

# Fall 2023 Supplemental Operating Budget Adjustment

November 7, 2023 City Council

Financial and Corporate Services  
FCS02050 - Fall 2023 Supplemental Operating Budget Adjustment

# Edmonton's Evolving Context



# Public Services and Long-Range Investments

Edmontonians told us they need, and we're focusing on:

- Core services that enable a good quality of life
- Public safety
- Transit, accessibility and connectivity throughout Edmonton
- Affordable housing
- Action to improve environmental sustainability

# Impact on a Typical Homeowner



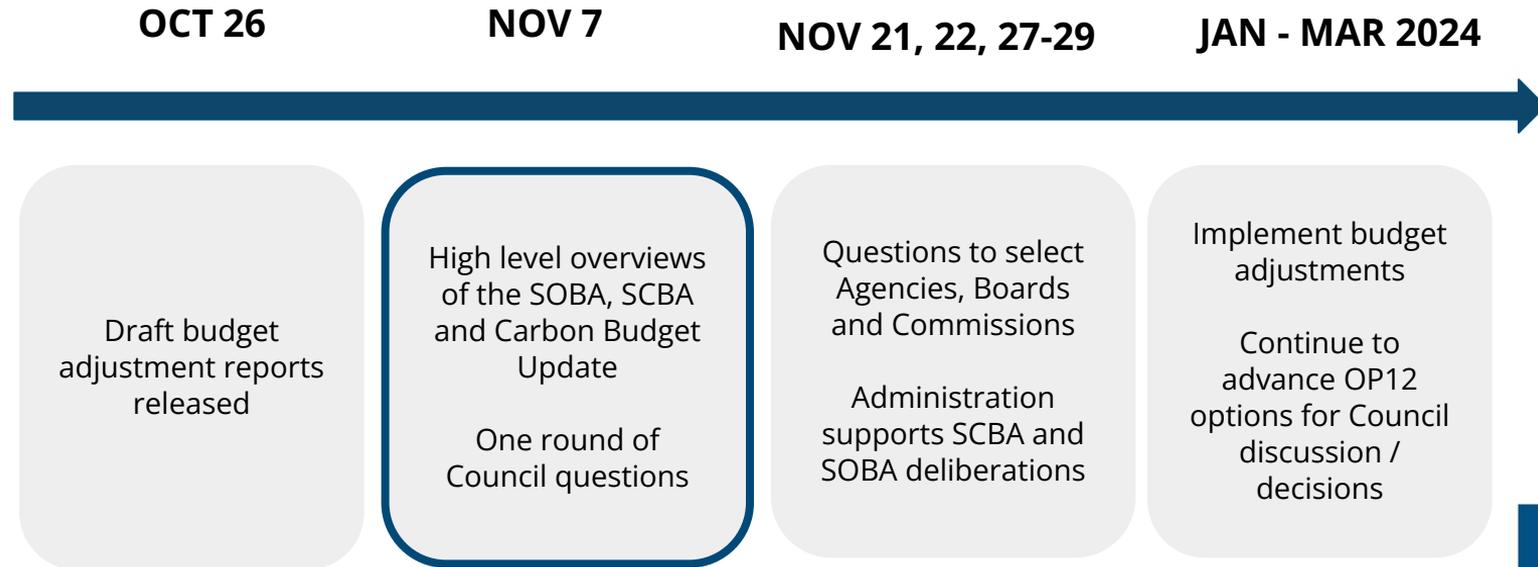
**\$425,500**



**Property Taxes  
\$8.74/day**

- Public Transit
- Planning and Development
- Neighbourhood Renewal
- Public Libraries
- Community Services and Recreation
- Parks Management
- Traffic Management
- Police and Fire Rescue Services
- Winter and Summer Road Maintenance
- Arts, Culture and Tourism
- Fleet and Facility Services
- Social Development
- City Government

# The Path Forward for the Adjustments





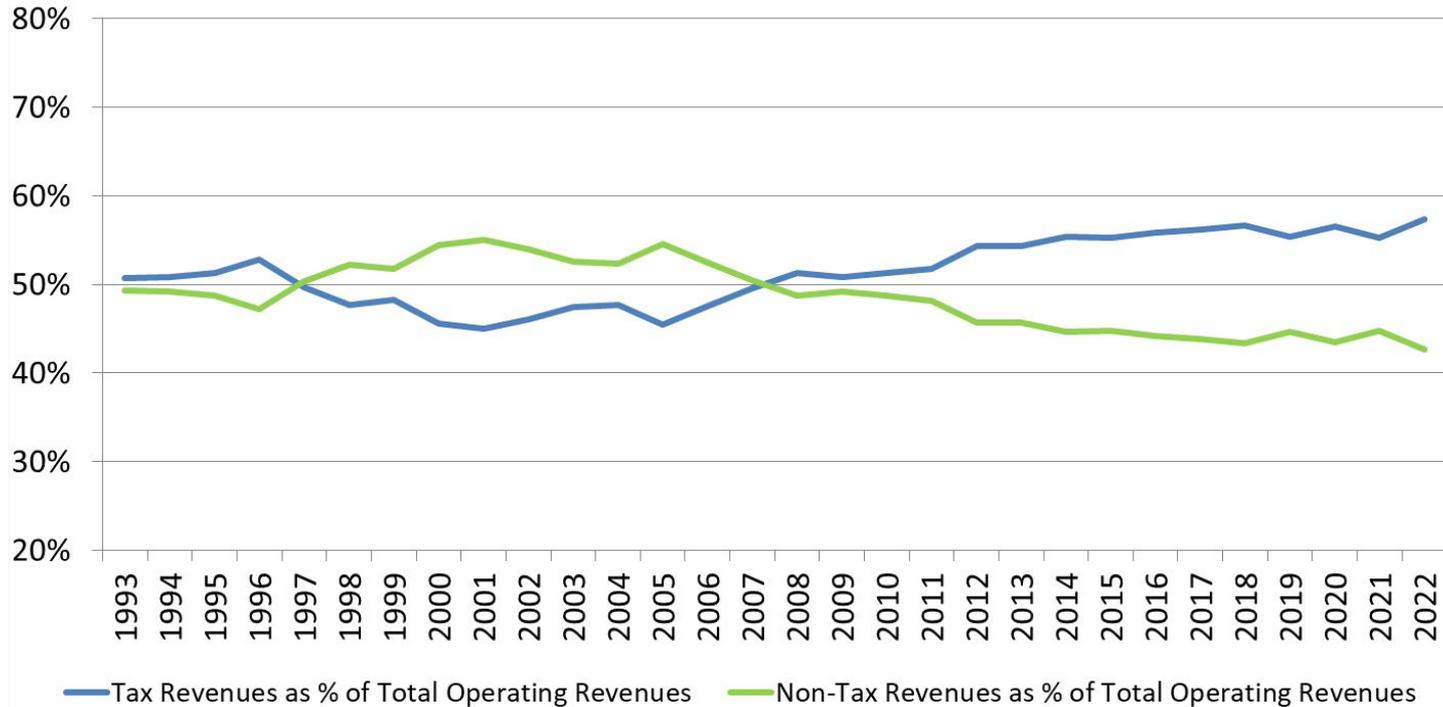
# Fall 2023 Economic Update

Edmonton



# Growing Reliance on Property Tax Revenues

Tax Revenues vs. Non-Tax Revenues as % of Total Operating Revenues

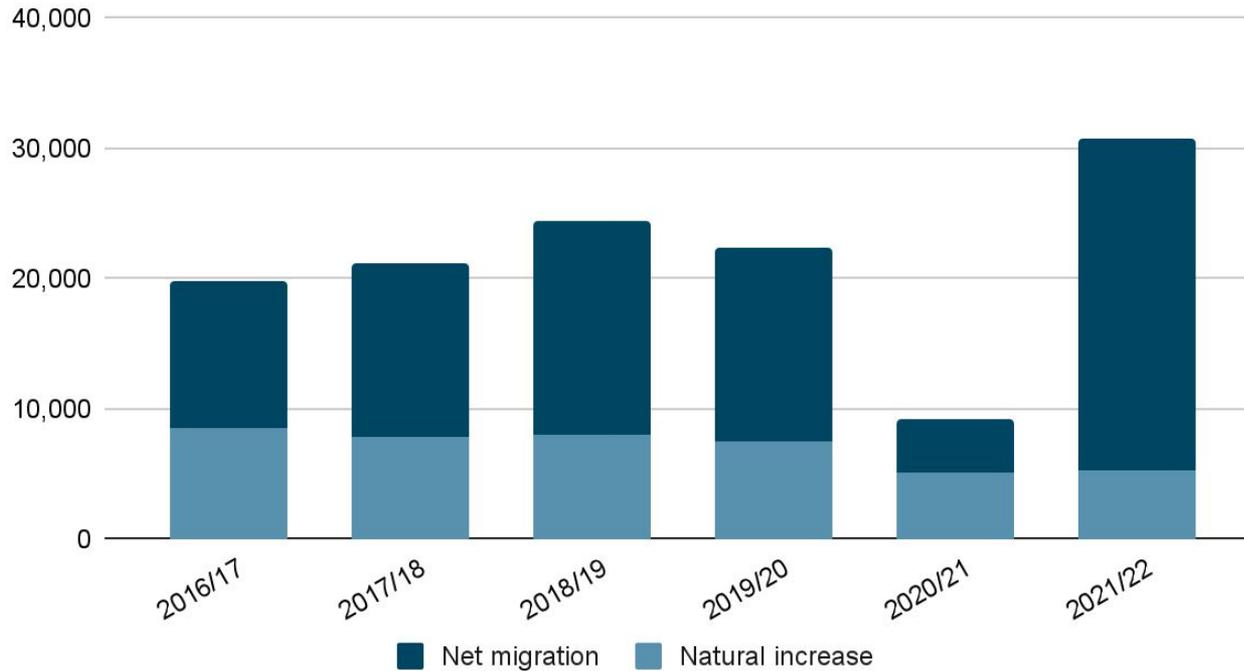


## Social Context

- In 2021, 13.7 per cent of the Edmonton CMA population was living in poverty (source: Edmonton Social Planning Council).
- As of October 23, 2023, there were 3,206 people experiencing homelessness in Edmonton (source: Homeward Trust).
- Median family income in the Edmonton CMA was \$108,390 in 2021, and rose less than one per cent year-over-year. Consumer inflation that year was three per cent. It is unlikely that family income growth kept pace with consumer inflation between 2021 and 2022 (source: Statistics Canada).
  - For individuals not in a family and with income, median income was \$39,000 in 2021, and came down by almost one per cent year-over-year.
- The proportion of people in Alberta reporting difficulties for their household to meet its financial needs has been on the rise (source: Statistics Canada).

# Economic Update

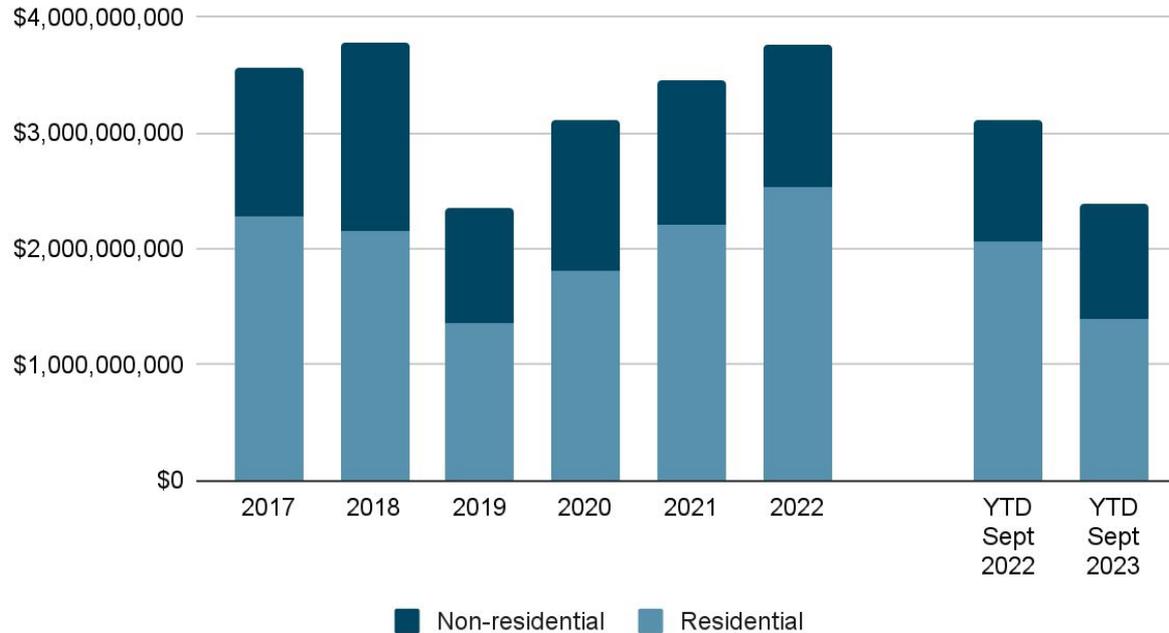
## Components of Population Change - Edmonton



Source: Alberta Treasury Board and Finance, January 2023 version

# Economic Update

## Value of Building Permits Issued - Edmonton



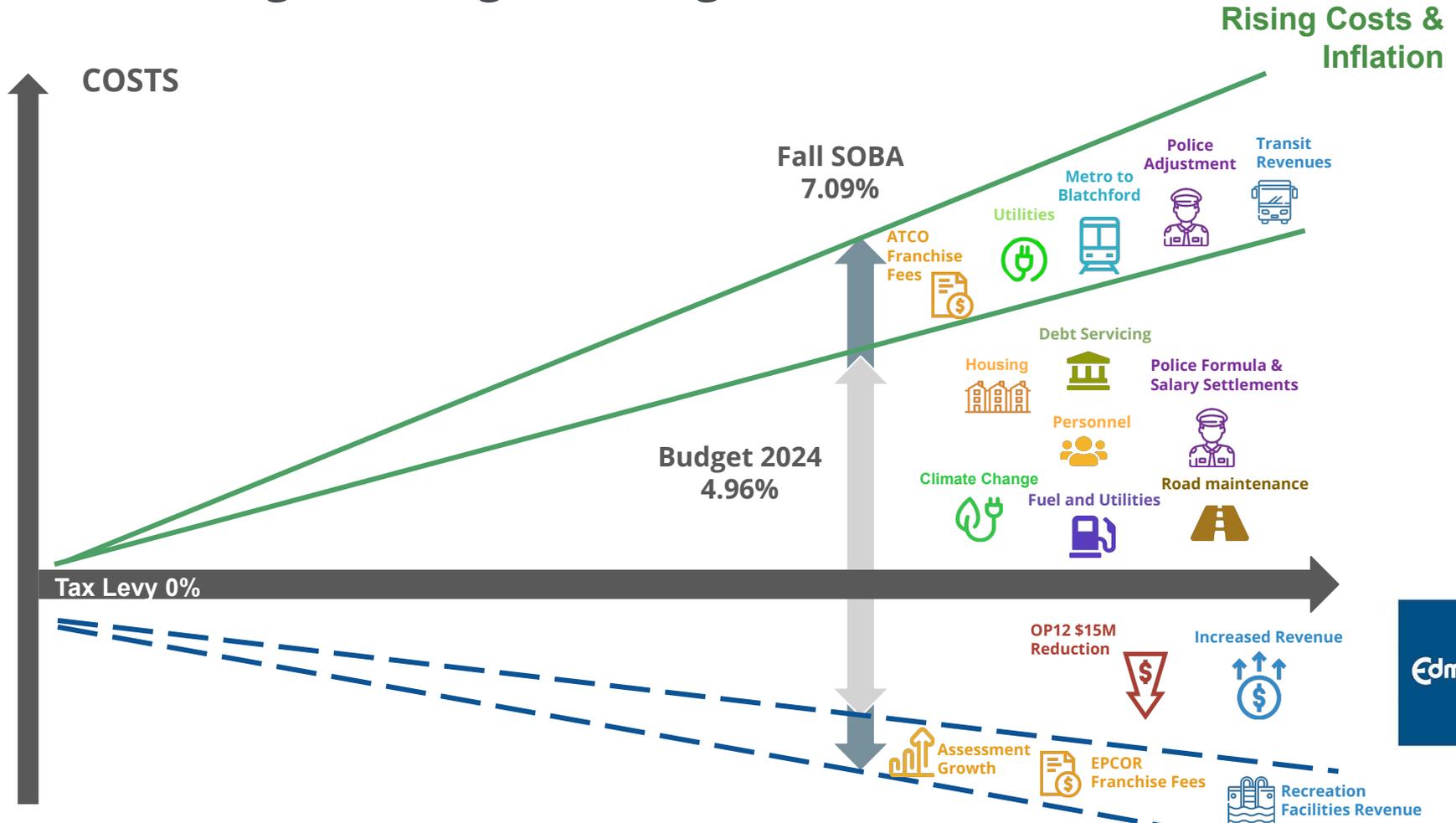
Source: City of Edmonton



# 2024-2026 Operating Budget Adjustments

Edmonton

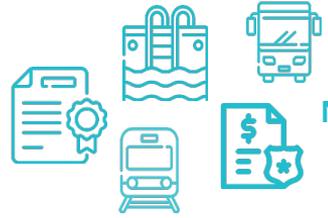
# Balancing the Budget - Rising Costs



# Tax Levy Requirement



**Expenses**



**Non Tax Levy Revenue**



**Assessment Growth**



**Tax Levy % Required**

**Revenues**

# Budget Reductions and Pressures

<i>Incremental ongoing (\$millions)</i>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total	Absolute Value
2% Initiative	\$16	\$30	\$34	\$47	\$0	\$0	\$0	\$0	\$0	\$0	\$127	\$1,031
2019-2022 Budget Reductions	0	0	0	0	21	10	4	3	0	0	38	202
4/3/2/1% (2019-2022)	0	0	0	0	13	5	11	13	0	0	43	189
2020 Budget Reductions	0	0	0	0	0	30	4	3	0	0	37	174
2021 Budget Reductions	0	0	0	0	0	0	50	9	0	0	59	228
2023-2026 Budget OP-12 Amendment	0	0	0	0	0	0	0	0	15	0	15	30
Known pressures - unbudgeted	0	0	0	0	0	0	0	0	23	3	26	49
<b>Total</b>	<b>\$16</b>	<b>\$30</b>	<b>\$34</b>	<b>\$47</b>	<b>\$34</b>	<b>\$44</b>	<b>\$70</b>	<b>\$28</b>	<b>\$38</b>	<b>\$3</b>	<b>\$345</b>	<b>\$1,904</b>
Tax Increase Equivalent	1.24%	2.17%	2.34%	3.01%	2.15%	2.66%	4.07%	1.62%	2.12%	0.13%	21.51%	21.51%
Tax Increase	5.70%	3.40%	2.80%	3.50%	2.60%	1.30%	(0.30)%	1.91%	4.96%	7.09%*		

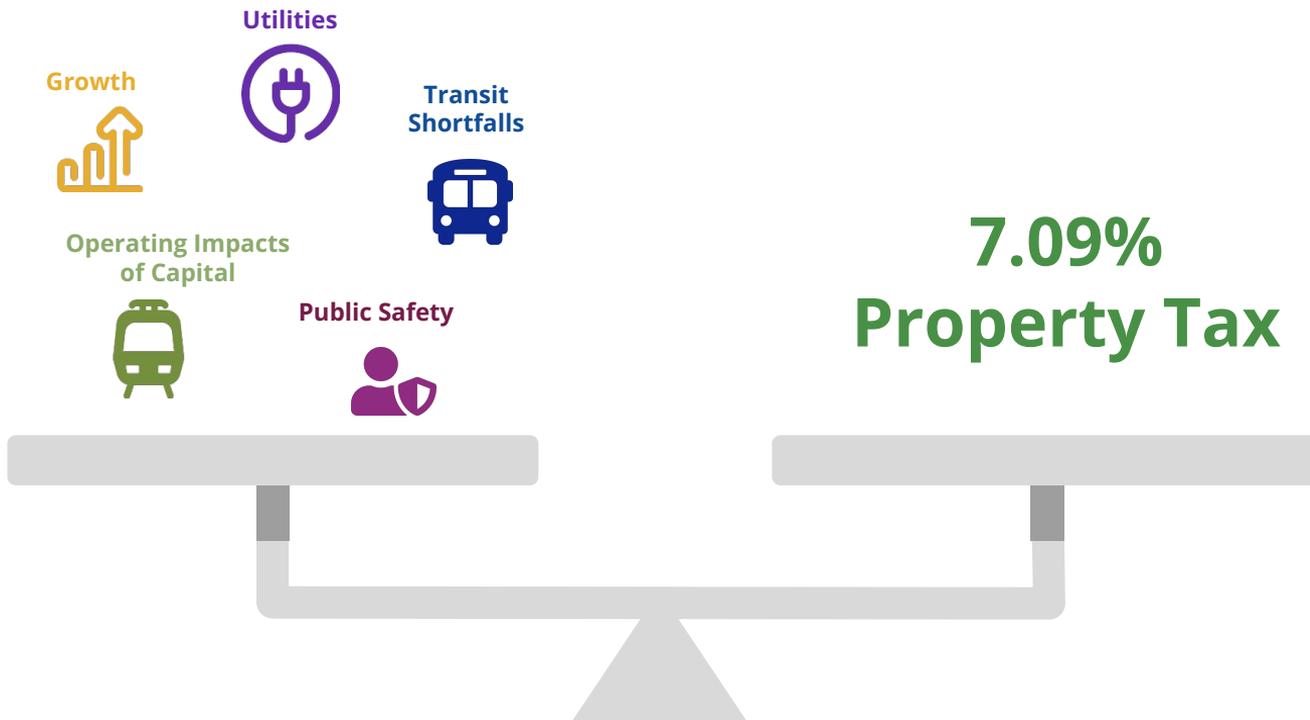
# Unfunded Growth and Inflation Pressures

**\$26M = 1.34%**



**8.43%**  
**Property Tax**

# Balancing the Budget - Proposed Balance



## 2024-2026 Proposed Adjustments

Incremental Net Tax Levy Impact	2024		2025		2026	
	<i>\$ millions</i>	<i>Tax change (%)</i>	<i>\$ millions</i>	<i>Tax change (%)</i>	<i>\$ millions</i>	<i>Tax change (%)</i>
Increased Utilities Forecast	12.1	0.62	5.6	0.27	2.1	0.09
Decreased ATCO Franchise Fees	6.3	0.33				
Decreased ETS Revenues	5.1	0.26	(0.4)	(0.02)	(0.2)	(0.01)
Taxation Appeals Adjustment	3.2	0.16	0.7	0.03	0.8	0.04
Increased TSAER Revenue Shortfall Adjustment			(5.0)	(0.24)		
Increased Assessment growth	(4.6)	(0.24)				
Increased Community Recreation Facilities revenues	(4.8)	(0.25)				
Increased EPCOR Franchise Fees	(6.2)	(0.32)	(0.0)	(0.00)	0.8	0.04
Increased EPCOR Dividend	(8.0)	(0.41)				
Changes from Investment Earnings						
<b>Changes to Economic Forecasts</b>	<b>3.1</b>	<b>0.16</b>	<b>0.9</b>	<b>0.04</b>	<b>3.5</b>	<b>0.16</b>

## 2024-2026 Proposed Adjustments

Incremental Net Tax Levy Impact	2024		2025		2026	
	<i>\$ millions</i>	<i>Tax change (%)</i>	<i>\$ millions</i>	<i>Tax change (%)</i>	<i>\$ millions</i>	<i>Tax change (%)</i>
EPS Arbitrated Salary settlement	19.7	1.02				
EPS Funding Formula	11.8	0.61	11.4	0.54	3.9	0.18
Changes to WCB Premiums	0.7	0.04				
Legislated Occupational Medicine Consultant	0.1	0.00				
<b>External Factors/Changes to Legislation</b>	<b>32.3</b>	<b>1.67</b>	<b>11.4</b>	<b>0.54</b>	<b>3.9</b>	<b>0.18</b>

## 2024-2026 Proposed Adjustments

Incremental Net Tax Levy Impact	2024		2025		2026	
	<i>\$ millions</i>	<i>Tax change (%)</i>	<i>\$ millions</i>	<i>Tax change (%)</i>	<i>\$ millions</i>	<i>Tax change (%)</i>
Metro to Blatchford (Alternative)	2.4	0.13	0.2	0.01	(0.0)	(0.00)
Edmonton Transit Service (ETS) Auxiliary Vehicle Growth Units	1.4	0.07	(0.4)	(0.02)	(0.3)	(0.01)
[In-Private] OCT Network Operations	0.4	0.02				
Tweddle Place Living Wall	0.2	0.01			0.0	
<b>Operating Impacts of Capital</b>	<b>4.5</b>	<b>0.23</b>	<b>(0.2)</b>	<b>(0.01)</b>	<b>(0.3)</b>	<b>(0.01)</b>
Anti-Racism - High Level Office	2.6	0.13	(0.1)	(0.00)	(0.0)	(0.00)
Anti-Racism - Independent Body	1.0	0.05	0.6	0.03		
<b>Funded Service Packages</b>	<b>3.6</b>	<b>0.19</b>	<b>0.5</b>	<b>0.03</b>	<b>(0.0)</b>	<b>(0.00)</b>

# 2024-2026 Proposed Adjustments

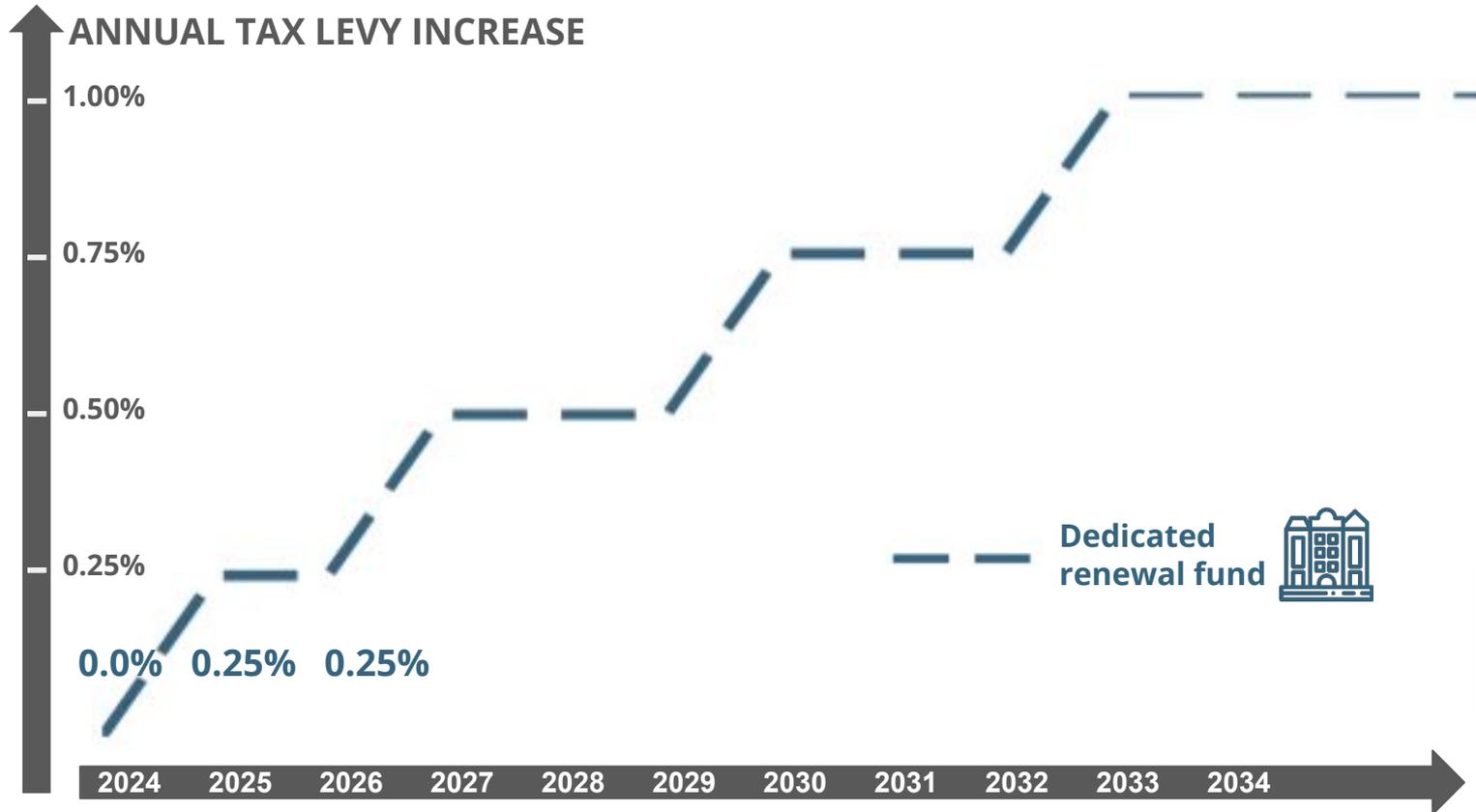
Incremental Net Tax Levy Impact	2024		2025		2026	
<b>Tax Increase (Spring 2023 SOBA) - Approved</b>	<b>4.96%</b>		<b>4.95%</b>		<b>4.39%</b>	
<b>Proposed Fall 2023 SOBA:</b>	<i>\$ millions</i>	<i>Tax change (%)</i>	<i>\$ millions</i>	<i>Tax change (%)</i>	<i>\$ millions</i>	<i>Tax change (%)</i>
Changes to Economic Forecasts	3.1	0.16	0.9	0.04	3.5	0.16
External Factors / Changes in Legislation	32.3	1.67	11.4	0.54	3.9	0.18
Operating Impacts of Capital	4.5	0.23	(0.2)	(0.01)	(0.3)	(0.01)
Funded service packages	3.6	0.19	0.5	0.03	(0.0)	(0.00)
Adjustments to Financial Strategies	(2.2)	(0.11)	(10.8)	(0.51)	(4.2)	(0.19)
<b>Recommendations in Fall SOBA</b>	<b>41.2</b>	<b>2.13%</b>	<b>1.8</b>	<b>0.09%</b>	<b>2.9</b>	<b>0.14%</b>
<b>Fall 2023 SOBA Proposed Tax Increase (%)</b>	<b>7.09%</b>		<b>5.04%</b>		<b>4.53%</b>	

# Unfunded Service Packages (For Council Consideration)

Unfunded Service Packages	2024		2025		2026	
	<i>\$ millions</i>	<i>Tax change (%)</i>	<i>\$ millions</i>	<i>Tax change (%)</i>	<i>\$ millions</i>	<i>Tax change (%)</i>
Council Directed	16.3	0.84	13.4	0.64	2.6	0.12
Council Driven	0.5	0.02	0.0	0.00	0.0	0.00
Growth on Existing	16.7	0.86	(1.2)	(0.06)	(0.1)	(0.01)
New or Enhanced	0.3	0.01	0.0	0.00	0.0	0.00
Operating Impact of Capital	4.2	0.22	0.2	0.01	(0.0)	(0.00)
Agencies, Boards & Commissions	13.0	0.67	(0.5)	(0.02)	(0.9)	(0.04)
<b>Total (\$ millions)</b>	<b>50.9</b>	<b>2.63</b>	<b>11.9</b>	<b>0.57</b>	<b>1.6</b>	<b>0.07</b>

Unfunded Service Packages	2024		2025		2026	
	<i>\$ millions</i>	<i>Tax change (%)</i>	<i>\$ millions</i>	<i>Tax change (%)</i>	<i>\$ millions</i>	<i>Tax change (%)</i>
Council Directed (Addendums)	6.7	0.35	0.5	0.02	(0.3)	(0.01)
<b>Total (\$ millions)</b>	<b>6.7</b>	<b>0.35</b>	<b>0.5</b>	<b>0.02</b>	<b>(0.3)</b>	<b>(0.01)</b>

# Dedicated Renewal Fund (For Council Consideration)



# New Announcements Since Budget Release



- Fall 2023 SOBA released
- EPCOR announced and increase to the dividend of \$8M
- Provides additional funding options during Council deliberations

## Next Steps

### **2024-2026 Budget Deliberations:**

- November 21 (External agencies, boards & commissions)
- November 22
- November 27
- November 28
- November 29

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**Thank you**  
Questions?

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Edmonton