

Bylaw 19871

A Bylaw to amend Bylaw 15977, as amended by Bylaws 17092, 17179, 18217, 19243 and 19374, to authorize the City of Edmonton to undertake, construct and finance The Quarters Downtown Community Revitalization Levy Areas Projects

Purpose

To amend Bylaw 15977, as amended by Bylaws 17092, 17179, 18217, 19243 and 19374, to include two additional capital profiles 21-10-9103 Iron Works Building Rehabilitation Phase 1 and 21-30-9301 Kinistinaw Park Phase II, and to decrease the borrowing authority by \$1,705,084 from \$92,384,019 to \$90,678,935.

Readings

Bylaw 19871 is ready for three readings.

A majority vote of City Council on all three readings is required for passage.

If Council wishes to give three readings during a single meeting, then prior to moving third reading, Council must unanimously agree “That Bylaw 19871 be considered for third reading.”

Advertising and Signing

This Bylaw does not require advertising and the Bylaw can be signed and thereby passed following third reading.

Section 258(5) of the *Municipal Government Act* states that “the borrowing bylaw that authorizes the borrowing of the increased cost does not have to be advertised” if “the increased cost does not exceed 15% of the original cost of the capital property.”

Position of Administration

Administration supports this Bylaw.

Report Summary

This Bylaw amendment includes the addition of two standalone capital profiles, transferred out of a previously approved composite profile, 21-10-9103 Iron Works Building Rehabilitation Phase 1 and 21-30-9301 Kinistinaw Park Phase II. A total of

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\$8,547,330 is transferred from previously approved composite profiles within the same bylaw to the new standalone profiles. Quarters CRL debt of \$1,705,084 is swapped for Quarters CRL reserve. The borrowing authority will decrease by \$1,705,084 from \$92,384,019 to \$90,678,935.

Report

The history of the borrowing bylaw is as follows:

- at the January 18, 2012 City Council meeting, Bylaw 15977 was passed;
- at the March 3, 2015 City Council meeting, Bylaw 17092, amending Bylaw 15977, was passed;
- at the April 28, 2015 City Council meeting, Bylaw 17179, amending Bylaw 15977, was passed;
- at the January 23, 2018 City Council meeting, Bylaw 18217, amending Bylaw 15977, was passed;
- at the April 27, 2020 City Council meeting, Bylaw 19243, amending Bylaw 15977, was passed; and,
- at the October 5, 2020 City Council meeting, Bylaw 19374, amending Bylaws 15977, was passed.

During the 2020 Fall Supplemental Capital Budget Adjustment deliberations on November 16, 2020, Council approved a swap of \$1,705,084 from Quarters CRL debt funding for CRL reserve funding as follows: \$1,155,084 within 15-74-4031 The Quarters Downtown - Phase II and \$550,000 within 15-17-3117 TOD Stadium Station Plan Street Network. The changes in funding sources are a result of various budget adjustments approved by Council from the period of the last bylaw amendment on October 5, 2020 to the date of the current bylaw amendment. This bylaw amendment reflects these reductions as outlined below:

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Tax-Supported Debt - In Thousands (000's)

Project Number	Project Name	Total
21-10-9103	Iron Works Building Rehabilitation Phase 1	6,048
21-30-9301	Kinistinaw Park Phase II	2,499
11-17-0407	The Quarters - Phase 1	(3,587)
15-17-3117	Tod Stadium Station Plan Street Network	(550)
15-74-4031	The Quarters Downtown - Phase II	(6,115)
17-28-1009	Kinistinaw Park	-
Net Impact		(1,705)

During the 2021 Spring Supplemental Capital Budget Adjustment deliberations on June 7, 2021, Council approved two new standalone capital profiles 21-10-9103 Iron Works Building Rehabilitation Phase 1 and 21-30-9301 Kinistinaw Park Phase II. A total of \$8,547,330 is transferred from two previously approved composite profiles within the same bylaw to the new standalone profiles.

Following this process, tax supported debt budgets from approved composite profiles were transferred to fund the new profiles as outlined below:

Tax-Supported Debt - In Thousands (000's)

Project Number	Project Name	Total
Transfer To:		
21-10-9103	Iron Works Building Rehabilitation Phase 1	6,048
21-30-9301	Kinistinaw Park Phase II	2,499
Transfer From:		
11-17-0407	The Quarters - Phase 1	(3,587)
15-74-4031	The Quarters Downtown - Phase II	(4,960)
Net Impact		-

As these profiles are all included within a single bylaw, the borrowing authority will therefore be decreased by \$1,705,084 from \$92,384,019 to \$90,678,935.

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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 Debt Management Fiscal Policy, 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 Debt Management Fiscal Policy (C203C). Exceeding the <i>Debt Limit Regulation</i> requires approval from the minister. Failure by a municipality to fall within the <i>Debt</i>	1-Rare	4-Severe	4-Low	Quarterly monitor the City's debt borrowings, debt positions and debt servicing to ensure compliance with 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	Long term forecasts are used to determine the impact of approved and potential future unapproved projects and their impact on debt limits.

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	<p><i>Limit Regulation or its own internal debt limit policy 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.</i></p>				<p>models the impact to the debt position and debt servicing limits due to future unapproved borrowings and potential changes to interest rates.</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 19871
2. Capital Profiles

Others Reviewing this Report

- K. Fallis-Howell, Acting City Solicitor