

Corporate Programs

Corporate Programs contain revenues and expenditures of a nature which are not tied to a specific service delivery program but do accrue to the entire Corporation.

Overview

The five key programs are as follows:

- **Corporate Expenditures.** This program contains expenditures pertaining to Council and corporate contingencies, risk management insurance claims/recoveries, and support for city activities and partnerships.
- **Capital Project Financing.** This program allocates “general financing” to fund capital projects on a pay-as-you-go (PAYG) basis and provides for repayment of outstanding tax-supported debt. It also includes expenditures and recoveries relating to local improvements.
- **Corporate Revenues.** This program includes revenues used to partially offset the corporate tax levy requirements. They come from sources such as EPCOR Dividends and Franchise Fees, ATCO Franchise fees,, Investment earnings and other dividends/contributions.
- **Traffic Safety.** This program identifies the revenues from Photo Enforcement and the expenses to administer the activity. Additional funding is used to fund the Integrated Speed Equipment capital requirements as well as additional traffic safety initiatives incurred by Transportation.
- **Taxation Expenditures.** This program includes expenditures related to business and property tax levies such as appeals, bad debts and loss on the sale of tax properties sold.

Operational Service Challenges

Reliance on EPCOR Dividends EPCOR Dividends comprise 16% of operating revenues. The competitive nature of certain EPCOR operations increases risk relating to the stability of the income stream.

Interest rate risk Investment earnings are expected to generate \$48M in 2010, including the investment income distribution from the Ed Tel Endowment Fund. The budget is based on longer-term expectations for rates which are subject to ongoing market influences.

Debt Repayment - The 2010 Budget includes debt servicing for new tax supported borrowing (eg. Quesnell Bridge, NLRT, recreation centres, Neighbourhood Renewal). As these projects proceed in future years, debt servicing costs will also rise requiring additional funding.

Risk Management The magnitude of a claim can significantly influence costs. Insurance premiums are subject to market influences.



Corporate Expenditures

Approved 2010 Operating Budget

Corporate Expenditures - Program Summary

	2008 Actual	2009 Budget	Revenue & Cost Impacts*	Service & Budget Review	Service Needs	2010 Budget	% Change '09-'10	2011 Forecast
Revenue & Transfers								
Risk Management	\$ 248	\$ 253	\$ 5	\$ -	\$ -	\$ 258	2.0	\$ 263
External Debt Recovery	781	768	-	-	-	768	-	768
Other	350	-	-	-	-	-	-	-
Transfer from Reserves/Surplus	189	1,457	-	-	-	1,457	-	-
Total Revenue & Transfers	1,568	2,478	5	-	-	2,483	0.2	1,031
Expenditure & Transfers								
Financial strategies	-	396	1,422	-	-	1,818	359.1	14,297
Northlands Subsidy	2,388	2,495	(3)	-	-	2,492	(0.1)	2,542
¹ Risk Management	5,542	7,537	438	-	-	7,975	5.8	8,274
Mgmt Initiatives & Org Change	538	704	-	-	-	704	-	704
Sundry	(2,830)	400	-	-	-	400	-	400
Council Contingency	978	700	-	-	-	700	-	700
Corporate Projects	183	-	-	-	-	-	-	-
Income Replacement & Supp								
Mgmt Pension	304	355	224	-	-	579	63.1	553
TEC Edmonton	192	144	(51)	-	-	93	(35.4)	41
Art Gallery	3,000	11,000	(10,000)	-	-	1,000	(90.9)	-
Citadel	3,600	-	-	-	-	-	-	-
Humane Society	750	-	-	-	-	-	-	-
Telus World of Science	400	-	-	-	-	-	-	-
La Cite Francophone	4,000	-	-	-	-	-	-	-
Grand Prix	4,265	-	-	-	-	-	-	-
Senior Homeowners Grant	-	768	(588)	-	-	180	(76.6)	189
Go Centre	-	-	9,000	-	-	9,000	-	-
External Debt	781	768	-	-	-	768	-	768
Rexall Rehabilitation	-	1,457	-	-	-	1,457	-	-
Police Reduction	-	-	(4,700)	-	-	(4,700)	-	(4,700)
Savings Strategy	-	(1,238)	1,238	-	-	-	(100.0)	-
Intra-municipal Services	-	-	1,500	-	-	1,500	-	-
Transfer to Capital	1,668	-	-	-	-	-	-	-
Transfer to Reserves	1,028	-	-	-	-	-	-	-
Subtotal	26,787	25,486	(1,520)	-	-	23,966	(6.0)	23,768
Intra-municipal Recoveries	-	-	-	-	-	-	-	-
Total Expenditure & Transfers	26,787	25,486	(1,520)	-	-	23,966	(6.0)	23,768
Net Operating Requirement	\$ 25,219	\$ 23,008	\$ (1,525)	\$ -	\$ -	\$ 21,483	(6.6)	\$ 22,737

* Cost Impacts includes: inflation on personnel and non-personnel costs, annualization, adjustments based on current performance. Revenue Impacts relate to rate and volume changes.

Corporate Expenditures

Budget Changes for 2010 (\$000)

\$ (10,000)	Art Gallery - agreement cash flows
9,000	Go Centre
(4,700)	Police Reduction
1,500	Intra-municipal Services
1,422	Financial Strategies
1,238	Removal of Savings Strategy
15	Other
\$ (1,525)	Net Operating Requirement

Notes

1. Risk Management

The magnitude of a claim can significantly influence costs. Insurance premiums are subject to market influences.

Capital Project Financing

Approved 2010 Operating Budget

Capital Project Financing - Program Summary

Notes	2008 Actual	2009 Budget	Revenue & Cost Impacts*	Service & Budget Review	Service Needs	2010 Budget	% Change '09-'10	2011 Forecast
Revenue & Transfers								
Local Improvement Revenues	\$ 8,797	\$ 8,354	\$ 1,252	\$ -	\$ -	\$ 9,606	15.0	\$ 10,006
SLRT Grant Revenues	18,322	31,080	8,820	-	-	39,900	28.4	43,606
Municipal Debt Interest Rebate	-	-	-	-	-	-	-	-
Transfer from Reserves/Surplus	1,374	98	(23)	-	-	75	(23.5)	-
Total Revenue & Transfers	28,493	39,532	10,049	-	-	49,581	25.4	53,612
Expenditure & Transfers								
¹ General Capital Financing	91,374	78,471	(14,393)	-	-	64,078	(18.3)	63,552
² Tax-supported Debt Charges	13,492	24,116	19,992	-	-	44,108	82.9	67,083
SLRT Debt Charges	18,322	31,080	11,486	-	-	42,566	37.0	44,593
Local Improvements	7,525	7,690	933	-	-	8,623	12.1	9,391
Local Improvements tax adjustmts	-	25	-	-	-	25	-	25
Transfer to Capital								
Other	2,795	-	-	-	-	-	-	-
Transfer to Reserves	9,115	5,317	(2,873)	-	-	2,444	(54.0)	4,123
Subtotal	142,623	146,699	15,145	-	-	161,844	59.6	188,767
Intra-municipal Recoveries	-	-	-	-	-	-	-	-
Total Expenditure & Transfers	142,623	146,699	15,145	-	-	161,844	10.3	188,767
Net Operating Requirement	\$ 114,130	\$ 107,167	\$ 5,096	\$ -	\$ -	\$ 112,263	4.8	\$ 135,155

* Cost Impacts includes: inflation on personnel and non-personnel costs, annualization, adjustments based on current performance. Revenue Impacts relate to rate and volume changes.

Budget Changes for 2010 (\$000)

\$ (14,393)	Reduced General Financing funding
19,992	Increased tax-supported debt servicing
11,486	SLRT Debt
(8,820)	NDCC grant revenues
(2,873)	Reduced contribution to SLRT reserve (NDCC funding isn't sufficient to meet debt servicing requirements)
(1,252)	Increased local improvement revenue
956	Other
\$ 5,096	Net Operating Requirement

Capital Project Financing

Notes

1. General Capital Financing

In June 2009 Council approved a strategy change to replace tax levy funding with Investment Earnings and dividends as identified in Corporate Revenues. This is supplemented by the amount per the DMFP for 2003 to 2018.

Investment Earnings and dividends for General Capital Financing

\$ 24,698	Ed Tel Dividend
15,250	EPCOR Goldbar Transfer Fees
2,612	EPCOR Goldbar Dividend
22,813	Investment Earnings (net of expenses and interest on reserves)
\$ 65,373	Earnings Available

2. Tax Supported Debt Charges

The 2010 Budget include debt servicing for new tax supported borrowing (e.g., Quesnell Bridge, recreation centres, NLRT.) As these projects proceed in future years, debt servicing costs will also rise requiring additional funding.

Corporate Revenues

Approved 2010 Operating Budget

Corporate Revenues - Program Summary

Notes	2008 Actual	2009 Budget	Revenue & Cost Impacts*	Service & Budget Review	Service Needs	2010 Budget	% Change '09-'10	2011 Forecast
Revenue & Transfers								
¹ EPCOR Dividends - base	\$ 130,435	\$ 133,505	\$ 2,281	\$ -	\$ -	\$ 135,786	1.7	\$ 138,501
¹ EPCOR Dividends - Gold Bar	-	-	2,612	-	-	2,612		3,871
Goldbar Transfer Fees	-	16,500	(1,250)	-	-	15,250	(7.6)	14,500
EPCOR Franchise Fees	41,628	52,324	3,796	-	-	56,120	7.3	58,917
EdTel Endowment Fund	44,000	34,991	(10,293)	-	-	24,698	(29.4)	25,810
² Investment Earnings	9,063	12,532	10,729	-	-	23,261	85.6	24,612
Gas Franchise Fees	34,487	37,084	7,296	-	-	44,380	19.7	45,010
Unconditional Grant	3,485	3,485	-	-	-	3,485	-	-
Tag/Fine Revenue	6,188	5,914	(14)	-	-	5,900	(0.2)	5,900
Contr. From Corporate Entities	9,902	9,737	(1,032)	-	-	8,705	(10.6)	9,278
Other Revenues	14,132	6,701	1,151	-	-	7,852	17.2	8,065
Ambulance Dispatch Fees	-	4,000	(1,000)	-	-	3,000	(25.0)	-
Transfer from Reserves/Surplus	-	-	-	-	-	-	-	-
Drainage Dividends	10,300	10,223	(6,638)	-	-	3,585	(64.9)	2,579
Land Enterprise Dividends	6,914	12,986	(9,986)	-	-	3,000	(76.9)	4,177
Reserves/Surplus	54,194	10,250	13,968	-	-	24,218	136.3	-
Total Revenue & Transfers	364,728	350,232	11,620	-	-	361,852	3.3	341,220
Expenditure & Transfers								
Investment Related Expenses	95	412	(312)	-	-	100	(75.7)	100
Other	(298)	-	-	-	-	-	-	-
Transfer to Reserves	44,186	2,155	(1,807)	-	-	348	(83.9)	889
Subtotal	43,983	2,567	(2,119)	-	-	448	(159.6)	989
Intra-municipal Recoveries	-	-	-	-	-	-	-	-
Total Expenditure & Transfers	43,983	2,567	(2,119)	-	-	448	(82.5)	989
Net Operating Requirement	\$ (320,745)	\$ (347,665)	\$ (13,739)	\$ -	\$ -	\$ (361,404)	4.0	\$ (340,231)

* Cost Impacts includes: inflation on personnel and non-personnel costs, annualization, adjustments based on current performance. Revenue Impacts relate to rate and volume changes.

Corporate Revenues

Budget Changes for 2010 (\$000)

\$ 16,624	Adjusted dividends from Utility/Enterprise (per policy)
(13,968)	Increased Transfer from FSR to fund commitments
(10,729)	Increase in Investment Earnings
10,293	Reduced Ed-Tel Endowment Fund Dividend
(7,439)	Contribution from EPCOR - Dividends & Franchise Fees
(7,296)	Increased Gas Franchise Fees
(1,807)	Reduced commitments to reserves
1,000	Reduced Ambulance Dispatch Fees to transition to Province
1,032	Contribution from Corporate Entities
(1,449)	Other
\$ (13,739)	Net Operating Requirement

Notes

1. EPCOR Dividends

Reliance on EPCOR Dividends. EPCOR Dividends comprise 16% of operating revenues. The competitive nature of certain EPCOR operations increases the risk relating to the stability of the income stream.

2 Investment Earnings

Investment earnings are expected to generate \$48M in 2010, including the investment income distribution from the Ed Tel Endowment Fund. The Budget is based on longer term expectation for rates which are subject to ongoing market influences.

Investment Earnings and dividends for General Capital Financing

\$ 24,698	Ed Tel Dividend
15,250	EPCOR Goldbar Transfer Fees
2,612	EPCOR Goldbar Dividend
22,813	Investment Earnings (net of expenses and interest on reserves)
\$ 65,373	Earnings Available

Traffic Safety

Approved 2010 Operating Budget

Traffic Safety - Program Summary

Notes	2008 Actual	2009 Budget	Revenue & Cost Impacts*	Service & Budget Review	Service Needs	2010 Budget	% Change '09-'10	2011 Forecast
Revenue & Transfers								
Photo Enforcement	\$ 14,562	\$ 18,091	\$ 10,377	\$ -	\$ -	\$ 28,468	57.4	\$ 31,407
Total Revenue & Transfers	<u>14,562</u>	<u>18,091</u>	<u>10,377</u>	<u>-</u>	<u>-</u>	<u>28,468</u>	57.4	<u>31,407</u>
Expenditure & Transfers								
Photo Enforcement Expenditures - direct			-	-	-			
Ticket Processing	-	688	688	-	-	1,376	100.0	1,408
IT costs	-	-	106	-	-	106		110
PE operations	-	2,521	2,752	-	-	5,273	109.2	5,459
Traffic Safety - Transportation	-	-	5,000	-	-	5,000	-	4,965
Capital Funding								
Integrated Speed Equipment	-	4,300	1,813	-	-	6,113	-	8,865
Subtotal	-	7,509	10,359	-	-	17,868	209.2	20,807
Intra-municipal Recoveries	-	-	-	-	-	-	-	-
Total Expenditure & Transfers	<u>-</u>	<u>7,509</u>	<u>10,359</u>	<u>-</u>	<u>-</u>	<u>17,868</u>	138.0	<u>20,807</u>
Net Operating Requirement								
(see notes)	\$ (14,562)	\$ (10,582)	\$ (18)	\$ -	\$ -	\$ (10,600)	0.2	\$ (10,600)

Notes:

1. The Net Operating Requirement is equivalent to the tax levy of \$10.6 million transferred to Edmonton Police Service when Photo Radar transferred to Corporate Programs in 2009.
2. The \$10.6 million is equivalent to Traffic Safety Expenses in Edmonton Police Service in 2009.

Budget Changes for 2010 (\$000)

\$ (10,377)	Increased Photo Enforcement revenue from additional monitoring
3,546	Increased costs for additional Photo Enforcement monitoring
5,000	Support for Traffic Safety
1,813	Increased financing of Integrated Speed Equipment
\$ (18)	Net Operating Requirement

Taxation

Approved 2010 Operating Budget

Taxation - Program Summary

Notes	2008 Actual	2009 Budget	Revenue & Cost Impacts*	Service & Budget Review	Service Needs	2010 Budget	% Change '09-'10	2011 Forecast
Revenue & Transfers								
Partial & Supplementary Tax	\$ 3,556	\$ 2,150	\$ (550)	\$ -	\$ -	\$ 1,600	(25.6)	\$ 2,000
Total Revenue & Transfers	<u>3,556</u>	<u>2,150</u>	<u>(550)</u>	<u>-</u>	<u>-</u>	<u>1,600</u>	<u>(25.6)</u>	<u>2,000</u>
Expenditure & Transfers								
Realty tax appeals & adjustments	8,718	5,375	925	-	-	6,300	17.2	6,500
Business tax appeals & adjs	539	352	(116)	-	-	236	(33.0)	118
Business tax bad debt provision	103	242	(17)	-	-	225	(7.0)	150
Loss on tax sale	377	538	(38)	-	-	500	(7.1)	500
Tax concessions	164	-	-	-	-	-	-	-
Waste refund	-	14,081	(14,081)	-	-	-	-	-
Subtotal	9,901	20,588	(13,327)	-	-	7,261	(29.8)	7,268
Intra-municipal Recoveries	-	-	-	-	-	-	-	-
Total Expenditure & Transfers	<u>9,901</u>	<u>20,588</u>	<u>(13,327)</u>	<u>-</u>	<u>-</u>	<u>7,261</u>	<u>(64.7)</u>	<u>7,268</u>
Net Operating Requirement	\$ 6,345	\$ 18,438	\$ (12,777)	\$ -	\$ -	\$ 5,661	(69.3)	\$ 5,268

* Cost Impacts includes: inflation on personnel and non-personnel costs, annualization, adjustments based on current performance. Revenue Impacts relate to rate and volume changes.

Budget Changes for 2010 (\$000)

\$ (14,081)	Waste one-time tax refund removed
925	Increase in realty tax appeals
550	Reduction in tax revenues from partial & supplementary assessments
(171)	Other
\$ (12,777)	Net Operating Requirement