



ADMINISTRATIVE REPORT

Report Date: October 13, 2015
Contact: Sarah Kapoor
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RTS No.: 10897
VanRIMS No.: 08-2000-20
Meeting Date: November 3, 2015

TO: Vancouver City Council
FROM: Director of Finance
SUBJECT: 2015 Q3 Capital Budget Adjustments and Closeouts

RECOMMENDATION

- A. THAT Council approve funding and budget reallocation adjustments to the Multi-Year Capital Projects Budget totalling \$1.1 million outlined in Appendix 1, with no change to the 2015 Annual Capital Expenditure Budget.
- 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 March 3, 2015, Council approved a 2015 Annual Capital Expenditure Budget of \$306.0 million. Council subsequently approved net additions totaling \$5.7 million through the quarterly capital budget adjustment process, for a current 2015 Annual Capital Expenditure Budget of \$311.7 million.

Budget adjustments to the Multi-Year Capital Projects Budget totaling \$1.1 million are being requested in Q3, with no change to the current 2015 Annual Capital Expenditure Budget of \$311.7 million. The increase to the Multi-Year Capital Projects Budget recommended in this report represents capital priorities identified subsequent to the approval of the 2015 Capital Budget.

In addition, as part of the quarterly Capital Budget review process, Council approval is being requested to close 24 programs/projects completed in Q3 2015, with a total budget of \$39.9 million and a net surplus of \$0.9 million (2%) as outlined in Appendix 2.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The City has a policy to plan for capital project expenditures on a multi-year cycle. 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 (RTS 10507), Council approved the 2015-2018 Capital Plan in the amount of \$1.085 billion. The Capital Plan was subsequently adjusted to reflect a change in cost allocation methodology for corporate shared services implemented with the 2015 Operating and Capital Budget to better reflect the cost of the City's Capital Program (\$10.8 million), and in Q2 2015 to include user-fee funded utilities connections programs in the Capital Plan (\$20.0 million). With these adjustments, the revised 2015-2018 Capital Plan is currently \$1.116 billion.

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. Within the context of the City's Financing Growth Policy, an offer of a CAC to address the impacts of rezoning can be anticipated from the owner of a rezoning site. CAC offers typically include either the provision of on-site amenities or a cash contribution towards other public benefits and they

take into consideration community needs, area deficiencies and the impact of the proposed development on City services. The allocation of both DCL and CAC funding to specific amenities requires Council approval.

Council authority is required to close capital accounts with variances 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 primary 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 multi-year project budget and annual expenditure for capital work. 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 Third 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. Council subsequently approved net additions totaling \$5.7 million through the quarterly capital budget adjustment process, for a current 2015 Annual Capital Expenditure Budget of \$311.7 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 third quarter (Q3) of the City's 2015 financial year.

Strategic Analysis

A. 2015 Q3 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 47 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 current total of \$1.116 billion and covers projects across all City departments and agencies. Over the third quarter of 2015, senior staff have spent time reviewing the specific projects and their relative prioritization against Council's priorities. This report proposes a net increase of \$1.1 million to the total open multi-year projects budget, including new allocations totalling \$2.2 million and a reduction of \$1.1 million in a previously approved multi-year project budget.

Major projects in the \$2.2 million new Multi-Year Capital Projects Budget allocations include:

- Addition of \$0.7 million to an underground communications network expansion project, fully funded by BCNET, to accommodate an increase in project scope due to unforeseen site conditions encountered during construction;
- Addition of \$0.5 million to the Activenet project (Safari system replacement) to address an increase in implementation costs arising from a greater than expected complexity in

the implementation and unplanned additional work required to incorporate new Payment Card Industry (PCI) standards;

- \$0.4 million for a new project to upgrade the Vancouver Police Department Crime Analytics system;
- Addition of \$0.3 million to the 2015 transit-related improvements program to accommodate high priority geotechnical investigation work required to advance the preliminary engineering and business case work for the Broadway Transit project;
- Addition of \$0.3 million, funded from community donations, to the renewal of Riley Park/Hillcrest Park for increased project scope requested by the community.

Offsetting these new allocations to the Multi-Year Capital Projects Budget is a reduction of \$1.1 million in the multi-year project budget for the Stanley Park electrical distribution upgrade project, reflecting a lower than anticipated cost for the construction contract award.

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.

Adjustment Category	Budget Impact	
	Multi-Year Projects Budget (for Open Projects)	2015 Annual Capital Expenditure Budget
A. Administrative consolidations and restatements	\$ -	\$ -
B. Emerging priority projects	500	220
C. Timing uncertain budget additions / acceleration of projects	-	-
D. Budget increases/decreases to existing projects/programs	600	(403)
E. Reallocations	-	183
Total Proposed Multi-Year Projects Budget Adjustments / 2015 Annual Capital Expenditure Budget Adjustments	\$ 1,100	\$ -
Total Proposed 2015 Annual Capital Expenditure Budget Offsets		\$ -
Proposed Change in Multi-Year Projects Budget / 2015 Annual Capital Expenditure Budget	\$ 1,100	\$ -
Current Approved Total 2015 Annual Capital Expenditure Budget		\$ 311,766
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 September 30, 2015, the Multi-Year Capital Projects Budget for open capital programs/projects totaled \$993.5 million. The proposed revised total reflecting Q3 project/program closeouts and multi-year project budget adjustments is \$954.7 million.

Table 2 - Multi-Year Projects Budget (\$ millions)	
	Multi-Year Projects Budget (for Open Projects)
Multi-Year Projects Budget at September 30, 2015	\$ 993.5
Proposed Q3 Closeouts	(39.9)
Proposed Q3 Adjustments	1.1
Proposed Revised Multi-Year Projects Budget	\$ 954.7

B. 2015 Q3 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 24 programs/projects with multi-year project budgets totalling \$39.9 million and expenditures of \$39.0 million were completed in the period between the 2015 Q2 Capital Closeout (RTS 10898) and the end of the third quarter of 2015 (September 30, 2015), with a net surplus of \$0.9 million.

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

Six of the 24 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 Q3 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 \$1.1 million, with no change to the 2015 Annual Capital Expenditure Budget of \$311.7 million.

This report also requests Council approval for the closeout of 24 programs/projects, including six 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						
			Multi-Year Project Budget			Annual Capital Expenditure Budget			
A. Administrative consolidation, restatements, or funding source changes Includes the ongoing consolidation of like programs/projects into one larger program/project (normally no net impact on the annual budget); other restatements; changes to project funding source(s).									
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget
Funding source changes:									
Parks & Recreation	2015-18 Sports Fields and Courts	Change in multi-year project budget funding source: A donation commitment of \$40,000 from the Jericho Little League was received for upgrading the baseball backstop at Carnarvon Park. This work was completed in time for the provincial little league championships in July 2015.	2,200,000	0	2,200,000	167,000	0	167,000	Addition: External (Jericho Little League) \$40,000 Reduction: Debenture \$40,000
	2015-18 Park and Street Trees	Change in multi-year project budget funding source: A grant commitment of \$10,000 from the Union of BC Municipalities ("UBCM") has been received for the public tree asset management plan.	1,457,000	0	1,457,000	1,457,000	0	1,457,000	Addition: External (Union of BC Municipalities) \$10,000 Reduction: Debenture \$10,000
Total - Administrative Consolidation; Restatements; Council-approved Additions			\$ 3,657,000	\$ -	\$ 3,657,000	\$ 1,624,000	\$ -	\$ 1,624,000	
B. Emerging priority projects New projects that have been identified to address unforeseen urgent issues or new priorities emerging outside of the regular capital budget cycle.									
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget
Human Resources, Digital Strategy & Information Technology	Crime Analytics System Upgrade	New Multi-Year Project and Annual Expenditure Budget: Upgrade to VPD Crime Analytics System, an integral investigative police tool.	0	430,000	430,000		200,000	200,000	2015-2018 Capital Plan (Equipment & Technology) Capital from Revenue
Planning & Development	Citywide Development Cost Levy (DCL) Update Consultancy – Phase 1	New Multi-Year Project and Annual Expenditure Budget: Consultancy to support updating growth costs, rates and allocations for Citywide development cost levies (DCL). This first phase will involve a review of the City's process for updating DCLs including a comparison with municipal best practices, and will outline a recommended framework for updating the City's DCL system.	0	70,000	70,000	0	20,000	20,000	City-Wide DCL
Total - Emerging Priority Projects			\$ -	\$ 500,000	\$ 500,000	\$ -	\$ 220,000	\$ 220,000	
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									
Total - Timing Uncertain budget additions; Project acceleration			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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Capital Budget Adjustment Requests									
			BUDGET IMPACT						
			Multi-Year Project Budget			Annual Capital Expenditure Budget			
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) for Changes to Multi-Year Project Budget
Engineering Services	2014 Underground Communications Network Expansion	Increase to existing project budget with funding provided from external source: Project scope increased significantly due to unforeseen site conditions encountered during construction. Costs and schedule impacts are attributable to damage of existing conduit and discovery of asbestos-laced conduit in existing communications duct network. All costs for this project, including this increased scope, are fully funded by BCNET.	2,400,000	650,000	3,050,000	1,100,000	400,000	1,500,000	External (BCNET)
	2015-18 Transit Related Improvements	Increase to existing project budget with funding provided from the 2015-2018 Capital Plan: Budget adjustment requested to primarily accommodate urgent, and high priority geotechnical investigation work that is necessary to advance the preliminary engineering and business case work for the Broadway Transit project.	710,000	325,000	1,035,000	710,000	325,000	1,035,000	2015-2018 Capital Plan (Transportation) DCL \$290,000 External (Translink) \$35,000
Human Resources, Digital Strategy & Information Technology	Safari System Upgrade Project (Activenet)	Increase to existing project budget with funding provided from the 2015-2018 Capital Plan: Addition of \$495,000 to the Activenet project budget. Implementation of this new system has been more complex than originally anticipated and additional unplanned work was required to incorporate new Payment Card Industry (PCI) standards. The new system has been implemented at 24 recreation centres and the final six locations are scheduled to be implemented by April 2016.	2,070,000	495,000	2,565,000	1,470,631	145,000	1,615,631	2015-2018 Capital Plan (Equipment & Technology) Capital from Revenue
Parks & Recreation	Park Renewal - Riley Park/Hillcrest Park	Increase to existing project budget with funding provided from external source: Hillcrest park has received a donation commitment from Variety, Jays Care Foundation and Vancouver Canadians for \$280K. This donation increases the scope of the proposed Challenger baseball diamond which includes accessible pathways/dugouts, significant site regrading and synthetic/grass field surfaces.	2,755,000	280,000	3,035,000	1,776,000	0	1,776,000	External (Variety-The Children's Charity; Vancouver Canadians Baseball Foundation; Jays Care Foundation)
Real Estate & Facilities Management	Stanley Park Electrical Distribution System Upgrades	Decrease to existing project budget (return funding to Capital Plan): The construction contract awarded in August for this project was \$1.6 million lower than anticipated in the project budget. From the \$1.6 million funding no longer required for this project, \$450,000 will be reallocated to the Burrard Marina Upgrade project (see reallocations section below) and the remaining \$1,150,000 will be returned to the 2015-2018 Capital Plan for future allocation.	3,600,000	(1,150,000)	2,450,000	200,000	0	200,000	\$1,150,000 debenture to be returned to the 2015-2018 Capital Plan (Parks, Open Spaces & Recreation)
<i>The following are adjustments to the profile of the 2015 expenditure budget reflecting timing changes in the execution of projects. No change to the overall multi-year project budget.</i>									
Real Estate & Facilities Management	Social Housing - SEFC Area 3B	Increase to Annual Capital Expenditure Budget: This project is managed by the developer. Rezoning was enacted earlier than expected. As a result, the developer was able to commence the design consulting work earlier.	38,950,000	0	38,950,000	655,000	1,450,000	2,105,000	N/A
	City Hall West Annex Seismic Upgrades	Decrease in Annual Capital Expenditure Budget: Planned 2015 expenditures have been delayed due to a longer than anticipated process required for consulting and site testing. Consultant report is currently being reviewed and the start of construction has been deferred to 2016.	4,500,000	0	4,500,000	1,500,000	(1,085,661)	414,339	N/A

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Capital Budget Adjustment Requests									
			BUDGET IMPACT						
			Multi-Year Project Budget			Annual Capital Expenditure Budget			
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget
Real Estate & Facilities Management (cont'd)	Roddan Lodge Redevelopment	Decrease in Annual Capital Expenditure Budget: Planned 2015 expenditures have been delayed due to a longer than anticipated process required for planning and scope/cost review with project stakeholders.	1,200,000	0	1,200,000	1,000,000	(850,000)	150,000	N/A
	City Hall East Annex Deconstruction	Decrease in Annual Capital Expenditure Budget: Deconstruction was planned for 2015 but has now been deferred to 2016 due to a longer than anticipated process required for planning and cost review.	2,400,000	0	2,400,000	800,000	(600,000)	200,000	N/A
	Green House Building Upgrades	Decrease in Annual Capital Expenditure Budget: Planned 2015 expenditures have been delayed due to a longer than anticipated process required for planning and scope review with project stakeholders.	952,500	0	952,500	672,500	(500,000)	172,500	N/A
	VPD Office Renovations	Decrease in Annual Capital Expenditure Budget: Planned 2015 expenditures have been delayed due to a longer than anticipated process required for planning with project stakeholders to review and prioritize the scope of work.	1,430,000	0	1,430,000	930,000	(400,000)	530,000	N/A
	2015 Capital Maintenance for Recreation Facilities	Increase to Annual Capital Expenditure Budget: Expenditures planned for 2015 will be higher than originally anticipated as more projects than originally planned are now scheduled for completion in 2015.	3,000,000	0	3,000,000	1,800,000	200,000	2,000,000	N/A
	2014 Capital Maintenance for Recreation Facilities	Increase to Annual Capital Expenditure Budget: Increase in 2015 expenditure as the completion of some projects that was anticipated before the end of 2014 was delayed into 2015. As well, some emergency work identified in the summer months require completion before winter.	2,366,165	0	2,366,165	160,000	100,000	260,000	N/A
	2015 Renovation/Upgrades for Recreation Facilities	Decrease in Annual Capital Expenditure Budget: Planned 2015 expenditures have been delayed due to a longer than anticipated process required for planning with project stakeholders to review and prioritize the scope of work.	1,000,000	0	1,000,000	600,000	(200,000)	400,000	N/A
	2014 Capital Maintenance for Libraries	Increase to Annual Capital Expenditure Budget: Increase in 2015 expenditure as the completion of some projects that was anticipated before the end of 2014 was delayed into 2015.	1,635,000	0	1,635,000	811,948	200,000	1,011,948	N/A
	2015 Renovation/Upgrades for Park Buildings	Decrease in Annual Capital Expenditure Budget: Planned 2015 expenditures have been delayed due to a longer than anticipated process required for planning and prioritizing the scope of work.	500,000	0	500,000	400,000	(200,000)	200,000	N/A
	Vancouver Art Gallery Plaza Improvement	Increase to Annual Capital Expenditure Budget: Increase in 2015 expenditure as the design consulting work for the plaza improvements is commencing earlier than anticipated when the 2015 expenditure budget was developed.	4,750,000	0	4,750,000	1,300,000	300,000	1,600,000	N/A
	2015 Social Facilities Planning & Research	Decrease in Annual Capital Expenditure Budget: 2015 expenditures for the this year's program are now anticipated to be lower as a number of planning projects have been covered by the 2015 expenditure budget for program funding remaining from the previous year's program.	175,000	0	175,000	175,000	(55,000)	120,000	N/A
	Central Library - Expansion to Levels 8 and 9 (Planning)	Increase to Annual Capital Expenditure Budget: 2015 expenditures are now anticipated to be higher than originally planned due to a revised timeline to include a programming study for the Central Library in 2015.	800,000	0	800,000	0	55,000	55,000	N/A

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Capital Budget Adjustment Requests									
			BUDGET IMPACT						
			Multi-Year Project Budget			Annual Capital Expenditure Budget			
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget
Parks & Recreation	Park Land Acquisition - Sep 2015	Increase to Annual Capital Expenditure Budget: Funding for this land purchase was approved by Council in September 2015. This request is to establish a 2015 expenditure budget for this project.	1,298,000	0	1,298,000	0	1,298,000	1,298,000	N/A
	Park Renewal - Riley Park/Hillcrest Park	Decrease in Annual Capital Expenditure Budget: Hillcrest park development has been delayed due to staff resourcing and public engagement. The new park will open in 2016.	2,755,000	0	2,755,000	1,776,000	(1,298,000)	478,000	N/A
Human Resources, Digital Strategy & Information Technology	Permit & Licence Transformation Program	Decrease in Annual Capital Expenditure Budget: Project is on track to deliver expected deliverables for 2015 without having to access contingency allowance included in the expenditure budget for this year.	24,714,000	0	24,714,000	7,508,474	(145,000)	7,363,474	N/A
Community Services	2014 Cultural Infrastructure Grant Program	Increase to Annual Capital Expenditure Budget: Grants to be disbursed in 2015 are now anticipated to be higher than originally planned as several of the grant recipients have completed their conditional requirements sooner than expected.	985,600	0	985,600	200,000	90,521	290,521	N/A
Planning & Development	Community Economic Development	Increase to Annual Capital Expenditure Budget: Grants to be disbursed in 2015 are now anticipated to be higher than originally planned as several of the grant recipients have completed their conditional requirements sooner than expected.	750,501	0	750,501	71,146	367,234	438,380	N/A
	Façade Grant - 488 Carrall St	Decrease in Annual Capital Expenditure Budget: Grant was anticipated to be disbursed in 2015, but is now expected to be paid in 2016 as the grant recipient is requiring more time to complete the conditional requirements.	50,000	0	50,000	49,942	(49,942)	0	N/A
	Façade Grant - 41 Alexander St	Increase to Annual Capital Expenditure Budget: Facade rehabilitation grant was expected to be disbursed in 2016 but now is expected to be disbursed before the end of 2015 as the grant recipient is on track to complete their conditional requirements this year.	50,000	0	50,000	0	50,000	50,000	N/A
Total - Budget Increases/Decreases to Existing Projects/Programs			\$ 105,796,766	\$ 600,000	\$ 106,396,766	\$ 25,666,641	\$ (402,848)	\$ 25,263,793	
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) for Changes to Multi-Year Project Budget
Engineering Services	NEFC Eastern Core Planning	Increase in Multi-Year Capital Project Budget from reallocation of funding from an existing project: The Viaducts project required additional investigation work of the east/west arterial connection options, through the False Creek Flats area. Geographically, the arterial connection is in the False Creek Flats area boundary and stakeholders and the adjacent communities lobbied for this scope inclusion as part of progressing the viaducts work.	225,000	150,000	375,000	200,000	150,000	350,000	Reallocation of existing Capital - Capital from Revenue
	Georgia Dunsmuir Viaduct Study	Decrease in Multi-Year Capital Project Budget (Reallocation): The Georgia Dunsmuir viaduct project scope includes a broad scope of investigation work. The investigation work to be undertaken for the NEFC Eastern Core is part of this broad scope, but this work is tracked separately for reporting purposes. This request is to transfer funding from this broader scope budget to the specific project budget for NEFC Eastern Core Planning.	3,455,000	(150,000)	3,305,000	929,079	(150,000)	779,079	

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Capital Budget Adjustment Requests									
			BUDGET IMPACT						Funding Source(s) for Changes to Multi-Year Project Budget
			Multi-Year Project Budget			Annual Capital Expenditure Budget			
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	
Engineering Services	2015-18 Distribution Main Replacement	Increase in Multi-Year Capital Project Budget from reallocation of funding from an existing project: Crews which had originally been scheduled to be deployed on water transmission main work were deployed instead to water distribution main work, as the Pender transmission main project was delayed to accommodate Translink moving trolley wires and to assist businesses so as not to disrupt the summer tourist months.	5,865,136	1,500,000	7,365,136	5,865,136	1,500,000	7,365,136	Reallocation of existing Capital - Debenture
	2015-18 Transmission Main Replacement	Decrease in Multi-Year Capital Project Budget (Reallocation): The Pender transmission main project planned for 2015 was delayed to accommodate Translink moving trolley wires and to assist businesses so as not to disrupt the summer tourist months. As well, a portion of the funding for the 2015 Transmission Main program was reallocated earlier this year to cover a utilities closeout deficit in Q1 2015, reducing the funding available for 2015 expenditures.	4,682,848	(1,500,000)	3,182,848	5,000,000	(1,817,152)	3,182,848	
Engineering Services	2015-18 Distribution Main Replacement	Increase in Multi-Year Capital Project Budget from reallocation of funding from an existing project: Crews which had originally been scheduled to be deployed on water transmission main work were deployed instead to water distribution main work, as the Pender transmission main project was delayed to accommodate Translink moving trolley wires and to assist businesses so as not to disrupt the summer tourist months.	7,365,136	203,000	7,568,136	7,365,136	200,000	7,565,136	Reallocation of existing Capital - Debenture
	2015-18 Water Quality Capital	Decrease in Multi-Year Capital Project Budget (Reallocation): For some of the distribution main replacement work in 2015, crews were able to include water quality improvements at the same time. This adjustment request is to reallocate funding from the 2015-18 Water Quality Capital program budget to the 2015-18 Distribution Main Replacement program to cover these costs.	100,000	(98,000)	2,000	100,000	(100,000)	0	
	2012-14 Water Quality Capital	Decrease in Multi-Year Capital Project Budget (Reallocation): For some of the distribution main replacement work in 2015, crews were able to include water quality improvements at the same time. This adjustment request is to reallocate funding from the 2012-14 Water Quality Capital program budget to the 2015-18 Distribution Main Replacement program to cover these costs.	196,126	(105,000)	91,126	100,000	(100,000)	0	

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Capital Budget Adjustment Requests									
			BUDGET IMPACT						
			Multi-Year Project Budget			Annual Capital Expenditure Budget			
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget
Engineering Services	2015-18 Aging Water Service Replacement	Increase in Multi-Year Capital Project Budget from reallocation of funding from an existing project: This program is used to fund the replacement of water services reported as leaking where simply repairing does not represent good value due to it's age or previous leak/repair history. A higher than expected of number of leaks were experienced this year where replacement was required.	1,500,000	150,000	1,650,000	1,500,000	150,000	1,650,000	Reallocation of existing Capital - Debenture
	2015 Emergency Preparedness	Decrease in Multi-Year Capital Project Budget (Reallocation): The emergency connection to Metro Vancouver's Little Mountain Reservoir has been delayed due to delays in the Metro Vancouver approval process and absence of available Metro operational resources. When the project is ready to proceed, the funding will be covered by the Emergency Preparedness program budget for that year. With this funding reallocation, the 2015 program is deemed to be closed.	50,000	(50,000)	0	50,000	(50,000)	0	
	2015 Green Operations	Decrease in Multi-Year Capital Project Budget (Reallocation): The Green Operations/Native Soil Investigations project will now be managed and budgeted by Kent Yard & Services group via an alternate funding source. As such, this funding can be reallocated to support replacement of aging water services. With this funding reallocation, this project is deemed to be closed.	100,000	(100,000)	0	100,000	(100,000)	0	
Engineering Services	2015-18 Sewer Separation On Private Property	Increase in Multi-Year Capital Project Budget from reallocation of funding from an existing project: This program is for opportunities to separate outflows on private property where it is advantageous to do so. Taking advantage of good public participation early in the year, repair work led to higher spend rates than usual. Also unanticipated costs for investigating the Terminal Outfall and Still Creek contamination were incurred.	690,000	95,000	785,000	690,000	95,000	785,000	Reallocation of existing Capital - Debenture
	2015-18 Local Repairs/Catch Basins/Spur Reconnections	Decrease in Multi-Year Capital Project Budget (Reallocation): Later than anticipated initiation of this 2015 program work has resulted in an opportunity to move funding to a similar reactive/opportunistic program where 2015 demand is greater than planned for in that program's budget.	200,000	(95,000)	105,000	200,000	(95,000)	105,000	
Real Estate & Facilities Management	Stanley Park Electrical Distribution System Upgrades	Decrease in Multi-Year Capital Project Budget (Reallocation): The construction contract awarded in August for this project was \$1.6 million lower than anticipated in the project budget. From the \$1.6 million funding no longer required for this project, \$450,000 will be reallocated to the Burrard Marina Upgrade project and the remaining \$1,150,000 will be returned to the 2015-2018 Capital Plan for future allocation (see Budget Increases/Decreases section above). Construction is scheduled to begin mid-September, which is earlier than originally anticipated, and therefore this adjustment request includes an increase to the 2015 expenditure budget (reducing the expenditure originally forecast for 2016).	2,450,000	(450,000)	2,000,000	200,000	800,000	1,000,000	Reallocation of existing Capital - Debenture
	Burrard Marina Upgrades	Increase in Multi-Year Capital Project Budget from reallocation of funding from an existing project: Based on consultant recommendations, the project cost is now expected to be higher than anticipated at the time the original project budget was developed.	2,900,000	450,000	3,350,000	400,000	0	400,000	

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Capital Budget Adjustment Requests									
			BUDGET IMPACT						Funding Source(s) for Changes to Multi-Year Project Budget
			Multi-Year Project Budget			Annual Capital Expenditure Budget			
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	
Real Estate & Facilities Management	2013-14 Sport Amenities Improvement Program	Increase in Multi-Year Capital Project Budget from reallocation of funding from an existing project: Construction costs for some sport amenities are higher than originally anticipated due to an increase in project scope requested by external stakeholders and construction market conditions.	3,000,000	300,000	3,300,000	1,800,000	0	1,800,000	Reallocation of existing Capital - Debtenture
	2015 Fieldhouse Program	Decrease in Multi-Year Capital Project Budget and Annual Capital Expenditure Budget (Reallocation): Expenditures for some of the work included in this program will instead be covered by the Park Buildings Renovations program.	470,000	(300,000)	170,000	470,000	(300,000)	170,000	
Total - Reallocations			\$ 33,249,246	\$ -	\$ 33,249,246	\$ 24,969,351	\$ 182,848	\$ 25,152,199	
Total Adjustment to Total Multi-Year Project Budget and Annual Expenditure Budget			\$ 142,703,012	\$ 1,100,000	\$ 143,803,012	\$ 52,259,992	\$ -	\$ 52,259,992	

Appendix 2 - Q3 2015 Capital Closeouts					
Project/Program Name	Budget	Actuals	Surplus (Deficit)	%	Closeout Variance Explanation (Required for variances > \$50,000 and 15% of budget)
Community Services					
Housing Grant - BC Housing for Renovation of 211 Gore (former Remand Centre)	2,000,000	2,000,000	-	0%	
Housing Grant - Community Builders Group (1060 Howe)	1,000,000	1,000,000	-	0%	
Non-Market Housing - Affordable Housing Opportunities	140,000	-	140,000	100%	There are no current plans for this remaining funding, given the amount available and the typically larger amounts required for property or land acquisition opportunities. The funding will be held in the Affordable Housing Reserve for use toward future opportunities.
Environmental Assessment/Soil Remediation for Social/Supportive Housing Sites	120,000	66,504	53,496	45%	These budgets were established to fund environmental assessment, soil remediation, and construction easement costs associated with 12 City-owned properties to be redeveloped for social and supportive housing under a 2007 MOU (Memorandum of Understanding) between BC Housing and the City. There are no further costs anticipated for the properties and therefore the budgets are being closed.
Reciprocal Construction Easements for Social/Supportive Housing Sites	291,212	23,100	268,112	92%	
Capital Grant - Gordon Neighbourhood House	200,000	200,000	-	0%	
2012-14 Access to Nature (Urban Agriculture)	360,000	360,095	(95)	0%	
Community Services Total	4,111,212	3,649,700	461,512	11%	
Engineering Services					
2012-14 City Major Roads	10,845,000	10,845,000	-	0%	
2012-14 Sidewalk Reconstruction	2,750,000	2,750,000	-	0%	
2010 Manitoba Yard Improvements	1,100,000	839,266	260,734	24%	All priority work that had been planned for this budget has now been completed; remaining lower priority work will be covered by the capital maintenance program for service yards.
2012-14 TV Inspection of Sewers	750,000	754,537	(4,537)	-1%	
2012-14 New Sidewalks	700,000	700,000	-	0%	
2012-14 Telemetry & Monitoring	315,041	375,420	(60,379)	-19%	Cost of telemetry highly specialized equipment to support real time monitoring of the water system was higher than originally estimated. As there is only one supplier of this technology in the region, the ability to leverage savings through negotiation was limited.
2012-14 Dedicated Fire Protection System	225,000	248,373	(23,373)	-10%	Project was underway with expenditures for preliminary work by the vendor, as well as some software and equipment. The vendor subsequently ceased operations, before any benefits to the City from this capital investment could be realized. As no other suitable vendor is available at this time, the project has been cancelled. The cessation of vendor operations also terminated support for the City's parking enforcement ticketing platform which connects Licence Plate Recognition (LPR) functionality. As a result, the City will be returning to the market in late 2015 or early 2016 to replace the parking enforcement platform and that platform will also include the development of LPR.
Mobile Licence Plate Recognition	200,000	70,583	129,417	65%	
Gastown Steam Clock Major Repairs	50,000	52,500	(2,500)	-5%	
Engineering Services Total	16,935,041	16,635,678	299,363	2%	

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Appendix 2 - Q3 2015 Capital Closeouts					
Project/Program Name	Budget	Actuals	Surplus (Deficit)	%	Closeout Variance Explanation (Required for variances > \$50,000 and 15% of budget)
Human Resources, Digital Strategy and Information Technology					
Xtract Replacement - VPD	302,000	277,647	24,353	8%	
HR, Digital Strategy and IT Total	302,000	277,647	24,353	8%	
Parks & Recreation					
Grass Playfields 2011 Program	1,469,600	1,420,028	49,572	3%	
Park Land Acquisition 1 - June 2015	133,500	133,500	-	0%	
Park Land Acquisition 2 - June 2015	933,000	933,000	-	0%	
Parks & Recreation Total	2,536,100	2,486,528	49,572	2%	
Real Estate & Facilities Management					
Taylor Manor Reconstruction	14,500,000	14,577,153	(77,153)	-1%	Final costs incurred for this project were greater than budget due to additional scope relating to pre-existing site conditions that were unknown at the time the budget was developed. In addition, an external funding contribution to the project budget was \$128,935 less than anticipated, as the funding partner paid some project costs directly to the non-profit operator. As a result, the total project funding deficit is \$206,088, to be funded from the 2015 Capital Budget for capital maintenance of non-market housing facilities.
2012-14 Capital Maintenance - Non-Market Housing	1,322,000	1,211,419	110,581	8%	Construction contracts for Granville Residence and Abbeyfield re-roofing work was less than anticipated in the program budget.
2012-14 Facility Security Access Upgrades	225,000	232,188	(7,188)	-3%	
Real Estate & Facilities Management Total	16,047,000	16,020,760	26,240	0%	
Total Q3 2015 Capital Closeouts	39,931,353	39,070,314	861,039	2%	

Budget Status at Completion (# of projects/programs)	Budget	Actual	Surplus (Deficit)	%
Surplus greater than \$50K & 15% (5)	1,851,212	999,454	851,758	46%
Deficit greater than \$50K & 15% (1)	315,041	375,420	(60,379)	-19%
Surplus/deficit less than \$50K & 15% (18)	37,765,100	37,695,440	69,660	0%
TOTAL (24 projects/programs)	39,931,353	39,070,314	861,039	2%

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Proposed Allocation of Closeout Surpluses/Deficits:		
From	To	Amount
Community Services		
Social/Supportive Housing Sites Environmental Assessment, Soil Remediation, Reciprocal Construction Easements net closeout surplus	Affordable Housing Reserve (remove commitments from reserve)	\$ 321,607
Affordable Housing Opportunities closeout surplus	DCL (remove commitment from reserve; earmark for future affordable housing use)	140,000
Citywide Unallocated from Closeouts	2012-14 Access to Nature (Urban Agriculture) closeout deficit	(95)
Community Services net closeout surplus		\$ 461,512
Engineering Services		
2010 Manitoba Yard Improvements closeout surplus	City-Wide Unallocated from Closeouts	260,734
Mobile Licence Plate Recognition closeout surplus	Plant and Equipment Reserve (remove commitment)	129,417
2015-18 Telemetry System - New & Replacement (ongoing)	2012-14 Telemetry & Monitoring closeout deficit	(60,379)
2015-18 Dedicated Fire Protection System (ongoing)	2012-14 Dedicated Fire Protection System closeout deficit	(23,373)
2015-18 Sewer TV Inspection (ongoing)	2012-14 Sewer TV Inspection closeout deficit	(4,537)
2015-18 Major Bridge Maintenance (ongoing)	Gastown Steam Clock Major Repairs closeout deficit	(2,500)
Engineering Services net closeout surplus		\$ 299,363
Human Resources, Digital Strategy and Information Technology		
Xtract Replacement (VPD) closeout surplus	City-Wide Unallocated from Closeouts	\$ 24,353
Human Resources, Digital Strategy and Information Technology net closeout surplus		\$ 24,353
Parks & Recreation		
Grass Playfields 2011 Program closeout surplus	City-Wide Unallocated from Closeouts	\$ 49,572
Parks & Recreation net closeout surplus		\$ 49,572
Real Estate & Facilities Management		
2015-18 Capital Maintenance - Non-Market Housing (ongoing)	Taylor Manor Reconstruction (City-funded portion)	\$ (206,088)
	External funding contribution portion of project budget less than anticipated	\$ 128,935
Taylor Manor Reconstruction net closeout deficit		\$ (77,153)
2012-14 Capital Maintenance - Cultural Facilities (ongoing)	2012-14 Facility Security Access Upgrades closeout deficit	\$ (7,188)
2012-14 Capital Maintenance - Non-Market Housing closeout surplus	City-Wide Unallocated from Closeouts	\$ 110,581
Real Estate & Facilities Management net closeout surplus		\$ 26,240
Net closeout surplus for Q3 2015 Capital Closeouts		\$ 861,039