

2019 Year-End Accountability Report

Reporting on the One Calgary 2019-2022 Service Plans and Budgets

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Executive Summary

This is the first accountability report on The City of Calgary's progress towards delivering our One Calgary 2019-2022 Service Plans and Budgets. It enables Council and citizens to ensure the objectives of the Service Plans and Budgets are being achieved, and provides a springboard for improving service value through:

- summaries that describe how we are delivering on Citizen Priorities;
- tracking approved performance measures;
- updates on how our strategies are progressing; and
- comparing budgeted expenditures to actual expenditures and explaining any variances.

Contributing to Citizen's Priorities

The overarching goals for The City are defined by Citizen Priorities. The City is advancing Citizen Priorities every day by delivering services that matter to Calgarians like water supply, fire and emergency response, recreation, public transit and police services. The status of each Citizen Priority is summarized in the following pages.

Highlights from this year include: launching the MAX bus routes to improve cross city connections, investing in innovative affordable housing projects like the Rosedale Affordable Housing Development, facilitating more mobility options through the e-scooter and e-bike pilot, opening the world's largest YMCA in Seton and launching the Community Action Plan on Mental Health and Addiction, all while continuing to ensure that Calgary retains its status as both a low-tax big city and one of the most livable cities in the world. Our achievements won 32 awards from external organizations in 2019.



The City is committed to working with citizens, customers, communities and businesses to support Calgary's recovery in the face of recent economic challenges. In support of local businesses, The City froze permit fees and created the #BuyLocalYYC campaign to encourage Calgarians to support local businesses. Major capital projects are also underway including the BMO expansion, the Event Centre development and the Green Line project. All of the above was accomplished while maintaining a tight focus on balancing service levels with the need to keep municipal tax rates low.

In addition to meeting Council's request to find \$60 million of in-year reductions, Administration made a commitment to find a further \$100 million during the four-year cycle. By accelerating our cost-reduction efforts and through the prudent management of expenditures, Administration has found the required savings. Work to identify and implement further savings as directed by Council continues through the Solutions for Achieving Value and Excellence (SAVE) Program.



- Performing as planned
- Underperforming

Performance Against Plan

As part of the July 2019 reductions, 10 per cent of the 255 performance measures presented in the Service Plans and Budgets were impacted. Most performance measures (close to 70 per cent) are on track or exceeding the revised performance expectations. We will continue to manage our performance, particularly where we are underperforming compared to our plan, such as timeliness in customer service, public trust and confidence, and falling revenues.

Executive Summary

Strategy Progress Against Plan

91 per cent of our strategies are on track, while the remaining 8 per cent have identified challenges and 1 per cent have not yet started and are planned to start in 2020 or 2021. Given the continuing local economic challenges our city faces and of the reductions from original spending plans, we're proud of that achievement.

The most up to date performance data for each service, an update on each of the 622 strategies in the Service Plans and Budgets, along with a listing of awards The City of Calgary received can be found in the supplemental documents to this report.



- Progressing as planned
- Emerging Challenges
- Challenges Materialized
- Not Started

Operating & Capital Budget

The City continued to carefully manage budgets and respond to external funding challenges in 2019. This included the July 2019 reductions and adjustments to the 2020 operating budgets in November 2019 and capital budgets in February 2020.

The City has total operating savings of \$128.8 million for 2019 relative to the reduced budget, comprising tax-supported service savings of \$16.2 million and savings from Corporate activities of \$112.6 million. This has led to a contribution of \$17.9 million to the operating Budget Savings Account (BSA), which was primarily the result of staff vacancies from intentionally managing the workforce. The remaining \$110.9 million was transferred to the Fiscal Stability Reserve primarily resulting from lower employee benefits costs and higher investment income. These savings were achieved, despite the in-year budget reductions that were implemented, through active financial monitoring and management throughout the year. These savings have been partially committed in 2020 to the 2020 phased tax program and funding for established areas infrastructure.

Actual capital investment in 2019 was \$1.4 billion (77.8 per cent of the \$1.8 billion budget, with almost all the unspent portion carried forward to 2020). This investment supports service delivery while contributing to the Calgary economy. Savings of \$1.2 million being contributed to the capital BSA as a result of budget refinements and projects being completed under budget.

A Prosperous City

Citizen Priority Status



- Progressing as planned
- Emerging Challenges
- Challenges Materialized
- Not Started

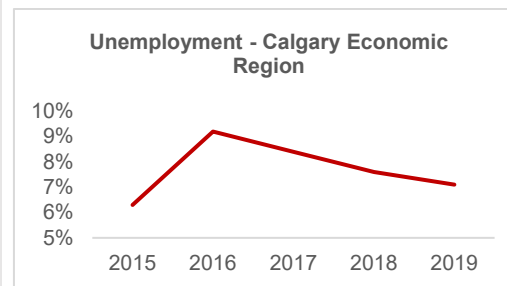
95 per cent of strategies that align to A Prosperous City stayed on track in 2019.

How is Calgary doing?



Economy gathering momentum

The real gross domestic product (GDP) is a measure of the value of all goods and services produced by the economy. Calgary's real GDP growth rate is estimated to be 1.3 per cent for 2019, down from 2.5 percent in 2018, but well above the negative values recorded in 2015 (-3.5 per cent) and 2016 (-2.6 per cent).



Improvements in employment rate

The 2019 increase in employment is the most substantial year-over-year improvement recorded in the past seven years for the Calgary Economic Region. The unemployment rate was estimated at 7.1 per cent in 2019, down from 7.6 per cent in 2018. Strong gains in the total labour force were also recorded in 2019.

What did The City do in 2019?

As the local economy continues to gain momentum after a prolonged economic downturn, we're working hard to support Calgarians and make it easier to do business in Calgary.

- ✓ Council approved amendments to business-related bylaws such as removing redundant police checks, eliminating unnecessary licence categories and reducing fees for all business licences.
- ✓ Through the Economic Development Fund, the Opportunity Calgary Investment Fund committed over \$20 million towards seven innovative businesses to support the diversification of Calgary's economy.
- ✓ Council approved the Resilient Calgary strategy. This strategy includes major initiatives such as the Awareness of Natural Infrastructure, Equity on Boards, Talent for Emerging Economies and the Future of Calgary's Centre City in support of the Downtown Strategy.
- ✓ 19 families are enjoying new homes thanks to the development of new affordable housing units under the Non-Market Housing Land Disposition Program.
- ✓ We also improved our process for applying for subsidized City-services. In 2019, over 114,000 Calgarians were approved for the Fair Entry Program, which enables low-income Calgarians to apply for multiple programs and services with one application.



A City of Safe & Inspiring Neighbourhoods

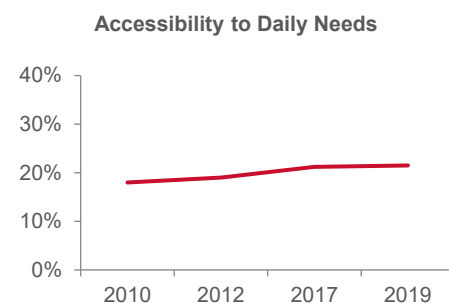
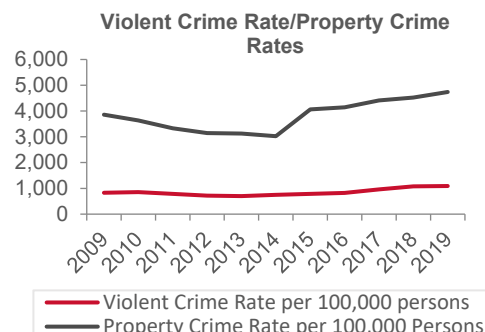
Citizen Priority Status



- Progressing as planned
- Emerging Challenges
- Challenges Materialized
- Not Started

93 per cent of strategies that align to A City of Safe & Inspiring Neighbourhoods stayed on track in 2019.

How is Calgary doing?



Safety remains a focus

Public safety remains a priority for The City. Numerous initiatives have begun to address the increasing presence of methamphetamine, violence, and acquisitive crime, resulting in arrests and seizures of weapons and drugs. Recent high-profile incidents relating to violent crime has heightened the concern of Calgarians about public safety. Crimes of opportunity continue to contribute to Calgary's sustained high volume of vehicle thefts, robberies and break and enters.

Improved community access

Significant work has been done in recent years to improve access to daily amenities for new and existing communities. This encourages more sustainable modes of travel such as cycling and walking, improving overall accessibility within neighbourhoods. An additional 11,700 residents are living within these strategic growth areas in 2019 compared to 2017, representing an increase of 0.3 per cent. .

What did The City do in 2019?

Every Calgarian has the right to live in a safe, mixed and inclusive neighbourhood. To support this, The City has continued to make safety, community and inclusivity a priority.

- ✓ The Calgary Police Service educated Calgarians on crime prevention through traffic safety campaigns, Coffee with a Cop, canine social media, report on Officer contacts, fraud prevention and theft awareness initiatives.
- ✓ 5,300 Calgarians, including some of our most vulnerable citizens, received vital emergency preparedness information at 50 events held throughout the city.
- ✓ Council approved Land Use Bylaw amendments that will allow City-owned vacant parcels of land to be developed into urban farms, allowing the production of fresh, healthy foods in local communities.
- ✓ Fire Safety Education reached more Calgarians with the translation of the Home Safety brochures into five additional languages.
- ✓ To better support community groups, volunteer recruitment workshops were held throughout the city, in partnership with the Federation of Calgary Communities.



A City That Moves

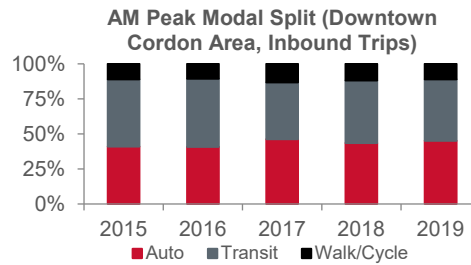
Citizen Priority Status



- Progressing as planned
- Emerging Challenges
- Challenges Materialized
- Not Started

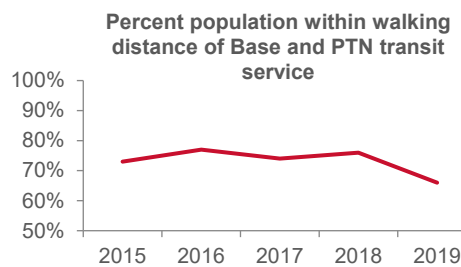
91 per cent of strategies that align to A City that Moves stayed on track in 2019.

How is Calgary doing?



Steady transportation pattern

The AM peak modal split in the downtown has remained consistent with previous years. Approximately 50% commute by automobile, 40% by transit and 10% commute by walking or cycling.



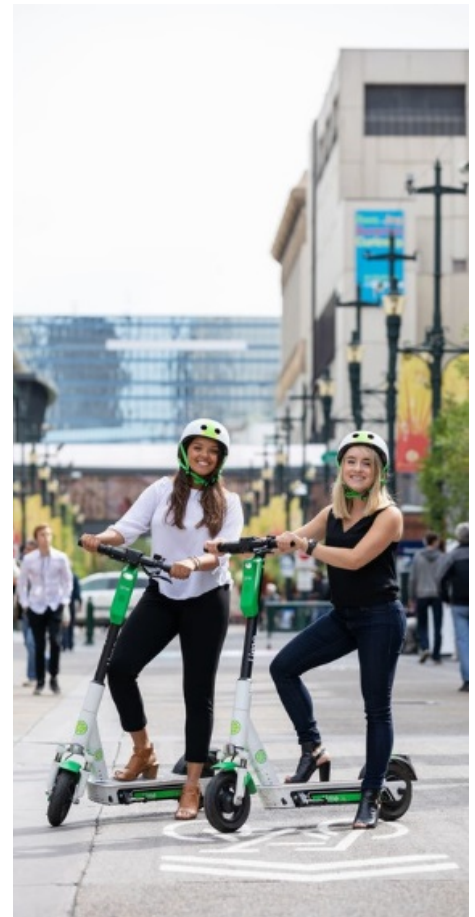
Reduced network access

In 2019 there was a reduction in transit service that impacted the total base and Primary Transit Network (PTN) service investments. Newer areas in the city with no service or introductory public transit service impact this indicator.

What did The City do in 2019?

Crews worked hard in 2019 to help Calgarians get where they needed to be.

- ✓ Over 150,000 Calgarians took part in the pilot for the e-bike and e-scooter, which saw over 915,000 rides by the end of the year.
- ✓ The City repaved 186 lane kilometres of roads, sealed 79 kilometres of cracks and repaired 16,000 potholes.
- ✓ 4 major road connections to the Southwest Ring Road and lifecycle work on vehicle bridges, pedestrian bridges and three Plus 15 networks.
- ✓ The Green Line is an integral piece of Calgary's transit network and work continued on it through 2019 with the Stage 1 alignment, from 16 Avenue N to 126 Avenue SE developed.
- ✓ With the launch of the MAX yellow rapid transit line, four MAX lines are serving citizens in all four quadrants of the city along with changes to 21 existing routes to improve efficiency and connections to major destinations.



A Healthy & Green City

Citizen Priority Status

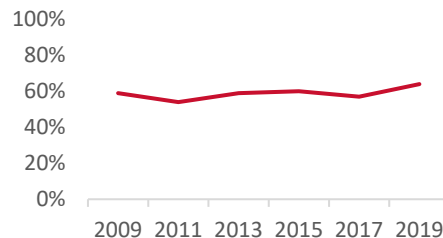


- Progressing as planned
- Emerging Challenges
- Challenges Materialized
- Not Started

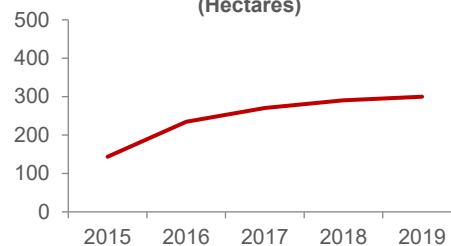
93 per cent of strategies that align to A Healthy & Green City stayed on track in 2019.

How is Calgary doing?

Percentage of physically active Calgarians



City Habitat Restoration (Hectares)



Active Calgarians

The majority of Calgarians (68.4%) are sufficiently physically active to achieve health benefits. This is the highest proportion of sufficiently active Calgarians since 2000. Province-wide, 64% of Albertans report having sufficient activity levels.

Continued habitat restoration

Habitat restoration supports policies related to climate change and environmental stewardship, and promotes the ecological processes of nature. Protection of habitats and biodiversity is the responsibility of municipalities and regional neighbours. The number of hectares under naturalization has slowed in recent years to just under 300 in 2019.

What did The City do in 2019?

To be a leader in environmental stewardship and to develop resilient neighbourhoods where Calgarians can live active and healthy lifestyles continues to be a priority for The City.

- ✓ The largest City owned and constructed YMCA in the world was opened: the multi-purpose Brookfield Residential YMCA at Seton. The approximately 330,000 square foot facility features a full-service regional library branch operated by the Calgary Public Library.
- ✓ The Climate Resiliency Strategy was Council approved, which established an 18 member Calgary Climate Panel that includes community members and representatives from private businesses.
- ✓ Over 1,700 Calgarians attended The City's second annual Calgary Climate Symposium, which was designed to empower participants to reduce their contributions to climate change and to help them prepare for and adapt to a changing climate.
- ✓ Council approved Calgary's first action plan on mental health and addiction so Calgarians have access to community-based solutions to support their recovery.
- ✓ All flood recovery projects and all outstanding work funded by provincial recovery programs was completed in 2019. The City continues to identify flood mitigation projects and develop flood awareness programs to build Calgary's flood resilience.
- ✓ 300 critical trees were replaced in 2019 to enhance the city's attractiveness and urban forest.



A Well-Run City

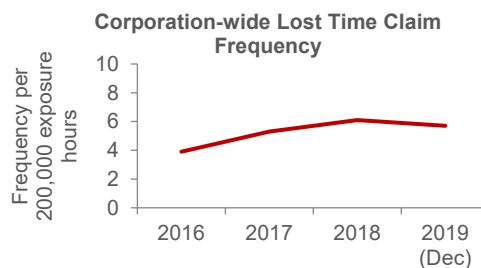
Citizen Priority Status



- Progressing as planned
- Emerging Challenges
- Challenges Materialized
- Not Started

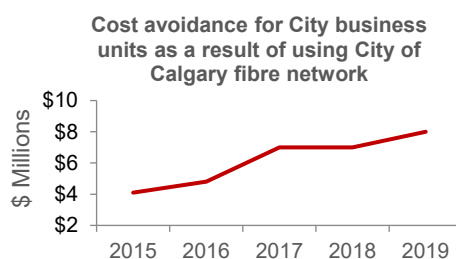
90 per cent of strategies that align to A Well-Run City stayed on track in 2019

How is Calgary doing?



Improved safety performance

Significant improvements in the safety of City staff were realized in 2019. Between 2018 and 2019, notable improvements in Lost Time Claims included; Utilities & Environmental Protection – 23 per cent improvement and Deputy City Manager’s Office – 54 per cent improvement.



Improved connectivity

For the last 19 years, The City has been deploying optical fibre to support City services. As of the end of 2019, over 670 facilities and assets (such as traffic controllers) have been connected using the City fibre network, avoiding third-party communication costs estimated to be \$8 million per year.

What did The City do in 2019?

The City is continuously reviewing how it delivers its services to Calgarians and ensuring these services are delivered in an effective, efficient and financially sustainable manner.

- ✓ In 2019 July, The City reduced its 2019 budget by \$60 million in order to provide additional tax relief to the business community. These reductions were made taking a least harm approach, to minimize the impact on citizen-facing services.
- ✓ The Solutions for Achieving Value and Excellence (SAVE) program was initiated. With a target of \$74 million over the next 2 years, SAVE reflects a strategic approach to cost-savings that will help minimize the need for future across-the-board reductions.
- ✓ In recognition of The City's commitment to its employees and the commitments made by staff to deliver great services to Calgarian's, The City was nominated as one of Canada's Best Employers in 2019 by Forbes Magazine.
- ✓ Council approved the Gender Equity, Diversity and Inclusion Strategy, which demonstrates The City's commitment to creating an equitable and inclusive organization.
- ✓ To support the delivery of 16 programs for Indigenous children and youth, \$2.4 million in grant funding was allocated to deliver programming that provides cultural opportunities.



Measuring Overall Corporate Performance

The numbers for 2019 in the table below show three key areas where there is a decline in performance: Calgary as a place to make a living; the level of public trust and confidence in The City to pull through tough economic times; and citizen perception of the value that tax dollars bring through City services. Administration will continue to work to find ways to positively influence these measures in 2020 and beyond. Despite these challenges, The City continues to demonstrate strong financial management, as seen through our continuing AA+ credit rating. Efforts to be financially prudent continue through the Solutions for Achieving Value and Excellence (SAVE) program, the update of The City's Long Range Financial Plan, and the Financial Task Force a volunteer citizen committee was established to develop strategies related to short term mitigation measures, develop strategies related to potential long term solutions and explore new revenue options that can work toward improving financial resiliency.

The City's resilience, despite recent economic hardship, is evident as Calgary continues to be the best city in North America and the Western Hemisphere in which to live (Economist Intelligence Unit, 2019).

	Measure	2014	2015	2016	2017	2018	2019
Vision	Calgary is a great place to make a life	85%	84%	82%	81%**	83%†	79%
	Calgary is a great place to make a living	86%	80%	65%	68%**	71%	63%
	On the right track to being a better city 10 years from now	89%	88%	86%	82%**	84%	76%
Strategy	I am confident that The City will work together with local businesses and other levels of government to find the best solutions to help our city through this economic downturn	NA	NA	82%	79%	73%	66%
	How much do you trust or distrust The City of Calgary? (<i>percentage of citizens who trust The City of Calgary</i>)	NA	NA	NA	62%**	60%	52%
	I trust The City of Calgary to make the right decisions when it comes to building projects like roads, public transportation and local facilities	NA	NA	NA	70%	66%	62%
	The City of Calgary's credit rating	AA+	AA+	AA+	AA+	AA+	AA+
	I am proud to work at The City of Calgary	75%	87%	87%	85%	84%	81%
	I trust my direct supervisor	NA	73%	74%	72%	73%	74%
	I am supported to speak up about unsafe conditions	NA	NA	81%	80%	81%	83%
	Senior management clearly communicates The City's goals and objectives	NA	52%	53%	49%	51%	50%
Value	Overall satisfaction with level and quality of City services and programs	79%	80%	79%	73%**	77%	74%
	Satisfaction with the overall level and quality of customer service	78%	80%	80%	78%*	78%	74%
	The City does a good job of providing citizens with information about how their property tax dollars are invested in various City services	67%	65%	63%	60%**	60%	55%

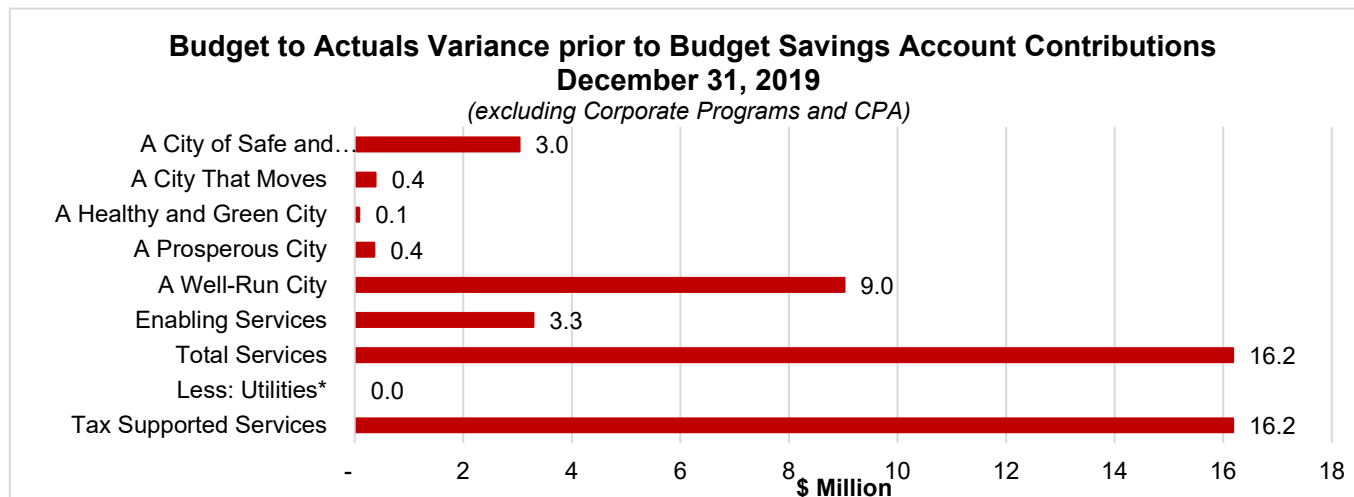
*Fall: August-September 2017

**Late fall: November 2017

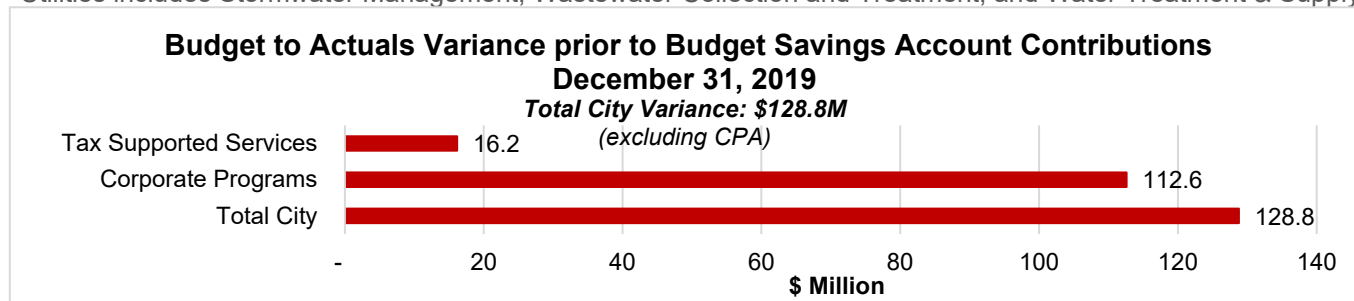
† Fall 2018

Source: 2019 Citizen Satisfaction Survey, 2019 Corporate Employee Survey, Economic Perspectives - Q4 2019

Operating Budget Overview



*Utilities includes Stormwater Management, Wastewater Collection and Treatment, and Water Treatment & Supply



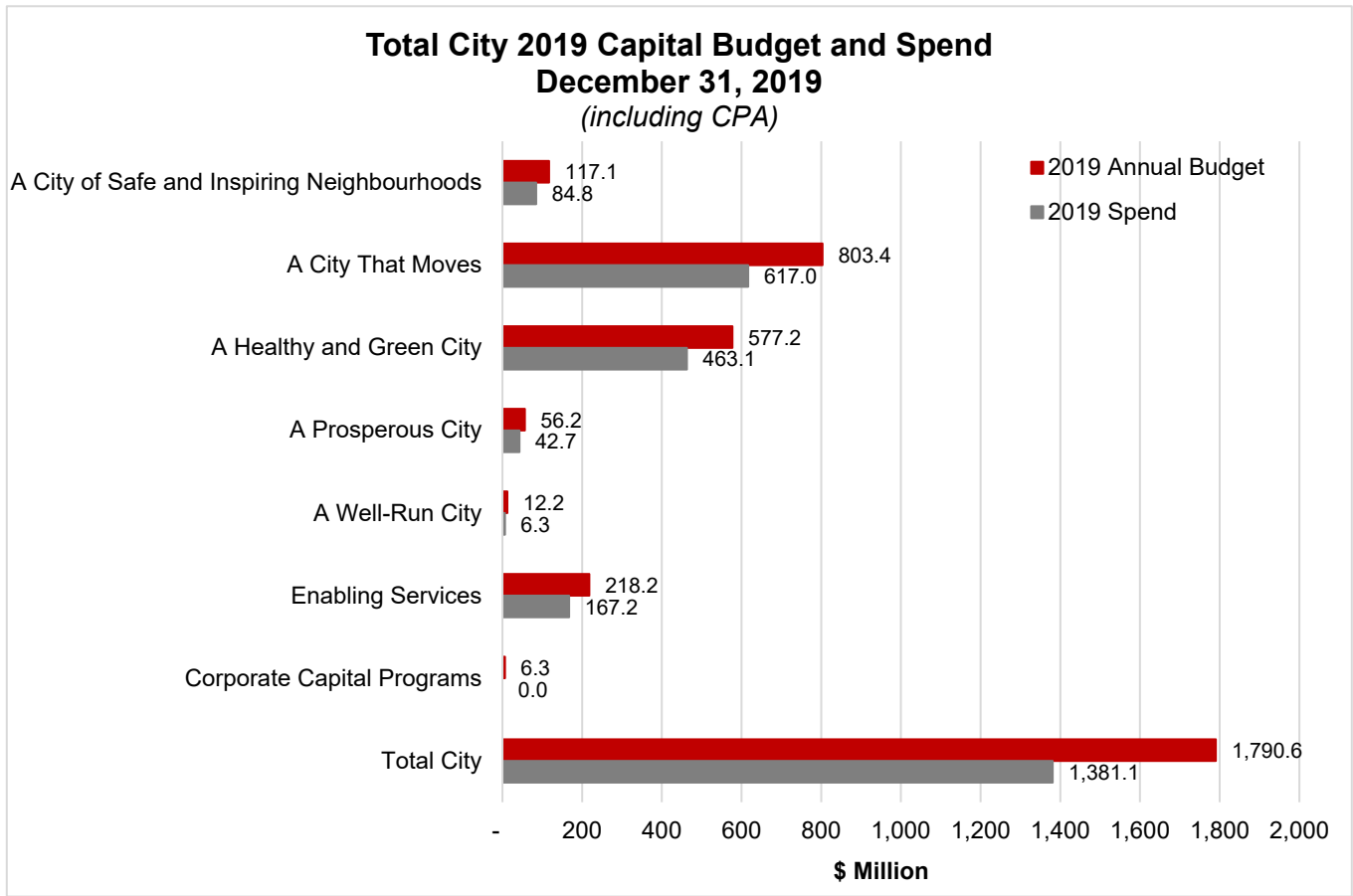
The City of Calgary's favourable variance of \$128.8 million, prior to BSA contribution, was a combined effect of:

- (1) Tax supported service savings of \$16.2 million:
 - Saving in salary and wages resulting from intentionally managing the workforce and lower than budgeted contract and general, materials and equipment and business expenses \$7.2 million;
 - Saving in training and employee service award costs and contract costs \$2.2 million;
 - Councillors and Ward offices favourable savings \$2.4 million;
 - Sum of other savings from various services net to \$4.4 million.

- (2) Corporate Programs' savings of \$112.6 million:
 - Investment Income is higher due to higher-earning investments \$29.1 million and previously unrealized gains \$60.0 million;
 - Employee benefits savings due to changes in retirement allowances, higher benefit recoveries, savings in other health benefit expenses offset by an unfavourable variance in pension and retirement benefits \$39.4 million;
 - Higher Franchise Fee revenue from ATCO and ENMAX offset by higher contribution to ENMAX Legacy Parks Fund \$10.8 million;
 - Partially offset by tax cancellations as per Council direction C2019-0706, C2019-0698, C2019-0667 and C2019-0647, lower Grant-in-Lieu from the Province, lower tax revenue due to lower assessments as well as higher capital financing costs (\$27.1) million;
 - Sum of other variances \$0.4 million.

The cumulative balance in the Operating Budget Savings Account (BSA) is \$61 million after the 2019 contribution totaling \$17.9 million, which was attributed to management of workforce and staff vacancies. The remaining \$110.9 million was transferred to the Fiscal Stability Reserve. These savings have been partially committed in 2020 to the 2020 phased tax program and funding of established areas infrastructure.

Capital Budget Overview



In 2019, the City’s capital investment was \$1.4 billion (77.8 per cent of the \$1.8 billion budget). The tax supported component of the City’s 2019 investment represents approximately \$1.0 billion of \$1.4 billion.

Corporate Programs holds capital funding previously transferred to the Capital BSA of \$6.3 million which has either already been committed or will be reprioritized to other capital investments. 2019 contributions to the BSA equal \$1.2 million.

Capital Investment Update

Calgary residents are supported by infrastructure and services

The City invests capital in infrastructure projects and programs to support service delivery and to help build a great city. Highlights for 2019 include:

- ✓ Housing Agreements resulting in 166 planned new affordable homes, helping to keep vulnerable residents off the streets.
- ✓ Four MAX routes (rapid transit lines) implemented in 2018/2019, improving commuting lines and connectivity.
- ✓ Capacity upgrades at Bonnybrook Wastewater Treatment Plant to protect the environment and accommodate the city's growth.
- ✓ New library in Seton opened, bringing Library service closer for over 100,000 Calgarians.
- ✓ Grand opening of the City owned Brookfield Residential YMCA, increasing from 56 per cent to 64 per cent of Calgarians who have equitable access to suitable, publicly funded aquatics and fitness amenities.
- ✓ Resurfaced 186 lane kilometers of paved roadways and fixed over 16,000 potholes, providing safer driving conditions.
- ✓ Glenmore Dam improvements to upgrade existing infrastructure and provide additional reservoir storage and flood resiliency.
- ✓ Centralization of operations and maintenance for 173 City-owned buildings for greater efficiencies
- ✓ Universally accessible playground opened at Shouldice Park where children of all abilities can enjoy sport and play together.
- ✓ Replacing approximately 3,500 trees per year (2019-2022) to maintain existing urban tree canopy.
- ✓ Retrofitted 159 pedestrian crossings with wheelchair ramps for improved accessibility.
- ✓ Upgraded network cameras and other security equipment to improve safety at locations including International Avenue, Victoria Park, East Village, Downtown Riverwalk Pathway, Olympic Plaza and the 4th street underpass.
- ✓ Completed four ring road connectors, 17 Avenue SW reconstruction, Symons Valley Parkway extension and a major link for Airport Trail NE.
- ✓ In 2019 Council approved the financial strategy for four significant city building investments: BMO Centre expansion, Event Centre, phase one of Arts Common and a Multi-Sport Field House.

Risks & Issues

Capital funding relies heavily on grant funding. When grant funding is reduced— such as occurred in the most recent Alberta Provincial budget – The City either needs to reduce its capital budget or switch funding sources to make up the shortfall. A resulting risk is an increase to the existing \$5.67 billion Infrastructure Gap (City of Calgary 2017 Infrastructure Status Report). While this gap is a substantial decrease from previous reports, there is a risk that the gap could begin trending up through further potential reductions.

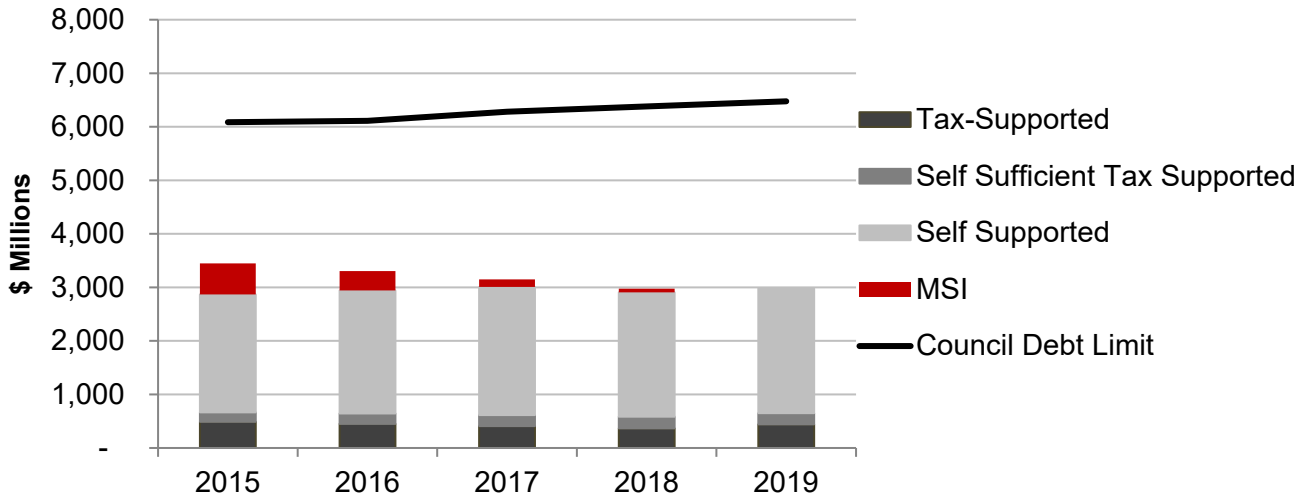
Corporate efforts continue to better understand growth risk as an organizational risk, where growth capital investments carry both opportunities and challenges for the economy and The City's financial position.

Project Management

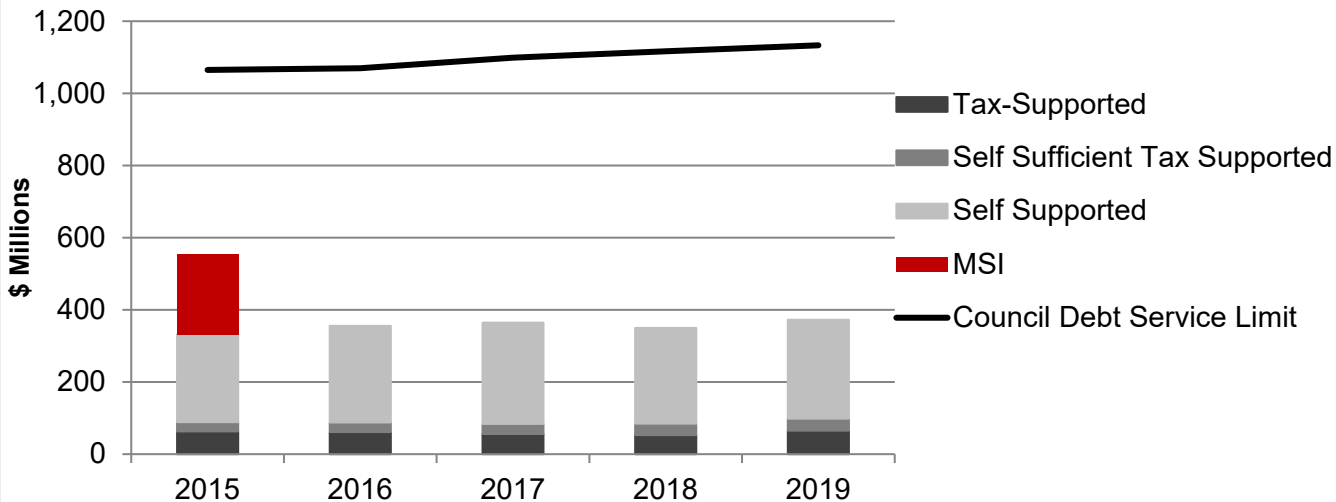
The City of Calgary continually implements improvements to ensure that infrastructure projects are well managed. The Project Management Quality Assurance program continues to monitor and report on project management practices, and in 2019 The City released a Program Management Practices Guide.

Debt Overview

Total Debt Outstanding 2015-2019



Debt Service (Principal & Interest)



Total debt outstanding in 2019 is trending downward with an estimated outstanding balance of \$3.0 billion.