

Bylaw 19369

To authorize the City of Edmonton to undertake, construct and finance Integrated Infrastructure Services P3 Project, Organics Processing Facilities (OPF)

Purpose

To authorize the City of Edmonton to borrow the sum of \$8,320,000 to undertake, construct and finance Integrated Infrastructure Services P3 Project, Organics Processing Facilities (OPF).

Readings

Bylaw 19369 is ready for second and third readings.

Advertising and Signing

This Bylaw was advertised in the Edmonton Journal on Thursday, August 20, 2020, and Thursday, August 27, 2020. The Bylaw cannot be signed and thereby passed prior to Monday, September 14, 2020.

Position of Administration

Administration supports this Bylaw.

Report Summary

This Bylaw provides debt financing for Integrated Infrastructure Services P3 Project, Organics Processing Facilities (OPF).

Report

At the August 17, 2020, City Council meeting, Bylaw 19369 received first reading.

The petition period expires on Monday, September 14, 2020. At the date of writing this report, no petition has been received and it is anticipated that none will be received. If, in fact, any are received, this will be reported at the September 21, 2020, City Council meeting. If none are received, this Bylaw may proceed.

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During the Spring Supplemental Capital Budget Adjustment deliberations on May 25, 2020, Council approved a budget transfer to fund development of profile 19-81-2049 Organics Processing Facilities (OPF) within the 2019 - 2022 Capital Budget. This profile has a total current project cost of \$13,760,000, which includes funding from Waste Management Retained Earnings and financing from Self-Liquidating Debentures and includes project development and procurement activities required to advance the project up to contract award. It will be necessary to borrow \$8,320,000 to complete this initial portion of the project.

This bylaw provides debt financing to support the development of the Public Private Partnership (P3) business case for the Organics Processing Facilities Project, which is offset by a transfer from profile CM-81-2045 Waste Services IIS Infrastructure Delivery. The borrowing authority in this bylaw will be offset by Bylaw 19248, a Bylaw to amend Bylaw 18735, to authorize the City of Edmonton to undertake, construct and finance Integrated Infrastructure Services Project, Waste Services IIS Infrastructure Delivery.

Bylaw 19369 will be accompanied by the three readings of Bylaw 19248.

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 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. 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 	<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> .

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	Levy Revenues.	
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Risk Assessment

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

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 19369
2. Capital Profile 19-81-2049