

Corporate Planning & Financial Services Report to
Executive Committee
2024 September 04

ISC: UNRESTRICTED
EC2024-0856

2024 Mid-Year Progress Update

PURPOSE

Regular reporting on the current service environment, influences on service delivery, and key results for Council priorities are essential parts of good governance. This report provides an update on progress made during the first half of 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. Attachment 1 provides additional background.

RECOMMENDATION:

That the Executive Committee recommends that Council:

- Use the 2024 Mid-Year Progress Update as one input to the ongoing discussions leading up to the Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets.

RECOMMENDATION OF THE EXECUTIVE COMMITTEE, 2024 SEPTEMBER 4:

That Council use the 2024 Mid-Year Progress Update as one input to the ongoing discussions leading up to the Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets.

Excerpt from the Minutes of the Regular Meeting of the Executive Committee, 2024 September 4:

"A revised Attachment 3 was distributed with respect to Report EC2024-0856."

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

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

HIGHLIGHTS

- We made progress on delivering our service plans & budgets including in council priority areas.
- Population growth and inflation are outstripping spending making it increasingly difficult to maintain service levels, and citizen satisfaction with City services overall is falling.
- We continue to do our best to meet the needs of Calgarians with the resources we have and ensure long-term financial sustainability.
- We have a favourable operating variance of \$117.1 million as of 2024 June 30, which is mainly due to the combined effect of higher revenue, lower-than-expected corporate

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expenditures, and a favourable variance across several tax-supported services. The year-end operating variance is currently estimated at \$158 million favourable.

- The first 6 months of 2024 saw 39.6 per cent of the \$2 billion capital budget spent, up from 15 per cent this time last year. This is reflective of the fact that most of the capital spending is aligned with the construction season that is more pronounced in the second half of the year.
- Service and financial performance information provided in this report is a crucial input for Council in preparing and making decisions for the upcoming Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets. These inputs can help to identify areas for service improvement, budget adjustments or additional investment, to better support Calgarians, local businesses and the community.
- Calgary is Canada's fastest growing major city; one of the top five liveable cities in the world. We're experiencing big city challenges and changes now, but through it, The City is committed to delivering services in a way that ensures long-term financial sustainability in accordance with best practices and Council policies.

DISCUSSION

Reporting on the results and progress against the approved service plans and budgets supports good governance. It also provides insights on The City's service performance, helping to make decisions about where more investments may be needed and where reductions may be possible to keep taxes affordable.

The City's service environment is becoming increasingly dynamic due to various external and internal pressures. Population growth over the originally estimated levels and the inflation rate, along with other financial constraints and aging infrastructure are creating challenges to providing services that meet the increasing and evolving needs of Calgarians.

Service delivery

As a municipal government, we are the closest level of government to our citizens, touching every aspect of their daily lives through our essential services. Calgarians feel that quality of life in the city is "good", with 71 per cent rating; however, this score is declining compared to 2023. Moreover, 62 per cent of Calgarians feel that quality of life has worsened over the past three years, a historic high. Additionally, satisfaction with the overall level and quality of services and programs stands at 63 per cent, marking the lowest score since 2015.

Despite the challenges, all our services including the top ten services for Calgarians (according to the [2024 Spring Survey of Calgarians](#)) listed below are working hard to deliver results and are continuously exploring ways to minimize the impact of internal and external pressures.

- **Fire & Emergency Response:** The Fire department responded to almost 36,000 emergency incidents by the end of May. Fire response time improved compared to last year, however, there was a five per cent decline in first-in unit response time compared to the same period as last year (January to May). The service is exploring the optimal number of aerials to meet service demands across communities and working with supply chain to initiate and progress procurement activities. The 25 per cent increase in fire inspections from January to May, compared to the same time period in 2023, along with

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increasing complexities, are putting strains on the service to process requests within desired timelines.

- **Police Services:** Since 2020, there has been a steady increase in both the number of service calls and the drive time to respond to emergency calls. The service has used alternative call response mechanisms, piloted downtown safety hub models, diverted calls to more applicable service agencies and introduced touch down police service sites to enhance frontline police capacity and response capability. However, there are concerns in the community around police staffing levels. Some community associations are hiring private security to support police because of short staffing.
- **Calgary 9-1-1:** Demand for 9-1-1 services remains high as Calgary grows. Non-emergency police call times continue to pose a challenge for the teams to answer within an ideal timeframe. Calgary 9-1-1 is using innovative data analytical capabilities to better forecast and optimize daily staffing needs.
- **Emergency Management & Business Continuity:** The service was activated in support of the water feeder main emergency. This included providing resources, centralized communications, planning support and coordination to operational services. The service has also begun the application process to the Provincial Disaster Recovery Program for cost recovery from this event.
- **Building Safety:** Building permit processing timelines are below the expected performance level due to an increase in the volume of applicants; over 14,000 applications were received during the first six months of the year, a 23 per cent increase in permit applications. Despite the rise in demand, the average time to book an inspection remained consistent with last year at four business days. However, the increased demand continues to put pressure on the measure of booking availability within two business days.
- **Water Treatment & Supply:** The catastrophic break of the Bearspaw South Feeder Main on 2024 June 5, which severely impacted our ability to deliver water to Calgary and regional customers, highlighted the importance of asset management. The water main break led to extended voluntary indoor and mandatory outdoor water restrictions and a declaration of a local emergency. As of end of June, a total of 25 days of conservation measures were reported (this number will be higher in year-end given restrictions were still in effect at the time of reporting). After extensive inspections along the full length of the feeder main, additional spots have been identified as requiring urgent repair and plans are in progress to work on repairs.
- **Wastewater Collection & Treatment:** Given the highly regulated nature of wastewater, our team of experts work tirelessly to protect our rivers by ensuring regulatory compliance. So far this year, several initiatives have advanced compliance efforts, including onboarding dedicated Water Bylaw Officers, in collaboration with Community Safety. Significant upgrades were made to three lift stations in our wastewater collection system ensuring safe, reliable service well into the future. Lift stations are critical infrastructure as they move wastewater to our treatment plants.
- **Stormwater Management:** Calgarians' satisfaction results continue to trend upward for this service, an indicator of the importance Calgarians place on protecting public and private property and infrastructure, and proactively preparing Calgary for climate events. The Council endorsed Stormwater Strategy is advancing as planned. Implementation teams have been established to support growth, development and densification. We

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continue to balance investments in new and established communities while delivering stormwater outcomes.

- **Waste & Recycling:** Calgarians satisfaction with waste and recycling services is mainly steady with a one-point increase at 87 per cent in spring 2024. Interruptions to waste collection are within normal ranges. With new collection days and routes introduced in early 2024, we saw a slight increase in missed collections overall. We expect this to stabilize as customers and drivers adjust to new collection days.
- **Parks & Open Spaces:** Calgary's parks consistently received high satisfaction ratings from Calgarians. In the [2024 Spring Survey of Calgarians](#), 89 per cent of Calgarians indicated they were satisfied, showing a two-point decrease from spring 2023. The slight drop in score may also reflect decreased service levels in response to low workforce capacity, low contractor availability and unforeseen cost escalations. The overall condition of parks' assets has also been trending downward since 2019, with 46 per cent of playgrounds surpassing the age of 20 years. This could compromise safety standards and lead to a decline in community wellbeing, satisfaction and reputation.
- **Sidewalks & Pathways:** Despite challenges such as supply chain issues and contractor staff availability (work not completed by City employees), we remain committed to improving our service on pedestrian infrastructure. We have steadily achieved the 24-hour snow and ice clearing timeframe, and the average time to complete clearing continues to trend favourably, averaging approximately 25 hours.
- **Streets:** In the first half of the year, pavement quality (e.g., potholes) was a high concern for Calgarians. Our crews repaired 18,055 potholes during the first six months of the year, which is reflecting a 58 per cent increase from the same period in 2023. The mid-year data shows that 38 per cent of pavement is in good to very good condition; at the current funding level, this is estimated to decrease to 35 per cent by 2026.

Council priorities

We continued to make progress on the service plans and budgets, including advancements in Council's priorities.

- **Housing:** We launched the Established Area Linear Levy Pilot in 2024 March, and the Secondary Suite Incentive Program in 2024 May. The first phase of the Non-Market Land Sale #4 prioritizing Indigenous non-profit housing providers closed with a successful applicant for one property, and the second phase is underway. As of the first quarter of 2024, 29 new non-market housing units were approved at the development permit stage and the number of units in the development permit stage is expected to increase throughout 2024.
- **Land use and local area planning:** We continue to deliver residential, commercial and industrial opportunities to make Calgary one of the world's most liveable and attractive cities. Five new local area plans are underway to cover 46 communities and three industrial areas. In May, Council approved Rezoning for Housing, rezoning low density residential parcels to allow for middle density development, with changes taking effect on 2024 August 6.
- **Public safety:** We are seeing positive results from various initiatives and the collaboration among key services and external partners. To meet the increasing demand, we are expanding our capacity with additional staff and improving critical systems. Further efforts are planned to improve downtown safety. Notable achievements

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include a heightened sense of safety among Calgarians (73 per cent with two-point increase from fall 2023) and a decrease in Calgary's Crime Severity Index (decreased by 9.6 per cent from 80.2 in 2022 to 72.5 in 2023), which is at the lowest in the past nine years.

- **Transit:** In the first half of 2024, ridership increased by 17 per cent compared to the same period in 2023 with transit boardings reaching to pre-pandemic levels. We are observing an increasing shift in fares being purchased through the Low-Income Transit Pass (LITP) program, along with a growing demand for LITP. We continue progressing on the Green Line LRT to improve Calgarians' access to the primary transit network. There is a slight increase in customers' perceived safety levels while riding CTrain and busses with a 26 per cent decrease in the number of social disorder call volumes at downtown CTrain platforms.
- **Social equity:** We continue to focus on enhancing connections between services and communities to improve social equity and community wellbeing. Increasing demand for our programs and services, such as Fair Entry (18 per cent increase from January to May compared to the same time period in 2023) or Family & Community Support Services, without sufficient funds will impact our ability to support more Calgarians in need. During the first half of 2024, \$5.3 million in mental health and addiction investments were made across almost 30 programs, supporting approximately 12,000 Calgarians. Additionally, \$41 million has been allocated in 2024 (as of 2024 May 31) to 155 local programs, with an estimated reach of 50,000 Calgarians.
- **Climate:** We are observing a positive trend in both total and per capita community greenhouse gas (GHG) emissions. We made progress on climate outreach activities, integrating climate considerations into the City building processes and projects and leading by example with City-owned assets. We completed several corporate GHG emissions reduction projects, including a 115 kW solar photovoltaic system at the Calgary Parking Impound Lot; a new landfill gas to electricity facility at East Calgary landfill; and a new 4.6 MW gas turbine and steam turbine at Bonnybrook Wastewater Treatment Plant. We explored low-carbon options for The City's fleet through pilots and vehicle replacements.
- **Downtown revitalization:** The total downtown taxable assessed value has been increasing since 2021, primarily due to recovery in the highest-quality office buildings. Several projects are on track or completed to bring more social and economic activities to the core of the city. Key achievements include the opening of the BMO Centre Expansion, which officially became Western Canada's largest convention centre, with capacity to host 33,000 and an estimated economic impact of \$100 million a year. Another achievement includes Chinook Blast 2024, which brought more than 433,000 people downtown, with an approximate \$15.7 million economic impact for a \$825,000 investment.

Financial Update

The City is committed to delivering services with the financial resources available and sustaining financial health in accordance with best practices and Council policies. The City had a favourable year-to-date operating variance of \$117.1 million, primarily related to higher-than-expected franchise fee revenue due to elevated energy prices, increased investment income and expenditure savings across multiple categories. The year-end operating variance is currently estimated at \$158 million favourable. As of 2024 June 30, The City has made

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approximately \$800 million in capital investments (39.6 per cent of the \$2.0 billion budget). The City's capital budget spend is reflective of the fact that most of the capital spending is aligned with the construction season that is more pronounced in the second half of the year.

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, which are highlighted in Attachment 2.

Environmental

This report presents an overview of the environmental and climate advancements in 2023, which are highlighted in Attachment 2.

Economic

This report presents an overview of economic impacts in 2023, which are highlighted in Attachment 2.

Service and Financial Implications

No anticipated financial impact.

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 internal and external pressures that are impacting or may impact reliable, effective and efficient service delivery. These are highlighted in the [2024 Mid-Year Principal Corporate Risk Report \(AC2024-0518\)](#). The City's risk profile remained relatively stable between January and July of 2024, with all principal corporate risks maintaining the same risk rating. However, this stability is being challenged by a complex interplay of internal and external pressures. In the first half of the year, our progress and status on council and operational priorities have been impacted by certain risks. By proactively identifying and managing these challenges, we can enhance our service resilience and effectiveness.

ATTACHMENTS

1. Background and Previous Council Direction
2. 2024 Mid-Year Progress Update
3. Presentation

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Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Carla Male, CFO & General Manager	Corporate Planning & Financial Services	Approve
Chris Stewart, Director	Corporate Planning & Performance	Approve
David Duckworth, Chief Administrative Officer	Chief Administrator's Office	Approve
Stuart Dalglish, Chief Operating Officer	Chief Operating Officer's Office	Inform
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