

Subject: 2016 Capital Budget Amendments – Deferred and Cancelled Projects**APPROVALS:**

Linda Ollivier, Acting Executive Director
Kevin Scoble, Deputy Chief Administrative Officer

Administrative Recommendations:

THAT the 2016 Capital Budget Amendments as summarized on Attachment 1 (2016 Capital Budget Amendments – Deferred and Cancelled Projects) dated August 16, 2016 be approved; and

THAT the revised Cash Flow of Capital Projects as summarized on Attachment 2 (2016 Capital Budget Amendments – Deferred and Cancelled Projects – Projects Cash Flow Summary) dated August 16, 2016 be approved.

Summary:

Administration has identified 34 capital projects for consideration for Capital Budget amendment. Council is the approving authority for the Capital Budget, subject to the provisions of the Fiscal Responsibility Policy (FIN-160).

Capital Budget amendments are an ongoing process. The amendments in this report include 26 project deferrals and eight cancellations.

Background:

Following the wildfire disaster, Council tasked Administration to review all capital projects based on Contractual Obligations, Feasibility of Modified Schedule and Cash Flow Implications. On July 19, 2016, Administration presented to Council a comprehensive listing of all active capital projects and made a recommendation for projects to either resume, defer or be cancelled. Council reviewed the presentation and added additional projects for deferment.

Upon further review by Administration, two projects, Fort MacKay Sewage Lagoon Upgrade-Design and the Fort MacKay Sewage Lagoon Upgrade-Predesign, which Council recommended for deferment, Administration is now recommending cancellation. The need for the upgrade at this time is not required as the Municipality is currently meeting regulatory requirements using the existing wastewater lagoons.

In addition, the Parsons Creek Highway 686 Bus Lane Addition project that Council recommended for cancellation, Administration is proposing deferment of this project as it is part of the Provincial Land Transfer agreement. The work has been completed by Alberta Transportation as part of the Parsons Creek interchange and Highway 686 and Administration is waiting for final documentation to be completed before project finalization.

The Capital Budget amendments include 26 project deferrals and eight cancellations resulting in a net decrease of \$13,185,929 to the 2016 and prior capital budget, as outlined in the Budget Net Change Summary.

The amendments were reviewed and recommended by the Capital Projects Steering Committee on July 27, 2016.

Budget/Financial Implications:

The net decrease in capital funding of \$13,185,929 will be released back to the Capital Infrastructure Reserve.

The full budget impact of these amendments will be incorporated in the 2016 Budget upon Council approval; Attachments 1 - 3 illustrate this impact.

Attachment 1 shows the net budget impact of these amendments. The original approved budgets and the revised budgets are presented with the net budget impact by project and funding source.

Attachment 2 shows the cash flow changes by funding sources. Since multi-year projects are pre-approved over the life of project development, amendments in cash flows of these projects also require pre-budget approval.

Attachment 3 summarizes the impact of cash flows and the source of funding from these proposed amendments by year 2015 and prior, and 2016 and thereafter. This is reflected below in the Budget Net Change Summary.

Budget Net Change Summary

	Total Project Cost (Accumulative)	Federal Grants	Provincial Grants	Reserves	Other Sources	Debenture
2015 & Prior	\$ (76,315,843)	\$ -	\$ -	\$ (43,473,533)	\$ -	\$ (32,842,310)
2016 & Thereafter	63,129,914	-	-	30,287,604	-	32,842,310
Reconciled net change	\$ (13,185,929)	\$ -	\$ -	\$ (13,185,929)	\$ -	\$ -

Rationale for Recommendations:

The rationale for amendment of each capital project is included in the attached individual Capital Budget Amendment Forms as prepared by the individual department responsible (Attachments 4-37).

Strategic Plan Linkage:

Pillar 1 – Building Responsible Government

Attachments:

1. 2016 Capital Budget Amendments – Deferred and Cancelled Projects, dated August 16, 2016
2. 2016 Capital Budget Amendments – Deferred and Cancelled Projects – Projects Cash Flow Summary, dated August 16, 2016
3. Cash Flow by Funding Sources, by Year, dated August 16, 2016
- 4-37. Capital Budget Amendment forms