

THE WAY WE FINANCE

2012 APPROVED OPERATING BUDGET

BUDGET APPROVED BY CITY COUNCIL
DECEMBER 13, 2011

TRANSFORMING | **EDMONTON**

BRINGING OUR CITY VISION TO LIFE



Message from the City Manager

I am pleased to present the proposed 2012 annual operating budget for civic programs, boards and commissions and municipal enterprises. The new three-year Capital Plan and an updated 10-year Capital Investment Agenda have also been presented to Council. The operating and capital budgets build on the existing services and programs valued highly by Edmonton residents and businesses and move forward on Council's Strategic Plan, *The Way Ahead* and the six ten-year goals and associated plans:

- Transform Edmonton's Urban Form – The Way We Grow (approved May 2010)
- Shift Edmonton's Transportation Mode – The Way We Move (approved September 2009)
- Improve Edmonton's Livability – The Way We Live (approved July 2010)
- Preserve and Sustain Edmonton's Environment – The Way We Green (approved July 2011)
- Ensure Edmonton's Financial Sustainability – The Way We Finance (proposed for Q3 2012)
- Diversify Edmonton's Economy – The Way We Prosper (proposed for Q4 2012)



Council's approved annual operating budget determines how resources are allocated to provide services to citizens every day and to move forward on achieving Council's vision. Earlier in 2011 Council directed administration to prepare the 2012 operating budget with a tax increase target of 4.5 %, with 1.5 % for the continuation of the Neighbourhood Renewal Program and 3% for civic operations. To achieve this target administration undertook a service and budget review which resulted in a net reduction of the projected 2012 tax funding requirement of \$43.7 million. This funding reduction was achieved through a combination of revenue and expenditure strategies. Administration has also identified a funding stream available for Council to allocate to priorities that advance the goals established in *The Way Ahead*.

The 2012 Proposed operating budget supports effective stewardship of City resources and will move the City forward on Council's priorities. Alignment between the proposed resource allocation and the Corporate outcomes and performance measures approved by Council is demonstrated throughout the budget.

I look forward to working with City Council through the budget deliberations to ensure that the services and infrastructure that contribute to making Edmonton a great city are provided, while maintaining affordability to Edmontonians a priority.

A handwritten signature in black ink, appearing to read 'Simon Farbrother'. The signature is stylized and fluid, with a long horizontal stroke at the end.

Simon Farbrother, MCIP, RPP, MA
City Manager

Table of Contents

	PDF Page	
Foreword	4	
 Budget at a Glance		
2012 Tax bill at a Glance.....	7	
Value for Tax Dollar.....	8	
Where the Money Comes From.....	9	
Key Dates.....	10	
 Overview		
Approved Budgets	11	
Performance Management Framework.....	12	
2012 Approved Operating Budget.....	14	
Source and Use of Funds.....	22	
Personnel.....	25	
 Budget Tables		29
 Supplementary Information		
Edmonton Up Close & Economic Climate	46	
Governance Structure.....	48	
Basis of Budgeting.....	50	
Reserve Funds.....	55	
Terms and Definitions.....	63	

Foreword

Unless otherwise stated, all amounts are shown in thousands of dollars.

This volume provide a summary of the 2012 approved operating budget as approved by City Council on December 13, 2011. Detailed program overview sections have not been reproduced in this volume, however, are available upon request. The approved operating budget document is available for download from the City's website.

Budget at a Glance

The purpose of this section is to provide a quick look at the 2012 approved operating budget and how it impacts a typical homeowner, where the money comes from, how the tax dollars are spent and the value that Edmontonians receive for each tax dollar.

Overview

The Overview discusses the budget process followed for the year, including alignment of department operations with Council Goals. The Overview also provides a summary of sources and uses of funds as well as year over year changes in sources and uses of funds, and a list of service packages funded within the approved budget.

Tables

Included in the section are:

- Net operating requirement, expenditures, and revenues for Tax-supported Operations
- Revenues, expenditures, and net income for Municipal Enterprises
- Full-time equivalents
- Highlights of the approved 2012 user fees
- Program revenue changes for Civic Programs, Boards & Commissions
- Amortization and contributed assets

Building Great Neighbourhoods

This section in the budget document discusses the background of the program, 2011 accomplishments and the 2012 approved program.

Foreword

Supplementary Information

Included in this section is additional information about the City of Edmonton:

- Edmonton Up Close and Economic Climate
- Governance and Corporate Structure
- Basis of Budgeting
- Reserve Funds
- Terms and Definitions

Access to Approved 2012 Budget Documents

The approved 2012 Budget documents are available to the general public, for reference purposes at the following locations:

- All branches of the Edmonton Public Library
- Grant McEwan University: City Centre Campus, 10700 - 104 Avenue
- Norquest College, Learning Resource Centre, 5th Floor, 10218 - 108 Street
- University of Alberta, Government Document Library, 4th Floor Cameron Library
- Concordia College Library, 7128 Ada Boulevard

The 2012 Budget document is also available on the City's Website:
<http://www.edmonton.ca>

- 2012 Budget documents can be obtained in hard copy via:

Department of Financial Services,
5th floor, Chancery Hall,
3 Sir Winston Churchill Square NW, Edmonton
T5J 2C3

- A fee equivalent to the cost of producing the document will be charged.

Foreword

BUDGET PRINCIPLES

In developing the 2012 budget, Administration adhered to the following budget principles that City Council approved as part of the 2012 Operating Budget Guideline on June 22, 2011:

- a) The program service levels included in the base budget will be reviewed for alignment with Council's goals and priorities and any possible reallocations of budgets or efficiencies will be identified.
- b) Administration will identify service level impacts for any reduction strategies necessary to achieve the prescribed tax levy targets.
- c) On-going revenue may fund on-going or one-time expenditures whereas one-time revenue may only fund one-time expenditures.
- d) Budgets will reflect department's operational plans, performance measures and progress toward Council's strategic goals and priorities.
- e) Capital budgets submitted for approval will include details of the obligation on future tax levy to cover the operating costs upon completion of the project.
- f) All mid-year operating and capital budget requests require a source of funding and should be considered in light of other corporate priorities.
- g) Service packages must include the full year budget requirement. Funds not required until the following year will be used to fund one-time initiatives. This principle applies to Civic Programs only.

In addition to the principles approved as part of the 2012 Operating Budget Guideline, Administration also followed a guiding principle that recommendations and decisions were made to achieve the best results for the City overall.

2012 Tax Bill at a Glance

Impact of the approved 2012 tax increase and utility rate increase on Typical Homeowner (\$357,000 Assessed Value)

	2011 TOTAL	ANNUAL IMPACT	APPROVED 2012
Municipal Services	\$ 1,340	62	\$ 1,402
Police Service	291	7	298
Neighbourhood Renewal	69	22	91
Total Property Tax Bill	1,700	91	1,791
StormWater Drainage	76	16	92
Sanitary Drainage(Collection & Transmission)	185	48	233
Waste Management	376	22	398
Total Utility Bill	637	86	723
Total Municipal Services	\$ 2,337	\$ 177	\$ 2,514

Notes:

Total Property Tax Bill is based on a home assessed at \$357,000 in 2011. The combined increase for Municipal Services and Police Service is based on 3.89% (which includes 0.75% for Capital Project Financing) as well as an additional 1.5% for Neighbourhood Renewal.

The Stormwater Drainage Utility Fee is based on an average residential lot size of 592m².

The Sanitary Drainage(Collection & Transmission Utility Fee is based upon an annual water consumption of 199 m³.

The Waste Utility Fee is based on single family residential charge of \$33.20 per month.

Impact of the approved 2012 tax increase per \$100,000 of assessment value, Residential

HOUSEHOLD IMPACT

Per \$100k of Assessed Value, Residential

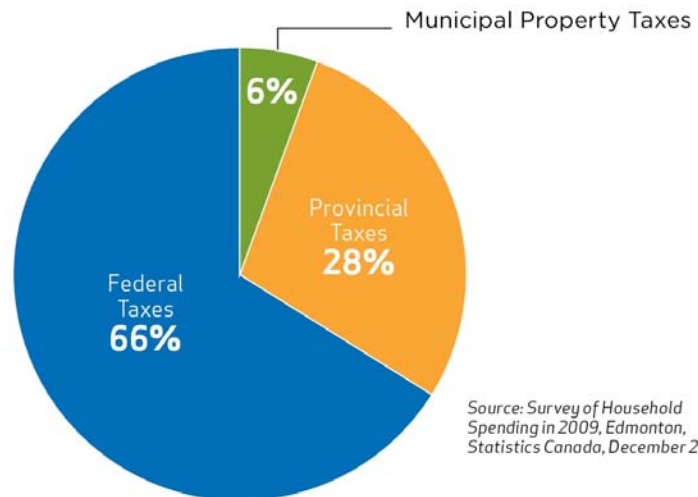
	2011 TOTAL	ANNUAL IMPACT	APPROVED 2012
Municipal Services	376	15	391
Police Services	82	3	85
Neighbourhood Renewal	19	6	25
Per \$100k of Assessed Value, residential	477	24	501

Value for Tax Dollar

According to Statistics Canada in 2009 the average Edmonton household paid approximately \$17,000 for taxes to all orders of government (income and education taxes, and property tax). Of this amount 94% accrued to the Federal and Provincial governments (66% and 28% respectively) while the City's total tax share equated to only 6%.

Income taxes for provincial and federal governments automatically increase with a rise in income; while property taxes paid to the City do not automatically increase with a rise in assessment. In addition, both the provincial and federal government levy a variety of consumption taxes that generate significant revenue but are not reflected in the chart.

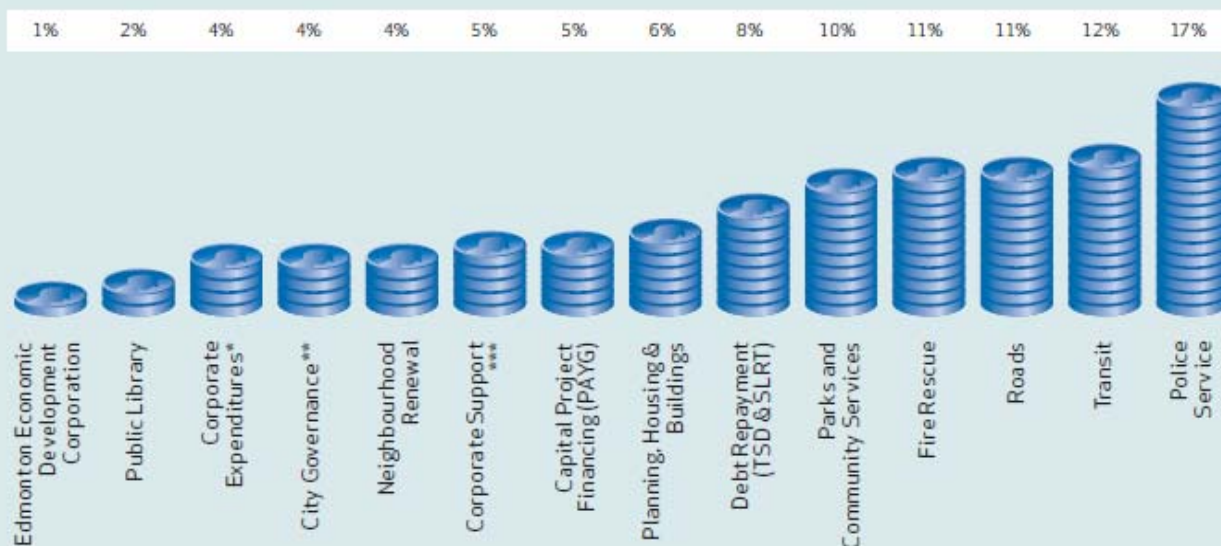
FEDERAL, PROVINCIAL AND MUNICIPAL TAXES



Source: Survey of Household Spending in 2009, Edmonton, Statistics Canada, December 2010

WHERE YOUR TAXES ARE DISTRIBUTED

Every \$1 of municipal taxes is shared among these civic services



NOTES:

This graph is based on net operating requirement, which is a combination of taxes and corporate revenues (excludes user fees)

* Corporate Expenditures includes Funding available for Council, Tax Appeals and Adjustments, Northland Subsidy for Rexall Place, Indy, Risk Management

** City Governance includes Mayor and Councillor Offices, Offices of the City Manager, Auditor, City Clerk and Financial Services

*** Corporate Support includes Information Technology, Human Resources, Law, Materials Management, Customer Information Systems

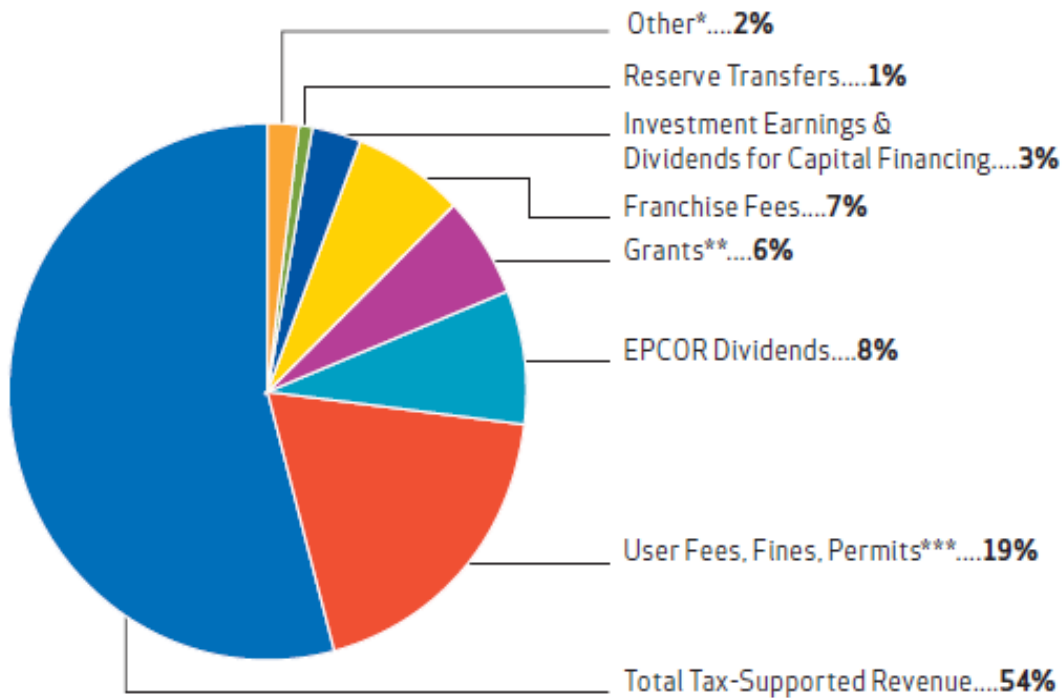
Where the Money Comes From

The chart below shows the breakdown of the 2012 approved operating budget revenues. The most significant revenue source for the City is taxation with 54% of total revenue derived from property taxes. The amount of property tax revenue collected for Neighbourhood Renewal amounts to 3% of the total revenue generated and is included in the 54% figure for total property taxes.

Other revenue sources account for 46% of the City's revenues and come from user fees, investment income and franchise fees and dividends.

WHERE THE MONEY COMES FROM

Revenue Sources



NOTES:

* Other Revenue includes Sanitary Drainage Franchise Fees, tax penalties, local improvement levies, etc.

** Grants received for Housing, South LRT, Police, FCSS, Library

*** Excludes user fees for Drainage and Waste Management Utilities

Key Dates

April - May, 2011

- Service and Budget Review.

June 22, 2011

- City Council sets 2012 budget guideline directing administration to prepare a draft budget limiting a tax increase to 3% for civic programs, boards and commissions, and 1.5% for the Neighbourhood Renewal Program.

September 26—October 31, 2011

- Public consultation meetings and online survey to gather public input on services and City goals.

October 20, 2011

- Release of Proposed Drainage Utilities and Waste Management Utility Budgets for 2012.

October 24, 2011

- Release of Proposed Three-year Capital Budget (infrastructure) 2012-2014.

November 09, 2011

- 2012 Proposed Operating Budget for Civic Programs, Boards and Commissions, and Edmonton Police Service presented to Council based on a Council approved guideline of a 3% general tax increase and a 1.5% tax increase for Neighbourhood Renewal.
- Presentation to City Council of the Proposed Three-year Capital Budget 2012-2014

November 23, 2011

- Non-statutory Public Hearing on 2012 Proposed Operating, Capital and Utilities Budgets

November 25 to December 9, 2011 (December 13 & 14 if required)

- Council Budget Deliberations

Spring 2012

- Education Tax Requisition from the Province of Alberta
- Council approves final tax rate

May 2012

- Tax notices are mailed

2012 Approved Budgets

2012 Approved Operating Budget

The 2012 Approved Operating Budget includes the Approved budget for Tax-supported Operations and Municipal Enterprises.

Tax-supported Operations include all operating activities provided through Civic Programs, Boards & Commissions, and Corporate Programs. These activities are primarily supported by a combination of property taxation, user fees, dividends, and grants from other orders of government.

The 2012 Approved Edmonton Police Service budget is included within the Tax-supported Operations Budget, financial summaries, as well as any charts and graphs related to City services to ensure City Council has a clear understanding of the overall budget.

This document also includes the Approved budgets for the municipal enterprises:

- Fleet Services - funded mainly through internal transfers for services provided to tax-supported departments in the City
- Land Enterprise - funded through the development and sale of land for profit
- Drainage Design and Construction - performs work for the City on a cost recovery basis and takes on projects external to the City on a for-profit basis

2012 Approved Utilities Budget

The 2012 Approved budgets for the City managed utilities of Sanitary Drainage, Stormwater Drainage and Waste Management are not included in this document. Funded through user fees and requiring separate approval of utility rate bylaws, these budgets are brought forward separately. All three Utilities are part of the Department of Infrastructure Services. The Drainage Services Branch also operates the Drainage Design and Construction section that is not part of the Drainage Utilities. Drainage Design and Construction specializes in underground (tunnel) work and performs work for the City and external customers. The budget for Drainage Design and Construction is included as part of the Tax Levy budget discussion.

2012 – 14 Approved Capital Budget

The 2012 - 14 Approved Capital Budget is not included in this document. All information pertaining to the Capital Budget is being presented separately through the presentation of the 2012-21 Capital Investment Agenda and the 2012-14 Capital Budget, which Council will receive for information.

The Approved 2012-14 Capital Budget amounts to \$2.8 billion, with \$1.3 billion for renewal projects and \$1.5 billion for growth projects. There is an additional \$0.1 billion in 2015 to fund single projects than span beyond the three-year period, resulting in a total capital budget of \$2.9 billion.

Performance Measurement Framework

Transformative Planning

Established by City Council in 2008, *The Way Ahead* – the City’s Strategic Plan- provides the City’s vision for Edmonton in 2040 and establishes 6 ten-year strategic goals to provide a clear focus for the future. The plan forms the foundation for the work of the City and guides us in our continued commitment to enhance the quality of life for residents.

City Council has approved outcomes for the strategic goals and plans have been developed or are in development for each goal in order to guide decision-making that will move us towards the attainment of those goals. The goals and associated directional plans are:

- Transform Edmonton’s Urban Form – *The Way We Grow* (approved May 2010)
- Shift Edmonton’s Transportation Mode – *The Way We Move* (approved September 2009)
- Improve Edmonton’s Liveability – *The Way We Live* (approved July 2010)
- Preserve and Sustain Edmonton’s Environment – *The Way We Green* (approved July 2011)
- Ensure Edmonton’s Financial Sustainability – *The Way We Finance* (Approved for Q3 2012)
- Diversify Edmonton’s Economy – *The Way We Prosper* (proposed for Q4 2012)

While these plans are transformational in nature, they all build on the existing services and programs valued highly by Edmonton residents and businesses. Alignment to Council’s corporate outcomes serves to move the City forward in achieving the strategic priorities of *The Way Ahead*.



Transparent progress measurement

Progress is measured against the achievement of the outcomes associated with each goal through the identification of appropriate and reliable performance measures for each outcome. Performance measures have been set for the outcomes for 5 of the 6 strategic goals. Setting targets for each of the approved performance measures will provide Council with enhanced information for decision-making related to the prioritization and level of resources for programs, services, and infrastructure renewal, replacement and development. Targets have been set for each of the performance measures for 3 of the 6 goals, Transform Edmonton’s Urban Form, Shift Edmonton’s Transportation Mode and Improve Edmonton’s Liveability. Targets for the remaining goals are to be set in 2012.

Combined, the goals, outcomes, performance measures and targets create a roadmap for integrating strategic planning with budgeting, thereby supporting more informed decision-making.

Organizational Excellence

The Way Ahead identifies a number of conditions of success, understanding that the achievement of the strategic goals is dependent in large part on the City’s operational environment. Transforming Edmonton Through Organizational Excellence is the framework City staff have committed to for enhancing the operational environment to deliver on those conditions of success.

Performance Measurement Framework

10-YEAR GOAL



CORPORATE OUTCOMES

- G1 Attractive and compact physical design with diverse neighbourhoods, amenities and public open spaces
- G2 Edmonton has sustainable infrastructure that fosters and supports civic and community needs

- M1 Citizens use public transit and active modes of transportation
- M2 Goods and Services move efficiently through the city
- M3 The transportation system is integrated, safe and gives citizen choice to their mode of movement

- L1 Citizens are connected to their diverse communities and have pride in their city
- L2 Citizens use city infrastructure and participate in services and programs that provide enjoyment and personal health benefits
- L3 Complete collaborative communities that are accessible, strong, and inclusive with access to a full range of services
- L4 Safe and clean city

- E1 Partnerships with citizens, communities and organizations are leveraged to improve Edmonton's environmental health
- E2 The impact of City operations on air, land, and water systems is minimized
- E3 Edmonton strives to be a leader in environmental advocacy, stewardship, preservation, and conservation

- F1 The City has well managed and sustainable assets and services
- F2 The City has a resilient financial position
- F3 The City has balanced revenue streams that are sustainable

- P1 The Corporation supports a competitive business climate and delivers business friendly services
- P2 The City facilitates the development of established businesses and sectors
- P3 The City supports the development of high potential sectors
- P4 The City attracts talent and investment making it nationally and internationally competitive
- P5 The City is an effective participant in regional partnerships and collaboration

- The City of Edmonton delivers valued, quality, cost-effective services to its citizens
- Diverse, engaged and innovative employees involved in service delivery contribute to achieving the City's vision, goals and outcomes
- The City of Edmonton embraces its relationships with people and partners to deliver services to its citizens

2012 Approved Operating Budget

City Council has made its vision for the future clear through setting the 10-year strategic goals in The Way Ahead. Building on the existing services and programs valued highly by Edmonton residents and businesses, Administration has been working diligently to create the City that Council envisions. For the 2012 operating budget, expenditures and revenues were evaluated through the Service and Budget Review. Revenues were updated to incorporate growth and projected increases. Efficiencies were captured wherever possible to decrease expenditures to meet Council's budget guideline and to allow for reallocation of resources to initiatives that serve to advance Council's strategic vision as identified through Council approved outcomes. Council then directed reduced spending in order to achieve the desired goal and in other instances, initiatives were important enough to increase the tax levy. The final result was an increase of 3.89% for civic services, which included the 0.75% to fund Capital Project Financing and 1.5% for Neighbourhood Renewal for a total increase of 5.39%

The table below identifies significant revenue increases and the major cost drivers contributing to increased operating expenditures as well as strategies identified to achieve Council's guideline for the property tax increase.

2012 Approved Budget Incremental Change in Net Operating Requirement	\$ millions	Tax rate increase %
Increase in Revenue		
Assessment Growth Tax Revenue	(15.5)	
Departmental Revenue	(5.2)	
Franchise Fees	(9.1)	
EPCOR Dividends	(3.7)	
Other Corporate Revenues	(0.6)	
	(34.2)	-3.53%
Increase/(Decrease) in Expenditures		
Maintain Existing Services		
Personnel Costs	43.7	
Non-personnel Costs	12.2	
Fire Hydrant Contract	1.3	
Fleet Charges	12.7	
Corporate Programs Changes	2.9	
	72.8	7.52%
Impact of Previous Council Decisions		
Impact of Capital Projects	10.6	
New Service Standards - Snow Removal	3.6	
Census	1.9	
Indy	1.8	
Annualization of 2011 Transit Service Additions	0.9	
Pay-as-You-Go	6.3	
Debt Charges	1.8	
	27.0	2.79%
Administration Recommendations		
Service and Budget Review	(39.8)	
Advancing The Ways - Funded Packages	15.4	
Corporate Reorganization	(1.3)	
One-time Reductions	(2.3)	
	(28.0)	-2.90%
Net Operating Requirement Increase before Neighbourhood Renewal	37.6	3.89%
Neighbourhood Renewal Program	14.5	1.50%
Total Net Operating Requirement Increase	52.1	5.39%

2012 Approved Operating Budget

Increase in Revenue:

The increase in revenue is coming from a number of sources:

- The Approved 2012 Budget includes projections in assessment growth of \$15.5 million, this growth in assessment revenue is due to new construction and development. The Assessment and Taxation Branch forecasts revenue projections from growth based upon anticipated economic activity using the 2011 August medium forecast as its reference. While an increase is being projected, the rate of growth is not as strong as what was experienced in 2011, as a result of slower economic activity in both the residential and non-residential classes.
- Increase in departmental revenue is driven predominantly by the increases in volume and fee changes.
- Increase in EPCOR and Gas Franchise Fees is due to projected volume changes from the prior year.
- EPCOR dividends projected increase is based on the CPI rate.
- Other Corporate Revenues represent the net change in Sanitary Franchise Fees, Land Enterprise and Sanitary Drainage Dividends.

Increase in Expenditures:

The increase in expenditures can be split into two categories, maintaining existing services and the impact of previous Council decisions.

- *Maintain Existing Services:* The majority of the costs relating to maintaining existing services can be attributed to three areas, Personnel, Non-Personnel and Fleet.
 - Personnel costs account for movement within the salary ranges, changes in benefits, and the last year of a 3-year 1% LAPP contribution increase, as well as some provision for cost of living increases in 2012.
 - Non-Personnel predominately accounts for inflation on existing services.
 - Fleet Services is another key driver relating to the increase in maintaining existing services. Cost and volume escalation in fuel accounts for nearly 60% of the overall increase, inflation and aging of the City fleet is the other primary driver of the increase in costs.
- *Impact of Previous Council Decisions:* 2009-11 saw the approval of \$3.6 billion in Capital Projects, which are now beginning to come on stream, such as Commonwealth Community Recreation Centre, Edmonton Valley Zoo Rehab (Pinniped & Entry/Wander), NLRT Extension, Police Southwest Division. These are reflected in the budget as Operating Impacts of Capital and account for \$10.6 million of the increase in this category. Following the large snowfall experienced in 2010-11, Council made the decision to establish new service standards relating to snow removal. The balance of the increase in this category can be linked to the decisions to complete a census in 2012, inclusion of the Indy Race in the base budget, Tax Supported Debt for LRT, Walterdale Bridge & NW Campus early Year surplus to Pay-As-You-Go, and annualization of the 2011 Transit Service additions.

Administration Recommendations:

The service and budget review strategies for 2012 allowed for a reallocation of funding to new service packages that advance the Ways while still meeting the target of a 3% tax rate increase. Council took these recommendations and debated issues of importance to citizens, in order to maintain programs and move the City in the right direction. As a result, \$4.1 million worth of initiatives originally slated for reduction were reinstated.

Administration funded a number of key packages through reallocation in order to move forward on Council's vision with \$4.4 million allocated to various departments and Council approved another \$11 million for projects Advancing the Ways, for a total of \$15.445 million. Finally, in 2011 the City structure was reorganized to better optimize organizational capacity resulting in net savings of \$1.3 million.

ADDENDUM

The information contained in this document reflects City Council's approval of the 2012 Budget as of December 13, 2011. Subsequent to this approval, on April 18, 2012 City Council approved the following adjustments to the 2012 Operating Budget:

(000s)

	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>	<u>Tax Rate %</u>
2012 Approved Tax Supported Operations (3.89% increase for services and 1.50% for Neighbourhood Renewal)	\$ 1,878,444	\$ 1,878,444	\$ -	5.39%
Operating Budget Changes	-	-	-	
Additional Assessment Growth	9,140	-	(9,140)	-0.94%
Collective Agreement Settlements	-	4,750	4,750	0.49%
EPCOR Dividend	(1,151)	-	1,151	0.12%
EPCOR Franchise Fee	(1,270)	-	1,270	0.13%
Sanitary Drainage Franchise Fee	(300)	-	300	0.03%
Land Enterprise Dividend	2,023	-	(2,023)	-0.21%
Cornerstones II	(3,500)	(3,500)	-	0.00%
Seniors Coordinating Council	-	100	100	0.01%
The Quarters Downtown CRL	(142)	-	142	0.01%
	-	-	-	
Police – Violence Reduction Strategy	750	2,550	1,800	0.19%
Total Operating Budget Changes	\$ 5,550	\$ 3,900	\$ (1,650)	-0.17%
Amount used to reduce the tax rate	(1,650)		1,650	
2015 Amended Tax-supported Operations (3.72% increase for services and 1.5% for Neighbourhood Renewal)	1,882,344	1,882,344	-	5.22%
2012 Approved Fleet Services	173,209	173,209	-	-
Fleet Services	1,393	1,393	-	-
AHS Contract	1,075	1,039	(36)	-
2012 Amended Fleet Services	175,677	175,641	(36)	-
2012 Approved Land Enterprise	43,224	29,457	(13,767)	-
Land Enterprise Expenditures	400	2,634	2,234	-
2012 Amended Land Enterprise	43,624	32,091	(11,533)	-
	Amortization	Contributed Assets		
2012 Approved Non-cash Budget	326,707	204,200		
Transportation Services Adjustment	(38,550)	(130,000)		
2012 Amended Non-cash Budget	288,157	74,200		

The above adjustments have not been reflected in this document.
























2012 Approved Operating Budget

APPROVED PACKAGES

The 2012 Approved Budget includes funding for operating costs of capital projects, contributed assets and other service packages. The following tables list the service packages that are funded in the 2012 Approved Budget.

ADVANCING THE WAYS






















The 2012 Approved Operating Budget provides a source of funding for new service packages that advance the Ways. These packages are listed in the table below.

Service Package Name	2012	
	Net	FTEs
One-Time or Multi-Year Funding		
1 Traffic light pre-emption system (Note 1)	 	585 -
2 New Neighbourhoods Design Guidelines	   	300 1.0
3 Complete Streets Guidelines	  	300 -
4 Combative Sports		150 1.4
5 CFS Partner Capital Grant Funding Program (FCSS)	 	1,000 -
6 River City Round Up		100 -
7 Centre for Public Involvement		150 -
8 Edmonton Aboriginal Business Association (Multi-Year)		133 -
ADVANCING THE WAYS Total One Time Funded Packages		2,718 2.4
On-going Funding		
9 Corporate Performance Measurement		306 1.0
10 Edmonton Salutes		60 -
11 SAP and Financial Systems Training		135 1.0
12 Managing Accommodation Space and Growth Changes	 	1,400 1.0
13 Business Licensing Program Development and Enforcement	  	600 6.0
14 The Quarters Downtown CRL Plan	   	620 5.0

2012 Approved Operating Budget

APPROVED PACKAGES

ADVANCING THE WAYS PACKAGES





























Service Package Name		2012	
		Net	FTEs
15 New Service to Edmonton International Airport	 	222	6.0
16 Mosquito Abatement	 	299	-
17 City-wide Redevelopment Plan	 	500	2.0
18 Facade Improvement Program	 	900	1.0
19 Churchill Square		100	-
20 Community League Infrastructure Grant		1,452	-
21 REACH Edmonton - 24/7		1,000	-
22 Violence Reduction Strategy - Community Services		1,000	5.0
23 Violence Reduction Strategy - Police (Note 3)		3,000	22.0
24 Art of Living		1,500	-
25 Community League Growth Initiative		30	-
26 Wicahitowin Circle (Note 2)		425	-
27 Partnership with the Edmonton Chamber of Voluntary Organizations (ECVO)		85	-
28 New Service - Off-peak - Weekday Late Night; Weekend Morning/Night	 	215	2.4
29 Additional Weed Inspectors	 	90	1.7
ADVANCING THE WAYS			
Total Ongoing Funded Packages		13,939	54.1

2012 Approved Operating Budget

APPROVED PACKAGES

SUPPORTING THE WAYS

The 2012 Proposed Budget includes funding for operating costs of capital projects, contributed assets and other service packages. These packages are listed in the table below:

Service Package Name		2012	
		Net	FTEs
30 2012 Biennial Census	 	1,875	5.0
31 Impact of Capital Projects - Community Facility Services	 	1,029	33.7
32 Impact of Capital Projects - Parks	  	1,172	18.0
33 Impact of Capital Projects - Information Technology	 	3,263	-
34 Impact of Capital Projects - Cash Control	 	34	1.0
35 Impact of Capital Projects - Building and Landscape Services	 	2,200	25.0
36 LRT Communication Impacts	 	86	-
37 NLRT Extension - LRT Costs & Revenue	 	990	10.0
38 Snow Removal Strategies	 	3,566	36.0
39 Roadway Maintenance - Inventory Growth	 	600	6.0
40 Traffic Control Inventory Growth	 	150	1.0
41 Traffic Engineering, Signals, Street lighting & Infrastructure Inventory Growth	  	150	-
42 Police Southwest Division Station and IT Systems	 	1,260	5.0
SUPPORTING THE WAYS			
Total On Going Funded Packages		16,375	140.7
Total Approved Funding		33,032	197.2

Notes:

1. Held in abeyance until a report is provided to Council
2. Held in abeyance until a report is provided to Community Services Committee
3. Funded by a reduction to the Office of Traffic Safety

2012 Approved Operating Budget

Debt-Financing

The City uses debt as a transitional source of financing for investment in capital projects. Debt financing has allowed the City to move ahead on priority infrastructure growth and renewal projects at times of low interest rates and available resources at moderated costs. *The Municipal Government Act (MGA)* provides restrictions on the debt and debt servicing costs that municipalities in Alberta can take on. The City manages its debt under principles and more conservative limits outlined in City Policy C203C—Debt Management Fiscal Policy (DMFP).

The Policy Statement:

1. Debt is an ongoing component of the City's capital financing structure and is integrated into the City's long-term plans and strategies.
2. Debt must be Affordable and Sustainable. The City must maintain Flexibility to issue Debt in response to emerging financing needs.
3. Debt must be structured in a way that is fair and equitable to those who pay and benefit from the underlying assets over time.
4. Debt decisions must contribute to a sustainable and vibrant City by balancing quality of life and financial considerations.
5. The issuance of new Debt must be approved by City Council.
6. Debt must be managed, monitored and reported upon.

The debt limits set by both the MGA and the DMFP are based on the City's revenues, as reported in the prior year audited financial statements, with revenues as defined in Regulations to the MGA. As revenues increase, so does the level of borrowing and the debt servicing the City can undertake. As debt is repaid, space within the limit is freed up, available for new debt.

The City segregates debt between self-liquidating and tax-supported, based on the source of funding for the debt repayments. Self-liquidating debt servicing costs, interest only, are included in the 2012 Proposed Utilities Budgets which are prepared on an accrual basis.

Tax-supported debt servicing costs, including both principal and interest are included in the 2012 Proposed Operating Budget which is prepared on a modified cash basis. The debt servicing budget is included within the Capital Project Financing Program which can be found under the Corporate Revenue and Expenditures tab. Debt charges related to the South Light Rail Transit (SLRT) are shown separately, as these are financed primarily by the federal fuel tax transfer as well as by a small amount of tax revenues directed to Light Rail Transit.

The City has initiated short-term debt with a term of up to five years, in order to fast-track expenditures to be funded by future provincial government transfers such as the Municipal Sustainability Initiative (MSI), GreenTrip or fuel tax funding. Related interest charges will be covered by the government transfers where eligible or otherwise absorbed within the pay-as-you-go or operating budgets.

2012 Approved Operating Budget

Debt-Financing

The 2012 tax-supported budget for debt charges within corporate programs includes minimal change from the 2011 budget, due to capital project expenditure deferrals. The following approved tax-supported debt financed projects are currently in progress:

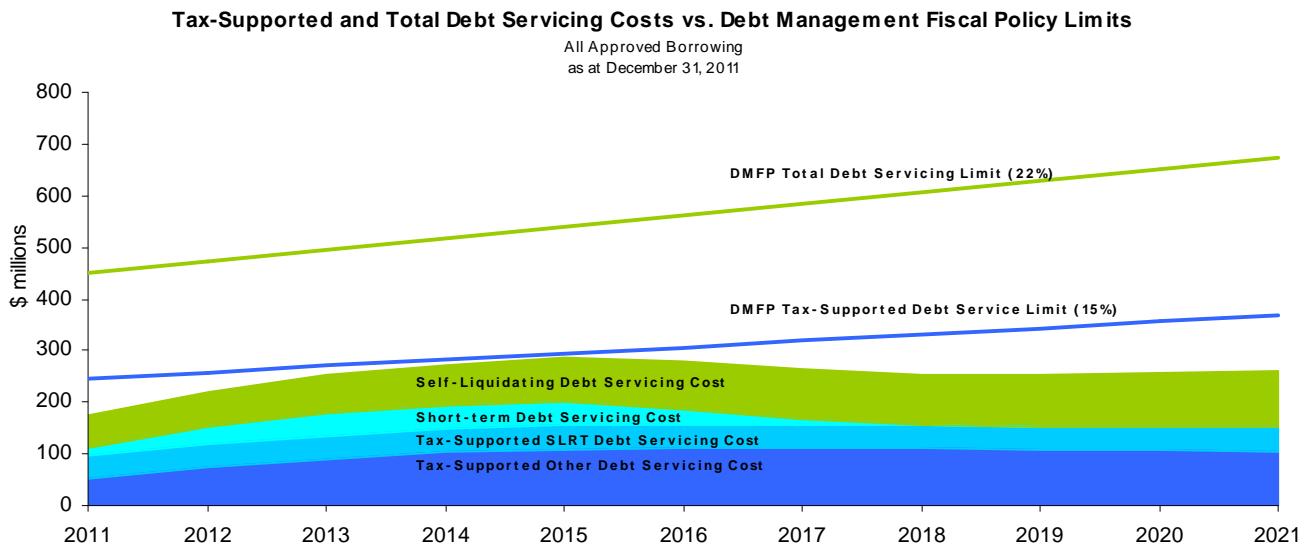
- Multi-purpose Recreation Centres
- Eaux Claire & Lewis Estates Phase II
- Valley Zoo Master Plan Implementation
- Jasper Place Branch Library Renewal & Expansion

New tax-supported debt projects in the amount of \$315 million were approved as part of the 2012-2014 Capital Budget, as follows. Tax levy to fund debt servicing of these projects is provided through a specific tax levy increase of 0.75% for 2012 (2013 - 0.70%; 2014 - 0.67%).

- Walterdale Bridge (\$132 million)
- Southeast to West LRT Land acquisition (\$102 million)
- Northwest Police Campus (\$81 million)

In addition, approval has been provided to borrow for Phase I of The Quarters development (\$56 million), the Downtown Arena land acquisition and design (\$56 million) and continuation of the Great Neighbourhoods (\$45 million).

Debt charges for current borrowings and commitments for tax-supported debt and total debt (which includes self-liquidating debt) is shown in the chart below. The projected debt servicing costs are well below the City's Debt Management Fiscal Policy (DMFP) total debt service limit of 22% of City revenues and the tax-supported debt service limit of 15% of revenues for tax levy operations.



Notes:

1. Tax-supported debt servicing costs are based on current capital budget approvals. Self-liquidating debt servicing assumes ongoing borrowing consistent with the Utility 10 year capital plan.
2. Debt charges related to borrowings in future years are estimated and may change.

Source and Use of Funds

The table below provides the year over year changes in source and use of funds.

2012 Approved Source and Use of Funds

(\$millions)

	2011 Budget	2012 Approved Budget	\$ Change
Source of Funds			
Property Taxes	\$ 923.7	\$ 987.1	\$ 63.4
Payment-in-lieu	28.5	32.7	4.2
	<u>952.2</u>	<u>1,019.8</u>	<u>67.6</u>
User Fees, Fines & Permits	342.0	360.9	18.9
EPCOR Dividends	138.5	142.2	3.7
Grants	116.4	116.6	0.2
Franchise Fees	113.1	122.2	9.1
Investment Earnings & Dividends for Capital Financing	68.2	65.5	(2.7)
Transfers from Reserves	11.8	14.1	2.3
Utility & Land Dividends	4.5	3.7	(0.8)
Other Revenues	30.8	33.6	2.7
One-time Items	16.1	-	(16.1)
Total Source of Funds	\$ 1,793.6	\$ 1,878.4	\$ 84.8
Use of Funds			
Civic Programs	\$ 1,091.4	\$ 1,139.8	\$ 48.4
Police Service	308.7	315.9	7.2
Corporate Programs	232.2	255.4	23.3
Boards & Commissions	99.4	107.2	7.7
Neighbourhood Renewal	45.7	60.2	14.5
One-time Items	16.3	-	(16.3)
Available for City Council	-	-	-
Total Use of Funds	\$ 1,793.7	\$ 1,878.4	\$ 84.8

Source and Use of Funds

The following tables provides a summary of major changes in the source and use of operating funds from the approved 2012 Operating Budget. Further details regarding Budget changes are provided under the Tables section.

Changes in Source of Funds

Category	\$ Millions	Explanations
Property Taxes	\$ 67.7	Of the \$67.7 M, \$15.5 M is a projected tax revenue increase from real assessment growth. \$52.2 M is the revenue generated from the tax rate increase of 4.5%.
User Fees, Fines & Permits	\$ 18.9	The anticipated increase in User Fees, Fines and Permits is \$18.9 M. This represents an overall 2.3% increase in rates and 3.2% overall increase in volume.
EPCOR Dividends	\$ 3.7	The EPCOR dividends are expected to increase by \$3.7 M in accordance with the existing agreement.
Grants	\$ 0.1	The expected increase of \$0.1 M in grant funding is due to increase of \$0.3 M in Municipal Policing Assistance Grant and Premiers Initiative Grant, a \$0.2 M increase in Safe communities Innovation Fund grant for Public Library which is off set by a decrease of \$0.2 M in provincial portion of Cornerstone grant payments, and a \$0.1 M reduction in grants for The Racism Free Edmonton program.
Franchise Fees	\$ 9.1	The anticipated increase of \$9.1 M in franchise fees is due to \$4.0 M increase in EPCOR franchise fees due to volume changes from the prior year and \$5.4 M increase in Gas franchise fees due to projected volume and growth. -\$0.3m is from a reduction to the return on rate base from 4% to 3.5% on a one-time basis.
Investment Earnings & Dividends for Capital Financing	\$ (2.8)	The expected increase of \$1.6 M in Ed Tel Endowment Fund dividend will be offset by the expected decrease in investment earnings of \$2.1 M and a decrease of the net amount of Goldbar transfer fees of \$2.2 M based on the transfer agreement of March 31, 2009 between EPCOR Inc. and the City of Edmonton.
Transfers from Reserves	\$ 2.2	Of the \$2.2M, \$3.5M is transfers from Financial Stabilization Reserve (FSR) to Cornerstones, \$0.72 M decrease in transfers from Financial Stabilization Reserve (FSR) to fund other commitments, a \$0.5 M decrease in funding for Rexall Rehabilitation, and a \$0.1 M decrease in transfers from reserves among civic programs.
Utility & Land Dividends	\$ (0.8)	The 2012 Drainage dividends are expected to be lower by \$0.4 M and the Land Enterprise dividend is projected to be \$0.4 M lower than 2011. The 2012 Proposed Budget for dividends to be received from Drainage and Land Enterprise are based upon projected 2011 actual Net Income from these operations. Dividends from Sanitary Drainage reflects the continued reduction in water consumption by Edmontonians. The reduction in dividends from Land Enterprise reflects residential lots servicing, originally expected to be ready in fall of 2011 and delayed to spring of 2012.
Other Revenues	\$ 2.7	The expected increase of \$2.7 M in Other Revenues is due to \$1.7 M increase in tax penalties due to change in the method of the application of penalties which is consistent with other jurisdictions, \$0.6 M of new incremental revenue from the Quarter Revitalization zone, and \$0.2 M net change from local improvement tax revenue, supplementary tax, and sanitary drainage franchise fees.
One-time Items	\$ (16.1)	A \$30.9 M decrease results from the removal of 2011 one-time revenues related to allocation of 2010 surplus to fund one-time commitments. A 14.74M increase was a correction of Capital Contingency fund committed to approved projects (1-time).
Total Change	\$ 84.8	

Source and Use of Funds

Changes in Use of Funds

Category	\$ Millions	Explanations
Civic Programs	\$ 48.4	Civic Programs increase in use of funds is due to: <ul style="list-style-type: none">- Program Cost increases of \$ 30.1 M;- Impact of Capital Projects and new service standards for Snow Removal for a total of \$14.6 M;- Advancing the Ways packages and Census for a total of \$14.8 M- \$11.2 M reduction in expenditures due to Service and Budget Review
Police Service	\$ 7.2	An increase of \$4.2 M maintains current police operations. This includes funding for movements within salary ranges, changes in benefits and the last of a three year one per cent LAPP contribution increase, the cost of inflation and the operating impact of capital. The increase of \$3 million is from Council Motion for Violence Reduction Strategy.
Corporate Programs	\$ 23.3	The Corporate Programs increase is mainly due to various corporate expenditures (see 2012 Approved Expenditure Summary in Tables for details).
Boards & Commissions	\$ 7.7	The increase of \$7.7 M is due to a \$2.2 M increase in Edmonton Economic Development Corporation, a \$1.5 M increase in Arts Council(Art of Living), a \$1.6 increase in Federation of Community Leagues, a \$1.0 M increase in Public Library, \$1 million in REACH as well as \$0.4 M increase among other boards and commissions.
Neighbourhood Renewal	\$ 14.5	The increase of \$14.5 M is equivalent to a 1.5% increase in tax rate for the Neighbourhood Renewal program. This program was approved by City Council in December 2008.
One-time Items	\$ (16.3)	The \$16.3 M decrease results from the removal of 2011 one-time items (\$14.7 M committed to approved capital projects, \$2.3 M for South Edmonton Multicultural Centre, \$2.0 M for Jerry Forbes Centre, \$1.8 M for Indy, \$1.7 M for Aboriginal Transitional Component Boyle Renaissance, \$1.0 M for FCSS Service Support for Emergency Funding, and \$7.5 M in other one-time commitments). 14.74M is a correction of 2011 Capital Contingency fund committed to approved projects (1-time).
Total Change	\$ 84.8	

Personnel

The City of Edmonton has embarked on a path to create a vibrant and sustainable place to live. Everything the municipality does, from road maintenance and snow clearing to creating parks and recreation facilities, contributes to the vision outlined in the *Way Ahead*. It is through the energy, creativity, skill, and commitment of City of Edmonton employees that this vision will be realized.

The single largest expenditure in service organizations such as the City is the cost of personnel. This reflects the reality that municipal government and the provision of services to citizens is labour intensive. Therefore as services expand, the cost of labour also increases. Personnel costs comprise approximately 58% of total budgeted operating expenditures for the City of Edmonton.



Between 2008-2012 (budgeted) the average annual growth of personnel costs for City administration, City utilities and enterprise operations has been 6.7%. The number of Full-time Equivalent (FTEs) has increased by 13%.

Growth Drivers

The growth of the city population, the expansion of services, and decisions to invest in capital are critical drivers of FTE growth.

The overall staff component of the municipality has increased by 1,495.6 FTEs between 2008-2012. This increase of 13% is the direct result of the growth and complexity of the services being provided to citizens. Analysis of the growth of FTEs when compared to other organizations and public sector employers identified the following:

- The increase reflects the provision of planning and services to a larger population across a broader scope of developed and inhabited residential, commercial and industrial land, new capital assets that require more staff for maintenance and operation, and an enhanced level of service. Main areas of growth are: Transit, Drainage, Waste, Fire, Transportation Systems, as well as directly associated support branches such as Fleet Services.
- The staff component was increased in part to support the delivery of projects made possible through federal and provincial grant programs e.g., AMIP, MSI, NDCC.
- The staff complement of local Alberta governments has grown at a much higher rate than those across Canada. This is consistent with stronger economic growth and the population increase in Alberta following the boom in 2006 and 2007, and the recovery starting in late 2009.
- City of Edmonton employee (FTE) growth rate is comparable to Calgary and consistent with the average for local government in Alberta.

The following are a few examples of this strong link between capital expenditure and future operating expenses:

- Purchase of an additional Fire rescue truck for south Edmonton requires personnel to provide 24/7 staffing.
- Building new recreation centers require staff to operate and support citizen programming when the centers open.
- The opening of the South LRT requires FTEs for both the operation of the LRT, as well as for the additional bus service associated with new stations.

¹ Based on 2008-2010 actual personnel costs

Personnel

The growth of FTEs has not been uniform across the organization and instead reflects the choices made to address the realities of a growing City and the expansion of services to citizens. The allocation of City staff are linked to achieving the city's vision. For example being a transit oriented community requires not only a capital investment but also a substantial investment in staff to provide the service. Over 30% of city FTEs are dedicated to the direct provision of transit service.

A review of new FTEs from 2009 to 2011 indicates that 38.6% of all new FTEs created were linked to capital expenditures or are an impact of capital expenditure. A further 48.2% of the FTEs were directly linked to increases or changes to public services. The remaining 13.2% reflect internal support positions required to meet the growing needs of the corporation and a move toward bringing contracted services in-house.

The 2012 Budget includes 312.9 additional FTEs, of which 133.7 are due to Operating impacts of Capital Projects. This number includes the Service & Budget Review proposed reduction of 39.6 FTEs.

Reducing Senior Managers

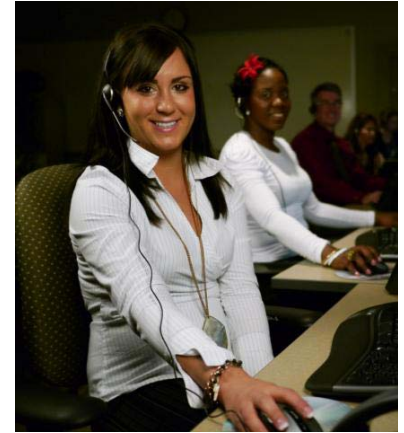
During 2011, the City Manager implemented his plan to review the organizational structure and reduce numbers of senior manager positions. Changes started early in the year, with a reduction from eight departments to six. The result was a smaller Corporate Leadership Team consisting of the City Manager and six General Managers.

A review of Branch Manager positions also resulted in a reduction of four additional positions.

Since 2008, senior management positions have been reduced by 11.6% at a time when City staff increased by 13%. Today, each General Manager is accountable for an average of 1,735 FTEs.

	2008	2009	2010	2011	2012
City Manager and General Managers	9	9	9	7	7
Branch Managers	34	36	35	31	31
Remaining Budgeted FTEs	8,775.7	9,330.8	9,662.9	10,113.8	10,381.8

While the workforce has grown as a whole, the organizational structure supports more efficient, effective management. The changes that have occurred to positions at the senior management level suggest that there has also been a shift towards taking on more responsibility. This distribution of management staff suggests that administration is highly focused on front-line service delivery and that management resources are being allocated to areas with a high impact on citizen services.



Personnel

Personnel Cost Review

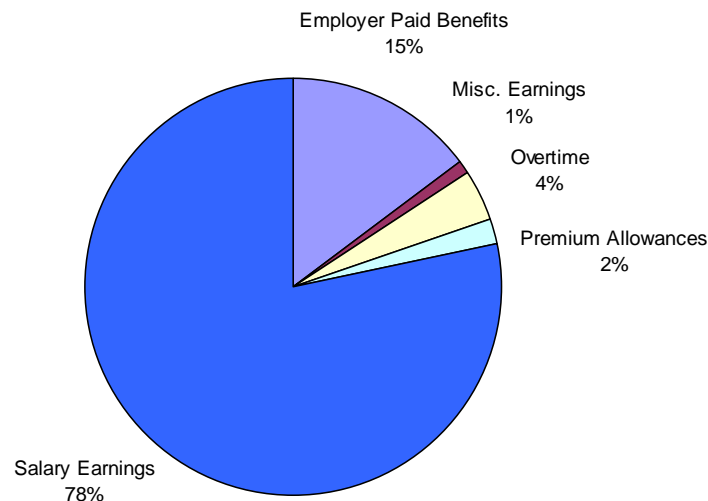
To better understand the reasons personnel costs have increased, a review of 2008 – 2010 actual personnel costs was undertaken. New FTEs accounted for 73% of the increase in personnel costs, while the remaining 27% is largely attributed to the following:

- **Economic Increases** ensure position salary ranges and individual salaries remain competitive on an annual basis, reflecting any changes in market increases. Key considerations are changes in comparable organizations, unemployment rates and changes in the Alberta economy in general. Economic increases enable the City to remain competitive in attracting and retaining employees.
- **In range Increases** are required to move staff who were hired below the market rate towards the market rate and are a critical tool in retaining staff. The addition of new positions in previous years is the primary driver of these costs, reflecting the fact that a number of new staff are hired within a salary range but below the market rate.
- **Pension Plans** - similar to other organizations in the current economic environment, employer pension plan premiums as well as individual employee pension contributions have been increasing annually to fund the shortfall between plan assets and liabilities.

Personnel costs have a number of components:

- Salary Earnings – including regular earnings, vacation pay, statutory holiday pay, and sick leave
- Premium Allowances – including shift differentials and weekend premiums
- Overtime – including overtime paid and value of banked overtime
- Miscellaneous Earnings – including income replacement payouts
- Employer Paid Benefit Premium – including pensions, dental, employment insurance, health care spending account, major medical, WCB assessment

Personnel Cost Breakdown



Personnel

Labour Market Remains Competitive

Compared with Canada, Alberta has a low unemployment rate and the City of Edmonton remains competitive within the labour market to attract and retain a skilled workforce. The City maintains competitive human resource strategies that reflect the growth and complexity of services provided to citizens within the challenging labour market.

A recent review of wages and benefits per employee identified the following:

- Average public sector compensation in Alberta is higher compared to the average for Canada. This is consistent with a stronger economy, higher wages across the region, a public sector labour strategy to stay competitive, and higher cost of living adjustments in recent years.
- City of Edmonton average compensation per employee is comparable to that of City of Calgary employees, provincial employees, and federal employees in Alberta. This mainly reflects the city's labour strategies to stay competitive with other orders of government as well as industry.

ADDENDUM

The information contained in this document reflects City Council's approval of the 2012 Budget as of December 13, 2011. Subsequent to this approval, on April 18, 2012 City Council approved the following adjustments to the 2012 Operating Budget:

(000s)

	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>	<u>Tax Rate %</u>
2012 Approved Tax Supported Operations (3.89% increase for services and 1.50% for Neighbourhood Renewal)	\$ 1,878,444	\$ 1,878,444	\$ -	5.39%
Operating Budget Changes	-	-	-	
Additional Assessment Growth	9,140	-	(9,140)	-0.94%
Collective Agreement Settlements	-	4,750	4,750	0.49%
EPCOR Dividend	(1,151)	-	1,151	0.12%
EPCOR Franchise Fee	(1,270)	-	1,270	0.13%
Sanitary Drainage Franchise Fee	(300)	-	300	0.03%
Land Enterprise Dividend	2,023	-	(2,023)	-0.21%
Cornerstones II	(3,500)	(3,500)	-	0.00%
Seniors Coordinating Council	-	100	100	0.01%
The Quarters Downtown CRL	(142)	-	142	0.01%
	-	-	-	
Police – Violence Reduction Strategy	750	2,550	1,800	0.19%
Total Operating Budget Changes	\$ 5,550	\$ 3,900	\$ (1,650)	-0.17%
 Amount used to reduce the tax rate	 (1,650)		 1,650	
 2015 Amended Tax-supported Operations (3.72% increase for services and 1.5% for Neighbourhood Renewal)	 1,882,344	 1,882,344	 -	 5.22%
 2012 Approved Fleet Services	 173,209	 173,209	 -	 -
Fleet Services	1,393	1,393	-	-
AHS Contract	1,075	1,039	(36)	-
2012 Amended Fleet Services	175,677	175,641	(36)	-
 2012 Approved Land Enterprise	 43,224	 29,457	 (13,767)	 -
Land Enterprise Expenditures	400	2,634	2,234	-
2012 Amended Land Enterprise	43,624	32,091	(11,533)	-
	 Amortization	 Contributed Assets		
2012 Approved Non-cash Budget	326,707	204,200		
Transportation Services Adjustment	(38,550)	(130,000)		
2012 Amended Non-cash Budget	288,157	74,200		

The above adjustments have not been reflected in this document.

Corporate Summary

Approved 2012 Tax-supported Operations

(\$000)	2010 Actual	2011 Budget	Change '11 to '12	2012 Budget	% Change '11 to '12
Revenue					
Taxation Revenue	885,704	952,156	67,669	1,019,825	7.1
User Fees, Fines, Permits, etc.	315,015	342,041	18,832	360,873	5.5
EPCOR Dividends	135,786	138,502	3,670	142,172	2.6
Grants	117,764	116,430	129	116,559	0.1
Franchise Fees	103,267	113,096	9,128	122,224	8.1
Investment Earnings & Dividends for Capital Financing	85,619	68,247	(2,762)	65,485	(4.0)
Transfers from Reserves*	48,683	32,368	(14,618)	17,750	(45.2)
Other Revenues	34,663	30,808	2,748	33,556	8.9
Total Revenue	1,726,501	1,793,648	84,796	1,878,444	4.7
Expenditures					
Boards & Commissions	388,517	408,128	14,957	423,085	3.7
Civic Departments					
Community Services	332,477	353,362	11,029	364,391	3.1
Corporate Services	90,927	88,952	908	89,860	1.0
Financial Services	39,131	39,259	578	39,837	1.5
Infrastructure Services	36,464	41,081	686	41,767	1.7
Mayor & Councillor Offices	4,189	4,684	45	4,729	1.0
Office of the City Auditor	1,965	2,081	15	2,096	0.7
Office of the City Manager	9,274	9,584	(350)	9,234	(3.7)
Sustainable Development	127,227	116,473	14,371	130,844	12.3
Transportation Services	400,967	435,909	21,108	457,017	4.8
Corporate Programs	221,737	232,177	23,216	255,393	10.0
Neighbourhood Renewal	31,655	45,676	14,515	60,191	31.8
One-time Items	-	16,282	(16,282)	-	-
2010 Surplus	41,971	-	-	-	-
Total Net Expenditure & Transfers	1,726,501	1,793,648	84,796	1,878,444	4.7
Total Net Requirement	-	-	-	-	-
FTEs					
Boards & Commissions	2,850.0	2,877.9	44.9	2,922.8	
Civic Departments					
Community Services	2,554.8	2,659.6	52.7	2,712.3	
Corporate Services	975.0	1,000.0	(12.0)	988.0	
Financial Services	476.6	465.1	4.0	469.1	
Infrastructure Services	447.5	468.5	25.0	493.5	
Mayor & Councillor Offices	21.0	45.0	-	45.0	
Office of the City Auditor	15.0	14.0	-	14.0	
Office of the City Manager	78.3	75.8	-	75.8	
Sustainable Development	402.5	431.8	46.5	478.3	
Transportation Services	3,151.9	3,212.1	75.3	3,287.4	
Total FTEs	10,972.6	11,249.8	236.4	11,486.2	

* Transfers from Reserves includes 2011 One-time Items and Land Enterprise & Drainage dividends.

Tax-supported Operations Approved Net Operating Requirement

(\$000)	2010 Actual	2011 Budget	Change '11 to '12	2012 Budget	% Change '11 to '12
Boards & Commissions					
Economic Development Corporation	12,705	13,086	250	13,336	1.9
Police Service	233,587	247,616	7,028	254,644	2.8
Public Library	36,033	37,660	626	38,286	1.7
Other Boards & Commissions	14,828	20,298	4,502	24,800	22.2
Total Boards & Commissions	297,153	318,660	12,406	331,066	3.9
Civic Departments					
Community Services					
Community Facility Services	31,553	32,560	1,001	33,561	3.1
Community Standards	9,302	9,754	159	9,913	1.6
Community Strategies	12,936	12,927	409	13,336	3.2
Fire Rescue Services	151,858	162,536	3,520	166,056	2.2
Neighbourhood & Community Development	24,094	23,195	2,000	25,195	8.6
Parks	38,119	41,037	2,164	43,201	5.3
Corporate Services					
Customer Information Services	12,209	14,666	(360)	14,306	(2.5)
Human Resources	12,805	11,875	(956)	10,919	(8.1)
Information Technology	35,912	36,759	1,792	38,551	4.9
Law	9,551	8,657	(658)	7,999	(7.6)
Materials Management	8,172	8,437	(635)	7,802	(7.5)
Office of the City Clerk	7,932	6,990	1,656	8,646	23.7
Financial Services					
Assessment & Taxation	18,478	19,178	161	19,339	0.8
Client Financial Services	12,831	11,275	236	11,511	2.1
Corporate Accounting & Treasury	6,336	7,361	201	7,562	2.7
Infrastructure Services					
Buildings & Landscape Services	35,911	40,743	678	41,421	1.7
Mayor & Councillor Offices	4,179	4,684	45	4,729	1.0
Office of the City Auditor	1,965	2,081	15	2,096	0.7
Office of the City Manager					
City Manager	1,299	1,128	(59)	1,069	(5.2)
Corporate Communications	6,988	6,912	(320)	6,592	(4.6)
Intergovernmental & External Affairs	972	1,469	29	1,498	2.0
Sustainable Development					
Corporate Properties	14,633	14,447	512	14,959	3.5
Current Planning	-	-	-	-	-
Housing & Economic Sustainability	13,743	7,485	4,451	11,936	59.5
Urban Planning & Environment	23,245	15,501	581	16,082	3.7
Transportation Services					
Edmonton Transit	151,196	164,102	10,204	174,306	6.2
LRT Design & Construction	892	1,063	(404)	659	(38.0)
Roads Design & Construction	1,601	1,592	(182)	1,410	(11.4)
Transportation Operations	109,270	122,200	6,232	128,432	5.1
Transportation Planning	16,427	14,182	210	14,392	1.5
Total Civic Programs	774,409	804,796	32,682	837,478	4.1
Corporate Programs					
Capital Project Financing	124,101	133,949	(1,319)	132,630	(1.0)
Corporate Expenditures	23,473	16,085	27,356	43,441	170.1
Corporate Revenues	(401,641)	(358,182)	(16,499)	(374,681)	4.6
Community Revitalization Levy	-	-	-	-	-
Taxation	4,212	3,700	1,700	5,400	45.9
Traffic Safety	(9,629)	(12,700)	(3,000)	(15,700)	23.6
Total Corporate Programs	(259,484)	(217,148)	8,238	(208,910)	(3.8)
Neighbourhood Renewal	31,655	45,676	14,515	60,191	31.8
Total Taxation Revenue	(885,704)	(952,156)	(67,669)	(1,019,825)	7.1 *
One-time Items	-	172	(172)	-	(100.0)
2010 Surplus	41,971	-	-	-	-
Total Net Operating Requirement	-	-	-	-	-

Net Operating Requirement amounts are the difference between amounts on Expenditure & Revenue Tables that follow.

* Change includes the tax rate increase, plus estimated real growth in the assessment base.

Tax-supported Operations Approved Expenditure Summary

(\$000)	2010 Actual	2011 Budget	Change '11 to '12	2012 Budget	% Change '11 to '12
Boards & Commissions					
Economic Development Corporation	35,181	33,602	2,224	35,826	6.6
Police Service	292,306	308,690	7,217	315,907	2.3
Public Library	43,736	44,303	965	45,268	2.2
Other Boards & Commissions	17,294	21,533	4,551	26,084	21.1
Total Boards & Commissions	388,517	408,128	14,957	423,085	3.7
Civic Departments					
Community Services					
Community Facility Services	68,744	79,326	2,891	82,217	3.6
Community Standards	12,039	13,074	247	13,321	1.9
Community Strategies	15,453	13,582	253	13,835	1.9
Fire Rescue Services	154,482	164,675	3,177	167,852	1.9
Neighbourhood & Community Development	42,022	40,678	2,146	42,824	5.3
Parks	39,737	42,027	2,315	44,342	5.5
Corporate Services					
Customer Information Services	12,209	14,666	(360)	14,306	(2.5)
Human Resources	12,826	11,875	(956)	10,919	(8.1)
Information Technology	37,359	37,008	1,798	38,806	4.9
Law	9,555	8,657	(658)	7,999	(7.6)
Materials Management	8,712	8,695	(600)	8,095	(6.9)
Office of the City Clerk	10,266	8,051	1,684	9,735	20.9
Financial Services					
Assessment & Taxation	18,520	19,178	161	19,339	0.8
Client Financial Services	12,914	11,374	190	11,564	1.7
Corporate Accounting & Treasury	7,697	8,707	227	8,934	2.6
Infrastructure Services					
Buildings & Landscape Services	36,464	41,081	686	41,767	1.7
Mayor & Councillor Offices	4,189	4,684	45	4,729	1.0
Office of the City Auditor	1,965	2,081	15	2,096	0.7
Office of the City Manager					
City Manager	1,299	1,128	(59)	1,069	(5.2)
Corporate Communications	7,003	6,987	(320)	6,667	(4.6)
Intergovernmental & External Affairs	972	1,469	29	1,498	2.0
Sustainable Development					
Corporate Properties	27,824	27,720	626	28,346	2.3
Current Planning	28,039	29,337	9,043	38,380	30.8
Housing & Economic Sustainability	47,534	42,614	4,113	46,727	9.7
Urban Planning & Environment	23,830	16,802	589	17,391	3.5
Transportation Services					
Edmonton Transit	255,452	281,158	14,026	295,184	5.0
LRT Design & Construction	1,132	1,284	(595)	689	(46.3)
Roads Design & Construction	1,601	1,592	(182)	1,410	(11.4)
Transportation Operations	125,422	137,265	7,373	144,638	5.4
Transportation Planning	17,360	14,610	486	15,096	3.3
Total Civic Programs	1,042,621	1,091,385	48,390	1,139,775	4.4
Corporate Programs					
Capital Project Financing	176,876	186,559	(1,050)	185,509	(0.6)
Corporate Expenditures	24,963	17,616	26,863	44,479	152.5
Corporate Revenues	505	385	-	385	-
Community Revitalization Levy	-	-	620	620	-
Taxation	6,979	6,500	1,200	7,700	18.5
Traffic Safety	12,414	21,117	(4,417)	16,700	(20.9)
Total Corporate Programs	221,737	232,177	23,216	255,393	10.0
Neighbourhood Renewal	31,655	45,676	14,515	60,191	31.8
One-time Items	-	16,282	(16,282)	-	(100.0)
Total Net Expenditure before Surplus	1,684,530	1,793,648	84,796	1,878,444	4.7
2010 Surplus	41,971	-	-	-	-
Total Net Expenditure & Transfers	1,726,501	1,793,648	84,796	1,878,444	4.7

Tax-supported Operations Approved Revenue Summary

(\$'000)	2010 Actual	2011 Budget	Change '11 to '12	2012 Budget	% Change '11 to '12
Boards & Commissions					
Economic Development Corporation	22,476	20,516	1,974	22,490	9.6
Police Service	58,719	61,074	189	61,263	0.3
Public Library	7,703	6,643	339	6,982	5.1
Other Boards & Commissions	2,466	1,235	49	1,284	4.0
Total Boards & Commissions	91,364	89,468	2,551	92,019	2.9
Civic Departments					
Community Services					
Community Facility Services	37,191	46,766	1,890	48,656	4.0
Community Standards	2,737	3,320	88	3,408	2.7
Community Strategies	2,517	655	(156)	499	(23.8)
Fire Rescue Services	2,624	2,139	(343)	1,796	(16.0)
Neighbourhood & Community Development	17,928	17,483	146	17,629	0.8
Parks	1,618	990	151	1,141	15.3
Corporate Services					
Human Resources	21	-	-	-	-
Information Technology	1,447	249	6	255	2.4
Law	4	-	-	-	-
Materials Management	540	258	35	293	13.6
Office of the City Clerk	2,334	1,061	28	1,089	2.6
Financial Services					
Assessment & Taxation	42	-	-	-	-
Client Financial Services	83	99	(46)	53	(46.5)
Corporate Accounting & Treasury	1,361	1,346	26	1,372	1.9
Infrastructure Services					
Buildings & Landscape Services	553	338	8	346	2.4
Mayor & Councillor Offices	10	-	-	-	-
Office of the City Manager					
Corporate Communications	15	75	-	75	-
Sustainable Development					
Corporate Properties	13,191	13,273	114	13,387	0.9
Current Planning	28,039	29,337	9,043	38,380	30.8
Housing & Economic Sustainability	33,791	35,129	(338)	34,791	(1.0)
Urban Planning & Environment	585	1,301	8	1,309	0.6
Transportation Services					
Edmonton Transit	104,256	117,056	3,822	120,878	3.3
LRT Design & Construction	240	221	(191)	30	(86.4)
Transportation Operations	16,152	15,065	1,141	16,206	7.6
Transportation Planning	933	428	276	704	64.5
Total Civic Programs	268,212	286,589	15,708	302,297	5.5
Corporate Programs					
Capital Project Financing (SLRT Grant revenue)	52,775	52,610	269	52,879	0.5
Corporate Expenditures	1,490	1,531	(493)	1,038	(32.2)
Corporate Revenues	402,146	358,567	16,499	375,066	4.6
Community Revitalization Levy	-	-	620	620	-
Taxation	2,767	2,800	(500)	2,300	(17.9)
Traffic Safety	22,043	33,817	(1,417)	32,400	(4.2)
Total Corporate Programs	481,221	449,325	14,978	464,303	3.3
Total Taxation Revenue	885,704	952,156	67,669	1,019,825	7.1 *
One-time Items	-	16,110	(16,110)	-	(100.0)
Total Revenue & Transfers	1,726,501	1,793,648	84,796	1,878,444	4.7
Total Taxation Revenue					
Property Tax	825,291	923,680	63,406	987,086	
Business Tax	33,088	-	-	-	
Payment-in-lieu of Taxes	27,325	28,476	4,263	32,739	
Total Taxation Revenue	885,704	952,156	67,669	1,019,825	

* Change includes the tax rate increase, plus estimated real growth in the assessment base.

(Table Includes, tax revenue, user fees, fines, permits, grants & corporate revenue, e.g., EdTel Endowment, utility dividends)

Approved Municipal Enterprises

\$000	2010 Actual	2011 Budget	Change '11 to '12	2012 Budget	% Change '11 to '12
Drainage Design and Construction					
Revenues & Transfers	122,153	147,049	(36,390)	110,659	(24.7)
Less: Expenditures & Transfers	121,181	143,137	(33,767)	109,370	(23.6)
Net Income	972	3,912	(2,623)	1,289	(67.1)
Fleet Services					
Revenues & Recoveries	141,676	151,639	22,963	174,602	15.1
Less: Expenditure & Transfers	144,858	151,742	22,860	174,602	15.1
Net Income	(3,182)	(103)	103	-	(100.0)
Land Enterprise					
Revenues & Transfers	20,205	32,239	10,985	43,224	34.1
Less: Expenditure & Transfers	13,782	23,250	6,207	29,457	26.7
Net Income	6,423	8,989	4,778	13,767	53.2

Approved Utility Operations

\$000	2010 Actual	2011 Budget	Change '11 to '12	2012 Budget	% Change '11 to '12
Drainage Services - Sanitary Utility					
Revenues & Transfers	68,331	75,704	18,064	93,768	23.9
Less: Expenditures & Transfers	63,405	68,569	8,529	77,098	12.4
Net Income	4,926	7,135	9,535	16,670	133.6
Drainage Services - Stormwater Utility					
Revenues & Transfers	26,915	29,236	7,391	36,627	25.3
Less: Expenditures & Transfers	17,674	21,429	2,597	24,026	12.1
Net Income	9,241	7,807	4,794	12,601	61.4
Waste Management Utility					
Revenues & Transfers	126,234	144,033	(1,044)	142,989	(0.7)
Less: Expenditures & Transfers	126,234	144,033	(1,044)	142,989	(0.7)
Net Income	-	-	-	-	-

Full-time Equivalents

	2010 Actual	2011 Budget	Service & Budget Review	Other 2012 Changes	2012 Service Needs	2012 Budget
Boards & Commissions						
Economic Development Corporation	302.0	272.0	-	-	-	272.0
Police Service	2,117.5	2,165.5	-	15.0	27.0	2,207.5
Public Library	425.5	432.4	-	1.5	-	433.9
Other Boards & Commissions	5.0	8.0	-	1.4	-	9.4
Total Boards & Commissions	2,850.0	2,877.9	-	17.9	27.0	2,922.8
Civic Departments						
Community Services						
Community Facility Services	640.3	669.1	-	-	32.7	701.8
Community Standards	97.5	99.8	-	-	1.7	101.5
Community Strategies	94.0	91.0	(4.0)	-	-	87.0
Fire Rescue Services	1,061.5	1,115.5	-	-	-	1,115.5
Neighbourhood & Community Development	228.9	223.9	(2.0)	2.9	5.0	229.8
Parks	432.6	460.3	(1.6)	-	18.0	476.7
Corporate Services						
Customer Information Services	202.1	202.1	(13.3)	12.3	-	201.1
Human Resources	165.5	166.5	(3.0)	-	-	163.5
Information Technology	304.0	342.0	(9.0)	-	1.0	334.0
Law	92.3	74.3	-	-	-	74.3
Materials Management	146.0	149.0	(3.0)	-	-	146.0
Office of the City Clerk	65.1	66.1	(2.0)	-	5.0	69.1
Financial Services						
Assessment & Taxation	194.7	186.2	1.0	-	-	187.2
Client Financial Services	168.9	169.9	-	1.0	1.0	171.9
Corporate Accounting & Treasury	113.0	109.0	-	-	1.0	110.0
Infrastructure Services						
Buildings & Landscape Services	447.5	468.5	-	-	25.0	493.5
Mayor and Councillor Offices	21.0	45.0	-	-	-	45.0
Office of the City Auditor	15.0	14.0	-	-	-	14.0
Office of the City Manager						
City Manager	7.0	6.0	-	-	-	6.0
Corporate Communications	64.3	61.8	-	-	-	61.8
Intergovernmental & External Affairs	7.0	8.0	-	-	-	8.0
Sustainable Development						
Corporate Properties	79.5	79.5	-	0.5	1.0	81.0
Current Planning	196.3	215.3	15.0	15.0	6.0	251.3
Housing & Economic Sustainability	45.0	45.0	-	-	6.0	51.0
Urban Planning & Environment	92.0	92.0	-	-	3.0	95.0
Transportation Services						
Edmonton Transit	2,205.0	2,225.0	-	18.7	18.4	2,262.1
LRT Design & Construction	19.0	18.0	-	(2.0)	-	16.0
Roads Design & Construction	79.0	105.0	-	-	-	105.0
Transportation Operations	740.9	751.1	(8.2)	5.7	42.0	790.6
Transportation Planning	108.0	113.0	(1.0)	0.7	1.0	113.7
Total Civic Programs	8,132.9	8,371.9	(31.1)	54.8	167.8	8,563.4
Total Tax-supported Operations	10,982.9	11,249.8	(31.1)	72.7	194.8	11,486.2
Municipal Enterprises						
Drainage Design and Construction	339.0	360.0	-	5.0	-	365.0
Fleet Services	641.0	672.0	(2.0)	2.0	35.0	707.0
Land Enterprise	21.0	21.0	-	-	-	21.0
Total Municipal Enterprises	1,001.0	1,053.0	(2.0)	7.0	35.0	1,093.0
Utility Operations						
Drainage Services - Sanitary Utility	202.6	205.7	-	-	10.0	215.7
Drainage Services - Stormwater Utility	94.8	96.7	-	-	4.0	100.7
Waste Management Utility	413.7	424.5	-	-	22.5	447.0
Total Utility Operations	711.1	726.9	-	-	36.5	763.4
Total Full-time Equivalents	12,695.0	13,029.7	(33.1)	79.7	266.3	13,342.6

Tax-supported Approved Revenue Changes

(\$000)	2011 Budget	Rate Change	Volume Change	2012 Budget
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Transportation Services Edmonton Transit, LRT Design & Construction, Transportation Operations and Transportation Planning	\$129,671	\$4,755 3.7%	\$292 0.2%	\$134,718
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Rate

Transit fare increases will produce a \$2.5 million revenue increase. The Transit service to the Airport pilot project will increase revenue by \$0.8 million. Transit advertising revenue, the DATS rate increase plus an adjustment to regional service will increase revenue by \$0.4 million. A new right-of-way management license fee will increase revenue by \$1.0 million in Transportation Operations. There is an increase in fees payable for Servicing Agreements that increases revenue by \$0.1 million.

Volume

Growth in Transit ridership from annualization of 2011 service will contribute an increase of \$0.3 million. Parking meter revenue will increase by \$0.5 million contingent upon capital investment in new parking meter technology, asset purchases and expanding the existing parking meter service in identified locations. There is an increase to inspection fees of \$0.2 million in order to align the budget with historical actuals. There is a decrease of \$0.4 million in asphalt milling sales to get the budget in line with historical actuals. As the NLRT expands, \$0.2 million in revenues will no longer be collected from temporary rental properties. There are various other minor changes that will result in a reduction of \$0.1 million.

Tax-supported Approved Revenue Changes

(\$000)	2011 Budget	Rate Change	Volume Change	2012 Budget
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Community Services	54,477	1,731	162	56,370
Community Facility Services, Community Standards, Community Strategies, Fire Rescue Services, Neighbourhood & Community Development and Parks		3.2%	0.3%	

Rate

Revenue from Community Facility Services is expected to increase by \$1.6 million, distributed equally by across the board fee increases (CPI) and by subsidy reductions to selected programs and admissions. There is a planned increase to Animal Care fees which will increase revenue by \$0.1 million.

Volume

The operating impact of completed capital projects, such as, Commonwealth Community Recreation Centre, and the Pinniped & Entry/ Wander Development at the Valley Zoo, will increase revenue by \$1.5 million. Revenue from picnic sites and sports field rentals is expected to increase by \$0.1 million. There is an increase of \$0.1 million to the Community Recreation Program 124th Street Partnership in order to align the budget with historical actuals. These increases are offset by a number of reductions. There is a reduction of \$1.1 million in revenues offset by a \$1.1 million reduction to expenditures due to the transfer of Hotel Selkirk to the Fort Edmonton Management Company. Business Licensing Inspection revenue is expected to decrease Fire Rescue revenue by \$0.4 million due to the current economic climate.

Tax-supported Approved Revenue Changes

(\$000)	2011 Budget	Rate Change	Volume Change	2012 Budget
Sustainable Development Corporate Properties, Current Planning, Housing & Economic Sustainability, and Urban Planning & Environment	43,095	1,221 2.8%	7,944 18.4%	52,260
<u>Rate</u> An overall 4% rate increase in Current Planning fees will increase revenue by \$1.2 million.				
<u>Volume</u> Increased development activity in Current Planning will produce an additional \$7.2 million. Business Licensing revenue is expected to increase by \$0.6 million. There is an increase of \$0.1 million to parking and rental revenue due to the acquisition of two commercial properties in 2011.				
Police Service	37,880	--	(109) (0.3%)	37,771
<u>Volume</u> Secondment revenue is expected to decrease by \$1.3 million. Tow Lot revenue is expected to decrease by \$0.3 million, as a result of anticipated lower volumes. Both revenue reductions are directly offset by related expenditure reductions. Other revenue, including traffic safety act, special event policing, police information checks, recoveries for school resource officers and the sale of abandoned property, is expected to increase by \$1.5 million.				
Traffic Safety	33,817	--	(1,417) (4.2%)	32,400
<u>Volume</u> Photo Enforcement revenue is expected to decrease by \$1.4 million from a reduction to the volume of tickets issued.				
Economic Development Corporation	20,516	--	1,974 9.6%	22,490
<u>Volume</u> A cyclical increase to business volume at Shaw Conference Centre will generate \$1.0 million of additional revenue. Aligning the Destination Marketing Fund budget to historical actuals will cause revenue and expenditures to increase by \$1.2 million respectively, with no impact on the net requirement. There is a reduction of \$0.1 million to reflect reduced occupancy of the Edmonton Research Park. A reduction in the number of externally funded Economic Development activities reduces revenue by \$0.1 million.				

Tax-supported Approved Revenue Changes

(\$000)	2011 Budget	Rate Change	Volume Change	2012 Budget
Other (Includes: Buildings & Landscape Services, Corporate Services; Financial Services; Office of the City Manager; Combative Sports Commission; Public Library; Vehicle for Hire; Traffic Tags; Business Licencing) <u>Rate</u> A new library materials recovery service fee will increase the Public Library fine revenue by \$0.1 million. <u>Volume</u> Traffic Tag revenue is expected to increase by \$1.1 million. Increased enforcement is expected to increase business licencing revenue by \$0.9 million. Public Library book sale revenues increase by \$0.1 million from the disposal of library collections. This item was not historically included in the Budget. There are various other minor changes that will result in an increase of \$0.1 million.	22,585	116 0.5%	2,163 9.6%	24,864
Total User Fees, Fines, Permits, etc.	\$342,041	\$7,823 2.3%	\$11,009 3.2%	\$360,873

Highlights of Approved 2012 User Fees

	2011 Fee	\$ Increase	% Increase	Proposed 2012 Fee
Arenas				
Winter Ice (Good Time) - Adults	\$249.00	\$5.00	2%	\$254.00
Winter Ice (Good Time) - Minor	\$124.50	\$2.50	2%	\$127.00
Sports Fields				
Standard Fields - Adult (per hour)	\$4.50	\$0.15	3%	\$4.65
Standard Fields - Minor (per hour)	\$0.00	no change	no change	\$0.00
Muttart Conservatory				
Single Admission - Adult	\$11.50	\$0.25	2%	\$11.75
Single Admission - Child	\$5.75	\$0.15	3%	\$5.90
Valley Zoo				
Single Admission - Adult (summer)	\$11.50	\$0.25	2%	\$11.75
Single Admission - Child (summer)	\$5.75	\$0.15	3%	\$5.90
Golf Courses (Riverside/Victoria)				
Green Fees - 18 Holes - Weekend	\$53.00	\$1.00	2%	\$54.00
Aquatic & Fitness (Community Pools & Leisure Facilities)				
Single Admission - Adult	\$6.00	\$0.10	2%	\$6.10
Single Admission - Child	\$3.00	\$0.10	3%	\$3.10
Public Library				
Children Under 18	free	no change	no change	free
First Adult Per Household	\$12.00	no change	no change	\$12.00
Other Adults Per Household	\$8.00	no change	no change	\$8.00
Household Maximum	4 adults	no change	no change	4 adults
Parking Fees				
Library & Canada Place Parkades				
Half Hour Rate (Monday to Friday)	\$2.50	no change	no change	\$2.50
Day Maximum Rate (24 hrs from midnight to midnight)	\$28.00	no change	no change	\$28.00
First Three Hours (Weekends)	\$1.00	no change	no change	\$1.00
Monthly Parking	\$295.00	no change	no change	\$295.00
City Hall Parkade Meter Rate				
6:00 a.m. to 6:00 p.m. (Monday to Friday) per half hour	\$2.00	no change	no change	\$2.00
6:00 p.m. to 12:00 Midnight (evenings) per hour	\$1.00	no change	no change	\$1.00
12:00 Midnight to 6:00 a.m. (Monday to Friday) per hour	\$0.50	no change	no change	\$0.50

Highlights of Approved 2012 User Fees

	2011 Fee	\$ Increase	% Increase	Proposed 2012 Fee
Planning and Development				
Residential Building Permit (new single detached house - 1,500 sq. ft.)	\$1,411.00	\$56.00	4%	\$1,467.00
Residential Building Permit (new single detached house - 4,000 sq. ft.)	\$2,938.00	\$118.00	4%	\$3,056.00
Building permits per \$1,000 of construction value (Commercial and Multi-family Residential)	\$9.42	\$0.38	4%	\$9.80
Accessory Buildings	\$114.00	\$0.00	0%	\$114.00
Amateur Radio Antennae	\$150.00	\$6.00	4%	\$156.00
Cell Towers - Free standing	\$2,240.00	\$760.00	34%	\$3,000.00
Garage Suites, Secondary Suites	\$260.00	\$10.00	4%	\$270.00
Single Detached Housing outside of the house combo permit application - Duplex, Semi-detached, Group Homes	\$400.00	\$16.00	4%	\$416.00
Overheight Fences, Recreational Vehicles Parking, and support structures	\$143.00	\$6.00	4%	\$149.00
Additions to Single Detached Housing - no increase in floor space	\$260.00	\$10.00	4%	\$270.00
Additions to Single Detached Housing - increase in floor space	\$400.00	\$0.00	0%	\$400.00
Commercial - Exterior alterations or renovations to existing buildings	\$284.00	\$26.00	9%	\$310.00
Freestanding, Projecting or Roof Signs	\$178.00	\$44.00	25%	\$222.00
Permitted Use Development Permit	\$214.00	\$21.00	10%	\$235.00
Leave as Built - Single Detached, Semi-detached, Duplex	\$284.00	(\$134.00)	-47%	\$150.00
Zoning Compliance Certificate (Residential Express Service)	\$212.00	\$8.00	4%	\$220.00
Zoning Compliance Certificate (Residential)	\$106.00	\$4.00	4%	\$110.00
Business License - General	\$198.00	\$10.00	5%	\$208.00
Subdivision Application Fees (per lot - single detached or semi-detached dwelling)	\$230.00	\$9.00	4%	\$239.00
Subdivision Endorsement Fees (per lot - single or semi-detached dwelling)	\$554.00	\$22.00	4%	\$576.00
Advertising Fees	\$1,143.00	\$46.00	4%	\$1,189.00

Highlights of Approved 2012 User Fees

	2011 Fee	\$ Increase	% Increase	Proposed 2012 Fee
Fire Inspection Fees				
Inspection of Flammable/Combustible Fuel Tanks each hour	\$74.00	\$2.00	3%	\$76.00
Plan Examination and Letter of Compliance	\$185.00	\$5.00	3%	\$190.00
File Search/Summary Report of Fire Inspection History	\$119.00	\$3.00	3%	\$122.00
Occupancy Load Approval	\$120.00	\$3.00	3%	\$123.00
Occupancy Load Certificate Replacement	\$61.00	\$2.00	3%	\$63.00
Occupant Load Calculation	\$120.00	\$3.00	3%	\$123.00
Special Event Food Outlet Inspection (does not apply to registered not for profit festivals or events)	\$120.00	\$3.00	3%	\$123.00
New Business License Approval				
Low and Moderate Risk	\$60.00	no change	no change	\$60.00
High and Maximum Risk	\$180.00	no change	no change	\$180.00
Second Re-Inspection of Quality Management Plan occupancy or building	\$120.00	\$3.00	3%	\$123.00
Requested Inspection	\$120.00	\$3.00	3%	\$123.00
Fire Permits				
Dangerous Goods Permits	\$74.00	\$2.00	3%	\$76.00
Fireworks and Pyrotechnic Device Permits	\$74.00	\$2.00	3%	\$76.00
Fireworks and Pyrotechnic Device Permits - High Hazard	\$148.00	\$4.00	3%	\$152.00
Fire Rescue Fees				
Dangerous Goods Incident - One Single Pumper Apparatus	\$243.00	\$7.00	3%	\$250.00
Fire Rescue Response to False Alarm 1st Response	\$0.00	no change	no change	\$0.00
Fire Rescue Response to False Alarm 2nd Response	\$74.00	\$2.00	3%	\$76.00
Fire Rescue Response to False Alarm 3rd Response	\$370.00	\$10.00	3%	\$380.00
Fire Rescue Response to False Alarm 4th Response or more	\$738.00	\$20.00	3%	\$758.00
Security Alarms routed to Fire Rescue Services	\$738.00	\$20.00	3%	\$758.00
Transit / DATS				
Cash Fare	\$2.85	\$0.15	5%	\$3.00
Tickets (ten)				
Adult	\$22.80	\$0.00	0%	\$22.80
Youth/Senior	\$19.95	\$0.00	0%	\$19.95
Monthly Passes				
Adult	\$84.65	\$0.00	0%	\$84.65
AISH	\$33.00	\$1.00	3%	\$34.00
DATS	\$84.65	\$0.00	0%	\$84.65
Senior	\$13.00	\$0.50	4%	\$13.50
Student Passes				
Post Secondary	\$76.95	\$0.00	0%	\$76.95
Youth/Student Monthly	\$65.55	\$0.00	0%	\$65.55
U-Pass - Winter Semester	\$92.40	\$12.60	14%	\$105.00
U-Pass - Summer Semester	\$92.40	\$12.60	14%	\$105.00
U-Pass - Fall Semester	\$105.00	\$12.60	12%	\$117.60
Senior Annual Passes				
Regular	\$118.00	\$3.50	3%	\$121.50
Low Income	\$51.00	\$1.50	3%	\$52.50
Day Pass	\$8.55	\$0.00	0%	\$8.55
Charter Rates	\$111.00	\$7.00	6%	\$118.00

Tax-supported Operations Approved Other Boards & Commissions

(\$000)	2010 Actual	2011 Budget	Change '11 to '12	2012 Budget	% Change '11 to '12
Revenue					
Combative Sports Commission	713	469	11	480	2.3
Homeless Commission	123	-	-	-	-
REACH Edmonton	875	-	-	-	-
Vehicle for Hire	755	766	38	804	5.0
Total Revenue & Transfers	2,466	1,235	49	1,284	4.0
Expenditure					
Arts Council	6,187	8,324	1,721	10,045	20.7
Combative Sports Commission	682	469	161	630	34.3
Federation of Community Leagues	2,333	4,510	1,544	6,054	34.2
Greater Edmonton Foundation	3,500	3,500	-	3,500	-
Homeless Commission	123	578	11	589	1.9
REACH Edmonton	1,925	1,561	1,031	2,592	66.0
Space & Science Foundation	1,789	1,825	45	1,870	2.5
Vehicle for Hire	755	766	38	804	5.0
Total Net Expenditure & Transfers	17,294	21,533	4,551	26,084	21.1
Net Operating Requirement					
Arts Council	6,187	8,324	1,721	10,045	20.7
Combative Sports Commission	(31)	-	150	150	-
Federation of Community Leagues	2,333	4,510	1,544	6,054	34.2
Greater Edmonton Foundation	3,500	3,500	-	3,500	-
Homeless Commission	-	578	11	589	1.9
REACH Edmonton	1,050	1,561	1,031	2,592	66.0
Space & Science Foundation	1,789	1,825	45	1,870	2.5
Vehicle for Hire	-	-	-	-	-
Total Net Operating Requirement	14,828	20,298	4,502	24,800	22.2

	2010 Actual	2011 Budget	Other 2012 Changes	2012 Service Needs	2012 Budget
Full-time Equivalents					
Combative Sports Commission	-	1.0	-	1.4	2.4
Homeless Commission	-	2.0	-	-	2.0
Vehicle for Hire	5.0	5.0	-	-	5.0
Total Full-time Equivalents	5.0	8.0	-	1.4	9.4

One-time Items Approved in the 2012 Budget

(\$000)	Expend	Revenue/ Reserve	Tax Levy
Combative Sports Commission			
Implement new governance & operation legislation	150	-	150
Community Services			
Community Strategies			
Metropolis Winter Festival	50	-	50
River City Roundup	100	-	100
Fire Rescue			
Traffic Light Pre-emption System	585	-	585
Neighbourhood & Community Development			
Family & Community Support Services, Partner & Capital grant funding	1,000	-	1,000
Paraplegic Association	30	-	30
Corporate Programs			
Corporate Revenues			
Financial Stabilization Reserve	-	3,580	(3,580)
Office of the City Manager			
Corporate Communications			
Centre for Public Involvement	150	-	150
Sustainable Development			
Housing & Economic Sustainability			
Cornerstones	3,500	-	3,500
Urban Planning & Environment			
New Neighbourhood Design Guidelines	300	-	300
Transportation Services			
Edmonton Transit			
Leap Year costs	657	55	602
Transportation Planning			
Complete Streets Guidelines	300	-	300
Total One-time Items			
	6,822	3,635	3,187

Amortization and Contributed Assets

(\$000)	Amortization			Contributed Assets	
	2010 Actual	2011 Budget	2012 Budget	2011 Budget	2012 Budget
Boards & Commissions					
Police Service	8,284	10,360	9,696	-	-
Public Library	9,720	11,285	9,542	-	-
Civic Departments					
Community Services					
Community Facility Services	-	2,722	2,029	-	-
Community Strategies	-	53	31	-	-
Fire Rescue Services	1,282	1,176	996	-	-
Neighbourhood & Community Development	-	261	154	-	-
Parks	12,274	13,416	12,684	4,200	4,200
Corporate Services					
Customer Information Services	190	144	153	-	-
Human Resources	41	34	34	-	-
Information Technology	21,633	20,726	21,277	-	-
Law	9	7	7	-	-
Materials Management	72	58	58	-	-
Financial Services					
Assessment & Taxation	101	85	85	-	-
Client Financial Services	234	189	189	-	-
Infrastructures Services					
Buildings & Landscape Services	18,844	26,109	41,283	-	-
Mayor and Councillor Offices	7	6	6	-	-
Office of the City Auditor	9	8	8	-	-
Office of the City Manager					
City Manager	13	10	10	-	-
Sustainable Development					
Housing & Economic Sustainability	669	669	669	-	-
Urban Planning and Environment	154	124	124	-	-
Transportation Services					
Edmonton Transit	41,268	50,120	50,545	-	-
Transportation Operations	130,386	221,419	177,127	115,806	200,000
Total	245,190	358,981	326,707	120,006	204,200

Notes:

The 2012 non-cash budget for amortization and contributed assets is summarized in the table above.

The amortization and contributed assets budget is a non-cash budget and is administrative in nature. This budget is necessary to comply with legislative requirements and does not impact tax-levy requirements.

Edmonton Up Close

Canada's sixth largest census metropolitan area with over 1 million people, Edmonton is a magnetic capital offering an ideal balance of lifestyle and opportunity.

Working

There are few better places to build a career or launch a business than at the centre of energy-rich Alberta. Having weathered the recession, Edmonton is now well into a solid, sustainable recovery. Advantaged with an excellent school system and home to 10 post-secondary institutions – including internationally recognized research facilities at the University of Alberta and the nation's largest trainer of skilled trades at NAIT – Edmonton offers a broad, diverse talent pool. Creative, entrepreneurial and well educated, the regional workforce spurs advances in such fields as technology, health care and finance.



Living

One of Canada's highest per capita income levels, low taxes, moderate inflation and short commutes make enjoying life more affordable here. The North Saskatchewan River Valley system comprises the largest urban park in North America, excellent for biking, hiking, downhill and cross-country skiing, skating, soccer, paddling and exploring Edmonton's cherished natural environment. The city's boutique shops, local markets, a vast culinary array of restaurants and diverse family attractions enrich the community experience. Edmontonian's strong commitment to volunteering has made it possible to attract events on a global scale and cultivated an enviable list of year-round festivals.

Services

Edmonton's civic leadership provides residents with high value for tax dollars, and enables programs that become the model for communities around the world. From leading-edge environmental management – ISO 14001 certification, city-wide recycling and composting programs, a Waste Management Centre of Excellence – to a growing public transportation system and essential safety services, the City is responsive to citizen demands, promoting a green, safe and friendly atmosphere.

Scene

Over 35 annual festivals, more than 60 art galleries, dozens of performing arts companies and a regular slate of international events nurture a lively local scene. Along with the newly redesigned Art Gallery of Alberta (re-opened January 2010), the acoustically magnificent Winspear Centre and renowned Citadel Theatre anchor a thriving downtown cultural district. Over 50 distinct cultures contribute to a rich multicultural tapestry that adds beauty and character to the community.



Economic Climate

Like the rest of the world, Edmonton has been challenged to make the necessary adjustments to remain prosperous and competitive in the current economic environment. The on going European sovereign debt crisis and issues and the US fiscal situation have acted to dampen global prospects for growth. Consequently while Edmonton's business fundamentals remain strong there is risk that external factors could negatively impact the outlook.

The Conference Board of Canada sees Edmonton's growth ranking among major Canadian urban centres rising from last place in 2009 to 2nd place by 2011. Edmonton's census recorded confidence in our city. Census results as of April 1, 2009 showed the city continued to be a choice destination for newcomers, with Edmonton's population increasing by 30,000 between April 1, 2008 and the same time the following year. Many were 25 to 34 year olds, drawn to the opportunities of Edmonton's diverse economy and quality of life. In 2009, per capita personal income was 20 per cent higher than the Canadian average. The Real Estate Investment Network affirmed Edmonton's potential, proclaiming it the "best place to invest in real estate" in North America.

After a nearly decade-long boom that strained local labour capacity and inflated costs, the recent recession allowed the regional economy to refuel, refocus and get a grip on price escalation. With the region's GDP predicted to grow at a very healthy and moderate rate of 3.8 per cent in 2011, development will proceed at a sustainable pace as major investment projects are stretched over a longer time horizon.

The regional economy remains a driving force

internationally, with over \$20 billion being invested in major projects planned, underway or scheduled for completion in greater Edmonton. With oil prices stabilized in the \$80 per barrel range, the energy sector is now moving ahead at a measured pace. Strengths in other key sectors including financial services, health care, technology and education will help maintain economic



growth at levels above the national average in the coming years. This robust employment picture will boost demand for residential, commercial and industrial real estate helping to grow to the City's assessment base.

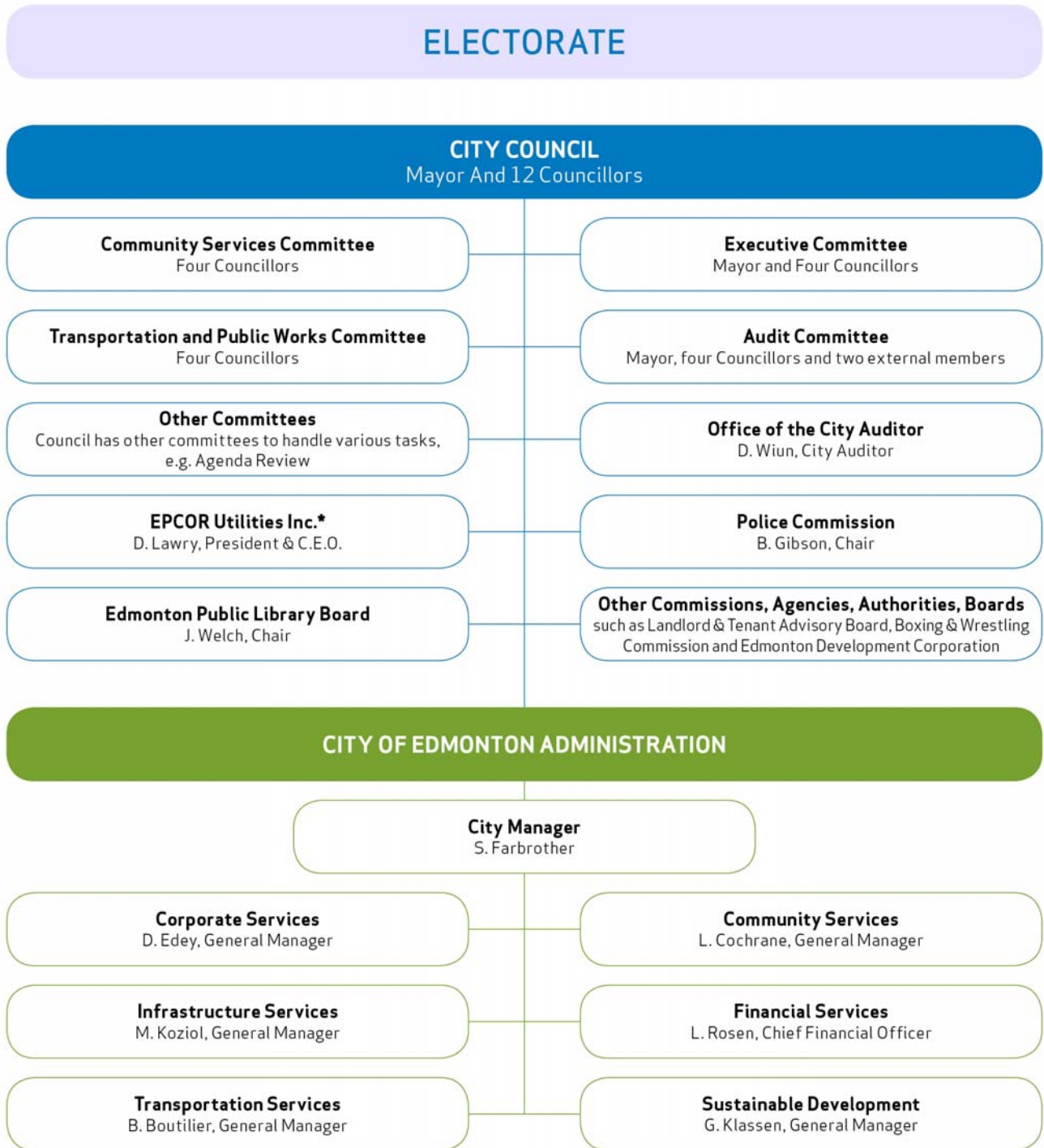
With responsible fiscal policy, innovative management and a business-friendly ethic, the City of Edmonton remains on firm footing with an AA (high) credit rating. This is higher than any other similar-sized city in Canada and matched only by Calgary. Wise investments in major infrastructure projects such as LRT extension, bridge re-development and multi-purpose recreation centres are enhancing the region's already high standard of living.

In an increasingly competitive, interconnected and often volatile global market, sound fiscal and regulatory practices have shown Canada to be a model to the world. This robust national frame work has served Edmonton's entrepreneurs and established businesses well. Further, as part of a wealthy western province with abundant resources and low taxes, Edmonton is embedded in the geographic core of Canada's economic future. Combine these advantages with an increasingly diverse, knowledge based economy and a young, highly skilled population, means Edmonton can claim an enviably strong position as one of the world's great emerging urban centres.



Governance Structure

In order to deliver services to the citizens of Edmonton, the City of Edmonton is organized into the legislative and administrative structure shown below:



*EPCOR Utilities Inc. is wholly owned subsidiary of the City of Edmonton.

Governance Structure

City Council

Edmonton is governed by an elected City Council comprised of a Mayor and 12 Councillors. Together they provide leadership and direction to the City Manager and City Administration. Elections are held every three years.

On July 22, 2009 City Council adopted revisions to the electoral system. The revisions moved from having six wards, each represented by two City Councillors to divide Edmonton into 12 wards, each represented by a single City Councillor. This system came into effect with the municipal election held on October 18, 2010.

City Council meetings are held two to three times a month. City Council has a number of standing committees that meet regularly. Meetings are open to the public.



Mayor Stephen Mandel



Basis of Budgeting

OVERVIEW

The City of Edmonton has prepared the 2011 budget on a modified accrual basis however, it is funded on a tax levy basis. The major differences between the basis of budgeting and the basis of accounting are the treatment of amortization, contributed assets and the gain/loss on asset disposals. This means that:

- revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues
- government transfers are recognized as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made
- funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified
- expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

This is in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The new financial statement presentation, effective for fiscal years beginning on or after January 1, 2009, requires municipalities to adopt the full accrual basis of accounting and record and amortize all tangible capital assets.

Non-cash budget for amortization and contributed assets is part of the 2011 budget and is presented under section called "Tables".

Tax Levy Supported Operations

Tax Supported Operations includes all operating activities provided through Civic Programs, Boards and Commissions, and Corporate Programs. These activities are primarily supported by a combination of property taxation, user fees, return on investment, and grants from other orders of government.

Land Enterprise

Land Enterprise is a self-sustaining operation and is not funded by Tax Supported Operations. The Fund is established for the purpose of managing the land requirements of the corporation and to position the City of Edmonton in a manner that can actively promote development from the perspectives of sustainability, revitalization, and urban form. The operations of the Land Enterprise is governed by City Policy C511- Land Development Policy. Annual surplus or deficits are added to or reduced from the Land Enterprise Fund Balance.

Fleet Services

Fleet Services (previously Mobile Equipment Services) also operates as a self-sustaining operation that is not funded directly by property taxes. Fleet Services consists of activities associated with integrated fleet management (acquisition, management, maintenance, and salvage) for all vehicles, equipment, transit buses, and emergency units (fire, and police) used by the City of Edmonton. In addition, the branch provides these services to external related parties such as EPCOR Utilities Inc.

Fleet Services generates revenues by charging fixed and variable rates to user departments, many which are tax-supported, for the services provided. The objective of the rates is to ultimately provide full life cycle costing of the City's fleet and equipment. Fixed fees are transferred to the Fleet Services Replacement Reserve, with any annual surplus remaining in the Fleet Services accumulated surplus.

Basis of Budgeting

Drainage Services

Drainage Services provides for the management of Sanitary Utility and Land Drainage Utility for the residential, commercial, industrial, and institutional customers of Edmonton. The program operates based upon the principles provided in the regulations of the Alberta Utilities Commission (AUC). Utility rates are established to provide for the operating and capital requirements of the drainage systems. Both Utilities are operated as public utilities under a full cost recovery model without subsidy from Property Taxes. The Sanitary Utility provides a dividend to the City of Edmonton based on its prior year's actual net income.

The operations of the Utility are governed by the City of Edmonton's Utility Fiscal Policy (C304B).

Waste Management Services

The Waste Management Utility was established under a public utility model in January 2009. Major services (collection, processing and disposal) are delivered as a fully integrated waste management system. Funding for the services are moving towards the principles provided in the regulations of the Alberta Utilities Commission (AUC). The recommended 2011 utility rates do not currently include a return on rate base, and the full Shared Services and Corporate Overhead costs are being phased-in over 2011-2014. Aside from Shared Services, the Waste Management Utility operates without subsidy from Property Tax.

The operations of Waste Management Utility are governed by the Waste Management Strategic Plan and the Waste Management Policy (C527).

Ed Tel Endowment Fund

The Ed Tel Endowment Fund was established to manage the proceeds from the sale of the municipal

telephone utility in 1995. Earnings from the Fund are applied to support municipal operations. The Fund is governed by City Bylaw #11713.

Reserves

The reserve balances give the City of Edmonton financial sustainability and the flexibility to address the emerging items. Reserve funds are governed by City Policy C217B which states that the establishment and transfers to and from these accounts require Council approval through the Budget. Accordingly, tables showing the approved transfers for each individual Reserve are provided following this section. Brief explanations of the purpose of the individual reserves are also included.

Debt

The MGA provides limits for debt and debt service costs within a Regulation under section 271. Within that legislative framework, the City further manages its debt under principles and more conservative limits established within the Debt Management Fiscal Policy (DMFP). The policy is intended to support the City's long-term capital plans and strategies, while maintaining long-term financial affordability, flexibility and sustainability. The policy also provides for approval of multi-year debt guidelines with a corresponding debt repayment funding strategy, and added flexibility for the use of freed up debt servicing funding once debt is retired.

Reporting Entity

The City of Edmonton is organized into various business areas, each responsible for managing the delivery of program services in accordance with the resources allocated to those programs. The City utilizes a shared services model for finance and treasury services. All business areas reporting to the City Manager share a

Basis of Budgeting

common accounting and reporting system, and financial and accounting services are administered within Finance & Treasury and delivered to each business area based on their needs.

The Edmonton Public Library Board, Edmonton Police Services, Non-Profit Housing, and Vehicle for Hire Commission utilize the common accounting system but report through their Board or Commission. EPCOR and Edmonton Economic Development Corporation each have independent accounting systems and report through their respective Boards.

FINANCIAL REPORTING

Accounting and Reporting Changes

Effective for fiscal years beginning on or after January 1, 2009, the City of Edmonton has implemented PSAB 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. PSAB 3150 requires governments to record and amortize their tangible capital assets in their financial statements.

This change has been applied retroactively and prior periods have been restated. The intention of the reporting changes is to provide a more complete view of the City's financial condition and support a more comprehensive set of financial indicators.

Differences between the basis used for budgetary purposes and financial reporting requirements are described below:

The Edmonton Police Commission

The Edmonton Police Commission is committed to making Edmonton a safe and vibrant city and includes seven citizens, appointed by City Council, and two City Councillors. The Police Commission oversees the Edmonton Police Service, including allocating funds provided in its annual operating budget to maximize the

Police Service's community-based approach to enhancing safety and combating crime.

For budget purposes, the Edmonton Police Service (EPS) operations are provided to Council for information with the amount requested from the City of Edmonton shown as net operating requirement. City Council approves the total EPS budget – expenses, revenues, and net operating requirement.

For financial reporting purposes, the EPS's revenues, expenses, assets and liabilities are consolidated with the City of Edmonton's financial statements consistent with any other tax-supported operation. Inter-organizational transactions are eliminated.

The Edmonton Public Library

The Edmonton Public Library operates under the authority of the Libraries Act of Alberta. The operations are administered by an independent board (The Edmonton Public Library Board) which reports to Edmonton City Council.

For budget purposes, the Library's operations are provided to Council for information, with the amount requested from the City of Edmonton shown as net operating requirement.

For financial reporting purposes, the Library's revenues, expenses, assets, liabilities, and accumulated surplus are consolidated with the City of Edmonton's financial statements. Inter-organizational transactions are eliminated.

The Edmonton Economic Development Corporation (EEDC)

EEDC is established under Part 9 of the Companies Act (Alberta) to promote economic development and tourism in the City of Edmonton. In addition, EEDC operates and maintains the Shaw Conference Centre and the Edmonton Research Park. The corporation is wholly owned by the City of Edmonton and its funding, in part, is from an annual grant provided by the City of

Basis of Budgeting

Edmonton.

For budget purposes, the EEDC's operations are provided to Council for information, with the amount requested from the City of Edmonton shown as tax levy requirement.

For financial reporting purposes, the EEDC's revenues, expenses assets, liabilities, and accumulated surplus are consolidated with the City of Edmonton's financial statements. Inter-organizational transactions are eliminated.

EPCOR Utilities Inc. (EPCOR)

EPCOR Utilities Inc. (EPCOR) is a wholly owned subsidiary governed by an independent Board of Directors. Headquartered in Edmonton, EPCOR builds, owns and operates electrical transmission and distribution networks, and water and wastewater treatment facilities and infrastructure in Canada. The Gold Bar Wastewater Treatment Facility operation was transferred from the City to EPCOR effective March 31, 2009.

The Board submits its budget directly to City Council and accordingly, its budget is not included in this document.

For budget purposes, only the amount paid by EPCOR to the City of Edmonton is shown.

For financial reporting purposes, the results of the subsidiary's operations are reported in the annual financial statements using the modified equity method of accounting.

The City of Edmonton Non-Profit Housing Corporation

The City of Edmonton Non-Profit Housing Corporation is a wholly owned subsidiary of the City of Edmonton. It was established for the purpose of providing non-

profit housing for the citizens of Edmonton, with assistance from the Canadian Mortgage Housing Corporation (CMHC) and from the Provincial Ministry of Housing and Urban Affairs.

There is no budgetary impact of the corporation on the City of Edmonton. This is based upon the assumption that the corporation receives continued operating assistance from CMHC and Alberta Seniors to achieve a level of operations sufficient to fund future operations.

For financial reporting purposes, the results of the subsidiary's operations are reported in the annual financial statements.

Debt principal repayments are accounted for as expenditures for budgetary purposes and as reductions on long-term debt liability for financial reporting purposes.

Basis of Budgeting

Process for Budget Amendments

After City Council adopts the budget, amendments are made through the budget adjustment process. The process outlines the procedures and defines the approval authority (dollar limits) of City Council, the City Manager and Department General Managers.

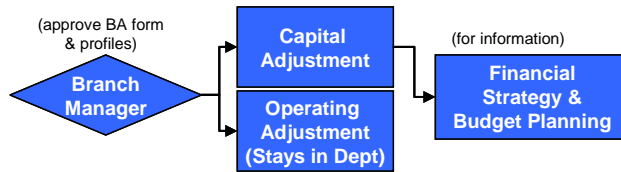
The City Manager can authorize budget adjustments of up to \$1 million from one budgeted program or project to another within civic departments. Departments' General Managers can authorize budget adjustments of up to \$250,000 or 15% of the departmental budget (whichever is less) from one budgeted program or project to another within the departmental budget.

Corporate reorganizations are within the approval authority of the City Manager. Department General Managers within their approved budgets can authorize department reorganizations within their approved budgets, with the concurrence of the City Manager. The following is a graphical summary of the budget adjustment process.

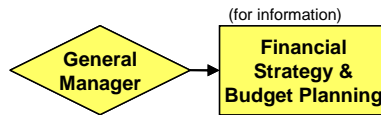
Budget Adjustment (BA) Authorization Chart

(Program/Project as defined in the Budget)

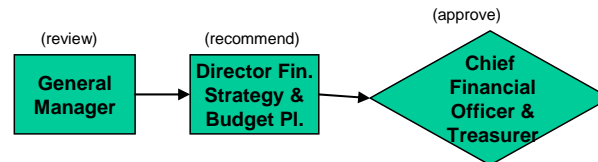
⇒ Program/Project budget transfer within Branch up to \$50,000 or 15% of branch budget, whichever is less (where delegated from GM to Branch Manager)



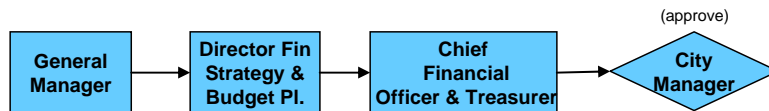
⇒ Program/Project budget transfer within Department \$250,000 or 15%, whichever is less
 ⇒ Branch Restructuring* (with concurrence of City Manager)



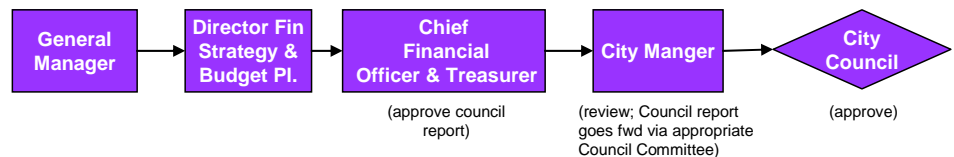
⇒ Changes to capital project financing, administrative budget adjustments that result in no increased budget expenditures and no overall impact on budget within a specific program.



⇒ Program/Project budget transfer from \$250,000 to \$1 million
 ⇒ Transfers between departments
 ⇒ Departmental Restructuring



⇒ Program/Project budget transfer Over \$1 million
 ⇒ Transfers from/to reserves (City Policy C217A)
 ⇒ New Program/Project (revenues & expenditures) must receive Council Approval regardless of the amount



* Option to not provide BA to Financial Strategy & Budget Planning until following year budget produced.

Special Notes:

⇒ The Library Board and Police Commission have the authority to make adjustments within their total approved budget. Budget adjustments outside this authority go to City Council.

Reserve Funds

Approved 2012 Reserves Budget

The City of Edmonton maintains reserves designated for specific purposes as approved by City Council and the Edmonton Public Library Board. Effective January 1, 2009, reserve funds will be reported as part of the accumulated surplus on the Statement of Financial Position. This change is in accordance with section PS-1200 of the CICA Public Sector Accounting Handbook. The following pages provide details on the proposed changes to each individual reserve. Reserves are listed in alphabetic order.

	2011 Actual	2012 Approved
Opening balance, (\$000)	\$ 216,473	\$ 251,511
Transfer (to) operating budget	(45,043)	(10,430)
Transfer from operating budget	54,020	39,080
Transfer (to) from capital budget	(24,444)	(36,417)
Transfer (to)/from Other Reserve	-	-
Transfer from surplus	50,067	-
Interest	438	345
Net change in reserve balances	35,038	(7,422)
Projected ending balance	251,511	\$ 244,089

2% Neighbourhood Renewal

Approved at the March 11, 2009 City Council meeting, the Neighbourhood Renewal Reserve will contain the timing difference between the tax funding dedicated to the Neighbourhood Renewal Program (1.5% per year) as approved through the City Budget process and the amount spent on the program within the year.

	2011 Actual	2012 Approved
Opening balance	\$ 2,586	\$ -
Transfer (to) operating budget	-	-
Transfer from operating budget	-	-
Transfer (to) from capital budget	(2,586)	-
Interest	-	-
Ending balance	\$ -	\$ -

Accumulated Surplus

Accumulated surplus consisting of unrestricted reserves for future expenditures. The funds are set aside to help in managing any risks associated with unforeseen revenue decreases and unexpected costs.

	2011 Actual	2012 Approved
Opening balance	\$ 719	\$ 782
Transfer (to) operating budget	-	-
Transfer from operating budget	154	100
Transfer (to) from capital budget	-	(100)
Transfer from other reserve	(90)	-
Ending balance	\$ 782	\$ 782

Affordable Housing

The Housing Reserve was established to assist the Housing branch to deliver affordable housing units as outlined in the Council approved "Road Map" for Cornerstones Plan implementation. Any unspent City funding resulting from the staging of committed projects is transferred to the reserve annually and used to cover the City's portion of future obligations.

	2011 Actual	2012 Approved
Opening balance	\$ 14,744	\$ 11,795
Transfer (to) operating budget	(5,341)	(7,948)
Transfer from operating budget	2,515	6,036
Transfer (to) from capital budget	(123)	-
Interest	-	-
Ending balance	\$ 11,795	\$ 9,883

Reserve Funds

Aggregate Site Development

The purpose of the reserve is to cover the costs associated with aggregate site preparation; gravel pit equipment replacement; reclaiming and maintaining lands presently used for material recycling; and to purchase land for future site locations. A surcharge may be assessed on recycled aggregates (gravel, concrete, asphalt, and sand from snow dumpsites) to cover expenditures for replacement of equipment and site preparation. A gravel production surcharge between \$3.00—\$3.50 per tonne is levied.

	2011 Actual	2012 Approved
Opening balance	\$ 1,183	\$ 1,419
Transfer (to) operating budget		
Transfer from operating budget	683	550
Transfer (to) from capital budget	(463)	(232)
Interest	16	4
Ending balance	\$ 1,419	\$ 1,741

City Fleet Replacement Fund

Approved at the October 14, 2009 City Council Meeting, the replacement fund was created to finance future vehicle and equipment replacement for various City departments.

	2011 Actual	2012 Approved
Opening balance	\$ 953	\$ 10,987
Transfer (to) operating budget	-	-
Transfer from operating budget	20,084	23,114
Transfer (to) from capital budget	(10,050)	(31,085)
Interest	-	-
Ending balance	\$ 10,987	\$ 3,016

Commonwealth Stadium

The City of Edmonton and the Edmonton Eskimos Football Club entered into an agreement to operate the Commonwealth Stadium on an entrepreneurial basis which also established this reserve on May 15, 1995. \$750,000 was transferred from Mobile Equipment Services to establish this reserve. Expenditures from this reserve are dedicated to capital improvements and business development investments at Joe Clarke Athletic Grounds. Interest earnings from investment of the reserve balance are applied back to this reserve as they are earned.

	2011 Actual	2012 Approved
Opening balance	\$ 1,605	\$ 1,644
Transfer (to) operating budget	(316)	(237)
Transfer from operating budget	519	301
Transfer (to) from capital budget	(182)	-
Transfer (to) from other reserve	-	-
Interest	18	
Ending balance	\$ 1,644	\$ 1,708

Current Planning Enterprise Reserve

On June 23, 2010, City Council approved the Current Planning Branch - Revised Business Model Policy C557. This included the establishment of the Current Planning Enterprise Reserve. The new business model will provide enhanced accountability, full cost recovery and a financial reserve. The reserve will be used to provide revenue levelling, stabilize resources across extended periods of time and fund initiatives to enhance planning services.

	2011 Actual	2012 Approved
Opening balance	\$ 6,314	\$ 16,448
Transfer (to) operating budget	-	(250)
Transfer from operating budget	10,134	3,941
Transfer (to) from capital budget	-	(2,000)
Interest	-	-
Ending balance	\$ 16,448	\$ 18,139

Reserve Funds

Development Incentive Reserve

The Development Fund Program provides a mechanism by which City Council, upon the recommendation of the Administration, may approve applications for funding in targeted areas (Enterprise Areas) within eligible Business Revitalization Zones. The purpose of the program is to support the revitalization of Main Street Commercial Areas in need of added support.

	2011 Actual	2012 Approved
Opening balance	\$ 1,941	\$ 1,813
Transfer (to) operating budget	(130)	(250)
Transfer from operating budget	2	
Transfer (to) from capital budget	-	-
Interest	-	-
Ending balance	\$ 1,813	\$ 1,563

This policy is intended to encourage property owners in these areas to invest in higher density residential and / or retail and commercial development through financial incentives to assist in the revitalization of these areas. The program is structured in the form of grant payments to property owners that are paid once approved projects are completed. Any unspent operating budget funding will be transferred into this reserve until December 31, 2013.

Enterprise Portfolio

City Council approved the establishment of the Enterprise Portfolio Reserve on July 21, 1998. On November 10, 2009 Council also approved changes to the operating model (Enterprise Portfolio) for municipal recreation facilities (29009CSR029 - 5-year Review/Update to the Recreation Facility Master Plan). The purpose of the Reserve is to deal with revenue fluctuation and business development.

	2011 Actual	2012 Approved
Opening balance	\$ 3,988	\$ 2,741
Transfer (to) operating budget	(519)	-
Transfer from operating budget	933	152
Transfer (to) from capital budget	(1,702)	-
Transfer (to) from other reserve	-	-
Interest	41	-
Ending balance	\$ 2,741	\$ 2,893

Annual Operating surpluses or deficits for the applicable facilities are dealt with from the Reserve. A number of prior capital funding commitments (e.g. John Janzen Nature Centre Improvement, Fort Edmonton Park Improvements) are projected to be completed in 2011-2012. Interest earnings from investment of the reserve balance are applied back to this reserve as they are earned.

Façade and Storefront Improvement Reserve

The Façade and Storefront Improvement Reserve was approved by City Council on November 30, 2004 to facilitate implementation of City Policy C216. It provides matching grants to building owners who invest in approved projects to improve the appearance and function of street level retail and commercial buildings in targeted areas within eligible Business Revitalization Zones throughout the City.

	2011 Actual	2012 Approved
Opening balance	\$ 859	\$ 1,497
Transfer (to) operating budget	(740)	(740)
Transfer from operating budget	1,378	-
Transfer (to) from capital budget	-	-
Interest	-	-
Ending balance	\$ 1,497	\$ 757

The ultimate goal is to increase inner-city commerce and urban tourism in approved areas. This reserve has been approved until December 31, 2015. Any remaining balance at that time will be transferred to surplus.

Financial Stabilization Reserve - Appropriated

The Financial Stabilization Reserve (FSR) tracks amounts that have been appropriated from the Financial Stabilization Reserve for specific purposes in current or future years.

	2011 Actual	2012 Approved
Opening balance	\$ 31,614	\$ 43,931
Transfer (to) operating budget	(36,746)	-
Transfer from operating budget		-
Transfer (to) from capital budget	(5,133)	-
Transfer from other reserve	54,196	-
Interest		-
Ending balance	\$ 43,931	\$ 43,931

Reserve Funds

Financial Stabilization Reserve - Unappropriated

The FSR was established in 1997 to provide flexibility in addressing financial risks associated with revenue instability and unforeseen costs on a transitional basis, and to ensure the orderly provision of services to citizens. As per policy C217B - Reserve and Equity Accounts, a minimum balance of 5% with a target balance of 8.3% of current general government expenses (excluding non-cash amortization) has been established. The source of funding for the FSR has generally been tax-supported operating surplus. Therefore, it is primarily in positive economic times that the reserve has increased.

	2011 Actual	2012 Approved
Opening balance	\$ 95,267	\$ 91,138
Transfer (to) operating budget		-
Transfer from operating budget		-
Transfer (to) from capital budget		-
Transfer (to) other reserve	(54,196)	-
Transfer from surplus	50,067	-
Interest		-
Ending balance	\$ 91,138	\$ 91,138

Fort Edmonton Train Maintenance

This reserve was established August 14, 1992 as a condition of an ongoing agreement between the City of Edmonton and Fort Edmonton Historical Foundation. A maximum of \$5,000 annually from Fort Edmonton Park operations is contributed to this reserve to fund unusual, unexpected and necessary repairs of the steam railway system at the facility. Interest earnings from investment of the reserve balance are applied back to this reserve as they are earned.

	2011 Actual	2012 Approved
Opening balance	\$ 169	\$ 131
Transfer (to) operating budget	-	(5)
Transfer from operating budget	5	5
Transfer (to) from capital budget	(45)	-
Transfer (to) other reserve		-
Interest	2	
Ending balance	\$ 131	\$ 131

Funds in Lieu - Residential

Approved in 1985, with Council direction to separate the residential portion from the commercial/industrial portion in the Parkland Purchase Reserve. Funds received from developers and the sale of parkland in residential areas is used to purchase and develop parkland in residential areas. The funds are generated as a result of the 10% parkland dedication required

	2011 Actual	2012 Approved
Opening balance	\$ 11,420	\$ 20,125
Transfer (to) operating budget	-	-
Transfer from operating budget	9,197	-
Transfer (to) from capital budget	(645)	(1,000)
Interest	153	153
Ending balance	\$ 20,125	\$ 19,278

in accordance with the Municipal Government Act (MGA). The MGA requires that such funds must be used for "a public park, a public recreation area, school authority purposes, or to separate areas of land that are used for different purposes". The funds collected are restricted by Council policy to usage within the same neighbourhood. There is no requirement under the MGA or through Council direction that interest earnings be accumulated by neighbourhood, but rather accrue to the reserve in total.

Reserve Funds

Heritage Conservation

The purpose of the Heritage Conservation Reserve is to implement City Policy C450B - Policy to Encourage the Designation and Rehabilitation of Municipal Historic Resources in Edmonton. This reserve will provide funding through the designation of historically significant structures and the payment of required compensation such as grants, tax cancellation, rebate of property

taxes, or a payment equal to the value of the amount of taxes payable on the designated historic building and substantial rehabilitation. This reserve will also provide funding for maintenance grants, promoting heritage, and special heritage projects including limited demonstrative restoration projects. No interest earnings are applied to this reserve.

	2011 Actual	2012 Approved
Opening balance	\$ 2,722	\$ 2,920
Transfer (to) operating budget		(1,000)
Transfer from operating budget	216	-
Transfer (to) from capital budget	(18)	-
Interest	-	-
Ending balance	\$ 2,920	\$ 1,920

LRT

Funding set up to mitigate the risks associated with the use of the Federal Fuel Tax program to fund the SLRT debenture borrowing. The federal program was approved for a five year period, with consideration for a five year extension. Council approved the strategy of placing in this reserve the accumulating annual tax levy increase of 0.25% per year for 3 years commencing in 2006.

In April 2008 with the Federal Gas Tax program being made permanent, Council approved that the annual tax-levy amount be held constant and that the reserve be made available for city-wide LRT expansion.

	2011 Actual	2012 Approved
Opening balance	\$ 10,035	\$ 14,181
Transfer (to) operating budget	-	-
Transfer from operating budget	4,146	3,868
Transfer (to) from capital budget		-
Interest		-
Ending balance	\$ 14,181	\$ 18,049

Motor Vehicle Insurance

The City self-insures the first \$1.0 million of each automobile liability claim with any amount in excess of this self-insured retention amount being insured by external commercial insurers. Pursuant to Section 825, Part 7 of the Alberta Insurance Act, the Corporation must maintain a separate insurance fund. The amount is approved annually by the Superintendent of Insurance for the Province, and the City is required to sign a statutory declaration indicating that a separate

insurance fund of the required amount is maintained. The amount of \$2.5 million, in addition to the amount set aside to satisfy third party liability and accident benefit claims is the current approved requirement. Since the City records an ongoing liability for claim estimates, the established limit in the reserve has remained stable. The reserve balance is invested in the Balanced Fund. Interest earnings on the investments form part of the corporate investment earnings budget.

	2011 Actual	2012 Approved
Opening balance	\$ 2,500	\$ 2,500
Transfer (to) operating budget		-
Transfer from operating budget		-
Transfer (to) from capital budget		-
Interest		-
Ending balance	\$ 2,500	\$ 2,500

Reserve Funds

Natural Areas

Approved March 2, 1999, the Natural Area reserve was established to facilitate the acquisition and conservation of environmentally sensitive natural areas. Bylaw 15164, approved July 22, 2009, changes the purpose of the reserve to facilitate the repayment of debt incurred in the purchase of natural areas. The expected sources of financing are from general financing and \$1 million transferred annually from tax levy through the budget process. Interest earnings are applied to the reserve.

	2011 Actual	2012 Approved
Opening balance	\$ 6,124	\$ 7,166
Transfer (to) operating budget	(24)	-
Transfer from operating budget	1,000	1,000
Transfer (to) from capital budget	-	-
Interest	66	85
Ending balance	\$ 7,166	\$ 8,251

Northlands Capital

As provided by the agreement (January 1, 2004 - December 31, 2013) between the City of Edmonton and Edmonton Northlands, the City is entitled to share in certain operating profits of Rexall Place, under a formula as outlined in the agreement. The profits are to be held in the reserve to assist in funding facility capital improvements as defined in the agreement.

	2011 Actual	2012 Approved
Opening balance	\$ 1,078	\$ 1,090
Transfer (to) operating budget	-	-
Transfer from operating budget	-	-
Transfer (to) from capital budget	-	-
Transfer to reserve	-	-
Interest	12	12
Ending balance	\$ 1,090	\$ 1,102

Parkland Reserve

Starting in 1974, the reserve receives funds from developer levies, the sale of municipal reserve land in industrial and commercial areas, proceeds from the sale of municipal reserve land and in the river valley communities (where land was originally purchased with Parkland Reserve Funds) and the rental of City property on Parks land.

The Municipal Government Act (MGA) requires that such funds must be used for "a public park, a public recreation area, school authority purposes, or to separate areas of land that are used for different purposes". The funds collected can be used anywhere in the City for the required purposes. Interest earnings are applied to the reserve.

	2011 Actual	2012 Approved
Opening balance	\$ 12,069	\$ 8,833
Transfer (to) operating budget	-	-
Transfer from operating budget	123	-
Transfer (to) from capital budget	(3,489)	(2,000)
Interest	130	91
Ending balance	\$ 8,833	\$ 6,924

Perpetual Care

The Perpetual Care Reserve was established July 21, 1960 to comply with provincial legislation requiring a portion of funds received from sales of plots, crypts and niches to be saved for future site care. Later legislation rescinded the requirement for municipalities to maintain this reserve. City of Edmonton continued the practice to ensure funds will be available for the long term care of City owned Cemeteries. Interest is applied monthly to the cemetery operating program.

	2011 Actual	2012 Approved
Opening balance	\$ 4,775	\$ 5,067
Transfer (to) operating budget	-	-
Transfer from operating budget	292	-
Transfer (to) from capital budget	-	-
Interest	-	-
Ending balance	\$ 5,067	\$ 5,067

Reserve Funds

Public Works Local Improvements

Based on policy C204 - Public Works Reserve and noted in policy C200B - Financing of Local Improvements, an accumulated reserve of \$250,000 will be maintained to provide for future losses on local improvement construction. Any accumulated excess over \$250,000 will be used to finance the City's share of local improvement costs. Should losses on local improvements exceed the reserve balance then they are to be financed from the general municipal surplus.

	2011 Actual	2012 Approved
Opening balance	\$ 250	\$ 250
Transfer (to) operating budget	-	-
Transfer from operating budget	-	-
Transfer (to) from capital budget	-	-
Interest	-	-
Ending balance	\$ 250	\$ 250

Reserves For Future Expenditures

Reserves for future expenditures include amounts set aside by the Library Board for specific purposes. This will include amounts for Library facility projects, 2013 Library centennial projects and the Clareview Library Branch.

	2011 Actual	2012 Approved
Opening balance	\$ 730	\$ 1,215
Transfer (to) operating budget	-	-
Transfer from operating budget	395	-
Transfer (to) from capital budget	-	-
Transfer from other reserve	90	-
Interest	-	-
Ending balance	\$ 1,215	\$ 1,215

St. Francis Xavier Reserve

The St. Francis Xavier Reserve was established August 5, 2011 as a condition of an on-going agreement with the City of Edmonton and the Edmonton Catholic School Board to fund life/cycle maintenance for the St. Francis Xavier Sports Centre. Interest earnings from investment of the reserve balance are applied back to this reserve as they are earned.

	2011 Actual	2012 Approved
Opening balance	\$ -	\$ -
Transfer (to) operating budget	-	-
Transfer from operating budget	-	-
Transfer (to) from capital budget	-	-
Interest	-	-
Ending balance	\$ -	\$ -

Tax-Supported Debt

Approved October 29, 2002. Provides a clear segregation of tax revenues collected for tax-supported debt servicing requirements on the \$250 million debt strategy of 2003-2007 and accommodates the timing differences between receipt of taxes and debt servicing requirements. Maintain balance of \$0.5 million with any excess being made available to fund capital projects or other Council priorities

	2011 Actual	2012 Approved
Opening balance	\$ 1,691	\$ 1,628
Transfer (to) operating budget	-	-
Transfer from operating budget	207	-
Transfer (to) from capital budget	(270)	-
Transfer (to) other reserve	-	-
Interest	-	-
Ending balance	\$ 1,628	\$ 1,628

Reserve Funds

Telus Field Capital

As provided by the License Agreement (November 1, 2004 - October 31, 2009) between the City of Edmonton and the Katz Baseball Corporation, the rents and fees collected under the License Agreement are to be retained in a separate reserve account to be used for future structural repairs to Telus Field. It is expected that a new agreement will require continuation of the reserve.

	2011 Actual	2012 Projected
Opening balance	\$ 217	\$ 296
Transfer (to) operating budget	-	-
Transfer from operating budget	79	13
Transfer (to) from capital budget	-	-
Interest	-	-
Ending balance	\$ 296	\$ 309

Tree Management

Approved in 1990, the Tree Management Reserve supports Policy C456 - Corporate Trees Management Policy. When departments or other agencies remove trees and shrubbery in the course of construction or repairs on City-owned property, funds are placed in the reserve. Funds are transferred out of the reserve to cover the costs incurred to replace trees and shrubbery with a view to protect the urban forest. No interest is applied to this reserve.

	2011 Actual	2012 Approved
Opening balance	\$ 920	\$ 1,914
Transfer (to) operating budget	-	-
Transfer from operating budget	993	-
Transfer (to) from capital budget	-	-
Interest	-	-
Ending balance	\$ 1,914	\$ 1,914

Terms and Definitions

Accrual Basis. Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Externally restricted earnings are accounted for as deferred revenue until used for the purpose specified. Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

Activity. A subdivision of an operating budget program, usually a major administrative or functional unit.

Alberta Municipal Infrastructure Program (AMIP). A grant from the Province of Alberta to assist municipalities in addressing their core infrastructure backlog and longer term infrastructure requirements. Core infrastructure is strictly defined as municipal roads, bridges, public transit vehicles and facilities, water and waste water systems and facilities, storm drainage systems and facilities, emergency service vehicles and facilities and infrastructure management systems. Funding is a per capita amount beginning in 2005 with funding over a five-year period, and project completion over a ten year period.

Annualization. Represents the financial impact of implementing an approved service package over the full fiscal year.

Appropriate. To approve funds for specific purpose or project.

Assessment. The valuation of a property for property taxation purposes. Property Taxes are calculated by multiplying the property assessment by the tax rate expressed in terms of mills (thousands).

Assessment Classes. All assessed property within the City of Edmonton is divided into the following assessment classes:

- Residential Property - single family and other residential
- Non-residential Property
- Farmland
- Machinery and Equipment

Authorities. Autonomous organizations with separate boards or commission, but related to the City of Edmonton through operating agreements, which usually include financial obligations.

Bond Rating. This is a measure of the City's capacity to repay debt.

Budget. A financial plan and a service delivery guide for a given period of time.

Budget Adjustment. Amendments to the approved operating and capital budgets are made through the budget adjustment process, which outlines the procedures and defines the approval authority of City Council, the City Manager, and General Managers.

Budget Guidelines. Overall parameters set by City Council that must be followed in the preparation of the budget.

Business Tax. Revenue generated through the collection of taxes levied on the net annual rental values of premises occupied or entered for the purpose of doing business. On May 8th, 2007, City Council passed a motion to shift business tax revenue to the non-residential property tax class over a four-year period (2008 - 2011).

Bylaws. Legislation enacted by City Council under the provisions of the Municipal Government Act.

Capital Budget. Provides the statutory approval to expend funds in the undertaking of specified capital improvements or developments and to appropriate the required financing. Approval is granted on a three-year basis for projects beginning the first year of the planned period.

Capital Financing. The funding provided to capital projects through operating budget contributions, reserves, debt, and grants from other orders of government or other sources.

Capital Priorities Plan Committee (CPPC). A team of Branch Managers assigned with the responsibilities of allocating financing to the Capital Priorities Plan, reviewing and approving capital projects and providing advice/direction for overall infrastructure requirements.

Terms and Definitions

Capital Priorities Plan (CPP). The CPP represents the City's five year plan for capital investment in existing infrastructure and new growth.

Capital Project. Expenditures relating to the acquisition, construction, upgrade or rehabilitation of a City's asset that is prioritized through the Capital Priorities Plan process.

Census. An official enumeration of a population.

Census Metropolitan Area (C.M.A.). The threshold as defined by Statistics Canada where census data is being gathered for an agglomeration that has an urban core of 100,000 people.

City Council. A group of elected representatives with powers given by the Provincial Government to provide good government to a community.

City Manager. An individual appointed by City Council to serve as the Chief Administrative Officer of the municipality.

Civic Program. Departments that directly report to the City Manager. Each Civic Department is comprised of one or more programs for budgetary purposes.

Committed. Committed fund balances and reserves designates funding that has been earmarked or set-aside for a specific project or operating program.

Committees. A group of individuals delegated to perform a specific function or functions.

Consumer Price Index (CPI). Reflects the impact of inflation on the purchasing power for goods and services.

Core Infrastructure. Refers to municipal roads, bridges, public transit vehicles and facilities, water and wastewater systems and facilities, emergency service vehicles and facilities, and infrastructure management systems.

Corporate Expenditures. Expenditures which cannot be directly associated with a specific program/department and therefore are budgeted under the Corporate Program.

Corporate Leadership Team (CLT). Refers to the working team consisting of the City Manager and the

eight General Managers.

Corporate Revenues. Revenues which cannot be directly associated with a specific program/department and therefore are budgeted under the Corporate Program.

Cost Impacts. Cost increases due to inflation, personnel contract settlements, annualization, and historical performance. It represents the re-costing of the current year's budget in terms of next year's dollars.

Debt. An obligation resulting from the borrowing of money. The City of Edmonton categorizes debt as follows:

- **Tax-supported debt** refers to debt issued to provide funding for capital expenditures, the retirement of which is being paid for using tax levy revenues.
- **Self-liquidating debt** refers to debt issued, generally for municipal enterprise operations that is repaid through the fees generated from the operations.

Debenture. The sale of a municipal bond to the Alberta Capital Financing Authority.

Debt Limit. The Provincially-legislated limit by which a municipality may incur debt. The debt limit is defined as two times revenue net of capital government transfers. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs.

Debt Service Limit. The Provincially-legislated borrowing limit by which a municipality may incur. The debt service limit is calculated at 0.35 times of the revenue net of capital government transfers. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs.

Demographics. Various statistics used to characterize human populations.

Duplex/Triplex. A house with two or three dwelling units sharing common walls or floors.

Expenditures. Costs associated with the provision of municipal services.

Terms and Definitions

Edmonton Socio-Economic Outlook. A report prepared by the Economic Trends and Research, produced twice a year, with forecasts of major economic and social indicators over the next five years. Civic departments use this forecast in preparing their capital priority plans and operating budgets. They also use it in their strategic and business planning.

Effectiveness. Is (1) the ratio of standard, estimated or budgeted performance to actual performance expressed as a percentage; (2) the outcome or output received from an approach or program. Ideally it is a quantitative measure which can be used to evaluate the level of performance in relation to some standard, set of criteria, or end objective; (3) the actual accomplishment of delivering acceptable outputs, on time, within the quality requirements specified. It is the ratio of Actual Output (A.O.) divided by Expected Output (E.O.). *Note: Effectiveness may be stated in terms of outcomes in place of outputs.*

Efficiency. Is the relationship between the planned resource requirements, such as labour or machine time, for task(s) and the actual resource time charged to the task (s). It is the ratio of the Resources Expected or forecasted to be Consumed (R.E.C.) divided by Resources Actually Consumed (R.A.C.).

EPCOR. Edmonton Power Corporation, a wholly owned subsidiary of the City of Edmonton.

Franchise Fees. Fees in lieu of taxes or compensation for exclusive rights, based on an agreement with the holder of a special franchise. e.g. ATCO Gas.

Full-Time Equivalent (FTEs). The hours and associated costs one full-time employee would work in a year.

General Financing. As approved by Council in June 2009, the funding source for Capital Budget general financing is changed from tax levy to investments earnings, the Ed Tel Endowment Fund dividends and the EPCOR Goldbar transfer fee/dividends.

General Managers. Department heads of civic programs.

Grants. Funding provided by a senior order of government.

Infrastructure. Facilities on which the continuance and growth of a community depends (e.g. roads, sewers, public buildings, parks, storm sewers, etc.).

Infrastructure Canada Alberta Program (ICAP). A body set up to administer the Federal Infrastructure Program (FIP) called Strengthening Federal, Provincial and Municipal infrastructure. Funding is shared 1/3 from each order of government: Canada, Alberta, and the City of Edmonton.

Infrastructure Gap. A term used to describe the funding shortfall between capital investment requirements and funding availability.

Local Improvements. The construction or replacement of roads, sidewalks, lanes and underground services for which a portion is paid by the abutting property owner.

Market Value Assessment. Provincial government legislation requires that properties must be assessed on an annual basis to reflect current market conditions. Starting in 1999, all properties were assessed at market or on the basis of provincial regulations and were taxed on this value by the City of Edmonton.

Municipal Enterprise Operations. Refers to those activities for which tax dollars are not anticipated to be required to fund the operations. They are financially self-funded operations established to provide management and control of major activities of the City. Land Enterprise and Mobile Equipment Services are Municipal Enterprises.

Municipal Equity. The amount calculated as the excess of Total Assets less Total Liabilities and any funding set aside for specific purposes in Reserves.

Municipal Government Act (MGA). Provincial legislation setting out the powers and responsibilities of Alberta municipalities.

Terms and Definitions

Municipal Sustainability Initiative (MSI). Grant funding from the Province of Alberta for capital projects, including municipal roads, bridges, public transit vehicles and facilities, water and waste water systems and facilities, storm drainage systems and facilities, emergency service vehicles and facilities, infrastructure management systems and solid-waste management systems and facilities. MSI grants end 2017.

Non-Residential Construction Price Index. Measures the cost of construction materials and labour used for commercial, industrial, and institutional development.

One-time Items. Expenditures associated with a limited term (typically one operating period) that will not become an ongoing part of the base budget in future years.

Operating Budget. Planned revenues and expenditures that are consumed in the delivery of services during an annual operating cycle (January through December).

Outcome. Outputs quantify the amount of work completed, while outcomes (or effectiveness) report the results achieved as expressed in the eyes of the customer, or in the case of the City of Edmonton, Citizens.

Output. Are goods or services created by inputs. Examples of Outputs are units produced and hours of service provided.

Payment-in-Lieu of Taxes. Payments equivalent to municipal property taxes, made by the federal and provincial governments for Crown-owned properties.

Performance Measures. Qualitative or quantitative measures or indicators of progress toward specified outcomes or goals. A means for determining how a program is accomplishing its mission through the delivery of products, services, or processes by measuring quantity, effectiveness, and/or efficiency.

Program. A program represents a group of like services or activities in delivering a service, with a definable client and a clear benefit or outcome.

Project. A single project is a non-routine capital work with a “singular” identity. The location, time and design of a single project are clearly identifiable. A composite project is the grouping of routine capital improvements.

Property Tax. Revenue generated through the collection of taxes levied on real property assessment, including realty and business tax.

Reserves. Represent amounts appropriated from surplus for designated requirements.

Retained Earnings. Equity accounts that represent the accumulated surpluses from operations, that are not for general distribution, but rather are used to fund capital projects, leverage debt, or are reinvested in service delivery.

Revenue. Funds the City receives and records as income. Revenue is broken down by major sources as follows: user fees, fines, permits, grants from other orders of government, utility dividends, franchise fees, Ed Tel Endowment fund, and investment earnings.

Self-liquidating Debentures. Debt issued by municipal enterprise operations that is repaid through the fees generated by operations.

Service Package. New service or service increased from growth that require funds are presented to Council for their approval through the annual budget process.

Sinking Fund. The City of Edmonton makes annual payments into the Sinking Fund as required by each debenture issue. These funds are invested by the Sinking Fund in securities as approved by existing legislation. The annual rate of return required by the issue is allocated to meet the future debt requirements. Earnings in excess of those requirements are maintained within the Fund as unappropriated surplus, which may be used as approved by Council.

Terms and Definitions

Tangible Capital Asset. Tangible capital assets are non-financial assets having physical substance that meet all of the following criteria:

- (a) are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- (b) have useful economic lives extending beyond an accounting period;
- (c) have been acquired to be used on a continuing basis; and
- (d) are not intended for sale in the ordinary course of business.

Tax Rate. Municipal property tax revenue is calculated by applying the tax rate to the projected assessment base. The tax rate is expressed in terms of mills. One mill is one thousandth of the assessment base. Additional property tax revenue is generated through an increase in the tax rate and/or growth in the assessment base.

Tax-Supported Operations. Civic Departments, Commissions, Boards, and Authorities are funded in whole or in part through revenue from property tax, business tax, and payment-in-lieu of taxes.

Uncommitted. Uncommitted Operating Fund balances and reserves designates funding that is not earmarked or set aside for a specific capital project or operating program initiative and is available for allocation.

Unconditional Operating Grants. An amount provided by other orders of government to municipalities for operating purposes, without any requirements as to the area in which the fund is used.

Utility Operations. Refers to Drainage Services (include Sanitary Utility and Land Drainage Utility) and Waste Management Services where tax dollars are not needed to support the operations. The operations of the Drainage services are governed by the City of Edmonton's Utility Fiscal Policy (C304B). The operations of

Waste Management Utility are governed by the Waste Management Strategic Plan and the Waste Management Policy (C527).