

DRAFT

COVID-19 Service (as of 2021 Mar 12) and Financial (as of 2021
Feb 28) Impacts – March Update

Response and Recovery

The City's service and financial impacts from COVID-19



Community impacts

Find information on the indicators and risks associated with the community impact of COVID-19.



Current service and financial impacts

Review current COVID-19 impacts to the services we offer, and how we're responding and adapting to the evolving pandemic.



Projected service and financial impacts

Read about the potential upcoming service and financial impacts due to COVID-19.



Support for citizens and businesses

Learn more about how we're supporting our community through the COFLEX program.



Additional information

[Mandatory Mask Bylaw](#)

[COVID-19 Support and Resources](#)

Community Impacts of COVID-19



As Calgary continues to face the global pandemic, we continue to monitor impacts to the community in order to support Calgarians through these challenging times.

WHAT'S HAPPENING IN THE COMMUNITY

The City of Calgary continues to keep watch on the evolving landscape in its response to COVID-19 in order to meet the needs of citizens in a timely manner. At the same time, The City closely monitors service and financial impacts due to the ongoing pandemic. Since the February COVID update report, there have been a few significant developments. The Province announced further easing of COVID-19 restrictions on March 8 and committed to the completion of its Step 2 reopening plan. The first wave of vaccinations for Albertans has begun with a staged rollout to various age groups and individuals with high-risk health conditions. Variant strains of COVID-19, which may be more contagious, have been identified in Alberta and are rising. This has spurred fears about a potential third wave.

Unemployment in the Calgary economic region continues to be a key indicator of the economic situation as the city eases towards gradual recovery from COVID-19. There has been higher than expected activity in Calgary's residential real estate market, fueled by low interest rates. With warmer weather, Calgarians continue to remain active as pathway volumes in February picked up. Bus and Ctrain boardings, as well as taxi and rideshare trips remain well below average, but are making gains toward pre-pandemic levels.

Employment

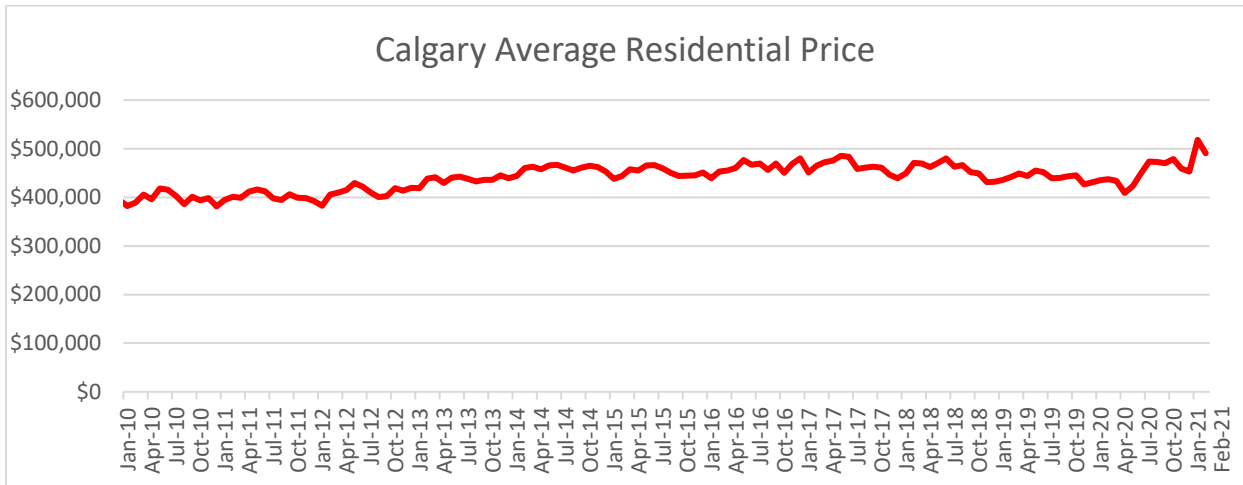
The unemployment rate in the Calgary Economic Region was 10.5% in February 2021, up from 10.3% in January 2021. Continued easing of public health measures and a commitment from the provincial government to proceed with stage 2 of the reopening plan may result in an increase in overall employment.



Source: Corporate Economics

Residential Real Estate

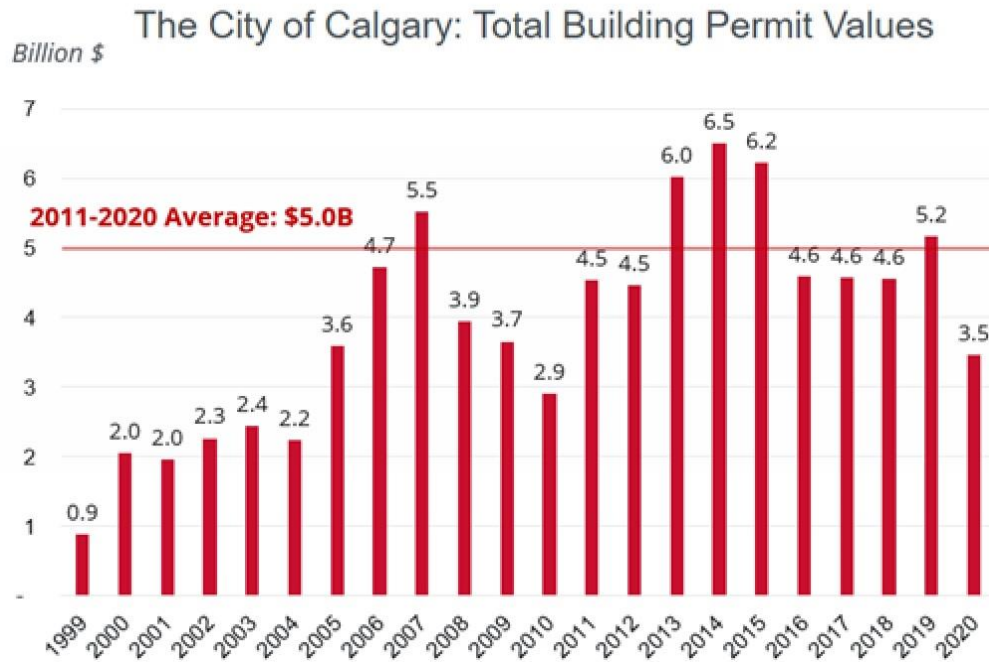
Average house price peaked in January 2021 at \$518,237, exceeding the previous peak in May 2017 and represents the highest monthly average price yet recorded in Calgary. Average house price in February 2021 was \$490,656.



Source: Calgary Real Estate Board, The City of Calgary

Building Permits

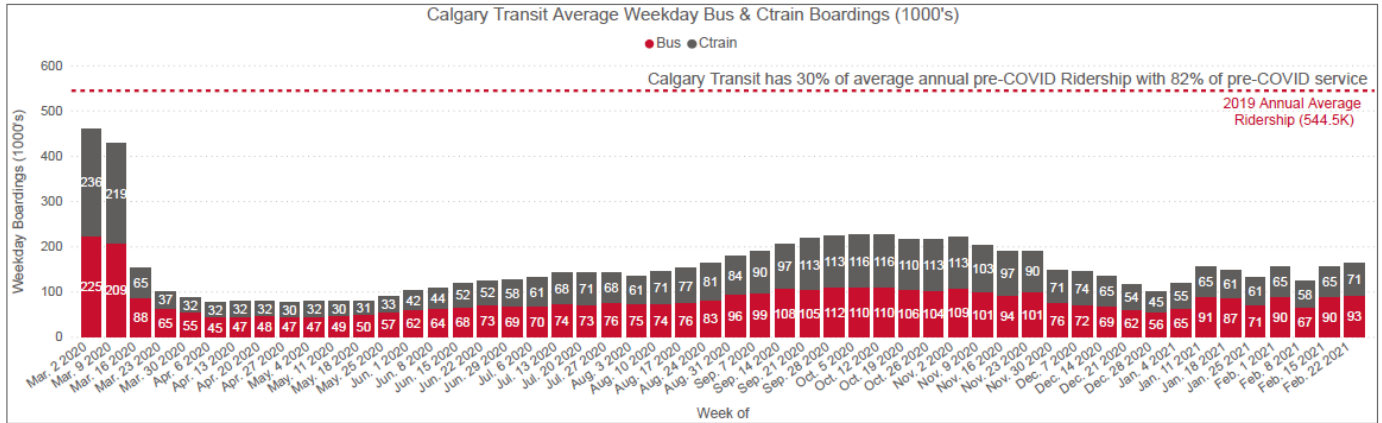
The total value of building permits issued in 2020 was \$3.5 billion, well below the 10-year average of \$5.0 billion.



Source: Corporate Economics

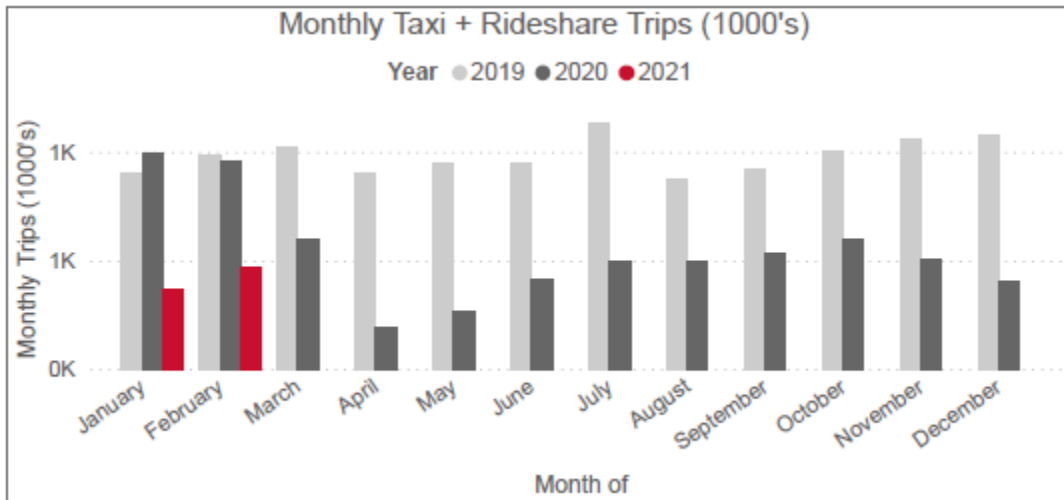
Mobility

Mobility in Calgary has changed significantly since the same time last year. Bus and Ctrain average weekday boardings continue to be well below pre-COVID-19 levels. Bus and Ctrain boardings totaled 164,000 in the week of February 22, 2021, compared to 461,000 in the first week of March 2020. Calgary Transit has 30% of average annual pre-COVID ridership with 82% of pre-COVID service.



Source: Transportation

Taxi and rideshare trips in February 2021, were 47% of January 2019 trips.



Source: Transportation

Additional links

Current [Economic Indicators](#).

Other Tax information on Calgary.ca visit: [Our Finances](#).

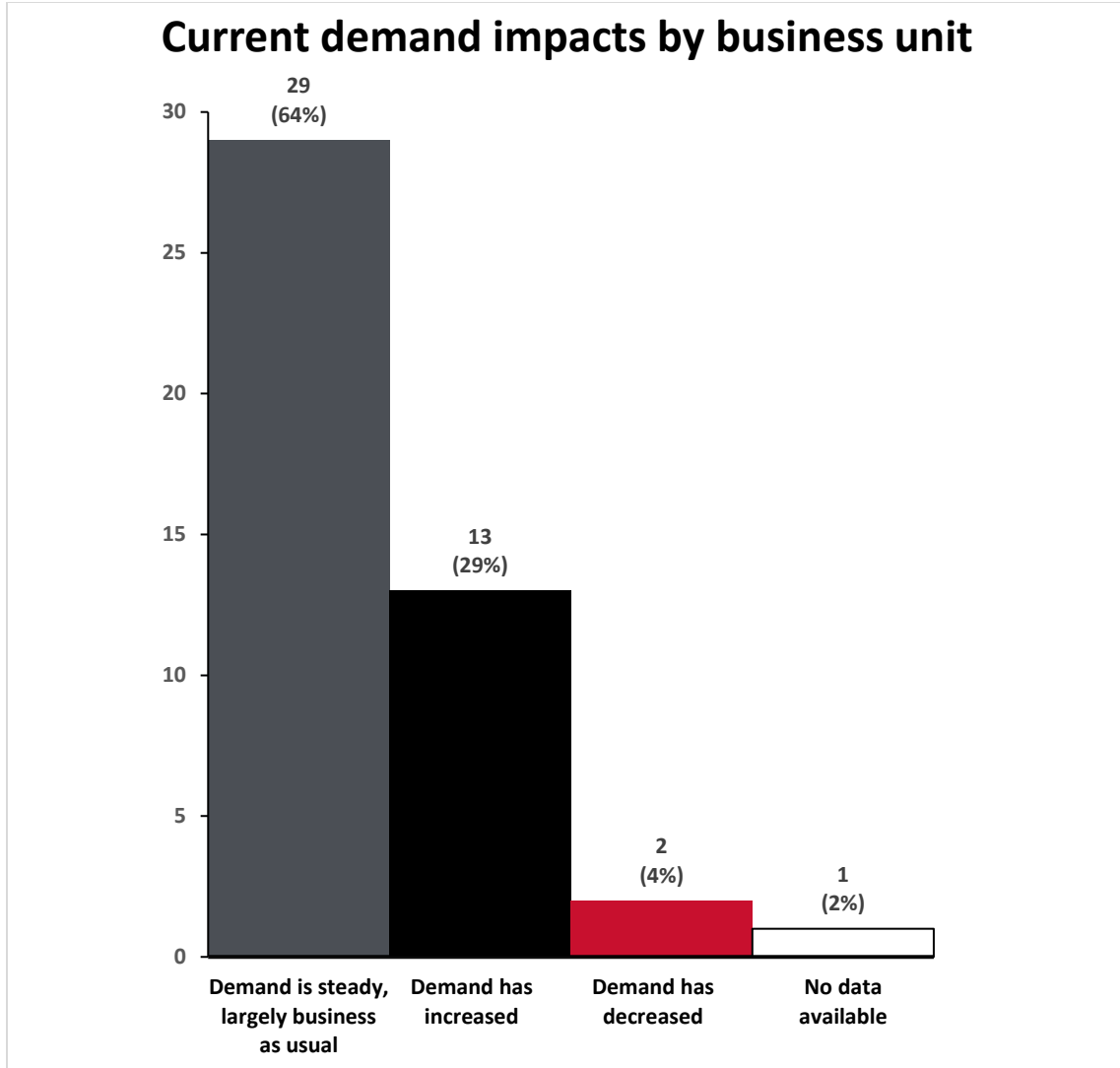
COVID-19 Current Service and Financial Impacts



The City continues to offer the services, programs and projects that citizens have come to expect. Here you'll find a record of current COVID-19 impacts to the services we offer, and how we're responding and adapting to the evolving pandemic.

Current Demand Impacts

The graph below shows the level of impact we experienced in February.



*Information from Calgary Police Services, Civic Partners and wholly owned subsidiaries such as Calgary Housing Corporation was not requested as part of business unit submissions.

+ A listing of business units with increased demand

Business Unit List
Calgary Housing
Calgary Neighbourhoods
Calgary Parks
City Manager's Office
Corporate Security
Environmental & Safety Management
Facility Management
General Manager - Chief Financial Office Department
Human Resources

Information Technology
Mayor's Office
Office of the Councillors
Resilience & Infrastructure Calgary

+ A listing of business units with steady demand

Business Unit List
Assessment
Audit Committee
Calgary Approvals Coordination
Calgary Building Services
Calgary Community Standards
Calgary Fire Department
Calgary Growth Strategies
City Auditor's Office
City Clerk's Office
Community Planning
Corporate Analytics & Innovation
Corporate Programs
Customer Service & Communications
Finance
Fleet Services
General Manager - Community Services
General Manager - Deputy City Manager's Office
General Manager - Planning & Development
General Manager - Transportation
General Manager - Utilities & Environmental Protection
Green Line
Law
Real Estate & Development Services
Roads
Supply Management
Transportation Infrastructure
Transportation Planning
Waste & Recycling Services
Water Resources and Water Services

+ A listing of business units with decreased demand

Business Unit Name

Calgary Recreation
Calgary Transit

How COVID-19 is shifting demand for the services we offer

With stronger public health measures and changing restrictions, both internal and external supporting business units are seeing increased service demand.

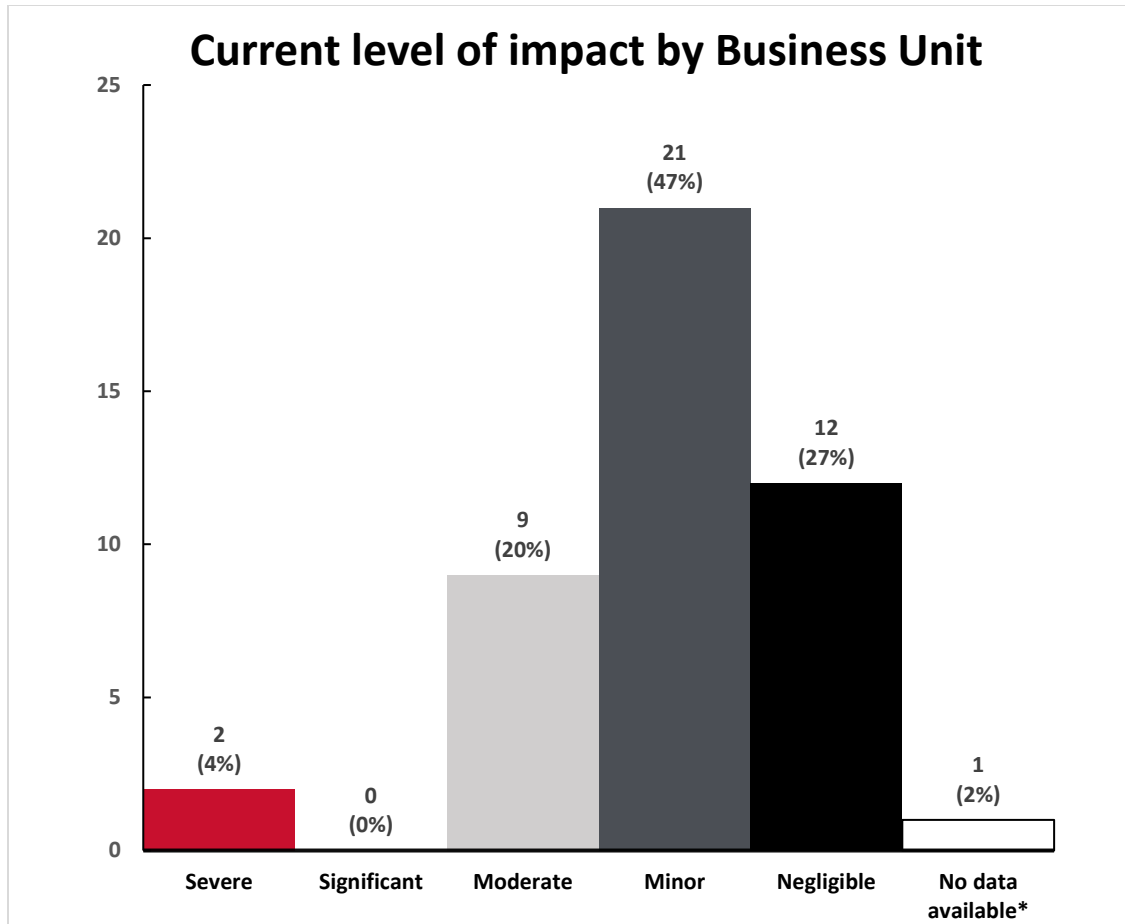
- Continued high public park use by citizens this winter.
- Increased demand for expertise in funding, partnerships, and community relationships in response to community needs.
- Increased demand for human resources consulting support (e.g. labour relations, advisory services).
- Significant increase in request for help with information technology. In January, more people connected remotely than at any previous point during the pandemic.

Increased cleaning and installed directional signage and physical barriers to assist with the safety of both citizens and staff at Civic Facilities. The majority of business units are seeing steady demand, in line with business as usual. Some business units have noted changes in focus areas.

- Shift in water usage (decline from businesses and an increase from residences).
- Building permit applications for home renovations.
- Initiatives to support economic growth, for example downtown revitalization and the Industrial Area Growth Strategy.
- 311 crisis communications support, citizen COVID-19 insights and web support.
- Smaller planning related applications, such as home occupations and patios.
- Community peace officers received an extension of enhanced authorities.

Some business units noted decreased demand or restricted ability to deliver services.

- Limited ability to deliver recreation services due to ongoing public health orders.
- Transit ridership levels due to changing traveling requirements of customers (e.g. increased teleworking, online schooling etc.).



*Information from Calgary Police Services, Civic Partners and wholly owned subsidiaries such as Calgary Housing Corporation was not requested as part of business unit submissions.

Severe levels of impact

- Provincial closure of recreation amenities and restrictions on public gatherings limited delivery of recreational services.
- Overall transit ridership was reduced by approximately 70% compared to 2019, due to continued remote working/studying options.
 - Transit service is being maintained at service levels required to support customers using transit service for their day to day activities, and to meet social distancing requirements by avoiding overcrowding of buses and Ctrains.

How we're adapting to serve you during COVID-19

How we've continued to deliver services to Calgarians throughout the pandemic

- Recreation programs moved from inside facilities to online and outdoors.
- Enhanced the online development map to support digital citizen engagement, share information, and collect feedback on development applications that impact them.
- Additional safety measures are in place for medical incident response.
- Shifted fire safety education to virtual delivery.
- Providing customer education via webinars.

- In-person public engagement shifted to virtual platforms, which has proven to be a more inclusive approach.
- Video inspections are being used to comply with health and safety protocols.

How we're supporting citizens and businesses financially

- Expedited business and building safety approvals for pandemic affected businesses.
- Partnership expertise includes serving as a conduit to the business community. By sharing their immediate needs with provincial and federal funders, funds have been allocated to Business Improvement Areas to offset 2021 fees.
- Using innovative ways (e.g. land use bylaw amendments) to reduce costly barriers and enable faster development.
- Due to the increased number of COVID-19 related cyber-attacks we have increased our security to keep citizen's personal information safe, including their financial information.
- Created a strategy to support businesses through the 'Shop Local' and 'Shop Here' campaigns.
- Relief to 57 lease holders through The City's Tenant Relief Program.
- Continuously expanding our open data portal to promote transparency and accountability in government, along with data to support businesses.
- Rate freezes and deferrals for:
 - Planning & Development fees
 - Taxi, Limousine & Vehicle-for-Hire driver license renewal fees
 - Transit fare
 - Residential black, blue and green cart program rates
 - Landfill Tipping Fee
 - Water
 - Business licensing renewal fees are waived until March 16, 2021.

Restrictions are requiring us to limit or delay some of our services

- Public health orders have severely limited the ability to deliver recreation services. In February 2021 there were 0.8% of visits compared to 2020. Over 1200 (90%) Recreation staff have been laid off or terminated.
- Construction of City affordable homes experienced slight delays due to incorporation of new health and safety protocols. However, overall performance targets have been met.
- In-person participation in legislative meetings has been significantly curtailed. Remote participation coincided with records levels of public participation.

New work we are doing because of COVID-19

- Increased service demand for new initiatives requiring support, such as the COVID-19 Community Advocacy Plan, Municipal Stimulus Program and Rapid Housing Initiative.
- Enhanced public park use and physical distancing.
- Implemented a flexible infrastructure program to support people and businesses, including the Adaptive Roadways and Restaurant Patios initiatives.
- Prioritization of Alberta Health Services' applications and emergency temporary shelters.

How we've adapted our internal services

- Changed our internal processes, including working remotely, using virtual engagement sessions, continuously reviewing and prioritizing deliverables, shifting to new tools to ensure business continuity and collaborating via non-traditional means.
- Digital intake for every planning and development application type from outline plan to occupancy is now offered.
- Implemented best practices for public and employee health and safety, including resources to support employee psychological and physical safety.
- Provided increased financial expertise and analysis to support significant budget recommendations and decisions.

Most Recent Financials Impacts

The estimated negative financial impact of COVID-19 as of February 28, 2021 is \$12 million, excluding Calgary Police Service. Factors impacting both revenues and expenditures are described in more detail in the table below.

Estimated COVID-19 financial impacts: January 1 – February 28, 2021

Category	\$ Impact	Explanation
Revenue Loss	(28.5)	<ul style="list-style-type: none"> • Loss in transit revenue due to reduced ridership • Closure of recreation facilities
Incremental Expenses	(1.1)	<ul style="list-style-type: none"> • Layoff related costs for certain temporary and permanent staff • Information Technology equipment and pandemic supplies • Facility cleaning
Savings	18.1	<ul style="list-style-type: none"> • Reduction in Calgary Transit Access trips provided by contracted service providers • Savings resulting from staff reductions and facility closures
Total	(11.5)	

* All figures in \$ millions

Breakdown of estimated COVID-19 financial impacts: January 1 – February 28, 2021

Business Unit	Revenue Loss*	Incremental Expenses*	Estimated Savings*	Net Financial Impact*
Calgary Transit	(22.5)	(0.3)	12.0	(10.8)

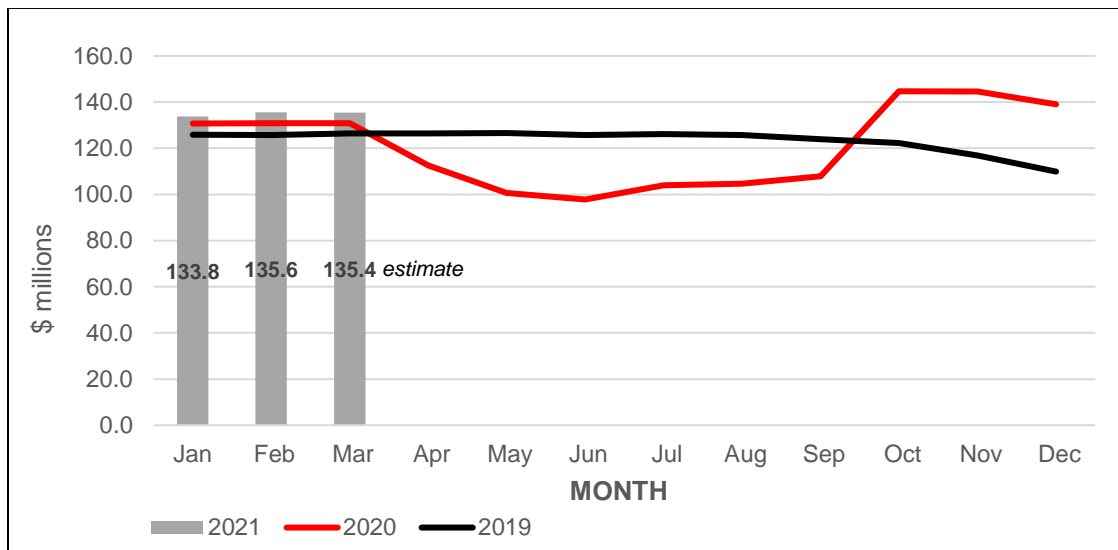
Recreation	(6.0)	(0.2)	6.0	(0.2)
Fleet Services	-	(0.2)	-	(0.2)
Other	-	(0.4)	0.1	(0.3)
Total	(28.5)	(1.1)	18.1	(11.5)

* All figures in \$ millions.

The December 31, 2020 year-end results which include COVID-19 and other financial impacts are being finalized and will be reported through the 2020 Year-End Accountability Report and 2020 Annual Report.

Tax Payments

Tax payments in 2021 have been stable in terms of Tax Installment Payment Plan (TIPP) installments (monthly tax installment program) based on the full year 2020 tax levy. Despite some mid-year volatility, the majority of 2020 payments were received by year-end. Payments continue to be made during the pandemic, and we continue to support property owners through these challenging times with a collaborative, solutions-focused approach.



Capital Impacts

Overall, The City continues to move forward with capital investments.

- Most investments continue to proceed as planned.
- There have been some minor delays in planning and delivery that are being actively managed.
 - Resource redirection for pandemic planning and response.

- Increased time to accommodate for changing health and safety regulations.
- Longer lead times for supply related items associated with cross-border issues
- Challenges with conducting critical engagement to move forward on capital delivery.
- Some investments have accelerated (e.g. Facility lifecycle) and The City continues to look for other opportunities to accelerate investments.
- The City continues to watch and mitigate key risks that may impact schedules and budgets.
 - Possible future supply challenges depending on the future of the pandemic.
 - Possible future COVID-19 outbreaks on job sites or production plants.
- The City continues to plan, design and deliver investments approved through the Municipal Stimulus Program (MSP).

Corporate Risks

The March risk assessments by business units identified 41 risks, over half were rated high or severe.

Slight	Low	Medium	High	Severe
2%	7%	25%	46%	20%

Here are highlights of the 5 Priority Risks:

5 Priority Risks*	From March 2021 projections
Economic Risk	Calgary’s economy is under strain. In January 2021 unemployment was at 10.5% and sectors such as tourism, hospitality, entertainment, oil and gas, and commercial real estate are struggling. There is a risk that the downtown core is unable to recover from the sustained stressors placed on it. Currently, The Real Estate Working Group, Council-led Business Advisory Committee and City-Wide Growth Strategy: Industrial are all focusing on short and medium-term actions to support Calgary’s economy. The Downtown Strategy team is leveraging the collective efforts of The City and its public and private sector partners to also respond to prolonged economic challenges.

5 Priority Risks*	From March 2021 projections
Financial Risk	<p>The City has a high level of operating and capital financial risk. Certain services such as transit and recreation are experiencing lower revenue generation, which may increase pressure to operate within budget. This also includes low demand related to the organization’s planned industrial land sales and various services that rely on revenue, and the use of financial reserves to cover operating gaps. There is a risk that a potential increase in assessment complaints may result in changing property valuations, which could affect the collection of taxes. The City continues to implement recommendations from the Financial Task Force, leverage the Solutions for Achieving Value and Excellence (SAVE) program, and apply cost reduction measures in response to the Financial Risk.</p>
Health, Safety and Wellness Risk	<p>There is a risk of COVID-19 infection for citizens and City staff. The risk of exposure is higher for some staff who are public facing or in crew-based work situations. Employee capacity, stress and burnout is also a risk as there are increased demands for additional activities and reporting as part of The City's response to COVID-19, in addition to the significant number of initiatives and projects at The City. The City has prioritized efforts to build employee resilience and create physically and psychologically safe work environments. Efforts to support a positive employee experience are ongoing.</p>
Reputation Risk	<p>Political expectations and decisions by other orders of government are driving significant demand for health and safety communications not normally within The City’s the scope of work. The proportion of Calgarians reporting that they’re satisfied with The City’s COVID-19 response (74%) is down 10 percentage points from last Spring. This corresponds with a 10-percentage point drop in trust in The City’s response during the same timeframe, from 69% to 59%. In response, The City will continue to deliver education and to speak with One Voice in response to COVID-19 and ensure communications are aligned and updated. To fully manage this risk, all areas across the organization need to identify and address the reputational risks associated with their area.</p>

5 Priority Risks*	From March 2021 projections
Social Impact Risk	<p>Non-profits in the city are limited in their ability to fundraise and earn revenue. The provincial and federal governments have shifted program and funding priorities, which has led to uncertain resources for affordable housing and limited programs and services promoting social cohesion and inclusion, while mental health is a growing concern. Communities are also facing continued social unrest. The City will continue to work with our partners and community to recognize and respond to the emerging needs of Calgarians including the recently endorsed mental health and addiction strategy, the continued investment to support positive outcomes and the share accountability and responsibility to mitigate social unrest within the city.</p>

*The 5 Priority Risks are a subset of The City’s Principal Corporate Risks and were approved by the Executive Leadership Team in December 2020. A full update on The City’s Risk Profile, including all of the Principal Corporate Risks, were provided to the [Audit Committee on January 28, 2021](#).

Projected service and financial impacts of COVID-19



The 2021 year-end projections outline what we think is coming. We continue to explore a wide range of tactics to achieve service and financial balance, including options that may require trade-offs in services that citizens need and expect.

2021 Year-end Financial Projections

The 2021 year-end projections below are based on the [Fall 2020 - Calgary and Region Economic Outlook 2020-2025](#), which assumes a continued progression to economic recovery driven by several factors. These include announcements of COVID-19 vaccines, fiscal stimulus packages from other orders of government, and resiliency learnings from the first wave of the pandemic. The 2021 economic forecasts and year-end financial projections are subject to a high degree of uncertainty.

2021 year-end projections:

- The net operating gap for 2021 is currently estimated at \$62 million.
 - The total revenue shortfall of \$201 is to be partially offset by savings and service changes of \$139 million.
- The financial gap of \$62 million will be managed through the COFLEX Program, which will enable Administration to optimize both Municipal Operating Support Transfer (MOST) funding and other ongoing expenditure management initiatives.

2021 Year-end Projected Gap

Category	March Projection*	Explanations for 2021 Year-end Projected Gap
Revenue	(201)	<ul style="list-style-type: none"> • Significant drop in Calgary Transit and Specialized Transit ridership • Lower Recreation booking revenues due to imposed public health orders • Real Estate & Development Services anticipate delayed/unrealized land sale transactions and lower leasing revenue • Lower parking revenue from Calgary Parking Authority • Lower penalty and fine revenue for Calgary Police Service
Expenditures	139	<ul style="list-style-type: none"> • Vacancy management, reduced service hours, and reduced trip demand in Calgary Transit Access will all contribute to significant expected savings • Lower cost of sales for reduced land sales and a lower reserve contribution as a result of reduced revenues by Real Estate & Development Services • Lower contribution to vehicle, red light camera and helicopter reserve, higher drawdown from the court fine reserve by Calgary Police Service • Recreation expense savings during facility closures • Combination of vacancy savings and expenditure management in several other business units
Total gap	(62)	

* All figures in \$ millions

Additional links

[COVID-19 changes to city services and facilities](#)



Supporting Citizens and Businesses



We have maintained a flexible approach to changing service demands and public health orders. To ensure we were able to continue delivering the services that Calgarians need and expect through the pandemic, The City worked with our Federal and Provincial partners to secure operating funding to help fill existing and projected operating gaps.

[For additional information, please see City of Calgary – Response to COVID-19.](#)

For additional information, please see [Item 4.4.1 C2020-1362 COVID Relaunch Working Group presentation](#) at the Special Meeting of Council on November 23, 2020.