

## INFILL INFRASTRUCTURE FUND - EPCOR SOLE SOURCE AGREEMENTS

### Recommendation

That three sole source agreements between The City of Edmonton and EPCOR Distribution & Transmission Inc. to upgrade the downtown electrical system and install new electrical infrastructure for the purposes of servicing seven new developments, as outlined in Attachments 1 and 2 of the September 10, 2025, Urban Planning and Economy report UPE03143, be approved, and that the agreements be in form and content acceptable to the City Manager.

<b>Requested Action</b>	Committee 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.		
<b>City Plan Big City Move(s)</b>	A community of communities  A rebuildable city	<b>Relationship to Council's Strategic Priorities</b>	District planning
<b>Corporate Business Plan</b>	Transforming for the future		
<b>Council Policy, Program or Project Relationships</b>	<ul style="list-style-type: none"> <li>• The City Plan</li> <li>• City Centre - Downtown Priority Growth Area</li> <li>• Housing Accelerator Fund (HAF)</li> <li>• Infill Infrastructure Fund (IIF)</li> </ul>		
<b>Related Council Discussions</b>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>		

## INFILL INFRASTRUCTURE FUND - EPCOR SOLE SOURCE AGREEMENTS

### Executive Summary

- The Infill Infrastructure Fund (IIF) is funded through the City's Housing Accelerator Fund (HAF) agreement with the Canada Mortgage and Housing Corporation. The IIF funds upgrades to public infrastructure which is required to support residential projects in the redeveloping area. Specifically, the IIF funds public infrastructure that will benefit both a current project and potential future developments.
- Administration is seeking Executive Committee's approval to enter into three (3) non-competitive, sole source agreements with EPCOR Distribution & Transmission Inc. (EPCOR) to upgrade the downtown electrical system and install new electrical infrastructure. The combined value of these three agreements is up to \$13.5 million, excluding GST. This infrastructure will service seven (7) developments in the Centre City - Downtown Priority Growth Area. Three of these developments are under construction and four are proposed; their location and anticipated number of dwelling units are provided in Attachment 1.
- EPCOR's scope of work includes installing additional ducts, new vaults and upgrading network transformers. EPCOR will also install servicing connections, but that work is excluded from these agreements and the cost will be the responsibility of the individual developers. The scope also includes surface works such as the restoration of roads and sidewalks.
- While EPCOR agreements are exempt from the competitive procurement process, the amount of each agreement exceeds \$1 million and therefore requires Executive Committee approval. As EPCOR is the owner/operator of the downtown electrical system, no third party vendors are authorized to design, construct or energize this work and the work must be completed by EPCOR under a sole source agreement.

### REPORT

The Housing Accelerator Fund (HAF) is a federal government program (administered by the Canada Mortgage and Housing Corporation (CMHC)) designed to help local governments create transformational change that will increase housing supply. CMHC has awarded the City of Edmonton \$192 million through the HAF. The City's HAF Action Plan identifies 13 actions that will be taken to support the development of homes over and above what would typically be expected.

The Infill Infrastructure Fund (IIF) is one element of the HAF Action Plan. The IIF has been allocated \$39 million to help offset the cost of public infrastructure that supports new market and non-market multi-unit housing in Edmonton's redeveloping area. The IIF will reimburse developers for eligible costs associated with mobility infrastructure, water, wastewater and storm systems and electrical distribution infrastructure.

Unlike other public infrastructure types, the requirements and cost of electrical infrastructure are not identified through the development permit process. Rather, the costs are identified later in the development lifecycle. Developers pay EPCOR Distribution and Transmission Inc. (EPCOR) upfront to design and construct the infrastructure and the IIF refunds the developers once EPCOR has completed the work. This approach is effective outside of the downtown area; however, electrical upgrades are significantly more expensive downtown where the electrical system is buried. Ducts and vaults must be constructed around existing infrastructure using more

## **INFILL INFRASTRUCTURE FUND - EPCOR SOLE SOURCE AGREEMENTS**

expensive construction methods and underground networked transformers have more capacity (and are more expensive) than typical private transformers used elsewhere.

When electrical costs are high, financing them mid-project can be expensive (due to borrowing costs) and time-consuming and occasionally makes a development infeasible. This barrier can be removed if the IIF pays EPCOR directly for electrical infrastructure. This increases project viability and brings units to market sooner. EPCOR agreements are exempt from the competitive procurement process, and EPCOR is the only vendor authorized to design, construct or energize electrical infrastructure. However, approval by a Committee of Council is required as the cost of the electrical upgrade is over \$1 million and is a sole source procurement.

### **Current Need for Approval**

Seven residential development projects that are approved to receive IIF support require extensive electrical upgrades. These developments are located in the Downtown Priority Growth Area, and are further described and mapped in Attachment 1. Three electrical projects are required for these developments to proceed, and each electrical project will cost over \$1 million. As EPCOR is the owner/operator of the downtown electrical system, no third party vendors are authorized to design, construct or energize this work and the work must be completed by EPCOR under a sole source agreement. This report seeks approval of the three sole source procurements based on the terms outlined in Attachment 2.

In addition to the above-noted benefits that arise from paying EPCOR directly, this also eliminates the need for developers to coordinate financing between multiple projects in various stages of development. Approval of the sole source procurements will support the developments that are underway and those that are planned for the near future.

There is no difference in cost to the IIF between having the IIF pay EPCOR directly or having the IIF reimburse the developers.

### **Budget/Financial Implications**

Funding for the Infill Infrastructure Fund has been committed from the HAF agreement signed between the Government of Canada and the City of Edmonton.

The maximum value of the EPCOR scope of work is within the allocated funds available for the Infill Infrastructure Fund. Furthermore, no agreement will be signed or funding spent until at least one of the benefitting developments for each electrical upgrade project has obtained a building permit; this means the developments meet the HAF's requirement for building permits to be obtained by November 2026 and there is no risk of the projects becoming ineligible for funding under the HAF requirements as a result of development timing. Of the seven developments, two benefitting developments (part of the 108 Street and 100 Avenue projects) have obtained building permits.

### **Legal Implications**

As per the City Administration Bylaw 16620, procurement agreements over \$1 million that do not arise from a competitive procurement process must be approved by the appropriate Council Committee. The City is subject to trade agreements that require an open competitive process for

## **INFILL INFRASTRUCTURE FUND - EPCOR SOLE SOURCE AGREEMENTS**

procurements of this value, unless a trade agreement exemption applies. For procurements with EPCOR, there is an exemption in each applicable trade agreement.

### **Community Insight**

To support the development of the Infill Infrastructure Fund (IIF) program, Administration engaged with internal teams, utility partners and representatives from the land development industry. These conversations provided valuable insights into the practical challenges and opportunities associated with infill development. Utility partners and the development industry expressed strong support for the development of the IIF, and feedback from both groups helped shape the IIF's structure to better support equitable, efficient, and sustainable infrastructure investment in established neighbourhoods.

### **GBA+**

While a GBA+ analysis has not been completed for this report, the IIF was developed in the context of housing being a fundamental need for all Edmontonians. The offsetting of offsite public infrastructure costs will lead to additional housing in a variety of built forms being available in Priority Growth Areas and within 800 m of LRT stations in the redeveloping area (and for non-market affordable housing projects, anywhere within the Redeveloping area). These dwelling units will serve the needs of a broad range of Edmontonians.

### **Environment and Climate Review**

Facilitating development of the projects noted in Attachment 1 supports a more sustainable and efficient form of residential growth. Increasing housing near major education and employment hubs has the potential to decrease transportation-related greenhouse gas emissions by reducing reliance on personal vehicles. Multi-unit buildings can typically contribute to greater energy efficiency per resident due to their smaller individual footprints, leading to lower operational emissions. Additionally, these developments support revitalization of existing urban spaces and contribute to the conservation of undeveloped land. The City is also exploring the future potential for these properties to connect to a district energy system, which could further enhance their energy efficiency and sustainability.

## INFILL INFRASTRUCTURE FUND - EPCOR SOLE SOURCE AGREEMENTS

### Risk Assessment

Risk Category	Risk Description	Likelihood	Impact	Risk Score (with current mitigations)	Current Mitigations	Potential Future Mitigations
<b>If recommendation is not approved</b>						
Development of these projects stalls or projects are cancelled	Projects not in progress stall construction start; projects currently under construction do not have enough funding and are abandoned. The time spent arranging financing delays the start of the electrical construction process, impacting servicing timelines for projects in progress and reduces likelihood of achieving HAF housing targets	5 - almost certain	3 - Major	15 - High	The IIF program is the current mitigation, no other mitigation exists.	No future mitigation exists.

### Attachments

1. Benefiting Residential Developments Project Information
2. EPCOR Distribution & Transmission Inc. Agreements Term Sheet