

2016 YEAR-END ACCOUNTABILITY REPORT

EXECUTIVE SUMMARY

The 2016 Year-End Accountability Report informs Council of Administration's achievement of Action Plan 2015-2018 commitments during the year 2016.

The report includes a two-page summary for each of the five Council Priorities, which provides an update on how the city (i.e. the community) overall is faring and how The City of Calgary as an organization is performing. The report also provides an update on progress made on the Leadership Strategic Plan, an overview of corporate operating and capital budgets as well as debt status and efficiency gains. Departmental pages include headline performance measures and details on operating and capital budgets.

Low oil prices and the corresponding downturn in the local economy made 2016 a challenging year for citizens and businesses in Calgary. In response, The City undertook significant efforts to stimulate the local economy and to support Calgarians most affected by the economic downturn. Overall, The City demonstrated resiliency and innovation in finding ways to continue providing high quality services to citizens despite financial challenges.

ADMINISTRATION RECOMMENDATION(S)

That the Priorities and Finance Committee recommends that Council receive this report for information.

PREVIOUS COUNCIL DIRECTION / POLICY

In 2005, Council approved the Multi-Year Business Planning and Budgeting Policy (CFO004), which states that Administration will provide mid-year and year-end reports to the Priorities and Finance Committee as the means by which Council is informed about the performance of the organization in relation to approved business plans and budgets.

In September 2014, Council approved the City Manager's Leadership Strategic Plan (C2014-0703), which includes a commitment to "timely and meaningful reporting of accomplishments".

A report was received by Council for information in March 2015 (PFC2015-0208) on the future of accountability reporting, which outlined a number of improvements to the content and format of accountability reports, including integration of Results-Based Accountability.

BACKGROUND

Action Plan 2015-2018 is The City of Calgary's business plan and budget and describes how The City will respond to the needs and aspirations of citizens over the four-year period. Accountability reports are presented to the Priorities and Finance Committee semi-annually to update Council on The City's progress towards commitments made in Action Plan. These reports ensure Administration remains accountable to Council and that Council is informed on the status of goals, performance measures and The City's financial situation.

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INVESTIGATION: ALTERNATIVES AND ANALYSIS

Corporate Performance

The 44 strategic actions approved in Action Plan are generally progressing as planned and 17 strategic actions achieved significant milestones in 2016.

In 2016, The City undertook the following key actions to respond to changes in the local economy:

- Contributed \$228 million in benefits through the mid-cycle adjustments process, which included tax relief, fee relief and targeted investments for Calgarians most affected by the downturn;
- Accelerated investments in infrastructure through the Capital Investment Plan to stimulate the local economy and create jobs;
- Worked with industry to streamline The City's planning approvals process;
- Approved the sliding scale recommendations for Transit's Low Income Monthly Pass; and
- Retained 163 affordable housing units in Calgary by acquiring East Village Place.

Looking long term, The City continued efforts in 2016 to make Calgary a world-class city:

- Significant progress was made on bus rapid transit and the Green Line LRT projects;
- Seven new recreation amenities were opened including the Quarry Park and Great Plains recreation facilities, New Brighton Athletic Park, the Acadia tennis facility and three skate parks;
- Council voted to make the City Centre Cycle Track Network permanent after a successful pilot; and
- Construction progressed on the Organics and Biosolids Compost facility, which will support implementation of the Green Cart program in 2017.

Updates on all Council Priorities and the 44 strategic actions approved in Action Plan are included in the Attachment. Additional details – including updates on all Council-approved performance measures – are provided in a supplementary section to the 2016 Year-End Accountability Report, which is available online at Calgary.ca.

Corporate Financial Results

At the end of 2016, business units' operating savings of \$24.2 million were transferred to the Budget Savings Account. These savings were due to:

- Staff vacancies savings, Zero-Based Review efficiencies, and lower business, insurance, fuel, and snow and ice control expenditures; and
- Higher revenues from road use permits, asphalt plant operations, insurance and legal billing settlements.

Intentional savings of \$38.1 million were transferred to the Fiscal Stability Reserve (FSR), as a result of:

- Savings in Councillors' ward offices and sum of other variances from Civic Partners, Council & Legislative;

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- Lower employee benefits costs;
- Higher investment income, supplementary tax revenue and reimbursements; and
- Lower corporate contingency expenses, net of transfers to Resilience Fund for Non-Residential Phased Tax Program, User Fees freeze, and Calgary Neighbourhoods initiatives, offset by lower franchise fees and higher contribution to Capital Financing reserves.

The transfer to the FSR with the year-end close brings the uncommitted balance of the reserve to \$328.0 million, which is 10.8 per cent of tax-supported gross expenditures net of recoveries. The minimum FSR balance is 5 per cent with a target of 15 per cent.

In 2016, capital programs spent 96.3 per cent of the budgeted amount, compared to 58.6 per cent for the same period in 2015. This was a result of the efforts of Infrastructure Calgary, which supported the capital budget cash flow recast and a focus on accelerating capital investment rates. The cumulative capital contribution to the Budget Savings Account at the end of 2016 was \$95.2 million, including \$83.4 million of total contributions in 2016.

Stakeholder Engagement, Research and Communication

All City departments collaborated to produce one corporate voice to report on Council Priorities and to compile the information contained in the 2016 Year-End Accountability Report.

Strategic Alignment

Accountability reporting aligns with the City Manager's Leadership Strategic Plan and the commitment to "focus on results by establishing timely and meaningful reporting of accomplishments." The report format incorporates Results-Based Accountability, which is a key component of The City's performance management system. Further, the inclusion of cross-departmental reporting of accomplishments along with department-specific results reinforces the organizational values of collective accountability and individual responsibility.

Social, Environmental, Economic (External)

The 2016 Year-End Accountability Report provides considerable detail on The City's accomplishments and challenges in 2016, including social, environmental and economic impacts.

Financial Capacity

Current and Future Operating Budget:

No budget impacts as a result of this report.

Current and Future Capital Budget:

No budget impacts as a result of this report.

Risk Assessment

Providing accountability reports to Council twice per year helps to manage risk by ensuring that Council and senior management are aware of emerging issues and challenges in a timely manner and can react accordingly.

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REASON(S) FOR RECOMMENDATION(S):

Administration is providing this information as part of its commitment to provide timely and meaningful reporting of accomplishments and to comply with Council direction and policy (CFO004) relating to accountability reporting.

ATTACHMENT(S)

2016 Year-End Accountability Report