

Spring 2019 Supplemental Capital Budget Adjustment

Motions on the Floor

Moved B. Henderson – T. Cartmell (Made at the November 28, 2018, City Council Budget meeting):

That capital profile CM-10-1010 be increased by \$2,300,000 to fund Rollie Miles Leisure Centre, with funds from available funding sources.

Moved M. Walters – T. Cartmell (Made at the November 28, 2018, City Council Budget meeting):

That capital profile numbers CM-30-3030 and CM-99-9000, be increased by \$1,000,000 (\$75,000 for planning and design in CM 30-3030 and \$925,000 for delivery in CM 99-9000) to fund Various Baseball Diamonds Enhancements planning, design and delivery, with funds from available funding sources or debt financing.

Moved A. Knack – B. Esslinger (Made at the November 28, 2018, City Council Budget meeting):

That Capital Profile CM-40-4040, be increased by \$10,000,000 to fund Industrial Roads - Future Phases for planning and design with funding from debt financing.

Moved J. Dziadyk – M. Banga (Made at the November 28, 2018, City Council Budget meeting):

That capital profile number CM-99-9000 be increased by \$850,000 and CM-20-2020 by \$75,000 to fund the 112 Street and 167 Avenue Signals project delivery, with funds from debt financing.

Moved S. McKeen – S. Hamilton (Made at the November 28, 2018, City Council Budget meeting):

That capital profile number CM-30-3030 be increased by \$250,000 and capital profile CM-99-9000 be increased by \$1,550,000, to fund the Urban Tree Canopy project, from available funding sources.

Moved M. Banga - M. Nickel (Made at the November 28, 2018, City Council Budget meeting):

That capital profile CM 99-9000 be increased by \$15,000,000 to fund the delivery of the Parsons Road (19 ave - Ellerslie Road) 4 Lane Widening with funding from available funding sources.

Moved M. Banga - M. Nickel (Made at the November 28, 2018, City Council Budget meeting):

That capital profile CM-20-2020 be increased by \$2,500,000 to fund the planning and design for 66 Street Widening (23 Avenue to Ellerslie Road) 4 Lane widening with funds from debt financing.

Moved S. Hamilton – M. Walters (Made at the November 28, 2018, City Council Budget meeting):

That Capital Profile 19-21-9007 be increased by \$39,386,000 to fund Valley Zoo - Natures Wild Backyard 2 for delivery with \$386,000 of Pay As You Go, \$5,400,000 from partner contributions and \$33,600,000 from tax supported debt financing.

Moved J. Dziadyk – M. Banga (Made at the November 28, 2018, City Council Budget meeting):

That capital profile CM-99-9000 be increased by \$7,300,000 with \$6,145,000 from debt financing, \$155,000 from PAYG and \$1,000,000 in contributions from EPSB, with all the funding contingent on the EPSB contribution, to fund the Londonderry artificial turf project.

Recommendation

That adjustments to the 2019-2022 Capital Budget as outlined in Attachment 4 of the June 4, 2019, Financial and Corporate Services report CR_7048, be approved.

Previous Council/Committee Action

Council and Committee have passed a number of motions directing a number of projects to be brought forward for consideration as part of the 2019 Spring SCBA. Attachment 1 provides a summary of these motions and an administrative response to each individual motion. Unfunded profiles referred to in motions have been included as Attachment 9.

Executive Summary

The Supplemental Capital Budget Adjustment (SCBA) report is an integral component of the Council approved multi-year approach to set the 2019-2022 Capital Budget. It provides City Council with an opportunity to adjust the Capital Budget in response to changing project needs, new funding opportunities, emerging issues, and changing priorities.

A number of adjustments have been recommended by Administration in this report for consideration by Council that impact both the available capital funding and the 2019-2022 Capital Budget. The proposed adjustments would result in a net increase in the 2019-2022 Capital Budget for tax-supported operations of \$131.4 million. Proposed adjustments would result in \$96.8 million of corporate funding remaining available which Administration is recommending remain unallocated for future emerging items during the remainder of the 2019-2022 capital budget cycle.

This report does not include proposed adjustments for the Waste Services 2019-2022 Capital Budget. The Supplemental Capital Budget Adjustment report for Waste Services will be presented to Utility Committee on June 28, 2019, at which point it will be brought forward to City Council for consideration and approval.

Report

2019-2022 Capital Budget Approved to Date

City Council has approved \$10.02 billion in capital investment as part of the 2019-2022 capital budget cycle. This includes \$7.54 billion of approved capital spending over the period of 2019 to 2022, and \$2.48 billion over the period of 2023 and beyond. Approved capital spending is broken down between Tax-Supported Operations (\$9.78 billion), Waste Utility (\$232 million), and Blatchford District Energy Utility (\$6.7 million).

The recommendations in the 2019 Spring Supplemental Capital Budget Adjustment would see an overall increase to the capital budget of \$131.4 million, bringing the City's total approved capital budget from \$10.02 billion to \$10.15 billion.

Attachment 2 provides a breakdown of the currently approved 2019-2022 Capital Budget and the impacts of the recommended 2019 Spring SCBA adjustments.

Recommended 2019 Spring SCBA Adjustments

Total adjustments recommended by Administration would result in an overall increase of \$131.4 million to the 2019-2022 capital budget. A summary of the 2019 Spring SCBA Detailed Adjustments Report is found in Attachment 3. The complete detail on the adjustments are shown in the 2019 Spring SCBA Detailed Adjustment Report included as Attachment 4.

Supplemental capital budget adjustments requiring Council approval are sorted by the following categories:

- 2.1 New Profiles Recommended for Funding
- 2.2 Scope Changes
- 2.3 Recosting
- 2.4 Historical Adjustments
- 2.5 Approved Profiles with Changes in Funding
- 2.6 Transfers in Excess of \$2 Million Between Profiles
- 2.7 Transfers from Capital to Operating
- 2.8 Transfers from Operating to Capital
- 2.9 Project Development and Delivery Model Adjustments

Status of Available Capital Funding

\$204.3 million of Capital Funding is available for the 2019-2022 Capital Budget Cycle prior to consideration of the 2019 Spring SCBA. A reconciliation of this amount is shown in Attachment 5.

2019 Federal Budget

In Budget 2019, the Federal Government announced a one-time transfer of \$2.2 billion (Canada-wide) through the Federal Gas Tax Fund to address short-term priorities in municipalities and First Nation communities. This will double the Government's commitment to municipalities in 2018-19. For Edmonton, this will mean a one-time additional payment expected to be \$51.4 million in addition to the regular payments factored into the 2019 to 2022 Capital Budget. This \$51.4 million has been included in the \$204.3 million of available capital funding prior to consideration of the 2019 Spring SCBA.

Recommended Use of Available Capital Funding

Administration recommends using \$107.5 million of available capital funding as part of the 2019 Spring SCBA. A detailed breakdown of this amount is shown in Attachment 5. Recommendations are sorted by the following categories:

- Adjustments to Previously Approved Budget (\$64.5 million)
- New Profiles/Projects Recommended for Funding (\$39.5 million)
- Recommended Replacement of Debt with PAYG (\$3.5 million)

The approval of Administrations recommendations would result in \$96.8 million of corporate capital funding remaining available subsequent to the 2019 Spring SCBA.

Remaining Capital Funding Available

The \$96.8 million of remaining corporate capital funding available represents 1.0 percent of the total funding approved for the 2019-2022 Capital Budget Cycle. Administration is recommending that this funding remain unallocated and available for future emerging items that arise over the remainder of the 2019-2022 Capital Budget Cycle. Administration has provided a list of currently identified emerging items in Attachment 7.

Tax-Supported Debt

Recommendations in the 2019 Spring SCBA would result in a net overall increase of approved 2019-2022 tax-supported debt of \$19.3 million. This amount can be accommodated within the debt limits set by the *Municipal Government Act* and the City's Debt Management Fiscal Policy.

An additional tax levy increase of 0.07% would be required to fund the debt servicing payments related to the above tax-supported debt. This increase would be phased in over the period of 2021 to 2023.

Alberta Community Transit (ACT) Fund Projects

Council approved \$270.8 million of funding for projects identified as being eligible for the ACT grant as part of the 2019-2022 Capital Budget. All funding was to be held in abeyance and subject to approval of the ACT grant applications.

Based on the outcome of the ACT grant applications, Administration is recommending an overall increase of \$28.4 million to the group of ACT related projects. This would bring the total approved funding for these projects from \$270.8 million to \$299.2 million.

Attachment 6 provides a detailed breakdown of the specific budget adjustments being recommended for all ACT funded projects.

With the approval of the ACT grant application and if the recommended adjustments outlined in the attachment are approved, Administration will consider all funds previously held in abeyance to be released.

Emerging Items

Attachment 7 provides details for the following projects that have been identified by Administration as emerging items that will require a capital budget funding adjustment within the 2019-2022 cycle:

- Groat Road Over N. Sask River
- 50 Street CPR Grade Separation
- Co-located Dispatch and Emergency Operations Centre
- Enterprise System Transformation Program - Phase 2

Public Engagement

Administration launched a public engagement program related to the proposed 2019-2022 Capital Budget during the summer and fall of 2018. During this period, Administration attended 19 events and festivals throughout Edmonton and engaged with more than 3,000 residents to share information about the budget and encourage them to access the yegcitybudget.ca website for additional details. Residents were also encouraged to complete the online My Budget survey, an interactive tool where users create their own version of the City's operating budget by increasing or decreasing funding allotments to various departments. Non-statutory Public Hearings were held on November 15, November 26 and November 28, 2018. These dates provided an opportunity for citizens to address City Council directly about the proposed 2019-2022 capital budget.

Corporate Outcomes and Performance Management

Corporate Outcome(s): The City of Edmonton has a resilient financial position			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Adjustments to the approved Capital Budget are balanced/funded and within policy	Total Projected Corporate Capital Funding Balance	\$96.8 million	All funding balances are targeted to be greater than \$0 as a demonstration of flexibility to fund future emerging items within policy
	Total Projected Neighbourhood Renewal Funding Balance	\$0.5 million	
	Total Projected MSI Funding Balance	\$32.0 million	
	Total Projected PAYG Funding Balance	\$7.2 million	

	Total Projected Federal Gas Tax Funding Balance	\$57.1 million (Projected results at the end of 2019-2022, pending approval of the 2019 Spring SCBA recommendations)	
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Attachments

1. Previous Council/Committee Action Related to 2019 Spring SCBA
2. 2019 Spring SCBA - Impact Summary
3. 2019 Spring SCBA - Summary of Spring 2019 Recommendations
4. 2019 Spring SCBA - Detailed Adjustment Report
5. 2019 Spring SCBA - Funding Balances
6. 2019 Spring SCBA - ACT Funded Projects Overview
7. 2019 Spring SCBA - Emerging Projects
8. New Profiles Recommended for Funding
9. Unfunded Profiles Requested by Council or Committee

Others Reviewing this Report

- C. Owen, Deputy City Manager, Communications and Engagement
- G. Cebryk, Deputy City Manager, City Operations
- A. Laughlin, Deputy City Manager, Integrated Infrastructure Services
- K. Armstrong, Deputy City Manager, Employee Services
- R. Smyth, Deputy City Manager, Citizen Services
- S. McCabe, Deputy City Manager, Urban Form and Corporate Strategic Development
- B. Andriachuk, City Solicitor