

Approach to 2025 November Adjustments

PURPOSE

The purpose of this report is to (1) provide Council and the public with the plan and schedule for the 2025 November Adjustments to the 2023-2026 Service Plans and Budgets; (2) provide an overview of the approach Administration will be taking to develop the budget model and the budget adjustment process; and (3) share a preliminary mock-up of the proposed budget document for Council's review.

PREVIOUS COUNCIL DIRECTION

Council approved the 2023-2026 Service Plans and Budgets on 2022 November 22 (C2022-1051) with a commitment to annual adjustments to respond to emerging trends and fiscal realities.

In 2024 November, Council approved the revised Mid-Cycle Budget Adjustments to the 2023–2026 Service Plans and Budgets (C2022-1051). Council directed Administration to return to the 2026 Adjustments with a detailed breakdown of staff positions.

RECOMMENDATION(S):

That Council:

1. Approve the plan for the 2025 November Adjustments to the 2023-2026 Service Plans and Budgets on slide 4 of Attachment 1;
2. Direct that the Closed Meeting discussions, Confidential Attachments 2 and 4, be held confidential pursuant to Section 23 (Local public body confidences) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed no later than 2026 December 31; and
3. Direct that, notwithstanding Recommendation 2, the Closed Meeting discussions and Confidential Attachments 2 and 4 be released to Corporate Planning and Performance, to be further shared with Administration, only where required, to support next steps.

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

Acting General Manager and Chief Financial Officer Les Tochor concurs with this report. The recommendations support setting strong governance for both Council and Administration. The budget and planning framework supports transparency and accountability to the public on the organization's purpose and responsibilities. The proposed plan, schedule, and direction to Administration are critical for responsible stewardship and public confidence.

HIGHLIGHTS

- The draft 2026 budget mock-up will continue to be refined based on Council feedback and will be presented at the 2025 June 3 Strategic Meeting of Council.

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- The recommended plan and meeting schedule for the 2025 November Adjustments support improved governance by:
 - Giving Council the information it needs to provide funding direction in June.
 - Instilling a predictable process to support informed decision-making.
- Targeted areas of improved simplicity, accessibility and transparency include:
 - Improving readability and easier navigation for Calgarians and Council;
 - Providing a city-wide perspective;
 - Showing high-level comparisons with peer cities for financial context;
 - Aligning budgets to the organizational structure;
 - Unlocking Administration's capacity to focus on service delivery; and,
 - Bringing Council what matters; Administration focuses on service delivery for Calgarians, identifying and bringing forward service information at the right quantity and quality to support Council oversight of well-run public services today and in future.
- The 2025 November Adjustments will reflect these changes, with the aim to onboard the next Council in October with a clearer, more accessible budgeting approach, establish an early framework for the next budget cycle, and allow a redirection of Administration capacity to focus on delivering high-quality public services.

DISCUSSION

The plan and schedule for the 2025 November Adjustments provide a clear and predictable timeline for Council, Administration, and Calgarians, improving transparency of when key information will be available and when decisions will be made. Ongoing discussions throughout the year give Council earlier visibility into upcoming decisions, allowing Administration more time to develop well-informed solutions. Approving the plan and schedule early in the year establishes a stable foundation for the budget process, ensuring that a new Council, Administration, and the public understand what to expect while maintaining flexibility to adapt to changing circumstances.

Shifting to Budgeting by Organizational Structure – Simplification underway

As part of our commitment to simplify the budget process, we are transitioning from a 61 service-based budgeting model to a budgeting approach aligned with the City's organizational structure. This simplifies the contract between Council and Administration, clarifying the accountabilities and responsibilities within the organization and the resource and funding allocations. The organization collaborates to deliver priorities, investments, and services.

A Program Team is in place to support the simplification of the service model with the goal of strengthening Administration's focus on the needs of Calgarians and effective delivery. The simplification will improve Administration's responsiveness to the needs of day, supporting timely and informed conversations and decisions with Council and community. This simplification will focus Administration on bringing Council what matters in budget documents, to support Council oversight of well-run City services today and in future.

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Enhancing Accountability and Transparency

Administration is looking to receive confirmation on the budget parameters for 2026 from Council in early June which will further inform the 2026 Budget mock-up. Administration will then prepare a budget preview in September, giving Council an initial look at proposed objectives before formal deliberations in November.

2026 Budget Mock-Up

During the 2024 Mid-Cycle Adjustments, Council emphasized the need to simplify budget documents, making them more readable for Calgarians and more useful for decision-making. In response, Administration has developed a confidential 2026 Budget Mock-Up that incorporates feedback from Council and the public. The mock-up reflects the previously approved \$88.2 million increase (3.6%) in tax revenue from existing taxpayers for 2026 as Council recognized the need to balance managing affordability with cost pressures from inflation and population growth. The document is confidential as it remains a draft work in progress shared for Council feedback. This document serves as a foundational step toward greater simplicity, accessibility, and usability while also reducing administrative burden.

Key Features of the Budget Mock-Up:

Prioritizing transparency and usability: A clearly structured approach that enhances transparency and supports informed decision-making.

Integrated approach: More information in the main budget document, less cross-referencing among multiple attachments.

Simplified structure: Organizes budget information into the organizational structure, clarifies and aligns accountabilities.

Plain language and accessibility: Minimizes jargon and includes explanatory notes for clarity.

More context: Instead of focusing exclusively on the adjustments that occur in a given year, aiming to provide a more comprehensive view within the main budget document.

Comparability and benchmarking: Provides high-level comparisons with peer cities for financial context.

This draft was developed in collaboration with internal teams to align with corporate objectives and was guided by the Acting Chief Financial Officer.

Moving forward, the draft will continue to be refined based on Council feedback and will be presented at the June 3, 2025, Strategic Meeting of Council. This work is a critical step in ensuring that future budget documents are clear, accessible, and aligned with Council's expectations.

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EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|--|---|
| <input type="checkbox"/> Public engagement was undertaken | <input type="checkbox"/> Dialogue with interested parties was undertaken |
| <input type="checkbox"/> Public/interested parties were informed | <input checked="" type="checkbox"/> Public communication or engagement was not required |

Public engagement was not directly required for this report, but it was informed by feedback from Council and Calgarians in 2024 November. Ongoing engagement with interested parties continues to inform budget decisions.

IMPLICATIONS

Social

Enhanced clarity in budget documents fosters transparency and public trust.

Environmental

This report has no direct/immediate environmental implications.

Economic

This report has no direct economic impact.

Service and Financial Implications

No anticipated financial impact

This report has no direct financial impact.

RISK

Openness and transparency help build public trust and confidence in municipal government by increasing awareness and understanding. This, in turn, supports the management of the Reputation Principal Corporate Risk.

Stable and transparent Council direction on the plan and schedule provides clarity and certainty for Administration, stakeholders, and Calgarians, further mitigating reputation risks. The recommendations in this report are designed to enhance public trust in municipal government and reinforce confidence in The City's decision-making process. They also give Administration the guidance needed to balance competing demands and develop well-informed recommendations for Council's consideration during the 2025 November Adjustments.

The upcoming election presents a risk to the 2025 November Adjustments process, as a newly elected Council may have different priorities, creating uncertainty. A substantial turnover in Council members will also require extensive onboarding to familiarize with budget processes. Ensuring clarity and transparency in the current approved budget and decision-making process will help the new Council navigate and approve budget adjustments more effectively.

Mitigation strategies for potential risks related to the 2026 Budget Mock-Up include ongoing engagement with Council throughout the review process and iterative refinements based on feedback.

**Corporate Planning & Financial Services Report to
Strategic Meeting of Council
2025 March 17**

**ISC: UNRESTRICTED
C2025-0185**

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If Council does not approve the translation of previously approved service budgets to budgets aligned with the organizational structure before the November deliberations, then the 2026 Budget Mock-Up may lack clarity, leading to delays in decision-making and potential misalignment with strategic priorities.

ATTACHMENT(S)

1. Presentation
2. 2026 Budget Mock-Up
3. Background and Previous Council Direction
4. In Camera Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Acting General Manager Les Tochor	Corporate Planning & Financial Services	Approve
CAO David Duckworth	Chief Administrative Officer's Office	Consult
COO Stuart Dalglish	Chief Operating Officer's Office	Consult
General Manager Michael Thompson	Infrastructure Services	Consult
Acting Director Aaron Brown	Finance	Consult
Director Ryan Vanderputten	Capital Planning & Business Services	Consult
Acting Director Tim Doruch	Corporate Planning & Performance	Consult
General Manager Chris Arthurs	People, Innovation & Collaboration Services	Inform
General Manager Deb Hamilton	Planning & Development Services	Inform
General Manager Doug Morgan	Operational Services	Inform
General Manager Jill Floen	Legislative & Legal Services	Inform
General Manager Katie Black	Community Services	Inform

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