

WASTE SERVICES SPRING 2025 SUPPLEMENTAL CAPITAL BUDGET ADJUSTMENT

Recommendation

That Utility Committee recommend to City Council:

That the proposed capital budget amendments to the 2023-2026 Waste Services Utility Budget, as outlined in Attachment 1 of the May 5, 2025, City Operations report CO02914, be approved.

Requested Action	Council decision required		
ConnectEdmonton's Guiding Principle	ConnectEdmonton Strategic Goals		
CONNECTED This unifies our work to achieve our strategic goals.	Climate Resilience		
City Plan Values	PRESERVE.		
City Plan Big City Move(s)	Greener as we grow	Relationship to Council's Strategic Priorities	Climate adaptation and energy transition Conditions for service success
Corporate Business Plan	Managing the corporation		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"> 25-year Waste Strategy Bylaw 20363 - Waste Services Bylaw City Policy C558C - Waste Services Utility Fiscal Policy 		
Related Council Discussions	<ul style="list-style-type: none"> October 11, 2024, City Operations report CO02388, Edmonton Waste Management Centre Water Distribution System Upgrade Project March 14, 2025, City Operations report CO02802, Coronation Eco Station Expansion 		

Executive Summary

- The Waste Services Spring 2025 Supplemental Capital Budget Adjustment includes three adjustments: two to establish new profiles for the approved Edmonton Waste Management

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Centre (EWMC) Water Distribution System Upgrade and Coronation Eco Station Expansion projects, and one to transfer existing budget between two composite profiles.

- In conjunction with the above transfers, two supplementary budget adjustments are required to align the funding sources with the profiles' funding strategies.
- No additional capital budget is required for the above adjustments, as transfers will be completed from existing profiles.

REPORT

Two projects within the Waste Services capital plan have reached Checkpoint 3 in the City's Project Development and Delivery Model (PDDM). At Checkpoint 3, preliminary planning and design have been completed and business cases have been developed. Both projects have received approval to proceed by Council. This budget adjustment seeks approval of the funding transfers and associated funding source adjustments to establish the capital profiles for the EWMC Water Distribution System Upgrade and Coronation Eco Station Expansion projects. An additional funding source adjustment is proposed to reallocate excess budget from the Waste Containers capital profile to the Waste Services IIS Infrastructure Planning and Design profile.

New Capital Profiles

EWMC Water Distribution System Upgrade

As discussed at the October 11, 2024 Utility Committee meeting (City Operations report CO02388, Edmonton Waste Management Centre Water Distribution System Upgrade Project), this project enables upgrades to the EWMC's water distribution system to maintain environmental compliance; increase water flows required to control unplanned fires at specific facilities (fire flows); and accommodate current and future needs of the facilities and processes on-site. The EWMC Water Distribution System Upgrade project was included in the 2023-2026 Waste Services Utility Budget and capital plan.

A new standalone profile, 25-81-2056 EWMC Water Distribution System Upgrade, is requested with a total estimated cost of \$17.25 million, which incorporates funding from existing Waste Services composite profiles. The new funding requested for this profile is \$16.77 million and would be funded from the CM-81-2045 Waste Services IIS Infrastructure Delivery and CM-81-0005 Waste Services IIS Infrastructure Planning and Design profiles. Expenses totalling \$0.48 million were incurred before 2025 and will be transferred to 25-81-2056 in a subsequent administrative adjustment.

Status	Profile Transferred From	Amount	Description
Projected costs	CM-81-2045 Waste Services IIS Infrastructure Delivery	\$16.44 million	Transfer requires Council approval
Projected costs	CM-81-0005 Waste Services IIS Planning & Design	\$0.33 million	Transfer requires Council approval
Total Council Approval Request		\$16.77 million	
Historical engineering	CM-81-0005 Waste Services IIS Planning & Design	\$0.48 million	Administrative

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& planning costs			adjustment
Total 25-81-2056 EWMC Water Distribution Upgrade Capital Profile		\$17.25 million	

Coronation Eco Station Expansion

As discussed at the March 14, 2025 Utility Committee meeting (City Operations report CO02802, Coronation Eco Station Expansion), the expansion of the Coronation Eco Station will restructure traffic flow and site design for efficiency and safety; increase the number of waste drop-off bins; and incorporate more environmentally friendly and climate-resilient infrastructure, improving the customer experience.

A new standalone profile, 25-81-2055 Coronation Eco Station Expansion, is requested with a total estimated cost of \$16.27 million to be funded by existing Waste Services profiles. The new funding requested for this profile is \$13.46 million and would be funded from 15-33-2011 Mayfield Eco Station (NW). The Mayfield Eco Station capital profile was created in 2014 to facilitate the construction of a new Eco Station in northwest Edmonton, but the project was put on hold to explore the redevelopment of the Coronation site. With the approval of the Coronation Eco Station Expansion project and capital profile, the Mayfield Eco Station capital profile can be cancelled, after the budget transfer, with no additional funding request. Expenses totalling \$2.81 million were incurred before 2025 for land purchase and planning costs, which will be transferred to 25-81-2055 in a subsequent administrative adjustment.

Status	Profile Transferred From	Amount	Description
Projected costs	15-33-2011 Mayfield Eco Station (NW)	\$13.46 million	Transfer requires Council approval
Total Council Approval Request		\$13.46 million	
Historical land purchase costs	CM-81-2045 Waste Services IIS Project Delivery	\$2.38 million	Administrative adjustment
Historical planning costs	CM-81-0005 Waste Services IIS Planning & Design	\$0.43 million	Administrative adjustment
Total 25-81-2055 Coronation Eco Station Expansion Capital Profile		\$16.27 million	

To properly manage Waste Services' capital budget, a funding source adjustment to the 15-33-2011 Mayfield Eco Station (NW) capital profile is required for transfer to the new Coronation profile. The current 15-33-2011 Mayfield Eco Station (NW) profile has two funding sources for its \$13.63 million remaining budget:

- \$3.52 million of self-liquidating debt (debt), and
- \$10.11 million of retained earnings

Major capital projects are traditionally funded through debt, as the debt repayments and associated interest costs can be spread out over the life of the asset. This allows for stable and consistent waste utility rates, and is preferred over raising the funding upfront with retained earnings. In conjunction with the above budget transfer, the Utility proposes to convert \$9.94

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million of the retained earnings budget to debt, to enable a full debt transfer of \$13.46 million to the new Coronation Eco Station Expansion profile. This would allow Waste Services to borrow for the expansion project delivery, supporting the Utility's optimal debt to net assets ratio in alignment with City Policy C558C - Waste Services Utility Fiscal Policy.

Full details of the capital budget adjustments are included in Attachment 1 and the two new standalone capital profiles are included in Attachment 2.

Scope Change

As of December 31, 2024, the CM-81-0005 Waste Services IIS Infrastructure Planning and Design profile has \$0.11 million in budget remaining in the 2023-2026 budget cycle. Over the past year, Waste Services has seen increased spending and new projects added to this profile:

- The Materials Recovery Facility Tip Floor Building Remediation and Expansion was added as a new, high priority project during the budget cycle.
- The Coronation Eco Station Expansion was not included in the 2023-2026 budget cycle. This project was initiated as a result of the decision to upgrade Coronation rather than building a new Mayfield Eco Station.

Waste Services estimates an additional \$1.07 million is required to complete planning and design work for current and future projects over 2025 and 2026. This budget adjustment proposes to transfer excess budget within the CM-81-2005 Waste Containers profile.

However, the Waste Containers profile has an approved debt funding source for its remaining budget, while Waste Services' practice is to use retained earnings as a funding source for preliminary capital planning and design work. This ensures that if a project is not deemed viable, the associated planning and design work can be "written off" from capital without incurring long-term debt and interest expense. The \$1.07 million of debt funding would be converted to retained earnings, enabling the correct funding source for the Infrastructure Planning and Design profile.

Budget/Financial Implications

The recommended budget adjustments and associated funding source adjustments would not result in additional budget changes or rate increases, as budgets are being transferred from existing approved profiles. This Supplemental Capital Budget Adjustment does not introduce new budget requests; it facilitates proper management of previously approved projects. Creating new standalone capital profiles for large projects is best practice; allows for more accurate financial and project reporting; and assists Administration in advance of subsequent rate filings.

Community Insight

Capital budget adjustments are standard operational practice for Waste Services that follow general budget principles established by the City and are in accordance with City Policy C558C.

GBA+

Waste Services sets equitable utility rates for residential customers based on the collection service provided. These rates fund services accessible to all Edmontonians, including drop-off

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facilities; waste reduction and outreach programs; and environmental management. Creating standalone capital profiles for major projects showcases compliance with financial best practices and responsibility to the City's ratepayers.

Environment and Climate Review

This report was reviewed for environment and climate risks. Based on the review completed no significant interactions with the City's environmental and climate goals were identified within the scope of this report.

Attachments

1. Waste Services Spring 2025 Supplemental Capital Budget Adjustment Overview
2. Capital Profile Report