

**INSTRUCTION:**

**2019 June 10**

**Distribution to Report**

**C2019-0782 was a Draft  
Notice of Motion that was  
“NOT PUT” and was given to  
Council for information only.**





Report Number: C2019-

Meeting: Combined Meeting of Council

Meeting Date: 2019 April 08



## NOTICE OF MOTION

**RE: CUTTING CITY OF CALGARY OPERATIONAL EXPENDITURES**

**Sponsoring Councillors: Peter Demong, George Chahal, Shane Keating, Diane Colley-Urquhart**

**1. WHEREAS** the economic downturn has resulted in Calgary having the second highest unemployment rate in Canada, and has had a significant impact on downtown vacancy rates and declining property values of downtown office buildings resulting in a tax revenue loss in 2019 of \$250M;

**2. AND WHEREAS** on April 8<sup>th</sup> through a split decision on Council, it was decided to transfer some of the tax burden from non-residential taxpayers (downtown business owners) to residential (property) taxpayers to ease the overall tax burden and better support the City overall resulting in a:

- a) 3.45% tax rate increase for combined residential property tax (6.67% for municipal and -1.66% for provincial) which was the rate set in the 2018 Business Plans;
- b) 3.07% tax rate decrease for the combined non-residential property tax rate (-1.77% for municipal and -7.95% for provincial);
- c) Tax revenue share of 47% residential (+1% change) and 53% non-residential (-1%).

**3. AND WHEREAS** property taxes are the primary source of funding for The City's operating budget to support the delivery of municipal services to Calgarians, with The City collecting property tax from 13,815 non-residential properties and approximately 500,000 residential properties;

**4. AND WHEREAS** during this current economic downturn, the Province has requisitioned approximately \$3.7B from Calgarians through property taxes over the past five, yet has not engaged to provide any tax relief;

**5. AND WHEREAS** with all the current economic and geopolitical uncertainties at play, Council decided to only address the 2019 operating budget while recognizing that the magnitude and impact of this complex problem requires short, mid-term and long-term solutions with challenging economic forecasts anticipated to continue over the next 3 year Business Planning Cycle;

**6. AND WHEREAS** when Council confirmed the One Calgary 2019 – 2022 Business Plans, it was stated by the undersigned that The City had to undertake a comprehensive "Line of Service Review" (LOSR) to closely examine the 61 lines of service in which Administration advised that such a LOSR will take a minimum of 18 months;

**7. AND WHEREAS** it is important to acknowledge that during the 2015-2018 period in dealing with the recession, City Administration through intentional management of the operating budget identified \$607M in cost savings and efficiencies, and further, leading into the One Calgary 2019 – 2022 Business Plans, \$40M in efficiencies were incorporated, with a further \$16.5M in salary and wage reductions realized for 2019 only;

**8. AND WHEREAS** during budget deliberations, although not directed by Council, Administration also committed to finding an additional \$60M total in efficiencies and budget reductions within the remaining 2020 – 2022 cycle (mid – long term approach);

**9. AND WHEREAS** management exempt staff have been on a wage freeze for the past four years, Council has been advised that The City of Calgary does not have the authority, nor has it been granted by the Province of Alberta, to roll back wages and salaries of unionized employees as a mechanism to reduce the operating budget and ultimately the tax burden;

**10. AND WHEREAS** with Council only providing direction for the 2019 Operating Budget, Administration expressed concern with the lack of direction and uncertainty for the remaining three years of the Business Planning Cycle with the tax problem compounding as the “Bow Wave” could result in more financial uncertainty;

**11. AND WHEREAS** City Administration has requested that Council provide it with clear direction for the remaining three years of the Business Planning Cycle;

**12. AND WHEREAS** the intent of this Notice of Motion is to direct Administration to identify additional operating cost reductions for Council to consider during its budget deliberations in November 2019 to help alleviate some of the economic hardships Calgarians are currently experiencing;

**NOW THEREFORE BE IT RESOLVED** that in preparation for the November 2019 Operating Budget deliberations, Administration be directed to:

1. Report to the Priorities and Finance Committee on September 17<sup>th</sup> as follows:

- a. The City Manager, Deputy City Manager and each General Manager present recommendations from their respective areas of responsibility for collective annual operating budget reductions of \$60M for each of the 2020, 2021 and 2022 years; and
- b. Such recommendations to include, but not be limited to, reductions and/or the elimination of programs, services and staffing positions;

**AND FURTHER BE IT RESOLVED** that Council determine the application of the operating budget reductions during deliberations for the remaining 2020-2022 budget cycles.