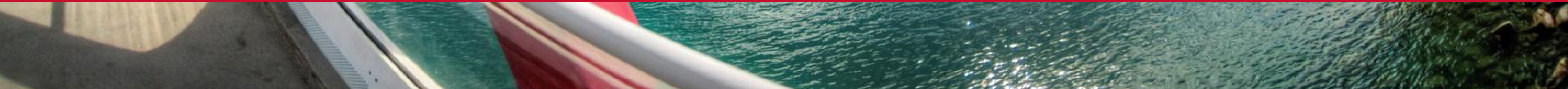
Administration's Response to Cllr. Farkas' Administrative Inquiry Submitted at the 2018 December 17 Regular Meeting of Council, AI2019-01



Administration Inquiry

AI2019-0001

1. If City expenditures had increased by population growth and inflation (CPI) since 2014, what would be the City's operating budget today? And how much would residential property taxes go up/down by?

2.

- If we went back to 2014 actual spending levels, how much would residential taxes go up/down by?
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3. What has been the City's per capita spending levels since 2008?

Overview of Administration Inquiry and Results

AI2019-0001

- 2018 budget is used as the basis for comparison due to data:
  - 2018/19 CPI and 2019 population are not yet available
- 2018 total & tax-supported budgeted operating expenditures are lower than 2014 + CPI + growth
  - 2018 Utilities budgeted expenditures are higher due to significant capital investment and progress towards targets in Utilities financial plan
- Budgeted operating expenditures would be lower if reverting to past years' levels
- Tax savings calculated in all results assumes total impact is tax-funded
  - Some revenues (e.g. user fees) may be impacted, reducing tax impact
- Per capita spending (unadjusted for inflation) has been rising

1. Operating budget if City expenditures had increased by population growth and inflation (CPI) since 2014

Operating Expenditures net of Recoveries ($000)	2014 Actual	2018 Budget (A)	CPI + Growth Inflated (B)	Difference (A-B)	Tax impact
Tax-Supported	3,014,209	3,196,170	3,381,021	(184,851)	11.3%*
Utilities	602,549	748,645	675,876	72,769	**
Total City	3,616,757	3,944,815	4,056,896	(112,081)	6.9%

*The tax impact assumes that the reduction in expenditures results in only a tax revenue reduction. The tax impact would be reduced to the degree that the reduction in expenditures impacts other revenues (e.g. user fees).

**The Utility rate impact is difficult to quantify. The impact is dependent on the Utilities Financial model, which builds in capital requirements and financial targets. As such, the impact of reducing expenditures cannot be fully isolated.

2. If we went back to (2014, 2015, 2016, 2017) actual spending levels, how much would residential taxes go up/down by?

Operating Expenditures net of Recoveries ($000s)	2014	2015	2016	2017
Tax-supported actual operating expenditures	3,014,209	3,062,676	3,052,700	3,189,491
Tax-supported 2018 Operating Budget	3,196,170	3,196,170	3,196,170	3,196,170
(Decrease) from 2018 Operating Budget	(181,961)	(133,494)	(143,470)	(6,679)
Municipal Tax rate impact (decrease)*	(11.2%)	(8.2%)	(8.8%)	(0.4%)
Impact for typical household (Annual $)	(173)	(132)	(151)	(7)

*The tax impact assumes that the reduction in expenditures results in only a tax revenue reduction. The tax impact would be reduced to the degree that the reduction in expenditures impacts other revenues (e.g. user fees).

AI2019-0001

3. What has been the City's per capita spending levels since 2008?

Per capita expenditures (net of recoveries)*:

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total City	2,361	2,532	2,561	2,694	2,762	2,980	3,026	3,034	3,109	3,229
Tax-supported	2,012	2,165	2,200	2,313	2,336	2,514	2,522	2,488	2,471	2,559

*Analysis is not adjusted for inflation and based on actual operating expenditures