

## SPRING 2025 SUPPLEMENTAL CAPITAL BUDGET ADJUSTMENT

### 2023-2026 Capital Budget

#### Recommendation

1. That the adjustments to the 2023-2026 Capital Budget, as outlined in Attachment 4 of the June 10, 2025, Financial and Corporate Services report FCS02852, be approved.
2. That the adjustment to the 2023-2026 Capital Budget, as outlined in Attachment 7 of the June 10, 2025, Financial and Corporate Services report FCS02852, be approved.
3. That Attachment 7 of the June 10, 2025, Financial and Corporate Services report FCS02852 remain private pursuant to sections 16 (disclosure harmful to the business interests of a third party), 19 (confidential evaluations), 24 (advice from officials) and 25 (disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act*.

<b>Requested Action</b>	Council decision required		
<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>	Mobility Network 15-minute districts Economic Growth Climate adaptation and energy transition Conditions for service success
<b>Corporate Business Plan</b>	Transforming for the future		

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<p><b>Council Policy, Program or Project Relationships</b></p>	<ul style="list-style-type: none"> <li>• The City Plan</li> <li>• C578A - Multi-year Budgeting Policy</li> <li>• C595A - Neighbourhood Renewal Program Policy</li> <li>• C203D - Debt Management Fiscal Policy</li> <li>• C591 - Capital Project Governance Policy</li> </ul>
<p><b>Related Council Discussions</b></p>	<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> <li>• December 2, 2024, Financial and Corporate Services report FCS02529rev, Fall 2024 Supplemental Operating Budget Adjustment - 2023-2026 Operating Budget</li> <li>• December 2, 2024, Financial and Corporate Services report FCS02530rev, Fall 2024 Supplemental Capital Adjustment - 2023-2026 Capital Budget</li> <li>• March 18, 2025, City Operations report CO02718, Options to Further Enhance LRT Safety</li> <li>• April 22, 2025, Financial and Corporate Services report FCS02852, Municipal Tax Levy Confirmation - 2023-2026 Operating Budget</li> </ul>

### Executive Summary

- The supplemental capital budget adjustment (SCBA) is an integral component of the City Council approved multi-year approach for the 2023-2026 Capital Budget.
- The SCBA allows Council to adjust the capital budget twice a year, in the spring and fall, to accommodate changes required as a result of the Capital Project Governance Policy C591 - Project Development and Delivery Model (PDDM), and in response to changing project needs, new funding opportunities and challenges, emerging issues and changing priorities.
- The SCBA supports The City Plan through financial management, ensuring a resilient financial position and enabling both current and long-term service delivery and growth.
- Administration has recommended a number of adjustments as part of the Spring SCBA resulting in a net increase to the 2023-2026 Capital Budget for tax-supported operations of \$75 million including: \$80.9 million in new 2027 and beyond Neighbourhood Renewal Reserve funding, \$4 million of transferred funding to complete minor Neighbourhood Renewal work, \$5 million for safety and security in Community Recreation and Culture and \$2.7 million for renovations to the Kennedale building KEN105. This is offset by funding received for the Canora Supportive Housing and Garneau Supportive Housing projects of \$8.8 million, \$5.1 million from the Rapid Housing Federal Initiative and previous Council decisions to release funding from the Parking Control Technology of \$2.8 million and the Indigenous Cultural & Wellness Centre project of \$2.3 million.

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- Council approves adjustments to the Waste Services and Blatchford Renewable Energy utility budgets in separate reports routed through Utility Committee and Council in spring and fall.

### REPORT

On December 16, 2022, Council approved the 2023-2026 Capital Budget in accordance with City Policy C578A - Multi-year Budgeting and City Policy C591 - Capital Project Governance, which requires all capital projects (infrastructure, fleet and equipment, information technology and land) follow the Project Development and Delivery Model (PDDM).

After approval of the multi-year budget, the majority of recommended changes within the spring and fall SCBA process are PDDM adjustments to transfer approved funding between composite and standalone capital profiles without increasing the overall capital budget. In addition, the SCBA allows Administration to bring forward other recommended adjustments to the capital budget for reasons such as:

- new funding opportunities and challenges,
- emerging issues, and
- changing priorities.

### 2023-2026 Capital Budget Approved to Date

Council approved \$11.03 billion in capital spending as part of the 2023-2026 capital budget cycle prior to adjustments proposed in the Spring 2025 SCBA. The total includes \$9.44 billion of approved capital spending over 2023-2026, and \$1.60 billion in 2027 and beyond. The approved capital budget is distributed across the City as follows:

- Tax-Supported Operations (\$10.74 billion);
- Waste Services Utility (\$163 million);
- Blatchford Renewable Energy Utility (\$100 million); and
- Downtown District Energy Utility (\$30 million).

Attachment 1 provides the currently approved 2023-2026 Capital Budget and the impacts of the recommended Spring 2025 SCBA.

### Recommended Spring 2025 SCBA Adjustments by Category

Adjustments recommended in the Spring 2025 SCBA are within the following categories:

- **New Profiles Recommended for Funding:** Adjustments where a new capital profile is being brought forward for Council approval. Most new profiles are related to projects previously approved within composite capital profiles that have now reached PDDM Checkpoint 3 and require approval as a standalone capital profile. All growth and renewal projects greater than \$10 million require Council approval within a standalone capital profile. A PDDM overview is provided in Attachment 2.
- **Scope Change:** Adjustments where a new element or component is being recommended for addition to the originally approved capital profile. Scope changes can be funded with transfers from existing approved composite capital profiles or require a new funding source to proceed.

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- Recosting:** Adjustments required when an approved capital project is projected to be over or under budget, which can occur when tenders on capital projects differ from the originally approved budget. When new capital profiles are created at Checkpoint 3 of the PDDM, they are based on a cost estimate of -20/+30 per cent. Recosting adjustments reflect the variances in this range of estimates, and are mostly funds transferring between composite and standalone capital profiles.
- Funding Source:** Adjustments where a previously approved source of funding is replaced with a different source of funding. Most funding source adjustments are approved administratively. The only ones brought to Council for approval are those involving a change to tax-supported debt or restricted reserves.
- Transfers from Operating to Capital:** Adjustments where an item approved in the operating budget is transferred to the capital budget. These types of adjustments are only brought forward for Council approval when they involve restricted reserves.
- PDDM:** Adjustments where capital profiles approved outside of the PDDM process are brought forward for cash flow changes so they are in alignment with the PDDM model. A PDDM overview is provided in Attachment 2.

The recommendations in the Spring 2025 SCBA would result in an overall \$75 million increase to the approved capital budget. The following table summarizes the total budget requests in the Spring 2025 SCBA by category:

Category (\$ millions)	Total Budget Requests	Less: Funded with Transfers (from) / to Existing Profiles	Net Impact to Capital Budget
New Profiles Recommended for Funding	\$166.9	(\$90.7)	\$76.2
Scope Change - Increases	\$37.2	(\$26.4)	\$10.8
Recosting - Increases	\$44.3	(\$8.7)	\$35.6
Recosting - Decreases	(\$36.0)	-	(\$36.0)
Transfers from Operating to Capital	(\$11.6)	-	(\$11.6)
<b>Total Spring 2025 SCBA Adjustments</b>	<b>\$200.8</b>	<b>(\$125.8)</b>	<b>\$75.0</b>

Individual adjustments to the SCBA identified by category in the table above are summarized in Attachment 3. The most significant adjustments within the overall \$75 million net impact to the capital budget are:

Adjustment Category	Description	Funding Source	Impact to 2023-2026 Capital Budget - \$ millions
New Profile	Dunluce Neighbourhood and Alley Reconstruction	Neighbourhood Renewal Reserve (2027-2030)	\$66.6

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Scope Changes	Safety and Security for Community Recreation and Culture	PAYG	\$5.0
	Kennedale building KEN105	PAYG	\$2.7
Recosting - Increase	Ottewell Neighbourhood Reconstruction	Neighbourhood Renewal Reserve	\$14.3
	Transportation - Minor Renewal Program	Neighbourhood Renewal Reserve	\$4.0
Recosting - Decrease	Canora Supportive Housing	PAYG	(\$8.8)
	Garneau Supportive Housing	PAYG	(\$5.1)
	Parking Control Technology	PAYG	(\$2.8)
	Indigenous Cultural & Wellness Centre	PAYG	(\$2.3)

The detailed adjustments for Council approval are outlined in Attachment 4. The complete list of new profiles and the related capital profile reports recommended for approval are included in Attachment 5.

In total, \$80.9 million in new 2027 and beyond Neighbourhood Renewal Reserve funding would be committed. Neighbourhood Renewal expenditures approved for 2027 and beyond should be funded with committed Neighbourhood Renewal Reserve funding from the next budget cycle. This is in line with how the program has previously been managed, and results in a more effective use and cash flow of the reserve. An additional \$4 million from the Neighbourhood Renewal Reserve is being transferred for minor renewal work in 2025.

Administration is recommending two items that obtained a risk score of eight or nine according to the risk matrix in Attachment 6: additional funding of \$5 million for safety and security enhancements in Community Recreation and Culture facilities, and \$2.7 million for Kennedale building KEN105 renovations. These renovations will enable the actions identified in the March 18, 2025, City Operations report CO02718, Options to Further Enhance LRT Safety and support a more efficient Transit Peace Officer deployment model by having their fleet, lockers and office space in one location. These items are being offset by the City receiving \$8.8 million and \$5.1 million for the Canora Supportive Housing and Garneau Supportive Housing projects, respectively from the Rapid Housing Federal Initiative. These projects were previously funded from Pay-As-You-Go (PAYG). The release of funding for Parking Control Technology of \$2.8 million and the Indigenous Cultural & Wellness Centre of \$2.3 million were previously approved by Council as part of the December 2, 2024, Financial and Corporate Services report FCS02529rev, Fall 2024 Supplemental Operating Budget Adjustment - 2023-2026 Operating Budget.

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### Status of Available Capital Funding and Recommendations for Use

The City's corporate funding pool consists of the following capital funding sources:

- Municipal Sustainability Initiative (MSI) and Local Government Fiscal Framework (LGFF) provincial grant funding
- Canada Community-Building Fund (CCBF) grant funding
- Pay-As-You-Go

Corporate funding pool balance overview:

(\$ millions)	MSI / LGFF	CCBF	PAYG	Total
<b>Funding Balance After Fall 2024 Deliberations</b>	<b>\$ -</b>	<b>(\$1.6)</b>	<b>\$(27.4)</b>	<b>(\$29.0)</b>
<u>Funding Adjustments Since Deliberations</u>				
2024 Investment Earnings Update			18.5	18.5
Grant Updates	(1.1)	(0.3)	-	(1.4)
Tax Levy Confirmation (increased PAYG)	-	-	35.4	35.4
<b>Funding Balance Prior to Spring 2025 SCBA</b>	<b>(1.1)</b>	<b>(\$1.9)</b>	<b>\$26.5</b>	<b>\$23.5</b>

The funding available prior to considerations of the Spring 2025 SCBA includes the \$30 million reduction in 2025 and 2026 PAYG, an additional \$18.5 million in PAYG due 2024 investment revenue being higher than anticipated, a decrease in funding from both LGFF and CCBF of \$1.1 million and \$0.3 million respectively and \$35.4 million of additional PAYG as approved in the April 22, 2025, Financial and Corporate Services report FCS02852, Municipal Tax Levy Confirmation - 2023-2026 Operating Budget.

### Available Capital Funding and Spring 2025 SCBA Recommendation

The following table outlines available capital funding and a Spring 2025 SCBA recommendation:

Corporate Funding Pool - Available Funding Subsequent to Proposals in the Spring 2025 SCBA (\$ millions)	Corporate Funding Pool Balance/(Deficit)
Funding Available Prior to Consideration of Spring 2025 SCBA	\$23.5
Spring SCBA Funding Releases	
<ul style="list-style-type: none"> <li>• Canora Supportive Housing</li> </ul>	\$8.8
<ul style="list-style-type: none"> <li>• Garneau Supportive Housing</li> </ul>	\$5.1
<ul style="list-style-type: none"> <li>• Parking Control Technology</li> </ul>	\$2.8
<ul style="list-style-type: none"> <li>• Indigenous Cultural &amp; Wellness Centre</li> </ul>	\$2.3
Funding Available for Spring SCBA	\$42.5
Proposed Corporate Pool Funding:	

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• Safety and Security for Community Recreation and Culture	(\$5.0)
• Kennedale building KEN105 renovations	(\$2.7)
<b>Corporate Funding Pool Balance Subsequent to Proposed Spring 2025 SCBA Recommendations</b>	<b>\$34.8</b>

The proposed Spring 2025 SCBA recommendations do not include emerging items expected to require funding in 2025 and 2026, or private Attachment 7.

### Emerging Items

'Emerging Items' outlined in each SCBA include projects Council has previously approved and funded, but may require additional funding within the 2023-2026 budget cycle and new projects requiring funding in the future to address an urgent need. Amounts represent Administration's best estimate at the time of the SCBA.

Currently, four emerging items are being presented for Council's information: school sites base level development, Windermere District Park construction, Rossdale Power Plant Roof Replacement and the Canada Public Transit Fund. These items have not been funded and will require funding in the future. The current funding requirement estimates for these emerging items in 2025 to 2026 would be \$15.7 million and \$37.4 million in 2027 and beyond. Attachment 8 contains details about these emerging items.

### Impact of Tariffs

Tariffs between Canada and the United States create potential direct and indirect impacts on the City's capital program. Direct impacts include increased costs for materials like steel, lumber, cement, glass, roofing, HVAC components and fuel. Indirect impacts involve market uncertainty, supply chain disruptions, reduced competition and potential effects on investor confidence. The City uses the PDDM with an established budget variance range to manage capital projects, aiming to absorb short-term cost increases within this range.

The City will continue to closely monitor for tariff impacts and potential risks to the capital program. Administration will report back to Council at future supplemental capital budget adjustments and capital financial updates with any new or emerging information.

### Community Insight

Administration conducted extensive public engagement in summer 2022 to support the implementation of the 2023-2026 budget, as well as subsequent budget adjustment recommendations. Those insights were shared with Council to support their decision-making through the October 31, 2022, Communications and Engagement report CE01489, Budget 2023-2026 Community Insights.

The City engaged with the general public, organizations and community groups, and harder-to-reach communities, tailoring the engagement approach to each group. Themes that emerged, and continue to apply to the 2023-2026 budget include:

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- A need to focus on improving community safety.
- Increased cost of living and Edmontonians facing 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 illustrates 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.

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 endeavor 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 interested parties through the development of public engagement plans and identify meaningful ways of connecting with those parties to gather input that will help shape the plans. The process supports Administration in identifying any interested parties who may be impacted by the project and those who may be less likely to participate in traditional engagement methods.

### Environment and Climate Review

Edmonton is committed to climate action through the implementation of the City's two climate strategies: the Energy Transition Strategy and the Climate Adaptation Strategy. To support

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Edmonton's transition to a low carbon future, a carbon budget has been completed and delivered to Council in conjunction with the operating, capital and utility budgets since the 2023-2026 Budget.

Use of the Carbon Budgeting and Accounting Framework helps guide the organization and Council in understanding how the City's financial investment decisions impact the achievement of emissions reduction targets or reduce Edmonton's carbon deficit. Specific information on how the details of this Fall 2024 SCBA will affect the City's carbon budget is detailed in the December 2, 2024 Financial and Corporate Services report FCS02532 - Fall Carbon Budget Update - 2023-2026 Carbon Budget.

In addition to the climate considerations, the proposed budget adjustments and associated projects outlined in Attachment 4 may have the following environmental impacts:

- **Air quality:** Infrastructure improvement projects designed to promote active transportation, such as walking or cycling, or enhance urban landscaping can reduce pollution and improve local air quality through reduced single-occupancy vehicle travel and facilitating particulate matter filtration through vegetation.
- **Stormwater management:** Neighbourhood Renewal projects that improve grading, and/or increase surface permeability through added greenspace, permeable asphalt or paving stones, can reduce surface water runoff, prevent erosion and mitigate flooding potential. These improvements contribute to healthier aquatic ecosystems and alleviate pressure on municipal drainage systems, aligning with Direction 5.4.1.1 of The City Plan, which emphasizes managing stormwater runoff and improving water quality through built environment design.
- **Environmental stewardship:** Improvements to park trail systems, along with added signage, can increase environmental stewardship through design considerations that reduce impacts to wildlife and wildlife habitat, improve designated trail etiquette and compliance, and increase the safe accessibility for all users in alignment with City Building Outcome 5.1 of The City Plan – to protect, expand and improve access to natural systems and open spaces. Park infrastructure upgrades may disrupt local ecosystems during construction due to increased traffic, dust, surface water runoff and vegetation removal, necessitating appropriate mitigation strategies.
- **Natural areas management:** Proposed scope changes to the Natural Areas Acquisition & Conservation capital profile to include management and restoration activities will enhance biodiversity, improve water quality and promote ecological functioning through the monitoring and rehabilitation of degraded ecosystems. This initiative supports Direction 1.4.2.1 of The City Plan, which advocates for the protection, restoration, maintenance and enhancement of a network of natural areas for ecological function and connectivity.

### Attachments

1. Capital Budget Summary
2. Project Development and Delivery Model Overview
3. Summary of Spring 2025 SCBA Recommendations
4. Spring 2025 SCBA Budget Adjustments: Council

## **SPRING 2025 SUPPLEMENTAL CAPITAL BUDGET ADJUSTMENT - 2023-2026 Capital Budget**

5. New Profiles Recommended for Funding
6. Risk Matrix
7. PRIVATE Capital Project Budget Request
8. Emerging Items - Spring 2025 (Unfunded)