

INTRODUCTION

This section provides the context for the 2012–2014 business plans and budgets. It describes The City of Calgary’s approach to business planning and budgeting, including the considerations taken into account in the development of Council’s Fiscal Plan for Calgary, and subsequently The City’s 2012–2014 business plans and budgets. These considerations include Calgary’s long-term vision and plans, the key trends and issues affecting Calgary during the 2012–2014 period, feedback from citizens and staff during a recent stakeholder engagement exercise, the need for effective growth, land use and infrastructure management, and The City’s financial outlook.

A new approach to business planning and budgeting

As part of Council’s 2011 business plan and budget adjustment deliberations, Council set an expectation for transformational change in the way The City does business planning and budgeting. Emerging issues such as challenges in financial sustainability and growth management, along with a recognized need for improved transparency in decision making and expectations for citizen engagement, call for changes to how City services are planned and delivered. As a result, a new approach to business planning and budgeting called “Our City. Our Budget. Our Future.” was developed by City Administration, and approved by Council in January 2011.

The main differences over previous planning cycles include:

- A focus on sustainability and progress towards the vision outlined in imagineCALGARY’s 30-year targets.
- Consideration of extensive stakeholder input prior to the development of the business plans and budgets.
- Having Council approve a three-year indicative tax rate, as well as indicative utility rates, and waste and recycling fees, which together provide a preliminary budget envelope that guides Administration in the development of detailed business plan and budget recommendations.
- An emphasis on defining and presenting City services in a way that makes sense to citizens.
- Inclusion of service descriptions and alignment of outcomes and performance measures.
- Increased transparency of budget detail information from a department level to a service level.

As shown in Figure 1, the new approach incorporates a facilitated review of The City’s municipal purpose and core services, including feedback from stakeholders in the development of Council’s Fiscal Plan for Calgary and Administration’s development of the 2012-2014 business plans and budgets. Council’s Fiscal Plan for Calgary sets out the priorities for Administration to develop the three-year business plans and budgets, along with a preliminary budget envelope based on the overall indicative annual tax rate increase approved by Council.

Figure 1. The approach to business planning and budgeting for 2012–2014.



The City’s new approach is intended to improve transparency and decision making by providing Council and citizens more information about how City funds are used, linking service costs to service levels and outcomes, and better connecting long-term goals to short-term spending decisions. Changes to the 2012–2014 business planning and budgeting process will help The City as it provides for more regular, ongoing and thorough examination of City services to ensure that services continue to be relevant to citizens’ needs and priorities. It also increases The City’s accountability in delivering services to citizens effectively and efficiently, while maintaining focus on a sustainable future.

PLANNING FOR A SUSTAINABLE FUTURE

In 2006, Calgarians developed a blueprint for a sustainable future when they created the imagineCALGARY Plan for long-range urban sustainability. The imagineCALGARY Plan describes a 100-year vision of the city in which Calgarians would like to live in and how to get there.

With input from more than 18,000 citizens, the imagineCALGARY Plan was the result of the largest community visioning and consultation process of its kind in the world, at the time.

Bridging our 100-year vision with long-term planning

imagineCALGARY has influenced the development of many City policies to reflect the needs of Calgarians, including the Municipal Development Plan (MDP) and Calgary Transportation Plan (CTP). These Plans describe the vision for a long-term pattern of growth and development in Calgary over the next 60 years. They provide policies that integrate social, economic and environmental objectives for the next 30 years.

As shown in Figure 2, The City follows a continuous approach to achieving the 100-year vision of the imagineCALGARY Plan. The imagineCALGARY Plan guides the services The City provides, which forms the basis of the three-year business plans. Taking into account the issues, service priorities and affordability, The City's operating and capital budgets are finalized to fund the three-year business plans.

The City's three-year business plans and budgets mark the progressive steps The City needs to take to achieve our vision. This three-year cycle approach enables The City to develop, implement and deliver multi-year strategies, programs and services. At the same time, The City maintains its flexibility to respond to economic, social, environmental and political changes through the annual budget adjustment process.

Figure 2. Achieving long-term vision



The 2020 Sustainability Direction

To bridge The City's three-year budget cycle with the 100-year vision of imagineCALGARY and the 60-year outlook of the MDP and CTP, The City created the 2020 Sustainability Direction, which identifies what must happen at The City over the next 10 years to contribute towards the imagineCALGARY 100-year vision.

A 10-year horizon provides a reasonable timeframe to meet community needs and expectations, establish the capacity to deliver, and achieve measurable results. By building a shared commitment amongst City departments in achieving these results, the 2020 Sustainability Direction provides the framework for Administration to address Council's Fiscal Plan for Calgary, which was built on the foundation of sustainability and imagineCALGARY's long-term vision.

The 2020 Sustainability Direction contains 10-year goals, objectives, targets, indicators and strategies. In addition to providing a 10-year timeframe, the 2020 Sustainability Direction is intended to:

- Facilitate cross-departmental discussion and collaboration by establishing goals, objectives and targets that are achieved by the contribution of many.
- Be used as a guide for decision-makers to consider if their decisions link to the long-term and move The City toward the shared vision.
- Identify the multiple outcomes of the decision and recognize efficiencies as a result.
- Identify the impact on other areas of work within The City.
- Help align The City's multitude of sustainability initiatives.

Working together to create and sustain a vibrant, healthy, safe and caring community

The imagineCALGARY Plan describes the vibrant, healthy, safe and caring community Calgarians want the city to be in 100 years. The City is on the right track in achieving this vision – Calgary has been recognized as the fifth most liveable city in the world (source: Economist Intelligence Unit). Calgarians can also take pride in knowing that The City delivers high-quality drinking water, maintains one of the longest pathway systems in North America, and provides a variety of social and recreational programs that support and care for citizens of all ages. Calgarians can also celebrate The City's achievements as a winner of international, national and local awards in areas such as environment sustainability, city planning, community services and corporate stewardship.

Every day, The City delivers services, programs and initiatives that contribute to the community. Working together with citizens and community partners, The City provides quality public service and support to help make Calgary a great place to live, work and play. Results from The City's 2011 Citizen Satisfaction Survey shows that citizens also recognize the value The City brings to the community. Of those surveyed, more than nine in 10 (92 per cent) gave The City a "Good" rating for overall performance, and 95 per cent say the overall quality of services provided by The City is "Good."

While creating and sustaining a vibrant, healthy, safe and caring community focuses on building a strong, local community, The City is mindful that Calgary does not exist independent of national and global, social, political and economic impacts. A forecast of the economy, together with the trends and issues affecting Calgary and the region over the next three years, provided Council and Administration with information about the climate and circumstances within which The City will operate entering into the 2012–2014 business planning and budgeting cycle. The following sections address the key trends and issues affecting The City, from a global to local perspective.



ECONOMIC OVERVIEW

After the recent global recession, which started in late 2008, the economy is recovering at different rates in various parts of the world. In developed markets, including the U.S. and Canada, the recovery is gradual as both governments and households focus on paying down debt. Household debt remains a concern as some households rely on debt to cover living expenses, and will be in a vulnerable position if interest rates were to rise. In fact, strong growth in emerging markets is increasing the demand for various commodities and will eventually contribute to inflation. As the global, national and local economic factors fluctuate, Administration will closely monitor these events and their impacts on the 2012–2014 business plans and budgets and will recommend appropriate actions to Council as necessary. Following is a summary of the important economic factors that impact The City.

- An increase in demand for labour is expected as gross domestic product rises.
- An increase in inflation rates is expected.

- Growth in emerging economies should remain strong and create a growing demand for construction-related materials.
- An increase in building material costs due to various factors such as increasing labour and material costs, rising oil prices and the re-building of Japan due to the earthquakes of 2010 and 2011.

On June 28, Council determined indicative tax rates based on the Municipal Price Index (MPI) plus population growth. Unlike the Consumer Price Index, which considers household costs such as shelter, food and transportation, the Municipal Price Index takes into account The City's key expenditures – salary, wage and benefit costs, and costs of materials, supplies, fuel and contracts.

IV. TRENDS AND ISSUES AFFECTING CALGARY

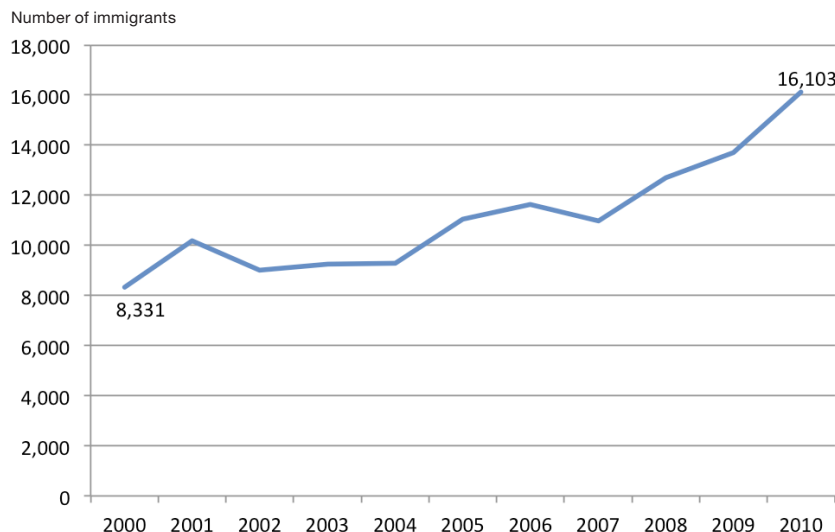
In the early stages of the business planning and budgeting process, Administration completed an environmental scan and an analysis of trends. Below are six major trends and issues that provided parameters for the development of the detailed 2012–2014 plans and budgets.

Growth challenges, associated with serving the needs of a growing population.

Calgary’s population has grown from 1.07 million in 2010 to 1.09 million in 2011. The total population in Calgary is expected to reach 1.11 million persons in 2012 and 1.16 million in 2014, with most population growth projected to occur among those aged 55 to 89. Calgary’s population also continues to become more diverse with the growing number of immigrants, visible minorities and Aboriginal persons (Figure 3). These groups were hardest hit by the 2008 recession and remain socially and economically vulnerable.

Challenges associated with poverty and having basic needs met are increasing due to the effects of the 2008 recession, which include unemployment and slower wage growth, as well as the rising costs of basic needs items, particularly food. In 2009, there were 118,000 reported persons in low-income households in Calgary. Lower-income households remain at greater risk of homelessness and food insecurity. Housing affordability has improved, however, and the number of homeless persons has dropped in recent years.

Figure 3. Total immigrants arriving in Calgary from 2000 to 2010 (Source: Citizenship & Immigration Canada)



Calgary is also experiencing increasing social needs:

- The volunteer sectors and all orders of government services are stressed by increased demand and reduced revenues.
- Lack of time and costs are key barriers to the declining levels of physical activity among Calgarians.
- Domestic violence remains a concern as the number of reported incidents has risen, with Calgary having above-average rates of domestic violence.

Implications:

- As Calgary continues to grow and diversify in population, so will the demand for The City’s physical infrastructure and services.
- As the number of seniors increases in Calgary, so does the number of persons with disabilities, hence increasing the need for accessibility in City and private spaces.
- As attitudes around diversity shift, there is an increased risk for The City in terms of its ability to advance diversity objectives.

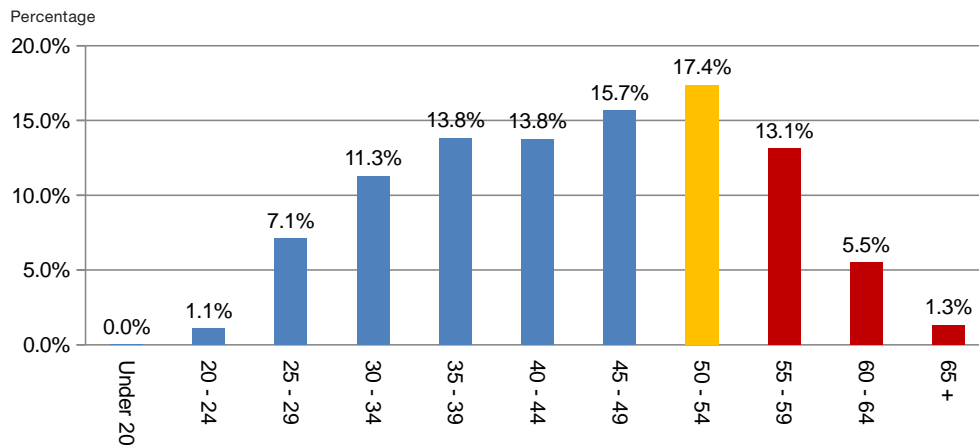
Labour force challenges, as a result of high retirement rates among an aging workforce, a lack of employees with the relevant skill sets of high-demand jobs, as well as increasing wages in Alberta.

The Conference Board of Canada forecasts indicate that by 2014, the unemployment rate in Canada will be back to the “natural” unemployment rate. Every able-bodied person that can be employed, will be employed. We can expect increased difficulties in hiring workers during the forecast period of 2012–2014 as the pool of available workers for hire will be scarce with the aging population base and low net migration levels. Forecasts indicate the labour shortage will be even tighter in Alberta than in the rest of Canada as more jobs are created from 2010 to 2015. This in turn will push the unemployment rate down in Alberta, with a corresponding increase in

the participation rate (i.e. the percentage of people aged 15–64 either working or searching for work) well above the national average. This trend will also result in the following issues:

- A shortage of workers with high in-demand skills.
- Retirement of baby boomers.
- Increase wage pressure due to limited supply of skilled workers.
- Increased work-related stress as a result of increased workloads, the potential high turnover, and the loss of experience and knowledge within the workplace.

Figure 4. Age Demographics of The City of Calgary’s Core Workforce, as of July 1, 2011 (Source: Internal HR System (HCM))



Implications:

- The need for training, development and retention of City employees will be critical to ensure such high in-demand skills are transferred and kept within the organization.
- An estimated 19 per cent of The City's workforce is currently eligible to retire, while an additional 17 per cent is eligible to retire within the next five years (Figure 4).
- With labour shortages and a limited supply of workers with high in-demand skills, pressure to increase wages is anticipated.
- The need to simplify jobs and increase the standardization of operating procedures, where possible, is therefore important.
- The increased turnover and length of time to fill positions will also affect City service delivery and employee/supervisory workloads.
- Training will become more important in order to bring new employees up to speed as quickly as possible.
- Turnover numbers for The City are estimated to start at about 800 per year (seven per cent) in 2011 and grow to over 1,200 per year (10 per cent) in 2014 (Figure 5). Health and wellness programs and initiatives, along with a supportive work environment, will be important in reducing mental and physical sickness and accident claims.

Figure 5. The Turnover Rate of The City of Calgary's Workforce (Source: Internal HR System (HCM))



Note: Forecasts ('f') based on economic estimates of unemployment rates (turnover) by the Conference Board of Canada (May 2010), and forecast retirements based on the current employee demographics.

The changing face of communications, as greater reliance on social media and other electronic forms of communications change the way citizens expect to be communicated with.

Over the past four years, there has been exponential growth in social media and mobile technology. As a result, citizens expect increased engagement, transparent communication and more timely information in the format of their choice. Communications is no longer considered a one-way push of content to an audience, but about conversations that are inclusive of many. It also entails providing information in various formats (e.g. through Twitter messages, print ads and video) to address the accessibility needs of a diverse audience.

Mobile phone applications are another form of communication which is increasingly used by companies. These applications allow communication to be tailored to suit the specific needs of each audience. There is growing citizen expectation that governments should be as quick and nimble in their communications and service delivery as the private sector.

Communicating with specific audiences is becoming more accessible as social networking applications such as Facebook, Twitter, Yammer and LinkedIn allow individuals to become more engaged. This allows widespread interest groups who share common behaviours and expectations to connect and potentially, collaborate.

Technology continues to influence change in the work environment as well. Devices and networking media, such as audio and video conferencing, instant messaging and desktop sharing are important tools to enhance communication and collaboration at work. These new technologies also allow employees to access their work 24/7 and engage in work conversations anytime. As a result, employees will expect to have more flexibility in their workdays — pushing The City as an employer away from traditional office-hour shifts.

Implications:

- The City of Calgary's business units need to ensure they are delivering up-to-date, effective communication that provides ample opportunities for citizen dialogue and engagement.
- The City can focus its engagement strategies through common interest groups.
- The City of Calgary may need to examine remuneration of employees — particularly those responsible for knowledge creation. These types of employees may have to be remunerated based on outcomes achieved rather than the number of hours worked.

Technology-driven opportunities are creating chances for employees to be more productive through greater mobility and flexibility, and will provide new and better ways to serve citizens and meet expectations for accessing information and services.

The pace of delivery of online services is accelerating at all levels of government and is already used extensively in most developed countries. Such services increase access to information, eliminate travel for citizens and reduce wait times in queues.

Mobile technology is increasingly used to allow citizens to access information and services from any location, at any time. Information can now be collected at the point of transaction and delivered in real-time to the customer or employee in the field. Mobile technology has long been a must-have for first responders, but can now serve a wider audience of employees and citizens by providing greater flexibility and responsiveness. Mobile access combined with high-speed communications, multimedia and collaboration tools bring the office, home and field together.



There are 1.5 billion users that connect to the Internet today. Over the next five years, there will be 10 billion client devices with 2.5 billion users connecting to the Internet (Source: Intel Cloud 2015 vision). In 2010, Statistics Canada identified Calgary as the metropolitan area with the highest Internet usage (89 per cent) in Canada. This presents an opportunity for The City of Calgary to leverage new technology to deliver eGovernment information, services and engagement in the most cost-effective way.

Implications:

- The City of Calgary will need to continue offering City services online that enhance accessibility and response times.
- The City of Calgary will need to further deploy mobile technology to serve a wider audience of employees and citizens with greater flexibility and responsiveness.
- City business units can enhance collaboration and improve productivity through advances in mobility, collaboration and communication tools.
- The City of Calgary can explore alternative and enhanced methods of service delivery through the Internet, such as Cloud-based resources and shared government services to maximize efficiency and effectiveness.

Environment-related considerations, implications of climate change, increasing public expectations of municipalities, more stringent regulations and regional population growth.

Calgarians value protecting land, air and water and recognize its importance in creating a healthy and vibrant city. There are four major environmental trends that will affect The City over the coming years:

Climate change: Global emissions are increasing due to continued reliance on fossil fuels for electricity, transportation and home heating. Projected future climate conditions include higher annual and seasonal temperatures and decreasing water supplies and quality. Extreme weather events, locally and around the world, will result in higher costs from storm damage, supply chain disruption, insurance and infrastructure

damage. Continued population growth and increasing demand for water will compound issues of water supply for agriculture, industry and household use. Cost risks related to carbon tax are also anticipated.

Public expectations: Calgarians will continue to expect The City to lead by example and actively inform citizens on the actions they can take to protect the environment.

Regulation: National and provincial environmental regulations are becoming more stringent, with increased requirement for monitoring and reporting. With decreases in federal and provincial budgets, there is greater demand for local governments and community groups to manage environmental issues.

Regionalization: Regional population is growing faster than the city of Calgary. Increasing recreational use, agricultural activities, logging and land development are putting pressure on the watershed.

Implications:

- Municipal operations will be increasingly affected by water supply and quality, rising energy costs, emergency preparedness and response, and infrastructure operations and maintenance. City departments will need to continue to reduce emissions through energy efficiency, conservation and use of alternative energy sources.
- Environmental initiatives will need to foster positive behaviour change through program innovation, barrier removal and ongoing education. The use of multiple communication channels will be essential to reach Calgarians to support two-way dialogue.
- It will be increasingly challenging and critical to align the public's level of demand for services and willingness to pay.
- Risk-based and multi-stakeholder approaches, such as watershed and airshed planning, will be critical to addressing environmental issues.
- Relationships with other levels of governments, regulators and other municipalities will continue to be important. Municipalities will see continued need to undertake environmental responsibilities and adapt to new and different ways of doing business.

MANAGING GROWTH EFFECTIVELY AND WITHIN FISCAL CAPACITY

Over the next 50 to 60 years, Calgary is forecast to grow by another 1.3 million people.

To assist in managing growth effectively, both the Municipal Development Plan (MDP) and the Calgary Transportation Plan (CTP) provide strategies for a more sustainable city through the integration of land use and mobility policies. The MDP and CTP start by setting out a long-term 60-year strategy supported by a 30-year plan for managing growth, public investment and land use approval decisions. The 10- and three-year corporate decisions on business planning and budgets bridge the long-term City visions by providing direction on housing, commercial and industrial developments.

One of the biggest challenges The City faces in the next three years is keeping pace with residential growth within its forecasted financial capacity. The cost of supplying and maintaining infrastructure such as expressways, interchanges, major water mains and sewage pipes, and services, including police stations, recreation centres and emergency response facilities, puts considerable demand on The City's operating, capital and life cycle finances.

Without a co-ordinated framework, The City risks:

- Pressures to approve development without funding.
- Over-extended City finances.
- Increased debt financing, levies, user fees and higher taxes.
- Non-contiguous community built-out.
- Lower levels of service.
- Interim solutions that may compromise City services.

Moving forward, growth management strategies require more effective co-ordination with financial decisions. The proposed 2012–2014 business plans and budgets have been created based on previously approved land use decisions. Any additional services required by approvals not considered in the current land use policy framework are not accounted for in this three-year business plan and budget cycle.

VI. STAKEHOLDER FEEDBACK

Budgets are a reflection of values, priorities and needs and a tool to deliver services that are important to citizens, Council and employees. As part of The City's new approach to business plans and budgets, on Feb. 7, 2011, Council directed and approved a three-phased public and internal engagement process. Led by consulting firm Dialogue Partners Inc., the engagement process gathered information from citizens, employees and Council about the City services they value, and how they would prioritize budget dollars to provide the services Calgarians want now and for the future. The engagement process was a way for everyone to make their views, suggestions and priorities known to Council and Administration before the plans were built to ensure responsive, accountable and valued services and budgets for the future.

Participation highlights

From February to May 2011, more than 23,000 participants provided their input through a variety of face-to-face and online opportunities, resulting in an unprecedented level of public involvement in The City of Calgary's business planning and budgeting process.

Phase one of the engagement process — Everybody's Business — invited citizens to share their thoughts on how they would like to participate in the engagement process and what they think would make the engagement process a success.

In phase two — Understanding Values and Priorities — citizens were encouraged to talk about values and priorities for City services. Participants provided their input by attending community forums, completing a Budget Kit discussion guide, submitting and weighing-in on ideas online, and providing their input through social media channels such as Facebook, Twitter and YouTube.

The final phase — Making Choices that Matter — invited citizens to tell us how they would spend their tax dollars to deliver the City services they value. Participants learned more about budget impacts on services, demonstrated their spending priorities and trade-offs, and provided suggestions on how they would allocate financial resources through community conversations and use of the online budget tool.

Engagement result highlights

On June 28, 2011, Dialogue Partners Inc. presented Council with a summary of the engagement results and what participants said during the process. The presentation emphasized two key findings:

- Citizens value City services and do not want to see reductions in services.
- Citizens do not want status quo – they want The City to focus on service priorities and deliver services in a more efficient way.

Dialogue Partners' final report and its presentation to Council are available at calgary.ca.

How the engagement input was used

On June 28, 2011, Council confirmed its priorities in its Fiscal Plan for Calgary and determined the indicative property tax and utility rate increases following an extensive discussion including participants' input from the engagement process.

Council's decision on indicative tax rates, based on municipal inflation and population growth, calls for Administration to find new and innovative ways to deliver efficient quality services in order to help close the \$108 million gap in The City's operating budget over three years. Council's decision strongly reflects the two key engagement findings presented by Dialogue Partners: 1) Uphold the level of City services, and 2) Focus on service priorities and deliver services more efficiently.

During the engagement process, participants identified that The City needs to do a better job at reporting back to citizens on how engagement input is used in decision-making. When developing their business plans and budgets, City departments were asked to identify how engagement input was used, and in some cases, not used, and why. Examples of these can be found in the 2012–2014 business plans and budgets, and calgary.ca.



VII. THE CITY'S THREE-YEAR FINANCIAL OUTLOOK

Municipal governments are facing continuing challenges in matching their revenue sources to their expenditures, particularly in developing greater sources of growth-related long-term secure funding. As municipalities are expected to do more with their limited revenue sources, local governments are finding it critical that they achieve greater financial sustainability through actions including:

- Incorporating longer-term financial focus through multi-year business plans and budgets and understanding long-term revenues and costs.
- Obtaining sufficient funding to deliver services that citizens rely on.
- Building financial flexibility and resilience into financial outlooks and risk assessments to address emerging and unforeseen circumstances.
- Strategically managing debt and reserves to support municipal growth and infrastructure requirements.
- Diversifying funding sources for greater municipal control and flexibility to address growing needs.
- Managing municipal services with more efficiency to get the most for every dollar.

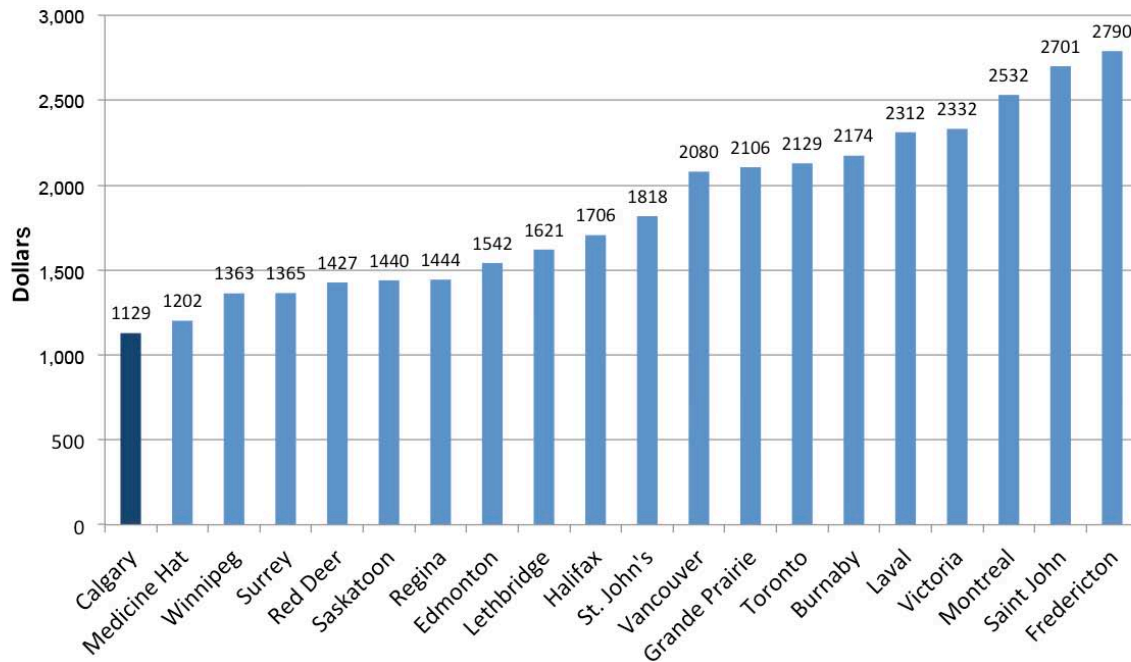
Calgary faces many of the same challenges and issues that other municipalities in Canada face. As part of the new approach to business planning and budgeting, in June 2011 Council considered The City's financial outlook as one of many inputs into its decisions on the 2012–2014 indicative rates and fees, which provided Administration with a preliminary budget envelope to develop the 2012–2014 business plans and budgets.

The City is currently in good financial shape

Despite the recent economic downturn, The City remains in a strong financial position with prudent fiscal practices and good liquidity in reserves. Calgary has the lowest property taxes among 20 Canadian municipalities (Figure 6). When utilities are included, Calgary still ranks fourth lowest. The City continues to achieve a high credit rating of AA+, which is among the

best for Canadian municipalities. In addition, The City's 2009-2011 three-year business plans and budgets were recognized for its thoroughness in the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) of the United States and Canada.

Figure 6. Municipal property taxes for single detached houses in Canadian cities in 2010 (Source: City of Edmonton, November 2010).

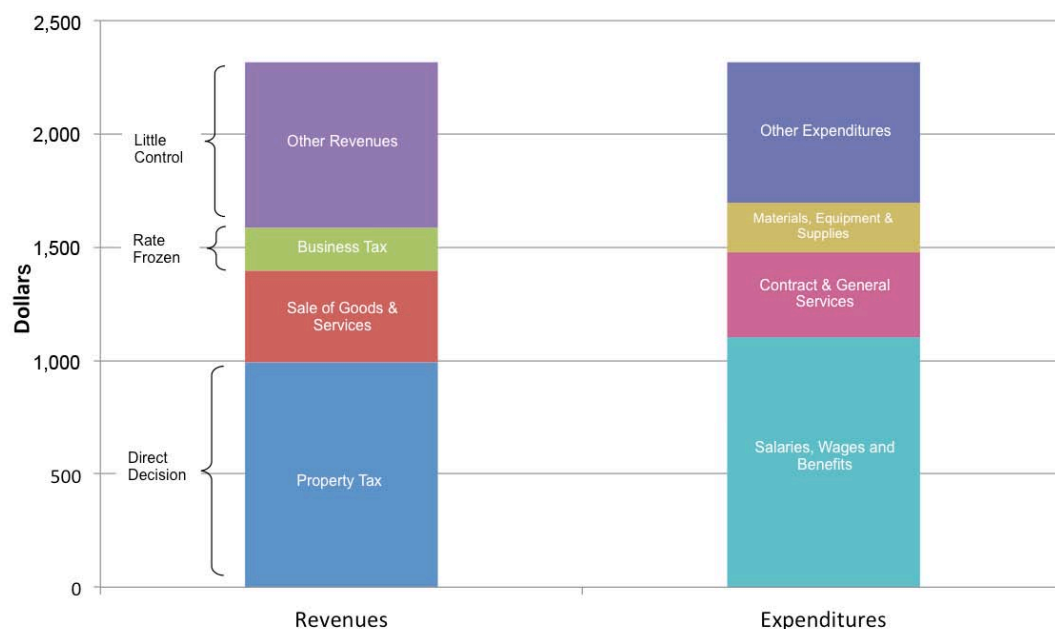


Emerging issues and financial pressures to consider

Although currently in a strong financial position, The City also recognizes a number of emerging issues that must be considered in order to maintain its solid financial position over the 2012–2014 business planning and budget cycle and in the long term. Some of the key emerging issues affecting The City’s budget include a growing demand for infrastructure investment, increasing cost of growth, and unreliable long-term capital funding sources within a volatile economy. Furthermore, The City projects a growing operating shortfall while recognizing pressures to keep tax increases low.

The City’s revenue structure remains a key issue for keeping up with the cost of servicing a growing city. Figure 7 illustrates The City’s key sources of revenue and expenditures. Property taxes comprise the largest single component of The City’s total revenue sources for the operating budget. The other components consist of sources that are either fixed or frozen, or sources that The City has little control over. This means that when there is an increase in expenditures, the property tax component must absorb most of the increases in order for revenues to increase at the same pace as expenditures. A five per cent increase in property taxes covers only about two per cent of increases in expenditure, which falls short of projected rates of inflation.

Figure 7. The City of Calgary 2011 Revenues and Expenditures



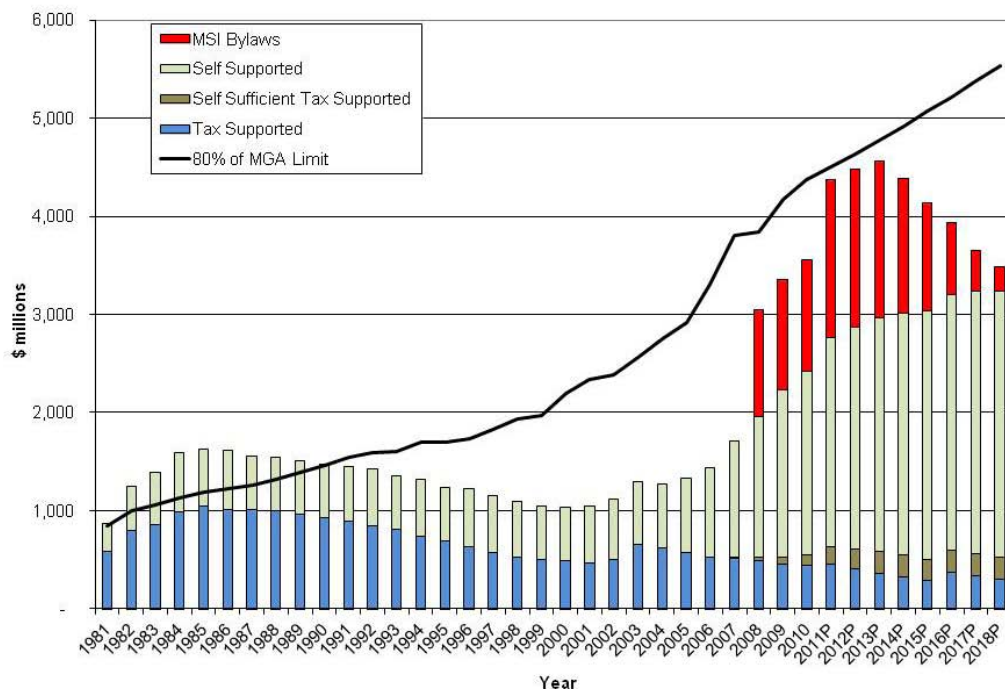
The rate of municipal inflation is another key financial pressure on The City’s budget. Unlike the Consumer Price Index, which considers household costs such as shelter, food and transportation, the Municipal Price Index takes into account The City’s key expenditures – salary, wage and benefit costs, and costs of materials, supplies, fuel and contracts, which are expected to increase at a higher rate than household inflation.

Figure 8 illustrates the historic and projected debt levels for The City. The black solid line represents 80 per cent of The City’s legislated maximum debt level. The graph shows a growing level of debt related to The City’s water and wastewater facilities, as represented by the bars labelled “Self-Supported.” The bars labelled “MSI Bylaw” represent The City’s bridge-financing and advancing capital expenditures against future funding through the Province of Alberta’s Municipal Sustainability Initiative (MSI).

Indicative property tax rates and fees

The new approach to business planning and budgeting enabled Administration to seek Council’s direction on the three-year indicative property tax rates and utility rates and fee increases before preparing the 2012–2014 business plans and budget. On June 28, 2011, Council approved indicative rates for water and wastewater utilities, and waste and recycling fees. This was necessary to help address the self-supported debt for the water and wastewater facilities. Council also approved indicative property tax rate increases based on municipal inflation and population growth. The decision calls for Administration to find new and innovative ways to deliver efficient quality services in order to close the \$108 million gap in The City’s operating budget over three years. The 2012–2014 business plans and budgets were developed within this financial shortfall scenario.

Figure 8. The City of Calgary’s historic and projected debt levels.



The graph shows that within the 2012–2014 period, The City must be especially mindful of the growing level of self-supported debt affecting water and wastewater facilities and advanced capital expenditures.