

Calgary



C2015-0696
ATTACHMENT 3

2016 Resilience Budget

2015 September 28



Action Plan was developed to respond to citizen needs and Council Priorities, within The City's financial constraints.

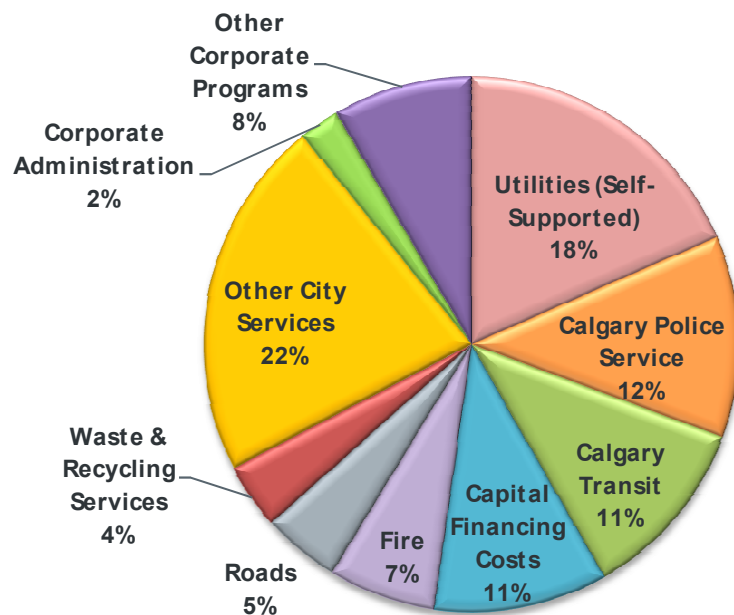




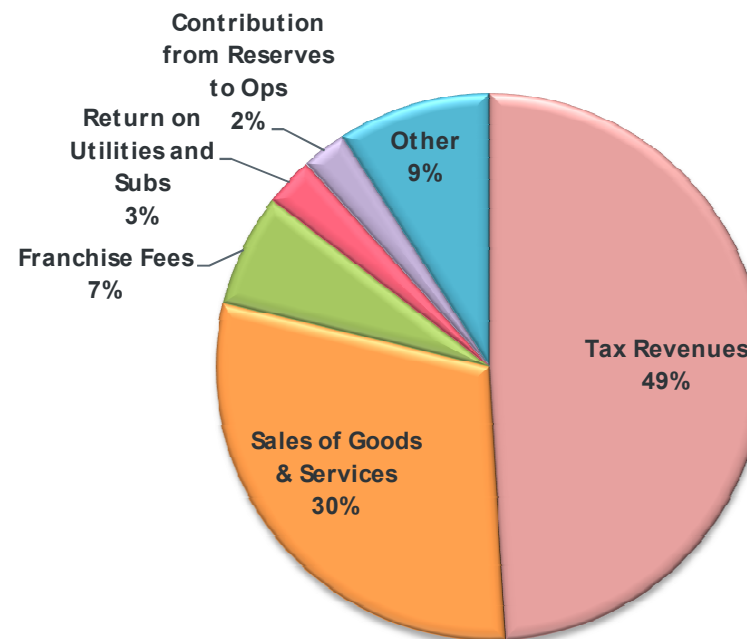
Action Plan Approval – Operating budget

- Operating revenues and expenses support provision of services and achievement of outcomes described in Action Plan.
- Directly affect the tax rate.

**2016 Total City Operating Budget
Expenditures Net of Recoveries (\$3.7 billion)**



**2016 Total City Operating Budget
Revenues (\$3.7 billion)**

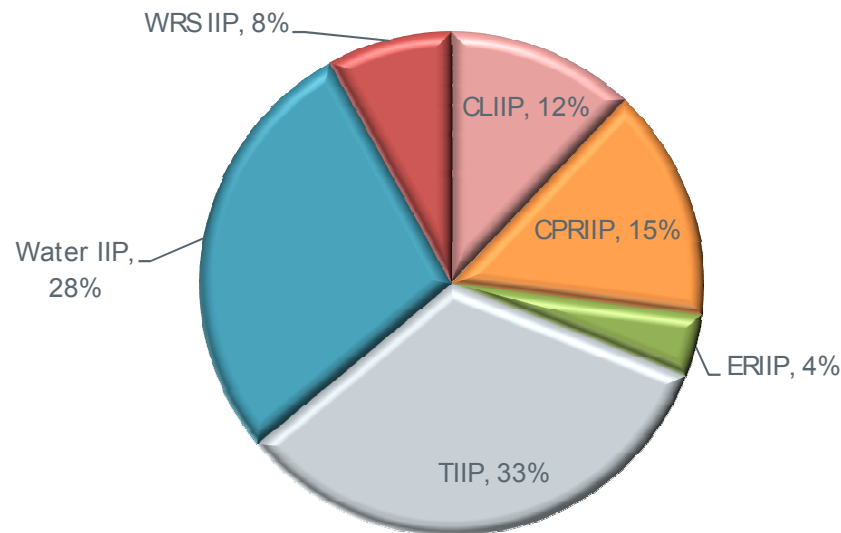


Action Plan Approval – Capital Budget

- Capital projects to buy/build assets (infrastructure, systems, etc.) to be used to provide services.

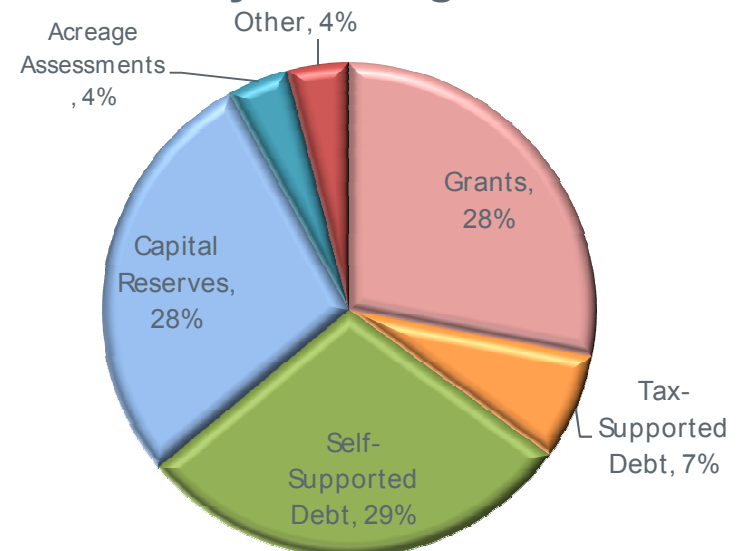
**2016 Budget
\$1.6 billion**

By IIPs

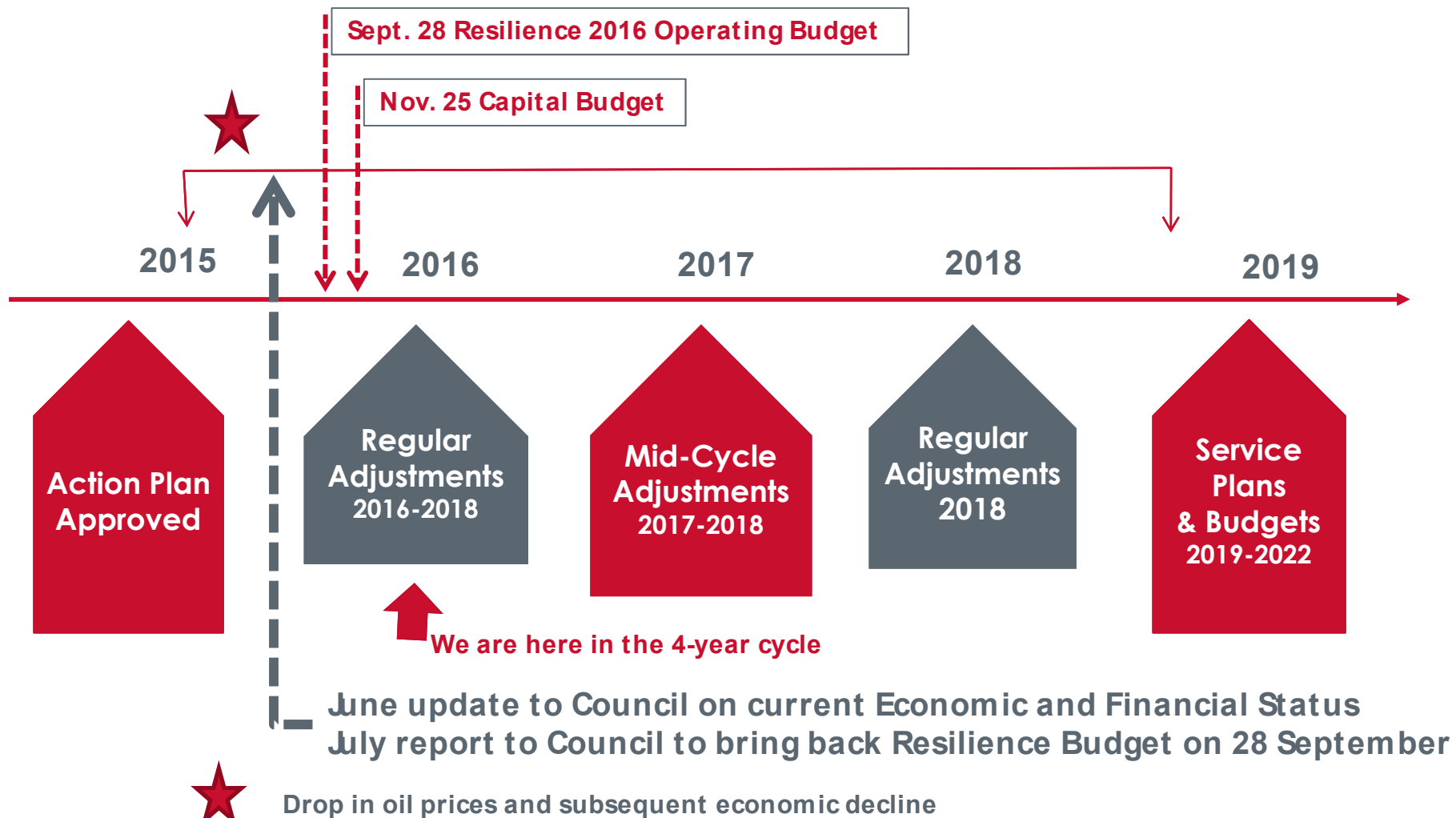


**2016 Budget
\$1.6 billion**

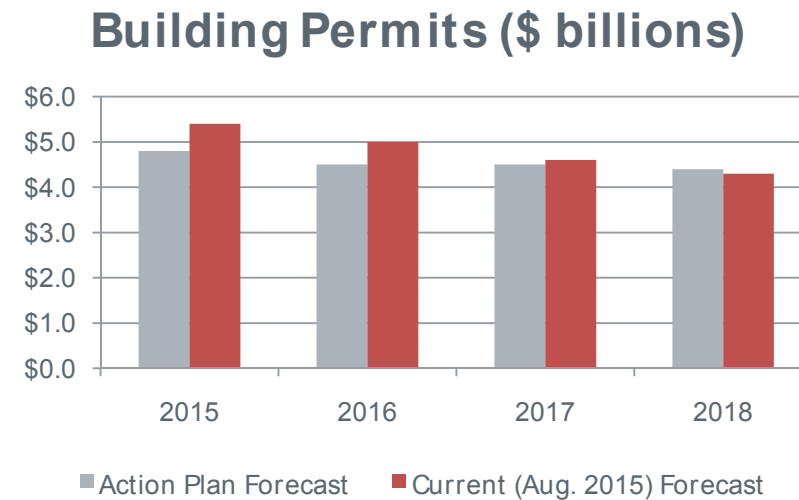
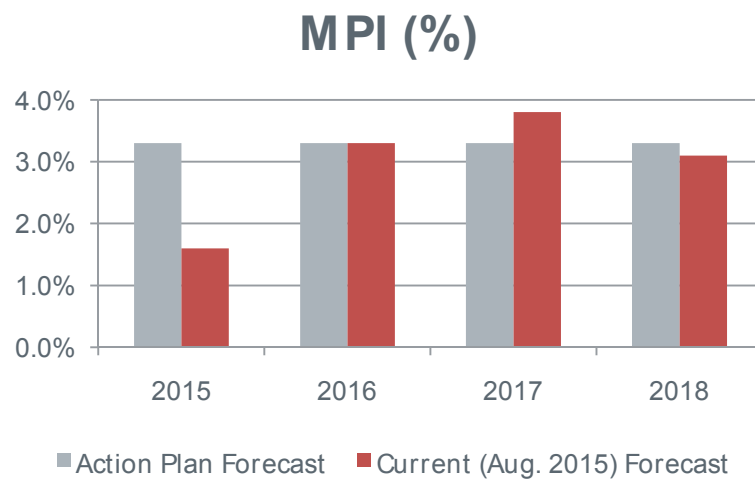
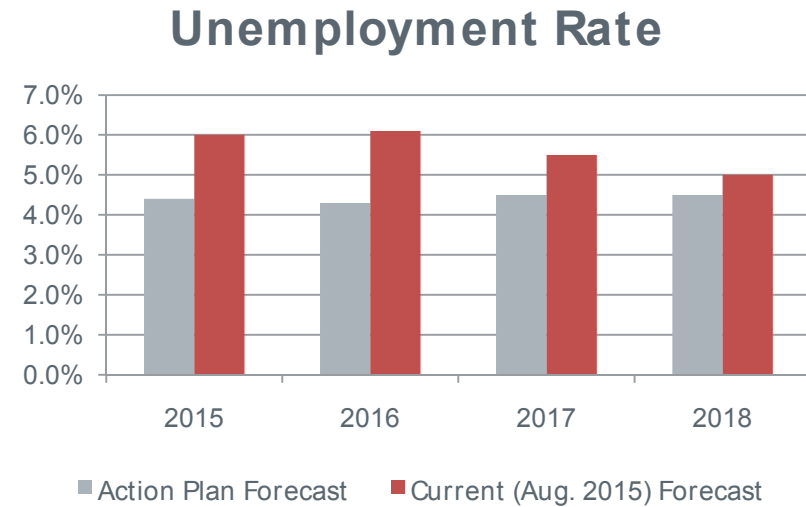
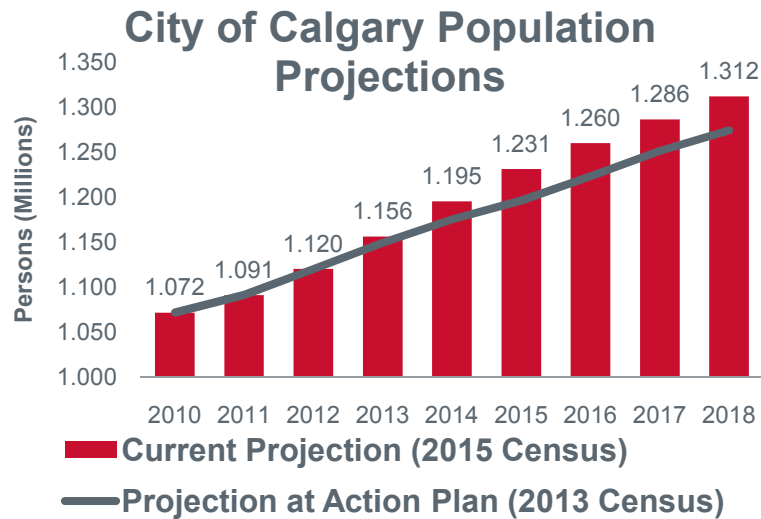
By funding source



The Four-Year Cycle



Some key indicators have changed in the past year



Changes to Forecast from Action Plan

	Action Plan				Current (Aug. 2015)			
	2015F	2016F	2017F	2018F	2015F	2016F	2017F	2018F
Population Growth	20,800	26,600	28,500	22,500	35,700	28,800	26,500	25,400
Population Growth Rate	1.8%	2.2%	2.3%	1.8%	3.0%	2.3%	2.1%	2.0%
MPI	3.3%	3.3%	3.3%	3.3%	1.6%	3.3%	3.8%	3.1%
CPI	2.1%	2.1%	2.1%	2.1%	1.1%	1.3%	2.4%	2.3%
Unemployment Rate	4.4%	4.3%	4.5%	4.5%	6.0%	6.1%	5.5%	5.0%
Building Permit (\$ billions)	\$4.8	\$4.5	\$4.5	\$4.4	\$5.4	\$5.0	\$4.6	\$4.3

Revenue challenges

- Franchise fee revenue (\$-20M, expected to be temporary)
 - Taxation revenue below forecast
\$-21M base funding
 - Impact of tax rate reduction (below 4.7%)
 - Offset from Corporate Costs
 - Offset through tax revenue contingency fund
 - *New solutions required*
- Issues discussed at Council on 2015 June 22



Council members asked Administration to investigate four scenarios

Scenario	Tax rate %	Monthly Municipal Tax Incr. -- Typical Household	Operating expenditure reduction (\$millions)	Service impact
Action Plan (base case)	4.7	\$6.75	N/A	N/A
-0.5%	4.2	\$5.90	\$7.5	None
-1.0%	3.7	\$5.20	\$15.0	None
-1.5% (MPI=3.3)	3.2	\$4.50	\$22.5	Slight
-3.1% (~CPI)	1.6	\$2.25	\$46.5	Significant

Proposed response is guided by the Economic Resilience Strategy

Strategy	Implication
Continue service delivery	Demand higher than AP projection. Preserve capacity and meet citizen needs.
Ensure value for money	Continued savings and efficiencies, e.g. \$50M in efficiencies in AP, Budget Savings Account and ZBR program.
Invest in infrastructure	Continue capital investments in lower-cost environment; coordinate with provincial & federal programs.
Retain jobs and investment	Preserve organizational capacity and staff retention.
Monitor impacts to City finance	Respond appropriately in the short term. Use Mid-Cycle for longer term implications (inc. check in with public & Council)



Recommended approach: operating budget

Can achieve a 1.2% reduction in the approved 2016 tax rate (from 4.7% to 3.5%) and continue to support the principles of the Economic Resilience Strategy and with a limited impact on services and on the local economy.

- The Budget Savings Account to date and ongoing work in ZBRs suggests that an annual savings of \$18M is achievable.
- Savings that were previously captured through the BSA will be used to reduce the tax rate and expectations of finding additional savings is therefore limited. Purpose of BSA will be reviewed in 2017.

Scenario (below approved 4.7%)	Tax rate (%)	Monthly Municipal Tax Incr. for typical household	Operating expenditure reduction (\$millions)	Service impact
Action Plan	4.7	\$6.75	N/A	N/A
-1.2	3.5	\$4.90	\$18.0	None

Capital budget revisions

- Execute approved capital with more discipline
 - Counter-cyclical investment to take advantage of lower costs
 - Economic stimulus
 - Targeted revision to advance some projects
- Additional time needed for review:
 - Coordinate with other levels of government
 - Review capital plan to identify priority projects
- Operating expenditures support delivery of capital projects

Four items referred to the Resilience Budget (C2015-0770).

TITLE	REPORT NO.	RESOURCE REQUIREMENTS
Consolidated Parking Policy Workplan	TT2014-0935	N/A. Will be brought forward at mid-cycle adjustments.
City Auditor's Office	AC2015-0525	\$350K one-time.
Advisory Committee on Accessibility Goals	CPS2015-0420	\$350K one-time.
Dandelion Control on City Property	NM2015-12; CPS2015-0738	\$1.7M one-time.

- Also in support of the economic resilience strategy, Administration has brought forward proposed bylaw amendment for livery license fee adjustments for Council approval (Attachment 2).

For Council Consideration

- **28 September 2015** - Adoption of 2016 operating budget with a 2016 tax rate increase of 3.5%.
 - Approval of corporate programs adjustments to address revenue reductions.
 - Approval of revised Livery Licence fees.
 - Referred reports brought forward for Council's consideration.

Maintain the operating Budget Savings Account and review its intent in 2017.

Impact from the change in Tax Rate will be distributed across Business Unit budgets at a later date.

- **25 November 2015** - Revised capital program to Council
 - Operating budget one-time carry-forwards will also be brought on this date.

Recommendation

That Council:

1. Approves the proposed adjustments to the operating budget for 2016-2018 (Attachment 1);
2. Adopts the proposed 2016 operating budget as amended, including any changes resulting from Council decision on unfunded items provided in the preceding report C2015-0770;
3. Gives three readings to the proposed bylaw to amend the Livery Transport Bylaw 6M2007 (Attachment 2);
4. Receive for information the 2016 Resilience Budget Presentation (this Attachment 3).