

City of Edmonton Budget 2014 Backgrounder

Budget numbers

- 3.42% general property tax increase for all civic operations, boards and commissions including funding operations of a number of new facilities and enhanced services.
- 1.5% tax dedicated to continuing to build the Neighbourhood Renewal Program fund
- For a typical Edmonton home valued at \$364,000, the approved budget would mean an average tax increase of \$95 annually or \$7.92 per month for homeowners on the monthly payment plan.
- The total municipal property tax for a typical household amounts to about \$2,020 per year, and delivers the range of civic services residents have come to expect.

The final tax rate will be set in the spring after the Province announces the Education Tax.

Strong economy and population growth

Rapid population growth, economic strength and cost inflation have an impact on the City budget. Edmonton's population is expected to increase by 2.2% in 2013, which is roughly 52 new people coming to Edmonton each day of the year. Edmonton's GDP growth rate topped the country in 2012 at 5.9% and held strong in 2013 with a forecast growth of 4.2%. The City is projecting municipal price inflation - the price the City pays for municipal good and services - for 2014 of 3%.

Impacts of new infrastructure

2.8 per cent of the tax increase, or \$31.7 million, is attributed to the new operating costs for new infrastructure projects that will come into operation in 2014. These projects include:

- Clareview and Meadows recreation centres
- Lewis Farms fire station
- Clareview, Meadows and Mill Woods libraries
- North LRT extension

Reducing costs of municipal services

In the process of developing the budget, City departments were directed to look for more efficient service delivery alternatives in order to reduce the costs of municipal services and to increase non-property tax revenue opportunities while maintaining value to citizens. Over the last four years, approximately \$165 million in combined cost savings and non-tax revenue generation have reduced the impact on property taxes.

Some examples of improvements that were incorporated in the 2014 budget include:

- increased use of online access for municipal census completion;
- consolidation of services related to neighbourhood parks;
- centralization of services for financial transactions;
- re-negotiation of certain transportation operations maintenance contracts to reduce cost while maintaining service;
- in-sourcing a number of programs in human resources and information technology;
- increased cost recovery for community standards programs.

Continuous improvement efforts helped to reduce the base budget increases and offset the operating impacts of capital in the 2014 budget.

Neighbourhood renewal program

City Council is continuing its focus on community revitalization, including its support of the Neighbourhood Renewal Program. The levy for the program amounted to 2% in 2009 and 2010, 1.5% in 2011 and 2012, 1.0% in 2013. For 2014, a 1.5% tax is dedicated to building the Neighbourhood Renewal Program fund, amounting to \$17.1 million to continue funding the renewal, replacement and enhancement of neighbourhood infrastructure.

Utility Budgets

As part of its deliberations on Budget 2014, Council also set the budgets for the City-run utility operations of waste management and drainage services (sanitary and stormwater). The Drainage services budget contained additional money for an enhanced flood prevention program. Combined utility fees for the three utilities will increase the monthly bill for a typical homeowner by \$4.23.

User Fee Changes

The 2014 Operating Budget kept many user fees at the same rate as last year, including:

- all fares for Edmonton Transit Service, except the U-Pass
- Valley Zoo
- Muttart Conservatory
- Residential Development Permits such as decks, hot tubs, and permanent solar panels

The 2014 Operating Budget has small increases in fees for the following:

- Community Recreation Facilities
- Arenas, Athletic Fields, Picnic Sites
- Current Planning – most development applications and business licence fees

The 2014 Operating Budget decreases fees for several areas in Current Planning, including a sizeable reduction in development applications for sidewalk cafes

Sources of revenue

The 2014 Operating Budget is funded by a range of sources; property taxes is only one of them. Taxes collected from residential and commercial properties make up 57.8% of the total revenue needed for the operating budget. User fees form the next significant portion of revenue collected by the City at 19.4%. EPCOR dividends account for 6.8% of the revenue.