

Bylaw 19781

A Bylaw to authorize the City of Edmonton to undertake, construct and finance Integrated Infrastructure Services Project, Capital Line, Century Park to 41 Avenue SW

Purpose

To authorize the City of Edmonton to borrow the sum of \$330,653,000 to undertake, construct and finance Integrated Infrastructure Services Project, Capital Line, Century Park to 41 Avenue SW.

Readings

Bylaw 19781 is ready for first reading only.

Advertising and Signing

This Bylaw will be advertised in the Edmonton Journal on Thursday, July 8, 2021, and Thursday, July 15, 2021. The Bylaw cannot be signed and thereby passed prior to Tuesday, August 3, 2021.

Position of Administration

Administration supports this Bylaw.

Report Summary

This Bylaw provides debt financing for Integrated Infrastructure Services Project, Capital Line, Century Park to 41 Avenue SW.

Report

On June 22, 2021, as part of Integrated Infrastructure Services report IIS00553, Capital Line South Extension - Project Update and Budget Approval, Council approved an increase in funding to the capital budget for profile 16-66-7018 LRT Preliminary Design: Capital Line, Century Park to 41 Avenue SW within the 2015-2018 and 2019-2022 Capital Budgets with a total project budget of \$1,040,039,000.

The total project budget of \$1,040,039,000 includes funding sources from various grants of \$706,368,000, Pay-As-You-Go of \$3,018,000 and \$330,653,000 of new

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tax-supported debentures. To complete this project, it will be necessary to borrow \$330,653,000.

Bylaw 19781 will be submitted for second and third readings after the advertising and the expiration of the associated petition period.

Corporate Outcomes and Performance Management

Corporate Outcomes: The City of Edmonton has sustainable and accessible infrastructure and the City of Edmonton has a resilient financial position			
Outcomes	Measures	Results	Targets
Ensure transparent, conservative and reasonable debt financing as a source of funding to support the City's long-term capital plans and strategies while maintaining long-term financial affordability, flexibility and sustainability.	<ul style="list-style-type: none"> The City of Edmonton is subject to limits both for total debt and debt servicing by the <i>Municipal Government Act</i> and by the City's internal Debt Management Fiscal Policy (C203C). <ul style="list-style-type: none"> The <i>Municipal Government Act</i> debt limit is two times the revenue of the City and the debt servicing limit is 35% of City revenues. For this calculation, revenues are net of capital government transfers and contributed tangible capital assets. The internal Debt Management Fiscal Policy (C203C) sets more conservative debt service limits at 22% (total debt) of City revenues and 15% (tax-supported debt) of Tax Levy Revenues. 	<ul style="list-style-type: none"> Based on the limits set under the <i>Municipal Government Act</i>, as of December 31, 2020, the City had used 58.2% of its debt limit and 30.6% of its debt servicing limit. Based on the limits under the <i>Debt Management Fiscal Policy</i>, as of December 31, 2020, the City had used 59.4% of its tax-supported debt servicing limit and 45.3% of its total debt servicing limit. 	Total debt and debt servicing are in line with the limits set by the <i>Municipal Government Act</i> and by the internal Debt Management Fiscal Policy (C203C).

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score	Current Mitigations	Potential Future Mitigations
Exceeding regulated debt and debt servicing limits.	Exceeding debt and debt servicing limits regulated by the <i>Municipal Government Act</i> and the internal	1-Rare	4-Severe	4-Low	Quarterly monitor the City's debt borrowings, debt positions and debt servicing to ensure compliance with	Long term forecasts are used to determine the impact of approved and

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	<p>Debt Management Fiscal Policy (C203C). Exceeding the Debt Limit Regulations requires approval from the minister. Failure by a municipality to fall within the <i>Debt Limit Regulation</i> may result in the refusal of an application to the Provincial lender to purchase the City's debentures in order to finance a capital project.</p>				<p>the debt and debt servicing limits regulated by the <i>Municipal Government Act</i> and the internal Debt Management Fiscal Policy (C203C). The City considers and models the impact to the debt position and debt servicing limits due to future unapproved borrowings and potential changes to interest rates.</p>	<p>potential future unapproved projects and their impact on debt limits.</p>
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Public Engagement

Borrowing bylaws reflect a legislative requirement of the borrowing process. As a result, no public engagement is undertaken with respect to the borrowing bylaw process. Where required by the *Municipal Government Act*, borrowing bylaws are advertised.

Attachments

1. Bylaw 19781
2. Capital Profile 16-66-7018

Others Reviewing this Report

- K. Fallis-Howell, Acting City Solicitor