

CITY OF CALGARY
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JUN 22 2015

ITEM: C2015-0550
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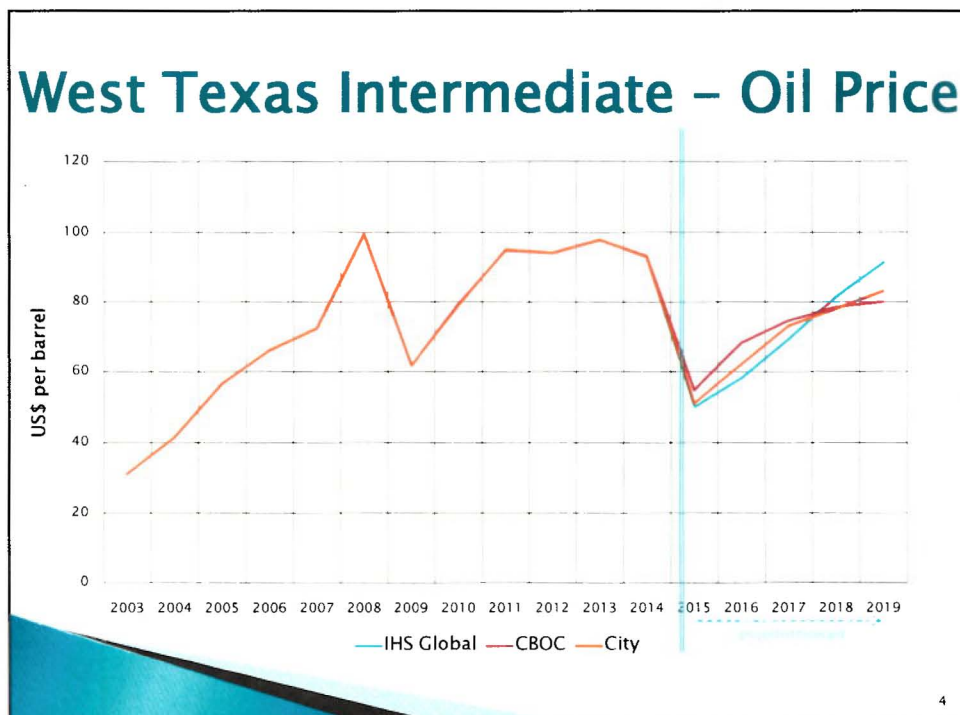
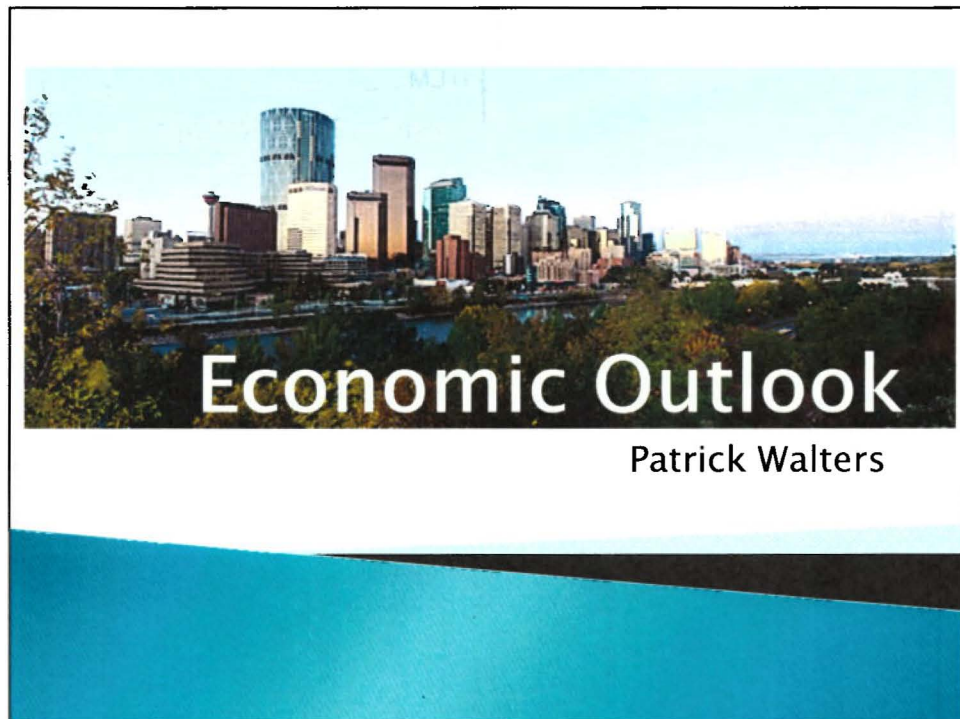
Strategic Session with Council

Resilience and Economy
2015 June 22
C2015-0550

Overview

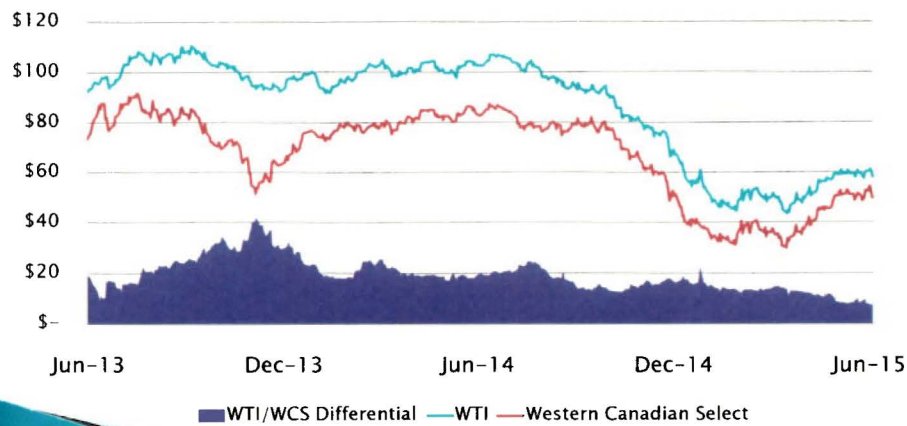
- ▶ Economic Outlook
Patrick Walters
- ▶ Action Plan Budget Adjustments
Chris Jacyk
- ▶ A Resilience Framework for Calgary
Christine Arthurs
- ▶ Economic Resilience
Bruce Cullen

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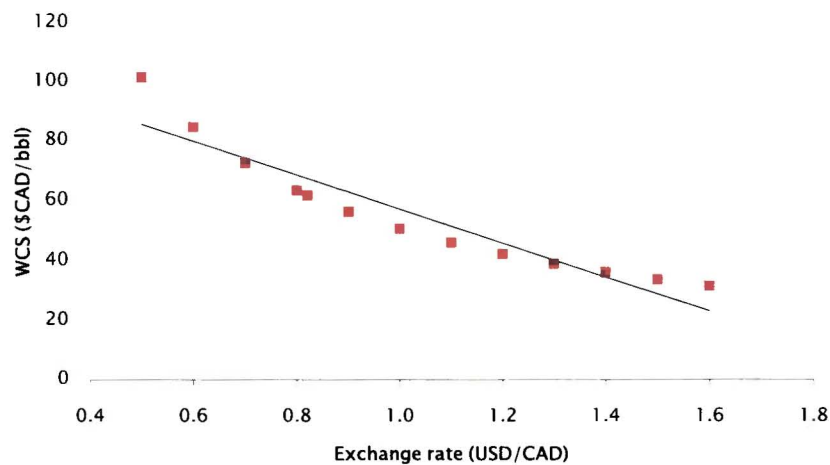
Closing Gaps between Oil Prices

Price Gaps between WTI and WCS closed to less than US\$10/bbl
\$US/barrel, June 2013 – June 2015



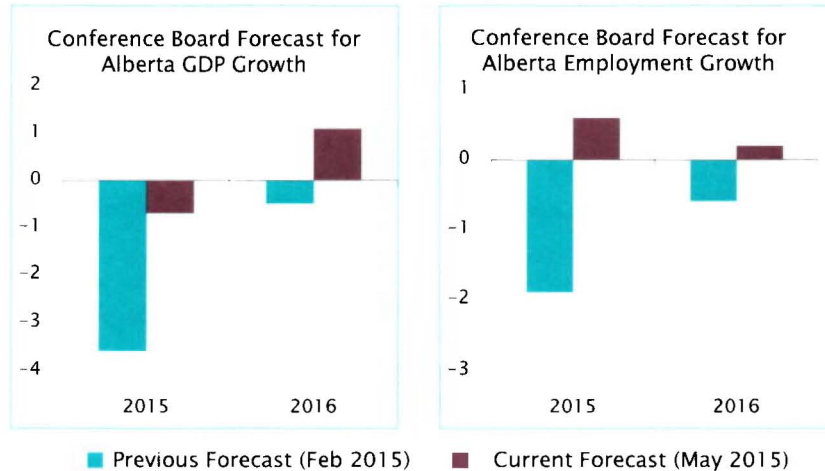
Sources: Bloomberg, GLJ Petroleum Consultants
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Sensitivity of WCS to Exchange Rate



Sources: Bloomberg, Bank of Canada
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Outlook More Optimistic



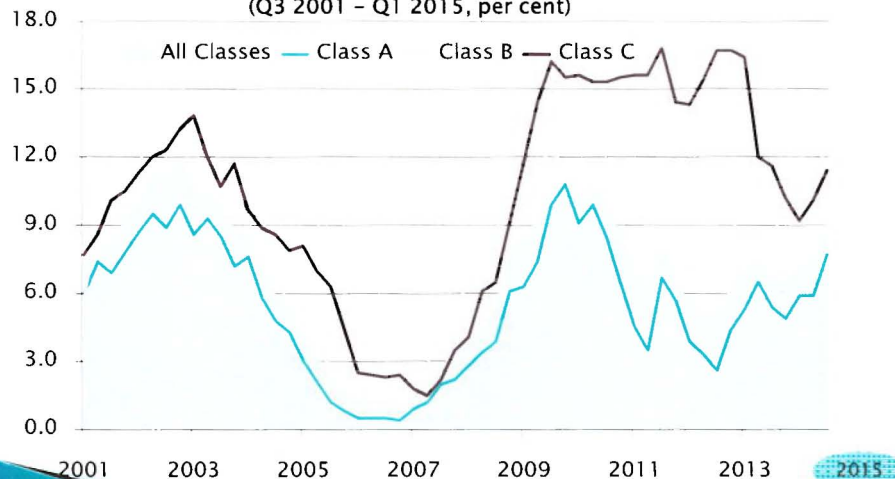
Source: Conference Board of Canada Provincial Outlook Spring 2015 and Winter 2015.

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Commercial Real Estate

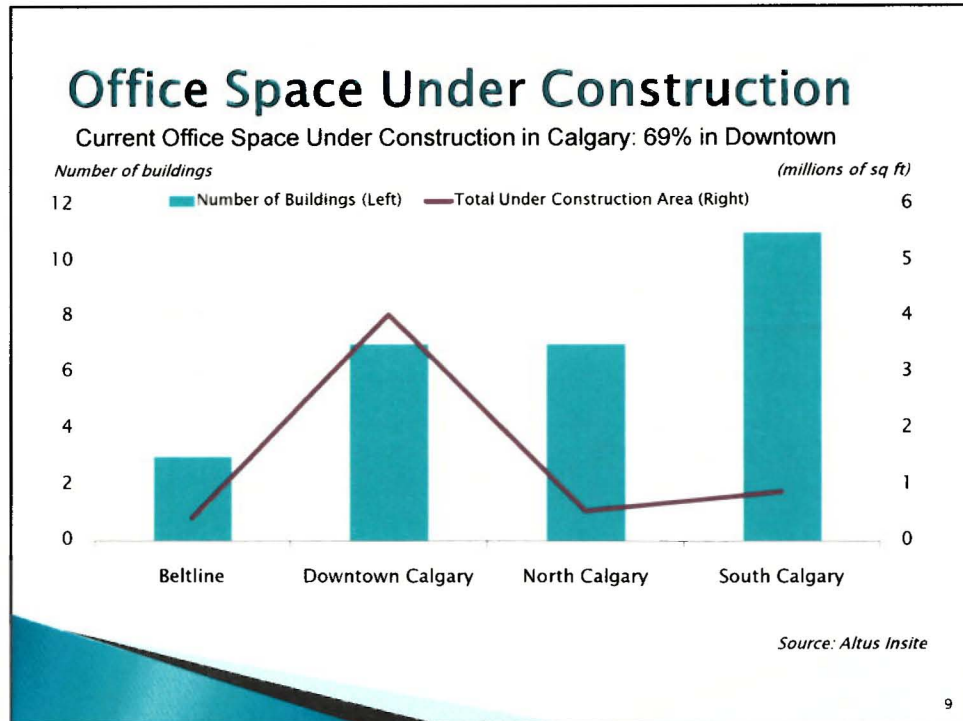
Calgary Office Vacancy Rates

(Q3 2001 – Q1 2015, per cent)



Source: Altus Insite, Corporate Economics

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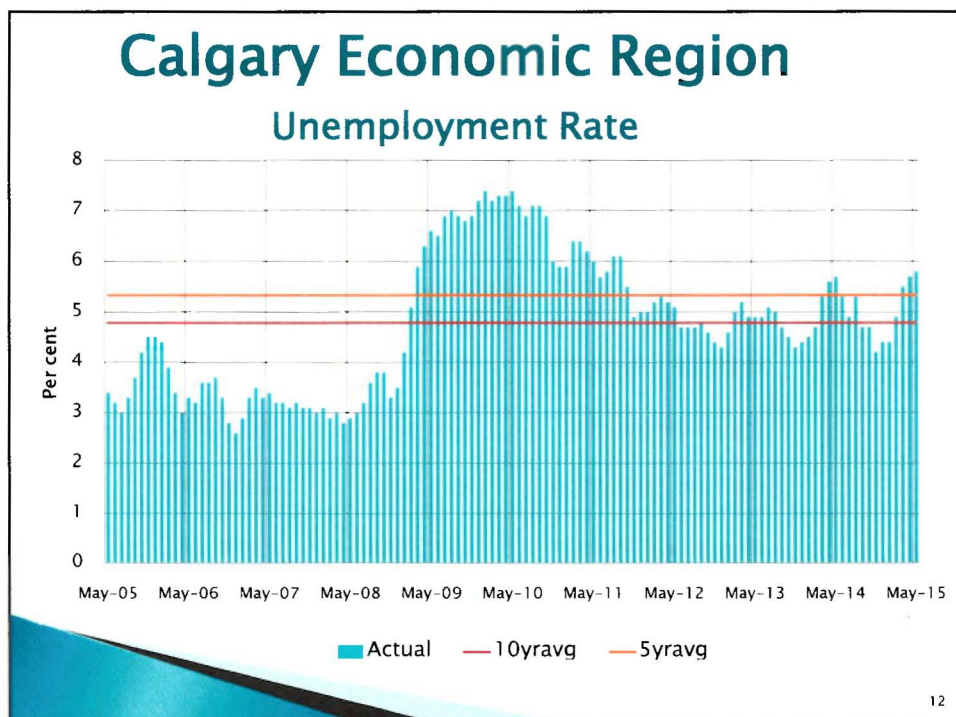
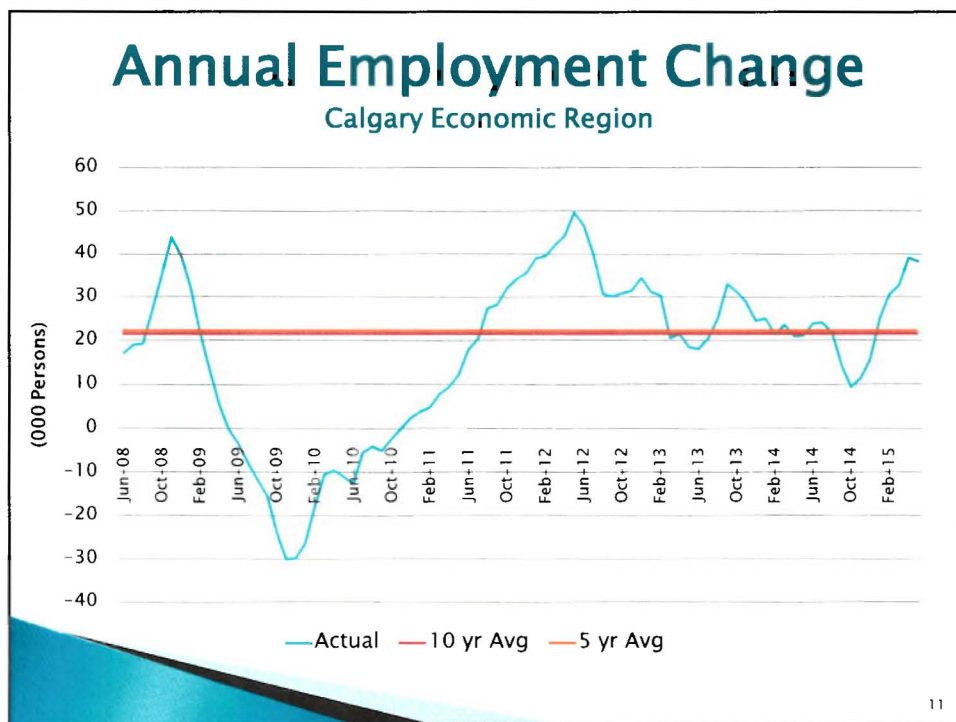


Office Space Under Construction

**Top 5 Buildings for Downtown Calgary Office
Projected Market Supply 2015-2019**

Buildings	Expected Completion Date	Market Supply (sq ft)
Calgary City Center	Q4 2015	853,000
Eau Claire Tower	Q1 2017	613,000
707 5th Street SW	Q2 2017	564,000
Brookfield Place	Q1 2018	1,400,000
Telus Sky	Q1 2018	460,000

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General Comments From Data

- ▶ The economic indicators for Calgary are pointing in different directions. Possibly indicating that, the projected recession may not materialize.
- ▶ The oil price is trending upwards; and the current economic forecasts are more optimistic about the province's economic outlook compared to early in 2015.
- ▶ We can infer, that Calgary's current outlook would be better compared to what was predicted in January 2015.
- ▶ Geo-political considerations and their impact on the certainty of oil supplies are always considerations when discussing oil markets.
- ▶ The major forecast risk to Calgary comes from the future outlook for oil prices.

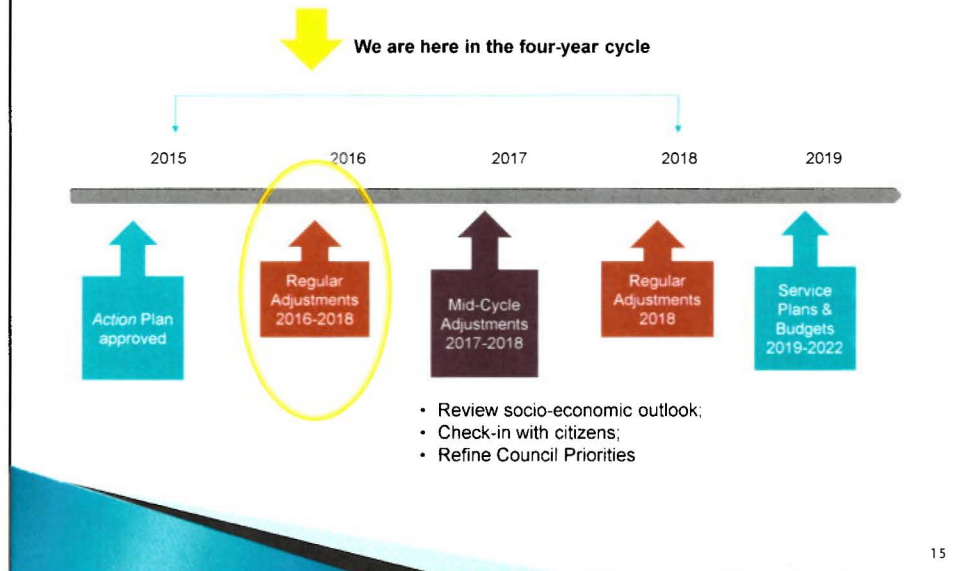
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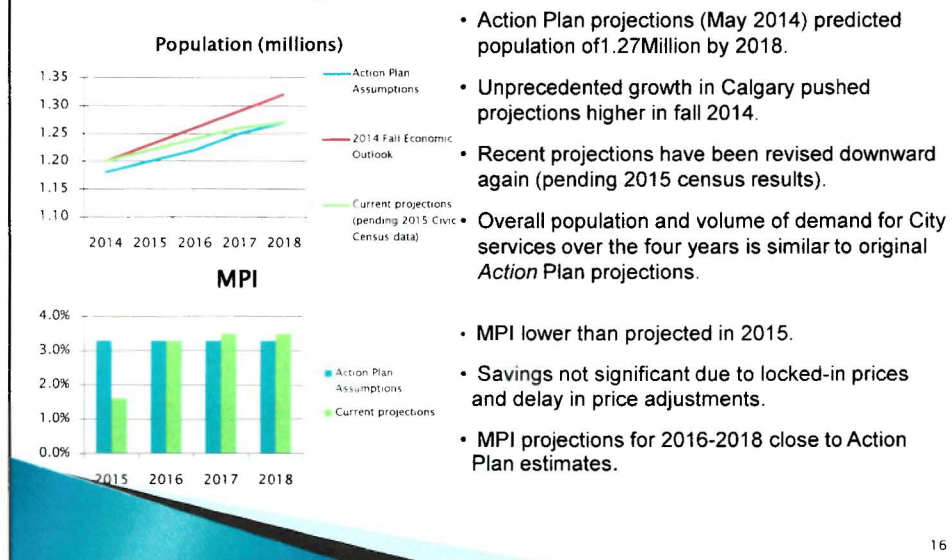
2016 – 2018 Action Plan Budget Adjustments

Chris Jacyk

Where we are – *Action Plan Cycle*

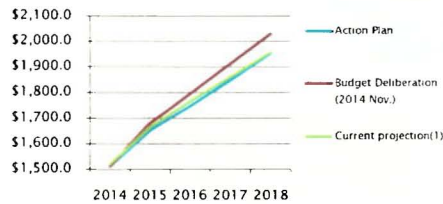


Changes in Population Growth & MPI Projections



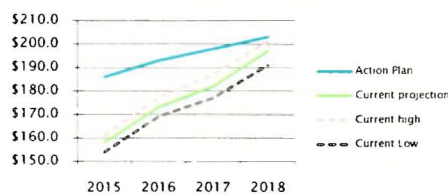
Changes in Recent Revenue Projections

Total Taxation Revenue



- Taxation revenue growth affected by lower housing starts and building permits.
- Projections were revised upwards in November 2014, with additional revenue placed in tax revenue contingency fund.

Franchise Fees Revenues



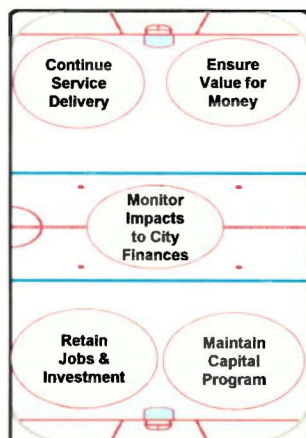
- Franchise fee revenues affected by lower utility (electricity and natural gas) price forecasts.
- Effect is expected to be temporary, with limited impact by 2018.

Total Budget shortfall
\$41M in 2015 | \$48M in 2016|
\$67M in 2017 | \$79M in 2018

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Recommended Approach

GAME PLAN: Guided by the strategies of the Economic Resilience Program.

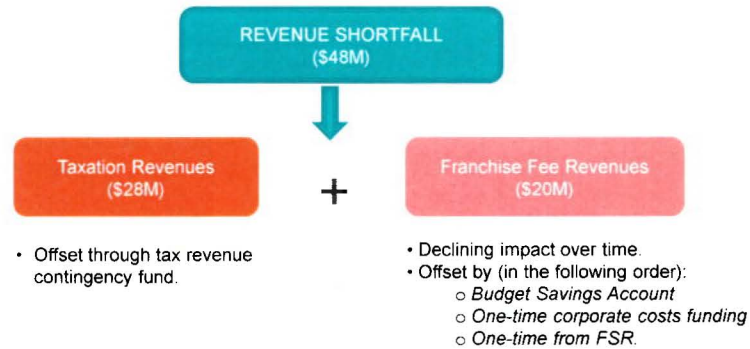


- Continue to provide services and proceed with capital projects to respond to citizens' needs, take advantage of counter-cyclical capital investment and ensure The City is prepared for economic recovery.
- Continue to monitor the economy and assess the plans and budgets, and update as part of the mid-cycle Adjustments.
- Continue to find savings and efficiencies for the Budget Savings Account into the future and replenish contingencies.
- Fund 2016 revenue shortfalls corporately (see next slide for details).

Note: The first 5 of 7 strategies of the Economic Resilience Program (shown above, left) most directly drive the approach for Adjustments 2016-2018.

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Handling the Revenue Shortfall



Assumptions:

- Tax rate increase remains at 4.7% for 2016 as previously-approved.
- No impacts to service levels.

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Silence Framework for Calgary

Christine Arthurs

CALGARY RECOVERS

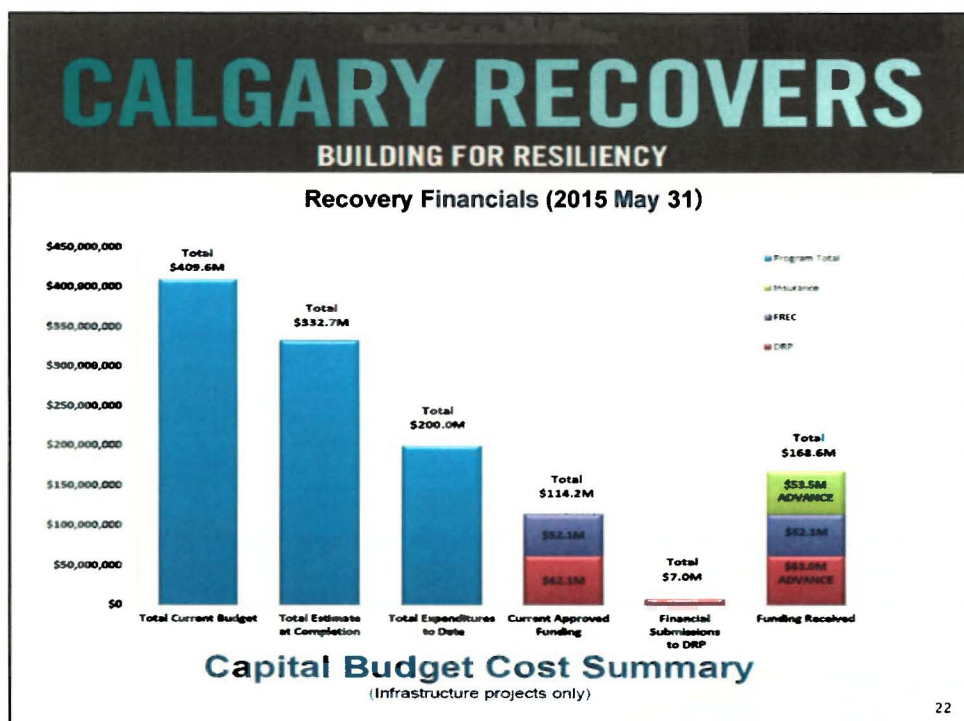
BUILDING FOR RESILIENCY



Mission

The Flood Recovery Task Force will provide **leadership**, within The City of Calgary and the Calgary community, to identify and **resource** immediate flood **recovery activities**, and support the delivery of **recovery, mitigation and resilience recommendations** for the 2015-2018 business cycle.

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CALGARY RECOVERS

BUILDING FOR RESILIENCY

Flood Resilience Funding

- ▶ Alberta Community Resilience Program - \$18.5M
- ▶ Fiscal Stability Reserve - \$15.7 M City
- ▶ Flood Riverbank Erosion Control - \$52 M Province
- ▶ Flood Readiness - \$7.6 M Province

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CALGARY RECOVERS

BUILDING FOR RESILIENCY

RECOVERY OPERATIONS CENTRE: TRANSITION PLAN

Focus Area	Ongoing Activity	Lead BU
People	Ongoing support of flood impacted citizens and communities due to secondary stresses of disaster event.	CNS
People	Ensure skills developed during recovery process are understood and identified for future events.	HR
People	Update the Recovery Operations Centre Response and Resource Manual.	CEMA
Services	Communication regarding flood recovery.	CS&C
Services	Complete insurance claim and seek continuity of flood insurance.	Law
Services	Development of Catastrophic Claims Management System.	Law
Services	Flood Resilience Strategy.	WS
Services	Land use in flood impacted areas.	PDA
Housing and Property	Ongoing monitoring and support of private property recovery and maintain public safety.	PDA
Infrastructure	Continuity of the Municipal Infrastructure Recovery Program (MIRP).	IIS
Funding	Tracking and reporting of flood budget, expenditures and funding.	Finance

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Resilience Definition – Rockefeller Foundation

- Is the capacity of any entity- an individual, a community, an organization, or a natural system to prepare for disruptions, to recover from shocks and stresses and to adapt and grow from a disruptive experience.

▪ J. Rodin, President, 100 Resilient Cities

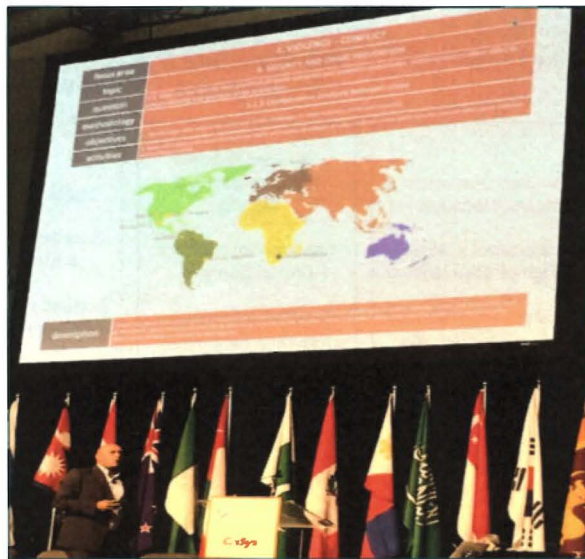
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Global Network

“A simple thing from anywhere else in the world can help save the lives of many”.

-Santiago Uribe Rocha

Chief Resilience Officer
Medellin, Columbia



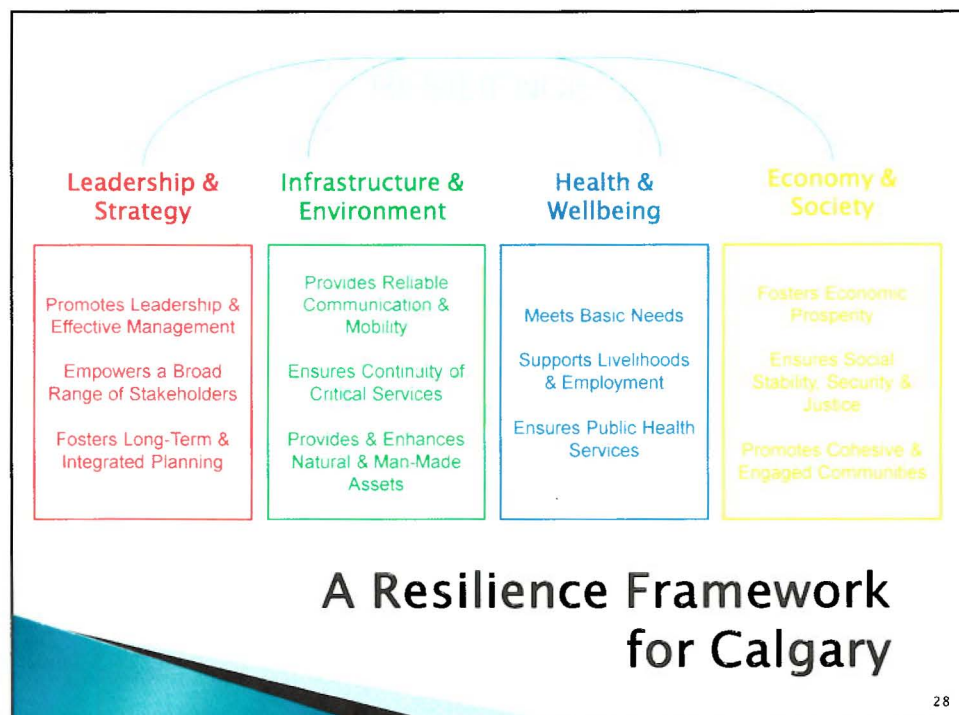
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What's our City role?

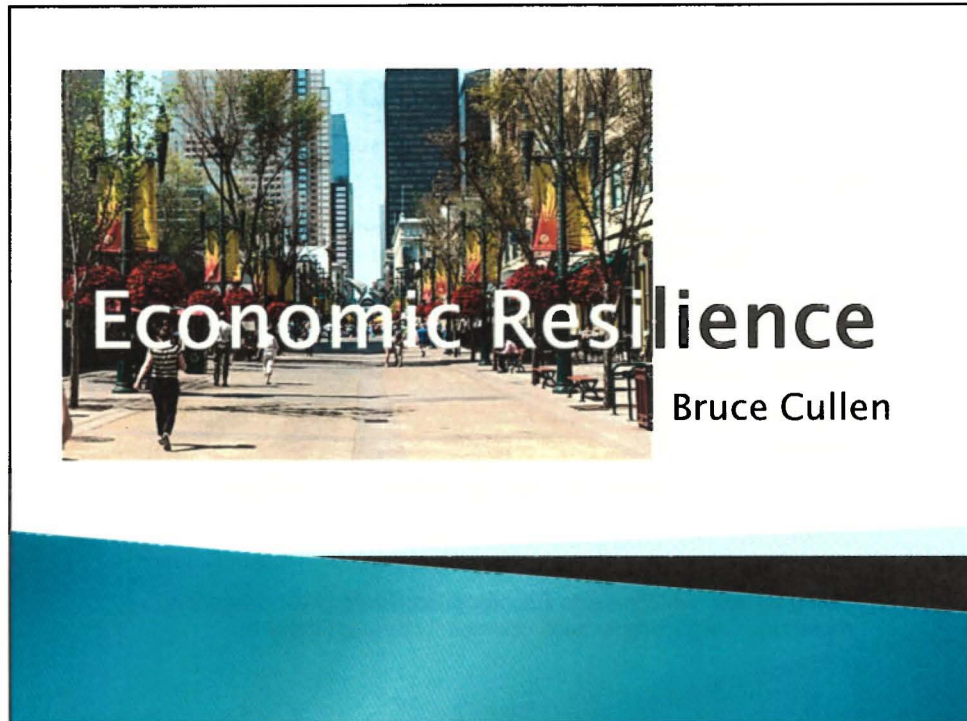
- ▶ In position to take and **influence** action
- ▶ Build and strengthen **relationships**
with stakeholders, partners
and governments
- ▶ Public **confidence**
- ▶ Conduit for **funding**

*Collective
Accountability*

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Economic Strategy for Calgary

Strong communities, shared prosperity and sustainable development

► Fosters economic Prosperity

- The Calgary region – designated a foreign trade zone (FTZ) enhancing our marketing efforts for trade and investment
- Innovate Calgary – launched Kinetica Ventures to spur development of innovative energy technologies

► Ensures social stability, security and justice

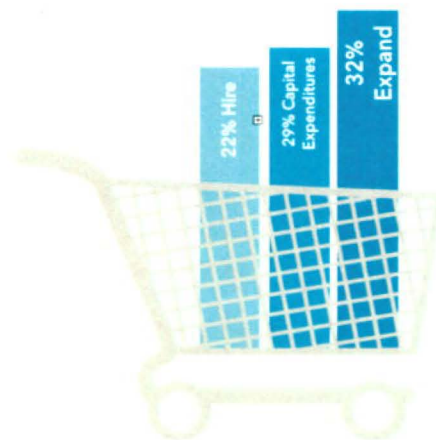
- Knowledge learning sessions assist companies with inclusive hiring practices

► Promotes cohesive and engaged communities

- Calgary Economic Development coordinates a multi-stakeholder housing committee exploring options to diversify the housing mix in Calgary
- *Living a Creative Life* – Arts Development Strategy for Calgary is mobilizing Calgarians to build community through the arts.

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Growth plans are minimal as companies 'batten down the hatches'



54% have no intention to expand their business in any way
- Up from only 35% in 2014

CED Online Survey April 2015

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Despite shifting climate, attitudes about general economic conditions are steady.



CED Online Survey April 2015

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Economic Resilience

- ▶ Seven key result areas to respond to our cyclical economy, and reduce future exposure
- ▶ Proactive, collective accountability and corporate collaboration across the organization, and with partner organizations, on existing and new programs
- ▶ New and upcoming projects in 2015 and beyond
 - ✓ Scenario analysis
 - ✓ Digital Economy
 - ✓ Corporate capital strategies
 - ✓ Energy economy & diversification



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Economic Resilience – KRA 1

- ▶ Continue to provide service delivery to Calgarians
 - Continue to deliver 2015-2018 Action Plan
 - Start the 2015 adjustment process for 2016, based on inputs from all areas of the ER plan
 - Respond to federal and provincial budget announcements, and research available grant funding that can help pilot innovative technology



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Economic Resilience – KRA 2

- ▶ Focus on ensuring value for money in service delivery
 - Work with the City Auditor to identify areas of continuous improvement
 - Zero-Based Reviews on business units is underway and will continue through 2018
 - Review the use of internal consulting, using in-house expertise whenever possible



Economic Resilience – KRA 5

- ▶ Work with our partners to identify and respond to what is required
 - Work collaboratively with local partners and government responding to the needs during economic recovery
 - Explore opportunities to soften the impact of the current economic situation and maximize affordable alternatives to Calgarians



calgary economic development
be part of the energy

enough
for all

Alberta
economy



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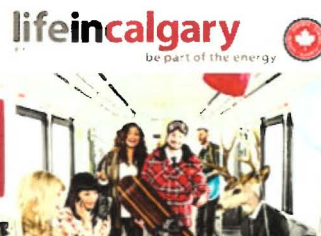
Economic Resilience – KRA 6

- ▶ Create a more resilient economy
 - Support the implementation of Calgary's Economic Strategy



calgary economic development
be part of the energy

Come in We're
OPEN



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Economic Resilience – KRA 7

- ▶ Contribute to the creation of a vibrant and prosperous downtown Calgary

- Improve public realm
- Safe, clean and inclusive Centre City
- Invest in Centre City programs



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Questions

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