

Preview of the 2023-2026 Service Plans and Budgets

RECOMMENDATION:

That Council:

1. Receive this report for discussion; and
2. Direct that Attachment 3 be held as confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act* to be reviewed by 2037 September 13.

HIGHLIGHTS

- This report is a preview of some of the key elements of the 2023-2026 Service Plans and Budgets and is a key step on the road to finalize Administration's recommended plans in response to Council's direction.
- **What does this mean to Calgarians?**
 - Administration is on track to present a 4-year plan and budget in November that aligns with Council's direction to keep expenditures in line with inflation plus population growth.
 - With household expenditures increasing an average of 7.4% in Alberta this year, Administration is working hard to maintain affordability by keeping the projected increase in city expenditures as low as possible.
 - We will continue to deliver the services Calgarians rely on over the next four years, while investing in Calgary to make it an even better destination and great place to live, work, grow and raise a family.
 - While all 61 City services will be maintained in the 4-year cycle, some services will receive a higher level of investment than others. No service budget cuts are being recommended in his business cycle.
- **Why does this matter?** The enclosed preliminary service plan and budget information represents Administration's best professional recommendation for maximizing the value of investments while striking a balance between affordability and keeping pace with inflation and population growth.
- A preview of how Council's Strategic Direction will be delivered supports Council and interested parties to provide feedback on the overall direction of travel proposed. Council's feedback will support Administration to finalize the 2023-2026 Service Plans and Budgets. Calgarians' feedback will support Council's decisions in November.
- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

Resilient Calgary: Council's Strategic Direction 2023-2026 and our shared strategic agenda provide the vision and strategy for delivering services to Calgarians and contributing to quality of life in our city. The 2023-2026 Service Plans and Budgets represent the value provided to Calgarians for property taxes and fees/rates. They are the roadmap for how we deliver services with the financial plan to support our actions.

Providing this preview in advance of service plans and budgets deliberations in 2022 November enables Council and the public to see an early view of the direction of travel in time to consider feedback that guides Administration in the refinement and finalization of the recommendations.

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Preview: Delivery of Council's Foundations and Our Shared Strategic Agenda (Attachment 2)

This preview is Administration's best recommendation for optimizing the value of investments within the estimated total target revenues to afford estimated total operating expenditures directed by Council on 2022 July 5: an increase of no more than \$671 million by 2026 or an average increase of 3.8% per year, in line with increases in The City's two major cost drivers, population growth and inflation. The City is expecting to spend an estimated \$4.4 billion on new capital priorities during 2023 - 2026. Unfunded opportunities will continue to be considered for prioritized funding to advance these important infrastructure investments. Strategies will continue to match unfunded opportunities with potential grant or alternative funding sources. Practicing good financial stewardship by taking a long-range view for planning sustainably, we continue to serve Calgarians by providing the services they rely on every day, keeping an eye on affordability to support Calgary in remaining an affordable place to live and do business.

This attachment provides highlights of the existing and new initiatives that have been identified as the best use of available funding to deliver on our shared strategic agenda. It also indicates the anticipated change in the budget for each service over the next four years relative to population growth and inflation. This was developed through an extensive and collaborative process undertaken by Administration. Services have worked to examine how current and planned work and initiatives support *Resilient Calgary: Council's Strategic Direction 2023-2026* and Administration's Rethink to Thrive Strategy. This coordinated approach to planning, preparing, prioritization and funding, and identifying opportunities to work together better and continuously improve, optimizes value to Calgarians.

Administration's recommended 2023-2026 Service Plans and Budgets that Council and the public will receive in November will include other elements that are currently under development: for example, metrics to measure service performance and contribution to the community quality of life. These metrics will be reported on through future Accountability Reports and will include community indicators (i.e., how the community is doing) and performance measures (i.e., how The City and its services are performing).

Update on Assessment Roll (Confidential Attachment 3)

This attachment provides a confidential update on the 2023 forecasted assessment values as of 2022 August, including market trends for residential and non-residential properties and next steps for the preparation of the 2023 assessment roll. Calgary's strong housing market will lead to higher property assessment values in 2023. Market value increases are expected across the board for residential properties. Non-residential properties overall have increased, however results vary by property type. As assessment values increase, tax rates will correspondingly decrease when collecting the same tax revenue. The City's budget-based approach means that the final tax rates for residential and non-residential properties will change as a result of overall expenditures and assessed values.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Engagement was undertaken
- Public Communication or Engagement was not required

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- Public/Stakeholders were informed
- Stakeholder dialogue/relations were undertaken

Research and Engagement (Attachment 4)

From 2022 February 2 to 2022 March 7, Calgarians were asked about what they value most in City services. Some of the key themes from this engagement were that:

- Equity and inclusion are important to consider when making decisions about services and service delivery that impact all Calgarians.
- Calgarians have high expectations about fiscal responsibility and receiving value for services provided through a balance of property taxes and user fees.
- Quality of life for Calgarians is highly impacted by service affordability and Calgarians expect us to seek out efficiencies and cost reductions without lowering service levels.
- Calgarians understand that increased densification will support increased efficiency for operations and services.
- Collectively as a city, mental health and wellbeing is important and Calgarians expect services to reflect safety, accessibility and connections to create a sense of belonging for all Calgarians.

The recommendations in this report are founded on these themes and consider other sources of research and engagement such as the [2021 Fall Citizen Satisfaction Survey](#) and [Spring Research results](#). This fall, we will be conducting further research and engagement around Calgarian and business perceptions regarding service prioritization and delivery. This will include five focus groups with Calgarians and five focus groups with business leaders in Calgary, plus an online engagement portal and in-person events in every ward, providing additional feedback and themes for Council's consideration when making decisions in November.

IMPLICATIONS

Social

The initiatives outlined in this report support *Resilient Calgary: Council's Strategic Direction 2023-2026*, specifically the foundation of social resilience. Further, the Council approved Multi-Year Planning and Budgeting *Equitable Principle*, "We consider Calgarians' diverse needs, strengths, and social realities, recognizing that different barriers exist for diverse individuals and groups, and delivering services in a way that all people have the opportunity to benefit equally," has guided the development of the plans and budgets.

Environmental

The initiatives outlined in this report support *Resilient Calgary: Council's Strategic Direction 2023-2026*, specifically the foundation of climate resilience. The proposed initiatives were recommended with a consideration for climate responsibility and stewardship.

Economic

The initiatives outlined in this report support *Resilient Calgary: Council's Strategic Direction 2023-2026*, specifically the foundation of economic resilience. The proposed investments, as

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part of the overall guidance on funding City services, were developed while acknowledging the current and foreseeable economic circumstances of The City and Calgarians. The recommendations reflect an effort to foster a strong and diverse economy, as well as removing barriers for business success, growth and investment.

Service and Financial Implications

This preview of the 2023-2026 Service Plans and Budgets for Council will contribute to the final decisions on service offerings and service levels, and how these will be funded, over the next four years.

Delivering value for money is a guiding principle of the service planning and budgeting process and Council's direction on affordability for Calgarians, businesses and customers is a key input.

There are no direct financial implications of this report. Administration will bring the final recommended plans and budgets to the 2022 November 8 Combined Meeting of Council.

RISK

As the 2023-2026 Service Plans and Budgets are developed, several risks are being kept at the forefront of decision making. These include meeting Calgarians' expectations, ensuring financial sustainability and managing corporate capacity. A key risk inherent in bringing this early preview to Council and the public is that it may set expectations for plan and budget recommendations while they are still under development. This risk is offset by the benefit of providing Council and the public with a general sense of what they can expect in November, as well as providing an opportunity for refinements based on early feedback.

Risk response strategies are in place, including:

- Applying social, equity and environmental lenses to the design and development of service plans and budgets.
- Engaging with our partners, including the non-profit sector, community groups and advisory committees to understand service needs and expectations.
- Striking a balance between The City services provided and service costs to ensure affordability for City services and long-term financial sustainability and resilience.
- Annual and mid-cycle adjustments, including environmental scans and updated forecasts, to enable course correction as conditions change through the four-year cycle. This is outlined in and supported by Council's Multi-Year Planning and Budgeting Policy.

ATTACHMENTS

1. Background and Previous Council Direction
2. 2023 – 2026 Service Plans and Budgets Preview - Delivery of our Shared Strategic Agenda
3. CONFIDENTIAL - 2023 Forecasted Assessment Roll, Tax Considerations and Communications
4. Research and Engagement Update
5. Presentation

**Chief Financial Officer's Report to
Combined Meeting of Council
2022 September 13**

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Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
David Duckworth	City Manager's Office	Approve
Carla Male	Corporate Planning & Financial Services	Approve
Doug Morgan	Operational Services	Consult
Michael Thompson	Infrastructure Services	Consult
Katie Black	Community Services	Consult
Stuart Dalglish	Planning & Development Services	Consult
Chris Arthurs	People, Innovation & Collaboration Services	Consult