

The Edmonton logo, featuring the word "Edmonton" in white text on a blue square background.

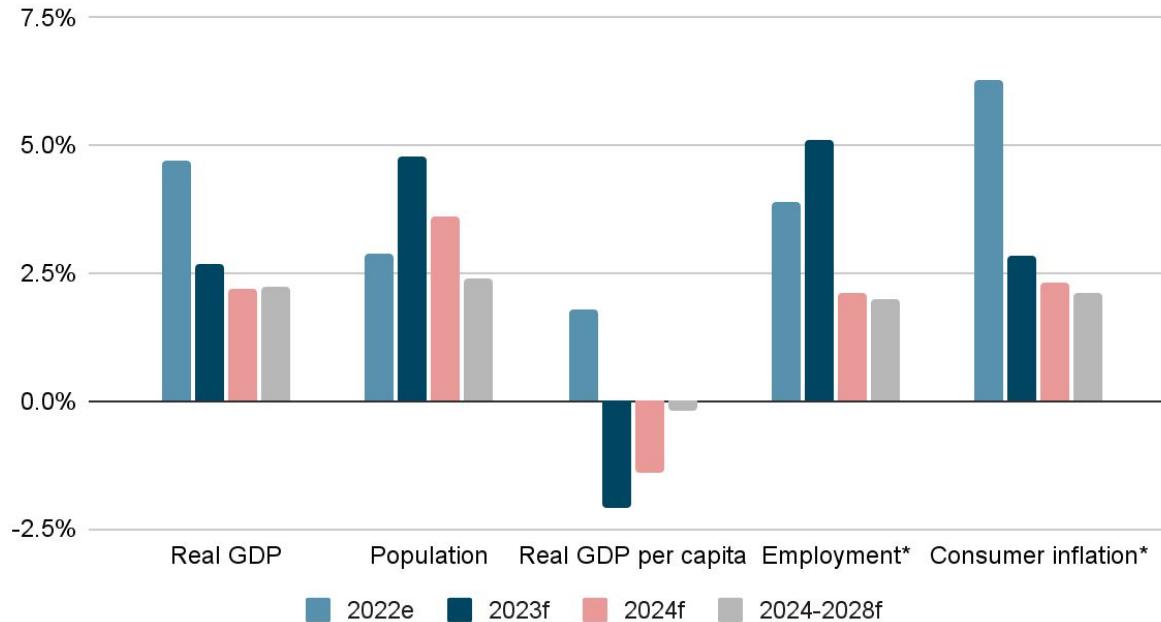
Spring 2024 Supplemental Operating Budget Adjustment

April 23, 2024 City Council

Financial and Corporate Services
FCS02361

Economic Update

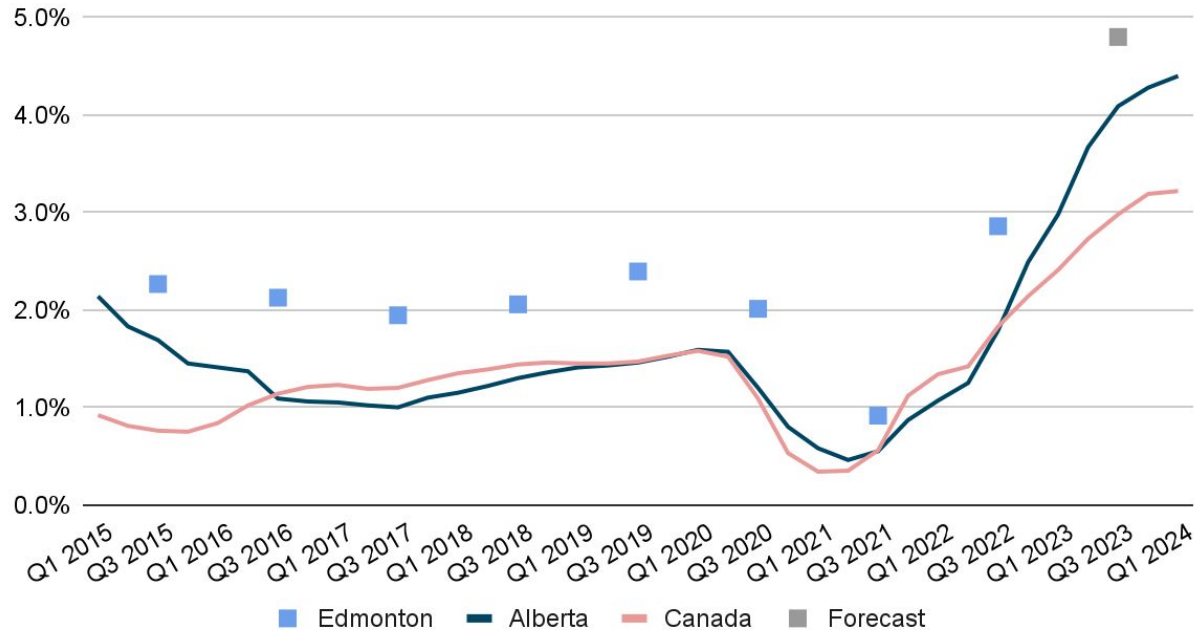
Growth forecast, select indicators - Edmonton



Sources: Alberta Treasury Board and Finance, Statistics Canada, City of Edmonton, and Stokes Economics
Notes: "e" = estimate; "f" = forecast; *CMA-level indicators for which 2022 and 2023 growth rates represent official figures

Economic Update

Annualized population growth

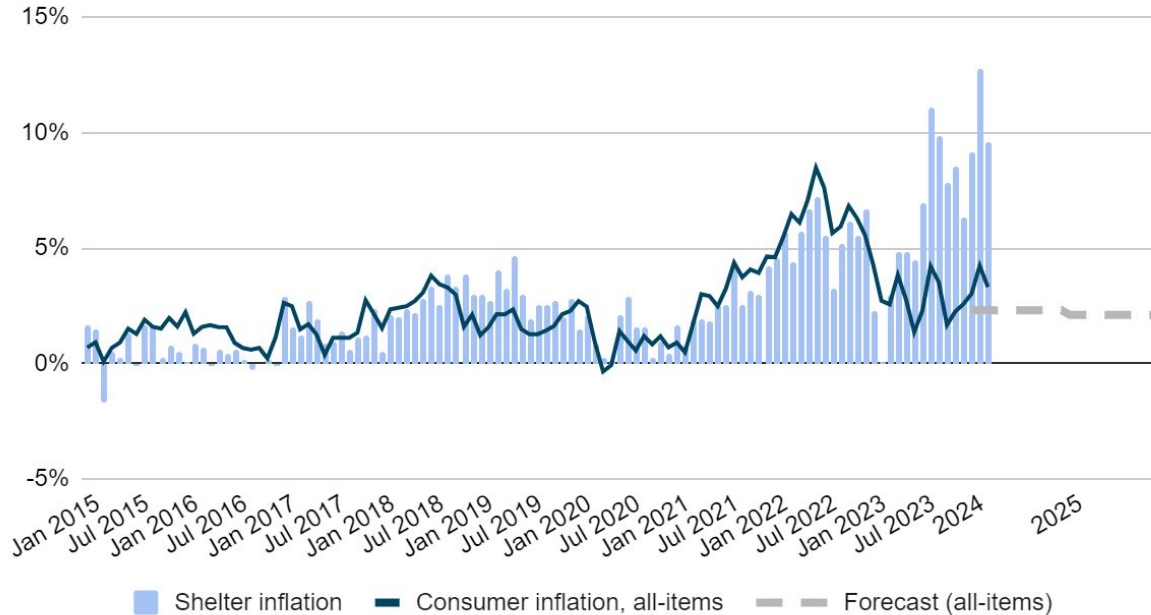


Sources:

Statistics Canada, Alberta Treasury Board and Finance, City of Edmonton, and Stokes Economics

Economic Update

Annualized Consumer Inflation - Edmonton CMA



Sources: Statistics Canada, City of Edmonton, and Stokes Economics

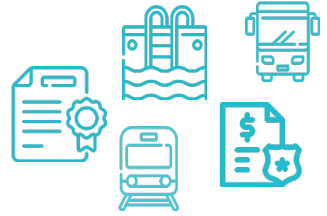
Where Your Municipal Tax Dollars Go



Tax Levy Requirement



Expenses



User Fees Revenue

Assessment Growth



Tax Levy % Required

Revenues

Edmonton's Evolving Context



Budget Savings

ANNUAL (\$ millions)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
2% Initiative	\$16	\$46	\$80	\$127	\$127	\$127	\$127	\$127	\$127	\$127	\$1,031
2019-2022 Budget Reductions	0	0	0	0	21	31	35	38	38	38	202
4/3/2/1% (2019-2022)	0	0	0	0	13	18	30	43	43	43	189
2020 Budget Reductions	0	0	0	0	0	30	34	37	37	37	174
2021 Budget Reductions	0	0	0	0	0	0	50	59	59	59	228
2023-2026 Budget OP-12 Amendment	0	0	0	0	0	0	0	0	15	15	30
Known pressures - unbudgeted	0	0	0	0	0	0	0	0	23	41	65
Total	\$16	\$46	\$80	\$127	\$162	\$206	\$276	\$304	\$342	\$360	\$1,919

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>
Change due to Assessment Growth	(4.0)	(0.2)	0.0	0.0	0.0	0.0
Grants in Lieu Write-Down	3.5	0.2	0.0	0.0	0.0	0.0
Business Licensing revenues	1.7	0.1	(0.1)	(0.0)	(0.1)	(0.0)
Tax-supported Debt Servicing costs	(9.4)	(0.5)	(16.9)	(0.8)	(4.4)	(0.2)
Transfer to Pay-As-You-Go	9.4	0.5	16.9	0.8	4.4	0.2
Changes to Economic Forecasts	1.2	0.1	(0.1)	(0.0)	(0.1)	(0.0)

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>
Changes to LAPP Premiums	(2.5)	(0.1)	0.1	0.0	0.1	0.0
Changes to WCB Premiums	7.4	0.4	0.0	0.0	0.0	0.0
External Factors/ Changes to Legislation	4.9	0.3	0.1	0.0	0.1	0.0
Safe and Inclusive Public Spaces	0.0	0.0	0.3	0.0	0.0	0.0
Council Directed	0.0	0.0	0.3	0.0	0.0	0.0

2024-2026 Budget Adjustment Summary

Incremental Net Tax Levy Impact	2024		2025		2026	
Tax Increase (Fall 2023 SOBA) - Approved		6.6%		5.3%		4.7%
Proposed Spring 2024 SOBA:	<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	1.2	0.1	(0.1)	(0.0)	(0.1)	(0.0)
External Factors / Changes in Legislation	4.9	0.3	0.1	0.0	0.1	0.0
Council Directed	0.0	0.0	0.3	0.0	0.0	0.0
Adjustments to Financial Strategies	35.5	1.8	34.9	1.7	35.9	1.7
Recommendations in Spring SOBA	41.6	2.1	35.3	1.7	36.0	1.7
Spring 2024 SOBA Proposed Tax Increase (%)		8.7%		7.0%		6.4%

2024-2026 Summary of Tax Increase

Summary of Tax Increase	2024	2025	2026
Maintain Existing Services	5.1	5.2	5.9
Council Directed	0.6	0.3	(0.1)
Growth on Existing Services	0.6	0.2	(0.2)
New or Enhanced Service	0.6	0.4	0.1
Operating Impacts of Capital	0.3	0.4	0.5
Edmonton Police Services	1.6	0.5	0.2
Total Incremental Tax Increase (%)	8.7	7.0	6.4

Balancing the Budget - Rising Costs

Budget 2024 - 4.96%

- Police Funding Formula
- Fuel & Utilities
- Personnel
- Housing

Fall SOBA - 6.6%

- ATCO Franchise Fees
- Transit Revenues
- Metro to Blatchford
- Utilities

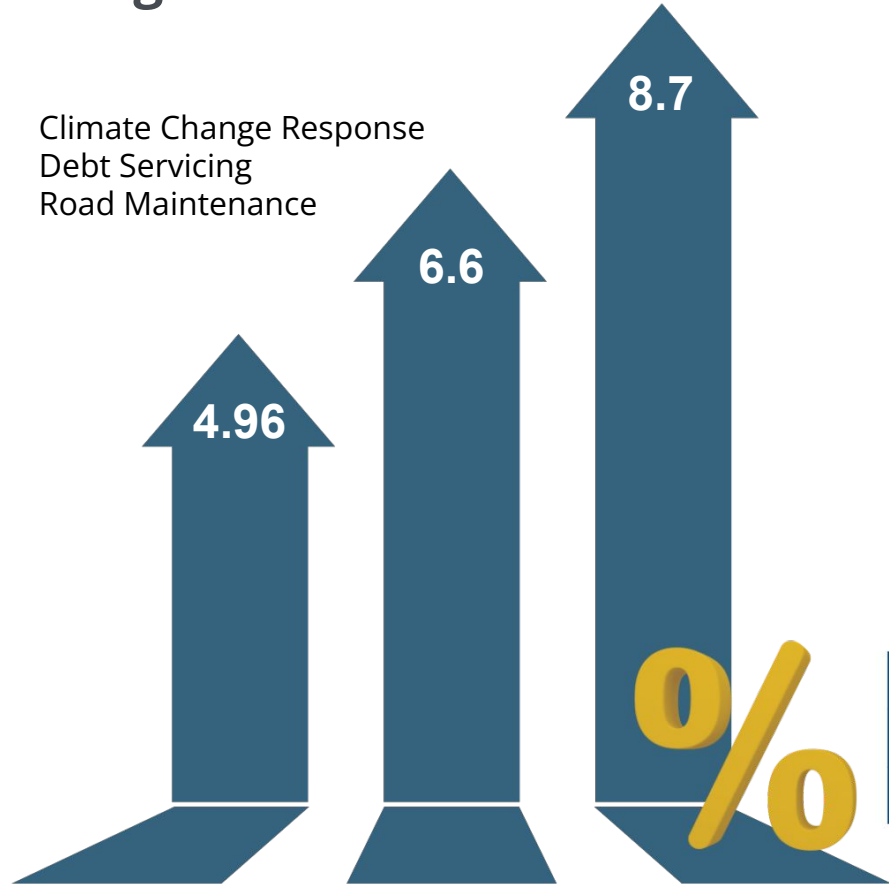
Spring SOBA - 8.7%

- WCB Premiums
- Labour Costs

Budget Pressures

- Inflationary
- Revenue Shortfalls
- Admin or Council directed
- External factors

- Climate Change Response
- Debt Servicing
- Road Maintenance



Combined Municipal and Provincial 2024 Property Tax

Spring 2024 SOBA & Provincial Budget

	Municipal Tax Levy Increase	Education Property Tax Increase / (Decrease) (Provincial Budget)	Combined Tax Increase
Residential	8.7%	2.7%	7.2%
Non-Residential	8.7%	5.4%	8.2%

2024 Spring SOBA Tax Breakdown

	Municipal Tax Levy Increase	Education Property Tax Increase / (Decrease) (Provincial Budget)	Combined Tax Increase
Residential	8.7%	2.7%	7.2%
Non-Residential	8.7%	5.4%	8.2%
Using "Education Tax Room" in Res	10.7%	2.7%	8.7%
Using "Education Tax Room" in Non-Res	9.3%	5.4%	8.7%

Note:

Using "education tax room" reflects an additional \$25.7M (\$21.4M Res, \$4.3M NR) in municipal tax revenues

2024-2026 Adjustments with no tax levy impact

Description	2024 Expense (\$ millions)	Funding Source
Civic Service Union 52 Collective Bargaining Agreement - Retropay and lump sum payment (one-time)	7.8	FSR
Civic Service Union 52 Collective Bargaining Agreement - ongoing budget impacts	27.6	Financial Strategies
EPS Senior Officer Association Collective Bargaining Agreement	0.7	Financial Strategies
Building Safer Communities Funding	2.1	Federal Grant - \$4.3M total
Housing Accelerator Fund (HAF)	1.5	Federal Grant - \$175.2M total

2024-2026 Adjustments with no tax levy impact

Incremental Net Tax Levy Impact	2024 Expense (\$ millions)	Funding Source
Glenridding Heights Partnership	6.8	Pay-As-You-Go
Sergeant-at-Arms for City Hall	0.1	OP12 reallocations held in Financial Strategies
Funded Service Packages		
Belvedere CRL	7.3	Updated assessment values
Capital City Downtown CRL	46.7	Updated assessment values
Quarters Downtown CRL	9.5	Updated assessment values
CRL Adjustments		
Urban Strategy Grant	6.0	Provincial Grant - \$10.8M total
Gun and Gang Violence Action Fund (GGVAF) Grant	1.1	Provincial Grant - \$4.3M total
Alberta Law Enforcement Response Teams secondment revenue	1.1	Reimbursement from Province
Other Adjustments - for information		

Other SOBA Recommendations

Additional recommendations in the SOBA that require Council approval:

- Recommendation #2:
Fee Adjustments for Fort Edmonton Park



- Recommendation #3:
\$2.7 million FSR appropriation for Sedona property (Dwayne's Home)

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>
Explore Edmonton - Funding for Mandate and Scope			6.0	0.3		
Aligning Turf and Horticulture Resources/Service Levels	2.3	0.1				
Event Attraction Program	2.0	0.1				
Proactive Enforcement Services	11.3	0.6	12.6	0.6	1.0	0.0
Transit Community Action Teams (TCAT)	2.5	0.1	3.7	0.2	(0.3)	(0.0)
Community Outreach Transit Safety Teams (COTT)	0.8	0.0	0.4	0.0	0.0	0.0
Community Outreach Transit Safety Teams (COTT) & Transit Community Action Teams (TCAT)	4.1	0.2	4.6	0.2	(0.4)	(0.0)
Total SOBA Report	22.9	1.2	27.3	1.3	0.4	0.0
Addendum - City Centre Optimization	1.6	0.1	(1.6)	(0.1)		0.0
Total Unfunded Service Packages	24.5	1.3	25.8	1.3	0.4	0.0

Budget pressures

	2024 Exp \$000s	2024 Rev \$000s	2024 Net \$000s	2024 FTE
Inflationary Pressures	11,205	0	11,205	0.0
Revenue Shortfalls	1,600	(10,779)	12,379	0.0
External Factors	4,108	0	4,108	0.0
Administration or Council directed	13,557	0	13,557	13.0
Budget pressures	30,470	(10,779)	41,249	13.0

Shigella
Response

Ride Transit
Program

Citadel
Theatre

GEF Seniors
Housing

FSR
Repayment

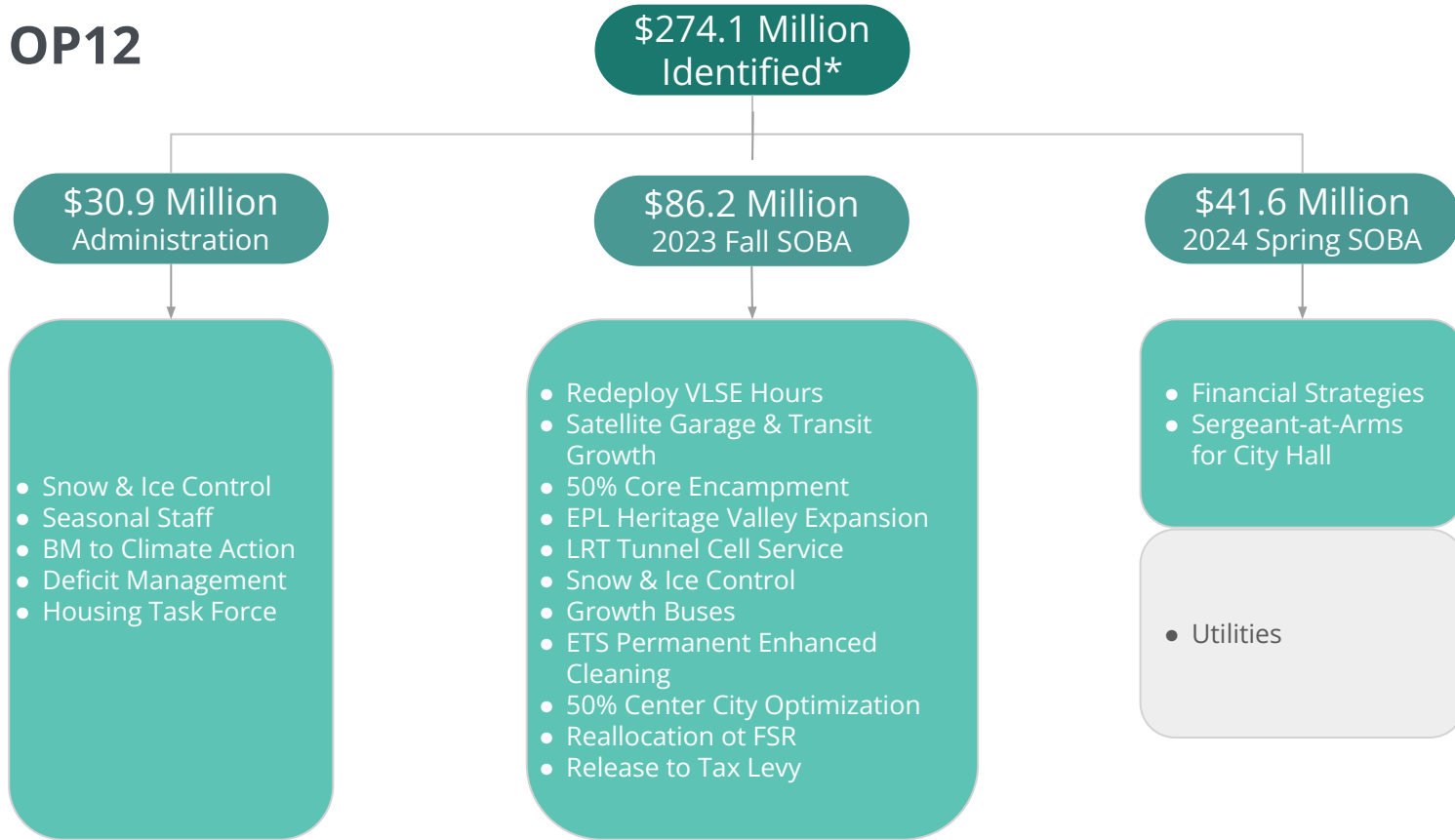
Other SOBA Items

- Operational review of the Expo Centre



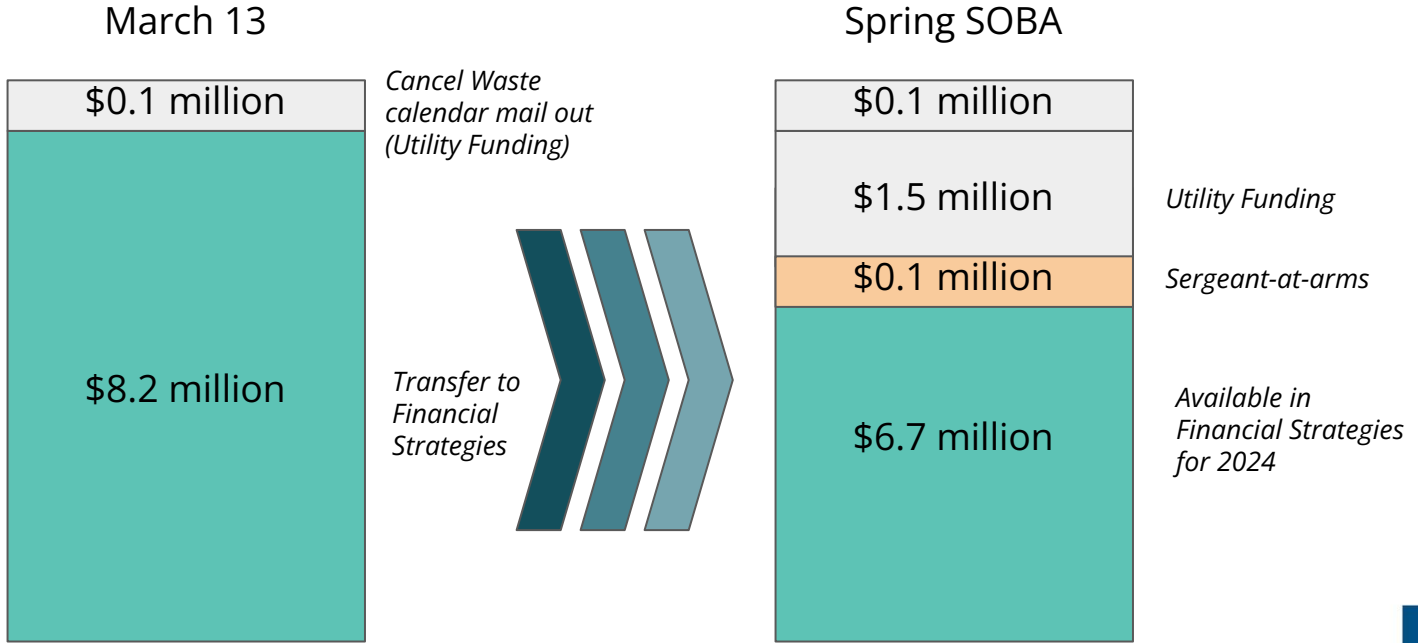
- Revenue Options from OP12
 - *Requires motion to implement options*
 - Options needing additional expenses are not recommended

OP12



* Not including cost avoidance or TBD Items

OP12



Total reduction = \$8.3 million for 2024

OP12 Reallocations	2024	2025	2026
Available in Financial Strategies (incremental)	6.7	8.1	0.1

Reallocation of Funds

\$6.7 Million

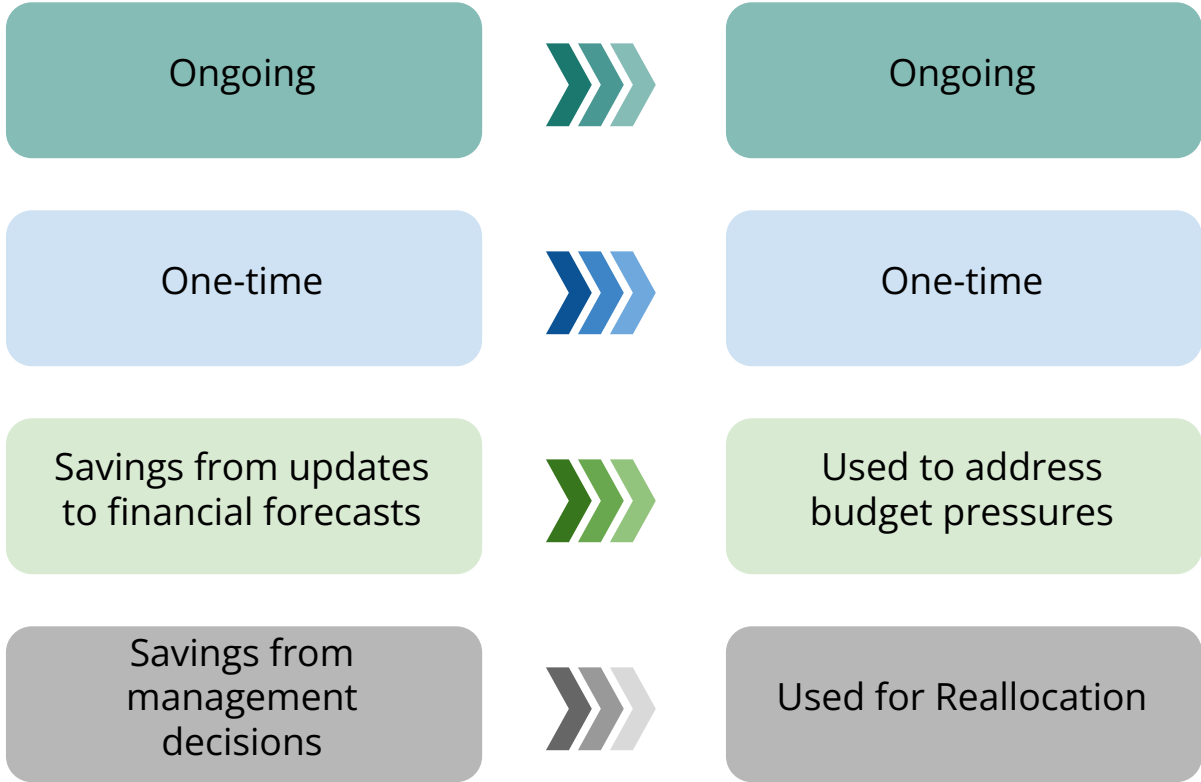
Growth  Inflation  Transit Shortfalls 

Financial Stabilization Reserve  Settlements 

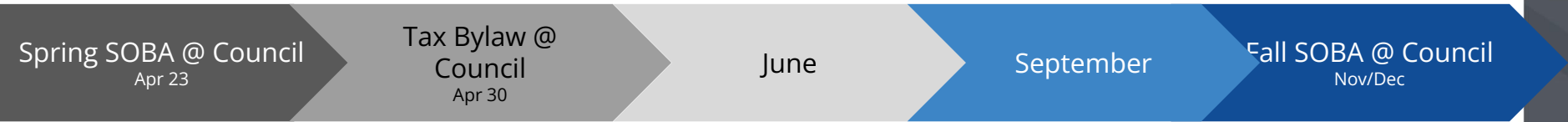
Financial Strategies

8.7%
Property Tax

Budget Principles



Next Steps



SOBA Decision

Council sets final tax levy requirement for 2024

Tax Bylaw

Finalizes tax rate (mill rate) for 2024

Budget Process Update

Outlook for Fall SOBA

Spring SCBA

Adjustments to 2024 capital budget in advance of construction season

Budget Process Update

Outlook for Fall SOBA
Along with Q2 financial results

Fall SOBA/SCBA

Adjustments for 2025 and 2026

Thank you
Questions?

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Edmonton