

2017 MID-YEAR CAPITAL AND OPERATING BUDGET REVISIONS REPORT

EXECUTIVE SUMMARY

This report informs Council of Administration's approved net operating budget revisions for the period of 2017 January 01 to 2017 June 30. This report also includes capital budget revisions for the period of 2017 April 01 to 2017 June 30 that have been previously approved or require Council approval.

ADMINISTRATION RECOMMENDATION(S)

That Council:

1. Approve capital budget revisions, as identified in Attachment 1
2. Receive for information:
 - a. Attachment 2 – Capital Budget Revisions – Previously approved
 - b. Attachment 3 – Capital Budget Revision Summary
 - c. Attachment 4 - 2017 Operating Net Budget Changes;
 - d. Attachment 5 - Council Decisions/Referrals Having Actual or Potential Future Year Operating Budget Impacts;

PREVIOUS COUNCIL DIRECTION / POLICY

Council approved the 2015-2018 capital and operating budgets in the 2014 November 24 Special Meeting of Council (C2014-0863). Council subsequently received for information revisions to the capital and operating budgets contained in Mid-year and Year-end revision reports.

On 2006 February 27, Council approved Budget Reporting Policy CFO006 which authorizes administration to approve net departmental changes up to \$200,000 (FSC2006-08).

BACKGROUND

The purpose of the revisions report is to provide Council with consolidated information on all changes to budgets in order to maintain continuity and transparency with both the operating and capital budgets. In this report, only Attachment 1 contains changes that require Council approval. All other changes noted have been previously approved by Council or are within Administration's discretion to approve under CFO006.

Capital

On 2017 May 08, Council approved Administration's 2017 capital budget recast as well as the 2017 January 01 to 2017 March 31 capital budget revisions (PFC2017-0354).

This report requests approval of the capital budget revisions for the period of 2017 April 01 to 2017 June 30 and provides for information the revisions previously approved by Administration or Council during this period.

The 2018 capital budget recast will be presented to Council for approval during the November adjustment period.

Operating

2017 MID-YEAR CAPITAL AND OPERATING BUDGET REVISIONS REPORT

This report informs of changes to the 2017 Net operating budget between 2017 January 01 and 2017 June 30.

Per Council Policy CFO006, Administration can authorize net budget changes that do not exceed \$200,000. As such, this information is shared with Council for information.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Capital

Attachment 1 contains the budget revisions that require Council Approval. For the period of 2017 April 01 to June 30, there is an increase to one capital project which will have a net impact on the capital budget of \$240,000.

Attachment 2 outlines the budget revisions that have either been approved by Administration (revisions with a net departmental impact under \$200,000) or by Council through a separate report. For the period of 2017 April 01 to June 30, Administration approvals included one relinquishment due to project completion as well as a realignment of capital projects resulting from a departmental reorganization (no impact on project budgets). During this time period, Council also approved multiple Infrastructure Calgary implementation plans amounting to \$257.7 million. These implementation plans include the new, or currently unfunded projects approved in principle on 2017 March 06 (C2017-0214) and are funded by corporate capacity identified by Infrastructure Calgary. The individual implementation plans were approved through various reports (as noted in Attachment 2) between 2017 April 10 and 2017 June 26.

Attachment 3 provides a summary by business unit of the budget as of 2017 March 31 (per the last revision report PFC2017-0354), revisions included in attachments 1 and 2 and the revised budget after these changes. As a result of the changes noted above, the 2017 capital budget has increased from \$1,973.4 million to \$2,037.5 million.

Operating

Attachment 4 shows the changes to the 2017 net operating budget between 2017 January 01 and 2017 June 30. Council approval is not required for Attachment 4 as these changes have either been previously approved by Council or are within the scope of Administration to authorize as per Council Policy. This is provided to inform Council of the changes that have occurred in the period due to either Council or Administration approvals. For the period of 2017 January 01 and 2017 June 30, there was no change to total City net budget, and the main changes were as follows:

- Distributions from corporate to business unit budgets for:
 - Salary and Wages,
 - Water and Sewer inflation,
- Transfers between business units due to organizational changes,
- Transfers to Corporate Costs, reflecting the Work Force Planning savings initiative, and
- Net zero adjustments.

Attachment 5 lists Council decisions and referrals which have an actual or potential future year operating budget impact. This is provided to meet the requirement of NM2008-53 to track Council decisions and referrals.

2017 MID-YEAR CAPITAL AND OPERATING BUDGET REVISIONS REPORT

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 subsequent Council directions and actual spending patterns.

Strategic Alignment

This report summarizes budget revisions that align with direction and priorities established in the approved 2015 – 2018 business plans and budgets. The revision processes allow Administration to adapt to changes in economic conditions and the external environment, incorporate additional information that is available, and allow long term objectives to be met and support Council's priorities of a Well Run City and a Prosperous City.

Social, Environmental, Economic (External)

The economic situation has significantly weakened in Calgary from the time Action Plan was approved in 2014 November. Revisions to the capital and operating budgets reflect changes that have been made to respond to the economic downturn.

Financial Capacity

Current and Future Operating Budget:

There is no net impact to the operating budget. Operating budget revisions reflect recommended changes based on Council and Administrative directions.

Current and Future Capital Budget:

Capital budget revisions for Council approval result in a net increase of \$240 thousand to the 2017 capital budget. Previously approved capital budget revisions resulted in a net increase of \$63.8 million in 2017 and \$193.8 million in 2018-2021.

Risk Assessment

Not approving the proposed capital budget revisions could impact the timely delivery of projects.

REASON(S) FOR RECOMMENDATION(S):

- Administration is requesting revisions included in attachment 1 to align budgets with work plans and priorities
- Administration is providing attachments 2-5 of this report to Council for information.

ATTACHMENT(S)

1. Capital Budget Revisions – For Approval
2. Capital Budget Revisions – Previously Approved
3. Capital Budget Revision Summary
4. 2017 Operating Net Budget Changes.
5. Council Decisions/Referrals Having Actual or Potential Future Year Operating Budget Impacts.