

THE WAY WE FINANCE

CITY COUNCIL APPROVED BUDGET

AS APPROVED AT DECEMBER 11, 2012

2013
EXECUTIVE SUMMARY

TRANSFORMING | **EDMONTON**

BRINGING OUR CITY VISION TO LIFE



CONTENTS

Message from the Mayor	4
Operating Budget	6
Transforming Edmonton	8
Services	10
Sources of Revenue	14
Cost to Edmontonians	15
City Economics	16
Council Approved Budget	18
Budget Summary	20
Utilities	22

4 MESSAGE FROM THE MAYOR

I am pleased to present, on behalf of City Council, the 2013 Operating Budget for the programs and services Edmontonians want and use every day.

Our allocation of resources is strongly aligned with the vision created by Council and citizens in 2008. This is the vision for a City that continues to attract people from across the country and the world for the economic opportunity, social vibrancy and life choices we have built and treasured over the generations. The vision underpins all of our strategic planning and operational delivery of world-class programs and services.

Council limited the tax increase to 3.3% for 2013. This includes 1.0% for continuation of the Neighbourhood Renewal fund, and 2.3% to maintain core services, such as police, fire rescue, transit, roads, libraries, recreation facilities and parks.

About half the City's operating budget is funded by property taxes. The citizens of Edmonton are thus very active owners and partners in our municipal infrastructure and programs, and Council remains mindful of the need to be responsive and accountable to the citizens

we serve. A key focus is quality of life and opportunity, as seen in this budget's investments in public transportation, comprehensive arts and culture programs, the new WinterCity strategy and a program of image development that will distinguish and promote our city in Canada and across the world to the benefit of people who live here.

Continuation of the City's innovative Neighbourhood Renewal Program ensures we keep up with the need for renewing and rebuilding roads, sidewalks and streetlights to enhance the livability and durability of our mature neighbourhoods.

Setting this year's budget and keeping the tax increase under tight control was not without challenges. Much of the budget is driven by employee salaries and benefits, which have risen due to Edmonton's competitive labour market as well as service increases prompted by dramatic population growth. While it is essential to have skilled, dedicated employees delivering



services, we will have to think creatively to bring these costs into line for long-term sustainability.

Citizens will also see in this budget that we must allow for the operating costs of new infrastructure growth projects (such as the North LRT expansion) and inflation-driven costs for fuel, materials, electricity and natural gas.

Despite these challenges, I sincerely believe that this year's budget provides the highest level of value to Edmontonians. You can be sure that all programs and services were scrutinized to ensure the optimum balance between economy and results delivered. All contribute toward enriching our renowned quality of life and creating a great city, while keeping affordability to citizens a priority.

A handwritten signature in black ink that reads "Stephen Mandel". The signature is written in a cursive, flowing style.

Mayor Stephen Mandel
January, 2013



Edmonton is a vibrant, growing city with a standard of living among the highest in North America.

With almost 820,000 people living in the Provincial Capital and a metropolitan population of over one million, the City of Edmonton provides services, facilities, public spaces, and other infrastructure that contribute to making a great city.

Together with our community, we are advancing Edmonton's 10-year goals to: Shift Transportation Modes, Transform the Urban Form, Improve Livability, Preserve & Sustain Our Environment, Diversify the Economy, and Ensure Financial Sustainability. These goals are articulated in the City of Edmonton's Strategic Plan: *The Way Ahead*.

Four principles underpin the development and implementation of the strategic plan: Integration, Sustainability, Livability and Innovation. Transforming Edmonton and bringing to life the long-term vision for a thriving, welcoming, affordable and sustainable community is key to Edmonton's future success.

Balancing the need to deliver core services to an expanding area, with the need to facilitate new opportunities is challenging with the limited sources of revenue available to municipalities to pay for civic services.

This challenge is dealt with each year during budget deliberations. City Council decides the overall levels of services, types of programs and long-term investments to support a growing, vibrant city that are affordable to Edmontonians.

2013 HIGHLIGHTS

The approved 2013 Operating Budget results in a 2.3% increase in the property tax levy for civic programs, boards and commissions and an additional 1.0% will continue to build the Neighbourhood Renewal Program fund - for a total of 3.3%.

The approved budgets for City managed utilities result in a rate increase of \$1.00 per month for Sanitary Drainage, \$0.75 per month for Stormwater Drainage and \$2.17 per month for Waste Management.

City Council approved several on-going key initiatives to advance Edmonton priorities including funding to support the Art of Living for Edmonton Arts Council; additional grant funding to Seniors and Community Investment Operating Grants; the Winter City Strategy, the Africa Center and the Enterprise Square Art Gallery.

City Council also approved one-time funding in support of the Senior Assisted Transportation Collaborative Model, the Edmonton Museum Strategy, the Jerry Forbes Centre and the Development Incentive Program.



BUDGETING FOR PRIORITIES

The City aims to strike a balance of affordable taxes for property owners and reasonable user fees, while achieving program results and maintaining priority services for the general public.

Edmontonians provide valuable input on operational priorities using a variety of channels, including comments through the City's online reporting tools, calls to 311, public consultation on specific programs, contact directly with the Mayor and Councillors throughout the year, and through the budget public hearing.

Priority based budgeting is a natural alternative to incremental budgeting, and an evolution of results based budgeting. Priority based budgeting makes the vision and values of Council and Citizens, as reflected in *The Way Ahead* and the Ways Plans, a real part of the budget process by aligning resourcing to the strategic priorities of the organization. The City is beginning to make inroads into priority based budgeting and will continue to evolve this approach.



Edmonton's River Valley Park System is 22 times larger than New York City's Central Park, making it North America's largest continuous urban park. It provides sanctuary for flora, fauna and nature lovers in the heart of the city.



OPERATING AND CAPITAL BUDGETS

The Proposed Budget was the starting point for City Council's deliberations on setting the 2013 Operating Budget. In late June, City Council directed administration to prepare a 2013 draft budget within a 4.0% tax rate increase for all civic operations, including boards and commissions, and to budget for a 1.5% tax rate increase for the Neighbourhood Renewal Program. Following deliberations in December 2012, Council approved a final tax rate increase of 2.3% for Civic Services, including Boards and Commissions and 1.0% tax rate increase to build the Neighbourhood Renewal program fund, for a total of 3.3%. The 2013 approved budget advances City Council's priorities for Edmontonians and includes the financial impacts of the cost of new staff and operations related to the implementation of new capital infrastructure.

The approved 2013 budget also covers the increased costs due to contract settlements with city staff - from lifeguards to police, from firefighters to bus drivers, and from social workers to parks workers - about 58% of our costs are for the people who deliver the services Edmontonians need and use every day. In addition to staff costs, the approved budget covers civic service operating costs such as gas to power vehicles and equipment; road materials to fix potholes, and electricity and natural gas to light and heat our buildings. Most city programs and services are being delivered by reallocation and realignment of budgets based on the historical spending patterns.

A separate Capital Budget determines the investment in Edmonton's hard infrastructure: the construction of buildings like recreation centres, fire stations and libraries; transportation assets like LRT lines, and bridges; and parks renewal for neighbourhood parks and playgrounds. In 2011, the 2012-14 capital budget was approved by Council on a three-year basis, reflecting the longer-term nature of the construction projects.

The budgeting for operations and infrastructure is separate because they are delivered in different ways - daily operations, compared to long-term projects - and because they have different revenue sources available for project delivery.

The three-year Capital Budget is adjusted annually as projects advance and as funding sources are confirmed or amended. Infrastructure projects can have a significant impact on future operating budgets.

From life guards to transit drivers, firefighters to librarians, the cost of operations over the life of new facilities can be as significant as the initial cost to build the facility. In the approved 2013 operating budget, these types of operating costs associated with new capital infrastructure along with debt servicing costs, account for 1.5% of the 2.3% approved increase for civic services.



BRINGING OUR VISION TO LIFE

Edmonton City Council created an ambitious vision for the City that defines a path to guide our decisions and sets Edmonton on a course for a vibrant, sustainable future.

Created with input from thousands of residents, the City's Vision of Edmonton in 2040 captures a diversity of ideas, aspirations and dreams for the future of our City. To advance the Vision, Council established six 10-Year Goals. Together the Vision and 10-Year Goals make up our strategic plan - *The Way Ahead*. Through the integration of the strategic plans and the budget development, the City of Edmonton is taking steps to ensure that what we are investing in today is advancing us to achieving the goals for tomorrow.

The corporation developed The Ways Plans, designed to support each of the 10-Year Goals necessary to turn the Vision into reality. The Ways Plans, and their accompanying Implementation Plans, provide more specific direction on what needs to happen to preserve and sustain our environment, to transform the City's urban form by making it more compact, all the while maintaining and revitalizing neighbourhoods. They set direction to promote a more integrated transportation system, to enhance the livability of our communities, to bolster our financial capacity, and to diversify our economy.

The Corporate Planning Framework has been developed and implemented as a way to organize and coordinate the decisions and activities necessary to bring the City's Vision to life. It helps set priorities, determine actions and allocate resources in a manner that integrates and connects the day to day work to be done with strategic purpose and intent.

There are a suite of services and choices that can be made depending on the availability of financial resources. An example of our integrated approach to creating the Implementation Plans includes simplifying how we describe our approach. Each plan uses the same common language and each project/initiative in the plan is described as:

- **WHAT WE DID** - projects completed from 2009-2011
- **WHAT WE ARE CURRENTLY DOING** - these are activities that were funded prior to 2012 and we will keep doing them unless otherwise directed



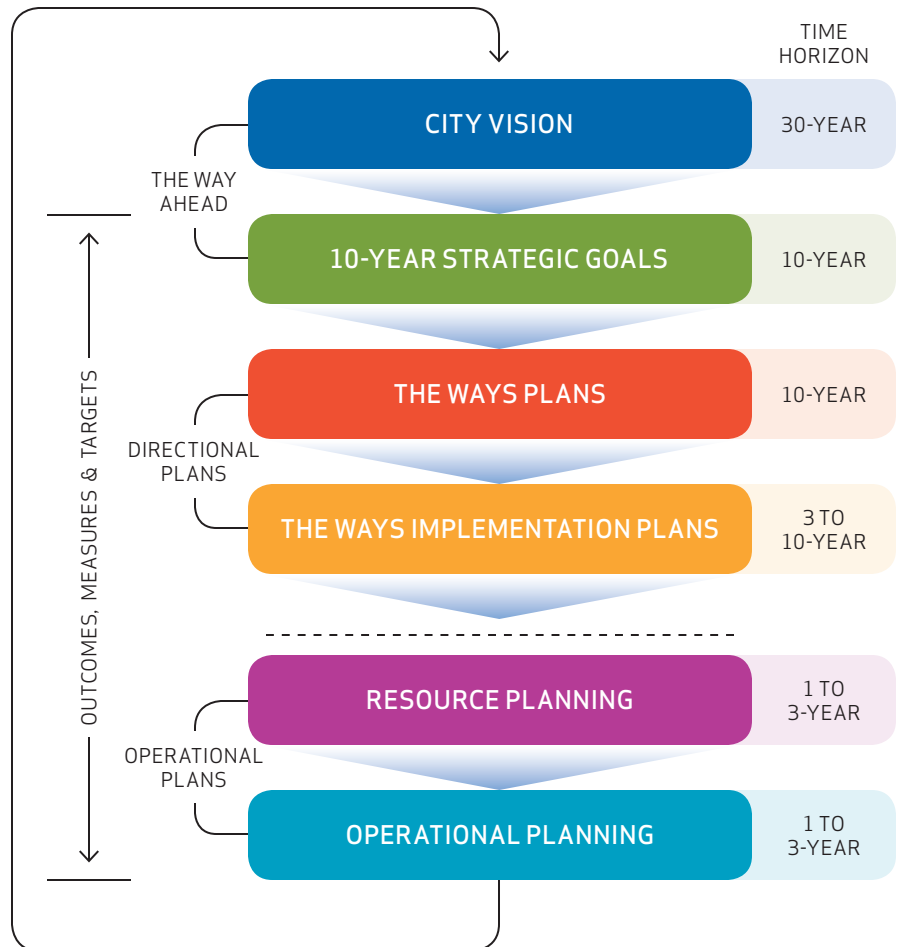
Terwilleger Recreation facility is the first major recreation facility built by the City in over 30 years.



- **WHAT WE WILL DO** - initiatives to be started in 2012-2014 as they were approved as part of the capital or operating budget or can be done with existing resources
- **WHAT WE COULD DO** - important priorities that advance the goals and are achievable in the 10 years based on today's funding sources
- **WHAT WE ASPIRE TO DO** - important priorities that may not be possible in the next four to 10 years and beyond as funding may not be in place

This integration is carried further through many of the transformational projects detailed in each of the implementation Plans. These projects are significantly broad in scope, represent a cross-section of departmental inputs, and are incorporated into the approved 2013 operating budget using existing resources.

CORPORATE PLANNING FRAMEWORK





EVERY DAY, EVERY WAY

The City of Edmonton provides a wide range of services, programs and infrastructure that Edmontonians need, want and use every day.

Every day, we use city roads and sidewalks, waste collectors pick up our garbage and recycling, and public transit moves us around. Pothole and snow clearing crews keep roads open for commuters and emergency services alike. The City keeps our jewel of a river valley pristine and accessible. Libraries, recreation centres and sports fields keep us healthy and connected to our communities.

POLICE SERVICES

Community policing, crime prevention, victim support, traffic & vehicles, special crime units and initiatives

FACT: The Edmonton Police Service is responsible for the safety and security of those who live, work in or visit this city. As a result of City Council's significant investment in policing, over the past 2 years Edmonton has experienced a 13% reduction in violent crime and 38% reduction in property crime.

FIRE RESCUE

Fire suppression, medical response, hazardous material response, public safety and investigations, fire prevention & education, environmental emergency response, training and dispatch

FACT: Fire Rescue Services respond to more than 36,500 incidents each year, including fire suppression, medical, rescue and hazardous materials incidents.

PUBLIC TRANSIT

Buses, LRT, DATS, LRT expansion, security, transit stations/centres

FACT: Ridership reached just under 83 million in 2012, the highest ridership in the 100 year history of Edmonton Transit.

PARKS

Playgrounds, sports fields, river valley trails, forestry, pest management, parks maintenance, horticulture, parks planning, natural areas acquisition and preservation

FACT: Neighbourhood, Parks and Community Recreation manages 874 parks, oversees 9,413 ha. of park space and natural area and runs 185 Green Shack playground programs.

WINTER ROAD MAINTENANCE

Snow clearing and ice control

FACT: Roadway Maintenance moves an average of 1 million cubic meters of snow every winter.



As a result of stronger partnership efforts with the Edmonton Humane Society and local rescue groups, the Animal Care and Control Centre, cat return to owner rates have increased by 19% and pet euthanasia rates have decreased by 38%.



WASTE MANAGEMENT SERVICES - UTILITY

Garbage and recyclables collection for residential and non-residential customers, Eco Stations, neighbourhood recycling depots, Big Bin Events and Reuse Centre, processing facilities at the Edmonton Waste Management Centre, partnerships with green businesses

FACT: In February 2013, garbage and recyclables will move from a bi-weekly collection to a weekly collection year-round from 188,000 single family homes at no additional cost to residents.

CITY RECREATION FACILITIES AND ATTRACTIONS

Community facilities/recreation centres, pools, arenas, golf courses, recreation programming, Edmonton Valley Zoo, Muttart Conservatory

FACT: Edmontonians visit the City's 60 community facilities more than 5.5 million times annually, to enjoy year-round activities and recreation opportunities.

SUMMER ROAD MAINTENANCE

Pothole repair, design & construction, transportation planning

FACT: Street sand is picked up from approx 4,800 km of Edmonton roads each spring. Of the 150,000 - 180,000 tonnes of sand used each winter, 70 per cent is recovered and taken for recycling. Of that material, 80 per cent is re-used. The City's sand recycling program is the largest and most successful of its kind in North America.

ENVIRONMENT

Preservation and sustainability strategy, natural areas protection, biodiversity

FACT: In 2013 Waste Management projects will divert approximately 276,000 tonnes of household waste from landfill.

NEIGHBOURHOOD RENEWAL

Reconstruction or upgrades of roads, sidewalks and street lights in mature communities, and other infrastructure revitalization in older neighbourhoods. There are approximately 300 neighbourhoods in Edmonton (including industrial). The Neighbourhood Renewal Program is designed to allow all neighbourhoods to receive improvements (either overlay, preventive maintenance or reconstruction) within 30 years.

FACT: There are over 150 neighbourhoods that require renewal. Of these, 100 need to be reconstructed. Between 2011 and 2018, 34 neighbourhoods are scheduled for reconstruction.



DRAINAGE SERVICES - UTILITY

Strategic and environmental planning, development services, lot grading, design & construction, tunneling, emergency repairs, operation and maintenance of 3,100 km of sanitary and combined sewers, and stormwater management systems including 2,300 km of storm sewers.

FACT: Drainage Services, through the Drainage Neighbourhood Renewal Program, has provided capital improvements for 19 neighbourhoods at risk for flooding since 2007 with another 12 scheduled to be completed by the end of 2012. By the end of 2011, \$133 million had been invested in the program with another \$147 million planned over 2012 to 2014.

PUBLIC LIBRARY

Digital and physical collections, 17 community locations, inter-library loans, reference services and public computers

FACT: Edmontonians visit public libraries more than 14 million times each year at the 17 service locations and borrow over 12 million items annually.

EDMONTON ECONOMIC DEVELOPMENT CORPORATION

Edmonton Economic Development, Edmonton Tourism, Shaw Conference Centre, Edmonton Film Commission, Edmonton Research Park, workforce/labour strategy, TEC Edmonton partnership

FACT: 4 million visitors spend an estimated \$1 billion in the region annually.

ACTIVE TRANSPORTATION

Strategic improvement, expansion, and maintenance of the infrastructure and facilities that support Active Transportation, including sidewalks, curb ramps, shared pathways, marked bicycle and shared use lanes, and end-of-trip facilities

FACT: 160 kilometers of biking, hiking, skiing, walking and snow shoeing trails in the “Ribbon of Green” river valley parks, recognized as the largest interlinked urban parkland system in North America.

PLANNING, HOUSING AND BUILDINGS

Urban planning, housing services, Environment Office, buildings & landscape services, City properties, land management, zoning, building permits and licensing, safety codes, assessments and site servicing

FACT: Edmonton has 264 distinct residential neighbourhoods - 109 in mature areas, 87 in established areas and 68 in developing areas.



Relentless Street Outreach has made over 3,850 contacts with more than 940 people who are homeless. This program has helped to successfully house nearly 50 of these individuals.



COMMUNITY STANDARDS

Animal care, bylaw complaints, investigation & graffiti management

FACT: Dedicated education programs and clean up efforts have resulted in a 43% reduction in graffiti vandalism in 20 neighbourhoods with the highest reported incidences.

CORPORATE SUPPORT

Customer info services – 311 and website, Information Technology, Human Resources, Law Branch, Fleet Services

FACT: 311 Agents receive almost 2 million calls from Edmontonians each year to record public input, answer questions and deliver services such as program registrations.

TRAFFIC MANAGEMENT

Traffic safety, traffic operations, signals & street lighting

FACT: Converting Edmonton neighbourhood street lighting to LEDs will result in a savings of approximately \$4,300 per neighbourhood per year on average. For every thousand lights replaced, greenhouse gas emissions will be reduced by 243 tons per year.

CITY GOVERNANCE

Mayor and Councillor Offices, Offices of the City Manager, City Auditor, City Clerk and Financial Services

FACT: Mayor and Council review, debate and make decisions on approximately 1,600 reports and issues each year through City Council or Committee meetings.

COMMUNITY AND NEIGHBOURHOOD SERVICES

Family & Community Support Services, grant management, partnerships and boards & commissions – homelessness, Space & Science Foundation, REACH, Great Neighbourhoods

FACT: Nîkânîw, an aquatics leadership program for Aboriginal youth saw 69% of the participants secure jobs. 100% report an increased understanding of Aboriginal culture and traditions, and 81% were seen to take on increasingly challenging leadership roles.

14 SOURCES OF REVENUE

The Operating Budget determines the total cost for operations. The City is not allowed to budget for a deficit and it does not plan surpluses.

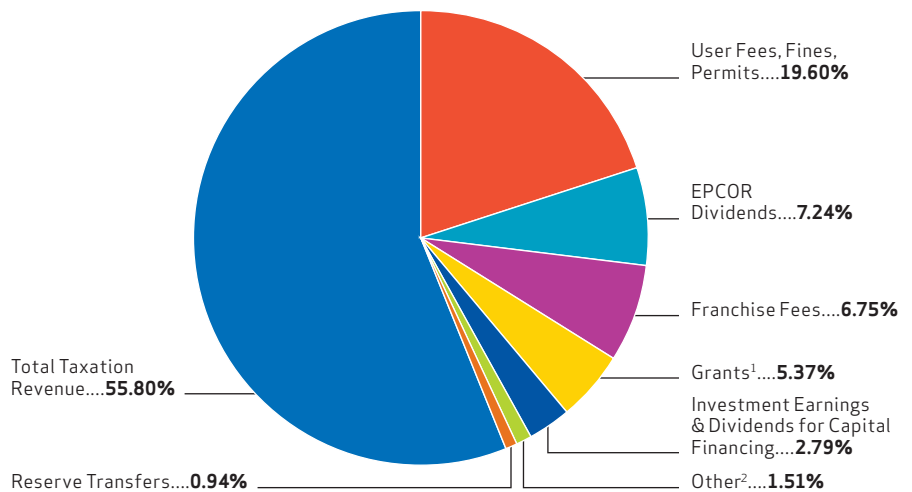
Taxes collected from residential and commercial properties make up slightly less than 56% of the total revenue needed for the operating budget. Once council sets the budget, the total needed from property taxes is determined. Each homeowner pays a share of the total tax required based on the value of his or her home, relative to all other homes. User fees are applied to help pay for some services.

The approved 2013 Operating Budget increases the property taxes to the typical Edmonton household by \$119 for the year or \$9.92 per month for those on a monthly payment plan. The total municipal property tax amounts to just over \$1,920 per year to deliver the range of civic services residents have come to expect.

Waste Management services and Drainage services, although regulated by City Council, are funded through utility fees on a cost recovery basis. For an average household, the approved Utility Budgets increase fees by \$47 for the year, or 13 cents per day.

WHERE THE MONEY COMES FROM

Revenue sources



NOTES

- 1 Grants received for Housing, South LRT, Police, FCSS, Library
- 2 Other includes tax penalties, supplementary taxes, local improvement levies, etc.

HOUSEHOLD IMPACT

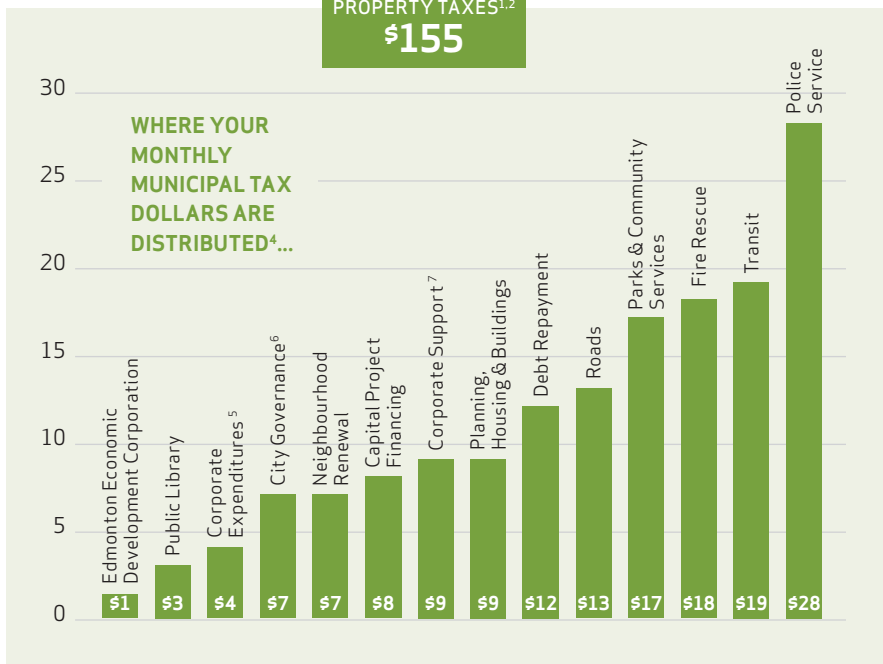
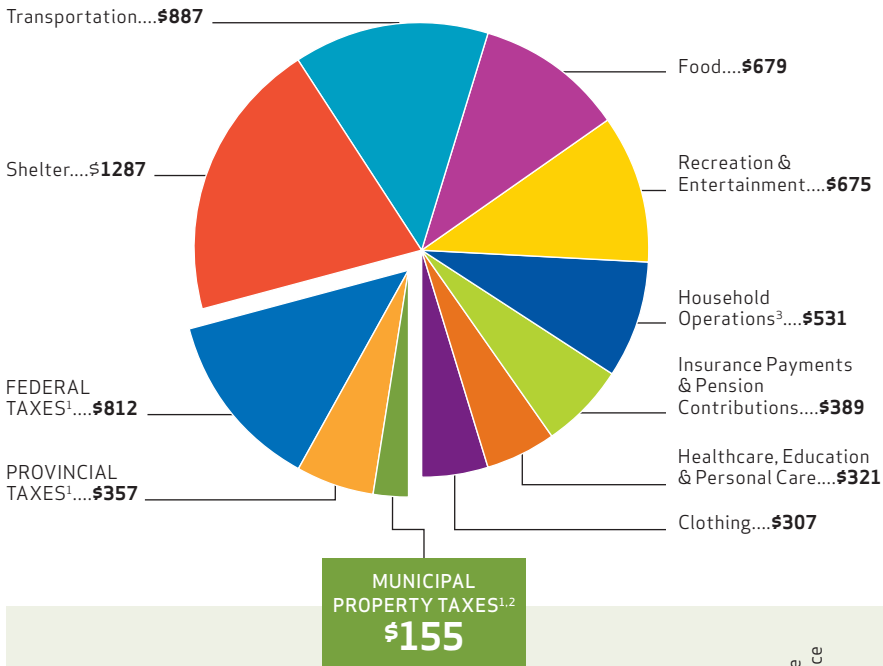
Impact of the approved 2013 tax increase and utility rate increase on typical homeowner (\$364,000 assessed value)

	2012	2013 APPROVED	ANNUAL IMPACT
Municipal Services	\$ 1,406	\$ 1,473	\$ 67
Police Service	307	346	39
Neighbourhood Renewal	92	105	13
Total Municipal Property Tax Bill¹	1,805	1,924	119
Stormwater Drainage ²	92	101	9
Sanitary Drainage (Collection & Transmission) ³	233	245	12
Waste Management ⁴	398	424	26
Total Utility Bill	723	770	47
Total Municipal Services	\$ 2,528	\$ 2,694	\$ 166

NOTES

- 1 The combined Municipal Services and Police Service increase is based on a 2.33% tax rate increase and the Neighbourhood Renewal increase is based on a dedicated tax increase of 1.0%. Total Property Tax Bill is based on a home assessed at \$364,000 for the 2013 tax year.
- 2 The Approved Stormwater Drainage Utility Fee is based on an average residential lot size of 592 m².
- 3 The Approved Sanitary Drainage (Collection & Transmission) Utility Fee is based upon an annual water consumption of 186 m³.
- 4 The Approved Waste Management Utility Fee is based on a single family residential charge of \$35.36 per month.

MONTHLY AVERAGE HOUSEHOLD SPENDING



Monthly household expenses include all of the basic expenses to live and enjoy life in the city of Edmonton. The typical household costs include transportation, insurance, healthcare and entertainment. Municipal tax accounts for only 2.5% or \$155 of monthly household costs.

This monthly expense also includes various forms of taxes including Federal, Provincial and Municipal. The average Edmonton household in 2009 paid approximately \$17,000 for taxes to all orders of government (income tax and education tax and property tax). The federal and provincial governments also collect additional taxes on goods and services, fuel and other consumables.

For an average \$155 a month, the purchasing power an Edmontonian receives from Municipal Property tax far exceeds that of the typical consumer as it delivers services such as police services, access to transit, parks, sportsfields and community recreation centres, libraries, fire services, roads and much more.

NOTES

1 Statistics Canada, Survey of Household Spending in 2009, conducted in December 2010. Based on Average Household Expenditures. 2009 costs have been adjusted by Edmonton CPI.

2 Municipal Property Taxes are based on typical house.

3 Household Operations include household furnishings and equipment, cell phone, telephone, internet, pet expenses, paper & plastic supplies, household & garden supplies.

4 Based on net operating requirement, which is a combination of taxes and corporate revenues (excludes user fees).

5 Corporate Expenditures include Tax Appeals and Adjustments, Northland Subsidy for Rexall Place, and Risk Management.

6 City Governance includes Mayor and Councillor Offices, Offices of the City Manager, City Auditor, City Clerk and Financial Services.

7 Corporate Support includes Information Technology, Human Resources, Law, Materials Management, Customer Information Systems.



ECONOMIC OUTLOOK

Edmonton is in an enviable position compared to other cities in the world, but this also creates pressures for the city.

The economic outlook for the City and Capital Region continues to be optimistic, despite instability amid the global economy. Job growth throughout 2012 was exceptional, with employment in the Capital Region expanding at almost triple the national rate. The number of single- and multiple-unit housing starts reached a four-year high in 2012, while the value of building permits issued throughout the year surpassed the pre-recession peak reached in 2007. Both of these developments indicate a strong construction building sector going into 2013. Annual economic growth, when adjusted for inflation, is anticipated to be in the range of 3% to 4%.

It is important to recognize, however, that the Capital Region is embedded within and closely interacts with Alberta's economy, which is highly export dependent. As such, despite excellent regional conditions, there are risks to the City's economic outlook from factors existing beyond the municipal level. These include:

- Constraints on the ability to increase the production and export of oil in Alberta beyond 2016 may reduce Edmonton's growth profile
- A continuation of the Euro crisis and slower growth rates in developing

economies may depress commodity prices, reducing the prospect for oil sands expansion into the future

- A continued slow recovery in the US could limit Alberta's export potential
- Rising domestic household debt and a softening of housing prices in other regions of Canada could lower consumer confidence and spending in Edmonton

BUDGETARY CONSIDERATIONS

The current outlook indicates that high levels of population growth through immigration will continue in Edmonton, placing additional strains on the City's infrastructure and services over the next 12 to 24 months. This will also place significant upward pressure on most categories of spending as the City seeks to maintain existing service levels.

On the other hand, anticipated gains in full-time employment and personal incomes over the next 12 to 18 months will maintain consumer confidence, providing a solid foundation for continued growth in housing construction and commercial development. Additionally, high employment growth will necessitate new facilities, as well as the expansion



The quarters downtown will redevelop an 18-block area to help revitalize an historic district at the core of the city.



The City reconstructs or renews infrastructure in about 20 mature neighbourhoods each year.



of existing commercial and industrial facilities. As such, the City can expect a reasonable increase in its residential and non-residential assessment base, which can help to mitigate upward cost pressures.

The combination of low interest rates and a high Canadian dollar expected over the next 24 to 36 months presents a very favourable environment for the City. Low interest rates reduce borrowing costs, which translates into lower debt-servicing costs for the City, while a high Canadian dollar makes capital goods, which have a high import content, cheaper to purchase.

Strong employment growth and a low unemployment rates across the Capital Region create a tight labour market condition in which attracting and retaining skilled staff will be a challenge for the City. Furthermore, tight labour market conditions can place upward pressure on the market price for labour, which may generate pressures to increase the wages and salaries component of the operating budget at rates above changes in the Consumer Price Index.

BUILDING PERMITS

(\$ Billion)



NOTE
The Miscellaneous category (consisting of the very minor permits) is not shown as it constitutes less than 1% of the Total Building Permit Value.



APPROVED BUDGET

In December 2012, City Council passed the 2013 operating budget with a 3.3% increase in the property tax rate — the lowest since 2002. This includes 2.3% for all civic operations, boards & commissions and 1.0% to continue building the Neighbourhood Renewal Program.

The 2013 budget advances City Council's priorities for Edmontonians and includes the financial impact of previous City Council decisions such as the cost of new staff and operations related to the implementation of new capital infrastructure. The approved budget also covers the increased costs due to contract settlements with city staff - from lifeguards to police, from firefighters to bus drivers, and from social workers to parks workers - about 58% of our costs are for the people who deliver the services Edmontonians need and use every day. In addition to

staff costs, the approved budget covers civic service operating costs such as gas to power vehicles and equipment; road materials to fix potholes, and electricity and natural gas to light and heat our buildings. In order to cover the increased costs arising from prior decisions, yet stay within the 2.3% tax increase passed by council, all city budgets were subject to enhanced scrutiny and inflationary increases were limited to those services that demonstrated increased supplier costs. Most city programs and services are being delivered by reallocation and realignment of budgets based on the historical spending patterns.

For 2013, the city is projecting an increase of \$41.1 million in revenue from projected assessment growth, increases in volume and rates relating to user fees, as well as franchise fees, supplementary tax and other revenues, such as transfer from reserves. This revenue increase reduces the tax rate by 3.9% and more than covers the 3.1% required to maintain existing services. These increasing costs relate to personnel including the cost of settlements, in range adjustments and benefits as well as inflation on material, contract and fleet costs, including fuel.

In addition, demand for city services continues to grow as Edmonton's population continues to increase. There has been considerable growth in development across the city. The total building permit value for 2012 is up 34% compared to the five-year average. To ensure citizens have the services they need, the city also made considerable investment in its infrastructure during 2009 - 2011 and continues with a further \$2.8 billion in capital investment budgeted for 2012-2014. This kind of growth results in an increased cost for the operating impact of capital projects and contributed assets. \$10.5 million is needed to address the operating costs on new capital projects and contributed assets coming online in 2013, as well as \$4.8 million for debt servicing for a total impact of 1.5% in the approved tax rate. The annualization of 2012 budget decisions for additional police officers and expanded bus services results in an additional \$5.0 million or a tax levy impact of 0.5%.

The approved budget also funds \$12.3 million in ongoing and one-time service packages that move the City forward on City Council's vision. The following table lists the approved service packages and operating impacts of capital and contributed assets:



Corporations donated 82,470 transit tickets to the “Donate A Ride” program in 2011. The free rides were distributed by local social service agencies to help low income individuals and families get to the services they need to improve their lives.

APPROVED SERVICE PACKAGES		REV	EXP	2013	
				NET	FTE
ONE-TIME (NON-PERMANENT) FUNDING	International Triathlon Union Event	-	600	600	-
	Winter Cities Ice and Snow Congress	-	150	150	1.0
	2013 Municipal Election	1,200	1,200	-	17.0
	Development Incentive Program	-	750	750	-
	Startup Edmonton	-	250	250	-
	Waste RE-Solutions Edmonton	-	755	755	-
	2013 Centennial Celebration - Library	-	100	100	-
	Fort Edmonton Capital Campaign - Non Civic Agencies	-	200	200	-
	Jerry Forbes Centre - Non-civic Agencies*	-	289	289	-
	Seniors Assisted Transportation Collaborative Model - Non-civic Agencies	-	400	400	-
	Alberta Aviation Museum Association - Non Civic Agencies	-	96	96	-
Edmonton Museum Strategy - Non Civic Agencies	-	250	250	-	
Total One-Time (Non-permanent) Service Packages Approved		1,200	5,040	3,840	18.0
ON-GOING FUNDING	River City Round Up	-	100	100	-
	Increase to Seniors and Community Investment Operating Grant	-	900	900	-
	Vision for an Age Friendly Edmonton Work Plan Implementation*	-	375	375	-
	WinterCity Strategy	-	250	250	-
	Enterprise Square Galleries	-	240	240	-
	Africa Centre	-	232	232	-
	Parking Enforcement Services	1,315	815	(500)	2.0
	Emergency Preparedness and Support	-	266	266	2.0
	Fire Door Inspections	-	280	280	1.0
	Arc Flash Hazard Analysis	-	200	200	-
	City Image and Reputation Initiative*	-	2,000	2,000	-
	Event Attraction Initiative	-	1,000	1,000	2.0
	Current Planning Business Model	3,800	3,800	-	38.0
	Purchase of Green Power	-	301	301	-
	City Wide Food and Agriculture Strategy	-	150	150	1.0
	Literacy Vans - Library	352	352	-	-
	Read, Talk, Play, Share - Library	466	466	-	0.5
	Maker Space - Library	-	200	200	1.0
	Art of Living - Arts Council	-	1,500	1,500	-
	Industry Development - Economic Development Corporation	-	725	725	3.0
Community Investments - Edmonton Heritage Council*	-	275	275	-	
Total On-going Funded Packages		5,933	14,427	8,494	50.5
OPERATING IMPACTS OF CAPITAL & CONTRIBUTED ASSETS	Community and Recreation Facilities	220	1,662	1,442	13.6
	Neighbourhoods, Parks and Community Recreation	-	2,017	2,017	18.8
	Building Maintenance and Custodial Services	-	2,136	2,136	20.0
	Information Technology	-	291	291	-
	NLRT Expansion	-	1,758	1,758	10.0
	Snow & Ice Control	-	550	550	1.0
	Street Cleaning, Roadway & Sidewalk Maintenance	-	300	300	1.0
	Streetlights, Signals & Infrastructure	-	419	419	-
	Police Services	-	1,195	1,195	3.0
	Jasper Place & Highlands Library Branches	-	176	176	-
	Total Operating Impacts of Capital & Contributed Assets Approved		220	10,504	10,284

* Council report required



TAX-SUPPORTED OPERATIONS

Tax-supported Operations include all operating activities provided through Civic Departments, Boards & Commissions, and Corporate Programs. These activities are primarily supported by a combination of property taxation, user fees, dividends, and grants from other orders of government.

On April 10th 2013, City Council approved an increase to the residential municipal tax of \$19.3 million. Additional funding was available as a result of the Provincial residential education requirement for 2013 being lower than the 3.3% municipal tax increase Council approved in December 2012. This change still maintained an average 3.3% increase over the combined municipal and education residential property tax.

MUNICIPAL ENTERPRISES

The approved budget also includes the budgets for the municipal enterprises:

- Fleet Services - funded mainly through internal transfers for services provided to tax-supported departments in the City
- Land Enterprise - funded through the development and sale of land
- Drainage Design and Construction - performs work for the City on a cost recovery basis and takes on projects external to the City on a for-profit basis

CAPITAL BUDGET

The 2012-14 Capital Budget approved by City Council on December 14, 2011 is funded predominantly from grants from other orders of government, investment/dividend income, developer contributions and local improvement levies. A portion is supported through taxes as debt costs servicing and some components of infrastructure are not eligible for funding from Federal or Provincial grants. In addition, the City has a dedicated tax levy to fund the Neighbourhood Renewal Program of 1.0% for 2013.

The approved 2012-14 Capital Budget amounts to \$2.8 billion, with \$1.3 billion for renewal projects and \$1.5 billion for growth projects.

In 2013, work will continue on:

- the North LRT from Downtown to NAIT (scheduled to open April 2014), SELRT (Valley Line) which is entering into the procurement phase, and the Millwoods to Downtown LRT which will advance as a P3 project, dependent on funding from other orders of government
- implementation of the active transportation projects by improving sidewalks, bus stop accessibility, shared use paths and installing curb ramps, on-street bike routes, and bike racks
- replacement of the Waltherdale Bridge with construction commencing in spring 2013
- construction of the Meadows and Clareview multi-purpose recreation centres including two new library branches as part of each of the new facilities
- the River Valley Alliance Connective infrastructure project which will include trails, water access improvements and a footbridge
- construction of the Mill Woods Library and Seniors and Multicultural facility.





For just over \$5 per day in property taxes, the average Edmonton household supports a range of operations, such as police, firefighters, transit, road and parks maintenance, and recreation programming.

TAX-SUPPORTED OPERATIONS

((\$000)	2011 ACTUAL	2012 BUDGET	2013 BUDGET	\$ CHANGE '12 TO '13	% CHANGE '12 TO '13
REVENUE					
Taxation Revenue	951,016	1,027,315	1,087,456	60,141	5.9
User Fees, Fines, Permits, etc.	334,764	360,677	381,990	21,313	5.9
EPCOR Dividends	138,420	141,021	141,021	-	-
Grants	110,902	116,837	104,713	(12,124)	(10.4)
Franchise Fees	120,106	128,076	131,628	3,552	2.8
Investment Earnings & Dividends for Capital Financing	103,002	65,485	54,304	(11,181)	(17.1)
Transfers from Reserves ¹	47,590	24,472	18,278	(6,194)	(25.3)
Other Revenues	29,942	25,514	29,508	3,994	15.7
Total Revenue	1,835,742	1,889,397	1,948,898	59,501	3.1
EXPENDITURE					
Boards & Commissions	410,862	440,904	463,182	22,278	5.1
Civic Departments					
Community Services	385,879	401,102	423,406	22,304	5.6
Corporate Services	87,652	92,205	95,668	3,463	3.8
Financial Services & Utilities	39,972	40,867	42,891	2,024	5.0
Mayor & Councillor Offices	4,369	4,836	5,002	166	3.4
Office of the City Auditor	2,001	2,152	2,165	13	0.6
Office of the City Manager	9,744	9,450	12,664	3,214	34.0
Sustainable Development	112,342	128,873	128,805	(68)	(0.1)
Transportation Services	479,460	482,486	490,808	8,322	1.7
Corporate Programs	247,166	215,378	215,193	(185)	(0.1)
Neighbourhood Renewal ²	48,506	60,191	69,114	8,923	14.8
One-time Items	-	10,953	-	(10,953)	-
2011 Surplus	7,789	-	-	-	-
Total Net Expenditure & Transfers	1,835,742	1,889,397	1,948,898	59,501	3.1
Total Net Requirement	-	-	-	-	-
FTEs					
Boards & Commissions	2,977.6	2,996.3	3,046.8	50.5	
Civic Departments					
Community Services	3,039.7	3,116.1	3,172.7	56.6	
Corporate Services	1,000.0	1,002.9	1,017.9	15.0	
Financial Services & Utilities	469.6	472.4	473.5	1.1	
Mayor & Councillor Offices	45.0	45.0	45.0	-	
Office of the City Auditor	14.0	14.0	14.0	-	
Office of the City Manager	75.8	77.8	81.4	3.6	
Sustainable Development	452.0	495.0	543.0	48.0	
Transportation Services	3,212.4	3,301.9	3,324.3	22.4	
Total FTEs	11,286.1	11,521.4	11,718.6	197.2	

NOTES

¹ Transfers from Reserves includes 2012 one-time items and Land Enterprise & Drainage dividends.

² \$1,541 of the 2013 Neighbourhood Renewal Budget is included in Transportation Services, for a total of \$970,655.



Edmonton's three public Utilities: Waste Management Services, and Sanitary and Stormwater Drainage provide quality services, fully funded through utility rates and program revenues.

The City of Edmonton operates three public utilities: Sanitary Drainage, Stormwater Drainage, and Waste Management Services. The Utilities report to Council's Utility Committee.

The Utilities operate under their respective Council approved Fiscal Policies. The Approved Budgets for the Utilities reflect the strategic directions and initiatives identified in their 2013-2015 Business Plans presented to the Utility Committee on June 19, 2012.

DRAINAGE SERVICES

Drainage Services provides high quality and reliable services to Edmonton residents through the Sanitary and Stormwater Utilities. Both are operated as public utilities under a full cost recovery model without subsidy from property tax.

The Drainage Services mandate is to:

- Maintain efficient and effective service
- Build and renew drainage infrastructure
- Improve environmental protection and maintain public health and safety
- Support economic growth and development

- Improve coordination and collaboration
- Nurture innovation and creativity

WASTE MANAGEMENT SERVICES

Waste Management Services is recognized nationally and internationally as a leader in integrated waste management solutions. The focus of the Utility is to provide responsive waste management services to all customer groups through the delivery of an integrated waste management system.

The Waste Management Services mandate is to:

- Deliver efficient collection services focused on environmental protection
- Process waste to recover resources and minimize landfilling
- Provide responsive services that meet the changing needs of our customers
- Maintain our leadership status by focusing on innovation and attracting green businesses
- Engage the citizens of Edmonton to facilitate their full participation in waste reduction, reuse and recycling



Through a network of 3,100 km of sanitary and combined sewers, the Sanitary Utility conveys wastewater from nearly 240,000 customers to the Gold Bar Wastewater Treatment Plant for final treatment.

DRAINAGE BUDGET - SANITARY AND STORMWATER UTILITIES

	2011 ACTUAL	2012 BUDGET	2013 BUDGET	\$ CHANGE '12 TO '13	% CHANGE '12 TO '13
REVENUE & TRANSFERS					
Rate Revenue	95,126	124,883	135,771	10,888	8.7
Program Revenue	5,517	5,512	6,409	897	16.3
Transfer from Design & Construction	1,250	-	-	-	-
Total Revenue & Transfers	101,893	130,395	142,180	11,785	9.0
EXPENDITURE & TRANSFERS					
Planning	6,905	6,925	7,274	349	5.0
Biosolids Disposal	5,105	8,445	10,199	1,754	20.8
Operations	18,322	22,686	24,601	1,915	8.4
Development Services	9,535	9,406	9,717	311	3.3
Program Support	46,457	53,662	58,113	4,451	8.3
Total Expenditure & Transfers	86,324	101,124	109,904	8,780	8.7
Net Income (Loss)	\$ 15,569	\$ 29,271	\$ 32,276	\$ 3,005	10.3
FULL-TIME EQUIVALENTS	302.4	310.4	319.9	9.5	

WASTE MANAGEMENT BUDGET

	2011 ACTUAL	2012 BUDGET	2013 BUDGET	\$ CHANGE '12 TO '13	% CHANGE '12 TO '13
REVENUE					
Rate Revenue	104,566	112,434	121,938	9,504	8.5
Program Revenue	24,883	24,555	24,393	(162)	(0.7)
Grants	11	6,000	6,000	-	-
Total Revenue	129,460	142,989	152,331	9,342	6.5
EXPENDITURE					
Collection Services	50,389	57,657	62,367	4,710	8.2
Processing & Disposal Services	80,650	85,332	89,964	4,633	5.4
Total Expenditure	131,039	142,989	152,331	9,342	6.5
Net Income (Loss)	\$ (1,579)	\$ -	\$ -	\$ -	-
FULL-TIME EQUIVALENTS	424.5	448.0	465.8	17.8	

INFORMATION ON THE CITY OF EDMONTON
IS AVAILABLE ONLINE:
www.edmonton.ca/2013Budget

INQUIRIES MAY ALSO BE DIRECTED TO:
The City of Edmonton
Financial Services and Utilities
5th Floor Chancery Hall
#3 Sir Winston Churchill Square
Edmonton AB T5J 2C3
780-496-4944

