

## Bylaw 19365

### To authorize the City of Edmonton to undertake, construct and finance Integrated Infrastructure Services Project, Downtown District Energy Initiative

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#### Purpose

To authorize the City of Edmonton to borrow the sum of \$13,771,441 to undertake, construct and finance Integrated Infrastructure Services Project, Downtown District Energy Initiative.

#### Readings

Bylaw 19365 is ready for first reading only.

#### Advertising and Signing

This Bylaw will be advertised in the Edmonton Journal on Thursday, July 9, 2020, and Thursday, July 16, 2020. The Bylaw cannot be signed and thereby passed prior to Friday, July 31, 2020.

#### Position of Administration

Administration supports this Bylaw.

#### Report Summary

This Bylaw provides debt financing for Integrated Infrastructure Services Project, Downtown District Energy Initiative.

#### Report

During the Spring Supplemental Capital Budget Adjustment deliberations on May 25, 2020, Council approved a new profile 20-83-9001 Downtown District Energy Initiative within the 2019 - 2022 Capital Budget for a total project cost of \$27,900,000, which includes financing of Pay-As-You-Go and Self-Liquidating Debentures. It will be necessary to borrow \$13,771,441 to complete this project.

This bylaw provides debt financing for the construction of a district energy center, thermal distribution piping and energy transfer station infrastructure on city lands,

co-located with the Winspear expansion project, as the potential first stage of a Downtown District Energy System.

Bylaw 19365 will be re-submitted for second and third readings after the advertising and the expiration of the associated petition period.

### Corporate Outcomes and Performance Management

<b>Corporate Outcomes: The City of Edmonton has sustainable and accessible infrastructure and The City of Edmonton has a resilient financial position</b>			
<b>Outcomes</b>	<b>Measures</b>	<b>Results</b>	<b>Targets</b>
Ensure transparent, conservative and reasonable debt financing as a source of funding to support the City's long-term capital plans and strategies while maintaining long-term financial affordability, flexibility and sustainability.	<ul style="list-style-type: none"> <li>The City of Edmonton is subject to limits both for total debt and debt servicing by the <i>Municipal Government Act</i> and by the City's internal <i>Debt Management Fiscal Policy (C203C)</i>.                             <ul style="list-style-type: none"> <li>The <i>Municipal Government Act</i> debt limit is two times the revenue of the City and the debt servicing limit is 35% of City revenues. For this calculation, revenues are net of capital government transfers and contributed tangible capital assets.</li> <li>The internal <i>Debt Management Fiscal Policy (C203C)</i> sets more conservative debt service limits at 22% (total debt) of City revenues and 15% (tax-supported debt) of Tax Levy Revenues.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Based on the limits set under the <i>Municipal Government Act</i>, as of December 31, 2019, the City had used 54.8% of its debt limit and 29.5% of its debt servicing limit.</li> <li>Based on the limits under the <i>Debt Management Fiscal Policy</i>, as of December 31, 2019, the City had used 58.4% of its tax-supported debt servicing limit and 44.1% of its total debt servicing limit.</li> </ul>	Total debt and debt servicing are in line with the limits set by the <i>Municipal Government Act</i> and by the internal <i>Debt Management Fiscal Policy (C203C)</i> .

### 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>
Exceeding regulated debt and debt servicing limits.	Exceeding debt and debt servicing limits regulated by the <i>Municipal Government Act</i> and the internal	1-Rare	4-Severe	4-Low	Quarterly monitor the City's debt borrowings, debt positions and debt servicing to ensure compliance with	Long term forecasts are used to determine the impact of approved and

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	<p><i>Debt Management Fiscal Policy (C203C).</i> Exceeding the Debt Limit Regulations requires approval from the minister. Failure by a municipality to fall within the Debt Limit Regulations may result in the refusal of an application to the Alberta Capital Finance Authority to purchase the City's debentures in order to finance a capital project.</p>				<p>the debt and debt servicing limits regulated by the <i>Municipal Government Act</i> and the internal <i>Debt Management Fiscal Policy (C203C)</i>. The City considers and models the impact to the debt position and debt servicing limits due to future unapproved borrowings and potential changes to interest rates.</p>	<p>potential future unapproved projects and their impact on debt limits.</p>
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**Public Engagement**

Borrowing bylaws reflect a legislative requirement of the borrowing process. As a result, no public engagement is undertaken with respect to the borrowing bylaw process. Where required by the *Municipal Government Act*, borrowing bylaws are advertised.

**Attachments**

1. Bylaw 19365
2. Capital Profile 20-83-9001