


EDMONTON



2010

Executive Summary Approved Operating Budget

Resulted in 3% tax increase for Services
and 2% for Neighbourhood Renewal



91% of citizens
are satisfied
with Edmonton's
quality of life.

- annual Citizen Satisfaction Survey, August 2009

SERVICES HELP MAINTAIN HIGH STANDARD OF LIVING IN EDMONTON

The City of Edmonton plans operations to ensure Edmontonians get the services we need and the programs desired, to maintain our high quality of life.

Every day, people in Edmonton use services provided by the City: the public transit to get to work or school, the roads we travel on, the parks, libraries and recreation opportunities enjoyed at the end of the day, and the firefighters and police when we need them.

Programs and services must fit Edmontonians' priorities.

City Council balances many competing interests and a range of long-term goals to identify the service areas that will deliver maximum benefits to Edmontonians, while being fiscally responsible with tax dollars.

Balancing Priorities

With about 50% of the revenue to pay for services and programs coming from taxpayers, the City must balance fiscal realities with the needs of Edmontonians and sometimes competing long-term goals. A priority for the 2010 Operating Budget is alignment with Council's 10-year Goal to "Ensure Edmonton's Financial Sustainability."

Council and Administration started work in February 2009 on development of the 2010 Operating Budget. Joint planning workshops resulted in Council setting a target of a 3% tax rate increase for civic programs, boards and authorities and 2% for Neighbourhood Renewal.

As with any budget development, discussions that began in November led to amendments to reflect services Council identified as clearly needed for citizens. The final budget approved in December still met the tax target drafted in early 2009.

Strategic Commitments

In preparing the 2010 Budget, Administration identified areas that could most effectively advance towards Council's long-term goals in 2009. Maintaining or enhancing funding in these areas while reducing services in other areas is a difficult decision, but necessary to manage fiscal challenges. Council approved this approach in June 2009.

Programs and internal services identified as requiring funding commitments included:

- LRT Expansion, Design and Construction
- Transit service
- Customer Contact Centre/311
- Fire Services
- Housing
- Planning & Policy
- Assessment & Taxation
- HR Services
- Corporate Properties



The desire to provide optimal services for citizens is balanced by a goal to maintain one of the most competitive tax jurisdictions in Canada.

Throughout each year, City operations are delivered in a way that ensures citizens receive good value for their property taxes. Services are regularly adjusted to ensure efficiency and delivery standards.

Adjusting to Meet Challenges

With significant economic challenges in 2009 and the continuing affects of the recession expected in 2010, City Administration undertook a rigorous review of all programs and services to find efficiencies and areas to reduce services without adversely affecting quality of life, and to identify programs that could be deferred.

The process forced tough choices to identify these areas where reductions could have greatest impact: Parks; Community Facility Services; Neighbourhood and Community Development; Planning, Policy and Community Standards; and Transportation Systems.

Progress with a Plan

The City's Strategic Plan – *The Way Ahead* – sets out long-term goals based on intensive public input in 2007 and 2008. Ongoing public consultation aligns specific areas such as the new Transportation Master Plan with the overarching Strategic Plan. Consultation also helps Council refine short-term priorities to meet changing economic situations and emerging needs.

From year-to-year, new services may be created to reflect emerging priorities, some services are enhanced to move more quickly towards City goals, while others are deferred due to costs or other factors.

Aligning Department Operations with City Goals

The City of Edmonton Strategic Roadmap aligns City operations with the City's strategic plan, *The Way Ahead*. The City is developing corporate outcomes that describe the results that would indicate progress towards Council's six 10-year strategic goals and the 30-year City Vision. These outcomes will bridge the operational activities of City departments with the long-term goals and help guide year-to-year planning. These draft corporate outcome statements will be finalized by mid-2010.

Performance Management

Council directed Administration to begin implementation of a performance management framework that integrates strategic planning, budgeting and management, with evaluation and reporting. This framework supports better decisions by linking organizational inputs, activities and outputs to corporate outcomes and goals. It is a system that helps create organizational accountability, transparency and responsiveness.

Departments have developed strategic roadmaps, included in the budget documents, to show how outputs link to outcomes and the 10-year goals. In 2010, Administration will work with Council to establish measures and targets for the corporate outcomes, and produce a baseline that will be used to measure our progress.

City of Edmonton - Strategic Roadmap

Corporate Outcome


- Partnerships with citizens, communities and organizations are leveraged to improve Edmonton's environmental health
- The impact of City operations on air, land, and water systems is minimized
- Edmonton strives to be a leader in environmental advocacy, stewardship, preservation, and conservation
- Citizens are connected to their multicultural communities and have pride in their city
- Citizens use city infrastructure and participate in services and programs that provide enjoyment and personal health benefits
- Complete collaborative communities that are accessible, strong, and inclusive with access to a full range of services
- Safe and clean city
- Attractive and compact physical design with diverse neighbourhoods, amenities and public open spaces
- Edmonton has sustainable infrastructure that fosters and supports civic and community needs
- Citizens use public transit and active modes of transportation
- Goods and services move efficiently through the city
- The transportation system is integrated, safe and gives citizens many choice to their mode of movement
- The City has well managed and sustainable assets and services
- The City has a resilient financial position
- The City has balanced revenue streams that are sustainable
- City services, agencies, boards and authorities support Edmonton as a responsive partner and facilitator to new and established business
- The City attracts, retains and develops a diverse, innovative, creative, and engaged workforce
- Deliver citizen valued services in an efficient manner with risks and benefits assessed
- Governance supports collaborative decision making and public engagement
- Complementary planning and policies created through strong partnerships supporting the pursuit of regionalization

CONDITIONS OF SUCCESS — WELL-MANAGED CITY

10 Year Goals

- Preserve & Sustain Edmonton's Environment
- Improve Edmonton's Livability
- Transform Edmonton's Urban Form
- Shift Edmonton's Transportation Mode
- Ensure Edmonton's Financial Sustainability
- Diversify Edmonton's Economy

30-Year Vision



72% of Edmontonians said they are satisfied or very satisfied with the services provided by the City.

- annual Citizen Satisfaction Survey, August 2009

2010 HIGHLIGHTS

- **The Approved 2010 Budget results in a 3% tax rate increase for civic programs and boards and authorities, plus a 2% tax increase for the Neighbourhood Renewal Program**
- **Council allocated \$9.5 million in one-time funding to unfunded service packages based on public input and City priorities**
- **A line in the 2010 tax notice will identify the portion of property taxes supporting the Edmonton Police Service**

Note:

- *The Waste Management and Drainage Services are not included in the 2010 Operating Budget as they are not tax-supported operations*

Areas of high importance and satisfaction:

- Parks and green spaces
- Environmental programs (i.e. Capital City Clean-up and Ecostations)
- Fire rescue services
- Garbage and recycling collection services
- Police services
- Sewer services

Areas of high importance needing improvement to increase satisfaction:

- Summer road maintenance (paving and pothole repair)
- Winter road maintenance (snow and ice management)
- Public transit

- annual Citizen Satisfaction Survey, August 2009

PUBLIC INPUT

The City receives valuable ongoing input on operational issue through a variety of mechanisms, ranging from contact directly with Councillors to comments to the City's online reporting tools and calls to 311. Several other mechanisms help Council and Administration consider public interests on a number of budget-related matters.

Budget Public Hearing & Town Halls

This Non-Statutory Public Hearing took place November 25 in Council Chamber at City Hall. In November and December, the Mayor hosted Town Hall meetings to gain public input on the 2010 Budget.

Citizen Satisfaction Survey

In June 2009, 800 Edmontonians were contacted and surveyed about their levels of satisfaction with City services and areas for improvement. The extensive survey results (distributed to Council and posted online) help administration address service issues and benchmark public perceptions on key issues over time.

Citizen Panel

The City of Edmonton partnered with the University of Alberta on a pilot project to gain citizen perspectives in the budget process by recruiting a small, representative group of Edmontonians who could delve deeper into the operations of the City than possible for most citizens. The panel of 50 Edmontonians invested over 50 hours in reviewing civic issues and discussing competing interests. The panel presented a report to Council in July 2009. The Citizen Panel said the City must take a holistic approach to budgeting in which all services and programs are interconnected in a complex system, rather than isolated services. With that approach, this independent panel clearly validated Council's 10-year goals in The Way Ahead, and echoed the short term priorities.

EDMONTON CITIZEN PANEL'S TWO NEW DIRECTIONS FOR BUDGET PRIORITIES:

Citizen Panel New Direction 1:

Citizens, City Council and Administration will need to adopt a change in thinking if we are to increase livability. A change in thinking should be achieved through both incentives and disincentives created by the public and private sectors.

Citizen Panel New Direction 2:

We need to act in ways that demonstrate and strengthen the interconnectedness of community life.

EDMONTON CITIZEN PANEL'S FOUR RECOMMENDATIONS:

Recommendation 1:

Continue to increase the density of our city through long-term planning.

Recommendation 2:

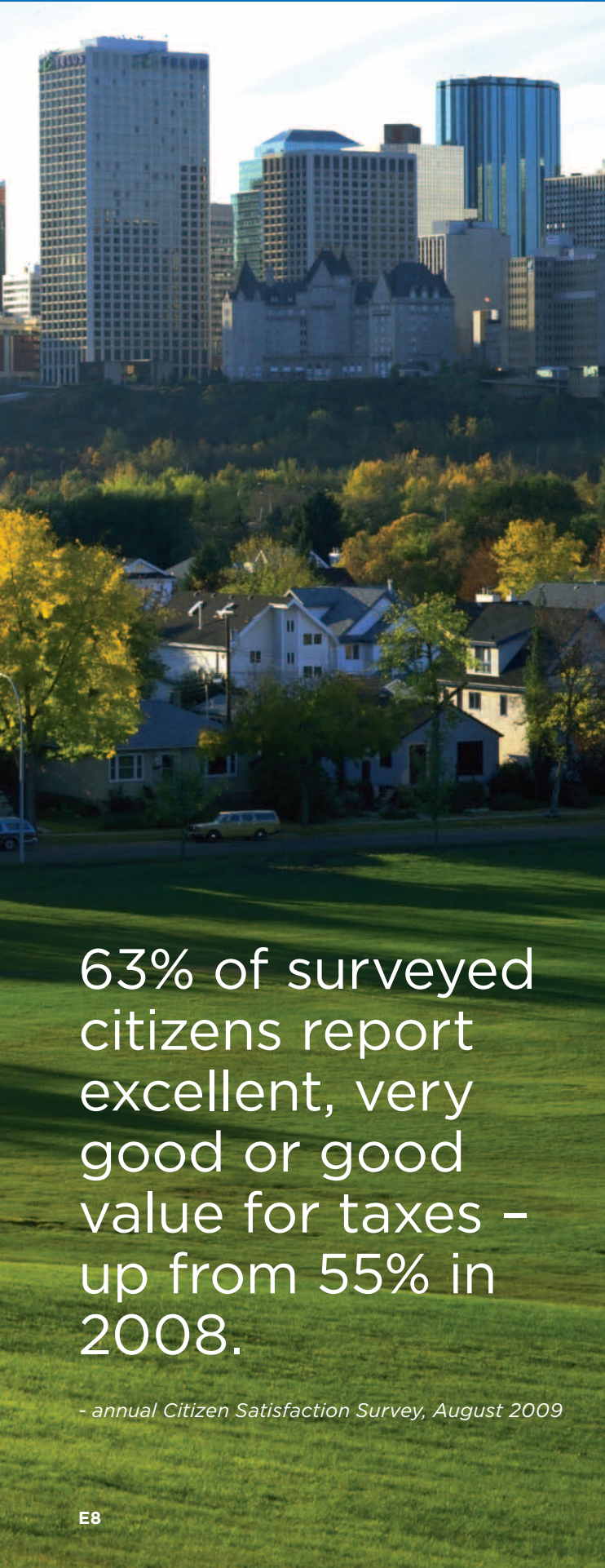
Ensure that our transportation system emphasizes the convenience of users and the uniqueness of Edmonton's climate.

Recommendation 3:

Use environmental and economic sustainability as the basis for policy decisions aimed at livability.

Recommendation 4:

Use proactive and preventative methods to reduce crime and increase safety.



63% of surveyed citizens report excellent, very good or good value for taxes – up from 55% in 2008.

- annual Citizen Satisfaction Survey, August 2009

Economic Overview

- Edmonton has experienced less severe affects of the economic downturn than in other parts of Canada.
- The recession has reduced revenue from development/building permits, and increased the City's pension contributions.
- Revenue from investment earnings and the City's Ed Tel Endowment Fund dividend was affected by the recession, but the Council-approved strategy to move investment income to the Capital Budget allows the City to better manage volatile revenue sources.
- Alberta Finance reports modest economic recovery is expected in 2010; employment is expected to grow in 2010-13 as business and consumer confidence rebounds and investment recovers.
- Edmonton's population is 782,439, based on the April 1, 2009, Civic Census. This was an increase of 30,027 from the 2008 Civic Census and an increase of 52,067 since the 2006 Federal census. Edmonton's steady population growth continues to put pressure on the City's programs and services.

Revenue Imbalance

- Edmonton's non-tax revenues make up nearly 50% of total revenues but they are not increasing at the same rate as expenditures.
- If all the services and programs budgeted for 2009 were maintained in 2010, maintaining salary and service commitments, the total expenditures would increase 9.7% but the total revenue from non-tax sources will increase only 5.2%. That means the greatest burden would have been placed on the tax levy, and a tax increase of more than 10% would have been required if no services were adjusted.
- Administration has made significant reductions in this Budget to meet the 3% tax target. Reductions were applied in selected areas, rather than across-the-board cuts. This resulted in budget re-allocations between departments, with a goal to minimize service impacts to Edmontonians.

2009 FISCAL CHALLENGES

Challenge: The City of Edmonton would have had a revenue shortfall of \$33 million in 2009 due to:

- \$17.5 million less revenue than anticipated from investment income
- \$16.1 million less in revenue from Planning and Development sources

Strategies: The City has addressed the projected \$33 million shortfall in 2009 with:

- \$16.5 million EPCOR Transfer Fee
- \$4 million from EMS transition to Alberta Health Services
- \$11.7 million from the Budget and Service Review, made up of:
 - \$3 million in revenue increases
 - \$8.7 million in expenditure reductions

2010 FISCAL CHALLENGES

Challenge: Salary commitments, annualization of 2009 service packages, increased pension contributions, reduced revenue from development permits, and debt-financing costs for committed projects are significant factors that would increase the Operating Budget by \$92 million, which would drive the tax increase above the 3% target without budget reduction strategies.

Strategies: Administration has proposed strategies that reduce costs by \$50.3 million to address the expenditure increases and revenue shortfalls to prepare a draft budget within the target 3% tax increase:

1. Service and Budget Review Strategy

Achieve Reduction of \$29.1 million

Administration reviewed all programs for reductions, deferrals, changes or elimination, while maintaining a focus for taxpayer investments in services that most effectively advance towards Council's 10-year goals.

- Service & Revenue Adjustments..... \$18.1 M
 - Included changes to current service levels/ standards, substitution or deferral of services and not filling vacant positions.

- Operating Costs shifted to Capital..... \$2.8 M
 - Costs that were tax-supported in the Operating Budget that support Capital projects have been moved to the Capital Budget where those operating costs would be eligible for capital grants. This has no impact on direct services to the public.
- Organization & Operation Changes..... \$8.2 M
 - Operational efficiencies and changes to business processes. This has no impact on direct services to the public.

2. General Financing Strategy

Achieve Reduction of \$16.6 million

- As approved by Council in June, the funding source for Capital Budget general financing is changed from tax levy to investment earnings, the Ed Tel dividends and the EPCOR Goldbar transfer fee/dividends.
- It is easier to deal with variable ups and downs of investment and dividend earnings in the Capital Budget by accelerating or deferring one-time capital projects than it is to reduce ongoing programs and services in the Operating Budget.

3. Other Reductions

Reduction of \$4.6 million

- Library Reductions..... \$0.7 M
- City Personnel Costs Absorbed..... \$3.4 M
- Other Changes \$0.5 M

**THE APPROVED OPERATING BUDGET -
BASED ON A TARGET OF 3% TAX INCREASE FOR SERVICES
AND 2% FOR NEIGHBOURHOOD RENEWAL**

Tax-supported Operations: Net Operating Requirement¹

	2009 Budget (\$000)	Change '09 to '10	2010 Budget	% Change '09 to '10
Total Boards & Commissions	59,722	3,235	62,957	5.4
Civic Programs				
Asset Management & Public Works	86,846	4,992	91,838	5.7
Capital Construction	3,698	564	4,262	15.3
Community Services	200,317	19,809	220,126	9.9
Corporate Services	83,755	3,981	87,736	4.8
Finance & Treasury	15,960	741	16,701	4.6
Mayor & Councillor Offices	4,279	197	4,476	4.6
Office of the City Auditor	1,936	107	2,043	5.5
Office of the City Manager	1,224	666	1,890	54.4
Office of the Deputy City Manager	18,602	(14)	18,588	-0.1
Planning & Development	35,651	6,138	41,789	17.2
Transportation	279,088	10,146	289,234	3.6
Corporate Programs	(209,634)	(22,963)	(232,597)	11.0
Neighbourhood Renewal	15,456	16,710	32,166	108.1
Police Service	217,003	19,362	236,365	8.9
Total Taxation Revenue	(827,359)	(50,215)	(877,574)	6.1
One-time Items	13,456	(13,456)	-	(100)

Notes:

¹ Net Operating Requirement amount is the difference between Expenditure & Revenue.

NEIGHBOURHOOD RENEWAL PROGRAM - 2% TAX RATE INCREASE

City Council established an ongoing and sustainable funding program for neighbourhood infrastructure renewal, first by allocating funds from Provincial funding programs (AMIP and MSI), and secondly by the establishment of the 2% tax levy funding pool.

In December 2008, Council approved a 2% increase in tax levy for the Neighbourhood Renewal Program for each of the years 2009, 2010 and 2011.

- **Preventative Maintenance** - 6 neighbourhoods to receive reseal microsurfacing (Beacon Heights, Bergman, Goldbar, Quesnell Heights, Riverdale, Tipaskan)
- **Collector Roadways** - resurfacing in a number of additional neighbourhoods
- **Alley renewal** - 2 pilot projects are proposed to be added to the program (neighbourhoods identified in early 2010 with proposed funding mechanism)

Note: The 2009 - 2011 Capital Budget includes the approval for additional neighbourhood work in 2011, including the allocation of additional funds from the 2% tax levy source.

2009 Neighbourhood Renewal Projects

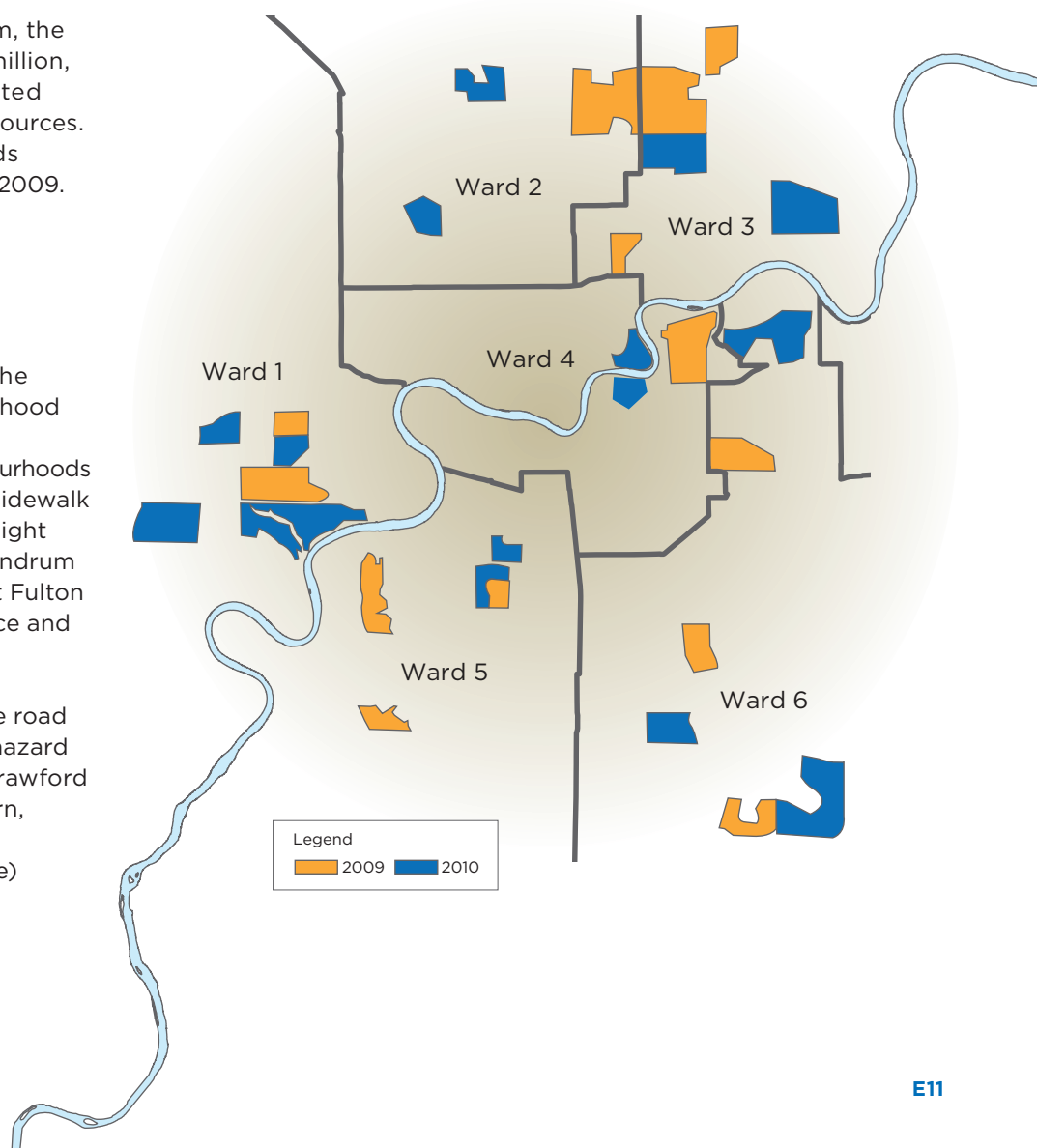
In the first year of the program, the 2% tax levy generated \$15.6 million, adding to the funding allocated through AMIP, MSI and other sources. More than 20 neighbourhoods benefited from this program in 2009.

2010 Neighbourhood Renewal Projects

The 2010 program includes the following proposed neighbourhood renewal projects:

- **Reconstruction** - 6 neighbourhoods to receive road repaving, sidewalk reconstruction and street light replacement (complete Lendrum and Meadowlark, and start Fulton Place, Parkallen, Rio Terrace and Sherbrooke)
- **Residential Overlay** - 10 neighbourhoods to receive road overlay and sidewalk trip hazard repairs (Balwin, Carlisle, Crawford Plains, Daly Grove, Lymburn, McLeod, Patricia Heights, Summerlea, and Westridge)

2009/2010 Neighbourhood Renewal Projects



2010 APPROVED BUDGET – AMENDMENTS

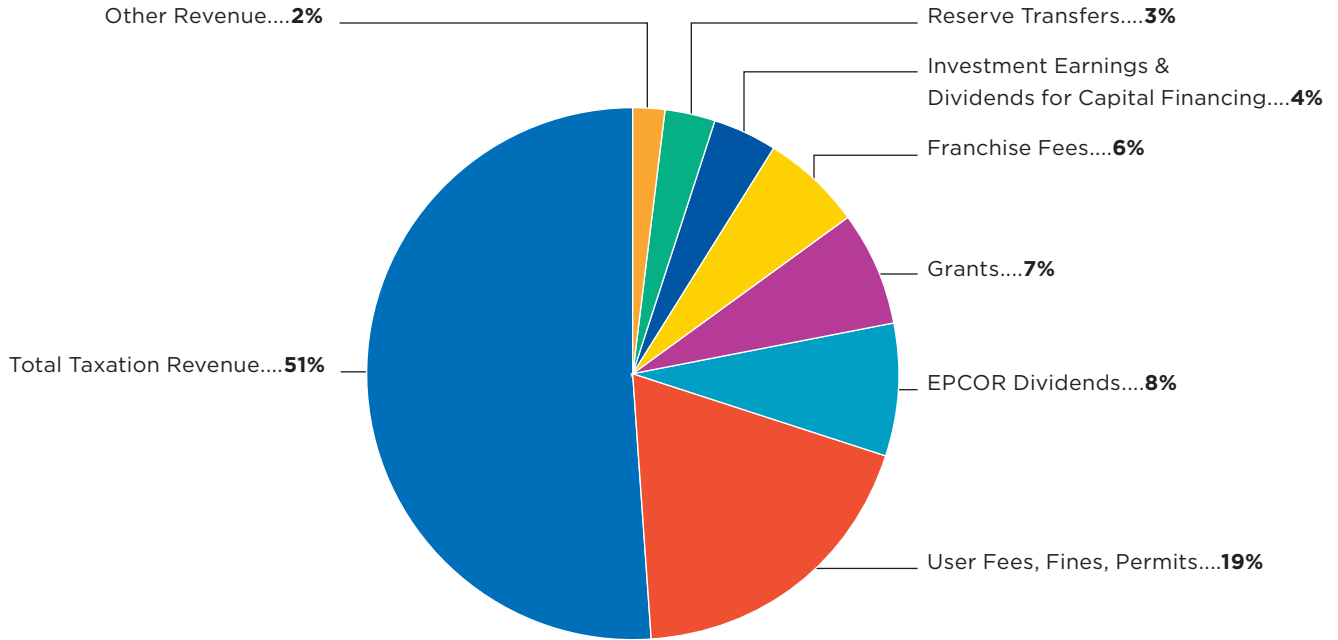
2010 BUDGET ADDITIONS (FUNDED SERVICE PACKAGES)

Service Package Title	Net Operating Requirement (in 000s)
AMPW	
Corporate Properties	
Downtown Public Washrooms	\$75
Washroom Facilities in Old Strathcona - operating	147
Washroom Facilities in Old Strathcona - capital	517
Land enterprise	
Edmonton City Center Airport Development Office	1,380
Community Services	
Fire Rescue Services	
Fire Rescue Truck in South Edmonton	1,500
Community Facility Services	
Scona Pool	291
Facility Hours for Lane Swimming	320
Art of Living - Artifacts Center & Archive	220
Neighbourhood and Community Development	
Creative Age Festival	50
Expansion of Cigarette Litter Reduction	205
FCSS funding for agencies facing shortfalls	1,000
Increase to Keep the Doors Open Grant - Art Gallery of Alberta	300
Community Safety Coordinating Council	500
Corporate Services	
Edmonton Salutes	100
Sustainable Environment & Ethical Procurement Policy	99
Assessment Review Board Legislative Requirements -operating	-
Assessment Review Board Legislative Requirements -capital	1,550
Office of the City Manager	
EXPO 2017	500
Planning & Development	
Planning, Policy and Community Standards	
Façade Program Continuation	900
Development Fund	2,000
Aboriginal Transitional Component of Boyle Renaissance	1,660
Community Standards Enforcement Staff	390

...CONTINUED ON NEXT PAGE

Service Package Title	Net Operating Requirement (in 000s)
Transportation	
Transportation Systems	
Winter Road Snow Hauling	350
Public Transit	
Transit Center Washroom Facilities	182
New Service - Off Peak Service	133
Peak Overload additional service hours	654
Edmonton Arts Council	
Winter Light Festival	675
Public Art Conservation and Inventory Project Year 2	150
Edmonton Homeless Commission	
	400
Edmonton Police Service	
Maintain Service Levels	10,813
Public Library	
Maintain Library Hours of Service in 2010	288
Total	\$27,349

Where the money comes from (Revenue Sources)

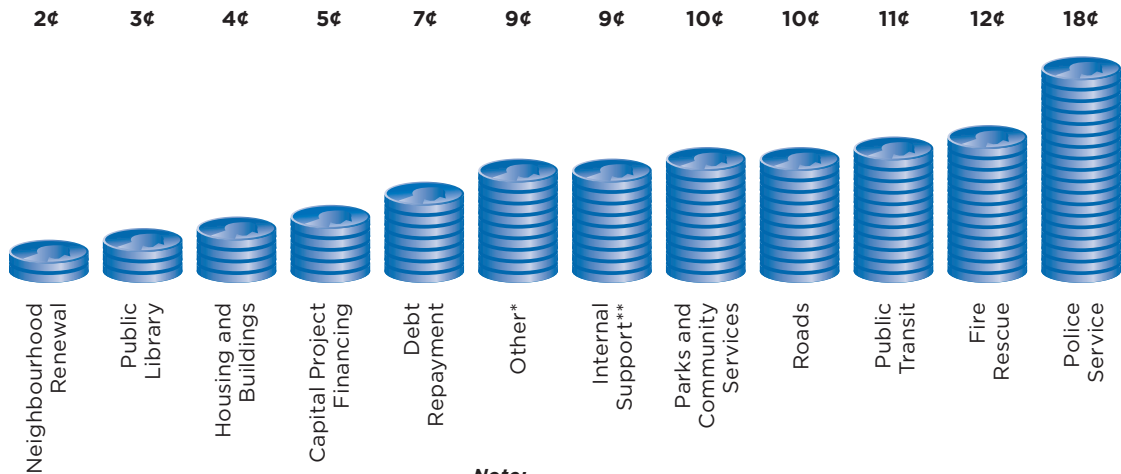


Note:

Other Revenue includes risk management, local improvement levies, contributions from corporate entities

Where your taxes are distributed

Every \$1 of municipal taxes is shared between these civic services:



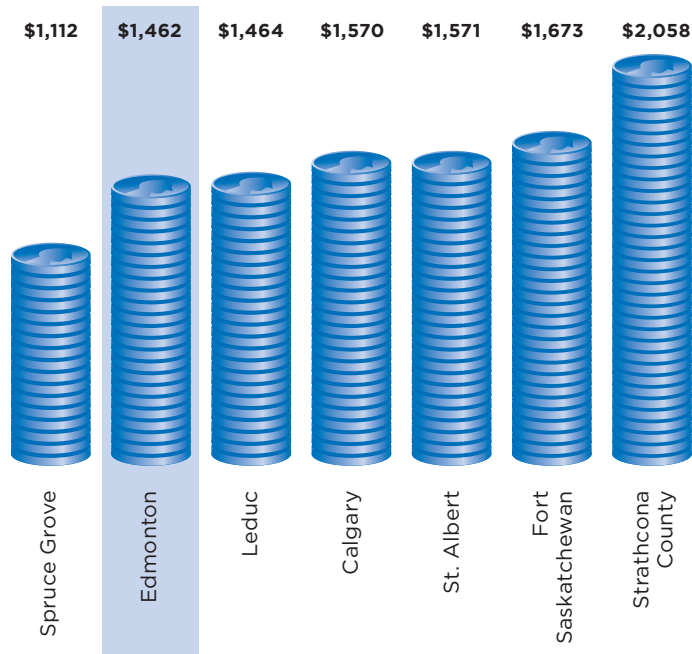
Note:

This graph is based on the tax levy, which excludes user fees, but includes other corporate revenues

* Other includes Planning & Development, Corporate Expenditures, City Government, and Edmonton Economic Development Corporation

** Internal Support includes Corporate Services, Finance & Treasury, Office of the Deputy City Manager

Total Taxes Collected by Municipalities in 2009 (residential, non-residential, business, education) Compared Per Capita in 2009



Notes:
Includes school requisition
Non res includes business tax for Edmonton

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**Finance & Treasury,
City of Edmonton**

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