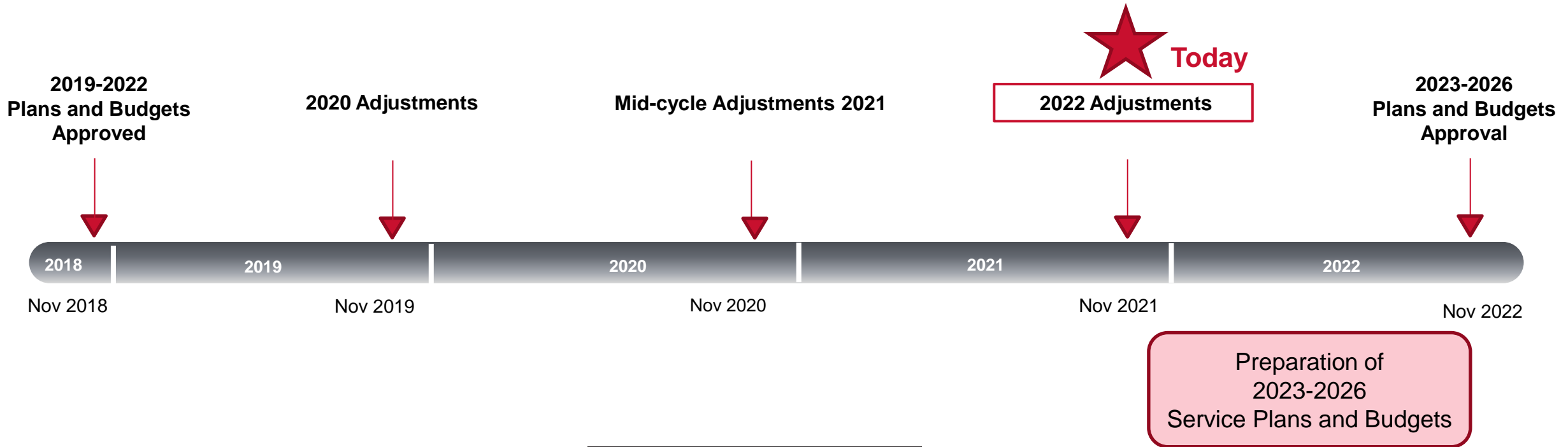




C2021-1436 Presentation
2022 Adjustments to the 2019-2022 One Calgary Service Plans and Budgets
Special Council Meeting
2021 November 8



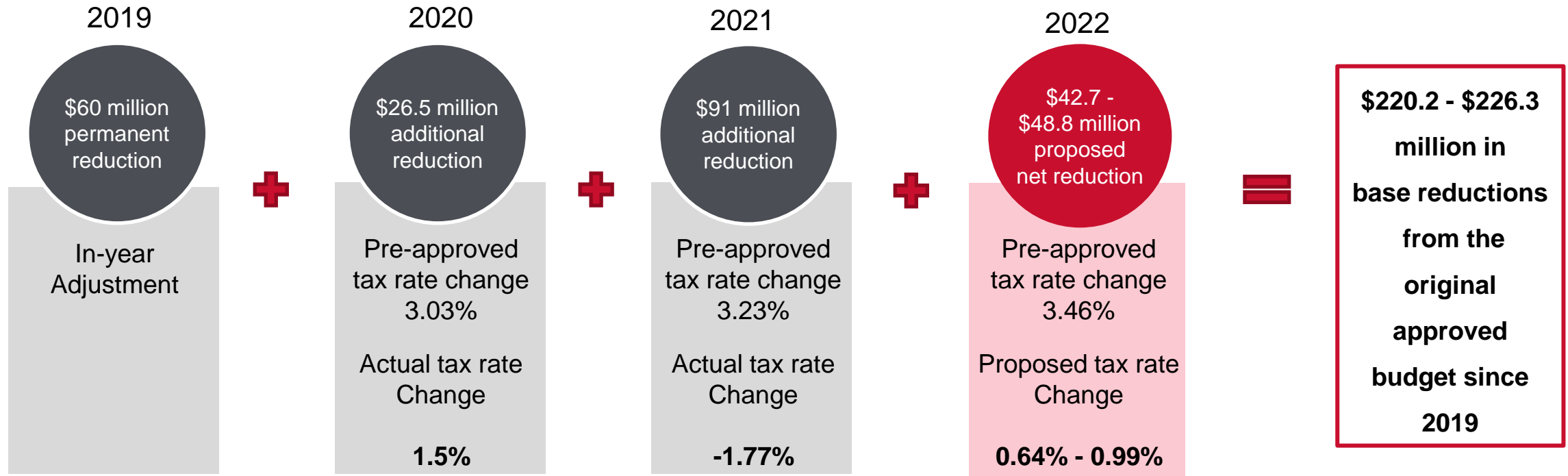
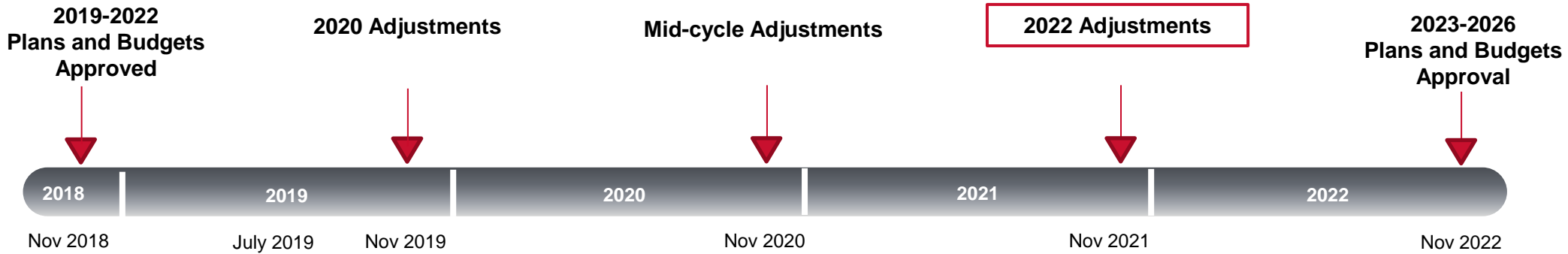
2019-2022 Service Plans and Budgets Cycle



**MAKING LIFE
BETTER
EVERY DAY**



The City's tax rate journey builds on a series of adjustments





Calgary is competitive on combined average tax and utilities

Municipal and Provincial Property Taxes and Utility Charges in 2020 - Selected Canadian Cities

Typical Monthly Utility Consumption

calculation for 30.4 days usage:



600 kW/h usage of electricity



19 cubic meters of water usage



17.5 cubic meters of wastewater disposal

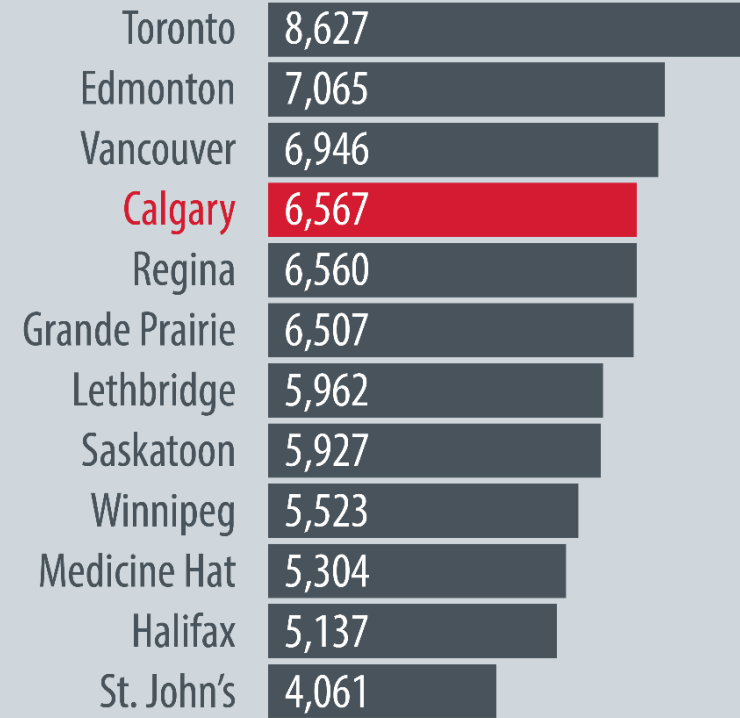
on a per-residential-dwelling basis:



recycling fees, garbage disposal, and other

Combined Average Property Tax and Utility Charges

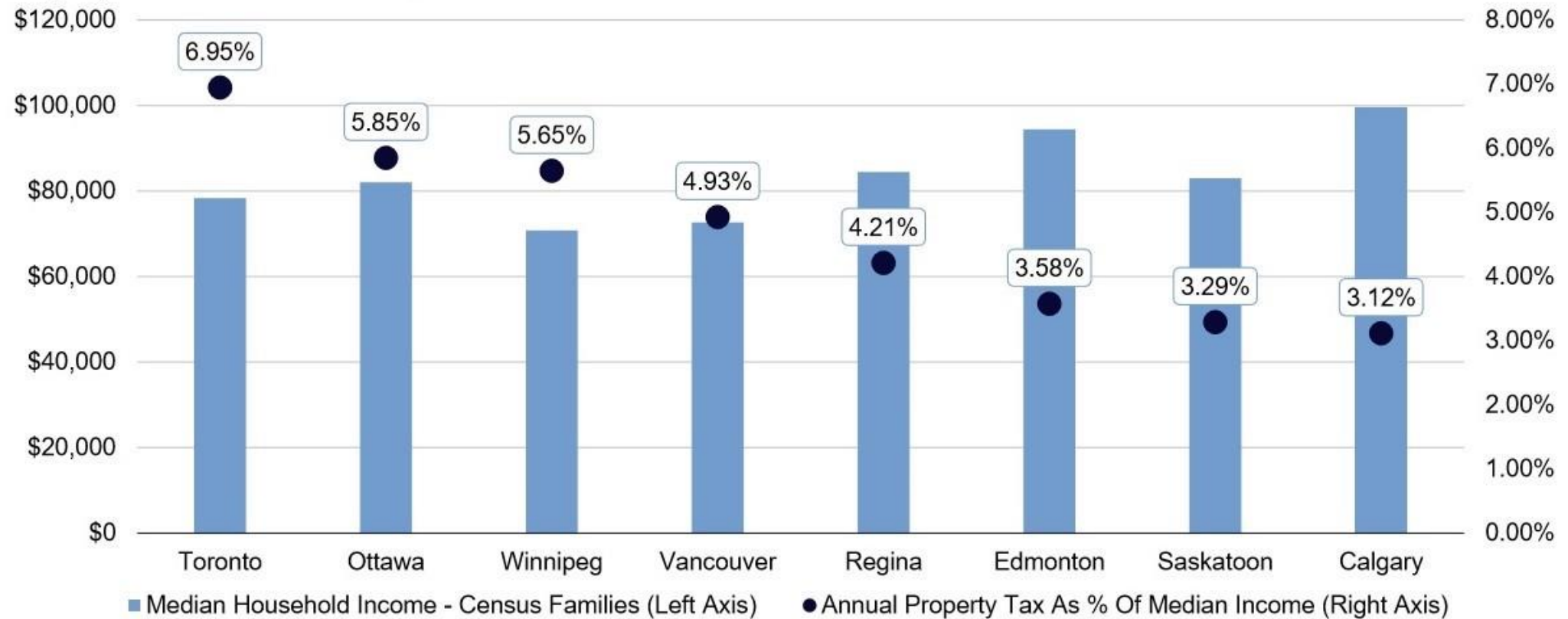
All Single Detached Houses
(Selected Canadian Cities)





Median home property taxes vs median household income

Property Tax on Median Home As % of Median Income

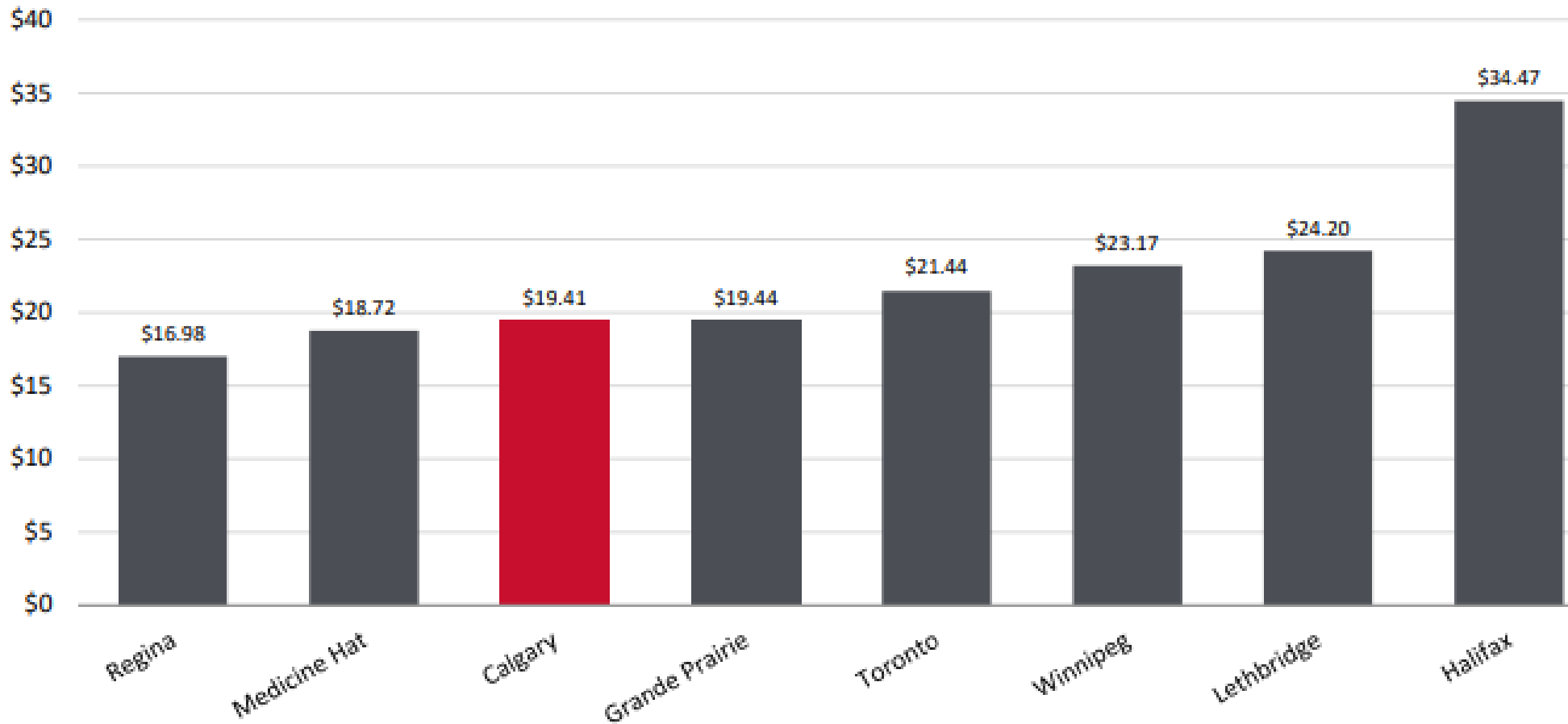


*Based on seasonally adjusted median sale price from MLS **Income data from Stats Canada



Calgary is competitive on non-residential tax rates

Non-residential Taxes per \$1,000 of Assessed Value in 2020 - Selected Canadian Cities

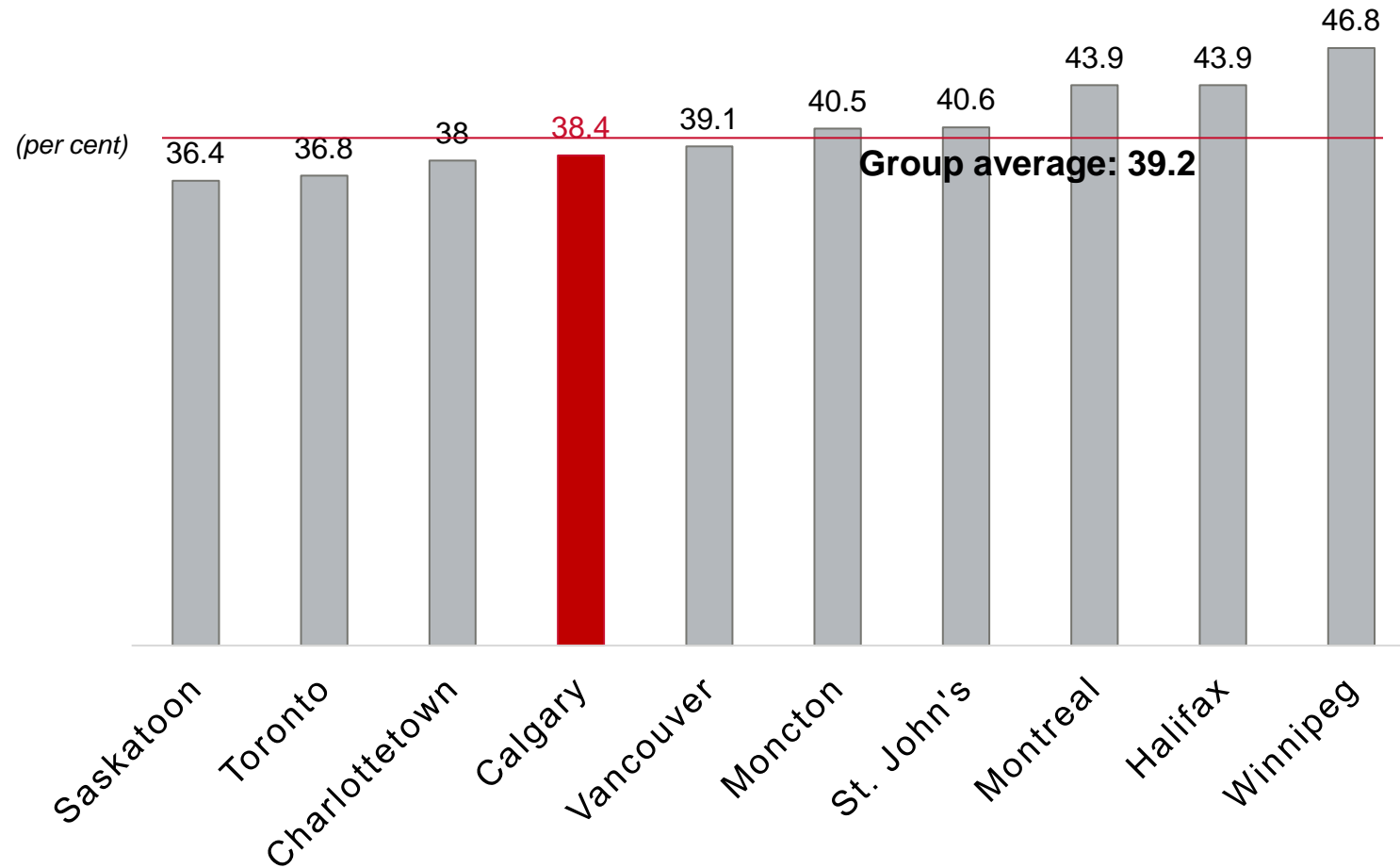


Source: 2020 Residential Property Taxes and Utility Charges Survey. Corporate Economics, The City of Calgary. 2021 October



C.D. Howe Institute: The tax rate on Calgary businesses is also competitive

C.D. Howe data comparing marginal effective tax rate on businesses in major Canadian municipalities in 2019



19.2 Municipal Business Property Tax
4.6 Provincial Business Property Tax
6.2 Provincial Corporate Income Tax
8.4 Federal Corporate Income Tax

38.4 Marginal Effective Tax Rate



Source: Business Tax Burdens in Canada's Major Cities: The 2019 Report Card, C.D. Howe Institute, 2020 April.



Tax rate freezes will not be sustainable



Inflation at the highest levels in the last fifteen years is putting pressure on costs.

**Inflation +
population growth**

4.4% in 2021
3.9% in 2022



+ 72,800
in 2022-2026

Population growth trend continues despite prevailing economic conditions, which increases demand for City services.



Economic volatility will continue to pose fiscal challenges for The City.

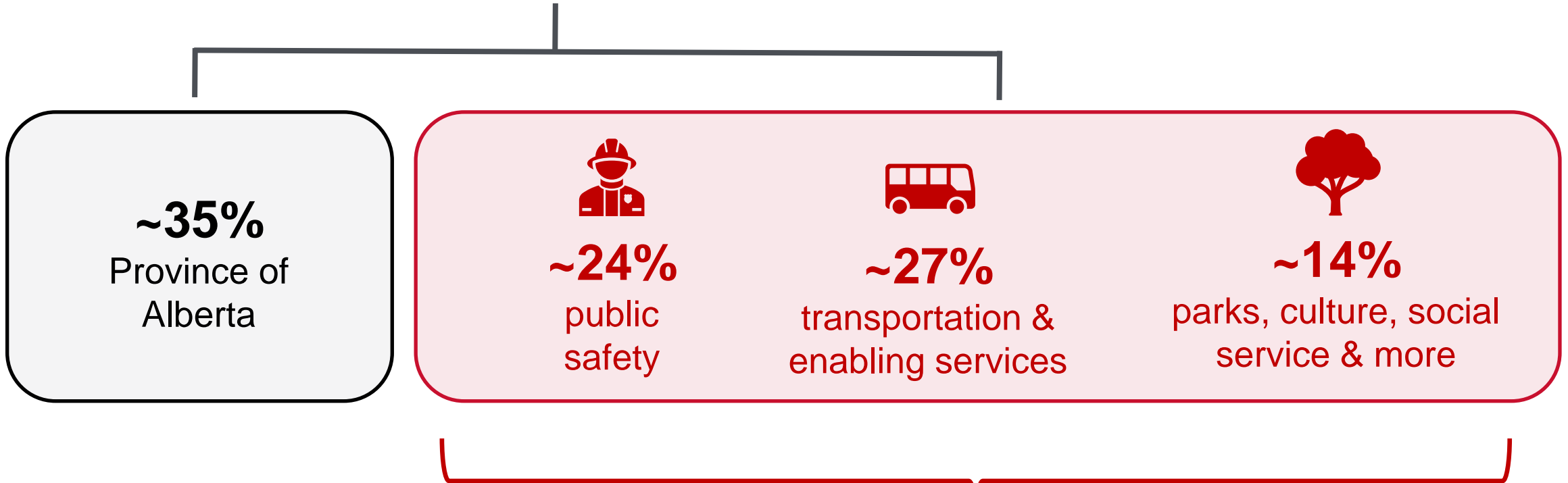


We need to invest in the City to respond to climate change, rebuild our downtown, and compete globally for talent and investment.



Value for Tax Dollars

Property Taxes



\$5.88 a day for a typical Calgary household
(Based on 2021 property tax assessment)



Base Budget	\$000	Tax Rate Impact
Savings required to decrease the tax rate to 0%	59,885	3.46%
A. Strategic Savings*	(53,246)	(3.08%)
B. Waste & Recycling reduced tax-support	(6,500)	(0.38%)
C. Increase in Investment Income Budget	(5,000)	(0.29%)
D. New Operating Investment Opportunities	15,951	0.92%
Proposed tax rate change	11,090	0.64%
E. Police Service Operating Investment Opportunity	6,080	0.35%
Proposed tax rate change including Police Investment Opportunity	17,170	0.99%

* Solutions for Achieving Value and Excellence (SAVE) Program



2022 Adjustments: Base Savings & Increased Revenue

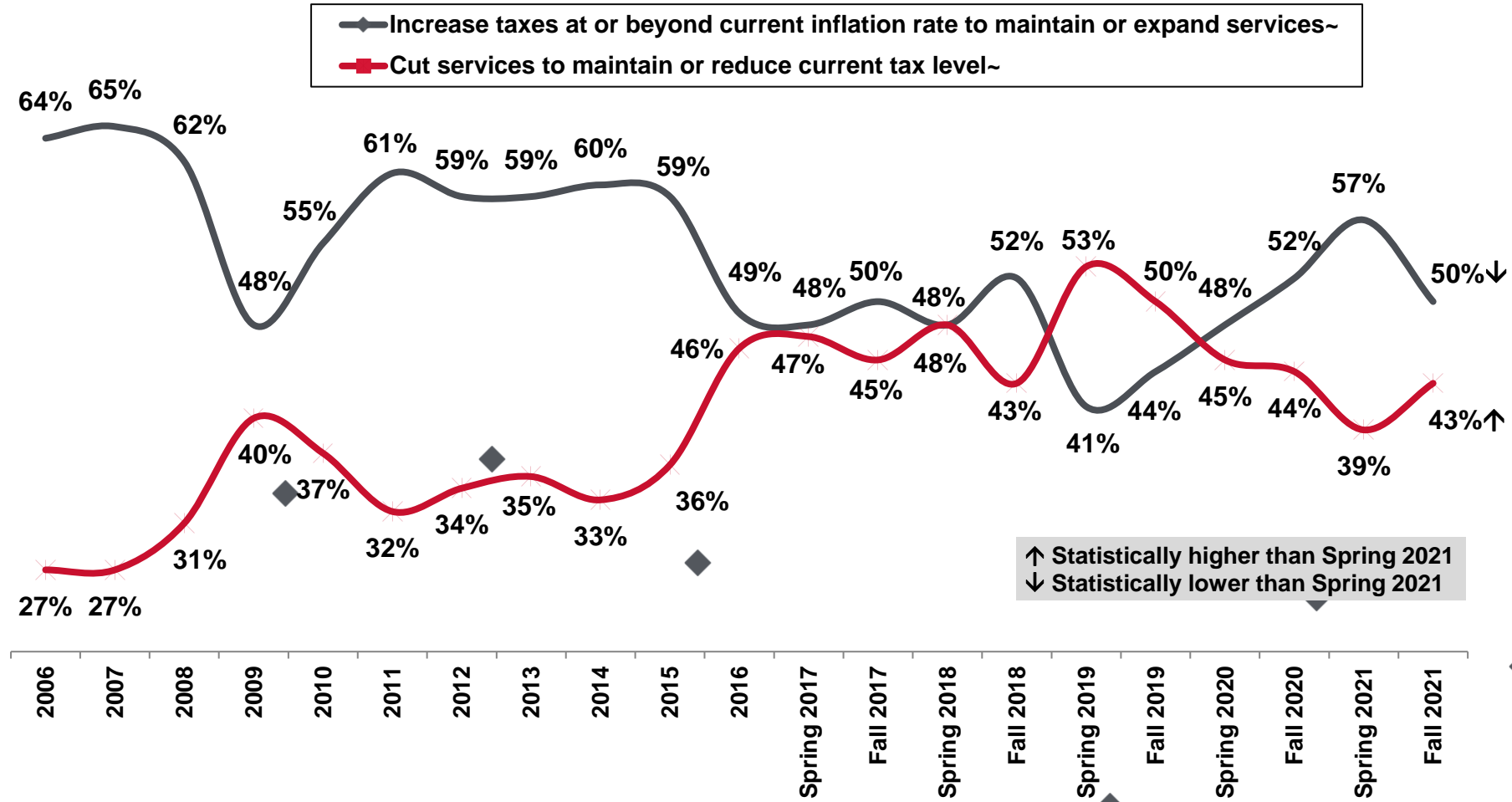
A. Strategic Base Savings	\$000
Budget Modernization	(28,700)
Financial Reserves Optimization	(15,000)
All others in 2022	(9,546)
Total 2022 Strategic Base Savings	(53,246)
B. Waste & Recycling Reduced Tax Support	(6,500)
C. Increase in Investment Income Budget	(5,000)



D. New Operating Investment Opportunities (Base)	\$000s
Adjustment for inflationary pressure	5,000
New Investments below \$1,000 individually – 8 service lines	4,545
Realignment Initiative – 5 service lines	3,847
Employee Safety Investment & Long-Term Cost Reduction	1,489
Finance Reporting and Analysis	1,070
Total New Operating Investment Opportunities (w/o Police)	15,951
E. Police Services Operating Investment Opportunity	6,080



Increase Taxes versus Cut Services





The tax rate change will have different impacts for different types of properties – residential



<i>Typical Single Residential</i>					
	2021	2022 0.64% increase		2022 0.99% increase	
Assessment	\$445,000	\$485,000	8.99%	\$485,000	8.99%
Estimated Municipal Taxes	\$2,147	\$2,206	2.74%	\$2,212	3.04%
Estimated Municipal Taxes After 2021 Rebate	\$2,145	\$2,206	2.82%	\$2,212	3.14%

For the typical single residential property owner:

- Proposed adjustments = \$1.00 - \$1.60 per month
- Assessment shift = \$4.00 per month



	<i>Condo</i>		<i>High-Rise Apartment</i>	
	Change* 0.64% increase	Change* 0.99% increase	Change* 0.64% increase	Change* 0.99% increase
Assessment	0%	0%	2.19%	2.19%
Estimated Municipal Taxes	-5.75%	-5.46%	-3.68%	-3.39%
Estimated Municipal Taxes After 2021 Rebate	-5.66%	-5.38%	-3.57%	-3.28%

* Year-over-year change is 2021 to proposed 2022.



The tax rate change will have different impacts for different types of properties – non-residential



	Retail – Strip Mall		Retail - Neighbourhood Shopping Centre	
	Change* 0.64% increase	Change* 0.99% increase	Change* 0.64% increase	Change* 0.99% increase
Assessment	-0.4%	-0.4%	4.83%	4.83%
Estimated Municipal Taxes	2.33%	2.65%	7.71%	8.04%
Municipal Taxes After PTP	2.33%	2.65%	7.71%	8.04%

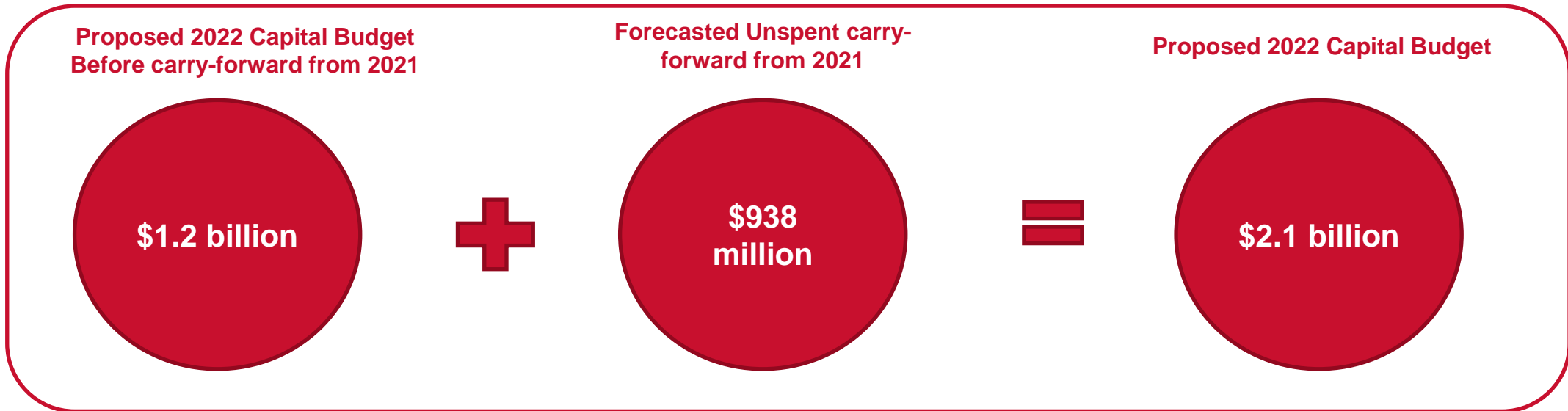
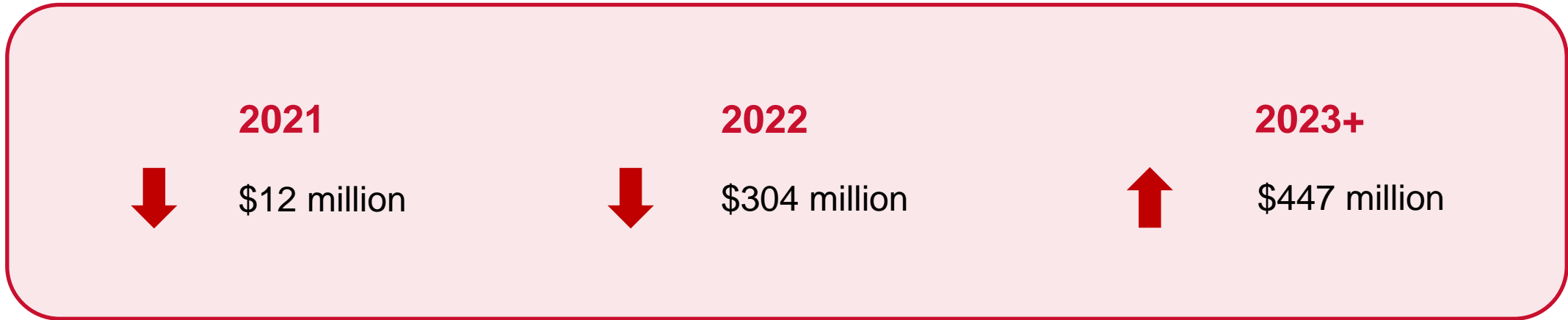
	Suburban Office		Office - Downtown AA Class	
	Change* 0.64% increase	Change* 0.99% increase	Change* 0.64% increase	Change* 0.99% increase
Assessment	-6.89%	-6.89%	-1.75%	-1.75%
Estimated Municipal Taxes	-4.33%	-4.04%	0.95%	1.26%
Municipal Taxes After PTP	-4.33%	-4.04%	0.95%	1.26%



	Hotel/ Accommodation	
	Change* 0.64% increase	Change* 0.99% increase
Assessment	-18.21%	-18.21%
Estimated Municipal Taxes	-15.97%	-15.71%
Municipal Taxes After PTP	-15.97%	-15.71%

	Large Format Industrial - Warehouse		Typical Industrial - Warehouse	
	Change* 0.64% increase	Change* 0.99% increase	Change* 0.64% increase	Change* 0.99% increase
Assessment	3.73%	3.73%	-2.12%	-2.12%
Estimated Municipal Taxes	6.58%	6.91%	0.57%	0.88%
Municipal Taxes After PTP	11.63%	11.98%	0.57%	0.88%

* Year-over-year change is 2021 to proposed 2022.





2022 User fees and rate adjustments





Council Recommendations

That Council:

1. Approve adjustments to the 2022 Service Plans and Budgets in the Operating Approval Package in Attachment 2 and direct Administration to implement the budgetary changes necessary to effect those adjustments;
2. Authorize Administration to transfer the budgets in Attachment 2 that are held in Corporate Programs and are related to costs and savings arising from Solutions for Achieving Value and Excellence (SAVE) business cases to the relevant services as required during implementation;
3. Provide direction to Administration as to whether the Police Services operating investment opportunity in Attachment 6 should be incorporated into the tax rate change;
4. For the proposed User Fee and Rate changes in Attachment 7:
 - a. Approve the user fee changes in Attachments 7A-7D; and
 - b. Give three readings to the bylaw in Attachments 7E;
5. Approve the Capital Budget Recast in Attachment 8;
6. Approve the Capital Budget Adjustments in Attachment 9;
7. Approve the Net Zero Operating Budget Adjustments for 2022 in Attachment 13;
8. Approve the Carry Forward of Operating Budget from 2021 to 2022 in Attachment 14;
9. Approve the Performance Measures Adjustments for approval in Attachment 15;
10. Approve the contribution of the anticipated 2021 favourable variance of \$3.85 million from the Fire & Emergency Response service to the Fire segment of the Lifecycle Maintenance and Upgrade & Reserve for Future Capital Merged Reserve to fund one-time lease costs through 2031 and as detailed in the Fire & Emergency Response new operating investment in Attachment 5;
11. Approve the contribution of Police Services Anti-Racism and Call Response Funds 2021 favourable variance to the Court Fine Reserve to be used to fund the Police Services 2022 Anti-Racism and Call Response Funds expenditures shown in Attachment 13; and
12. Request the Mayor write another letter to the Premier of the Government of Alberta, and a letter to the Prime Minister of the Government of Canada requesting that the provincial and federal governments match The City of Calgary's financial commitment to the Resilient Roofing Rebate Program.