

THE WAY WE FINANCE

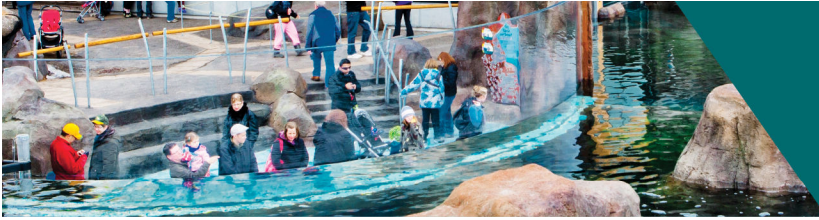
OPERATING BUDGET

2013 City Council Discussions
November 14, 2012

TRANSFORMING | **EDMONTON**

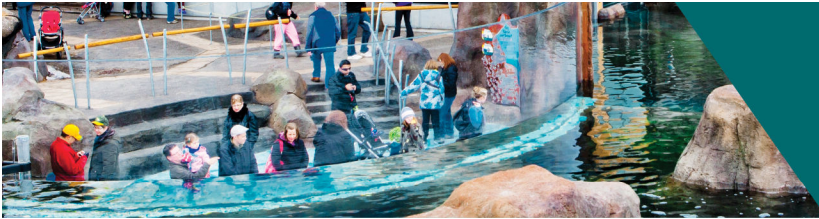
BRINGING OUR CITY VISION TO LIFE





Agenda

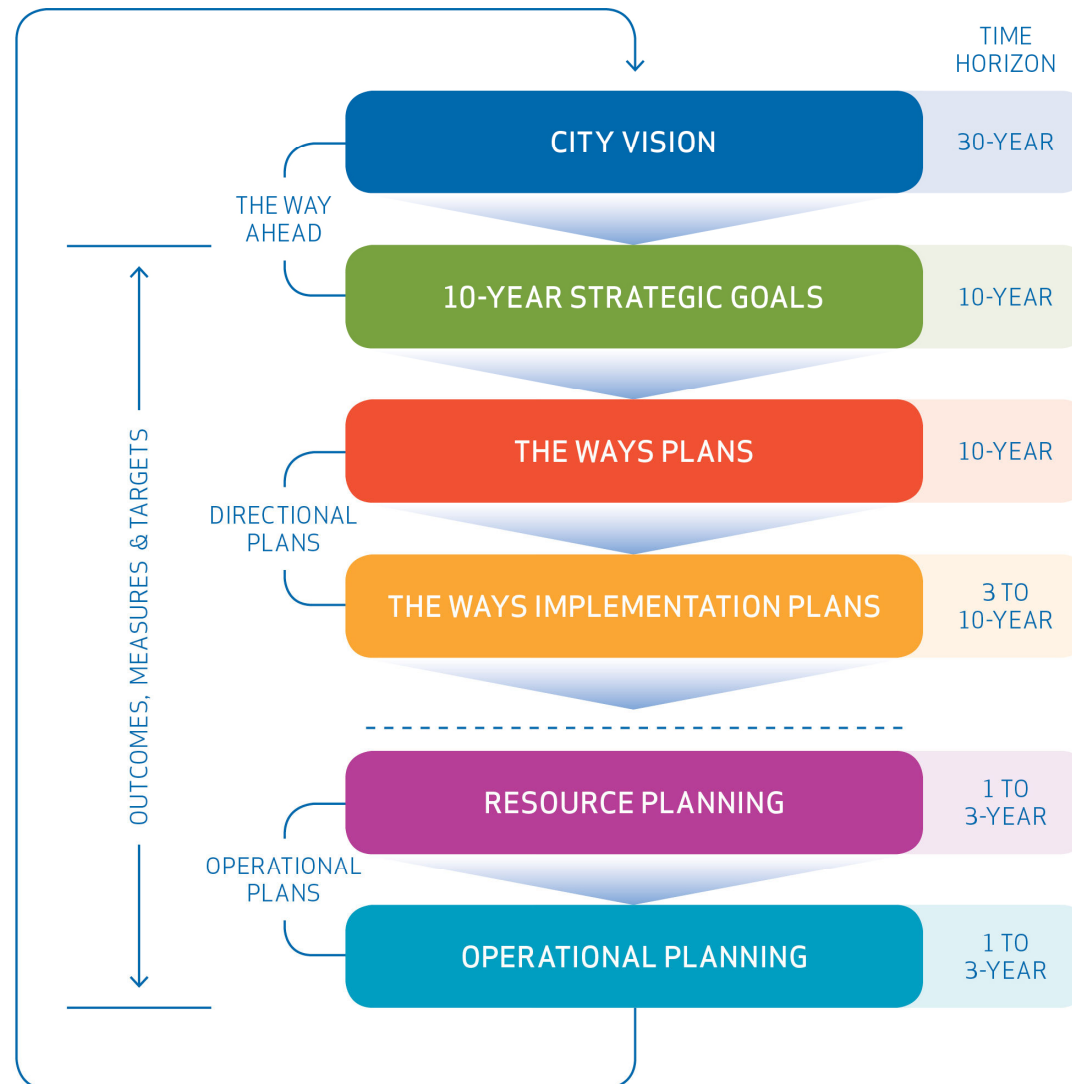
- Council Direction
- Budget Development
- Personnel Costs
- Impacts of Capital
- Municipal Tax Dollars
- Household Impact

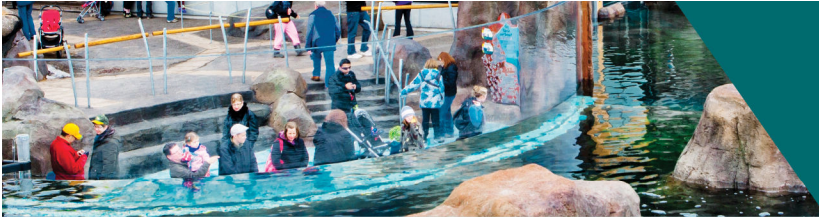


TRANSFORMING | EDMONTON

BRINGING OUR CITY VISION TO LIFE

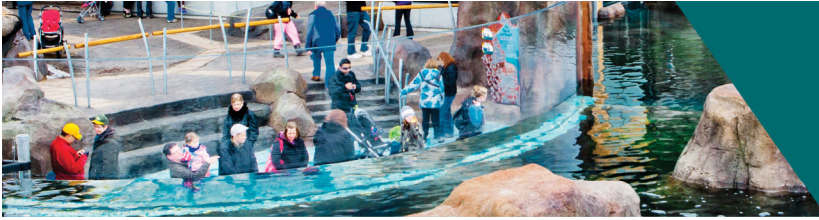
Corporate Planning Framework





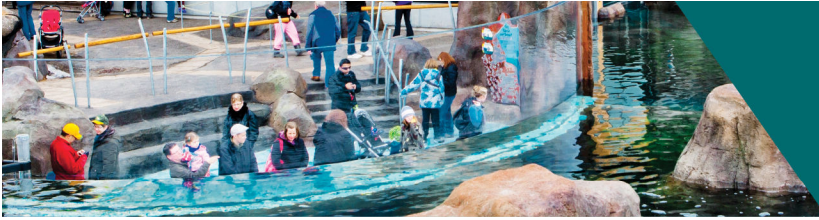
How It Works Together





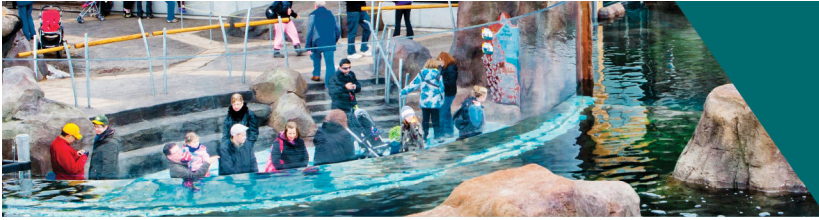
Council Direction

- Set direction with the long-term strategic plan
- Directed proposed 2013 budget to be drafted that limits the tax increase to:
 - 4.0% for Civic Services
 - 1.5% for Neighbourhood Renewal



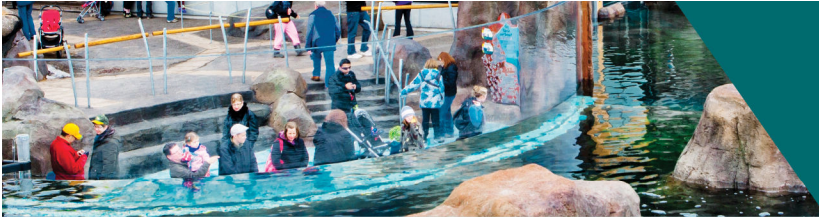
Working Together

- Collaborative and Integrated Development
Reflective of the Leadership Principles
- Transparent Accountable Results
- Engaged and Responsive Management
 - Strategy
 - Day to day
 - Communications
 - Culture
 - Structure



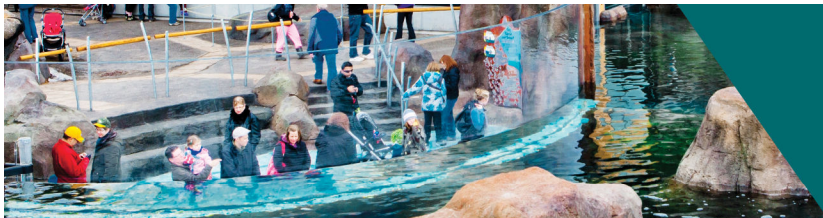
Budget Development

- Analyzed budget increases through peer review to provide justification
- Number of significant drivers of cost increase for 2013
 - Personnel and non-personnel inflation
 - Operating impacts of prior years capital investment
 - Previous Council decisions to increase services
- Evaluated and prioritized department forecasts and services needs
- Sought suggestions from staff for cost savings



Funded Service Packages

- Net requirement of \$4.0 million for ongoing and \$1.3 million for one-time
 - Legislative requirements (fire door inspections, election)
 - Enhance service (Current Planning model)
 - Achieve Council's vision



Expenditures

2013 Proposed Budget

Incremental Change in Net Operating Requirement

\$
Millions

Tax rate
increase
%

Increase/(Decrease) in Expenditures

Impact of Previous Council Decisions

Impact of Capital Projects

8.4

Impact of Contributed Assets

2.1

Annualization of 2012 Transit Service Additions

0.5

Annualization of 2012 Police Service Additions

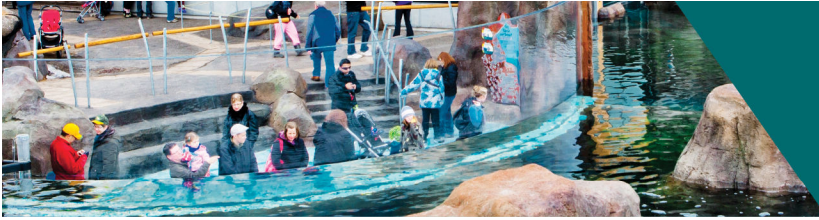
4.5

Debt Charges

4.8

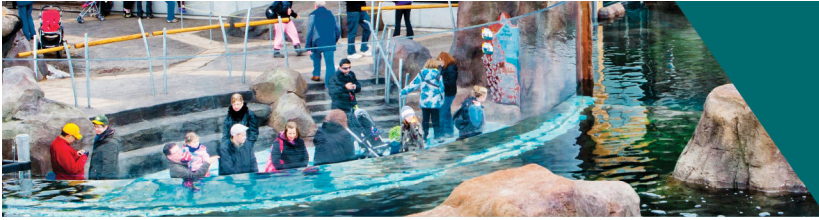
20.3

1.9%



Expenditures

2013 Proposed Budget Incremental Change in Net Operating Requirement	\$ Millions	Tax rate increase %
Maintain Existing Services		
Personnel Costs		
Salary Settlements	27.4	
Benefits	3.0	
LAPP Increase	1.0	
Other Personnel Costs (merit, increments, other)	4.5	
Non-personnel Costs		
Fire hydrant contract	1.5	
Power rate increase in Transportation Operations	1.6	
Various inflation	2.3	
Fleet Charges (personnel, materials, fuel)	4.8	
Quarters CRL	2.1	
Other Expenditures	(5.6)	
	42.6	4.1%



Expenditures

2013 Proposed Budget

Incremental Change in Net Operating Requirement

Administration Funded Service Packages (Net)

Funding Available to Council

One-Time

Ongoing

Neighbourhood Renewal Program

\$
Millions

Tax rate
increase
%

5.3

0.5%

2.2

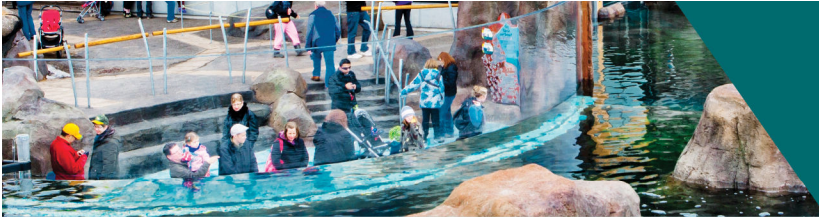
3.7

5.9

0.6%

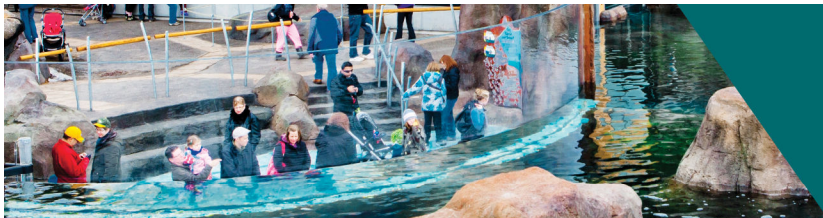
15.7

1.5%



Revenues

2013 Proposed Budget Incremental Change in Net Operating Requirement	\$ Millions	Tax rate increase %
(Increase)/Decrease in Revenue		
Assessment Growth Tax Revenue	(19.1)	
User Fees, Fines, Permits		
Volume Increases	(2.8)	
Rate Increases	(11.4)	
Franchise Fees		
EPCOR	(3.4)	
Sanitary Drainage	(0.8)	
Gas	0.7	
Supplementary Tax	(2.0)	
Other Revenues	6.5	
Total (Increase)/Decrease in Revenue	(32.3)	-3.1%



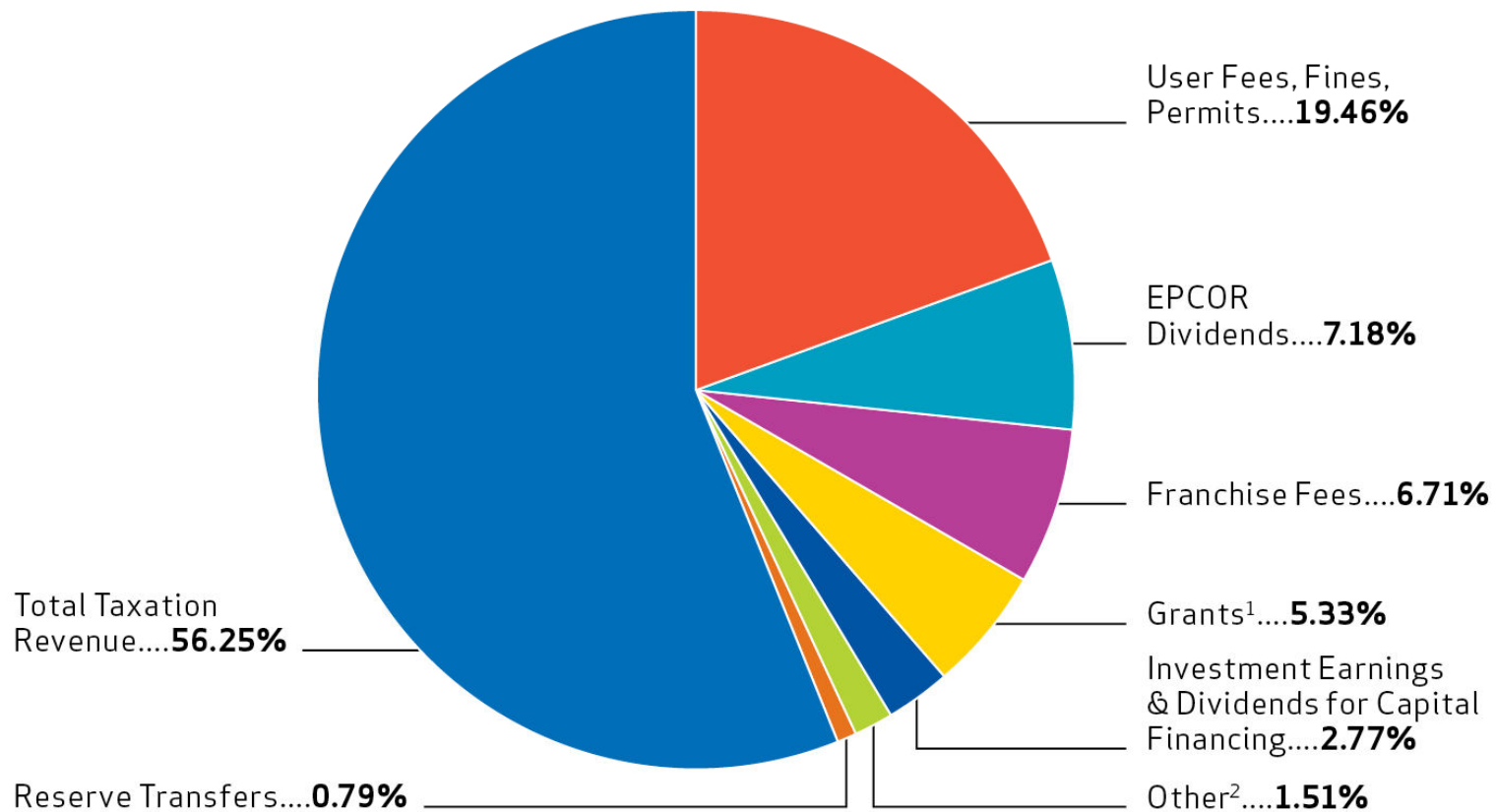
Summary

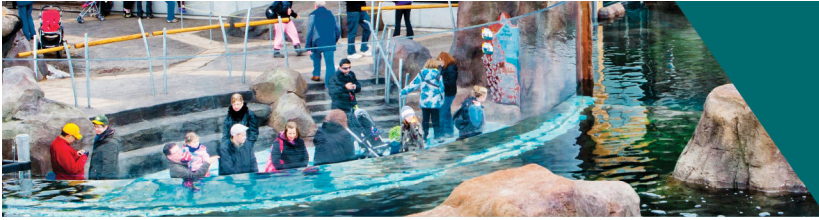
2013 Proposed Budget Incremental Change in Net Operating Requirement	\$ Millions	Tax rate increase %
Increase/(Decrease) in Expenditures	74.1	7.1%
Neighbourhood Renewal Program	15.7	1.5%
Total (Increase)/Decrease in Revenue	(32.3)	-3.1%
Total Net Operating Requirement Increase	57.5	5.5%



WHERE THE MONEY COMES FROM

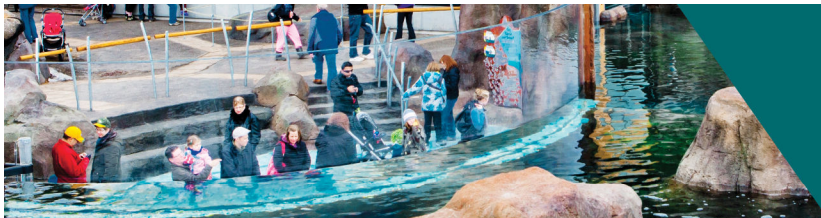
Revenue sources





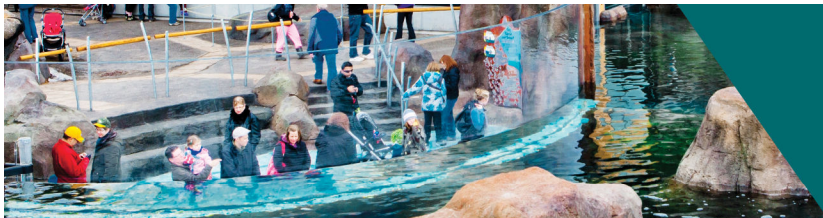
Cost Increases - Personnel

- 58% of the Operating Budget relates to personnel costs
- Strategies developed to manage personnel costs
- \$35.9 million increase in personnel costs

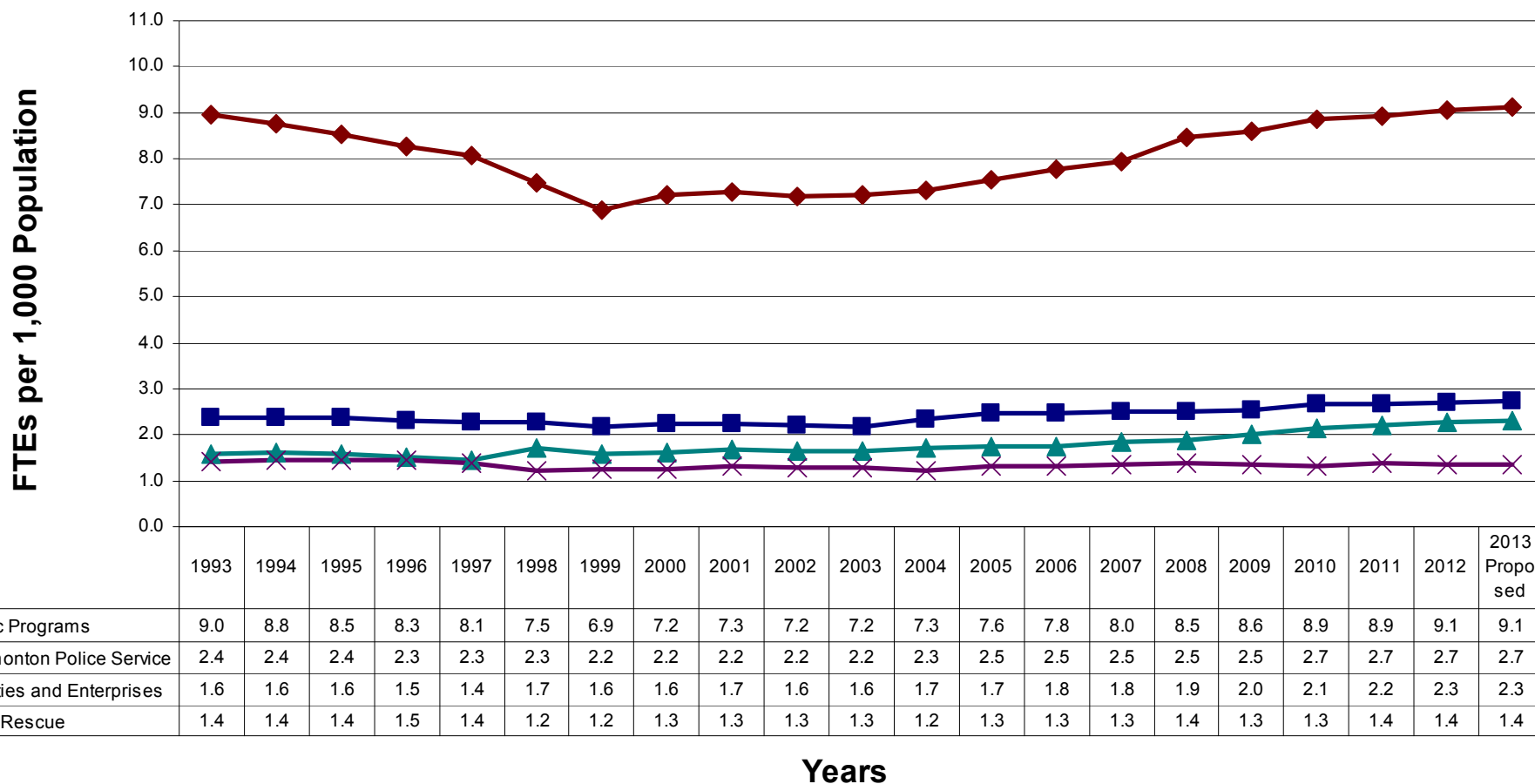


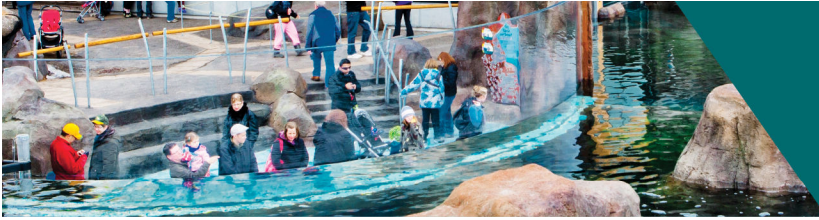
FTE Incremental Change

Civic Departments	FTE
Maintain Existing Services	6.8
Impact of Previous Council Decisions	
Impact of Capital Projects	51.9
Impact of Contributed Assets	12.5
Annualization of 2012 Service Additions	3.5
2013 Election	17.0
Funded Service Packages	9.0
Subtotal Civic Departments	100.7
Current Planning	46.0
Utilities	27.3
Edmonton Police Service	
Maintain Existing Services	18.0
Impacts of Capital Projects	3.0
Annualization of 2012 Service Additions	34.0
Subtotal Edmonton Police Service	55.0
Other Boards and Commissions	(7.5)
Total FTE Incremental Change	221.5



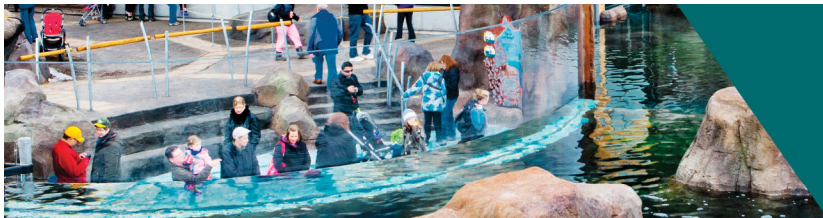
Civic Programs are returning towards pre-1993 Staffing Level Utilities growth a function of diversion from landfill



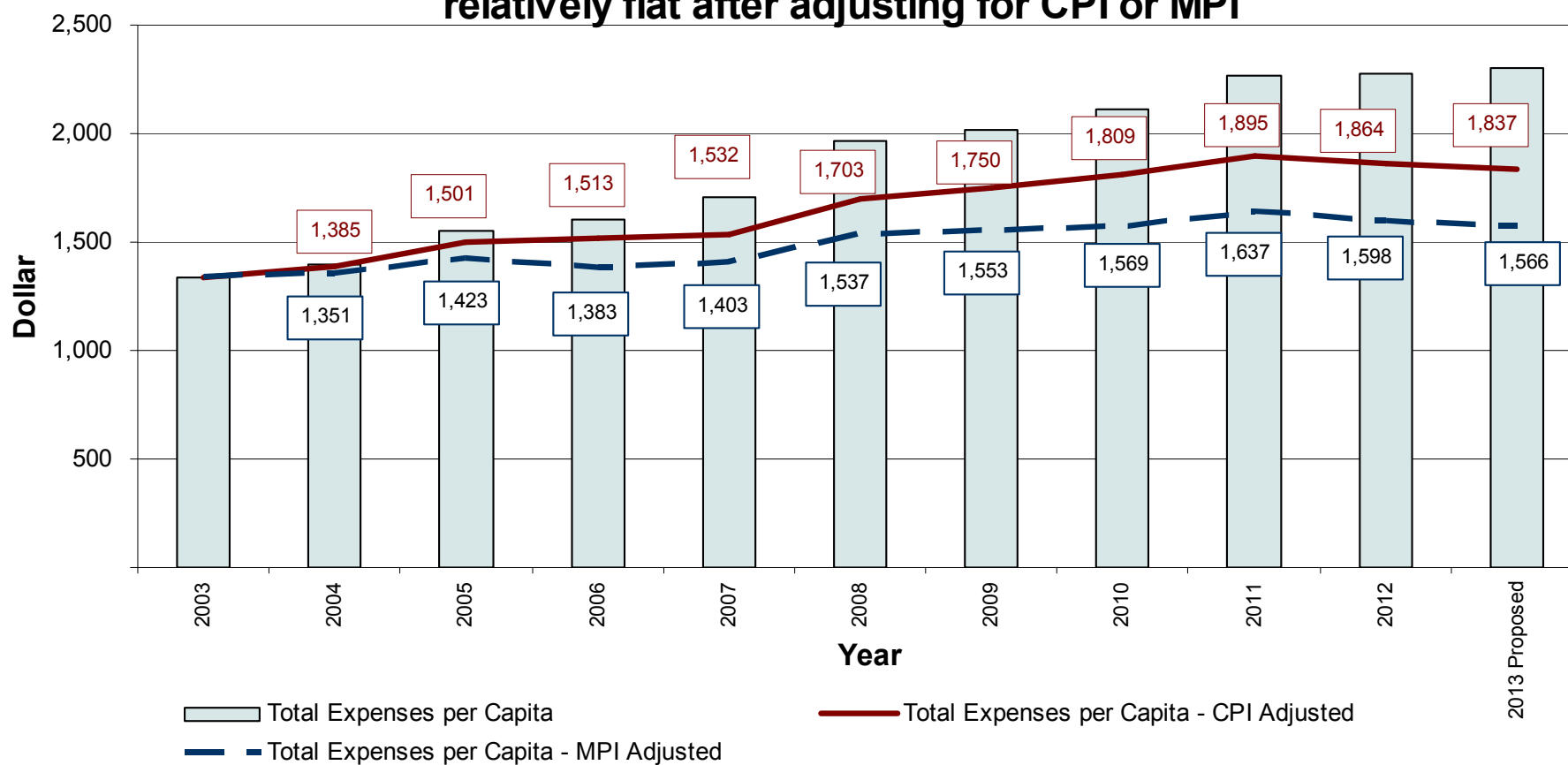


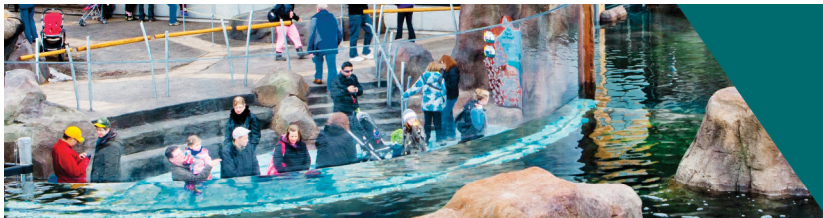
Cost Increases - Impacts of Capital

- Demand for City Services continues to grow
- City investing significantly in new infrastructure
- Large portion of the tax change caused by new operating costs of capital
- \$15.3 million or 1.5% in tax levy increase



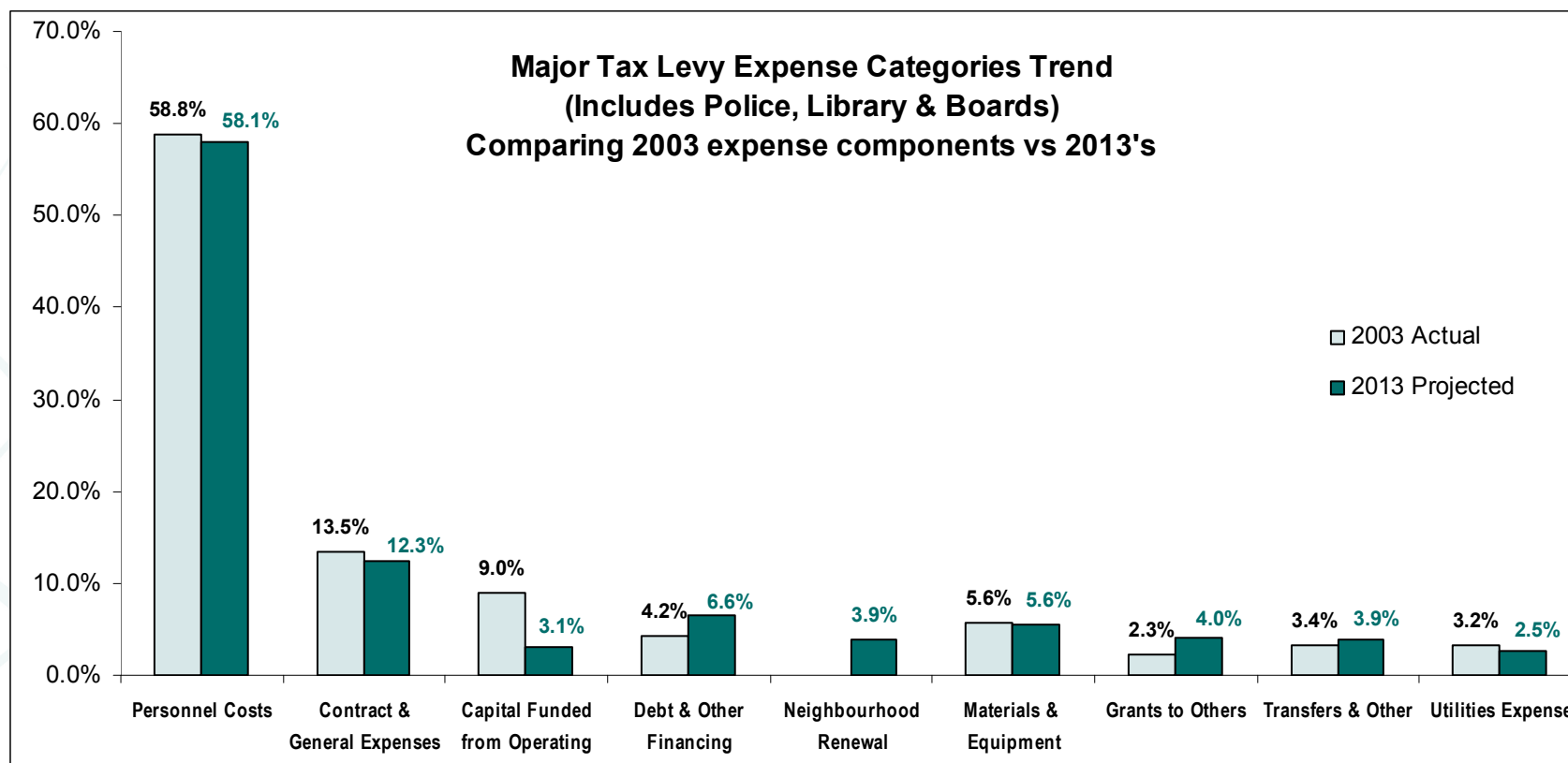
While Expenses Per Capita has been rising, it has remained relatively flat after adjusting for CPI or MPI

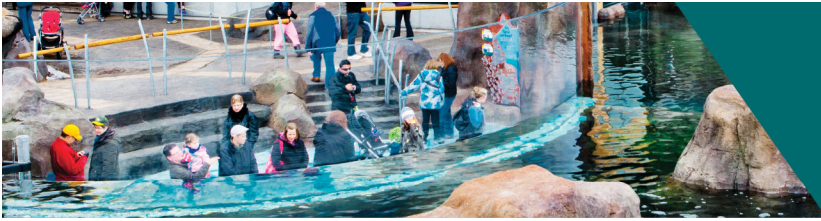




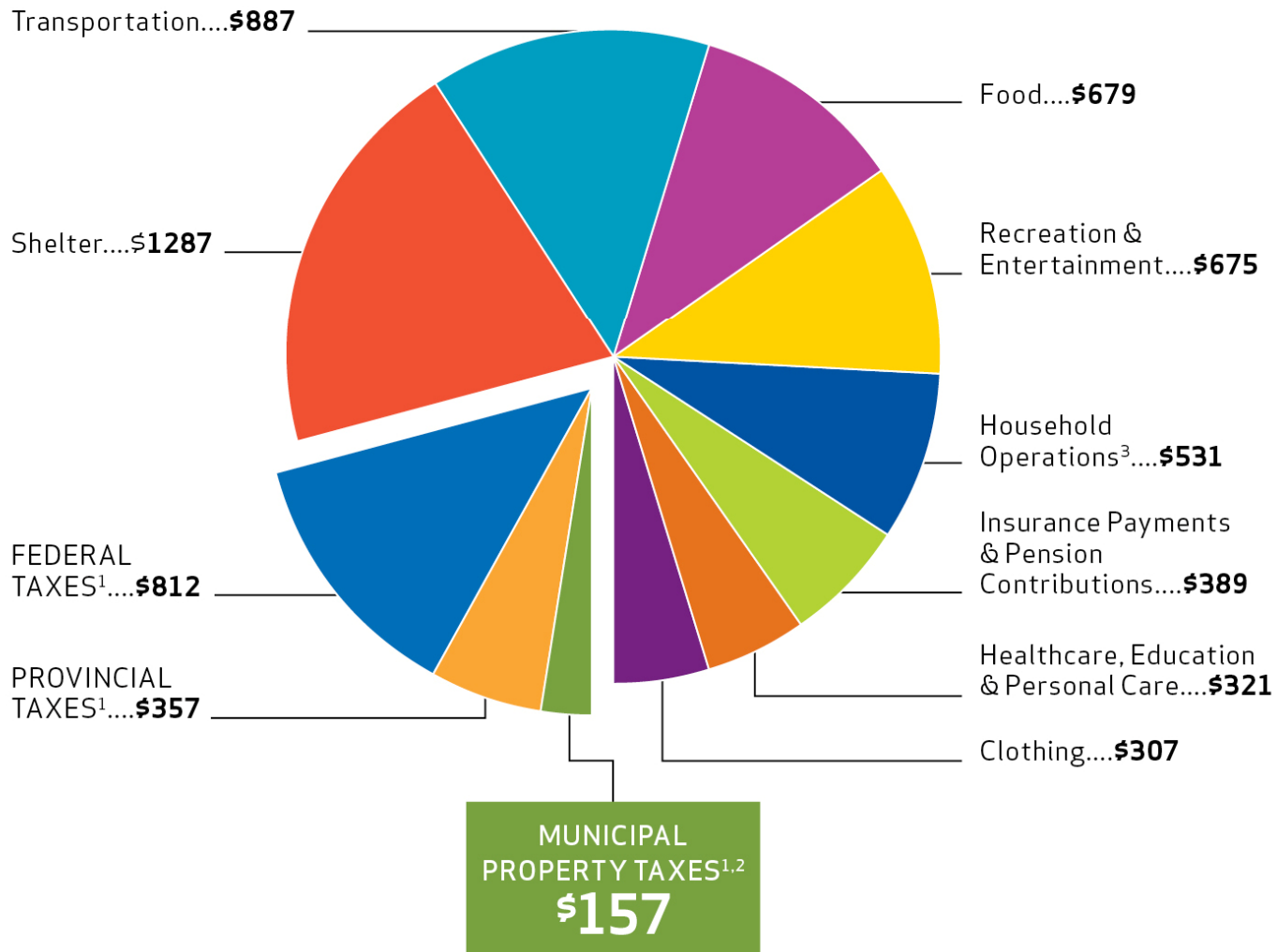
TRANSFORMING | EDMONTON

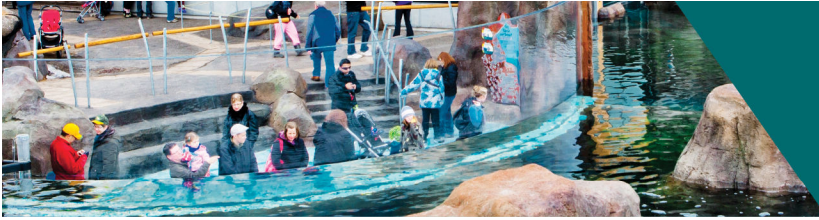
BRINGING OUR CITY VISION TO LIFE





MONTHLY AVERAGE HOUSEHOLD SPENDING

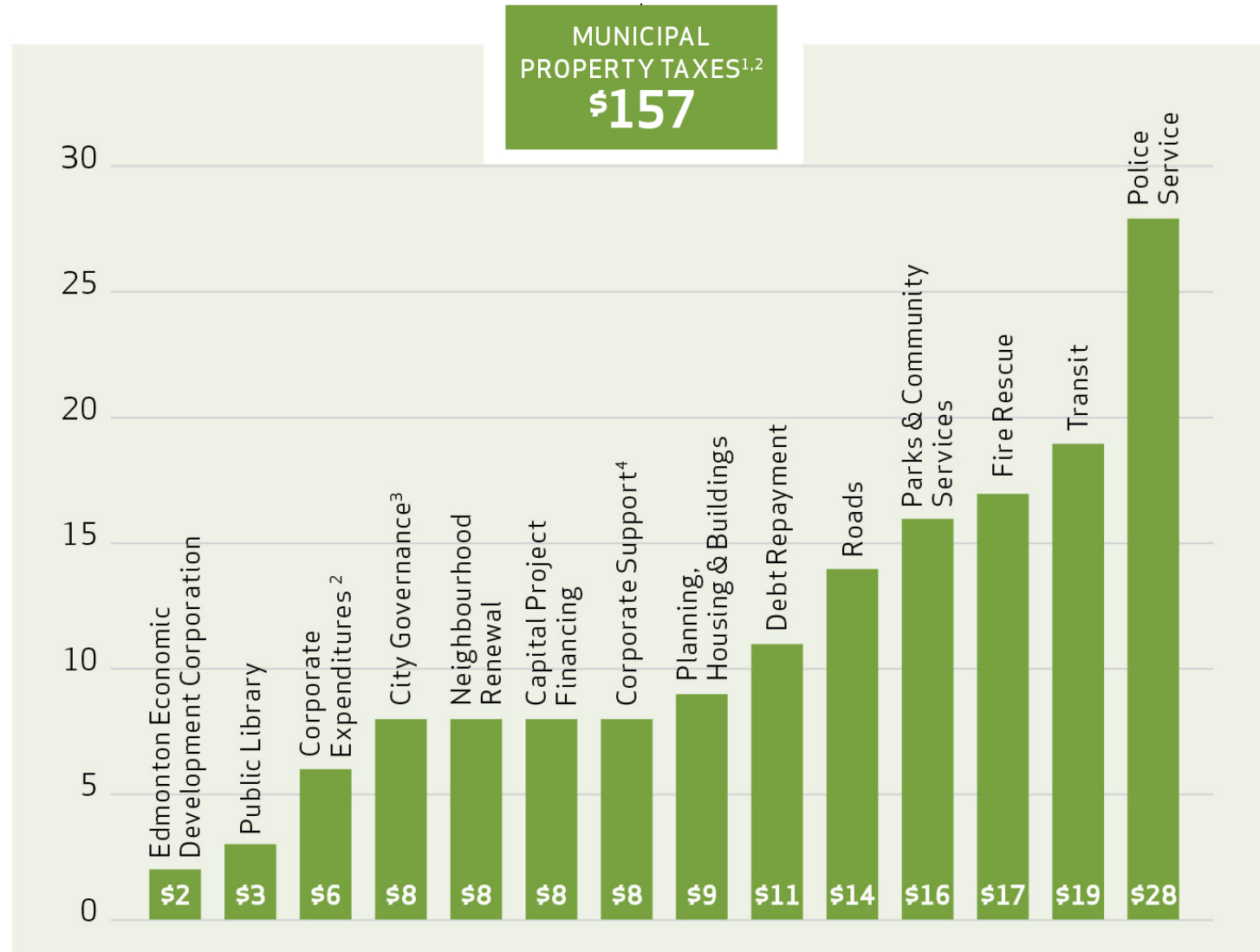


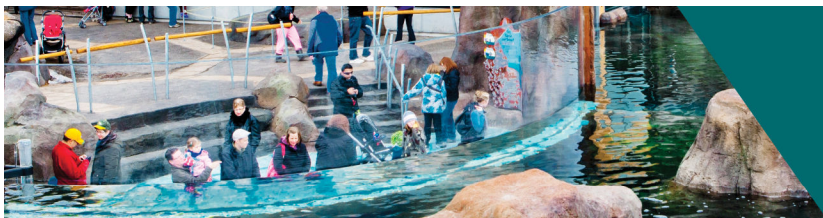


TRANSFORMING | EDMONTON

BRINGING OUR CITY VISION TO LIFE

WHERE YOUR MUNICIPAL TAX DOLLARS ARE DISTRIBUTED¹





TRANSFORMING | EDMONTON

BRINGING OUR CITY VISION TO LIFE

HOUSEHOLD IMPACT

Impact of the proposed 2013 tax increase and utility rate increase on typical homeowner (\$357,000 assessed value)

	2012	2013 PROPOSED	ANNUAL IMPACT
Municipal Services	\$ 1,396	\$ 1,455	\$ 59
Police Service	303	338	35
Neighbourhood Renewal	91	95	4
Total Property Tax Bill¹	1,790	1,888	98
Stormwater Drainage ²	92	101	9
Sanitary Drainage (Collection & Transmission) ³	233	245	12
Waste Management ⁴	398	424	26
Total Utility Bill	723	770	47
Total Municipal Services	\$ 2,513	\$ 2,658	\$ 145