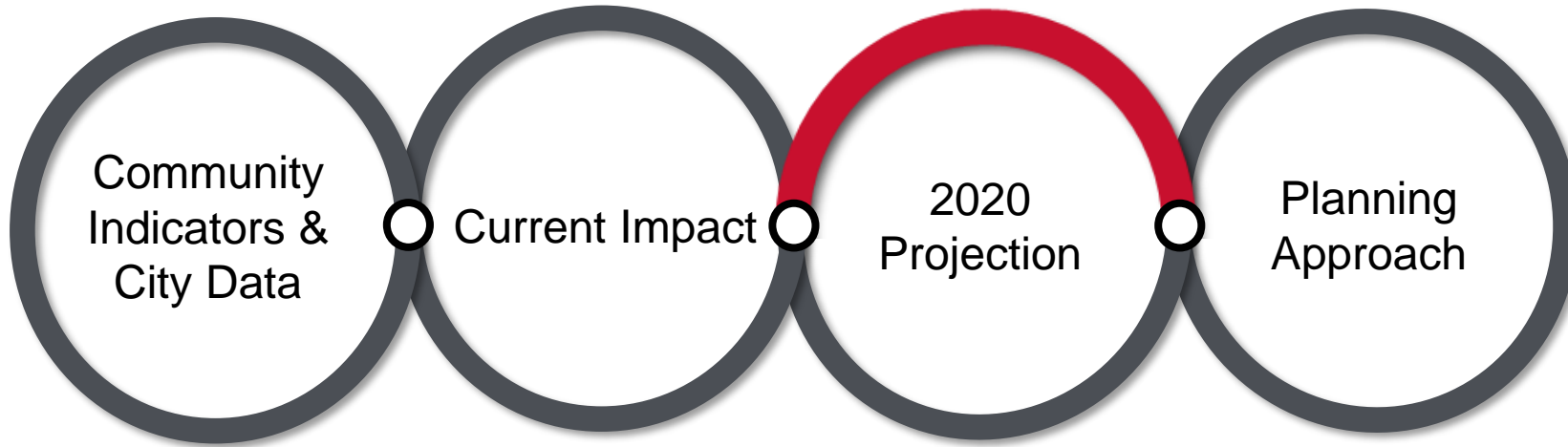
Amounts in \$ millions	Revenue Loss	Incremental Expenses	Estimated Savings	Net Impact
Transit	(58.7)	(4.8)	32.0	(31.5)
Real Estate & Development Services	(20.2)	-	-	(20.2)
Calgary Building Services	(15.0)	-	-	(15.0)
Recreation	(16.1)	(3.1)	12.2	(7.0)
Information Technology	-	(2.5)	-	(2.5)
Roads	(2.4)	-	-	(2.4)
Calgary Police Service	(3.0)	(1.0)	3.0	(1.0)
Facility Management	-	(2.0)	1.5	(0.5)
Parks	(1.5)	(0.6)	3.4	1.3
Other	(0.1)	(4.8)	2.6	(2.3)
Total	(117.0)	(18.8)	54.7	(81.1)

Notes:

- *Calgary Parking Authority and other corporate revenues not included.*
- *Calgary Police Service impacts as of June 30 - fine revenue impacts are largely anticipated to be in Q3-Q4 due to time lags*
- *Brackets indicate unfavourable variance.*



Service Plan and Budget Projection





Methodology

- Corporate-wide exercise
 - Civic partners were not asked for this information.
 - **Police Services July information used for Base Case and Worse Case impacts.**
- Services updated:
 - Projected impacts to their service & finances by year-end 2020 (gap)
 - Projected impacts of temporary COVID-19 changes (narrowing the gap)
- Assumptions regarding provincial relaunch stages
 - Significant assumptions due to scope of uncertainty
 - Scenarios:
 - Base Case: The same as June and July, which assumes a flattened curve and continued progression to economic recovery. It follows the assumptions related to the provincial relaunch strategy, specifically referring to Stage 2 and moving into Stage 3.
 - Worse Case: Assumes a second spike in cases and a decrease in economic activity across Calgary. It follows the assumptions related to provincial relaunch guidelines, specifically referring to Stage 2 and moving back to Stage 1. The purpose of this scenario is to estimate a possible financial outcome.
- Scope includes:
 - Potential relaunch strategies and activities
 - Relief packages and associated funding sources approved by Council

Items in **BOLD** are changes from last months update



More sophisticated planning assumptions

Approach: using more sophisticated planning assumptions over time to determine projected impacts to services and finances for 2020 year-end

Planning Assumptions	Initial April & May Submissions	June & July Submissions	September Submission
Sources	<ul style="list-style-type: none"> Internal city sources 	<ul style="list-style-type: none"> Internal city sources University of Calgary collaboration Big Cities partnership External scenarios (e.g. Stokes Economics) 	<ul style="list-style-type: none"> Internal city sources University of Calgary collaboration Big Cities partnership External scenarios (e.g. Stokes Economics)
Used	<ul style="list-style-type: none"> April: Current situation Q2, Q3 and Q4 May: Current situation until end of Q2 	<ul style="list-style-type: none"> June: Base Case only July: Base Case only 	<ul style="list-style-type: none"> September: Base Case & Worse Case

Base Case, moderate success to flatten curve
Worse Case, limited success to flatten curve



Key assumptions* underlying the financial and performance projections (1 of 3)

Base Case Planning Assumptions	Worse Case Planning Assumptions
U Shaped economic recovery.	W-shaped economic recovery (double-dip). Implies longer time to return to pre-crisis levels of economic performance.
<p>To the end of October the Province of Alberta is in Stage 2 of their relaunch strategy.</p> <p>Stage 3 is expected to begin at the end of October 2020 and remain in effect until the end of the first quarter (Q1) 2021. This includes public health orders regarding: staff and public safety, social distancing, and gatherings.</p>	<p>To the end of October the Province of Alberta is in Stage 2 of their relaunch strategy.</p> <p>In October 2020, a spike in new cases causes the Province to move to Stage 1 . Public health orders in some form would return regarding: closure of non-essential businesses and services, staff and public safety, social distancing, mandatory use of masks, and size of gatherings.</p>
Unemployment will have increased substantially with a slower pace of job creation than the growth of labour force.	The return to pre-crisis employment levels is protracted as demand for labour remains stifled.
Disposable income levels, especially for those low-income earners, will have decreased with both rising unemployment and lower job security, leading to lower aggregate spending.	Impact of lower disposable incomes more pronounced than in Base Case due to persisting uncertainty around labour market development. Lower propensity to spend on non-essential items. Low income earners will have increased demand for social services and government assistance.
The pace of population growth would be slightly slower due to low oil prices impacting the local economy and border closures in response to the pandemic.	Population growth would slow down further, primarily as a result of substantially limited migration.
Working from home is advised wherever possible with some occupations potentially returning to workplace in the fall. Any return to workplace is likely to be in a regulated and staggered manner	Return to workplace is delayed until later in 2021.

**Changes in these assumptions may have a significant impact on projections*



Key assumptions* underlying the financial and performance projections (2 of 3)

Base Case Planning Assumptions	Worse Case Planning Assumptions
Schools reopen in the fall with close to normal capacity. Certain restrictions, such as mandatory face masks as of a certain grade are in place. Day cares will fully reopened.	Schools reopen either in a substantially limited manner, or pupils return to home-schooling. Day cares close. Arrangements for employees with young children have to be accommodated.
Supply chain movement and procurement of goods eases over the remainder of 2020 and is back to pre-COVID levels by December 31. Although services to bring finished goods directly to consumers are constrained by social distancing, the access to manufactured inputs and other goods in the supply chain would be unconstrained because of safe practices.	Supply chain movement and procurement of goods eases through to the end of the third quarter before tightening in the fourth quarter of 2020. Global differences in the ability to curtail a second wave prevents a return to pre-COVID levels by December 31. Services to bring finished goods directly to consumers are constrained by social distancing throughout 2020. The access to manufactured inputs and other goods in the supply chain would be unconstrained in Q3, before deteriorating in Q4.
Impacts to capital investments (construction, job sites, access to materials and contractors) chain eases over the remainder of 2020 and is back to pre-COVID levels by the end of first quarter (Q1) 2021.	Construction can continue as it has been labelled an essential service by the province. There still may be impacts to active capital investment job sites as a result of restrictions put in place as the province moves back into a state of 'lockdown'.
COVID-19 has resulted in a 15% drop in residential investments. Construction was identified as an essential service to help support economic activity. Citizens have also initiated smaller scale projects (repairs and renovations). Overall residential investment has resumed as of June 1, 2020.	A second dip in residential investment accompanies a second wave of cases. The period of depressed residential investment is extended to 8 months. As the first wave caused a Q2 2020 decrease of 34% from the five-year Q2 average, a second wave would see a similarly lower level of activity also occur in Q4 2020.
Lower non-residential investment continues until the end of 2020.	Lower non-residential investment continues much further into 2021, driven by impacts to construction, but also by lower demand associated with lower economic activity and persisting unemployment.

**Changes in these assumptions may have a significant impact on projections*



Key assumptions* underlying the financial and performance projections (3 of 3)

Planning Assumptions that are the same for both Cases

An enforceable, temporary bylaw requires individuals to wear a face covering in indoor public spaces and public vehicles, unless the person is separated from others by a barrier or is exempt.

All relaunch strategies, activities and costs included in the impacts

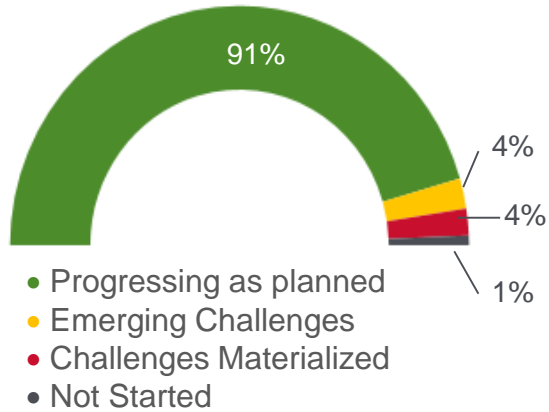
The City of Calgary prioritized hiring remains in effect until the end of the year.

New operating and capital stimulus funding has been announced by the Provincial Government. Details are still emerging, therefore assume no new funding is available for this monthly report.

**Changes in these assumptions may have a significant impact on projections*



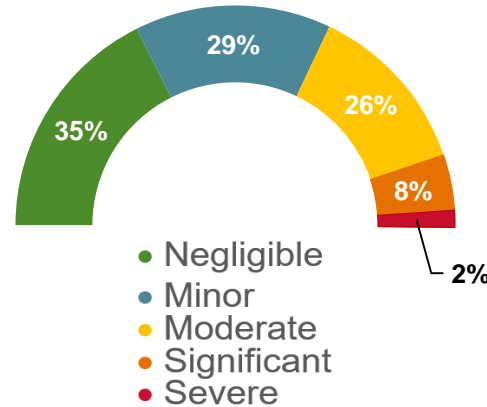
2019 Year-End Accountability Report



The One Calgary 2019-2022 Service Plans and Budgets include 622 strategies, each of which was reflected in the 2019 Year-End Accountability Report. At the end of 2019, 91% of the strategies were on track.

*Strategies related to Civic Partners (13 strategies) are not included in the COVID-19 impacts.

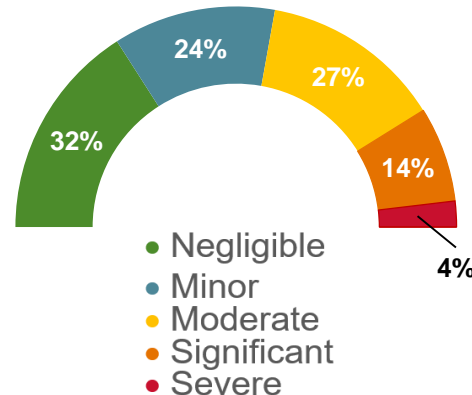
Base Case scenario



Overall there was very little change since July with respect to the data for 609* strategies:

- 94% of strategies maintained their impact category previously reported in July;
- 4% of strategies are projected to be less impacted by year-end than in July, with 2% improving as they move down a category from the severe or significant category, reflecting a more positive outlook.
- 2% of strategies moved from either negligible to minor or minor to moderate. 64% of strategies have a negligible or minor impact, while another 26% were impacted moderately.
- Strategies that have been significantly or severely impacted (down 2% from July to 10%) are related to interactions with the public or partners and are associated with services such as Arts & Culture, Bylaw Education & Compliance, Community Strategies, Municipal Elections, Parks & Open Spaces, Public Transit, Specialized Transit, Recreation Opportunities, and Social Programs.

Worse Case scenario

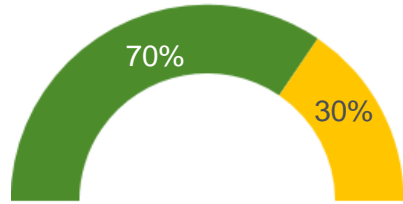


- Services identified a change with respect to the data for 99 out of the 609* strategies if the worse case scenario comes to fruition.
- Overall, 33 services identified a shift into a more severe category to 16% of strategies, reflecting a more negative outlook.
- Significant and severely impacted strategies shift from 10% to almost double at 18%, while the remainder of the negatively impacted strategies moved within less impacted categories.
- These changes are due to an increase in uncertainty related to: ability to deliver community education and support programs; in-person service delivery; public events; in-person training (both City staff and citizen); and technology and communication activities.



Projected performance impacts

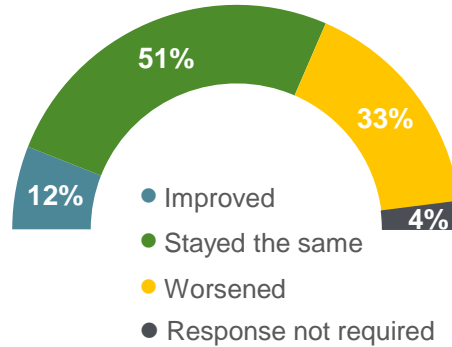
2019 Year-End Accountability Report



- Performing as planned
- Underperforming

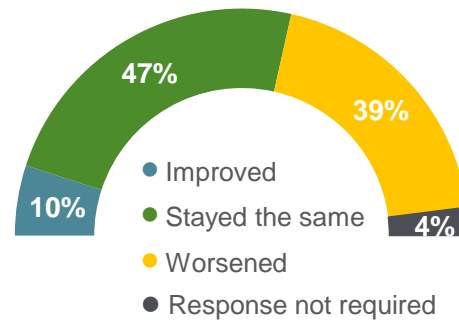
The One Calgary 2019-2022 Service Plans and Budgets include 256 approved performance measures, each of which was reflected in the 2019 Year-End Accountability Report. At the end of 2019, 70% of the performance measures were performing as planned; and 30% were underperforming.

Base Case scenario



- 98% of performance measures stayed in the same impact categories previously reported in July.
- 63% of performance measures are projected to “improve” or “stay the same” by 2020 year-end.
- 33% of performance measures are projected to worsen by 2020 year-end.
- Proportion of measures in the “worsened” category has been declining over the last few months.

Worse Case scenario



- In the worse case scenario, a further 7% of performance measures (18) are projecting declining performance by year-end compared to the Base Case.
- The decline in performance is primarily related to: interruptions to planned work or projects; shifting customer demands; and deteriorating citizen perceptions.

*Performance measures from the Calgary Police Service are included. Performance measures related to Civic Partners (4% or 10 measures) are categorized as “response not required”.



Projected Unmitigated 2020 Gap (Base Case)

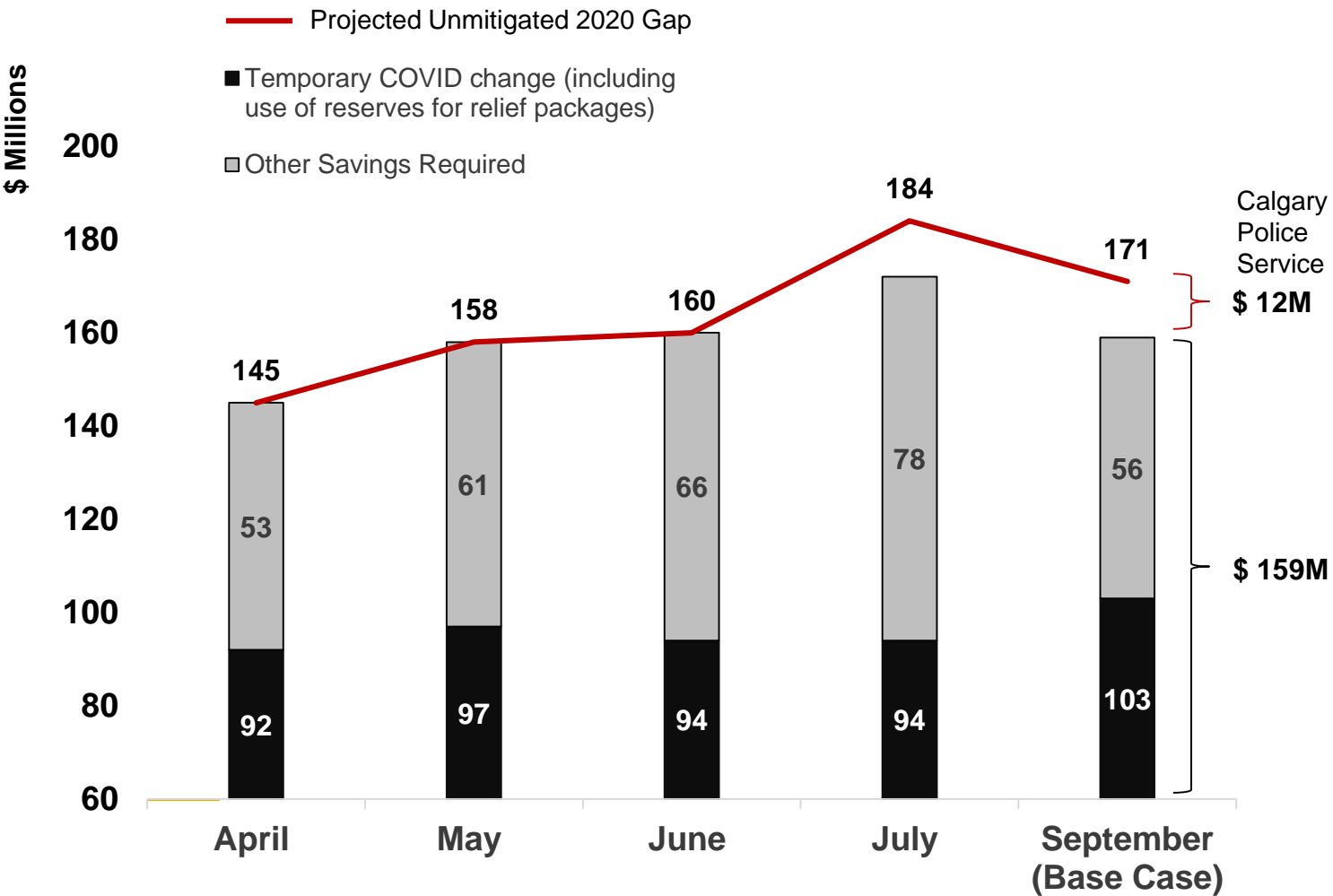
Account Category	September Projection (\$ M)	July Projection (\$ M)	Diff. vs July (\$ M)	Explanations
Revenue*	(251)	(237)	(14)	<ul style="list-style-type: none"> • Lower revenue for Real Estate due to unrealized land sales • Corporate Programs revenue estimates revised (franchise fees, Calgary Parking Authority dividend, penalty revenue, tax cancellations) • Loss of specialized transit revenue • Higher revenue projection for Recreation Opportunities as a result of facilities reopening • Higher revenue projection for Public Transit due to school routes resuming in the fall • Council approved relief packages • Decrease in water consumption from temporary business closures • Lower franchise fees from water utility services
Recoveries	(1)	(3)	2	<ul style="list-style-type: none"> • Higher demand for waste management as a result of Green Line project waste disposal
Expenditures	81	56	25	<ul style="list-style-type: none"> • Lower reserve contribution for Real Estate due to unrealized land sales • Expenditure estimates of Organizational Health, Safety & Wellness reflect higher than anticipated overtime and support for COVID-19 related activities • Several other services increased their cost estimates as more information became available • Vacancy savings from intentionally managing the workforce • Offset by increased overtime and supply costs associated with COVID-19
Total gap	(171)	(184)	13	

Note: \$ estimates rounded to the nearest million.

Items in BOLD are changes from last months update



Narrowing the Gap (Base Case)



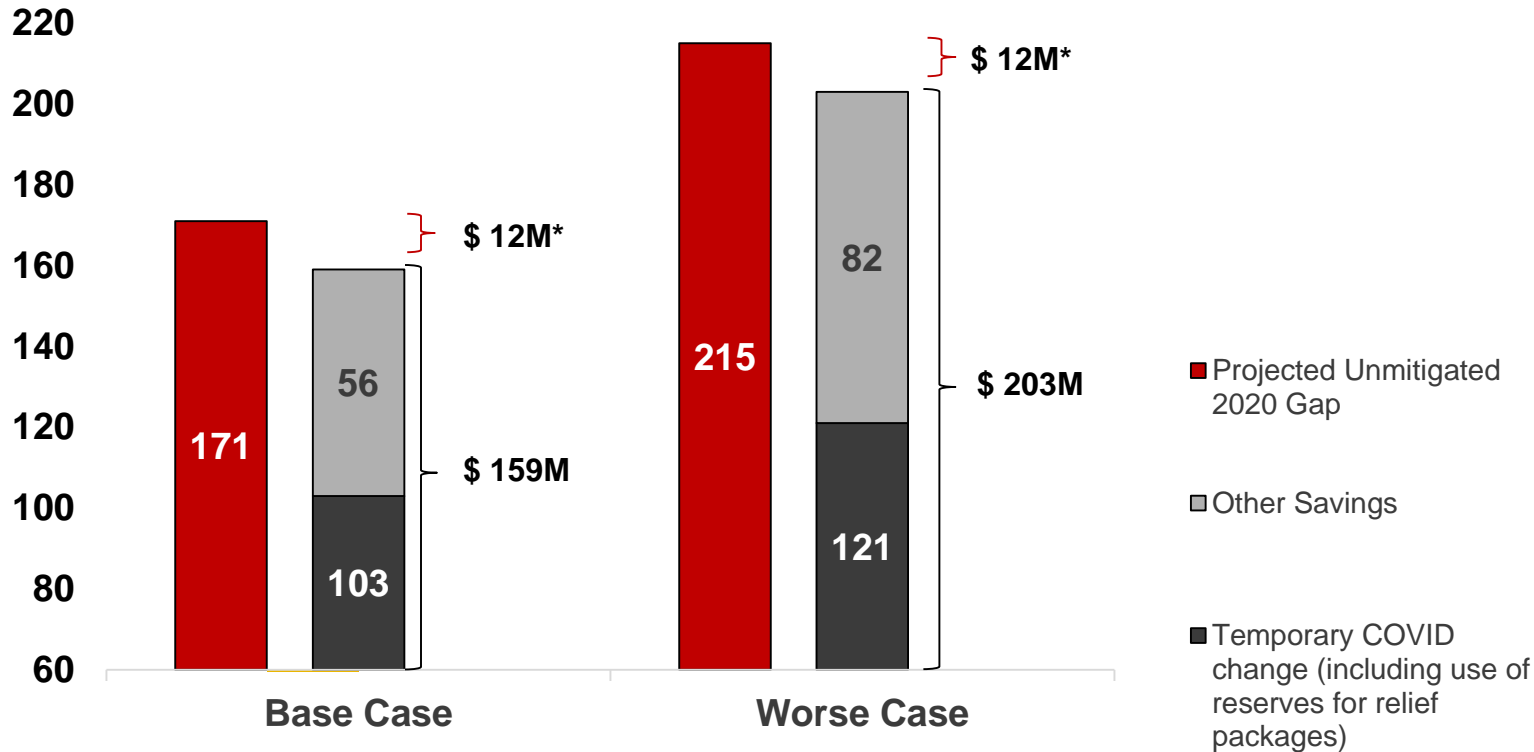
Note: \$ estimates rounded to the nearest million.

- Projected unmitigated 2020 gap decreased by **\$ 13M** to a total of **\$ 171M** primarily as a result of improved revenue projections for Recreation Opportunities and Public Transit.
- Reported temporary COVID change increased by **\$ 9M**, of which the majority can be attributed to service alignment to lower demand by Specialized Transit. **As a result of the above impacts, the requirement to find other savings decreased by \$ 22M.**
- Calgary Police Service estimates (**\$ 12M**) are the same as reported in July. The projections will be updated after further review by the Police Commission.
- Other savings will need to increase for any balance that Calgary Police Service cannot close.



Comparing the September Scenarios

\$ Millions



Note: \$ estimates rounded to the nearest million.

* Calgary Police Service

- Projected unmitigated 2020 gap increased by \$ 44M to a total of \$ 215M primarily as a result of lowered revenue projections for Recreation Opportunities and Public Transit as well as lower franchise fees and taxation revenue for Corporate Programs.
- Reported temporary COVID change increased by \$ 18M as services assumed an extension of already implemented service reductions due to lower demand associated with the partial lockdown.
- **As a result of the above, the requirement to identify other savings increased by \$ 26M.**
- Calgary Police Service estimates (\$ 12M) are the same as reported in July and the Base Case. The projections will be updated after further review by the Police Commission.



Largest value temporary COVID-19 changes in 2020 (September Base Case vs Worse Case)

Service	Base Case	Worse Case*	Summary	Citizen Impact
Public Transit	\$43	\$50	Rebalancing the service mix on transit routes	Direct
Specialized Transit	\$15	\$18	Align Specialized Transit to demand, use of contracted services instead	Direct
Building Safety	\$12	\$13	Expenditure reductions and utilization of reserve as required	Indirect
Water Treatment & Supply	\$11	\$14	Delayed capital and operating upgrades, lower interest expenses	Indirect
Business Licensing	\$4	\$4	Increased reserve drawdown due to approved Business License relief package	Direct
Sidewalks & Pathways	\$3	\$3	Relinquish and absorb growth, maintain pedestrian pavement marking level of service, service levels for snow and ice control slightly reduced	Direct
Streets	\$3	\$3	Service levels not increased as planned or reduced	Direct
Development Approvals	\$2	\$2	Utilization of reserve as required to offset revenue decline and fee waiver	Indirect
Real Estate	\$2	\$3	Funding of the rent relief and acquisitions fee deficit	Direct

Note: All \$ figures rounded in millions

** Increase in temporary COVID change reflects an extension of already implemented service reductions as a result of lower demand associated with the partial lockdown*



Base Case (56 risks)

Slight	Low	Medium	High	Severe
5%	20%	32%	30%	13%
Slight	Low	Medium	High	Severe
4%	19%	26%	33%	18%

Worse Case (57 risks)

2020 Year-end September projection

5 Priority Risks*	From 2020 Year-end September projections (Base Case)
Economic Risk	This risk is impacted by a combination of the COVID-19 pandemic and the collapse of crude oil prices, which have caused three principal shocks to Calgary's economy: structural change, supply shock and a demand shock. The culmination of the three shocks has had a significant impact on our economy. Multiple services expressed deferred or delayed revenue as a specific impact. Several services noted concern over anticipated economic impacts due to a potential second wave.
Financial Risk	This risk is impacted by the accuracy of the projected gap and the successful delivery of temporary service changes to generate savings that assist in closing the gap. With the SAVE program already in progress, delivering additional savings will be challenging. Services indicated they will continue to draw from reserves to offset decreases in revenue or increased expenditure, or to address adverse variation from forecasted growth. Services have identified costs related to sustained closures or re-launch activities as a risk. Administration may evaluate additional temporary service reductions if the financial gap widens.
Health, Safety and Wellness Risk	This risk remains high and is acutely impacting some areas more than others. Many services noted this as their top risk while they continue to monitor staff health, safety, and wellness. The City is managing the need for personal protective equipment as well as process changes to ensure safety equipment and protocols are established and effective.
Infrastructure Management Risk	This risk varies as many City owned buildings are experiencing a decreased in usage which can be translated into reduced maintenance service levels and costs. However, long-term planning projects are also being reduced which will result in a gap in data and will impact our ability to proactively manage our building assets.
Reputation Risk	This risk has been noted by more services as their top risk. While a number of services are gradually reopening, some service reductions remain which may negatively impact citizens' perceptions. reopening City services could pose a threat to reputation if the public perceives that we are not able to do so safely. Currently, a large majority of citizens agree that as The City reopens its services, it's taking precautions to limit the spread of the virus.

In the Worse Case there is increased uncertainty related to: ability to meet citizen expectations; closures of facilities to the public; aggregate financial impacts; and health, safety and wellness concerns. There is also an increase in social risk impacting our ability to maintain certain long-term strategies.

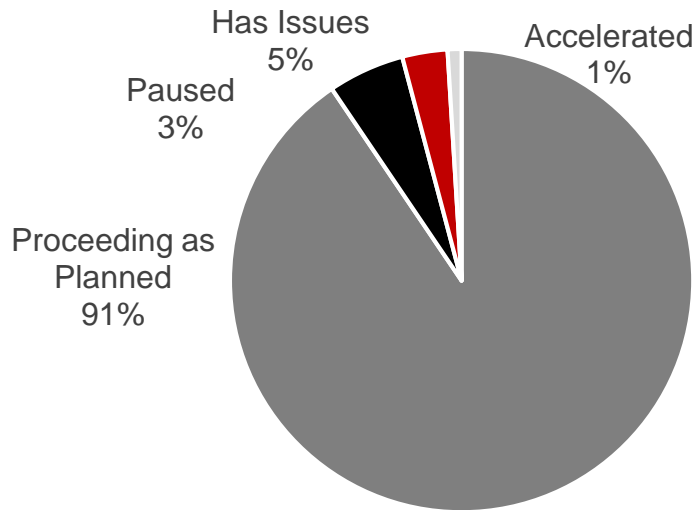
*The 5 Priority Risks are a subset of The City's Principal Corporate Risks and were approved by Administrative Leadership Team (ALT) in 2020 June. A full update on The City's Risk Profile, including all of the Principal Corporate Risks were provided to the Audit Committee on 2020 July 23. **Items in BOLD are changes from last month's update.**



The City's current capital situation

Overall, The City continues to move forward with capital investments

August – How are Investments proceeding?



- Most investments continue to proceed as planned
 - Constantly monitoring whether we are allocating capital to the right investments
- Month-over-month, investments have been stable (92% Proceeding as planned for July, 91% in June)
- The City is in the process of identifying shovel-worthy investments for application to the Municipal Stimulus Program (\$152.8M allocation to Calgary)
- Some investments have accelerated – e.g. Facility lifecycle
- The City continues to watch and mitigate key risks that may impact schedules



Workforce

The health, safety and wellness of our employees is a priority.

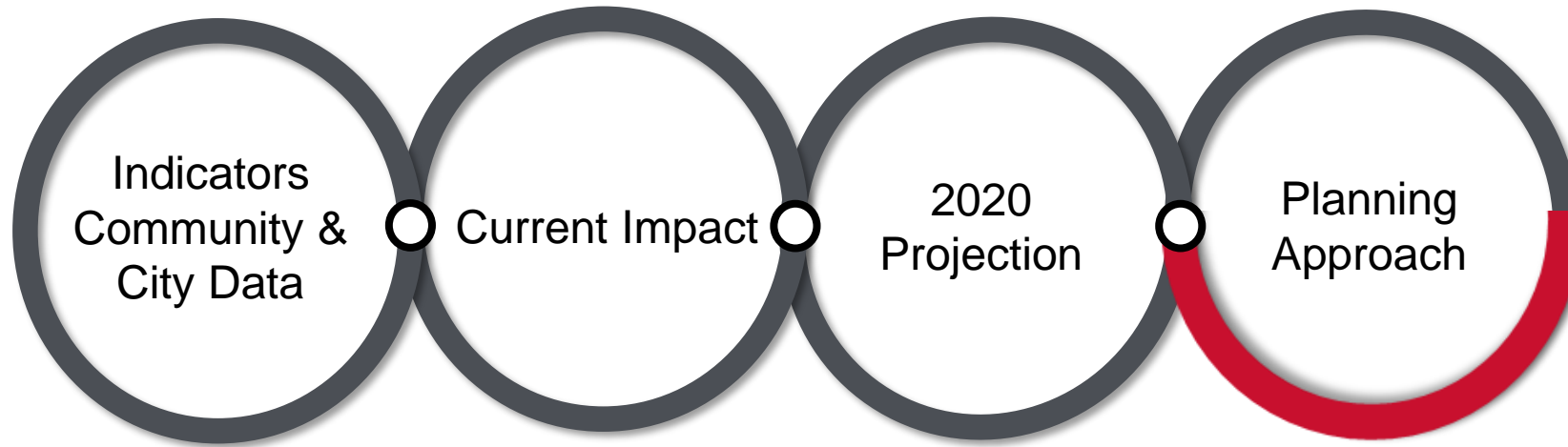
- To treat employees with dignity and respect while balancing employer/employee interests

Extensive support for employee health, safety and wellness, including:

- Regular communications (e.g. townhalls to resume in September, updates on the reoccupation and COVID-19 are provided in All Employee Notice bulletins, myCity Webpages).
- Reoccupation playbook and dedicated webpages have been developed to address facilities, space, physical and psychological safety and the employee experience . The Playbook is developed to evolve and respond to changes that may occur.
- Intentional workforce management and adjustment
 - Prioritized hiring continues with oversight by the Corporate Workforce Planning Committee.
- Anticipating recovery – ongoing workforce planning (culture, skill set and complement) for current state and economic resilience to align with Provincial relaunch updates.



We have a robust planning approach





Some important questions from Council are guiding our work

Initial response provided 2020 April 30 (COVID Response Section) and update provided today (Current Impact 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 2020 April 30 (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?

Response provided 2020 July 14 with the report on indicative rates (Multi-Year Business Planning and Budgeting)

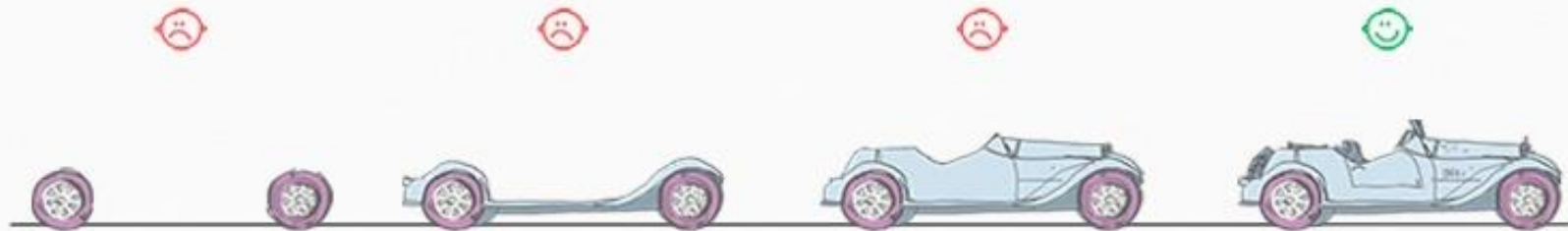
- 1) Does it still make sense to have a four year budget process with such volatility in the world, country, and province?

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?

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

1 Initial Forecast

2020 April 30

Initial process gathered data for preliminary scenarios

2 Updates

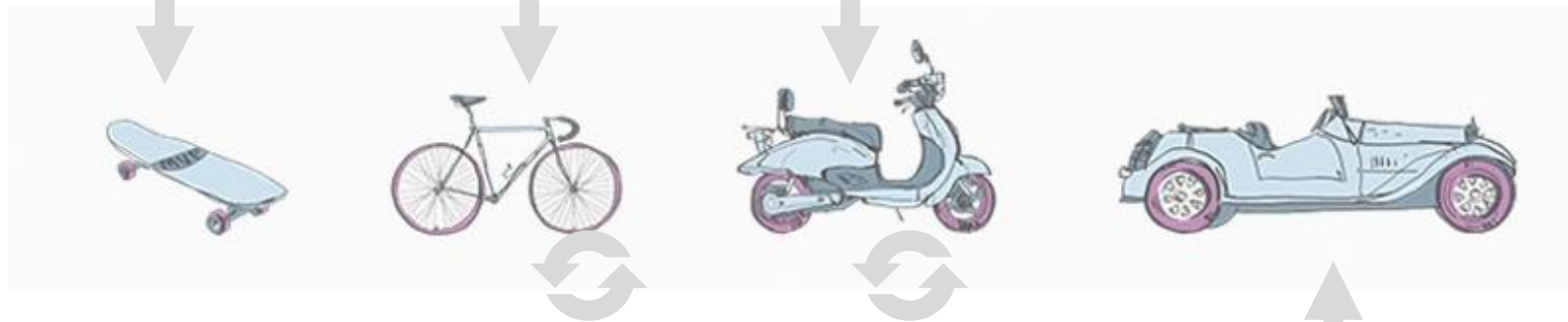
2020 May 25, July 20 and July 27

Update single scenario 2020 year-end projections & impacts

3 Updates

2020 September 14

Update two scenarios 2020 year-end projections & impacts



Next steps

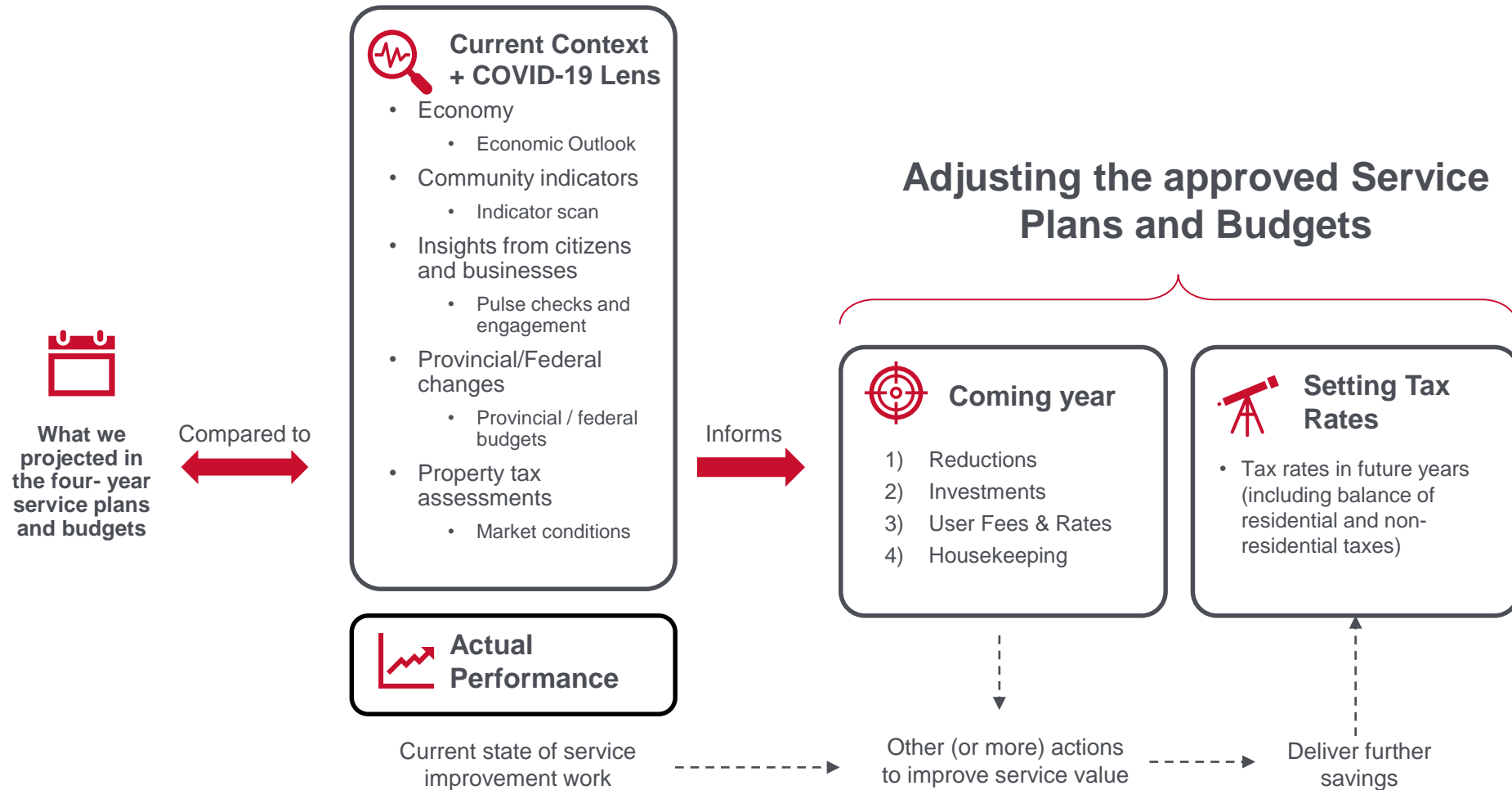
4 Refinement

Scenario with more detailed planning assumptions:

- 2020 year-end projections, baseline for 2021
- Planning assumptions carried forward to Mid-Cycle Adjustment 2021 one-time adjustments



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



Striking the right balance



- Managing costs while delivering the high-quality services that citizens and businesses want and need is a balance we always work to achieve.
- In response to COVID-19, we must additionally balance controlling costs in the immediate term and the speed with which we are able to ramp up our services again as we move toward recovery.
- As we turn our focus to relaunch and recovery, maintaining affordability will be a key consideration in reopening City facilities and in how we are able to meet any increases in demand for City services. This will be an important theme in our corporate planning and budgeting this year and beyond.