



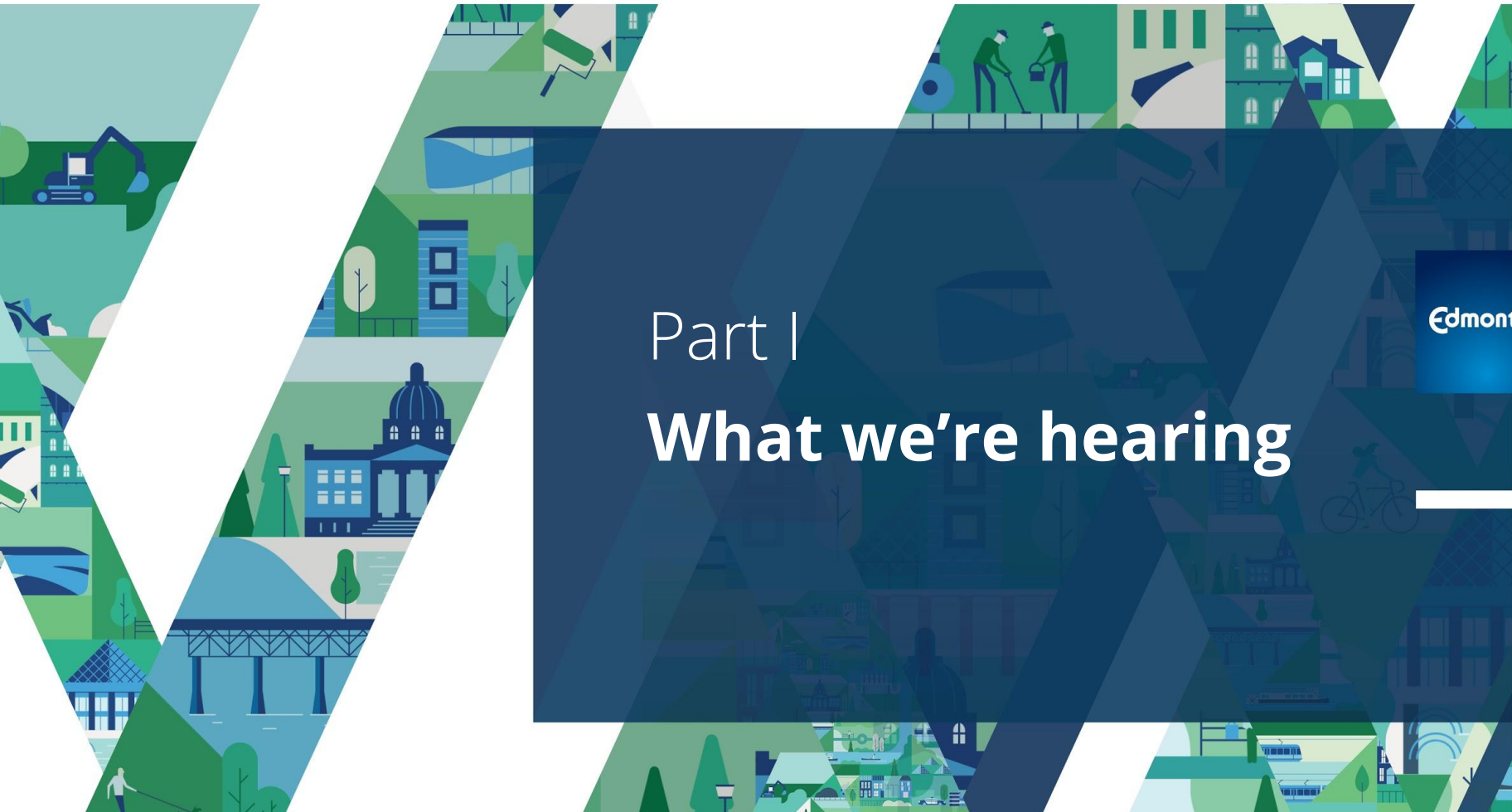
PROPOSED  
**CAPITAL AND OPERATING**  
BUDGET ADJUSTMENTS

THE CITY OF EDMONTON  
**December 11, 2019**



## Our presentation today

1. Review what we're hearing
2. Confirm what we're doing
3. Review our responsiveness



# Part I

## What we're hearing



## What we're hearing

### These are challenging times

1. Restraint is necessary
2. Taking care of the vulnerable is essential
3. Creating conditions for business success is a priority
4. Council has a difficult balancing act to perform



## What we're hearing

### Business realities are difficult

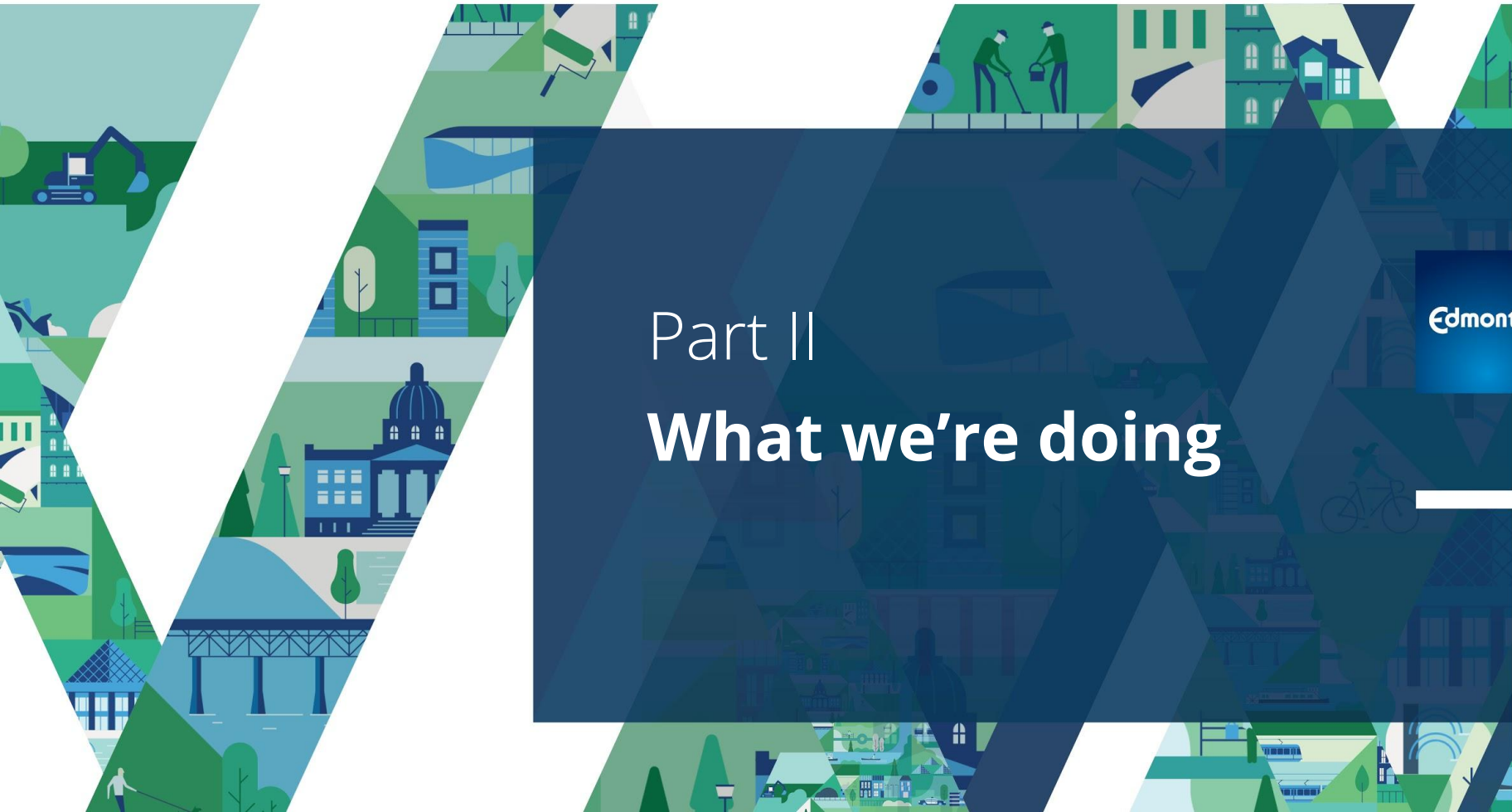
1. Not just taxes, but fees and levies
2. A need for “open for business” thinking
3. A renewed focus on efficiency and expediency



## What we're hearing

### Need for internal efficiency

1. Right people, doing the right work
2. Continue to examine our own programs and services
3. Continue to listen to wisdom from the front line
4. Results and performance focused



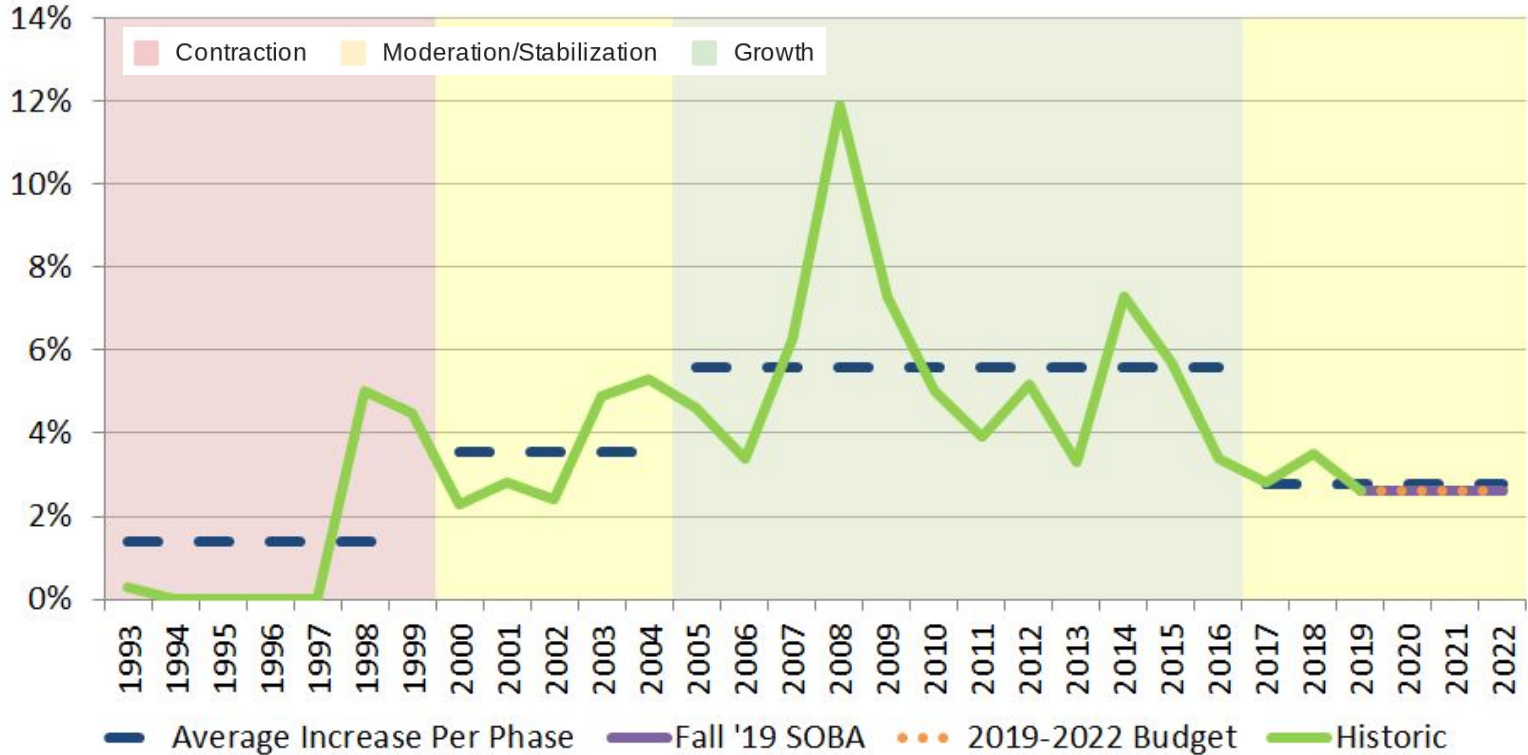
Edmonton

# Part I

## What we're doing

# Taxation Trends

## Tax Increases At Time of Tax Bylaw







# Circling back on taxation

## Assessment and Tax Primer

### 1. Tax Rate Formula (Budget-Based)

$$\frac{\text{CITY BUDGET}}{\text{ASSESSMENT BASE}} = \text{TAX RATE}$$

### 2. Individual Property Tax Formula

$$\text{PROPERTY ASSESSMENT} \times \text{TAX RATE} = \text{PROPERTY TAX}$$

1. Council determines the total budget
2. Tax distribution is determined by market value share



## Circling back on taxation

### Historical Impact of Council Approved Tax Increases

PROPERTY TYPES	2017 Muni Increase	2018 Muni Increase	2019 Muni Increase	Cumulative Impact
HOTEL MOTEL (2%)	4.6%	-0.5%	-18.2%	-14.9%
INDUSTRIAL (44%)	0.8%	2.8%	1.9%	3.9%
LAND (6%)	-6.2%	11.0%	10.8%	15.4%
OFFICE (15%)	1.1%	-13.3%	-4.5%	-16.3%
RETAIL (33%)	6.8%	11.7%	6.1%	26.6%
<b>TOTAL</b>	<b>2.8%</b>	<b>3.5%</b>	<b>2.6%</b>	<b>9.2%</b>

% in brackets reference relative size of inventory



## Circling back on taxation

### Hypothetical Impact of 0% Tax Increases

PROPERTY TYPES	2017 Muni Increase	2018 Muni Increase	2019 Muni Increase	Cumulative Impact
HOTEL MOTEL (2%)	1.8%	-4.0%	-20.9%	-22.7%
INDUSTRIAL (44%)	-2.0%	-0.7%	-0.8%	-3.5%
LAND (6%)	-9.0%	7.5%	8.2%	5.8%
OFFICE (15%)	-1.7%	-16.8%	-7.2%	-24.1%
RETAIL (33%)	4.0%	8.2%	3.5%	16.5%
<b>TOTAL</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>



## Circling back on taxation

### Regional Picture

1. Non-residential tax rates are typically lower in the Region than in Edmonton
  - a. Lower population and servicing costs; fewer services
  - b. Higher proportional non-residential assessment base
2. Edmonton boasts a significant competitive advantage when it comes to infrastructure, services and access to labour, but this is less impactful when industry is located on Edmonton's periphery



## What we're doing

### Open for business

1. Business transformation in Urban Form has:
  - a. Reduced red tape for builders
  - b. Expedited straightforward development permits
  - c. Reduced timelines
  - d. Provided a single point of contact for complex work
  - e. Streamlined and digitized the application process
2. Submitted a collaborative Red Tape Reduction submission to the Province of Alberta.
3. Ongoing collaborative relationship with Prosperity Edmonton



## What we're doing

### Committed to continuous improvement

1. Program and Service Review
2. Enterprise Performance Management
3. Prioritized Budgeting



# What we're doing

## Talking about leadership

### **ENGAGED AND FOCUSED**

*LEADERS OF SERVICE*

### **INSPIRED AND CAPABLE**

*LEADERS OF PEOPLE*

### **INTENTIONAL AND ACCOUNTABLE**

*LEADERS OF LEADERS*

### **INTEGRATED AND SOPHISTICATED**

*LEADERS OF IDEAS AND STRATEGY*

### **CLEAR, ACCESSIBLE AND INSPIRING**

*LEADERS OF STRATEGIC PRIORITIES*



## What we're doing

### Our formal leaders by the numbers...

Leadership Type	Specific Role	Count
Leaders of Strategic Priorities	City Manager and Deputy City Managers	8
Leaders of Ideas and Strategy	Branch Managers	40
Leaders of Leaders	Directors	130
Leaders of People	Out of Scope Supervisors	364
	In Scope Supervisors	1014
Total		1556





## What we're doing

### Other out-of-scope professional employees

<b>Role Type</b>	<b>Count</b>
Professional Technical Employees	582
Professional Engineers	242
Professional Solicitors	36
<b>Total</b>	<b>860</b>



## Intermunicipal Comparisons

### Avoiding comparing apples with oranges

1. FTE #s don't explain differences in service levels across cities
2. Environmental, social, and demand factors can drive service level differences, i.e.
  - a. Policing pressures
  - b. Snow & ice removal
3. Urban form and density can influence the number of FTEs required to provide a similar service level
4. Cities vary in what's kept in-house vs. outsourced



# Part II

## Our responsiveness

# Budget Impacts

## Breakdown of provincial budget impacts

Item	Details	Responsibility to Address	Financial Pressure for 2020 Operating Budget
Grants in lieu of taxes	Reduction in taxation revenue on provincial property	City of Edmonton	\$14.0 million
EPS fine revenue	Decrease in revenue from fines and penalties	EPS	\$2.7 million
EPS biological testing	New Increases for biological case work analysis (i.e., DNA testing)	EPS	\$2.3 million
Automated enforcement revenue	Decrease in revenue as the province increases its share of automated enforcement fines & penalties (additional \$2 million in 2021, for a total of \$9 million ongoing starting in 2021)	Traffic Safety Reserve	\$7.0 million
<i>Total impact on the 2020 Operating Budget</i>			<b>\$26.0 million</b>
<i>Budgetary Pressures - Recreation Facility Revenue</i>			\$2.5 million
<i>Total Budgetary Pressures</i>			<b>\$28.5 million</b>



## Budget Journey

### Proposed Tax Increases

	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
<b>Municipal Services</b>	0.4%	0.6%	0.3%
<b>Alley Renewal</b>	0.4%	0.3%	0.3%
<b>LRT (SE, West, Metro)</b>	0.8%	0.8%	1.1%
<b>Edmonton Police Service</b>	1.0%	0.9%	0.9%
<b>Tax Increase</b>	<b>2.6%</b>	<b>2.6%</b>	<b>2.6%</b>



## Budget Impacts

### 2019-2022 Capital Budget

Item	Financial Pressure for 2019-2022 Capital Budget
Municipal Sustainability Initiative (MSI)	\$57.5 million
MSI Replacement (New Local Government Fiscal Framework)	\$36.6 million
<i>Subtotal of MSI and MSI replacement related impacts</i>	<b>\$94.1 million</b>
Alberta Community Transit Fund (ACT)	\$89.3 million
<i>Total impact to 2019-2022 Capital Budget</i>	<b>\$183.4 million</b>



## Included in Fall 2019 SCBA

### Strategies to address change in MSI funding

<b>MSI and MSI-Replacement Grant Funding Reduction Strategy</b>	<b>Financial Impact</b>
Funding that can be released from projects close to completion	\$24.7 million
Interest income on unspent MSI	\$4.6 million
Re-allocation from the corporate funding pool relates to available funding sources other than the Federal Gas Tax	\$10.8 million
Existing growth or renewal projects where previously identified work is likely to be carried out in the 2023-2026 Capital Budget Cycle	\$27.5 million
Defer or cancel currently approved growth projects	\$26.5 million
<b><i>Total strategies to address to 2019-2022 Capital Budget pressures</i></b>	<b><i>\$94.1 million</i></b>



## Cancel ACT-funded projects

ACT Capital Projects (\$000's)					
Ref	Profile	Current Approved			
		ACT Grant	Debt	PAYG	Total
1	CM-99-6060 ACTF - Infrastructure Planning and Design	18,800	28,200	-	<b>47,000</b>
2	CM-99-9001 ACTF Infrastructure Delivery	18,400	27,600	-	<b>46,000</b>
3	19-22-9004 Terwillegar Drive Expressway Upgrades - Stage	14,000	86,000	1,300	<b>101,300</b>
3	19-22-9005 Terwillegar Drive Expressway Upgrades - Stage 2	3,520	14,345	-	<b>17,865</b>
4	19-10-1011 Stadium LRT Station Upgrade	11,936	16,404	1,500	<b>29,840</b>
5	CM-61-3620 Electric Buses/CM-66-3600 Bus Fleet & Equipment Replacement	22,600	22,600		<b>45,200</b>
	Totals	<b>89,256</b>	<b>195,149</b>	<b>2,800</b>	<b>287,205</b>





## Motion to Allocate Civic Debt Capacity

Re-Allocation to Civic Debt Capacity to ACT Projects (\$000's)				
Ref	Profile	Re-prioritized Civic Debt		
		Debt	PAYG	Total
1	CM-99-6060 ACTF - Infrastructure Planning and Design	26,698	-	<b>26,698</b>
2	CM-99-9001 ACTF Infrastructure Delivery	5,000	-	<b>5,000</b>
3	REVISED SCOPE Profile TBD Terwillegar Drive Expressway Upgrades - Alternative Staging Plan	102,700	1,300	<b>104,000</b>
4	19-10-1011 Stadium LRT Station Upgrade	28,340	1,500	<b>29,840</b>
5	CM-61-3620 Electric Buses/CM-66-3600 Bus Fleet & Equipment Replacement	32,411*	-	-
	Totals	<b>195,149</b>	<b>2,800</b>	<b>197,949</b>

\* \$32,411 would be used to replenish CM-66-3600 - Bus Fleet & Equipment Rehab & Replacement



# Part IV

## Our bottom line



## Our bottom line

### Confirming our “why”

1. To enable a better life for all Edmontonians
2. To continue to evolve as a modern municipality
3. To meet the diverse needs of 972,223 Edmontonians
4. To meet the challenges and opportunities of the future



Thank you.

Edmonton