

## Bylaw 19586

### A Bylaw to authorize the City of Edmonton to undertake, construct and finance Waste Services Project, Materials Recovery Facility (MRF) Renewal

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#### Purpose

To authorize the City of Edmonton to borrow the sum of \$9,281,668 to undertake, construct and finance Waste Services Project, Materials Recovery Facility (MRF) Renewal.

#### Readings

Bylaw 19586 is ready for second and third readings.

#### Advertising and Signing

This Bylaw was advertised in the Edmonton Journal on Thursday, February 25, 2021, and Thursday, March 4, 2021. The Bylaw cannot be signed and thereby passed prior to Monday, March 22, 2021.

#### Position of Administration

Administration supports this Bylaw.

#### Report Summary

This Bylaw provides debt financing for Waste Services Project, Materials Recovery Facility (MRF) Renewal.

#### Report

At the February 22, 2021, City Council meeting, Bylaw 19586 received first reading.

The petition period expired on Monday, March 22, 2021. No petitions were received, so this Bylaw may proceed.

On October 19, 2020, as part of the Waste Services 2020 Fall Supplemental Capital Budget Adjustment deliberations, Council approved the capital budget for profile 20-81-2020 Materials Recovery Facility (MRF) Renewal within the 2019 - 2022 Capital Budget. This profile has a total project cost of \$15,740,987, which includes funding

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from Waste Management Retained Earnings and financing from Self-Liquidating Debentures. To complete this project it will be necessary to borrow \$9,281,668.

This project replaces various processing equipment and building components that will extend the life, improve efficiencies, and increase the capacity of system processing at the Materials Recovery Facility (MRF) within the Edmonton Waste Management Centre (EWMC). This supports the provision of an effective recycling program for the City of Edmonton and reaching the strategic goal of a diversion rate of 90 percent residential waste from landfills.

The \$9,281,668 self-liquidating debt requested for the MRF renewal was transferred from Waste Services' composite profiles CM-81-2045 and CM-81-2047. As a result, this borrowing authority will be offset by corresponding decreases in:

- Bylaw 19615, a Bylaw to amend Bylaw 18735, as amended by Bylaw 19248, to authorize the City of Edmonton to undertake, construct and finance Integrated Infrastructure Services Project, Waste Services IIS Infrastructure Delivery, and
- Bylaw 19614, a Bylaw to amend Bylaw 18736, a Bylaw to authorize the City of Edmonton to undertake, construct and finance City Operations Project, Waste Services Facilities & Infrastructure Project Delivery.

Bylaw 19586 will be accompanied by three readings of Bylaws 19614 and 19615 at the April 6, 2021, City Council meeting.

**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>
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"> <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> </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>	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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	<ul style="list-style-type: none"> <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>		
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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>
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 19586
2. Capital Profile 20-81-2020