

**CAPITAL AND OPERATING BUDGET REVISIONS REPORT FOR THE PERIOD 2014 JULY  
01 TO DECEMBER 31**

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**EXECUTIVE SUMMARY**

To request Council's approval for revisions to the previously approved 2012 - 2014 capital and operating budgets.

**ADMINISTRATION RECOMMENDATION(S)**

That the Priorities and Finance Committee recommend that Council:

1. Approve a net \$77.22 million decrease to the currently approved 2012-2014 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," and Attachment 3 - "Capital Budget Revisions Previously Approved by Council or Approved by Administration."

**PREVIOUS COUNCIL DIRECTION / POLICY**

Council approved the 2012-2014 Capital and Operating Budgets on 2011 November 29. Council subsequently approved amendments to the Capital and Operating Budgets during the annual Business Plan and Budgets Adjustments and Mid-year and Year-end revision reports.

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 that have been made from 2014 July 1 to 2014 December 31 which impact the 2012-2014 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 Roads and Recreation totalling \$9.1 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 from Corporate Costs to the department budgets totalled \$5.7 million. An additional \$18.0 million was transferred between business units in Planning, Development and Assessment (PDA) reflecting the PDA reorganization.

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**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 decrease (\$81.552) million in 2014
- net increase \$3.845 million in 2015
- net increase \$260 thousand in 2016
- net increase \$112 thousand in 2017
- net increase \$115 thousand in 2018

The requested net decrease to the approved capital budget is due to relinquishment of existing appropriations, slightly offset by requests for increased appropriations for capital projects identified in Attachment 2 Schedule A, mainly for Office of Land Servicing & Housing, Calgary Police Service, Roads, Information Technology and Civic Partners.

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

- net decrease (\$85.686) million in 2014
- net decrease (\$385.461) million in 2015
- net increase \$301.701 million in 2016
- net increase \$111.486 million in 2017
- net increase \$57.96 million in 2018

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

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

- net decrease (\$167.238) million in 2014
- net decrease (\$381.616) million in 2015
- net increase \$301.961 million in 2016
- net increase \$111.598 million in 2017
- net increase \$58.075 million in 2018

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

This is provided to Council for information.

Schedule A – Capital Budget Revisions Previously Approved by Council

Primary revision is the approval of \$17.4 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 \$15.07 million appropriation for Office of Land Servicing & Housing mainly for affordable housing project.

Schedule B – Capital Budget Revisions Approved by Administration

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

## **CAPITAL AND OPERATING BUDGET REVISIONS REPORT FOR THE PERIOD 2014 JULY 01 TO DECEMBER 31**

### Council Decisions/Referrals Having Actual or Potential Future Year Budget Impacts

NM2008-53 required a tracking of decisions or referrals that Council has made to date in the year which have an actual or potential future year budget impact. Action Plan was approved 2014 December 01. Between the approval of the 2015-2018 Action Plan and December 31, 2014, there were no items to report therefore no attachment has been included.

### **Stakeholder Engagement, Research and Communication**

Department budget actions are predicated on direction received from Council during the 2012-2014 Business Plan and Budget deliberations and from the Adjustment process in 2012 and 2013. Actions also reflect current Council direction and actual spending patterns.

### **Strategic Alignment**

This report summarizes budget revisions that align with departmental strategic results and Council Priorities in the approved 2012-2014 Business Plans and Budgets. 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

### **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 decrease of \$77.22 million: \$167.238 million decrease in 2014, \$381.616 million decrease in 2015, \$301.961 million increase in 2016, \$111.598 million increase in 2017, and \$58.075 million increase in 2018.

### **Risk Assessment**

Without Council approval of the revisions in Attachment 1, 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 and 3 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.