

Corporate Planning & Financial Services Report to
Executive Committee
2024 February 13

ISC: UNRESTRICTED
EC2024-0111

Strategic Approach to Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets

PURPOSE

This report provides the proposed strategic approach to November's Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets, including information about the plan and schedule, and seeks Council's preliminary direction on whether to seek service efficiencies for the 2025 Mid-Cycle Adjustment deliberations.

PREVIOUS COUNCIL DIRECTION

In 2022 December, Council requested the addition of a standing agenda item on service plans and budgets at Executive Committee, which Administration has been delivering since that date. In 2023 December, Council provided feedback on the 2023 November Adjustments to the 2023-2026 Service Plans and Budgets and directed Administration to incorporate it into the plan and schedule for Mid-Cycle Adjustments to the service plans and budgets. Administration committed to bring the plan and schedule to Executive Committee in the first quarter of 2024. On 2024 January 30, Council adopted a Motion Arising directing Administration to use the 2024 February 13 standing item towards confirming the intent of Council to seek service efficiencies for the 2025 Mid-Cycle Adjustment deliberations. For more details see Attachment 1.

RECOMMENDATION:

That Executive Committee recommend that Council:

1. Approve the plan, and the schedule for the Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets on slide 5 of Attachment 2.
2. Direct that the Closed Meeting discussions, Confidential Report, Confidential Attachments and Confidential Distributions be held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed no later than 2026 December 31.
3. Direct Administration to publicly release the Confidential Report and Confidential Attachments 1, 3, 4 and 5 immediately following the 2024 February 27 Regular Meeting of Council.
4. Direct that, notwithstanding recommendation 2, the Closed Meeting Discussions, Confidential Report, Confidential Attachments and Confidential Distributions be released to Corporate Planning and Performance, to be shared with Administration, only where required, to support next steps.

Strategic Approach to Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets

RECOMMENDATION OF THE EXECUTIVE COMMITTEE, 2024 FEBRUARY 13:

That Council:

1. Direct Administration to:
 - a. keep the estimated property tax increase to existing tax payers to no more than the 3.6% in 2025 (estimated at 5.5% for residential and 1.4% for non-residential) and 3.1% (estimated to result in a 5.0% increase for residential and 0.9% for non-residential taxpayers) in 2026 that Council has already approved; and
 - b. find reasonable operating budget reductions to either reduce the property tax required or allow for consideration of select additional investments in priority areas.
2. Approve the plan, and the schedule for the Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets on slide 5 of Attachment 3;
3. Direct that the Closed Meeting discussions, Confidential Report, Confidential Attachments and Confidential Distributions be held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed no later than 2026 December 31;
4. Direct that, notwithstanding recommendation 3, Administration publicly release the Confidential Report and Confidential Attachments 1, 3, 4, 5, and Confidential Distribution 1, immediately following the February 27 Regular Meeting of Council; and
5. Direct that, notwithstanding recommendation 3, the Closed Meeting Discussions, Confidential Report, Confidential Attachments and Confidential Distributions be released to Corporate Planning and Performance, to be shared with Administration, only where required, to support next steps.

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

General Manager and Chief Financial Officer, Carla Male concurs with this report. The Service Plans and Budgets are a foundational part of good governance. Together with Council's Strategic Priorities, a discipline of setting, monitoring, and reviewing results, during and after implementation, for the community and for the organization are an essential governance function that Council performs. Public reporting and evaluation of the ongoing value and organizational performance ensure the organization is accountable to the public. Both the plan and schedule that Council is being asked to approve and the direction to Administration in this report are critical and timely to ensure proper stewardship and public confidence.

HIGHLIGHTS

- The recommended plan and schedule support better governance because it enables:
 - Council to give early direction (including regarding savings, efficiencies, and investments) allowing more time for Administration to develop good solutions to achieve the desired changes.
 - A thoughtful, iterative approach that balances a stable plan with the need for flexibility to adapt to changing circumstances.
 - More open sessions, allowing the public to be brought along throughout the year.

Strategic Approach to Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets

- [Council's refined strategic direction](#) was approved in 2023 April and the Mid-Cycle Adjustments schedule provides opportunities to further refine it through confirming measurable results for the priorities and result areas. This will allow Administration to be nimbler in delivering services to Calgarians.

DISCUSSION

Since 2022 December, Council and Administration have been working together to promote better governance by improving the planning and budgeting process, shifting from a funding-based approach to a priority-based, iterative approach. Discussions throughout the year provided earlier visibility for Council about the decisions ahead and enabled a more cohesive report to support holistic decision-making in November regarding the adjustments required. This work ensured City resources were aligned to keep Calgary ranked as one of the top cities in the world as we continue to grow and respond to the pressing needs of Calgarians.

The recommended plan and schedule for 2024 (Attachment 2) will solidify these changes and add three further enhancements:

1. Earlier direction from Council, to enable more time for Administration to develop good solutions to achieve the desired changes. This includes confirming:
 - a. The measurable results Council is looking for in each of the priorities and result areas; and
 - b. The intent of Council to seek service efficiencies for the 2025 Mid-Cycle Adjustment deliberations.
2. Approving the plan and schedule at the start of the year to provide a stable foundation so that Council, Administration and members of the public can understand what will happen when while retaining the flexibility to respond to changing circumstances;
3. Holding more discussions in open sessions so that members of the public can be brought along in the journey, promoting transparency and accountability.

The process will continue to be based on data-driven inputs and reportable results. All these process improvements will be formalized for future years through an update to the Multi-Year Planning and Budgeting Policy (CFO004) in Q1 2025.

The process will continue to be based on data-driven inputs and reportable results.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|--|---|
| <input type="checkbox"/> Public engagement was undertaken | <input checked="" type="checkbox"/> Dialogue with interested parties was undertaken |
| <input type="checkbox"/> Public/interested parties were informed | <input type="checkbox"/> Public communication or engagement was not required |

Administration contracted a third-party facilitator for a debrief session with Council and Administration during the 2023 December 19 Strategic Meeting of Council. This provided a neutral perspective and enabled all to fully participate in the session. The purpose was to

Strategic Approach to Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets

understand which parts of the process should stop, start, or continue. The results have been integrated into planning for the 2024 and future service plans and budgets processes.

IMPLICATIONS

Social

This work applies an evidence-based approach to understanding how the community is doing and how Council priorities contribute to the quality of life of Calgarians. The community indicators used to monitor our influence on the community guide our decisions through the four-year service plan and budgets cycle.

Environmental

The service plans and budgets are where Council can decide what is resourced and actioned that lead towards climate and environment goals.

Economic

Through the evolution of the service plan and budgeting process we were able to deliver on Financial Task Force recommendations. These include use of evidence and guiding principles for decision making, assessing the cumulative impact of decisions, and distributing tax responsibility appropriately.

Service and Financial Implications

No anticipated financial impact

This report has no direct financial impact.

RISK

Being open and transparent about this important and high-profile process raises awareness and understanding with the public, building trust and confidence in government. This contributes to the management of the Reputation Principal Corporate Risk.

Likewise, stable and transparent Council direction on both process and priorities gives certainty and clarity to interested parties, members of Administration, and Calgarians, further mitigating reputation risks.

Together, the recommendations in this report aim to improve Calgarians' trust in municipal government and confidence in the effectiveness of The City's decision-making process. They will provide Administration with the guidance and direction to balance competing demands appropriately and build robust recommendations for Council to consider in 2024 November.

ATTACHMENTS

1. Background and Previous Council Direction
2. Presentation - Strategic Approach to Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets
3. Presentation - Strategic Approach to Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets to be released 2024 February 27

Corporate Planning & Financial Services Report to
Executive Committee
2024 February 13

ISC: UNRESTRICTED
EC2024-0111

Strategic Approach to Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets

- 4. Quick Facts on Service Planning and Budgeting
- 5. 2023 November New Investment Recommendations (C2023-1148)
- 6. Confidential Distribution 1**
- 7. Confidential Distribution 2**

Department Circulation

General Manager/Director	Department / Business Unit	Approve/Consult/Inform
David Duckworth, Chief Administrative Officer	Chief Administrator's Office	Approve
Carla Male, Chief Financial Officer and General Manager	Corporate Planning and Financial Services	Approve
Chris Stewart, Director	Corporate Planning and Performance	Approve

Author: One Calgary Team

City Clerks: C. Doi / A. Degrood