

2011 CITY COUNCIL OPERATING BUDGET DISCUSSIONS

EXECUTIVE SUMMARY



BASED ON TARGET OF 3% TAX ADJUSTMENT FOR SERVICES
AND 2% FOR NEIGHBOURHOOD RENEWAL

CITY SERVICES DRIVE THE BUDGET

Key Dates in 2011 Operating Budget

March - May, 2010

- Service and Budget Review by a Strategic Team with members from across City Departments

June 23, 2010

- Council approves 2011 Budget Guideline; directs Administration to prepare a Proposed Budget with a tax adjustment of 3% for Civic Programs, Boards and Commissions; and 2% for Neighbourhood Renewal Program

July 2010

- Council sets Corporate Outcomes in Strategic Plan, defining approach for achieving 10-year goals

Nov. 9, 2010

- 2011 Proposed Operating Budgets for Civic Programs, Boards and Commissions, Edmonton Police Service, and Proposed Drainage Utilities and Waste Utilities Budgets presented to City Council

Nov. 22, 2010

- Non-statutory Public Hearing on 2010 Operating Budget and Utilities Budgets

Nov. 26, 2010

- Administration provides written responses to Council questions submitted by Nov. 17

Nov. 29 to Dec. 7 (and Dec. 14-15 if required), 2010

- Council Budget Deliberations and finalizing the Operating Budgets

January 2011

- Assessment Notices identify value of homes, used to determine each homeowners' share of total tax levy

Spring 2011

- Education Tax Requisition from the Province of Alberta
- Council approves final tax rate

May 2011

- Property tax notices are mailed

The City of Edmonton delivers programs and services necessary to maintain and enhance our high standard of living. Roads that move people; police, bylaws and fire rescue services to keep people safe; drainage, waste management and parks to keep our communities clean and healthy; social programs and leisure activities to make Edmonton a great place in which to live, work and visit. These core areas reflect Edmontonians' top priorities.

The City also helps advance the aspirations of Edmontonians by mobilizing long-term plans that continue the transformation of our community towards new possibilities.

Edmonton is a vibrant city that continues to grow. Balancing the need to deliver core services to an expanding area, with the need to facilitate new opportunities is a challenge because there are only limited sources of revenue to pay for all civic services—the services Edmontonians use every day.

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, necessary to support a growing, vibrant city while retaining a community affordable to Edmontonians.

Responding to Priorities

The City aims to strike a balance of affordable taxes for property owners and affordable fees for the portion of residents who use certain services, while maintaining service levels to the public.

Edmontonians provide valuable input on operational issues 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, discussion and debates in the recent election, and through the upcoming budget hearing.

This Proposed Budget is the starting point for City Council's deliberations on setting the 2011 Budget and the year's property taxes and fees. Council provided clear direction to Administration to prepare a Budget that kept taxes reasonable and maintained services.

This proposed budget adheres to Council's target of a 3% tax adjustment for operations and 2% for Neighbourhood Renewal. This budget reflects the City's pursuit of efficiencies and creative ways to deliver citizen priorities in an expanded area. This budget also aims to advance Council's long-term goals in the most cost-effective manner.

Operating and Capital Budgets

The City of Edmonton's Operating Budget pays for the "operations" of civic services and programs. For example, this includes the budget to pay staff for transit and police, as well as the gas that powers their fleet; for the lifeguards at pools and the cost to heat the water; and to pay for the tradespeople and the road materials to fix potholes.

A separate budget, the Capital Budget, determines the investment in Edmonton's hard infrastructure: the construction of buildings like recreation centres, transportation assets like LRT lines and bridges, and for underground infrastructure like sewage systems.

EDMONTON BY THE NUMBERS

Over 71 million transit rides (bus and LRT) last year.

5.5 million visits to community facilities.

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 use different revenue sources. A new Operating Budget is set every year. The Capital Budget is approved on a three-year basis, reflecting the long-term nature of construction projects. The next Capital Budget will be set in late 2011.

The Capital Budget is adjusted each year as projects advance and as funding sources are confirmed or amended. Infrastructure projects have a significant impact on subsequent operating budgets. For example, the construction of a new fire hall will be complete in one year, but the lifecycle costs to operate it with staff and maintenance will continue for decades.

Revenue to pay for services

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

Residential and commercial property taxes make up about 50% of the total revenue needed for the Operating Budget. Once Council sets the budget, the total needed from property taxes—the tax levy—is determined. Each homeowner pays a share of the total tax levy based on the value of his or her home, relative to all other homes. User fees are applied to help pay for some services, to generate additional revenue from users of those services. Utility fees are applied to direct consumers of those key services.

EVERY DAY. IN EVERY WAY.

The City of Edmonton provides a wide range of services, programs and infrastructure that Edmontonians need, want and use every day. Sometimes the services are so reliable we take them for granted.

Every day, we use drainage after showering or brushing our teeth. We buy food trucked to Edmonton on arterial roads maintained by the City. Waste collectors pick up our garbage and recycling, and public transit moves us around. Pothole and snow clearing crews keep roads smooth 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.

Every day, the City of Edmonton's over 12,000 employees play a part in the lives of people in our community, in their work, leisure, challenges and overall quality of life. City employees strive to contribute to the successes in our community, to make Edmonton a better place for everyone.





A City of Interrelated Services

Although the City's budget supports a range of very different services—from sewer repair to tourist attraction—the diverse components are interconnected. Changes to one program can have an impact on a range of other services.

Even when people don't use some services, they usually benefit from those services in the community. For example, funding for the arts is a vital ingredient to attracting and retaining talented people in our city. Keeping skilled workers provides a boost to a sustainable economy, which spreads out our tax base, a benefit for everyone.

Focusing on multiple benefits

An investment in one service can pay significant dividends in other beneficial attributes. For example, the simple act of nurturing a stand of Edmonton's famous elm trees helps maintain our excellent air quality, provides parkland landscapes that make Edmonton so livable, creates traffic-calming affects on our boulevards, supports greater biodiversity of fauna, traps greenhouse gases to help moderate climate change, and the leafy cover even creates a sense of connectedness in our most precious neighbourhoods.

At a time when budget dollars are limited, the City is focusing on investing in the services that advance multiple Council goals. Instead of adding more costs, the City first looks to reallocate funds to areas that will create multiple benefits. Interrelated services make investments go further.

TRANSFORMATIVE PLANNING

Established by City Council in 2008, *The Way Ahead – the City's Strategic Plan* – has been used to guide decisions that will move us towards the achievement of 10-year goals and the City Vision for Edmonton in 2040.

Never before has the City of Edmonton embarked on such a bold vision for transforming Edmonton into a community that reflects Edmontonians' long-term priorities, based on concrete, measurable goals.

Long-term goals based on Edmontonians' priorities

Based on extensive public input, this long-term plan is already focusing the City's efforts to deliver the greatest value of services and infrastructure that are most important to Edmontonians.

Directional plans that guide the City's work to achieve each of the

goals are: *The Way We Green, The Way We Live, The Way We Grow, The Way We Move, The Way We Finance and The Way We Prosper*. Transforming Edmonton Through Organizational Excellence is the framework for the operational environment that will deliver on the promise to citizens – the achievement of the goals and the Vision.

City operations are being aligned to the strategic plan through corporate outcomes set by Council in July 2010. These statements describe what the successful accomplishment of the 10-year goals would look like. In identifying the desired results of the City's actions, these outcomes define the approach to advancing the goals.

Transparent progress measurement

Measuring progress towards the goals is a vital next step in the City's strategic planning. Performance measures indicate how well the City is progressing towards the outcomes. The type of measures selected to track progress further defines the City's method for operational focus. Performance measurement, with transparent reporting starting in mid-2011, will be used to adjust planning and budgeting, to ensure we keep on track towards the Council goals.

Plans drive resource allocation

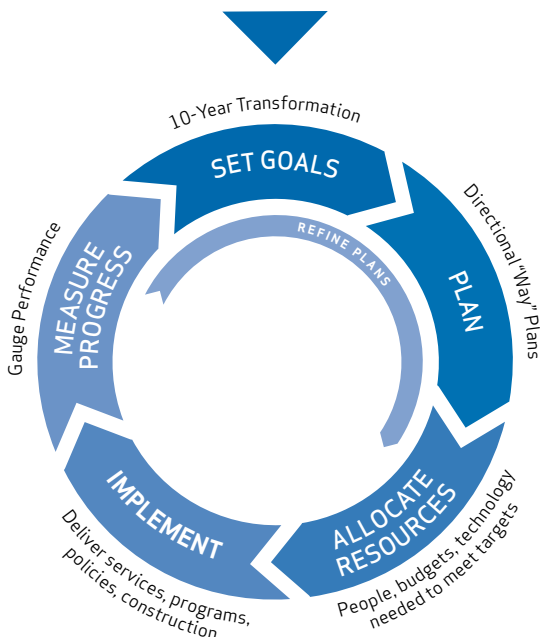
Work will begin shortly to establish targets for each of the performance measures. The targets will clearly identify how far and how fast the City will proceed to deliver on each of the priorities. This will determine the level of resources and strategies needed for advancing towards the goals each year.

Combined, the goals, outcomes, performance measures and targets create a roadmap that will be used to integrate strategic planning with budgeting and support better evaluation and reporting. This roadmap will enhance organizational accountability and transparency and ensure resources are aligned with the goals, aspirations and needs of the community.

Striving for Organizational Excellence

The process to create this year's proposed budget reflects a new way of doing business. City Administration reviewed programs and budgets with a focus on how we can advance the goals and the recently established desired outcomes. This process is improving the way we work as we seek efficiencies and integration across departments to achieve shared goals.

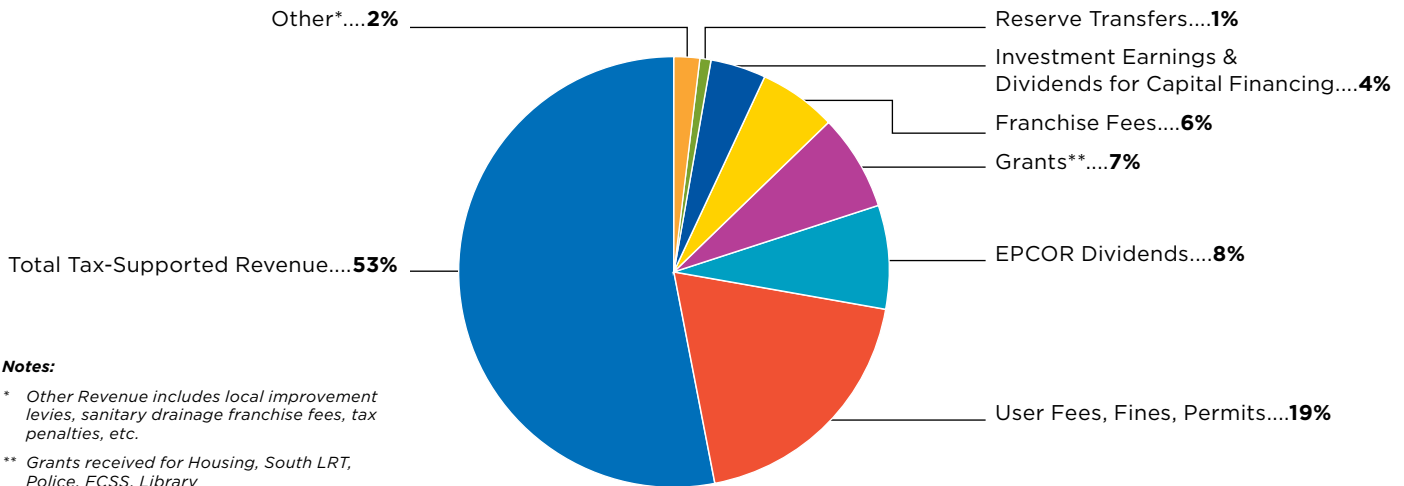
CITY VISION FOR 2040



CITY OF EDMONTON STRATEGIC ROADMAP



Where the money comes from (Revenue Sources)



Regaining Economic Momentum

Edmonton has been challenged by global economic volatility. Yet, our region's resilient economy is gaining momentum. Among major Canadian urban centres, the Conference Board of Canada predicts Edmonton's growth ranking will move from last place in 2009 to second place by 2011.

Edmonton in-migration is rebounding and the Real Estate Investment Network affirmed Edmonton's potential, proclaiming it the "best place to invest in real estate" in North America.

After a nearly decade-long boom, the recent recession allowed the regional economy to refocus and rein in price escalation. With the region's GDP predicted to grow at a very healthy rate of 3.8 per cent in 2011, development will proceed at an affordable, sustainable pace, as major investment projects are stretched over a longer time horizon.

As part of a wealthy western province with abundant resources and low taxes, an increasingly diverse, knowledge-based economy and a young, highly skilled population, Edmonton can claim an enviably strong position as one of the world's great emerging urban centres.

Funding for Services and Programs

The cost to deliver civic programs increases as our community grows and we extend services—such as bus routes, recreation programs and police patrols—to new areas. Costs tend to increase more than the consumer price index (CPI) because large municipal expenditures for items such as gasoline and road repair services and material are impacted by fluctuations in market demand.

The City of Edmonton has limited sources of revenue to pay for all services. A significant portion of the City's revenue does not increase at the same rate as expenditures. That means the City must rigorously pursue cost-efficiencies and innovative ways to deliver expanded services.

To achieve a lower tax levy, user fees are an important revenue source to recover the cost of services.

The Way We Finance, a new 10-year plan for Financial Sustainability, is being developed to ensure Edmonton has the right balance of funding sources for operations and infrastructure. This means a sustainable approach that is affordable to Edmontonians, while maintaining services and moving towards long-term goals.

Typical monthly household costs in Edmonton

Monthly, Average:

Notes:

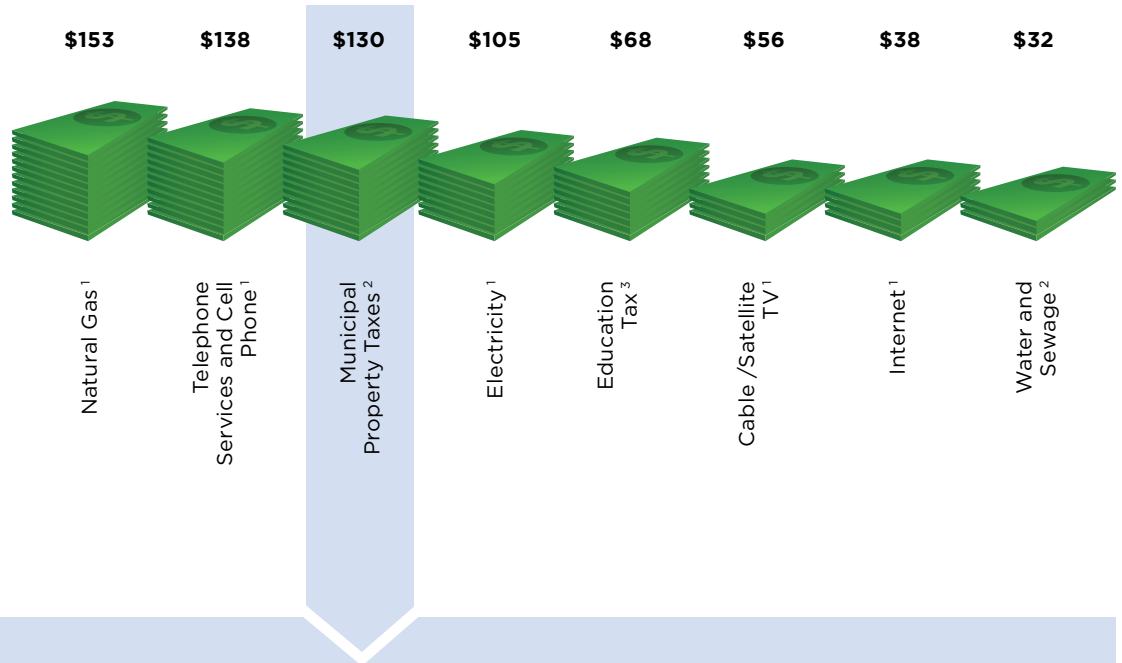
1) Statistics Canada, Survey of Household Spending in 2008

Based on average per reporting household

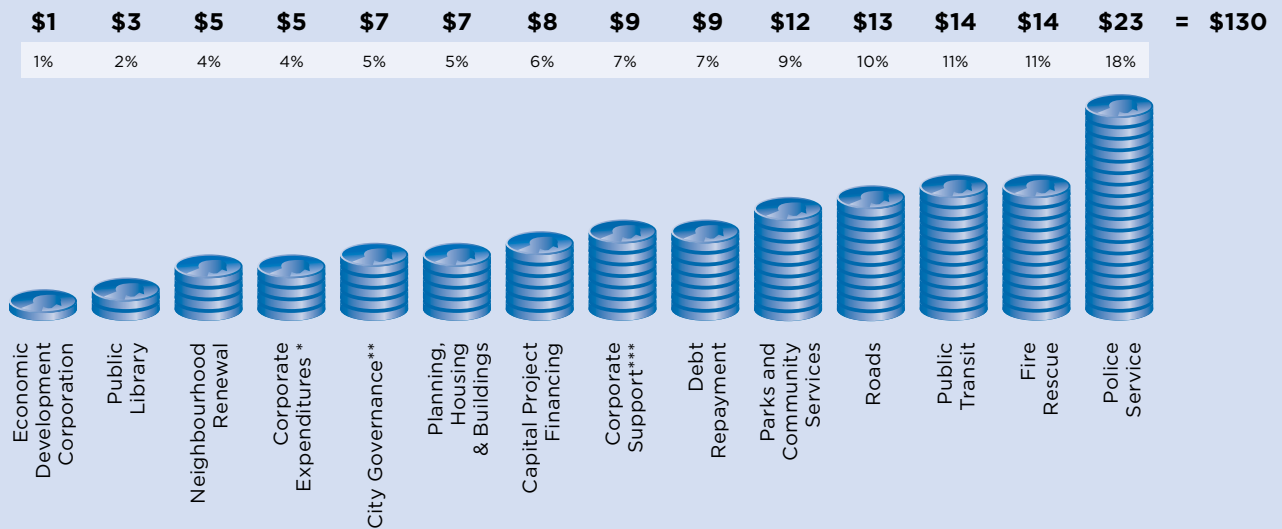
Costs have been adjusted by 3% for each of the years 2009 and 2010

2) Municipal Property Taxes, and Water and Sewage are based on a typical house in 2010

3) Education Tax is based on 2010 Tax Bylaw



Distribution of typical Edmonton household's municipal property taxes, per month



Notes:

This graph is based on net operating requirement, which is a combination of taxes and corporate revenues (excludes user fees)

* Corporate Expenditures includes Tax Appeals and Adjustments, Traffic Safety, Local Improvements, Support to External Organizations, etc.

** City Governance includes Mayor and Councillor Offices, Offices of the City Manager, Deputy City Manager and Auditor, Finance & Treasury, and Assessment and Taxation

*** Corporate Support includes Corporate Services like Human Resources and Information Technology.

2011 BUDGET HIGHLIGHTS

- **Proposed 2011 Operating Budget would result in a 3% adjustment in the total property tax levy for civic programs, boards and commissions, plus 2% to continue to build the Neighbourhood Renewal Program fund.**
- **Proposed 2011 Budgets for City-managed utilities for Sanitary Drainage, Land Drainage and Waste Management are funded through user fees and approved in a separate bylaw.**
- **Increases in costs for programs and services expenditures and debt charges would have increased the tax levy by 8.5%, without adjustments.**
- **City service adjustments, operational efficiencies, innovations and revenue changes resulted in a reduction in net operating costs of over \$50 million to keep the proposed budget at the tax target of 3% for civic operations.**

NEW APPROACH

Council has established a long-term vision that reflects Edmontonians' hopes and aspirations through the 10-year strategic goals in The Way Ahead. Administration has created a proposed budget that helps advance those goals, embodied in the directional plans – "The Ways."

Administration has expanded the budget approach to include planning for the three year period 2011 to 2013, to align with a longer-term view of City goals.

Council's 10-year strategic goals and a refocused objective to improve delivery of core services have guided development of the 2011 proposed budget.

The 2011 Proposed Operating Budget achieves the guideline approved by City Council on June 23, 2010, to prepare the 2011 Proposed Operating Budget on the basis of a 3% tax adjustment for Civic Programs, Boards and Commissions, and 2% for Neighbourhood Renewal.

Transforming the Way We Move, Grow, Live, Green, Prosper, and Finance is balanced with the reality of limited resources.

Investing in the long term vision of the city means that some program areas will only progress in small steps for 2011 while greater strides are possible in others. By starting with a focus on the core services as the first priority, then pursuing new opportunities, the proposed budget delivers what Edmontonians need now, and into the future.

ADVANCING EDMONTON'S STRATEGIC PLAN

The 2011 Proposed Budget funds increased services to improve our community's livability. Funding is provided for operating costs associated with increases in Parks and Roads inventory which is driven by the growth of the City. The Proposed Budget also includes funding to operate new facilities opening in our city in 2011, specifically the Eaux Claires Transit Centre and the Ellerslie and Heritage Valley Fire Stations.

The 2011 Proposed Budget allows the City to "Advance the Ways" - to bring us closer to achieving Edmonton's 10-year goals. The service and budget review strategies for 2011 provide a source of funding for new service packages that "Advance the Ways" while still meeting the target of a 3% tax adjustment. The table below lists the "Advancing the Ways Packages" that are funded in the 2011 Proposed Budget.

| Advancing the Ways Packages - Funded | | 2011 Net |
|--|--|----------------|
| One-time or multi-year funding required | | |
| Art of Living - Implementation of Art & Heritage Recommendations | | \$200 |
| EXPO 2017 | | 900 |
| The Way We Green Implementation | | 100 |
| City-Wide Food & Agriculture Strategy | | 525 |
| The Way We Prosper | | 300 |
| The Quarters / Boyle Renaissance | | 300 |
| Total One-time | | 2,325 |
| On-going funding required | | |
| Community Facility Services (CFS) Partnership Funding Program | | \$1,000 |
| REACH Edmonton | | 1,000 |
| Animal Care and Control Community Support Programs | | - |
| Transit -Oriented Development, Area Plans | | 1,000 |
| The Way We Move - On-going Education Plan | | 595 |
| Transit Services Additions | | 889 |
| Sunday Hours of Service for Five Library Branches | | 126 |
| Total On-going | | 4,610 |
| Total Requirement | | \$6,935 |

- 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

OUTCOMES

29% reduction in litter

80% of road sand reused

150,000 square feet of graffiti removed

99% of aggregate rubble recycled

15% of City's electricity to come from green power

57% less energy used in new geothermal facility

EXAMPLES OF OUTCOME-BASED OPERATIONS

The City of Edmonton is advancing the Strategic Plan—The Way Ahead—through a renewed focus on innovation to deliver services more efficiently, and an emphasis on programs that contribute to multiple Council goals. Here are examples of how the City is moving ahead towards the long-term vision.

Increasing Efficiency and Effectiveness

The City started replacing conventional pesticide applications with more targeted delivery systems which further reduce Parks' use of pesticides without compromising effectiveness.

Fleet Services designed a way to change attachments on more than 100 roadway sander units in less time. They are also utilizing a quick hitch system to convert street sweepers into snow plows.

The City is moving to greater use of LED street lights to improve energy efficiency.

Working Together

Community Services launched Park(ed), a car-free event promoting active transportation. They have also released walking maps for a number of Edmonton communities.

A partnership with the Planning and Development Department's complaints and investigations area with Capital City Clean-Up (CCCU) resulted in a 29% reduction in litter throughout the city. The CCCU program removed almost 150,000 sq. ft of graffiti last year, and engaged 170 schools in the Schoolyard Clean-Up program.

Parks and Community Services partnered to recycle millions of litres of water from pools, spray parks and other facilities by de-chlorinating the water and using it to irrigate nearby parks.

Transportation, with support from Parks, recycled sand as part of snow removal and street cleaning. Approximately 80% of the sand is reused on Edmonton's streets.

Corporate Properties and Community Services supported a number of small projects designed to upgrade the accessibility of City-owned facilities for all citizens.

Connecting with People

The Office of Great Neighbourhoods updated the For Residents and Know Your Neighbourhood sections of the City's website Edmonton.ca to offer neighbourhood specific information on everything from demographics to local events and location of services.

Another way citizens can connect with their City, is by viewing Council meetings in real time, or accessing video archives of past meetings - this is possible through a new system in the Office of the City Clerk.

The Information Technology Branch became a national leader through the creation of the open data catalogue. This led to Canada's first Apps Competition using municipal data.

Leading Edge Practices

The City, in partnership with the Edmonton Arts Council and the Edmonton Heritage Council, is developing a "Cultural Senate", a first in North America. To date, a Poet Laureate and an Historian Laureate have been appointed.

As part of a select group of cities from around the world, Edmonton has become a key player in the development of an index to measure progress in urban biodiversity.

The new Animal Care and Control Facility, set to open before the end of the year, will be the first City-owned geothermal facility. Overall, this building will save thousands of dollars in energy costs, and consume 57% less energy than a standard building of its size.

The City has kicked off the transformation of the City Centre Airport Lands into a world class environmentally sustainable, transit oriented, mixed use development for 30,000 residents.

The Waste Management Branch has pursued a pilot project to use ethanol, produced from solid waste at the Edmonton Biofuels Facility, to fuel waste collection vehicles.

The award winning Kennedale constructed wetland has been completed and can now capture about 1,100kg each day of contaminants from the Kennedale storm sewer basin.

99% of all aggregate rubble in Edmonton is recycled. Up to 200,000 tonnes of recycled aggregate materials are produced annually.

The City will purchase zero carbon emissions electricity (Green Power) for use in City operations. Green Power purchases amount to 15% of the City's overall consumption in 2011.



Great neighbourhoods are the building blocks of a great city. Over the past few years, the City has enhanced its investments in the physical and social infrastructure of our communities.

The primary objective is to improve the long-term livability of Edmonton's neighbourhoods and the lives of the people who live, work and visit them. Through this corporate initiative, the City of Edmonton is:

- Investing in the physical and social infrastructure of neighbourhoods;
- Building community capacity by working with residents and supporting their efforts to create the place they want their neighbourhood to be; and
- Corporately coordinating City services and improving collaboration with other organizations to deliver services in neighbourhoods more efficiently.

Investing In Neighbourhoods

In the late 1980s and '90s, Edmonton went through a period of providing minimal support to the roads and sidewalks in the heart of our community. Over time, the condition of roads, sidewalks and sewers deteriorated, resulting in more frequent collapsed sewers, increased sidewalk trip hazards, and dramatically increased maintenance needs for pothole repairs. The City is turning that around with three main programs that renew the physical infrastructure of our neighbourhoods through sustainable, effective investment that will reach all areas of the city.

1. *The Neighbourhood Renewal Program* began, in 2009, to provide an ongoing and sustainable fund for the reconstruction and preventative maintenance of streets, sidewalks and street lighting in neighbourhoods across the city. Implemented by the Transportation Department, the program first allocates funding from Provincial capital grants (AMIP and MSI) and continues to build the fund through a dedicated tax levy of 2%. In 2008, Council established the increase in tax levy allocated to this fund for the years 2009, 2010 and 2011.

The Neighbourhood Renewal Program has five types of renewal work:

- Total reconstruction of roads, curbs and sidewalks and replacement of streetlights in about five to seven neighbourhoods per year;
- Residential paving overlay for roads and sidewalks
- Preventative maintenance to extend the life of infrastructure through reseal microsurfacing
- Resurfacing of collector roadways and alley renewal
- Replacement of roads with special drainage enhancements, selective concrete repair in areas with soft sub grade conditions

By effectively combining reconstruction, rehabilitation and preventative maintenance, all Edmonton neighbourhoods can receive improvements within 30 years.

Combined with funding from the Province and other sources, more than 20 neighbourhoods received renewal work in 2009. In 2010, 24 neighbourhoods are scheduled to benefit. The 2011 program plans to provide renewal work in more than 20 neighbourhoods.

2. *The Great Neighbourhoods Capital Program* was established in the 10-year capital plan to invest about \$15 million per year in 2009-11 to spur development and deliver on community-identified priorities. Funded through tax-supported debt, the program invests in three integrated areas:

- Revitalization projects in struggling neighbourhoods through work such as streetscape improvements, structural repairs to buildings and arterial road revisions;
- Business development targeting commercial infrastructure and aesthetics enhancements; and
- Redevelopment and improvements such as paving pathways that improve access to neighbourhood parks or community league buildings, adding pathways to neighbourhood parks and creating sidewalks to connect people in a neighbourhood.

Coordinated by the Great Neighbourhoods Office, 2009-11 programs benefit 14 distinct neighbourhoods. Projects underway include substantial reconstruction for Alberta Avenue,

McCauley revitalization design, and Jasper Place/Stony Plain Road land use redesign. Proposed projects include \$13 million in extensive improvements on Capital Boulevard (108 St. from the Alberta Legislature to MacEwan University), Redevelopment and Improvements in six neighbourhoods, and Phase 4 work in the McCauley revitalization.

3. *Drainage Renewal* is closely coordinated with roadway and sidewalk reconstruction. Implemented by the Asset Management and Public Works Department and funded through utility charges, the work on the underground infrastructure involves either relining sewer lines or replacing sewer pipes. The construction timing of drainage work is determined based on the following considerations:

- 1 to 2 years ahead of planned pavement and sidewalk reconstruction to avoid disturbance of new roads;
- In same time period as other projects constructed by franchised utilities such as ATCO gas, EPCOR Water, to minimize inconvenience to the public; and
- Immediate renewal of sewer pipes if found to be in poor condition, even though pavement and sidewalks above the pipes are in satisfactory condition, to avoid interruption of drainage service to the public.

In 2010, Drainage Renewal work benefited 15 neighbourhoods. In 2011, six more neighbourhoods are scheduled for sewer pipe renewal. Closed Circuit Television inspections of sewers will also be undertaken in 2011 in those neighbourhoods identified for pavement and sidewalk reconstruction during 2012.

2010/2011 NEIGHBOURHOOD INFRASTRUCTURE PROJECTS

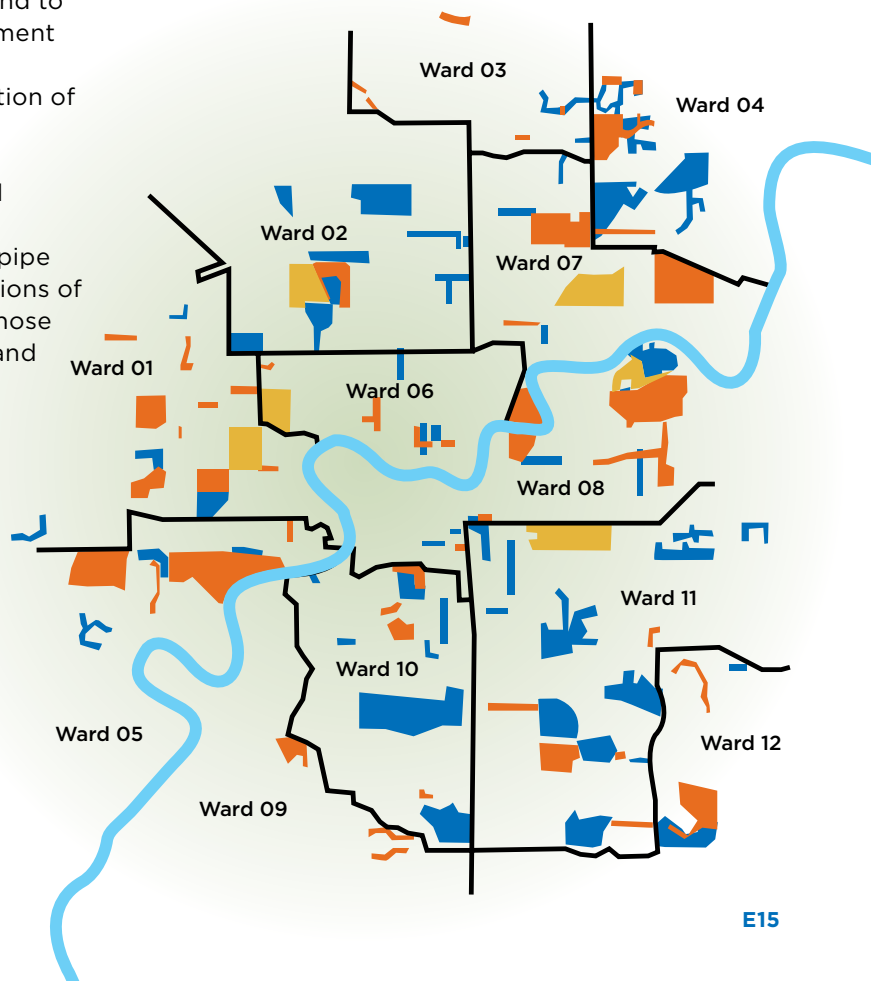
- 2010 Neighbourhood Renewal
- 2011 Neighbourhood Renewal and Great Neighbourhoods Capital Program
- 2011 Drainage Renewal

Note: More details on 2010 and 2011 projects are included in the full budget binder.

Neighbourhood Engagement

The recently established Office of Great Neighbourhoods coordinates civic activity planned for any particular neighbourhood. Once areas are identified for Neighbourhood Renewal, the Office of Great Neighbourhoods takes on a corporate coordination role, providing one voice to citizens on behalf of all City departments involved. With a steering committee that involves all City departments and services such as the Edmonton Police Service and Edmonton Public Libraries, the Great Neighbourhoods initiative engages the residents of a neighbourhood to identify investments in projects that improve the livability of the community.

For social infrastructure, the Great Neighbourhoods initiative will facilitate better two-way communication with residents and other organizations to plan opportunities that Edmontonians want at the local level. In 2010, Great Neighbourhoods directly managed investment in 15 neighbourhoods in community-initiated projects. In 2011, Great Neighbourhoods will coordinate all civic consultation in a neighbourhood, making a community's interaction with the City more streamlined and more effective.



Preparing the 2011 Proposed Operating Budget

Innovative Service and Budget Review

A team of senior City staff from across the organization examined creative ways to adjust City expenditures in order to achieve the tax levy target in the budget guideline.

The team was charged with finding strategies to help balance the budget through the 2011 to 2013 timeframe, while finding ways to fund work needed to move toward strategic goals.

The team worked to minimize the impact on front-line services. They did not mandate reductions of an equal dollar value across departments, but recommended reductions that had the least impact on direct service to the public or where efficiencies could be pursued. Their priority was to look for changes all departments could make to improve the way they do business.

The review resulted in reducing the 2011 net operating requirement by \$50.6 million through a combination of revenue increases and expenditure reductions. The team also identified strategies that could be implemented in subsequent budget years.

The process was an innovative way to involve City staff, who work more closely with the services, in the decision-making. This approach is part of the Transforming Edmonton initiative to move Corporate Leadership Team (CLT) to a stronger corporate governance role and to engage the Branch Managers, Directors and staff in a more direct way.

The team demonstrated their ability to provide creative ideas that made a significant contribution to the budget process when undertaking cross-department service and budget review.

Reducing Costs / Increasing Revenue

Corporate-wide strategies reduced the net operating requirement by over \$16.0 million. These strategies include improving efficiency from strategic sourcing and contract initiatives, as well as, rationalization of computers, telecommunications equipment and advertising. Additional strategies include increasing revenue from franchise fees, increasing revenue from traffic enforcement to cover increased traffic safety costs and shifting the cost recovery strategies of Current Planning.

To maintain the cap on the tax adjustment, net revenue adjustments of \$7.5 million are proposed from areas such as transit fares and advertising revenue, as well as parking meter revenue, fire inspection fees, and community facility fees. Over \$7 million of expenditures is also being reduced mainly through elimination of vacant positions, reduction in consultants and a reduction in the Transit fuel budget due to stabilized fuel prices.

Realigning costs or funding between the operating budget and the capital budget for work that relates to infrastructure projects resulted in a net reduction of \$6.5 million.

Organizational and operational changes of \$10.6 million are also being achieved within City Departments through rationalization efforts and cost-efficiencies.

Edmonton Police Service also identified a reduction in net operating requirement of \$2.3 million.

EDMONTON BY THE NUMBERS

Process 30,000 development permits, zoning and compliance applications.

34,500 incidents of fire, medical, rescue, and hazardous materials responded to by fire rescue services.

TAX-SUPPORTED OPERATIONS

Net Operating Requirement¹

| (\$000) | 2010 Budget | Change 2010 to 2011 | 2011 Budget | % Change 2010 to 2011 |
|--|----------------|------------------------|----------------|--------------------------|
| Total Boards & Commissions | 61,732 | 1,309 | 63,041 | 2.1 |
| Civic Programs | | | | |
| Asset Management & Public Works | 95,558 | (241) | 95,317 | (0.3) |
| Capital Construction | 4,262 | (419) | 3,843 | (9.8) |
| Community Services | 217,222 | 1,781 | 219,003 | 0.8 |
| Corporate Services | 86,195 | 2,705 | 88,900 | 3.1 |
| Finance & Treasury | 16,701 | (1,432) | 15,269 | (8.6) |
| Mayor & Councillor Offices | 4,476 | 44 | 4,520 | 1.0 |
| Office of the City Auditor | 2,043 | (1) | 2,042 | (0.0) |
| Office of the City Manager | 1,390 | (80) | 1,310 | (5.8) |
| EXPO 2017 | - | 900 | 900 | - |
| Office of the Deputy City Manager | 19,382 | (79) | 19,303 | (0.4) |
| Planning & Development | 36,113 | 903 | 37,016 | 2.5 |
| Transportation | 289,906 | (788) | 289,118 | (0.3) |
| Corporate Programs | (221,229) | 26,534 | (194,695) | (12.0) |
| Building Great Neighbourhoods | 32,166 | 18,010 | 50,176 | 56.0 |
| Police Service | 237,450 | 4,842 | 242,292 | 2.0 |
| Available for City Council ² | - | 8,600 | 8,600 | - |
| Total Taxation Revenue ³ | (885,874) | (60,081) | (945,955) | 6.8 |
| One-time Items | 2,507 | (2,507) | - | (100.0) |
| Total Net Operating Requirement | - | - | - | - |

Notes:

¹ Net Operating Requirement amount is the difference between Expenditures and Revenue.

² The 2011 Proposed Operating Budget includes funding of \$2.9 million for City Council to allocate during budget deliberations. The \$2.9 million includes \$0.7 million to fund one-time items and \$2.2 million to fund on-going items. An additional \$5.7 million in one-time funding could be available pending City Council approval of the recommendations in the 2010 Operating Budget Adjustment Report 2010FTB009.

³ Change includes the tax adjustment, plus estimated real growth in the assessment base.

TAX-SUPPORTED OPERATIONS

Revenue

| (\$000) | 2010 Budget | Change 2010 to 2011 | 2011 Budget | % Change 2010 to 2011 |
|--|------------------|------------------------|------------------|--------------------------|
| Total Boards & Commissions | 34,720 | (1,003) | 33,717 | (2.9) |
| Civic Programs | | | | |
| Asset Management & Public Works | 14,974 | (72) | 14,902 | (0.5) |
| Capital Construction | 209 | 12 | 221 | 5.7 |
| Community Services | 58,491 | 6,644 | 65,135 | 11.4 |
| Corporate Services | 1,459 | 209 | 1,668 | 14.3 |
| Finance & Treasury | 1,402 | 43 | 1,445 | 3.1 |
| Office of the Deputy City Manager | 294 | 270 | 564 | 91.8 |
| Planning & Development | 89,533 | (11,907) | 77,626 | (13.3) |
| Transportation | 121,490 | 10,118 | 131,608 | 8.3 |
| Corporate Programs | 430,931 | 15,118 | 446,049 | 3.5 |
| Police Service | 56,020 | 5,054 | 61,074 | 9.0 |
| Total Taxation Revenue | 885,874 | 60,081 | 945,955 | 6.8 |
| One-time Items | 27,709 | (27,709) | - | (100.0) |
| Total Net Operating Requirement | 1,723,106 | 56,858 | 1,779,964 | 3.3 |

Expenditures

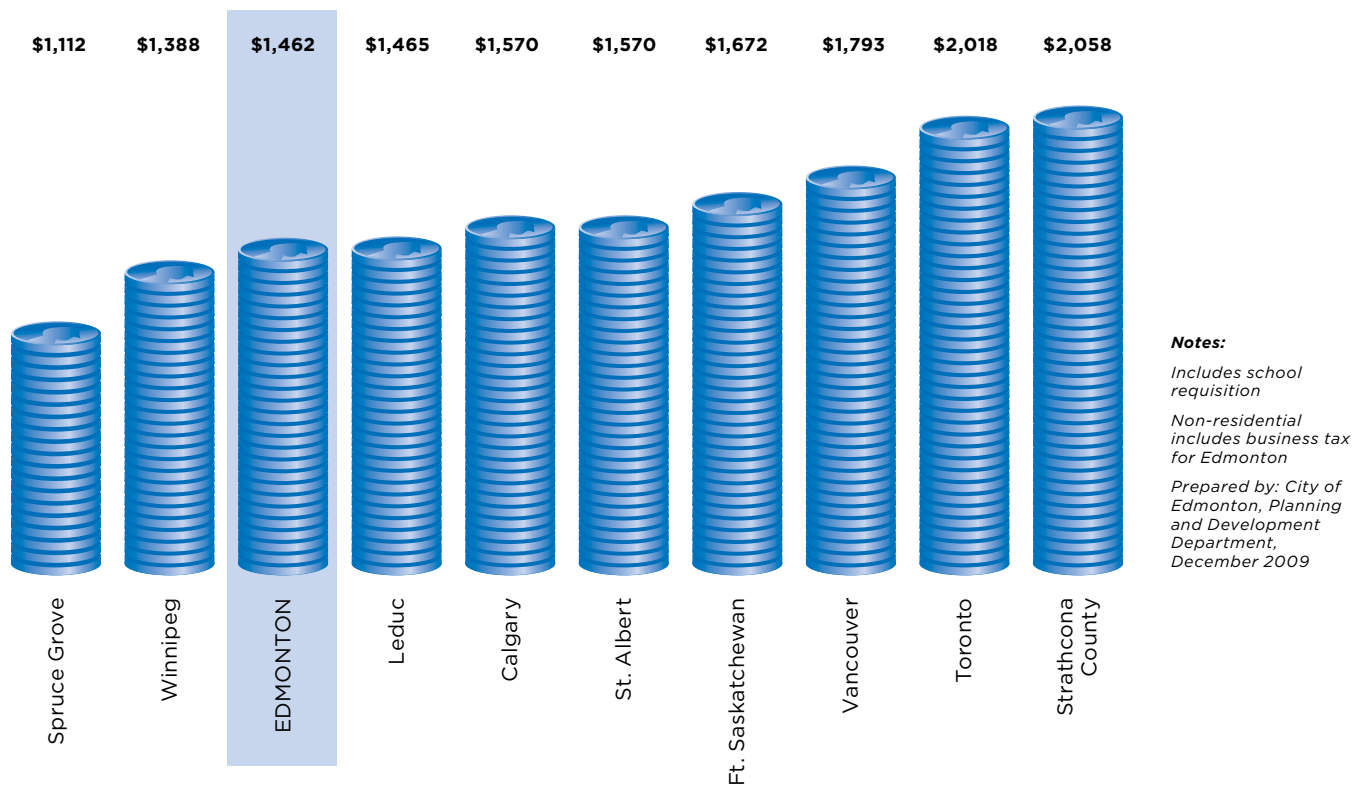
| (\$000) | 2010 Budget | Change 2010 to 2011 | 2011 Budget | % Change 2010 to 2011 |
|--|------------------|------------------------|------------------|--------------------------|
| Total Boards & Commissions | 96,452 | 306 | 96,758 | 0.3 |
| Civic Programs | | | | |
| Asset Management & Public Works | 110,532 | (313) | 110,219 | (0.3) |
| Capital Construction | 4,471 | (407) | 4,064 | (9.1) |
| Community Services | 275,713 | 8,425 | 284,138 | 3.1 |
| Corporate Services | 87,654 | 2,914 | 90,568 | 3.3 |
| Finance & Treasury | 18,103 | (1,389) | 16,714 | (7.7) |
| Mayor & Councillor Offices | 4,476 | 44 | 4,520 | 1.0 |
| Office of the City Auditor | 2,043 | (1) | 2,042 | (0.0) |
| Office of the City Manager | 1,390 | (80) | 1,310 | (5.8) |
| EXPO 2017 | - | 900 | 900 | - |
| Office of the Deputy City Manager | 19,676 | 191 | 19,867 | 1.0 |
| Planning & Development | 125,646 | (11,004) | 114,642 | (8.8) |
| Transportation | 411,396 | 9,330 | 420,726 | 2.3 |
| Corporate Programs | 209,702 | 41,652 | 251,354 | 19.9 |
| Building Great Neighbourhoods | 32,166 | 18,010 | 50,176 | 56.0 |
| Police Service | 293,470 | 9,896 | 303,366 | 3.4 |
| Available for City Council | - | 8,600 | 8,600 | - |
| One-time Items | 30,216 | (30,216) | - | (100.0) |
| Total Net Expenditure & Transfers | 1,723,106 | 56,858 | 1,779,964 | 3.3 |

The table below is based on the City of Edmonton 2009 Residential Property Taxes and Utility Charges Survey. The survey collected information from urban centres across Canada.

Although each city has different cost challenges – from snowfall amounts to size of urban area – and different funding opportunities – the survey gives a broad view of how Edmonton compares.

Comparison of Total Taxes Collected by Municipalities in 2009

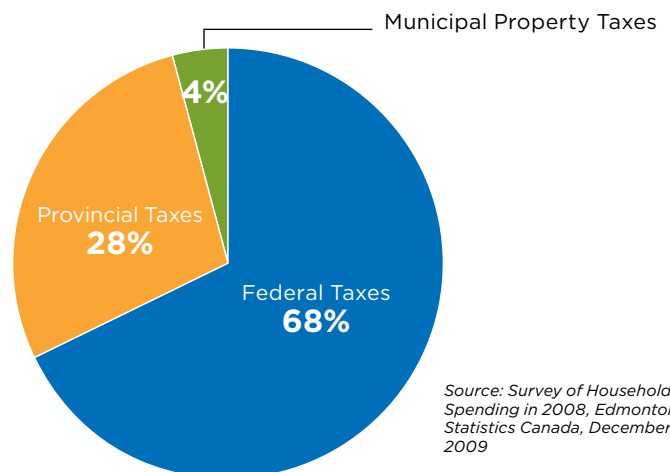
Residential, Non-Residential, Business, Education, Compared Per Capita in 2009



Federal, Provincial and Municipal Taxes

According to Statistics Canada in 2008 the average Edmonton household paid approximately \$21,000 for taxes to all orders of government (income and education taxes, and property tax). Of this amount 96% accrued to the Federal and Provincial governments (68% and 28% respectively) while the City's total tax share equated to only 4%.

Income taxes for provincial and federal governments automatically increase with a rise in income; while property taxes paid to the City do not automatically increase with a rise in assessment.



EDMONTON BY THE NUMBERS

Over 4,300 hectares of turf maintained in parks and open areas -13 times the size of New York's Central Park

424 permanent homes secured for 546 people who had been homeless

Manage \$2.4 billion investment portfolio

Over 11,600 km of roadway maintained

1.6 million calls and emails to the City's 311 call centre

18 million collections of garbage and recycling for about 324,000 households each year

Over 14 million visits to Edmonton's libraries, with 12 million items borrowed

Finance & Treasury, City of Edmonton

www.edmonton.ca/budget
780-496-4944

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