

2021 COVID-19 One-Time Variance Projections

The following document provides 2021 COVID-19 one-time variance projections. Potential avenues to close the 2021 COVID-19 financial gap are still being evaluated, including the Provincial Municipal Operating Support Transfer (MOST), and are not included within this attachment.

Services were asked to consider proposed base budget reductions and SAVE Business Cases when determining these projections. As the MCA guidance was shared with services in August, *The Spring 2020 - Calgary and Region Economic Outlook 2020-2025* was used as a reference point for service owners to consider when projecting their 2021 variances. In addition, unless services had more specific information relevant to their unique circumstances (e.g., Public Transit), the following general planning assumptions were used:

- All temporary service changes end by December 31, 2020. Any relevant continuing impacts to be included in these 2021 estimates.
- The Province of Alberta move to Phase 3 started at the end of October 2020 and remains in effect until the end of the first quarter (Q1) 2021. This includes Alberta Health Service (AHS) public health orders regarding staff and public safety, social distancing, and gatherings. 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.
- Any carryover impacts related to relaunch activities from 2020 to be captured as part of this submission

Despite best efforts exercised in collecting this information, these projections are likely to change due to a high degree of uncertainty with respect to both the magnitude as well as duration of the impact of the pandemic on respective services. Due to the uncertainty, Administration is not recommending any budget adjustments at this time but will manage and report on a variance basis, in line with the approach that was successfully used to manage the impacts of the pandemic in 2020.

The table below summarizes the variance projections, whereby the 7 most impacted services account for 98% of the total revenue shortfall. At the same time, 6 of these 7 service lines also contribute 91% to the overall reduction in expenditures.

2021 Variance Projection	Revenue (\$000s)	Recoveries (\$000s)	Expenditures (\$000s)	Operating Impact (\$000s)
Land Development & Sales	\$ (41,200)	\$ -	\$41,200	\$ -
Police Services	\$ (8,000)	\$ -	\$8,000	\$ -
Public Transit	\$ (54,534)	\$ -	\$18,800	\$ (35,734)
Real Estate	\$ (11,800)	\$800	\$11,000	\$ -
Recreation Opportunities	\$ (12,062)	\$ -	\$7,253	\$ (4,809)
Streets	\$ (4,060)	\$ -	\$4,858	\$ 798
Corporate Programs	\$ (18,000)	\$ -	\$ -	\$ (18,000)
Other Services	\$ (2,887)	\$ -	\$8,499	\$ 5,612
Grand Total	\$ (152,543)	\$800	\$99,610	\$ (52,133)

Notes to 2021 COVID-19 One-Time Variance Projections

Revenue Impact

Land Development & Sales – Approx. 25% of shortfall due to decreased in small lot industrial sales revenue, the rest attributed to the large lot transaction.

Police Services - Lower penalty and fine revenue.

Public Transit – Substantially reduced ridership and associated revenue shortfall.

Real Estate - The majority coming from a reduction in general land sales, partial impact due to rent reductions, loss of tenants, and vacancies.

Recreation Opportunities - Limited amenity and programming offerings.

Streets - Reduced permit and parking enforcement revenue.

Corporate Programs - Lower franchise fee, penalty and taxation revenue.

Expenditures Impact

Land Development & Sales - Lower cost of sales and repayment to the reserve.

Police Services - Lower contribution to vehicle reserve and use of the court fine reserve.

Public Transit – Lower cost due to service reduction. Using growth budget to generate one-time savings.

Real Estate – Lower cost of sales and reduced contribution to reserve.

Recreation Opportunities - Savings associated with reduced service and amenity provision in adherence with COVID provincial health guidelines.

Streets - Material efficiencies in snow and ice control and use of growth budget to generate one-time savings.