

Bylaw 18283

To authorize the City of Edmonton to undertake, construct and finance Waste Services Project, Groundwater Diversion System Replacement

Purpose

To authorize the City of Edmonton to borrow the sum of \$13,250,000 to undertake, construct and finance Waste Services Project, Groundwater Diversion System Replacement.

Readings

Bylaw 18283 is ready for second and third readings.

Advertising and Signing

This Bylaw was advertised in the Edmonton Journal on Saturday, January 27, 2018, and Saturday, February 3, 2018. The Bylaw cannot be signed and thereby passed prior to Tuesday, February 20, 2018.

Position of Administration

Administration supports this Bylaw.

Report Summary

This Bylaw provides debt financing for the Waste Services Project, Groundwater Diversion System Replacement.

Report

At the January 23, 2018, City Council meeting, Bylaw 18283 received first reading.

The petition period expires on Tuesday, February 20, 2018. At the date of writing this report, no petition has been received and it is anticipated that none will be received by February 27, 2018. If, in fact, any are received, this will be reported at the February 27, 2018, City Council meeting. If none are received, this Bylaw may proceed.

This Bylaw provides for self-liquidating debt financing for Waste Services Project, Groundwater Diversion System Replacement.

On November 14, 2017, Council approved CR_5151 Waste Services Fall 2017 Supplemental Capital Budget Adjustment which approved the budget for capital profile 18-33-2033 Groundwater Diversion System Replacement, with a total project cost of \$13,250,000. In order to construct and complete this project, it will be necessary to borrow \$13,250,000.

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			
Outcome(s)	Measure(s)	Result(s)	Target(s)
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 consolidated 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, 2016, the City had used 59.3% of its debt limit and 34.6% of its debt servicing limit. Based on the limits under the <i>Debt Management Fiscal Policy</i>, as of December 31, 2016, the City had used 49.0% of its tax-supported debt servicing limit and 42.3% 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 <i>Debt Management Fiscal Policy (C203C)</i> .

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</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	Long term forecasts are used to determine the impact of approved and potential future

	<p><i>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.</p>			<p>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.</p>	<p>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 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 18283
2. Capital Profile 18-33-2033