

Attachment 1 - Action Plan for addressing structural budget variances

Item Name	Action Plan		Annual Net Variance	Tax Levy Impact	Timing	
Ref # (Dept/Branch)	Description of structural budget variance	Outlines the work and analysis that is being done to find the solution to the structural budget variance	\$000s Favourable/ (Unfavourable)			
Inflationary Variances						
A1-1	Fuel price inflation (City Operations - Fleet and Facility Services)	Fuel is a highly volatile commodity and short-term forecasts for 2024 show significant price increases around 25% above current budgeted costs. The inflationary pressure cannot be avoided without service level reductions. Current Service Level: Service level to the organization on the tax-levy side is 33 million litres of fuel servicing 24/7 operations.	Budget will be adjusted during Fall 2024 SOBA to cover recurring unfavorability due to price inflation and ensure existing services levels across core City services can be maintained without financial strain. Without adequate funding, existing fuel service levels cannot be sustained and fuel volumes would decline by over 5 million litres, leading to an imminent grounding of some fleet. Without additional budget, decisions are required regarding the prioritization of services and will have a significant impact to service reliability across the City, including but not limited to Emergency Services, Transit, Snow & Ice and Spring Sweep.	(6,940)	0.32%	Fall 2024 SOBA
A1-2	Transit Fleet Maintenance - Parts Inflation (City Operations - Fleet and Facility Services)	Higher than budgeted cost escalations have resulted in significant inflationary pressure on parts and materials in Transit Fleet Services (average inflation 22%). These inflationary pressures are unavoidable without reducing Transit service levels. Current Service Level: Transit Fleet Maintenance is responsible for legislated and scheduled preventative maintenance, mid-life refurbishment and repairs of Edmonton Transit Service (ETS) 900+ buses. The maintenance is required to meet service level obligations set out by Council and delivered by ETS.	Budget will be adjusted during Fall 2024 SOBA to cover recurring unfavorability due to price inflation and ensure existing services levels across core City services can be maintained without financial strain. Without adequate funding, existing maintenance levels cannot be sustained leading to an imminent, significant impact to service reliability due to parked buses, with a direct impact to riders and on-time performance goals.	(4,455)	0.21%	Fall 2024 SOBA
A1-3	Municipal Fleet Maintenance - Parts Inflation (City Operations - Fleet and Facility Services)	Municipal Fleet Maintenance (MFM) face significant 16% inflation in parts, materials, and tires, threatening service levels for various clients. Current Service Level: Municipal Fleet Maintenance (MFM) manages maintenance for a fleet exceeding 5,000 vehicles, supporting critical operations like Snow & Ice Control, Spring Sweep and Emergency Services. Rising parts costs have increased maintenance expenses, challenging fleet availability and service targets. These operations are crucial to meeting Council-mandated service obligations, impacting Parks and Roads Services, Fire Services, and other departments, including increased costs for Fire Services due to unbudgeted retained units and higher equipment expenses.	The budget will be adjusted during Fall 2024 SOBA to cover price inflation and maintain service levels across core services. Without adequate funding, legislated and preventative maintenance levels cannot be sustained, impacting reliability of Snow and Ice Control (SNIC), Spring Sweep, and Emergency Services (Fire Rescue Services, Edmonton Police Service, Alberta Health Services). Impacts on Client Groups: SNIC: Reduced service levels + increased downtime will affect winter road safety and accessibility. Spring Sweep: Delays and reduced frequency in street cleaning. Emergency Services: Increased maintenance costs and fleet downtime will impact response times and reliability. Fire Services: Higher maintenance costs due to unbudgeted units and higher equipment costs.	(3,254)	0.15%	Fall 2024 SOBA

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A1-4	Facility Maintenance Services - Contract Work Inflation (City Operations - Fleet and Facility Services)	Facility Maintenance Services (FMS) is facing cost escalations due to inflation (15% avg), potentially leading to service level reductions. Current Service Level: FMS maintains approximately 900 facilities and 700 infrastructure assets valued >\$8.0B. Custodial services are provided for City Hall, recreation centers, police stations, libraries, office towers and transit shelters (over 10M sq ft). FMS adheres to CSA and Alberta regulatory standards. Services include Preventative, Reactive, and Emergency Maintenance best practices for City assets; however, priority is given to emergency and breakdown maintenance over long-term preventative plans.	Budget will be adjusted during Fall 2024 SOBA to cover recurring unfavorability due to price inflation and ensure existing services levels across core services can be maintained without financial strain. Tracking additional costs and collaborating with IIS lifecycle management to analyze data for opportunities and alternative options to reduce costs. Without adequate funding, existing contract work services in FMS cannot be sustained affecting compliance with critical regulatory standards, compromising safety and operational integrity of >900 facilities and 700 infrastructure assets. There will be significant impacts to preventative maintenance programs prioritizing emergency repairs over long-term asset prevention.	(2,796)	0.13%	Fall 2024 SOBA
A1-5	Software Licensing and Maintenance (Financial & Corporate Services - Open City & Technology)	There are higher than anticipated software licensing and maintenance costs incurred as a result of inflationary pressures from vendors. Upgraded and net new software was procured due to work from home along with other risk mitigation investments. Current Service Level: OCT is required to manage and provide software with current operational budgets.	Analysis will be undertaken to review the number of software license not required by users or business areas. Upon renewal of licences, the OCT Vendor Management Office will validate with the business areas that licences are still required and rationalize accordingly. This may help reduce/minimize licensing costs where possible.	(2,700)	0.13%	Fall 2025 SOBA
A1-6	Facility Maintenance Services - Materials Inflation & Volume (City Operations - Fleet and Facility Services)	Inflationary pressures on material costs as well as volume increases for aging infrastructure assets and higher sanitary requirements. In addition, aging infrastructure (without capital renewal spend) requires in-house customized parts to be produced for repairs. Inflationary pressures on materials and parts for facilities (e.g. lumber, copper, steel) have increased costs from \$5.6M to \$7.9M per year. Current Service Level: Depending on the infrastructure asset there will be a service level impact to the client partners, e.g. HVAC system and pool parts have a direct impact to Community Recreation and Culture (CRC) services and to the general public.	Budget will be adjusted during Fall 2024 SOBA to cover recurring unfavorability due to price inflation and ensure existing services levels across core City services can be maintained without financial strain. Without adequate funding, existing services in FMS cannot be sustained jeopardizing compliance with critical regulatory standards, compromising the safety and operational integrity of over 900 facilities and 700 infrastructure assets. Further, there will be imminent, significant impacts to preventative maintenance programs prioritizing emergency repairs over long-term asset prevention.	(2,300)	0.11%	Fall 2024 SOBA
A1-7	Facility Maintenance (Community Services - Community Recreation and Culture)	No funding available for off-cycle or on-demand repairs, due to inflation and FMS' service levels agreement, therefore, these costs often are shifted over to CRC's operating budget. For example, the pool filter media which started to occur in 2023. Current Service Level: Operational demands exceed FMS service levels. In 2023 alone, over 7 million paid visits were made to the services provided in the Branch and an estimated total of 8.5 million paid and unpaid visitors used services within the Branch. As buildings age, and with increasing population growth, facilities are seeing increased wear and tear each year.	Continue to work with FMS to identify impacts on buildings from heavy-use and what the extent of the current funding gap is.	(871)	0.04%	Fall 2025 SOBA

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A1-8	Parking Enforcement Contract costs (Community Services - Community Standards and Neighbourhoods)	Due to a cost of living adjustment in 2023, contract costs have increased by \$500k per year. Current Service Level: 85,000 hrs annually; Mon-Sun 0600 hrs-0200 hrs, as outlined in the contract.	Examine reductions to the minimum service delivery within the contract in order to reduce budget overage. The impact will be a significant decrease in revenue (fines), a decrease in service delivery timelines, leading to an impact to curbside management and traffic and a potential decrease in non funded asks from City departments for parking support (large emergent events and civic festivals).	(500)	0.02%	Fall 2024 SOBA
A1-9	Facility Maintenance Services - CPI contract increase budget (City Operations - Fleet and Facility Services)	Custodial contracts include unavoidable CPI increases that are unabsorbable beyond 2023. Current Service Level: FMS Custodial Services maintains ≈900 facilities at various key assets including City Hall, recreation centers, police stations and other public facilities. 12 Custodial contracts are responsible for ~ 9 million square feet of space to be cleaned on a daily basis. The business area also maintains 2,338 bus shelters being serviced 144,000 per year and 5,000 on street waste bins being serviced 600,000 times per year. Custodial contracts are in accordance with APPA standards and are worth approximately \$20M annually. No service level impact, CPI adjustment only.	Reduce Service Levels: In collaboration with all client branches, determine required service level reductions to absorb existing budget pressure, resulting in lower resident satisfaction and impacting the health and safety of patrons, the general public and City staff. Reduced maintenance negatively affects the life cycle of facilities and reflects on the City's reputation.	(115)	0.01%	Fall 2025 SOBA

Total Inflationary Variances (23,931) 1.12%

Revenue Variances

A1-10	Transit Fare Revenue (City Operations - Edmonton Transit Service)	A fare revenue gap is occurring due to changing industry and economic conditions in Edmonton. Transit ridership has recovered to pre-pandemic levels for conventional bus service; however, ridership gains are still needed for paratransit and LRT service in order to achieve full ridership recovery. Transit revenue recovery takes longer than ridership recovery due to shifts in fare purchasing behaviour and related changes in travel patterns including increased demand for discounted/subsidized fare products, hybrid work, and safety and security. Council approved a fare revenue budget of \$108M for 2024. Projected actuals are estimated to be \$95M. This unfavorable trend is expected to continue throughout the remainder of the 2024-2026 budget cycle. Current Service Level: In 2023, ETS operated approximately 2.8 M annual service hours on conventional bus and LRT. In August 2023, ETS reported that there was a current state gap of 260,000 annual service hours. This gap was reduced through the addition of 120,000 annual hours in 2024 and 2025, however this is offset by continued population growth.	<ol style="list-style-type: none"> Options to address fare revenue pressure from the Ride Transit program will be presented to Council in August 2024, including fare price increases. TPOs have increased random fare inspections to ensure compliance. Audio and visual reminders in LRT encourage fare payment, including use of Arc cards. Actions to boost ridership have led to 14% increase in overall ridership in May 2024 vs May 2023. A multi-day Arc pass is being explored to attract hybrid workers and visitors. ETS has increased rider outreach and education to grow ridership and fare revenue. Enhanced safety measures, including joint deployment teams, are in place across the network for fall and winter. 	(12,990)	0.61%	Fall 2024 SOBA
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A1-11 OSCAM Revenues & Recoveries (City Operations - Parks and Roads Services)	<p>OSCAM permit revenue budget has been unfavorable since fees were introduced on February 24, 2019.</p> <p>Key reasons:</p> <ol style="list-style-type: none"> Daily OSCAM fees triggered positive behavior changes leading to ~\$1.8M budget unfavorability. Delayed implementation of Lane Occupant Fee permits due to pandemic and industry feedback caused a ~\$1M unfavorability. Approximately \$2M in unearned revenue due to free OSCAM permits for Temporary Crossing and Tree Protection work, following industry pushback. <p>Current Service Level: Average processing time is 6 days. Annual number of permits issued: 891 in 2021, 821 in 2022, and 829 in 2023; showing an improvement from 40 days in 2021 to 25 days in 2023.</p>	<p>Review of the complete OSCAM process (including permitting, fees structure, and education/enforcement) which could inform any additional revenues/increase in revenues that could potentially be generated along with the need for additional tax levy).</p>	(4,800)	0.22%	Fall 2025 SOBA
A1-12 Pet licensing fees (Community Services - Community Standards and Neighbourhoods)	<p>The revenue targets are not aligned with changing licensing rates. Licensing rates have not been keeping pace with increases in the number of companion animals in Edmonton and our post-pandemic reality. Recent licensing marketing campaigns have not resulted in significant increases to the pet licensing rate. Decisions to disband the Animal Control Licensing Team in 2018 in response to a Program and Service Review recommendation has compounded the problem. This has been a structural budget issue since at least 2015.</p> <p>Current Service Level: Service level is reflected in annual licensing revenue target.</p>	<p>In late 2023, a new Licensing Team was fully staffed by Q1 2024. Licensing rates increased 1% from Q4 2023 to Q1 2024, targeting a 7% cumulative increase by Q4 2024. The program will be evaluated by year-end 2024, with plans for the Fall 2025 SOBA.</p> <p>In 2024, an RFP will be issued for a comprehensive pet licensing technology platform and customer call center service to enhance accessibility, deploy a mobile app for field enforcement, and improve communication for license renewals. Expected benefits include reduced costs, higher licensing rates, and better enforcement, with detailed plans and updated revenue targets for Fall 2025 SOBA.</p>	(700)	0.03%	Fall 2025 SOBA
A1-13 Moving Permits (City Operations - Parks and Roads Services)	<p>Fees are collected for permits for over-dimensional and overweight vehicle movements through the City, as required by law. The Revenue budgets were created 10+ years ago, and the increase in moving permits requests have not increased as expected based on the assumptions for when the original budget was developed. Permit revenue depends on factors like the economic environment, provincial legislative changes, and demand for truck movements.</p> <p>Current Service Level: SLA: 6 days of processing time (depending on application complexity). Bridges usually reply within 2 days, other utilities require 6 days.</p> <p>KPI: Moving Permits Approved: 10,594 (2022); 10,955 (2023) (does not include monthly and annual overweights permits).</p>	<ol style="list-style-type: none"> Increase in Fees: Look to increase fees and phase the increase over 5 years, to lessen burden on industry. Automation: Look at how to automate the process to reduce time spent on it. Look at processing these based on what corridors are being looked at vs annual permits as a change in process/automation. 	(350)	0.02%	Fall 2025 SOBA

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A1-14 Developer Signs (City Operations - Parks and Roads Services)	Traffic Operations both produces and installs signs and completes residential/commercial development pavement markings for developers and costs are recovered through revenue generation. The revenue budgets were created 10+ years ago, however, the increase in development is not in line with assumptions for when this revenue budget was developed. Current Service Level: SLA: Work is dependent on recoverable scope provided by development work.	Investigate future Recovery opportunities (Greenfield) and Expense Reduction to include work plan review and identify anticipated demand of work. The fixed cost associated to this is currently being recovered through other inter-business unit work.	(175)	0.01%	Fall 2024 SOBA
Total Revenue Variances			(19,015)	0.89%	

External Factor Variances

A1-15 Overtime (OT) (Office of the City Manager - Fire Rescue Services)	From January to May 2024, FRS has incurred nearly \$3M in OT costs, representing a 400% unfavourable variance to budget. The drivers of this variance are higher than expected sick, WCB and long term disability leaves which require overtime costs to cover minimum staffing levels. By year end, this variance is expected to be \$6.2M. Current Service Level: Minimum staffing levels of 227 FTEs per shift.	Sick Time Impact Review: Fire Rescue Services and Disability Management are reviewing staff on leave causes and planning a workforce exercise to determine leave patterns, staffing needs and overtime. A support program may be proposed, similar to EPS model. Training Adjunct Model Review: Train-the-trainer model for firefighter training requires trainers to leave frontline shifts, leading to overtime. A review may propose relief positions, similar to ETS, to reduce overtime impact. Temporary Position Reduction: FRS is reducing temporary positions traditionally offered to EFFU members for special projects or development. This aligns with 'slow down' initiatives like outreach, recruitment and accreditation efforts.	(6,160)	0.29%	Fall 2025 SOBA
A1-16 Transit Operator Overtime (City Operations - Edmonton Transit Service)	A projected deficit for transit operator overtime exists due to increased absenteeism from higher sick time, WCB claims, and long-term disabilities, leading to more overtime to cover shortages. Current Service Level: ETS budgeted 2.3M service hours for conventional transit in 2024 but faces a 260,000 annual service hour gap. Despite delivering the 2.3M service hours, costs have risen due to inflation and increased overtime for operator shift coverage due to post-COVID absences.	An action plan is being implemented with business partners and Employee Services aimed at reducing sick absences and workplace injuries. ETS initiatives include safety education, mental health awareness, wellness fairs, supervisor training in OHS, attendance management, mental health support during critical incidents, matching Operator hiring to attrition levels, and offering modified duties for gradual returns.	(4,500)	0.21%	Fall 2025 SOBA

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Ref #	(Dept/Branch)					
A1-17	Cost of Insured Claims and Settlements (Office of the City Manager - Legal Services)	<p>Insured claims continue to increase in frequency and severity. The top exposures are:</p> <ol style="list-style-type: none"> 1. Damages and repairs to City's assets (First Party claims), driven by asset base growth, inflation, aging infrastructure, climate change and vandalism. 2. Legal settlements for third-party claims against the City, driven by asset growth, inflation, higher injury settlements from recent court decisions, increased litigation and recent auto reform (Bill 41) increasing no-fault claim compensation. <p>Current Service Level: In-house litigators and adjusters manage third-party claims effectively, pursuing settlements or legal proceedings as appropriate.</p>	<p>Continued efforts to manage claims and settlement increases through robust claims handling practices. Further work/action plan in collaboration with operations:</p> <ol style="list-style-type: none"> a) complete the Claims Analytics Dashboard and initiate claims reporting to the business areas and leadership; b) bolster property damage claims processes corporately; c) improve recoveries; d) stop insuring third party entities when proven effective; e) investment in maintenance and rehabilitation of city's facilities and housing portfolio; f) bolstering security measures to minimize vandalism; and g) proactive investment in facilities' climate adaptation measures. 	(2,000)	0.09%	Fall 2025 SOBA
A1-18	Impacts of an aging fleet and electric bus experience (City Operations - Fleet and Facility Services)	<p>Aging bus fleet and battery electric bus (BEB) reliability issues resulting in increase to transit fleet spare ratio and associated maintenance costs.</p> <p>Current Service Level: Transit Fleet Maintenance (TFM) is responsible for ensuring up to 732 buses are available daily for Edmonton Transit Service (ETS) delivery.</p> <p>Due to an aging fleet and reduced availability of electric buses, an additional 25 buses have been retained to meet these obligations. This has led to a negative variance, a higher spare ratio and increased operational costs.</p>	<p>Reevaluation of fleet composition and age.</p>	(1,776)	0.08%	Fall 2025 SOBA
A1-19	WCB Premiums (Office of the City Manager - Workplace Safety and Employee Health)	<p>The City of Edmonton's WCB premiums continue to increase year over year. The industry rate has gradually been increasing year over year and the City has more lost time claims, longer duration of injuries and less modified work offerings, which has resulted in a surcharge. In the last year, the City's claim costs have been higher than the industry average, compounding the premium increase the City is already experiencing.</p> <p>Current Service Level: The City pays the premium calculated by WCB based, in part, on the industry and employee rates.</p>	<p>The branch has begun a project to evaluate and optimize existing safety programs and services in high-WCB claim areas, including internal audits, data analysis and jurisdictional scans. The project will produce recommendations on steps to reduce the WCB premium costs. In addition, short term opportunities are also available to improve claim costs including a robust modified work program, increasing utilization of Occupational Injury Service (OIS) clinics, utilizing the Early Intervention Program and training people leaders in Incident Management.</p>	(1,500)	0.07%	Fall 2025 SOBA
A1-20	Facility Maintenance Contract Work outsourcing due to vacancies (City Operations - Fleet and Facility Services)	<p>Ongoing challenges in FMS vacancies result in increased outsourcing of legally and practically required work.</p> <p>Current Service Level: Due to challenges in attracting and retaining skilled trades, FMS is currently unable to meet service levels due to internal staff availability, thus forcing FMS to contract out the work at a higher cost to the City.</p>	<p>The FMS team has been collaborating with Talent Acquisition/HR to extend the duration of job postings across all recruitment platforms to attract stronger applicants. By partnering with schools, the City promotes trades through the RAP program and CAREERS to engage younger students interested in the trades and promote the City. An apprentice guideline program has been developed to structure and provide growth opportunities for future postings. Currently, FMS has apprentices in all 3 major trades (carpenter, electrician, and plumber/gasfitter). Additionally, we are working with the compensation team to ensure our trades are compensated and competitive to the market.</p>	(680)	0.03%	Fall 2025 SOBA

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A1-21	Cost of insurance premiums (Office of the City Manager - Legal Services)	Continued growth, inflation, market conditions, and required coverage adjustments for property, cyber, terrorism, aging infrastructure and vandalism are driving up premium costs. Key decisions last year included increasing cyber coverage, the property limit for DL McDonald, and LRV & facility values. The program has a budget deficit despite significant cost avoidance measures. Current Service Level: Optimizing coverage and retention based on risk exposures and insurance market conditions to balance spending within the budget, mitigating financial, legal and reputational risks for the City.	In 2024, Insurance and Claims Management achieved over \$1M in cost avoidance and anticipates a \$670,000 increase in premium recovery. This reduces the budget shortfall from projected \$2.1M to \$500K through strategic measures like aggressive marketing, risk-based decisions (e.g., halting insurance for \$780M in low-risk track and catenary), refining valuation methodologies (lowering insured values by \$600M), prudent procurement for brokering services, and ongoing loss control initiatives with departments. Future efforts include bridge insurance risk analysis, security audits, technical loss studies for DL McDonald, potential deductible increases and premium allocation refinements through 2025.	(500)	0.02%	Fall 2025 SOBA
A1-22	Extreme Weather Response (Community Services - Social Development)	Since the Supporting Vulnerable People during Extreme Weather Conditions policy's implementation (C620), extreme weather response activities have expanded, making the \$1 million budget from May 2022 insufficient. Current Service Level: Operational demands exceed the budget. In 2023, there were 44 days of extreme weather, with 28 recorded so far in 2024. Cold Weather Response: Nightly shelter shuttle from November 1 to March 31, ensuring 5,202 safe transports in 2023-24. Emergency overnight shelter providing 50 spaces, with 537 client visits. Heat Response: 27 water bottle filling stations adapted from hydrants. Poor Air Quality Response: 7,000 N95 masks distributed to City facilities, libraries, and social agency partners.	1) Reallocate existing budget within Social Development that is identified for emergent housing and homelessness subsidies. 2) Secure funding from province. 3) Reduce service levels on shuttles.	(500)	0.02%	Fall 2024 SOBA
A1-23	The Orange Hub Operating Expenses (Community Services - Community Recreation and Culture)	The Orange Hub's business case overestimated potential revenues and underestimated operating expenses, leading to consistent operating losses since 2018. Community Recreation and Culture absorbs this budget variance. Current Service Level: The Orange Hub is 98% occupied, with 24 tenants (21 non-profits and 3 commercial). There are 43 agreements: 1 individual professional artist (commercial), 2 professional artist organizations, 27 non-profit rate leases, 2 non-profit professional artist leases, 1 professional artist commercial lease, and 12 commercial market rate leases.	After significant work with the tenant group to review lease rates, there is still a gap in revenue and operating costs. The Branch will review both revenue expectations, increase operating expenses to properly adjust where needed. This can be offset by other Branch revenue. The Branch is also reviewing a new long-term third-party operating model for The Orange Hub.	(320)	0.01%	Fall 2024 SOBA

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A1-24 (Office of the City Manager - Fire Rescue Services)	<p>2024 FRS fuel usage is greater than budgeted volume (827KL vs. 1ML projected). This structural budget variance is above and beyond fuel price increases reported by Fleet and Facility Services.FRS's higher than budgeted fuel consumption started in 2021, increased in 2022 and 2023 and continued in 2024.</p> <p>Current Service Level: At 827K litres; Projected usage of 1M litres of fuel.</p>	<p>Fire Rescue Services experienced escalated medical call volumes in the last few years. The increased volume of calls correlate with increased fuel use. Effective May 1, 2024, FRS put in place a new system to respond to these calls which is expected to reduce calls and therefore reduce the volume of fuel usage. Fire Rescue Services will continue to review projected fuel usage in conjunction with the expected reduction in medical calls.</p>	(262)	0.01%	Fall 2025 SOBA
Total External Factor Variances			(18,198)	0.85%	

Administration or Council Directed Variances

A1-25 (City Operations - Parks and Roads Services)	<p>The 2016 Winter Street Sand Recycling and Mixing Program Audit recommended proper program management procedures. In response, a contract was awarded at an annual cost of \$2.1M, but no operational budget was allocated. Since the audit, over \$5M has been spent on disposing of accumulated contaminated sand. The lack of funds required for sand removal and recycling will lead to a continuous negative variance.</p> <p>Current Service Level: Legislative requirement to dispose of sweepings at a Class 2 landfill.</p> <p>KPI: From 2020 to 2022, an average of 21,532 m³ (13,457 tonnes) of sand was collected annually. 2023 data is pending verification.</p>	<p>Investigate In-house Sand Processing and Draft Proposal:</p> <ul style="list-style-type: none"> - Explore purchasing technology for in-house sand decontamination and processing, which could pay for itself within four years and reduce annual costs. Implementation could be achieved within 6 to 12 months. - Develop a detailed proposal for the new sand processing, which is currently in progress. - Pursuing technology located in a nearby municipality and complete a cost benefit analysis. - The capacity of the Sand Processing Facility exceeds the COE's needs so we could potentially offer this service to nearby municipalities to generate more revenue. - If this technology is a viable option, an SCBA will also need to be put forward (would seek grant funding if possible). 	(2,408)	0.11%	Fall 2025 SOBA
A1-26 (Community Services - Community Standards and Neighbourhoods)	<p>Addressing encampment complaints is a crucial part of Administration's response to homelessness, but resources for clean-up have not kept up with increased demand. In Fall SOBA 2023, only 50% of requested funding was received to meet core service levels for encampment response.</p> <p>The Emergency Operations Center (EOC) was activated in January 2024 to address the housing and homelessness emergency, leading to reallocation of approved resources. An ongoing service gap is explained by unfunded overtime used to maintain minimum staffing levels. Structural budget pressures predate 2017.</p> <p>Current Service Level: Managed by the EOC; specifics to be determined based on EOC decisions.</p>	<p>The Branch is reviewing enforcement job types and services that can be stopped in order to reallocate resources to this file.</p>	(2,112)	0.10%	Fall 2025 SOBA

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A1-27	Spring Sweep - leased equipment (City Operations - Parks and Roads Services)	The Spring Sweep budget is has an unfavourable budget variance of \$1.7 million as a result of actual lease costs (\$1 million above budget) and higher contracted expenses due to inflation (\$700k). Current Service Level: The service level agreement (SLA) requires completing spring sweeping by June 1 each year.	1: Reduce Inventory Being Swept for Spring Sweep - Further investigate areas where spring sweep operations could cease (e.g. industrial areas, BIAs, etc.); keep arterials/collectors required due to safety. 2: Decrease/Recover from BIA Street Sweeping Program (Year-Round) and transfer budget to Spring Sweep (remove/recover BIA sweeps but continue reactive safety sweeps using tax levy). 3: One Crew to Clean Year-Round (instead of seasonal sweeping) - About 12 sweeper operators to sweep and then backfill them in their home areas. - Assess legal implications and if other areas rely on sweeping before starting their work (bridge washing, asphalt road maint).	(1,700)	0.08%	Fall 2025 SOBA
A1-28	Rent Revenue / Operating Costs (Financial & Corporate Services - Real Estate)	Portfolio rightsizing exercises are resulting in the strategic disposal of properties to address significant long term required capital renewal liabilities and to avoid unnecessary operating costs. While this program is in the overall financial best interest of the City, disposition of properties creates a budget variance in Real Estate's annual operating budget as a result of foregone lease revenues and/or lost expense recoveries.	Each individual property is analyzed to determine the most appropriate strategy balancing financial, social and operational impact. Impacts of these actions are communicated to Council on a case by case basis for property dispositions that do not fall within Administration's delegated authority. Decisions for property strategies are approved by the City's Corporate Asset Management Committee. In the case where the disposed of asset also has budget related to operating expenses offsetting the revenues, that expense budget would also be removed.	(1,265)	0.07%	Fall 2024 SOBA
A1-29	Truth & Reconciliation Statutory Pay (Office of the City Manager - Fire Rescue Services)	The City declared the National Day of Truth and Reconciliation (September 30) a civic holiday; however, no additional budget was assigned to FRS when this stat day was adopted. Since 2020, it has contributed to an unfavourable personnel variance. Administration continues to evaluate the impact of this in other areas. Current Service Level: OT is provided on September 30 as a civic holiday	1) Sick Time Impact Review Fire Rescue Services is working with Disability Management to review root causes of staff on leave, primarily the increase in WCB cases. A workforce planning exercise will also be conducted to understand normalized level of leave, required staffing levels/maintenance factors, and overtime requirements. The hope is that this will create a reduction of WCB claims, allowing for a positive variance in the salary and benefits budget for the Truth and Reconciliation Statutory Pay variance. 2) Strategic planning session with senior leadership - Lean into and reallocate existing corporate budget.	(1,100)	0.05%	Fall 2025 SOBA
A1-30	Detour Revenues & Recoveries (City Operations - Parks and Roads Services)	During the COVID-19 pandemic, to support municipal stimulus funding, Traffic Operations (TO) redirected resources from providing temporary traffic control for fully recoverable capital projects to internal City programs, causing budget pressures on interdepartmental recoveries. As recovery progresses post-pandemic, TO has resumed offering recoverable temporary traffic control services, albeit not at pre-pandemic levels in terms of scale and scope. Recovery amounts depend on available recoverable service. Current Service Level: SLA: Dependent on recoverable scope from capital work. Emergency detour requests are responded within an hour.	Unable to reduce service level due to legislative and safety requirements for providing temporary traffic control to protect the health & safety of commuters. The program will look to generate more revenue from external/internal parties (like renting our detours material etc.)	(700)	0.03%	Fall 2025 SOBA

Attachment 1 - Action Plan for addressing structural budget variances

Item Name		Action Plan		Annual Net Variance	Tax Levy Impact	Timing
Ref #	(Dept/Branch)	Description of structural budget variance	Outlines the work and analysis that is being done to find the solution to the structural budget variance	\$000s Favourable/ (Unfavourable)		
A1-31	ADCs and other positions Reclassification and compression (Office of the City Manager - Fire Rescue Services)	6 Assistant Deputy Fire Chiefs (ADCs) were created and hired in late 2023. The creation of these positions has resulted in a variance.	1) Reallocate funding from vacancy exercise Additional vacancies of approximately \$136K, identified during a review of vacancies undertaken by the branch, could be allocated to offset this deficit. 2) Adjustment of FRS User and Permit Fees An increase in Fire Rescue Services user and permit fees will have proposed increases for inflation in fall 2024 and then adjusted again after the results of a cost of service study in fall 2025. The expected revenue increase from the fall 2025 adjustment could be used to offset the communication positions should Council approve and should the increase result in revenue beyond the current budget. FRS has been under budget on user fees and permitting.	(435)	0.02%	Fall 2024 SOBA
A1-32	Unfunded Tree Lighting and Other Park Lighting Services (City Operations - Parks and Roads Services)	In previous corporate savings initiatives, tree lighting material was reduced; however, the service of those lights remained. The reduced materials are still required for execution of the service, creating a material budget shortfall of \$256k. Free lighting provided for the Candy Lane event creates a \$50k lighting changeover budget shortfall every 4 years + \$20k for installation every year. The lack of park lighting (poles & power boxes) budget creates an annual shortfall of \$107K. Current Service Level: SLA: 1. BIA & Business District Tree Light Wrapping: Annual adjustment, tree unwrapping and rewrapping + 4-year cycle for light replacement. 2. Candy Cane Lane: Annual support is ≈\$20k, plus \$50k replacement cost every 4 years. 3. Other Park Lighting Repairs: Reactive maintenance based on reported issues and safety needs (no designated steward or service level agreement).	Direction from strategic planning session with senior leadership to stop the decorative tree lighting for BIAs.	(413)	0.02%	Fall 2025 SOBA
A1-33	Communications Positions (Office of the City Manager - Fire Rescue Services)	In 2022, enhanced Communications support personnel were approved without a corresponding budget transfer, which is contributing to an unfavourable personnel variance. Current Service Level: 3.5 Communications (including Integration Manager) FTEs allocated to FRS.	1) Working with OCM Communications to determine if there are resources for some of the positions. Connecting to understand if there are any reallocation opportunities to support Fire Rescue Services, including covering a smaller portion of the Integration Manager, and better understanding the transition of Communications staff when EFRS moved from Community Services to CMO 2) Adjustment of EFRS User and Permit Fees An increase in Fire Rescue Services user and permit fees will have proposed increases for inflation in fall 2024 and then adjusted again after the results of a cost of service study in fall 2025. The expected revenue increase from the fall 2025 adjustment could be used to offset the communication positions should Council approve and should the increase result in revenue beyond the current budget. EFRS has been under budget on user fee and permitting.	(409)	0.02%	Fall 2025 SOBA

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Item Name		Description of structural budget variance	Action Plan Outlines the work and analysis that is being done to find the solution to the structural budget variance	Annual Net Variance \$000s Favourable/ (Unfavourable)	Tax Levy Impact	Timing
Ref #	(Dept/Branch)					
A1-34	Recruitment Service Shortfall (Office of the City Manager - Talent Management)	Talent Acquisition handles ≈6,000 recruitments per year, screening ≈150,000 applications to fulfill ≈1,500 job requisitions to meet workforce needs. Amid COVID, budget was reduced by 4 FTEs not reinstated when services resumed post-COVID. City Operations temporarily funded 2 FTEs (Jul 2022 - Jul 2024), creating a structural budget issue (base budget does not match service level needed to sustain services). Current Service Level: The standard recruitment timeframe averages 60 days per consultant managing 125 requisitions and 500 new hires with 12 consultants. Reducing this standard to 10 consultants (150 requisitions and 600 hires per consultant), may potentially slow down service delivery.	The branch is currently leveraging cycling vacancies across other sections to manage the deficit, however, this is not sustainable. Options are to decrease service levels or continue to ad hoc manage the budget pressure.	(250)	0.01%	Fall 2025 SOBA
A1-35	Outreach & Recruitment (Office of the City Manager - Fire Rescue Services)	Outreach and Recruitment teams are a corporate priority, but do not have allocated FTEs to conduct this work. Costs cannot be absorbed and have been contributing to an unfavourable variance since at least 2021. Current Service Level: Recruitment and Community outreach is currently resourced with a recruitment lead and 1 temporary firefighter.	Alternative Delivery Model: Fire Rescue Services has already reduced this variance by \$800K for 2024 from 2023 levels by eliminating three temporary assignments. In 2024, alternative delivery and partnerships will be explored to complete outreach and recruitment efforts. The revised program plan is expected to delivered in the new year.	(200)	0.01%	Fall 2024 SOBA
A1-36	CFAI Accreditation (Office of the City Manager - Fire Rescue Services)	Edmonton is one of 9 municipalities in Canada with accreditation through the Commission on Fire Accreditation International (CFAI). Accreditation is optional, and some major municipalities do not pursue accreditation status (eg. Vancouver, Montreal). Accreditation is valid for 5 years and requires additional planning, reporting, and coordination activities for Fire Rescue Services. Structural budget variances are comprised of the application fees to CFAI and temporary position to support accreditation process (assessment and annual reviews). Current Service Level: Accreditation with CFAI every 5 years.	FRS will no longer pursue optional accreditation through CFAI.	(77)	0.00%	Fall 2024 SOBA
A1-37	Reduction in Staff Support (Office of the City Manager - Talent Management)	Staff support provides short term personnel to cover urgent needs across the City and EPS. Overall, there is a decrease in the corporation's use of the staff support contract and staff support personnel pool, enabling expense reductions for the corporation overall. Current Service Level: Recoveries from other branches dropped by over \$1 million from 2022 to 2023.	Variance will be reallocated to Financial Strategies - to be pooled with OP12 funds.	650	-0.03%	Fall 2024 SOBA
Total Administration or Council Directed Variances				(10,419)	0.50%	

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Ref # (Dept/Branch)	Description of structural budget variance	Outlines the work and analysis that is being done to find the solution to the structural budget variance	\$000s Favourable/ (Unfavourable)		
		Inflationary Pressures	(23,931)	1.12%	
		Revenue Shortfalls	(19,015)	0.89%	
		External Factors	(18,198)	0.85%	
		Administration or Council Directed	(10,419)	0.50%	
		Total Variances	(71,563)	3.36%	
		City Operations	(50,352)	2.36%	
		Community Services	(5,003)	0.23%	
		Financial and Corporate Services	(3,965)	0.20%	
		Integrated Infrastructure Services	0	0	
		Office of the City Manager	(12,243)	0.57%	
		Urban Planning and Economy	0	0	
		Total	(71,563)	3.36%	