



Thursday November 16, 2023

Edmonton City Council
City of Edmonton
1 Sir Winston Churchill Square
Edmonton, AB T5J 4R7

RE: Proposed 2024 Municipal Budget Increase

Dear Mayor Sohi and Members of Edmonton City Council,

Edmonton's business community - represented by the Chamber of Commerce, UDI - Edmonton Metro, BOMA Edmonton and NAIOP Edmonton - is concerned about the increased taxes proposed for 2024, which will grow the annual impact to over 7%. As city builders, we are deeply committed to the success of our city. We are part of the economic development ecosystem, and it is through this lens that we approach our response to the upcoming budget adjustment.

We want Council to understand that maintaining a fiscally responsible lens and assessing priorities based on economic impact is essential for Edmonton to remain competitive and to set a long-term path for success as a municipality. We are on the road to recovery, but recovery is still fragile. Businesses and households were hard hit during the pandemic and the impacts continue to be felt strongly to this day, some more now than during the height of the pandemic. This is not the time to tax them at increasingly higher rates that have been cited as required to maintain existing services and approved growth projects. We appreciate that most councilors will agree with this approach and will work hard to ensure that this burden will not be passed on to the community.

Last year, when the four-year budget was being considered and debated, our organizations, on behalf of thousands of local businesses and entrepreneurs, sounded the alarm over the approved annual increases of 4.96% in 2023, 4.96% in 2024, 4.95% in 2025, and 4.39% in 2026. Now, just one year into this four year cycle, City Administration is proposing an increase in 2024 from 4.96% to 7.09% with additional increases proposed for future years. No commensurate cuts or budget adjustments are currently proposed to offset this impact. This is

not an acceptable way to address funding gaps at a time when residents and businesses continue to struggle under immense inflationary pressure and sluggish growth. Last year, we recommended the following principles and priorities in order to eliminate the proposed 20% tax increase and reduce it for future years, and these hold just as true today:

1. **PRINCIPLES:** Strategic Focus Areas

- a) **Ignite new investment:** Budgets can be about many things, but a simple and effective metric is that any new dollars spent should be structured to bring back more to the community in return. Every public dollar invested should result in equal or better economic impacts for Edmonton.
- b) **Focus on areas where we can succeed:** Not every problem needs to be dealt with at City Hall. Council should get out of whole lines of business that are not core mandates of a municipality and/or which would be better handled by the private sector, NGOs, or other orders of government. Aiming capital and operating resources at what will make the most impact within the municipal mandate is critical.
- c) **Commit to measurable progress:** Do what municipal governments need to do best and excel at that. The “basic stuff” is the most important to most people (i.e. snow clearing, road conditions, well-maintained parks, efficient waste collection). A well-run city that provides the basics will support a high-functioning business community and citizenry. When infrastructure is not well-maintained and operations struggle, we lose credibility and a sense of civic pride.

As well as contributing about 50% of all taxes city-wide while representing less than 25% of all ratepayers, Edmonton’s businesses have been rolling up their sleeves to increase value for customers, while reducing cost increases. On behalf of thousands of local businesses, Edmonton’s member-funded business organizations have come together to put forward some concrete recommendations to support the City in providing more value for every tax dollar.

Key recommendations:

- a. **Invest the additional \$8 million EPCOR dividend to reduce taxes.** The recently announced additional \$8 million annual dividend from EPCOR can be used to offset the property tax impact. This money should not be allocated to new spending projects but used directly to reduce already-approved tax increases.
- b. **Review Agencies Boards and Commissions.** City Administration is currently undergoing a \$60 million reduction which was directed last year as well as reallocating funding within the corporation for priority projects, but no such scrutiny or efficiencies have been required of Edmonton’s many Agencies, Boards and Commissions (ABCs). Finding concrete and ongoing savings should be required. Furthermore, municipal investments in ABCs that are not core to supporting the mandate of the city, or which fall

within the purview of other orders of government and the private sector, should be divested from.

- c. **Transparency on labour cost increases.** Some unions haven't finalized new labour agreements, and the police funding formula was not included in the previously approved four-year budget tax increases. These cost increases should have been considered and penciled in last year but since they were not, it should now be incumbent on City Council to find ways to offset these impacts through operational spending for 2024 and beyond.
- d. **Better refine priorities through a review of business lines.** The budget needs to focus on what municipal governments excel at (e.g. infrastructure maintenance, waste management, transportation). Right now, the City of Edmonton is in over 70 lines of business. These include areas covered by private industry as well as specialized amenities and services that other municipal governments are not in the business of providing. It also includes areas of housing, health and social services where Edmonton's relative participation can be considered coordination at best, and jurisdictional creep at worst.

For a more thoughtful discussion and understanding, the budget should clearly articulate priorities and associated trade-offs and compromises for the entire city, and ideally be built up from each line item in consideration of trade-offs and necessity. This would better refine priorities, and achieve the City's stated goal of Priority Based Budgeting.

- e. **Maximize return on investment** – Facilitate business growth and investment that yields new tax dollars. Edmonton's business employment areas pay more than 2x more taxes for the same assessment, and often have a much higher density of assessment. Protecting and growing these assets, including a specific focus on stabilizing the downtown, is critical to the fiscal health of the city as a whole. Focusing on job and tax income producing areas pays dividends for the whole community in the long run. The budget needs to focus on smart investments that leverage economic returns. Each new dollar spent should have an equal or greater value to the community in return.
- f. **Allow for more flexibility by reducing immediate spending commitments** – The budget commits significant spending at the front end of its four-year cycle. Given Edmonton's current fiscal position, some expenses could be delayed and reduced until new circumstances require their strategic investment. Last year City Council approved hundreds of millions in additional capital expenditures, and by 2026 Edmontonians will be paying over \$503 M per year to service these debts. These should be reconsidered in light of funding shortfalls rather than propped up through an expanding tax bill to Edmontonians.
- g. **Capital project scope and standards.** Prioritizing, phasing, delaying and canceling capital projects that are not aligned with core city needs should continue to be evaluated and reevaluated. Similarly, re-scoping projects to ensure that they are not over-built to serve their intended purpose is critical. Areas where private sector planning and delivery could be pursued, should be.

We hope and trust Edmonton's City Council will take the necessary and prudent steps to eliminate this further budget increase, which is already unacceptably high at its baseline. Now is the time to scrutinize all expenses and revenue sources in order to maximize the collective investments that our city requires to grow and succeed. We have been partners and resources in the past, and we can be again. We very much look forward to working with you on this important issue, and others, over the coming years.

Sincerely,



Doug Griffiths, CEO
Edmonton Chamber of Commerce



Kalen Anderson, Executive Director
UDI - Edmonton Metro



Lisa Barolidi, CEO
BOMA Edmonton



Anand Pye, CEO
NAIOP Edmonton

Cc: Office of the City Clerk
Andre Corbould, City Manager
Stacey Padbury, Deputy City Manager, Financial and Corporate Services

About our organizations

Edmonton Chamber of Commerce

The Edmonton Chamber of Commerce (Chamber) is the official voice of business in the Edmonton Metropolitan Region. With over 1,800 member companies that employ more than 100,000 people, we are one of the largest and longest standing chambers in Canada and among the most influential business organizations in the country. The Chamber supports

business success through providing thought leadership on issues, delivering professional development, and networking for businesses, and advocating for conditions that keep businesses competitive.

NAIOP Edmonton

NAIOP is Edmonton's Commercial Real Estate Development Association. It is a leading voice for developers, owners and investors in office, industrial, retail and mixed-use real estate. Edmonton Businesses in these buildings pay about half of all property taxes collected in Edmonton. NAIOP's membership also includes real estate professionals in fields such as brokerage, finance, law, consulting, and construction management.

BOMA Edmonton

Building Owners and Managers Association of Edmonton (BOMA Edmonton) is a membership-driven industry association for companies and professionals involved in commercial property ownership and management, operations, and service provision. Our vision is of a high-performing commercial real estate industry that has a positive impact on communities through smart and sustainable buildings and our BOMA BEST program, diverse and educated talent, fair and equitable taxation and regulation, and safe communities and vibrant economies.

Urban Development Institute – Edmonton Metro

The Urban Development Institute-Edmonton Metro (UDI) is a non-profit, member-driven organization representing leaders in the real estate development industry in all communities throughout the Edmonton Metropolitan region. UDI's members are development companies and the professionals involved in our industry, including planners, surveyors, landscape architects, engineers, contractors, finance managers, and others.