

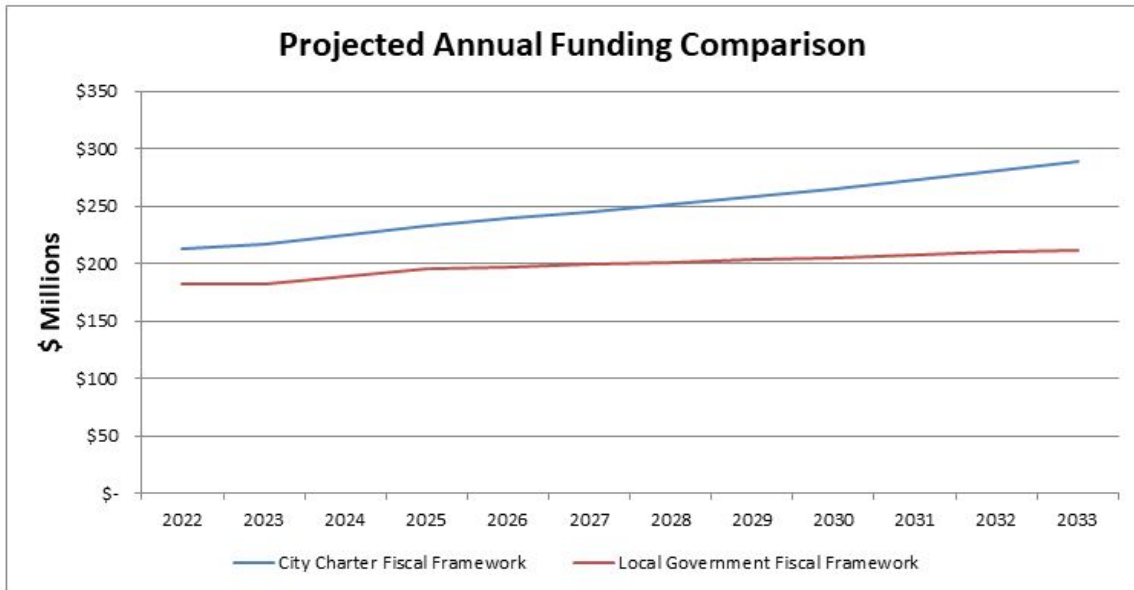
City Charter and Local Government Fiscal Framework Comparison

The Local Government Fiscal Framework will have separate funding for the Cities of Edmonton and Calgary. Combined funding in the first year of the fiscal framework will be \$455 million down from the \$500 million baseline funding included in the City Charters Fiscal Framework.

Under the City Charters Fiscal Framework Act, the \$500 million in funding was split between a revenue component which was allocated between the two cities on the basis of the existing MSI formula, and a fuel component allocated to each city on a set percentage. Under the Local Government Fiscal Framework funding is comprised of a single component that is linked to the change in provincial revenues and is allocated on the basis of the MSI formula. The change to a single component of funding and a single allocation methodology will reduce Edmonton’s proportional share of the combined funding.

The MSI component in the new fiscal framework is limited to 50% of the growth of provincial revenues. The previous fiscal framework limited growth to 50% in year 1 but the amount escalated each year after that (grows at 55% of revenue in year 2, 60% in year 3 etc. until reaching a 100% in year 10). The new formula permanently limits the growth in grants to 50% of the growth in provincial revenues.

The following graph illustrates the projected impact of the changes:



Assumptions: Growth per the Fiscal Plan until 2022-2023, then continued growth at 2 percent.

The total dollar value impact over the 12 year period shown in the graph above is a cumulative \$605 million reduction in anticipated funding under the Local Government Fiscal Framework compared to the City Charter Fiscal Framework.