



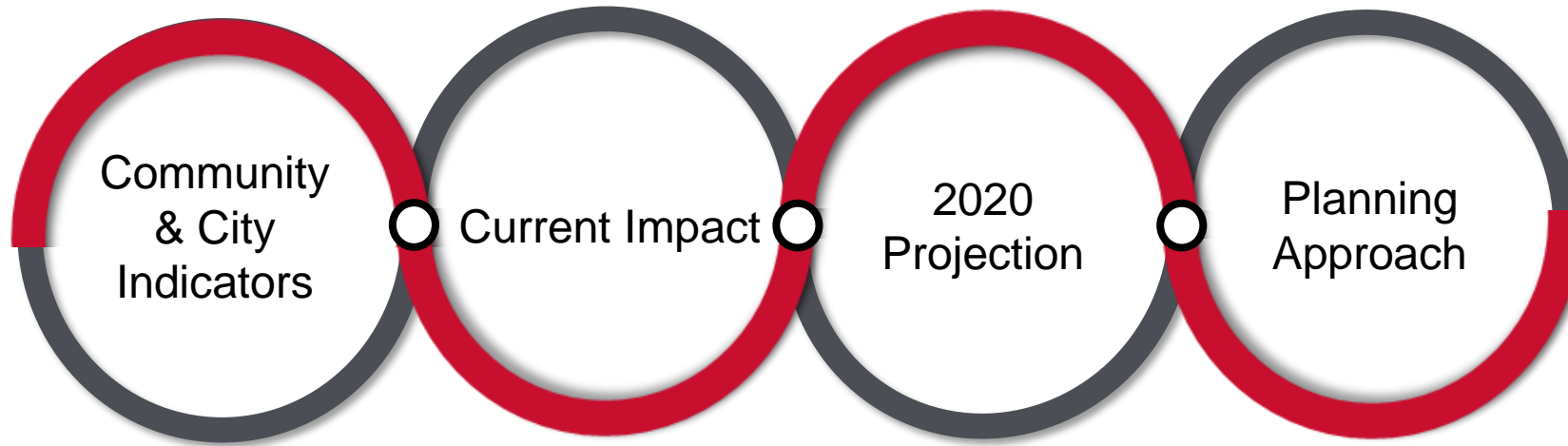
# C2020–0754 COVID-19 Service Plan and Budget Update - June

2020 July 20

Combined Meeting of Council

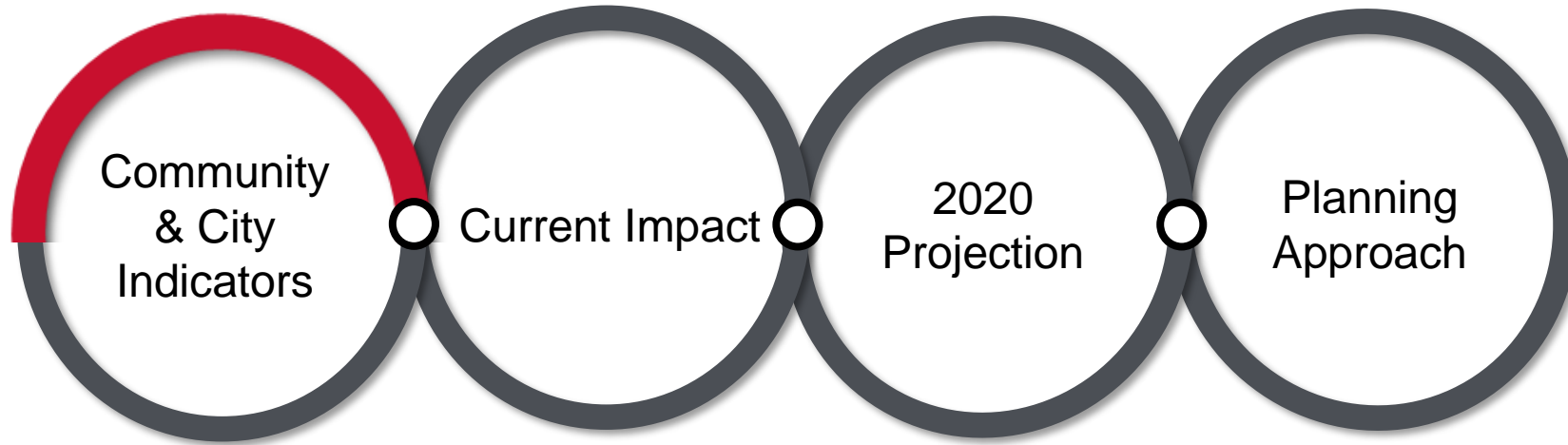


# Roadmap for Service Plan & Budget Update - June





# 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.



Community and social indicators



Health and wellness indicators



Mobility indicators



Economic, financial and business indicators



Environmental indicators

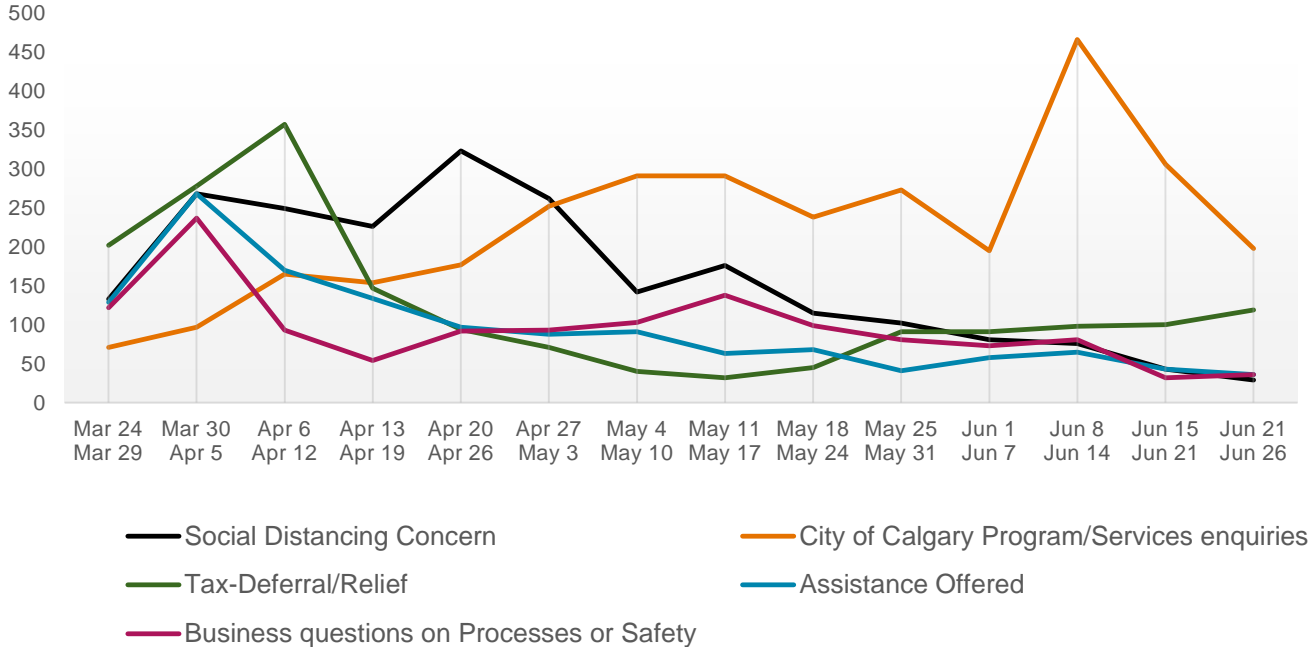




# Community indicators – Community and Social

## 311 COVID-related Calls (from March 6 to June 26)

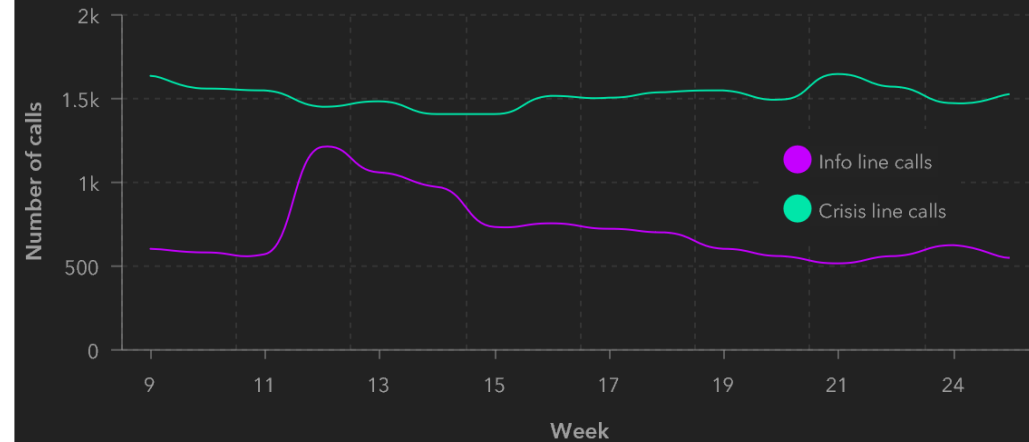
Total Inquiries 19,912  
Top 6 Inquiries 10,014



### Top 5 topics:

- Social distancing concerns
- City of Calgary programs/services enquiries
- Tax deferral/relief
- Assistance Offered\* (includes calls related to COVID medical information resources, COVID help resources (groceries, community help, etc.), rent or eviction concerns or enquiries, utility bills deferrals or relief, etc.
- Non-City business questions on processes or safety

## 211 Distress Centre COVID-19 related Calls (from Feb 24 to June 20)



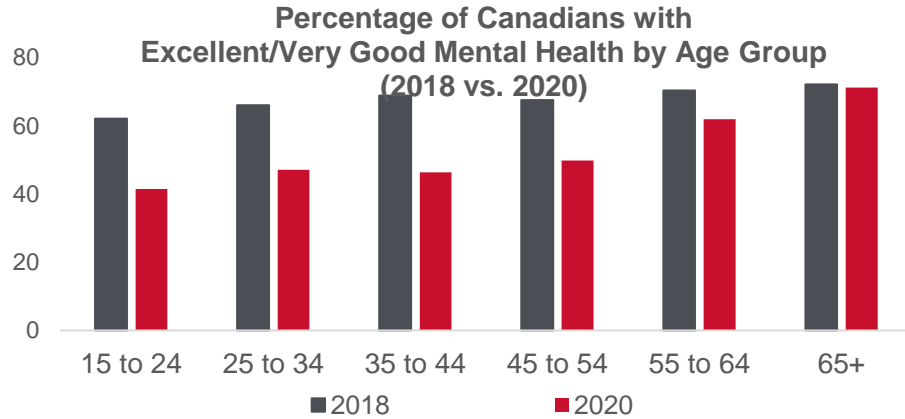
### Top 5 COVID-related issues:

- Anxiety
- Isolation/loneliness
- Depressed mood
- Family relationships
- Financial.

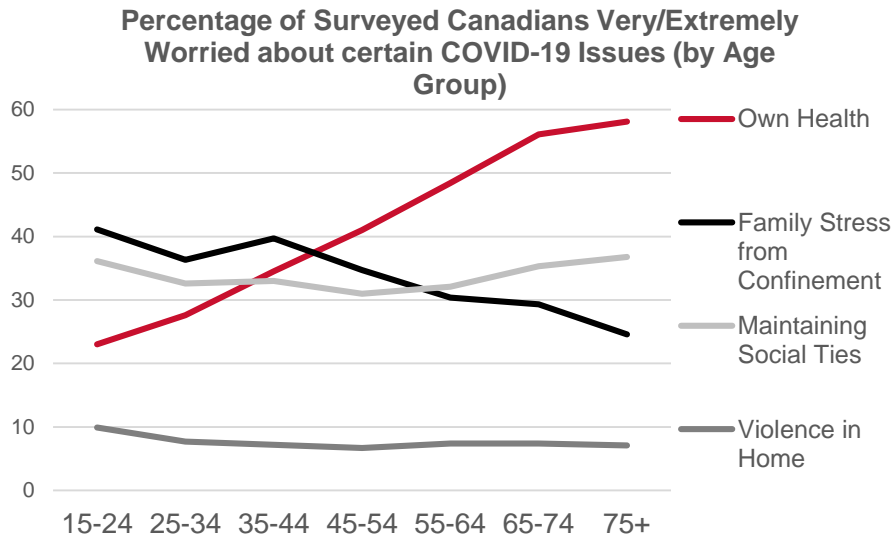
Source: 311, 211 & CEMA situational awareness dashboard



# Community indicators – Health & Wellness



- All age groups except individuals aged 65 and older **report lower self-perceived mental health** during the COVID-19 pandemic, compared to 2018.
- **Youth (aged 15 to 24)** are least likely to report excellent or good mental health during the COVID-19 pandemic.



- **Older Canadians** are more likely to be worried about their **own health**, with almost 60% of seniors aged 75+ worried about their health.
- **Younger Canadians** are more likely to be worried about **family stress** from confinement.
- **Maintaining social ties** is a worry for all ages, particularly youth (**aged 15-24**) and seniors aged **75+**.
- **Young women (aged 15-24)** are significantly more likely to be worried about **violence in the home**.

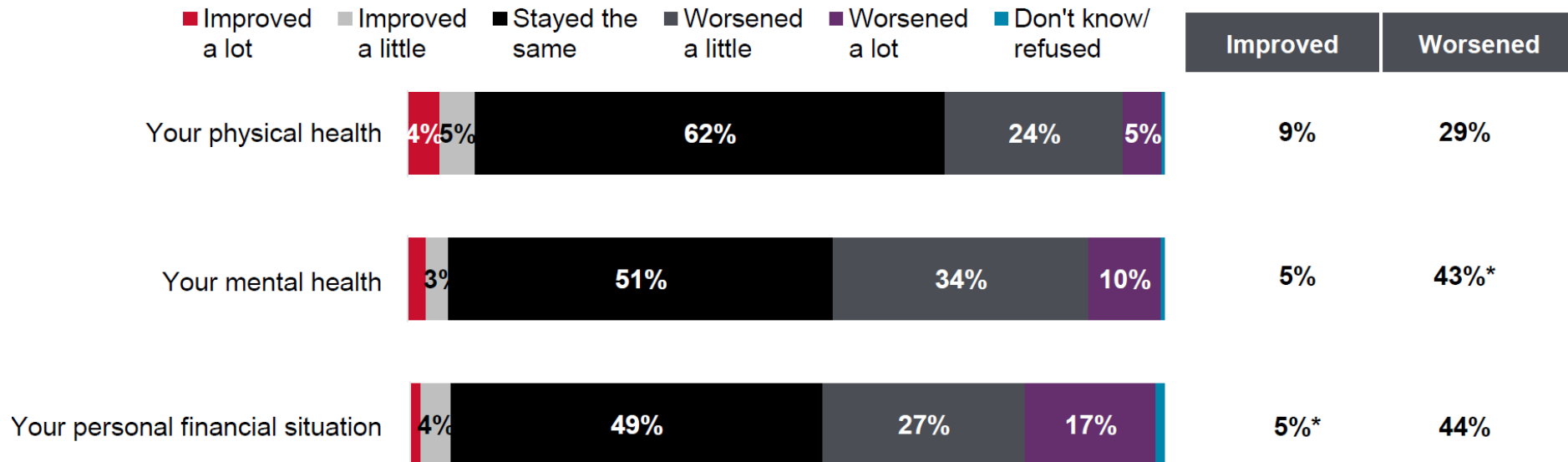
Source: Statistics Canada.

# Citizen perspectives - Personal health and Finances

## 2020 Citizen Perspectives Survey Report

(phone survey of 400 Calgarians between May 19 – 25; presented to Council on 2020 June 3):

### Changes in Personal Health and Financial Situation Since Before the Pandemic

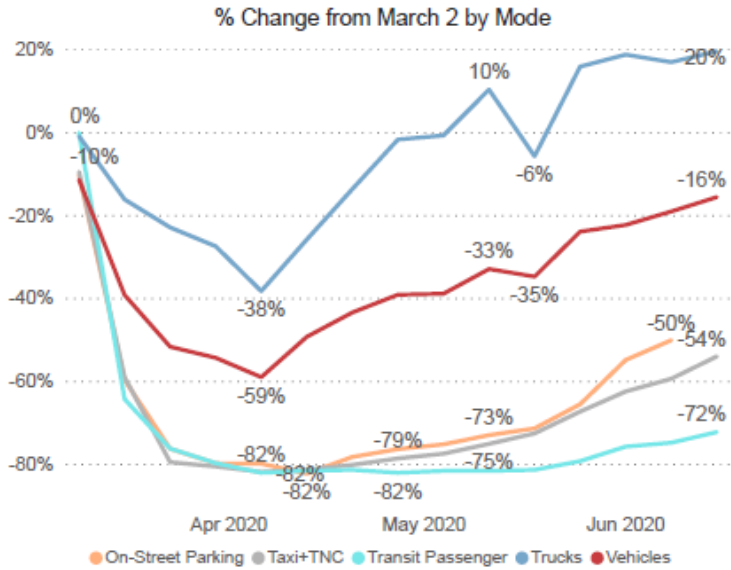


Mental health and personal finances have worsened since the beginning of the pandemic for just over two-in-five Calgarians while they've remained the same for one-half. The majority of respondents said that their physical health has stayed the same.

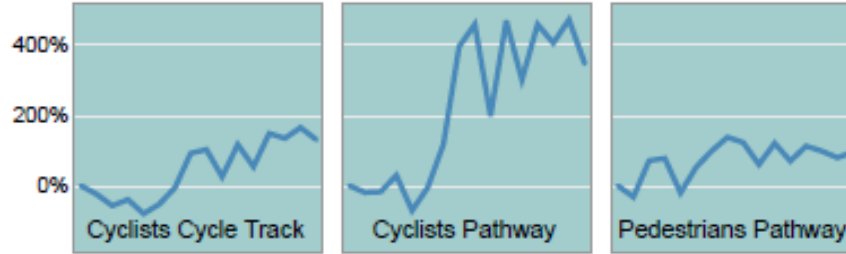
Source: The City of Calgary CSC Corporate Research Team



# Community indicators - Mobility



Eco-Counter Location Data: % Change from Week of March 2



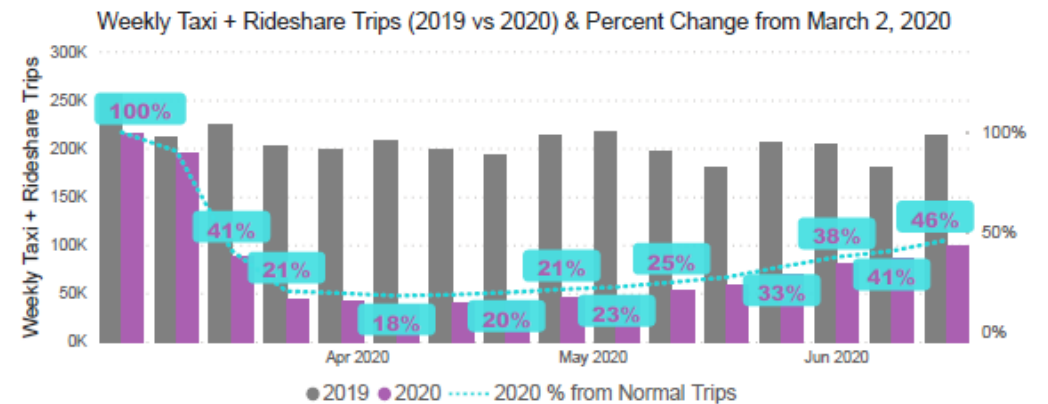
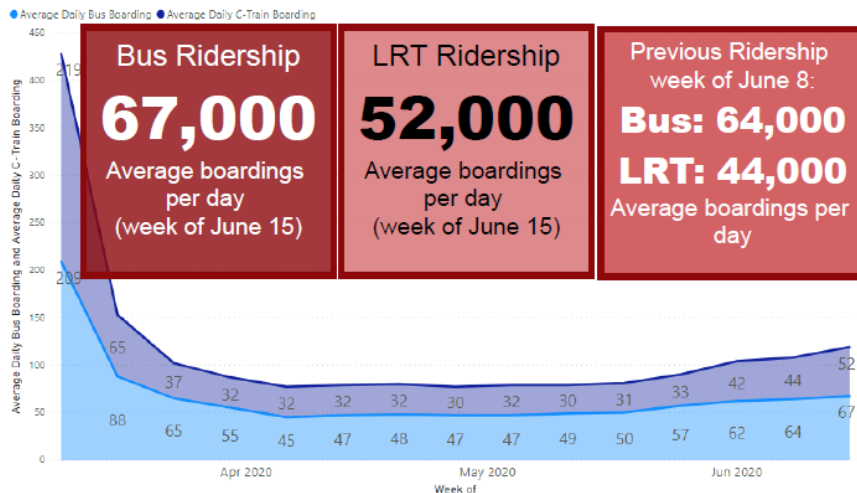
Start of Week (March 2 - June 15) — Average of Change %

Bike Volume increased (March 2-June 15)

**130%**  
(Cycle Tracks)

**345%**  
(Pathways)

- All modes showing an increase towards normal volume.
- Taxi/TNC trips have increased to 46% of normal, up from a low of 18%.
- Large increase in bike and pedestrian use during pandemic, and remain higher than normal.
- On-street parking transactions at 50% of normal, up from a low of 18% (in/ around core).



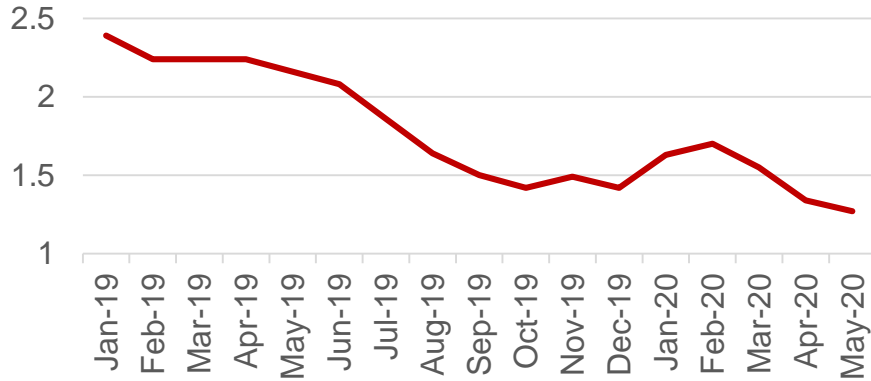
Source: The City of Calgary Transportation Department



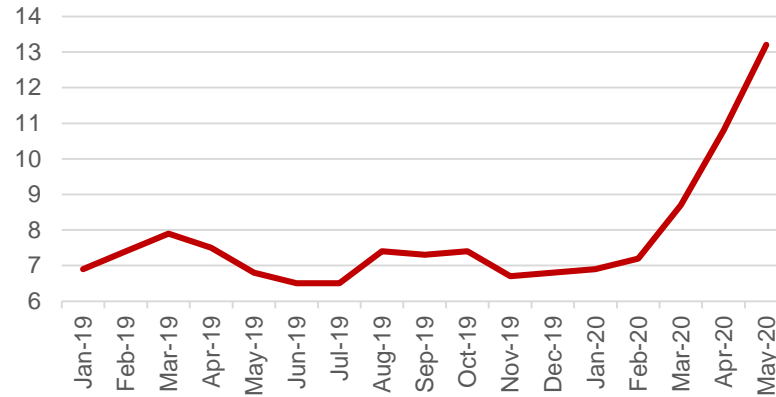


# Community Indicators – Economic (January 2019-Present)

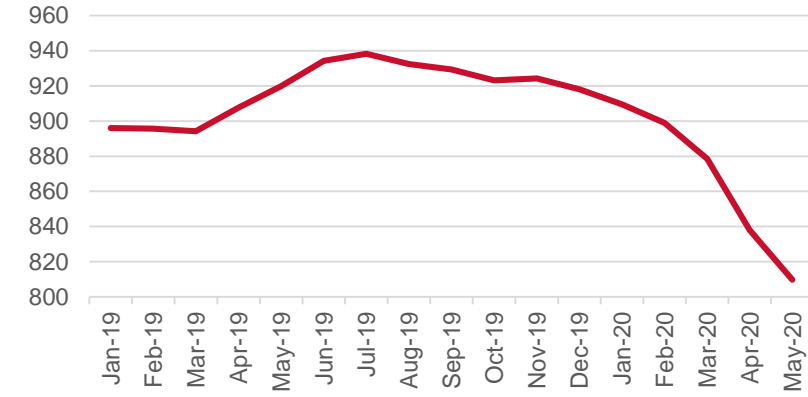
Calgary: All-items CPI (inflation)



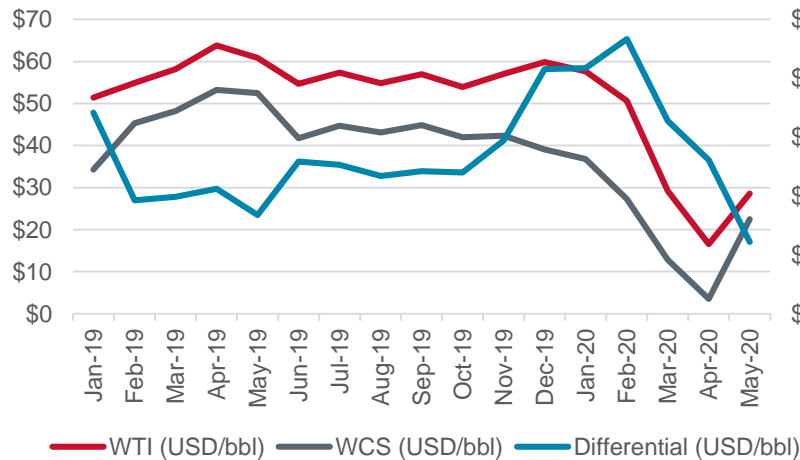
CER Unemployment Rate (%)



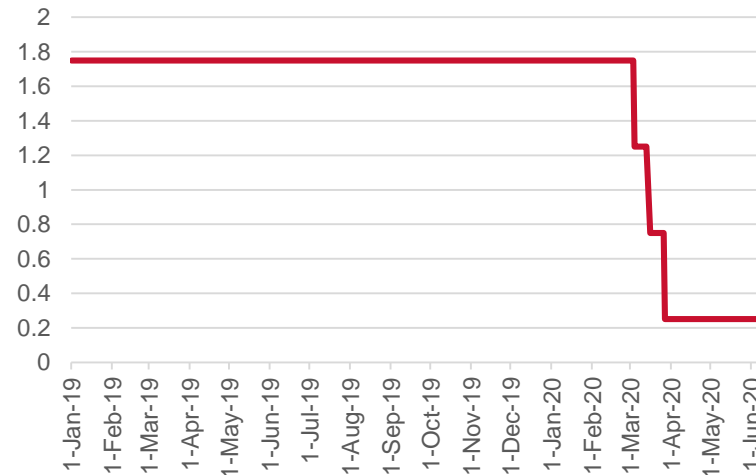
CER total Employment (thousands)



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



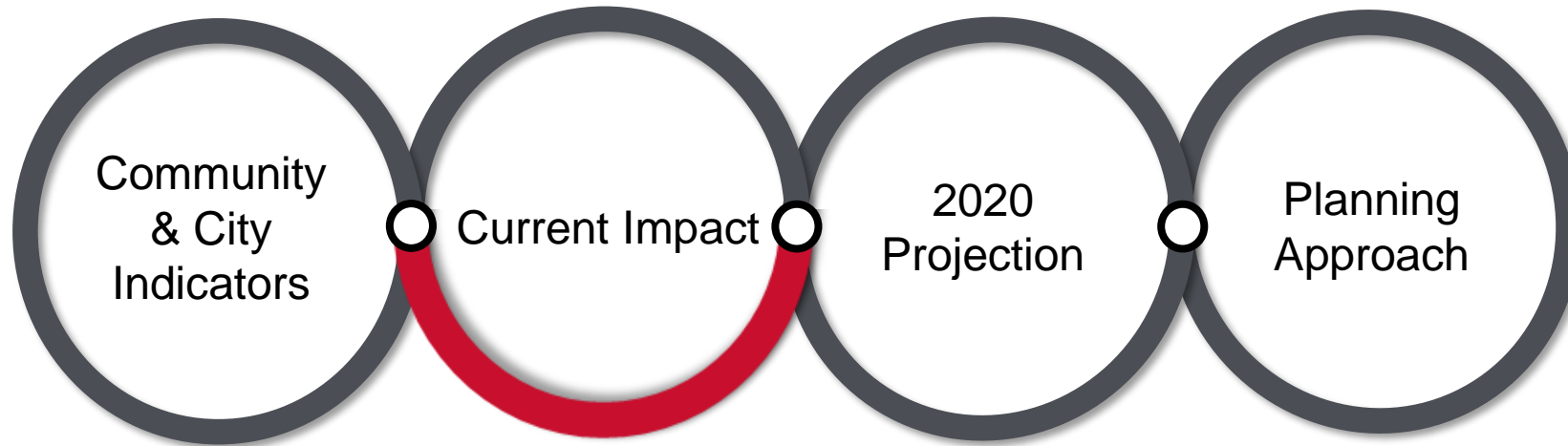
Bank of Canada overnight rate (%)



Source: The City of Calgary Corporate Economics



# Update on current COVID-19 impact

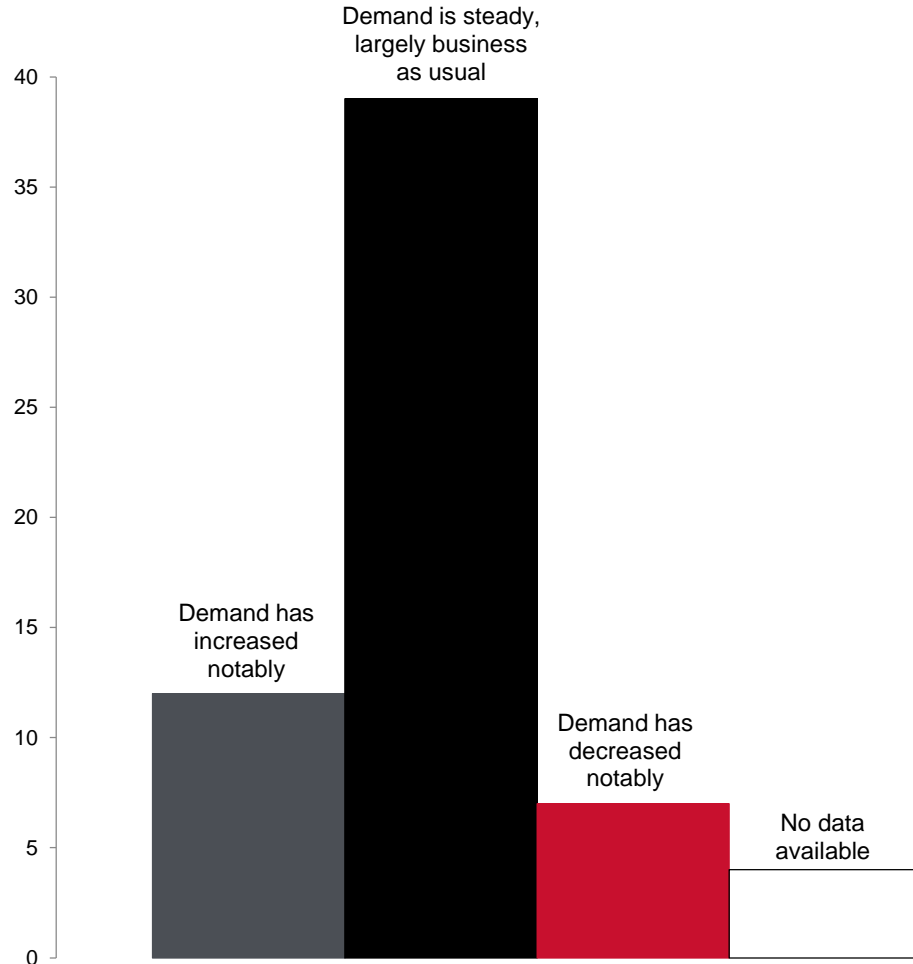




# Impact of COVID-19 on service demand

As of 2020 June 23

What impact have you seen on the current demand for your service?



Demand	Number of Services*
↑	<p><b>12</b></p> <ul style="list-style-type: none"> <li>• Generally internal service providers, such as Human Resources, Information Technology, Facility Management, and Finance</li> <li>• Community Strategies, Social Programs, and Waste &amp; Recycling Services have also seen demand increases</li> </ul>
↔	<p><b>39</b></p>
↓	<p><b>7</b></p> <ul style="list-style-type: none"> <li>• While demand is well below normal, Calgary Transit has seen a slight increase in the last few weeks and Recreation has seen a return to service for some facilities</li> </ul>
No Data Available	<p><b>3</b></p> <ul style="list-style-type: none"> <li>• Services primarily made up of Civic Partners were not asked for this information</li> <li>• Calgary Police Service impacts will be available when approved by the Calgary Police Commission</li> </ul>



# Impact of COVID-19 on services

As of 2020 June 23

## Severe Impacts

### Arts and Culture / Recreation Opportunities

- Selected athletic parks and playfields, the velodrome, the Glenmore Reservoir, and 3 golf courses reopened in late May
- Further facilities are scheduled to open in July (e.g. aquatic centres, more athletic parks and some arenas)
- 411,527 missed visits compared to June 2019
- 1,422 missed program registrations compared to programs that started in June 2019
- May 14 to June 15, 2020 had 25,000 rounds played at 3 courses, compared to same time in 2019 with 38,000 rounds at 6 courses

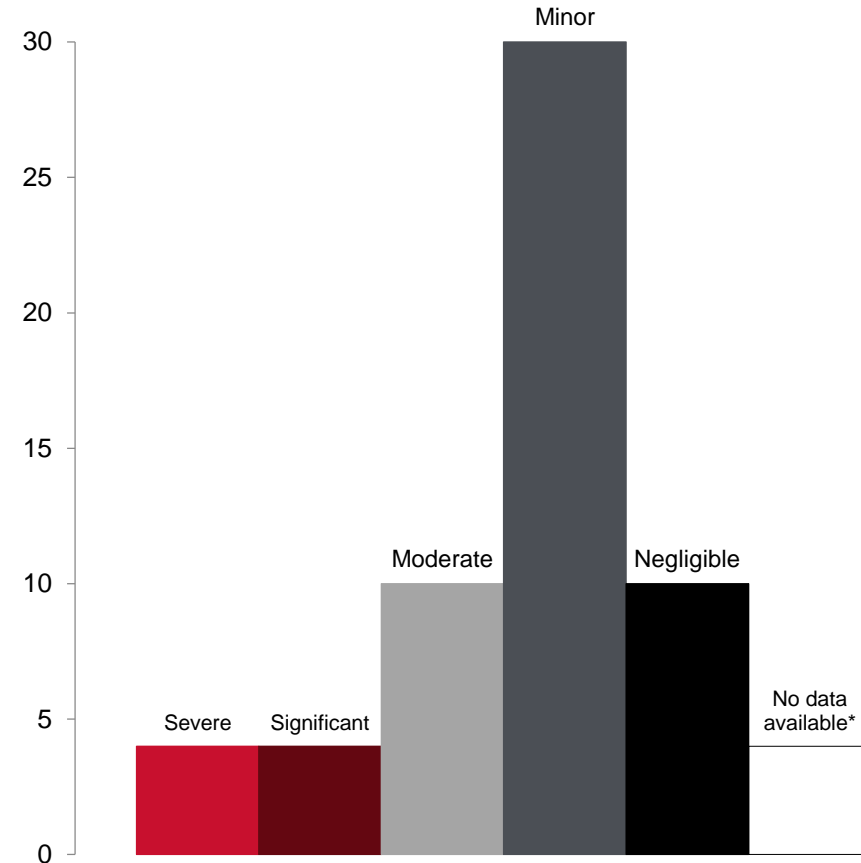
### Public Transit / Specialized Transit

- Public Transit ridership is reduced by around 80%-85%
  - Specialized transit trips reduced by about 85%
  - Monthly revenue is reduced by approximately 90% for Public Transit service
- Social disorder incidents have increased

## Significant Impact

- Executive Leadership: some organizational improvement activities delayed
- Fire Safety Education: restrictions resulted in fewer requests
- Municipal Elections: 2020 Civic Census cancelled
- Social Programs: changed from severe to significant impact as services move to in-person delivery with safety modifications

## Current Impact on Service



\* Services primarily made up of Civic Partners were not asked for this information. Calgary Police Service impacts will be available when approved by the Calgary Police Commission.



# Additional impacts of COVID-19 on services

Demand impacts	Doing More
<ul style="list-style-type: none"> <li>• <b>Black, Blue and Green Cart Program tonnes are increasing compared to 2019</b></li> <li>• <b>Waste at Waste Management Facilities now at seasonal norms, however with significantly higher traffic than 2019</b></li> <li>• <b>Modest increase in on and off-street parking</b></li> <li>• <b>Increased demand from youth in targeted services (employment services, crisis referrals), and anticipate this trend to continue</b></li> <li>• <b>High public park usage during the pandemic</b></li> <li>• <b>Shift in demand between different customer classes for consumption of water &amp; wastewater</b></li> <li>• <b>Increased demand for accelerated paving programs while traffic is reduced</b></li> <li>• <b>Warmer weather and social distancing increased demand for street space for walking and cycling.</b></li> <li>• <b>Licenses for larger restaurant patios has increased</b></li> <li>• <b>Resumed all fleet operator training services</b></li> <li>• Decreased development activity (industrial sales, development permits, developer contributions)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Facility cleaning as services and activities relaunch</b></li> <li>• Financial relief: Extended tax payment deadline; Planning &amp; Development deferral and/or waive fee payments; Waived Business Licence renewal; Rent relief; Waived Taxi &amp; Limousine driver fees and 50% plate fees; Additional support partners; and Low Income Transit pass fares suppressed for March, April and May</li> <li>• Online programs and applications</li> <li>• IT solutions and support</li> <li>• Communications and on-line engagement</li> </ul> <p><b>Doing Less / Delays</b></p> <ul style="list-style-type: none"> <li>• Hiring freeze</li> <li>• Planning policies</li> <li>• Calgary Transit removed some routes, reduced frequency on others</li> <li>• Cancelled 2020 Community cleanups</li> <li>• Cancelled 2020 census</li> <li>• Cancelled / postponed programs</li> <li>• Delay in tribunal hearings</li> <li>• Spay/Neuter program</li> <li>• Scaled back taxation collection activity</li> <li>• Closure of some of the plus 15 network</li> </ul>

Items in BOLD are changes from last months update





# Preliminary financial impacts: March 12 – June 14

	\$ millions	
Revenue	(57.6)	<ul style="list-style-type: none"> <li>• Closure of recreation facilities</li> <li>• Loss in transit revenue</li> <li>• Reduction in permit revenue</li> <li>• Property sale transactions have fallen</li> </ul>
Incremental Expenses	(16.4)	<ul style="list-style-type: none"> <li>• Overtime</li> <li>• Layoffs of certain temporary and permanent staff</li> <li>• IT equipment and pandemic supplies</li> <li>• Facility cleaning</li> </ul>
Savings	16.1	<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> </ul>
<b>Total</b>	<b>(57.9)</b>	

*Notes:*

- *Administration is working with the Calgary Police Commission to integrate Calgary Police Service information into the monthly reports to ensure Council has a full view of the projections.*
- *Calgary Parking Authority and other corporate revenues not included.*
- *Brackets indicate unfavourable variance.*



## Preliminary financial impacts: March 12 – June 14

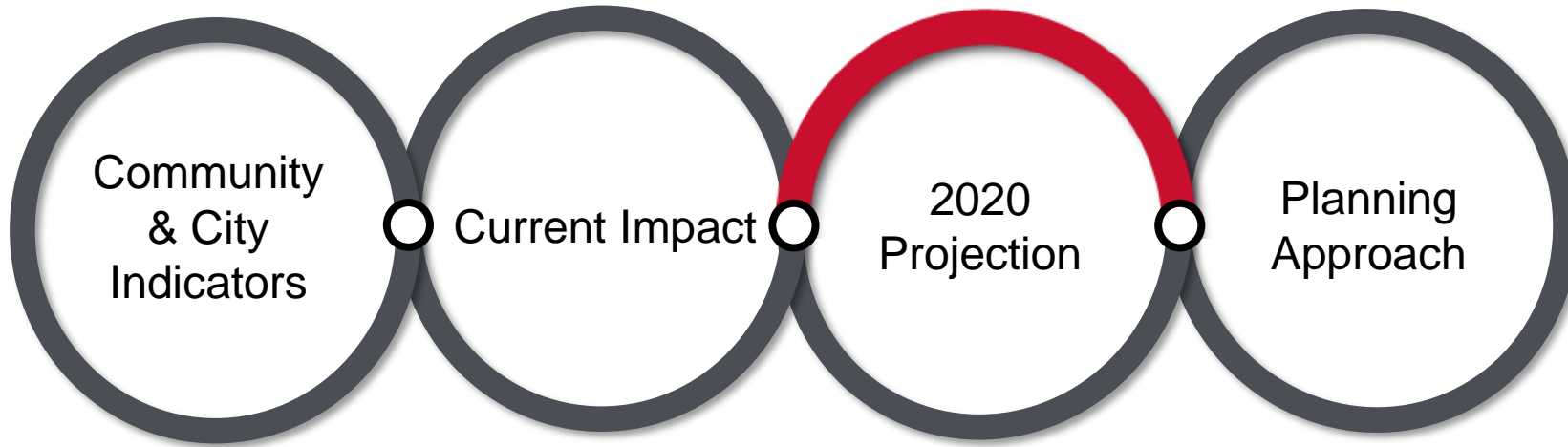
Amounts in \$ millions	Revenue Loss	Incremental Expenses	Estimated Savings	Net Impact
Transit	(33.1)	(4.3)	6.3	(31.1)
Recreation	(9.7)	(3.1)	6.3	(6.5)
Calgary Building Services	(8.0)	-	-	(8.0)
Real Estate & Development Services	(4.7)	-	-	(4.7)
Roads	(1.1)	-	-	(1.1)
Parks	(1.0)	(0.6)	1.8	0.2
Information Technology	-	(2.4)	-	(2.4)
Facility Management	-	(1.6)	1.3	(0.3)
Other	-	(4.4)	0.4	(4.0)
<b>Total</b>	<b>(57.6)</b>	<b>(16.4)</b>	<b>16.1</b>	<b>(57.9)</b>

*Notes:*

- Administration is working with the Calgary Police Commission to integrate Calgary Police Service information into the monthly reports to ensure Council has a full view of the projections.
- Calgary Parking Authority and other corporate revenues not included.
- Brackets indicate unfavourable variance.



# Service Plan and Budget Projection





# Methodology

- Corporate-wide exercise
  - Civic partners excluded
  - Calgary Police Service impacts will be available when approved by the Calgary Police Commission
- 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**
  - Significant assumptions due to scope of uncertainty
- **Scope includes:**
  - **Potential relaunch strategies and activities**
  - Relief packages and associated funding sources approved by Council

Items in BOLD are changes from last months update



## 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 Submission
Sources	<ul style="list-style-type: none"> <li>• Internal city sources</li> </ul>	<ul style="list-style-type: none"> <li>• Internal city sources</li> <li>• University of Calgary collaboration</li> <li>• Big Cities partnership</li> <li>• External scenarios (e.g. Stokes Economics)</li> </ul>
Developed	<ul style="list-style-type: none"> <li>• 1 scenario, 3 timelines                             <ul style="list-style-type: none"> <li>• ‘Current situation’ as seen at that time would last until the end of Q2, Q3, or Q4</li> <li>• All assuming a flattened curve</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 3 scenarios, 3 timelines                             <ul style="list-style-type: none"> <li>• Worse case, limited success to flatten curve</li> <li>• Base case, moderate success to flatten curve</li> <li>• Better case, full success to flatten curve</li> </ul> </li> </ul>
Used	<ul style="list-style-type: none"> <li>• April: Current situation Q2, Q3 and Q4</li> <li>• May: Current situation until end of Q2</li> </ul>	<ul style="list-style-type: none"> <li>• June: Base case only</li> </ul>





## New Key assumptions\* underlying the financial and performance projections

- The province remains in Stage 2 of the relaunch until transitioning to Stage 3 at the end of October 2020 (planning assumption only).
- The State of Local Emergency (SOLE) has ended.
- Stage 3 is expected to remain 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. (This is a planning assumption only and should not be taken as provincial guidance.)
- Relaunch strategies, activities and costs should be included in the impacts.

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



## New Key assumptions\* continued underlying the financial and performance projections

- Supply chain movement and procurement of goods eases over the remainder of 2020 and is back to pre-COVID levels by December 31. Although services to 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.
- 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 June 1, 2020.
- Lower non-residential investment continues until the end of 2020.

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



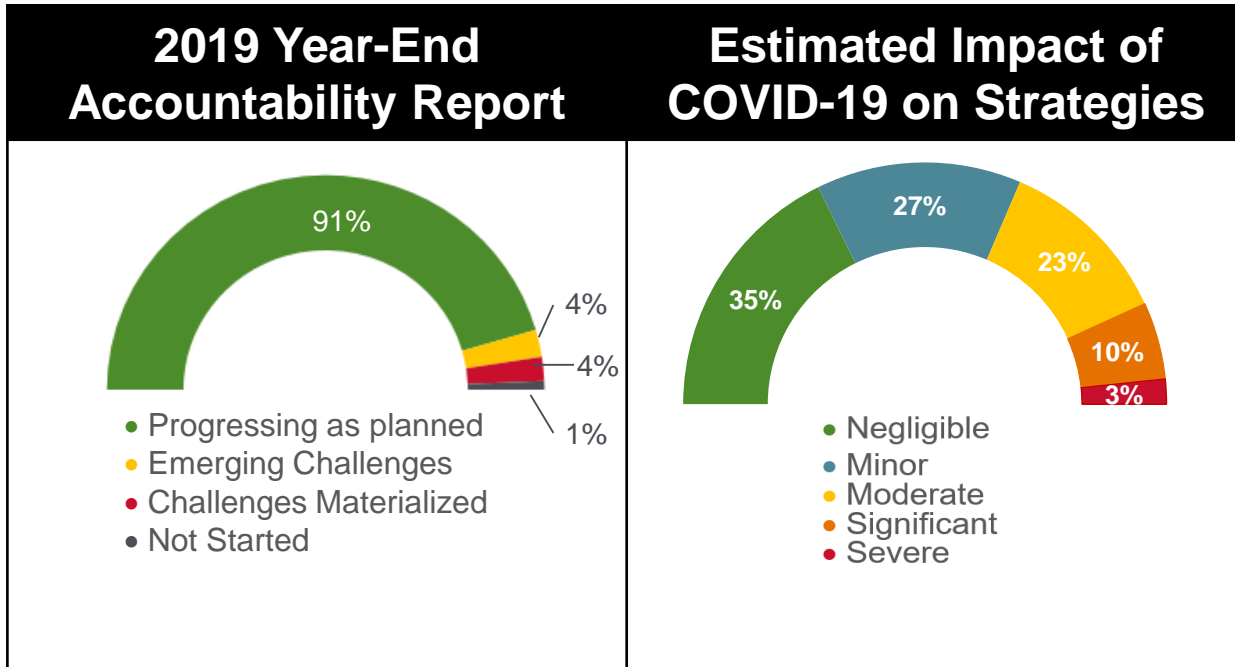
## Existing Key assumptions\* underlying the financial and performance projections

- The City of Calgary hiring freeze remains in effect until at least the end of Q2.
- Tax revenue aligns with 2020 Adjustments
- 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.
- No new sources of funding (either operating or capital) is available from the Federal or Provincial government.
- Performance expectations for future projections may not align with prior Council approvals.

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



# Projected strategy impacts



The One Calgary 2019-2022 Service Plans and Budgets include 622 strategies, each of which was reflected in the 2019 Accountability Report. At that point 91% of strategies were on track.

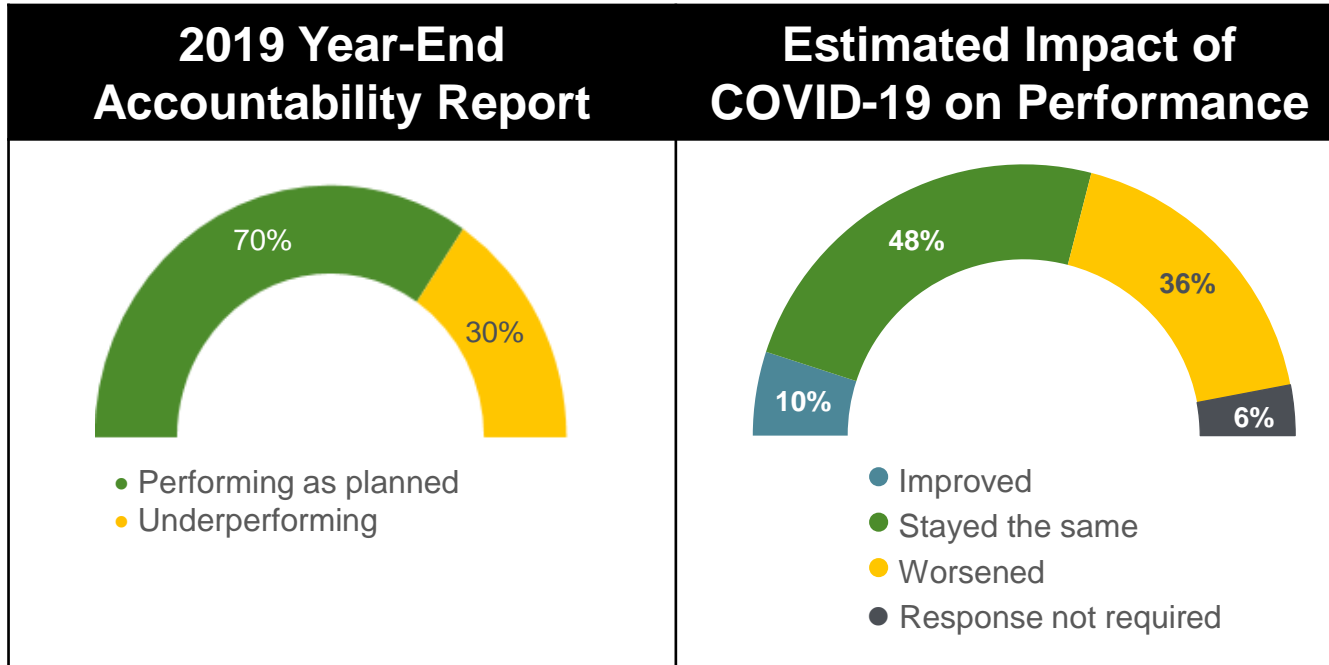
- Strategies related to Civic Partners and Calgary Police Service (21 strategies) are not included in the COVID-19 impacts.

Overall there was very little change in June with respect to the data for 601 strategies:

- 14 strategies were projected to be less impacted by year end than in May, reflecting a more positive outlook. We are keeping an eye on employee health & wellness.
- 62% of strategies have a negligible or minor impact, while another 23% have seen a moderate impact.
- Strategies that have been significantly or severely impacted (13%) are related to interactions with the public or partners and are associated with services like Arts & Culture, Bylaw Education & Compliance, Community Strategies, Municipal Elections, Parks & Open Spaces, Public Transit, Recreation Opportunities, and Social Programs. IT Solutions & Support is the only enabling service with strategies that are being impacted severely.



# Projected performance impacts



- There are 256 approved performance measures in the 2019-2022 Service Plans and Budgets.
- At the end of 2019, 66% of the 256 performance measures were performing as planned; and 34% were underperforming.
- Performance measures related to Civic Partners and Calgary Police Service (15 measures) are not included in the COVID-19 impacts and are categorized as “response not required”.
- 58% of performance measures are holding steady and are projected to “improve” or “stay the same” by 2020 year-end.
- 36% of performance measures are projected to worsen by 2020 year-end.





## Projected 2020 gap

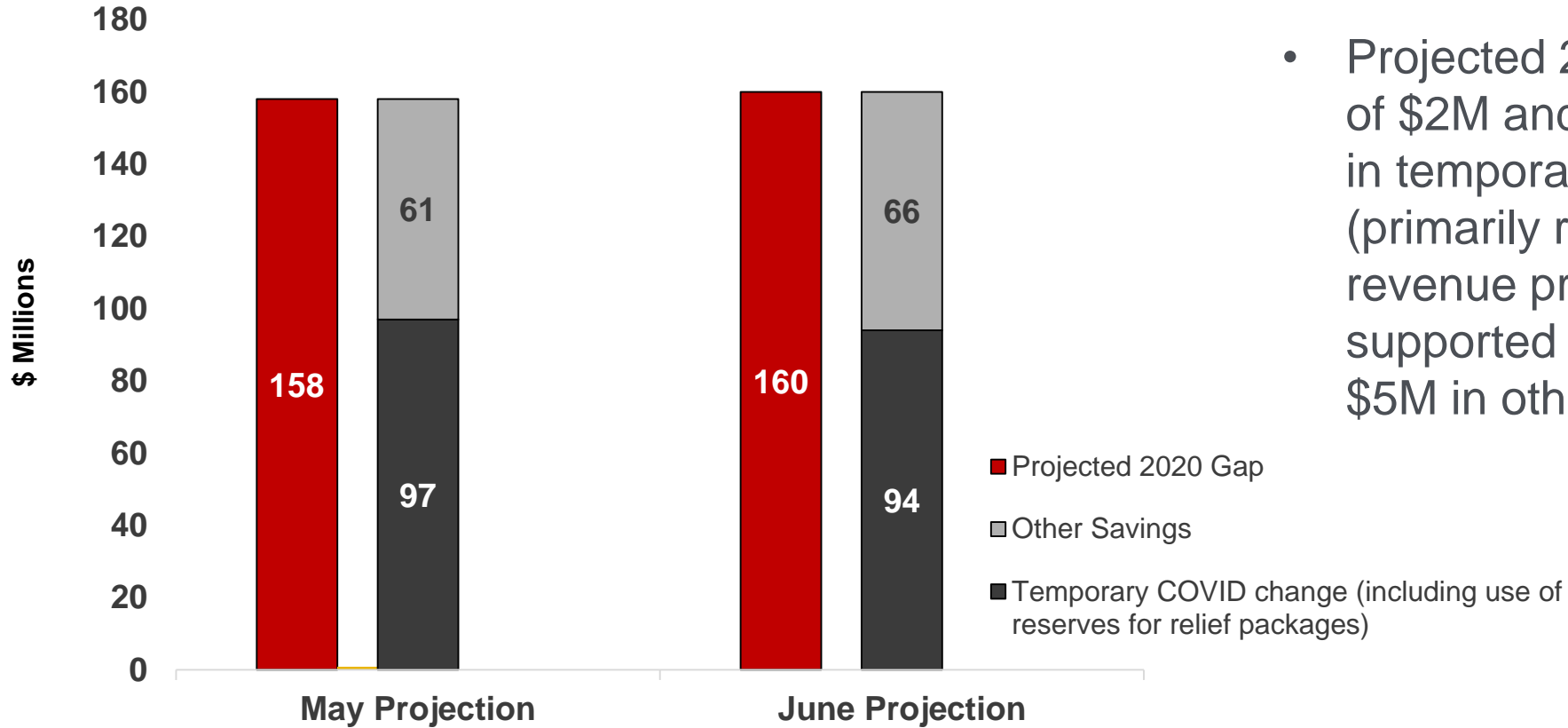
Account Category	June Projection (\$ M)	May Projection (\$ M)	Diff. vs May (\$ M)	Explanations
Revenue*	(208)	(204)	(4)	<ul style="list-style-type: none"> <li>• Loss of transit revenue (reduced ridership)</li> <li>• Lower revenue from licenses and building permits</li> <li>• Council approved relief packages</li> <li>• Closure of recreation facilities</li> <li>• Decrease in water consumption from temporary business closures</li> <li>• Lower franchise fees from water utility services</li> </ul>
Recoveries	(1)	(2)	1	<ul style="list-style-type: none"> <li>• Lower demand for internal services such as waste management as a result of vacancies and reduced building capacity</li> </ul>
Expenditures	49	48	1	<ul style="list-style-type: none"> <li>• Temporary and part-time staff lay-offs</li> <li>• Seasonal staff reductions in parks</li> <li>• Vacancy savings from intentionally managing the workforce</li> <li>• Offset by increased overtime and supply costs associated with COVID-19</li> </ul>
<b>Total gap</b>	<b>(160)</b>	<b>(158)</b>	<b>(2)</b>	

\*Revenue from self-supported service lines cannot be used to offset the corporate financial gap

Note: \$ estimates rounded to the nearest million.



# Narrowing the gap



- Projected 2020 gap increase of \$2M and reduction of \$3M in temporary COVID changes (primarily related to improved revenue projections for self-supported services) offset by \$5M in other savings

Note: \$ estimates rounded to the nearest million.



# Largest value temporary COVID-19 changes in 2020

Service	Change Amount	Summary	Citizen Impact
Public Transit	\$42	Remove some transit routes, lower service level on some transit routes.	Direct
Water Treatment & Supply	\$11	Consider capital and operating reductions. Consider further use of debt and reserves.	Indirect
Building Safety	\$9	Expenditure reductions and utilization of reserve as required.	Indirect
Specialized Transit	\$8	Align Specialized Transit to demand.	Direct
Business Licensing	\$4	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
Wastewater Collection & Treatment	\$2	Consider capital and operating reductions. Consider further use of debt and reserves.	Indirect

*Note: All \$ figures rounded in millions*



# Projected risk impacts

2020 Year-end June projection (46 risks)

Slight	Low	Medium	High	Severe
4%	17%	30%	33%	15%

5 Priority Risks*	From the 2020 Year-end June 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. <b>Multiple services expressed deferred or delayed revenue as a specific impact to their service.</b>
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. <b>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. Administration may evaluate additional temporary service reductions if the financial gap widens.</b>
Health, Safety and Wellness Risk	This risk remains high and is acutely impacting some areas more than others. Many services noted this as their top risk while they continue to monitor staff health, safety, and wellness. <b>The City is managing the need for personal protective equipment as well as process changes to ensure safety equipment and protocols are established and effective.</b>
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	<b>As the pandemic continues more services have noted reputation risk as their top risk. This is due to sustained cancellations and service reductions which may negatively impact citizens’ perceptions. The City is currently seeing an increase in satisfaction which is consistent with the pattern typically experienced in times of crisis.</b>

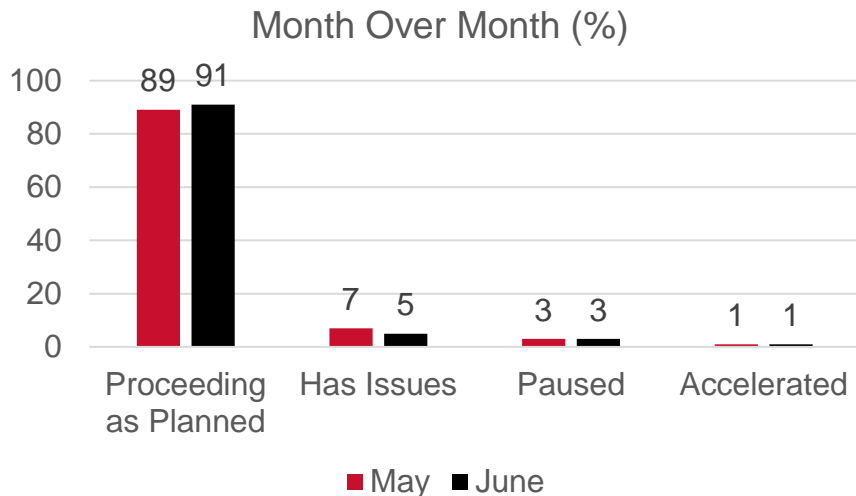
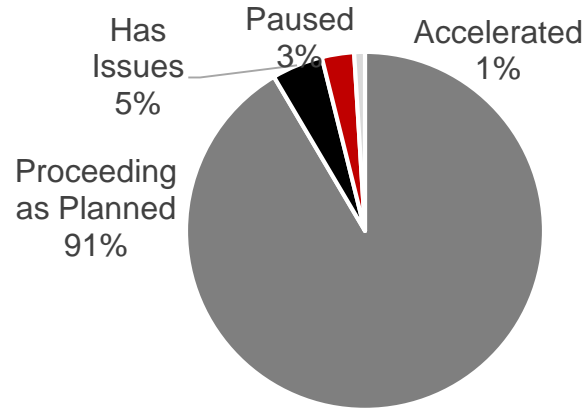
\*The 5 Priority Risks are a subset of The City’s Principal Corporate Risks and were approved by Administrative Leadership Team (ALT) in 2020 June. A full update on The City’s Risk Profile, including all of the Principal Corporate Risks will be provided to the Audit Committee on 2020 July 23. **Items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

June – How are Investments proceeding?



- Most investments are proceeding as planned
- Some investments have accelerated – e.g. Recreation facility lifecycle
- To close the financial shortfall, the Utility is conducting a preliminary review of potential reductions/deferrals which includes the capital program
- Continue to watch and mitigate key risks that may impact schedules:
  - Human capital challenges due to physical distancing and other restrictions
  - Access to materials if there is a second wave and production (and/or logistics) slows / shuts down
- Procurement strategies are being looked at to mitigate potential supply challenges



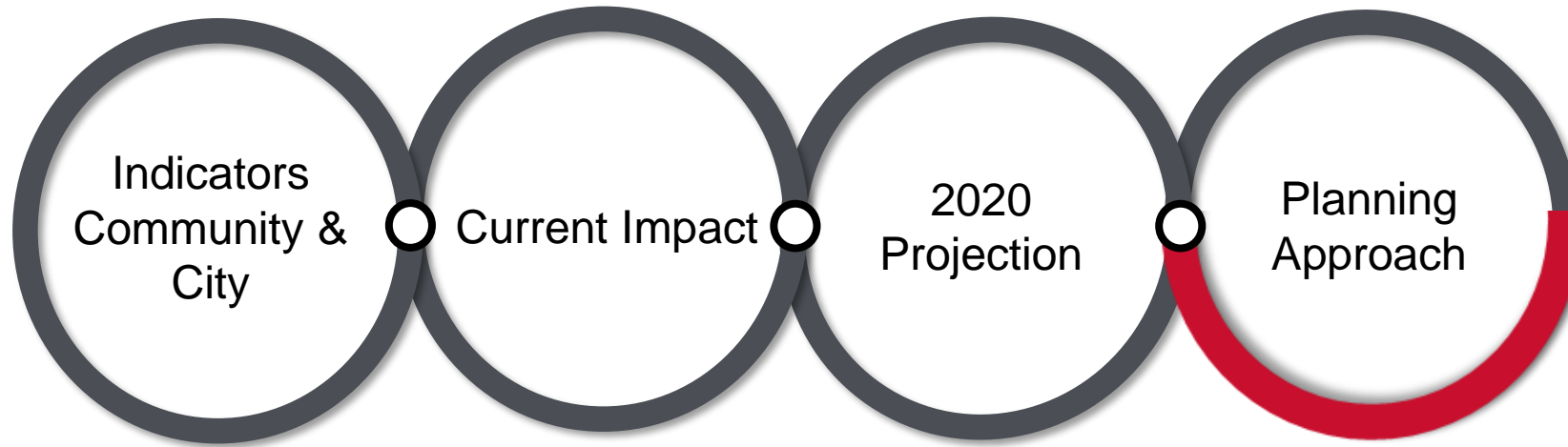
# Workforce

- Treat employees with dignity and respect while balancing employer/employee interests
- Extensive support for employee health, safety and wellness, including:
  - Regular communications (e.g. weekly townhalls, COVID-19 FAQ's, All Employee Notice bulletins)
  - Facility Safety
  - Mental Health
  - **Distribution of face coverings**
- Intentional workforce management and adjustment
  - Implementation of a hiring freeze and increased oversight by the Corporate Workforce Planning Committee
- Anticipating recovery – ongoing workforce planning (culture, skill set and complement) for current state and economic resilience to align with Provincial relaunch updates

Items in BOLD are changes from last months update



# We have a robust planning approach







# Some important questions from Council are guiding our work

## **Initial response provided 2020 April 30 (COVID Response Section) and update provided today (Current Impact Section)**

- 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 provided 2020 April 6 and/or further information provided 2020 April 30 (Municipal Relief Section)**

- 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 corporation?
- 4) What is the City's plan in terms of offering relief for taxpayers?

## **Response will be provided with the report on indicative rates in July**

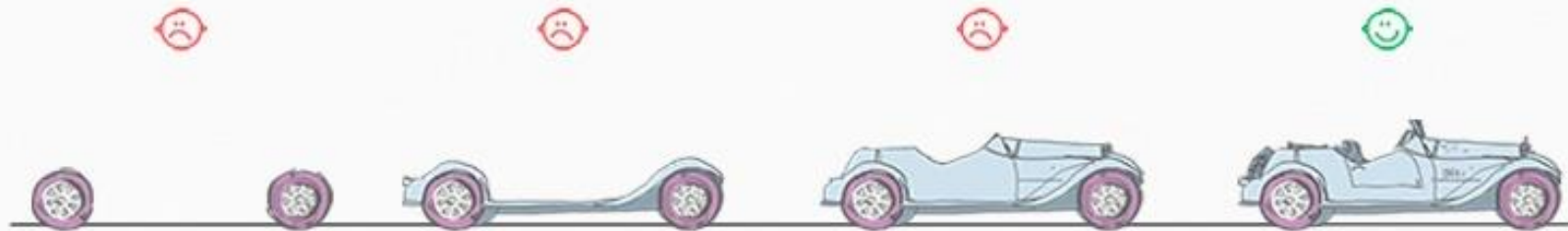
- 1) Does it still make sense to have a four year budget process with such volatility in the world, country, and province?

## **We are continuing to monitor**

- 1) How will the most vulnerable in our city be impacted?
- 2) How will the decisions of local business impact Calgary?
- 3) What is the impact of the world financial market volatility on our ability to achieve our budget targets?

# 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

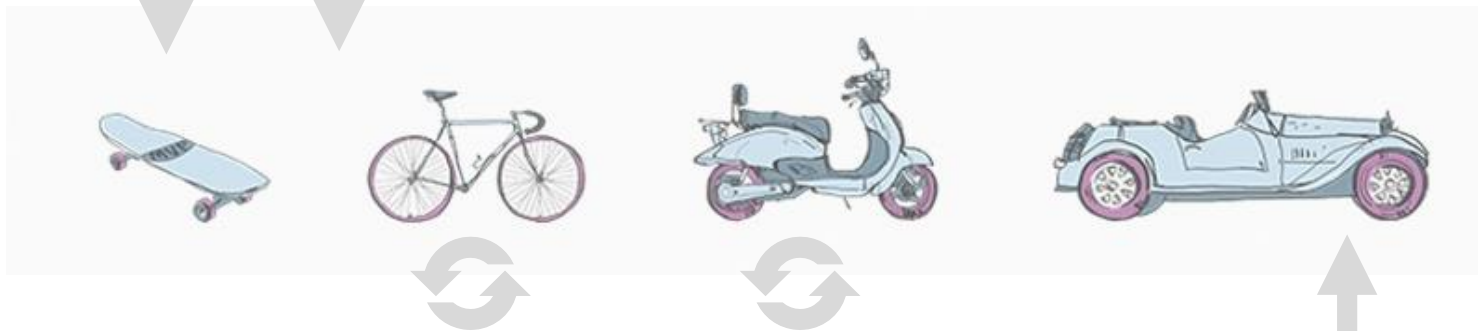
2020 April 30

Initial process gathered data for preliminary scenarios

## 2 Update

2020 May 25

Update projections of single scenario for 2020 year-end impacts



Next steps

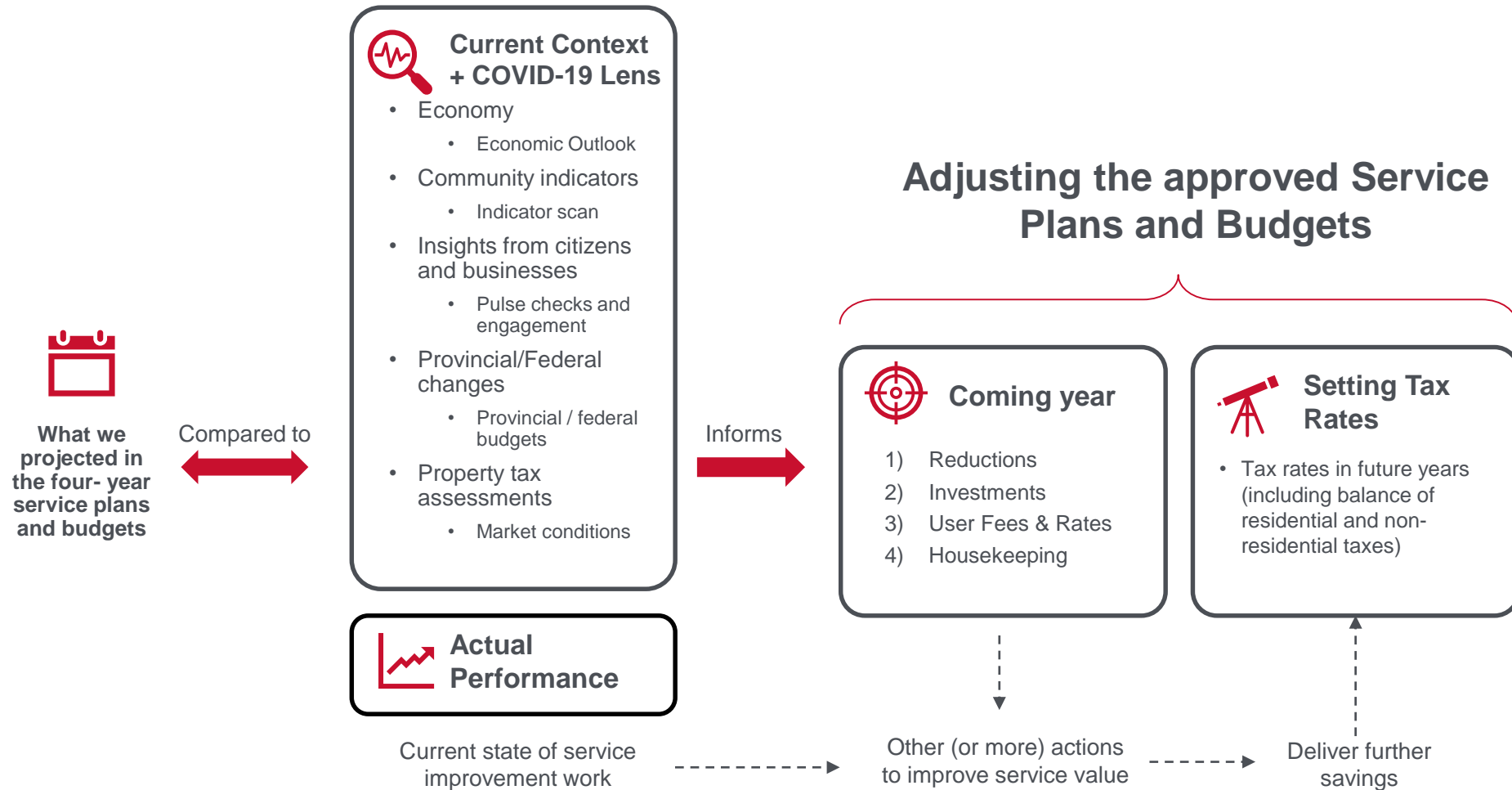
## 3 Refinement

Define fuller scenarios and develop planning assumptions based on each  
Ongoing process to refine the initial data and align it to the scenarios

- For 2020
- For the Mid-Cycle Adjustment (2021+)



# 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 re-opening 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.