

## **ACTION PLAN: MID-CYCLE ADJUSTMENT PROCESS**

---

### **EXECUTIVE SUMMARY**

In November 2016, Council will deliberate adjustments to Action Plan for 2017 and 2018. These are known as the “mid-cycle adjustments” and are more comprehensive than the regular adjustment process as they include a provision to check in with Council priorities and citizens. The provision for mid-cycle adjustments was introduced 2013, when Council approved moving to a four-year business plan and budget cycle. The mid-cycle adjustments in 2016 will be the first time that this process is implemented, and Administration is seeking Council’s approval of the proposed approach in order to help ensure that Council’s expectations are met.

### **ADMINISTRATION RECOMMENDATION(S)**

Administration recommends that Council:

1. Approve the proposed approach and timeline including:
  - a) The overall process and timeline (Attachment 1, page 6); and
  - b) Councillor engagement (Attachment 1, page 8).
2. Provide direction on which options to pursue for Mid-Cycle Adjustment citizen engagement (Attachment 1, page 11).

### **PREVIOUS COUNCIL DIRECTION / POLICY**

The Multi-Year Business Planning and Budgeting Policy (CF004) was approved by Council on 2005 January 31, and then amended in 2008 January 14. This policy stipulates the approach that The City uses for multi-year budgeting and business planning.

On 2013 April 22, Council approved a modified four-year approach to business planning and budgeting (PFC2013-0338). The approval aligns The City’s business plan and budget process to the four-year election terms. It included a provision for adjustments in the middle of the cycle, to be informed by a check in with citizens and an update to Council priorities as a result of changes in the external environment.

On 2014 November 24, Council approved *Action Plan 2015-2018*, as amended (C2014-0863). The Action Plan process included significant public engagement process and the approval of Council Priorities and Strategic Actions to guide the development of the plans and budgets. The approved plan and budget includes 4.7% municipal property tax rate increase for both 2017 and 2018. In addition, \$50 million in efficiency gains were built into the budgets between 2015 and 2018.

On 2015 February 10, Administration presented to Council the Economic Resilience Program (VR2015-0014) to focus efforts and to respond to the emerging economic downturn. The seven strategies of the Economic Resilience Program emphasize the need for The City to continue to deliver services to Calgarians in a responsible fashion, and to stay financially prudent in the midst of changing economic conditions.

## **ACTION PLAN: MID-CYCLE ADJUSTMENT PROCESS**

---

### **BACKGROUND**

The purpose of this report is to establish a more detailed process through which the mid-cycle adjustments to the approved Action Plan will be brought forward to Council in November 2016. Agreement on the overall process (and details with respect to Council priorities and Citizen Engagement in particular) will ensure that there is a common understanding as to how this process will unfold and help to ensure that Council's expectations are met.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

Attachment 1: Mid-Cycle Adjustments outlines a proposed process to bring forward adjustments to the second half of the approved Action Plan. It is structured into four sections as follows:

**Section I: Background** – Pages 3 and 4 provide information on past decisions of Council, and describe the differences between a regular adjustment and the mid-cycle adjustments.

**Section II: Overview** of Proposed Process – begins with the key principles (page 5) that were used in developing the approach. These principles reflect underlying values and desirable characteristics of the adjustments process. In some cases, there is a degree of tension between principles, and the proposed approach strives to strike a balance between all of the principles to ensure a sound process moving forward.

The balance of this section provides an overview of activities that would take place over the course of 2016 (pages 5-7). In all, the process includes bringing forward information to Council through five strategic Council meetings prior to deliberations on the proposed adjustments in November. This is in keeping with the principle of engaging Council at multiple touch points to ensure that there is ongoing dialogue between Council and the Administration throughout the year. Frequent touch points were a key success factor in the recent adoption of the 2016 Resilience Budget and thus the Mid-Cycle Adjustments process seeks to build on this principle. Other principles, such as building on existing information (such as the Citizen Satisfaction Survey and Year-End Report) are also built into the process.

**Section III: Engagement Details** – This section investigates options for the check-in with Council and citizens. It concludes that there is no strong rationale for changing Council Priorities at this time, partly due to the enduring nature of these priorities, and partly due to the recent implementation of the Economic Resilience program (page 8). The proposal is instead to conduct one-on-one meetings with Council members to learn about their perspectives on priorities and to create a summary report that will be presented to Council in April, and which can be used by the Administration as it prepares the adjustments.

Pages 9-10 describe the contextual background for citizen engagement that has been conducted recently as well as the engagement that was conducted as part of Action Plan. A number of options are outlined for mid-cycle adjustment specific citizen engagement in the report on page 11. These range from relying solely on existing results from Citizen research (at no additional cost); to having an online public engagement tool (with or without the use of the City bus); and focus groups. The Administration is looking for direction from Council on which of these engagement options should be pursued.

## **ACTION PLAN: MID-CYCLE ADJUSTMENT PROCESS**

---

**Section IV: Details of Proposed Council Meetings** – The proposed process outlines five touch points with Council in 2016 as one item on Council's Strategic Planning Agendas from March through September. Pages 12 – 17 describe more details about what is being proposed for each of these sessions, how they will draw on information as it becomes available, and the expected outcome of each session.

### **Stakeholder Engagement, Research and Communication**

The Mayor and Vice-Chair of the Priorities and Finance Committee were consulted in preparing this report. In addition, the Administrative Leadership Team and representatives of all departments and have had the opportunity to provide their input into the development of this proposed process.

### **Strategic Alignment**

The proposed process aligns with The City Manager's Leadership Strategic Plan outcomes to "establish a cooperative and meaningful relationship with Council" and "better serve our citizens, communities, and customers".

It also supports the Council Priority of "A Well-Run City", in particular W4 "Balance the demand for quality City services with affordable taxes." The process is also consistent with approved Council policy and past direction.

### **Social, Environmental, Economic (External)**

No impacts as a result of this report. The proposed process will include emerging information on Calgary's economic and social situation.

### **Financial Capacity**

#### **Current and Future Operating Budget:**

Costs for engagement can be accommodated within existing budgets. Impacts to the future operating budget will be determined as a result of this report and be deliberated in November, 2016.

#### **Current and Future Capital Budget:**

No budget impacts as a result of this report. Impacts to the future capital budget will be assessed and brought forward when it is deliberated.

### **Risk Assessment**

The proposed process considers risk in at least three ways. First, consistent with the principle of building on existing information, the process will draw on Principal Corporate Risks to ensure the emerging risks are recognized and properly considered. Second, it proposes that economic scenarios be introduced (details on page 14 of Attachment 1) to assess the potential impacts of alternative futures. And third, there is recognition that the process may need to adapt as new information comes available over the course of the year.

## **ATTACHMENT(S)**

Attachment 1: Mid-Cycle Adjustments: Proposed Approach