



Financial and Corporate Services

Edmonton

**Pay-As-You-Go Replenishment
and Dedicated Universal Renewal
Fund - Draft Strategy**

March 18, 2025
FCS02818

Subsequent Motion #1 (Fall 2024 SOBA)

That Administration prepare a report outlining a draft strategy to **replenish cumulative impact of the \$15,000,000 reduction in annual Pay-As-You-Go** and establish a **Dedicated Universal Renewal Fund** aligned with the following principles:

- a. Repayment of the cumulative impact of the \$15,000,000 reduction in annual Pay-As-You-Go by 2030.
- b. Redirection of tax levy funding used to replenish the Financial Stabilization Reserve once the minimum balance is achieved.
- c. Incorporation of dedicated tax levy increase of successive 0.5% in 2027 and beyond to meet the draft strategy.

Financial Stabilization Reserve (*approved in Fall 2024*)

- In Fall 2024 SOBA, Council approved a strategy to restore the FSR to minimum 5% balance

Extend
repayment to

5 years

2025
tax increase

0.5%

\$10.7 million

2026
tax increase

0.6%

\$14.0 million

- Key assumption: results = budget
- Full \$24.7 million annual contribution to DURF starting in 2030

Pay-As-You-Go Replenishment

- In Fall 2024 SOBA, Council approved an ongoing \$15 million reduction to the operating transfer of Pay-As-You-Go to capital starting in 2025

	2025	2026	2027	2028	2029	2030	TOTAL
Fall 2024 SOBA - \$15 million reduction per year	(\$15.0)	(\$15.0)	(\$15.0)	(\$15.0)	(\$15.0)	(\$15.0)	(\$90.0)

- The cumulative impact to be restored by 2030 is:
 - \$90 million reduction (\$15 million per year from 2025-2030)
 - Reinstating the annual \$15 million in Pay-As-You-Go funding
- Strategy to replenish: 0.5% annual tax increase to be included in the Proposed 2027-2030 Budget
- Starting in 2031:
 - Annual \$15 million to Pay-As-You-Go reinstated
 - Remaining \$39.3 million annual transfer to DURF

Strategy - Dedicated Universal Renewal Fund (DURF)

	2025	2026	2027	2028	2029	2030	TOTAL
2025 - 0.5% FSR Repayment	\$10.7						\$53.7 \$10.7
2026 - 0.6% FSR Repayment		\$14.0					\$56.0 \$14.0
2027 - 0.5% Replenish PayGo			\$12.5				\$50.0
2028 - 0.5% Replenish PayGo				\$13.2			\$39.6
2029 - 0.5% Replenish PayGo					\$13.9		\$0.5 \$27.4
2030 - 0.5% DURF						\$14.7	\$14.7

	2025-2030 Total	2031 Annual
FSR Repayment by 2029	\$109.7	\$0
Replenish PayGo - \$90 million repaid and \$15 annual restored by 2030	\$90.0	\$15.0
Dedicated Universal Renewal Fund - \$64.1 annual funding in 2031	\$66.8	\$64.1

What the Strategy Addresses

	<i>2025-2030 Total</i>	<i>2031 Annual</i>
FSR Repayment by 2029	\$109.7	\$0
Replenish PayGo - \$90 million repaid and \$15 annual restored by 2030	\$90.0	\$15.0
Total	\$199.7	\$15.0



A portion of the renewal gap

Dedicated Universal Renewal Fund (DURF)



Covers renewal of all City-owned assets not covered by other dedicated sources



Total contribution of \$66.8 million by 2030



Annual \$64.1 million in contributions starting in 2031



Requires successive increases of 0.5% until 2047 to reach ideal funding level



Future funding or other mechanisms required

Next Steps

2025

June 10

- Spring SCBA
- Prioritization of Renewal in Capital Budget

2026

New reserve policy for Dedicated Universal Renewal Fund

2027-2030

0.5% tax increases incorporated each year

Thank you!

Questions?