



ADMINISTRATIVE REPORT

Report Date: July 8, 2015
Contact: Sarah Kapoor
Contact No.: 604-873-7824
RTS No.: 10898
VanRIMS No.: 08-2000-20
Meeting Date: July 21, 2015

TO: Vancouver City Council
FROM: Director of Finance
SUBJECT: 2015 Q2 Capital Budget Adjustments and Closeouts

RECOMMENDATION

- A. THAT Council approve funding and budget reallocation adjustments to the Multi-Year Capital Projects Budget totalling \$20.8 million outlined in Appendix 1, which includes \$20.0 million in additions to the Multi Year Capital project budget for the user-fee funded utilities connections programs.
- B. THAT Council approve an increase to the 2015 Annual Capital Expenditure Budget in the amount of \$5.7 million as outlined in Appendix 1.
- C. 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 March 3, 2015, Council approved a 2015 Annual Capital Expenditure Budget of \$306.0 million.

Budget adjustments to the Multi-Year Capital Projects Budget valued at \$20.8 million are being requested in Q2, with a net increase of \$5.7 million to the current 2015 Annual Capital Expenditure Budget of \$306.0 million. The changes to the Multi-Year Capital Projects Budget and the 2015 Annual Capital Expenditure Budget recommended in this report represent capital priorities identified subsequent to the approval of the 2015 Capital Budget, and increases to 2015 planned expenditures which are partially offset by reductions in planned 2015 expenditures in other projects or programs.

Out of the total \$20.8 million in Multi-Year Capital Projects Budget adjustments, \$20.0 million represent budget adjustments for the user-fee funded utilities connections programs. In past practice, budgets for development related user-fee funded connections programs were either not set or were estimated budgets set at a point in time. In order to move to best practices of gross budgeting, user-fee funded connections will be budgeted similar to other capital projects, and will be updated regularly as development activity is confirmed and connection work is planned. As a result of this review, an additional \$20.0 million is requested for multi-year project budgets, as well as the 2015-2018 Capital Plan.

In addition, as part of the quarterly Capital Budget review process, Council approval is being requested to close 29 programs/projects completed in Q2 2015, with total budget of \$18.6 million and a net surplus of \$0.5 million (3%) 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 were 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. On May 29, 2014, the Province enacted legislation to extend the term of Council from 3 years to 4 years effective 2014. Capital Plans are now developed in 4-year terms, starting with the 2015-2018 Capital Plan. In October 2014, Council approved the 2015-2018 Capital Plan in the amount of \$1.085 billion (RTS 10507).

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. Similarly, commencing in the 2015 Capital Budget, the sewer utility is also beginning a transition to a pay-as-you-go funding model. The balance of capital expenditures are funded from a combination of debenture borrowing, direct contribution from the annual Operating Budget (Capital from Revenue), Development Cost Levies (DCLs) and Community Amenity Contributions (CACs) from developers, special-purpose reserves, internal loans, fees and levies collected from property owners and contributions from senior governments and other funding partners.

Funding from the multi-year Capital Plan is allocated to specific capital programs and projects through the annual Capital Budgeting process. Council approval of the annual Capital Expenditure Budget is required before work can proceed on specific programs/projects.

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 may 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;
- Revisions to funding sources.

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 2015 Second Quarter Budget Review will comment on 2015 Capital results, while this report focuses on Capital Budget adjustments and capital closeouts recommended by staff for Council approval.

REPORT

Background/Context

On March 3, 2015, Council approved a 2015 Annual Capital Expenditure Budget of \$306.0 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 and reported to Council for approval in this report. Budget adjustments and project closeouts are presented to Council quarterly. This report concerns the second quarter (Q2) of the City's 2015 financial year.

Strategic Analysis

A. 2015 Q2 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 where appropriate bring forward recommendations for adjustment to the Capital Budget at the time of quarterly reports. Quarterly Capital Budget adjustment requests are categorized as follows:

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

Approximately 39 projects from across the City are shown in Appendix 1 to have a variety of adjustments which fall into the categories listed above. These adjustments are part of our ongoing scrutiny of our capital program.

The 2015-2018 Capital Plan has a total funding allocation of \$1.085 billion and covers projects across all City departments and agencies. Over the second quarter of 2015, senior staff have spent time reviewing the specific projects and their relative prioritization against Council's agenda. This report proposes new multi-year budget allocations totalling \$20.8 million. These allocations include \$0.7 million from the currently approved \$1.085 billion Capital Plan, and an addition of \$20.0 million to the Capital Plan for anticipated capital work from user-fee funded utilities connections programs to reflect the development related activity. This includes a review of outstanding work from prior years and aligns the capital budgeting process for user funded connections with that of other City capital projects (this additional budget allocation will result in a revised Capital Plan of \$1.105 billion).

Major projects within the \$20.8 million in Multi-Year Capital Projects Budget allocation include:

- \$20.0 million for user-fee funded utilities connections programs to reflect the projects expected to begin in 2015 (In past practice, budgets for user-fee funded connections were either not set or were estimated budgets set at a point in time. In order to move to best practices of gross budgeting, user-fee funded connections will be budgeted similar to other capital projects, and will be updated regularly as development activity is confirmed and connection work is planned);
- \$0.55 million for implementing upgrades to the Empire Fields Retaining Wall to improve its structural integrity.

Major projects with adjustments to the 2015 Annual Capital Expenditure Budget include:

- \$12.7 million increase to annual capital expenditure budgets for 2012-14 user-fee funded utilities connections programs to reflect work commitments from these programs in 2015;
- \$2.2 million decrease in annual capital expenditure budget for 2015 Sewer & Water Combined Residential Connections program (current year installation costs charged to the 2015 program are low due to completion of the older 2014 program);
- \$3.0 million decrease in annual capital expenditure budget for 2015-18 Sewer Main Reconstruction program as some of the work originally planned in 2015 will be deferred to 2016;
- \$1.5 million decrease in annual capital expenditure budget for 2014 Fire Truck Replacement as some expenditures planned for 2015 are now anticipated to occur in 2016 due to revised delivery schedules from the manufacturer for the fire trucks;
- \$0.9 million decrease in annual capital expenditure budget of 2015-18 Sports Fields and Courts program as Eric Hamber synthetic turf replacement has been deferred from 2015 to summer 2016 after consultation with the field users to ensure that field hockey users' season is protected.

Appendix 1 lists all the changes in funding sources, budget increases and reallocations, as well as several administrative consolidations and restatements.

Table 1 below summarizes changes to Multi-Year Capital Projects Budget and 2015 Annual Capital Expenditure Budget as a result of proposed adjustments.

Table 1 - Proposed Changes to Multi-Year Projects Budget and 2015 Annual Capital Expenditure Budget (\$000's)		
Category	Budget Impact	
	Multi-Year Projects Budget (for Open Projects)	2015 Annual Capital Expenditure Budget
A. Administrative consolidations and restatements	\$ 20,037	\$ 12,739
B. Emerging priority projects	550	550
C. Timing uncertain budget additions / acceleration of projects	-	-
D. Budget increases/decreases to existing projects/programs	174	74
E. Reallocations	-	-
Total Proposed Multi-Year Projects Budget Adjustments / 2015 Annual Capital Expenditure Budget Adjustments	\$ 20,761	\$ 13,363
Total Proposed 2015 Annual Capital Expenditure Budget Offsets		\$ (7,640)
Proposed Change in Multi-Year Projects Budget / 2015 Annual Capital Expenditure Budget	\$ 20,761	\$ 5,724
Current Approved Total 2015 Annual Capital Expenditure Budget		\$ 306,042
Proposed Revised Total 2015 Annual Capital Expenditure Budget		\$ 311,766

Staff continue to very closely manage the capital spend on a quarterly basis to enhance risk mitigation and ensure optimal delivery of projects within the projected timeline and annual expenditure budget. Strategic review of progress on projects is done on a regular basis, and where timing of projects are advanced or delayed, budgets are recommended for adjustment. With the exception of emergency situations, expenditures are not permitted until the corresponding expenditure budget or increase to the expenditure budget is approved by Council. Details for all of the adjustments are provided in Appendix 1.

As of June 30, 2015, the active Multi-Year Capital Projects Budget for open capital programs/projects totaled \$987.0 million. The proposed revised total reflecting Q2 project/program closeouts and multi-year project budget adjustments is \$989.2 million.

Table 2 - Multi-Year Projects Budget (\$ millions)	
	Multi-Year Projects Budget (for Open Projects)
Multi-Year Projects Budget at March 31, 2015	\$ 987.0
Proposed Q1 Closeouts	(18.6)
Proposed Q1 Adjustments	20.8
Proposed Revised Multi-Year Projects Budget	\$ 989.2

B. 2015 Q2 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 29 programs/projects with multi-year project budgets totalling \$18.6 million and expenditures of \$18.1 million were completed in the period between the 2015 Q1 Capital Closeout (RTS 10894) and the end of the second quarter of 2015 (June 30, 2015), with a net surplus of \$0.5 million.

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

One of the 29 completed programs/projects had a completion variance 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 Q2 2015.

CONCLUSION

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

The purpose of this report is to request Council approval of funding and budget reallocation adjustments to the Multi-Year Capital Projects Budget totaling \$20.8 million, with net increase of \$5.7 million to the 2015 Annual Capital Expenditure Budget (resulting into the revised 2015 Annual Capital Expenditure Budget of \$311.8 million).

This report further requests Council approval for addition of \$20.0 million to the 2015-2018 Capital Plan to reflect updated information regarding development driven user-fee funded utilities connections programs for which budgets are being adjusted to match the anticipated work. This will increase 2015-2018 Capital Plan from \$1.085 billion to \$1.105 billion.

This report also requests Council approval for the closeout of 29 programs/projects, including one program with completion variance exceeding 15% and \$50,000 of the approved budget and funding.

* * * * *

Capital Budget Adjustment Requests									
			BUDGET IMPACT						
			Multi-Year Project Budget			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 Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s)
Administrative consolidation:									
Human Resources, Digital Strategy & Information Technology	2015-18 Infrastructure Maintenance/Upgrades/Expansion - VPD	For ease of administration, this request is to consolidate all VPD related IT Infrastructure in a separate project budget from the City IT Infrastructure project budget	700,000	887,000	1,587,000	700,000	887,000	1,587,000	N/A
	2015-18 Infrastructure Maintenance/Upgrades/Expansion		4,500,000	(887,000)	3,613,000	4,220,000	(887,000)	3,333,000	N/A
Funding source changes:									
Parks & Recreation	Park Land Development	Following a review of Development Cost Levy ("DCL") availability, this request is to utilize Burrard Slopes Area Specific DCL funding for the park development at 6th and Fir, replacing the previously approved City-Wide DCL funding.	1,285,900	0	1,285,900	0	0	0	Addition: Area-Specific DCL (Burrard Slopes) - \$1,285,900 Reduction: City-Wide DCL - \$1,285,900
Parks & Recreation	2012-14 Capital Maintenance/Replacement of Existing Activity Features	The Hastings Mill Playground renewal, originally funded from City-Wide DCL, is to be funded by Community Amenity Contribution (CAC) to be received from the rezoning of 3837 Point Grey Road (RTS 9394). This request is to replace the DCL funding with CAC funding.	2,776,400	0	2,776,400	351,988	0	351,988	Addition: CAC from rezoning of 3837 Point Grey Road - \$93,327 Reduction: City-Wide DCL - \$93,327
		Following a review of Development Cost Levy ("DCL") availability, this request is to replace \$550,000 of Debenture funding with City-Wide DCL funding, reflecting the scope of work that meets the growth-related requirements for the use of DCL funding.	2,776,400	0	2,776,400	351,988	0	351,988	Addition: City-Wide DCL - \$550,000 Reduction: Debenture - \$550,000
Real Estate & Facilities Management	2012-14 Sports Field Facilities Improvements/Upgrades	Following a review of Development Cost Levy ("DCL") availability, this request is to replace \$2 million of Capital-from-Revenue funding with City-Wide DCL funding, reflecting the scope of work that meets the growth-related requirements for the use of DCL funding.	3,000,000	0	3,000,000	1,800,000	0	1,800,000	Addition: City-Wide DCL - \$2,000,000 Reduction: Capital from Revenue - \$2,000,000
Real Estate & Facilities Management	2015-18 Capital Maintenance of Social Facilities	Replace portion of project debenture funding with insurance proceeds for the restoration of the Marpole Place base building interior damaged by flooding.	700,000	0	700,000	300,000	0	300,000	Addition: External (Insurance Proceeds) \$275,200 Reduction: Debenture - \$275,200
Engineering Services	2015-18 Vehicle and Equipment Replacements/Additions	Funding for the addition of a military inflatable vessel and trailer for use by the VPD marine unit, to be from a grant from the Vancouver Police Foundation. This request is to replace existing Vehicle and equipment program funding from the Plant and Equipment Reserve with this donation funding.	21,839,952	0	21,839,952	10,809,919	0	10,809,919	Addition: External (Vancouver Police Foundation) - \$47,000 Reduction: Plant and Equipment Reserve - \$47,000

Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s)
Budget restatement:									
Engineering Services	Water and Sewer Connections - Development related User Fee funded (2012-14 programs)	Budget restatement for the User-Fee funded utilities programs: Adjustment to reflect the expected work to be initiated on sewer & water connection and meter installations directly related to the revenues received in advance. These revenues are driven by residential and commercial construction. This change will align the budgeting for user funded connection work to be consistent with the rest of the Capital budget.	14,500,000	20,036,800	34,536,800	3,000,000	12,739,400	15,739,400	Capital Plan User Fees and Levies
Total - Administrative Consolidation; Restatements; Council-approved Additions			\$ 52,078,652	\$ 20,036,800	\$ 72,115,452	\$ 21,533,895	\$ 12,739,400	\$ 34,273,295	
B. Emerging priority projects: New projects that have been identified to address unforeseen urgent issues or new priorities emerging outside of the regular capital budget cycle.									
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s)
Parks & Recreation	Empire Fields Retaining Wall	New Multi-Year Project and Annual Expenditure Budget: Reallocation of funding from an existing project. A geotechnical review of a retaining wall at the east bank of Empire fields recommended upgrades to the wall to improve its structural integrity.	0	550,000	550,000	0	550,000	550,000	Reallocation of existing Capital - Debenture
Total - Emerging Priority Projects			\$ -	\$ 550,000	\$ 550,000	\$ -	\$ 550,000	\$ 550,000	
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 Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s)
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 Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s)
Engineering Services	2015-18 Aging Hydrant Replacement	Increase to existing project budget with funding provided from the 2015-2018 Capital Plan: As a result of greater than anticipated hydrant damage from vehicles, there are currently 6 hydrants that need to be replaced. ICBC funding has been received to fund this additional work.	250,000	74,088	324,088	250,000	74,088	324,088	Recoveries from ICBC
Real Estate & Facilities Management	City Hall Campus Facilities Planning	Increase to existing project budget with funding provided from the 2015-2018 Capital Plan: To accelerate City Hall campus programming study as part of the long term facility planning project. Total project cost is \$150,000. \$50,000 budget previously approved; additional \$100,000 to be allocated from the 2015-18 Capital Plan for Administrative Facilities Planning.	50,000	100,000	150,000	50,000	0	50,000	2015-2018 Capital Plan (Civic Facilities) Debenture

Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s)
<i>The following are adjustments to the profile of the 2015 expenditure budget reflecting timing changes in execution of projects. No change to the overall multi-year project budget.</i>									
Human Resources, Digital Strategy & Information Technology	AMANDA Decommissioning	Increase to Annual Capital Expenditure Budget: Permits & Licence Transformation Program schedule presents an opportunity to advance AMANDA decommissioning to complete in 2015. The permitting functions will utilize the new Permit & Licensing system.	760,000	0	760,000	380,000	380,000	760,000	N/A
Human Resources, Digital Strategy & Information Technology	Permit & Licence Transformation Program	Decrease in Annual Capital Expenditure Budget: Work plan has been reviewed and aligned with a related project - AMANDA Decommissioning	24,714,000	0	24,714,000	7,688,474	(180,000)	7,508,474	
Human Resources, Digital Strategy & Information Technology	Inventory & Warehousing	Decrease in Annual Capital Expenditure Budget: Timeline for implementing barcoding technology has been delayed.	600,000	0	600,000	418,920	(200,000)	218,920	
Parks & Recreation	Land Acquisition 1 (June 2015)	Increase to Annual Capital Expenditure Budget: Funding for this land purchase was approved in June 2015. This request is to establish a 2015 capital expenditure budget for this project.	133,500	0	133,500	0	133,500	133,500	N/A
Parks & Recreation	2015-18 Playgrounds, Water/Skate Parks	Decrease in Annual Capital Expenditure Budget: The skate park location has not yet been approved by the Park Board, thus this project is delayed to 2016.	1,000,000	0	1,000,000	1,000,000	(133,500)	866,500	
Parks & Recreation	Land Acquisition 2 (June 2015)	Increase to Annual Capital Expenditure Budget: Funding for this land purchase was approved in June 2015. This request is to establish a 2015 capital expenditure budget for this project.	933,000	0	933,000	0	933,000	933,000	N/A
Parks & Recreation	2015-18 Sports Fields and Courts	Decrease in Annual Capital Expenditure Budget: In consultation with field users it was determined to delay Eric Hamber synthetic turf replacement from 2015 to summer 2016 to ensure the field hockey users season is protected.	2,200,000	0	2,200,000	1,100,000	(933,000)	167,000	
Real Estate & Facilities Management	Gathering Place Capital Improvement	Increase to Annual Capital Expenditure Budget: Higher 2015 expenditure is now anticipated due to a revised completion timeline. Overall planned expenditures remain within project budget.	2,000,000	0	2,000,000	92,122	130,000	222,122	N/A
	Green House Capital Improvement	Decrease in Annual Capital Expenditure Budget: Anticipated lower expenditure in 2015 as procurement for design consulting started in June and construction to complete in 2016.	952,500	0	952,500	902,500	(130,000)	772,500	
Real Estate & Facilities Management	2014 Capital Maintenance for Recreational Facilities	Increase to Annual Capital Expenditure Budget: Increase in 2015 spend due to: 1) Barclay Ramp deferred from 2014 and 2) Additional works identified in the late 2014 (e.g. eyewash stations in pools, Kits and Second Beach Pools Windbreak).	2,366,165	0	2,366,165	60,000	100,000	160,000	N/A
	Green House Capital Improvement	Decrease in Annual Capital Expenditure Budget: Anticipated lower expenditure in 2015 as procurement for design consulting started in June; construction to complete in 2016.	952,500	0	952,500	772,500	(100,000)	672,500	
Real Estate & Facilities Management	Fire Hall No.1 (Headquarters) Re-development Planning	Increase to Annual Capital Expenditure Budget: To begin Fire Hall No. 1 facility planning and programming study to coordinate with Northeast False Creek and Terminal flats Major Projects planning.	75,000	0	75,000	0	75,000	75,000	N/A
Real Estate & Facilities Management	2015-18 Fire Hall Renovations/Upgrades	Decrease in Annual Capital Expenditure Budget: Lower 2015 expenditures as project is still in planning/ design phase.	400,000	0	400,000	400,000	(75,000)	325,000	
Total - Budget Increases/Decreases to Existing Projects/Programs			\$ 37,386,665	\$ 174,088	\$ 37,560,753	\$ 13,114,516	\$ 74,088	\$ 13,188,604	

Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s)
E. Reallocations:									
Reallocation of funding between existing projects reflecting revised priorities and/or cost estimates, and or reallocations of funding sources.									
Department	Project Name (To / From)	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s)
Real Estate & Facilities Management	Marpole Place Base Building Repairs	New Multi-Year Capital Project Budget (reallocation): Reallocation of funding from an existing project for restoration of Marpole Place base building interior to repair damage caused by flooding, to be funded from insurance proceeds.	0	275,200	275,200	0	275,200	275,200	Reallocation of existing Capital - External
	2015-18 Capital Maintenance of Social Facilities	Decrease in Multi-Year Capital Project Budget (Reallocation): Reallocation of Capital Maintenance program funding to a separate project for base building flood repairs at Marpole Place.	700,000	(275,200)	424,800	300,000	0	300,000	
	Marpole Place Building Retrofit	Decrease in Annual Capital Expenditure Budget: Anticipated lower 2015 expenditure as project is in preliminary planning phase - programming study and enquiring for program operator.	600,000	0	600,000	600,000	(275,200)	324,800	
Real Estate & Facilities Management	2015-18 Structural Seismic Program Study	New Multi-Year Capital Project Budget from reallocation of funding from an existing project: This request is for funding to hire a consultant for a seismic study, as part of the City Seismic Program, to assess the building structural condition of 20-25 City-owned facilities for future seismic upgrade planning.	0	460,000	460,000	0	160,000	160,000	Reallocation of existing Capital - Debenture
	2015 Non-Structural Seismic Upgrades	Decrease in Multi-Year Capital Project and Annual Capital Expenditure Budget (Reallocation): No priority projects are currently planned in this program for 2015, so this funding is available for reallocation to the higher priority seismic study noted above.	460,000	(460,000)	0	160,000	(160,000)	0	
Engineering Services	2015-18 Vehicle and Equipment Replacements/Additions	Scope change - Two Fleet Addition Requests: 1) Purchase of road sprayer units for use in ice and snow conditions. This includes the procurement of four slide-in, self-loading, 3-lane road sprayer units to replace two existing brine application units that are annually fitted on two Sanitation Operations water flusher trucks for use in Street Operations. This purchase, a total cost of \$81,600, will be managed within the existing budget for vehicles and equipment replacement. 2) Purchase of two all-terrain vehicles (ATV's) currently leased for Landfill gas collection monitoring. The leases are expiring and this buy-out opportunity will result in annual operating budget savings to the City. This purchase, a total cost of \$22,200, will be managed within the existing budget for vehicles and equipment replacement.	21,839,952	0	21,839,952	10,809,919	0	10,809,919	Will be managed within the existing budget for vehicles and equipment replacement

Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s)
Community Services	Cultural Infrastructure Program Research	New Multi-Year Capital Project Budget from reallocation of funding from an existing project: This request is for funding for the hiring of a consultant to complete the Council-requested mandate to "update key gaps in Cultural infrastructure."	0	87,514	87,514	0	87,514	87,514	Reallocation of existing Capital - Capital from Revenue
	Cultural Infrastructure Program 2009 (Planning & Research only)	Decrease in Multi-Year Capital Project Budget (Reallocation): This request is to reallocate the balance of staffing and research funding remaining in the 2009 Cultural Infrastructure Program.	87,514	(87,514)	0	34,577	(34,577)	0	
	Cultural Infrastructure Program 2010	Decrease in Annual Capital Expenditure Budget: With the funding reallocations in this Quarter, the 2010 Cultural Infrastructure Program is deemed to be closed and therefore this 2015 expenditure budget is available for reallocation.	1,229,115	0	1,229,115	340,674	(52,937)	287,737	
Community Services	Grant - Or Gallery Society	New Multi-Year Capital Project Budget from reallocation of funding from an existing project: Cultural Infrastructure grant to Or Gallery Society approved in the 2010 Cultural Infrastructure Program but not yet paid. The organization has been given an extension to satisfy terms required to be met for disbursement of the grant.	0	100,000	100,000	0	100,000	100,000	Reallocation of existing Capital - Capital from Revenue
	Cultural Infrastructure Program 2010	Decrease in Multi-Year Capital Project Budget (Reallocation): This request is to reallocate to a separate budget a grant to Or Gallery Society remaining undisbursed in the 2010 Cultural Infrastructure Program. The organization has been given an extension to satisfy terms required to be met for disbursement of the grant. With the funding reallocations in this Quarter, the 2010 Cultural Infrastructure Program is deemed to be closed.	1,229,115	(100,000)	1,129,115	287,737	(100,000)	187,737	
Total - Reallocations			\$ 26,145,696	\$ -	\$ 26,145,696	\$ 12,532,907	\$ -	\$ 12,532,907	
Total Capital Budget Adjustment Requests			\$ 115,611,013	\$ 20,760,888	\$ 136,371,901	\$ 47,181,318	\$ 13,363,488	\$ 60,544,806	
Proposed Annual Capital Budget Reductions									
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s)
Parks & Recreation	12-14 New/Enhance Activity Features	Decrease in Annual Capital Expenditure Budget: The dog off-leash and skate park location has not yet been approved by the Park Board, thus this project is delayed into 2016.	931,600	0	931,600	644,234	(150,000)	494,234	N/A
Parks & Recreation	Park Renewal Riley Hillcrest	Decrease in Annual Capital Expenditure Budget: The park renewal construction project has been delayed. The Hillcrest/Riley Park master plan was approved in 2014 but the park renewal project will now be tendered in July 2015 instead of January 2015.	2,755,000	0	2,755,000	1,896,000	(120,000)	1,776,000	N/A
Parks & Recreation	2015-18 Park Planning & Policy Studies	Decrease in Annual Capital Expenditure Budget: Planning studies have been delayed due to staffing resources.	585,000	0	585,000	585,000	(180,000)	405,000	N/A
Parks & Recreation	Hastings Park Heart-of-Park Renewal	Decrease in Annual Capital Expenditure Budget: Schematic design of livestock building, celebration plaza & PNE amphitheater is delayed until the PNE completes strategic business plan.	400,000	0	400,000	250,000	(100,000)	150,000	N/A

Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s)
Engineering Services	2015 Sewer & Water Combined Residential Connections	Decrease in Annual Capital Expenditure Budget: Permit revenues for program are received in advance of installation work and related expenditures are typically incurred during the year the fees are received and into the year following. Current year installation costs charged to the 2015 program are low due to completion of the older 2014 program.	11,850,000	0	11,850,000	6,500,000	(2,189,800)	4,310,200	N/A
Engineering Services	2015- 18 Sewer Main Reconstruction	Decrease in Annual Capital Expenditure Budget: Projections indicate that with 3 COV construction crews operational and with benchmarking contracts not occurring until Q4, some work originally planned for 2015 to be pushed into 2016.	24,345,055	0	24,345,055	23,825,491	(3,000,000)	20,825,491	N/A
Engineering Services	2014 Fire Truck Replacement	Decrease in the Annual Capital Expenditure Budget: Some expenditures planned for 2015 are now anticipated to occur in 2016 due to revised delivery schedules from the manufacturer for the fire trucks.	35,235,238	0	35,235,238	3,874,976	(1,500,000)	2,374,976	N/A
Human Resources, Digital Strategy & Information Technology	Fleet GPS	Decrease in the Annual Capital Expenditure Budget: Some expenditures planned for 2015 are now delayed into 2016.	1,500,000	0	1,500,000	1,000,000	(400,000)	600,000	N/A
Total - Proposed Annual Capital Budget Adjustment Requests			\$ 77,601,893	\$ -	\$ 77,601,893	\$ 38,575,701	\$ (7,639,800)	\$ 30,935,901	
Total Adjustment to Total Multi-Year Project Budget and Annual Expenditure Budget			\$ 193,212,906	\$ 20,760,888	\$ 213,973,794	\$ 85,757,019	\$ 5,723,688	\$ 91,480,707	

Appendix 2 - Q2 2015 Capital Closeouts					
Project/Program Name	Budget	Actuals	Surplus (Deficit)	%	Closeout Variance Explanation (Required for variances > \$50,000 and 15% of budget)
Community Services					
Seymour Child Care 2013	2,100,000	2,092,122	7,878	0%	
Capital Improvements at Social Housing Site	200,000	201,861	(1,861)	-1%	
Grant - Vancouver Museum	165,000	165,000	-	0%	
Tenant Relocation - Kingsway Continental	81,214	81,729	(515)	-1%	
Mungo Martin Totem Pole Restoration	50,000	49,209	791	2%	
Vanier Park Cultural Ctr Improvements	21,132	21,132	-	0%	
Community Services Total	2,617,346	2,611,053	6,293	0%	
Engineering Services					
2009-11 Sewer Separation on Private Property	1,812,500	1,713,655	98,845	5%	
2012-14 Sewer Separation on Private Property	2,100,000	2,198,804	(98,804)	-5%	
2012-14 Active Street Activities	1,499,950	1,234,170	265,780	18%	Surplus due to external delays in 2014 in implementing the Bike Rack program and installing an electrical kiosk on Granville St. Both projects are now underway and will be funded from the current 2015-18 Capital Plan.
Equipment Services Fuel Information System	180,000	154,670	25,330	14%	
2012-14 Blueways Program	52,000	51,863	137	0%	
Engineering Services Total	5,644,450	5,353,162	291,288	5%	
Finance, Risk, and Business Planning					
2012-14 Debenture Discount	1,349,888	1,327,164	22,724	2%	
Finance, Risk, and Business Planning Total	1,349,888	1,327,164	22,724	2%	
Human Resources, Digital Strategy and Information Technology					
Traffic Count Consolidation Strategy	344,000	331,155	12,845	4%	
HR, Digital Strategy and IT Total	344,000	331,155	12,845	4%	
Parks & Recreation					
Hillcrest and Riley Park (Site Preparation for New Park)	1,428,810	1,425,471	3,339	0%	
Park Land Development 2011	1,285,900	1,227,084	58,816	5%	
2012-14 Access to Nature - Community Gardens Parks	761,800	761,763	37	0%	
2008 Neighbourhood Matching Funds Program	50,000	49,147	853	2%	
Parks & Recreation Total	3,526,510	3,463,465	63,045	2%	
Planning & Development Services					
Grant - Strathcona BIA Green Zone Implementation	40,000	40,000	-	0%	
Planning & Development Services Total	40,000	40,000	-	0%	
Real Estate & Facilities Management					
2012-14 Capital Maintenance of Existing Park Buildings	1,613,400	1,611,011	2,389	0%	
2012-14 Capital Maintenance of Existing Park Infrastructure	1,815,100	1,766,332	48,768	3%	
2012-14 Capital Maintenance of Childcare Facilities	550,000	546,155	3,845	1%	
VanDusen Floral Hall Renovation/Roof Replacement	523,000	524,857	(1,857)	0%	
VPD Mounted Unit - Horse Paddock Renewal	318,000	306,104	11,896	4%	
Fire Hall Renovations - Dual Gender Washrooms	180,000	131,377	48,623	27%	
2012-14 Environmental Site Assessment	25,000	24,625	375	2%	
Real Estate & Facilities Management Total	5,024,500	4,910,461	114,039	2%	

Project/Program Name	Budget	Actuals	Surplus (Deficit)	%	Closeout Variance Explanation (Required for variances > \$50,000 and 15% of budget)
Vancouver Police Department					
Surveillance Control Room/Interview Room	23,000	23,000	-	0%	
Kootenay Organized Crime Section Exhibit Room Lockers	15,000	14,912	88	1%	
Kootenay Special Operations Work Shop	13,000	13,000	-	0%	
Jail Control Room Deficiencies	7,200	7,192	8	0%	
Vancouver Police Department Total	58,200	58,104	96	0%	
Total Q2 2015 Capital Closeouts	18,604,894	18,094,564	510,330	3%	

Budget Status at Completion (# of projects/programs)	Budget	Actual	Surplus (Deficit)	%
Surplus greater than \$50K & 15% (1)	1,499,950	1,234,170	265,780	18%
Deficit greater than \$50K & 15% (0)	0	0	0	0%
Surplus/deficit less than \$50K & 15% (28)	17,104,944	16,860,394	244,550	1%
TOTAL (29 projects/programs)	18,604,894	18,094,564	510,330	3%

Proposed Allocation of Closeout Surpluses/Deficits:		
From	To	Amount
Community Services		
Seymour Child Care 2013 net closeout surplus after covering Q2 closeout deficit in Capital Improvements at Social Housing Site project	DCL (remove commitment from reserve)	\$ 6,017
Tenant Relocation - Kingsway Continental closeout deficit	Capital Maintenance for Non-Market Housing (ongoing)	(515)
Mungo Martin Totem Pole Restoration closeout surplus	City-Wide Unallocated from Closeouts	791
Community Services net closeout surplus		\$ 6,293
Engineering Services		
Equipment Services Fuel Information System closeout surplus	Plant and Equipment Reserve (remove commitment from reserve)	25,330
Net remaining Engineering Services closeout surplus	City-Wide Unallocated from Closeouts	265,958
Engineering Services net closeout surplus		\$ 291,288
Finance, Risk and Business Planning		
2012-14 Debenture Discount closeout surplus	City-Wide Unallocated from Closeouts	\$ 22,724
Finance, Risk and Business Planning net closeout surplus		\$ 22,724
Human Resources, Digital Strategy and Information Technology		
Traffic Count Consolidation Strategy closeout surplus	City-Wide Unallocated from Closeouts	\$ 12,845
Human Resources, Digital Strategy and Information Technology net closeout surplus		\$ 12,845
Parks & Recreation		
Hillcrest and Riley Park (Site Preparation for New Park) closeout surplus	DCL (remove commitment from reserve)	\$ 62,155
Park Land Development 2011 closeout surplus		
Net remaining Parks & Recreation closeout surplus	City-Wide Unallocated from Closeouts	\$ 890
Parks & Recreation net closeout surplus		\$ 63,045
Vancouver Police Department		
Net Vancouver Police Department closeout surplus	City-Wide Unallocated from Closeouts	\$ 96
Vancouver Police Department net closeout surplus		\$ 96
Real Estate & Facilities Management		
Net Real Estate & Facilities Management closeout surplus	City-Wide Unallocated from Closeouts	\$ 114,039
Real Estate & Facilities Management net closeout surplus		\$ 114,039
Net closeout surplus for Q2 2015 Capital Closeouts		\$ 510,330