

Calgary



C2018-0848

CITY OF CALGARY
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IN COUNCIL CHAMBER

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Public
CITY CLERK'S DEPARTMENT

One Calgary Update – Financial Situation Awareness C2018-0848

Strategic Meeting of Council July 4, 2018



Where we are at in the One Calgary journey

Nov/Dec 2017
Understand community aspirations and expectations



Jan/Feb 2018
Approve Council Priorities and Directives



Feb 2018
Approve the "Three Conversations, One Calgary" framework



March 2018
Receive financial outlook and existing public input



April 2018
Approve The City's Strategic Plan principles; AND Set indicative tax rates and indicative rates for waste and recycling



May 2018

- Results of public engagement & research
- Approve long-term tax support rates
- Capital Investment Process



June 2018

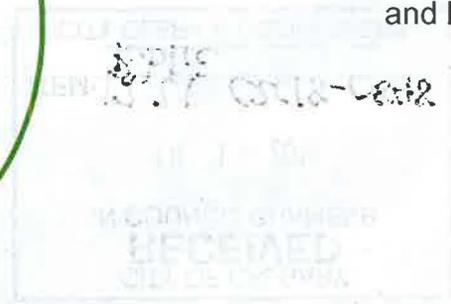
- Approve indicative rates for Water Utilities
- Grouping of services by Citizen Priority
- Sharpening focus



July 2018
Strategic conversations on key issues to inform Service Plans and Budgets

TODAY

Sept 2018
Preview of Service Plans and Budgets



Nov 2018
Deliberate on 2019-2022 Service Plans and Budgets



On One Calgary today...

1. Overview
2. Situation Awareness
 - Operating budget
 - Capital budget
3. Strategies for potential investment

On today's agenda

1. Overview of Spring Pulse results



2. Financial Situation Awareness

Municipal Government Act

Section 3 – Municipal Purpose

(b) to provide services, facilities or other things that, in the opinion of council, are necessary or desirable for all or a part of the municipality,

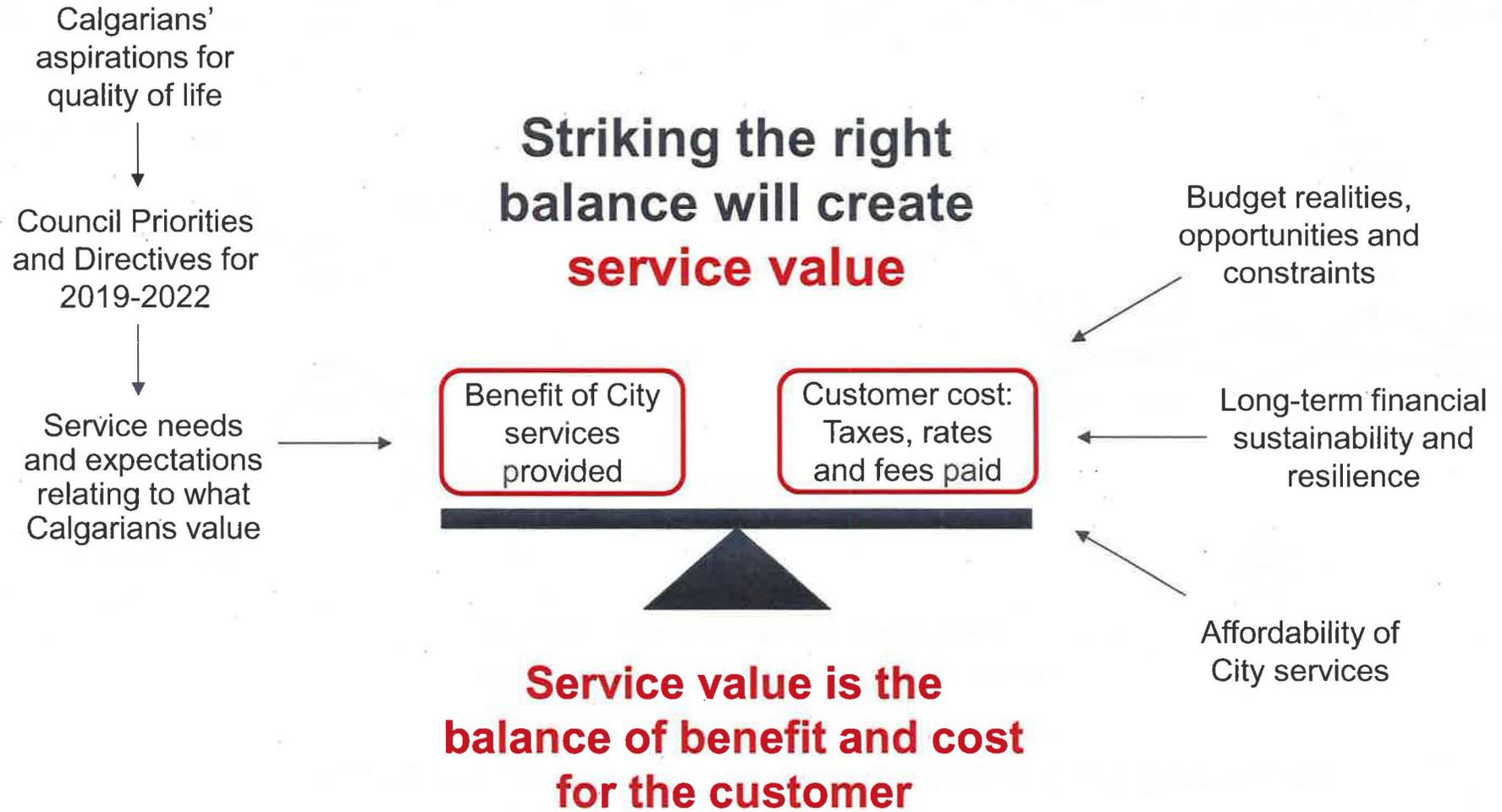


Making **life** better every day.

*Better serving citizens, communities and customers in a collaborative and integrated way is what **One Calgary** is all about*

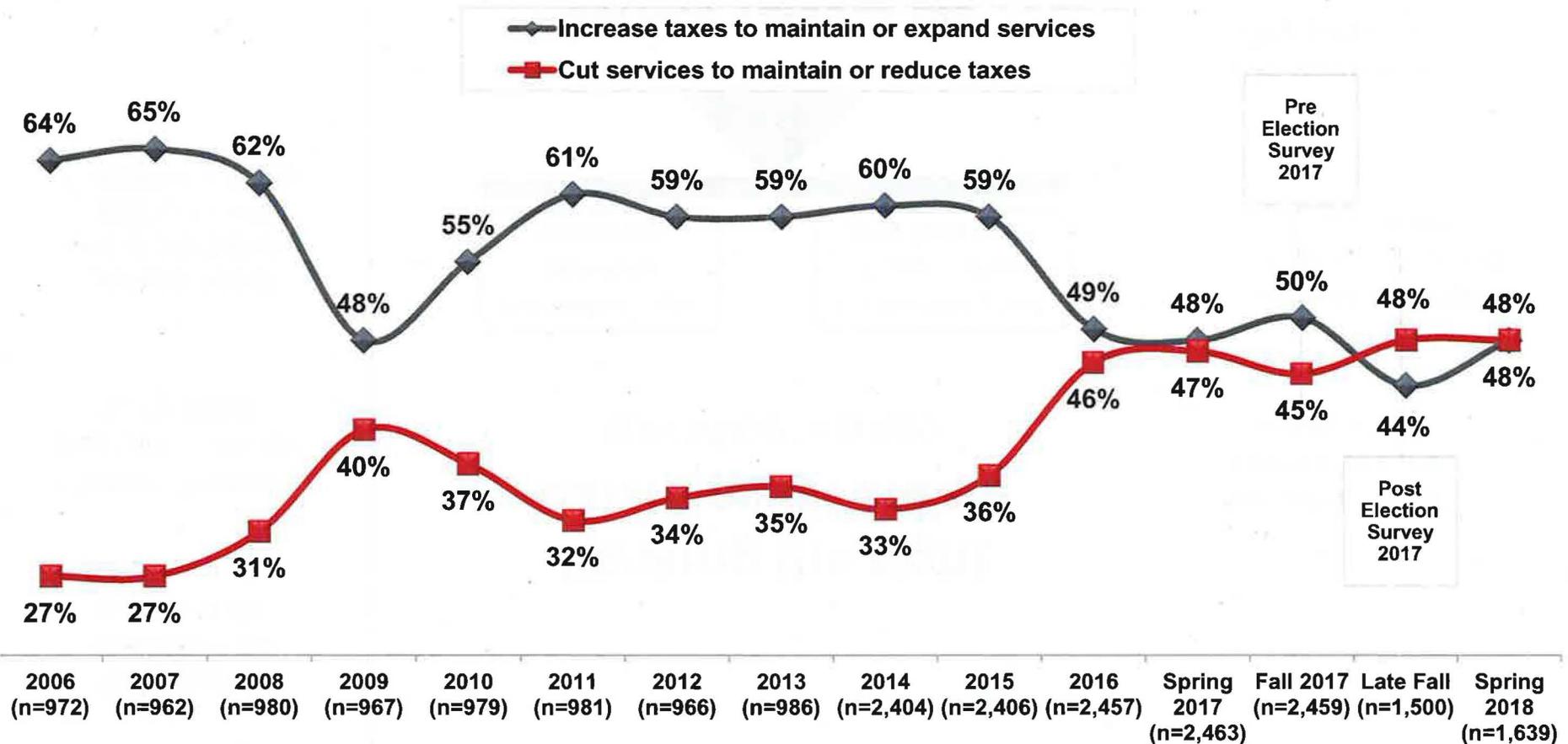
Making every day **life** better.

The challenge: to develop plans and budgets that balance service levels and financial realities





Tracking Balancing Taxation and Service Delivery Levels: Increase Taxes versus Cut Services



Municipal property taxes are the primary way to pay for services and programs provided by The City of Calgary. Due to the increased cost of maintaining current service levels and infrastructure, The City must balance taxation and service delivery levels. To deal with this situation, which of the following four options would you most like The City to pursue?

Base: Valid respondents

*Rounding



Services with Highest Percentage of “IMPORTANCE” Responses

Percentage of Calgary residents rating specific services as *important* | Source: 2018 Spring Pulse Survey

<i>Citizens’ perceptions on what services they think are of highest importance...</i>		VERY IMPORTANT	SOMEWHAT IMPORTANT	TOTAL (VERY + SOMEWHAT)
	Water treatment and supply (including the availability and supply of clean, safe drinking water)	98%	2%	100%
	Calgary 9-1-1	96%	3%	99%
	Fire & Emergency Response	95%	4%	99%
	Calgary Police Services	91%	8%	99%
	Wastewater Collection & Treatment	86%	13%	99%
	Parks & Open Spaces	80%	18%	98%
	Snow Removal (Streets)	80%	16%	96%
	Streets (Traffic operations including traffic flow management)	79%	19%	98%
	Fire Inspection & Enforcement	76%	20%	96%
	Municipal Elections	76%	19%	95%

Q: I am going to read a list of programs and services provided to you by The City of Calgary. Please tell me how important each one is to you.

Base: Valid respondents (Bases vary) | For the purposes of surveying citizens, some service line names were slightly altered in the questionnaire. Service lines are indicated in brackets above, as needed.



Services with Lowest Percentage of “IMPORTANCE” Responses

Percentage of Calgary residents rating specific services as *important* | Source: 2018 Spring Pulse Survey

Citizens’ perceptions on what services they think are of lower importance...

		VERY IMPORTANT	SOMEWHAT IMPORTANT	TOTAL (VERY + SOMEWHAT)
	City of Calgary Website (Citizen Information & Services)	44%	38%	82%
	Arts & Culture	42%	39%	81%
	Economic Development & Tourism	41%	45%	86%
	Pet Ownership & Licensing	41%	34%	75%
	Parking and enforcement (Parking)	35%	42%	77%
	Downtown revitalization	34%	41%	75%
	City Cemeteries	31%	41%	72%
	On street bikeways (Streets)	27%	29%	56%
	Social Media (Citizen Information & Services)	24%	37%	61%
	Taxi, Limousine & Vehicles-for-Hire	23%	41%	64%

Q: I am going to read a list of programs and services provided to you by The City of Calgary. Please tell me how important each one is to you.

Base: Valid respondents (Bases vary) | For the purposes of surveying citizens, some service line names were slightly altered in the questionnaire. Service lines are indicated in brackets above, as needed.



Services with Highest Percentage of “SATISFIED” Responses

Percentage of Calgary residents who are **satisfied** with the job The City is doing in providing that program or service | Source: 2018 Spring Pulse Survey

<i>Citizens' perception of services they have the highest satisfaction with</i>	VERY SATISFIED	SOMEWHAT SATISFIED	TOTAL (VERY + SOMEWHAT)
 Water Treatment and Supply	76%	20%	96%
 Calgary 9-1-1	74%	24%	98%
 Fire & Emergency Response	73%	25%	98%
 Library Services	57%	36%	93%
 Calgary Police Services	56%	35%	91%
 311 Service	56%	37%	93%
 Residential Blue Cart Service	54%	37%	91%
 Wastewater Collection & Treatment	51%	43%	94%
 Parks & Open Spaces	51%	41%	92%
 Residential Black Cart Service	50%	35%	85%

Q: Please tell me how satisfied you are with the job The City is doing in providing that program or service.

Base: Valid respondents (Bases vary) | Base: Valid respondents (Bases vary) | For the purposes of surveying citizens, some service line names were slightly altered in the questionnaire. Service lines are indicated in brackets above, as needed.



Services with Lowest Percentage of “SATISFIED” Responses

Percentage of Calgary residents who are *satisfied* with the job The City is doing in providing that program or service | Source: 2018 Spring Pulse Survey

<i>Citizens' perceptions on what services they have the lowest satisfaction with</i>		VERY SATISFIED	SOMEWHAT SATISFIED	TOTAL (VERY + SOMEWHAT)
	Snow Removal	21%	38%	59%
	City Planning & Policy	20%	60%	80%
	Development Approvals	20%	60%	80%
	On street bikeways	19%	47%	66%
	Economic Development & Tourism	18%	67%	85%
	Parking and enforcement	18%	53%	71%
	Land Development & Sales	17%	69%	86%
	Streets, including building and repairing	17%	57%	74%
	Traffic operations including traffic flow management	17%	54%	71%
	Corporate citizen engagement	16%	60%	76%
	Property tax management	15%	54%	69%
	Affordable Housing for low-income Calgarians	14%	55%	69%

Q: Please tell me how satisfied you are with the job The City is doing in providing that program or service.
Base: Valid respondents (Bases vary) | Base: Valid respondents (Bases vary) | For the purposes of surveying citizens, some service line names were slightly altered in the questionnaire. Service lines are indicated in brackets above, as needed.



Services with Highest Percentage of “INVEST MORE” Responses

Percentage of Calgary residents who think The City should invest *more*, *less* or the *same* amount on a program or service | Source: 2018 Spring Pulse Survey

Citizens’ perceptions on what services The City should invest more in include...

		INVEST		
		MORE	SAME	LESS
	Affordable Housing (for low-income Calgarians)	65%	28%	6%
	Public Transit (including bus and CTrain service)	60%	36%	4%
	Streets (Snow removal)	59%	38%	3%
	Streets, including building and repairing	58%	41%	2%
	Traffic operations including traffic flow management (Streets)	57%	40%	3%
	Social Programs (for individuals such as seniors or youth)	56%	41%	3%
	Calgary Police Services	52%	44%	4%
	Fire & Emergency Response	48%	51%	1%

Q: Please tell me if you think The City should invest more, less or the same amount on the program or service.

Base: Valid respondents (Bases vary) | For the purposes of surveying citizens, some service line names were slightly altered in the questionnaire. Service lines are indicated in brackets above, as needed.



Services with Highest Percentage of “INVEST LESS” Responses

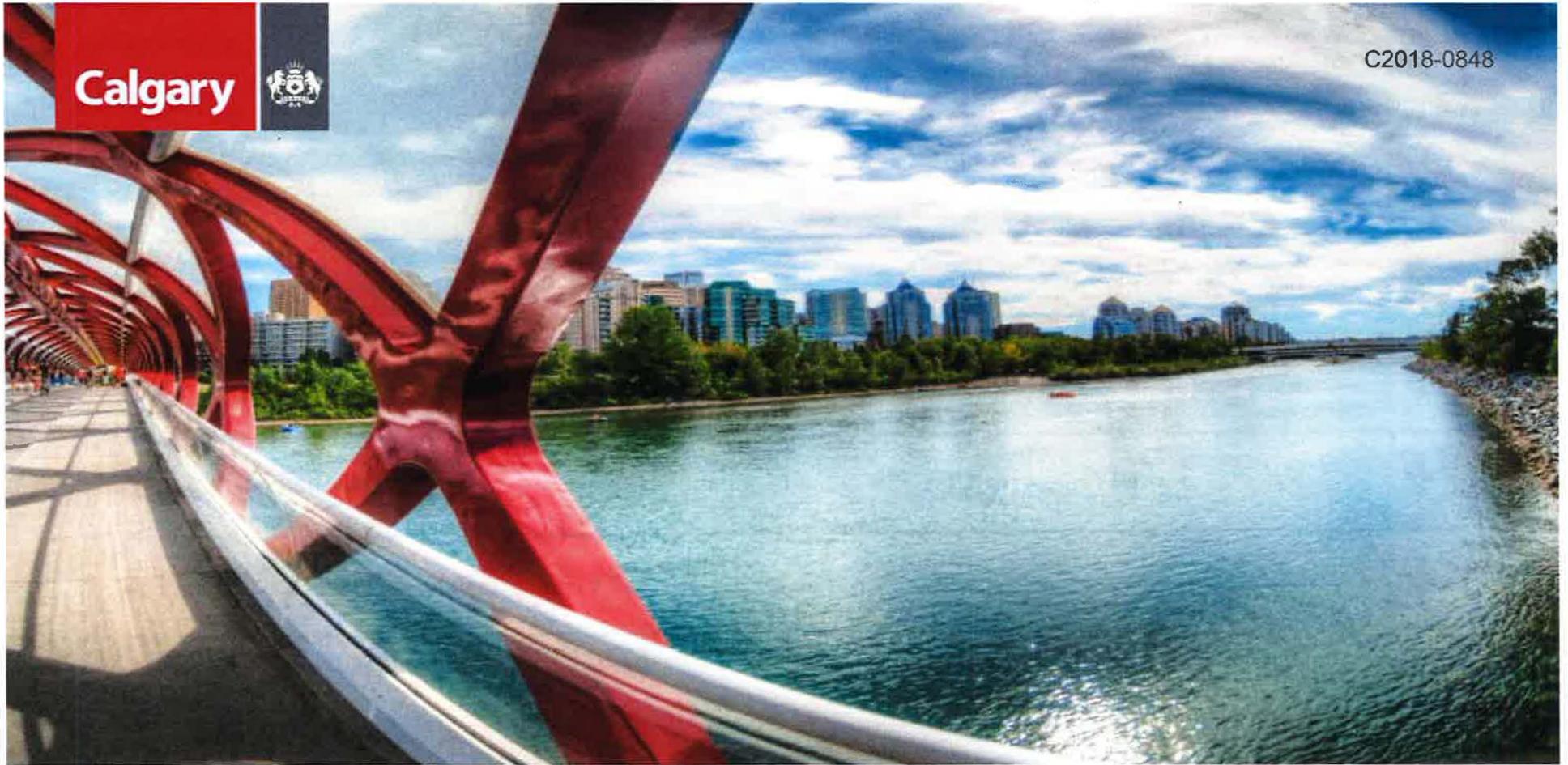
Percentage of Calgary residents who think The City should invest *more*, *less* or the *same* amount on a program or service | Source: 2018 Spring Pulse Survey

Citizens’ perceptions on what services The City should invest less in include...

		INVEST		
		MORE	SAME	LESS
	On street bikeways (Streets)	22%	38%	41%
	Social Media (Citizen Information & Services)	15%	53%	32%
	Residential Green Cart Service (Waste & Recycling)	17%	54%	29%
	Taxi, Limousine & Vehicles-for-Hire	15%	58%	27%
	Parking and enforcement	23%	52%	25%
	Arts & Culture	27%	51%	22%
	Pet Ownership & Licensing	12%	70%	18%
	Downtown revitalization	31%	51%	17%

Q: Please tell me if you think The City should invest more, less or the same amount on the program or service.

Base: Valid respondents (Bases vary) | For the purposes of surveying citizens, some service line names were slightly altered in the questionnaire. Service lines are indicated in brackets above, as needed.



Situation Awareness: Operating Budget What we know today

Population growth will increase in 2019-2022, but still slower than before the downturn

Economic Projections (April 2018)

Socio-Economic Indicator	2018	2019	2020	2021	2022	Trend
Population (000s)	1,259	1,272	1,285	1,303	1,323	↑
Population Growth (%)	0.9	1.0	1.1	1.4	1.4	↑
Housing Starts (000s)	4.4	4.1	5.9	8.0	9.6	↑
Unemployment Rate (%)	7.8	7.3	6.6	6.3	5.9	↓

The increasing cost of goods and services has an impact on the cost to deliver City services

Economic Projections (April 2018)

Socio-Economic Indicator	2018	2019	2020	2021	2022	Trend
Calgary Consumer Price Index (CPI)	2.0	2.0	2.0	1.8	2.2	Stable
Municipal Price Index (MPI) (%)	2.4	1.4	2.1	2.0	2.1	Stable
Natural Gas Price (\$Cdn/Gigajoule)	2.4	2.5	2.9	3.1	3.3	↑
Oil Prices - WTI (\$US/barrel)	58.7	57.9	59.7	61.1	62.1	↑
Oil Prices - WCS (\$US/barrel)	40.5	44	48	51.6	52.5	↑



Indicative Tax Rate Approved for 2019-2022

Proposed Rate Range Per Year	2019	2020-2022
Indicative Tax Rate Range without inflation	1.3% to 1.6%	1.3% to 1.6% per year
Indicative Tax Rate Range inflation	0.8% to 1%	0.8% to 1% per year
WRS Financial Policy change	(1.3%) base impact in 2019	---
Total Proposed Indicative Tax Rate Range without Growth	0.8% to 1.3%	2.1% to 2.6% per year
Indicative Rate for Actively Developing Communities	1.4% base impact in 2019	0.4% per year
Indicative Rate for New Communities*	0.45% to 0.75% base impact in 2019	---
Total Proposed Indicative Tax Rate Range with Growth	2.65% to 3.45%	2.5% to 3% per year

A range is recommended in April 2018 to allow Administration time to further refine our analysis and assumptions to bring back to Council.

* This is contingent on the growth decision to be made by Council in July 2018



Commitments

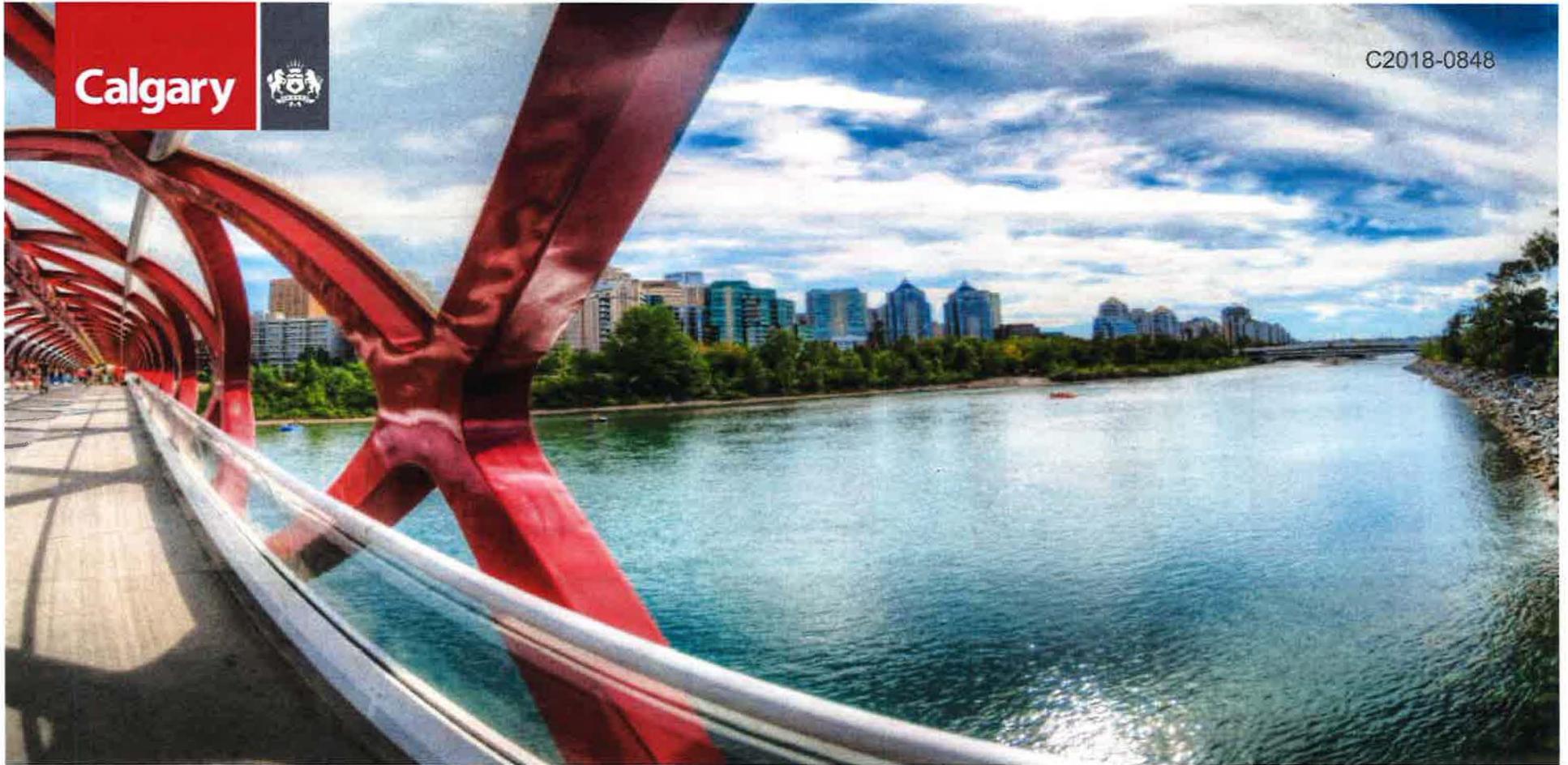
Commitments (\$000s)	2019	2020	2021	2022
Calgary Transit (1)	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
Calgary Arts Development Authority (CADA)	5,000	5,000	5,000	5,000
Other (2)	6,958	6,977	6,875	6,947
Total Commitments	\$ 23,958	\$ 23,977	\$ 23,875	\$ 23,947

- 1) Includes BRT hours and infrastructure maintenance, mobile fare payment operating costs, and Stoney Garage
- 2) Includes various smaller commitments from across multiple services



Potential Operating Investments since April 25, 2018

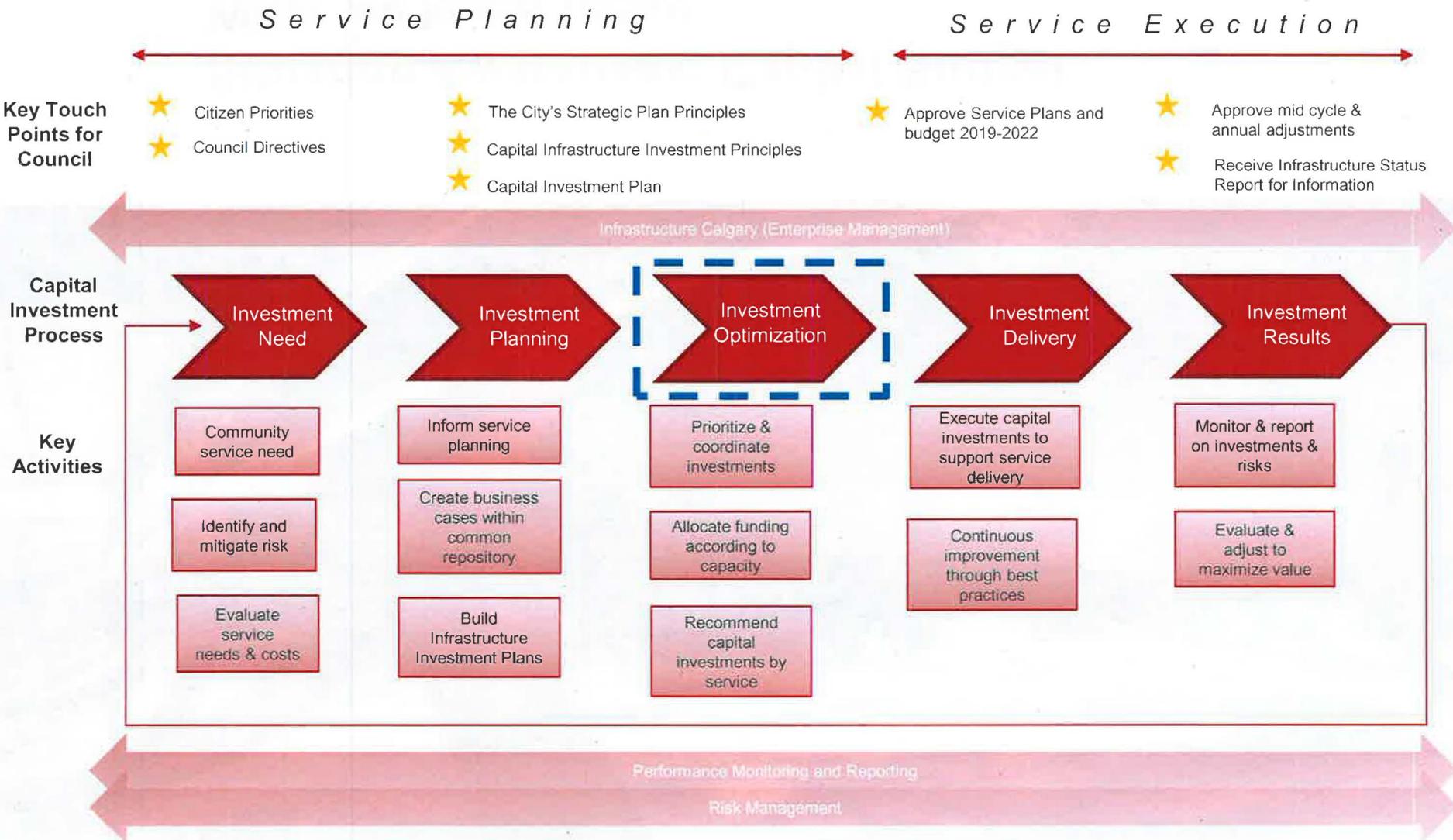
- Snow & Ice Control - \$9 to \$23M
- Resources to support growth strategy review and update - \$XM
- Other pressures?



Situation Awareness: Capital Budget

What we know today

Capital Investment Management Process



Capital at a Glance (as of June 26)

388 capital business cases submitted

53/61 services with a capital budget request
(through capital business cases)

\$7.5B total capital budget request for 2019-2023+

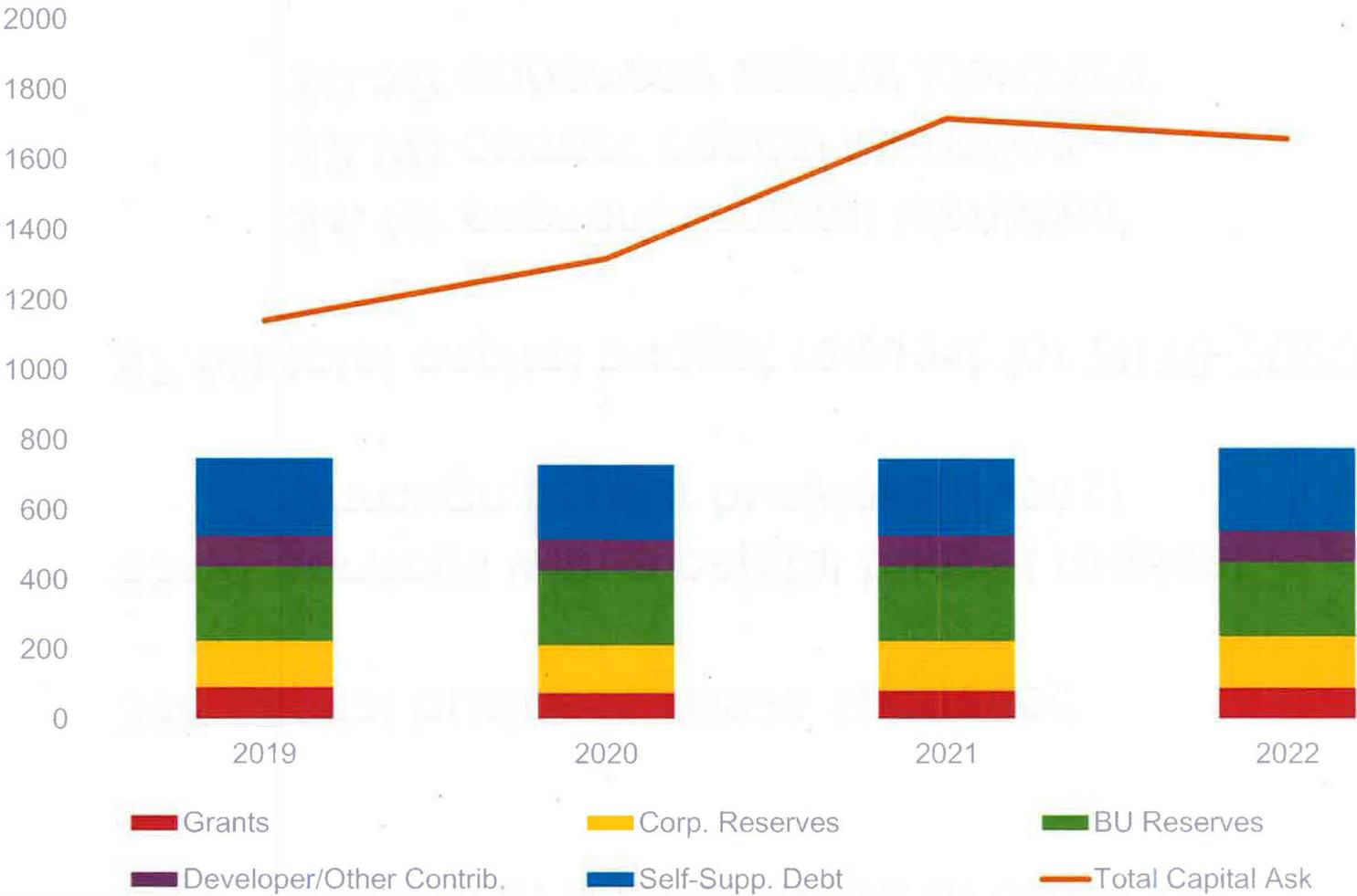
\$4.1B *essential capital identified*

\$2.9B *current capital identified*

\$0.5B *enhanced capital identified*

\$3.0B available in capital funding sources

Total funding available by funding type (\$millions)



Corporate Capital Prioritization Criteria

The following corporate criteria aligns with the six objectives stated in the Capital Infrastructure Investment Principles.



Essential Capital Criteria

Intent: Continued delivery of baseline level of service, addresses regulatory requirements, 'keep the lights on,' link to Council Priorities

- Legal, regulatory, health & safety requirement
- Critical infrastructure
- Critical asset risk mitigation
- Minimizes service delivery costs



Current Capital Criteria

Intent: Consider enhanced, quality or improved level of service, link to Council Directives and Change Choices

- Deliver existing levels of service
- Attracts private investment, and / or public & other government funding (regional)
- Improves connectivity, accessibility, and inclusion of communities



Enhanced Capital Criteria

Intent: Considers additional service delivery and / or further enhanced level of service

- Invests in approved new or expanded services