



2021 Mid-Year Accountability Report

Updating our progress on the One Calgary 2019-2022 Service Plans and Budgets

2021 Mid-Year Accountability Report Update

In the first half of 2021, the COVID-19 pandemic continued to create a complex operating environment. Achieving Council's direction against a backdrop of uncertainty regarding the extent and duration of COVID-19 impacts, changing public health orders, and service demand fluctuations impacting both financial revenues and costs, remained a challenge.

However, 2021 has started off with some optimism on a variety of fronts. With the lifting of Calgary's State of Local Emergency on 2021 June 14, moving into Stage 3 of the Open for Summer plan by the Provincial Government, and continued vaccination trends, The City of Calgary (The City) has begun to re-open many facilities and offer programming that was unavailable in 2020.

The 2021 Mid-Year Accountability Report provides a brief update on our progress during the first half of 2021 towards commitments made in our four-year Service Plans and Budgets. We have continued to push forward in achieving Council's direction even with the pandemic affecting many aspects of our service delivery. Highlights for the first half of 2021 include:

How we supported arts and culture

- New Indigenous Public Art Curator was hired and began work, including on Indigenous Placekeeping pilot at the Municipal Atrium. Working with Indigenous artist Kalum Dan, artwork was unveiled on 2021 June 21 for 2021 August installation in the Municipal Atrium (pending confirmation of an appropriate hanging system).
- Calgary Arts Development (CADA) was announced as The City's new public art program operator on 2021 March 22. The City will work with CADA to gradually transition the operations of the program including community programming, calls for artists, community engagement and the procurement of new public art over the course of three years.
- The inaugural 3-week edition of Chinook Blast was completed, with approximately 390,000 people in attendance. While public health orders limited attendance, the outdoor art and light experience offerings had robust attendance and created broad brand awareness for future editions.

How we supported infrastructure investment

- With an increase in funds from The City's COFLEX program, the 2021 Home Program grants supported 22 housing stability and wellbeing projects which are expected to impact more than 4,000 residents.
- The City's new Prairie Sky Cemetery is operational, and features Calgary's first option for green burials.
- Council approved a \$45 million investment into the Repsol Sport Centre. This will provide new, modern aquatic amenities (like waterslides, lazy rivers, or wave pools) for the Beltline and Inglewood communities as well as the entire downtown area, and increase reasons to live, work and play in the inner city.
- The Bridlewood Affordable housing development was completed, providing stable housing for up to 250 people living in Calgary. Green building techniques and materials were used to maximize energy efficiency, limit environmental impact, and help reduce the energy costs for residents.
- The City is using Municipal Stimulus Program (MSP) infrastructure investment funds to deliver projects in Affordable Housing, Critical Road & Fiber Infrastructure Renewal, Cultural Building

Envelope Upgrades, Facility Upgrades, Park System Upgrades, Stormwater Community Drainage Improvements and for Transit Infrastructure.

How we modernized government

- The Responsible Pet Ownership (RPO) Bylaw review was approved by Council in Q2 2021. The RPO Bylaw had gone twelve years without a significant revision and this marks the modernization of regulation which supports positive outcomes for citizens and their pets.
- Successfully launched Flex Fleet, an innovative corporate car share program that provides employees better access to vehicles through online registration and keyless entry.

How we protected the public

- As of 2021 June, fire inspectors undertook 7,514 inspections in addition to regular permits and compliance monitoring services to meet legislated obligations under The City's Quality Management Plan.
- Three fire stations were completed, providing nearby residents with closer access to emergency services.

Additionally, services were able to make progress on the Citizen Priorities identified in the One Calgary Service Plans and Budgets. For the first half of 2021, 85 per cent of our service strategies were on track or completed, which is a 3 per cent improvement since our last update in the 2020 Year-End Accountability Report. Challenges were identified in 14 per cent of service strategies and 1 per cent have not started yet.

The 2021 June 30 year-to-date operating variance for The City is \$23.7 million favourable and comprises COVID-19 impacts of (\$31.3) million resulting from revenue declines and cost increases offset by \$55 million from savings initiatives and cost avoidance.

The COFLEX program has enabled Administration to optimize both Municipal Operating Support Transfer (MOST) funding and savings from other ongoing expenditure management initiatives to address the impacts of COVID-19. In the first half of 2021, a significant majority of the fund's \$73 million was allocated to support City operations as well as initiatives and programs by providing funding sources to help groups respond quickly to the changing demands on our services.

In November 2019, Council directed the Solutions for Achieving Value and Excellence (SAVE) program to target a reduction in tax-supported operating budgets. The program's focus for the first half of 2021 was twofold: implementing the first wave of business cases, which identify 2021 savings of \$26.4 million and were approved by Council during the Mid-Cycle Adjustments in 2020 November; and developing additional business cases to meet the 2022 program target of \$51.2 million in base budget savings (plus striving to find the additional \$8.7 million needed to achieve a zero per cent tax rate increase in 2022). The SAVE Implementation Coordination Office continues to work collaboratively with project teams across the organization to implement the approved savings in 2021 while also progressing work towards the 2022 target.

The City invests in infrastructure projects and programs to support service delivery and to help build a great city. The 2021 June 30, year-to-date capital investment was \$359 million, 15.2 per cent of the \$2.4 billion budget. Services have continued to adapt to supply and material challenges and limitations, COVID-19 health and safety guidelines, and human resources constraints. Despite these challenges and constraints, The City traditionally sees the spend rate increase the second half of the year, largely due to the busy construction season. In addition to the approved Service Plans & Budgets Capital portfolio, The City is delivering \$152.8 million of Municipal Stimulus Program (MSP) funding through 2021. Through its capital, The City continues to deliver build and maintain City assets, creating and sustaining local jobs to strengthen the local economy and contributing to a resilient city.

The City's COVID-19 Response

The City of Calgary remained in a State of Local Emergency (SOLE) until 2021 June 14. Before and after, The City maintained a flexible approach to changing service demands and public health orders.

The COVID-19 Executive Response Group (CERG) continued to guide The City's non-emergency response to the COVID-19 pandemic. In Q4 of 2020, the COFLEX program was introduced, which managed the Municipal Operating Support Transfer (MOST) funding from other orders of government, The City's response and recovery efforts as well as expenditure and investment management initiatives. This program's mandate was to ensure that funding decisions were optimized for maximum benefit to citizens and businesses in Calgary.

Through the four COFLEX response areas (Coping with COVID-19, Preparing for uncertainty around COVID-19, Supporting our Partners during COVID-19, and Planning for life with and after COVID-19), the program regularly assessed opportunities with a lens for future operations to best serve Calgarians. In the first half of 2021, a significant majority of the fund's \$73 million was allocated to a wide range of initiatives including:

- temporary patios;
- adaptive roadways;
- mass vaccination rollout;
- reopening of recreation facilities;
- Business Improvement Area (BIA) Levy Relief;
- targeting funding investments for City Partners; and
- many others crucial programs within The City.

As of 2021 July 2, the dollar value of approved COFLEX program applications is \$72 million, of the \$73 million total. As many initiatives are currently in progress, additional funding asks, and significant funding relinquishments may occur. Since the COFLEX program is scheduled to close the end of 2021 August, any additional funding asks, relinquishments, or noteworthy items occurring after July 2 will be highlighted in future Accountability Reports.

Administration used an agile, variance-based approach to manage and report on the service and financial impacts of COVID-19. This allowed us to quickly respond to the evolving situation by closing and reinstating services as soon as possible and focusing efforts on supporting citizens and businesses.

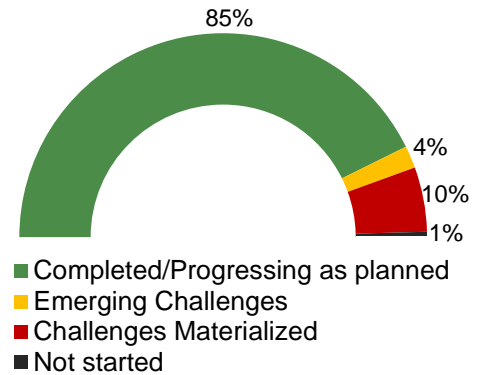
Between 2021 January 1 and June 30, Administration delivered four updates to Council and on Calgary.ca about service and financial impacts due to COVID-19, providing important context for decision-making throughout the year. COVID-19 reporting provided a public record of how we moved through this evolving situation. It was an opportunity to share current and projected service and financial (operating and capital) impacts, as well as commitments to savings with Council, leadership and the public.

Service Plan Performance

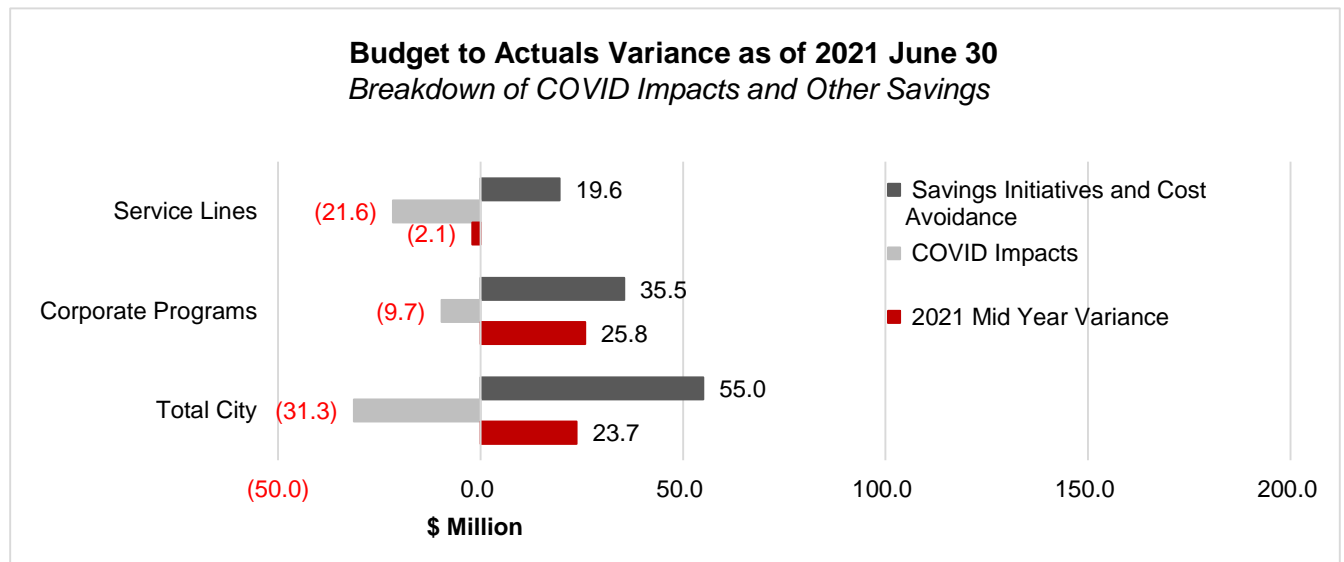
Progress of our strategies against plan

In the first half of 2021, 85 per cent of service strategies were on track or completed, which is a 3 per cent improvement since our last update in the 2020 Year-End Accountability Report. Challenges were identified in 14 per cent of service strategies, while only 1 per cent had not started. Of those stating they had not started the majority were due to impacts from closures and resourcing constraints related to COVID-19. These services are now slated to reopen/increase hours.

Given the recent lifting of The City's State of Local Emergency, along with the Province's entry into Stage 3, many services are resuming in-person programming and are continuing to meet the needs of Calgarians in a highly uncertain environment.



Operating Budget Overview

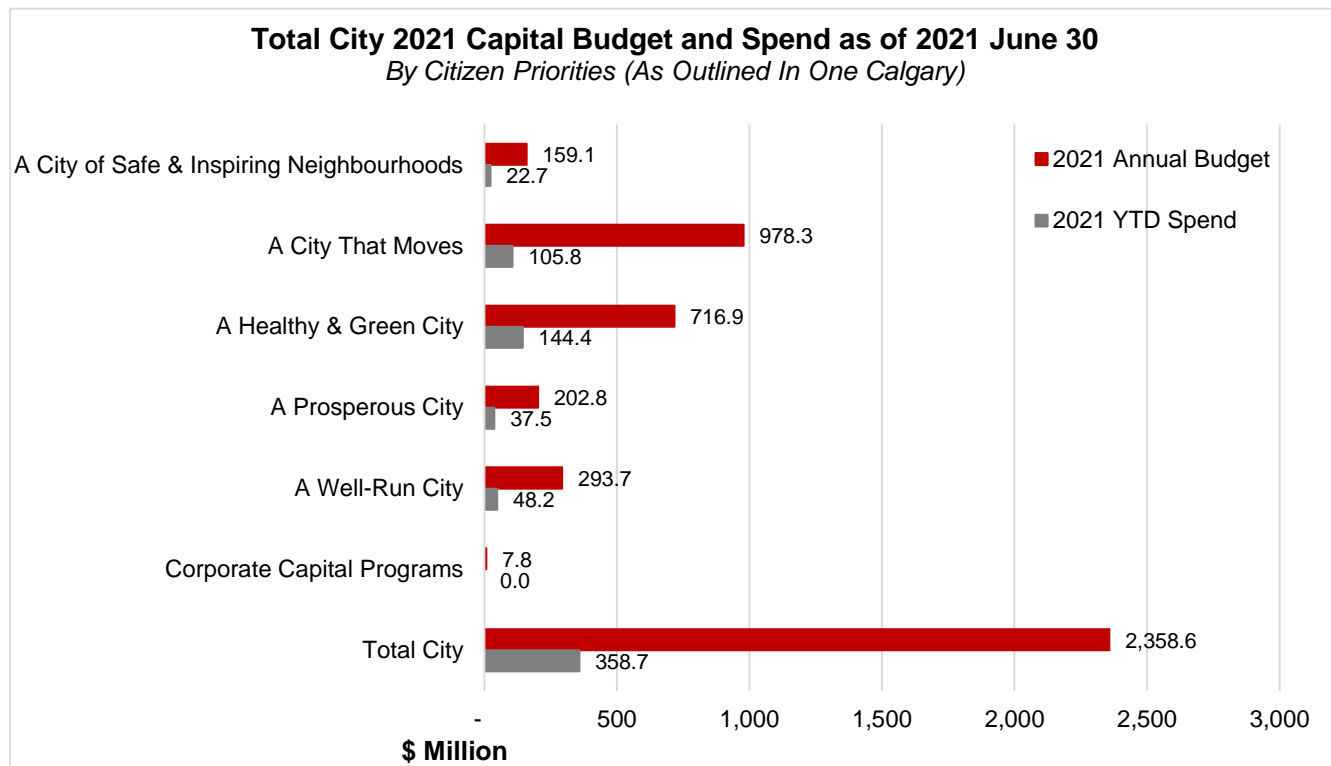


The City's favourable variance of \$23.7 million as of 2021 June 30, was a combined effect of:

- (1) Service line variances totaling \$(2.1) million:
 - COVID-19 impacts of \$(21.6) million primarily relating to reduced transit ridership, lower parking revenue as well as incremental expenses for facility cleaning, IT equipment and pandemic supplies. Revenue impacts resulting from the closure of recreational facilities were offset by staff reductions and savings associated with these closures.
 - Offset by \$19.6 million in savings and cost avoidance from strategically managing the workforce, lower manageable costs and temporary service changes.
- (2) Corporate Programs' variance of \$25.8 million:
 - Savings of \$35.5 million mainly relating to corporate provisions that were not yet utilized, centralized budgets that were not allocated to services during this period and a favourable variance in investment income from higher bond returns.
 - Offset by COVID-19 impacts of \$(9.7) million primarily driven by lower dividend and enforcement revenue from Calgary Parking Authority and waived fines and penalties in the Taxation program.

The COFLEX program will enable Administration to optimize both Municipal Operating Support Transfer (MOST) funding and other ongoing expenditure management initiatives to address the ongoing impacts of COVID-19.

Capital Budget Overview



As of 2021 June 30, The City's capital investment was \$359 million (15.2 per cent of the previously approved \$2.4 billion capital budget). The tax supported component of The City's 2021 year-to-date investment represents approximately \$249 million of the \$368 million. For the same period in 2020, The City's capital investment was \$416 million (21.8 per cent of the previously approved \$1.9 billion capital budget)

COVID-19 has resulted in many changes to City services and infrastructure. Services have adapted to supply and material limitations, COVID-19 health and safety guidelines and human resources constraints. COVID-19 has also presented opportunities: upgrades to 26 recreation facilities and many road improvements were accelerated due to facility closures and reduced road usage. Traditionally, The City sees the capital spending rate increase in the second half of the year, largely due to the busy construction season, and the same is forecasted this year. As of 2021 June 30, the year-end projected spend rate is 58.9 per cent. The City continually reviews its spending against approved budget and investment timelines.

Through its capital, The City continues to deliver build and maintain City assets, creating and sustaining local jobs to strengthen the local economy and contributing to a resilient city.