

2022 Service Plans and Budgets Adjustments Risk Analysis

The 2022 Adjustments evaluate if changes are needed to commitments in the One Calgary 2019-2022 Service Plans and Budgets in response to developments in the internal and external environment. The City of Calgary's (The City's) current context is volatile due to the state of the economy, the pandemic's continued impact on citizens and businesses, and organizational capacity constraints as it manages multiple priorities. The table below outlines the risks associated with the 2022 Adjustments.

Risk	Description	Response
<p>The City is anticipating a high degree of financial risk in 2022 related to constraints on both operating and capital budgets.</p>	<p>This risk has three components:</p> <ol style="list-style-type: none"> 1) Operating - Projections for the operating budget could be different than estimated due to the volatility and duration of the pandemic. To achieve financial balance, trade-offs in services that citizens expect or need may be required. 2) Capital - There may be delays or reductions to funding transfers from the provincial government. 3) Carry-forwards - Both operating and capital budgets have carry-forwards which impact the ability to reallocate funds. This could make The City less adaptable to emerging needs within the current plan and budget cycle. 	<ul style="list-style-type: none"> • The City will be closely monitoring and managing this risk through 2022 and continually assessing opportunities to reduce the impact by the end of 2022. • The Municipal Operating Sustainment Transfer (MOST) will be carried forward from 2021 to focus on coping with COVID-19 impacts. • Other mitigation options include reduction of service levels, lower contributions to reserves, deferral of expenditures and intentional workforce management.
<p>Trust and confidence impact if Administration does not deliver a zero per cent tax rate change.</p>	<ul style="list-style-type: none"> • Trust and confidence among Calgarians, Council and employees could be impacted if Administration delivers proposed adjustments which are seen as deviating strongly from the previous commitment to <i>strive towards</i> a zero per cent tax rate. • Tax rate changes above zero per cent may impact Calgarians' perception of overall service value if new investments are not clearly linked to additional value. 	<ul style="list-style-type: none"> • The commitment to strive towards a zero per cent tax rate included discussion about the difficulty of achieving and sustaining zero in the current environment. The City will continue to carefully manage expectations related to the tax rate and shape its communications accordingly. • The City continues to deploy a proactive financial narrative focused on value for tax dollars.
<p>Organizational capacity constraints put pressure on City operations and service levels.</p>	<ul style="list-style-type: none"> • Planning and implementation of many concurrent organizational priorities poses a risk to organizational capacity. • There is also continued strain from the pandemic, which puts certain services at risk of not maintaining service levels at the end of 2021 and early in 2022. 	<ul style="list-style-type: none"> • The City has detailed workplans to support execution of priorities and is also proposing modest investments to support further organizational modernization. • The City is closely monitoring and managing this risk within individual services and through corporate processes such as the Year-End Accountability Report.

