



# Mid-Cycle Adjustments Overview

Recommendations for a safe, sustainable and resilient Calgary

October 29, 2024

# Introduction

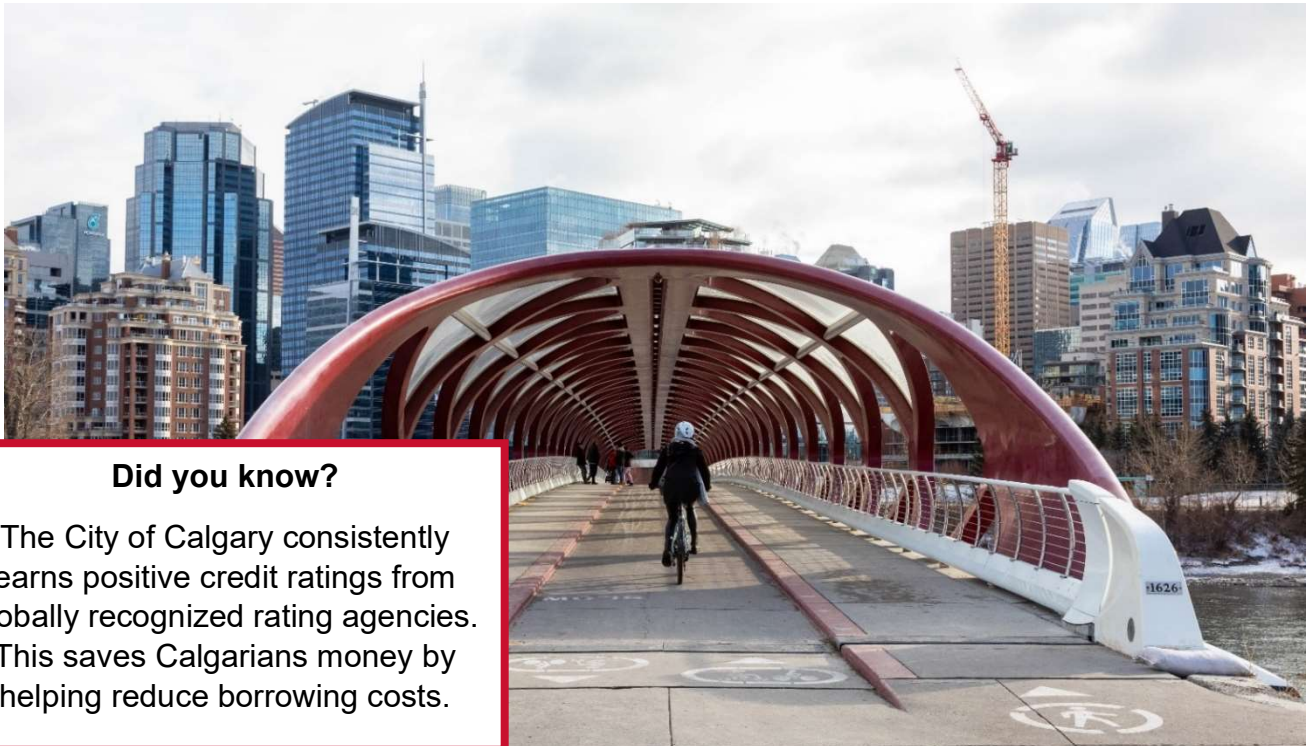
We understand that budget documents can be complex and overwhelming. This guide is your starting point for understanding this year's adjustments to The City's plans and budgets. Our planning and budget documents aim to provide transparency and accountability to the public, and **this overview highlights the key aspects of the Mid-Cycle Adjustments** to the 2023-2026 Service Plans and Budgets. In this document, you'll find an easy-to-understand summary of:

- The recommended changes to the budget
- What these adjustments mean to you financially
- How The City is being efficient with your money
- Background on how we got here

On 25 November 2022, Council approved the [2023-2026 Service Plans and Budgets](#) directing Administration to continue delivering important City services that enhance the lives of Calgarians. Budget decisions reflect the priorities of Calgarians and help determine what gets accomplished.

A lot has happened in two years. After two years of a four-year plan, we have an opportunity to adjust our budgets to ensure they align with emerging trends and changes happening in our city. This is in addition to the ones outlined in the [2023-2026 Service Plans and Budgets](#).

**In this attachment, we'll run through what our recommended changes are, what they mean to Calgarians, how we'll make them and what factors influenced our decisions.**



## Did you know?

The City of Calgary consistently earns positive credit ratings from globally recognized rating agencies. This saves Calgarians money by helping reduce borrowing costs.

**NOTE: This report provides information that was approved for the Green Line Stage 1 program decisions per report EC2024-0809. Until The City understands the next steps on the Green Line Stage 1 program, this document continues to reflect current Council decisions.**

## Recommended changes

Each November, we adjust our plans and budgets and recommend important investments and changes to Council for approval. These investments and changes respond to the evolving needs expressed by Calgarians and businesses, as identified through feedback from the [2024 Spring Survey of Calgarians](#) and the City's performance in the Progress Update. Investments and changes generally align to [Council's focus areas](#) or be projects that are deemed critical to The City. These changes are either used to run the service day-to-day (operating) or used to build and maintain infrastructure (capital) used by services.

### Operating investments overview

To determine what to invest in without additional increases to taxes or fees, we've:

- Reviewed what we've spent compared to what we've budgeted to see if there are any unspent corporate funds we can use.
- Looked outside The City for external grants and other funding streams.
- Worked internally among our services to prioritize the most important investments.

Administration worked to identify \$121 million in operating budget capacity and \$135 million in capital relinquishments to accommodate new investments without increasing taxes or fees.

| Ongoing Annual Operating Investments (in thousands)      | 2025            | 2026 |
|--|-----------------|------|
| <b>Enabled by reviewing corporate financial capacity</b> |                 |      |
| Corporate Inflationary Pressures                         | \$48,000        |      |
| Preparing for Green Line Operations <i>[partial]</i>     | \$8,000         |      |
| <b>Total Ongoing Annual Operating Investments</b>        | <b>\$56,000</b> |      |

| One-Time Operating Investments (in thousands)                                  | 2025            | 2026            |
|--|-----------------|-----------------|
| <b>Enabled by reviewing corporate financial capacity</b>                       |                 |                 |
| Preparing for Green Line Operations <i>[partial]</i>                           | \$16,000        | \$16,000        |
| Capital Funding from Local Access Fees   | \$19,656        | \$19,656        |
| <b>Enabled by leveraging 2024 operating variance</b>                           |                 |                 |
| Low Income Transit Pass Program Sustainment for 2025                           | \$19,000        | -               |
| Remuneration framework for Boards, Commissions and Committees <i>[partial]</i> | \$274           | \$274           |
| Implementing Downtown Safety Leadership Table recommendations <i>[partial]</i> | \$5,785         | \$3,710         |
| <b>Total One-Time Operating Investments</b>                                    | <b>\$60,715</b> | <b>\$39,640</b> |

#### Enabled by leveraging external and alternative sources

- Clean Energy Improvement Program
- Rezoning for Housing Resources
- Increased 9-1-1 capacity to dispatch Transit Peace Officers
- A Data Foundation for City Building: Exploring a New Civic Census

#### Enabled by reprioritizing budgets within and between services

- Bill 20 Changes for Municipal Elections
- Plus 15 Inspection Program
- Continuing the Equity Program to advance equitable delivery of City services
- Implementing Downtown Safety Leadership Table recommendations *[partial]*
- Playground and Amenity Safety Inspections and Sustainment
- Eligibility Resources for Calgary Transit Access
- Film Friendly Program Sustainment
- Improving Pavement Quality and the 5A Network
- Additional 5A Network Improvement Plan



The funds found through reallocation and efficiencies will be reinvested in the areas that matter most to Calgarians, such as, housing and community development, transit, public safety and more. However, this is only the beginning of what we need to do to keep a safe, sustainable and resilient city. Calgary’s growing population needs places to live and services to sustain them. Administration has reviewed all needs across the city and recommends a few investments that are the highest priority. These investments require a overall tax increase of 4.5 per cent, which is beyond the previous Council direction to maintain the 3.6 per cent from existing properties. Administration is proposing an increase to property taxes for critical investments and to properly fund the annually re-occurring cost of our growth.

| Ongoing (Base) Operating Investments (in thousands)                        | 2025            | 2026            | 2027+            |
|--|-----------------|-----------------|------------------|
| <b>Enabled by tax increases</b>  |                 |                 |                  |
| Incremental funding for Preparing for Green Line Operations                |                 | \$8,000         |                  |
| Public Transit Revenue Shortfall   | \$13,000        |                 |                  |
| Aligning emergency response capabilities to meet rising service demand     | \$4,700         | \$1,900         |                  |
| Policy framework for Boards, Commissions and Committees remuneration       | \$109           | \$1,100         |                  |
| Implementing Downtown Safety Leadership Table recommendations              | \$2,504         |                 |                  |
| Sustaining service levels after significant grant to increase urban canopy | \$400           | \$400           |                  |
| Bridge Management System   | \$50            | \$5             |                  |
| Growth Application in the South Shepard Area Structure Plan (Hotchkiss)    |                 | \$478           | \$24,044         |
| Growth Application in the Keystone Hills Area Structure Plan (Prairiesong) |                 | \$67            | \$16,564         |
| Growth Application in the Belvedere Area Structure Plan (Liberty Stage 2)  |                 | \$40            | \$2,228          |
| Open Business Cases in the Belvedere Area Structure Plan                   |                 |                 | \$8,309          |
| <b>Total increase</b>  | <b>\$20,763</b> | <b>\$11,990</b> | <b>\$51,145*</b> |
| <b>Estimated tax impact</b>  | <b>0.89%</b>    | <b>0.49%</b>    |                  |

\*2027+ represents the estimated future direct incremental operating costs for the Growth Applications over the next 15 years.

Calgarians need homes. We're investing in new communities to help improve housing supply. New communities are a significant source of housing supply in Calgary, often offering the most affordable market housing choices in the city. These investments help us establish communities and cover items such as:

- ✓ Storm connections
- ✓ Storm management initiatives
- ✓ Sanitary truck extensions
- ✓ Transportation and Transit infrastructure

However, as they involve substantial costs, it is important to evaluate new community growth through the Growth Application process to ensure Calgary grows in a balanced, sustainable way.



## Water utilities and waste & recycling services

Utilities are essential for Calgarians, and investing in maintenance and enhanced inspections is key to ensuring their reliability now and in the future. However, current rates haven't kept up with the pressures of our growing and aging system.

To ensure the future sustainability of Calgary's utilities, we're proposing the following increases to address aging critical infrastructure, rapid population growth and growing demand for landfill capacity:

|  | Annual Rate Increase |      | Increase on Monthly Typical Residential Bill* |                |
|--|----------------------|------|---|----------------|
|  | 2025                 | 2026 | 2024 - 2025                                   | 2025 - 2026    |
| Water Treatment & Supply Rate Increases          | 6.2%                 | 6.2% | +\$2.69                                       | +\$2.88        |
| Wastewater Collection & Treatment Rate Increases | 4.5%                 | 4.5% | +\$0.72                                       | +\$0.73        |
| Stormwater Management Rate Increases             | 4.3%                 | 4.3% | +\$0.67                                       | +\$0.70        |
| Waste and Recycling Residential Charges          | 3.9%                 | 4.3% | +\$1.01                                       | +\$1.15        |
| <b>Total</b>                                     |                      |      | <b>+\$5.09</b>                                | <b>+\$5.46</b> |

\*based on typical residential metered water usage of 19m<sup>3</sup>

Across the four services, these rate increases will fund base operating expenditures of \$105 million in 2025 and \$40 million in 2026. In addition to responding to operating pressures, the rate increases along with dedicated funding from off-site levies allow for new capital investments for the Water Utility and Waste & Recycling.

This also includes the required capital utilities for the new communities being recommended. In addition to the capital budget request for the current business cycle, the Water Utility requires pre-approval of budgets for select long term projects where the delivery spans over multiple business cycles (e.g., North & South Water Servicing, Wastewater Treatment Plant Upgrades).

| <b>Water utilities and waste and recycling services capital (in thousands)</b> | <b>2025-2026</b> | <b>2027+</b>     |
|--|------------------|------------------|
| Water Treatment Plant  | \$87,197         | \$59,500         |
| Water Distribution Network   | \$257,381        | \$216,066        |
| Wastewater Treatment Plants  | \$109,163        | \$512,546        |
| Wastewater Collection Network  | \$141,457        | \$18,790         |
| Drainage Facilities & Network  | \$87,289         | \$47,000         |
| Waste & Recycling Services Landfill/Treatment Infrastructure                   | \$24,926         | -                |
| Waste & Recycling Services Facilities & Equipment                              | \$12,522         | -                |
| <b>Total</b>   | <b>\$719,935</b> | <b>\$853,902</b> |



The City is actively responding to the Bears paw South feeder main break and has incorporated known capital and operating changes related to the response into these adjustments. Additional funding related to this response and future investments will follow in future adjustments and/or service plans and budgets.

## Other recommended capital investments

We made significant efforts to review capital investments and relinquish \$135 million in funding that can be reallocated for high priority capital needs. The relinquishments will have minimal impact to services. Additional funding of \$94 million was also identified from the Local Government Fiscal Framework and Franchise Fees to support these high priority investments.

The approximately \$229 million identified can be reallocated for capital cost escalations on previously approved projects, maintenance and critical repairs, housing and community development and City funding required to match contributions from other levels of government or external parties.



| Capital Investments (in thousands)  | 2025-2026             |
|---|-----------------------|
| <b>Capital Cost Escalations</b>   |                       |
| Capital Cost Escalations Fund <sup>1</sup>  | \$18,000              |
| <b>Maintenance and Critical Repair</b>  |                       |
| Reinvesting In Our Annual Investment Programs   | \$100,000             |
| Beaverdam Flats Slope Stability Project   | \$2,000               |
| MacEwan Park View NW Slope Project  | \$2,000               |
| Enmax High Risk Task Transformer Relay Replacement <sup>2</sup>   | \$4,000               |
| Retaining Wall Replacement Program  | \$3,000               |
| Timber Stair Replacement Program  | \$3,000               |
| Improving Pavement Quality on High-Speed Roads  | \$10,000              |
| <b>Housing and Community Development</b>  |                       |
| Country Hills Widening (Barlow Tr to 36 St SE)  | \$16,100              |
| City-Wide Transit Oriented Development <sup>2</sup>   | \$20,000              |
| Transit Oriented Development – Design & Infrastructure Study  | \$4,500               |
| Public realm investments in Established Areas <sup>2</sup>  | \$2,500               |
| Belvedere related Infrastructure including Stoney Tr/Memorial Dr SE flyover, design for Max Purple <sup>2</sup> | \$31,910 <sup>4</sup> |
| <b>Matched Funding</b>  |                       |
| Blue Line – Additional Design and early works <sup>3</sup>  | \$10,000              |
| Cowboys Park Capital Upgrade <sup>2</sup>   | \$1,900 <sup>5</sup>  |
| <b>Total</b>  | <b>\$228,910</b>      |

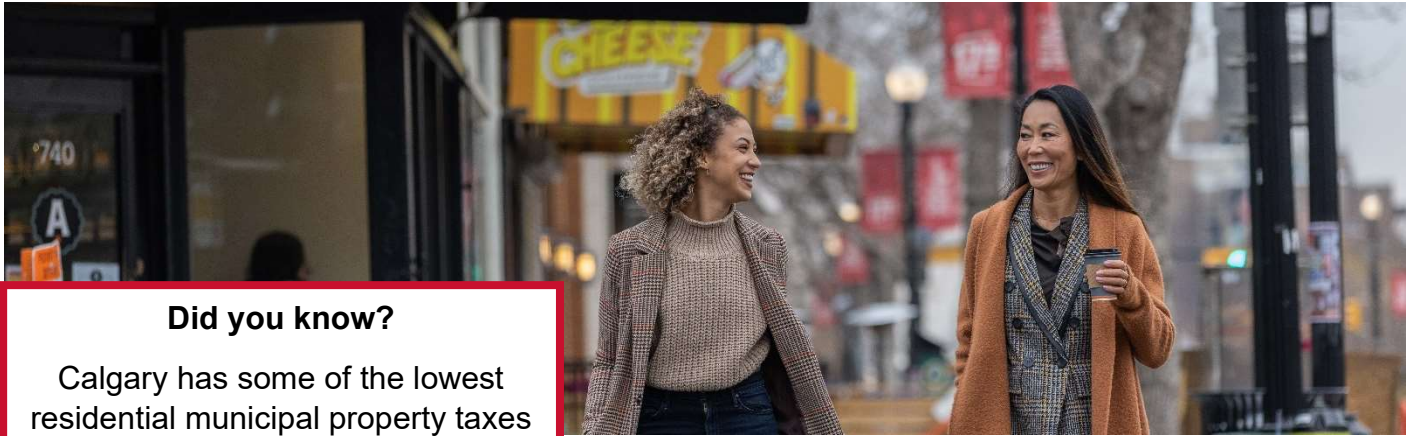
<sup>1</sup> This funding will cover some but not all known cost escalations.

<sup>2</sup> Additional capital funding will be requested for 2027-2030+ to complete these initiatives.

<sup>3</sup> Provincial match funding secured; federal funding not secured.

<sup>4</sup> City Portion only (Off-site Levies not included).

<sup>5</sup> City portion only (Sponsorship agreement not included).



**Did you know?**

Calgary has some of the lowest residential municipal property taxes among Canadian municipalities.

## What these adjustments mean to Calgarians financially

To continue delivering the services that Calgarians expect and rely on, we are proposing the following changes to the taxes and fees paid by a typical residential household\*:

- Increase property taxes by 6.4 per cent (4.5 per cent from existing properties and 1.9 per cent from newly developed or redeveloped properties), which would result in an average 4.8 per cent increase in the tax bill for the median residential single-family home.
- Increase of 3.7 per cent to typical waste & recycling and water bills.

|                            | Changes in 2025 for the typical single residential property* | 2024         | (recommended) 2025 change          |
|----------------------------|--|--------------|------------------------------------|
|                            | Municipal property tax per month                             | \$214        | +\$10.27 or 4.8%                   |
|                            | Waste & recycling and water utilities per month              | \$137        | +\$5.09 or 3.7%                    |
| <b>Total City services</b> |  | <b>\$351</b> | <b>+\$15.36 per month or 4.37%</b> |

\*A residential property assessed at the estimated median of \$700,000 in 2025 with metered water usage of 19m<sup>3</sup>



## How we're being efficient with your money

The City recognizes the importance of affordability for Calgarians but must balance that with ensuring we're delivering services and critical projects required for our growing city.

To minimize tax increases, Administration has been focused on finding efficiencies, allowing us to deliver more without having to increase property taxes beyond originally planned levels. These savings include changes to capital and operating budgets, rescoping projects, reprioritizing work and implanting new budgeting practices. We've identified 118 initiatives and you can view the entire list in Attachment 5. Some notable examples of projects we've undertaken include:



Parks and Open Spaces continues to **plant more perennials and drought tolerant plants** that require less water and maintenance than annual plant material. In 2024, significant efforts were made to save water by planting 20 per cent less annual plants. The number of annual plants ordered for 2025 and 2026 will also be further reduced.



The **Specialized Transit Online Trip Booking tool** is enabling accessible self-serve features for booking and managing trips. Transitioning to a self-serve environment will reduce the internal resourcing required to schedule and manage trip bookings. As demand for Specialized Transit grows, internal resources can be redeployed to support the increased demand in eligibility requests.



Construction and Materials is piloting higher **Recycled Asphalt Pavement** mixes. As asphalt which is removed is used in the repaving of the street and or pathway. This results in less new asphalt required in the paving operation which leads to lower costs of materials.



The annual **Cart Spot Check program** helps Calgarians improve their use of the blue and green carts. Over 200,000 bin checks annually make sure the right items are going into the right bins, providing direct feedback at the household level. By completing a spot check, we can keep harmful materials away from collectors, protect equipment and staff at the recycling, composting and landfill facilities as well as maintain high quality recycling and compost end products.



Assessment Search Access Code Retrieval was a manual process and administratively time consuming. By **automating the code retrieval service**, it has saved significant staff time and improved customer service. The Property Assessment service has received around 4,500 access code retrieval requests from 2024 January through 2024 July and approximately 3,600 of those, or about 80 per cent, were handled by automatic processing. As Calgary's population continues to grow, finding efficiencies such as this allows for service levels to be maintained.



Calgary Parking has been replacing its **current fleet with electric vehicles**. This lowers fuel costs and reduces greenhouse gases. Fuel costs savings are expected to be more than the increase in electricity charges. This initiative allows Calgary Parking to keep parking costs at a minimum.

## How we got here

### Higher-than-anticipated growth and inflation

The City monitors and tracks key economic indicators providing insight into the local economy. They also influence The City’s planning and operations to best serve Calgarians. Since the 2022 approval of the [2023-2026 Services Plans and Budgets](#), many indicators exceeded our original assumptions and what we originally planned for. The most notable include population growth and inflation.

|                                  | Inflation   | Population growth                            |   |
|----------------------------------|---|--|---|
| <b>2023</b>                      | <b>+3.8%</b><br>vs. planned increase of 2.6%                | <b>+5.6%</b><br>vs. planned increase of 1.7% | <b>75,000</b><br><b>new residents*</b>  |
| <b>2024</b>                      | <b>+3.5%</b> (year to date)<br>vs. planned increase of 1.8% | <b>+4.9%</b><br>vs. planned increase of 1.7% | <b>69,000</b><br><b>new residents**</b> |
| <b>Past 10 years<sup>+</sup></b> | <b>+24.89%</b>  | <b>+19.04%</b>                               |   |

*\*from April 1, 2022 to April 1, 2023    \*\*from April 1, 2023 to April 1, 2024    +from April 2014 to April 2023*

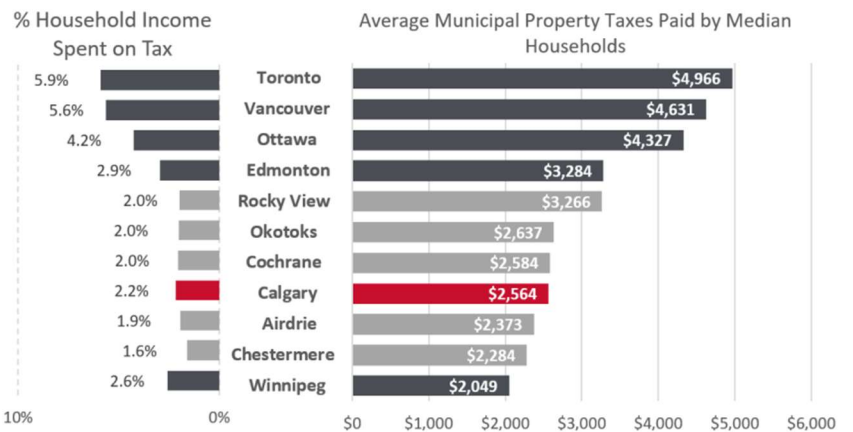
Higher than expected inflation and population growth have made it difficult for The City to keep delivering services to Calgarians at the levels they’ve come to expect. In 2023, Calgary was the fastest-growing major municipality in Canada. The City originally estimated an increase of 1.7 per cent in population in each of 2023 and 2024, but actual growth was 5.6 per cent in 2023 and 4.9 per cent in 2024. Actual inflation numbers for 2023 were 3.8 per cent compared to the planned 2.6 per cent. For most services that we provide, we’re serving more people within the same budget that was originally forecasted in the [2023-2026 Service Plans and Budgets](#).

While we recognize that affordability is top of mind for Calgarians, they’ve expressed through the [2024 Spring Survey of Calgarians](#), that they value and want important City services. This situation presents a challenging scenario for The City.



## Low property taxes

Property taxes collected to fund services have not kept up with either inflation or population growth, leading to gaps in required funding. This has been amplified by the fact that Calgary has had some of the lowest property tax rates in the country. In Calgary, 2.2 per cent of household income is spent on property tax, one of the lowest amounts among major Canadian cities. In comparison, Vancouver spends 5.6 per cent of household income and Edmonton 2.9 per cent.



Calgary continues to excel in property tax affordability, compared to higher rates in other Canadian cities. However, pressures from population growth and inflation are straining City services, leading to a decline in citizen satisfaction from 80 per cent in 2015 to 63 per cent. For more details, please refer to the [2024 Mid-Year Progress Update](#).

We are proud that there are many new people who want to call Calgary their home. We need to provide quality services to them as well. As the city grows and costs continue to increase, further funding is needed for important infrastructure and services to keep up with Calgary's growth. At this rate, maintaining such low property taxes is unsustainable.



# Budget Overview

## Breakdown of Operating Revenue (Budgets, \$ millions)

|   | 2023           | 2024           | 2025           | 2026           |
|---|----------------|----------------|----------------|----------------|
| Current Total City Revenue                                    | (4,566)        | (5,048)        | (4,931)        | (5,041)        |
| Proposed Change in Revenue                                    | -              | 218            | (451)          | (304)          |
| <b>Proposed Revised Total City Revenue</b>                    | <b>(4,566)</b> | <b>(4,829)</b> | <b>(5,382)</b> | <b>(5,344)</b> |
| <i>Year-over-Year Change in Proposed Revenue</i>              |                | 5.8%           | 11.4%          | -0.7%          |
| Current Non-tax Revenue                                       | (2,420)        | (2,741)        | (2,512)        | (2,516)        |
| Proposed Change in Non-Tax Revenue                            | -              | 218            | (414)          | (255)          |
| <b>Proposed Revised Non-Tax Revenue</b>                       | <b>(2,420)</b> | <b>(2,523)</b> | <b>(2,926)</b> | <b>(2,771)</b> |
| <i>Year-over-Year Change in Proposed Non-Tax Revenue</i>      |                | 4.3%           | 16.0%          | -5.3%          |
| Current Property tax Revenue                                  | (2,147)        | (2,306)        | (2,419)        | (2,525)        |
| Proposed Change in Property Tax Revenue                       | -              | -              | (37)           | (49)           |
| <b>Proposed Revised Property Tax revenue</b>                  | <b>(2,147)</b> | <b>(2,306)</b> | <b>(2,456)</b> | <b>(2,574)</b> |
| <i>Year-over-Year Change in Proposed Property Tax Revenue</i> |                | 7.4%           | 6.5%           | 4.8%           |

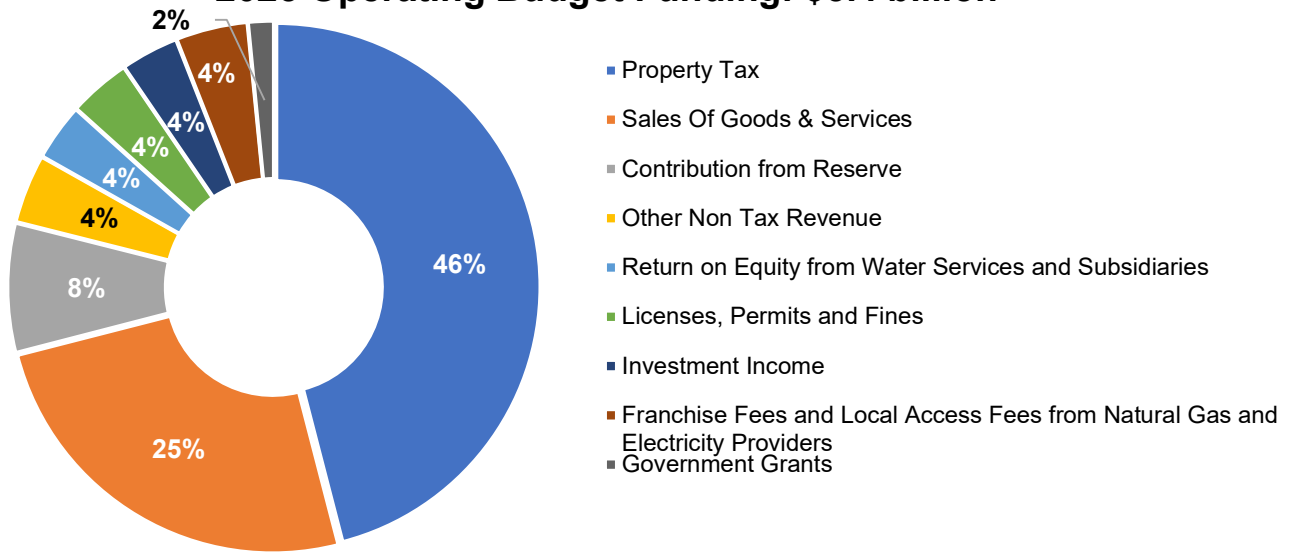
Note: figures do not include the impact of Education requisition

## Breakdown of Operating Expenditures (Budgets, Net of Recoveries, \$ millions)

|   | 2023         | 2024         | 2025         | 2026         |
|---|--------------|--------------|--------------|--------------|
| Total City Expenditures                               | 4,566        | 5,048        | 4,931        | 5,041        |
| Proposed Change in Total Expenditures                 | -            | (218)        | 451          | 303          |
| <b>Proposed revised Total Expenditures</b>            | <b>4,566</b> | <b>4,829</b> | <b>5,382</b> | <b>5,344</b> |
| <i>Y-o-Y Change in Proposed Total Expenditures</i>    |              | 5.8%         | 11.4%        | -0.7%        |
| 1time expenditures                                    | 55           | 298          | 49           | 35           |
| Proposed Change in one-time Expenditures              | -            | (218)        | 243          | 23           |
| <b>Proposed revised 1time expenditures</b>            | <b>55</b>    | <b>79</b>    | <b>292</b>   | <b>58</b>    |
| <i>Y-o-Y Change in Proposed 1-time Expenditures</i>   |              | 45.2%        | 267.2%       | -80.1%       |
| On-going expenditures                                 | 4,512        | 4,750        | 4,883        | 5,006        |
| Proposed Change in On-going Expenditures              | -            | -            | 207          | 280          |
| <b>Proposed revised ongoing expenditures</b>          | <b>4,512</b> | <b>4,750</b> | <b>5,090</b> | <b>5,286</b> |
| <i>Y-o-Y Change in Proposed On-going Expenditures</i> |              | 5.3%         | 7.2%         | 3.8%         |

Note: figures do not include the impact of Education requisition

### 2025 Operating Budget Funding: \$5.4 billion



| Capital Budget as of Sep 30, 2024<br>(\$ millions) | 2024         | 2025         | 2026         | 2027+        | Total         |
|--|--------------|--------------|--------------|--------------|---------------|
| <b>Previously approved budget</b>                  | <b>2,070</b> | <b>2,820</b> | <b>4,283</b> | <b>3,685</b> | <b>12,858</b> |
| Adjustments  | 22           | 293          | 560          | 872          | 1,746         |
| <i>Relinquishments</i>                             | (13)         | (22)         | (69)         | (40)         | (144)         |
| <i>Increase</i>                                    | 35           | 315          | 628          | 912          | 1,890         |
| New Investments                                    | -            | 137          | 127          | -            | 264           |
| <b>Proposed revised capital budget</b>             | <b>2,092</b> | <b>3,250</b> | <b>4,970</b> | <b>4,557</b> | <b>14,869</b> |

### 2024-2028+ Capital Budget Funding

