

**Chief Financial Officer's Report to  
Priorities and Finance Committee  
2018 March 22**

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## **2017 Year End Accountability Report**

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### **EXECUTIVE SUMMARY**

The 2017 Year-End Accountability Report informs Council of Administration's achievement of Action Plan 2015-2018 commitments during the year 2017.

In 2017, Council's Priorities and associated strategic actions are progressing as planned. 47 of the 48 strategic actions are on target with several having achieved significant milestones. Key areas of progress include: rolling out the green carts to 320,000 homes; opening of three new affordable home developments with 72 units; obtaining approval on Green Line stations and funding commitment from the Province for the first phase; and continuing to support community associations.

The economic recovery from the two years of contraction continues to be gradual. Keeping tax increases low and closing the \$170 million budget for 2018 were therefore a priority in 2017. As The City delivers the balance of Action Plan, Administration will continue to find ways of providing high quality, cost-effective services for our citizens, communities and customers.

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, capital budgets and efficiency gains. Departmental pages include headline performance measures and details on operating and capital budgets.

#### **ADMINISTRATION RECOMMENDATION:**

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".

### **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**

In 2017, Administration continued to respond to the economic environment while delivering on the 48 strategic actions approved by Council. A few key achievements for 2017 are:

- Reduction in the 2018 property tax rate from 4.7% to 0.9% by closing the \$170 million operating budget gap through cost savings and service reductions based on the least-harm approach.
- Residential Green Cart program successfully rolled out to over 320,000 homes. Higher than expected volume of food and yard waste, approximately 38,000 tonnes, was diverted from landfills to the new award-winning composting facility.
- Green Line (Phase 1), the single largest piece of public infrastructure undertaken by The City, obtained approval of the final alignment and station locations, and funding commitment from the Province.

Calgarians also benefitted from the new Rocky Ridge recreation centre and the rejuvenation of Prairie Winds, Bowness and Mills parks with thousands of people showing up for the inauguration events. Over 650,000 people also participated in the multitude of Canada 150 events held throughout the city.

Technology enhancements, such as the MyBusiness website, Invest in Calgary website, garbage day collection app, and 3-1-1 self-service app, made it easier for citizens and businesses to connect and do business with The City. The increase in followers on all the social media platforms is another indication of the increase in citizen engagement.

Services promoting inclusivity and opportunities for all Calgarians continued to be a priority. Three new affordable homes developments were opened in 2017, providing a total of 72 new homes. Over 80,000 Calgarians were approved for at least one subsidy program, the sale of low-income monthly transit passes increased by 64 per cent, and 177 summer programs were provided to children with financial and geographical barriers.

#### **Corporate Financial Results**

In addition to delivering high quality services despite the financial challenges, The City actively reduced costs and pursued efficiencies and productivity gains. In 2017, \$112.1 million of operating savings were transferred to the Budget Savings Account and the Fiscal Stability Reserve.

The \$34.3 million transferred to the Budget Savings Account consisted mainly of workforce management, including intentional vacancy management and decreasing the use of contractors and consultants. Unbudgeted revenues from insurance settlements were also moved to this account.

The \$77.8 million transferred to the Fiscal Stability Reserve (FSR) was a result of:

- Lower employee benefits costs;

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- Higher investment income;
- Full reimbursement of the 2016 Fort McMurray fire costs from the Province; and
- Lower corporate contingency expenses, net of transfers to Community Economic Resilience Fund to provide tax relief to non-residential property owners, Economic Development Investment Funds, and the Municipal Complex Structural Upgrade - Truss Recovery, partially offset by lower franchise fees.

The transfer to the FSR with the year-end close brings the uncommitted balance of the reserve to \$428.0 million which is 13.6 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.

Capital programs spent 86.2% of the \$2.0 billion budgeted for 2017. \$101.1 million was contributed to Capital Budget Savings Account bringing the total to \$196.3 million.

### **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 2017 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 2017 Year-End Accountability Report provides considerable detail on The City's accomplishments and challenges in 2017, 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.

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### **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. The Accountability reports are complemented by twice-yearly updates to departmental and corporate risks, carried out by Administration.

### **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)**

2017 Year-End Accountability Report