



## ADMINISTRATIVE REPORT

Report Date: July 14, 2019  
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Meeting Date: July 23, 2019

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

### **RECOMMENDATIONS**

- A. THAT Council approve an increase of \$1.4 million to the 2019-2022 Capital Plan, funded from external revenue, reserves, and the approved 2019 Operating Budget, 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 \$29.4 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 2 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 \$2.771 billion of capital investments, comprised of \$2.203 billion City-led capital programs and \$0.569 billion in-kind contributions achieved through development.

Council subsequently approved adjustments to the 2019-2022 Capital Plan, bringing an increase of \$15.5 million, primarily from additional partnership funding (\$7.4 million), development contributions (CAC), (\$6.2 million), and special purpose reserves (\$1.4 million). This report recommends an increase of \$1.4 million to the 2019-2022 Capital Plan, bringing the 2019-2022 Capital Plan total to \$2.788 billion. The increase is funded from external funding, reserves from development contributions, special purpose reserves from Civic Theatre revenues, and from the approved 2019 Operating Budget.

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 \$1.326 billion and the current 2019 Capital Expenditure Budget to \$574.9 million.

This report also recommends an increase of \$29.4 million to Multi-Year Capital Project Budgets funded from the current 2019-2022 Capital Plan and from the adjustments to the capital plan requested in report recommendation A. 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 \$574.9 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 2 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 \$0.569 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.

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 Second Quarter Operating and Capital Budget Review scheduled to be posted to the City's website in August 2019 will comment on capital expenditures for the second 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 second 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 \$2.771 billion of capital investments, comprised of \$2.203 billion City-led capital programs and \$0.569 billion in-kind contributions achieved through development. Council subsequently approved adjustments to the 2019-2022 Capital Plan, bringing an increase of \$15.5 million, primarily from additional partnership funding (\$7.4 million), development contributions (CAC), (\$6.2 million), and special purpose reserves (\$1.4 million).

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 \$1.326 billion and the current 2019 Capital Expenditure Budget to \$574.9 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 second 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;
- 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, \$15.5 million have been added to the Capital Plan from the previously approved adjustments and changes, primarily from additional partnership funding (\$7.4 million), development contributions (CAC), (\$6.2 million), and special purpose reserves (\$1.4 million).

The 2019-2022 Capital Plan is currently at \$2.787 billion. This report proposes a total increase of \$1.4 million to the 2019-2022 Capital Plan for two projects: (1) an increase of \$0.25 million for a new capital project, which is for the replacement of the existing incandescent bulbs with Light Emitting Diode (LED) bulbs at 3 of the Civic Theatres to increase energy efficiency, and (2) an increase of \$1.1 million to the existing 2019 Renovation-Administration Facilities program for the renovation of the office spaces at City Hall and the West Annex. With the adjustments recommended in this report, the revised total 2019-2022 Capital Plan will be \$2.788 billion. Appendix 1 of this report shows the summary of the 2019-2022 Capital Plan grouped by different Service Categories including information on original Council approved Capital Plan, Council approved changes, the changes in the recommendations of this report, the allocations to budgets and the remaining balance in the Capital Plan.

***Net decrease to Multi-Year Capital Project Budgets  
(Including effect of Q2 2019 project closeouts)***

The current total of approved Multi-Year Capital Project Budgets for all open projects is \$1,326.3 million. This report proposes a net decrease of \$4.8 million to overall Multi-Year Capital Project Budgets, reflecting an increase of \$29.4 million for new or increased Multi-Year Capital Project Budgets and a reduction of \$34.2 million for capital projects that were completed in the second 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 \$1,321.5 million.

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

- New capital project and corresponding multi-year capital project budget of \$25.2 million (funded from the current 2019-2022 Capital Plan and reallocation from existing project budget) to support the design and construction of the Vancouver Landfill Phase 4 Closure.
- An increase of \$3.9 million to the multi-year capital project budgets for the 2019 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 third 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 \$9.7 million).
- An increase of \$3.5 million to the multi-year capital project budget for the Reconstruction of Landfill Entrance project (funded by reallocation from existing project budgets), as a result of changes in design of the landfill site facilities thus increasing the project scope and requirement of additional fill and grading materials.
- An increase of \$1.7 million to the multi-year capital project budget for the 2019 Renovation-Administration Facilities program (\$1.1 million funded by an addition to 2019-2022 Capital Plan and \$0.6 million funded from the current 2019-2022 Capital Plan) to renovate office spaces at City Hall and the West Annex. Office space renovations are required to densify office space to accommodate growth and the relocation of Technology Services staff currently located in leased floor spaces at 450 and 456 West Broadway as a result of the two buildings being demolished as TransLink will be using the space as a staging area for the Canada Line station.
- An increase of \$0.6 million to the multi-year capital project budget for the 2019 Bridgeway Slope Stabilization program (funded from current 2019-2022 Capital Plan), to support the rehabilitation of the Bridgeway Path that connect the cities of Burnaby and Vancouver. Due to poor soil conditions, the slope stability has worsened and has created the Bridgeway path unsafe for users, which recently led to a full closure of the path.

***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 \$574.9 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	\$ 2,786.7	\$ 1,326.3
<b>Adjustment Category</b>		
A. Administrative consolidations, funding source changes	\$ -	\$ -
B. New priority projects	0.3	23.0
C. Budget increases/decreases to existing projects/programs	1.1	6.4
<b>Proposed Adjustments</b>	\$ 1.4	\$ 29.4
<b>Multi-year Project Closeouts</b>		\$ (34.2)
<b>Proposed Revised Capital Plan / Budget</b>	\$ 2,788.1	\$ 1,321.5

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 2 capital programs/projects which were completed with surpluses or deficits greater than \$200,000.

A total of 30 programs/projects with multi-year capital project budgets totalling \$34.2 million and actual expenditures of \$32.2 million were closed in the period between the 2019 Q1 Capital Closeout (RTS 12830) and the end of the second quarter of 2019, with a net surplus of \$2.0 million. 2 of the 30 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 \$1.4 million to the 2019-2022 Capital Plan funded from external revenue, reserves, and the approved 2019 Operating Budget. This report also recommends an increase of \$29.4 million to Multi-Year Capital Project Budgets funded from the current 2019-2022 Capital Plan and from the adjustments to the capital plan requested in report recommendation A. 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 \$574.9 million.

This report also requests Council approval for the closeout of 2 capital projects that were completed with a deficit or surplus greater than \$200,000. A total of 30 projects/programs were completed in the second quarter of 2019, with an overall net surplus of \$2.0 million, or 5.7% 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 second 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 (July 2018)	Council Approved Changes	Proposed Changes*	Revised	2019 Budget Allocations (approved by Council in Dec'18)	Council approved changes to Budget allocations	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	0.6	11.7		12.3	78.3	86%
Parks and Open Spaces	264.5			264.5	44.3	-		44.3	220.2	83%
Arts & Culture	142.0	0.6	0.3	142.8	9.5	15.5	0.3	25.2	117.6	82%
Community Facilities	146.0			146.0	12.2	1.0		13.2	132.8	91%
Public Safety	47.6	0.3		47.8	11.7	0.9		12.6	35.2	74%
Civic Facilities & Equipment	108.4		1.1	109.5	27.2	2.2	1.7	31.1	78.4	72%
Transportation & Street Use	310.7	7.6		318.3	72.4	17.1	0.8	90.3	228.0	72%
One Water (Water, Sewer & Green Infrastructure)	615.8			615.8	86.3	6.3	3.9	96.5	519.3	84%
Solid Waste	92.2			92.2	15.4	-	22.8	38.2	54.0	59%
Renewable Energy	41.5	1.5		43.0	23.1	1.5		24.6	18.4	43%
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%
<b>Total City-led Capital Investments</b>	<b>\$ 2,202.6</b>	<b>\$ 15.5</b>	<b>\$ 1.4</b>	<b>\$ 2,219.5</b>	<b>\$ 365.8</b>	<b>\$ 57.2</b>	<b>\$ 29.4</b>	<b>\$ 452.3</b>	<b>\$ 1,767.2</b>	<b>80%</b>
In-Kind Contributions	568.6	-	-	568.6					568.6	100%
<b>Total 2019-2022 Capital Plan</b>	<b>\$ 2,771.2</b>	<b>\$ 15.5</b>	<b>\$ 1.4</b>	<b>\$ 2,788.1</b>	<b>\$ 365.8</b>	<b>\$ 57.2</b>	<b>\$ 29.4</b>	<b>\$ 452.3</b>	<b>\$ 2,335.8</b>	<b>84%</b>

\*Includes 2019-2022 Capital Plan changes proposed in this Council Report, subject to Council approval

Capital Budget Adjustment Requests										
						BUDGET IMPACT			2019-2022 Capital Plan	
						Multi-Year Project Budget				
<b>A. Administrative reason adjustments: including consolidation, restatements, or funding source changes</b> 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 (Change in Funding Source)	Parks and Open Spaces	Park Amenities - Park Development	2017-2018 Playgrounds	Change in Funding Source for Multi-Year Project Budget	A total of \$508,000 of donation was received from the Douglas Park Community Association compared to the original anticipated donation amount of \$480,000 towards the renewal of Playgrounds program. The adjustment request is to replace the existing DCL funding with the increased amount of donation funding received.	3,300,000	0	3,300,000	2015-2018 Capital Plan Increase: Donations \$28,000 Decrease: DCL \$28,000	
No Impact (Change in Funding Source)	One Water	Sewerage & Drainage - Shoreline Protection	East Fraser Land Shoreline Protection - Design / Construction	Change in Funding Source for Multi-Year Project Budget	As part of the National Disaster Mitigation Program (NDMP), a \$1.3 million grant was received from the Provincial government towards the East Fraser Land shoreline protection project. The adjustment request is to replace the existing DCL funding with the grant funding received from the provincial government.	4,850,000	0	4,850,000	2015-2018 Capital Plan Increase: Provincial Contribution \$1,297,470 Decrease: DCL \$1,297,470	
<b>Total - Administrative reason adjustments</b>						<b>\$ 8,150,000</b>	<b>\$ -</b>	<b>\$ 8,150,000</b>		<b>\$ -</b>
<b>B. New Priority projects</b> 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
No Impact (Reallocation of previously approved capital budget)	Parks and Open Spaces	General Features & Infrastructure - Park Infrastructure	Dr. Sun-Yat Sen Garden safety gate	New multi-year project budget (funded from reallocation from existing multi-year project)	This adjustment request is to create a new multi-year capital project budget to support the construction of new gates on a recently paved surface at the Dr. Sun-Yat Sen Garden to address the ongoing safety concern at the park and also to protect the Koi fish.	0	365,000	365,000	Reallocation of previously approved Capital funding (Plebscite Debenture)	
No Impact (Reallocation of previously approved capital budget)	Parks and Open Spaces	General Features & Infrastructure - Vehicle Access	2019 Paving of Park Roads / Parking Lots	Decrease in Multi-Year Project Budget (Reallocation)	This adjustment request is to decrease the program budget reflecting lower forecasted expenditures for the paving of roads in Stanley Park as a result of the revised cost estimates and decrease in project scope.	1,000,000	(365,000)	635,000	Reallocation of previously approved Capital funding (Plebscite Debenture)	
Addition to 2019-2022 Capital Plan	Arts & Culture	Cultural Facilities - City-Owned	Vancouver Civic Theatres Lights Replacement	New multi-year project budget (funded from addition to 2019-2022 Capital Plan and reallocation from existing multi-year project budget)	This adjustment request is to create a new multi-year capital project budget to replace the incandescent bulbs (which are no longer manufactured) with Light Emitting Diodes (LED) bulbs at 3 of the Vancouver Civic Theatres to address the compliance with Federal Government's initiative of improving energy efficiency and reducing green house gas emissions.	0	500,000	500,000	• Civic Theatre Reserve \$250,000 • Reallocation of previously approved Capital funding (Civic Theatre Reserve) \$250,000	250,000
No Impact (Reallocation of previously approved capital budget)	Arts & Culture	Cultural Facilities - City-Owned	Orpheum Theatre Audio/Visual Equipment Upgrades	Decrease in Multi-Year Project Budget (Reallocation)	This adjustment request is to decrease the City's contribution by \$0.25M to the project that upgrades Orpheum Theatre audio/visual equipment due to reduced grant funding approved by the Federal Government. At Nov 14 2018 Council meeting (RTS 12473), an adjustment was approved was for a \$1M City matching funding for a Canada Cultural Spaces Fund heritage grant application by the Vancouver Symphony Orchestra for upgrades to Orpheum Theatre audio/video equipment to position the Orpheum as a premiere Digital Concert Hall; and \$0.75M has been approved.	1,000,000	(250,000)	750,000	Reallocation of previously approved Capital funding (Civic Theatre Reserve)	
Allocation from 2019-2022 Capital Plan	Solid Waste	Disposal - Landfill Closure	2019-22 Vancouver Landfill Phase 4 Closure	New multi-year project budget (funded from 2019-2022 Capital Plan and reallocation from existing multi-year project budget)	The adjustment request is to create a new multi-year capital project budget to support the design and procurement of a multi-year construction contract for closure work related to Vancouver Landfill Phase 4. The construction will be divided into two phases with Phase 4 South starting in 2020 and Phase 4 North in 2021. The scope also includes design and construction of a stormwater retention pond.	0	25,172,000	25,172,000	• Solid Waste Reserve \$15,960,000 • Metro Vancouver Contribution \$6,812,000 • Reallocation of previously approved Capital funding (Solid Waste Capital Reserve) \$2,400,000	
No Impact (Reallocation of previously approved capital budget)	Solid Waste	Disposal - Landfill Closure	Vancouver Landfill Phase 3 Northeast / Phase 4 Southeast Closure & Gas	Decrease to multi-year project budget (Reallocation)	The project budget for Landfill Phase 3 Northeast and Phase 4 Southeast Closure & Gas works includes funding for detailed design phase for Vancouver Landfill Phase 4 Closure. To provide a holistic budget view for the Phase 4 project, staff recommend having a stand alone project for the Phase 4, which will include both the design and construction phases.	24,825,000	(2,400,000)	22,425,000	Reallocation of previously approved Capital funding (Solid Waste Capital Reserve)	
<b>Total - New Priority Projects</b>						<b>\$ 26,825,000</b>	<b>\$ 23,022,000</b>	<b>\$ 49,847,000</b>		<b>\$ 250,000</b>

Capital Budget Adjustment Requests										
								BUDGET IMPACT		2019-2022 Capital Plan
								Multi-Year Project Budget		
<b>C. Budget Increases/decreases to existing projects/programs</b>										
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	Civic Facilities and Equipment	Administrative Facilities - City-Owned	2019 Administrative Facilities Renovation	Increase to multi-year project budget (funded from addition to 2019-2022 Capital Plan and allocation from 2019-2022 Capital Plan)	The adjustment request is to increase the program budget to renovate office spaces at City Hall and the West Annex. Office space renovations are required to densify office space to accommodate growth and the relocation of Technology Services staff currently located in leased floor spaces at 450 and 456 West Broadway as a result of the two buildings being demolished as TransLink will be using the space as a staging area for the Canada Line station.	1,700,000	1,700,000	3,400,000	• Transfer from 2019 Operating Budget provision for Workspace needs \$1,122,500 • 2019-2022 Capital Plan (Civic Facilities & Equipment) Debenture \$577,500	1,122,500
No Impact (Reallocation of previously approved capital budget)	Arts & Culture	Cultural Facilities - Non-City Owned	Cultural Infrastructure Grants Program	New Multi-Year Project Budget (funded from Reallocation)	176 of 188 grants under the various annual Cultural Infrastructure Grant Programs have been disbursed since 2012. The adjustment request is to move the remaining 12 grant awards and the corresponding multi-year project budget to one new Project and close the various existing grant program budgets.	0	453,572	453,572	Reallocation of previously approved Capital funding (Capital from Revenue)	
No Impact (Reallocation of previously approved capital budget)	Arts & Culture	Cultural Facilities - Non-City Owned	2012 Cultural Infrastructure Grants	Decrease in Multi-Year Project Budget (Reallocation)		824,855	(33,058)	791,797	Reallocation of previously approved Capital funding (Capital from Revenue)	
No Impact (Reallocation of previously approved capital budget)	Arts & Culture	Cultural Facilities - Non-City Owned	2013 Cultural Infrastructure Grants			978,285	(57,470)	920,815	Reallocation of previously approved Capital funding (Capital from Revenue)	
No Impact (Reallocation of previously approved capital budget)	Arts & Culture	Cultural Facilities - Non-City Owned	2014 Cultural Infrastructure Program			985,600	(42,168)	943,432	Reallocation of previously approved Capital funding (Capital from Revenue)	
No Impact (Reallocation of previously approved capital budget)	Arts & Culture	Cultural Facilities - Non-City Owned	2015 Cultural Infrastructure Program			734,680	(91,355)	643,325	Reallocation of previously approved Capital funding (Capital from Revenue)	
No Impact (Reallocation of previously approved capital budget)	Arts & Culture	Cultural Facilities - Non-City Owned	2016 Cultural Infrastructure Program			864,619	(124,521)	740,098	Reallocation of previously approved Capital funding (Capital from Revenue)	
No Impact (Reallocation of previously approved capital budget)	Arts & Culture	Cultural Facilities - Non-City Owned	2018 Cultural Infrastructure Program			1,200,000	(105,000)	1,095,000	Reallocation of previously approved Capital funding (Capital from Revenue)	
Allocation from 2019-2022 Capital Plan	Transportation	Managing Transportation Network - Structure Management	2019 Bridgeway Slope Stabilization		Increase to multi-year project budget (funded from 2019-2022 Capital Plan)	The City of Vancouver acquired the Bridgeway Path that connect the cities of Burnaby and Vancouver as part of the Trans Canada trail in 2013. When the aging wooden structure (a remnant of the original Second Narrows Bridge) was first uncovered, the city began to monitor and collect the slope and structural data. Due to poor soil conditions, the slope stability has worsened to make the bridgeway path unsafe for users, which recently led to a full closure of the path. The adjustment request is to increase the multi-year project budget to support the rehabilitation of the Bridgeway Path. The scope includes the replacement of the old wooden structure with steel sheet pile retaining walls and of the poor soil that is currently supporting the path in this area.	164,000	600,000	764,000	2019-2022 Capital Plan (Transportation) Debenture
Allocation from 2019-2022 Capital Plan	Transportation	Managing Transportation Network - Planning & Monitoring	2019 Transportation Planning Studies	Increase to multi-year project budget (funded from 2019-2022 Capital Plan)	The adjustment request is to increase the multi-year project budget to complete the False Creek Flats Arterial feasibility study. The study includes a technical analysis of the top two Community Panel routes (National-Charles Overpass and Prior/Venables Underpass) and also includes refined cost estimates for property acquisition, design, and construction phases.	625,000	150,000	775,000	DCL	

Capital Budget Adjustment Requests										
						BUDGET IMPACT			2019-2022 Capital Plan	
						Multi-Year Project Budget				
<b>C. Budget Increases/decreases to existing projects/programs</b>										
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	
Allocation from 2019-2022 Capital Plan	One Water	Sewerage & Drainage - Connections	2019 Sewer & Water Combined Connections	Increase to multi-year project budget (funded from 2019-2022 Capital Plan)	The request is to increase multi-year project budget 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.	2,500,000	3,500,000	6,000,000	User Fees	
Allocation from 2019-2022 Capital Plan	One Water	Potable Water - Connections & Meters	2018 Water Commercial Connections	Increase to multi-year project budget (funded from 2019-2022 Capital Plan)	The request is to increase multi-year project budget 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.	3,310,123	400,000	3,710,123	User Fees	
No Impact (Reallocation of previously approved capital budget)	Solid Waste	Disposal - Landfill Non-closure	2012-2014 Reconstruction of Landfill Entrance (Landfill Upgrades)	Increase to multi-year project budget (Reallocation)	This adjustment request is to increase the multi-year project budget reflecting higher forecasted expenditures for the reconstruction of Landfill Entrance as a result of changes in the design of the landfill site facilities thus increasing the project scope and requiring of additional fill and grading materials.	13,616,000	3,500,000	17,116,000	Reallocation of previously approved Capital funding (Pay-as-you-go)	
No Impact (Reallocation of previously approved capital budget)	Solid Waste	Disposal - Landfill Non-closure	2019 Routine Landfill Gas Works (non-closure)	Decrease to multi-year project budget (Reallocation)	This adjustment request is to decrease the program budget reflecting lower forecasted expenditures as a result of the revised cost estimates and deferral of some of the project work to future years as a result of the reprioritization of the 2019 Solid Waste work plan.	3,900,000	(3,000,000)	900,000	Reallocation of previously approved Capital funding (Pay-as-you-go)	
No Impact (Reallocation of previously approved capital budget)	Solid Waste	Disposal - Landfill Non-closure	Upgrade Existing Compost Facility (Vancouver Landfill Upgrades)	Decrease to multi-year project budget (Reallocation)	This adjustment request is to decrease the program budget reflecting lower forecasted expenditures as a result of some of the project work being deferred to future years as a result of the reprioritization of the 2019 Solid Waste work plan.	1,000,000	(500,000)	500,000	Reallocation of previously approved Capital funding (Pay-as-you-go)	
No Impact (Reallocation of previously approved capital budget)	Renewable Energy	SEFC NEU - Distribution	2015 Neighbourhood Energy Utility (NEU) System Extension	Decrease in Multi-Year Project Budget (Reallocation)	The adjustment request is to decrease the multi-year project budget and then close the 2015 NEU System extension program as some of the program scope that was initially planned for 2015-2018 has been deferred to 2019 due to delays in building developments. The adjustment/decreased amount is to be reallocated to four 2019 Renewable Energy projects.	10,000,000	(4,319,154)	5,680,846	Reallocation of previously approved Capital funding (Utility Debenture)	
No Impact (Reallocation of previously approved capital budget)	Renewable Energy	SEFC NEU - Distribution	2019 Neighbourhood Energy Utility (NEU) System Extension	Increase in Multi-Year Project Budget (Reallocation)	The adjustment is to increase the multi-year project budget for 2019 Neighbourhood Utility Energy extension program reflecting an increase in the scope resulting from deferral of the extension of the distribution pipe main due to delay in building developments to 2019 which was originally planned in 2015-2018.	6,548,000	989,154	7,537,154	Reallocation of previously approved Capital funding (Utility Debenture)	
No Impact (Reallocation of previously approved capital budget)	Renewable Energy	SEFC NEU - Distribution	2019 New Satellite Energy Generation	Increase in Multi-Year Project Budget (Reallocation)	The adjustment is to increase the multi-year budget for New Satellite Energy Generation project reflecting an increase in the scope resulting from the deferral of the design work for the Satellite Energy Generator to 2019 which was originally planned in 2015-2018 to 2019.	1,323,000	500,000	1,823,000	Reallocation of previously approved Capital funding (Utility Debenture)	
No Impact (Reallocation of previously approved capital budget)	Renewable Energy	SEFC NEU - Distribution	2019 New Service Connection and Energy Transfer Stations (ETS)	Increase in Multi-Year Project Budget (Reallocation)	The adjustment is to increase the multi-year budget for New NEU Service Connections and ETS's project reflecting an increase in the scope resulting from deferral of extension of actual service connections due to delay in building developments to 2019 which was originally planned in 2015-2018.	2,280,000	430,000	2,710,000	Reallocation of previously approved Capital funding (Utility Debenture)	
No Impact (Reallocation of previously approved capital budget)	Renewable Energy	SEFC NEU - Generation	2019 Waste Heat Recovery Expansion	Increase in Multi-Year Project Budget (Reallocation)	The adjustment is to increase the multi-year budget for NEU Waste Heat Recovery Expansion project reflecting an increase in the scope resulting from delay in procurement of the heat pump originally planned in 2015-2018 being but deferred to future years.	12,100,000	2,400,000	14,500,000	Reallocation of previously approved Capital funding (Utility Debenture)	
<b>Total - Budget Increases/Decreases to Existing Projects/Programs</b>					<b>\$ 64,654,162</b>	<b>\$ 6,350,000</b>	<b>\$ 71,004,162</b>		<b>\$ -</b>	
<b>Total Capital Budget Adjustment Requests</b>					<b>\$ 99,629,162</b>	<b>\$ 29,372,000</b>	<b>\$ 129,001,162</b>		<b>\$ 1,372,500</b>	

<b>Appendix 3 - Q2 2019 Capital Closeouts with surpluses or deficits exceeding \$200,000</b>				
<b>Project/Program Name</b>	<b>Budget</b>	<b>Actual</b>	<b>Surplus (Deficit)</b>	<b>Closeout Variance Explanation</b>
Snow Readiness - Vehicles and Equipment	2,516,000	1,745,970	770,030	The initial budget was based on preliminary estimates of unit cost of equipments. As the project progressed, the cost estimates and the number of units to be upgraded were refined and the overall final costs came in lower than originally anticipated.
Grant - Women's Shelter in Downtown Eastside Women's Centre's	250,000	-	250,000	The Downtown Eastside Women's Centre (DEWC) grant from the 2018 Capital budget is to be closed as it is similar to a capital grant already included in the 2017 Capital Budget (RTS 12227). The original grant from 2017 has been partially disbursed and is anticipated to be fully spent.
<b>Total</b>	<b>2,766,000</b>	<b>1,745,970</b>	<b>1,020,030</b>	

<b>Appendix 4 - Q2 2019 Completed Capital Projects with funding from Voter-Approved Capital Funding</b>			
<b>Project/Program Name</b>	<b>Budget</b>	<b>Actual</b>	<b>Surplus (Deficit)</b>
2015-2018 Park Project Management	5,740,000	5,740,000	0
Park Renewal - Riley Park/Hillcrest Park	3,035,000	2,972,359	62,641
2015-2016 Capital Maintenance - Park Buildings	1,800,000	1,666,077	133,923
Coast Mountain Bus Company (CMBC) Trolley Pole Replacement	1,572,700	1,586,019	(13,320)
False Creek Seawall Waterfront Wharf	1,547,591	1,423,951	123,640
Park Fieldhouse Upgrades	1,261,000	1,108,988	152,012
2015-2018 Dedicated Fire Protection System	816,619	790,134	26,485
2015-2018 Fire Hall Renovation/Upgrades	543,000	518,860	24,140
City-wide Security Upgrades	350,000	348,670	1,330
2018 Ergonomic Furniture Program	250,000	255,246	(5,246)
2017 Park Building Renovation	100,000	-	100,000
Alder Bay Floating Dock Replacement	60,000	60,000	-
<b>Total</b>	<b>17,075,910</b>	<b>16,470,304</b>	<b>605,605</b>