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# Spring 2023 Supplemental Operating Budget Adjustment

April 17, 2023 City Council

Financial and Corporate Services  
FCS01657

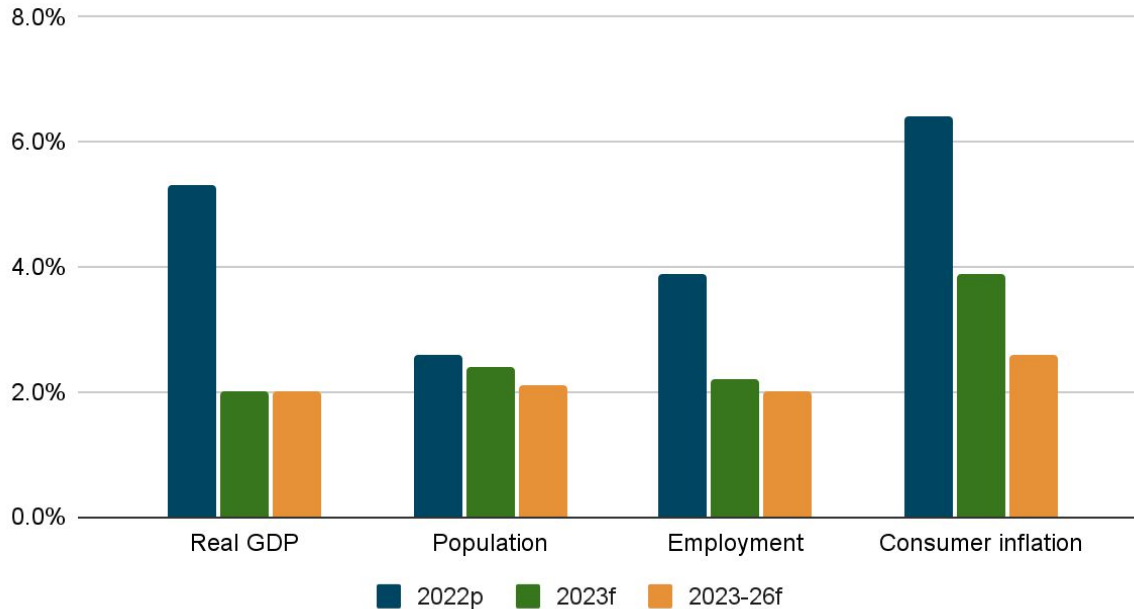
# Overview

Objective: To finalize the 2023 Budget

1. Economic update
2. Budget adjustment summary
3. 2023 Property tax
4. "Education tax room"

# Economic Update

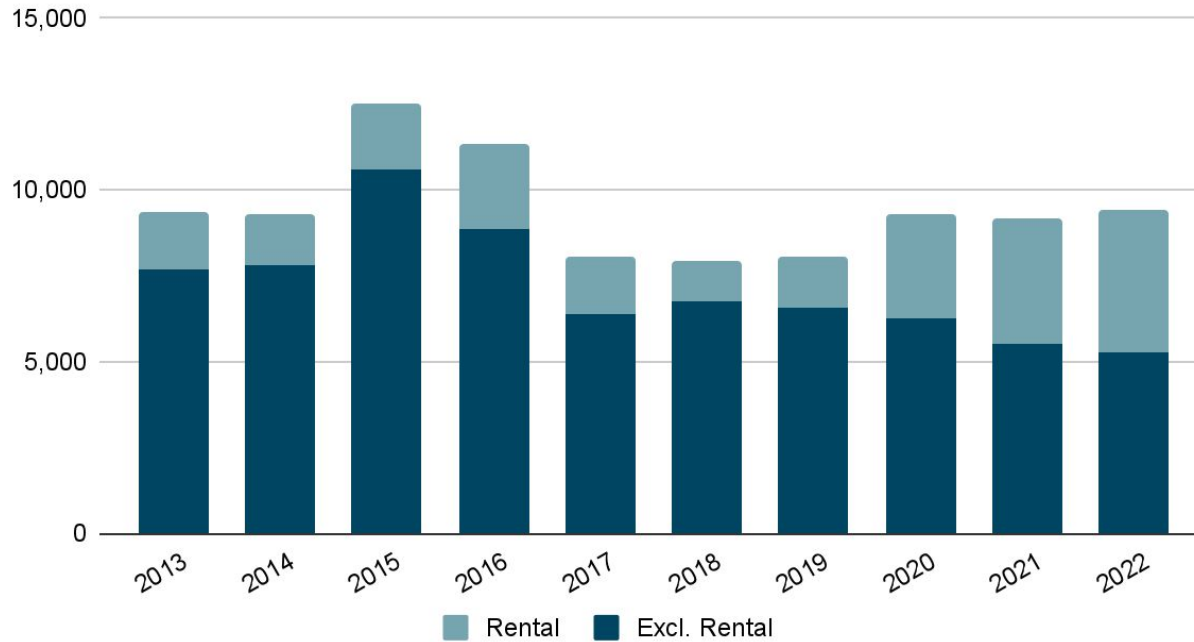
Growth forecast for select indicators - Edmonton



Sources: City of Edmonton and Stokes Economics, fall 2022 forecast update  
Note: "p" = projection; "f" = forecast

# Economic Update

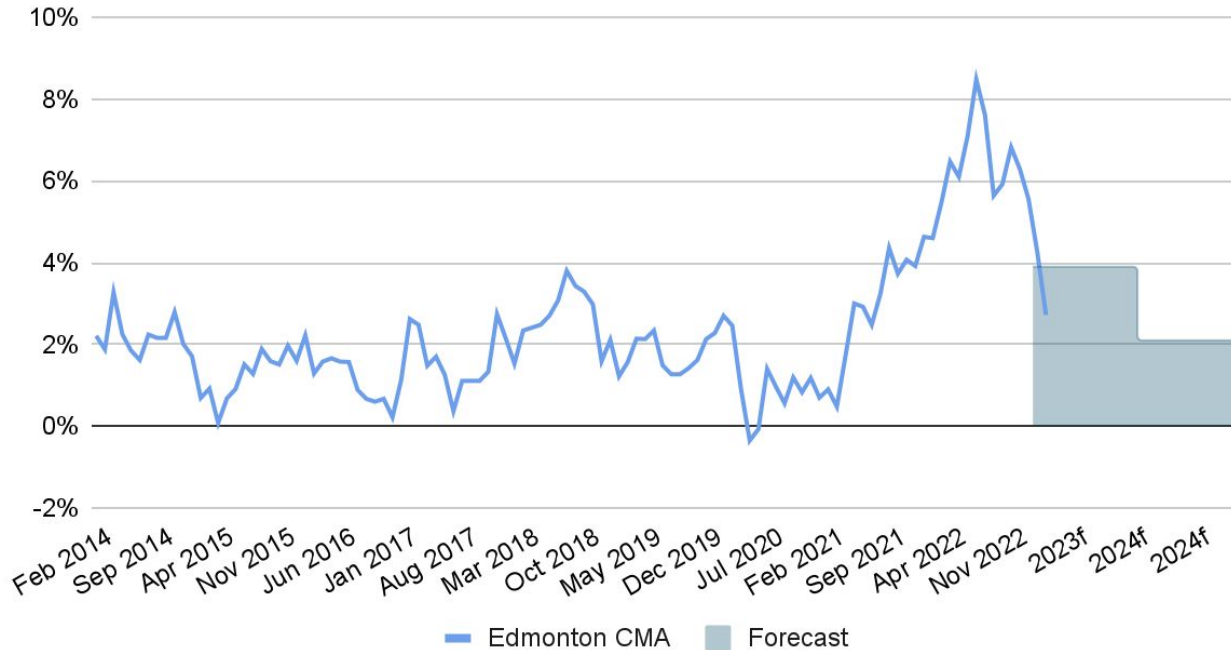
## New Housing Completions by Intended Market - Edmonton



Source: Canada Mortgage and Housing Corporation

# Economic Update

## Annualized Consumer Inflation - Edmonton CMA



Sources: Statistics Canada, City of Edmonton and Stokes Economics  
Note: "f" = forecast

## 2023 Budget Adjustment Summary

Incremental Changes	2023
<b>Municipal Tax Increase (December 2022) - Approved</b>	<b>4.96%</b>
<b>Proposed (Spring 2023 SOBA):</b>	
Change due to Assessment Growth - additional tax revenue	\$5.8 M
Adjustment for Grants in Lieu of Provincial Taxes	(\$1.3) M
Adjustment to Financial Strategies	(\$4.5) M
Removing costs for withdrawal from Edmonton Metro Transit Services Commission	-
<b>Municipal Tax Increase (Spring 2023 SOBA) - Proposed</b>	<b>4.96%</b>

- Recommendation: Transfer net change to financial strategies and maintain the approved municipal tax increase of 4.96% for 2023

## Valley Line Southeast Precursor Bus Service

- During 2023-2026 budget deliberations Council made the following motion:
  - *That as part of the Spring 2023 Supplemental Operating Budget Adjustment, Administration provide an estimate of the date of when the Valley Line Southeast precursor bus service is no longer required and is available for redeployment and an updated cost estimate for 2023.*
- Tax levy funding required for redeployment
- Annualized cost impact: approximately \$6 million

# Combined Municipal and Provincial 2023 Property Tax

*SPRING 2023 SOBA & PROVINCIAL BUDGET*

	Municipal Tax Levy Increase	Education Property Tax Increase / (Decrease) (Provincial Budget)	Combined Tax Increase
Residential	4.96%	1.79%	<b>4.13%</b>
Non-Residential	4.96%	(6.61%)	<b>3.07%</b>



## “Education Tax Room”

- During 2023-2026 budget deliberations Council made the following motion:
  - *That Administration outline how "education tax room" has been used in the past and provide options for a future approach to fund strategic priority areas like housing, climate change, and other programs, as part of the Spring 2023 Supplemental Operating Budget Adjustment.*

## 2023 Spring SOBA Tax Breakdown

	Municipal Tax Levy Increase	Education Property Tax Increase / (Decrease) (Provincial Budget)	Combined Tax Increase
Residential	4.96%	1.79%	<b>4.13%</b>
Non-Residential	4.96%	(6.61%)	<b>3.07%</b>
Using "Education Tax Room" in Res	6.08%	1.79%	<b>4.96%</b>
Using "Education Tax Room" in Non-Res	7.21%	(6.61%)	<b>4.96%</b>

**Note:** Using "education tax room" reflects an additional \$29.5M (\$11.3M Res, \$18.2M NR) in municipal tax revenues

## Next Steps

### 2023 Budget

- April 25: 2023 Property Tax Bylaws
- June 13: Spring 2022 Supplemental Capital Budget Adjustment  
- City Council meeting

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**Thank you**  
Questions?

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