



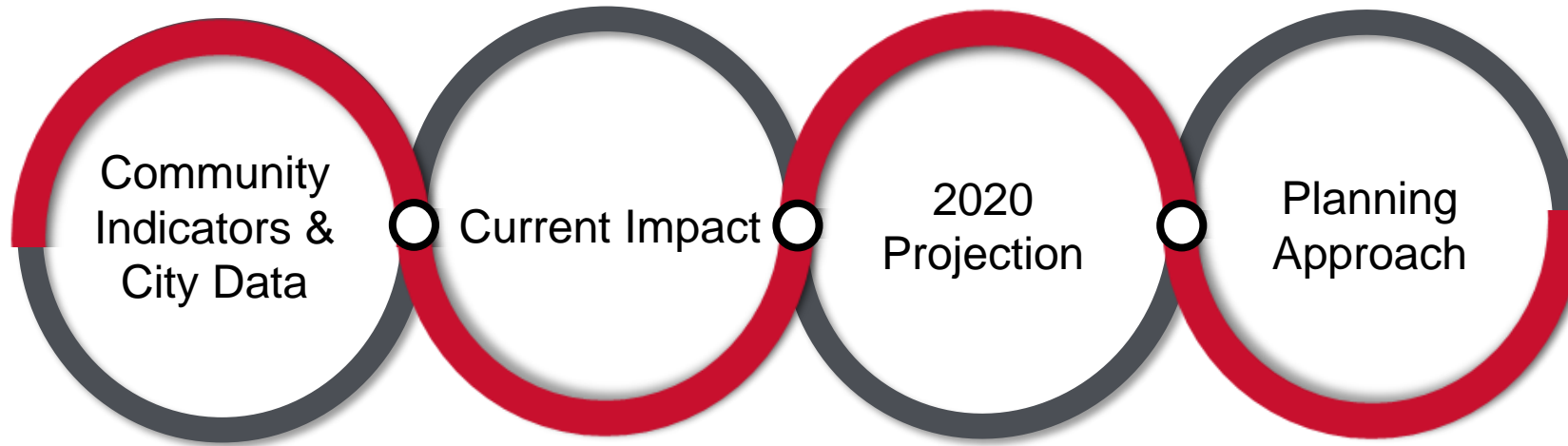
C2020-1080 Service Plan and Budget Update - October

2020 October 5

Combined Meeting of Council

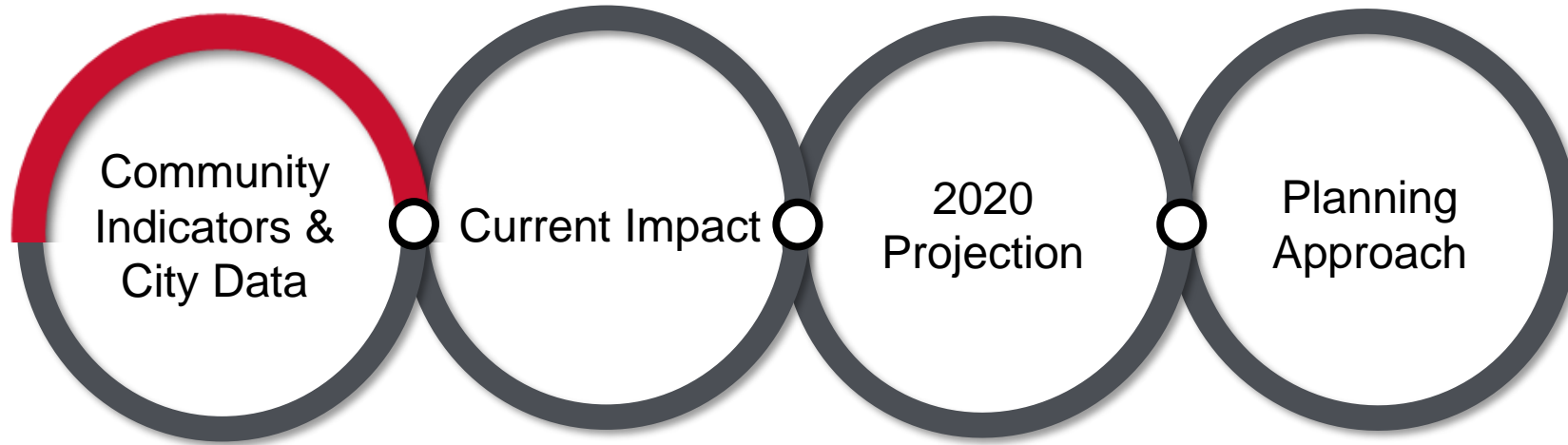


Roadmap for Service Plan & Budget Update





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.



Citizen & Business Perspectives



Health and wellness indicators



Mobility indicators



Economic, financial and business indicators

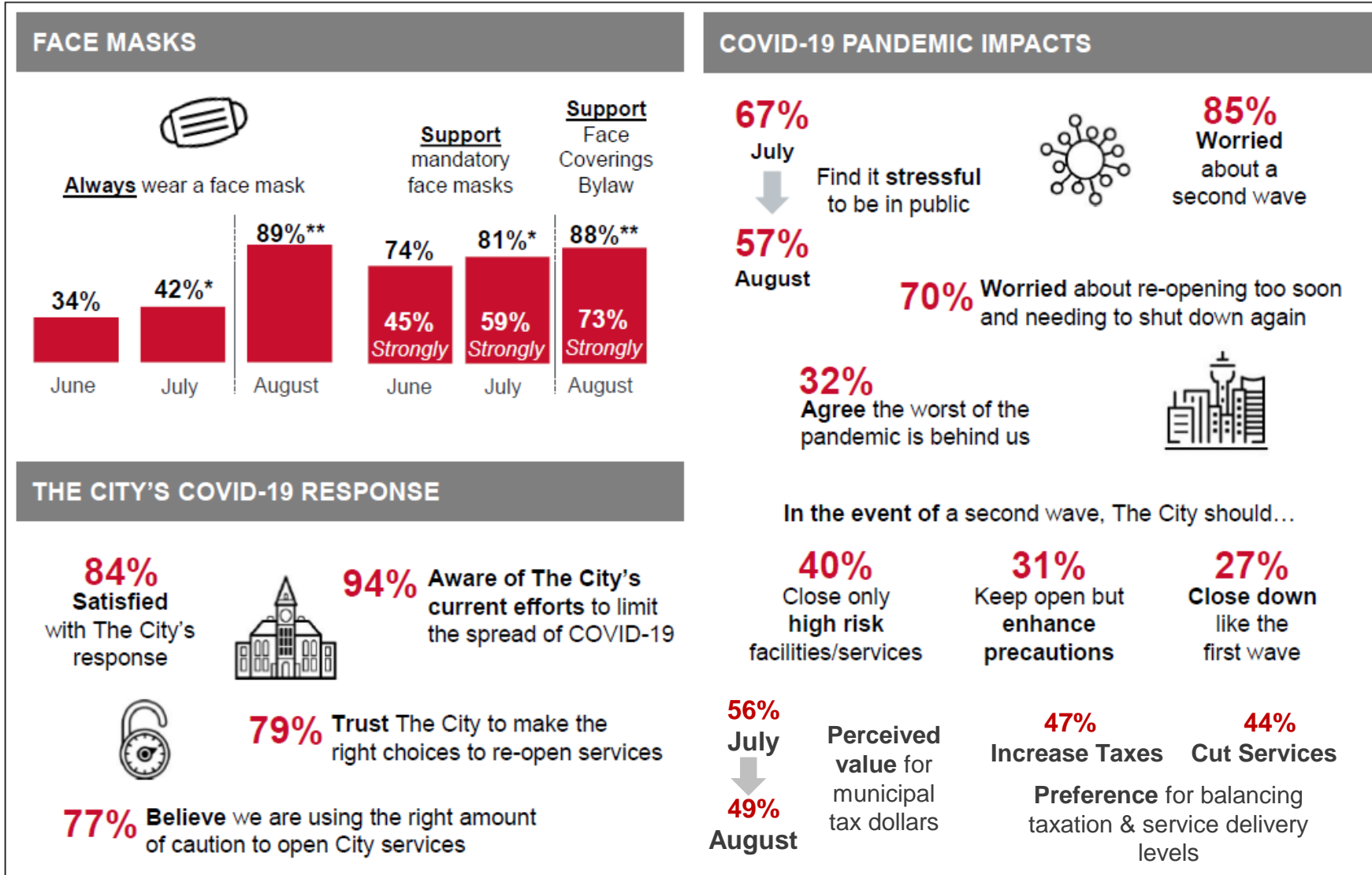


Environmental indicators

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.



Citizen perspectives at a glance



*Data collection occurred before the decision to enact the Face Coverings Bylaw was made.

**Data collection occurred after the Face Coverings Bylaw came into effect.



Business perspectives at a glance

Business owners/operators are more likely than other Calgarians to report negative financial impacts as a result of the pandemic and to express distrust of The City regarding its pandemic response.

- Twice as many business owners/operators as other Calgarians say their personal financial situation has worsened since May 25 (43% vs. 21%, respectively). Among those who were employed at the beginning of the pandemic, more business owners/operators have experienced job or income loss as a result of the pandemic (67% vs. 37% of other Calgarians).
- Business owners/operators are also more likely than other Calgarians to be experiencing the following impacts as a result of the pandemic:
 - a decrease in income (72% vs. 45%, respectively),
 - decreased capacity to pay their mortgage/rent (36% vs. 22%),
 - decreased capacity to pay their property taxes (33% vs. 18%), and
 - decreased capacity to pay their bills on time (36% vs. 20%).
- Business owners/operators are more likely than other Calgarians to prefer The City cut services further to reduce taxes (27% vs. 13%), less likely to say The City should increase taxes at the current inflation rate to maintain current service levels (27% vs. 42%), and less likely to want taxes increased beyond the current inflation rate to expand services (2% vs. 9%).
- Twice as many business owners/operators as other Calgarians (26% vs. 13%) say they distrust The City regarding its pandemic response.



Community Indicators – Physical Health

Change in Physical Health Since Lifting of Restrictions on May 25



LATEST DATA
Prior to Schools
Opening

Note: 2% and lower not labelled *Rounding

New Question beginning June 8th: Since restrictions resulting from the pandemic started being lifted on May 25, would you say your physical health has improved, remained the same, or worsened?

Base: All respondents (Aug 18 –25, n=500; Jul 2 –10, n=500; Jun 8 –14, n=500) Note: 2% and lower not labelled.

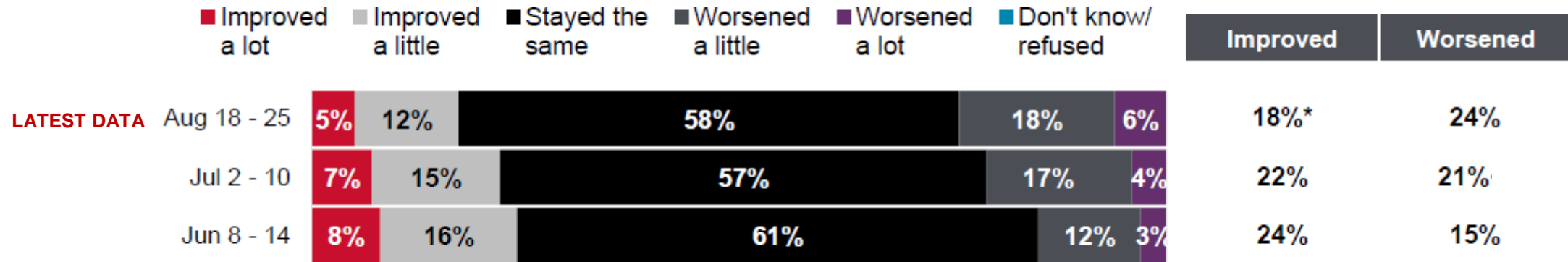
The majority (68%) of Calgarians say their physical health has stayed the same since restrictions resulting from the pandemic started being lifted on May 25. However, this proportion has been trending down since June (Snapshot 3) (75%), while the proportion stating their physical health has worsened is trending up, from 8% in Snapshot 3 to 12% in July (Snapshot 4) and 16% now.

Source: The City of Calgary CSC Corporate Research Team
2020 Citizen Perspectives Survey - COVID-19 Snapshot #5

Community Indicators – Mental Health

Mental Health

Change in Mental Health Since Lifting of Restrictions on May 25



Note: 2% and lower not labelled

*Rounding

New Question beginning June 8th: Since restrictions resulting from the pandemic started being lifted on May 25, would you say your mental health has improved, remained the same, or worsened?

Base: All respondents (Aug 18 –25, n=500; Jul 2 –10, n=500; Jun 8 –14, n=500).

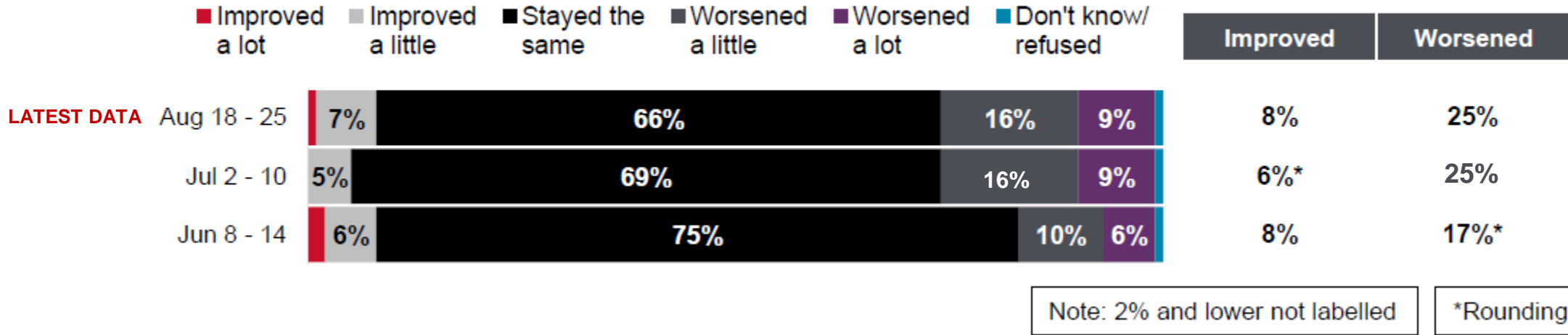
Although there are no statistically significant changes between the last snapshot and the current one when it comes to self-reported changes in mental health since restrictions started being lifted on May 25, the proportion of Calgarians reporting their mental health has improved is trending down. The proportion saying it’s worsened is trending up. In June (Snapshot 3), one-quarter (24%) of Calgarians reported an improvement in their mental health and is now at 18%. Conversely, one-quarter (24%) now say their mental health has worsened, up from 15% in June (Snapshot 3).

Source: The City of Calgary CSC Corporate Research Team
2020 Citizen Perspectives Survey - COVID-19 Snapshot #5



Community Indicators – Personal Financial Situation

Change in Personal Financial Situation Since Lifting of Restrictions on May 25



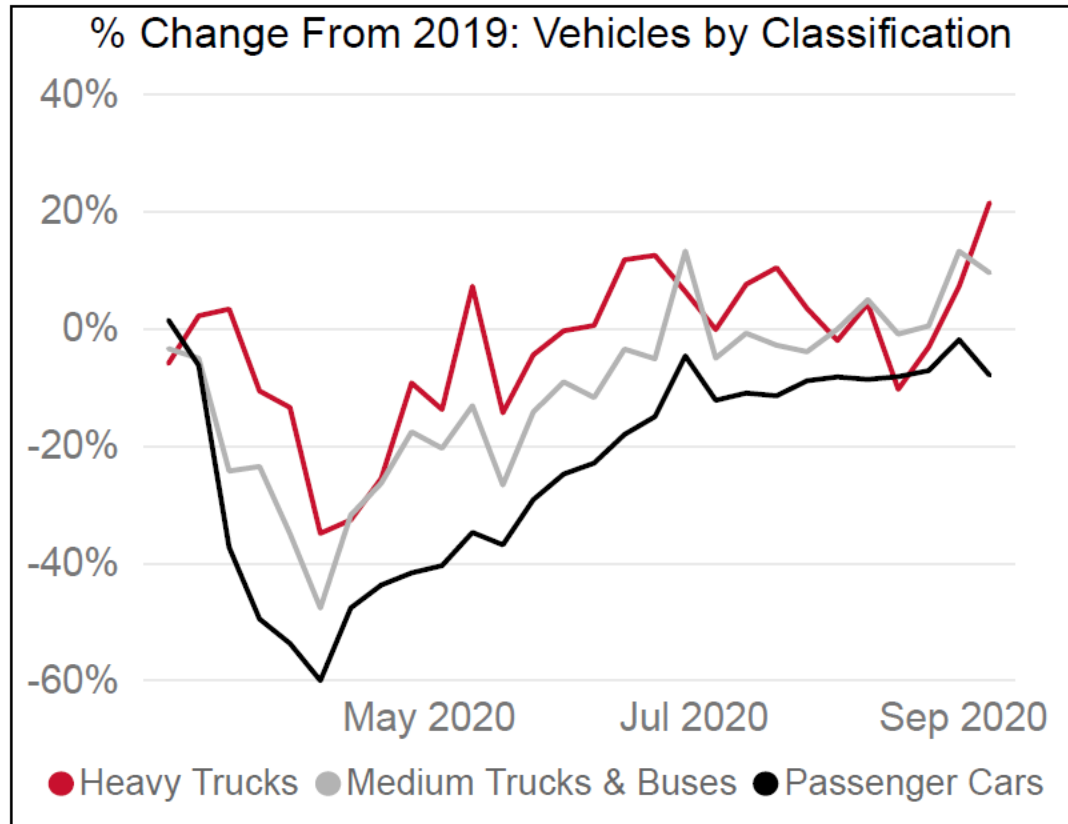
New Question beginning June 8th: Since restrictions resulting from the pandemic started being lifted on May 25, would you say your personal financial situation has improved, remained the same, or worsened?

Base: All respondents (Aug 18 –25, n=500; Jul 2 –10, n=500; Jun 8 –14, n=500)

The proportion of Calgarians saying their personal financial situation has stayed the same since the restrictions resulting from the pandemic started being lifted on May 25 is trending down, from three quarters (75%) in June (Snapshot 3) to two thirds (66%) now. Consistent with the last snapshot (July), one-quarter of Calgarians (25%) report their personal financial situation has worsened since restrictions started being lifted.



How citizens are getting around by vehicle

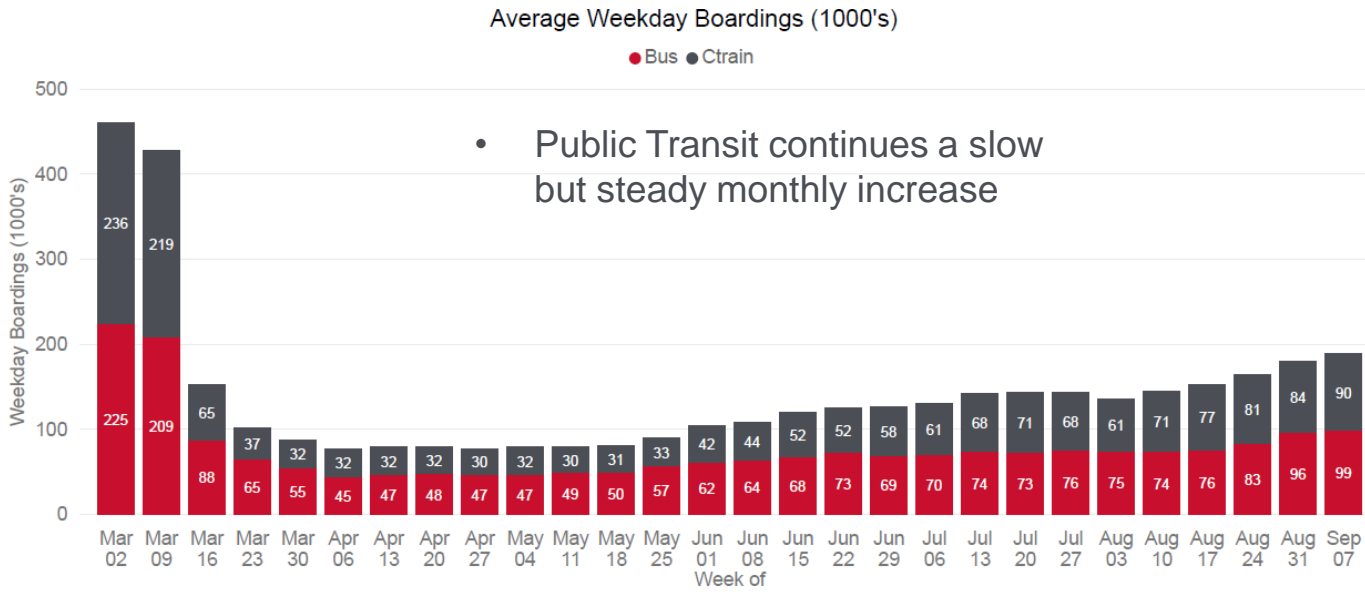


- City-wide vehicle traffic has increased to 95% of 2019 weekday volume. Heavy truck volume has increased to its highest level since the beginning of COVID-19.

Source: The City of Calgary Transportation Department

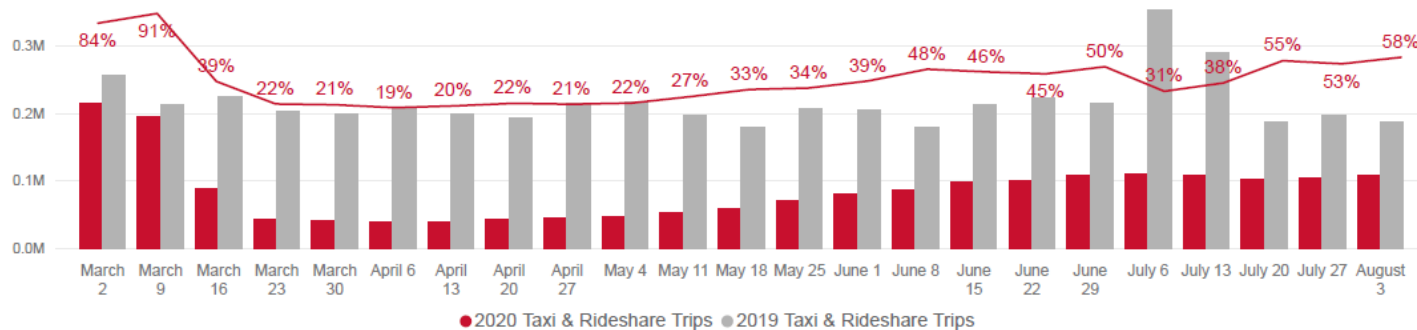


Use of Bus and Train (Weekly '000s)



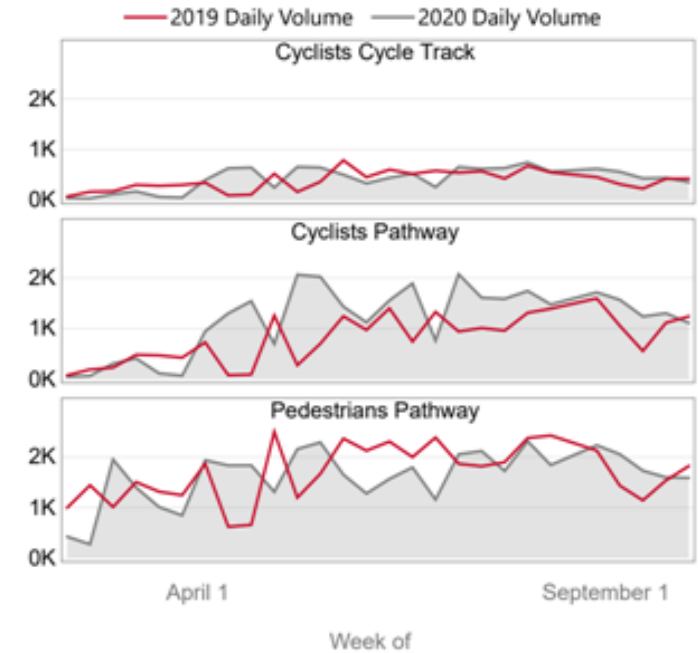
Use of Taxi and Rideshare Trips (Weekly '000s)

(2019 vs 2020) & Percent Change from 2019



Use of Pathways

Weekend Eco-Counter Location Data:
2020 Compared to 2019



- Pathway use by pedestrians and cyclists are similar to 2019 volume

- Taxi and Rideshare trips have increased to 60% of trips compared to the same time in 2019

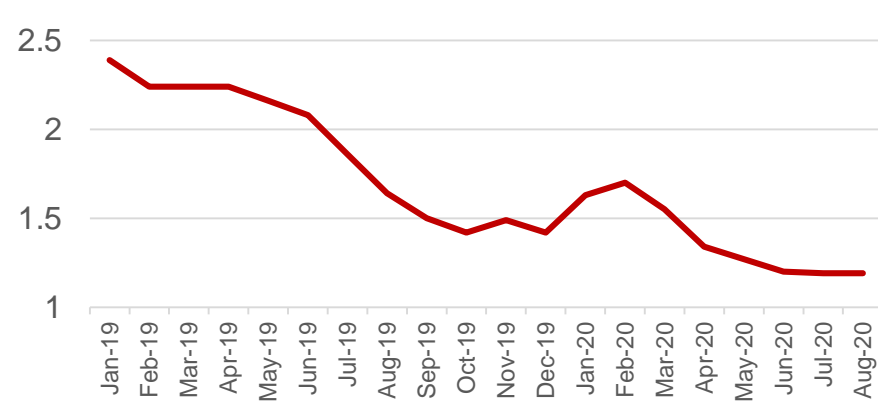
Source: The City of Calgary Transportation Department



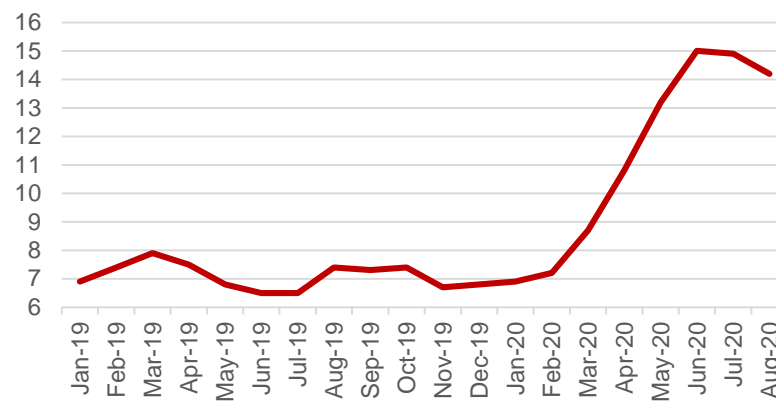
Community Indicators – Economic (January 2019-Present)

As of 2020 September 23

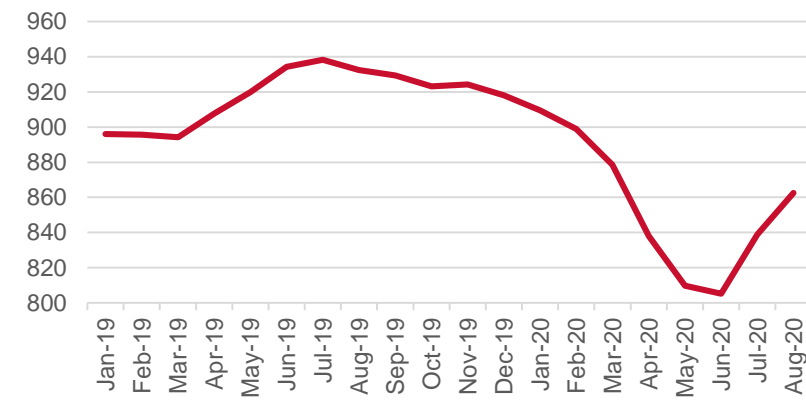
Calgary: All-items CPI (inflation)



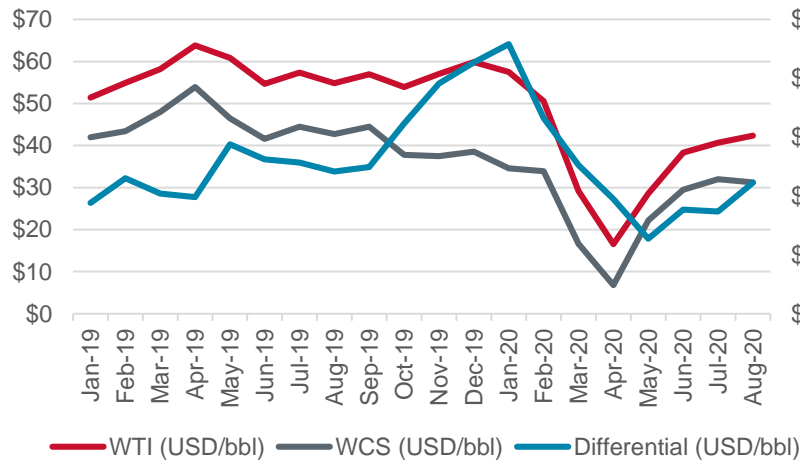
CER Unemployment Rate (%)



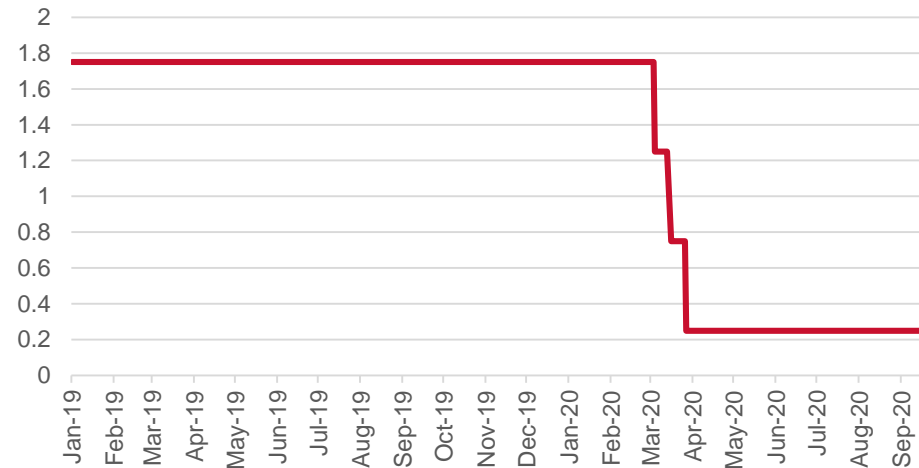
CER Total Employment (thousands)



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



Bank of Canada overnight rate (%)

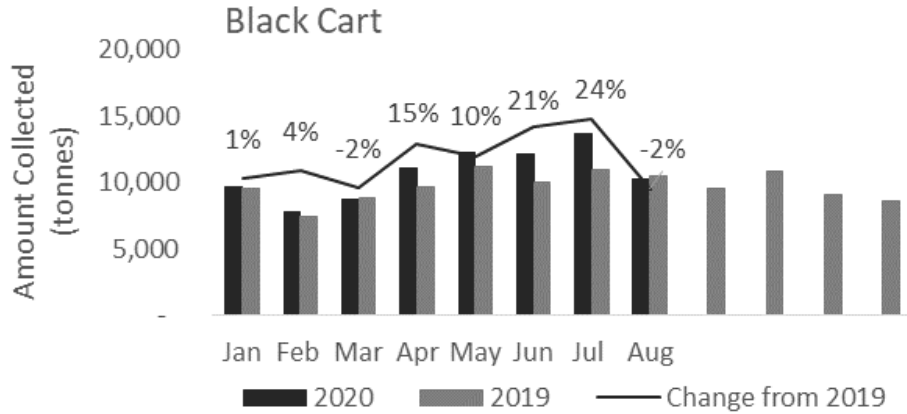


Source: The City of Calgary Corporate Economics

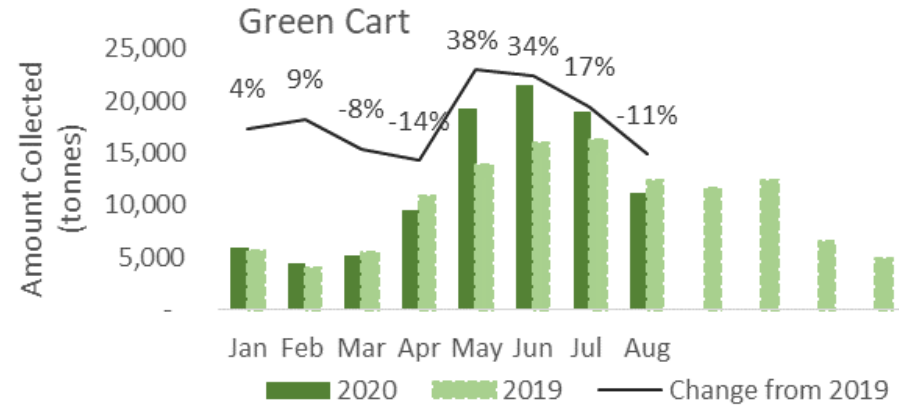
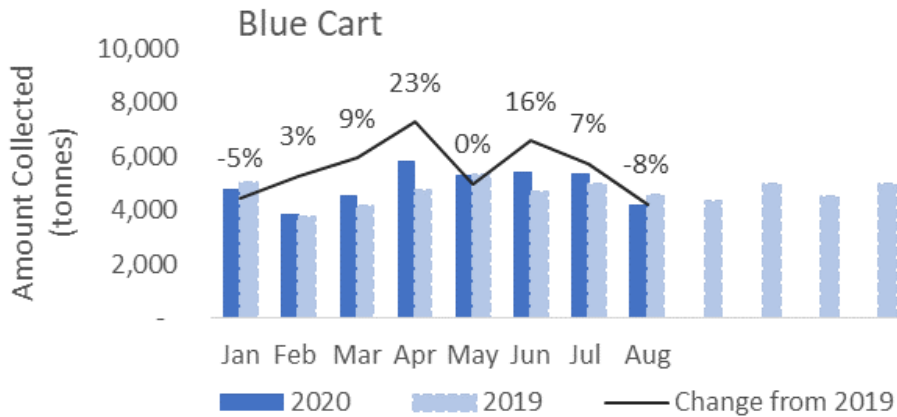


Community Indicators – Environmental

Waste collected in Black, Blue and Green Cart Programs

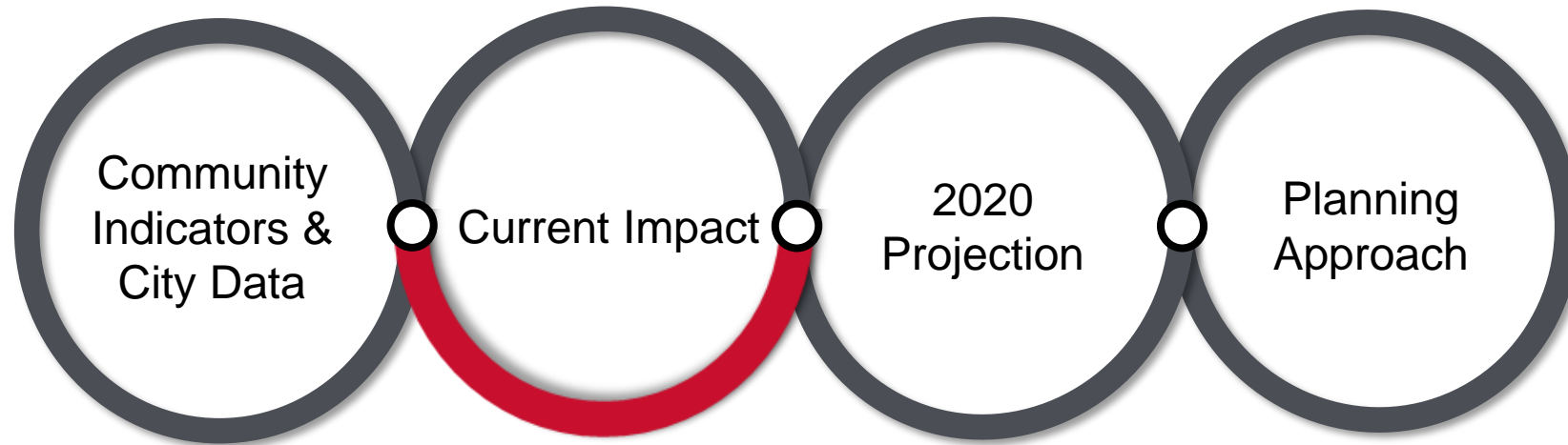


Volumes of waste in residential Black, Blue, and Green Carts are trending back toward seasonal norms in August.





Update on current COVID-19 impact





As of 2020 September 21

Some relaunch activities for October include:

- ✓ Thornhill Aquatic and Recreation Centre reopened.
- ✓ Three more arenas opened for bookings: Ernie Starr, Father David Bauer and Frank McCool.
- ✓ Wildflower and North Mount Pleasant Art Centres opened for ceramic studio bookings.
- ✓ Annual property assessments notices, which are normally mailed within the first week of January, will now be mailed on 2021 January 14 to allow more time to gather the information that COVID-19 has made it difficult to get. Corresponding changes include:
 - i. Pre-Roll Consultation Period (Pre-Roll) – has been extended by three weeks to allow more time for ongoing conversations on preliminary 2021 assessment values. Normally, this occurs over the month of October, but this year timelines have been extended from 2020 October 1 – 2020 November 27.
 - ii. Customer Review Period – which follows the mailing of the assessment notice, will also begin later but run for the same number of days it usually would, from 2021 January 14 – 2021 March 23.



Preliminary financial impacts: March 12 – September 13

	\$ millions	
Revenue Loss	(126.5)	<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	(19.5)	<ul style="list-style-type: none"> • Overtime • Layoffs of certain temporary and permanent staff • IT equipment and pandemic supplies • Facility cleaning
Savings	62.8	<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	(83.2)	

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 – September 13

Amounts in \$ millions	Revenue Loss	Incremental Expenses	Estimated Savings	Net Impact
Transit	(66.7)	(5.0)	37.2	(34.5)
Real Estate & Development Services	(20.2)	-	-	(20.2)
Calgary Building Services	(15.0)	-	-	(15.0)
Recreation	(17.0)	(3.1)	14.2	(5.9)
Roads	(2.9)	(0.3)	-	(3.2)
Information Technology	-	(2.4)	-	(2.4)
Calgary Police Service	(3.0)	(1.0)	3.0	(1.0)
Facility Management	-	(2.2)	1.6	(0.6)
Parks	(1.6)	(0.6)	4.2	2.0
Other	(0.1)	(4.9)	2.6	(2.4)
Total	(126.5)	(19.5)	62.8	(83.2)

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.*



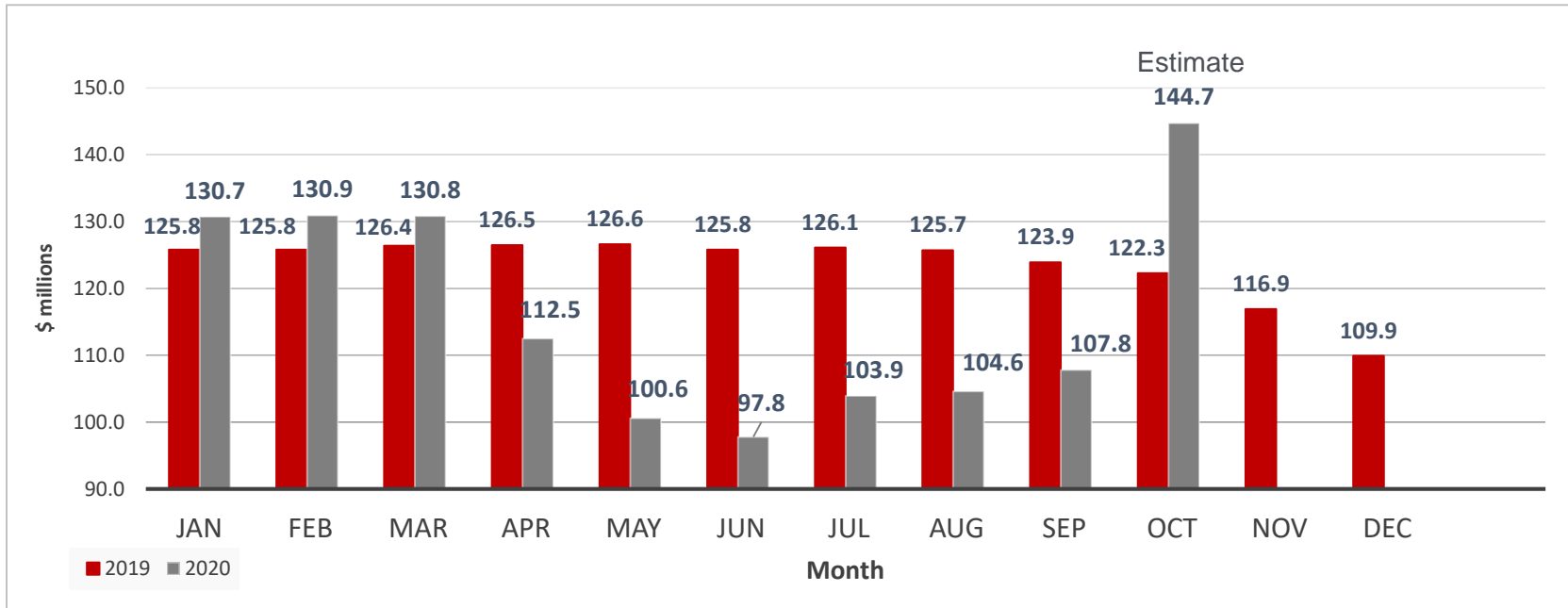
Tax Payment Overview

Billing and Payment Overview – Lump Sum - As of 2020 September 24

	Residential	Non-residential	Total
Total billed (\$ millions)	702.0	696.7	1,398.7
Total payments received (\$ millions)	534.5	407.3	941.8
Balance outstanding (\$ millions)	167.5	289.4	456.9
Percent paid	76.1%	58.5%	67.3%

- Tax payments are typically due June 30, and the majority of accounts pay by that deadline.
- The extension in payment deadlines in 2020 in response to COVID has created an unprecedented situation for the timing of payments, which is being closely monitored.

Monthly Tax Instalment Payment Plan (TIPP) Receipts – As of 2020 September 14



- TIPP participation has been steadily increasing over the last several months leading to higher monthly receipts for The City.
- The end of the payment deferral period on September 30 will also result in higher monthly receipts as TIPP accounts pay their tax balances over the last quarter of 2020.
- End of provincial deferral of 6 months' worth of education tax for non-residential properties on September 30 will contribute to increased TIPP receipts in Q4 2020



Support from other orders of government

As of 2020 September 25

Federal	Provincial
<p>Operating</p> <ul style="list-style-type: none"> Through the Safe Restart Agreement, the Government of Canada has committed more than \$4B for municipal and transit operating shortfalls. Alberta’s share is \$303M, to be cost-matched by the provincial government. See opposite for additional detail. <p>Capital</p> <ul style="list-style-type: none"> The September 23 Speech from the Throne reiterated a commitment to infrastructure stimulus over the next two years, including public transit, energy efficient retrofits, clean energy, and affordable housing are also mentioned, but further details will have to await legislation to implement these and other government priorities. In the meantime, the Government has provided provincial governments with the option of reallocating up to 10% of Investing in Canada Infrastructure Program funding for short-term, COVID-related infrastructure, with relaxed eligibility and reporting. It is not clear at present if the Government of Alberta will agree to this change. 	<p>Operating</p> <ul style="list-style-type: none"> As part of the Safe Restart Agreement, Alberta municipalities will be eligible for total operating funding support of \$606 million (\$303M federal, \$303M provincial) On September 25, the province announced that funding will be governed by the new Municipal Operating Support Transfer (MOST) program. Of the \$606M total envelope, Calgary is eligible for a total transfer of \$202.5 million which includes \$72 million specifically for transit. MOST funding must be spent on eligible expenses incurred between April 1, 2020 and March 31, 2021. <p>Capital</p> <ul style="list-style-type: none"> The Municipal Stimulus Program (MSP) provides municipalities with \$500 million in new funds, Calgary’s portion is \$152.8 million. Administration’s recommendations on what investments should proceed were approved on 2020 September 14 at Council. The provincial deadline for applications is October 1.

NOTE: For this October update no funding from other orders of government has been included in closing the unmitigated financial gap. Future updates will include available details and associated impacts.



COVID-19 Financial Impacts – Other Municipalities

Edmonton

“The budget impacts of COVID-19 are now expected to be \$172 million in the probable case for 2020. In the best case scenario they could be low as \$151 million, but in the worst case scenario they could be as high as \$252 million. Long term financial forecasting is in the early stages, but the financial strain is expected to continue beyond 2021. To deal with continuing financial hardship, the City remains committed to carefully managing expenses, and seeking new ways of doing business more efficiently.” 2020 July 8

2020 Expenditure budget \$3.023 billion

2019 Population 972,223

TORONTO

“The City anticipates a financial impact of \$1.9 billion for tax-supported programs by the end of 2020, prior to any offsets through mitigation strategies. With mitigation strategies in place, the City projects a reduced total year-end shortfall of \$1.35 billion. In addition, staff are also estimating a preliminary 2021 Operating Budget pressure of nearly \$1.5 billion.”

“To date, workforce restraints have produced \$48 million in savings and are expected to total \$152 million by year-end.” 2020 July 24

2020 Operating budget \$13.5 billion

Population of over 2.9 million

Montréal

“The city is expecting significant losses in revenue, with an optimistic estimate of \$93 M in lost revenues, and a pessimistic estimate of up \$281.3 M.”

“...the metropolis will not be able to absorb by itself the entire financial impact of the pandemic, and the significant decline in [L'autorité régionale de transport métropolitain] ARTM ridership, which may result in a loss totaling between \$154 M and \$244 M for the urban agglomeration of Montréal.” 2020 April 23

2020 Operating budget \$6.17 billion 2016 Population Ville de Montreal 1,704,694



“Vancouver City Council has directed City staff to prepare options for a 2021 budget that would result in a property tax increase of no more than 5%.

This is in the context of an unpredictable financial landscape where City revenues are currently projected to be \$124 million short in 2020 due to impacts from the COVID-19 pandemic.” 2020 July 9

2020 \$1.6 billion Operating budget

2016 Population 631,486



“The City of Ottawa plans to borrow from its own tax reserves and cancel tens of millions of dollars in planned capital investments in order to make up a projected \$192-million budget deficit tied to the novel coronavirus pandemic before the end of the year.” 2020 June 24

2020 Operating budget \$3.76 billion

2019 estimated population 1,006,210



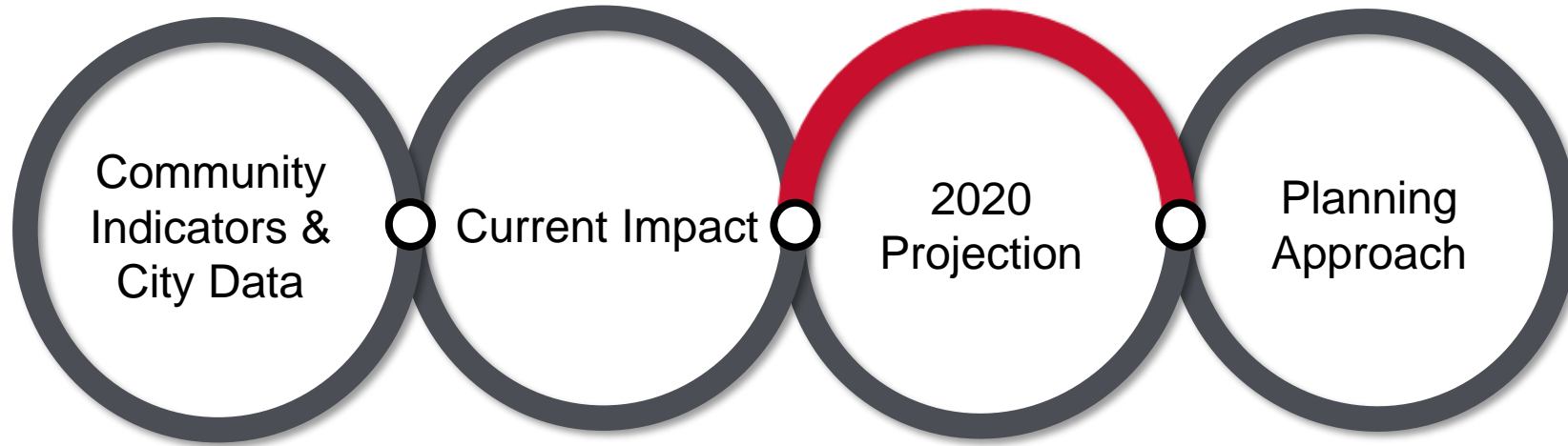
“The second quarter financial status and forecast report for 2020 discloses a projected deficit in the tax-supported operating budget (General Revenue Fund) of \$0.7 million and a total shortfall for all City departments to be \$29.9 million, as at June 30, 2020. Transit is now projecting a shortfall of \$29.1 million, which is a further increase from the last quarterly report that forecasted a year-end shortfall of \$26.1 million..” 2020 Sept 14

2020 Operating budget \$1.145 billion

2019 estimated population 763,900



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 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 add:

- Significant assumptions due to scope of uncertainty
- Base Case Scenario: The same as June, July, and September 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.

Scope includes:

- Potential relaunch strategies and activities
- Relief packages and associated funding sources approved by Council

Scope excludes:

- Operating support from other orders of government received on 2020 September 25.



More sophisticated planning assumptions

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

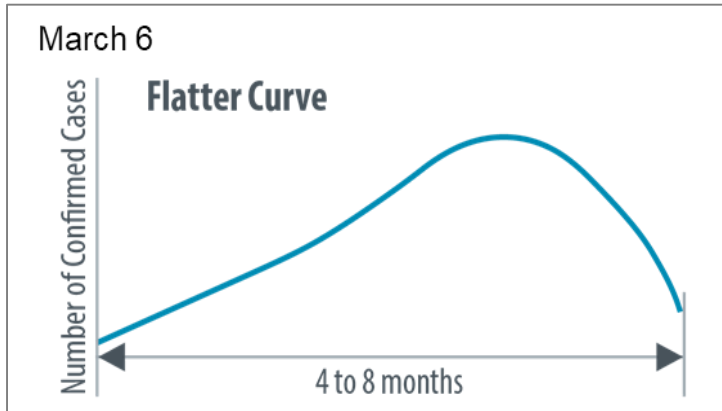
Planning Assumptions	Initial April & May Submissions	June, July, September and October Submissions
Sources	<ul style="list-style-type: none"> Internal city sources 	<ul style="list-style-type: none"> Internal city sources University of Calgary collaboration Big Cities partnership External scenarios (e.g.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

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

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



Key assumptions* underlying the financial and performance projections



- 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.
- To the end of October the Province of Alberta is in Stage 2 of their relaunch strategy.
- 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.
- Relaunch strategies, activities and costs included in the impacts.
- The City of Calgary prioritized hiring remains in effect until the end of the year.
- Supply chain movement and procurement of goods eases over the remainder of 2020 and is back to pre-COVID levels by December 31. Although service providers who 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.
- 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.
- 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.
- 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.

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

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

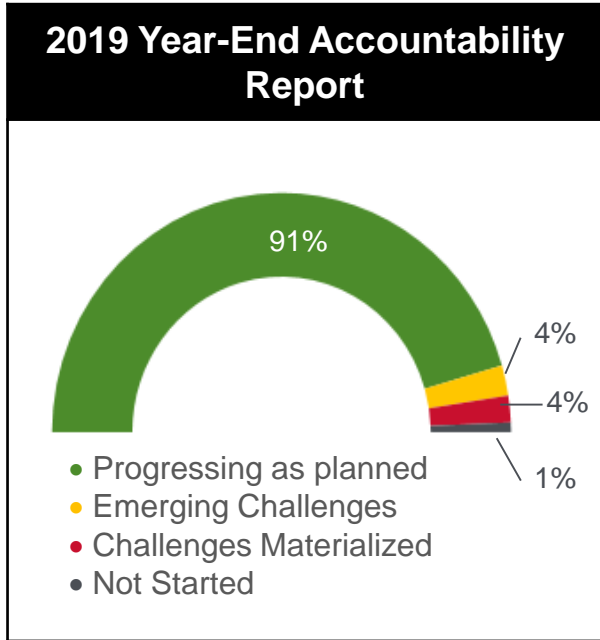


Key assumptions* underlying the financial and performance projections continued

- Schools reopened 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 reopen.
- Impacts to capital investments (construction, job sites, access to materials and contractors) chain eases over the remainder of 2020 and is anticipated to be back to pre-COVID levels by the end of first quarter (Q1) 2021.
- 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 is expected to resume as of 2020 June.
- Lower non-residential investment continues until the end of 2020.
- Current revenue trends hold, unless more refined assumptions on user fee and rate revenue available.
- Current expenditure trends hold, unless more refined expenditure projections are available based on your service's circumstances.
- **New operating and capital funding has been announced by other orders of government. Details are still emerging and approval has not been received to proceed, therefore projections assume no new funding.**
- Performance expectations for future projections may not align with prior Council approvals.

Items in BOLD are changes from last months update

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



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.

Base Case scenario

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

- Virtually all strategies maintained their impact category previously reported in September;
- One strategy projected to be less impacted by year-end than in September, as they move down a category from significant to moderate, reflecting a more positive outlook;
- Strategies that have been significantly or severely impacted 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.

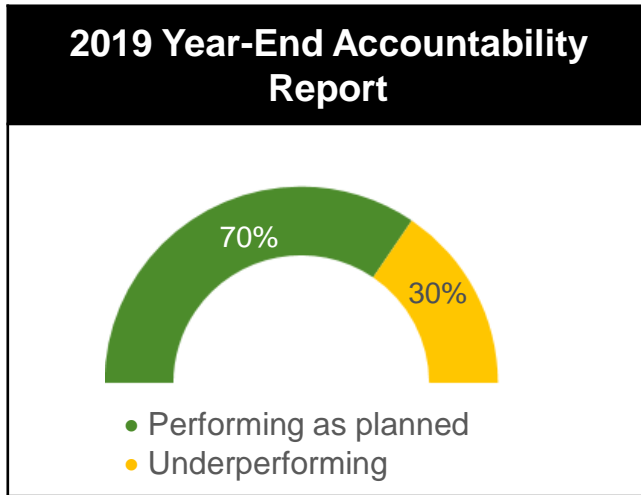
Category	Percentage
Negligible	35%
Minor	29%
Moderate	26%
Significant	8%
Severe	2%

- Negligible
- Minor
- Moderate
- Significant
- Severe

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



Projected performance impacts



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

Category	Percentage
Improved	12%
Stayed the same	53%
Worsened	31%
Response not required	4%

- Improved
- Stayed the same
- Worsened
- Response not required

- 98% of performance measures stayed in the same impact categories previously reported in September.
- 65% of performance measures are projected to “improve” or “stay the same” by 2020 year-end.
- 31% 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.

*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

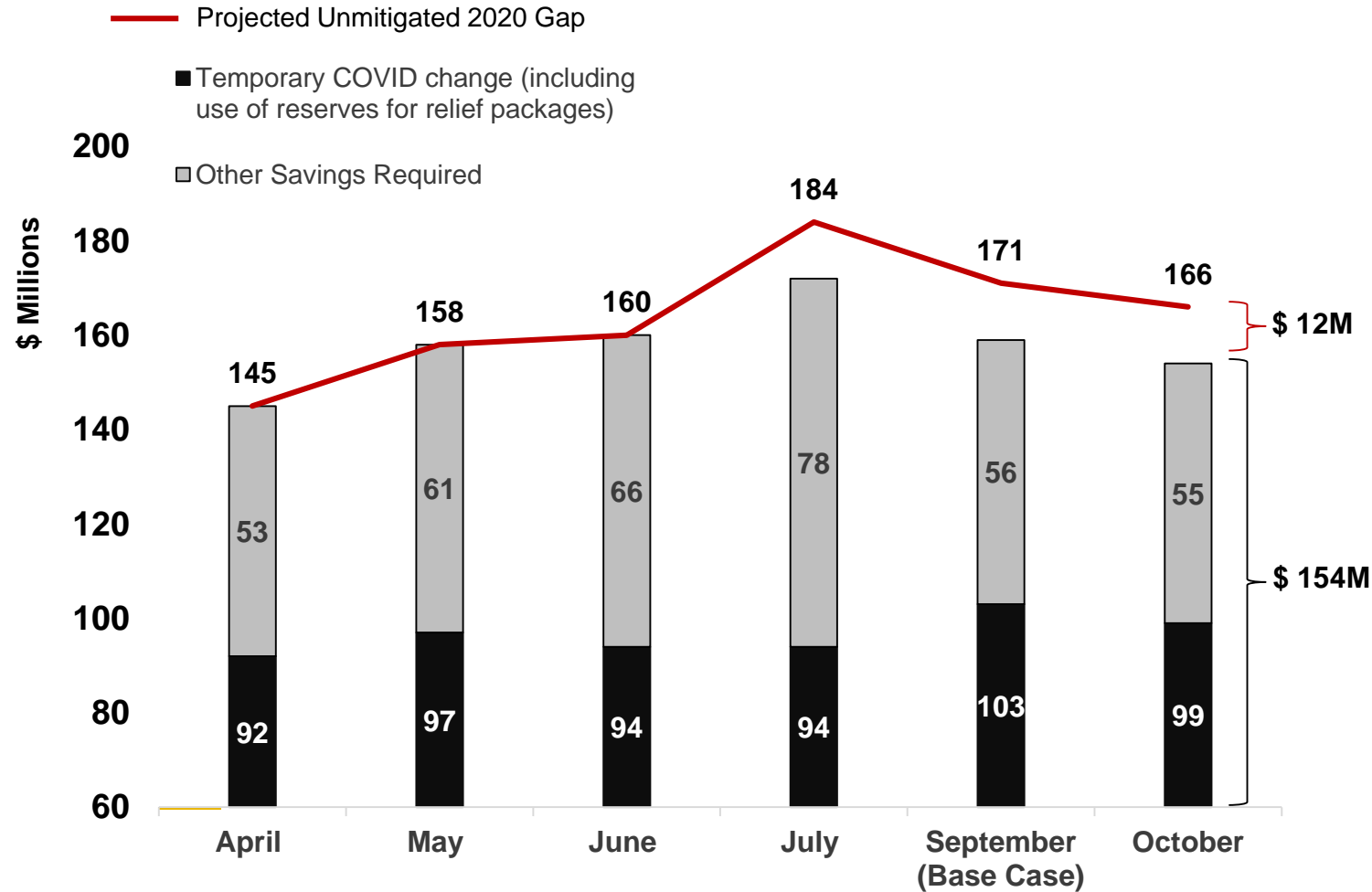
Account Category	October Projection (\$ M)	September Projection (Base Case) (\$ M)	Diff. vs September (\$ M)	Explanations
Revenue	(244)	(251)	7	<ul style="list-style-type: none"> Water Treatment & Supply and Wastewater Collection & Treatment revised their revenue projections upwards (less unfavourable than anticipated due to hot July and August and more agreements signed) Corporate Programs revenue estimates revised (less unfavourable 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
Recoveries	-	(1)	1	<ul style="list-style-type: none"> Waste & Recycling Services changed their internal tipping fee recovery projection to reflect higher than projected internal tonnage and associated recovery as a result of Green Line project
Expenditures	78	81	(3)	<ul style="list-style-type: none"> Corporate Security revised their cost savings estimate upwards due to vacant budgeted FTEs and projected savings on conferences/travel/meetings Lower reserve contribution for Real Estate due to unrealized land sales Vacancy savings from intentionally managing the workforce Offset by increased overtime and supply costs associated with COVID-19
Total unmitigated gap	(166)	(171)	5	

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 **\$5M** to a total of **\$166M** primarily as a result of improved revenue projections for Utilities and Corporate Programs.
- Reported temporary COVID change decreased by **\$4M**, of which the majority can be attributed to Utilities aligning their COVID change to revised revenue projections. **As a result, the requirement to find other savings decreased by \$1M.**
- 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.



Largest value temporary COVID-19 changes in 2020 (October)

Service	Base Case	Summary	Citizen Impact
Public Transit	\$43	Rebalancing the service mix on transit routes	Direct
Specialized Transit	\$15	Align Specialized Transit to demand, use of contracted services instead	Direct
Building Safety	\$12	Expenditure reductions and utilization of reserve as required	Indirect
Water Treatment & Supply	\$7	Delayed capital and operating upgrades, lower interest expenses	Indirect
Business Licensing	\$4	Increased reserve drawdown due to approved Business License relief package	Direct
Sidewalks & Pathways	\$3	Relinquish and absorb growth, maintain pedestrian pavement marking level of service, service levels for snow and ice control slightly reduced	Direct
Streets	\$3	Service levels not increased as planned or reduced	Direct
Development Approvals	\$2	Utilization of reserve as required to offset revenue decline and fee waiver	Indirect
Real Estate	\$2	Funding of the rent relief and acquisitions fee deficit	Direct

Note: All \$ figures rounded in millions



56 risks

Slight	Low	Medium	High	Severe
5%	20%	32%	30%	13%

2020 Year-end October projection

5 Priority Risks*	From 2020 Year-end October projections
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 impacting some areas more significantly than others. The City is addressing the health and safety demands to employees resulting from COVID-19 with additional personal protection equipment and process/workspace changes, all 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	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.

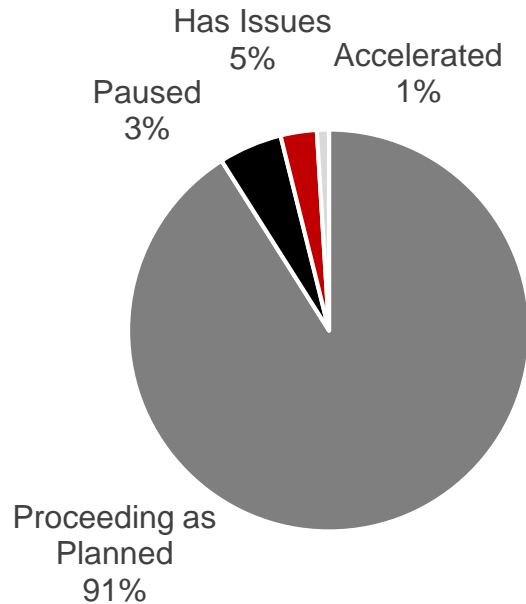
*The 5 Priority Risks are a subset of The City’s Principal Corporate Risks and were approved by Administrative Leadership Team (ALT) in 2020 June. A full update on The City’s Risk Profile, including all of the Principal Corporate Risks were provided to the Audit Committee on 2020 July 23. **Items in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



The City's current capital situation

Overall, The City continues to move forward with capital investments

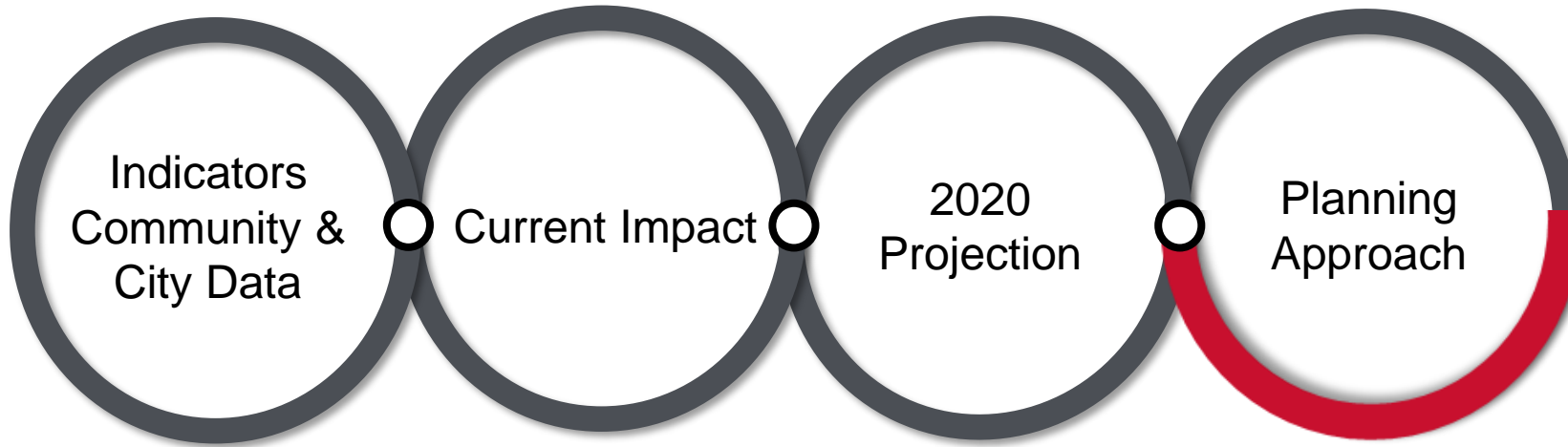
September – How are Investments proceeding?



- 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 (~90% proceeding as planned month-over-month)
- Some investments have accelerated – e.g. Facility lifecycle
- The City continues to watch and mitigate key risks that may impact schedules
- The City has identified shovel-worthy investments for application to the Municipal Stimulus Program (MSP) and has submitted applications to the Province. Therefore this analysis does not include those investments.



We have a robust planning approach





Some important questions from Council are guiding our work

Updates provided in the Community Indicators & City Data and Current Impact Sections of this Attachment

- 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 2020 April 6 Presentation from Chief Financial Officer and 2020 Property Tax Related Bylaws C2020-0382; 2020 April 30 Discussion on Municipal Relief C2020-0508, and 2020 September 14 Financial Relief for Taxpayers C2020-0890:

- 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 a 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)

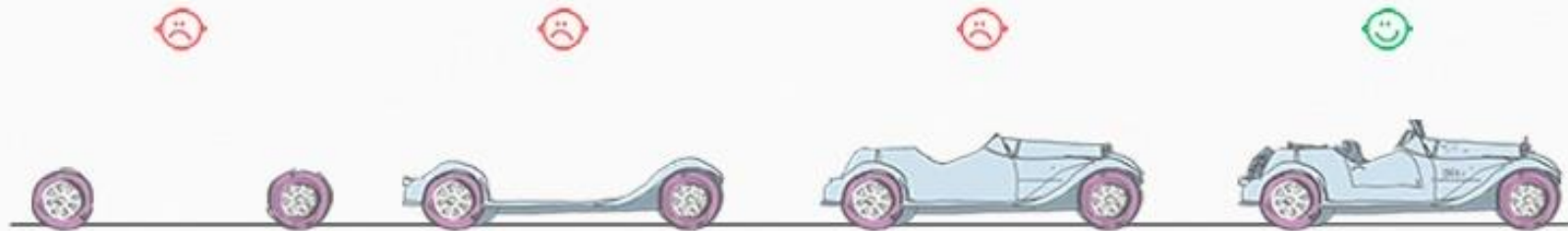
- 1) Does it still make sense to have a four year budget process with such volatility in the world, country, and province?

2020 Sept 8 Economic Strategy Update PFC2020-0969 (Business Environment Pillar) and we continue to monitor:

- 1) How will the most vulnerable in our city be impacted? **Monitor via Community Support Task Force.**
- 2) How will the decisions of local business impact Calgary? **Monitor via Business and Local Economy (BLE) team and Business Support Task Force.**
- 3) What is the impact of the world financial market volatility on our ability to achieve our budget targets? **Monitor via the monthly Executive Information Report (EIR) and periodic updates on cash flow.**

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

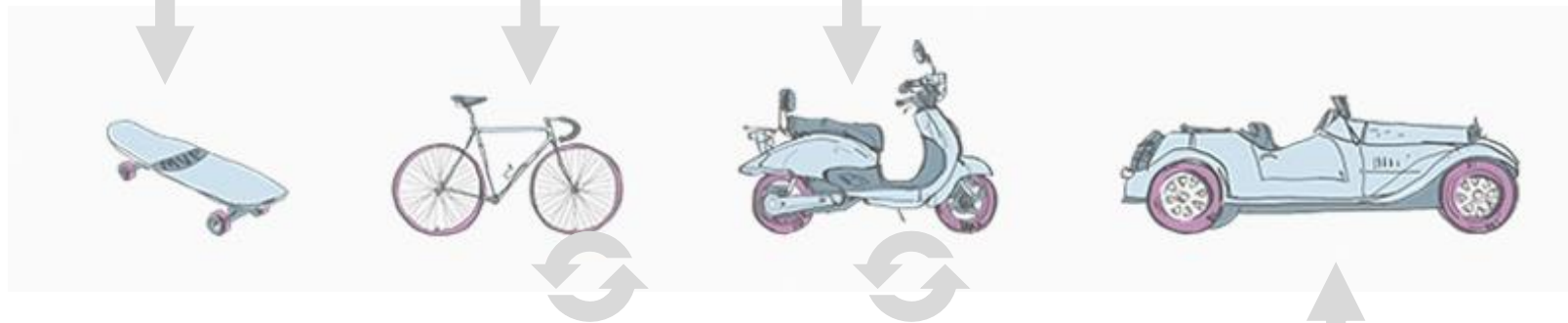
2020 May 25, July 20 and July 27

Update single scenario 2020 year-end projections & impacts

3 Updates

2020 September 14, October 5

Update scenario(s) 2020 year-end projections & impacts



Next steps

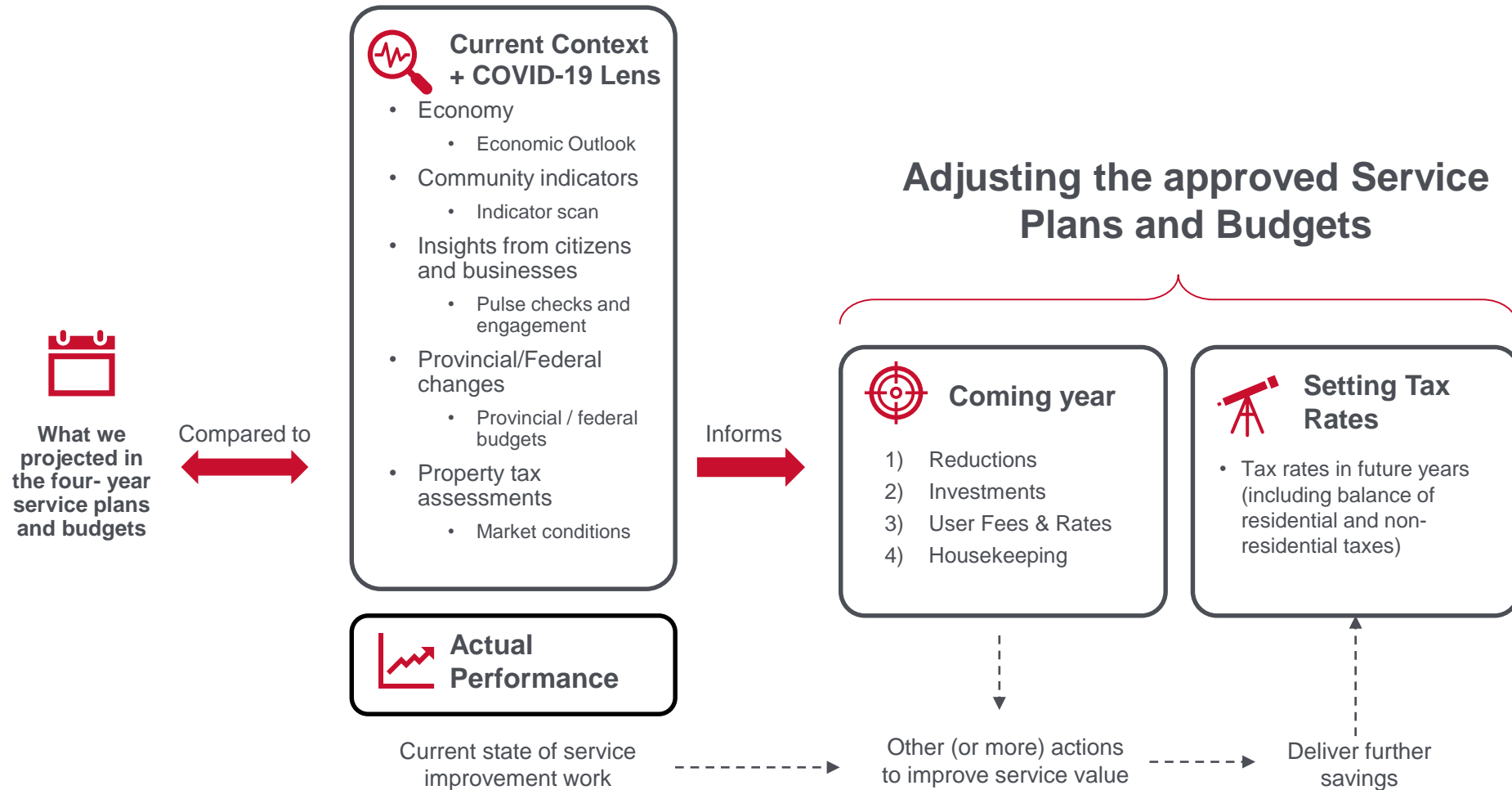
4 Refinement

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.