

Corporate Planning & Financial Services Report to
Executive Committee
2024 April 16

ISC: UNRESTRICTED
EC2024-0291

2023 Progress Update

PURPOSE

Information on key results and advancements on Council priorities in 2023 is an essential part of good governance. This is an annual look back on 2023 progress and an update looking ahead to 2024. The information is important for both accountability and as an input into Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets.

PREVIOUS COUNCIL DIRECTION

On 2019 April 29 (PFC2019-0401), Council approved an updated Multi-Year Business Planning and Budgeting Policy (CFO004) directing Administration to provide mid-year and year-end reports on The City's performance to the service plans and budgets, including any adjustments to them. The 2023 Progress Update provides reporting for the first year of the 2023-2026 Service Plans and Budgets. Attachment 1 provides additional background.

RECOMMENDATION:

That the Executive Committee recommend that Council:

- Use the 2023 Progress Update as one input to the ongoing discussions leading up to the Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets.

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

Chief Financial Officer and General Manager, Corporate Planning & Financial Services, Carla Male, concurs with this report.

HIGHLIGHTS

- The City has made important advancements on what is important to Calgarians as reflected in Council's priorities of Housing, Public Safety, Transit, Social Equity, Climate, Downtown Revitalization, and Land Use and Local Area Planning.
- Attachment 2 is a one-page progress snapshot of these areas.
- Attachment 3 is an executive summary of progress made on key results and financial updates— with all key results on track at 2023 December 31.
- Attachment 4 is a reference document. It allows Council and Calgarians to dive deeper into service areas that are of particular interest to them. 2023 Service updates are also found here on calgary.ca/progressupdate.
- The service plans and budgets, most recently adjusted in 2023 November, represent an accountability contract with Council and Calgarians on what The City will deliver in 2023-2026. This report provides an important update on fulfilling that contract, including where there are challenges.
- Service and financial performance information provided in this report are important inputs for Council to consider as part of the upcoming Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets. These inputs can be used to identify areas for service investment, improvement, or budget reductions to help support Calgarians, local businesses and the community.

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- We continue to manage our finances in a sustainable manner. In 2023 November, Administration reported The City anticipated a favorable variance for 2023. As of 2023 December 31, there was a favourable operating variance of \$237.7 million (5.2 per cent of budgeted total expenditures net of recoveries) primarily as a result of additional revenues (\$68.6 million), positive departmental variances driven by non-recurring factors (\$73.7 million) and positive variances in corporate costs (\$95.4 million). Attachment 3 provides further details on financial updates.
- \$100 million of the positive operating budget variance and \$165 million of the positive franchise fee variance has previously been directed by Council to investments in community priorities (See 2023 November Adjustments Summary Report).
- Despite the challenges of increased service demand and complexity, population growth and inflation, we are committed to maintaining fiscal sustainability and delivering results for Calgarians with the resources available.

DISCUSSION

Reporting on the results and progress of Council's priority areas supports good governance and gives insights into The City's service performance, helping to make decisions about where more investment may be needed and where reductions may be possible to keep taxes affordable.

Housing

The City is closely monitoring population growth and affordability status to ensure all Calgarians have housing options. In 2023 September, Council approved the *Home is Here - The City of Calgary's Housing Strategy 2023-2030*. The City signed the federal Housing Accelerator Fund Contribution agreement for \$228 million to build over 6,800 housing units in the next three years. During the 2023 November Adjustments, Council approved additional funding to accelerate housing initiatives, additional \$27 million base operating and \$54.4 million one-time operating in 2024 to implement key actions of the Housing Strategy and \$90 million capital (2024-2028). In addition to securing funding for affordable housing, The City focused on improving housing stock. (See Housing in Attachment 3: 2023 Progress Update)

Public safety

2023 was a challenging year for public safety. However, The City's investments in this area contributed to some improvements. Council approved additional \$37.3 million base operating, \$2 million one-time operating and \$66.8 million capital during the 2023 November Adjustments. We are expanding our capacity to respond to growing demand and increasing complexity by assigning dedicated teams and securing funding to recruit more officers. The Public Transit Safety Strategy was approved to improve collaboration and coordination of safety monitoring and response on transit. Since this, there has been a notable increase on perception of safety among transit users. We continued investing through the Community Safety Investment Framework and addressing safety issues and concerns through coordinated efforts among internal and external partners. (See Public safety in Attachment 3: 2023 Progress Update)

Transit

Service levels and ridership continued to grow year over year. Routes and schedules were optimized, resulting in more efficient performance in 2023, such as decreased costs per trip (\$4.98 in 2023 compared to \$6.85 in 2022) while maintaining bus on-time performance reliability

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(85.3 per cent). Public Transit successfully hired more operators to increase its service levels. We continued to implement the RouteAhead Plan through operating and capital investments, including innovative fares such as 12 and under free and weekend pass. Supporting our approach, Council approved additional \$18 million base operating and \$60 million capital during the 2023 November Adjustments. Green Line also entered the Development Phase with Bow Transit Connectors. (See Transit in Attachment 3: 2023 Progress Update)

Social equity

We implemented several initiatives and continued to remove barriers to ensure all Calgarians have access to our services and programs, and they feel a sense of belonging and acceptance in their neighbourhood. Council approved \$8 million base operating, \$12.4 million one-time operating and \$36 million capital additional investments during the 2023 November Adjustments. The Calgary Equity Index is used to identify geographic areas in Calgary where equity is lowest. Fair Entry experienced the highest volume of service requests in 2023, with 113,000 Calgarians receiving support from the program. Our work to improve inclusivity, accessibility and equity continued through several key projects, such as Indigenous Calgary After School Pilot Project. We also continued to invest on the Mental Health and Addiction Framework to improve Calgarians' wellbeing. (See Social equity in Attachment 3: 2023 Progress Update)

Climate

The City completed its first year of the 2023-2026 Climate Implementation Plan with 92 out of 120 climate actions (almost 80 per cent) in progress or already complete, spending 51 per cent of the 2023 cross-corporate climate budget (a total of \$1.6 million base operating, \$6.0 million one-time operating and \$34.1 million capital as approved by Council as part of the 2023-2026 Service Plans and Budgets). We approved 900 energy-efficient new housing units through the Green Buildings Priority Stream and 113 residential energy efficiency and renewable energy projects through the Clean Energy Improvement Program (CEIP). Across participating homes, CEIP is achieving an average of 30 per cent reduction in annual greenhouse gas emissions. Climate resilience initiatives included restoring 65 hectares of park habitat, replacing 3,500 trees, and supporting 28 formal partnerships between vendors and hosts with stands on City property through the Farm Stand Program. (See Climate in Attachment 3: 2023 Progress Update and Attachment 6: Update on the Cross-Corporate Climate Budget and 2023 Climate Initiatives)

Downtown revitalization

Working with internal and external partners, we invested in major civic projects and priority public infrastructure that supports economic development and provides Calgarians with needed amenities. We supported several cultural events and festivals and continued our activations projects to add additional space for more events. Through various partnerships, we continued addressing social issues to improve safety in the city's downtown core. In 2023, 62 events were hosted with a projected economic impact of over \$132 million. Downtown Strategy also directed 30 grants and approximately \$15,000 to local art groups to activate the downtown with performances and events. We also enabled 11 office conversion projects (a total of \$162M capital for the Office Conversion Program) that will collectively eliminate approximately 1.46 million square feet of office space in downtown Calgary. (See Downtown revitalization in Attachment 3: 2023 Progress Update)

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Land use and local area planning

We made process improvements to make growth more efficient. In new communities, the redesigned evaluation process was approved by Council and implemented as of 2023 August. In established areas, new public space investments (\$11.4 million spend against a budget of \$24.6 million in 2023) were completed, and progress was made on financial tools for enabling greater investment. Main Streets and Transit-Oriented Development continued to enable growth in priority locations using Council-approved funding (\$17.5 million spend against a budget of \$25.7 million in 2023) and support from external partners. In industrial areas, the 2023 Action Plan was approved by Council, leading to work starting on modernizing local area policy and evaluating incentives. We made significant progress in several projects, such as Constellation – the newest industrial park to launch in the second quarter of 2024, as well as Midfield Heights, Aurora Business Park and South Macleod Project. (See Land use and local area planning in Attachment 3: 2023 Progress Update)

Continuous improvement

We implemented several innovative technologies, practices and processes to improve service quality and delivery, enhancing citizen satisfaction. Examples include increased efficiency as a result of the review on permit approval timelines for residential improvement and commercial projects, creating Artificial Intelligence solutions for pavement condition assessment and wastewater pipeline inspections, adding 14 new dashboards for 311 services, and an interactive 5A Network map. (See Continuous improvement in Attachment 3: 2023 Progress Update)

Financial Update

In 2023 November, Administration reported that a positive variance for 2023 was anticipated. This allowed \$100 million in one-time additional investments (See the [2023 November Adjustments Summary Report](#)). Now that the 2023 year-end has concluded, there is a favourable operating variance of \$237.7 million, representing an additional \$137.7 million. This was a combined effect of higher-than-expected investment income and supplementary revenue, lower corporate expenditures and a favourable variance across several tax-supported services. The Corporate Programs' variance of \$164.0 million can be attributed primarily to higher-than-expected revenues (\$68.6 million) and lower expenditures (\$95.4 million). The tax-supported variance of \$73.7 million is mainly a result of higher revenue, lower salary and wage expenses and several one-off impacts. The Franchise Fee variance of \$200 million was put into the Reserve for Future Capital and Lifecycle Maintenance and Upgrade Merged Reserve to fund capital investments per the standard year-end process. Of this variance, \$165 million has already been committed by Council in the 2023 November Adjustments to fund capital investments in the current budget cycle. The remaining \$35 million, the \$137.7 million from the operating variance, along with the 2023 ENMAX dividend variance will be transferred to the Fiscal Stability Reserve, upon approval, as per the [Notice of Motion](#) EC2024-0371, committing those funds to inflationary or market pressures on existing capital projects.

The City invested \$1.5 billion in capital in 2023 (52.5 per cent of the \$2.8 billion budget). Key projects included the Vivo Expansion, Downtown Flood Barrier and Eau Claire Promenade. Progress continues on priorities including Event Centre, Rundle Redevelopment Project for Affordable Housing, downtown revitalization efforts such as Arts Common and Olympic Plaza Transformation Project and transit projects. The City's capital budget investment rate increased to 52.5 per cent from 44.4 per cent in 2022. However, investments have been impacted by cost

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escalations and supply disruptions and other systemic contributing factors that The City is working to address. To mitigate some of the challenges, a capital cost escalation fund was created to support Council approved projects and ensure they can be delivered in a timely way. Services have also worked to adjust to these conditions, such as Public Transit's procurement strategy that shifted some of the planned spending into future periods. Administration is committed to progressing capital investments and realizing great outcomes for Calgarians. (See Attachment 3: 2023 Progress Update)

Reporting Improvements

We have heard from Council that there is a desire to improve our reporting processes. We are actively working to make a stronger connection between progress update information and service plan and budget adjustments. Further advancements in future reporting, include:

- Enhancing the way we report, measure and benchmark based on feedback received from Council members.
- Leveraging technology to improve efficiency and user experience.
- Reviewing the optimal frequency of reporting progress to Council and Calgarians.
- Reviewing the key performance measures and indicators for priority areas.
- Continued use of plain language in keeping with Council's Plain Language Policy (CS014).

EXTERNAL ENGAGEMENT AND COMMUNICATION

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

IMPLICATIONS

Social

This report presents an overview of advancements made in support of social resilience, including housing, social equity and public safety, and are highlighted in Attachment 3.

Environmental

This report presents an overview of the environmental and climate advancements in 2023 and are highlighted in Attachment 3 and Attachment 6.

Economic

This report presents an overview of economic impacts in 2023 and are highlighted in Attachment 3.

Service and Financial Implications

No anticipated financial impact

No anticipated financial impact.

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RISK

Understanding, assessing, and managing risk is critical to achieving Council's vision for Calgary and delivering on our service plans and budgets. Each reporting cycle, The City provides updates on specific cross-corporate challenges, monitored trends, and identified potential uncertainties that are impacting or may impact reliable, effective and efficient service delivery. In 2023, the experienced challenges include inflation and cost escalation; resourcing and organizational capacity; growing service demand and complexity; operational concerns; and changing social dynamics and demographics. These challenges, trends and potential uncertainties aligned with the internal and external pressures and the risks highlighted in the 2023 Year-End Risk Profile (AC2024-0038). At a corporate level, The City's Risk Profile remains mostly stable when compared to earlier in 2023. By proactively identifying and managing these challenges, we can enhance our service resilience and effectiveness.

ATTACHMENT(S)

1. Background and Previous Council Direction
2. Snapshot
3. 2023 Progress Update
4. Service Updates
5. Awards The City of Calgary Received in 2023
6. Update on the Cross-Corporate Climate Budget and 2023 Climate Initiatives
7. Presentation

Department Circulation

General Manager/Director	Department / Business Unit	Approve/Consult/Inform
Carla Male, General Manager	Corporate Planning & Financial Services	Approve
Chris Stewart, Director	Corporate Planning & Performance	Approve
David Duckworth, Chief Administrative Officer	Chief Administrator's Office	Inform
Stuart Dalgleish, Chief Operating Officer	Chief Operating Officer's Office	Inform
Chris Arthurs, General Manager	People, Innovation and Collaboration Services	Inform
Katie Black, General Manager	Community Services	Inform
Timothy (Tim) Keane / Debra Hamilton, General Manager	Planning & Development Services	Inform
Jill Floen, General Manager	Law, Legislative Services & Security	Inform
Doug Morgan, General Manager	Operational Services	Inform
Michael Thompson, General Manager	Infrastructure Services	Inform

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