

20 November 2020

To: Office of the Mayor, Members of Council

From: Chair, Relaunch Working Group

RE: COFLEX Program

This memo summarizes the recommendations of the Relaunch Working Group to ensure The City continues to maintain a flexible response for the remainder of the pandemic. The updated approach is referred to as the COFLEX Program and will enable Administration to optimize both the Municipal Operating Support Transfer (MOST) funding and ongoing corporate COVID19 expenditure management to address the ongoing uncertainty around the pandemic. Continuing advocacy efforts to secure additional Federal or Provincial resources beyond the 31 March 2021 timeframe of the MOST grant will be necessary to continue the COFLEX Program as the pandemic evolves.

Overview

Since Calgary began to be impacted by the COVID pandemic in March, Council has enabled Administration to maintain a flexible and nimble approach to scale services in response to changing demands and public health orders, as well as to implement innovative ideas such as adaptive roadways and public realm patios. Administration has also worked quickly and effectively to support over 5,000 employees to work from home while continuing to deliver services to Calgarians.

On 16 March 2020, City Council endorsed the City's COVID-19 governance structure to support four objectives:

1. Be responsible partners to help "flatten the curve" and protect human safety.
2. Support our employees.
3. Maintain appropriate City of Calgary services to our community.
4. Prepare for the resilience of our organization and our community.

To support ongoing municipal operations through the pandemic, a total of \$202 million in Provincial MOST funding has been allocated to The City of Calgary. Of this, \$72 million has been allocated to Calgary Transit to help address existing and projected operating gaps due to reduced ridership and initial social distancing restrictions. The revenue table shows a significant revenue variance for 2020 and 2021.

The eligibility period for COVID impacts to qualify for MOST funds is between 1 April 2020 and 31 March 2021, which appears to align well with the significant second wave of the pandemic currently underway in Calgary. Administration will use all the funding by 31 March 2021, with priority on meeting operational deficit needs.

Ongoing uncertainty around the duration and severity of the pandemic means that more Federal or Provincial support will likely be required beyond MOST's March 2021 funding timeframe.

	2020 Revenue Gap (forecast)	2021 Revenue Gap (forecast)
Calgary Transit	\$101.9 M	54.5 M
Other Variances	\$141.7 M	\$98.0M
Total Revenue Variance	\$243.6 M	\$152.5M
Total COVID19 Revenue Variance	\$396.1 M	
MOST	\$202.0 M	

Administration has been responsible to mitigate this revenue shortfall through temporary expenditure reductions. Regular updates have been provided to Council on those reductions.

Administration seeks Council direction to continue to manage the variances including the offset of the MOST funding. In addition to offsetting expenditures in existing service there are needs in the community for additional response. To respond to those needs Administration proposes the COFLEX Program, which represents a desire to be nimble and flexible during the continued pandemic.

COFLEX Program Structure

Efforts will be required in all four COFLEX focus areas simultaneously due to the uncertain and rapidly changing conditions of the pandemic. Blending flexibility with The City's prudent expenditure management approach, the criteria in each focus area will be used to ensure that any funding, whether from MOST or other future sources, is optimized to achieve maximum benefit.

COPING with COVID

The City is a nimble, constructive facilitator to help our people, community, and businesses safely cope during the pandemic.

Criteria to allocate funding:

- 1) Improves resilience for local businesses through Q1 2021 and beyond
- 2) Enables responsible social interactions
- 3) Generates optimism and a sense of community

SUPPORTING our PARTNERS during COVID

The City lends a hand to our civic & community partners, enabling them to continue serving Calgarians during and after the pandemic.

Criteria to allocate funding:

- 1) Directly supports operations of partners experiencing significant financial challenges
- 2) Provides support to partners ineligible for Federal or Provincial relief programs
- 3) Enables continuation of existing & successful support programs (e.g. the Emergency Resilience Fund)

PREPARING for UNCERTAINTY around COVID

The City is proactive and flexible in its response if the length or severity of the pandemic are worse than expected.

Criteria to allocate funding:

- 1) Improves data collection and analytics to guide real-time decisions
- 2) Implements actions that increase the resilience of City services for multiple possible pandemic outcomes
- 3) Enables socially and financially sustainable changes in daily behaviour by citizens and

PLANNING for LIFE with / after COVID

The City is ready to move quickly to reactivate the city, its citizens and economy after the height of the pandemic.

Criteria to allocate funding:

- 1) Enables permanent implementation of COVID pilot programs, or new City services, that will generate value
- 2) Builds short-term certainty for businesses to begin investing in Calgary's future
- 3) Rebuilds public confidence in City services

When allocating MOST funding within the COFLEX Program, Administration will also take into consideration the Province's recommended use areas: revenue declines, increased staffing and labour

costs, COVID-related capital expenditures, unpaid property taxes, including distribution to other parties for these purposes.

With a strong and established network of internal and external stakeholders, the Relaunch Working Group will steward the COFLEX Program on behalf of The City of Calgary. CEMA will continue to provide a sustained response and enhanced monitoring in close collaboration with the Relaunch Working Group.

The COFLEX Program is aligned with The City's Infectious Disease Management Plan (IDMP), which outlines the roles and responsibilities of different orders of government in a pandemic event. For The City of Calgary, this includes "a responsibility to continue to provide services that promote and maintain the health and safety of Calgarians." COFLEX initiatives are designed to support the physical and mental wellbeing of Calgarians throughout the pandemic. The COFLEX Program also supports The City's Business Continuity Plan and Resilience Strategy.

The combination of the proposed COFLEX Program, available MOST funding, and any future COVID funding sources will provide Administration with the flexibility needed to respond quickly to changing pandemic conditions. Without this approach, The City would be more constrained in its ability to adapt to the ongoing uncertainty around COVID, and would be less able to support our citizens, businesses, and our civic and community partners in a timely fashion.

Next Steps

Following approval of the COFLEX Program approach by Council during the 2020 mid-cycle budget adjustments, Administration will begin supporting initiatives meeting the criteria in the COFLEX focus areas. Careful consideration will be given on when funds should be released to ensure that MOST funding is distributed effectively between now and 31 March 2021. Any additional funding sources secured for the COFLEX Program will enable initiatives to be implemented beyond this timeframe.

RECOMMENDATIONS [Approved November, 2020]

Administration recommends that Council:

1. Approve the COFLEX Program including focus area criteria.
2. Authorize Administration to allocate the MOST funding in areas of greatest need, based upon the provincial and federal criteria.
3. Direct Administration to brief Council monthly on the overall financial management strategy, including use of MOST funds, monthly until April 2021.

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