

## COVID-19 Long-Term Budget Impacts - Forecasts 2020-2021

This attachment provides the long-term budget impacts of COVID-19 for 2021 and 2022.

A further COVID-19 budget shortfall is expected of \$20.2 million for 2020, in addition to the shortfall previously managed through the budget adjustments approved by City Council on April 27, 2020. The revenue and cost impacts are likely to continue into 2021. Forecast for 2022 would be difficult to provide with any accuracy at this time.

The attachment includes two main tables. Table 1 provides COVID-19 budget impacts for tax-supported operations and Table 2 provides the impacts for non tax-supported operations. Each table is broken into different sections as explained below:

### **Table 1A: COVID-19 Long-Term Budget Impacts for Tax-Supported Operations - Forecasts 2020-2021**

- Provides details on the tax-supported operations probable, best case and worst case financial impact of COVID-19 on the 2020-2021 operating budgets. Variances are shown in comparison to the approved operating budget, before the one-time adjustments made through the COVID-specific budget adjustments on April 27, 2020. Each business area has provided forecasts for the best, probable and worst case scenarios based on phased relaunch decisions specific to the services provided.

### **Table 1B: COVID-19 Long-Term Budget Impacts for Tax-Supported Operations - Forecasts 2020-2021- Additional Details on Assumptions and Explanations**

- Supplements Table 1A and provides the detailed assumptions used to develop the forecasts for tax-supported operations.

### **Table 1C: COVID-19 Long-Term Budget Impacts for Tax-Supported Operations - 2020 Scenarios Compared to Original Estimate**

- Provides the incremental 2020 budget impact for the revised probable, best case and worst case scenario compared to the originally estimated budget impacts reflecting the mid-September scenario (April 27).

**Table 2A: COVID-19 Long-Term Budget Impacts for Non Tax-Supported Operations - Forecasts 2020-2021**

- Provides details on the non tax-supported operations probable, best case and worst case financial impact of COVID-19 on the 2020-2021 operating budgets. Variances are shown in comparison to the approved operating budget, before the one-time adjustments made through the COVID-specific budget adjustments on April 27, 2020. Each business area has provided forecasts for the best, probable and worst case scenarios based on phased relaunch decisions specific to the services provided.

**Table 2B: COVID-19 Long-Term Budget Impacts for Non Tax-Supported Operations - 2020 Scenarios Compared to Original Estimate**

- Provides the incremental 2020 budget impact for the revised probable, best case and worst case scenario compared to the originally estimated budget impacts reflecting the mid-September scenario (April 27).

**Table 1A: COVID-19 Long-Term Budget Impacts for Tax-Supported Operations - Forecasts 2020-2021**

**(Reduction)/Increase from Original Approved Budget (Pre-COVID)**

**(\$000's)**

**Purpose:** This table provides the 2020-2021 forecasts for tax-supported operations for variances from the approved operating budget before adjustments made to manage impacts of COVID-19 on April 27, 2020. For each year the probable, best case and worst case scenario is provided.

	2020						2021			
	April 27 Adjustment		Probable		Best Case	Worst Case	Probable		Best Case	Worst Case
	Budget Impact (Mid-September Scenario) (Note 1)	Tax Increase (%) (Note 2)	Budget Impact Revised (Note 3)	Tax Increase (%)	Budget Impact Revised	Budget Impact Revised	Budget Impact	Tax Increase (%)	Budget Impact	Budget Impact
<b>TAX-LEVY</b>										
<b>TAX-SUPPORTED OPERATIONS</b>										
<b>Revenue (Reductions)/ Increases from Original Approved Budget (Pre-COVID)</b>										
Transit (transit fares and other non-fare)	(56,674)		(61,301)		(58,262)	(70,220)	(47,641)		(23,329)	(73,554)
Community & Recreation Facilities (admission, rental, program)	(37,649)		(40,711)		(36,883)	(43,008)	(16,878)		(8,439)	(33,756)
Parks & Roads (parking and various other)	(13,970)		(12,608)		(10,989)	(14,939)	(5,167)		(2,772)	(6,961)
Real Estate (Lease revenue forgiveness and rent defaults)	-		(1,716)		(603)	(2,906)	(426)		-	(787)
Assessment & Taxation (taxation penalties, supplementary taxes)	(8,011)		(7,000)		(6,747)	(8,800)	(1,000)		-	(3,000)
Corporate (business licenses)	(5,600)		(4,420)		(4,183)	(5,371)				
Corporate (gas franchise fee)	(5,641)		(2,080)		-	(5,641)				
Corporate (tag & fines)	-		(3,700)		(1,210)	(5,300)	(6,000)		(1,500)	(6,500)
Corporate (property taxes assessment growth)	-		-		-	-	(15,045)		(6,645)	(15,045)
<b>Total Revenue Impact</b>	<b>(127,545)</b>	<b>7.6</b>	<b>(133,536)</b>	<b>8.0</b>	<b>(118,877)</b>	<b>(156,185)</b>	<b>(92,157)</b>	<b>5.3</b>	<b>(42,685)</b>	<b>(139,603)</b>
<b>Expense (Reductions)/ Increases from Original Approved Budget (Pre-COVID)</b>										
Community & Recreation Facilities (workforce strategies, decrease in materials and utilities due to facility closures)	(28,559)		(27,204)		(28,899)	(26,187)	(19,814)		(14,947)	(25,028)
Edmonton Transit (workforce strategies, decreased fuel and fleet maintenance, DATS contract cost reductions, enhanced cleaning costs, various other)	(23,474)		(20,279)		(20,086)	(27,678)	5,992		6,125	(12,567)
Parks & Roads(workforce strategies, reduction in contractor and infrastructure maintenance costs, recoverable work and various other)	(11,547)		(9,150)		(9,750)	(8,551)	2,997		2,248	3,747
Workforce strategies, consulting/contractor,and other expense management strategies (various branches)	(27,879)		(28,217)		(28,509)	(27,192)	(384)		(228)	(739)
Other additional COVID Costs	10,434		18,020		15,445	20,770	-		-	-
Tax appeal losses	-		-		-	-	4,200		1,950	15,200
<b>Total Expense Impact</b>	<b>(81,025)</b>	<b>(4.8)</b>	<b>(66,830)</b>	<b>(4.0)</b>	<b>(71,799)</b>	<b>(68,838)</b>	<b>(7,009)</b>	<b>(0.4)</b>	<b>(4,852)</b>	<b>(19,387)</b>
<b>COVID-19 Funding Shortfall before capital reduction</b>	<b>46,520</b>	<b>2.8</b>	<b>66,706</b>	<b>4.0</b>	<b>47,078</b>	<b>87,347</b>	<b>85,148</b>	<b>4.9</b>	<b>37,833</b>	<b>120,216</b>
<b>Reduced transfer to capital</b>	<b>(46,520)</b>	<b>(2.8)</b>	<b>(46,520)</b>	<b>(2.8)</b>	<b>(46,520)</b>	<b>(46,520)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>COVID-19 Funding Shortfall</b>	<b>-</b>	<b>-</b>	<b>20,186</b>	<b>1.2</b>	<b>558</b>	<b>40,827</b>	<b>85,148</b>	<b>4.9</b>	<b>37,833</b>	<b>120,216</b>

Notes

Note 1: The original scenario reflects the revenue reductions, expense reductions, including the reduced transfer to capital, approved by City Council on April 27, 2020 in order to offset the COVID-19 budget impacts based on the mid-September scenario. The mid-September scenario assumed the pandemic response at the time of approving the adjustment (April 27) would continue until mid-September, with return to normal operations shortly after.

Note 2: The budget impacts of COVID-19 is reflected as a tax increase equivalency. This does not suggest that the COVID-19 budget impacts will be addressed through tax increases.

Note 3: The budget impacted revised reflects the updated 2020 estimated budget impacts compared to the original 2020 budget, before the budget was adjusted for impacts of COVID-19 on April 27.

**Table 1B: COVID-19 Long-Term Budget Impacts for Tax-Supported Operations - Forecasts 2020-2021**  
**Additional Details on Assumptions and Explanations**  
**(Reduction)/Increase from Original Approved Budget (Pre-COVID) (\$000's)**

**EDMONTON TRANSIT**

<b>2020</b>				
	<b>Budget Impact - April 27 Adjustment (Mid-September Scenario)</b>	<b>Budget Impact Probable</b>	<b>Budget Impact Best Case</b>	<b>Budget Impact Worst Case</b>
<b>Revenue</b>	<b>(56,674)</b>	<b>(61,301)</b>	<b>(58,262)</b>	<b>(70,220)</b>
Assumption/ Explanation	Free fares from March to mid-September. 100% ridership from mid-September to December	Ridership increases from 48% in July, to 56% in December. No UPass revenue for Fall 2020 as classes are offered online.	Ridership increases from 49% in July, to 65% in December. No UPass revenue for Fall 2020 as classes are offered online.	Ridership remains at 33% from July to December. No UPass revenue for Fall 2020 as classes are offered online.
<b>Expense</b>	<b>(23,474)</b>	<b>(20,279)</b>	<b>(20,086)</b>	<b>(27,678)</b>
Assumption/ Explanation	Due to reduced service hours, savings as a result of workforce strategies of \$9.7 million, including vacancy management, and decreases in fuel and fleet maintenance costs for buses of \$6.9 million; a reduction in contract service costs for DATS of \$4.3 million as service is being provided with internal resources, \$1.2 million in savings on contracts specific to fare collection and on general contracts, and reduction in LRT traction power costs of \$0.1 million due to reduced service hours and ridership.	Expense reductions in mid-September scenario increased by \$1.5 million due to salary adjustments for temporary layoffs, and partially offset by enhanced cleaning costs on buses, LRV's, stations and transit centers and DATS of approx. \$4.0 million.	Expense reductions in mid-September scenario increased by \$1.5 million due to salary adjustments for temporary layoffs, and partially offset by enhanced cleaning costs on buses, LRV's, stations and transit centers and DATS of approx. \$4.0 million.	Expense reductions in mid-September scenario increased by \$1.5 million due to salary adjustments for temporary layoffs, further reductions in fuel costs of \$2.7 million due to lower service levels from September to December, and further reductions to DATS contractor costs of \$2.1 million due to lower trip demand. These are partially offset by enhanced cleaning costs on buses, LRV's, stations and transit centers and DATS of approx. \$3.4 million.

<b>2021</b>			
	<b>Budget Impact Probable</b>	<b>Budget Impact Best Case</b>	<b>Budget Impact Worst Case</b>
<b>Revenue</b>	<b>(47,641)</b>	<b>(23,329)</b>	<b>(73,554)</b>
Assumption/ Explanation	<p>Ridership at 65% majority of the year. No UPass revenue for Winter 2021 as classes are offered online - \$44.3 million reduction</p> <p>Cancellation of fare rate increases - \$2.2 million reduction</p> <p>Reduction linked to ridership and service hours (charter, regional, reserved stall park and ride, airport contribution, advertising) - \$1.3.million reduction</p>	<p>Ridership at 88% majority of the year. No UPass revenue for Winter 2021 as classes are offered online - \$20.7 million reduction</p> <p>Cancellation of fare rate increases - \$2.7 million reduction</p>	<p>Ridership at 36% majority of the year. No UPass revenue for Winter 2021 as classes are offered online - \$69.9 million reduction</p> <p>Cancellation of fare rate increases - \$1.2 million reduction</p> <p>Reduction linked to ridership and service hours (charter, regional, reserved stall park and ride, airport contribution, advertising) - \$2.5 million reduction</p>
<b>Expense</b>	<b>5,992</b>	<b>6,125</b>	<b>(12,567)</b>
Assumption/ Explanation	Enhanced cleaning costs on buses, LRV's, stations and transit centers and DATS	Enhanced cleaning costs on buses, LRV's, stations and transit centers and DATS	<p>Implementation of First Km/ Last Km (On-Demand Service delayed until 2022) - \$10.6 million reduction</p> <p>Lower trip demand and contractor cost for DATS - \$4.9 million reduction</p> <p>Enhanced cleaning costs on buses, LRV's, stations and transit centers and DATS - \$4.8 million increase</p> <p>Various other net cumulative cost impacts.</p>

**COMMUNITY RECREATION FACILITIES**

<b>2020</b>				
	<b>Budget Impact - April 27 Adjustment (Mid-September Scenario)</b>	<b>Budget Impact Probable</b>	<b>Budget Impact Best Case</b>	<b>Budget Impact Worst Case</b>
<b>Revenue</b>	<b>(37,649)</b>	<b>(40,711)</b>	<b>(36,883)</b>	<b>(43,008)</b>
Assumption/ Explanation	Complete shut-down until mid-September	<p>The Provincial Stage 2 Relaunch Strategy allows for the reopening of Recreation Facilities, programs and services including indoor recreation, fitness and sports including gyms, arenas and pools as of June 12 that were shut down in March, 2020. These facility reopenings will abide by physical distancing requirements and other public health guidelines.</p> <p>The 2020 projection assumes that Recreational Facilities will start to reopen from mid-July, 2020 through to December 31, 2020 under public health restrictions.</p> <p>The probable budget scenario for the 2020 Revenue Projections are that by the end of December 31, 2020 approx. 75% of facilities are reopened at a reduced capacity from the 'usual' pre-COVID recreational facilities utilization, lower</p>	<p>Based on the same underlying assumptions as the probable revenue projection which estimates the revenues returned from the reopening of recreational facilities as part of the Provincial Stage 2 relaunch. The best case is an estimated 25% increase from the incremental revenue anticipated under the probable projection.</p>	<p>Based on the same underlying assumptions as the probable revenue projection which estimates the revenues returned from the reopening of recreational facilities as part of the Provincial Stage 2 relaunch. The worst case scenario is an estimated 25% decrease from the incremental revenue anticipated under the probable projection.</p>

		attendance due to physical distancing requirements and reduced public demand.		
Explanation	Reduced program, admission, and rental revenues as a result of facility closures			
<b>Expense</b>	<b>(28,559)</b>	<b>(27,204)</b>	<b>(28,899)</b>	<b>(26,187)</b>
Assumption/ Explanation	Complete shut-down until mid-September	In alignment with the 2020 probable revenue budget impact, the 2020 probable expense budget impact assumptions are that Recreational Facilities will reopen following the guidelines of the provincial stage 2 relaunch. This scenario assumes that 75% of the staff currently on temporary layoff will return to staff the Recreational Facilities that are expected to reopen from Mid-July to December 31, 2020. Expenses include additional costs to manage physical distancing requirements, to adhere to AHS guidelines for facility cleaning, and other non-personnel costs e.g., increased utility consumption, that are required to relaunch recreational facilities.	Expense Best Case Budget Impacts are based on the same underlying assumptions as the probable expense budget impact, which estimates the expenses that are required to operate and maintain Recreational Facilities that will reopen as part of the Provincial Stage 2 relaunch. The best case is an estimated 25% increase from the incremental expenses anticipated under the probable projection.	Expense Worst Case Budget Impacts are based on the same underlying assumptions as the probable expense budget impact, which estimates the expenses that are required to operate and maintain recreational facilities that will reopen as part of the Provincial Stage 2 relaunch. The worst case scenario is an estimated 25% decrease from the incremental expenses anticipated under the probable projection.

<b>2021</b>			
	<b>Budget Impact Probable</b>	<b>Budget Impact Best Case</b>	<b>Budget Impact Worst Case</b>
<b>Revenue</b>	<b>(16,878)</b>	<b>(8,439)</b>	<b>(33,756)</b>
Assumption/ Explanation	<p>Probable case budget impact assumes that about 75% of Recreation Facilities will reopen by the end of 2020. Revenues are reduced by 50% due to not all facilities reopening combined with a reduction in public demand and physical distancing requirements.</p> <p>Probable budget impact is built on the assumption that the probable revenue impacts identified at the end of 2020 will extend to Q2 2021.</p>	<p>Best case budget impact is built on the assumption that the probable revenue impacts identified for the end of 2020 will extend to Q1 2021.</p>	<p>Worst case budget impact is built on the assumption that the probable revenue impacts identified for the end of 2020 will extend to Q4 2021.</p>
<b>Expense</b>	<b>(19,814)</b>	<b>(14,947)</b>	<b>(25,028)</b>
Assumption/ Explanation	<p>Probable case budget impact assumes that about 75% of Recreation Facilities will reopen by the end of 2020. Expenses align to the relaunch of recreation facilities. Expenses are lower due to capacity constraints regarding physical spacing requirement in facilities. Staffing levels and non-personnel operational needs will be at a reduced capacity levels, however expenses also include a fixed cost component for the facility building operation and maintenance that is built into the probable scenario.</p> <p>Probable budget impact is built on the assumption that the probable expense impacts identified at the end of 2020 will extend to Q2 2021.</p>	<p>Best case budget impact is built on the assumption that the probable expense impact identified for the end of 2020 will extend to Q1 2021</p>	<p>Worst case budget impact is built on the assumption that the probable expense impacts identified for the end of 2020 will extend to Q4 2021.</p>

**PARKS AND ROADS SERVICES**

<b>2020</b>				
	<b>Budget Impact - April 27 Adjustment (Mid-September Scenario)</b>	<b>Budget Impact Probable</b>	<b>Budget Impact Best Case</b>	<b>Budget Impact Worst Case</b>
<b>Revenue</b>	<b>(13,790)</b>	<b>(12,608)</b>	<b>(10,898)</b>	<b>(14,939)</b>
Assumption/ Explanation	<p>Parking revenues - 100% loss of transient parkers and loss of revenue on events parking, EPark expansion on hold, and 3rd Party negotiations for hooded stalls. Parking at Edmonton City Centre West at 1/3 of 2019 levels - \$7.9 million reduction</p> <p>On-Street Construction &amp; Maintenance Permit revenues - \$1.2 million reduction</p> <p>Traffic Control revenue - \$1.0 million reduction</p> <p>Right of Way revenue - \$1.1 million reduction</p> <p>Asphalt &amp; Concrete Restoration revenue - \$2.5 million reduction</p>	<p>Parking Services - 50% of normal parking from June to August, 75% of normal parking from September to December - \$5.7 million reduction</p> <p>On-Street Construction &amp; Maintenance Permit revenues - \$1.2 million reduction</p> <p>Traffic Control revenue - \$1.4 million reduction (revised estimate)</p> <p>Right of Way revenue - 32% year-over-year decrease for period of Jan to May, return to normal from May to December - \$0.7 million reduction</p> <p>Asphalt &amp; Concrete Restoration revenue - Asphalt restoration revenue will not commence until January 2021. Concrete Restoration will be at 50% of normal levels until 2021 - \$3.4 million reduction</p>	<p>Parking Services - 60% of normal parking from June to August, 60% of normal parking from September to December - \$5.1 million reduction</p> <p>On-Street Construction &amp; Maintenance Permit revenues - \$1.2 million reduction</p> <p>Traffic Control revenue - \$1.3 million reduction (revised estimate)</p> <p>Right of Way revenue - No impact and reduction</p> <p>Asphalt &amp; Concrete Restoration revenue - Concrete Restoration will be at 60% of normal levels until 2021 - \$3.2 million reduction</p>	<p>Parking Services - 40% of normal parking from June to August, 50% of normal parking from September to December - \$7.5 million reduction</p> <p>On-Street Construction &amp; Maintenance Permit revenues - \$1.2 million reduction</p> <p>Traffic Control revenue - \$1.5 million reduction (revised estimate)</p> <p>Right of Way revenue - 32% year-over-year decrease for full year, return to normal in 2021 - \$1.0 million reduction</p> <p>Asphalt &amp; Concrete Restoration revenue - Concrete Restoration will be at 40% of normal levels until 2021 - \$3.6 million reduction</p>

<b>Expense</b>	<b>(11,547)</b>	<b>(9,150)</b>	<b>(9,750)</b>	<b>(8,551)</b>
Assumption/ Explanation	Savings as a result of workforce strategies of \$9.2 million, including vacancy management; reduction in general contracted costs of \$1.6 million resulting from Administration's efforts to manage costs during COVID-19, reduction in infrastructure maintenance costs of \$0.5 million, and miscellaneous cost savings of \$0.3 million.	Expense reductions in mid-September scenario, offset by reduced expenditure recoveries for detour work.  Detour recoveries - 50% of 2019 levels mainly due to reduced construction activity - \$2.4 million in reduced expenditure recoveries.	Expense reductions in mid-September scenario, offset by reduced expenditure recoveries for detour work.  Detour recoveries - 38% of 019 levels mainly due to reduced construction activity - \$1.8 million in reduced expenditure recoveries.	Expense reductions in mid-September scenario, offset by reduced expenditure recoveries for detour work  Detour recoveries - 63% of 019 levels mainly due to reduced construction activity - \$3.0 million in reduced expenditure recoveries.

<b>2021</b>			
	<b>Budget Impact Probable</b>	<b>Budget Impact Best Case</b>	<b>Budget Impact Worst Case</b>
<b>Revenue</b>	<b>(5,167)</b>	<b>(2,772)</b>	<b>(6,961)</b>
Assumption/ Explanation	Parking Services - 75% of normal parking from January to June, 90% of normal parking from September to December - \$2.8 million reduction  On-Street Construction & Maintenance Permit revenues - \$1.6 million reduction  Traffic Control revenue - \$0.8 million reduction.	Parking Services - 75% of normal parking from January to March, 100% of normal levels for the remainder of the year - \$1.0 million reduction  On-Street Construction & Maintenance Permit revenues - \$1.2 million reduction  Traffic Control revenue - \$0.4 million reduction (revised estimate)	Parking Services - 75% of normal parking for the full year - \$4.0 million reduction  On-Street Construction & Maintenance Permit revenues - \$2.0 million reduction  Traffic Control revenue - \$1.0 million reduction.

<b>Expense</b>	<b>2,997</b>	<b>2,248</b>	<b>3,747</b>
Assumption/ Explanation	Detour recoveries - 50% of normal budget due to reduced construction activity - \$2.1 million in reduced expenditure recoveries.  Additional PPE for servicing facilities - \$1.0 million	Detour recoveries - 75% of normal budget due to reduced construction activity - \$1.6 million in reduced expenditure recoveries.  Additional PPE for servicing facilities - \$0.7 million	Detour recoveries - 50% of normal budget due to reduced construction activity - \$2.6 million in reduced expenditure recoveries.  Additional PPE for servicing facilities - \$1.2 million

### CORPORATE EXPENDITURES AND REVENUES

2020				
	<b>Budget Impact - April 27 Adjustment (Mid-September Scenario)</b>	<b>Budget Impact Probable</b>	<b>Budget Impact Best Case</b>	<b>Budget Impact Worst Case</b>
<b>Business License Revenue</b>	<b>(5,600)</b>	<b>(4,420)</b>	<b>(4,183)</b>	<b>(5,371)</b>
Assumption /Explanation	Reductions in business license revenues due to reduced business activity	Revisions to mid-September scenario reflect less than expected decrease in business activity.	Revisions to mid-September scenario reflect less than expected decrease in business activity.	Revisions to mid-September scenario reflect less than expected decrease in business activity.
<b>Gas Franchise Fee</b>	<b>(5,641)</b>	<b>(2,080)</b>	<b>No Impact</b>	<b>(5,641)</b>
Assumption /Explanation	Estimated reductions in gas franchise fees to reflect a lower overall volume of natural gas consumption from the commercial sector as businesses, offices, and	Based on actuals to date and revised forecasts consumption levels have not decreased to the extent originally anticipated.	No impact and on budget.	Estimated reductions in gas franchise fees to reflect a lower overall volume of natural gas consumption from the commercial sector as businesses, offices, and various worksites due to reduced

	various worksites closed until mid-September.			activity resulting from the pandemic.  The worst case scenario reflects the original mid-September scenario.
<b>Tax Penalty Revenue</b>	<b>(5,800)</b>	<b>(5,800)</b>	<b>(5,800)</b>	<b>(5,800)</b>
Explanation	Foregone tax penalty revenues as a result of delaying the taxation penalty deadline from June 30 to August 31.			
<b>Supplementary Tax Revenue</b>	<b>(2,211)</b>	<b>(1,200)</b>	<b>(947)</b>	<b>(3,000)</b>
Assumption /Explanation	Current forecasts suggest that construction activity will begin slowing down sharply in mid 2020 due to COVID-19 and may not recover until 2021 or possibly 2022. Approx. 44% decrease from original budget assumptions. This would lead to a reduction in supplementary assessment revenue.	Construction activity has not slowed as much as anticipated in the mid-September scenario. Approx. 25% decrease from original budget assumptions.	Construction activity has not slowed as much as anticipated in the mid-September scenario. Approx. 20% decrease from original budget assumptions.	Construction activity has slowed more than anticipated in the mid-September scenario. Approx. 60% decrease from original budget assumptions.
<b>Tag &amp; Fine Revenue</b>	<b>No impact</b>	<b>(3,700)</b>	<b>(1,210)</b>	<b>(5,300)</b>
Assumption /Explanation	No impact forecasted in original COVID impact assessment.	Parking levels return to 66% of normal levels.	Parking levels return to approx. 90% of normal levels.	Parking levels return to 48% of normal levels.
<b>Other Additional COVID costs</b>	<b>10,434</b>	<b>18,020</b>	<b>15,445</b>	<b>20,770</b>

Assumption /Explanation	Additional costs incurred specifically related to COVID-19 response efforts. These include items such as purchase of personal protection equipment and materials, increased security costs, and City costs for the activation of the EXPO Centre.	Increase to COVID specific costs due to additional legal and enforcement services and costs incurred by Edmonton Economic Development Corporation.	Approx. 15% decrease from the probable scenario.	Approx. 15% increase from the probable scenario.
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<b>2021</b>			
	<b>Budget Impact Probable</b>	<b>Budget Impact Best Case</b>	<b>Budget Impact Worst Case</b>
<b>Supplementary Tax Revenue</b>	<b>(1,000)</b>	<b>No impact</b>	<b>(3,000)</b>
Assumption /Explanation	Current forecasts suggest that construction activity will begin slowing down sharply in mid 2020 due to COVID-19 and may not recover until 2021 or possibly 2022. Approx. 20% decrease from original budget assumptions. This would lead to a reduction in supplementary assessment revenue.  Additional details on COVID-19 impact on supplementary assessments is included in Attachment 4.	No impact	Current forecasts suggest that construction activity will begin slowing down sharply in mid 2020 due to COVID-19 and may not recover until 2021 or possibly 2022. Approx. 60% decrease from original budget assumptions. This would lead to a reduction in supplementary assessment revenue.
<b>Tag &amp; Fine Revenue</b>	<b>(6,000)</b>	<b>(1,500)</b>	<b>(6,500)</b>
Assumption /Explanation	Parking levels return to 55% of normal levels.	Parking levels return to approx. 85% of normal 2021 levels.	Parking levels return to 40% of normal levels.

<b>Additional COVID costs</b>	<b>18,020</b>	<b>15,445</b>	<b>20,770</b>
Assumption /Explanation	Increase to COVID specific costs due to additional legal and enforcement services and costs incurred by Edmonton Economic Development Corporation.	Approx. 15% decrease from the probable scenario.	Approx. 15% increase from the probable scenario.
<b>Property Tax Revenue (Assessment Growth)</b>	<b>(15,045)</b>	<b>(6,645)</b>	<b>(15,045)</b>
Assumption /Explanation	Probable scenario reflects a reduction of 45% of estimated growth - \$15.0 million reduction.	Best case scenario reflects a reduction of 20% of estimated growth - \$6.6 million reduction.	Worst case scenario also reflects a reduction of 45% of estimated growth - \$15.0 million reduction.
	2021 growth is based on activity in 2020, which has been negatively impacted both by falling oil prices and COVID-19. A decline in construction projects and completions will result in lower supplementary taxes and ultimately lower assessment growth in 2021. Additional details on COVID-19 impact on property tax assessment is included in Attachment 4.		
<b>Tax Appeals (Expense)</b>	<b>4,200</b>	<b>1,950</b>	<b>15,200</b>
Assumption /Explanation	Probable scenario reflects an increase of 37% in successful appeals - \$4.2 million increase.	Best case scenario reflects an increase of 17% in successful appeals - \$2.0 million increase.	Worst case scenario reflects a substantial increase in successful appeals - \$15.2 million increase.
	Uncertainty in the real estate market as a result of COVID-19 will create challenges in determining 2021 assessments. This is likely to lead to increased complaint numbers and as a result higher losses due to assessment corrections at the Assessment Review Board or otherwise. Additional details on COVID-19 impact on tax appeals is included in Attachment 4.		

**Table 1C: COVID-19 Long-Term Budget Impacts - 2020 Scenarios for Tax-Supported Operations Compared to Original Estimate (Reduction)/Increase from Original Approved Budget (Pre-COVID) (\$000's)**

**Purpose:** This table provides the 2020 forecasts by scenario for variances from the approved operating budget for tax-supported operations before adjustments made to manage impacts of COVID-19 on April 27, 2020. Each 2020 scenario is compared to the original scenario (mid-September). A tax increase equivalency is also provided for revenue, expense, and the net COVID funding shortfall.

	2020												Explanation
	April 27 Adjustment		Probable			Best Case			Worst Case			Change between Original Budget Impact and Probable 2020 Budget Impact Revised (Note 4)	
	Budget Impact (Mid-September Scenario)	Tax Increase (%)	Budget Impact Revised	Tax Increase (%)	Variance from Original Budget Impact (Note 4) Reflected in Operating Financial Update - May 31, 2020 (Attachment 1)	Budget Impact Revised	Tax Increase (%)	Variance from Original Budget Impact	Budget Impact Revised	Tax Increase (%)	Variance from Original Budget Impact		
<b>TAX-LEVY</b>													
<b>TAX-SUPPORTED OPERATIONS</b>													
<b>Revenue (Reductions)/ Increases from Original Approved Budget (Pre-COVID)</b>													
Transit (transit fares and other non-fare)	(56,674)		(61,301)		(4,627)	(58,262)		(1,588)	(70,220)		(13,546)	Slower than expected return to normal by year-end. Original assumption reflected a full return to normal after mid-September. This is partially offset by increase in transit fares as fares were re-introduced before mid-September.	
Community & Recreation Facilities (admission, rental, program)	(37,649)		(40,711)		(3,062)	(36,883)		766	(43,008)		(5,359)	Slower than expected return to normal by year-end. Original assumptions reflected a full return to normal after mid-September. Facilities will return to approximately 75% of normal conditions by end of December. This is partially offset by earlier than anticipated revenues as recreation facilities begin to partially open beginning mid-July to December.	
Parks & Roads (parking and various other)	(13,970)		(12,608)		1,362	(10,989)		2,981	(14,939)		(969)	Greater than expected revenues due to various changes in assumptions used to estimate original decrease in parking revenues, on-street construction maintenance, traffic control, right of way, and asphalt and concrete restoration revenues.	
Real Estate (Lease revenue forgiveness and rent defaults)	-		(1,716)		(1,716)	(603)		(603)	(2,906)		(2,906)	Rental and lease forgiveness and defaults not included in original mid-September scenario.	
Assessment & Taxation (taxation penalties, supplementary taxes)	(8,011)		(7,000)		1,011	(6,747)		1,264	(8,800)		(789)	Less impact on supplementary taxes than anticipated in mid-September scenario.	
Corporate (business licenses)	(5,600)		(4,420)		1,180	(4,183)		1,417	(5,371)		229	Less impact on business licensing activity than anticipated in mid-September scenario.	
Corporate (gas franchise fee)	(5,641)		(2,080)		3,561	-		5,641	(5,641)		-	Less than expected reduction in natural gas consumption in the commercial sector. The worst case scenario now assumes the original forecast provided in the spring.	
Corporate (tag & fines)	-		(3,700)		(3,700)	(1,210)		(1,210)	(5,300)		(5,300)	Reduction in bylaw ticket fines due to decreased parking and other bylaw enforced activity across the City. This revenue impact was not available in the original mid-September scenario.	
<b>Total Revenue Impact</b>	<b>(127,545)</b>	<b>7.6</b>	<b>(133,536)</b>	<b>8.0</b>	<b>(5,991)</b>	<b>(118,877)</b>	<b>7.1</b>	<b>8,668</b>	<b>(156,185)</b>	<b>9.3</b>	<b>(28,640)</b>		
<b>Expense (Reductions)/ Increases from Original Approved Budget (Pre-COVID)</b>													
Community & Recreation Facilities (workforce strategies, decrease in materials and utilities due to facility closures)	(28,559)		(27,204)		1,355	(28,899)		(340)	(26,187)		2,372	Lower than expected cost reductions as some staff on temporary layoff will return to work as facilities begin to gradually re-open, changes in timing of temporary layoffs used to determine cost reductions, additional costs to manage physical distancing requirements, to adhere to AHS guidelines for facility cleaning, and increased utility costs due to relaunch recreational facilities. This is partially offset by increased cost reductions from temporary layoffs due to a change in federal income support assumptions.	
Edmonton Transit (workforce strategies, decreased fuel and fleet maintenance, DATS contract cost reductions, enhanced cleaning costs, various other)	(23,474)		(20,279)		3,195	(20,086)		3,388	(27,678)		(4,204)	Lower than expected cost reductions as a result of enhanced cleaning costs on buses, LRV's, stations and transit centers and DATS. This is partially offset by increased cost reductions from temporary layoffs due to a change in federal income support assumptions.	

Parks & Roads(workforce strategies, reduction in contractor and infrastructure maintenance costs, recoverable work and various other)	(11,547)		(9,150)		2,397	(9,750)		1,797	(8,551)		2,996	Reduction in recoveries for detour work mainly due to reduced construction activity.
Workforce strategies, consulting/contractor, and other expense management strategies (various branches)	(27,879)		(28,217)		(338)	(28,509)		(630)	(27,192)		687	Various reasons to changes to overall expense management strategies. Overall the expense reductions are close to original estimates.
Other additional COVID Costs	10,434		18,020		7,586	15,445		5,011	20,770		10,336	Increase to COVID specific costs due to additional legal and enforcement services and costs incurred by Edmonton Economic Development Corporation. Recovery for EXPO centre costs is not expected from province. Additional COVID costs are also included within Edmonton Transit and Community Recreation Facilities.
<b>Total Expense Impact</b>	<b>(81,025)</b>	<b>(4.8)</b>	<b>(66,830)</b>	<b>(4.0)</b>	<b>14,195</b>	<b>(71,799)</b>	<b>(4.3)</b>	<b>9,226</b>	<b>(68,838)</b>	<b>(4.1)</b>	<b>12,187</b>	
<b>COVID-19 Funding Shortfall before capital reduction</b>	<b>46,520</b>	<b>2.8</b>	<b>66,706</b>	<b>4.0</b>	<b>20,186</b>	<b>47,078</b>	<b>2.8</b>	<b>558</b>	<b>87,347</b>	<b>5.2</b>	<b>40,827</b>	
<b>Reduced transfer to capital</b>	<b>(46,520)</b>	<b>(2.8)</b>	<b>(46,520)</b>	<b>(2.8)</b>	<b>-</b>	<b>(46,520)</b>	<b>(2.8)</b>	<b>-</b>	<b>(46,520)</b>	<b>(2.8)</b>	<b>-</b>	
<b>COVID-19 Funding Shortfall</b>	<b>-</b>	<b>-</b>	<b>20,186</b>	<b>1.2</b>	<b>20,186</b>	<b>558</b>	<b>-</b>	<b>558</b>	<b>40,827</b>	<b>2.4</b>	<b>40,827</b>	

Notes

Note 4: Comparison of the revised probable 2020 COVID-19 budget impact to the original budget impact based on the mid-September scenario. The mid-September scenario assumed the pandemic response at the time of approving the adjustment (April 27) would continue until mid-September, with return to normal operations shortly after. This is the variance from the 2020 budget adjusted on a one-time basis for impacts of COVID-19 and is also reflected in the projected year-end variances in Attachment 1 - Operating Financial Update - May 31, 2020.

**Table 2A: COVID-19 Long-Term Budget Impacts for Non Tax-Supported Operations - Forecasts 2020-2021**  
**(Reduction)/Increase from Original Approved Budget (Pre-COVID)**

**Purpose:** This table provides the 2020-2021 forecasts for non tax-supported for variances from the approved operating budget before adjustments made to manage impacts of COVID-19 on April 27, 2020. For each year the probable, best case and worst case scenario is provided.

	2020				2021		
	April 27 Adjustment	Probable	Best Case	Worst Case	Probable	Best Case	Worst Case
	Budget Impact (Mid-September Scenario) (Note 1)	Budget Impact Revised (Note 3)	Budget Impact Revised	Budget Impact Revised	Budget Impact	Budget Impact	Budget Impact
<b>NON TAX-LEVY</b>							
<b>DEVELOPMENT SERVICES (NON-TAX SUPPORTED)</b>							
Reduced development and building permit revenue resulting from slower business activity	(15,000)	(15,000)	(11,300)	(18,700)	(9,600)	(1,700)	(17,500)
Expense Reductions	(4,411)	(4,411)	(4,411)	(4,411)			
Transfer from/ (to) Reserve	10,589	10,589	6,889	14,289	9,600	1,700	17,500
<b>COVID-19 Funding Shortfall</b>	-	-	-	-	-	-	-
<b>Planning &amp; Development Reserve Balance</b>	<b>2,100</b>	<b>2,100</b>	<b>5,800</b>	<b>(1,600)</b>	<b>(10,400)</b>	<b>(2,500)</b>	<b>(18,300)</b>
<b>VEHICLE FOR HIRE</b>							
Estimated revenue shortfall based on reduced ridership	(700)	(700)	(700)	(700)			
Transfer from/ (to) Reserve	700	700	700	700			
<b>COVID-19 Funding Shortfall</b>	-	-	-	-	-	-	-
<b>INVESTMENT EARNINGS</b>							
Lower than budgeted investment earnings due to impacts of COVID-19 and reduced oil prices on markets.		-	-	-	(11,734)	(9,000)	(14,467)
Reduced transfer to capital		-	-	-	(11,734)	(9,000)	(14,467)
<b>COVID-19 Funding Shortfall</b>	-	-	-	-	-	-	-
<b>WASTE SERVICES</b>							
Lower than budgeted rate and non-rate revenues due to reduced customer counts and closure of ecostation	(4,199)	(5,374)	(5,080)	(5,668)	(700)	(525)	(875)
Expense Reductions (delay of cart rollout program and other)	(4,199)	(4,393)	(4,345)	(4,442)	-	-	-
<b>COVID-19 Funding Shortfall</b>	-	<b>(981)</b>	<b>(736)</b>	<b>(1,226)</b>	<b>(700)</b>	<b>(525)</b>	<b>(875)</b>

## Notes

Note 1: The original scenario reflects the revenue reductions, expense reductions, including the reduced transfer to capital, approved by City Council on April 27, 2020 in order to offset the COVID-19 budget impacts based on the mid-September scenario. The mid-September scenario assumed the pandemic response at the time of approving the adjustment (April 27) would continue until mid-September, with return to normal operations shortly after.

Note 2: The budget impacts of COVID-19 is reflected as a tax increase equivalency. This does not suggest that the COVID-19 budget impacts will be addressed through tax increases.

Note 3: The budget impacted revised reflects the updated 2020 estimated budget impacts compared to the original 2020 budget, before the budget was adjusted for impacts of COVID-19 on April 27.

**Table 2B: COVID-19 Long-Term Budget Impacts - 2020 Scenarios for Non Tax-Supported Operations Compared to Original Estimate**

(Reduction)/Increase from Original Approved Budget (Pre-COVID)

(\$000's)

Purpose: This table provides the 2020 forecasts by scenario for variances from the approved operating budget for non tax-supported operations before adjustments made to manage impacts of COVID-19 on April 27, 2020. Each 2020 scenario is compared to the original scenario (mid-September). A tax increase equivalency is also provided for revenue, expense, and the net COVID funding shortfall.

	2020							Explanation
	April 27 Adjustment	Probable		Best Case		Worst Case		
	Budget Impact (Mid-September Scenario)	Budget Impact Revised	Variance from Original Budget Impact (Note 4) Reflected in Operating Financial Update - May 31, 2020 (Attachment 1)	Budget Impact Revised	Variance from Original Budget Impact	Budget Impact Revised	Variance from Original Budget Impact	Change between Original Budget Impact and Probable 2020 Budget Impact Revised (Note 4)
<b>NON TAX-LEVY</b>								
<b>DEVELOPMENT SERVICES (NON-TAX SUPPORTED)</b>								
Reduced development and building permit revenue resulting from slower business activity	(15,000)	(15,000)	-	(11,300)	(3,700)	(18,700)	3,700	Best and worst case scenarios reflect a change in the level of business activity compared to the original assumptions.
Expense Reductions	(4,411)	(4,411)	-	(4,411)	-	(4,411)	-	No change
Transfer (from)/ to reserve	10,589	10,589	-	6,889	3,700	14,289	(3,700)	Changes based on fluctuations in revenues for each scenario.
<b>COVID-19 Funding Shortfall</b>	-	-	-	-	-	-	-	-
<b>Planning &amp; Development Reserve Balance</b>	<b>2,100</b>	<b>2,100</b>	-	<b>5,800</b>	(3,700)	<b>(1,600)</b>	3,700	Changes based on fluctuations in revenues for each scenario.
<b>VEHICLE FOR HIRE</b>								
Estimated revenue shortfall based on reduced ridership	(700)	(700)	-	(700)	-	(700)	-	No change
Transfer (from)/ to reserve	700	700	-	700	-	700	-	No change
<b>COVID-19 Funding Shortfall</b>	-	-	-	-	-	-	-	-
<b>WASTE SERVICES</b>								
Lower than budgeted rate and non-rate revenues due to reduced customer counts and closure of ecostation	(4,199)	(5,374)	1,175	(5,080)	881	(5,668)	1,469	Additional revenue reductions due to reduced customer counts (as a result of reduced housing starts) and reduced ecostation revenues
Expense Reductions (delay of cart rollout program and other)	(4,199)	(4,393)	194	(4,345)	146	(4,442)	243	Additional expense reduction due to closure of ecostation
<b>COVID-19 Funding Shortfall</b>	-	<b>(981)</b>	<b>981</b>	<b>(736)</b>	<b>736</b>	<b>(1,226)</b>	<b>1,226</b>	

Notes

Note 4: Comparison of the revised probable 2020 COVID-19 budget impact to the original budget impact based on the mid-September scenario. The mid-September scenario assumed the pandemic response at the time of approving the adjustment (April 27) would continue until mid-September, with return to normal operations shortly after. This is the variance from the 2020 budget adjusted on a one-time basis for impacts of COVID-19 and is also reflected in the projected year-end variances in Attachment 1 - Operating Financial Update - May 31,2020.