



ADMINISTRATIVE REPORT

Report Date: November 10, 2014
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Meeting Date: November 25, 2014

TO: Vancouver City Council
FROM: Director of Finance
SUBJECT: 2014 Q3 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 \$4.4 million to the Multi-Year Capital Projects Budget, and no change to the 2014 Annual Capital Expenditure Budget of \$296.5 million.
- B. THAT, as part of the quarterly Capital Budget closeout process, Council approve the closeout of completed capital projects with variances exceeding \$50,000 and 15% of the approved budget as outlined in this report and Appendix 2.

REPORT SUMMARY

On December 17, 2013, Council approved a 2014 Annual Capital Expenditure Budget of \$285.1 million. Council subsequently approved a net increase of \$11.4 million in capital expenditures for a revised 2014 Annual Capital Expenditure Budget of \$296.5 million.

This report includes a recommendation for incremental project funding of \$4.4 million for priority capital projects, from funds available in the Council-approved 2012-14 Capital Plan. This will result in an increase to the Multi-Year Capital Projects Budget, but there will be no change to the 2014 Annual Capital Expenditure Budget due to the ability to reallocate within this year's expenditure.

In addition, as part of the quarterly Capital Budget review process, Council approval is therefore also being requested to close 37 programs/projects completed in Q3 2014, with a net surplus of \$0.4 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.

(NOTE: On May 29, 2014, the Province enacted legislation to extend the term of Council from 3 years to 4 years effective 2014. Going forward, Capital Plans will be developed in 4-year terms, starting with the 2015-2018 Capital Plan.) In September 2011, Council approved the 2012-2014 Capital Plan in the amount of \$702 million (RTS 9318; <http://former.vancouver.ca/ctyclerk/cclerk/20110922/documents/csbu1.pdf>).

It has been Council practice to fund capital expenditures for waterworks, sewerage and 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 completed in the 2015-2018 Capital Plan. 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 and 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. 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 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 \$50,000 and 15% 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 multi-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 Council considers 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 Third 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 Annual Capital Expenditure Budget of \$285.1 million. Council subsequently approved a net increase of \$11.4 million in capital expenditures for a revised 2014 Annual Capital Expenditure Budget of \$296.5 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 review memos and reported to Council for approval in this report. Budget adjustments and project closeouts are presented to Council quarterly. This report concerns Q3 of the City's financial year.

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 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

As part of the on-going work and oversight related to the Capital Budget, staff continually review priorities, respond to emerging needs, and on an intermittent basis bring forward recommendations for adjustment to the Capital Budget at the time of quarterly reports. This report proposes new multi-year project funding of \$4.4 million to a small number of priority capital projects. The required funding remains available in the Council approved 2012-14 Capital Plan:

- Addition of \$1.1 million to the Safari System Upgrade project. The original budget was established to initiate an urgent procurement process for the replacement of the existing Parks and Recreation system which is a legacy system with no further vendor support available. The system has now been procured and given the attributes of the new system, there is now a need to provide resources to work with staff in the Park Board and other support areas to optimize the investment through transformation of Parks and Recreation processes, including improved customer experience through digital services, standardization of multiple processes across multiple locations, data

standardization and clean-up to enable on-going reporting. Involvement of the Community Centre Associations in training and needs identification will also be part of the project scope. This move to an improved and standardized system and processes will align Parks and Recreation with best practices as well as with the City's Digital Strategy.

- Addition of \$1.6 million to the Legal Services Case Management System project. The original budget was established to replace the current Legal Services information technology tools and platforms which have surpassed their end-of-life, and reduce the risk associated with system failure. The Legal function at the City has changed significantly since the original system was put in place almost 20 years ago, and the recent marked increase in workload has required the City to address a long overdue need to shift to a more modern legal business system. This project will require significant change management and business transformation in our busy Legal Services branch in order to optimize use and efficiencies which can result from the implementation of the new information system. This project will standardize processes and move to best practices for legal information management, improving the efficiency and effectiveness of the Legal department in its work across the City organization.
- AMANDA decommissioning in the amount of \$0.8 million. The plan in place to decommission the existing AMANDA permitting function has been advanced given the readiness of the new Permits and Licensing system (POSSE) to manage the permitting activities currently handled by AMANDA, thus reducing the number of information system applications supported by the City and the associated costs.
- Other initiatives ranging in value from \$0.1 million to \$0.5 million and totalling \$1.0 million are described in appendix 1.

This report recommends a number of reallocations within the 2014 Annual Capital Expenditure Budget, with no net change to the expenditure budget. Staff continue to very closely manage the capital spend on a quarterly basis to ensure optimal delivery of projects within the 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. Details for all of the adjustments are provided in Appendix 1.

Category	Budget Impact	
	Multi-Year Projects Budget	2014 Annual Capital Expenditure Budget
A. Administrative consolidations and restatements	\$ -	\$ -
B. Emerging priority projects	760	-
C. Timing uncertain budget additions / acceleration of projects	-	-
D. Budget increases/decreases to existing projects/programs	3,402	713
E. Reallocations	230	-
Total Proposed Multi-Year Projects Budget Adjustments / 2014 Annual Capital Expenditure Budget Adjustments	\$ 4,392	\$ 713
Total Proposed 2014 Annual Capital Expenditure Budget Offsets		\$ (713)
Proposed Change in Multi-Year Projects Budget / 2014 Annual Capital Expenditure Budget	\$ 4,392	\$ -
Current Approved Total 2014 Annual Capital Expenditure Budget		\$ 296,511
Proposed Revised Total 2014 Annual Capital Expenditure Budget		\$ 296,511

Note: As of September 30, 2014, the Multi-Year Project Budget for open Capital programs/projects totals \$1,072 million.

B. 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 \$50,000 and 15% of the approved budget.

A total of 37 programs/projects with multi-year project budgets totaling \$54.3 million and expenditures of \$53.9 million were completed in the period between the 2014 Q2 Capital Closeout (RTS 10495) and the end of the third quarter of 2014 (September 30, 2014), resulting in a net surplus of \$0.4 million.

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

Four of the completed programs/projects had a completion surplus exceeding \$50,000 and 15% of the approved budget. Appendix 2 provides explanations for significant surpluses/deficits as well as financial details, by project and department, for programs/projects closed in Q3 2014.

CONCLUSION

As part of the capital budgeting process, adjustments to the 2014 Annual Capital Expenditure Budget and the closeout of programs/projects 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 \$4.4 million to the Multi-Year Capital Projects Budget, and no change to the 2014 Annual Capital Expenditure Budget of \$296.5 million.

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Capital Budget Adjustment Requests											
			BUDGET IMPACT						Funding Details		
			Multi-Year Project Budget			2014 Annual Capital Expenditure Budget					
A. Administrative consolidation or restatements											
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
None					0			0			
Total - Administrative Consolidation; Restatements; Council-approved Additions			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
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	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Capital Budget Change / Proposed Offset
Financial Services	AMANDA Decommissioning	AMANDA system to be decommissioned as the permitting function it provided can be replaced utilizing the new Permits and Licensing system.	0	760,000	760,000	0	0	0	Capital from Revenue		No net change to the 2014 Expenditure Budget as detailed plans and timeline are currently being developed
Total - Emerging Priority Projects			\$ -	\$ 760,000	\$ 760,000	\$ -	\$ -	\$ -			
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	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Capital Budget Change / Proposed Offset
None					0			0			
Total - Timing Uncertain budget additions; Project acceleration			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
D. Budget increases/decreases to existing projects/programs											
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	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Capital Budget Change / Proposed Offset
Real Estate & Facilities Mgmt	2012-14 Capital Maintenance of Cultural Facilities	Security system upgrades for the Orpheum and Queen Elizabeth theatres to improve public and staff security, including installation of high resolution CCTV video surveillance and secure room card readers.	3,780,000	100,000	3,880,000	1,990,212	100,000	2,090,212	City-Wide Unallocated from Closeouts		No net change to 2014 Expenditure Budget as increase in expenditure budget for Capital Maintenance of Cultural Facilities to be offset by 2014 Expenditure Budget decreases in other Real Estate & Facilities Management projects.
Real Estate & Facilities Mgmt	Kerrisdale CC Senior Wing Roof Replacement	Phase 2 of roof replacement project deferred to 2015 to align with project staff resourcing. Change in 2014 expenditure budget only; no change to overall project budget.				325,000	(190,000)	135,000			

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Capital Budget Adjustment Requests											
			BUDGET IMPACT						Funding Details		
			Multi-Year Project Budget			2014 Annual Capital Expenditure Budget					
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	2013 - 14 VPD Vehicle & Equipment Replacement Program	<ul style="list-style-type: none"> • Addition of a Skywatch unit, an elevated observation platform to better police large crowds (\$145,000), to be funded through a donation • not-like-for-like replacement of police boat from a 5.9 metre to a 7.5 metre RHIB (rigid hull inflatable boat) to allow the Marine Unit to respond to emergencies and rescues with proper medical equipment (\$211,000 incremental cost vs. cost for a like-for-like replacement) • not-like-for-like replacement of 15 supervisor patrol vehicles with SUV's to provide necessary cargo capacity to transport equipment (\$166,000 incremental cost vs. cost for a like-for-like replacement) 	35,478,000	522,000	36,000,000	15,442,224	0	15,442,224	Donation Police Foundation \$145,000	Plant and Equipment Reserve \$377,000	No net change to 2014 Expenditure Budget as deliveries of equipment will be in 2015.
Engineering Services	Fireboat Replacement 2014	2014 expenditure budget increase requested for additional 2014 milestone payments for fireboat replacement. Acceleration of expenditure estimate; no change to overall project budget.	3,300,000	0	3,300,000	915,000	643,151	1,558,151			No net change to 2014 Expenditure Budget as delivery of fireboats will be in 2015.
Engineering Services	2012-14 Active Transportation Corridors	Funding received through Translink Transit Related Road Infrastructure Program (TRIPP) is requested to be added to the School Active & Safe program. Work is carried out on spot improvements and traffic calming around school locations. This funding will enable completion of work at Eric Hamber Secondary.	9,784,486	50,000	9,834,486	1,759,000	50,000	1,809,000	External - Translink Transit Related Road Infrastructure Program (TRIPP)		No net change to 2014 Expenditure Budget as increase in expenditure budget for Active Transportation Corridors to be offset by 2014 Expenditure Budget decreases in other Engineering Services projects/programs.
Engineering Services	Climate Change Adaptation Strategy	Project scope was uncertain at the time the original budget was developed, due to consultancy delays. Scope has now been determined and work is proceeding on Coastal Flood Risk Assessment component of project. Increase to project funding is accordingly requested to reflect this defined scope of work. Funding source to be funding contribution from UBCM (Union of BC Municipalities).	480,000	110,000	590,000	387,311	110,000	497,311	External - Natural Resources Canada		No net change to 2014 Expenditure Budget as increase in expenditure budget for Climate Change Adaptation Strategy to be offset by 2014 Expenditure Budget decreases in other City projects/programs.
Financial Services	Safari Upgrade	The Safari software system is a critical component of Parks & Recreation business unit and the City's delivery of programs and services to citizens. This project budget increase is required in order to replace the existing system, which has surpassed its end-of-life. The new technology introduction provides an opportunity to transform the processes and systems in Parks & Recreation to standardise and align to best practices, as well as align with the City's Digital Strategy.	1,000,000	1,070,000	2,070,000	841,063	0	841,063	Capital from Revenue		No net change to the 2014 Expenditure Budget as detailed plans and timeline for this additional work is currently being developed for full implementation in 2015
Financial Services	Legal Services Case Management System	This project budget increase is required in order to replace Legal Services information technology tools and platforms which have surpassed their end-of-life, and reduce the risk associated with system failure. Introduction of the new technology also presents an opportunity to standardize processes and move to best practices for legal information management. The project scope has been changed accordingly to take advantage of this transformation opportunity.	750,000	1,550,000	2,300,000	640,758	0	640,758	Capital from Revenue		No net change to the 2014 Expenditure Budget as detailed plans and timeline for this additional work is currently being developed for full implementation through 2015 and 2016.
Total - Budget Increases/Decreases to Existing Projects/Programs			\$ 54,572,486	\$ 3,402,000	\$ 57,974,486	\$ 22,300,568	\$ 713,151	\$ 23,013,719			

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Capital Budget Adjustment Requests											
			BUDGET IMPACT						Funding Details		
			Multi-Year Project Budget			2014 Annual 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	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Capital Budget Change / Proposed Offset
Real Estate & Facilities Mgmt	VPD Office Renovation/Moves	Office renovations and minor upgrades, and relocation of various VPD groups to meet operational requirements and to move Professional Standards Office from leased space to City-owned space.	0	1,430,000	1,430,000	0	400,000	400,000	Reallocation of Existing Capital - Debenture (\$1,200,000)	City-Wide Unallocated from Closeouts (\$230,000)	No net change to overall 2014 Expenditure Budget as addition of expenditure budget for VPD Office Renovation/Moves to be offset by reductions in 2014 Expenditure Budget for VPD Tactical Training Centre and Seismic Upgrades - Vancity Building.
	VPD Tactical Training Centre	Project is substantially complete, with only minor work outstanding. Funding is available for reallocation to high priority projects.	23,274,737	(1,200,000)	22,074,737	250,000	(250,000)	0			
	Seismic Upgrades - Vancity Building	Work originally planned for 2014 has been deferred to 2015 due to an extended timeline for staff relocations to other City Hall precinct facilities. This adjustment request affects only the current 2014 expenditure budget; there is no change to the overall project budget.	4,500,000	0	4,500,000	450,000	(150,000)	300,000			
Community Services	Roddan Lodge - Preliminary Design	Additional funding toward preliminary concept design for renewal of Roddan Lodge currently included in the 2015-2018 Capital Plan.	100,000	100,000	200,000	100,000	0	100,000	Reallocation of Existing Capital - Capital from Revenue		No net change to overall 2014 Expenditure Budget as reallocated funding is anticipated to be spent in 2015.
	Reno Non Market Housing - Central Residence	Budget was originally for the renovation of Central Residence; replacement of this facility is now being considered instead. Non-Market Housing requests that this funding be reallocated toward Roddan Lodge redevelopment planning/design.	100,000	(100,000)	0	0	0	0			
Engineering Services	2013 Hydrogeological Review	Hydrogeological study prepared by an external consultant included a recommendation to do a geotechnical investigation and increase sampling at one specific well to gather more information.	600,000	115,000	715,000	0	115,000	115,000	Reallocation of Existing Capital - Internal Loan		No net change to overall 2014 Expenditure Budget as increase in expenditure budget for Hydrogeological Review to be offset by reduction in 2014 Expenditure Budget for Western 40 Hectare
	Closure Plan for Vancouver Landfill	Project is substantially complete, with only minor work outstanding. Funding is available for reallocation to higher priority projects.	720,000	(115,000)	605,000	198,678	0	198,678			
	Western 40 Hectare Closure (Materials)	Material has been ordered but is currently backordered with supplier, delaying delivery of a majority of the material to 2015.	525,000	0	525,000	525,000	(115,000)	410,000			
Engineering Services	Sanitary Sewer Pipe Upgrades	Request for additional funding to complete the Main Street and 1st Avenue phases. Ground conditions on Western Street and on Main Street were more difficult than expected resulting in slower production, increased excavation time, increased backfill material requirements, and increased road damage.	4,620,000	1,750,000	6,370,000	3,572,405	1,750,000	5,322,405	Reallocation of Existing Capital - Debenture		No net change to overall 2014 Expenditure Budget as increase in expenditure budget for Sanitary Sewer Pipe Upgrades to be offset by reduction in 2014 Expenditure Budget for 2012-14 Sewer Main Reconstruction.
	2012-14 Sewer Main Reconstruction	Original planned scope of work has been reduced to accommodate funding reallocation to higher priority sanitary sewer pipe upgrades at Western Street and Terminal Avenue.	75,839,134	(1,750,000)	74,089,134	23,120,000	(1,750,000)	21,370,000			

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Capital Budget Adjustment Requests											
			BUDGET IMPACT						Funding Details		
			Multi-Year Project Budget			2014 Annual Capital Expenditure Budget					
Department To / From	Project	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Capital Budget Change / Proposed Offset
Financial Services	Inventory & Warehousing	Automatic data collection (barcoding system) to manage high turnover inventory items and expedite ordering and materials movement.	200,000	400,000	600,000	30,285	200,000	230,285	Reallocation of Existing Capital - Capital from Revenue		No net change to overall 2014 Expenditure Budget as increase in expenditure budget for Inventory & Warehousing project to be offset by reduction in 2014 Expenditure Budget for Fabrication Service Rationalization.
	Fabrication Service Rationalization	Project not ready to proceed. Recommend reallocation of project funding to higher priority Inventory & Warehousing initiative.	200,000	(200,000)	0	200,000	(200,000)	0			
	Public Works Rationalization	Project not ready to proceed. Recommend reallocation of project funding to higher priority Inventory & Warehousing initiative.	200,000	(200,000)	0	0	0	0			
Total - Reallocations			\$ 110,878,871	\$ 230,000	\$ 111,108,871	\$ 28,446,368	\$ -	\$ 28,446,368			
Proposed 2014 Annual Capital Expenditure Budget Offsets											
Department	Project	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Capital Budget Change / Proposed Offset
Engineering Services	2012-14 New Parking Meters	Parking meter replacement and some new installations deferred to align with review of equipment strategy to be completed in 2015. Other new installations deferred to gather more data and build more local support for metering prior to implementation. Change in 2014 expenditure budget only; no change to overall program budget.	850,000	0	850,000	675,000	(650,000)	25,000			Decrease in 2014 Expenditure Budget: Program expenditures planned for 2014 have shifted to 2015
Engineering Services	2012-14 Transportation Monitoring	2014 Expenditure Budget included a portion of planned 2013 expenditures extending into 2014; however, more work was accomplished in Q4 2013 than anticipated, reducing the 2014 expenditure requirement. This adjustment request affects only the current 2014 expenditure budget; there is no change to overall program budget.	1,900,000	0	1,900,000	500,000	(63,151)	436,849			Decrease in 2014 Expenditure Budget: Program expenditures planned for 2014 are substantially complete.
Total - Expenditure Budget Offsets - Current Budget, Proposed Change, Proposed Budget			\$ 2,750,000	\$ -	\$ 2,750,000	\$ 1,175,000	\$ (713,151)	\$ 461,849			
Total - Current Budget, Proposed Change, Proposed Budget			\$ 168,201,357	\$ 4,392,000	\$ 172,593,357	\$ 51,921,936	\$ -	\$ 51,921,936			

Appendix 2 - Q3 2014 Capital Closeouts					
Project/Program Name	Budget	Actuals	Surplus (Deficit)	%	Closeout Variance Explanation (Required for variances > \$50,000 and 15% of budget)
Community Services					
Grant - YMCA (Woodward's Childcare)	70,000	70,000	-	0%	
Grant - WISH Drop-In Centre Society	400,000	400,000	-	0%	
Grant - Vancouver Museum Society	730,000	730,000	-	0%	
Hastings Park Empire Field Reinstatement	399,000	411,472	(12,472)	-3%	
Hastings Park Signage Plan Update	155,000	162,820	(7,820)	-5%	
New Brighton Connection (Hastings Park)	790,680	790,680	-	0%	
Hastings Park - Trail & Park Connections	733,975	728,975	5,000	1%	
Grant - The Bloom Group (329 Powell)	60,000	60,000	-	0%	
Community Services Total	3,338,655	3,353,947	(15,292)	0%	
Engineering Services					
2012-14 Pressure Release Valve (PRV) Replacement	175,000	168,167	6,833	4%	
2012 New Water Meter Purchases	100,000	-	100,000	100%	Program was originally initiated to purchase meters for implementation of mandatory Metering Program. The methodology for the meter purchases was subsequently modified to be administered through Central Stores inventory instead; meters are purchased into inventory and charged out to capital projects as the meters are disbursed from inventory to the capital project.
2009-11 Upgrade & Replace Pump Station	12,734,823	12,733,968	855	0%	
2011 Water & Sewer Residential Connections (Developer Fee Driven)	12,375,000	13,001,142	(626,142)	-5%	Costs are incurred depending on fees received in advance. More work was done than originally planned in the budget, to align with additional connections requests received and available funding from development fees.
Engineering Services Total	25,384,823	25,903,277	(518,454)	-2%	
Financial Services / Information Technology					
SAP Upgrade - Software/Applications	200,000	236,101	(36,101)	-18%	
2009 Data Centre Expansion	3,027,000	3,023,092	3,908	0%	
Server Expansion and Replacement	1,244,000	1,248,653	(4,653)	0%	
Lagan (311) Application Upgrade	290,000	288,071	1,929	1%	
Content Management System (Web Renewal)	4,507,000	4,160,726	346,274	8%	
Security Monitoring	400,000	388,968	11,032	3%	
Financial Services / IT Total	9,668,000	9,345,611	322,389	3%	
Vancouver Public Library					
Branch Renovations 2011	730,574	730,574	-	0%	
Vancouver Public Library Total	730,574	730,574	-	0%	

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Appendix 2 - Q3 2014 Capital Closeouts					
Project/Program Name	Budget	Actuals	Surplus (Deficit)	%	Closeout Variance Explanation (Required for variances > \$50,000 and 15% of budget)
Parks & Recreation					
Facility Studies 2011	166,000	73,918	92,082	55%	A facility study in the original scope of work that was to be funded from an external party did not proceed.
Pathways	119,000	117,591	1,409	1%	
Playgrounds 2011	720,000	711,387	8,613	1%	
Other Parks Renewal	178,000	174,218	3,782	2%	
2006-2008 Park Land Acquisition	159,127	159,446	(319)	0%	
Parks & Recreation Total	1,342,127	1,236,560	105,567	8%	
Planning & Development Services					
Facade Grants - 564 Beatty St	150,000	150,000	-	0%	
Chinatown Buildings Planning Grant Program	390,532	390,532	-	0%	
Heritage Density Bank Transfer	4,800,000	4,800,000	-	0%	
Planning & Development Services Total	5,340,532	5,340,532	-	0%	
Vancouver Police Department					
Emergency Generator - EOC (Emergency Operations Centre)	350,000	119,214	230,786	66%	With relocation of EOC (Emergency Operations Centre) to Graveley/Kootenay compound, installation of a permanent emergency generator at former location is no longer required. A portion of the project funding was used to provide temporary emergency power backup at the EOC during the 2010 Olympic Games.
Vancouver Police Department Total	350,000	119,214	230,786	66%	
Real Estate & Facilities Management					
Woodward's Childcare Capital	3,500,000	3,487,170	12,830	0%	
Non-Profit Capital Maintenance/Restoration 2011	1,500,000	1,445,367	54,633	4%	
2012-14 Minor Renovations/Upgrades to Existing Recreation Facilities	29,500	29,496	4	0%	
2012-14 Cap Maintenance of Non-Market Rental Housing	420,000	438,442	(18,442)	-4%	
2012-14 Capital Maintenance of Market Rental Housing	235,000	112,899	122,101	52%	Capital maintenance for these properties are now managed through the Property Endowment Fund (PEF).
Fire Hall Capital Maintenance 2011	1,235,000	1,224,790	10,210	1%	
2013 Upgrades/Maintenance to Burn Building	100,000	95,839	4,161	4%	
Replace Overhead Doors Manitoba Yard	1,128,000	1,070,207	57,793	5%	
Real Estate & Facilities Management Total	8,147,500	7,904,210	243,290	3%	
Vancouver Fire & Rescue Services					
2009-11 VFRS Unallocated Capital from Closeouts	14,559	-	14,559	100%	
Vancouver Fire & Rescue Services Total	14,559	-	14,559	100%	
Total Q3 2014 Capital Closeouts	54,316,770	53,933,925	382,845	1%	

Budget Status at Completion (# of projects/programs)	Budget	Actual	Surplus (Deficit)	%
Surplus greater than \$50K & 15% (4)	\$851,000	\$306,031	\$544,969	64%
Deficit greater than \$50K & 15% (0)	\$0	\$0	\$0	0%
Surplus/deficit less than \$50K & 15% (33)	\$53,465,770	\$53,627,894	(\$162,124)	0%
TOTAL (37 projects/programs)	\$54,316,770	\$53,933,925	\$382,845	1%

Proposed Allocation of Closeout Surpluses/Deficits:		
From	To	
Community Services		
Hastings Park Reserve	Net Community Services closeout deficit (Hastings Park-related projects)	\$ (15,292)
Community Services net closeout deficit		\$ (15,292)
Engineering Services		
2012 New Water Meter Purchases closeout surplus	Planned user fee funding no longer required	\$ 100,000
Development user fee revenues	2011 Water & Sewer Residential Connections closeout deficit	(626,142)
Net remaining Engineering closeout surplus	City-Wide Unallocated from Closeouts (Debenture)	7,688
Engineering Services net closeout deficit		\$ (518,454)
Financial Services (IT)		
Net Information Technology closeout surplus	City-Wide Unallocated from Closeouts (Capital from Revenue)	322,389
Financial Services (IT) net closeout surplus		\$ 322,389
Parks & Recreation		
Facility Studies 2011 closeout surplus	Partner funding contribution no longer required (for a study that did not proceed)	\$ 92,082
Playgrounds 2011 closeout surplus	City-Wide Unallocated from Closeouts (Debenture)	8,613
Pathways closeout surplus	CAC (remove commitment from reserve)	1,409
Net remaining Parks & Recreation closeout surplus	DCL (remove commitment from reserve)	3,463
Parks & Recreation net closeout surplus		\$ 105,567
Vancouver Police Department		
Emergency Generator - EOC closeout surplus	City-Wide Unallocated from Closeouts (Debenture)	\$ 230,786
Vancouver Police Department net closeout surplus		\$ 230,786
Real Estate & Facilities Management		
2012-14 Capital Maintenance of Market Rental Housing closeout surplus	Property Endowment Fund (remove commitments)	\$ 122,101
Fire Hall Capital Maintenance 2011 closeout surplus	City-Wide Unallocated from Closeouts (Debenture)	10,210
Net remaining REFM closeout surplus	City-Wide Unallocated from Closeouts (Capital from Revenue)	110,979
Real Estate & Facilities Management net closeout surplus		\$ 243,290
Vancouver Fire & Rescue Services		
Net VFRS closeout surplus	City-Wide Unallocated from Closeouts (Debenture)	\$ 14,559
Vancouver Fire & Rescue Services net closeout surplus		\$ 14,559
Net closeout surplus		\$ 382,845