

Bylaw 17979

To amend Bylaw 15726, as amended by Bylaw 16376 and 17390, to authorize the City of Edmonton to undertake, construct and finance City Operations Project, Valley Line LRT

Purpose

To amend Bylaw 15726, as amended by Bylaw 16376 and 17390, to reflect the budget adjustment transferring \$35,580,000 from the GreenTRIP grant allocation to tax-supported debt. The borrowing authority will therefore be increased by \$35,580,000 from \$1,133,706,000 to \$1,169,286,000.

Readings

Bylaw 17979 is ready for three readings.

If Council wishes to give three readings during a single meeting, then prior to moving third reading, Council must unanimously agree “That Bylaw 17979 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 reflects an increase in the borrowing authority required to finance and construct the Valley Line LRT as a result of the transfer of budget from the GreenTRIP grant allocation to tax-supported debt. The debenture borrowing authority will be increased by \$35,580,000 from \$1,133,706,000 to \$1,169,286,000.

Bylaw 17979- To amend Bylaw 15726, as amended by Bylaw 16376 and 17390, to authorize the City of Edmonton to undertake, construct and finance City Operations Project, Valley Line LRT

Report

This bylaw is required to align the borrowing authority with changes to the Valley Line LRT project budget as a result of the City’s Supplemental Capital Budget Adjustment approved on May 9, 2017.

This Bylaw amendment reflects a transfer of budget from the GreenTRIP grant to tax-supported debt. The budget adjustment has no impact on the overall project budget, however the change in funding source from grant funding to tax-supported debt requires an increase in the borrowing authority to \$1,169,286,000. As identified in capital profile 11-66-1673 Valley Line LRT (Attachment 2) total borrowing is comprised of tax-supported debt of \$919,286,000 plus \$250,000,000 in borrowing that will be incurred to finance construction costs in advance of funding from the Federal P3 Canada Fund which will be received once the project reaches service commencement.

This \$35,580,000 adjustment reflects the net amount of GreenTRIP funding (related to cost savings on the Metro Line) that was returned to the Capital Region pool for reallocation. This funding is being replaced with an additional draw on the provincial interest free loan, which is reflected as tax-supported debt in the capital profile.

Policy

The contents of this bylaw are compliant with the City of Edmonton’s *Debt Management Fiscal Policy (C203C)*, Master Loan Agreement between City of Edmonton and Alberta Capital Finance Authority and applicable sections of the *Municipal Government Act*.

Corporate Outcomes

This report contributes to the corporate outcome "The City has sustainable and accessible infrastructure" as it provides essential financing for the completion of the project.

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</i>	1-Rare	4-Severe	4-Low	Quarterly monitor the City’s debt borrowings, debt positions and debt servicing to ensure	Long term forecasts are used to determine the impact of approved and potential future

Bylaw 17979- To amend Bylaw 15726, as amended by Bylaw 16376 and 17390, to authorize the City of Edmonton to undertake, construct and finance City Operations Project, Valley Line LRT

	<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>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.</p>	<p>unapproved projects and their impact on debt limits.</p>
--	---	--	--	--	--	---

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.

Metrics, Targets and Outcomes

Metrics	Targets	Outcomes
<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. As of December 31, 2016, the 	<ul style="list-style-type: none"> 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> 	<ul style="list-style-type: none"> 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

Bylaw 17979- To amend Bylaw 15726, as amended by Bylaw 16376 and 17390, to authorize the City of Edmonton to undertake, construct and finance City Operations Project, Valley Line LRT

<p>City had used 59.3% of its debt limit and 34.6% of its debt servicing limit.</p> <ul style="list-style-type: none">• 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. 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.		
--	--	--

Attachments

1. Bylaw 17979
2. Capital Profile 11-66-1673