



ADMINISTRATIVE REPORT

Report Date: October 30, 2018
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VanRIMS No.: 08-2000-20
Meeting Date: November 14, 2018

TO: Standing Committee on Policy and Strategic Priorities
FROM: Director of Finance
SUBJECT: 2018 Q3 Capital Budget Adjustments and Closeouts

RECOMMENDATIONS

- A. THAT Council approve an increase of \$7.6 million to the 2015-2018 Capital Plan as outlined in this report and Appendix 1.
- B. THAT, subject to approval of Recommendation A, Council approve budget and funding adjustments totaling a net increase of \$11.1 million to Multi-Year Capital Project Budgets as outlined in this report and Appendix 1, with no change to the overall 2018 Capital Expenditure Budget.
- C. THAT, as part of the quarterly Capital Budget closeout process, Council approve the closeout of two (2) capital projects that were completed with a surplus or deficit exceeding \$200,000 as outlined in this report and Appendix 2.

REPORT SUMMARY

On December 12, 2017, Council approved the 2018 Capital Budget, including new multi-year capital projects, bringing the total approved Multi-Year Capital Project Budgets for open projects at that time to \$1.484 billion (including the multi-year projects completed in Q3 2018 presented for closeout in this report) and a 2018 Annual Capital Expenditure Budget of \$426.4 million.

Council subsequently approved adjustments and closeouts to the multi-year capital budgets and 2018 capital expenditure budgets, bringing the current total approved multi-year capital budgets for open projects to \$1.323 billion and the current 2018 Capital Expenditure Budget to \$444.0 million.

This report recommends an increase of \$7.6 million to the 2015-2018 Capital Plan and \$11.1 million to Multi-Year Capital Project Budgets, including a regular quarterly update to the number of requests to connect new properties to the City's water, sanitary, and stormwater sewer services, as well as new capital investment priorities arising since the 2018 Capital Budget was

approved. Expenditures in 2018 relating to the increases to Multi-Year Capital Project Budgets will be managed within the current overall 2018 Annual Capital Expenditure Budget.

In addition, in conjunction with the quarterly Capital Budget review process, Council approval is requested to close two capital projects that were completed with surpluses exceeding \$200,000. A total of 21 programs/projects were completed in Q3 2018, with total Multi-Year Capital Project Budgets of \$77.2 million and a net surplus of \$2.8 million (4%), as outlined in Appendix 2.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Council approved a revised Capital Budget Policy in April 2018 (RTS 12144). The following highlights the key Council approval authorities in the revised policy:

Council approval is required for:

- new capital projects and corresponding multi-year capital project budgets
- additions to the Capital Plan
- increases to existing multi-year capital project budgets with funding from the Capital Plan
- increases to existing multi-year capital project budgets with funding to be added to the Capital Plan
- changes in funding sources for existing multi-year capital project budgets
- funding reallocations greater than \$500,000 between existing open multi-year capital project budgets
- increases to the total Citywide Annual Capital Expenditure Budget
- closeouts of completed capital projects with a deficit or surplus greater than \$200,000.

The City has a policy to plan for capital projects on a multi-year cycle. In October 2014 (RTS 10507), Council approved the 2015-2018 Capital Plan in the amount of \$1.085 billion. As factors impacting capital priorities change, the Capital Plan is adjusted as needed to align with current priorities and budget challenges. Examples include the addition of new priority projects, the deletion of cancelled or deferred projects and changes in planned sources of project funding. New capital priorities identified and approved by Council since 2014, including the acquisition of the Arbutus Corridor land parcel in February 2016, have increased the 2015-2018 Capital Plan total to \$1.536 billion.

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; borrowing authority for all other purposes must be established through the electorate's approval of a borrowing plebiscite. A change in the use of electorate-approved borrowing authority prior to borrowing funds, or diverting borrowed funds to some other purpose, requires approval by a two-thirds majority of Council members.

It has been Council practice to fund capital expenditures for waterworks, sewerage & 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 is anticipated to 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, 2017, and 2018 Capital Budgets, 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 capital program/project and the corresponding Multi-Year Capital Project Budget and annual Capital Expenditure Budget is required before work can proceed on the program/project. During the course of a capital project, as the project progresses through planning and design and final costing, the nature and final scope of work becomes more refined and in some cases requires an update to the originally planned funding sources. As well, over the four years of a capital plan, the original planned uses of debenture funding across the capital plan categories may change and other funding sources, including senior government funding contributions or funding partnerships with other external organizations, may become available.

In July 2018, Council approved the 2019-2022 Capital Plan. The funding in the new Capital Plan will be brought to Council for approval to be allocated to 2019 and future years Capital Budgets through the upcoming 2019 and future annual Capital Budgeting process.

The requirement to borrow funds to finance capital expenditures is established by Council at the time of the approval of the Multi-Year Capital Project Budgets. 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, utilities, 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.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The Capital Budget is the primary tool by which the City implements its multi-year Capital Plan. It provides the authority to proceed with specific capital programs and projects, and defines the multi-year capital project budgets and outcomes, as well as a corresponding annual expenditure budget to ensure timely delivery of these outcomes. 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 include, for example:

- 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; and
- Revisions to funding sources.

This report reflects the City's continued focus on managing capital expenditures and balancing capital infrastructure priorities with consideration of value for money spent.

Before City staff bring a proposed capital project to Council for approval, the associated operating cost implications for current and future operating budgets are reviewed to ensure that City departments will have sufficient operating budget capacity.

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 2018 Third Quarter Operating and Capital Budget Review scheduled to be posted to the City's website in November 2018 will comment on capital expenditures for the first three quarters of 2018, while this report focuses on third quarter 2018 Capital Budget adjustments and capital project closeouts recommended by staff for Council approval.

REPORT

Background/Context

On December 12, 2017, Council approved the 2018 Capital Budget, including new multi-year capital projects, bringing the total approved Multi-Year Capital Project Budgets for open projects at that time to \$1.484 billion (including the multi-year projects completed in Q4 2017 presented for closeout in this report) and a 2018 Annual Capital Expenditure Budget of \$426.4 million. Council subsequently approved adjustments and closeouts to the multi-year capital budgets and 2018 capital expenditure budgets, bringing the current total approved multi-year capital budgets for open projects to \$1.323 billion and the current 2018 Capital Expenditure Budget to \$444.0 million.

Adjustments to annual expenditure budgets at a project level are generally managed within the departmental or Citywide annual capital expenditure budget envelope, with no changes to the overall Annual Capital Expenditure Budget. As projects proceed, however, circumstances may arise for some projects which significantly affect the timing of the execution and expenditures planned for the current year, either accelerating or delaying the planned spending. Where the effect on the total Citywide planned expenditures becomes significant and has a high level of certainty, an adjustment to the overall Annual Capital Expenditure Budget is recommended to Council for approval through the quarterly capital budget adjustment process.

As part of the capital budgeting process and in accordance with the City's recently updated Capital Budget Policy, proposed adjustments to the Capital Plan, the Multi-Year Capital Budget and the total Annual Capital Expenditure Budget requiring Council approval; and closeouts of completed projects with surpluses or deficits greater than \$200,000 are identified in the quarterly capital budget review and presented to Council for approval. This report includes recommendations for adjustments to the 2015-2018 Capital Plan and to Multi-Year Capital Project Budgets, as well as recommendations to close out projects completed in the third quarter of the City's 2018 financial year with surpluses or deficits greater than \$200,000.

Strategic Analysis

A. 2018 Q3 Capital Budget Adjustments

As part of the on-going work and oversight related to the City's Capital Plan and Capital Budget, staff continually review priorities, respond to emerging needs, and where appropriate bring forward recommendations for adjustments to the Capital Plan and/or Capital Budget each quarter.

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 four-year Capital Plan/annual Capital Budget cycles;
- Timing uncertain budget additions/acceleration of projects;

- Budget increases or decreases to existing projects/programs based on scope changes, results of contract tendering or changes in cost structure of a project, or changing priorities for the timing of project deliverables;
- Budget reallocations between projects, with no change to the overall multi-year project budgets or annual capital expenditure budget.

Increase to 2015-2018 Capital Plan

The 2015-2018 Capital Plan was approved in October 2014 at \$1.085 billion. Over the course of the four years of the capital plan, the plan is adjusted to align with changing priorities and budget pressures as they arise. Examples include the addition of new priority projects, the deletion of cancelled or deferred projects and changes in planned sources of project funding. With Council-approved adjustments to date, funded primarily by development revenue and senior government funding that was not included in the original plan, the 2015-2018 Capital Plan is now \$1.536 billion covering projects across all City departments and agencies (not including the proposed additions to the Capital Plan in this report). This report proposes an increase of \$7.6 million to the 2015-2018 Capital Plan, primarily for a regular quarterly update to the number of requests to connect new properties to the City's water, sanitary, and stormwater sewer services. With the adjustments recommended in this report, the revised total 2015-2018 Capital Plan will be \$1.543 billion.

Net decrease to Multi-Year Capital Project Budgets

The current total of approved Multi-Year Capital Project Budgets for all open projects is \$1.323 billion. This report proposes a net decrease of \$66.1 million to overall Multi-Year Capital Project Budgets, reflecting a reduction of \$77.2 million for capital projects that were completed in Q3 2018 and an increase of \$11.1 million for new or increased Multi-Year Capital Project Budgets. With the project closeouts and multi-year capital project budget adjustments recommended in this report, the revised total of the approved Multi-Year Capital Project Budgets for all open projects will be \$1.257 billion.

The following highlights the larger recommended changes to the 2015-2018 Capital Plan and Multi-Year Capital Project Budgets, reflecting capital priorities arising subsequent to the approval of the 2018 Capital Budget in December 2017:

- an increase of \$5.8 million to the 2015-2018 Capital Plan and to the multi-year capital project budgets for the 2017 and 2018 Sewer and Water Combined Connections programs (funded by property owners), reflecting a quarterly update to the number of requests to connect new properties to the City's water, sanitary, and stormwater sewer services (revised total multi-year capital project budgets for these two capital programs to be \$18.3 million);
- a new capital project and corresponding multi-year capital project budget of \$2.4 million to complete a preliminary seismic assessment of the Cambie Bridge (funded from a reallocation of funding from the deferred Burrard Bridge marine fenders replacement project);
- an increase of \$1.8 million to the multi-year capital project budget for the Hastings Park Heart-of-the-Park Renewal project (funded from funding available in the 2015-2018 Capital Plan) in order to advance planned renovations to the PNE Livestock building and PNE Amphitheatre (revised total multi-year capital project budget to be \$2.2 million).

2018 Annual Capital Expenditure Budget

Expenditures in 2018 relating to the new or adjusted Multi-Year Capital Project Budgets will be managed within the current overall 2018 Annual Capital Expenditure Budget.

Funding Source Updates

Appendix 1 also provides details for proposed funding source updates for three projects. During the course of a capital project, as the project progresses through planning and design and final costing, the nature and final scope of work becomes more refined and in some cases requires an update to the originally planned funding sources. As well, over the four years of a capital plan, the original planned uses of debenture funding across the capital plan categories may change.

Table 1 below summarizes the changes to the 2015-2018 Capital Plan and Multi-Year Capital Project Budgets as a result of the recommended capital budget adjustments and closeouts.

	2015-2018 Capital Plan	Multi-Year Capital Project Budget (for open projects)
Current Capital Plan / Budget	\$ 1,535.7	\$ 1,322.9
Adjustment Category		
A. Administrative consolidations and restatements	\$ -	\$ -
B. Emerging priority projects	1.0	1.0
C. Timing uncertain budget additions / acceleration of projects	-	-
D. Budget increases/decreases to existing projects/programs	6.6	10.1
E. Reallocations	-	-
Proposed Adjustments	\$ 7.6	\$ 11.1
Multi-year Project Closeouts		\$ (77.2)
Proposed Revised Capital Plan / Budget	\$ 1,543.3	\$ 1,256.8

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 annual capital expenditure budget or increase to the annual capital expenditure budget is approved by Council.

B. 2018 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 two capital programs/projects which were completed with surpluses greater than \$200,000.

A total of 21 programs/projects with multi-year capital project budgets totalling \$77.2 million and expenditures of \$74.3 million were completed in the period between the 2018 Q2 Capital Closeout (RTS 12472) and the end of the third quarter of 2018, with a net surplus of \$2.8 million. Two of the 21 completed programs/projects had a surplus or deficit greater than \$200,000; explanations for these variances are provided in Appendix 2.

Appendix 2 also provides financial details, by project and department, for all projects/programs closed in Q3 2018 and a summary of the proposed allocation of the closeout surpluses and funding sources for closeout deficits.

CONCLUSION

As part of the capital budgeting process, adjustments to Multi-Year Capital Project Budgets and the Annual Capital Expenditure Budget that require Council approval and the closeout of programs/projects that also 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 an increase of \$7.6 million to the 2015-2018 Capital Plan and \$11.1 million to Multi-Year Capital Project Budgets, with no change to the 2018 Annual Capital Expenditure Budget.

This report also requests Council approval for the closeout of two capital projects that were completed with a surplus greater than \$200,000. A total of 21 projects/programs were completed in Q3 2018, with an overall net surplus of \$2.8 million, or 4% of the multi-year capital project budgets closed in the quarter.

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Capital Budget Adjustment Requests							
			BUDGET IMPACT				
			Multi-Year Project 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	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2015-2018 Capital Plan
Funding source additions/changes:							
Parks & Recreation	Biodiversity Enhancements	Change in Funding Source for Multi-Year Project Budget: As part of the Stanley Park Causeway upgrade work, the Park Board received a \$600,000 donation from the provincial government for priority environmental projects within Stanley Park. This adjustment is to replace \$600,000 of Biodiversity Enhancements project DCL funding with this provincial funding contribution, to be used toward construction of a bog boardwalk at Beaver Lake, as well as Beaver Lake outlet improvements and a viewing platform.	1,900,000	0	1,900,000	Increase: External funding contribution (Province of BC) \$600,000 Decrease: DCL \$600,000	
Parks & Recreation	2015-18 Park and Street Trees	Change in Funding Source for Multi-Year Project Budget: Funding has been received in the amount of \$155,000 from trees sales as part of the Tree Strategy plan (\$130,000) and Tree Canada (\$25,000). This adjustment is to replace City debenture funding with this external funding.	6,800,000	0	6,800,000	Increase: External (Grants, Donations) \$155,000 Decrease: Debenture \$155,000	
Engineering Services	Seaside Greenway - South False Creek	Change in Funding Source for Multi-Year Project Budget: Update to project funding source detail to reflect cost-sharing agreement with Translink for the Seaside Greenway-South False Creek project.	9,199,122	0	9,199,122	Increase: DCL \$1,260,000 Decrease: Translink \$1,260,000	

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Capital Budget Adjustment Requests							
			BUDGET IMPACT				
			Multi-Year Project Budget				
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2015-2018 Capital Plan
Engineering Services	Knight & Marine Intersection Improvements	Change in Funding Source for Multi-Year Project Budget: Update to project funding source detail to reflect cost-sharing agreement with Translink for the Knight & Marine Intersection Improvements project.	4,350,000	0	4,350,000	Increase: Translink \$1,260,000 Decrease: DCL \$1,260,000	
Total - Administrative Consolidations; Funding Source Changes			\$ 22,249,122	\$ -	\$ 22,249,122		\$ -
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	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2015-2018 Capital Plan
Arts, Culture, and Community Services	Orpheum Theatre Audio/Visual Equipment Upgrades	New Multi-Year Project Budget; Increase to 2015-2018 Capital Plan: Matching funding for a Canada Cultural Spaces Fund heritage grant application by the Vancouver Symphony Orchestra for \$2 million, towards which Vancouver Civic Theatres/City of Vancouver will contribute \$1 million, for upgrades to Orpheum Theatre audio/video equipment to position the Orpheum as a premiere Digital Concert Hall.	0	1,000,000	1,000,000	Civic Theatre Reserve	1,000,000

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Capital Budget Adjustment Requests							
			BUDGET IMPACT				
			Multi-Year Project Budget				
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2015-2018 Capital Plan
Engineering Services	Cambie Bridge Seismic Assessment	New Multi-Year Project Budget (funded from Reallocation): To initiate preliminary planning for a seismic assessment of the Cambie Bridge.	0	2,375,000	2,375,000	Reallocation of previously approved capital funding (Debenture)	
	Burrard Bridge Marine Fenders	Decrease in Multi-Year Project Budget (Reallocation): Project has been deferred in order to proceed with the more immediate priority of initiating preliminary planning for seismic assessment of the Cambie Bridge.	2,375,000	(2,375,000)	0	Reallocation of previously approved capital funding (Debenture)	
Total - Emerging Priority Projects			\$ 2,375,000	\$ 1,000,000	\$ 3,375,000		\$ 1,000,000
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	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2015-2018 Capital Plan
None							
Total - Timing Uncertain budget additions; Project acceleration			\$ -	\$ -	\$ -		\$ -

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Capital Budget Adjustment Requests							
			BUDGET IMPACT				
			Multi-Year Project 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	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2015-2018 Capital Plan
Business Planning & Project Support	Hastings Park Heart-of-Park Renewal	Increase to Multi-Year Project Budget (allocation from 2015-2018 Capital Plan): Increase to multi-year project budget for Hastings Park Heart-of-the-Park Renewal to advance renovations to the PNE Livestock building and PNE Amphitheatre.	400,000	1,750,000	2,150,000	2015-2018 Capital Plan (Parks, Open Spaces & Recreation) Debenture	
Real Estate & Facilities Mgmt	2017-18 Library & Archives Renovations and Upgrades	Increase to Multi-Year Project Budget: Increase to project budget reflecting higher than anticipated tender results for replacement of carpeting at Library Square.	538,000	62,000	600,000	• City-Wide Unallocated from Closeouts (Debenture) \$42,000 • Transfer from Vancouver Public Library Board 2018 Operating Budget \$20,000	
Engineering Services	2017 Sewer & Water Combined Connections	Increase to Multi-Year Project Budget and 2015-2018 Capital Plan: Multi-year project budget increase to reflect the expected work to be initiated on combined sewer & water connections directly related to the revenues received in advance. These revenues are driven by residential and commercial construction. Expenditures will be managed within the current overall Annual Capital Expenditure Budget.	8,931,000	1,800,000	10,731,000	User Fees/ Property Owners	1,800,000
Engineering Services	2018 Sewer & Water Combined Connections	Increase to Multi-Year Project Budget and 2015-2018 Capital Plan: Multi-year project budget increase to reflect the expected work to be initiated on combined sewer & water connections directly related to the revenues received in advance. These revenues are driven by residential and commercial construction. Expenditures will be managed within the current overall Annual Capital Expenditure Budget.	3,601,000	4,000,000	7,601,000	User Fees/ Property Owners	4,000,000

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Capital Budget Adjustment Requests							
			BUDGET IMPACT				
			Multi-Year Project Budget				
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2015-2018 Capital Plan
Engineering Services	2018 Water Commercial Connections	Increase to Multi-Year Project Budget and 2015-2018 Capital Plan: Multi-year project budget increase to reflect the expected work to be initiated on commercial water connections directly related to the revenues received in advance. These revenues are driven by commercial construction. Expenditures will be managed within the current overall Annual Capital Expenditure Budget.	1,500,000	700,000	2,200,000	User Fees/ Property Owners	700,000
Engineering Services	2015- 18 Access to Water	Increase to Multi-Year Project Budget and 2015-2018 Capital Plan: Increase to Access to Water program budget to reflect additional scope of work for fabrication of water fountains requested by (and fully funded by) developers, MetroVancouver, and City of Abbotsford.	162,329	72,147	234,476	External	72,147
Arts, Culture, and Community Services	Non-Market Housing Grant Program	Increase to Multi-Year Project Budget (funded from 2015-2018 Capital Plan): Increase to the Non-Market Housing Grant Program budget to establish funding for a housing grant currently under review and which may proceed before the end of 2018, at which time the recommended grant award will be presented to Council for approval.	1,520,000	1,060,000	2,580,000	2015-2018 Capital Plan (Housing) DCL	

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Capital Budget Adjustment Requests							
			BUDGET IMPACT				
			Multi-Year Project Budget				
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2015-2018 Capital Plan
Real Estate & Facilities Mgmt	Fire Hall #5 with Social Housing	Increase to Multi-Year Project Budget (funded from 2015-2018 Capital Plan and reallocation): The cost estimate for the housing component of the facility has been revised to reflect additional costs arising from complexities in integrating mechanical and electrical services in the housing portion of the fire hall structure.	21,738,000	540,000	22,278,000	<ul style="list-style-type: none"> • 2015-2018 Capital Plan (Housing) \$135,000 • Reallocation of previously approved capital funding (DCL) \$405,000 	
Arts, Culture, and Community Services	Grant - Community Builders Benevolence Foundation (SRO)	Decrease to Multi-Year Project Budget: Grant applicant has formally declined grant.	355,000	(355,000)	0	Reallocation of previously approved capital funding (DCL)	
	2015-18 SRO Grant Program	Decrease to Multi-Year Project Budget: No SRO grants are currently anticipated for the balance of 2018.	300,000	(50,000)	250,000	Reallocation of previously approved capital funding (DCL)	
Technology Services	2017-18 Client Hardware Refresh Program	Increase to Multi-Year Project Budget (from 2015-2018 Capital Plan and Reallocation): Increase to project budget to address higher hardware unit prices as well as funding to procure a batch of higher specification units.	5,000,000	750,000	5,750,000	<ul style="list-style-type: none"> • 2015-2018 Capital Plan (Equipment & Technology) \$483,000 • Reallocation of previously approved capital funding (Capital from Revenue) \$267,000 	
	Application Renewal Program	Decrease to Multi-Year Project Budget: Decrease to project budget, reflecting a lower revised project cost estimate.	920,000	(267,000)	653,000	Reallocation of previously approved capital funding (Capital from Revenue)	

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Capital Budget Adjustment Requests							
			BUDGET IMPACT				
			Multi-Year Project Budget				
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2015-2018 Capital Plan
Technology Services	IT Infrastructure Maintenance/Upgrades/Expansion	Increase to Multi-Year Project Budget (from 2015-2018 Capital Plan and Reallocation): Increase to project budget in order to expedite work on planned initiatives and end-of-life hardware replacements as part of the Infrastructure Maintenance/Upgrade/Expansion program.	14,505,000	970,000	15,475,000	<ul style="list-style-type: none"> 2015-2018 Capital Plan (Equipment & Technology) \$87,000 Reallocation of previously approved capital funding (Capital from Revenue) \$883,000 	
	SharePoint	Decrease to Multi-Year Project Budget (Reallocation): Reduction in scope of project for SharePoint as the recently approved Microsoft Enterprise Agreement will include SharePoint.	800,000	(470,000)	330,000	Reallocation of previously approved capital funding (Capital from Revenue)	
	SAP Enhancements & Upgrades	Decrease to Multi-Year Project Budget (Reallocation): Reduced project scope for SAP from original planned scope for SAP HANA implementation, a platform which combines database, data processing, and application platform capabilities in-memory.	1,520,000	(413,000)	1,107,000	Reallocation of previously approved capital funding (Capital from Revenue)	
Total - Budget Increases/Decreases to Existing Projects/Programs			\$ 61,790,329	\$ 10,149,147	\$ 71,939,476		\$ 6,572,147
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	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2015-2018 Capital Plan
None							
Total - Reallocations			\$ -	\$ -	\$ -		\$ -
Total Capital Budget Adjustment Requests			\$ 86,414,451	\$ 11,149,147	\$ 97,563,598		\$ 7,572,147

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Appendix 2 - Q3 2018 Capital Closeouts					
Project/Program Name	Budget	Actual	Surplus (Deficit)	%	Closeout Variance Explanation (Required for variances > \$200,000)
Arts, Culture, and Community Services					
2012-14 Social Facilities Project Planning	450,000	450,000	-	0%	
Grant - Vancouver Art Gallery Association	466,000	368,519	97,481	21%	
Grant - Great Northern Way Scene Shop	15,000	15,000	-	0%	
Soundboard Replacement - VCT Playhouse	100,000	99,368	632	1%	
Grant - Marpole Oakridge Family Place	183,500	183,500	-	0%	
Furniture, Fixtures & Equipment Upgrades at Non-Market Housing Facilities *	236,672	192,148	44,524	19%	
Rental Housing Strategy - Consulting	300,000	289,800	10,200	3%	
Arts, Culture, and Community Services Total	1,751,172	1,598,335	152,837	9%	
Engineering Services					
Burrard Bridge South End Improvements *	5,616,894	5,616,894	-	0%	
2017 Distribution Main Replacement	8,102,940	8,122,216	(19,276)	0%	
2017 Sewer Main Reconstruction	13,940,338	14,033,679	(93,341)	-1%	
Interim Improvements to NEFC Seawall Walkway	500,000	500,000	-	0%	
Household Hazardous Waste Storage - Vancouver Landfill/Vancouver South Transfer Station	250,000	-	250,000	100%	Project has been deferred to 2020.
Increasing Use of Native Soil (Waterworks)	172,000	76,339	95,661	56%	
2015-18 Green Operations (Waterworks)	100,000	-	100,000	100%	
2014 Fire Truck Replacement	35,235,238	32,829,599	2,405,639	7%	Budget included \$2.0 million for eight Rescue medic vehicles, which have been deferred to the 2019 Vehicles & Equipment Replacement program. The remaining portion of the budget surplus represents the difference between the foreign exchange rate in the project budget and the rate at the time USD payments for the US-sourced fire trucks were made.
Engineering Services Total	63,917,410	61,178,727	2,738,683	4%	
Parks and Recreation					
2017 Parkland Acquisition Program	5,824,450	5,822,495	1,955	0%	
Park Land Acquisition (March 2018)	1,900,000	1,900,000	-	0%	
Dr. Sun Yat-Sen Gardens Improvements *	585,000	597,750	(12,750)	-2%	
Beach Swimming Rafts Replacement *	92,000	91,700	300	0%	
Parks and Recreation Total	8,401,450	8,411,945	(10,495)	0%	
Real Estate & Facilities Management					
2015-16 Energy Optimization Program*	2,655,000	2,729,924	(74,924)	-3%	
Real Estate & Facilities Management Total	2,655,000	2,729,924	(74,924)	-3%	
Technology Services					
VPD Crime Analytics System Upgrade	430,000	425,500	4,500	1%	
Technology Services Total	430,000	425,500	4,500	1%	
Total Q3 2018 Capital Closeouts	77,155,032	74,344,431	2,810,601	4%	

* Project funding includes voter-approved debenture

Budget Status at Completion (# of projects/programs)	Budget	Actual	Surplus (Deficit)	%
Surplus greater than \$200,000 (2)	35,485,238	32,829,599	2,655,639	7%
Deficit greater than \$200,000 (0)	0	0	0	0%
Surplus/deficit less than \$200,000 (19)	41,669,794	41,514,832	154,962	0%
TOTAL (21 projects/programs)	77,155,032	74,344,431	2,810,601	4%

Proposed Allocation of Closeout Surpluses & Funding Sources for Closeout Deficits:		
From	To	Amount
Arts, Culture, and Community Services		
Grant - Vancouver Art Gallery Association closeout surplus	Cultural Precinct Reserve (remove commitment from reserve)	97,481
Soundboard Replacement (Vancouver Playhouse) closeout surplus	Civic Theatres Reserve (remove commitment from reserve)	632
Furniture, Fixtures & Equipment Upgrades at Non-Market Housing Facilities closeout surplus	Citywide Unallocated from Closeouts (Debenture)	44,524
Rental Housing Strategy Consulting	Affordable Housing Reserve (remove commitment from reserve)	10,200
Arts, Culture, and Community Services net closeout surplus		\$ 152,837
Engineering Services		
2018 Distribution Main Replacement (ongoing)	2017 Distribution Main Replacement closeout deficit	(19,276)
2018 Sewer Main Reconstruction (ongoing)	2017 Sewer Main Reconstruction closeout deficit	(93,341)
Household Hazardous Waste Storage - Vancouver Landfill/Vancouver South Transfer Station closeout surplus	Capital Financing Fund (reduce CFF loan commitment)	250,000
Increasing Use of Native Soil (Waterworks) closeout surplus	Citywide Unallocated from Closeouts (Debenture)	95,661
2015-18 Green Operations (Waterworks)	Citywide Unallocated from Closeouts (Debenture)	100,000
2014 Fire Truck Replacement	Plant and Equipment Reserve (remove reserve commitment for eight Rescue medic vehicles, which will now be procured through the 2019 Vehicles & Equipment Replacement program)	2,000,000
	Difference between the foreign exchange rate implied in the project budget and the rate at the time USD payments for the US-sourced fire trucks were made; the related foreign exchange currency transactions have been managed through the City's Treasury and Financial Reporting departments.	405,639
2014 Fire Truck Replacement net closeout surplus		2,405,639
Engineering Services net closeout surplus		\$ 2,738,683
Parks and Recreation		
Citywide Unallocated from Closeouts (Debenture)	Dr. Sun Yat-Sen Gardens Improvements closeout deficit	(18,000)
Beach Swimming Rafts Replacement closeout surplus	Citywide Unallocated from Closeouts (Debenture)	300
2017 Parkland Acquisition Program closeout surplus	DCL (remove commitment from reserve)	1,955
Parks and Recreation net closeout deficit		\$ (15,745)

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Proposed Allocation of Closeout Surpluses & Funding Sources for Closeout Deficits:		
From	To	Amount
Real Estate & Facilities Management		
2018 Energy Optimization Program (ongoing)	2015-16 Energy Optimization Program closeout deficit	(74,924)
Real Estate & Facilities Management net closeout deficit		\$ (74,924)
Technology Services		
VPD Crime Analytics System Upgrade closeout surplus	Citywide Unallocated from Closeouts (Capital from Revenue)	4,500
Technology Services net closeout surplus		\$ 4,500
Net closeout surplus for Q3 2018 Capital Closeouts		\$ 2,805,351

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