

2006 APPROVED BUDGET

December 15, 2005

St. Albert City Council has approved a property tax increase of 2.98% for 2006 for residential and 3.12% for non-residential properties, which includes 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.

For the homeowner that means an increase in property taxes of approximately \$4.61 per month based on an assessed value of \$180,000 (see chart below).

The average homeowner will pay an additional \$3.58 per month in utility rates, an increase of 5.8%.

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 along with major upgrades to water reservoirs and trunk sewer lines.

There was good news from both the federal and provincial governments in 2005 and the effects of that will take place in 2006. Both senior levels of government announced infrastructure funding programs last year, which means an additional \$61.4 million over the next five years. Those funds will be used to address the growing infrastructure needs of the City.

Impact of 2.98% Municipal Property Tax Rate Increase (including MPLC)



Property	Value	2005	2006	Annual Change	Monthly Change
Condo	\$125,000	\$1,288	\$1,327	\$38.40	\$3.20
Home	\$180,000	\$1,855	\$1,911	\$55.29	\$4.61
Home	\$375,000	\$3,865	\$3,980	\$115.20	\$9.60

Impact of 3.12% Municipal Property Tax Rate Increase (including MPLC)



Property	Value	2005	2006	Annual Change	Monthly Change
Restaurant	\$920,000	\$13,802	\$14,232	\$430.34	\$35.86
Industrial	\$4.2m	\$63,008	\$64,973	\$1,964.59	\$163.72

* Please note that education taxes are not included.

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2006 budget highlights:

Municipal operating expenditures are projected at \$73.9 million for 2006 with the increase over 2005 funded by taxation and assessment growth.

The increases related to 2006 are required due to increased costs associated with service contracts, staffing, inflation, and capital. Where increases for 2006 were known, those have been factored into this budget, such as contract costs for the RCMP, the Transit Driver contract and repair and maintenance contracts.

Increasing cost pressures such as:

- RCMP & Transit Drivers contract - \$401,500
- Fuel - \$255,000
- Electricity & Natural Gas - \$150,000
- Power Centre revenue sharing - \$90,000
- Includes \$1.2 million in operating business cases which include:
 - Four new firefighters & one fire training officer
 - RCMP storefront at MPLC
 - Affordable housing liaison
 - Maintenance costs for annexation area
 - Municipal Development Plan amendments
 - Library Fund development and communications officer
 - Enhanced funding of \$325,000 towards PAYG capital projects

Municipal Capital Spending = \$59.4 million for 2006 including:

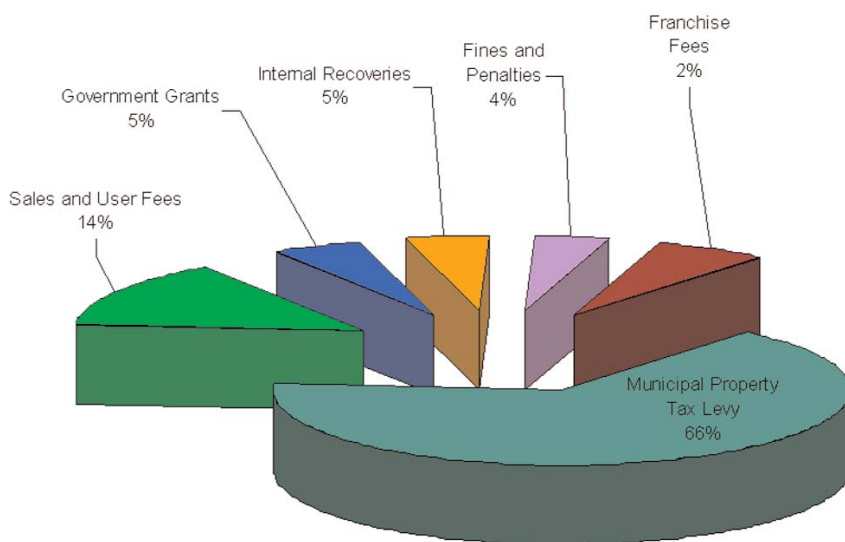
- Campbell road twinning to 4 lanes- Boudreau to Poirier
- Former Public Works Yard salt remediation
- Preliminary design work for Fire Station #3
- Fire tanker truck
- Rehabilitation of the Woodlands Water Park
- Transit - 3 bus replacements and 4 bus additions to the fleet

- Purchase of new & replacement equipment for Public Works
- Energy savings program enhancements
- Ted Hole Park development
- West Road connections - South Riel & McKenney Ave.
- Continued construction of West Regional Road (opening in late 2006)
- Multipurpose Leisure Centre (opening in fall of 2006)

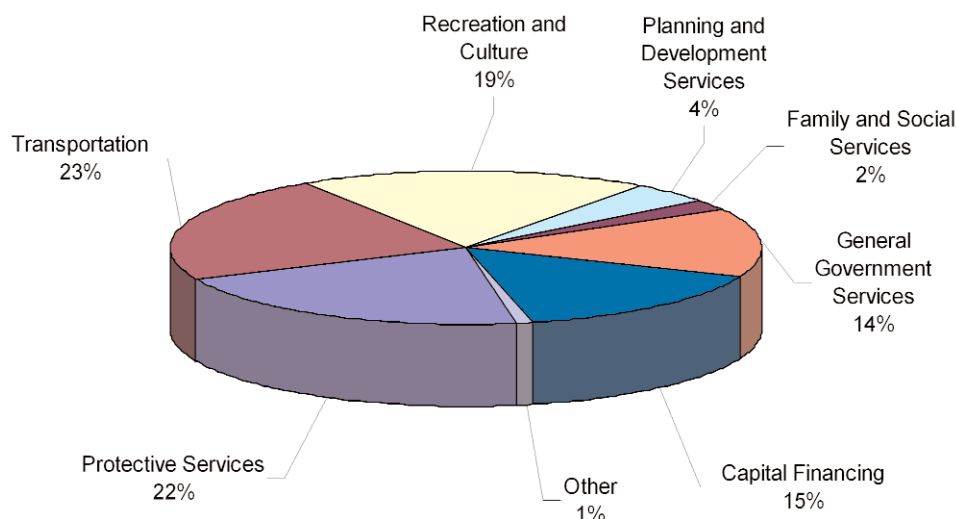
Utility Capital Spending = \$4.2 million for 2006 including:

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

Where the money will come from for the 2006 Operating Budget



How the City will spend in 2006



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%. Council also directed Administration to ensure that programs and services are maintained at current levels.

Specifically, Council directed 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 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.

Debt Policy and 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:

- Internal financing is the first option.
- Second and finally external debt financing.

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).

Utilities

The average monthly bill will increase by \$3.58, with flat rates increasing by \$1.10

per month. Flat rates for wastewater and solid waste are unchanged. The wastewater flat rate will remain at \$8.50 until 2008, when it will equal the water flat rate. The solid waste rate for the new subscription level of three bags per week is \$9.60 per month. Overall, rates will increase by 5.8% in 2006.

All municipalities are facing cost pressures to increase utility rates. The overall monthly utility rates for the City of St. Albert are expected to be \$1.04 higher than the regional average, \$4.21 less than Edmonton and \$15.13 less than Sherwood Park.

2006 Utility Rates

	2005 Approved	2006 Approved
Water Rates		
Flat Rate	\$6.00	\$7.00
Water Rate	.828 cents/m ³	.864 cents/m ³
Wastewater Rates		
Flat Rate	\$8.50	\$8.50
Wastewater Rate - 80%	1.006 cents/m ³	1.086 cents/m ³
Wastewater Rate - 100%	.805 cents/m ³	.869 cents/m ³
Storm Rates - Flat Rate		
Residential - single/side-by-side	\$5.20	\$5.30
Residential - stacked/condo	\$3.50	\$3.60
Non-residential	\$14.00	\$14.25
Solid Waste Rates		
Flat Fee	\$3.65	\$3.65
• 1 Bag every 2 weeks	\$1.45	\$1.60
• 1 Bag	\$2.95	\$3.20
• 1 Can/2 Bags	\$5.90	\$6.40
• 3 Bags	\$0.00	\$9.60
• 2 Can/4 Bags	\$11.80	\$12.80
• 3 Can/6 Bags	\$17.70	\$19.20
Average Monthly Bill *	\$61.90	\$65.48

* assumes average water consumption of 20m³ and 2 bags/1 can solid waste subscription



Infrastructure Update

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.
- 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.

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.

Multipurpose Leisure Centre Update

The MPLC is on schedule for an official opening in September next year with the project remaining on time and on budget.

Over the last few months, the focus for the MPLC has been on the structural construction phase and planning the start up and operations of the Centre.

The idea has literally taken shape-we've moved into the bricks and mortar phase of the project and can see progress developing on a daily basis.

MPLC staff are working on the operational aspects of the facility including building operating systems, budget, staff structure, occupancy of leased space, IT requirements, and facility booking and scheduling.

A comparison study of fees, charges, and staff structures and compensation of similar facilities has laid the foundation the budget projections. These projections are based on the overall philosophy that the MPLC will not require additional tax support for operational sustainability.



MPLC
The Multipurpose Leisure Centre
Serving Alberta's Capital Region



West Regional Road Update

The West Regional Road will provide access for local businesses and residents to a bypass connecting to Highway 2. This access to Highway 2 will ease traffic congestion in St. Albert and increase the connection to a major thoroughfare.

The City of St. Albert has awarded contracts for construction of the first phase of the West Regional Road from 137 Avenue to Meadowview Drive.

The road construction is planned to continue until fall 2006, while Riel Pond wetland improvements should be completed in the spring 2006.

The first phase of the road will cost \$28.4 million, \$8.4 million higher than the original 2003 estimate. This increase can be attributed to the buoyant economy and the increased cost of labour and building materials. The City received approval for a borrowing bylaw in the amount of \$13 million. With increased costs for construction, an application has been made for an additional borrowing bylaw of \$8.4 million to complete the first stage. In the meantime, discussions continue with the Government of Alberta on possible cost sharing or grants to cover a large percentage of the road costs, and to eventually designate the road as Highway 2.

More detailed information is available at Legislative Services, 3rd floor, St. Albert Place or on the web at www.stalbert.ca.