

Background and Previous Council Direction

This attachment provides background to the historical context of the Long Range Financial Plan process, and gives an overview of the Council direction to which this report responds.

Background

In early 2004, the Chief Financial Officer initiated a report to the Standing Policy Committee on Finance and Corporate Services to obtain Council approval for developing a Long Range Financial Plan for The City. In May 2004, Council approved the development of the plan.

The first Long Range Financial Plan was received by Council in 2007 to identify the systemic issues that present barriers to The City of Calgary's financial sustainability. It was followed by updates in 2008, 2009, 2011, and 2015 respectively. In 2011, the Long Range Financial Plan was updated by running concurrently with the Business Planning and Budget Co-ordination 3 and integrating with the three-year budget cycle in 2012-2014, and other long-term planning initiatives at that time such as the Infrastructure Status Report and Strategic Growth and Capital Investment. The 2015 updated Long Range Financial Plan ran concurrently with the Business Planning and Budget Co-ordination 4, integrated with the four-year budget cycle of the 2015-2018 Action Plan. It was also included as a deliverable of the Leadership Strategic Plan and Build Calgary initiatives.

The Long Range Financial Plan updates in 2008, 2009, 2011 and 2015 followed similar methodology established in the initial 2007 Long Range Financial Plan and provided both updated financial projections and revised strategies for the plan. In 2018, the projections in the Long Range Financial Plan were updated to support the development of service-based budgeting and planning cycle of 2019-2022 for One Calgary, while the strategies in the plan were not updated.

Significant changes have happened to Calgary's economy and its impact on municipal finance since the previous updates. The changes include both short to medium term factors, such as the economic downturn, downtown office vacancy and assessment value reduction, tax shift, COVID-19 pandemic and its immediate shock on municipal services; and longer-term factors, such as demographic shifts, growth of knowledge economy, technological changes, and long-term influence of COVID-19 in post pandemic. These changes have generated the demand for The City to update its Long Range Financial Plan projections and strategies. The maturity of the service planning and budgeting with the implementation of One Calgary has also created an opportunity for the methodology update of the Long Range Financial Plan process. This Long Range Financial Plan update is to reflect the implementation of service planning and budgeting and the impact of external changes on municipal revenues and expenditures through the development of the "bottom-up" methodology and extensive work and engagement with services.

Previous Council Direction

DATE	REPORT NUMBER	DIRECTION/DESCRIPTION
2004 May 03	FCS2004-30	Long Range Financial Plan Council approved the development of a Long Range Financial Plan for The City of Calgary.
2004 September 13	FCS2004-53	Long Range Financial Plan Project Update Council approved that the Phase 1 report of the Long Range Financial Plan be provided to the June 2005 Council meeting.
2005 June 13	FCS2005-23	Long Range Financial Plan Project Update Council approved deferral of the Phase 1 report on the Long Range Financial Plan until early 2007.
2007 March 14	FCS2007-14	Calgary's First Long Range Financial Plan Council approved the recommendations that: 1. Receive The City's first Long Range Financial Plan for information; 2. Request that implementation of the financial strategies identified in the Long Range Financial Plan be delivered in upcoming three-year cycles; and 3. Request Administration to provide an updated Long Range Financial Plan to Council in advance of the guideline setting process for the 2009-2011 business cycle.
2008 April 9	FCS2008-12	Long Range Financial Plan 2008 Update Council received the Long Range Financial Plan 2008 Update for information and directed the Administration to bring the next update prior to the business plan and budget adjustment meeting in 2009 and prior to the guideline setting process for the 2012-2014 business plan and budget cycle.
2009 November 4	FCS2009-46	Long Range Financial Plan 2009 Update for 2010-2019 Council received the Long Range Financial Plan 2009 Update for information.
2011 November 9	FCS2011-30	Long Range Financial Plan 2011 Update Council received the Long Range Financial Plan 2011 Update for information.

2015 September 21	C2015-0781	<p>Build Calgary Update</p> <p>A Finance Update was included in the Build Calgary Update and presented to Council, including 10-year financial projections of capital funding gap and operating budget gap, as well as Long Range Financial Plan strategies and implementation actions. Council received the report for information.</p>
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