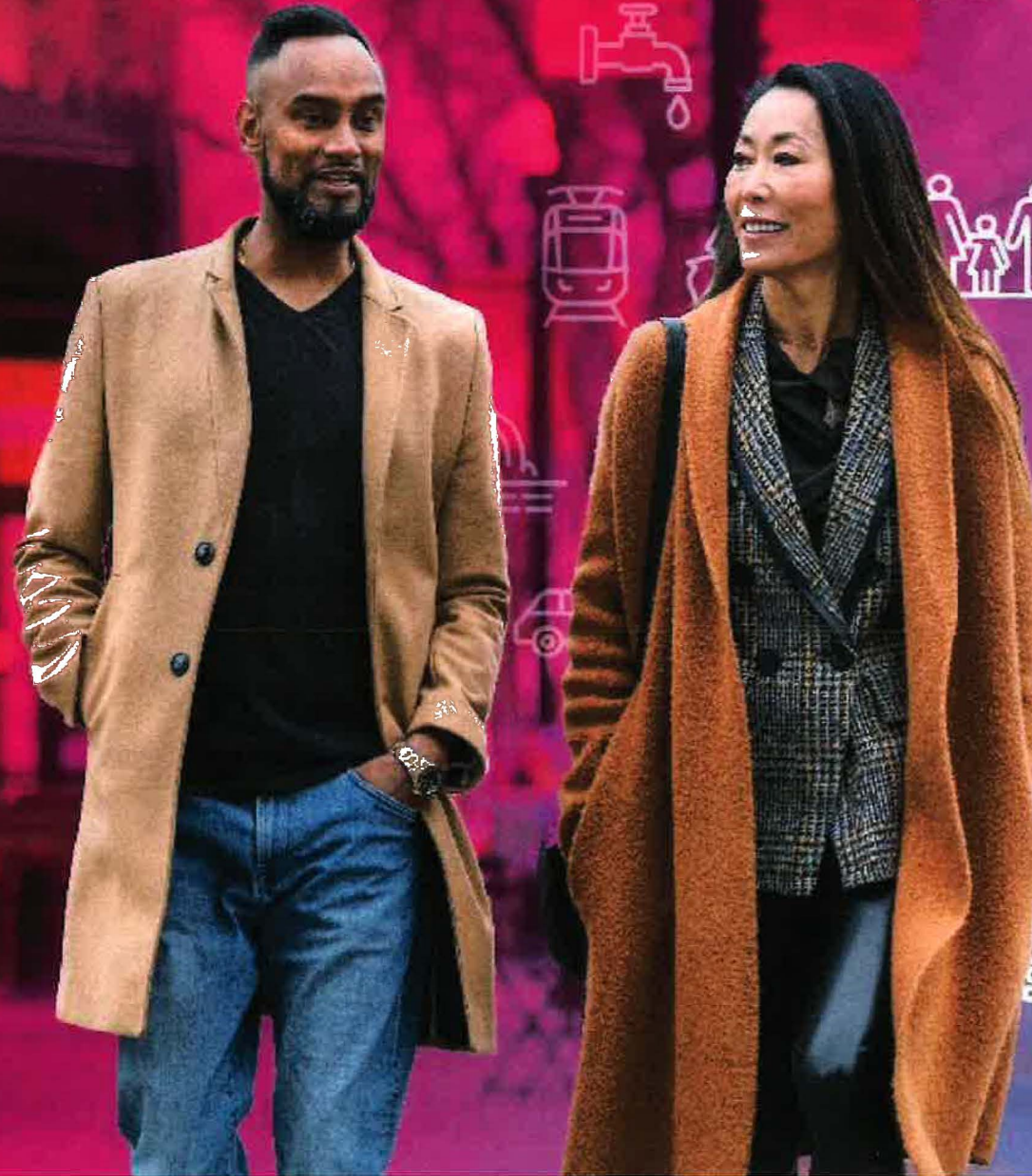
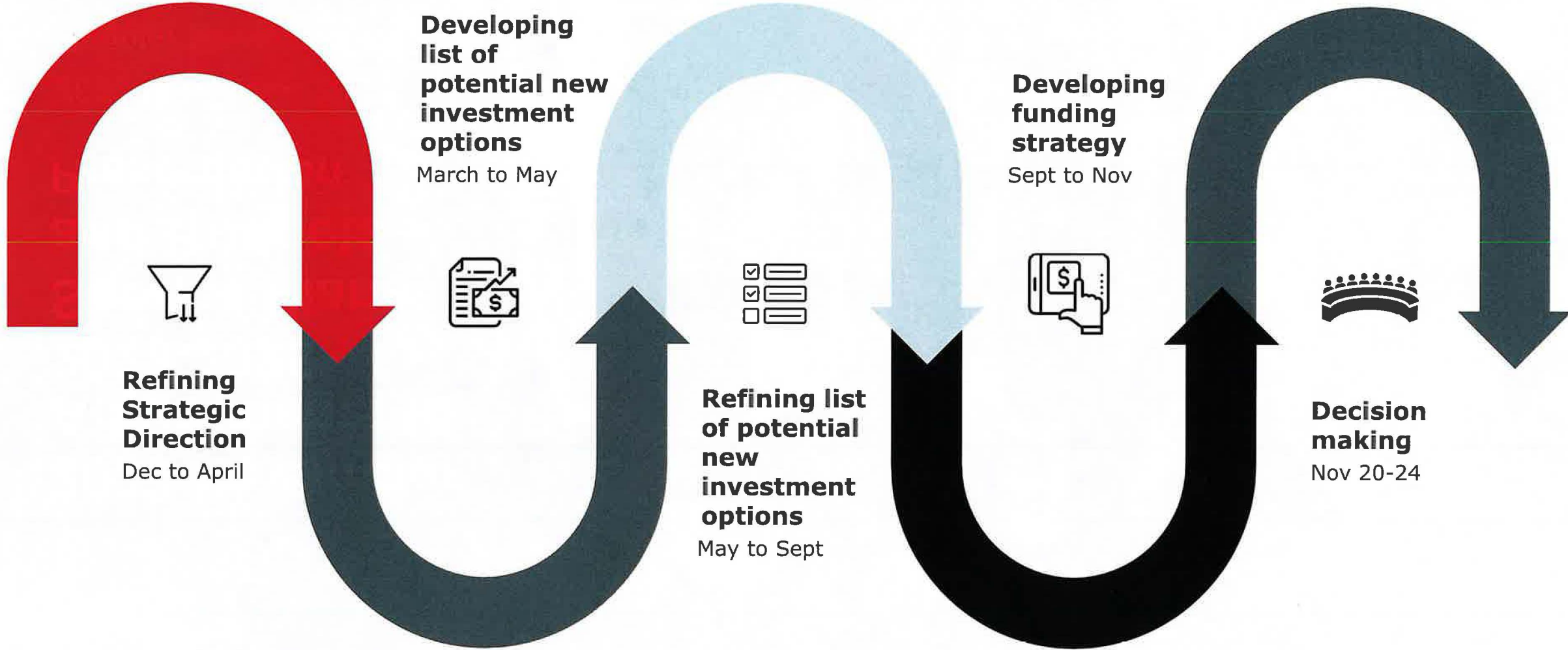


2023 November Adjustments to 2023-2026 Service Plans and Budgets – Presentation

2023 November 20
Regular Meeting of Council



Administration's monthly strategic discussions with Council have guided investment recommendations



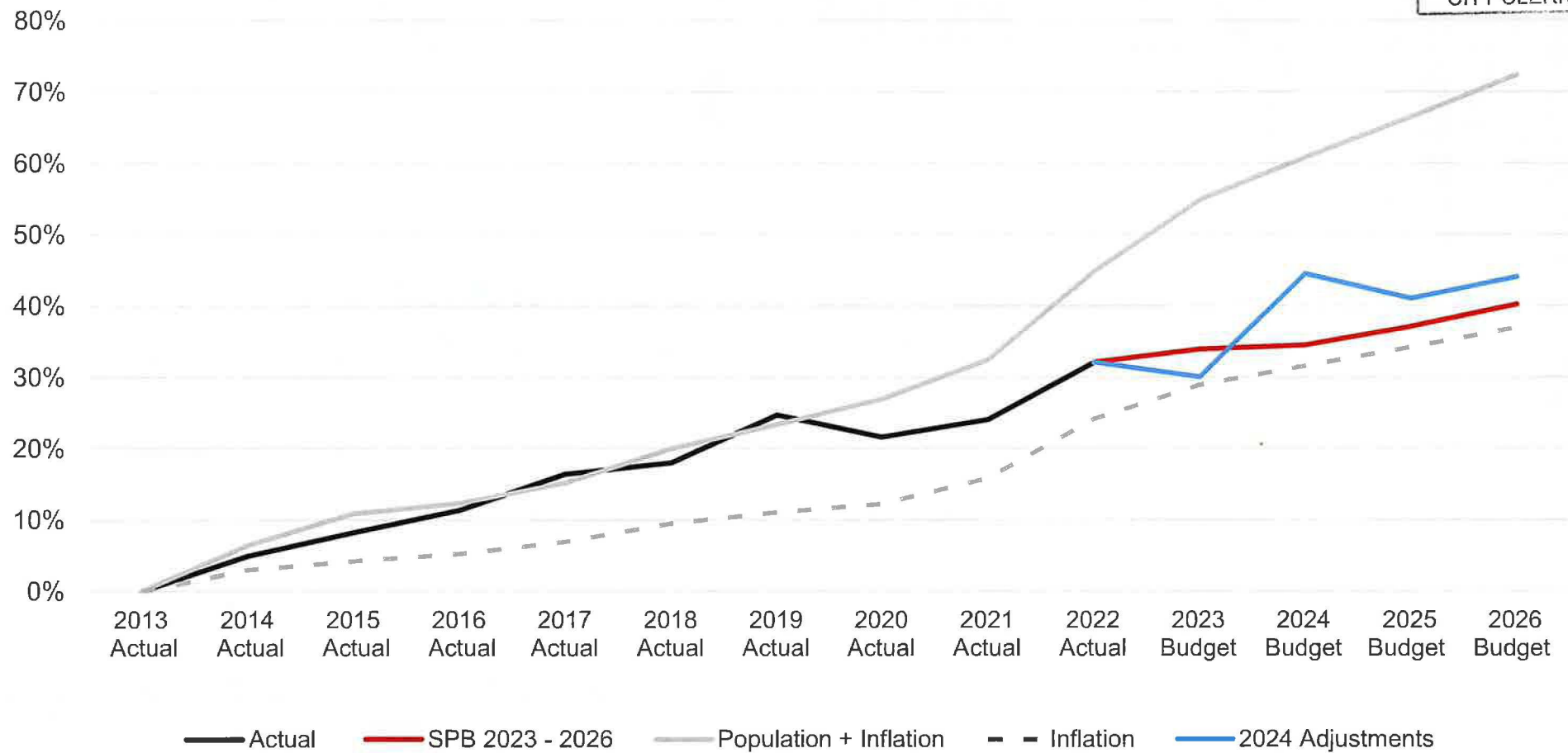


The City has performed exceedingly well over the last decade for keeping spending in line with population and inflation growth

C2023-1148
Distribution #1

CITY OF CALGARY
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ITEM: 9.3.1- C2023-1148
Distrib-Presentation 1
CITY CLERK'S DEPARTMENT

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



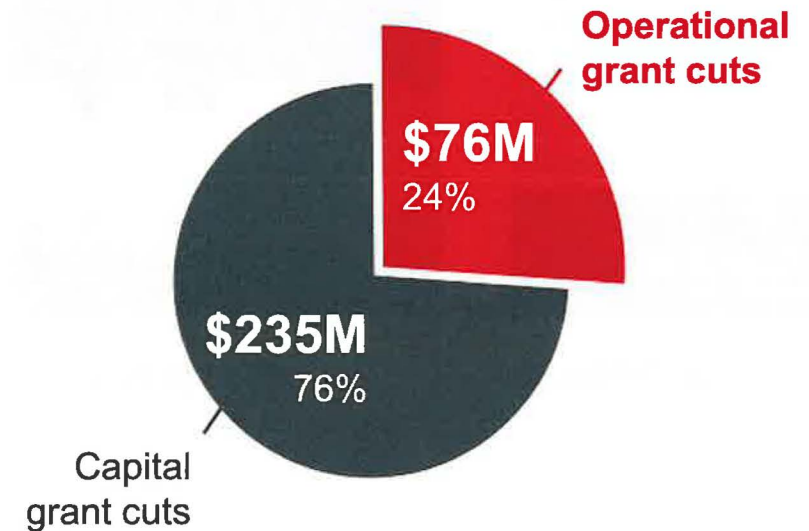


Calgary has had low tax increases relative to other major Canadian cities



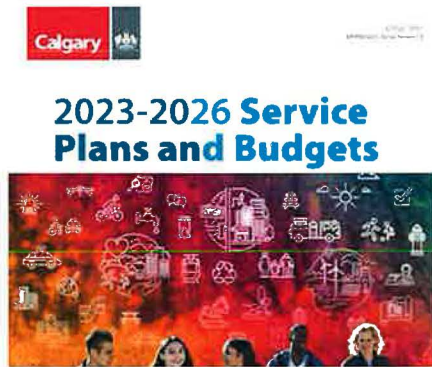
The result of added responsibilities on municipalities

Downloading has both capital and operating impacts



Municipalities are facing budget pressures in 2024

Calgary



5.7%
proposed tax increase

Edmonton



7.09%
proposed tax increase

Ottawa



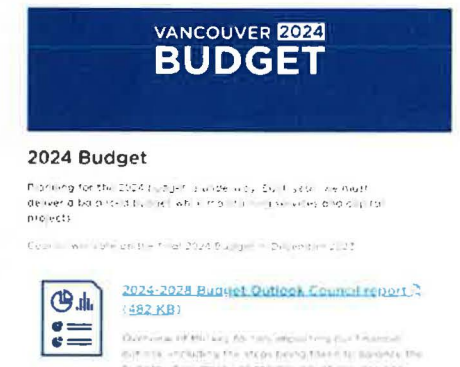
2.5%
proposed tax increase

Montreal



4.6%
proposed tax increase

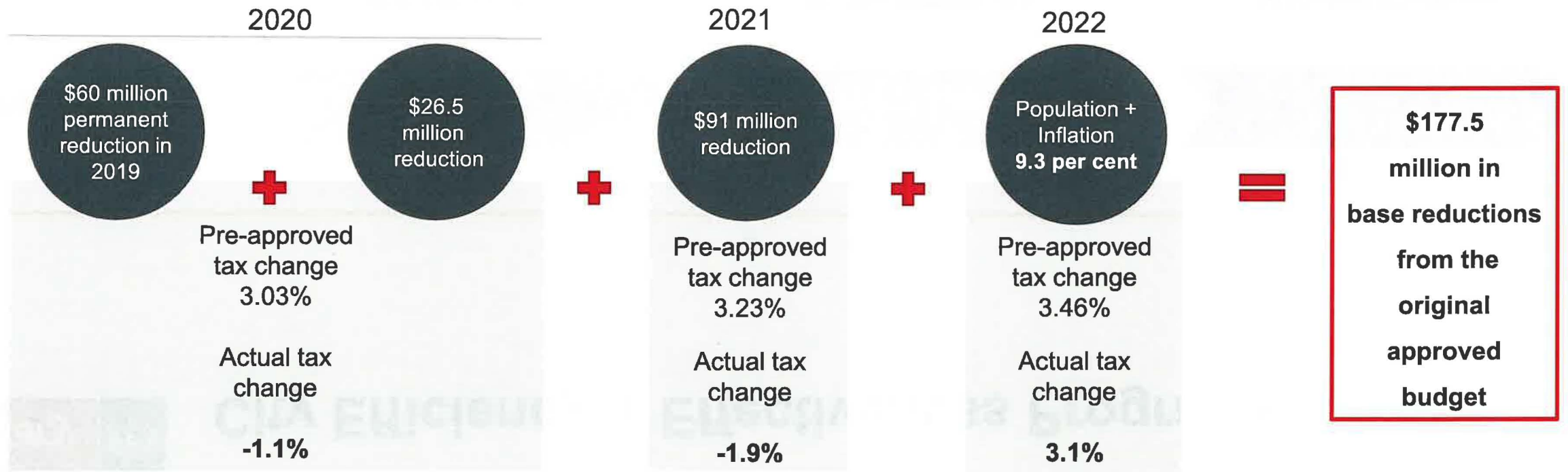
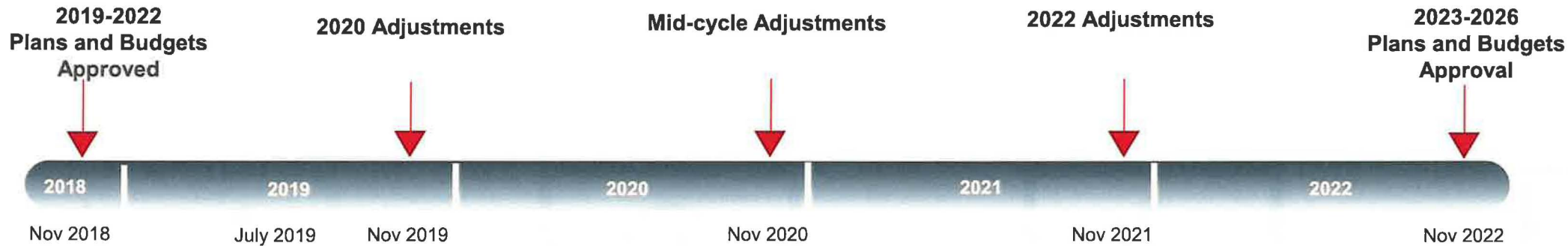
Vancouver



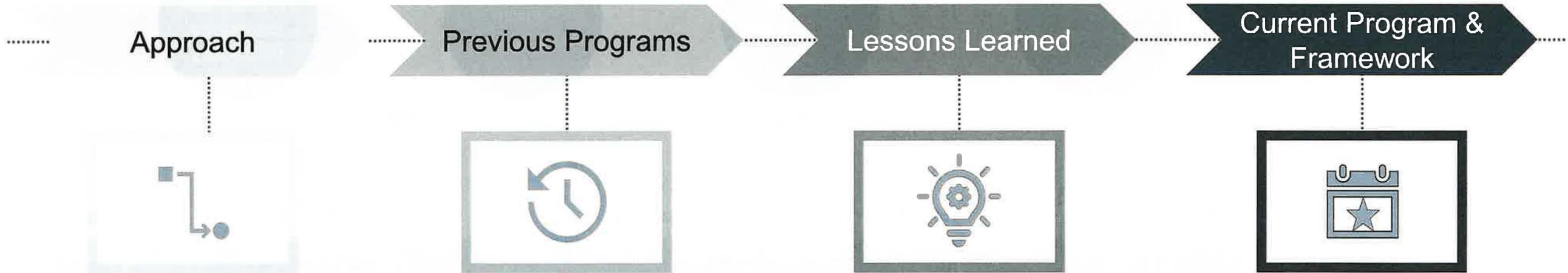
9%
tax increase required in
2024 budget outlook

Other larger Canadian municipalities – like Toronto, Winnipeg, Mississauga, Brampton, Hamilton, Quebec City and Halifax – will release proposed 2024 budgets in the coming months.

Multiple years of striving for cost savings



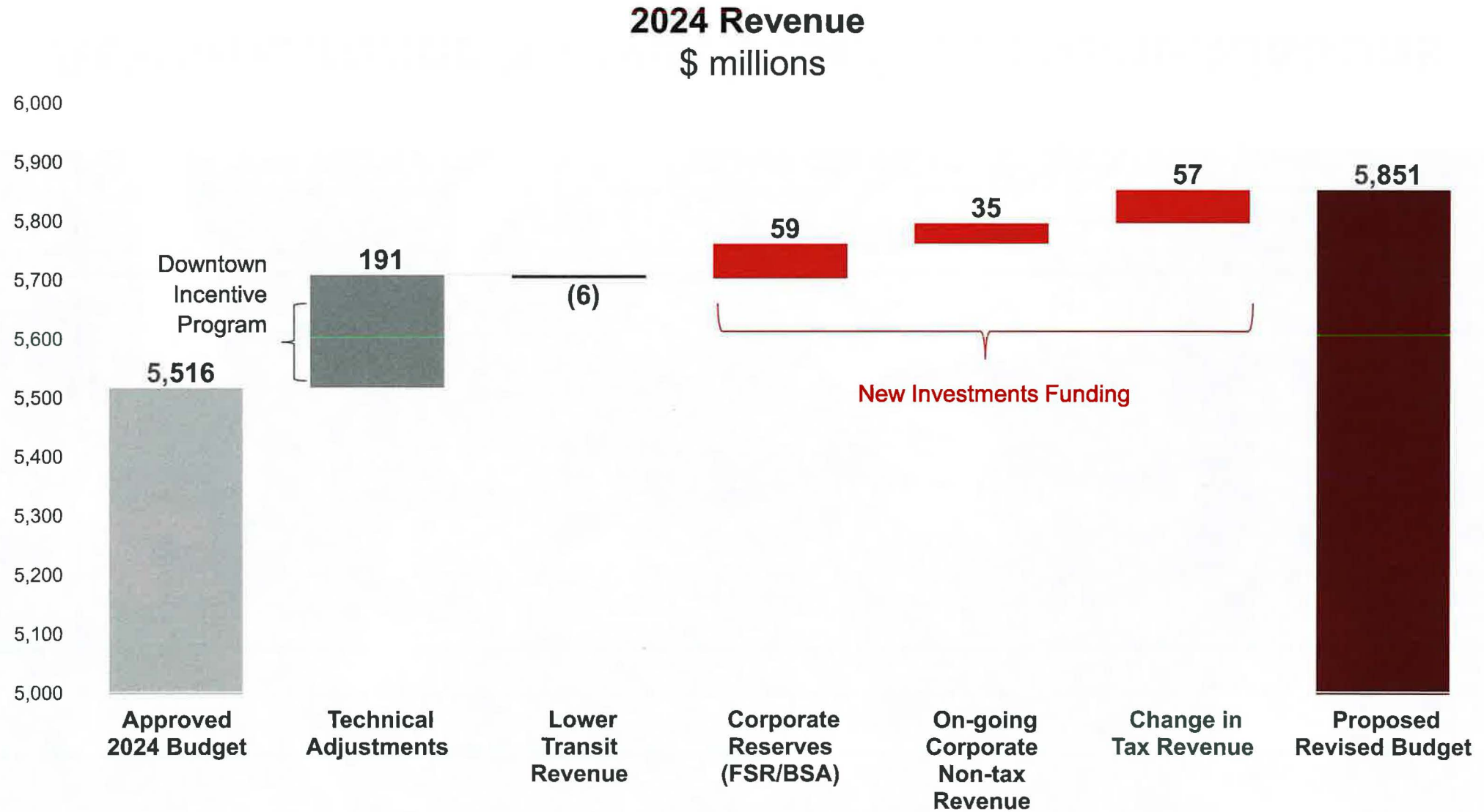
City Efficiency & Effectiveness Programs





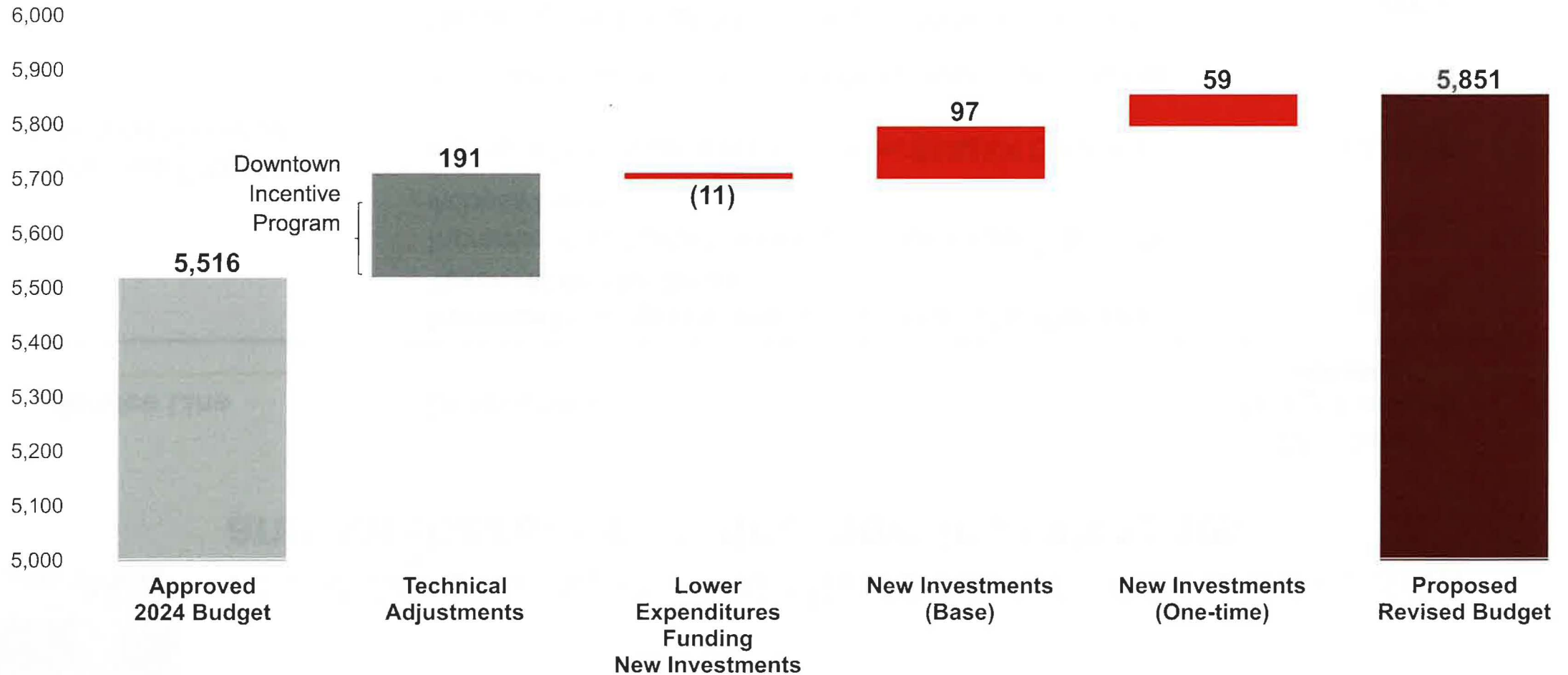
Administration's investment recommendations

2024 Operating Revenue



2024 Operating Investments

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





Funding strategies for the recommended on-going annual (base) operating new investments

Service Line	Description	2024 Base Budget Impact (\$000's)
Corporate Programs – Common Revenue	Increase in budgeted revenue to account for Property Taxes related to Growth	(5,000)
	Increase in budgeted revenue for Franchise Fees/Local Access Fees	(15,000)
	Increase in budgeted revenue from ENMAX Dividend	(10,000)
	Increase in budgeted revenue from Investment Income	(10,000)
	Reducing the budgeted contribution to reserves from Investment Income	(10,000)
City Planning and Policy	Reducing tax supported budget	(1,000)
Total 2024 On-going Annual (base) Operating Budget Impact		(51,000)

Note: The balance of the recommended on-going annual (base) operating investments of \$51,528 would be funded by a property tax increase

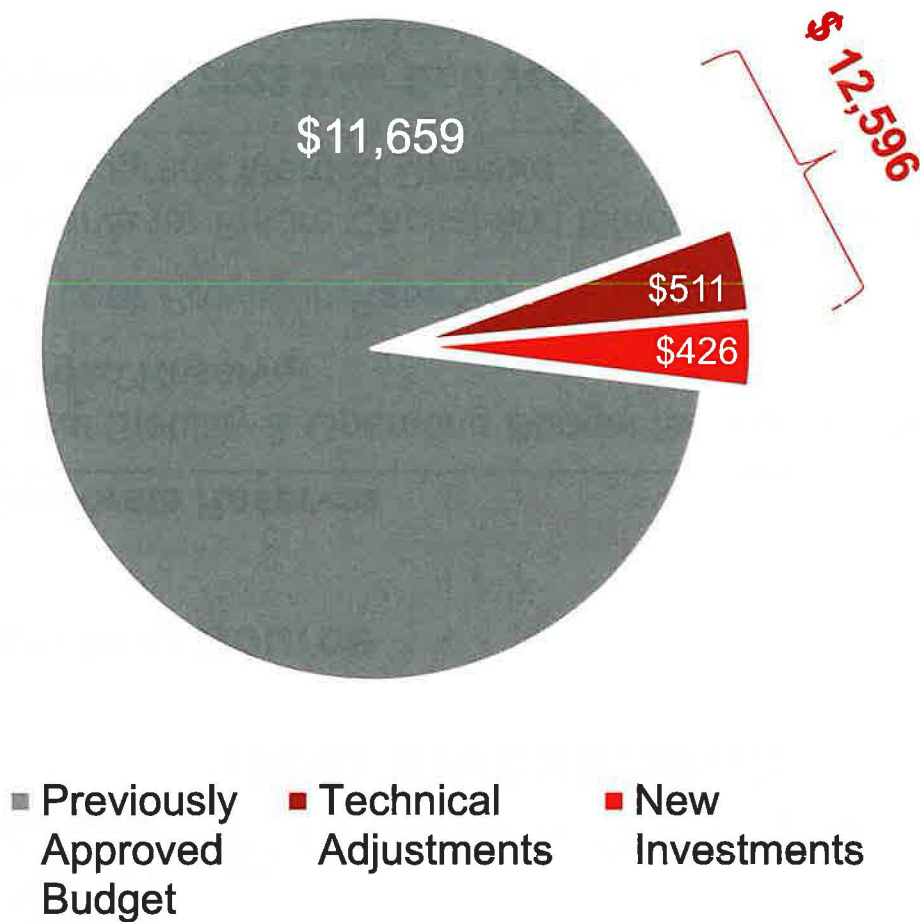


Funding the proposed one-time operating and capital new investments

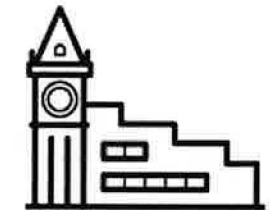
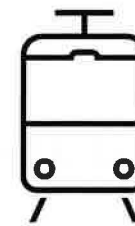
Funding Source	New Investment Allocation (\$000s)		
	Capital	One-Time	Total
Corporate Reserves			
Fiscal Stability & Operating Budget Savings Account Merged Reserve	18,780	69,220	88,000
Tax Loss Provision Reserve	6,000	-	6,000
Reserve for Future Capital and Lifecycle Maintenance and Upgrade Merged Reserve	136,039	-	136,039
Estimated 2023 Year End Variance			
Operating	100,000	-	100,000
Capital	165,000	-	165,000
Total Funding Allocated to New Investments (Capital/One-Time Operating)	425,819	69,220	495,039

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 new property tax funding required.



Intentional Management of Capital Funds

Budget Recast:

- Done to adjust cash flows to design and construction timing
- Experiencing delivery delays due to supply disruptions, inflationary pressures and resourcing challenges
- Design, scope and cost reviews can factor into recast
- Waiting to leverage dollars from third parties

Recasted funds are required to complete council approved investments. New capital investments options require new funding.

Improvement Initiatives:

- Improvements in cost estimating and cash flows
- Advancements in project and program contingency management
- Ongoing budget reviews and budget relinquishments
- Increased advocacy for third party funding





Balancing tax responsibility between residential and non-residential properties

Calgary's assessment base over time

In 2014... the residential base was 2.8 times larger 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

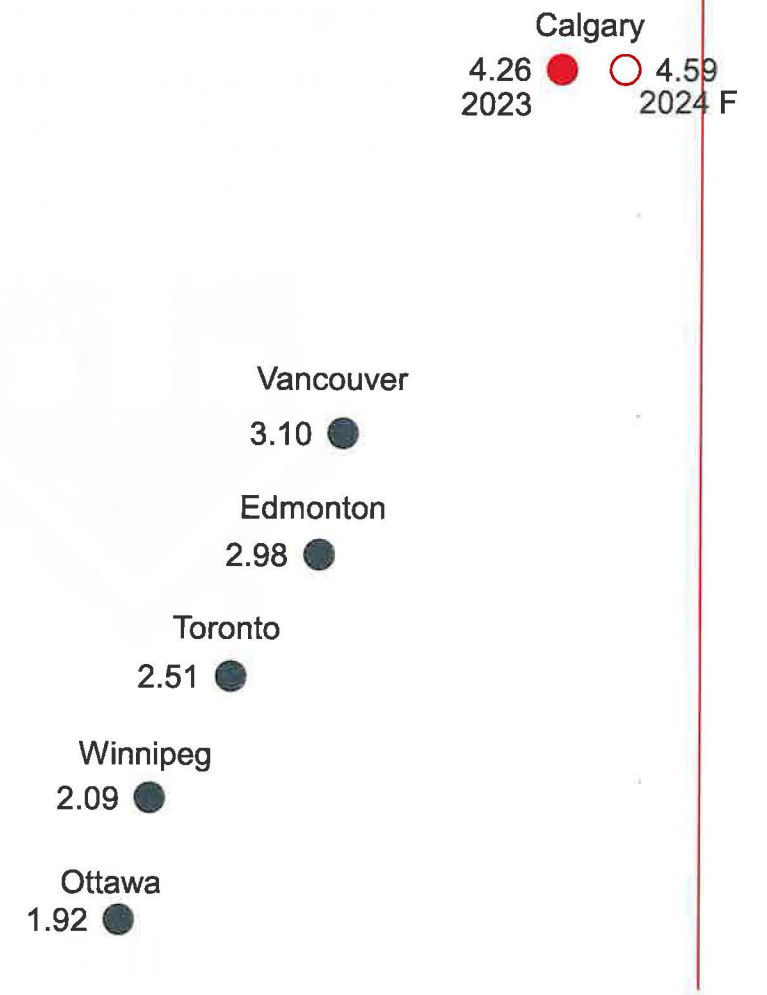
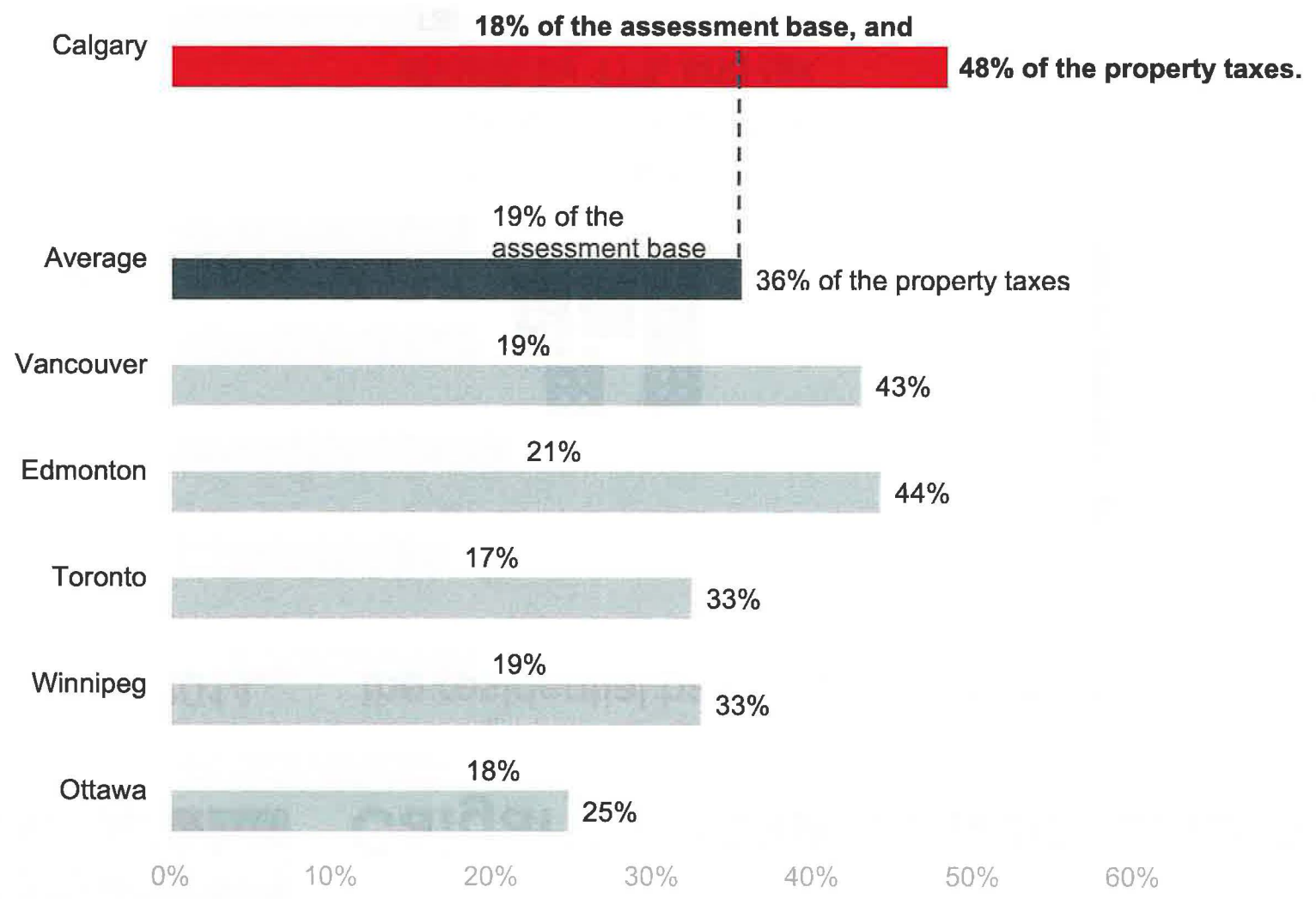
Today... the residential base is 5 times larger and the tax rate ratio has increased



2023 tax benchmarking

That's a tax rate ratio of: MAX
1.00 1.50 2.00 2.50 3.00 3.50 4.00 4.50 5.00

Non-residential properties are responsible for...



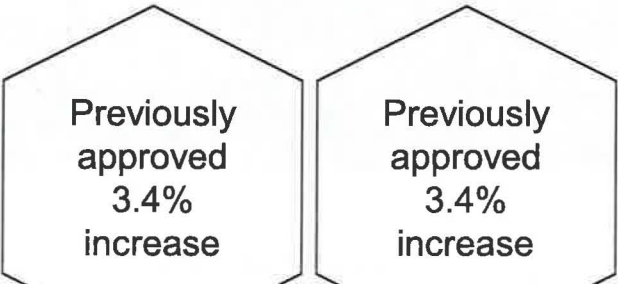
Cumulative impact on property tax

Residential impact

Non-residential impact

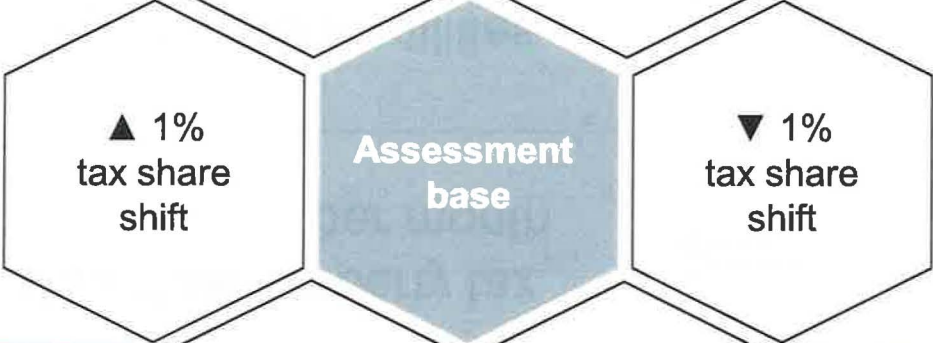
+\$7 per month ▲
+3.4%

+\$264 per month ▲
+3.4%



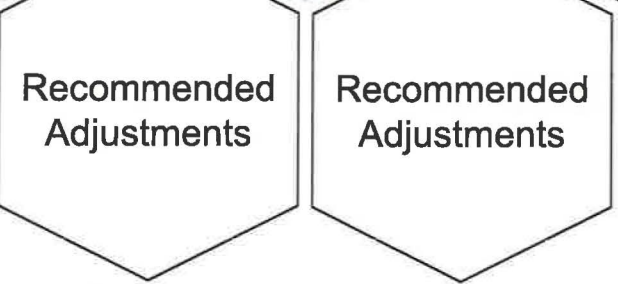
+\$4 per month ▲
+2.0%

-\$173 per month ▼
-2.2%



+\$5 per month ▲
+2.4%

+\$185 per month ▲
+2.4%




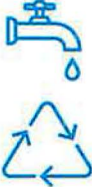
Estimated total ▲ \$16 per month* (7.8%)
based on an assessed value increasing from \$555K to \$610K

Average impact to all existing properties
5.7%

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.

Myth



Property assessment values going up increases The City's revenue.



Capital projects like the Event Centre result in a property tax increase.



The City's tax-supported budget has grown beyond inflation and population over the last 10 years.

Fact



Assessment value changes to existing properties do not result in changes to the overall revenue that we collect. Property assessments redistribute property taxes within the city based on an individual property assessment change versus the typical change.



We budget for capital projects differently than our reoccurring operating expenses. None of the current funding sources identified for the Event Centre will result in an increase in property taxes or new debt to The City.



Inflation and population growth have increased our budget naturally over time. Over the last 10 years, Calgary's population and inflation has grown by 55% while our tax-supported operating expenditures have grown by 25%.

Recommendations

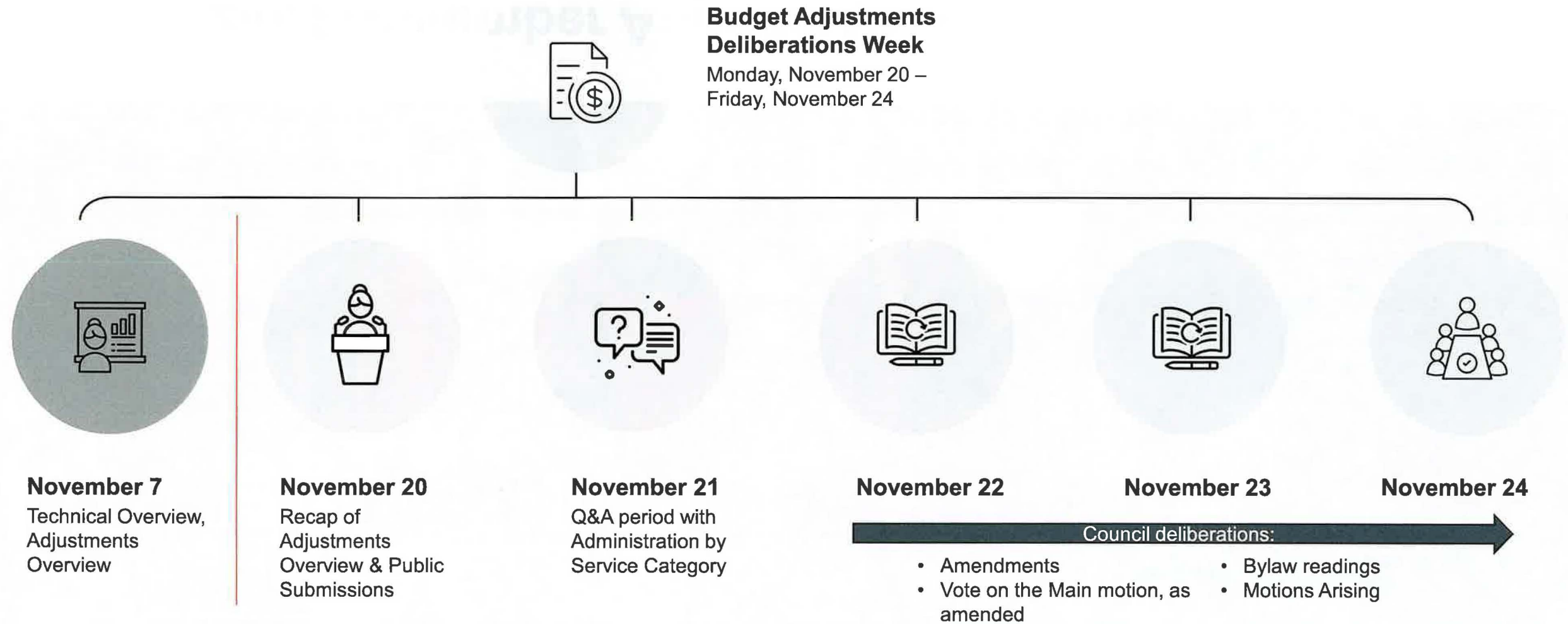
That Council

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.
5. Approve the Capital Budget Recast in Attachment 7.
6. Approve the Capital Budget Adjustments in Attachment 8.
7. Approve the Operating Budget Adjustments with No Net Budget Impact for 2023 in Attachment 9.
8. Approve the Carry Forward of One-time Operating Budget from 2023 to 2024 in Attachment 10.
9. 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.
10. 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).
11. Approve the Performance Measures changes in Attachment 11.
12. 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

