

# Federal Stimulus August Update

## An Update on the Public Transit Infrastructure Fund

### **Recommendation:**

That the Budget Adjustment requests set out in Attachment 1 of the August 23, 2016, Financial and Corporate Services report CR\_3932, be approved, with the release of funding for each profile subject to the City of Edmonton receiving the Public Transit Infrastructure Fund grant funding for the individual projects as represented in the profiles as listed in Attachment 2 of August 23, 2016, Financial and Corporate Services report CR\_3932.

### **Report Summary**

**This report is a follow up to the July 12, 2016, Federal Funding July Update report. Since that report was presented to Council and the recommendation passed, information has been acquired that materially changes the funding requirement of the approved profiles.**

### **Previous Council/Committee Action**

At the July 12, 2016, City Council meeting, the following motion was passed:

That each of the Capital Profiles and funding sources as set out in Attachment 2 of the July 12, 2016, Financial and Corporate Services report CR\_3808, be approved with release of funding for each profile subject to the City of Edmonton receiving the Public Transit Infrastructure Fund grant funding and Provincial match funding for the individual projects as represented in the profiles.

### **Report**

At the July 12, 2016, City Council meeting, Administration presented the July 12, 2016, Financial and Corporate Services report CR\_3808 and recommended approval of the profiles related to the Council approved list of transit projects for submission to Phase One of the Public Transit Infrastructure Fund. City Council approved that recommendation, and the finalized list of projects was delivered to the Province on July 27.

The profiles approved by Council on July 12, 2016, were to be funded by 50% Federal contribution, 33% Provincial contribution, with the balance of funding being the City's share. Administration assumed a 33% contribution from the Province as the Provincial contribution was unknown at that time. On July 28, the Province advised the Mayor's office that their matching contribution to the Public Transit Infrastructure Fund program would be 25%.

The change in the Province's contribution results in the City's contribution increasing by an additional \$23.2 million from \$56.1 million to \$79.3 million.

To make the July 31, 2016, deadline, Administration resubmitted the City's project list to the Province on July 29 with the revised funding formula showing a 25% Provincial contribution. A caveat was declared that the new funding formula would require City Council approval.

**Corporate Outcomes**

The recommendations in the report supports the Corporate Outcome "City of Edmonton has Sustainable and Accessible Infrastructure" by committing to investments that facilitate renewal investments in transit infrastructure.

**Risk Assessment**

| <b>Risk Element</b> | <b>Risk Description</b>  | <b>Likelihood</b> | <b>Impact</b> | <b>Risk Score</b> | <b>Current Mitigations</b>   | <b>Potential Future Mitigations</b>  |
|---------------------|--|-------------------|---------------|-------------------|--|--|
| Financial           | The specific projects have not yet been approved for PTIF funding by the Province or the Federal Government and therefore could be denied. | Unlikely          | Moderate      | 4                 | Project list was shared in draft form with Provincial and Federal Administrations. Feedback was incorporated | Applied for projects could be replaced with other potential candidates; or scope of applied for projects increased |
| Financial           | The projects will not be completed by March 2018   | Possible          | Moderate      | 6                 | Projects where this risk exists have been identified to the Province   | Negotiate extension to the funding agreement   |

**Budget/Financial Implications**

The City's share of the \$297.3 million in profiles listed in attachment 2 totals \$79.3 million, consisting of \$64.4 million in Municipal Sustainability Initiative and \$14.9 million in Pay-As-You-Go from the 2019-2022 Capital plan and the interim funded through working capital. This would reduce the availability of these funding sources for use on other capital priorities. However, it is also leveraging \$145.3 million in federal funding, and \$72.7 million in provincial funding. It is anticipated that there will be considerably less requirements for Transit renewal in the 2019-2022 Capital Budget as a result of the work contemplated in the profiles listed in Attachment 2.

### Metrics, Targets and Outcomes

|                 |   |
|-----------------|---|
| <b>Metrics</b>  | Maximum % of transit assets in Poor and Very Poor Physical Condition                |
| <b>Targets</b>  | Transit Buses: 5%<br>All other Assets: Ranges between 1-25% with an average of 2.6% |
| <b>Outcomes</b> | Reliable, efficient and effective transit assets                                    |

### Justification of Recommendation

Given the additional Municipal Sustainability Initiative and Pay-As-You-Go requirements, City Council approval for the funding changes in Attachment 1 is required. The resulting changes to the profiles are listed in Attachment 2. As the City does not yet know which of the projects submitted will be funded by either the Federal or Provincial Governments, a contingency on the approval of the profiles, to protect the City's exposure, is being suggested.

### Attachments

1. Capital Budget Adjustment Request – Funding Changes
2. Revised Profile List

### Others Reviewing this Report

- G. Cebryk, Acting Deputy City Manager, City Operations
- A. Laughlin, Deputy City Manager, Integrated Infrastructure Services