



ADMINISTRATIVE REPORT

Report Date: February 12, 2019
Contact: Denise Lam
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VanRIMS No.: 08-2000-20
Meeting Date: February 26, 2019

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

RECOMMENDATIONS

- A. THAT Council approve an increase of \$585,000 to the 2019-2022 Capital Plan as outlined in this report and Appendix 1.
- B. THAT Council approve an increase of \$655,000 to the 2015-2018 Capital Plan for capital project donation funding received in 2018, as outlined in this report and Appendix 1.
- C. THAT, subject to approval of Recommendations A and B, Council approve budget and funding adjustments totaling a net increase of \$9.0 million to Multi-Year Capital Project Budgets as outlined in this report and Appendix 1, with no change to the current overall 2019 Capital Expenditure Budget.
- D. THAT, as part of the quarterly Capital Budget closeout process, Council approve the closeout of eight capital projects that were completed with a surplus or deficit exceeding \$200,000 as outlined in this report and Appendix 2.
- E. THAT Council receive for information the budget surpluses or deficits for capital projects included in this quarter closeout that were funded by voter-approved capital funding, as noted in Appendix 3.

REPORT SUMMARY

On December 18, 2018, Council approved the 2019 Capital Budget, including new multi-year capital projects, bringing the total approved Multi-Year Capital Project Budgets for open projects at that time to \$1.649 billion and a 2019 Annual Capital Expenditure Budget of \$562.7 million.

Council subsequently approved adjustments to the multi-year capital budgets and 2019 capital expenditure budgets, bringing the current total approved multi-year capital budgets for open projects to \$1.660 billion and the current 2019 Capital Expenditure Budget to \$571.2 million.

This report recommends an increase of \$585,000 to the 2019-2022 Capital Plan and \$9.0 million to Multi-Year Capital Project Budgets, which includes a regular quarterly new multi-year capital project budgets for 3rd party requests to connect new properties to the City's water, sanitary, and stormwater sewer services, as well as new Civic Theatres capital investment priorities arising since the 2019-2022 Capital Plan and 2019 Capital Budget were approved. Expenditures in 2019 relating to the increases to Multi-Year Capital Project Budgets will be managed within the current overall 2019 Annual Capital Expenditure Budget of \$571.2 million.

This report also recommends an increase to the 2015-2018 Capital Plan in the amount of \$655,000, for funding contributed in 2018 by the Vancouver Public Library Foundation toward the capital project for the expansion of public space at Central Library levels 8 and 9, to cover additions to the project scope requested by Vancouver Public Library subsequent to the project budget approval, including the addition of an auditorium and new planting in the existing level 8 gardens.

In addition, in conjunction with the quarterly Capital Budget review process and in accordance with the City's Capital Budget Policy, Council approval is requested to close eight capital projects that were completed with deficits or surpluses exceeding \$200,000, as outlined in Appendix 2. Also in accordance with the City's Capital Budget Policy, this report includes for Council information all budgets surpluses or deficits for completed capital projects that were funded by voter-approved capital funding, as noted in Appendix 3.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

In accordance with the City's Capital Budget 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 Capital Budget Policy also requires that a multi-year capital project budget recommended to Council for approval must have sufficient eligible funding to provide for all expenditures anticipated for the capital project. In addition, the Capital Budget Policy requires that all budget surpluses or deficits for completed capital projects funded from voter-approved capital funding be reported to Council as part of the quarterly Capital Budget reporting process. Voter-approved capital funding is funding raised pursuant to the borrowing authority set out in *Vancouver Charter* Section 245 which requires that the borrowing authority be established by plebiscite question which if approved by the voters gives Council the authority to issue a borrowing by-law for the purposes set out in the plebiscite question.

The City has a policy to plan for capital projects on a multi-year cycle. In July 2018 (RTS 12408), Council approved the 2019-2022 Capital Plan in the amount of \$2.771 billion, comprised of \$2.203 billion for City-led capital programs and \$0.568 billion for in-kind contributions to be achieved through development. As factors impacting capital priorities change and as additional development contributions and partnership funding are secured or reserve funding becomes available, the Capital Plan is adjusted as needed to align with current priorities and budget pressures. Examples include the addition of new priority projects, the deletion of cancelled or deferred projects and changes in planned sources of project funding.

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 and drainage, and energy utility systems from debenture borrowing. As part of the City's debt management strategy, the water utility has transitioned its infrastructure lifecycle replacement programs from debt financing to pay-as-you-go, helping to lower the City's overall debt and save interest costs over the long-term. The City will continue to explore opportunities, where appropriate, to transition the general capital program and the sewer utility to a higher proportion of pay-as-you-go to improve the City's long-term debt profile and further enhance our credit ratings. 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. Council approval of a multi-year capital project budget also requires that sufficient eligible funding is available to provide for all expenditures anticipated for the capital 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.

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 manage the 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 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 also 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 Capital Budget Year-End Review scheduled to be posted to the City's website in March 2019 will comment on capital expenditures for 2018, while this report focuses on adjustments to the 2019-2022 Capital Plan and the 2019 Capital Budget, as well as fourth quarter 2018 capital project closeouts recommended by staff for Council approval.

REPORT

Background/Context

On December 18, 2018, Council approved the 2019 Capital Budget, including new multi-year capital projects, bringing the total approved Multi-Year Capital Project Budgets for open projects at that time to \$1.649 billion (including the multi-year projects completed in Q4 2018 presented for closeout in this report) and a 2019 Annual Capital Expenditure Budget of \$562.7 million.

Council subsequently approved adjustments and closeouts to the multi-year capital budgets and 2019 capital expenditure budgets, bringing the current total approved multi-year capital budgets for open projects to \$1.660 billion and the current 2019 Capital Expenditure Budget to \$571.2 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 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 2019-2022 Capital Plan and to Multi-Year Capital Project Budgets, as well as recommendations to close out projects completed in the fourth quarter of the City's 2018 financial year with surpluses or deficits greater than \$200,000. This report also includes a recommendation for an increase to the 2015-2018 Capital Plan to reflect a donation funding contribution in 2018 toward a 2015-2018 capital project for the expansion of public space at Central Library.

Strategic Analysis

A. 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, including budget reallocations between projects, reflecting project scope changes, contract tendering, or changing priorities for the timing of project deliverables.

Increase to 2019-2022 Capital Plan

The 2019-2022 Capital Plan was approved in July 2018 at \$2.771 billion. Over the course of the four years of the capital plan, the plan is adjusted to align with changing priorities, funding opportunities, 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. This report proposes an increase of \$585,000 to the 2019-2022 Capital Plan, for new capital investment priorities arising since the 2019-2022 Capital Plan and 2019 Capital Budget were approved, including three Civic Theatre Reserve-funded projects that were not included in the 2019-2022 Capital Plan or the 2019 Capital Budget as sufficient reserve funding was not available to commit to these projects until now. With the adjustments recommended in this report, the revised total 2019-2022 Capital Plan will be \$2.772 billion.

Net decrease to Multi-Year Capital Project Budgets (including effect of Q4 2018 project closeouts)

The current total of approved Multi-Year Capital Project Budgets for all open projects is \$1.649 billion. This report proposes a net decrease of \$133.6 million to overall Multi-Year Capital Project Budgets, reflecting an increase of \$9.0 million for new or increased Multi-Year Capital Project Budgets and a reduction of \$142.6 million for capital projects that were completed in Q4 2018. 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 \$1.526 billion.

The following highlights the larger recommended changes to the 2019-2022 Capital Plan and Multi-Year Capital Project Budgets, reflecting capital priorities arising subsequent to the approval of the 2019-2022 Capital Plan and 2019 Capital Budget:

- an increase of \$5.3 million to the multi-year capital project budgets for the 2017 and 2018 Sewer and Water Combined Connections programs and the 2018 Water Commercial Connections program (programs funded by property owners), reflecting a regular quarterly

new multi-year capital project budgets for 3rd party requests to connect new properties to the City's water, sanitary, and stormwater sewer services (revised total multi-year capital project budgets for these capital programs to be \$25.8 million).

- a new capital project and corresponding multi-year capital project budget of \$2.5 million (allocated from the current 2019-2022 Capital Plan) to accelerate the timeline for an extension to the Arbutus Greenway from Milton Street to the Fraser River;
- an increase of \$1.0 million (funded from a reallocation from the 2015-18 Vehicles & Equipment Replacement/Additions capital program) to the multi-year capital project budget underway for the replacement of the Equipment Services fleet management system to address revised cost estimates for subject matter expert support, data cleanup, change management, and training;
- an increase of \$0.9 million to the multi-year capital project budget for the expansion of public space at Central Library, including the retroactive addition of \$655,000 to the 2015-2018 Capital Plan for a funding contribution from the Vancouver Public Library Foundation for the addition of an auditorium to the project scope and new planting in the existing level 8 gardens;
- an increase of \$585,000 to the 2019-2022 Capital Plan and to the multi-year capital project budget for three new projects for capital improvements to the City's Civic Theatres, funded from the Civic Theatres Reserve, including installation of theatre seat cup holders and upgrades to audio/video equipment at the Queen Elizabeth Theatre, and upgrades to CCTV security cameras at Civic Theatre venues. (A portion of all Civic Theatre revenues is held in a reserve to be used for capital maintenance or improvements to Civic Theatre venues)

2019 Annual Capital Expenditure Budget

Expenditures in 2019 relating to the new or adjusted Multi-Year Capital Project Budgets will be managed within the current overall 2019 Annual Capital Expenditure Budget of \$571.2 million.

Table 1 summarizes the changes to the 2019-2022 Capital Plan and Multi-Year Capital Project Budgets as a result of the recommended capital budget adjustments and closeouts.

Table 1 - Proposed Changes to 2019-2022 Capital Plan and Multi-Year Project Budgets (\$ Millions)		
	2019-2022 Capital Plan	Multi-Year Capital Project Budget (for open projects)
Current Capital Plan / Budget	\$ 2,771.2	\$ 1,659.5
Adjustment Category		
A. Administrative consolidations, funding source changes	\$ -	\$ -
B. Emerging priority projects	0.6	3.1
C. Budget increases/decreases to existing projects/programs	-	5.9
Proposed Adjustments	\$ 0.6	\$ 9.0
Multi-year Project Closeouts		\$ (142.6)
Proposed Revised Capital Plan / Budget	\$ 2,771.8	\$ 1,525.9

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. 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.

This report recommends Council approval to close eight capital programs/projects which were completed with surpluses or deficits greater than \$200,000.

A total of 57 programs/projects with multi-year capital project budgets totalling \$142.6 million and expenditures of \$142.4 million were completed in the period between the 2018 Q3 Capital Closeout (RTS 12473) and the end of the fourth quarter of 2018, with a net surplus of \$0.2 million. Eight of the 57 completed programs/projects had a surplus or deficit greater than \$200,000; explanations for these variances are provided in Appendix 2.

Appendix 3 provides for Council information a summary of all budget surpluses and deficits for capital projects funded from voter-approved capital funding that were completed in the fourth quarter of 2018.

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 \$585,000 to the 2019-2022 Capital Plan and \$9.0 million to Multi-Year Capital Project Budgets, with no change to the 2019 Annual Capital Expenditure Budget. This report also requests Council approval for an increase of \$655,000 to the 2015-2018 Capital Plan for a funding donation received in 2018 for requested additional scope for the capital project to expand public space at Central Library to levels 8 and 9.

This report also requests Council approval for the closeout of eight capital projects that were completed with a deficit or surplus greater than \$200,000. A total of 57 projects/programs were completed in Q4 2018, with an overall net surplus of \$0.2 million, or <1% of the multi-year capital project budgets closed in the quarter.

In addition, this report provides for Council information a summary of all budget surpluses and deficits for capital projects funded from voter-approved capital funding that were completed in the fourth quarter of 2018.

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Capital Budget Adjustment Requests								
				BUDGET IMPACT			2019-2022 Capital Plan	
				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).								
2019-2022 Capital Plan Service Category / Sub-Category	Project Name		Reason for Adjustment	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2019-2022 Capital Plan
None								
Total - Administrative Consolidations; Funding Source Changes				\$ -	\$ -	\$ -		\$ -
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.								
2019-2022 Capital Plan Service Category / Sub-Category	Project Name	Type of Adjustment	Adjustment Description	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2019-2022 Capital Plan
Arts & Culture	Cultural Facilities	Queen Elizabeth Theatre - Audio/Video Equipment	New project (funded from addition to 2019-2022 Capital Plan)	0	350,000	350,000	Civic Theatres Reserve	350,000
Arts & Culture	Cultural Facilities	Civic Theatre Venues - CCTV Cameras	New project (funded from addition to 2019-2022 Capital Plan)	0	170,000	170,000	Civic Theatres Reserve	170,000
Arts & Culture	Cultural Facilities	Queen Elizabeth Theatre - Cup Holders	New project (funded from addition to 2019-2022 Capital Plan)	0	65,000	65,000	Civic Theatres Reserve	65,000
Transportation	Sustainable Transportation	Arbutus Greenway Phase 1	New multi-year project budget (funded from 2019-2022 Capital Plan)	0	2,500,000	2,500,000	CAC from rezoning for 1515 West 57th Avenue (Shannon Mews)	
Total - Emerging Priority Projects				\$ -	\$ 3,085,000	\$ 3,085,000		\$ 585,000

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Capital Budget Adjustment Requests									
					BUDGET IMPACT			2019-2022 Capital Plan	
					Multi-Year Project Budget				
C. 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.									
2019-2022 Capital Plan Service Category / Sub-Category	Project Name	Type of Adjustment	Adjustment Description	Current	Change	Proposed	Funding Source(s) for Changes to Multi- Year Project Budget	Addition to 2019-2022 Capital Plan	
Arts & Culture	Entertainment & Exhibition Facilities	Playland Redevelopment Planning (2016)	Increase to multi-year project budget (funding reallocation)	Consolidation of remaining unspent funding from the 2014 Playland Renewal project with the funding for the Playland Redevelopment Planning project approved in conjunction with the Playland Redevelopment Plan in June 2016, to advance the detailed design and costing, and comprehensive implementation and funding strategy for the proposed Playland Redevelopment Plan.	1,500,000	838,424	2,338,424	Reallocation of previously approved Capital funding (Debenture)	
Arts & Culture	Entertainment & Exhibition Facilities	Playland Amusement Park Renewal (2014)	Decrease to multi-year project budget (funding reallocation)	This project for an initial phase of planning and design for renewal of Playland at the PNE was originally approved in the 2014 Capital Budget and preliminary work was undertaken. Work was suspended in late 2015, pending completion of a Playland Redevelopment Plan commissioned by the City, with input and direction from the Hastings Park/PNE Steering Committee and PNE management. The Playland Redevelopment Plan was approved in principle by Council in June 2016. This adjustment is to reallocate remaining unspent funding from the 2014 Playland Renewal project to the Playland Redevelopment Planning project approved in conjunction with the Playland Redevelopment Plan in June 2016. (With this reallocation, the 2014 Playland Renewal budget is deemed to be closed.)	1,100,000	(838,424)	261,576	Reallocation of previously approved Capital funding (Debenture)	
Community Facilities	Libraries & Archives	Central Library - Expansion of Public Space	Increase to multi-year project budget (funded from funding reallocation and addition to 2015-2018 Capital Plan)	The contingency allowance in the project budget for the Expansion of Public Space at Central Library was not sufficient to fully address an unforeseen combination of compound project complexities and emerging needs of the existing Central Library building and the Vancouver Public Library's vision for services. The Vancouver Public Library Foundation (VPLF) provided \$650,000 in 2018 toward the cost of the addition of an auditorium to the project scope and \$5,000 for new planting in existing Level 8 gardens and an internal funding reallocation is recommended to address the final costs for this project. (As the VPLF funding contribution occurred in 2018 and was for a project in the 2015-2018 Capital Plan, this contribution is recommended to be added retroactively to the 2015-2018 Capital Plan.)	17,948,500	905,000	18,853,500	<ul style="list-style-type: none"> Donation: Vancouver Public Library Foundation \$655,000 Reallocation of previously approved Capital funding (Debenture) \$250,000 	655,000 <i>(Addition to 2015-2018 Capital Plan)</i>
Community Facilities	Libraries & Archives	Strathcona Branch Library	Decrease to multi-year project budget (funding reallocation)	The Strathcona Branch Library was opened in April 2017. The project has remained open to cover the cost of deficiencies; current cost projections indicate that the project budget will have a surplus when the project is closed out and therefore project funding is available for reallocation to the project for expanding public space at Central Library.	16,345,811	(250,000)	16,095,811	Reallocation of previously approved Capital funding (Debenture)	

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Capital Budget Adjustment Requests					BUDGET IMPACT			2019-2022 Capital Plan	
					Multi-Year Project Budget				2019-2022 Capital Plan
2019-2022 Capital Plan Service Category / Sub-Category	Project Name	Type of Adjustment	Adjustment Description	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2019-2022 Capital Plan	
One Water	Sewerage & Drainage	2017 Sewer & Water Combined Connections	Increase to multi-year project budget (funded from 2019-2022 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. Permits can be initiated in 2017, yet completion of inspections and date of payment from developer can be delayed. City crews will only complete the work when the fees have been received.	10,731,000	447,387	11,178,387	User Fees/ Property Owners	
One Water	Sewerage & Drainage	2018 Sewer & Water Combined Connections	Increase to multi-year project budget (funded from 2019-2022 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.	7,601,000	4,735,391	12,336,391	User Fees/ Property Owners	
One Water	Potable Water	2018 Water Commercial Connections	Increase to multi-year project budget (funded from 2019-2022 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.	2,200,000	110,123	2,310,123	User Fees/ Property Owners	
One Water	Green Infrastructure	Green Infrastructure Establishment	New multi-year project budget (funding reallocations)	Consolidation of green infrastructure establishment funding currently included in several green infrastructure projects being deployed around Vancouver, involving gardens, trees, and other types of nature that require 2-year periods to establish. This adjustment is to consolidate the green infrastructure establishment funding from these multiple capital programs into one program.	0	162,000	162,000	Reallocation of previously approved Capital funding: • CAC \$50,000 • DCL \$112,000	
One Water	Green Infrastructure	63rd & Yukon Green Infrastructure Pilot	Decrease to multi-year project budget (funding reallocation)		597,400	(50,000)	547,400	Reallocation of previously approved Capital funding (CAC)	
Transportation	Sustainable Transportation	2018 Active Transportation Corridors & Spot Improvements	Decrease to multi-year project budget (funding reallocation)		20,246,402	(105,000)	20,141,402	Reallocation of previously approved Capital funding (DCL)	
Transportation	Transportation Network	2015-18 New Pedestrian & Bicycle Signals	Decrease to multi-year project budget (funding reallocation)		3,325,161	(7,000)	3,318,161	Reallocation of previously approved Capital funding (DCL)	

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Capital Budget Adjustment Requests					BUDGET IMPACT			2019-2022 Capital Plan	
					Multi-Year Project Budget			2019-2022 Capital Plan	
2019-2022 Capital Plan Service Category / Sub-Category		Project Name	Type of Adjustment	Adjustment Description	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2019-2022 Capital Plan
Technology	Applications	Fleet Software Replacement	Increase to multi-year project budget (funding reallocation)	Revised cost estimates for subject matter expert support, data cleanup, change management and training costs, as well as replacements for departures of key resources and need for more support in change management, business analysis and technology given the complexity of the project. The project go-live has been revised from September 2018 to April 2019.	4,000,000	1,000,000	5,000,000	Reallocation of previously approved Capital funding (Plant and Equipment Reserve)	
Civic Facilities & Equipment	Vehicles & Equipment	2015-18 Vehicles & Equipment Replacement/ Additions	Decrease to multi-year project budget (funding reallocation)	The replacement of a \$1 million unit of heavy equipment that was originally planned as part of the 2015-18 Vehicles & Equipment Replacement program has been deferred to the 2019-22 replacement program.	61,839,952	(1,000,000)	60,839,952	Reallocation of previously approved Capital funding (Plant and Equipment Reserve)	
Total - Budget Increases/Decreases to Existing Projects/Programs					\$ 147,435,226	\$ 5,947,901	\$ 153,383,127		\$ -
Total Capital Budget Adjustment Requests					\$ 147,435,226	\$ 9,032,901	\$ 156,468,127		\$ 585,000

Appendix 2 - Q4 2018 Capital Closeouts with surpluses or deficits exceeding \$200,000				
Project/Program Name	Budget	Actual	Surplus (Deficit)	Closeout Variance Explanation
Knight & Marine Intersection Improvements	4,350,000	4,135,096	214,904	A portion of the project contingency was not required.
2015-16 Active Transportation Corridors & Spot Improvements	10,077,183	10,352,718	(275,535)	The planned scope of work for a SW Marine Drive Active Transportation project was expanded to include the installation of additional protection features along the bikeway to improve safety for users.
2015-18 Street Lighting Rehabilitation - Major Roads	7,450,506	6,448,972	1,001,534	Crews originally scheduled to work on major roads street lighting were redeployed to work instead on the priority replacement of rusty poles on local roads.
2015-18 Street Lighting Rehabilitation - Local Roads	5,677,291	6,984,442	(1,307,151)	Crews originally scheduled to work on major roads street lighting were redeployed to work instead on the priority replacement of rusty poles on local roads.
2015-18 Water System Extensions & Minor Improvements	1,152,559	944,181	208,378	The program budget was based on high-level estimates at the time the budget was developed, including a large contingency component. Actual costs were less than estimated and a portion of the contingency was not required.
2015-18 New Parking Meters	2,100,000	2,642,209	(542,209)	Progress in installations of new parking meters in the ongoing annual parking meter program was greater than expected for the 2015-2018 period; the higher spend in new parking meters is offset by a lower spend in the parking meter replacement program.
Infrastructure Maintenance/Upgrades/Expansion (VPL)	700,000	483,078	216,922	A planned server replacement was delayed due to hardware unavailability and will now be acquired through the 2019 Infrastructure (VPL) program.
Urban Forest Inventory System	575,000	319,857	255,143	Project was placed on hold in 2017, pending review of scope and objectives. Project will be closed and subject to outcome of review will be resubmitted for budget consideration at a later date.

Appendix 3 - Q4 2018 Completed Capital Projects with funding from Voter-Approved Capital Funding			
Project/Program Name	Budget	Actual	Surplus (Deficit)
Burrard Bridge Upgrades	34,497,000	34,495,965	1,035
Knight & Marine Intersection Improvements	4,350,000	4,135,096	214,904
2017 Major Roads Rehabilitation (City)	3,806,622	3,761,965	44,657
2015-18 Local Roads Rehabilitation	6,846,113	6,816,187	29,926
2015-18 Lanes Local Improvements	221,505	103,536	117,969
2015-18 Street Lighting Rehabilitation - Major Roads	7,450,506	6,448,972	1,001,534
2015-18 Street Lighting Rehabilitation - Local Roads	5,677,291	6,984,442	(1,307,151)
Street Lighting Infill - Major Roads	372,843	428,880	(56,037)
Street Lighting Infill - Local Roads	322,153	442,430	(120,277)
2015-18 Pedestrian Curb Ramp Program	1,229,878	1,271,206	(41,328)
2015-18 Water System Extensions & Minor Improvements	1,152,559	944,181	208,378
2015-18 Water Conservation Capital Projects	725,126	693,623	31,503
2015-18 Water Quality Capital	184,220	101,287	82,933
2015-18 Engineering & Site Investigation	1,525,526	1,607,519	(81,993)
2015-18 Local Repairs/Catch Basins/Spur Reconnections	605,000	653,365	(48,365)
Infrastructure Maintenance/Upgrades/Expansion (City)	15,955,000	15,946,868	8,132
GIS Strategic Roadmap Implementation	2,020,000	1,850,417	169,583
2017-18 Client Hardware Refresh Program	5,905,000	5,732,016	172,984