

## ANALYSIS OF THE 2023-2026 CAPITAL PLAN

### Recommendation

That the October 22, 2024, Financial and Corporate Services report FCS02471, be received for information.

<b>Requested Action</b>	Information only		
<b>ConnectEdmonton's Guiding Principle</b>	<b>ConnectEdmonton Strategic Goals</b>		
<b>CONNECTED</b> This unifies our work to achieve our strategic goals.	<b>Urban Places</b>		
<b>City Plan Values</b>	LIVE. THRIVE. ACCESS. PRESERVE.		
<b>City Plan Big City Move(s)</b>	A community of communities  A rebuildable city  Greener as we grow	<b>Relationship to Council's Strategic Priorities</b>	Conditions for service success
<b>Corporate Business Plan</b>	Transforming for the future		
<b>Council Policy, Program or Project Relationships</b>	<ul style="list-style-type: none"> <li>• C578 - Multi-year Budgeting Policy</li> <li>• C595A - Neighbourhood Renewal Program Policy</li> <li>• C203D - Debt Management Fiscal Policy</li> <li>• C591 - Capital Governance Policy</li> </ul>		
<b>Related Council Discussions</b>	<ul style="list-style-type: none"> <li>• November 30, 2022, Financial and Corporate Services report FCS01393, Proposed 2023-2026 Capital Budget</li> <li>• June 13, 2023, Financial and Corporate Services report FCS01658, Spring 2023 Supplemental Capital Budget Adjustment - 2023-2026 Capital Budget</li> <li>• November 7, 2023, Financial and Corporate Services report FCS02053, Fall 2023 Supplemental Capital Budget Adjustment - 2023-2026 Capital Budget</li> <li>• April 23, 2024, Financial and Corporate Services report FCS02361, Spring 2024 Supplemental Operating Budget Adjustment - 2023-2026 Operating Budget</li> <li>• June 11, 2024, Financial and Corporate Services report FCS02362, Spring 2024 Supplemental Capital Budget Adjustment - 2023-2026 Capital Budget</li> </ul>		

## ANALYSIS OF THE 2023-2026 CAPITAL PLAN

### Previous Council/Committee Action

At the April 23/24, 2024, City Council meeting, the following motion was passed:

That Administration undertake an analysis of the 2023-2026 Capital Plan to identify options to reduce tax levy impacts, look for opportunities for critical capital investments, and/or options for redirection of annual funding.

### Executive Summary

- This report provides an analysis of the 2023-2026 capital budget, identifies options to reduce tax levy impacts or redirect annual funding and opportunities for critical capital investments.
- Options to reduce tax levy or redirect annual funding are limited given the significant renewal investment shortfall. The current renewal program is only funded at 58 per cent of its ideal renewal investment. Only 35.4 per cent of ideal renewal investment is funded after accounting for the Neighbourhood Renewal Program and priority allocations to bridge renewal.
- Growth projects funded with unconstrained funds within the recommended 2023-2026 Capital Budget were mandated by legislation, had high safety impacts, or were high priority projects eligible to receive match funding from partners and other orders of government, therefore reduction or redirection of these funds is not suggested.
- Items Council added via amendment to the recommended 2023-2026 Capital Budget were not deemed as having high safety impacts, mandated, or used to match eligible funding from partners and other orders of government. These items would be the first Administration would suggest looking at as options for capital budget redirection; however, as they were deemed Council priorities at the time, work may have commenced. Council direction would be required to conduct the necessary analysis to determine the current status of the project and feasibility of pausing or stopping projects.

## REPORT

The City's capital budget aims to balance renewal and growth projects to maximize benefits, reduce risk and provide service levels that meet the public's expectations. Renewal reflects capital investment in existing infrastructure to restore it to an acceptable condition and extend its service life. Growth reflects capital investment in new assets or projects that add to or enhance components of existing infrastructure assets to improve functionality or services provided.

The capital budget identifies "Ideal Renewal Investment," which is defined as a combination of:

- renewal investment required to bring City assets to their target physical performance levels, and
- growth investment recommendations for renewal projects to address demand, capacity and functionality deficiencies to align assets with approved strategies, policies, standards and public expectations.

## ANALYSIS OF THE 2023-2026 CAPITAL PLAN

### Types of Capital Funding

The capital budget generally has three types of capital funding as follows:

- *Constrained Funding*: Funding dedicated (for various reasons) to specific types of infrastructure. Examples include: Federal and provincial grants for specific projects, Neighbourhood Renewal, Fleet Replacement Reserve and Land Enterprise Retained Earnings
- *Unconstrained Funding*: Funding available at Council's discretion and with no restrictions, for a variety of infrastructure needs. Examples include Municipal Sustainability Initiative and Local Government Fiscal Framework provincial grant funding, Canada Community-Building Fund grant funding and pay-as-you-go
- *Debt Financing*: The Debt Management Fiscal Policy (C203D) provides parameters related to the use and management of debt to finance infrastructure projects

### **2023-2026 Capital Budget Development**

Development of the 2023-2026 capital plan took place throughout 2022, including with Council input through a series of reports:

- February 7, 2022, Communications and Engagement report, CE00951, Council Priorities and Budget Strategy
- May 9, 2022, Financial and Corporate Services report, FCS01206, Capital and Operating Budget Priorities, Funding, and Tax Tolerance (Verbal)
- June 7, 2022, Financial and Corporate Services report, FCS01169, 2023-2032 Capital Investment Outlook
- June 20, 2022, Financial and Corporate Services report, FCS01287, 2023-2026 Budget Planning Process
- June 24, 2022, Financial and Corporate Services report, FCS01316, Budget and Planning Discussion (Verbal)

The capital budget process is guided by the City's Strategic Planning Framework and Council priorities. Before beginning the capital budget process, Administration prepares the Capital Investment Outlook (CIO), a forecast of the City's infrastructure requirements for 2023-2032. The 2023-2032 CIO outlined how the City faced challenges to maintain its existing infrastructure due to a combination of a growing number of assets and reductions in sustainable infrastructure funding from the provincial government. As a consequence, the CIO indicated nearly all unconstrained funding should be directed to the City's renewal program over the next 10 years.

Capital budgets are constrained by the amount of available capital funding and debt capacity. The City aims to maximize financing from external sources such as provincial and federal grant funding, development fees and levies, sale of City-owned land, contributions from other specific purpose reserve funds, and third party contributions, prior to utilizing internal sources such as pay-as-you-go and debt.

## ANALYSIS OF THE 2023-2026 CAPITAL PLAN

Administration's recommended 2023 to 2026 capital budget consisted of \$7.75 billion dollars allocated as follows:

Amount (\$billions)	Type of Funding	Description
\$4.44	Previously Approved Funding	<ul style="list-style-type: none"> <li>Previously approved capital projects (2019-2022) extending into the 2023-2026 budget cycle.</li> <li>Large, transformational projects including: Valley Line West, Capital Line South Phase 1, Metro Line to Blatchford, Yellowhead Trail Freeway Conversion, and Blatchford Redevelopment approved by previous Councils.</li> <li>These projects are funded with government grants that require matching. The City has generally used tax-supported debt for matching requirements.</li> <li>Includes \$524.3 million of funding approved towards new growth projects added through budget amendments during the fall Supplemental Capital Budget Adjustment in fall of 2021 prior to the 2023-2026 Capital Budget deliberations. Approved amendments included Lewis Farms Community Recreation Centre and Library, Ambleside Integrated Site - Phase I, and Nature's Wild Backyard - Phase II (subsequently unfunded during 2023 to 2026 capital budget deliberations).</li> </ul>
\$1.08	New Constrained Funding	<ul style="list-style-type: none"> <li>Allocated to specific projects for which the constrained funding was intended.</li> <li>The majority (\$768 million) related to Neighbourhood Renewal and Fleet Replacement programs.</li> <li>Remaining constrained funding was used to fund growth priorities primarily through Land Enterprise Retained Earnings.</li> </ul>
\$1.015	Unconstrained Funding	<ul style="list-style-type: none"> <li>The 2023-2032 Capital Investment Outlook recommended that nearly all unconstrained funding be used to address the capital renewal shortfall.</li> <li>A total of \$773 million of unconstrained funding was allocated to renewal.</li> <li>The remaining \$242 million was allocated to growth projects that were prioritized for one of the reasons mandated by legislation, high safety impacts, or high priority projects eligible to receive match funding from partners and other orders of government.</li> </ul>
\$1.212	Debt Financing	<ul style="list-style-type: none"> <li>Administration recommended the use of tax-supported debt to finance larger renewal projects that were not able to be funded through unconstrained funding sources, and growth projects that required matching funding.</li> <li>\$670 million newly approved debt was used to fund large renewal projects (replacement of Light Rail Vehicles on the City's original LRT fleet, High Level Bridge rehabilitation, and William Hawrelak Park Rehabilitation).</li> <li>\$359.8 million was used to match third party funding for large growth projects (South East Transit Garage, and Terwilligar Drive Expressway Upgrades).</li> </ul>

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		<ul style="list-style-type: none"><li>• \$124.5 million was for Downtown Community Revitalization (CRL) projects, where debt servicing is repaid with CRL revenues.</li><li>• \$57.9 million was tax-supported debt for other items.</li></ul>
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### Council Priorities Added During Deliberations

During deliberations on the 2023-2026 Capital Budget in November/December 2022, City Council amended the capital budget by \$215.9 million to add capital projects including:

- Active Transportation Implementation Acceleration - Approach 3 (Planning, design and deliver)
- Climate Resilient City Facility Upgrades (Planning, design and deliver)
- District Energy Network Strategy and District Energy Nodes (Planning, design and deliver)
- Valley Zoo Animal Enclosure Renewal and Enhancement (Planning, design and deliver)
- Balwin and Belvedere Revitalization (Deliver)
- Metro Line LRT - Blatchford to Castledowns (Land Acquisition)
- Missing and Enhanced Sidewalk Connections (Planning, design and deliver)
- 137 Avenue / Anthony Henday Drive Ramps (Planning, design and deliver)
- Riverbend Library Relocation (Design)
- Emissions Neutral City Fleet and Equipment (Planning, design and deliver)
- Semi-exclusive routes B1 and B2 from the City Plan Mass Transit Network (Planning)
- Transit Priority Measures Program (Planning, design and deliver)
- Chinatown Infrastructure Improvements (Planning, design and deliver)
- Heritage Valley District Park Phase 2 - Shared amenities - Stage 1 including tennis courts (Planning and design)
- Corner Stores Program (Planning, design and deliver)

Funding for all the projects above is at least partially committed or spent, with the exception of Riverbend Library Relocation (fully spent) and Semi-exclusive routes B1 and B2 from The City Plan Mass Transit Network (no commitment to date).

As all available capital funds had been allocated within Administration's recommended capital budget, these new projects were funded primarily with new tax-supported debt (\$163.0 million), and the creation of new pay-as-you-go funds (\$44.9 million) via a multiyear tax levy increase within the 2023-2026 Operating Budget.

### **Options for the Redirection of Capital Funds to Alternative Priorities and Tax levy Savings**

The following section assesses the options for redirection and tax levy savings by funding type.

#### Constrained Funding

Funding can be constrained for internal and external reasons. Externally constrained funding includes federal and provincial grants that are intended for specific projects such as LRT, Yellowhead Trail and South East transit garage. Grants are often application and program based and there is limited to no flexibility to reallocate project specific capital grants.

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Internally constrained funding represents funding as a result of internal policy. Examples of internally constrained funding include Neighbourhood Renewal, Fleet Replacement Reserve and Land Enterprise Retained Earnings. This funding is intended to fund specific types of projects within the capital budget with the intended use of the funding defined in policy.

Funding associated with Neighbourhood Renewal, Fleet Replacement and Land Enterprise Retained Earnings are guided by Council Policies: C595A Neighbourhood Renewal Program, C617 Fleet Replacement Reserve and C511A Land Development.

### *Neighbourhood Renewal*

Under policy C595 Neighbourhood Renewal Funding, the Neighbourhood Renewal Reserve is funded from that portion of the operating budget that was created from successive Neighbourhood Renewal Tax Levy increases, which began in the 2009 Operating Budget. The use of this funding is limited solely to operating and capital expenditures related to the renewal of neighbourhood residential, industrial and commercial collector, local and alley road right-of-way surface assets (such as pavements, sidewalks, curbs and gutters, roadway lighting, traffic signals and other transportation-related infrastructure). Renewal of assets outside of this scope, for example, open space assets, can be incorporated into the program (and in fact are encouraged to be), provided appropriate alternative funding is found. The Neighbourhood Renewal Program policy requires a non-statutory public hearing be held prior to the policy being amended, exempted or revoked by City Council.

While Neighbourhood Renewal funding is essential in supporting the renewal of neighbourhoods, Council could choose to reallocate funds to other priorities through policy exemptions; however, this would result in less renewal, and a neighbourhood renewal funding gap.

On November 26, 2024, Integrated Infrastructure Services report IIS02470 Neighbourhood Renewal Funding and Operational Impacts will be presented to Urban Planning Committee and will include a breakdown of operational savings and cost of the different elements of Neighborhood Renewal, including sidewalks, shared pathways, lighting replacement, curb, gutter and road way replacement, boulevard additions, curb extensions and other discrete infrastructure elements. This report will also include an analysis of the effect of reducing annual spending by 25 per cent and 35 per cent.

### *Fleet Replacement*

A dedicated Fleet Vehicle Replacement Reserve was established in 2010. This reserve helps to ensure that the long-term funding of capital replacement needs is adequately maintained. Fleet Services uses a pricing model that includes both variable rate charges for maintenance costs and fixed rate charges for vehicle replacement funding. The reserve is critical in renewal of the existing fleet. Council may choose to re-allocate these funds for other priorities, however redirection of these funds would create significant challenges in the asset conditions of the City's fleet.

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### Land Development

The City's land development activities are carried out by the Land Development section within the Real Estate Branch in accordance objectives identified within C511A Land Development which include:

- generating revenue and paying a dividend to the corporation;
- creating environmentally sustainable, diverse and inclusive residential communities;
- balancing fiscal sustainability with city-building objectives;
- providing a diversity of housing choices for all Edmontonians; and
- attracting and supporting business and investment.

Through the Land Development Team, the City plans and services land for residential, industrial, commercial and mixed-uses, all of which are funded by Land Enterprise Retained Earnings. The program operates as a self-funded business that acquires raw land and invests in planning, engineering and site servicing to bring lots to sale. Revenue from the sale of the serviced land is used to reinvest into Land Enterprise Retained Earnings to cover the ongoing capital and operating costs, as well as to offset the City's operational costs through an annual dividend. Council could redirect the Land Enterprise Retained Earnings used to fund capital projects in the 2023-2026 capital budget to other projects through a policy exemption. However, this would come at the detriment of various land enterprise initiatives and would negatively impact future revenues and dividends returned by the Land Enterprise.

### Unconstrained Funding

Unconstrained funding sources mainly consist of Municipal Sustainability Initiative (MSI) and Local Government Fiscal Framework (LGFF) provincial grant funding, Canada Community-Building Fund (CCBF) grant funding and pay-as-you-go.

MSI and LGFF fund a broad cross-section of civic renewal and growth priorities and support a multitude of capital priorities, including a considerable portion of the City's renewal program. Given the significant demands for this funding, it is unlikely to be used to support large-scale, transformative infrastructure projects and should not be reallocated for other priorities.

CCBF is flexible and can be used for a broad cross-section of infrastructure and does not require match funding; municipalities can also borrow against the funds, and pool funds for future use. The City currently uses CCBF for a variety of critical fleet rehabilitation, and road construction projects. A significant portion of the annual CCBF allocation is earmarked for South LRT (to Century Park) debt servicing, which will be fully retired in 2030. Administration does not suggest reprioritizing CCBF for other priorities.

Pay-as-you-go, which is an unconstrained funding source for the capital program, is partly composed of tax levy funding from the operating budget. A reduction in pay-as-you-go funding would reduce the tax levy but would also result in a permanent annual reduction and create compounding issues across the cycle. Pay-as-you-go is a vital component of the City's funding strategy since it is used to pay for the costs grant-funded projects incur that are not eligible for reimbursement under federal and provincial grant funding rules. To maximize the use of grant funding, it is necessary to have an unconditional funding source to address the grant eligibility



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gaps. Pay-as-you-go also helps fund renewal projects that rarely get direct grant funding and where the City has a significant shortfall.

A total of \$773 million, representing a significant portion of the unconstrained funding in the recommended 2023-2026 Capital Budget, was allocated to renewal. Even with renewal prioritized in the 2023-2026 Capital Budget, only 54 per cent of the ideal renewal investment was funded. After isolating constrained renewal funding for the Neighbourhood Renewal Program and funding allocations to bridges (which are funded to their ideal level to mitigate for increased risk of failure), the remainder of the renewal program was funded at 30.7 per cent of its ideal renewal investment. Through supplemental budget adjustments a total of \$110.8 million was allocated to unfunded renewal projects/items with significant risks. The renewal investment shortfall is approximately \$1.52 billion. Administration cautions that a further redirection of renewal funding could compound issues in future budgets. Further deferring necessary renewal would increase operating and maintenance costs related to infrastructure that is not in an ideal state, so would result in further operating budget pressures.

A total of \$242 million of unconstrained funding was allocated to growth projects in the 2023-2026 Recommended Capital Budget, all being allocated to projects that were mandated by legislation, addressed significant safety concerns, or were used to fund the matching portion of high-priority projects eligible for grant funding.

### Potential Reduction or Savings Opportunities - Unconstrained Funding

During the capital budget deliberations Council approved an additional \$44.9 million of new growth projects funded through unconstrained funding sources. Administration would suggest looking at these projects as options for redirection; however, as they were deemed Council priorities at the time, Council direction would be required to conduct the necessary analysis. The analysis would determine the current status of the project and feasibility of pausing or stopping projects.

The work to plan, design and deliver capital projects approved in the 2023-2026 capital budget started in 2023. A significant portion of the allocated funding has been spent or committed to date and would not be available for redirection without significant impacts. Such impacts include financial penalties for cancelling contracts and reputational harm, as the City could be seen as an unreliable client, which could impact future projects. As mentioned above, funding for all these projects is at least partially committed or spent, with the exception of Riverbend Library Relocation (fully spent) and Semi-exclusive routes B1 and B2 from The City Plan Mass Transit Network (no commitment to date).

### Debt Financing

Tax-supported debt financing is not necessarily constrained to the projects for which it was initially approved. In situations where debt is being used to match grant funding from other orders of government, it is considered constrained since removal of the match debt funding would result in loss of grant funding. Within the recommended 2023 to 2026 Capital Budget, tax-supported debt recommended by Administration went towards matching constrained funding from other orders of government, and funding critical renewal investment.



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Of the \$1.212 billion of debt recommended by Administration within the 2023-2026 Capital Budget, \$316 million was allocated to match the federal contribution for the South East Transit Garage. Reallocation of this funding would result in the loss of federal funding for this project and is not suggested.

Tax-supported debt was also used to fund high priority renewal projects including replacement of Light Rail Vehicles on the City's original LRT fleet, the High Level Bridge and William Hawrelak Park Rehabilitation projects.

Projects financed with tax-supported debt require annual payments to pay off that debt (principle plus interest), which are budgeted for in operating. To harvest tax levy savings from tax-supported debt-financed projects, these projects would need to be unfunded/cancelled, which may not be possible depending on the status of the funding spent or committed. Each \$100 million in borrowing results in approximately \$7.7 million in debt servicing. In 2025 the value of a one per cent increase in taxes is estimated to provide \$20.4 million in funding, consequently to reduce the tax levy by an equivalent amount would require the reallocation of approximately \$300 million in tax-supported debt.

### Potential Reduction or Savings Opportunities - Debt Financing

During the 2023-2026 Capital Budget deliberations Council approved an additional \$163.0 million of tax-supported debt towards new growth projects. Administration would suggest looking at these projects as options for redirection and tax levy savings; however, as they were deemed Council priorities at the time, Council direction would be required to conduct the necessary analysis.

Similar to the potential reduction opportunities within unconstrained funds, analysis would need to be completed to determine the impacts of pausing or stopping projects.

### Other Ideas Considered

At the April 23/24, 2024, City Council meeting, Councillors raised the following ideas to redirect capital funding or reduce tax levy impacts:

- Delaying (or "stretching") projects and programs to incur costs over a longer period of time, and;
- Delaying when the City borrows for debt-financed projects to defer the debt servicing.

Delaying capital projects moves expenses to a future time period so that costs are spread out into the next budget cycle and only yields savings if funding is released from one cycle and the project is funded in the next cycle. This can result in significant capital budget constraints in future budget cycles. Delaying projects will almost always result in higher project delivery costs due to inflation and project-carrying costs<sup>1</sup>. Overall, less capital work would be able to be accomplished for the same amount of funding, further increasing the City's renewal funding gap.

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<sup>1</sup>Carrying costs for a municipal infrastructure project refer to the ongoing expenses incurred while a project is under construction or in development but not yet operational such as leasing, insurance, security, maintenance or utility costs.

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Currently, the City borrows for debt-financed expenditures at the time those expenditures are incurred. If this was delayed, the City would need to use its working capital to pay for these expenditures until such time the debt is eventually borrowed. The use of working capital results in less funds available to invest, and in turn, less investment earnings that can be reinvested back to the capital program via pay-as-you-go. Administration does not suggest deferring borrowing as it would create cash management pressures through use of working capital, and also cause a reduction of future pay-as-you-go available, resulting in a further increase in the City's current renewal funding gap.

### Other Considerations:

The following reports were presented to City Council in connection with the 2023-2026 Capital Budget:

- October 17, 2022 Integrated Infrastructure Report IIS01330 Neighbourhood Renewal Funds was presented. The report provided an overview of the program as well as implication of reduction scenarios to the program.
- October 17, 2022 Integrated Infrastructure Services Report IIS01338 Options for a New Dedicated Tax Levy was presented. This report outlined options to create a dedicated renewal fund mirroring the success of the Neighbourhood Renewal Program including option scenarios of a facilities renewal fund, a Bridges and Auxiliary Structures renewal fund and a Transit Service renewal fund.

The following reports will be provided to committee and/or Council in the coming months which will provide further opportunity for discussion on the capital budget.

- November 26, 2024 Integrated Infrastructure Services report IIS02470 Neighbourhood Renewal Funding and Operational Impacts, will include:
  - A breakdown of operational savings and cost of the different elements of Neighborhood Renewal, including sidewalks, multi-use trails, lighting replacement, curb, gutter and road way replacement, boulevard additions, curb extensions and other discrete infrastructure elements.
  - An analysis of the effect of reducing annual spending by 25 per cent and 35 per cent.
- November 27, 2024 Integrated Infrastructure Services report IIS02538 Capital Project Planning and Design - Processes and Resources, will include:
  - A list of all projects in the planning and design phase (either underway or complete) where capital funds have not yet been committed for project delivery.
  - A general overview of a typical project governance structure, including references to the type of services and resources used to support the planning and design, and delivery of a project.
  - Available metrics and trends of the typical resources (cost and schedule) required to support the planning and design services required to progress a project through each of the PDDM checkpoints (1-3) in relation to the overall total projects costs, including any available information relating to the cost drivers for these phases (e.g., public engagement, policies, etc.).

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- A general outline or typical cost breakdown of a facility and/or transportation capital project, estimated by per cent of construction value, during the planning and design phase, including but not limited to:
  - Internal Costs (Project Management, Public Engagement, Communication, Finance, Procurement, Legal, Design Services, Engineering Services, Land, etc.)
  - External Costs (Contractors, Material Vendors, Architects, Engineering Services, etc.).
- The planned November 27, 2024 Integrated Infrastructure Services report IIS02537 Cost Benefit Analysis and Cost Drivers on Comparative Capital Projects, will include:
  - Review of cost drivers that influence comparative capital projects including: codes, policies, bylaws, program or other factors, with a focus on Facilities and Renewal projects.
- Q2 2025 Financial and Corporate Services report FCS02696 Prioritization of Renewal in 2027-2030 Capital Budget, will include:
  - An outline of the impact of increasing funding for renewal vs growth projects as part of the development of the 2027-2030 Capital Budget.

### Community Insight

The October 31, 2022 City Council report CE01489 provided details on the extensive engagement Administration conducted on the 2023-2026 Capital and Operating Budgets during the summer of 2022. The City engaged with the general public, organizations and community groups and harder-to-reach communities, tailoring the engagement approach to each group.

Engagement themes included:

- Coming out of the pandemic there is a need to focus on improving community safety.
- The cost of living is going up and Edmontonians are facing increased financial pressures.
- Transit safety and connectivity are important.
- Participants want to connect with each other and celebrate Edmonton.
- Long-term solutions to climate challenges are needed.
- Participants are concerned about the overlapping nature of federal, provincial and municipal responsibilities.
- An overall sentiment of empathy among participants, who expressed an understanding that some individuals may be impacted by service reductions or fee increases more than others, including vulnerable populations and those on low and fixed incomes.

The complexity of these results illustrate that there is no single combination of priorities that will satisfy all Edmontonians.

### GBA+

The 2023-2026 Capital Budget incorporated input from the public engagement activities described above. This engagement applied a GBA+ approach to do targeted outreach and ensure the City captured input from Edmontonians experiencing unique barriers and challenges and those whose voices are heard less often. Administration conducted targeted outreach and engagement with 2SLGBTQ+ community members, non-English speakers, youth, seniors, racialized community members, women, people with disabilities, Edmontonians experiencing or at risk of homelessness, and people experiencing mental health and addiction challenges.

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While the overall proposed budget was developed with equity principles in mind and reflect the priorities of ConnectEdmonton and The City Plan, which were developed after hearing from a diverse and representative sample of Edmontonians. The GBA+ approach was applied to ensure over 10,000 Edmontonians, including a variety of demographic profiles, such as income, education, housing, family dynamics, were able to participate.

In the context of capital infrastructure planning, design and delivery, the following provides some examples of GBA+ application:

- In planning and design, Administration and consultants endeavour to research and address three fundamental GBA+ questions within their designs: Who is excluded or differentially impacted? What contributes to this exclusion or impact? What will be done about possible exclusion?
- Designs are reviewed from multiple perspectives including but not limited to race, colour, place of origin, ethnicity, immigration status, language, religious beliefs, gender, gender identity, and gender expression, appearance, physical and mental disability, political viewpoint, marital and family status, occupation, source of income, employment status, sexual orientation, age, poverty and homelessness.

For renewal work, a detailed GBA+ report is commonly initiated during the planning and design phases of a project. GBA+ work is conducted to identify stakeholders through the development of public engagement plans and identify meaningful ways of connecting with those stakeholders to gather input that will help shape the plans. The process supports Administration in identifying any stakeholders who may be interested or impacted by the project and those who may be less likely to participate in traditional engagement methods.

### Environment and Climate Review

The City is facing climate change challenges, with projected increases in average annual temperatures, precipitation extremes, and higher wind speeds, all of which will add stress to infrastructure, ecosystems, and human health over the coming decades. The examples below highlight key areas of environmental and climate implications related to capital projects approved in the 2023-2026 budget.

1. GHG (Greenhouse Gas) Emissions: Investments in projects that support public and active transportation, energy-efficient buildings and development and expansion of the City's tree canopy can enable reductions in GHG emissions for the community and corporation. Projects related to these items under Capital Plan 2023-2026 were accounted for in the 2023-2026 Carbon Budget. Changes to capital projects that impact GHG emissions would need to be reflected in a subsequent Carbon Budget update.
2. Ecological Services: Investments that enhance urban forests and create additional greenspaces through neighborhood parks support healthy and diverse ecosystem, improving community resilience to climate change impacts like urban heat islands and flooding. These projects also provide habitat for wildlife and deliver vital ecosystem services, such as air and water filtration.
3. Air Quality: By transitioning towards low carbon transportation systems and expanding natural infrastructure, the City can improve air pollution metrics at the local level.

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4. Regulatory Compliance: Investments in projects that support meeting environmental regulatory compliance requirements associated with City services can also help protect the natural environment.

Capital projects aimed at reducing greenhouse gas emissions—such as those promoting active transportation and natural infrastructure—directly contribute to Edmonton’s goal of achieving a low-carbon future. Future budgets will be analyzed for its impact on this goal, with findings included in the upcoming carbon budget updates. While the carbon budget primarily focuses on how investments support the City’s low-carbon objectives, projects that support Edmonton’s Community Energy Transition Strategy can provide a range of social, health, economic and additional environmental co-benefits, ultimately enhancing the sustainability and livability of Edmonton’s urban environment.