

Chief Financial Officer's Report to
Priorities and Finance Committee
2018 September 04

ISC: UNRESTRICTED
PFC2018-0988

Final Accountability Report for Action Plan

EXECUTIVE SUMMARY

This Final Accountability Report for Action Plan informs Council of Administration's achievement of Action Plan 2015-2018 commitments during the first half of the year 2018.

In 2018, 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 achievements include: The enactment of The City of Calgary Charter in April and Administration continued work with the Government of Alberta to deliver on commitments to further regulatory change; the establishment of a new subsidiary to oversee the \$100 million Opportunity Calgary Investment Fund in partnership with Calgary Economic Development; and the sale of six land parcels for the development of affordable housing by three non-profit organizations. The strategic action with possible challenges identified concerns the protection and enhancement of The City's urban forest.

Several indicators show gradual economic improvements are underway in Calgary. The unemployment rate averaged 7.5 per cent in the first half of 2018 compared to 9.1 per cent in the first half of 2017. Net migration to the city has increased from 976 persons (2017 census year) to 11,588 persons (2018 census year).

This report includes a summary of progress on the Council Priorities and Leadership Strategic Plan, an overview of corporate operating and capital budgets, and highlights of departmental performance during the first half of this year. It also proposes that this report be the final report for Action Plan.

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommends that Council:

- 1) Receive this report for information; and
- 2) Approve a one-time exemption to the Multi-Year Business Planning and Budgeting Policy (CFO004) to receive this mid-year report as the final accountability report for Action Plan.

RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, DATED 2018 SEPTEMBER 04:

That the Administration Recommendations contained in Report PFC2018-0988 be approved.

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".

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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.

Consistent with the four-year business plan and budget cycle, Council is currently developing the next four-year plans and budgets: One Calgary (2019-2022). Following its adoption, progress on One Calgary will be reported through a new service based format. In addition, Council will have the opportunity to make changes to the Service Plans and Budgets through annual and Mid-Cycle Adjustments.

This will be the final report of Action Plan, allowing focus on the transition to service-based plans and budgets in the One Calgary 2019–2022 Service Plans and Budgets. One Calgary reporting will commence with a Mid-Year Accountability Report in 2019.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Corporate Performance

In 2018, Administration continued to respond to the economic environment while delivering on the 48 strategic actions approved by Council. A few key accomplishments for 2018 are:

- Several construction milestones for the Bus Rapid Transit (BRT) system were achieved. Many stations are now complete and the network of enhanced facilities, including queue jumps and dedicated transit lanes are currently under construction. The routes are on track to start opening in the fall.
- To support an active transportation network, The Glenmore Reservoir regional pathway extension is now open for use after pathways were paved and a bridge completed in the spring.
- The Rocky Ridge YMCA celebrated its grand opening in January and has sold more than 16,000 memberships. Several upgrades to increase accessibility have been completed on existing City facilities including Village Square Leisure Centre, Southland Leisure Centre, Foothills Aquatic Centre and Calgary Soccer Centre.
- To help reduce the number of Calgarians living in poverty, over 36,000 people were approved through Fair Entry for access to multiple services and programs in the first half of 2018.

Administration continues to look for efficiencies within its operations and for ways to cut red tape for both businesses and citizens. Land use bylaw amendments were approved allowing secondary suites in all residential areas, making the application process more efficient by eliminating the need to re-designate a land use and to seek council approval. Another land use amendment was passed that will allow cannabis retail and production facilities to open for business as soon as cannabis is legalized.

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Progress was made by the One Calgary Program (2019-2022 Service Plans and Budgets) towards implementing a service-based approach to planning. Service lines have been finalized with service owners, and operating and capital budgets are being identified for each. Indicative property tax rates and indicative rates for water, wastewater, stormwater and waste and recycling services were approved as well as indicative tax rates for further capital investments and direct incremental operating costs for new and actively developing communities.

The strategic action concerning the protection and enhancement of The City's urban forest has possible challenges. Key learnings from the ReTree YYC program in response to the 2014 September snowstorm were presented to Council earlier this year. While this program pruned and planted thousands of trees, progress is slow towards increasing the urban canopy to targets in the Municipal Development Plan.

Administration recommends that an exception be made to the usual reporting schedule in the Multi-Year Business Planning and Budgeting Policy (CFO004) and receive this report as the final accountability report for Action Plan, omitting a year-end report in 2018. Progress towards Council Priorities is on track for 2018 and with the transition to a service-based model underway, the focus of resources would be best placed on ensuring a successful implementation of One Calgary. Administration will resume accountability reporting with a mid-year report to Council in September 2019. Financial information will continue to be available in the Budget Revisions report, the Annual Report and the Report on Reserves and Long-Term Liabilities. Individual Council members will also continue to receive financial information through the monthly Executive Information Report (EIR).

Corporate Financial Results

The City achieved total savings of \$30.2 million in our tax supported programs. These savings were a combined effort of:

Business units' operating savings of \$14.4 million due in part from:

- Savings from the management of the workforce and staff vacancies.
- Lower than budgeted salary and wages cost, and contract & general services cost.
- Higher street use permits and plant sales, partially offset by lower excavation permit fees and higher vehicle and equipment expenses for street repairs.

Corporate programs' savings of \$15.8 million due in part from:

- Lower pension and retirement benefits, lower actuarial valuations on pensions and retirement benefits, lower recovery on the Corporate Workforce Strategy program and savings in other health benefits.
- Investment income in the form of realized capital gains on both bond and equity portfolios.

\$9.5 million of the business units' operating savings to date were added to the Operating Budget Savings Account (BSA) bringing the cumulative balance to \$57.5 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 2018 Mid-Year Accountability Report.

Approval(s): Sawyer, Eric concurs with this report. Author: Taggart, Marnie
City Clerk's: Cario, May Ann

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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 2018 Mid-Year Accountability Report provides considerable detail on The City's accomplishments and challenges in 2018, 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.

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):

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| <ol style="list-style-type: none">1) 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.2) Administration recommends this report be the final accountability report for Action Plan to focus resources on the transition to a service-based model through the implementation of One Calgary. |
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ATTACHMENT(S)

Attach 1 – Final Accountability Report for Action Plan