

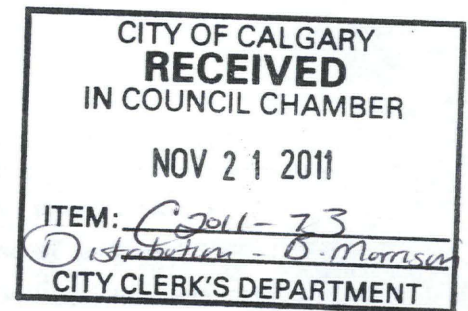
**Governance, Finance, and Infrastructure Group
CivicCamp**

November 20, 2011

Mayor Naheed Nenshi
Alderman Jim Stevenson
Alderman Richard Pootmans
Alderman Gian-Carlo Carra
Alderman Shane Keating

Alderman Dale Hodges
Alderman Gael MacLeod
Alderman Druh Farrell
Alderman Andre Chabot
Alderman Diane Colley-Urquhart

Alderman Gord Lowe
Alderman Ray Jones
Alderman John Mar
Alderman Brian Pincott
Alderman Peter Demong



Dear Mayor Nenshi and Aldermen,

RE: 2012-2014 City Budget

Thank you for giving us the opportunity to understand and comment on the proposed City Budget for 2012-2014. We appreciate the improvements Council has made to the budgeting process. Our ability to respond in a thoughtful way would not have been possible without last spring's public engagement, the *Fiscal Plan* approved in June, and the clearer, more informative budget documents released this month. In terms of the Budget itself, we were pleased that, among other things, 5% of industrial/business park land sales will go to the Public Housing Reserve.

The Budget, though, can be improved. After careful review, we feel it is essential to increase funding. We recommend an increase in taxes in the order of 8% per year over the next three years.

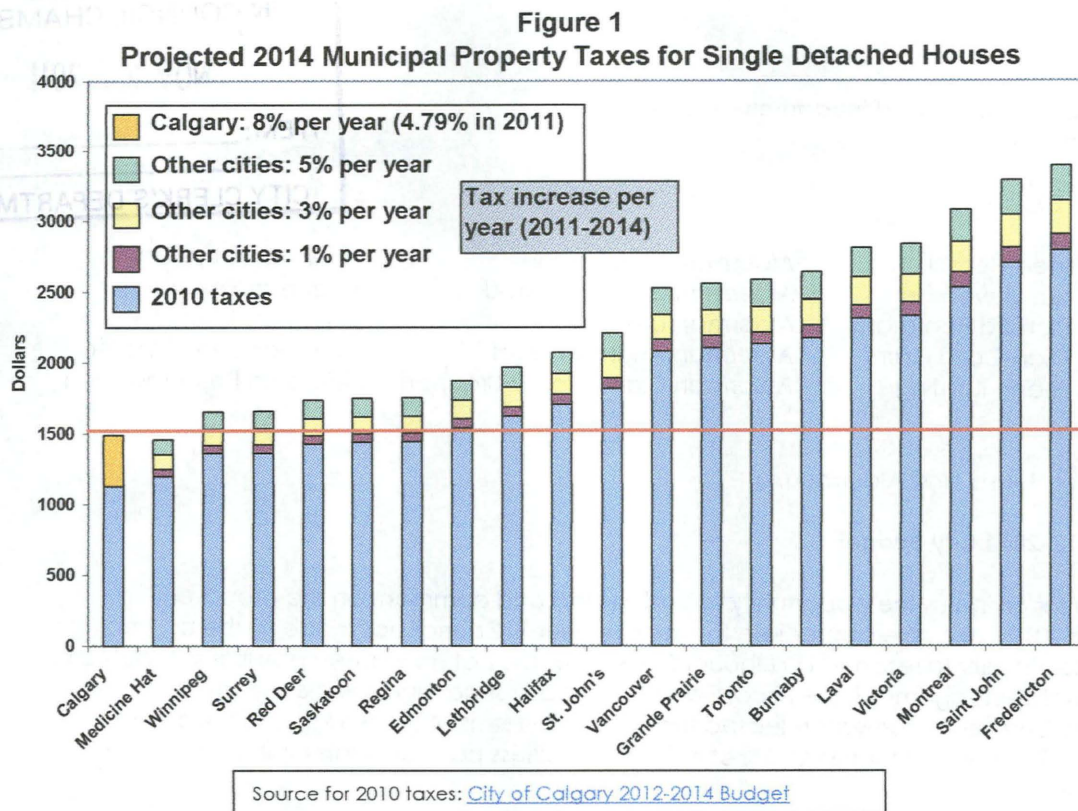
This level of tax increase is, in our view, fully justified:

- Most Calgarians feel they are receiving good, but not excellent service from the City ([2011 Citizen Satisfaction Survey, Public Engagement Process & Results](#)). Calgarians have made it clear that excellence is expected and will only be achieved when more money is provided in key areas.
- A tax increase of around 7.5% per year for the next ten years is needed to eliminate the City's operating and capital deficits ([Long Range Financial Plan 2011](#)).
- Sixty per cent of Calgarians are willing to pay more for the services they need – 27% want taxes increased to expand services ([2011 Citizen Satisfaction Survey](#)).
- Calgary will remain competitive with other cities even with three years of 8% increases (Figure 1).

We believe the primary goal of government is to help those who have been disadvantaged by circumstances or poor choices. We also know government holds the key to ensuring safety, sustainable development, and a level playing field for business.

We recommend that additional money be provided in these areas:

1. The **Police Service**, the **Fire Department**, and **Calgary Transit** – the three services valued most highly by Calgarians ([Our City, Our Budget, Our Future](#)).

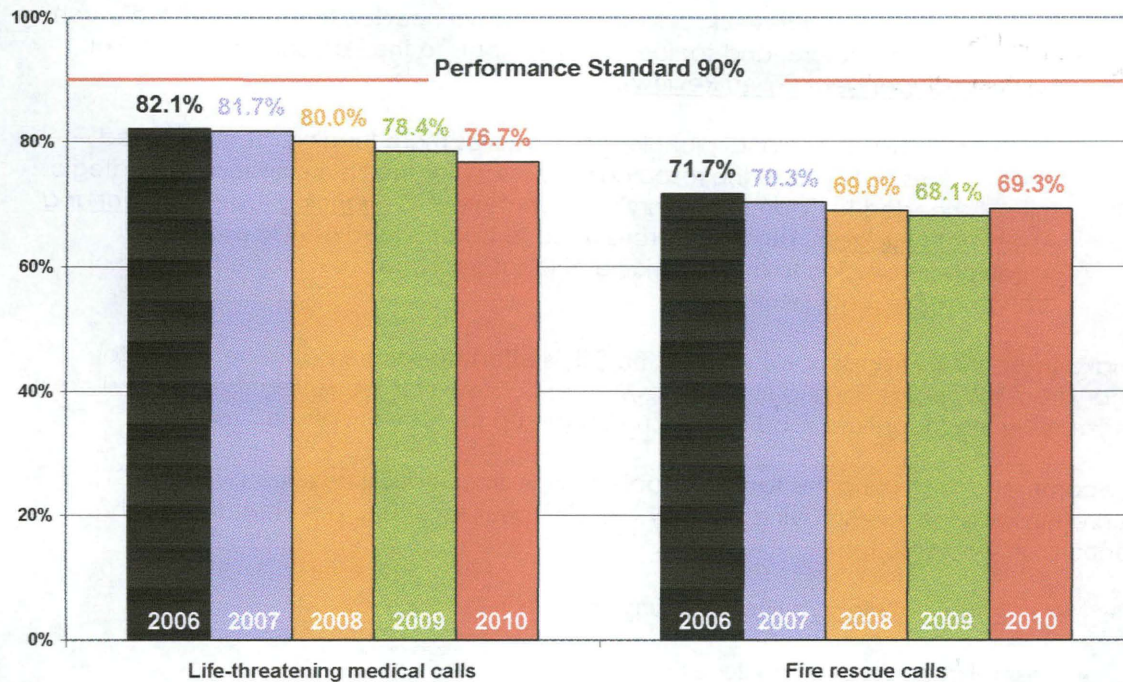


- Inadequate funding is the primary reason the **Police Service** has not achieved the excellence the public expects ([Calgary Police Commission 2011 Citizen Survey](#)). Excellence requires more money for both conventional policing and the newer "[problem-oriented](#)" and "[intelligence-led](#)" policing.
 - Due to lack of money, the **Fire Department's** response times remain below safety standards and, since 2006, have declined for six safety standards out of eight ([Calgary Fire Department 2010 Annual Report](#), [Fire Department Sustainability Report](#)). This is a particular concern for the critical "first-in" response times (Figure 2).
 - **Calgary Transit** is the key to reducing traffic congestion by providing high-quality service that will keep regular transit users and encourage occasional and former transit riders to become loyal customers. The transit budget needs to be increased to make the Primary Transit Network a reality.
2. Better funding is also required to reduce future costs, improve the lives of the less fortunate, and deal with inequality and sprawl – the two greatest barriers to progress ([2010 State of Our City Report](#)). Budgets in three areas need to be increased:
- **Family & Community Support Services:** FCSS is the primary program that helps the disadvantaged and deals with the root causes of crime and deviant behavior.

The most vulnerable Calgarians – single-parent families, off-reserve Aboriginals, people with disabilities, and recent immigrants – continue to be left behind ([Calgary & Region Social Outlook: 2010-2015](#)). Under the proposed budget, FCSS services will be spread even thinner, resources leveraged through partnerships will decline, and

Figure 2

First-In Engine Travel Time Performance



Source: [Fire Department Sustainability Report](#)

participation in after-school and other out-reach programs will, at best, remain static ([Community Services and Protective Services Budget](#)). This will particularly affect new communities where a police presence is difficult to maintain.

During your deliberations, please keep two things in mind

- Calgarians who already face significant obstacles to personal advancement should not be further disadvantaged by a lack of access to services.
- Each dollar spent on preventive social services significantly reduces social problems, allowing money spent on policing and other interventions to go further ([Community and Neighbourhood Services 2010 Annual Report](#)).
- **Office of Land Servicing & Housing and Calgary Housing Company:** With the declining quality of affordable housing stock and the risk that fewer affordable housing units will be built, the proposed budget creates a serious impact on the effort to ensure affordable housing for those in need. This is particularly true for the effort to reduce homelessness.

Providing a home and support for a homeless person costs half to two-thirds less than trying to manage the problem with emergency and institutional care. It is vital that the City provides more funding to ensure that [Calgary's 10-Year Plan to End Homelessness](#) will be a success.

- **Land Use Planning and Policy:** The *Growth Management Framework* is a key ingredient in building a more productive, more sustainable city. To avoid unnecessary delays in

implementing the *Framework*, additional funding is needed for analytical tools such as land use, infrastructure, and socioeconomic inputs to the Regional Transportation Model ([Independent Expert Review](#)).

Intermunicipal and regional planning also requires more funding. The proposed budget does not include the resources necessary for the "more proactive, strategic model" needed to address Calgary's regional interests ([Planning, Development and Assessment Budget](#)). Those resources need to be provided now to ensure a sustainable transition to market pricing of locational choices and the true cost of growth at Calgary's perimeter.

To make these things happen, we support the City's efforts to secure better treatment for Calgary from the provincial and federal governments. However, achieving that goal will likely take years. In the meantime, Council needs to shore up the City's revenue stream.

We recommend that, using the tools available now, Administration develop by early 2012 a comprehensive plan for improving the way the City raises revenue. The objectives of the revenue plan would be to:

- Meet [ImagineCalgary](#)'s financial targets
 - Less reliance on property taxes.
 - General revenues based on progressive taxation.
 - Public goods and services priced according to public benefits.
- Maintain and improve service.
- Eliminate the deficits in operating and capital funding.
- Implement a cost-recovery policy for roads.

In developing the revenue plan, all available revenue options should be considered and used where they are most effective. This includes:

- Local improvement levies
- Utility connection fees
- Differential residential tax rates
- The special tax option
- User fees
- Progressive property taxes and utility fees
- Acreage assessments for development and redevelopment
- Elimination of subsidies for development/redevelopment that are not in the public interest – currently \$80 million per year for new subdivisions ([The Opportunity to Manage Growth Sustainably](#))

➤ Residents/homeowners associations

By adopting these recommendations, the 2012-2014 Budget will move Calgary towards becoming a truly global, vibrant, and sustainable city.

Calgarians are looking to Council for leadership. You have made a good start with this year's process to build a better budget. Now is the time to finish the job.

Sincerely,

A handwritten signature in cursive script that reads "Bob Morrison".

Bob Morrison, Co-Chair
Governance, Finance, and Infrastructure Group
Civic Camp