

# CALGARY

100 Years  
of Policies  
and Plans

BY CHRIS JACYK

A budget is the culmination of past decisions and current investments, combined to reach a future vision. The City of Calgary, Alberta, uses a three-year budget process, which makes sure the implications of budget decisions beyond the current year are understood. This process works well, but true sustainability is measured over the long term, through the city's ability to meet the long-term vision of the community. Building a truly sustainable budget requires an understanding of what sustainability means to the community over the long term and what challenges the jurisdiction faces in achieving that vision. Therefore, the city also produces a 10-year long-range financial plan in advance of the three-year budgets to provide a longer-term context for those shorter-term decisions. There are also policies for development over the next 60 years, and a 100-year vision comprising high-level statements that affect business plans across the organization.

## THE CONCEPT OF SUSTAINABILITY

Although sustainability is a broad concept, its key component is simple enough: For a government to reach its goals and vision, it needs resources, which ultimately means money. Unless a government is financially sustainable, any other sustainability plans are at risk of being derailed by the next crisis, or of never even getting past the planning stage. A long-term financial plan is, therefore, a key strategic document. However, financial sustainability still has to be achieved in the context of other sustainability plans and needs to work effectively with other plans.

The City of Calgary has chosen to focus on sustainability in this way as a risk management tool; concentrating only on short-term decisions increases the risk of a crisis situation, and of being unprepared when it arises. An organization that doesn't integrate all its policies and plans — in different areas and with different time horizons — faces a significant risk that these plans won't work together efficiently, or worse, that they will be at cross purposes. Linking the goals and targets of these policies needs to be a jurisdiction-wide goal.

## PLANNING INTO THE NEXT CENTURY

Calgary's policies and plans fit within time horizons from the current year to the 100-year vision, as illustrated in Exhibit 1.

These cascading layers of plans and policies provide the continuity that moves the city toward its long-term community vision within the current budget cycle.

### Vision Layer (100 Years)

Calgary's 100-year vision was developed in 2006 under the imagineCALGARY banner. While the city led the process, it is really the community's vision, the result of consultations with more than 18,000 citizens of all ages. ImagineCALGARY presents a number of goals and strategies and identifies some shorter-term targets. These are high-level statements, as it is difficult to include specifics that will remain meaningful through the changes future decades will bring. However, the targets included in the vision layer have influenced the way business plans are developed across the city.

### Policy Layer (30-60 Years)

The policy layer uses the 100-year vision as a baseline to start defining how Calgary will develop over the next 60 years. The key piece here is the municipal development plan, which will set land use for several decades, and the Calgary transportation plan, which will address the city's future transportation needs. These plans provide refined targets for reaching the imagineCALGARY vision.

### Financial Planning/Investment Layer (10 Years)

The 10-year horizon of the financial planning and investment layer links the longer term-vision with shorter-term actions. The main parts of this layer are explained below.

*2020 Sustainability Direction.* The 2020 Sustainability Direction, the city's 10-year strategic sustainability plan, is the overarching plan within the financial planning/investment layer. It identifies what the city needs to do over the next 10 years to contribute to the imagineCALGARY 100-year vision. The 2020 Sustainability Direction is the bridge that links imagineCALGARY's long-term vision and plan to the city's three-year business plans and budgets, which act as reference points to get the city to the 10-year mark (a logical timeframe for meeting community needs and expectations, establishing the capacity to deliver on these results, and then delivering them).

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## Exhibit I: Calgary's Layers of Plans and Policies



The 2020 Sustainability Direction identifies goals and objectives, along with clear measures of success and high-level strategies for achieving the targets. As Exhibit 2 illustrates, this plan provides a consolidated direction for community well-being, a prosperous economy, sustainable environment, and smart growth and mobility choices. It also provides:

- An opportunity to take stock of the current organization, services, and initiatives.
- A useful guide for smarter decision making that allows the city to integrate economic, environmental, community, and smart growth considerations.
- A way to align and coordinate current sustainability initiatives, helping the city identify gaps.

- A framework to help the organization adapt more easily to unforeseen future challenges.
- A structure for prioritizing and focusing the city's efforts over the next 10 years.

*Long-Range Financial Plan.* The Long-Range Financial Plan is the key financial document within the financial planning/investment layer, and it is the basis for the financial capacity goals of the 2020 Sustainability Direction. The Long-Range Financial Plan was developed to create awareness of where the current scope and levels of service are taking the city over the next 10 years, and factors that influence revenues and expenditures. It is consistent with other key policies, processes, and planning initiatives, and includes projections

## Exhibit 2: The City of Calgary 2020 Sustainability Direction



of revenues and expenditures over this period to build a better understanding of the city's financial challenges. The key outcome is the development of goals, strategies, and actions to improve the city's financial sustainability and to ingrain this concept into the decision-making process.

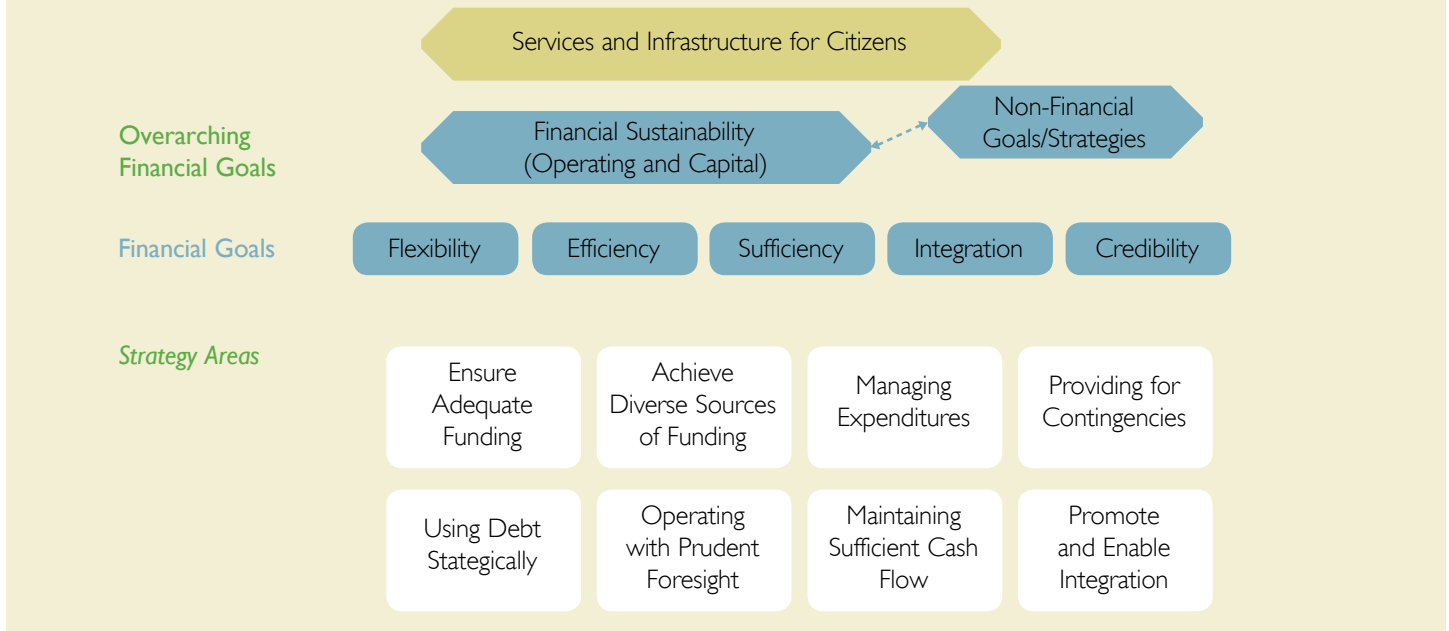
The most recent update included a definition of financial sustainability as "the enduring ability of the city to ensure that it can deliver the level and types of services expected by the community, while proactively assessing and managing associated risks, at acceptable levels of taxation and fees." This definition is long-term in nature; it identifies service levels, acknowledging that simply cutting services to balance the budget is not sustainable; it recognizes the constraints on revenues, primarily in the form of tax resistance; and it acknowledges the importance of risk awareness and management.

Building a truly sustainable budget requires an understanding of what sustainability means to the community over the long term and what challenges the jurisdiction faces in achieving that vision.

The current Long-Range Financial Plan defines five financial goals that will help the city move toward a more financially sustainable future:

- **Flexibility** — being able to respond effectively to changing circumstances (economic, political, environmental and social).
- **Efficiency** — providing the highest level of service with the public funds available.
- **Sufficiency** — having required resources to support service delivery.
- **Integration** — ensuring that decisions are aligned and that departments and business units consider the city's financial constraints when making and policies and decisions.
- **Credibility** — maintaining public confidence in the city's ability to manage its finances.

### Exhibit 3: Long-Range Financial Plan Goals and Strategies



As Exhibit 3 indicates, the Long-Range Financial Plan also identifies eight strategic areas that support these goals. Each of these areas includes specific strategies and actions that are either in place now or could be implemented in the future to move the city further along the path to financial sustainability.

The document was developed with the input of business planners, finance managers, intergovernmental affairs, the office of sustainability, and the budget preparation team. Members of a cross-functional working committee provided technical and analytical support as well as extensive general knowledge of city operations. This expertise from across the organization ensured that the document is not just a financial exercise but also a reflection of operational concerns.

The Long-Range Financial Plan, including the projections, is presented to Council before budget deliberations. It provides information on the long-term financial challenges Calgary faces, even though the city can use tax increases and service cuts to balance the current three-year budget. The current projections indicate that inflationary pressures and revenue constraints

over the next 10 years will result in a projected operating shortfall of approximately \$170 million. It is worth noting that decisions made to balance the current three-year budget reduced this 10-year deficit from the original estimate of approximately \$300 million. These projections help Council understand why it's necessary to consider longer-term systemic issues that are not fully addressed in the current budget and to provide the context for the strategies and actions discussed in the plan.

*Infrastructure Status Report.* The Infrastructure Status Report provides information on condition, functioning, and demand to ensure that the city's infrastructure can continue to deliver the required services. The status report benchmarks infrastructure needs, identifies areas of short- and long-term infrastructure risk, and recommends potential means for infrastructure assets to be managed sustainably. It covers growth but also deals with the capital and operating requirements of existing infrastructure, including condition and maintenance costs. This report helps Council make informed infrastructure investment decisions, particularly regarding life-cycle investment.

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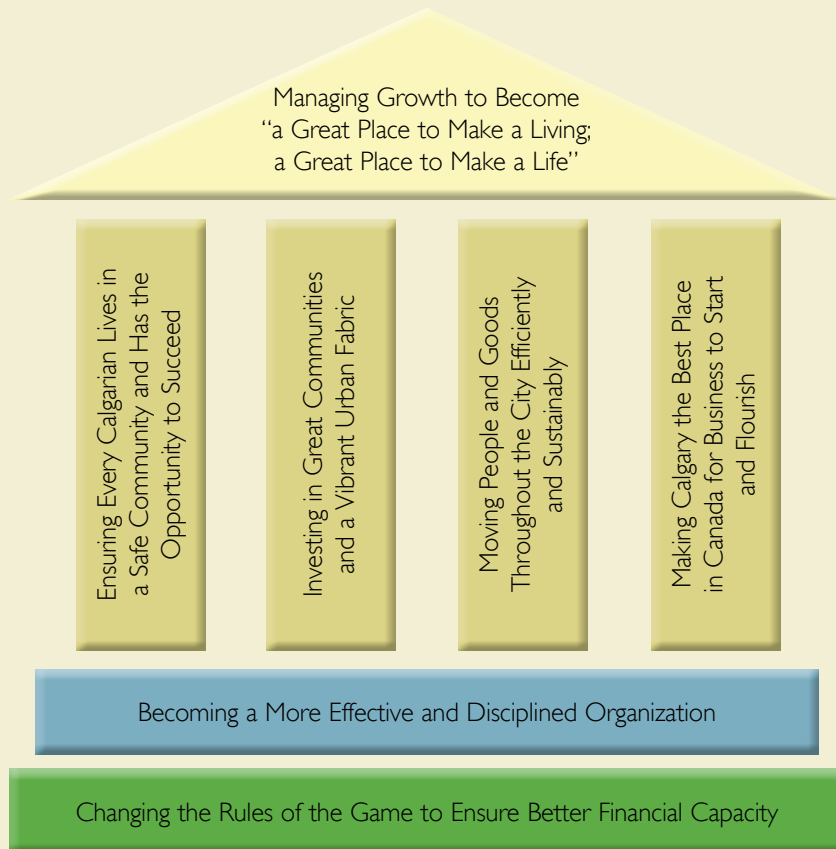
*Strategic Growth and Capital Investment Report.* Council asks for a Strategic Growth and Capital Investment Report to help business units and planners coordinate municipal capital investment priorities in new and developed growth areas. It maps the growth-related capital projects from the corporate 10-year capital plan in relation to the growth projections and projected development pattern, in both new and developed areas, to identify long-term infrastructure and servicing needs. This report provides a common information base for decision making and establishes an operational framework for analyzing the timing and sequencing of growth-related capital investment. It also helps the city coordinate growth-related projects with the services they will require. The

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Strategic Growth and Capital Investment Report deals specifically with future infrastructure capital requirements related to population growth, including the geographic location of new infrastructure. It is also part of Calgary's strategy for managing growth, helping the city establish a framework that informs key decisions in the planning process.

The Long-Range Financial Plan, Strategic Growth and Capital Investment Report, and Infrastructure Status Report all use the same data and have the same fundamental message, although each document has a different focus and target audience. These links provide the city with a level of consistency for making decisions over a 10-year timeframe.

#### Exhibit 4: Council's Fiscal Plan for Calgary



## PRIORITIES LAYER

The priorities layer targets the three- to five-year time horizon, in which decisions and actions are more tangible. Council's Fiscal Plan for Calgary provides direction to the city's administration for the 2012–2014 business plans and budgets. The council used a Parthenon as the representative image for this plan (see Exhibit 4), and the quote in the roof is directly from imagineCALGARY. The pillars correspond to the community-focused facets of the 2020 Sustainability Direction, while the platforms correspond with the city-focused aspects of the Sustainability Direction, including the goals of the long-range financial plan. The Fiscal Plan for Calgary recognizes that the three-year business plans and budgets need to be aligned with the imagineCalgary vision.

The directional statements that accompany each priority area provide further clarification for each of the six priority areas making up the three-year cycle. As Council was beginning to form its plan, council members considered three questions that are crucial to the concept of financial sustainability:

- What do we want to accomplish?
- How will we accomplish it?
- How will we pay for it?

The city's three-year budget process falls within this layer. Council approves three-year budgets, but provincial legislation requires that an annual budget be adopted. As a

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result, there are annual adjustments in years two and three of the budget cycle, before these annual budgets are adopted. The capital budgeting process also links the capital budget with the operating budget by identifying the operating costs of new capital.

The budget contains outcomes, performance measures, strategies, and actions that directly reference Council's plan. This layer links budget with the other layers and provides the continuity of those goals into budget decisions.

## ACCOUNTABILITY LAYER

The last layer is accountability, which tracks day-to-day budget implementation. This process essentially entails benchmarking against other municipalities, as well as reporting regularly to Council on financial performance, particularly regarding variances, strategies, actions, and performance measures.

Calgary also surveys citizens once a year to gauge their satisfaction with services and uses these results as the basis or benchmarks for some of its performance measures. Doing so improves accountability and engagement with citizens, and regular satisfaction surveys can help overcome the public's resistance to increased taxes and fees.

## CONCLUSIONS

Sustainability is a long-term concept that goes far beyond balancing the annual budget. To be sustainable, cities need a vision to strive toward, and strong links between that long-term vision and the short-term decisions and actions that come before City Council. Calgary's policy layers and the links between them help the city move toward financial sustainability and help the city — and the community — reach the imagineCalgary vision through today's decisions. The city's Long-Range Financial Plan helps create sustainability by providing the financial bridge between the longer-term goals and the shorter-term budgets. ■



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