



## ADMINISTRATIVE REPORT

Report Date: May 13, 2014  
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Meeting Date: May 27, 2014

TO: Standing Committee on Planning, Transportation and Environment  
FROM: Director of Finance  
SUBJECT: 2014 Q1 Capital Budget Adjustments and Closeouts

### *RECOMMENDATION*

- A. THAT Council approve adjustments to the 2014 Capital Budget as outlined in Appendix 1, resulting in an increase of \$4.0 million to the Total Multi-Year Capital Project Budget, and \$2.6 million to the 2014 Capital Expenditure Budget for a revised 2014 Capital Budget of \$290.5 million.
- B. THAT, as part of the quarterly Capital Budget closeout process, Council approve the closeout of completed capital projects with variances exceeding 15% and \$50,000 of the approved budget as outlined in this report and Appendix 2.

### *REPORT SUMMARY*

On December 17, 2013, Council approved a 2014 Capital Expenditure Budget of \$285.1 million. Council subsequently approved a net increase of \$2.8 million in capital expenditures for a revised 2014 Capital Expenditure Budget of \$287.9 million.

The increase to the 2014 Capital Expenditure Budget recommended in this report represents capital priorities identified subsequent to the approval of the 2014 Capital Expenditure Budget and which are not offset through reductions in planned 2014 expenditures in other projects or programs.

As part of the quarterly capital budget review process, projects/programs completed in each quarter are reported to Council. Council approval is therefore also being requested to close 17 programs/projects completed in Q1 2014, with a net surplus of \$0.6 million, 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. Since 1990, capital plans have been 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. In September 2011, Council approved the 2012-2014 Capital Plan in the amount of \$702 million (RTS 9318).

It is Council policy to fund capital expenditures for waterworks, sewerage & drainage and energy utility systems from debenture borrowing; 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 three-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.

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 & drainage and energy utility systems without the assent of the electorate. Section 245 requires that the borrowing authority for all other purposes be established through the electorate's approval of a borrowing plebiscite.

The requirement to borrow funds to finance capital expenditures is established by Council at the time of the approval of the annual capital budget and through special approvals. Borrowed funds are generally paid back over periods ranging from 10 to 40 years to ensure that a systematic borrowing program can be administered, that outstanding debt does not accumulate to unacceptable levels and that interest and repayment costs 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 and childcare projects in proportions specified in various DCL By-laws. CACs are developer contributions that arise from rezonings; these are directed toward the cost of public amenities in the area affected by the rezoning. The allocation of both DCL and CAC funding to specific amenities requires Council approval.

Council authority is required to close capital accounts with variances exceeding 15% and \$50,000 of the approved budget, and to reallocate capital funding over \$50,000.

#### *CITY MANAGER'S/GENERAL MANAGER'S COMMENTS*

The Capital Budget is the main tool by which the City implements its 3-year capital plan, as it provides the authority to proceed with specific programs/projects, and defines the approved annual expenditure for Capital. 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, departments are able to request Capital Budget adjustments on a quarterly basis. This streamlines the Capital Budget process and reduces the number of ad-hoc Council reports being submitted for approval.

Capital Budget adjustments include:

- 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.

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

Quarterly budget reviews are provided to Council in a Council memo and posted externally on the City's website at

<http://vancouver.ca/your-government/financial-reports-and-information.aspx>.

The 2014 First Quarter Budget Review memo comments on the 2014 Capital results, while this report focuses on Capital Budget adjustments and capital closeouts for Council approval.

## *REPORT*

### *Background/Context*

On December 17, 2013, Council approved a 2014 Capital Expenditure Budget of \$285.1 million. Council subsequently approved a net increase of \$2.8 million in capital expenditures for a revised 2014 Capital Expenditure Budget of \$287.9 million.

As part of the capital budgeting process, proposed adjustments to the current Capital Budget and closeout of completed projects requiring Council approval are identified in the quarterly capital budget reviews and reported to Council for approval in this report. Budget adjustments and project closeouts are presented to Council quarterly. Budget adjustments and project or program closeouts for Quarters 2, 3, and 4 will be presented to Council for approval in September 2014 (Q2), November 2014 (Q3), and March 2015 (Q4). This allows for timely requests and approvals to proceed with new emerging priority projects, reallocations between existing projects or programs, and to receive donations.

Quarterly Capital Budget adjustment requests are categorized as follows:

A. Administrative consolidation, budget restatements, and funding source changes:

Includes the consolidation of like programs/projects into one larger program/project for management purposes; budget restatements to reflect changes in reporting presentation, and changes in funding sources for existing projects/programs;

B. Emerging priority projects:

Includes new projects that have been identified to address unforeseen urgent issues or new priorities emerging outside of the regular Capital Plan/Capital Budget cycle;

C. Timing uncertain budget additions / acceleration of projects:

Includes the addition of expenditure budgets for projects noted as "Timing Uncertain" in the Capital Expenditure Budget where timing subsequently becomes certain; addition of expenditure budgets for acceleration of expenditure timelines arising from external funding opportunities, economies of scale, etc.;

D. Budget increases or decreases to existing projects/programs:

Includes programs or projects where costs have increased or decreased due to unforeseen changes in market economic conditions or changes in project scope thereby advancing the timing of work on a project; increases in scope afforded by external funding contribution opportunities;

E. Reallocations:

Includes the reallocation of funding between existing projects or funding sources reflecting revised priorities and/or cost estimates.

### *Strategic Analysis*

#### **A. Capital Budget Adjustments**

Table 1 summarizes the proposed adjustments to the Total Capital Multi-Year Project Budget. Due to the nature of capital expenditures, spending may span multiple years. The Total Multi-Year Project Budget impact represents the funding proposed to be added to projects or programs; the Total 2014 Capital Budget Impact is the effect on spending anticipated for 2014 for the related projects or programs.

This report proposes an increase of \$4.0 million to the Total Multi-Year Capital Project Budget, for several emerging priority capital projects outlined in Appendix 1.

Budget adjustments to the are generally managed within the total overall Capital Expenditure Budget, whereby additions to the budget are offset by corresponding reductions in budgets elsewhere in the overall Capital Expenditure Budget. Approximately \$2.1 million of the proposed \$4.7 million increase in 2014 expenditures have been offset through forecast expenditure reductions in other projects. The remaining \$2.6 million can be explained primarily through two projects that had been budgeted and forecast to be spent in 2013 but were delayed to 2014, and will be completed in 2014. Details for all of the adjustments, including the proposed expenditure reductions, are provided in Appendix 1.

Table 1 - Proposed Changes to Total Project Budget and 2014 Capital Expenditure Budget (\$000's)		
Category	Budget Impact	
	Total Multi-Year Project	Total 2014 Capital Expenditure Budget
A. Administrative consolidations and restatements	\$ -	\$ -
B. Emerging priority projects	2,190	1,825
C. Timing uncertain budget additions / acceleration of projects	-	-
D. Budget increases to existing projects/programs	1,639	2,883
E. Reallocations	190	-
Total Proposed Project Budget Adjustments / 2014 Capital Expenditure Budget Adjustments	\$ 4,019	\$ 4,708
Total Proposed 2014 Capital Expenditure Budget Offsets		\$ (2,066)
Proposed Increase to Total Project Budget / 2014 Capital Expenditure Budget	\$ 4,019	\$ 2,642
Current Approved 2014 Capital Expenditure Budget		\$ 287,874
Proposed Revised 2014 Capital Expenditure Budget		\$ 290,516

## B. Capital Closeouts

The Capital closeout process is the mechanism by which the City's Capital programs and/or 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 15% and \$50,000 of the approved budget.

A total of 17 programs/projects with budgets totaling \$26.2 million and expenditures of \$25.6 million were completed in the period between the 2013 Q4 Capital Closeout (RTS 10444) and the end of the first quarter of 2014 (March 31, 2014), resulting in a net surplus of \$0.6 million.

Appendix 2 provides a summary of the proposed allocation (funding sources) of project/program closeout surpluses (deficits).

Four of the completed projects/programs have completion surpluses or deficits exceeding 15% and \$50,000. Appendix 2 provides explanations for these significant surpluses/deficits as well as financial details, by project and department, for projects/ programs closed in Q1 2014.

*CONCLUSION*

As part of the capital budgeting process, adjustments to the Capital Expenditure Budget and the closeout of projects/programs requiring Council approval are identified and brought to Council through the quarterly reporting process.

The purpose of this report is to request Council approval of budget adjustments resulting in an increase of \$4.0 million to the Total Multi-Year Capital Projects Budget, and an increase of \$2.6 million to the 2014 Expenditure Budget for a revised Expenditure Budget of \$290.5 million.

This report also requests Council approval for the closeout of four programs/projects with completion variances exceeding 15% and \$50,000 of the approved budget and funding.

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Capital Budget Adjustment Requests											
			BUDGET IMPACT						Funding Details		
			Multi-Year Project Budget			Annual Capital Expenditure Budget					
<b>A. Administrative consolidation or restatements</b>											
Includes the ongoing consolidation of like programs/projects into one larger program/project (normally no net impact on the annual budget); other restatements.											
Department	Project	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Annual Capital Budget Change / Proposed Offset
Engineering Services	2012-14 Landfill Closure & Gas Collection	<b>Administrative Consolidation:</b> The 2011 Phase 2 Closure & LFG Collection and 2012-2014 Landfill Closure & Gas Collection projects are a continuation of the landfill's program to close phases as the landfill sections reach fill capacity. This request is to consolidate the two projects into one, given the identical nature and purpose of the projects.	33,865,000	4,778,000	38,643,000	3,646,340	0	3,646,340	N/A	N/A	Administrative consolidation of existing budgets. No change to overall 2014 Expenditure Budget.
	2011 Phase 2 Closure & LFG Collection		4,778,000	(4,778,000)	0	0	0	0	N/A	N/A	
Engineering Services	2012-14 Vehicles & Equipment Replacement and Additions	<b>Funding source change only:</b> A donated vehicle used by VPD's Domestic Violence – Criminal Harassment Unit to transport victims of domestic violence (moms and their kids) to shelters and other locations requires replacing. The Unit has been given a donation of \$26,000 to cover the cost of the replacement.							<b>Addition:</b> Donation (Private Donor) \$26,000	<b>Reduction:</b> Plant & Equipment Reserve \$26,000	Funding source change only. No change to 2014 Expenditure Budget.
Parks & Recreation	Hastings Park Greening	<b>Funding source change only:</b> Funding donation commitment has been received for a portion of the recycled rubber playground safety surface being installed in 2014 on the Plateau above Empire Fields. This additional funding allows for completion of the playground area that was a high priority for local residents.							<b>Addition:</b> Donation (Tire Stewardship BC) \$80,000	<b>Reduction:</b> Development Cost Levies (City-wide) \$80,000	Funding source change only. No change to 2014 Expenditure Budget.
Parks & Recreation	Park Land Development 2011	<b>Funding source change only:</b> This funding is for a portion of the playground recycled rubber safety surface being installed in 2014 in the Trillium North Park site and is required to complete this park this year. This increase frees up funds for delivery of the new park site at 6th and Fir that is scheduled for construction in 2014.							<b>Addition:</b> Donation (Tire Stewardship BC) \$30,000	<b>Reduction:</b> Development Cost Levies (City-wide) \$30,000	Funding source change only. No change to 2014 Expenditure Budget.
<b>Total - Administrative Consolidation; Restatements; Council-approved Additions</b>			<b>\$ 38,643,000</b>	<b>\$ -</b>	<b>\$ 38,643,000</b>	<b>\$ 3,646,340</b>	<b>\$ -</b>	<b>\$ 3,646,340</b>			

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Capital Budget Adjustment Requests											
			BUDGET IMPACT						Funding Details		
			Multi-Year Project Budget			Annual Capital Expenditure Budget					
<b>B. Emerging priority projects</b>											
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 1	Funding Source 2	Annual Capital Budget Change / Proposed Offset
Engineering Services	Western 40 Hectares Closure	Stockpiling of materials in advance of final closure of landfill Western 40 hectares expected to take place over 3 phases from 2015-2017. Approximately \$525,000 in closure material is required to be stockpiled in 2014, based on the Design, Operations & Closure Plan (DOPC), a regulatory document required by the Province. Stockpiling in advance also provides the City the opportunity to take advantage of current favourable pricing, resulting in an estimated materials cost savings of \$70,000.	0	525,000	525,000	0	525,000	525,000	Solid Waste Capital Reserve		No net change to 2014 Expenditure Budget as expenditures for materials stockpiling for Western 40 Hectares Closure to be offset by a corresponding reduction in 2014 Expenditure Budget for Reconstruction Landfill Entrance.
Engineering Services	Railway Grade Crossing Audit	The Railway Grade Crossing Audit is a review to ensure crossings in Vancouver comply with the new Transport Canada standards and legislation which will be put into force this year. The legislation requires all railway crossings to comply with the new standards within five years. The project scope includes a review of the condition of 61 locations in the City where a railway crosses a roadway (there are a total of 76 railway crossings in the City, 15 audits were completed in 2013).	0	400,000	400,000	0	400,000	400,000	OMR Reserve (Translink funding for Operations, Maintenance, Rehabilitation) \$80,000	City-Wide Unallocated from Prior Closeouts (Capital from Revenue) \$320,000	Net increase to 2014 Expenditure Budget.
Parks & Recreation	Stanley Park AAA Horse and Carriage	Park Board is renovating a portion of the parking lot near the Information Booth in Stanley Park to safely accommodate visitors and the AAA Horse and Carriage vendor, at the vendor's expense. This work is being delivered under a City contract for quality assurance.	0	400,000	400,000	0	400,000	400,000	External: AAA Horse & Carriage		No net change to 2014 Expenditure Budget as expenditures for Stanley Park AAA Horse and Carriage parking renovations to be offset by reductions in other Park Board 2014 Expenditure Budgets.
Parks & Recreation	Fraserview Golf Course Culvert Replacement	A creosote wood stave culvert in Vivian Creek within the Golf Course is at the end of its service life and near collapse. It must be replaced during the 2014 August Fisheries construction window to maintain golf course play, service yard access, and to protect the environment. This is also an opportunity for creek habitat enhancements.	0	400,000	400,000	0	400,000	400,000	City-Wide Unallocated from Prior Closeouts (Capital from Revenue)		No net change to 2014 Expenditure Budget as expenditures for Fraserview Golf Course culvert replacement to be offset by reductions in other Park Board 2014 Expenditure Budgets.
Real Estate & Facilities Mgmt	Stanley Park Train Station Reconstruction	An arson fire in Stanley Park necessitates reconstruction of the train station in a destination visitor area. Additional funding is required to augment the insurance settlement (which covers only the depreciated value of the property rather than full replacement) and to construct a slightly larger, more modernized structure retaining the architectural design of the original structure.	0	465,000	465,000	0	100,000	100,000	Insurance Proceeds \$92,000	City-Wide Unallocated from Prior Closeouts (Capital from Revenue) \$373,000	No net change to 2014 Expenditure Budget as expenditures for Stanley Park train station reconstruction to be offset by reductions in other Park Board 2014 Expenditure Budgets.
<b>Total - Emerging Priority Projects</b>			<b>\$ -</b>	<b>\$ 2,190,000</b>	<b>\$ 2,190,000</b>	<b>\$ -</b>	<b>\$ 1,825,000</b>	<b>\$ 1,825,000</b>			

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Capital Budget Adjustment Requests											
			BUDGET IMPACT						Funding Details		
			Multi-Year Project Budget			Annual Capital Expenditure Budget					
<b>C. Timing Uncertain budget additions</b>											
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 1	Funding Source 2	Annual Capital Budget Change / Proposed Offset
None									N/A	N/A	
<b>Total - Timing Uncertain budget additions; Project acceleration</b>			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
<b>D. Budget increases/decreases to existing projects/programs</b>											
Programs/projects where costs or expenditure timing has increased/decreased due to unforeseen changes in market economic conditions or unavoidable changes in project scope; increases in scope afforded by external funding contribution opportunities.											
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Annual Capital Budget Change / Proposed Offset
Engineering Services	2012-14 Pedestrian & Bike Signals Rehabilitation	Coast Mountain Bus Company (CMBC) is replacing end-of-life trolley poles on City property. This adjustment request is for funding to coordinate the removal and reinstallation of the City's pedestrian and bicycle signals on these poles, and at the same time upgrade them to current safety standards. Funding to be from ICBC funding provided for safety improvements.	2,829,000	250,000	3,079,000	700,000	0	700,000	External: ICBC		No net change to 2014 Expenditure Budget as expenditures to be offset by corresponding reduction in other Engineering Transportation 2014 Expenditure Budgets.
Engineering Services	2012-14 Replace/Upgrade Traffic Signals	Coast Mountain Bus Company (CMBC) is replacing end-of-life trolley poles on City property. This adjustment request is for funding to coordinate the removal and reinstallation of the City's traffic signals on these poles, and at the same time upgrade them to current safety standards. Funding to be from ICBC funding provided for safety improvements.	5,790,000	250,000	6,040,000	1,085,000	0	1,085,000	External: ICBC		No net change to 2014 Expenditure Budget as expenditures to be offset by corresponding reduction in other Engineering Transportation 2014 Expenditure Budgets.
Engineering Services	Fire Hydrant Program	The fire hydrant program includes the replacement of unrepairable or obsolete stock (due to the aging of the water system) and replacement of hydrants damaged by vehicles (incident driven and therefore difficult to predict). This request is to adjust the budget to reflect funding received from ICBC for the replacement of damaged hydrants.	800,000	260,000	1,060,000	300,000	0	300,000	External: ICBC		No change to 2014 Expenditure Budget.
Engineering Services	2012-14 Landfill Closure & Gas Collection	Project expenditures planned for Q4 2013 were delayed to 2014 due to ground settlement issues and therefore are not part of the current 2014 expenditure budget. Adjustment request is to realign the 2014 expenditure budget with current planned expenditures.				3,646,340	2,333,760	5,980,100	N/A		Net increase to 2014 Expenditure Budget.

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Capital Budget Adjustment Requests											
			BUDGET IMPACT						Funding Details		
			Multi-Year Project Budget			Annual Capital Expenditure Budget					
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Annual Capital Budget Change / Proposed Offset
Parks & Recreation	2012-14 Capital Maintenance/ Replacement of Existing Activity Features	Donation funding commitments have been received for several recreation facility projects: <ul style="list-style-type: none"> <li>increased scope of renovation work at Hastings Community Park to satisfy Little League regulations for hosting the 2016 National Championship. The work includes grass baseball diamonds, pavements, fencing, and utilities. Work must be completed in 2014 to allow for grass establishment prior to Little League National Championship inspections for the event.</li> <li>replacement of preschool playground at False Creek Community Centre preschool playground</li> <li>playground upgrade at Victoria Park by Britannia Community Centre.</li> </ul>	2,351,400	391,000	2,742,400	1,228,919	391,000	1,619,919	Donations: <ul style="list-style-type: none"> <li>Hastings Little League \$306,000</li> <li>False Creek CC Assn \$80,000</li> <li>Britannia CC Assn \$5,000</li> </ul>		No net change to 2014 Expenditure Budget as increase to 2012-14 Capital Maintenance/Replacement of Existing Activity Features to be offset by reduction in City funded scope of 2014 work in this program and by reductions in the 2014 Expenditure Budgets for Playland Amusement Park Renewal and New/ Enhancements to Activity Features.
Parks & Recreation	12-14 Park Renewals - Major	BC Hydro has provided funds for new lighting along a Charleson Park pathway as compensation to the community for the disruption caused by Hydro utility upgrades near 7th and Laurel in 2012.	2,303,900	50,000	2,353,900	1,552,238	50,000	1,602,238	External: BC Hydro		No net change to 2014 Expenditure Budget as increase to 2014 Expenditure Budget for 2012-14 Major Park Renewals to be offset by corresponding reductions in other Park Board 2014 Expenditure Budgets.
Real Estate & Facilities Mgmt	Jericho Park Pier Deck Rehabilitation	To adjust the Jericho Park Pier Deck Rehabilitation project budget to reflect a funding contribution received from the Federal Government.	275,000	225,000	500,000	100,000	0	100,000	Federal Government (Western Economic Diversification)		No net change to 2014 Expenditure Budget as all 2014 expenditures are covered by existing 2014 Expenditure Budget.
Community Services	2012-14 Social Facilities Project Planning	To provide additional resourcing to assist in executing approved housing and social facility projects.	350,000	100,000	450,000	250,460	50,824	301,284	City-Wide Unallocated from Prior Closeouts (Capital from Revenue)		No net change to 2014 Expenditure Budget as increases in 2014 Expenditure Budgets for 2012-14 Social Facilities Project Planning and Planning & Research Non-Market Rental Housing to be offset by reduction in 2014 Expenditure Budget for Immigrant Services Society Property Lease/Acquisition.
	Planning & Research Non-Market Rental Housing		600,000	112,500	712,500	274,825	57,176	332,001	City-Wide Unallocated from Prior Closeouts (Capital from Revenue)		
<b>Total - Budget Increases/Decreases to Existing Projects/Programs</b>			<b>\$ 15,299,300</b>	<b>\$ 1,638,500</b>	<b>\$ 16,937,800</b>	<b>\$ 9,137,782</b>	<b>\$ 2,882,760</b>	<b>\$ 12,020,542</b>			

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Capital Budget Adjustment Requests											
			BUDGET IMPACT						Funding Details		
			Multi-Year Project Budget			Annual Capital Expenditure Budget					
Department	Project Name (To / From)	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Annual Capital Budget Change / Proposed Offset
<b>E. Reallocations</b> Reallocation of funding between existing projects reflecting revised priorities and/or cost estimates, and or reallocations of funding sources.											
Engineering Services	Replace Aging Water Meters	Effective 2012, repair parts for old water meters were no longer available. A bulk purchase of parts inventory was made at that time based on current repair rates, but the inventory is now depleted and the meters must be replaced.	600,000	150,000	750,000	150,000	100,000	250,000	Reallocation of existing Capital - Debenture		No net change to 2014 Expenditure Budget as increase in 2014 Expenditure Budget for Replacing Aging Meters to be offset by a corresponding decrease in the 2014 Expenditure Budget for Emergency Preparedness.
	Emergency Preparedness	Queen Elizabeth reservoir emergency connection project has been scaled down.	250,000	(150,000)	100,000	200,000	(100,000)	100,000	N/A		
Engineering Services	Granville Island Tourist Bus Landing	Tourist Bus Landing at Granville Island, requested by BIA. Installation is required before the start of the summer tourist season.	0	141,000	141,000	0	141,000	141,000	Reallocation of existing Capital - Debenture		No net change to 2014 Expenditure Budget as expenditures for Granville Island Tourist Bus Landing to be offset by corresponding reduction in 2014 Expenditure Budget for 2012-14 Active Transportation Corridors & Spot Improvements.
	2012-14 Active Transportation Corridors & Spot Improvements	Reduction in scope for originally planned programs to accommodate other emerging higher priority Transportation work.	10,201,600	(141,000)	10,060,600	1,900,000	(141,000)	1,759,000	N/A		
Real Estate & Facilities Mgmt	2012-14 REFM Park Capital Project Management	The management of Park facilities has been transferred to Real Estate & Facilities Management (REFM). This adjustment request is to transfer the related 2014 budget funding from Parks & Recreation to REFM.	0	479,200	479,200	0	479,200	479,200	Reallocation of existing Capital - Capital from Revenue		No net change to 2014 Expenditure Budget as expenditures for REFM Capital Project Management to be offset by a corresponding reduction in 2014 Expenditure Budget for Park Board Project Management.
Parks & Recreation	2012-14 Park Board Project Management		3,057,403	(479,200)	2,578,203	1,504,000	(479,200)	1,024,800	N/A		
Real Estate & Facilities Mgmt	VPD Mounted Squad Horse Paddock Renovation	This project was previously managed by Park Board and outstanding work for Fire Suppression upgrade has now been taken over by REFM. The current cost estimate is higher than previously budgeted and therefore additional funding is requested.	290,000	28,000	318,000	0	84,000	84,000	Reallocation of existing Capital - Capital from Revenue		No net change to 2014 Expenditure Budget as expenditures for VPD Mounted Squad Horse Paddock Renovation to be offset by reductions in 2014 Expenditure Budgets for 2011 Fire Protection System and East Wing Deconstruction projects.
	Fire Protection System 2011	Funding remaining from previous year's program; no projects planned for 2014 and therefore funding is available for reallocation.	40,000	(28,000)	12,000	40,000	(28,000)	12,000	Reallocation of existing Capital - Capital from Revenue		
	City Hall East Wing Deconstruction	Delays in staff relocation have pushed deconstruction phase to 2015.				2,400,000	(56,000)	2,344,000	N/A		

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Capital Budget Adjustment Requests											
			BUDGET IMPACT						Funding Details		
			Multi-Year Project Budget			Annual Capital Expenditure Budget					
Department	Project Name (To / From)	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Annual Capital Budget Change / Proposed Offset
Real Estate & Facilities Mgmt	PNE Coliseum Ice Plant Compressor	One of the Pacific Coliseum ice plant compressors experienced bearing failure and cannot be rebuilt. Requires replacement to restore operations.	0	60,000	60,000	0	60,000	60,000	Reallocation of existing Capital - Debenture		No net change to 2014 Expenditure Budget as expenditures for PNE Pacific Coliseum Ice Plant Compressor to be offset by a corresponding reduction in 2014 Expenditure Budget for Hastings Park Livestock Building Roof Replacement.
	Hastings Park Livestock Building Roof Replacement	Phase 1 and 2 building envelope projects have been completed; only outstanding work is consulting for Phase 3 design (estimated costs of \$200K - \$250K). Final costs are anticipated to be lower than originally budgeted.	3,000,000	(60,000)	2,940,000	369,539	(60,000)	309,539	N/A		
Real Estate & Facilities Mgmt	Van Dusen Gardens Floral Hall (Administrative Building) Renovation and Roof Replacement	The capital maintenance program for park buildings typically covers multiple minor facility maintenance projects. The current program included the renovation of the Van Dusen Floral Hall but the scope of work has now been increased to include replacing the roof. The renovation and roof replacement project would be a major project (\$475,000) warranting separate capital tracking.	0	475,000	475,000	0	475,000	475,000	Reallocation of existing Capital - Debenture \$285,000	City-wide Unallocated from Prior Closeouts (Debenture) \$190,000	No net change to 2014 Expenditure Budget as expenditures for Van Dusen Gardens Floral Hall Renovation and Roof Replacement to be offset by reductions in 2014 Expenditure Budgets for 2012-14 Capital Maintenance for Existing Park Buildings and East Wing Deconstruction projects.
	2012-14 Capital Maintenance for Existing Park Buildings	The park buildings capital maintenance program typically covers multiple minor facility maintenance projects. The current program included the renovation of the Van Dusen Floral Hall but the scope of work has now been increased to include replacing the roof. The renovation and roof replacement project would be a major project (\$475,000) warranting separate capital tracking.	1,679,200	(285,000)	1,394,200	931,430	(285,000)	646,430	N/A		
	East Wing Deconstruction	Delays in staff relocation to other City facilities have pushed deconstruction phase to 2015.				2,344,000	(190,000)	2,154,000	N/A		
Real Estate & Facilities Mgmt	Kingsway Continental	Project was initially scheduled for substantial completion by end of 2013 and therefore was not included in the 2014 expenditure budget. This adjustment request is to align the 2014 expenditure budget with the project expenditures planned for the year. No change to overall project budget.				0	1,100,000	1,100,000	N/A		No net change to 2014 Expenditure Budget as expenditures for Kingsway Continental to be offset by a corresponding reduction in 2014 Expenditure Budget for East Wing Deconstruction.
	East Wing Deconstruction	Delays in staff relocation have pushed deconstruction phase to 2015.				2,154,000	(1,100,000)	1,054,000	N/A		

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Capital Budget Adjustment Requests											
			BUDGET IMPACT						Funding Details		
			Multi-Year Project Budget			Annual Capital Expenditure Budget					
Department	Project Name (To / From)	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Annual Capital Budget Change / Proposed Offset
Real Estate & Facilities Mgmt	Project Definition for Permanent Paddling Community Facility (False Creek)	Project was approved by Council subsequent to the approval of the 2014 Capital Budget. This adjustment request is to add a 2014 expenditure budget for this project, to be offset by a reduction in the 2012-14 Capital Maintenance program for social facilities.				0	125,000	125,000	CAC (North East False Creek rezonings)		No net change to 2014 Expenditure Budget as expenditures for Permanent Paddling Community Facility Project Definition to be offset by a corresponding reduction in 2014 Expenditure Budget for 2012-14 Capital Maintenance program for Social Facilities.
	2012-14 Capital Maintenance program for Social Facilities	2014 expenditures are now anticipated to be lower than originally forecast.				300,000	(125,000)	175,000	N/A		
<b>Total - Reallocations</b>			<b>\$ 19,118,203</b>	<b>\$ 190,000</b>	<b>\$ 19,308,203</b>	<b>\$ 12,292,969</b>	<b>\$ -</b>	<b>\$ 12,292,969</b>			
<b>Total Capital Budget Adjustment Requests</b>			<b>\$ 73,060,503</b>	<b>\$ 4,018,500</b>	<b>\$ 77,079,003</b>	<b>\$ 25,077,091</b>	<b>\$ 4,707,760</b>	<b>\$ 29,784,851</b>			
Proposed Annual Capital Budget Offsets											
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Annual Capital Budget Change / Proposed Offset
Parks & Recreation	2012-14 Park Renewals - Major	Riley Park project delayed into 2015				1,602,238	(550,000)	1,052,238	N/A	N/A	Decrease in 2014 Expenditure Budget: Project expenditures planned for 2014 have shifted to 2015.
Parks & Recreation	Playland Amusement Park Renewal	Business case for the Playland master plan is not finalized yet, therefore the next stage of consulting and design work is also delayed with work carrying forward to 2015.				500,000	(300,000)	200,000	N/A	N/A	Decrease in 2014 Expenditure Budget: Project expenditures planned for 2014 have shifted to 2015.
Parks & Recreation	2012-14 New/Enhancements to Activity Features	Procurement process for Pandora Park water park design has required more time than originally anticipated, delaying community engagement process and construction.				580,000	(250,000)	330,000	N/A	N/A	Decrease in 2014 Expenditure Budget: Project expenditures planned for 2014 have shifted to 2015.
Parks & Recreation	12-14 Capital Maintenance/ Replacement of Existing Activity Features	A playground safety study is required in tandem with playground replacement designs in 2014. Procurement for bundled playground replacements will start in the fall but full completion is not expected until early 2015.				1,619,919	(141,000)	1,478,919	N/A	N/A	Decrease in 2014 Expenditure Budget: Project expenditures planned for 2014 have shifted to 2015.
Community Services	Immigrant Services Society Property Lease/Acquisition	Property has been acquired and project is being closed out this quarter; therefore no further expenditures.				200,000	(200,000)	0	N/A	N/A	Decrease in 2014 Expenditure Budget: Project is complete; no further expenditures.
Engineering Services	2012-14 Reconstruction Landfill Entrance	Expenditures planned for 2014 have been deferred to 2015 as engagement and alignment of MOTI, Metro Vancouver and Corporation of Delta are progressing slower than expected.				1,500,000	(525,000)	975,000	N/A	N/A	Decrease in 2014 Expenditure Budget: Project expenditures planned for 2014 have shifted to 2015.

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Capital Budget Adjustment Requests											
			BUDGET IMPACT						Funding Details		
			Multi-Year Project Budget			Annual Capital Expenditure Budget					
Department	Project Name (To / From)	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Annual Capital Budget Change / Proposed Offset
Real Estate & Facilities Mgmt	PNE Garden Auditorium Envelope Repairs	Project is complete; no expenditures for 2014.				50,000	(50,000)	0	N/A	N/A	Decrease in 2014 Expenditure Budget: Project is complete; no further expenditures.
Real Estate & Facilities Mgmt	2012-14 Capital Maintenance - Britannia	Facility priorities for maintenance are under review, delaying a portion of 2014 planned expenditures to 2015.				232,000	(50,000)	182,000	N/A	N/A	Decrease in 2014 Expenditure Budget: Project expenditures planned for 2014 have shifted to 2015.
<b>Total - Proposed Annual Capital Budget Adjustment Requests</b>			\$ -	\$ -	\$ -	\$ 6,284,157	\$ (2,066,000)	\$ 4,218,157			
<b>Total Adjustment to Total Multi-Year Project Budget / Annual Expenditure Budget</b>			\$ 73,060,503	\$ 4,018,500	\$ 77,079,003	\$ 19,994,751	\$ 2,641,760	\$ 22,636,511			

Appendix 2 - Q1 2014 Capital Closeouts					
Project/Program Name	Budget	Actuals	Surplus (Deficit)	%	Closeout Variance Explanation (for variances > \$50K and 15% of budget)
<b>Community Services</b>					
Immigrant Svcs Soc Property Lease/Acquisition	460,000	-	460,000	100%	Original project budget in 2011 was \$2.7 million. From this original budget, \$740,000 was reallocated in 2013 for supportive housing grants, and \$1.5 million was reallocated to a project for the development of a supportive housing project under the Immigrant Services Society with an onsite combined service centre for recently arrived immigrants and/or refugees.
Contribution to PEF for Housing land acquisition	3,375,000	3,375,000	-	0%	
Replacement of Non-Market Rental Housing - Stanley New Fountain	200,000	-	200,000	100%	Funding was for design development and feasibility analysis for the creation of supportive studio units and community space at City-owned Stanley New Fountain. The property was subsequently sold.
<b>Community Services Total</b>	<b>\$ 4,035,000</b>	<b>\$ 3,375,000</b>	<b>\$ 660,000</b>	<b>16%</b>	
<b>Engineering Services</b>					
RDO Weighscale Redevelopment	530,000	514,705	\$ 15,295	3%	
2012-14 Bus Slabs	200,000	217,956	(17,956)	-9%	
Land Acquisition for Lane Development	575,000	575,000	-	0%	
<b>Engineering Services Total</b>	<b>\$ 1,305,000</b>	<b>\$ 1,307,660</b>	<b>\$ (2,660)</b>	<b>0%</b>	
<b>Financial Services / IT</b>					
Security Enhancements Phase 2 (PCI)	1,241,000	1,240,034	966	0%	
<b>Financial Services / IT Total</b>	<b>\$ 1,241,000</b>	<b>\$ 1,240,034</b>	<b>\$ 966</b>	<b>0%</b>	
<b>Parks &amp; Recreation</b>					
Oppenheimer Park Renewal	2,800,000	2,793,829	6,171	0%	
2010 Synthetic Turf Playfields	5,151,210	5,071,454	79,756	2%	NOTE: Project funding included estimated funding contribution from RInC (Recreational Infrastructure Canada Program) based on planned scope of work and program-eligible costs. Final eligible costs were less than planned and accordingly the RInC contributions were less than budgeted. Adjusted for the reduced RInC funding, the project finished with a deficit of \$20,244 (to be funded from City-Wide Unallocated from Prior Closeouts).
Amazing Laughter Public Art Installation	170,000	130,698	39,302	23%	
<b>Parks &amp; Recreation Total</b>	<b>\$ 8,121,210</b>	<b>\$ 7,995,981</b>	<b>\$ 125,229</b>	<b>2%</b>	
<b>Real Estate &amp; Facilities Management</b>					
PNE Garden Auditorium Envelope Repairs	300,000	384,798	(84,798)	-28%	Higher costs due to unforeseen additional abatement work encountered as project progressed.
2012-14 Capital Maintenance of Existing Entertainment/Exhibition Facilities (PNE Boiler/Chiller Replacement)	988,700	1,126,964	(138,264)	-14%	Higher costs due to completion of unforeseen additional work identified during construction (e.g., additional valves, replacement of piping and chiller venting, code compliance). Fortis BC rebate received for this project is proposed to be used to offset the additional costs.

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Appendix 2 - Q1 2014 Capital Closeouts					
Project/Program Name	Budget	Actuals	Surplus (Deficit)	%	Closeout Variance Explanation (for variances > \$50K and 15% of budget)
Evelyne Saller Kitchen Repairs	163,000	112,918	50,082	31%	No abatement issues resulted in lower actual costs
City Hall Re-Piping	2,137,000	1,995,165	141,835	7%	
Re-roof Archives/Records Facility	2,676,000	2,590,604	85,396	3%	
2009 Environmental Site Assessments	100,000	62,558	37,442	37%	
Phase 3 Energy Performance Contract	5,148,744	5,463,192	(314,448)	-6%	Higher costs due to additional energy efficiency work included for Library Square (lighting control system upgrades) and Engineering Yards (boiler upgrades, building automation system).
Real Estate & Facilities Management Total	\$ 11,513,444	\$ 11,736,199	\$ (222,755)	-2%	
Total Q1 2014 Capital Closeouts	\$ 26,215,654	\$ 25,654,874	\$ 560,780	2%	

Budget Status at Completion (# of projects/programs)	Budget	Actual	Surplus (Deficit)	%
Surplus greater than \$50K & 15% (3)	\$ 823,000	\$ 112,918	\$ 710,082	86%
Deficit greater than \$50K & 15% (1)	300,000	384,798	(84,798)	-28%
Surplus/deficit less than \$50K & 15% (13)	25,092,654	25,157,158	(64,504)	0%
TOTAL (17 projects/programs)	\$ 26,215,654	\$ 25,654,874	\$ 560,780	2%

Proposed Allocation of Closeout Surpluses/Deficits:		
From	To	
<b>Community Services</b>		
Net Community Services closeout surplus	City-Wide Unallocated from Closeouts	\$ 660,000
Community Services net closeout surplus		\$ 660,000
<b>Engineering Services</b>		
RDO Weighscale Redevelopment closeout surplus	Capital Financing Fund (reduce loan commitment)	15,295
2009 Lanes Local Improvements (ongoing)	2012-14 Bus Slabs closeout deficit	(17,956)
Engineering Services net closeout surplus		\$ (2,660)
<b>Financial Services (IT)</b>		
Security Enhancements Phase 2 (PCI) closeout surplus	City-Wide Unallocated from Closeouts	966
Financial Services (IT) net closeout surplus		\$ 966
<b>Parks &amp; Recreation</b>		
City-Wide Unallocated from Closeouts	2010 Synthetic Turf Playfields (City-funded portion)	(20,244)
	Federal funding (RInC) eligibility reduction (final eligible project costs were less than budgeted)	100,000
2010 Synthetic Turf Playfields net closeout surplus		79,756
Net remaining Parks & Recreation closeout surplus	City-Wide Unallocated from Closeouts	45,473
Parks & Recreation net closeout surplus		\$ 125,229
<b>Real Estate &amp; Facilities Management</b>		
\$180,000 Fortis BC energy rebate received for added scope of work not included in original project budget/funding	2012-14 Capital Maintenance of Existing Entertainment/Exhibition Facilities (PNE Boiler/Chiller Replacement) closeout deficit	\$ (138,264)
PNE Boiler/Chiller Replacement (City funding available from this project after addition of \$180,000 funding from Fortis BC energy rebate)	PNE Garden Auditorium Envelope Repairs closeout deficit	\$ (41,736)
Hastings Park Livestock Building Roof Replacement (ongoing)		\$ (43,062)
Net remaining Real Estate & Facilities Management closeout surplus	City-Wide Unallocated from Closeouts	\$ 307
Real Estate & Facilities Management net closeout surplus		\$ (222,755)
Net Q4 2013 Capital Closeout Surplus		\$ 560,780