

Attachment 6 - Action Plan for addressing structural budget variances

The following structural budget variances (originally identified as part of FCS02478 Financial Stability: Addressing Budget and Growth Challenges, presented to Executive Committee on August 14, 2024) will implement the Action Plan as outlined.

Ref #	Item Name (Dept/Branch)	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)
Revenue Variances				
A1-10	Transit Fare Revenue (City Operations - Edmonton Transit Service)	A fare revenue gap is occurring due to changes in demand from some riders who, post-pandemic, are working hybrid arrangements and not commuting with transit full-time, as well as significant increased demand for subsidized fare products. Post-pandemic transit revenue recovery takes longer to recover than ridership, as noted in the Operating Investment Outlook. Council approved a fare revenue budget of \$108M for 2024. Projected actuals are estimated to be \$95M. This is expected to continue throughout the remainder of the 2024-2026 budget cycle. Current Service Level: In 2023, ETS operated approximately a little over 2M annual service hours on conventional bus and LRT.	<ol style="list-style-type: none"> 1. Options to address fare revenue pressure from the Ride Transit program were presented to Council in August 2024, including fare price increases. Also doing a review of ETS@Work program structure. 2. TPOs have increased random fare inspections to ensure compliance with fare payment requirements. 3. Audio and visual reminders are being installed in LRT encourage fare payment, including use of Arc cards. 4. Actions to boost ridership; these measures are working and ridership is up by as much as 23% in some months compared to last year. 5. A multi-day Arc pass will be implemented as part of the 2025 transit user fee schedule, to attract hybrid workers and visitors. 6. ETS has increased rider outreach and education to grow ridership and fare revenue. 7. Enhanced safety measures, including joint deployment teams, are in place across the network for fall and winter. 	(12,990)
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)

Total Revenue Variances (13,165)

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Item Name			Action Plan	Annual Net Variance
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)
External Factor Variances				
A1-22	<p>Extreme Weather Response</p> <p>(Community Services - Social Development)</p>	<p>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.</p> <p>Current Service Level: Operational demands exceed the budget. In 2023, there were 44 days of extreme weather, with 28 recorded so far in 2024.</p> <p>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.</p> <p>Heat Response: 27 water bottle filling stations adapted from hydrants.</p> <p>Poor Air Quality Response: 7,000 N95 masks distributed to City facilities, libraries, and social agency partners.</p>	<p>1) Negotiate service levels and determine precise costing with contractors for the shelter shuttles service through the RFP process</p> <p>2) If necessary, reallocate existing budget within Social Development from emergent housing and homelessness subsidies to the extreme weather budget.</p> <p>3) If necessary, reduce service levels on shuttles to remain within budget.</p> <p>4) Advocate to the province to secure additional/ supplementary funding.</p>	(500)
Total External Factor Variances				(500)
Administration or Council Directed Variances				
A1-31	<p>ADCs and other positions Reclassification and compression</p> <p>(Office of the City Manager - Fire Rescue Services)</p>	<p>6 Assistant Deputy Fire Chiefs (ADCs) were created and hired in late 2023. The creation of these positions has resulted in a variance.</p>	<p>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.</p> <p>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.</p>	(435)

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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 be delivered in the new year.	(200)
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.	Fire Rescue Services will no longer pursue optional accreditation through CFAI.	(77)

Total Administration or Council Directed Variances (712)

Revenue Shortfalls (13,165)

External Factors (500)

Administration or Council Directed (712)

Total Variances (14,377)