

## Bylaw 19374

To amend Bylaw 15977, as amended by Bylaws 17092, 17179, 18217 and 19243, to authorize the City of Edmonton to undertake, construct and finance The Quarters Downtown Community Revitalization Levy Areas Projects

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### Purpose

To amend Bylaw 15977, as amended by Bylaws 17092, 17179, 18217 and 19243, to decrease the borrowing authority by \$987,465 from \$93,371,484 to \$92,384,019.

### Readings

Bylaw 19374 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 19374 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 is reducing the borrowing authority for changes to capital profiles approved in the Spring 2020 Supplemental Capital Budget Adjustment.

### Report

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At the January 18, 2012, City Council meeting, Bylaw 15977 was passed.

At the March 3, 2015, City Council meeting, Bylaw 17092, amending Bylaw 15977, was passed.

At the April 28, 2015, City Council meeting, Bylaw 17179, amending Bylaws 15977 and 17092, was passed.

At the January 23, 2018, City Council meeting, Bylaw 18217, amending Bylaws 15977, 17092 and 17179, was passed.

At the April 27, 2020, City Council meeting, Bylaw 19243, amending Bylaws 15977, 17092, 17179 and 18217, was passed.

During the 2020 Spring Supplemental Capital Budget Adjustment deliberations on May 25, 2020, Council approved a transfer of \$500,000 of debt budget from the capital profile 17-28-1009 Kinistinaw Park to a new capital profile CM-30-3030 Open Space: Planning and Design - Growth. The purpose was to separate the scope and funding of the Kinistinaw Phase 2 project from Kinistinaw Park (Phase 1) to align with the Project Development and Delivery Model.

In addition to this, Council also approved a change in funding within 11-17-0407 The Quarters - Phase 1 profile of \$487,465 from debt to CRL Reserve as Administration identified development costs that could be funded with the reserve.

With these two adjustments, the borrowing authority will therefore be decreased by \$987,465 from \$93,371,484 to \$92,384,019.

The \$500,000 decrease in borrowing authority on this bylaw is offset by an increase in borrowing authority in Bylaw 19372, a Bylaw to authorize the City of Edmonton to undertake, construct and finance Integrated Infrastructure Service Project, Open Space: Planning and Design – Growth.

Bylaw 19374 will be accompanied by the second and third readings of Bylaw 19372.

**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>

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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"> <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>	<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**

<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>
<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 Finance Authority</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 unapproved</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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	to purchase the City's debentures in order to finance a capital project.				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 19374
2. Capital Profiles