

CITY OF CALGARY
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IN COUNCIL CHAMBER
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ITEM: #413 C200-1215
Public
CITY CLERK'S DEPARTMENT

C2020-1215
PRESENTATION

Calgary



Mid-Cycle Adjustments to the One Calgary 2019-2022 Service Plans and Budgets Presentation 2020 November 23



- Mid-Cycle Adjustments support Calgary's economic recovery and COVID-19 response by providing an **overall tax rate decrease of 1.66% for 2021**, exceeding Council's direction for a 0% increase.



- The \$24 million one-time rebate for 2021 previously directed by Council will be replaced with permanent reductions. This means an **overall decrease of 0.55% for non-residential and 0.67% for residential taxpayers** (after a smaller one-time rebate).*



- The City continues to reduce costs and modernize our approach despite **increased demand for City services**.

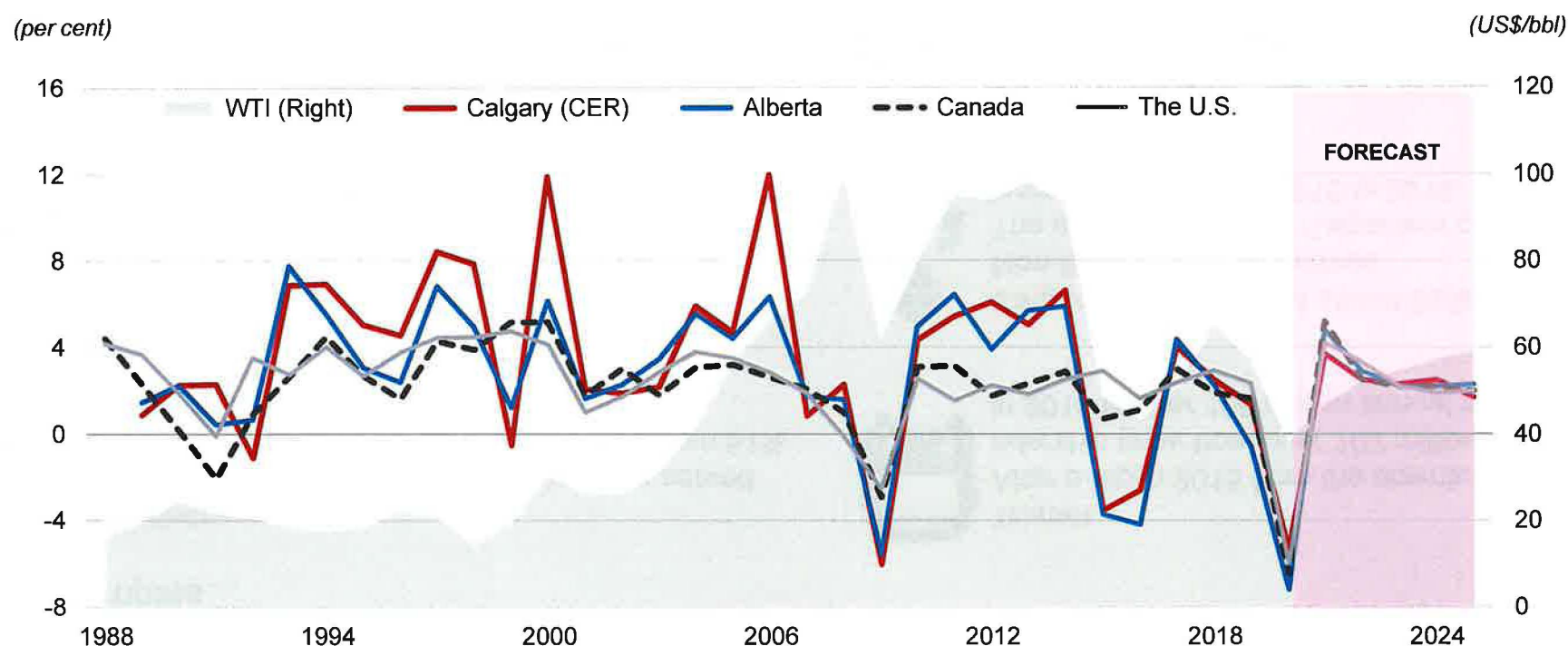


- **The City remains well-positioned to serve Calgarians** due to Council direction promoting prudent management, including creation of the SAVE program and support for priority investments.

* Impacts to individual properties will depend on property type and changes to assessment value.

Economic Volatility has been a Constant in the Lives and Businesses of Calgarians

GDP Growth Comparison (1988-2024 Forecast)





Demand for City Services has been Stable or Increased

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Some examples...



Fair Entry

The percentage of low-income Calgarians served through the Fair Entry program increased from 51% in 2016 to 72% in 2019.



Business Licenses

Despite the economic downturn, the number of active business licenses issued held steady just below 40,000 per year from 2015 to 2019.



Annual Visits to Calgary.ca

The number of total visits to City websites and applications has steadily grown from 19 million in 2015 to over 22 million in 2019.



Transit

After a dip in 2015 from the downturn, yearly ridership grew from over 102 million annual trips in 2016 to over 106 million annual trips in 2019.



Calgarians Contacted about Safety through Non-Emergency Initiatives

The annual number of Calgarians contacted increased 40% from 2015 to 2019.



Council and Committee Meetings

In 2019, the number of hours per month spent in Council and Committee averaged over 66 hours. This is a 28% increase from 2015.



The City has Met this Demand Despite Headcount and FTE Growth Well Below Population Growth

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Population increase from 2010-2020

- Growth of over 235,000 people or the approximate size of Lethbridge, Red Deer, and Cochrane combined

↑ 22%

City budgeted FTE growth from 2010-2020

- FTE stands for “full-time equivalent” (a full time position or a combination of positions that provide the same number of working hours as a full time position)

↑ 9%

City staff headcount (excluding seasonal workers)

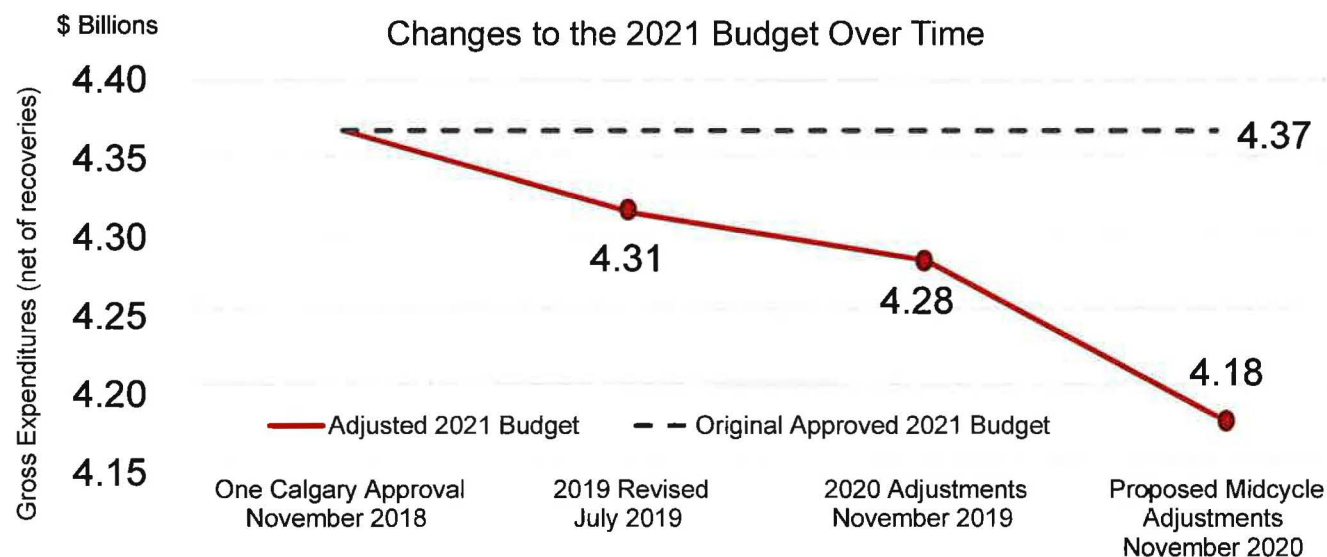
- In 2019, there was one City employee for every 96 Calgarians compared to one for every 88 Calgarians in 2010

↓ Below
2013
levels



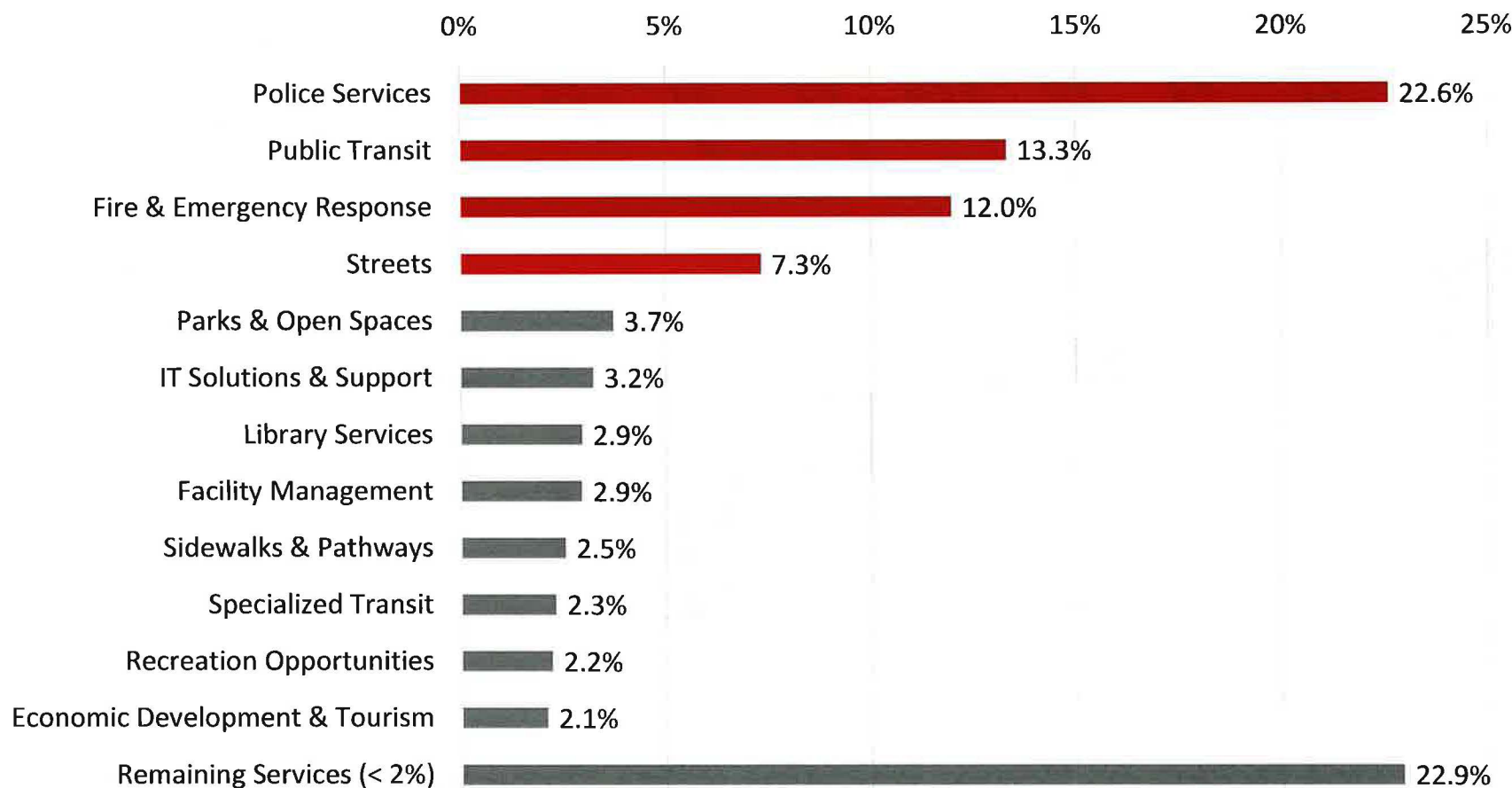
Mid-Cycle Adjustments Build Upon Recent Reductions to The City's Operating Budget

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More than 55% of 2020 Property Tax Revenue went to Four Services

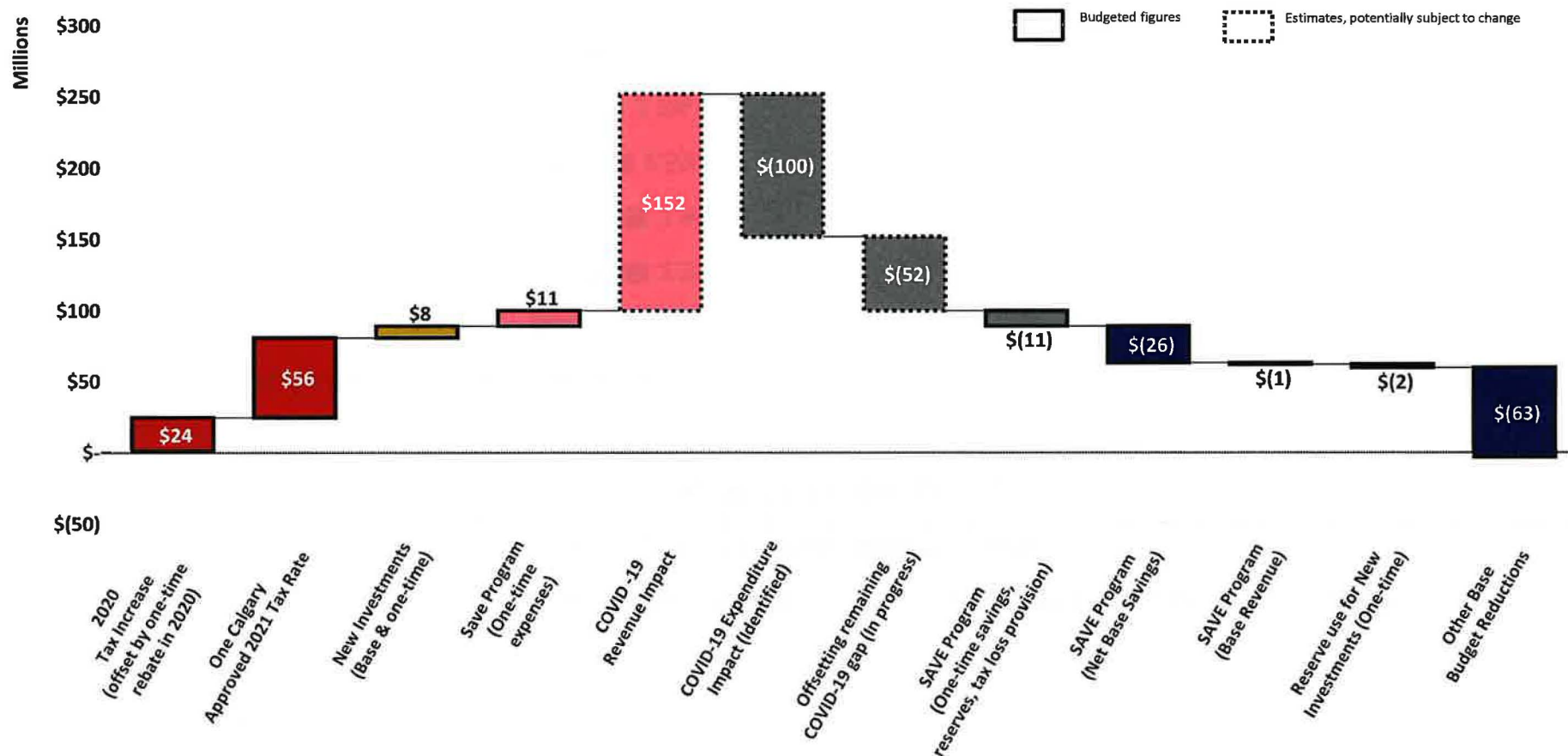
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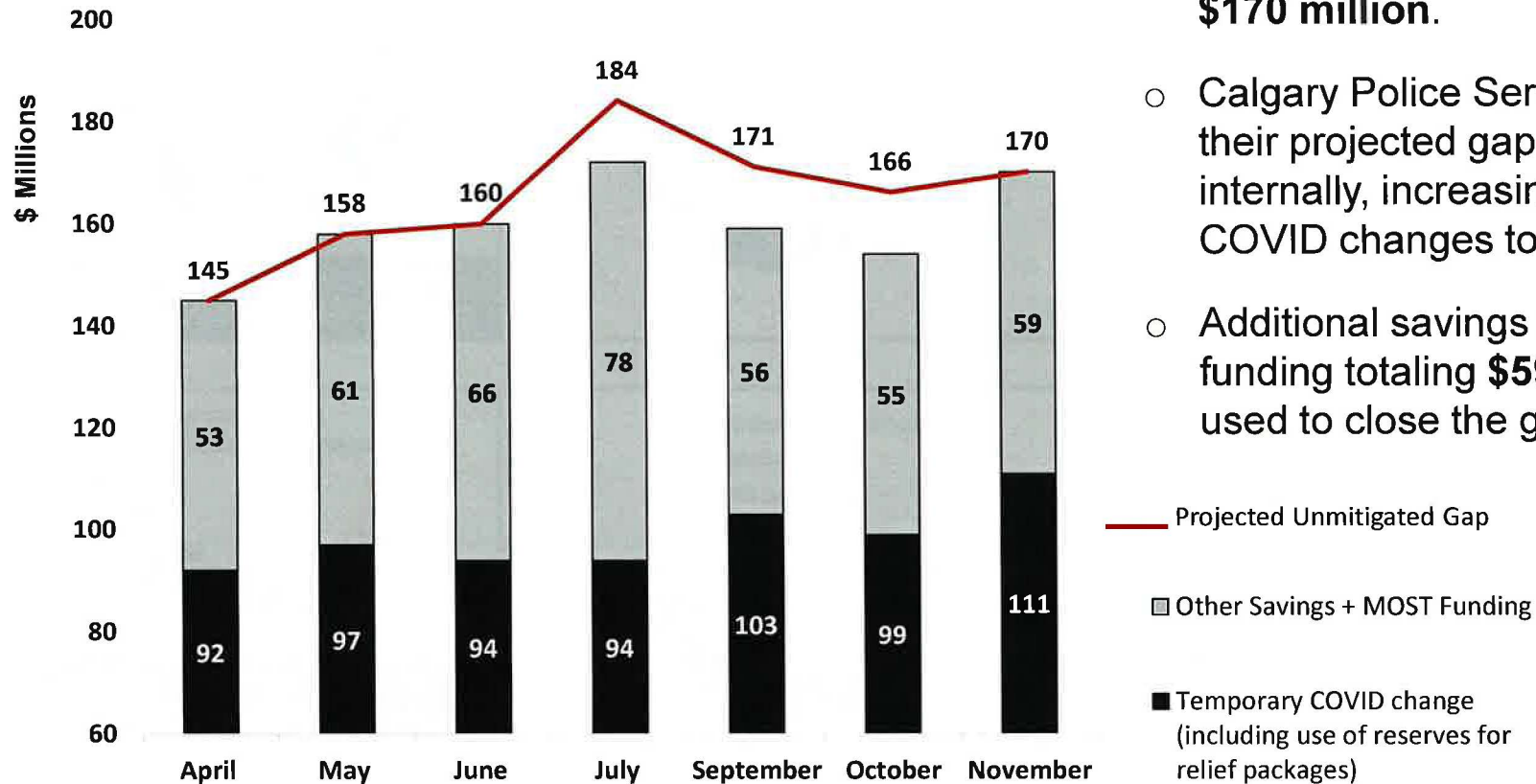
Many Moving Parts Work Together to Get Us Below 0%

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2020 Year End Projection

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Note: \$ estimates rounded to the nearest million

- Projected unmitigated 2020 gap is **\$170 million**.
- Calgary Police Service to address their projected gap (\$12 million) internally, increasing Temporary COVID changes to **\$111 million**.
- Additional savings and MOST funding totaling **\$59 million** will be used to close the gap.

2019 Year-End Accountability Report



- Performing as planned
- Underperforming

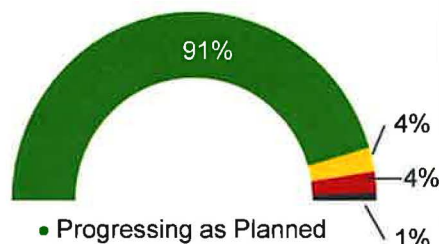
2020 Performance Projection



- Improved
- Stayed the same
- Worsened
- Response not required

- 65% of performance measures are projected to “improve” or “stay the same” by 2020 year-end.
- 31% of performance measures are projected to worsen by 2020 year-end.

2019 Year-End Accountability Report



- Progressing as Planned
- Emerging Challenges
- Challenges Materialized
- Not Started

2020 Strategy Projection



- 36% of strategies have been moderately, significantly, or severely impacted.
- Impacted services involve interactions with the public and organizational partners.
- The specific strategies of Civic Partners are not included in these 2020 figures.



SAVE's Largest Base Budget Savings for 2021



Financial Reserves Optimization

Review financial reserves and identify areas to capture excess annual contributions or other ongoing fiscal benefits and redirect them to general revenue.

2021 Base Budget Savings: \$5 million



Budget Modernization

Modernize budget allocation and management processes and optimize the flexibility leaders need to make strategic financial decisions.

2021 Base Budget Savings: \$5 million



Span of Control

Align The City's span of control and managerial layers to leading practice.

2021 Base Budget Savings: \$4.2 million



Category Management and Strategic Sourcing

Identify advanced strategic planning to proactively manage procurement activities and spending.

2021 Base Budget Savings: \$3.1 million



Civic Partnerships Funding

Replace base funding for Tourism Calgary's Special Event Fund with one-time funding and remove inflationary increases.

2021 Base Budget Savings: \$2.6 million



Business Meetings and Travel

Reduce amounts incurred on catering at internal meetings and for business travel (excluding training and conferences).

2021 Base Budget Savings: \$1.6 million



Energy Budgeting

Transfer risk management related to energy pricing from the business unit to a corporately held risk.

2021 Base Budget Savings: \$1.6 million

**SAVE exceeded its target and identified
over \$26 million in savings**

MCA Provides Overall 1.66% Tax Rate Decrease in 2021

Description	Amount (\$000's)
SAVE Program – Base Savings	(26,401)
SAVE Program – Revenue	(948)
Additional Reductions from 34 Services	(23,883)
Corporate Reductions	(39,500)
Base Operating Net Budget Reductions	(90,732)
One Calgary Approved 2021 Tax Rate Increase of 3.23%	56,000
Proposed New Investments (Base)	5,953
Base Operating Impact on the Tax Rate	(28,779)
Replacement of One-Time 2020 Tax Rebate	24,000
Net Impact to Taxpayers	(4,779)

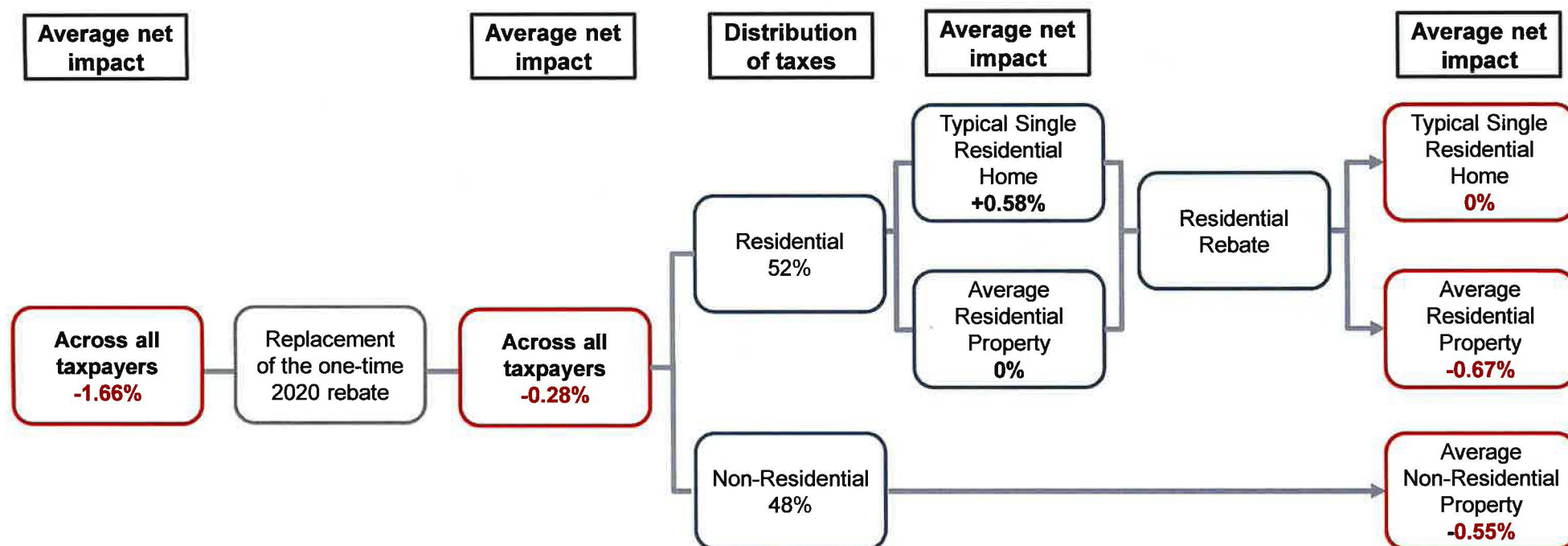
**Tax Rate
Equivalent
(all taxpayers)**

-----→ **1.66%** ↓

-----→ **0.28%** ↓

Explaining the Net Impacts to Taxpayers in 2021

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- Impacts to individual properties will depend on property type and changes to assessment value.
- Because assessed values for single residential homes have held up better than other residential property types, the typical single residential taxpayer would see a 0.58% increase in their property taxes in 2021 despite the overall tax rate decrease.
- Administration recommends a one-time rebate to the Residential assessment class to bring the typical single residential home to a net increase of 0% in 2021. The rebate would change the net reduction for residential taxpayers overall from 0% to 0.67%.



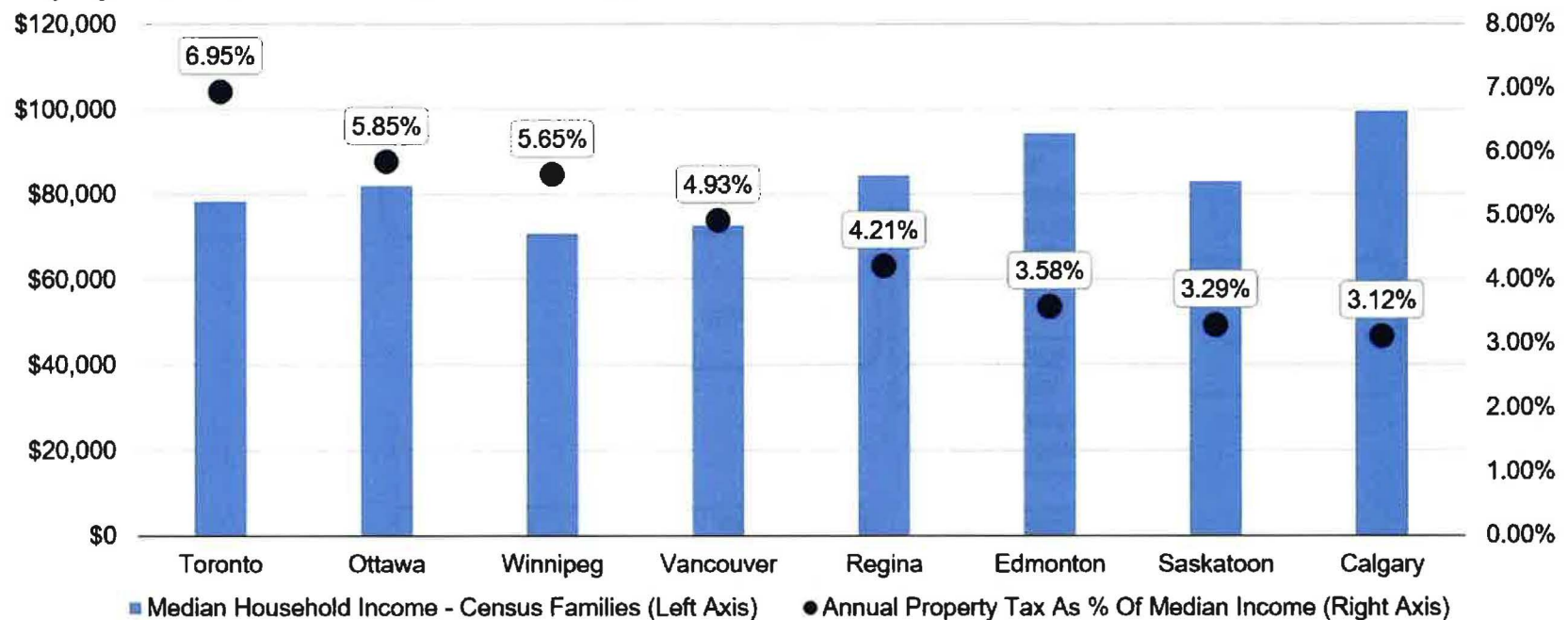
Calgary's Residential Property Taxes in Context

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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

That Council:

1. Approve the SAVE Adjustments, Other Base Reductions and New Investments in Attachment 7a;
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 balancing budgetary changes necessary to effect that direction;
3. Direct that one-time funds identified in note 4 of Attachment 7a be transferred to the Budget Savings Account and used to fund one-time SAVE implementation costs and reduce the tax loss provision in the 2021 Property Tax Bylaw.
4. Authorize Administration to transfer the budgets in Attachment 7a that are held in Corporate Programs and are related to costs and savings arising from SAVE business cases to the relevant services as required during implementation;
5. Approve the changes to Performance Measures in Attachment 7b arising from the adjustments in Attachment 7a;
6. Direct Administration to:
 - a. Use funds previously allocated in the Fiscal Stability Reserve to provide a one-time rebate to residential taxpayers sufficient to bring the typical single residential home to a 0% increase in net municipal property tax payable in 2021 and release the balance; and
 - b. identify additional savings through the SAVE program to replace this one-time funding with permanent reductions in 2022;
7. Approve the Net Zero Operating Budget Adjustments in Attachment 8;
8. Approve the Carry Forward of Operating Budget from 2020 to 2021 in Attachment 9;
9. Approve the Capital Budget Adjustments in Attachment 11;
10. Approve the Capital Budget Recast in Attachment 12;
11. Approve the Performance Measure Adjustments Not Related to Reductions in Attachment 14;
12. For the proposed 2021 User Fee and Rate Adjustments in Attachment 15:
 - a. Approve the user fee changes in Attachments 15A-15G; and
 - b. Give three readings to each of the bylaws in Attachments 15H-15K.