



ADMINISTRATIVE REPORT

Report Date: March 30, 2010
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Meeting Date: April 8, 2010

TO: Standing Committee on City Services and Budgets
FROM: General Manager of Financial Services / Director of Finance
SUBJECT: Request for Approvals in Advance of the 2010 Capital Budget

RECOMMENDATION

THAT Council approve the requests for approvals in advance of the 2010 Capital Budget (projects and funding) as summarized in the body of the report and in the Appendix in the amount of \$15,577,700 with the source of funds as follows:

City Funding \$15,577,700 as follows:

- i. \$10,628,000 from 2010 borrowing authority
- ii. \$2,515,000 from Capital from Revenue
- iii. \$1,317,700 from Information Technology Expansion and Replacement
- iv. \$1,042,000 from IT Unallocated / Closeout
- v. \$75,000 from Solid Waste Capital Reserve

GENERAL MANAGER'S COMMENTS

The General Manager of Financial Services recommends approval of the foregoing.

CITY MANAGER'S COMMENTS

The City Manager recommends approval of the foregoing.

COUNCIL POLICY

It is Council policy to plan for capital expenditures on a multi-year cycle. Capital Plans are developed in 3-year terms in order to match the term of Council, and allow for a borrowing plebiscite to be held in conjunction with the civic election.

Funding from the three year Capital Plan is allocated to specific Capital Programs through the annual Basic Capital Budgeting process. Council approval of the annual Basic Capital Budget is required before work can proceed on specific programs/projects.

Council's policy for capital works is to fund sewer and water capital expenditures from debenture borrowing and to fund the balance of capital expenditures from a combination of debenture borrowing, contributions from the Operating Budget ("Capital from Revenue"), Development Cost Levies ("DCLs"), Community Amenity Contributions ("CACs"), and contributions from senior governments and third parties.

Sections 236 and 242 of the Vancouver Charter give Council the authority to approve borrowing authority for capital expenditures related to the development of water, sewer and energy utility systems without reference to the electors. Section 245 requires that borrowing authority for other capital expenditures be approved by a majority of the electorate through a borrowing plebiscite.

City Council approves Capital projects and priorities including approvals in advance of the Capital Budget.

PURPOSE

The purpose of this report is to seek Council approval for projects in advance of the 2010 Capital Budget that are of a time critical nature.

BACKGROUND

The 2010 capital budget process has been a phased approach, starting in December 2009 with advanced approvals for basic capital of \$38.2 million for post Olympic conversion work at Riley Park and construction of a Property and Forensic Police facility.

In January 2010 an additional advanced approval for basic capital was prepared for a total capital request of \$134.2 million; including \$36.5 million in requests that received Federal Infrastructure stimulus funding and \$2.0 million in requests in Recreational Infrastructure Canada funding. These projects included City funding of \$68.0 million and other external funding of \$7.8 million. The report also included \$18.8 million in funding for projects that were time critical and \$1.1 million for critical capital maintenance.

In February 2010, an advanced approval report for supplementary capital was prepared. Funding of \$1.9 million was requested; one project totalling \$1.6 million included \$1.0 million in funding from the Joint Emergency Preparedness Program under Public Safety Canada combined with \$0.6 million of City funding. This report also included \$0.3 million in critical requests for building envelope repairs.

The remaining steps to be completed for the 2010 capital budget process are: completion of a final advanced approval report (this report) to be followed in June 2010 with the final 2010 basic capital budget report and a preliminary 2011 basic capital budget. Steps leading up to the report in June will include a review of prior year capital budgets and 2010 and 2011 capital requests in order to streamline the remainder of the capital budget process.

There are three city departments requesting advanced funding in this report:

- Corporate IT is requesting funding to support projects that have deadlines for completion in June, 2010 or earlier, high priority projects, end-of-useful life replacement of systems and software at risk of failure.
- Facilities is requesting funding to plan and contract for construction work that needs to be completed in the dry summer season (roof replacements).
- Engineering is requesting funding to plan and construct sewer, water and streets projects that are part of the annual planned replacement program or are dependent on the time of year.

These projects are summarized in the body of the report and are detailed in Appendix 1.

DISCUSSION

The funding being requested in this report reflects commitments to maintain internal city assets and, to continue critical public works while the final 2010 capital budget is being completed.

The sections below provide a summary of the requests for Corporate Information Technology [Corporate IT], Civic Property Management and Engineering Services.

All projects described in this report will be presented as part of the overall 2010 Capital Budget report which will be presented mid 2010.

2010 Requests for Approval in Advance 2010 Budget \$15.6 million

The following provides a summary of the requests for approvals requested or required in advance of the 2010 Capital Budget for Corporate IT, Civic Property Management [Facilities] and Engineering Services.

Corporate IT 2010 Budget \$4.2 million

Corporate IT is requesting approval for \$2.4 million of Capital for the IT Expansion and Replacement program to complete priority projects and projects that need to be underway prior to June due to risks to the continued operation of IT infrastructure, and applications.

The classification and required funding for the projects follows;

<u>Priority Projects</u>	\$2.0 million
<ul style="list-style-type: none"> • Web Content Management System • Long term strategy for Open Source software and standards 	
<u>External Deadlines</u>	\$.70 million
<ul style="list-style-type: none"> • PCI Compliance • Email firewall contract • VPD Secure remote access 	

<u>System Upgrades</u>	\$.51 million
<ul style="list-style-type: none"> • Data storage networks • Exchange email system • Library firewall 	
<u>System Capacity</u>	\$.48 million
<ul style="list-style-type: none"> • VPD Data protection 	
<u>End of life Replacements</u>	\$.37 million
<ul style="list-style-type: none"> • Fax via Email • Enterprise file storage • Police case file preparation hard and software 	
<u>Systems Recovery</u>	\$.07 million
<ul style="list-style-type: none"> • Network spares 	

Source of Funds Summary

- \$1.76 million Capital from Revenue
- \$1.32 million 2010 IT Expansion / Replacement
- \$1.04 million from IT Unallocated / from Closeouts /

Civic Property Management [Facilities] 2010 Budget \$2.24 million

Facilities is requesting approval for \$2.24 million of Capital for Re-roofing projects. Roof replacement is best done during the summer season, preparation of the work needs to be completed in the spring season to avoid outside work being completed during the rainy season.

The list of the critical locations are as follows:

- | | |
|---------------------------|----------------|
| • City Archives | \$1.49 million |
| • Firehalls | \$.29 million |
| • Art Gallery | \$.24 million |
| • Queen Elizabeth Theatre | \$.22 million |

Source of Funds Summary

- \$1.49 million from 2010 borrowing authority
- \$.76 million Capital from Revenue

Engineering Services 2010 Budget \$9.2 million

Engineering Services is requesting approval for \$9.2 million of Capital for projects in sewers, waterworks and streets.

Sewers

\$1.4 million

Funding is being requested to maintain the annual city objectives of 1% replacement of the sewer system and basic sewer maintenance in the following areas:

- Sewer Main Reconstruction
- Connection and Manhole Reconstruction
- Local Repairs, Catch Basins & Spurs
- Sewer Separation on Private Property

WaterWorks

\$3.0 million

Funding is being requested to maintain the city objectives in the following areas:

- Water Distribution System replacement
- New Services and Meters
- Water meter and hydrant replacement
- Engineering and Site investigation

Streets

\$4.7 million

Funding is being requested in the following areas due to the timing of the construction period (typically April to September).

- Arterial Streets Reconstruction
- Sidewalk Reconstruction
- Bridge Rehabilitation

Landfill

\$0.1 million

Funding is being requested to continue the work in the closure of completed sections of the site.

Source of Funds Summary

- \$9.1 million from 2010 borrowing authority
- \$0.1 million from Solid Waste Capital Reserve

FINANCIAL IMPLICATIONS

Along with previous approvals of basic and supplementary capital of \$174.3 million, the total 2010 capital budget approved in advance will be \$189.9 million.

Table 1 below provides a summary of the requests for approval in advance by department as discussed in this report.

Table 1 -Approvals in Advance of the 2010 Capital Budget (000's)								
Ref #	Department	Gross Capital Budget	Capital from Revenue	Debenture	IT Expansion and Replacement	Solid Waste Capital Reserve	Unallocated Capital from closeout	Total City Funding
CAPITAL PLAN								
Utilities								
D	PUBLIC WORKS - SEWERS	1,415	0	1,415	0	0	0	1,415
F	PUBLIC WORKS - WATERWORKS	3,025	0	3,025	0	0	0	3,025
	Total Utilities	4,440	0	4,440	0	0	0	4,440
Other Public Works								
A	PUBLIC WORKS - STREETS	4,700	0	4,700	0	0	0	4,700
	Total Other Public Works	4,700	0	4,700	0	0	0	4,700
U	INFORMATION TECHNOLOGY	4,120	1,760	0	1,318	0	1,042	4,120
W	CIVIC PROPERTY MANAGEMENT	2,243	755	1,488	0	0	0	2,243
	LANDFILL	75	0	0	0	75	0	75
TOTAL 2010 REQUEST		15,578	2,515	10,628	1,318	75	1,042	15,578

Appendix A provides a summary of the requests for approval in advance of the 2010 Capital Budget by program/project area by source of funds.

CONCLUSION

This report provides a summary of the requests for approvals in advance of the 2010 Capital Budget.

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APPENDIX A								
Project	Description of Project	Scope of Work	Total	Capital from Revenue	Borrowing Authority	IT Expansion and Replacement	Solid Waste Capital Reserve	Unallocated Capital from closeout
Corporate Information Technology								
Priority Projects								
Web Content Management System	The project will create an integrated web presence for City-funded websites (internal and external-facing) that will provide users with an easy-to-use, reliable platform for accessing timely, accurate and authoritative information, for participating in democratic processes and for fulfilling their commercial and service transactions.	This project will be split into phases as follows: Phase 1 - Project Definition & Planning - Deliverables: SWOT analysis, strategic priorities, project charter, detailed project plan, project management documentation (e.g. risk & issue logs); Phase 2 - Project Development - Deliverables: governance & management structures; protocols, policies, standards & guidelines for web publishing; revised web technical/design environment Phase 3 - Implementation & Evaluation - Deliverables: new integrated web presence	\$1,760,000	\$1,760,000				
Open Source Strategy	Project will create a long term strategy for Open Data at the City as well as recommendations on amending procurement practices to level the playing field for open source software and standards.	The project is split into 3 distinct areas: 1. Open Data: the project team will assess feedback from the user community and determine what data to make available to the public on an ongoing basis (based on a costs vs. value assessment). 2 and 3. Open Standards and Open Source: the project team will review opportunities for implementing open standards and open source software at the City, develop a decision-framework for assessing the IT fit of open source products and work with Purchasing to develop product review policies and processes.	\$242,000					\$242,000
Total Priority Projects			\$2,002,000	\$1,760,000	\$0	\$0	\$0	\$242,000
External Deadlines								
PCI Compliance	This project is a continuation of security projects to provide further enhancements to security to ensure that IT infrastructure is compliant of Payment Card Industry (PCI) standards.	The PCI Compliance project includes: 1. Provide enhancements to the current Security Incident and Event Monitoring (SIEM) system to monitor additional servers including those that are used for PCI transactions 2. Engage a Qualified Security Assessor (QSA) to complete an assessment of the City's compliance to the PCI Data Security Standard (DSS) requirements 3. Develop a plan to address the highest risk items based on PCI's prioritized approach. This project will address priorities one through three on a scale of six. 4. Complete the security framework for the software development lifecycle, focusing on the planning and design activities 5. Upgrade the existing Security Incident and Event Monitoring system to report on servers involved in payment card transactions.	\$441,000					\$441,000

Project	Description of Project	Scope of Work	Total	Capital from Revenue	Borrowing Authority	IT Expansion and Replacement	Solid Waste Capital Reserve	Unallocated Capital from closeout
E-mail Firewall Replacement	The project will address the need to replace the existing service contract which will become end-of-life in June 2010.	Replacement of the email firewall includes: 1. Research current market solutions. 2. Evaluate and select candidate product that meets requirements. 3. Purchase and install new redundant set of Email Firewalls. 4. Implement the filter rules and test.	\$130,000			\$130,000		
VPD - Secure Remote Access (Phase II)	The secure remote access project will provide stable internet access via Rumble to VPD in house users, as well as offer secure remote access to outside users via Terminal Server.	The secure remote access project includes: 1. Deployment of Terminal Server licences to VPD users to enable access of the individual and shared drives when accessing the system remotely.	\$125,000			\$125,000		
Total External Deadlines			\$696,000	\$0	\$0	\$255,000	\$0	\$441,000
System Upgrades								
Data Storage Networks	The Data Storage 2010 project will upgrade the parts of the data storage equipment that are reaching their end of life and to add capacity to meet operational needs, as well as to upgrade the associated network equipment	The Data Storage 2010 project includes: 1. To replace 25TB end of life SAN equipment for SAP, GIS, databases, TSM, Domino, etc. 2. Increase current File services and lagacy VMware (VI 3) environment storage by 15% (7.5TB) to allow for capacity management. 3. To upgrade storage network connectivity equipment with 4 network storage switches.	\$331,000					\$331,000
Exchange E-mail System Upgrade	The project will address the age and capacity limit of the current system. The servers will be four years old by early next year and the storage system has reached end-of-life.	The system upgrade includes: 1. Evaluate and test replacement email system features. 2. Act on the recommendations from the audit and health check report from October 2009 performed by Microsoft. 3. Create project plan, communication plan. 4. Purchase and install servers. 5. Implement the migration of existing user mailboxes to new system.	\$155,000			\$155,000		
VPL Firewall Replacement	This project will replacement of the VPL firewalls which are at end of life, and upgrade network equipment providing Internet access at branch libraries.	The system replacement includes: 1. Purchase, configure and install new firewalls at Central branch 2. Replace network switches at branches with dedicated Internet access.	\$19,700			\$19,700		
Total System Upgrades			\$505,700	\$0	\$0	\$174,700	\$0	\$331,000

Project	Description of Project	Scope of Work	Total	Capital from Revenue	Borrowing Authority	IT Expansion and Replacement	Solid Waste Capital Reserve	Unallocated Capital from closeout
System Capacity								
VPD - Data Protection	This project will increase capacity of VPD's back-up infrastructure to accommodate requirements to store digital evidence, the current infrastructure is >80% capacity.	The data projection project includes: 1. Purchasing of a pair of new Data Protection devices for VPD data backup 2. Installation of new devices, migration of the existing data to the new devices, and replicating that data to a secondary device at an offsite location.	\$475,000			\$475,000		
Total System Capacity			\$475,000	\$0	\$0	\$475,000	\$0	\$0
End of Life Replacements								
File Cluster	This project will create additional capacity on enterprise file storage service in order to meet growing demands for file storage and to reduce workload on the end-of-life equipment. The current system is over four years old and has reached maximum capacity and end of life.	The system upgrade includes: 1. Evaluate and test Network Attached Storage (NAS) features. 2. Audit the existing system and design a NAS-based filer system. 3. Create project plan, communication plan 4. Purchase and install two NAS devices, disk quota software, two anti-virus scanning servers. 5. Implement the migration of existing users to new NAS-based filer.	\$260,000			\$260,000		
VPD - Supertext Upgrade	The project will replace unsupported and end of life hardware and software that is the Crown standard for preparing case files for court with latest version.	The supertext upgrade project includes: 1. Upgrade of hardware to current VPD server standards. 2. Upgrade software to a version supported by the software vendor and is more stable and reliable. 3. Participate in a maintenance plan in order to keep the system current.	\$81,000			\$81,000		
Rightfax Upgrade	Existing hardware has reached its end-of-useful life.	The Rightfax Upgrade project includes: 1. Purchase and install VMWare guest server, Rightfax boardless software 2. Implement the migration of existing Rightfax users to new system	\$28,000					\$28,000
Total End of Life Replacements			\$369,000	\$0	\$0	\$341,000	\$0	\$28,000
Systems Recovery								
Network spares	This project will facilitate the purchase of new spare network equipment such as switches, routers, phones and Uninterruptible Power Supplies to be used in event of failure of production equipment rather than rely on maintenance contracts.	Purchase of spare switches, routers, UPS's and VOIP phones.	\$72,000			\$72,000		
Total Systems Recovery			\$72,000	\$0	\$0	\$72,000	\$0	\$0
Total IT requests			\$4,119,700	\$1,760,000	\$0	\$1,317,700	\$0	\$1,042,000

Project	Description of Project	Scope of Work	Total	Capital from Revenue	Borrowing Authority	IT Expansion and Replacement	Solid Waste Capital Reserve	Unallocated Capital from closeout
Civic Property Management/Facilities								
Roofing Projects	The re-roofing projects will address critical repairs to the existing roof system at facilities that are at the end of their life expectancy resulting in numerous water infiltration issues.	<p>The locations of the critical roofing projects are:</p> <ul style="list-style-type: none"> • City Archives [Green Roof repair] (\$1.49 million) • Firehalls (\$0.30 million) <ul style="list-style-type: none"> #1, 900 Heatley Avenue #5, 3090 East 54th Avenue #6, 1001 Nicola Street #20, 5402 Victoria Drive #21, 5425 Carnarvon Street • Art Gallery – Sections A and C (\$0.23 million) • Queen Elizabeth Theatre / Playhouse (\$0.22 million) 	\$2,243,000	\$755,000	\$1,488,000			
Total Facilities requests			\$2,243,000	\$755,000	\$1,488,000	\$0	\$0	\$0
Engineering								
Sewer Main Reconstruction	Project supports the City's goal of replacing the combined sewer system with a separated sanitary sewer and stormwater system. This supports the City's commitments under the regional Liquid Waste Management Plan to eliminate all combined sewer overflows by the year 2050. The strategic plan was approved by Council in 1981 as part of the Sewers Long Range Plan and reaffirmed by Council in 1991 as part of the City's Design and Service Level Standards.	In selecting sewers to be replaced in our annual program, a number of factors are considered including the age, condition and capacity of the pipes, flooding risk reduction and pollution abatement benefits. Information from television inspections, flow monitoring, and maintenance programs is used to identify sewers that need to be rebuilt due to physical deterioration or inadequate service. Engineering analysis such as computer flow modelling is also used to assess the system's capacity. This funding should provide for the completion of approximately 2 blocks of sewer separation.	\$660,000		\$660,000			
Connection and Manhole Reconstruction	This program consists of the reconstruction of sewer connections and manholes to prevent and or remedy connection failures and where maintenance is no longer cost effective, this program provides funding for repairs and/or replacement.	<p>The City has approximately 100,000 sewer connections totalling about 935 kilometres in length. A number of old connections experience blockages that cannot be dealt with cost effectively with preventative maintenance. This program provides funding to reconstruct connections to these properties, this funding would provide for the renewal of approximately 30 connections.</p> <p>In addition to connections, the City also has over 25,000 sewer manholes. They are replaced at the time of main sewer reconstruction, or, if damaged repaired/replaced in areas not scheduled for main sewer replacement. Approximately 5% of the program funds are for manhole reconstruction.</p>	\$335,000		\$335,000			

Project	Description of Project	Scope of Work	Total	Capital from Revenue	Borrowing Authority	IT Expansion and Replacement	Solid Waste Capital Reserve	Unallocated Capital from closeout
Local Repairs, Catch Basins & Spurs	This program is to prevent failure of catchbasins and spurs and to upgrade drainage facilities. Vehicle impact loading, deterioration due to age and tree roots are the main causes of catch basin drain failures.	There are about 45,000 catch basins in the City and about 300 kilometres of spur sewers that connect them to the mains that has been developed since 1900 in conjunction with our street paving program; some of it is starting to fail due to age. This funding would provide for repairs to approximately 20 catch basins.	\$200,000		\$200,000			
Sewer Separation on Private Property	This program is an essential element needed to meet our commitments under the Liquid Waste Management Plan to continuously reduce combined sewer overflows and continue improvements in water quality in the adjacent waters.	The major focus of the program during 2010 will be on the continuation of reducing pollution discharges to Vancouver Harbour at Canada Place and False Creek, elimination of the Crowe Street CSO and continue to reduce flows to the Iona Sewage Treatment Plant.	\$220,000		\$220,000			
Sewer System			\$1,415,000	\$0	\$1,415,000	\$0	\$0	\$0
Water Distribution System	This program maintains the infrastructure consisting of; 1476 km of water mains, appurtenances such as valves, fire hydrants, and service connections.	The scope of work on a typical water main replacement project includes installing a new water main, hydrants, services and other related appurtenances using open trench construction as well as pressure testing, disinfecting the main, connecting the new main into the water system and abandoning the existing water main. This funding will provide for the replacement of approximately 1 kilometer of water main.	\$1,000,000		\$1,000,000			
New Services and Meters	The long term objective of this program is to increase the number of meters in Park Board facilities and in general, and expand automated meter reading program.	The New Services and Meters program covers the following sub-programs for 2010: -Additional Automated Meter Reading (AMR) Installations, approximately 600 AMRs. -Park Board Metering -New Meter Purchase	\$175,000		\$175,000			
Services, PRV's & Hydrants	This program focuses on aging service, water meter and fire hydrant replacement.	The program renews approximately 1,400 water services per year. This funding represents approximately one third of the annual funding level, or 450 services.	\$1,500,000		\$1,500,000			
Engineering and Site Investigation	This program supports projects that review and investigate issues that affect the water system. This includes investigations to determine the causes of water main failures, geotechnical investigations, utility exposures for proposed capital projects in the pre-design phase, and review of new materials and technologies affecting the water industry.	For 2010, significant work is needed to support projects related to the Federal Infrastructure Stimulus Funding program.	\$350,000		\$350,000			

Project	Description of Project	Scope of Work	Total	Capital from Revenue	Borrowing Authority	IT Expansion and Replacement	Solid Waste Capital Reserve	Unallocated Capital from closeout
Waterworks 2010			\$3,025,000	\$0	\$3,025,000	\$0	\$0	\$0
Major Streets - City	The purpose of this program is the re-construction for rehabilitation of arterial pavements.	Rehabilitation typically consists of the removal and replacement of the surface layer of pavement (grind and overlay), and may also include reconstruction of the entire pavement structure and/or the reconstruction of damaged or substandard curbs. This funding should provide for the rehabilitation of approximately 4 kilometers of arterial pavements.	\$3,200,000		\$3,200,000			
Sidewalk Reconstruction	The purpose of this program is the re-construction for rehabilitation of concrete sidewalks.	Rehabilitation typically consists of the replacement of concrete sidewalks and curb ramps as determined by local conditions, zoning, and streetscape standards, for 2010 the rehabilitation of approximately 10-20 block faces of commercial and/or local sidewalks is planned city wide. This funding should support approximately half (5-10 block faces) of that program.	\$1,000,000		\$1,000,000			
PCB Removal for Burrard Street Bridge	The purpose of this project is the the replacement of the bridge bearings on the Burrard Street bridge in order to comply with Federal and Provincial Regulations. The timeline for compliance is 2014 and has been established in order for Canada to meet international commitments regarding the elimination of PCBs from the environment.	This project will focus in bearing replacement design (drawing and specifications ready for construction tender) for Burrard Street bridge and includes, 1. Soil testing and analysis 2. Development of a soil management strategy for PCB contaminated soils under Burrard Bridge.	\$500,000		\$500,000			
Streets 2010			\$4,700,000	\$0	\$4,700,000	\$0	\$0	\$0
Landfill Gas Collection System	The gas collection system is to be extended around the perimeter of the site to improve gas collection efficiency and increased flexibility for maintenance.	Consulting services are required to complete the detailed design and specifications for the piping around the site and for vertical wells to be installed in Phase 2 of the Landfill.	\$75,000				\$75,000	
Vancouver Landfill			\$75,000	\$0	\$0	\$0	\$75,000	\$0
Total Engineering			\$9,215,000	\$0	\$9,140,000	\$0	\$75,000	\$0
TOTAL Requests			\$15,577,700	\$2,515,000	\$10,628,000	\$1,317,700	\$75,000	\$1,042,000