

SUMMARY OF PLANS & BUDGETS

I. Introduction

This section identifies highlights of Administration's business plans and spending initiatives for 2012-2014 in response to the priority areas in Council's Fiscal Plan for Calgary. The strategies and actions in this three-year timeframe move The City towards imagineCALGARY (100-year horizon) through the Municipal Development Plan / Calgary Transportation Plan (30-year horizon) and the 2020 Sustainability Direction (10-year horizon).

The business plans and budgets are achievable within the approved operating budget of \$2.8 billion for 2012, \$2.9 billion for 2013 and \$3.1 billion for 2014, and a capital plan of \$5.7 billion for 2012-2016. The budgets reflect Council's modifications in 2011 November to the indicative tax rates, utility rates, and waste and recycling fees approved by Council in 2011 June as a preliminary envelope for Administration to use in developing the business plans and budgets. The plans and budgets also include \$45 million in productivity reductions to which Administration had committed. Full details of the outcomes, strategies, actions, and performance measures and targets for each department are included in their respective sections.

The services provided in the business plans and budgets are predicated on municipal property tax increases of 6.0%, 5.7% and 6.1% for 2012-2014 respectively. The 2013 and 2014 rates will be reviewed again by Council as part of the annual adjustment process. The following table shows the estimated monthly impact on a typical Calgary household for the proposed property tax increases.

Figure 1. Estimated monthly impact of property tax increases on a typical Calgary household.

Based on a house assessment of \$410,000 (2011)	2012	2013	2014
Estimated monthly impact for property taxes	\$6.60	\$6.60	\$7.50

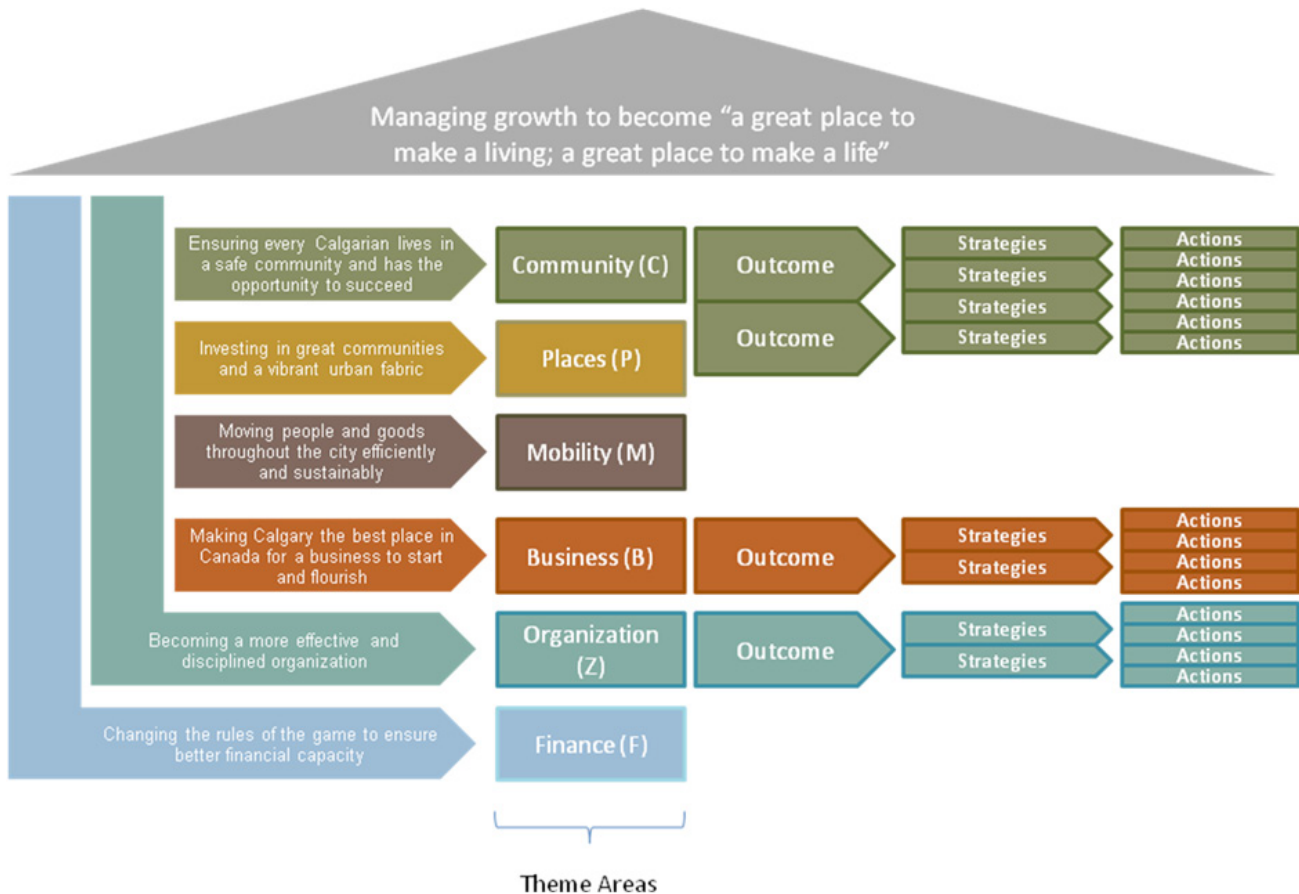
II. The strategic roadmap

In the development of the 2012-2014 business plans and budgets, each department developed outcomes, strategies and actions that are aligned to Council’s Fiscal Plan, and its corresponding six priority areas. The strategic roadmap (see Figure 2) shows the clear line of sight and accountability from Council’s plan through the departmental plans and budgets, through to Business Units and service areas within each department.

Each of Council’s priority area has also been designated a theme name, letter code and a colour for easy reference.



Figure 2. Strategic roadmap showing flow from Council’s Fiscal Plan to the departmental outcomes, strategies and actions.



III. Administration's response to Council's Priority Areas

Community

Ensuring every Calgarian lives in a safe community and has the opportunity to succeed

Safety is a fundamental need for every person. When the safety needs of Calgarians are met, they will be motivated to pursue success in all areas of life. This basic necessity is reflected in Council's first priority area. Plans include protecting Calgarians during emergencies, increasing citizens' security and perceptions of personal safety in public spaces and at home, and preventive strategies including long-term programs that promote the safety and inclusion of high-risk groups, as well as a sustainable water supply.

Highlights

- Focus on community-based policing and crime prevention, including a coordinated graffiti abatement program and collaboration with internal and external partners to deliver innovative social and recreational programs within communities, e.g. the Multi-Agency School Support Team (MASST) and the Calgary AfterSchool Program.
- Develop strategies to meet the needs of vulnerable populations, including the Calgary Poverty Reduction Initiative, the Welcoming Community Policy, and the Calgary Community Addictions Strategy.
- Continue with a comprehensive approach to deliver affordable housing for Calgarians, including the creation of additional affordable housing units, and ensure a source of long-term funding that directs five per cent of all gross industrial and business park land sales to the Public Housing Reserve.
- Enhance the overall safety, cleanliness and accessibility of Calgary's transportation system, including the development and implementation of a new street design guide which promotes safe, universal and sustainable design for all street types.
- Maintain Calgary's standards for fire safety and coverage through the opening of new emergency response stations in Douglas Glen and Seton, and replacing or upgrading existing stations in South Calgary, Windsor Park, Symon's Valley and Evergreen.
- Improve building codes with a focus on safety.
- Achieve the long-term financial sustainability of The City's Water Services using a multi-pronged approach aligned to long-term water management goals.
- Additional highlights can be found in the Police Commission's business plan.

Places

Investing in great communities and a vibrant urban fabric

Building a successful city starts with building successful communities. Council's second priority area for 2012-2014 focuses on improving the quality of life in Calgary's communities. This includes ensuring that communities have access to programs and services, such as arts, culture, parks, sports and recreation, and facilities. It also includes commitment to responsible environmental stewardship.

Highlights

- Implement the Municipal Development Plan to manage growth and realize Calgary's vision for a sustainable city and region, working collaboratively with the Calgary Regional Partnership.
- Improve the quality of life and urban environment within Calgary communities by increasing accessibility to City programs, services, and facilities. Key projects planned for 2012-2014 include:
 - Constructing four new recreation facilities: three in the south east and one in the north west, and upgrading existing facilities and equipment, subject to funding from other levels of government;
 - Redeveloping and restoring existing parks, including Bowness Park and Laycock Park;
 - Repairing and replacing pathways as needed to improve their safety and accessibility;
 - Developing a new central public library;
 - Retrofitting playgrounds and wading pools to meet safety standards; and
 - Developing new off-leash areas and renovating existing ones as needed.
 - Conserve, protect and enhance the environment to protect public health through waste management, brownfield redevelopment, greenhouse gas reduction, provision of clean drinking water, treatment of wastewater and watershed protection.
 - Identify localized environmental hazards and enhance resiliency in The City of Calgary by creating Community Emergency Response Teams (CERT's).

Mobility

Moving people and goods throughout the city efficiently and sustainably

The transportation system in Calgary facilitates an efficient and effective movement of people and goods within the city, and to regional or international destinations. It connects people to places, allowing social and economic interactions to take place. Council's Fiscal Plan for Calgary (2012-2014) supports the Calgary Transportation

Plan (CTP), which is focused on enhancing mobility for Calgarians over the next 30 years and moving Calgary towards a more sustainable future – for our economy, our environment and our citizens. A key priority for this business planning and budgeting cycle is to increase the range of mobility options available to the public.

Highlights

- Adjust capital investment in Transportation that are more closely aligned with the targets in Council's Fiscal Plan for Calgary of Transit (60%), Roads (35%), and Active transportation (cycling and pedestrian) (5%).
- Create a new long-term plan for Calgary Transit that aligns with the CTP, including enhancing Calgary Transit's customer-oriented service by:
 - Improving communications with transit customers through a variety of channels;
 - Deploying real-time information on buses; and
 - Implementing electronic fare collection systems.
- Deliver key projects that will be completed or well underway in 2012-2014 including completing the West LRT, extending the northwest and northeast LRT lines, introducing four-car LRT platforms, adding 50 new train cars, Airport Trail Tunnel Phase 1, the Bowfort Road and Highway 1 interchange, and new on-street dedicated cycling lanes.
- Implement the new parking policy framework for Calgary alongside the Calgary Parking Authority, to balance short-term and long-term parking use and support an economically healthy and vibrant downtown.
- Invest in key cycling infrastructure identified in the Cycling Strategy, including better integration with the transit system and traffic flow, and establishing dedicated bicycle routes in the downtown core.
- Focus on pedestrian infrastructure investments to enhance safety and accessibility in the Centre City.
- Ensure that Calgary's modes of transportation continue to protect the environment through reduced generation of environmental pollutants and greenhouse gases, and lower energy consumption.



Business

Making Calgary the best place in Canada for a business to start and flourish

In 2010, Forbes magazine ranked Calgary as one of North America's fastest growing cities, attributable to its strong energy industry, low taxes, ease of doing business, geographic footprint, and attractive housing price-to-income ratio. This priority area of Council's Fiscal Plan is aimed at facilitating an environment that is conducive for business success so that Calgary is poised for continued economic growth. A key priority for this business planning and budgeting cycle is to facilitate business success by consolidating business tax with non-residential property tax, attracting and retaining global talent and investment into Calgary, and ensuring that businesses continue to have access to serviced industrial land at competitive prices. There is also a commitment by Council to reduce red tape and balance The City's regulatory activities with a focus on facilitating business success.

Highlights

- Facilitate compliance with building and construction legislation governing safe infrastructure and responsible business practices, while working to facilitate business development and success through initiatives such as the 'red tape' reduction initiative.
- Enhance Calgary's economic competitiveness and attractiveness by developing an implementation plan to consolidate business tax with non-residential property tax.
- Ensure that businesses continue to have access to an adequate supply of serviced industrial land at competitive prices, including developing multi-use communities on surplus underutilized City-owned land.
- Support a customer-centric environment through regular engagement of customers, providing them with the tools needed to obtain online information and gain access to an expanded range of services.

Organization

Becoming a more effective and disciplined organization

Since the start of the 2012-2014 business planning and budgeting process, Administration has been directed by Council to identify and demonstrate efficiency and effectiveness in the development of their business plans and budgets. As part of Council's expectation of transformation, Administration developed the detailed business plans and budgets within a budget envelope set by Council based on indicative tax rates, utility rates and waste and recycling fees. Included in the overall funding envelope was a commitment from Administration to deliver \$45 million in productivity savings (cost reductions that do not affect service) over the course of the three years. Therefore, a priority of all departments in this business planning and budgeting cycle is to focus on areas where they can be efficient (i.e. produce the best quality and quantity of programs and services using available resources) and effective (i.e. achieve outcomes to the satisfaction of citizens, as defined by citizen priorities and long-term organizational goals).

Highlights

- Attract and retain a skilled and engaged workforce by maintaining The City of Calgary as an employer of choice that values employee career development, health, wellness and safety.
- Explore and apply new mechanisms of service delivery to Calgarians, such as increasing the accessibility of information and services through multiple channels of communication, including internet social media and applications for mobile devices.
- Continually seek operational efficiencies and restrain expenditures, including expanding technology applications and automation, efficiently managing fleet and facilities to reduce costs and protect the environment, controlling business expenses, performing lifecycle and maintenance upgrades to City facilities for greater savings through reduced utility costs, reviewing and streamlining business processes, re-aligning internal business and staff roles, and reducing administrative costs.
- Commit to continuous improvement through the increased use of benchmarking, performance measures and best practices.
- Increase focus, accountability and risk management in corporate projects.
- Implement a program of ongoing in-depth service reviews using a zero-based service review philosophy.



Finance

Changing the rules of the game to ensure better financial capacity

As Calgary continues to grow, the cost of providing services to a growing population, and supplying and maintaining infrastructure, such as expressways, interchanges, water and sewage pipes puts a considerable demand on The City's operating, capital and lifecycle finances. The City needs to manage its growth effectively and efficiently, and manage costs, but also obtain more sustainable long-term sources of funding. Council's priority area is focused on expanding and securing alternative and innovative sources of funding to meet the demands of a growing city.

Highlights

- Assure The City of Calgary and provincial government of stable tax revenue financing through effective property and business assessment processes.
- Explore alternative funding sources, including utilizing a public-private partnership (i.e. P3) approach to funding projects, and advocating to the Government of Alberta for a potential city charter to allow The City of Calgary to expand its financial autonomy.

IV. Challenges in addressing Council’s Fiscal Plan

It should be noted that due to budget constraints resulting in competing objectives, the following initiatives may not be fully achieved in 2012-2014:

Figure 3. Initiatives that may not be fully achieved in 2012-2014.

Council Priority Area	Initiatives & Impacts
Community	<ul style="list-style-type: none"> • There may be fewer affordable housing units developed than in previous years.
Places	<ul style="list-style-type: none"> • Shortfalls in funding new parkland maintenance may impact service levels across parkland, outdoor recreational facilities and enhanced protection of environmentally-sensitive areas.
Mobility	<ul style="list-style-type: none"> • 3% instead of 5% of capital funding will be assigned to Active transportation. • There will be a slight reduction in transit service hours and no new transit services, except for those associated with the West LRT. • There will be limited financial capacity to address congestion in existing road network.
Business	<ul style="list-style-type: none"> • The challenge is to balance legislated regulation of business activity with reducing red tape and continued responsiveness to business expectations.
Organization	<ul style="list-style-type: none"> • Depending on the state of the economy and the rate of retirement amongst baby boomers, The City may face challenges in recruiting hard-to-fill positions and retaining the workforce it needs to achieve business goals. • Due to the impact of budget constraints on certain City services, citizen satisfaction with the level of City services may be compromised.



V. Budgets – total City

The business plans and budgets together provide an outlook on what services citizens can expect from The City during the next three years. The budgets constitute the financial plan to support the business plans, which in turn reflect Council's Fiscal Plan for Calgary for 2012-2014.

Meeting the demands of growth while adjusting to economic volatility continues to be the number one challenge for The City of Calgary. Council's Fiscal Plan for Calgary has been developed to support a desirable quality of life in the community based on citizen expectations, while pushing The City to become more efficient in order to balance the ability to resource City services in terms of both staffing and funding.

Operating budget

As a result of Council direction, preparation of this three-year operating budget was significantly different than preparation of the past multi-year budgets. Based on a number of factors including extensive stakeholder input, in 2011 June Council approved a preliminary budget envelope with indicative annual tax rates, utility rates, and waste and recycling fees. Future costs for current service levels were based on a series of projections from such sources as the Conference Board of Canada, Statistics Canada and the Council-approved labour strategy. It is currently forecast that the cost of City labour and supplies will increase significantly over the next few years, driven by various volatile economic factors such as the price of oil-based commodities and renewed competition for labour. These projected future costs required both productivity gains and service reductions in order to stay within Council's approved budget envelope. In 2011 November, Council approved the budgets based on these indicative rates with some slight modifications.

The first year of the operating budget combines productivity gains with other expenditure cuts that will result in reductions in services. The budgets for 2013 and 2014 include further productivity gains, but allow modest increases to address growth and inflation.

While Council's Fiscal Plan for Calgary sets as a priority exploring alternative funding sources in order to ensure financial capacity, no new revenue sources are included in the 2012-2014 budget. However, some existing user fees will be changing consistent with direction previously approved by Council. The composite water and wastewater rates will increase by 9.9% annually. The stormwater drainage charge will increase by 4.9% annually. Waste management charges and commercial landfill tipping fees will increase by 3.4% in 2012, 4.4% in 2013 and 4.3% in 2014. The blue cart recycling fee will decrease by 19% in 2012 with increases of 4.2% in 2013 and 4.1% in 2014. These increases address both higher operating and capital costs. Other changes include increases in transit user fees required to help offset inflation and the operating costs of new capital for Calgary Transit. All changes to transit user fees will be consistent with the Council-approved Calgary Transit Fare Strategy.



Capital plans and budgets

The City presents capital plans for five-year time frames to ensure appropriate planning for required projects and related funding. The five-year plan shows the complete impact of multi-year projects, as well as the distribution of expenditures and how funds are spread over time. The City's capital requirements are

driven by many factors, such as rates of growth in the city, both population and area; the need to maintain and upgrade existing aging infrastructure, meet industry standards; and government legislation and regulations.

- The approved 2012 capital budget is \$1.3 billion and is part of the five-year capital plan of \$5.7 billion for 2012-2016 (2009-2013 - \$7.6 billion). This includes \$4.4 billion for tax-supported

operations and \$1.3 billion for Utilities. Thirty-nine per cent of the tax-supported capital plan (\$1.7 billion) is for transportation-related projects. The other major capital projects are for recreation/culture, protective services and corporate infrastructure.

- Funding of the capital plan is sourced predominantly through government grants, new borrowings and Pay-As-You-Go funding.
- Capital requirements for infrastructure maintenance and growth that are not funded in the 2012-2016 capital plan total \$4.7 billion.

Figure 4. 2012-2014 Operating Budget Summary

The following table summarizes the main elements in the three-year operating budget.

	Total City (consolidated)			Tax-supported operations			Utility operations		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
Expenditures net of Recoveries (\$ millions) (Note 1)	2,817	2,937	3,078	2,423	2,515	2,607	478	511	564
change from previous year (\$ millions)	101	120	141	67	92	92	36	33	53
% increase/(decrease) from previous year	3.7%	4.3%	4.8%	2.8%	3.8%	3.7%	8.1%	6.9%	10.4%
Full Time Equivalents (FTEs)	14,609.8	14,728.0	14,848.5	13,404.3	13,517.0	13,715.5	1,205.5	1,211.0	1,216.0
change from previous year	(45.2)	118.2	120.5	(56.7)	112.7	115.5	11.5	5.5	5.0
% increase/(decrease) from previous year	(0.3)%	0.8 %	0.8 %	(0.4)%	0.8 %	0.9 %	1.0%	0.5%	0.4%

Note 1: the sum of the Tax-supported and Utility operations exceeds the Total City figures as the latter have been adjusted to remove double-counting of franchise fees and dividends paid by Utilities to The City's operating fund.

Figure 5: Spending the 2012-2014 Operating Budget - Total City (\$ millions)

- The largest budget areas correspond to Council's priority on frontline service delivery: community services, protective services, transportation, police services and Utilities.
- Areas of major spending are also our most people-intensive services, such as Calgary Transit and the Calgary Police Service.
- About 3 per cent of total spending is for the corporate governance functions, including Council and the corporate administration offices.
- All Utilities expenditures are covered by Utilities revenue streams. Utilities expenditures include Operations and Maintenance as well as capital financing costs.
- On this chart the total corporate gross expenditure numbers have been adjusted to remove double counting of franchise fees and dividends paid by Utilities to The City's operating fund.
- 2011 approved budgets include adjustments up to the third quarter and reflect removal of the provincial property tax.

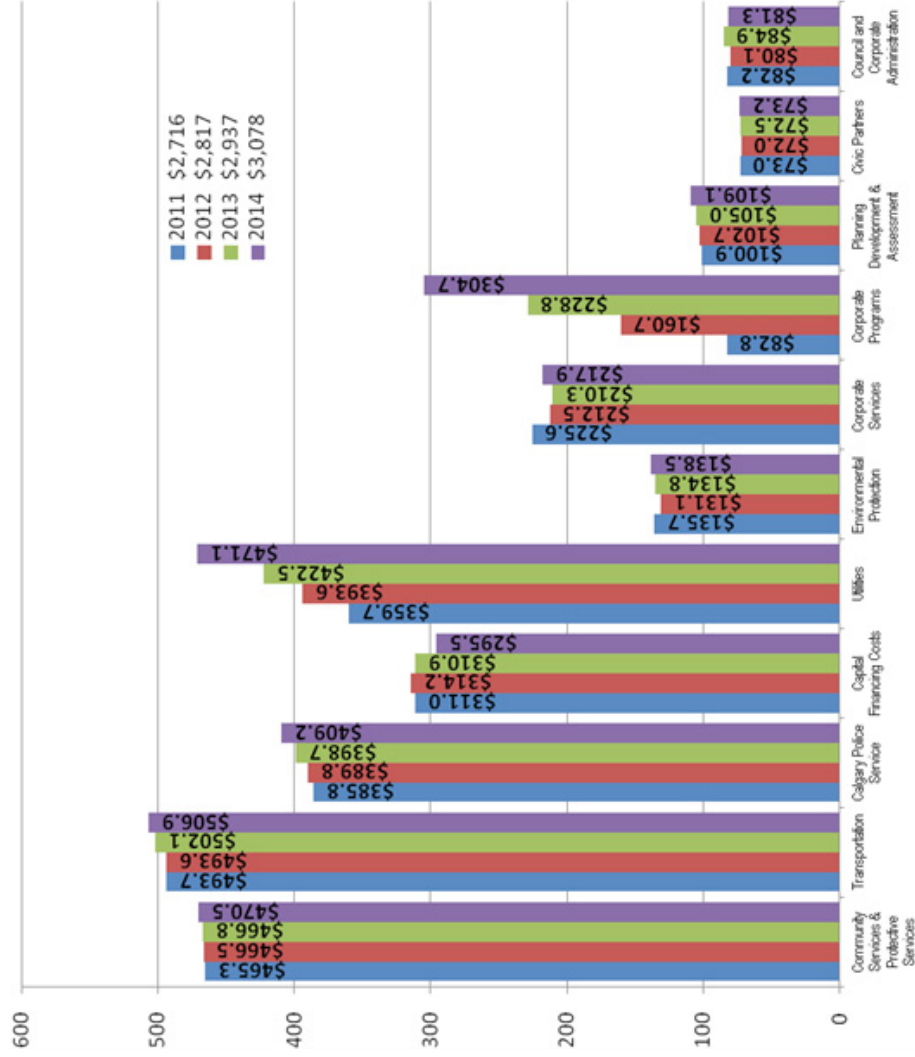


Figure 6: Funding the 2012-2014 Operating Budget - Total City (\$ millions)

- The City of Calgary has a limited number of revenue sources with which to fund its operations. The single largest non-tax contributor to our revenues (about 31 per cent of the corporate total) is the sale of goods and services, of which approximately half is from utilities.
- Other funding sources include franchise fees, investment income, contributions from operating reserves, licences, permits and fines.
- The property and business tax revenues are the factors that produce a balanced budget; together they constitute 48 per cent of corporate revenue.
- On this chart the total operating funding numbers have been adjusted to remove double counting of franchise fees and dividends paid by utilities to The City's operating fund.
- 2011 approved budgets include adjustments up to the third quarter and reflect removal of the provincial property tax.

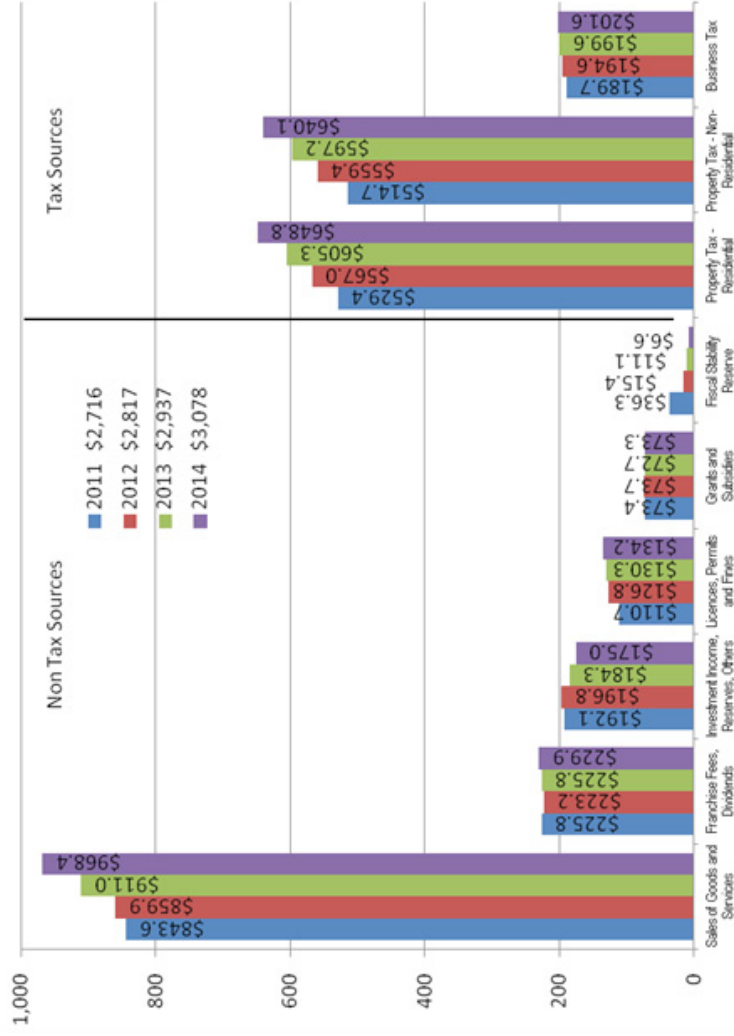
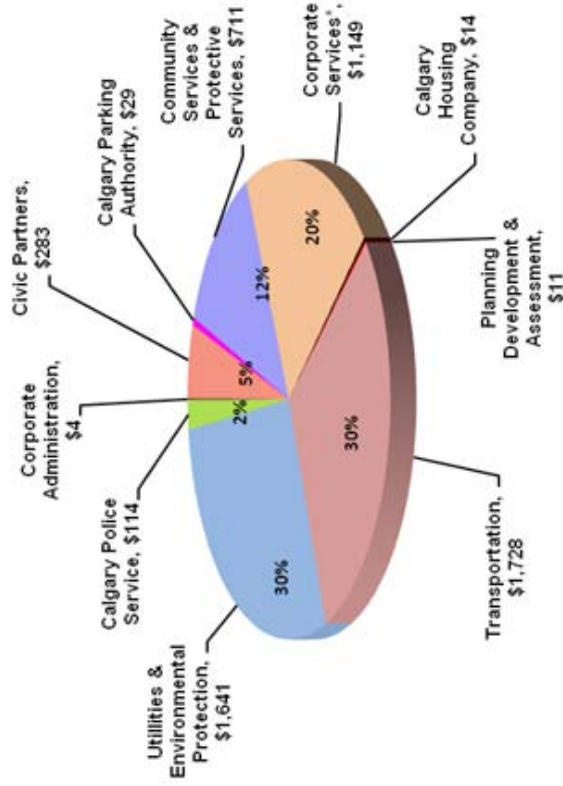


Figure 7. 2012-2016 Capital Plan Summary (\$ thousands)

	2012	2013	2014	2015	2016	TOTAL
TAX-SUPPORTED						
Approved Projects in Progress	1,154,954	625,048	300,028	311,030	13,455	2,404,515
Projects Requiring Approval	362,320	253,250	217,256	24,399	10,885	868,110
2012 Capital Budget	1,517,274	878,298	517,284	335,429	24,340	3,272,625
Projects in Capital Plan for 2013-2016 (Not Requiring Approval)	-	231,670	259,140	345,099	284,877	1,120,786
TOTAL TAX-SUPPORTED	1,517,274	1,109,968	776,424	680,528	309,217	4,393,411
UTILITIES						
Approved Projects in Progress	176,029	79,159	20,958	-	-	276,146
Projects Requiring Approval	66,414	129,626	168,065	29,900	-	394,005
2012 Capital Budget	242,443	208,785	189,023	29,900	-	670,151
Projects in Capital Plan for 2013-2016 (Not Requiring Approval)	-	41,556	47,613	250,343	282,887	622,399
TOTAL UTILITIES	242,443	250,341	236,636	280,243	282,887	1,292,550
TOTAL CITY						
Approved Projects in Progress	1,330,983	704,207	320,986	311,030	13,455	2,680,661
Projects Requiring Approval	428,734	382,876	385,321	54,299	10,885	1,262,115
2012 Capital Budget	1,759,717	1,087,083	706,307	365,329	24,340	3,942,776
Projects in Capital Plan for 2013-2016 (Not Requiring Approval)	-	273,226	306,753	595,442	567,764	1,743,185
TOTAL CITY	1,759,717	1,360,309	1,013,060	960,771	592,104	5,685,961

Figure 8. Spending the 2012-2016 Capital Plan (\$millions)

- The capital budget requiring Council approval of \$1.262 billion forms part of the five-year capital plan. The City's 2012-2016 capital plan totals \$5.686 billion. The tax-supported portion is \$4.393 billion and the Utilities portion is \$1.293 billion. In comparison, the five-year plan presented in the 2009-2013 capital plan totalled \$7.561 billion, with \$5.498 billion in tax-supported/self-supported and \$2.063 billion in Utilities.
- With available funding of \$5.686 billion investment in the following major types of capital projects have been identified:
 - Transportation (\$1.728 billion)
 - Community & Protective Services (\$711 million – \$492 million for Parks and Recreation and \$219 million for protective services)
 - Corporate Services (\$1.149 billion – \$277 million for Corporate Properties, \$201 million for Fleet Services, \$494 million for Office of Land Servicing & Housing, \$128 million for Information Technology and \$49 million for other business units)
 - Environmental Protection (\$348 million)
 - Water and wastewater treatment plants, feeder mains and pump stations (\$1.293 billion)
- Expenditures include construction, acquisition, lifecycle maintenance, replacement or upgrades of City facilities and major equipment due to growth, new services or regular use of existing assets.
- The five-year capital plan recognizes the nature and impact of multi-year projects.

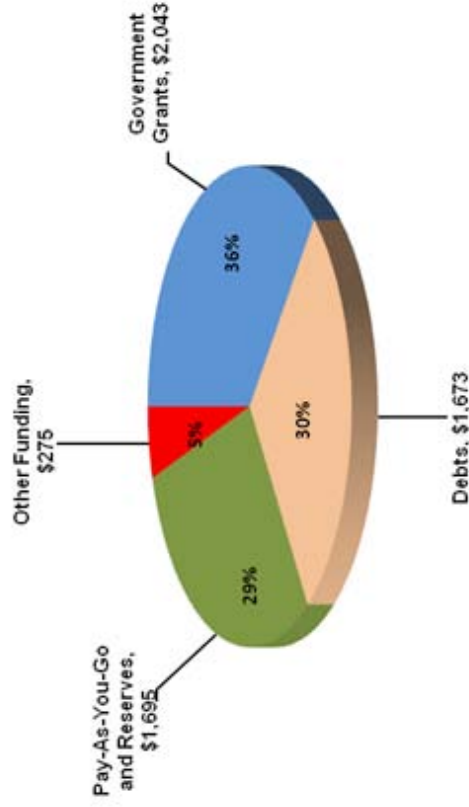


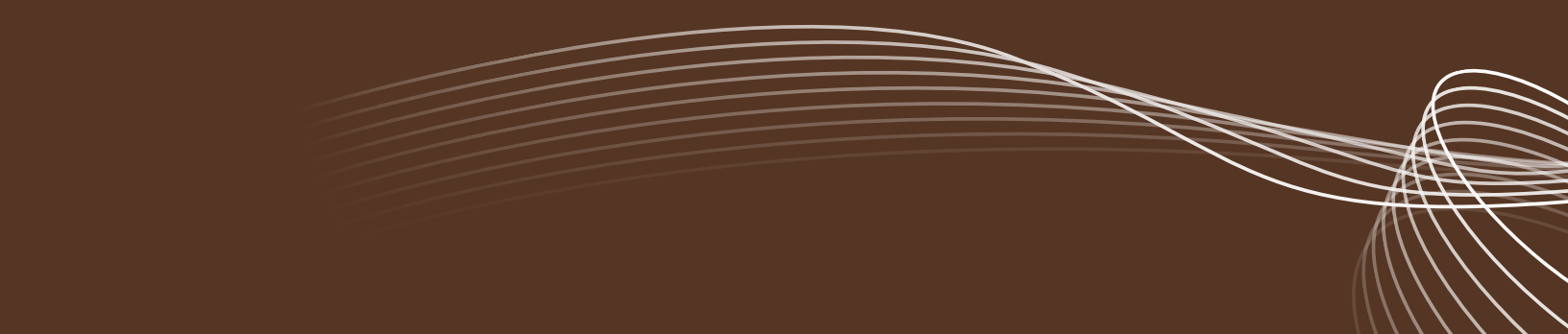
Total : \$5.686 million

*This represents capital funds for corporate-wide infrastructure.

Figure 9. Funding the 2012-2016 Capital Plan (\$millions)

- The City of Calgary funds its capital programs through a combination of external and internal sources. External sources include federal and provincial programs and grants, local improvement levies, and debentures, while internal sources include contributions from operations (Pay-As-You-Go) and specific reserves.
- The 2012-2016 capital plan is \$5.686 billion compared to the 2009-2013 capital budget plan of \$7.561 billion. The decrease of \$1.887 billion is the result of government program and grant funding (decreased by \$1.148 billion), debt (decreased by \$545 million), reserve and PAYG funding (increased by \$32 million) and other funding (decreased by \$226 million).
- The government programs and grants of \$2.043 billion primarily includes MSI (\$1.188 billion) and related bridge financing, Provincial Fuel Tax (\$452 million), Federal Gas Tax Fund (GTF) (\$286 million), the Alberta Municipal Infrastructure Program (AMIP) (\$33 million) and other (\$84 million). MSI and AMIP monies are used to fund transportation, recreational, cultural and protective services projects, while the other monies are used primarily to fund transportation projects.
- Debenture borrowing of \$1.673 billion is another main funding source for capital expenditures. Funding from debentures is split among utilities (\$1.206 billion), tax-supported/self-supported operations (\$458 million) and local improvements (\$9 million).
- The City has set up reserves to fund specific capital projects such as landfill, storm sewer upgrade, downtown improvements, legacy parks and lifecycle maintenance and upgrades. Contributions from reserves and PAYG are \$1.695 billion.
- Contributions from the developers, Calgary Parking Authority and Acreage Assessments (included in Other Funding of \$275 million) help fund transportation projects.





The detailed department business plans and budgets for 2012-2014 are generally organized according to The City's organizational structure (see Figure 10), with the following exceptions:

- 1 "Public Safety Communications" is presented as an entity under the Community Services & Protective Services Department, although it is not a Business Unit and therefore does not show on the organizational chart.
- 2 Under the terms of the provincial Emergency Management Act (R.S.A. 2000 c E-6.8) and the Emergency Management Bylaw (25M2008), the Calgary Emergency Management Agency (CEMA) is designated as the civic body responsible for the coordination of disaster planning, response, and recovery within The City of Calgary.
- 3 The "Water Resources" and "Water Services" business units are combined as "Utilities (Water Resources and Water Services)" for business plan and budget approval purposes.
- 4 The business plans and budgets of the Chief Financial Officer's Department (CFOD), the Law department and the business units reporting to the City Manager and City Clerk's, are presented together as Corporate Administration (CA).

Detailed strategies and actions that will be carried out by each department in fulfilling the outcomes aligned with Council's Fiscal Plan for Calgary for 2012-2014 are provided, within each department's business plan and budget.

Figure 10. The City of Calgary Organizational Structure (2011)

