



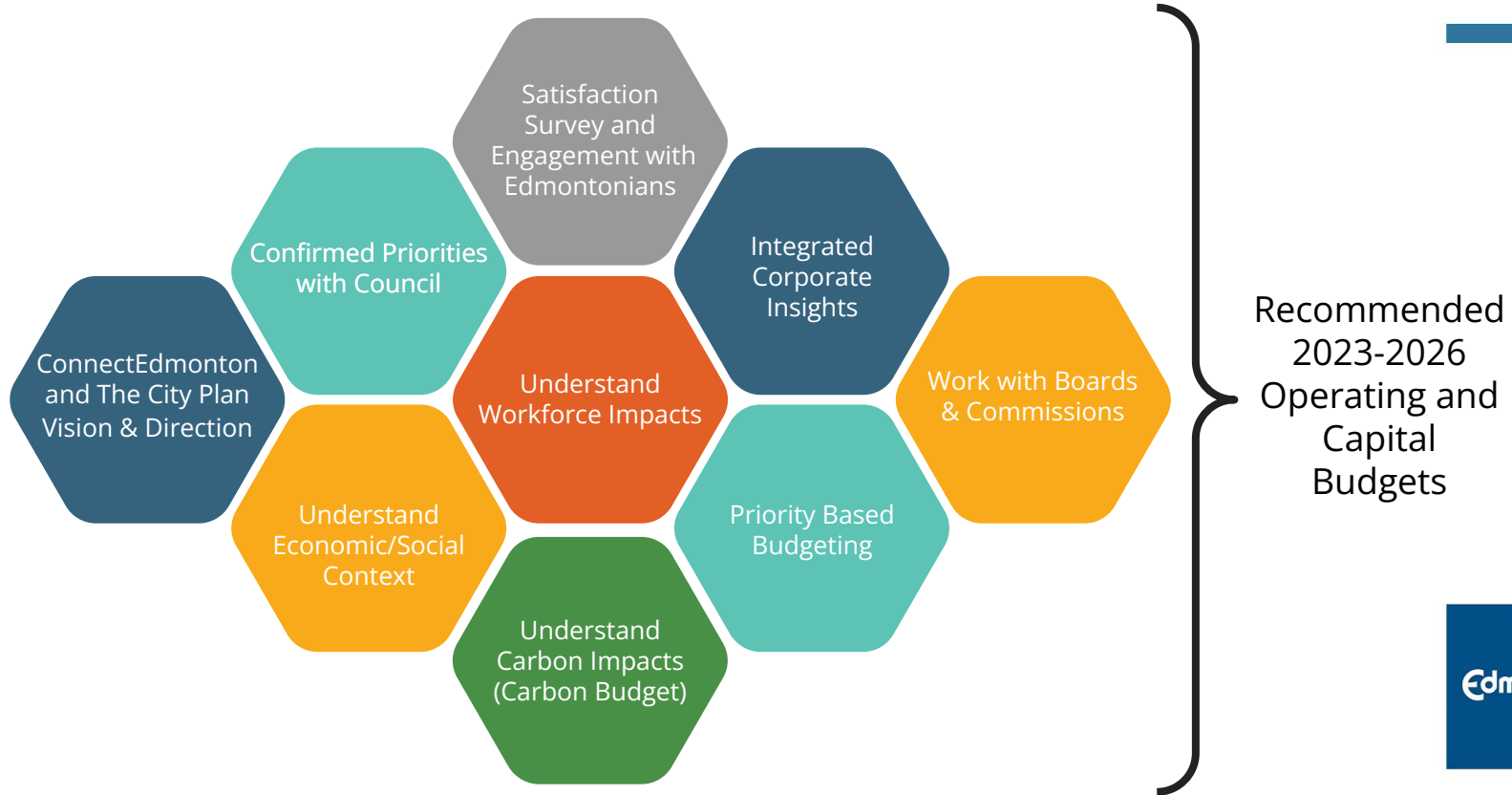
PROPOSED CAPITAL BUDGET 2023-2026

Edmonton

CITY OF EDMONTON
OCTOBER 31, 2022



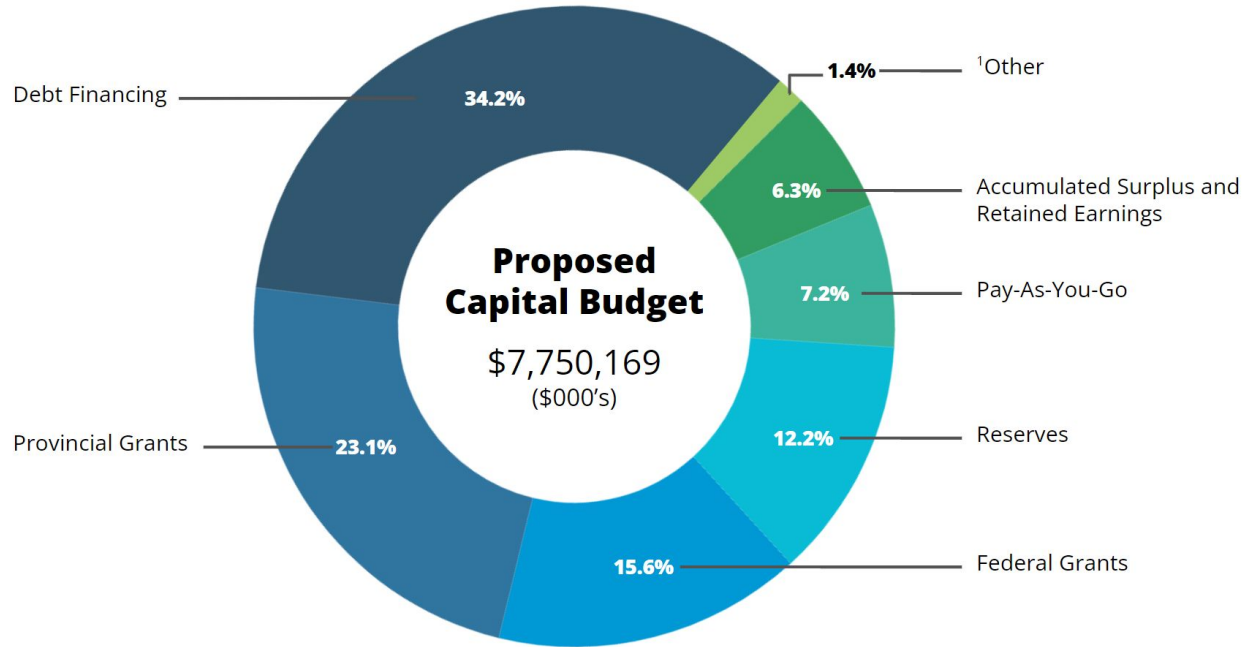
How We Built the Budgets



Proposed 2023-2026 Capital Budget

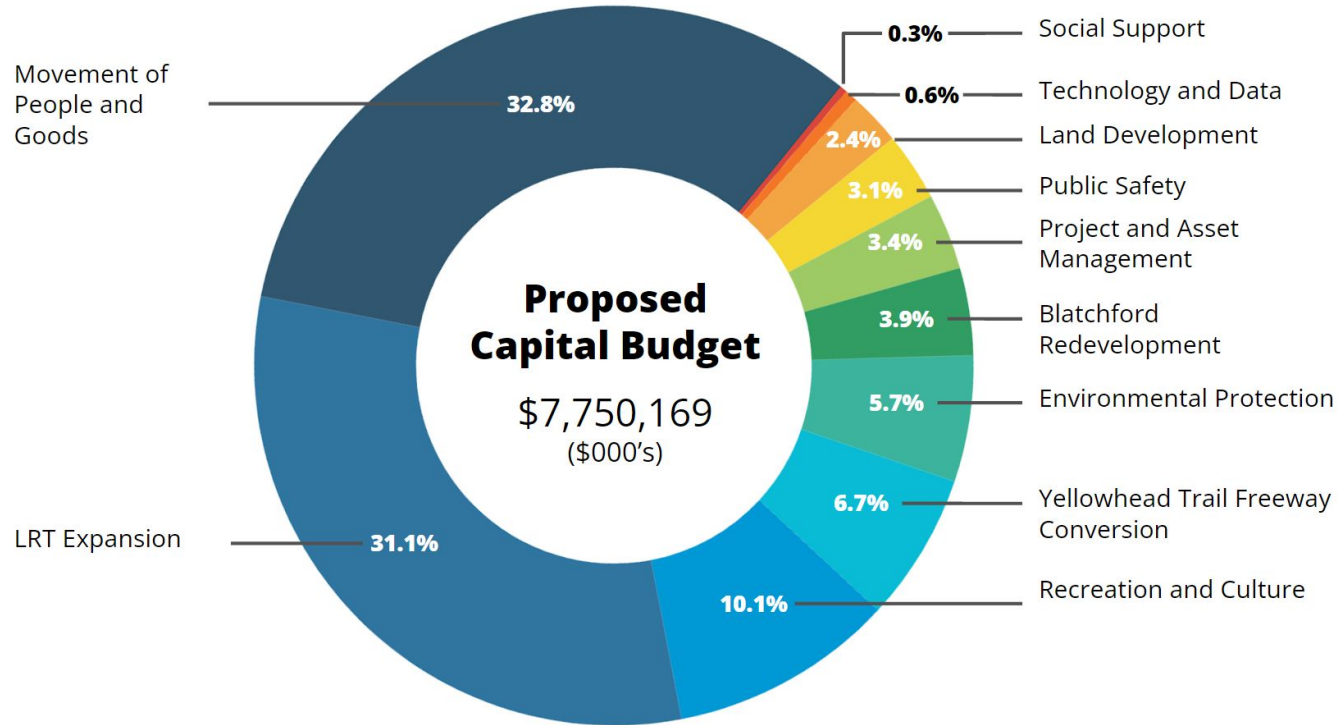
\$000's	Total 2023 to 2026	2027 and Beyond	Grand Total
Previously Approved			
Growth	3,867,188	300,810	4,167,998
Renewal	275,178	-	275,178
Total Previously Approved	4,142,366	300,810	4,443,176
Recommended			
Growth	955,285	140,259	1,095,544
Renewal	1,877,949	333,500	2,211,449
Total Recommended	2,833,234	473,759	3,306,993
Total Proposed Capital Budget			
Growth	4,822,473	441,069	5,263,542
Renewal	2,153,127	333,500	2,486,627
Total Proposed Capital Budget	6,975,600	774,569	7,750,169

Capital Budget Funding Sources



¹ Other includes partnership funding, developer financing, Edmonton Police Service Pay-As-You-Go, and Edmonton Public Library Pay-As-You-Go

Capital Budget by Corporate Outcome





The Strategic Context

The Strategic Context

CONNECTEDMONTON GOALS



CITY PLAN BIG CITY MOVES



COUNCIL PRIORITIES

Community Safety and Well-Being

Arts and Culture

15 minute Districts/
District Planning

Mobility Network

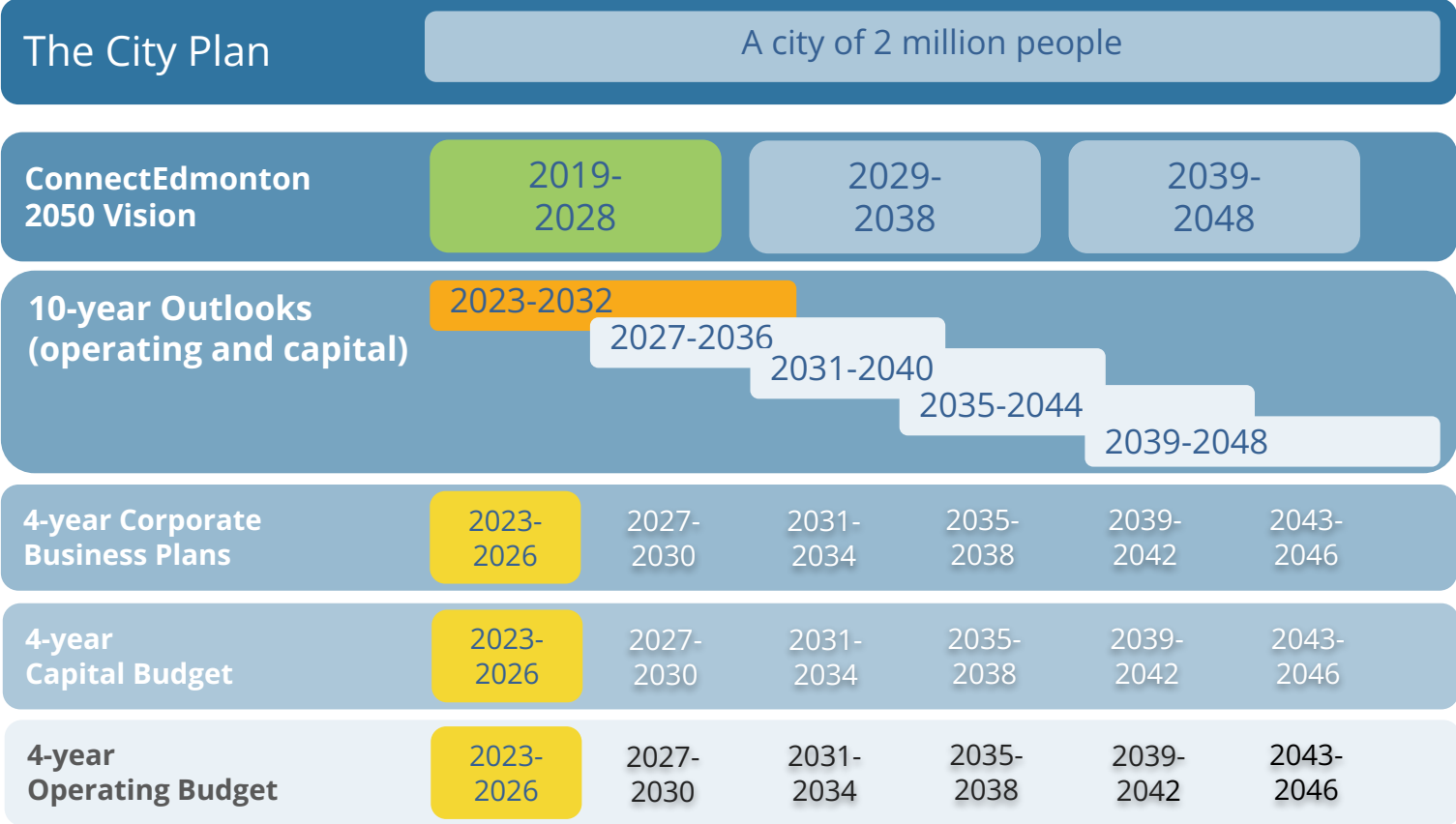
Economic Growth

Climate Action and Energy Transition

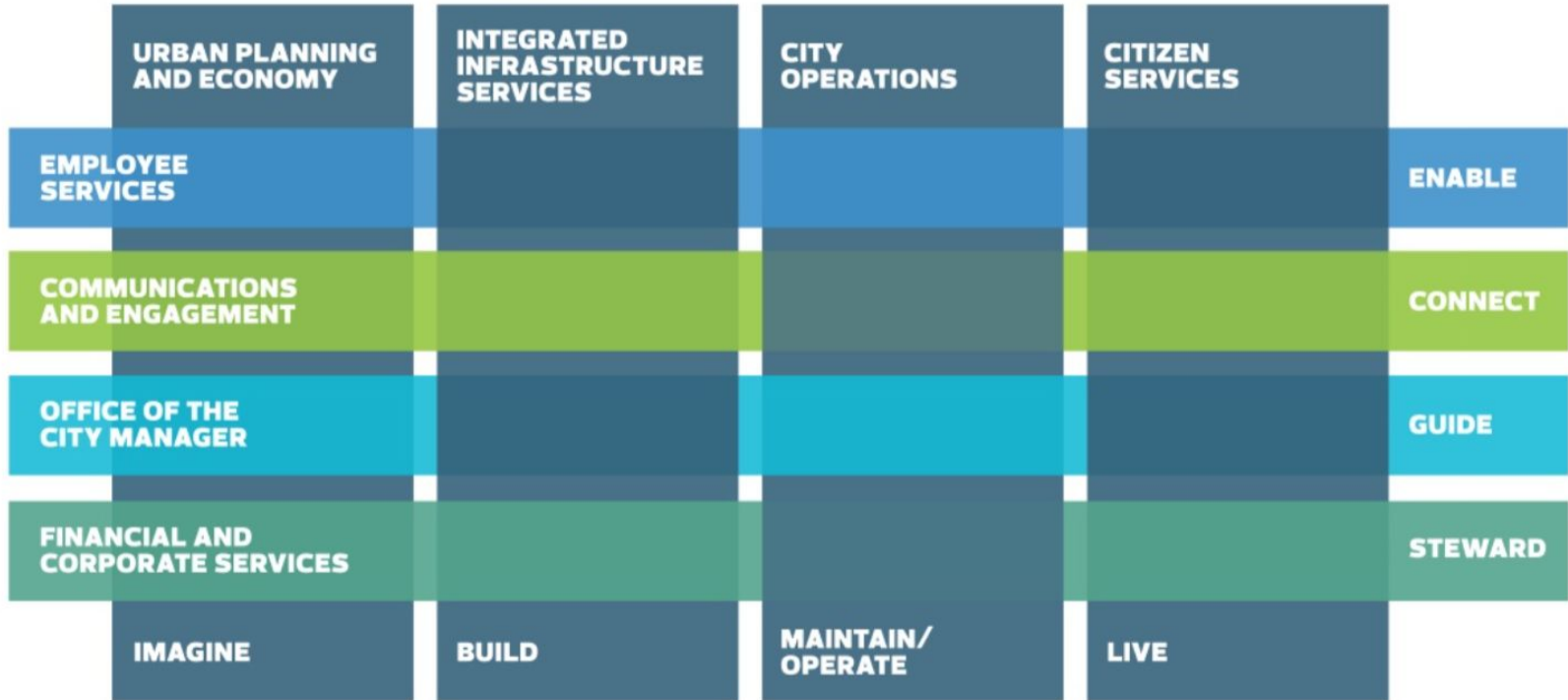
2023 Proposed Capital Budget



Decisions Over Time

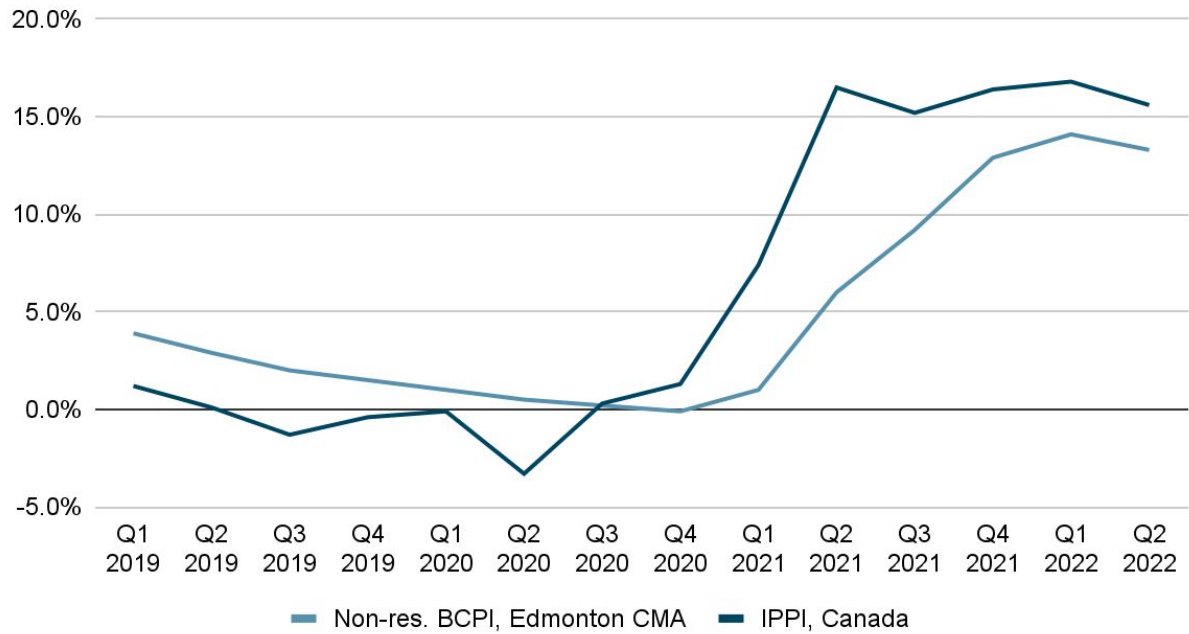


Budgets and Integration



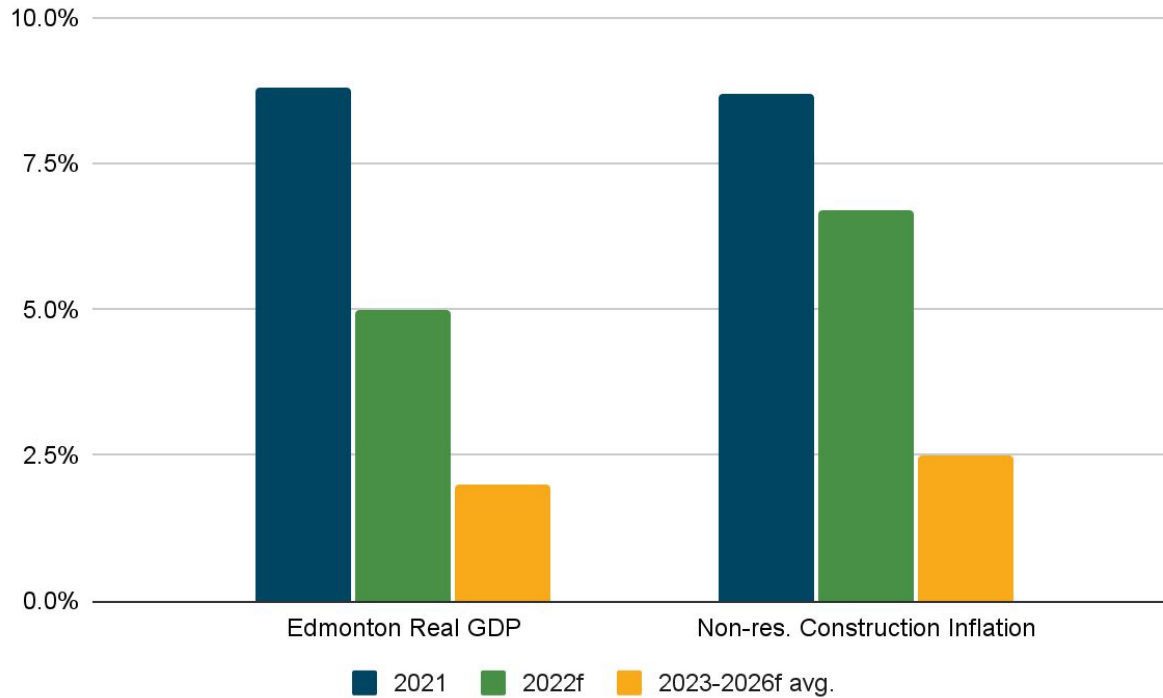
Economic Context - Price Pressures

Select Price Indexes, yr/yr chg.



Source: Statistics Canada

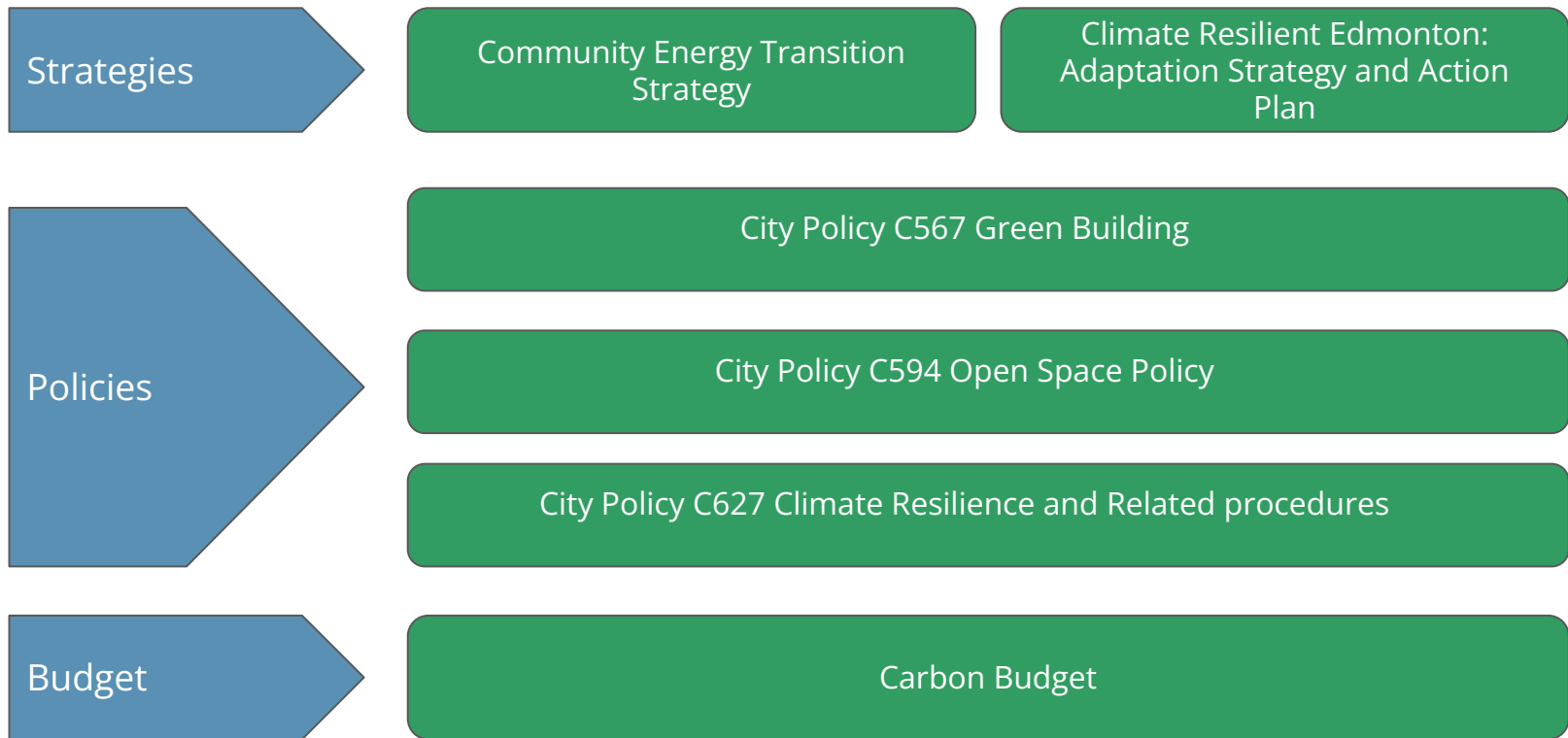
Economic Context - Outlook



Source: City of Edmonton and Stokes Economics; forecast (f)



Environmental Goals



Economic Development

Economic Action Plan

Investment Attraction

Population/Job Growth

Industrial Redevelopment

Downtown Vibrancy

Edmonton's Energy Transition

Chinatown and Other Key Nodes

Example 1 - LRT Expansion



Concept Drawings

In addition to contributing to the Corporate Outcome of “Movement of People and Goods” via Public Transit Service:

- Implements the Nodes and Corridors Network
- Enhances city-wide mass transit and reduces GHG emissions
- Allows Edmontonians to Live and have Access
- Supports Investment Attraction

Example 2: Beaver Hills and Michael Phair Park



Concept Drawings

In addition to contributing to the Corporate Outcome of “Environmental Protection” via Parks and Open Space Access Service:

- Supports residential and business density increases to enhance downtown vibrancy
- Enhances ecology and wellness at a local level
- Capitalizes on providing greater value in inclusive and accessible open spaces with existing city assets

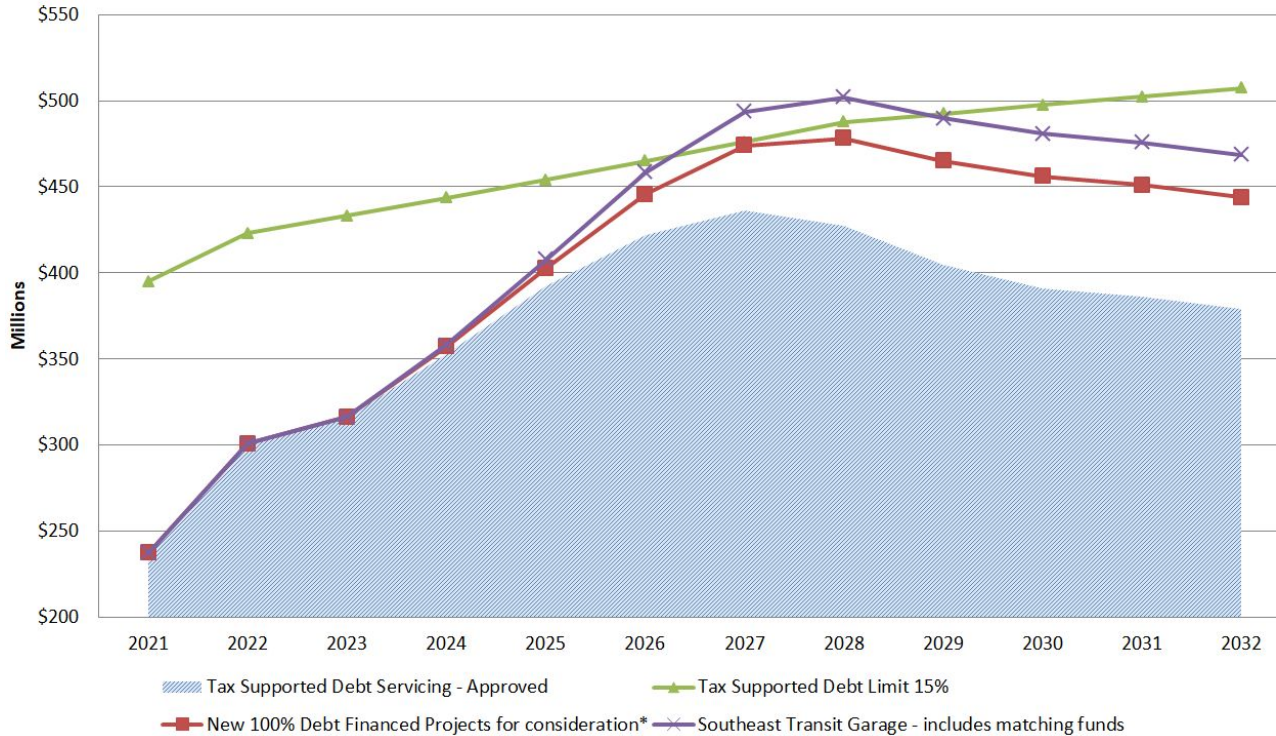


Funding and Debt Capacity

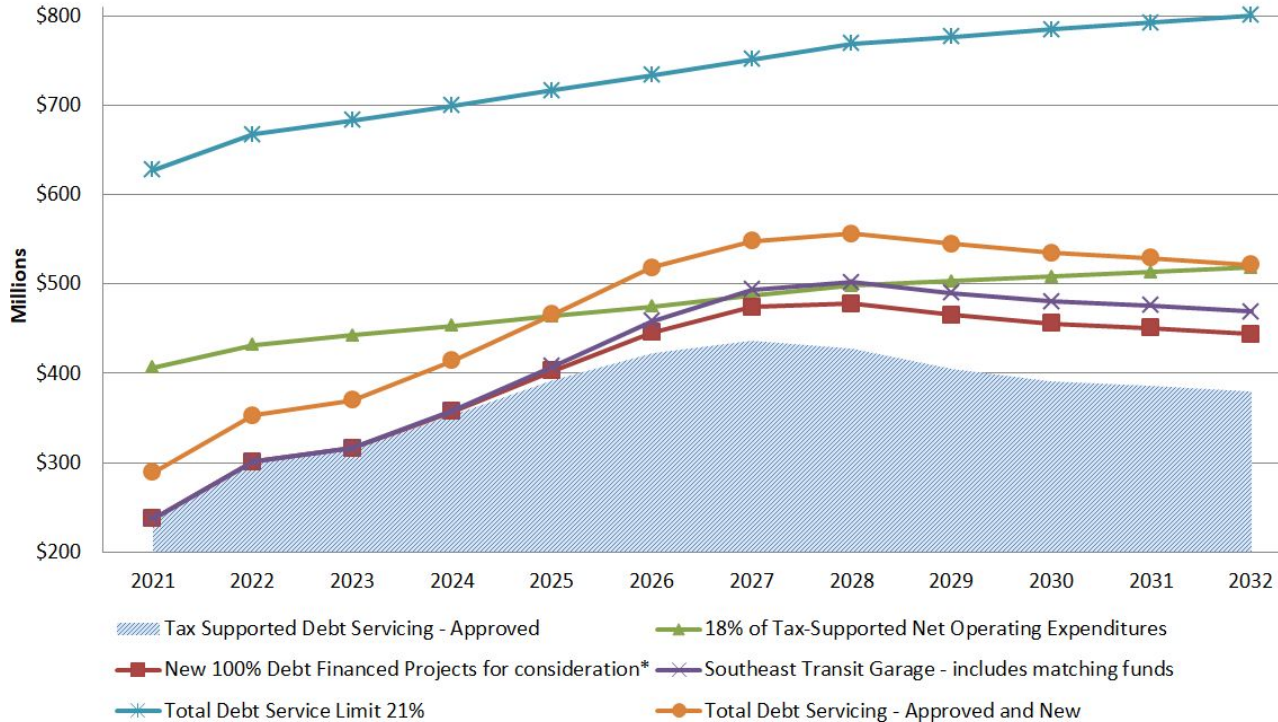
Capital Budget - Funding Breakdown

Funding Sources (\$000's)	2023	2024	2025	2026	Total 2023 to 2026	2027 and Beyond	Grand Total
Constrained							
Provincial Grants (constrained)	470,610	366,239	254,916	97,389	1,189,154	1,000	1,190,154
Federal Grants (constrained)	408,278	316,132	221,182	124,167	1,069,759	45,528	1,115,287
Reserves	234,304	244,276	221,886	240,190	940,656	4,985	945,641
Land Enterprise	52,784	88,366	70,148	75,305	286,603	200,200	486,803
Other	32,769	26,057	24,500	28,218	111,544	-	111,544
Total Constrained	1,198,745	1,041,070	792,632	565,269	3,597,716	251,713	3,849,429
Unconstrained							
Pay-As-You-Go	217,154	117,016	108,412	86,824	529,406	29,832	559,238
Local Government Fiscal Framework	-	189,619	167,396	131,385	488,400	-	488,400
Municipal Sustainability Initiative	113,506	882	-	-	114,388	-	114,388
Canada Community-Building Fund	36,878	17,039	18,250	19,485	91,652	-	91,652
Total Unconstrained	367,538	324,556	294,058	237,694	1,223,846	29,832	1,253,678
Debt Financing	492,207	567,976	593,357	500,498	2,154,038	493,024	2,647,062
Total Funding	2,058,490	1,933,602	1,680,047	1,303,461	6,975,600	774,569	7,750,169

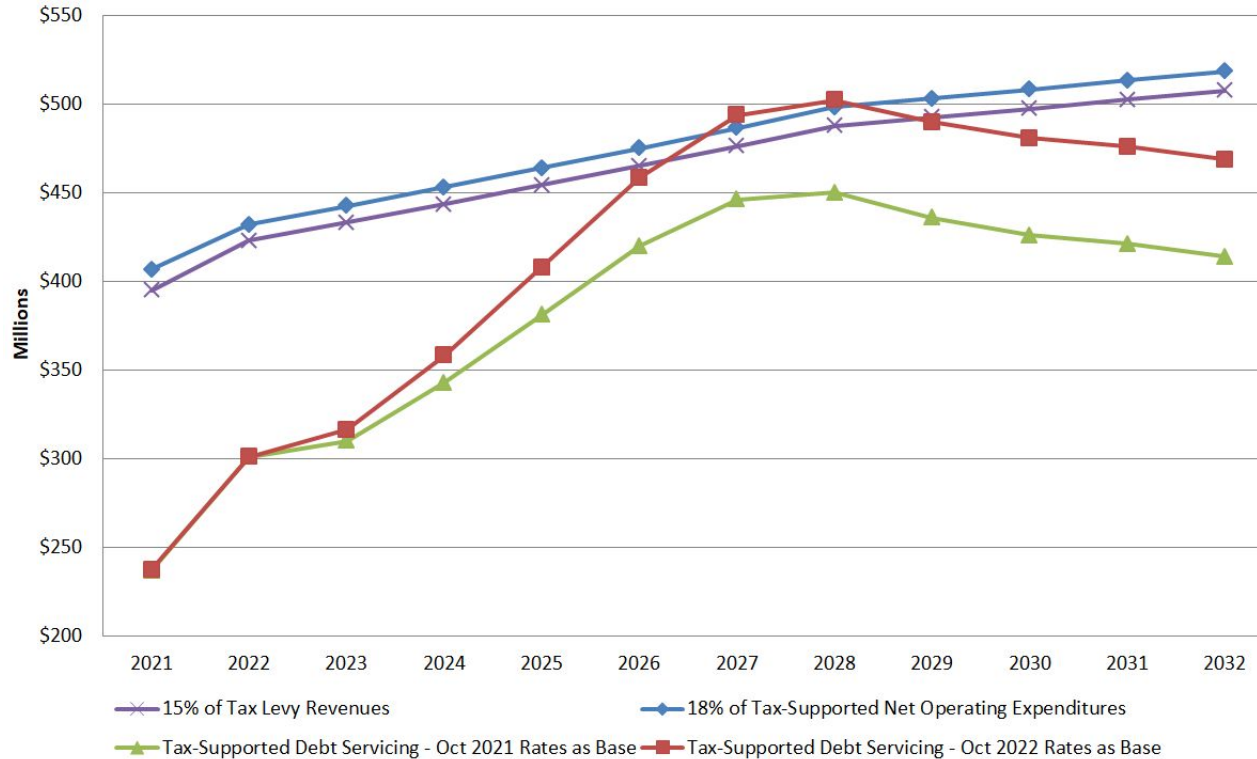
Debt Financing - Current Fiscal Policy



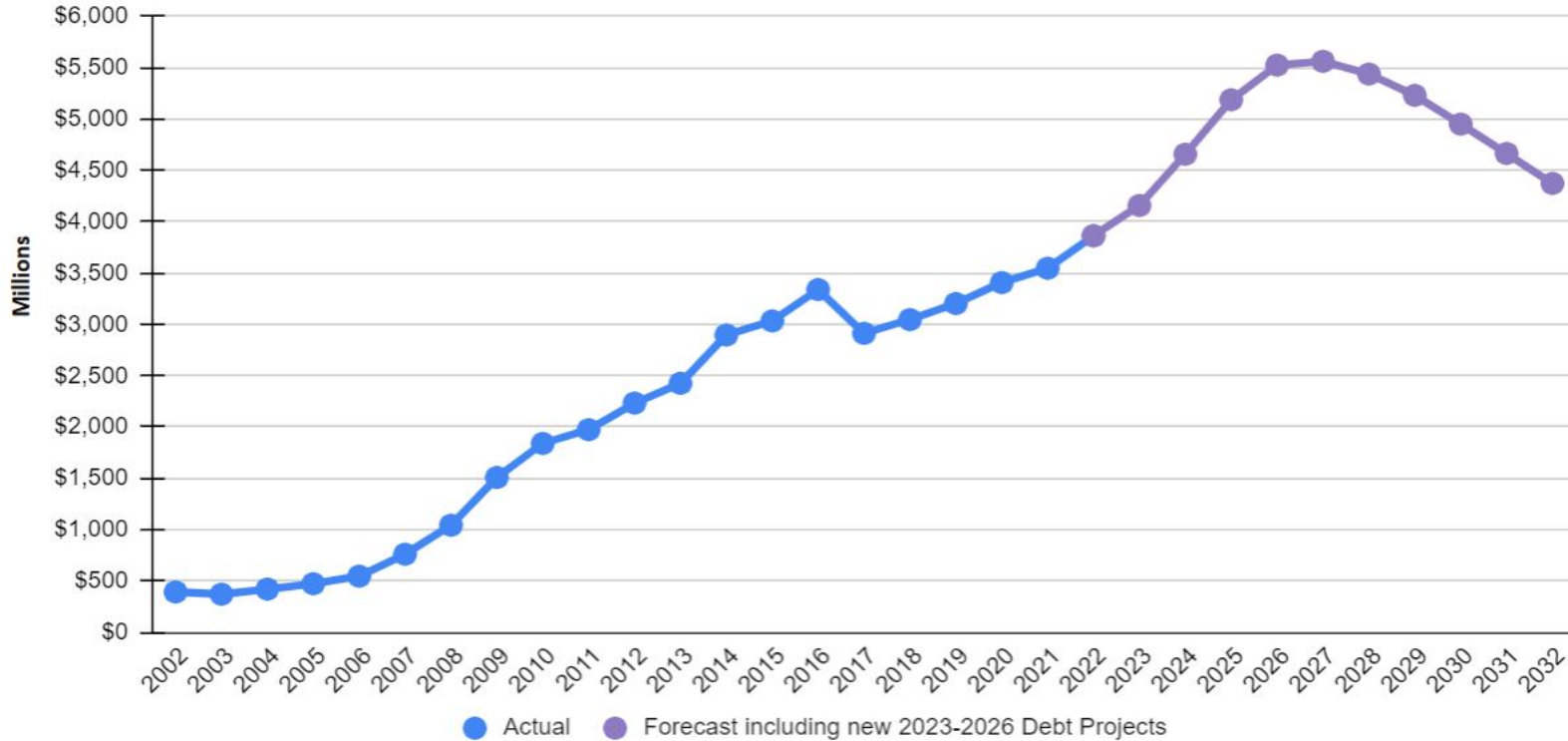
Debt Financing - Proposed Fiscal Policy



Debt Financing - Rising Interest Rates



Debt Financing - Total Outstanding Debt





Budget Building Blocks

Edmonton

Capital Project and Programs - Key Definitions

Projects/Programs

Renewal Projects

Investments in existing infrastructure to restore it to its former condition and extend its service life.

Growth Projects

Investments in new assets and projects that add to or enhance components of existing infrastructure assets that improves the type of service provided and/or improves functionality.

Renewal Program Ideal Investment

Combination of:

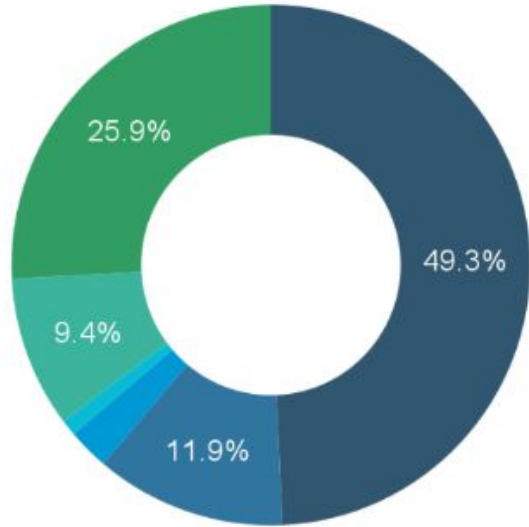
- A. Renewal investment required to bring City assets to their target physical performance levels.
- B. Growth investment recommend for renewal projects to address demand, capacity, and functionality deficiencies to align assets with approved strategies, policies, standards, and public expectations.

Capital Planning Principles

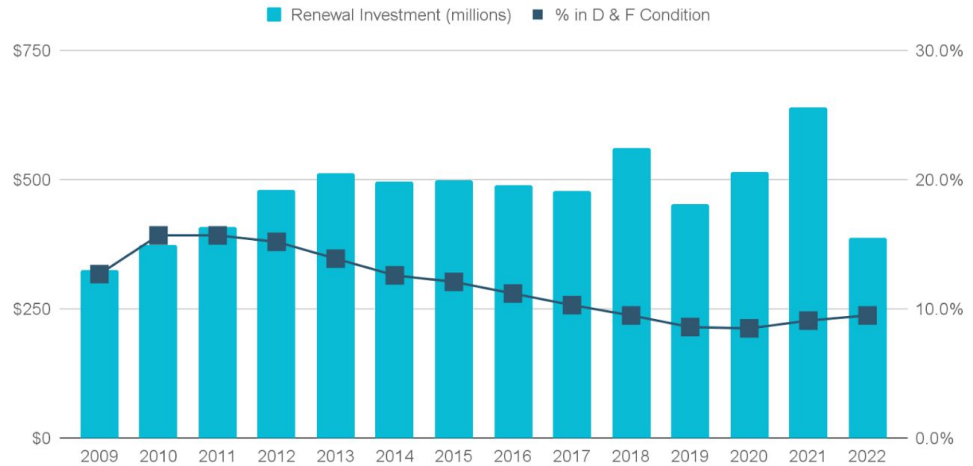
- Achieve best results for the city overall
- Use cash (PAYG and grant funding) for ongoing projects
- Borrowing for new significant projects (eligible under DMFP)
- Consider borrowing capacity
- Identify funding source for debt servicing (when the debt is proposed)
- Align to The City Plan's Big City Moves (deliver on the 2050 ConnectEdmonton vision)
- Optimize investment in existing municipal infrastructure
- Balance the renewal of existing infrastructure and the demand for new infrastructure growth
- Identify and account for all future operating, maintenance and renewal costs

Asset Inventory and Renewal

Current Asset Value Distribution
Replacement Value: \$31.6 Billion



- Goods and People Movement
- Open Space
- Service Delivery
- Utilities
- Ancillary Infrastructure
- Facilities



Renewal Targets and Ideal Investments

Renewal Targets

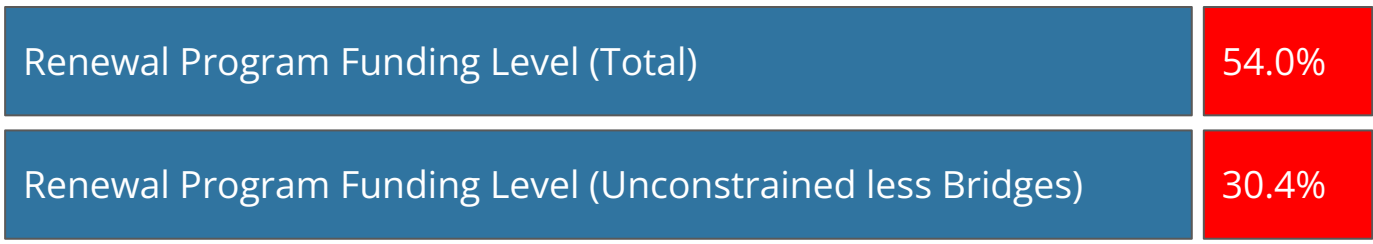
Importance Level	Average Condition Index	Severity	% of Assets in D&F	% of Assets in F	Examples
High	3.5	200	1%	0%	River Crossing Bridges, Self Contained Breathing Apparatus
Medium-High	3	200	5%	2%	LRT Track Structure
Medium	2.75	200	10%	5%	River Valley Stairs
Medium-Low	2.5	200	20%	7%	Bus Shelters
Low	2.25	200	40%	10%	Signage, Furniture and Audio-Visual Equipment



RIMS Ideal Investment

\$000's	2023 to 2026
RIMS Ideal	
Ideal Investment - Renewal Portion	3,169,175
Ideal Investment - Growth Portion	406,409
Total RIMS Ideal Recommended Investment	3,575,584

Renewal - Funding Levels

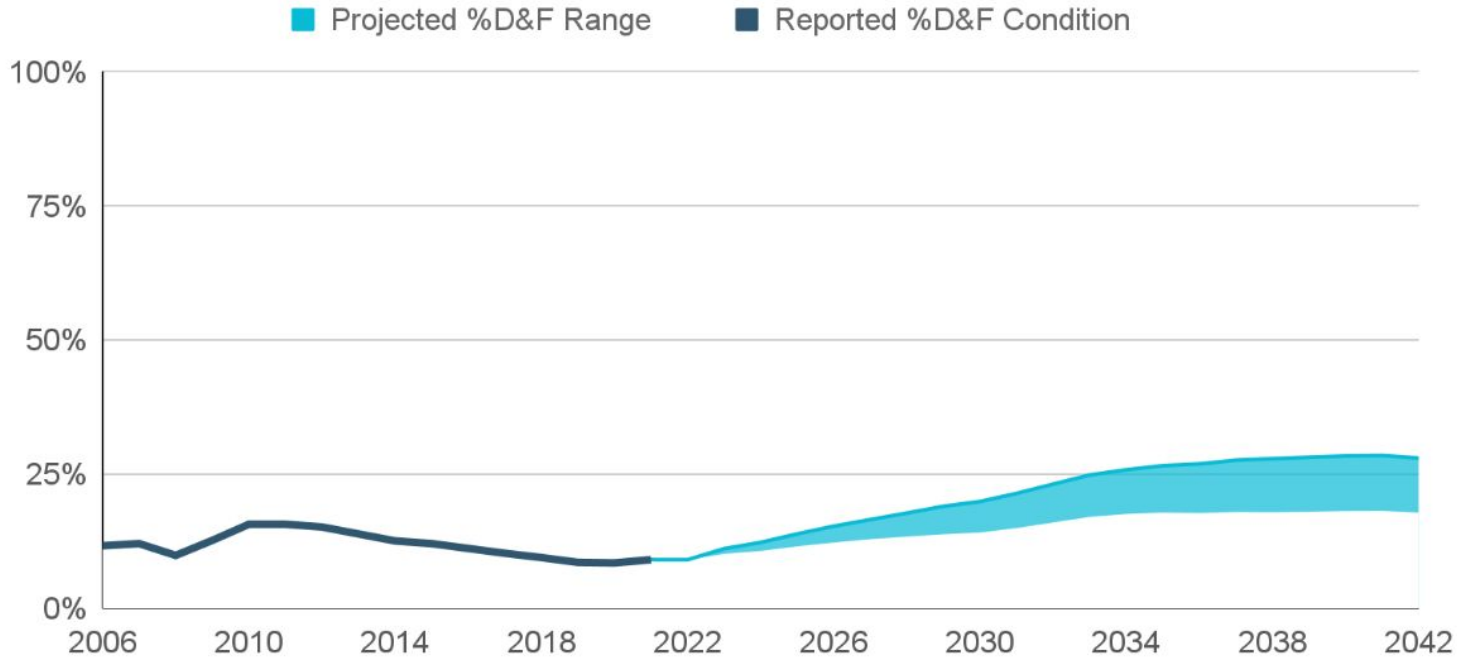


Comparison of Ideal Renewal Investment and Funding Levels

\$000's	Renewal Program Funded with Constrained Funding and Bridge Program funded at 100%	Renewal Program Funded with Unconstrained Funding	Total
RIMS Ideal Investment	1,214,780	2,360,804	3,575,584
Funded RIMS Ideal Investment	1,214,780	717,093	1,931,873
% of RIMS Ideal Funded	100.0%	30.4%	54.0%

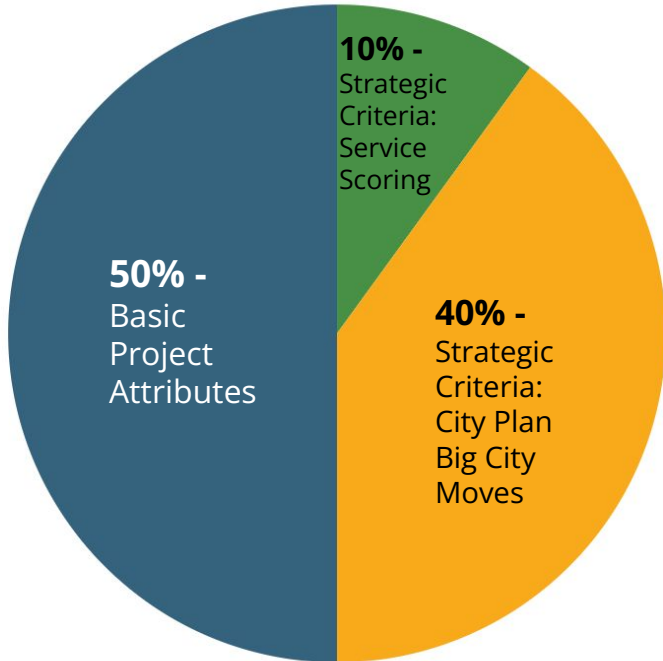


Renewal - Effect of Budget on Asset Conditions



Prioritization for Growth Projects

Capital Criteria Growth



Basic Project Attributes

Mandate to Provide Asset

Reliance on City to Provide Asset

Portion of Community or Organization Served

Change in Demand for Asset

Corporate Operational Risk

Cost Recovery of Asset Investment

Safety of Community or Organization

Big City Moves

Greener as We Grow

Inclusive and Compassionate

Community of Communities

Catalyze and Converge

Rebuildable City

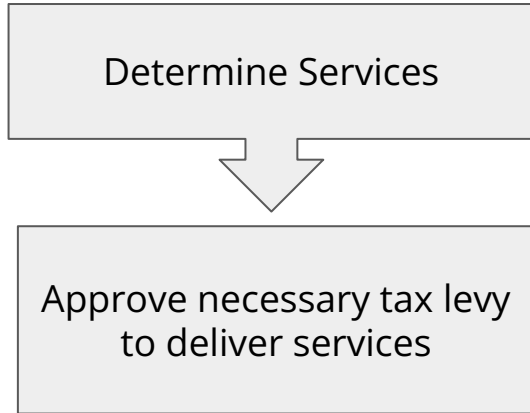
Edmonton

Building the Capital Budget

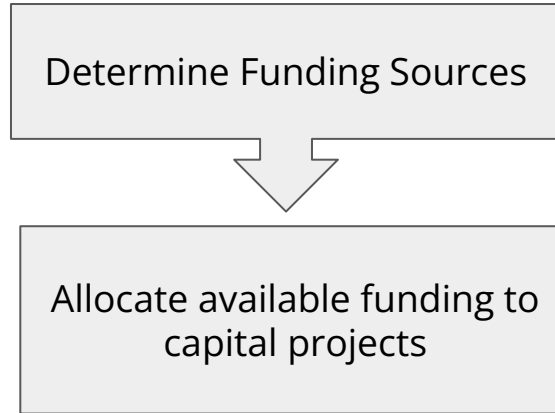


Building the Capital Budget

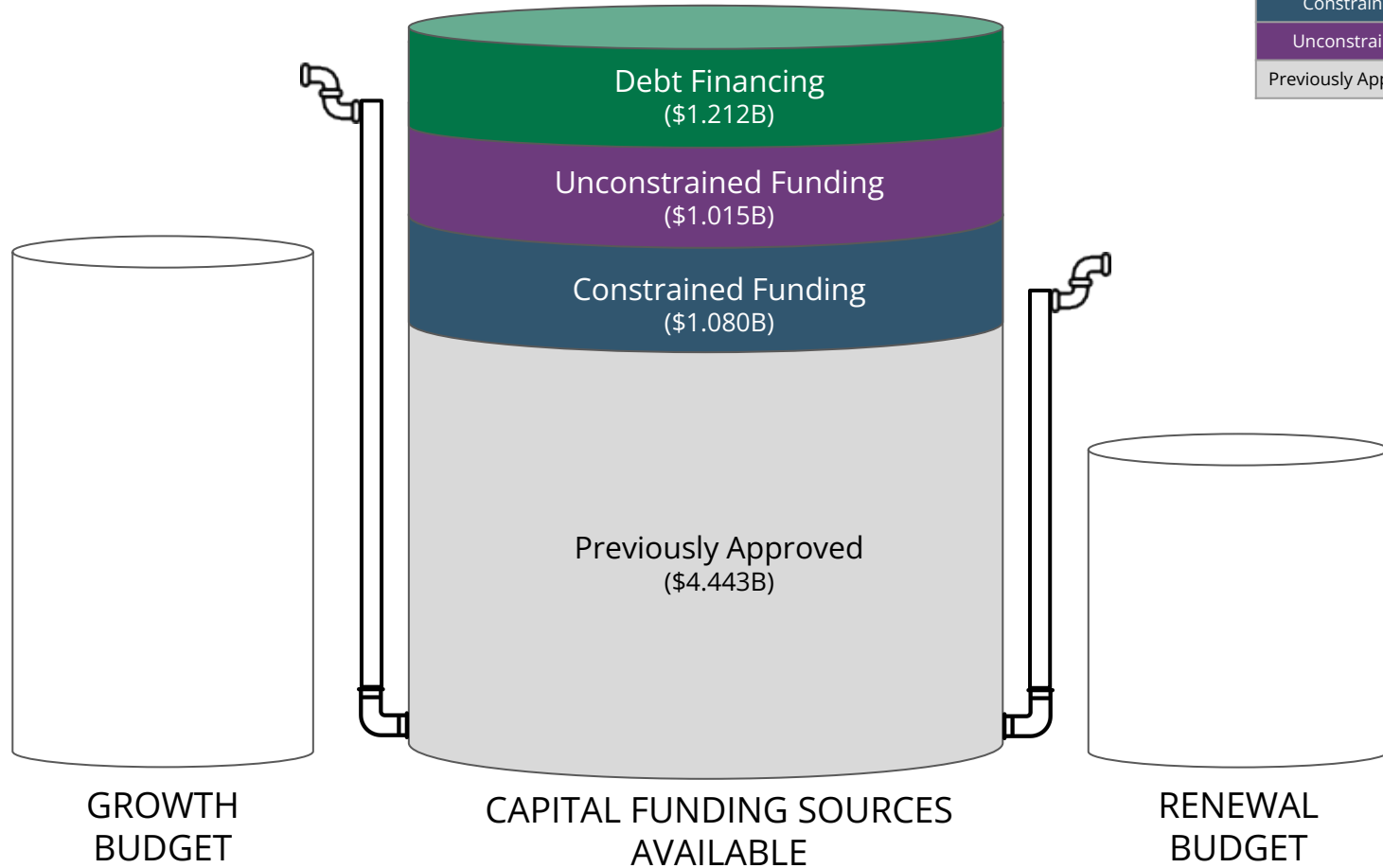
Operating Budget



Capital Budget

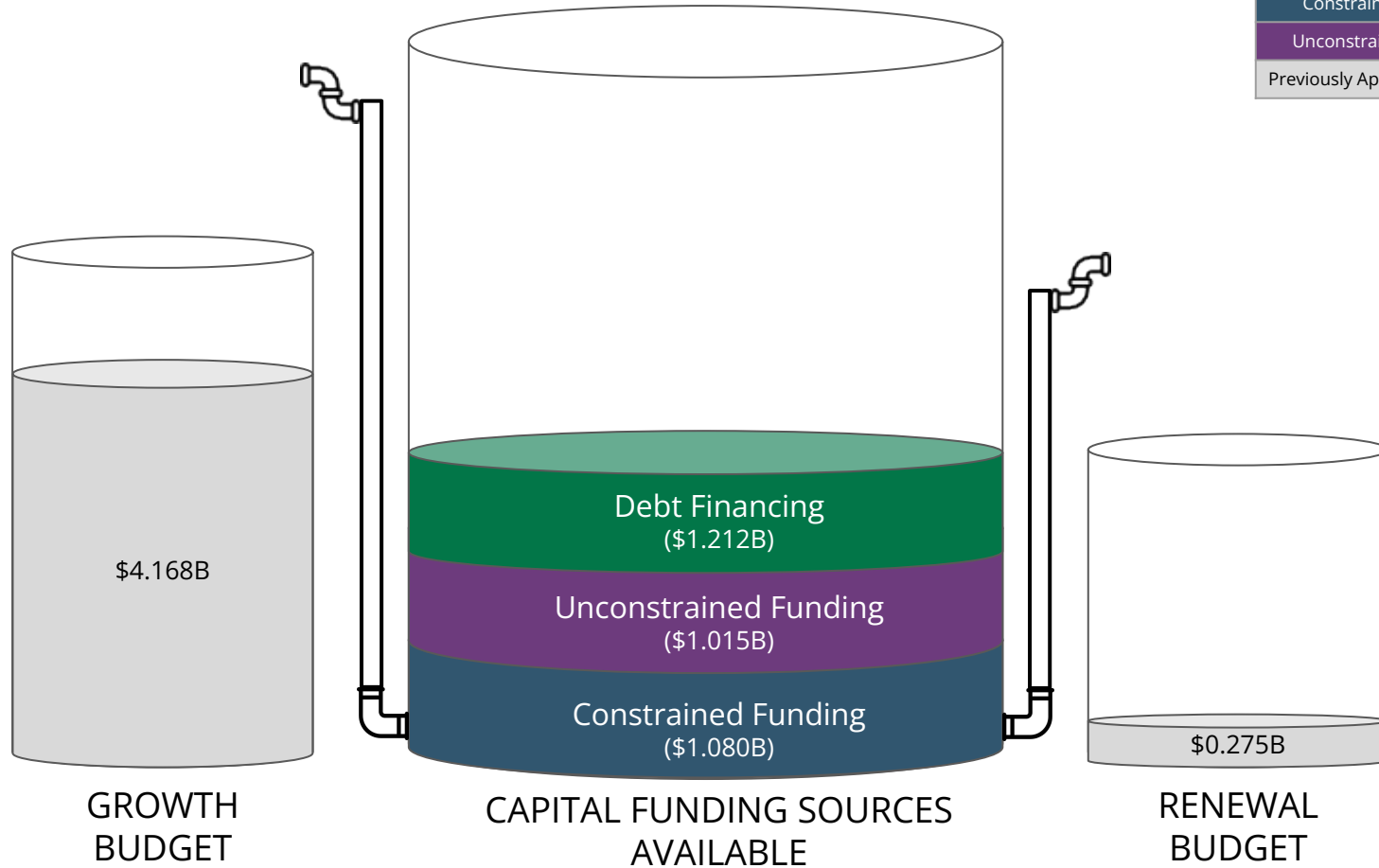


Building the Capital Budget



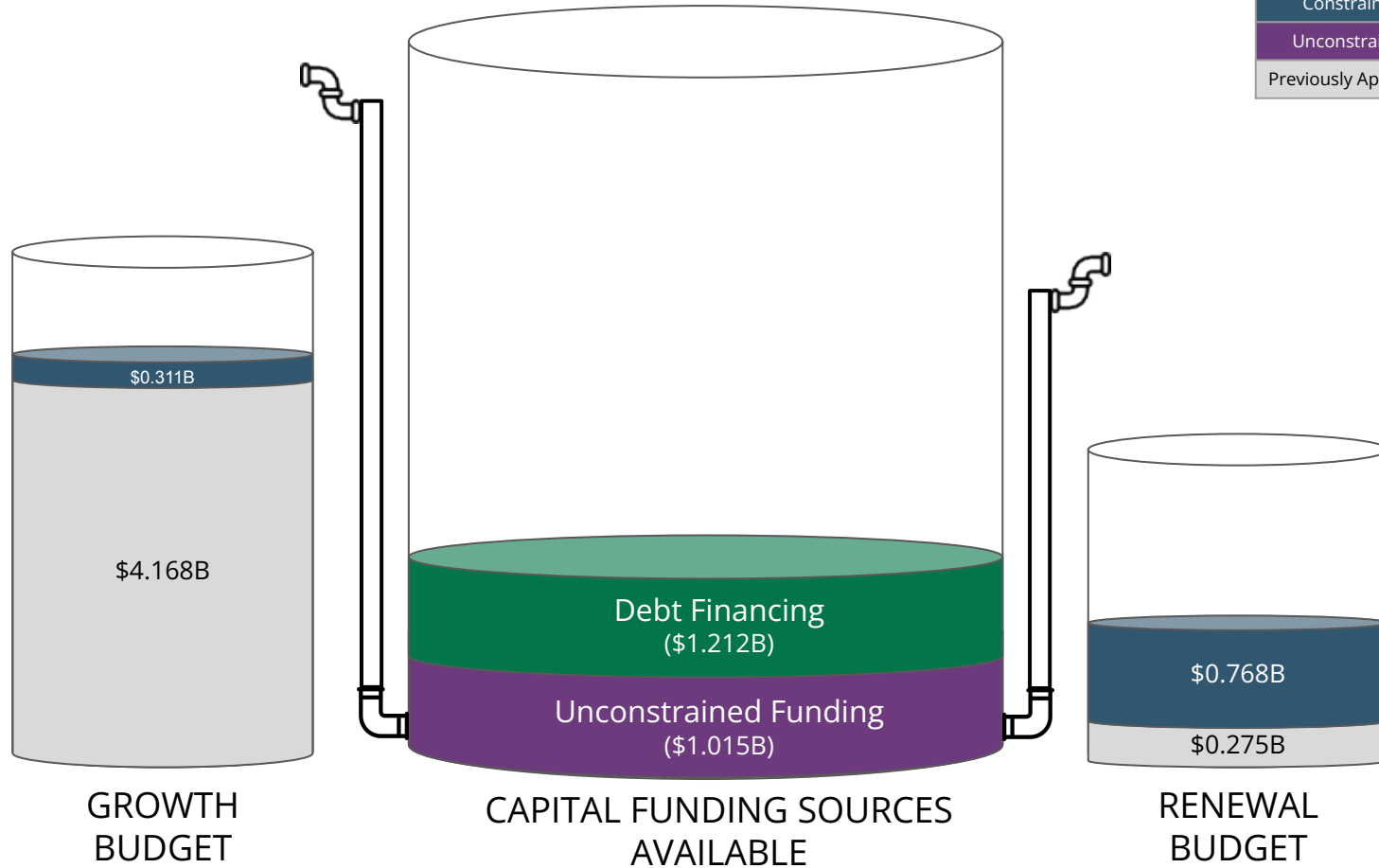
Building the Capital Budget

Legend
Debt Financing
Constrained Funding
Unconstrained Funding
Previously Approved Funding

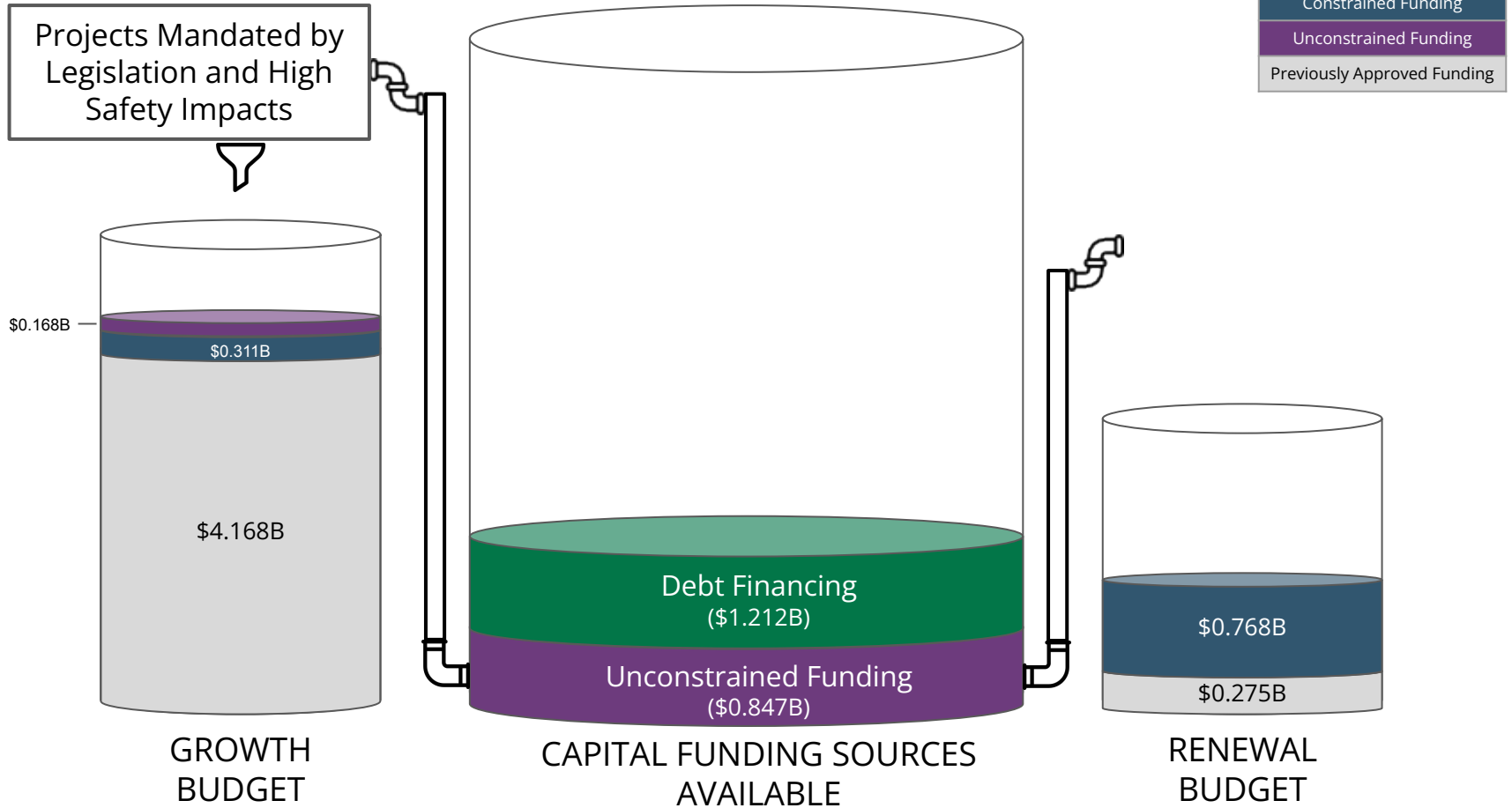


Building the Capital Budget

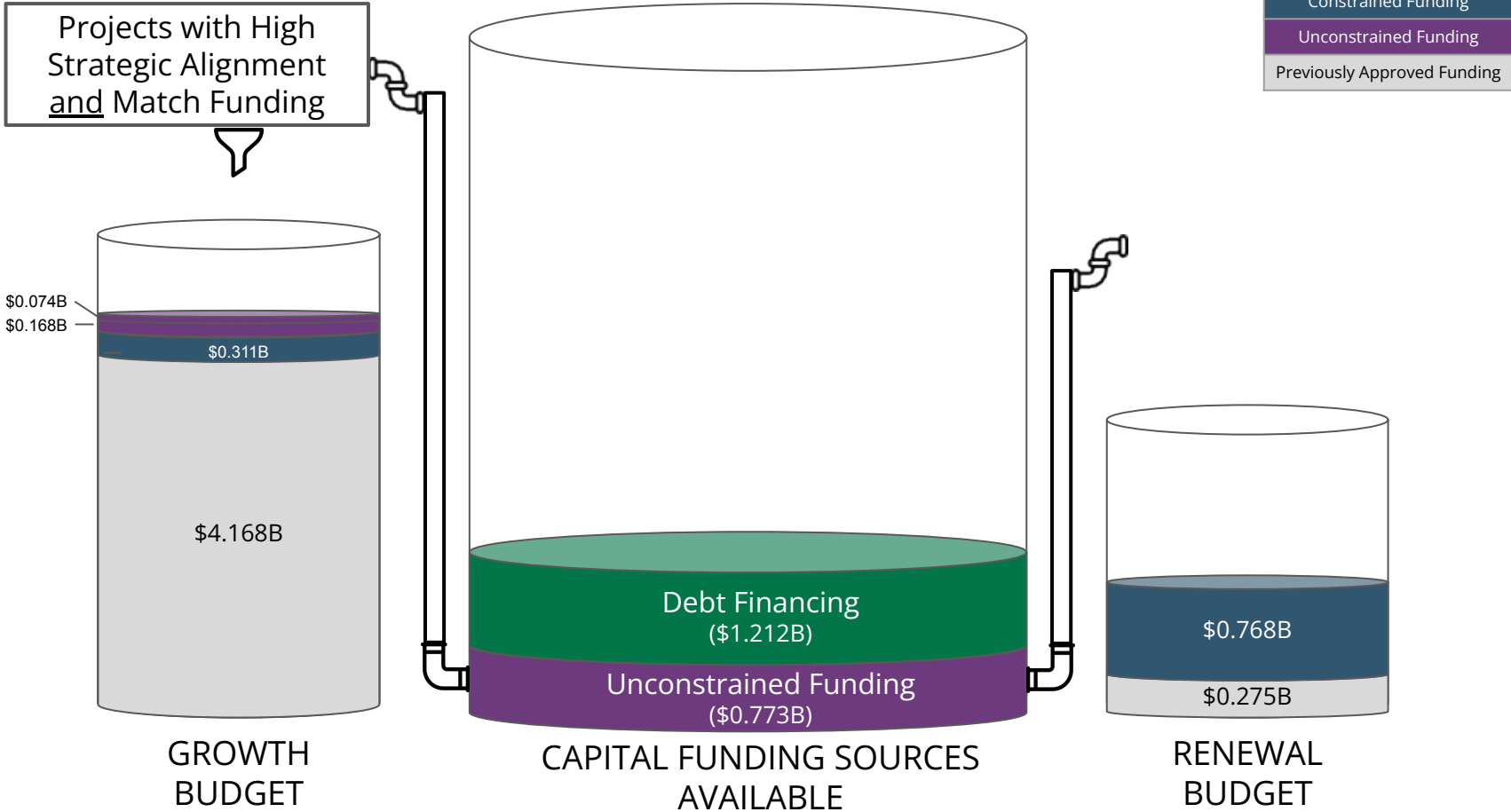
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Building the Capital Budget

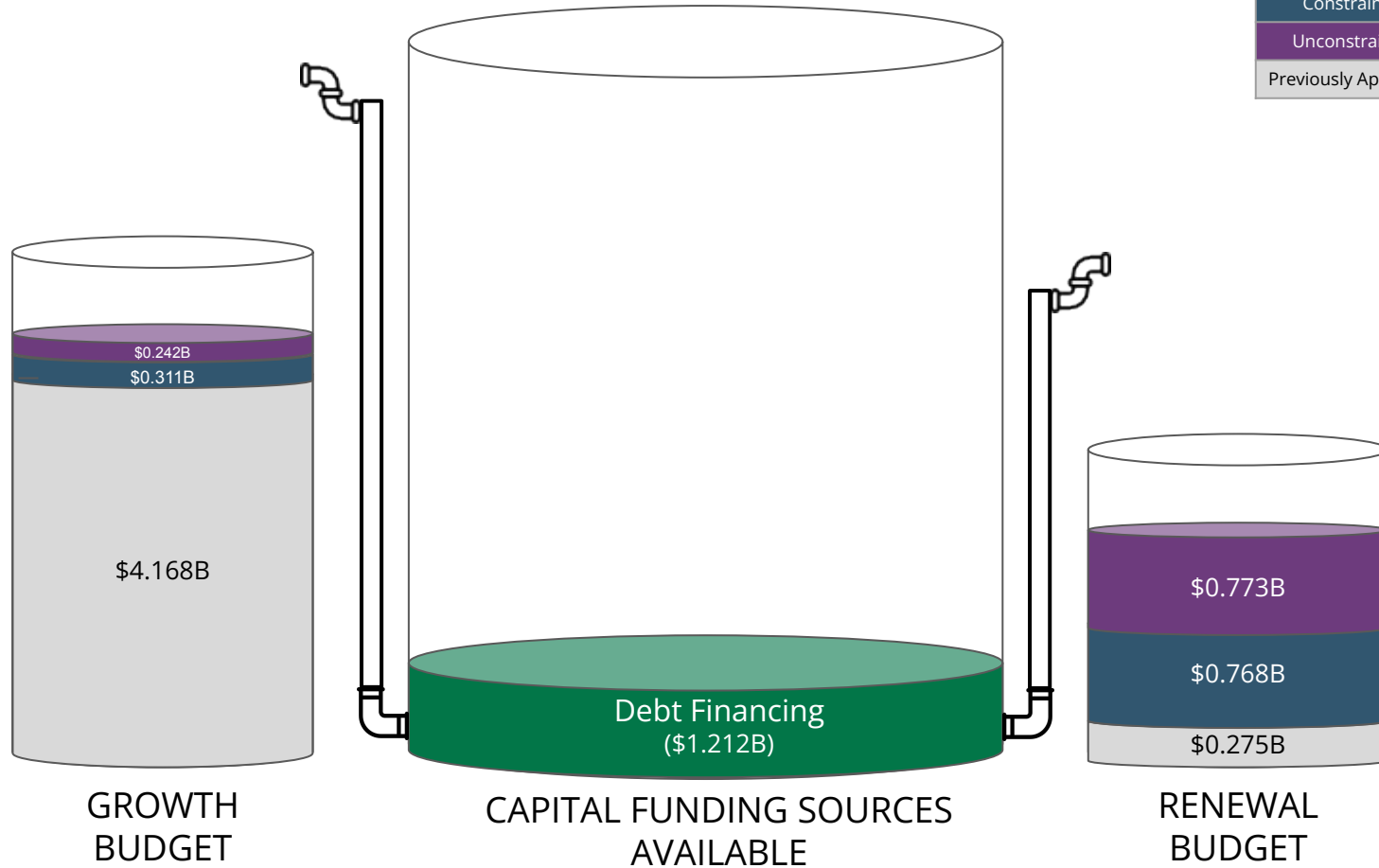


Building the Capital Budget



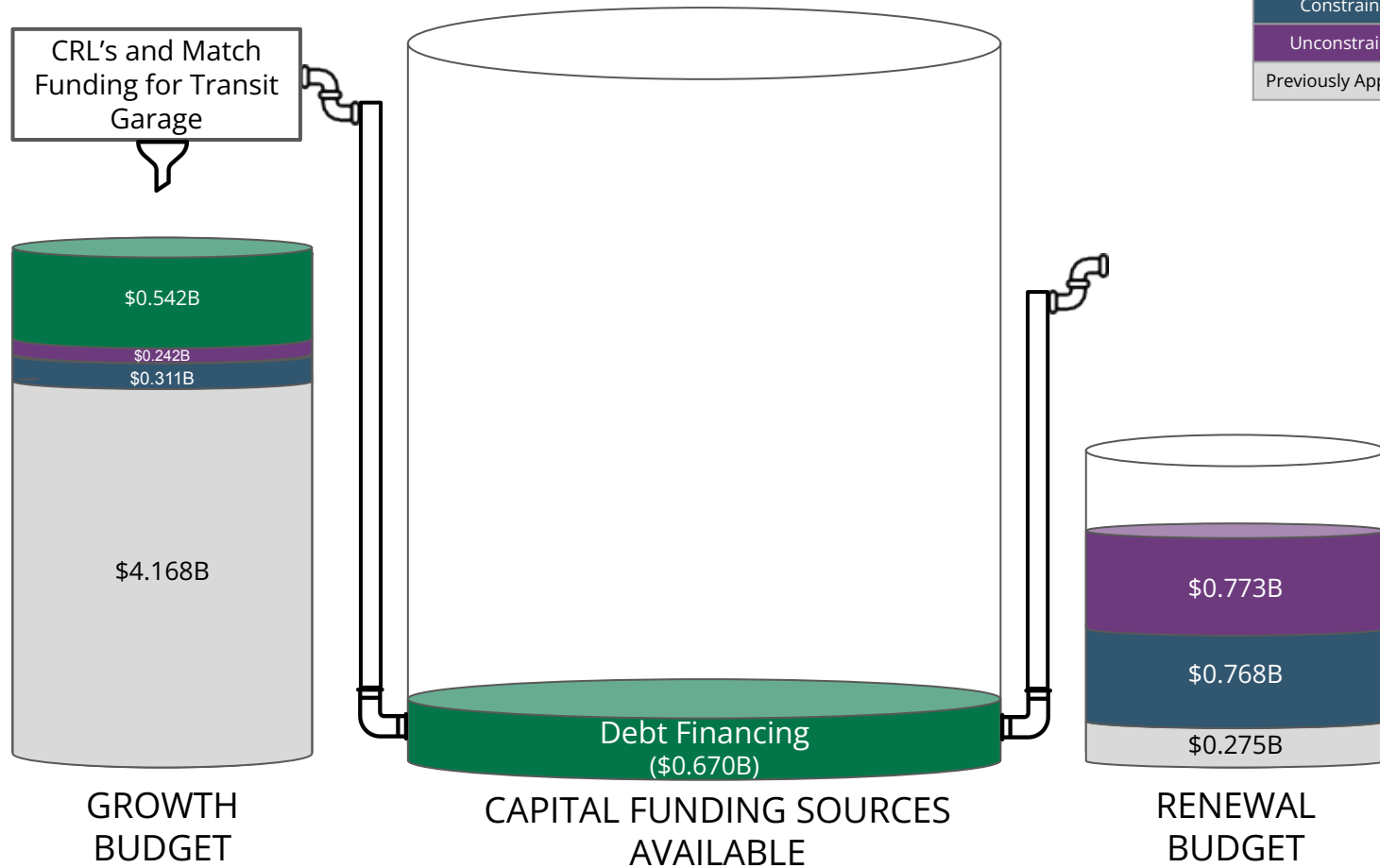
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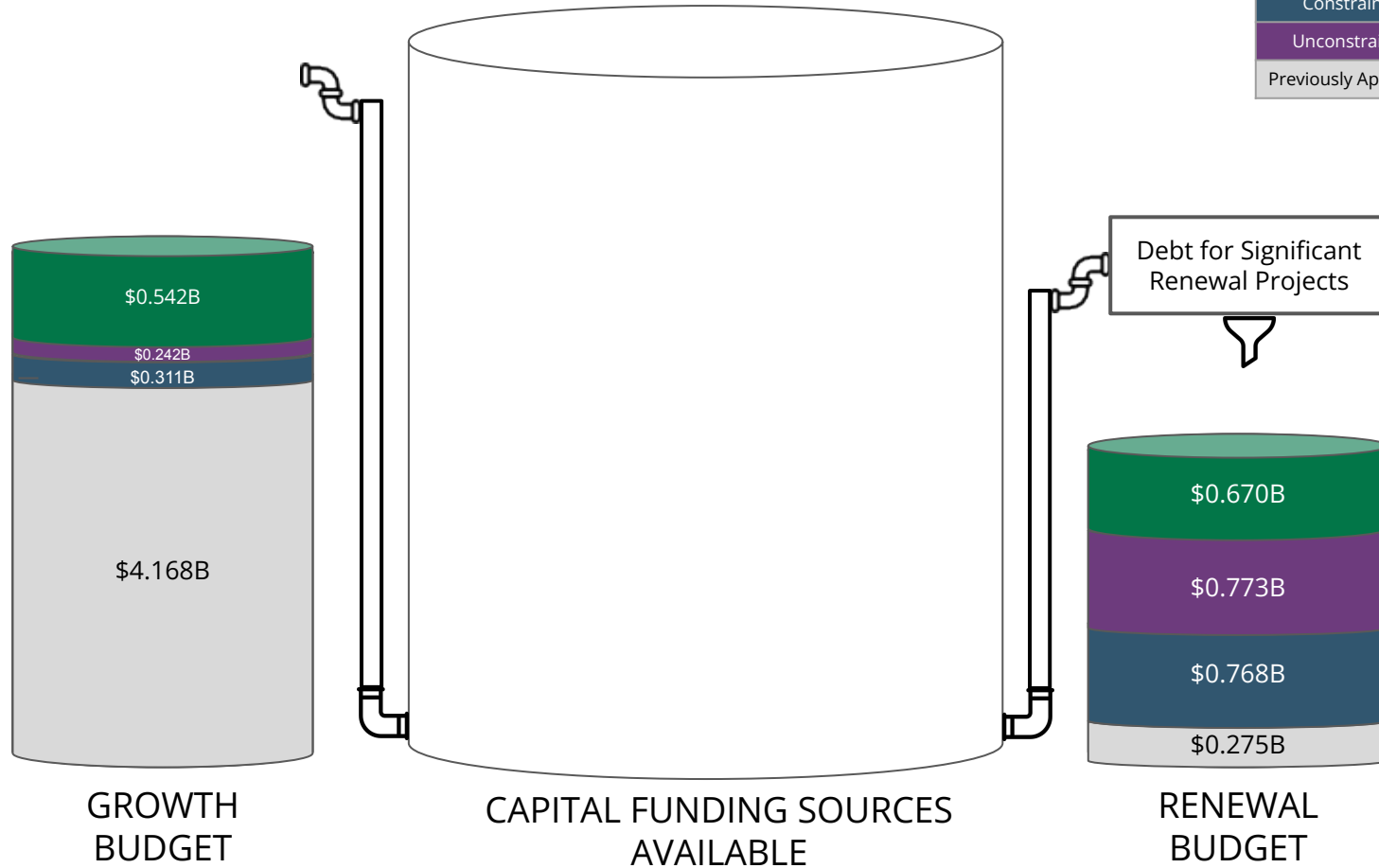
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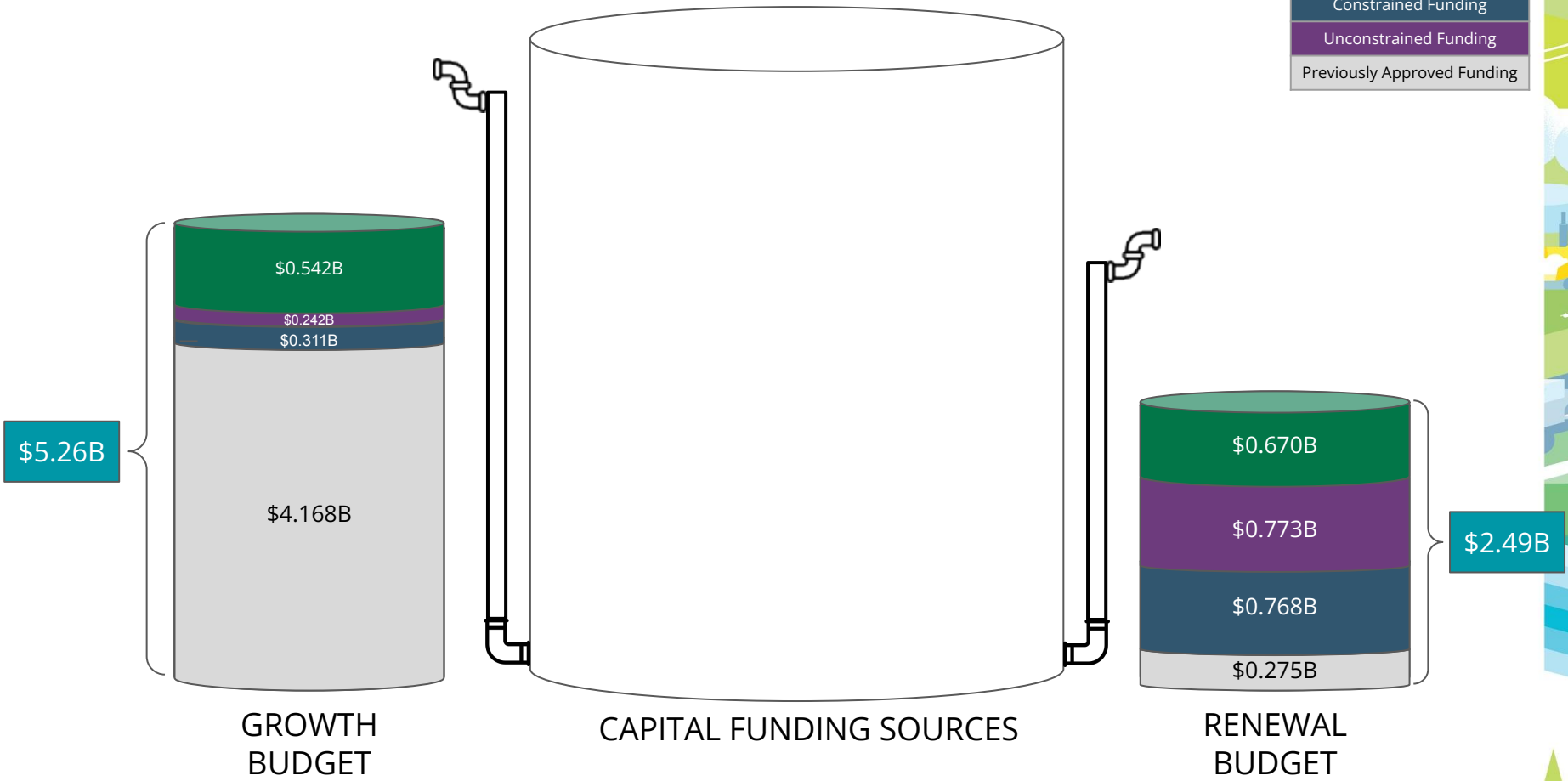
Building the Capital Budget

Legend
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Unconstrained Funding
Previously Approved Funding



Building the Capital Budget

Legend
Debt Financing
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Unconstrained Funding
Previously Approved Funding



Growth Prioritization



Amendment Funding Options and Implications

Options Involving Redirection of Approved/Recommended Funding to Different Projects

01	Unfund a previously approved capital project from 2019-2022 Cycle	<ul style="list-style-type: none">• Projects available must not have started construction• Significant penalties for contract termination could apply• Debt could be stranded if already borrowed for• Possible reputational damage
02	Unfund a legislatively mandated or high safety impact project recommended within 23-26 Proposed Budget	<ul style="list-style-type: none">• Only projects funded with unconstrained funding would be applicable• Would result in City not meeting legislated requirements• Would result in City not meeting public/employee safety expectations
03	Unfund a grant/partner matched growth project recommended within the 23-26 Proposed Budget	<ul style="list-style-type: none">• Only projects funded with unconstrained funding would be applicable• Would result in turning away partner/grant dollars & paying full price for alternative projects instead
04	Reduce unconstrained funding currently recommended towards Renewal Program	<ul style="list-style-type: none">• Unconstrained funded renewal is currently only funded to a level of 30.4%• Additional cuts would result in safety and operational impacts
05	Unfund a debt-financed project currently recommended within the 2023-2026 Proposed Budget	<ul style="list-style-type: none">• Unfunding of New Transit Garage would result in City no longer pursuing \$316M in matching grant and could impact service delivery.• Unfunding of recommended renewal debt could result in safety & asset management concerns .

Amendment Funding Options and Implications

Options Involving New Capital Funding

01	Approve new one-time Pay-As-You-Go Funds	<ul style="list-style-type: none">• Would require an increase to tax levy in Operating Budget• Pay-As-You-Go funding is not recommended for large transformational projects
02	Approve additional tax-supported debt within fiscal policy limits	<ul style="list-style-type: none">• Amount of room available is dependent on new debt management fiscal policy• Would limit room available for emerging items & grant-matching opportunities in current and future budget cycles

Other Options

01	Redirection of Neighbourhood Renewal Funds	<ul style="list-style-type: none">• Would result in reduction/delay in Neighbourhood Renewal Program• If used on growth projects, would take away option to instead redirect towards unconstrained renewal program, which is currently recommended to be funded at 30.4%
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Funding Held in Abeyance

Project	Funding Recommended to be Held in Abeyance	Condition for Abeyance to be Lifted
New Southeast Transit Garage	\$316 million	City is successful in obtaining federal funding for the remaining 50 per cent of eligible project costs
Greener As We Grow Tree Planting Program	\$66 million	City is successful in obtaining remaining funding required under the federal Two Billion Trees grant program
Imagine Jasper Avenue (114 Street to 124 Street)	\$13.6 million	City is successful in obtaining grant funding under the Active Transportation program



Operating Impacts of Capital - Debt Servicing

(\$000's)	2023	2024	2025	2026	2027	2028	2029	2030	Total
New Transit Bus Garage	36	857	4,354	7,468	6,862	4,302	844	-	24,723
High Level Bridge Rehabilitation	44	251	592	2,661	7,529	7,017	3,510	-	21,604
LRV Replacements	-	-	551	2,520	1,987	4,287	5,653	4,640	19,638
William Hawrelak Park Rehabilitation	729	3,688	3,425	1,660	-	-	-	-	9,502
Lewis Farms Community Recreation Centre and Library (Recosting)	-	-	-	470	2,328	1,758	66	-	4,622
Terwillegar Drive Expressway Upgrades - Alternate Staging (Recosting)	-	-	410	1,891	980	130	-	-	3,411
Total Incremental Debt Servicing Costs	809	4,796	9,332	16,670	19,686	17,494	10,073	4,640	83,500
Estimated Tax Levy Increase Required	0.05%	0.25%	0.46%	0.78%	0.87%	0.74%	0.41%	0.18%	3.74%

Operating Impacts of Capital - Other

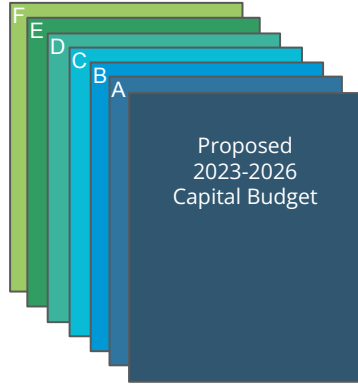
(\$'000's)	2023	2024	2025	2026	2027	2028	2029	2030	Total
Cumberland Fire Station	-	-	-	4,687	-	-	-	-	4,687
Walker Fire Station	-	-	-	2,273	1,524	-	-	-	3,797
New Transit Bus Garage	-	-	-	-	3,000	-	-	-	3,000
Computer Aided Dispatch Implementation	703	-	2	1	-	-	-	-	673
Warehouse Park	-	-	-	-	610	-	-	-	610
Snow Storage Site Upgrades	-	400	-	-	-	-	-	-	400
Computer Aided Dispatch	-	-	358	-	-	-	-	-	358
Beaver Hills House Park/Michael Phair Park Upgrades	-	-	-	-	262	-	-	-	262
Train to Wayside Technology Operating Impacts of Capital	-	-	122	122	-	-	-	-	244
100 Street Pedestrian Bridge	-	-	-	-	175	-	-	-	175
Developer and ARA Traffic Signals	32	32	32	32	-	-	-	-	128
Other	-	-	-	-	272	40	70	-	87
Total Other Incremental Operating Impacts	735	399	513	7,115	5,843	40	70	-	14,715
Estimated Tax Levy Increase Required	0.04%	0.02%	0.03%	0.33%	0.26%	0.00%	0.00%	-	0.68%

Other includes 103a Avenue Streetscaping, Greener As We Grow Tree Planting Program, Snow and Ice Control Sand/Salt Pile Storage, Harbin Gate, 99 Street Streetscape and Library Parkade Membrane Replacement, 105 Avenue Streetscaping, 107 Street Streetscaping, and Green and Walkable Downtown - Emerging Opportunities

Lewis Farms Recreation Centre and Library

- Project requires \$57.9 million of additional funding to build to the current scope
- Options are:
 1. Increase budget by \$57.9 million and build to current scope
 2. Reduce scope of project and deliver within existing approved \$310.6 million budget
- Proposed Budget originally included \$57.9 million budget increase (to reserve debt room), but later removed as per Recommendation in Council Report

Budget Binder Breakdown



Proposed Capital Budget	Summary of Proposed 2023-2026 Capital Budget
Appendix A	Profiles Requesting Funding
Appendix B	Growth Projects Recommended (PDDM)
Appendix C	Growth Project Prioritization Criteria
Appendix D	Operating Impacts of Capital
Appendix E	Unfunded Project List
Appendix F	Edmonton Police Service - Unfunded Projects

Attachment 2
Responses to
Council
Motions

Attachment 3
Unfunded
Capital
Profiles

Attachment 2	Responses to Council Motions
Attachment 3	Unfunded Capital Profiles Related to Council Motions

Conclusion

The capital budget aims to balance renewal and growth projects so that capital investment maximizes benefits, reduces risk and provides service levels that meet the public's expectations.

- Next Steps:
 - Council Written Questions
 - Questions submitted by 4:00 pm November 7
 - Answers posted by 4:00 pm November 14
 - Public Hearing - November 28
 - Budget Deliberations - December 1 to 16



QUESTIONS?