

THE WAY WE FINANCE

2015-2018 Capital Budget

City Council Discussions

TRANSFORMING | **EDMONTON**

BRINGING OUR CITY VISION TO LIFE





Today's Agenda

1. Introduction & Background
2. Capital Overview
3. Administration's Decision Process
4. Outline of proposed projects
5. Operating effects of Capital
6. Summary and Conclusions



Introduction

- 4 year plan for capital investment
- Proposed 2015-2018 Budget result of integrated City wide approach
 - Built from Council direction set out in May Capital Update
 - Recognizes Council's commitment to the renewal of infrastructure
- The majority of investment decisions reflected within this budget are focused on renewal recognizing the significant existing commitment of funding for growth and city building in this time period



Quick Facts

- **\$5.96 billion Capital Budget:**
 - \$4.29 billion in spending between 2015 – 2018 with \$1.6 billion already approved
 - \$1.67 billion in spending in 2019 and beyond with \$1.23 billion already approved

Proposed budget recommends approvals for

- \$2.70 billion in spending between 2015 -2018
- \$0.43 billion in spending in 2019 and beyond



Quick Facts

- Of the \$4.3 billion in spending between 2015-2018:
 - \$2.38 billion (55%) for Growth
 - \$1.92 billion (45%) for Renewal
- New recommended growth projects include:
 - \$157 million in projects funded through Grants and Pay-as-you-go
 - \$321.5 million projects funded by new Tax-supported Debt
 - \$121.4 million projects funded by new Self-supporting Debt
- \$16.9 million unallocated funds available



Setting the Context– Moving Forward

- Construction activity in the City will be maintained at about \$1B per year when including 2012-14 carry forwards.
- Major transformational projects will continue in the 2015-2018 capital cycle
- Addressing growth while optimizing renewal will continue to be a challenge



Capital Funding Sources

Federal Grants

7%

Neighbourhood
Renewal

14%

Pay-As-You-Go

20%

Provincial Grants

36%

Borrowing
(Property Tax)

10%

Borrowing (Other
Income Sources)

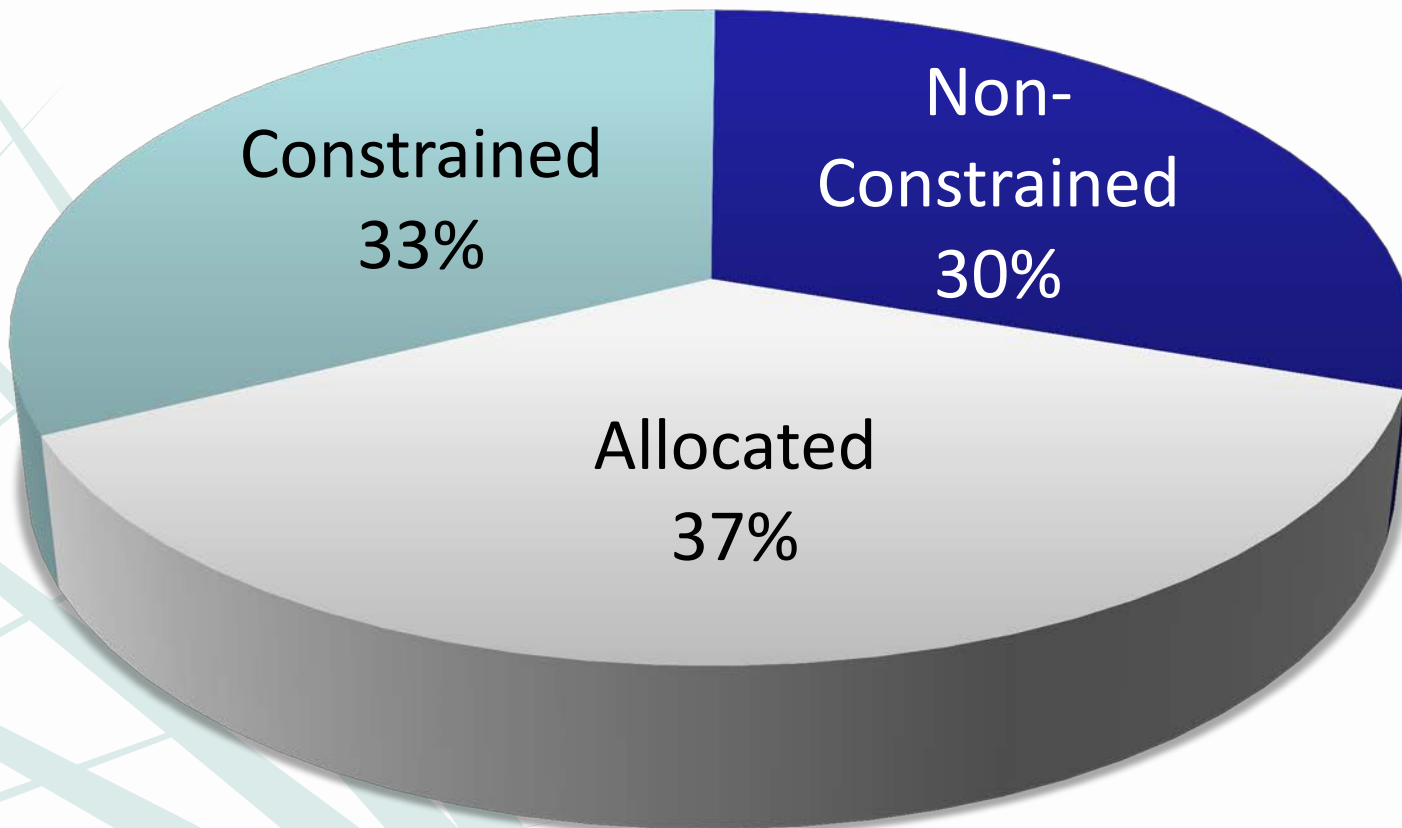
4%

Other Revenue

9%



Funding Sources





Key Approved Projects in the 2015-2018 Budget

\$1.60 Billion in previously approved spending, includes:

- Valley Line LRT \$803 million
(\$815 million 2019 & beyond)
- Rogers Place & Associated Infrastructure \$403 million
- Blatchford Plan Implementation \$142 million
(\$419 million 2019 & beyond)
- Neighbourhood & Arterial Renewal \$79 million
- NW Police Campus \$45 million
- Walterdale & 102 Ave Bridges \$41 million



Grants from Other Governments

Federal (\$100 million 2015-2018):

- BCF allocation being used for Valley Line LRT
- Federal Gas Tax (Incremental Increase)

Provincial (\$1,157 million 2015-2018):

- MSI – (Includes former Provincial Gas Tax)
- GreenTRIP
- Provincial Matching Grant for Valley Line BCF Grant



Tax Supported Funding

Pay-As-You-Go (\$545.1 million)

- Tax Levy
- Investment Earnings

Neighbourhood Renewal Levy (\$541.9 million)

- Dedicated Tax Levy

Reserves (\$143 million)

- Tax Levy



Proposed Debt

Debt financing for projects, three funding sources:

- \$321.5 million in tax supported debt funded via general tax levy
- \$121.4 million in self-sustaining tax guaranteed debt funded via CRL revenue
- \$79.6 million in self liquidating debt funded via Local Improvement Revenue
- These numbers include expenditure beyond 2019



Tax Impact of Proposed Debt Projects

	Amount	Term	Total
North West Campus (New Ask)	\$17.2 million	25	
Incremental Tax Impact			0.08%
Co-located Dispatch and EOC	\$62.8 million	25	
Incremental Tax Impact			0.28%
Westwood Transit Garage Replacement	\$181.4 million	20	
Incremental Tax Impact			0.93%
Great Neighbourhoods	\$60.0 million	15	
Incremental Tax Impact			0.37%
Overall Total	\$321.5 million		
Total Incremental Tax Impact			1.66%

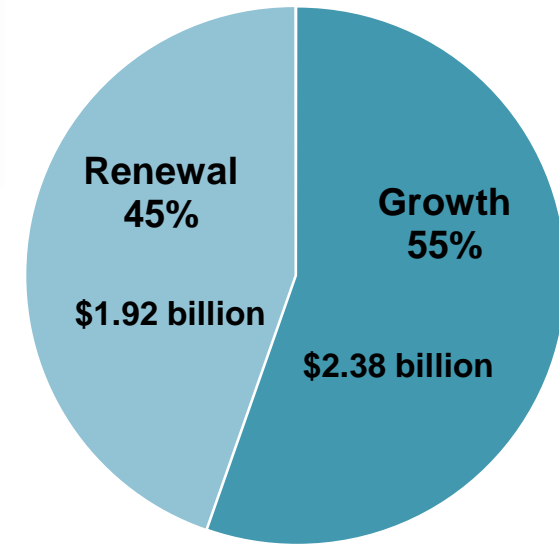
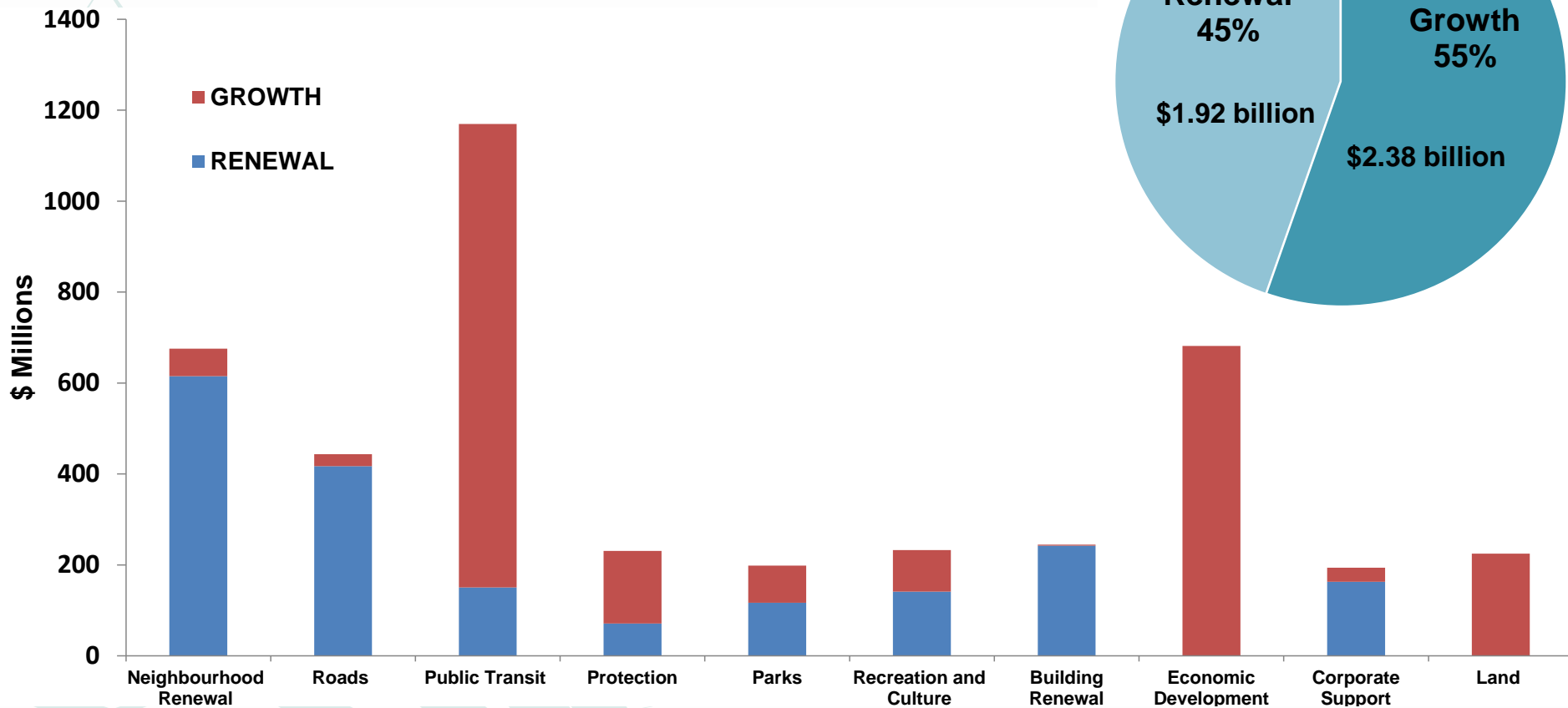


Balancing Renewal & Growth

- Renewal & Growth Defined
- Renewal Profile or Growth Profile?
- Network Level approach
- One City approach to renewal analysis and allocation
- The proposed budget meets RIMS targets for infrastructure



Balancing Renewal & Growth



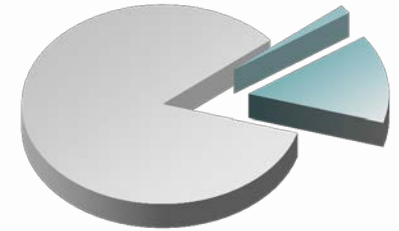


Coordinating Growth and Renewal

- What is Asset Management?
- All renewal programs can include enhancements up to 10%, beyond which renewal principles may be compromised
- Growth funding is not sufficient to accommodate all projects that coincide with renewal
- “Lumpiness” and using debt as way to address this
- Decommissioning



Delivering Service – Neighbourhood Renewal



\$675.4 million (15.7%)

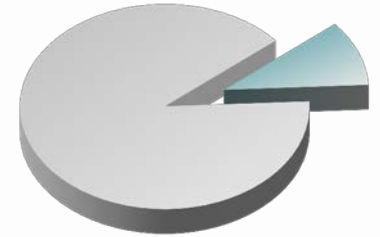
- Includes \$60.4 million from the Great Neighbourhoods Program
- 20 reconstruction projects
- 45 neighbourhood overlays or microsurfacing
- 85 km of additional collector or local roads
- Program will be funded 100% through tax levy by 2018 (assumes 1.5% increases 2015-2018)
- Report to Transportation Committee Meeting – Nov. 13, 2014



Delivering Service – Roads

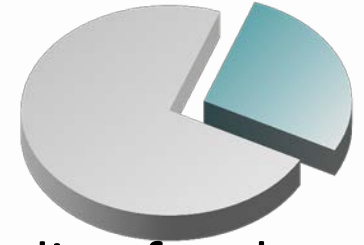
\$443.8 million (10.3%)

- Includes \$76.5 in previously approved funding
 - Completion of Walterdale Bridge and 102 Ave Bridge
 - Kennedale Traffic Shop
 - Deployment of new parking technology
- New funding comprised of
 - Arterial roadway renewal program - \$220 million
 - Bridge rehabilitation - \$84.3 million
 - Traffic/Streetlight rehabilitation - \$51.1
 - Bicycle and pedestrian infrastructure – \$4.2 million





Delivering Service – Public Transit



- \$1,170 million (27.2%)
- Includes \$803.3 million in previously approved funding for the Valley Line LRT
- Funding primarily comprised of
 - Westwood Garage replacement - \$181.6 million of new funding in addition to the \$14.8 million previously approved (\$196.4 total)
 - Bus replacements - \$76.3 million
 - Smart Fare - \$31.3 million of new funding in addition to the \$7 million previously approved (\$38.3 total)
 - LRV fleet, facilities, stations and signals renewal - \$30.7 million
 - Bus terminal and radio system renewal - \$ 13.8 million
 - Escalator/elevator replacements - \$11.9 million

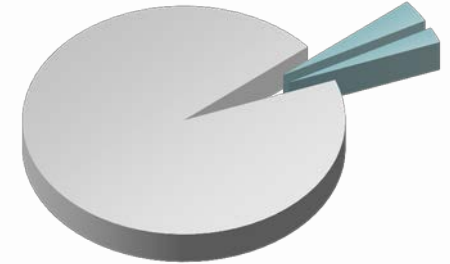


Delivering Service - Protection

\$230.8 million (5.4%)

Edmonton Police - \$136.1 million

- Technology, Communications and equipment renewal – \$64.6 million
- Completion of the NW Police Campus: \$17.2 million of new funding for the Detainee Management Facility (DMF) and Investigation Management and Approval Center (IMAC) in addition to the \$89.7 million previously approved (\$106.9 total)
- Digital Asset Management System (DAMS) - \$7.3 million
- Replacement of “Air-1” with twin engine helicopter - \$7.2 million





Protection (cont.)

Fire Rescue Services- \$94.7 million

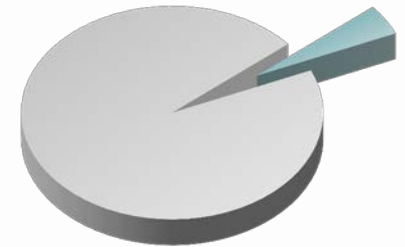
- Co-Located Dispatch and Emergency Operations Centre - \$57.5 million, plus \$8.8 million in 2019
- New fire stations (Windermere, Pilot Sound)- \$24.7 million
- Reactivation of Rossdale Fire Station - \$4.8 million
- Equipment and radio replacements - \$5.4 million
- Expansion of Traffic Light Pre-empt system - \$2.3 million



Delivering Service – Parks

\$194.5 million (4.6%)

- Parks conservation - \$26 million
- New Ambleside maintenance yard - \$22.1 million (+\$2.9 million in 2019)
- Neighbourhood park redevelopment/renewal - \$19 million
- New Neighbourhood park development - \$16.5 million
- Parkland and Natural Area land acquisition - \$27.5 million
- River Valley trail and bridge rehabilitation - \$27.9 million
- Various park renewals and upgrades (Jasper Place, Queen Elizabeth, Rollie Miles, Buena Vista/Laurier, etc) - \$ 29 million
- Park utility upgrades - \$6.5 million
- Other projects and other previous approvals - \$20 million



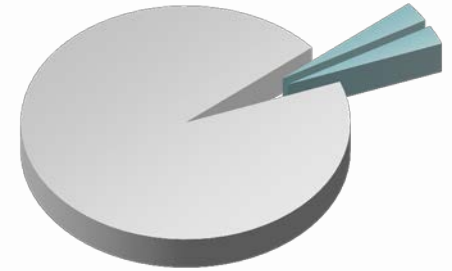


Delivering Service – Recreation and Culture

\$232.8 million (5.4%)

Community Services - \$113.6 million

- Fort Edmonton Park Utilities – \$33.4 million, plus \$37.3 million beyond 2018
- Valley Zoo renewal - \$28.9 million
- Grant MacEwan west property acquisition - \$16 million
- Leisure Centre and Arena renewal - \$16.6 million
- Security upgrades - \$6.0 million
- Equipment conservation and renewal - \$7.8 million
- Previously approved funding (South Haven Cemetery, Whitemud Equine Center) - \$5 million





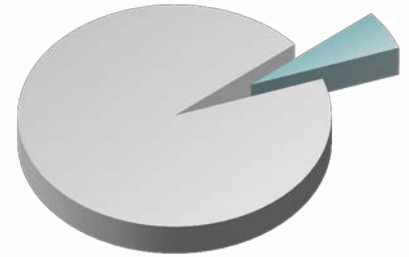
Recreation and Culture (cont.)

Edmonton Public Library - \$119.2 million

- Milner Library renewal and upgrades - \$61.5 million
- Renewal/replacement of library material \$28.9 million
- Capilano Branch relocation - \$11.5 million
- Technology renewal - \$5.6 million
- Building and furniture renewal - \$2.6 million
- Includes previously approved funding for the Calder Branch relocation - \$9.1 million



Delivering Service – Building Renewal



\$244.6 million (5.7%)

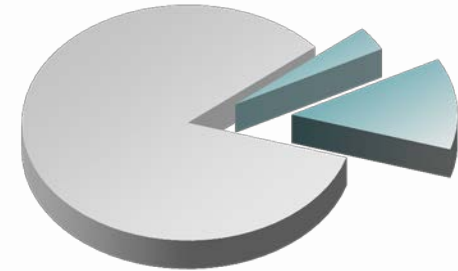
- Various minor building renewal projects - \$153.1 million
 - Includes leisure/recreation centers, arenas, pools, fire/police stations, and office/maintenance/trades buildings
- Building roof replacements - \$71.8 million
- Energy retrofits - \$9.4 million
- Shaw Conference Center renewal - \$7.9 million



Delivering Service – Economic Development

\$685.7 million (15.9%)

- Previously approved projects include:
 - Rogers Place and related infrastructure - \$403.1 million
 - Blatchford Development - \$142.3 million, plus \$419.2 million beyond 2018
 - Quarters Phase 1 - \$3.9 million
- Capital City Downtown CRL Projects - \$61.7 million, plus \$16.5 million beyond 2018
- Quarters Phase 2 Projects - \$43.2 million
- First Place Program - \$2.5 million





Delivering Service – Corporate Support

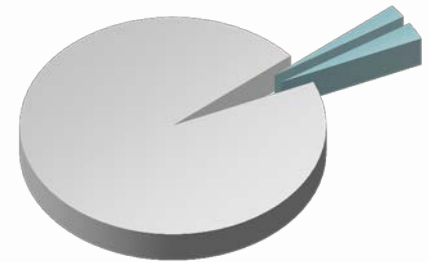
\$193.9 Million (4.6%)

Fleet Services – \$109.6 million

- Vehicle replacements - \$87.2 million
- Kennedale Fuel Site upgrade - \$4.3 million
- Bus wash, oil tank, hoist and tool replacements - \$18.1 million

Information Technology – \$84.3 million

- Hardware renewal/replacement - \$23.5 million
- Software renewal/replacement - \$30.4 million
- IT Growth - \$19.5 million
- Current Planning IT enhancements - \$10.9 million

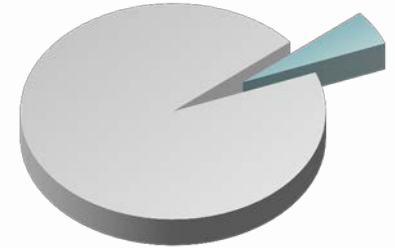




Delivering Service – Land

\$224.6 million (5.2%)

- Land (Land Enterprise) is a self- funding initiative
- Expenditures will be influenced by actual retained earnings
 - Land Acquisition:
 - Industrial, institutional, commercial - \$47.0 million
 - Residential - \$16.2 million
 - Servicing:
 - Industrial, institutional, commercial - \$87.2 million
 - Residential - \$74.1 million
- Planning and reporting of Land budgets and expenditures will be changing in 2015





Operating - Capital Budget Linkages

- New Capital investments often result in Operating impacts
- Operating impacts for projects entering service in 2014 and 2015 have been included in the 2015 Operating Budget
- There no new growth projects for the 2015-2018 that are expected to have operational costs in 2015
- Administration continues to refine the Operating impacts of Capital and these will be identified in the upcoming 2016-2018 Operating Budget.
- If any Transit Service Packages are approved there will be Capital impacts, specifically the purchase of new buses



Next Steps

- Administration will be bringing forward a number of unfunded Profiles reflecting direction from Committee over the past month
- City Clerk will contact agencies that potentially will want to present to Council on November 27
- Councilor written questions due November 12, responses will be posted November 21
- Any emerging issues will be reported over the next 4-years as part of the Supplemental Capital Budget Adjustment process



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Questions