



2023 November Adjustments Summary Report

Overview of the Adjustments to the 2024-2026 Service Plans and Budgets

2023 November 7

Table of Contents

Operating budget summary	3
Changes in The City’s Revenues	3
Changes in Operating Investments	4
Technical operating budget adjustments	6
Capital budget summary	7
New capital investments	7
Technical capital budget adjustments	8
How we got here	9
What we are hearing from Calgarians	9
External factors impacting the community	10
External factors impacting The City	11
Responding to the needs of Calgarians	12
Focusing on housing, transit and public safety investments:	13
Connection to Council’s Refined Priorities	15
What is the overall cost to Calgarians?	18
Balancing tax responsibility	21
Impact of all decisions on property tax	23
Breakdown of new investments by service	24
List of investment recommendations	25

Operating budget summary

Responding to the needs that Calgarians have expressed relating to action on affordable housing, ensuring public safety, and further improving our public transit service, The City's Administration is recommending an increase to the operating budget.

Changes in The City's Revenues

The City strives to minimize the direct impact on citizens by prioritizing non-tax revenues. Taking advantage of the anticipated 2023 positive variance for the operating budget of \$100 million, The City is able to ensure the critical one-time operating and capital investments are funded. The anticipated 2023 positive variance in local access fees (also known as franchise fees) of \$165 million has allowed The City to make historic investments in affordable housing in addition to funding other capital priorities. In addition, a total of \$35 million in non-tax revenues were made available for on-going annual investments - this non-tax funding means some additional investments can be made without increasing tax revenue. To fund the remaining service priorities, \$57 million in additional tax revenue will be needed as of 2024.

As a result, 100% of the increased capital and one-time investments can be funded without any additional property tax, and approximately half of the on-going annual investments can be made without any additional property tax impact.

The 2024 adjustments impact the remainder of the budget cycle as follows:

Breakdown of operating revenue (\$ millions)	2023	2024	2025	2026
Budget as of Sept. 30, 2023	(5,499)	(5,516)	(5,607)	(5,716)
Technical Adjustments (A+B)	138	(191)	(43)	(42)
(A) Corporate Reserves (FSR/BSA) ¹	168	(168)	-	-
(B) Other Non-tax Revenue ²	(30)	(24)	(43)	(42)
New Investments ³	-	6	6	6
New Investments Funding (C+D+E)	-	(160)	(93)	(92)
(C) Corporate Reserves (FSR/BSA) ⁴	-	(59)	8	9
(D) On-going Corporate Non-tax Revenue ⁵	-	(35)	(35)	(35)
(E) Change in Tax Revenue	-	(57)	(57)	(57)
Proposed revised budget	(5,361)	(5,851)	(5,728)	(5,835)

Table 1: Breakdown of total operating revenue for 2023 – 2026.

¹ One-time budget carry-forward incl. previously approved corporate reserve funding that is being carried forward from 2023 to 2024

² Operating budget adjustments with no net budget impact and self-funded one-time budgets carried forward from 2023 to 2024

³ Lower revenue due to limiting transit fare increases and permanently funding free transit for children under the age of 12

⁴ Fiscal Stability and Operating Budget Savings Account Merged Reserve drawdowns funding one-time investments, incl. the impact of converting Fire and Emergency Response (\$3.3M) and Community Strategies one-time budgets (\$6M) to base budgets

⁵ ENMAX dividend (\$10M), investment income (\$10M) and franchise fee revenue (\$15M) funding on-going investments

The breakdown of both tax and non-tax revenue sources is further summarized in the graph below:

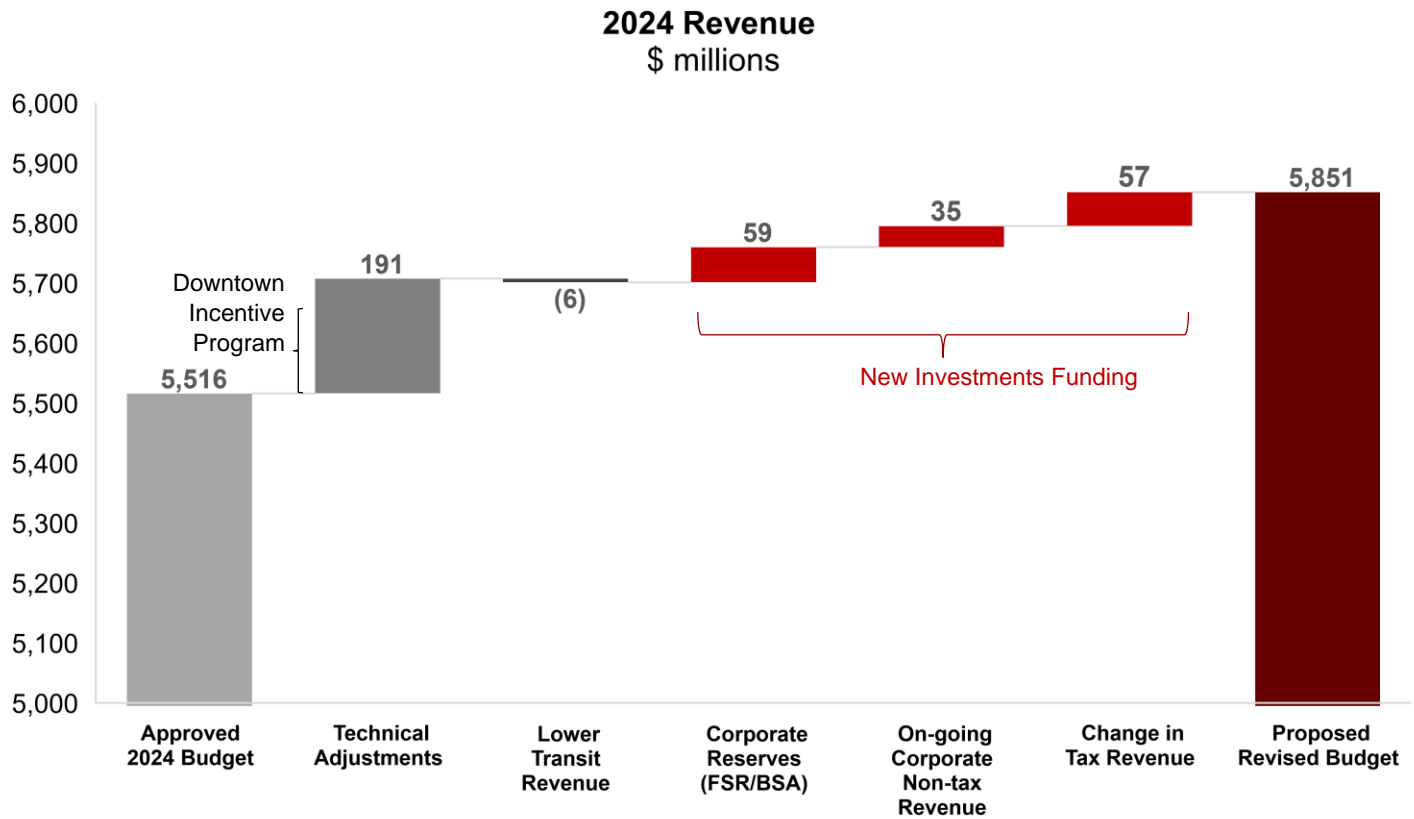


Figure 1: Breakdown of the 2024 tax and non-tax revenue sources.

Changes in Operating Investments

The recommended adjustments amount to a total of \$97 million in on-going annual operating investments (including the conversion of \$9.3 million in one-time budgets to base), \$69 million in one-time operating investments, and are partially offset by \$11 million in recurring expenditure savings. One of the main reasons that there is a large change in the 2024 operating budget is the carryforward of one-time operating budget within the Technical Adjustments row. This carryforward results in both a decrease in the 2023 budget and an increase in the 2024 budget. A significant portion of these one-time investments (\$134.5M) is our commitment to downtown revitalization through the Downtown Calgary Development Incentive Program.

Breakdown of operating investments (\$ millions) *	2023	2024	2025	2026
Budget as of Sept. 30, 2023	5,499	5,516	5,607	5,716
Technical Adjustments ¹	(138)	191	43	42
New investments (on-going and one-time) ²	-	155	88	87
New investments funding ³	-	(11)	(11)	(11)
Proposed revised budget	5,361	5,851	5,728	5,835

Table 2: Breakdown of total operating expenditures for 2023 – 2026.

* Expenditures net of recoveries

¹ Operating budget adjustments with no net budget impact and one-time budget carry-forward

² Includes the conversion of Fire and Emergency Response (\$3.3M) and Community Strategies (\$6M) one-time budget to base budget

³ Reducing contribution to reserves from investment income (\$10M) and City Planning and Policy base budget reduction (\$1M)

Operating budget adjustments are comprised of technical elements that include changes to approved budgets to ensure that these still correspond to the updated service plans, and new operating investments that incorporate either newly identified items or amend already existing Council priorities considering the evolving economic and social environment, as well as research from the 2023 fall research and the mid-year performance report.

The adjustments process provides an opportunity for Administration and Council to advance the approved priorities and propose changes in light of evolving economic and social conditions that have been defined by increasing inflationary pressures, a volatile geopolitical environment and the resulting impact on commodity markets that directly affect Alberta and Calgary. This year Administration has recommended a series of investments that respond to the critical needs of Calgarians. **These investments will help address the housing crisis, provide better and safer transit, and contribute to the overall safety of Calgarians.** These investments involved approximately \$96.5 million increase in annually on-going (base) expenditures and \$68 million in 2024 one-time (with \$9.3 million of that being offset by converting one-time budgets to base), as well as \$1.2 million in 2025 one-time expenditures for Council approval.

The breakdown of both technical adjustments and new investments is summarized in the graph below:

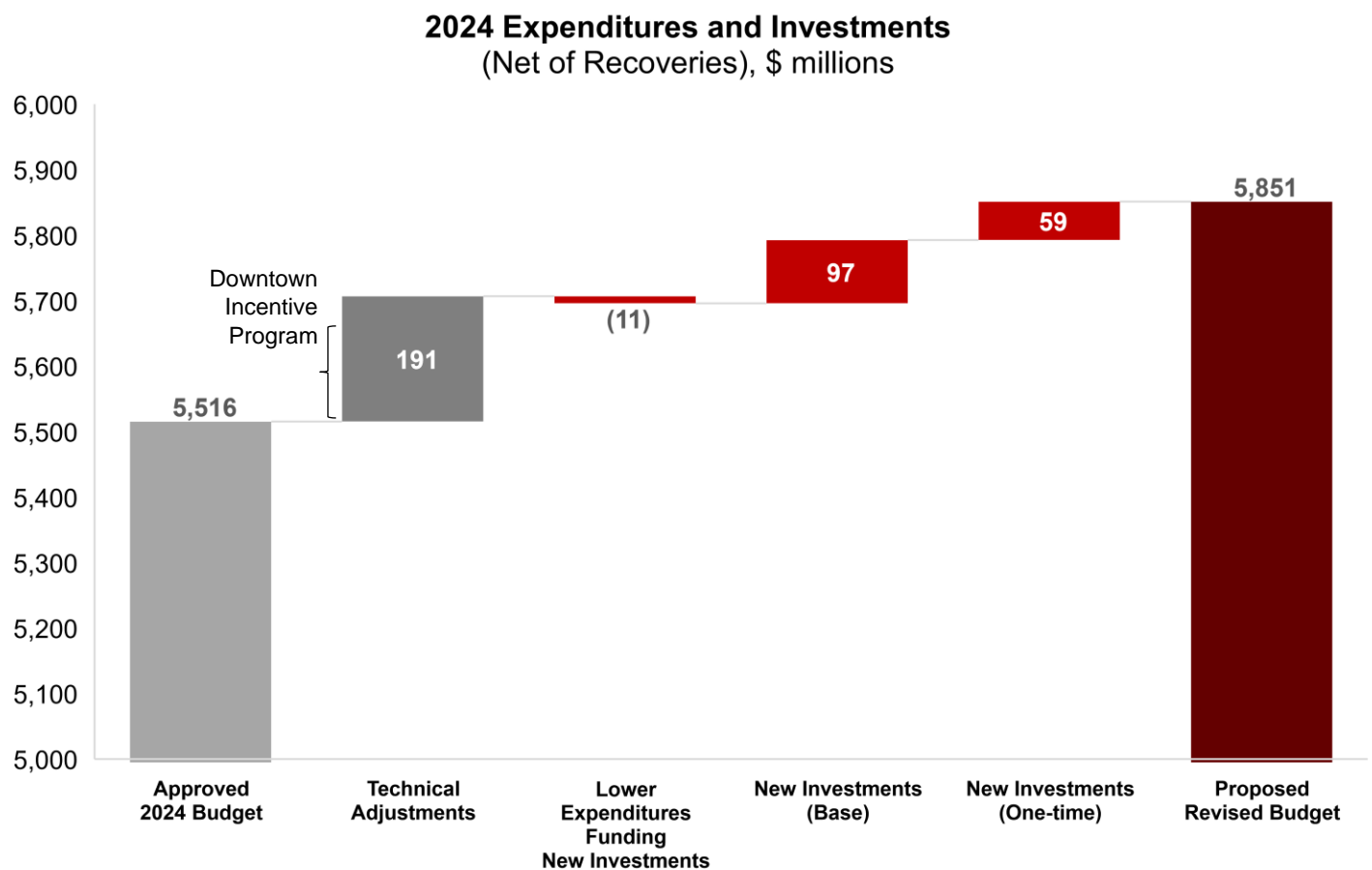


Figure 2: Breakdown of the 2024 Operating Expenditures and Investments.

Figure 3 below shows the breakdown of operating expenditures by service category and the consistency of City’s investment focus over time.

2024 and 2026 operating expenditures
(Net of recoveries)
by service category

- Corporate Programs
- Utilities & Environment ↑
- Public Safety and Bylaws ↑
- Transportation ↑
- Building, Planning and Business
- Enabling Services
- Parks, Recreation and Culture
- Social programs and services ↑
- Information and Communication
- Tax and Property Assessment
- Mayor and Council
- City Auditor's Office

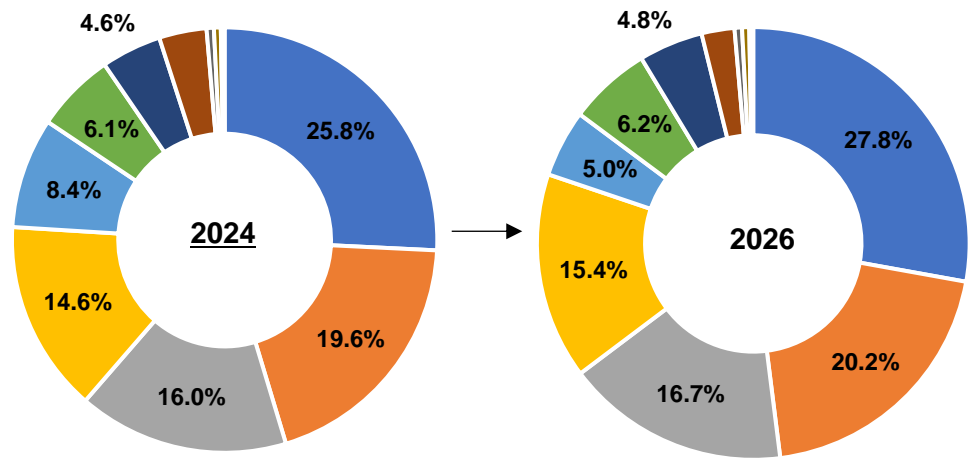


Figure 3: Breakdown of the 2024 operating expenditures by service category.

↑ Indicates largest increase.

Technical operating budget adjustments

- **Operating Budget Adjustments with No Net Budget Impact:** consist of budget adjustments for services that result in no change in funding from corporate revenue sources (e.g., funding from property taxes). These improve the alignment of budgets to anticipated actual spending. This represents an increase in revenue by \$44 million, recoveries by \$15 million and expenditures by \$59 million with no net impact on the total City operating budget. When combined with the Police Service request for additional one-time budget of \$7.5 million 2024 in 2024 Community Safety Investment Framework expenditures funded from the 2023 anticipated variance in the program, the increase in expenditures net of recoveries is \$52 million.

Main drivers: Changes to budgeted reserve transfers, revisions in expected fee revenue, aligning staffing levels with business needs, organization structure realignment.

- **Carry forward of one-time operating budget:** consist of requests by services to carry forward unspent one-time operating budget if project cannot be completed by the end of the current year. Proposed adjustments request to carry forward \$168 million in one-time budget from 2023 to 2024 from the total of \$181 million currently approved for these projects.

Main drivers: Downtown Calgary Development Incentive Program for conversions from office buildings to residential (\$134.5 million in carry forward requests). These are legally required to be held in the current year to sign the funding agreement with conversion applicants; however, incentive payments will only be issued when conversions are completed. Other reasons include project delays due to adjustments in priorities or staffing considerations.

Capital budget summary

The 2024 adjustments to capital investments impact the remainder of the budget cycle as follows:

Capital budget summary (\$ millions)	2023	2024	2025	2026	2027+	Total
Previously approved budget	2,873	1,989	1,386	2,364	3,047	11,659
Recast *	-	(352)	60	187	104	-
Adjustments (A+B)	(113)	129	15	473	6	511
(A) Relinquishments	(123)	(5)	(1)	(1)	-	(130)
(B) Increases	10	134	16	474	6	641
New investments	-	50	159	210	7	426
Proposed budget	2,761	1,817	1,619	3,234	3,164	12,596

Table 3: Capital budget summary.

* Deferral of capital budget into future years to better align with updated expectations on spending

Capital budget adjustments are comprised of technical budget changes as well as new capital investments.

New capital investments

Administration has put forward approximately \$426 million in new capital investments to continue advancing priorities, specifically in the areas of affordable housing, transportation infrastructure and the lifecycle sustainment of existing facilities. On Affordable Housing alone, Administration recommends a \$90M investment that will create more homes for Calgarians.

The capital being recommended has been further refined since originally presented in September. Some investments are recommended for full funding, while others that are scalable are recommended at reduced funding levels. This allows for more investment options to be recommended for funding. Two investments are recommended for future funding opportunities.

For investments that are being recommended at reduced funding levels, the business cases show both the original funding request and refined recommended capital.

Figure 4 shows the breakdown of the total capital budget by service category.

2023-2027+ capital investments by service category

- Transportation
- Utilities & Environment
- Enabling Services
- Building, Planning and Business
- Parks, Recreation and Culture
- Social programs and services
- Public Safety and Bylaws
- Tax and Property Assessment
- Information and Communication

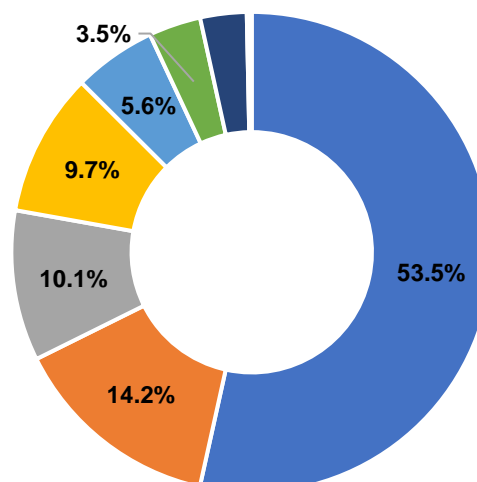


Figure 4: Breakdown of the total capital budget by service category.

Technical capital budget adjustments

- **Capital budget recast:** proposed advancements or deferrals between 2024 and future budget years to align budgets with updated expectations on capital project cash flows. The capital budget recast requests to defer \$352 million from 2024 into future budget years.
- **Capital budget adjustments:** proposed changes to capital budgets may include relinquishments, transfers, and increases that are funded by non-corporate funding sources (e.g., user fees, grants or business unit specific reserves). The proposed adjustments to the 2023-2027+ capital budget result in \$130 million in relinquishments, reflecting the actual progress on approved capital investments as well as the City's ability to respond to the evolving economic conditions and Council's priorities. These relinquished budgets can be reallocated to high priority unfunded capital investments. Furthermore, there are \$641 million proposed in increases as well as \$67 million in net zero transfers to better align for capital delivery. The increases are driven by a combination of smaller projects as well as several major investments, such as additional developer contributions for large recreation capital initiatives (Rocky Ridge, Saddle Ridge and Belmont facilities), Housing Strategy, the purchase of electric buses and the expansion of the composting facility.
- Public Transit received funding from the Zero-Emission Transit Fund (\$245 million) and financing from the Canada Infrastructure Bank (\$165 million) to kick-start the transition to zero-emission buses in support of The City's corporate-emission reduction goals in the Calgary Climate Strategy – Pathways to 2050.
- Since the initial approval for the expansion of the Calgary Composting Facility (at a cost of \$50 million), the estimated project costs have increased due to a more comprehensive detailed design scope, inflation, and global supply chain issues over the past three years. The updated cost estimate for the facility expansion is \$38.3 million (a 77 percent increase), anticipated to be spent between 2024 and 2026. There is no impact to corporate funding sources. (An additional \$1.3 million was allocated through existing programs at Stage Gate committee prior to the \$50 million, resulting in the \$89.59 million total referenced in Borrowing Bylaw 11B2023).
- To address Varsity Multi-Service and Cornerstone Fire Station funding gaps, a budget adjustment is recommended to transfer funding from Forest Lawn Civic Centre Phase 1a (Fire Station 12) to these at-risk projects. A portion of the Forest Lawn budget will remain to complete the design and permitting of the first phase, bringing it to a shovel-ready state in advance of the next budget cycle.

The City's investment in electric buses (pre-approved financing of \$165 million) is categorized as a primary climate investment.

A primary climate investment is The City's financial investments made in direct response to the climate emergency declaration that accelerates initiatives specific to climate action with a significant focus on reducing greenhouse gas emissions and/or climate risk.

How we got here

On 25 November 2022, Council approved the 2023-2026 Service Plans and Budgets, directing Administration to continue the work of improving our communities and enhancing the lives of Calgarians. Now, one year into the four-year cycle, the annual plan and budget adjustments present an opportunity to make tweaks to the already-approved service plans and budgets. The adjustments provide a space to address both technical, straight-forward accounting requirements, like carrying forward a project's unspent dollars to be spent the next year, as well as new investment items that are being considered to address the emerging needs of our city.

A few examples of the investments made in the 2023-2026 Service Plans and Budgets focusing on Council's priority areas were:

- \$34.8 million for Police Services to continue the transformation and reform of policing in our city, including partnerships with community service providers and investment in increased staffing and technology.
- \$23.1 million for Public Transit to sustain service levels, improve service frequency, expand initiatives like On Demand taxi service and eScooters, enable the electrification of the bus fleet, and enable continuous improvement and reliability of operations.
- \$34.2 million for Calgary Fire Department services to improve emergency response performance and outcomes across the city, including staffing new fire stations, increasing the numbers of firefighters and reinstating a medical response unit.
- \$3.8 million increase to base operating, \$44.1 million in one-time operating and \$207.8 million in capital as total cross-corporate funding to support The City's 2023-2026 Climate Implementation Plan, through primary climate investments.

What we are hearing from Calgarians

The fall and spring surveys of Calgarians are critical tools in helping Council and The City better understand the needs and perceptions of Calgarians and identify areas for improvement.

The landscape is changing, and this year's responses to the [2023 Fall Survey of Calgarians](#) reflect a notable shift. Focus group participants demonstrated a genuine empathy for other members in our community, with a desire to help those that need it most. Topping the list of important issues that Calgarians want local leaders to address is "homelessness, poverty and affordable housing." This issue has risen to prominence because of cost-of-living challenges. "Infrastructure, Traffic and Roads" continue to be important, coming in as the second priority. The shift in residents' mentions underscores the evolving needs and priorities of our community. It's a clear signal that we must address housing affordability and related issues and emphasizes the importance of ongoing efforts The City has committed to or has already undertaken.

These results provide strong alignment between evidenced-based information and what we've been hearing anecdotally from Calgarians. Issues like mental health, public safety, affordability, and inflation are all factors that are contributing to citizens' quality of life. With results like "94 per cent of Calgarians stating The City should be doing more to address safety issues in Calgary's downtown," there is no doubt that citizens are looking for action. Administration's recommended adjustments to the service plans and budgets were prepared with these significant challenges top-of-mind.

The recommended investments respond to the housing crisis; support transit and community safety, secure permanent funding for Calgary's Mental Health and Addiction Strategy; provide emergency support to Calgarians when they need it most; create more opportunities to connect and build stronger communities; and more. Now is the time to seize the opportunity to invest so that significant benefits can be felt as soon as possible. Waiting is not an option.

External factors impacting the community

Since the approval of the 2023-2026 Service Plans and Budgets, Calgary's economic outlook has been impacted by a variety of factors. After a significant spike last year, inflationary pressure within Calgary continues but at a slower pace in 2023. Key contributors to the slowing of inflation have been the retreat in global oil prices and the effects of monetary tightening policies by the Bank of Canada. Specifically, the Bank of Canada's policy rate rose from 0.25 per cent last to 5 per cent as of September this year, slowly dampening consumer and business spending.

Another influencing factor on inflation has been the change in oil prices. Western Canada Select oil prices have seen a 16 per cent year-over-year decline as of 2023 August. Despite the contributions of rising interest rates and the oil price retreat, inflation is still above the 2 to 3 per cent target. Year-to-date national inflation as of 2023 September stood at 4.1 per cent.

Housing prices have risen faster in Calgary due to increased migration while simultaneously construction material prices, particularly lumber, have increased dramatically. With higher mortgage rates, housing affordability is further challenged in Calgary. In addition, food prices continue to be a contributor to inflation levels remaining above target.

Traditionally the Bank of Canada uses interest rates to manage inflation, but this tool is proving to have limited effectiveness in dealing with the sources of inflation today. Various orders of government are trying different tactics to limit inflation and some, like rebates, have provided limited temporary relief. It is yet to be seen how effective or permanent new government initiatives, particularly those now under consideration by the federal government, will be at limiting future inflation.

The Calgary Foundation's latest [quality of life report](#) notes that 25 per cent of Calgarians are in a position where they can't meet their basic financial needs, due to inflationary pressures. It's crucial to acknowledge that our residents are undoubtedly feeling the impact of increased costs of living. These elements present Council

Calgarians recognize the importance of taking action to address the housing crisis.

Topping the list of important issues that Calgarians want local leaders to address is "**homelessness, poverty and affordable housing**" (31 per cent) followed by "**infrastructure, traffic and roads**" (28 per cent) and "**crime, safety, and policing**" (27 per cent). With a 15 per cent increase over Fall 2022, this is the first time "homelessness, poverty, and affordable housing" have topped the issue agenda list. In focus groups, respondents expressed affordability concerns for not just themselves but other Calgarians.

with a significant challenge, with the [2023 Fall Survey of Calgarians](#) reporting an even split of Calgarians seeking either an increase in taxes to maintain or improve services against those Calgarians that would accept a reduction in services in order to reduce taxes. Balancing the desire for investment in priority areas with the need to address affordability and maintain quality of life will require careful consideration and collaborative decision-making.

External factors impacting The City

Business and taxpayer groups have long advocated that all governments keep their spending in line with population and inflation growth. By this measure, The City has performed exceedingly well over the last decade (see Figure 4). While population and inflation growth has increased by approximately 55 per cent since 2013, tax supported operating expenditures have only increased by 25 per cent. Inflation spiked 7.2 per cent in 2022 and remained stronger than expected in 2023 and now The City has to reflect those realities in its own expenditures with a larger increase in expenditures this year, than has occurred in other years. A major contributor to the 2024 increase is the movement of one-time expenditures from 2023 to 2024. These one-time expenditures represent 4.3 per cent of the 2024 tax supported operating budget and is the primary reasons that expenditures peak in 2024.

In addition to the more generalized effects of inflation, non-residential constructions costs have increased even more than most goods and services. Over the past three years, non-residential construction costs have increased a total of 18.5 per cent. This has translated into an increase in The City's capital costs for projects that have already been approved. While Administration has recommended an additional \$147M in capital budget to cover some of these increased costs, these cost escalations will require focused attention and more funding in the years to come.

Our community continues to expect more from government, and it has become the responsibility of municipal government to provide these services, and in some cases, that responsibility gets transferred from the province to the city. There is a persistent fiscal gap because the expectations on what a municipality provides exceeds the revenue tools that Council has in the toolbox. It must work with other orders of government collaboratively to ensure long term capital funding, among other sharing agreements, to support services into the future.

We need to invest in our services to keep Calgary ranked as one of the top cities in the world as we continue to grow and respond to the pressing needs of Calgarians.

We need to be smart with our money. We are thinking about not just today, but tomorrow as well. Ensuring each dollar spent creates the most value for our community and the people that live here. We don't do it alone; we have sought help from experts like the Financial Task Force to make sure we are making the right decisions. Good financial stewardship means that our plans and budgets need to be reviewed in both a short- and long-term basis. We have been looking towards long-term solutions for the financial challenges facing The City and will continue to do so after November's deliberations.

Cumulative Change in Tax Supported Operating Expenditures vs. Population + Inflation

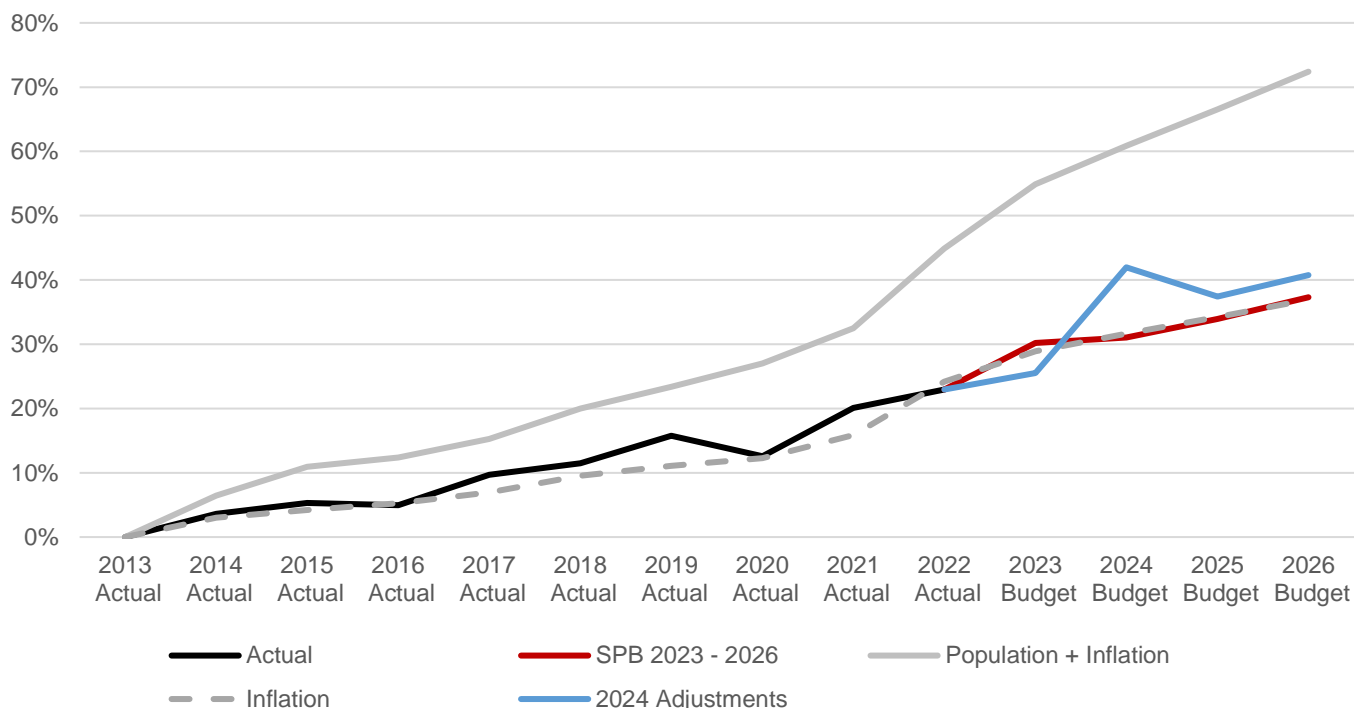


Figure 5: Cumulative Change in Tax Supported Operating Expenditures vs. Population + Inflation.

To empower Council's decision-making, we are focusing on how to bridge the gap in funding required and fostering more effective collaboration with other orders of government to deliver greater value to Calgarians. The City has been implementing recommendations of the Financial Task Force, including conducting a review of the municipal fiscal gap, exploring potential options to address the financial challenges The City faces, as well as emerging developments in other municipalities facing similar issues.

Responding to the needs of Calgarians

In the year since the 2023-2026 Service Plans and Budgets were approved by Council, a lot has changed in our city. Calgarians are navigating significant and interrelated pressures, similar to those faced by Canadians in other municipalities. Calgarians are seeking safety and security while simultaneously grappling with worries about the cost of living and the preservation of their quality of life.

In response to the quickly changing environment and needs of Calgarians, Administration has embarked on a new, more collaborative budgeting process, working with Council on a regular basis throughout the year to discuss the most pressing needs of Calgarians and The City's financial ability to meet these needs. As part of this process, in late September, a list of investment opportunities was shared with Calgarians. The investments align with what Calgarians have told us they want and need.

Every Calgarian deserves an affordable place to call home; some need a little extra help. Administration has worked with Council to identify and prioritize the new investment options that respond to these critical needs. Now is the time to seize the opportunity to invest so that significant benefits can be felt as soon as possible. Waiting is not an option.

Focusing on housing, transit and public safety investments:

Figure 6 below details the impact that the new investments being proposed as part of Adjustments would have on The City's existing affordable housing, public transit and public safety budgets.

The chart displays how the new investments being proposed will support us in delivering on Council's refined strategic direction. The City of Calgary takes a service-based approach to developing plans and budgets and a focus area like public safety is a key result, rather than a service line of its own, embedded across most, if not all, services. The new investments being proposed to Council are a prime example of how services work together to achieve a desired outcome. This is why you'll see that investments in one area may attribute to success in another.

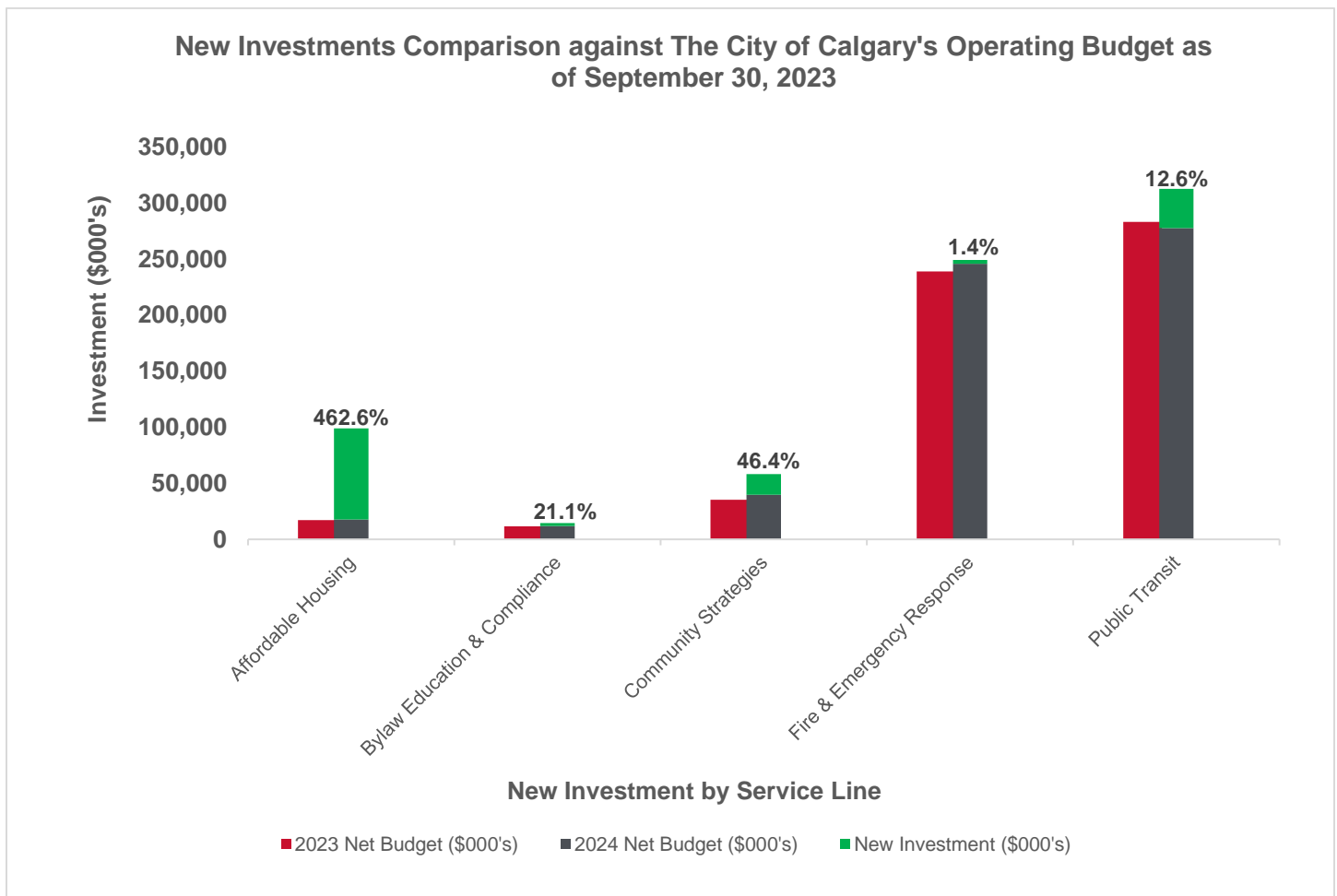


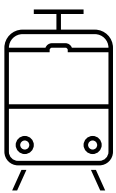
Figure 6: New Investments comparison against The City's Currently Approved Net Operating budget.



Housing: As shown in the chart above, Administration’s proposed investment in affordable housing would be a 462.65% increase to their existing operating budget, over and above what was approved by Council for 2024. Investing in affordable housing in Calgary creates a more equitable city, boosts economic growth, improves public health and education, and enhances social cohesion. It is a cornerstone for building thriving communities and ensuring a better future for all Calgarians. The [2023 Fall Survey of Calgarians](#) also reports that the vast majority of Calgarians (92 per cent) believe that “housing is too expensive for the average Calgarian.” With the approval of Home is Here, The City’s Housing Strategy, Council has committed to taking significant and sustained action to address the housing crisis that Calgary faces. This historic package of investments across both the operating and capital budgets will position The City to ensure that far more homes are built over this budget cycle than would otherwise have been. Administration is recommending this historic investment in housing to ensure:

- Address housing affordability and affordable housing through funding: incentives for secondary suites.
- Implement a one window housing intake process for those seeking housing assistance.
- Support partners to build housing for Indigenous and equity-deserving populations.
- Boost development by an estimated 1,000 more market homes beyond what is normally built in a year, and at least 3,000 non-market homes a year.
- Increase funding to allow The City to release more land for housing construction than it has in the past.
- Leverage funding from other orders of government to support partners to build new affordable housing.

Over 84,000 households in Calgary are in need and that number is likely much higher today. These investments concentrate on what The City can do within its municipal jurisdiction and position Calgary to receive its fair share of federal and provincial funding. In particular, the funding for land and for construction of affordable housing will ensure that Calgary non-profits can punch above their weight when competing for funding from other governments and in attracting philanthropic funding. Through these investments, The City is taking action to address the housing crisis and preventing a worsening situation.



Transit: As shown in the chart above, Administration’s proposed investment in public transit would be a 12.60 per cent increase to their existing operating budget, over and above what was approved by Council for 2024. Investing in public transit is crucial for to ease traffic, meet our climate objectives and make the city accessible to everyone. Public transit serves as a backbone for sustainable cities, fostering numerous benefits for both individuals and communities. The [2023 Municipal Benchmarking Survey](#) reported that only 35 per cent of Calgarians agree public transit is safe for all users, 13 per cent below the municipal norm.

That’s why it’s critical that investments in public transit, especially in fostering better perceptions of safety, be made now. Highlights of the transit investments include:

- Delivering on a comprehensive, long-term strategy to improve transit and community safety
- Progressing long term plans (RouteAhead and Calgary Transportation Plan)
- Advancing current projects while preparing for the future
- Contributing to transit affordability for The City’s youth (12 and under)



Public safety: As shown in the chart above, Administration’s proposed investment in public safety would translate to increases to the existing 2024 operating budgets for Bylaw, Education and Compliance (21.06 per cent), Community Strategies (46.43 per cent), and Fire & Emergency response (1.38 per cent). Investing in public safety in Calgary creates safer, healthier, and more prosperous communities. It enhances social cohesion, economic stability, and overall quality of life for residents, making it a crucial aspect of any well-functioning city. The [2023 Fall Survey of Calgarians](#) tells us that although seven-in-ten (69 per cent) Calgarians continue to rate their city as “safe” overall, Calgarians feel safety needs to be improved in the transit system and downtown. Highlights of the public safety investments include:

- Sustaining improvements to fire emergency response
- Enhancements to a coordinated response to problem properties
- Reducing vehicle noise and improving traffic safety
- Enabling safe pedestrian commutes
- Keeping existing City facilities safe and operational
- Increasing resources to ensure safety on transit and surrounding communities

A table containing all the investments options along with the alignment to Council’s strategic refined direction can be found later in this document on [page 25](#).

Connection to Council’s Refined Priorities

Council and Administration have been working together to identify new investment items that address the most pressing needs of Calgarians. Below is an overview of how the investments being recommended align to the refined strategic priorities and result areas.

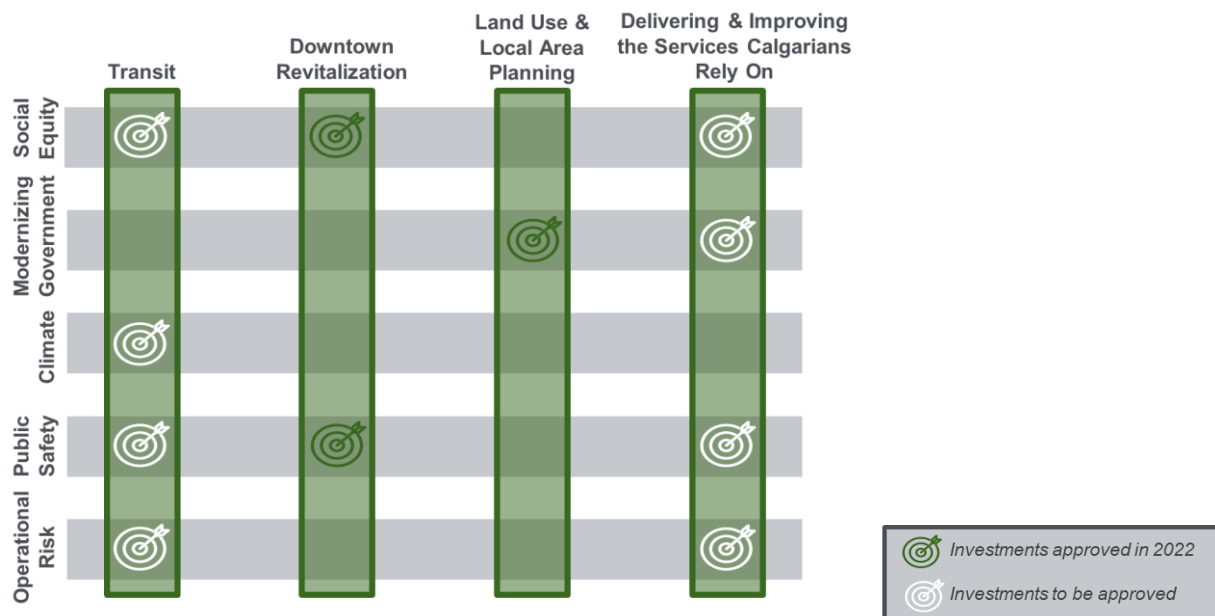


Figure 7: Investment alignment to Council's Refined Strategic Direction. Significant investments have been made in Downtown Revitalization and Land Use & Local Area Planning in the 2023-2026 Service Plans and Budgets adopted in 2022 November. New investments help to address gaps in service in strategic priority and result areas.

The following three charts (Figures 8, 9 and 10) show the alignment of the proposed new investments (by investment types: one-time, capital and recurring, annual [base]) to Council's refined priority and result areas. The dollar amounts called out across the three charts map the scale of the investment(s) and the priority and results areas where the new investment(s) would be felt. With many of the dollar amounts representing more than one investment, these figures depict how the 28 recommended investments work together to address priority and result areas.



Figure 8: Alignment of proposed new recurring annual (base) investments to priority and results areas.



Figure 9: Alignment of proposed new one-time investments to priority and results areas.



Figure 10: Alignment of proposed new capital investments to priority and results areas.

What is the overall cost to Calgarians?

To deliver on what was approved as part of the 2023-2026 Service Plans and Budgets and fund the new investment items being brought forward to Council as part of the 2023 November Adjustments, changes to a typical residential property's property taxes are required.

This year the resident of a typical single residential home will see a slight increase (48 cents per month) in the total charge for waste and recycling and water utilities as well as a larger increase (over 15 dollars per month) to property taxes.

In total, the combined property tax, water utility and waste and recycling charges are estimated to increase by roughly \$16.06 per month, or 4.8 per cent.

This increase applies only to the typical single residential property and other properties would see different impacts based upon their specific assessments and water consumption.




	2023	(recommended) 2024 change
 Municipal property tax per month	\$200	+\$15.58
  Waste & recycling and water utilities per month	\$136	+\$0.48
Total cost for City services	\$336	\$16.06 per month or 4.8%

Table 4: Changes in monthly property taxes and fees for the typical residential property.
**Municipal property tax amounts are estimates and subject to change upon finalization of assessments*

In 2024, the estimated municipal property taxes for a typical single residential property would increase 7.8%, through a combination of previously approved increases, proposed adjustments to fund new investment recommendations, and to change the proportional share of property taxes paid by residents and businesses.

For the typical single residential property, the annual costs of waste & recycling and water utilities will increase 0.4 per cent from 2023. Water utility charges for typical residential usage of 19 cubic metres will decrease by -0.2 per cent and charges for the waste and recycling residential cart programs will increase by 2.8 per cent. This is in line with the current budget and is not recommended to change.

Tax, Water Utility and Waste & Recycling charges impact on the typical single residential property in 2024	2023	2024F	% change
Estimated municipal property taxes per year	\$2,404	\$2,591	7.8%
Total Waste & Recycling and Utilities	\$1,632	\$1,638	0.4%
Water utility charges per year for typical residential usage	\$1,332	\$1,330	-0.2%
Annual waste and recycling charges for single residential service	\$300	\$308	2.8%
Total annual cost per typical single family residential	\$4,037	\$4,229	4.8%

Table 5: Breakdown of charges impacting the typical single residential property.

The \$16/month increase in property taxes for the typical for the typical single residential property is made up of three components: the previously approved increase to fund the 2024 budget, a recommended 1% shift in the share of taxes paid by residential and non-residential properties, and the additional increase required to fund the new recommended investments.

The property tax recommendations will impact different properties in different ways. The average increase to existing properties is 5.7 per cent. Both residential and non-residential properties will see the previously approved increase of 3.4 per cent and the additional recommended increase of 2.4 per cent. Residential properties will see an additional 2.0 per cent increase because of the tax share change, and this change will decrease taxes by 2.2 per cent for existing non-residential properties.

Cumulative impact on property tax

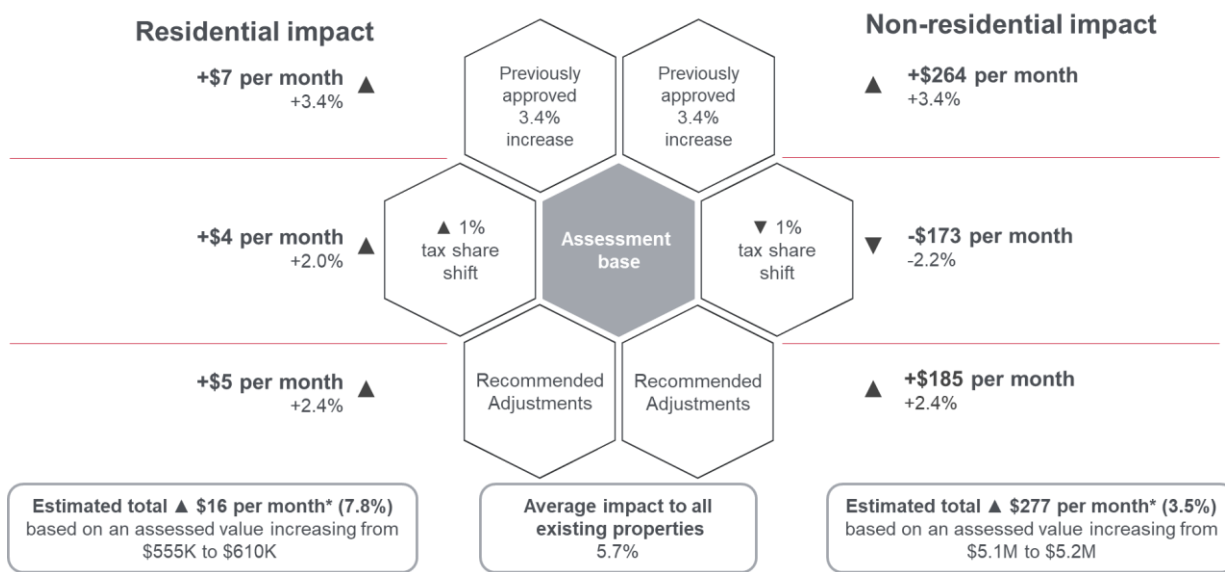
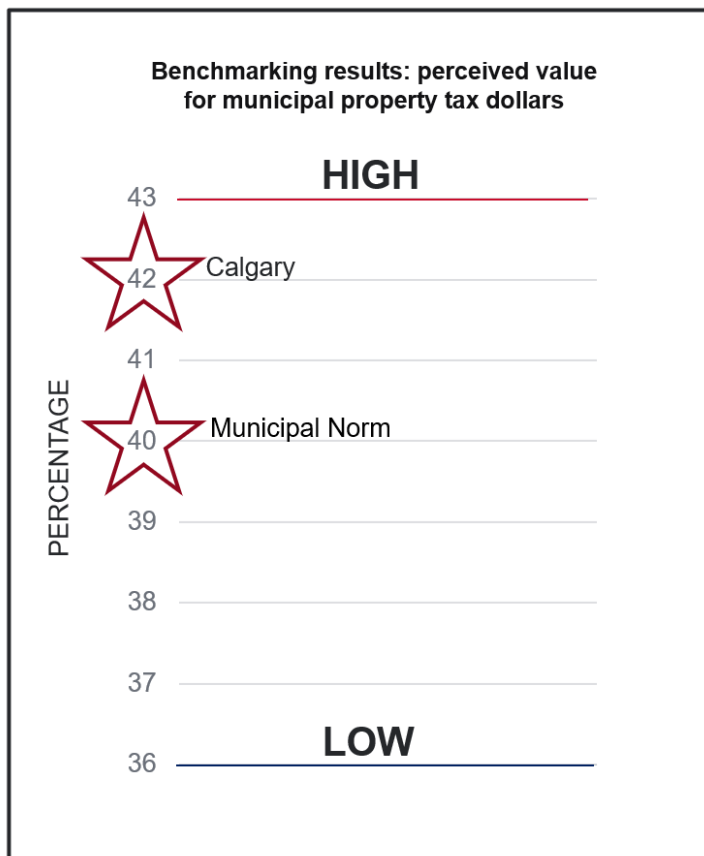


Figure 11: Cumulative impact of all decisions on property tax.
*Numbers can change based on finalization of assessments.

Calgary’s property taxes remain competitive. Over the past five years, Calgary has had low tax increases relative to other major Canadian cities. The average increase for Calgary from 2019-2023 has been 1.19 per cent; this is far lower than other cities, including Edmonton at 2.15 per cent, Ottawa at 2.9 per cent, Toronto at 3 per cent and Vancouver at 6.42 per cent. **With the recommended 2024 increase in property tax revenues from existing properties (5.74 per cent), in Calgary, the average increase over five years will still be below two per cent and below other major Canadian cities.**

City	2019	2020	2021	2022	2023	Average 2019-2023	2024F	Average 2020-2024
Calgary	2.28	-1.09	-1.89	3.09	3.58	1.19%	5.74	1.89%
Edmonton	2.60	1.30	0.00	1.90	4.96	2.15%		
Ottawa	3.00	3.00	3.00	3.00	2.50	2.90%		
Toronto	2.15	2.50	1.59	3.20	5.58	3.00%		
Vancouver	4.17	6.74	4.78	5.67	10.73	6.42%		

Table 6: How Calgary tax increases have compared to other major Canadian cities.



In order to balance taxation and service delivery levels, trade-offs need to be made. The Fall Survey notes that 45 per cent of Calgarians would prefer The City to impose higher taxes to keep or expand services. This is down from 55 per cent in spring 2023 and 54 per cent in fall 2022.

How are Calgarians feeling about the value they receive for their property tax dollars? To better understand this question as well as other performance measures and indicators, The City’s Corporate Research team fielded a series of questions in five cities (Vancouver, Calgary, Edmonton, Toronto, and Montreal), this past June 2023. At that time, the research results demonstrated that 42 per cent of Calgarians agreed that ‘they receive good value for their City of Calgary property tax dollars’ – a two per cent increase above the 40 per cent municipal norm of responses from citizens in the other four major Canadian cities surveyed. For this indicator, 43 per cent is considered high and 36 per cent is considered low.

Figure 12: Benchmarking results: perceived value for municipal property tax dollars.

Balancing tax responsibility

The City can determine the distribution of property tax responsibility between residential and non-residential property taxpayers - called the tax share. The current tax share in Calgary is 52 per cent residential and 48 per cent non-residential, which means that in 2023 approximately 18 per cent of property value in Calgary paid 48 per cent of municipal property tax collected by The City.

Non-residential properties are responsible for...

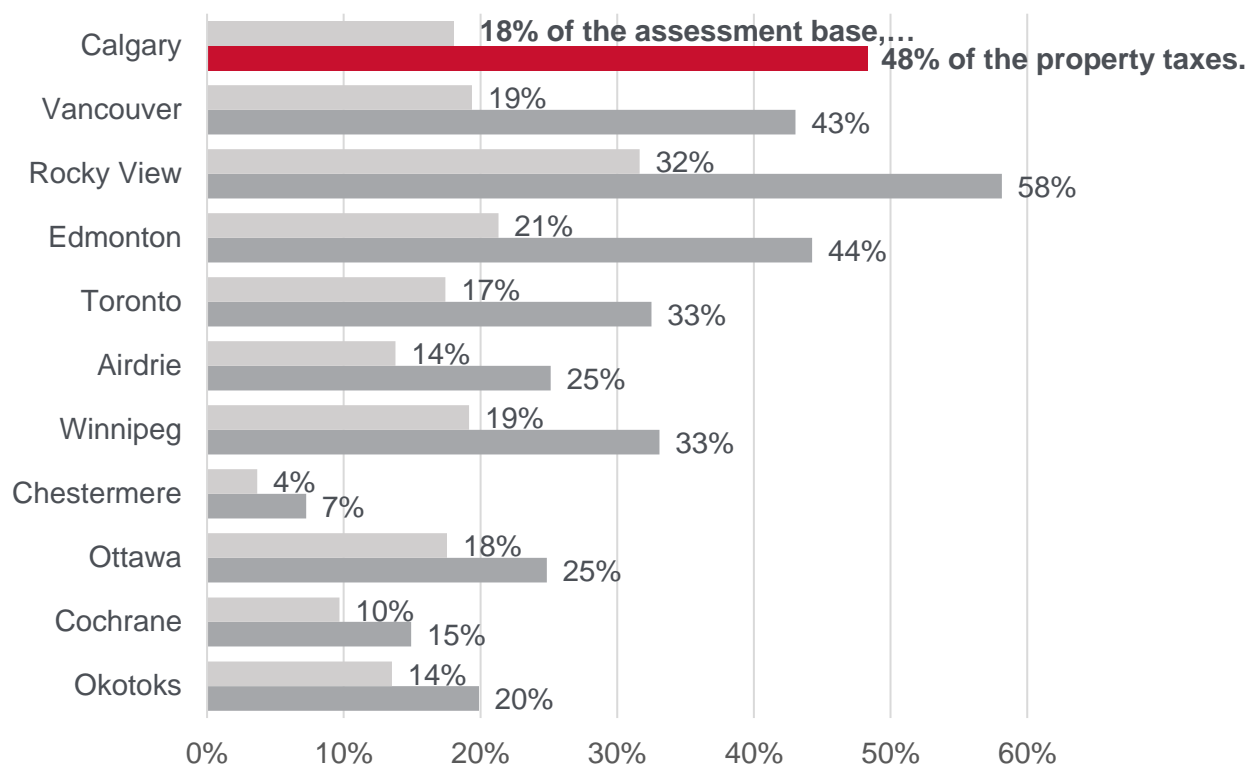


Figure 13: 2023 Tax Benchmarking.

An important indicator of economic competitiveness used by the business community is the tax rate ratio – this figure represents the relationship between the tax rate for non-residential properties compared to the tax rate for residential properties. Based on the current tax share, the 2023 municipal tax rate ratio of 4.26:1 means that for every dollar of assessed value, a non-residential property owner pays 4.26 times more municipal property tax than a residential property owner.

The tax rate ratio is influenced by assessed values and the tax share. Council cannot influence property values but can impact the tax rate ratio by changing the tax share. In the current context shifting some tax responsibility to residential properties would reduce Calgary's tax rate ratio. If Council does not shift the tax share, the tax rate ratio is estimated to increase to approximately 4.59 in 2024 and forecasting using historical market data indicates a 40 per cent chance we reach the 5:1 legislated maximum by 2026. If we reach the 5:1 ratio, Council's policy choice for tax rates becomes much more constrained and the non-residential property tax rate will be limited to 5 times the residential rate (i.e., Council could be forced to increase the residential property tax share to achieve compliance with the 5:1 maximum).

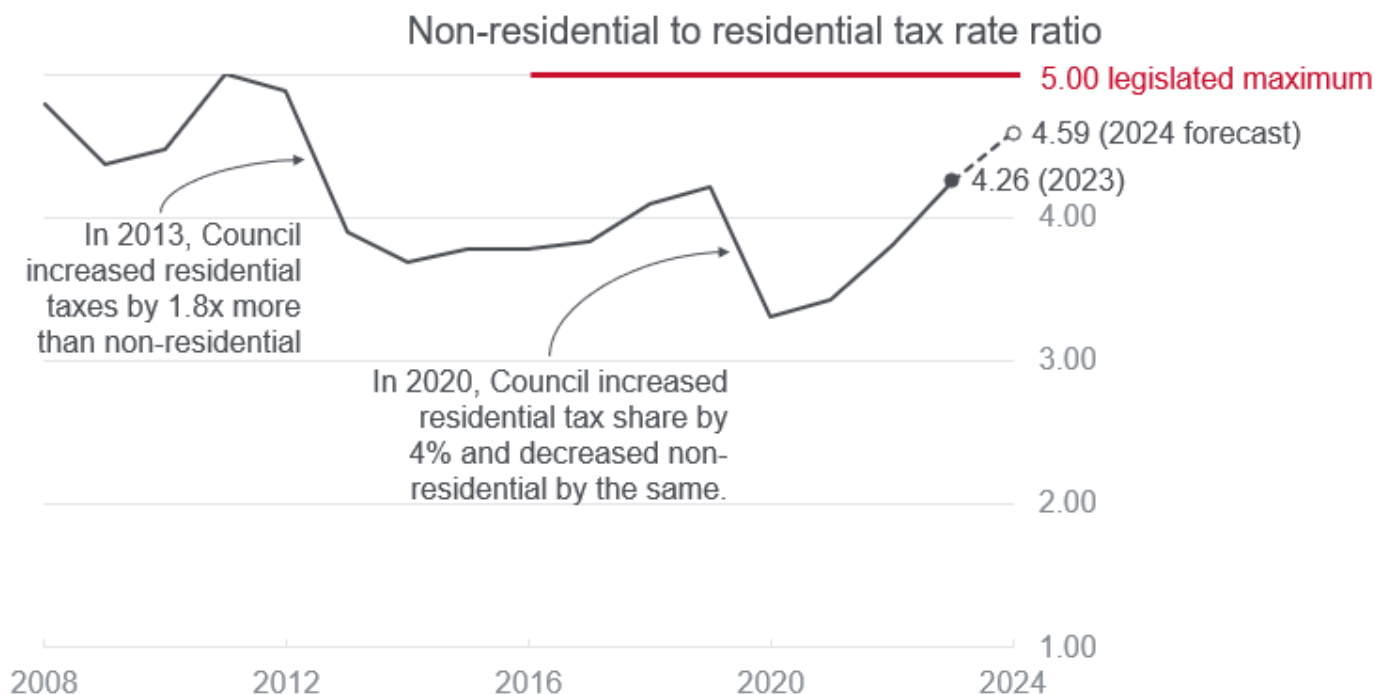


Figure 14: 2024 Tax Ratio Forecast. The ratio prior to 2019 reflects a non-residential tax rate that includes business tax revenues. There was no *Municipal Government Act* legislated maximum prior to 2016.

As shown in Attachment 5, Calgary has the highest tax rate ratio among both regional comparators and other big cities – this is a challenging signal for the city’s economic competitiveness because it suggests high property tax costs for businesses. In Alberta, the *Municipal Government Act* (MGA) legislates a maximum 5:1 ratio.

Administration is bringing forward options to balance the tax responsibility between residents and businesses to stay within legislative requirements and create greater equity among taxpayers. While 4.59:1 is within the legislated tax rate ratio of 5:1, the ratio is higher than Administration is comfortable with and is recommending balancing the tax responsibility between residents and businesses to create a margin of safety and improve equity between Calgary property owners.

Administration’s recommendation is to proactively change the distribution of tax responsibility by shifting the tax share between businesses and residents by 1 per cent each year over three years, which amounts to a 2 per cent increase in tax for residential properties and corresponding 2 per cent decrease for non-residential properties each year for three years. This means that before we even look to fund any new investments, residents are going to be seeing their property tax bill increase by about 5.4 per cent just to deliver the services that were approved last November.

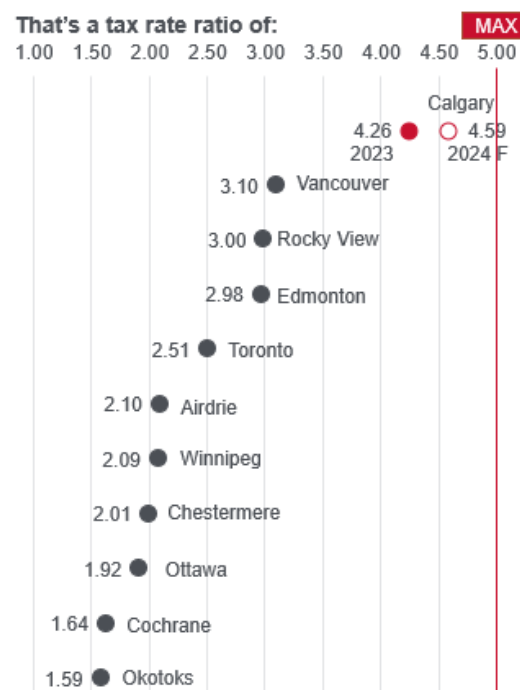


Figure 15: 2023 Tax Benchmarking - Tax Rate Ratio.

Impact of all decisions on property tax

Using property taxes increases only as a last resort, Administration has explored all sources of revenue as a necessary, and new, first step to recommend funding these important investments. Looking at our plans and budgets in a new way, we have recommended the use of City reserves, grants from other orders of government and income from investments. However, for some more operational investments, to have a secure funding source year-over-year, property taxes are the only reliable funding source to ensure service delivery.

Administration's recommendation to Council this year includes various property tax-related decisions. A 3.4 per cent property tax increase for 2024 was approved by Council as part of the 2023-2026 Service Plans and Budgets. This 3.4 per cent increase was required for Administration to continue delivering services as planned.

The investments being contemplated are considered high priority and address the most pressing priorities of our city that can't be placed on a back burner for the remainder of the cycle. Things like taking real action to improve access to affordable housing and having the resourcing and funding in place to make our public transit systems safer and affordable for all.

Impact of tax changes to existing properties from 2023 to 2024						
	\$ millions	% increase	\$ millions	% increase	\$ millions	% increase
(A) Property tax revenues in 2023	1,116.3		1,030.5		2,146.8	
<i>(B) Previously approved increase</i>	38.4	3.4%	35.2	3.4%	73.6	3.4%
<i>(C) Previously budgeted increase from growth</i>	17.9	1.6%	11.3	1.1%	29.2	1.4%
(E) Previously Approved tax revenues in 2024 (A+B+C)	1,172.6	5.0%	1,077.0	4.5%	2,249.6	4.8%
<i>(F) Additional adjusted increase from growth</i>	2.6	0.2%	2.4	0.2%	5.0	0.2%
<i>(G) Additional recommended increase</i>	26.9	2.4%	24.7	2.4%	51.6	2.4%
(H) Total property tax revenues in 2024 before tax share shift (E+F+G)	1,202.10	7.6%	1,104.10	7.1%	2,306.20	7.4%
<i>Total change to existing before tax share shift</i>	65.3	5.7%	59.9	5.7%	125.2	5.7%
<i>(I) Shift 1% of tax share</i>	23.1	2.1%	-23.1	-2.2%	0	0.0%
Total property tax revenues in 2024 (H+I)	1,225.20	9.8%	1,081.00	4.9%	2,306.20	7.4%
<i>Total change to existing</i>	88.4	7.8%	36.8	3.6%	125.2	5.7%

Table 7: Impact of property tax changes on existing properties.

*Some percentages may not add due to rounding.

In 2024, the recommended budget results in an average increase in the residential municipal tax bill of \$16/month, or 7.8 per cent. The recommendation to shift some of the tax share from non-residential to residential properties means businesses would see a lower increase of 3.5 per cent in municipal property

taxes. This will vary by property owner, depending on the assessed value of their home. These numbers are estimates and are subject to change upon finalization of assessments, thus they are not final. The total tax increase will be decided by Council during the week of November 20.

All property tax impacts presented in this report are estimates and subject to change upon finalization of the 2024 assessment roll. Changes in assessment values impact the distribution of property tax responsibility across and between the residential and non-residential classes. Property tax changes for individual properties will depend on the assessment change relative to the average for the property class. Properties that see assessment changes higher than the average will see higher property tax increases.

Breakdown of new investments by service

Figure 16 below shows the breakdown of recommended investments, by service line, providing a deeper look at the impacts these investments would have on each service’s net operating budgets for 2024. This table does not include the new capital investment items that are being recommended.

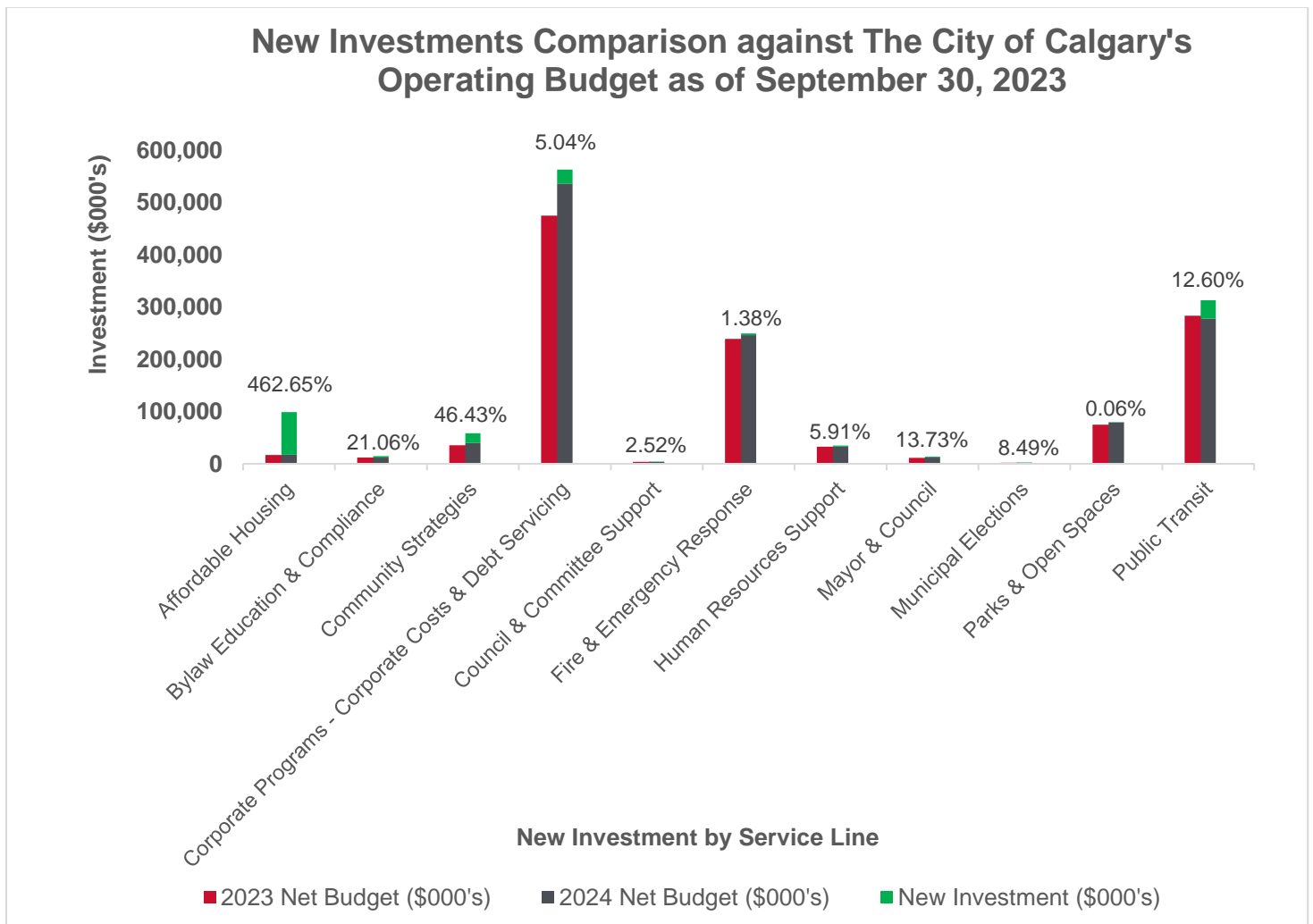


Figure 16: Potential percentage impact from base and one-time new investments (green section) on currently approved 2024 net budget by service category. Capital investments are not shown in this graph.

List of investment recommendations

Administration’s recommendations strive to align investment in response to the evolving needs of Calgarians and businesses and advance Council’s Refined Priorities. The pressing needs of Calgarians continue to be The City’s top priority. Council and Administration have been working together to identify and prioritize new investment options that respond to critical priorities including transit, social equity, public safety, modernizing government, affordability and managing operational risks to name a few. These investments align with what Calgarians told us they want and need as reported on in the [2023 Fall Survey of Calgarians](#).

Administration recommends the following investments that are in bold. Some investments are recommended for full funding, while others that are scalable are recommended at reduced funding levels.

Option Number	Investment Name	Recommended On-going Annual Amounts (Base) 2024 (\$000s)	Recommended One-Time Operating 2024-2025 (\$000s)	Recommended Capital 2024-2028 (\$000s)	Capital ask 2024-2028 at 2023 Sept 26 (\$000s)
1	194 and 210 Aves and Macleod Trail Interchanges	Investment recommended for future funding consideration, including 2024 Mid-Cycle Adjustments or other future Adjustments.			
2	Accelerating Capital Projects while Preparing for Green Line Operations	8,000	-	-	-
3	Additional 5A Network Improvement Plan	-	-	16,400	31,400
4	Additional Facility Sustainment	-	-	20,000	35,400
5	Addressing Vehicle Noise and Community Traffic Safety Through Enforcement	1,340	-	350	350
6	Airport Transit Connection (east leg) - Design & Engineering*	-	-	10,000	10,000
7	Blue Line Extension to 88th Ave NE - Design & Engineering*	-	-	9,000	9,000
8	Building Strong Community Connections Through Asset-Based Community Development	-	2,444	-	-

Option Number	Investment Name	Recommended On-going Annual Amounts (Base) 2024 (\$000s)	Recommended One-Time Operating 2024-2025 (\$000s)	Recommended Capital 2024-2028 (\$000s)	Capital ask 2024-2028 at 2023 Sept 26 (\$000s)
9	Capital Cost Escalations	-	-	147,000	200,000
10	Corporate Inflationary Pressures	27,000	-	-	-
11	Council Compensation Review Committee	-	100	-	-
12	Foothills Multisport Fieldhouse*	Investment recommended for future funding consideration, including 2024 Mid-Cycle Adjustments or other future Adjustments.			
13	Human Resources Support	1,949	-	-	-
14	Implementing Key Actions of The City of Calgary's Housing Strategy	27,000	54,500	-	-
15	Improving Access to Affordable Housing	-	-	90,000	90,000
16	Improving Pavement Quality and the 5A Network	-	-	30,000	60,000
17	Improving Transit & Community Safety	15,000	2,000	-	-
18	Limiting Transit Fare Increases	3,000	-	-	-
19	Managing Problem Properties Through Expansion of the Coordinated Safety Response Team	1,169	-	69	69
20	Max 301 North (North Central BRT) Convertible Corridor - Design & Early Works Construction*	-	-	60,000	60,000
21	Parks and Playgrounds Upgrades* **	50	-	18,000	18,000
22	Permanently Funding Additional Fire and Emergency Response Resources	3,400	-	-	-

Option Number	Investment Name	Recommended On-going Annual Amounts (Base) 2024 (\$000s)	Recommended One-Time Operating 2024-2025 (\$000s)	Recommended Capital 2024-2028 (\$000s)	Capital ask 2024-2028 at 2023 Sept 26 (\$000s)
23	Permanently Funding Calgary's Mental Health and Addictions Strategy	6,000	-	-	-
24	Permanently Funding Free Transit for Children 12 and Under	3,000	-	-	-
25	Planning for Corporate System Upgrades	-	-	7,000	7,000
26	Providing Emergency Support to Calgarians Experiencing Vulnerabilities	-	10,000	-	-
27	Strategic Improvements to Transit Service	4,000	-	-	-
28	Symons Valley Centre Comprehensive Site Development - First Phase Sage Hill Library and Public Infrastructure	-	-	18,000	18,000
29	Ward Boundary Commission	-	176	-	-
30	Ward Budget Adjustments for Population Growth	1,620	-	-	-
Totals		102,528	69,220	425,819	539,219

Table 8: List of new investment options.

Note1: *Eligible for third-party funding.

Note2: **Has 2024 operating costs of capital.