

SEP 28 2015

ITEM: Urgent Business

**CAPITAL AND OPERATING BUDGET REVISIONS REPORT FOR THE PERIOD 2015
JANUARY 01 TO JUNE 30**

EXECUTIVE SUMMARY

To request Council's approval for revisions to the previously approved 2015 - 2018 capital budget.

ADMINISTRATION RECOMMENDATION(S)

That the Priorities and Finance Committee recommend that Council:

1. Approve a net \$18.1 million increase to the currently approved 2015-2018 Capital Budget, as identified in Attachment 2, Schedules A & B "Capital Budget Revisions Requiring Council Approval," and
2. Receive for information Attachment 1 "Summary of Capital and Operating Budget Revisions," Attachment 3 "Capital Budget Revisions Previously Approved by Council or Administration," and Attachment 4 "Council Decisions/Referrals Having Actual or Potential Future Year Budget Impacts," and
3. Forward the Report PFC2015-0697 to the 2015 September 28 Regular Meeting of Council as an item of urgent business.

**RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, DATED 2015
SEPTEMBER 22:**

That Council:

1. Approve a net \$18.1 million increase to the currently approved 2015-2018 Capital Budget, as identified in Attachment 2, Schedules A & B "Capital Budget Revisions Requiring Council Approval," and
2. Receive for information Attachment 1 "Summary of Capital and Operating Budget Revisions," Attachment 3 "Capital Budget Revisions Previously Approved by Council or Administration," and Attachment 4 "Council Decisions/Referrals Having Actual or Potential Future Year Budget Impacts".

Excerpt from the Minutes of the Regular Meeting of the Priorities and Finance Committee, held 2015 September 22:

- "3. Forward the Report PFC2015-0697 to the 2015 September 28 Regular Meeting of Council as an item of urgent business."

PREVIOUS COUNCIL DIRECTION / POLICY

Council approved the 2015-2018 capital and operating budgets in the 2014 November 24 Special Meeting of Council. Council subsequently approved amendments to the Capital and Operating Budgets contained in the 2014 Year-end revisions report (PFC2015-0347).

**CAPITAL AND OPERATING BUDGET REVISIONS REPORT FOR THE PERIOD 2015
JANUARY 01 TO JUNE 30**

Revisions to the Capital and Operating budgets are required to reflect changes that have arisen since that time relating to actual experience, Council directions, and Administrative changes.

BACKGROUND

This report focuses on all revisions made from 2015 January 01 to 2015 June 30 that impact the 2015-2018 previously approved capital and operating budgets.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The content of each of the attachments to this report is provided below.

ATTACHMENT 1 – Schedules A through C: Summary of Capital and Operating Budget Revisions

Schedule A – Summary of Capital Budget Revisions

Schedule B – Summary of Operating Budget Revisions Previously Approved by Council

Operating budget increases in Inspections & Permit Services and Recreation totalling \$0.3 million are funded through the Fiscal Stability Reserve.

Schedule C – Summary of Operating Budget Transfers Approved by Administration

Net tax supported changes are zero. Allocation of salary and wage costs and Water & Sewer Inflationary Support from Corporate Costs to the department budgets totalled \$23.7 million and \$0.5 million respectively. \$11.0 million was transferred among business units in various departments due to the reorganizations in some departments. In addition, \$0.9 million was transferred from Civic Partners to Corporate Costs due to debt retirement offset by the transfer of \$0.5 million from Corporate Costs to Civic Partners to address funding issues pertaining to Arts Commons.

ATTACHMENT 2 - Schedules A and B: Capital Budget Revisions Requiring Council Approval

Schedule A – Revisions that have a net impact to the capital budget:

- net increase \$5.6 million in 2015
- net increase \$5.7 million in 2016
- net decrease \$(0.8) million in 2017
- net increase \$7.6 million in 2018

The requested net increase to the approved capital budget is for capital projects identified in Attachment 2, Schedule A, mainly for Utilities (Water Resources & Water Services), Parks, Transportation Infrastructure, Fire, and Corporate Properties & Buildings. Increases to the capital budget stem mainly from higher external funding available. Offsetting relinquishments are due to projects completed under budget (\$6.0M) and cancelled projects (\$6.3M).

Schedule B – Revisions with no net impact to the capital budget:

- net decrease (\$786.6) million in 2015
- net increase \$402.7 million in 2016
- net increase \$227.5 million in 2017
- net increase \$140.3 million in 2018

**CAPITAL AND OPERATING BUDGET REVISIONS REPORT FOR THE PERIOD 2015
JANUARY 01 TO JUNE 30**

- net increase \$16.0 million in 2019

The Schedule B requests are primarily due to alignment of available funding with updated cash flow requirements for various multi-year capital projects.

The Schedule A and Schedule B items combined will result in a total capital budget impact of:

- net decrease (\$781.0) million in 2015
- net increase \$408.4 million in 2016
- net increase \$226.7 million in 2017
- net increase \$147.9 million in 2018
- net increase \$16.0 million in 2019

ATTACHMENT 3 – Schedules A and B: Capital Budget Revisions Previously Approved by Council or Administration

Provided to Council for information.

Schedule A – Capital Budget Revisions Previously Approved by Council

Primary revision is the approval of \$18.8 million appropriation for the relocation of drainage storm trunk project, funded by Alberta Transportation, due to the construction of the South West Ring Road and \$7.7 million appropriation, funded by Alberta Community Partnership Grant, for Recreation projects of \$5.7 million and Transportation Infrastructure ring road projects of \$2.0 million.

Schedule B – Capital Budget Revisions Approved by Administration

Primary revision is the alignment of available funding with updated cash flow requirements for various multi-year capital projects.

ATTACHMENT 4 – Council Decisions/Referrals Having Actual or Potential Future Year Budget Impacts

Provided to meet the requirement of NM2008-53 to track decisions or referrals that Council has made to date in the year which have an actual or potential future year budget impact.

Stakeholder Engagement, Research and Communication

Department budget actions are predicated on directions received from Council during the 2015-2018 Action Plan deliberations. Actions also reflect current Council directions and actual spending patterns.

Strategic Alignment

This report summarizes budget revisions that align with departmental strategic results and Council Priorities in the approved 2015-2018 Action Plans. This report meets the requirements of the Municipal Government Act (MGA) that require Council approval for the Capital and Operating Budgets.

Social, Environmental, Economic (External)

N/A

**CAPITAL AND OPERATING BUDGET REVISIONS REPORT FOR THE PERIOD 2015
JANUARY 01 TO JUNE 30**

Financial Capacity

Current and Future Operating Budget:

Operating Budget Revisions reflect recommended changes based on experience, Council direction, and administrative changes as well as previously approved revisions.

Current and Future Capital Budget:

Capital Budget Revisions reflect recommended changes, largely current alignment of funding to project work plans. Council is requested to approve a net increase of \$18.1 million: \$781.0 million decrease in 2015, \$408.4 million increase in 2016, \$226.7 million increase in 2017, \$147.9 million increase in 2018, and \$16.0 million increase in 2019.

Risk Assessment

Without Council approval of the revisions in Attachment 2, capital programs may be delayed, reduced in scope, or cancelled. Administration monitors capital programs as they progress and will bring back issues, challenges, and recommendations within the budget reporting process.

REASON(S) FOR RECOMMENDATION(S):

- Administration is providing Attachment 2 for approval to ensure timely alignment of cash flow with the work plans and priorities and Attachment 1, 3, and 4 for information.

ATTACHMENT(S)

1. Summary of Capital and Operating Budget Revisions.
2. Capital Budget Revisions Requiring Council Approval.
3. Capital Budget Revisions Previously Approved by Council or Administration.
4. Council Decisions/Referrals Having Actual or Potential Future Year Budget Impacts.