



# Mid-Cycle Adjustments Overview

Recommendations for a safe, sustainable and resilient Calgary

**October 29, 2024**

# Introduction

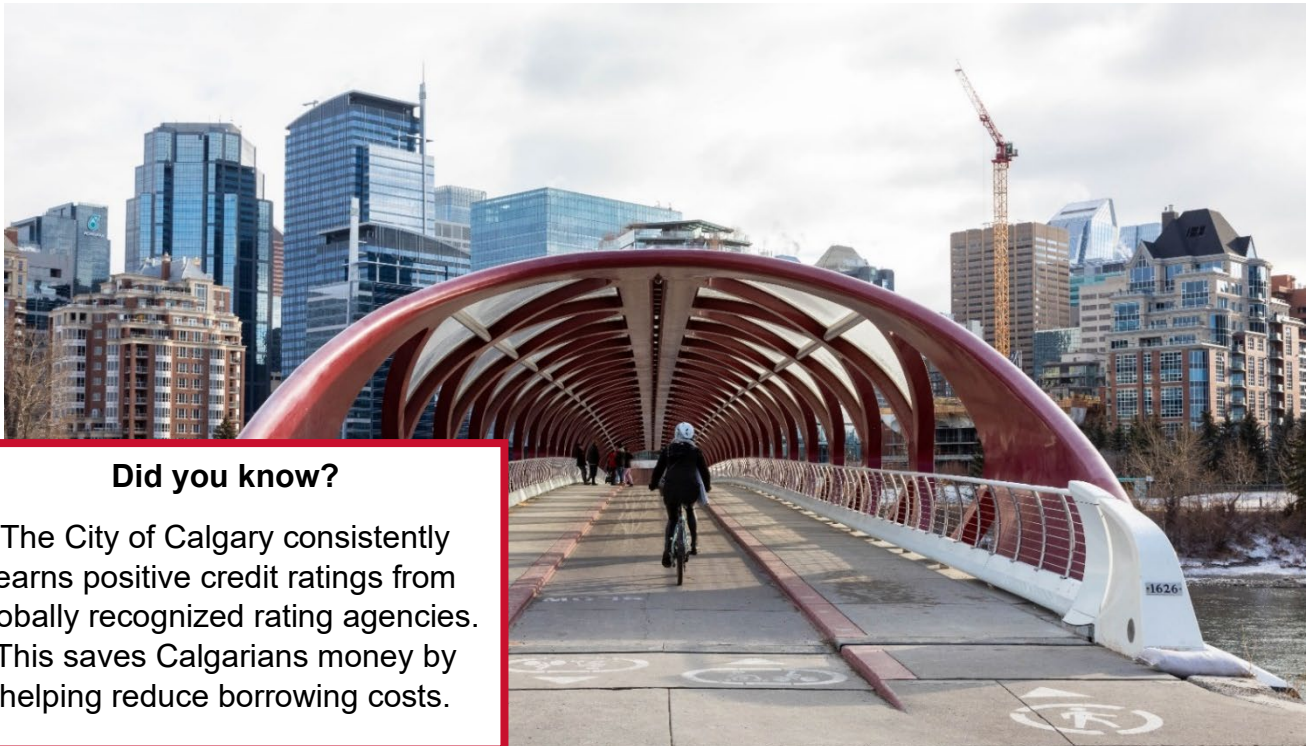
We understand that budget documents can be complex and overwhelming. This guide is your starting point for understanding this year's adjustments to The City's plans and budgets. Our planning and budget documents aim to provide transparency and accountability to the public, and **this overview highlights the key aspects of the Mid-Cycle Adjustments** to the 2023-2026 Service Plans and Budgets. In this document, you'll find an easy-to-understand summary of:

- The recommended changes to the budget
- What these adjustments mean to you financially
- How The City is being efficient with your money
- Background on how we got here

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. Budget decisions reflect the priorities of Calgarians and help determine what gets accomplished.

A lot has happened in two years. 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. This is in addition to the ones outlined in the [2023-2026 Service Plans and Budgets](#).

**In this attachment, we'll run through what our recommended 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.**

## Recommended changes

Each November, we adjust our plans and budgets and recommend important investments and changes to Council for approval. These investments and changes respond to the evolving needs expressed by Calgarians and businesses, as identified through feedback from the [2024 Spring Survey of Calgarians](#) and the City's performance in the Progress Update. Investments and changes generally align to [Council's focus areas](#) or be projects that are deemed critical to The City. These changes are either used to run the service day-to-day (operating) or used to build and maintain infrastructure (capital) used by services.

### Operating investments overview

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 outside The City for external grants and other funding streams.
- Worked internally among our services to prioritize the most important investments.

Administration worked to identify \$141 million in operating budget capacity, comprising \$112 million in on-going capacity and \$29 million in one-time capacity, and \$135 million in relinquished corporate capital funding (\$120 million in capital budget relinquishments presented in Attachment 5 combined with another \$15 million in corporate sources switched from other projects) to accommodate new investments without increasing taxes or fees.

Ongoing Annual Operating Investments (in thousands)	2025	2026	2027+
<b>Enabled by reviewing corporate financial capacity (2025) and tax increases (2026 and 2027+)</b>			
Corporate Inflationary Pressures	\$48,000		
Preparing for Green Line Operations [partial]	\$8,000	\$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	\$2,504		
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
<b>Total Ongoing Annual Operating Investments</b>	<b>\$76,763</b>	<b>\$11,990</b>	<b>\$51,145</b>

\*2027+ represents the estimated future direct incremental operating costs for the Growth Applications over the next 15 years.

One-Time Operating Investments (in thousands)	2025	2026
<b>Enabled by reviewing corporate financial capacity</b>		
Preparing for Green Line Operations [partial]	\$16,000	\$16,000
Capital Funding from Local Access Fees	\$19,656	\$19,656
<b>Total funded from on-going corporate financial capacity</b>	<b>\$35,656</b>	<b>\$35,656</b>
<b>Enabled by leveraging 2024 operating variance</b>		
Low Income Transit Pass Program Sustainment for 2025	\$19,000	-
Remuneration framework for Boards, Commissions and Committees [partial]	\$274	\$274
Implementing Downtown Safety Leadership Table recommendations [partial]	\$5,785	\$3,710
<b>Total funded from 2024 operating variance</b>	<b>\$25,059</b>	<b>\$3,984</b>
<b>Total One-Time Operating Investments</b>	<b>\$60,715</b>	<b>\$39,640</b>

- Enabled by leveraging external and alternative sources**
- Clean Energy Improvement Program
  - Rezoning for Housing Resources
  - Increased 9-1-1 capacity to dispatch Transit Peace Officers
  - A Data Foundation for City Building: Exploring a New Civic Census

- Enabled by reprioritizing budgets within and between services**
- Bill 20 Changes for Municipal Elections
  - Plus 15 Inspection Program
  - Continuing the Equity Program to advance equitable delivery of City services
  - Implementing Downtown Safety Leadership Table recommendations [partial]
  - Playground and Amenity Safety Inspections and Sustainment
  - Eligibility Resources for Calgary Transit Access
  - Film Friendly Program Sustainment
  - Improving Pavement Quality and the 5A Network
  - Additional 5A Network Improvement Plan



The funds found through reallocation and efficiencies will be reinvested in the areas that matter most to Calgarians, such as, housing and community development, transit, public safety and more. However, this is only the beginning of what we need to do to keep 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 city and recommends a few investments that are the highest priority. These investments require an overall tax increase of 3.6 per cent from existing properties, which is within the previous Council direction to maintain the already planned increase for 2025.

Calgarians need homes. We're investing in new communities to help improve housing supply. New communities are a significant source of housing supply in Calgary, often offering the most affordable market housing choices in the city. These investments help us establish communities and cover items such as:

- ✓ Storm connections
- ✓ Storm management initiatives
- ✓ Sanitary truck extensions
- ✓ Transportation and Transit infrastructure

However, as they involve substantial costs, it is important to evaluate new community growth through the Growth Application process to ensure Calgary grows in a balanced, sustainable way.



### Water utilities and waste & recycling services

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
<b>Total</b>			<b>+\$5.09</b>	<b>+\$5.46</b>

\*based on typical residential metered water usage of 19m<sup>3</sup>

Across the four services, these rate increases will fund base operating expenditures of \$105 million in 2025 and \$40 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).

<b>Water utilities and waste and recycling services capital (in thousands)</b>	<b>2025-2026</b>	<b>2027+</b>
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	-
<b>Total</b>	<b>\$719,935</b>	<b>\$853,902</b>



The City is actively responding to the Bears paw South feeder main break and has 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.

## Other recommended capital investments

We made significant efforts to review capital investments and relinquish \$135 million in corporate funding that can be reallocated for high priority capital needs. This includes \$120 million from the \$143.5 million in relinquishments identified in Attachment 5, and \$15 million in corporate funding released by accessing more restricted funding sources. The relinquishments will have minimal impact to services. Additional funding of \$94 million 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 reallocated 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
<b>Capital Cost Escalations</b>	
Capital Cost Escalations Fund <sup>1</sup>	\$18,000
<b>Maintenance and Critical Repair</b>	
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 <sup>2</sup>	\$4,000
Retaining Wall Replacement Program	\$3,000
Timber Stair Replacement Program	\$3,000
Improving Pavement Quality on High-Speed Roads	\$10,000
<b>Housing and Community Development</b>	
Country Hills Widening (Barlow Tr to 36 St SE)	\$16,100
City-Wide Transit Oriented Development <sup>2</sup>	\$20,000
Transit Oriented Development – Design & Infrastructure Study	\$4,500
Public realm investments in Established Areas <sup>2</sup>	\$2,500
Belvedere related Infrastructure including Stoney Tr/Memorial Dr SE flyover, design for Max Purple <sup>2</sup>	\$31,910 <sup>4</sup>
<b>Matched Funding</b>	
Blue Line – Additional Design and early works <sup>3</sup>	\$10,000
Cowboys Park Capital Upgrade <sup>2</sup>	\$1,900 <sup>5</sup>
<b>Total</b>	<b>\$228,910</b>

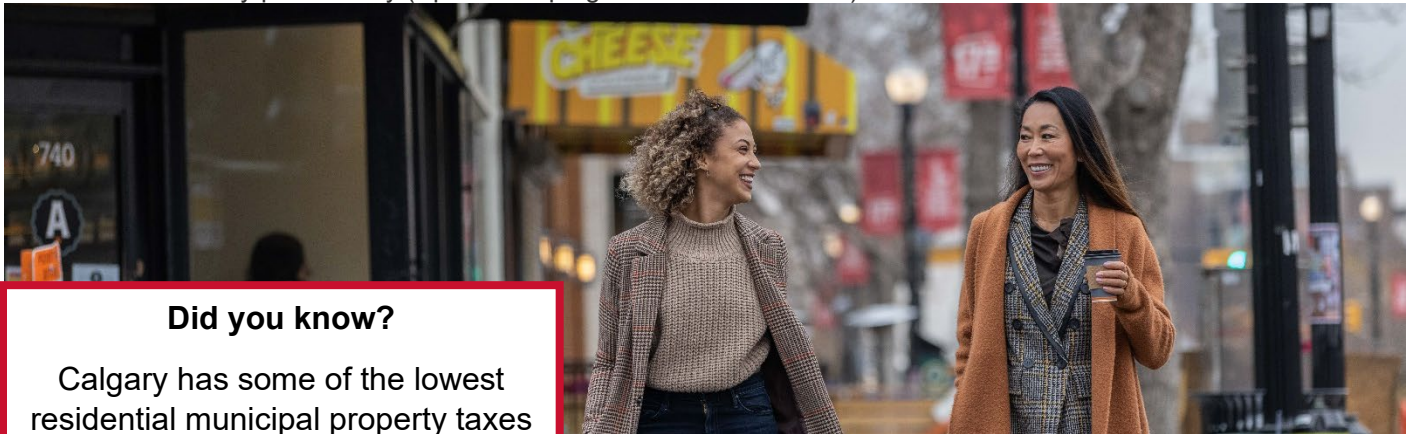
<sup>1</sup> This funding will cover some but not all known cost escalations.

<sup>2</sup> Additional capital funding will be requested for 2027-2030+ to complete these initiatives.

<sup>3</sup> Provincial match funding secured; federal funding not secured.

<sup>4</sup> City Portion only (Off-site Levies not included).

<sup>5</sup> City portion only (Sponsorship agreement not included).



**Did you know?**

Calgary has some of the lowest residential municipal property taxes among Canadian municipalities.

## What these adjustments mean to Calgarians financially

To continue delivering the services that Calgarians expect and rely on, the recommended adjusted budget results in an increase in total property tax revenue of 5.6 per cent (total from the increase to existing properties and additional revenue from newly developed or redeveloped properties), with the following changes to the taxes and fees paid by a typical residential household\*:

- An average 3.9 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	(recommended) 2025 change
	Municipal property tax per month	\$214	+\$8.37 or 3.9%
	Waste & recycling and water utilities per month	\$137	+\$5.09 or 3.7%
<b>Total City services</b>		<b>\$351</b>	<b>+\$13.46 per month or 3.8%</b>

\*A residential property assessed at the estimated median of \$700,000 in 2025 with metered water usage of 19m<sup>3</sup>



## 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:



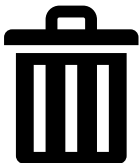
Parks and Open Spaces continues to **plant more perennials and drought tolerant plants** that require less water and maintenance than annual plant material. In 2024, significant efforts were made to save water by planting 20 per cent less annual plants. The number of annual plants ordered for 2025 and 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 providing insight into the local economy. They also influence The City’s planning and operations to best serve Calgarians. Since the 2022 approval of the [2023-2026 Services Plans and Budgets](#), many indicators exceeded our original assumptions and what we originally planned for. The most notable include population growth and inflation.

	Inflation	Population growth	
<b>2023</b>	<b>+3.8%</b> vs. planned increase of 2.6%	<b>+5.6%</b> vs. planned increase of 1.7%	<b>75,000</b> <b>new residents*</b>
<b>2024</b>	<b>+3.5%</b> (year to date) vs. planned increase of 1.8%	<b>+4.9%</b> vs. planned increase of 1.7%	<b>69,000</b> <b>new residents**</b>
<b>Past 10 years<sup>+</sup></b>	<b>+24.89%</b>	<b>+19.04%</b>	

*\*from April 1, 2022 to April 1, 2023    \*\*from April 1, 2023 to April 1, 2024    +from April 2014 to April 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 in each of 2023 and 2024, but actual growth was 5.6 per cent in 2023 and 4.9 per cent in 2024. Actual inflation numbers for 2023 were 3.8 per cent compared to the planned 2.6 per cent. For most services that we provide, 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.





## Budget Overview

### Breakdown of Operating Revenue (Budgets, \$ millions)

	2023	2024	2025	2026
Previous year approved on-going revenue	-	(4,499)	(4,740)	(4,875)
<i>Previously approved change from previous year</i>	-	(241) 5.4%	(136) 2.9%	(130) 2.7%
Approved On-going revenue	(4,499)	(4,740)	(4,875)	(5,006)
<i>Proposed change in on-going revenue</i>	-	-	(227) 4.8%	(300) 6.2%
<b>Proposed revised on-going revenue</b>	<b>(4,499)</b>	<b>(4,740)</b>	<b>(5,102)</b>	<b>(5,306)</b>
Approved 1-time revenue	(68)	(308)	(56)	(35)
<i>Proposed change in 1-time revenue</i>	-	218	(224)	(3)
<b>Proposed revised 1-time revenue</b>	<b>(68)</b>	<b>(90)</b>	<b>(280)</b>	<b>(39)</b>
<b>Proposed revised total revenue</b>	<b>(4,566)</b>	<b>(4,829)</b>	<b>(5,382)</b>	<b>(5,344)</b>

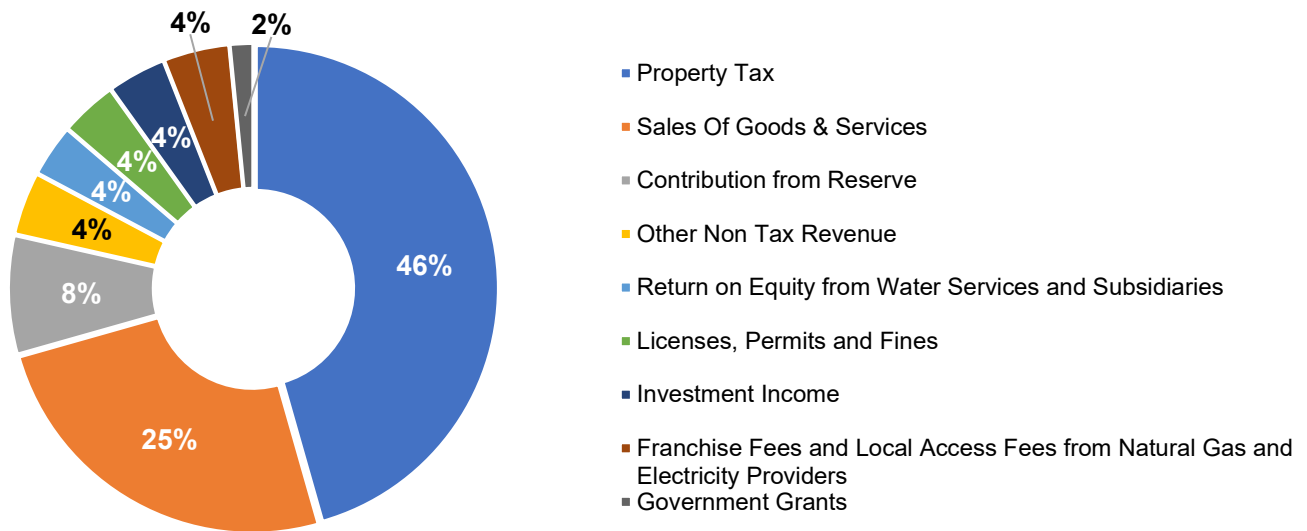
Note: figures do not include the impact of Education requisition

### Breakdown of Operating Expenditures (Budgets, Net of Recoveries, \$ millions)

	2023	2024	2025	2026
Previous year approved on-going expenditures	-	4,512	4,750	4,883
<i>Previously approved change from previous year</i>	-	238 5.3%	133 2.8%	123 2.5%
Approved On-going Expenditures	4,512	4,750	4,883	5,006
<i>Proposed change in on-going expenditures</i>	-	-	191 4.0%	264 5.4%
<b>Proposed revised ongoing expenditures</b>	<b>4,512</b>	<b>4,750</b>	<b>5,074</b>	<b>5,270</b>
Approved 1-time Expenditures	55	298	49	35
<i>Proposed change in 1-time expenditures</i>	-	(218)	259	39
<b>Proposed revised 1-time expenditures</b>	<b>55</b>	<b>79</b>	<b>308</b>	<b>74</b>
<b>Proposed revised total expenditures</b>	<b>4,566</b>	<b>4,829</b>	<b>5,382</b>	<b>5,344</b>

Note: figures do not include the impact of Education requisition

### 2025 Operating Budget Funding: \$5.4 billion



Capital Budget as of Sep 30, 2024 (\$ millions)	2024	2025	2026	2027+	Total
<b>Previously approved budget</b>	<b>2,070</b>	<b>2,820</b>	<b>4,283</b>	<b>3,685</b>	<b>12,858</b>
Adjustments	22	293	560	872	1,746
<i>Relinquishments</i>	(13)	(22)	(69)	(40)	(144)
<i>Increase</i>	35	315	628	912	1,890
New Investments	-	137	127	-	264
<b>Proposed revised capital budget</b>	<b>2,092</b>	<b>3,250</b>	<b>4,970</b>	<b>4,557</b>	<b>14,869</b>

### 2024-2028+ Capital Budget Funding

