



Preview of the Mid-Cycle Adjustments to the 2023-2026 Service Plans and Budgets at a Glance

Making life better every day

September 16, 2024

The information in this document is an early preview of the proposed budget adjustments presented to Council on Sept. 16, 2024, and may change. Administration will provide updated budget adjustment recommendations to Council on Nov. 5, 2024.

Introduction

Making decisions on budgets means decisions about what is important to Calgarians to get accomplished.

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.

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.

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

Proposed changes

Investments

Each November, we adjust our plans and budgets and recommend important investments to Council for approval. This is in addition to the ones outlined in the [2023-2026 Service Plans and Budgets](#). These investments respond to the evolving needs expressed by Calgarians and businesses, primarily through the [2024 Spring Survey of Calgarians](#). They may also align to [Council's focus areas](#) or are projects that are deemed critical to The City. These investments are either used to run the service day-to-day (operating) or used to build and maintain infrastructure (capital) used by services.

Proposed operating investments

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 at the expected 2024 operating variance (sometimes incorrectly called a surplus).
- Looked outside The City for external grants and other funding streams.
- Worked internally among our services to prioritize the most important investments.

Operating Investments Without Increasing Taxes or Fees (in thousands)	2025	2026
Enabled by reviewing corporate financial capacity		
Corporate Inflationary Pressures	\$48,000	\$48,000
Preparing for Green Line Operations <i>[partial]</i>	24,000	24,000
Enabled by leveraging 2024 operating variance		
Low Income Transit Pass Program Sustainment for 2025	19,000	-
Remuneration framework for Boards, Commissions and Committees <i>[partial]</i>	274	274
Implementing Downtown Safety Leadership Table recommendations <i>[partial]</i>	6,000	3,400
Enabled by leveraging external and alternative sources		
Clean Energy Improvement Program	10,000	20,000
50 Officer Grant: Guns and Gangs Violence Action Fund	11,477	966
Rezoning for Housing Resources	4,099	1,857
Increased 9-1-1 capacity to dispatch Transit Peace Officers	1,500	2,500
A Data Foundation for City Building: Exploring a New Civic Census	1,000	-
Enabled by reprioritizing budgets within and between services		
Continuing the Equity Program to advance equitable delivery of City services	2,050	2,050
Implementing Downtown Safety Leadership Table recommendations <i>[partial]</i>	1,350	1,350
Bill 20 Changes for Municipal Elections	1,318	-
Plus 15 Inspection Program	750	1,250
Film Friendly Program Sustainment	860	860
Eligibility Resources for Calgary Transit Access	360	360
Playground and Amenity Safety Inspections and Sustainment	50	100
Improving Pavement Quality and the 5A Network	60	40
Additional 5A Network Improvement Plan	27	39
Total Operating Investments	\$132,175	\$107,046



But there is a lot more we need to do for 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 organization and recommends a few investments that are the highest priority and are beyond the Council direction to maintain the previously approved 3.6 per cent from existing properties (5.5% for residential and 1.4% for non-residential) Administration is proposing an increase to property taxes for critical investments and to properly fund the annually re-occurring cost of our growth.

Ongoing (Base) Operating Investments (in thousands)	2025	2026	2027+
Enabled by tax increases			
Incremental funding for Preparing for Green Line Operations		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	2,500		
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
Total increase	\$20,759	\$11,990	\$51,145*
Estimated tax impact	0.89%	0.49%	

*2027+ represents the estimated future operating costs over the next 15 years.



Waste & recycling and water utilities

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
Total			+\$5.09	+\$5.46

*based on typical residential metered water usage of 19m³

Across the four services, these rate increases will fund base operating expenditures of \$105 million in 2025 and \$58 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).

Waste and recycling and water utilities capital (in thousands)	2025-2026	2027+
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	-
Total	719,935	853,902



The City is actively responding to the feedermain break and have 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.

Proposed capital investments

We made significant efforts to review capital investments and relinquish funding that can be re-used for high priority capital needs. The relinquishments will have very little impact to services. Additional funding 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 re-used 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
Capital Cost Escalations	
Capital Cost Escalations Fund ¹	15,800
Maintenance and Critical Repair	
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 ²	4,000
Retaining Wall Replacement Program	3,000
Timber Stair Replacement Program	3,000
Improving Pavement Quality on High-Speed Roads	10,000
Housing and Community Development	
Country Hills Widening (Barlow Tr to 36 St SE)	16,100
City-Wide Transit Oriented Development ²	20,000
Transit Oriented Design – Design & Infrastructure Study	4,500
Public realm investments in Established Areas ²	2,500
Belvedere related Infrastructure including Stoney Tr/Memorial Dr SE flyover, design for Max Purple ²	31,910
Matched Funding	
Blue Line – Additional Design and early works ³	10,000
Cowboys Park Capital Upgrade ²	4,100
Total	228,910

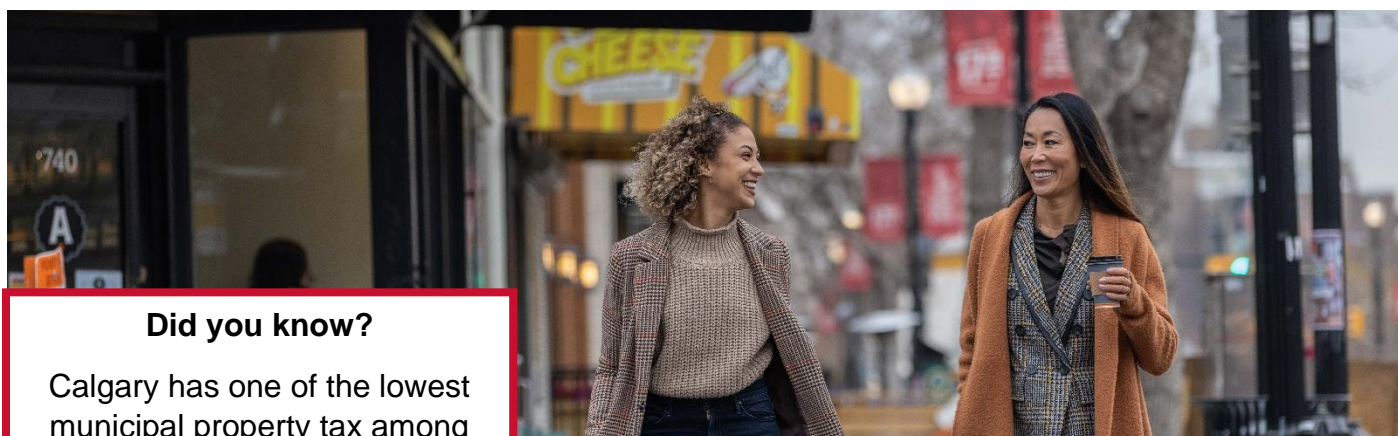
¹ This funding will cover some but not all known cost escalations.

² Additional capital will be requested for 2027-2030+ to complete these initiatives.

³ Provincial funding secured, federal funding not secured

The following investments do not require additional corporate funding. They are funded through other City funds, either entirely through offsite levies, reserves or self-supported debt.

Capital Investments (in thousands)	2025-2026
Capital not requiring corporate funding	
Haskayne Emergency Response Station – Land purchase	2,000
Vehicle and Equipment Growth 2023-2026	27,336
Community Grant Program for Established Areas	500
Total	29,836



Did you know?
Calgary has one of the lowest municipal property tax among Canadian municipalities.

What these adjustments mean to Calgarians financially

To continue delivering the services that Calgarians expect and rely on, we are proposing the following changes to the taxes and fees paid by a typical residential household*:

- Increase property taxes by 6.4 per cent (4.5 per cent from existing properties and 1.9 per cent from newly developed or redeveloped properties), which would result in an average 4.1 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	(proposed) 2025 change
	Municipal property tax per month	\$216	+\$8.86 or 4.1%
	Waste & recycling and water utilities per month	\$137	+\$5.09 or 3.7%
Total City services		\$353	+\$13.95 per month or 4.0%

*A residential property assessed at the median of \$700,000 in 2025 with metered water usage of 19m³

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 that provide insight into the local economy. They also influence The City’s planning and operations to best serve Calgarians. Since the approval of the [2023-2026 Services Plans and Budgets](#) in 2022, many indicators exceeded our original assumptions and what we originally planned for. The most notable include population growth and inflation.

	Inflation	Population growth	
Past year 2023	+3.8% vs. planned increase of 2.6%	+5.6% vs. planned increase of 1.7%	69,000 new residents*
Past 10 years*	+24.89%	+19.04%	

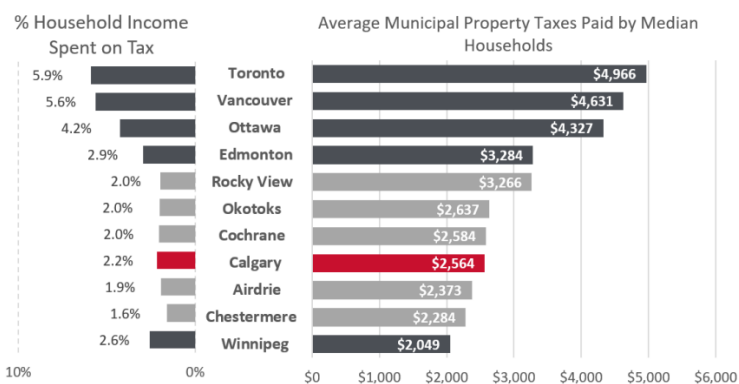
*from April 2014 to April 2023 *from April 1, 2022 to April 1, 2023

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 but actual growth was 5.6 per cent. Actual inflation numbers for 2023 were 3.8 per cent compared to the planned 3.1 per cent. Overall, 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.

Low property taxes

Property taxes collected to fund services have not kept up with either inflation or population growth, leading to gaps in required funding. This has been amplified by the fact that Calgary has had some of the lowest property tax rates in the country. In Calgary, 2.2 per cent of household income is spent on property tax, one of the lowest amounts among major Canadian cities. In comparison, Vancouver spends 5.6 per cent of household income and Edmonton 2.9 per cent.



As the city grows and costs continue to increase, increased funding is needed for important infrastructure and services to keep up with Calgary’s growth. At this rate, maintaining such low property taxes is unsustainable.