

# Financial Outlook

CITY OF CALGARY  
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IN COUNCIL CHAMBER

APR 25 2017

ITEM: 2017-0405  
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## Purpose & Agenda

- Purpose: To provide Council with updated financial information in advance of a May 15<sup>th</sup> indicative rates discussion
- Agenda:
  - Economic update (brief)
  - Upcoming challenges
  - Budget gap





## Economic Assumptions

Indicator	2017		2018	
	Action Plan	Anticipated	Action Plan	Anticipated
<u>Calgary Region</u>				
GDP Growth	2.6%	1.8%	2.6%	2.6%
Unemployment	4.5%	8.5%	4.5%	7.5%
CPI	2.1%	1.8%	2.1%	2.0%
Oil Price (WTI US\$/bbl)	\$95.00	\$51.14	\$95.70	\$54.76
<u>City of Calgary</u>				
Population	1,251,000	1,247,000	1,274,000	1,259,000
Housing starts	12,300	7,600	10,800	8,500
Building permits (midpoint - \$ billions)	\$4.5	\$3.1	\$4.4	\$3.3





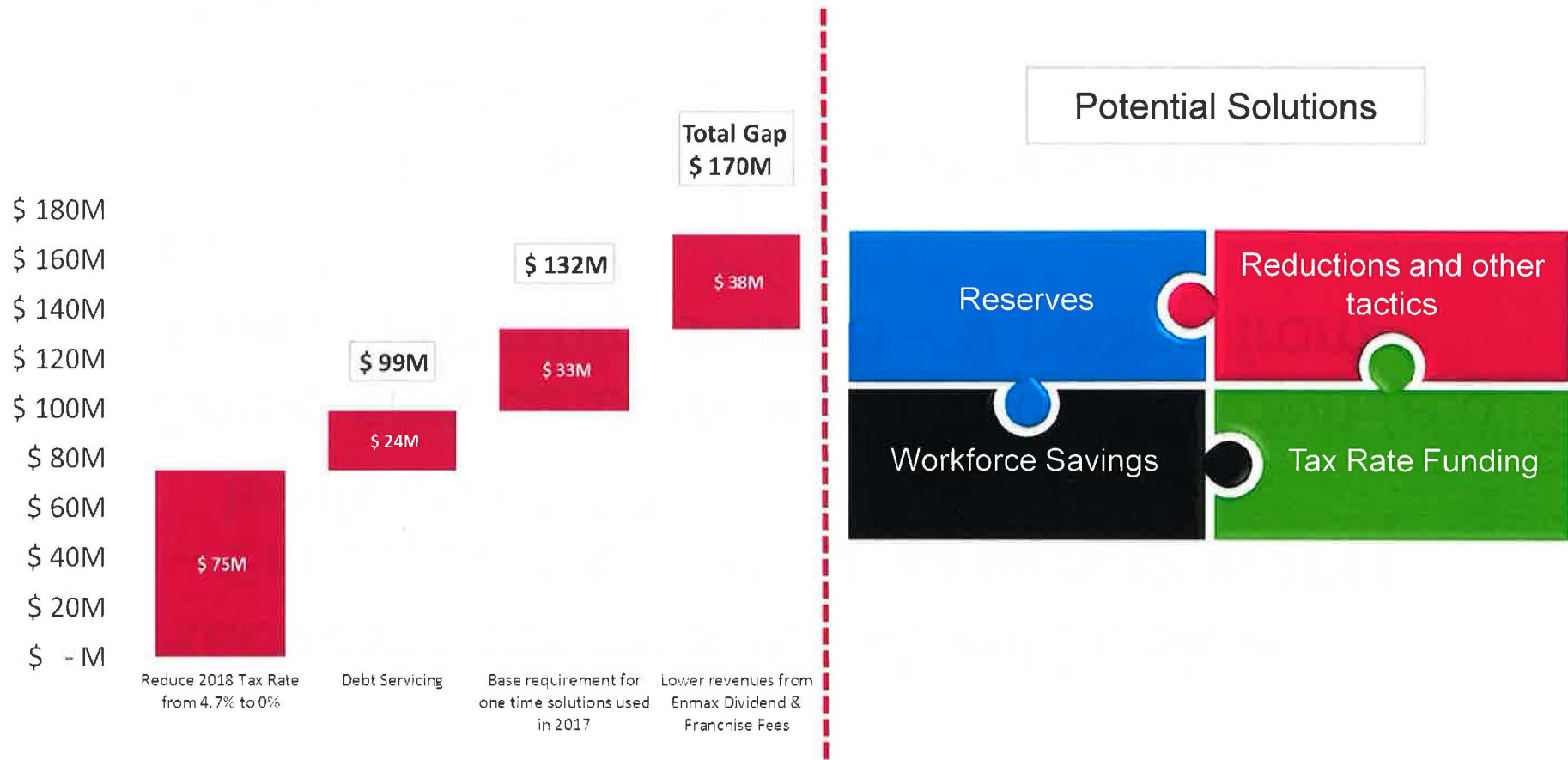
## Budget changes to date

Indicator	2017		2018	
	Action Plan	Current	Action Plan	Current*
Budgeted base expenditures (net of recoveries) - millions	3,952.9	3,871.2	4,165.8	4,018.3
Population - millions	1.251	1.247	1.274	1.259
Budgeted expenditures per capita	3,160	3,104	3,270	3,192

\* Current 2018 budget is based on a 4.7% tax increase

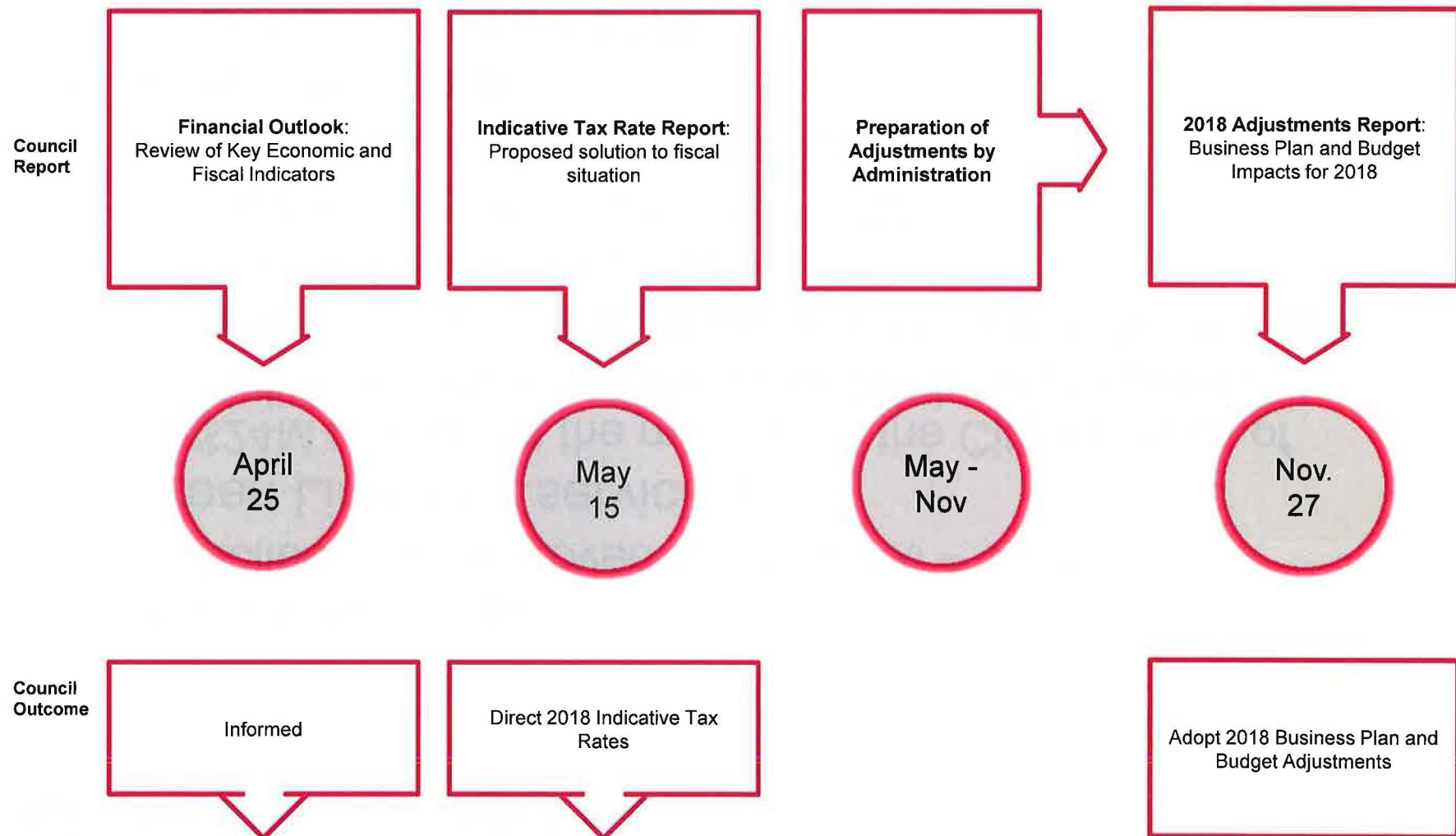
- Recovery has begun, but will be slow
  - Employment & GDP will not be back to 2014 levels until 2019
- Some service demand/revenue is down (e.g. Transit ridership down 8 – 9 million from 2014)
- Demand for some services is up (e.g. affordable housing)
- Office vacancy is high
  - Will keep construction activity down

# Operating Budget Gap to 0% - \$170M



- Approved tax rate
  - Action Plan approved rate is 4.7% = \$75M
- Green Line debt servicing
  - \$24M to support the majority of the City's portion of additional debt required for Green Line (30 years)
- One time solutions to reduce 2017 tax rate to 1.5%
  - BSA contribution = \$15M
  - planned corporate savings = \$8M
  - other corporate savings = \$10M
- Lower revenue
  - Enmax dividend = \$17M
  - Franchise Fees = \$21M

# 2018 Adjustment Process





That Council receive this report for information.