



ADMINISTRATIVE REPORT

Report Date: February 6, 2018
Contact: Denise Lam
Contact No.: 604.873.7974
RTS No.: 12389
VanRIMS No.: 08-2000-20
Meeting Date: February 20, 2018

TO: Vancouver City Council
FROM: Director of Finance
SUBJECT: 2018 Q1 Capital Budget Adjustments and 2017 Q4 Closeouts

RECOMMENDATION

- A. THAT Council approve an increase of \$3.9 million to the 2015-2018 Capital Plan, as outlined in this report and Appendix 1.
- B. THAT, subject to approval of Recommendation A, Council approve budget and funding adjustments totaling a net increase of \$8.1 million to Multi-Year Capital Project Budgets.
- C. THAT, subject to approval of Recommendations A and B, Council approve a net increase of \$9.5 million to the 2018 Capital Expenditure Budget, as outlined in this report and Appendix 1.
- D. THAT, as part of the quarterly Capital Budget closeout process, Council approve the closeout of 31 completed capital projects, including one project with an actual-to-budget variance exceeding both \$50,000 and 15% of the corresponding approved Multi-Year Capital Project Budget as outlined in this report and Appendix 2.

REPORT SUMMARY

On December 12, 2017, Council approved the 2018 Capital Budget, including new multi-year capital projects, bringing the total approved Multi-Year Capital Project Budgets for open projects at that time to \$1.484 billion (including the multi-year projects completed in Q4 2017 presented for closeout in this report) and a 2018 Annual Capital Expenditure Budget of \$426.4 million.

This report recommends increases of \$3.9 million to the 2015-2018 Capital Plan and \$8.1 million to Multi-Year Capital Project Budgets, reflecting new capital investment priorities arising since the 2018 Capital Budget was approved, including an increase in the volume of property owner requests for combined sewer and water connections, and office space expansion within the City Hall Precinct to accommodate office space requirements associated with several major new projects getting underway, including the redevelopment of Northeast False Creek. This report also recommends a net increase of \$9.5 million to the 2018 Annual Capital Expenditure Budget, reflecting unexpected timing changes in the execution of several larger ongoing capital projects as a result of unfavourable weather and site conditions, and related slower than expected contractor construction progress.

In addition, in conjunction with the quarterly Capital Budget review process, Council approval is requested to close a completed capital project which had a final actual-to-budget variance exceeding both \$50,000 and 15% of the corresponding approved Multi-Year Capital Project Budget. A total of 31 programs/projects were completed in Q4 2017, with total Multi-Year Capital Project Budgets of \$65.1 million and a net surplus of \$1.2 million (2%), as outlined in Appendix 2.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The City has a policy to plan for capital project expenditures on a multi-year cycle. In October 2014, Council approved the 2015-2018 Capital Plan in the amount of \$1.085 billion. As factors impacting capital priorities change, the Capital Plan is adjusted as needed to align with current priorities and budget challenges. Examples include the addition of new priority projects, the deletion of cancelled or deferred projects and changes in planned sources of project funding. New capital priorities identified and approved by Council since 2014, including the acquisition of the Arbutus Corridor in February 2016, have increased the 2015-2018 Capital Plan total to \$1.457 billion.

Section 242 of the *Vancouver Charter* gives Council the authority to borrow funds for the construction, installation, maintenance, replacement, repair and regulation of waterworks, sewerage and drainage, and energy utility systems without the assent of the electorate; borrowing authority for all other purposes must be established through the electorate's approval of a borrowing plebiscite. A change in the use of electorate-approved borrowing authority prior to borrowing funds, or diverting borrowed funds to some other purpose, requires approval by a two-thirds majority of Council members.

It has been Council practice to fund capital expenditures for waterworks, sewerage & drainage, and energy utility systems from debenture borrowing. As part of the City's debt management strategy, commencing in the 2012-2014 Capital Plan, the water utility began to transition its infrastructure lifecycle replacement program from debt financing to pay-as-you-go over two Capital Plans. The transition will be complete within the four-year term of the 2015-2018 Capital Plan. Similarly, commencing in the 2015 Capital Budget and continuing with the 2016 and 2017 Capital Budgets, the sewer utility also began a transition to a pay-as-you-go funding model. The balance of capital expenditures are funded from a combination of debenture borrowing, direct contribution from the annual Operating Budget (Capital from Revenue), Development Cost Levies (DCLs) and Community Amenity Contributions (CACs) from developers, special-purpose reserves, internal loans, fees and levies collected from property owners and contributions from senior governments and other funding partners.

Funding from the multi-year Capital Plan is allocated to specific capital programs and projects through the annual Capital Budgeting process. Council approval of the annual Capital Expenditure Budget is required before work can proceed on specific programs/projects. During the course of a capital project, as the project progresses through planning and design and final costing, the nature and final scope of work becomes more refined and in some cases requires an update to the originally planned funding sources. As well, over the four years of a capital plan, the original planned uses of debenture funding across the capital plan categories may change and other funding sources, including senior government funding contributions/partnerships, may become available.

The requirement to borrow funds to finance capital expenditures is established by Council at the time of the approval of the Multi-Year Capital Project Budgets. Borrowed funds are generally paid back over 10 years to ensure that outstanding debt does not accumulate to unacceptable levels, and that annual debt servicing charges (principal and interest) are maintained at a level that does not put undue pressure on the operating budget.

Section 247A of the Vancouver Charter requires that full provision of annual debt servicing charges, both principle and interest, be made in the annual operating budget. This ensures that debenture holders are paid the interest component at the prescribed rate and time, and that sufficient funding is available to retire the obligation at maturity.

In June 2003, Council approved the Financing Growth Policy which sets out policy for the collection and use of DCLs and CACs. Pursuant to Section 523D of the Vancouver Charter, DCLs are collected to assist in recovering growth-related capital costs that arise from new developments. DCLs are generally allocated on a "cash available" basis among park, replacement housing, transportation, utilities, and childcare projects in proportions specified in various DCL By-laws. CACs are developer contributions that arise from rezonings. Within the context of the City's Financing Growth Policy, an offer of a CAC to address the impacts of rezoning can be anticipated from the owner of a rezoning site. CAC offers typically include either the provision of on-site amenities or a cash contribution towards other public benefits and they take into consideration community needs, area deficiencies and the impact of the proposed development on City services. The allocation of both DCL and CAC funding to specific amenities requires Council approval.

Council authority is required to close capital accounts with variances that exceed both \$50,000 and 15% of the approved Multi-Year Capital Project Budgets, and to reallocate capital funding over \$50,000.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The Capital Budget is the primary tool by which the City implements its multi-year Capital Plan. It provides the authority to proceed with specific capital programs and projects, and defines the multi-year capital project budgets and outcomes, as well as a corresponding annual expenditure budget to ensure timely delivery of these outcomes. It is important in fostering and maintaining public accountability and transparency, and provides detailed information about specific programs/projects, such as budgets by cost category, identification of specific funding sources, and outcomes that are clearly identifiable and measurable.

The City's Capital Budget process has been developed to ensure assets and investments are managed comprehensively, with rigor and transparency, in a manner that ensures the City is achieving value for money, and that staff resources are used efficiently.

As part of the City's Capital Budget process, Council considers Capital Budget adjustments on a quarterly basis. This streamlines the Capital Budget process and also reduces the number of capital budget related reports being submitted to Council for approval of capital funding and expenditures.

Capital Budget adjustments include, for example:

- Reallocations to projects or programs from other projects or programs to reflect changes in capital priorities;
- Additions to the Capital Budget for projects or programs for which the timing of expenditures are uncertain at the time of approving the annual budget but which subsequently becomes more certain (e.g., projects awaiting resolution of factors external to the City, such as partnership funding commitments);
- Requests for funding from future years of the Capital Plan to advance or expedite projects or programs in a given year;
- Revisions to funding sources.

This report reflects the City's continued focus on managing capital expenditures and balancing capital infrastructure priorities with consideration of value for money spent.

Before City staff bring a proposed capital project to Council for approval, the associated operating cost implications for current and future operating budgets are reviewed to ensure that City departments will have sufficient operating budget capacity.

Quarterly Operating and Capital Budget reviews are posted externally on the City's website at <http://vancouver.ca/your-government/financial-reports-and-information.aspx>.

The 2017 Year-End Capital Budget Review scheduled to be posted to the City's website in March 2018 will comment on 2017 capital expenditures, while this report focuses on 2017 Q4 capital closeouts and adjustments to the 2018 Capital Budget recommended by staff for Council approval.

REPORT

Background/Context

On December 12, 2017, Council approved the 2018 Capital Budget, including new multi-year capital projects, bringing the total approved Multi-Year Capital Project Budgets for open projects at that time to \$1.484 billion (including the multi-year projects completed in Q4 2017 presented for closeout in this report) and a 2018 Annual Capital Expenditure Budget of \$426.4 million.

Adjustments to annual expenditure budgets at a project level are generally managed within the departmental or Citywide annual capital expenditure budget envelope, with no changes to the overall Annual Capital Expenditure Budget. As projects proceed, however,

circumstances may arise which significantly affect the timing of the planned execution and expenditures for some projects, either accelerating or delaying the planned spending. Where the effect on the total Citywide planned expenditures becomes significant and has a high level of certainty, an adjustment to the overall Annual Capital Expenditure Budget is recommended to Council for approval through the quarterly capital budget adjustment process.

As part of the capital budgeting process, proposed adjustments to the current Capital Plan and to the Capital Budget, including multi-year project budgets and the annual expenditure budget, and closeouts of completed projects requiring Council approval are identified in the quarterly capital budget review and presented to Council for approval. This report includes recommendations for adjustments to the 2015-2018 Capital Plan, to Multi-Year Capital Project Budgets, and to the 2018 Capital Expenditure Budget, as well as recommendations to close out projects completed in the fourth quarter of the City's 2017 financial year.

Strategic Analysis

A. 2018 Capital Budget Adjustments

As part of the on-going work and oversight related to the City's Capital Plan and Capital Budget, staff continually review priorities, respond to emerging needs, and where appropriate bring forward recommendations for adjustments to the Capital Plan and/or Capital Budget each quarter.

Quarterly Capital Budget adjustment requests are categorized as follows:

- Administrative consolidation of multiple projects into one program, budget restatements, and funding source changes;
- Emerging priority projects that have been identified to address unforeseen urgent issues or new priorities emerging outside of the regular four-year Capital Plan/annual Capital Budget cycles;
- Timing uncertain budget additions/acceleration of projects;
- Budget increases or decreases to existing projects/programs based on scope changes, results of contract tendering or changes in cost structure of a project, or changing priorities for the timing of project deliverables;
- Budget reallocations between projects, with no change to the overall multi-year project budgets or annual capital expenditure budget.

The 2015-2018 Capital Plan was approved in October 2014 at \$1.085 billion, and with subsequent Council approved changes, has a current total of \$1.457 billion covering projects across all City departments and agencies. This report proposes an increase of \$3.9 million to the 2015-2018 Capital Plan for several priority projects that have arisen subsequent to the development of the 2018 Capital Budget in late 2017, including an increase in the volume of property owner requests for combined sewer and water connections, and office space expansion within the City Hall Precinct to accommodate office space requirements associated with several major new projects getting underway, including the redevelopment of Northeast False Creek. With the adjustments recommended in this report, the revised total 2015-2018 Capital Plan will be \$1.461 billion.

The current total of approved Multi-Year Capital Project Budgets for all open projects is \$1.484 billion. This report proposes a net decrease of \$57.0 million, reflecting an increase of \$8.1 million for new or increased Multi-Year Capital Project Budgets and a reduction of \$65.1 million for capital projects that were completed in Q4 2017. With the Q4 2017 project closeouts and Q1 2018 multi-year project budget adjustments recommended in this report, the revised total of the approved Multi-Year Capital Project Budgets for all open projects will be \$1.427 billion.

The following highlights the larger recommended changes to the 2015-2018 Capital Plan and Multi-Year Capital Project Budgets, reflecting capital priorities arising subsequent to the approval of the 2018 Capital Budget in early December 2017:

- \$2.7 million for a new multi-year capital project budget for the expansion of office space in the City Hall Precinct (increase of \$0.9M to the 2015-2018 Capital Plan);
- an increase of \$2.4 million to the 2015-2018 Capital Plan and to the multi-year capital project budget for the 2017 Sewer and Water Combined Connections program (funded by property owners) to reflect a higher volume of requests to connect new properties to the City's water, sanitary, and stormwater sewer services (revised total multi-year capital project budget to be \$7.2 million);
- an increase of \$2.6 million to the multi-year capital project budget Park Land Acquisition for the acquisition of land sites to be developed and maintained as urban parks (revised total multi-year capital project budget to be \$5.8 million);
- an increase of \$0.5 million to the 2015-2018 Capital Plan for a new multi-year capital project budget to develop a strategy for storm water, sewer, and water utilities management for a proposed new Oakridge Municipal Town Centre (MTC).

The 2018 Capital Expenditure Budget approved in December 2017 is \$426.4 million. Staff recommend an increase of \$9.5 million to this budget to reflect expenditures relating to the increases to the capital plan and multi-year capital project budgets described above, as well as a change in timing for some expenditures that had been planned for late 2017 but deferred into 2018 as a result of unexpected unfavourable weather and site conditions in November/December hampering contractor construction progress. Details for all proposed capital budget adjustments are provided in Appendix 1.

Appendix 1 also provides details for proposed funding source updates for two projects. During the course of a capital project, as the project progresses through planning and design and final costing, the nature and final scope of work becomes more refined and in some cases requires an update to the originally planned funding sources. As well, over the four years of a capital plan, the original planned uses of debenture funding across the capital plan categories may change.

Table 1 below summarizes the changes to the 2015-2018 Capital Plan, Multi-Year Capital Project Budgets and the 2018 Annual Capital Expenditure Budget as a result of the recommended capital budget adjustments and closeouts.

| Table 1 - Proposed Changes to 2015-2018 Capital Plan, Multi-Year Project Budgets, and 2018 Annual Expenditure Budget (\$ Millions) | | | |
|--|-------------------------------|--|--------------------------------|
| | 2015-2018 Capital Plan Impact | Capital Budget Impact | |
| | | Multi-Year Project Budgets (for Open Projects) | 2018 Annual Expenditure Budget |
| Current Capital Plan / Budget | \$ 1,457.4 | \$ 1,483.9 | \$ 426.4 |
| Adjustment Category | | | |
| A. Administrative consolidations and restatements | \$ - | \$ - | \$ - |
| B. Emerging priority projects | 1.4 | 3.2 | 0.5 |
| C. Timing uncertain budget additions / acceleration of projects | - | - | - |
| D. Budget increases/decreases to existing projects/programs | 2.6 | 4.9 | 9.0 |
| E. Reallocations | - | - | - |
| Proposed Adjustments | \$ 3.9 | \$ 8.1 | \$ 9.5 |
| Multi-year Project Closeouts | | \$ (65.1) | |
| Proposed Revised Capital Plan / Budget | \$ 1,461.3 | \$ 1,426.9 | \$ 435.9 |

Staff continue to very closely manage the capital spend on a quarterly basis to enhance risk mitigation and ensure optimal delivery of projects within the projected timeline and annual expenditure budget. Strategic review of progress on projects is done on a regular basis, and where timing of projects are advanced or delayed, budgets are recommended for adjustment. With the exception of emergency situations, expenditures are not permitted until the corresponding expenditure budget or increase to the expenditure budget is approved by Council.

B. 2017 Q4 Capital Closeouts

The Capital closeout process is the mechanism by which the City's capital programs/projects are closed, completion deficits and surpluses are identified and, to the extent applicable, offset. Net closeout surpluses are transferred to City-Wide Unallocated Funding from Capital Closeouts for funding future Capital programs and/or projects.

The purpose of this report is to request Council approval to close capital programs/projects where completion spend variances exceed both \$50,000 and 15% of the approved multi-year capital project budgets.

A total of 31 programs/projects with multi-year capital project budgets totalling \$65.1 million and expenditures of \$63.9 million were completed in the period between the 2017 Q3 Capital Closeout (RTS 11832) and the end of the fourth quarter of 2017 (December 31, 2017), with a net surplus of \$1.2 million. One of the 31 completed programs/projects had a completion variance exceeding both \$50,000 and 15% of the corresponding approved multi-year capital project budget; the variance is explained in Appendix 2.

Appendix 2 also provides financial details, by project and department, for all projects/programs closed in Q4 2017 and a summary of the proposed allocation of the net closeout surplus.

CONCLUSION

As part of the capital budgeting process, adjustments to Multi-Year Capital Project Budgets and Annual Capital Expenditure Budget, and closeout of programs/projects that require Council approval, are identified and brought to Council through the quarterly reporting process.

The purpose of this report is to request Council approval of an increase of \$3.9 million to the 2015-2018 Capital Plan and \$8.1 million to Multi-Year Capital Project Budgets, and a net increase of \$9.5 million to the 2018 Annual Capital Expenditure Budget for a revised capital expenditure budget of \$435.9 million.

This report also requests Council approval for the closeout of a project with a completion variance exceeding 15% and \$50,000 of the approved budget. A total of 31 projects/programs were completed in Q4 2017, with an overall net surplus of \$1.2 million.

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| Capital Budget Adjustment Requests | | | | | | | | | | |
|---|--|--|---------------------------|-------------|----------------------|---------------------------------|-------------|----------------------|--|------------------------------------|
| | | | BUDGET IMPACT | | | | | | | |
| | | | Multi-Year Project Budget | | | 2018 Capital Expenditure Budget | | | | |
| A. Administrative consolidation, restatements, or funding source changes | | | | | | | | | | |
| Includes the ongoing consolidation of like programs/projects into one larger program/project (normally no net impact on the annual budget); other restatements: changes to project funding source(s). | | | | | | | | | | |
| Department | Project Name | Reason for Adjustment | Current | Change | Proposed | Current | Change | Proposed | Funding Source(s) for Changes to Multi-Year Project Budget | Addition to 2015-2018 Capital Plan |
| <i>Funding source additions/changes:</i> | | | | | | | | | | |
| Engineering Services | 2018 Active Transportation Corridors and Spot Improvements | Change in Funding Source for Multi-Year Project Budget: The 2018 Active Transportation program includes some sidewalk construction and included a Translink funding component for "Walking Infrastructure to Transit" (WITT) sidewalk work. This scope of work will be completed under the Sidewalks New Construction program and therefore this funding update is to align the funding source with the work to be performed under that program. | 14,481,402 | 0 | 14,481,402 | 14,481,400 | 0 | 14,481,400 | Increase: City-Wide DCL \$600,000 Decrease: Translink \$600,000 | |
| Engineering Services | 2015-18 Sidewalks New Construction | Change in Funding Source for Multi-Year Project Budget: The 2018 Active Transportation program includes some sidewalk construction and included a Translink funding component for "Walking Infrastructure to Transit" (WITT) sidewalk work. This scope of work will be completed under the Sidewalks New Construction program and therefore this funding update is to align the funding source with the work to be performed under this program. | 1,965,588 | 0 | 1,965,588 | 1,356,305 | 0 | 1,356,305 | Increase: Translink \$600,000 Decrease: City-Wide DCL \$600,000 | |
| Total - Administrative Consolidations; Funding Source Changes | | | \$ 16,446,990 | \$ - | \$ 16,446,990 | \$ 15,837,705 | \$ - | \$ 15,837,705 | | \$ - |
| B. Emerging priority projects | | | | | | | | | | |
| New projects that have been identified to address unforeseen urgent issues or new priorities emerging outside of the regular capital budget cycle. | | | | | | | | | | |
| Department | Project Name | Reason for Adjustment | Current | Change | Proposed | Current | Change | Proposed | Funding Source(s) for Changes to Multi-Year Project Budget | Addition to 2015-2018 Capital Plan |
| Engineering Services | Utilities Strategy - Oakridge Municipal Town Centre (MTC) | Increase to 2015-2018 Capital Plan; New Multi-Year Project Budget and Annual Expenditure Budget: Project budget for a consultant to develop, assess, recommend and implement a strategy for better managing storm water, sewer, and water utilities for a proposed new Oakridge Municipal Town Centre (MTC). | 0 | 500,000 | 500,000 | 0 | 500,000 | 500,000 | City-Wide DCL | 500,000 |

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| Capital Budget Adjustment Requests | | | | | | | | | | |
|--|--|---|---------------------------|---------------------|---------------------|---------------------------------|-------------------|-------------------|--|------------------------------------|
| | | | BUDGET IMPACT | | | | | | | |
| | | | Multi-Year Project Budget | | | 2018 Capital Expenditure Budget | | | | |
| Department | Project Name | Reason for Adjustment | Current | Change | Proposed | Current | Change | Proposed | Funding Source(s) for Changes to Multi-Year Project Budget | Addition to 2015-2018 Capital Plan |
| Real Estate & Facilities Mgmt | Office Space Expansion - City Hall Precinct | Increase to 2015-2018 Capital Plan and Multi-Year Project Budget: Additional civic office space is required in close proximity to the City Hall Precinct to address immediate and long term staff accommodation requirements. Funding is requested to cover the renovation of the new office space and relocation of staff to meet the operational needs for programs/initiatives planned for 2018. Expenditures will be managed within the current overall 2018 Annual Expenditure Budget. | 0 | 2,663,000 | 2,663,000 | 0 | 0 | 0 | • Capital Facilities Reserve \$1,812,380 (replace Capital from Revenue in Emerging Priorities in 2015-2018 Capital Plan) • Tenant Improvement Allowance \$850,620 (add to 2015-2018 Capital Plan) | 850,620 |
| Real Estate & Facilities Mgmt | 2018 Ice Rinks Capital Maintenance | New Multi-Year Project Budget funded from Reallocation: Maintenance work to support continued safe environment at City ice rinks. Expenditures will be managed within the current overall 2018 Annual Expenditure Budget. | 0 | 200,000 | 200,000 | 0 | 0 | 0 | Reallocation of previously approved capital funding (Debenture) | |
| | 2012-14 Capital Maintenance - Britannia Community Service Centre | Decrease to Multi-Year Project Budget (Reallocation): Program funding was for emergency maintenance for the ice rink and pool at Britannia Community Services Centre, on an "as needed" basis. No high priority capital maintenance projects have been identified for 2018; therefore, funding is available for reallocation to the Ice Rinks Capital Maintenance program for 2018. | 323,600 | (200,000) | 123,600 | 167,359 | 0 | 167,359 | Reallocation of previously approved capital funding (Debenture) | |
| Total - Emerging Priority Projects | | | \$ 323,600 | \$ 3,163,000 | \$ 3,486,600 | \$ 167,359 | \$ 500,000 | \$ 667,359 | | \$ 1,350,620 |
| C. Timing Uncertain budget additions | | | | | | | | | | |
| Addition of expenditure budgets for projects noted as "timing uncertain" in the Annual Capital Budget where timing subsequently becomes certain. | | | | | | | | | | |
| Department | Project Name | Reason for Adjustment | Current | Change | Proposed | Current | Change | Proposed | Funding Source(s) for Changes to Multi-Year Project Budget | Addition to 2015-2018 Capital Plan |
| None | | | | | | | | | | |
| Total - Timing Uncertain budget additions; Project acceleration | | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | |

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| Capital Budget Adjustment Requests | | | | | | | | | | |
|------------------------------------|---|---|---------------------------|-----------|-----------|---------------------------------|-----------|-----------|---|------------------------------------|
| | | | BUDGET IMPACT | | | | | | | |
| | | | Multi-Year Project Budget | | | 2018 Capital Expenditure Budget | | | | |
| Department | Project Name | Reason for Adjustment | Current | Change | Proposed | Current | Change | Proposed | Funding Source(s) for Changes to Multi-Year Project Budget | Addition to 2015-2018 Capital Plan |
| Engineering Services | 2017 Sewer & Water Combined Connections Program | Increase to 2015-2018 Capital Plan, Multi-Year Project Budget, and Annual Expenditure Budget: Multi-year project budget increase to reflect the expected work to be initiated on combined sewer & water connections directly related to the revenues received in advance. These revenues are driven by residential and commercial construction. Increase to 2018 expenditure budget to reflect higher than expected work incurred in 2017 on the 2014 and 2015 Sewer Water Combined Connections programs, resulting in some 2017 Combined Connections program work shifting to 2018. | 4,770,136 | 2,400,000 | 7,170,136 | 2,770,136 | 2,900,000 | 5,670,136 | User fees/ Property Owners | 2,400,000 |
| Real Estate & Facilities Mgmt | Office Space Renovations - Homeless Outreach Team | Increase to Multi-year Project Budget (Reallocation): Project cost estimate has increased due to construction tender results coming in higher than originally anticipated. Expenditures will be managed within the current overall 2018 Annual Expenditure Budget. | 400,000 | 350,000 | 750,000 | 264,082 | 0 | 264,082 | • Capital Facilities Reserve \$265,125 (replace Capital from Revenue in Emerging Priorities in 2015-2018 Capital Plan) • Tenant Improvement Allowance \$84,875 (add to 2015-2018 Capital Plan) | 84,875 |
| Parks & Recreation | Stanley Park Waterfront and Seawall | Decrease to Multi-year Project Budget: As a result of project delays, the project completion date will be later than originally scheduled and the project will therefore no longer be eligible for a \$500,000 Federal Government grant that had been included in the project funding. The project scope has been adjusted to reflect the reduction in project funding. | 5,020,000 | (500,000) | 4,520,000 | 3,371,199 | 0 | 3,371,199 | External - Federal Government Grant (remove from project funding) | |
| Parks & Recreation | 2015-18 Park Planning & Policy Studies | Increase to 2015-2018 Capital Plan and Multi-year Project Budget: Park Board staff and an external consultant hired by the Park Board worked with BC Hydro on their downtown substation renewal planning efforts in 2017. BC Hydro has agreed to repay the Park Board for these costs totaling \$68,000. | 2,155,000 | 68,000 | 2,223,000 | 1,178,959 | 0 | 1,178,959 | External - BC Hydro | 68,000 |
| Parks & Recreation | 2017 Park Land Acquisition | Increase to Multi-year Project Budget: Acquisition of land sites to be developed and maintained as urban parks. The design, construction, maintenance and programming of the parks will be determined through a separate process led by the Park Board. Expenditures will be managed within the current overall 2018 Annual Expenditure Budget. | 3,214,450 | 2,610,000 | 5,824,450 | 3,204,450 | 0 | 3,204,450 | 2015-2018 Capital Plan (Parks and Open Spaces) DCL | |

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| Capital Budget Adjustment Requests | | | | | | | | | | |
|--|---|---|---------------------------|---------------------|----------------------|---------------------------------|---------------------|----------------------|---|--|
| | | | BUDGET IMPACT | | | | | | | |
| | | | Multi-Year Project Budget | | | 2018 Capital Expenditure Budget | | | | |
| Department | Project Name | Reason for Adjustment | Current | Change | Proposed | Current | Change | Proposed | Funding Source(s) for Changes to Multi- Year Project Budget | Addition to 2015-2018 Capital Plan |
| <i>The following are adjustments to the profile of the 2018 Expenditure Budget reflecting timing changes in the execution of projects. No change to the overall multi-year project budget.</i> | | | | | | | | | | |
| Engineering Services | Burrard Bridge Upgrades | Increase to Annual Expenditure Budget: Increase to 2018 expenditure budget to reflect a delay in electrical work at Pacific/Howe intersection that had been planned for late 2017 but deferred to 2018 to coordinate with BC Hydro work. | 35,730,000 | 0 | 35,730,000 | 0 | 2,000,000 | 2,000,000 | | |
| Engineering Services | 2016 Sewer & Water Combined Connections Program | Increase to Annual Expenditure Budget: Higher than expected work was incurred on the 2014 and 2015 Sewer Water Combined Connections programs in 2017, resulting in some 2016 Combined Connections program work shifting to 2018. | 14,744,241 | 0 | 14,744,241 | 721,264 | 1,500,000 | 2,221,264 | | |
| Engineering Services | Seaside Greenway - South False Creek | Increase to Annual Expenditure Budget: Some work that had been planned for 2017 by City crews was deferred to 2018 due to crew capacity and scheduling constraints. The work will be assigned to an external contractor in order to complete in 2018. | 8,329,122 | 0 | 8,329,122 | 2,776,901 | 1,400,000 | 4,176,901 | | |
| Engineering Services | Knight & Marine Intersection Improvements | Increase to Annual Expenditure Budget: Project completion had been anticipated for the end of 2017, but temperatures in Q4 2017 were unfavourable for permanent paving and the work has now been scheduled for completion by Q2 2018. | 5,200,000 | 0 | 5,200,000 | 0 | 1,200,000 | 1,200,000 | | |
| Engineering Services | Vancouver Landfill Construction & Demolition (C&D) Resource Recovery Facility | Decrease to Annual Expenditure Budget (Reallocation): Project scope to be defined subsequent to results of the Pilot, shifting a portion of the planned 2018 expenditures to future years. | 6,525,000 | 0 | 6,525,000 | 2,500,000 | (500,000) | 2,000,000 | | |
| Engineering Services | Vancouver Landfill Transfer Station Improvements | Increase to Annual Expenditure Budget (Reallocation): Project completion was planned for Q4 2017 but has been revised to Q1 2018 as a result of contractor delays. | 6,475,980 | 0 | 6,475,980 | 0 | 500,000 | 500,000 | | |
| Total - Budget Increases/Decreases to Existing Projects/Programs | | | \$ 92,563,929 | \$ 4,928,000 | \$ 97,491,929 | \$ 16,786,991 | \$ 9,000,000 | \$ 25,786,991 | | \$ 2,818,000 |

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| Capital Budget Adjustment Requests | | | | | | | | | | |
|---|---|---|---------------------------|-------------|------------|---------------------------------|-------------|-----------|---|------------------------------------|
| | | | BUDGET IMPACT | | | | | | | |
| | | | Multi-Year Project Budget | | | 2018 Capital Expenditure Budget | | | | |
| E. Reallocations | | | | | | | | | | |
| Reallocation of funding between existing projects reflecting revised priorities and/or cost estimates, and or reallocations of funding sources. | | | | | | | | | | |
| Department To / From | Project Name | Reason for Adjustment | Current | Change | Proposed | Current | Change | Proposed | Funding Source(s) for Changes to Multi-Year Project Budget | Addition to 2015-2018 Capital Plan |
| Engineering Services | 2012-14 Parking Meter Replacement | Decrease to Multi-Year Project Budget and Annual Expenditure Budget (Reallocations): No additional scope of work has been planned under the 2012-14 Parking Meter Replacement Program. | 1,325,000 | (1,033,149) | 291,851 | 1,033,149 | (1,033,149) | 0 | Reallocation of previously approved capital funding (Parking Meter Reserve) | |
| | 2017 Parking Meter Replacement | Increase to Multi-Year Project Budget and Annual Expenditure Budget (Reallocations): Parking meter replacements that are planned for 2018 were to be funded from a combination of the 2012-14 parking meter replacement program and the 2017 program. This reallocation is to consolidate the unspent portion of the 2012-14 program funding with the 2017 program. | 1,000,000 | 1,033,149 | 2,033,149 | 451,051 | 1,033,149 | 1,484,200 | Reallocation of previously approved capital funding (Parking Meter Reserve) | |
| Real Estate & Facilities Mgmt | Vancouver Art Gallery Plaza/Envelope Improvements | Increase to Multi-Year Project Budget (Reallocation): Project cost is now estimated to be higher than originally anticipated due to unanticipated unfavourable site conditions and scheduling adjustments that were required in order to accommodate events held at the Plaza. | 9,750,000 | 300,000 | 10,050,000 | 0 | 0 | 0 | Reallocation of previously approved capital funding (Debenture) | |
| | Burrard Marina Upgrades | Decrease to Multi-Year Project Budget (Reallocation): Anticipate overall lower than budgeted expenditures as a result of favourable construction tendering results. | 3,350,000 | (300,000) | 3,050,000 | 1,230,721 | 0 | 1,230,721 | Reallocation of previously approved capital funding (Debenture) | |
| Real Estate & Facilities Mgmt | City Hall Facilities Planning | Increase to Multi-Year Project Budget (Reallocation): Project cost increases due to additional external consulting work required to complete the Long-Term Plan for the City Hall Precinct. | 620,000 | 150,000 | 770,000 | 211,126 | 0 | 211,126 | Reallocation of previously approved capital funding (Debenture) | |
| | 2015/16 Structural Seismic Program | Decrease to Multi-Year Project Budget (Reallocation): Projects planned for this program are nearing completion and total expenditures are now anticipated to be less than originally planned and budgeted. | 910,000 | (100,000) | 810,000 | 400,000 | 0 | 400,000 | Reallocation of previously approved capital funding (Debenture) | |
| | REFM Facilities Unallocated Capital | Decrease to Multi-Year Project Budget (Reallocation): Unallocated funding from previous years that had been reserved for minor unplanned or emergency capital projects. No further minor projects are planned for 2018. | 50,344 | (50,000) | 344 | 30,000 | 0 | 30,000 | Reallocation of previously approved capital funding (Debenture) | |

(Continued on next page)

| Capital Budget Adjustment Requests | | | | | | | | | | |
|---|---|--|---------------------------|---------------------|-----------------------|---------------------------------|---------------------|----------------------|--|------------------------------------|
| | | | BUDGET IMPACT | | | | | | | |
| | | | Multi-Year Project Budget | | | 2018 Capital Expenditure Budget | | | | |
| Department To / From | Project Name | Reason for Adjustment | Current | Change | Proposed | Current | Change | Proposed | Funding Source(s) for Changes to Multi-Year Project Budget | Addition to 2015-2018 Capital Plan |
| Real Estate & Facilities Mgmt | 2018 Renovations of Police Facilities - VPD Safe Drug Lab | <p>Increase to Multi-Year Project Budget (Reallocation):</p> <ul style="list-style-type: none"> The construction of an isolated facility for drug analysis was approved as part of 2018 Capital Budget. The initial project cost estimates for the construction were prepared in October 2017, based on a high level conceptual design at the time. A more recent consulting report recommends additional scope, however, in order to comply with WorkSafeBC and other regulatory requirements. The lab equipment and outfitting for the new drug analysis facility was approved as a separate project. Staff recommend consolidating the construction and outfitting budgets into one project budget. <p>Expenditures will be managed within the current overall 2018 Annual Expenditure Budget.</p> | 500,000 | 600,000 | 1,100,000 | 500,000 | 0 | 500,000 | Reallocation of previously approved capital funding (Debtenture; Capital from Revenue) | |
| | 2018 Capital Maintenance of Police Facilities | <p>Decrease to Multi-Year Project Budget (Reallocation):</p> <p>A project that was originally planned for 2018 under this capital maintenance program has been deferred due to the current cost estimate being higher than the funding available in this year's program budget. Staff recommend reallocating funding from this program budget to the high priority VPD Safe Drug Lab.</p> | 450,000 | (400,000) | 50,000 | 450,000 | 0 | 450,000 | Reallocation of previously approved capital funding (Debtenture) | |
| | VPD Safe Drug Lab Outfitting - Lab Equipment | <p>Decrease to Multi-Year Project Budget (Reallocation):</p> <p>Combine the funding approved for equipment with the renovation funding as the construction will be under one contract.</p> | 200,000 | (200,000) | 0 | 200,000 | 0 | 200,000 | Reallocation of previously approved capital funding (Capital from Revenue) | |
| Total - Reallocations | | | \$ 18,155,344 | \$ - | \$ 18,155,344 | \$ 4,506,047 | \$ - | \$ 4,506,047 | | \$ - |
| Total Capital Budget Adjustment Requests | | | \$ 127,489,863 | \$ 8,091,000 | \$ 135,580,863 | \$ 37,298,102 | \$ 9,500,000 | \$ 46,798,102 | | \$ 3,903,495 |

| Appendix 2 - Q4 2017 Capital Closeouts | | | | | |
|---|-------------------|-------------------|-------------------|------------|--|
| Project/Program Name | Budget | Actuals | Surplus (Deficit) | % | Closeout Variance Explanation (Required for variances > \$50,000 and 15% of budget) |
| Community Services | | | | | |
| Social Infrastructure Portfolio Scope/Assessment | 150,000 | 150,000 | - | 0% | |
| Grant - Boys and Girls Club | 50,000 | 50,000 | - | 0% | |
| Grant - Mt Pleasant Family Centre | 50,000 | 50,000 | - | 0% | |
| Grant - Crisis Intervention & Suicide Centre | 18,534 | - | 18,534 | 100% | |
| Hodson Manor Capital Improvements | 20,000 | 9,920 | 10,080 | 50% | |
| Community Services Total | 288,534 | 259,920 | 28,614 | 10% | |
| Engineering Services | | | | | |
| 2013-14 Vehicles & Equipment Replacement Program | 27,155,000 | 27,058,464 | 96,536 | 0% | |
| 2015-16 Major Roads Rehabilitation - Major Road Network (MRN) | 7,898,213 | 7,874,912 | 23,301 | 0% | |
| Southlands Equestrian Trails | 1,150,000 | 1,107,349 | 42,651 | 4% | |
| Landfill Closure Phase 2 & 3 Remedial Work | 125,000 | 166,818 | (41,818) | -33% | |
| Vancouver Landfill - High Traffic Area Improvements | 500,000 | 510,111 | (10,111) | -2% | |
| Vancouver Landfill Phase 3 Northeast Pre-Closure Gas Works | 3,725,000 | 3,454,425 | 270,575 | 7% | |
| Vancouver Landfill Closure Phase 4 Preparation | 500,000 | 492,246 | 7,754 | 2% | |
| Engineering Services Total | 41,053,213 | 40,664,325 | 388,888 | 1% | |
| Parks and Recreation | | | | | |
| Park Land Acquisition (November 2017) | 5,233,050 | 5,233,050 | - | 0% | |
| Parks and Recreation Total | 5,233,050 | 5,233,050 | - | 0% | |
| Planning, Urban Design, & Sustainability | | | | | |
| Citywide DCL Update Consultancy | 515,000 | 501,470 | 13,530 | 3% | |
| Planning, Urban Design, & Sustainability Total | 515,000 | 501,470 | 13,530 | 3% | |
| Real Estate & Facilities Management | | | | | |
| 2015/16 Capital Maintenance - Non-Market Housing | 493,912 | 394,007 | 99,905 | 20% | Fewer than anticipated non-market housing capital maintenance projects were required in 2015 and 2016. |
| 2015/16 Capital Maintenance - Childcare | 350,000 | 344,141 | 5,859 | 2% | |
| 2013 Fieldhouse Reno & Minor Upgrades | 300,000 | 274,813 | 25,187 | 8% | |
| 2015/16 Capital Maintenance - Park Buildings | 1,800,000 | 1,664,609 | 135,391 | 8% | |
| Creekside Paddling Centre | 3,200,000 | 3,258,087 | (58,087) | -2% | |
| 2015/16 Capital Maintenance - Recreation Facilities | 5,200,000 | 5,075,977 | 124,023 | 2% | |
| 2015/16 Capital Maintenance - Entertainment & Exhibition | 1,500,000 | 1,304,246 | 195,754 | 13% | |
| 2015/16 Capital Maintenance - Social Facilities | 724,800 | 656,782 | 68,018 | 9% | |
| 2015/16 Capital Maintenance - Police Facilities | 1,150,000 | 1,077,858 | 72,142 | 6% | |
| 2014 Fire Hall Bay Separation | 350,000 | 350,000 | - | 0% | |
| 2017 Ergonomic Furniture Program | 177,540 | 183,107 | (5,567) | -3% | |
| 2015/16 Administrative Facilities Renovations/Upgrades | 840,000 | 832,901 | 7,099 | 1% | |
| Quickstart Greenhouse Gas Reduction | 150,000 | 111,571 | 38,429 | 26% | |
| 2012-14 Recycling Program | 322,000 | 321,863 | 137 | 0% | |
| Real Estate & Facilities Management Total | 16,558,252 | 15,849,962 | 708,290 | 4% | |
| Technology Services | | | | | |
| VPD Arrest & Booking System Replacement | 465,560 | 463,760 | 1,800 | 0% | |
| VPD Crime Analytics System Upgrade | 430,000 | 402,598 | 27,402 | 6% | |
| VPD Technology Crime Unit System Development | 553,800 | 567,913 | (14,113) | -3% | |
| Technology Services Total | 1,449,360 | 1,434,271 | 15,089 | 1% | |
| Total Q4 2017 Capital Closeouts | 65,097,409 | 63,942,998 | 1,154,411 | 2% | |

(Continued on next page)

| Budget Status at Completion (# of projects/programs) | Budget | Actual | Surplus (Deficit) | % |
|---|-------------------|-------------------|----------------------|-----------|
| Surplus greater than \$50K & 15% (1) | 493,912 | 394,007 | 99,905 | 0% |
| Deficit greater than \$50K & 15% (0) | 0 | 0 | 0 | 0% |
| Surplus/deficit less than \$50K & 15% (30) | 64,603,497 | 63,548,991 | 1,054,506 | 2% |
| TOTAL (31 projects/programs) | 65,097,409 | 63,942,998 | 1,154,411 | 2% |

| Proposed Allocation of Closeout Surpluses: | | |
|---|--|---------------------|
| From | To | Amount |
| Community Services | | |
| Net Community Services closeout surplus | Citywide Unallocated from Closeouts | 28,614 |
| Community Services net closeout surplus | | \$ 28,614 |
| Engineering Services | | |
| 2013-14 Vehicles & Equipment Replacement Program closeout surplus | Plant and Equipment Reserve (remove commitment from reserve) | 96,536 |
| Southlands Equestrian Trails closeout surplus | Community Amenity Contribution (remove commitment from reserve) | 42,651 |
| 2015-16 Major Roads Rehabilitation - Major Road Network (MRN) closeout surplus | OMR Reserve (remove commitment from reserve) | 23,301 |
| Vancouver Landfill Phase 3 Northeast Pre-Closure Gas Works closeout surplus (Capital Financing Fund portion) | Vancouver Landfill - High Traffic Area Improvements closeout deficit | (10,111) |
| Net Vancouver Landfill project closeout surpluses for: • Phase 3 Northeast Pre-Closure Gas Works • Closure Phase 2 & 3 Remedial Work • Closure Phase 4 Preparation | Capital Financing Fund (Solid Waste Capital Reserve) | 236,511 |
| Engineering Services net closeout surplus | | \$ 388,888 |
| Planning, Urban Design, & Sustainability | | |
| Citywide DCL Update Consultancy closeout surplus | DCL (remove commitment from reserve) | 13,530 |
| Planning, Urban Design, & Sustainability net closeout surplus | | \$ 13,530 |
| Real Estate & Facilities Management | | |
| Net Real Estate & Facilities Management closeout surplus | Citywide Unallocated from Closeouts | 708,290 |
| Real Estate & Facilities Management net closeout surplus | | \$ 708,290 |
| Technology Services | | |
| Net remaining Technology Services closeout surplus | Citywide Unallocated from Closeouts | 15,089 |
| Technology Services net closeout surplus | | \$ 15,089 |
| Net closeout surplus for Q4 2017 Capital Closeouts | | \$ 1,154,411 |