

2018 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 2018 January 01 to 2018 June 30. This report also includes capital budget revisions for the period of 2018 April 01 to 2018 June 30 that have been previously approved or require Council approval.

ADMINISTRATION RECOMMENDATION(S)

That the Priorities and Finance Committee recommends 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 - 2018 Operating Net Budget Changes
 - d. Attachment 5 - Council Decisions/Referrals Having Actual or Potential Future Year Operating Budget Impacts

RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, DATED 2018 SEPTEMBER 04:

That the Administration Recommendations contained in PFC2018-0964 be approved.

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 revision reports 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 have been previously approved by Council or are within Administration's discretion to approve under the Budget Reporting Policy CFO006.

Capital

On 2018 May 28, Council approved the 2018 January 01 to 2018 March 31 capital budget revisions and received for information the 2017 budget carry-forward calculated at 2018 March 31 (PFC2018-0541).

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This report requests approval of the capital budget revisions for the period of 2018 April 01 to 2018 June 30 and provides for information the revisions previously approved by Administration during this period.

Operating

This report informs of changes to the 2018 Net operating budget between 2018 January 01 and 2018 June 30. For this period, net operating budget changes had a net departmental impact below \$200,000 which is within Administration authorization limit as per the Budget Reporting Policy CFO006. This information is presented to Council for information in this report.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Capital

Attachment 1 contains the budget revisions that require Council Approval including increases, relinquishments and net-zero transfers for the period from 2018 April 01 to 2018 June 30. The net impact of the capital budget revisions requiring Council approval is an overall decrease of \$41.6 million over the period 2018 – 2022 (\$33.9 million budget relinquishments by Calgary Parking Authority (CPA) in 2018 and \$15.7 million budget relinquishments by Facility Management in 2019 – 2022 offset by \$8.0 million total budget increase requests by CPA, Calgary Parks, and Roads in 2018).

Attachment 2 outlines the budget revisions that have been approved by Administration (revisions with a net departmental impact under \$200,000). For the period from 2018 April 01 to 2018 June 30, Administration approvals included relinquishments due to project completion and to reflect updated capital plans, as well as a transfer between projects for critical cost requirements with no impact on the business units' budgets. Attachments 1 and 2 have been enhanced from previous reports to describe specific capital funding sources and more detailed project information.

Attachment 3 provides a summary by business unit of the budget as of 2018 March 31 (per the last revision report PFC2018-0541), revisions included in Attachments 1 and 2 and the revised budget after these changes. As a result of the changes noted above, the 2018 capital budget has decreased from \$2,026.7 million to \$2,000.6 million.

Operating

Attachment 4 shows the changes to the 2018 net operating budget between 2018 January 01 and 2018 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 2018 January 01 and 2018 June 30, there was no change to the total City net budget, and the main changes were as follows:

- Transfers from corporate to business unit budgets for previously approved growth positions as part of the Corporate Workforce Planning initiative,
- Transfers between business units due to organizational changes, and

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- 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.

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 decrease of \$25.9 million to the 2018 capital budget and \$15.7 million in 2019-2022. Previously approved capital budget revisions resulted in a net decrease of \$182 thousand in 2018.

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

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4. 2018 Operating Net Budget Changes
5. Council Decisions/Referrals Having Actual or Potential Future Year Operating Budget Impacts