

Community Services Report to
Priorities and Finance Committee
2017 May 01

ISC: UNRESTRICTED
PFC2018-0491
Page 1 of 10

Affordable Housing Capital Development Program

EXECUTIVE SUMMARY

In July 2016, Council approved Foundations for Home: Calgary's Corporate Affordable Housing Strategy ("the Strategy"). The Strategy identifies inadequate housing supply as the single most pressing challenge facing Calgary's affordable housing sector. The Affordable Housing Capital Development Program ("the Program") creates a long-term pipeline of prioritized projects to increase the supply of affordable housing. The Program includes lifecycle maintenance programs, the development of new units, and redevelopment of existing City-owned properties. The intent of creating a long term affordable housing development pipeline is to allow for thoughtful budgeting practices and detailed development staging to ensure a steady stream of supply of housing over the next ten years.

This Program is partially funded under *Program 489 - Increase Affordable Housing*, and the remainder of the funding will be requested this fall through the unfunded capital development list prepared in support of One Calgary. No new funding decisions are being made through the recommendations within this report. The City has 64 units currently in development and the proposed allocation of the remaining funds within *Program 489* will create 230 additional new units. The City will further increase the supply of affordable housing by 746 units over the next ten years. Additional work to scale up other non-profit housing providers through the provision of land, support with development fee rebates and prioritizing applications will move towards reaching the goal of creating an additional 15,000 units required to move Calgary's percentage of non-market housing from 3.6% to the national average of 6%.

With both the federal and provincial governments signaling their renewed commitment to affordable housing, this Program will help position Calgary to maximize leveraging of these funds, create increased operational sustainability and contribute to an increased supply of affordable homes for Calgarians. The federal government will be launching the next funding allocations under the National Housing Strategy in May 2018 with a priority on communities that have strong capital development programs in place and are ready to initiate development. It is critical to illustrate that Calgary has a strong capital development plan with clear direction on repairing existing units within The City's portfolio and creating new affordable housing, positioning us well to be competitive in a national context.

Affordable Housing Capital Development Program

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee:

1. Receive for information the remaining allocation of funds within Program 489; Activity 403980 - Increase Affordable Housing as outlined in Attachment 1 - Page 8.
2. Adopt in principle the lifecycle maintenance, new builds, and redevelopment programs as outlined in Table 2 Budget Summary of Capital Development Program on page 8 of this report (Details included in Attachments 1 and 2);
3. Refer Attachment 2: Program Budget Overview to 2018 November One Calgary Service Plans and Budget for consideration through the unfunded capital development list;
4. Direct Administration to continue to pursue federal and provincial funding opportunities for developments identified in Attachments 1 and 2; and
5. Request that Attachment 2 remain confidential pursuant to sections 23 and 24 of the *Freedom of Information and Protection of Privacy Act* until such time as the budget for the Program has been approved and released by Council.

PREVIOUS COUNCIL DIRECTION / POLICY

In July 2016, Council unanimously approved Foundations for Home: Calgary's Corporate Affordable Housing Strategy. The Strategy identifies six objectives to grow affordable housing including the need to both develop new affordable housing units and renovate and regenerate existing housing stock. Objective III-B of the Strategy specifically addresses the need for Council to adopt in principle an Affordable Housing plan for City-led development and redevelopment projects contained in the short-term targets.

The Strategy confirmed affordable housing as a Council priority which supports citizens' views as captured in the Citizen Satisfaction survey (2017) that found affordable housing was citizens' highest priority for increased investment¹.

The Affordable Housing Capital Development Program aligns with affordable housing advocacy goals approved by the Intergovernmental Affairs Committee (IGA2016-0789) on 2016 October 13 and furthermore, those recently approved through IGA2017-1105 on 2018 January 22. Some of these advocacy goals included:

1. Create a citizen centric housing system that focuses on people's needs and supports progress through the housing spectrum.
2. All orders of government need to work together to create a strong network of non-profit housing providers.
3. Sustained, expanded and consistent capital funding is required to address deferred maintenance and increase the supply of non-market housing from 3% to 6%.
4. Support housing providers to transition to sustainable operating models with no net loss of high need households served.

BACKGROUND

In 2012, Council approved the Increase Affordable Housing budget under Program 489 in recognition of the growing need for affordable housing and the economic and social costs of not meeting the need. The budget contained within a program bucket provided greater flexibility in

¹ 2017 Quality of Life and Citizen Satisfaction Survey (January 2018)

Affordable Housing Capital Development Program

leveraging federal and provincial funding and allowed The City to strategically respond to development opportunities. Similar to the current funding system for affordable housing, the 2012 funds required leverage by all three levels of government at \$0.70 on the dollar.

The impetus in 2012 was to rethink how The City undertook the development of affordable housing and to look for creative solutions to build more units with less money. As a result, in 2014 the modular stacked townhome was introduced on four City sites. This repeatable built form eliminated wasted interior corridors, allowed for different exteriors to suit the specific community and provided a variety of unit sizes to meet different needs.

Another development initiative came with the approval of the feasibility budget which enabled The City to explore new opportunities for housing prior to committing capital funds. Through this process, The City was able to explore the feasibility of development opportunities which pushed boundaries in terms of design, operations and colocations which might not have been encouraged if solely tied to capital dollars. Remnant parcels are now developable and innovative energy-efficient built forms are explored. Feasibility funds have facilitated a future design competition to challenge the public's perception of what affordable housing looks like and how it operates. In the last three years, three new affordable housing developments located in the communities of Kingsland, Crescent Heights and Bridgeland have opened. Construction on two additional developments in Wildwood and Rosedale are currently underway with delivery in 2018 and 2019.

In 2017, both the federal and provincial governments issued their individual housing strategies and committed future funds for new supply, regenerated units and lifecycle maintenance for existing affordable housing. The share of the new capital funding allocated to Calgary has not yet been announced. However, the federal government has indicated that federal funds will be distributed to communities that have a strong capital development program in place and are ready to initiate development. It is assumed that federal/provincial funding would remain similar to past funding models, which required these funds to be leveraged by 30% municipal funding contribution as a condition of the funding agreement. Based on historic trends, it is estimated that Calgary could potentially receive \$160 M of federal funding from the National Housing Strategy investment plan within the next ten years, and \$49 M from the Provincial Affordable Housing Strategy over five years each to be leveraged with municipal funds. With the federal and provincial governments each signaling their renewed commitment to housing, the Affordable Housing Capital Development Program will help position Calgary to leverage these funds and make affordable housing more readily available to all.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Foundations for Home: Calgary's Corporate Affordable Housing Strategy identifies six strategic directions which support increasing affordable housing in Calgary.

1. Get the Calgary community building;
2. Leverage City land with sales to qualified non-profit housing providers at below market rates;
3. Design and build new City units by prioritizing new development and redevelopment of City owned properties;
4. Regenerate City-owned properties by leading strategic reinvestment to preserve homes for those in need;

Affordable Housing Capital Development Program

5. Strengthen intergovernmental relations through collaboration and advocacy for Calgary's share of affordable housing funding; and
6. Improve the housing system by supporting programs that empower tenants to make positive changes within their community.

Each of these six objectives is integral in meeting the vision of increasing non-market housing supply to provide homes to a minimum of 6% of households in Calgary. Currently, only 3.6% of households in Calgary are supported by non-market housing, as compared to the national average of 6%. To accommodate 6% of its households in non-market housing, Calgary would need to add approximately 15,000 new affordable units today.² The City has a role to play in directly delivering on this number, but also by enabling non-profit providers to construct more housing and by positioning all providers to receive additional investment from other orders of government. The Strategy's implementation plan clearly identifies initiatives under each objective which work together to meet this objective. The Affordable Housing Capital Development Program incorporates a diversified approach to The City's development program, and like the private development industry, the intent is to allow for thoughtful budgeting practices and detailed development staging to ensure commissioning steady supply with projects moving through each phase of the development process.

The Affordable Housing Capital Development Program focuses on four specific sub-programs:

1. Renovating existing City-owned units through lifecycle maintenance;
2. Increasing the supply of new affordable housing;
3. Redeveloping existing affordable housing sites; and
4. Leveraging the social return on investment of the Green Line LRT.

A brief summary of each program is included below. Attachment 1 provides a detailed analysis of each program.

1. Lifecycle Maintenance

The City's top priority is to ensure its current affordable housing units are maintained with ongoing funding for lifecycle maintenance. Calgary Housing Company (CHC), The City's operator of affordable housing, is currently completing building condition assessments (BCA) on all of The City's affordable housing buildings. In 2017, Council approved \$3.4M (PFC2017-0355) in emergency lifecycle maintenance for both major capital repairs and suite renovations for The City's existing affordable housing stock. This Program established unit renovation standards to ensure consistent and quality service delivery, and to increase the financial sustainability within existing units irrespective of the client group (social, affordable or low-end-of-market) served. The 2017/ 2018 program has provided suite renovations for approximately 200 units. The BCA's, in combination with unit renovation standards, are designed to prioritize buildings and units in need of both renovation and lifecycle maintenance. Through the Program, a robust system of prioritized buildings and units has been identified for investment. This comes with an unfunded municipal budget requirement of \$39.6M for the next four years which will be included as part of One Calgary budget submission in 2018 November.

² Housing in Calgary Report (2017). City of Calgary

**Community Services Report to
Priorities and Finance Committee
2017 May 01**

**ISC: UNRESTRICTED
PFC2018-0491
Page 5 of 10**

Affordable Housing Capital Development Program

2. Increased Supply of Affordable Housing

City-led development of new affordable housing supply will take a variety of forms and sites throughout the city and will be The City's initial contribution to the overall goal established for new units. This sub-program includes affordable housing within Integrated Civic Facilities, mixed-use development, stacked townhomes, heritage redevelopment, Transit Oriented Development (TOD), innovation competitions, private development and acquisition of units. The projects have been through a comprehensive geographic analysis and detailed feasibility review to ensure their locational and site characteristics are conducive for positive outcomes for residents and the community. Providing affordable housing throughout all communities in Calgary helps provide varied choice of tenure, built form and affordability as identified in the Municipal Development Plan. The Increase Supply of Affordable Housing program generates 153 units with an unfunded municipal budget requirement of \$6.4M for the next four years which will be included as part of One Calgary budget submission in 2018 November.

3. Regeneration/Redevelopment

The average age of City of Calgary affordable housing stock is 40 years. As these assets age, it is important to plan for the future of The City's assets and provide a framework to re-imagine the future of affordable housing. Densifying existing older sites provides an opportunity to improve health and safety requirements and incorporate new operational and energy efficiencies. It is anticipated that this program will continue to grow over time. Currently, the Government of Alberta has provided feasibility grants to Calgary Housing to explore regeneration opportunities on two existing affordable housing sites. Calgary Housing is in the process of undertaking a detailed feasibility and master planning review which is anticipated to provide approximately 341 new affordable housing units based on current land use conditions. This represents an unfunded municipal budget requirement of \$39M for the next four years which will be included as part of One Calgary budget submission in 2018 November.

4. Green Line

Plans for affordable housing units located close to the future Green Line LRT have been developed in support of future Transit Oriented Development (TOD) at priority stations. Emphasis has been placed on three station areas within Green Line Stage One, where support services for tenants are more likely to be located. As included in Layer 4- City Shaping (CPS2017-0311), population projections along the Green Line were used in tandem with the analysis of the need for City-owned affordable housing units within the new TOD locations. The section in Attachment 1 on Green Line housing supply represents a total of 252 new units unfunded along the Green Line at a municipal cost of \$2.1M for the next four years which will be included as part of One Calgary budget submission in 2018 November.

Each of the sub-programs is projected to deliver the following units for the 2019 – 2022 and 2023 – 2026 business cycle:

**Community Services Report to
Priorities and Finance Committee
2017 May 01**

**ISC: UNRESTRICTED
PFC2018-0491
Page 6 of 10**

Affordable Housing Capital Development Program

Table 1: Total Number of New Units Delivered and Upgraded

PROGRAM	New Units	Existing # Units Requiring Maintenance Upgrade
1. Lifecycle Maintenance		2,175
2. Increased Supply of Affordable Housing	153	
3 Regeneration/Redevelopment	341	
4. Green Line – Housing Supply	252 * begins construction in 2022	
TOTAL	746	2,175

Stakeholder Engagement, Research and Communication

Stakeholder engagement is an important component to every affordable housing project. Efforts have been made to continually learn from our engagement sessions to improve the way information is delivered, received and applied.

Internal stakeholder engagement was undertaken with ward councillors and business units to inform the Program. Research to identify needs, areas, built form and opportunities for operational savings was completed with a comprehensive cross-corporate review within City departments and with Calgary Housing Company (CHC), The City's operator of affordable housing. The affordable housing location criteria tool using geographic information systems (GIS) has been instrumental in finding suitable locations for affordable housing based on housing preferences.

Community engagement sessions were also conducted in support of three programs in Varsity, Symon's Valley and Thornhill in conjunction with the Integrated Civic Facility Program during the feasibility stage.

Future engagement has been anticipated and is being planned for. External stakeholder engagement for new affordable housing capital projects is based on a three-phase approach which allows for flexibility to modify due to the individual development opportunities. Phase one includes introducing the project to the community and stakeholders, providing information and education on affordable housing and gathering information on the stakeholders' issues and concerns about development. Phase two provides information to the community and stakeholders on affordable housing and gathers feedback on the design. Phase three includes showcasing the final design. The intent would be to undertake a detailed three-phase engagement program for each of the developments included in this Program as they arise in the future.

Strategic Alignment

The Program directly supports the objectives of Foundations for Home: Calgary's Corporate Affordable Housing Strategy (2016) to design and build new City units and regenerate City-owned properties. It also helps to advance the goals and policies of existing City plans that call for increased housing affordability to meet the diverse needs of Calgarians. The Program is

Affordable Housing Capital Development Program

aligned with the 60-year Calgary Municipal Development Plan which includes the following objective under Part 2.3.1: Housing: “Ensure a choice of housing forms, tenures and affordability to accommodate the needs of current and future Calgarians and create sustainable local communities.” Additionally, The City of Calgary Action Plan 2015-2018 includes Strategy P6, “Increase affordable and accessible housing options,” under its area of focus for a prosperous city.

The Program is also well aligned to the goals of multiple external plans. Calgary’s Updated Plan to End Homelessness (2015) includes “Increasing housing & supports and affordable housing options” as a priority direction. The Seniors Age Friendly Strategy and Implementation Plan (2015) includes a strategy to “Support policy changes and initiatives to increase overall affordable housing supply through the Community Affordable Housing Strategy” (Priority III, Result 2, Strategy A). The Calgary Economic Development Strategy (2014) includes an action to “Build a range of housing options for all ages, income groups and family types to meet the needs of residents today and tomorrow” (Community Energy, Strategy 1, Action 1). The Enough For All Poverty Reduction Initiative (2013) proposes actions to “enhance access to affordable housing” under Priority 4.3.3: “Ensure people’s basic needs are met.”

Social, Environmental, Economic (External)

Great cities are places where everyone can afford to live and work. Affordable housing is a critical component of our great city and a vital contributor to our citizens’ successes. Affordable housing yields tangible social and economic benefits that City residents see every day:

- Affordable housing development creates local jobs. Every billion dollars invested in housing grows Canada’s economy by \$1.4 billion and generates up to 13,000 direct and indirect jobs.³
- Affordable housing strengthens residents’ purchasing power and boosts the local economy. With lower housing costs, residents have better opportunities and more disposable income to invest in other goods and services.
- Affordable housing attracts employers with the promise of a stable workforce. When housing costs are prohibitively high, companies, particularly those in the industrial sector, struggle to find and retain the workers they need.
- Affordable housing reduces demand for emergency services. By keeping vulnerable residents off the streets, affordable housing reduces pressure on hospitals and corrections facilities, as well as City spending on policing, bylaw, and fire services. Providing one homeless person with housing has been shown to save taxpayers \$34,000 annually.⁴

A fully mixed housing market creates and retains jobs, attracts new workers, lessens poverty, meets the needs of seniors, individuals and families, and keeps our most vulnerable residents

³ Federation of Canadian Municipalities. Cities and Communities: Rising to the Moment. FCM Federal Budget Submission. February 2016.

⁴ Calgary Homeless Foundation. Calgary’s Updated Plan to End Homelessness. March 2015.

**Community Services Report to
Priorities and Finance Committee
2017 May 01**

**ISC: UNRESTRICTED
PFC2018-0491
Page 8 of 10**

Affordable Housing Capital Development Program

off the street. This in turn reduces financial stress on the health care system, the justice system, policing, social services, City Administration and other municipal and provincial services. Adequate housing enables all Calgarians to maximize their contributions to the wider community. The City of Calgary has an opportunity to create better outcomes for individuals and communities through the increase in supply of safe, affordable housing solutions.

Financial Capacity

Current and Future Operating Budget:

There are no operating budget impacts associated with this report and recommendations. Any staff positions related to implementing this program will be capitalized or brought forward as part of the One Calgary Budget plan in November 2018. All new affordable housing developed through this program will be operated through a self-sufficient model that does not require any ongoing government operating subsidies.

Current and Future Capital Budget:

Calgary Housing's Affordable Housing Capital Development Program total estimated budget (from all sources) is \$319.3M until 2026. Currently The City has Program 489-Increase Affordable Housing budget of \$45.5M which is fully allocated to six projects representing an additional 230 units. In order to continue to meet the objectives of the Corporate Affordable Housing Strategy, additional funds are required to support the Affordable Housing Capital Development Program.

The Program leverages federal, provincial and municipal funding to create affordable housing in all Calgary communities. Using the historic 70% (federal/provincial) and 30% (municipal) funding model, Calgary Housing will be requesting \$157.5M in municipal funding over The City's next two capital budget planning cycles for 2019-2022 and 2023-2026.

Affordable Housing Capital Development Program

Table 2: Budget Summary of Capital Development Program (2019 – 2026)

Capital Development Program	Total Budget			Municipal Contribution 30%		
	Budget Cycle 2019-2022	Budget Cycle 2023-2026	Total Budget (2019-2026)	Budget Cycle 2019-2022	Budget Cycle 2023-2026	Total Muni. contribution (2019-2026)
1. Lifecycle Maintenance-City Owned Portfolio (Estimated 2175 Units)	\$39.6 M	\$48.5 M	\$88.1 M	\$39.6 M*	\$48.5 M*	\$88.1 M
2. Increase Supply Affordable Housing – New Builds (153 Units)	\$21.3 M	\$17.0 M	\$38.3 M	\$6.4 M	\$5.1 M	\$11.5 M
3. Regeneration/Redevelopment Program (341 Units)	\$130.0 M	**	\$130.0 M	\$39.0M	**	\$39.0 M
4. Green Line (252 Units)	\$7.1 M	\$55.9 M	\$63.0 M	\$2.1 M	\$16.8 M	\$18.9 M
Total	\$198.0 M	\$121.4 M	\$319.4 M	\$87.1 M	\$70.4 M	\$157.5 M

* Lifecycle Maintenance has been anticipated at 100% contribution by The City

** Additional budget for Regeneration/Redevelopment Program in 2019-2026 may be requested after building condition assessments are completed.

Risk Assessment

Affordable housing is not directly within The City's control since it is a responsibility of all three orders of government. There is potential risk that other orders of government could direct policy changes that could negatively impact Calgary's affordable housing sector and citizens of Calgary. The City must demonstrate the importance it places on affordable housing as both a social benefit and economic priority to mitigate negative policy changes.

Existing provincial operating agreements for City-owned social housing units will begin to expire within the next three years and The City will become fully responsible for the condition of the units.

The federal government has indicated that federal funds will be distributed to communities that have a strong capital development program in place and are ready to initiate development. If Calgary cannot demonstrate a sound capital development plan, there is a risk that we could miss out on Calgary's share of the funding commitments previously announced by the federal

Community Services Report to
Priorities and Finance Committee
2017 May 01

ISC: UNRESTRICTED
PFC2018-0491
Page 10 of 10

Affordable Housing Capital Development Program

and provincial governments, estimated at \$160.0M and \$49.0M respectively for Calgary. There is also the potential that previous advocacy efforts with both orders of government could generate capital funds that cannot be fully utilized if not matched with municipal funds.

The momentum for affordable housing generated since the adoption of Foundations for Home: Calgary's Corporate Affordable Housing Strategy is invaluable. The Affordable Housing Capital Development Program will help to build on that momentum.

REASON(S) FOR RECOMMENDATION(S):

The Affordable Housing Capital Development Program will be used to position Calgary for federal and provincial funding to increase the supply of affordable housing and renovate and repair existing City owned affordable housing units.

ATTACHMENT(S)

1. Attachment 1 – Affordable Housing Capital Development Program
2. Attachment 2 – CONFIDENTIAL



PFC2018-0491
ATTACHMENT 1
ISC: UNRESTRICTED

**AFFORDABLE HOUSING
CAPITAL DEVELOPMENT PROGRAM**

(2016 – 2026)
Calgary Housing

May 1 2018





Table of Contents

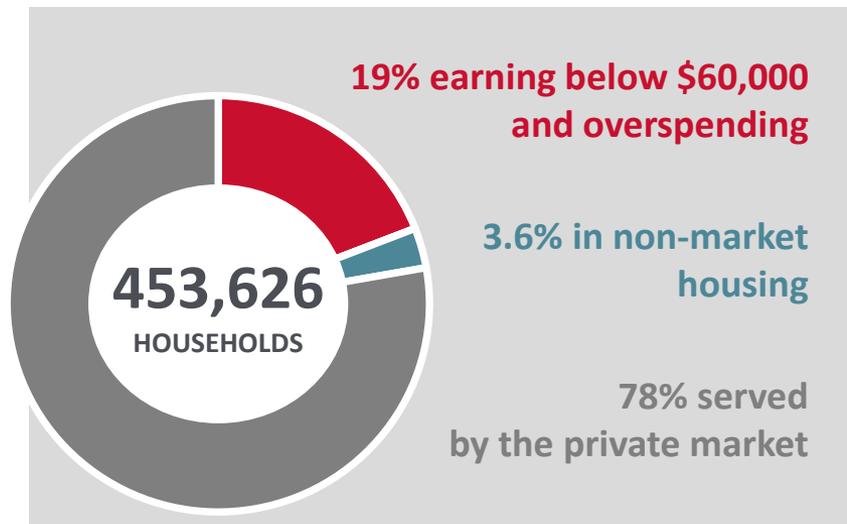
1. Affordable Housing in Calgary
2. Corporate Affordable Housing Strategy
3. Affordable Housing Capital Development Program
4. Allocation of Remaining Funds (*Recommendation 1*)
5. 1. Housing Lifecycle Maintenance
6. 2. Increase Supply Affordable Housing
 - 2A New Builds
 - 2B Integrated Civic Facilities
7. 3. Affordable Housing Redevelopment Program
8. 4. Increase Supply Affordable Housing – Green Line





Increased Housing Supply

Improved Housing System



Contribute to an increase in non-market housing supply sufficient to provide homes to a minimum of **6% of households in Calgary**, consistent with the national average.

In 2016, meeting this standard would require **15,000 new units**.

Enable a transformed housing system in Calgary, where collaboration between stakeholders drives **better outcomes for individuals and communities** through safe, affordable housing solutions.



Everyone deserves a safe and stable place to call home, but not everyone can afford one.

84,000
or nearly
1 in 5 
households are struggling to pay for shelter costs

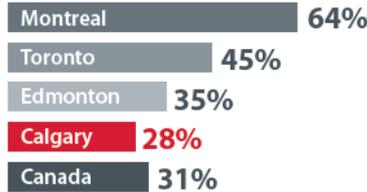
42,000 households
at risk of becoming homeless due to spending more than 50 per cent of income on shelter costs

More than
3,200
Calgarians are homeless



According to The City's **definition of affordable housing**, a household is in need of affordable housing when it earns less than \$60,000/year and spends more than 30 per cent of gross income on shelter costs

Percentage rental



Calgary's lowest market **rental rates** are among the **highest in Canada**, and the supply is limited

Income needed to afford average rent for a two-bedroom apartment in Calgary
\$53,000

Approximately **21%** of households do not have sufficient income to afford an average rental apartment in the market



Affordable housing helps everyone

Affordable housing supports people of all ages, family compositions and demographics. People in affordable housing have greater chances to:

- Find and keep jobs
- Learn and build skills
- Be active participants in their communities



Keeping vulnerable residents off the streets reduces demand and pressure on emergency services, hospitals and correction facilities. Providing housing for one homeless person has been shown to save taxpayers **\$34,000** annually

Affordable housing boosts the local economy by increasing the purchasing power of residents and by attracting employers with the promise of a stable workforce





Corporate Affordable Housing Strategy

In 2016, Council unanimously adopted the **Corporate Affordable Housing Strategy – Foundations for Home**, which guides The City’s affordable housing direction over the next 10 years through six key objectives:



Objective 1:
Get the Calgary community building



Objective 4:
Regenerate City-owned properties



Objective 2:
Leverage City land



Objective 5:
Strengthen intergovernmental partnerships



Objective 3:
Design and build new City units



Objective 6:
Improve the housing system



Objective 3: Design and build new City units

The City’s affordable housing developments are informed by research on tenant preferences, leading industry practices, and extensive consultation with community stakeholders.

The following program represents funded projects currently under construction.

Under Construction Projects 2018	Unit	Total Budget
Wildwood (in construction)	48	\$10.9 M
Rosedale (in design)	16	\$3.9 M
Total Units to be Delivered in 2019	64	\$14.8 M





Objective 4: Regenerate City-owned properties

Our long-term regeneration strategy provides financial and social sustainability for **City-owned** properties.

2018- Building condition assessments and unit condition assessments on City Affordable Housing sites allows for prioritizing of lifecycle improvements.



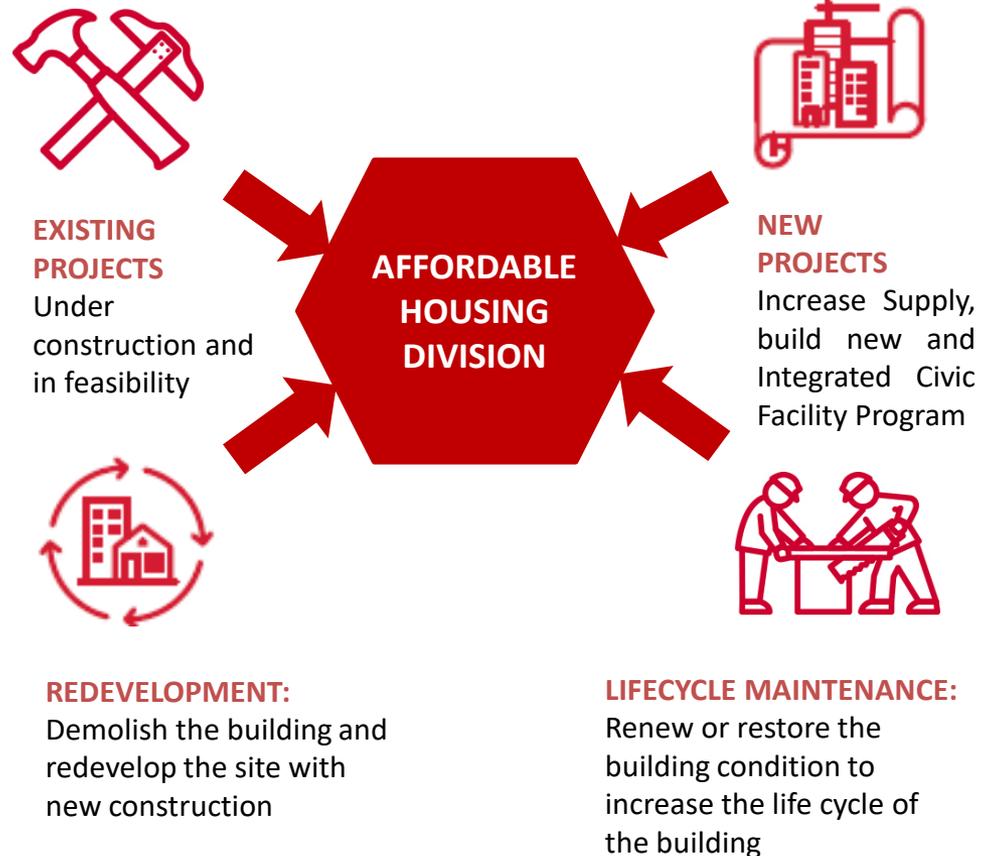


Affordable Housing Capital Development Program

The capital development program focuses on new City units as it relates to building, partnering or acquiring units and leveraging Federal and Provincial funding.

The creation of a long-term pipeline and prioritizing development and redevelopment projects enables the thoughtful budgeting and allocation of funds.

Equally important is the regeneration/lifecycle maintenance of existing City owned units in order to continually increase the supply of affordable housing.





Capital Development Affordable Housing Units Summary ISC: UNRESTRICTED

The **Affordable Housing** development program creates a long-term development pipeline which prioritizes **development** projects, **redevelopment** projects, and **lifecycle maintenance** projects on City-owned assets. The following table represents the allocation of existing funds in the funded column and the prioritized projects that are currently unfunded.

FUNDED CAPITAL DEVELOPMENT PROGRAM	Units	UNFUNDED CAPITAL DEVELOPMENT PROGRAM		UNITS
Wildwood (in Construction)	48	New Builds	Confidential Site #1, Attachment 2	19
Rosedale (in Design)	16		Confidential Site #2, Attachment 2	18
Varsity ICFP (in Feasibility)	48		Armour Block 1	20
Bridlewood (in Feasibility)	62	Integrated Civic Facilities	Symons Valley ICFP	48
Mount Pleasant (in Feasibility)	16		Thornhill ICFP	48
Private Developers (Land Sales & Acquisition of Units), Appendix 2	56	Redevelopment	Confidential Site #3, Attachment 2 (Based on existing land use)	145
North Hill ICFP (in Feasibility)	48		Southview (Based on existing land use)	196
		Green Line	16 th Av/ 28 th Av N	180
			Inglewood/Ramsay	28
			Ogden	44
TOTAL UNITS	294	TOTAL UNITS		746
Lifecycle Maintenance (City Owned) 2017-2018 (\$3.4 M)	200 estimated	Lifecycle Maintenance (City Owned)		2175 estimated



Allocation of Remaining Funds (Recommendation 1)

The following program represents funded projects. The City would like to **finalize the allocation all of the remaining funds** under Activity 403980 - Increase Affordable Housing with a plan to complete feasibility and begin design and construction in 2019 – 2022 for the following projects.

Funded Projects in Design and Construction		Units	
Wildwood Stacked Townhomes	48	In Construction	
Rosedale	16	In Design	
Funded Projects in Feasibility (2019-2022)		Units	Total Budget
Varsity ICFP (Integrated Civic Facilities Program)	48	\$12.0 M	
Bridlewood (Stacked Townhome)	62	\$18.1 M	
Mount Pleasant (Stacked Townhome)	16	\$4.0 M	
Private Program TOD / Land Sales (at least 56 units) • Refer to Confidential Attachment 2 pages 7 & 8	56	TBD	
North Hill ICFP (Integrated Civic Facilities Program)	48	\$11.5 M	
Total Units Delivered in (2019-2022)	294	\$45.6 M	

**ALLOCATION OF
REMAINING
FUNDS**



1. Housing Lifecycle Maintenance - City Owned Portfolio (2019-2026)

Calgary Housing Company (CHC) as The City's affordable housing operator, is currently completing **building condition assessments** (BCA) and **unit condition assessments** (UCA) on all of The City's affordable housing units. The purpose is to ensure consistent, quality service delivery, and to increase financial sustainability within existing units irrespective of the program served (social, affordable, or low-end-of market).

The BCAs in combination with the UCAs are designed to **prioritize** units in need of renovation or lifecycle maintenance. Following the completion of BCAs on all City affordable housing units, this program will **establish a base funding** amount for **deferred maintenance** going forward and be included in the 2019-2026 lifecycle maintenance program.





2. Increase Supply Affordable Housing (2019-2026)

2A. Increase Supply Affordable Housing – New Builds	Units
Armour Block 1, New units	20
Confidential Site (1)	19
Confidential Site (2)	18
Total Units	57

2B. Increase Supply Affordable Housing – Integrated Civic Facility Program (ICFP)	Units
Symons Valley (ICFP)	48
Thornhill (ICFP)	48
Total Units	96

Total of **153** additional units within the New Projects Program

* Refer to Confidential Attachment 2 for more information





2A. New Builds

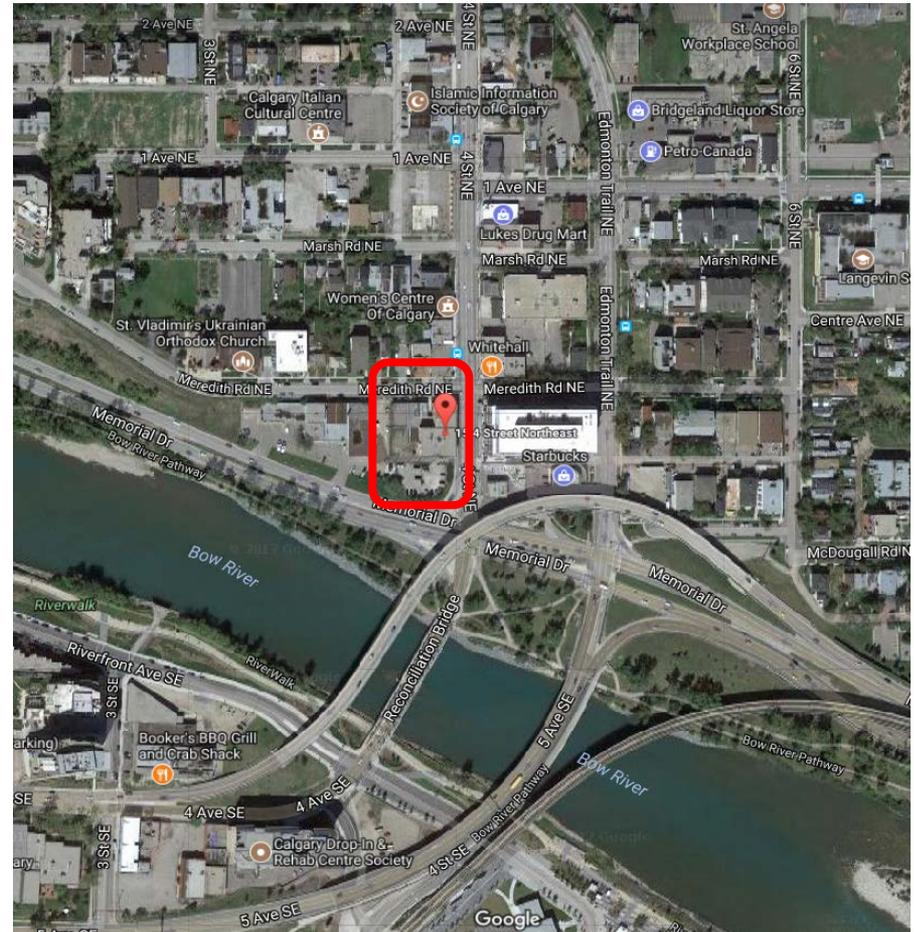
Armour Block 1

Programs: New and Lifecycle

Address: 15 4th ST NE

Building Type: Heritage Building with additional Multi Storey Building

Total Number of new units: **20 units**



2B. Integrated Civic Facilities

Symons Valley

Program: **ICFP/TOD**

Address: 251 Sage Hill Bv NW

Building Type: Multi Storey Building

Total Number of units: **48 units**





2B. Integrated Civic Facilities

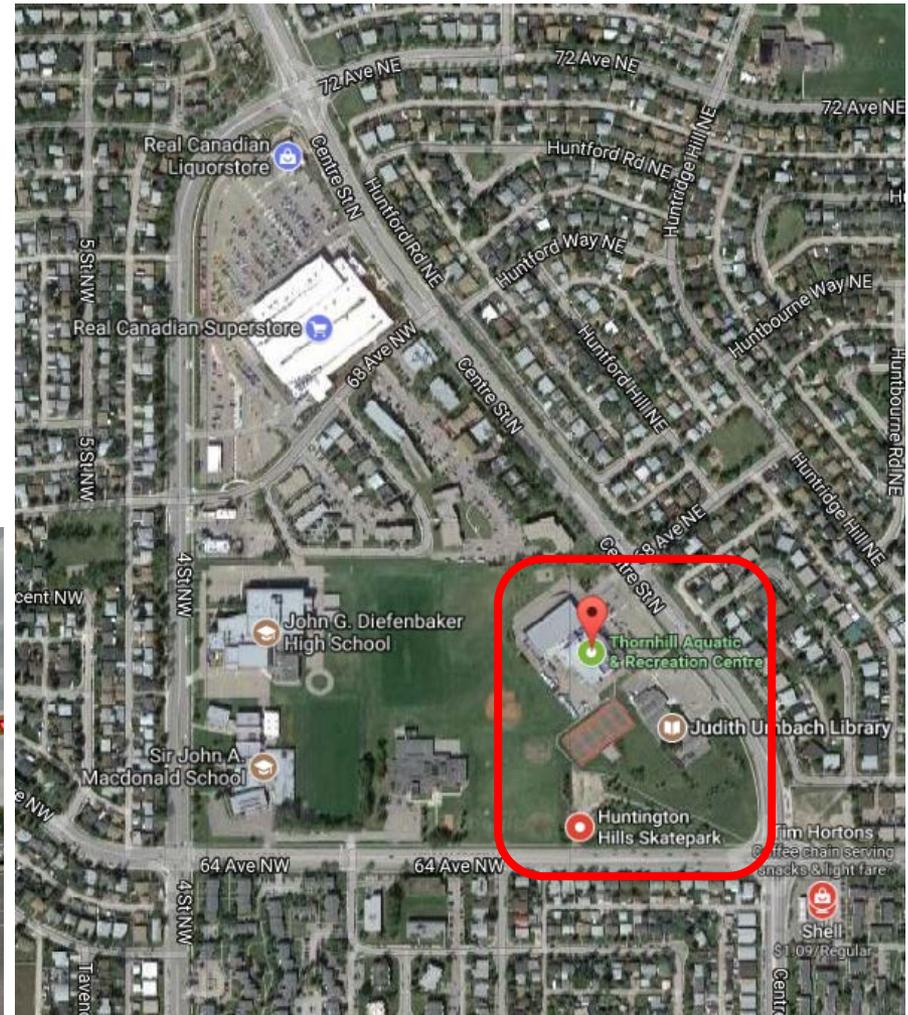
Thornhill

Program: **ICFP/ TOD / Green Line**

Address: 6715 Centre St. NW.

Building Type: Multi Storey Building

Total Number of units: **48 units**





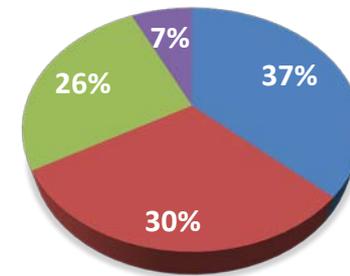
Increase Supply Affordable Housing Units Types

The New Projects target is to accommodate **153** new households within the budget cycles **2019-2022** and **2023-2026**.

New Builds

Type of Units	No. of Units
Studio	21
1BR	17
2BR	15
3BR/4BR	4
Total	57

Types of Units (2019-2026)

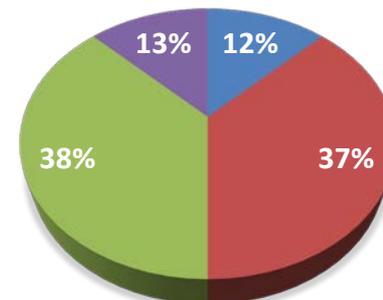


■ Studio ■ 1BR ■ 2BR ■ 3BR/4BR

Integrated Civic Facilities Program

Type of Units	No. of Units
Studio	12
1BR	36
2BR	36
3BR/4BR	12
Total	96

Types of Units (2019-2026)



■ Studio ■ 1BR ■ 2BR ■ 3BR/4BR



3. Affordable Housing Redevelopment Program (2019-2022)

Calgary Housing Company received funding from the Province to complete a feasibility study on two sites that were at or near the end of their lifecycle.

In 2012, 96 units of social housing were demolished on the Southview site with the intent of redevelopment. A second site has been identified. The redevelopment of these two site together allows for a sustainable solution which is operationally viability. The two sites will contain two mixed-use, mixed-income housing developments replacing the 96 social units and including an additional 245 mixed-income units for a total of 341 units. The redevelopment will revitalize both sites, provide affordable housing and community supports, and demonstrate the shared social values of The City of Calgary, and The Province of Alberta.

Redevelopment Projects (2019-2022)	Estimated No. of Units Based on Existing Land Use
Site 1 – (Confidential site 3)	145
Site 2 - Southview	196
Total	341*

* The total number of units will be determined through a fact-based feasibility study that will be completed in September 2018.



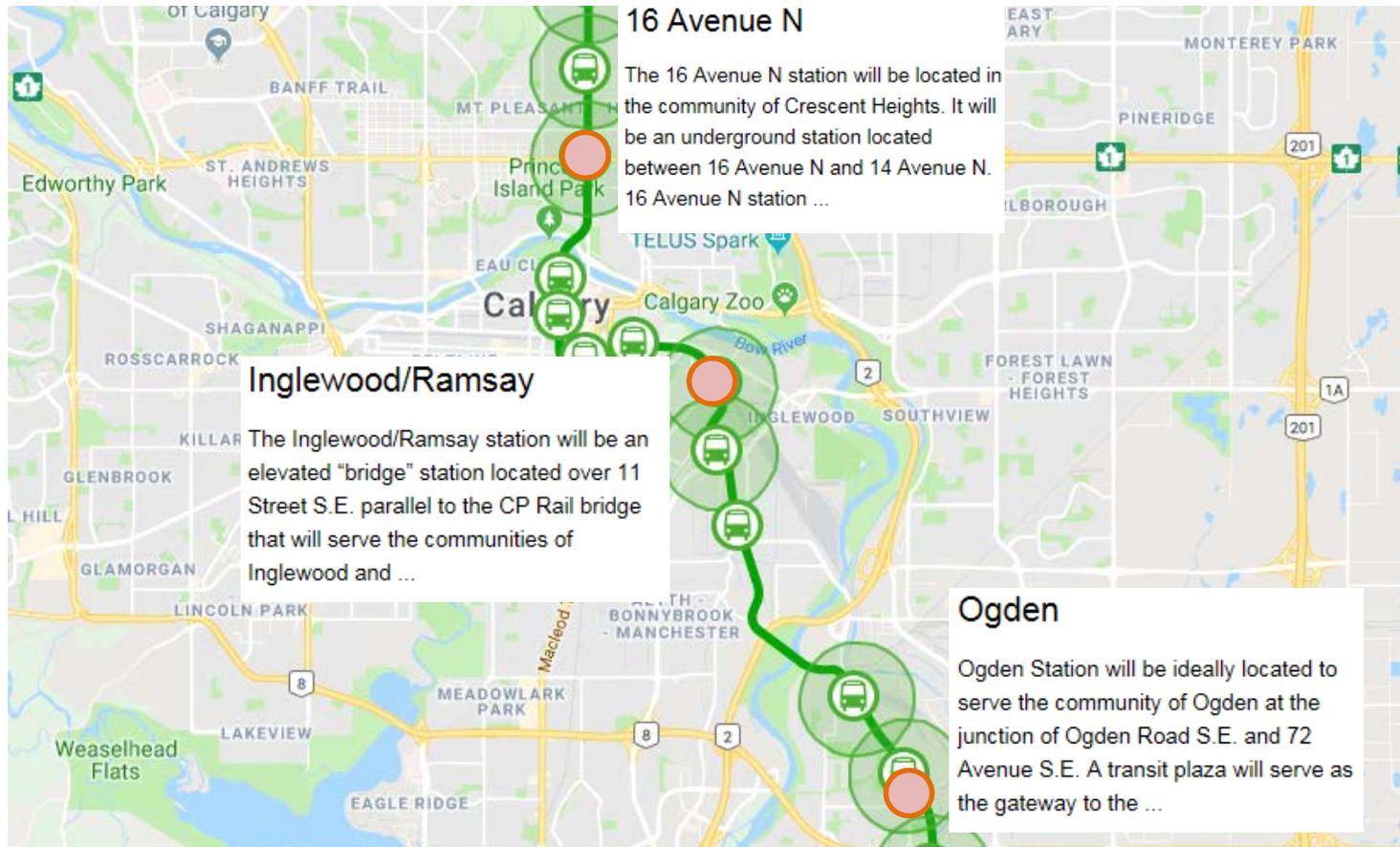
4. Increase Supply Affordable Housing - Green Line (2019-2026) ISC: UNRESTRICTED

Three priority investment areas as identified in Green Line Layer 3 TOD and Layer 4 - City Shaping provide an opportunity to leverage transit funding for the social benefit of affordable housing.

Station Name	Priority	Non-Market Housing Households within 1 KM	Projected Population 2026	20% of population AH	# units required (3 ppl/unit)	Projected Households within 1km (2026)	City Contribution to Total AH Market (41%) (2026)	City Contribution to Total AH Market (41%) (5 years Target)
16 Av N / 28 Av N	1	81	11,690	2,338	779	698	286	180
2 Av SW		603	10,655	2,131	710	107	44	28
7 Av SW		470	8,359	1,672	557	87	36	22
Centre St S		546	14,121	2,824	941	395	162	101
4 St SE		171	8,469	1,694	565	394	161	101
Inglewood/Ramsay	1	161	3,451	690	230	69	28	28
26 Av SE		8	770	154	51	43	18	11
Highfield		0	5	1	0	0	0	0
Lynnwood/Millican		100	2,860	572	191	91	37	23
Ogden	1	140	3,693	739	246	106	44	44
South Hill		27	2,079	416	139	112	46	0
Quarry Park		0	2,817	563	188	188	77	48
Douglas Glen		0	2,745	549	183	183	75	47
Shepard		0	3,331	666	222	222	91	57
Subtotal		2,307	75,045	15,009	5,003	2,696	1,105	691
TOTAL UNITS FOR 3 PRIORITY STATIONS (16Ave/28Ave, INGLEWOOD/RAMSAY and OGDEN)								252



Green Line Station Priority (2019-2026)



<http://www.calgary.ca/Transportation/TI/Pages/Transit-projects/Green-line/map.aspx>

Overview Of Program Budgets and Sales Transactions

Calgary Housing

Affordable Housing Capital Development Program

May 1 2018



BUDGET SUMMARY OF CAPITAL DEVELOPMENT PROGRAM (2019-2026)

This program supports the affordable housing service line and supports Council’s 2018 Directive under a Prosperous City to work with other orders of government to provide sufficient supply of affordable housing. It aims to increase the acceptance of affordable housing developments through community engagement, creative architecture and place-making to create much needed homes for Calgarians.

CAPITAL DEVELOPMENT PROGRAM	Total Budget			Municipal Contribution 30%		
	Budget Cycle (2019-2022)	Budget Cycle (20123-2026)	Total Budget (2019-2026)	Budget Cycle (2019-2022)	Budget Cycle (2023-2026)	Total Muni. contribution (2019-2026)
1. Housing Lifecycle Maintenance- City Owned Portfolio (Estimated 2175 Units)	\$39.6 M	\$48.5 M	\$88.1 M	\$39.6 M*	\$48.5 M*	\$88.1 M
2.a Increase Supply Affordable Housing – New Builds (37 Units)	\$9.3 M	\$5.0 M	\$14.3 M	\$2.8 M	\$1.5 M	\$4.3 M
2.b Increase Supply Affordable Housing - ICFP (116 units)	\$12.0 M	\$12.0 M	\$24.0 M	\$3.6 M	\$3.6 M	\$7.2 M
3. Affordable Housing Redevelopment Program (341 units)	\$130.0 M	**	\$130.0 M	\$39.0	**	\$39.0 M
4. Increase Supply Affordable Housing - Green Line (252 units)	\$7.1 M	\$55.9 M	\$63.0 M	\$2.1 M	\$16.8 M	\$18.9 M
Total	\$198.0 M	\$121.4 M	\$319.4 M	\$87.1 M	\$70.4 M	\$157.5 M

Notes: * Municipal contribution is 100%

** Additional redevelopment may be requested after the building conditioning assessment completed



1. Housing Lifecycle Maintenance-City Owned Portfolio Budget (2019-2026)

Project Name	Budget Cycle (2019-2022)				Budget Cycle (2023-2026)				Total Budget	Municipal Contribution (100%)
	2019	2020	2021	2022	2023	2024	2025	2026		
Lifecycle Maintenance	\$9.6 M	\$8.6 M	\$8.5 M	\$5.8 M	\$13.4 M	\$16.5 M	\$5.1 M	\$13.5 M	\$81.0 M	\$81.0 M
Armour Block 2 Heritage Building	-	\$7.1 M	-	-	-	-	-	-	\$7.1 M	\$7.1 M
Total	\$9.6 M	\$15.7 M	\$8.5 M	\$5.8 M	\$13.4 M	\$16.5 M	\$5.1 M	\$13.5 M	\$88.1 M	\$88.1 M



2. Increase Supply Affordable Housing Budget Analysis (2019-2026)

2A Increase Supply Affordable Housing – New Builds

Project Name	Budget Cycle (2019-2022)				Budget Cycle (2023-2026)				Total Budget	Municipal Contribution (30%)
	2019	2020	2021	2022	2023	2024	2025	2026		
Armour Block 1	-	-	-	-	\$2.5 M	\$2.5 M	-	-	\$5.0 M	\$1.5 M
Marda Loop	\$0.3 M	\$1.6 M	\$2.9 M	-	-	-	-	-	\$4.8 M	\$1.4 M
Mission Road to	\$4.5 M	-	-	-	-	-	-	-	\$4.5 M	\$1.4 M
Total	\$4.8 M	\$1.6 M	\$2.9 M	-	\$2.5 M	\$2.5 M	-	-	\$14.3 M	\$4.3 M

2B Increase Supply Affordable Housing – ICFP

Project Name	Budget Cycle (2019-2022)				Budget Cycle (2023-2026)				Total Budget	Municipal Contribution (30%)
	2019	2020	2021	2022	2023	2024	2025	2026		
Symons Valley – ICFP	-	\$3.0 M	\$4.0 M	\$5.0 M	-	-	-	-	\$12.0 M	\$3.6 M
Thornhill – ICFP	-	-	-	-	\$0.6 M	\$5.9 M	\$5.5 M	-	\$12.0 M	\$3.6 M
Total	-	\$3.0 M	\$4.0 M	\$5.0 M	\$0.6 M	\$5.9 M	\$5.5 M	-	\$24.0 M	\$7.2 M



3. Affordable Housing redevelopment Program Budget (2019-2026)

Project Name	Budget Cycle (2019-2022)				Budget Cycle (2023-2026)				Total Budget	Municipal Contribution (30%)
	2019	2020	2021	2022	2023	2024	2025	2026		
Site 1 – Rundle	\$4.0 M	\$12.5 M	\$25.0 M	\$23.5 M	*	*	*	*	\$65.0 M	\$19.5 M
Site 2 - Southview	\$4.0 M	\$12.5 M	\$25.0 M	\$23.5 M	*	*	*	*	\$65.0 M	\$19.5 M
Total	\$8.0 M	\$25.0 M	\$50.0 M	\$47.0 M	*	*	*	*	\$130.0 M	\$39.0 M

Notes: * Additional redevelopment funding may be requested after the building conditioning assessment are completed



4. Increase Supply Affordable Housing – Green Line (2019-2026)

Station	Budget Cycle (2019-2022)				Budget Cycle (2023-2026)				Total Budget	Municipal Contribution (30%)
	2019	2020	2021	2022	2023	2024	2025	2026		
Budget of 16 Avenue N station @ 180 units	-	-	-	\$5.1 M	\$15.0 M	\$11.8 M	\$13.1 M	-	\$45.0 M	\$13.5 M
Budget of Inglewood/Ramsey station @ 28 units	-	-	-	\$1.0 M	\$4.1 M	\$1.9 M	-	-	\$7.0 M	\$2.1 M
Budget of Ogden station @ 44 units	-	-	-	\$1.0 M	\$3.0 M	\$7.0 M	-	-	\$11.0 M	\$3.3 M
Total Capital Budget	-	-	-	\$7.1 M	\$22.1 M	\$20.7 M	\$13.1 M	-	\$63.0 M	\$18.9 M



Sunnyside

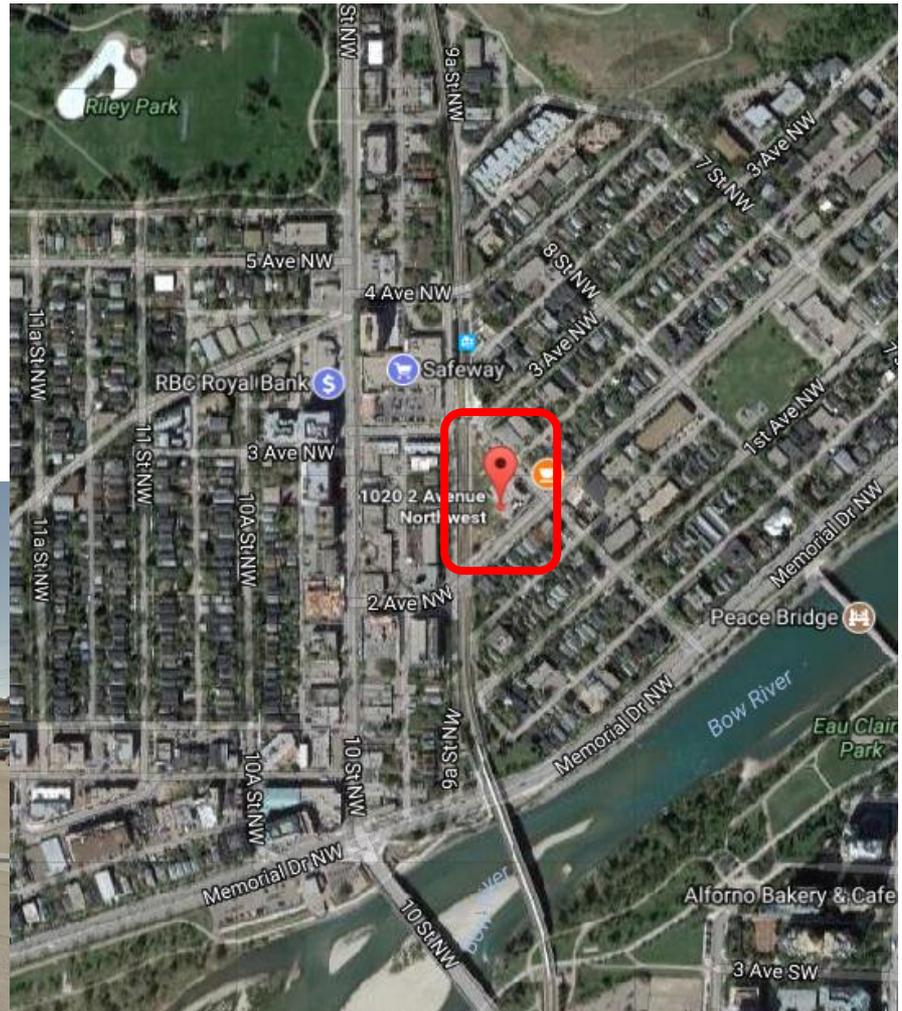
Program: **New Build** Program
(Acquisition of units)

Surplus: Facility Management

Address: 1020 2 Av NW

Building Type: Multi Story Building

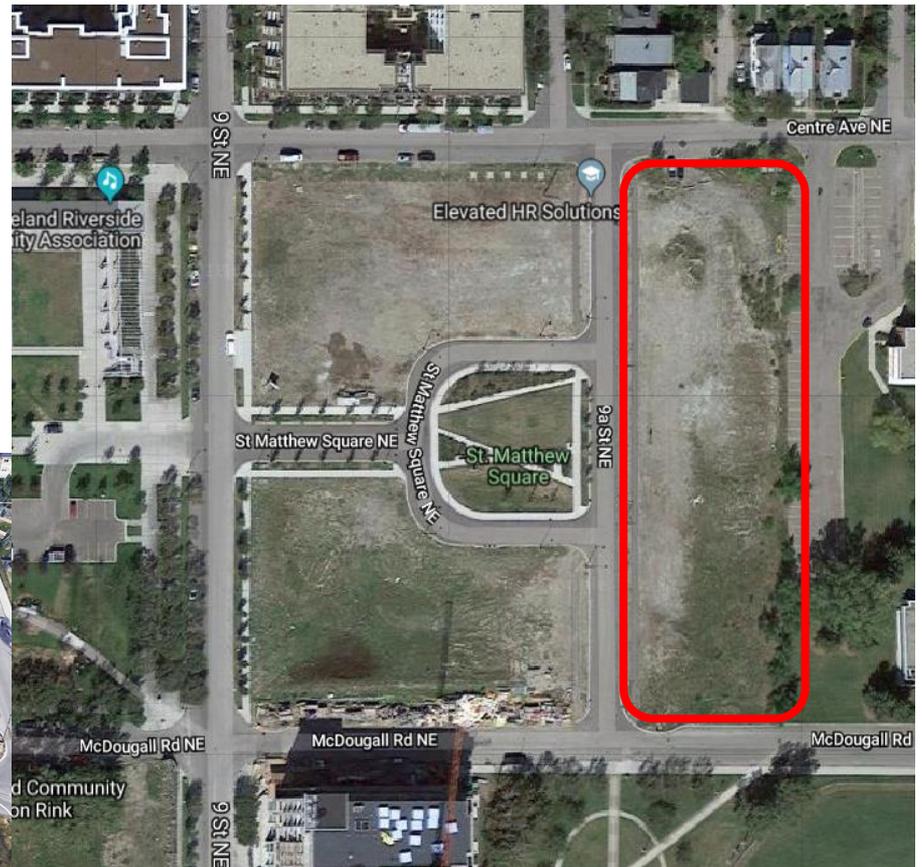
Total Number of units: **30 units**





The Bridges

Program: **New Build** Program
(Acquisition of units)
Surplus: Facility Management
Address: 70 & 90 9A Street NE
Building Type: Multi Story Building
Total Number of units: **26 units**





Marda Loop - Confidential #1

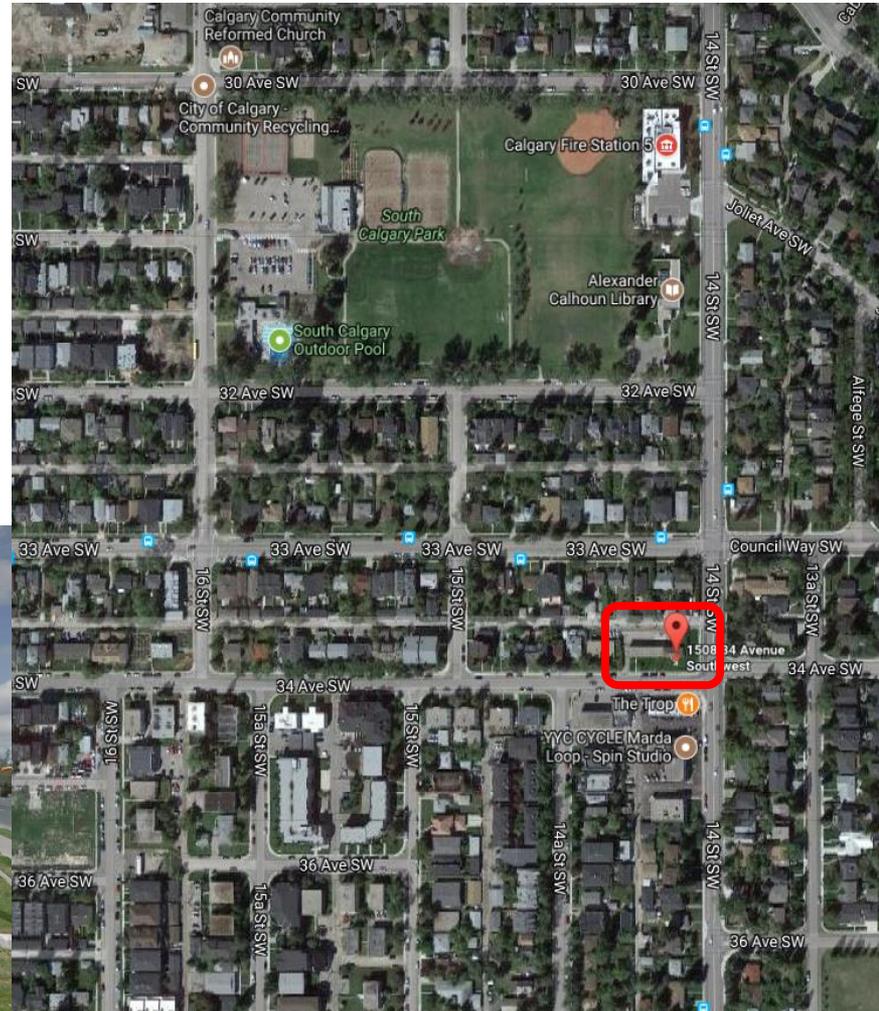
Program: **New Build** Program
(Heritage)

Surplus: Enmax

Address: 1508 34 AV SW

Building Type: Multi Storey Building

Total Number of units: **19 units**





Mission - Confidential #2

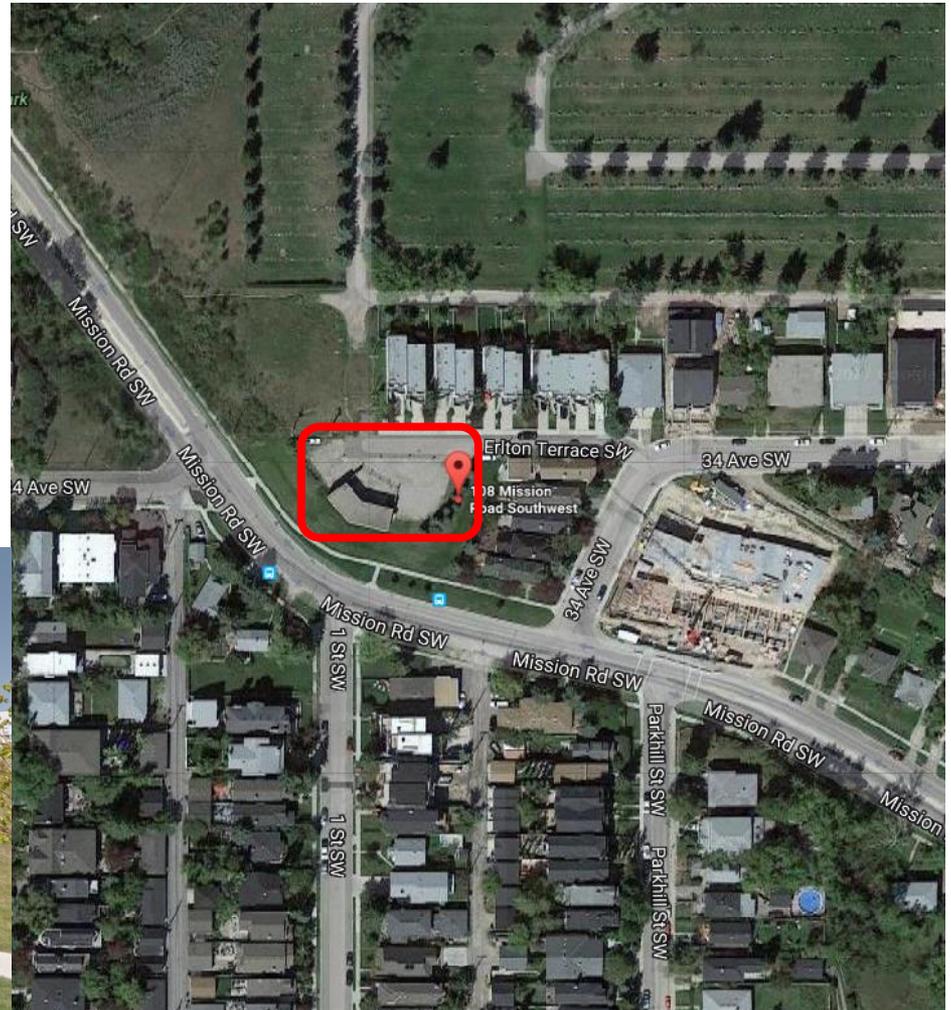
Program: **New Build** Program
(Design Competition)

Surplus: Enmax

Address: 108 Mission RD SW

Building Type: Multi Storey Building

Total Number of units: **18 units**





Rundle - Confidential #3

Program: **Redevelopment** Program

Address: 4225 26 AVE NE

Building Type: Multi Storey Building

Total Number of units: **145 units**



One Calgary Report to
Regular Meeting of Council
2018 November 14

One Calgary 2019-2022 Service Plans and Budgets

EXECUTIVE SUMMARY

Calgary is a great place to make a living and a great place to make a life. This year, *The Economist* ranked Calgary the best city to live in North America, and the fourth best city in the world. While this is an incredible testament to the attractiveness of our city, Calgary is in a period of economic recovery and there remain challenges and opportunities to improve quality of life in 2019-2022 and beyond. This report seeks Council approval of the 2019-2022 Service Plans and Budgets, which together form the path that The City of Calgary will take over the next four years to further Council's direction and "make life better every day" for Calgarians.

Responding to Council direction in a financially restrained environment required new ways of working together, which has centred around the service-based and collaborative approach of One Calgary. As a result, the proposed plans and budgets deliver on all Citizen Priorities and Council Directives and fall within the indicative rates set by Council and the available capital funding capacity. These results will be delivered through a total capital investment of \$5.2 billion in 2019-2023+ (\$2.1 billion in previously approved capital and \$3.1 billion in proposed new capital) and a proposed annual operating investment of approximately \$4.5 billion (by 2022). To maintain our strong financial position through the economic recovery, the proposed plans and budgets also include \$40 million in anticipated efficiencies, plus a commitment to achieve a further \$60 million for a total of \$100 million in efficiency savings in 2019-2022.

For Council's consideration, this report also presents options for additional capital and operating investment beyond what is currently included in the proposed plans and budgets. These options are in response to Council feedback at the 2018 September 04-25 service plan previews and the 2018 October 11 Special Meeting of Council.

ADMINISTRATION RECOMMENDATION:

That Council:

1. Approve and adopt the 2019-2022 Service Plans and Budgets including the associated operating and capital budgets, as identified in Attachment 1.
2. Provide direction for the investment options contained in Attachment 2.
3. For the proposed user fees and utility rates in Attachment 3:
 - a. Approve the user fee and rate changes in Attachments 3A – 3Q; and
 - b. Give three readings to each of the bylaws in Attachments 3R – 3AB.
4. Approve carry-forwards from 2018 to 2019 of unspent one-time expenditure budget for Economic Development and Policy Coordination (up to \$1.361 million) in Civic Partners (Program #449) and Council Innovation Fund (up to \$2.002 million) in Corporate Costs (Program #861) to Economic Development & Tourism and Corporate Costs respectively.
5. Approve funding of up to \$44 million for 2019-2022 from the Budget Savings Account for one-time budget if required.

PREVIOUS COUNCIL DIRECTION / POLICY

Embedded throughout the plans and budgets are strategies in response to previous Council direction, from long-term plans and policies to specific Council direction on individual services or initiatives, and ultimately driven by the Citizen Priorities and Council Directives for 2019-2022.

**One Calgary Report to
Regular Meeting of Council
2018 November 14**

One Calgary 2019-2022 Service Plans and Budgets

In the development of the proposed plans and budgets, service owners considered how to make progress in 2019-2022 towards meeting The City's long-term goals, as set out in a number of Council-approved plans and policies. The key long-term plans that guided strategies in 2019-2022 have been noted in the "What Council has directed" section of each plan and budget.

Council provided clear direction on priorities for the next four years through the 2019-2022 Citizen Priorities and Council Directives (C2018-0201). These priorities and directives were the driving force behind how Administration prioritized strategies and investments. Administration's proposed response to each of the Council Directives is outlined in the Strategy section of Attachment 1, and is embedded throughout the plans and budgets.

At the individual service level, Council also provided direction on specific initiatives to be addressed in the 2019-2022 cycle. Attachment 7 provides a summary of Council and Committee direction that formally referred items to be considered as part of the One Calgary deliberations, as well as Administration's response to that direction. All items on this list have either been addressed through the proposed plans and budgets, or are on track to be addressed through other mechanisms.

Over the past few years, Council provided direction on the parameters and approach to develop the 2019-2022 Service Plans and Budgets, including but not limited to the Strategic Plan Principles, indicative rates, Capital Infrastructure Investment Principles, and the overall direction to move to a service-based approach. This previous direction has steered and shaped the One Calgary process, and is summarized in Attachment 8 for information.

On 2018 October 11 (C2018-1149), Council directed Administration "to include in the 2018 November 14 One Calgary report to Council advice on potential additional investments and financing required in regard to the issues identified on Page 2 of Attachment 2 to C2018-1149, or, if information is not yet available for any of the issues, a status update and date when the information will be provided." This information is included in this report in Attachment 2.

Finally, Council directed Administration in a motion arising on 2018 September 25 to bring a report on the financial sustainability of Heritage Park to the 2018 November 14 One Calgary Council meeting. This has been addressed through this report in Attachment 5.

BACKGROUND

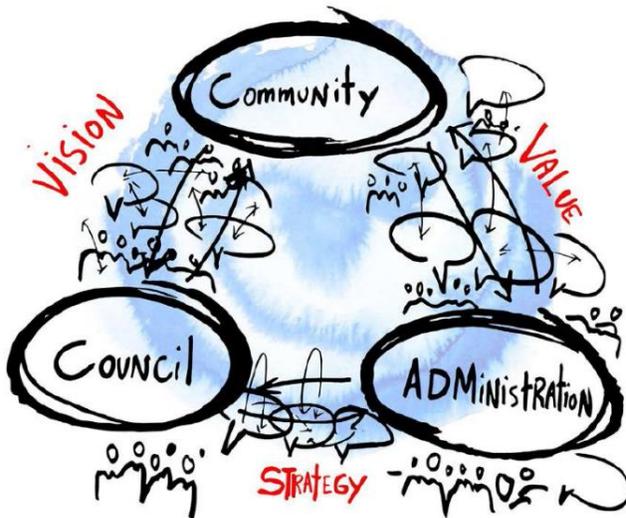
The 2019-2022 Service Plans and Budgets are the fifth multi-year business planning and budgeting cycle for The City of Calgary, as per Council Policy (CFO004). Multi-year planning and budgeting is a leading practice among municipalities – it provides a longer view on service delivery, more certainty about future direction, and is a more efficient and effective process.

Since moving to the multi-year approach in 2006, One Calgary represents the biggest change to our planning and budgeting process. For the first time, The City's plans and budgets are presented by each of The City's 61 services, instead of by department and business unit. This will make it clearer to Council and citizens the services The City provides, how much those services cost, and how tax dollars are being invested to deliver value.

One Calgary Report to
Regular Meeting of Council
2018 November 14

One Calgary 2019-2022 Service Plans and Budgets

“Three Conversations, One Calgary” was the foundation for the development of the proposed 2019-2022 Service Plans and Budgets. The three conversations, as illustrated below, outline the relationship between the Community and Council (**Vision**), Council and Administration (**Strategy**), and Community and Administration (**Value**).



Input from the Community was critically important to determine The City’s focus for 2019-2022. One Calgary involved multiple touchpoints with citizens, as summarized in the “Stakeholder Engagement, Research and Communication” section of this report, and in Attachment 4.

The One Calgary process also included more frequent touchpoints with Council than in previous cycles to shape the 2019-2022 Service Plans and Budgets, including the following:

- **2017 November/December:** Strategic conversations to understand community aspirations (including key themes heard on the campaign trail), and articulate Citizen Priorities for 2019-2022.
- **2018 January/February:** Approval of 2019-2022 Council Directives, which outline specific areas of focus within the Citizen Priorities. Council also approved the “Three Conversations, One Calgary” framework to guide the creation of the plans and budgets.
- **2018 March:** Discussion about Calgary’s current financial situation and outlook, including the constrained capital environment and Preliminary Resilience Framework, and approval of the Capital Infrastructure Investment Principles.
- **2018 April/May/June (financial means):** Setting the financial envelope through indicative tax rates, indicative utility rates, and long-term tax support rates for user fees. Council also approved the Strategic Plan Principles, received results from engagement with citizens and businesses, and discussed the new capital investment process.
- **2018 July:** Deeper conversations about The City’s financial situation and potential strategies for balancing desired results with financial realities (including the constrained capital environment), as well as new community growth decisions and funding.

One Calgary Report to
Regular Meeting of Council
2018 November 14

One Calgary 2019-2022 Service Plans and Budgets

- **2018 September:** Service plan previews of all 61 services at seven Council and Committee meetings, which included an opportunity for public input. Administration validated key themes with Council, including options identified through this process for potential additional investment.
- **2018 October:** Final update prior to finalizing the proposed plans and budgets, including a preview of proposed operating and capital budgets by service as well as further refinement of the options for additional investment (see Attachment 2 for an update on these investment options).

These ongoing conversations with the Community and Council enabled Administration to propose plans and budgets that are better aligned with expectations.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

1. Context: Where We Are Today

Over the past five years, Calgary faced many stresses and shocks that created new social, environmental and economic challenges for our city. The economic recession of 2015 and 2016 saw an increase in unemployment rates and a decline in population growth rates. While this impacted all Calgarians, the recession hit some groups harder than others, making it even more important to support Calgarians experiencing vulnerabilities. The recession was felt acutely in the downtown core – where office vacancy rates increased and the market value of downtown office properties decreased – and the resulting tax shift is putting pressure on property owners across the city. Consistent with other cities faced with recessions, Calgary also saw a corresponding increase in property crime rates and person crime incidents. A number of extreme weather events, including the 2013 flood and the 2014 “Snowtember” event, brought additional financial challenges and highlighted the need to focus on climate resilience.

To support Calgarians through these difficulties, The City of Calgary as an organization faced challenges itself. There is continued pressure to provide the same or better quality of service and be resilient to further stresses and shocks facing our city, while maintaining affordability of services and reducing costs. Further, The City is currently working in a constrained capital environment, in large part due to reduced grant funding at the provincial level.

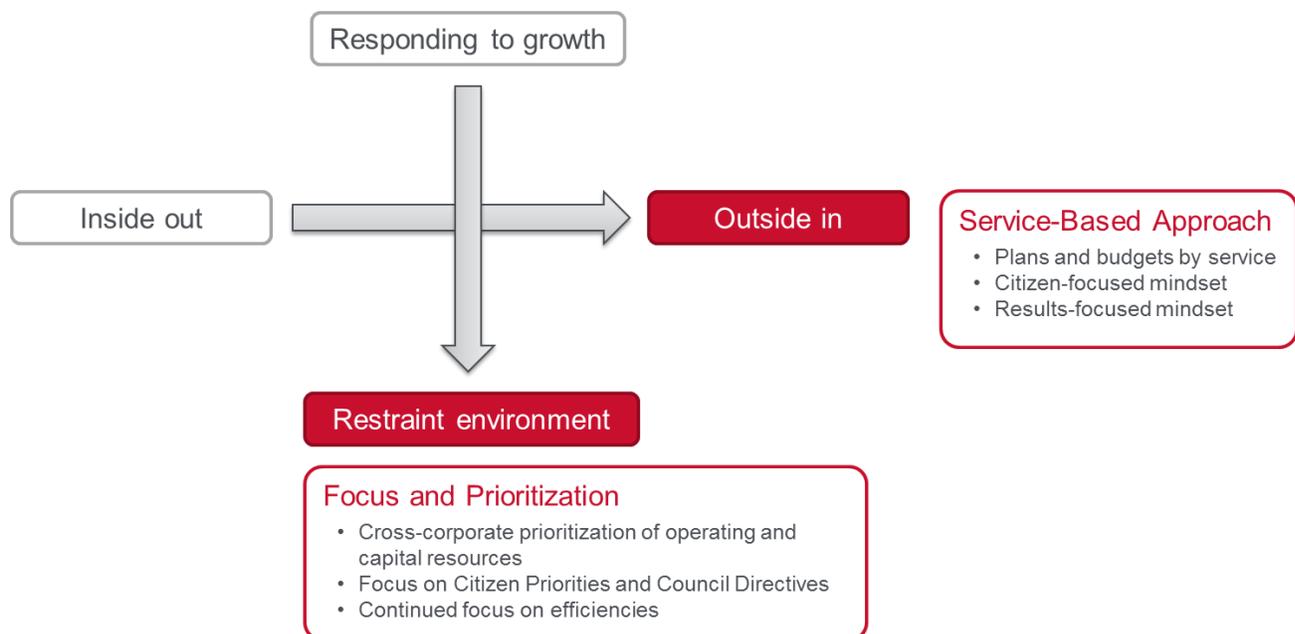
Throughout this period, Calgarians and The City of Calgary as an organization have shown resilience in the face of these challenges. Calgary is in a period of economic recovery and, in 2018, *The Economist* ranked Calgary the best city to live in North America and the fourth best city in the world. We continue to be a fortunate and growing city, seeing new investment and revitalization in our established communities and continued growth in the new and developing areas of our city. The City remains in a fortunate capital funding situation compared to many other municipalities and is still making significant investment in the community. Further, a majority of Calgarians (77%) say they are satisfied with the overall level and quality of services and programs provided by The City of Calgary (2018 Citizen Satisfaction Survey).

One Calgary Report to
Regular Meeting of Council
2018 November 14

One Calgary 2019-2022 Service Plans and Budgets

2. A New Approach: One Calgary

Continuing to respond to these challenges in a financially restrained environment required a new way of working together, which has centred around the service-based approach of One Calgary, and a cross-corporate approach to prioritizing limited resources. One Calgary provided an opportunity to advance our new corporate culture of “One City, One Voice” and our shared values of individual responsibility and collective accountability. One Calgary falls at the intersection of two transformational changes:



a. Service-Based Approach

Calgarians have told us they want to know more about The City’s services and how we are investing tax dollars. In the most recent 2018 Citizen Satisfaction Survey results, we saw that 94% of citizens are interested in knowing how property tax dollars are invested (up from 92% in 2017), while only 60% feel The City does a good job of providing this information. Service-based plans and budgets are a key strategy to “turn the curve” on this feedback from citizens. By presenting our plans and budgets by service, we will be able to better communicate to the public where tax dollars are going and the value of that investment. The service plans and budgets were prepared specifically to provide both Council and citizens a better view of how The City’s actions directly and indirectly impact quality of life on a daily basis.

This is about more than just aligning our plans and budgets differently. Focusing on service delivery means placing citizens, customers, communities and businesses at the forefront of our plans and actions. It means focusing on results (i.e. “how well are we doing?” and “is anyone better off?”) rather than processes and outputs. It’s about shifting away from siloed thinking, to a unified culture (One City, One Voice) aligned around service delivery. This mindset influenced the strategies, performance measures and budgets found in the proposed plans and budgets, and we will continue to pursue this broader cultural shift in 2019-2022 and beyond.

One Calgary Report to
Regular Meeting of Council
2018 November 14

One Calgary 2019-2022 Service Plans and Budgets

b. Focus and Prioritization

One Calgary involved more cross-corporate coordination than any previous planning and budgeting cycle. To maximize limited resources, Administration implemented new corporate prioritization processes for capital and operating budgets. These processes were led by two new cross-corporate groups (Infrastructure Calgary and the Service Leaders' Forum), who worked in tandem to ensure an integrated approach to our capital and operating budgets.

To prioritize capital resources, Infrastructure Calgary shifted the organization from departmental capital envelopes to a corporate view of The City's infrastructure investment and introduced a capital investment management process to facilitate capital planning and execution. All capital requests for 2019-2022 were aligned to services and evaluated against corporate prioritization criteria. This approach optimizes The City's investment, especially in a constrained capital environment, adds organizational resilience, and increases value to citizens.

To prioritize operating resources and recommend service levels that best reflect Council's direction, the Service Leaders' Forum oversaw an in-depth scenario-planning exercise that shifted the organization from departmental operating budget envelopes to a corporate view of service priorities. All service owners were asked to start by assuming that budgets were held at the 2018 base level and analyse what it would mean for service levels. Higher and lower funding scenarios for each service were also considered. The operating cost of capital was integrated into this process to ensure The City is able to sustain its capital investments.

The scenario approach included identifying service levels that could be reduced or service offerings that could be discontinued in areas that would have minimal impact on citizens or achievement of Council Directives. It also included finding efficiencies, an ongoing area of corporate emphasis. Administration has identified \$40 million in anticipated efficiencies in the proposed operating budget and is committed to finding an additional \$60 million in 2019-2022. Where these "least harm" approaches alone could not yield sufficient savings, services identified reductions that could be made and the performance impacts that would result. "Least harm" and other service reduction strategies are outlined in the "What we propose to do less of" section of each plan and budget.

As well as addressing the challenge of the restrained financial environment, this intentional approach enabled Administration to reallocate some existing investments to other services, and make informed recommendations about where to invest the remaining capacity (between the 2018 starting point and the indicative tax rate approved by Council), maximizing our ability to further Council's direction for 2019-2022.

3. Council's Direction for 2019-2022 (Vision and Strategy)

Achieving service value for Calgarians requires balancing service quality and results with the financial realities and affordability of City services. The proposed plans and budgets reflect Council's direction on what is most important to achieve in 2019-2022 (through Citizen Priorities and Council Directives), and guidance on the financial means to achieve those results (through indicative tax rates, indicative utility rates and long-term tax support rates for user fees).

One Calgary Report to
Regular Meeting of Council
2018 November 14

ISC: UNRESTRICTED
C2018-1158

One Calgary 2019-2022 Service Plans and Budgets

As the representatives of all Calgarians, Council listened to what is most important to citizens and articulated a 2019-2022 vision through five Citizen Priorities:

- **A Prosperous City:** Calgary continues to grow as a magnet for talent, a place where there is opportunity for all, and strives to be the best place in Canada to start and grow a business.
- **A City of Safe & Inspiring Neighbourhoods:** Every Calgarian lives in a safe, mixed and inclusive neighbourhood, and has the right and opportunity to participate in civic life. All neighbourhoods are desirable and have equitable public investments.
- **A City That Moves:** Calgary's transportation network offers a variety of convenient, affordable, accessible and efficient transportation choices. It supports the safe and quick movement of people and goods throughout the city, and provides services enabling Calgarians and businesses to benefit from connectivity within the city, throughout the region, and around the globe.
- **A Healthy & Green City:** Calgary is a leader in caring about the health of the environment and promotes resilient neighbourhoods where residents connect with one another and can live active, healthy lifestyles.
- **A Well-Run City:** Calgary has a modern and efficient municipal government that is focused on resilience and continuous improvement to make life better every day for Calgarians by learning from citizens, partners, and others.

Council further articulated areas of focus within each of these five priorities through the Council Directives. Together, this direction and leadership from Council provides the focus for 2019-2022, which is reflected in the proposed plans and budgets for all 61 City services.

4. Proposed 2019-2022 Service Plans and Budgets

a. Service Plans and Budgets

The proposed plans and budgets deliver on all Citizen Priorities and Council Directives and fall within the financial means set by Council and the available capital funding. In Attachment 1, a summary of how Administration is proposing to respond to Citizen Priorities is included in the Executive Summary, and plans to respond to Council Directives are summarized in the Strategy section. Ultimately, the information outlined in each of the 61 plans and budgets in Attachment 1 provide the full picture of how Administration is proposing to further Council's direction in 2019-2022.

Overall, these results are proposed to be delivered through a total capital investment of \$5.2 billion in 2019-2023+ (\$2.1 billion in previously approved capital and \$3.1 billion in proposed new capital), and a proposed annual operating investment that reaches approximately \$4.5 billion by 2022. Presented below are the total capital and operating investments aligned by Citizen Priority, as well as the total investment in our Enabling Services and Corporate Programs that are foundational to deliver on all Citizen Priorities.

One Calgary Report to
Regular Meeting of Council
2018 November 14

One Calgary 2019-2022 Service Plans and Budgets

Table 1: Total Proposed Operating and Capital Investments by Citizen Priority (\$millions)

Citizen Priority	Operating					Capital	Operating & Capital
	2019	2020	2021	2022	Total ¹	Total ¹	Total ¹
A Prosperous City	256	254	256	260	1,026	534	1,560
A City of Safe & Inspiring Neighbourhoods	941	956	979	992	3,867	366	4,233
A City That Moves	684	732	745	767	2,928	1,622	4,550
A Healthy & Green City	1,140	1,185	1,230	1,263	4,818	2,022	6,840
A Well-Run City	103	104	106	103	415	31	446
Total Citizen Priorities	3,124	3,231	3,316	3,385	13,054	4,575	17,629
Enabling Services	294	307	317	322	1,240	608	1,848
Corporate Programs	677	715	754	811	2,958	-	2,958
Grand Total¹	4,094	4,252	4,388	4,518	17,252	5,183	22,435

(1) Totals may not add due to rounding. Includes one-time budget requests (see Table 2).

Embedded in Table 1 are investments specifically to enable growth and change. These investments are in new communities, actively developing communities and established areas of the city. In 2019-2022, The City is targeting service investments in fourteen new communities – this includes capital investments of \$325 million and direct incremental operating investments of \$7.4 million for Streets, Water Treatment & Supply, Wastewater Collection & Treatment, Stormwater Management, and Fire & Emergency Response.

There are 27 actively developing communities in Calgary and The City is targeting capital investments of \$121 million and direct incremental operating investments of \$35 million to deliver services that support the continued growth of these communities. The services include Parks & Open Spaces, Public Transit, Sidewalks & Pathways, Streets, Parking, Bylaw Education & Compliance, Fire & Emergency Response, and Police Services.

The targeted investment for established areas is a total capital investment of \$60 million in previously and newly proposed capital to deliver services that support growth and change, including Streets and Sidewalks & Pathways. This targeted investment is in addition to other proposed capital and operating budgets that support established areas. In 2019-2022, Administration will continue to develop an integrated growth and change strategy with focus on

**One Calgary Report to
Regular Meeting of Council
2018 November 14**

One Calgary 2019-2022 Service Plans and Budgets

established areas and industrial areas. Any further investment recommendations for established areas and industrial areas will be brought forward for Council's consideration, providing Council the opportunity to direct additional investment, if required, through the mid-cycle adjustments.

The total capital investment in 2019-2022, while still significant, is more constrained than in past cycles, in large part due to more fiscal restraint at the provincial level that is reducing grant funding significantly. This has meant that capital investment has been restricted predominantly to projects which have been defined by Administration to be essential.

As summary highlights, Administration is proposing significant targeted operating investments (at least \$10 million in base operating funding over the four-year period) in each of the following areas, as part of the proposed 2019-2022 Service Plans and Budgets:

- Public Transit (including Specialized Transit)
- Streets
- Police Services
- Facility Management
- Sidewalks & Pathways
- Affordable Housing

These targeted operating investments include investments in the actively developing communities and the new communities.

The realities of a restrained financial environment mean that the targeted investments in the above areas are possible in part due to lower levels of investment in other services. In the proposed plans and budgets, almost half of The City's services received either minimal or no additional base funding, or had base budgets reduced. The approach used by Administration to guide such investment redistributions is described in detail on page 6 above.

Included in the proposed plans and budgets is a total of \$82.5 million in one-time budget requests for operating expenditures over 2019-2022, as shown in Table 2 below.

Table 2: One-time budget requests (\$millions)

	2019	2020	2021	2022	Total
One-time requests (included in Table 1)	21.1	28.6	18.1	14.7	82.5

One-time budget requests are driven by several factors such as higher maintenance costs required due to constrained capital funding, customary one-time initiatives, identifying and implementing efficiency strategies to reduce reliance on tax rate increases, and to understand the impacts of the changing economic environment.

Within the one-time budget requests are initiatives that may require ongoing investments in future years but one-time budget is proposed to allow strategies to be developed to determine the appropriate level of investments required. For example, the one-time budget

**One Calgary Report to
Regular Meeting of Council
2018 November 14**

One Calgary 2019-2022 Service Plans and Budgets

recommendation includes \$9 million for Snow and Ice Control for the 2019 and 2020 winter season in addition to the already approved \$9 million for the 2018 and 2019 winter seasons. This investment will provide two winter seasons of enhanced service for Sidewalks & Pathways. Following two seasons, an effectiveness review will be conducted to provide Council with recommendations for future service changes which may require permanent operating funding to deliver the required service level.

b. Funding the Service Plans and Budgets

Funding the proposed 2019-2023+ capital budget

The City of Calgary funds its capital investments through a combination of external (e.g. grants) and internal sources (e.g. Pay-As-You-Go, reserves). To prioritize at the corporate level, funding was applied to projects beginning with the most restrictive. This allowed more flexible funding to be applied to projects that were not eligible for other funding sources. The proposed capital budget includes the previously-approved budget for Green Line. It does not include any capital budget for the material unfunded items that have been identified to Council (PFC2018-1238).

The funding to support the capital investment in the fourteen new communities is a combination of a dedicated property tax increase of 0.75 per cent in 2019, a water utility increase of up to 0.50 per cent per year (2019-2022), up to \$4 million from the Fiscal Stability Reserve (FSR) in 2022 and off-site levies. The capital investments in the actively developing communities are funded from a combination of a dedicated property tax increase of 1.40 per cent in 2019 and 0.40 per cent for each of 2020-2022 as well as off-site levies. The funding to support the established areas capital investments is from the Municipal Sustainability Initiative grants, the Lifecycle Maintenance and Upgrade Reserve and the Reserve for Future Capital.

Funding the proposed 2019-2022 operating budget

The City of Calgary has a limited number of revenue sources with which to fund its operations. The single largest non-tax revenue is the sale of goods and services, of which approximately 58% is from Utilities, 15% from Public Transit, and 10% from Waste & Recycling. Other funding sources include franchise fees, investment income, contributions from operating reserves, licenses, permits and fines. Less than half of The City's revenue comes from property taxes, which are determined by Council.

i. Property taxes

The proposed property tax rate increases for 2019-2022 fall within the indicative tax rate approved by Council on 2018 April 25, coming in at the top of the approved range for all four years. This includes funding to support the direct incremental operating expenditures in new communities (0.75% property tax increase) and in actively developing communities (0.4% property tax increase).

The property tax rate increases resulting from the proposed service plans and budgets for the next four years are shown in Table 3. The monthly impact to the typical household averages around \$5.00 in each year.

One Calgary Report to
Regular Meeting of Council
2018 November 14

One Calgary 2019-2022 Service Plans and Budgets

Table 3: Proposed property tax rate increase and estimated monthly impact on a typical household

	2019	2020	2021	2022
Indicative tax rate increase (approved in April 2018 ¹)	2.95-3.45%	2.5%-3.0%		
Proposed property tax rate increase	3.45%	3.00%	3.00%	3.00%
<i>Tax rate without growth²</i>	1.30%	2.60%	2.60%	2.60%
<i>Actively Developing Community Growth</i>	1.40%	0.40%	0.40%	0.40%
<i>New Community Growth</i>	0.75%	-	-	-
Estimated monthly impact of proposed property tax rate increase (based on 2018 assessment of \$480,000)	\$5.40	\$4.85	\$5.00	\$5.15

1. The range (0.45% - 0.75%) for New Communities was approved in April 2018, with the final rate approved at 0.75% in July 2018.
2. The Tax rate without growth includes a reduction of 1.3% in 2019 due to the change in Waste & Recycling Services financial policy.

ii. User Fees and Utility Rates

In addition to funding through property tax, some services make a direct charge for service, which is called a user fee. All proposed user fees are set in accordance with the User Fees and Subsidies Policy (CFO010), which considers the full costs for providing the good or service, market demand and the extent of public benefit derived from the good or service. As outlined in Attachment 3, most user fees will average a zero to four per cent annual increase over the 2019-2022 cycle. This range of increase is to keep pace with inflation and inflationary pressures, and varies by service.

To continue supporting development and business during a period of economic recovery, Development Approvals, Building Safety and Business Licensing have frozen rates for 2019 and 2020. The following services have fee increases that are greater than four per cent: Streets, Taxation, Property Assessment, Fire & Emergency Response, Fire Inspections & Enforcement, and Public Transit. The largest increases are for: False Alarm Fees to increase deterrence, Street Use Fees to better reflect the importance and value of maintaining mobility, and several types of Fire Inspection Fees to recover costs.

Also outlined in Attachment 3, utility rate increases for Water Treatment & Supply, Wastewater Collection & Treatment, and Stormwater Management are recommended in accordance with Council-approved financial policies specific to these services, as well as within or below the indicative rate range approved by Council for each service. Rates for the self-supported programs in Waste & Recycling are recommended in accordance with the Council-approved transition plan for the Waste & Recycling financial model as well as within the indicative rate range approved by Council for each program.

Recommendation 3 seeks Council's approval of the proposed user fees and utility rates.

One Calgary 2019-2022 Service Plans and Budgets

iii. One-Time Budget Requests

As noted above, one-time budget requests total \$82.5 million over the four-year period (Table 2). Administration is recommending that instead of funding one-time budget through the Fiscal Stability Reserve (FSR) which is traditionally where it is funded from, a different funding strategy (articulated below) is undertaken to manage potential one-time budget requests that may require ongoing investments. This will also preserve the FSR as a contingency funding source for operational emergencies, urgent or contingency capital expenditures, and to compensate for unplanned revenue reductions with significant financial impacts as approved by Council.

On October 11, 2018 (C2018-1149), Administration presented to Council an update of where the proposed service plans and budgets were within the indicative tax rate range that Council had previously approved. There was indication that in the later years of the cycle, there was some capacity within the rate range that yield approximately \$28 million in annual base funding by 2022, or \$44 million cumulative over the period.

Administration is proposing to use the capacity within the indicative tax rate to fund a portion of the one-time budget requests to allow the ability in future years to establish permanent funding for initiatives that requires this type of investment.

Approximately \$6 million of one-time budget requests have an identified funding source. The remaining one-time budget requests are recommended to be funded through realizing further efficiency savings in 2019-2022. Through the 2015-2018 plan and budget cycle, the Budget Savings Account (BSA) reserve was established to encourage intentional savings, innovation, and efficiencies. As part of Administration's planned saving strategies, it is recommended that a target of \$40 million in efficiencies is found in addition to the already committed amount of \$60 million to offset the one-time budget requests not funded by the indicative tax rate and potential on-going impacts (i.e. manage any "bow waves"). Based on this strategy, the funding of the one-time budget requests would be:

- Property tax capacity - \$44.0 million
- Other reserves - \$6.2 million
- Efficiencies and savings - \$32.3 million

More tools and techniques are needed to ensure we meet our efficiency targets in 2019-2022, because easily identified efficiencies have already been realized. To ensure success, the Corporate Strategy for Efficiency and Effectiveness will therefore be updated and expanded. The refreshed strategy will include a greater focus on service scope reviews, and on energizing the front line to make service improvement part of our culture at every level.

Due to timing of when efficiency savings can be realized and when the one-time expenditures are required, it is recommended that the BSA is used up to \$44 million to bridge any financing required (Recommendation 5) with a commitment from Administration to continue to contribute intentional savings to the BSA throughout the next four years.

One Calgary 2019-2022 Service Plans and Budgets

iv. One-Time Carry Forwards

The Multi-Year Business Planning and Budgeting Policy (CFO004) does not allow carry forwards of one-time funding from one cycle to the next. Administration recommends in Recommendation 4 that Council allow an exception to this policy in order to carry forward the unspent one-time expenditure budget of:

- up to \$1.361 million for Economic Development and Policy Coordination in Civic Partners (Program #449); and
- up to \$2.002 million for Council Innovation Fund in Corporate Costs from 2018 to 2019.

These carry forwards are needed to complete the initiatives approved by Council in these areas.

c. Complementary information

Finally, this report includes additional information and details to support Council's decision on the proposed 2019-2022 Service Plans and Budgets:

- Attachment 4 provides a summary of the most recent One Calgary citizen engagement and research conducted in October 2018, which is provided as information for Council to consider during their deliberations on the plans and budgets. Overall, the findings from this latest round of engagement and research confirm what we heard from citizens about services and service value over the past year.
- Attachment 5 provides an update on the Heritage Park Society's financial sustainability, in response to the Motion Arising on 2018 September 25 (C2018-1080). As part of the Economic Development & Tourism plan and budget (pages 117-124 of Attachment 1), Administration is recommending a capital investment of \$2.3 million and an operating investment of \$3.6 million by 2022 for the Heritage Park Society. Heritage Park is also included in the Investment Options in Attachment 2, as part of the Civic Partners item.
- Attachment 6 provides a summary of accessibility-related strategies that will be undertaken in 2019-2022, in response to a question raised at the 2018 October 11 Special Meeting of Council. While developing the plans and budgets, facilitated workshops with service owners were held to collaborate and identify ways accessibility efforts could continue to improve and advance. The work proposed in 2019-2022 builds off the significant advancements related to accessibility made in 2015-2018, which are also summarized in the attachment.
- Attachment 7 provides a summary of Council and Committee direction that formally referred items to be considered as part of the One Calgary deliberations, as well as Administration's response to that direction. All items on this list have either been addressed through the proposed plans and budgets, or are on track to be addressed through other mechanisms.
- Attachment 9 provides supplemental and background information on the 2019-2022 operating and capital budgets. Included are the assumptions in preparation of the budget as well as consolidation of service and departmental budget information. Also included is

**One Calgary Report to
Regular Meeting of Council
2018 November 14**

One Calgary 2019-2022 Service Plans and Budgets

information on the financial policies governing the preparation of the budget and the structure of The City's financial operations.

- Attachment 10 includes summary business cases for proposed capital investments to provide additional details or clarification on the proposed investment. Please note these are attached directly in the electronic agenda and are not being reproduced on paper.

Recommendation 1 seeks Council's approval and adoption of the plans and budgets contained in Attachment 1, including the funding sources and strategies outlined above. These plans and budgets have been prepared through the collective effort of hundreds of employees across the organization, and the service owner commitment to the proposed plans and budgets is demonstrated on pages 74-75 of Attachment 1.

5. Additional Investment Options

On 2018 October 11 (C2018-1149), Administration summarized a number of items that Council identified for further discussion and potential additional investment beyond what is currently accommodated in the proposed plans and budgets. Council directed Administration to provide further analysis on these issues during the presentation of the 2019-2022 Service Plans and Budgets. Administration has separated these issues into four categories:

1. Included, with additional funding proposed, in the revised plans and budgets subsequent to 2018 October 11:

- 1.1. Affordable Housing
- 1.2. Civic Partners (Vivo)
- 1.3. Integrated Civic Facilities Plan
- 1.4. Main Streets
- 1.5. Wheelchair accessible taxis

2. For Council consideration with capital budget implications:

- 2.1. Affordable Housing
- 2.2. Arts & Culture
- 2.3. Better citizen engagement
- 2.4. Civic Partners
- 2.5. Maintain/Enhance Tree Canopy
- 2.6. Missing links
 - 2.6.1. Sidewalks & Pathways
 - 2.6.2. Streets
- 2.7. Pedestrian Strategy

Council is being asked which, if any, in this category should be funded within the capital budget. Approximately \$43 million in capital funding is available to allocate to potential capital projects in this category.

One Calgary Report to
Regular Meeting of Council
2018 November 14

One Calgary 2019-2022 Service Plans and Budgets

3. For Council consideration with operating budget implications:

- 3.1. Arts & Culture - Festival and events subsidy, and Calgary Arts Development Authority
- 3.2. Better citizen engagement
- 3.3. Civic Partners (including Calgary Economic Development)
- 3.4. Crime prevention through social development and environmental design
- 3.5. Sustainable funding for low income transit

Council is being asked which, if any, in this category should be funded within the operating budget. There is no current capacity under the indicative rates approved by Council to allocate additional funding to address operating issues in this category, based on Administration's proposed budget which is based on a tax rate increase at the top of the approved range.

4. No additional budget recommended at this time:

- 4.1. Acceleration of improved corporate capacity and capability for an integrated new community, established area and industrial area strategy
- 4.2. Crime prevention through policing
- 4.3. Infrastructure gap
- 4.4. Maintain 4 car trains
- 4.5. Snow and Ice Control

These are critical issues that are addressed to some degree within the proposed strategies in the proposed plans and budgets. Administration has further reviewed the items in this category based on Council's feedback and concluded there is sufficient investment being made in each of these areas for 2019-2022, given the need to balance service needs and financial capacity.

Attachment 2 provides more detailed information on each of these issues, including investment cases for issues in categories 2 and 3. Recommendation 2 seeks direction from Council on these issues.

6. Next Steps

Now that the proposed 2019-2022 Service Plans and Budgets have been tabled for Council, the focus shifts to Council's deliberations and approvals. The key next steps to conclude the service plans and budgets process are as follows:

Timeline	Key Activities
Public Release: November 14	<ul style="list-style-type: none"> • This report and attachments (including the proposed 2019-2022 Service Plans and Budgets) are presented at the 2018 November 14 Regular Meeting of Council and made available on Calgary.ca. • Following an overview presentation, Administration is proposing that Council recess to 2018 November 26. • Following the Council Meeting on 2018 November 14, a media availability will be held to answer inquiries regarding the proposed plans and budgets.

One Calgary Report to
Regular Meeting of Council
2018 November 14

One Calgary 2019-2022 Service Plans and Budgets

<p>Orientation, Inquiries and Feedback: November 14 to 25</p>	<ul style="list-style-type: none"> All Council members are invited to attend a drop-in session on November 21 or 22 with members of the One Calgary team to get support in navigating the Service Plans and Budgets and to ask questions of clarification. FAQs about the proposed plans and budgets will be available for the public on Calgary.ca, including an option to add questions to the list of FAQs via 3-1-1 if their questions are not reflected. Between November 14 and 21, citizens are also invited to submit written feedback on the proposed plans and budgets, which will be compiled and provided to Council before the start of deliberations on November 26. Instructions for how to submit written feedback are available at Calgary.ca/yourservices.
<p>Council Discussion and Deliberations: November 26 to 30</p>	<ul style="list-style-type: none"> Council deliberations on the proposed 2019-2022 Service Plans and Budgets are scheduled from November 26 to 30. The first day of deliberations (November 26) will start with a public hearing, where members of the public are invited to present their feedback to Council in person. Following Council discussion and deliberation, Council approves and adopts the 2019-2022 Service Plans and Budgets, with amendments as needed.
<p>Communication of Approved Plans and Budgets: December 2018 to Q1 2019</p>	<ul style="list-style-type: none"> Following Council's approval, Administration will update the 2019-2022 Service Plans and Budgets to reflect any amendments made by Council, including a public communication campaign from late 2018 December to 2019 mid-January. Information on the final plans and budgets will be built out in a user-friendly way on Calgary.ca and promoted to citizens, including an updated "tax calculator" by service.
<p>Approval of the Property Tax Bylaw: April 2019</p>	<ul style="list-style-type: none"> In order to levy property taxes, Council will need to pass the Property Tax Bylaw. This will be prepared and brought to Council once the provincial property tax requisition is identified through the provincial budget.

Once the plans and budgets are approved, 2019-2022 is about delivering on Citizen Priorities and Council Directives. The plans and budgets are not static – they are living documents that will adapt with Calgary's changing needs. As part of this process, there are opportunities to bring forward adjustments in response to changing circumstances, stresses and shocks (economic, demographic, and financial), and maintain the integrity of four-year plans and budgets. As in previous cycles, there will also be a more significant mid-cycle review after two years, which will include a check-in with citizens and an update on emerging issues and trends.

In accordance with Council policy (CFO004), mid-year and year-end accountability reports will provide an update on the status of all Citizen Priorities and Council Directives, major service initiatives, key accomplishments, budget performance and upcoming challenges. Amendments

**One Calgary Report to
Regular Meeting of Council
2018 November 14**

**ISC: UNRESTRICTED
C2018-1158**

One Calgary 2019-2022 Service Plans and Budgets

to the policy itself (which was approved in 2005 and previously amended in 2008 and 2012) and the Budget Reporting Policies (CFO006, which took effect in November 2016), will be brought forward together for Council approval in 2019 Q1. The City also prepares a Corporate Annual Report and Audited Financial Statements, as required by the Municipal Government Act. It includes a high-level review of accomplishments, as well as annual Financial Statements and the external Auditor's Report.

Stakeholder Engagement, Research and Communication

Public input is a critical part in determining The City's focus for each four-year business plan and budget cycle. To maximize resources, One Calgary leveraged existing research and engagement data, and supplemented any gaps with targeted activities. The One Calgary research and engagement strategy included multiple touchpoints with citizens over the course of 2018, which ensured the current priorities of citizens were at the forefront of The City's proposed service plans and budgets for 2019-2022.

A report of research and engagement insights was presented to Council on 2018 October 11 (C2018-1150) to provide a roll-up of all research and engagement conducted in the last year. This roll-up summarized key citizen insights regarding City service delivery, as well as their overall aspirations and concerns. At a high level, the citizen engagement and research results revealed the following key themes:

- Overall, satisfaction with City services is high, despite concerns with the economy.
- Key priority areas for citizens include: public safety, ease of transportation, affordable housing and services, as well as investment in infrastructure and community, parks and urban forestry, recreational activities, streets and sidewalks, city planning, and neighbourhood support and development.
- Businesses want City services and policies to support, not impede their sustainability and growth, and businesses tend to be more critical of City services overall.
- There is growing interest in social services like Affordable Housing and Specialized Transit.
- Citizens and businesses alike want opportunities to provide meaningful input on City initiatives.
- Citizens want open, efficient and effective City services.
- Citizens are split between increasing taxes to maintain or expand services, and cutting services to maintain or reduce taxes.

Additional public engagement was held throughout October to further validate these themes. We asked citizens about the City services where they want us to invest more, less, or the same. This latest round of citizen focus groups and online and in-person engagement confirms what we heard about services and service value through our research and engagement over the past year. What we heard through the October engagement is summarized in Attachment 4 for Council's consideration prior to deliberations.

One Calgary Report to
Regular Meeting of Council
2018 November 14

ISC: UNRESTRICTED
C2018-1158

One Calgary 2019-2022 Service Plans and Budgets

Strategic Alignment

The proposed 2019-2022 service plans and budgets include strategies that advance Council policy, Citizen Priorities and Council Directives, and contribute to multiple directives where similar outcomes are sought. Included in Attachment 1 are highlights that demonstrate key strategies to respond to Citizen Priorities and Council Directives in 2019-2022.

The One Calgary program implements The City's "Three Conversations, One Calgary" framework and follows Council's Strategic Plan Principles (PFC2018-0445). The program directly addresses the commitment to service-based plans and budgets and contributes to Council's Five Guidelines to Administration approved by Council on 2018 February 28: integrated service delivery, engaged leadership, trust and confidence, investment and value, and cooperative alliances (C2018-0201).

Social, Environmental, Economic (External)

Social, environmental and economic guidance is provided through City policies, Citizen Priorities and Council Directives, all of which guide Administration in developing and proposing the 2019-2022 service plans and budgets.

Financial Capacity

Current and Future Operating Budget:

To deliver the services and results outlined in the 61 service plans and budgets, the proposed total operating budget for 2019-2022 is an annual investment of \$4.5 billion by 2022. This falls within the indicative tax rates set by Council in 2018 April. Attachment 2 provides some options where Council may consider additional operating investments, which would be over and above the currently proposed budget and tax rate.

Section 247 of the Municipal Government Act, as modified by The City of Calgary Charter Regulation, requires Council to "adopt" an annual budget in order to pass a property tax bylaw. The modifications in the Charter now allow The City to adopt all four years of the budget cycle in advance.

The proposed 2019-2022 operating budget is balanced, based on the property tax rate increases included in the Taxation Program. Any changes that Council directs through its review of service plans and budgets will necessitate a change in the tax revenue figures and resulting tax rate increase in order to maintain a balanced position.

Current and Future Capital Budget:

While The City remains in a fortunate capital funding situation compared to many other municipalities, and a significant investment will be made in the community, capital funding is more constrained for the upcoming cycle. Given the constraints, the focus of the 2019-2022 capital budget requests is on identifying and optimizing funding for essential capital investments needed to meet legal, regulatory, health and safety requirements, critical infrastructure, critical asset mitigation and minimize service delivery costs.

The capital environment for the 2019-2022 cycle is different than past cycles – funding sources are more constrained yet demand for capital remains high. There is a significant gap between available funding and the capital requested by services. To ensure The City is allocating funding

**One Calgary Report to
Regular Meeting of Council
2018 November 14**

**ISC: UNRESTRICTED
C2018-1158**

One Calgary 2019-2022 Service Plans and Budgets

to the most essential investments, business cases were evaluated according to corporate investment criteria. Infrastructure Calgary prioritized all capital requests and then used an allocation process to optimize restricted sources and effectively utilize the 2019-2022 funding capacity. The total proposed capital budget for 2019-2023+ is \$5.2 billion. In addition, Attachment 2 provides some options where Council may consider additional capital investments with approximately \$43 million funding available to allocate to the potential capital projects.

Risk Assessment

The City manages risk through the Integrated Risk Management Policy (CC011) and Program. Consideration of risk has been integrated throughout the development of the proposed 2019-2022 Service Plans and Budgets. This includes identifying, reviewing and analyzing the top risks to each service.

The proposed service plans and budgets (Attachment 1) contain information related to risk in the following sections: Calgary's key community indicators, which is an overview of social and demographic trends The City is watching (pages 21 to 27), The City's financial position and the potential risks that may impact it (pages 52 to 60), within the service pages under the heading of "What we are watching" which notes potential risks to each service, and in the One Calgary Journey (pages 631 to 644) which explains more of the risk management process.

The City of Calgary has 16 Principal Corporate Risks as outlined in the recent mid-year risk report to the Audit Committee and Council (AC2018-0911). These are strategic risks that have an impact or implications across the organization.

Throughout the development of the 2019-2022 Service Plans and Budgets, a rigorous risk assessment was applied to identify any Principal Corporate Risks expected to be impacted. It was determined that there are three Principal Corporate Risks with a potential increase in risk profile that we need to monitor:

- Reputation Risk
- Operations, Process Risk
- Legal and Compliance Risk

At the more granular level, the 2019-2022 Service Plans and Budgets are projected to increase exposure to certain new, or existing, risks, and there are also measures intended to reduce The City's risk exposure. The City will monitor and manage these changes to its risk profile and adjust its response strategies as needed.

For example, there is the potential for an increase in pressure on The City's Capacity for Change Risk due to the increase in volume, velocity, and complexity of change. However, once these strategies are in place, many are designed specifically to mitigate or reduce risks to The City over time, which can lead to a net reduction to The City's risk profile.

The overall increase in The City's risk profile is modest. Current risk management strategies and processes in place are therefore expected to be able to cope with this increase. The City deploys a robust, evidence-based risk management system that involves: regular bottom-up, top-down review of The City's risks, assigning risk owners who oversee the management and reporting of key risk, as well as a consistent and clear framework for managing risks. The City's

**One Calgary Report to
Regular Meeting of Council
2018 November 14**

One Calgary 2019-2022 Service Plans and Budgets

regular, biannual risk reviews therefore provide the mechanism to identify and adjust our risk management strategies as necessary. The annual adjustments process provides a mechanism to fine-tune plans and budgets in response to factors such as emerging performance results and unforeseen changes in economic forecasts, or provincial or federal budgets.

REASON(S) FOR RECOMMENDATION(S):

This report has five recommendations:

1. This recommendation is to seek Council's approval of the proposed 2019-2022 Service Plans and Budgets. For clarity, Attachment 1 highlights the specific items within each service plan and budget that require Council approval, which includes operating and capital budgets as well as performance measures. This recommendation also seeks formal adoption of the operating and capital budgets, as required through the Municipal Government Act.
2. This recommendation seeks Council's direction on options for additional investment, as identified through the September 04-25 service plan previews and the 2018 October 11 Special Meeting of Council. Council direction on these items would be incorporated into the plans and budgets accordingly.
3. This recommendation seeks approval of user fee and rate changes for 2019-2022. As part of this, the utility rates are approved through approval of the associated utility rate bylaws.
4. This recommendation seeks Council approval to carry forward one-time funding in two specific areas. This approval is required as an exception to the Multi-Year Business Planning and Budgeting Policy (CFO004), which does not allow carry-forwards of one-time funding from one cycle to the next.
5. This recommendation allows Administration to use the Budget Savings Account instead of the interest from the Fiscal Stability Reserve to fund one-time costs if necessary.

ATTACHMENT(S)

1. Proposed 2019-2022 Service Plans and Budgets
2. Investment Options
3. User Fee and Rate Changes
4. Results of October Citizen Engagement and Research
5. Heritage Park Financial Update
6. Accessibility Update
7. One Calgary Council and Committee Referred Items
8. Previous Council Direction on One Calgary
9. Supplemental Budget Information
10. Summary Business Cases for Proposed Capital Investments (*provided electronically only*)