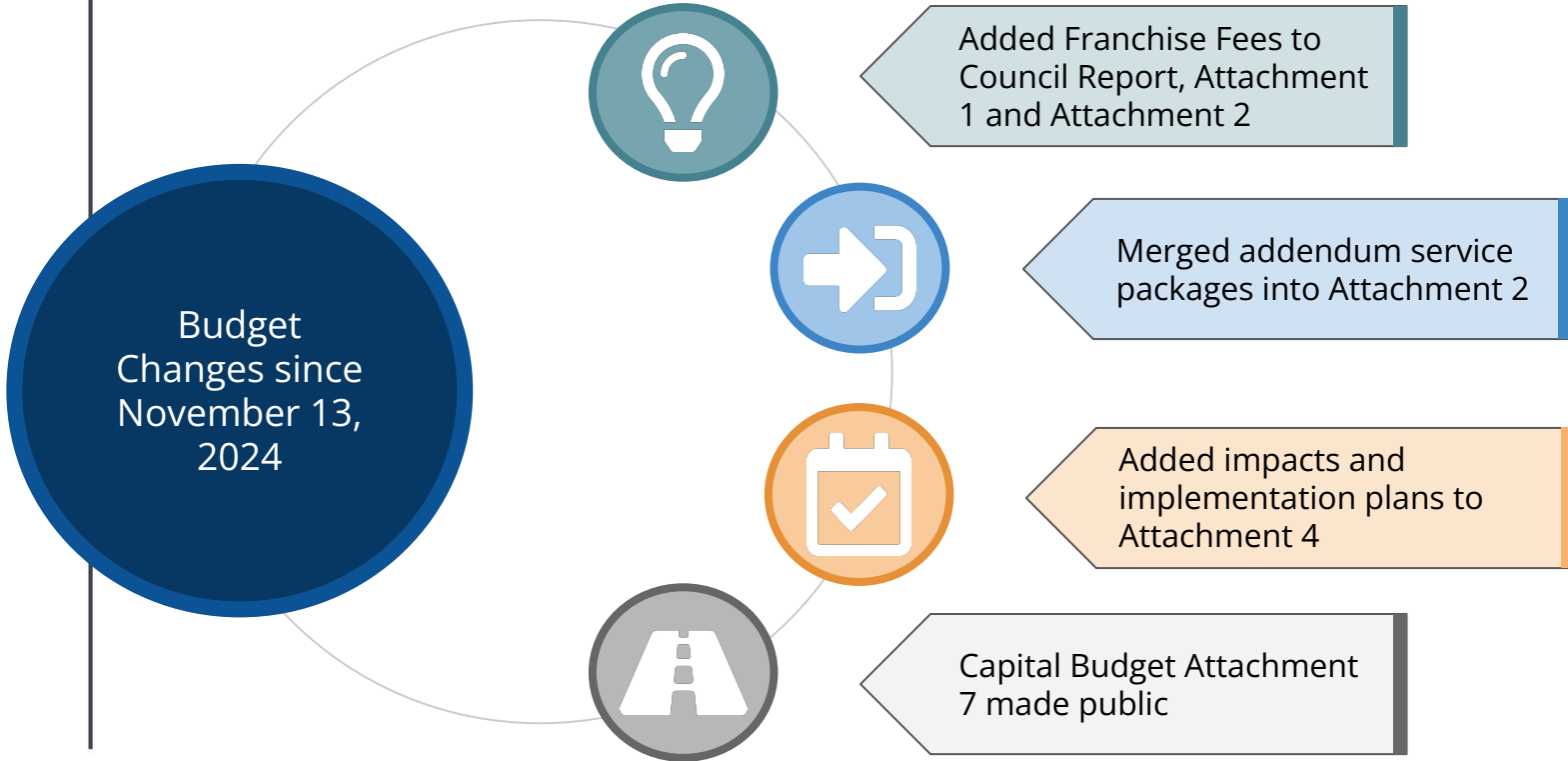


Fall 2024 Supplemental Budget Adjustment - Additional Information

December 2, 2024 City Council

Financial and Corporate Services

Report Changes



Municipal Taxes

2024 PROPERTY TAX NOTICE – ACCOUNT 00000000

Description	Tax Rate	Amount
Municipal Taxes		
Residential	0.0076648	\$3,284.37
Total		\$3,284.37

Provincial Education Taxes (Collected on behalf of Government of Alberta)		
Residential	0.0024359	\$1,043.78
Provincial Education Requisition Allowance		
Residential	0.0000731	\$31.32
Total		\$1,075.10
2024 Property Taxes		\$4,359.47
Balance as of May 6, 2024		\$0.00
Total		\$4,359.47

2024 ASSESSMENT
\$428,500

TAXATION YEAR
Jan 1 - Dec 31, 2024

PROPERTY DETAILS
Account Owners: Sample Properties Inc;
Sample Group Inc

Property Address: 10010 100 Sample
Avenue NW

Legal Description: Plan: 9999999 Block 99
Lot 9A

2023 Property Tax: \$4,048.25

Visit [MyProperty.edmonton.ca](https://myproperty.edmonton.ca) to view your latest property tax account balance or apply for the Property Tax Monthly Payment Plan.

Budget Principles

Ongoing



Ongoing

One-time



One-time

Savings from updates to financial forecasts



Used to address budget pressures

Savings from management decisions



Used for Reallocation

Risks

Ongoing Structural Budget Variances

May result in service erosion or deficit budgets



Numerous unsettled Collective agreements

Uncertainty in future wage budgets



Unquantified Budget Risks

Being monitored and addressing when possible



Risk Management

Financial Stabilization Reserve & Financial Strategies

Financial Stabilization Reserve (FSR)	Financial Strategies
<ul style="list-style-type: none">• Used to address unforeseen emergent budget pressures - revenue instability/unexpected costs	<ul style="list-style-type: none">• Used to manage volatility in budget line items over the 4 year budget cycle
<ul style="list-style-type: none">• One-time budget pressures	<ul style="list-style-type: none">• Ongoing budget pressures
<ul style="list-style-type: none">• Main funding source is tax-supported surplus	<ul style="list-style-type: none">• Funded through the tax-levy (Corporate Programs)
<ul style="list-style-type: none">• Minimum and target balances - risk based• If balance falls below minimum - strategy required to reach minimum balance within 3 years	<ul style="list-style-type: none">• Balance is based on:<ul style="list-style-type: none">○ volatility in budgeted items○ unknown factors impacting budgeted items

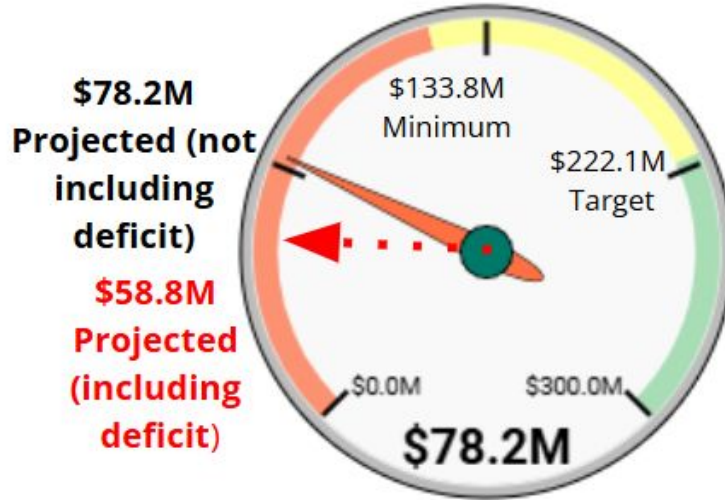
Tax-Supported Operations (excluding EPS)

As of September 30, 2024

Year-to-date Variance		Projected Year-End Variance		Description	● Favourable ● Unfavourable
(9.2)	●	(13.0)	●	Transit Fare Revenue (<i>Edmonton Transit</i>)	
(7.6)	●	(11.6)	●	Contract Costs (<i>All Departments</i>)	
(6.4)	●	(8.9)	●	Material Costs (<i>All Departments</i>)	
(8.5)	●	(8.7)	●	Personnel Costs (<i>All Departments</i>)	
(4.2)	●	(6.0)	●	Permit Fee Revenue (Parks and Road Service)	
(4.8)	●	(5.7)	●	Fuel Costs (Fleet and Facility Services)	
3.6	●	3.6	●	Taxation Revenue Adjustment (<i>Taxation Revenues</i>)	
1.7	●	4.0	●	Memberships & Admissions Revenue (<i>Community Recreation And Culture</i>)	
4.6	●	4.4	●	Tax Penalties (<i>Corporate Revenues</i>)	
0.0	●	12.0	●	Financial Strategies (<i>Corporate Expenditure</i>)	
23.4	●	10.5	●	Other Cumulative Variances	
(7.4)	●	(19.4)	●	Total	
(0.4)%	●	(0.6)%	●	Percent of Annual Budget	

Financial Stabilization Balance

As of September 30, 2024



● Above target balance

● Above minimum balance & below target balance

● Below minimum balance

..... Reserve Balance with current projected deficit and carryforwards

Financial Stabilization Reserve Repayment Plan

Option	Payback term	2025 Tax Levy Increase	2026 Tax Levy Increase	Cumulative Tax-Levy Revenues Generated (\$ millions)	Total FSR Repayment Required (\$millions)
1	3 years (2027)	1.5%*		\$96.7 (by 2027)	93.9
2	3 years (2027)	0.9%*	0.9%*	\$100.0 (by 2027)	93.9
3	5 years (2029)	1.0%*		\$107.4 (by 2029)	106.0
4	5 years (2029)	0.5%*	0.6%	\$109.7 (by 2029)	106.0

* 0.1% lower than scenarios provided in Proposed Budget

Downtown Workspace Optimization

IT Infrastructure Relocation

Century Place is an important hub of City IT infrastructure that must be relocated to other City facilities

Approx. \$5.0 million

Office Moves

As many as 3000 staff will need to move to a different location (building or floor).

Approx. \$5.2 million

Facility Modifications

Modifications and reconfigurations are required to maximize the space at City Hall, Kathleen Andrews Garage and other locations.

Approx. \$6.5 million

Edmonton Tower

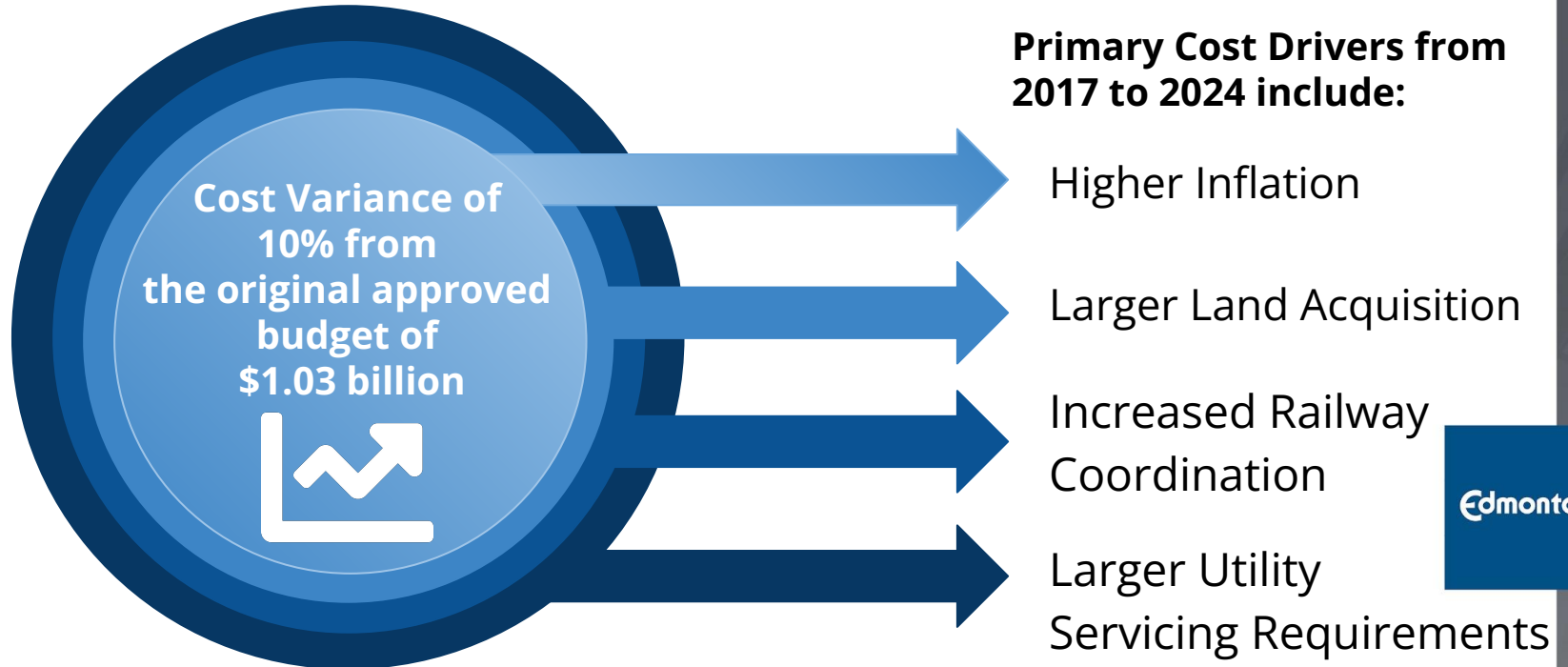
Limited work is planned for Edmonton Tower to maximize the space and provide staff with the adequate equipment.

Approx. \$6.0 million

Project Budget \$22.7 million

Yellowhead Freeway Program

Funding shortfall of \$105.0 million is forecasted above the current approved budget for a total \$1.09 billion



Next Steps



Budget Deliberations and Council Amendments

Adjustments to the proposed budgets
Finalize Multi-Year Budgeting Policy C578

Confirmation of Required Adjustments

FSR Repayment Plan
EPS Funding Formula
Taxation Revenues

Finalization of Tax Change

Confirm approved tax change for 2025 and 2026

Spring 2025

Municipal Tax Levy Confirmation

Finalize and confirm the municipal tax levy for 2025, as approved in December 2024



2024 Reserves Review

December 2, 2024 City Council

Financial and Corporate Services

Edmonton

Reserves Review

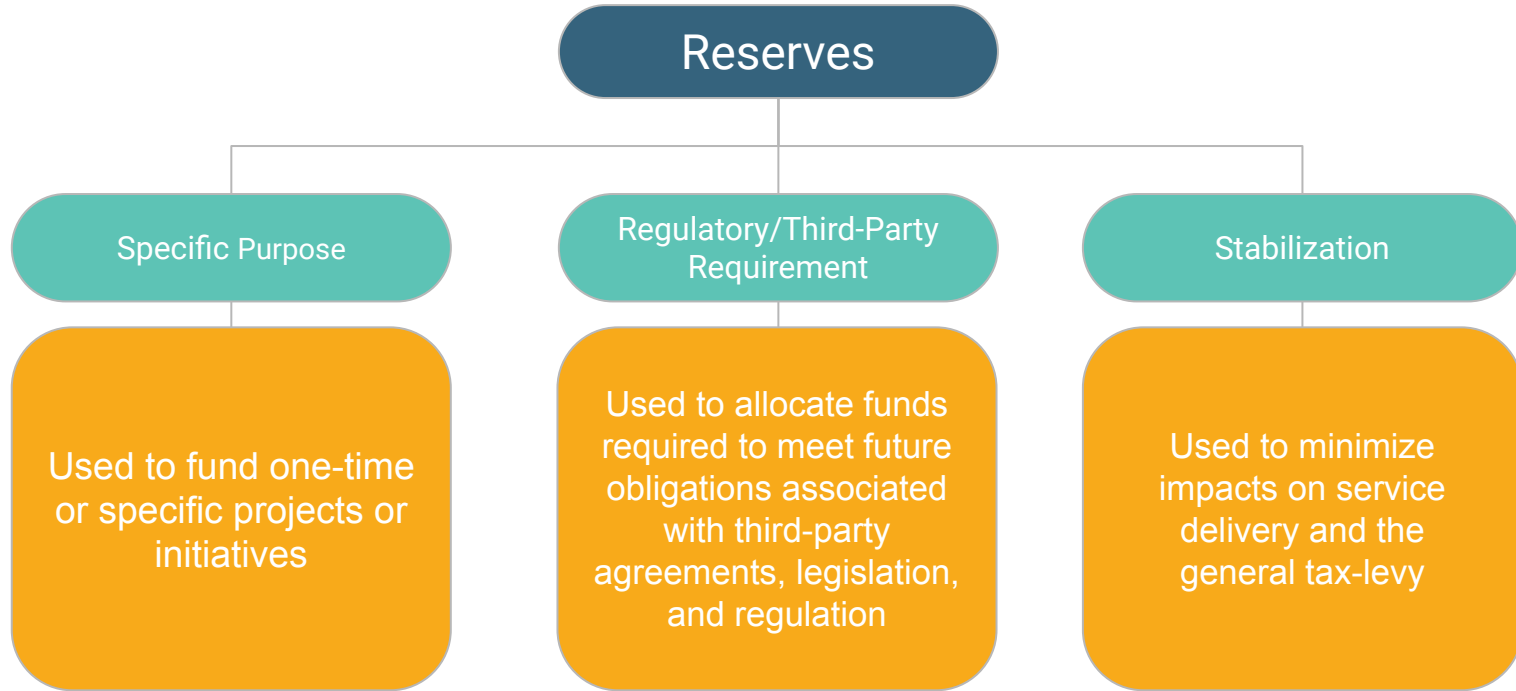
- Conducted every three years
- Prudent financial management and best practice
- Confirms appropriateness of balances and transactions
- Analysis of the City's financial risk exposure as part of the Financial Stabilization Reserve review
- Assesses organizational requirements to add or close reserves

Reserves Governance

- All reserves governed by Policy C217E
- Use and funding of reserves approved by Council
- Sole authority to create/close reserves lies with Council
- Detailed functionality outlined in specific reserve policy or Council report
- Corporate Reserve Register lists all reserves with purpose and description



Reserves Overview



- Funded through tax-levy or other specific revenue sources
- Amounts not used during the year remain in the reserve for future years use

Proposed Reserves

Facility Lease Renewal and Replacement Reserve

Recommendation #1 in 2024 Reserves Review

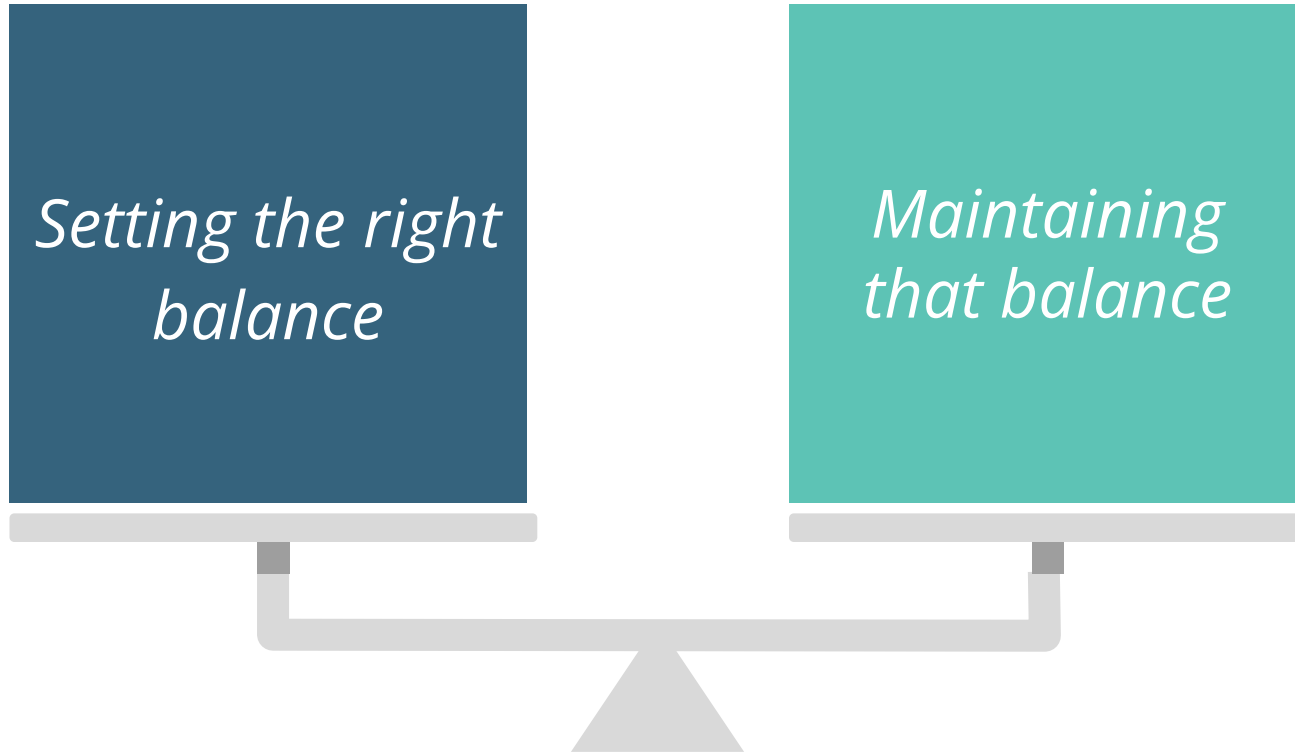
- Captures contributions from tenants to fund future renewal or replacement activities associated with those leases
- Allows for monitoring of contributions, utilization of funds by facility lease, and more effective oversight and management of renewal work at leased facilities

Edmonton Elections Reserve

Recommendation #2 in 2024 Reserves Review

- Supports management the Edmonton Elections Program costs which are not uniform over the 4-year Election cycle
- Fall 2024 Supplemental Operating Budget Adjustment recommends \$3.1 million annual tax-levy funding
 - Fund Bill 20 impacts and funding to administer the program over the long term

Financial Stabilization Reserve



Financial Stabilization Reserve

Risk Based Review



Guidance

GFOA - Research & Consulting
Centre

Internal subject matter experts

City's Enterprise Risk
Management



Application

Identification of
significant risks:

- Extreme events
- Revenue stability
- Expenditure
volatility
- Capital funding &
delivery
- Leverage



Assessment

Financial exposure
quantification

Adjust for:

- Likelihood
- Mitigation

Financial Stabilization Reserve

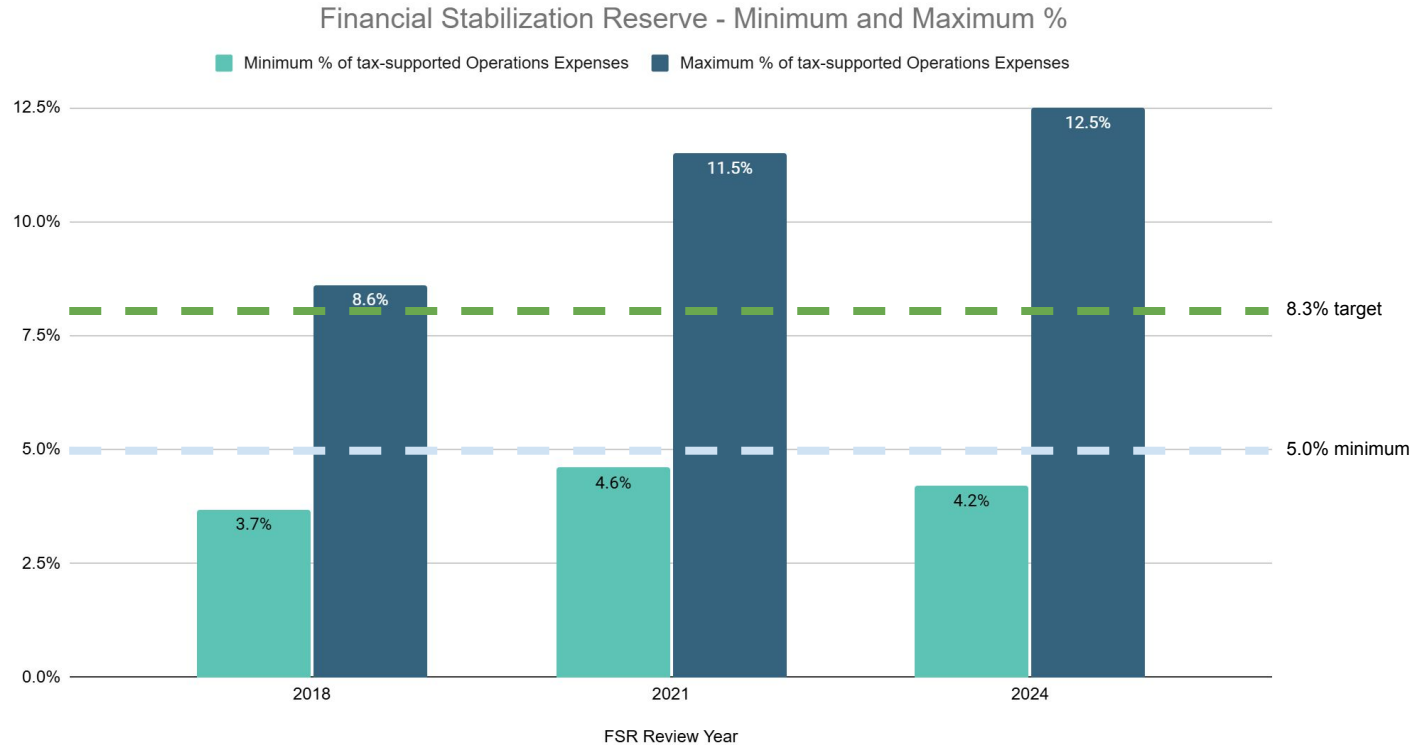
Risk Exposure (in \$ millions)

Risk Category	Adjusted Minimum Exposure (Minimum)	Adjusted Maximum Exposure (Target)
Extreme Events	\$ 17.0	\$ 53.5
Revenue and Expenditure Volatility	\$ 56.7	\$ 166.5
Capital Funding	\$ 25.3	\$ 65.5
Leverage	\$ 13.9	\$ 50.1
Potential Balances	\$112.9	\$ 335.6
Percentage of Tax-Supported Expenses*	4.2%	12.5%

*2023 Tax-Supported Operating Expenses** \$2,676.3

**Based on 2023 City of Edmonton Consolidated Financial Statements, excluding non-cash items (e.g. amortization)

Financial Stabilization Reserve



Policy Approval

C217E Reserve and Equity Accounts C629 Financial Stabilization Reserve

- **Recommendation #3 & #4** in the 2024 Reserves Review
- Based upon the 2024 Reserves Review, Administration does not recommend any modifications to Policy C217E Reserve and Equity Accounts and Policy C629 Financial Stabilization Reserve.
- Administration requests that Council approve the existing policies with a revised approval date of December 2, 2024 and with a subsequent scheduled review to occur in 2027 as part of the 2027 Reserves Review. The policies with updated approval and next scheduled review dates are included in Attachment 10 (C217F Reserve and Equity Accounts) and Attachment 11 (C629A Financial Stabilization Reserve).

Release of Appropriated FSR Funding

Financial Stabilization Reserve (FSR)

- **Recommendation #5** in the 2024 Reserves Review
- That \$3,304,823 in funds currently held in the appropriated Financial Stabilization Reserve, related to the ArtsCommon project funding returned to the City, be released to the unappropriated Financial Stabilization Reserve.

LRT Reserve Update

LRT Reserve

- Initially established to fund debt servicing on the original South LRT extension.
- Key component of the Valley Line Southeast (VLSE) funding plan.
- New policy for LRT Reserve to be presented in Q2 2025
 - Carve out VLSE operational payments from LRT reserve
 - Continue to utilize reserve for VLSE rehabilitation/renewal payments
 - Expand LRT reserve scope to fund additional future renewal costs to help alleviate City's renewal funding gap
- The new policy aims to ensure the LRT reserve is used strategically and sustainably, avoiding ad-hoc spending and prioritizing long-term financial planning.

Thank you
Questions?