

# Operating and Capital Financial Update - December 31, 2022

City Council  
*March 14, 2023*

# Presentation Overview



## Economic Update

- Inflation
- New housing construction



## Capital Financial Update December 31, 2022

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

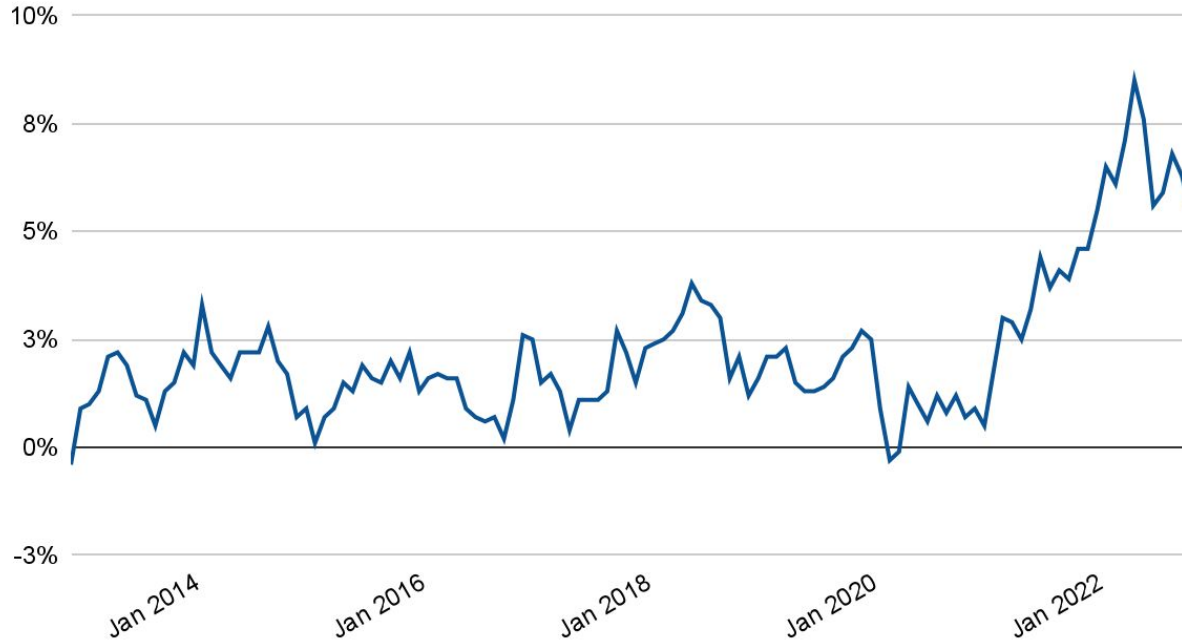


## Operating Financial Update December 31, 2022

- Enterprise & Utility programs
- Tax supported operations
- FSR and operating carry-forward recommendations
- Reserve update

# Economic Update

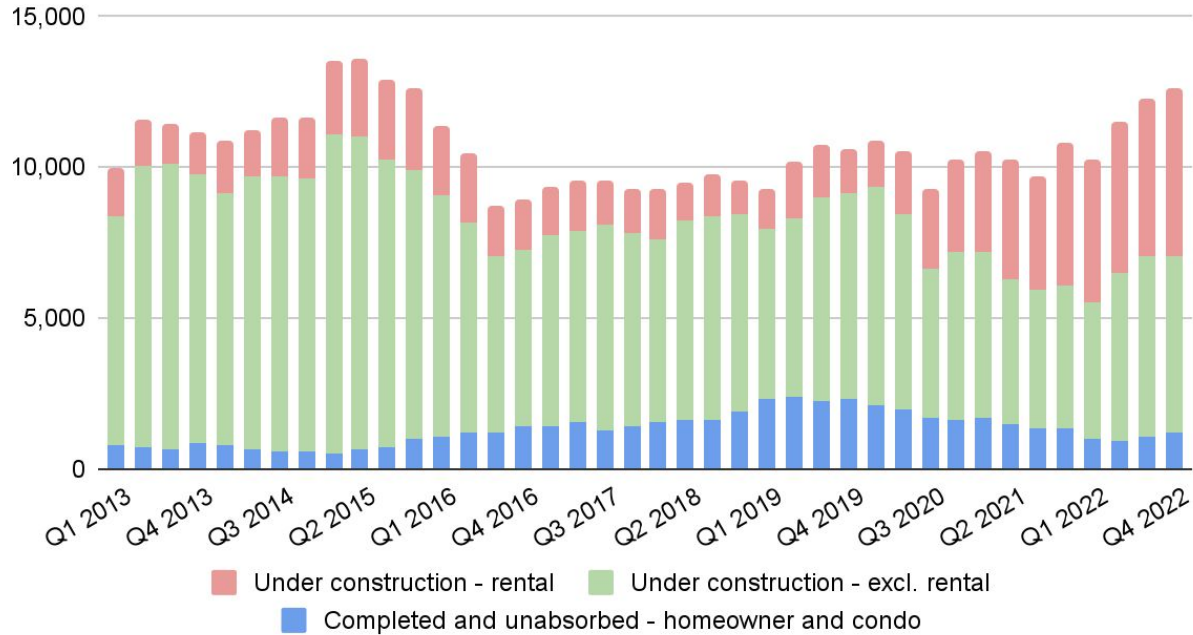
Annualized Consumer Inflation - Edmonton CMA



Source: Statistics Canada

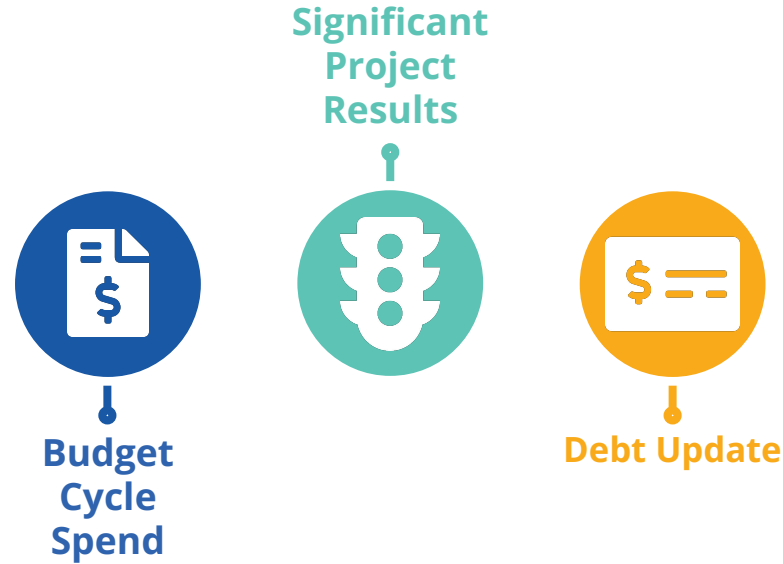
# Economic Update

## Edmonton New Housing Supply



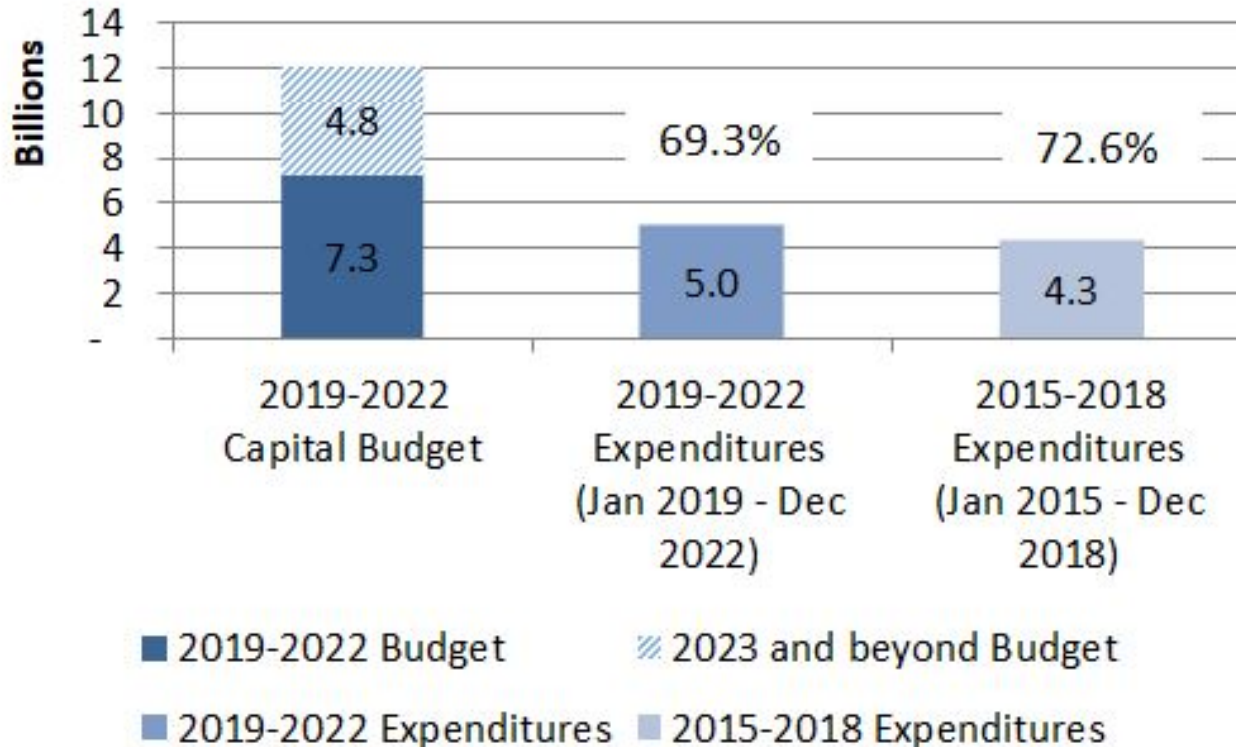
Source: Canada Mortgage and Housing Corporation

# Capital Results - December 31, 2022



# Budget Cycle Spend

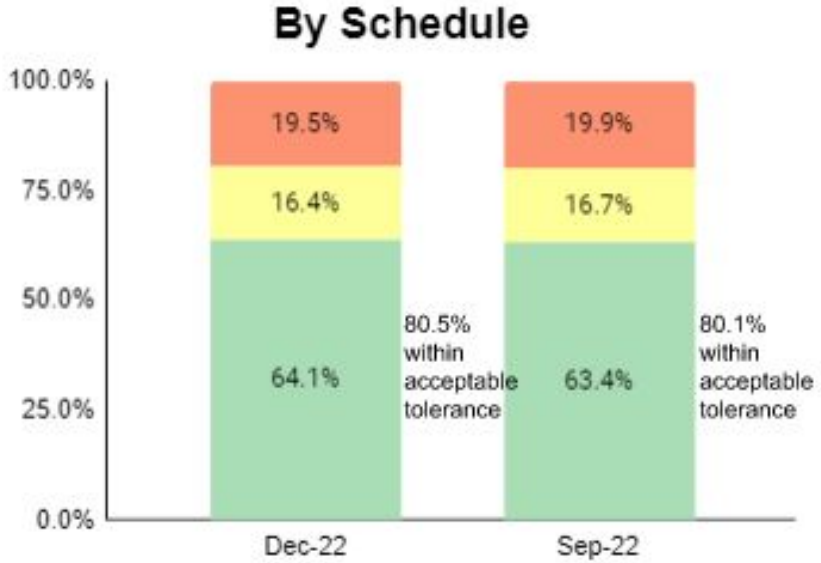
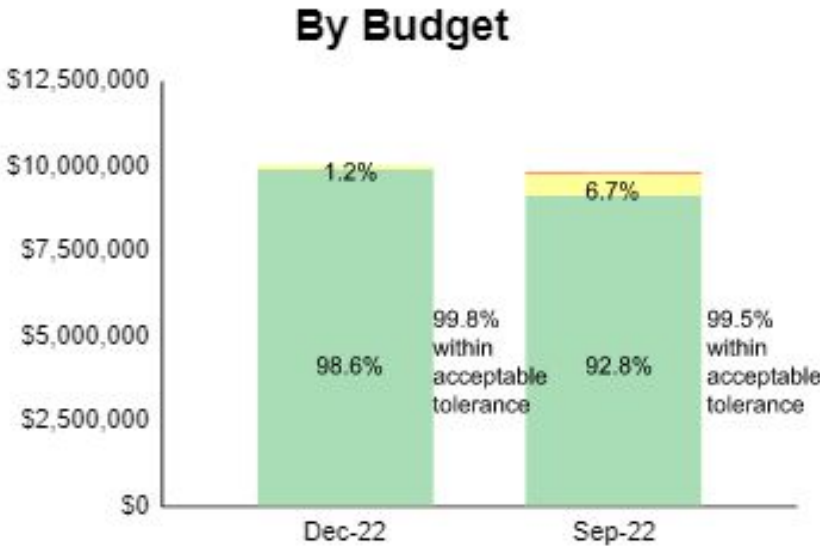
## 2019-2022 Capital Budget Expenditures



# Capital Reporting

- Significant Projects Overview
  - 64 Capital Profiles reported in December 2022, representing 80% of the total approved Capital Budget of active profiles.
  - 68 Capital Profiles reported in September 2022, 80% of the total approved Capital Budget of active profiles.
- 4 significant profiles removed since last report:
  - Edmonton Soccer Association South Soccer Centre Expansion
  - Jasper Avenue New Vision Phase 2
  - Electric Buses - Zero Emission Buses (ZEB) Program
  - Valley Zoo - Nature's Wild Backyard Phase II

# Significant Capital Project Status Summary

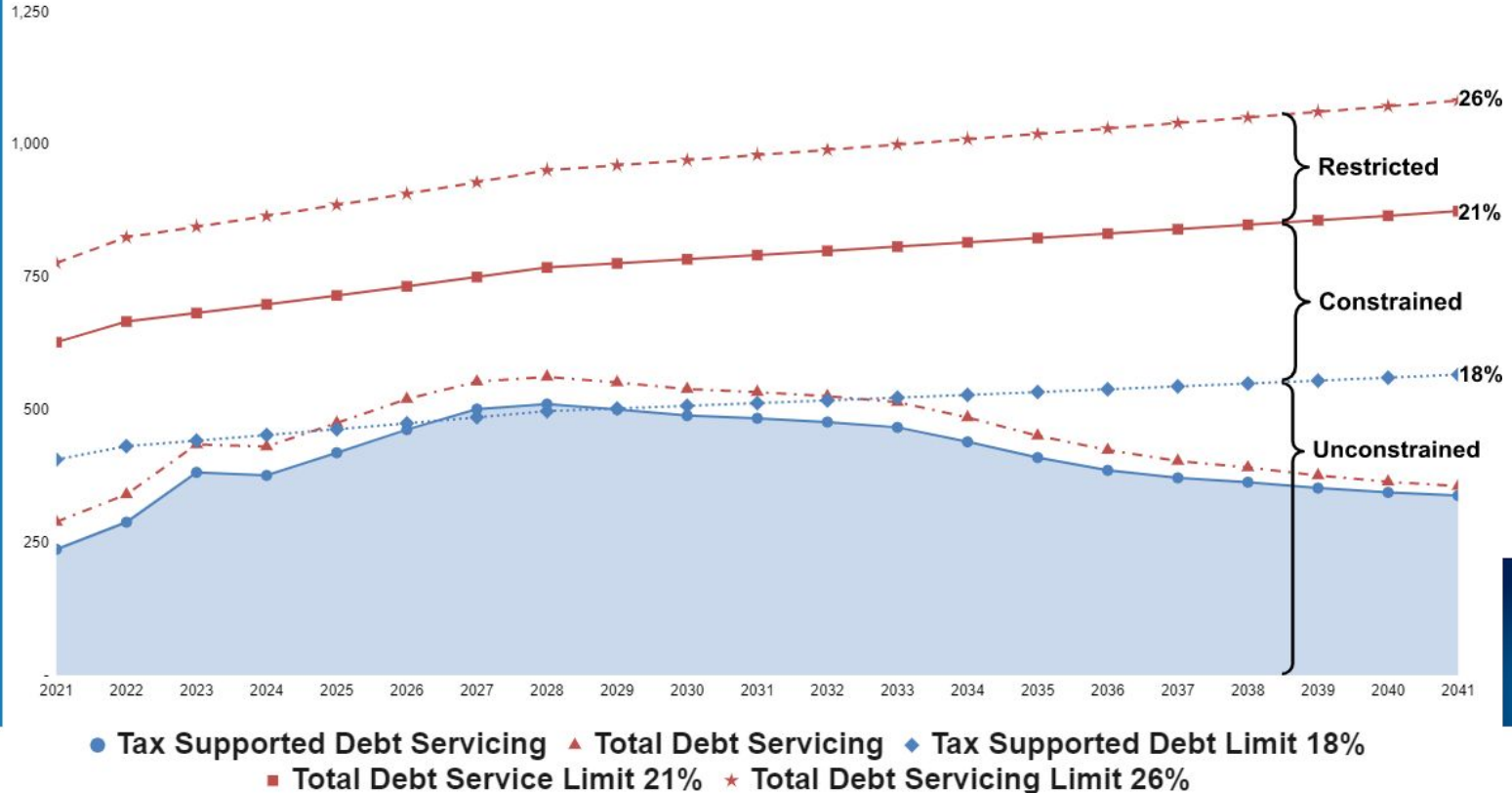


\*The budget and schedule status charts above are weighted by the profiles approved budget.

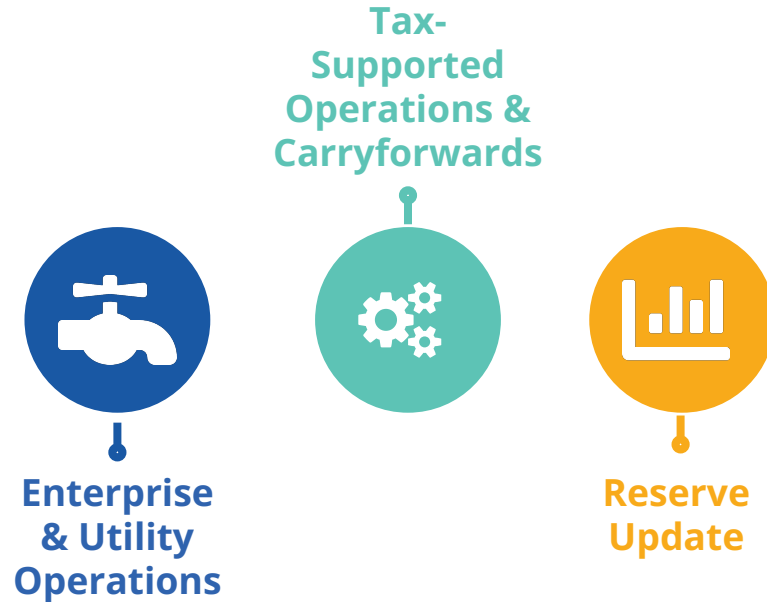


# Debt Management Fiscal Policy

## Debt Servicing Limits (\$M)









# Operating Results - December 31, 2022



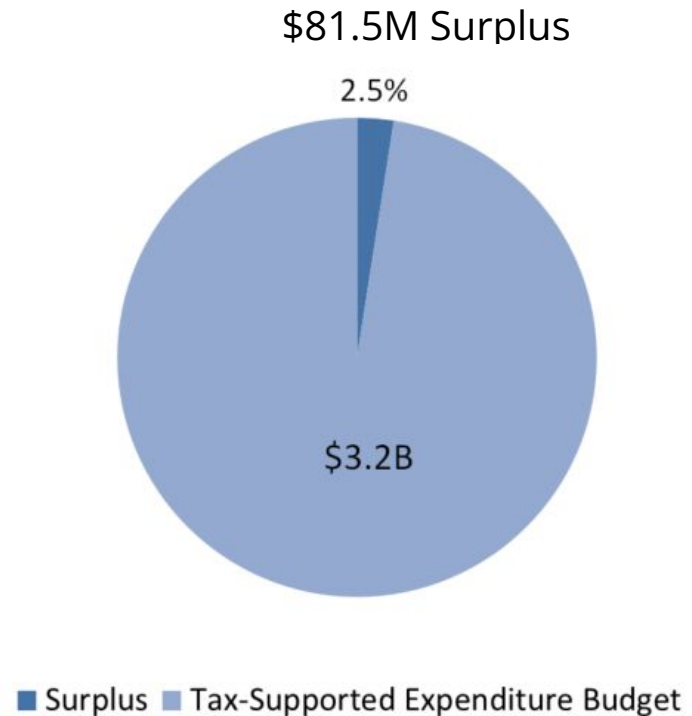
# Enterprise & Utility Operations

December 31, 2022 - Net Position Budget Variance (\$M)

 Favourable  Unfavourable	Year-End Variance
Waste Services	2.9 
Land Enterprise	5.3 
Blatchford Redevelopment	2.3 
Blatchford Renewable Energy Utility	0.3 

# Tax-Supported Operations - Continued Volatility

- Fiscal management and external factors contributed towards surplus
- Small portion of the City's tax-supported budget - 2.5% variance
- Budget pressures will continue
- Fiscal prudence necessary in use of surplus funds



# Tax-Supported Operations (excluding EPS)

Year-End Variance	Description	<span style="color: green;">●</span> Favourable <span style="color: red;">●</span> Unfavourable
59.0	● Financial Strategies	
18.3	● Personnel (net of recoveries)	
5.1	● Project Delays	
5.0	● A1 Facility Grant Payment	
4.0	● DATS Contract costs	
3.7	● Transit Fare Revenue	
3.7	● Tax Penalties	
(4.2)	● Fuel Costs	
(5.2)	● Permit Fee Revenue	
(18.2)	● Snow and Ice Control	
10.3	● Other Cumulative Variances	
81.5	● <b>Total</b>	
2.5%	● Percent of Annual Budget	

# FSR Unappropriated Balance (\$M)

	Amount
FSR Balance as of December 31, 2021	121.7
2021 Tax-supported surplus	52.3
FSR funded items in 2022	(117.8)
2022 Released FSR Funding	12.2
<b>Balance prior to surplus, carry-forwards, other items</b>	<b>68.4</b>
Tax-supported surplus	81.5
Carry-forward requests (recommendation 2)	(20.8)
Council approved items during 2023	(1.0)
<b>Projected balance - 2022</b>	<b>128.1</b>
<i>Minimum FSR Balance (preliminary)</i>	122.8
<i>Amount remaining above minimum</i>	5.3

# Operating Carryforwards

## (Recommendation 2)

There was \$20.8 million expenses to occur in 2022 that are recommended for carry-forward of funds, with new funding from the FSR:

Carry-Forward Request	Amount (\$ millions)
A1 Sports Facility Grant	5.0
Anti-Racism Strategy	1.9
Downtown Vibrancy Initiative	1.6
Ogilvie Site Servicing Costs Subsidy	1.3
Neighbourhood Revitalization	1.2
Other initiatives (details in Schedule E, Table 1, Att 2)	9.8
<b>Total</b>	<b>20.8</b>

# Operating Carryforwards

## (Other Recommendations)

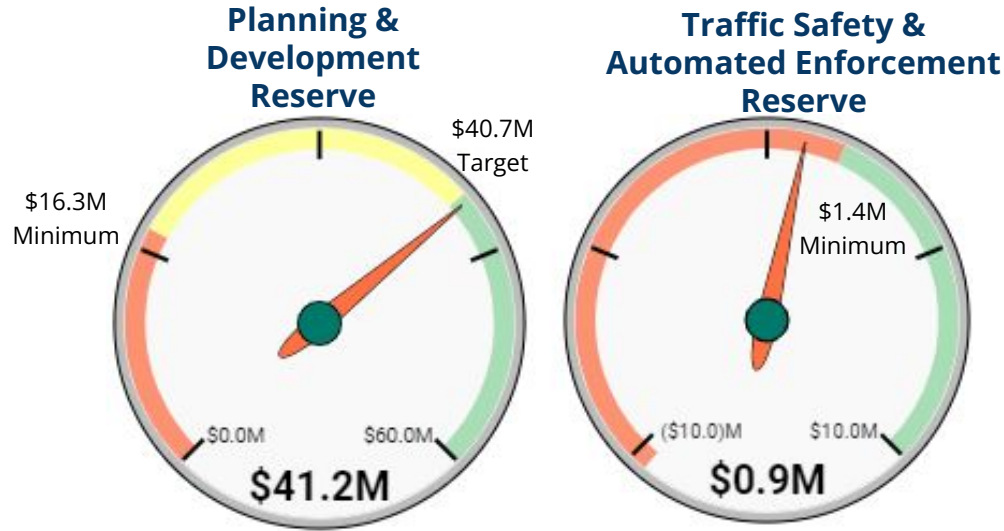
- The following recommendations are for carry-forward of funds previously appropriated in the FSR, funded through other reserves, or non-tax levy sources.
- These recommendations do not impact the unappropriated FSR or the surplus.

Recommendation	Amount (\$millions)
<b>Recommendation 1</b> - Carry-forward of items previously appropriated in the FSR with expenses in 2023	19.2
<b>Recommendation 3 - 7</b> - Operating commitments funded through reserves or non tax-levy funds in the 2022 approved budget that were not completed by year-end. Carry-forward of budgets are required into 2023, with no impact to the Financial Stabilization Reserve or the 2023 tax-levy position.	18.0



# Reserve Balances (\$M)

Projected December 31, 2022 Balance



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

# Next Steps

- City of Edmonton Consolidated Financial Statements - December 31, 2022
  - April 21 - Audit Committee
  - April 25 - City Council (for approval)



**i** Questions?