

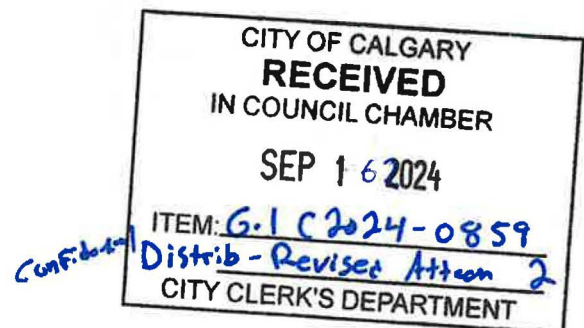
Calgary



Preview of the Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets at a Glance

Making life better every day

September 16, 2024



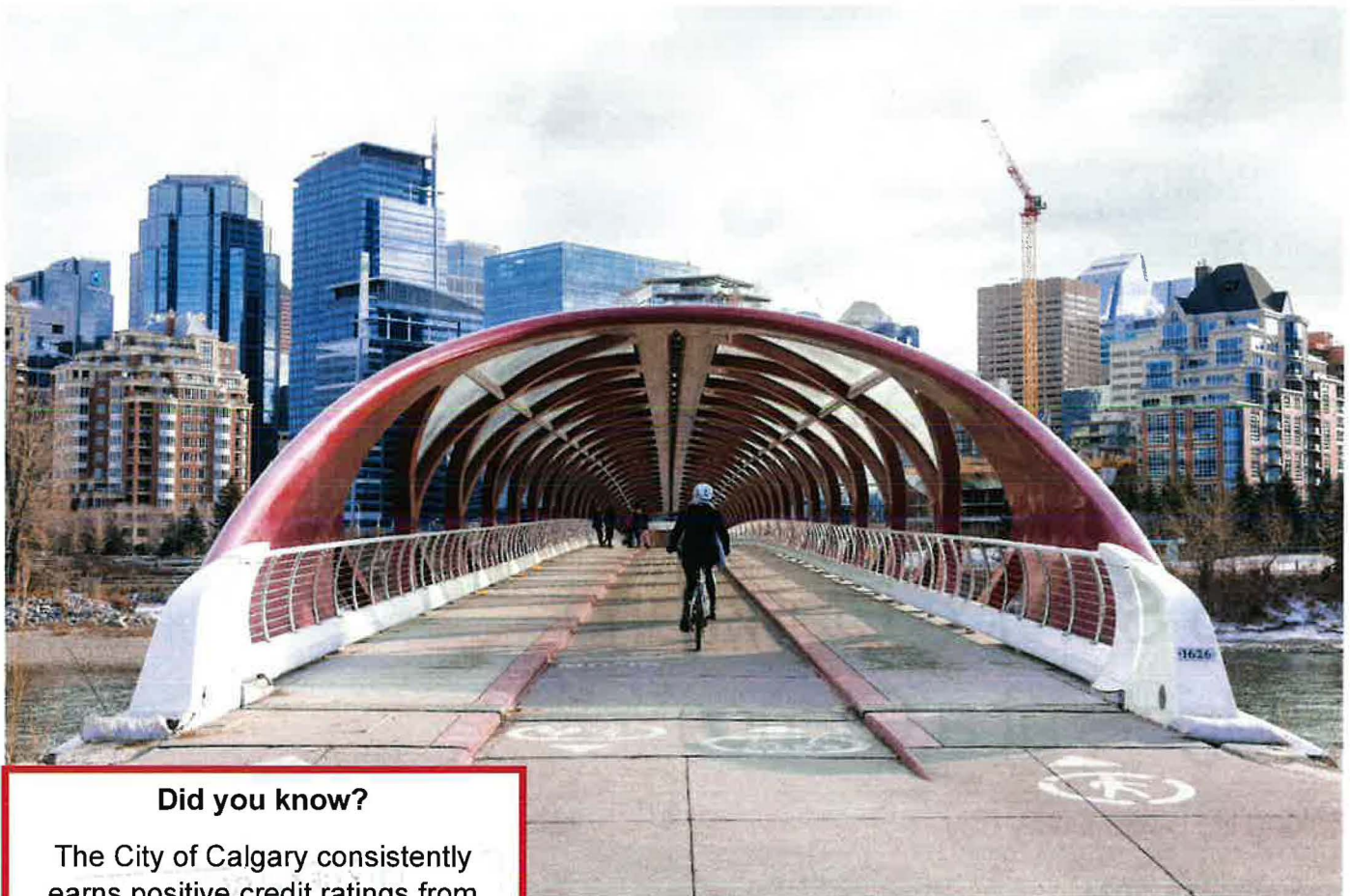
Introduction

Making decisions on budgets means decisions about what is important to Calgarians to get accomplished.

On 25 November 2022, Council approved the [2023-2026 Service Plans and Budgets](#) directing Administration to continue delivering important City services that enhance the lives of Calgarians.

After two years of a four-year plan, we have an opportunity to adjust our budgets to ensure they align with emerging trends and changes happening in our city.

In this attachment, we'll run through what our proposed changes are, what they mean to Calgarians, how we'll make them and what factors influenced our decisions.



Did you know?

The City of Calgary consistently earns positive credit ratings from globally recognized rating agencies. This saves Calgarians money by helping reduce borrowing costs.

NOTE: This report provides information that was approved for the Green Line Stage 1 program decisions per report EC2024-0809. Until The City understands the next steps on the Green Line Stage 1 program, this document continues to reflect current Council decisions.

Proposed changes

Investments

Each November, we adjust our plans and budgets and recommend important investments to Council for approval. This is in addition to the ones outlined in the [2023-2026 Service Plans and Budgets](#). These investments respond to the evolving needs expressed by Calgarians and businesses, primarily through the [2024 Spring Survey of Calgarians](#). They may also align to [Council's focus areas](#) or are projects that are deemed critical to The City. These investments are either used to run the service day-to-day (operating) or used to build and maintain infrastructure (capital) used by services.

Proposed operating investments

To determine what to invest in without additional increases to taxes or fees, we've:

- Reviewed what we've spent compared to what we've budgeted to see if there are any unspent corporate funds we can use.
- Looked at the expected 2024 operating variance (sometimes incorrectly called a surplus).
- Looked outside The City for external grants and other funding streams.
- Worked internally among our services to prioritize the most important investments.

| Operating Investments Without Increasing Taxes or Fees (in thousands) | 2025 | 2026 |
|--|------------------|------------------|
| Enabled by reviewing corporate financial capacity | | |
| Corporate Inflationary Pressures | \$48,000 | \$48,000 |
| Preparing for Green Line Operations <i>[partial]</i> | 24,000 | 24,000 |
| Enabled by leveraging 2024 operating variance | | |
| Low Income Transit Pass Program Sustainment for 2025 | 19,000 | - |
| Remuneration framework for Boards, Commissions and Committees <i>[partial]</i> | 274 | 274 |
| Implementing Downtown Safety Leadership Table recommendations <i>[partial]</i> | 6,000 | 3,400 |
| Enabled by leveraging external and alternative sources | | |
| Clean Energy Improvement Program | 10,000 | 20,000 |
| 50 Officer Grant: Guns and Gangs Violence Action Fund | 11,477 | 966 |
| Rezoning for Housing Resources | 4,099 | 1,857 |
| Increased 9-1-1 capacity to dispatch Transit Peace Officers | 1,500 | 2,500 |
| A Data Foundation for City Building: Exploring a New Civic Census | 1,000 | - |
| Enabled by reprioritizing budgets within and between services | | |
| Continuing the Equity Program to advance equitable delivery of City services | 2,050 | 2,050 |
| Implementing Downtown Safety Leadership Table recommendations <i>[partial]</i> | 1,350 | 1,350 |
| Bill 20 Changes for Municipal Elections | 1,318 | - |
| Plus 15 Inspection Program | 750 | 1,250 |
| Film Friendly Program Sustainment | 860 | 860 |
| Eligibility Resources for Calgary Transit Access | 360 | 360 |
| Playground and Amenity Safety Inspections and Sustainment | 50 | 100 |
| Improving Pavement Quality and the 5A Network | 60 | 40 |
| Additional 5A Network Improvement Plan | 27 | 39 |
| Total Operating Investments | \$132,175 | \$107,046 |



But there is a lot more we need to do for a safe, sustainable and resilient city. Calgary's growing population needs places to live and services to sustain them. Administration has reviewed all needs across the organization and recommends a few investments that are the highest priority and are beyond the Council direction to maintain the previously approved 3.6 per cent from existing properties (5.5% for residential and 1.4% for non-residential) Administration is proposing an increase to property taxes for critical investments and to properly fund the annually re-occurring cost of our growth.

| Ongoing (Base) Operating Investments (in thousands) | 2025 | 2026 | 2027+ |
|--|-----------------|-----------------|------------------|
| Enabled by tax increases | | | |
| Incremental funding for Preparing for Green Line Operations | | 8,000 | |
| Public Transit Revenue Shortfall | 13,000 | | |
| Aligning emergency response capabilities to meet rising service demand | 4,700 | 1,900 | |
| Policy framework for Boards, Commissions and Committees remuneration | 109 | 1,100 | |
| Implementing Downtown Safety Leadership Table recommendations | 2,500 | | |
| Sustaining service levels after significant grant to increase urban canopy | 400 | 400 | |
| Bridge Management System | 50 | 5 | |
| Growth Application in the South Shepard Area Structure Plan (Hotchkiss) | | 478 | 24,044 |
| Growth Application in the Keystone Hills Area Structure Plan (Prairiesong) | | 67 | 16,564 |
| Growth Application in the Belvedere Area Structure Plan (Liberty Stage 2) | | 40 | 2,228 |
| Open Business Cases in the Belvedere Area Structure Plan | | | 8,309 |
| Total increase | \$20,759 | \$11,990 | \$51,145* |
| Estimated tax impact | 0.89% | 0.49% | |

*2027+ represents the estimated future operating costs over the next 15 years.



Waste & recycling and water utilities

Utilities are essential for Calgarians, and investing in maintenance and enhanced inspections is key to ensuring their reliability now and in the future. However, current rates haven't kept up with the pressures of our growing and aging system.

To ensure the future sustainability of Calgary's utilities, we're proposing the following increases to address aging critical infrastructure, rapid population growth and growing demand for landfill capacity:

| | Annual Rate Increase | | Increase on Monthly Typical Residential Bill* | |
|--|----------------------|------|---|----------------|
| | 2025 | 2026 | 2024 - 2025 | 2025 - 2026 |
| Water Treatment & Supply Rate Increases | 6.2% | 6.2% | +\$2.69 | +\$2.88 |
| Wastewater Collection & Treatment Rate Increases | 4.5% | 4.5% | +\$0.72 | +\$0.73 |
| Stormwater Management Rate Increases | 4.3% | 4.3% | +\$0.67 | +\$0.70 |
| Waste and Recycling Residential Charges | 3.9% | 4.3% | +\$1.01 | +\$1.15 |
| Total | | | +\$5.09 | +\$5.46 |

*based on typical residential metered water usage of 19m³

Across the four services, these rate increases will fund base operating expenditures of \$105 million in 2025 and \$58 million in 2026. In addition to responding to operating pressures, the rate increases along with dedicated funding from off-site levies allow for new capital investments for the Water Utility and Waste & Recycling. This also includes the required capital utilities for the new communities being recommended. In addition to the capital budget request for the current business cycle, the Water Utility requires pre-approval of budgets for select long term projects where the delivery spans over multiple business cycles (e.g., North & South Water Servicing, Wastewater Treatment Plant Upgrades).

| Waste and recycling and water utilities capital (in thousands) | 2025-2026 | 2027+ |
|--|----------------|----------------|
| Water Treatment Plant | 87,197 | 59,500 |
| Water Distribution Network | 257,381 | 216,066 |
| Wastewater Treatment Plants | 109,163 | 512,546 |
| Wastewater Collection Network | 141,457 | 18,790 |
| Drainage Facilities & Network | 87,289 | 47,000 |
| Waste & Recycling Services Landfill/Treatment Infrastructure | 24,926 | - |
| Waste & Recycling Services Facilities & Equipment | 12,522 | - |
| Total | 719,935 | 853,902 |



The City is actively responding to the feedermain break and have incorporated known capital and operating changes related to the response into these adjustments. Additional funding related to this response and future investments will follow in future adjustments and/or Service plans and budgets.

Proposed capital investments

We made significant efforts to review capital investments and relinquish funding that can be re-used for high priority capital needs. The relinquishments will have very little impact to services. Additional funding was also identified from the Local Government Fiscal Framework and Franchise Fees to support these high priority investments.

The approximately \$229 million identified can be re-used for capital cost escalations on previously approved projects, maintenance and critical repairs, housing and community development and City funding required to match contributions from other levels of government or external parties.



| Capital Investments (in thousands) | 2025-2026 |
|--|----------------|
| Capital Cost Escalations | |
| Capital Cost Escalations Fund ¹ | 15,800 |
| Maintenance and Critical Repair | |
| Reinvesting In Our Annual Investment Programs | 100,000 |
| Beaverdam Flats Slope Stability Project | 2,000 |
| MacEwan Park View NW Slope Project | 2,000 |
| Enmax High Risk Task Transformer Relay Replacement ² | 4,000 |
| Retaining Wall Replacement Program | 3,000 |
| Timber Stair Replacement Program | 3,000 |
| Improving Pavement Quality on High-Speed Roads | 10,000 |
| Housing and Community Development | |
| Country Hills Widening (Barlow Tr to 36 St SE) | 16,100 |
| City-Wide Transit Oriented Development ² | 20,000 |
| Transit Oriented Design – Design & Infrastructure Study | 4,500 |
| Public realm investments in Established Areas ² | 2,500 |
| Belvedere related Infrastructure including Stoney Tr/Memorial Dr SE flyover, design for Max Purple ² | 31,910 |
| Matched Funding | |
| Blue Line – Additional Design and early works ³ | 10,000 |
| Cowboys Park Capital Upgrade ² | 4,100 |
| Total | 228,910 |

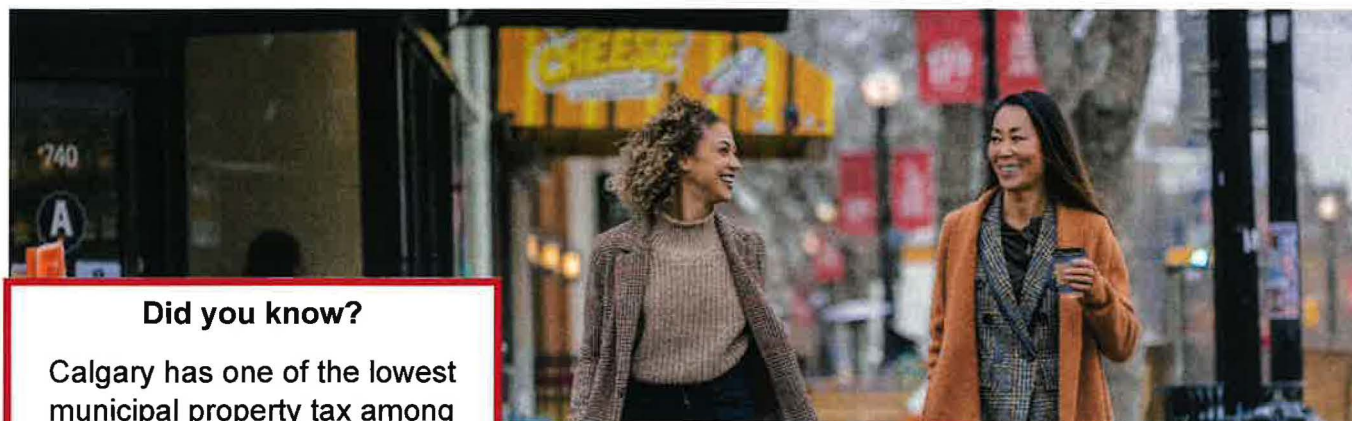
¹ This funding will cover some but not all known cost escalations.

² Additional capital will be requested for 2027-2030+ to complete these initiatives.

³ Provincial funding secured, federal funding not secured

The following investments do not require additional corporate funding. They are funded through other City funds, either entirely through offsite levies, reserves or self-supported debt.

| Capital Investments (in thousands) | 2025-2026 |
|---|---------------|
| Capital not requiring corporate funding | |
| Haskayne Emergency Response Station – Land purchase | 2,000 |
| Vehicle and Equipment Growth 2023-2026 | 27,336 |
| Community Grant Program for Established Areas | 500 |
| Total | 29,836 |



Did you know?
Calgary has one of the lowest municipal property tax among Canadian municipalities.

What these adjustments mean to Calgarians financially

To continue delivering the services that Calgarians expect and rely on, we are proposing the following changes to the taxes and fees paid by a typical residential household*:

- Increase property taxes by 6.4 per cent (4.5 per cent from existing properties and 1.9 per cent from newly developed or redeveloped properties), which would result in an average 4.1 per cent increase in the tax bill for the median residential single-family home.
- Increase of 3.7 per cent to typical waste & recycling and water bills.

| | Changes in 2025 for the typical single residential property* | 2024 | (proposed) 2025 change |
|----------------------------|--|--------------|-----------------------------------|
| | Municipal property tax per month | \$216 | +\$8.86 or 4.1% |
| | Waste & recycling and water utilities per month | \$137 | +\$5.09 or 3.7% |
| Total City services | | \$353 | +\$13.95 per month or 4.0% |

*A residential property assessed at the median of \$700,000 in 2025 with metered water usage of 19m³

How we're being efficient with your money

The City recognizes the importance of affordability for Calgarians but must balance that with ensuring we're delivering services and critical projects required for our growing city.

To minimize tax increases, Administration has been focused on finding efficiencies, allowing us to deliver more without having to increase property taxes beyond originally planned levels. These savings include changes to capital and operating budgets, rescoping projects, reprioritizing work and implanting new budgeting practices. We've identified 118 initiatives and you can view the entire list in Attachment 5. Some notable examples of projects we've undertaken include:



Parks and Open Spaces continues to **plant more perennials and drought tolerant plants** that require less water and maintenance than annual plant material. In 2024, significant efforts were made to save water by planting 20 per cent less annual plants. The number of annual plants ordered for 2025 and 2026 will also be further reduced.



The **Specialized Transit Online Trip Booking tool** is enabling accessible self-serve features for booking and managing trips. Transitioning to a self-serve environment will reduce the internal resourcing required to schedule and manage trip bookings. As demand for Specialized Transit grows, internal resources can be redeployed to support the increased demand in eligibility requests.



Construction and Materials is piloting higher **Recycled Asphalt Pavement** mixes. As asphalt which is removed is used in the repaving of the street and or pathway. This results in less new asphalt required in the paving operation which leads to lower costs of materials.



The annual **Cart Spot Check program** helps Calgarians improve their use of the blue and green carts. Over 200,000 bin checks annually make sure the right items are going into the right bins, providing direct feedback at the household level. By completing a spot check, we can keep harmful materials away from collectors, protect equipment and staff at the recycling, composting and landfill facilities as well as maintain high quality recycling and compost end products.



Assessment Search Access Code Retrieval was a manual process and administratively time consuming. By **automating the code retrieval service**, it has saved significant staff time and improved customer service. The Property Assessment service has received around 4,500 access code retrieval requests from 2024 January through 2024 July and approximately 3,600 of those, or about 80 per cent, were handled by automatic processing. As Calgary's population continues to grow, finding efficiencies such as this allows for service levels to be maintained.



Calgary Parking has been replacing its **current fleet with electric vehicles**. This lowers fuel costs and reduces greenhouse gases. Fuel costs savings are expected to be more than the increase in electricity charges. This initiative allows Calgary Parking to keep parking costs at a minimum.

How we got here

Higher-than-anticipated growth and inflation

The City monitors and tracks key economic indicators that provide insight into the local economy. They also influence The City’s planning and operations to best serve Calgarians. Since the approval of the [2023-2026 Services Plans and Budgets](#) in 2022, many indicators exceeded our original assumptions and what we originally planned for. The most notable include population growth and inflation.

| | Inflation | Population growth | |
|-----------------------|--|--|---------------------------------|
| Past year 2023 | +3.8% vs. planned increase of 2.6% | +5.6% vs. planned increase of 1.7% | 69,000 new residents* |
| Past 10 years+ | +24.89% | +19.04% | |

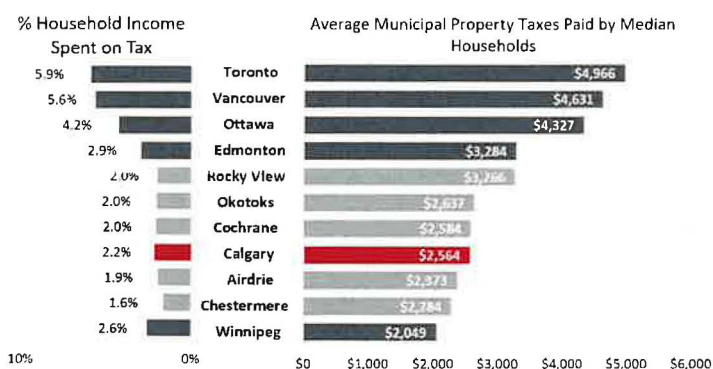
*from April 2014 to April 2023 *from April 1, 2022 to April 1, 2023

Higher than expected inflation and population growth have made it difficult for The City to keep delivering services to Calgarians at the levels they’ve come to expect. In 2023, Calgary was the fastest-growing major municipality in Canada. The City originally estimated an increase of 1.7 per cent in population but actual growth was 5.6 per cent. Actual inflation numbers for 2023 were 3.8 per cent compared to the planned 3.1 per cent. Overall, we’re serving more people within the same budget that was originally forecasted in the [2023-2026 Service Plans and Budgets](#).

While we recognize that affordability is top of mind for Calgarians, they’ve expressed through the [2024 Spring Survey of Calgarians](#), that they value and want important City services. This situation presents a challenging scenario for The City.

Low property taxes

Property taxes collected to fund services have not kept up with either inflation or population growth, leading to gaps in required funding. This has been amplified by the fact that Calgary has had some of the lowest property tax rates in the country. In Calgary, 2.2 per cent of household income is spent on property tax, one of the lowest amounts among major Canadian cities. In comparison, Vancouver spends 5.6 per cent of household income and Edmonton 2.9 per cent.



As the city grows and costs continue to increase, increased funding is needed for important infrastructure and services to keep up with Calgary’s growth. At this rate, maintaining such low property taxes is unsustainable.