



## **Proposed 2019-2022 CAPITAL BUDGET**

Edmonton

THE CITY OF EDMONTON  
**CITY COUNCIL - Supplemental Presentation**  
December 6, 2018

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Today's presentation will focus on:

- Debt Eligible projects
- Impact to our debt limits, including rationale as to why not all amendments can be/are included
- Program specific questions around road widening and traffic safety
- Other amendments from the Dec. 4 discussion at Council
- And corrections to motions

## 2019-22 Capital Budget



### **Approved Motion:**

*“That the package of capital amendments be referred to Administration to analyse the debt impacts, funding available, and prioritization of the roadway and streets items. Return to Thursday at 9:30 am.”*

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### **ADAM**

This presentation is in response to Mayor Iveson’s motion regarding the various capital amendments that have accumulated throughout capital deliberations.

As stated previously, developing the capital budget has presented challenges in terms of the approach in recommending projects to put forward for consideration. This isn’t to suggest that projects not funded are not a priority, but a rationalization of approximate \$18 B of needs identified in the 10-year CIO against \$241M available funding for this 4-year Capital Budget.

# 2019-22 Capital Budget

## Council's Strategic Plan - Vision 2050

### Principle - Connected

- We create as a community to connect people to what matters to them.
- We care about the impact of our actions on our social, economic, cultural, spiritual and environmental systems.
- We serve those here today and those who come after us.

### Council's Four Strategic Goals



## ADAM

As a reminder the approach to capital budget was guided by Council's Strategic Plan on the principle of connected and the four strategic goals.

And the effort has been to ensure recommendations/decisions should move the City towards Council's vision in 2050. But also understanding that not every recommendation and decision we collectively make moves us toward that decision

# 2019-22 Capital Budget



## Capital Investments in 2019-2022 (\$4.3B)

### New Infrastructure Growth (\$2.3B)

Previously Approved Transformational/Growth (\$1.8B)

New Growth Projects

\$0.3B Constrained

\$0.2B Unconstrained

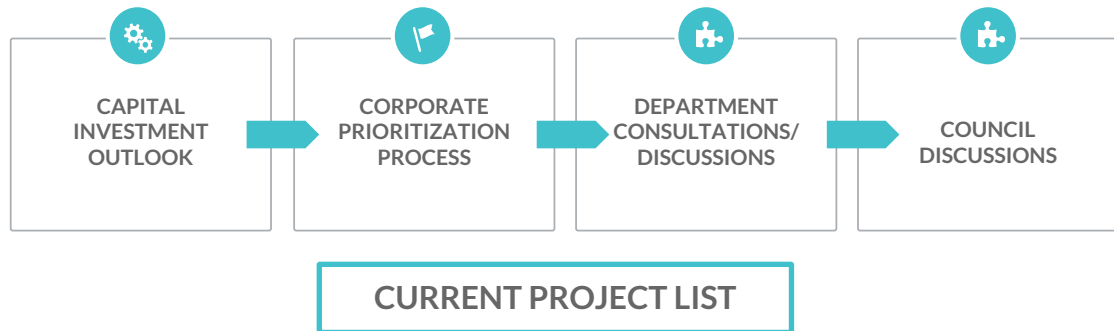
Renewal of Existing Infrastructure (\$2.0B)

## ADAM

### OUR FINANCIAL CAPACITY

- This provides a visual representation of the budget.
- Based on Council's previous decisions to fund transformational projects such as LRT and Yellowhead Trail, as well as to continue to invest in its existing infrastructure through renewal funding, there is limited funding available for new growth projects.
- We also identified projects that are appropriate for debt aligned with the policy based on the previous discussions with council and stakeholders. The list was short recognizing the tax levy challenges that have been raised in the operating budget. As a reminder debt is a financing tool and would impact the operating budget. \$100M of debt financing results in \$7M of annual debt service in Operating which translates to a 0.4% tax levy increase.

# Capital Budget Recommendations



✓ Health and Safety

✓ Integration with Renewal

✓ Provincial Coordination

✓ Leveraging Funding (Partner & Governments)

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## ADAM

### OUR PROCESS TO INFORM RECOMMENDATIONS

- As reported, there is \$241M of unconstrained funding available over the total 4 years of the capital budget, or approximately \$60M per year.
- After the commitments to Fleet and IT, the needs to continue to run the business, and the commitment to capital investment in housing, this leaves approximately \$137M for hard infrastructure improvements which is where the majority of amendments proposed have been.
- The Corporate Prioritization has been helpful in establishing a first cut of ranking of projects best aligned with Council's Priorities. That said, there are further considerations or filters that have been applied to rationalize the recommendations.
- Discussions with council either directly or through the feedback from stakeholders have helped shape the recommendations
- We also provided additional analysis against other considerations such

- as:
  - health & safety
  - integration with renewal
  - provincial coordination
  - leveraging funding

## Amendments - Funding & Debt Impact (\$M)

	MSI	PAYGO	NRP	Local Improve. Levy	Partner	Reserve	Total Funding Sources	Debt	Total
Potential Funding Made Available	7.8	8.0	27.9	(27.9)	-	-	15.8	-	15.8
Potential Capital Additions	-	(55.3)	-	-	(3.7)	(20.0)	(79.0)	(621.3)	(700.4)
Net Change in Funding & Debt	7.8	(47.3)	27.9	(27.9)	(3.7)	(20.0)	(63.2)	(621.3)	(684.5)

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### TODD

This slide summarizes the impact of the proposed capital amendments on the total capital funding and debt requirements.

- The first row shows the Potential Funding Made Available if the proposed amendments to remove certain capital profiles were approved
  - In total, \$15.8 million of funding would be made available comprised of \$7.8 million of MSI funding and \$8.0 million of Pay as you go.
  - Also shown on this first row in the amount of \$27.9 million is the proposed amendment to fund 50% of the alley renewal program through the local improvement levy rather than the dedicated tax levy.

- The second row shows the additional funding and issuance of debt that would be required for the proposed capital addition amendments
  - In total, there are \$700.4 million of proposed capital addition amendments, of which \$621.3 million would be financed with long term and \$79 million would be funded from various sources.
  - The \$79 million is comprised of:
    - \$20 million of funding from the Traffic Safety and Automated Enforcement reserve for the Crosswalk Priority List Upgrade project. The balance available in the reserve over the four year period is only \$19 million. To spend more would require either an adjustment to the policy to change the minimum balance required, or a reduction to other projects proposed for funding from this reserve.
    - \$3.7 million of additional partnership funding due mainly to the \$20 million increase for the Lewis Farms Rec Centre less \$16 million for the Coronation Rec Centre.
    - and \$55.3 million of capital amendments that were proposed to be funded from available funding sources.



- So as you will note, there is only \$15.8 million of potential available funding from MSA and Pay As You Go to address the \$55.3 million of potential capital additions, leaving a potential shortfall of \$39.5 million of funding that is not available.

## Impact of ACT Funding - \$M

	Project Total	Eligible Project Costs	ACT Grant Funding	PAYG	Debt Required	Impact of ACT Funding	
						PAYG	Debt (Tax-Supported)
<b>Capital Amendments - Reallocation of Funding</b>							
Terwilligar Dr Expressway Upgrades	101.3	60.0	24.0	-	77.3	-	(24.0)
Stadium LRT Station Upgrade	27.5	27.5	11.0	-	16.5	-	(11.0)
40th Avenue LRT Planning & Design	3.0	3.0	1.2	-	1.8	-	(1.2)
Renewal of Transit Assets	30.0	30.0	12.0	18.0	-	(12.0)	-
<b>Additional Projects Identified for ACT Funding</b>							
Transit Priority Improvements	50.0	50.0	20.0	-	30.0	-	30.0
New Transit Bus Garage - Planning & Design	35.0	35.0	14.0	-	21.0	-	21.0
Electric Bus Purchase	25.0	25.0	10.0	-	15.0	-	15.0
50th Street Park & Ride - Planning & Design	5.0	5.0	2.0	-	3.0	-	3.0
<b>Total Impact of ACT Funding</b>	<b>276.8</b>	<b>235.5</b>	<b>94.2</b>	<b>18.0</b>	<b>164.6</b>	<b>(12.0)</b>	<b>32.8</b>

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### TODD

This next slide shows the potential impact of receiving ACT grant funding on the proposed capital budget and available funding.

- In total there are 8 capital projects with a total cost of \$276.8 million, of which \$235.5 million of costs would be considered eligible for ACT grant funding.
- The first four projects for Terwilligar Drive, Stadium LRT, 40th Avenue LRT, and Renewal of Transit assets total \$161.8 million, of which \$120.5 million of costs would be considered eligible for grant funding. Each of these projects have been identified in either the proposed 2019-2022 capital budget or subsequent capital amendments
  - The impact of receiving additional ACT grant funding for

- these four projects would result in a corresponding decrease in the required debt financing of \$36.2 million and pay as you go funding of \$12.0 million. This \$12.0 million decrease in pay as you go is in addition to the \$15.8 million of funding released in the council amendments.
- The remaining four projects on this slide for Transit Priority Improvements, Transit Bus Garage, Electric Buses, and 50th Street Park and Ride total \$115 million of project costs, and are new projects that have not been included in either the proposed 2019-2022 Capital Budget or the subsequent capital amendments.
  - Proceeding with these projects would require the issuance of debt to finance 60% of the eligible costs (\$69 million) with the remaining 40% (\$46 million) of project costs being covered by ACT grant funding.
- The bottom row on this slide shows the Total Impact for the 8 projects with total project costs of \$276.8 million and eligible costs of \$235.5 million.
  - In total, \$94.2 million of ACT grant funding would be received, with \$18.0 million of pay as you go funding being required along with \$164.6 million of debt financing.
- This \$164.6 million of debt financing would result in a net

- increase of \$32.8 million from the \$621.3 million of debt identified on the previous slide to finance the proposed capital amendments, for a total potential increase in debt financing of \$654.1 million above what was included in the Proposed 2019-2022 Capital Budget.

# Debt Fiscal Management Policy



The Debt Fiscal Management Procedure states the following:

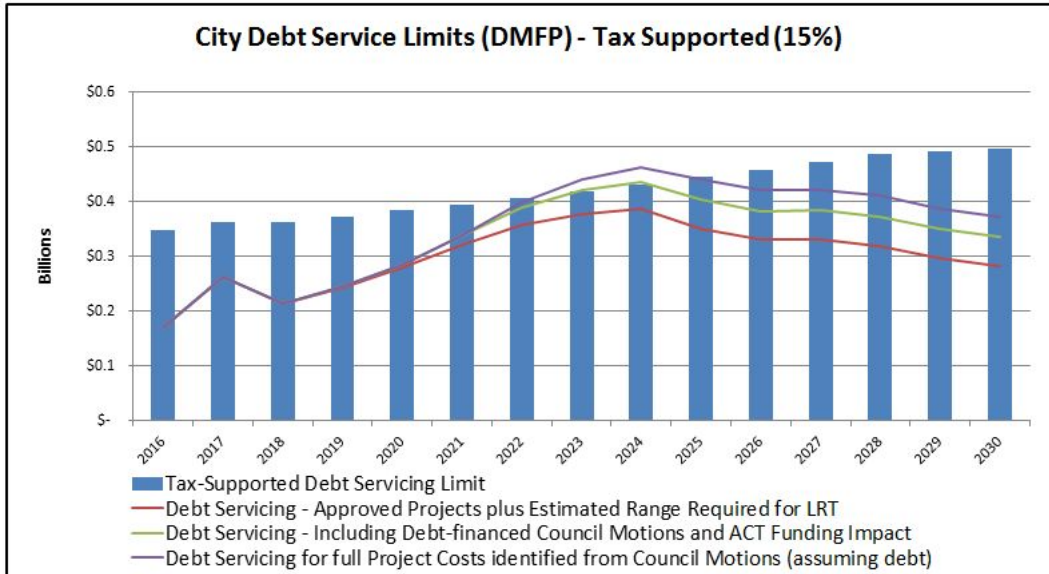
- Long-Term Debt will be considered for Capital Expenditures for:
  - large projects with long-term benefits;
  - projects with benefits to the community at large (for tax-supported debt);
  - growth related projects;
  - emerging needs to support corporate priorities and approved strategic plans; and
  - major rehabilitation of existing assets as a short-term strategy to eliminate a significant backlog
  
- New debt issues will:
  - be Affordable, Sustainable and maintain the City's financial flexibility; and
  - align with the City's capital plans and strategies and other financial and non-financial considerations to support a positive image of the City.

## TODD

The accompanying procedure states that Long term debt will be considered for capital expenditures that are **large projects with long-term benefits**, projectects with **benefits to the community at large, growth related projects, emerging needs to support corporate priorities and approved strategic plans; and major rehabilitation of existing assets as a short-term strategy** to eliminate a significant backlog. The policy goes on to state that new debt issues will be Affordable, Sustainable and maintain the City's financial flexibility and align with the City's capital plans and strategies and other financial and non-financial considerations to support a positive image of the City. While this provides opportunity to use debt to fund almost any project in practice, with the exception of local improvements, certain equipment and occasional requirements for short term financing, the majority of the City's debt is financed with 20 and 25 year terms. As stated in the policy debt must be affordable and sustainable and maintain flexibility to issue debt in response to emerging issues. For this reason debt should align to the City's capital plans and strategies. Continued use of debt for assets that are not aligned with corporate strategy will limit the

Corporations flexibility to deal with emerging issues.

# Impact to City Debt Limits



## TODD

The graph on this slide represents the impact of current council motions on the City's Tax-supported debt servicing limit. The blue bars in the graph represent the maximum ANNUAL AMOUNT of tax supported debt servicing payments that the City can pay within the approved Debt Fiscal Management Policy (15% of Taxable Revenue). (Note: It is not the amount of debt that the City has incurred).

The red line represents the projected tax supported debt servicing costs on projects that council has previously approved, and the estimated range required for the City's contribution to the Valley Line West and Metro Line to Blatchford LRT Projects. The Green line represents the estimated debt servicing costs when also including the impact of all debt-financed motions council has made during the current deliberations as well as the projected impact of ACT funding. Finally, the purple line on the graph represents the estimated debt servicing costs when also factoring in the potential construction costs to deliver the projects that council has mademotions on to fund the planning and design of. This would assume those future construction costs all require debt financing to fully deliver the projects.

Note: Above numbers have factored in the ACT grant being applied - If grant doesn't materialize for those projects, debt would need to be replacement funding source

If all debt-related motions were passed, the City would be expected to exceed its internal tax supported debt limits in 2024. The amount of debt room remaining available for the 2023 to 2026 capital budget cycle would be significantly limited.



## Debt Servicing Operating Budget Impact



	2019	2020	2021	2022	2023 and Beyond	Total
<b>Operating Budget Impact of Debt Financed Council Motions and ACT Impact (\$000's)</b>	<b>585</b>	<b>4,082</b>	<b>9,216</b>	<b>11,076</b>	<b>19,089</b>	<b>44,048</b>
<i>Tax Levy Increase (%)</i>	<i>0.02%</i>	<i>0.23%</i>	<i>0.52%</i>	<i>0.58%</i>	<i>0.93%</i>	<i>2.28%</i>
<b>Operating Budget Impact of Additional Full Project Costs Identified from Council Motions (\$000's)</b>	<b>-</b>	<b>49</b>	<b>1,685</b>	<b>7,940</b>	<b>27,996</b>	<b>37,670</b>
<i>Tax Levy Increase (%)</i>	<i>-</i>	<i>0.00%</i>	<i>0.10%</i>	<i>0.43%</i>	<i>1.37%</i>	<i>1.90%</i>

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### TODD

The green rows in this table represent the tax levy impact of the debt servicing costs associated with all current council motions requesting debt, as well as the impact of adding the ACT list of projects. These green rows correspond to the green line on the previous graph. It is important to note that these figures do not include any projected tax levy increases related to debt on future LRT expansion. Operating impacts of LRT expansion projects will be brought forward at the time capital profiles are brought forward for council consideration in 2019. For comparative purposes, the amount of tax increase approved by council to date for the total operating impacts of Valley Line South East was 3.6%.

The purple rows in this table represent the additional tax levy funding requirement for the potential construction costs to deliver the projects that council has made amendments on to fund the planning and design of. This would assume those future construction costs all require debt financing to fully deliver the projects. These purple rows correspond to the purple line in the previous graph.



# Road Widening Prioritization



- Administration manages a priority list for road widening projects using data from the following categories; traffic volumes, bus routing, collision data, integration with renewal, economic impact (i.e. industrial areas)
- This list is solely based on the function of the roadway and is an input into the broader corporate prioritization process which tests the strategic alignment with City Goals
- Current policy places an emphasis on roadway improvements on the efficient movement of goods & services and transit. (Yellowhead Trail, 50 Street Grade Separation)
- Commuter arterial widening offer low strategic impact based on City Goals

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## ADAM

- Priority for road widening based on traffic volumes (capacity and future volumes), bus network (routes and consideration of demand changes), collision data, renewal integration, and economic impact (i.e. industrial areas).
- Given the limited financial resources to meet the demands of a growing city, investment in transportation infrastructure is planned to maximize progress towards the City Vision and wider strategic goals. The current TMP identifies that the focus of major roadway improvements should be prioritized on the efficient movement of goods & services.
- Road widening projects that largely benefit commuter traffic do not make a significant contribution towards the Council's goals as compared to other projects that have been recommended for capital funding. As a result no new arterial road widening projects were included in the recommended 2019-2022 Capital Budget.

- **The 2019-22 Capital Budget does already include approximately \$400M of the \$1.8B previously approved road growth projects primarily directed towards Goods Movement corridors such as; Yellowhead Trail, Fort Road, and 50 Street CPR Grade Separation.**

# Proposed Capital Budget Amendments

Council Amendments include approximately \$250M of projects;

- 112 Street / 167 Avenue Intersection Improvements
- **153 Avenue (18 Street - Fort Road) \***
- 167 Avenue (52A - 76 Street)
- 184 Street (107 - 118 Avenue)
- 215 Street (Webber Greens Drive - Stony Plain Road)
- 215 Street (Whitemud Drive - Webber Greens Drive)
- 23 Avenue South Boulevard and Sidewalk
- 50 Street (153 - 167 Avenue)
- 66 Street (158 - 167 Avenue)
- **66 Street (Ellerslie Road - 23 Avenue) \***
- Meridian Street (153 - 167 Avenue)
- **Parsons Road (Ellerslie Road - 19 Avenue) \***
- **Terwillegar Drive (Haddow Drive - Whitemud Drive) \***
- Victoria Trail / 153 Avenue Turning Lane
- Webber Greens Drive (Suder Greens Drive - 215 Street)

*\* location currently on top 25 roadway widening projects (based on multi-criteria approach)*

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## ADAM

- In response to a councillor question, 19-117C, administration provided the list of the top widening locations based on the multi-criteria approach
- Four projects on the amendment put forward were ranked in the list of top 25 roadway widening projects. The four are bolded on this slide represent those projects that could be considered a priority in relation to the level of service experienced at these locations, although only Terwillegar Drive is part of the primary Goods Movement network. **These four projects equal \$160M.** (Parsons Road \$15M, 66 Street \$32.5M, Terwillegar Drive \$100M, 153 Avenue \$12.5M; Total \$160M)
- The combined total arterial road widening projects brought forward by Council through the listed amendments currently total approximately \$250M if they were all delivered (this translates to debt servicing impact of a 1% tax increase with Operating Budget). **This is more than the total unconstrained funding that is available for the next four years.**

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## Pedestrian Safety - Crosswalk Prioritization Process



- In Fall 2018, Administration presented to Council a proactive approach to assess which pedestrian crossings (CR\_5992).
- 659 locations have been identified and prioritized on the Crosswalk Improvement list. Through committed carry-forward funds, the critical top 70 approved by Council in 2017 will be completed by Q4 2019.
- Administration will return in the spring 2019 with the Annual Vision Zero report to present and prioritize the overall Traffic Safety Program including pedestrian crosswalks in advance of the Spring SCBA process.

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### ADAM

- In October, Administration presented a report that included recommendations on accelerating and optimizing crosswalk infrastructure improvements. The report included impacts on costs, timelines to achieve Vision Zero , interim safety measures implications for other traffic safety initiatives based current ranking criteria and a more proactive approach to assessing pedestrian crossing control locations. Administration will return in the spring 2019 to present and prioritize the overall Traffic Safety Program.
- **Locations are prioritized based on the following:** collisions involving pedestrians, pedestrian and traffic volume, presence of pedestrian generating facilities, design of the roadway, posted speed limit, and distance to alternate crossing.

- As a result, Administration has started the implementation of safety upgrades at the top 70 locations identified.
- Read from Slide (Administration will return in the spring 2019 with the Annual Vision Zero report to present and prioritize the overall Traffic Safety Program including pedestrian crosswalks in advance of the Spring SCBA process)

Recommendation : Postpone these requests to come back as part of TASER Funding.



# Proposed Capital Budget Amendments

Council Amendments include:

- \$20 Million over 2019-2022 for Crosswalks

*Specific location amendments:*

- 50 Street / Matheson Way
  - **Rank: 287**
- 825 / E Schonsee Way Pedestrian Signal
  - **Rank: 281**
- 50 Street / 165 Avenue Pedestrian Signal
  - **Rank: 391**
- 40 Street / Hermitage Road Pedestrian Signal
  - **Rank: 190**
- 62 Street / 159 Avenue Pedestrian Signal
  - *Location not currently on the list (local roadway)*

## ADAM

- As mentioned previously, Administration presented an updated crosswalk priority list this fall. The report presented 3 options to Council to address 408 locations over various time periods (up 2033). Should the \$20 Million motion to complete the crosswalk priorities in 2019-2022 be approved (CP 27), the prioritization for the remaining 408 locations would not change, it would be accelerated. However, there would be a need for Administration to review capacity and installation approach to be able achieve the accelerated approach.
- There were a number of amendments for specific crosswalk locations. With the exception of the 62 street / 159 Ave location, all of these intersections are prioritized within the 408 locations previously mentioned. Based on the specific location motions presented, Administration would need to assess the appropriate safety measure to

- determine infrastructure for the location.

## Proposed Capital Budget Amendments - Other

- Summerside Off Leash Dog Park
  - The recommendation was focused on enhancements to existing off leash areas across the city prior to expansion and development of new sites.
- Clarke Stadium Enhancements
  - The recommendation was focused on Planning and design for this project to inform what the total Delivery budget would be prior to approval by Council.
- Londonderry Artificial Turf Sportsfield
  - The existing artificial turf facilities (Clareview, Clarke Stadium, Mill Woods and Jasper Place Bowl) have available capacity to accommodate additional bookings.

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### ADAM

#### Dogs & Open Spaces

- The recommended funding for Dogs and Open spaces is \$1M total and identified to address existing issues located at various locations which was administration feels is the first priority ahead of expansion. Summerside off leash dog park is a priority for expansion and would add \$600K to the program including Planning & Design for an additional park if a funding source were available.

#### Clarke Stadium Enhancements

- Clark Stadium Enhancements planning and design has been recommended and the delivery has been included in the unfunded. We recommend per the Capital Project Governance Policy C591 that the Delivery is held in abeyance until planning and design is completed and a funding source is identified.

#### Artificial Turf Sportsfields

- Given that the existing artificial turf facilities (Clareview, Clarke Stadium, Mill Woods and Jasper Place Bowl) have capacity to accommodate additional bookings, Administration has not advanced this project as a

- priority at this time.



Questions?

	2019	2020	2021	2022	2023 and Beyond	Total
<b>Operating Budget Impact of Debt Financed Council Motions (\$000's)</b>	<b>497</b>	<b>3,596</b>	<b>8,375</b>	<b>9,647</b>	<b>19,161</b>	<b>41,276</b>
<i>Tax Levy Increase (%)</i>	<i>0.02%</i>	<i>0.21%</i>	<i>0.47%</i>	<i>0.52%</i>	<i>0.95%</i>	<i>2.17%</i>
<b>Operating Budget Impact of ACT Funding (\$000's)</b>	<b>88</b>	<b>486</b>	<b>841</b>	<b>1,429</b>	<b>&lt;72&gt;</b>	<b>2,772</b>
<i>Tax Levy Increase (%)</i>	<i>0.00%</i>	<i>0.02%</i>	<i>0.05%</i>	<i>0.06%</i>	<i>&lt;0.02&gt;%</i>	<i>0.11%</i>
<b>Operating Budget Impact of Additional Full Project Costs Identified from Council Motions (\$000's)</b>	<b>-</b>	<b>49</b>	<b>1,685</b>	<b>7,940</b>	<b>27,996</b>	<b>37,670</b>
<i>Tax Levy Increase (%)</i>	<i>-</i>	<i>0.00%</i>	<i>0.10%</i>	<i>0.43%</i>	<i>1.37%</i>	<i>1.90%</i>