

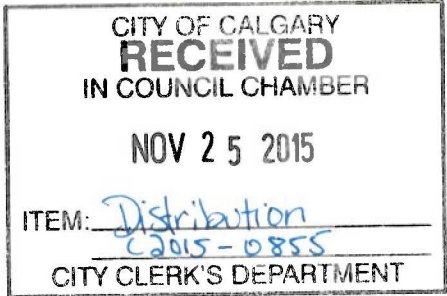


Proposed Adjustments to the 2016 Budget

**Council Strategic Session
November 25, 2015
C2015-0855
ISC: Unrestricted**



Background



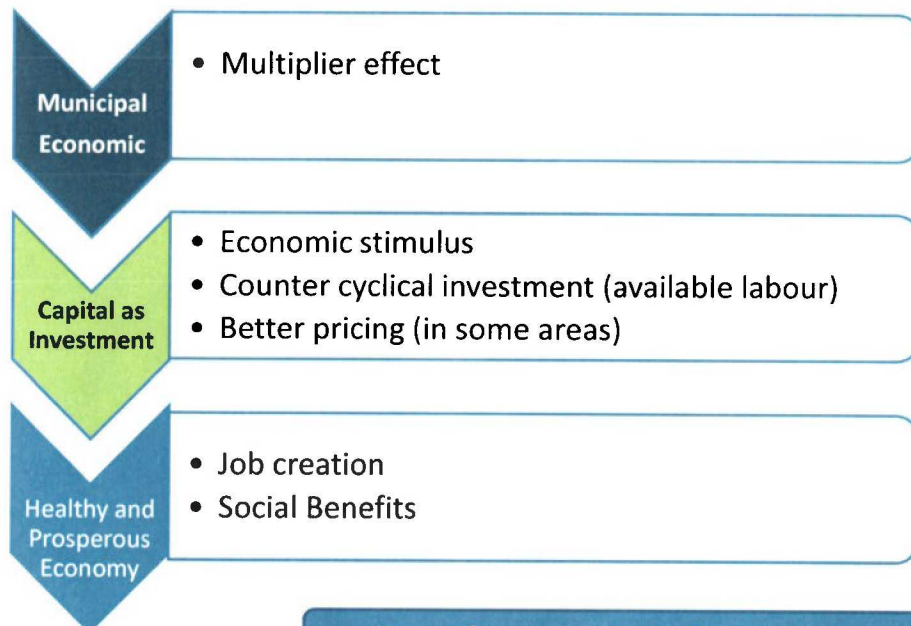
- Adoption of Operating Budget approved on September 28
- Since then:
 - Accelerating Capital for Economic Resilience (ACER) moving forward
 - Capital Budget review has started
 - Provincial Budget released
 - New Federal government elected
 - Research conducted with citizens on Calgary’s economy
- Today – Administration is recommending adoption of 2016 Capital Budget
- Stay the course to provide economic stimulus and continue to participate in job creation
- Although some effort directed toward 2016, primary focus will be 2017 construction season

1. No impact to the operating budget – no tax increase required
2. New Capital Infrastructure Investment Strategy
 - Based on five principles
 - Nine distinct activities
3. Modest economic stimulus by advancement of previously approved 'shovel ready' capital projects
4. Report and recommendations today take into account known impacts of Federal and Provincial budget announcements
5. Accelerating capital budget expenditures generally – systemic review

1. Attachment 1 – **For approval**: Proposed Capital Infrastructure Investment Strategy
2. Attachment 2 – Capital Budget Requests for Advancements
3. Attachment 3 – **For approval** – adopting 2016 capital budget including advancements along with various summaries of the 2015-2019 plan
4. Attachment 4 – Summary of just 2016 capital budget
5. Attachment 5 – Project Listing

1. Attachment 6 – Turning the Curve – City’s Capital Spend Rate
2. Attachment 7 – Accelerating Capital for Economic Resilience Summary
3. Attachment 8 – Research
4. Attachment 9 – Human Capital Plan
5. Attachment 10 – **For approval**: Operating Budget Carry Forwards

Importance of Capital Investment



Stay the course on Capital Plan

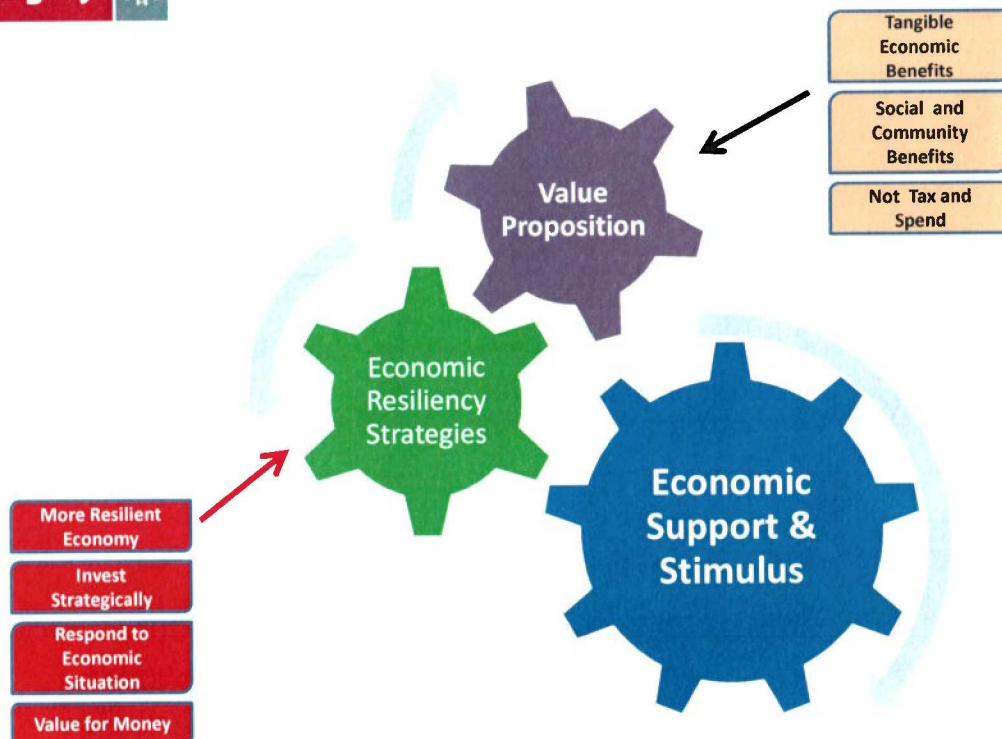
Capital Infrastructure Investment Plan

November 24, 2015

Presentation ISC - Unrestricted

7

Outcome – Cohesive Capital Investment Strategies

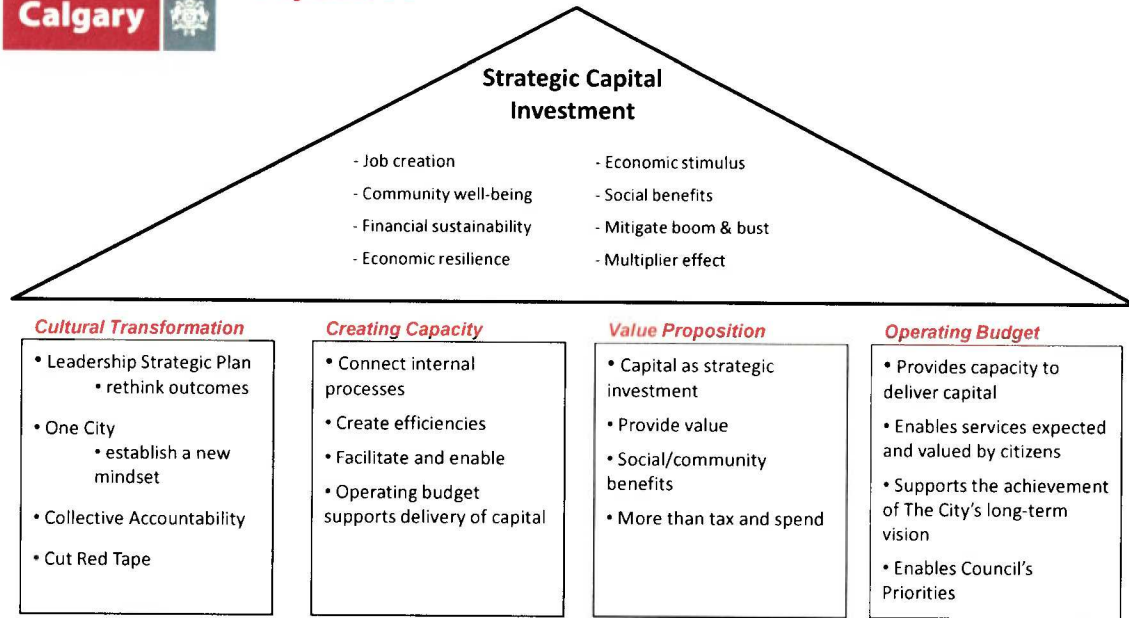


November 25, 2015

Presentation ISC - Unrestricted

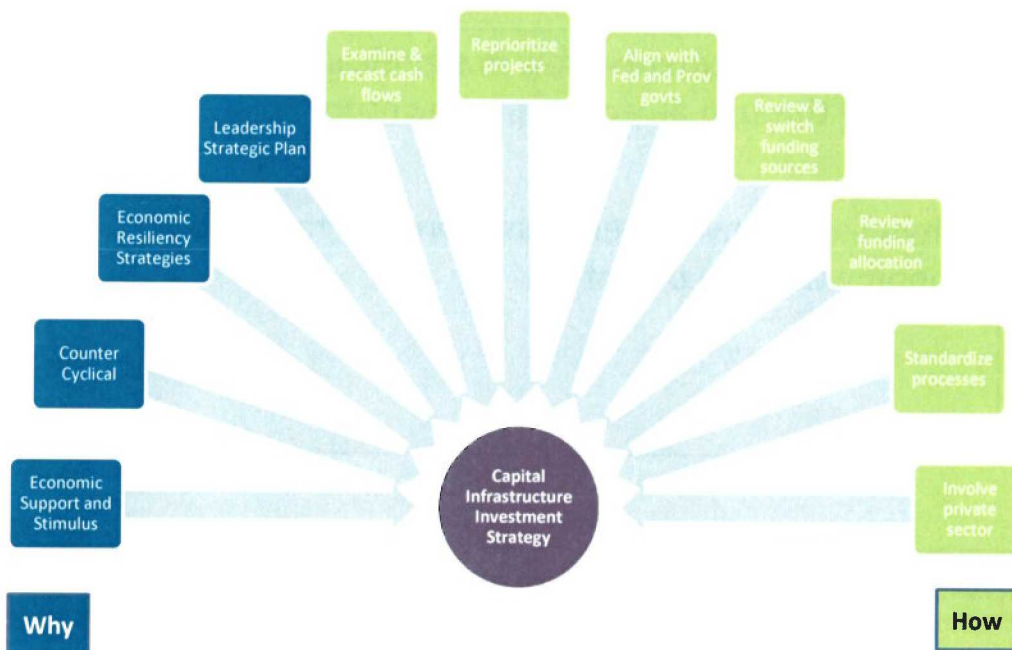
8

Objectives

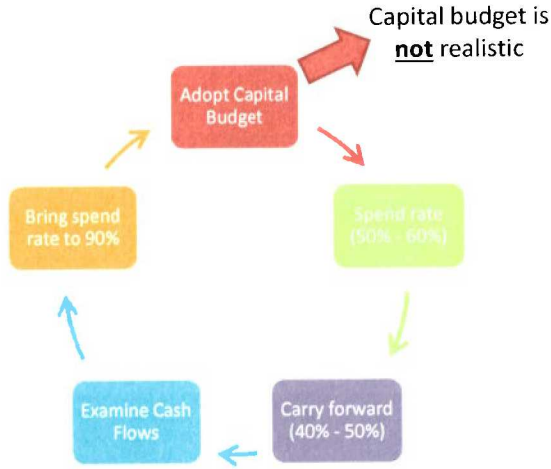


**Accelerate 2016 Capital Spent
Advance "Shovel Ready" 2017 and 2018 Capital Projects**

Initiatives to Achieve Capital Investment Strategies



Recast cash flows



Reprioritize Budget



- The City's investments grow in significance in the local economy through an economic downturn
- City's capital investments can "bridge" the local economy through downturn

Government investment promotes economic stability

Proposed Capital Budget Advancements

Proposed Capital Budget Advancements

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Parks (3 projects)	500	(500)		
Recreation (11 projects)	8,650	(7,030)	(1,620)	
Fire (1 project)	3,000	-	(3,000)	
Corp. Properties & Buildings (6 projects)	2,850	(1,550)	(1,300)	
City Wide Policy & Integration (1 project)	6,200	(2,200)	(4,000)	
Roads (3 projects)	2,200	(1,100)	(1,100)	
Waste & Recycling Services (2 projects)	2,025	8,384	(3,129)	(7,280)
Water Resources (1 project)	15,118	(14,651)	(467)	
Information Technology (1 project)	7,000	-	(7,000)	
Total (29 projects)	47,543	(18,647)	(21,616)	(7,280)

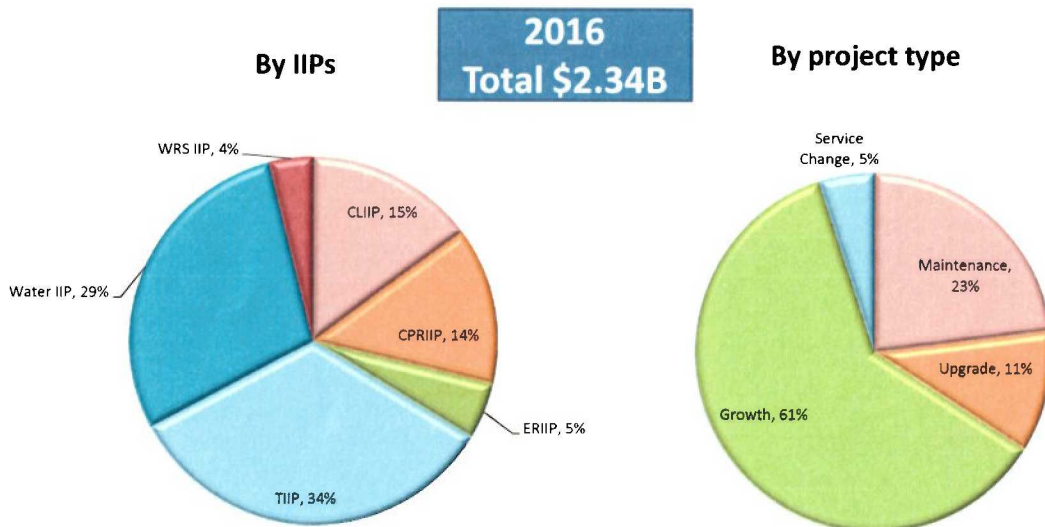
Potential creation of 400 job years

Category	Advancement Project	Distribution of Spending	Jobs Created
Maintenance	12,650,622	0.264	104
Upgrade	5,801,640	0.121	48
Growth	27,541,920	0.574	227
Servicing	2,005,819	0.042	17
Total	48,000,000	1.000	395

Approximately 8 person years would be created for each \$ million spent

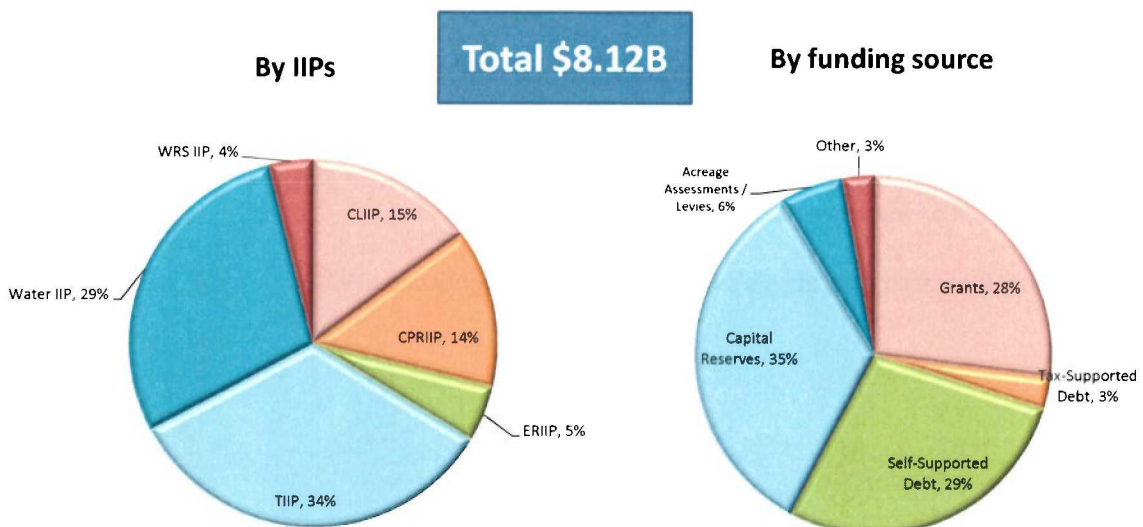
Proposed 2016 Capital Budget

Proposed 2016 Capital Budget for Adoption (including \$47.5M advancements)



Proposed Adjusted 2015 – 2019 Capital Budget

- **Capital projects to buy/build** assets (infrastructure, systems, etc.) to be used to provide services.



Stakeholder Research and Consultation

Stakeholder Research and Consultation

1. Roundtable with Financial Institutions (*City of Calgary and Calgary Economic Development*)
2. Roundtable with Construction Industry representatives (*City of Calgary and Calgary Economic Development*)
3. Citizen's Commission on Municipal Infrastructure Initiative (*City of Calgary, Calgary Chamber of Commerce and citizens*)
4. 2015 Research on Calgary's Economy (*City of Calgary and IPSOS*)

2015 Research on Calgary's Economy

November 25, 2015

Presentation ISC - Unrestricted

21



Ranking – Most responsible for investing in job creation during an economic downturn

Most Responsible for investing in job creation during an economic downturn
(First and Second Combined Ranking)



Government impact on our city

Major Impact



Good or bad time for The City of Calgary to be investing in new projects like roads, public transportation, and local facilities



November 25, 2015

Presentation ISC - Unrestricted

22

Overall, how much of an **impact** does **The City of Calgary** have on **your own quality of life**?



Has an Impact

How would you describe the **current economic situation** in **The City of Calgary**?



"Good" rating

Looking ahead six months from now, **do you expect the economy in Calgary to be** much stronger...or much weaker than it is now?



"Stronger" rating

How would you rate **your current financial situation**?



"Strong" rating

Looking ahead six months from now, **do you expect your personal financial situation to be** much stronger...or much weaker than it is now?



"Stronger" rating

The City can Play a Big Role in Helping Our Community Weather Difficult Economic Times



"Agree" rating

I believe that The City of Calgary has an obligation to help support our local economy in whatever way they possibly can



"Good" rating

If The City invests in new projects like roads, public transportation, and local facilities, they should focus on providing **local jobs to local businesses first**



"Agree" rating

I want The City to provide **online information about any plans related to investing** in these projects



"Agree" rating

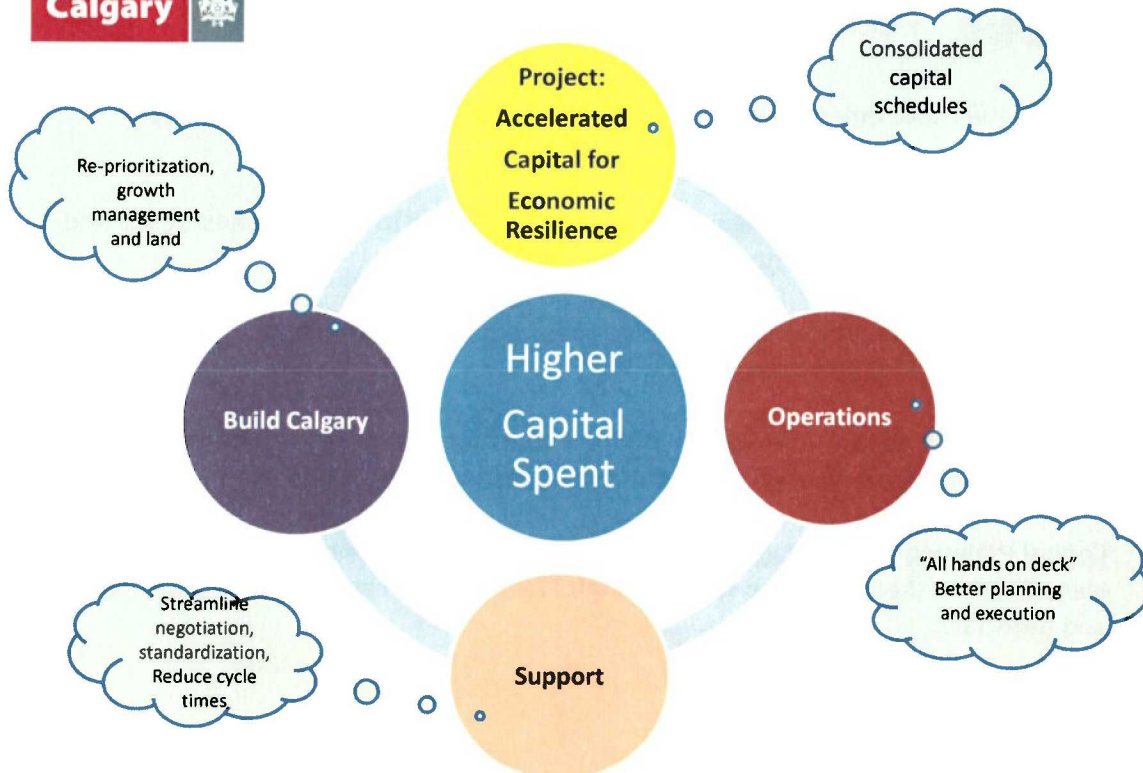
I believe that my property taxes will increase to pay for any investments The City of Calgary makes on roads, public transportation, and local facilities

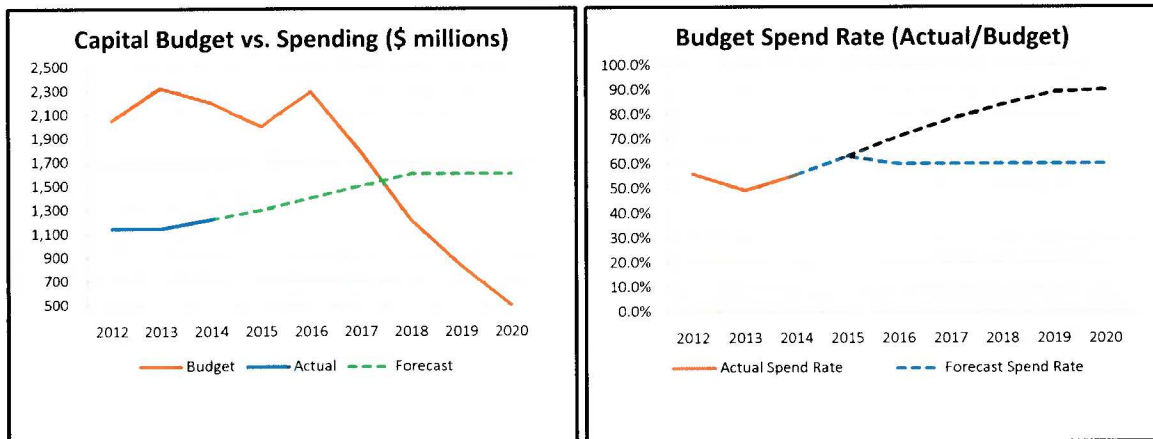


"Agree" rating

Accelerating Capital for Economic Resilience (ACER)

Thoughts & Focus Areas – short term





Accelerating Capital for Economic Resilience (ACER)

Four themes have emerged regarding opportunities to accelerate capital project delivery:

Capital Project Delivery Process. There are opportunities to improve consistency and ensure there is adequate knowledge and support.

Staffing. There are indications that some areas are understaffed and/or require additional staff to accelerate capital.

Workload Forecasting. Additional workforce planning to ensure alignment between capital project delivery resources required and resources available.

Capital Planning and Management. This is a broad theme where it has been identified that there is a need for meaningful measures of capital project investments and reporting.

Short term opportunities

Capital Project Delivery Areas

- Review 2016 capital work program to confirm forecast of capital project delivery partner resources needed
- Additional project management and administration staff where justified
- Additional support for project managers in the form of training, coaching and project plan reviews

Capital Project Delivery Partner Areas

- Designate/dedicate staff from capital project delivery partner areas to align with major capital project delivery areas
- Re-evaluate staffing to ensure sufficient capacity to support capital project requests based on forecasts of work provided by capital project delivery areas
- Implement/designate a dedicated “expeditor” or “facilitator” role in capital project delivery partner areas to get involved with project planning to ensure completeness and/or to address issues that are encountered

Corporate Project Management Charge

- Increase ceiling from 0.5% to 1.5% of capital project cost
- Only be used as required and appropriate controls will be established

Medium & long term opportunities

- Investigate current estimating and budgeting processes with respect to how cash flow is currently incorporated and how it might be improved
- Determine and implement metrics for reporting on capital program. (Included in this is thinking in terms of investments being made and the expected outcomes as well as communicating the value and benefits of capital projects along with financial information)
- Undertake a detailed capital project delivery process review
- Engage industry as part of the process

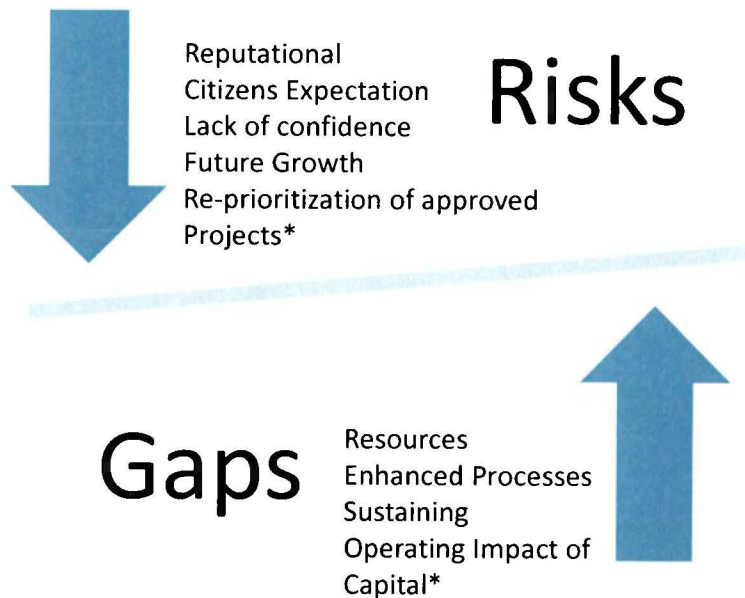
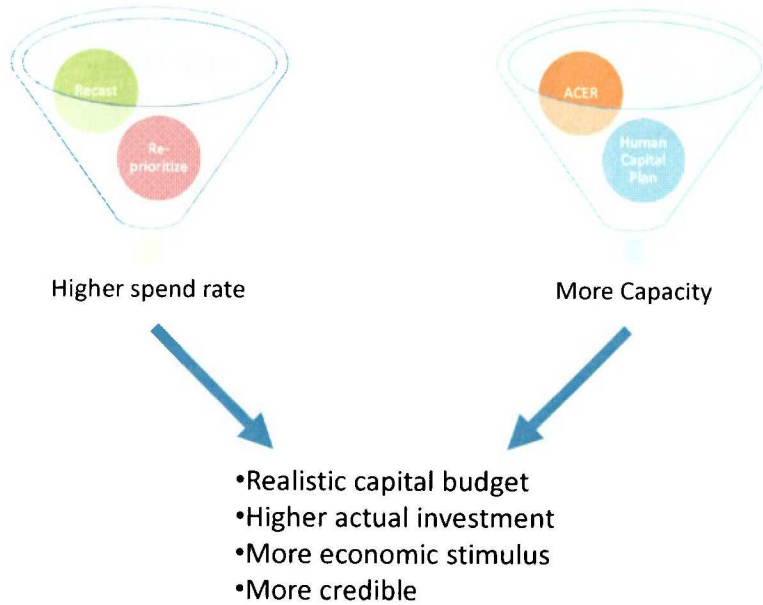
Human Capital Plan



Human Capital Plan

HR & ACER will partner to:

- Explore a corporate approach to vacancy management
- Identify critical positions and skills
- Analyze current human capital, e.g., retirement risk, labour relations strategy
- Resourcing: hire, contract services, contract out
- Knowledge transfer approach
- Leadership support and clarity of purpose, e.g., corporate perspective, collaboration, and systems thinking approach
- Business process review(s), e.g., creating capacity through operating support and efficiencies



Business Unit (Program)	Project	Proposed Estimated Carry Forward
Transportation Planning (617)	Cycling Implementation Plan and Guide	665
Animal & Bylaw Services (004)	Business Revitalization Zone Business Plan Implementation Funding	75
Community & Neighbourhood Services (421)	This is my neighbourhood	135
Parks (445)	2014 September Tree Disaster	1,000
Recreation (426)	Culture Plan for Calgary	50
City Wide Policy & Integration (610)	River Flood Mitigation & Corporate Resiliency	200
Local Area Planning & Implementation (612)	Corridors Program	200
Corporate Properties & Buildings (694)	Annual Costs for Vacant Haddon Road Site and Facility	50
City Clerk's Office (778)	Elections and Information Services	70
Finance & Supply (781)	P3 Innovative Financing	100
Corporate Costs (861)	Council Innovation Fund	3,050
	<i>Carry Forward of Base Budget *</i>	
Civic Partners (449)	Continued Funding for Office of the Economic Development and Policy Coordination (EDPC)	470
TOTAL		6,065

Recommendations

Recommendations

That Council:

1. **Approve the Investment Strategy review process as shown in Attachment 1 and direct that Administration return by Q2 2016 with a recommended recast capital budget;**
2. **Approve Administration's proposed adjustments to the 2016 capital budget, shown in Attachment 2, and adopt the 2016 capital budget of \$2.34 billion as adjusted, shown in Attachment 3;**
3. **Receive for information Attachments 4 through 9; and**
4. **Approve the carry-forward of operating budgets from 2015 to 2016 as shown in Attachment 10.**



'Our Finances' Website

Located under the '*Our Finances*' tab on the '*Our Organization*' landing page. Goes-live today.

<https://spprd-authoring.calgary.ca:47443/ca/city-manager/pages/about-us/OurFinances.aspx>

Questions