

Background

The annual Adjustment process as described in the Multi-Year Business Planning and Budgeting Policy (CFO004) for The City of Calgary (The City) provides defined mechanisms to adjust the business plans, performance measures and targets, and operating and capital budgets after they are approved.

The approach involves annual adjustments within the cycle for the following year, including a larger mid-cycle review, which identifies changes in circumstances based on socio-economic conditions, Council priorities, and feedback from citizen engagement. The adjustment process can change service plans, measures and budgets (operating and capital) for the remaining years of the cycle.

Context

The City continues to manage many complex and challenging issues, including COVID-19 mitigation and recovery, economic revitalization, and key social concerns such as equity. At the same time, Administration continues to support direction from Council to reduce costs and improve value for taxpayers.

2022 is the last year of the four-year cycle for the 2019-2022 One Calgary Service Plans and Budgets. Within the cycle, annual adjustments allow Council to respond to the changing context and evolving needs of Calgarians. 2022 Service Plans and Budgets Adjustments is about making challenging decisions, finding the right balance between tax rates and user fees and opportunities for strategic investments in our community.

Previous Council Direction

2022 Service Plans and Budgets Adjustments

On 2021 September 7 (PFC2021-1209) Council was briefed on The City's progress in the first half of 2021 (January 1 to June 30) toward delivering the One Calgary 2019-2022 Service Plans and Budgets. This included an update on the Solutions for Achieving Value and Excellence (SAVE) program, The City's COVID-19 response, the COFLEX program, strategy progress, along with operating and capital budget overviews.

On 2021 July 26 (PFC2021-1122), Council directed Administration to bring forward a recommendation for funding for a weather resilient building material program to lessen the impact of climate change for consideration to the 2022 Budget Adjustments in 2021 November.

On 2021 July 20 (PFC2021-0787) Council was provided with a SAVE program update on results achieved to date. This included introduction to the remaining business cases that were completed after 2020 November Service Plans and Budgets Adjustments and would further help achieve Solutions for Achieving Value and Excellence program targets.

On 2021 June 28 (C2021-0780), at a Strategic Session of Council devoted to Prioritizing the Principle of Equity, Council directed Administration to bring forward an action and resourcing plan to support equitable service and investment outcomes for consideration to the 2021 November budget deliberations.

On 2021 June 21 (PFC2021-0887), Council directed Administration to bring forward a request for a budget increase for the Indigenous Relations Office through the November 2021 budget deliberations

that will accelerate the advancement of actions outlined in the White Goose Flying Report.

On 2021 June 21 (PFC2021-0909), Council directed Administration to bring forward a proposal outlining the costs for a 2022 parks and open spaces pandemic recovery program that may include sports field, turf and trails repair, shrub bed and park clean-up, staff resources, beautification work, etc. for consideration as part of the 2022 budget adjustment process, optimizing funding sources for those budget amounts through a detailed analysis of eligibility for various sources to include grants, Municipal Sustainability Initiative, and other City funding sources.

On 2021 May 18, Administration provided the Priorities and Finance Committee (PFC) with a verbal Budget Update pertaining to the 2022 Service Plans and Budget Adjustments (PFC2021-0655) along with an overview of plans for the 2022 Adjustments process. On 2021 May 31, Council adopted the verbal Budget Update (PFC2021-0655) on consent.

On 2021 March 22 (C2021-0373), with respect to a report titled "City of Calgary Citizen Privacy Data Practices: 2019-2021 Privacy Framework Workplan Deliverables," Council directed Administration to report back to the Priorities and Finance Committee with a workplan no later than Q4 2021 with the intention of bringing resource requests, if any, to the budget adjustment process in November 2021.

On 2020 November 9 the motion to approve the COFLEX Program (C2020-1362) was carried. The COFLEX program's purpose is to enable a flexible and timely response to COVID-19 and allocate MOST (Municipal Operating Support Transfer) funding in the following focus areas: coping with COVID; supporting our Partners during COVID; preparing for uncertainty around COVID; and planning for life with and after COVID.

On 2020 November 3 (NoM C2020-1266) Council directed Administration to provide an assessment as part of the budget process in 2020 November on the consideration of allocating of up to \$10 million in 2021 and \$10 million in 2020 from the Police Service's base budget and other sources to the implementation of the Community Safety Investment Framework.

On 2020 November 2 at the combined meeting of Council through the consent agenda, Council approved Water, Wastewater and Stormwater 2021 and 2022 rate changes originally presented at Priorities and Finance Committee on 2020 October 19 (PFC2020-1140). These changes were reductions from the One Calgary 2018-2022 approved rate changes.

On 2020 September 8 (PFC2020-0891), Council received the Solutions for Achieving Value and Excellence program's Preliminary Results and Actions for the Corporate Record and discussion.

On 2020 July 21 (PFC2020-0726), Council directed Administration to recommend adjustments to the 2021 service plans & budgets based on a 0% tax rate increase in 2021.

On 2020 July 20 (C2020-0862), Council received the Solutions for Achieving Value and Excellence program's Core Service Review for the Corporate Record and discussion and directed that it be held confidential pursuant to the Freedom of Information and Protection of Privacy Act.

On 2020 June 15 (C2020-0714), A Notice of Motion entitled "Union Wage Contract Negotiations 2021- 2022" directed Administration to the Priorities and Finance Committee in a closed meeting on 2020 July 14 for a discussion on the 2021 indicative tax rate to meet the service and financial goals

and targets of The City in a time of recovery and resiliency, with a view to our longer-term financial sustainability.

On 2020 April 30 (C2020-0508) and 2020 May 11 (C2020-0542), Administration brought forward to Council relief measures aimed to support Calgarians in response to the COVID-19 pandemic.

On 2020 April 6 (PFC2020-0284), Council approved the recommendations from the Solutions for Achieving Value and Excellence Program Update, which included “that Council commit to trust the processes and endeavor to provide confidence to citizens and encouragement to staff”.

On 2020 January 21 (PFC2020-0117), PFC received a verbal update and presentation on Fiscal Sustainability in 2020. This report outlined the goal is to identify \$74 million in operational savings while preserving service value for citizens and changed the name of the Strategy for Improving Service Value (SISV) to the Solutions for Achieving Value and Excellence (SAVE) program.

On 2019 November 29 (C2019-1052), during the 2020 Adjustments to One Calgary Service Plans and Budgets Strategic Meeting, Council approved the 1.5% tax rate scenario, which represented a \$26.5 million reduction to the previously approved operating budget. Council also approved that the tax proportion responsibility as 52% residential and 48% non-residential. Additionally, they directed Administration to allocate one-time funds of \$24 million to effect a 0% tax rate increase in 2020 and allocate an additional \$24 million toward the 2021 operating budget to prevent a bow wave effect.

On 2019 November 29 (PFC2019-1402), Council approved revised 2020 rates for the Water, Wastewater and Stormwater lines of service in response to worsening economic conditions at the time, and ongoing slower growth than anticipated. Council directed Administration to report back with indicative rates for 2021 and 2022 prior to the November 2020 Mid-Cycle Adjustments.

On 2019 July 29, Notice of Motion 2019-1011, Delivering Modern & Affordable Municipal Services in an Environment of Economic Constraint, directed Administration to seek proposals from external experts about services available to assist Council and Administration to achieve savings on the delivery of municipal services, capitalize on revenue generation opportunities, and identify short and longer-term efficiencies, all while considering Citizen Priorities and Council Directives within an environment of economic restraint.

On 2019 July 23 (C2019-0901), Council approved \$60 million in permanent operating budget reductions for the 2019 tax year.

On 2019 July 16 (C2019-0883), the Solutions for Achieving Value and Excellence program, previously known as the Strategy for Improving Service Value (SISV), was introduced to Council. Council also directed Administration to bring two scenarios, equal to a 1.5% tax rate increase and a 0% increase, to the 2020 adjustments to the plan and budget deliberations in November. These scenarios are equivalent to \$26.5 million and \$52.5 million reductions to tax revenues respectively.

On 2019 June 10, Notice of Motion C2019-0782, Immediate Tax Relief for Calgary Businesses, directed Administration to identify \$60 million for the 2019 tax year and bring those reductions for approval no later

On 2018 November 30 (C2018-1158), Council approved the One Calgary 2019-2022 Service Plans and Budgets.

Previously Approved Investments

On 2021 April 26 (C2021-0524), Council approved the “Greater Downtown Plan – Initial Investment and Approvals”, including investment categories and allocations, and with the \$200 million initial investment funded by \$60 million from the Budget Savings Account, \$63 million from the Fiscal Stability Reserve and \$77 million from the Canada Community Building Fund subject to receipt of the 2021 increase.

On 2020 November 9 (C2020-1215), as part of the Mid-Cycle Adjustments to the One Calgary 2019-2022 Service Plans and Budgets, Council approved new investments including:

- Heritage Conservation Tools and Incentives – Base Increase to the City-wide Historic Resource Conservation Grant Program. Council directed that a proposed annual base funding increase of \$2 million to heritage conservation tools and incentives be delayed until 2023, while allowing one-time annual funding of \$1 million per year from the 2021 and 2022 budget year from the Fiscal Stability Reserve.
- Calgary’s Commitment to Anti-Racism. Council approved \$2.5 million in base funding.
- Implementation of the Financial Task Force Recommendations. Council approved an investment of \$1.279 million in base funding.
- Business and Local Economy Team. Council approved one-time funding of \$270 thousand in 2021 and \$170 thousand in 2022, to be funded from the Fiscal Stability Reserve.
- 2021 General Election – Council approved one-time funding of \$1.5 million for 2021, to be funded from the Fiscal Stability Reserve.
- Economic Resilience Task Force (ERTF) – Medium-Term Economic Recovery Programs. Council approved an investment of \$174 thousand in base funding, along with one-time funding of \$187 thousand for 2021 and \$187 thousand for 2022.
- Council also increased one-time funding for the Capital Budget for Urban Forestry by \$2.5 million per year for 2021 and 2022, only to be used solely for the purpose of improving Calgary’s Tree Canopy, to be funded from the Fiscal Stability Reserve.

Related Adjustments

DATE (D/M/Y)	REPORT NUMBER	DESCRIPTION
20/07/2021	PFC2021-0787	Solutions for Achieving Value and Excellence (SAVE) Program Update and Results
26/07/2021	PFC2021-1122	Resilient Roofing Rebate Program Update
28/06/2021	C2021-0780	Prioritizing the Principle of Equity
21/06/2021	PFC2021-0887	White Goose Flying Update (Verbal)
21/06/2021	PFC2021-0909	Notice of Motion – Investment in Calgary’s Parks and Open Spaces
18/05/2021	PFC2021-0655	2022 Budget Update - Verbal

22/03/2021	C2021-0373	City of Calgary Citizen Privacy Data Practices: 2019-2021 Privacy Framework Workplan Deliverables
11/09/2020	C2020-1215	Mid-Cycle Adjustments to the One Calgary 2019-2022 Service Plans and Budgets
11/03/2020	NoM C2020-1266	Reallocating Policing Resources to Support Community Safety
11/02/2020	PFC2020-1140	Water Utility Indicative Rates - Revised for 2021 and 2022 and Financial Plan Update
11/02/2020	PFC2020-0962	2020 Growth Strategy Monitoring Report
11/02/2020	PFC2020-0963	New Community Growth Strategy 2020
19/10/2020	PFC2020-1140	Water Utility Rates – Revised for 2021 and 2022 and Financial Plan Update
13/10/2020	PFC2020-1014	2021 Preliminary Assessment Roll and Related Estimates
10/05/2020	C2020-1096	Planning and Development COVID-19 Fee Relief Update
10/09/2020	C2020-1006	Briefing Note re: Anti-Racism Action Item Update
08/09/2020	PFC2020-0891	Solutions for Achieving Value and Excellence (SAVE) Program Preliminary Results and Actions
27/07/2020	PUD2020-0758	Heritage Conservation Tools and Incentives Update Report
27/07/2020	C2020-0815	Financial Task Force Recommendations – Implementation Approach and Resources
21/07/2020	PFC2020-0726	Mid-Cycle Adjustments – Indicative Tax Rate for 2021
20/07/2020	C2020-0862	Solutions for Achieving Value and Excellence (SAVE) Core Service Review
20/07/2020	CPS2020-0776	Update on Calgary’s Commitment to Anti-Racism
29/06/2020	C2020-0724	Report and recommendations of the Financial Task Force
29/06/2020	C2020-0699	Administration’s Rethink to Thrive Strategy
15/06/2020	C2020-0714	Notice of Motion Union Wage Contract Negotiations
20/06/2020	C2020-0715	Notice of Motion - Calgary’s Commitment to Anti-Racism
11/05/2020	C2020-0542	Briefing Note COVID-19 Relief Package to Support Businesses

30/04/2020	C2020-0508	Discussion on Municipal Relief (Verbal)
06/04/2020	PFC2020-0284	Solutions for Achieving Value and Excellence (SAVE) Program Q1 2020 Update
24/02/2020	AC2020-0196	2017 Municipal Election Follow-Up Audit
21/01/2020	PFC2020-0117	Fiscal Sustainability in 2020
29/11/2019	C2019-1052	2020 Adjustments to the One Calgary Service Plans and Budgets

Bylaws, Regulations, Council Policies

There are multiple policies and bylaws that guide adjustments to the service plans and budgets.

Relevant Polices

- Multi-Year Business Planning and Budgeting Policy (CFO004)
- Fiscal Stability Reserve (CFO002)
- Franchise Fee/MCAF Revenue Budgets and Variances (CFO003)
- Budget Reporting Policies (CFO006)
- Reserves Policy (CFO13)
- User Fees and Subsidies Policy (CFO010)
- Calgary Heritage Strategy and Policy (LUP007)
- Civic Census Policy (CC005)
- Investing in Partnerships Policy (CP2017-01)

Relevant Bylaws

- 42M2020 Waste Bylaw
- 14M2012 The Wastewater Bylaw
- 37M2005 The Drainage Bylaw
- 40M2006 The Water Utility Bylaw