

Operating and Capital Financial Update December 31, 2021

City Council
March 14, 2022

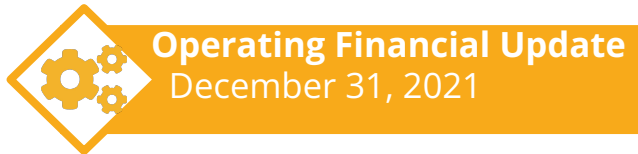
Presentation Overview



- Edmonton CMA labour market
- Employment rate
- Consumer inflation



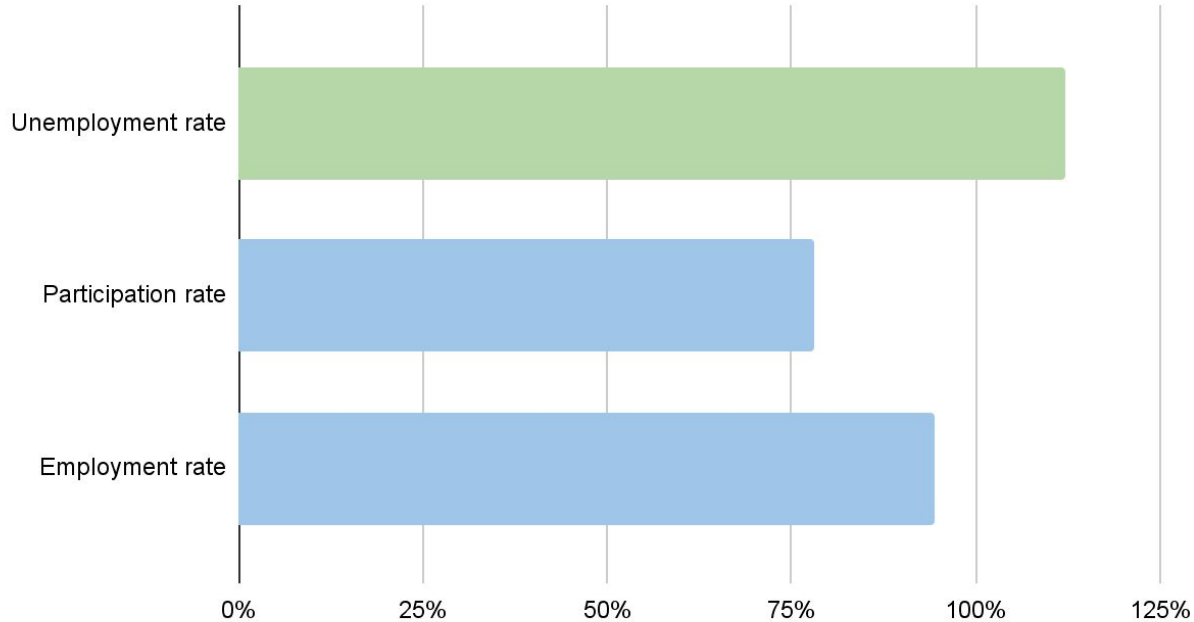
- Budget cycle spend
- Significant project results
- City's forecasted debt and debt servicing



- Enterprise & Utility programs
- Tax supported operations
- Carryforward & other recommendations
- Reserve update

Economic Update

Edmonton CMA labour market recovery, select indicators as of Q4 2021

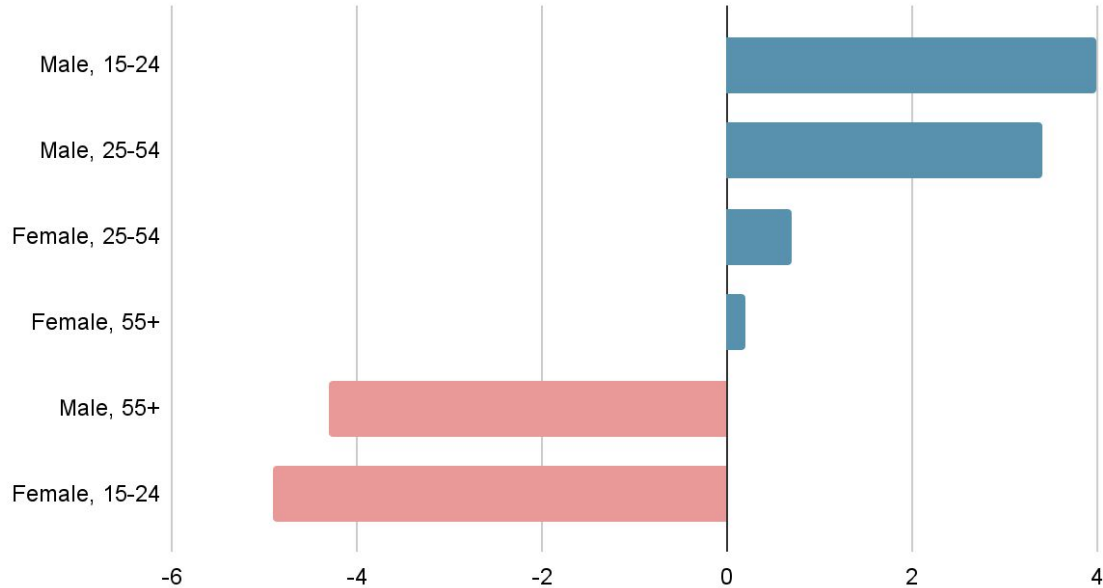


Source: Statistics Canada, calculations by City of Edmonton

Note: Q4 2021 values are compared with their crisis troughs and 2019 annual averages

Economic Update

Edmonton CMA employment rate comparison by age group as of Q4 2021

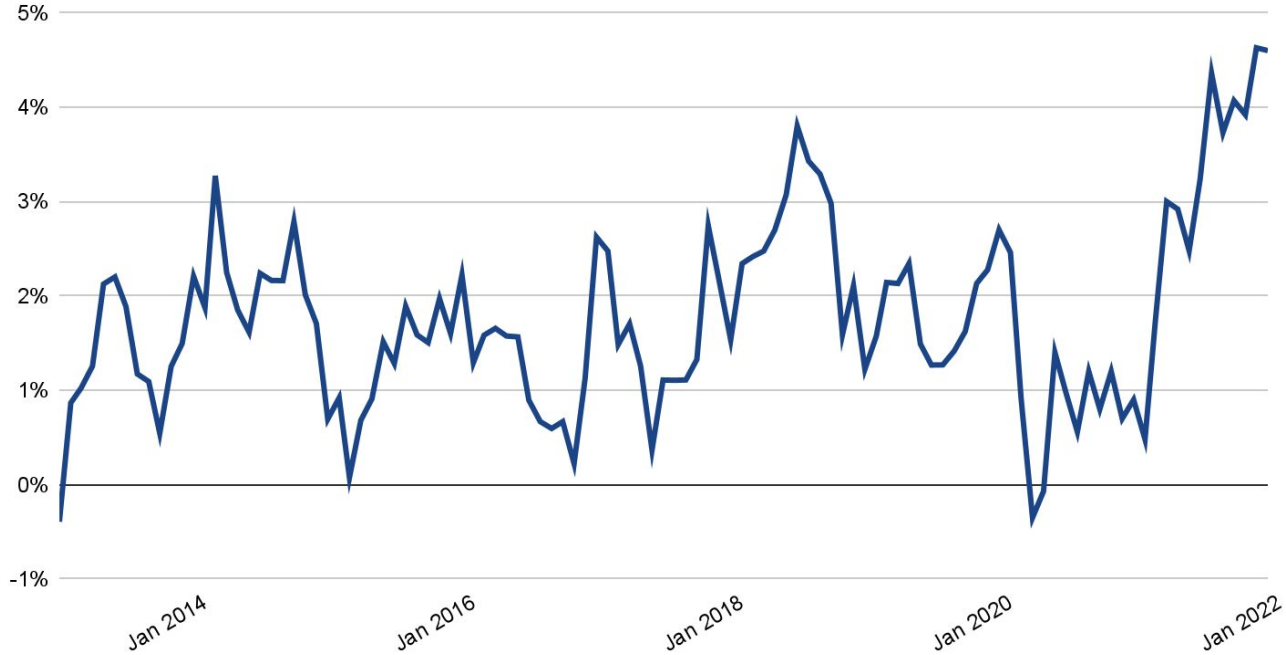


Source: Statistics Canada; calculations by City of Edmonton.

Note: Figures represent difference from Q4 2019 and are expressed in percentage points

Economic Update

Edmonton CMA Consumer Inflation



Source: Statistics Canada

Capital Results - 2021



Budget
Cycle
Spend

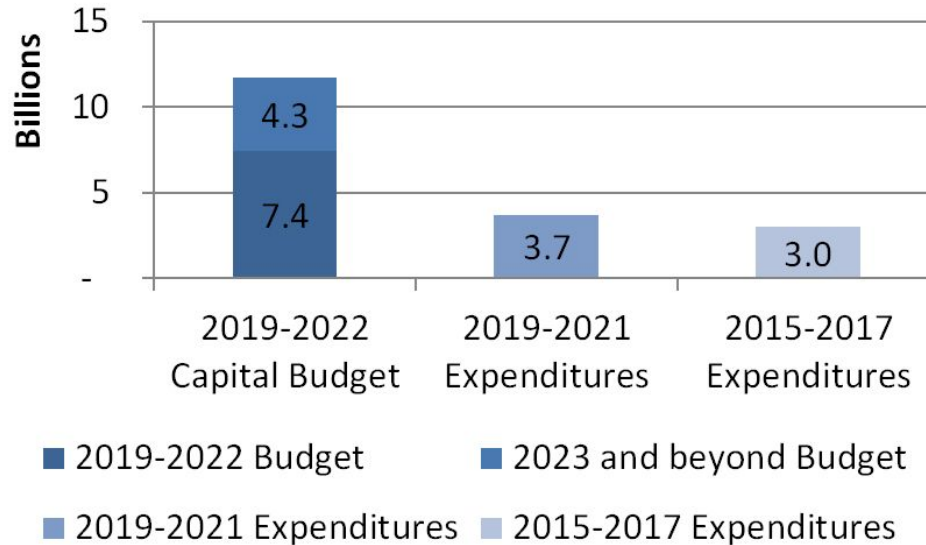
Significant
Project
Results



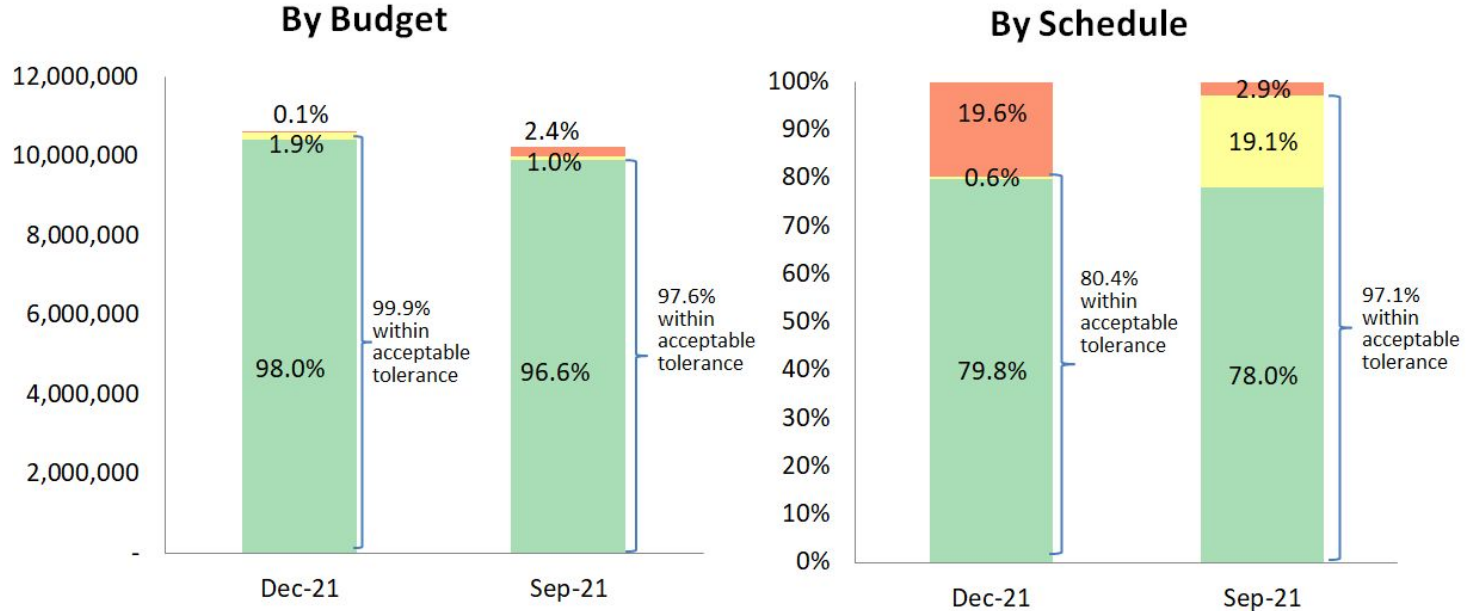
Debt Update

Budget Cycle Spend

2019-2022 Capital Budget Expenditures



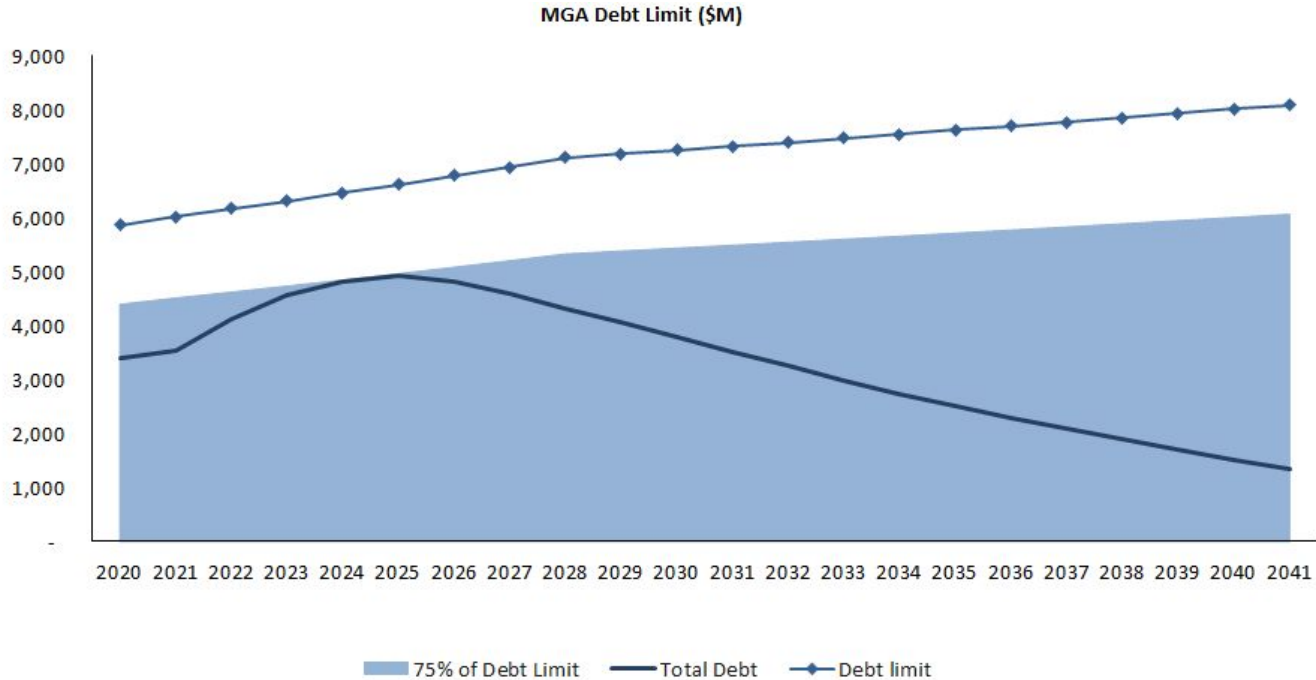
Significant Capital Project Status Summary



*The budget and schedule status charts above are weighted by the profiles approved budget.

Debt and Debt Servicing Limits (MGA)

The *Municipal Government Act (MGA)* and related regulations establish limits for municipal debt levels and annual debt servicing costs.



Operating Results - 2021



**Enterprise
& Utility
Operations**

**Tax-
Supported
Operations**









**FSR &
Carryforwards
Recommendations**

**Reserve
Update**

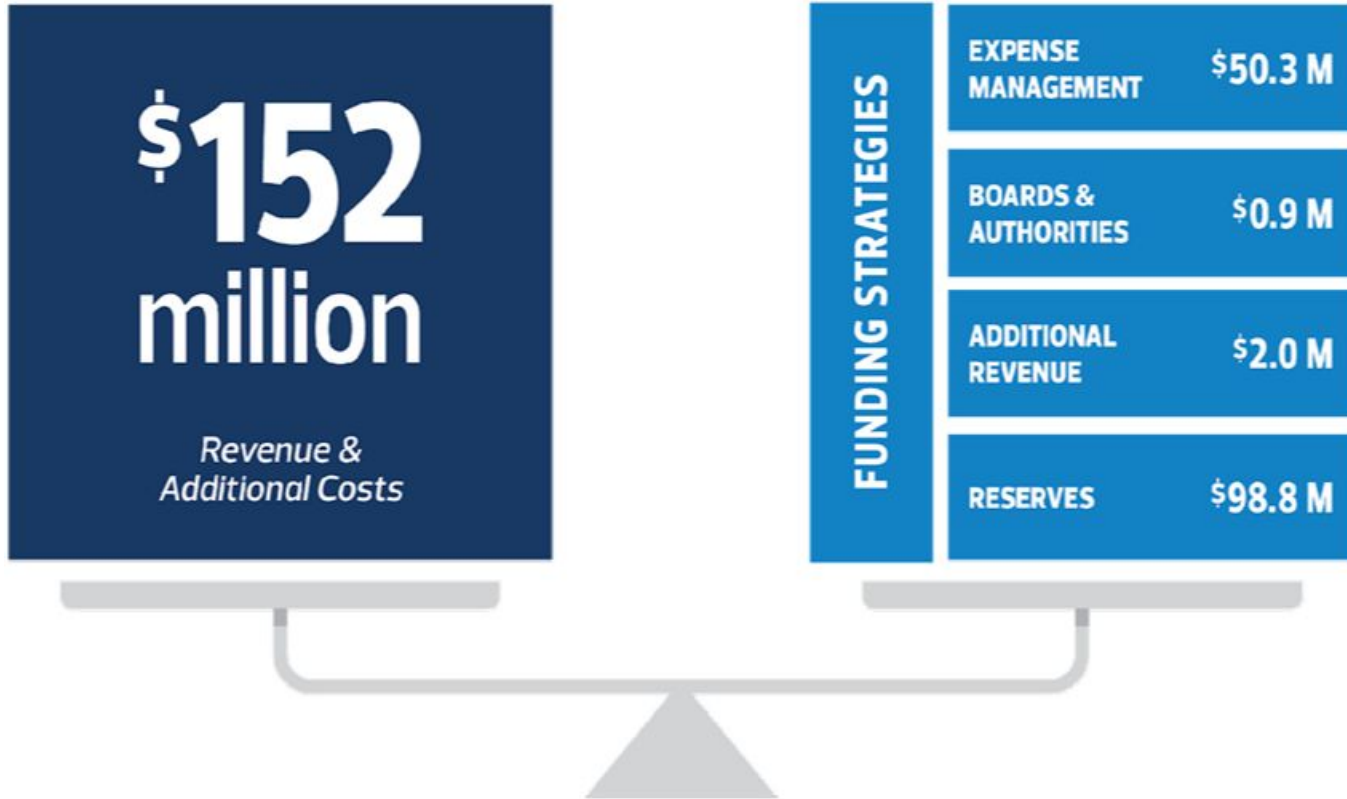


Enterprise and Utility Operations

December 31, 2021 - Net Position Budget Variance (\$ millions)

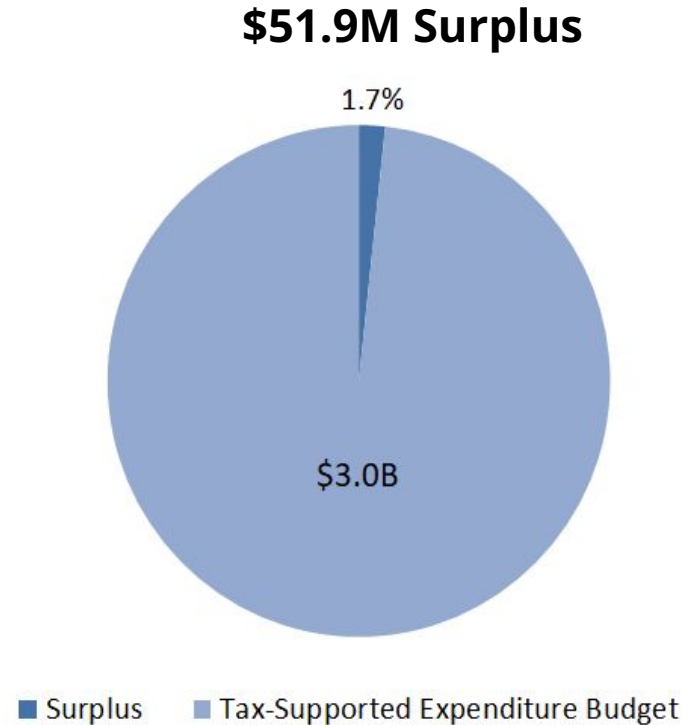
 Favourable  Unfavourable	Year-End Variance
Waste Services	14.5 
Land Enterprise	15.6 
Blatchford Redevelopment	(9.5) 
Blatchford Renewable Energy Utility	0.8 

COVID 2021 Impact



Tax-Supported Operations - Continued Volatility

- Strong fiscal management and external factors contributed towards surplus
- Small portion of the City's tax-supported budget - 1.7% variance
- Volatility will continue
- Fiscal prudence necessary in use of surplus funds



Tax-Supported Operations

(\$ millions)

Year-End Variance		Description	● Favourable ● Unfavourable
22.4	●	Personnel (net of recoveries)	
9.8	●	Financial Strategies	
6.7	●	Snow and Ice Control Costs	
4.7	●	Energy Rebates	
4.1	●	ETS Fleet Maintenance	
4.0	●	Property Tax Penalties	
(4.1)	●	OSCAM Permit Fee Revenue	
(5.3)	●	Software Maintenance Costs	
(5.8)	●	Recreation Centre Relaunch Revenue	
(13.8)	●	ETS Fare and Advertising	
29.2	●	Other Cumulative Variances	
51.9	●	Total	
1.7%	●	Percent of Annual Budget	

FSR Unappropriated Balance

(\$ millions)

	Amount
Balance prior to surplus, carry-forwards, other items	121.7
Tax-supported surplus	51.9
Carry-forward requests (recommendation 4)	(19.4)
COVID-19 - 2022 funding strategy - use of 2021 surplus (previously approved by Council - November 30, 2021)	(6.4)
Transit Safety Plan - approved February 22, 2022	(1.1)
Bridge Housing Transition Plan - approved February 22, 2022	(4.8)
Projected balance - 2022	141.9
<i>Minimum FSR Balance (preliminary)</i>	<i>\$112.3</i>
<i>Target FSR Balance (preliminary)</i>	<i>\$186.4</i>

Maintaining the FSR Unappropriated Balance

- FSR balance (after recommendation) - \$141.9M
- Minimum balance - \$112.3M
- Funds available above the minimum balance - **\$29.6 million**
- Suggestion is to retain funds to address for future budget pressures:
 - **Additional COVID impacts not already considered**
 - **Advancement of critical capital priorities**
 - **Economic support and recovery efforts**
 - **Support for vulnerable populations**
 - **Supply chain and inflation increases**
 - **Snow and Ice Controls costs**



Operating Carryforwards

(Recommendation 4)

There was \$19.4 million expenses to occur in 2021 that are recommended for carry-forward of funds, with new funding from the FSR:

Carry-Forward Request	Amount (\$ millions)
Energy Rebates	5.6
Downtown Vibrancy Initiative	4.6
Residential Blading	2.3
Sand Removal	2.2
Neighbourhood Revitalization	0.7
Other initiatives (details in Schedule E, Table 1, Att 2)	4.0
Total	19.4

Operating Carryforwards

(Other Recommendations)

- The following recommendations are for carry-forward of funds previously appropriated in the FSR, funded through other reserves or non-tax levy sources.
- These recommendations do not impact the unappropriated FSR or the surplus.

Recommendation	Amount (\$millions)
Recommendation 1 - Carry-forward of items previously appropriated in the FSR with expenses in 2022	8.5
Recommendation 2 - Industrial Servicing Fund program rebates and funding from the Revolving Industrial Servicing Fund Reserve	9.1
Recommendation 3 - Rapid Housing expenses and funding from Affordable Housing Reserve/Provincial Funding	7.2

Reserve Balances (\$ millions)




Projected December 31, 2021 Balance

Planning & Development Reserve



Traffic Safety & Automated Enforcement Reserve



-  Above target balance
-  Above minimum balance & below target balance
-  Below minimum balance

COVID 2022 Impact

\$96.7 M
TOTAL
IMPACT

*Revenue &
Additional Costs*

FUNDING STRATEGIES (\$M)

COVID Funds	\$31.0
Financial Strategies	\$23.0
Annuity Plan Funds	\$13.7
Ed Tel Endowment Dividend	\$10.8
Land Enterprise Dividend	\$ 3.3
Tax Penalty Revenues	\$ 2.6
Expense Management/other	\$ 5.9
Financial Stabilization Reserve	\$ 6.4

Year-End Audited Financial Statements

- City of Edmonton Consolidated Financial Statements - December 31, 2021
 - April 13 - Audit Committee
 - April 19 - City Council (for approval)

2021 Financial Results - Summary



Operating

- Tax-supported variance is 1.7% of expenditure budget
- Variance is due to cost management and external factors
- Surplus/FSR used to address future budget challenges
- Report back on Traffic Safety and Automated Enforcement Reserve strategy



Capital

- Majority of capital projects are on budget and schedule
- The City is within its debt and debt servicing limits

i Questions?