



Report Number: EC2024-0371

Meeting: Executive Committee

Meeting Date: 2024 March 12

NOTICE OF MOTION

RE: Managing the Costs Linked to Downloading of Provincial Responsibilities to Municipalities

Sponsoring Councillor(s): Councillor Demong

WHEREAS:

According to the 2023 Municipal Funding Gap report (Attachment 1), The City of Calgary has experienced persistent cuts to capital and operating funding from the Government of Alberta, resulting in an annual shortfall of \$311 million;

Alberta Municipalities and The City of Calgary have clearly outlined that the Government of Alberta's Local Government Fiscal Framework (LGFF) does not account for population growth and inflation, with a shortfall of \$1 billion in the allocation for all municipalities;

Despite a provincial campaign promise to examine how municipalities could keep more of the property taxes collected locally for important projects and services in communities, the Government of Alberta is instead taking \$94.1 million more from Calgarians' property taxes in 2024 (a 12% increase);

The provincial government has not only reduced the capital and operating funding municipalities receive annually, they have also downloaded several streams of service to municipalities that are in fact provincial responsibilities, including housing, emergency response and mental health programs;

The City of Calgary is now expected to cover the cost of downloaded services and missing provincial funding through property taxes collected, or through other funding streams like investment income or interest, user fees or the utility dividend; and

Because Calgarians deserve a strong quality of life with consistent services and amenities, The City of Calgary must find the means to make up for the funding shortfall created by the Government of Alberta.

NOW THEREFORE BE IT RESOLVED THAT:

1. Council directs Administration to engage with the Ministry of Municipal Affairs to discuss their response to The City of Calgary's Municipal Funding Gap report, and request the Mayor send a letter to the Minister of Municipal Affairs seeking his perspective on ways to address the funding gap.
2. To better understand The City of Calgary's financial position and address the funding shortfall from the Government of Alberta, Council directs Administration to utilize the 2024 April 30 Regular Meeting of Council (following the submission of audited year-end financial statements to Audit Committee and the Year End Performance Report to Executive Committee) to bring the following information:
 - a. An estimated update of the annual operating and capital provincial funding gap;
 - b. The amount of the ENMAX dividend for 2023, the timing of when it will be paid out, and the amount (if any) that is greater than the estimates from November 2023 that informed the 2024 approved budget;

- c. The amount collected in Local Access Fees (LAF) for 2023, and the amount (if any) that is greater than the estimates from November 2023 that informed the approved 2024 budget; and
 - d. The amount of any 2023 positive operating variances by service, as well as the reasons for variances.
3. In order to address The City of Calgary's funding shortfall from the Government of Alberta, Council directs Administration to prepare recommendations for the 2024 April 30 Regular Meeting of Council to:
- a. Commit to reductions to the 2025 base budget correlated with services that have created efficiencies in the 2023 operating budget, or redeployment of the funds achieved through efficiencies; and
 - b. Direct any 2023 ENMAX dividend amount, additional 2023 LAF amounts collected, and any other 2023 positive variance not already committed in the 2024 budget to the Fiscal Stability Reserve, committing those funds to inflationary or market pressures on existing capital projects.

Attachment(s):

1. 2023 Municipal Funding Gap Report
2. Notice of Motion Checklist