

2026 MUNICIPAL TAX LEVY CONFIRMATION

2023-2026 Operating Budget

Recommendations

1. That adjustments to the 2026 Operating Budget, as outlined in Attachment 1 of the April 15, 2026, Financial and Corporate Services report FCS03447, be approved.
2. That the EPS Operating Reserve Repayment Strategy, as outlined in Attachment 3 of the April 15, 2026, Financial and Corporate Services report FCS03447, be approved.

Requested Action	Council decision required
ConnectEdmonton's Guiding Principle	ConnectEdmonton Strategic Goals
CONNECTED This unifies our work to achieve our strategic goals.	Healthy City
City Plan Values	BELONG. LIVE. THRIVE. ACCESS. CREATE.
Corporate Business Plan	Serving Edmontonians
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"> • Multi-year Budgeting Policy (C578A) • Fiscal Policy for Revenue Generation (C624) • Debt Management Fiscal Policy (C203D) • Financial Stabilization Reserve (C629A) • The City Plan
Related Council Discussions	<ul style="list-style-type: none"> • April 23, 2024, Edmonton Police Commission report EXT02430, Edmonton Police Reserve Payback Strategy • December 1, 2025, Financial and Corporate Services report FCS03158, Fall 2025 Supplemental Operating Budget Adjustment - 2023-2026 Operating Budget

Executive Summary

- The Municipal Tax Levy Confirmation finalizes the 2026 tax levy budget approved by Council in December 2025, prior to finalizing 2026 tax rates.

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- Adjustments to the 2026 approved budget are included in Attachment 1 and are related to changes in economic forecasts, external factors/legislative changes, and other operating adjustments proposed by Administration.
- The recommended changes maintain the approved tax increase at 6.9 per cent for 2026.
- Factoring in changes to the provincial tax requisition, the combined tax increase is 7.7 per cent for residential properties and 6.3 per cent for non-residential properties.
- The 2026 property tax bylaws will be brought forward to City Council on April 28, 2026.

REPORT

The Municipal Tax Levy Confirmation is part of the City Council approved, multi-year budgeting approach to setting the 2023-2026 Operating Budget.

Guided by the City's Multi-year Budgeting Policy C578A, the supplemental budget adjustment process allows for adjustments arising from factors such as:

- Changes to economic forecasts;
- Provincial or federal government budgets;
- Changes imposed by legislation;
- Operating impacts of capital;
- Administrative adjustments requiring Council approval; and
- Council-directed changes to priorities, policies and programs.

In November 2024, Council approved changes to the Policy C578A, formalizing the reduction in the scope of the spring Supplemental Operating Budget Adjustment (SOBA) from a budget adjustment to a municipal tax levy finalization, effectively requiring all tax levy decisions to be made at the fall SOBA. The policy limits spring operating budget adjustments to changes in budgetary assumptions and legislation.

In alignment with the policy, the spring adjustment is not intended to modify the tax change approved in fall unless the change is required for unforeseen circumstances. Council approved amended tax increases as part of the Fall 2025 SOBA on December 5, 2025, of 6.9 per cent in 2026. The recommendations in this report maintain this 6.9 per cent increase for 2026.

The 2026 Municipal Tax Levy Confirmation includes adjustments for the 2026 operating budget required to finalize the tax increase and establish property tax rates in advance of the property tax bylaws. Administration will return with the 2026 property tax bylaws on April 28, 2026, which establishes the tax rates for 2026 based on the final municipal tax levy.

Attachment 2 includes an update to the Financial Stabilization Reserve (FSR) Repayment Strategy.

On April 23, 2024, Edmonton Police Commission report EXT02430 - Edmonton Police Service Reserve Payback Strategy, Council approved an initial repayment strategy that "Edmonton Police Service reserve be replenished by the management of Edmonton Police Service operating expenditures from 2024 to 2026." Attachment 3 outlines the updated EPS Operating Reserve Repayment Strategy, which requires Council approval.

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Recommended 2026 Operating Budget Adjustments

Budget adjustments are itemized in Attachment 1 on an incremental basis and discussed below.

Changes to Economic Forecasts

The following adjustments have been incorporated into the proposed budget adjustment and reflect changes to corporate estimates or economic forecasts:

- As part of establishing tax levy changes when setting the budget, Administration regularly estimates and updates the value of a one per cent change to the taxation bylaw. For 2026, this update generates an ongoing \$13.2 million increase in taxation revenues.
- Spring estimates for assessment growth for 2026 are lower when compared to the budget approved by Council in December 2025, resulting in a reduction in ongoing tax revenue of \$4.2 million. Growth is lower than forecast due to non-residential growth being lower than estimated. Although residential growth exceeded the forecast, it was also dampened by increased exemptions for affordable housing property types.
- The \$13.2 million increase is partially offset by the \$4.2 million decrease in assessment growth revenues, resulting in a net \$9.0 million increase in taxation revenues. This amount will be held in Financial Strategies to address ongoing pressures in the 2027-2030 budget cycle.
- An \$8.3 million increase in ongoing revenues for Community Recreation and Culture to reflect scale and volume of activity, which have consistently generated higher revenue in recent years. Offsetting increases in expenses reflect additional costs required to support increased attendance and programming.

External Factors/Changes to Legislation

The following adjustment is a result of external factors or changes in legislation. It is reflected under Corporate Expenditures and Revenues:

- An ongoing increase of \$5.6 million in Workers Compensation Board (WCB) premiums, driven by a yearly rise in the industry rate and a surcharge due to the City's internal factors. These factors include more lost-time claims, longer injury durations and fewer modified work offerings. The City's claim costs have surpassed the industry average, which further compounds the premium increase. The 2026 WCB premium rate increase is 11.7 per cent. Administration continues to address systemic issues that will reduce costs and achieve long-term improvements. Since these direct WCB costs are calculated based on three years worth of performance, this is a lagging indicator and will take time to realize cost savings related to improved performance.
- An ongoing increase of \$6.8 million total (\$4.0 million for Fire Rescue Services, \$1.5 million for Community Standards, and \$1.3 million for Edmonton Transit Services) is required for statutory pay as a result of settled collective bargaining agreements. The budget increase prevents future structural budget variances as these City services are required to operate on statutory holidays.

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Administrative Adjustments Requiring Council Approval

The following administrative budget adjustment requires Council approval. Although administrative adjustments impact the overall revenue and expenditure budgets, they do not change the net amount required from tax revenue or the annual tax rate increase.

- Effective January 1, 2026, the City of Edmonton officially took over the operations of Fort Edmonton Park from the Fort Edmonton Management Company. In advance of the 2026 Municipal Tax Levy Confirmation, Fort Edmonton Park has been restructured from a Board and Commission to an internal civic operation. This was accomplished through an administrative budget adjustment under the City Manager's delegated authority; therefore, Fort Edmonton Park budget and FTEs now reside under the Community Recreation and Culture branch. The adjustment included in Attachment 1 is to add Fort Edmonton Park's external revenues of \$2.2 million and expenditures of \$2.2 million, which are now being managed by the City as part of the transition, along with 39.1 FTEs who provide operational support for FEP. The additional FTEs are fully funded by Fort Edmonton Park revenue which includes private events, hotel and food and beverage sales. As a result there is no impact to the net requirement.

Other Adjustments (for information)

These adjustments are presented for Council's information, but do not require Council approval. Under the *Police Act*, the Police Commission has the authority to allocate and approve internal adjustments, provided they remain within the total budget and have no impact on the tax levy.

- Alberta Law Enforcement Response Teams (ALERT) has ceased Edmonton Police Service (EPS) funding for 1.0 FTE. This decrease in revenue is fully offset by a decrease in expenditures of \$0.081 million beginning in 2026, resulting in no impact on the net requirement.
- EPS and the Government of Alberta agreed on the secondment of an EPS member to perform duties of Police Liaison for the Police Review Commission. The secondment term is December 2025 to December 2027. Annual expenditures of \$0.186 million for 2026 and \$0.192 million for 2027 are fully offset with an increase in secondment revenue, resulting in no impact on the net tax levy requirement over the secondment term.
- EPS received a grant to support training and development within the Emergency Communications and Operations Management Branch (ECOMB) 911 centre. The grant will provide ongoing funding of \$0.109 million which is fully offset by corresponding expenditures to support an additional 1.0 FTE. This results in no impact to the net requirement.
- Demand for EPS Extra Duty Detail service has increased, along with billing rates due to Collective Bargaining Agreement settlements. An increased revenue forecast of \$1.0 million as a result of these increases will be fully offset with corresponding expenditures, resulting in no impact to the net requirement.

Adjustments to Financial Strategies

The financial strategies budget provides flexibility for unknown amounts over the four-year budget cycle. Multi-year budgeting requires the City to make estimates for fuel, utilities, contractual agreements, inflationary pressures and interest rates in advance of amounts being

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known. The amount of funding for the financial strategies budget is based on a risk assessment of potential impacts to the City's operating budget and management estimates using the best available information at the timing of budgeting. The financial strategies budget provides a mechanism to manage fluctuation within the operating budget over the four-year cycle. Financial strategies funding is held within the Corporate Expenditure budget until the amounts are known, at which time funding is released to the appropriate program budget and a decrease is reflected in Financial Strategies. The net impact of adjustments to Financial Strategies is a decrease of \$3.3 million in 2026.

Community Revitalization Levy Adjustments

Community Revitalization Levy budgets have been adjusted based on updated assessment figures and revised forecasts, including changes to debt servicing. The details of the adjustments are included in Attachment 1. These adjustments reflect the financial projections in Urban Planning and Economy report UPE03256, 2026 Community Revitalization Levy Update, presented to Executive Committee on March 26, 2026.

2026 Tax Requirement and Education Tax Impact

The City collects the Education Property Tax on behalf of the Government of Alberta, included in the bill that property owners receive. Municipal taxes and provincial taxes are listed separately, but there is one overall total to be paid. Municipal taxes reflect a 6.9 per cent increase for 2026 if the recommendations in this report are approved. The Government of Alberta's Education Property Tax requisition will result in an increase in provincial education taxes of 10.2 per cent for residential and 2.6 per cent for non-residential properties. The municipal and provincial education taxes will result in a combined tax increase of 7.7 per cent for residential properties and 6.3 per cent for non-residential properties, as shown in the table below:

	Municipal Tax Levy Increase (%)	Education Property Tax Increase** (%)	Combined Tax Increase (%)
Residential*	6.9%	10.2%	7.7%
Non-residential	6.9%	2.6%	6.3%

*Reflects a combined residential tax rate for Residential, Other Residential and Derelict properties.

**Includes the requisition allowance levy

The municipal contribution from the non-residential and residential sectors is 55.7 per cent and 44.3 per cent, respectively.

In years where the municipal tax increase is higher than the provincial tax increase, Council could choose to raise municipal taxes such that the combined tax provincial and municipal tax increase equals the planned municipal increase, a process known as "moving into the education tax room."

There is currently no education tax room available within the residential category because the provincial education property tax increase is higher than the municipal tax levy increase. Tax room does exist within the non-residential category. If Council were to consider moving into the

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non-residential education tax room, the non-residential municipal tax increase would be adjusted to 7.7 per cent, raising an additional \$7.5M in tax revenue and resulting in a combined tax increase equal to 6.9 per cent.

Structural Budget Variances

Structural budget variances are recurring deficits or surpluses that can be attributed to an event or circumstance that fundamentally changes business operations. These include items such as inflation related to parts, materials and contractor work; lower than budgeted transit fare revenue and on-street construction and maintenance (OSCAM) permit fee revenues and increased overtime costs. Left unaddressed, recurring unfavourable budget variances can erode the financial sustainability of an organization and reduce financial flexibility, as seen with the diminishing balance of the Financial Stabilization Reserve.

Administration continues to monitor and implement action plans to address structural budget variances. The length of time to implement action plans and align actuals with budget will vary, with some implementation taking up to three years. Structural budget variances exceeding \$1.5 million will be presented to Council as part of quarterly financial updates.

Community Insight

Administration conducted public opinion research using online surveys in 2024 and 2025 to understand Edmontonians' current financial situation and their opinions on potential adjustments to City services, user fees and property tax increases. This public opinion research supplemented engagement conducted in 2022 to support the development of the 2023-26 four-year budget.

Details of the 2025 survey were reported in Attachment 8 of the November 24, 2025, Financial and Corporate Services report FCS03158, Fall 2025 Supplemental Operating Budget Adjustment.

Key findings include:

- 24 per cent of respondents supported the option to increase taxes more than 6.4 per cent and keep current service levels and user fees.
- 40 per cent supported the option to keep the 6.4 per cent tax increase with some service reductions and user fee increases.
- 42 per cent of respondents supported the option to lower the tax increase below 6.4 per cent with more significant service reductions and user fee increases.
- The majority of respondents (59 per cent) indicated that their financial situation has become more challenging compared to the same time last year. Most attributed the challenge to the increased cost of living or inflation.
- 51 per cent of respondents reported that they believe their household financial situation will become more challenging within the next 12 months.

In addition, Administration conducted its fourth annual Service Satisfaction Survey in the summer of 2025, also reported in Attachment 8 of report FCS03158. The survey gathers high-level perceptions of overall satisfaction, importance of services, and financial investment. Key findings include:

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- The majority of respondents are satisfied with the overall quality of services provided by the City (68 per cent), the ease of accessing City services (59 per cent) and the quality of service they receive from the City (54 per cent).
- Regarding how well the City of Edmonton informs Edmontonians about services, 55 per cent of respondents were satisfied, a significant increase from the previous year (up seven points).
- A majority of respondents indicated they see City services as important. A greater proportion found these services to be more important in 2025 compared to 2024: infrastructure delivery (up five points); parks, sports fields and green spaces (up six points); City-owned and operated attractions (up six points); land-use planning (up eight points); and building and development permits and inspections (up seven points).
- More than half of respondents suggest increased investment in affordable housing for low-income households, community safety, homelessness response and support and year-round road maintenance.
- There were positive gains with the perception of the quality of life in Edmonton (76 per cent, up five points) and with the perception that overall, Edmonton is a safe city (54 per cent, up six points). Both increased from 2024 to 2025.

Public engagement for the four-year budget was reported in the October 31, 2022, Communications and Engagement report CE01489, Budget 2023-2026 Community Insights.

In the 2022 engagement, participants expressed:

- There is a need to focus on improving community safety.
- The cost of living is going up and Edmontonians are facing increased financial pressures.
- Transit safety and connectivity are important.
- Participants want to connect with each other and celebrate Edmonton.
- Long-term solutions to climate challenges are needed.
- Participants are concerned about the overlapping nature of federal, provincial and municipal responsibilities.
- Participants expressed an overall sentiment of empathy, and an understanding that some individuals may be impacted by service reductions or fee increases more than others, including vulnerable populations and those on low and fixed incomes.

Public engagement is currently underway to support the 2027-2030 budget.

GBA+

The four-year budget incorporated input from the public engagement activities described above. This engagement applied a GBA+ to do targeted outreach and ensure the City captured input from residents experiencing unique barriers and challenges and those whose voices are heard less often. Administration conducted targeted outreach and engagement with 2SLGBTQ+ community members, non-English speakers, youth, seniors, racialized community members, women, people with disabilities, Edmontonians experiencing or at risk of homelessness and people experiencing mental health and addiction challenges.

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GBA+ is applied on the project, service or profile that make up each of the budget adjustments. As part of the development of the 2023-2026 Proposed Operating Plans and Budget, departments and GBA+ Centres of Excellence participated in a partial GBA+ process, and identified differential impacts that new initiatives proposed for the next four years might have on Edmontonians. For example, would a proposed program impact single parents one way and seniors another way.

Environment and Climate Review

This report was reviewed for environment and climate risks. Based on the review completed no significant interactions with the City's environmental and climate goals were identified within the scope of this report.

ATTACHMENTS

1. 2026 Operating Budget Changes
2. Financial Stabilization Reserve (FSR) Repayment Strategy Update
3. EPS Operating Reserve Repayment Strategy