



UDI-ER COUNCIL BRIEFING NOTE

Date: April 30, 2020

Municipality: City of Edmonton

Topic: *Spring 2020 Supplemental Operating Budget Adjustment & 2020 Property Tax Bylaw*

Summary

- On Monday, April 27, 2020, Edmonton City Council held supplemental budget adjustment deliberations regarding the City's *operating* budget in addition to updates on the financial implications resulting from COVID-19.
 - The City anticipates a revenue shortfall in 2020 of somewhere between 90 - 260 million, due to COVID-19.
 - A number of cost-cutting methods have been implemented – including temporary layoffs and deferment of projects – in order to help mitigate the impact on the City's operating budget. This has ultimately resulted in an approximate savings of \$137.2 million.
 - For full details regarding the motions passed, please see the information below.
- On Wednesday, April 29, 2020, Edmonton City Council approved the 2020 Property Tax Bylaw, thereby establishing the final residential and non-residential property tax levy increases for 2020.
 - Once the recent provincial education tax freeze is factored in, the property tax percentage for 2020 essentially results in no increase for residential properties and a 2 per cent decrease for non-residential properties.¹

Background

In accordance with the City of Edmonton's Multi-year Budgeting Policy, Council approved the 2019-2022 operating & capital budgets in [December, 2018](#). However, supplemental budget deliberations still occur twice a year – once in the fall and once in the spring. The Supplemental Operating Budget Adjustment process allows the City of Edmonton to adjust its multi-year budget in response to emerging issues that affect the City's finances.²

During the most recent supplemental budget deliberations (December, 2019), Council was facing a financial shortfall due to reductions in funding via the provincial budget. Ultimately, Council approved changes to the original 2020-2022 Operating Budget, resulting in planned tax levy increases of 2.08 per cent in 2020, 2.6 per cent in 2021 and 2.4 per cent in 2022.³

¹ Of note – property tax percentages stated are considered to be for the *average* residential or non-residential property.

² Council Report (CR) CR_7925, p. 3-4.

³ CR_7925, p. 5.

What Happened at Council

Monday, April 27, 2020 City Council:

Council carried the following motion regarding [the Spring 2020 Supplemental Operating Budget Adjustment](#):

1. *That amendments to the 2020-2022 Operating Budget, as outlined in Attachment 1 of the April 27, 2020, Financial and Corporate Services report CR_7925, be approved resulting in the following revised **2020** Operating Budget:*
 - a. *Total tax supported operations with revenues of \$3,024,663,000 and expenditures of \$3,024,663,000 with the tax supported operations revenues of \$3,024,663,000 to include:*
 - i. *Revenue based on a total property and payment-in lieu tax levy estimated to be \$1,697,563,000*
 - ii. *Estimated non-tax revenue of \$1,327,100,000*
 - b. *The Community Revitalization Levies operating budget includes:*
 - i. *Belvedere Community Revitalization Levy with revenues of \$3,886,000 and expenditures of \$3,886,000*
 - ii. *Capital City Downtown Community Revitalization Levy with revenues of \$32,365,000 and expenditures of \$32,365,000*
 - iii. *The Quarters Downtown Community Revitalization Levy with revenues of \$6,403,000 and expenditures of \$6,403,000*
2. *That amendments to the 2020-2022 Operating Budget, as outlined in Attachment 1 of the April 27, 2020, Financial and Corporate Services report CR_7925, be approved resulting in the following revised **2021** Operating Budget:*
 - a. *Total tax supported operations with revenues of \$3,122,814,000 and expenditures of \$3,122,814,000 with the tax supported operations revenues of \$3,122,814,000 to include:*
 - i. *Revenue based on a total property and payment-in-lieu tax levy estimated to be \$1,787,520,000*
 - ii. *Estimated non-tax revenue of \$1,335,294,000*
 - b. *The Community Revitalization Levies operating budget includes:*
 - i. *Belvedere Community Revitalization Levy with revenues of \$4,573,000 and expenditures of \$4,573,000*
 - ii. *Capital City Downtown Community Revitalization Levy with revenues of \$35,134,000 and expenditures of \$35,134,000*
 - iii. *The Quarters Downtown Community Revitalization Levy with revenues of \$7,985,000 and expenditures of \$7,985,000*
3. *That amendments to the 2020-2022 Operating Budget, as outlined in Attachment 1 of the April 27, 2020, Financial and Corporate Services report CR_7925, be approved resulting in the following revised **2022** Operating Budget:*
 - a. *Total tax supported operations with revenues of \$3,210,358,000 and expenditures of \$3,210,358,000 with the tax supported operations revenues of \$3,210,358,000 to include:*
 - i. *Revenue based on a total property and payment-in-lieu tax levy estimated to be \$1,865,529,000*

- ii. *Estimated non-tax revenue of \$1,344,829,000*
- b. *The Community Revitalization Levies operating budget includes:*
 - i. *Belvedere Community Revitalization Levies with revenues of \$7,265,000 and expenditures of \$7,265,000*
 - ii. *Capital City Downtown Community Revitalization Levy with revenues of \$37,786,000 and expenditures of \$37,786,000*
 - iii. *The Quarters Downtown Community Revitalization Levy with revenues of \$9,096,000 and expenditures of \$9,096,000*
- 4. *That Administration postpone the launch of the **Bus Network Redesign**, and notify City Council of the revised implementation date via memo.*

Council carried the following motion regarding [the COVID-19 Financial Impacts and Funding Strategy](#):

1. *That the 2020 operating budget be adjusted on a one-time basis to reflect the adjustments to individual branch revenue and expenditure budgets as reflected in Attachment 1 of the April 27, 2020, Financial and Corporate Services report CR_8228, as a result of the COVID-19 response.*
2. *That the 2020 operating budget be adjusted on a one-time basis to decrease expenditures by \$46.5 million as a result of a reduced Pay-as-you-go operating transfer to the Pay-as-you-go Capital Reserve as reflected in Attachment 1 of the April 27, 2020, Financial and Corporate Services report CR_8228, to help offset the net financial impacts of the COVID-19 response.*
3. *That the 2020 expenditure budget for the Mayor & Councillor Offices be decreased by 10% on a one-time basis, for a total of \$695,000, and be reallocated to Corporate Expenditures (Financial Strategies), within Corporate Expenditures & Revenues.*
4. *That Attachment 8 of the April 27, 2020, Financial and Corporate Services report CR_8228 remain private pursuant to section 24 (advice from officials) of the Freedom of Information and Protection of Privacy Act, until the appropriate required notifications have been met.*

Wednesday, April 29, 2020 City Council (non-regular):

On [Wednesday, April 29, 2020](#), Bylaw 19207, [2020 Property Tax and Supplementary Property Tax Bylaw](#) received 3 readings from Council, thereby establishing the final residential and non-residential property tax levy increases for 2020.

During budget deliberations last December, the property tax percentage for 2020 was anticipated to be increased by 2.08 per cent, for both residential and non-residential properties.

However, during this week's budget deliberations, the property tax percentage was whittled down to approximately 1.3 per cent.

Cognizant of the current economic situation and its significant impact on the business sector, instead of a 1.3 per cent increase across the board, Council voted 9-4 to shift the burden to

residential properties – thus resulting in a 2.5 per cent increase for residential and a 0 per cent increase for non-residential (a difference of approximately \$8 million).

Finally, earlier this year, the Province of Alberta implemented an education tax freeze. Once this is factored in, the 2020 property tax percentage is essentially a 0% increase for residential properties and a 2% decrease for non-residential properties.

Next Steps

The City's spring 2020 *Capital Budget Adjustment* deliberations are scheduled to occur in May.

UDI-ER will continue to closely monitor the City's budget deliberations along with all other Council items pertinent to the land development industry.