

Bylaw 18478

To amend Bylaw 15237, to authorize the City of Edmonton to undertake, construct, and finance Transportation Projects, Park and Ride Facilities

Purpose

To amend Bylaw 15237, to decrease the borrowing authority by \$8,466,000 from \$13,466,000 to \$5,000,000.

Readings

Bylaw 18478 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 18478 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 property.”

Position of Administration

Administration supports this Bylaw.

Report Summary

This Bylaw amendment will decrease the borrowing authority by \$8,466,000 from \$13,466,000 to \$5,000,000.

Report

At the July 22, 2009, City Council meeting, Bylaw 15237 was passed.

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A total of \$13,466,000 was originally planned to be borrowed under Bylaw 15237. Both projects under this bylaw are now either complete or have been cancelled. A total of \$5,000,000 was actually borrowed under Bylaw 15237. As a result, this bylaw amendment will reduce the borrowing authority from \$13,466,000 to \$5,000,000.

Project 09-66-1683 Eaux Claire and Lewis Estates Phase II was originally budgeted to cost \$15,000,000 with \$5,000,000 of tax-supported debt as a financing source. This project is now complete with actual spending of \$11,454,773 and \$5,000,000 in tax-supported debt financing.

Project 09-66-1682 Heritage Valley Park and Ride was originally budgeted to cost \$25,400,000 with \$8,466,000 of tax-supported debt as a financing source. This project was cancelled and expenditures incurred of \$610,821 were funded using Pay-As-You-Go, and therefore no longer requires borrowing authority.

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 <i>Debt Management Fiscal Policy (C203C)</i>. <ul style="list-style-type: none"> The <i>Municipal Government Act</i> debt limit is 2 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 <i>Debt Management Fiscal Policy (C203C)</i> 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, 2017, the City had used 51.5% of its debt limit and 26.8% of its debt servicing limit. Based on the limits under the <i>Debt Management Fiscal Policy</i>, as of December 31, 2017, the City had used 73.0% of its tax-supported debt servicing limit and 53.6% 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 <i>Debt Management Fiscal Policy (C203C)</i> . |

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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 <i>Debt Management Fiscal Policy (C203C)</i> . Exceeding the Debt Limit Regulations requires approval from the minister. Failure by a municipality to fall within the Debt Limit Regulations may result in the refusal of an application to the Alberta Capital Finance Authority to purchase the City's debentures in order to finance a capital project. | 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 <i>Debt Management Fiscal Policy (C203C)</i> . 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. | Long term forecasts are used to determine the impact of approved and potential future unapproved projects and their impact on debt limits. |

Public Engagement

Borrowing bylaws reflect a legislative requirement of the borrowing process and 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 18478
2. Capital Profiles: 09-66-1682 (cancelled)
09-66-1683