

Bylaw 17982

To amend Bylaw 17102, as amended by Bylaw 17499 and 17683, to authorize the City of Edmonton to undertake, construct and finance Utilities Infrastructure Projects – 25 years

Purpose

To amend Bylaw 17102, as amended by Bylaw 17499 and 17683, to include one additional capital profile thereby increasing the borrowing authority by \$12,480,000 from \$359,929,000 to \$372,409,000.

Readings

Bylaw 17982 is ready for first reading only.

Advertising and Signing

This Bylaw will be advertised in the Edmonton Journal on Saturday, May 13, 2017, and Saturday, May 20, 2017. The Bylaw cannot be signed and thereby passed prior to Monday, June 5, 2017.

Position of Administration

Administration supports this Bylaw.

Report Summary

This Bylaw amendment reflects a net increase in borrowing authority of \$12,480,000 which includes a decrease in borrowing of \$2,520,000 for three existing capital profiles and a new capital profile requiring \$15,000,000 of borrowing.

Report

At the April 14, 2015, City Council meeting, Bylaw 17102 was passed.

At the June 14, 2016, City Council meeting, Bylaw 17499, amending Bylaw 17102 was passed.

At the January 24, 2017, City Council meeting, Bylaw 17683, amending Bylaw 17102, as amended by Bylaw 17499 was passed.

This Bylaw provides for self-liquidating debt financing for Utilities Infrastructure Projects – 25 years.

This bylaw is required to align the borrowing authority with changes to Utility Infrastructure Projects as a result of the City's Supplemental Capital Budget Adjustment process.

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This Bylaw amendment will increase the borrowing authority by \$12,480,000 from \$359,929,000 to \$372,409,000 as a result of capital budget amendments in the Spring 2017 Supplemental Capital Budget Adjustment scheduled for approval on May 9, 2017.

The overall increase in borrowing authority of \$12,480,000 is a result of the addition of one new standalone project 17-23-9806 West Jasper Place Trunk Sewer Rehabilitation with borrowing authority required of \$15,000,000. This profile was originally approved under the composite profile CM-23-9520 High Priority Repair and has now been transferred to a standalone profile. This increase is partially offset by budget reductions of \$2,520,000 in various profiles approved under the same bylaw authority.

The total borrowing for the new project and changes in borrowing to existing projects will be \$372,409,000.

Bylaw 17982 will be resubmitted for second and third readings after the expiration of the associated petition period.

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 of Edmonton has sustainable and accessible infrastructure" as it provides essential funding for 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 Policy (C203C)</i> . Exceeding the Debt Limit Regulations | 1-Rare | 4-Severe | 4-Low | Quarterly monitor the City's debt borrowings, debt positions and debt servicing to ensure compliance | |

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| | 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. | | | | 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. | |
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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 City had used 59.3% of its debt limit and 34.6% of its debt servicing limit. The internal <i>Debt Management Fiscal Policy (C203C)</i> sets more conservative debt service limits at 22% (total debt) of City revenues and 15% | <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 |

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| (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. | | |
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Attachments

1. Bylaw 17982
2. Capital Profile 17-23-9806