

Bylaw 19248

To amend Bylaw 18735, to authorize the City of Edmonton to undertake, construct and finance Integrated Infrastructure Services Project, Waste Services IIS Infrastructure Delivery

Purpose

To amend Bylaw 18735, to decrease the borrowing authority by \$71,322,127 from \$96,029,000 to \$24,706,873.

Readings

Bylaw 19248 is ready for three readings.

A majority vote of City Council on all three readings is required for passage.

If Council wishes to give three readings during a single meeting, then prior to moving third reading, Council must unanimously agree “That Bylaw 19248 be considered for third reading.”

Advertising and Signing

This Bylaw does not require advertising and the Bylaw can be signed and thereby passed following third reading.

Section 258(5) of the *Municipal Government Act* states that “the borrowing bylaw that authorizes the borrowing of the increased cost does not have to be advertised” if “the increased cost does not exceed 15% of the original cost of the property.”

Position of Administration

Administration supports this Bylaw.

Report Summary

This Bylaw amendment will decrease the borrowing authority by \$71,322,127 from \$96,029,000 to \$24,706,873.

Report

At the April 16, 2019, City Council meeting, Bylaw 18735 was passed.

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The following table outlines the Fall 2019 and Spring 2020 Supplemental Capital Budget Adjustments (SCBA) impacting this Bylaw amendment ('000's):

Original Bylaw 18735	96,029,000
<u>Supplemental Capital Budget Adjustments:</u>	
<u>Fall 2019 (Dec 13, 2019 City Council)</u>	
Shift of Organics Processing Facilities project delivery work beyond the 2019-2022 budget cycle	-54,593,627
Transfer to 18-33-2033 Groundwater Diversion System due to additional costs related to ground conditions and schedule extension.	-3,200,000
Administrative adjustment to transfer Waste Services facilities and infrastructure scope of work to IIS	1,291,500
<u>Spring 2020 (May 25, 2020 City Council)</u>	
Transfer to 19-81-2049 Organics Processing Facilities Project to fund development of project up to contract award.	-8,320,000
Transfer to 20-81-2052 Refuse Derived Fuel Facility Enhancements to establish funding for standalone capital profile in accordance with PDDM Checkpoint 3.	-6,500,000
Subtotal SCBA decreases	-71,322,127
New Bylaw Authority	24,706,873

The decrease in borrowing authority related to this budget adjustment is offset by the following bylaws:

- Increase of \$3,200,000 on Bylaw 19238, a Bylaw to amend Bylaw 18283, to authorize the City of Edmonton to undertake, construct and finance Waste Services Project, Groundwater Diversion System Replacement (previously passed on May 11, 2020),
- Increase of \$8,320,000 on Bylaw 19369, a Bylaw to authorize the City of Edmonton to undertake, construct and finance Integrated Infrastructure Services P3 Project, Organics Processing Facilities (second and third reading also on the September 21, 2020 Council Agenda), and,
- Increase of \$6,500,000 on Bylaw 19370, a Bylaw to authorize the City of Edmonton to undertake, construct and finance Integrated Infrastructure Services Project, Refuse Derived Fuel Facility Enhancements (second and third reading also on the September 21, 2020 Council Agenda).

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Part or all of the reduction in borrowing authority related to the shift in the Organics Processing Facility project delivery schedule outside of the 2019-2022 budget cycle will be requested under this bylaw in the future, pending approval of the 2023-2026 Waste Services budget.

Bylaw 19248 will be accompanied by the second and third readings of Bylaws 19369 and 19370.

Corporate Outcomes and Performance Management

Corporate Outcomes: The City of Edmonton has sustainable and accessible infrastructure and The City of Edmonton has a resilient financial position			
Outcomes	Measures	Results	Targets
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"> 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"> The <i>Municipal Government Act</i> debt limit is 2 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. 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. 	<ul style="list-style-type: none"> 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. 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. 	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

Risk Element	Risk Description	Likelihood	Impact	Risk Score	Current Mitigations	Potential Future Mitigations
Exceeding regulated debt and debt servicing	Exceeding debt and debt servicing limits regulated by the <i>Municipal Government Act</i>	1-Rare	4-Severe	4-Low	Quarterly monitor the City's debt borrowings, debt positions and debt servicing to ensure	Long term forecasts are used to determine the impact of

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limits.	and the internal <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.				compliance with 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.	approved and potential future unapproved projects and their impact on debt limits.
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Public Engagement

Borrowing bylaws reflect a legislative requirement of the borrowing process and 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 19248
2. Capital Profile CM-81-2045