

# OPERATING FINANCIAL UPDATE

## December 31, 2021

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## Supplemental Information

Tax-Supported Operations – December 31, 2021 Financial Results and Projections  
2021 COVID-19 Budget Adjustment

**Tax-Supported Operations**  
**Summary Preliminary Year-End Results**  
**December 31, 2021**  
(in \$000's)

**Net Position Budget Variance - Summary**

- Favourable budget variance,  $\geq 0\%$
- Unfavourable budget variance, between  $0\%$  and  $(10)\%$
- Unfavourable budget variance,  $> (10)\%$

**Tax-Supported Operations (excluding Police Services) - Year End**

	Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$	%
Revenue	2,982,249	(40,112)	2,942,137	2,877,367	(64,770) ●	(2.2)
Expense	2,593,631	(40,112)	2,553,519	2,436,879	116,640 ●	4.6
Net Position	388,618	-	388,618	440,488	51,870 ●	<b>2.0</b> *

\* Net position percentage based on annual expense budget

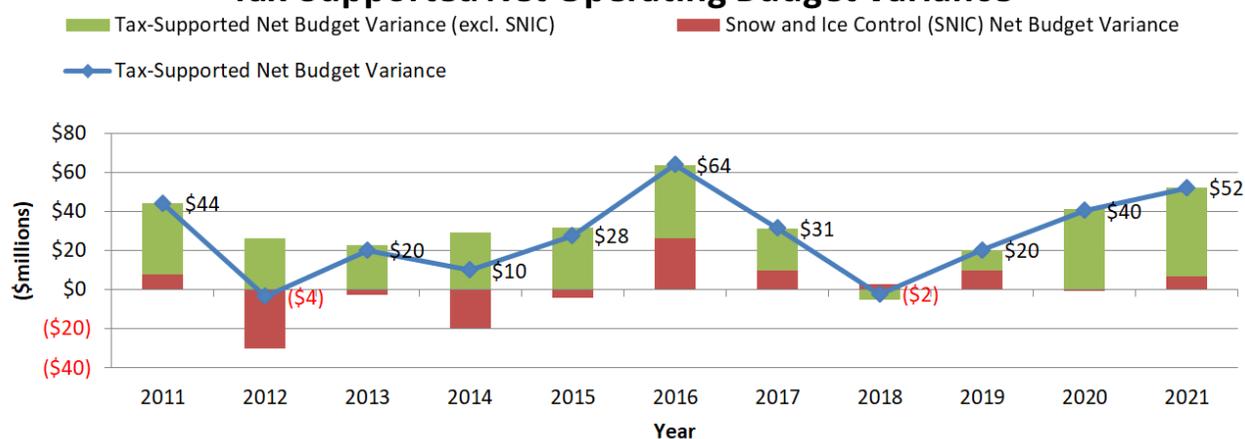
**Police Services - Year End**

	Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$	%
Revenue	100,214	-	100,214	92,899	(7,315) ●	(7.3)
Expense	488,832	-	488,832	488,906	(74) ●	(0.0)
Net Income /(Deficit)	(388,618)	-	(388,618)	(396,007)	(7,389) ●	<b>(1.9)</b>
Net transfer to/(from) EPS Reserve	-	-	-	(7,389)	7,389	-
Net Position	(388,618)	-	(388,618)	(388,618)	- ●	-

**Total Tax-Supported Operations - Year End**

	Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$	%
Revenue	3,081,214	(40,112)	3,041,102	2,969,401	(71,701) ●	(2.4)
Expense	3,081,214	(40,112)	3,041,102	2,917,531	123,571 ●	4.1
Net Position	-	-	-	51,870	51,870 ●	<b>1.7</b>

**Tax-Supported Net Operating Budget Variance**



This report provides the year end operating results against the approved 2021 budget including the one-time adjustments to operating budget for the impacts of the COVID-19 pandemic. As a result of the continuing impact of the pandemic, on December 7, 2020, City Council approved initial adjustments to the operating budget as a result of COVID. Revenue budgets were adjusted downward to reflect lower expected demand in transit, parking, and community recreation facilities along with lower than anticipated revenues in other areas. Expense budgets were increased in consideration of additional costs resulting from COVID, including personal protective equipment, enhanced cleaning, and personnel costs related to backfilling and isolation pay. The total estimated budget impact was \$152.0 million, with \$143.7 million related to tax-supported operations. The COVID budget impacts were offset by various funding strategies in the same amount, including use of COVID-19 funds within the appropriated Financial Stabilization Reserve (FSR), expense management strategies, and additional revenue strategies. As part of the mid-year performance reporting, Administration reviewed the COVID-19 2021 estimates in summer 2021 and revised them downwards by \$17.3 million, and accordingly released \$17.3 million in COVID-19 funding no longer required back to the appropriated FSR, which were subsequently used to offset a portion of the 2022 estimated COVID 2022 budget impacts. The net decrease to the 2021 revenue and expense budgets, considering the original COVID estimated budget impacts, the mid-year revision, and the offsetting funding strategies is \$40.1 million as reflected in the above table. The year-end budget reflected in this report includes the resulting COVID-19 budget adjustments net of the funding returned to the appropriated FSR. Details of the original COVID-19 2021 budget adjustment approved by Council on December 7, 2020, the mid-year adjustment, and the final net adjustment reflected in the tables in this report are explained in the supplementary information included with this attachment.

Despite best estimates made for the impact of COVID on the City's budget, the preliminary year-end results are still materially affected by COVID-19 due to:

- Lower than expected revenue within Edmonton Transit Service resulting from lower ridership than anticipated
- Higher than anticipated personnel costs as a result of enhanced bus cleaning.
- Lower than expected revenues and operating costs as a result of the closure of recreational facilities and attractions during the pandemic.
- Lower than expected transit advertising revenues related to vehicles, stations, and shelters as a result of the pandemic.
- Less than budgeted fleet maintenance costs partially due to lower fleet usage and limited resources available to perform transit fleet maintenance as a result of staff COVID-19 illnesses, and
- Various other cumulative variances indirectly attributable to COVID-19.

These are explained further within the report along with other variances.

**Preliminary Year-End Variance** - Preliminary results show a net favourable year-end position of \$51.9 million for tax-supported operations, representing a variance of 1.7% when compared to the overall expense budget. The net favourable budget variance is primarily the result of the following favorable variances: lower than budgeted personnel costs due to greater than anticipated vacancies from overall vacancy management across the city and delays in hiring, lower than budgeted costs for financial strategies, and a surplus position in the snow and ice program. These favourable variances are partially offset with lower revenue in Transit and Community and Recreation Facilities where lower ridership and admission is attributed to the COVID-19 pandemic as well as higher than anticipated software maintenance costs related to Enterprise Commons.

Following are highlights of Year-to-Date (YTD) variances, greater than \$2.5 million, that contribute to the net tax-supported variance:

<b>Net Position Budget Variance - Details</b>	
<b>Year-End Variance (in millions \$)</b>	<b>Variance Explanations</b>
22.4	<b>Personnel Costs, net of discounting and significant recoveries</b> (All Departments) The favourable budget variance is due to vacancy management across the city in order to manage expenditures, as well as delays in hiring within Edmonton Transit Service as a result of Covid restrictions in the first part of the year. These favourable variances are partially offset by higher overtime in Fire Rescue Services resulting from higher than expected emergency calls and coverage for vacant positions and sick leave coverage related to COVID. Other areas also experienced increased costs as a results of higher sick leave coverage related to the COVID-19 pandemic.
9.8	<b>Financial Strategies</b> ( <i>Corporate Expenditures, Corporate Programs</i> ) Favourable budget variance in the corporate financial strategy budget, which was established to provide flexibility for emerging items. The favourable variance is largely due to less than expected budget required for fuel and utility costs as well as other corporate wide costs, and also reflects unbudgeted legal settlements.
6.7	<b>Snow and Ice Control</b> (Snow and Ice Control, City Operations) Favourable budget variance is the result of lower than expected snowfall in the first quarter of the year, leading to lower costs for contract work and hired equipment and materials. The variance is partially offset by additional costs incurred to remove accumulated sand piles at snow storage facilities.
4.7	<b>Energy Rebates</b> ( <i>Planning and Environment Services, Urban Planning and Economy</i> ) Favourable variance due to recipients of energy rebates not meeting criteria for payment from the City. The funds will be held until the recipients have met the criteria to receive payments.
4.1	<b>Fleet Maintenance</b> ( <i>Edmonton Transit Service, City Operations</i> ) Favourable budget variance due to limited resources in Transit Fleet Maintenance from COVID-19 staff illnesses requiring deferral of work that was not legislatively required, and less maintenance required for buses due to lower than expected distance driven.
4.0	<b>Tax Penalties</b> ( <i>Corporate Revenues, Corporate Programs</i> ) Favourable variance in tax penalties reflect increased property taxes owing resulting from economic factors affecting taxpayers ability to pay taxes. With the economy still in recovery mode in 2019 and unemployment rates still not at the pre 2014 levels, the addition of the economic impacts of the pandemic in 2020 and 2021 increased the financial burden for households and businesses.
3.8	<b>Property Tax Appeal Costs</b> ( <i>Taxation Expenditures, Corporate Programs</i> ) Favourable budget variance as fewer appeals were filed than anticipated. There is continued uncertainty surrounding complaints as the appeal timeline is delayed due to the COVID-19 pandemic.
3.6	<b>Fuel Costs</b> ( <i>Edmonton Transit Service, City Operations</i> ) Favourable budget variance due to a significant number of newer buses in service that are more fuel efficient and a favourable impact resulting from the City's practice of hedging fuel contracts.
3.0	<b>Recreation Centres Relaunch Operating Costs</b> ( <i>Community and Recreation Facilities, Citizen Services</i> ) Favourable budget variance due to lower costs for utilities and external services resulting from longer facility closures in response to additional Provincial public health measures and the phased re-opening approach for the Recreation Centres Relaunch.
3.0	<b>Smart Fare</b> ( <i>Edmonton Transit Service, City Operations</i> ) Favourable budget variance due to lower costs as the launch of the remaining fare products will transition in a phased approach throughout 2021 and 2022.
3.0	<b>Higher Capital Recoveries</b> ( <i>Edmonton Transit Service, City Operations</i> ) Favorable budget variance due to higher recoveries from capital projects related to Light Rail Vehicle (LRV) capital repairs and additional costs incurred for Valley Line Southeast bus detours. Due to lower ridership as a result of COVID-19, numerous LRV's were taken out of service and earlier than planned capital repairs were performed.

<b>Net Position Budget Variance - Details (continued)</b>	
<b>YTD Variance (in millions \$)</b>	<b>Variance Explanations</b>
2.8	<b>Contracted Bus Cleaning</b> ( <i>Fleet and Facility Services, City Operations</i> ) Favourable contractor cost budget variance due to continuation of providing transit cleaning services with internal resources. This favourable variance is more than offset by unbudgeted personnel costs required to provide internal bus cleaning services.
(2.9)	<b>Gas Franchise Fees</b> ( <i>Corporate Revenues, Corporate Programs</i> ) Unfavourable budget variance due to implementation of a rate relief program by ATCO Gas. This program defers the base rate increases which were originally forecasted in 2021 to 2022 and 2023 resulting in lower franchise revenue in 2021.
(3.0)	<b>Benefits Coverage for Staff on Long-Term Disability</b> ( <i>Corporate Expenditures, Corporate Program</i> ) Additional obligations related to the continuation of pension, medical, dental and other benefits coverage for employees on long-term disability leave driven by an increase in the number of employees on long-term disability.
(3.1)	<b>Asphalt and Concrete Restoration Program</b> ( <i>Parks and Road Services, City Operations</i> ) Lower asphalt and concrete revenues, partially offset with lower personnel and non-personnel expenses such as material and equipment, due to the closure of the asphalt plant and suspension of the asphalt and concrete restoration (utility cut) program.
(3.3)	<b>Advertising Revenue</b> ( <i>Edmonton Transit Service, City Operations</i> ) Unfavourable budget variance due to lower revenue from advertising contracts for vehicles, stations, and shelters as a result of the COVID-19 Pandemic.
(4.1)	<b>OSCAM Permit Fee Revenue</b> ( <i>Parks and Road Services, City Operations</i> ) Lower than budgeted net On-Street Construction and Maintenance (OSCAM) revenue due to lower than expected demand/duration of permits following the introduction of fees for the permits.
(5.3)	<b>Software Maintenance Costs</b> ( <i>Open City and Technology/Enterprise Commons, Financial and Corporate Services</i> ) Unfavourable budget variance is due to higher than anticipated software licensing and maintenance costs for Enterprise Commons. The cost increase is to address the need for more products and modules to obtain required functionality than anticipated as well as additional license counts for partner organizations.
(5.8)	<b>Recreation Centres Relaunch Revenue</b> ( <i>Community and Recreation Facilities, Citizen Services</i> ) Recreation centre revenue is less than expected as a result of lower admissions from longer facility closures in response to additional Provincial public health measures. This unfavourable variance after COVID related reductions to recreation centre revenue budgets.
(10.5)	<b>Transit Fare Revenue</b> ( <i>Edmonton Transit Service, City Operations</i> ) Lower fare revenue due to less than anticipated ridership as a result of the COVID-19 pandemic. This unfavourable variance is in excess of previously reduced transit fare revenue budget in anticipation of lower ridership in 2021 due to the COVID-19 pandemic.
19.0	Other net cumulative variances across tax-supported areas.
<b>51.9</b>	<b>Total Net Position Budget Variance</b>
<b>1.7%</b>	<b>Total Net Position Budget Variance Percentage (based on annual expense budget)</b>

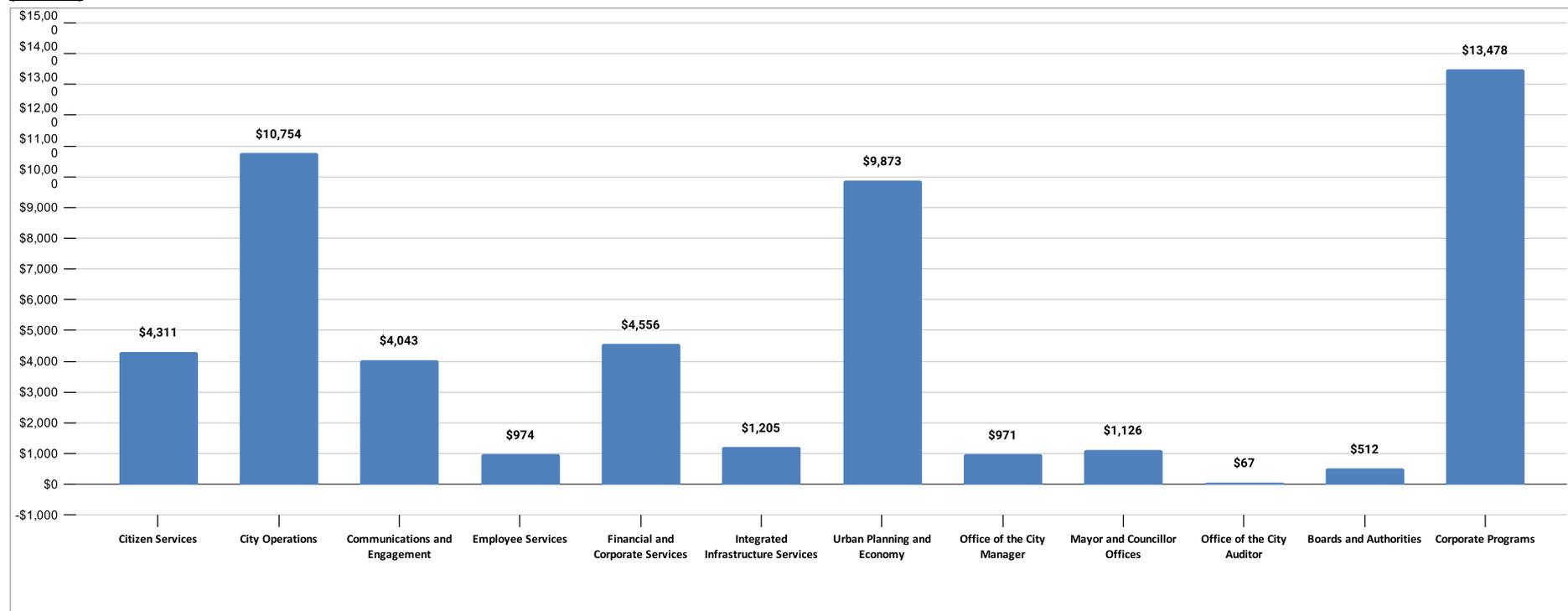
Refer to "Tax-Supported Operations (excluding Edmonton Police Services) - By Department with Significant Variances - Preliminary Year-End Financial Results" included in this report for the detailed results and variance explanations for tax-supported departments that had significant budget variances.

Edmonton Police Services financial results are reflected in the "Edmonton Police Service Budget Variance for the Period Ending December 31, 2021" section of this report.

**Year-to-Date/Year-End Projected Budget Variances by Tax-Supported Department (excluding Edmonton Police Services)**

(in \$000's)

■ Year-End Variance



Note: Detailed Department summaries are not prepared for Departments with net budget variances less than \$2.5M

**Tax-Supported Operations - By Department with Significant Variances**  
**Preliminary Year-End Results**  
**December 31, 2021**

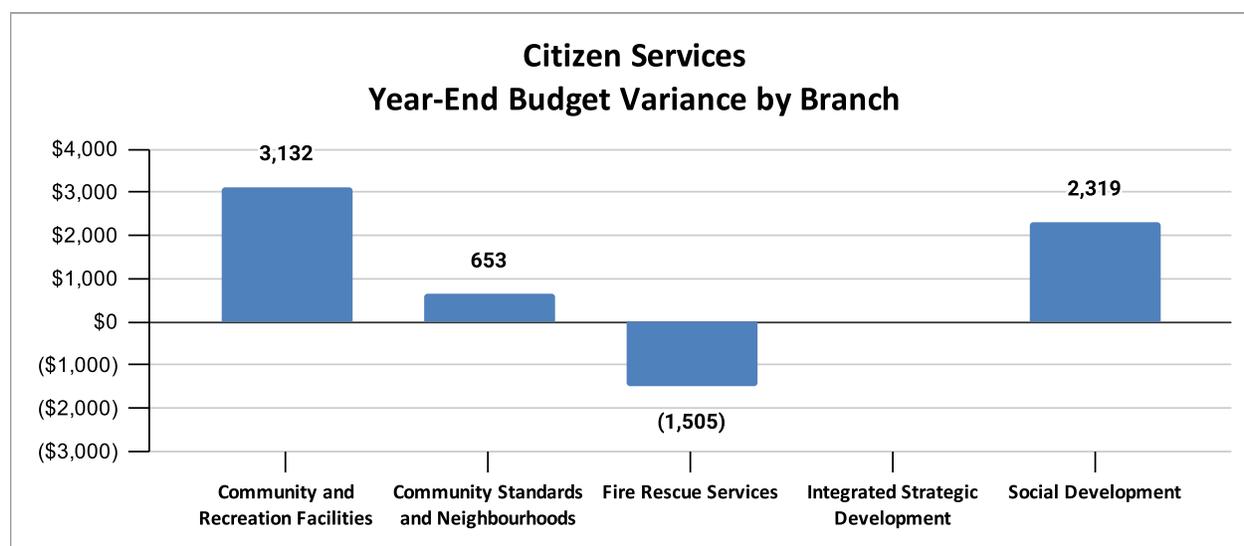
(in \$000's)

- Favourable budget variance, >= 0%
- Unfavourable budget variance, between 0% and (10)%
- Unfavourable budget variance, > (10)%

**Citizen Services**

<b>Citizen Services - Year End Results</b>						
	Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$	%
Revenue	171,334	(32,860)	138,474	119,919	(18,555) ●	(13.4)
Expense	527,622	(33,060)	494,562	471,696	22,866 ●	4.6
Net Position	(356,288)	200	(356,088)	(351,777)	4,311 ●	1.2

Branch revenue and expense variances are explained where individual variances for revenues, expenses, recoveries and transfers to/from reserves exceed \$1.5 million. Variances below this amount are not specifically addressed.



<b>Net Position Budget Variance - Details</b>	
<b>Year-End Variance (in millions \$)</b>	<b>Variance Explanations</b>
<b>Revenue</b>	
2.3	<b>Special Events Revenue (Community and Recreation Facilities)</b> Favourable budget variance due to special events revenue from Edmonton Elks, FC Edmonton, FIFA and Rugby matches, as well as from the additional concession and merchandise sales generated by these events.
1.4	<b>Attendance Revenues (Community and Recreation Facilities)</b> Favourable budget variance due to higher than anticipated attendance revenues (memberships, passes, admissions) for Golf Courses, Muttart Conservatory and Valley Zoo.
(5.8)	<b>Recreation Centres Relaunch Revenue (Community and Recreation Facilities)</b> Recreation centre revenue is less than expected as a result of lower admissions from longer facility closures in response to additional Provincial public health measures. This unfavourable variance after COVID related reductions to recreation centre revenue budgets.
<b>Expense</b>	
3.0	<b>Recreation Centres Relaunch Operating Costs (Community and Recreation Facilities)</b> Favourable budget variance due to lower costs for utilities and external services resulting from longer facility closures in response to additional Provincial public health measures and the phased re-opening approach for the Recreation Centres Relaunch.
1.6	<b>Facility Maintenance and Service Charges (Community and Recreation Facilities)</b> Reduced costs for facility maintenance and services from the closure of facilities and rescheduled or cancelled events due to the COVID-19 Pandemic.
1.5	<b>Neighbourhood Projects and Revitalization (Community Standard and Neighbourhood)</b> Favourable budget variance due to lower grants applicants than expected, delay in applications as a result of COVID and delay in grant payments due to applicants not securing matching funds.
1.5	<b>Personnel Costs (Social Development)</b> Savings due to vacancies and delays in hiring as a result of internal restructuring.
(1.5)	<b>Day Shelters (Social Development)</b> Unfavourable budget variance for the continuation of day shelter operations for November and December.
(1.9)	<b>Personnel Costs (Fire Rescue Services)</b> Unfavorable budget variance due to higher than expected overtime costs related to emergency calls, coverage for vacant positions and sick leave coverage related to COVID, partially offset by savings from vacancies.
2.2	Other net cumulative variances across Citizen Services branches.
<b>4.3</b>	<b>Total Net Position Budget Variance - Citizen Services</b>
<b>1.2%</b>	<b>Total Net Position Budget Variance Percentage</b>

**Tax-Supported Operations - By Department with Significant Variances**  
**Preliminary Year-End Results**  
**December 31, 2021**

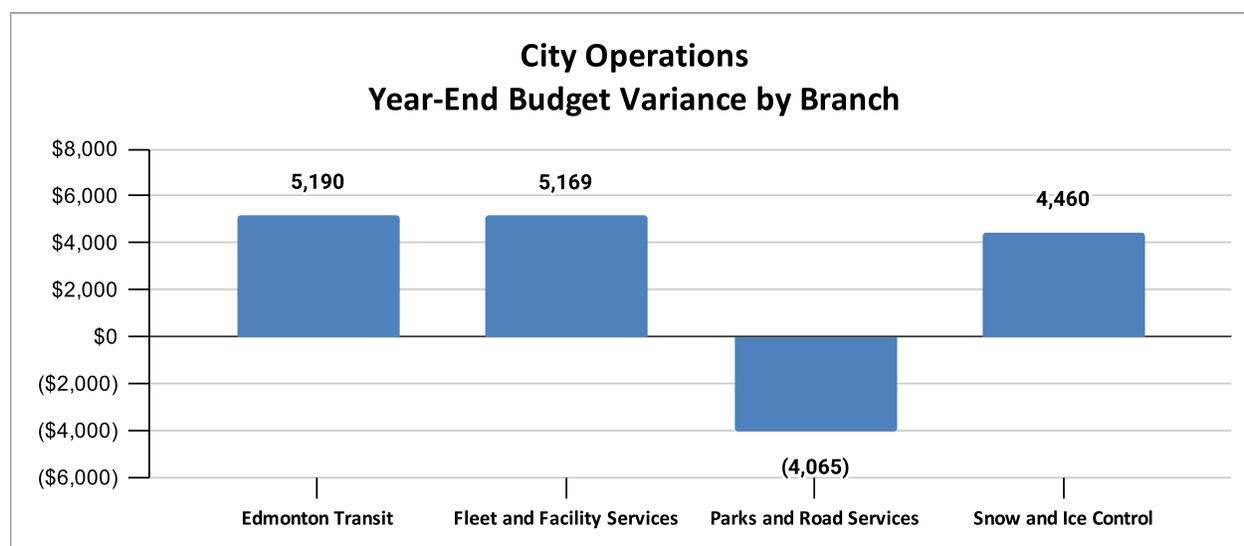
(in \$000's)

- Favourable budget variance,  $\geq 0\%$
- Unfavourable budget variance, between  $0\%$  and  $(10)\%$
- Unfavourable budget variance,  $> (10)\%$

**City Operations**

<b>City Operations - Year End Results</b>						
	Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$	%
Revenue	224,964	(74,822)	150,142	116,969	(33,173) ●	(22.1)
Expense	701,476	(5,479)	695,997	652,070	43,927 ●	6.3
Net Position	(476,512)	(69,343)	(545,855)	(535,101)	10,754 ●	<b>2.0</b>

Branch revenue and expense variances are explained where individual variances for revenues, expenses, recoveries and transfers to/from reserves exceed \$2.0 million. Variances below this amount are not specifically addressed.



<b>Net Position Budget Variance - Details</b>	
<b>Year-End Variance (in millions \$)</b>	<b>Variance Explanations</b>
<b>Revenue</b>	
3.6	<b>Fuel Costs (Edmonton Transit Service)</b> Favourable budget variance due to a significant number of newer buses in service that are more fuel efficient and a favourable impact resulting from the City's practice of hedging fuel contracts.
(2.0)	<b>EPCOR Maintenance Revenue (Fleet and Facility Services)</b> Unfavourable budget variance for EPCOR Maintenance revenue as the City was not awarded the EPCOR maintenance contract, which was set to expire at the end of March 2022. Work stopped during the summer of 2021.
(3.1)	<b>Asphalt and Concrete Restoration Program (Parks and Road Services)</b> Lower asphalt and concrete revenues, partially offset with lower personnel and non-personnel expenses such as material and equipment, due to the closure of the asphalt plant and suspension of the asphalt and concrete restoration (utility cut) program.
(3.3)	<b>Advertising Revenue (Edmonton Transit Service)</b> Unfavourable budget variance due to lower revenue from advertising contracts for vehicles, stations, and shelters as a result of the COVID-19 Pandemic.
(4.1)	<b>OSCAM Permit Fee Revenue (Parks and Road Services)</b> Lower than budgeted net On-Street Construction and Maintenance (OSCAM) revenue due to lower than expected demand/duration of permits following the introduction of fees for the permits.
(8.3)	<b>Valley Line South East Delay (Edmonton Transit Service)</b> Unfavourable budget variance as a result of lower than expected revenues due to the delayed opening of the Valley Line South East. This unfavourable variance is offset by reduced costs for operations of the LRT line as shown below.
(10.5)	<b>Transit Fare Revenue (Edmonton Transit Service)</b> Lower fare revenue due to less than anticipated ridership as a result of the COVID-19 pandemic. This unfavourable variance is in excess of previously reduced transit fare revenue budget in anticipation of lower ridership in 2021 due to the COVID-19 pandemic.
<b>Expense</b>	
9.6	<b>Personnel Costs (All Branches)</b> The favourable budget variance is primarily due to training delays for transit operators and lower service level volumes in DATS as a result of Covid restrictions in the first part of the year, and overall vacancy management. These favourable variances are partially offset with unbudgeted personnel costs of \$3.9 million for the provision of bus cleaning services as the original budget assumed the contracting out of these services. The 2022 operating budget has been adjusted to reflect transit bus cleaning services being performed by internal staff.
8.5	<b>Valley Line South East Delay (Edmonton Transit Service)</b> Favourable budget variance due to lower than budgeted costs for operations of the Valley Line South East as a result of delayed opening of the LRT line.
6.7	<b>Snow and Ice Control (Snow and Ice Control)</b> Favourable budget variances are the result of lower than expected snowfall in the first quarter of the year, leading to lower costs for contract work and hired equipment and materials. The variance is partially offset by additional costs incurred to remove accumulated sand piles at snow storage facilities.
4.1	<b>Fleet Maintenance (Edmonton Transit Service)</b> Favourable budget variance due limited resources in Transit Fleet Maintenance from COVID-19 staff illnesses requiring deferral of work that was not legislatively required, and less maintenance required for buses due to lower than expected distance driven.
3.0	<b>Smart Fare (Edmonton Transit Service)</b> Favourable budget variance due to lower costs as the launch of the remaining fare products will transition in a phased approach throughout 2021 and 2022.

<b>Net Position Budget Variance - Details (continued)</b>	
<b>YTD Variance (in millions \$)</b>	<b>Variance Explanations</b>
3.0	<b>Higher Capital Recoveries</b> ( <i>Edmonton Transit Service</i> ) Favorable budget variance due to higher recoveries from capital projects related to Light Rail Vehicle (LRV) capital repairs and additional costs incurred for Valley Line Southeast bus detours. Due to lower ridership as a result of COVID-19, numerous LRV's were taken out of service and earlier than planned capital repairs were performed.
2.8	<b>Contracted Bus Cleaning</b> ( <i>Fleet and Facility Services</i> ) Favourable contractor cost budget variance due to continuation of providing transit cleaning services with internal resources. This favourable variance is more than offset by unbudgeted personnel costs required to provide internal bus cleaning services.
0.8	Other net cumulative variances across City Operations branches.
<b>10.8</b>	<b>Total Net Position Budget Variance - City Operations</b>
<b>2.0%</b>	<b>Total Net Position Budget Variance Percentage</b>

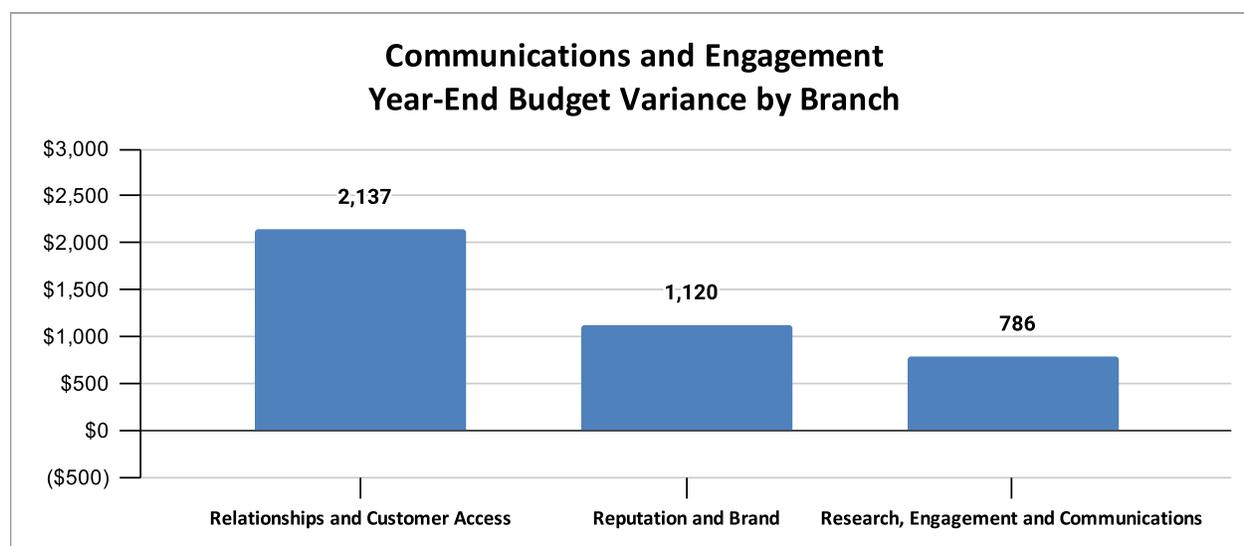
**Tax-Supported Operations - By Department with Significant Variances**  
**Preliminary Year-End Results**  
**December 31, 2021**  
(in \$000's)

- Favourable budget variance,  $\geq 0\%$
- Unfavourable budget variance, between  $0\%$  and  $(10)\%$
- Unfavourable budget variance,  $> (10)\%$

**Communications and Engagement**

<b>Communications and Engagement - Year End Results</b>						
	Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$	%
Revenue	1,700	-	1,700	952	(748) ●	(44.0)
Expense	36,056	(117)	35,939	31,148	4,791 ●	13.3
Net Position	(34,356)	117	(34,239)	(30,196)	4,043 ●	11.8

Branch revenue and expense variances are explained where individual variances for revenues, expenses, recoveries and transfers to/from reserves exceed \$1.5 million. Variances below this amount are not specifically addressed.



<b>Net Position Budget Variance - Details</b>	
<b>Year-End Variance (in millions \$)</b>	<b>Variance Explanations</b>
<b>Expense</b>	
2.3	<b>Personnel Costs</b> ( <i>Relationships &amp; Customer Access, and Research, Engagement &amp; Communications</i> ) Favourable budget variance due to vacancy management and lower call volume in 311 due to the COVID-19 Pandemic.
1.7	<b>Interdepartmental Recoveries</b> ( <i>Relationships &amp; Customer Access, and Reputation &amp; Brand</i> ) Favourable variance due to greater than expected recoveries from the Waste Services utility for communications and engagement support in relation to the Cart Rollout program.
<b>4.0</b>	<b>Total Net Position Budget Variance - Communications and Engagement</b>
<b>11.8%</b>	<b>Total Net Position Budget Variance Percentage</b>

**Tax-Supported Operations - By Department with Significant Variances**  
**Preliminary Year-End Results**  
**December 31, 2021**

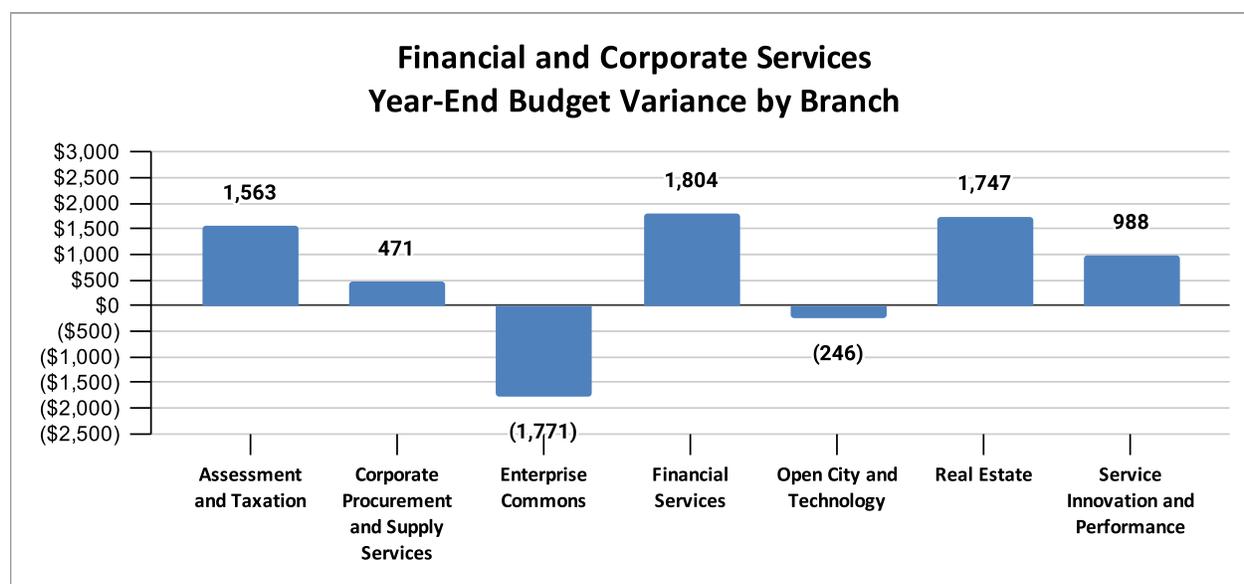
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- Favourable budget variance,  $\geq 0\%$
- Unfavourable budget variance, between  $0\%$  and  $(10)\%$
- Unfavourable budget variance,  $> (10)\%$

**Financial and Corporate Services**

<b>Financial and Corporate Services - Year End Results</b>						
	Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$	%
Revenue	15,672	-	15,672	13,615	(2,057)	● (13.1)
Expense	168,715	1,186	169,901	163,288	6,613	● 3.9
Net Position	(153,043)	(1,186)	(154,229)	(149,673)	4,556	● 3.0

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<b>Net Position Budget Variance - Details</b>	
<b>Year-End Variance (in millions \$)</b>	<b>Variance Explanations</b>
<b>Expense</b>	
7.1	<b>Personnel Costs (All Branches)</b> Favourable budget variance due to vacancy management.
1.7	<b>Interdepartmental Recoveries (Open City and Technology)</b> Higher than anticipated project recoveries in the Business Solutions, ITS (Integrated Technology Solutions), PMO (Project Management Office) and CISO (Corporate Information and Security Office) areas, primarily due to more project demand than expected in PMO and some projects in support of Hybrid/Remote work being escalated based on pandemic needs.
(5.3)	<b>Software Maintenance Costs (Open City and Technology/Enterprise Commons)</b> Unfavourable budget variance is due to higher than anticipated software licensing and maintenance costs for Enterprise Commons. The cost increase is to address the need for more products and modules to obtain required functionality than anticipated as well as additional license counts for partner organizations.
1.1	Other net cumulative variances across Financial and Corporate Services branches.
<b>4.6</b>	<b>Total Net Position Budget Variance - Financial and Corporate Service</b>
<b>3.0%</b>	<b>Total Net Position Budget Variance Percentage</b>

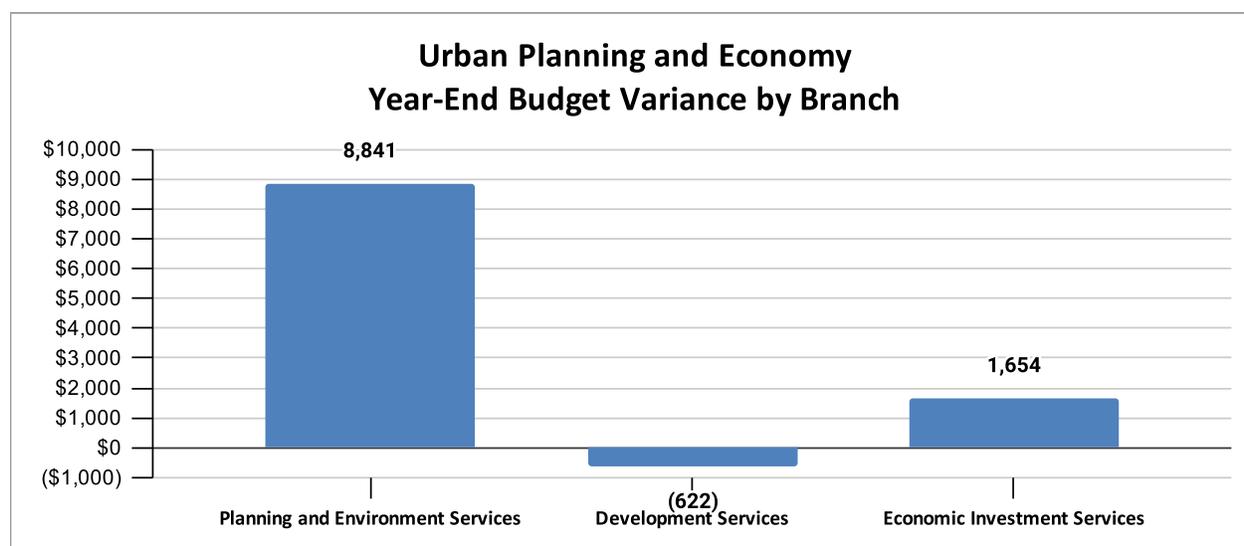
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- Unfavourable budget variance,  $> (10)\%$

**Urban Planning and Economy**

<b>Urban Planning and Economy - Year End Results</b>							
	Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$		%
Revenue	141,538	-	141,538	102,805	(38,733)	●	(27.4)
Expense	190,608	(1,520)	189,088	140,482	48,606	●	25.7
Net Position	(49,070)	1,520	(47,550)	(37,677)	9,873	●	<b>20.8</b>

Branch revenue and expense variances are explained where individual variances for revenues, expenses, recoveries and transfers to/from reserves exceed \$1.5 million. Variances below this amount are not specifically addressed.



<b>Net Position Budget Variance - Details</b>	
<b>Year-End Variance (in millions \$)</b>	<b>Variance Explanations</b>
<b>Expense</b>	
4.7	<b>Energy Rebates</b> (Planning and Environment Services) Favourable variance due to recipients of energy rebates not meeting criteria for payment from the City. The funds will be held until the recipients have met the criteria to receive payments.
3.4	<b>Personnel Costs</b> ( <i>All Departments</i> ) Favourable budget variance due to vacancy management.
1.6	<b>Energy Transition and Climate Strategies initiatives</b> ( <i>Planning and Environment Services</i> ) Favorable budget variance due to lower than expected program costs for the Energy Transition and Climate Strategy initiatives as a result of project delays.
0.2	Other net cumulative variances across Urban Planning and Economy branches.
<b>9.9</b>	<b>Total Net Position Budget Variance - Urban Planning and Economy</b>
<b>20.8%</b>	<b>Total Net Position Budget Variance Percentage</b>

**Tax-Supported Operations - By Department with Significant Variances**  
**Preliminary Year-End Results**  
**December 31, 2021**

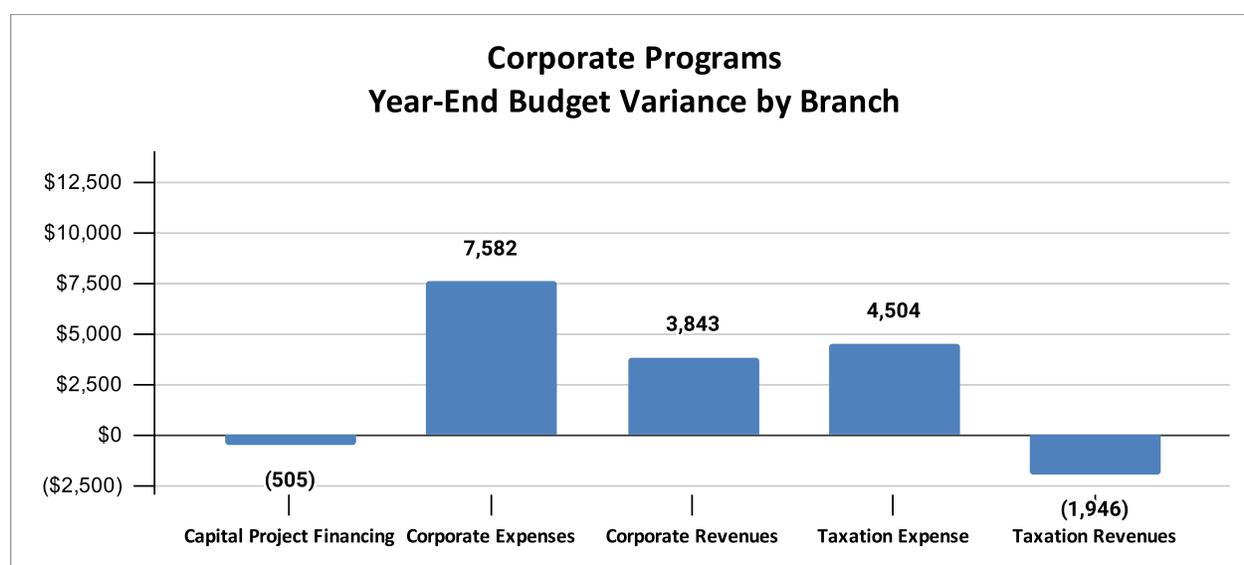
(in \$000's)

- Favourable budget variance, >= 0%
- Unfavourable budget variance, between 0% and (10)%
- Unfavourable budget variance, > (10)%

**Corporate Programs**

<b>Corporate Programs - Year End Results</b>						
	Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$	%
Revenue	2,403,003	67,570	2,470,573	2,500,041	29,468 ●	1.2
Expense	753,180	(300)	752,880	768,870	(15,990) ●	(2.1)
Net Position	1,649,823	67,870	1,717,693	1,731,171	13,478 ●	<b>0.8</b>

Branch revenue and expense variances are explained where individual variances for revenues, expenses, recoveries and transfers to/from reserves exceed \$1.5 million. Variances below this amount are not specifically addressed.



<b>Net Position Budget Variance - Details</b>	
<b>Year-End Variance (in millions \$)</b>	<b>Variance Explanations</b>
<b>Revenue</b>	
48.4	<b>Investment Earnings</b> ( <i>Capital Project Financing</i> ) Higher investment earnings as economic growth has accelerated due to reopenings, vaccines rolling out and an accommodative monetary and fiscal policy that has resulted in higher market returns. In accordance with budget strategy, the increased investment earnings are redirected to fund capital on a pay-as-you-go basis as shown below within expenses.
4.0	<b>Tax Penalties</b> ( <i>Corporate Revenues, Corporate Programs</i> ) Favourable variance in tax penalties reflect increased property taxes owing resulting from economic factors affecting taxpayers ability to pay taxes. With the economy still in recovery mode in 2019 and unemployment rates still not at the pre 2014 levels, the addition of the economic impacts of the pandemic in 2020 and 2021 increased the financial burden for households and businesses.
1.9	<b>Epcor Franchise Fees</b> ( <i>Corporate Revenues</i> ) Favourable budget variance due higher consumption and increased revenue for Water, Wastewater and Drainage Franchise fees.
(1.9)	<b>Provincial Grants-in-lieu</b> ( <i>Corporate Revenues</i> ) Unfavourable taxation revenues are mainly due to assessment changes processed after setting the 2021 budget for grants-in-lieu of taxes.
(2.9)	<b>Gas Franchise Fees</b> ( <i>Property Taxes</i> ) Unfavourable budget variance due to implementation of a rate relief program by ATCO Gas. This program defers the base rate increases which were originally forecasted in 2021 to 2022 and 2023 resulting in lower franchise revenue in 2021.
<b>Expense</b>	
9.8	<b>Financial Strategies</b> ( <i>Corporate Expenditures</i> ) Favourable budget variance in the corporate financial strategy budget, which was established to provide flexibility for emerging items. The favourable variance is largely due to less than expected budget required for fuel and utility costs as well as other corporate wide costs, and also reflects unbudgeted legal settlements.
3.8	<b>Property Tax Appeal Costs</b> ( <i>Taxation Expenditures</i> ) Favourable budget variance as fewer appeals were filed than anticipated. There is continued uncertainty surrounding complaints as the appeal timeline is delayed due to the COVID-19 pandemic.
(3.0)	<b>Benefits Coverage for Staff on Long-Term Disability</b> ( <i>Corporate Expenditures</i> ) Additional obligations related to the continuation of pension, medical, dental and other benefits coverage for employees on long-term disability leave driven by an increase in the number of employees on long-term disability.
(48.4)	<b>Transfer to Pay-as-you-go Reserve</b> ( <i>Capital Project Financing</i> ) Greater than budgeted transfer to capital as a result of increased investment earnings. Investment earnings are transferred to the Pay-as-you-go Reserve to support the capital program.
1.8	Other net cumulative variances across Corporate Programs branches.
<b>13.5</b>	<b>Total Net Position Budget Variance - Corporate Programs</b>
<b>0.8%</b>	<b>Total Net Position Budget Variance Percentage</b>



## EDMONTON POLICE SERVICE

### REPORT TO THE EDMONTON POLICE COMMISSION

**DATE:** 2022 January 31

**SUBJECT:** Budget Variance for the Period Ending December 31, 2021

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#### RECOMMENDATION(S):

That this report be received for information.

#### INTRODUCTION:

This report provides information and updates to the Edmonton Police Commission (EPC) on the Edmonton Police Service (EPS) current financial position for the period ending December 31, 2021.

#### COMMENTS / DISCUSSION:

##### **Operating Results**

The operating results for the period ending December 31, 2021 indicate a net deficit position of \$7.389 million or 1.9% (revenue shortfall of \$7.315 million and an expense overspend of \$0.074 million) to be partially funded from the Edmonton Police Service Operating Reserve.

The revenue shortfall is primarily due to fewer Traffic Safety Act fine tickets issued and lower demand for several EPS services.

The overspend in Personnel expense is primarily the result of higher salary costs due to decreases in vacation taken, and the impact of year-end corporate employment adjustments.

The main causes of the underbudget position in non-personnel costs are detailed in Attachment I and include lower than anticipated custodial and maintenance costs provided by the City of Edmonton, and lower contracts and services.

## COVID-19 Financial Impact

For the period ending December 31, 2021 in (\$000's)

	2020 Year-End	2021	Total
Lost Operational Hours	83,579	40,389	123,968
Lost Operational Hours in Days (based on 10 hour day)	8,358	4,038	12,396
Financial Impact	\$ 4,253	\$ 2,055	\$ 6,308
Other costs *	\$ 1,171	\$ 614	\$ 1,785
Total Financial Impact	\$ 5,424	\$ 2,669	\$8,093

\* Other costs include overtime, custodial and personal protective equipment.

The total of 123,968 lost operational hours is equivalent to 59.4 FTEs.

## Capital Results

This is the third year of the four-year Capital budget (2019 to 2022) and the results indicate a budget carry forward to 2022 of \$26.246 million. The carry forward is predominantly related to Information Technology infrastructure storage and backup hardware solution, vehicle orders being delayed due to parts shortages and manufacturing shutdowns, the In-Car Video project vendor selection and award, and Northwest Campus outstanding legal fees and holdbacks.

## ADDITIONAL INFORMATION ATTACHED:

Attachment 1 – Budget Variance by Major Category of Revenue & Expenditures

Attachment 2 – Capital Budget Performance

Written By: Kathryn Reynolds, Director, Financial Management Branch 

Reviewed By: Robert DAVIDSON, Executive Director, Business Development Division 

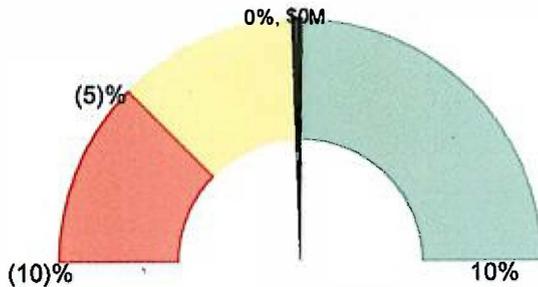
Approved By: Al MURPHY, Deputy Chief, Corporate Services Bureau 

Chief of Police:  *(Quick discussion on Covid expenses?)*

Date: Jun 28, 22

**Edmonton Police Service  
Budget Variance by Major Category of Revenue & Expenditures  
For the Period Ending December 31, 2021**

- Favourable budget variance,  $\geq 0\%$
- Unfavourable budget variance,  $0\%$  to  $(5)\%$
- Unfavourable budget variance,  $> (5)\%$



- Year-to-Date Variance
- Projected Year-End Variance

2021				
	Budget	Actual	Variance \$	%
Revenue	100,214	92,899	(7,315)	-7.3%
<i>Personnel</i>	386,712	394,201	(7,489)	-1.9%
<i>Non-Personnel</i>	102,120	94,705	7,415	7.3%
Expense	488,832	488,906	(74)	0.0%
Transfer to/from EPS				
Reserve (Note 2)	-	(7,389)	7,389	0.0%
Net Position	388,618	388,618	-	0.0%

2020				
	Budget	Actual	Variance \$	%
Revenue	96,946	92,862	(4,084)	-4.2%
<i>Personnel</i>	381,640	384,712	(3,072)	-0.8%
<i>Non-Personnel</i>	92,313	82,908	9,405	10.2%
Expense	473,953	467,620	6,333	1.3%
Transfer to/from EPS				
Reserve (Note 2)	-	2,249	(2,249)	
Net Position	377,007	377,007	-	0.0%

#### Year-to Date

**Revenue** - The under budget position is the result of lower Traffic Safety Act revenues, which are due to a lower number of tickets issued. Compared to the same period in 2020, there have been approximately 11.8% less tickets issued in 2021. Also contributing to this position is less demand for Extra Duty Services, and fewer tows of seized vehicles, which are partially offset by lower contract and service costs, as well as a decrease in revenue for the School Resource Officer program. Secondment revenue for Alberta Law Enforcement Response Teams (ALERT) is favorable, offset by increased overtime costs.

**Personnel** - The over budget position is due to higher salary costs as a result of less vacation taken. Increased overtime costs for ALERT, which are offset by increased revenue, are also contributing to the unfavorable position. EPS overtime is over budget due to minimum staffing because of COVID required isolations and vacancies.

**Non-Personnel** - The under budget position is due to lower Extra Duty and tow lot contract expenses, which are offset by reductions in revenue. Also contributing to the under budget position is lower maintenance and custodial, travel, and training costs.

#### Notes:

(1) On June 26, 2018 City Council approved Policy C605 Edmonton Police Reserve. In accordance with the policy and in the event the reserve falls into a deficit position, a strategy will be developed by the EPS, to be approved by City Council, to achieve a balanced position over a period not to exceed three years, starting with the subsequent year operating budget.

The balance in the EPS Operating Reserve as at December 31, 2021 is a deficit of \$2.895 million, which is comprised of the following annual results:

- 2018 \$1.162 million
- 2019 \$1.083 million
- 2020 \$2.249 million
- 2021 (\$7.389) million

**Edmonton Police Service  
Capital Budget Performance  
Financial Report for the Period Ending December 31, 2021**

**1 Facilities**

- There is additional equipment modifications outstanding for Northwest Campus. Budget of \$3.242 million will be carried forward to 2022 for additional equipment modifications, legal fees and holdbacks.
- Remaining work has been completed for Westwood Central Stores. The profile will be closed and budget of \$0.200 million may be reallocated and will be included as a Supplemental Capital Budget Adjustment (SCBA) request.

**2 Equipment**

- The Emergency Communication Centre IP Call Handling Project is in progress and the go-live date for the project is expected to be Q2 of 2022. Budget of \$1.631 million will be carried forward to 2022 of which \$1.045 million is the projected underspend for the IP Call Handling project. A SCBA will be requested to transfer \$1.045 million to the NG911 project under IT Applications – Enhancement profile.
- The remaining invoices for Public Safety Radio project are being paid and there is an overspend of \$0.231 million due to changes for the NICE Audio Recorder and schedule delays. An SCBA will be requested to transfer budget from the Radio Lifecycle and the Infrastructure Sustainment profiles to cover the overspend.
- Delivery of vehicle orders are delayed due to parts shortages and manufacturing shutdowns and will not be received until 2022. Budget of \$5.188 million will be carried forward to 2022.
- Timeline delays for In-Car Video are due to a longer than anticipated Request for Proposal process. Vendor selection and award is expected to be completed by the end of Q1 2022. Budget of \$4.473 million will be carried forward to 2022.
- Proof of concept work for Automated Fingerprint Identification System (AFIS) was successfully completed in Q4 2021 and implementation is anticipated in Q4 2022. Budget of \$1.000 million will be carried forward to 2022.

**3 Information Technology**

- IT Application and Infrastructure Sustainment major expenditures include E-ticketing, Administrative Penalty Information System (APIS) Adoption, Health IM and Source Management Witness Protection. Budget of \$6.360 million will be carried forward to 2022, the majority of which is for the infrastructure storage hardware solution.
- Enterprise Commons and CAD-RMS Integration, Modernization & Maximization (CRIMM) expenditures to date are information technology and business resources. A yearend administrative budget adjustment was made to transfer the majority of expenditures from Enterprise Commons to operating as the expenditures relate to software-as-a-service solution. Budget of \$1.114 million for Enterprise Commons and \$0.812 million for CRIMM will be carried forward to 2022.

**Enterprise and Utility Operations**  
**Year-to-Date Results and Year-End Projections**  
**December 31, 2021**

(in \$000's)

- Favourable budget variance, >= 0%
- Unfavourable budget variance, between 0% and (10)%
- Unfavourable budget variance, > (10)%

Branch revenue and expense variances are explained where individual variances for revenues, expenses, recoveries and transfers to/from reserves exceed \$0.75 million. Variances below this amount are not specifically addressed.

**Waste Services**

	Year End							
	Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$			
Revenue	215,040	-	215,040	221,895	6,855	●	3.2	
Expense	209,139	-	209,139	201,513	7,626	●	3.6	
Net Position	5,901	-	5,901	20,382	14,481	●	<b>245.4</b>	

Net Position Budget Variance - Details	
Year-End Variance (in millions \$)	Variance Explanations
7.6	Favourable revenue variance due to forgiveness of the non-regulated loan repayment.
6.6	Lower contract costs primarily due to lower than anticipated demolition cost for the Edmonton Compost Facility, lower waste processing costs and lower than anticipated rates for new collection contracts.
3.1	Amortization costs were lower than budgeted as fewer assets were capitalized in 2020.
2.7	Lower general service charges primarily due to less demand for feedstock from the Refuse Derived Fuel Facility.
2.6	Lower personnel cost due to unfilled vacant positions and vacancy management.
1.8	Lower fleet service costs due to lower maintenance work required as a result of replacing aging fleet with new automated side loaders.
1.5	Higher program revenue primarily due to more than expected commercial collection revenue as the program was not fully wound down and increased Material Recycling Facility revenue as commodity prices were higher in 2021 than anticipated.
1.5	Power savings at waste processing facilities such as the Refuse Derived Fuel Facility due to less demand for feedstock and the Anaerobic Digestion Facility due to delayed commissioning.
(0.9)	Decreased investment earnings due to lower interest rates.
(4.8)	Write-off of assets under construction as approved by City Council on August 16, 2021 (report CO00430) to cancel the Organics Processing Facility project.
(1.0)	The unfavourable variance is due to less than expected landfill gas revenue as a result of landfill offset credits not qualifying under the provincial Technology Innovation and Emission Reduction ("TIER") regulation.
(7.7)	An increase in leachate treatment expenses related to the landfill closure and post-closure liability.
1.5	Other net cumulative variances across Waste Services.
<b>14.5</b>	<b>Total Net Position Budget Variance - Waste Services</b>
<b>245.4%</b>	<b>Total Net Position Budget Variance Percentage</b>

## Land Enterprise

	Year End						
	Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$		%
Revenue	23,150	-	23,150	37,990	14,840	●	64.1
Expense	21,149	-	21,149	20,377	772	●	3.7
Net Position	2,001	-	2,001	17,613	15,612	●	<b>780.2</b>

### Net Position Budget Variance - Details

Year-End Variance (in millions \$)	Variance Explanations
14.8	Favourable budget variance due to land sales in 2021 that were budgeted for in different years.
2.7	Lower cost of land and timing of land sales.
0.6	Lower than expected commissioned sales resulting in lower commission expense.
(2.5)	Unbudgeted transfer to the Parkland reserve associated with the timing of land sales in 2021 that were budgeted for in different years.
<b>15.6</b>	<b>Total Net Position Budget Variance - Land Enterprise</b>
<b>780.2%</b>	<b>Total Net Position Budget Variance Percentage</b>

## Blatchford Redevelopment

	Year End						
	Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$		%
Revenue	22,304	-	22,304	6,277	(16,027)	●	(71.9)
Expense	15,885	-	15,885	9,341	6,544	●	41.2
Net Position	6,419	-	6,419	(3,064)	(9,483)	●	<b>(147.7)</b>

### Net Position Budget Variance - Details

Year-End Variance (in millions \$)	Variance Explanations
5.1	Lower cost of land sold due to delayed sales as a result of market conditions.
0.5	Lower legal costs due to reduced sales activity.
0.5	Lower advertising costs resulting from changes in marketing plans due to COVID-19.
(16.1)	Unfavourable budget variance due to delayed sales due to market conditions.
0.5	Other net cumulative variances across Blatchford Redevelopment.
<b>(9.5)</b>	<b>Total Net Position Budget Variance - Blatchford Redevelopment</b>
<b>(147.7)%</b>	<b>Total Net Position Budget Variance Percentage</b>

## Blatchford Renewable Energy Utility

	Year End							%
	Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$			
Revenue	138	-	138	110	(28)	●	(20.3)	
Expense	2,410	-	2,410	1,606	804	●	33.4	
Net Position	(2,272)	-	(2,272)	(1,496)	776	●	<b>34.2</b>	

### Net Position Budget Variance - Details

Year-End Variance (in millions \$)	Variance Explanations
0.8	Other net cumulative variances across Blatchford Renewable Energy Utility.
<b>0.8</b>	<b>Total Net Position Budget Variance - Blatchford Renewable Energy Utility</b>
<b>34.2%</b>	<b>Total Net Position Budget Variance Percentage</b>

**Community Revitalization Levy Operations**  
**Year-to-Date Results and Year-End Projections**  
**December 31, 2021**  
(in \$000's)

- Favourable budget variance,  $\geq 0\%$
- Unfavourable budget variance, between  $0\%$  and  $(10)\%$
- Unfavourable budget variance,  $> (10)\%$

Community Revitalization revenue and expense variances are explained where individual variances for revenues, expenses, recoveries and transfers to/from reserves exceed \$0.75 million. Variances below this amount are not specifically addressed.

**Belvedere Community Revitalization Levy**

	Year-End			
	Budget	Actual	Variance \$	%
Revenue	5,771	1,174	(4,597)	<span style="color: red;">●</span> (79.7)
Expense	6,693	4,354	2,339	<span style="color: green;">●</span> 34.9
Net Income /(Deficit)	(922)	(3,180)	(2,258)	<span style="color: red;">●</span> (244.9)
Transfer (to) /from Reserve	922	3,180	2,258	<span style="color: green;">●</span> 244.9
Net Position	-	-	-	<span style="color: green;">●</span> -

*Revenue* - Unfavourable budget variance due to delayed land sales resulting from market conditions.

*Expense* - Favourable budget variance for cost of land sold due to delayed land sales

**Capital City Downtown Community Revitalization Levy**

	Year-End			
	Budget	Actual	Variance \$	%
Revenue	29,064	29,010	(54)	<span style="color: yellow;">●</span> (0.2)
Expense	27,578	26,941	637	<span style="color: green;">●</span> 2.3
Net Income /(Deficit)	1,486	2,069	583	<span style="color: green;">●</span> 39.2
Transfer (to) /from Reserve	(1,486)	(2,069)	(583)	<span style="color: red;">●</span> (39.2)
Net Position	-	-	-	<span style="color: green;">●</span> -

**Quarters Community Revitalization Levy**

	Year-End			
	Budget	Actual	Variance \$	%
Revenue	4,326	4,644	318	<span style="color: green;">●</span> 7.4
Expense	6,822	6,641	181	<span style="color: green;">●</span> 2.7
Net Income /(Deficit)	(2,496)	(1,997)	499	<span style="color: green;">●</span> 20.0
Transfer (to) /from Reserve	2,496	1,997	(499)	<span style="color: red;">●</span> (20.0)
Net Position	-	-	-	<span style="color: green;">●</span> -

	<b>Belvedere 2013-2032</b>	<b>Capital City Downtown 2015-2034</b>	<b>Quarters 2012- 2031</b>
Reserve Balance, December 31, 2021 (preliminary)	(\$14,205,239)	(\$11,769,785)	(\$14,210,978)
Revised year the CRL is projected to have an annual positive surplus	2029	2027	2026
Year reserve is sufficient to cover remaining debt servicing	2037	2034	2033

Administration will continue to adjust the long-term assumptions for assessment growth based on new market information on an annual basis. The latest annual update report was presented to City Council on February 22, 2022, Community Revitalization Levy Update - Downtown, The Quarters Downtown, Belvedere report UPE00880.

### **Belvedere CRL**

Administration has prepared a revenue scenario for Belvedere. Improving valuations of residential rental developments have increased Administration's revenue expectations for the Belvedere Levy by \$4.1 million to \$46.4 million. The projections indicate revenues from the Community Revitalization Levy and land sales will not be sufficient to cover all outstanding principal and interest charges before the 2032 expiry of the CRL. The shortfall is projected to be \$8.1 million. Ongoing municipal tax revenues that continue beyond 2032 would retire the remaining debt by 2037.

### **Capital City Downtown CRL**

The pace and volume of development underway within the Levy area exceeds what was anticipated when the plan was prepared in 2013. However, this has been offset in part by a decline in office property valuations.

The current projections for the Levy in the medium scenario have increased by \$11 million from a year ago to \$764 million. This is being driven by additional development activity, counteracted by ongoing declines in commercial properties resulting from the COVID-19 pandemic. The high revenue scenario generates sufficient funding to complete all funded (approved) and unfunded (planned but not yet approved) catalyst projects included in the Community Revitalization Levy plan. The medium and low scenarios generate sufficient funding to complete most of the catalyst projects included in the Community Revitalization Levy plan. The low scenario projection does not currently generate sufficient revenue to cover all funded catalyst projects, although ongoing municipal tax revenues would retire the remaining debt by 2035, one year after the CRL ends.

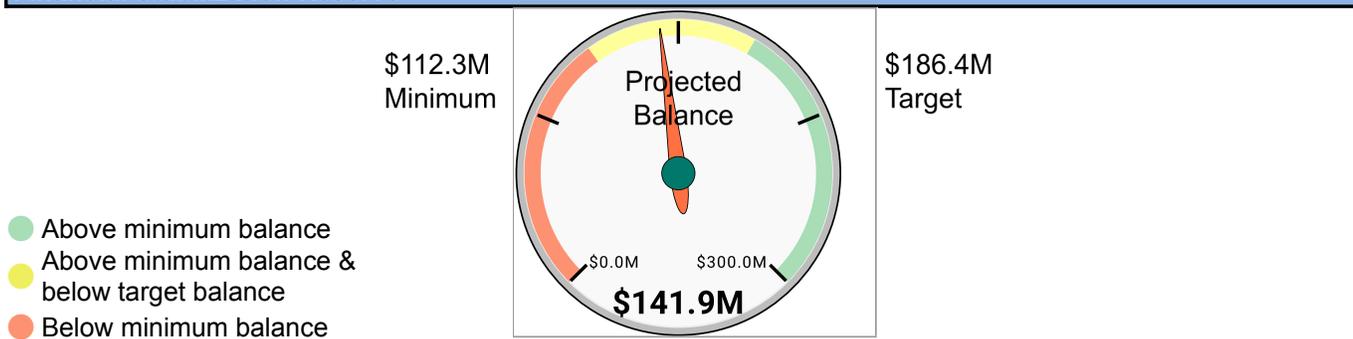
Administration will continue to monitor revenues and will adjust the implementation schedule of future catalyst projects as required. Administration will only recommend funding unfunded catalyst projects in future capital budgets once projected revenues are sufficient to cover the capital and debt servicing costs.

### **The Quarters CRL**

Administration has prepared a revenue scenario for the Quarters Downtown. The revenue projection has decreased over the previous year, due to decreases in assessed values and adjustments to anticipated future development based on current market conditions. This results in a projection decrease of \$25 million for a total of \$131 million over the 20-year levy period. This revenue will not be sufficient to cover all outstanding principal and interest costs of all Quarters catalyst projects approved to date. The shortfall is projected to be \$15.5 million. Ongoing municipal tax revenues that continue beyond 2031 would retire the remaining debt by 2033, two years after the CRL ends.

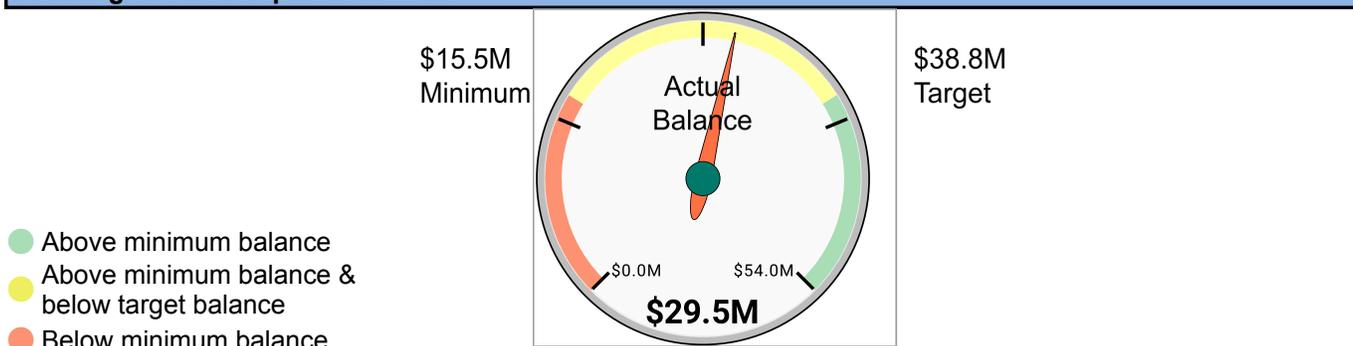
**Reserves Update**  
**December 2021**  
 (in \$000's)

**Financial Stabilization Reserve**



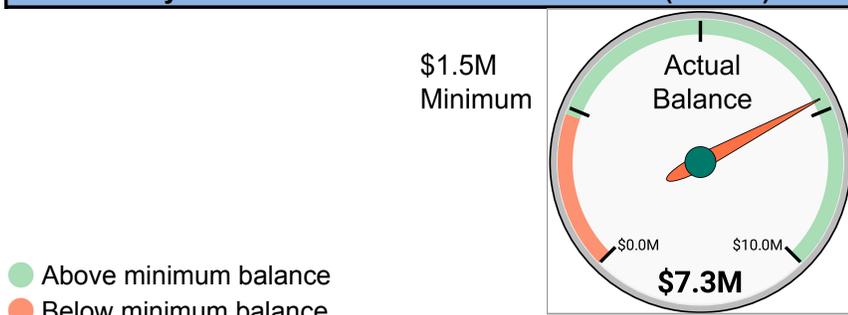
As outlined in City Policy C629, the Financial Stabilization Reserve (FSR) is an uncommitted Reserve account established for the purpose of providing funding to address significant emergent financial issues. The projected balance includes the 2021 preliminary tax-levy surplus, year-end carryforward recommendations and recent Council decisions. The projected FSR balance is further outlined in Attachment 2. The minimum and target balances are calculated as 5% and 8.3% of general government expenses, excluding non-cash amortization (as reflected in the most recent audited City financial statements), respectively. The balances are based on preliminary year-end tax-supported results, and are subject to change upon finalization of the City's consolidated financial statements, which will be presented to Audit Committee on April 14, 2022, and provided to City Council for approval on April 19, 2022.

**Planning and Development Reserve**



In accordance with City Policy C610 Fiscal Policy for the Planning and Development Business, the minimum reserve balance is calculated as 30% of budgeted expenditures and the target balance is calculated as 75% of budgeted expenditures. The December 31, 2021 year-end reserve balance of \$29.5 million (57.1%) is above its minimum required balance of \$15.5 million for 2021. Next steps forward include cost management throughout 2022, continued forecasting improvements to support resource management and the continuation of the Permit and Licensing Improvement initiative to enhance applicant experience and increase efficiencies

## Traffic Safety and Automated Enforcement Reserve (TSAER)



The purpose of the reserve is to address the revenue variability unique to automated traffic enforcement. Automated photo enforcement revenues are transferred to the reserve and used to fund the operating budget for the Safe Mobility section, the Edmonton Police Service, traffic safety initiatives and other programs approved by City Council through the budget process. Changes in driving behaviour have resulted in declining revenues from automated enforcement. This revenue is shared between the Edmonton Police Service and Parks and Road Services to fund traffic safety measures including technology, engineering measures, signage and signaling. The decrease in revenues must be balanced with continued work to keep motorists, cyclists and pedestrians safe on our roadways.

The December 31, 2021 year-end balance of the reserve is \$7.3 million, which is above its minimum required balance of \$2.0 million. The minimum balance is calculated as 5% of budgeted annual revenue in accordance with City Policy C579B Traffic Safety and Automated Enforcement Reserve. In the event the reserve balance falls below the minimum level, a strategy is required to achieve the minimum level over a period not to exceed three years.

The 2019/2020 provincial budget was released October 24, 2019 and included a reduction in the City's share of automated enforcement revenues from 73.3% to 60% starting in April 2020 and continuing on an on-going basis. To partially manage the ongoing health of the reserve, on April 6, 2021, City Council approved budget reductions for programs funded through the reserve totalling \$2.6 million (including the School Safety and Speed Limit Reduction programs) and another \$1.5 million in expenditure reductions to be achieved through efficiencies. The Traffic Safety Automated Enforcement Reserve is projected to be in a deficit position at the end of 2022 as a result of the increased share of revenue retained by the Government of Alberta and declining revenue trends as a result of COVID-19 and a greater emphasis on education and awareness. Administration will return in the spring of 2022 with a report exploring options to further address this challenge.

A schedule of the 2021 reserve balance is included in the "Traffic Safety and Automated Enforcement Reserve Schedule".

**Traffic Safety and Automated Enforcement Reserve Schedule**  
**December 2021**  
(\$ millions)

	2021			2022	
	Approved Budget	Year-to-Date Actual (December 31)	Budget Variance	Approved Budget <sup>1</sup>	Projection
Transfers to the Reserve:					
Automated enforcement revenues	40.9	29.1	(11.8)	38.3	29.4
Interest earnings	-	0.0	0.0		
	40.9	29.1	(11.8)	38.3	29.4
Funding from the reserve:					
<i>Operating:</i>					
Edmonton Police Service	(22.3)	(22.3)	0.0	(22.3)	(22.3)
Traffic Safety section	(14.9)	(13.3)	(1.6)	(13.1)	(13.2)
Road Safety Strategy - Public Engagement (Marketing)	(0.7)	(0.2)	(0.5)	(0.7)	-
Community Facility Partner Capital Grant Program	(1.8)	(1.8)	-	-	-
	(39.7)	(37.6)	(2.1)	(36.1)	(35.5)
<i>Capital:</i>					
Community Traffic Safety Countermeasures (CM-66-2555)	(0.1)	(0.1)	-	-	-
Regulated Safety Upgrades at Railway Crossings (CM-66-2194)	(1.4)	(0.1)	(1.3)	-	-
Safe Crossings ( <i>previously Crosswalk Safety</i> ) (CM-66-2585)	(4.8)	(2.0)	(2.8)	(3.0)	(3.0)
School Safety (CM-66-2590)	(1.7)	(1.1)	(0.6)	(1.7)	(1.7)
2020 Street Safety Priorities (CM-66-2595)	(0.9)	(0.7)	(0.2)	-	-
Speed Limit Reduction (CM-66-2580)	(0.7)	(0.3)	(0.4)	-	-
Community Activation Programming (CM-66-2596)	(0.3)	(0.2)	(0.1)	(0.3)	(0.3)
	(9.9)	(4.5)	(5.4)	(5.0)	(5.0)
Total funding from the reserve	(49.6)	(42.1)	(7.5)	(41.1)	(40.5)
<b>Annual Surplus/(Deficit)</b>	<b>(8.7)</b>	<b>(13.0)</b>		<b>(2.8)</b>	<b>(11.1)</b>
Opening Reserve Balance	20.3	20.3		7.3	7.3
<b>Closing Reserve balance (Cumulative)</b>	<b>11.7</b>	<b>7.3</b>		<b>4.6</b>	<b>(3.7)</b>
Minimum reserve balance - 5% of budgeted revenues	2.0	1.5		1.9	1.5
Available funds (closing reserve balance less minimum reserve balance)	9.7			2.7	(5.2)

**Notes:**

1. Funding from the reserve for 2021 is based on the approved 2019-2022 operating and capital budgets, as well as the approved carryforward of applicable unspent 2020 budgets.

**Tax-Supported Operations - December 31, 2021 Financial Results and Projections**

- Favourable budget variance, >= 0%
- Unfavourable budget variance, between 0% and (10)%
- Unfavourable budget variance, > (10)%

(in \$000's)		Year-to-Date (YTD)					
		Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$	%
<b>Citizen Services</b>							
Community and Recreation Facilities	Revenue	78,099	(32,860)	45,239	43,413	(1,826)	(4.0)
	Expense	134,970	(33,360)	101,610	96,652	4,958	4.9
	Net Position	(56,871)	500	(56,371)	(53,239)	3,132	5.6
Community Standards and Neighbourhoods	Revenue	7,399	-	7,399	5,851	(1,548)	(20.9)
	Expense	44,928	220	45,148	42,947	2,201	4.9
	Net Position	(37,529)	(220)	(37,749)	(37,096)	653	1.7
Fire Rescue Services	Revenue	1,517		1,517	2,224	707	46.6
	Expense	225,743	414	226,157	228,369	(2,212)	(1.0)
	Net Position	(224,226)	(414)	(224,640)	(226,145)	(1,505)	(0.7)
Integrated Strategic Development	Revenue	46		46	-	(46)	(100.0)
	Expense	4,494	(114)	4,380	4,622	(242)	(5.5)
	Net Position	(4,448)	114	(4,334)	(4,622)	(288)	(6.6)
Social Development	Revenue	84,273		84,273	68,431	(15,842)	(18.8)
	Expense	117,487	(220)	117,267	99,106	18,161	15.5
	Net Position	(33,214)	220	(32,994)	(30,675)	2,319	7.0
<b>Citizen Services</b>							
	Revenue	171,334	(32,860)	138,474	119,919	(18,555)	(13.4)
	Expense	527,622	(33,060)	494,562	471,696	22,866	4.6
	Net Position	(356,288)	200	(356,088)	(351,777)	4,311	1.2

**Tax-Supported Operations - December 31, 2021 Financial Results and Projections**

- Favourable budget variance, >= 0%
- Unfavourable budget variance, between 0% and (10)%
- Unfavourable budget variance, > (10)%

(in \$000's)		Year-to-Date (YTD)					
		Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$	%
<b>City Operations</b>							
Edmonton Transit	Revenue	155,032	(63,418)	91,614	67,573	(24,041) <span style="color: red;">●</span>	(26.2)
	Expense	391,021	(4,816)	386,205	356,974	29,231 <span style="color: green;">●</span>	7.6
	Net Position	(235,989)	(58,602)	(294,591)	(289,401)	5,190 <span style="color: green;">●</span>	1.8
Fleet and Facility Services	Revenue	17,179	(550)	16,629	15,156	(1,473) <span style="color: yellow;">●</span>	(8.9)
	Expense	75,559	(968)	74,591	67,949	6,642 <span style="color: green;">●</span>	8.9
	Net Position	(58,380)	418	(57,962)	(52,793)	5,169 <span style="color: green;">●</span>	8.9
Parks and Road Services	Revenue	52,690	(10,854)	41,836	34,203	(7,633) <span style="color: red;">●</span>	(18.2)
	Expense	176,826	305	177,131	173,563	3,568 <span style="color: green;">●</span>	2.0
	Net Position	(124,136)	(11,159)	(135,295)	(139,360)	(4,065) <span style="color: yellow;">●</span>	(3.0)
Snow and Ice Control	Revenue	63		63	37	(26) <span style="color: red;">●</span>	(41.3)
	Expense	58,070		58,070	53,584	4,486 <span style="color: green;">●</span>	7.7
	Net Position	(58,007)	-	(58,007)	(53,547)	4,460 <span style="color: green;">●</span>	7.7
<b>City Operations</b>							
	Revenue	224,964	(74,822)	150,142	116,969	(33,173) <span style="color: red;">●</span>	(22.1)
	Expense	701,476	(5,479)	695,997	652,070	43,927 <span style="color: green;">●</span>	6.3
	Net Position	(476,512)	(69,343)	(545,855)	(535,101)	10,754 <span style="color: green;">●</span>	2.0

## Tax-Supported Operations - December 31, 2021 Financial Results and Projections

- Favourable budget variance, >= 0%  
● Unfavourable budget variance, between 0% and (10)%  
● Unfavourable budget variance, > (10)%

(in \$000's)		Year-to-Date (YTD)					
		Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$	%
<b>Communications and Engagement</b>							
Relationships and Customer Access	Revenue	471		471	366	(105) ●	(22.3)
	Expense	19,989		19,989	17,747	2,242 ●	11.2
	Net Position	(19,518)	-	(19,518)	(17,381)	2,137 ●	10.9
Reputation and Brand	Revenue	129		129	29	(100) ●	(77.5)
	Expense	7,310		7,310	6,090	1,220 ●	16.7
	Net Position	(7,181)	-	(7,181)	(6,061)	1,120 ●	15.6
Research, Engagement and Communications	Revenue	1,100		1,100	557	(543) ●	(49.4)
	Expense	8,757	(117)	8,640	7,311	1,329 ●	15.4
	Net Position	(7,657)	117	(7,540)	(6,754)	786 ●	10.4
<b>Communications and Engagement</b>							
	Revenue	1,700	-	1,700	952	(748) ●	(44.0)
	Expense	36,056	(117)	35,939	31,148	4,791 ●	13.3
	Net Position	(34,356)	117	(34,239)	(30,196)	4,043 ●	11.8
<b>Employee Services</b>							
Workforce Safety and Employee Health	Revenue	35		35	35	- ●	-
	Expense	6,103	(7)	6,096	6,442	(346) ●	(5.7)
	Net Position	(6,068)	7	(6,061)	(6,407)	(346) ●	(5.7)
Talent Acquisition, Service and Solutions	Revenue	90		90	90	- ●	-
	Expense	13,066	(174)	12,892	11,701	1,191 ●	9.2
	Net Position	(12,976)	174	(12,802)	(11,611)	1,191 ●	9.3
Organizational Design and Development	Revenue	57		57	57	- ●	-
	Expense	4,917	(70)	4,847	4,352	495 ●	10.2
	Net Position	(4,860)	70	(4,790)	(4,295)	495 ●	10.3
Employee Relations and Compensation	Revenue	29		29	29	- ●	-
	Expense	4,596	(3)	4,593	4,959	(366) ●	(8.0)
	Net Position	(4,567)	3	(4,564)	(4,930)	(366) ●	(8.0)
<b>Employee Services</b>							
	Revenue	211	-	211	211	- ●	-
	Expense	28,682	(254)	28,428	27,454	974 ●	3.4
	Net Position	(28,471)	254	(28,217)	(27,243)	974 ●	3.5

## Tax-Supported Operations - December 31, 2021 Financial Results and Projections

- Favourable budget variance, >= 0%  
● Unfavourable budget variance, between 0% and (10)%  
● Unfavourable budget variance, > (10)%

(in \$000's)		Year-to-Date (YTD)					
		Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$	%
<b>Financial and Corporate Services</b>							
Assessment and Taxation	Revenue	-		-	-	-	●
	Expense	18,311	(51)	18,260	16,697	1,563	●
	Net Position	(18,311)	51	(18,260)	(16,697)	1,563	●
Corporate Procurement and Supply Services	Revenue	707		707	1,131	424	●
	Expense	13,218	1,518	14,736	14,689	47	●
	Net Position	(12,511)	(1,518)	(14,029)	(13,558)	471	●
Enterprise Commons	Revenue	-		-	-	-	●
	Expense	22,951		22,951	24,722	(1,771)	●
	Net Position	(22,951)	-	(22,951)	(24,722)	(1,771)	●
Financial Services	Revenue	2,485		2,485	2,075	(410)	●
	Expense	20,405	(99)	20,306	18,092	2,214	●
	Net Position	(17,920)	99	(17,821)	(16,017)	1,804	●
Open City and Technology	Revenue	1,397		1,397	1,528	131	●
	Expense	42,810	(101)	42,709	43,086	(377)	●
	Net Position	(41,413)	101	(41,312)	(41,558)	(246)	●
Real Estate	Revenue	10,853		10,853	8,660	(2,193)	●
	Expense	38,830	(81)	38,749	34,809	3,940	●
	Net Position	(27,977)	81	(27,896)	(26,149)	1,747	●
Service Innovation and Performance	Revenue	230		230	221	(9)	●
	Expense	12,190		12,190	11,193	997	●
	Net Position	(11,960)	-	(11,960)	(10,972)	988	●
<b>Financial and Corporate Services</b>		15,672	-	15,672	13,615	(2,057)	●
		168,715	1,186	169,901	163,288	6,613	●
Net Position		(153,043)	(1,186)	(154,229)	(149,673)	4,556	●

## Tax-Supported Operations - December 31, 2021 Financial Results and Projections

- Favourable budget variance, >= 0%
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- Unfavourable budget variance, > (10)%

		Year-to-Date (YTD)					
		Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$	
		<b>(in \$000's)</b>					
<b>Integrated Infrastructure Services</b>							
Building Great	Revenue	-		-	2	2 ●	-
Neighbourhoods	Expense	2,456	(9)	2,447	2,738	(291) ●	(11.9)
	Net Position	(2,456)	9	(2,447)	(2,736)	(289) ●	(11.8)
Department Strategy	Revenue	500		500	-	(500) ●	(100.0)
	Expense	5,988	(162)	5,826	4,706	1,120 ●	19.2
	Net Position	(5,488)	162	(5,326)	(4,706)	620 ●	11.6
Infrastructure Delivery	Revenue	387		387	1,325	938 ●	242.4
	Expense	2,731	(5)	2,726	1,314	1,412 ●	51.8
	Net Position	(2,344)	5	(2,339)	11	2,350 ●	100.5
Infrastructure Planning and Design	Revenue	1,571		1,571	1,167	(404) ●	(25.7)
	Expense	9,863	(54)	9,809	11,685	(1,876) ●	(19.1)
	Net Position	(8,292)	54	(8,238)	(10,518)	(2,280) ●	(27.7)
LRT Expansion and Renewal	Revenue	455		455	510	55 ●	12.1
	Expense	1,127	(3)	1,124	379	745 ●	66.3
	Net Position	(672)	3	(669)	131	800 ●	119.6
Blatchford Redevelopment Office	Revenue	-		-	-	- ●	-
	Expense	173		173	169	4 ●	2.3
	Net Position	(173)	-	(173)	(169)	4 ●	2.3
<b>Integrated Infrastructure Services</b>	Revenue	2,913	-	2,913	3,004	91 ●	3.1
	Expense	22,338	(233)	22,105	20,991	1,114 ●	5.0
	Net Position	(19,425)	233	(19,192)	(17,987)	1,205 ●	6.3

**Tax-Supported Operations - December 31, 2021 Financial Results and Projections**

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- Unfavourable budget variance, > (10)%

(in \$000's)		Year-to-Date (YTD)					
		Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$	%
<b>Urban Planning and Economy</b>							
Planning and Environment Services	Revenue	42,457		42,457	32,615	(9,842)	● (23.2)
	Expense	74,692	(1,519)	73,173	54,490	18,683	● 25.5
	Net Position	(32,235)	1,519	(30,716)	(21,875)	8,841	● 28.8
Development Services	Revenue	83,283		83,283	69,581	(13,702)	● (16.5)
	Net transfer to/(from) P&D Reserve	2,014		2,014	13,661	(11,647)	● (578.3)
	Expense	86,173	(1)	86,172	61,445	24,727	● 28.7
	Net Position	(4,904)	1	(4,903)	(5,525)	(622)	● (12.7)
Economic Investment Services	Revenue	17,812		17,812	14,270	(3,542)	● (19.9)
	Expense	29,743		29,743	24,547	5,196	● 17.5
	Net Position	(11,931)	-	(11,931)	(10,277)	1,654	● 13.9
<b>Urban Planning and Economy</b>							
	Revenue	141,538	-	141,538	102,805	(38,733)	● (27.4)
	Expense	190,608	(1,520)	189,088	140,482	48,606	● 25.7
	Net Position	(49,070)	1,520	(47,550)	(37,677)	9,873	● 20.8

**Tax-Supported Operations - December 31, 2021 Financial Results and Projections**

- Favourable budget variance, >= 0%
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- Unfavourable budget variance, > (10)%

(in \$000's)		Year-to-Date (YTD)				
	Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$	%
<b>Office of the City Manager</b>						
City Manager	Revenue	2,900		2,900	2,923	23 <span style="color: green;">●</span> 0.8
	Expense	5,369	(10)	5,359	5,004	355 <span style="color: green;">●</span> 6.6
	<b>Net Position</b>	<b>(2,469)</b>	<b>10</b>	<b>(2,459)</b>	<b>(2,081)</b>	<b>378 <span style="color: green;">●</span> 15.4</b>
Office of the City Clerk	Revenue	4,320		4,320	4,524	204 <span style="color: green;">●</span> 4.7
	Expense	19,018	291	19,309	19,557	(248) <span style="color: yellow;">●</span> (1.3)
	<b>Net Position</b>	<b>(14,698)</b>	<b>(291)</b>	<b>(14,989)</b>	<b>(15,033)</b>	<b>(44) <span style="color: yellow;">●</span> (0.3)</b>
Legal Services	Revenue	523		523	423	(100) <span style="color: red;">●</span> (19.1)
	Expense	12,094	250	12,344	11,607	737 <span style="color: green;">●</span> 6.0
	<b>Net Position</b>	<b>(11,571)</b>	<b>(250)</b>	<b>(11,821)</b>	<b>(11,184)</b>	<b>637 <span style="color: green;">●</span> 5.4</b>
<b>Office of the City Manager</b>						
	Revenue	7,743	-	7,743	7,870	127 <span style="color: green;">●</span> 1.6
	Expense	36,481	531	37,012	36,168	844 <span style="color: green;">●</span> 2.3
	<b>Net Position</b>	<b>(28,738)</b>	<b>(531)</b>	<b>(29,269)</b>	<b>(28,298)</b>	<b>971 <span style="color: green;">●</span> 3.3</b>
<b>Mayor and Councillor Offices</b>						
	Revenue	-		-	(19)	(19) <span style="color: green;">●</span> -
	Expense	6,963		6,963	5,818	1,145 <span style="color: green;">●</span> 16.4
	<b>Net Position</b>	<b>(6,963)</b>	<b>-</b>	<b>(6,963)</b>	<b>(5,837)</b>	<b>1,126 <span style="color: green;">●</span> 16.2</b>
<b>Office of the City Auditor</b>						
	Revenue	-		-	-	- <span style="color: green;">●</span> -
	Expense	2,673	(3)	2,670	2,603	67 <span style="color: green;">●</span> 2.5
	<b>Net Position</b>	<b>(2,673)</b>	<b>3</b>	<b>(2,670)</b>	<b>(2,603)</b>	<b>67 <span style="color: green;">●</span> 2.5</b>
<b>Boards and Authorities</b>						
	Revenue	13,171		13,171	12,000	(1,171) <span style="color: yellow;">●</span> (8.9)
	Expense	118,837	(863)	117,974	116,291	1,683 <span style="color: green;">●</span> 1.4
	<b>Net Position</b>	<b>(105,666)</b>	<b>863</b>	<b>(104,803)</b>	<b>(104,291)</b>	<b>512 <span style="color: green;">●</span> 0.5</b>
<b>Sub-Total Department Programs</b>						
	Revenue	579,246	(107,682)	471,564	377,326	(94,238) <span style="color: red;">●</span> (20.0)
	Expense	1,840,451	(39,812)	1,800,639	1,668,009	132,630 <span style="color: green;">●</span> 7.4
	<b>Net Position</b>	<b>(1,261,205)</b>	<b>(67,870)</b>	<b>(1,329,075)</b>	<b>(1,290,683)</b>	<b>38,392 <span style="color: green;">●</span> 2.9</b>

## Tax-Supported Operations - December 31, 2021 Financial Results and Projections

-  Favourable budget variance, >= 0%  
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 Unfavourable budget variance, > (10)%

		(in \$000's)					
		Year-to-Date (YTD)					
		Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$	%
<b>Corporate Programs</b>							
Capital Project Financing	Revenue	236,131	(2,587)	233,544	263,723	30,179 	12.9
	Expense	418,306		418,306	448,990	(30,684) 	(7.3)
	Net Position	(182,175)	(2,587)	(184,762)	(185,267)	(505) 	(0.3)
Corporate Expenses	Revenue	1,209		1,209	1,286	77 	6.4
	Expense	61,618		61,618	54,113	7,505 	12.2
	Net Position	(60,409)	-	(60,409)	(52,827)	7,582 	12.6
Corporate Revenues	Revenue	404,535	71,157	475,692	487,533	11,841 	2.5
	Expense	7,350		7,350	15,348	(7,998) 	(108.8)
	Net Position	397,185	71,157	468,342	472,185	3,843 	0.8
Taxation Expense	Revenue	5,000	(1,000)	4,000	5,088	1,088 	27.2
	Expense	12,300	(300)	12,000	8,584	3,416 	28.5
	Net Position	(7,300)	(700)	(8,000)	(3,496)	4,504 	56.3
Taxation Revenues	Revenue	1,715,248		1,715,248	1,713,302	(1,946) 	(0.1)
	Expense	-		-	-	- 	-
	Net Position	1,715,248	-	1,715,248	1,713,302	(1,946) 	(0.1)
Traffic Safety and Automated Enforcement	Revenue	40,880		40,880	29,109	(11,771) 	(28.8)
	Net transfer to/(from) TSAE Reserve	40,880		40,880	29,109	11,771 	28.8
	Net Position	-	-	-	-	- 	-
Neighbourhood Renewal Program - Dedicated Tax-Levy Contribution	Revenue	-		-	-	- 	-
	Expense	161,326		161,326	161,326	- 	-
	Net Position	(161,326)	-	(161,326)	(161,326)	- 	-
Valley Line LRT - Dedicated Tax-Levy Contribution	Revenue	-		-	-	- 	-
	Expense	51,400		51,400	51,400	- 	-
	Net Position	(51,400)	-	(51,400)	(51,400)	- 	-
<b>Corporate Programs</b>							
	Revenue	2,403,003	67,570	2,470,573	2,500,041	29,468 	1.2
	Expense	753,180	(300)	752,880	768,870	(15,990) 	(2.1)
	Net Position	1,649,823	67,870	1,717,693	1,731,171	13,478 	0.8

## Tax-Supported Operations - December 31, 2021 Financial Results and Projections

- Favourable budget variance, >= 0%
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- Unfavourable budget variance, > (10)%

(in \$000's)		Year-to-Date (YTD)					
		Budget	COVID-19 Budget Adjustments	Adjusted Budget	Actual	Variance \$	%
<b>Total</b>	<b>Revenue</b>	2,982,249	(40,112)	2,942,137	2,877,367	(64,770)	● (2.2)
<b>Tax-Supported Operations (excluding Police Services)</b>	<b>Expense</b>	2,593,631	(40,112)	2,553,519	2,436,879	116,640	● 4.6
	<b>Net Position</b>	388,618	-	388,618	440,488	51,870	● 2.0
<b>Police Services</b>	Revenue	98,965	-	98,965	92,034	(6,931)	● (7.0)
	Expense	487,583	-	487,583	480,652	6,931	● 1.4
	Net Position	(388,618)	-	(388,618)	(388,618)	-	● -
	Net transfer to/(from) EPS Reserve	-	-	-	-	-	● -
	Net Position	(388,618)	-	(388,618)	(388,618)	-	● -
<b>Total</b>	<b>Revenue</b>	3,081,214	(40,112)	3,041,102	2,969,401	(71,701)	● (2.4)
<b>Tax-Supported Operations</b>	<b>Expense</b>	3,081,214	(40,112)	3,041,102	2,917,531	123,571	● 4.1
	<b>Net Position</b>	-	-	-	51,870	51,870	

**COVID-19 2021 COVID Budget Adjustment**

**(\$000's)**

The following schedule reflects the the original 2021 COVID budget adjustment approved by City Council and the subsequent release of COVID funds back to the appropriated Financial Stabilization Reserves, where funds were no longer required for 2021. The released COVID funds are being recommended for use to offset the COVID 2022 financial impacts. The net COVID adjustment is reflected in the branch and expense year-end budgets in the Q3 operating financial results report.

(Reduction)/Increase	<u>Original Adjustment</u> <u>(Note 1)</u>	<u>Revision</u> <u>(Note 2)</u>	<u>Net</u> <u>Adjustment</u>	<u>Explanation</u>
<b>Branch</b>				
<b>Community &amp; Recreation Facilities</b>				
Revenue	(32,860)		(32,860)	Original COVID-19 impact adjustment was done in anticipation of lower admissions, rentals and program revenues as a result of recreation facilities and attractions anticipated to remain closed throughout 2021. This was partially offset by reductions in direct materials, external services, utilities and workforce strategies as a result of those closures and reduced capacities. The adjustment was revised to reflect greater than expected attendance through the summer and into the fall resulting in more revenues and increased staffing costs (reflected as a net adjustment within expenses), for an overall lower net budget impact due to COVID-19 in 2021.
Expense	(26,648)	(6,712)	(33,360)	
Net Position	(6,212)	6,712	500	
<b>Edmonton Transit</b>				
Revenue	(63,418)		(63,418)	Lower ridership and no UPass revenue in 2021 resulting in a reduction in revenues, partially offset by the related reduction in costs. There was also anticipation of increased costs related to enhanced cleaning requirements and increased overtime to manage employee absences due to COVID-19.
Expense	(4,816)		(4,816)	
Net Position	(58,602)	0	(58,602)	
<b>Parks &amp; Roads Services</b>				
Revenue	(10,854)		(10,854)	Reductions in parking revenues.
Expense	305		305	
Net Position	(11,159)	0	(11,159)	
<b>Corporate Procurement &amp; Supply Services</b>				
Revenue			0	Original COVID-19 impact for personal protective equipment was subsequently revised downwards due to updated estimates.
Expense	10,418	(8,900)	1,518	
Net Position	(10,418)	8,900	(1,518)	
<b>Corporate Revenue</b>				
Revenue	(2,587)	(4,236)	(6,823)	Original COVID-19 impact adjustment anticipated decreased tag/fine revenues based on 2020 trending as well as declines in business activity and licences in 2021. This was partially offset by an expected dividend increase from Land Enterprise. The original adjustment was increased to reflect changes in assumptions around gas franchise fees.
Expense			0	
Net Position	(2,587)	(4,236)	(6,823)	

(Reduction)/Increase	<u>Original Adjustment (Note 1)</u>	<u>Revision (Note 2)</u>	<u>Net Adjustment</u>	<u>Explanation</u>
<b>Taxation Expenditures</b>				
Revenue	(1,000)		(1,000)	Original COVID-19 impact adjustment reflected potential slowdown in construction resulting in lower supplemental tax revenue as well as additional costs due to anticipation of increased assessment complaints as a result of COVID-19. The original tax appeal losses were adjusted downwards due to updated expectations.
Expense	4,200	(4,500)	(300)	
Net Position	(5,200)	4,500	(700)	
<b>Other Branches (under \$2M adjustments)</b>				
Revenue	(400)	(150)	(550)	Various other cumulative adjustments.
Expense	(1,839)	(1,620)	(3,459)	
Net Position	1,439	1,470	2,909	
<b>Corporate Programs</b>				
Transfer from COVID FSR	92,739	(17,346)	75,393	
<b>Summary (Note 3)</b>				
Total Revenue Impact	(18,380)	(21,732)	(40,112)	
Total Expense Impact	(18,380)	(21,732)	(40,112)	
Total Net Impact - Tax Supported	0	0	0	

Note 1 - On December 7, 2020 City Council approved recommendations to adjust branch revenue and expense budget as a result of COVID in 2021, as well as an offsetting funding strategy. This budget adjustment was approved as part of the December 7, 2020, Financial and Corporate Services report FCS00181. The total tax-supported impact was \$143.7 million (\$113.2 million decreased revenues and \$30.5 million in additional costs), offset by various funding strategies including a \$92.7 million use of COVID funds within the appropriated Financial Stabilization Reserve, \$48.9 million in expense management strategies, and \$2.0 million in additional revenue strategies, mainly including an increased Land Enterprise Dividend. Combined revenue and expense impacts, including financial impacts and funding strategies is \$18.4 million in revenue and expense impacts. The total COVID impact including non-tax supported areas was \$152.0 million for 2021.

Note 2 - During the summer of 2021, COVID 2021 revenue and expense impacts were revised by Administration in order to ensure prudent use of COVID funds. The revisions resulted in \$17.3 million lower than originally expected COVID impacts for tax-supported operations and resulted in these funds being returned to the COVID funds within the appropriated Financial Stabilization Reserve. These funds are being recommended to be used to offset COVID 2022 budget impacts through report FCS00828 - COVID-19 2022 Financial Impacts and Funding Strategy, being presented to City Council on November 22, 2021.

Note 3 - The resulting net COVID budget impact for tax-supported areas is \$126.4 million (\$117.6 million decreased revenues and \$8.8 million in additional costs), offset by various funding strategies including a \$75.4 million use of COVID funds within the appropriated Financial Stabilization Reserve, \$48.9 million in expense management strategies, and \$2.0 million in additional revenue strategies, mainly including an increased Land Enterprise Dividend. The net impact of additional costs and expense management strategies is \$40.1 million (\$49.0 million in expense management strategies, less \$8.8 million in additional costs). The net impact on revenues is also \$40.1 million, consisting of revenue reductions of \$117.6 million due to COVID, \$2.0 million in additional revenue strategies, and \$75.5 million transfer from the COVID funds to help offset the net impact for tax-supported areas.