

SEP 20 2016

ITEM: 3.3 PFC2016-0713
Distribution
CITY CLERK'S DEPARTMENT

Calgary



2016 Capital Budget Recast and Other Capital Revisions

Priorities and Finance Committee
(PFC2016-0713)

Deputy City Manager's Office
2016 September 20

Calgary

Capital Infrastructure Investment Strategy

The strategy is comprised of the following components:

1. **Critically examine and recast cash flows**
2. Determine the priority projects
3. Align with Federal and Provincial Government initiatives
4. Review funding sources and switch accordingly
5. Review allocation of funding
6. Standardize processes
7. Fund additional resources
8. Examine involving the private sector to a greater extent
9. Identify and approve associated operating budget funding

2015 November 25, C2015-0855, Attachment 1



Infrastructure Calgary

- Oversees The Corporation's Capital Infrastructure Investment Strategy
- Five Primary Goals
 - i. *Stimulate the economy by increasing the quality and velocity of capital expenditures*
 - ii. *Strengthen investment decision making to maximize the return for Calgarians*
 - iii. *Enhance capital delivery efficiency and effectiveness*
 - iv. *Improve transparency and line of sight for key stakeholders*
 - v. *Attract investment to Calgary*
- Comprised of a dedicated Program Management Office, cross-corporate governance committee and a network of department and business unit representatives
- Multiple initiatives, objectives and deliverables established to deliver on short, medium and long-term program goals



Previous Council Direction

Council Date	Previous Council Direction
2014 November 24 (C2014-0863)	2015-2018 capital budgets approved
2015 April 27 (PFC2015-0347)	Capital amendments contained in 2014 Year-end revisions approved
2015 September 28 (PFC2015-0697)	2015 Mid-year revisions approved
2015 November 25 (C2015-0855)	Direction received to return to Council by Q2 2016 with a recommended recast capital budget
2016 June 27 (C2016-0561)	Recasted capital budget provided to Council as part of the Update on the Capital Investment Strategy report, discussion deferred to 2016 September 20 Priorities & Finance Committee



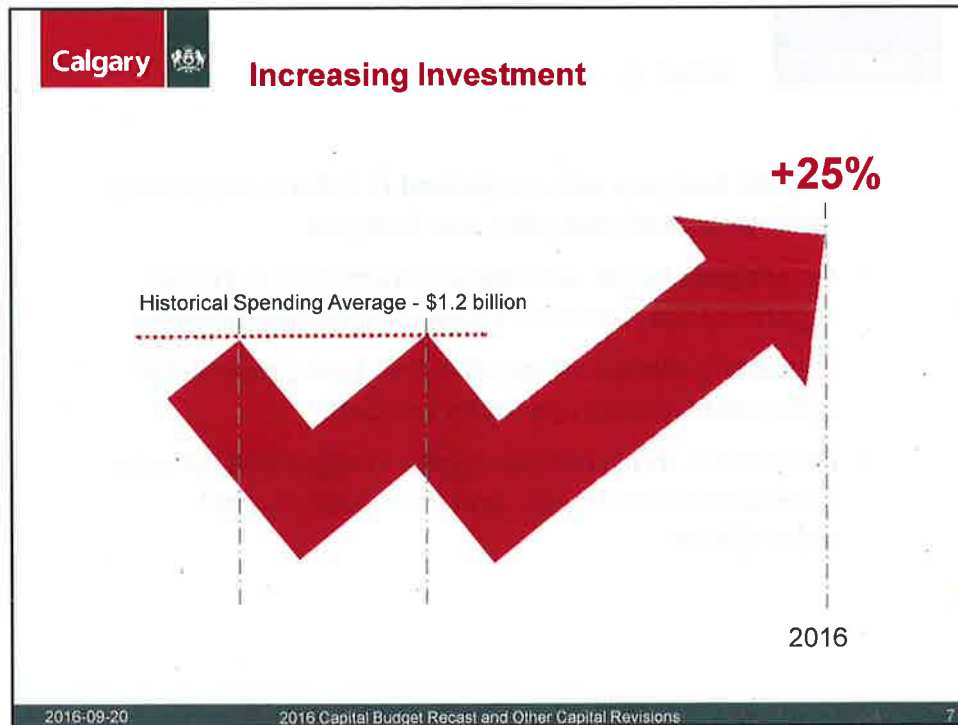
What is recasting cash flows?


- Capital budgets are comprised of Council approved multi-year business plan and budgets
- As projects begin additional information is known regarding the **expected timing** of the investment
- Recasting allows changes in the cash flows within approved Council approved budgets
- Provides a more refined capital budget that reflects **forecasted investment**, and its related budget expenditure



Why is recasting cash flows important?

- Improve transparency
 - Improved insight into status of capital projects
- Enhance accountability
 - Improve quality and accuracy of The City's capital investment plan
 - Improve decision making to ensure performance
- Ensure best allocation of investment funding
- Focus capital investment on strategic outcomes
- Enable nimble, flexible decisions and respond to economic and market conditions
- Full utilization of government grants



Calgary  **2014-2019 Capital Plan (\$10 billion)**

In Thousands (000's)	2014	2015	2016	2017	2018	2019+
Initial Approved Budget	2,325,894	2,146,513	1,575,219	1,445,303	1,013,802	1,393,387
2014 Revisions (incl. budget carry forward)	(1,104,754)	605,268	307,602	108,550	53,218	
2015 Revisions (incl. budget carry forward)	-	(1,540,237)	1,299,456	206,629	142,811	21,120
2016 Revisions (PFC2016-0713)			(1,512,791)	483,798	513,303	465,009
Total Budget	1,221,140	1,211,544	1,669,486	2,244,280	1,723,134	1,879,516

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2016 Capital Budget Reconciliation

In Thousands (000's)	2016
Initial Approved Budget	1,575,219
2014 Budget Moved Into 2016	307,602
2015 Budget Moved Into 2016	1,299,456
Subtotal	3,182,277
2016 Revisions (PFC2016-0713)	(1,512,791)
Budget as of 2016 July 31	1,669,486

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Proposed Update to Council Policy CFO006 (Budget Reporting Policies)

- The Recast highlighted the inability to efficiently advance capital budgets when a project is proceeding faster than expected
- Administration requests approval to make changes to cash flow timing to address this concern
- Proposed policy update provides Administration flexibility to authorize cash flow changes **within Council approved multi-year business plans and budgets**
- Enables more timely, efficient and cost effective delivery of services (*Infrastructure Calgary goal #3*)

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Proposed Update to Council Policy CFO006 (Budget Reporting Policies)

- Proposed policy authorizations:**

Authorization	Amount
Corporate Budget Officer or Corporate Budget Office Manager	Up to \$100,000 (per project / per calendar year)
Directors	Up to \$1 million (per project / per calendar year)
General Managers	Greater of \$5 million or 10% of the total capital project approved, up to a maximum of \$15 million (per project / per calendar year)
City Manager, Chief Financial Officer and Deputy City Manager (combined)	Up to the total capital project amount approved

*** No net impact on total project budgets approved by Council**

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Next Steps

- Recast the 2017 capital budget
- Reposition the capital budget to identify funding for new and currently unfunded projects
- Recommend funding allocation for investment projects

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Questions

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