



# Memo

2021 November 19

To: Mayor Gondek and Members of Council  
From: Carla Male, Chief Financial Officer

**Re: 2022 Adjustments to the One Calgary Service Plans and Budgets – Follow-up on Questions - 3**

Your Worship and Members of Council,

The One Calgary team is continuing to actively coordinate responses to your questions related to the 2022 Adjustments to the One Calgary Service Plans and Budgets. This is the third memo to address these questions in the days leading up to the start of budget deliberations on 2021 November 22. These memos will also be entered into the public record.

This memo addresses outstanding questions from the Special Meeting of Council on 2021 November 8 and questions asked at two Council Open Houses on 2021 November 16 and 2021 November 17. Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,

Carla Male (she/her), CPA, CA  
Chief Financial Officer  
The City of Calgary  
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Calgary, AB T2P 2M5  
Carla.Male@Calgary.ca

cc: Executive Leadership Team; Al Louie; City Clerk

Attachments:

1. Questions and Answers
2. Funding Sources for the 2022 Capital Budgets Adjustments

## Attachment 1: Questions and Answers

### Questions from 2021 November 8 Special Meeting of Council - Fall Economic Outlook Update (C2021-1476)

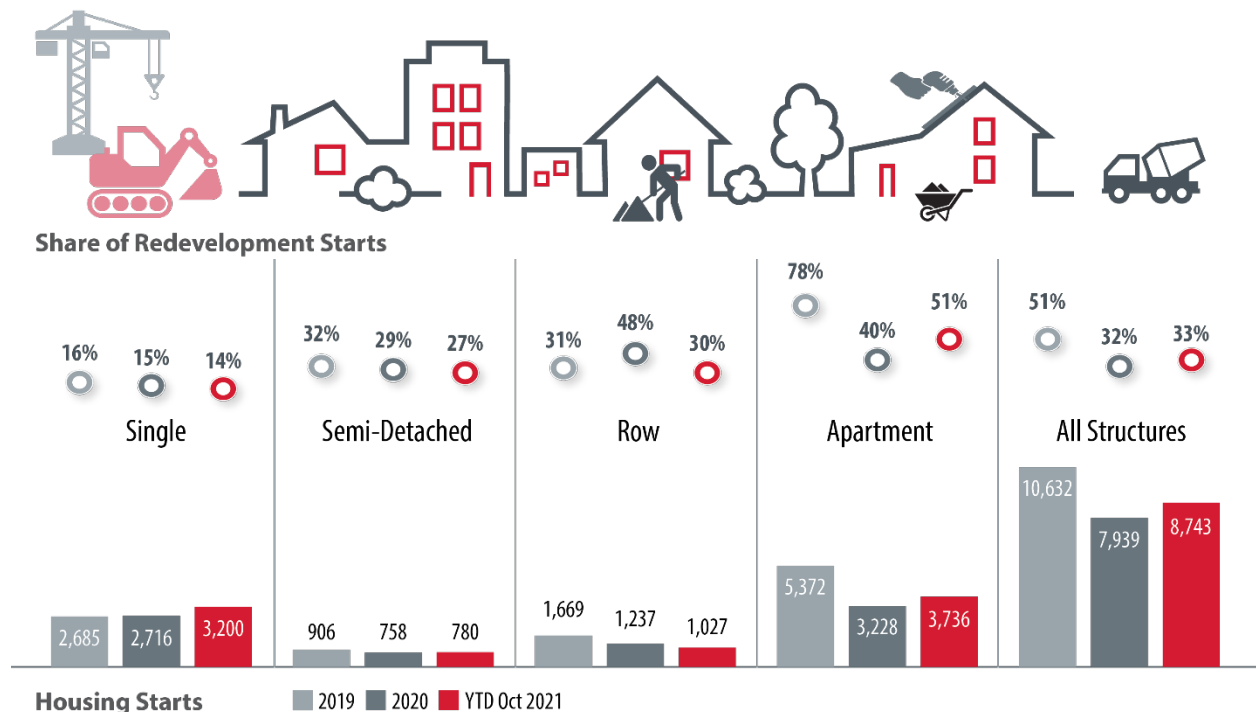
1. With respect to the real estate forecasts, are housing starts exclusively greenfield? Is Building Permit value both residential and commercial? In future reporting, is it possible to see data related to redevelopment?

#### **Total Redevelopment Houses Started in the City of Calgary**

The total starts reflect both established and greenfield. Canada Mortgage and Housing Corporation (CMHC) provides the residential housing starts data. Corporate Economics identified established areas based on the suburban residential growth (SRG) definition of established areas for The City of Calgary. The SRG definition of established areas is continually updated. Once a community is sufficiently built out, it is labeled as established.

In 2019, 10,600 total houses were started in Calgary, of which 51.0 per cent made up redevelopment starts. However, the share of total redevelopment started had decreased to 32.0 per cent in 2020. As of October 2021, the share of redevelopment started was 33.0 per cent of total houses started (8,700 homes as of October-end) in Calgary.

#### **City of Calgary: Housing Starts vs. Redevelopment Start**



Data Source: Canada Mortgage Housing Corporation (CMHC): [https://www03.cmhc-schl.gc.ca/hmip-pimh/#Profile/4806016/4/Calgary%20\(CY\)](https://www03.cmhc-schl.gc.ca/hmip-pimh/#Profile/4806016/4/Calgary%20(CY))



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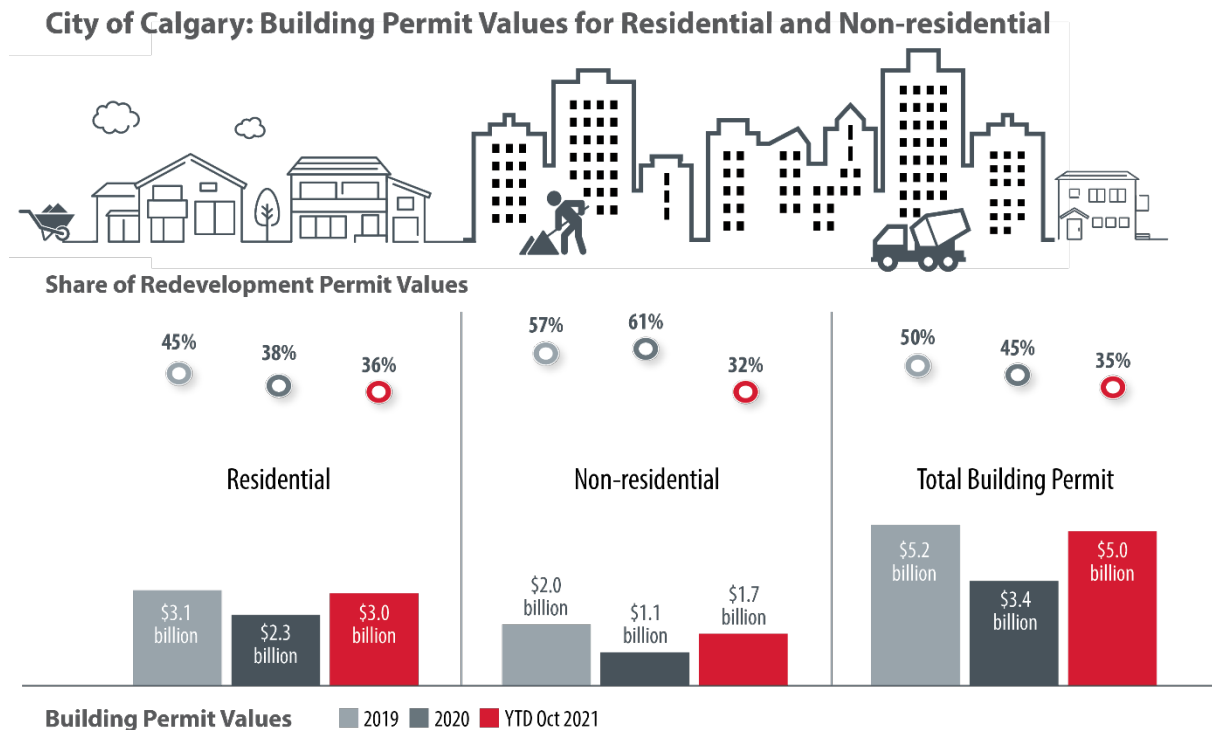
## Total redevelopment Permit Values in the City of Calgary

The total permit values contain both residential and non-residential permits. The non-residential permits include commercial, industrial, institutional and government structures, among others. In 2019, the share of redevelopment permits was 50.0 per cent of total permit values and fell to 45.0 per cent of total permits in 2020. This share is expected to decrease to about 35.0 per cent in 2021. As of November 16, 2021, its share of the total permit value was 35.0 per cent.

Though residential permit values made up roughly 64.0 per cent of total permits in 2019 and 2020, residential redevelopment permits made up roughly 42.0 per cent of total residential permit values in the same periods. The residential redevelopment share is expected to decrease to roughly 36.0 per cent of total residential permit values in 2021, similar to its current value as of November 16, 2021.

In the non-residential segment, roughly 59.0 per cent of total non-residential permits were non-residential redevelopment permits in 2019 and 2020. As of November 16, 2021, the non-residential redevelopment permits made up 32.0 per cent of total non-residential permit values.

The share of redevelopment permit value of total permit value between 2010 and 2020 was 50.0 per cent. The residential redevelopment permit value share averaged 45.0 percent of total residential permit values over the same period. In comparison, the non-residential redevelopment permit values averaged about 57.0 percent of total non-residential permit values.



[Building Permit Values by Community | Open Calgary](#)



## 2. Who is coming and going in our city by age group? Is there evidence to support an assertion that young people are leaving our city?

In 2002, domestic net migration made up 53 per cent of total net migration (19,208 persons) in the Calgary CMA, and 75 per cent of domestic net migration was comprised of persons thirty years old and under. By 2014 domestic net migration made up 42 per cent of total net migration (32,400 persons). The share of domestic net migration for thirty years and under was 66 per cent of the domestic net migration. In 2002, international net migration of persons thirty and under made up 61 per cent of total international net migration (5,400 persons) and 65 percent of international net migration (12,200 persons) in 2014.

Fast-forward to 2016, when more regional folks left the region than came in. In 2016, 28 per cent of the domestic net migration was thirty years old or under. However, international net migration was 17,000 persons, with over 74 per cent making up thirty years and younger. The difference between 2010 and 2016, which experienced a negative domestic net migration, was that more younger persons came in than left the region in 2010 than in 2016. In 2016, about 1,000 more younger persons left than moved in. In all the instances studied, there was an influx of persons thirty-years and younger that moved into the region than moved out.

In 2020, the share of domestic net migration shrunk to 21.0 per cent of total net migration (20,000 persons) while 69 per cent and 0.65 per cent of persons thirty years and under made up domestic and international net migration, respectively.

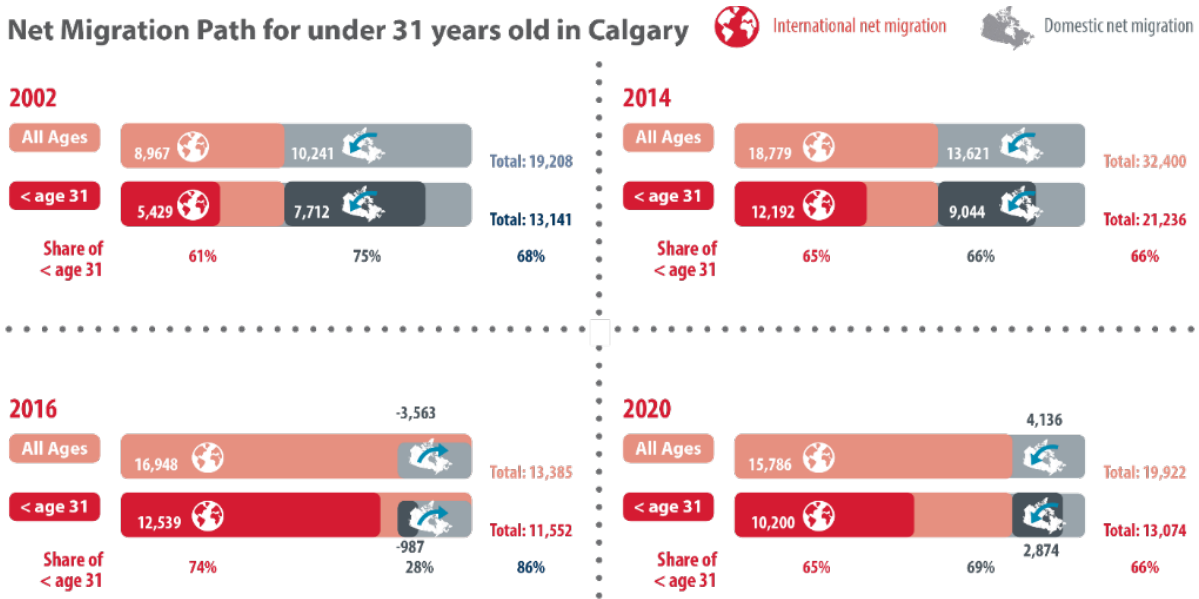
### ***In summary:***

(1) Overall, net migration of persons thirty years and younger has remained positive (2) the share of net migration represented by this age group has averaged about 70 per cent; (3) 2016 experienced a net loss of domestic migrants with only 28 per cent comprising thirty years or younger, but international net migration provided a significant positive offset; and (4) the thirty and under age group has made up over 66 per cent of international net migration into Calgary.

Statistics Canada data from 2002-2020 on net migration by components and age does not substantiate this claim of more young people leaving the Calgary region than moving in, from domestic or international net migration. On the contrary, total net migration confirms a positive net migration of thirty years old and under continuing to be attracted to the Calgary region.



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<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1710013601>

### 3. The real estate forecast shows a supply perspective. Do we also track the demand side of the equation?

#### *The housing demand for single and multi-family in Calgary*

Between 2000 and 2014, the average five-year rolling sum of total demand for housing was about 28,600 single-family houses compared to the supply of about 29,300 single-family houses. In annual terms, about 5,700 single-family homes per year were demanded, while an average of 5,900 single-family homes was supplied per year over this period.

However, between 2015-2019, the average number demanded fell by 2,400 single-family homes per year from 2000-2014 annual levels. Likewise, supply fell by about 2,500 homes. Over the same period, 2015-2019, multi-family demand for housing grew by 1,600 homes more per year compared to 2000-2014 annual demand in Calgary. The supply also increased by about 2,600 homes more per year. This increase in multi-family housing supply between 2015-2019 had created a sufficient supply of affordable housing compared to single-family.

The supply of single-family tightened by 43 per cent between 2015-2019 from 2000-2014 annual average housing supply, while demand for single-family homes tightened by 42 per cent within 2015-2019. The relatively tighter single-family supply has kept vacancy rates in this market segment relatively lower than the multi-family, which experienced an 80 per cent increase in home supplies from 2000-2014 to 2015-2019. The housing demand for multi-family homes increased by 52 per cent within this period. To understand the narrower multi-family market segment, we excluded apartments below.



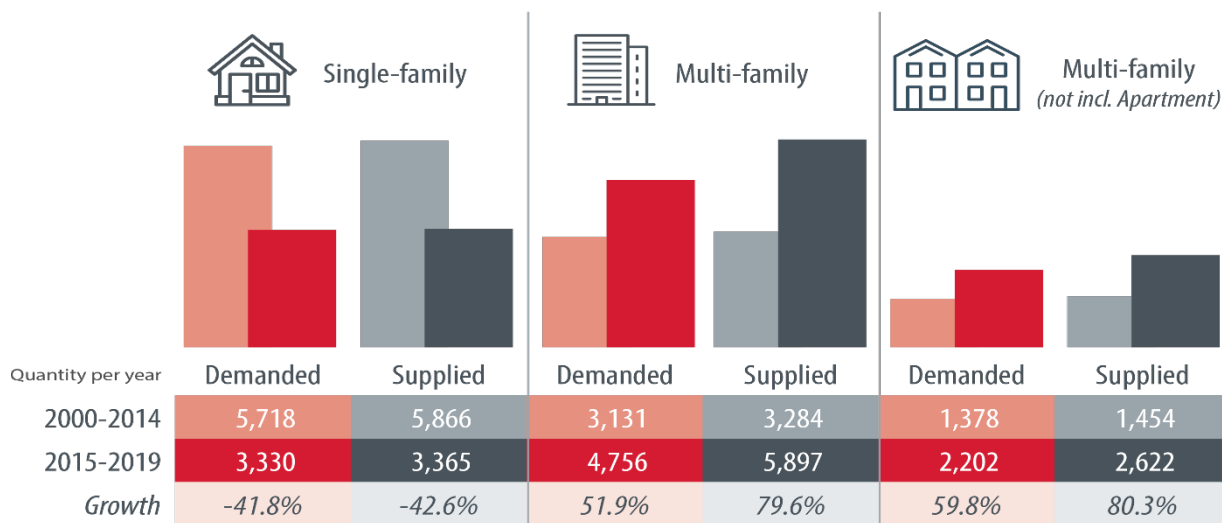
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## Multi-Family Excluding Apartments

Demand for multi-family (excluding apartments) increased from an annual average of 1,400 homes in 2000-2014 to 2,200 homes in 2015-2019. The supply side responded by increasing from 1,400 homes in 2000-2014 to 2,600 homes by 2015-2019, an increase of over 80 per cent.

Between 2000-2014, the difference between what was supplied and demanded averaged about 76 multi-family homes per year compared to an increase of 420 homes per year between 2015-2019.

### Demand and Supply by Housing Type



[Past census results \(calgary.ca\)](http://calgary.ca)

**4. The Consumer Price Index (CPI) is used in this report, but the costs we face as a municipality are primarily around the Municipal Price Index. Do you have any information based on the costs we need to incur as a municipality?**

We are in the process of updating the Municipal Price Index for internal use, awaiting data availability.



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## Questions from 2021 November 8 Special Meeting of Council - 2022 Adjustments to the One Calgary Service Plans and Budgets (C2021-1436)

1. On page 6 of the [cover report](#) for C2021-1436, under capital adjustments, there is a mention of \$143 million funded by capital reserves and other funding sources. Can you provide a breakdown of these funding sources?

High level descriptions of funding sources for all of the capital budget adjustments are found in [Attachment 8](#) of the 2022 Adjustments report presented on November 8. More detailed information is provided as part of this memo in Attachment 2 - Funding Sources for the 2022 Capital Budgets Adjustments. Because the total of \$143 million is a net impact of increases and relinquishments, this attachment includes the funding sources for both.

## Questions from Council Open Houses

1. Can you provide a copy of the original four-year One Calgary 2019-2022 Service Plans and Budgets, approved in 2018?

The [One Calgary 2019-2022 Service Plans and Budgets](#) are available on The City's [Service Plans and Budgets website](#), along with additional contextual information.

2. In the 2022 Adjustments Operating Approval Package ([C2021-1436 Attachment 2](#)), why are there line items for the Realignment Initiative under some Citizen Priorities but not all?

The Realignment Initiative is an organizational change that will reallocate our existing resources to allow us to better serve Calgarians. City staff will continue with their existing work, but some may be moved into a different department and reporting structure. We have determined that certain service lines do not have enough resources to achieve the vision of the Realignment in 2022. For these service lines, additional resources are needed.

Administration is recommending a total new investment request of \$3.847 million related to the Realignment. We will present this total request to Council during the deliberations week. Attachment 2 presents this request broken out by Citizen Priority and service line, which is required for our budget approval process. The proposed new resources would fall under some service lines but not all, and this is reflected in Attachment 2.

3. In Administration's recommended New Operating Investment Opportunities ([C2021-1436 Attachment 5](#)), can you provide an explanation of the request for Innovation Flexible Partner Model Growth? Is this for the Innovation Lab team?

This new investment opportunity supports the innovation goals of Administration's Rethink to Thrive Strategy, including modernizing our organization, creating more efficiencies, and improving internal and external service delivery. The investment would add resources to our [Innovation Lab](#), a centralized team that supports the entire organization. This team brings subject matter expertise and training in the tools and techniques of innovative design to support other services in thinking differently and leveraging innovative technologies in their work. They





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are currently working closely with the Resilience Program team and the Business and Local Economy team, among others. The proposed new investment is needed to attract employees with a specialized innovation skill set, who can accelerate the modernization of our government.

**4. In Administration's recommended New Operating Investment Opportunities ([C2021-1436 Attachment 5](#)), can you provide an explanation of the request for Finance Reporting and Analysis? Will this improve reporting on our financial metrics, including with respect to climate change?**

The City's enabling services have participated in budget reductions in recent years and their current net budgets are below 2018 levels. At the same time, enabling services within the Corporate Planning and Financial Services department are now playing new strategic and catalytic roles, in addition to the traditional roles of custodian and steward. While there is a substantial benefit to the organization from these new roles, it is important that they do not take away from operating our basic financial systems. The proposed new investment will ensure that the Financial Support service line has adequate resources to continue moving our financial reporting forward, so that our reports meet users' needs, inform decision making, and efficiently support the organization.

Improvements to our climate-related reporting are not contemplated as part of the Finance Reporting and Analysis investment opportunity, but would start to be implemented as part of the Climate-related [Council Proposed Investments](#) published on 2021 November 16. The key target in the Climate Strategy and Action Plan is to reduce city-wide greenhouse gas emissions by 80 per cent below 2005 levels by 2050. You have likely seen past reports and briefings showing, from a high-level perspective, that we are not on track to meet this target. If approved, the Council Proposed Investment to Accelerate the Climate Strategy and Action Plans would enable us to expand our climate-related reporting to provide more detail, integrate with our planning and budgeting process (including for the next four-year cycle), and better inform decision making.

**5. In Administration's recommended New Operating Investment Opportunities ([C2021-1436 Attachment 5](#)), can you provide an explanation of the request for the Employee Safety Investment & Long-Term Cost Reduction? Is this request to bolster the team, rather than for equipment?**

Although we actively monitor employee safety at The City, we recognize that we could be doing better. Our focus on providing a safe workplace for City employees has also heightened during the COVID-19 pandemic. Our staff deserve to go home safely at the end of every single shift. This new investment opportunity would improve our strategic planning related to employee safety and expand our capacity to provide staff with appropriate safety training and information. Within five years, we will see a financial return on this investment as workplace safety drives down costs through continuous improvement and reduced Worker's Compensation Board (WCB) premiums.

**6. In Administration's recommended New Operating Investment Opportunities ([C2021-1436 Attachment 5](#)) under the request for Executive Leadership Service Line Service Improvements, can you provide more information about the requested new positions in the City Manager's Office?**





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This proposed new investment would add three positions in the City Manager's Office, including moving an existing employee into a Deputy Chief of Staff role and backfilling their current position. The Chief of Staff and Deputy Chief of Staff are envisioned to work closely with Councillors and the Mayor. The proposed investment would also create a new position responsible for ensuring that Council's strategic priorities are driven corporately across the organization out of the City Manager's Office.

In addition to the positions in the City Manager's Office, this request would also add one position under the Corporate Planning and Financial Services department, which would support the organization to reduce external consulting costs and advance service improvement initiatives.

## **7. Can you provide an overview of the [Council Proposed Investments](#) that were published on 2021 November 16?**

On 2021 November 16, Administration circulated an additional package of [Council Proposed Investments](#). These investment opportunities were prepared in response to inquiries and indications of interest from individual members of Council and are not part of Administration's recommendations outlined in the original [2022 Adjustments report](#). These potential investments are not yet approved, and are summarized for Council's consideration, either individually or in any combination.

The Financial Summary on page 3 of the Council Proposed Investments package shows the cost of each investment and how it would impact the tax rate, if approved. For reference, every 1 per cent increase to the tax rate represents a base operating budget increase of approximately \$17.3 million, and a monthly impact of approximately \$1.60 to the typical single residential home. Approving all of the Council Proposed Investments would result in a 3.07 per cent increase to the tax rate, a corresponding base operating budget increase of \$52.85 million, and a monthly impact of \$4.86 to the typical single residential home. This increase would be in addition to the originally proposed tax rate change of between 0.64 per cent and 0.99 per cent.

## **8. In the [Council Proposed Investments](#) published on 2021 November 16, do the investments for Public Safety include the request from the Calgary Police Service?**

The Council Proposed Investments package does not include additional funding for the Calgary Police Service. The Calgary Police Service's 2022 New Investment of \$6.08 million is included in [Attachment 6](#) of the original 2022 Adjustments report.

The three Council Proposed Investments for Public Safety are:

- 7A. Investments in Public Safety on Calgary Transit
- 7B. Community Safety Investment Framework; and
- 7C. Increase Relief Factor and Training for Calgary Fire Department.

In partnership with the Calgary Police Service, Administration uses the Community Safety Investment Framework to guide funding to community organizations that strengthen existing crisis response programs and to invest in research with an eye to transforming the current crisis



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response system. The funding included in Investment 7B is to continue The City's investment to support this program. The Calgary Police Service committed \$8 million to the Community Safety Investment Framework in 2022 as part of the Community Safety Investment Framework Funding Options report, which appeared on the 2021 June 8 Priorities and Finance Committee agenda.

**9. To accelerate the work on our Climate Resilience Strategy, what additional staffing is needed? How would we allocate these potential additional staff over the next 4 years? Should they be frontloaded in 2022?**

A summary of the investment needed to accelerate the Climate Strategy and Action Plans can be found on page 15 of the [Council Proposed Investments](#) published on 2021 November 16.

Our climate program team currently consists of 13 permanent and eight temporary staff. This team is under-resourced compared to teams doing similar work in other municipalities. For example, Edmonton has approximately 35 staff dedicated to similar work, and Toronto has approximately 80. To enable programs and initiatives that will move us closer to meeting our climate targets, 18 new permanent positions (FTEs) would be required. If this investment is approved, we would recruit and onboard these staff as soon as possible so that the expanded team could be up and running by Q1 2022. This additional capacity would enable us to capture immediate opportunities, such as pursuing potential investments for green infrastructure from the Canadian Infrastructure Bank, or promoting awareness of resources available for the private sector to support reduction of greenhouse gas emissions.

**10. Is it accurate that that base budget investments impact the tax rate, while one-time investments are typically funded by reserves?**

Yes, this is accurate.

**11. With respect to the Solutions for Achieving Value and Excellence (SAVE) program initiatives that haven't been realized, are there any that may still present opportunities for savings?**

Through extensive staff engagement, Administration gathered more than 2500 potential savings ideas for consideration by the Solutions for Achieving Value and Excellence (SAVE) program. Through a robust vetting process, opportunities were rigorously evaluated and business cases were developed for those which were most viable, had a significant return on investment, met the timeframes of the program, and had an acceptable balance of risk and reward.

The approved business cases have allowed the program to achieve \$79 million in total base savings, which exceeds its original financial target of \$75 million in savings. Delivering these successful results required a substantial investment of time and effort over the past two years, including contributions from staff across the corporation to identify and realize savings opportunities.

At this point, we are confident that the most viable and beneficial opportunities identified in the program have already been investigated. As a result, the SAVE program will not be pursuing



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any further business case development and is now focused on supporting its Implementation Coordination Office.

Our organization is always striving to continuously improve the effectiveness and efficiency of our service delivery for Calgarians. This will continue beyond the SAVE program and more details about our plans will be shared with Council in 2022.

## **12. Can you provide a status update on The City's union negotiations?**

As of this year, the collective agreements with all unions have expired and are currently open. Negotiations with the unions are ongoing. An update on these negotiations is expected to be provided to Council in early December 2021.

**Funding Sources for the 2022 Capital Budget Adjustments**

Citizen Priority	Service	Budget ID	Description	2021	2022 +	Other Provincial Grants	Other Federal Grants	Developer & Other Contributions	Capital Reserve	Detail
A Prosperous City	Affordable Housing	489_000	Affordable Housing Redevelopment		(5,700)		(5,700)			Federal funding that did not materialize.
A City that Moves	Sidewalks & Pathways	223_000	Pedestrian Bridge Replacement and Upgrading	(1,989)		(1,989)				Province of Alberta Grant specific to the pedestrian budget at Anderson Road SW.
A City that Moves	Streets	555_001	Deerfoot Trail and 212 Avenue SE	(8,128)		(4,064)		(4,064)		Province of Alberta Grant and Developer contributions specific to the Deerfoot Trail/212 Ave SE interchange.
A Healthy & Green City	Water Treatment & Supply	899_000	Facilities, Equipment & Technology	(5,117)					(5,117)	Utility Sustainment Reserve.
A Healthy & Green City	Waste & Recycling	258_000	Facilities & Equipment	(235)	(448)				(683)	Waste and Recycling Sustainment Reserve
Corporate Programs	Corporate Programs	888_001	Capital Corporate Programs	(5,003)				(2,533)	(2,470)	Capital Reserves are: Community Investment Reserve (62), Revolving Fund Reserve for General Land Purchases (802) and Fiscal Stability Reserve Flood (1,606).
<b>Total Relinquishments</b>				<b>(20,472)</b>	<b>(6,148)</b>	<b>(6,053)</b>	<b>(5,700)</b>	<b>(6,597)</b>	<b>(8,270)</b>	

## Funding Sources for the 2022 Capital Budget Adjustments

Citizen Priority	Service	Budget ID	Description	2021	2022 +	Other Provincial Grants	Other Federal Grants	Developer & Other Contributions	Capital Reserve	Detail
A Prosperous City	Land Development & Sales	697_WIP	Eastlake Industrial		10,000				10,000	Real Estate Services Reserve.
A City of Safe & Inspiring Neighbourhoods	City Planning & Policy	463920	CW-Downtown Strategy		53,000				53,000	Fiscal Stability Reserve, for the Downtown Strategy committed as per Council report C2021-0524 for "Greater Downtown Plan - Initial Investments and Incentives". Report was approved on April 26, 2021.
A City of Safe & Inspiring Neighbourhoods	Fire & Emergency Response	041_175	East Macleod Emergency Response Station		5,000			5,000		Offsite Levies.
A City of Safe & Inspiring Neighbourhoods	City Cemeteries	504_631	Cemetery Development		2,000				2,000	Perpetual Care of the Municipal Cemetery System Reserve.
A City of Safe & Inspiring Neighbourhoods	Police Services	031_315	Police Equipment - Replacement	585	-				585	Calgary Police Service Capital Reserve.
A City of Safe & Inspiring Neighbourhoods	Police Services	038_381	Infrastructure Upgrade - Int./Ext.	1,365	-				1,365	Calgary Police Service Capital Reserve.
A City of Safe & Inspiring Neighbourhoods	Police Services	039_394	Computer Equipment - Upgrades	550	-				550	Calgary Police Service Capital Reserve.
A City of Safe & Inspiring Neighbourhoods	Emergency Management & Business Continuity	480453	CanaTaskForce2 Muni Contri		550		550			The Public Safety Canada Grant.
A City That Moves	Streets	481356	Signal Communications	556	-			556		Alberta Transportation Contribution for work being done for roads/signals under Provincial jurisdiction.
A City That Moves	Streets	129_145	Slope Stabilization		500				500	Disaster Recovery Program
A City That Moves	Streets	128_130	Traffic Signals/Ped Corridors Lifecycle	4,250	4,250			8,500		Developer contributions for signal lights.
A City That Moves	Sidewalks & Pathways	223_000	Pedestrian Bridge Replacement and Upgrading		3,500	3,000			500	General Hospital Legacy Reserve and Province of Alberta grant specific to pedestrian bridge across 16th Ave NW to the Calgary Cancer Centre.
A City That Moves	Sidewalks & Pathways	503_931	Pathways & Trails Development		1,804			1,804		Private consultant contributions.
A Healthy & Green City	Parks & Open Spaces	423350	Land Acquisition JUCC		38,900			38,900		Joint Use Coordinating Committee (JUCC) Reserve fund.
A Healthy & Green City	Parks & Open Spaces	500_004	Park Development		2,000				2,000	Legacy Parks Reserve.
A Healthy & Green City	Parks & Open Spaces	500_006	Park Upgrades		1,900				1,900	Legacy Parks Reserve.
A Healthy & Green City	Recreation Opportunities	519_130	Facility Lifecycle	1,375	2,783			4,158		Capital deposits from partners & insurance claim proceeds.
A Well-Run City	Real Estate	695_001	Land Acquisition Other Civic		20,500				20,500	Revolving Fund Reserve for General Land Purchases.
A Well-Run City	IT Solutions & Support	741_170	Enterprise Software Licensing		1,400				1,400	Information Technology Reserve.
A Well-Run City	Infrastructure Support	819_234	Sustainable Infrastructure Capital Program (SICP)	200	-	200				Alberta Municipal Solar Program.
A Well-Run City	Facility Management	480750	Asset Sustainment Program		950				950	Reserve for Future Capital.
<b>Total Increases</b>				<b>8,881</b>	<b>149,037</b>	<b>3,200</b>	<b>550</b>	<b>58,918</b>	<b>95,250</b>	
<b>TOTAL ADJUSTMENTS</b>				<b>(11,591)</b>	<b>142,889</b>	<b>(2,853)</b>	<b>(5,150)</b>	<b>52,321</b>	<b>86,980</b>	