

Background

The Mid-Cycle Adjustment process was established as part of the Multi-Year Business Planning and Budgeting Policy (CFO004) for The City of Calgary. The current approach includes annual adjustments within the cycle, including a larger mid-cycle review, which identifies changes in circumstances based on socio-economic conditions, Council priorities, and feedback from citizen engagement. The adjustment process can change service plans, measures and budgets (operating and capital) for the remaining years of the cycle.

Context

In 2020, Calgary has undergone extraordinary changes in our external environment (COVID-19 and geopolitical oil prices).

In 2019, Council approved the Solutions for Achieving Value and Excellence (SAVE) program which provides a strategic approach to meeting the fiscal challenges faced by The City while minimizing the need for future across-the-board reductions.

Previous Council Direction

Mid-Cycle Adjustments and SAVE Program:

On 2020 November 3 (NoM C2020-1266) Council directed Administration to provide an assessment as part of the budget process in 2020 November on the consideration of allocating of up to \$10 million in 2021 and \$10 million in 2020 from the Calgary Police Service's base budget and other sources to the implementation of the Community Safety Investment Framework.

On 2020 September 8 (PFC2020-0891), Council received the SAVE program's Preliminary Results and Actions for the Corporate Record and discussion.

On 2020 July 21 (PFC2020-0726), Council directed Administration to recommend adjustments to the 2021 service plans & budgets based on a 0% tax rate increase in 2021.

On 2020 July 20 (C2020-0862), Council received the SAVE program's Core Service Review for the Corporate Record and discussion, and directed that it be held confidential pursuant to the Freedom of Information and Protection of Privacy Act.

On 2020 June 22, the Local Emergency Committee lifted the COVID-19 state of local emergency existing within the entirety of The City of Calgary boundaries.

On 2020 June 15 (C2020-0714), A Notice of Motion entitled "Union Wage Contract Negotiations 2021-2022" directed Administration to the Priorities and Finance Committee in a closed meeting on 2020 July 14 for a discussion on the 2021 indicative tax rate to meet the service and financial goals and targets of The City in a time of recovery and resiliency, with a view to our longer-term financial sustainability.

On 2020 April 30 (C2020-0508) and 2020 May 11 (C2020-0542), Administration brought forward to Council relief measures aimed to support Calgarians in response to the COVID-19 pandemic.

On 2020 April 6 (PFC2020-0284), Council approved the recommendations from the SAVE Program Update, which included “that Council commit to trust the processes and endeavor to provide confidence to citizens and encouragement to staff”.

On 2020 March 15 in response to the COVID-19 pandemic the Local Emergency Committee declared a state of local emergency existing within the entirety of The City of Calgary boundaries.

On 2020 January 21 (PFC2020-0117), PFC received a verbal update and presentation on Fiscal Sustainability in 2020. This report outlined the goal is to identify \$74 million in operational savings while preserving service value for citizens, and changed the name of the Strategy for Improving Service Value (SISV) to the Solutions for Achieving Value and Excellence (SAVE) program.

On 2019 November 29 (C2019-1052), during the 2020 Adjustments to One Calgary Service Plans and Budgets Strategic Meeting, Council approved the 1.5% tax rate scenario, which represented a \$26.5 million reduction to the previously approved operating budget. Council also approved that the tax proportion responsibility as 52% residential and 48% non-residential.

Additionally, they directed Administration to allocate one-time funds of \$24 million to effect a 0% tax rate increase in 2020 and allocate an additional \$24 million toward the 2021 operating budget to prevent a bow wave effect.

Furthermore, Council directed SISV to inform the 2020 November budget deliberations by identifying the strategies and tactics to reduce the responsibility of taxpayers for the remainder of the One Calgary cycle, including targeting: a reduction in operating budgets of \$24 million in 2021 and \$50 million in 2022 to deliver modern and affordable municipal lines of service within our City mandate; new or improved revenue streams for the City, and ensure all current initiatives being undertaken related to savings and efficiency be wrapped into the above process going forward.

On 2019 November 29 (PFC2019-1402), Council approved revised 2020 rates for the Water, Wastewater and Stormwater lines of service in response to worsening economic conditions at the time, and ongoing slower growth than anticipated. Council directed Administration to report back with indicative rates for 2021 and 2022 prior to the November 2020 Mid-Cycle Adjustments.

On 2019 July 29, Notice of Motion 2019-1011, Delivering Modern & Affordable Municipal Services in an Environment of Economic Constraint, directed Administration to seek proposals from external experts about services available to assist Council and Administration to achieve savings on the delivery of municipal services, capitalize on revenue generation opportunities, and identify short and longer-term efficiencies, all while considering Citizen Priorities and Council Directives within an environment of economic restraint.

On 2019 July 23 (C2019-0901), Council approved \$60 million in permanent operating budget reductions.

On 2019 July 16 (C2019-0883), the SAVE program, previously known as the Strategy for Improving Service Value (SISV), was introduced to Council. Council also directed Administration to bring two scenarios, equal to a 1.5% tax rate increase and a 0% increase, to the 2020 adjustments to the plan and budget deliberations in November. These scenarios are equivalent to \$26.5 million and \$52.5 million reductions to tax revenues respectively.

On 2019 June 10, Notice of Motion C2019-0782, Immediate Tax Relief for Calgary Businesses, directed Administration to identify \$60 million for the 2019 tax year and bring those reductions for approval no later

On 2018 November 30 (C2018-1158), Council approved the One Calgary 2019-2022 Service Plans and Budgets.

User Fees:

On 2020 November 2 (PFC2020-1140), Council approved the 2021 and 2022 changes to the water utility indicative rates. These changes are reductions from the One Calgary approved rate changes for Water, Wastewater and Stormwater. Committee directed Administration to bring the amended bylaws that reflect these changes to the Special Council Meeting on Adjustments to the One Calgary Service Plan and Budgets.

On 2020 October 5 (C2020-1096), Council approved extending the Planning Applications fee relief measure schedule to 2021 April 30.

New Investments:

Heritage Conservation Tools and Incentives:

On 2020 July 27 (PUD2020-0758), Council approved a mid-cycle budget request for a \$2 million increase to the base budget and funding for the City-Wide Historic Resource Conservation Grant Program from \$500 thousand to \$2.5 million.

Calgary's Commitment to Anti-Racism:

On 2020 September 10 (C2020-1006), Council was provided an update to Anti-Racism Action Items including: high-level themes from the public consultation; recruitment of the Anti-Racism Action Committee; re-evaluation of City internal practices and policies; considerations related to mandatory training on anti-racism and Community-Based Public Safety Taskforce.

On 2020 July 20 (CPS2020-0776), Council received an update on Calgary's Commitment to Anti-Racism including the Anti-Racism Action Committee Terms of Reference and amended recommendations.

On 2020 June 15 (C2020-0715), Council put forward a Notice of Motion that included direction to: hold public consultation on systemic racism; establish an Anti-Racism Action Committee to develop and implement a community based anti-racism strategy; re-evaluate internal practices and policies through the Diversity and Inclusion Framework lens and public consultation; the Administrative Leadership Team to undertake mandatory training on anti-racism best practices; for the Calgary Police Commission to report on anti-racism work underway and contemplated for the Calgary Police Service, as well as plans for engaging the community; and that the Community-based Public Safety Taskforce to consider the issue of system racism in its work.

Implementation of the Financial Task Force:

On 2020 July 27 (C2020-0815), Council approved up to \$4 million in one-time funding across City departments for 2020 and 2021 to be funded from the Fiscal Stability Reserve. Administration was also

directed to bring a Mid-Cycle Adjustments request for base funding required for implementation in 2021 and beyond.

On 2020 June 29 (C2020-0724), Council accepted the Financial Task Force Report and Recommendations and directed Administration to scope the costs of implementation with a request for approval of resources.

On 2019 June 17 (PFC2019-0707), Council approved an amended Terms of Reference of the Financial Task Force and directed Administration to commence the setup of the taskforce.

On 2018 November 6 (PFC2018-1134), Council directed Administration to convene a Financial Task force to develop a strategy on short term mitigation, long term solutions and revenue options to improve financial resiliency.

Business and Local Economy Team:

On 2020 June 29 (C2020-0699), Council approved the objectives and strategies in Administration's Rethink to Thrive Strategy.

On 2018 June 25 (PFC2018-0668), Council approved the Calgary in the new economy update to the Economic Strategy for Calgary.

2021 General Election:

On 2020 February 24 (AC2020-0196), Council received and accepted the 2017 Municipal Election Follow-up Audit report that outlined key improvements for an effective election process.

On 2019 April 29 (PFC2019-0394), Council received and accepted the Four-Year Election Program report for information.

On 2017 December 18 (C2017-1191), Council direct Administration to provide Council with a comprehensive four-year election program that modernizes and enhances Calgary's election processes and meets the expectations of voters, media and candidates.

Mid-Cycle Adjustments Timeline

DATE	REPORT NUMBER	DESCRIPTION
11/3/2020	NoM C2020-1266	Reallocating Policing Resources to Support Community Safety
11/2/2020	PFC2020-1140	Water Utility Indicative Rates - Revised for 2021 and 2022 and Financial Plan Update
11/02/2020	PFC2020-0962	2020 Growth Strategy Monitoring Report
11/02/2020	PFC2020-0963	New Community Growth Strategy 2020
10/13/2020	PFC2020-1014	2021 Preliminary Assessment Roll and Related Estimates
10/5/2020	C2020-1096	Planning and Development COVID-19 Fee Relief Update
9/10/2020	C2020-1006	Briefing Note re: Anti-Racism Action Item Update
9/8/2020	PFC2020-0891	Solutions for Achieving Value and Excellence (SAVE) Program Preliminary Results and Actions
7/27/2020	PUD2020-0758	Heritage Conservation Tools and Incentives Update Report
7/27/2020	C2020-0815	Financial Task Force Recommendations – Implementation Approach and Resources
7/21/2020	PFC2020-0726	Mid-Cycle Adjustments – Indicative Tax Rate for 2021
7/20/2020	C2020-0862	Solutions for Achieving Value and Excellence (SAVE) Core Service Review
7/20/2020	CPS2020-0776	Update on Calgary’s Commitment to Anti-Racism
6/29/2020	C2020-0724	Report and recommendations of the Financial Task Force
6/29/2020	C2020-0699	Administration’s Rethink to Thrive Strategy
6/21/2020	N/A	Local State of Emergency lifted
6/15/2020	C2020-0714	Notice of Motion Union Wage Contract Negotiations
6/15/2020	C2020-0715	Notice of Motion - Calgary’s Commitment to Anti-Racism
5/11/2020	C2020-0542	Briefing Note COVID-19 Relief Package to Support Businesses
4/30/2020	C2020-0508	Discussion on Municipal Relief (Verbal)
4/6/2020	PFC2020-0284	Solutions for Achieving Value and Excellence (SAVE) Program Q1 2020 Update

3/15/2020	N/A	Local State of Emergency within the entirety of The City of Calgary boundaries declared
2/24/2020	AC2020-0196	2017 Municipal Election Follow-Up Audit
1/21/2020	PFC2020-0117	Fiscal Sustainability in 2020
11/29/2019	C2019-1052	2020 Adjustments to the One Calgary Service Plans and Budgets
11/29/2019	PFC2019-1402	Water Utility Indicative Rates – Revised for 2020
7/29/2019	NoM2019-1011	Delivering Modern & Affordable Municipal Services in an Environment of Economic Constraint
7/23/2019	C2019-0901	Proposed 2019 Budget Reductions
7/16/2019	C2019-0883	Initial Work Plan for Sub-Service Reviews
6/17/2019	PFC2019-0707	Financial Task Force Terms of Reference
6/10/2019	NoM C2019-0782	Immediate Tax Relief for Calgary Businesses
4/29/2019	PFC2019-0394	Four-Year Election Program
11/14/2018	C2018-1158	One Calgary 2019-2022 Service Plans and Budgets
11/6/2018	PFC2018-1134	2019 Project Tax Shift Non-Residential Properties
6/25/2018	PFC2018-0668	10 Year Economic Strategy Update and Refresh
12/18/2017	C2017-1191	Election 2017 Response and Next Steps

Bylaws, Regulations, Council Policies

There are multiple policies and bylaws that guide adjustments to the service plans and budgets.

Relevant Policies

- Multi-Year Business Planning and Budgeting Policy (CFO004)
- Fiscal Stability Reserve (CFO002)
- Franchise Fee/MCAF Revenue Budgets and Variances (CFO003)
- Budget Reporting Policies (CFO006)
- Reserves Policy (CFO13)
- User Fees and Subsidies Policy (CFO010)
- Calgary Heritage Strategy and Policy (LUP007)
- Civic Census Policy (CC005)
- Investing in Partnerships Policy (CP2017-01)

Relevant Bylaws

- Bylaw14M2012 The Wastewater Bylaw
- 37M2005 The Drainage Bylaw
- 40M2006 The Water Utility Bylaw