



ADMINISTRATIVE REPORT

Report Date: April 19, 2016
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VanRIMS No.: 08-2000-20
Meeting Date: May 3, 2016

TO: Vancouver City Council
FROM: Director of Finance
SUBJECT: 2016 Q1 Capital Budget Adjustments and Closeouts

RECOMMENDATION

- A. THAT Council approve an increase of \$9.8 million to the Multi-Year Capital Projects Budget, as outlined in Appendix 1.
- B. THAT Council approve an increase of \$59.4 million to the 2016 Annual Capital Expenditure Budget, for expenditures relating to the Arbutus Corridor land acquisition and project office, as outlined in Appendix 1.
- C. THAT Council approve an increase of \$60.7 million to the 2015-2018 Capital Plan for the Arbutus Corridor land acquisition, project office, and interim safety improvements and construction.
- D. THAT, as part of the quarterly Capital Budget closeout process, Council approve the closeout of completed capital projects with variances exceeding both \$50,000 and 15% of the approved multi-year capital project budget as outlined in this report and in Appendix 2.

REPORT SUMMARY

On December 17, 2015, Council approved the 2016 Capital Budget, including new multi-year capital projects, bringing the total approved multi-year capital budget for open projects to \$1.213 billion, and a 2016 Annual Capital Expenditure Budget of \$325.2 million. During the first quarter of 2016, Council approved adjustments and closeouts to the multi-year capital budgets, bringing the current total approved multi-year capital budget for open projects to \$1.114 billion.

This report recommends additional budget adjustments of \$9.8 million to the Multi-Year Capital Projects Budget, an increase of \$59.4 million to the 2016 Annual Capital Expenditure Budget, and an increase of \$60.7 million to the 2015-2018 Capital Plan reflecting the February 2016 acquisition of land in the Arbutus Corridor (\$55 million), the establishment of an Arbutus Corridor project office (\$3 million), and immediate safety improvements and interim construction along the site (\$2.7 million). These budget adjustments represent capital priorities identified subsequent to the approval of the 2016 Capital Budget.

In addition, in conjunction with the quarterly Capital Budget review process, Council approval is being requested to close four programs/projects completed in Q1 2016, with total multi-year capital project budgets of \$1.4 million and a net surplus of \$0.1 million (7%) 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. 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 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 complete within the four-year term of the 2015-2018 Capital Plan. Similarly, commencing in the 2015 Capital Budget and continuing with the 2016 Capital Budget, the sewer utility also began 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 that exceed both \$50,000 and 15% of the approved multi-year capital project 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 also reduces the number of capital budget related reports being submitted to Council for approval of capital funding and expenditures.

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 Operating and Capital Budget reviews are posted externally on the City's website at <http://vancouver.ca/your-government/financial-reports-and-information.aspx>.

The 2016 First Quarter Budget Review, scheduled to be posted to the City's website May 26, will comment on 2016 Q1 Capital results, while this report focuses on 2016 Q1 Capital Budget adjustments and capital closeouts recommended by staff for Council approval.

REPORT

Background/Context

On December 17, 2015, Council approved the 2016 Capital Budget, including new multi-year capital projects, bringing the total approved multi-year capital budget for open projects to \$1.213 billion, and a 2016 Annual Capital Expenditure Budget of \$325.2 million. During the first quarter of 2016, Council approved adjustments and closeouts to the multi-year capital budgets, bringing the current total approved multi-year capital budget for open projects to \$1.114 billion. Adjustments to the annual expenditure budget are generally managed within the approved annual budget envelope, with no changes to the overall Annual Capital Budget.

As part of the capital budgeting process, proposed adjustments to the current Capital Budget, including multi-year project budgets and the annual expenditure budget, and closeouts of completed projects requiring Council approval are identified in the quarterly capital budget review and reported to Council for approval. This report includes adjustment requests to the Multi-Year Capital Projects Budget and closeout requests for projects completed in the first quarter (Q1) of the City's 2016 financial year.

Strategic Analysis

A. 2016 Q1 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 multi-year budget.

The 2015-2018 Capital Plan was approved at \$1.085 billion, and with subsequent council approved changes, has a current total of \$1.116 billion covering projects across all City departments and agencies. This report proposes an increase of \$60.7 million to the 2015-2018 Capital Plan to reflect the February 2016 acquisition of land in the Arbutus Corridor (\$55 million), the establishment of an Arbutus Corridor project office (\$3 million) to prioritize the work to design the transportation corridor, and immediate safety improvements and interim construction along the site (\$2.7 million), bringing the total 2015-2018 Capital Plan to \$1.177 billion.

The current total of approved multi-year capital budgets for all open projects is \$1.114 billion. This report proposes a net increase of \$9.8 million, including the following highlighted projects:

- Addition of \$2.7 million for a new multi-year project budget for safety improvements and interim construction along the recently acquired Arbutus Corridor land.
- Addition of \$2.5 million to the multi-year project budget for Neighbourhood Energy Utility (NEU) System Extension in order to commence the procurement process for contracts to extend the energy distribution system and build energy transfer stations necessary to extend the distribution system.
- Addition of \$1.0 million to the multi-year project budget for Water Distribution Main Replacement in order to meet the City's 2016 goal of replacing approximately 0.45% of the City's total water distribution main system.
- Net addition of \$0.8 million to the multi-year project budget for a City contribution toward improvements to Scotiabank Field at Nat Bailey Stadium (\$1.2 million contribution, including \$0.4 million reallocated from a prior City funding contribution toward grandstand renovations at the site).
- Net addition of \$0.6 million for a new multi-year project budget for the densification of City office space at the Crossroads office building to accommodate the addition of new staff for priority Engineering Services initiatives (total multi-year project budget of \$0.7 million, including a reallocation of \$0.1 million from an existing multi-year project budget).
- Addition of \$0.5 million to the multi-year project budget for City Hall East Wing Deconstruction for a change in project scope.
- Addition of \$0.5 million for a new multi-year project budget for the disbursement of Community Amenity Contribution (CAC) funding toward developer constructed interim improvements to the seawall walkway and bike path on the north side of False Creek between Quebec Street and the Plaza of Nations site.
- Net addition of \$0.4 million to new multi-year project budget for East Fraser Lands parks (total multi-year project budget \$0.9 million, including \$0.5 million reallocated from the existing multi-year budget for New Parks).

The current overall 2016 Capital Expenditure Budget is \$325.2 million. Staff recommend increasing the 2016 expenditure budget by \$59.4 million to a revised total of \$384.6 million, to reflect the February 2016 Arbutus Corridor land acquisition and the related expenditures planned for 2016 for the associated Arbutus Corridor project office and interim safety improvement and construction. All expenditures relating to the other multi-year capital project budget adjustments proposed in this report will be managed within this revised overall 2016 Capital Expenditure Budget of \$384.6 million.

Appendix 1 provides details for these adjustments, as well as several funding source adjustments and an administrative budget consolidation.

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

Adjustment Category	Budget Impact	
	Multi-Year Projects Budget (for Open Projects)	2016 Annual Capital Expenditure Budget
A. Administrative consolidations and restatements	\$ -	\$ -
B. Emerging priority projects	1,933	903
C. Timing uncertain budget additions / acceleration of projects	-	-
D. Budget increases/decreases to existing projects/programs	7,842	58,087
E. Reallocations	-	410
Total Proposed Multi-Year Projects Budget Adjustments / 2016 Annual Capital Expenditure Budget Adjustments	\$ 9,775	\$ 59,400
Total Proposed 2016 Annual Capital Expenditure Budget Offsets		\$ -
Proposed Change in Multi-Year Projects Budget / 2016 Annual Capital Expenditure Budget	\$ 9,775	\$ 59,400
Current Approved Total 2016 Annual Capital Expenditure Budget		\$ 325,240
Proposed Revised Total 2016 Annual Capital Expenditure Budget		\$ 384,640

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.

With the approval of the 2016 Capital Budget on December 17, 2015, the current total approved multi-year capital budget for open projects is \$1.114 billion. The proposed revised total, reflecting Q1 project/program closeouts and multi-year project budget adjustments recommended in this report, is \$1.122 billion as noted in Table 2.

Table 2 - Multi-Year Projects Budget for Open Projects (\$ millions)	
	Multi-Year Capital Projects Budget
Multi-Year Projects Budget for open projects, current	\$ 1,114.0
Proposed 2016 Q1 Closeouts	(1.4)
Proposed Multi-Year Project Budget Adjustments	9.8
Proposed Revised Multi-Year Projects Budget	\$ 1,122.4

B. 2016 Q1 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 both \$50,000 and 15% of the approved multi-year capital projects budget.

A total of 4 programs/projects with multi-year capital project budgets totalling \$1.4 million and expenditures of \$1.3 million were completed in the period between the 2015 Q4 Capital Closeout (RTS 11307) and the end of the first quarter of 2016 (March 31, 2016), with a net surplus of \$0.1 million.

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

None of the 4 completed programs/projects had a completion variance exceeding both \$50,000 and 15% of the approved multi-year capital projects budget. Appendix 2 provides explanations for significant surpluses/deficits as well as financial details, by project and department, for programs/projects closed in Q1 2016.

CONCLUSION

As part of the capital budgeting process, adjustments to the 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 Project Budgets totalling \$9.8 million, an increase to the 2016 Annual Capital Expenditure Budget of \$59.4 million, and an increase to the 2015-2018 Capital Plan of \$60.7 million, resulting in a revised 2016 Annual Capital Expenditure Budget of \$384.6 million and 2015-2018 Capital Plan of \$1.177 billion.

This report also requests Council approval for the closeout of four programs/projects, all with completion variances within 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
Administrative Consolidation:									
Engineering Services	Parking Enforcement Ticket Manager Platform	Create separate project from an existing project and consolidate related program budgets: (1) <i>New project:</i> The 2016 Capital Budget for New Parking Meters & Equipment included the replacement of parking enforcement equipment and software. This adjustment request is to create a separate multi-year project budget and 2016 expenditure budget for this scope of work. (2) <i>Administrative Consolidation:</i> New parking meter equipment purchases originally planned for the 2012-14 New Parking Meters program were delayed to evaluate new technologies as part of the Parking Strategy. These purchases are now ready to proceed concurrent with the Parking Enforcement Ticket Manager Platform replacement.	0	1,100,000	1,100,000	0	829,646	829,646	Reallocation of existing Capital (Parking Sites Reserve)
	2015-18 New Parking Meters		750,000	(250,000)	500,000	750,000	(250,000)	500,000	Reallocation of existing Capital (Parking Sites Reserve)
	2012-14 New Parking Meters		850,000	(850,000)	0	579,646	(579,646)	0	Reallocation of existing Capital (Parking Sites Reserve)
Total - Administrative Consolidation; Restatements; Council-approved Additions			\$ 1,600,000	\$ -	\$ 1,600,000	\$ 1,329,646	\$ -	\$ 1,329,646	
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
Real Estate & Facilities Management	Crossroads 5th and 7th Floor Densification (Engineering Services)	New Multi-Year Project and Annual Expenditure Budget: Engineering Services requires immediate densification of the office space at 5th and 7th floors in Crossroads building to accommodate the addition of new staff for priority initiatives including Project Falcon, Public Bike Share, and major projects such as Arbutus Corridor.	0	680,000	680,000	0	680,000	680,000	• Reallocation of existing funding - Capital from Revenue \$100,000 • Transfer from Operating Budget \$150,000 • Emerging Priorities - Debenture \$430,000
Engineering Services	Engineering Project Management Office (PMO) Implementation	Reallocation of Multi-Year Project and Annual Expenditure Budget: Reprioritization of funding toward Engineering Services office space densification project for the Crossroads building. PMO staff will be occupying some of the proposed workstations that will be delivered through the densification project.	2,540,219	(100,000)	2,440,219	1,547,256	(100,000)	1,447,256	Reallocation of existing funding - Capital from Revenue
Engineering Services	Improvements to Temporary Seawall - Northeast False Creek	New Multi-Year Project: Disbursement of CAC funding to developer to provide interim improvements to the seawall walkway and bike path on the north side of False Creek between Quebec Street and the Plaza of Nations site, in compliance with one of the conditions attached to the June 2014 approval of the rezoning of 998 Expo Boulevard (RTS 10565). Expenditure will be managed within the overall approved Capital Expenditure Budget.	0	500,000	500,000	0	0	0	CAC from rezoning of 998 Expo Boulevard

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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	Nat Bailey Stadium Improvements 2016	New Multi-Year Project with funding provided from 2015-2018 Capital Plan and Reallocation from existing project: City's contribution of \$1.2 million toward expanded seating capacity at Scotiabank Field at Nat Bailey Stadium, including increased accessible seating, and increased/improved washrooms. To be funded from \$395,000 remaining from prior project for grandstand renovations at the site and \$805,000 to be allocated from the 2015-2018 Capital Plan for Parks, Open Spaces & Recreation. Expenditures will be managed within the overall approved Capital Expenditure Budget.	0	1,200,000	1,200,000	0	520,326	520,326	• Reallocation of existing Capital (Debtenture) \$395,000 • 2015-2018 Capital Plan (Parks, Open Spaces & Recreation) Debtenture \$455,000 DCL \$350,000
	Nat Bailey Stadium Improvements 2009-11	Reallocation of Multi-Year Project and Annual Expenditure Budget: Reallocation of funding remaining from City contribution to 2009 Nat Bailey Stadium Improvements project to renovate the grandstand at Scotiabank Field at Nat Bailey Stadium.	2,086,000	(395,000)	1,691,000	245,326	(245,326)	0	Reallocation of existing Capital (Debtenture) \$395,000
Community Services	Community Gardens/Improvements - ARKS (Arbutus Ridge/Kerrisdale/Shaugnessy)	New Multi-Year Project and Annual Expenditure Budget: New community gardens and community garden improvements in the Arbutus Ridge/Kerrisdale/Shaugnessy (ARKS) area. Source of funding to be Community Amenity Contribution (CAC) earmarked for this purpose in the rezoning approval for 7249 Cypress Street.	0	48,000	48,000	0	48,000	48,000	CAC from rezoning of 7249 Cypress Street
Total - Emerging Priority Projects			\$ 4,626,219	\$ 1,933,000	\$ 6,559,219	\$ 1,792,582	\$ 903,000	\$ 2,695,582	
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) for Changes to Multi-Year Project Budget
None					0			0	N/A
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	Arbutus Corridor Project Office	Increase to 2015-2018 Capital Plan and Annual Expenditure Budget: The multi-year project budget for the Arbutus Corridor Project Office was approved in February 2016. This adjustment request is to add \$3 million to the 2015-2018 Capital Plan for this project, and to add \$1.7 million to the annual expenditure budget to establish a 2016 expenditure budget for the project office.	3,000,000	0	3,000,000	0	1,700,000	1,700,000	N/A
Engineering Services	Arbutus Corridor Safety Improvements & Interim Construction	Increase to 2015-2018 Capital Plan, Multi-Year Project Budget, and Annual Expenditure Budget: In February 2016, Council approved \$3 million for the establishment of the Arbutus Corridor Project Office. In addition to this, immediate safety and construction related work has been identified for 2016 including rail infrastructure removal and consultant costs for interim design and construction. This adjustment request is to add \$2.7 million to the 2015-2018 Capital Plan, to establish a multi-year project budget of \$2.7 million for this project, and to add \$2.7 million to the annual expenditure budget to establish a 2016 expenditure budget for interim works.	0	2,700,000	2,700,000	0	2,700,000	2,700,000	DCL
Engineering Services	Neighbourhood Energy Utility (NEU) System Extension	Increase to existing Multi-Year Program budget with funding provided from the 2015-2018 Capital Plan: This adjustment request is to advance funding from the 2015-2018 Capital Plan for the procurement of two three-year construction contracts for the NEU System Extension program: one to extend the energy distribution system, the other to build energy transfer stations necessary to extend distribution.	1,477,000	2,500,000	3,977,000	1,107,000	0	1,107,000	2015-2018 Capital Plan (Utilities and Public Works) Debenture
Engineering Services	Water Distribution Main Replacement	Increase to existing Multi-Year Program budget with funding provided from the 2015-2018 Capital Plan: This adjustment request is to increase the 2016 program budget for Water Distribution Main Replacement to meet the 2016 goal of replacing approximately 0.45% of the City's total water distribution main system. No change to the expenditure budget as the expenditures for this program will be managed within the overall approved Annual Capital Expenditure Budget.	14,306,984	1,000,000	15,306,984	7,000,000	0	7,000,000	2015-2018 Capital Plan (Utilities and Public Works) Capital from Revenue (Waterworks Pay-As-You-Go)

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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	East Fraser Lands Parks	New multi-year project budget with funding from 2015-2018 Capital Plan, and reallocation from existing multi-year project budget: This adjustment request is to reallocate to a separate project budget the portion of the New Parks program budget relating to a major park development in East Fraserlands ("EFL"), and to increase the new project's multi-year budget. The 2016 Capital Budget for East Fraserlands ("EFL") consulting park design was originally estimated at \$500,000 based on a preliminary scope. This budget adjustment request is to increase the EFL park budget to \$925,000 to accommodate an increase in project scope. In reviewing the EFL project with senior City staff it was decided that it would be beneficial to bundle four local parks in one consulting contract to meet outstanding park delivery commitments to the residents and the local developer. These four parks are interconnected where storm water flows from one parcel to the other, a bundled project is necessary and will save some overhead costs.	0	425,000	425,000	0	0	0	2015-2018 Capital Plan (Parks, Open Spaces & Recreation) DCL
	New Parks		425,000	500,000	925,000	0	400,000	400,000	Reallocation of existing Capital - DCL
			1,030,000	(500,000)	530,000	700,000	(400,000)	300,000	Reallocation of existing Capital - DCL
Real Estate & Facilities Management	City Hall East Wing Deconstruction	Increase to existing Multi-Year Project with funding provided from 2015-2018 Capital Plan: Additional funding of \$0.5 million is required due to a change in project scope.	2,400,000	500,000	2,900,000	1,400,000	0	1,400,000	• Reallocation of existing Capital - Debenture \$275,000 • 2015-2018 Capital Plan (Emerging Priorities) Debenture \$225,000
Engineering Services	2015-18 Sewer Investigation for Design	Increase to existing Multi-Year Program budget with funding provided from the 2015-2018 Capital Plan: Sewer investigation and remedial work at False Creek resulted in large, unexpected expenditures to maintain service levels to the surrounding area. This adjustment request is to advance funding from the 2015-2018 Capital Plan for sewer investigation to cover these costs.	422,882	262,000	684,882	263,000	0	263,000	2015-2018 Capital Plan (Utilities and Public Works) Debenture
Human Resources, Digital Strategy & Information Technology	Safari System Upgrade Project (Activenet)	Increase to existing Multi-Year Project and Annual Expenditure Budget with funding provided from the 2015-2018 Capital Plan: This adjustment request is to increase the multi-year project budget and 2016 expenditure budget for the Activenet project, to provide additional functionality not included in the original project scope. The additional scope includes stabilization of previous phases to enhance the staff user experience and improve timeliness of staff support ticket resolution, and optimization to enhance the end user experience with public data driven reporting.	2,565,000	235,000	2,800,000	350,000	235,000	585,000	2015-2018 Capital Plan (Equipment & Technology) Capital from Revenue

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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 Street Activity Improvement Program	Increase to existing Multi-Year Program budget with funding provided from the 2015-2018 Capital Plan: Additional budget is required as the City is entering into a three-year contract for bike racks rather than three separate annual contracts. This approach provides an opportunity to enhance value-for-money due to economies of scale, securing a fixed price for the duration and efficiencies in conducting only one procurement process. No change to the 2016 expenditure budget as the additional funding is for contract procurement/ commitment purposes only.	395,000	150,000	545,000	285,750	0	285,750	2015-2018 Capital Plan (Transportation) DCL
Engineering Services	2015-18 Local Improvements	Increase to existing Multi-Year Program budget with funding provided from external source: This adjustment request is to increase the Local Improvements multi-year project budget for two local improvement petition projects to be submitted to the May 31 2016 Court of Revision for a traffic circle and lane speed humps, totaling \$70,000; funding to be provided by property owners.	161,000	70,000	231,000	0	70,000	70,000	Local Improvement area property owners
<i>The following are adjustments to the profile of the 2016 Expenditure Budget reflecting timing changes in the execution of projects. No change to the overall multi-year project budget.</i>									
Real Estate & Facilities Management	Arbutus Corridor Land Acquisition	Increase to 2015-2018 Capital Plan and Annual Expenditure Budget: The multi-year project budget for this land acquisition and the related funding was approved in February 2016. This adjustment request is to add \$55 million to the 2015-2018 Capital Plan for this acquisition, and to add \$55 million to the annual expenditure budget to establish a 2016 expenditure budget for the acquisition.	55,000,000	0	55,000,000	0	55,000,000	55,000,000	N/A
Community Services	2015-18 New Public Art Installation	Decrease to Annual Expenditure Budget: Anticipate lower expenditure in 2016 as the Artist Initiative program is taking longer to implement than anticipated.	1,906,000	0	1,906,000	1,136,000	(48,000)	1,088,000	N/A
Human Resources, Digital Strategy & Information Technology	DEM - Digital Evidence Management System	Decrease in Annual Expenditure Budget: Program charter still under development. Research of other municipalities plans will result in a delay in getting this project completed in 2016	650,000	0	650,000	550,000	(235,000)	315,000	N/A
Real Estate & Facilities Management	2012-14 Fire Hall Capital Maintenance	Increase to Annual Expenditure Budget: Increase in 2016 Annual Expenditure Budget due to revised project timeline for Training Tower Burn Room Upgrades. The upgrades were planned for 2015 but were rescheduled to 2016 due to supplier delays in materials for the heat-resistant wall panel system. No change to multi-year project budget.	1,400,000	0	1,400,000	150,935	200,000	350,935	N/A
Real Estate & Facilities Management	Deconstruction of Building on Land Acquired by City	Increase to Annual Expenditure Budget: Increase in 2016 Budget due to revised project timeline. The deconstruction was planned for 2015 but was rescheduled to 2016 due to an extended timeline required for the deconstruction permit. No change to multi-year project budget.	100,000	0	100,000	0	45,000	45,000	N/A

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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	Creekside Paddling Centre	Increase to Annual Expenditure Budget: Increase in 2016 Budget due to revised project timeline. A longer than anticipated lead time was required for delivery of special cladding materials. Project is anticipated to be complete in spring 2016. No change to multi-year project budget.	3,200,000	0	3,200,000	158,408	330,000	488,408	N/A
Real Estate & Facilities Management	Garage Modification for CNG (Compressed Natural Gas) Truck Servicing	Increase to Annual Expenditure Budget: Increase in 2016 Budget due to revised project timeline, shifting some planned work from 2015 to 2016. No change to multi-year project budget.	1,400,000	0	1,400,000	175,000	275,000	450,000	N/A
Real Estate & Facilities Management	Roddan Lodge Redevelopment	Decrease to Annual Expenditure Budget: Decrease in 2016 Annual Budget, consultant contract value is lower than anticipated and the forecasted spend in 2016 will be less than previously planned.	5,200,000	0	5,200,000	1,785,493	(700,000)	1,085,493	N/A
Real Estate & Facilities Management	Fire Hall No. 5 Redevelopment	Decrease to Annual Expenditure Budget: Decrease in 2016 Annual Budget due to revised project timeline. Construction to start at a later date than previously planned.	18,500,000	0	18,500,000	5,000,000	(753,284)	4,246,716	N/A
Real Estate & Facilities Management	Southeast Vancouver Seniors Centre	Decrease to Annual Expenditure Budget: Decrease in 2016 Annual Budget due to revised project timeline. As the Design-Build contract was only recently awarded, the first few months of the contract will be related to design and therefore anticipate lower overall expenditure in 2016.	7,500,000	0	7,500,000	2,500,000	(500,000)	2,000,000	N/A
Engineering Services	2015-18 Pedestrian & Bike Signal Rehabilitation	Decrease to Annual Expenditure Budget: Some expenditures that were anticipated for 2016 at the time the 2016 budget was developed were incurred earlier, in Q4 2015.	1,500,000	0	1,500,000	750,000	(80,000)	670,000	N/A
Engineering Services	2015-18 Sidewalk Rehabilitation	Decrease to Annual Expenditure Budget: Some expenditures that were anticipated for 2016 at the time the 2016 budget was developed were incurred earlier, in Q4 2015.	2,000,000	0	2,000,000	1,000,000	(70,000)	930,000	N/A
Real Estate & Facilities Management	2012-14 Capital Maintenance of Yard Facilities	Decrease to Annual Expenditure Budget: This program was anticipated to be completed in 2016 but was completed earlier than planned, in 2015.	460,000	0	460,000	59,087	(59,087)	0	N/A
Real Estate & Facilities Management	Gathering Place New Entry	Decrease to Annual Expenditure Budget: This project was anticipated to be completed in 2016 but was completed earlier than planned, in 2015.	2,000,000	0	2,000,000	15,615	(15,615)	0	N/A
Real Estate & Facilities Management	Facility Studies	Decrease to Annual Expenditure Budget: This project was anticipated to be completed in 2016 but was completed earlier than planned, in 2015.	157,000	0	157,000	7,014	(7,014)	0	N/A
Total - Budget Increases/Decreases to Existing Projects/Programs			\$ 127,155,866	\$ 7,842,000	\$ 134,997,866	\$ 24,393,302	\$ 58,087,000	\$ 82,480,302	

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Capital Budget Adjustment Requests									
			BUDGET IMPACT						
			Multi-Year Project Budget			Annual Capital Expenditure Budget			
E. Reallocations Reallocation of funding between existing projects reflecting revised priorities and/or cost estimates, and or reallocations of funding sources.									
Department To / From	Project 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 Project and Annual Expenditure Budget from reallocation from an existing project: As part of a Water Conservation proposal, increased focus will be directed toward leak detection. This focus is expected to identify more services that require replacement. This adjustment request is to reallocate funding from the Clean Water program to the Aging Water Service Replacement program.	3,150,000	200,000	3,350,000	1,500,000	200,000	1,700,000	Reallocation of existing Capital - Capital from Revenue (Waterworks Pay-as-you-go)
	Water Service Replacement (Clean Water Program)	Decrease in Multi-Year Project Budget (Reallocation): As part of a Water Conservation proposal, increased focus will be directed toward leak detection. This focus is expected to identify more services that require replacement. This adjustment request is to reallocate funding from the Clean Water program to the Aging Water Service Replacement program. With this funding reallocation, the Water Service Replacement (Clean Water Program) project is deemed to be closed.	200,000	(200,000)	0	200,000	(200,000)	0	Reallocation of existing Capital - Capital from Revenue (Waterworks Pay-as-you-go)
Human Resources, Digital Strategy & Information Technology	2015-18 Infrastructure Maintenance/Upgrade/Expansion - VPD	Increase to Annual Expenditure Budget: Replacement of end-of life server and storage hardware is to be moved ahead to reduce the risk of failure and data loss.	3,087,000	0	3,087,000	1,140,000	360,000	1,500,000	N/A
	Additional Licenses for HP Trim Records Management System	Increase to Annual Expenditure Budget: License additions for 2015 were not completed as originally forecasted but are now consolidated with the 2016 purchase.	200,000	0	200,000	50,000	50,000	100,000	N/A
	Major Case Management System (VPD)	Decrease to Annual Expenditure Budget: Project has been placed on hold until Provincial standards and requirements for each agency are obtained.	565,000	0	565,000	500,000	(410,000)	90,000	N/A
Real Estate & Facilities Management	Sport Fields Amenities Improvement/Upgrades	Increase to existing Multi-Year Project and Annual Expenditure Budget from reallocations from existing projects: This program covers the improvement/upgrades of five sport field houses and playfields. The construction costs are now estimated to be higher than originally budgeted due to pre-existing site conditions, additional scope to accommodate user groups requests and Hydro requirements (Oak Meadow).	3,447,000	350,000	3,797,000	1,124,408	400,000	1,524,408	Reallocation of existing Capital - Debenture
	2012-14 New Buildings in Parks	Decrease to existing Multi-Year Project and Annual Expenditure Budget (Reallocation): This program covers new or expanded Park buildings and has funding available to cover the additional cost for new build components included in the Sport Field Amenities Improvement program.	250,000	(100,000)	150,000	100,000	(100,000)	0	Reallocation of existing Capital - DCL
	2012-14 Capital Maintenance for Recreation Facilities	Decrease to existing Multi-Year Project and Annual Expenditure Budget (Reallocation): This program is near completion and has funding available for re-allocation to higher priority Park projects.	2,366,165	(50,000)	2,316,165	104,201	(50,000)	54,201	Reallocation of existing Capital - Debenture
	2015-16 Capital Maintenance for Park Buildings	Decrease to existing Multi-Year Project Budget (Reallocation): Has allocated funding for capital maintenance projects planned for 2016, defer low risk projects to next year to provide funding for re-allocation to higher priority project (i.e. Sport Field Amenities Improvements).	2,000,000	(200,000)	1,800,000	748,493	0	748,493	Reallocation of existing Capital - Debenture

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Capital Budget Adjustment Requests									
			BUDGET IMPACT						
			Multi-Year Project Budget			Annual Capital Expenditure Budget			
Department To / From	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	Fleming Elementary School Childcare	Increase to Annual Expenditure Budget (Reallocation): Funding for this project was approved in December 2015. This adjustment request is to transfer \$300,000 from the 2016 expenditure budget for 2015-18 Childcare Program - Age 0 to 4 to the Sir Sandford Fleming Elementary School Childcare project to establish a 2016 expenditure budget for planning/design costs for the project.	2,000,000	0	2,000,000	0	300,000	300,000	N/A
	2015-18 Childcare Program - Age 0 to 4	Decrease to Annual Expenditure Budget (Reallocation): Funding for the Sir Sandford Fleming Elementary School childcare project was approved in December 2015. This adjustment request is to transfer \$300,000 from the 2016 expenditure budget for 2015-18 Childcare Program - Age 0 to 4 to the Fleming School Childcare project to establish a 2016 expenditure budget for planning/design costs for the Fleming School Childcare project.	5,000,000	0	5,000,000	1,800,000	(300,000)	1,500,000	N/A
Real Estate & Facilities Management	2016 Capital Maintenance for Fire Halls	Increase to existing Multi-Year Project and Annual Expenditure Budget from reallocation from existing project: This adjustment request is to transfer the remaining funding from the Fire Hall Fuel Tanks Replacement project to the 2016 Capital Maintenance program for Fire Halls. The fuel tank replacement project was formerly managed by Vancouver Fire and Rescue Services but the remaining fuel tank replacements will be managed by Real Estate and Facilities Management through the fire hall capital maintenance program.	700,000	278,620	978,620	340,002	160,000	500,002	Reallocation of existing Capital - Debenture
Fire & Rescue Services	Fire Hall Fuel Tanks Replacement 2009	Decrease to existing Multi-Year Project (Reallocation): This adjustment request is to transfer the remaining funding from the Fire Hall Fuel Tanks Replacement project to the 2016 Capital Maintenance program for Fire Halls. The fuel tank replacement project was formerly managed by Vancouver Fire and Rescue Services but the remaining fuel tank replacements will be managed by Real Estate and Facilities Management through the fire hall capital maintenance program.	1,375,000	(278,620)	1,096,380	0	0	0	Reallocation of existing Capital - Debenture
Total - Reallocations			\$ 24,340,165	\$ -	\$ 24,340,165	\$ 7,607,104	\$ 410,000	\$ 8,017,104	
Total Capital Budget Adjustment Requests			\$ 157,722,250	\$ 9,775,000	\$ 167,497,250	\$ 35,122,634	\$ 59,400,000	\$ 94,522,634	

Appendix 2 - Q1 2016 Capital Closeouts					
Project/Program Name	Budget	Actuals	Surplus (Deficit)	%	Closeout Variance Explanation (Required for variances > \$50,000 and 15% of budget)
Community Services					
CSG-Festival Sustainability 2009-11	300,000	308,724	(8,724)	-3%	
Grant - PuSh (Capital Improvements)	1,000,000	896,998	103,002	10%	
Community Services Total	1,300,000	1,205,722	94,278	7%	
Engineering Services					
2012-14 Water Quality Capital	91,126	90,534	592	1%	
Engineering Services Total	91,126	90,534	592	1%	
Real Estate & Facilities Management					
Marpole Place Building Retrofit Planning	14,200	14,161	39	0%	
Real Estate & Facilities Management Total	14,200	14,161	39	0%	
Total Q1 2016 Capital Closeouts	1,405,326	1,310,417	94,909	7%	

Budget Status at Completion (# of projects/programs)	Budget	Actual	Surplus (Deficit)	%
Surplus greater than \$50K & 15% (0)	0	0	0	0%
Deficit greater than \$50K & 15% (0)	0	0	0	0%
Surplus/deficit less than \$50K & 15% (4)	1,405,326	1,310,417	94,909	7%
TOTAL (5 projects/programs)	1,405,326	1,310,417	94,909	7%

Proposed Allocation of Closeout Surpluses/Deficits:		
From	To	Amount
Community Services		
Grant - PuSh (Capital Improvements) closeout surplus	Capital Facilities Reserve	103,002
Citywide Unallocated from Closeouts	CSG-Festival Sustainability 2009-11 closeout deficit	(8,724)
Community Services net closeout surplus		\$ 94,278
Engineering Services		
2012-14 Water Quality Capital closeout surplus	Citywide Unallocated from Closeouts	592
Engineering Services net closeout surplus		\$ 592
Real Estate & Facilities Management		
Marpole Place Building Retrofit Planning closeout surplus	DCL (remove commitment from reserve)	39
Real Estate & Facilities Management net closeout surplus		\$ 39
Net closeout surplus for Q1 2016 Capital Closeouts		\$ 94,909