

### **Recommendation 1 – Improved Contingency Funding**

**Summary** - The Administration agrees with the recommendation regarding the need to maintain healthy stabilization reserves to ensure financial resources are available to mitigate unforeseen circumstances within the City's operating budget.

**Administration's Proposed Approach** – The Administration proposes to conduct a review of funding options for the City's stabilization reserve and present options to the appropriate Committee and/or City Council for consideration.

**Timeline** – Report to be presented to Committee and/or City Council before the end of 2025.

### **Recommendation 2 – Alternative Revenue Tools**

**Summary** – The Administration agrees with the recommendation and the importance to continue to evaluate alternative revenue options for the City. From the Administration's perspective, this has been thoroughly reported on in the past, including:

1. At the [September 4, 2018 Standing Policy Committee on Finance](#), The City Auditor at the time, PwC, presented their report on options with respect to additional revenue generation. In addition to the City Auditor report, there was an accompanying Administrative Report. This report was received as information during the meeting.
2. At the [May 9, 2022 Standing Policy Committee on Finance](#), the Administration provided an analysis of the Calgary SAVE and Edmonton Reimagine Services which included revenue tools that were being implemented and/or adjusted in those Cities. This report was received as information.
3. As part of the 2024/2025 budget process that unfolded in 2023, the Administration presented several options to City Council regarding City revenues. This included the implementation of new revenues such as the expansion of billboard advertising as well as adjustments to existing revenue sources such as parking rates and tax searches/certificates.
4. As part of the Downtown Event and Entertainment District planning, KPMG completed an analysis of potential revenue instruments which was presented to the [September 13, 2023 Governance and Priorities Committee](#). These tools formed the basis of the funding strategy that was presented at the [August 28, 2024 City Council meeting](#). While this work focused on the Downtown Event and Entertainment District, it was further work and reporting into alternative revenue research and tools.

**Administration's Proposed Approach** – The Administration feels there has been extensive work completed regarding seeking alternative revenue tools over the past several years. As such, the Administration recommends that rather than conduct another broad review, that the Administration and City Council continue to seek alternative sources of revenue on a case-by-case basis. If Committee or City Council would like to see additional work completed on this topic, they could provide specific additional direction on which areas they would like the Administration to research.

**Timeline** – No associated timeline as alternatives revenues will continue to be sought on a case-by-case basis as opportunities arise.

### **Recommendation 3 – Process Automation**

**Summary** – The City utilizes SAP for the single point of data storage and reporting, to maintain the integrity of the City's financial data and comparisons of budget to actual results. The analysis, modeling and planning to develop the City's budget and prepare forecasts to be entered into SAP does rely heavily on excel spreadsheets as indicated in the review. Administration acknowledges some of the challenges that come with this approach but also that spreadsheet-based worksheets offer flexibility in the City's ability to perform analysis and forecast over 80 different service lines from Water and Light and Power Utilities, to Zoo Operations, Skating Rinks, Transit Services and Road Maintenance to name a few at a very low cost.

The City is not familiar with the tools outlined in recommendation #1 and #2 such as Python Integration and the SAP AFO module. The City has requested and received some additional information from EY to further understand the potential of these tools and where they could assist in addressing some of the challenges regarding the current reliance on spreadsheet and manual data extractions in some cases. Further analysis and understanding of the tools would be required to understand exactly where and how these tools could help and the associated cost to implement and maintain them.

In terms of an overall modern financial planning tool, the Administration is not aware of a tool that could provide an end-to-end solution for the variety of businesses the City operates in. While many systems will provide a niche financial planning tool for certain services such as Transit, Water Utilities or Parks Maintenance; further research would be required to determine if there are tools available which could provide flexibility for all business areas within the City's responsibility and the associated cost/benefit.

**Administration's Proposed Approach** – The Administration proposes to conduct an internal review including of automation solutions such as Python Integration and direct SAP integration to determine if there is a business case to proceed. This work would align with the City's 2026 implementation of the new City data architecture including an enterprise data warehouse. Part of this work was to explore industry leading technology tools that could benefit the City, which will align with this recommendation.

In addition, a jurisdictional scan will be completed regarding an “integrated modern financial planning tool” to understand what other Cities are using in this regard. With the City’s current Business Planning and Consolidation (BPC) module within SAP expected to be retired at the end of 2027, this scan will be timely and align with this work to help inform the City about other potential options available.

**Timeline** – In order to align this work with other planned work in 2026 regarding the City’s Financial Planning and technology tools, the Administration proposes to begin this work in 2026. In addition to the timing of this work, many of the resources who will be involved with this work will be heavily involved in the preparation for the 2026/2027 budget, which further supports a 2026 timeline.

### **Recommendation 4 – Integrated Driver Based Planning Model**

**Summary** – It is important to note that driver-based planning does currently exist at the City and is the foundation of the City’s existing budget process. The Administration utilizes Corporate Drivers such as population, KM's of new roadways, Hectares of Park Space, Fuel Prices, Utility Rates, and negotiated salary settlements as key drivers that impact a wide range of operations and resource requirements to meet service levels. Scenarios can be developed for each one of these assumptions to create alternative budgets as seen during 2024 budget deliberations, when assumptions such as fuel and various service levels were reported on and adjusted by City Council resulting in a reduction to the City’s projected expenses.

Service Line specific drivers such as transit ridership, number of assessment appeals/rolls, inflationary pressures on roadway contracts, mechanical parts and the cost of fire engines, are maintained at the departmental level and form the foundation of the departmental budget projections and estimated cost to maintain service levels. Finance and operating departments work closely on these to ensure the most accurate estimates are used. Historically, overviews of key drivers and assumptions have been included in all budgets, forecasts and other financial public reports. In addition, the City provides service level tables within the City's budget documents which outlines the service level drivers for each business line that can be adjusted which would have a corresponding budgetary impact.

Administration agrees not all of these assumptions are maintained corporately, but rather documented in the approved budget book which forms the corporate record. In addition, Administration views linking corporate spreadsheets to divisional data to cost more time and effort than benefit that would be derived.

**Administration’s Proposed Approach**– Administration recommends combining this recommendation with recommendation #3, specifically completing a jurisdictional scan regarding an integrated planning tool or other advanced predictive analytical solutions and driver-based planning model together.

Aside from this jurisdictional scan the Administration will aim to continue to improve the driver information available in the City's publicly available documents so that City Council and the public can better understand the driving factors behind the City's budget assumptions. Unless the jurisdictional scan supports an alternative path, the Administration's proposed approach does not include furthering the integration between corporate records and the divisional working papers as we view the cost, resources, and maintenance effort would not bring net efficiencies or an improved planning or budget environment.

**Timeline** – To be completed in 2026 alongside recommendation #3.

### **Recommendation 5 – Shared Services Model Analysis / Value based Outcomes Assessment**

**Summary** – Administration supports this recommendation and continuing to find efficiencies and opportunities to do “more with less”, which has been the foundation of the City's Continuous Improvement culture. The City continues to highlight these efforts as outlined below:

1. The annual [Service, Savings and Sustainability](#) report showcases the efforts being made each year by City employees to capture savings, enhance services for residents and make sustainability improvements;
2. The annual report on [Full-time Equivalents](#) or City Staffing recently presented at the 2025 Budget Deliberations meeting, highlights the ongoing decrease in City Resources per 1,000 residents and associated reviews completed by the City Administration and City Auditor;
3. A [Performance Improvement Update](#) was provided at the October 11, 2023 Governance and Priorities Committee meeting which outlined recent Performance Improvement work that had been completed and the benefit it has brought to the City.

The Administration views the recommendation for value-for-money and/or a value-based outcome assessment as very similar initiatives aimed at ensuring the City is receiving the best value for taxpayer dollars in each of our business lines. The Administration is fully supportive of these reviews to provide independent insight through the office of the City Auditor.

Putting in place a long-term plan will ensure that each major business line is reviewed on a periodic cycle. Prioritization criteria could be developed to determine which business lines are audited first, and over time as each area is audited, a cycle would develop.

**Administration's Proposed Approach** – The Administration will work with the City Auditor to prepare a proposed approach to Value for Money reviews to be included in future audit plans.

**Timeline** – Discussions with the City Auditor will be part of the 2025 Audit Planning process. Details surrounding the 2025 Audit Plan will likely be presented in 2025 for the Standing Policy Committee on Finance.

### **Recommendation 6 – Priority-Based Planning and Predictive Analytics**

**Summary** – Priority based budgeting is designed to provide a tool to assist in the deployment of resources by identifying which programs and services are of the highest and lowest priority of a City. Each program is scored based on their alignment to the strategic plan priorities and other factors determined by the City, which can include items such as legislative requirements, citizen usage of programs, etc.

In terms of predictive analytics, the Administration is supportive that predictive analytics and AI will become a growing part of a Municipality's toolbox. The City is currently in the process of developing AI standards and strategy which will provide guidance on how and where the City looks to implement and manage this technology in the future. The recommendation included in the review is fairly high level, and additional work will be required to determine the City's exact future direction. The Administration has requested additional information and insight from EY which could assist in a more detailed understanding of their perspective of where this could provide benefit to the City. Overall, determining how predictive analytics and AI could be implemented will require more time to investigate, identify where other municipalities have successfully implemented predictive analytics, finalize what options are available, and assess the benefits various strategies could bring to the City and associated costs.

**Administration's Proposed Approach** – Administration will conduct an updated review of priority-based budgeting and provide the appropriate Committee and/or City Council with an overview of this research and any associated recommendations to consider.

In terms of predictive analytics, the City is actively working on building its standards and strategy around various AI, advanced data analytics, and automation capabilities. The City has also begun the development of an innovation testing capability which will support and enable the identification, testing, and validation of ROI against new innovative solutions and technologies. A future review can be completed in conjunction with recommendation #3, this work would align with the City's planned SAP upgrade in 2025 and implementation of enterprise data warehouse architecture in 2026; where opportunities to explore industry leading technology tools that could benefit the City is planned to be undertaken.

**Timeline** – The Administration can conduct research on Priority Based Budgeting and report back to the appropriate Committee and/or City Council by the end of Q1 2025

Research and potential implementation into AI, data science, or predictive analytics models, and the “innovation hub”, is proposed to be completed in 2026 in alignment with recommendation #3.