

Calgary



C2024-0859
Attachment 9



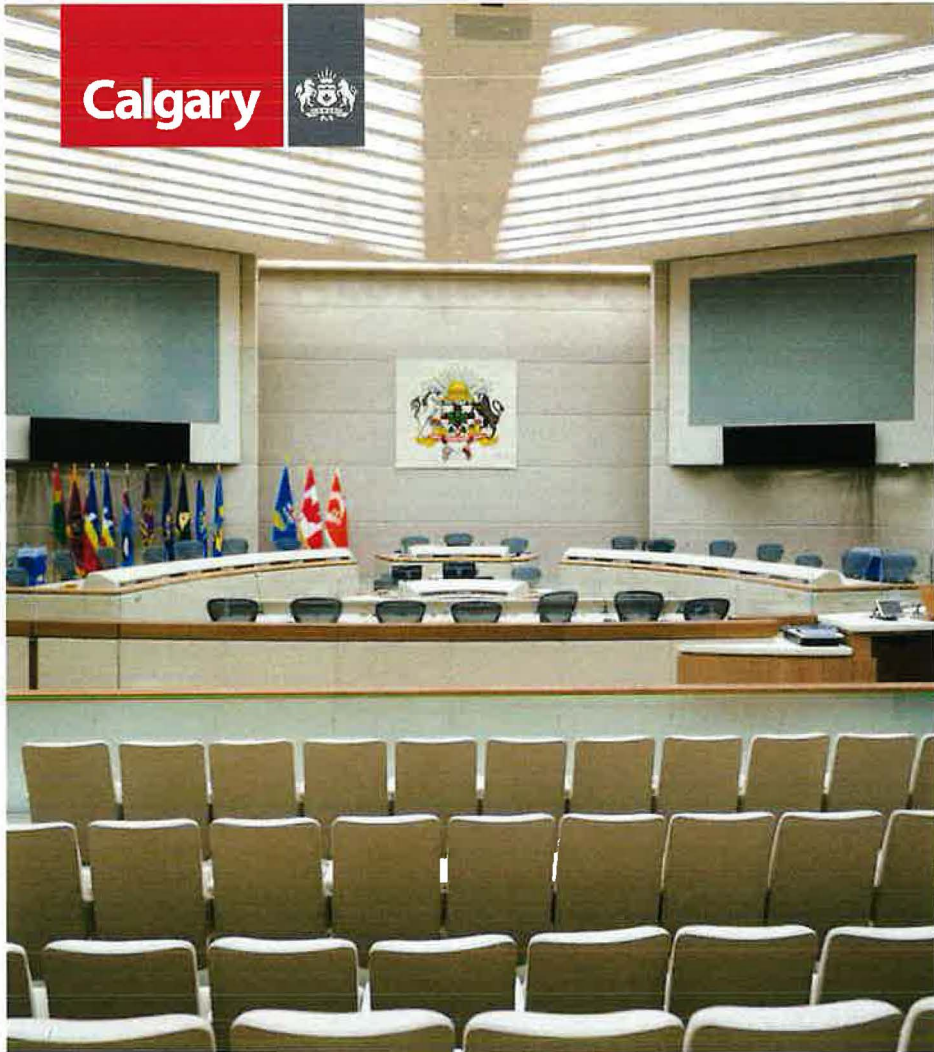
Preview of Mid-Cycle Adjustments to 2023-2026 Service Plans and Budgets - C2024-0859

2024 September 16

ISC: CONFIDENTIAL

Preview of the Mid-Cycle Adjustments to 2023-2026 Service Plans and Budgets - C2024-0859

CITY OF CALGARY
RECEIVED
 IN COUNCIL CHAMBER
 SEP 16 2024
 ITEM: 61 C 2024-0859
CONFIDENTIAL Distrib Revised # 2
 CITY CLERK'S DEPARTMENT Attn 9



Previous Council Direction

- On 2023 July 25, Council approved an amendment to the Municipal Development Plan which included a process shift to ensure new community growth application approval is embedded within the Service Plans and Budgets process.
- On 2024 February 27, Council approved the plan and schedule for the Mid-Cycle Adjustments, and directed that Administration find reasonable operating budget reductions to either reduce property taxes or allow for consideration of additional priority investments.
- On 2024 March 18, Council directed Administration to:
 - a. Engage with Council members on proposed metrics for Council's priorities and return to the 2024 June 25 Strategic Meeting; and
 - b. Design and implement a quantity-only-based methodology for collecting Local Access Fees.
- On 2024 May 28, Council directed Administration to:
 - a. Review operating variances and identify base operating budget reductions related to recurring variances for consideration in the Mid-Cycle Adjustments;
 - b. Consider the capital and operating investments needed to enable four new growth applications as part of Mid-Cycle Adjustments; and
 - c. Implement confidential recommendations related to the ongoing Green Line project.

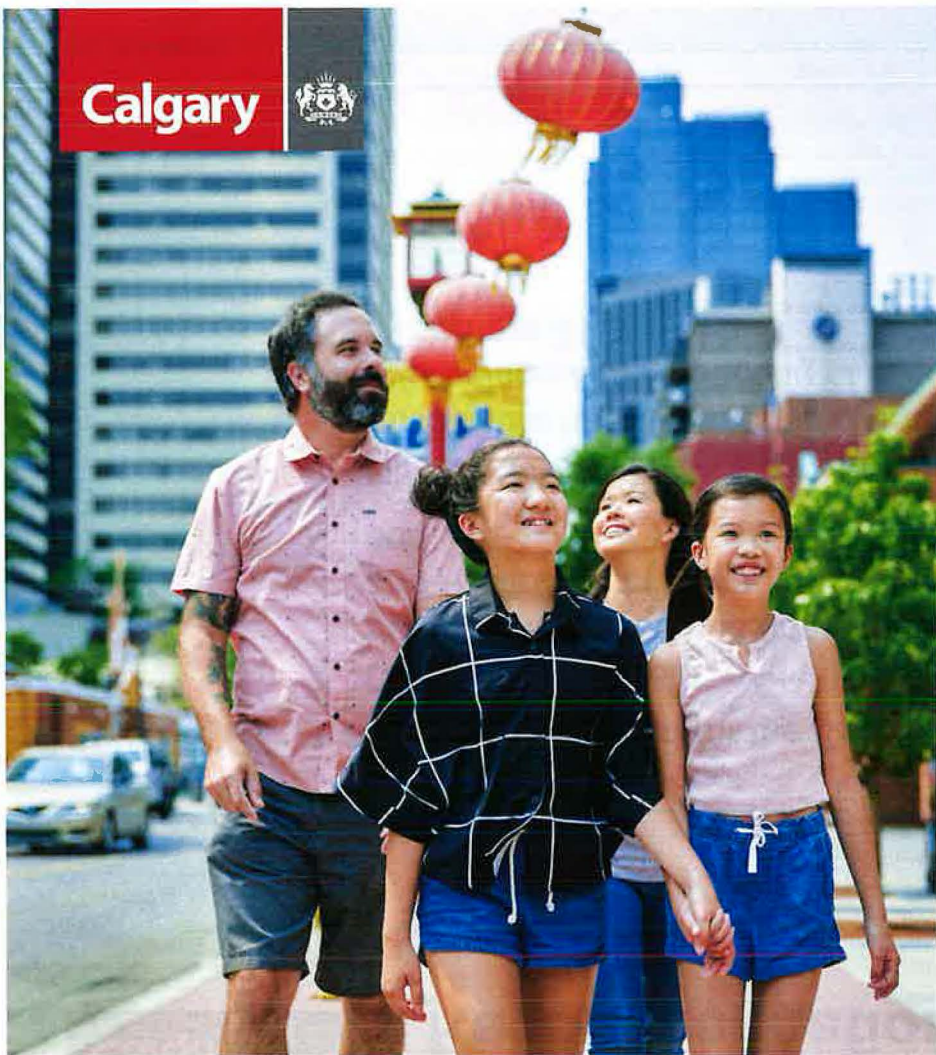


Recommendation(s)

That Council:

1. Receive this report for the Corporate Record;
2. Direct that the report and attachments 1, 2, 3, 4, 5, 6 and 8 be held confidential pursuant to Section 23 (local public body confidences) of the *Freedom of Information and Protection of Privacy Act*, to be released publicly when Council rises and reports; and
3. Direct that Confidential Attachment 7 be held confidential pursuant to Section 16 (disclosure harmful to business interests of a third party) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed no later than 2026 December 31.

Calgary



Key Messages

Calgarians need a safe, sustainable and resilient city.

The recommended investments and adjustments to the Service Plans and Budgets will accomplish this.

Administration's proposed plans and budget adjustments aim to strike the best balance between:

- delivering City services,
- continuing capital projects, and
- ensuring community development to address Council's priorities

Highlights

Significant pressures from:

- Maintaining critical infrastructure
- Population growth
- Inflation
- Increased demand for City services

Means:

- Maintaining the same level of service today even harder
- Budgets that have not kept pace

Multiple response strategies have been employed:

- Budget reductions & efficiencies,
- Rescope or reprioritize lower-priority work,
- Improve budget estimates.

But it is still not enough

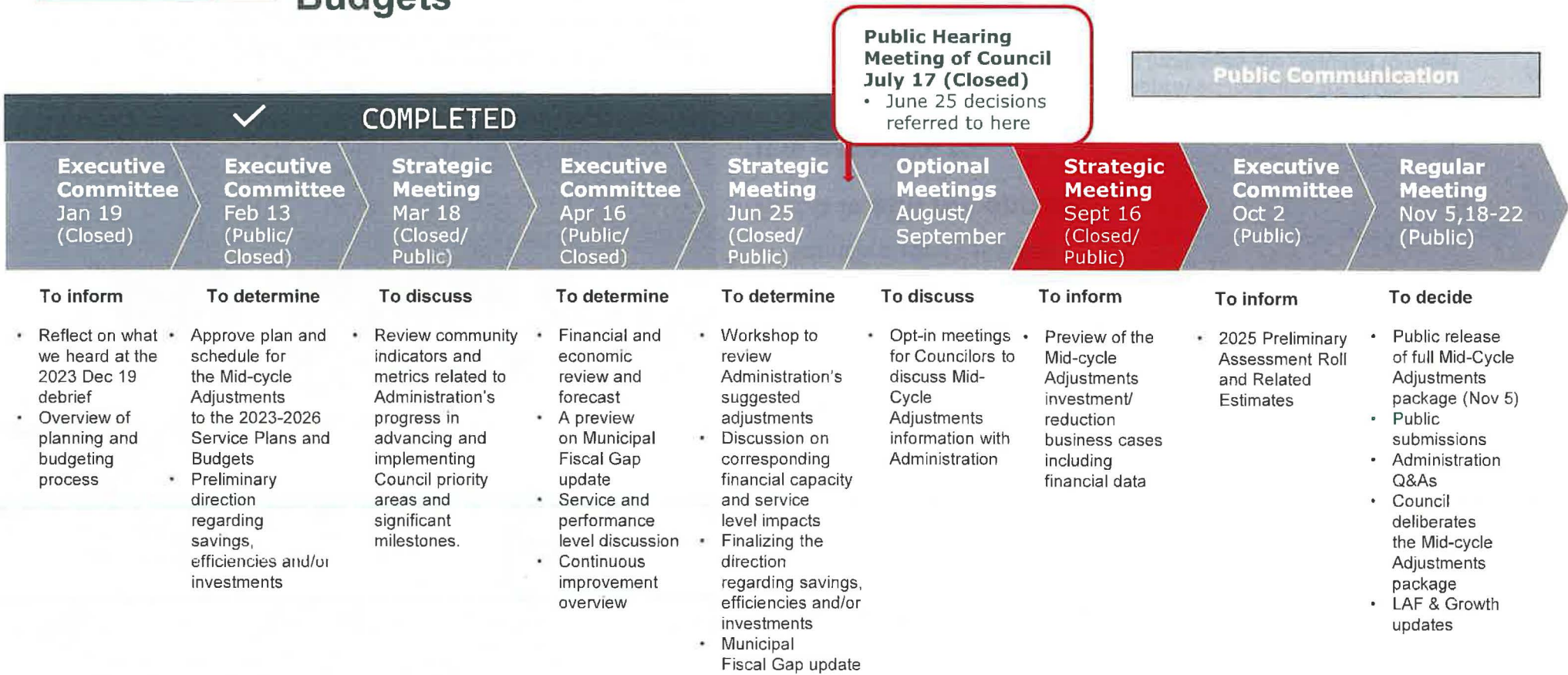
It is essential to:

- Increase property tax revenue from existing taxpayers by 0.89 per cent in addition to the previously approved increase for 2025.
- Water and Waste & Recycling rate increases are required to meet population growth and inflation.



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

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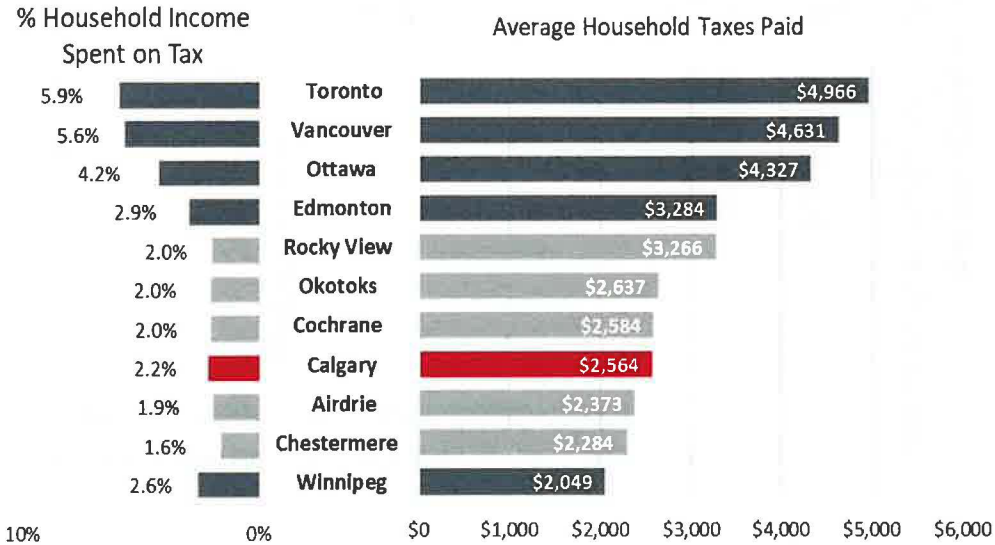




Calgary has some of the lowest residential property taxes of any major Canadian city

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Municipal residential property tax as a percentage of household income and average taxes paid, 2024

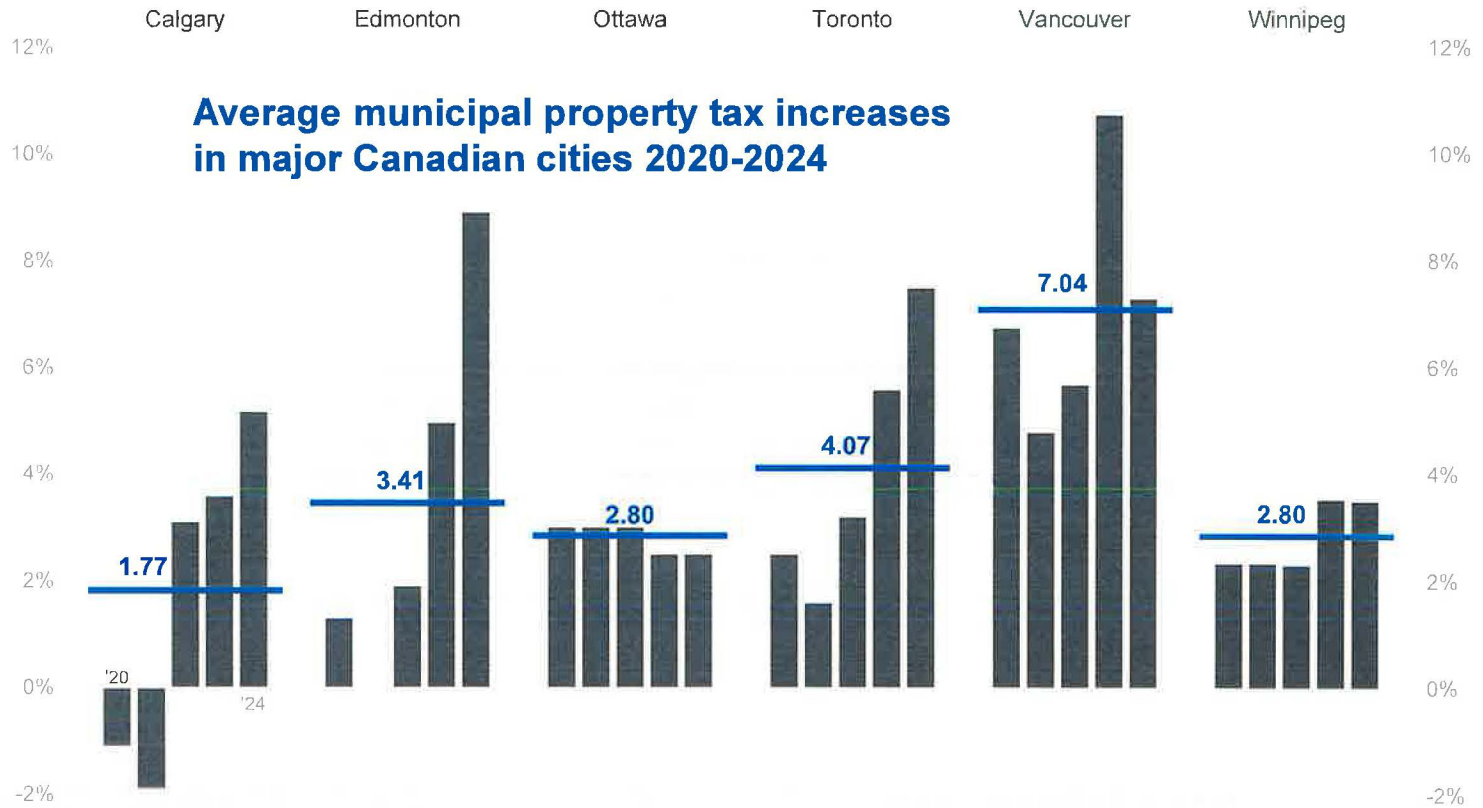


Legend:

- National comparators
- Regional comparators
- Calgary



In the last 5 years, Calgary's property taxes have increased slower than those of other major cities in Canada

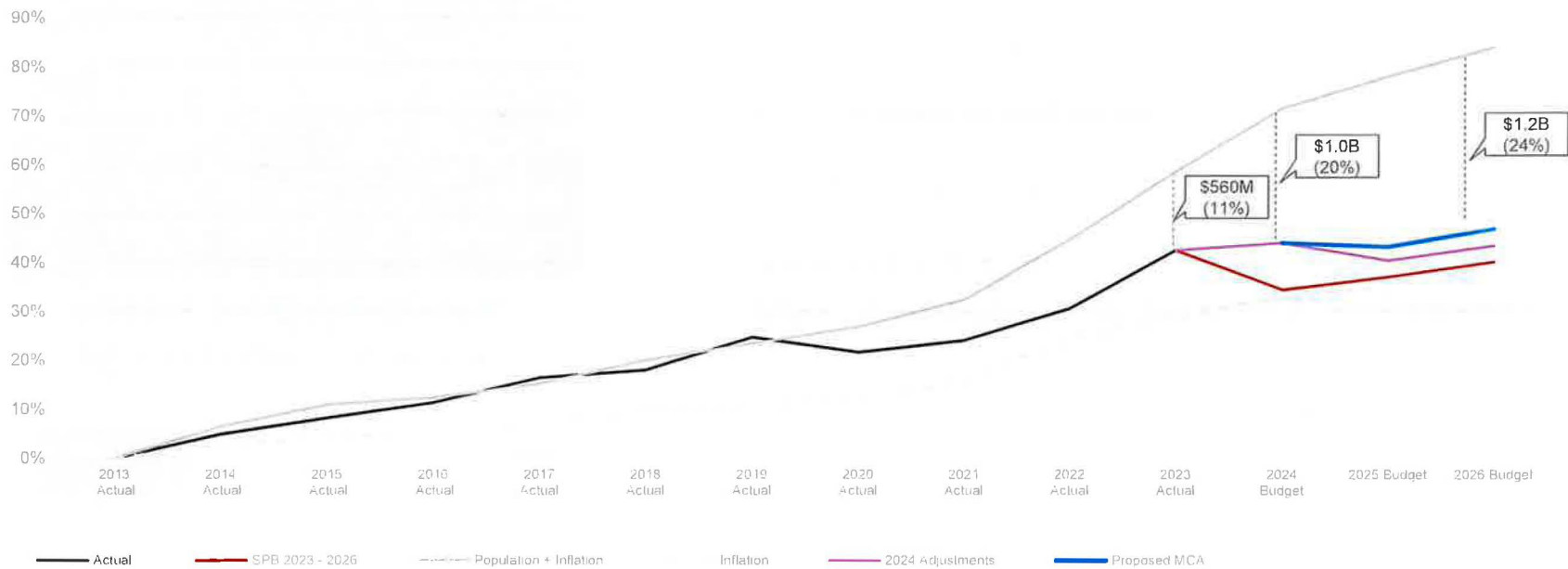




Population growth and inflation are outstripping spending

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





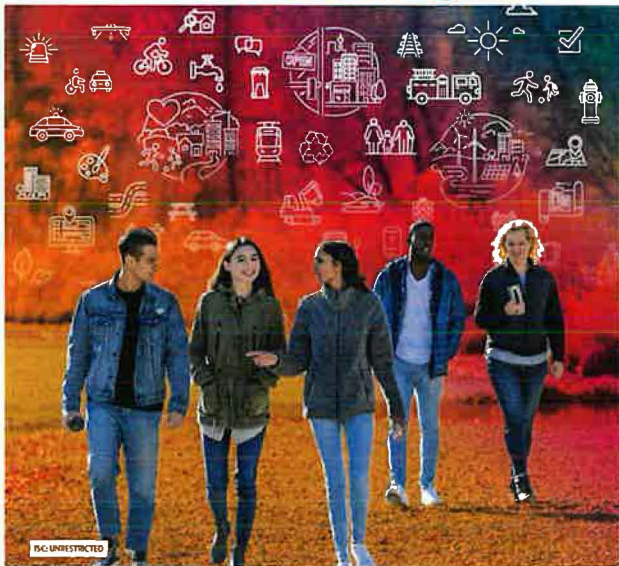
Previously approved tax increases in 2025 are primarily being used to sustain service

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C2024-1651
APPROVED Attachment 3

2023-2026 Service Plans and Budgets



Key investments already approved for 2025 include:

- Downtown safety and programs
- Emergency response
- Public transit



Water Utility

Water Treatment & Supply | Wastewater Collection & Treatment | Stormwater Management

What has changed? Factors affecting Mid-Cycle



Growing, complex system



Aging, critical infrastructure



Cost & operational pressures



The Water Utility Lines of Service

Water Treatment & Supply



Wastewater Collection & Treatment



Stormwater Management



**Approved
(2023-2026)**

**Proposed Rate
Increase
(2025-2026)**

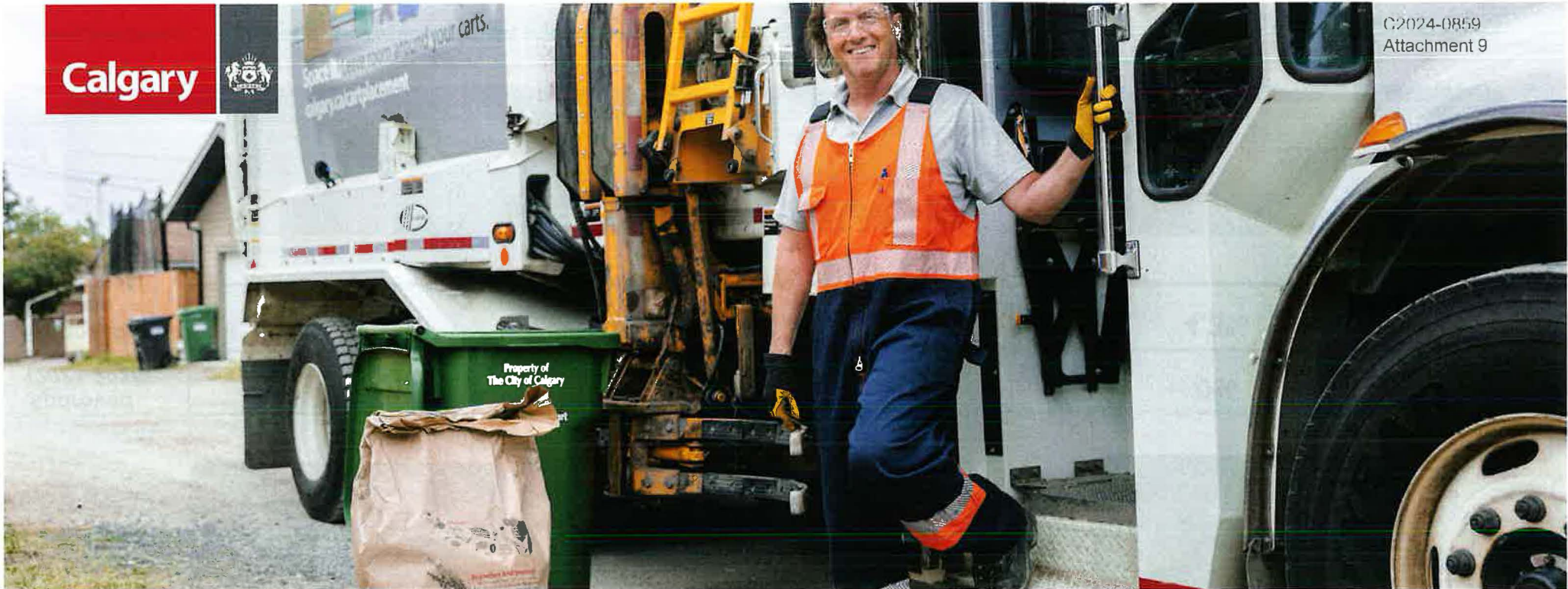
0%	2.5%	0%
6.2%	4.5%	4.3%

Impact to typical residential monthly bill:

2024:\$110.81 (current)

2025:\$114.89 **(+\$4.08)**

2026:\$119.20 **(+\$4.31)**



Waste & Recycling



2023-2026 Approved change to monthly residential cart charge: \$0.70 (2.7%) per year

What has changed? Factors affecting Mid-Cycle



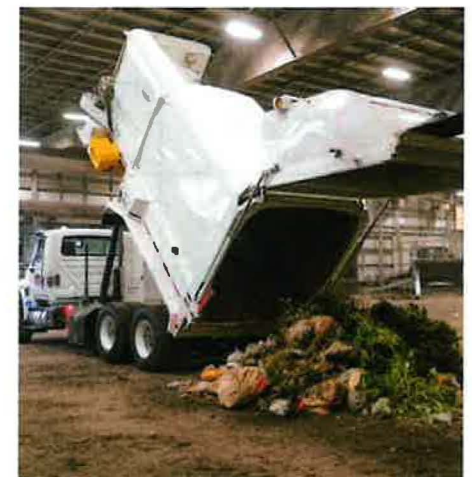
Capital project and contract cost escalation



Growing demand for landfill capacity



Vehicle supply chain and inflation challenges



Operational pressures at Composting Facility



Monthly residential charges

	2024	2025	2026
Recommended increase*		\$1.01 (3.9%)	\$1.15 (4.3%)
Total monthly residential charge	\$25.70	\$26.71**	\$27.86**

*includes 2023-2026 approved annual increase of \$0.70 (2.7%)

**does not account for Extended Producer Responsibility

Waste & Recycling will return to Council in Q1 2025 with updates related to Extended Producer Responsibility, including anticipated rate implications for Calgarians.

Operating and Capital Investments and Adjustments



The City reprioritized within existing budgets to keep tax increases as low as possible

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Corporate Financial Capacity



Reviewing corporate financial capacity and improving budget estimates found \$80M in recurring operating funding that can be widely applied to priority operating investments.

Leveraging Other Sources



External and alternative funding sources like grants and debt were secured to enable specific operating and capital investments.

Reprioritizing Within Services



By reviewing service commitments, services were able to reduce service in areas of lesser priority, postpone planned activities, or create efficiencies to temporarily absorb costs, enabling some investments to proceed without new revenues.

Capital Reallocations



The City's portfolio of capital investments was reviewed, and relinquishments made where there were minimal service impacts or risks. These funds were then reallocated to high priority capital needs.



Proposed Capital Investments



Capital Cost Escalations

- \$15.8 million for 2025-2026**
- Capital Cost Escalations on previously approved projects



Maintenance and Critical Repair

- \$124 million for 2025-2026**
- Reinvesting in Annual Investment Programs (Maintenance)
 - Beaverdam Flats Slope Stability
 - MacEwan Park View NW Slope
 - Enmax High Risk Task Transformer Relay Replacement
 - Retaining Wall Replacement
 - Timber Stair Replacement
 - Improving Pavement Quality on High-Speed Roads



Housing and Community Development

- \$75 million for 2025-2026**
- Transit Oriented Development - Design & Infrastructure Study
 - City-Wide Transit Oriented Development
 - Country Hills Widening (Barlow to 36 St SE)
 - Belvedere related Infrastructure including Stoney Trail/Memorial Drive flyover, design for Max Purple extension
 - Public realm investments in Established Areas



Matched Funding

- \$14.1 million for 2025-2026**
- Blue Line – Additional Design and early works
 - Cowboys Park Capital Upgrade (formerly Millenium Park)



Financial Strategies for significant investments with no tax increases



Operating Variance Review

\$72 million in each of 2025 and 2026:

- Corporate Inflationary Pressures
- Preparing for Green Line Operations *[partial]*



Alternative Funding Sources

\$28 million in 2025 and \$25 million in 2026:

- Rezoning for Housing Resources
- Exploring a New Civic Census
- Increased 9-1-1 capacity to dispatch Transit Peace Officers
- Guns and Gangs Violence Action Fund
- Clean Energy Improvement Program



Reprioritizing Within Services

\$6.8 million in 2025 and \$6.0 million in 2026:

- Continuing the Equity Program
- Downtown Safety Leadership Table recommendations *[partial]*
- Bill 20 Changes
- Plus 15 Inspection Program
- Film Friendly Program
- Eligibility Resources for Calgary Transit Access
- Playground and Amenity Safety Inspections and Sustainment
- Improving Pavement Quality and the 5A Network
- Additional 5A Network Improvement Plan



Safe, sustainable and resilient services need additional tax support

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Public Transit

Public Transit Revenue Shortfall

- \$13 million in 2025 (+0.55%)

Preparing for Green Line Operations

- \$8 million in 2026 (+0.33%)

Low Income Transit Pass

- One-time funding of \$19 million in 2025 (from variance)



Fire & 9-1-1

Aligning emergency response capabilities to meet rising service demand

- \$4.7 million in 2025 (+0.20%)
- \$1.9 million in 2026 (+0.08%)



Downtown Safety

Implementing Downtown Safety Leadership Table recommendations

- \$2.5 million in 2025 (+0.11%)
- One time funding of \$5.8 million in 2025 and \$3.7 million in 2026 (from variance)



Other Services

Tree Service Levels, Bridge Management, and Boards, Commissions and Committees

- \$559 thousand in 2025 (+0.02%)
- \$1.5 million in 2026 (+0.06%)
- One time finding of \$274 thousand in each of 2025 and 2026 (from variance)



New Community Growth Impacts

Commitments to Housing affordability = long term commitments to funding for services

2025

2026

2027+



For This Cycle:

South Shepard (Hotchkiss)

- \$478 thousand base operating in 2026 (+0.02% tax impact)
- No capital costs

Keystone Hills (Prairiesong)

- \$67 thousand base operating in 2026 (+0.00% tax impact)
- \$4.5 million capital (Airdrie 600mm meter chamber relocation)*
- \$3.7 million capital (East Keystone Sanitary Truck extension)*

Open Business Cases in Belvedere / Belvedere (Liberty Stage 2)

- \$40 thousand in base operating in 2026
- \$60 million capital Stoney/Memorial flyover (\$29.4M City portion / \$30.6M offsite levy)
- \$5 million capital Max Purple Hubalta to 84th – design only (\$2.45M City portion / \$2.55M off-site levy)
- \$5 million capital Belvedere Storm Connection to Cooperative Stormwater Management initiative (approved 2023)*
- \$8 million connection to Cooperative Stormwater Management initiative *

\$0.59 million base operating (+0.02% tax)

\$86.2 million capital (\$31.9 million City funded)

* Utility funded request using off-site levies (100%)

For The Future:

South Shepard (Hotchkiss)

- \$24 million base operating

Keystone Hills (Prairiesong)

- \$16.6 million base operating
- \$3 million capital (East Keystone Sanitary Truck extension)*

Open Business Cases in Belvedere / Belvedere (Liberty Stage 2)

- \$10.5 million base operating (\$2.2M for Liberty Stage 2; \$8.3M for Open Business Cases in Belvedere)
- \$46 million capital Max Purple Hubalta to 84th (\$22.5M City portion / \$23.5M off-site levy)
- \$84 million capital Max Purple 84th to City limits (\$41.2M City portion / \$42.8M off-site levy)
- \$35 million Belvedere Storm Connection to Cooperative Stormwater Management initiative*
- \$22 million Connection to Cooperative Stormwater Management initiative*

\$51.1 million base operating

\$190 million capital (\$63.7 million City funded)

Plus future populations will trigger service investments such as recreation, libraries, etc. 22

Slide 22

IJO This might be better visually to do three columns - one for each community/area. Could show an image of City outline with a dot for where these are. Then, row 1 is this cycle, row 2 is 2027+.

Then can do totals by area for operating and capital.

Isbister, Jennifer, 2024-09-09T16:21:42.068



Cumulative impact on property tax

Residential impact

+\$3 per month ▲

+\$4 per month ▲

+\$2 per month ▲

Non-residential impact

▲ \$287 per month

▼ -\$181 per month

▲ +\$72 per month



Estimated total ▲ \$9 per month* (4.1%)
based on a typical single residential assessed value increasing from \$610K to \$700K

Average impact to all existing properties
4.5%

Estimated total ▲ \$178 per month* (2.2%)
based on an assessed value increasing from \$5.27M to \$5.41M



Combined impact of 2025 proposed budget on a typical residential property

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	2024	(proposed) 2025 change
 Municipal property tax per month	\$216	+\$8.86 (4.1%)
 Waste & recycling and water utilities per month	\$137	+\$5.09 (3.7%)
Total cost for City services	\$353	+\$13.95 per month or 4.0%

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

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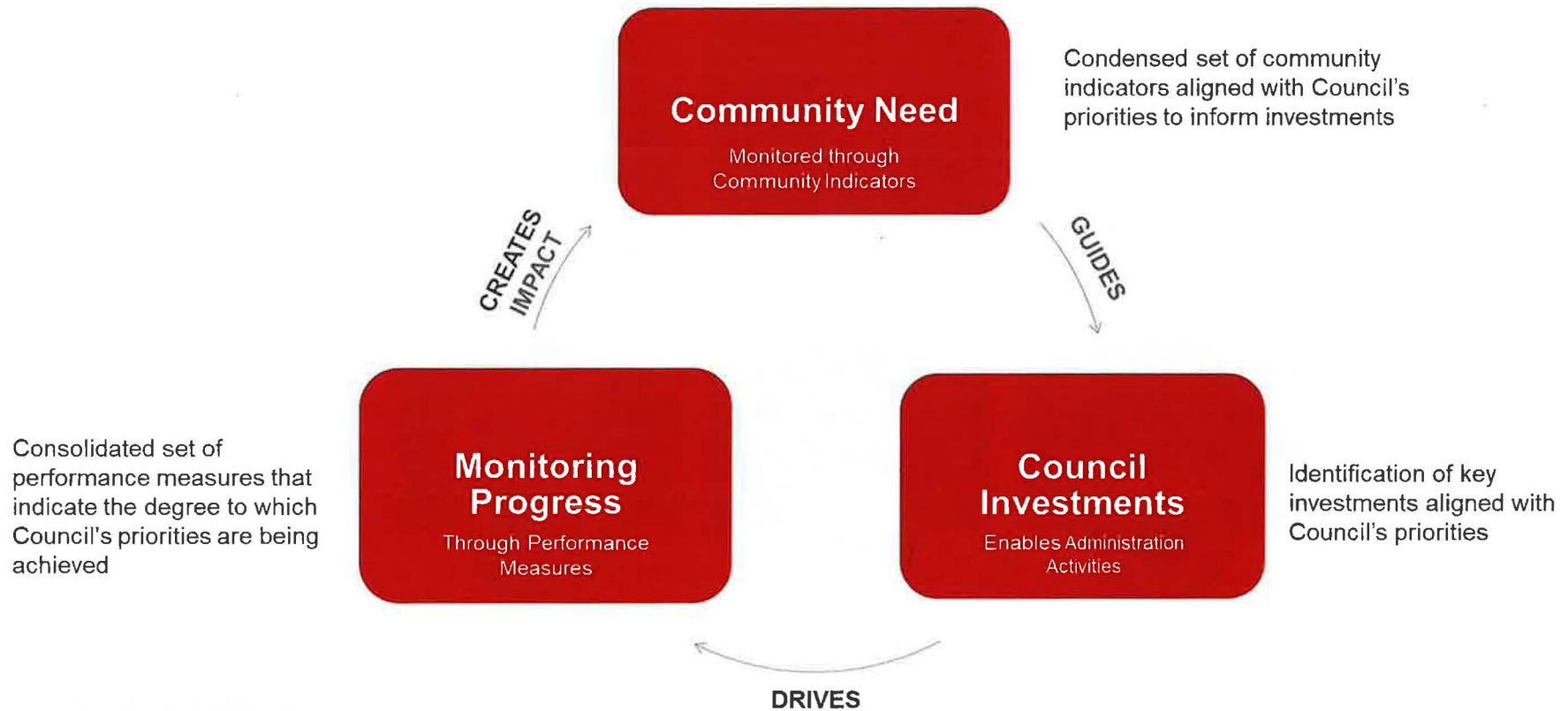


Reporting on Council Priorities



New metrics to enable reporting on progress towards Council priorities

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Advancing Performance Measurement & Reporting

CORE COMPONENTS



PERFORMANCE DATA MEASUREMENT & ANALYTICS

Develop an integrated performance management system.

Enable strong linkages between performance data and strategic goals to provide objective evidence of progress.



INTEGRATED REPORTING

Advance an integrated reporting approach to incorporate risk, financial, operational and strategic reporting as well as benchmarking insights.

Incorporate a report format that effectively supports decision-making.



TECHNOLOGY

Adopt a technology solution to enable real-time access to performance data for diverse audiences.

Provide metrics in various formats for users to filter, slice, and analyze data in personalized views.



Recommendation(s)

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