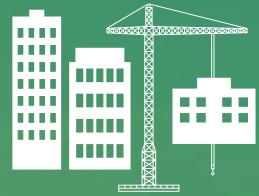




# 2014 FINANCIAL REPORT TO CITIZENS

CITY OF EDMONTON, ALBERTA, CANADA  
For the year ended December 31, 2014

**Edmonton**



**\$4.6 B**

Value of Edmonton

## BUILDING PERMITS



**2014**

Library of the year

## AWARD



**70 %**

Percentage of Regional Growth

## IN EDMONTON



Back row

(left to right):

Mike Nickel - Ward 11  
Dave Loken - Ward 3  
Andrew Knack - Ward 1  
Mayor Don Iveson  
Michael Oshry - Ward 5  
Michael Walters - Ward 10  
Scott McKeen - Ward 6

Front Row

(left to right):

Bev Esslinger - Ward 2  
Ben Henderson - Ward 8  
Ed Gibbons - Ward 4  
Bryan Anderson - Ward 9  
Tony Caterina - Ward 7  
Amarjeet Sohi - Ward 12

## MESSAGE FROM CITY COUNCIL

### We understand the power of working together.

Edmonton has always been a city made up of an ever-growing, ever-shifting landscape of cultures, backgrounds and lifestyles. It is this coming together of unique viewpoints and interests, of ideas and solutions that drives our City. It is the energy behind the successful business ventures that make Edmonton a centre of wealth, job opportunities and sustainability.

The many construction cranes and building sites throughout our city really speak of our confidence in Edmonton today and well into the future. Projects like Rogers Place arena, Blatchford, the neighbourhood renewal program and the Quarters are transforming the physical landscape of our city. All these changes clearly position Edmonton on the world stage and promote a vision of our city where everyone can step up and take part in our growth and prosperity.

Expansion of our LRT system continues as we build connections with our post-secondary institutions and communities throughout the city.

Edmonton continues to be one of the fastest-growing cities in Canada with a population growth more than double the national average. In the past two years we have grown by more than 60,000 people.

We are a city with a rock solid reputation for welcoming newcomers and families seeking an exceptional quality of life. With 375 different neighbourhoods located across the city, families are sure to find the right community to meet their needs.

Building a great city demands financial stewardship and leadership. While this sometimes requires tough fiscal decisions to be made on behalf of the people we serve, the goal is that it always occurs in an environment of transparency and openness.

# INTRODUCTION

**Edmonton, a thriving city fuelled by change, has boldly grown at a rate faster than almost any other Canadian city and is rapidly becoming a new cultural and economic landmark in Canada.**

The transformation of the downtown core marks an exciting time for the City, as a catalyst for opportunity and investment, to develop a sustainable and energetic downtown. The high standard of living that Edmontonians enjoy is supported by a wide range of amenities, civic services, convenience, accessibility, mobility, and exciting year-round leisure opportunities. Meeting these expectations and building a great city demands both financial stewardship and vision to maintain the quality of life for citizens now and in the future.

In August 2014, the international credit rating agency Standard & Poor's affirmed their rating of the City of Edmonton as AA+, which is the second highest credit rating. The rating was based on an excellent liquidity position, strong economy that has some industry concentration within the energy sector, and strong, but somewhat limited, budgetary flexibility. The ratings also reflected Edmonton's very strong financial management and low contingent liabilities. Adequate budgetary performance and moderate debt burden, which is expected to increase in the next two years but remain within legislated limits, constrain the rating.

The recent economic fluctuations have reinforced the need to maintain flexibility and to monitor the economy and the City's financial status to ensure continuing adaptation to economic impacts. As the major centre for the region, the City continues to be challenged to manage emerging competing financial needs and to maintain existing services, while addressing service and infrastructure needs associated with growth. City Council's focus on longer-term planning afforded by the multi-year approach to business plans and budgets will help the City position itself well for the future. Furthermore, the City's long-term financial plan, *The Way We Finance*, will outline guiding principles to ensure continued sound fiscal management and long-term financial sustainability.



Simon Farbrother MCIP, RPP, MA  
City Manager



Todd Burge, CMA  
Chief Financial Officer & Treasurer  
General Manager

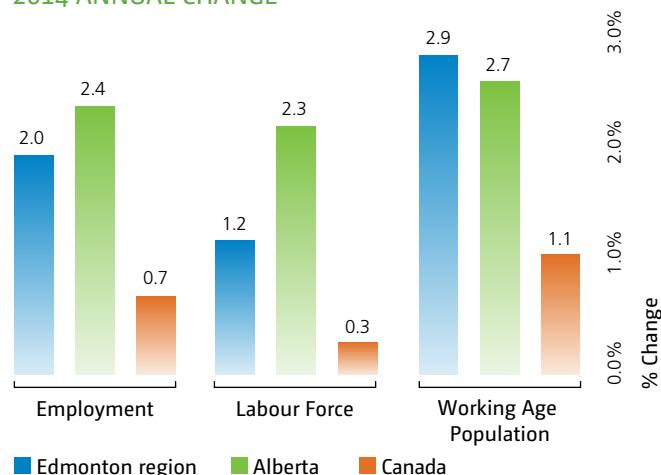
# ECONOMIC OVERVIEW

The economic outlook for Edmonton remains positive. With very strong gains in employment, income and population, the city ended 2014 with plenty of momentum to support continued economic growth going into 2015.

## EMPLOYMENT

The employment indicators for the Edmonton region were somewhat less robust than those for the province but above national averages during 2014. Employment expanded by 2% in 2014 which was well above the national average of 0.7%, but below the provincial average of 2.4%. The number of individuals participating in the region's labour force grew at a remarkable pace as the Edmonton region continued to attract large numbers of new migrants seeking employment. The rapid growth in job seekers, however, resulted in the region's unemployment rate rising from 4.9% in 2013 to 5.2% in 2014. At the same time, this additional slack in the labour market helped to address labour shortages in many sectors such as construction, manufacturing and professional services.

## LABOUR MARKET DEVELOPMENTS – 2014 ANNUAL CHANGE



Source: Statistics Canada

## PERCENTAGE OF WORKFORCE EMPLOYED BY INDUSTRY FOR THE EDMONTON REGION

Industry	Percentage of Workforce Employed
Trade	15.5%
Construction	11.9%
Health care and social assistance	11.1%
Professional, scientific and technical services	7.8%
Manufacturing	7.5%
Accommodation and food services	6.7%
Transportation and warehousing	6.0%
Educational services	5.7%
Public administration	5.3%
Finance, insurance, real estate and leasing	4.5%
Forestry, fishing, mining, oil and gas	4.3%
Other *	13.7%

\* Other includes industries such as business, information, culture and recreation.

Source: Statistics Canada



Source: Realtors Association of Edmonton

## RESIDENTIAL CONSTRUCTION

The residential construction sector in the Edmonton region had a strong year in 2014 as evidenced by the advances seen in building permits and the relatively high levels of new housing starts.

The value of building permits issued in the Edmonton region stood at \$6.4 billion in 2014, a record high over the last decade, reflecting strong construction intentions in both the residential and non-residential sectors. This value was up by 16.4% from the level recorded in 2013 and compared favourably to a growth rate of 8% for Alberta and 4% nationally. The value of building permits issued in Edmonton in 2014 was \$4.6 billion, the highest level in the city's history.

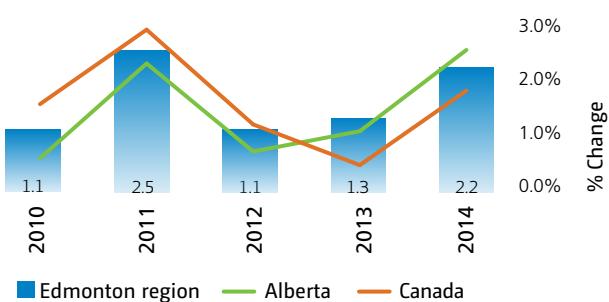
Edmonton's housing starts were down from the very strong values recorded in 2013. Construction started on over 9,768 new housing units in the city in 2014, a decrease of 8.1% from 2013. The region reported just fewer than 13,900 new housing starts in 2014, representing a decrease of 5.4% year-over-year.



## INFLATION

Inflation as measured by the Consumer Price Index (CPI) reflects prices that consumers pay on an average basket of goods and services such as groceries, clothing, and housing costs such as rent and mortgage expenses. However CPI does not capture all the inflationary pressures experienced by an organization such as the City since it does not include categories such as construction materials, transportation equipment and professional services necessary to deliver municipal services.

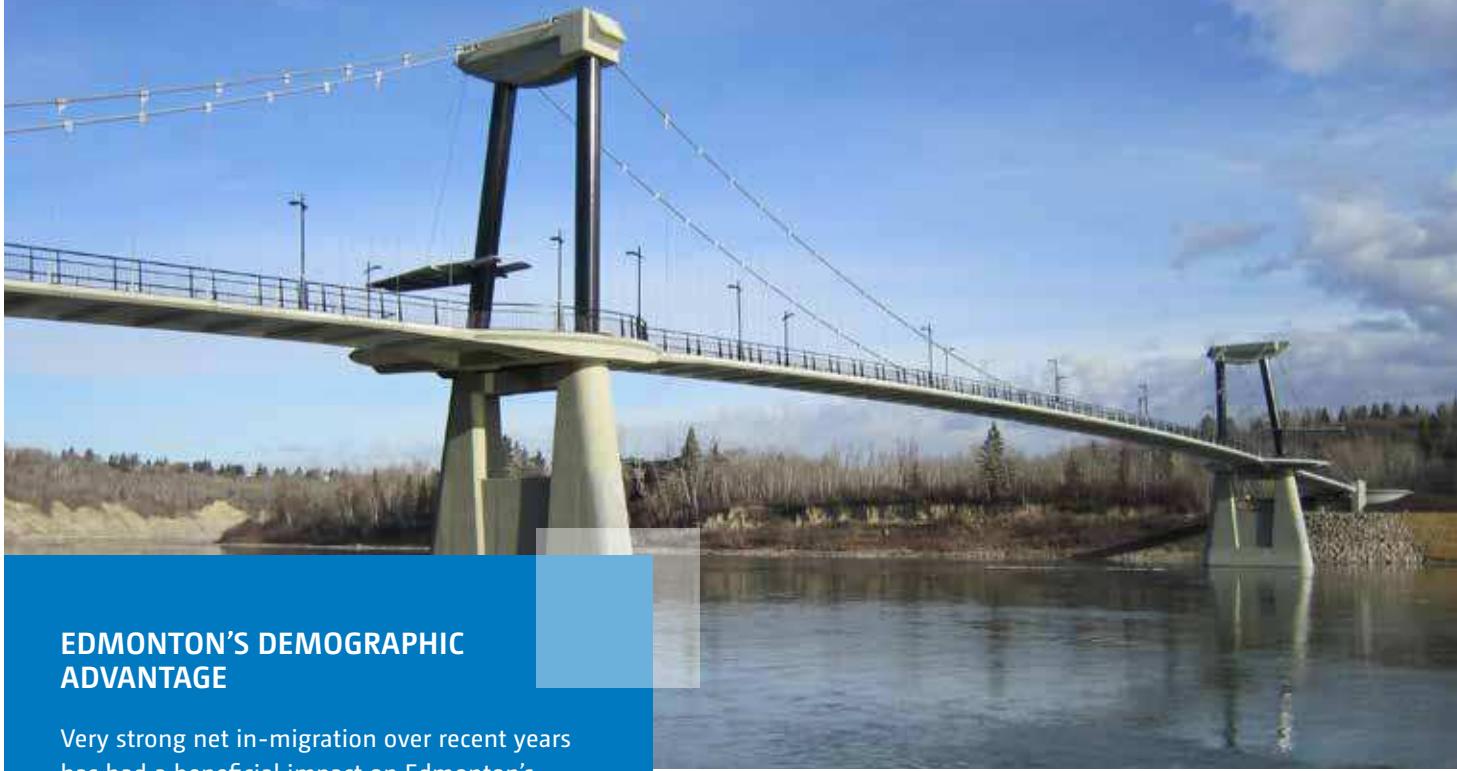
### CONSUMER PRICE INDEX FOR EDMONTON REGION



*Source: Statistics Canada*

In spite of strong growth in Edmonton and the region, inflation in 2014 remained relatively low by historical standards. Inflation as measured by the CPI measured 2.2% for the Edmonton region, while the comparable figure was 2.6% for Alberta and 2% for Canada. Inflation was held in check during 2014 as a result of weak energy prices and lower costs for selected consumer goods as well as other items. However, as strong in-migration to the region drove down rental vacancy rates, rents moved up more quickly and put upward pressure on the consumer inflation.

The City of Edmonton and the Edmonton Census Metropolitan Area (Edmonton region) continued to experience solid economic growth during 2014 despite the tepid performances of the Canadian and global economies and a marked decline in oil prices late this year.



## EDMONTON'S DEMOGRAPHIC ADVANTAGE

Very strong net in-migration over recent years has had a beneficial impact on Edmonton's demographic profile. A large percentage of our population is comprised of people in their prime working and consuming/spending years: 25 to 44 years of age. From an employment and growth perspective, the age profile for Edmonton is very favorable when compared with both Alberta and Canada. The outlook is also positive with respect to income growth and consumer spending, as this population group leads the way in household formation. The city is well positioned to deal with the recent downturn in energy prices with solid income growth and family formation fueling demand for new housing, consumer goods and personal services.

Excellent population, employment and income growth over the past several years means that the local economy has the depth and momentum to weather a temporary shock to Alberta's energy sector. 2015 will see growth slow in the city and the region as low energy prices limit expansion in areas such as manufacturing, logistics, professional services and public administration. As oil prices recover over the period 2015 to 2018, growth in Edmonton will improve to average 3.1% in inflation adjusted terms over the next decade.

## DEMOGRAPHICS

<b>Population (2014 City Census)</b>	877,926
--------------------------------------	---------

### Population Age Distribution (%) (2014 City Census)

0-4	6.13
5-19	16.74
20-29	16.18
30-39	15.94
40-49	13.45
50-59	13.82
60-64	5.29
65+	12.45

### Median Age (2011 Statistics Canada)

City of Edmonton	36.5
Alberta	36.5
Canada	40.6

### Area in square kilometers (rounded)

<b>City of Edmonton employees*</b>	700
(full time equivalents)	14,352

### Household median total income (2012 Statistics Canada)

Edmonton region	\$96,030
Alberta	\$94,460
Canada	\$74,540

\* Figure includes employees of the City of Edmonton's boards and authorities, including the Edmonton Public Library and Edmonton Economic Development Corporation.

# 2014 FINANCIAL HIGHLIGHTS

This section provides summary financial results and highlights for the consolidated City of Edmonton operations relative to the original City Council approved 2014 budget. The complete 2014 Annual Report is available online at [edmonton.ca/annualreport](http://edmonton.ca/annualreport). More detailed information on the planning and budgeting process is available on the City's website. Copies of the annual report are also available at each of the public library locations throughout the City.

## 2014 OPERATING BUDGET

City Council approved the 2014 operating budget resulting in a combined municipal and education property tax increase of 4.9% for civic programs, including the 1.5% dedicated to fund the neighbourhood renewal program. The budget recognizes the overall level of services and programs required to support a vibrant, growing city and balances limited sources of revenue with the demands of a diverse and growing population. Edmontonians provide valuable input on operational priorities using a variety of channels, including comments through the City's online reporting tools, calls to 311, public consultation on specific programs, contact directly with the Mayor and Councillors and through the annual public budget hearings.

## CAPITAL BUDGET

The City completed the final year of its three-year capital budget for 2012-2014 which saw investment in major capital initiatives including Light Rail Transit (LRT) projects, multi-purpose recreation centers, Rogers Place arena, Walterdale bridge replacement and continued neighbourhood renewal and arterial roadway work. A new four-year capital budget for 2015-2018 was approved in December 2014. The expanded capital budget cycle allows Council to focus more on longer-term planning. The capital budget strikes a balance between growth and renewal and will advance work on significant capital projects and begin work on new capital projects.

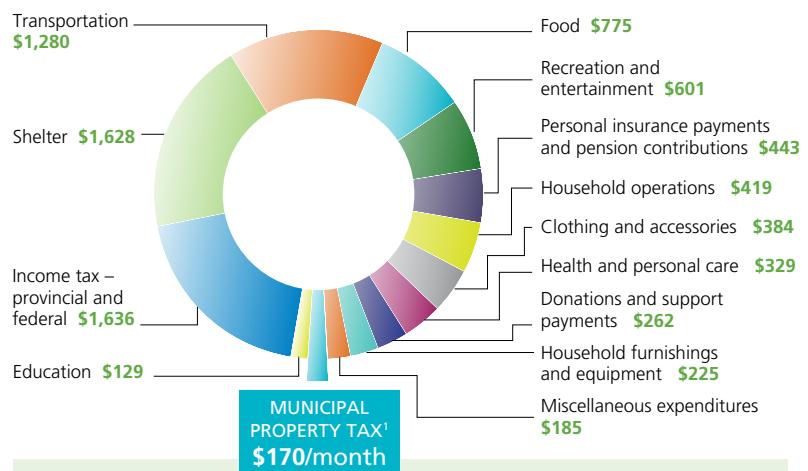


## Cost of City Services to Edmontonians

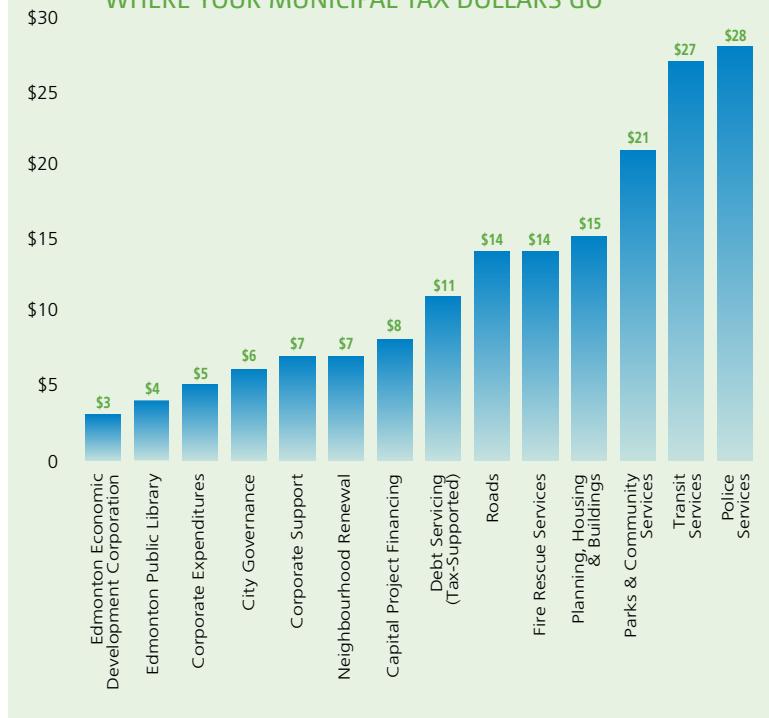
Monthly household expenses include all of the basic expenses to live and enjoy life in Edmonton. The typical household costs include shelter, transportation and federal and provincial income taxes. Municipal property tax accounts for only 2.1% or \$170 of monthly household costs. For an average of \$170 a month, the value an Edmontonian receives from municipal property tax far exceeds the purchasing power of a typical consumer. Property taxes are used to deliver various publicly available services such as police, transit, and fire rescue and to provide access to parks, sports fields, community recreation centers, libraries and much more.



## MONTHLY AVERAGE HOUSEHOLD SPENDING (2013 STATISTICS CANADA)



## WHERE YOUR MUNICIPAL TAX DOLLARS GO<sup>2</sup>



### Notes:

1. Municipal property tax is based on a home assessed at \$374,500 for the 2014 tax year.
2. Distribution based on 2014 approved operating budget



## 2014 FINANCIAL RESULTS

The following financial statements outline 2014 revenues, expenses, assets, liabilities and overall accumulated surplus for the City's consolidated programs and services.

### Operating Revenues

Consolidated operating revenues increased by \$258.0 million from the prior year due to \$121.8 million increased taxation revenues from a combined rate increase and growth, \$42.6 million increased user fees and sales of goods and services, \$46.1 million increase in investment earnings due to higher fund balances and investment gains and a combined increase in license and permits, franchise fees and developer and customer contributions of \$28.9 million. Earnings from EPCOR, a wholly owned subsidiary of the City of Edmonton increased compared to the prior year by \$15.4 million.

Property tax is the primary revenue source available to the City to pay for municipal services. In 2014 net taxes available for municipal services of \$1,237.7 million accounted for 46.1% of total operating revenues, a similar percentage compared to 2013.

Operating revenues are higher than budget by \$90.4 million, or 3.5% of the revenue budget, primarily due to greater than budgeted investment earnings, primarily in the Ed Tel Endowment Fund, higher than budgeted operating government transfers and developer and customer contributions and increased fines and user fees. These positive variances are partially offset by lower than expected land sales due to timing of sales.

Investment earnings were greater than budget due to better than expected returns and higher than budgeted fund balances. Government transfers were favourable compared to budget due to the Provincial City Transportation

Fund grant received by the City in 2014 which was used to fund the City's portion of the 41st Avenue/Queen Elizabeth II interchange construction. The increase from budget in fine revenues was due to greater than expected photo enforcement revenues. User fees were greater than expected due to growth and demand for City services.

### Expenses

Operating expense increases of \$181.2 million over the prior year related to net increases in amortization expense of \$74.1 million, personnel costs of \$66.2 million, and contracted and general services of \$36.4 million. The increased amortization is due to increased capital construction and completion of large capital projects in 2013 and 2014 compared to prior years and other amortization adjustments. Generally, expenses were greater than in the prior year in the areas of snow and ice control, protective services, road maintenance and the operations of new recreation facilities.

Consolidated operating expenses of \$2.6 billion were generally managed within the approved budget. There were greater than anticipated costs related to snow and ice control and for the 41st Avenue/Queen Elizabeth II interchange. The increase in government transfers for the 41st Avenue/Queen Elizabeth II interchange fully offset the additional costs. Snow and ice control expenses were \$73.8 million in 2014, \$19.7 million greater than the annual approved budget of \$54.1 million. Costs in excess of budget were mainly offset by lower than anticipated costs from deferred hirings, less than budgeted contractor costs due to delayed projects, and timing of land sales.

## CONSOLIDATED STATEMENT OF OPERATIONS (NOTE 1)

For the year ended December 31, 2014 (in thousands of dollars)

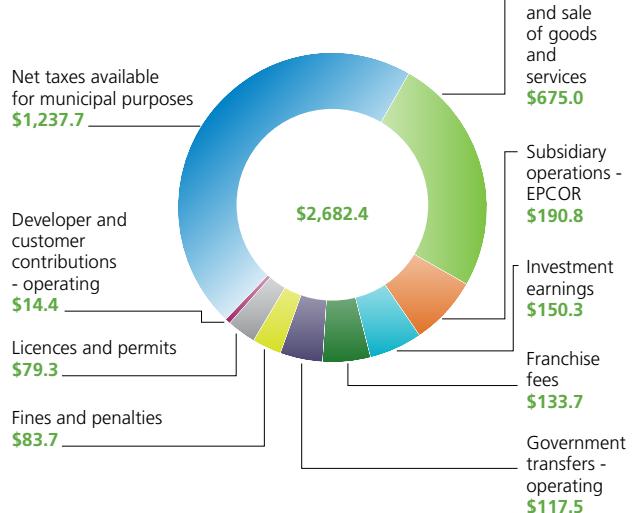
	Budget	Actual
<b>Revenues</b>		
<b>Operating Revenues:</b>		
Net taxes available for municipal purposes	\$ 1,239,397	<b>\$ 1,237,696</b>
User fees and sale of goods and services	763,592	<b>674,965</b>
Subsidiary operations - EPCOR	185,770	<b>190,849</b>
Investment earnings	33,222	<b>150,363</b>
Franchise fees	129,696	<b>133,654</b>
Government transfers - operating	95,003	<b>117,491</b>
Fines and penalties	70,576	<b>83,660</b>
Licences and permits	74,071	<b>79,340</b>
Developer and customer contributions - operating	677	<b>14,422</b>
	2,592,004	<b>2,682,440</b>
<b>Expenses</b>		
Roadway and parking	352,166	<b>397,037</b>
Bus and light rail transit	397,783	<b>389,079</b>
Police	364,023	<b>356,887</b>
Fire Rescue	177,399	<b>189,831</b>
Bylaw enforcement	35,940	<b>35,604</b>
Parks and recreation (Note 3)	217,274	<b>225,012</b>
Planning	88,449	<b>87,851</b>
Edmonton Public Library Board (Note 3)	54,788	<b>53,421</b>
Convention and tourism (Note 3)	36,210	<b>44,456</b>
Community and family	40,303	<b>41,315</b>
Public housing	25,427	<b>27,393</b>
Corporate administration	176,984	<b>174,486</b>
General municipal (Note 2)	168,337	<b>160,718</b>
Pension adjustments and other	8,210	<b>13,894</b>
Tax appeals and allowances	7,600	<b>7,599</b>
Utility and enterprise services:		
Waste Management	157,962	<b>160,624</b>
Drainage Services	135,973	<b>136,948</b>
Fleet Services	6,083	<b>81,159</b>
Land Enterprise	147,574	<b>29,067</b>
	2,598,485	<b>2,612,381</b>
Excess (Shortfall) of Revenues over Expenditures before Other	(6,481)	<b>70,059</b>
<b>Other</b>		
Capital revenues:		
Government transfers - capital	466,956	<b>224,599</b>
Contributed tangible capital assets	147,000	<b>177,478</b>
Developer and customer contributions - capital	94,760	<b>63,153</b>
Local improvements	9,967	<b>22,402</b>
	718,683	<b>487,632</b>
Excess of Revenues over Expenses	\$ 712,202	<b>\$ 557,691</b>

### Notes:

- The statements have been prepared in accordance with Canadian public sector accounting standards and are consistent with the consolidated financial statements presented in the 2014 Annual Report.
- General municipal consists of expenses related to facility maintenance, landscaping, capital project management, risk management, general financing, requisitions to boards and authorities and other corporate expenses.
- Edmonton Public Library, Edmonton Economic Development Corporation (within Convention and tourism), and Fort Edmonton Management Company (within Parks and recreation) each received tax-levy funding of \$45,668, \$16,284 and \$3,681, respectively for the year.

## SOURCES OF REVENUE

(millions of \$)



## Capital Revenues

2014 capital revenues of \$487.6 million were \$231.1 million less than the budget of \$718.7 million. The variance is related to government transfers and is generally due to timing differences around project expenditures, as capital revenues are recognized as funding sources to offset the related project expenditures. Capital revenues decreased by \$174.1 million from \$661.7 million in 2013 to \$487.6 million in the current year. This decrease is primarily due to a reduction in government transfers of \$156.4 million due to less capital being funded through government transfers.

## EXPENSES BY MAJOR CATEGORY

(millions of \$)

Salaries, wages and benefits	\$ 1,371
Materials, goods and utilities	295
Contracted and general services	270
Interest and bank charges	113
Grants and other	72
Amortization of tangible capital assets	479
Loss on disposal/replacement of tangible capital assets	12
	\$ 2,612

## Cash

The cash position includes cash and temporary investments and has increased to \$442.5 million from \$204.8 million, an overall increase of \$237.7 million mainly due to amounts borrowed in advance of expenses for major projects and timing differences between expenses and funding sources.

## Receivables

The majority of the decrease in receivables is related to government grants. At the end of 2013 the City had \$123.8 million in government grant receivables related to capital expenses incurred in advance of the funding, the majority of which was received in 2014.



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (NOTE 1)

December 31, 2014 (in thousands of dollars)

	2014	2013
<b>Financial Assets</b>		
Cash and temporary investments	\$ 442,497	\$ 204,809
Receivables	304,196	409,022
Investments	1,606,153	1,348,920
Debt recoverable	51,446	53,336
Land for resale	244,441	230,546
Investment in EPCOR (Note 2)	2,340,366	2,262,223
	<b>4,989,099</b>	<b>4,508,856</b>
<b>Liabilities</b>		
Promissory note payable	99,579	-
Accounts payable and accrued liabilities	714,616	690,731
Deposits	57,331	41,607
Deferred revenues	98,811	103,448
Employee benefit obligations	127,407	128,263
Landfill closure and post-closure care	16,964	17,040
Long-term debt	2,823,109	2,426,187
	<b>3,937,817</b>	<b>3,407,276</b>
<b>Net Financial Assets</b>	<b>1,051,282</b>	1,101,580
<b>Non-financial Assets</b>		
Tangible capital assets	11,629,860	11,003,503
Inventory of materials and supplies	44,228	36,501
Other assets	20,029	17,809
	<b>11,694,117</b>	<b>11,057,813</b>
<b>Accumulated Surplus</b>	<b>\$12,745,399</b>	\$ 12,159,393

Notes:

1. The statements have been prepared in accordance with Canadian public sector accounting standards and are consistent with the consolidated financial statements presented in the 2014 Annual Report.
2. EPCOR is a separate corporation wholly owned by the City of Edmonton. In accordance with accounting standards, the city recognizes EPCOR's annual net income as well as its investment in EPCOR within the consolidated financial statements.



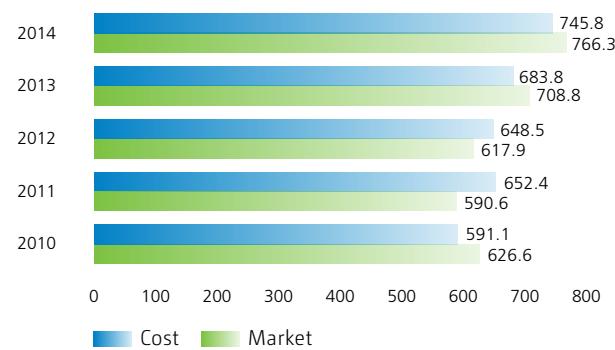
## Investments

All of the City of Edmonton investment funds outperformed their benchmarks in 2014. Performance of the funds ranged from 1.2% (Money Market Fund) to 12.2% (Ed Tel Endowment and Pension Funds), as a result of each fund's asset mix. On a four-year basis absolute returns have been strong and from a relative perspective all of the investment funds continued to exceed their policy benchmarks. Dividends of \$24.7 million were paid to the City from the Ed Tel Endowment Fund in 2014. Since 1995, the fund has earned a compound annual rate of return of 8.4% versus the benchmark return of 7.4% and grown its principal from \$465 million to \$766.3 million (market value of the fund at the end of 2014). Since inception the Ed Tel Endowment Fund has paid \$634.9 million in dividends to the City.

More detailed information on the investment performance and benchmarks is available in the Investment Committee 2014 Annual Report on the City's website.

### NET ASSETS OF ED TEL ENDOWMENT FUND

(millions of \$)



## Debt

The City of Edmonton uses debt to finance capital expenditures under principles and limits established by the City's *Debt Management Fiscal Policy*. The policy is intended to support the City's long-term capital plans and strategies while maintaining long-term financial affordability, flexibility and sustainability. Debt is used to strategically move priority capital projects ahead and to capitalize on low interest rates.

The City has three main types of debt: tax-supported debt funded by tax levy, self-supporting tax-guaranteed debt funded through dedicated non-tax levy revenues, and self-liquidating debt funded through self-sustaining programs such as utilities. As self-supporting tax guaranteed debt is guaranteed by the tax levy, it is classified as tax-supported debt.

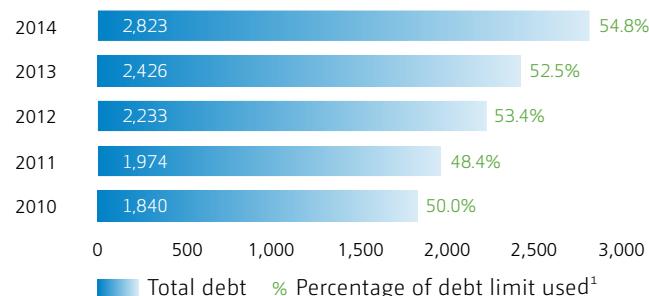
The City ended the year with a debt balance of \$2.8 billion. A total of \$510.3 million was added through new debenture borrowing and mortgages in 2014, with \$424.3 million considered tax-supported and \$86.0 million self-liquidating. The majority of the tax-supported debt was borrowed to finance the Rogers Place arena construction, land for the Valley Line LRT expansion, the Walterdale Bridge replacement and construction of community recreation facilities. Repayments of \$113.4 million were made on outstanding long-term debt during the year.

Total borrowing of \$541.8 million has been approved as of December 31, 2014 for the Rogers Place arena with \$289.8 million borrowed at the end of 2014 to finance the design, land purchase and construction of the arena. Self-liquidating debt was borrowed to finance utility infrastructure.

Interest rates have remained low and are locked in for the full term of each debenture. Although debt levels and debt servicing costs have increased to finance major project development, the City carries levels of debt and incurs debt servicing costs well below the limits legislated provincially for municipalities.

### DEBT

(millions of \$)



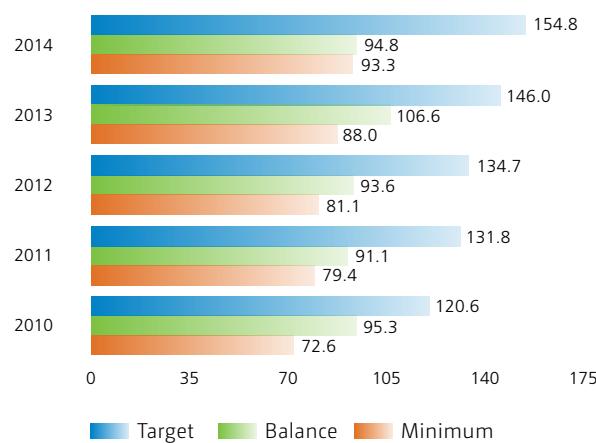
<sup>1</sup> The City's debt limit, as defined by Provincial legislation, is calculated as two times consolidated revenue net of revenue from subsidiary operations - EPCOR, capital government transfers, and contributed tangible capital assets.

## Financial Stabilization Reserve

Within the City's accumulated surplus, the Financial Stabilization Reserve (FSR) is maintained to provide flexibility to address financial risks associated with revenue instability and unforeseen costs and to ensure the orderly provision of services to citizens. The unappropriated balance in the FSR as of December 31, 2014 was \$94.8 million, exceeding the minimum level of \$93.3 million but below the target level of \$154.8 million, which is intended to represent one month of expenses for tax-supported operations. The target balance is established by City policy. The 2014 tax-supported surplus of \$9.9 million will be transferred to the FSR in 2015, with \$8.1 million appropriated for funding within the 2015 budget, as approved by City Council.

### FINANCIAL STABILIZATION RESERVE

(millions of \$)



## Community Revitalization Levy Reserves

A Community Revitalization Levy (CRL) is a funding source the City can use to dedicate future property tax revenue in a specific area to fund public projects designed to encourage new development and revitalize a specific area of the City. The City currently has CRLs approved for Belvedere, the Quarters and Downtown. To date, the costs in the early stages of each of the CRLs exceed the CRL revenue, resulting in deficit balances in the CRL reserves of \$5.4 million, \$9.0 million and \$3.6 million respectively. CRL revenues in future years are expected to offset the current reserve deficit balances.

## Traffic Safety and Automated Enforcement Reserve

City Council approved a new reserve for Traffic Safety and Automated Enforcement in 2014.

The Traffic Safety and Automated Enforcement Reserve policy allocates the annual budgeted photo enforcement revenues to the reserve and also allows for annual surpluses from this program to accumulate in the reserve. The reserve provides for the transparent allocation of automated enforcement revenue towards the Office of Traffic Safety, Edmonton Police Service, other traffic safety initiatives and City Council approved expenditures, such as but not limited to, third party community infrastructure programs. The Traffic Safety and Automated Enforcement program ended the year with a net surplus of \$18.6 million, mainly due to greater than expected photo enforcement revenues. The full amount has been transferred to the reserve, creating a year-end reserve balance of \$18.6 million.



# KEY FINANCIAL GOALS AND MEASUREMENTS

As part of the City's strategic plan, *The Way We Finance* outlines how the City will ensure sound fiscal management and long-term financial sustainability.

The following are key financial performance indicators, including details on the measurement, goals and results for the 2014 year end that demonstrate the City is well on its way to maintaining financial sustainability. More detailed information on financial performance and benchmarks is available online at [dashboard.edmonton.ca](http://dashboard.edmonton.ca)



✓ Meets or Exceeds Target    ⚡ Near Target    ✖ Needs Improvement

## ACCOMPLISHMENTS AND FUTURE PLANS

The City's 10-year strategic plan, *The Way Ahead: City of Edmonton Strategic Plan 2009-2018*, continues to shape the actions necessary to achieve our long-term vision. Following are examples of accomplishments realized in 2014 with the guidance of our strategic plan and plans for the future.

### Building for Today and Tomorrow

Edmonton is committed to continuing the development and renewal of its infrastructure. The 2015-2018 Capital Budget, approved by Council in December 2014, will see \$4.3 billion invested into key infrastructure projects.

The City continues to invest in road improvements. In 2014, 178 road projects, with an investment totalling \$295 million were completed. Moving forward, City Council continues their commitment to improving Edmonton's roads as demonstrated through the approval of \$443.8 million from 2015 to 2018 for capital growth and renewal road projects. Work continues to progress to replace the Walterdale Bridge and 102 Avenue Groat Road Bridge projects.



In 2014, the Building Great Neighbourhoods initiative coordinated municipal programs in mature communities across Edmonton. In the last 5 years, 67 neighbourhoods have been renewed to maintain and enhance our standard of living. Within the Building Great Neighbourhoods initiative, the neighbourhood renewal program provides a cost-effective, long-term strategic approach to renew and rebuild roads, sidewalks and streetlights in existing



neighbourhoods and on collector roadways. The program is funded through provincial grants, dedicated tax-levy and cost sharing with benefiting property owners on local improvements. A total of \$427.9 million for the program was approved within the

2012-2014 capital budget with work of \$134.7 million completed in 2012, \$142.2 million in 2013 and \$137.1 million in 2014. Work will continue in 2015 and beyond to enhance mature neighbourhoods' livability and longevity for years to come.



#### NEIGHBOURHOOD RENEWAL PROGRAM RECONSTRUCTION SCHEDULE

2012	2013	2014	2015	2016
Canora	Argyll	Cromdale	Avonmore	Lansdowne
Dovercourt	Delton	Glenora	Bonnie Doon	Lauderdale
King Edward Park	Grovenor	Laurier Heights (west of 139 street)	Queen Alexandra	Queen Mary Park
Terrace Heights	Hazeldean		Rosslyn	
Windsor Park	North Glenora		Westmount	
Woodcroft			Westwood	

Late in the year the City opened the Clareview and Meadows multipurpose recreation centers and libraries, as well as the Abbottsfield recreation center. Library and recreation services are provided to communities across the city through its 18 library locations and various recreation facilities.

We have taken on a major revitalization of the heart of our city. The Government of Alberta's approval of the Downtown CRL supports the City in building a \$606.5 million mixed-use sports and entertainment district. As of December 31, 2014, \$188.0 million in costs have been incurred in developing Rogers Place arena. The arena is scheduled to open in fall of 2016.

Another component of the downtown revitalization is the Quarters redevelopment project. The first phase of the Quarters had been approved through the 2012-2014 capital budget for expenditures of \$52.1 million. By the end of 2014, \$31.8 million in costs had been incurred on construction and land purchases within the Quarters. The second phase of the Quarters was approved by City Council in December 2014 for \$43.2 million to continue the redevelopment of the area from 2015 to 2018.

In 2014, the City also announced plans to bring the majority of downtown city employees into a new building. The move is scheduled in 2016 and groundbreaking for the building occurred in June 2014.



## A Sustainable, Connected City

Our vision of how Edmonton will grow is clear. It's the reason light rail transit (LRT) is the city's number one priority in becoming a sustainable, connected community.

Plans are underway to expand and link major areas of our city. Through community advocacy, Edmonton secured federal and provincial funding to expand the phase 1 southeast section of the Valley Line LRT, from Millwoods to 102 street downtown, for a total budgeted cost of \$1.8 billion. As the project moves forward, three potential proponents have been shortlisted to design, build and operate the public-private partnership. The successful bidder will be selected in 2015. Costs incurred as of December 31, 2014 on the Valley Line LRT amount to \$135.9 million primarily including land acquisitions and preliminary design and engineering costs.

When the Metro Line LRT opens to safe and reliable public service it is expected to add more than 10,000 new weekday riders to Edmonton's LRT network. The project has a total approved budget of \$665.3 million, with \$617.2 million in costs incurred to the end of 2014.

In the heart of one of Edmonton's old transportation hubs—the former Municipal Airport—Edmonton is building a vibrant new community with LRT and public transit at its core—a unique fusion of sustainability and transportation.

The Blatchford Development is a 217 hectare (536 acre) neighbourhood that will focus on renewable energy, communal spaces, and environmentally friendly living. When finished, up to 30,000 people will live, work and play in a community that enables a range of sustainable lifestyle choices. With construction well underway, the plan is to have people start living and working in Blatchford as early as 2016 and 2017. The project has an approved budget of \$631.9 million and as at December 31, 2014 \$63.2 million in costs have been incurred.

The city now has North America's largest waste management and research centre. So far 60% of waste has been diverted from landfill and the long-term goal is 90%. Last year Edmonton opened the first industrial-scale facility that produces biofuels from municipal solid waste. Operated by Enerkem, the plant will convert 100,000 tonnes of municipal waste that would normally go to landfill, into biofuels and chemicals.

## An Open, Engaged City

The City of Edmonton continues to develop multiple programs and initiatives that support its reputation as an Open City.

The City continues to engage and seek input from its citizens in different ways. In our efforts to be accountable, open and transparent to our citizens, the Citizen Dashboard offers online access on a range of municipal services for anyone interested. Launch of the 311 application in 2014 means people can also now connect to city services faster and more efficiently. Available for the first time online, 28% of Edmonton households participated in the 2014 census online. Edmonton's Insight Community started in 2014, where interested citizens register with Insight and the City regularly engages with them on a variety of topics important to the city's growth and development. Through Edmonton's Open City initiative, the City is looking to collaborate with citizens in finding new ways of improving the efficiency of city services.

## Collaboration with Partners

The City, along with the City of Calgary, entered into a Memorandum of Understanding with the Government of Alberta in mid-2012 to explore options for a legislative framework that recognizes the evolving needs of each city's individual relationship with the provincial government. In October 2014 both municipalities signed a framework agreement with the Province on developing charters for the cities. The charters would provide Edmonton and Calgary more authority and flexibility related to funding and other governing policies to help address risks and sustainability challenges faced by the two cities. Details of the city charters are scheduled to be finalized in 2016.

The Capital Region Board continues to work together on infrastructure planning and the provision of services to its growing population of 1.3 million. With a more focused and coordinated approach the region will be able to provide infrastructure and services in more efficient and cost-effective manner.



## RECOGNITION FOR ACHIEVEMENT

The City of Edmonton has been recognized for a high standard of achievement by the following award programs:

### Canadian Award for Financial Reporting

- Received for the City's annual financial report for the fiscal year ended December 31, 2013.
- Awarded to an annual report that is of high quality, easily readable and efficiently organized. The contents clearly communicate the municipal government's financial picture, enhance an understanding municipal government financial reporting and address user needs.
- Twenty-first consecutive year that the City of Edmonton has received this award.

### Popular Annual Financial Reporting Award

- Received for the 2013 Financial Report to Citizens.
- Awarded to a high quality summarized annual financial report that is readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

### Distinguished Budget Presentation

- Received for the City's annual budget publication for the fiscal year beginning January 1, 2014.
- Awarded to a budget document that is of the highest quality that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

### Achievement of Excellence in Procurement Award

- Received in 2014 for excellence in public procurement measuring the innovation, professionalism, productivity and leadership attributes of public sector organizations.
- Awarded by the National Purchasing Institute.
- Fifteenth consecutive year that the City of Edmonton has received this award.

The City received several other awards in 2014 including recognition for one of Canada's *10 Most Admired Corporate Cultures*. The City of Edmonton is the first municipality to receive the designation. The Edmonton Public Library was named the *2014 Library of the Year*, one of the highest honours bestowed upon a library. This was the first year a library outside of the United States has received this award.





## City of Edmonton Annual Report

Learn more about the City's financial performance and related information regarding significant financial policies, strategies and events.



## Investment Committee Annual Report

Gain insight into investment fund performance and see how the City's investment assets are managed.

For more information about the City of Edmonton,  
visit [www.edmonton.ca](http://www.edmonton.ca) or call 311

If you have inquiries about the 2014 Annual Report, direct them

**By mail:**

The City of Edmonton  
Financial Services and Utilities  
5<sup>th</sup> Floor, Chancery Hall  
3 Sir Winston Churchill Square NW  
Edmonton, AB  
Canada T5J 2C3

**By phone:**

780-496-4944

**Edmonton**