

THE WAY WE FINANCE

2015 Operating Budget

City Council Discussions

November 5th, 2014

TRANSFORMING | **EDMONTON**

BRINGING OUR CITY VISION TO LIFE





Agenda

- Building a Great City
- 2015 Budget Process
- 2015 Proposed Budget
- Revenues
- Expenditures
- Budget Summary



Building a Great City

- Fastest growing city in fastest growing province in Canada
- Demands financial stewardship and vision
- Have invested and continue to invest in new infrastructure
- Continue to deliver value to citizens
- Continuously improving operations



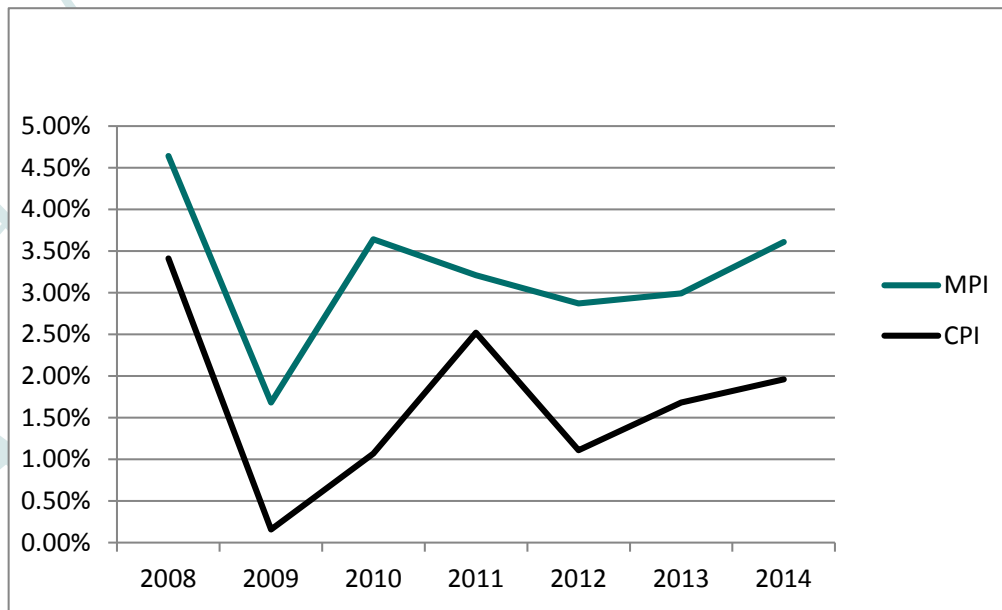
Building a Great City

- Positive economic outlook over next two years
 - Strong population growth
 - Full time employment and incomes continue to provide foundation for growth
- Annual economic growth expected to be in range of 3.5% to 4.0%



Municipal Economics

Municipal Price Inflation versus Consumer Price Index 2008-2014



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.



2015 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.



2015 Budget Process

- 2015 budget for civic programs and boards and commissions released electronically October 31st
- 2015 operating budget books distributed November 5th
- Council submits written questions to Administration by November 12th
- Administration provides written responses November 21st
- Budget deliberations commence with a non-statutory public hearing on November 24th



Public Consultation

- YEGcityBudget.ca interactive microsite
- Understanding Edmonton's Budget - a primer
- Online forum "Ask Me Anything" about Budget
- Input from Edmontonians through year on programs at committee, 311, email, project consultation
- Consultation with Edmonton Insight Community
 - Results shared with Council Nov. 24
 - Helps Admin develop 2015 business plans
- Public hearing Nov. 24



Budget Website - Demo

- www.Yegcitybudget.ca

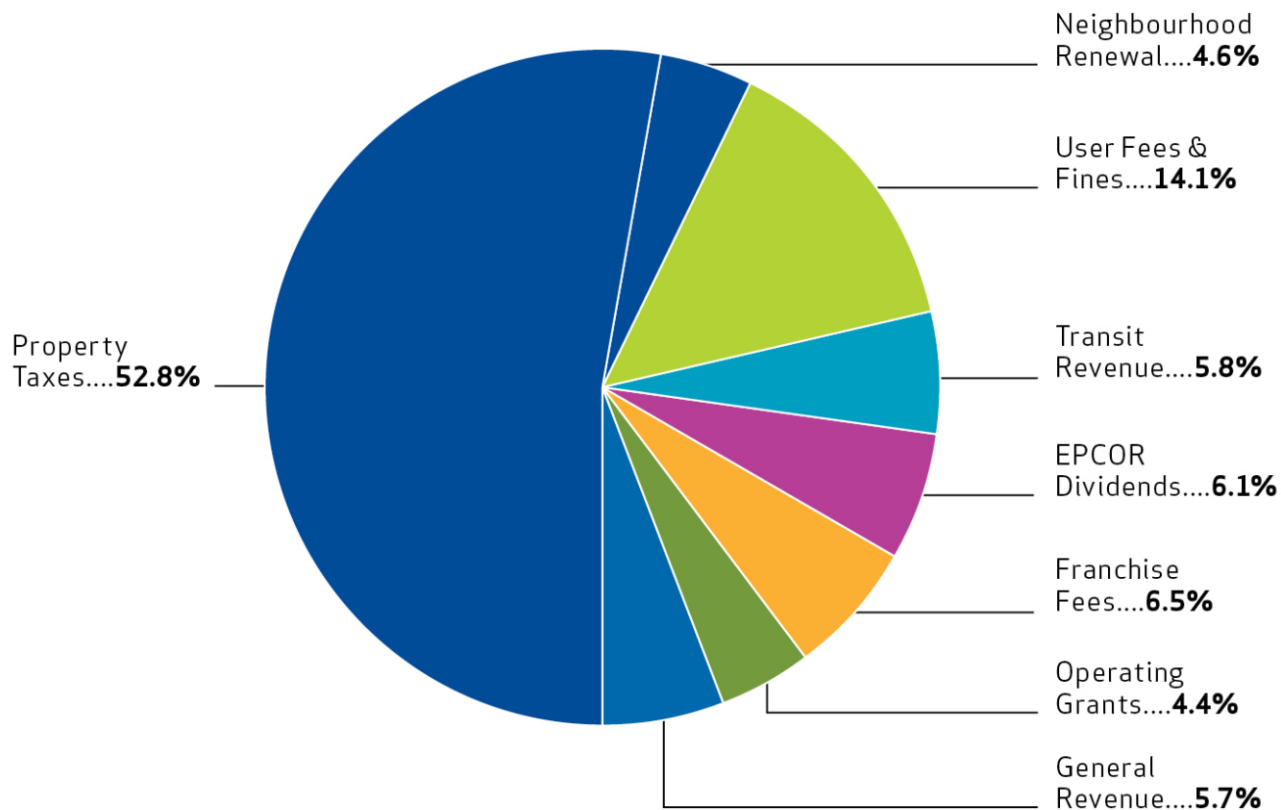


2015 Proposed Budget

- Proposed budget recommends a 5.3% tax increase
 - 3.8% general tax increase
 - 1.5% dedicated tax increase recommended to continue to fund the Neighbourhood Renewal Program



WHERE THE MONEY COMES FROM¹



NOTE

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



Revenues

2015 Proposed Budget	\$ millions	Tax
Proposed Property Tax Increase		Increase %
(Increase)/Decrease in Revenue		
Assessment Growth Tax Revenue	(29.8)	
User Fees, Fines & Permits		
Volume Increases	(26.7)	
Rate Increases	(3.5)	
Franchise Fees	(10.6)	
Grants	(7.2)	
Investment Earnings (PAYG)	(4.6)	
Other Revenues	(4.2)	
Transfer from Reserves	(3.6)	
	<hr/>	
	(90.2)	-7.2



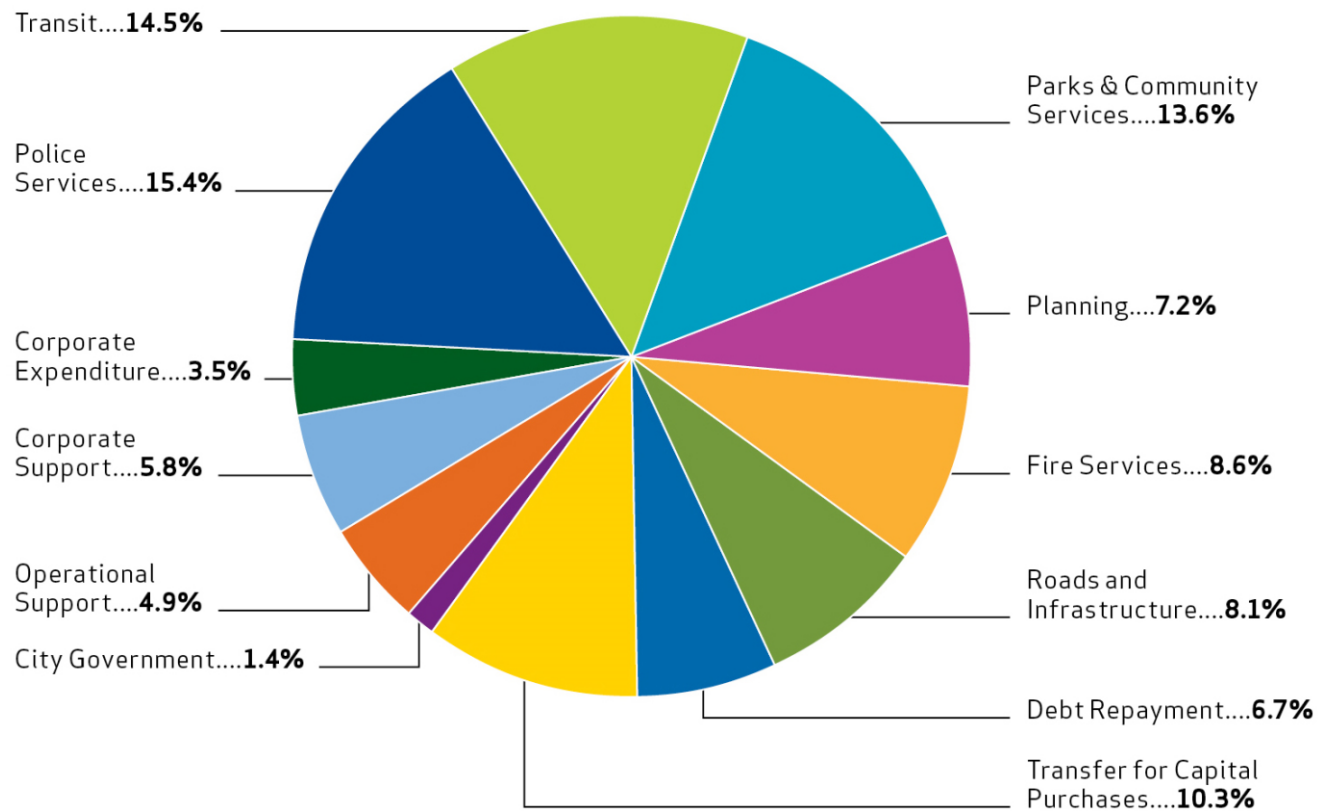
Revenues

Photo Enforcement:

- 2014 actual revenue is projected to exceed budget
- Increase in 2015 budget of \$10.9 million
 - \$4.9 million allocated to existing expenditures related to Traffic Safety
 - \$6.0 million budgeted as a Transfer to Reserve



WHERE THE MONEY IS SPENT¹



NOTE

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



Expenditures – Maintain Services

2015 Proposed Budget	\$ millions	Tax
Proposed Property Tax Increase		Increase %
Increase/(Decrease) in Expenditures		
Maintain Existing Services		
Incremental Personnel Costs	43.7	
Non-personnel Costs	31.4	
Transfers to Reserves	11.4	
Capital Funding	8.3	
Other Expenditures	4.7	
Expenditure related to Grants	4.1	
2% and Innovation	(15.6)	
	<u>88.0</u>	7.0

FTE Incremental Change	FTEs
Maintain Existing Services	
Civic Departments	26.2
EEDC	21.0
Edmonton Police Services	38.1
Edmonton Public Library	1.6
	<u>86.9</u>



Impact of Previous Council Decisions

2015 Proposed Budget	\$ millions	Tax
Proposed Property Tax Increase		Increase %
Impact of Previous Council Decisions (Net)		
2014 Annualization	17.3	
Impact of Capital & Contributed Assets	7.0	
Debt Charges	6.6	
	<u>30.9</u>	2.4

FTE Incremental Change	FTEs
Impact of Previous Council Decisions	
Annualization	
Civic Departments	166.7
Edmonton Police Services	14.7
Edmonton Public Library	25.3
Impact of Capital Projects	
Civic Departments	31.4
Impact of Contributed Capital	
Civic Departments	8.5
	<u>246.6</u>



Funded Service Packages

2015 Proposed Budget

Proposed Property Tax Increase

\$ millions

Tax
Increase %

Funded Service Packages

Revenue on Funded Service Packages

(4.8)

Funded Service Packages

15.4

10.6

0.8

FTE Incremental Change

FTEs

Funded Service Packages

Civic Departments

64.0

Edmonton Police Services

14.0

Edmonton Public Library

1.7

Community Revitalization Levy

Capital City Downtown

3.0

82.7



Funded Service Packages

Service Packages - On-going	Net Requirement	FTEs
Recreation Facility Security	\$0.5 million	5.5
Homeless on Parkland	\$0.5 million	2.5
Major Event Support	\$0.3 million	3.0
Council Directed Initiatives	\$0.5 million	1.0
Department Space	\$1.2 million	0.0
Prosecution Lawyer/Solicitor/Risk Management Consultant	\$0.4 million	3.0
EWMC Warehouse Techs	\$0.0 million	1.0
2015-2016 CRB Budget Funding	\$0.4 million	0.0
Current Planning - Increased Service Volumes (\$2.3 million increased revenue & expenditures, net zero)	\$0.0 million	22.0
Current Planning - Service Enhancements (\$0.3 million increased revenue & expenditures, net zero)	\$0.0 million	3.0
Safety Codes, Building Permits and Inspections Organizational Capacity (\$0.9 million increased revenue & expenditures, net zero)	\$0.0 million	9.0
Development Completion Permits (\$0.6 million increased revenue & inspections, net zero)	\$0.0 million	6.0
Vehicle for Hire Policy and Research (\$0.1 million increased revenue & expenditures, net zero)	\$0.0 million	1.0
School Sites Public Engagement	\$0.1 million	0.0
Regional Incentive Program	\$0.9 million	3.0
Parks and Open Space Master Plan	\$0.7 million	4.0
Police Services - Growth in Policing	\$2.3 million	14.0
Edmonton Public Library - Alternative Service Delivery Model eplGO Service Point	\$0.1 million	1.7



Funded Service Packages

Service Packages - One time	Net Requirement	FTEs
Demolition of Unoccupied Building	\$0.7 million	0.0
2015 FCM Annual Conference	\$0.3 million	0.0
Brownfield Remediation and Redevelopment Support Policy C571	\$1.9 million	0.0
Service Packages - Enterprise	Net Requirement	FTEs
Downtown CRL (\$9.6 million in revenue & expenditures)	\$0.0 million	3.0
Blatchford Redevelopment - Debt Servicing (\$1.1 million in revenue & expenditures)	\$0.0 million	0.0



2% and Innovation

Recommendations Available for City Council	9,024,300
Community Standards	250,300
Community Strategies and Development	111,000
Neighbourhoods, Parks and Community Recreation	440,000
Project Management and Maintenance Services	20,000
Fleet Services	2,756,000
Information Technology	118,000
Office of the Mayor	14,000
Assessment and Taxation	45,000
Financial Services	370,000
Edmonton Transit	1,900,000
Corporate Reduction	3,000,000



2% and Innovation

Recommendations Reallocated	6,618,000
Library	858,000
Police	4,000,000
Current Planning	1,760,000
Total Recommendations	15,642,300



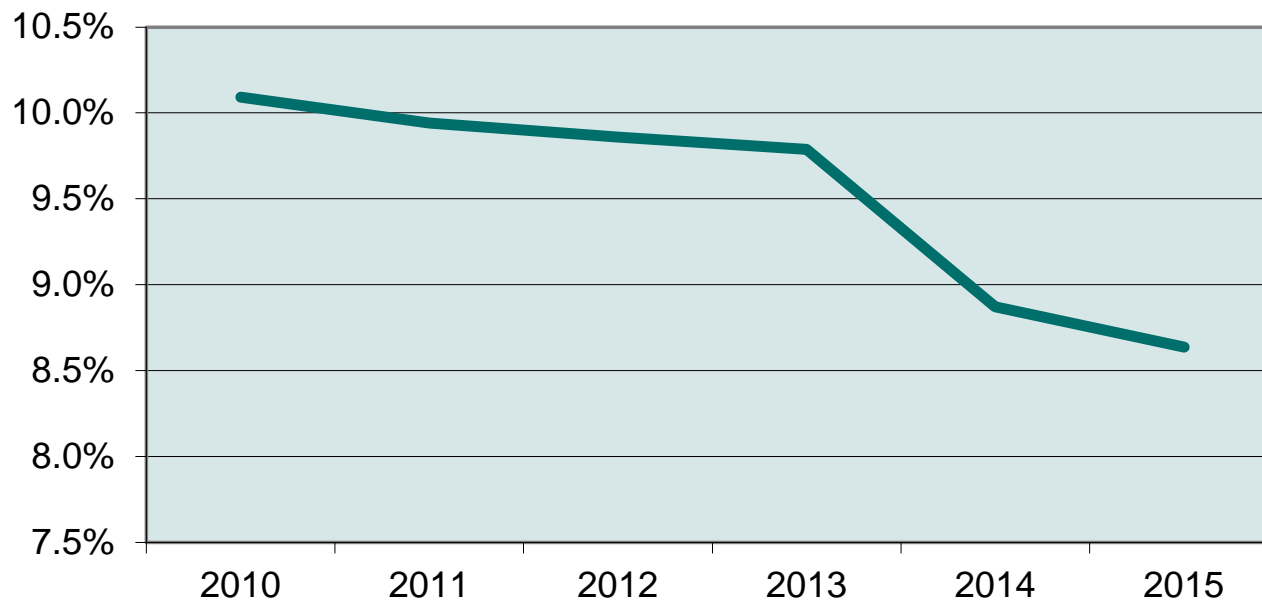
Corporate Overhead

- Defined to include:
 - Financial Services (excluding assessment)
 - Corporate Services (excluding 311 & Fleet)
 - Communications & Intergovernmental
- Analyzed costs as a percent of tax-supported expenditures (not including Police & Library)
 - 6 year trend shows the following:



Corporate Overhead

Corporate Overhead as a Percent of Total Tax-Supported Expenditures
(not including Police and Library)



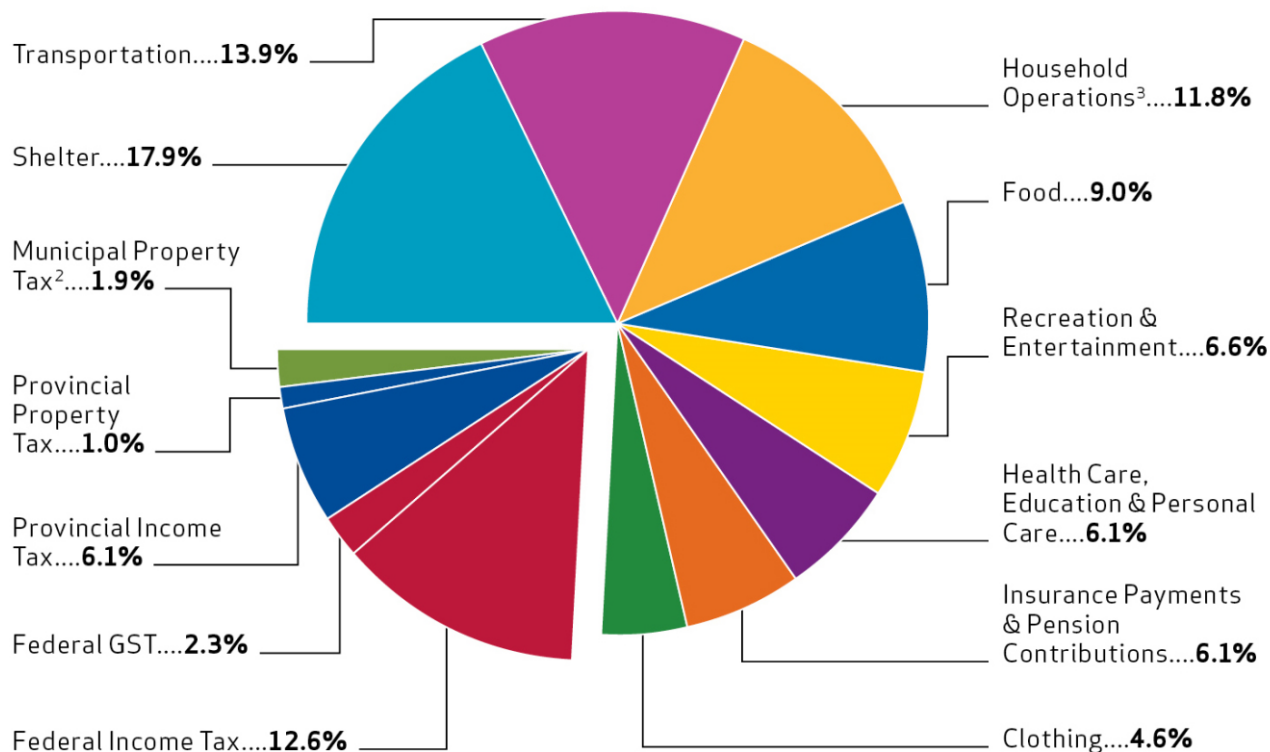


Budget Summary

2015 Proposed Budget Proposed Property Tax Increase	\$ millions	Tax Increase %
(Increase)/Decrease in Revenue	(90.2)	-7.2
Increase/(Decrease) in Expenditures	129.5	10.3
Funding Available to Council - ongoing	9.0	0.7
Total General Property Tax Increase	48.3	3.8
Neighbourhood Renewal Program	18.9	1.5
Total Net Property Tax Increase	67.2	5.3
Total FTE Incremental Change	416.2	



MONTHLY AVERAGE HOUSEHOLD SPENDING¹



NOTES

- 1 Statistics Canada Survey of Household Spending, 2012.
- 2 Municipal Property Taxes are based on a typical Edmonton household.

- 3 Household Operations include household furnishings & equipment, cell phone, telephone, internet, pet expenses, paper & plastic supplies, household & garden supplies, gifts of money & charitable contributions.



Impact of the proposed 2015 tax increase and utility rate increases on a Typical Homeowner (\$374,500 Assessed Value)

	2014 Budget	2015 Budget	Annual Impact
Municipal Services	\$ 1,940	\$ 2,019	\$ 79
Neighbourhood Renewal	<u>134</u>	<u>165</u>	<u>31</u>
Total Property Tax Bill ¹	2,074	2,184	110
Stormwater Drainage ²	111	117	6
Sanitary Drainage (Collection & Transmission) ³	262	268	6
Waste Management ⁴	<u>448</u>	<u>488</u>	<u>40</u>
Total Utility Bill	821	873	52
Total Municipal Services	\$ 2,895	\$ 3,057	\$ 162

¹ The Municipal Services increase is based on a proposed 3.8% tax increase and the Neighbourhood Renewal increase is based on a dedicated tax increase of 1.5% for an overall increase of 5.3%. Total Property Tax Bill is based on a home assessed at \$374,500. The typical homeowner property tax bill would be \$2,184 per year or \$182 per month.

² For 2015, the Proposed Stormwater Drainage Utility Fee is based on an average residential lot size of 552 m².

³ For 2015, the Proposed Sanitary Drainage (Collection & Transmission) Utility Fee is based upon an annual water consumption of 184.8 m³.

⁴ For 2015, the Proposed Waste Management Utility Fee is based on a single family residential charge of \$40.69 per month.



Questions?