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NOV 25 2019

ITEM: 6.3 (2019-1052)
Public Distribution
CITY CLERK'S DEPARTMENT

C2019-1052
PRESENTATION



2020 Adjustments to the One Calgary Service Plans and Budgets

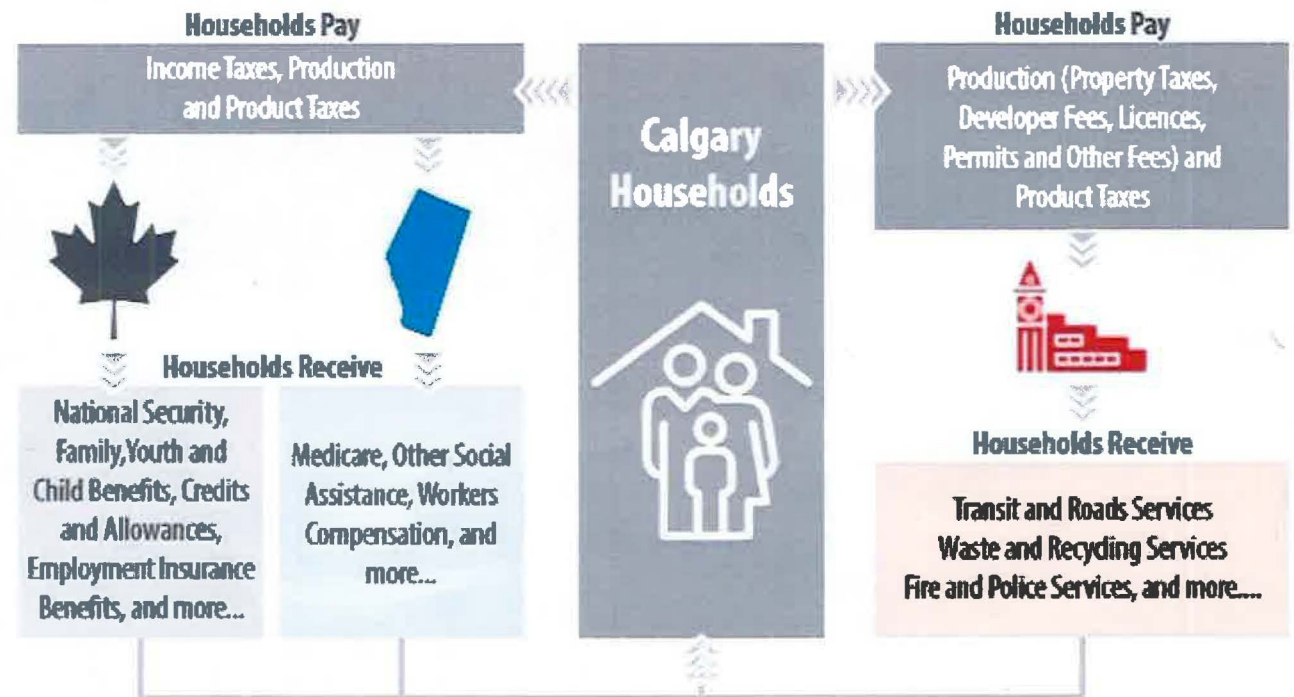
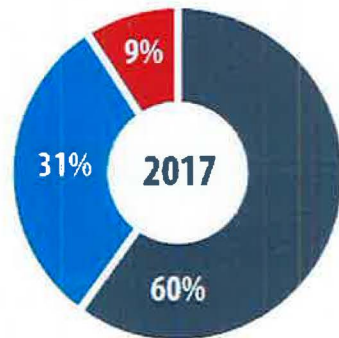
Presentation

2019 November 25

Where does taxpayer revenue from Calgarians go?

Distribution of Taxes from Calgary Households to:

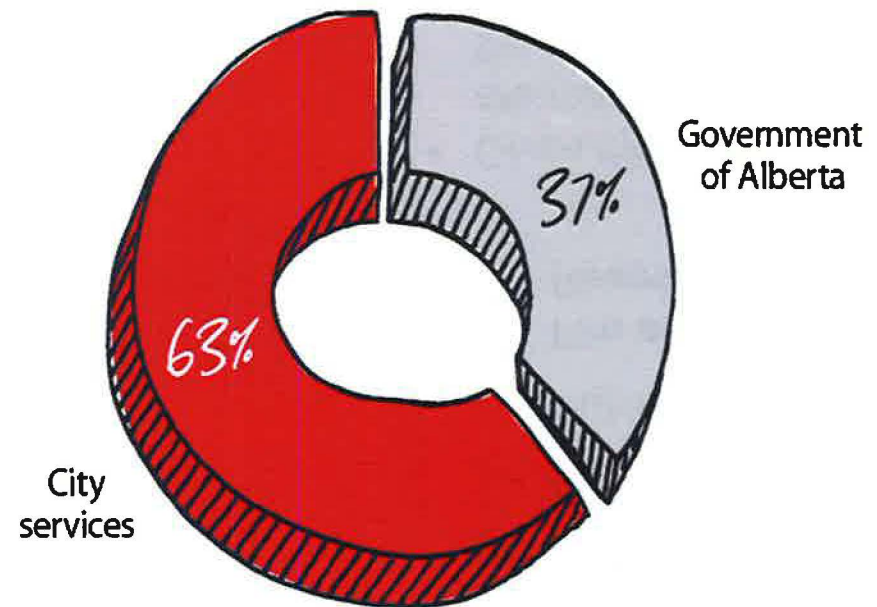
 The City of Calgary,  Government of Alberta, and
 Government of Canada



Where do Calgarians' residential property taxes go?

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- More than a third of the residential property tax collected in Calgary goes to the Province
- The portion of residential property taxes supporting City services equates to less than **\$5.50/day** for a typical single residential home

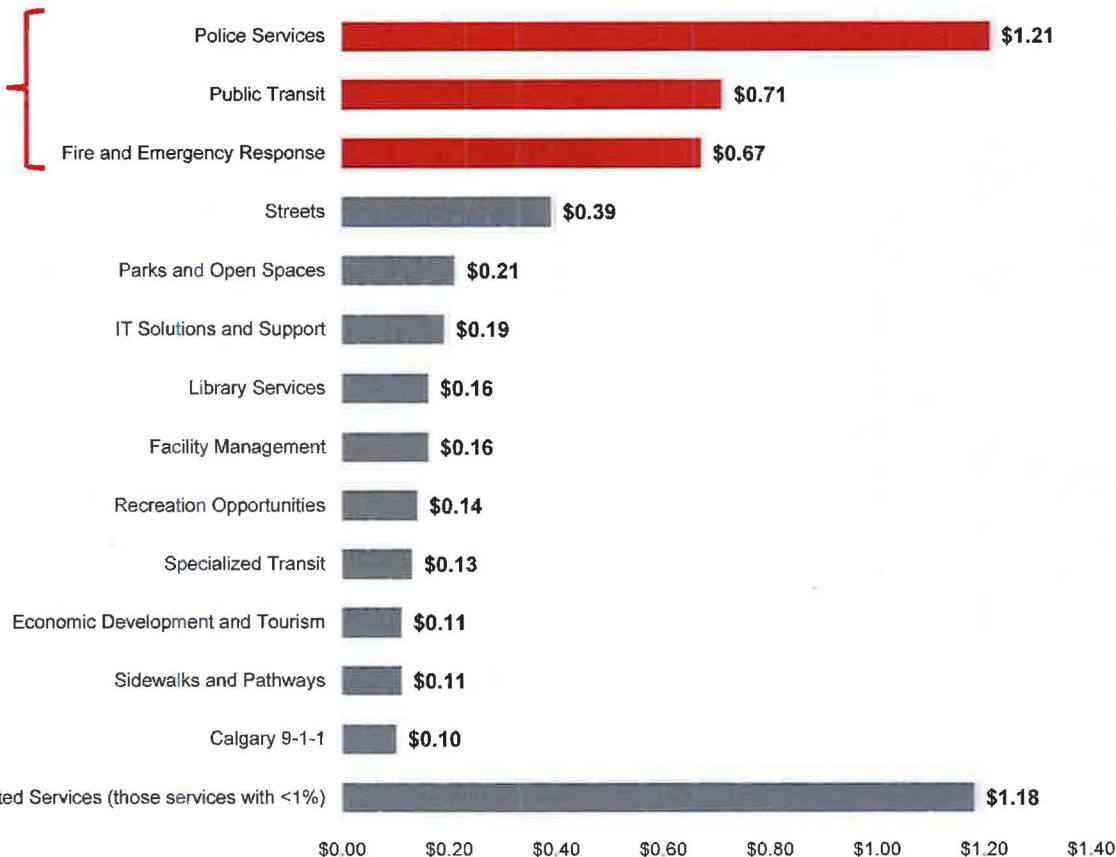




Which services do residential property taxes fund?

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**\$2.59 of the
\$5.50 per day
paid by the
typical single
residential
homeowner**

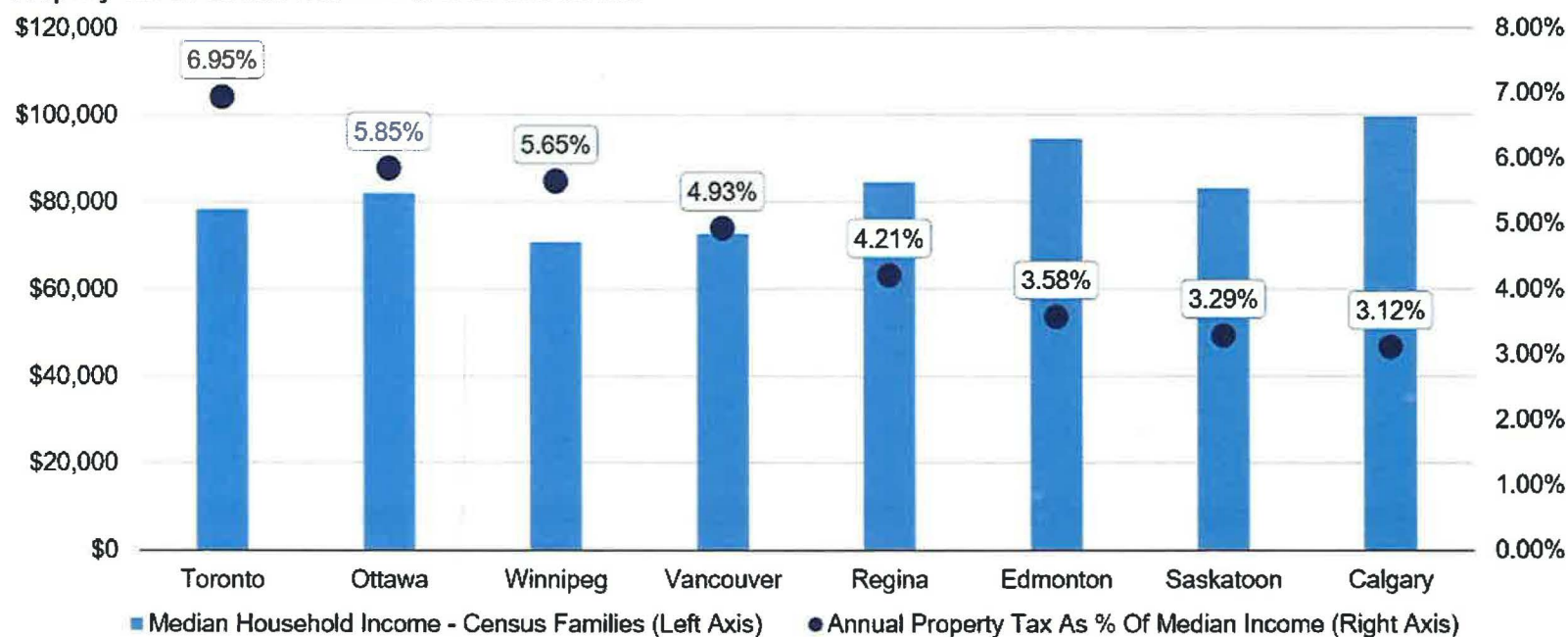


- Nearly half of the residential tax revenue for City services goes into three areas:
 - Police Services
 - Public Transit
 - Fire and Emergency Response
- Given this distribution, there are major implications for the smaller services if the allocation needs to be transferred.

Median home property taxes vs median household income



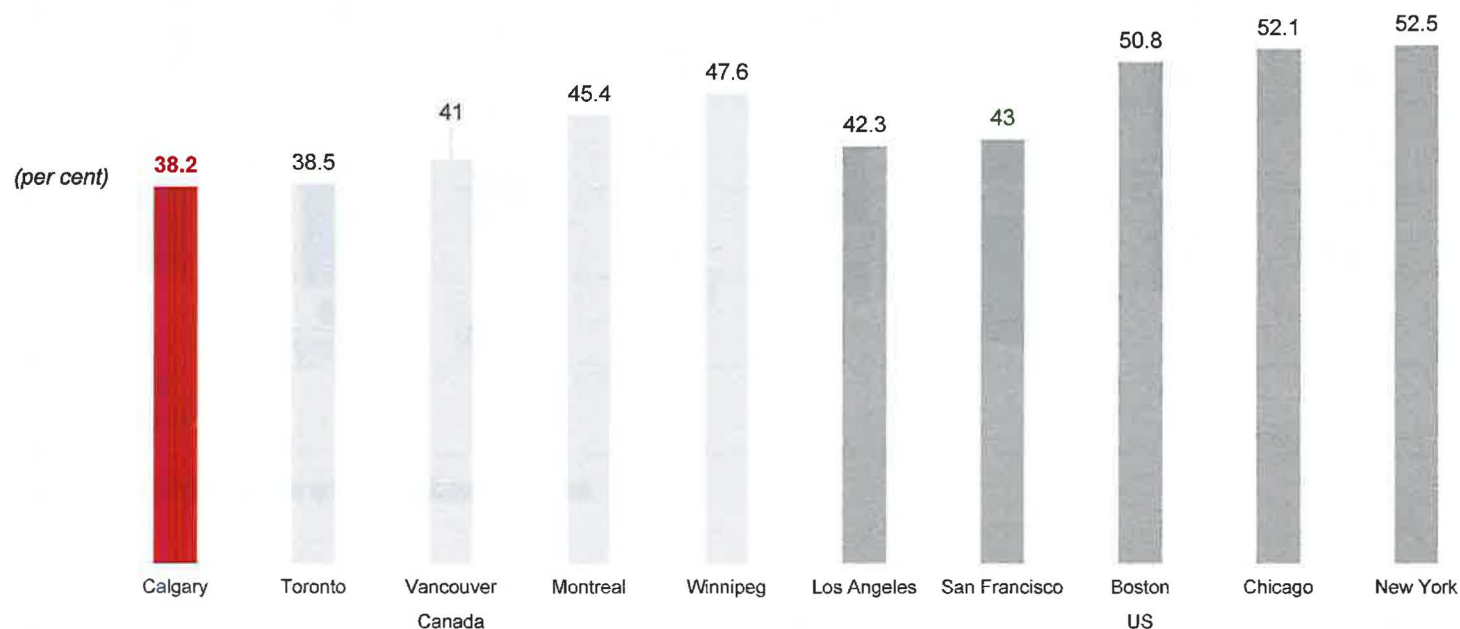
Property Tax on Median Home As % of Median Income



*Based on seasonally adjusted median sale price from MLS **Income data from Stats Canada

We continue to work with the business community to further improve our competitiveness

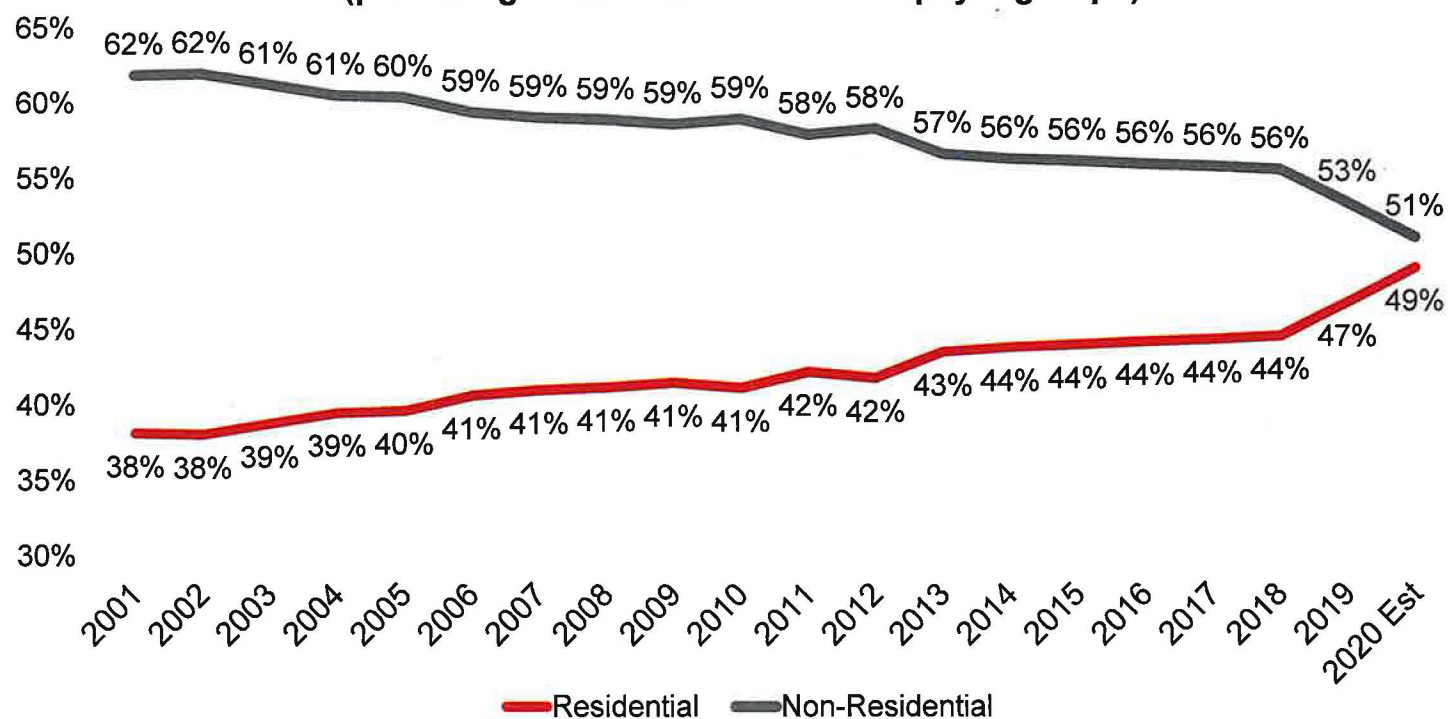
Marginal Effective Tax Rate on Businesses in Major Canadian and US Municipalities in 2018



Source: Business Tax Burdens in Canada's Major Cities: The 2018 Report Card, C.D. Howe Institute, Dec. 2018

The distribution of municipal taxes between groups has been evolving over the last two decades

**Distribution of Municipal Property (& Business) Tax between Residential & Non-Residential
(percentage shares allocated to taxpayer groups)**



Source: City of Calgary (Review of Historical Property Tax Bylaws, 2001 to 2019)

The City has been adapting its budget to reflect changing circumstances

Council approved the 2019-2022 Service Plans and Budgets



Included:

- 3.03% tax rate increase for 2020 (below the rate of inflation + population growth)

Council approved \$60 million in permanent budget reductions



Included:

- \$60 million in permanent operating budget reductions in order to provide tax relief for non-residential taxpayers

Provincial budget released



Included:

- \$15 million decrease in provincial funding for The City's operating budget, including a \$13 million decrease in funding to Police Services

Council to consider 2020 Adjustments, including two reduction scenarios



Includes:

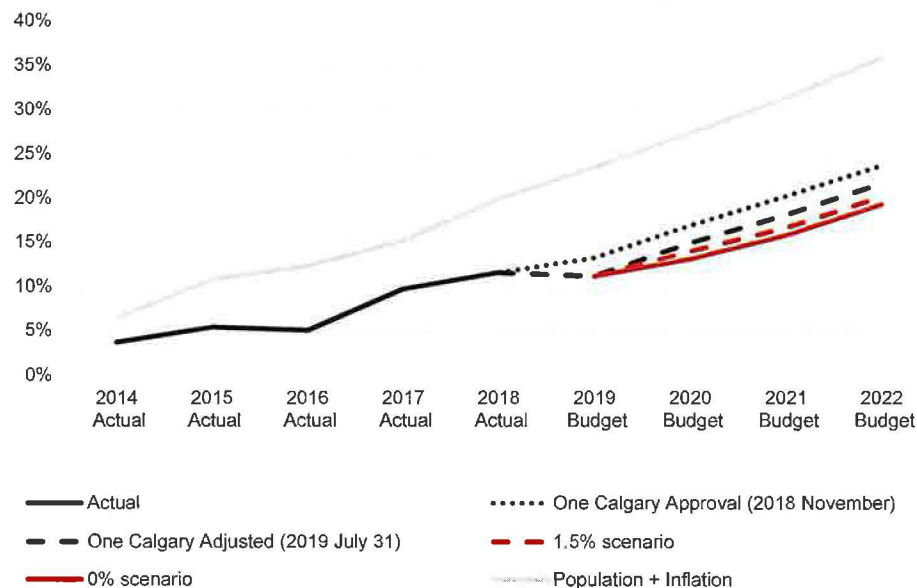
- 1.5% tax increase scenario (equivalent to a \$26.5 million reduction from approved city budget + \$15 million provincial reduction)
- 0% tax increase scenario (equivalent to a \$52.5 million reduction from approved city budget + \$15 million provincial reduction)



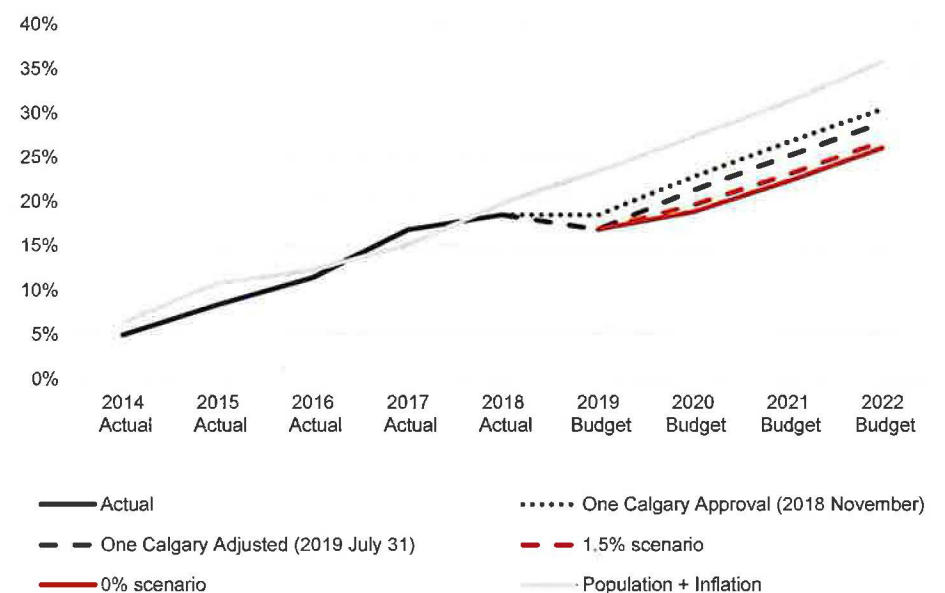
We have been cost-conscious through the downturn, and the 2020 Adjustments continue this trend

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**Cumulative Change in Tax Supported Expenditures
vs. Population + Inflation**

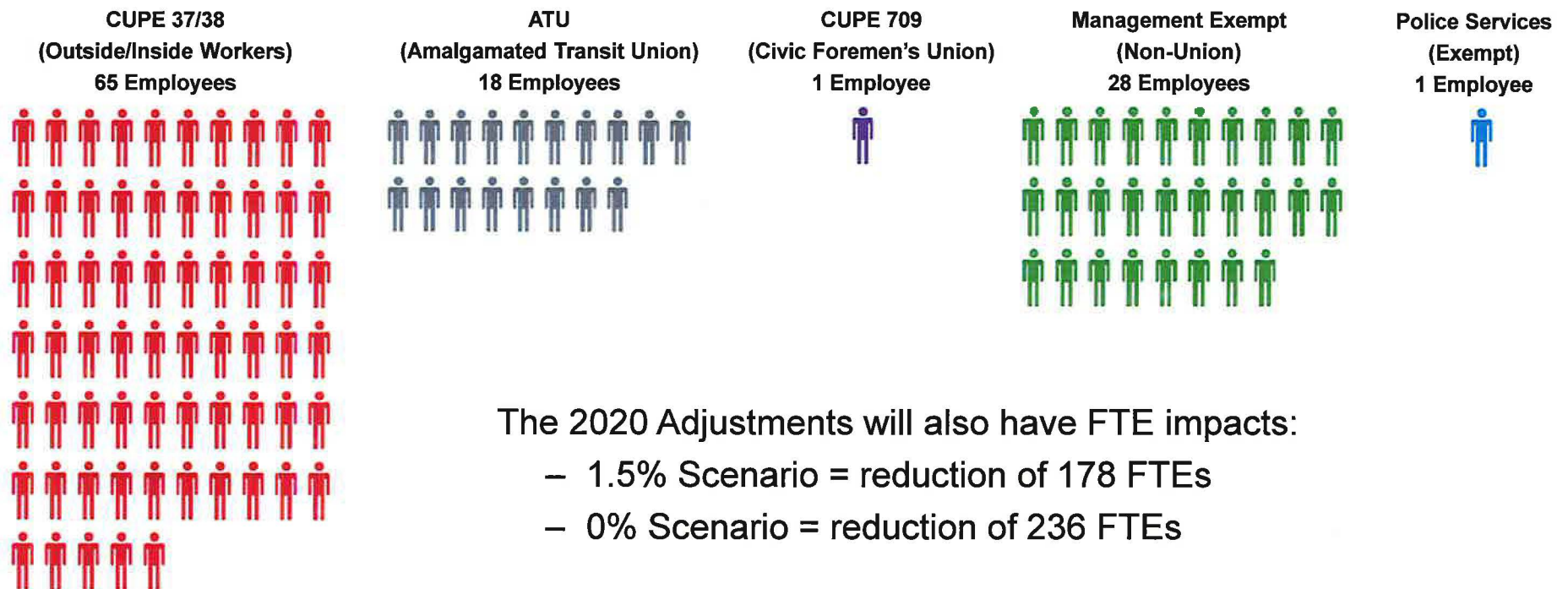


**Cumulative Change in Total City Expenditures
vs. Population + Inflation**



City employees have been directly impacted

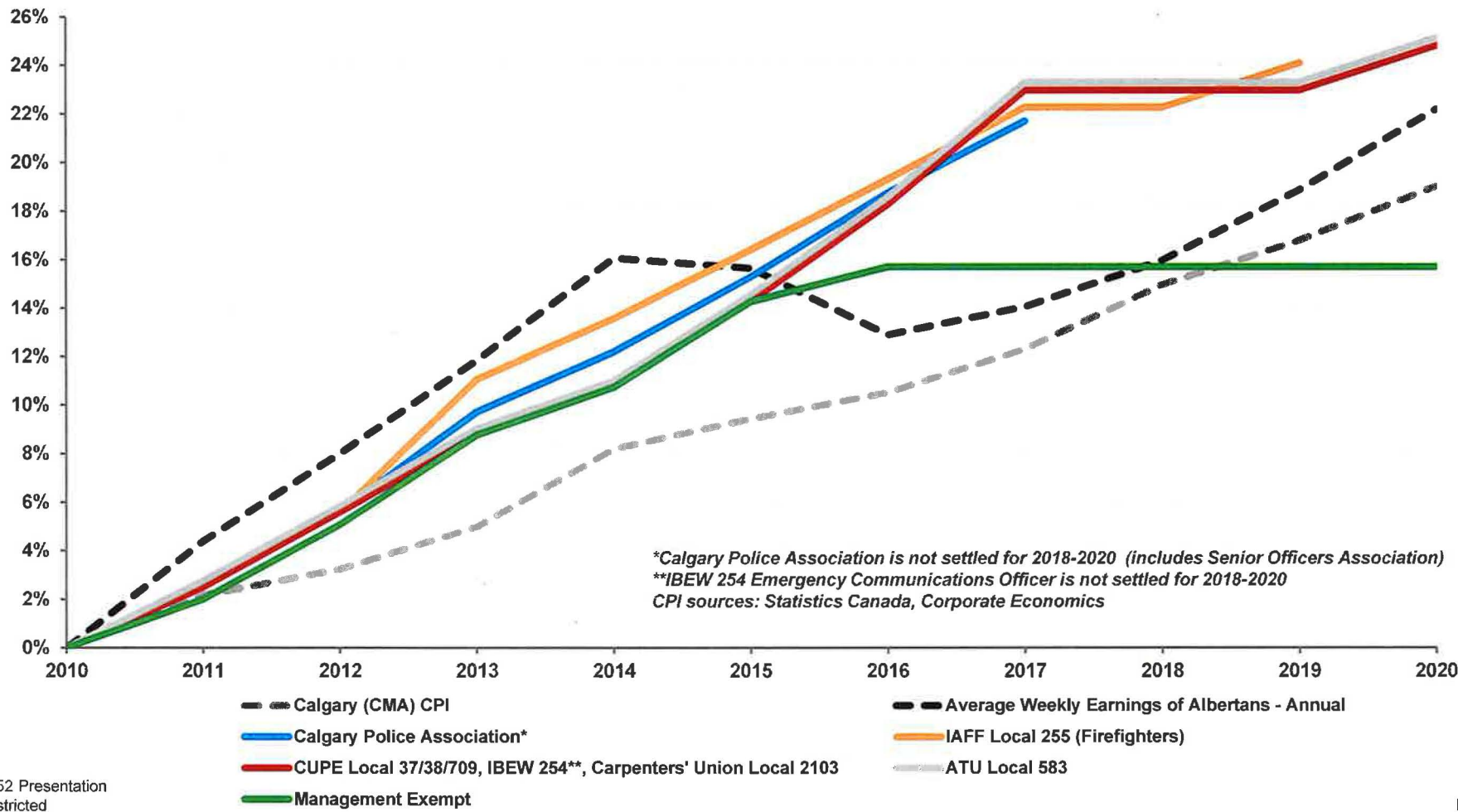
The \$60 million reductions in July 2019 resulted in the reduction of 232 FTE positions and impacted 113 employees.



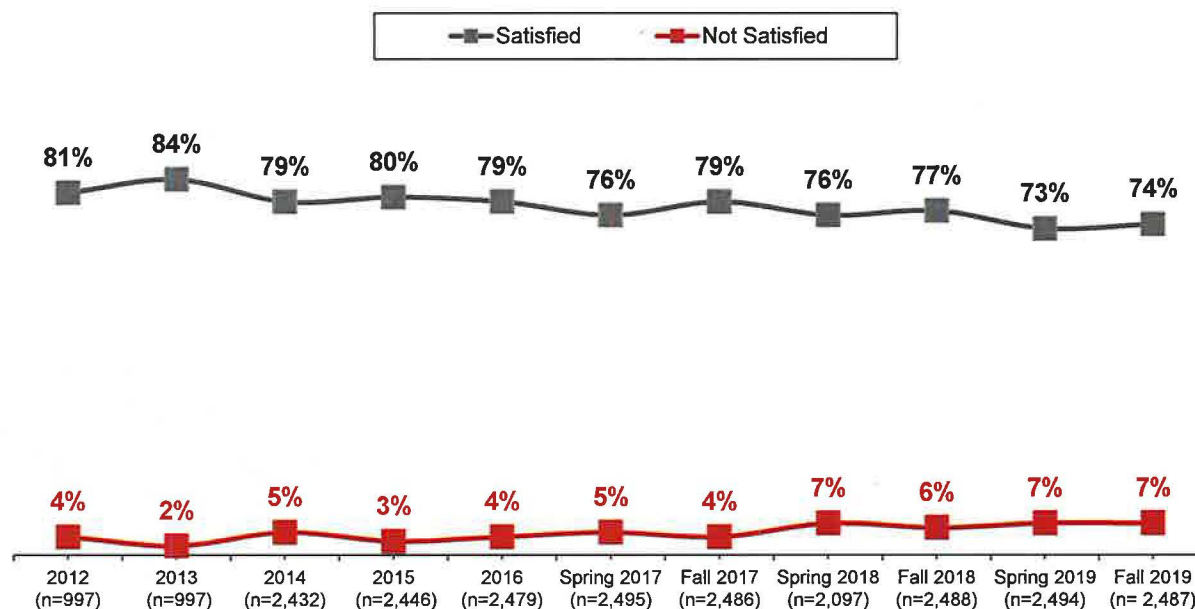
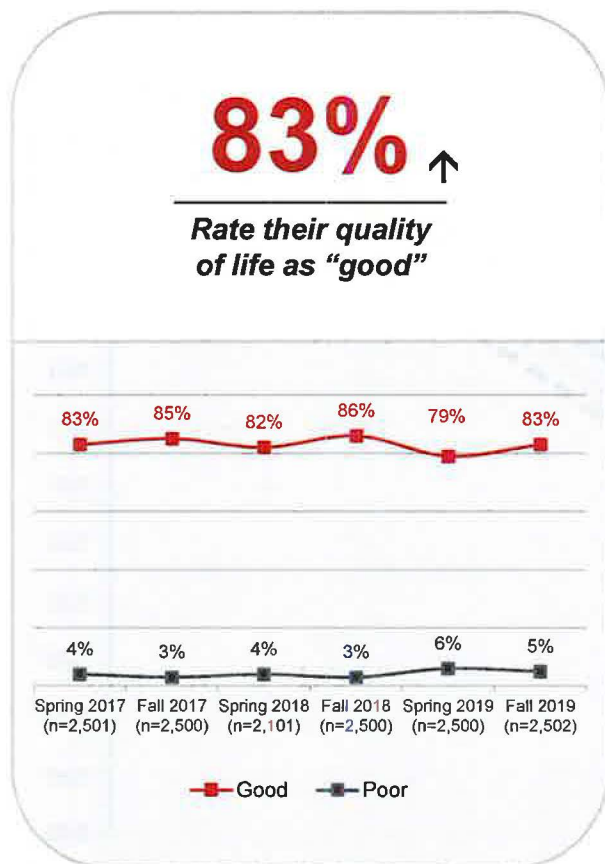
The 2020 Adjustments will also have FTE impacts:

- 1.5% Scenario = reduction of 178 FTEs
- 0% Scenario = reduction of 236 FTEs

City salary and wage trends

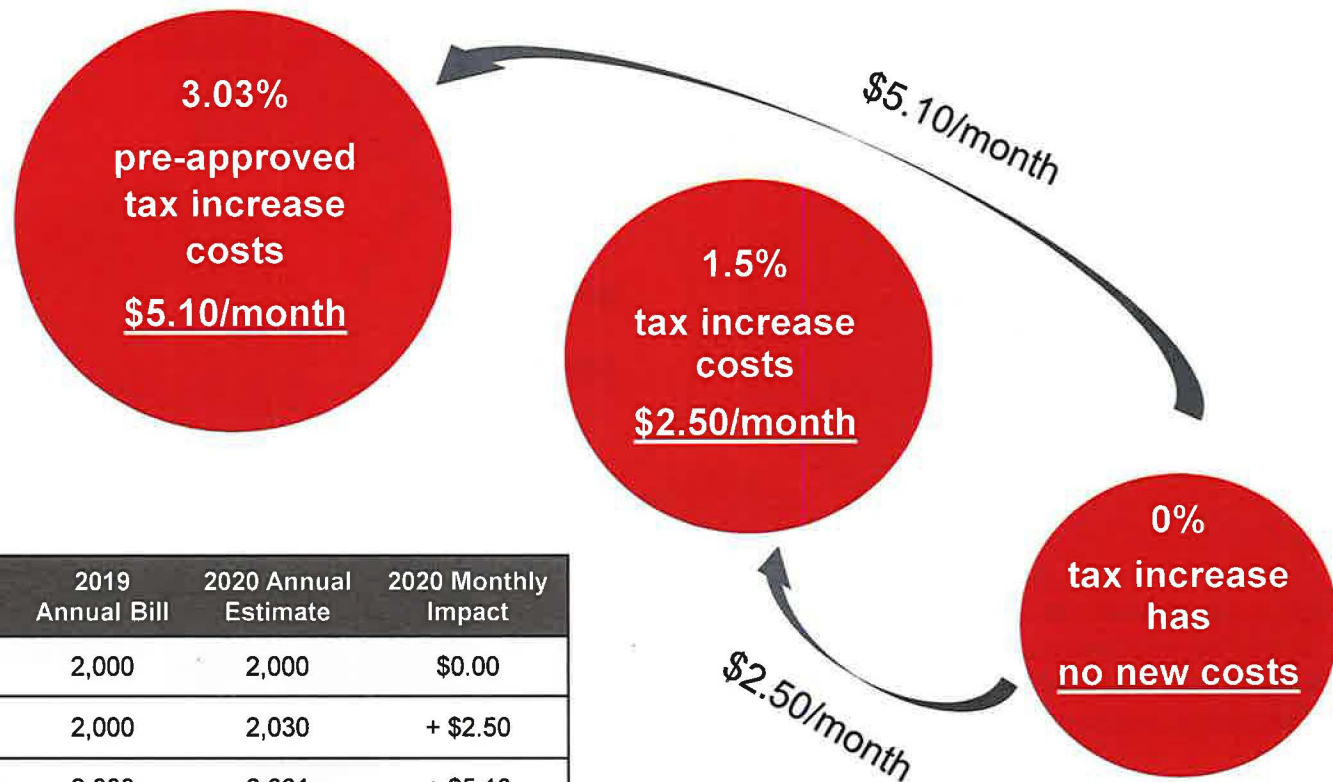


Citizens have remained satisfied with City services and their overall quality of life



On a scale from "1" to "10" where "1" represents "not at all satisfied" and "10" represents "very satisfied," how satisfied are you with the overall level and quality of services and programs provided by The City of Calgary?

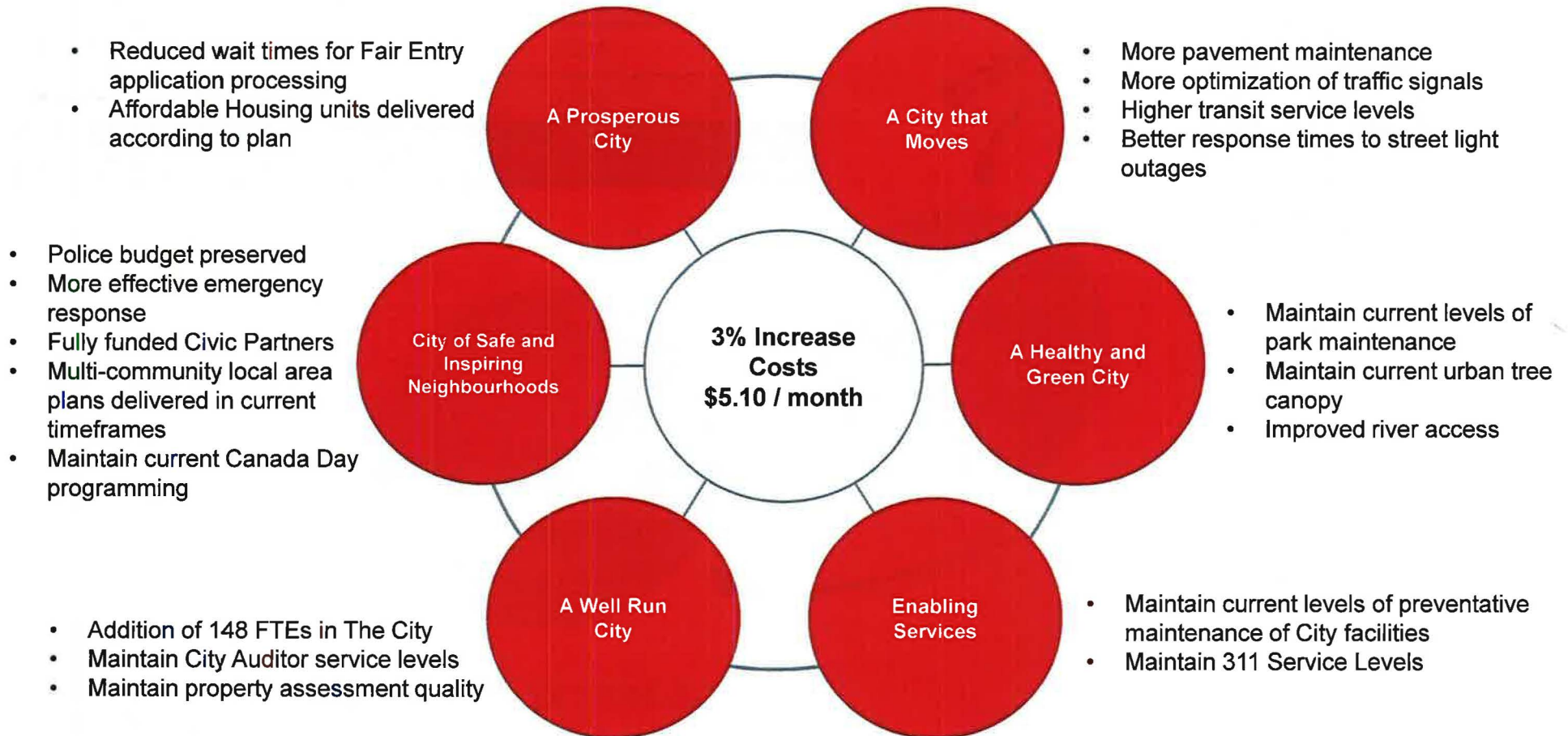
Cost of the 2020 Adjustments for a typical residential taxpayer



Typical Single Residential Home	2019 Annual Bill	2020 Annual Estimate	2020 Monthly Impact
Municipal Taxes @ 0% increase	2,000	2,000	\$0.00
Municipal Taxes @ 1.5% increase	2,000	2,030	+ \$2.50
Municipal Taxes @ 3.03% increase	2,000	2,061	+ \$5.10

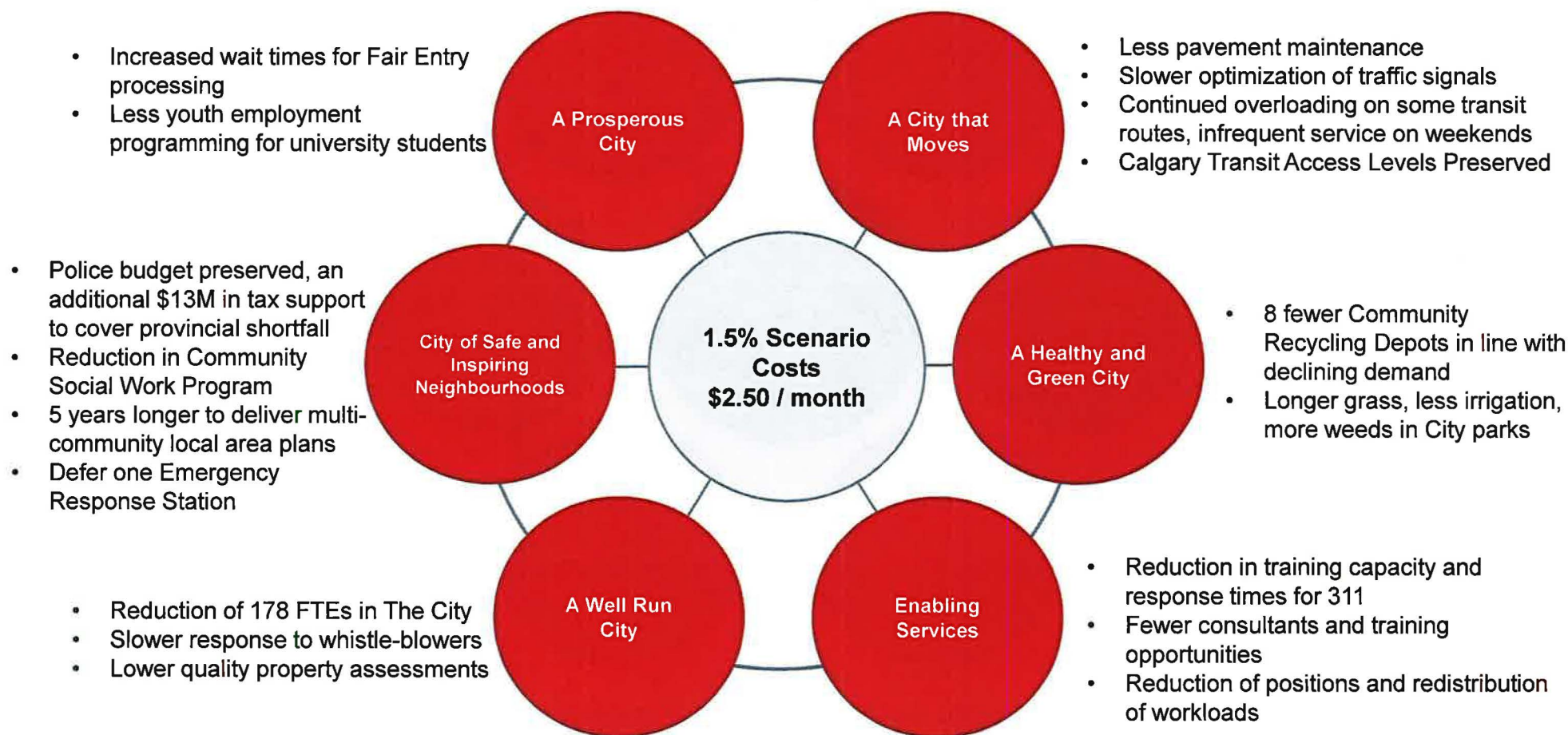
Impacts on Citizen Priorities for \$5.10/month more

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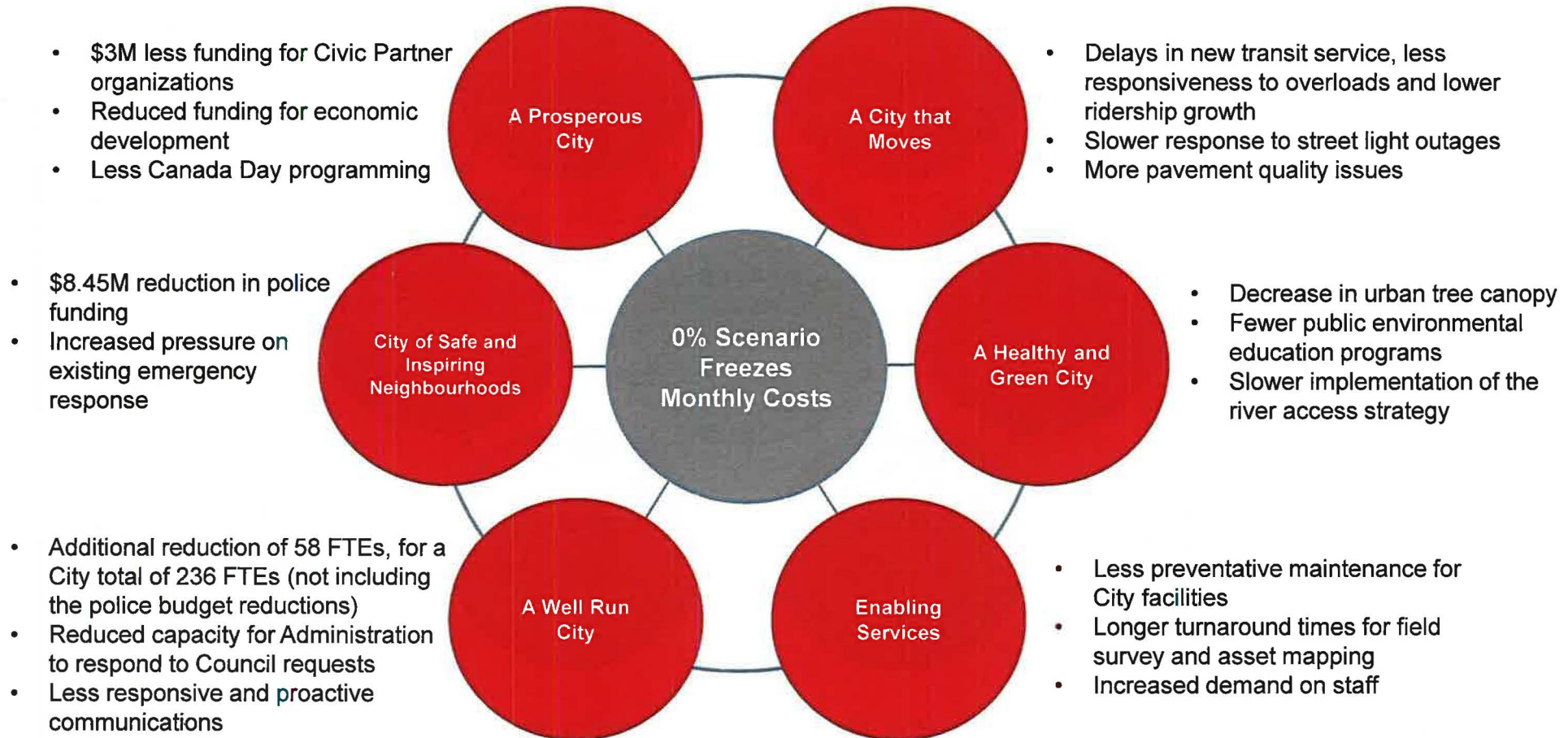
Impacts on Citizen Priorities for \$2.50/month more





Impact on Citizen Priorities of no tax increase – Includes everything in the \$2.50 Scenario PLUS:

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Highest value reductions in the \$2.50 Scenario

Package #	Service	Title of Reduction	Net Operating Budget Impact of Package (\$000s)	Monthly Tax Impact on Typical Single Residential Home
21	Fire & Emergency Response	Emergency Response Station	\$3,400	\$0.33
33	Parks & Open Spaces	Parks Service Levels	\$930	\$0.09
4	Calgary 9-1-1	Dispatch staffing and administration efficiencies	\$830	\$0.08
7	City Planning & Policy	Extend timeframe to deliver all multi community local area plans	\$607	\$0.06
53	Waste & Recycling	Community Recycling Depot (CRD) optimization	\$564	\$0.05
24	IT Solutions & Support	Reduce vacant staff positions; realign responsibilities	\$535	\$0.05
45	Social Programs	Targeted service level and program reductions	\$482	\$0.05
47	Streets	Pavement Maintenance	\$435	\$0.04
5	Citizen Information & Services	Training, service support & digital initiatives	\$376	\$0.04
22	Human Resources Support	HR Support	\$375	\$0.04



Highest value reductions in the tax freeze scenario

Package #	Service	Title of Reduction	Net Operating Budget Impact of Package (\$000s)	Monthly Tax Impact on Typical Single Residential Home
21	Police Services	Police Funding Change	\$8,395	\$0.82
42	Fire & Emergency Response	Effective Response Force (ERF) Reduction	\$3,266	\$0.32
46	Public Transit	Existing service and growth rationalization	\$2,300	\$0.22
19	Streets	Pavement Maintenance	\$2,035	\$0.20
44	Library Services	Pro-rated reduction of operating grant to Calgary Public Library Board	\$1,541	\$0.15
17	Parks & Open Spaces	Parks Service Level Reduction	\$1,533	\$0.15
11	Human Resources Support	HR Support	\$781	\$0.08
3	Citizen Information & Services	Training, service support & digital initiatives	\$745	\$0.07
12	IT Solutions & Support	Reduce anticipated vacant staff positions; re-align responsibilities	\$725	\$0.07
10	Financial Support	Reduction of positions and manageable costs	\$623	\$0.06

ADMINISTRATION RECOMMENDATION

That Council:

1. Approve adjustments to the One Calgary 2019-2022 Service Plans and Budgets by selecting one of the following scenarios:
 - a. The 1.5% tax rate scenario outlined in Attachments 1a and 1b;
 - b. The 0% tax rate scenario outlined in Attachments 2a and 2b; or
 - c. The 3.03% tax rate already approved and adopted as part of the One Calgary 2019-2022 Service Plans and Budgets;
 and direct Administration to implement the budgetary changes necessary to effect the scenario chosen.
2. Direct Administration as to the use of any funds released as a result of recommendation 1 so as to ensure a balanced budget, and implement the budgetary changes necessary to effect that direction.
3. Approve the Capital Budget Adjustments in Attachment 5a.
4. Approve the Operating Budget Carry-Forwards in Attachment 6.
5. Approve the Other Operating Adjustments in Attachment 7a.
6. Approve the Performance Measure Adjustments Not Related to Reductions in Attachment 8.
7. For the proposed user fee and utility rates in Attachment 9:
 - a. Approve the user fee changes in Attachments 9A-9C;
 - b. Approve the Long Term Tax Support Rate for Appeals & Tribunals in Attachment 9D;
 - c. Give three readings to each of the bylaws in Attachments 9E-9K.
8. Direct that Attachment 4b remain confidential pursuant to Section 24 of the Freedom of Information and Protection of Privacy Act until 2034 October 31.
9. Direct that Administration report back to Council with an update on the capital budget in response to the funding reductions from the 2019 October 24 provincial budget no later than 2020 January 27.