

COVID-19 Service and Financial Impacts – February Update

Response and Recovery

The City's service and financial impacts from COVID-19



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Community impacts

Find information on the indicators and risks associated with the community impact of COVID-19.



Current service and financial impacts

Review current COVID-19 impacts to the services we offer, and how we're responding and adapting to the evolving pandemic.



Projected service and financial impacts

Read about the potential upcoming service and financial impacts due to COVID-19.



Support for citizens and businesses

Learn more about how we're supporting our community through the COFLEX program.



Additional information

[Mandatory Mask Bylaw](#)

[COVID-19 Support and Resources](#)

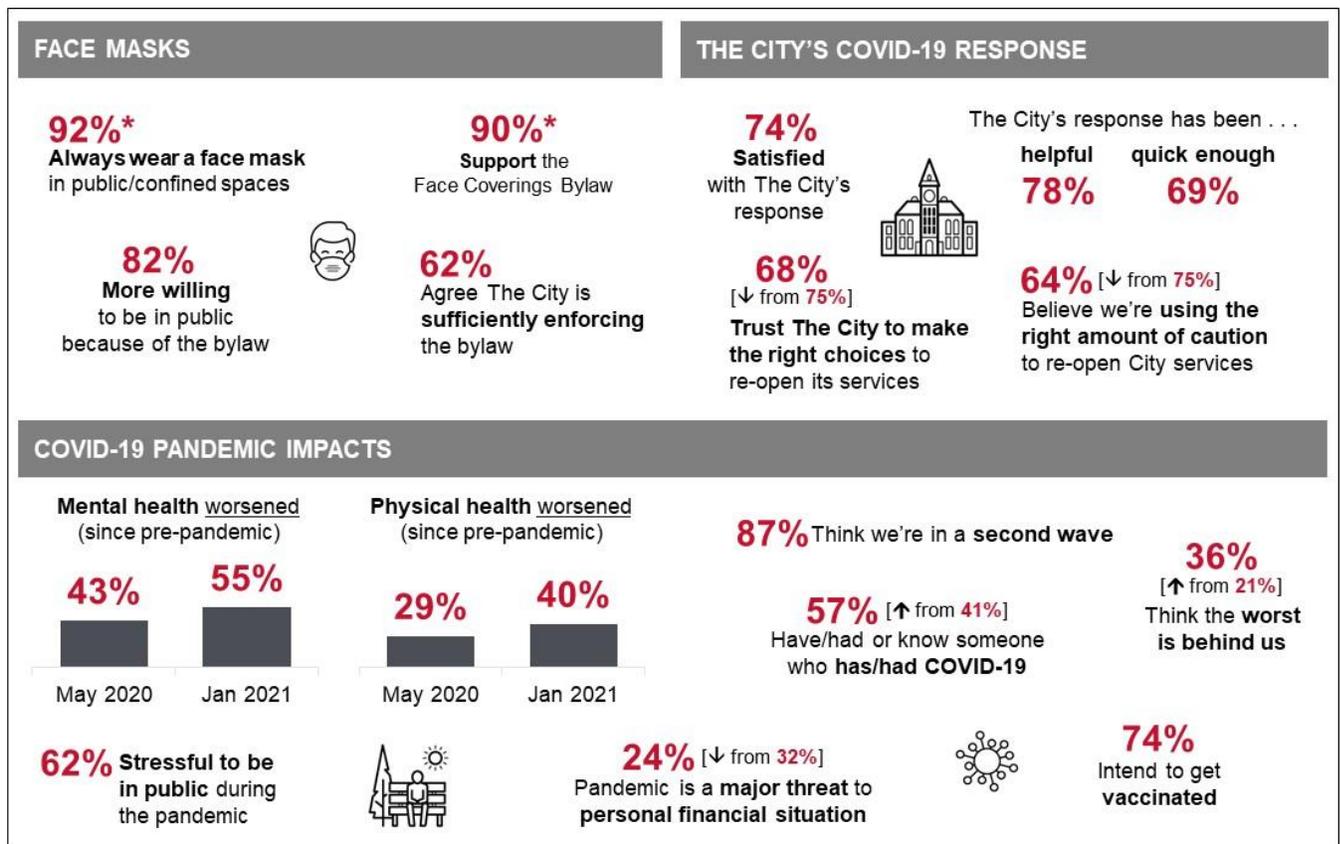
Community Impacts of COVID-19



As Calgary continues to face the global pandemic, we continue to monitor impacts to the community in order to support Calgarians through these challenging times.

WHAT'S HAPPENING IN THE COMMUNITY

The City reached out to citizens to understand the impacts of COVID-19 through a [Citizen Perspectives Survey](#) conducted from January 14 to 24. Notable impacts include 55% of respondents reporting that their mental health has worsened and 40% reporting that their physical health has worsened.

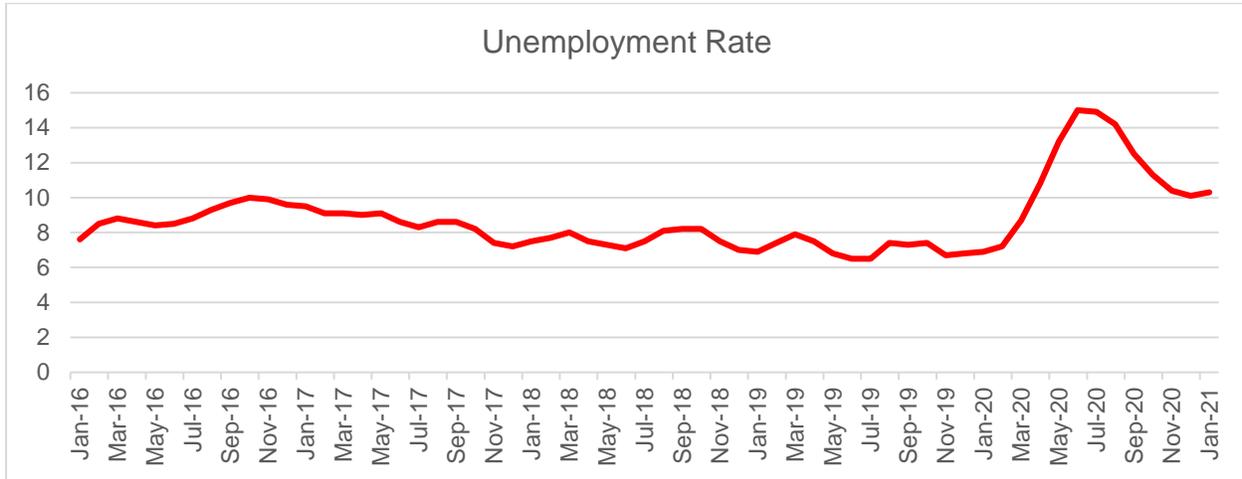


*Data collection occurred after the Face Coverings Bylaw came into effect.

Source: Customer Service & Communications

Employment

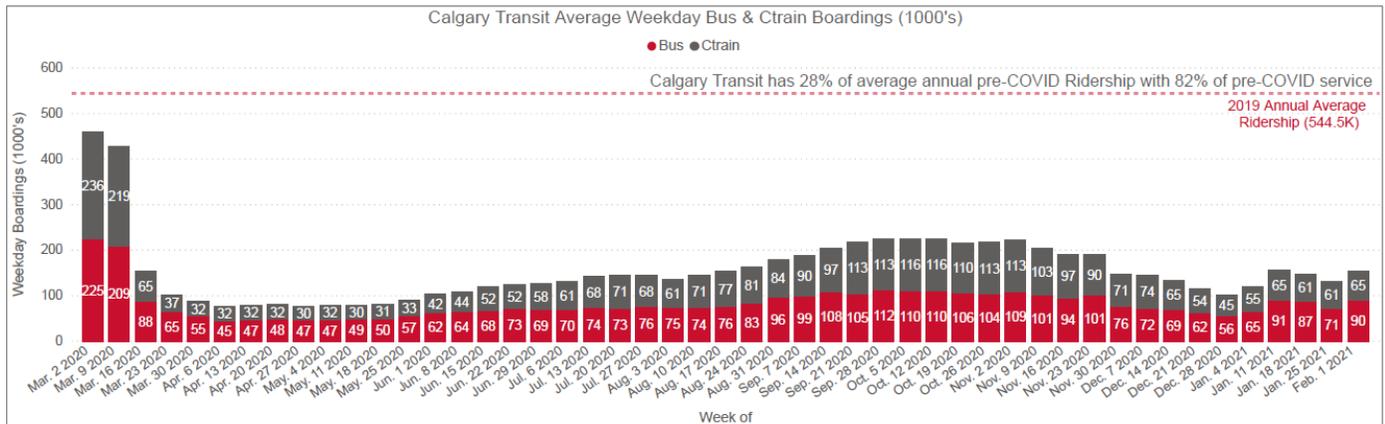
The unemployment rate in the Calgary Economic Region was 10.3% in January 2021, up from 10.1% in December 2020. The easing of public health measures on February 8, 2021 may result in an increase in overall employment.



Source: Corporate Economics

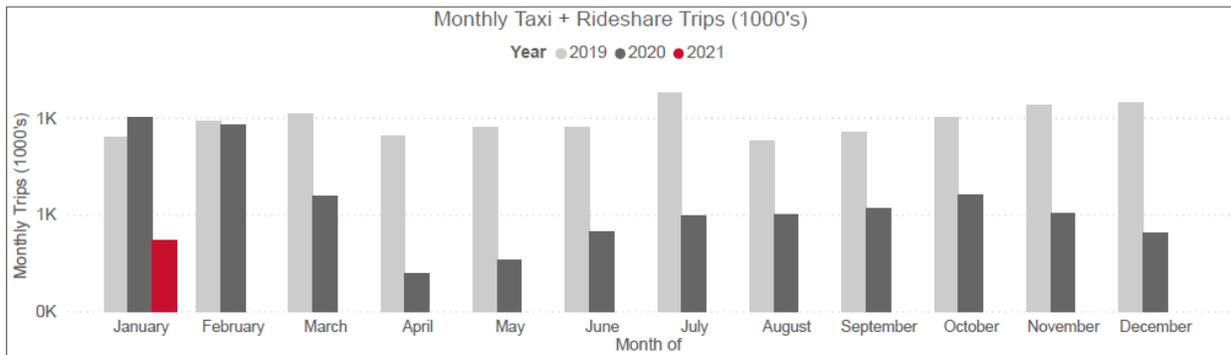
Mobility

Mobility in Calgary has changed significantly since the same time last year. Bus and Ctrain average weekday boardings continue to be well below pre-COVID-19 levels. Bus and Ctrain boardings totaled 155,000 in the first week of February 2021, compared to 461,000 in the first week of March 2020.



Source: Transportation

Taxi and rideshare trips in January 2021 were less than half of the January 2019 volume.



Source: Transportation

Additional links

Current [Economic Indicators](#).

Other Tax information on Calgary.ca visit: [Our Finances](#).

COVID-19 Current Service and Financial Impacts

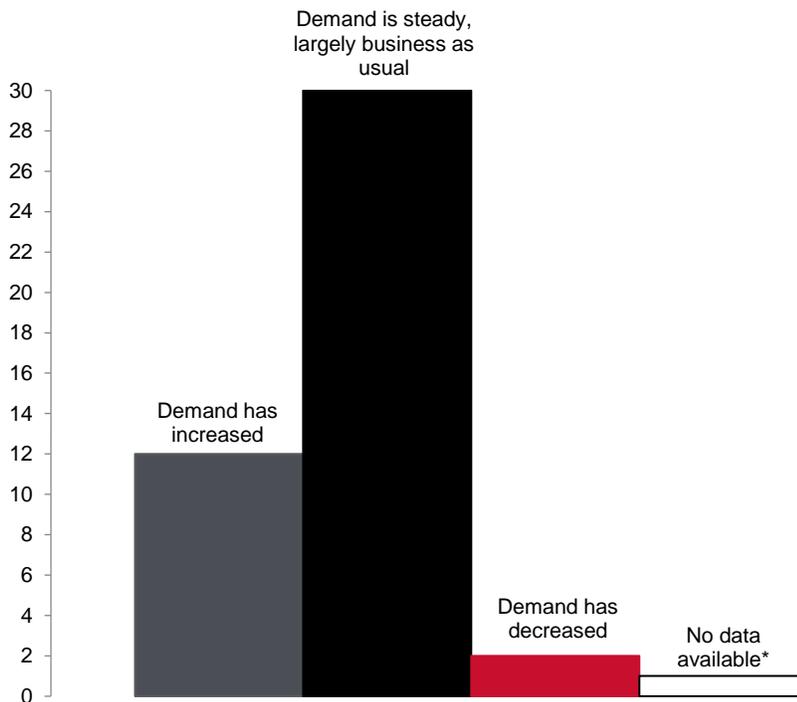


The City continues to offer the services, programs and projects that citizens have come to expect. Here you'll find a record of current COVID-19 impacts to the services we offer, and how we're responding and adapting to the evolving pandemic.

Current Demand Impacts

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

Current demand impacts by business unit



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

Number of Business Units		
Demand has increased 12 	Demand is steady, largely business as usual 30 	Demand has decreased 2 

+ A listing of business units with increased demand

Business Unit Name
Calgary Housing
Calgary Neighbourhoods
Calgary Parks
City Manager's Office
Corporate Security
Environmental & Safety Management
Facility Management
Human Resources
Information Technology
Mayor's Office
Office of the Councillors
Resilience & Infrastructure Calgary

+ A listing of business units with steady demand

Business Unit Name
Assessment
Audit Committee
Calgary Approvals Coordination
Calgary Building Services
Calgary Community Standards
Calgary Fire Department
Calgary Growth Strategies
City Auditor's Office
City Clerk's Office
Community Planning
Corporate Analytics & Innovation
Corporate Programs

Business Unit Name
Customer Service & Communications
Finance
Fleet Services
General Manager – Chief Financial Office Department
General Manager - Community Services
General Manager - Deputy City Manager's Office
General Manager - Planning & Development
General Manager - Transportation
General Manager - Utilities & Environmental Protection
Green Line
Law
Real Estate & Development Services
Roads
Supply Management
Transportation Infrastructure
Transportation Planning
Waste & Recycling Services
Water Resources and Water Services

+ A listing of business units with decreased demand

Business Unit Name
Calgary Recreation
Calgary Transit

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

With stronger public health measures and changing restrictions, both internal and external supporting business units are seeing increased service demand.

- Continued high public park use by citizens this winter.
- Increased demand for expertise in funding, partnerships, and community relationships in response to community needs.
- Calgary’s economic downturn, exacerbated by COVID-19, has amplified existing non-market housing challenges.
- Increased demand for human resources consulting support (e.g. labour relations, advisory services).
- Significant increase in request for help with information technology. In January, more people connected remotely than at any previous point during the pandemic.
- Increased cleaning and installed directional signage and physical barriers to assist with the safety of both citizens and staff at Civic Facilities.

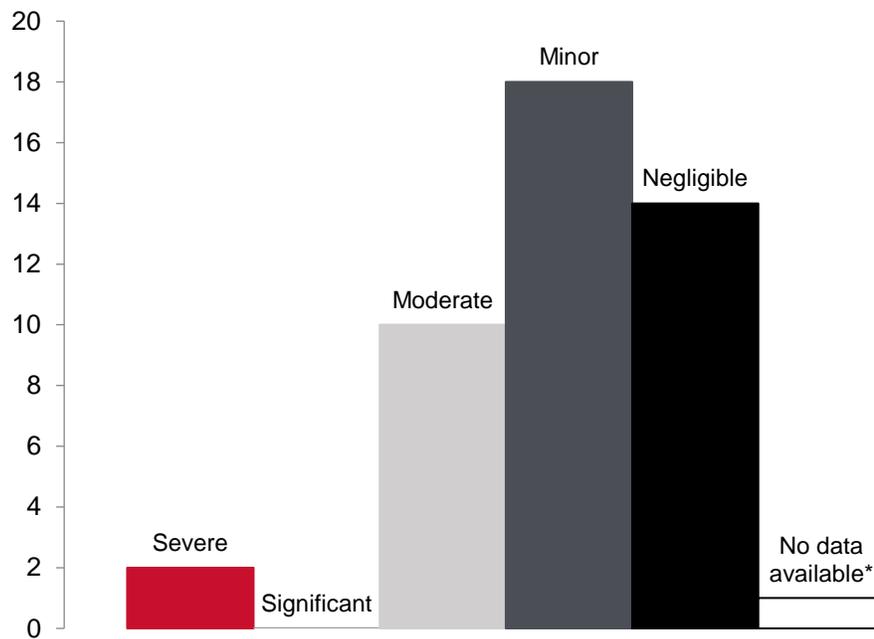
The majority of business units are seeing steady demand, in line with business as usual. Some business units have noted changes in focus areas.

- Shift in water usage among customer classes (decline from businesses and an increase from residences).
- Building permit applications for home renovations due to people spending more time at home.
- Initiatives to support economic growth, for example downtown revitalization and the Industrial Area Growth Strategy.
- 311 crisis communications support, citizen COVID-19 insights and web support.
- Smaller planning related applications, such as home occupations and patios.

Some business units noted decreased demand or restricted ability to deliver services.

- Limited ability to deliver recreation services due to ongoing public health orders.
- Transit ridership levels due to changing traveling requirements of customers (e.g. increased teleworking, online schooling etc.).

Current level of impact by business unit



*Information from Calgary Police Services, Civic Partners 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 70-75% 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 Ctrains.

How we're adapting to serve you during COVID-19

How we've continued to deliver services to Calgarians throughout the pandemic

- Recreation programs moved from inside facilities to online and outdoors.
- More ice surfaces added to increase capacity for physical distancing (at Bowness, North Glenmore, Barb Scott and Thomson Family Parks).
- Enhanced the online development map to support digital citizen engagement, share information, and collect feedback on development applications that impact them.
- Additional safety measures are in place for medical incident response.
- Shifted fire safety education to virtual delivery.
- In-person public engagement shifted to virtual platforms, which has proven to be a more inclusive approach.
- Video inspections are being used to comply with health and safety protocols.

How we're supporting citizens and businesses financially

- Created a strategy to support businesses through the 'Shop Local' and 'Shop Here' campaigns.
- Business licensing renewal fees are waived until March 16, 2021.
- Taxi, Limousine & Vehicle-for-Hire driver licence renewal fees are waived for taxis until May 31, 2021.
- Implemented a transit fare freeze for 2021, holding the fares at 2020 levels to support Calgarians. Budget reduction of \$3 million was implemented to accommodate this fare freeze.
- Relief to 57 lease holders through The City's Tenant Relief Program. This program emulates the government supports provided to tenants and landlords that are not accessible by municipalities.
- Holding residential black, blue and green cart program rates and the Landfill Tipping Fee at 2020 levels for 2021.
- Repayment options for water continue to be offered to customers who elected to access the bill deferral program.
- Extended Planning & Development fee freezes for 2021.
- Offering financial relief through waiving and deferring specific Planning & Development fees to support customers including homeowners, businesses and restaurants.
- Using land use bylaw amendments to reduce costly barriers and enable faster development.
- Continuously expanding our open data portal to promote transparency and accountability in government, along with data to support businesses.

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

- Public health orders have severely limited the ability to deliver recreation services. In January 2021 there were 0.3% of visits compared to 2020. Over 1200 (90%) recreation staff have been laid off or terminated.
- Functions related to fire have been suspended thereby increasing risks to staff and citizens, including multi-station training for frontline firefighters.
- Construction of City affordable homes experienced slight delays due to incorporation of new health and safety protocols. However, overall performance targets have been met.
- In-person participation in legislative meetings has been significantly curtailed. Remote participation coincided with records levels of public participation.

New work we are doing because of COVID-19

- Increased service demand for new initiatives requiring support, such as the COVID-19 Community Advocacy Plan, Municipal Stimulus Program and Rapid Housing Initiative.
- Enhanced public park use and physical distancing.
- Launched a micro-grant program to support event organizers and arts groups like Chinook Blast.
- Implemented a flexible infrastructure program to support people and businesses, including the Adaptive Roadways and Restaurant Patios initiatives.
- Prioritization of Alberta Health Services' applications and emergency temporary shelters.
- Provided Alberta Health Services with two different buildings as an emergency space to conduct COVID-19 testing and in discussions to provide additional space for a future vaccination location.

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.
- Implemented best practices for public and employee health and safety, including resources to support employee psychological and physical safety.
- Provided increased financial expertise and analysis to support significant budget recommendations and decisions.

Most Recent Financials Impacts

The estimated negative financial impact of COVID-19 as of January 31, 2021 is \$6 million, excluding Calgary Police Service. Factors impacting both revenues and expenditures are described in more detail in the table below.

Estimated COVID-19 financial impacts: January 1 – January 31, 2021

Category	\$ Impact	Explanation
Revenue Loss	(13.5)	<ul style="list-style-type: none"> Loss in transit revenue due to reduced ridership Closure of recreation facilities
Incremental Expenses	(0.6)	<ul style="list-style-type: none"> Layoff related costs for certain temporary and permanent staff Information Technology equipment and pandemic supplies Facility cleaning
Savings	8.1	<ul style="list-style-type: none"> Reduction in Calgary Transit Access trips provided by contracted service providers Savings resulting from staff reductions and facility closures
Total	(6.0)	

* All figures in \$ millions

Breakdown of estimated COVID-19 financial impacts: January 1 – January 31, 2021

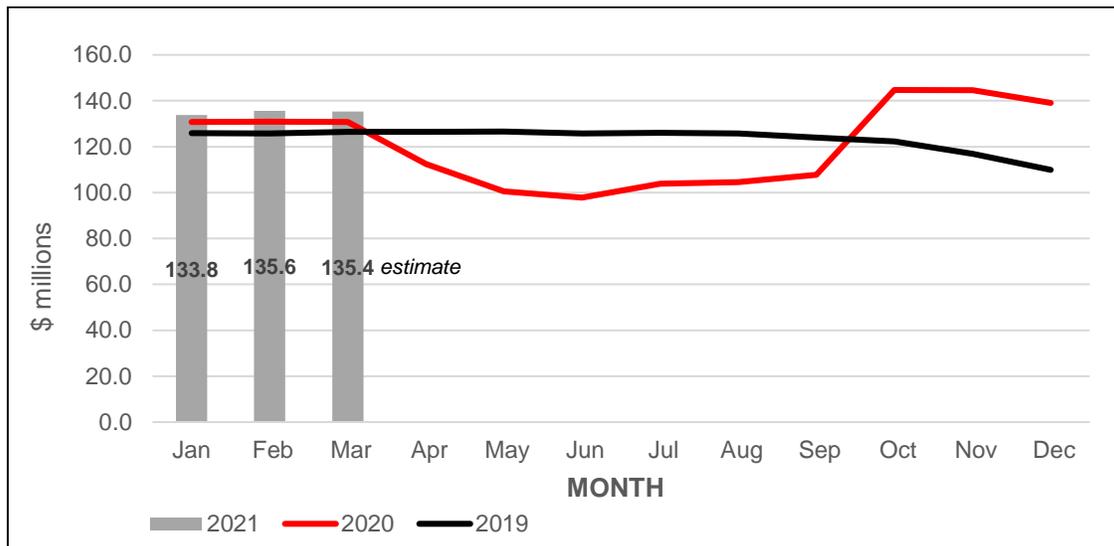
Business Unit	Revenue Loss*	Incremental Expenses*	Estimated Savings*	Net Financial Impact*
Calgary Transit	(10.5)	-	5.0	(5.5)
Recreation	(3.0)	(0.2)	3.0	(0.2)
Other	-	(0.4)	0.1	(0.3)
Total	(13.5)	(0.6)	8.1	(6.0)

* All figures in \$ millions.

The December 31, 2020 year-end results which include COVID-19 and other financial impacts are being finalized and will be reported through the 2020 Year-End Accountability Report and 2020 Annual Report.

Tax Payments

Tax payments in 2021 have been stable in terms of Tax Installment Payment Plan (TIPP) installments based on the full year 2020 tax levy. Despite some mid-year volatility, the majority of 2020 payments were received by year-end. Payments continue to be made during the pandemic, and we continue to support property owners through these challenging times with a collaborative, solutions-focused approach.



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.
 - Resource redirection for pandemic planning and response.
 - Increased time to accommodate for changing health and safety regulations.
 - 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.
 - Possible future supply challenges depending on the future of the pandemic.
 - Possible future COVID-19 outbreaks on job sites or production plants.
- The City continues procurement processes relating to the investments approved through the Municipal Stimulus Program (MSP).

Corporate Risks

The February risk assessments by business units identified 41 risks, over half were rated high or severe.

Slight	Low	Medium	High	Severe
2%	7%	25%	46%	20%

Here are highlights of the 5 Priority Risks:

5 Priority Risks*	From February 2021 projections
Economic Risk	Calgary's economy is under strain. In January 2021 unemployment was at 10.3 % and sectors such as tourism, hospitality, entertainment, oil and gas, and commercial real-estate are struggling. There is a risk that the downtown core cannot respond to sustained stressors placed on it. The City originally introduced The Economic Resilience Task Force to mitigate these risks. Currently, The Real Estate Working Group, Council-led Business Advisory Committee and City-Wide Growth Strategy: Industrial are all focusing on short and medium-term actions to support Calgary's economy. The Downtown Strategy team is leveraging the collective efforts of The City and its public and private sector partners to also respond to prolonged economic challenges.
Financial Risk	The City has a high level of operating and capital financial risk. This includes low demand related to the organization's planned industrial land sales and various services that rely on revenue, and the use of financial reserves to cover operating gaps. There is a risk that a potential increase in assessment complaints may result in changing property valuations, which could affect the tax rate. The City continues to implement recommendations from the Financial Task Force, leverage the Solutions for Achieving Value and Excellence (SAVE) program, and apply cost reduction measures in response to this risk.
Health, Safety and Wellness Risk	There is a risk of COVID-19 infection for citizens and City staff. The risk of exposure is higher for some staff who are public facing or in crew-based work situations. Employee capacity, stress and burnout is also a risk as there are increased demands for additional activities and reporting as part of The City's response to COVID-19, in addition to the significant number of initiatives and projects at The City. The City has prioritized efforts to build employee resilience and create physically and psychologically safe work environments. Efforts to support a positive employee experience are ongoing.

5 Priority Risks* From February 2021 projections	
Reputation Risk	Political expectations and decisions by other orders of government are driving significant demand for health and safety communications not normally within The City's the scope of work. Meanwhile, Calgarians' trust in The City to make the right choices has trended down since April of last year. In response, The City will continue to deliver education and to speak with One Voice in response to COVID-19 and ensure communications are aligned and updated.
Social Impact Risk	Non-profits in the city are limited in their ability to fundraise and earn revenue. The provincial and federal governments have shifted program and funding priorities, which has led to uncertain resources for affordable housing and limited programs and services promoting social cohesion and inclusion. Restrictions on recreation facilities could impact access to fitness facilities for the most vulnerable, and 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 in December 2020. A full update on The City's Risk Profile, including all of the Principal Corporate Risks, were provided to the [Audit Committee on January 28, 2021](#).

Projected service and financial impacts of COVID-19



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, including options that may require trade-offs in 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 resiliency learnings from the first wave of the pandemic. The 2021 economic forecasts and year-end financial projections are subject to a high degree of uncertainty.

2021 year-end projections:

- The net operating gap for 2021 is currently estimated at \$60 million.
 - The total revenue shortfall of \$194 is to be partially offset by savings and service changes of \$134 million.
- The financial gap of \$60 million will be managed through the COFLEX Program, which will enable Administration to optimize both Municipal Operating Support Transfer (MOST) funding and other ongoing expenditure management initiatives.

2021 Year-end Projected Gap

Category	February Projection*	Explanations for 2021 Year-end Projected Gap
Revenue	(194)	<ul style="list-style-type: none"> • Significant drop in Calgary Transit and Specialized Transit ridership • Lower Recreation booking revenues due to imposed public health orders • Real Estate & Development Services estimate of delayed/unrealized land sale transactions and lower leasing revenue • Lower parking revenue from Calgary Parking Authority • Lower penalty and fine revenue by Calgary Police Service
Expenditures	134	<ul style="list-style-type: none"> • Vacancy management, reduced service hours, and reduced trip demand in Calgary Transit Access will all contribute to significant expected savings • Lower cost of sales for reduced land sales and a net lower transfer to business unit reserves as a result of reduced revenues by Real Estate & Development Services • Lower contribution to vehicle reserve, higher drawdown from the court fine reserve by Calgary Police Service • Recreation expense savings during facility closures
Total gap	(60)	

* All figures in \$ millions

Additional links

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

Supporting Citizens and Businesses



We have maintained a flexible 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's COFLEX Program

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 so we can 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 to address 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-19.
- 2) Preparing for uncertainty around COVID-19.
- 3) Supporting our partners during COVID-19.
- 4) Planning for life with and after COVID-19.

MOST funding currently available through COFLEX is also intended to address revenue declines, increased staffing and labour costs, COVID-19-related capital expenditures, and unpaid property taxes, including distribution to other parties for these purposes.

How we're supporting citizens and businesses \$2.12 million

Ensuring affordable homes remain safe and clean; create new affordable housing through partnerships with Federal and Provincial capital funds and increased Home Program grants to non-profit housing providers to support tenants to remain stably housed.

\$1.056 million

Calgary Parks will add amenities and services, providing more opportunities for people to get outside and connect with nature, themselves and one another.

- X-country ski equipment for more ski tracks in more parks
- Add a skating surface to Prairie Winds Park (2021/2022 winter season)
- Outdoor programs: walking tours, snowshoeing, art in the park
- Social media contests to engage citizens throughout the year
- Equipment library: pop-up station providing free equipment rentals
- Shipping container parklets to provide a park experience in areas where park space is limited
- Bowness Park: more ice bikes, ice surfaces and lighting
- Ice pathway re-surfacers for Bowness and North Glenmore Park skating pathways

\$1.245 million

Financial relief to restaurants to open temporary patios. Temporary patios on public lands will allow existing food establishments to extend on to adjacent public road right of way by placing tables and chairs outside of their establishments. Temporary permission will be issued at no cost for the temporary patios. Existing Patio / Outdoor Café License of Occupations will not be charged for the 2021 patio season.

Up to \$850,000

Implementation of Adaptive Roadways Program to provide space for citizens to remain active and to explore the city while physically distancing.

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