



ADMINISTRATIVE REPORT

Report Date: May 1, 2019
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VanRIMS No.: 08-2000-20
Meeting Date: May 14, 2019

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

RECOMMENDATIONS

- A. THAT Council approve an increase of \$4.5 million to the 2019-2022 Capital Plan as outlined in this report and Appendix 2.
- B. THAT, subject to approval of Recommendation A, Council approve budget and funding adjustments totalling a net increase of \$10.1 million to Multi-Year Capital Project Budgets as outlined in this report and Appendix 2, with no change to the current overall 2019 Capital Expenditure Budget.
- C. THAT, as part of the quarterly Capital Budget closeout process, Council approve the closeout of 14 capital projects that were completed with a surplus or deficit exceeding \$200,000 as outlined in this report and Appendix 3.
- D. 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 4.

REPORT SUMMARY

On July 25, 2018, Council approved the 2019-2022 Capital Plan as a guiding document for the next four years. The Capital Plan will evolve over the course of the four year period, in order to address emerging needs and account for additional partnership funding that is secured. The original Capital Plan contemplated \$2.8 billion of capital investments, comprised of \$2.2 billion City-led capital programs and \$0.6 billion in-kind contributions achieved through development.

Council subsequently approved adjustments to the 2019-2022 Capital Plan, bringing an increase of \$9.6 million, of which \$4.3 million was from additional partnership funding.

This report recommends an increase of \$4.5 million to the 2019-2022 Capital Plan, of which \$3.1 million is from additional partnership funding. Subject to approval of this report, a total of \$7.4 million additional partnership funding will be added to the 2019-2022 Capital Plan since Council approval in July 2018.

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 as well as project budget closeouts, bringing the current total approved multi-year capital budgets for open projects to \$1.550 billion and the current 2019 Capital Expenditure Budget to \$571.2 million.

This report also recommends an increase of \$10.1 million to Multi-Year Capital Project Budgets, which includes regular quarterly new multi-year capital project budgets for third party 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 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.

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 14 capital projects that were completed with deficits or surpluses exceeding \$200,000, as outlined in Appendix 3. 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 4.

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 2019 First Quarter Operating and Capital Budget Review scheduled to be posted to the City's website in May 2019 will comment on capital expenditures for the first quarter of 2019, while this report focuses on adjustments to the 2019-2022 Capital Plan and the 2019 Capital Budget, as well as capital projects completed in the first quarter 2019 with a surplus or deficit exceeding \$200,000.

REPORT

Background/Context

On July 25, 2018, Council approved the 2019-2022 Capital Plan as a guiding document for the next four years. The Capital Plan will evolve over the course of the four year period, in order to address emerging needs and account for additional partnership funding that is secured. The original Capital Plan contemplated \$2.8 billion of capital investments, comprised of \$2.2 billion City-led capital programs and \$0.6 billion in-kind contributions achieved through development. Council subsequently approved adjustments to the 2019-2022 Capital Plan, bringing an increase of \$9.6 million, of which \$4.3 million was from additional partnership funding.

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 as well as project budget closeouts, bringing the current total approved multi-year capital budgets for open projects to \$1.550 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 first quarter of the City's 2019 financial year with surpluses or deficits greater than \$200,000.

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. Since the 2019-2022 Capital Plan and 2019 Capital Budget were approved, \$9.6 million have been added to the Capital Plan from the previously approved adjustments and changes, of which \$4.3 million was from additional partnership funding. The 2019-2022 Capital Plan is currently at \$2.781 billion. This report proposes an increase of \$4.5 million to the 2019-2022 Capital Plan for new capital investment priorities, of which \$3.1 million is from additional partnership funding for planning and construction of B-line along 41st avenue. The increase also includes site preparation support costs for several projects under the temporary modular housing program. With the adjustments recommended in this report, the revised total 2019-2022 Capital Plan will be \$2.785 billion. Appendix 1 of this report shows a summary of the 2019-2022 Capital Plan grouped by different Service Categories including information on original Current

Council approved Capital Plan, approved changes, proposed changes brought through this report, allocations to budgets and Capital Plan balance remaining.

***Net decrease to Multi-Year Capital Project Budgets
(Including effect of Q1 2019 project closeouts)***

The current total of approved Multi-Year Capital Project Budgets for all open projects is \$1.550 billion. This report proposes a net decrease of \$173.8 million to overall Multi-Year Capital Project Budgets, reflecting an increase of \$10.1 million for new or increased Multi-Year Capital Project Budgets and a reduction of \$183.9 million for capital projects that were completed in the first quarter of 2019. 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 \$1.376 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:

- Increase of \$3.1 million to the multi-year project budget for 2019 Transit Related Improvements (addition to the current 2019-2022 Capital Plan) to accelerate the timeline for planning and construction of the B-line along 41st Avenue, fully funded from TransLink contribution.
- New capital project and corresponding multi-year capital project budget of \$2.8 million (funded from the current 2019-2022 Capital Plan) for the construction of modifications to Nanaimo Street from 2nd Avenue to Dundas Street to support improved active transportation, with a focus on pedestrian comfort and safety.
- an overall net increase of \$2.6 million to the multi-year project budgets (funded from the current 2019-2022 Capital Plan and reallocations from existing program budgets) for the 2019 Capital Maintenance programs for city facilities and buildings, to reflect reprioritization of projects planned in the programs based on an in-depth review of factors such as building condition, regulatory compliance, and service level impacts of building shutdown.
- an increase of \$1 million to the multi-year capital project budgets for the 2018 Water Commercial Connections program (programs funded by property owners), reflecting regular quarterly new multi-year capital project budgets for third party requests to connect new properties to the City's water services (revised total multi-year capital project budgets for these capital programs to be \$3.3 million).
- New capital program and corresponding multi-year capital program budget of \$0.8 million (addition to the current 2019-2022 Capital Plan) for Temporary Modular Housing Program to support site preparation costs pursuant to several projects developed under the program and conduct feasibility analysis to identify new sites suitable for the next phase the program.

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	\$ 2,780.7	\$ 1,550.2
Adjustment Category		
A. Administrative consolidations, funding source changes	\$ -	\$ -
B. Emerging priority projects	0.8	3.6
C. Budget increases/decreases to existing projects/programs	3.7	6.5
Proposed Adjustments	\$ 4.5	\$ 10.1
Multi-year Project Closeouts		\$ (183.9)
Proposed Revised Capital Plan / Budget	\$ 2,785.2	\$ 1,376.4

Staff continue to very closely manage the capital spend 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 14 capital programs/projects which were completed with surpluses or deficits greater than \$200,000.

A total of 55 programs/projects with multi-year capital project budgets totalling \$183.9 million and actual expenditures of \$174.3 million were closed in the period between the 2018 Q4 Capital Closeout (RTS 12824) and the end of the first quarter of 2019, with a net surplus of \$9.5 million. 14 of the 55 closed programs/projects had a surplus or deficit greater than \$200,000; explanations for these variances are provided in Appendix 3.

Appendix 4 provides for Council information a summary of all budget surpluses and deficits for capital projects funded from voter-approved capital funding that were closed in the first quarter of 2019.

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 \$4.5 million to the 2019-2022 Capital Plan and \$10.1 million to Multi-Year Capital Project Budgets, with no change to the 2019 Annual Capital Expenditure Budget.

This report also requests Council approval for the closeout of 14 capital projects that were completed with a deficit or surplus greater than \$200,000. A total of 55 projects/programs were completed in the first quarter of 2019, with an overall net surplus of \$9.5 million, or 5% 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 first quarter of 2019.

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Appendix 1 - 2019-2022 Capital Plan Summary									
Service Categories	2019-2022 Capital Plan (\$ millions)				Allocated vs. Balance Remaining in the Revised 2019-2022 Capital Plan (\$ millions)				
	Original	Previously Approved Changes	Proposed Changes*	Revised	Capital Budget Allocations to date**	Proposed Quarterly Budget Adjustments	Total Budget Allocations	Remaining in the Capital Plan	
Affordable Housing	\$ 140.1	\$ -	\$ 0.8	\$ 140.9	\$ 30.4	\$ 0.8	\$ 31.3	\$ 109.7	78%
Childcare	85.9	4.7	-	90.7	12.3	-	12.3	78.3	86%
Parks & Open Spaces	264.5	-	-	264.5	44.3	-	44.3	220.2	83%
Community Facilities	146.0	-	-	146.0	12.2	1.0	13.2	132.8	91%
Arts & Culture	142.0	0.6	-	142.6	23.8	1.2	25.0	117.6	82%
Public Safety	47.6	-	0.3	47.8	11.7	0.9	12.6	35.2	74%
Civic Facilities & Equipment	108.4	-	-	108.4	27.2	-	27.2	81.2	75%
Transportation	310.7	4.3	3.3	318.3	83.4	6.1	89.5	228.8	72%
One Water	615.8	-	-	615.8	91.6	-	91.6	524.2	85%
Renewable Energy	41.5	-	-	41.5	23.1	-	23.1	18.4	44%
Solid Waste	92.2	-	-	92.2	15.4	-	15.4	76.8	83%
Technology	100.0	-	0.1	100.1	27.0	0.1	27.1	73.0	73%
Overhead	20.0	-	-	20.0	5.8	-	5.8	14.2	71%
Emerging Priorities	88.0	-	-	88.0	-	-	-	88.0	100%
Total Capital Plan Funding (cash component)	\$ 2,202.6	\$ 9.6	\$ 4.5	\$ 2,216.6	\$ 408.1	\$ 10.1	\$ 418.2	\$ 1,798.4	81%
In-Kind CAC	568.6	-	-	568.6				568.6	100%
Total 2019-2022 Capital Plan	\$ 2,771.2	\$ 9.6	\$ 4.5	\$ 2,785.2	\$ 408.1	\$ 10.1	\$ 418.2	\$ 2,367.0	85%

*Includes 2019-2022 Capital Plan changes proposed in this Council Report, subject to Council approval
**Includes 2019 approved new multi-year budget requests of \$371.1 million

Capital Budget Adjustment Requests										
					BUDGET IMPACT					
					Multi-Year Project Budget			2019-2022 Capital Plan		
A. Administrative reason adjustments: including 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).										
Impact on 2019-2022 Capital Plan	2019-2022 Capital Plan Service Category / Sub-Category		Project Name	Type of Adjustment	Reason for Adjustment	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2019-2022 Capital Plan
No Impact (Consolidation of Project)	Community Facilities	Recreation Facilities	Britannia Community Centre Redevelopment Phase 1	Consolidation of Project Budgets	This adjustment is to consolidate the multi-year budgets of two projects related to the planning and design for the renewal of the Britannia Community Services Centre. One project was for preliminary planning initiated in 2015, while the second project was approved in 2018 as part of the approval of the Britannia Renewal Master Plan. With this consolidation, the 2015 project budget is deemed to be closed.	5,000,000	15,000,000	20,000,000	Reallocation of previously approved capital funding: - Debenture \$10 million - CAC \$5 million	
No Impact (Consolidation of Project)	Community Facilities	Recreation Facilities	Britannia Renewal Master Plan Phase 1	Consolidation of Project Budgets		15,000,000	(15,000,000)	0	Reallocation of previously approved capital funding: - Debenture \$10 million - CAC \$5 million	
Total - Administrative reason adjustments						\$ 20,000,000	\$ -	\$ 20,000,000		\$ -
B. New Priority projects										
New projects that have been identified to address unforeseen urgent issues or new priorities emerging outside of the regular capital budget cycle.										
Impact on 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
Allocation from 2019-2022 Capital Plan	Transportation	Expand Sustainable Capacity	Nanaimo Street Active Transportation Improvements	New project (funded from 2019-2022 Capital Plan)	This adjustment is to establish a new multi-year project budget to support the construction of active transportation improvements on Nanaimo Street from 2nd Avenue to Dundas Street. The focus of the project is to provide improved pedestrian crossings on Nanaimo Street, better amenities at key bus stops, and also reduced vehicle speeds. The project will also provide bike lanes, where feasible, to improve comfort for people cycling on Nanaimo Street.	0	2,800,000	2,800,000	2019-2022 Capital Plan 1) External funding contribution (TransLink): \$0.5 million 2) DCL: \$2.3 million	
Addition to 2019-2022 Capital Plan	Affordable Housing	Supportive housing	Temporary Modular Housing program - Site Preparation	New project (funded from addition to 2019-2022 Capital Plan)	This adjustment is to establish a new multi-year project budget to support site preparation costs pursuant to several projects developed under the temporary modular housing program and conduct feasibility analysis to identify new sites suitable for the next phase of temporary modular housing.	0	825,000	825,000	Affordable Housing Reserve	825,000
Total - New Priority Projects						\$ -	\$ 3,625,000	\$ 3,625,000		\$ 825,000
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.										
Impact on 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
Addition to 2019-2022 Capital Plan	Transportation	Expand Sustainable Capacity	2019 Transit Related Improvements - 41st Ave B-line Construction	Increase to multi-year project budget (funded from addition to 2019-2022 Capital Plan)	This adjustment is to increase the multi-year project budget for the Transit Related program to advance planning and construction of a new B-line on 41st Ave from Joyce Collingwood to University of British Columbia (UBC). The City will upgrade the corridor from Joyce Collingwood to Southwest Marine Drive including works related to paving, painting, parking, landing areas, street lighting, signals, etc. This project is fully funded by Translink.	1,000,000	3,100,000	4,100,000	External funding contribution (TransLink)	3,100,000
Addition to 2019-2022 Capital Plan	Transportation	Managing Transportation Network	2019 Design Investigation - Transportation	Increase to multi-year project budget (funded from addition to 2019-2022 Capital Plan)	The adjustment is to increase the multi-year project budget for 2019 Transportation Design Investigation program reflecting an increase in the scope resulting from for a Pavement Condition Survey originally planned for a three year cycle of 2015 to 2018 2015-2018 being but deferred to 2019. The City undertakes a scheduled pavement condition survey every three years to monitor asset conditions.	300,000	200,000	500,000	City-Wide Unallocated from Closeouts from prior Capital Plans (Capital From Revenue)	200,000

Capital Budget Adjustment Requests					BUDGET IMPACT			2019-2022 Capital Plan	Addition to 2019-2022 Capital Plan	
Impact on 2019-2022 Capital Plan	2019-2022 Capital Plan Service Category / Sub-Category		Project Name	Type of Adjustment	Reason for Adjustment	Multi-Year Project Budget				
	Current	Change				Proposed	Funding Source(s) for Changes to Multi-Year Project Budget			
Allocation from 2019-2022 Capital Plan	One Water	Potable Water	2018 Water Commercial Connections	Increase in Multi-Year Project Budget	Multi-year project budget increase to reflect the expected work to be initiated on commercial water connections related to the revenues received in advance. These revenues are driven by commercial construction.	2,310,123	1,000,000	3,310,123	User Fees/ Property Owners	
No Impact	One Water	Potable Water	2017 Water Commercial Connections	Decrease in Multi-Year Project Budget	Each quarter, the multi-year project budget for the Water Commercial Connections program is increased to reflect the expected additional work to be initiated on commercial water connections related to connections revenues received in advance. In the second quarter of 2018 (RTS 12472), the increase for the 2017 program was noted in error as \$1,533,000; the increase should have been \$533,000. This adjustment is to reduce the multi-year project budget for the 2017 Water Commercial Connections program accordingly.	4,573,000	(1,000,000)	3,573,000	User Fees/ Property Owners	
Allocation from 2019-2022 Capital Plan	Arts and Culture	Entertainment and Exhibition Facilities	2019 Capital Maintenance - Entertainment & Exhibition Facilities	Increase to multi-year project budget (funded from 2019-2022 Capital Plan)	Projects within the 2019 Capital Maintenance program have been reprioritized based on an additional in depth review & more defined scope. Following the development of the 2019 Capital Maintenance program capital budget, the Real Estate and Facilities Management worked with the Operations teams to review all projects. This enhanced review resulted in a greater number of projects with a higher sense of urgency than initially anticipated. Projects have been prioritized from an outcome & risk based perspective that includes assessments of building condition, regulatory compliance, service level impacts on building shutdown and life & health safety.	700,000	480,000	1,180,000	2019-2022 Capital Plan (Arts & Culture) Debenture	
	Public Safety	Fire and Rescue	2019 Capital Maintenance - Fire Halls	Increase to multi-year project budget (funded from 2019-2022 Capital Plan)		412,500	637,500	1,050,000	2019-2022 Capital Plan (Public Safety) Debenture	
	Community Facilities	Recreation Facilities	2019 Capital Maintenance - Recreation Facilities	Increase to multi-year project budget (funded from 2019-2022 Capital Plan)		3,000,000	820,000	3,820,000	2019-2022 Capital Plan (Community Facilities) Debenture	
	Arts and Culture	Cultural Facilities	Heritage Hall Building Envelope	Increase to multi-year project budget (funded from 2019-2022 Capital Plan)		1,500,000	700,000	2,200,000	2019-2022 Capital Plan (Arts & Culture) Debenture	
Allocation from 2019-2022 Capital Plan	Community Facilities	Social Facilities	2019 Renovations - Social Facilities	Increase to multi-year project budget (funded from 2019-2022 Capital Plan)	The adjustment to the multi-year project budget is required due to change in project scope to increase accessibility at the Gathering Place Community Centre.	500,000	200,000	700,000	2019-2022 Capital Plan (Community Facilities) Debenture	
Addition to 2019-2022 Capital Plan	Public Safety	Police	2019-22 Vancouver Police Department Fleet	Increase to multi-year project budget (funded from addition to 2019-2022 Capital Plan)	The adjustment request is to increase the multi-year project budget for Police Fleet in conjunction with recommendations in the Vancouver Police Department Operations Review.	6,760,000	255,000	7,015,000	Capital From Revenue	255,000
Addition to 2019-2022 Capital Plan	Technology	Technology	Hardware/Software - Vancouver Police Department	Increase to multi-year project budget (funded from addition to 2019-2022 Capital Plan)	The adjustment request is to increase the multi-year project budget for Technology support costs in conjunction with recommendations in the Vancouver Police Department Operations Review.	111,000	99,650	210,650	Capital From Revenue	99,650
No Impact (Reallocation of previously approved capital budget)	Transportation	Expand Sustainable Capacity	2018 Active Transportation Corridors	Increase in Multi-Year Project Budget (Reallocation)	The 2017 Active Transportation program included preliminary costs for some major projects in the 2018 program. This adjustment is to transfer the 2018 costs for these projects from the 2017 program to the 2018 program.	20,351,402	1,700,000	22,051,402	Reallocation of previously approved external capital funding (TransLink)	
	Transportation	Expand Sustainable Capacity	2017 Active Transportation Corridors	Decrease in Multi-Year Project Budget (Reallocation)		14,153,981	(1,700,000)	12,453,981	Reallocation of previously approved external capital funding (TransLink)	

Capital Budget Adjustment Requests					BUDGET IMPACT				2019-2022 Capital Plan
					Multi-Year Project Budget			Addition to 2019-2022 Capital Plan	
Impact on 2019-2022 Capital Plan	2019-2022 Capital Plan Service Category / Sub-Category		Project Name	Type of Adjustment	Reason for Adjustment	Current	Change		Proposed
No Impact (Reallocation of previously approved capital budget)	Arts and Culture	Cultural Facilities	2019 Capital Maintenance - Cultural Facilities	Increase in Multi-Year Project Budget (Reallocation)	Projects within the 2019 Capital Maintenance program have been reprioritized based on an additional in depth review & more defined scope. Following the development of the 2019 Capital	1,000,000	1,365,000	2,365,000	Reallocation of previously approved capital funding (Debiture)
	Parks and Open Spaces	Park Buildings	2019 Capital Maintenance - Park Buildings	Decrease in Multi-Year Project Budget (Reallocation)	Maintenance program capital budget, the Real Estate and Facilities Management worked with the Operations teams to review all planned projects. This enhanced review resulted in a	800,000	(305,000)	495,000	Reallocation of previously approved capital funding (Debiture)
	Civic Facilities and Equipment	Service Yards, Vehicles and Equipment	2019 Capital Maintenance - Service Yards	Decrease in Multi-Year Project Budget (Reallocation)	greater number of projects with a higher sense of urgency than initially anticipated. Projects have been prioritized from an outcome & risk based perspective that includes assessments of	1,500,000	(900,000)	600,000	Reallocation of previously approved capital funding (Debiture)
	Community Facilities	Social Facilities	2019 Capital Maintenance - Social Facilities	Decrease in Multi-Year Project Budget (Reallocation)	building condition, regulatory compliance, service level impacts on building shutdown and life & health safety.	300,000	(160,000)	140,000	Reallocation of previously approved capital funding (Debiture)
No Impact (Reallocation of previously approved capital budget)	Civic Facilities and Equipment	Administrative Facilities	Office Space Expansion - City Hall Precinct	Increase in Multi-Year Project Budget (Reallocation)	The adjustment to the multi-year project budget is required due to increase in project scope as a result of changes required to the floor layout and office layout.	2,663,000	600,000	3,263,000	Reallocation of previously approved capital funding (Capital Facilities Reserve)
	Civic Facilities and Equipment	Administrative Facilities	Office Workspace Expansion (July 2018)	Decrease in Multi-Year Project Budget (Reallocation)	Decrease to the multi-year project budget, reflecting lower than anticipated expenditures as a result of efficiencies achieved through the contractor's familiarity with the building's electrical and mechanical systems.	5,500,000	(600,000)	4,900,000	Reallocation of previously approved capital funding (Capital Facilities Reserve)
No Impact (Reallocation of previously approved capital budget)	Community Facilities	C. Social Facilities	Chinese Society Building Grant Program	New Multi-Year Project Budget (funded from Reallocation)	26 of 29 grants awarded under the Chinese Society Building Matching Grant Program have been disbursed. The adjustment request is to move the remaining 3 grant awards and the corresponding multi-year project budget to a new Project and close the existing grant program budget.	0	716,037	716,037	Reallocation of previously approved Capital funding (Capital from Revenue)
	Community Facilities	C. Social Facilities	Chinese Society Building Matching Grant Program	Decrease in Multi-Year Project Budget (Reallocation)		2,500,000	(716,037)	1,783,963	Reallocation of previously approved Capital funding (Capital from Revenue)
Total - Budget Increases/Decreases to Existing Projects/Programs						\$ 69,935,006	\$ 6,492,150	\$ 76,427,156	\$ 3,654,650
Total Capital Budget Adjustment Requests						\$ 89,935,006	\$ 10,117,150	\$ 100,052,156	\$ 4,479,650

Appendix 3 - Q1 2019 Capital Closeouts with surpluses or deficits exceeding \$200,000				
Project/Program Name	Budget	Actual	Surplus (Deficit)	Closeout Variance Explanation
2018 Sewer Main Reconstruction	29,972,817	23,562,350	6,410,467	The surplus is primarily due to lower expenditures than anticipated as a result of better than expected pete/soil conditions and also some of the projects that were planned for 2018 program were deferred to 2019 program to coordinate with resource scheduling.
Sewer Separation - South Vancouver (Oakridge)	13,786,000	13,023,582	762,418	The budget was based on high-level estimates. As the project progressed, the cost estimates were refined and the overall final costs came in lower than originally anticipated.
2015-2018 Transit Related Improvements	2,389,100	1,945,705	443,395	Lower program spend as a result of construction efficiencies.
2015-2018 Debenture Discount	3,800,000	3,359,170	440,830	The budget for the debenture issue costs was a high level estimate based on historical levels. Actual costs reflect the market interest rate environment and market pricing at the time of each debenture issue.
Finance PMO	800,000	480,290	319,710	A portion of the planned scope for the 2015-2018 program has been deferred to the 2019 Finance PMO program to accommodate a longer than planned timeline for resource recruitment.
2015-2018 Aging Service Replacement	7,918,390	7,617,946	300,444	This program provides funding for reactive replacement of leaking water services; i.e., as water services develop leaks, a determination is made whether to repair or replace. Fewer water service replacements were required during the 2015-18 program period relative to what had been estimated in the budget.
2015 Design Investigation - Transportation	1,082,896	790,734	292,162	A Pavement Condition Survey that was planned for this program was deferred to 2019.
2012-2014 Façade Rehabilitation Grants	400,000	150,000	250,000	The grant applications for the 2012-2014 Façade Rehabilitation Grant program were lower than anticipated (e.g. change of ownership of some of the properties in the neighbourhood). The remaining funding will be used for future Façade Rehabilitation Grants.
2015-2018 Sidewalk Rehabilitation	3,720,275	3,547,329	172,946	The program depends on Major Road Network (MRN) Roads rehabilitation progress. For the 2015-2018 program, there was a lower MRN Rehabilitation than expected.
2018 Distribution Main Replacement	9,943,627	10,113,453	(169,826)	Some crossing intersections required longer mains than typical distribution main replacements.
2015-2018 Traffic Signal Rehabilitation	8,357,983	8,581,243	(223,260)	Increase in program scope due to cost sharing agreements with ICBC to improve safety at top crash locations
2018 Major Roads Rehabilitation - City	2,958,357	3,281,512	(323,155)	Additional scope in curb work on 16th Ave project (Arbutus to Fir) which was originally planned to be completed in 2017 program but the majority of the work was done in the 2018 program.
2015-2018 Pedestrian and Bike Signal Rehabilitation	2,836,775	3,172,608	(335,833)	Increase in program scope due to acceleration of rusty pole replacement and ICBC requests to add pedestrian countdown timers at top crash locations and uninterruptable power supplies.
H-Frame Replacement	5,555,297	5,965,934	(410,637)	The program is driven by BC Hydro's activity in replacing H-Frames. For the 2015-2018 program period, a higher than planned level of activity was completed.
Total	93,521,517	85,591,856	7,929,661	

Appendix 4 - Q1 2019 Completed Capital Projects with funding from Voter-Approved Capital Funding			
Project/Program Name	Budget	Actual	Surplus (Deficit)
2018 Sewer Main Reconstruction	29,972,817	23,562,350	6,410,467
Sewer Separation - South Vancouver (Oakridge)	13,786,000	13,023,582	762,418
2015-2018 Traffic Signal Rehabilitation	8,357,983	8,581,243	(223,260)
2015-2018 Aging Service Replacement	7,918,390	7,617,946	300,444
Southeast Vancouver Senior Centre 2011	7,500,000	7,502,891	(2,891)
H-Frame Replacement	5,555,297	5,965,934	(410,637)
2015-2018 Aging Connections and Manhole	5,250,000	5,333,099	(83,099)
2015-2018 Debenture Discount	3,800,000	3,359,170	440,830
2015-2018 Sidewalk Rehabilitation	3,720,275	3,547,329	172,946
2012-2014 Sports Field Facility Improvements/Upgrades	3,470,000	3,451,222	18,778
Kits Pool Structural Mechanical Upgrades	3,300,000	3,311,075	(11,075)
2018 Major Roads Rehabilitation - City	2,958,357	3,281,512	(323,155)
2015-2018 Pedestrian and Bike Signal Rehabilitation	2,836,775	3,172,608	(335,833)
2015-2018 Sewer Separation on Private Property	2,595,000	2,639,665	(44,665)
2015-2018 Major Bridge Maintenance	2,456,121	2,455,633	488
2015-2018 Aging Meter Replacement	2,015,216	2,053,032	(37,816)
Enterprise Data and Analytics	1,896,000	1,816,460	79,540
2015-2018 Aging Hydrant Replacement	1,813,295	1,740,627	72,668
2015-2018 Sewer TV Inspection	1,595,463	1,591,977	3,486
Vancouver Police Department Phase 2 Office Renovation (Cordova)	1,098,000	1,113,307	(15,307)
2017 Capital Maintenance - Park Buildings	880,000	870,156	9,844
Emergency Management Information System	616,000	607,576	8,424
2015-2018 Telemetry System - New and Replacement	575,307	590,839	(15,532)
SAP Enhancements and Upgrades	376,000	355,892	20,108
Environmental Site Assessment City Sites	325,000	271,800	53,200
Granville Bridge Upgrade Analysis	315,000	209,123	105,877
2015-2016 Bridgeway Slope Stabilization	206,571	206,087	484
Pressure Reducing Valves (PRV) Assessment	80,000	35,607	44,393
Total	115,268,867	108,267,742	7,001,125