

# Capital and Operating Financial Update

December 31, 2020

Edmonton

City Council  
*March 15, 2021*

# Presentation Overview



1

## Capital Financial Update (December 31, 2020)

- Significant capital project update
- Results and projections against 2019-2022 Budget
- City's forecasted debt and debt servicing



2

## Operating Financial Update (December 31, 2020)

- Enterprise & Utility Programs
- Tax Supported Operations
- Carryforward & Other Recommendations
- Reserve Update

# Capital Results - 2020



Budget  
Cycle  
Spend

Significant  
Project  
Results

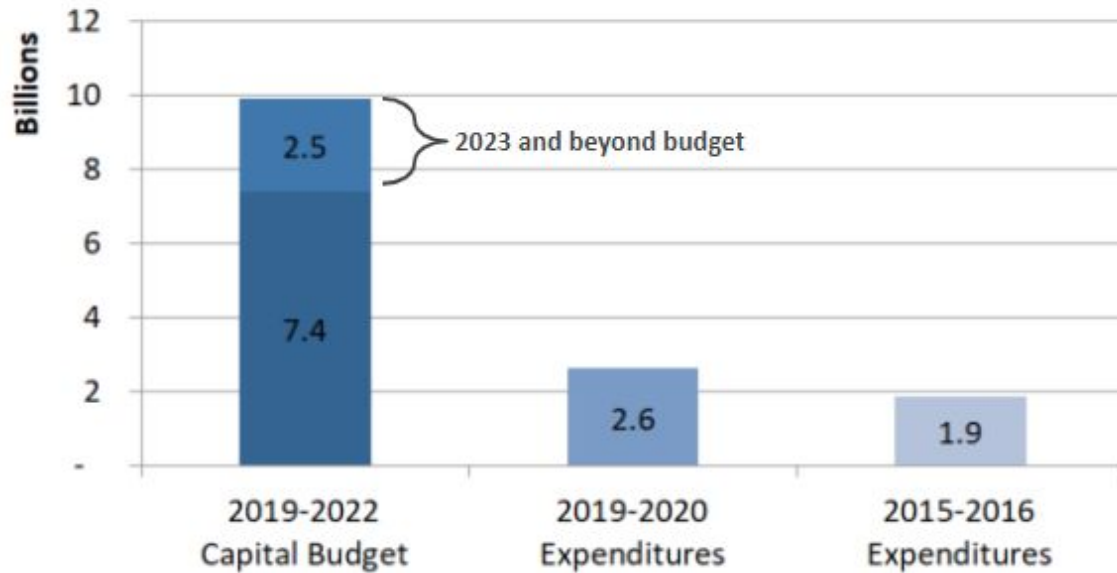


Debt Update



## Capital Reporting

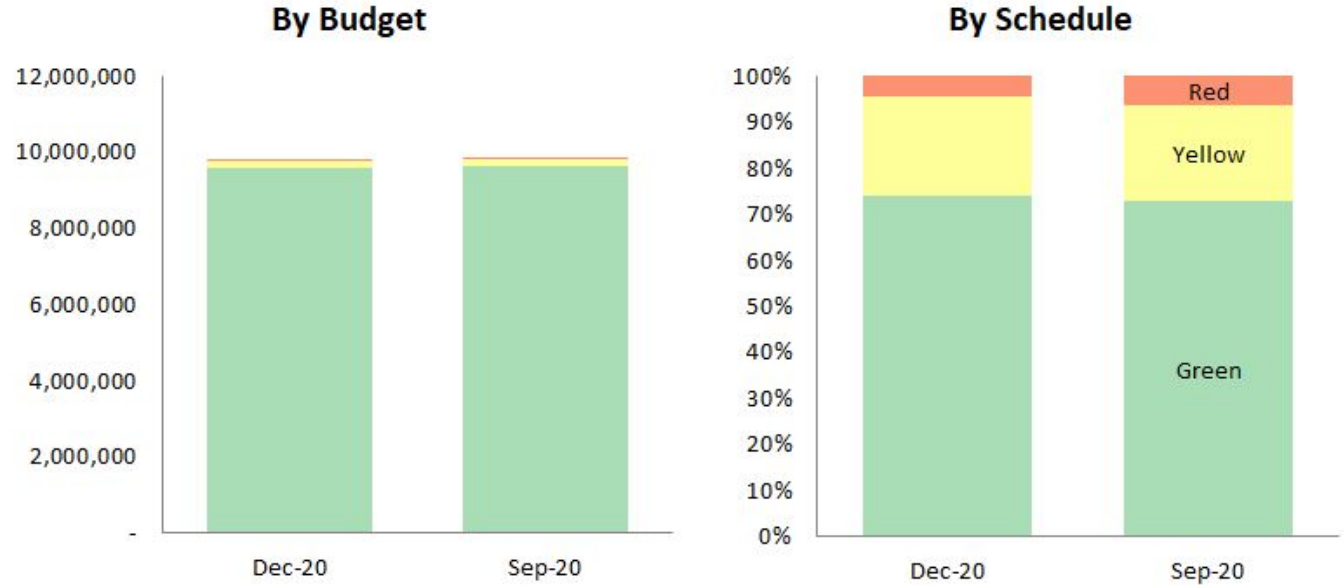
### 2019-2022 Capital Budget Expenditures





# Capital Reporting

## Significant Capital Project Status Summary



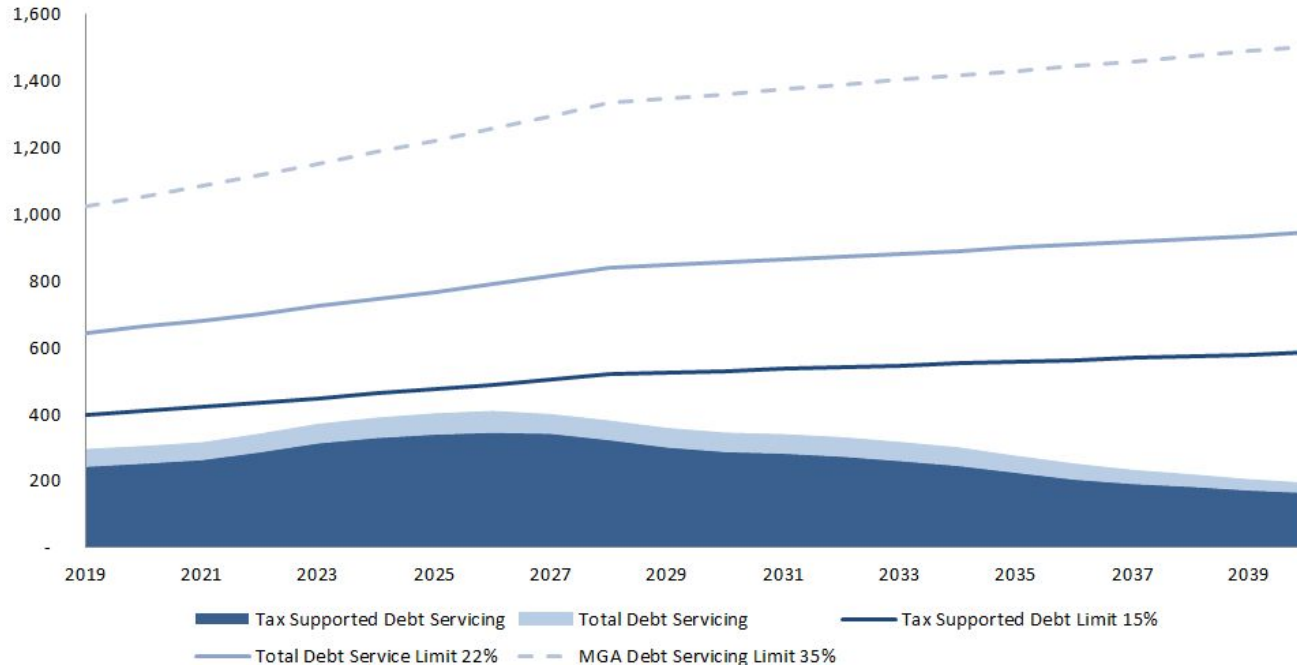
\*The budget and schedule status charts above are weighted by the profiles approved budget.



## Debt Limits

The internal *Debt Management Fiscal Policy (DMFP)* sets more conservative debt service limits than those established in the *MGA*.

### Debt Management Fiscal Policy Limits (\$M)



# Operating Financial Results



Enterprise  
& Utility  
Operations

Tax-  
Supported  
Operations



Carryforwards &  
Recommendations



Reserve  
Update



Third Party  
Reviews



# Operating Results

## Enterprise and Utility Operations

### December 31, 2020 - Net Position Budget Variance (in \$ millions)

 Favourable  Unfavourable	Year-End Variance	
Waste Services	11.2	
Land Enterprise	3.9	
Blatchford Redevelopment	0.4	
Blatchford Renewable Energy Utility	0.9	



## Financial uncertainty during a global pandemic

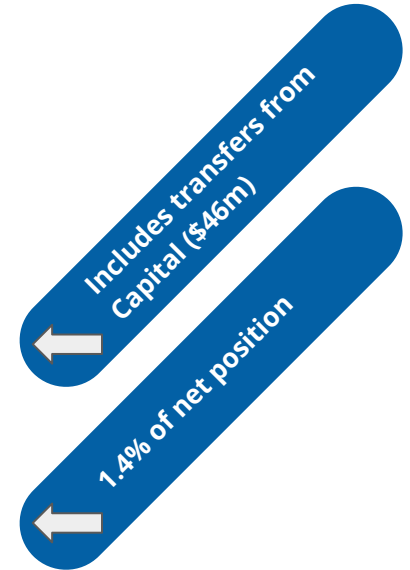
January - March	<ul style="list-style-type: none"><li>● Global pandemic declared</li><li>● Provincial State of Public Health Emergency declared</li></ul>
April	<ul style="list-style-type: none"><li>● 2020 Budget Adjusted to address forecast effects of pandemic</li></ul>
June-July	<ul style="list-style-type: none"><li>● Provincial State of Public Health Emergency ended</li><li>● Safe Restart funding announced</li><li>● Federal/Provincial Governments discuss funding distribution</li></ul>
September - October	<ul style="list-style-type: none"><li>● Municipal Operating Support Transfer arrangements discussed</li><li>● City allocated \$152.8 million (\$98.5 general + \$59.7 transit)</li></ul>
November - December	<ul style="list-style-type: none"><li>● Financial updates to City Council November 16</li><li>● Provincial State of Public Health Emergency declared</li><li>● Fall Supplementary Budget establishes 2021 Budget</li><li>● Province announced new public health measures, including facility closures</li><li>● 2021 COVID Specific Adjustments approved</li></ul>



## Operating Results

Tax Supported Operations (in \$ millions)

Key figures	
2020 Budget (Dec 2019)	3,133
Reductions in April	(143)
Adjusted Budget	2,990
Tax-supported Operations Variance	40



### Recommendations for variance:

- Approve operating carryforwards **\$7.8 million**
- Hold funds to address waste services loan: **\$7.6 million**
- Appropriate funding to address economic recovery from COVID-19: **\$24.8 million**

# Principles to Address the Financial Impact



**SAFETY** - The public's safety is a top priority.



**LONG RANGE FOCUS** - Address the short term issues but be mindful of the impact on the municipal corporation's long-term financial sustainability.



**LOCAL ECONOMY** - Continue to support stabilization of the local economy.



**HONOUR RELATIONSHIPS** - Workforce strategies will be fair and respectful.



**CITY BUILDING** - Evaluate for 2020 and beyond to determine what advances.



**DEMONSTRATE EMPATHY** - Limit tax increases for Edmontonians.



**COMBINATION OF TOOLS** - Revenue reductions will be addressed with a combination one-time funding as well as and strategic decisions on spending/service reductions.

## Appropriated FSR for COVID

Remaining funds: **\$28.7 million** (\$24.8 + \$3.9 million unallocated)












City's Recovery Plan funds will be prioritized based on the approved principles, with a focus on economic recovery.

Funding will likely be required for:

- **Support for vulnerable populations**
- **Assistance with the vaccine rollout**
- **Election costs (health measures)**
- **Economic support and recovery efforts**

# Significant Tax-Supported Variances

(in \$ millions)

Year-End Variance		Description	 Favourable  Unfavourable
13.9		Financial Strategies	
6.5		Recreation Centres	
6.1		Gas Franchise Fees	
5.7		Facility Maintenance	
5.4		Business Licensing Revenue	
4.2		Economic Recovery Grant	
(14.1)		Transit Fare Revenue	
12.5		Other Cumulative Variances	
<b>40.2</b>		<b>Total</b>	



## Operating Carryforwards

Recommendation 1 (in \$ millions)

There was \$10.5 million appropriated within the FSR to fund expenses to occur in 2020 that are recommended for carry-forward of funds:

Major Initiatives	Previously Appropriated
Temporary Housing Pandemic Shelter	5.9
Bus Network Redesign	1.0
Domtar Lands	0.6
Alberta's Food Incubation Hub	0.6
Other initiatives (details in Schedule A, Table 1, Att 2)	2.4
<b>Total</b>	<b>10.5</b>



## Operating Carryforwards

Recommendation 3 (in \$ millions)

There was \$7.8 million expenses to occur in 2020 that are recommended for carry-forward of funds, with new funding from the FSR:

Major Initiatives	Previously Appropriated
Edmonton Economic Recovery Grant	4.2
Zoning Bylaw	1.0
Re-imagine Corporate Strategy	0.7
River Valley Planning Modernization	0.5
Revitalization	0.5
Other initiatives (details in Schedule E, Table 1, Att 2)	1.0
<b>Total</b>	<b>7.8</b>

## Other Recommendations

(in \$ millions)

Recommendation	Description	Amount
2	Revolving Industrial Servicing Fund program rebates and matching funding from the Revolving Industrial Servicing Fund Reserve	\$9.9
4	Outstanding non-regulated notional loan due from Waste Services Utility for potential funding from tax-supported surplus	\$7.6
5	To appropriate funding within the Financial Stabilization Reserve to cover potential impacts of the COVID-19 pandemic	\$24.8

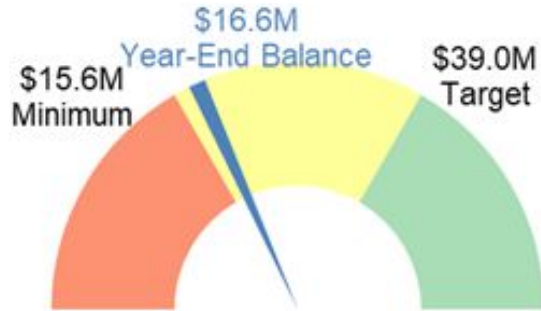




# Reserves

(in \$ millions)

## Planning and Development Reserve



- Above target balance
- Above minimum balance & below target balance
- Below minimum balance

## Traffic Safety & Automated Enforcement Reserve

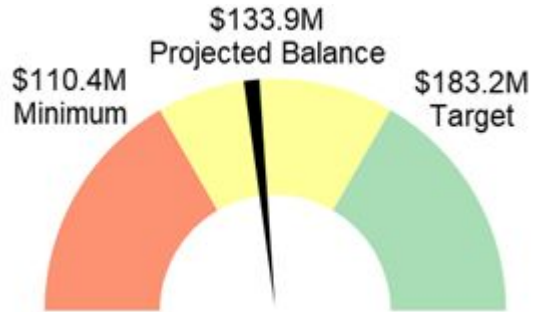


- Above target balance
- Below minimum balance



## Reserves (in \$ millions)

### Financial Stabilization Reserve



- Above target balance
- Above minimum balance & below target balance
- Below minimum balance

On the basis of the recommendations, no amount of the current year surplus remains unallocated within the Financial Stabilization Reserve.



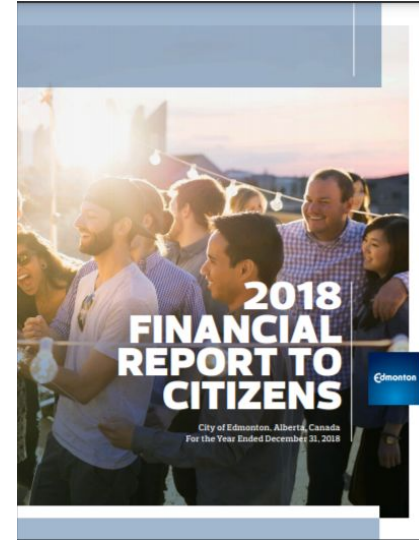
# Third Party Review of City Financial Information



*Distinguished Budget  
Presentation Award -  
**20 consecutive years***



*Canadian Award for  
Financial Reporting -  
**26 consecutive years***



*Popular Annual Financial  
Reporting Award -  
**6 consecutive years***

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Thank you.

The logo for the city of Edmonton, featuring the word "Edmonton" in a white, sans-serif font on a dark blue square background. The background of the entire slide is a blue-tinted photograph of three people running on a track in a stadium.

Edmonton

# Capital Results - 2020

