

Introduction to 2018 Budget Adjustments

2017 November 17





Economic Assumptions

Indicator	2015		2016		2017		2018	
	Action Plan	Actual	Action Plan	Actual	Action Plan	Current	Action Plan	Forecast
<u>Calgary Region</u>								
GDP Growth	3.2%	-3.7%	2.7%	-1.2%	2.6%	3.0%	2.6%	2.4%
Cumulative GDP	2.5%	-3.7%	4.8%	-4.9%	7.1%	-1.9%	9.4%	0.5%
Unemployment	4.5%	6.1%	4.4%	9.0%	4.5%	8.8%	4.5%	6.7%
CPI	2.1%	1.2%	2.1%	1.0%	2.1%	1.6%	2.1%	2.3%
Oil Price (WTI US\$/bbl)	\$90.00	\$48.70	\$92.70	\$43.30	\$95.00	\$49.80	\$95.70	\$50.80
<u>City of Calgary</u>								
Population	1,196,000	1,231,000	1,223,000	1,235,000	1,251,000	1,246,000	1,274,000	1,259,000
Housing starts	9,400	10,600	10,000	7,700	10,800	6,300	12,000	4,400
Building permits (\$ billions)	\$6.1	\$6.3	\$5.6	\$4.7	\$4.5	\$4.5	\$4.4	\$3.6

Council Direction

- Direct Administration to prepare adjustments to the 2018 business plans and budgets based on a property tax rate increase of **0% to 2%, with a maximum of 2%**, and return in 2017 November with the proposed adjustments.
- Direct Administration to bring a Recommendation to the Business Plan and Budget Process for the use, or rebate, of the 2017 tax room for 2018 and further tax years.



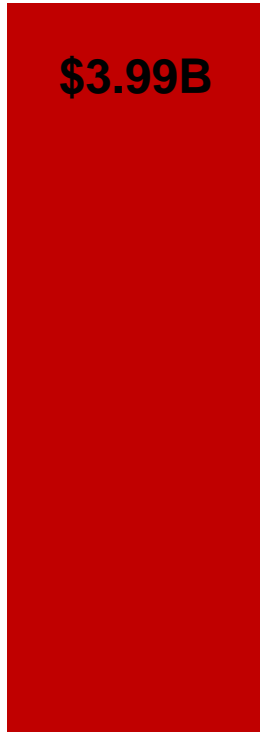
Guiding Principles – 2018 Budget Adjustments

- 2018 is the last year of Action Plan 2015-2018
- One City, One Voice
- Limit the impact on 2018 service delivery
- No new debt without identified repayment source and consideration of Debt Limits
- No new tax increase for the operating costs of service delivery, except where warranted
 - Backing out growth where we can
 - Some growth projects still require operating (e.g. fire, library)
- No new tax increase for the operating costs of capital projects
- Manage bow wave in 2018 and beyond
- Everyone will contribute to the reduction (it may not be equal and may not be at the same time)
- Engage leadership in finding and advancing solutions
- Continued investment to ensure long-term business sustainability



2018 Operating Budget Context

**Current 2018
Base Budget
Expenditures**



**Available Base
Funding (0%
tax increase)**



**Issue to
resolve**





- I. Public release (November 17)
 - i. Media briefing beginning at 9:30

- I. Budget deliberations (week of November 27)



2017 tax rate decisions

- 2017 tax rate increase (1.5%) = \$24 million
 - In the base
 - Rebated 1-time in 2017
 - Increase will show on 2018 bills
- 2017 tax room (1.4%) = \$23.7 million
 - Rebated one time in 2017
 - \$2.05/month for average household
 - Direction to return with recommendation for use or rebate in 2018 and future tax years

Administration recommends retaining 2017 tax room in 2018 and future years and use to fund Green Line financing costs



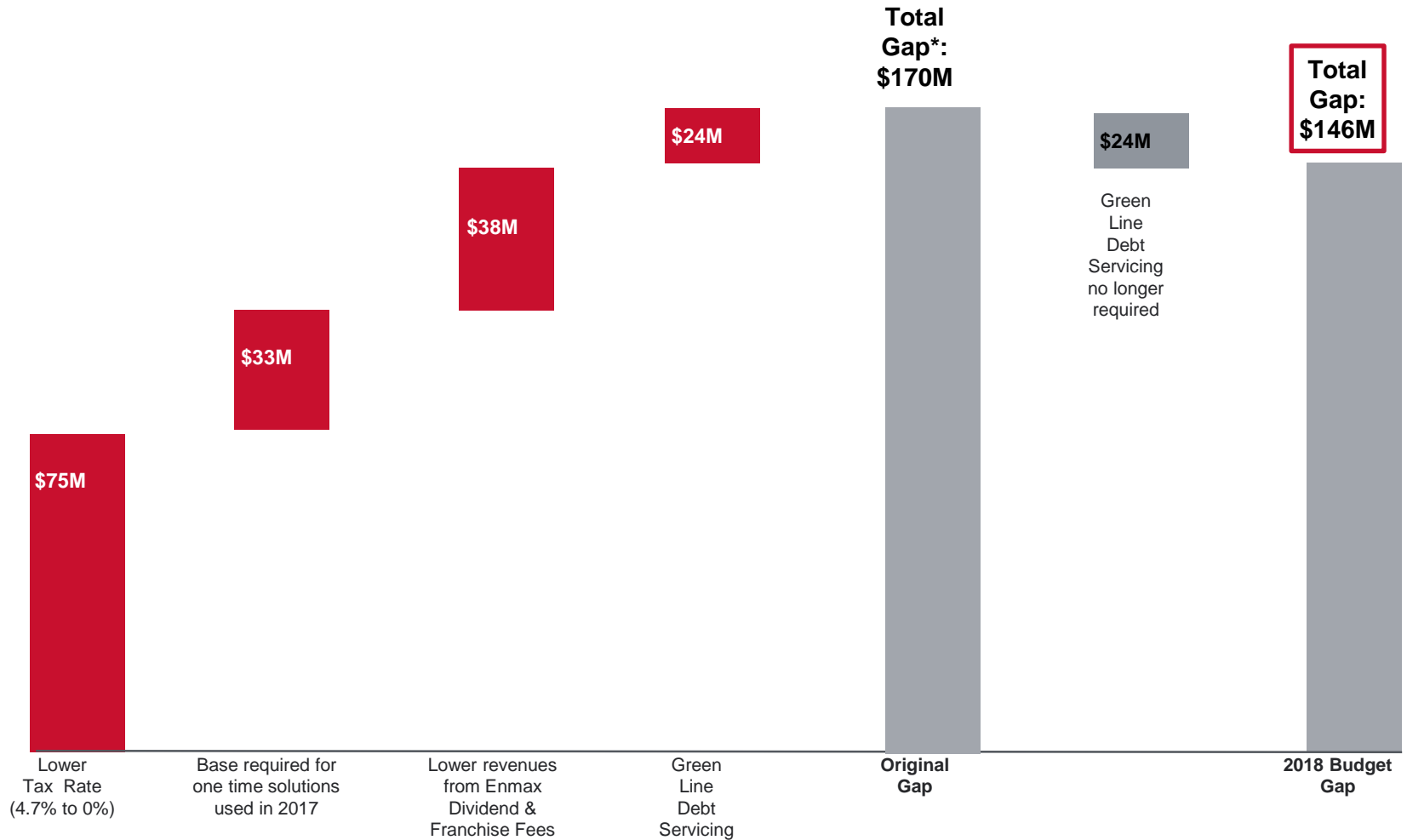
Green Line Financing

- Council approved the debt for Green Line
 - No approval for financing costs (i.e. interest)

	Initial Scenario – 2017 May 15 Council Meeting	Current Scenario – Provincial Funding Over 8 Years (July 24 2017)
Total Financing Cost (Interest)	\$1.54B	\$0.63B
Incremental Funding for Financing Cost	\$56M/year	\$25M/year
2017 Tax Room	\$23.7M	\$23.7M
Balance required	\$32.3M	\$1.3M



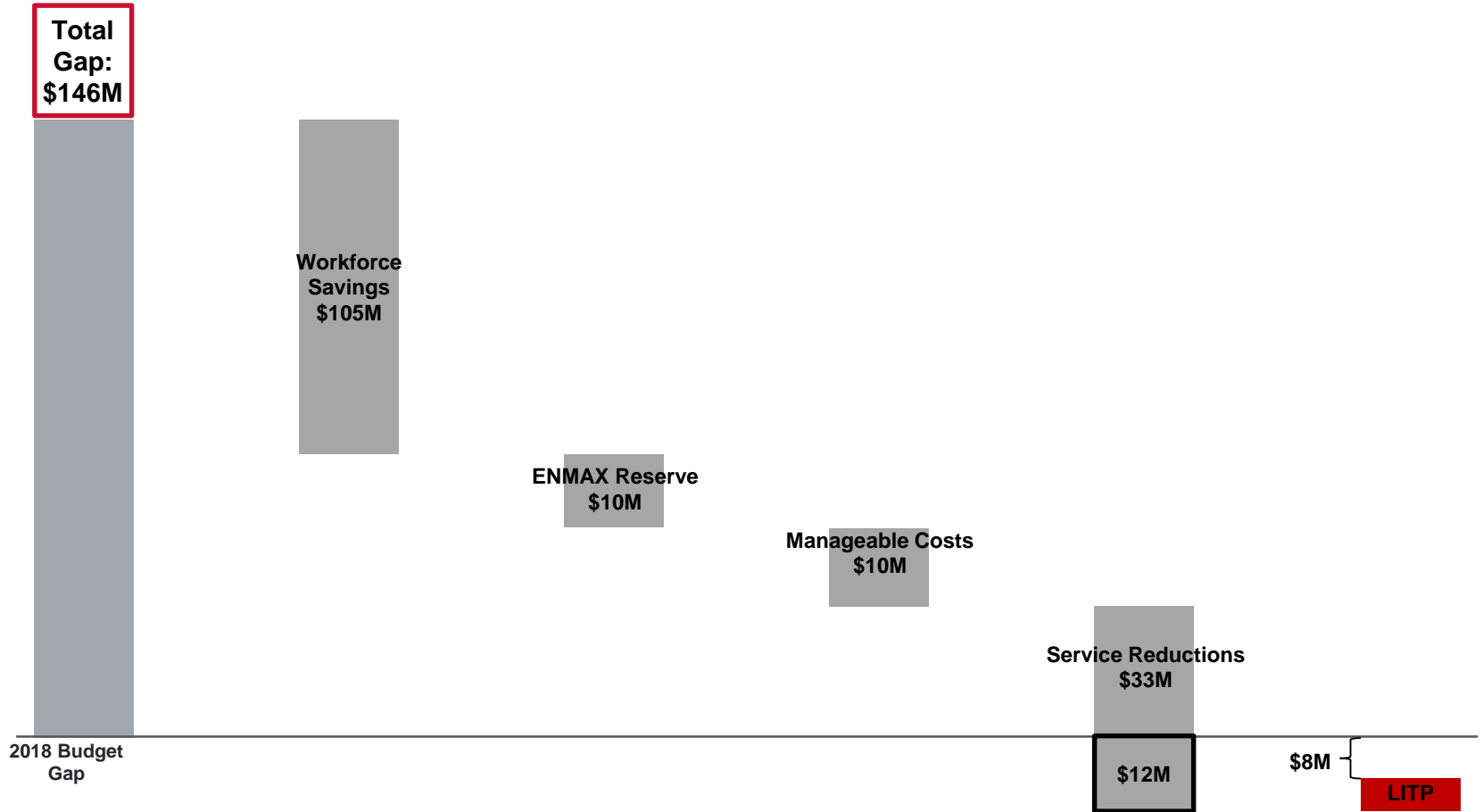
What makes up the \$170M?



*Assumes 2017 1.5% tax rate rebate expires

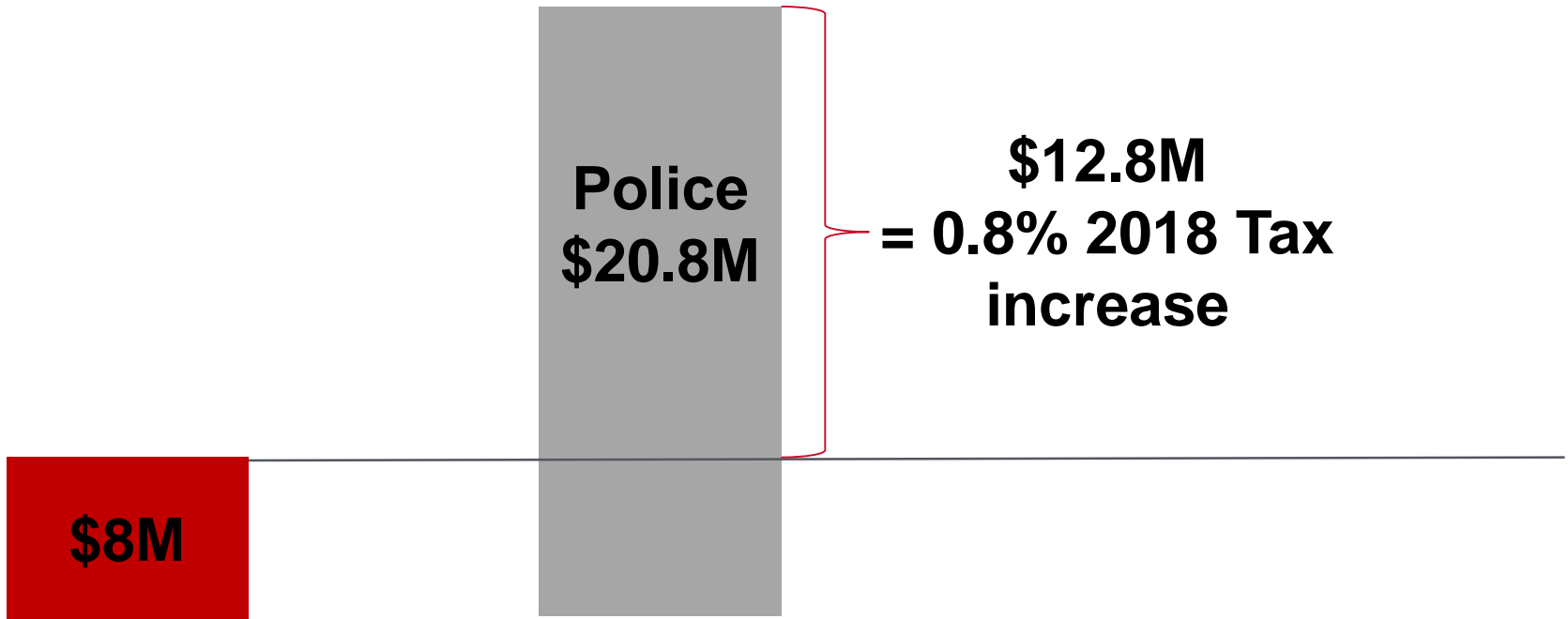


Addressing the gap





Add package





Questions & Answers