

Calgary



Mid-Cycle Adjustments: Proposed Process

18 December 2015





Purpose

This report informs Council of the proposed approach for Mid-Cycle Adjustments. As this is a new process, it is important to ensure that the process meets the needs of Council. This report outlines the proposed approach, which commences in January and the related engagement options.

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Closing



I. Background: Previous Council Direction and Policy

The move to a four-year business planning and budgeting cycle in 2013 included provision for Mid-Cycle Adjustments (MCA), which is meant to be more significant than regular adjustments. This page shows previous Council direction up to November 2014. The proposed purpose statement for the Mid-Cycle Adjustments is shown in the box on the right.

2005
Jan

Council approved an integrated three-year approach to business planning and budgeting
(Multi-Year Business Planning and Budgeting Policy for The City of Calgary CFO004)

The multi-year approach included an annual process to adjust the plans, measures and budgets for the following year(s).

“Adjustments is not synonymous with opening up the plans or budgets for a full-scale review. The intent is to adhere to the business plans and the budgets... and to provide the opportunity to fine-tune them only when circumstances warrant.”

2013
Apr

Council approved a modified four-year approach to business planning and budgeting
(Four-Year Election Terms – BPBC Alignment PFC2013-0338)

In addition to maintaining key characteristics of the multi-year approach, the modified four-year approach includes greater opportunity in the middle of each cycle to adjust the remaining two years of the plans and budgets as required to reflect the changing circumstances.

Specific additions at mid-cycle included:

- Check in with citizens
- Check in on Council priorities

2014
Nov

Council approved Action Plan 2015-2018
(Action Plan 2015-2018 Proposed Business Plans and Budgets C2014-0863)

Action Plan developed and approved based on forecasts and projections in 2014.

Shortly after the approval of Action Plan, Calgary began to experience an economic downturn, which is still in effect.

*As a result, Council was presented with the Economic Resilience program which includes reviewing the economic situation, responding to financial impacts, ensuring value for money and continuing to provide services.
(The City of Calgary 2015 Leading the City Through Economic Change VR2015-0014)*

2016
Fall

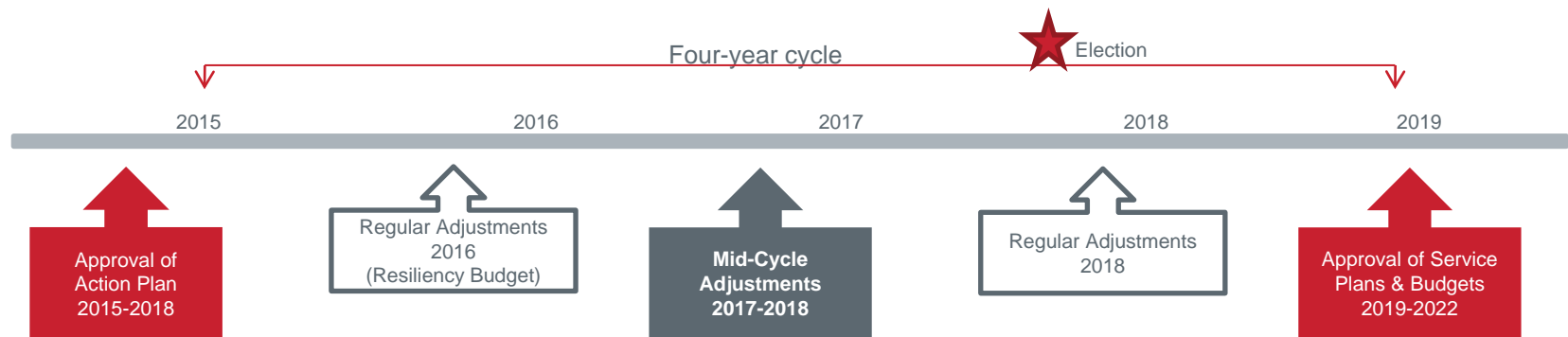
Mid-Cycle Adjustments of 2017-18 plans and budgets

Purpose: Provide Council and Administration with information to make informed recommendations and decisions respectively about business plan and budget **(operating and capital)** adjustments to the 2017-18 plans and budgets.



I. Background: Mid-cycle versus regular adjustments

Based on previously approved direction (PFC2013-0338), the following graphic and table describe the difference between regular adjustments and mid-cycle adjustments. This information was used as a starting point in developing the details of the proposed process.



Scope of Adjustments	Regular Adjustments	Mid-Cycle Adjustments
1. Review socio-economic outlook with a wider scope of subjects (compared to regular adjustments)		🔒
2. Check-in on citizen opinion		🔒
3. Refine Council priorities / focus		🔒
4. Respond to external factors	🔒	🔒
5. Adjust business plans, operating and capital budgets and user fees in response to changes in the environment	🔒	🔒



II. Overview: Principles that guide the proposed approach

The following principles have guided the development of the proposed approach and timeline for Mid-Cycle Adjustments. Some of these principles pull in different directions. The proposed approach tries to balance different, and sometimes competing, needs.

Keep discussions strategic

Focus on providing information and getting Council direction about the **desired end result** (rather than on process or budget details).

Engage Council at multiple touch points

Maintain **ongoing dialogue between Council and Administration through the year leading up to the Mid-Cycle Adjustments**. Present information and seek feedback from Council to continually hear from each other and stay aligned.

Key: Balance between keeping Council informed and frequently engaged, and keeping discussions strategic.

Build on existing process / information

Take advantage of existing information and reports and use this to inform discussions and decisions in the Mid-Cycle Adjustment process. Examples of relevant existing information include the Citizen Satisfaction Survey, the Corporate Risk Report, the Year-End Accountability report, the Property Tax Related bylaws, and possibly others.

Be adaptable

There are a number of unknown factors (e.g. decisions of other governments) and the Calgary economy is still uncertain, so the process will need to remain **adaptable as circumstances evolve** (economic, social, financial) to respond to emerging issues and developments over the course of the year.

Key: Balance between remaining adaptable and being efficient, avoiding rework.

Be efficient

Commission new information and analysis as needed, but **avoid organizational churn** (e.g. work that is speculative, not focused, and ultimately distracting from the organization's core job of service delivery).

Key: Clear communication with Council and within Administration will help to balance process efficiency with the need to remain adaptable.

Communicate and Engage

Communicate and engage with Council, (including the Mayor, and Vice Chair of PFC) and ALT as the process develops. Inform and involve leaders (SMT, CMT) so they can effectively contribute and participate throughout the process. Engage and communicate with citizens and interest groups.

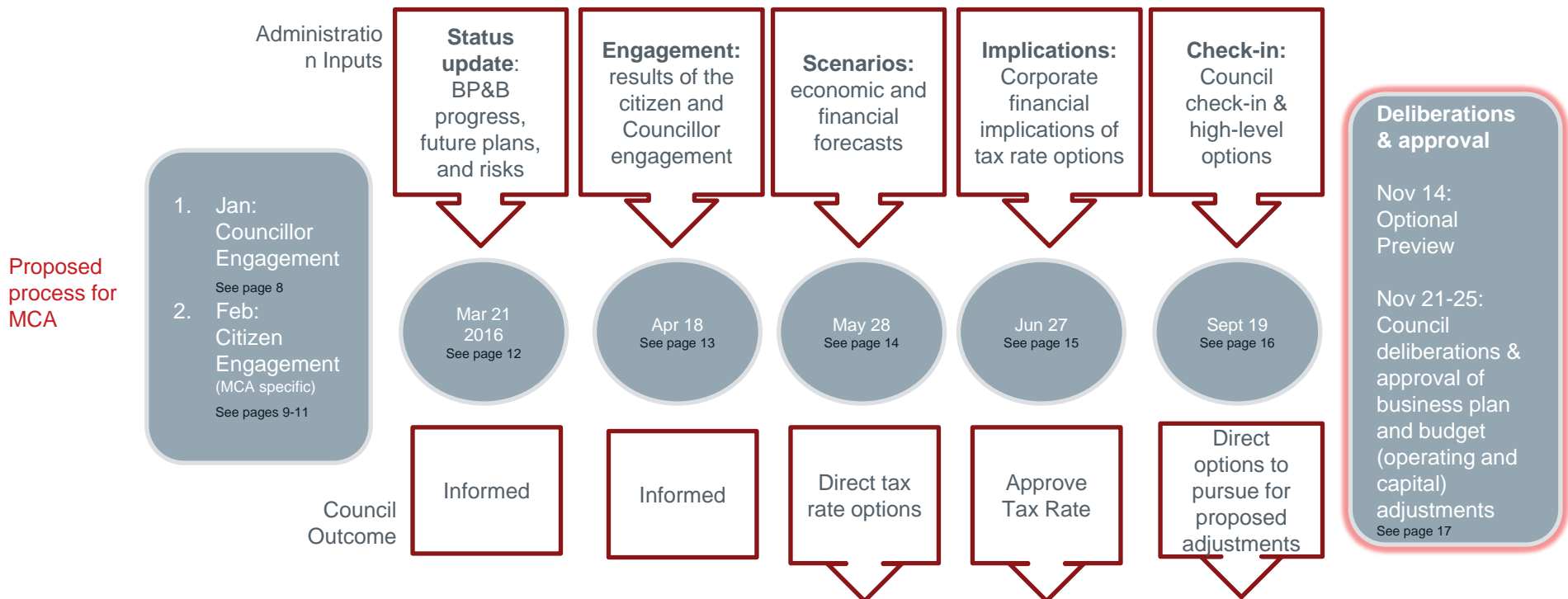


II. Overview: Proposed Approach

The diagram below provides an overview of the proposed approach to Mid-Cycle Adjustments. The approach is framed around discussions at five Strategic Council Meetings over the course of 2016, preceded by some background research with Council and citizens in January and February.

Engaging with Council at multiple times enables Administration to present emerging and timely information and maintain an ongoing dialogue. It also allows the organization to respond as circumstances (such as the economy) evolve and change.

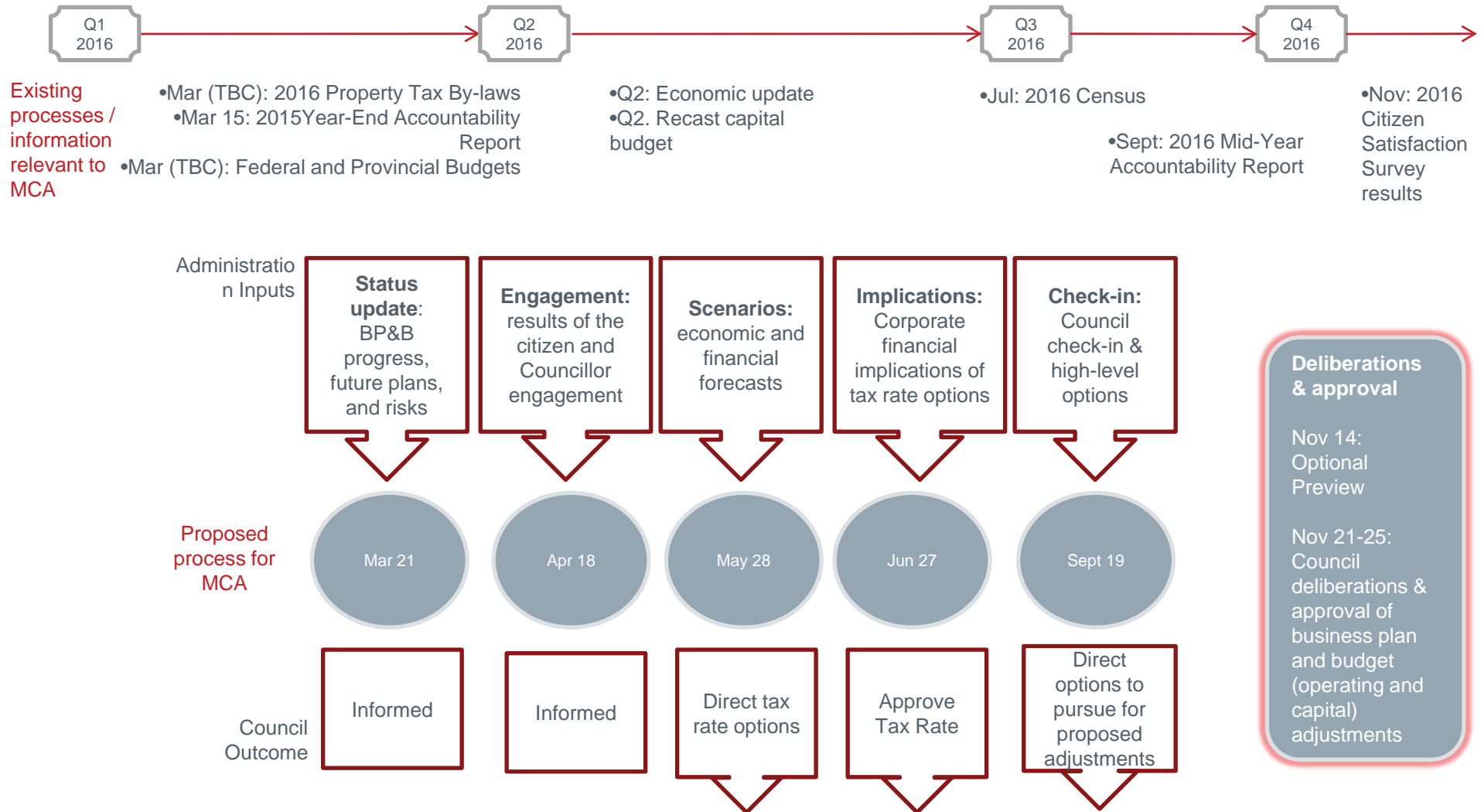
The process overview shows the Administration inputs into each of the Strategic Council Meetings, the desired outcome of each meeting, and the proposed timelines. Further details about each of the proposed Strategic Council Meetings can be found on pages 13-17. Information about the background consultation and engagement in January and February is on pages 8-11.





II. Overview: Proposed Approach - continued

The proposal to include Mid-Cycle Adjustments as part of the agenda of five Strategic Council Meetings also enables the organization to take advantage of existing processes and information by drawing in relevant information as it links to the process and as it becomes available.





1. Jan: Councillor Engagement

III. Engagement Details: Council

Engagement with Council will ensure Administration understands the focus areas and priorities that Council wants addressed. Administration is proposing the approach below as an alternative to formally revisiting and updating the Council Priorities document that was created through Action Plan.

- What:** One-on-one interviews with members of Council, followed by a discussion of results at a Council strategic session.
- Why:** To understand Councillors' priorities with respect to issues and potential changes to the business plans and budgets for 2017-18.
- When:** Mid January – Mid February 2016
- How:** Semi-structured 30 minute interviews
- Outcome:** Information on Council members' perspectives and priorities. A summary report will be presented at the April Strategic Council Meeting.

The approved four year approach (PFC2013-0338) includes an opportunity for Council to refine its priorities. Administration recommends that the Council Priorities adopted in Action Plan remain unchanged for the following reasons:

1. The current Council Priorities are enduring in nature and can continue to provide direction for the balance of the cycle;
2. In addition, the Economic Resilience program (VR2015-0014) provides guidance specific to the recent changes in the economy.

Council interviews will provide the opportunity for members to express their individual perspectives and to have these documented in a summary report that can be referenced by the Administration throughout the adjustment process.



Guiding Principles	Keep discussions strategic	√
	Engage Council at multiple touch points	√
	Build on existing process / information	√
	Be adaptable	
	Be efficient	
	Communicate and engage	√



2. Feb:
Citizen
Engagement

Types of Engagement

Inclusive Engagement:
Open to all Calgarians;
includes as many as possible

**Representative
Engagement:**
Participants represent the
Calgary population (age,
gender, income, etc)

Guiding Principles	Keep discussions strategic	
	Engage Council at multiple touch points	
	Build on existing process / information	√
	Be adaptable	
	Be efficient	
	Communicate and engage	√

III. Engagement Details: Citizen Engagement Context

Several options are available for citizen engagement in the Mid-Cycle Adjustments. Existing engagement results will be used. Council may also wish to consider supplementary engagement that is specific to Mid-Cycle Adjustments.

What: The City recently released results of the 2015 Citizen Satisfaction Survey (fielded Sept 2015) and Research on Calgary’s Economy (fielded Oct 2015). This research reflects “representative engagement” where participants are selected to ensure proportional representation of the entire Calgary community, including harder-to-reach populations. The results of this research have identified service priorities, conveyed the impact of the economy on perceptions of quality of life, and informed discussion about the role of The City in economic stimulus. The Mid-Cycle Adjustment process will **leverage this existing research** as one input to inform Council decisions on adjustments.

Administration has identified **additional engagement options** for Mid-Cycle Adjustments, that could complement the representative engagement, and build on the citizen engagement results from Action Plan in 2014. Additional Mid-Cycle Adjustment engagement would be “inclusive,” which means it would aim to reach, inform and solicit feedback from as many Calgarians as possible, and would be open to anyone who wishes to participate.

Additional engagement would be fielded in February, 2016, five to six months after the latest available research was undertaken. It would investigate if citizen priorities have changed since Action Plan, by providing a direct comparison between what citizens said two years ago and what they think in early 2016 (see next page for more details). The engagement would also ask citizens about their top priorities to maintain, increase or decrease investment in City services. Results would be available by geographic and demographic segments.

Why: The City has already invested in research that will be used to inform the Mid-Cycle Adjustments. Conducting additional “inclusive” engagement, specific to adjustments, provides the opportunity for all interested Calgarians to provide input, and reflects The City’s “brand” (i.e. that The City values citizen input and ensures it is reflected in plans and budgets). The combination of both “representative” and “inclusive” engagement is balanced and comprehensive.



III. Engagement Details: Citizen Online Priorities Tool

For Mid-Cycle Adjustment specific engagement, one of the options available is an update of the online Priorities Tool used in Action Plan.

- When:** MCA-specific engagement would be fielded in February 2016. Results would be reported to Council in April.
- How:** Using the *Priorities Tool* from Action Plan, citizens would have the opportunity to confirm or re-prioritize the 2014 results. Using the 2014 results as a starting point, citizens can move priorities across theme areas up or down in priority, or leave them where they are. As well, citizens may choose to change (increase or decrease) specific priorities within each theme area.

Example of online tool:



The circles to the left show the results from Action Plan citizen engagement. This will be the starting point for MCA engagement.

Plan. A report that includes an overall summary of existing research and Mid-Cycle Adjustment specific engagement would be presented at the April Strategic Council Meeting (page 13).

In addition, the 2016 Citizen Satisfaction Survey will be available prior to the November deliberations.



III. Engagement Details: Options for Citizen Engagement

In addition to the existing engagement results and the online tool (described on pages 9 and 10), other available options include the engagement bus (where the online tool would be taken out to communities) and focus groups (where representative groups of citizens could provide more extensive comments). The options and estimated costs of each are shown below.

Use existing research results <i>Representative</i>	\$0	Applicable existing research results will be used.
Online tool <i>Inclusive</i>	\$25-30K	This option provides for “inclusive” engagement opportunity and uses familiar tools from Action Plan engagement. This option is inclusive and provides a direct comparison between what was said two years ago and what is being said today. The estimated cost of \$25,000 - \$30,000 includes procurement of the online tool and promotion (to ensure Calgarians are aware of the opportunity).
Engagement bus <i>Inclusive</i>	\$15-18K	Adding the option of the engagement bus to the online tool could improve awareness, access and convenience by locating engagement events at community gathering places such as malls, libraries, parks, etc. The estimated cost of \$15,000 - \$18,000 is based on one to two events per quadrant and one to two in downtown.
Focus groups <i>Representative</i>	\$30K	This option employs qualitative research methods to provide for more in-depth understanding of citizens’ needs and priorities. Participants would be recruited to ensure representation. The estimated cost of \$30,000 provides for five focus groups of 16 participants each.

Administration requests Council direction which of the above options (or combination of options) to pursue:

Use existing research results



Online tool?



Engagement bus?



Focus groups?



**Business
Plans and
Budgets:**
progress,
future plans
and, risks

March 21

Informed

IV. Details of Proposed Council Meetings: Business Plans and Budgets status update

- What:** Following the release of the 2015 Year-End Accountability report, Administration will have the opportunity to highlight progress on achieving the plans and budgets to date. Administration will also present (at a high-level) what is planned for 2016-18 as well as any unanticipated events and emerging risks and challenges. An update of the provincial and federal budgets will be provided if available.
- Why:** By Nov 2016, it will have been 2 years since Council was last presented with the detailed plans and budgets. The content proposed for this Council session will refresh Council on what was planned and budgeted, what has been accomplished to date, and what is planned for the remainder of the cycle. It also provides Council with the opportunity to understand any new risks and challenges that have arisen as a result of unanticipated or unforeseen events.
- When:** Monday March 21, 2016
- How:** Administration to present high-level information to Council for review and discussion.
- Outcome:** Council is informed.

Guiding Principles	Keep discussions strategic	
	Engage Council at multiple touch points	√
	Build on existing process / information	√
	Be adaptable	
	Be efficient	√
	Communicate and engage	√



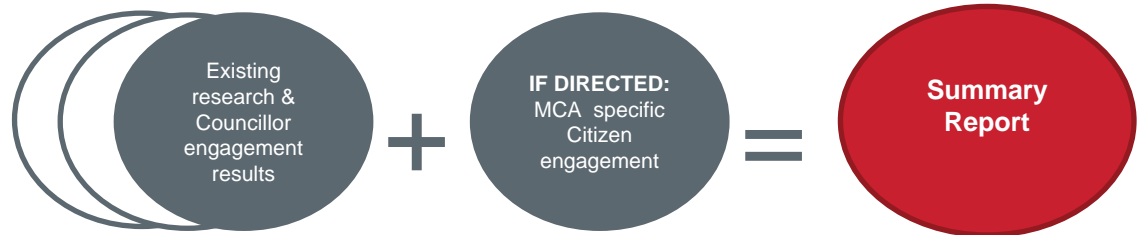
Engagement:
results of the
citizen and
Councillor
engagement

April
18

Informed

IV. Details on Proposed Council Meetings Present Council and Citizen Engagement

- What:** Present Councillor and citizen engagement results. This will include incorporating existing research results relevant to Mid-Cycle Adjustments and if directed, the additional citizen engagement results. Where applicable, information on different citizen segments (geographic/demographic) will be included.
- Why:** Overall engagement results will inform necessary adjustments to the plans and budgets for 2017-18.
- When:** Monday April 18, 2016
- How:** Administration will synthesize the MCA specific engagement (if directed) and other relevant information and research results into an overall summary to present to Council.



Outcome: Council is informed.

Guiding Principles

Keep discussions strategic	
Engage Council at multiple touch points	√
Build on existing process / information	√
Be adaptable	
Be efficient	
Communicate and engage	√



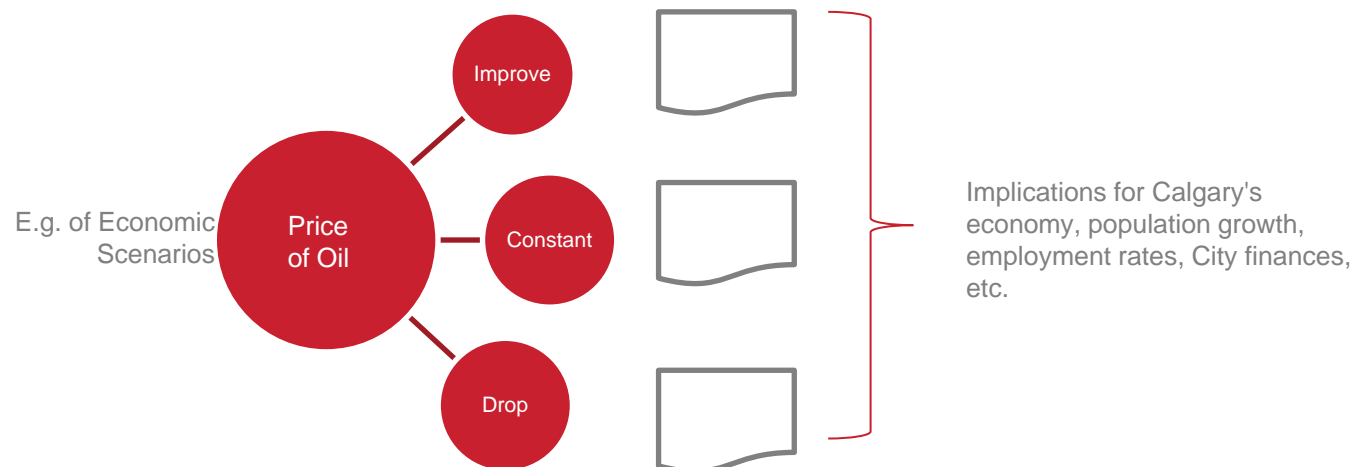
Scenarios:
economic and
financial
forecasts

May
28

Direct tax
rate options

IV. Details on Proposed Council Meetings Present Economic Scenarios

- What:** In addition to the existing socio-economic reports produced by The City, this session will include expanded views and insights about potential future economic scenarios reflecting ideas and intelligence from local industry subject matter experts. It will consider the “what if” implications of (for example) oil prices on the local economy, on citizens, and on The City’s financial forecasts (e.g. expected revenues and expenditures). The implications of the provincial and federal budgets will also be described and the implications discussed.
- Why:** Exploring 2-4 scenarios and the associated forecasts will provide Council with more information and context as they consider potential tax rate options.
- When:** Monday May 29, 2016
- How:** Administration to present information for discussion with Council, in order to obtain direction on potential tax rate options.
- Outcome:** Council direct Administration on tax rate options to explore. Administration will use this direction to identify implications for discussion at the June Council Meeting.



Keep discussions strategic	√
Engage Council at multiple touch points	√
Build on existing process / information	
Be adaptable	√
Be efficient	
Communicate and engage	√

**Implications:**

Corporate
financial
implications of
tax rate options

June 27

Approve
Tax Rate

IV. Details on Proposed Council Meetings

Present Implications of tax rate options

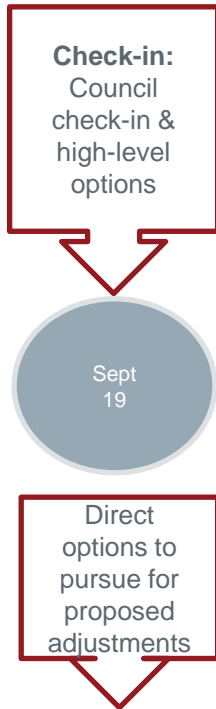
- What:** Administration to present the corporate financial implications of the directed tax rate options (from the previous session). Administration and Council can then discuss the financial impacts and organizational capacity to manage any variances with minimal to no impact on service delivery, recognizing that it may not be possible to absorb all negative impacts without affecting service delivery.
- Why:** Maintains ongoing dialogue between Council and Administration in an effort to work jointly towards finalizing the tax rate for 2017.
- Provides Administration with direction on Council's expectations with respect to a tax rate. Based on this direction, Administration can then prepare detailed information on business plan and budget adjustments to achieve the approved tax rate, reflecting citizens' priorities and addressing, as much as possible, emerging issues and risks.
- When:** Monday June 27, 2016
- How:** Administration to present information for Council's review. Discussion between Council and Administration, followed by direction from Council on the approved tax rate.
- Outcome:** Approved tax rates for 2017.

Guiding Principles

Keep discussions strategic	√
Engage Council at multiple touch points	√
Build on existing process / information	
Be adaptable	√
Be efficient	√
Communicate and engage	√



IV. Details on Proposed Council Meetings Check-in



- What:** Administration to keep Council updated with new information received (e.g. census data, population growth forecast, etc) and present high-level options and implications of business plan and budget adjustments, given the tax rate approved by Council in June.
- Why:** Maintain ongoing dialogue and obtain direction on which options to pursue in preparing the proposed adjustments.
- When:** Monday September 19, 2016
- How:** Administration to present high-level information. Dialogue between Council and Administration to refine direction (this is an opportunity to test some options with Council).
- Outcome:** Council to provide direction on which options to pursue for proposed adjustments.

Guiding Principles	Keep discussions strategic	√
	Engage Council at multiple touch points	√
	Build on existing process / information	
	Be adaptable	√
	Be efficient	√
	Communicate and engage	



Deliberations & Approval

Nov 14:
Optional Preview

Nov 21-25:
Council
deliberations &
approval

IV. Details on Proposed Council Meetings Deliberations and approval

- What:** Optional preview of proposed adjustments in advance of public hearing and Council deliberations and approval.
- Why:** Option provides Council with additional time to become familiar with the proposed adjustments before deliberations commence on November 21.
Public hearing on November 21 further supports citizen engagement.
- When:** Optional preview at Strategic Council Meeting Monday November 14, 2016
Public hearing, Council deliberations and approval: starting Monday Nov 21 through to Fri Nov 25, 2016 (as needed).
- How:** During optional preview, Administration to present high-level proposed adjustments, hear Council questions and be prepared to address them.
During public hearing, citizens are invited to make short presentations to Council.
Administration to present proposed adjustments for Council deliberation and approval.
- Outcome:** Council approval of adjustments to the business plans and budgets (operating and capital) for 2017-18.

Guiding Principles	Keep discussions strategic	√
	Engage Council at multiple touch points	√
	Build on existing process / information	
	Be adaptable	
	Be efficient	√
	Communicate and engage	



Closing

The proposed process for the Mid-Cycle Adjustments (MCA), as outlined in this report seeks to establish a process through which adjustments to the 2017 and 2018 Business Plans and Budgets will be brought forward in November 2016.

Having Council's understanding and support on a process 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.