

2006 DRAFT BUDGET

November 14, 2005

The City of St. Albert is proposing a property tax increase of 3.95% for 2006 for both residential and non-residential properties.

The proposed property tax increase does not include the Multipurpose Leisure Centre levy. In 2006, that levy will be reduced to \$72 per \$100,000 of market value assessment from \$74 in 2005. When the MPLC levy is combined with the municipal property tax increase, the overall tax increase for 2006 would be 3.47%.

For the homeowner, that would mean an increase in property taxes of approximately \$5.37 per month based on an assessed value of \$180,000 (see chart

below). The homeowner will pay an additional \$4.51 per month in utility rates, an increase of 7.3%.

2005 was a challenging year for the City of St. Albert. In order to accommodate growth issues in the city, a number of major capital projects were undertaken, including the start of construction on the West Regional Road, the Multipurpose Leisure Centre and major upgrades to water reservoirs and trunk sewer lines.

There was good news from both the federal and provincial governments in 2005. Both levels of government announced infrastructure funding programs that mean an additional \$61.4

million over the next five years. Those funds will be used to address the growing infrastructure needs of the City.

2006 Budget Guiding Principles:

This year, City Council adopted guiding principles for budget preparation well in advance, which included clear direction that the proposed tax increase not exceed 4%.

In addition, City Council directed Administration to ensure that programs and services are maintained at current levels.

Impact of 3.95% Municipal Property Tax Rate Increase (including MPLC)



Property	Value	2006	Monthly Change	Property	Value	2006	Monthly Change
Condo	\$125,000	\$1,333	\$3.73	Restaurant	\$920,000	\$14,302	\$41.66
Home	\$180,000	\$1,920	\$5.37	Industrial	\$4.2 million	\$65,290	\$190.17
Home	\$375,000	\$3,999	\$11.18	<i>Please note that education taxes are not included.</i>			

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2006 Budget Guiding Principles continued . . .

Specifically, Council directed the Administration to:

- Link to the Business Plan as to the specific goals for quality of life, environmental protection, fiscal responsibility, long-term planning, economic development, municipal leadership, and governance and safety.
- Identify priorities and resources needed to carry out existing programs and services.
- Identify emerging needs and priorities, and provide information on the resources needed to manage service demand.
- Plan for the construction of the West Regional Road.
- Manage growth and future land requirements through annexation.
- Address the City's existing infrastructure needs to ensure sustainability.
- Ensure that user fees and charges, where market conditions allow, pay for the services provided.

2006 budget highlights:

Municipal operating expenditures are projected at \$74.1 million for 2006.

Increasing cost pressures:

- RCMP & Transit Drivers contract - \$401,500
- Fuel - \$255,000
- Electricity & Natural Gas - \$150,000
- Power Centre revenue sharing - \$90,000

Operating Business Cases = \$1.4 million for 2006, including:

- Four new firefighters & one fire training officer
- RCMP storefront at MPLC
- Affordable housing liaison

- Maintenance costs for annexation area
- Municipal Development Plan amendments
- Northern Lights Airport area structure plan
- Library Fund development & communications officer
- Establishment of a non-profit opportunity fund
- Funding of \$300,000 to our stabilization reserve to restore

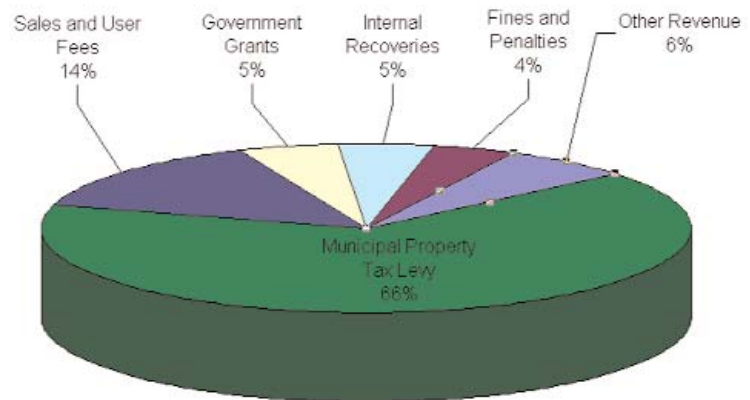
it to its policy level of approximately \$2 million.

- Enhanced funding of \$325,000 towards PAYG capital projects

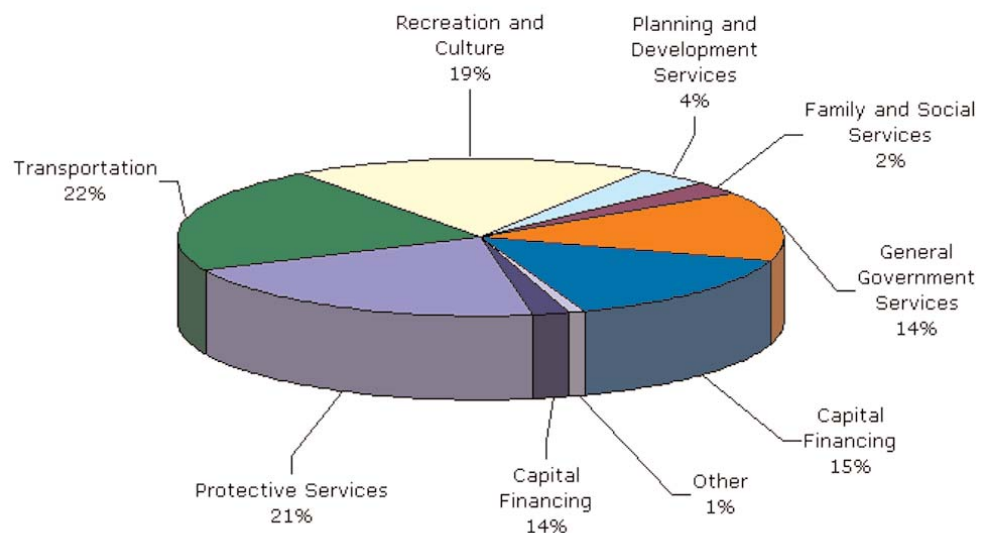
Municipal Capital Spending = \$24 million for 2006, including:

- Campbell road twinning to 4 lanes - Boudreau to Poirier
- Former Public Works Yard salt remediation

Where the Money Will Come From for the 2006 Operating Budget



How the City Will Spend in 2006



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2006 budget highlights con't ...

- Preliminary design work for Fire Station #3
- Fire tanker truck
- Rehabilitation of the Woodlands Water Park
- Transit - 3 bus replacements and 4 bus additions to the fleet
- Purchase of new & replacement equipment for Public Works
- Energy savings program enhancements
- Ted Hole Park development
- West Regional Road connections - South Riel & McKenney Ave.
- Continued construction of West Regional Road (opening in late 2006)
- Multipurpose Leisure Centre (opening in fall of 2006)

Utility Capital Spending = \$4.2 million for 2006, including:

- Continuation of the Hydrocarbon / Grit Interceptor - retrofit program
- Riel Park former landfill site remediation
- Approx. \$3 million in funding towards infrastructure rehabilitation in support of the City's infrastructure rehabilitation program.

Utilities

The average monthly bill will increase by \$4.51. The new waste subscription level of three bags per week is \$9.90 per month. Overall, rates will increase by 7.3% in 2006.

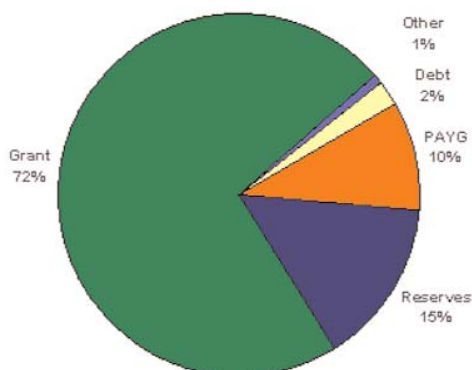
All municipalities are facing cost pressures to increase utility rates. Based on Administration's recommended 2006 Utility Budget, the overall monthly utility rates for the City of St. Albert are expected to be \$1.97 higher than the regional average, \$3.28 less than Edmonton and \$14.20 less than Sherwood Park.

The City of St. Albert is considering moving to a monthly billing cycle for utilities rather than the bimonthly system. Allowing customers to pay for utilities monthly would bring St. Albert in line with common billing practices elsewhere. Bimonthly billing can result in significant fluctuations in the amount of the bill, which can be compounded by seasonal changes in consumption.

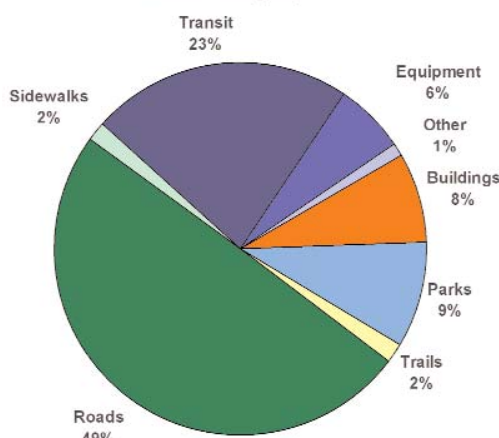
	2005 Approved	2006 Budget	2007 Plan	2008 Plan
Water Rates				
- Flat Rate	\$6.00	\$7.00	\$8.00	\$9.00
- Water Rate	.828 cents/m ³	.875 cents/m ³	.924 cents/m ³	.976 cents/m ³
Wastewater Rates				
- Flat Rate	\$8.50	\$8.50	\$8.50	\$9.00
- Sewer Rate	.805 cents/m ³	.879 cents/m ³	.965 cents/m ³	1.059 cents/m ³
Storm Rates - Flat Rate				
Residential - (single/side-by-side)	\$ 5.20	\$ 5.55	\$ 6.77	\$ 8.28
Residential - (stacked/Condo)	\$ 3.50	\$ 3.75	\$ 4.56	\$ 5.57
Non-Residential	\$14.00	\$14.90	\$18.23	\$22.30
Solid Waste Rates				
- Flat Fee	\$ 3.65	\$ 3.65	\$ 3.65	\$ 3.65
- 1/2 Bag (26 tags)	\$ 1.45	\$ 1.65	\$ 1.66	\$ 1.69
- 1 Bag (52 tags)	\$ 2.95	\$ 3.30	\$ 3.38	\$ 3.43
- 1 Can/2Bag (104 tags)	\$ 5.90	\$ 6.60	\$ 6.76	\$ 6.86
- /3 Bag (156 tags)	\$ 0.00	\$ 9.90	\$10.14	\$10.29
- 2 Can/4Bag (208 tags)	\$11.80	\$13.20	\$13.53	\$13.73
- 3 Can/6Bag (312 tags)	\$17.70	\$19.80	\$20.30	\$20.59
Average Monthly Bill *	\$61.90	\$66.41	\$71.46	\$77.50

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

Sources of Financing



Asset Category



Public input sessions will be held:

- November 15
- November 17
- November 19
- November 23
- November 26
- November 29 (if necessary)

All public input sessions take place at 6:30 p.m. in Council Chambers. City Council hopes to finalize the 2006 budget in early December.

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Debt Policy & the Ten-Year Capital Plan

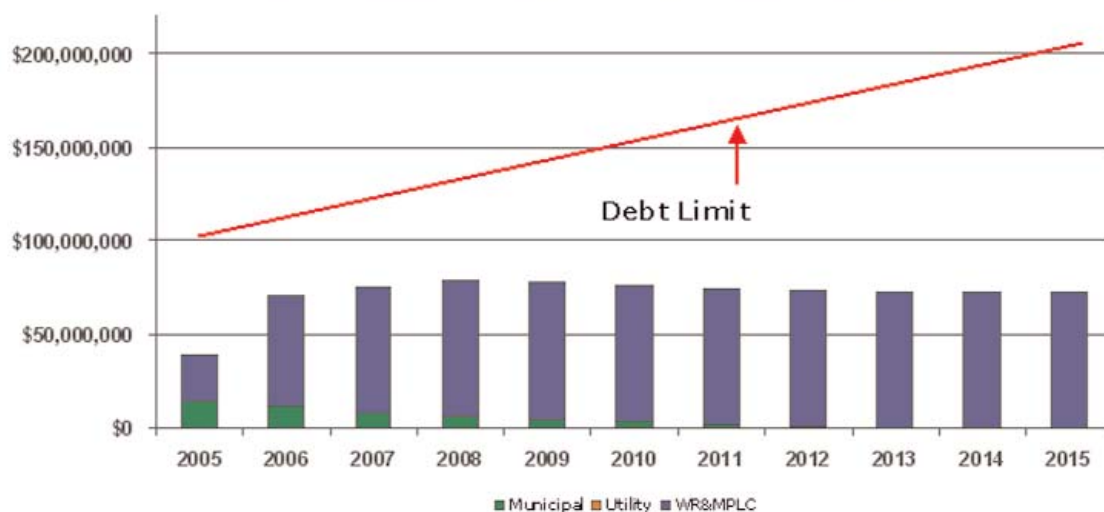
Following Council's priorities for these significant capital investments is the need for effective financing. As a result of recent fiscal reform within the City, Council set a debt policy, which is debt adverse. As a result, the majority of the 10 Year Capital Plan has been built around pay-as-you-go, reserve and grants options.

With the exception of debt financing for the MPLC and the West Regional Road, no other debt issues are being planned at this time. Funds for these projects will be drawn as required over the term of financing. While the two major projects approved in 2004 are significant, the City will remain within the debt limits established through City policy and as set out by the Province. All other existing Municipal debt will be paid off within seven years (2012), and Utility debt with three years (2009).



2) The most appropriate management strategy for the retention, maintenance and required renewal of these assets in order to satisfy current and future public requirements.

Source: 10 Year Capital Plan, City of St. Albert



Why a Ten-Year Plan?

- Capital needs are identified & understood
- Addresses infrastructure
- Capital program is sustainable
- Limit impact of Capital on taxes
- Advocacy for additional federal and provincial grant funding

Ten-Year Plan Development based on:

- Council outcome goals
- Growth projections
- Infrastructure findings
- Dept. Long Term Financial Plans
- Balances Re-investment with Growth

Infrastructure

The City of St. Albert conducted an evaluation of its municipal infrastructure and capital assets. The goals of the evaluation were to determine:

1) The value of the City's buildings, parks, trails, water, wastewater and storm infrastructure, roads, traffic signals, sidewalks, bridges, transit vehicles and public works equipment,

The study allowed us to identify generic costs to maintain and upgrade existing infrastructure with a view to managing 'risk' and to determine future costs of upgrading and adding new infrastructure.

This in turn gives the City a very clear understanding of what funding is needed now and in the future. The City, like a homeowner, has to budget properly to make sure priorities are being dealt with.

The infrastructure funding from the federal and provincial governments is vital to the City but we cannot apply it directly to property taxes. So although it will not mean immediate property tax relief for residents, there will be longer term benefits as we put that funding toward infrastructure projects for buildings, roads, and sidewalks which otherwise would require funding directly from property taxes.

More detailed information is available at the St. Albert Public Library, at Legislative Services, 3rd floor, St. Albert Place, and on our website at www.stalbert.ca.