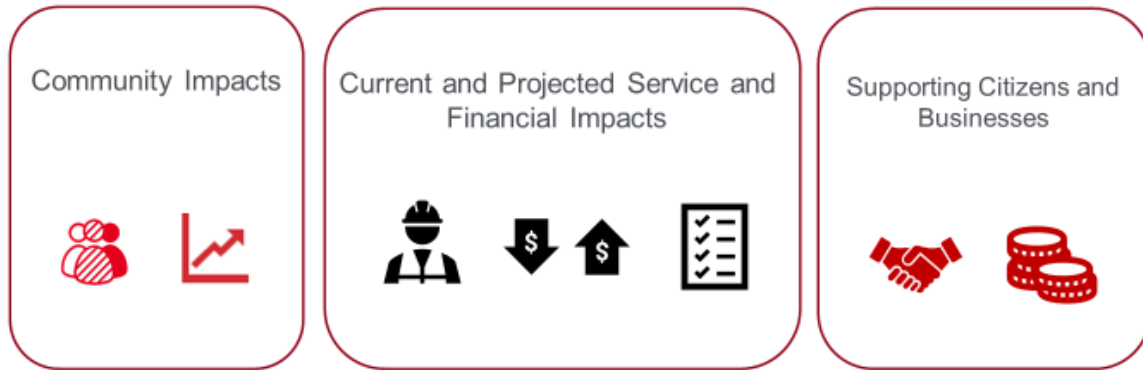


## COVID-19 Service and Financial Impacts – January Update

## COVID-19 Response and Recovery

### The City's COVID-19 Response and Recovery

Within these pages, you will find information on current and year-end projected service and financial impacts due to COVID-19.



Additional resources:

[Mandatory Mask Bylaw](#)

[COVID-19 Support and Resources](#)

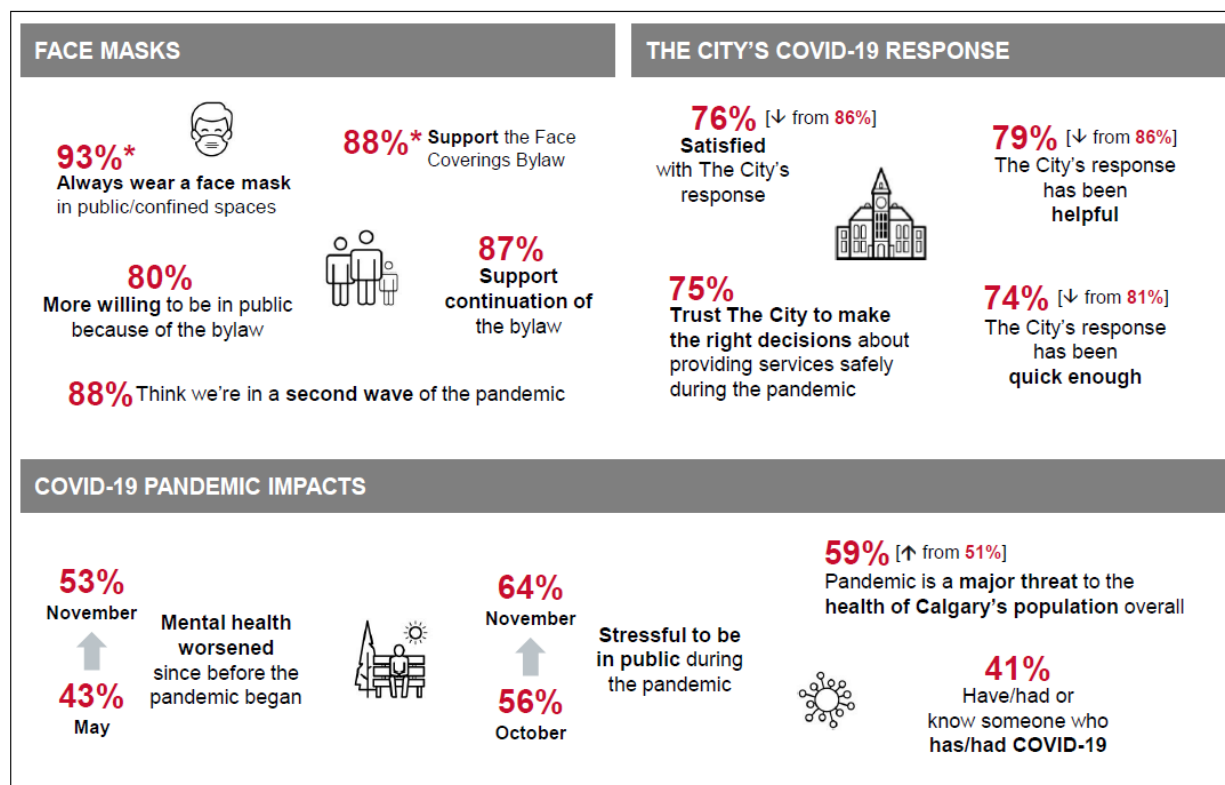
## Community Impacts

### WHAT'S HAPPENING IN THE COMMUNITY

As Calgary continues to face the global pandemic, The City continues to keep an eye on its impacts to the community in order to support Calgarians through these challenging times.

The last time The City reached out to citizens to understand the impacts of COVID-19 was in 2020 November through The City's [seventh Citizen Perspectives Survey](#) (conducted from November 9 to 15). Citizen perspectives are likely to have shifted since then, considering that Calgary has experienced a second wave of COVID-19 with related increases in restrictions on gatherings and stricter fines, and more recently, a gradual easing of certain restrictions. The results of the January survey will be available in the February report.

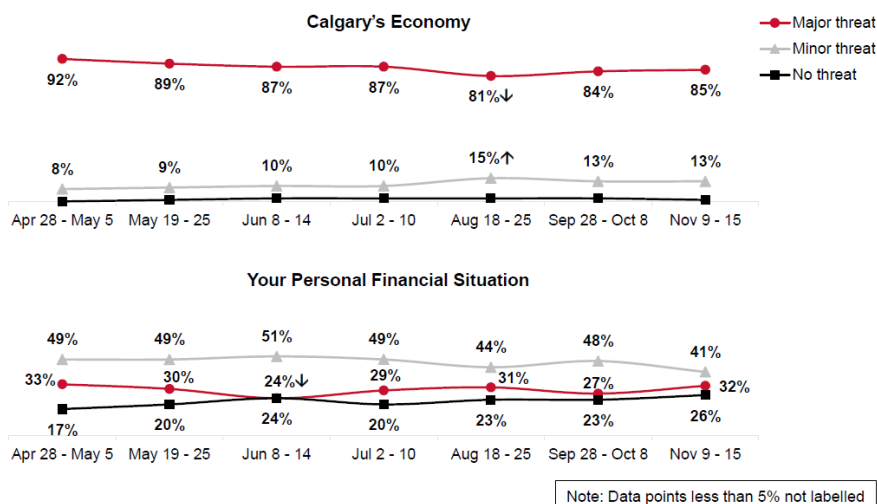
A few key highlights of the impacts to the community are provided below. The results show that support for public health measures such as wearing a face mask in public and confined spaces was high, and overall satisfaction with The City's response had dipped slightly from the previous survey back in October. Overall stress levels about being in public also appeared to be on the rise.



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

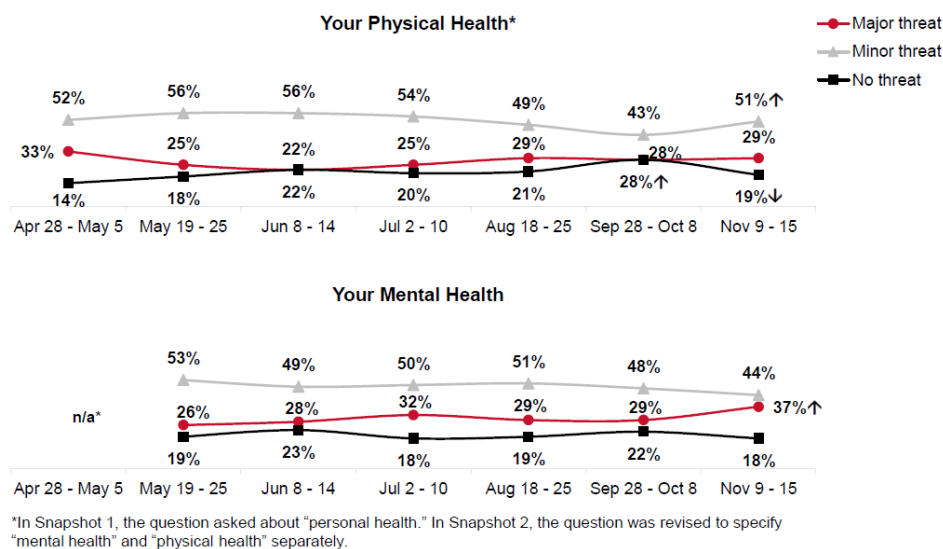
Compared to recent months, there is an overall increase in Calgarians seeing the pandemic as a threat to their personal financial situation, physical health and mental health. The proportion perceiving the pandemic as a major threat to their mental health is the highest to date.

## Perceived Threat Level of COVID-19 Over Time on Calgary's Economy



In your opinion, how much of a threat is the COVID-19 outbreak for . . . ?  
Base: All respondents (n=500 except: May 19 - 25, n=400; Apr 28 - May 5, n=400)

## Perceived Threat Level of COVID-19 Over Time on Calgarian's Physical & Mental Health

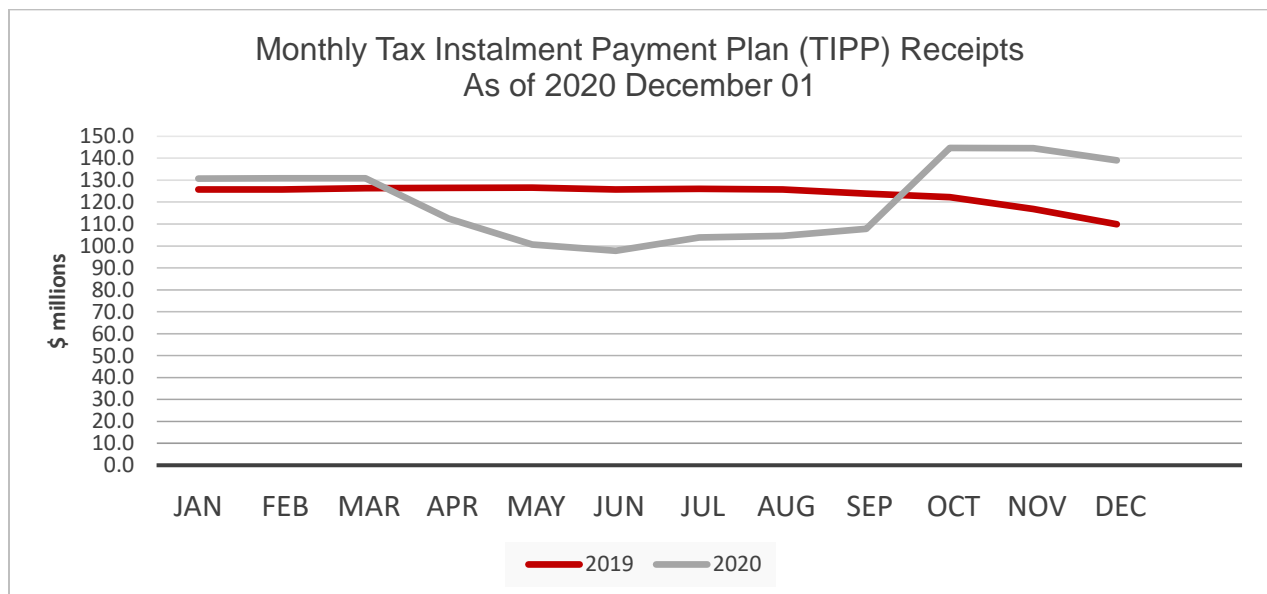


In your opinion, how much of a threat is the COVID-19 outbreak for . . . ?  
Base: All respondents (n=500 except: May 19 - 25, n=400; Apr 28 - May 5, n=400)

The two top risks to Calgary and Calgarians right now are the effects of COVID-19 and a struggling local economy. These impact health and wellness, as well as livelihoods.

## Tax payments

The City extended tax payment deadlines in 2020 to help alleviate the financial burden on citizens. Tax payments are typically due June 30, and the majority of accounts pay by that deadline. The extension in payment deadlines has created an unprecedented situation for the timing of payments. The end of the payment deferral period on September 30 resulted in higher monthly receipts as Tax Installment Payment Plan (TIPP) accounts paid 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 contributed to higher TIPP receipts in Q4 2020. The decline in December results from adjustments to ensure TIPP participants pay no more or less than their actual levy. Overall TIPP participation remained stable in 2020 with a positive trend despite some volatility in the spring.



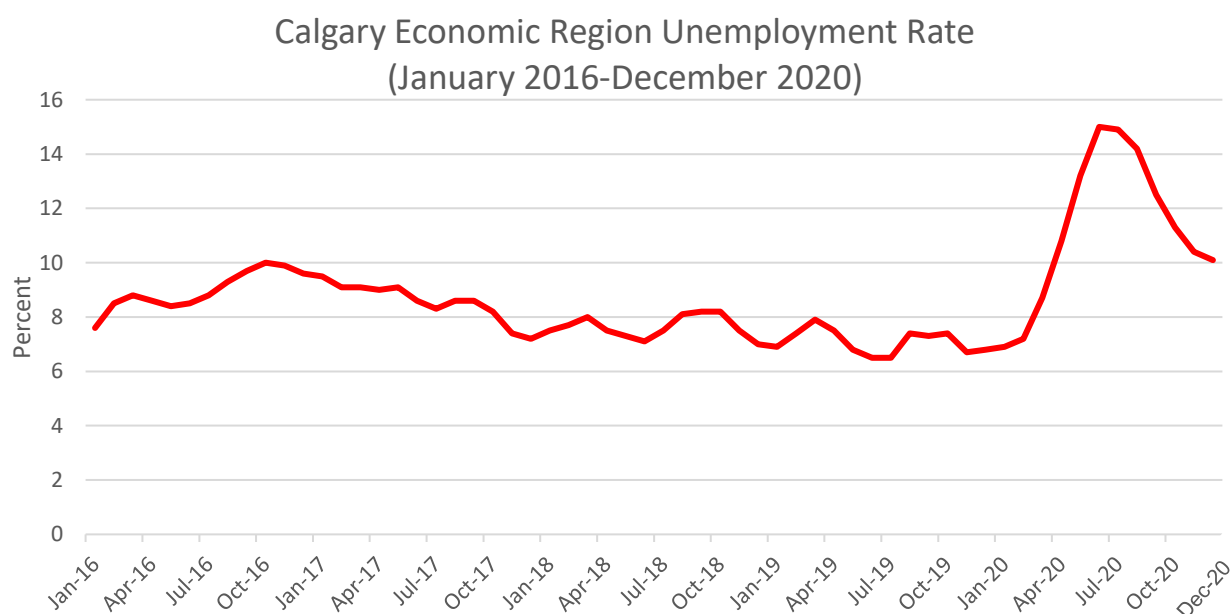
The table below shows that as of 2021 January 11, the total percentage of taxes collected was 94.2 percent compared to 98 percent over the same period in 2020. Payments continue to be made and we continue to support property owners through these challenging times with a collaborative, solutions-focused approach.

Billing and Payment Overview Lump Sum - As of 2021 January 11	Residential	Non-residential	Total
Total billed (\$ millions)	\$688.1	\$479.7	\$1,167.8
Total payments received (\$ millions)	\$641.5	\$458.8	\$1,100.3
Balance outstanding (\$ millions)	\$46.6	\$20.9	\$67.5
Percent paid	93.2%	95.6%	94.2%

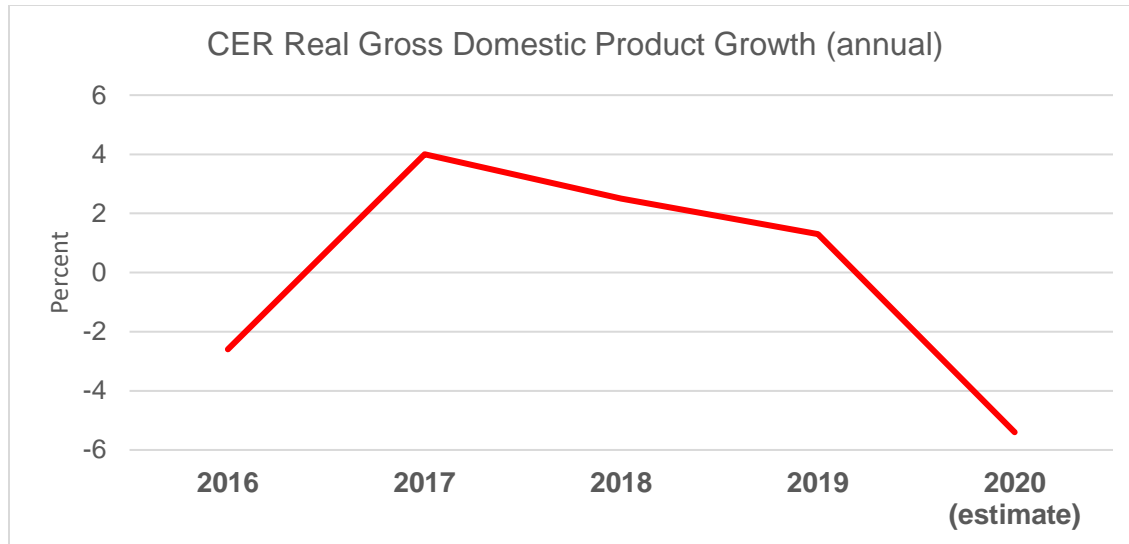
## Local Economy

Calgary's labour market was very challenged in 2020 with unemployment significantly increasing in the spring and summer, peaking at 15.0 percent in June. Although five consecutive months of employment growth was registered from July to November as the economy reopened, growth in employment stalled in December coinciding with additional public health measures being enacted.

The monthly Calgary Economic Region (CER) unemployment rate of 10.1 percent recorded in 2020 December was well above the 2019 December unemployment rate of 6.8 percent. The 2020 annual unemployment rate was 11.3 percent, compared to a 7.1 percent annual rate in 2019. The Calgary Economic Region has not registered a double-digit unemployment rate since 1993.



In recent years, growth in Calgary has been hit by lower oil prices which put the city in an economic recession since 2014. Since then, there was modest recovery from 2017 to 2019, with firmer oil prices and employment growth. But the impacts of the COVID-19 pandemic have resulted in economic contraction across Canada. Alberta and the Calgary Economic Region were harder hit in 2020 than most other Canadian provinces, with the compounded impact of a plunge in oil prices further harming domestic capital investment and business sentiment.



As the pandemic progresses, The City will continue to monitor these risks and work with other orders of government and community partners in response.

Additional resources:

Current [Economic Indicators](#)

General tax information at [Our Finances](#)

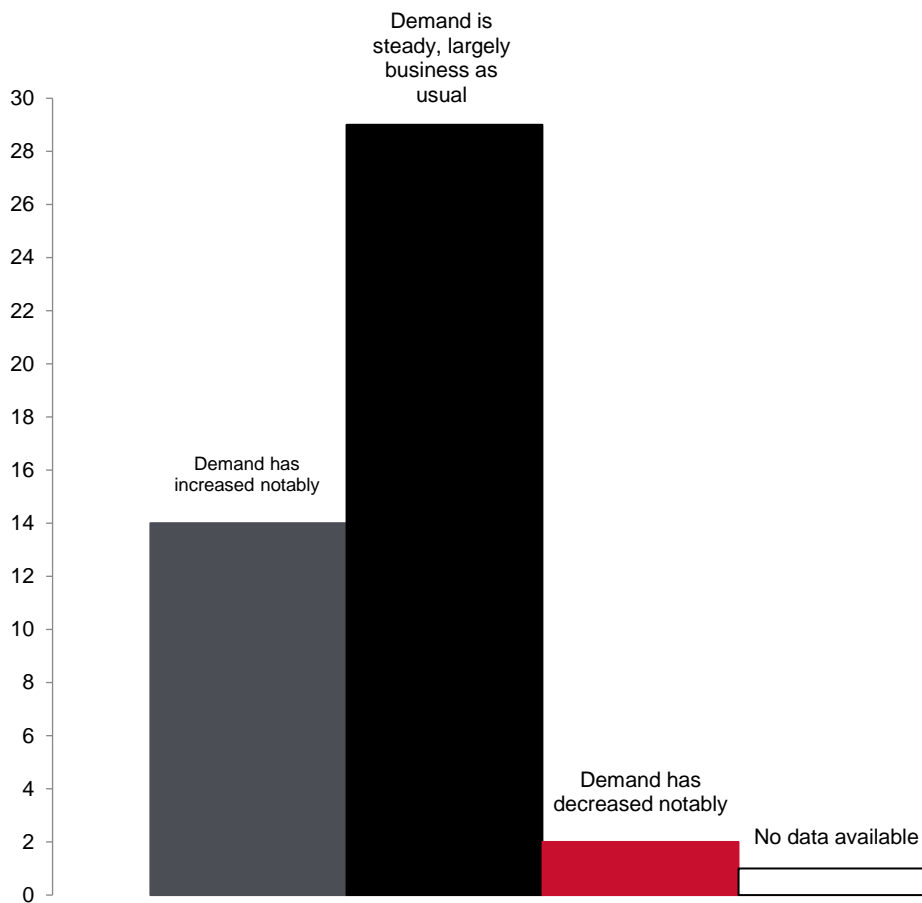
## COVID-19 Current and Projected Service and Financial Impacts

The City continues to offer the services, programs and projects that citizens have come to expect. Here you'll find a record of current COVID-19 impacts to the services we offer, how we're responding and adapting to the evolving pandemic, and what we think is coming for the rest of 2021.




## Current Demand Impacts

The graph below shows the level of impact we experienced in January.

### Current Demand Impacts of COVID-19 by Business Units





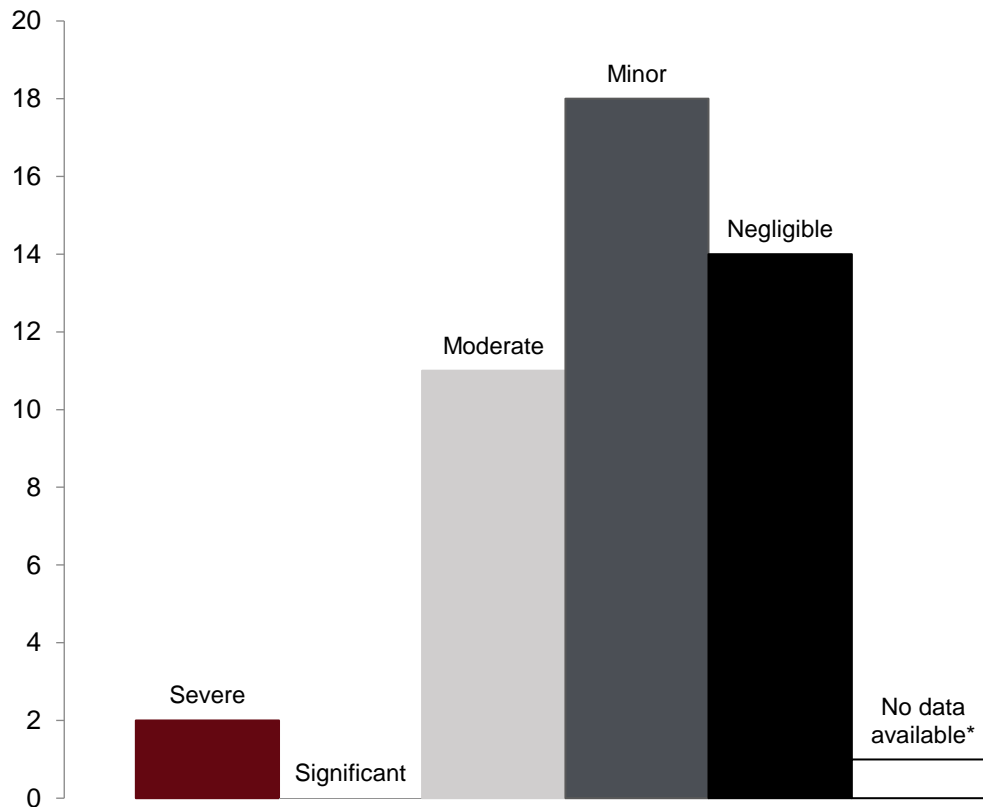
Number of Business Units	Explanations of Current Demand Impacts
<p>Demand has increased notably</p> <p>14</p> 	<p>In response to stronger public health measures and changing COVID-19 restrictions, both internal and external supporting business units are seeing increased service demand. This includes Calgary Emergency Management Agency, Calgary Housing, Calgary Parks, Corporate Security, Human Resources, Facility Management, Information Technology, and Resilience &amp; Infrastructure Calgary.</p>
<p>Demand is steady, largely business as usual</p> <p>29</p> 	<p>The majority of business units are seeing steady demand, in line with business as usual.</p> <p>Some business units have noted a shift in operational focus areas since the beginning of the COVID-19 emergency, for example increased demands from historically lower demand areas prior to COVID-19 and vice versa. Overall, their services are still operating at steady levels.</p> <p>Other business units have noted a shift in how they provide services to citizens due to COVID-19 restrictions and their impact on the daily lives of Calgarians. Examples include a shift in usage among different customer classes (e.g. a decline from businesses and an increase from residential), and changes to customer service approaches in reaction to increased online interactions/applications.</p>
<p>Demand has decreased notably</p> <p>2</p> 	<p>In response to the COVID-19 restrictions, Calgary Transit and Calgary Recreation continue to experience a significant decrease in demand compared to normal levels. This decrease is continuing to have large revenue impacts which affect The City as a whole.</p>
<p>No data available</p> <p>1</p>	<p>Information from Civic Partners, Calgary Police Services and wholly owned subsidiaries such as Calgary Housing Corporation was not requested as part of business unit submissions.</p>

### How COVID-19 is shifting demand for the services we offer

- Due to reduced ridership, school service and other associated factors, transit service was reduced to align with reduced demand. Since January 11<sup>th</sup> school service has been added back to support students.
- High public park usage continued in the winter months. Calgary Parks continues to work with Alberta Health Services guidelines and Community Standards to monitor physical distancing.
- Calgary Fire had a 17 percent decrease in customer service requests for inspections, including revenue-generating services like permitting and licensing. As well, they have experienced a 29 percent decrease in motor vehicle collisions and a 14 percent increase in fire-related incidents.
- Community Peace Officers have been granted enhanced authorities to enforce the provincial Public Health Act, which has increased the scope of calls for service.
- Development application types shifted in 2020. Secondary suites, home occupations, and residential relaxations increased, resulting in a decrease in revenue and increased demand for customer support.
- Utilities are seeing a shift in usage by different customer classes, with a decline in demand from business customers and a rise in demand from residential customers.
- The Business and Local Economy Team have seen increased demand for support from the business community throughout the pandemic.
- Calgary Neighbourhoods staff have seen increased demand for expertise in funding, partnerships, and community relationships in response to community needs. Strategy development and implementation is focused on pandemic response and less on long term outcomes.
- COVID-19 has resulted in increased demand for 311, crisis communications support, citizen COVID-19 insights, and web support.

Business units also noted the severity of the impacts that they experienced in January. Areas that experienced the most severe impacts were Calgary Recreation and Calgary Transit.

## Current Level of Impact by Business Units



\*Information from Civic Partners, Calgary Police Services and wholly owned subsidiaries such as Calgary Housing Corporation was not requested as part of business unit submissions.

### Severe levels of impact

- Provincial closure of recreation amenities and restrictions on public gatherings limited delivery of recreational services.
- Overall transit ridership was reduced by approximately 75 percent compared to 2019, due to continued remote working/studying options.
  - Transit service is being maintained at service levels required to support vulnerable populations and frontline workers, and to meet social distancing requirements by avoiding overcrowding of buses and C-trains.
- Monthly revenue was reduced by 62 percent of 2020 December budget due to loss in revenue from fares, reserved parking, advertising, fines, etc.

**How we're adapting to serve you during COVID-19**How we've continued to deliver services to Calgarians throughout the pandemic

- Calgary Transit successfully delivered over 50 million trips for public transit and over 500,000 trips for Calgary Transit Access, while managing three major service adjustments, 450 layoffs and cost reduction initiatives.
- Calgary Recreation adapted service and programs, supported partners, and maintained city assets according to changing provincial orders, while twice closing facilities and laying off and terminating 1140 staff.
- Construction of City affordable homes experienced slight delay due to incorporation of new health and safety protocols, however overall performance targets have been met.
- Customer Service & Communications adaptations include remote media availabilities, the 311 self-serve dashboard, and online engagement and focus groups.
- Remote participation in legislative meetings and administrative tribunal hearings has increased public accessibility and participation volume.

How we're supporting citizens and businesses financially

- Parks will delay implementation of a For-Profit Festival Fee (ticket surcharge) in 2021 due to uncertainty and financial stress for festival organizers this year.
- In addition to other services that have held their rates for 2021, Recreation will maintain 2020 rates until health orders are rescinded and full services resume.
- Supporting business through The City's Tenant Relief Program, almost 60 leases for City-owned facilities were renegotiated for tenants challenged financially to meet contractual terms and conditions.

Restrictions are requiring us to limit or delay some of our services

- Provincial closure of recreation amenities and restrictions on public gatherings have diminished and/or eliminated delivery of these services.
- Calgary Fire suspended face-to-face contact and citizen engagement for community safety education, including vulnerable populations.
- Disruption of in-person public engagement for Local Area Plans and applications.
- Calgary Growth Strategies' shift to virtual public engagement is causing some delays to Council reports.
- There have been delays in land sales and acquisition processes, including closing and negotiations, due to the new environment.

New work we are doing because of COVID-19

- New initiatives requiring support, such as coordinating the COVID-19 Affordable Housing Community Advocacy Plan and securing federal Rapid Housing Initiative funding.
- Additional ice surfaces added this winter to increase park capacity for physical distancing (Bowness, North Glenmore, Barb Scott and Thomson Family Parks).

### How we've adapted our internal services

- Changed our internal processes, including working remotely, using virtual engagement sessions, continuously reviewing and prioritizing deliverables, shifting to new tools to ensure business continuity and collaborating via non-traditional means.
- Shifted operational procedures to support staff safety and ensure that we could continue to deliver our programs and services without interruption.
- Only essential in-person driver training classes are being delivered with reduced class size and other safety measures, all other courses are delivered virtually.
- Implemented best practices for public and employee health and safety, including resources to support employee psychological and physical safety.
- Supply Management developed COVID support teams, moved face to face services to online, moved employees to remote work, and made shift adjustments for in person services.
- More janitorial and workplace services.
- Additional financial analysis, forecasting and budgeting services.

### **Most Recent Financials Impacts**

The estimated net negative financial impact of COVID-19 as of 2020 December 31 is approximately \$74 million (excluding Police). Factors impacting both revenues and expenditures are described in more detail in the table below.

### **Estimated COVID-19 Financial Impacts: March 12 – December 31**

Category	Financial Impact*	Explanation
Revenue Loss	(239.5)	<ul style="list-style-type: none"> <li>• Closure of recreation facilities</li> <li>• Loss in transit revenue due to reduced ridership</li> <li>• Reduction in building permit revenue</li> <li>• Property sale transactions have fallen and delayed land transactions to future years</li> </ul>
Incremental Expenses	(22.1)	<ul style="list-style-type: none"> <li>• Overtime costs</li> <li>• Layoffs of certain temporary and permanent staff</li> <li>• IT equipment and pandemic supplies</li> <li>• Facility cleaning</li> </ul>
Savings	187.2	<ul style="list-style-type: none"> <li>• Reduction in Calgary Transit Access trips provided by contracted service providers</li> <li>• Staff reductions and delays in hiring seasonal staff</li> <li>• Reduced cost of sales due to lower property sales</li> <li>• Reduced training and fuel costs</li> </ul>
<b>Total</b>	<b>(74.4)</b>	

\* All figures in \$ millions

### Breakdown of Estimated COVID-19 Financial Impacts: March 12 – December 31

Business Unit	Revenue Loss*	Incremental Expenses*	Estimated Savings*	Net Financial Impact*
Calgary Transit	(96.1)	(6.2)	60.2	(42.1)
Calgary Building Services	(21.0)	(0.0)	-	(21.0)
Roads	(5.6)	(0.3)	0.0	(5.9)
Information Technology	-	(2.8)	-	(2.8)
Calgary Community Standards/CEMA	-	(1.7)	0.0	(1.7)
Real Estate and Development	(89.4)	(0.1)	88.5	(1.0)
Customer Service and Communications	-	(0.8)	-	(0.8)
Transportation Planning	(0.7)	(0.1)	0.0	(0.8)
Human Resources	-	(0.6)	-	(0.6)
Recreation	(24.9)	(3.2)	27.6	(0.6)
Other	(1.7)	(6.2)	10.8	2.9
<b>Total</b>	<b>(239.5)</b>	<b>(22.1)</b>	<b>187.2</b>	<b>(74.4)</b>

\* All figures in \$ millions

As of 2020 November 30, the year-to-date net operating budget variance for The City was \$7.1 million favourable. The COVID-19 financial impacts identified above are embedded in these totals, however, savings generated through additional temporary service changes and ongoing expenditure management initiatives, as well as positive investment income returns have enabled The City to mitigate the corporate financial gap. The operating budget variance as of 2020 November 30 does not include the Municipal Operating Support Transfer (MOST). The breakdown of the 2020 year-to-date variance by department is outlined in the table below.

**2020 Financial Overview: As of 2020 November 30 (COVID-19 and other financial impacts)**

Department	2020 Year-to-Date Net Budget <sup>1,2</sup>	2020 Year-to-Date Actuals <sup>1,2</sup>	2020 Year-to-Date Variance <sup>1,3</sup>
Transportation	403.7	438.8	(35.1)
Community Services	413.8	406.2	7.6
Planning & Development	22.3	17.8	4.5
Deputy City Manager's Office	76.0	73.4	2.6
City Manager's Office	19.9	16.8	3.1
Chief Financial Officer's Department	159.6	154.0	5.6
Utilities & Environmental Protection	25.8	21.9	3.9
Calgary Police Services	377.8	377.8	0.0
Civic Partners	107.6	107.6	0.0
Council	12.5	9.9	2.6
Corporate Programs	(2,051.5)	(2,063.8)	12.3
Total	(432.5)	(439.6)	7.1

1. All figures in \$ millions
2. Positive numbers are expenditures and negative numbers are revenue
3. Positive numbers indicate a favourable variance and negative numbers are unfavourable

**Capital Impacts**

Overall, The City continues to move forward with capital investments.

- Most investments continue to proceed as planned.
- There have been some minor delays in planning and delivery that are being actively managed. Examples include:
  - Resource redirection for pandemic planning and response;
  - Increased time to accommodate for changing health and safety regulations; and
  - Challenges with conducting critical engagement to move forward on capital delivery.
- Some investments have accelerated (e.g. Facility lifecycle) and The City continues to look for other opportunities to accelerate investments.
- The City continues to watch and mitigate key risks that may impact schedules and budgets. Examples include:
  - Possible future supply challenges depending on the future of the pandemic; and
  - Possible future COVID outbreaks on job sites or production plants.

- The City has begun procurement processes relating to the investments approved through the Municipal Stimulus Program (MSP).

### Corporate Risks

The January bottom-up risk assessment identified 41 risks, over half were rated high or severe.

Slight	Low	Medium	High	Severe
2%	7%	32%	41%	17%

From this assessment, here are highlights of the 5 Priority Risks for the corporation:

5 Priority Risks*	From 2021 January projections
Economic Risk	Calgary's economy is under considerable strain from the global pandemic. This is demonstrated by unemployment at 10.1 percent for 2020 December and many businesses are struggling at this time. To highlight a few, COVID-19 imposes extreme financial stress to Calgary tourism, hospitality, entertainment, oil and gas and commercial real-estate sectors. There is a risk that the downtown core is not be able to respond to sustained stressors placed on it. The City has established the Economic Resilience Task Force to mitigate this risk.
Financial Risk	The City has a high level of financial risk due to funding constraints on both the operating and capital fronts. This is seen in low demands related to the organization's planned industrial sales, various services that rely on revenue, and the use of financial reserves. There is a risk that the increase in assessment complaints will result in changing property valuations, which is connected to the tax rate. The City is implementing recommendations from the Financial Task Force, continuing to leverage the Solutions for Achieving Value and Excellence (SAVE) program, and applying cost reduction measures in response to this risk.
Health, Safety and Wellness Risk	This risk is primarily impacted by COVID-19 in two ways. The first is the risk of infection by COVID-19 on both citizens and City staff. This has the potential to either impact service delivery or City operations. The second is employee stress and burnout which is connected to increased uncertainty related to the global pandemic. The City has prioritized efforts to respond to this risk including work designed to build employee resilience and create physically and psychologically safe work environments in these challenging times.



5 Priority Risks*	From 2021 January projections
Reputation Risk	During the COVID-19 pandemic, political expectations and decisions by other orders of government are driving a significant demand for health and safety communications that is not normally within the scope of work. The extended nature of the crisis continues to have an impact on the focus and increased demand for communications. In response, The City will continue to deliver education and speak with One Voice in response to COVID-19 and ensure communications are aligned and updated.
Social Impact Risk	As the pandemic persists, non-profits in the city are limited in their ability to fundraise and earn revenue. Shifting funding priorities and program changes of provincial and federal government partners have led to increased capital funding uncertainty tied to resources for affordable housing. As a result, programs and services promoting social cohesion and inclusion are subsequently limited. The pandemic restrictions on recreation facilities could impact the access to fitness facilities for the most vulnerable. Further, mental health is a growing concern. The City will continue to work with our partners to recognize and respond to the emerging needs of Calgarians.

\*The 5 Priority Risks are a subset of The City's Principal Corporate Risks and were approved by the Executive Leadership Team (ELT) in 2020 December. A full update on The City's Risk Profile, including all of the Principal Corporate Risks were provided to the Audit Committee on 2021 January 28.

### Projected service and financial impacts

The 2021 year-end projections outline what we think is coming. We continue to explore a wide range of tactics to achieve service and financial balance. Options are in place to address the financial gap, though this requires significant trade-offs, notably in impacts to services that citizens need and expect.

### 2021 Year-end Financial Projections

The 2021 year-end projections below are based on the [Fall 2020 - Calgary and Region Economic Outlook 2020-2025](#), which assumes a continued progression to economic recovery driven by several factors. These include announcements of COVID-19 vaccines, fiscal stimulus packages from other orders of government, and the resiliency learnings from the first wave of the pandemic. As such, the 2021 economic forecasts and year-end financial projections are subject to a high degree of uncertainty. 2021 projections for Calgary Police Service are based on their submission during the Mid-Cycle Adjustment (MCA) process.

2021 year-end projections:

- The net operating gap for 2021 is currently estimated at \$62 million.
  - The aggregate revenue shortfall of \$189 million and lower recoveries (\$1 million) are to be partially offset by savings and service changes of \$128 million.
- To balance the above impacts, the remaining financial gap of \$62 million will be managed through the COFLEX Program, which will enable the Administration to

optimize both the Municipal Operating Support Transfer (MOST) funding and other ongoing expenditure management initiatives.

### 2021 Year-end Projected Gap

Category	January Projection*	Explanations 2021 Year-end Projected Gap
Revenue	(189)	<ul style="list-style-type: none"> <li>Significant drop in Calgary Transit and Specialized Transit ridership</li> <li>Lower Recreation booking revenues due to imposed public health orders and only gradual rebound in demand once lifted</li> <li>Real Estate &amp; Development Services (REDS) estimate of delayed/unrealized land sale transactions and lower leasing revenue</li> <li>Corporate Programs estimate lower dividend and enforcement revenue from Calgary Parking Authority</li> <li>Lower penalty and fine revenue by Calgary Police Service</li> </ul>
Recoveries	(1)	<ul style="list-style-type: none"> <li>Lower recoveries by Transportation Infrastructure partially offset by increase in acquisition fees recoveries from other business units by RE&amp;DS</li> </ul>
Expenditures	128	<ul style="list-style-type: none"> <li>Vacancy management, reduced service hours, and reduced trip demand in Calgary Transit Access will all contribute to significant expected savings</li> <li>Lower cost of sales for reduced land sales and a net lower transfer to the business unit reserves as a result of reduced revenues by REDS</li> <li>Lower contribution to vehicle reserve, higher drawdown from the court fine reserve by Calgary Police Service</li> <li>Recreation expense savings during facility closures</li> </ul>
<b>Total gap</b>	<b>(62)</b>	

\* All figures in \$ millions

Additional resources:

[COVID-19 changes to city services and facilities](#)

## Supporting Citizens and Businesses

### The City's COFLEX Program

Since the onset of COVID-19, we have maintained a flexible and nimble approach to changing service demands and public health orders. To ensure we were able to continue delivering the services that Calgarians need and expect through the pandemic, The City worked with our Federal and Provincial partners to secure operating funding to help fill existing and projected operating gaps.

The City has updated its approach to ensure that any funding received, and corporate expenditure decisions made, are optimized for maximum benefit. This new approach is called the COFLEX Program and was approved by Council during the 2020 November Service Plan and Budget deliberations.

The COFLEX Program provides funding sources to help Administration respond quickly to changing demands on our services. It enables Administration to optimize both Municipal Operating Support Transfer (MOST) funding and other ongoing corporate COVID-19 expenditures management and address the ongoing uncertainties around the pandemic.

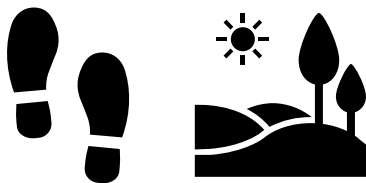
The COFLEX program includes funding to support restored, new or improved service activities and levels supporting The City's COVID-19 response and recovery. The program's use of four focus areas helps ensure that decisions are optimized to achieve maximum benefits and align with Council direction:

- 1) Coping with COVID;
- 2) Preparing for uncertainty around COVID;
- 3) Supporting our partners during COVID; and
- 4) Planning for life with and after COVID.

MOST funding currently available through COFLEX is also intended to address revenue declines, increased staffing and labour costs, COVID-related capital expenditures, and unpaid property taxes, including distribution to other parties for these purposes.

### How we're supporting citizens and businesses

**\$1.2 million**



Additional pathway clearing to support physical and mental health through exercise, while protecting public health through social distancing

For additional information, please see [Item 4.4.1 C2020-1362 COVID Relaunch Working Group presentation](#) at the Special Meeting of Council on Nov. 23, 2020.