

2016-2018 OPERATING BUDGET

CITY COUNCIL DISCUSSIONS
NOVEMBER 3rd, 2015

TRANSFORMING | **EDMONTON**

BRINGING OUR CITY VISION TO LIFE





Agenda

- Introduction
- Economic Forecast Update
- 2016-2018 Budget Process
- 2016-2018 Proposed Budget
- Public Consultation
- Next Steps



Introduction

- Long term approach
- Balance economic realities with quality of life in service
- Funds commitments made to expand services to our growing City in the Capital budget.
- Recommends best use of taxpayer's dollars



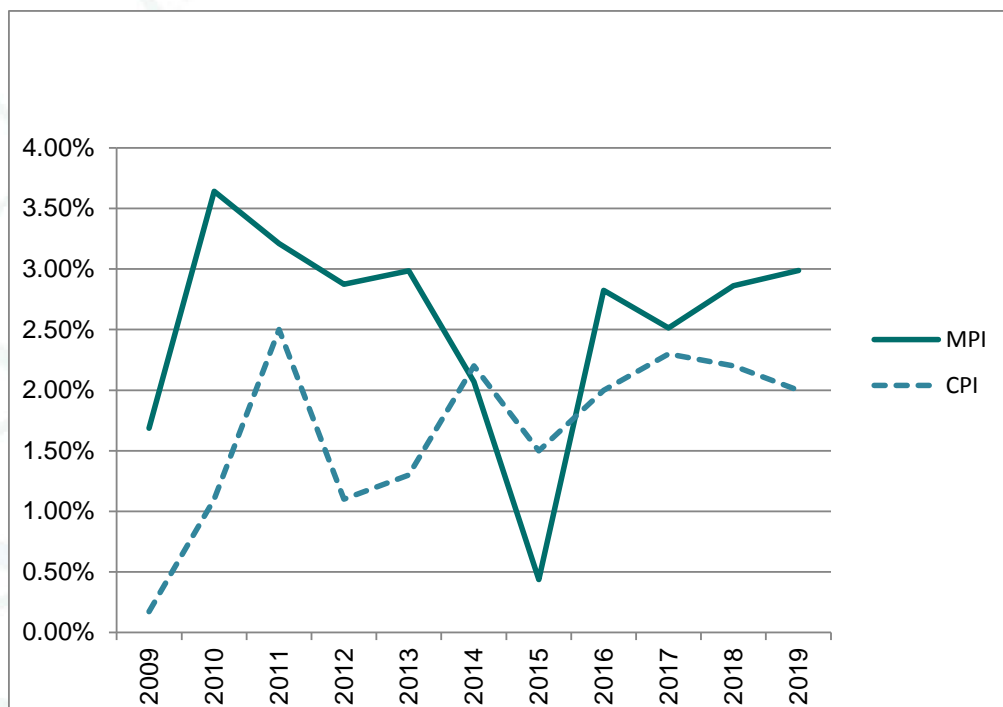
Introduction

- Proposed 4.9% tax increases for Civic Operations for 2016-2018
- Continues to maintain services balanced with economic uncertainty
- Invest in key Council priorities



Economic Forecast Update

Municipal Price Inflation versus Consumer Price Index



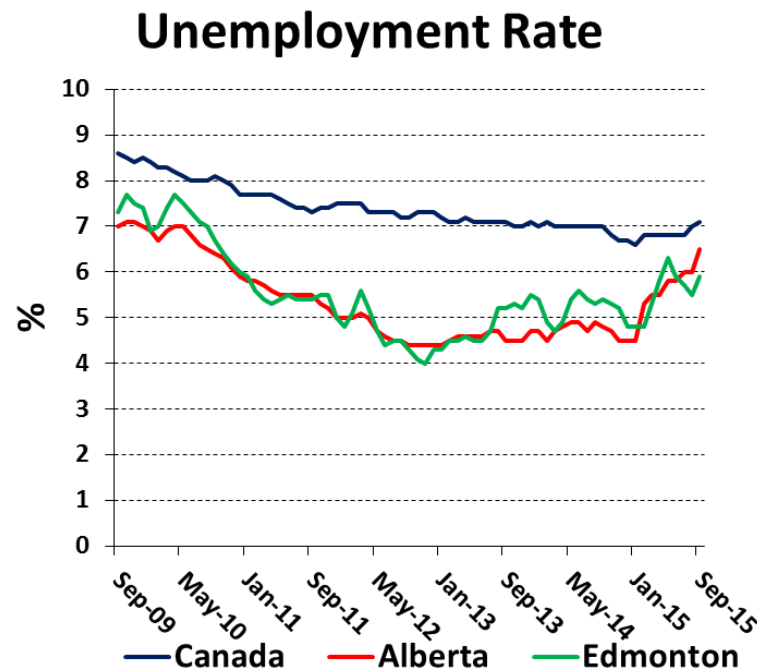
Consumer Price Index based on average consumer spending on food, shelter, clothing, utilities, transportation, recreation, among other things.

Municipal Price Inflation based on delivering municipal services such as fire & police protection, operating facilities, bus purchases, road building, landscaping, among other things.



Economic Forecast Update

- The Region's rate of job growth has slowed but is positive year over year
- Growing labour force has moderated wage pressures
- Continuing full-time job gains will help support consumer spending over the next 12 to 18 months
- Unemployment will rise above the 6.5% range by the end of 2015

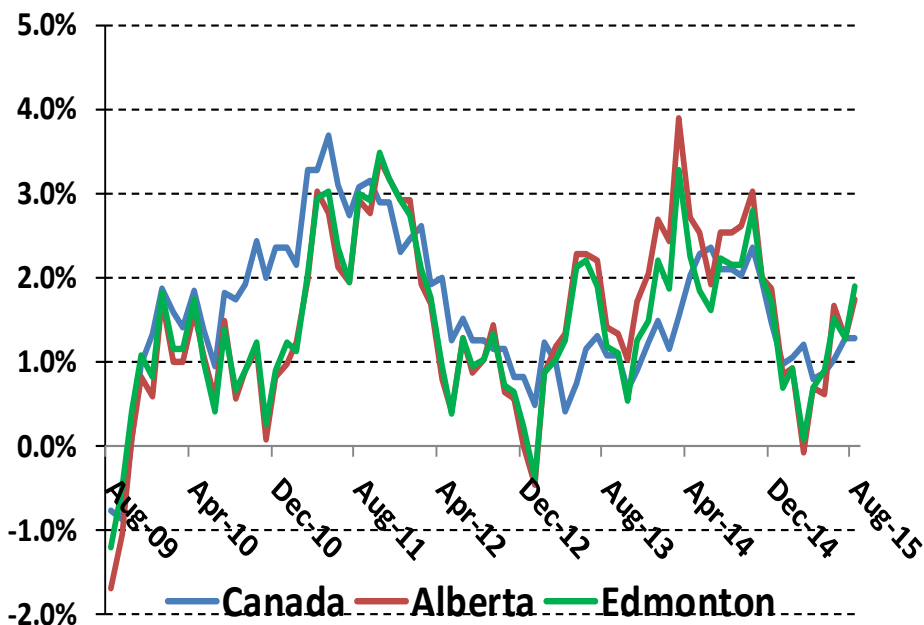




Economic Forecast Update

- The region's year-over-year inflation rate slowed sharply in the first quarter of 2015
- Housing, clothing and food prices continue to move up
- Inflation will accelerate from current levels. Forecast is for 2.0% in 2016
- Lower inflation will boost real incomes for Edmonton residents as wages continue to rise

Year-over-Year Change in CPI

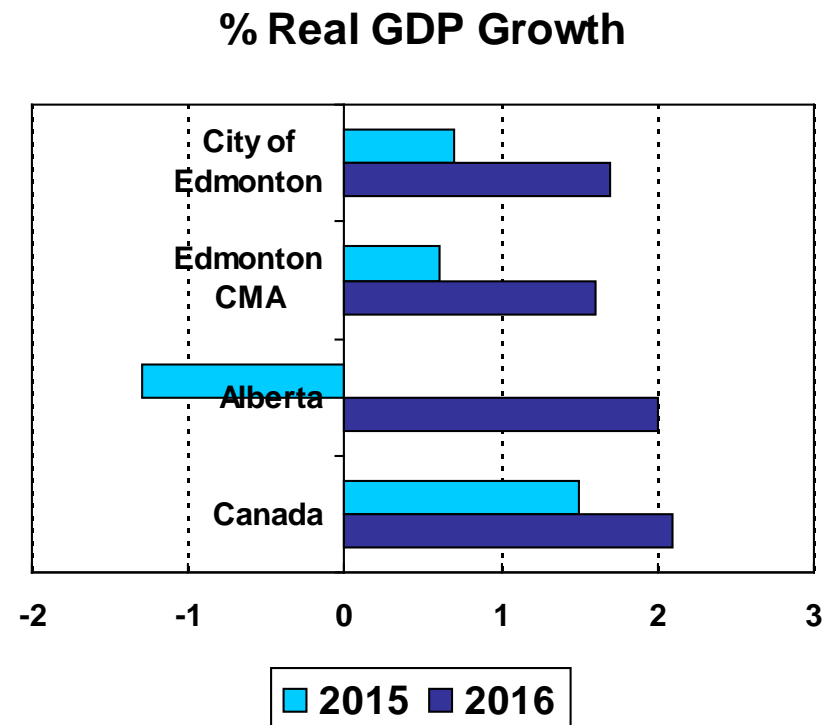


Source: Statistics Canada



Economic Forecast Update

- Edmonton will outperform Alberta due to its relatively diverse economy
- 2015 brings dramatically slower growth for Edmonton and negative growth for Alberta
- A recession scenario for Edmonton requires low oil prices to persist and a sharp pull back in provincial expenditures



Source: IMF, City of Edmonton



Economic Forecast Update

Other Key Indicators for the City

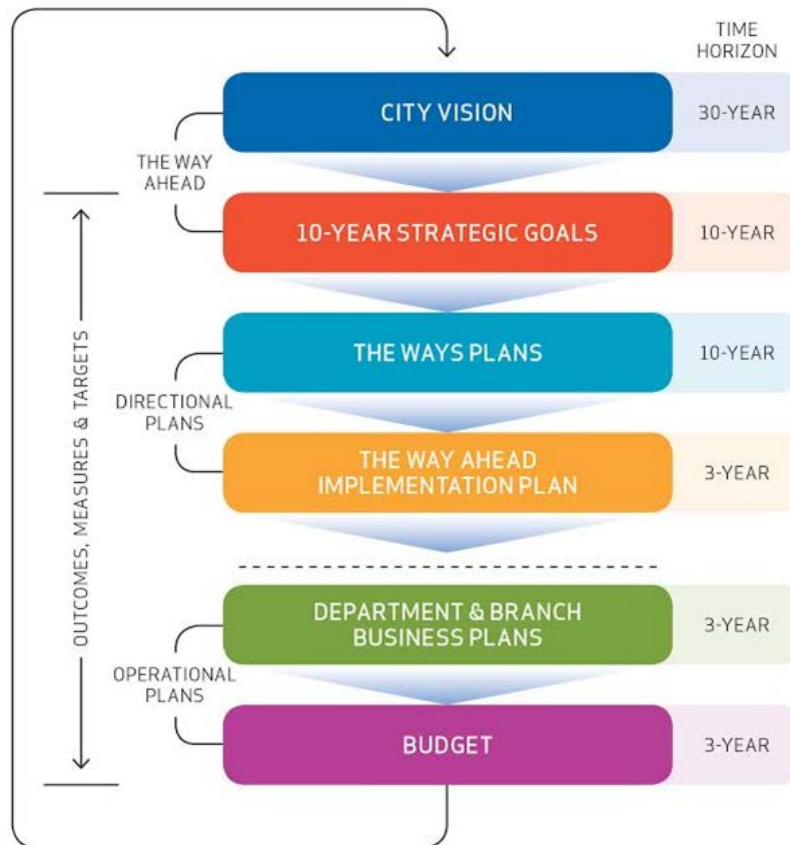
	2014	2015 (Aug 2015 Forecast)	2016	2017	2018
Real GDP	3.3%	0.7%	1.7%	2.2%	2.7%
Inflation (CPI)	2.2%	1.5%	2.0%	2.3%	2.2%
Population	3.6%	1.7%	1.6%	1.8%	2.0%
Employment	2.5%	0.4%	0.6%	0.9%	2.0%
Unemployment Rate	5.0%	6.7%	6.0%	6.0%	5.6%
Housing Starts (Units)	9,798	12,350	11,310	8,204	9,510

Source: City of Edmonton



2016-2018 Budget Process

CORPORATE PLANNING FRAMEWORK





2016-2018 Budget Process

- Evaluated and analyzed assessment growth scenarios
- Departments evaluated and prioritized forecasts and service needs
- Administration reviewed all programs to determine costs that could be reallocated or avoided.



2016-2018 Proposed Budget

Proposed budget recommends a 4.9% tax increase in 2016, 2017 & 2018:

	2016	2017	2018
General tax increase	2.6%	2.6%	2.7%
Neighbourhood Renewal	1.5%	1.5%	1.4%
Valley Line LRT	0.8%	0.8%	0.8%
Proposed tax increase	4.9%	4.9%	4.9%



2016-2018 Proposed Budget

	2016		2017		2018	
2016-2018 Proposed Budget Proposed Property Tax Increase	(000s)	Tax Impact	(000s)	Tax Impact	(000s)	Tax Impact
Revenue Changes						
User Fees, Fines & Permits:						
Rate Changes	11,623	0.8	6,098	0.4	3,783	0.2
Volume Changes	4,576	0.3	413	0.0	1,192	0.1
Franchise Fees	5,668	0.4	5,191	0.4	6,046	0.4
Other	3,622	0.3	(3,375)	(0.2)	(5,193)	(0.3)
Transfer from Reserve	2,276	0.2	(1,008)	(0.1)	(59)	(0.0)
	27,765	2.0	7,319	0.5	5,769	0.4



2016-2018 Proposed Budget

	2016		2017		2018	
2016-2018 Proposed Budget		Tax		Tax		Tax
Proposed Property Tax Increase	(000s)	Impact	(000s)	Impact	(000s)	Impact
Expenditure Changes						
Personnel Costs	42,007	3.1	46,418	3.1	51,541	3.3
Inflation	17,209	1.2	21,691	1.5	(3,624)	(0.2)
Transfer to Reserve	10,744	0.8	1,412	0.1	706	0.0
Other	2,920	0.2	(6,338)	(0.4)	925	(0.0)
Capital Project Financing	(1,295)	(0.1)	(24,760)	(1.7)	(9,784)	(0.6)
2% and Innovation	(10,100)	(0.7)	(10,000)	(0.7)	(10,000)	(0.6)
	61,485	4.5	28,423	1.9	29,764	1.9
Total Base Budget Change	33,720	2.5	21,104	1.4	23,995	1.5



2016-2018 Proposed Budget

	2016		2017		2018	
2016-2018 Proposed Budget		Tax		Tax		Tax
Proposed Property Tax Increase	(000s)	Impact	(000s)	Impact	(000s)	Impact
Impact of Capital (Net)	12,917	0.9	11,221	0.8	16,670	1.1
Debt Financing	10,535	0.8	18,770	1.3	16,740	1.1
Annualization (Net)	4,725	0.3	202	0.0	336	0.0
	28,177	2.0	30,193	2.1	33,746	2.2



2016-2018 Proposed Budget

	2016		2017		2018	
2016-2018 Proposed Budget Proposed Property Tax Increase	(000s)	Tax Impact	(000s)	Tax Impact	(000s)	Tax Impact
Base Changes	33,720	2.5	21,104	1.4	23,995	1.5
Impact of Previous Council Decisions	28,177	2.1	30,193	2.1	33,746	2.2
Growth/New Service Packages	2,737	0.2	1,835	0.1	(5)	(0.0)
	64,634	4.7	53,132	3.6	57,736	3.7
Assessment Growth	(38,702)	(2.8)	(24,720)	(1.7)	(25,798)	(1.6)
Total Tax Increase to Maintain Services	25,932	1.9	28,412	1.9	31,938	2.1



2016-2018 Proposed Budget

	2016		2017		2018	
2016-2018 Proposed Budget		Tax		Tax		Tax
Proposed Property Tax Increase	(000s)	Impact	(000s)	Impact	(000s)	Impact
Available for City Council - Ongoing	10,100	0.7	10,000	0.7	10,000	0.7



2016-2018 Proposed Budget

	2016		2017		2018	
2016-2018 Proposed Budget		Tax		Tax		Tax
Proposed Property Tax Increase	(000s)	Impact	(000s)	Impact	(000s)	Impact
Neighbourhood Renewal Program	20,607	1.5	21,988	1.5	21,890	1.4
Valley Line LRT	10,700	0.8	11,500	0.8	12,300	0.8

Neighbourhood Renewal:

- Final 3 years of dedicated tax increases
- Only inflationary adjustments would be anticipated in future years

Valley Line LRT:

- Proposed 0.8% tax increase in each of the 3 years to support Valley Line LRT



2016-2018 Proposed Budget

Proposed budget recommends a 4.9% tax increase in 2016, 2017 & 2018:

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General tax increase	2.6%	2.6%	2.7%
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2016-2018 Proposed Budget

FTE Incremental Change	2016	2017	2018
Maintain Existing Services			
Civic Departments	36.9	0.2	(1.0)
EEDC	15.0	12.0	-
Police Services	16.0	(2.0)	(2.0)
Edmonton Public Library	2.2	-	-
Total FTEs to Maintain Existing Services	70.1	10.2	(3.0)
Impact of Previous Council Decisions			
Annualization			
Civic Departments	17.1	-	-
Edmonton Police Services	54.5	-	-
Edmonton Public Library	2.9	-	-
Impact of Capital			
Civic Departments	69.4	80.2	82.7
Edmonton Police Services	9.6	14.6	11.6
Growth/New Service Packages			
Civic Departments	22.0	19.5	16.0
Edmonton Public Library	1.0	-	-
Total FTEs-Impact of Previous Council Decisions	176.5	114.3	110.3
Total FTEs to Maintain Services	246.6	124.5	107.3



2016-2018 Proposed Budget

Continuous Improvement

The City has identified \$29.9 million in operating savings or cost avoidance for 2016:

- \$19.8 million has been reallocated within Civic Departments
- \$5.0 million has been reallocated within Police and Library, and
- \$2.0 million was identified by the Utilities Drainage & Waste



2016-2018 Proposed Budget

Continuous Improvement

Initiatives reallocated within departments include:

- Identified savings from annual review of adjusting bus service from low performing routes to higher performing routes,
- Reallocating resources to support the End Poverty initiative,
- Reallocate funds to support the Truth and Reconciliation Commissions Calls to Action, and
- Conduct a paperless online census in 2016.



2016-2018 Proposed Budget

Continuous Improvement

2016 initiatives recoverable for Council amounting to \$10.0 million include:

- Increased vacancy management in Fire Services, Urban Planning and Real Estate and Housing
- LED Streetlight Conversion electricity savings
- Reduced overhead costs in EPCOR transportation electrical services agreement contract
- Reductions resulting from lower cost per gigajoule for natural gas used in city facilities



2016-2018 Proposed Budget

Unfunded Service Packages by Category

	2016	2017	2018
Business/Operational Planning	\$ 12,711	\$ 4,181	\$ 6,993
Connected with Council-Council Initiative	\$ 9,352	\$ 19,153	\$ 815
Council/Committee Motions	\$ 11,899	\$ 2,141	\$ (2,140)
Partner Projects	\$ 3,657	\$ 1,849	\$ 583
Edmonton Police Service	\$ 14,887	\$ 17,054	\$ 17,352
The Ways Strategic Planning	\$ 6,554	\$ 912	\$ 8,533
	\$ 59,060	\$ 45,290	\$ 32,136



2016-2018 Proposed Budget

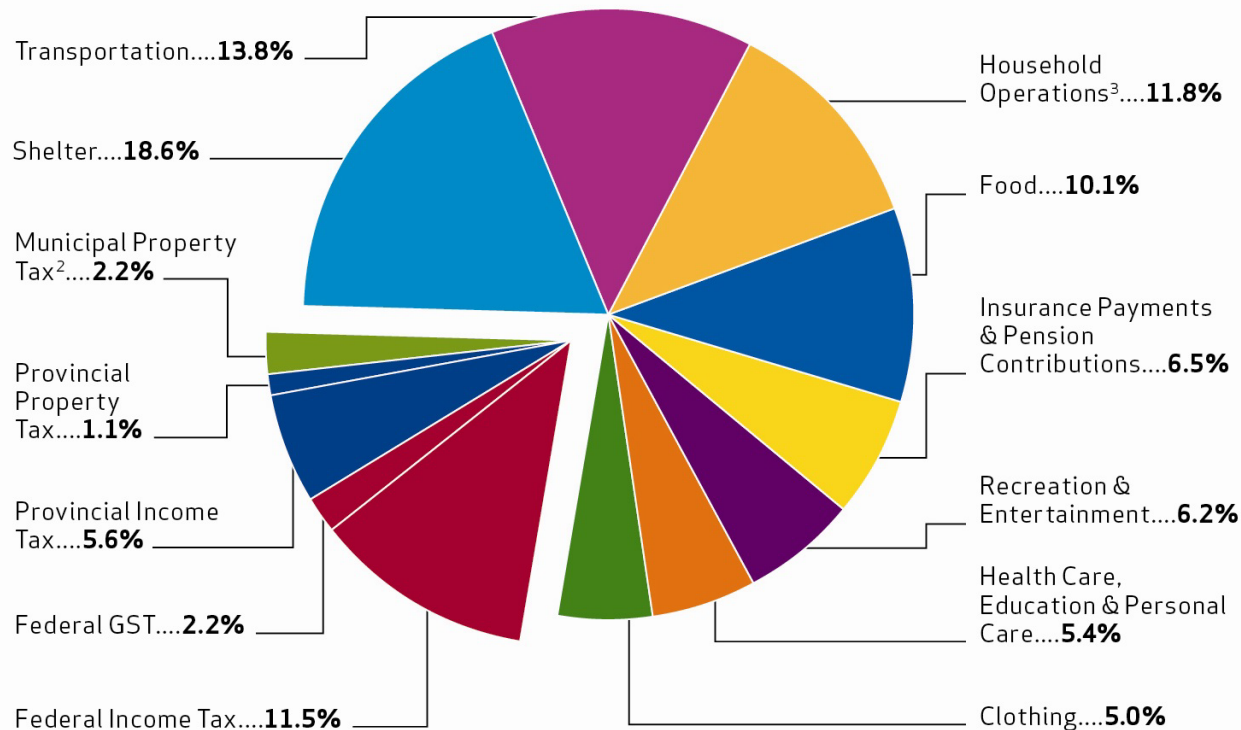
Impact of the proposed 2016-2018 municipal tax increases and utility rate increases on a
Typical Homeowner (\$401,000 Assessed Value)

	2015 Budget	2016 Budget	Annual Impact	2017 Budget	Annual Impact	2018 Budget	Annual Impact
Municipal Services	\$ 2,045	\$ 2,110	\$ 65	\$ 2,174	\$ 64	\$ 2,246	\$ 72
Neighbourhood Renewal	178	205	27	236	31	266	30
Valley Line LRT	<u>0</u>	<u>17</u>	<u>17</u>	<u>35</u>	<u>18</u>	<u>54</u>	<u>19</u>
Total Property Tax Bill ¹	2,223	2,332	109	2,445	113	2,566	121
Stormwater Drainage ²	117	123	6	129	6	135	6
Sanitary Drainage (Collection & Transmission) ³	268	274	6	280	6	286	6
Waste Management ⁴	<u>488</u>	<u>516</u>	<u>28</u>	<u>542</u>	<u>26</u>	<u>572</u>	<u>30</u>
Total Utility Bill	873	913	40	951	38	993	42
Total Municipal Services	\$ 3,096	\$ 3,245	\$ 149	\$ 3,396	\$ 151	\$ 3,559	\$ 163



2016-2018 Proposed Budget

MONTHLY AVERAGE HOUSEHOLD SPENDING¹





Public Consultation

- Budget Booth at Events & Festivals across the City
- YEGcityBudget.ca interactive microsite
- 2016 Budget Survey Online Tool
- 'Ask Me Anything' - General Manager for each Department
- Public Hearing November 23rd



Next Steps

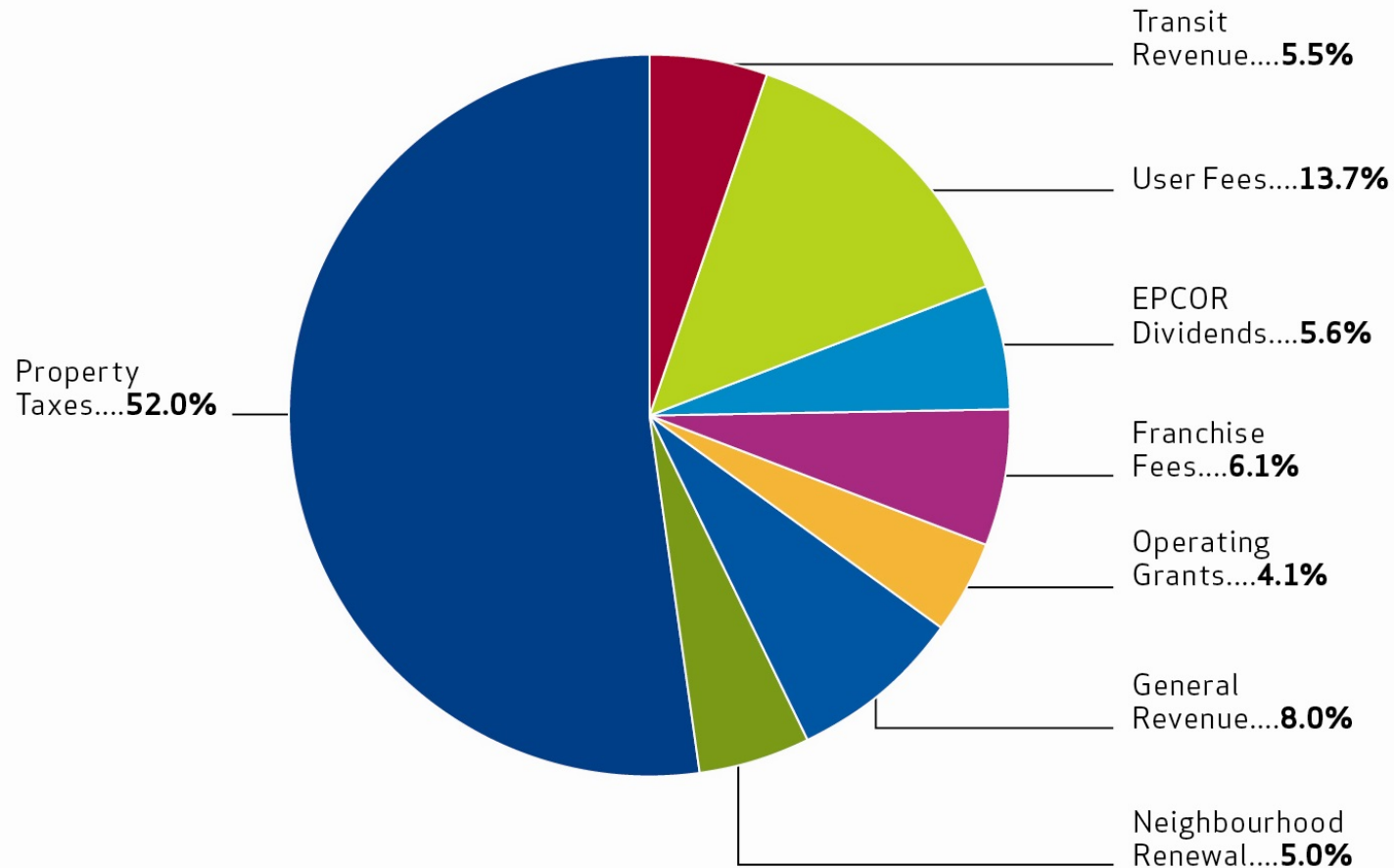
- Council submits written questions to Administration by November 12th
- Administration provides written responses November 23rd
- Budget deliberations commence with a non-statutory public hearing on November 23rd
- November 27th to December 10th Council Budget Deliberations



Questions?



WHERE THE MONEY COMES FROM¹

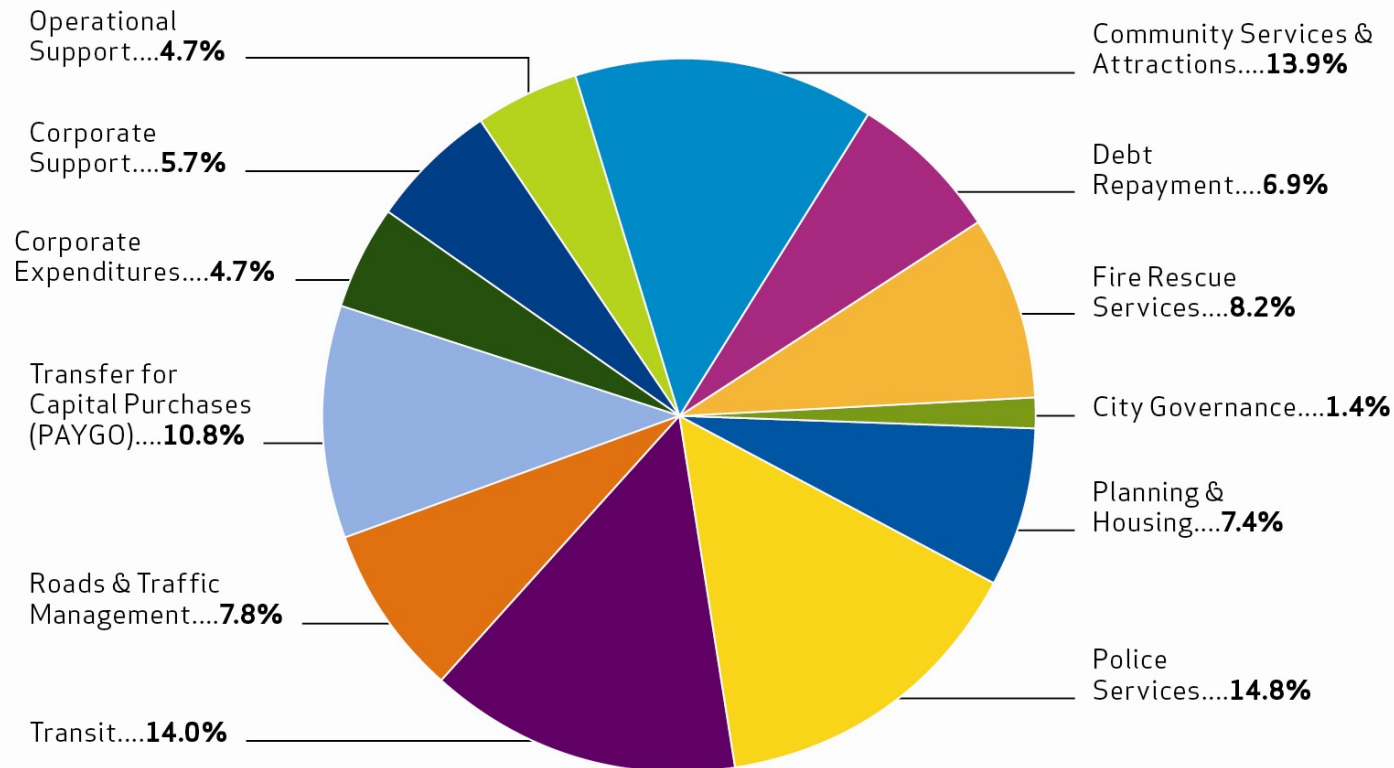


NOTE

1 Revenues and expenditures associated with operating City utilities are not included in the charts.



WHERE THE MONEY IS SPENT¹



NOTE

¹ Revenues and expenditures associated with operating City utilities are not included in the charts.