

## Bylaw 19665

### A Bylaw to authorize the City of Edmonton to undertake, construct, purchase and finance City Operations Project, Electric Buses - Zero Emission Bus (ZEB) Program

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#### Recommendation

1. That a borrowing agreement between the City and Canadian Infrastructure Bank, not to exceed \$14,440,000.00, as outlined in Attachment 3 of the May 17, 2021, Financial and Corporate Services Report FCS00494rev, be approved and that the agreement be in form and content acceptable to the City Manager.
2. That Attachment 3 of the of the May 17, 2021, Financial and Corporate Services Report FCS00494rev remain private pursuant to sections 16 (disclosure harmful to business interest of a third party), 24 (advice from Officials) and 25 (disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act*.

#### Purpose

To authorize the City of Edmonton to borrow the sum of \$14,440,000 to undertake, construct, purchase and finance City Operations Project, Electric Buses - Zero Emission Bus (ZEB) Program.

#### Readings

Bylaw 19665 is ready for second and third readings.

#### Advertising and Signing

This Bylaw was advertised in the Edmonton Journal on Thursday, April 22, 2021, and Thursday, April 29, 2021. The Bylaw cannot be signed and thereby passed prior to Monday, May 17, 2021.

#### Position of Administration

Administration supports this Bylaw.

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**Report Summary**

This Bylaw provides debt financing for City Operations Project, Electric Buses - Zero Emission Bus (ZEB) Program.

**Report**

At the April 19, 2021 City Council meeting, Bylaw 19665 received first reading.

The petition period expires on Friday, May 14, 2021. 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 May 17, 2021, City Council meeting. If none, or an insufficient number are received, this Bylaw may proceed.

On April 19, 2021, as part of City Operations report CO00366, Canada Infrastructure Bank’s Zero Emission Bus Program, Council approved the capital budget for profile 21-61-3621 Electric Buses - Zero Emission Bus (ZEB) Program within the 2019 - 2022 Capital Budget with a total project of \$27,000,000.

The total project of \$27,000,000 includes a transfer of \$12,560,000 from an existing profile CM-66-3600 Bus Fleet & Equipment Rehabilitation and Replacement and \$14,440,000 of new tax-supported debentures from the Canada Infrastructure Bank - Zero Emissions Buses Program. To complete this project, it will be necessary to borrow \$14,440,000.

**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</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, 2020, the City had used 58.2% of its debt limit and 30.6% of its debt servicing limit.</li> <li>Based on the limits under the <i>Debt Management Fiscal Policy</i>, as of December 31, 2020, the City had used 59.4% of its</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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	<p>government transfers and contributed tangible capital assets.</p> <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>	<p>tax-supported debt servicing limit and 45.3% of its total debt servicing limit.</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>
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 <i>Debt Limit Regulation</i> requires approval from the minister. Failure by a municipality to fall within the <i>Debt Limit Regulation</i> may result in the refusal of an application to the Provincial lender 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 19665
2. Capital Profile 21-61-3621
3. Borrowing Agreement Terms (Private)

**Others Reviewing this Report**

- K. Fallis-Howell, Acting City Solicitor