

2014 MID-YEAR REPORT ON BUSINESS PLANS AND BUDGETS

EXECUTIVE SUMMARY

The 2014 Mid-Year Accountability Report informs Council of Administration's achievement of 2012-2014 business plans and budget commitments during 2014. A separate but related report has been provided to this Priorities and Finance Committee (PFC) with information on previously approved and proposed 2014 revisions to the operating and capital budget. This report focuses exclusively on the Mid-Year Report on Business Plans and Budgets.

ADMINISTRATION RECOMMENDATION(S)

That the Priorities and Finance Committee recommends that Council receive for information Attachment 1 – 2014 Mid-Year Report on Business Plans and Budgets.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2011 November 29, Council approved the 2012-2014 Business Plans and Budgets (C2011-73). In preparation for the development of the business plans and budgets, Council held a number of strategic planning sessions to develop Council's Fiscal Plan for Calgary, which was approved on 2011 June 28 (C2011-65). Council's Fiscal Plan is the primary direction, and provides the organizing structure for the 2012-2014 Business Plans and Budgets.

Recommendations on Coordinated Accountability Reporting (PFC2012-34) were approved by Council on 2012 April 09. This report outlined a new approach and timing for accountability reporting on budgets and business plans, and circulation of monthly Executive Information Reports (EIR). This report also indicated that both Council's Fiscal Plan and 2020 Sustainability Direction would be reported on once per year, in the year-end report on business plans and budgets.

BACKGROUND

Comprehensive Mid-Year Accountability Reports are provided to Council through the Priorities and Finance Committee, with information on budget variances, business plan performance, and the status of Council's Fiscal Plan. This report is supplemented by the Executive Information Reports (EIR) which are available to Council monthly.

The Mid-Year Accountability Report (Attachment 1) is divided into three sections. The first section provides an overview of Council's Fiscal Plan. The second section includes the corporate summary of events and corporate financial status. The third section outlines departments' 2014 progress on their Council approved 2012-2014 business plans and budgets, including financial results, performance measures and progress on specific outcomes, strategies or actions.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

During the first half of 2014, Administration continued implementing the strategies and actions outlined in the 2012-2014 Business Plans and Budgets. Details of the accomplishments, challenges, performance and budget variances for each department are included in the Attachment.

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Stakeholder Engagement, Research and Communication

All Departments participated in the compilation of the information contained in these reports.

Strategic Alignment

This report highlights accomplishments for the mid-year of 2014 that align with departmental strategic results and Council's priorities in the approved 2012-2014 Business Plans and Budgets. The colour coding from the 2012-2014 Business Plans and Budgets was continued to illustrate alignment with Council's Fiscal Plan for Calgary. Additionally, achievements that align with the 2020 Sustainability Direction were indicated with a colour coded icon 🌱.

Social, Environmental, Economic (External)

Attachment 1 provides considerable detail on The City of Calgary accomplishments and associated social, environment, and economic impacts for 2014.

Financial Capacity

Current and Future Operating Budget:

The tax-supported variance was \$17.1 million favourable, equivalent to 0.8% of year-to-date budgeted revenues, compared to a favourable variance of 0.7% (\$15.3 million) at 2013 June 30. The \$17.1 million favourable variance was a combined effect of:

- Provincial reimbursement of flood operating costs, plus
- Higher Workers Compensation Board (WCB) rebate and surplus, plus
- Higher investment income on higher than budgeted principal balances, plus
- Small favourable variances from most Business Units, partially offset by
- Higher cost of residential snow removal due to severe winter weather and higher street lights electricity expenses.

It is projected as at 2014 June 30 that the tax-supported year-end variance will be \$800 thousand. The favourable year-end projection is mainly due to:

- Higher WCB rebate and surplus and lower WCB rate and health benefits costs, plus
- Higher investment income expected on higher than budgeted principal balances, plus
- Higher than anticipated water sales revenue (Franchise Fee), partially offset by
- Higher cost of snow removal due to severe winter weather in the early part of the year and higher electricity rate for street lights.

Administration is recommending in report PFC2014-0625, Capital and Operating Budget Revisions Report, that Council approve all Provincial reimbursement of 2013 flood operating costs received to be transferred into the Reserve for Future Capital to be used towards providing the City's share in accessing additional funds through cost share resiliency funding programs to fund future resiliency capital projects. The projected year end variance does not include any impacts due to the Provincial reimbursement of flood operating costs.

The Utilities variance was \$19.7 million favourable, equivalent to 8.0% of year-to-date budgeted revenues, compared to a favourable variance of 5.0% (\$11.1 million) at 2013 June 30. The favourable variance was due to an increase in metered customers, a decrease in depreciation and interest charges, and the timing of expenditures was not aligned with revenues. Alignments

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(Transfer to Reserve) are usually done in May, September, and December. The projected year-end variance for Utilities is zero.

Current and Future Capital Budget:

Approximately 18.4%, or \$429 million, of the \$2.326 billion total city 2014 capital budget has been spent by 2014 June 30. This compares to 17.1%, or \$366 million YTD spent in 2013.

Risk Assessment

Regular status updates on department business plans and budgets will help to manage risks by ensuring that Council and senior management is aware of emerging issues and challenges in a timely manner, and can react accordingly.

REASON(S) FOR RECOMMENDATION(S):

Administration is providing Attachment 1 for information, to comply with Council direction and policy (CFP-004) relating to accountability reporting and to provide Council members with an update on the status of business plan accomplishments and operating and capital budget variances.

ATTACHMENT(S)

1. 2014 Mid-Year Report on Business Plans and Budgets