

2020 Mid-year Capital and Operating Budget Revisions Report

RECOMMENDATION:

That the Priorities and Finance Committee recommends that Council receive this report for the Corporate Record, and subsequent Council discussion.

RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, 2020 OCTOBER 13:

That the Administration Recommendation contained in Report PFC2020-1570 be adopted.

HIGHLIGHTS

- A revision report provides Council a summary of operating and capital budget changes that have occurred over a particular period of time. These changes can be approved through Council reports or by Administration if within the authorization limits outlined in Budget Reporting Policy CFO006.
- The revision process allows Administration to adapt to changes in economic conditions and the external environment, incorporate additional information that is available, and allow long term objectives to be met.
- Responding to these changes enables the City to better service our citizens, communities and customers.
- On 2020 July 20, Council approved the 2019 Year-end Capital and Operating Budget Revisions Report (PFC2020-0607).
- This mid-year report provides:
 - capital budget revisions for information between 2020 January 1 and 2020 June 30;
 - operating budget revisions for information between 2020 January 1 and 2020 June 30.
- Strategic Alignment to Council's Citizen Priorities: A well-run city and A prosperous city

DISCUSSION

- The purpose of the revision report is to provide Council with consolidated information on budget changes to maintain continuity and transparency with both the operating and capital budgets. Attachment 1-3 are for Council's collective awareness and all changes are a result of previously approved Council direction or are within Administration's discretion to approve under the Budget Reporting Policy CFO006.
- To meet the requirement of NM2008-53 to track Council decisions and referrals that have an actual or potential future year budget impact, Administration reviewed Council minutes between 2020 January 1 and 2020 June 30 and noted no further items aside from those identified in Attachments 1-3.

Capital

- **Attachment 1** contains the budget revisions that have been approved by Administration within their authority (revisions with a net budget impact under \$400,000 and transfers to capital budget savings) or by Council through separate reports.
 - For the period from 2020 January 1 to 2020 June 30, Administration and Council approvals included relinquishments, increases and net zero transfers required to reflect updated capital plans resulting in an increase of \$98.8 million to the 2020 capital budget and \$4,653.7 million in 2021-2024+.
 - The increase in the capital budget is primarily due to Council's approval of the Green Line budget, along with the budget for the Established Area Growth and Change Strategy Phase 1, offset by relinquishments, predominantly for savings redirected from the Recreation Centres to the Event Centre project.
- **Attachment 2** provides a summary by service of the budget continuity between 2020 January 1 to 2020 June 30.
 - The revised budget is \$2.1 billion in 2020 and \$7.7 billion in 2021-2024+.

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Operating

- **Attachment 3** shows the changes to the 2020 net operating service budget that have either been previously approved by Council or are within the scope of Administration to authorize as per Council Policy CFO006. During this period, there was no change to the total City net budget. The main changes to service budgets were:
 - Transfers of \$8.5 million from corporate to service budgets for wage settlements net of the fringe rate reduction;
 - Transfers of \$1.6 million from corporate to service budgets through the Corporate Work Force Planning process; and
 - Net zero transfers between services.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Communication or Engagement was not required

The One Calgary 2019-2022 business plans and budgets were developed through engagement with various internal and external stakeholders. Revision reports brought forward throughout the cycle reflect the operating and capital budget changes that are driven by actual experiences and/or new Council direction.

IMPLICATIONS

Social, Environmental, Economic (External)

The social, environmental and economic landscape impacts business units in various ways. Revisions to the operating and capital budgets reflect changes that have been made to respond to these factors.

Service and Financial Implications

Existing operating funding

There is no net impact to the operating budget. Operating budget revisions reflect recommended changes based on Council and Administrative approvals and are already included in the approved operating budgets.

New capital funding requests

The previously approved capital budget revisions resulted in a net increase of \$98.8 million in 2020 and \$4,653.7 million in 2021-2024+.

RISK

The risk associated with the revisions for information would have been identified at the time of approval.

ATTACHMENT(S)

1. Capital Budget Revisions – Previously Approved
2. Capital Budget Continuity Schedule
3. Operating Budget Continuity Schedule