



IN CAMERA

ADMINISTRATIVE REPORT

Report Date: November 27, 2015
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VanRIMS No.: 08-2000-21
Meeting Date: December 15, 2015

TO: Vancouver City Council

FROM: Director of Finance

SUBJECT: Property Endowment Fund (PEF) 2016 Capital Budget and 2015 Capital Budget Closeouts

IN CAMERA RATIONALE

This report is recommended for consideration by Council in the In Camera agenda as it relates to Section 165.2(1) of the *Vancouver Charter*: (e) the acquisition, disposition or expropriation of land or improvements, if the Council considers that disclosure could reasonably be expected to harm the interests of the city; (j) information that is prohibited, or information that if it were presented in a document would be prohibited, from disclosure under section 21 [disclosure harmful to business interests of a third party] of the Freedom of Information and Protection of Privacy Act.

RECOMMENDATION

- A. THAT Council approve the 2016 annual PEF Capital Budget (expenditure budget) as detailed in Appendix A, in the amount of \$76.28 million, consisting of:

	Previously Approved Projects	New Projects	Total (\$M)
Land and Facilities Purchases	\$38.80	\$13.39	\$52.18
Capital Additions & Tenant Improvements	7.01	-	7.01
Deconstruction	0.38	-	0.38
Capital Maintenance	5.64	5.88	11.52
Soil Remediation	2.58	0.38	2.96
Other	0.33	0.40	0.73
Emerging Priorities	1.50	-	1.50
Total Expenditures (2016)	\$56.24	\$20.04	\$76.28

Note: Totals may not add due to rounding

- B. THAT Council approve funding sources for PEF Capital Projects to begin in 2016 as detailed in Appendix A, in the amount of \$76.28 million.

Funding sources as follows:

• Sales and Capital Disposals	\$45.16 million
• Parking Sites Reserve	2.00 million
• Capital from PEF Operations	9.35 million
• Capital Fund	19.8 million
	<u>\$76.28 million</u>

- C. THAT Council approve the closeout of completed capital projects with variances exceeding 15% and/or \$50,000 of the approved budget as outlined in this report and Appendix B.

REPORT SUMMARY

The purpose of this report is to provide Council with a capital budget for the Property Endowment Fund, including:

- the 2016 PEF Capital Budget which includes new Capital programs/projects and associated funding requests, and 2016 capital expenditures for continuing (carry-forward) programs/projects, for Council approval;
- a request to Council for approval to close 29 capital programs/projects completed in 2015.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The Property Endowment Fund was created by Council in 1975, at which time: “It was agreed by Council that the Property Endowment Fund should be regarded as a legacy or an endowment which belongs to all the taxpayers and should be managed for the benefit of future generations.”

In 1980, Council provided further guidance regarding the PEF Purpose, Goals and Objectives as follows:

- Purpose:
 - To preserve and increase the real value of the PEF assets and to increase the Fund’s ownership of strategic sites.
- Goal:
 - To manage the PEF assets in such a way as to preserve their real value and generate a reasonable economic return.
 - In addition, where it is possible without jeopardizing either the real value of the fund or the reasonable return on its assets, to support the City’s public objectives.

- Objectives:
 - The operations of the PEF shall generally be to:
 - manage and develop the Fund's holdings in order to generate a reasonable economic return;
 - buy and sell lands: assemble a land inventory that offers the best opportunity to preserve and where possible increase the real value of the PEF's assets;
 - support the City's public objectives; and
 - develop a program to accomplish the conversion of non-strategic holdings to strategic holdings.
- Priorities:
 - In making operating decisions, the financial criteria must first be met; however, where possible, preference will be given to development, acquisition or disposal opportunities that also meet public criteria.
- Strategic Sites:
 - In the context of the PEF, strategic sites shall be defined as sites which possess the best opportunity to achieve either the Fund's financial objectives or both its financial and public objectives.

Since that time, the PEF has continued as a separate fund of the City. Key transactions have been brought forward to council for approval, and financial operations have been reported publicly as a supplementary schedule to the Annual Financial Statements.

In February 2013, the first operating budget was approved by Council to begin monitoring PEF performance versus plan. Council also approved the establishment of a third-party Expert Advisory Panel to advise staff and Council on all aspects of management of the PEF.

The Property Endowment Fund (PEF) operating budget has been included in the public consolidated budget document, and was brought forward for approval in conjunction with the City's Operating and Capital budgets. The PEF capital budget, due to the confidential nature of the property transactions accounted for in that budget, continues to be approved by Council in camera. The actual results for the PEF included in the annual financial statements include both operating and capital activity.

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

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The PEF was established by Council almost 40 years ago, with the clear objectives to use assets to obtain a reasonable economic return on investment for the City, and to use assets to support City policy objectives. The PEF is an important strategic tool to both provide significant financial return to the City and to enable Council to progress on key policy objectives.

In 2009, Staff began the process of increasing oversight of the PEF, with regular reporting and close oversight of the Olympic Village project. In July 2012, staff brought an In Camera presentation forward to Council with proposed changes in the management processes and oversight of the PEF. The proposed changes included portfolio tracking of the PEF results, setting of an annual budget, and developing a project plan to improve the reporting of the PEF.

Since last year, the Property Endowment Fund (PEF) operating budget is included in the public consolidated budget document, and was brought forward for approval in conjunction with the City's Operating and Capital budgets. The PEF capital budget, due to the confidential nature of the property transactions accounted for in that budget, will continue to be approved by Council in camera. The actual results for the PEF included in the annual financial statements include both operating and capital activity.

REPORT

Background/Context

History of the PEF

The PEF was established by Council in 1975 as a separate City fund (of 5 City funds) to hold strategic land purchases, separate from the ongoing operations of the City. The PEF is one of five City Funds, and is included within the City's Consolidated Financial Statements. Governance for the PEF has changed over time. Prior to 2003, a PEF board, consisting of a combination of senior staff and elected officials governed the PEF. Since 2003, all PEF asset transactions have been brought forward to full Council for approval. Management oversight of the PEF moved from the Director of Finance to the General Manager of Business Planning & Services in 2008. In 2012, management oversight moved back to the Director of Finance following a reorganization of the Real Estate and Facilities function. The General Manager of Real Estate and Facilities Management continues to provide asset management oversight of all properties in the PEF.

PEF Financial Statements

The PEF is one of five funds at the City of Vancouver, consolidated into the City's annual audited financial statements in accordance with the Public Sector Accounting Board (PSAB) standards. The PEF is reported annually in the supplementary schedules to the Financial Statements.

Until 2013, the PEF had not been included in the annual operating or capital budget processes, the capital planning process, or quarterly variance and forecast reporting to Council. Financial transactions, including major leases, purchase and sale of properties, and capital maintenance projects, have been approved by Council, but on a transactional basis.

Guiding Principles for Financial Sustainability

The City has established guiding principles for financial sustainability which help guide the City's overall budgetary process and financial management practices. The PEF annual budgets and medium- to long-term financial and capital plans have been developed based on a number of these principles, including:

Fiscal Prudence

- live within our means
- consider long-term implications in all decisions
- maintain a stable and predictable revenue stream
- keep property acquisitions at a manageable level
- build in flexibility and contingencies for emerging priorities and opportunities

Asset Management

- maintain assets in a state of good repair
- optimize capital investments to meet public and economic needs while achieving value for the investment

The City strives to strike a balance between maintaining and optimizing existing assets and adding new assets needed for the City's key policy objectives. The need for rapid transit and affordable housing represent major capital investment objectives. As the owner of over 660 buildings and properties within the PEF, the City needs to ensure that the PEF portfolio continues to generate a regular return and also allow for the continued acquisition of assets that will satisfy the City's civic objectives.

While the City conducts ongoing maintenance and upgrades to ensure that our major building assets are functioning and resilient, the increasing cost of maintaining these structures and properties continues to put pressure on PEF capital and operating funds.

Strategic Analysis

A. 2016 Proposed Capital Budget

The 2016 PEF Capital Budget deals with acquiring and sustaining PEF-owned properties.

Renewing and maintaining the PEF holdings is a way of investing in the future of our city, and an important factor in achieving good value for money by extending the operational lifespan of our assets.

Capital expenditures include the strategic acquisition of new buildings and properties to allow us to achieve our longer term priorities. This includes acquiring properties for potential use as housing sites, future transit sites, and for future parks and engineering objectives.

2016 Capital Expenditure Budget

The 2016 Capital Expenditure Budget is \$76.28 million, which includes funding of \$56.24 million from previously approved projects that are continuing from the past year and \$20.04 million of funding for new projects.

	Previously Approved Projects	New Projects	Total (\$M)
Land and Facilities Purchases	\$38.80	\$13.39	\$52.18
Capital Additions & Tenant Improvements	7.01	-	7.01
Deconstruction	0.38	-	0.38
Capital Maintenance	5.64	5.88	11.52
Soil Remediation	2.58	0.38	2.96
Other	0.33	0.40	0.73
Emerging Priorities	1.50	-	1.50
Total Expenditures (2016)	\$56.24	\$20.04	\$76.28

Note: Totals may not add due to rounding

The 2016 Capital Expenditure Budget includes projects such as environmental remediation or roof replacement, as well as discrete, one-time projects such as the acquisition of properties for potential transit and housing sites. Maintenance and upgrading of facilities remains a critical mandate.

Detailed 2016 project and program information is contained in Appendix A.

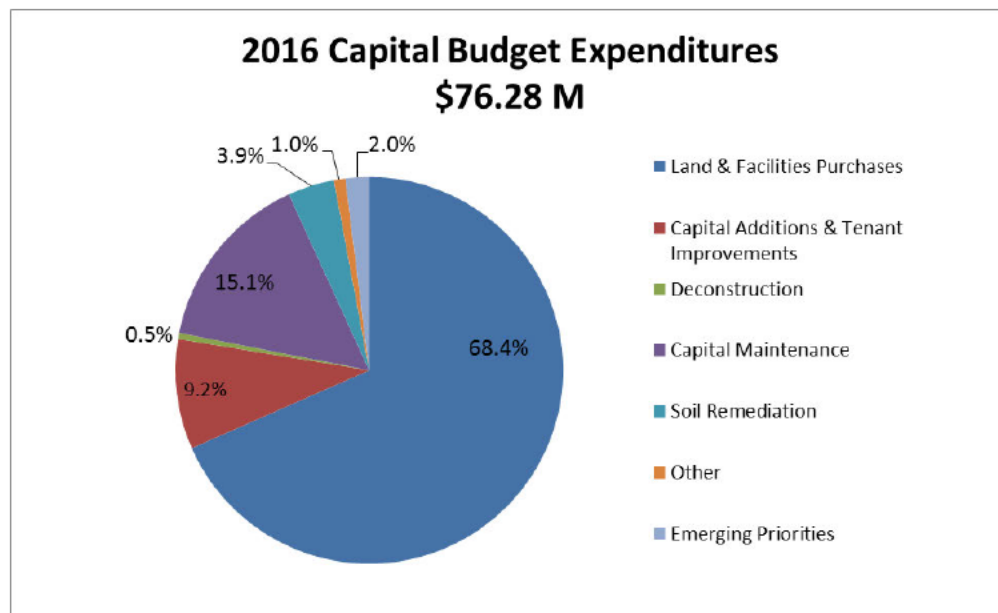
The 2016 budget is less than the approved 2015 budget of \$92.81 million. The main driver of this \$16.52 million decrease is a decrease in funding for land and facilities purchases.

In 2015 the budget for land and facilities purchases was \$64.64 million. For 2016 this has decreased by \$12.46 million, to \$52.18 million. The largest decrease in this area is a reduction of \$16.94 million in funding for future transit site acquisitions, offset by additional funding to purchase land to consolidate with City-owned properties to provide for future development opportunities.

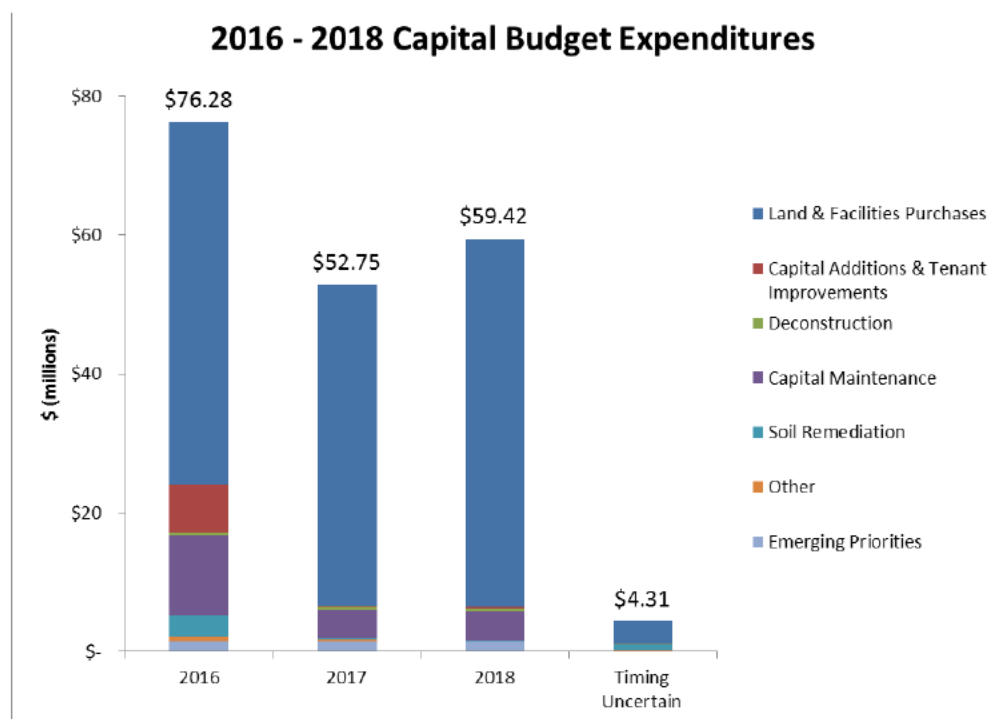
The 2016 budget for the other six categories has decreased by approximately \$4.07 million from the amount approved for 2015, mainly in the areas of capital maintenance, deconstruction and soil remediation. The 2016 budget in these two areas has been calculated by reviewing actual projects that are planned for 2016.

2016 Capital Expenditure Budget by Category

The 2016 Capital Expenditure Budget of \$76.28 million provides approval for planned expenditures within seven categories.



The graph below provides a comparison of projected capital expenditures for 2016, 2017 and 2018 by category.

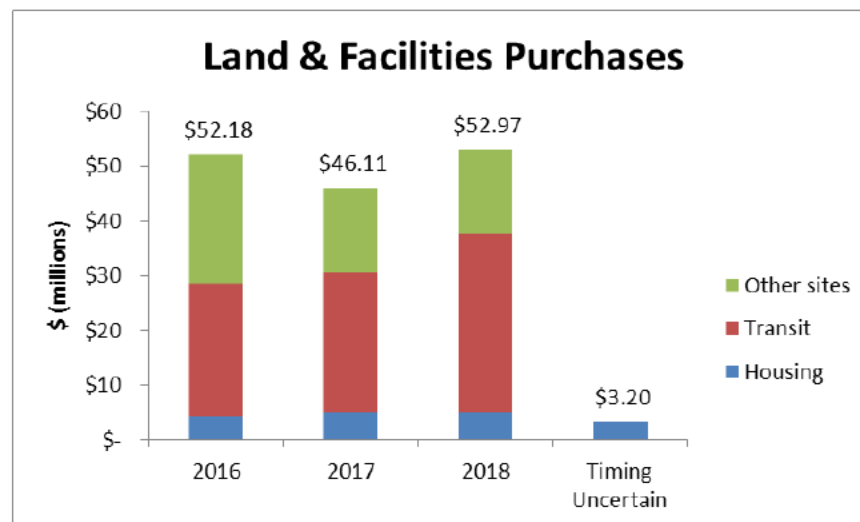


The 2017 and 2018 expenditure projections reflect the assumption that a portion of the 2016 capital work will continue into 2017 with some residual into 2018. Projected expenditures for 2017 and 2018 are preliminary and are subject to further refinement through the approval of future capital budgets.

Refer to appendices for a detailed list of new project requests as well as a detailed list of projects and programs, including scope of work, total funding, planned expenditures for 2016, 2017, 2018 and projects or programs classified as Timing Uncertain.

Highlights of the 2016 Capital Expenditure Budget

1. Land and Facilities Purchases: \$52.18 million (2015: \$64.64 million)



1.1 Housing sites with future development potential: \$4.21 million

The City's aim is to increase the supply of affordable housing in Vancouver with a broad range of dwelling types to meet the needs of a diverse population. The City has been providing affordable housing since the 1950s, in partnership with the federal government, provincial government, and non-profit groups. The City's most frequent contribution is the provision of land, upon which our partners build affordable housing.

The 2016 Capital budget provides for \$4.21 million for the acquisition of future development sites that could be used for housing in the interim. Specific projects are not yet determined.

1.2 Transit: \$24.24 million

The goal is to make strategic land acquisitions along the Broadway Corridor to facilitate the proposed transit line along Broadway.

Four site acquisitions along the Broadway corridor are planned for 2016 - two sites near Main Street, and one each at Oak Street and Granville Street.

1.3 Opportunistic Investments: \$23.74 million

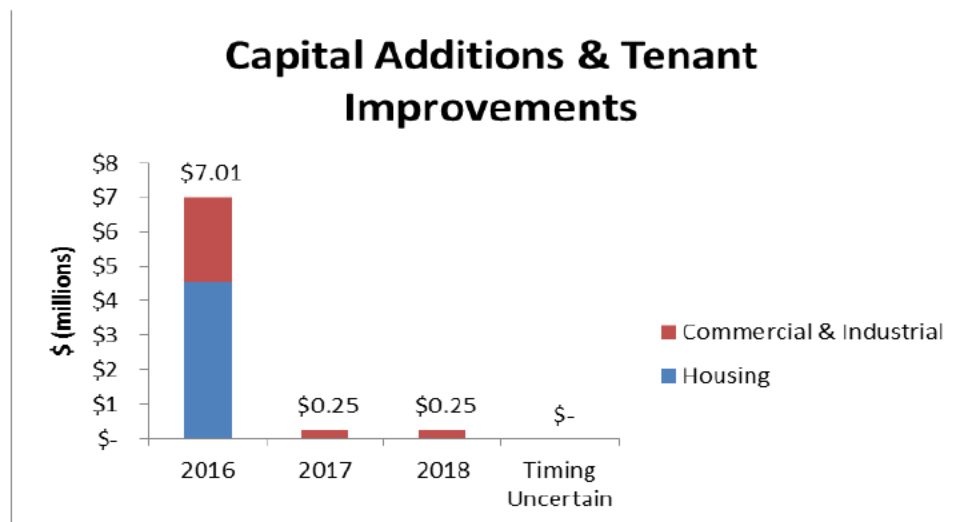
For 2016, the goal is to purchase land to consolidate with City-owned properties to provide for future development opportunities.

\$13.43 million is allocated to specific sites that are already identified, including 550 Commodore (which closes at the end of 2016) and sites on W 10th Avenue, and Glen Drive.

\$10.00 million is budgeted for sites that may become available during the year, and would provide future development opportunity, but are not yet identified.

In addition this budget provides for condition assessment reports and other pre-acquisition costs related to the purchase of a property.

2. Capital Additions & Tenant Improvements: \$7.01 million (2015: \$7.14 million)



2.1 Housing: \$4.57 million

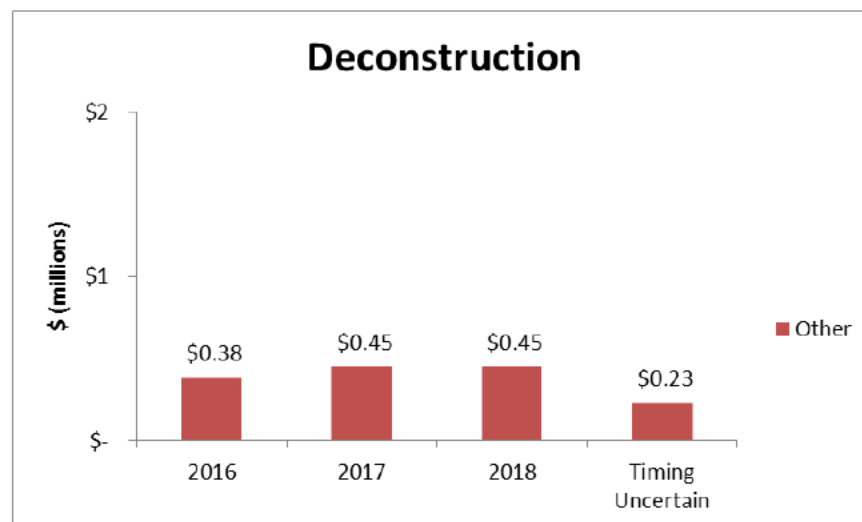
An MOU between the City and the Province (BC Housing) provides for 14 City-owned sites to be developed for social and supportive housing on top of retail units. BC Housing / Non-Profit Housing Societies are building retail units for the City to lease and sub-lease out. The tenant improvements are provided to the new tenants. Of the 14 sites, 13 sites have been completed, but the final invoices from BC Housing have not yet been received. 2016 funding is being provided for the last two sites:

- 675 - 691 East Broadway (\$2.71M): this is for construction and tenant improvements of 8 commercial/retail units for which BC Housing hasn't yet billed the City. Construction is completed.
- 606 Powell Street (\$1.78M): this is for construction and tenant improvements of 3 commercial/retail units. Construction is completed.

2.2 Commercial & Industrial: \$2.44 million

The continuing major project for 2016 is the tenant improvement allowances for the Vancouver Technology and Social Innovation Centre (312 Main Street). A total of \$5.91 million of funding for the Technology and Social Innovation Centre is provided for in the 2016 budget: \$2.10 million for capital additions & tenant improvements, and \$3.81 million for capital maintenance (section 4.1 below).

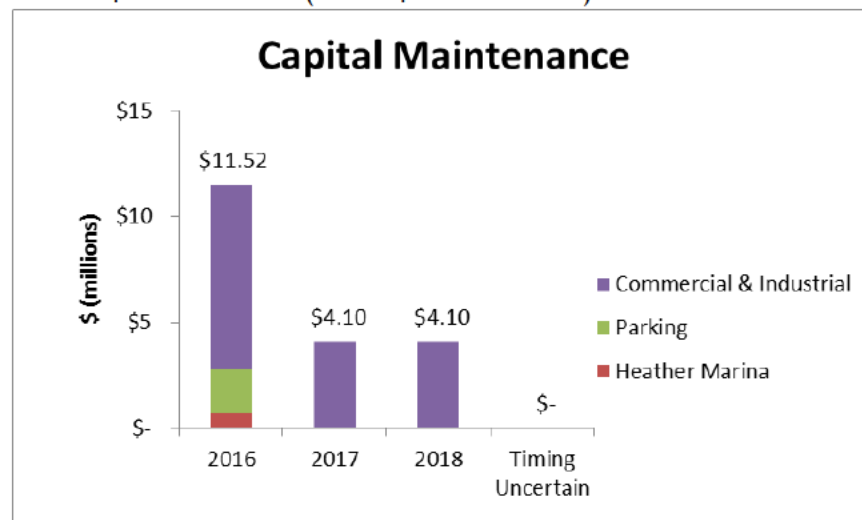
3. Deconstruction: \$0.38 million (2015: \$1.80 million)



3.1 Other Sites: \$0.38 million

This budget provides funding for the deconstruction of buildings/houses for safety issues.

4. Capital Maintenance: \$11.52 million (2015: \$12.35 million)



4.1 Commercial & Industrial: \$8.77 million

Major projects for 2016 include \$3.81 million for base building improvements for the Vancouver Technology and Social Innovation Centre (312 Main Street), and roof replacements and other capital maintenance projects for income producing PEF buildings.

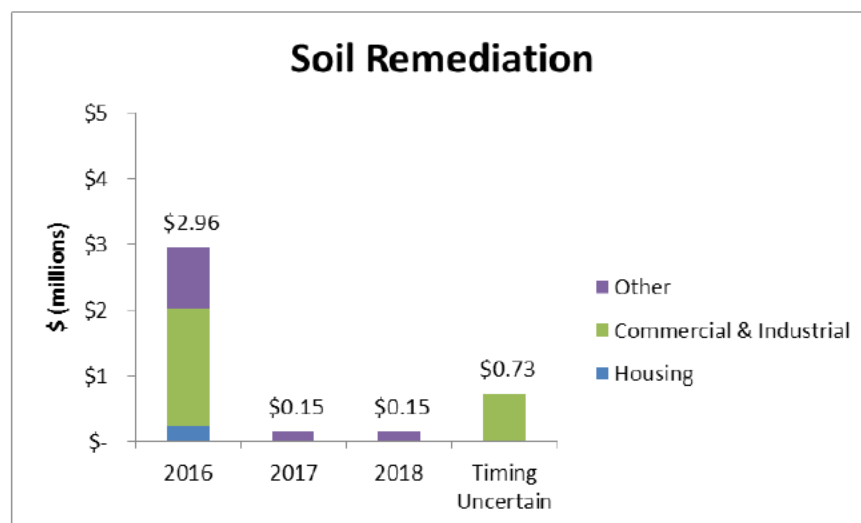
4.2 Parking: \$2.05 million

This is mainly to fund annual Easypark capital projects for maintaining and upgrading City parkades and garages.

4.3 Heather Marina: \$0.70

This is to provide funding for the repair/replacement of “O” float and construction of the new “M” float at Heather Marina.

5. Soil Remediation: \$2.96 million (2015: \$5.45 million)



5.1 Housing: \$0.23 million

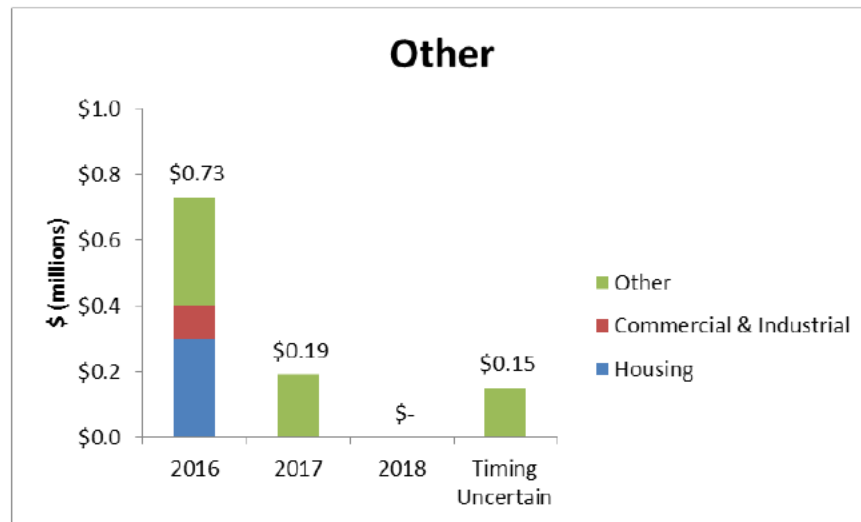
Major projects include the remaining work on 14 MOU sites (111 Princess) which are substantially completed and will be closed out.

5.2 Commercial & Industrial: \$1.80 million

Two major projects for soil remediation work are included in the budget: one for 595 West 2nd Ave (CPR Site) and the other for 688 Cambie St (new Art Gallery site).

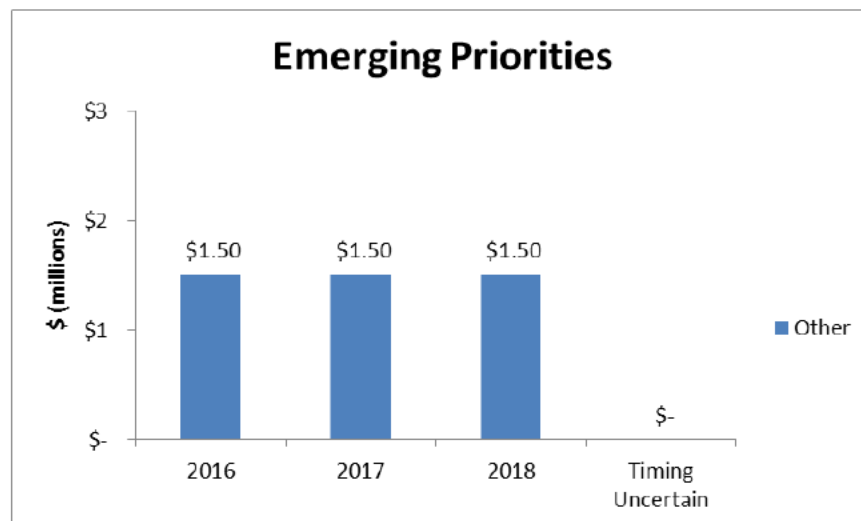
5.3 Other Sites: \$0.93 million

6. Other: \$0.73 million (2015: \$0.53 million)



This is mainly to provide funding for SEFC development related projects, including legal fees, contingencies, and construction deficiencies, as well as funding to cover the estimated costs pertaining to appraisals and legal counsel for Southwest False Creek leasehold properties.

7. Emerging Priorities: \$1.50 million (2015: \$2.00 million)



During the course of any year, priorities emerge that need to be addressed. Examples include fulfilling strategic priorities identified by Council and Boards and advancing projects if funding from partners materializes.

For 2016, \$1.50 million of funding for emerging priorities is budgeted. This is a reduction from the 2014 and 2015 budgeted amounts of \$2.00 million because emerging priorities has not been required in past years.

2016 Capital Budget Funding Sources

The Capital Budget also identifies funding sources. The table below provides a summary of the proposed funding sources for the 2016 Capital Budget:

Table 1 - Proposed 2016 PEF Capital Budget Funding Sources

Sources of 2016 Capital Budget Funding	\$M	%
Sales and Capital Disposals	\$45.16	59%
Parking Site Reserve	\$2.00	3%
Capital from PEF Operations	\$9.35	12%
Capital Fund	\$19.77	26%
Total Funding Sources	\$76.28	100%

Recommended funding sources:

- **Sales and Capital Disposals (\$45.16 million)**

Funding of \$70.43 million is available from the following sales, of which \$45.16 million will be used to fund the 2016 capital budget. These sales have been previously approved by Council (In-Camera):

- \$32.44 million sale to Westbank (1412-1450 Howe Street; 1410 & 1429 Granville Street and adjoining lane), which closed on June 27, 2014 (RTS 9463)
- \$27.44 million sale to Concert (SEFC Area 3A), which closed on December 18, 2015 (RTS 9923)
- \$8.37 million sale to Cadillac Fairview (Block 42 Pacific Centre - 701 W Georgia), which closed on Jan 31, 2015 (RTS 6122)
- \$1.28 million sale to Onni GNW Holdings Corp (377 E 2nd Avenue), which closed on March 18, 2014 (RTS 10243)
- \$0.90 million sale to Cressey Projects Corp (1733 E 18th Avenue), to close in August, 2016 (RTS 10209)

- **Parking Site Reserve (\$2.00 million)**

Council originally created the Parking Site Reserve (PSR) to fund construction and rehabilitation of City parking facilities.

It is normal practice for the PSR to transfer funding to the PEF for annual Easypark capital projects to maintain and upgrade the existing City parkades and garages. For 2016, \$2.00 million of funding is required for this purpose.

- **Capital from PEF Operations (\$9.35 million)**

The proposed PEF operating budget includes a transfer of \$9.35 million to the PEF Capital Budget. This transfer represents the net annual operating surplus from PEF operations.

- **Capital Fund (\$19.77 million)**

In May 2013, Council approved a lease of four PEF owned properties to the Community Housing Land Trust Foundation for 99 years at nominal rent (RTS 10101).

As part of this approval, Council authorized the transfer of \$19.77 million to the PEF as compensation for its proportionate share of the freehold fair market value of the 4 sites to be granted to the Land Trust, with the following source of funding:

- \$13.00 million from the 2012-14 Capital Plan for New Non-Market Rental Housing: Land Acquisition (City-wide DCL), and
- \$6.77 million area-specific DCLs which was added to the 2013 Capital Budget

B. 2015 Capital Closeouts

The Capital closeout process is the mechanism by which the City's Capital programs and/or projects are closed, completion deficits and surpluses are identified and, to the extent applicable, offset.

The purpose of this report is to request Council approval to close 2015 capital programs/projects where completion spend variances exceed 15% and \$50,000 of the approved budget.

A total of 29 programs/projects with budgets totaling \$38.54 million and expenditures of \$36.09 million were completed in 2015 and ready to be closed as part of this report.

Appendix B provides a summary of the proposed project/program closeout surpluses (deficits).

16 of the completed projects/programs have completion surpluses exceeding 15% and/or \$50,000. Appendix B provides explanations for these significant surpluses/deficits as well as financial details, by projects and category, for projects/programs closed in 2015.

CONCLUSION

This report has provided an overview of funding requested for new Capital Projects to begin in 2016 including specific funding sources, and a summary of the 2016 Capital expenditure Budget of \$76.28 million. The Capital Budget detail is found in Appendix A.

As part of the capital budgeting process, the closeout of projects/programs requiring Council approval are identified and brought to Council. This report requests Council approval for the closeout of 16 programs/projects with completion variances exceeding 15% and/or \$50,000 of the approved budget and funding.

* * * * *

**APPENDIX A - New Capital Projects/Programs and Continuing Projects/Programs -
2016 Expenditure Budget plus Two Year Forecast**

Project Name	Project Category	Description	Deliverables	2016 Budget	2017 Forecast	2018 Forecast	Timing Uncertain
1 Land & Facilities Purchases							
<u>Projects approved in Prior Years</u>							
Property Purchase - Social Housing	Housing sites with future development potential	Property purchases for Social Housing sites	Purchase sites for future social housing	4,207,000	-	-	-
Total Transit Sites East of Arbutus	Transit	Purchase transit sites east of Arbutus	Property purchases for future transit sites on along the Broadway corridor - sites near Main Street, Oak Street and Granville Street.	21,875,000	-	-	-
550 Commodore - Land assembly	Opportunistic Investments	Land consolidation with City-owned properties for future rezoning to CD-1 to maximize land value	Purchase of 550 Commodore (closing end of 2016)	2,930,286	-	-	-
Other Property Purchases	Opportunistic Investments	Property purchase for other strategic purposes	Purchase properties for strategic purposes	9,477,500	-	-	-
Pre-Acquisition Costs	Opportunistic Investments	Program for condition assessment reports and other costs related to the purchase of a property		305,365	-	-	-
				38,795,151	-	-	-
<u>New Projects</u>							
Property Purchase - Social Housing	Housing sites with future development potential	Property purchases for Social Housing sites	Purchase sites for future social housing	-	5,000,000	5,000,000	3,200,000
Total Transit Sites East of Arbutus - Increase needed for 2016	Transit	Purchase transit sites east of Arbutus	Property purchases for future transit sites on along the Broadway corridor - sites near Main Street, Oak Street and Granville Street.	2,365,000	-	-	-
2017-2018 Total Transit East of Arbutus Forecast	Transit	Purchase transit sites east of Arbutus	Property purchases for future transit sites along Broadway Corridor	-	25,710,000	32,570,000	-
Property Purchase - 3214 W 10th Ave	Opportunistic Investments	Property purchase for strategic purposes	3214 W 10th Ave (St. James Community Square Society)	6,800,000	-	-	-
Property Purchase - 1245 Glen Dr	Opportunistic Investments	Property purchase for strategic purposes	1245 Glen Drive (site adjacent to Animal Shelter)	3,700,000	-	-	-
2016-2018 Other Property Purchases	Opportunistic Investments	Property purchase for other strategic purposes	Purchase properties for strategic purposes	522,500	15,000,000	15,000,000	-
Pre-Acquisition Costs	As yet unknown	Program for condition assessment reports and other costs related to the purchase of a property		-	400,000	400,000	-
				13,387,500	46,110,000	52,970,000	3,200,000
			Land & Facilities Purchases Total	\$ 52,182,651	\$46,110,000	\$52,970,000	\$3,200,000
2 Capital Additions & Tenant Improvements							
<u>Projects approved in Prior Years</u>							
14 MOU Sites - 675-691 E Broadway - Retail Construction	Housing	Construction costs for building the retail units at 675-691 E Broadway	Construction of 8 CRU's (approx 10,000 sf in total) at 675 -891 E Broadway	2,205,914	-	-	-
14 MOU Sites - 606 Powell - Retail Construction	Housing	Construction costs for building the retail units at 606 Powell St	Construction of 3 CRU's (approx 3500 sf in total) at 606 Powell St	1,532,732	-	-	-
14 MOU Sites - 3595 W 17th Ave - Tenant Improvements	Housing	Tenant improvements costs provided to the new commercial and retail tenants at 3595 17th Ave	Lease up of 1 new CRU's (approx 1,500 sf in total) to generate stable rental income to PEF	75,000	-	-	-
14 MOU Sites - 675-691 E Broadway - Tenant Improvements	Housing	Tenant improvements costs provided to the new commercial and retail tenants at 675 -691 E Broadway	Lease up of 8 new CRU's (approx 10,000 sf in total) to generate stable rental income to PEF	504,918	-	-	-
14 MOU Sites - 606 Powell - Tenant Improvements	Housing	Tenant improvements costs provided to the new commercial and retail tenants at 606 Powell St	Lease up of 3 CRU's (approx 3500 sf in total) to generate stable rental income to PEF	250,000	-	-	-

**APPENDIX A - New Capital Projects/Programs and Continuing Projects/Programs -
2016 Expenditure Budget plus Two Year Forecast**

Project Name	Project Category	Description	Deliverables	2016 Budget	2017 Forecast	2018 Forecast	Timing Uncertain
312 Main St - TI	Commercial & Industrial	Tenant improvement allowances for new Tech center	The Agreement between the City and the Tenant (VCF) was completed in 2015. Currently, the City is overseeing the base building improvements of the project. The tenant is carrying out the improvement work, and the City will provide payment for the City's share, throughout the construction phase.	2,100,000	-	-	-
Chinatown Plaza	Commercial & Industrial	General capital upgrades and tenant improvement budget - \$46K for way finding signage board, and \$45K for the repair of the main water supply pipe servicing the building	Upgrades completed as planned, with exception of one sign still requiring regulatory approval; remaining funds to contribute to repair of water line servicing the building	90,470	-	-	-
Tenant Improvement Program	Commercial & Industrial	Tenant improvement allowances for new tenants	Tenant improvements provide some funding for new tenants to improve the leased area to suit their business and attract tenants	250,000	-	-	-
				7,009,035	-	-	-
<u>New Projects</u>							
2017/2018 Tenant Improvement Program	As yet unknown	Tenant improvement allowances for new tenants	Tenant improvements provide some funding for new tenants to improve the leased area to suit their business and attract tenants	-	250,000	250,000	-
				-	250,000	250,000	-
			Capital Additions & Tenant Improvements Total	\$ 7,009,035	\$ 250,000	\$ 250,000	\$ -
3 Deconstruction							
<u>Projects approved in Prior Years</u>							
Deconstruction Program	Other Sites	Deconstruction of buildings/houses for safety issues	Deconstruction of buildings/houses for safety issues	383,931	-	-	-
				383,931	-	-	-
<u>New Projects</u>							
2017/2018 Deconstruction Program	As yet unknown	Deconstruction of buildings/houses for safety issues in future years	Deconstruction of buildings/houses for safety issues in future years	-	450,000	450,000	-
2400 Motel Development Project	As yet unknown	Budget to hire a team of consultants to examine the redevelopment options at 2400 Kingsway	Study/examination of the redevelopment potential/options at 2400 Motel	-	-	-	229,151
				-	450,000	450,000	229,151
			Deconstruction Total	\$ 383,931	\$ 450,000	\$ 450,000	\$ 229,151
4 Capital Maintenance							
<u>Projects approved in Prior Years</u>							
2014 - Heather Marina - O Float & Other	Heather Marina	Repair of O Float	Acquisition of consultant to provide planning, design and preparation of construction documents for repairs	198,927	-	-	-
2015 - Heather Marina	Heather Marina	Repair Heather Marina (new M Float)	Acquisition of consultant to provide planning, design and preparation of construction documents for repairs	500,000	-	-	-
2015 EasyPark Capital Projects	Parking	EasyPark capital maintenance of city-owned parkades	Maintain city parkade/assets in good condition. 2015 major projects include parkade restoration at Pacific Centre	50,000	-	-	-

**APPENDIX A - New Capital Projects/Programs and Continuing Projects/Programs -
2016 Expenditure Budget plus Two Year Forecast**

Project Name	Project Category	Description	Deliverables	2016 Budget	2017 Forecast	2018 Forecast	Timing Uncertain
312 Main St - Base Building Improvements	Commercial & Industrial	Base building interior improvements and building upgrades	The Agreement between the City and the Tenant (VCF) was completed in 2015. Currently, the City is overseeing the base building improvements of the project. The tenant is carrying out the improvement work, and the City will provide payment for the City's share, throughout the construction phase.	3,805,701	-	-	-
Capital Maintenance Program	Commercial & Industrial	Capital Maintenance for PEF buildings	Validation, planning, design, preparation of construction documents, RFP/Tender and construction	702,780	-	-	-
Roof Replacement Program	Commercial & Industrial	Roof Replacement Program for PEF buildings	Validation, planning, design, preparation of construction documents, RFP/Tender and construction	383,205	-	-	-
				5,640,613	-	-	-
New Projects							
Facility Condition Assessment Program for PEF Properties (2016 increase)	Commercial & Industrial	Facility condition assessment for PEF owned properties	To deliver facility condition assessment reports for PEF properties	45,000	-	-	-
2016-2018 Capital Maintenance Program	Commercial & Industrial	Capital Maintenance for PEF buildings	Validation, planning, design, preparation of construction documents, RFP/Tender and construction	1,495,000	1,100,000	1,100,000	-
2016-2018 Roof Replacement Program	Commercial & Industrial	Roof replacement - 8383 Manitoba, 1106-1122 SW Marine Dr, 231 & 261 Southern	Validation, planning, design, preparation of construction documents, RFP/Tender and construction	2,335,000	1,000,000	1,000,000	-
2016 - 2018 EasyPark Capital Projects	Parking	EasyPark capital maintenance of city-owned parkades	Maintain city parkade/assets in good condition	2,000,000	2,000,000	2,000,000	-
				5,875,000	4,100,000	4,100,000	-
			Capital Maintenance Total	\$ 11,515,613	\$ 4,100,000	\$ 4,100,000	\$ -
5 Soil Remediation							
Projects approved in Prior Years							
688 Cambie St - Presale Site Assess/Prep	Other Sites	Environmental assessment and development of a remedial action plan for the future redevelopment of the northern portion of the site (excludes new Vancouver Art Gallery portion of site - Northern Portion of 688 Cambie site	Environmental assessment and remedial action plan reports; Approval in Principle of remedial plan from BC MOE and Release Letter will be required for issuance of Development Permit; Certificate of Compliance from BC MOE will be required for issuance of Occupancy Permit	-	-	-	341,086
688 Cambie St (Art Gallery) - Site Assessment	Commercial & Industrial	Additional funding request for the environmental assessment and development of a remedial action plan for the future site of the new Vancouver Art Gallery - Southern portion of 688 Cambie site	Environmental assessment and remedial action plan reports; Approval in Principle of remedial plan from BC MOE and Release Letter will be required for issuance of Development Permit; Certificate of Compliance from BC MOE will be required for issuance of Occupancy Permit	100,000	-	-	391,141
595 W 2nd (CPR Site) - Remediate the chlorinated solvents	Commercial & Industrial	Environmental remediation and ongoing post-remediation monitoring, as necessary.	Remediation and monitoring reports; Certificate of Compliance from BC MOE	1,702,121	-	-	-
PSAB 3260 - Soil Remediation Site Assessments	Other Sites	Soil remediation site assessments to meet PSAB 3260	Environmental assessments to calculate remedial liability estimates for non-productive sites	777,934	-	-	-
				2,580,055	-	-	732,227

**APPENDIX A - New Capital Projects/Programs and Continuing Projects/Programs -
2016 Expenditure Budget plus Two Year Forecast**

Project Name	Project Category	Description	Deliverables	2016 Budget	2017 Forecast	2018 Forecast	Timing Uncertain
New Projects							
14 MOU Sites - Soil Remediation - 111 Princess Ave	Housing	Costs of environmental remediation of the sites at 111 Princess Ave	Providing a clean site to BC Housing as per MOU and lease agreements	230,000	-	-	-
2016-2018 Soil Remediation Program	Other Sites	Environmental assessments for due diligence on new property purchases - general program budget	Environmental assessment reports (likely Phase 1, Phase 2, and possibly Detailed Site Investigation) to document current environmental site conditions and associated remediation costs prior to purchases	150,000	150,000	150,000	-
				380,000	150,000	150,000	-
			Soil Remediation Total	\$ 2,960,055	\$ 150,000	\$ 150,000	\$ 732,227
6 Other							
Projects approved in Prior Years							
s.17(1)							
SEFC Phase 1 Contingency	Other	Carryforward budget for the SEFC Phase 1 project. 2014 & 2015 is for construction deficiencies	Fix construction deficiencies (solar panel and planter membrane) at the social housing sites	200,000	189,776	-	-
Potential Sale of City-owned land located in Area 3A of SEFC and proposed Non-Market Housing Building in Area 3B of SEFC - Environmental Consultant	Other	To fund an environmental consultant to provide the city with an assessment of the remediation requirements	To determine the environmental soil conditions and potential costs of remediation	-	-	-	150,000
				327,931	189,776	-	150,000
New Projects							
Southwest False Creek Landlords Advisory Consulting	Housing	Site valuation and land economics due diligence for PEF land in SWFC	Opportunity cost summary of lease renewals in SWFC. Report and presentations	300,000	-	-	-
Rezoning Consultants	Commercial & Industrial	Prepare rezoning applications and supporting documents for PEF land	Architectural report and, if required presentations suitable for REFM-led rezoning application	100,000	-	-	-
				400,000	-	-	-
			Other Total	\$ 727,931	\$ 189,776	\$ -	\$ 150,000
7 Emerging Priorities							
Projects approved in Prior Years							
Emerging Priorities	Other	Fund emerging priorities throughout the year		1,500,000	-	-	-
				1,500,000	-	-	-
New Projects							
Emerging Priorities	Other	Fund emerging priorities throughout the year		-	1,500,000	1,500,000	-
				-	1,500,000	1,500,000	-
			Emerging Priorities Total	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ -
			Total Capital Budget	\$ 76,279,215	\$52,749,776	\$59,420,000	\$4,311,377
Note: Totals may not add due to rounding							

Appendix B - 2015 Capital Closeouts

	Project/Program Name	Budget	Actuals	Surplus (Deficit)	%	Closeout Variance Explanation (for variance > \$50K and 15% of budget)
Land & Facilities Purchases						
Housing	SHS Purchase - 1335 E 1st Ave	1,125,000	1,125,000	-	0%	
	SHS Purchase - 533 Powell St	2,100,000	2,100,000	-	0%	
Transit	Transit Site - 1431 & 1441-45 W Broadway	13,500,000	13,500,000	-	0%	
Other	Powell St Overpass Project	3,222,500	3,222,500	-	0%	
Land & Facilities Purchases Total		19,947,500	\$19,947,500	\$0	0%	
Capital Additions & Tenant Improvements						
Housing	14 MOU Sites - 1005 Station St - Tenant Improvements	320,000	43,100	276,900	87%	Retail space in Social Housing Site has been fully tenanted.
	3484 Kingsway (Kingsway Continental) - PEF Portion	1,150,000	1,150,000	-	0%	
Capital Additions & Tenant Improvements Total		\$1,470,000	\$1,193,100	\$276,900	19%	
Deconstruction						
Housing	Old Continental - Decommission	2,000,000	1,475,256	524,744	26%	Tender for decommissioning came in lower than the budget.
Deconstruction Total		\$ 2,000,000	\$ 1,475,256	524,744	26%	
Capital Maintenance						
Housing	3510 Fraser St - Future Housing Site (Enterprise Rent A Car)	135,000	-	135,000	100%	No work has been identified for this site, future requests will come from the capital maintenance program budget.
	1001 Kingsway - Future Housing Site (Various tenants)	600,000	57,894	542,106	90%	No work has been identified for this site, future requests will come from the capital maintenance program budget.
	Cap Mtc Market Rent Housing	103,647	-	103,647	100%	No work has been identified for the market rental housing, future requests will come from the capital maintenance program budget.
Parking	2014 - EasyPark Capital Projects	243,319	243,319	-	0%	
	2015 - EasyPark Capital Projects	3,150,000	3,150,000	-	0%	
Commercial & Industrial	1449 Hornby St - Building Mtce and Roof Repairs	50,000	-	50,000	100%	No work has been identified, future requests will come from the capital maintenance budget.
	281 Industrial - Roof (Artist Studios & Production Space)	180,000	113,190	66,810	37%	Bid came in lower than budget.
	281 Industrial - Base Bldg (Artist Studios & Production Space)	2,868,000	3,137,751	(269,751)	-9%	There were unexpected costs related to the beams supporting the roof and the exterior canopy that were rotten and required replacing.
	Facility Condition Assessment Program for PEF Properties	375,000	378,868	(3,868)	-1%	
	Required Life Safety Maintenance (Facility Condition Assessment)	300,000	-	300,000	100%	No work has been identified for life safety maintenance at this time, future requests will come from the capital maintenance program budget.
	1122-1106- SW Marine Dr	625,000	364,550	260,450	42%	Bid came in lower than budget
	1620 W 5th - Burrard Slopes	10,000	2,200	7,800	78%	Condition assessment done was below budget.
	1067 Seymour-Comm-Heat Replacement	65,000	65,000	-	0%	
	1688 Main St - Roof Replacement	190,000	195,109	(5,109)	-3%	
	2780 E Broadway - Roof Replacement	850,000	806,358	43,642	5%	
	1670 Main St - Roof Replacement	150,000	182,647	(32,647)	-22%	There were some issues with roof during replacement.
	240 Northern/261 Southern Bld	25,000	16,596	8,404	34%	Bid came in lower than budget.
	312 Main St - Furniture Removal	35,000	35,000	-	0%	
Capital Maintenance Total		\$ 9,954,966	\$ 8,748,482	\$1,206,484	12%	
Soil Remediation						
Housing	14 MOU Sites - Soil Remediation	4,180,000	4,132,776	47,224	1%	
Commercial & Industrial	Burn Fund - 3891 Main St - Soil Remediation	700,000	286,487	413,513	59%	Lease has been signed with the Burn Fund and the soil remediation is the tenant's responsibility.
	1733 E 18th Ave - Site Investigation for Sale to Cressey	40,000	-	40,000	100%	No work is required for this site, future requests will come from the soil remediation program budget.
	2014-2015 Soil Remediation Program	250,000	309,752	(59,752)	-24%	There was some additional costs for the soil remediation at 220 Princess Ave that was not budgeted for.
Soil Remediation Total		\$ 5,170,000	\$ 4,729,015	\$ 440,985	9%	
Other						
Total 2015 Capital Closeouts		\$38,542,466	\$36,093,353	\$2,449,113	6%	

Note: Totals may not add due to rounding