

CAPITAL PROFILE REPORT

PROFILE NAME: **DOWNTOWN DISTRICT ENERGY INITIATIVE**
 PROFILE NUMBER: **20-83-9001**
 DEPARTMENT: **Integrated Infrastructure Services**
 LEAD BRANCH: **Blatchford Redevelopment Project**
 PROGRAM NAME:
 PARTNER: **Infrastructure Delivery**
 BUDGET CYCLE: **2019-2022**

FUNDED

PROFILE STAGE:	Approved
PROFILE TYPE:	Standalone
LEAD MANAGER:	Tom Lumsden
PARTNER MANAGER:	Jesse Banford
ESTIMATED START:	June, 2020
ESTIMATED COMPLETION:	December, 2022

Service Category:	Utilities	Major Initiative:	Downtown Arena District
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GROWTH	RENEWAL	PREVIOUSLY APPROVED:	35,896
90	10	BUDGET REQUEST:	-
		TOTAL PROFILE BUDGET:	35,896

PROFILE DESCRIPTION

This capital profile is to initiate the overall Downtown District Energy initiative in a scaled-down approach, in a partnership with EPCOR, with the Central District Energy Plant located at the Winspear. The scaled-down approach provides the most benefits, as it allows for electrical and thermal energy generation for all three buildings, provides the best greenhouse gas impact and costs, and also keeps the location of the Central District Energy Plant at the Winspear.

PROFILE BACKGROUND

The Downtown District Energy Initiative aims to develop a district energy system in support of Climate Resilience.

PROFILE JUSTIFICATION

The scaled-down District Energy approach provides the most benefits, as it allows the electrical and thermal energy generation for all three buildings, provides the best greenhouse gas impact and costs, and also keeps the location of the Central District Energy Plant at the Winspear.

STRATEGIC ALIGNMENT

This profile supports the Strategic Goal of Climate Resilience - Edmonton is a city transitioning to a low-carbon future, has clean air and water and is adapting to a changing climate.

ALTERNATIVES CONSIDERED

Three alternatives were considered, two of them were alternative District Energy development scenarios, the other one was the business as usual scenario. This Profile represents the recommended alternative as presented to Council in report CR_7754 Downtown District Energy Initiative – Public/Private Partnership Options, and reflects Option 1 as discussed in report CR_8009 Spring 2020 Supplemental Capital Budget Adjustment.

COST BENEFITS

A Council report coupled with a financial model was developed which concluded that the chosen scaled-down approach provides the most benefits, as it allows the electricity generation for all three buildings, provides the best greenhouse gas impact and costs, and also keeps the location of the Central District Energy Plant at the Winspear.

KEY RISKS & MITIGATING STRATEGY

Key risks were evaluated in a risk assessment. The risks are financial, regulatory and legal nature and mitigation strategies have been developed.

RESOURCES

At this time existing staff resources are in place to further develop this initiative. We are working with EPCOR on a future governance and operational model. A resourcing plan will be developed in the future.

CONCLUSIONS AND RECOMMENDATIONS

Recommendation from Council to go forward in the Spring 2020 SCBA

CHANGES TO APPROVED PROFILE

2020 Fall SCBA (#20-31, CFO 1D-7): To transfer \$329,000 from operating (Cost Centre: 996140) to 20-83-9001: Downtown District Energy Initiative profile. The \$329,000 was previously earmarked and approved by Council for Winspear to complete design activities.

2020 Year End (20-39):

To reverse entry SCBA-C-2020-00151. The initial entry was to transfer \$329,000 from operating (Cost Centre: 996140) to 20-83-9001: Downtown District Energy Initiative profile (PAYG). This entry should have used FSR as the funding source.

To transfer \$329,000 of FSR from operating (Cost Centre: 996140) to 20-83-9001: Downtown District Energy Initiative profile. The \$329,000 was previously earmarked and approved by Council for Winspear to complete design activities. Related to change requests SCBA-C-2020-00151 and SCBA-A-2020-00140.

2023 Council One Off Budget Adjustment 23-08: The Downtown District Energy Initiative project requires an additional \$7,666,908 in funding due to advanced design considerations, scope adjustments, and inflationary pressures, as outlined in the June 23, 2023 Integrated Infrastructure Services Report IIS01386. The funding source for this adjustment will be a transfer of tax-supported debt from existing capital profile "CM-83-0001 - District Energy Network Strategy and District Energy Nodes". The impact of removing \$7,666,908 from this profile will need to be further evaluated to determine scope reductions of this previously approved work.

2023 Council One Off Budget Adjustment 23-08: This funding source adjustment is required to convert \$13,771,441 of self-liquidating debentures into \$13,771,441 of tax-supported debt. This adjustment is recommended based on the changes to the project scope outlined in the June 23, 2023 Integrated Infrastructure Services Report IIS01386 and the uncertainty related to the future expansion of the district energy systems and related financial sustainability (i.e. future expansion is required to generate the necessary revenues to pay for the capital). If future expansion is approved, and rates are sufficient to cover previously approved capital, a future funding source adjustment will be brought forward to convert a portion of this debt back to self-liquidating. Until such time, the debt servicing payments required on approved capital spending should be funded with tax levy.

CAPITAL PROFILE REPORT

PROFILE NAME: **Downtown District Energy Initiative**
 PROFILE NUMBER: **20-83-9001**
 BRANCH: **Blatchford Redevelopment Project**

FUNDED
 PROFILE TYPE: **Standalone**

CAPITAL BUDGET AND FUNDING SOURCES (000's)

	Prior Years	2023	2024	2025	2026	2027	2028	2029	2030	2031	Beyond 2031	Total	
APPROVED BUDGET	Approved Budget												
	Original Budget Approved	-	-	-	-	-	-	-	-	-	-	-	
	2020 Cap Administrative	329	-	-	-	-	-	-	-	-	-	329	
	2020 Cap Council	27,900	-	-	-	-	-	-	-	-	-	27,900	
	2020 Cap Carry Forward	-	-	-	-	-	-	-	-	-	-	-	
	2021 Cap Carry Forward	-	-	-	-	-	-	-	-	-	-	-	
	2022 Cap Carry Forward	-22,633	22,633	-	-	-	-	-	-	-	-	-	
	2023 Cap Capital Budget Adj (one-off)	-	1,917	3,833	1,917	-	-	-	-	-	-	-	7,667
	Current Approved Budget	5,596	24,550	3,833	1,917	-	-	-	-	-	-	-	35,896
	Approved Funding Sources												
Financial Stabilization Resrv.	116	213	-	-	-	-	-	-	-	-	-	329	
Pay-As-You-Go	5,480	8,649	-	-	-	-	-	-	-	-	-	14,129	
Self-Liquidating Debentures	-	-	-	-	-	-	-	-	-	-	-	-	
Tax-Supported Debt	-	15,688	3,833	1,917	-	-	-	-	-	-	-	21,438	
Current Approved Funding Sources	5,596	24,550	3,833	1,917	-	-	-	-	-	-	-	35,896	

BUDGET REQUEST	Budget Request	-	-	-	-	-	-	-	-	-	-	-
	Revised Funding Sources (if approved)	-	-	-	-	-	-	-	-	-	-	-
	Pay-As-You-Go	-	-	-	-	-	-	-	-	-	-	-
	Requested Funding Source	-	-	-	-	-	-	-	-	-	-	-

REVISED BUDGET (IF APPROVED)	Revised Budget (if Approved)	5,596	24,550	3,833	1,917	-	-	-	-	-	-	35,896
	Requested Funding Source											
	Financial Stabilization Resrv.	116	213	-	-	-	-	-	-	-	-	329
	Pay-As-You-Go	5,480	8,649	-	-	-	-	-	-	-	-	14,129
	Self-Liquidating Debentures	-	-	-	-	-	-	-	-	-	-	-
	Tax-Supported Debt	-	15,688	3,833	1,917	-	-	-	-	-	-	21,438
Requested Funding Source	5,596	24,550	3,833	1,917	-	-	-	-	-	-	-	35,896

CAPITAL BUDGET BY ACTIVITY TYPE (000's)

	Activity Type	Prior Years	2023	2024	2025	2026	2027	2028	2029	2030	2031	Beyond 2031	Total
REVISED BUDGET (IF APPROVED)	Construction	-939	24,550	3,833	1,917	-	-	-	-	-	-	-	29,361
	Contingency	2,969	-	-	-	-	-	-	-	-	-	-	2,969
	Design	3,566	-	-	-	-	-	-	-	-	-	-	3,566
	Other Costs	-	-	-	-	-	-	-	-	-	-	-	-
	Total		5,596	24,550	3,833	1,917	-	-	-	-	-	-	-

OPERATING IMPACT OF CAPITAL

Type of Impact:

Branch:												
	Rev	Exp	Net	FTE	Rev	Exp	Net	FTE	Rev	Exp	Net	FTE
Total Operating Impact	-	-	-	-	-	-	-	-	-	-	-	-