



November 12, 2024

Mayor Amarjeet Sohi
2nd Floor, City Hall
1 Sir Winston Churchill Square
Edmonton, Alberta T5J 2R7

RE: Fall 2024 Supplemental Operating and Capital Budget Adjustment

Dear Mayor and Council:

Edmonton’s business community – as represented by the Edmonton Chamber of Commerce, BILD Edmonton Metro, BOMA Edmonton, and NAIOP Edmonton – remain concerned about ongoing increases to municipal property taxes, which are projected to increase by 8.1% in 2025 and 6.3% in 2026, as outlined in the November 13, 2024, Financial and Corporate Services report FCS02529. Edmonton is in a fiscal crisis and appropriate, collaborative action must be taken in the short and long-term.

In November 2022, Council approved its 2023-2026 capital, operating, utility, and carbon budgets. At the time, we voiced concerns about property tax increases that amounted to nearly 5% annually. These concerns have been escalating in each subsequent year. We have consistently recommended principles and actions that would mitigate proposed tax increases and bring greater focus to municipal expenditures. Despite these recommendations, and despite Council’s efforts through the OP-12 budget exercise, we remain concerned about the city’s financial circumstances.

The principles we recommended during the city’s multi-year budgeting process and subsequent adjustments remain relevant today. Edmonton should prioritize areas where it can excel at its mandate, stepping back from non-core services that are better suited for the private sector or other levels of government. Each public dollar spent should drive new investment, delivering tangible social and economic benefits to the community. Lastly, the City should focus on measurable progress in essential municipal services—such as infrastructure planning and maintenance, snow clearing, park upkeep, and waste collection—to meet residents’ core expectations.

Current Imperatives for Change

We recognize the significant fiscal pressures facing the City of Edmonton, and commend City Council for the quality of work produced in the recent Fiscal Gap Report. To offer constructive support, our organizations consulted with our members to identify potential actions for City Council to strengthen the city’s financial position. Broad suggestions with examples include:

- **Getting out of lines of business that are the responsibility of another order of government, or the private sector**

Administration’s analysis of “City spending on homelessness, addictions, mental health, affordable housing and funding community-based organizations suggest that significant expenses have been incurred in recent years.” Even support for community organizations totalled over \$14M this year. These efforts supplement a provincial social service budget of \$7,300M.

The City may be better served by providing these provincial services for a fee to the province (ex, Edmonton Fire Rescue Service response to medical calls that would otherwise be the responsibility of AHS).

Additionally, members have noted that the City of Edmonton has billions of dollars worth of land assets that could more quickly be developed by the private sector. Even the (over \$200M of) land currently for sale lacks an adequate disposition strategy, slowing development and leaving land unused for longer.

- **Focus on improving cost recovery**

Cost recovery has fallen significantly for ETS (23%, from a high of 42%) and recreation centres (52%, from 69%). These departments in particular should be mandated to create business plans immediately, with a goal of returning to their previous cost recovery in time for the next four year budget.

Additionally, the city must think of cost recovery in capital projects. The City has received historically high capital transfers in recent years, but these have been largely for new, project-specific, funding (e.g., LRT network expansion) with a higher overall cost than funding provided.

- **Investing in areas that have the highest return on investment**

The City absorbed only 41% of regional non-residential growth between 2010 to 2022. We agree with Administration's analysis that the City’s non-residential growth goal should match the City’s population share (72%), which would also correspond to a pre-2008 level. Maintaining a 70% share of regional employment is also a target outlined in The City Plan.

Additionally, downtown’s share of overall taxes is down to 6.4%, increasing the burden on all other tax-payers.

Non-residential growth must be further prioritized. Investing in downtown and industrial areas is essential to the financial viability of the City going forward.

Creating a competitive tax environment for business is key to achieving this outcome.

- **Look at levels of staffing, especially middle management and consultants**

Progress has been made since the 2020 audit that found the number of supervisors working for the municipality rising faster than frontline jobs. However, in light of higher than expected tax increases, the City should, in fact, expedite its plans to reduce non-service level positions.

Additionally the City should continue examining the number of staff, wages and benefits, and the use of consultants and benchmark them to comparable service areas in other North American municipalities.

- **Getting better value out of everything we build**

Council has approved record capital spending of \$10.82 billion in the 2023-26 Capital Budget, burdening taxpayers with escalating debt repayments that will exceed \$400M/yr in 2025.

In context, The City of Edmonton currently requires over a million dollars a day in debt servicing and, even if no new projects are initiated, will spend \$1.5M/day on debt servicing by 2028.

Living within our means for construction and design requirements is essential. City analysis suggests that one policy alone (the City's Sustainable Building Policy) is responsible for a 20% increase in the capital costs of city buildings relative to the same building in other municipalities. A close examination of the cumulative impacts of all policy and regulation, to eliminate red tape and reduce costs for individuals and the population as a whole, is required.

Fire-halls (now paid for by levies on homes in new neighbourhoods) provide another example. Inside the City of Edmonton they now cost \$27M. But just a few kilometers away, outside city limits, fire halls cost between \$7-13M. This is because of layers of new standards (like requiring that all new buildings are Net-Zero) which erode affordability for new homeowners, and tax-payers alike.

- **Listen to the consistent feedback**

Taxation stabilization and public safety are consistently top issues for the business community and public alike. Construction delays are impacting businesses and resident commutes, further hindering access to downtown. Investing in downtown and in aging infrastructure, while attracting businesses to spur growth and job opportunities are critical for both the public and businesses.

Future Focused Priorities

We envision a future where Edmonton is viewed as a centre that attracts businesses, investors, residents, and visitors from across the globe. A future where our city's profile is characterized by distinct advantages, world-class infrastructure, exceptional municipal services, a confident and productive business community, and a population beaming with pride. A future where we credibly compare - and even outperform - other urban centres who've successfully repositioned themselves as global cities and hubs, such as Austin and Denver. A future where Edmonton is accredited as being one of the world's most successful cities, and where we play an undeniable role in Alberta's broader vision for growth, attracting top talent, driving investment, and leveraging critical economic corridors crucial to Canada's future.

The next chapter in Edmonton's history requires change. In the short-term, this involves making pragmatic and potentially difficult decisions that stabilize our city's financial circumstances. In the long-term, this requires adopting a more ambitious, visionary, and growth-oriented mindset to position Edmonton as one of the most prominent global cities. This is the necessary growth mindset to propel our city to new and boundless heights. Strategic actions include:

- **Establish a Fiscal Taskforce**

We recommend City Council convene a group of business, community, and government leaders to assess the city's fiscal health and resource allocations. Starting in January 2025, the task force should deliver actionable recommendations within a year that will chart a path for financial sustainability - well ahead of the city's next four-year budget process commencing with Council approval in Q4 2026.

- **Recalibrate Edmonton's Vision**

We recommend City Council critically examine Edmonton's current vision ([ConnectEdmonton](#), Council's 2019-2028 Strategy, was approved in 2018). We believe it could be more ambitious, focused, and aimed towards truly establishing Edmonton as a leading city that supports businesses and residents to thrive. The [City Plan](#) provides a strong foundation for our future, but should be continuously monitored and updated to implement aspirations for growth, leadership, and international recognition within the mandate of a municipality and in collaboration with other stakeholders.

- **Launch a Global Competitiveness Project**

We recommend City Council initiate a project to learn from other global cities that have successfully addressed challenges similar to Edmonton's and redefined

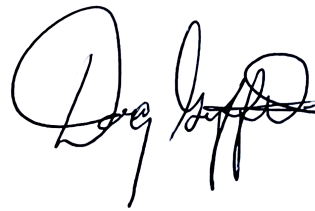
themselves as a [global top 100 city](#). This initiative should culminate in an actionable, measurable, and benchmarkable plan to guide Edmonton's path forward. We are confident that business, community, and government leaders - who are deeply passionate about the future of our city - would actively support and invest in this effort.

Our organizations recognize the immense fiscal pressures facing the City of Edmonton. This letter is not intended as criticism of past decisions but as a call for urgent, collective, and strategic action moving forward. Edmontonians all play a crucial role in securing a prosperous and optimistic future for our city. Please know that Edmonton's business community stands ready with an unwavering commitment to collaborate, contribute, and drive meaningful change. Work with us and let us help.

Sincerely,



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NAIOP Edmonton



Doug Griffiths
President and Chief Executive Officer
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Kalen Anderson
President and Chief Executive Officer
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