

Council-Requested Supplemental Information for 2019-2022 Capital Budget

Recommendation

That the November 28, 2018, Financial and Corporate Services report CR_6596, be received for information.

Previous Council/Committee Action

At the October 23, 2018, City Council meeting the following motions were passed:

1. That Administration add the unfunded capital profile 19-20-2021 for the 40th Avenue LRT station to the list of unfunded projects in the 2019-2022 Capital Budget book.
2. That the unfunded capital profile for construction of the 112 Street and 167 Avenue Intersection be added to the list of unfunded projects in the 2019-2022 Capital Budget book.
3. That additional information on the construction costs of the Stadium LRT refurbishment profile be brought forward to the 2019-2022 Capital Budget deliberations.

Executive Summary

This report includes information on three unfunded projects for consideration in the 2019-2022 Capital Budget. This includes details on the projected scope of work and cost estimates for the planning & design of the Capital Line 40th Avenue LRT Station and 112 Street and 167 Avenue Intersection projects. Additional information is also provided on the cost estimates for the construction of the Stadium LRT Station refurbishment.

Report

Additional Unfunded Projects (Appendix C of Capital Budget)

Administration presented the Proposed 2019-2022 Capital Budget at the October 23, 2018 City Council Meeting (Financial and Corporate Services report CR_6388). To assist Council in deliberations and to highlight other potential projects to be considered for funding, Administration included a list of projects, that while considered important,

were not recommended for funding given the limited funding available. These unfunded projects were included in Appendix C of the Proposed 2019-2022 Capital Budget.

In response to motions from Council at the October 23, 2018 City Council meeting, Administration has provided details concerning the potential scope of work and estimated costs for the planning & design of the following two additional unfunded capital projects in [Attachment 1](#) of this report:

- Capital Line: 40th Avenue LRT Station; and
- 112 Street and 167 Avenue Intersection.

Stadium LRT Station Upgrade (Appendix B of Capital Budget)

The planning and design of the Stadium LRT Station Upgrade was included in the Proposed 2019-2022 Budget as part of a list of projects that, while considered important through the corporate prioritization process, would only be recommended for debt financing should Council choose to proceed by granting approval. Unfunded profiles for these projects were included in Appendix B of the Proposed Budget.

The estimated cost for the development phase of the Stadium LRT Station Upgrade project, as included in the unfunded profile in Appendix B, is \$1.5 million (+-50%) to advance the project from Checkpoint 2 to 3. Detailed design and construction (Checkpoints 3 to 5) costs for the Stadium LRT Station Upgrade are estimated to be an additional \$26.0 million (+-50%), for a total estimated project cost of \$27.5 million (+-50%).

In determining the potential scope and estimated costs for development and delivery, Administration considers the current level of maturity for each project. Depending on the stage of project maturity the cost estimates include a confidence range varying from an initial -50%/+100% (Checkpoint 1) to -20%/+30% (Checkpoint 3) when a standalone project is created for budget approval. This range of estimate takes into consideration various risks associated with external factors that may impact cost of labour and materials due to potential changes in market conditions.

Budget Implications

All projected funding sources in the 2019-2022 Capital Budget have been allocated to the investments proposed in the budget. If funding were to be allocated to planning & design of the 40th Avenue LRT Station and/or 112 Street and 167 Avenue Intersection projects, an equal amount of funding would be required to be released from the projects proposed for funding in this budget.

If Council were to proceed with a recommendation to fund the Stadium LRT Station Upgrade, a profile in the amount of \$1.5 million for the development phase, financed

with debt, would be presented for approval. As design activities progress and the project reaches Checkpoint 3, a standalone profile would be created and an updated cost estimate for the project would be presented to Council, along with a request for additional debt financing and project approval. Based on a preliminary cost estimate of \$27.5 million, an additional tax increase of 0.12% over four years would be required to fund the debt servicing costs associated with this project, should Council choose to grant its approval. Table 5 in the Capital Budget illustrates the tax-levy impact of financing each of the projects included in Appendix B.

Administration also notes that debt capacity under the City’s current Debt Management Fiscal Policy may become constrained beginning in 2022 (taking into consideration debt commitments made in the previous capital cycle, potential projects considered for debt in the Proposed 2019-2022 Capital Budget, and future LRT expansion). The impact of this constraint could limit future capital decisions and fiscal flexibility, including the ability to use debt to respond to emerging needs and to match future federal and provincial funding.

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)
Effective financial planning preserves and enhances the City's financial position.	City Asset Sustainability (Actual expenditure on capital infrastructure divided by required expenditure)	0.94 (2017)	1.00 (2018)
	City of Edmonton Credit Rating (Standard & Poor's rating)	AA+ (2017)	AA+ (2018)

Attachment

1. Additional Projects for Unfunded Capital Project List

Others Reviewing this Report

- C. Owen, Deputy City Manager, Communications and Engagement
- G. Cebryk, Deputy City Manager, City Operations
- K. Armstrong, Deputy City Manager, Employee Services
- R. Smyth, Deputy City Manager, Citizen Services
- P. Ross, Acting Deputy City Manager, Urban Form and Corporate Strategic Development