

Attachment 3 - Status update of structural budget variances

Ref #	Category	Item Name (Dept/Branch)	Description of structural budget variance <i>- Include "Current Service Level:" for each SBV in this section.</i>	Ongoing Annual SBV \$000's (as of Q3 2025)	Annual Net Variance \$000's	Tax Levy Impact	Status Update <i>- What have you done and what are you doing to address SBV? - Provide update on progress towards resolving SBV including challenges - Has there been any impact to the timing of resolving the SBV?</i>	Timing - when SBV can be resolved
In Progress: Revenue Shortfalls								
A1-1	Revenue Shortfalls	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 a bit 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. This unfavorable trend is expected to continue throughout the remainder of the 2025-2026 budget cycle. Current Service Level: In 2024, ETS operated over 2.2 million annual service hours on conventional bus and LRT, and it was the first full year of Valley Line Southeast operations. As noted in CO02481, by the end of 2025 there is an annual gap of 247,000 bus service hours to meet the minimum transit service standards.	(9,400)	(9,400)	0.40%	Administration is projecting a \$3.6 million positive variance for 2025 as a result of positive YTD fare revenue performance. This positive variance is expected to continue, and as a result, the expected ongoing amount has been lowered from \$13 million unfavorable to \$9.4 million unfavourable. This \$9.4 million unfavourable variance is the starting point for 2026 and is expected to continue to improve throughout the year. This can directly be linked to implementation of this action plan, including: - Implementation of an additional 50,000 service hours in April 2025, when combined with more rider outreach, contributes to increases in ridership and fare revenue. - More options for faring are being introduced in 2025 to make more convenient options for riders, including Open Payment and two multi-day Arc pass options. The multi-day Arc pass was implemented in February 2025, to attract hybrid workers and visitors. - Enhanced safety measures, including joint deployment teams, are in place across the network for fall and winter. - ETS has increased rider outreach and education to grow ridership and fare revenue, including more community partnerships at festivals and events. - TPOs have increased random fare inspections to ensure compliance. Through growth in TPO positions over the next year, more randomized fare inspections will take place. - Audio and visual reminders within the LRT system encourage fare payment, including the use of Arc cards. The structural budget variance was managed on a multi-year one-time basis with funding from the LRT reserve of \$13.0 million a year for 2025 and 2026. The structural budget variance will need to be addressed on an ongoing basis in the 2027-2030 operating budget.	2030
A1-2	Revenue Shortfalls	Edmonton Locate Consortium - One Call (City Operations - Parks and Roads Services)	ELC is the Edmonton Locate Consortium. When a resident or contractor calls 1-800-242-3447 DIG before they do work on their property or project to ensure they do not hit underground utility lines, that call is routed to a locator service. The City shares the portion of the cost, among other utilities like EPCOR, ATCO, Telus and Promark, for City owned utilities located within the area of excavation.	(1,006)	(1,006)	0.04%	To manage the costs associated with the Locate Consortium, the plan is to allocate expenses directly to the specific construction projects driving the work, with any residual costs being covered by the Parks and Roads Services budget.	Q1 2027
A1-3	Revenue Shortfalls	Parking Revenue (Parking Revenue) (City Operations - Parks and Roads Services)	Parking revenue has remained below expectations since COVID-19, despite a revenue budget reduction in 2023 to account for ongoing pandemic-related and economic impacts.	(700)	(700)	0.03%	Parking programs adjustments to enhance both efficiency and revenue generation are being made. We've executed a comprehensive marketing and education campaign to successfully transition the public to the mobile-only EPark payment system, including providing direct assistance via drop-in sessions at libraries and seniors' centers; and will continue to market and promote onstreet and parkade parking options. These strategic adjustments, combined with the findings and proposed changes, from our current Parking and Curbside Program Review, are central to optimizing our system and securing future financial resources.	Q1 2027

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A1-4	Revenue Shortfalls	RRU Permitting (City Operations - Parks and Roads Services)	The RRU unfavourability is due to: 1) Historical high focus on vibrancy and beautification agreements that do not generate revenue (ie: patios, boulevard gardening, BIA agreements) 2) High cost to develop agreements compared to the revenue that is generated per agreement (ie: patios, noise walls, residential landscaping, custom agreements, etc.) 3) Utility Line Assignment (ULA) revenue is tied to a decrease in ULA permits. Examples include Telus Fibre Projects and Shaw/Telus merger which saw significant increase in revenue in 2022. 4) Pandemic increased fair market value appraisals by 100 per cent to 3,000 per cent which has caused a significant increase in unauthorized use of the road right-of-way. 5) A lack of enforcement to support with unauthorized uses of the road right-of-way.	(763)	(763)	0.03%	Short Term (in 2025): Focus on revenue based agreements and License of Occupations. With the increase in on time Utility Line Assignment (ULA) permits and additional revenue agreements, the revenue gap should be met for 2025. Long Term (2026): This gap will be closed in the long term. This is part of a broader review of all road right-of-way fees to potentially adjust charging methods and increase rates beginning in 2026, including new service fees related to patio programs and License of Occupation fees. Any additional fees or changes to existing fees would inform the fee schedule included in the 2027-2030 Operating Budget.	Q4 2027
A1-5	Revenue Shortfalls	Pet licensing fees (Community Services - Community Standards)	The revenue targets are not aligned with the number of pets that are licensed. Licensing compliance 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 increases in pet licensing compliance. 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. Current Service Level: Service level is reflected in annual licensing revenue target	(550)	(550)	0.02%	Due to a change in revenue recognition policy in 2024 and the postal strike in November and December, which delayed the mailing of invoicing, it is difficult to fully assess the impact of the proactive efforts of the Licensing Team towards enforcing compliance and awareness and thereby increasing 2024 and 2025 revenue as anticipated. In 2024, an RFP was to 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. Unfortunately, capacity challenges in meeting service demands throughout the summer and fall of 2024 delayed the development of the detailed RFP business case. In December 2024, the Technology Investment Advisory Group approved the business case. The description of work for an RFP was completed in 2025 and an RFP is ready to be issued. However, the project encountered another issue related to the cost of the project management, business analyst support and technical support to manage the RFP and then implement the solution with the successful vendor. Unless one-time funding for the internal implementation costs can be obtained, it is likely that service level reductions will be required to eliminate this SBV.	Q4 2026
Total In Progress: Revenue Shortfalls				(12,419)	(12,419)			

In Progress: External Factors

A1-6	External Factors	Transit Operator Overtime (Personnel Costs) (City Operations - Edmonton Transit Service)	A projected variance for transit operator overtime-related expenditures due to increased absenteeism from higher sick time, WCB claims and long-term disabilities, leading to more overtime to cover shortages. Current Service Level: In 2024, ETS directly operated over 2.2 million annual service hours on conventional bus and LRT. As noted in CO02481, by the end of 2025 there is an annual gap of 247,000 bus service hours to meet the minimum transit service standards.	(7,175)	(7,175)	0.31%	Work is underway, by Administration, to explore actions to reduce sick absences and workplace injuries, including the need for proactive illness prevention programming across the corporation (incl. ETS). In addition, a strategic review of Workers' Compensation Board performance has been completed and related recommendations are being implemented. Sick and WCB-related absences in ETS have increased year-over-year for the past four years, requiring unplanned overtime from Operators to ensure service continuity.	Q4 2027
A1-7	External Factors	Streetlight Operations and Maintenance (City Operations - Parks and Roads Services)	Street Light Operations and Maintenance (eg. outages, 311 notifications, secondary electrical (e.g. tree lights, gateway light repairs and energy consumption), and third-party requests for streetlight moves and modifications, etc.	(994)	(994)	0.04%	Developing a plan for 2026 that looks at prioritizing the funding available to balance managing the outages and repairs	Q1 2026

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A1-8	External Factors	Overtime (OT) (Personnel Costs) (Community Services - Fire Rescue Services)	Through to the end of May 2024, FRS has incurred nearly \$3 million in OT costs, representing a 400 per cent 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 2024 year end, this variance was just under \$6 million. 2025 - The branch has reduced the SBV to an estimated \$2.9M and is experiencing significant savings from personnel vacancies and wage differentials (new hire rates lower than budgeted amounts) that will more than offset the SBV for 2025.	(2,916)	(2,916)	0.12%	EFRS has implemented several strategies to mitigate the overtime variance: 1) Sick Time Impact Review Centralization of hazmat emergency response services had resulted in redeployment of four firefighters per platoon for a total of 16 firefighters to cover sick and vacation time (expected to save \$2.3 million annually). In addition to this, 15 positions held for employees on WCB/LTD have been released for recruitment and are part of the recruit class for 2025 (estimated to save \$991K annually). Previously, the type of sick time (STD/LTD/WCB/Bereavement) was not tracked separately. In 2025, EFRS will begin tracking sick time according to type to allow for more accurate analysis of call-outs and to facilitate decision-making. 2) Training Adjunct Model Review A scheduling change has been made to the training model to mirror firefighter scheduling. This has resulted in having six employees available 365 days per year for training design and delivery. Prior to this change, employees working over the weekend were paid overtime. The change in schedule has eliminated the need to bring staff in on overtime. In the past, multiple recruit classes were held every year. Starting in 2025, EFRS has moved to one recruit class per year, which will result in a decrease in resources required for secondment to the the training academy. 3) Temporary Position Reduction 3 temporary positions have been reduced as part of our 'slow down' initiatives including Outreach and Recruitment and Accreditation. Current Service Level: Minimum staffing levels of 223 NOTE: For 2025, savings from vacancies, leaves of absence and wage differentials between budgeted and actuals are sufficient to cover the overtime variance. It is expected that this trend will continue into 2026. A full assessment of personnel variance drivers is being conducted to understand if this favourability will extend into the 2027 to 2030 budget cycle.	Q4 2027
Total In Progress: External Factors				(11,085)	(11,085)			

In Progress: Administration or Council Directed

A1-9	Administration or Council Directed	Bus Cleaning Service Delivery Model (City Operations - Edmonton Transit Service & Fleet and Facility Services)	In the Fall 2020 SOBA, Council approved outsourcing bus cleaning which would realize savings of \$1.2 million for the City. In 2021, bus cleaning services were being provided internally by Transit Fleet Maintenance (TFM) until a successful vendor was chosen through the RFP Process. In October 2021 (Fall 2021 SOBA), Council advised against outsourcing bus cleaning services due to the impact on 61 FTE, therefore, the decision to outsource bus cleaning services was reversed. However, the budget of \$1.2 million was not reinstated. Current Service Level: 24/7 coverage. Buses are currently cleaned every day when they return from service and spot cleaned reactively due to incidents, spills and bodily fluid/substance exposures, as well as deep cleaning activities (floor washes and full interiors) on a planned maintenance schedule. Cleaners are also utilised to clean garage facilities. If the initial budget is not reinstated, less cleaning or cleaning related preventative maintenance activities would occur. Buses would be put into service in a dirty and unsanitary, as well as potentially unsafe, condition.	(1,223)	(1,223)	0.05%	A service package will be brought forward in the Fall 2025 Supplementary Operating Budget Adjustment process for Council consideration.	2030
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A1-10	Administration or Council Directed	Living Wage (Custodial Services) contract increase (City Operations - Fleet and Facility Services)	On July 4, 2024, Council approved a revised Policy C556C which requires all City contracts to pay a living wage as defined within City Policy C612B. The budget impact of \$6.2 million (\$5.1 million tax-levy & \$1.1 million non tax-levy (EPL & EPS) presented to Council on June 17, 2024 was calculated based on an hourly living wage rate of \$21.40/hr. The living wage for Edmonton has increased to \$22.25/hr for 2023 and an updated budget impact is estimated at \$5.3 million for tax-levy (\$6.5 million overall). This budget pressure includes an unbudgeted increase for LRT contracts of \$470,000. The LRT contract received a 7.7% living wage increase to \$18.20/hr in December 2022, totaling \$470,000 annually until December 2026. Current Service Level: In December 2022 the living wage applicable to the LRT contract only was increased by \$470,000 (or 10 per cent per hour). On July 4, 2024, Council approved a revised Policy C556C which requires all City contracts to pay a living wage as defined within City Policy C612B. 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 \$20 million annually. There are no service impacts at this time.	(555)	(555)	0.02%	Following the approval of the City's living wage policy for contractors, the initial financial impact on contracted custodial service providers was projected to be approximately \$6 million. This estimate was based on a direct comparison of existing contract wages against the 2023 living wage standard. To mitigate this, FFS, in collaboration with CPSS, initiated a comprehensive funding analysis. This assessed updated living wages and total compensation, rather than solely the hourly wage. By factoring in the value of existing benefits such as work schedules and vacation entitlements and using the 2024 living wage, the required budget increase was successfully reduced from the initial \$6 million estimate to the current \$555,000. A service package is going forward in the fall 2025 Supplementary Budget Adjustment process for Council consideration.	2030
A1-11	Administration or Council Directed	Detour Revenues & Recoveries (City Operations - Parks and Roads Services)	In response to the COVID 19 pandemic, and to support municipal stimulus funding; Traffic Operations (TO) shifted from providing temporary traffic control devices for fully recoverable capital projects to providing these same resources to internal City programs that are not fully recoverable. This shift resulted in a budget pressure on branch Interdepartmental recoveries. As we have moved out of the pandemic, TO has been able to reestablish providing recoverable temporary traffic control services but not at the scale, scope and however the scope and magnitude, to pre pandemic levels. Recovery amounts are contingent on available recoverable service, where available. Current Service Level: SLA: Work is dependent on recoverable scope provided by capital work. Additionally, we work to respond to an emergency detour request within the hour.	(700)	(700)	0.03%	Completed a jurisdictional review of rental fees and have implemented an increase of 2.9 per cent effective August 2025 (approx \$25,000, Aug - Dec 2025). In 2026 (approx \$50,000) and beyond, detour fees will be increased by CPI. The remaining SBV for Detours will be partially offset by increase in revenue budget from the Pavement Marking program. This SBV will be resolved in Q2 2026.	Q2 2026
A1-12	Administration or Council Directed	Security costs for parkades (Parkade Operating Costs) (City Operations - Parks and Roads Services)	In 2023, additional security was added to the EPL and City Hall parkades following an assessment from Corporate Security of the post COVID environment in downtown. Security requirements at City Hall was further increased following a shooting incident at City Hall in January 2024.	(1,220)	(1,220)	0.05%	Administration is enhancing security and operational efficiency across key city parkades. Initial measures, including adjusting overnight access at the Library Parkade, have successfully reduced security incidents by half. The City is implementing a new model that utilizes enhanced technology and mobile patrols to replace stationary guards, to reduce cost while continuing to prioritize safety for parkade users.	2028
A1-13	Administration or Council Directed	Recruitment Service Shortfall (Office of the City Manager - Talent Management)	Talent Acquisition executes nearly 6,000 new employee recruitments every year, completing the screening of ~150,000 applications to fulfill ~1500 job requisitions to sustain our workforce to deliver services to Edmontonians. During COVID, as recruitment services were limited, the budget was reduced by four FTEs, but when City services resumed post-COVID, these FTEs were not returned. Current Service Level: As a collective City average, the service standard is 60 days for recruitment to get a quality hire. With each of the 12 consultants managing 125 requisitions hiring 500 people on average. While efficiencies have been realized, in order to maintain service levels, TA has been overhired by two FTEs, creating a structural budget deficit because decreasing the service level to 8-10 consultants would increase the workload to over 150 requisitions and 600 people each would negatively slow down the service standard and ultimately delay service delivery to Edmontonians.	(250)	(250)	0.01%	The team continues to manage the budget across the branch to fund the structural budget. We believe that we can resolve this in conjunction with staff support revenue model in the long term in the next budget cycle.	2027-2030 Budget
A1-14	Administration or Council Directed	ADCs and other positions Reclassification and compression (Community Services - Fire Rescue Services)	Six Assistant Deputy Fire Chiefs (ADCs) were created and hired in late 2023. The creation of these positions resulted in a variance in 2024 and into 2025.	(120)	(120)	0.01%	In response to the structural budget variance, Fire Rescue Services (FRS) reduced staffing by eliminating an Assistant Deputy Fire Chief position, resulting in \$201,000 in savings in 2025 and \$219,000 in 2026. This has reduced, but not completely eliminated, the projected SBV. FRS is assessing whether or not the remaining SBV will be offset by the increased revenue anticipated from the recent changes made in the user fee schedule. Some of the more significant changes include increases in fees and permits indexed to inflation (prior fee schedule not updated for many years) and the change in the way false fire alarms are assessed and charged.	Q1 2027

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A1-15	Administration or Council Directed	Communications Positions (Community Services - Fire Rescue Services)	In 2022, enhanced Communications support personnel were approved without a corresponding budget transfer, which is contributing to an unfavourable personnel variance. Service Level in 2023/2024 was 3.5 Communications FTEs, including an Integration Manager, allocated to FRS	(128)	(128)	0.01%	Initial SBV was \$409,000. Various actions, including the reduction of .5 FTE for a communication position (\$65,000), the elimination of support from an Integration Manager (\$148,000) and other initiatives have brought the SBV down to \$163,000 for 2025; this amount will be further reduced to \$0 by 2026.	Q1 2027
Total In Progress: Administration or Council Directed				(4,196)	(4,196)			
				Inflationary Pressures	0	0	0.00%	
				Revenue Shortfalls	(12,419)	(12,419)	0.53%	
				External Factors	(11,085)	(11,085)	0.47%	
				Administration or Council Directed	(4,196)	(4,196)	0.18%	
				Total Variances - In Progress	(27,700)	(27,700)	1.18%	

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Resolved: Inflationary Pressures								
A1-16	Inflationary Pressures	Facility Maintenance Services - Contract Work Inflation (Contract Costs) (City Operations - Fleet and Facility Services)	Facility Maintenance Services (FMS) is facing cost escalations due to inflation (15 per cent avg), potentially leading to service level reductions. Current Service Level: FMS maintains 900 facilities and 700 infrastructure assets valued >\$6.1 billion. Custodial services are provided for City Hall, recreation centres, police stations, libraries, office towers and transit shelters (over 10 million 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.	(640)	0	0.03%	Budget adjusted to align with service level.	Fall 2025 SOBA
A1-17	Inflationary Pressures	MFM - Vendor Work, Excl. Tires (price & volume) (City Operations - Fleet and Facility Services)	Price inflation on parts supplied through vendor services to ensure existing service levels across core City services are maintained. This increase is due to inflationary price pressures that have impacted the industry as a whole, resulting in vendors' parts prices increasing.	(191)	0	0.00%	Budget adjusted to align with service level.	Fall 2025 SOBA
A1-18	Inflationary Pressures	Transit Fleet Maintenance - Parts Inflation (Material Costs) (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 per cent). These inflationary pressures are unavoidable without reducing Transit service levels. These inflationary increases are not inclusive of tariffs. Current Service Level: Transit Fleet Maintenance is responsible for legislated and scheduled preventative maintenance, mid-life refurbishment and repairs of Edmonton Transit Service's (ETS) 900+ buses. The maintenance is required to meet service level obligations set out by Council and delivered by ETS.	(1,100)	0	0.00%	Budget adjusted to align with service level.	Fall 2025 SOBA
A1-19	Inflationary Pressures	Municipal Fleet Maintenance - Parts Inflation (Material Costs) (City Operations - Fleet and Facility Services)	Municipal Fleet Services (MFS) face significant 16 per cent inflation in parts, materials, and tires, threatening service levels for various clients. These inflationary increases are not inclusive of tariffs. 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. Total material cost structural budget variance is \$12.0 million (\$5.0 million Transit fleet, \$2.1 million facility maintenance, and \$4.9 million municipal fleet).	(229)	0	0.00%	Budget adjusted to align with service level.	Fall 2025 SOBA
A1-20	Inflationary Pressures	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 approximately 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 20 million annually. No service level impact, CPI adjustment only.	(115)	0	0.00%	By collaborating with vendors, FFS successfully mitigated the impact of CPI increases within existing contracts, avoiding the need for additional budget allocation.	Q4 2025
A1-21	Inflationary Pressures	Fuel price inflation (Fleet Fuel Costs) (City Operations - Fleet and Facility Services)	Fuel is a highly volatile commodity and short-term forecasts for 2024 show significant price increases around 25 per cent 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.	(6,940)	0	0.00%	Due to the federal repeal of the Carbon Tax (CT), no additional fuel price funding is required. Additional budget favourability will be passed back to Financial Strategies & Budget (FSB).	Q2 2025

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A1-22	Inflationary Pressures	Facility Maintenance Services - Materials Inflation & Volume (Material Costs) (City Operations - Fleet and Facility Services)	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	(2,300)	0	0.00%	Funded in the 2024 Fall SOBA, this one is now considered complete.	Fall 2024 SOBA
A1-23	Inflationary Pressures	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, pool filter media. This started to occur in 2023. 2024 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, our facilities are seeing increased wear and tear each year.	(871)	0	0.00%	Funded in the 2024 Fall SOBA, this one is now considered complete.	Fall 2024 SOBA
A1-24	Inflationary Pressures	Parking Enforcement Contract costs (Community Services - Community Standards)	Due to a cost of living adjustment in 2023, contract costs have increased by \$500,000 per year. 2024 Service Level: 85,000 hrs annually; Mon-Sun 0600 hrs-0200 hrs, as outlined in contract	(200)	0	0.00%	Funded in the 2024 Fall SOBA, however ongoing cost of living wage adjustments in the contract have resulted in an additional SBV for 2025. Contract Service hours are already at the minimum standard allowable for 2025. The original cost of living increase in 2023, combined with the annual CPI increase, will result in a variance of (\$200,000) for 2025. The parking enforcement contract was renewed in July 2025 at the current pricing with a negotiated zero percent increase. However, increases may be required for future contract renewals. Budget adjusted to align with service level; implementation of action plan continues to address root cause.	Fall 2025 SOBA
A1-25	Inflationary Pressures	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	(2,700)	0	0.00%	Funded in the 2024 Fall SOBA, this one is now considered complete.	Fall 2024 SOBA

Total Resolved: Inflationary Pressures (15,286) 0

Resolved: Revenue Shortfalls

A1-26	Revenue Shortfalls	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 are costs are recovered through revenue generation. The revenue budgets were created 10+ years ago and 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.	(175)	0	0.00%	Operations will look at additional recovery opportunities and identify expense reduction options as noted in the action plan to resolve the budget variance internally. For 2025, it is projected that there will be an unfavourable variance for developer signs of (\$350K), which is higher than the known SBV value of (\$175K). This increased unfavourability is one time in nature (only expected to be in 2025). Action plans are still being implemented to manage this variance	Fall 2024 SOBA
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Total Resolved: Revenue Shortfalls (175) 0

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Resolved: External Factors								
A1-27	External Factors	Facility Maintenance Contract Work outsourcing due to vacancies (City Operations - Fleet and Facility Services)	Ongoing challenges in FMS vacancies result in increased outsourcing of legally and practically required work. Current Service Level: Due to challenges in attracting and retaining skilled trades as well as recent vacancy cuts, 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	(680)	0	0.00%	As vacancy challenges are being addressed, no longer require additional outsourcing / funding.	Q4 2025
A1-28	External Factors	Vandalism Costs (Vandalism) (City Operations - Fleet and Facility Services)	City assets have seen a significant increase in vandalism related costs, increased social disorder in public places. Facility Management Services (FMS) recovers all vandalism related costs from other branches but graffiti & vandalism services related to City owned facilities are unbudgeted across the City. Current Service Level: Vandalised property requires extensive repairs (broken glass, infrastructure damage, custodial work, graffiti removal). FMS manages ≈35,000 annual work orders at a cost that reflects unplanned vandalism related increases. Vandalism is tracked separately under its own maintenance code. This situation impacts FMS with increased contract work, unexpected service calls, and heightened demands for additional cleaning.	(2,060)	0	0.09%	Vandalism is a widespread problem Since 2020, the city has experienced a higher volume of vandalism and graffiti incidents. Each area has different plans to resolve these concerns based on the nature of the vandalism they experience. For example, in transit spaces, a door hardening project was undertaken to help prevent individuals from gaining access to transit facilities and defacing them. In addition, investment to increase Transit Peace Officer presence in transit spaces contributes to reduced disorder. A new initiative aims to address graffiti with all the relevant partners and determine the best path forward, both in terms of efficiency and budget savings. Budget adjusted to align with service level; implementation of action plans continues to address root cause.	Fall 2025 SOBA
A1-29	External Factors	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. 2024 Service Level: The Orange Hub is 98 per cent occupied, with 24 tenants (21 non-profits and three commercial). There are 43 agreements: one individual professional artist (commercial), two professional artist organizations, 27 non-profit rate leases, two non-profit professional artist leases, one professional artist commercial lease and 12 commercial market rate leases.	(320)	0	0.00%	Funded in the 2024 Fall SOBA, this one is now considered complete.	Fall 2024 SOBA
A1-30	External Factors	Fuel Volume Increase (Community Services - Fire Rescue Services)	2024 FRS fuel usage is greater than budgeted volume (827,000 L vs. 1 million L 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 2024 Service Level: Budget of 827,000 litres with projected usage of 1 million litres of fuel	(252)	0	0.00%	Medical call volumes had decreased due to implementation of the new four point system response, however, fire event call volumes increased in this same period. This issue was exacerbated by population growth as well as the low fuel price used as the basis for the 2023-26 budget cycle. Fire alarm fine changes are expected to, over time, change behaviors and reduce call volume. It is too new in the implementation of these charges to have a full understanding of the short and long-term impacts. Will continue to assess the impact of behaviour and may need to adjust the estimated timing to resolve based on assessment. This is currently being absorbed by the branch and actuals in 2025 have not trended as high as initially expected.	Q2 2025
A1-31	External Factors	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. 2024 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.	(500)	0	0.00%	Estimated structural budget variance was reduced from \$500,000 to \$380,000, as a result of revised estimates in relation to external contracts for Extreme Weather Response. The revised variance of \$380,000 has been fully absorbed through the reallocation of existing budget within the Affordable and Homelessness section in Social Development branch. This budget had been originally allocated towards addressing emergent housing and homelessness subsidy requirements but will be transferred to the Extreme Weather budget from 2025 onwards.	Fall 2024 SOBA

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A1-32	External Factors	Cost of Insured Claims and Settlement (Claims Liability) (Corporate Programs - Corporate Expenditures)	Insured claims continue to increase in frequency and severity. The top exposures are: 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, primarily driven by growth, inflation and higher injury settlements from recent court decisions. Current Service Level: In-house litigators and adjusters manage third-party claims effectively, pursuing settlements or legal proceedings as appropriate. ICM performs claims debriefs in collaboration with the business areas to inform loss prevention.	(2,500)	0	0.00%	The First ICM Annual Update was presented to ELT on May 29, 2025. The update includes claims trends and proposed mitigation priorities for ELT's endorsement and direction on next steps. The recommended actions require corporate support/investment and involve multi-year efforts. The primary drivers for the budget variance are external factors such as inflation, growth, aging infrastructure, impacts of climate change, legal environment, social and economic conditions. Budget increase in this expenditure is unavoidable. Strategies in progress to address the variance in the immediate term (next 12 months) include: - reassessment of insurance coverage for various asset classes, - adjustment of premium levels for partner organizations, - enhanced activity / trend reporting and debrief sessions with asset owners, and - establishment of auto incident reduction targets. Budget adjusted to align with service level; implementation of action plans continues to address root cause.	Fall 2025 SOBA
A1-33	External Factors	Cost of insurance premiums (Corporate Programs - Corporate Expenditures)	Continued growth and inflationary pressures, market conditions along with required coverage adjustments to mitigate higher exposures such as property, cybersecurity, aging infrastructure and vandalism, are all driving up the cost of premiums. Despite implementation of a number of significant cost avoidance measures, the program is experiencing budget deficit primarily due to external factors such as growth, inflation and market conditions. Current Service Level: Optimizing coverage and retention amounts based on risk exposures and insurance market conditions.	(500)	0	0.00%	Right sizing of insurance program continued in 2025. The May 1, 2025 renewal resulted in additional \$260,000 cost avoidance. The budget variance is primarily due to external factors such as market conditions, growth and increased exposures such as cybersecurity, property and terrorism that require coverage enhancement and higher premiums. The bridge study requires further consultation with Integrated Infrastructure Services and City Operations. The intent is to bring those reports to ELT in Q4 2025 as endorsed by ELT on May 29, 2025. Budget adjusted to align with service level; implementation of action plans continues to address root cause.	Fall 2025 SOBA
A1-34	External Factors	WCB Premiums (Corporate Programs - Corporate Expenditures)	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. Current Service Level: The City pays the premium calculated by WCB based, in part, on the industry and employee rates.	(1,500)	0	0.00%	The WCB Evaluation Project concluded on May 26, 2025, identifying five systemic gaps in the City's injury management policies and practices that contribute to WCB premiums and, consequently, a budget variance. These gaps include the absence of a corporate policy, unclear post-treatment/modified duty procedures, lack of specificity in training, inconsistent data input and utilization, and a lack of reporting/performance targets. These are systemic issues, not individual failings. The project delivered 10 recommendations to address these gaps. A dedicated Phase Two project will now build on these findings by developing and standardizing enterprise-wide processes, enhancing training, and improving data performance. Addressing these systemic issues is a long-term effort due to operational complexity and historical factors. Sustained focus is critical for reducing costs and achieving long-term improvement, as changes related to the three-year WCB premium calculation cycle will not be immediately visible. Budget adjusted to align with service level; implementation of action plans continues to address root cause.	Fall 2025 SOBA
Total Resolved: External Factors				(8,312)	0			

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Resolved: Administration or Council Directed								
A1-35	Administration or Council Directed	Long Term Temporary LRV Cleaners (City Operations - Edmonton Transit Service)	For over 10 years, 10 temporary LRV cleaners were authorized as an unbudgeted negative variance. They have never been permanently funded. They were on the list for the position conversion to permanent as part of a corporate project, but have not been funded to date. ETS needs 10 funded FTEs to make them permanent to maintain service levels of cleaning LRVs, to attract ridership and maintain safe conditions on the train cars. Current Service Level: There are 16 cleaners in total for base service levels and shifts cover 24/7, 365 days a year. Trains are currently cleaned every time they return back to the garage from service, and we also do a heavy, deep clean of one train interior and one train exterior every day. Without these positions not all train cars would be cleaned every day and our deep / heavy clean work would need to stop. This will result in dirty train cars being used for service on a daily basis, including both interior and exterior.	(650)	0	0.00%	As of Q4 2024, these positions were transitioned from temporary to permanent and funded through the reallocation of vacant positions.	Q2 2025
A1-36	Administration or Council Directed	Spring Sweep - leased equipment (Spring Sweep Program) (City Operations - Parks and Roads Services)	During the Fall 2020 SOBA, the Spring Sweep program's fleet maintenance budget was reduced by \$1.149 million to achieve Branch targets, necessitating operational adjustments. The required funding commitment was not able to be reduced in Fleet, instead it was met by reducing budgets for leased equipment and contractor work. As a result of these adjustments, the business area now projects a budget deficit of \$900,000 for leased equipment and \$700,000 for contract work. Current Service Level: The service level agreement (SLA) requires completing spring sweeping by June 1 each year.	(1,149)	0	0.05%	Budget adjusted to align with service level.	Fall 2025 SOBA
A1-37	Administration or Council Directed	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 \$256,000. The Candy Cane Lane community event is provided lighting at no charge. This has creates a budget shortfall of \$50,000 every four years for lighting changeover, and \$20,000 annually for installation of lights. Park Lighting such as lights poles, security lights, and lighting power boxes in parks, do not have budget assigned to this work. This creates a budget shortfall of \$107,000 annually Current Service Level: SLAs: 1. BIA and Business District Tree Light Wrapping: Our service level is to adjust, unwrap and rewrap trees annually to avoid girdling or damaging the trees. Over four years, all light strings are replaced on trees. Work is done in stages, focusing on different BIAs each year. Approximately 1/4 of the work is done each year. Lights are also replaced frequently on a reactive basis due to vandalism, wear and tear, damage, etc. 2. Candy Cane Lane: Annual Event Support. Approximate cost per year is \$20,000. Estimated cost to replace all lights (materials and labour) is \$50,000. This should be done every four years. 3. Other Park Lighting Repairs: Since this is considered an "orphan asset" in parks with no designated steward or SLA, repairs are done on a reactive basis when issues are reported, and to address emergent safety needs (e.g. recent example of light pole structure issues causing light poles to fall over in wind storms)	(413)	0	0.00%	Currently absorbing cost: Administration is tracking the materials for tree lighting, as well as the unbudgeted candy cane community event, park lighting costs for repairs, maintenance. Given the \$ amount and the priority of other SBV, PARS will explore options to absorb this internally. Working with Finance to track historical expenses and how it was funded in previous years. The Branch and Finance will need to follow processes to show that this SBV will be absorbed using existing tax levy dollars and then bring this item back to the Fall 2025 SOBA to update action plan and have a high level message on how the SBV was resolved.	Q4 2025
A1-38	Administration or Council Directed	Utility Cut Program - Fixed Stranded Costs (City Operations - Parks and Roads Services)	Asphalt Restoration (ARE) and Concrete Restoration (CRE) were utility restoration programs where the City repaired public utility roads and sidewalks and costs were funded by third party Utility companies. Staff and equipment also supported Asphalt Road Maintenance (ARM), Sidewalk Maintenance (WLK) and Snow & Ice Control (SNIC). A 2019 review recommended reallocating crews from ARE/CRE to ARM/WLK. ARE and CRE were paused during the pandemic and eliminated in 2021. The budget was reduced and variable costs eliminated, however some fixed costs remained due to the interdependencies with other programs. Current Service Level: - Utility companies use third parties for cut restoration. Resources have been reallocated to ARM and WLK to sidewalk and road maintenance. - Asphalt: 600,000+ potholes repaired annually (6 per cent increase), ARM 311 notifications (50 per cent decrease), and ARM Claims (73 per cent decrease). Fewer potholes repaired annually (80,500). - Sidewalk: 5,900+ sqm repaired; panel/brick repairs (38 per cent increase), WLK 311 notifications (35 per cent increase), and WLK claims (11 per cent decrease).	(2,045)	0	0.00%	Funded in the 2024 Fall SOBA, this one is now considered complete.	Fall 2024 SOBA

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A1-39	Administration or Council Directed	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.	650	0	0.00%	Budget has been transferred; this one is completed.	Q3 2024
A1-40	Administration or Council Directed	Animal Care and Control Centre Services, Supplies & EHS Subsidies (Community Services - Community Standards)	The Animal Care and Control Centre (ACCC) provides veterinary medical care and kennel care to all animals that enter the shelter. This includes examinations, vaccinations, surgeries, diagnostics, food, cleaning and enrichment. These services require veterinarians, RVTs, kennel care attendants, veterinarian drugs, medical and pet supplies. Since the assumption of Animal Protection Act enforcement services in 2019, the number of animals requiring significant medical care has increased. Service demand has risen along with population growth and the cost of services and supplies has increased dramatically in recent years - in part due to a shortage of veterinarians, inflationary pressures and supply and demand challenges. The City has a Council directed funding agreement with the Edmonton Humane Society (EHS) to transfer animals out of the ACCC shelter for adoption. This funding agreement subsidizes the care for unclaimed animals transferred to the EHS while they find new adoptive homes. The number of unclaimed animals requiring transfer to EHS has consistently increased year over year since 2020.	(1,005)	0	0.04%	To be absorbed at department level on a temporary basis. For the longer term, there are several options that will be provided to ELT to resolve during the 2027-2030 budget cycle: 1) Approve an additional \$1 million budget for parking enforcement that will generate an additional \$2.5 million in revenue for the City and will offset the SBV and the increased parking enforcement budget; 2) Agree to service level reductions in ACCC, including FTE reductions, to offset the SBV; 3) Agree to prioritize the increased budget request. Budget adjusted to align with service level; implementation of action plans continues to address root cause.	Fall 2025 SOBA
A1-41	Administration or Council Directed	Encampment Response (Community Services - Community Standards)	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 per cent of requested funding was received to meet core service levels for encampment response. 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. 2024 Service Level: Managed by the EOC; specifics to be determined based on EOC decisions.	(2,112)	0	0.00%	In Q4 of 2024, an eleventh FTE was re-assigned to the Encampment Response Team from the Park Ranger General Duty roster to create a 'bridge' position that works a new shift designed to enable continuity between the two distinct ERT shifts. This reallocation has resulted in a minor service level impact on General Duty services.	Fall 2024 SOBA
A1-42	Administration or Council Directed	CFAI Accreditation (Community Services - Fire Rescue Services)	Edmonton is one of nine 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 five 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). 2024 Service Level: Accreditation with CFAI every five years	(77)	0	0.00%	Action plan implemented, this one is now considered complete. No longer seeking CFAI accreditation.	Fall 2024 SOBA
A1-43	Administration or Council Directed	Outreach & Recruitment (Community Services - 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. 2024 Service Level: Recruitment and Community outreach is currently resourced with a recruitment lead and 1 temporary firefighter.	(65)	0	0.00%	The revised program plan is expected to be delivered later in 2025 and eliminate the SBV.	Q4 2025
A1-44	Administration or Council Directed	Truth & Reconciliation Statutory Pay (Personnel Costs) (Community Services - 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 EFRS when this stat day was adopted. Since 2020, it has contributed to an unfavourable personnel variance. 2024 Service Level: OT is provided on September 30 as a civic holiday	(1,284)	0	0.00%	Sufficient savings were not realized from the hazmat restructure and the release of positions held for WCB and LTD leaves to cover both the OT and unfunded Truth and Reconciliation stat pay. Other proposed actions such as reduced night service were not supported by ELT. Initial total SBVs that FRS has been working to mitigate were \$8.8 million and through various measures that amount has been or will be reduced to approximately \$4.3 million. Further reductions will impact the 223 minimum staffing level requirement and therefore impact service levels. This stat was included in the recent CBA negotiations with EFFU. Update: This SBV was resolved in June, 2025 through a budget adjustment. As this stat was added to the CBA, corporately held union settlement budget was redirected to EFRS to offset.	Q2 2025

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A1-45	Administration or Council Directed	Rent Revenue / Operating Costs (Financial & Corporate Services - Real Estate)	Asset rationalization and 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, it creates a budget variance in Real Estate's annual operating budget as a result of foregone lease revenues and/or lost expense recoveries.	(1,265)	0	0.00%	Funded in the 2024 Fall SOBA, this one is now considered complete.	Fall 2024 SOBA

Total Resolved: Administration or Council Directed (9,415) 0

Fall 2025 SOBA

Inflationary Pressures	(2,360)	0	0.00%
Revenue Shortfalls	0	0	0.00%
External Factors	(6,560)	0	0.00%
Administration or Council Directed	(2,154)	0	0.00%
Total Variances - Resolved (Fall 2025 SOBA)	(11,074)	0	0.00%
Total Variances - In Progress	(27,700)	(27,700)	1.18%
Total Variances and Remaining	(38,774)	(27,700)	1.18%