

Repaid Productivity Improvement Loans 2023

ISSUE

This report provides City Council with the results of Productivity Improvement Loan and Green Loan programs which have been repaid in 2023. Also included is an update on the achievement of the expected efficiencies from the project for which the loan was applied, as well as the intended use of the savings resulting from the expired loan payments.

BACKGROUND

Internal loans are available to civic departments, boards, and commissions for projects that can demonstrate productivity gains with expense savings or incremental revenues (or a combination of both) that will be the source of the loan repayment. Two types of these loans are:

- Productivity Improvement Loans (PIL) – Capital expenditures that are fully repaid by additional operating revenues and/or operating expenditure savings (with or without a service enhancement) within a period that does not exceed five years.
- Green Loans – Capital expenditures that are fully repaid from utility expenditure savings within a period that does not exceed ten years.

Other internal loans that do not meet the criteria for a PIL or Green Loan shall be made as per [Council Policy No. C03-027](#) – Borrowing for Capital Projects. For the purposes of this report, those types of other internal loans have been excluded.

CURRENT STATUS

As outlined in Council Policy No. C03-027, Borrowing for Capital Projects, PILs and Greens Loans are to be reported back to City Council on an annual basis.

DISCUSSION/ANALYSIS

In 2023, one PIL Loan was repaid. The following information summarizes the actual outcome compared to the anticipated outcome at onset of the project loan, as well as an explanation for the use of funds no longer required for debt payments:

P2188 – Garbage Service Verification System

- Loan Amount: \$1,200,000; Term: 10 years; Rate: 3.03%; Annual Repayments: \$140,890.00.
- Purpose: To create a garbage service verification system including hardware, software and customer service improvements to maximize efficiency of garbage collections.
- Results: Since the implementation of the Garbage Service Verification System, the City also implemented the Corporate Fleet GPS system and with these new systems efficiencies have been realized. In 2014, there were 38 collections required for each curbside customer (only garbage was city-wide with a schedule of bi-weekly winter, and weekly summer collections). There were approximately

65,150 households in the program, and 19.2 Utility Collections Operator (UCO) FTEs. This results in a ratio of 128,943 collections/UCO FTE. In 2023, there were 52 collections required for each curbside customer (bi-weekly year-round collection for both green and black carts). There were approximately 75,500 households in the program and 22.0 Utility Collections Operator FTEs. This results in a ratio of 178,454 collections/UCO FTE. Based on this analysis, worker productivity has improved. Additionally, the Garbage Service Verification System's data supported the introduction of the City-Wide Organics in 2023 and Black Cart Utility in 2024 as the system was used for cart tracking and uploading information into the billing systems.

- Savings Application: The \$140,900 of mill rate funding that was used to fund this loan was complete in 2023 and reduced accordingly in the 2024 budget.

FINANCIAL IMPLICATIONS

Garbage collections moved to a utility in 2024. The \$140,900 of mill rate funding which was used to fund this loan completed in 2023 and reduced accordingly in the 2024 budget.

OTHER IMPLICATIONS

There are no privacy, legal, social or environmental implications identified.

NEXT STEPS

No further action is required. Table 1 shows the PIL and Green loans outstanding as at December 31, 2023.

Table 1

| Project | Loan Amount | Rate | Type | Term (years) | Outstanding | Maturity |
|---|-------------|--------|-------|--------------|--------------|----------|
| Civic Facility Energy & Water Monitoring | \$ 600,000 | 3.230% | Green | 10 | \$ 135,710 | 1/1/2025 |
| Urban Planning & Development Systems Enh. | \$ 370,000 | 2.030% | PIL | 5 | \$ 152,476 | 1/1/2025 |
| LED Streetlight Conversion Program | \$3,669,551 | 2.010% | Green | 6 | \$ 1,801,809 | 1/1/2026 |

REPORT APPROVAL

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