

2020 Year-End Accountability Report

RECOMMENDATION:

The Priorities and Finance Committee recommends that Council receive this report for the Corporate Record.

HIGHLIGHTS

- The 2020 Year-End Accountability Report demonstrates to citizens and Council, The City of Calgary's (The City's) progress towards delivering the One Calgary 2019-2022 Service Plans and Budgets in 2020.
- **What does this mean to Calgarians?** In a time of personal and financial challenge for both citizens and businesses they know how tax dollars entrusted to The City were spent, including service accomplishments and challenges.
- **Why does this matter?** The COVID-19 pandemic created a challenging environment; however, services were able to deliver value for citizens and achieve results for our community.
- The combination of our commitment to transparency and our drive to continuously improve and deliver more value is why this report is important for Council and Administration.
- The City's favourable variance of \$219.3 million was the result of MOST funds received by The City in 2020 and other COVID-19 impacts and savings that will be used in 2021 for continued pandemic response and recovery.
- Capital investment was \$1.2 billion, and Infrastructure Calgary successfully applied for \$152.8 million of Municipal Stimulus Program (MSP) funding.
- Despite adjustments to service delivery, 82 per cent of strategies and 52 per cent of performance measures remained on track.
- The City Manager deferred the 2020 Mid-Year Accountability Report, as authorized by Council 2020 June 15 (C2020-0698), combining mid-year results within the 2020 Year-End Accountability Report.
- Strategic Alignment to Council's Citizen Priorities: A well-run city
- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

The 2020 Year-End Accountability Report provides:

- A high-level overview of The City's status for Citizen Priorities, performance, capital and operating budgets, and debt (Attachment 2);
- Individual service overviews including key highlights, performance measures and budget results compared to the approved Service Plans and Budgets (Attachment 3);
- An update on the strategies in the Service Plans and Budgets (Attachment 4); and
- A list of the awards won by The City in 2020 (Attachment 5).

Achieving Council's direction against a projected background of uncertainty regarding the extent and duration of COVID-19 impacts, rapidly changing public health orders, a projected financial gap due to decreased revenue from altered service demand and changing costs was a challenge. We strived to maintain the right balance, supporting citizen and business needs while protecting public health by adapting services and service levels and by making fiscally responsible choices. Support from other orders of government including Municipal Operating

2020 Year-End Accountability Report

Support Transfer (MOST) was not announced until later in the year. As such, The City managed the uncertainty around the evolving situation with prudent fiscal management. The City's favourable variance of \$219.3 million was a combined effect of: COVID-19 impacts of (\$114.4) million resulting from cost increases and revenue declines offset by \$146.2 million from savings initiatives as well as \$187.5 million from the Municipal Operating Support Transfer (MOST). This led to a contribution of \$55.8 million to the Operating Budget Savings Account (BSA) and \$163.5 million to the Fiscal Stability Reserve (FSR) to be used for ongoing pandemic needs and economic recovery.

Amounts in millions	Revenue Loss	Incremental Expenses	Savings	Total
COVID-19 Impacts (Tax-Supported Services)	(246.5)	(25.6)	187.3	(84.8)
COVID-19 Impacts (Corporate Programs)	(21.8)	(8.0)	0.2	(29.6)
Other Savings Initiatives and Costs Avoided (Tax-Supported Services)				94.1
Other Savings Initiatives and Costs Avoided (Corporate Programs)				52.1
MOST for 2020				187.5
Sub-total				219.3
MOST for 2021				15.0
Funding to Address On-going Pandemic Needs and Economic Recovery				234.3

The COFLEX program will enable Administration to optimize both Municipal Operating Support Transfer funding and savings from other ongoing expenditure management initiatives to address ongoing impacts of COVID-19. All eligibility and stipulation criteria for MOST funding was met.

The City's capital investment was \$1.2 billion (55.2 per cent of the \$2.1 billion budget). Throughout 2020, services have adapted to supply and material limitations, increased COVID-19 health and safety guidelines, and human resources constraints. COVID-19 has also presented opportunities to accelerate projects due to facility closures and reduced road usage.

In 2020, the capital portfolio was rebalanced to accommodate the \$73 million Municipal Sustainability Initiative reduction. Further, we successfully applied for \$152.8 million of Municipal Stimulus Program (MSP) funding to support job creation and contribute to economic recovery.

Even within the current environment, progress was made on the Citizen Priorities included in the four-year Service Plans and Budgets, delivering services that matter to Calgarians and businesses every day.

2020 Year-End Accountability Report

A Prosperous City: As the local economy was beginning to gain momentum in early 2020 after modest growth between 2017 and 2019, the COVID-19 pandemic made it even tougher on local businesses. The City provided support to businesses and communities as they navigated a fluctuating environment.

A City of Safe & Inspiring Neighbourhoods: Feeling safe within the community was on the forefront of Calgarian's minds more than ever in 2020. The City continued to deliver programs and services to support Calgarians through this challenging period.

A City that Moves: The City tailored service delivery to keep Calgarians moving as safely and efficiently as possible meeting their rapidly changing needs.

A Healthy & Green City: Providing opportunities to support Calgarian's health while staying safe was a focus of 2020. We accelerated work to meet the increase demands for outdoor activities and changes in customer needs.

A Well-Run City: Services adapted quickly and efficiently to the changing needs of Calgarians while continuously striving to be fiscally responsible. Throughout 2020, we maintained our commitment to progress towards Modernizing Municipal Government.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder or customer dialogue/relations were undertaken

This report enables Council and citizens to ensure results are being achieved, providing a springboard for future recovery and resilience.

Focused and engaging communications will showcase 2020 highlights of support and service value to citizens and businesses during an unprecedented year.

All City services collaborated to produce this report.

IMPLICATIONS

The 2020 Year-End Accountability Report provides details of The City's accomplishments and challenges in 2020, including social, environmental and economic impacts.

Social

Not applicable.

Environmental

Not applicable.

Economic

Not applicable.

2020 Year-End Accountability Report

Service and Financial Implications

No anticipated financial impact

This report complements The City's 2020 Annual Report, published in April providing audited consolidated financial statements, detailed financial information in compliance with public sector accounting standards and Government Finance Officers Association best practices.

RISK

In 2020, The City experienced a heightened and volatile risk environment, due to two (2) significant systemic risks happening at the same time in the form of an economic shock and global pandemic.

These systemic risks impacted The City's risks in two areas: 1) potentially needing to reduce service levels; and 2) meeting Citizen's expectations to contribute to Calgary's economic recovery. Responding to these risks required the organization to test its existing risk controls and to try new ways of doing things. For example:

- developing and moving towards a realigned organizational structure and strategic direction, as outline in the Rethink to Thrive Strategy;
- presented cost savings, efficiencies and modernizing municipal government to leverage the organization's capacity to offset citizen's tax burdens through The City's Mid-Cycle Adjustments and the SAVE Program; and
- reported monthly on COVID-19 Service and Financial Impacts to ensure close monitoring and managing of the potential service and financial impacts.

The 5 Priority Risks for 2020 are the Economic Risk, Financial Risk, Health, Safety and Wellness Risk, Reputation Risk, and the Social Impact Risk. The City closely monitors and manages these risks to deal with the increased pressure of the economy and the pandemic on The City and Calgarians. The City reports bi-annually on these risks to the Audit Committee and Council.

ATTACHMENTS

1. PFC2021-0221 Attachment 1 – Previous Council Direction Background
2. PFC2021-0221 Attachment 2 – 2020 Year-End Accountability Report
3. PFC2021-0221 Attachment 3 – 2020 Year-End Accountability Report Service Pages
4. PFC2021-0221 Attachment 4 – 2020 Year End-Accountability Report Strategy Progress Report by Citizen Priority
5. PFC2021-0221 Attachment 5 – 2020 Year End-Accountability Report The City of Calgary Awards in 2020

Department Circulation

General Manager	Department	Approve/Consult/Inform
Carla Male, General Manager	Corporate Planning and Financial Services	Approve
David Duckworth, City Manager	City Manager's Office	Inform

**Chief Financial Officer's Report to
Priorities and Finance Committee
2021 April 27**

**ISC: UNRESTRICTED
PFC2021-0221
Page 5 of 5**

2020 Year-End Accountability Report

Chris Arthurs, Acting General Manager	People, Innovation and Collaboration Services	Inform
Katie Black, Acting General Manager	Community Services	Inform
Stuart Dalglish, General Manager	Planning and Development Services	Inform
Doug Morgan, Acting General Manager	Operational Services	Inform
Michael Thompson, General Manager	Infrastructure and Engineering Services	Inform