



Capital Investment Strategies

Council Meeting
September 28, 2015
C2015-0696



Presentation



Some Initial Context

- Will not be asking for a capital budget approval today – will occur on November 25
 - Ways to increase efficiency & timeliness of capital expenditures
 - Ways to advance capital projects for available tendering up to 2016
 - Provincial Budget
- Early indications are that our recommendation will be to stay the course with respect to the capital budget to provide economic stimulus and continue to participate in job creation
- Although some effort directed toward 2016, primary focus will be 2017 construction season

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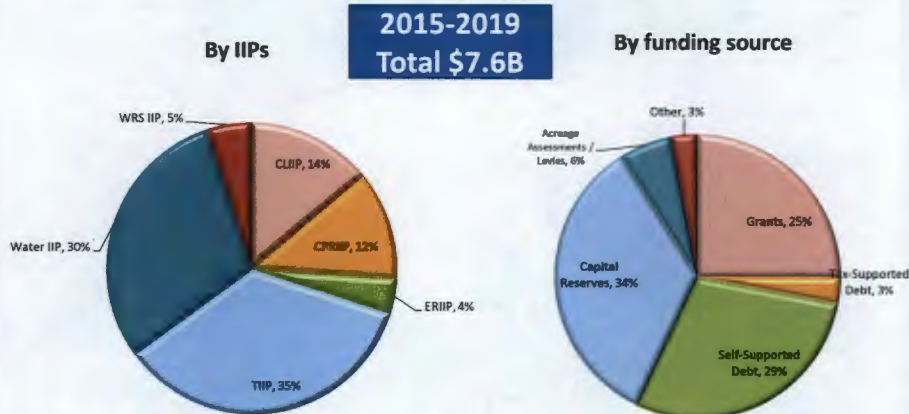
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ITEM: Distribution
C2015-0696
CITY CLERK'S DEPARTMENT

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



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Capital Plan & Budget by Infrastructure Investment Plans

CLIP	CPRIP	ERIIP	TIIP	WIIP	WRIIP
Corporate Level Infrastructure Investment Plan	Culture Parks Recreation Infrastructure Investment Plan	Emergency Response Infrastructure Investment Plan	Transportation Infrastructure Investment Plan	Water Infrastructure Investment Plan	Waste & Recycling Infrastructure Investment Plan
CPB, CSC, HR, IT, IIS, OLSH, Law, CWPI, LAPI, CFOD, ESM, Fleet, CAO, CHC, CC	Parks, Recreation, Culture, CNS, Civic Partners	Fire, Animal Bylaw, Public Safety Communications	Roads, Transit, Transportation Infrastructure, Transportation Planning, CPA	Water Resources & Water Services	Waste & Recycling Services
2014 Capital Budget \$2.3B					
\$547M	\$432M	\$152M *	\$631M	\$494M	\$70M
2015-2019+ Capital Plan \$7.6B					
\$1,027M	\$879M	\$296M*	\$2,685M	\$2,292M	\$382M

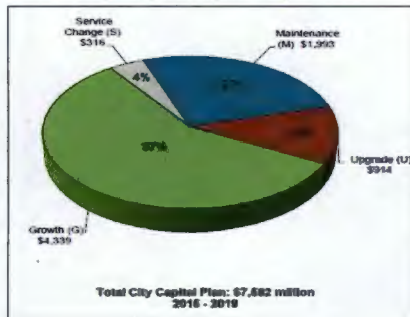
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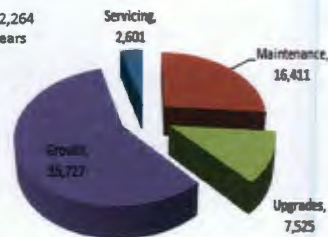
2015-2019 Action Plan - Capital



Employment Creation/Support

Jobs created by capital expenditures

Total = 62,264 person years



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<u>Current</u>	\$ millions	
Project	Budget	Person Years
Bowfort TCH interchange	\$50.1	540
Recreation Centres (4)	\$480.0	4,451
New central Library	\$245.0	1,902
Green Trip funding	\$670.0	7,194
Organic Recycling	\$149.0	1,605
<u>Future</u>		
Green Line	\$4,500.0	48,300

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**Boost economy:**

- Gross Output (sales) = \$11.6B
- Gross Regional Product = \$6.3B
- Regional Income = \$3.3B
- Jobs created = 62,264 (person years)

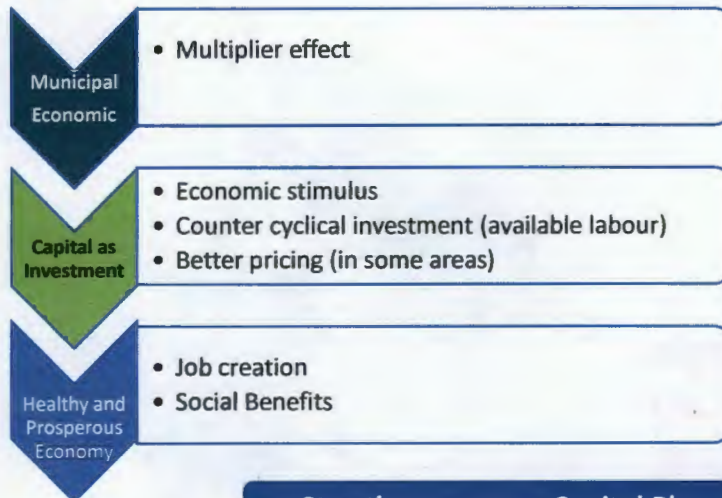


- The City's investments grow in significance in the local economy through an economic downturn
- City's capital investments can "bridge" the local economy through downturn

Government investment promotes economic stability



Importance of Capital Investment



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Thoughts & Focus Areas – short term



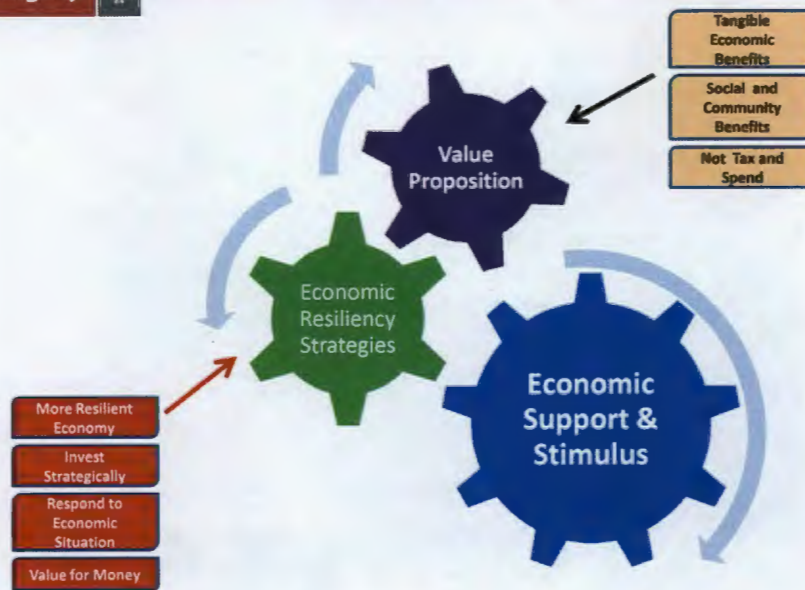
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Outcome – Cohesive Capital Investment Strategies



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Financing & Funding Strategies

- Unallocated Corporate Reserves can be used as financing and funding:
 - Fiscal Stability Reserve
 - Debt Servicing Reserve
 - Reserve for Future Capital
 - Lifecycle Maintenance and Upgrade Reserve
- Uncommitted Reserves in business units targeted for specific purposes can be used for financing (Development and Building Approval and Real Estate Reserves)
- Reviewing debt capacity and debt servicing limit based on Council approved 80% Guideline
- Reviewing approach to contingencies – measured approach
- Reviewing cash flow projections – impact on investment revenue
- Examining liquidity room available for internal use for financing (bridging) capital projects advancement. Liquidity must not be used as funding source

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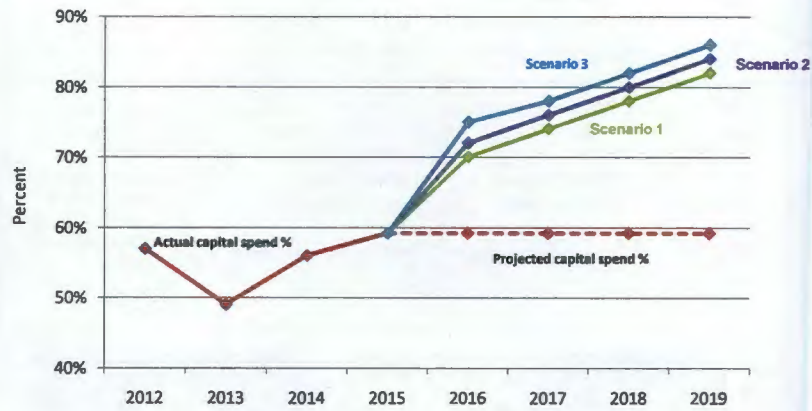
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Targets – Turn the Curve

2012 - 2019 Actual, Forecast & Target Capital Spend



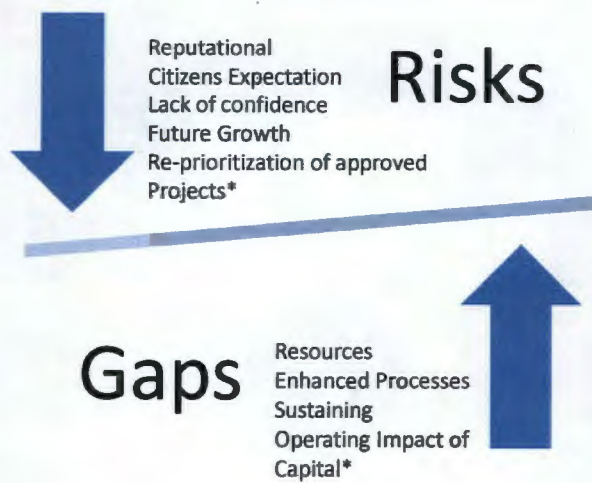
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Risks & Gaps



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Strategic Capital Investment

- Job creation
- Economic stimulus
- Community well-being
- Social benefits
- Financial sustainability
- Mitigate boom & bust
- Economic resilience
- Multiplier effect

Cultural Transformation

- Leadership Strategic Plan
 - rethink outcomes
- One City
 - establish a new mindset
- Collective Accountability
- Cut Red Tape

Creating Capacity

- Connect internal processes
- Create efficiencies
- Facilitate and enable
- Operating budget supports delivery of capital

Value Proposition

- Capital as strategic investment
- Provide value
- Social/community benefits
- More than tax and spend

Operating Budget

- Provides capacity to deliver capital
- Enables services expected and valued by citizens
- Supports the achievement of The City's long-term vision
- Enables Council's Priorities



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

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Summary: Initiatives to Achieve Capital Investment Strategies



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QUESTIONS

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Recommendations

That Council:

1. Approves the proposed adjustments to the operating budget for 2016-2018 (Attachment 1);
2. Adopts the proposed 2016 operating budget as amended, including any changes resulting from Council decision on unfunded items provided in the preceding report C2015-0770;
3. Gives three readings to the proposed bylaw to amend the Livery Transport Bylaw 6M2007 (Attachment 2);
4. Directs Administration to provide a Capital Budget for approval on 2015 November 25.
5. Receives for information the 2016 Resilience Budget and Capital Strategies presentations presented on 2015 September 21 at the Strategic Meeting of Council (Attachment 3).

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