



Strategic Approach to Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets

EC2024-0111
2024 February 13

CITY OF CALGARY
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Previous Council Direction

In 2022 December, Council requested the addition of a standing agenda item on service plans and budgets at Executive Committee.

In 2023 December, Council participated in a debrief session on the 2023 November Adjustments to the 2023-2026 Service Plans and Budgets and directed Administration to incorporate it into the plan and schedule for Mid-Cycle Adjustments to Service Plans and Budgets.

On 2024 January 30, Council adopted a Motion Arising directing Administration to:

1. Dedicate the 2024 February 13 Executive Committee standing agenda item entitled “Strategic Discussion on Building and Delivering on Plans and Budgets” towards confirming the intent of Council to seek service efficiencies for the 2025 Mid-Cycle Adjustment deliberations;
2. Leverage subsequent Executive Committee standing agenda items entitled “Strategic Discussion on Building and Delivering on Plans and Budgets” to confirm the impact of Council’s 2024 February 13 direction on service levels to Calgarians for the 2025 year; and
3. Ensure a final version of the service level changes is made public by end of September 2024 once Council discussions have concluded, in order to inform the 2025 Mid-Cycle Adjustment deliberations in 2024 November.

Purpose of this report

1

Approve the plan and schedule for the 2025 Mid-Cycle Adjustments.

2

Confirm the intent of Council to seek service efficiencies for the 2025 Mid-Cycle Adjustment deliberations





Highlights

- The recommended plan and schedule supports better governance because it enables:
 - Council to give early direction (including regarding savings, efficiencies and investments) allowing more time for Administration to develop good solutions to achieve the desired changes;
 - A thoughtful, iterative approach that balances a stable plan with the need for flexibility to adapt to changing circumstances;
 - More open sessions, allowing the public to be brought along throughout the year;
- Council's refined strategic direction was approved in 2023 April and the Mid-Cycle Adjustments schedule provides opportunities to further refine it through confirming measurable results for the priorities and result areas. This will allow Administration to be nimbler in delivering for Calgarians.



Plan and schedule for the Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets

Public Communication



| To inform | To determine | To discuss | To determine | To determine | To discuss | To inform | To info | To decide |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> Reflect on what we heard at the December 19 debrief Overview of planning and budgeting process | <ul style="list-style-type: none"> Approve plan and schedule for the Mid-cycle Adjustments to the 2023-2026 Service Plans and Budgets Preliminary direction regarding savings, efficiencies and/or investments | <ul style="list-style-type: none"> Review community indicators and metrics related to Administration's progress in advancing and implementing Council priority areas and significant milestones. | <ul style="list-style-type: none"> Financial and economic review and forecast A preview on Municipal Fiscal Gap update Service and performance level discussion Continuous improvement overview | <ul style="list-style-type: none"> Workshop to review Administration's suggested adjustments Discussion on corresponding financial capacity and service level impacts Finalizing the direction regarding savings, efficiencies and/or investments Municipal Fiscal Gap update | <ul style="list-style-type: none"> Opt-in meetings for Councilors to discuss Mid-Cycle Adjustments information with Administration | <ul style="list-style-type: none"> Preview of the Mid-cycle Adjustments investment/reduction business cases including financial data | <ul style="list-style-type: none"> 2025 Preliminary Assessment Roll and Related Estimates | <ul style="list-style-type: none"> Public release of full Mid-Cycle Adjustments package (Nov 5) Public submissions Administration Q&As Council deliberates the Mid-cycle Adjustments package |

*Water utility and Waste and Recycling Service rates timing is to be confirmed

When

Conversation

Q1

March 18
Strategy Session

Review how the community is doing in Council's refined priority areas, share metrics Administration will use to monitor progress on new investments and discuss the appropriate metrics to prioritize during the preparation of Mid-Cycle Adjustments

Q2

April 16
Executive Committee

Share 2023 performance progress and identify opportunities to adjust service and performance levels in line with priorities and funding direction for Mid-Cycle Adjustments

Other areas of focus will include:

- Financial and economic review and forecast
- A preview on Municipal Fiscal Gap update
- Continuous improvement overview

Q3

September 4
Executive Committee

Share performance progress for the first half of 2024, including preliminary performance on 2023 November's investments, as an input to support the Mid-Cycle Adjustments Preview discussion on 2024 September 16

Examples related to housing

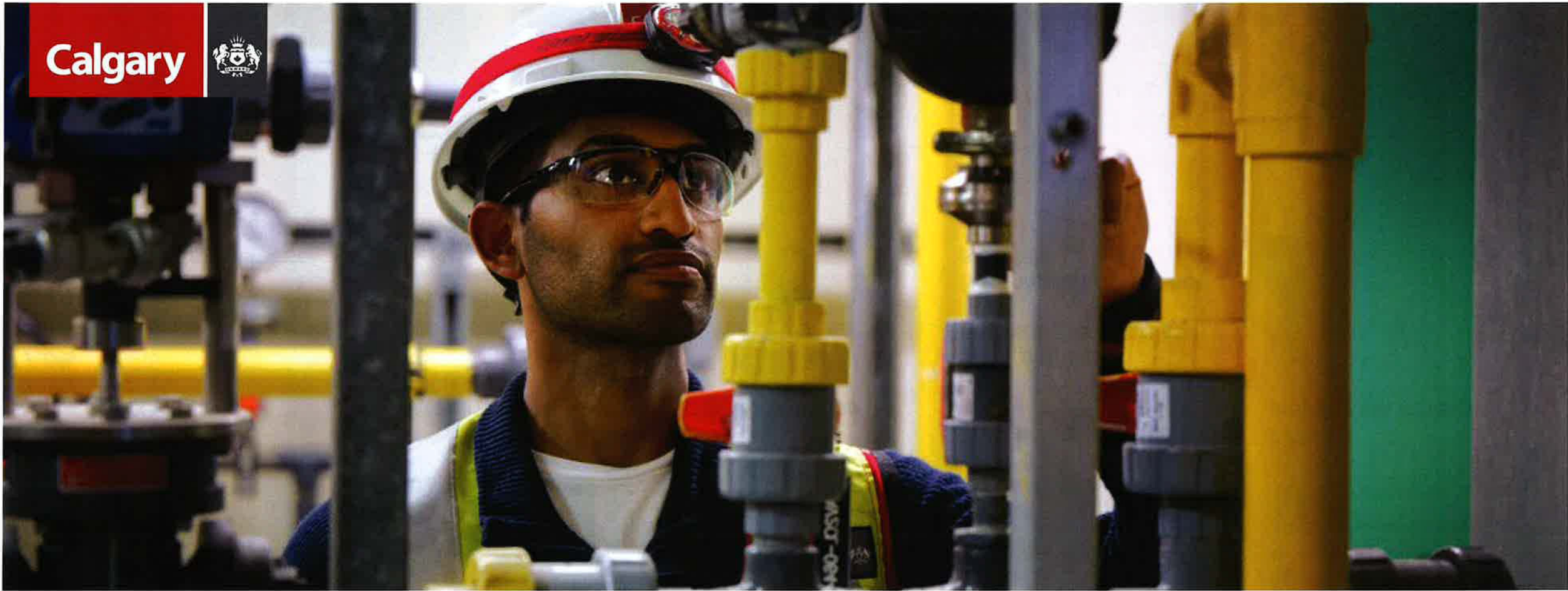
Community indicators:

- Total housing starts.
- Calgary households in housing need.
- Percentage of population living in affordable housing.



Performance measures:

- Number of new City-owned affordable units developed through leveraged federal or provincial funding.
- Number of new affordable units planned for development by non-market housing providers that are supported through City initiatives.



Confirming Council's intent to seek service efficiencies for the 2025 Mid-Cycle Adjustment deliberations

Municipalities are facing budget pressures in 2024

Calgary



5.7%
property tax increase

7.8%
residential tax increase

3.6%
non-residential tax increase

Edmonton



6.6%
property tax increase

Ottawa



2.5%
property tax increase

Toronto



Overall rate not reported

9.5% *proposed*
residential tax increase

Non-residential rate not reported

Vancouver



7.5%
property tax increase



Budgeted Revenues

| \$ millions | 2023 | 2024 | 2025 | 2026 |
|---------------------------------------------------|----------------|----------------|----------------|----------------|
| Property Tax Revenue | 2,146.8 | 2,306.2 | 2,419.2 | 2,525.0 |
| <i>Property tax: Base</i> | 2,026.6 | 2,146.8 | 2,306.2 | 2,419.2 |
| <i>Property tax: Growth</i> | 46.0 | 34.2 | 29.2 | 29.4 |
| <i>Property tax: change to existing taxpayers</i> | 74.2 | 125.1 | 83.8 | 76.4 |
| Non-Tax Revenue | 2,421.0 | 2,714.0 | 2,477.6 | 2,478.5 |
| Total City Revenue | 4,567.8 | 5,020.2 | 4,896.8 | 5,003.5 |

Figures are estimates and subject to finalization



Tax Revenues and Impacts



Residential



Non-Residential



Total

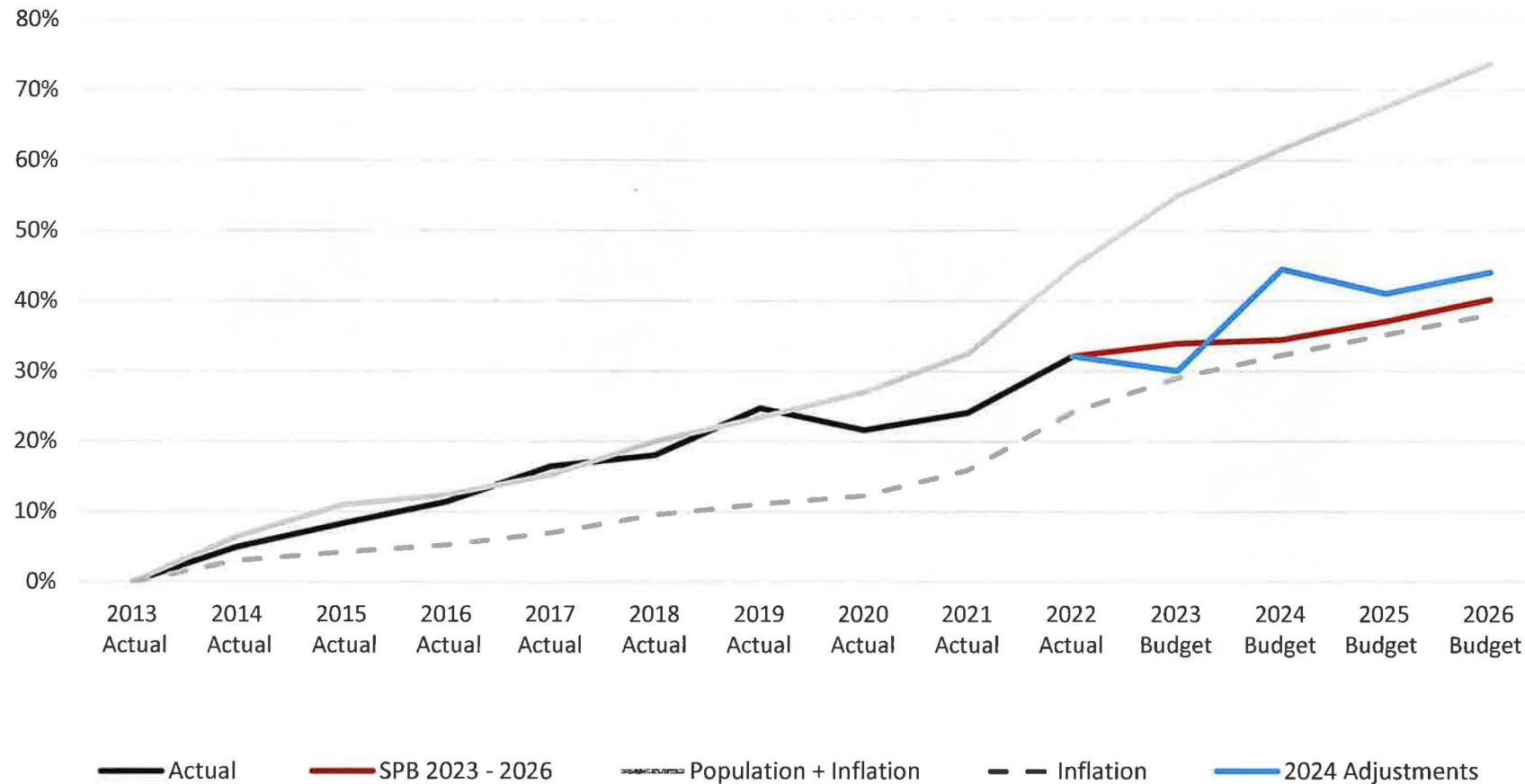
| | 2024 | 2025 | 2026 | 2024 | 2025 | 2026 | 2024 | 2025 | 2026 |
|---------------------------------------------------|------------------------------|---------|---------|--------------------------------|----------|----------|---------|---------|---------|
| Total Property Tax Revenues in Millions | \$1,226 | \$1,313 | \$1,398 | \$1,080 | \$1,106 | \$1,127 | \$2,306 | \$2,419 | \$2,525 |
| Tax Share | 53% | 54% | 55% | 47% | 46% | 45% | | | |
| Tax Rate Ratio | 4.37 | TBD | TBD | 4.37 | TBD | TBD | | | |
| Tax Rate | 0.0042270 | TBD | TBD | 0.0184642 | TBD | TBD | | | |
| | Assessment: \$610,000 | | | Assessment: \$5,270,000 | | | | | |
| Illustrative Property Annual Municipal Tax | \$2,579 | \$2,721 | \$2,857 | \$97,306 | \$98,668 | \$99,556 | | | |
| Change \$/mo | \$16 | \$12 | \$11 | \$277 | \$114 | \$74 | | | |
| Change % | 7.8% | 5.5% | 5.0% | 3.6% | 1.4% | 0.9% | 5.8% | 3.6% | 3.1% |

*Figures are estimates and subject to finalization

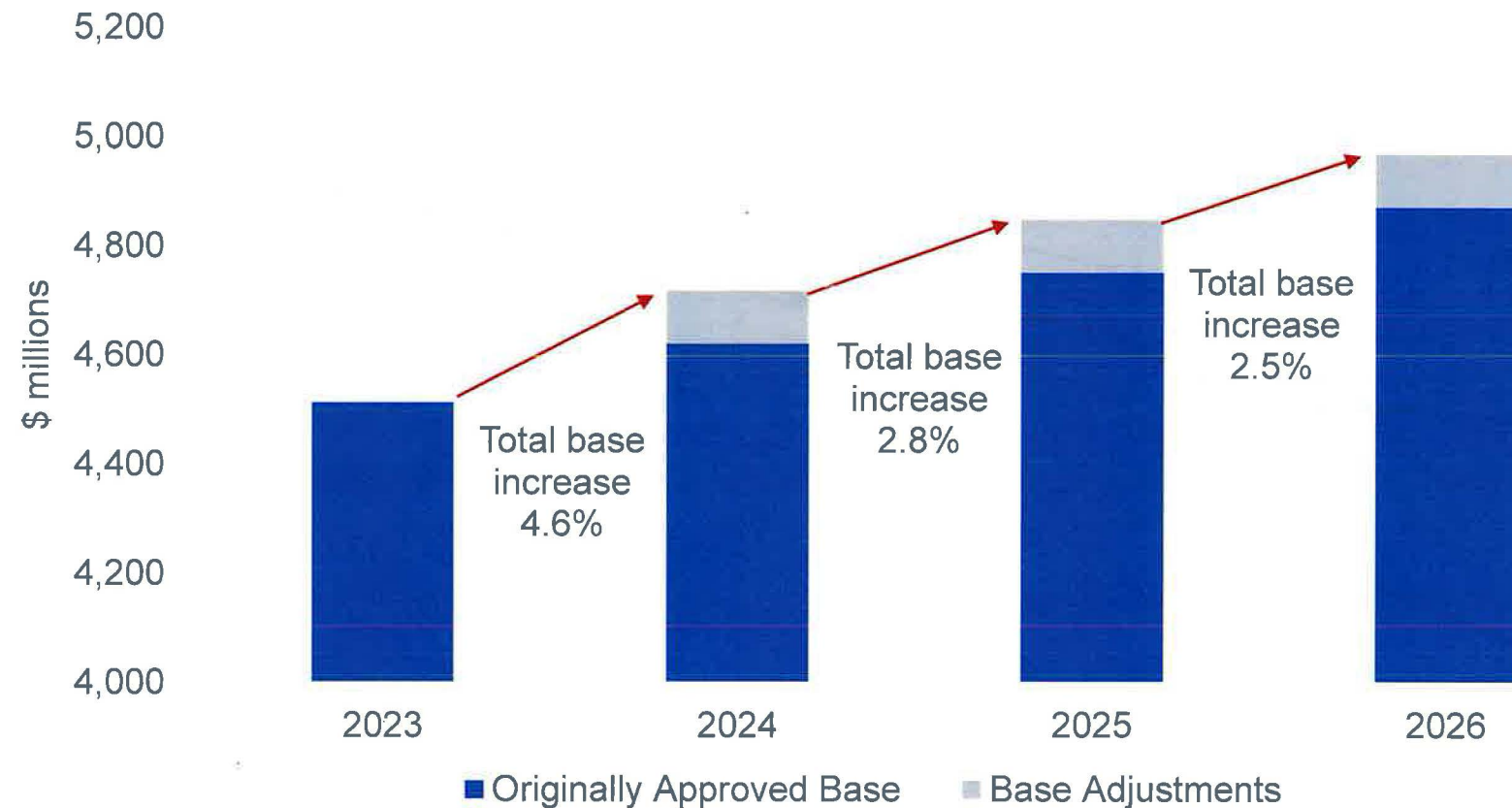


The City has performed exceedingly well over the last decade, keeping spending below population and inflation growth

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

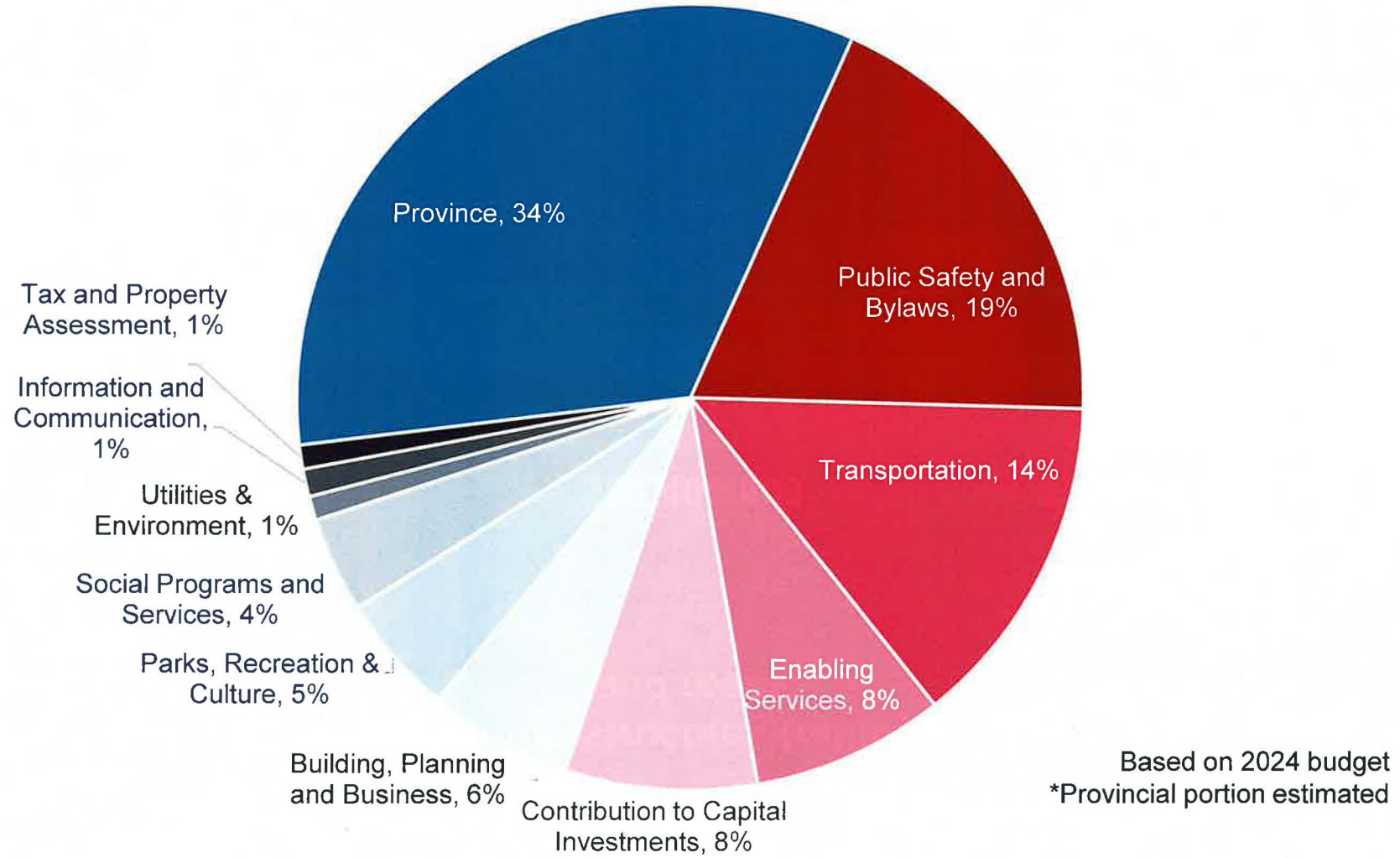


Council-Approved Base Operating Expenditures





Property Tax Breakdown



The 2023 November Adjustments made investments in the most important issues for Calgarians

| 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 |



Administration's Recommendations

That the Executive Committee recommend that Council:

- 1 Approve the plan, and the schedule for the Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets on slide 5 of Attachment 2.
- 2 Direct that the Closed Meeting discussions, Confidential Report and Confidential Attachments be held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed no later than 2026 December 31.
- 3 Direct Administration to publicly release the Confidential Report and Confidential Attachments 1, 3, 4 and 5 immediately following the 2024 February 27 Regular Meeting of Council.
- 4 Direct that, notwithstanding recommendation 2, the Closed Meeting Discussions, Confidential Report, Confidential Attachments and Confidential Distributions be released to Corporate Planning and Performance, to be shared with Administration, only where required, to support next steps.