

WASTE SERVICES SUPPLEMENTAL CAPITAL BUDGET ADJUSTMENT

RECOMMENDATION

That Utility Committee recommend to City Council:

That \$10.83 million be approved for capital profile CM-81-2048 for early commitment of 2023-2024 replacement vehicles with funding from Waste Services retained earnings.

Requested Council Action	Decision Required		
ConnectEdmonton's Guiding Principle	ConnectEdmonton Strategic Goals		
CONNECTED This unifies our work as we work to achieve our strategic goals.	Climate Resilience		
City Plan Values	LIVE.		
City Plan Big City Move(s)	Greener as we Grow	Relationship to Council's Strategic Priorities	Climate Adaptation and Energy Transition
Corporate Business Plan	Managing the Corporation		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"> • C558B - Waste Services Utility Fiscal Policy • 25-year Waste Strategy 		
Related Council Discussions	<ul style="list-style-type: none"> • CO00823 Waste Services 2022 Rate Filing and Fall 2021 Supplemental Budget Adjustment (December 9, 2021, Utility Committee) 		

Executive Summary

- The Waste Services Supplemental Capital Budget Adjustment recommends approval of the 2023-2026 budget in the amount of \$10.83 million to capital profile CM-81-2048 Waste Services Vehicles and Equipment.
- Due to supply chain issues, equipment orders require longer lead times and early approval of budget is requested to mitigate these challenges. Early approval of the budget will allow

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Administration to order the necessary units in 2022 for delivery in 2023 and 2024 to meet capital and operating needs.

REPORT

The COVID-19 pandemic and the war in Ukraine have caused major supply chain shortages (microchips and steel), resulting in significant backlogs to acquire new fleet assets. When Administration procures new assets, it can take anywhere from 12 to 30 months for the vehicles to be put into service, and if ordering slots with suppliers are not secured as soon as possible, it will result in delays that could have significant business implications.

Waste Services is seeking early approval of funding from the 2023-2026 budget of \$10.83 million for profile CM-81-2048 (Waste Services Vehicles and Equipment). This will provide the funding necessary to expedite financial commitments for fleet assets over the next budget cycle that are required to maintain waste collection service levels for residents and ensure safe, effective and efficient collection, and processing of materials.

Approving the funds from the next budget cycle now is consistent with Fleet Services budget adjustment SCBA-C-2022-00043 in the Spring 2022 Supplemental Capital Budget Adjustment which received approval with a similar requirement and justification. If approved, the budget for the units required to be ordered and committed in 2022 will be added to 2023 and 2024, as shown in Capital Profile CM-81-2048 (Attachment 1) and detailed in Attachment 2.

Budget/Financial Implications

Early approval of the capital budget for these units within the 2023-2026 budget will not result in any significant rate impact beyond what was already budgeted in the Waste Services 2022 Utility Rate Filing. Although the vehicles are being committed earlier due to supply chain issues, they will not be paid for until delivered in 2023 or 2024 where they were originally budgeted, thus it does not result in any cash requirement changes.

As a result of this budget approval, the upcoming Capital Funding Request for the 2023-2026 Waste Services Vehicles and Equipment profile will exclude \$10.83 million to avoid double-counting this funding request in the next budget cycle, and the total profile amount will be reflected in the next Utility Rate Filing.

COMMUNITY INSIGHT

Public engagement was not undertaken for this report. Capital budget adjustments are standard operational practice for the Waste Services utility that follow general budget principles established by the City of Edmonton and are in accordance with Waste Services Utility Fiscal Policy C558B.

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GBA+

Waste Services follows a fair and consistent process based on financial needs of the utility to determine the rate structure necessary to ensure adequate service delivery. Administration is committed to maintaining stable and consistent utility rates for all residential customers.

ATTACHMENTS

1. Capital Profile Waste Services Vehicles and Equipment (CM-81-2048)
2. List of Waste Services Equipment for 2022 Commitment