



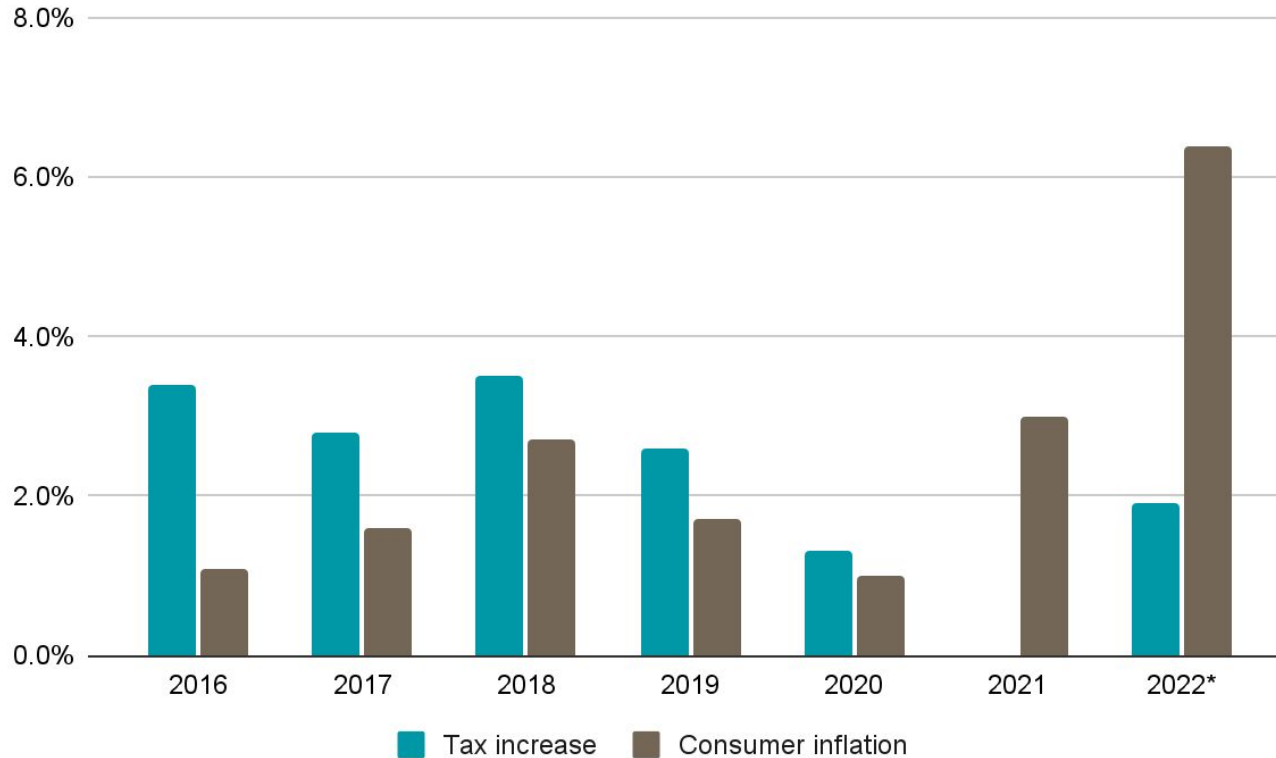
BUDGET UPDATE 2023-2026: Additional Information

Edmonton

CITY OF EDMONTON
DECEMBER 2, 2022



Inflation and Tax Increase Comparison



Source: City of Edmonton and Statistics Canada

*Consumer inflation in 2022 reflects the year-to-date average as of October 2022 for the Edmonton census metropolitan area

Key Climate Actions Underway

ENERGY TRANSITION

- Rebates - retrofit and solar
- Clean Energy Improvement Program pilot
- Blatchford and Downtown District Energy
- LRT Expansion - 35 Kilometers
- Electric Buses and Hydrogen Bus
- Protected Bike Lanes
- Curbside EV charging
- City facilities - retrofits and solar
- Planting of 2.6 million trees between 2015-2020 and the Urban Forest Management Plan
- Community mobilization programs and resources
- City of Edmonton Green Electricity Contract (to begin 2024)
- Hydrogen Hub and work to develop the City's first permanent hydrogen fueling station
- Funding to support private sector investments in tools to facilitate growth in green economic sectors, and to support emerging offshoots of the energy sector

ADAPTATION

- Assessing and mapping climate vulnerabilities for 280 Edmonton neighbourhoods
- Integrating climate resilience into the City's asset management plans
- EPCOR's Flood Mitigation program
- Establishment of the Cities IPCC Legacy Research Grant Program
- Community readiness resources
- Low impact Design improvements

Key Climate Actions Underway cont.

ENERGY TRANSITION

- Multiple Transit initiatives
- Retrofit and Rehabilitation projects
 - Edmonton Convention Centre
 - Edmonton EXPO Centre
 - EPS-Police Headquarters
 - Kinsmen Sports Centre Facility
 - Peter Hemingway Fitness & Leisure Centre
 - The Orange Hub
- Commonwealth Recreation Centre Solar Photovoltaic Project
- Edmonton Exhibition Lands and Blatchford Redevelopment

ADAPTATION

- Natural Areas Acquisition
- Greener As We Grow Tree Planting Program
- Urban Tree Canopy Expansion
- Dry Pond land acquisition and construction
- Overland drainage work in order to correct flooding and erosion problems
- Drainage system improvements on Yellowhead Trail
- Fort Road Underpass

Key Climate Actions Unfunded

ENERGY TRANSITION

- District Energy Network Strategy And District Energy Nodes
- Various options for active transportation enhancements and acceleration of Bike Plan Implementation
- Mass Transit Route B1 and B2 BRT combined with E-Bus Infrastructure Expansion
- Climate Resilient City Facility Upgrades - CIB
- Emission Neutral City Fleet And Equipment
- Solar PV And Energy Storage Installations At City Sites
- Energy Transition Strategy Implementation Composite and Supplemental Corporate and Community initiatives
- Growth Management

- Nature Based Solutions
- Natural Areas Acquisition and Protection
- Climate Resilient City Facility Upgrades - Renewal
- Climate Resilience Investment Accelerator Fund

ADAPTATION

- Climate Resilient Infrastructure Upgrades
- River Flooding Defence
- Climate Adaptation Strategy Implementation Composite
- Supplemental Corporate Adaptation Implementation
- Supplemental Community Adaptation Implementation

Housing Actions Underway (2019-2022)

\$132.7 million allocated upfront in last budget cycle (2019-2022)
(*\$79.7 million operating, \$53 million in capital*)



\$200 million in actual funding leveraged from GOA and CMHC



\$351 million in actual investment by affordable housing providers



Housing Targets Achieved

- 2,728 affordable housing units created and or renovated
- 644 new supportive housing units created
- 1,859 existing units of affordable housing renewed

\$7M remains from this budget cycle

Key Housing Actions Unfunded

Affordable Housing Investment Plan (2023-2026)

- \$91.7M Capital Request - Affordable Housing 2023-2026 Growth Funding Capital Profile
- \$74.8M Operating Request - Affordable Housing & Homelessness Prevention Service Package

Affordable Housing Grant Program Service Package - \$6.6M Operating Request



To leverage **\$800 million** (expected from other orders of government and providers)



2023-2026 Housing Targets (if new operating & capital requests funded)

- 409 Permanent Supportive Housing Units (Capital)
- 1266 Affordable Housing Units (Operating & Capital)
- 156 Indigenous-Led Affordable Housing Program (Operating)
- 1800* Renewal of affordable and social housing units
- TOTAL: 3631 new and renewed units
- Creation of a new **homelessness prevention** program

If new requests are unfunded, \$32.7 million is funded over next four years (\$7 m capital, \$25.7 million (existing base) and target will be adjusted to 230 units of supportive housing

Available Funding Sources - Operating

	One-Time/Ongoing	Amount
Financial Strategies (EPCOR Dividend)	Ongoing (starting 2023)	\$8.0M
Financial Strategies (Rapid Housing)	Ongoing (starting 2023)	\$12.5 M
Financial Strategies (Community Safety and Well-being Funds)	Ongoing (starting 2025)	\$2.2M
Financial Stabilization Reserve (2022 projected tax-supported surplus)	One-time (starting 2023)	\$40.0M*

***FSR (2022 projected tax-supported surplus)**

- Surplus is projecting to be \$67M
- Suggest to use only \$40M of anticipated surplus
- A portion of the surplus is required to fund:
 - Operating budget carryforwards - 2022 budgets for commitments to occur in 2023
 - Forecasted FSR deficit due to emergency shelter requirements
- Potential funding source for affordable housing needs

Capital Funding Sources

Pay-as-you-go

- Fully allocated in proposed 2023-2026 capital budget
- Do not recommend creating a deficit in the PAYGO reserve
- PAYGO ongoing increase - tax-levy or reallocation of ongoing funding.
- PAYGO one-time increase - 2022 surplus or reallocation of one-time funding

Tax-supported debt

- Approximately \$200M in additional tax-supported debt room over 2023-2026
- Transit garage is permitted to exceed 18% tax-supported debt limit

Tax-Supported Debt Servicing

Debt Capacity - Tax Supported Debt Servicing Limit (\$ millions)



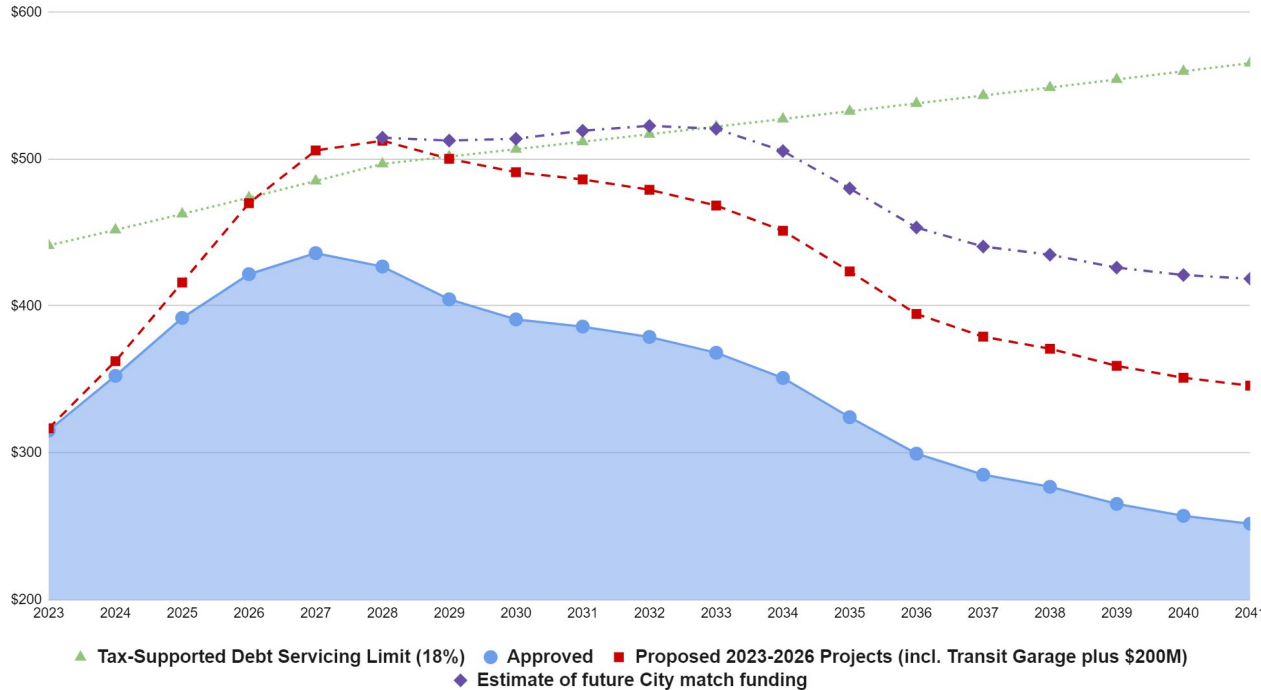
\$200M in debt room

2029 is the first year 100% tax-supported debt financed projects could be advanced



Debt - Looking Forward

Debt Capacity - Tax Supported Debt Servicing Limit (\$ millions)



Proposed debt financing in 2023-2026 budget

\$200M in debt room used

Debt required for matching needs

2034 is the first year 100% tax-supported debt financed projects could be advanced



Considerations for Amending the Capital Budget

- Debt is not recommended for:
 - Small \$-value projects or as a small contribution towards projects
 - Design funding only
- Debt for ongoing renewal needs is not advised
 - Debt is not a sustainable capital funding source
 - Debt can be used for major rehabilitation as a short-term strategy
- Swapping of PAYGO and debt
 - PAYGO is a flexible funding source that can be transferred between projects
 - Used to fund ineligible costs on grant funded projects
- Constraints in s. 254 of the *Municipal Government Act* require debt to be approved before a contract commences as a result debt cannot be added to projects that do not have an existing borrowing bylaw in place and construction has commenced.

Considerations for Amending the Capital Budget

- Amending previously approved projects must give consideration to the following
 - Financial and legal implications for contract termination
 - Payback clauses within funding agreements and the loss of funding
 - Cancellation of active projects previously financed with debt
 - Debt can only be used for productive capital assets
 - Asset value written off may require the city to consider an alternate funding source
 - Debt reallocated to other eligible planned projects (stranded debt)
 - Risk of losing grant funding if project is eligible for grants
 - Reputational risk with industry
- Careful consideration when funding design only for new growth projects
 - Significant backlog of designed projects (\$1.4B) that do not have funding for construction
 - If funding is not available for the build design may need to be reconsidered
 - May require write down of design costs



Questions