

2023 November Adjustments to 2023-2026 Service Plans and Budgets – Presentation

2023 November 7
Regular Meeting of Council



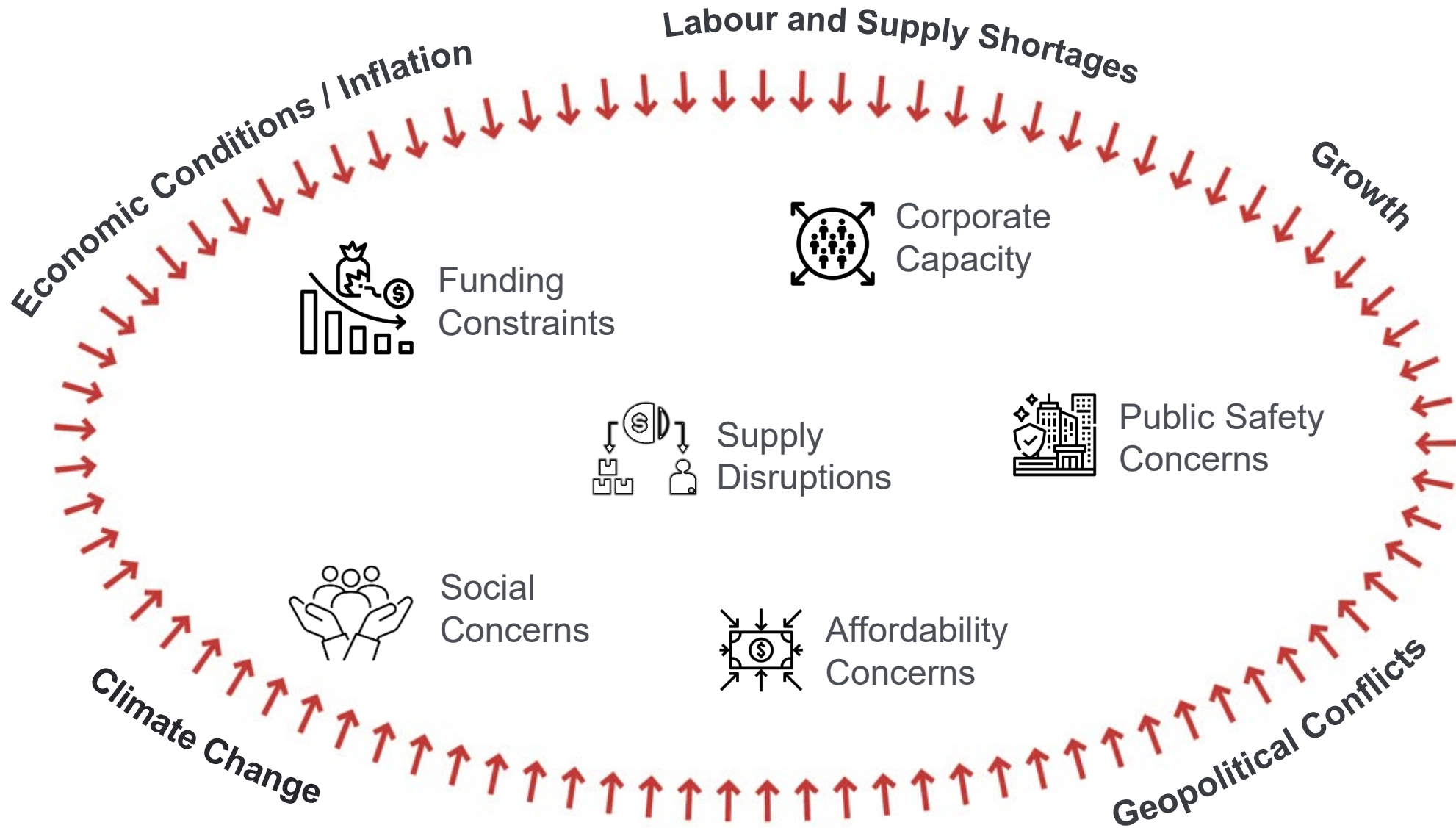


Deciding how we invest our dollars is a quality-of-life decision





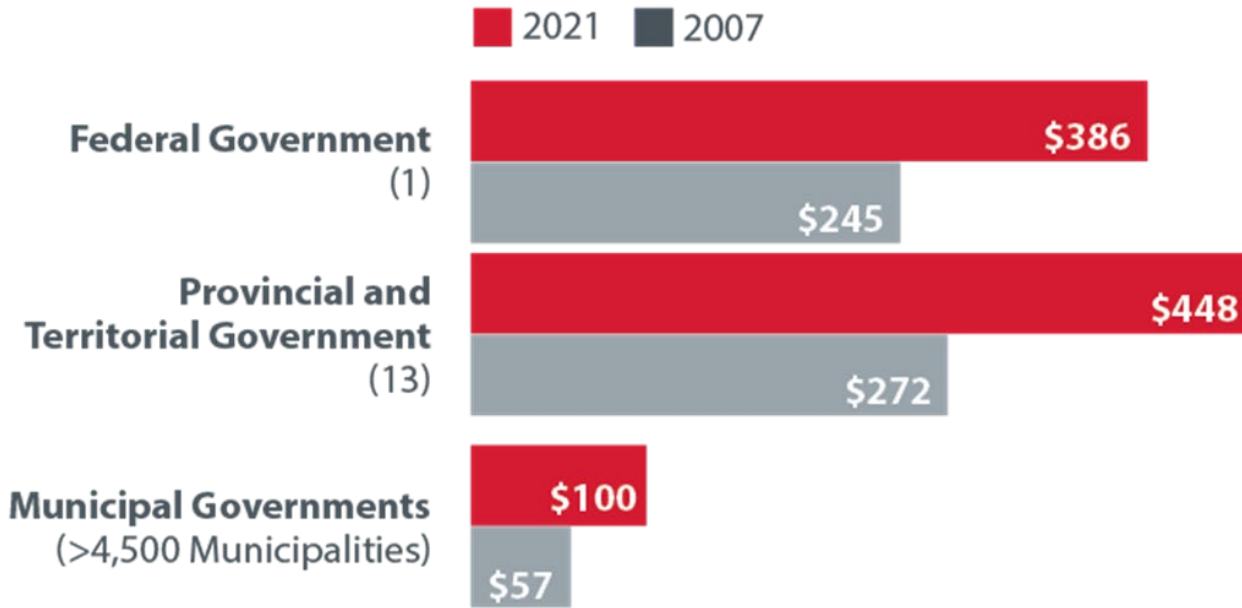
Calgary continues to face global challenges with local impacts





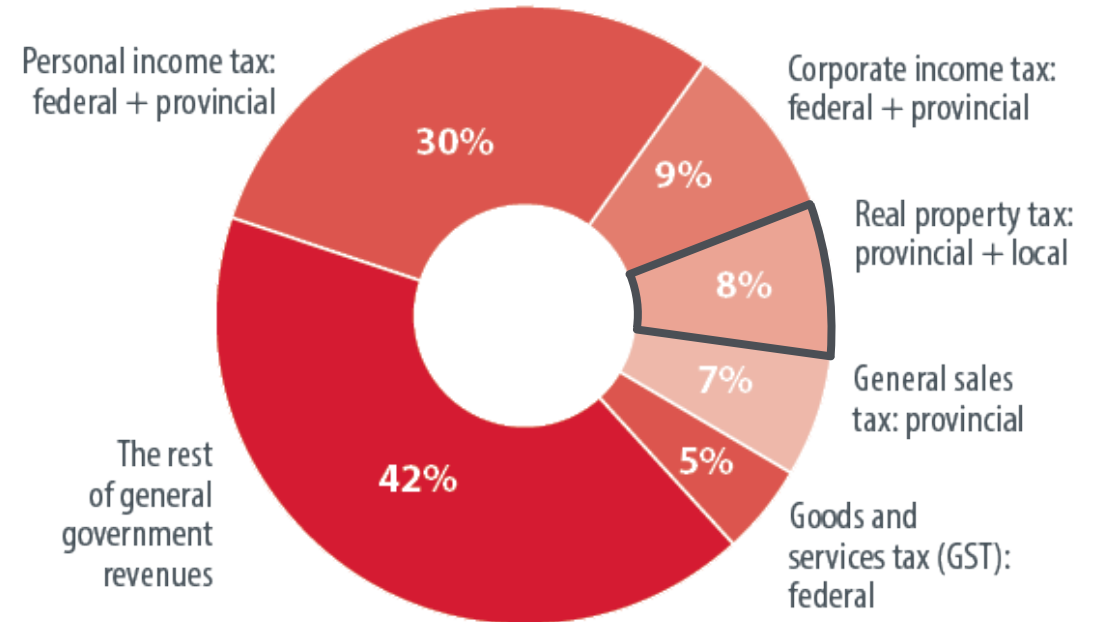
However, increased municipal responsibilities are limited by the municipal fiscal gap

Taxpayers' contributions to the three levels of government in Canada (2021 vs. 2007, \$billions)



Primary revenue sources for federal, provincial, and municipal governments in Canada

(percentage share of accumulated revenue in 2007-2021)

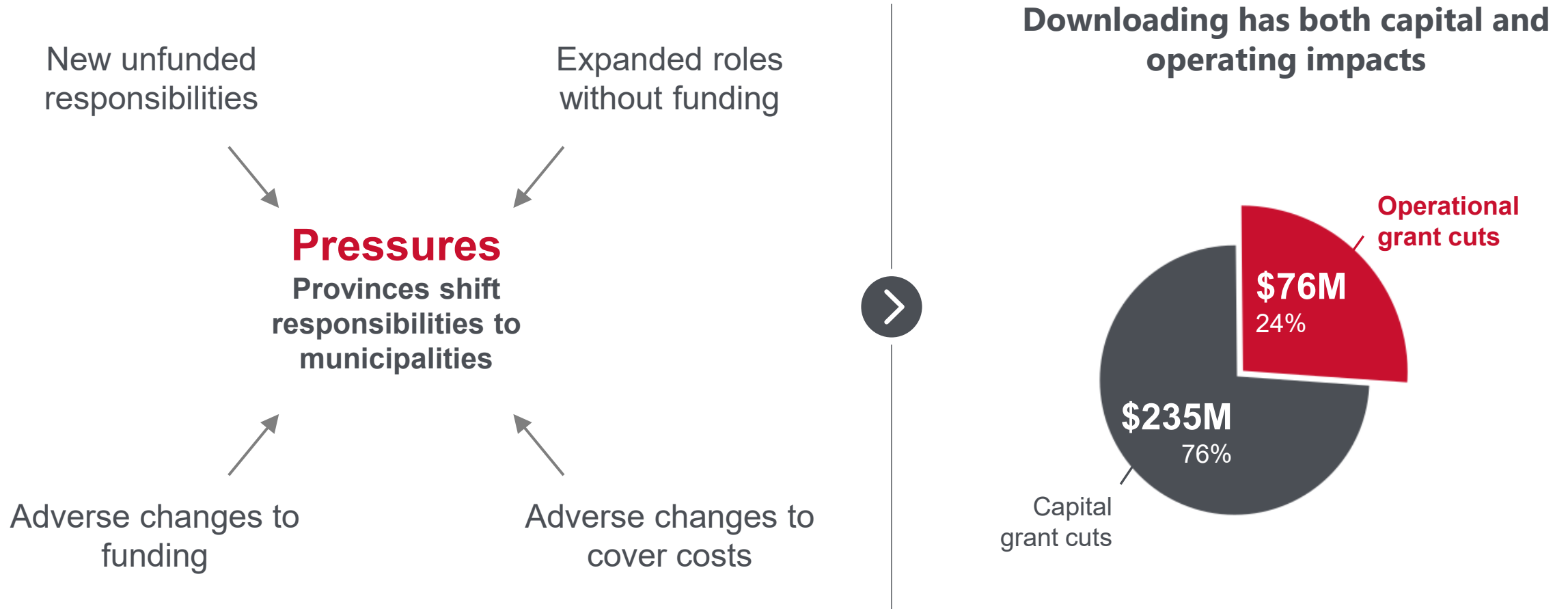


Source: Statistics Canada. Table 36-10-0450-01 and custom data Table 18

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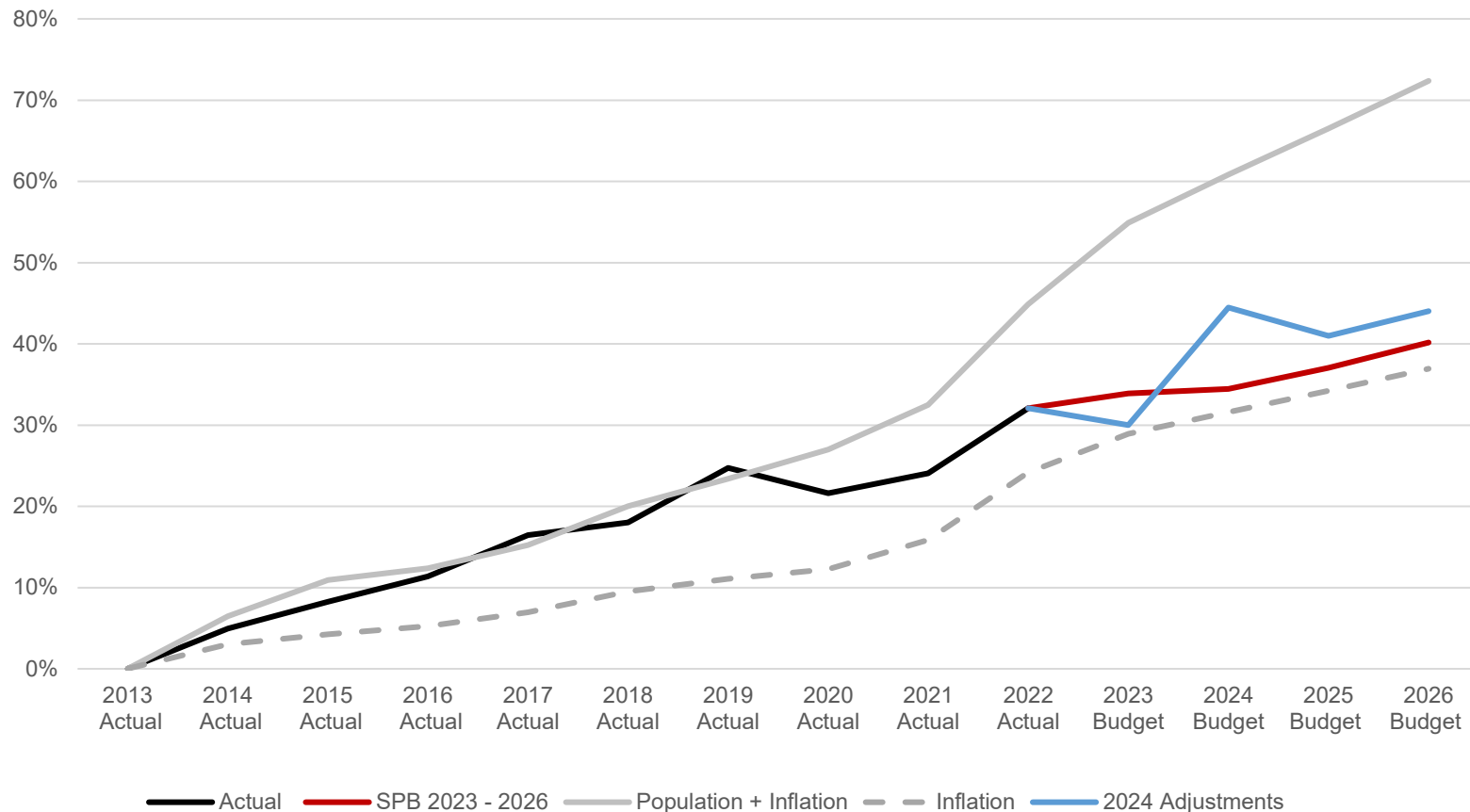
The result of added responsibilities on municipalities





The City has performed exceedingly well over the last decade for keeping spending in line with population and inflation growth

Cumulative Change in Total City Operating Expenditures vs. Population + Inflation





Calgary has had low tax increases relative to other major Canadian cities

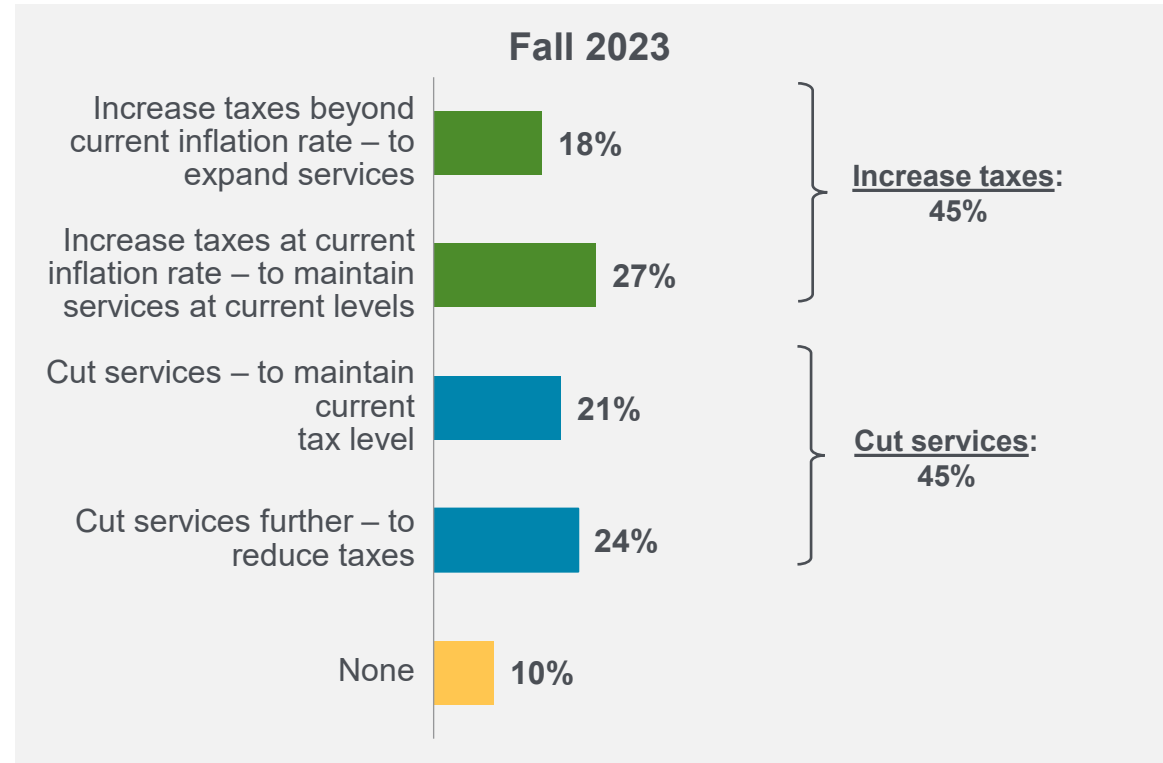
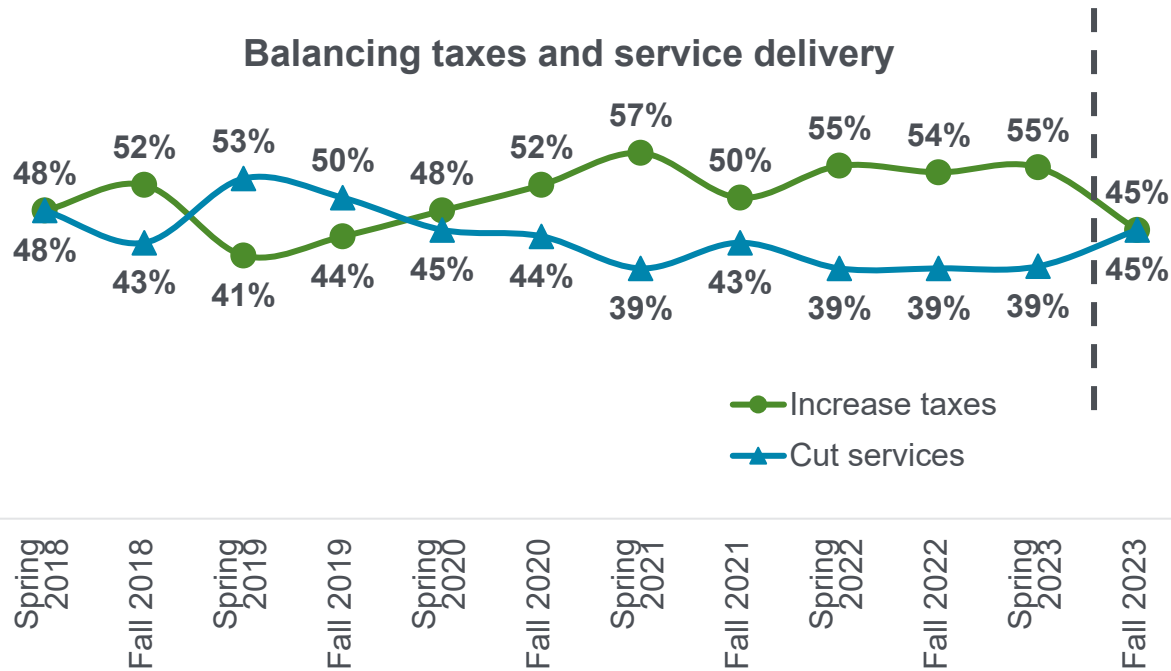




What Calgarians are saying



Calgarians hold diverse views on how best to manage the challenges posed by increased costs of living



“I receive good value from The City for my municipal property tax dollars”

Calgary	Municipal norm
42%	40%



What are the most important issues for Calgarians and how we are planning to invest

Results from 2023 Fall Survey of Calgarians	31%	28%	27%	15%
	Homelessness, poverty and affordable housing	Infrastructure, traffic and roads	Crime, safety and policing	Transit
Proposed ongoing annual new investments	\$33,000,000	-	\$21,328,000	\$18,000,000
Proposed one-time / capital new investments	\$154,500,000	\$82,400,000	\$22,000,000	\$79,000,000





Council's refined priorities and how they have shaped new investments



What Calgarians are saying about public safety and how The City is responding

92%

Should be investing more to address transit safety

94%

Should be doing more to address safety in Calgary's downtown

46%

Crime has increased in their neighbourhood

Improving emergency response times

Helping Calgarians feel safer in their neighbourhoods

Increasing resources to ensure safety on transit and surrounding communities

Improving coordination with partners



What Calgarians are saying about housing affordability and how The City is responding



3 in 10

believe all
Calgarians
have access to
adequate
housing

88%*

Affordable
housing is an
issue

92%*

Housing is too
expensive for
the average
Calgarian

Reducing barriers to access support

Incentives for secondary suites

Boosting development

Releasing more land

Support partners to build
housing for Indigenous
and equity-deserving
populations



What Calgarians are saying about transit and transportation and how The City is responding

77%

The City's bikeway and pathway system encourages them to walk or wheel

90%

The City to expand the CTrain to Calgary's airport

70%

The City offers sufficient transportation alternatives to travelling by personal vehicle

Designing and engineering of the east leg of the Airport Transit Connection

Progressing long term transit plans

Improving quality of roads and 5A network

Contributing to transit affordability for The City's youth (12 and under)

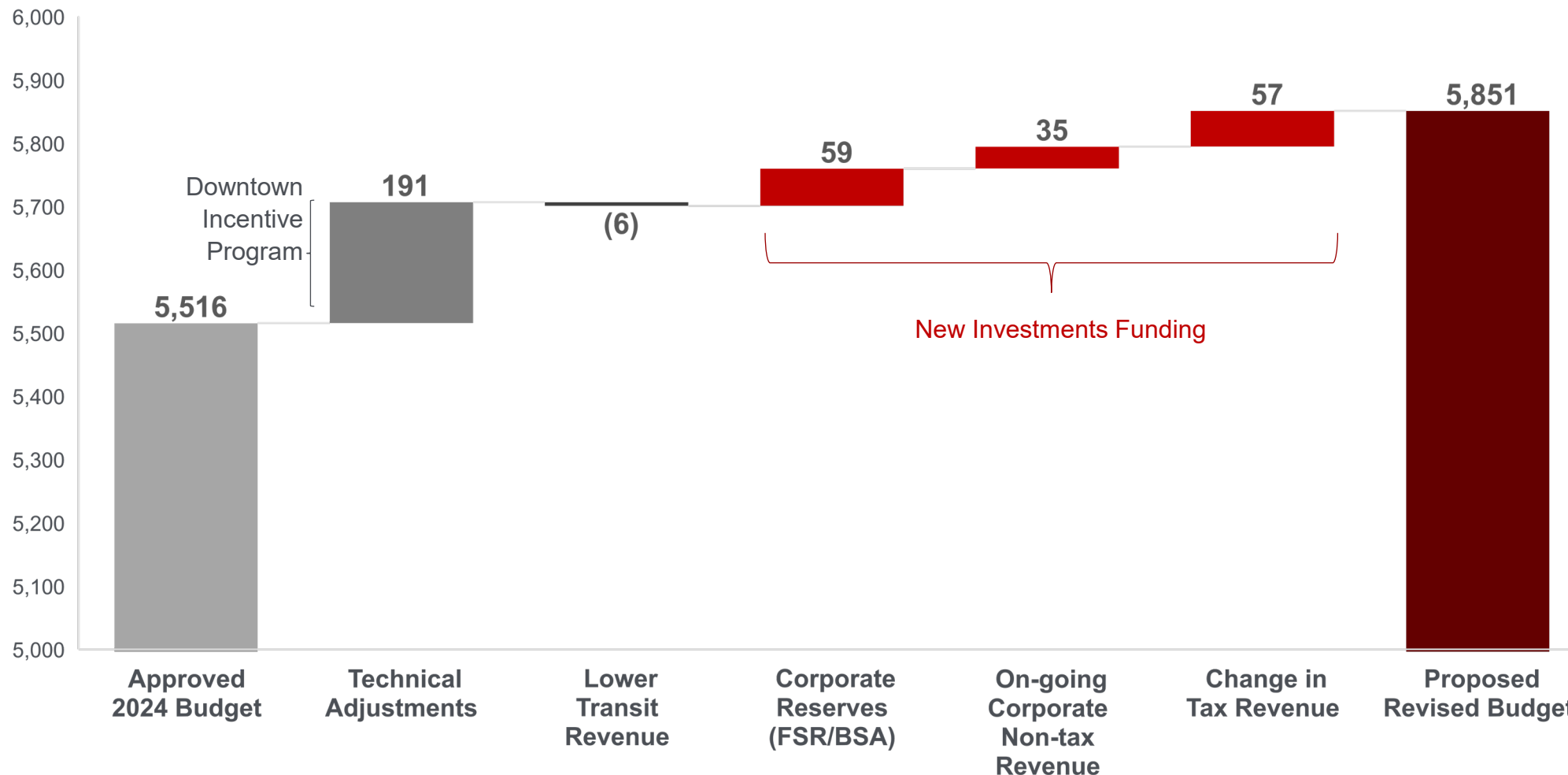


Administration's investment recommendations



2024 Operating Revenue

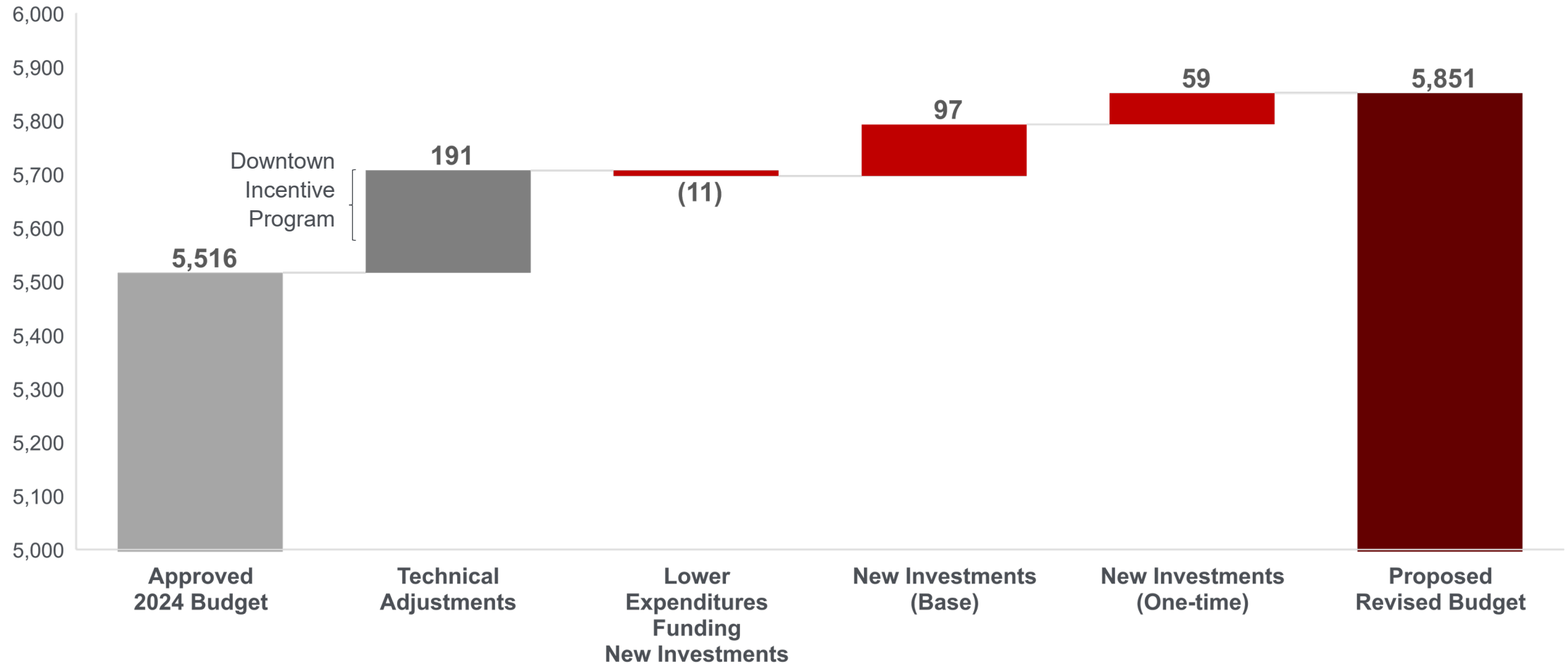
2024 Revenue
\$ millions





2024 Operating Investments

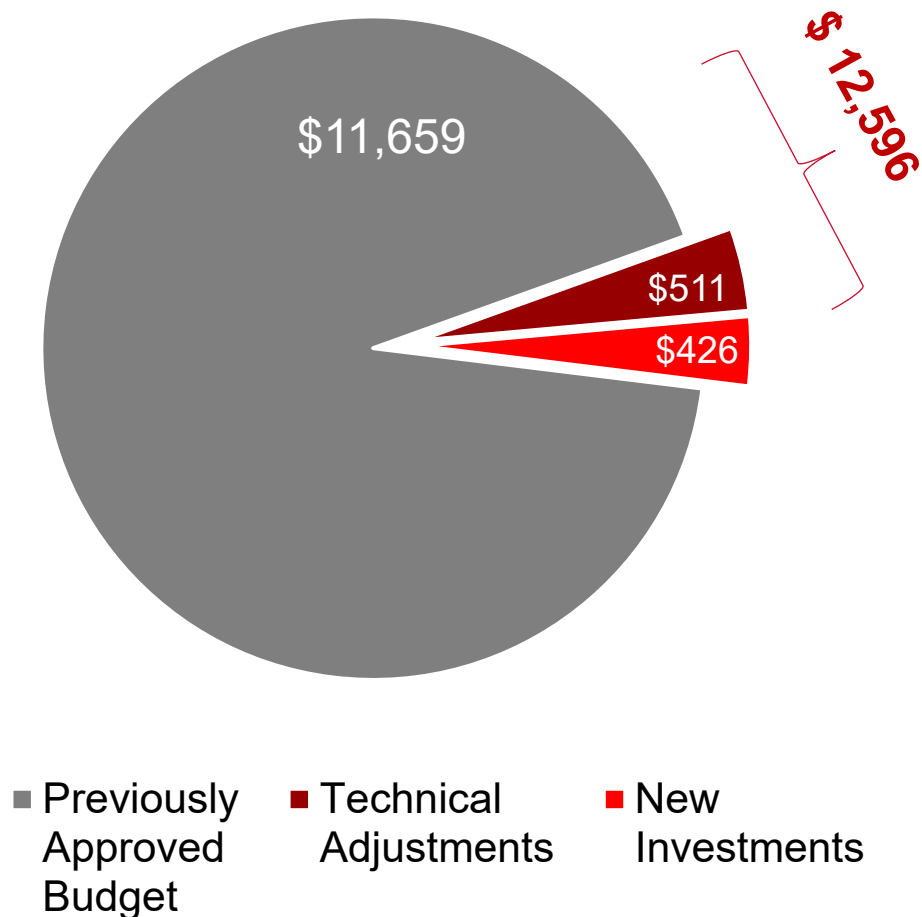
2024 Expenditures and Investments
(Net of Recoveries), \$ millions



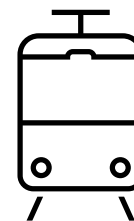


Recommended capital adjustments

**Capital budget adjustments
2023 – 2027+
(\$ millions)**



- 8 per cent increase to the current capital budget
- Advances priorities such as **affordable housing, transportation infrastructure and lifecycle sustainment** of existing facilities
- No additional property tax funding required.





Balancing tax responsibility between residential and non-residential properties



Illustration of 2024 tax rates using preliminary taxable assessment base – rate-based approach

Rate-based approach (hypothetical) - In \$M	2023	2024F	\$ Change	% Change
Residential Property Tax	\$1,120.7	\$1,256.7	\$136.0	12.1%
Change in Property Tax from Development & Redevelopment			\$18.8	1.7%
Change in Additional Property Tax After Development & Redevelopment			\$117.2	10.5%
Preliminary Residential Assessment	\$258,699.5	\$290,094.2	\$31,394.8	12.1%
Residential Property Tax Rate **	0.0043319	0.0043319		0.0%
Non-Residential Property Tax	\$1,048.5	\$1,075.3	\$26.8	2.6%
Change in Property Tax from Development & Redevelopment			\$11.9	1.1%
Change in Additional Property Tax After Development & Redevelopment			\$14.8	1.4%
Preliminary Non-Residential Assessment	\$56,883.1	\$58,335.7	\$1,452.5	2.6%
Non-Residential Property Tax Rate **	0.0184334	0.0184334		0.0%
Total Property Tax Collected ***	\$2,169.2	\$2,332.0	\$162.8	7.5%
Total Property Tax Required – Recommended (incl. bylaw adjustments)		\$2,332.2		
Additional/under collection		-\$0.2		
Municipal Tax Ratio (NR Tax Rate / RE Tax Rate) – (incl. bylaw adjustments)	4.26 : 1	4.26 : 1		
Municipal Tax Share				
Residential	52%	54%		
Non-Residential	48%	46%		

These are preliminary estimates and are subject to change.



Illustration of 2024 tax rates using preliminary taxable assessment base – budget-based approach

Budget-based approach (hypothetical) - In \$M	2023	2024F	\$ Change	% Change
Residential Property Tax	\$1,120.7	\$1,204.2	\$83.6	7.5%
Change in Property Tax from Development & Redevelopment			\$18.8	1.7%
Change in Additional Property Tax After Development & Redevelopment			\$64.7	5.8%
Preliminary Residential Assessment	\$258,699.5	\$290,094.2	\$31,394.8	12.1%
Residential Property Tax Rate **	0.0043319	0.0041511		-4.2%
Non-Residential Property Tax	\$1,048.5	\$1,128.0	\$79.4	7.6%
Change in Property Tax from Development & Redevelopment			\$11.9	1.1%
Change in Additional Property Tax After Development & Redevelopment			\$67.5.5	6.4%
Preliminary Non-Residential Assessment	\$56,883.1	\$58,335.7	\$1,452.5	2.6%
Non-Residential Property Tax Rate **	0.0184334	0.0193360		4.9%
Total Property Tax Collected ***	\$2,169.2	\$2,332.2	\$163.0	7.5%
Total Property Tax Required – Recommended (incl. bylaw adjustments)		\$2,332.2		
Additional/Under collection		\$0.0		
Municipal Tax Ratio (NR Tax Rate / RE Tax Rate) – (incl. bylaw adjustments)	4.26 : 1	4.66 : 1		
Municipal Tax Share				
Residential	52%	52%		
Non-Residential	48%	48%		

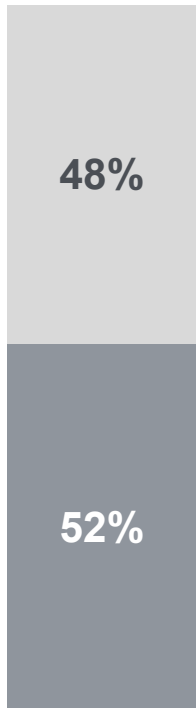
These are preliminary estimates calculated before recommended tax shift and are subject to change.



Considerations impacting property tax bills

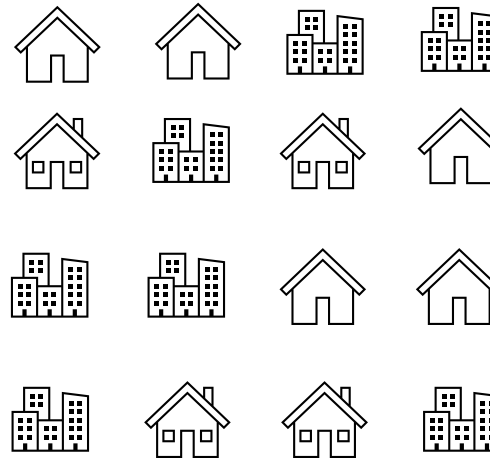
Decision 1:

Tax Share



Shifting tax share to the residential class would increase residential property tax costs but decrease costs for businesses

Market forces



Average residential assessment
+10% for 2024

Decision 2:

Budget adjustments



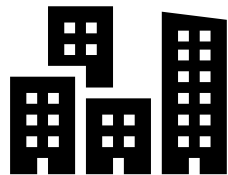
New investments will increase the revenue required from property tax

Baseline:
3.4% increase budgeted for 2024

Calgary's assessment base over time

In 2014... the residential base was 2.8 times bigger than non-residential base

Since 2014...



The non-residential assessment base has shrunk by 11% and tax rates have increased

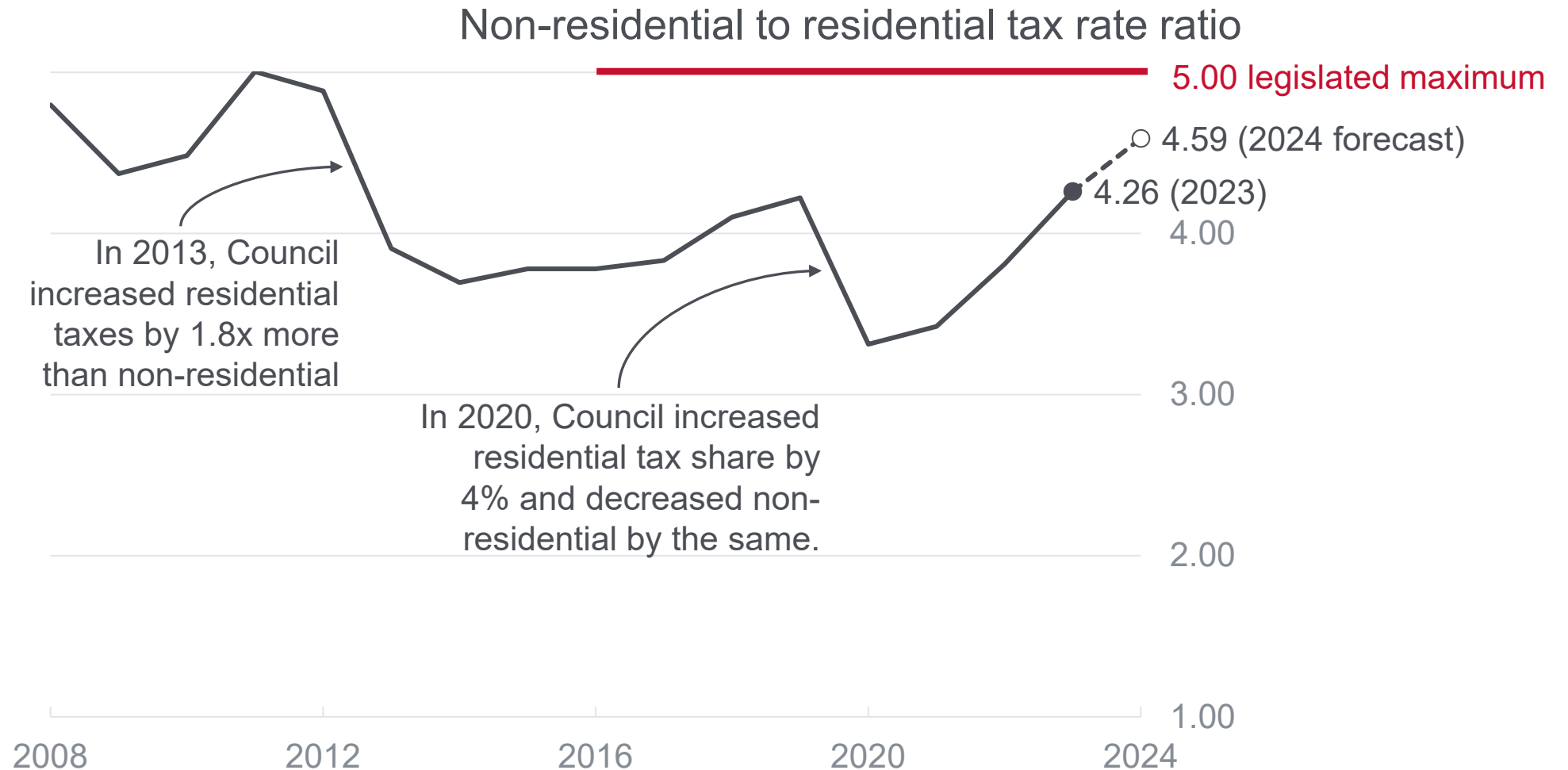


The residential assessment base has increased by 57% and tax rates have decreased

Today... the residential base is 5 times bigger and the tax rate ratio has increased



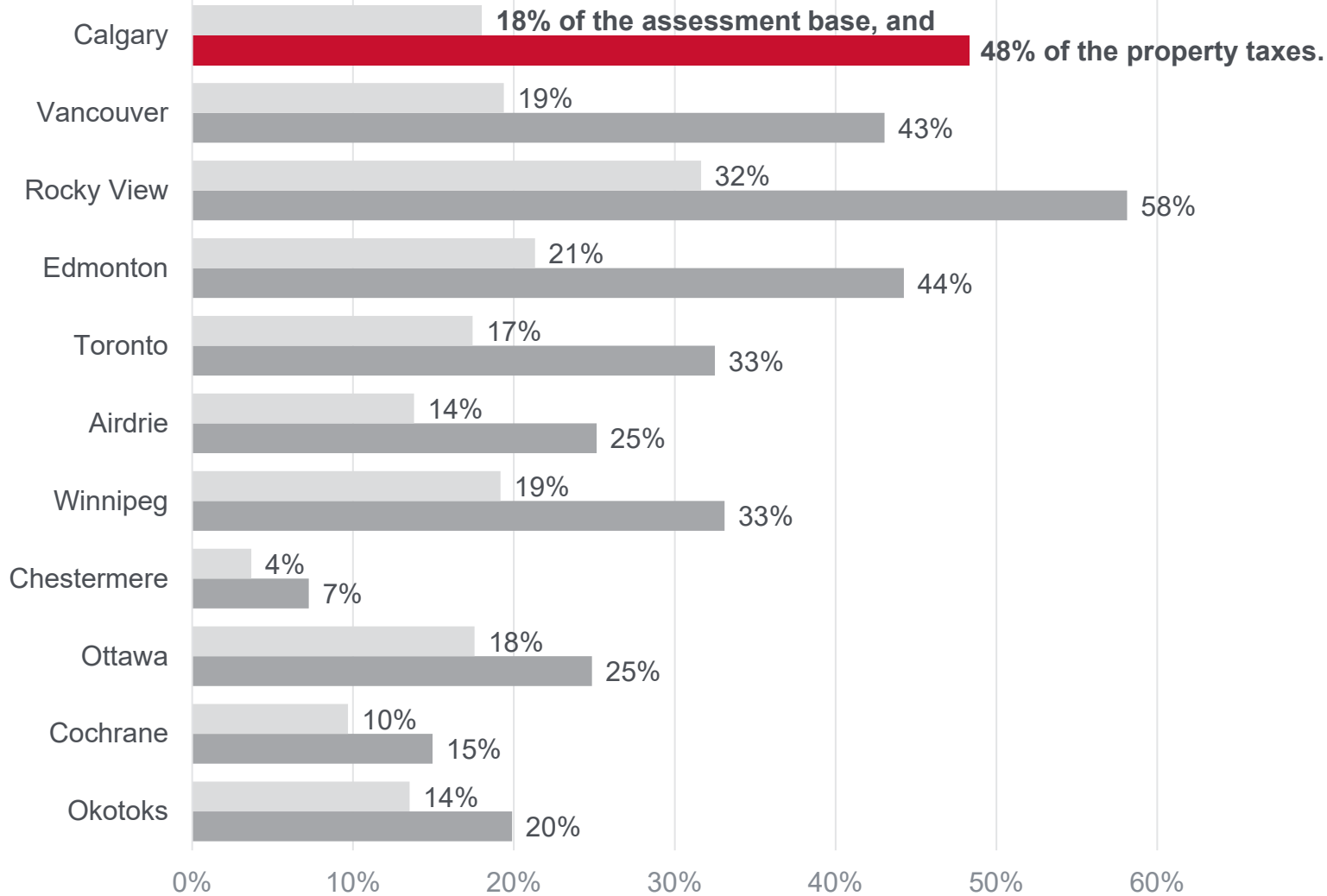
Tax share - the case for making a shift





2023 tax benchmarking

Non-residential properties are responsible for...



That's a tax rate ratio of:

1.00 1.50 2.00 2.50 3.00 3.50 4.00 4.50 5.00

MAX





2024 residential and non-residential tax share recommended shift

Does not include 2024 property tax funded adjustments

	Recommendation Shift 1%
Tax Share (Res/Non-Res)	53:47
Tax Rate Ratio	4.41
Monthly impact for a \$610,000 residential home & % change from 2023	\$4 2.0%
Monthly impact for a \$5.2M non-residential property & % change from 2023	-\$173 -2.2%

These are preliminary estimates and are subject to change.



Cumulative impact on property tax

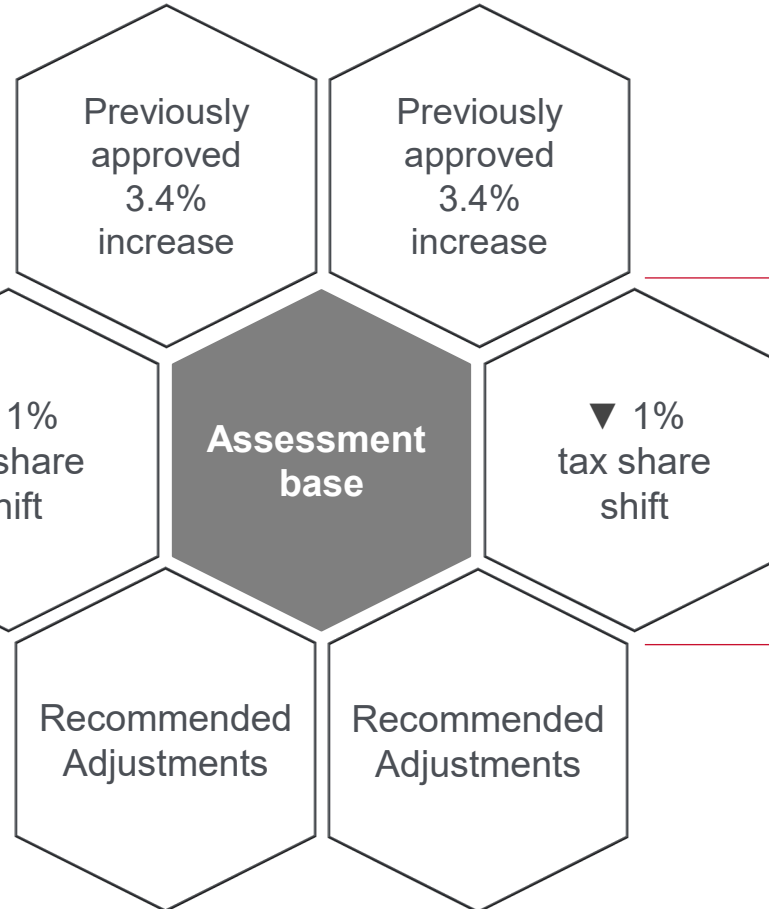
Residential impact

+\$7 per month ▲
+3.4%

+\$4 per month ▲
+2.0%

+\$5 per month ▲
+2.4%

Estimated total ▲ \$16 per month* (7.8%)
based on an assessed value increasing from
\$555K to \$610K



Average impact to all existing properties
5.7%

Non-residential impact

+\$264 per month ▲
+3.4%

-\$173 per month ▼
-2.2%



+\$185 per month ▲
+2.4%

Estimated total ▲ \$277 per month* (3.5%)
based on an assessed value increasing from
\$5.1M to \$5.2M

*Numbers are estimates and subject to change upon finalization of assessments



Combined impact of 2024 proposed budget on a typical residential property

		2023	(recommended) 2024 change
	Municipal property tax per month	\$200	+\$15.58
	Waste & recycling and water utilities per month	\$136	+\$0.48
Total cost for City services		\$336	\$16.06 per month or 4.8%

Municipal property tax amounts are estimates and subject to change upon finalization of assessments.



That Council

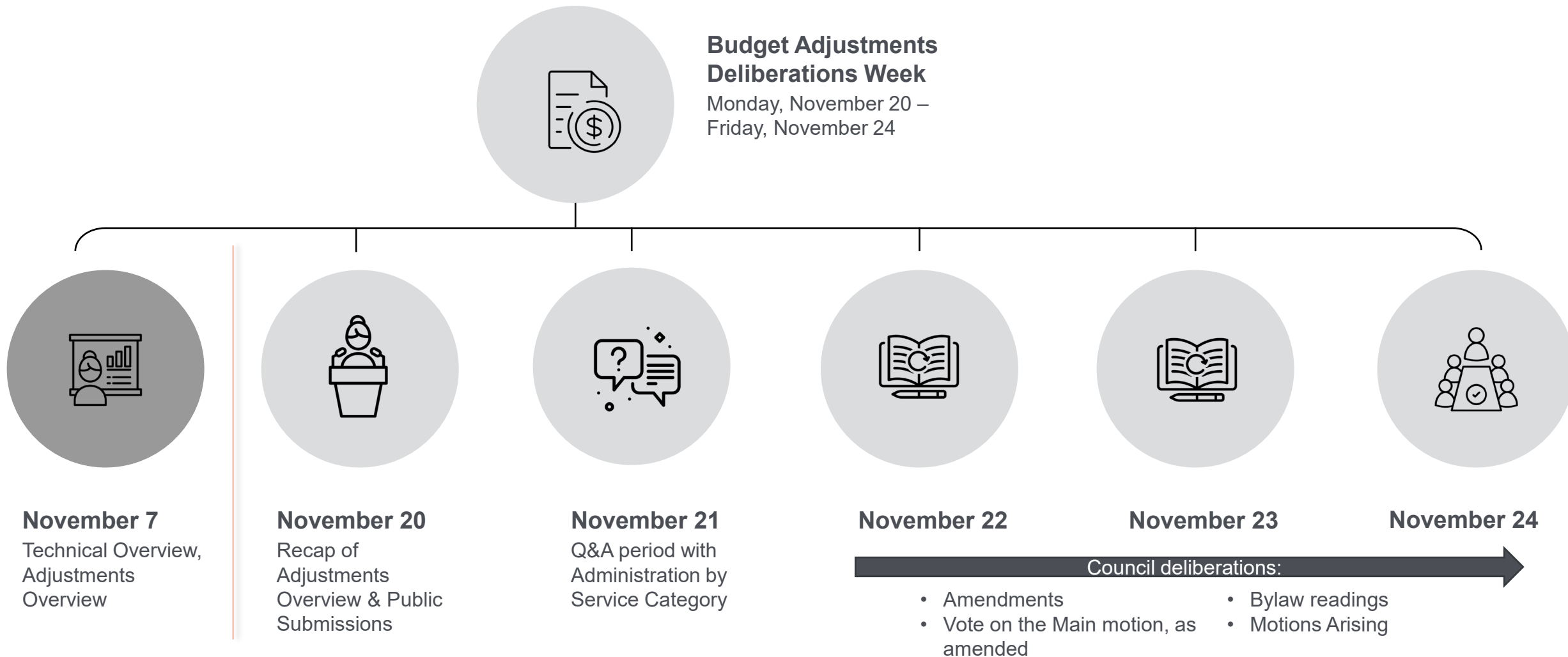
1. Approve the recommendation to account for differential in physical growth (new or redevelopment) between residential and non-residential and shift the tax share from non-residential to residential by 1 per cent per year for the next 3 years (2024 impacts shown in Option B, in Attachment 3).
2. Approve the recommended adjustments to the 2023-2026 Service Plans and Budgets in Attachment 5 and direct Administration to implement the budgetary changes and relevant performance measures necessary to effect those adjustments.
3. Approve the funding recommendations in Attachment 5.
4. For the proposed User Fee and Rate changes in Attachment 6:
 - a. Approve the user fee changes in Attachments 6A-6E; and,
 - b. Give three readings to the bylaw in Attachment 6F.
- a. Approve the Capital Budget Recast in Attachment 7.
 1. Approve the Capital Budget Adjustments in Attachment 8.
 2. Approve the Operating Budget Adjustments with No Net Budget Impact for 2023 in Attachment 9.
 3. Approve the Carry Forward of One-time Operating Budget from 2023 to 2024 in Attachment 10.
 4. Approve the contribution of Police Services' Community Safety Investment Framework 2023 favourable variance of up to \$7.5 million to the Calgary Police Service Court Fine Revenue Operating Reserve and a corresponding one-time budget increase in 2024 to be used to fund the Police Services 2024 Community Safety Investment Framework expenditures.
5. Authorize the Public Transit service to access funding in 2024 for the unspent portion of the previously approved \$32 million from the Fiscal Stability and Operating Budget Savings Account Merged Reserve (originally authorized as a recovery for 2023 only).
6. Approve the Performance Measures changes in Attachment 11.
7. For the Compost Expansion Borrowing Bylaw 11B2023 in Attachment 12:
 - a. Give first reading to Bylaw 11B2023 (Attachment 12), being the proposed bylaw to repeal and replace Bylaw 11B2021 authorizing the increase of the amount of borrowing for the Project from the maximum amount of \$30 million to \$55.63 million; and,
 - b. Withhold second and third readings until the advertising requirements set out in the *Municipal Government Act*, RSA 2000, c. M-26, have been met.



2023 November Adjustments: Budget deliberations week



2023 November Adjustments: Overview





2023 November Adjustments: Overview and Anticipated Timeline

