

MONTHLY UPDATE ON OPERATING AMENDMENT 12

RECOMMENDATION

1. That the February 22, 2023 Office of the City Manager report OCM01643, be received for information.
2. That Attachment 4 of the February 22, 2023, Office of the City Manager report OCM01643, remain private pursuant to sections 24 (advice from officials) and 27 (privileged information) of the *Freedom of Information and Protection of Privacy Act*.

Requested Council Action	Information only		
ConnectEdmonton's Guiding Principle	ConnectEdmonton Strategic Goals		
CONNECTED This unifies our work as we achieve our strategic goals.	Healthy City, Urban Places, Regional Prosperity, Climate Resilience		
City Plan Values	BELONG. LIVE. THRIVE. ACCESS. PRESERVE. CREATE.		
City Plan Big City Move(s)	<ul style="list-style-type: none"> A community of communities A rebuildable city Greener as we grow Inclusive and compassionate Catalyze and converge 	Relationship to Council's Strategic Priorities	Conditions for service success
Corporate Business Plan	Managing the corporation		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"> Operating Amendment 12 		
Related Council Discussions	<ul style="list-style-type: none"> First Update to Operating Budget Amendment 12 - Verbal Report, January 25, 2023 City Council Non-Regular 		

MONTHLY UPDATE ON OPERATING AMENDMENT 12

- CE01489 - Budget 2023-2026 Community Insights, October 31, 2022 City Council

Previous Council Action

At the November 30, December 1/2/7/9/12/13/14/16, 2022 meetings, City Council passed the following motion, referred to as Operating Amendment 12:

The 2023-2026 operating budget be reduced by \$15,000,000 each year on a multi-year basis from 2023-2026 and returned to the tax levy as follows:

1. By Administration undertaking a City-wide comprehensive corporate review of all programs and services, equipment and infrastructure requirements, organizational structure, outcomes generated and guiding metrics exercising hiring restraints into non-frontline vacant positions and reducing consultant use and fees, reviewing layers of accountability and internal facing services, without impacting front-line essential services with the requirement to reduce expenses each year by a minimum of \$15,000,000, for a total amount of \$60,000,000;
2. By Administration identifying an additional minimum \$240 million that City Council can transition to its directed priority areas of housing, climate change, public transit, and core services:
 - a. That Administration bring back to Council at the January 25, 2023 City Council non-regular meeting, a draft scope of work for the review as outlined in part 1 and 2 and that the draft scope of work include the following at a minimum:
 - i. Exercise hiring restraints into non-frontline vacant positions based on finding efficiencies throughout the corporation with a focus on redundant and unfilled positions,
 - ii. Identify existing and new service lines that require additional resources and personnel to align with identified Council priorities,
 - iii. Focus on a reduction in consultant use and fees, review layers of accountability and opportunity to transition resources within internal facing services.
 - iv. Conducts a thorough review of potential new revenue areas throughout the City of Edmonton and that they are brought back to Council for consideration in Q2 of 2023.
 - v. Recommendations to Council for the best ways the funds identified for reallocation can be used to leverage more funds from other orders of Government to focus on Council- designated priorities.
 - vi. Review all budget related policies and processes and return with a report for Council consideration that outlines learnings from the 2023-2026 budget process, potential changes, and options to consider related to a return to zero based budgeting.
3. That Administration provide monthly updates at City Council meetings throughout the 2023-2026 budget cycle.

MONTHLY UPDATE ON OPERATING AMENDMENT 12

Executive Summary

- Administration has made progress in implementing Council's direction to reduce spending and reallocate resources to priority initiatives and core services.
- This report outlines how Administration proposes to define core services and undertake an upcoming policy review.
- The report also outlines considerations in applying future restraint measures beyond City Administration.

REPORT

As part of Budget 2023-2026, City Council directed City Administration to undertake a City-wide comprehensive corporate review of all programs and services and reduce expenses each year by a minimum of \$15 million, for a total amount of \$60 million. In addition, Council directed Administration to identify an additional minimum \$240 million that City Council can transition to the priority areas of housing, climate change, public transit, and core services.

This report provides a summary of Administration's progress to implement that direction.

Guiding Principles

Administration has established the following Guiding Principles to help drive decision making: Safety, Outcomes-Based Approach, Long Range Focus, Honour Relationships, Demonstrate Commitment, City Building and Continuous Improvement.

Core Services

Determining the list of Core Services is a key component of reallocating \$240 million. Administration is recommending that it ask three key questions to identify core services:

1. Is a program or service required by legislation?
2. Is it practically necessary?
3. Is it a Council priority?

Attachment 1 provides the full list of City Services and Subservices which will be reviewed and form the basis of future discussions.

Scope

While the scope of Operating Amendment 12 applies to City Administration, Council's ability to affect the budget of external entities depends on the nature of the entity and its relationship to Council. For entities where Council is required to approve the annual budget, such as Business Improvement Areas and the Edmonton Public Library Board, Council can provide significant oversight and direction on the total amount of funding and allocation. For some corporations where the City is the shareholder, such as EPCOR, Council cannot directly alter their budget. For some independent entities, such as Edmonton Arts Council, Council can review any operating or capital funding provided and use the requirements of those funding agreements to achieve

MONTHLY UPDATE ON OPERATING AMENDMENT 12

desired outcomes. Attachment 2 provides a list of City-related entities and further detail on Council's ability to vary the budgets.

Council Policies

A preliminary review of all 123 Council Policies, as listed within Attachment 3, is underway to flag where Policies drive the following budgetary impacts:

- Creates Expenditure Responsibility
- Drives Costs
- Prevents Cost Reduction
- Reduces/Constrains Revenues

For Council Policies that are flagged to have budgetary impacts, further analysis and review will be conducted.

Budget/Financial Implications

Implementing this amendment is an ongoing element of Budget 2023-2026.

Legal Implications

According to the *Municipal Government Act*, the purposes of a municipality are to provide good government; foster well-being of the environment; foster the economic development of the municipality; to provide services, facilities, or other things that, in the opinion of Council, are necessary or desirable for all or part of the municipality; to develop and maintain safe and viable communities, and to work collaboratively with neighbouring municipalities to plan, deliver and fund intermunicipal services. Attachment 4 provides additional information being drafted on the City's municipal obligations.

Possible next steps in relation to the scope of Operating Amendment 12 will need to take into consideration legal parameters around Council's authority to alter the budgets of City-related entities.

COMMUNITY INSIGHT

Administration is committed to listening to the perspectives of City partners, employees and Edmontonians:

- Perspectives from Edmontonians regarding 2023-2026 budget priorities as outlined in the October 31, 2022, Communications and Engagement report CE01489 - Budget 2023-2026 Community Insights are being reviewed.
- Input from the Coalition of Edmonton Civic Unions has been sought and feedback is being analyzed.
- City Council and City employees are encouraged to submit their ideas through internal channels.

MONTHLY UPDATE ON OPERATING AMENDMENT 12

GBA+

As the work progresses and recommendations regarding programs and services are brought forward to City Council, GBA+ will be applied to identify opportunities to mitigate or remove barriers to equity and to help support equality of outcomes.

ATTACHMENTS

1. List of Services
2. City Related Entities
3. List of Council Policies
4. Municipal Obligations (Private)