



CITY OF ST. ALBERT ADMINISTRATIVE BACKGROUNDER

TITLE: LIBRARY LAND & DETAILED DESIGN FUNDING

On July 26, 2017 Councillor Heron provided notice in accordance with Section 23 of Procedure Bylaw 22/2016 that she intended to bring forward the proposed motion below.

In order for Council to debate the motion, the motion must be formally moved.

Where as on May 15th, 2017 St. Albert City Council unanimously passed motion AR-17-291 that read as follows:

Moved by Councillor Heron

That negotiations on land be postponed for the Branch Library until directed by Council.

CARRIED UNANIMOUSLY

*For: Crouse, Brodhead, Heron, Hughes,
MacKay, Osborne, and Russell*

I move:

That following the 2017 municipal election if Council decides to direct the City Manager to resume land negotiations, that the funding for the purchase of land and the detailed design not be funded using debt but rather funded from the Capital Reserve.

If the above motion passes I further move:

That the ballot question numbers of tax increases for the library be updated to reflect reduced amount of tax dollars required to service this new lower debt load.

BACKGROUND:

On December 12, 2016 (AR-16-485), Council approved the 2017 Municipal Operating and Capital Budget.

The Branch Library project charter OA-005 was approved to proceed with the funding being secured through debt financing. The capital charter was approved for \$17,492,200 which included amounts for design and construction but excluded costs for the purchase of land.

On May 15, 2017, Council approved a borrowing bylaw for up to \$21,900,000 which could encompass borrowing for all aspects of the project including land, design and construction.

Administration understanding of the motion is that should the new Council approve the project to proceed and direct the City Manager to resume land negotiations, that the ultimate funding for both the land purchase and detailed design come from the Capital Reserve and that only the construction portion of the project be funded through debt financing. It is estimated that the land and design costs for the Branch Library will be \$4,000,000.

Irrespective of the funding source, the project charter will require a Council motion to amend the budget to include the cost of land. Please note, Council may choose to fund any portion of the project through identification of another source of funding during the project.

The chart below depicts the total capital funding scenario (including grants and available reserves) for the next Council term.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
Available Funding	43,567,329	31,630,655	30,028,966	30,434,700	135,661,650
RMR Requirements	22,109,600	35,476,900	21,187,000	21,937,700	100,711,200
Funding Available for Growth	21,457,729	(3,846,245)	8,841,966	8,497,000	34,950,450
Growth Plan	22,349,500	71,541,650	51,667,350	40,723,025	186,281,525
Deficit	(891,771)	(75,387,895)	(42,825,384)	(32,226,025)	(151,331,075)

The funding actually available in 2018 is \$21.5 Million. Council Policy C-FS-05 Budget and Taxation Guiding Principles would guide Council to ensure that at least \$3.9 Million of this available funding be carried forward to 2019 to cover off the RMR deficit. This would leave \$17.6 Million available for current or future growth projects.

If the land and design costs for the Branch Library of \$4.0 Million were approved by Council to come from reserves, this would leave a remaining balance of \$13.6 Million. The use of \$4.0 Million represents 11.4% of the total funding available for growth over the next 4 years. Given this scenario, the remaining funding available to support growth projects over the next Council term would be as follows:

2018 \$13.6 M
2019 \$0
2020 \$8.8 M
2021 \$8.5 M

Regardless of the outcome of this motion, Administration will likely recommend, as part of the budget process, that a portion of any remaining funding available be deferred to 2019 to ensure a limited amount of growth projects can proceed.

From a tax increase perspective (in relation to the ballot questions) the change in funding source for the land and design will reduce the amount stated on the question by approximately 0.3%.

Report Date: September 5, 2017

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Committee/Department: Financial Services

General Manager: Michelle Bonnici, GM of Corporate Services

City Manager: Kevin Scoble