

Bylaw 19368

To amend Bylaw 18987, to authorize the City of Edmonton to undertake, construct and finance Integrated Infrastructure Services Projects, Neighbourhood Renewal Program Reconstruction - Alberta Avenue, Central McDougall, Highlands, Inglewood and Royal Gardens

Purpose

To amend Bylaw 18987, to increase the borrowing authority by \$811,456 from \$4,910,000 to \$5,721,456.

Readings

Bylaw 19368 is ready for second and third readings.

Advertising and Signing

This Bylaw was advertised in the Edmonton Journal on Monday, August 24, 2020, and Monday, August 31, 2020. The Bylaw cannot be signed and thereby passed prior to Wednesday, September 16, 2020.

Position of Administration

Administration supports this Bylaw.

Report Summary

This Bylaw amendment will increase the borrowing authority by \$811,456 from \$4,910,000 to \$5,721,456.

Report

At the November 5, 2019, City Council meeting, Bylaw 18987 was passed,

At the August 19, 2020, City Council meeting, Bylaw 19368 received first reading.

The petition period expires on Wednesday, September 16, 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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In Spring 2020, an administrative adjustment approved a debt increase of \$811,456 to capital profile 19-40-9013 NPR Reconstruction - Inglewood. In order to construct and complete this project, it will be necessary to borrow an additional \$811,456.

The \$811,456 increase to the capital profile and corresponding debt was transferred from profile 15-21-7777 The Orange Hub. This was a funding source change to use current MSI funding and preserve debt room, and had no impact on the total project budget of the Orange Hub. The increase in borrowing authority on this bylaw is offset by proposed reductions in borrowing authority under Bylaw 18429, a Bylaw to amend Bylaw 15156, as amended by Bylaws 15978, 17075, 17638 and 17978, to authorize the City of Edmonton to undertake, construct and finance Integrated Infrastructure Services Project, Great Neighbourhoods Initiative.

Despite the debt funding increase to Bylaw 19368 related to profile 19-40-9013 NPR Reconstruction - Inglewood, the overall total cost of the profiles under this bylaw have decreased by a net amount of \$3,223,000. This is due to lower than anticipated costs related to profile 19-40-9015 Royal Gardens Neighbourhood Renewal resulting from a more defined scope developed after Checkpoint 3 of the Project Development and Delivery Model. As a result, \$3,000,000 of Neighbourhood Renewal Reserve funding was released back to profile CM-25-0000 Neighbourhood Renewal Composite during the 2020 Spring Supplemental Capital Budget Adjustment. In addition, 19-40-9013 NRP Reconstruction - Inglewood and 19-40-9012 NRP Recon - Highlands also had reductions to Neighbourhood Renewal Reserve funding of \$200,849 and \$20,567 respectively for budget transfers through the Spring SCBA.

Bylaw 19368 will be accompanied by three readings of Bylaw 19373.

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

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<p>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.</p>	<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 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. 	<p>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>.</p>
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Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score	Current Mitigations	Potential Future Mitigations
<p>Exceeding regulated debt and debt servicing limits.</p>	<p>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</p>	<p>1-Rare</p>	<p>4-Severe</p>	<p>4-Low</p>	<p>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</p>	<p>Long term forecasts are used to determine the impact of approved and potential future unapproved projects and their impact on debt limits.</p>

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	Finance Authority to purchase the City's debentures in order to finance a capital project.				unapproved borrowings and potential changes to interest rates.	
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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 19368
2. Capital Profiles