

Corporate Programs

Overview

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. The six corporate program areas are:

- **Capital Project Financing.** This program allocates funding for capital projects on a pay-as-you-go (PAYG) basis and provides for repayment of outstanding tax-supported debt. The 2012 Budget includes debt servicing for additional tax-supported borrowing relating to ongoing approved projects, and Neighbourhood Renewal. Newly approved projects in 2012 include the Southeast to West LRT, Edmonton Police Service (EPS) Northwest Campus, and Walterdale Bridge. The budget also includes expenses and recoveries relating to local improvements.
- **Corporate Expenditures.** This program includes expenses pertaining to Council and corporate contingencies, risk management insurance claims/recoveries, and support for city activities and partnerships.
- **Corporate Revenues.** This program includes revenues of a corporate nature used to partially offset the corporate tax levy requirements. The revenues are from sources such as EPCOR dividends and franchise fees, gas franchise fees, investment earnings, other dividends/contributions and amounts drawn from corporate reserves.
- **Taxation Expenditures.** This program includes expenses related to property tax levies such as appeals, bad debts and loss on the sale of tax properties sold. The expenses are partially offset by supplementary taxes levied during the year.
- **Traffic Safety.** This program identifies the revenues from Photo Enforcement and the expenses to administer the activity. Revenues are used to fund the Integrated Speed Equipment capital requirements as well as traffic safety expenses incurred by Transportation.
- **Community Revitalization Levy.** This program includes the revenues from The Quarters Downtown Community Revitalization Levy Bylaw. The Quarters area plan has been approved with a baseline date of December 31, 2011. The revenue raised is used for debt servicing costs and other direct costs associated with the redevelopment of property in the revitalization area. The levy is equal to the incremental assessed value of property in the community revitalization area.



Program—Capital Project Financing

Approved 2012 Budget Summary

	2010 Actual	2011 Budget	\$ Change '11-'12	2012 Budget	% Change '11-'12
Revenue & Transfers					
Local Improvement Revenues	\$ 8,584	\$ 9,005	\$ 269	\$ 9,274	3.0
SLRT Grant Revenues	44,121	43,605	-	43,605	-
Transfer from Reserves/Surplus	70	-	-	-	-
Total Revenue & Transfers	52,775	52,610	269	52,879	0.5
Expenditure & Transfers					
Transfer to Capital:					
PAYG Capital Funding	80,611	70,780	(3,320)	67,460	(4.7)
Tax-supported Debt Charges	36,300	58,154	2,365	60,519	4.1
SLRT Debt Charges	44,121	44,965	(118)	44,847	(0.3)
Local Improvements	8,147	8,910	(95)	8,815	(1.1)
Net Transfer to Reserves - LRT Reserve	7,697	3,750	118	3,868	3.1
Subtotal	176,876	186,559	(1,050)	185,509	(0.6)
Intra-municipal Recoveries	-	-	-	-	-
Total Expenditure & Transfers	176,876	186,559	(1,050)	185,509	(0.6)
Net Operating Requirement	\$ 124,101	\$ 133,949	\$ (1,319)	\$ 132,630	(1.0)
Full-time Equivalents	-	-	-	-	-

Supplementary Information

Local Improvements

Timing differences exist within any year between the local improvement revenues coming from the local improvement tax and the related debt servicing expenditures. However, over time these revenues and expenditures generally offset each other.

SLRT Grant Revenues and SLRT Debt Charges

The Federal gas tax rebates (NDCC - New Deal for Cities and Communities) are directed to fund the SLRT debt charges, with any shortfall funded from the LRT Reserve.

SLRT Grant Revenues and Debt Charges Reconciliation

\$	43,605
	(44,847)
	5,110
	(3,868)
\$	-

SLRT Grant Revenues
SLRT Debt Charges
Tax allocation for LRT (annual strategy initiated in 2006)
Net transfer to LRT Reserve
Net Operating Requirement

Program—Capital Project Financing

Supplementary Information

Pay-As-You-Go (PAYG) Funding

In June 2009 Council approved a strategy to redirect more volatile revenue streams of investment earnings, Gold Bar transfer fees and Ed Tel Endowment Fund dividend. These revenues, included within the Corporate Revenues, corporate program are used to fund capital on a pay as you go basis.

PAYG Capital Funding Source Details

\$	25,523	Investment Earnings
	(385)	Investment Earnings expenses and interest allocation to reserves
	12,250	EPCOR Gold Bar Transfer Fees
	27,712	Ed Tel Endowment Fund Dividend
	6,004	Tax-supported debt funding strategy allocation for PAYG Capital
	5,782	Excess tax-levy allocated to PAYG Capital (1)
	(9,426)	Adjustment to PAYG funding (2)
\$	67,460	Earnings Available

(1) From 2012 to 2014, the difference between the tax-levy raised to fund the newly approved South East to West LRT, Walterdale Bridge, and North West Police Campus projects and the forecasted debt servicing is to be allocated to fund PAYG Capital.

(2) The adjustment to PAYG funding includes budget amounts that have been transferred from capital to operating.

Tax-supported Debt Charges

The 2012 Budget includes debt servicing for existing tax-supported debt as well as new debt borrowed in the year to fund approved capital expenditures for Southeast to West LRT, EPS Northwest Campus, and the Walterdale Bridge. If any additional capital projects are approved with financing from tax-supported debt, additional debt servicing charges would be required.

Budget Changes for 2012 (\$000)

Expenditures & Transfers - Changes

PAYG Funding \$(3,320)

The 2011 budget included \$16,554 from additional tax growth revenues and the education tax room vacated by the Province, which was directed throughout the year to operating (\$10,000) and capital (\$6,554). The 2012 recommended budget redirects all of this base funding back to operating. From 2012 to 2014, the difference between the tax-levy raised to fund the newly approved South East to West LRT, Walterdale Bridge, and North West Police Campus projects and the forecasted debt servicing is to be allocated to fund PAYG Capital. For 2012 this amount is expected to be \$5,782. Investment earnings are expected to be lower by \$2,462 from the prior year due to less revenue from capital gains and a smaller investment base to generate earnings.

Tax-supported Debt Charges \$2,365

The increase is due to additional borrowing relating to ongoing approved projects including Multi-Purpose Recreation Centre's and the Valley Zoo, and the newly approved Southeast to West LRT, EPS Northwest Campus, and Walterdale Bridge projects. The budget anticipates an interest rate increase for new debt.

Program—Corporate Expenditures

Approved 2012 Budget Summary

	2010 Actual	2011 Budget	\$ Change '11-'12	2012 Budget	% Change '11-'12
Revenue & Transfers					
Risk Management	\$ 321	\$ 263	\$ 7	\$ 270	2.7
External Debt Recovery	781	768	-	768	-
Transfer from Reserves - Northlands Capital Reserve (2011)	388	500	(500)	-	(100.0)
Total Revenue & Transfers	1,490	1,531	(493)	1,038	(32.2)
Expenditure & Transfers					
Financial strategies	461	6,450	21,747	28,197	337.2
Northlands Subsidy for Rexall Place	2,451	2,500	45	2,545	1.8
Risk Management	5,936	7,760	(254)	7,506	(3.3)
Management Initiatives & Organizational Change	463	704	-	704	-
Sundry	654	400	-	400	-
Council Contingency	227	700	-	700	-
Income Replacement & Supplementary Management Pension	(78)	570	(15)	555	(2.6)
TEC Edmonton	93	41	(41)	-	(100.0)
Space Science Foundation	200	-	-	-	-
Art Gallery	1,000	-	-	-	-
Edmonton Indy Car Race	3,205	-	1,833	1,833	-
Senior Homeowners Grant	183	1,200	60	1,260	5.0
Go Centre	9,000	-	-	-	-
External Debt	780	780	(1)	779	(0.1)
Operating grant for Rexall Rehabilitation	-	500	(500)	-	(100.0)
Utility Savings & Decrease to Overall Management	-	(1,239)	1,239	-	(100.0)
Bridge to Organizational Re-alignment - Annualization	-	(2,750)	2,750	-	(100.0)
Transfer to Reserves	388	-	-	-	-
Subtotal	24,963	17,616	26,863	44,479	152.5
Intra-municipal Recoveries	-	-	-	-	-
Total Expenditure & Transfers	24,963	17,616	26,863	44,479	152.5
Net Operating Requirement	\$ 23,473	\$ 16,085	\$ 27,356	\$ 43,441	170.1
Full-time Equivalents	-	-	-	-	-

Supplementary Information

Risk Management

Revenues include payments received from other external Boards and Authorities for insurance premiums. Expenditures are for claim payments and insurance premiums.

Program—Corporate Expenditures

Supplementary Information

External Debt Recovery and External Debt

Includes payments made and funds received for loans issued to external parties (Edmonton Soccer Centre). Net operating requirement of \$11 is the result of an agreement to allow the repayment of the loan over a longer time frame than the debt servicing requirement.

Financial Strategies

The 2012 Budget for financial strategies provides flexibility for unknown amounts. This budget will be redistributed to the appropriate programs as factors become known.

Edmonton Indy Car Race

In 2011 the City entered into a three year agreement with Octane Motorsports Events Inc. to sponsor the Edmonton Indy.

Budget Changes for 2012 (\$000)

Expenditures & Transfers - Changes

Financial Strategies \$21,747

The 2012 Budget for financial strategies increased from the prior year due to an increase in the provision for contingent tax-supported amounts. The amounts will be allocated to the appropriate programs as they become known.

Edmonton Indy Car Race \$1,833

In January of 2011, the City of Edmonton entered into a new three year agreement for sponsorship of the race. Due to the date of the agreement the first year of funding was paid from Financial Strategies, in 2012 the amount of the funding has been specifically identified in the Corporate Expenditures budget.

Utility Savings and Decrease to Overall Management \$1,239

In 2011 corporate savings were budgeted for in utility and management expenditures. These savings are not anticipated in 2012.

Bridge to Organizational Re-Alignment \$2,750

These were one-time savings anticipated in 2011 due to the corporate restructuring.

Program—Corporate Revenues

Approved 2012 Budget Summary

	2010 Actual	2011 Budget	\$ Change '11-'12	2012 Budget	% Change '11-'12
Revenue & Transfers					
EPCOR Dividends	\$ 135,786	\$ 138,502	\$ 3,670	\$ 142,172	2.6
Gold Bar Transfer Fees	15,250	14,500	(2,250)	12,250	(15.5)
EPCOR Franchise Fees	55,444	64,190	3,970	68,160	6.2
EdTel Endowment Fund	24,698	26,085	1,627	27,712	6.2
Investment Earnings	45,671	27,662	(2,139)	25,523	(7.7)
Gas Franchise Fees	47,823	48,906	5,435	54,341	11.1
Business Licencing	8,669	8,706	935	9,641	-
Tag/Fine Revenue	7,720	6,800	1,100	7,900	16.2
Contribution from Corporate Entities	8,415	8,879	402	9,281	4.5
Other Revenues	10,557	9,094	1,672	10,766	18.4
Ambulance Dispatch Fees	3,238	-	-	-	-
Transfer from Reserves/Surplus					
Drainage Dividends	5,173	2,579	(439)	2,140	(17.0)
Land Enterprise Dividends	922	1,914	(314)	1,600	(16.4)
Reserves & Surplus	<u>32,780</u>	<u>750</u>	<u>2,830</u>	<u>3,580</u>	-
Total Revenue & Transfers	<u>402,146</u>	<u>358,567</u>	<u>16,499</u>	<u>375,066</u>	4.6
Expenditure & Transfers					
Investment Related Expenses	204	100	-	100	-
Transfer to Reserves					
- Interest allocation	<u>301</u>	<u>285</u>	<u>-</u>	<u>285</u>	-
Subtotal	<u>505</u>	<u>385</u>	<u>-</u>	<u>385</u>	-
Intra-municipal Recoveries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	-
Total Expenditure & Transfers	<u>505</u>	<u>385</u>	<u>-</u>	<u>385</u>	-
Net Operating Requirement	\$ (401,641)	\$ (358,182)	\$ (16,499)	\$ (374,681)	4.6
Full-time Equivalents	-	-	-	-	-

Supplementary Information

EPCOR Dividends

EPCOR Dividends are calculated using the 2005 base of \$122,669 indexed annually for the CPI of 5 major Canadian banks as at October 1. The EPCOR dividend calculation is determined corporately for all EPCOR operations including the Gold Bar Wastewater Treatment operations.

Program—Corporate Revenues

Supplementary Information

Gold Bar Transfer Fees

As per the Master Agreement the transfer fee of \$75 million is to be paid over 7 years as follows:

\$	16,500	2009
	15,250	2010
	14,500	2011
	12,250	2012
	10,000	2013
	6,400	2014
	100	2015
\$	75,000	Gold Bar Transfer Fees

EPCOR Franchise Fees

The 2012 Budget includes franchise fees received from EPCOR for power, water and wastewater treatment.

EPCOR Franchise Fees Distribution by Source

\$	50,920	Power
	12,450	Water
	4,790	Waste Water Treatment
\$	68,160	EPCOR Franchise Fees

Investment Earnings

Investment earnings are expected to generate \$53.2 million in 2012, including the investment income distribution from the Ed Tel Endowment Fund. The Budget is based on a longer term expectation for rates which are subject to ongoing market influences. Investment earnings are redirected to capital through PAYG capital funding, as displayed within the Capital Project Financing program, consistent with the budget strategy to shift the volatility of certain revenue streams to capital.

Contribution from Corporate Entities

Includes the franchise fee contribution from Drainage Services of \$7.2 million and central management fees of \$2.1 million.

Other Revenues

The 2012 Budget of \$10,766 includes revenue from tax penalties of \$8.9 million, tax certificates \$1.2 million, loan administration fees of \$0.2 million, and other revenues of \$0.5 million.

Drainage and Land Enterprise Dividends

The Drainage Services and Land Enterprise dividend amounts will be determined based on the 2011 year-end position.

Business Licencing

Business Licencing Revenues were moved to Corporate Revenues in September 2011 from Sustainable Development and include revenues from the issuance of business licenses by the city.

Program—Corporate Revenues

Budget Changes for 2012 (\$000)

Revenue & Transfers - Changes

EPCOR Dividends \$3,670

Dividends are calculated by indexing the prior year dividend by the CPI, the increase is equal to the forecast CPI index for 2012, as at September 30, 2011.

Gold Bar Transfer Fees \$(2,250)

Gold Bar Transfer fees are set by the master agreement with EPCOR. In accordance with the agreement, the 2012 fee is lower by \$2,250 to \$12,250.

EPCOR Franchise Fees \$3,970

Increase is due to volume changes from the prior year. The increase in franchise fees is comprised of \$2,857 for power, \$842 for water and \$271 for wastewater treatment.

EdTel Endowment Fund \$1,627

The EdTel Endowment Fund dividend payout is determined by the Fund Bylaw. The dividend rate is 5% and is determined in conjunction with the investment policy of the fund as well as with capital market expectations going forward.

Investment Earnings \$(2,139)

Decrease in earnings is due to a lower fund balance in 2012, resulting in reduced earnings.

Gas Franchise Fees \$5,435

Increase in gas franchise fees is due to projected volume and growth increases for 2012.

Business Licencing \$935

Increased enforcement is expected to increase business licencing revenue for 2012.

Tag/Fine Revenue \$1,100

Increased enforcement is expected to increase tag and fine revenue in 2012.

Contribution from Corporate Entities \$402

Increase of \$1,622 from Drainage Services franchise fees partially off-set by a decrease of \$(943) in central management charges.

Other Revenues \$1,672

Increase is due to an increase in tax penalties for 2012. Tax penalty rates are being increased for 2012 along with a change in the method of the application of penalties. This change is more consistent with the practice of other jurisdictions.

Reserves & Surplus \$2,830

Transfers from reserves and surplus tend to be unique each year. For 2012 the transfers included in the budget consist funding for Metropolis Winter Festival of \$50, Parapalegic Association of \$30 and Cornerstones II funding of \$3,500.

Program—Taxation

Approved 2012 Budget Summary

	2010 Actual	2011 Budget	\$ Change '11-'12	2012 Budget	% Change '11-'12
Revenue & Transfers					
Supplementary Tax	\$ 2,767	\$ 2,800	\$ (500)	\$ 2,300	(17.9)
Total Revenue & Transfers	<u>2,767</u>	<u>2,800</u>	<u>(500)</u>	<u>2,300</u>	(17.9)
Expenditure & Transfers					
Realty tax appeals & adjustments	6,583	5,600	1,200	6,800	21.4
Business tax appeals & adjustments	273	200	-	200	-
Business tax bad debt provision	37	200	-	200	-
Loss on tax sale	86	500	-	500	-
Subtotal	6,979	6,500	1,200	7,700	18.5
Intra-municipal Recoveries	-	-	-	-	-
Total Expenditure & Transfers	<u>6,979</u>	<u>6,500</u>	<u>1,200</u>	<u>7,700</u>	18.5
Net Operating Requirement	\$ 4,212	\$ 3,700	\$ 1,700	\$ 5,400	45.9
Full-time Equivalents	-	-	-	-	-

Supplementary Information

Supplementary Tax

Supplementary tax is municipal tax revenue resulting from improvements completed and/or occupied during the taxation year, that were not previously assessed or taxed.

Realty Tax Appeals & Adjustments

Realty tax appeals and adjustments are municipal tax adjustments for the current year resulting from court decisions, assessor corrections and exempt status changes.

Budget Changes for 2012 (\$000)

Expenditures & Transfers - Changes

Realty Tax Appeals & Adjustments \$1,200

The 2012 amount has been increased to reflect the lower success rates experienced in 2011 by the city for defending appeals by property owners.

Program—Traffic Safety

Approved 2012 Budget Summary

	2010 Actual	2011 Budget	\$ Change '11-'12	2012 Budget	% Change '11-'12
Revenue & Transfers					
Photo Enforcement	\$ 22,043	\$ 33,817	\$ (1,417)	\$ 32,400	(4.2)
Total Revenue & Transfers	<u>22,043</u>	<u>33,817</u>	<u>(1,417)</u>	<u>32,400</u>	(4.2)
Expenditure & Transfers					
Photo Enforcement Expenditures - direct					
Ticket Processing	739	1,404	46	1,450	3.3
IT costs	106	108	9	117	8.3
PE operations	11,569	10,379	(3,012)	7,367	(29.0)
Traffic Safety - Transportation		5,026	(760)	4,266	(15.1)
Capital Funding					
Integrated Speed Equipment	-	4,200	(700)	3,500	(16.7)
Subtotal	<u>12,414</u>	<u>21,117</u>	<u>(4,417)</u>	<u>16,700</u>	(20.9)
Intra-municipal Recoveries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	-
Total Expenditure & Transfers	<u>12,414</u>	<u>21,117</u>	<u>(4,417)</u>	<u>16,700</u>	(20.9)
¹Net Operating Requirement	\$ (9,629)	\$ (12,700)	\$ (3,000)	\$ (15,700)	23.6
Full-time Equivalents	-	-	-	-	

Supplementary Information

Traffic Safety

The net operating requirement has increased to \$15.7 million in 2012 from \$12.7 million in 2011. This is a \$5.1 million increase from the tax levy amount of \$10.6 million transferred to Edmonton Police Services when Photo Radar transferred to Corporate Programs in 2009.

Budget Changes for 2012 (\$000)

Revenue & Transfers - Changes

Photo Enforcement (\$1,417)

Revenue decrease is due to an expected reduction in the volume of tickets to be issued in 2012, due to less camera and photo enforcement vehicle purchases, and a more critical ticket review process.

Program—Traffic Safety

Budget Changes for 2012 (\$000)

Expenditures & Transfers - Changes

Photo Enforcement Operations (\$3,012)

Expenditures for Photo Enforcement Operations are reduced due to the savings expected to be realized by the City of Edmonton taking over the ticket processing from a third party contractor.

Integrated Speed Equipment (\$700)

City Council has directed that equipment for the photo enforcement program be funded from photo enforcement revenues. Capital expenditures to support the Traffic Safety Program are expected to be lower in 2012 due to less camera and vehicle purchases than in 2011.

Program—Community Revitalization Levy—The Quarters

Approved 2012 Budget Summary

	2010 Actual	2011 Budget	\$ Change '11-'12	2012 Budget	% Change '11-'12
Revenue & Transfers					
Community Revitalization Revenue	-	-	620	620	-
Total Revenue & Transfers	<u>-</u>	<u>-</u>	<u>620</u>	<u>620</u>	-
Expenditure & Transfers					
Intra-municipal Services	-	-	620	620	-
Total Expenditure & Transfers	<u>-</u>	<u>-</u>	<u>620</u>	<u>620</u>	-
Net Operating Requirement	\$ -	\$ -	\$ -	\$ -	-
Full-time Equivalents	-	-	-	-	-

Supplementary Information

Community Revitalization Levy

Budget is for The Quarters Downtown Community Revitalization Levy Bylaw which has been approved with a baseline date of December 31, 2011. The budget includes the incremental revenue from the Revitalization zone. Revenue is intended to fund capital debt servicing and direct operating costs consistent with the Quarters Community Revitalization Levy plan. Direct expenditures are incurred in the Housing and Economic Sustainability Program.