

Introduction

The Mid-Cycle Adjustments to Action Plan 2015-2018 will be deliberated in November 2016. These adjustments will be more comprehensive than regular annual adjustments and will include information from a variety of sources, including citizen engagement, economic scenarios, updated financial forecasts and ongoing dialogue between Council and Administration. Following approval of the Mid-Cycle Adjustment process by Council in December, 2015, the first phase of Council-Administration dialogue was completed in January and February of 2016, through a series of individual interviews with all Council members. This document is a summary of themes from those interviews.

Method

Staff from Corporate Initiatives and the Corporate Budget Office completed one-on-one interviews with all 15 members of Council in early 2016. The interviews included three broad and open-ended questions with the intent to capture:

- 1) The main emerging issues and challenges that Councillors are hearing about from their constituents related to City services;
- 2) The expected major areas of focus for 2017-2018 Adjustments (acknowledging that “adjustments” are not synonymous with opening up the plans and budgets for a full scale review); and
- 3) Any Councillors’ requests for specific information during the balance of the Adjustments process.

Following each interview, Administration circulated the interview notes to the respective Council member for validation.

Summary of Findings

This summary includes high-level, recurring themes from the interviews and reflects the views of Council members at the time that the interviews were conducted. Because the interviews were open-ended, allowing Council members to select their own topics, the summary does not necessarily capture the opinions of all Council members on each issue.

Emerging Issues and Challenges: The Economy

The change in Calgary’s economy was the emerging challenge mentioned the most often. Several Council members noted how the decline in the local and provincial economy will present significant new challenges, both for the community at large, and for this organization. Many Councillors said that it is important for The City to show leadership, provide certainty, and be seen as focusing more on getting things done. Some thought The City should be very active in promoting economic growth and diversification, and treat it as a matter of urgency.

To reinvent the economy, a few Councillors advised that The City should consider multiple sectors versus one big rescue, getting away from unstable revenue sources and reinventing through innovation, community building and wellbeing. One encouraged the idea of selling Calgary as a destination for investment – leveraging our strong talent pool, infrastructure and low dollar while another suggested that we need to work with partners to have a more coordinated marketing strategy.

Mid-Cycle Adjustments Summary of Councillor Engagement

A few Councillors cited examples of the challenges faced by small business owners with issues of “red tape” related to approvals, noting that during these tough economic times, small businesses could help create jobs. They observed the risks of increasing “underground businesses,” where compliance and or licensing are circumvented and by the potential to lose projects if delays cause investors to reevaluate based on the economy.

It was also noted by several Council members that, although it is important to take the current economic conditions into account, The City cannot take ownership of this issue, especially at the expense of building our city, or taking a long-term approach to creating a liveable community.

Action Plan and Service Levels

Generally Councillors think Action Plan is a solid plan and that, as much as possible, The City should stay the course. Many members of Council expressed that they were currently not hearing anything from their constituents about changing service scope or service levels, nor has anything necessarily become less important from their perspective. The services most frequently identified as potentially needing more attention were:

- Affordable housing
- Social services, and
- Approvals of developments, buildings and business licences (in particular when this may help to stimulate economic development and create jobs).

Other services mentioned include policing, transportation, parks (particularly park benches) and the value of small projects that may lift peoples’ spirits. One suggested interest-free loans for small businesses, and one said that The City needs to do more for community associations as they are struggling to fundraise and that supporting these associations is especially important during an economic downturn.

Taxes, Rates and Fees

Some Councillors noted that, irrespective of economic conditions, there is always a plea to cut taxes. However, for mid-cycle adjustments, many Council members indicated that there will be significantly more pressure to reduce the previously-approved tax rate increase. A few members of Council suggested tax increases ranging from 0 – 3.5%, with one Councillor stating that there should be no impact to services.

Some cautioned against focussing on tax rates alone. One member of Council noted the risk that early approval of a tax rate focuses the conversation onto a single number, and on one side of the equation only, whereas the discussion should be about how to balance taxes with achieving the community vision and meeting citizens’ needs. Another noted that there is a need for The City to look at reducing increases (including utility rates and user fees) all around, rather than on tax rates alone. Fees where citizens may have little choice about usage (e.g. utility fees, transit) were specifically noted.

Cost Savings and Efficiencies

Council members advised that The City needs to be “lean”, to continue to find efficiencies and to be clear about where and how the savings are being achieved (including those achieved from the zero-based reviews). One Councillor cautioned that though we should expect to see some savings in budgets due to lower costs, The City should be mindful about future impacts when prices rebound.

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Members of Council acknowledged that it will be more difficult to make cost reductions that could mean impacts to services, but stressed the importance of being mindful and making some tough choices. One Councillor stressed that it was important to not “nibble away” at things that make marginal differences and requested Administration to think about making adjustments to services that will quickly recover when the economy rebounds.

A few comments were made about The City’s workforce, encouraging Administration to consider:

- Contracting out rather than hiring new staff to create more jobs out there
- Looking at upcoming union negotiations with a focus on saving and making the discussions or outcomes public and,
- Thinking of vacancies or cutting down on positions through attrition.

One member of Council made reference to The City’s recent organizational changes and was optimistic that these changes would emphasize speeding up approvals and will continue to yield savings.

Differing viewpoints were expressed about the use of the Fiscal Stability Reserve (FSR). While one advocated using the FSR until we have more information about the long-term economic situation. Others said that The City should become more conservative and that this is not the time to draw from the FSR. There was broader agreement on the importance of protecting The City’s financial standing and credit rating.

Infrastructure Investments

Within the context of making investments in infrastructure (e.g. transit) there was a spectrum of opinions, from Councillors who support new investments that will attract people to Calgary, make the city liveable and enable the economy to diversify over the long run, to those Councillors advocating for delaying projects or, reallocating funds to do things later when economic conditions have improved.

With the anticipated focus on capital spending, Councillors have reiterated the need to be mindful of the impacts to future operating costs. Several suggested that capital be focussed on projects that will not increase (and ideally would even reduce) future operating costs – for example life-cycle maintenance and upgrades. It was also suggested that The City should give priority to projects that provide a direct, demonstrable benefit to the community (e.g. job creation).

As federal and provincial budgets will heavily inform the capital adjustments, some Councillors advised that The City will need to work closely especially with the province for funding and to ensure that needs are aligned (e.g. capital investment that corresponds with the Province’s goal for carbon reductions).

A few Councillors expressed concern about high vacancy rates in some areas, and have requested Administration to think about how we can re-purpose spaces and maximize redevelopment opportunities that are revenue-generating with a net benefit to The City.

Requests for Additional Information in the Adjustments Process

A large number of Councillors requested updated financial and economic forecasts on population and demographics, revenues (assessment base, user fees, investments, etc.) and expenses (e.g. how changes to inflation may reduce costs in specific departments). Other specific information requests include the impact of the carbon tax and of a negative interest rate. Several noted the benefits of regular

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updates and the ongoing dialogue, in contrast to receiving information all at once and being asked to make a decision.

Related to this, several Councillors indicated that they would like to receive comprehensive information packages in advance of the Council meetings and decision points.

With respect to citizen engagement, Council members had a number of suggestions in support of the engagement that was underway in February of this year. Several felt that it likely would not be necessary to undertake another major engagement initiative in the fall.

What's next?

Information gathered from the Councillor interviews will be presented along with results of citizen engagement during the 2016 April 18 Strategic Council Meeting. Administration will use this information as input as it considers proposed adjustments.