

Use of Neighborhood Renewal Funds - Exception to Policy C595A Non-Statutory Public Hearing

Recommendation

That Executive Committee recommend to City Council:

1. That an exception to Neighbourhood Renewal Program Policy C595A, to allocate \$17.0 million in neighbourhood renewal funds for purposes other than neighbourhood renewal, be approved.
2. That \$17.0 million in funds within the Neighbourhood Renewal Reserve be transferred to the appropriated Financial Stabilization Reserve to offset future budget impacts of COVID-19.

Executive Summary

This report is requesting an exemption to Neighbourhood Renewal Program Policy, C595A to allow for use of \$17 million in neighbourhood renewal funds to manage impacts of COVID-19 on the City's budget, and also recommending a transfer of these funds from the Neighbourhood Renewal Reserve to the COVID-19 funds within the appropriated Financial Stabilization Reserve.

In September 2020, with the introduction of the Municipal Stimulus Program (MSP) the \$17 million in neighbourhood renewal funds were released and held within the Neighbourhood Renewal Reserve to help offset future budget challenges.

Report

Background

On July 28, 2020, the Government of Alberta announced the MSP to provide additional capital infrastructure stimulus funding to municipalities. The City of Edmonton was allocated \$115.6 million from this program.

In the fall of 2020, reductions were being considered to the industrial neighbourhood rehabilitation overlays capital program in order to manage the impacts of COVID-19. The MSP program provided an opportunity for the City to continue with the industrial neighbourhood renewal rehabilitation overlays that were identified to be cut from the capital budget as a result of the ongoing financial challenges. On September 21, 2020,

through Financial and Corporate Services report FCS00080, Municipal Stimulus Program - Proposed Funding Allocations, Council approved the allocation of \$17.0 million in MSP funds for the industrial neighbourhood rehabilitation overlays. The neighbourhood renewal amounts originally funding these costs were released back to the Neighbourhood Renewal Reserve and held to manage future operating budget challenges related to the COVID-19 pandemic.

Neighbourhoods Renewal Policy

The Neighbourhood Renewal Program Policy ,C595A, provides direction to Administration on the management of the Neighbourhood Renewal Program. The policy provides clarity on the use of the dedicated tax levy funding via the Neighbourhood Renewal Reserve, which is the primary funding source of the Neighbourhood Renewal Program. In accordance with the policy, all neighbourhood renewal funds must be used for neighbourhood renewal purposes; an exception to the policy is required to use the funds for any other purpose, including the \$17 million held in the reserve to offset future budget challenges. As such this report is requesting an exception to the policy to officially use the \$17 million in funds within the Neighbourhood Renewal Reserve to offset future impacts of COVID-19 on the City's operating budget on a one-time basis (Recommendation 1).

Furthermore, Administration is also seeking Council's approval to reallocate the \$17 million in neighbourhood renewal funds from the Neighbourhood Renewal Reserve to the COVID-19 funds within the appropriated Financial Stabilization Reserve to offset future impacts of COVID-19. Administration continues to assess the impacts of COVID-19 on the City's 2022 operating budget and will return in the fall with forecasts and funding strategies, including the use of these funds.

Reallocation of these funds for purposes other than neighbourhood renewal will not impact the planned neighbourhood renewal activities.

City Policy C595A requires a non-statutory public hearing to be held prior to the policy being amended, exempted or revoked by City Council.

Public Engagement

No public engagement was undertaken on the recommended policy exception prior to the non-statutory public hearing at Executive Committee on August 23, 2021. Advertising of this non-statutory public hearing ran in the Edmonton Journal on August 3 and 10, 2021, and was posted to the City of Edmonton website.

Corporate Outcomes and Performance Management

Corporate Outcome(s): The City of Edmonton has a resilient financial position.

Outcome(s)	Measure(s)	Result(s)	Target(s)
The City of Edmonton has a resilient financial position.	Adjustments to the approved Capital Budget results in the same or lower approved tax increases.	No tax increase is required to fund COVID-19 financial impacts from 2020-2022.	1.3% (2020) (0.3)% (2021) 1.8% (2022)

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score (with current mitigation s)	Current Mitigations	Potential Future Mitigations
If the recommendation is not approved:						
Financial	The City would have less funding to address the ongoing impacts of the COVID-19 pandemic	5 - almost certain	3 - major	15 - high	Continued evaluation of City revenue and expenditures in response to the pandemic	Increase to tax levy to mitigate City's financial position
If the recommendation is approved:						
Public Perception	Exception to policy could be perceived that the city is not upholding its commitments	1 - rare	3 - major	3 - low	Advertised non-statutory public hearing to address any public concerns	Additional communication about the reasoning and unique situation of provincial funding for pandemic relief

Attachments

1. City Policy C595A: Neighbourhood Renewal Program

Others Reviewing this Report

- A. Laughlin, Deputy City Manager, Integrated Infrastructure Services
- C. Owen, Deputy City Manager, Communications and Engagement
- K. Fallis-Howell, Acting City Solicitor