

Approved Budget 2007-2008

Priorities for a Growing Community

A vibrant and growing community of more than 56,000 people, St. Albert continues to be known for its picturesque landscape, healthy environment, high standard of municipal services, celebrated attractions and events, and overall quality of life for residents.

Throughout 2007 and 2008, the City of St. Albert will focus on planning and budget priorities to help manage growth, ensure sustainability and deliver value for taxes paid. The new two-year budget process allows City Council and Administration to realize a multi-year vision for the budget and focus on longer-term goals and objectives. It also provides the public with a two-year look at user fees or any other rate increases, and secures longer term funding for City agencies.

Other cities that have made the switch to multi-year budgets include: Lethbridge, Grande Prairie, Medicine Hat, Calgary and Leduc.

Budget Guiding Principles

The province's hot economic conditions have put significant pressures on all Alberta municipalities. With growth continuing to outpace development, construction costs rising 1% to 2% per month and the ongoing desire to maintain programs and services, many Alberta cities are looking at tax increases in the range of 5% to 9% for 2007, and beyond.

In St. Albert, City Council creates outcome goals to help shape and guide the budget, while providing focus for City programs, services and initiatives. These goals are based on an understanding of residents' needs and priorities:

- Safe and Caring Community
- Service and Operational Excellence
- Fiscal Responsibility and Leadership Excellence
- Effective Infrastructure Management
- Sound Stewardship of the Environment
- Managed Urban Growth and Form
- Expand, Enhance and Diversify the St. Albert Economy



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How Tax Rates Are Set and Collected

In St. Albert, tax notices are comprised of three separate rates – one for municipal services, one for the Servus Credit Union Place levy and one for education. While the City is responsible for collecting all three portions, the Province of Alberta and/or the school boards establish the education funding requirements, which in turn determines the education tax rate.

The City of St. Albert has set its budget increases for residential and non-residential properties, and for the Servus Place levy in both 2007 and 2008. However, the Province has not yet established the funding requirements for education. This announcement is expected to take place in early 2007.

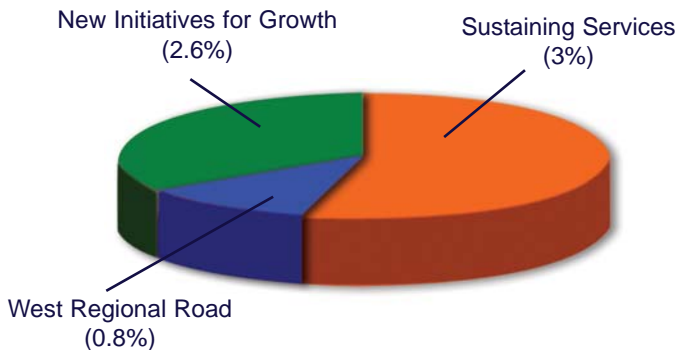
Property Tax Changes in 2007

St. Albert City Council has approved a 6.4% property tax increase for residential properties and a 6.62% increase for non-residential properties in 2007. This includes an increase for the municipal services portion of the property tax as well as a decrease in the Servus Credit Union Place Tax Levy, which moves from \$66 to \$63.85 per \$100,000 of assessment.

For residents living in a single detached home assessed at \$310,000, this will result in an additional \$16.15 per month in taxes.

The municipal operating expenses for 2007 are expected to be \$80.2-million. This includes established costs and increases for sustaining services, as well as about \$1.3-million for initiatives related to growth, such as: additional firefighters, the Universal Transit Pass (U-Pass) initiative for post-secondary students, parks and open spaces planning, staffing to maintain services, and office space leasing.

Property Tax Increase (6.4%) for 2007



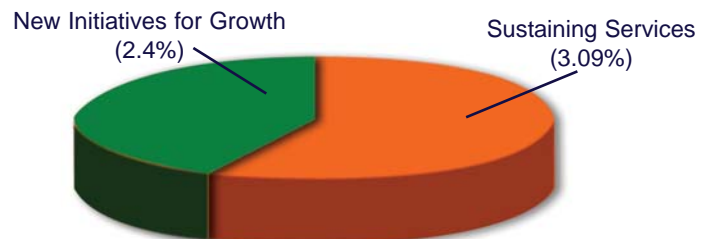
A Look Ahead: Property Tax Changes in 2008

For 2008, City Council has approved a 5.49% increase for residential property taxes and a 5.7% increase for non-residential property taxes. As in the previous year, this covers an increase for the municipal services portion of the property tax and a further reduction in the Servus Credit Union Place Tax Levy, which will go down to \$61.78 per \$100,000 of assessment.

Based on these changes, residents living in a single detached home assessed at \$310,000 will pay an additional \$14.75 per month in taxes.

Municipal expenditures for 2008 are expected to be \$85.2-million. Along with overall operating costs and increases for maintaining services, the budget includes about \$1.2-million for initiatives and business cases to ensure the City is addressing growth. These include: an additional RCMP officer, eight fire and emergency staff members for the new Fire Hall (Station #3), funding for the U-Pass initiative, space leasing, and an Intermunicipal Development Plan Review with Sturgeon County.

Property Tax Increase (5.49%) for 2008



Does Property Value Directly Affect the Tax Rate?

While some property owners are concerned that the soaring housing market will have an effect on their property taxes, this is not generally the case. Increases or decreases in market value of property do not drive the tax rate. In fact, if the market value of the average property increases by 25%, the tax rate is actually reduced by 25% to compensate. However, there are some cases where properties have market value increases or decreases outside of the average, and that will affect the amount of taxes paid on those specific properties.

The costs of managing growth and sustaining services in the City are what drive the tax rate. City Council has determined the amount of funding required to operate and further develop the City over the next two years, and the tax rate will be set to reach that funding target.



Monthly Adjustments for Residents and Businesses



Residential Property Tax Increase (including Servus Place)

Property	Value	2006	2007	Monthly Change	2008	Monthly Change
Condo	\$180,000	\$1,760	\$1,872	\$9.37	\$1,975	\$8.56
Home	\$310,000	\$3,031	\$3,225	\$16.15	\$3,402	\$14.75
Home	\$450,000	\$4,399	\$4,681	\$23.44	\$4,938	\$21.41



Non-Residential Property Tax Increase (including Servus Place)

Property	Value	2006	2007	Monthly Change	2008	Monthly Change
Warehouse	\$500,000	\$7,265	\$7,745	\$40.08	\$8,187	\$36.79
Restaurant	\$1,180,000	\$17,144	\$18,279	\$94.58	\$19,321	\$86.83

Overall Tax Rate Considerations

The Province of Alberta is expected to announce the education funding requirements in the New Year.

There is no indication that this charge will be increased in 2007 or 2008, which will contribute to a better outlook for the overall tax rate.

According to the estimated adjustments for all three taxes collected in St. Albert, the combined increases for 2007 and 2008 could end up closer to 4.5%.

Overall Tax Increases: 2007 Calculations Including Municipal Services, Servus Place Levy and Education (based on a home valued at \$310,000)

With No Increase in Education Tax:

	2006	% Change	\$ Change	2007
Municipal Services	\$2,826	7.09%	\$200	\$3,026
Servus Place	\$205	-3.25%	-\$7	\$198
Education	\$1,196	0.0%	\$0	\$1,196
Total Taxes	\$4,227		\$193	\$4,420

ESTIMATED OVERALL TAX INCREASE = \$193 (4.57%)

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Two-Year Budget Highlights

Municipal operating expenses are expected to be \$80.2-million in 2007 and \$85.2-million in 2008. The budget for these two years takes into account inflationary costs and contract increases geared toward sustaining service levels. As well, it includes funding of \$1.3-million (2007) and \$1.2-million (2008) for new initiatives related to growth.

	2007	2008
Sustaining Services		
Contract Increases for RCMP, Transit Drivers, Facility Repair and Maintenance	\$978,900	\$627,400
Staffing - cost of living adjustments and union settlements	\$895,000	\$964,000
Energy Cost Adjustments - fuel and electricity	\$390,600	\$381,100

New Initiatives for Growth		
Four new firefighters in 2007 and eight in 2008 for the New Fire Hall (Station #3)	\$163,200	\$811,200
One new RCMP Officer		\$92,800
Universal Transit Pass Initiative for post-secondary students	\$120,000	\$240,000
Parks and Open Spaces Plan	\$25,000	\$25,000
Office Space Leasing	\$150,000	\$275,000
Intermunicipal Development Plan Review with Sturgeon County		\$125,000

Municipal Capital Spending		
The City is planning to invest \$54-million in capital projects during 2007 and \$20-million in 2008.		
Some of these projects include:		
Pumper Truck for Fire and Emergency Services	\$400,000	
Riel Park Redevelopment	\$2.4-million	\$2.3-million
Affordable Housing Projects	\$150,000	\$1-million
One Handibus and Two Articulated Buses to meet growth in ridership	\$200,000	\$1.3-million
New Fire Hall (Station #3)	\$5.6-million	\$3.5-million
Collector Road Reconstruction		\$1-million
Arterial Roadway Asphalt Overlay Program	\$720,000	\$1.2-million

Utility Capital Spending		
An estimated \$6.9-million will be invested in utility capital projects in 2007, and \$10-million in 2008.		
Some of these projects are focused on:		
Former Landfill Site Remediation	\$1-million	\$1-million
Wastewater Main Replacement	\$150,000	\$800,000
St. Albert North Interceptor - Phase 2	\$4-million	\$1-million

Changes in User Fees		
In keeping with policy, inflationary adjustments will be made to almost all user fees, including: building, plumbing and gas permits; dog licences; arena and ice rentals; admission for swimming; transit fares; cemetery fees; heating, ventilation and air conditioning permits; property tax penalties; fire services; and business licences.		

For complete details on new initiatives and changes to user fees, please visit the Newsroom in the City of St. Albert's website www.stalbert.ca.

Utilities in 2007-2008

St. Albert's Utility Rate Setting Model is based on the principle that utility operations should be self-sustainable. Utility rates are calculated to provide sufficient revenue to fund operations and future capital costs in accordance with the utility fiscal policies.

Overall, utility rates will increase by 6.5% in 2007 and 6.5% in 2008. This means the average monthly bill will increase by \$4.28 in 2007 and \$4.55 in 2008. Flat rates for water, wastewater and solid waste are unchanged.

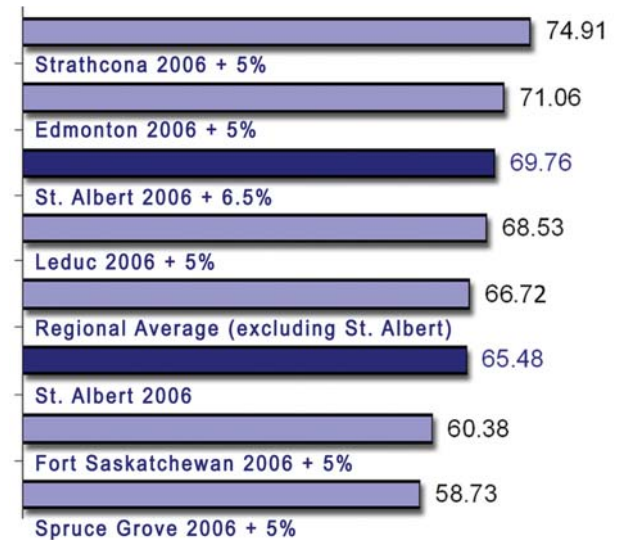
2007 - 2008 Utility Rates			
	2006	2007	2008
Water Rates			
Flat Rate	\$7.00	\$7.00	\$7.00
Water Rate	.864 cents/m ³	.936 cents/m ³	1.008/m ³
Wastewater Rates			
Flat Rate	\$8.50	\$8.50	\$8.50
Wastewater Rate - 100%	.869 cents/m ³	.942 cents/m ³	1.020/m ³
Storm Rates - Flat Rate			
Residential (single/side-by-side)	\$5.30	\$6.05	\$7.00
Residential (stacked/condo)	\$3.60	\$4.20	\$4.85
Non-Residential	\$14.25	\$16.55	\$19.15
Solid Waste Rates			
Flat Fee	\$3.65	\$3.65	\$3.65
1 Bag every 2 weeks	\$1.60	\$1.75	\$1.90
1 Bag	\$3.20	\$3.50	\$3.80
1 Can/2 Bags	\$6.40	\$7.00	\$7.60
3 Bags	\$9.60	\$10.50	\$11.40
2 Cans/4 Bags	\$12.80	\$14.00	\$15.20
3 Cans/6 Bags	\$19.20	\$21.00	\$22.80
Average Monthly Residential Bill *			
	\$65.48	\$69.76	\$74.31

* For all utilities based on average water use of 20 m³ and 1 can/2 bags option for solid waste.

Comparative Utility Bills

All municipalities are facing cost pressures to increase utility rates. Based on the Estimated Regional Utility Rates for 2007, overall utility rates for the City of St. Albert are expected to be \$3.04 higher than the regional average, but \$1.30 less than Edmonton and \$5.15 less than Strathcona County.

2007 Estimated Regional Utility Rates*



* For all utilities based on average water use of 20 m³ and 1 can/2 bags option for solid waste.



Did you know....

The combined capacity of St. Albert's three water reservoirs is sufficient enough to manage the City's water needs through to 2015, or up to a population of about 75,000 people.

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Servus Credit Union Place

The City's new leisure centre - Servus Credit Union Place - opened to the public at the end of September 2006. The Servus Place operating budget reflects projected revenues and expenses, based on comparative data from other leisure centres along with projections from the original business plan.

The City is committed to achieving the budgeted projections and the overall philosophy that, by year three of operations, Servus Place will be operationally self-sufficient.

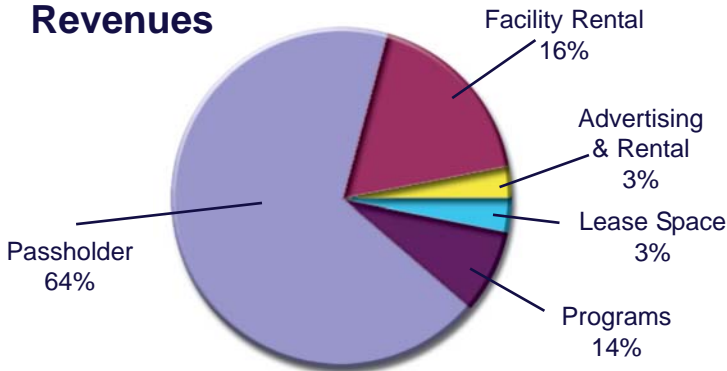
Forecasted revenue for Servus Place in 2007 is \$6,768,500 and \$7,545,400 for 2008. The facility is expected to have operating expenditures of \$6,891,400 in 2007 and \$7,323,100 in 2008.

Servus Place Tax Levy

With success in fundraising and sound budget planning, residents and businesses will see the Servus Place Tax Levy drop to \$63.85 per \$100,000 of assessment in 2007 and \$61.78 per \$100,000 of assessment in 2008. This levy will continue to be reduced every year, as the City's assessment base grows and new residents are participating in the capital costs. The levy will cease entirely when Servus Place borrowing is repaid (up to a 20-year term).



Revenues





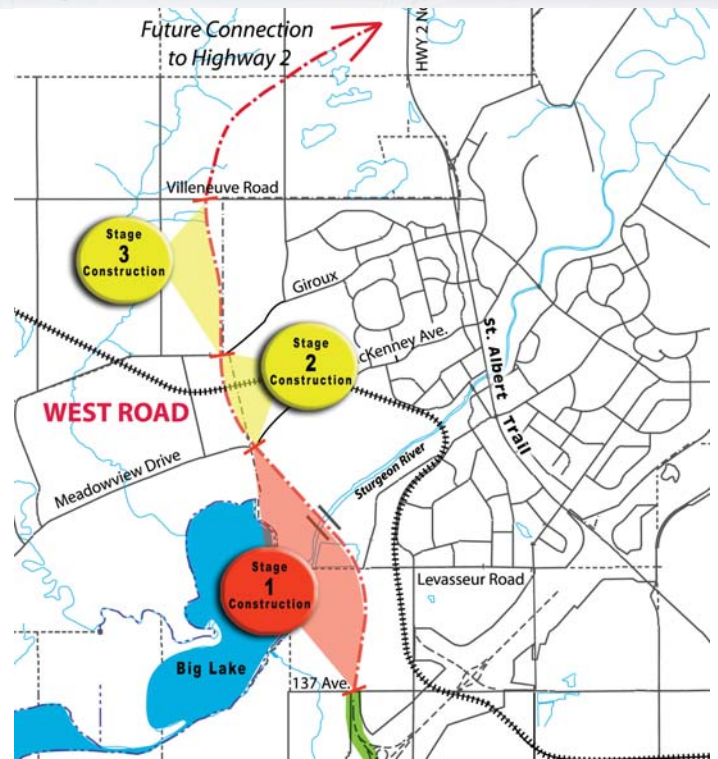
West Regional Road Progress Report

Stage One of the West Regional Road is nearly complete. This portion of the road will run from 137th Avenue to the new McKenney Avenue Extension, and will cost \$28.7-million.

Plans for Stages Two and Three have the road being taken north from McKenney Avenue to Giroux Road and from Giroux Road to Villeneuve Road respectively. Together, these two phases will cost \$26.5-million.

With design work on Stages Two and Three underway, the City will continue pursuing grant funding and advocating the Province to have the West Regional Road designated as a provincial highway. As part of the consideration process, the Province is managing a functional plan, which could see the West Regional Road continue north from Villeneuve Road to Highway 2.

Once further discussions have taken place with the Province in early 2007, City Council will be reviewing the project and making a decision on next steps for development.



Ongoing Plan for No New Debt

In 2005, City Council revised the City's debt policy to be debt adverse. As a result, the majority of the 10 Year Capital Plan has been built around pay-as-you-go, reserve and grant funding, internal financing, and external debt financing. With the exception of debt financing for Servus Credit Union Place, West Road and the "ME First" program, no other debt issues are being considered at this time. Funds for these projects will be drawn as required over the term of financing.

The City will remain within the debt limits established through City policy and as set out by the Province. Excluding Servus Place, all other existing municipal debt will be paid off within five years (2013) and all existing utility debt within two years.

For further information on the City of St. Albert 2007-2008 Budget, please visit the St. Albert Public Library or visit the Newsroom in the City's website www.stalbert.ca



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