



ADMINISTRATIVE REPORT

Report Date: February 7, 2017
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VanRIMS No.: 08-2000-20
Meeting Date: February 21, 2017

TO: Vancouver City Council
FROM: Director of Finance
SUBJECT: 2017 Capital Budget Adjustments and 2016 Q4 Closeouts

RECOMMENDATION

- A. THAT Council approve an increase of \$8.4 million to the 2015-2018 Capital Plan, as outlined in this report and Appendix 1.
- B. THAT, subject to approval of Recommendation A, Council approve an increase of \$15.7 million to the Multi-Year Capital Projects Budget, as outlined in this report and Appendix 1, with no change to the 2017 Capital Expenditure Budget.
- C. THAT, as part of the quarterly Capital Budget closeout process, Council approve the closeout of completed capital projects with variances exceeding both \$50,000 and 15% of the approved multi-year capital project budget as outlined in this report and in Appendix 2.

REPORT SUMMARY

On December 13, 2016, Council approved the 2017 Capital Budget, including new multi-year capital projects, bringing the total approved multi-year capital budget for open projects to \$1.433 billion (including the multi-year projects completed in Q4 2016 presented for closeout in this report) and a 2017 Annual Capital Expenditure Budget of \$485.5 million.

This report recommends an increase of \$8.4 million to the 2015-2018 Capital Plan and an increase of \$15.7 million to the Multi-Year Capital Projects Budget, with no change to the 2017 Annual Capital Expenditure Budget. These Capital Plan and project budget adjustments represent capital priorities identified subsequent to the approval of the 2017 Capital Budget, including priority capital work required for conceptual design and planning for a permanent greenway for the Arbutus Corridor and the replacement of marine fenders in conjunction with the upgrades underway for the Burrard Bridge.

In addition, in conjunction with the quarterly Capital Budget review process, Council approval is being requested to close 38 programs/projects completed in Q4 2016, with a total multi-year capital project budget of \$137.5 million and a net surplus of \$5.0 million (4%) as outlined in Appendix 2.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The City has a policy to plan for capital project expenditures on a multi-year cycle. In October 2014 (RTS 10507), Council approved the 2015-2018 Capital Plan in the amount of \$1.085 billion. New capital priorities identified and approved by Council since 2014, including the acquisition of the Arbutus Corridor in February 2016, have increased the 2015-2018 Capital Plan total to \$1.325 billion.

It has been Council practice to fund capital expenditures for waterworks, sewerage and drainage, and energy utility systems from debenture borrowing. As part of the City's debt management strategy, commencing in the 2012-2014 Capital Plan, the water utility began to transition its infrastructure lifecycle replacement program from debt financing to pay-as-you-go over two Capital Plans. The transition will be complete within the four-year term of the 2015-2018 Capital Plan. Similarly, commencing in the 2015 Capital Budget and continuing with the 2016 and 2017 Capital Budgets, the sewer utility also began a transition to a pay-as-you-go funding model. The balance of capital expenditures are funded from a combination of debenture borrowing, direct contribution from the annual Operating Budget (Capital from Revenue), Development Cost Levies (DCLs) and Community Amenity Contributions (CACs) from developers, special-purpose reserves, internal loans, fees and levies collected from property owners and contributions from senior governments and other funding partners.

Funding from the multi-year Capital Plan is allocated to specific capital programs and projects through the annual Capital Budgeting process. Council approval of the annual Capital Expenditure Budget is required before work can proceed on specific programs/projects.

Section 242 of the Vancouver Charter gives Council the authority to borrow funds for the construction, installation, maintenance, replacement, repair and regulation of waterworks, sewerage and drainage, and energy utility systems without the assent of the electorate. Section 245 requires that the borrowing authority for all other purposes be established through the electorate's approval of a borrowing plebiscite.

The requirement to borrow funds to finance capital expenditures is established by Council at the time of the approval of the annual capital budget. Borrowed funds are generally paid back over 10 years to ensure that outstanding debt does not accumulate to unacceptable levels, and that annual debt servicing charges (principal and interest) are maintained at a level that does not put undue pressure on the operating budget.

Section 247A of the Vancouver Charter requires that full provision of annual debt servicing charges, both principle and interest, be made in the annual operating budget. This ensures that debenture holders are paid the interest component at the prescribed rate and time, and that sufficient funding is available to retire the obligation at maturity.

In June 2003, Council approved the Financing Growth Policy which sets out policy for the collection and use of DCLs and CACs. Pursuant to Section 523D of the Vancouver Charter, DCLs are collected to assist in recovering growth-related capital costs that arise from new developments. DCLs are generally allocated on a "cash available" basis among park,

replacement housing, transportation and childcare projects in proportions specified in various DCL By-laws. CACs are developer contributions that arise from rezonings. Within the context of the City's Financing Growth Policy, an offer of a CAC to address the impacts of rezoning can be anticipated from the owner of a rezoning site. CAC offers typically include either the provision of on-site amenities or a cash contribution towards other public benefits and they take into consideration community needs, area deficiencies and the impact of the proposed development on City services. The allocation of both DCL and CAC funding to specific amenities requires Council approval.

Council authority is required to close capital accounts with variances that exceed both \$50,000 and 15% of the approved multi-year capital project budget, and to reallocate capital funding over \$50,000.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The Capital Budget is the primary tool by which the City implements its multi-year Capital Plan, as it provides the authority to proceed with specific programs/projects, and defines the approved multi-year project budget and annual expenditure for capital work. It is important in fostering and maintaining public accountability and transparency, and provides detailed information about specific programs/projects, such as budgets by cost category, identification of specific funding sources, and outcomes that are clearly identifiable and measurable.

The City's Capital Budget process has been developed to ensure assets and investments are managed comprehensively, with rigor and transparency, in a manner that ensures the City is achieving value for money, and that staff resources are used efficiently.

As part of the City's Capital Budget process, Council considers Capital Budget adjustments on a quarterly basis. This streamlines the Capital Budget process and also reduces the number of capital budget related reports being submitted to Council for approval of capital funding and expenditures.

Capital Budget adjustments 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;
- Revisions to funding sources.

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

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

The 2016 Year-End Capital Budget Review scheduled to be posted to the City's website in March 2017 will comment on 2016 Capital results, while this report focuses on 2017 Capital Budget adjustments and 2016 Q4 capital closeouts recommended by staff for Council approval.

REPORT

Background/Context

On December 13, 2016, Council approved the 2017 Capital Budget, including new multi-year capital projects, bringing the total approved multi-year capital budget for open projects to \$1.433 billion (including the multi-year projects completed in Q4 2016 presented for closeout in this report) and a 2017 Annual Capital Expenditure Budget of \$485.5 million.

Adjustments to the annual expenditure budget are generally managed within the approved annual budget envelope, with no changes to the overall Annual Capital Expenditure Budget.

As part of the capital budgeting process, proposed adjustments to the current Capital Budget, including multi-year project budgets and the annual expenditure budget, and closeouts of completed projects requiring Council approval are identified in the quarterly capital budget review and reported to Council for approval. This report includes adjustment requests to the Multi-Year Capital Projects Budget and the 2017 Capital Expenditure Budget, as well as closeout requests for projects completed in the fourth quarter (Q4) of the City's 2016 financial year.

Strategic Analysis

A. 2017 Capital Budget Adjustments

As part of the on-going work and oversight related to the Capital Budget, staff continually review priorities, respond to emerging needs, and where appropriate bring forward recommendations for adjustment to the Capital Budget at the time of quarterly reports.

Quarterly Capital Budget adjustment requests are categorized as follows:

- Administrative consolidation of multiple projects into one program, budget restatements, and funding source changes;
- Emerging priority projects that have been identified to address unforeseen urgent issues or new priorities emerging outside of the regular Capital Plan/Capital Budget cycle;
- Timing uncertain budget additions/acceleration of projects;
- Budget increases or decreases to existing projects/programs based on scope changes, results of tendering or changes in cost structure of a project, or changing priorities for timing of a project;
- Reallocations between projects with no impact on the overall annual or multi-year budget.

The 2015-2018 Capital Plan was approved in October 2014 at \$1.085 billion, and with subsequent Council approved changes, has a current total of \$1.325 billion covering projects across all City departments and agencies. This report proposes a further increase of \$8.4 million to the Capital Plan for several priority projects that have arisen subsequent to the

development of the 2017 Capital Budget in late 2016, primarily relating to priority capital required for conceptual design and planning for a permanent greenway for the Arbutus Corridor and for replacement of marine fenders in conjunction with the upgrades underway for the Burrard Bridge. With this increase, the total 2015-2018 Capital Plan will be \$1.333 billion.

The current total of approved multi-year capital budgets for all open projects is \$1.433 billion. This report proposes a net decrease of \$121.8 million in this overall total multi-year budget, reflecting an increase of \$15.7 million for new or increased multi-year project budgets, offset by a reduction of \$137.5 million for projects/programs that were completed in Q4 2016. With the Q4 project/program closeouts and multi-year project budget adjustments recommended in this report, the total of the approved multi-year capital budgets for all open projects will be \$1.311 billion.

The following highlights proposed increases to the 2015-2018 Capital Plan and multi-year projects budget reflecting capital priorities arising subsequent to the approval of the 2017 Capital Budget in early December 2016:

- Addition of \$4.0 million for a new multi-year project, funded from Emerging Priorities in the 2015-2018 Capital Plan, for pre-move work required prior to the planned 2019 move of the Vancouver Archive holdings from Vanier Park to the Central Library building.
- Addition of \$3.0 million to the 2015-2018 Capital Plan and the multi-year project budget for Arbutus Corridor Project Office/Permanent Greenway (revised multi-year budget of \$6.0 million) in order to proceed with conceptual design and planning for a permanent greenway for the Arbutus Corridor land acquired in 2016.
- Addition of \$2.5 million to the 2015-2018 Capital Plan and new multi-year project budget for the replacement of end-of-service-life marine fenders for the Burrard Bridge.
- Addition of \$2.0 million to the 2015-2018 Capital Plan and the multi-year project budget for Arbutus Corridor Interim Construction (revised multi-year budget of \$7.4 million) to address Council priorities for street lighting and signalling.
- Addition of \$1.7 million for post-implementation transitional work relating to the recently completed and in-service Permits and License Transformation program (included in Q4 2016 closeouts in this report).
- Addition of \$1.5 million (including \$500,000 from a Government of Canada Federal Infrastructure program grant) to the 2015-2018 Capital Plan and the multi-year project budget for Sunset Park Renewal to reflect an increase in project scope, including accessibility, biodiversity, local food, a dog off leash area, playground, and additional covered seating for seniors.

Expenditures relating to these multi-year capital project budget adjustments will be managed within the overall 2017 Capital Expenditure Budget of \$485.5 million.

Appendix 1 provides details for these proposed budget adjustments, including a funding source update for the Stanley Park Waterfront and Seawall to replace \$2.9 million DCL funding with debenture. During the course of a capital project, as the project progresses through planning and design and final costing, the nature and final scope of work becomes more refined and in some cases requires an update to the originally planned funding sources. As well, over the four years of a capital plan, the original planned uses of debenture funding across the capital plan categories may change.

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

Table 1 - Proposed Changes to Multi-Year Projects Budget and 2017 Annual Expenditure Budget (\$ Millions)			
	Capital Budget Impact		2017 Annual Expenditure Budget
	Multi-Year Projects Budget (for Open Projects)		
Current Budget	\$ 1,432.7	\$ 485.5	
Adjustment Category			
A. Administrative consolidations and restatements	\$ -	\$ -	
B. Emerging priority projects		10.4	-
C. Timing uncertain budget additions / acceleration of projects		-	-
D. Budget increases/decreases to existing projects/programs		5.4	-
E. Reallocations		-	-
Proposed Budget Adjustments	\$ 15.7	\$ -	
Multi-year Project Closeouts	\$ (137.5)		
Proposed Revised Budget	\$ 1,310.9	\$ 485.5	

Staff continue to very closely manage the capital spend on a quarterly basis to enhance risk mitigation and ensure optimal delivery of projects within the projected timeline and annual expenditure budget. Strategic review of progress on projects is done on a regular basis, and where timing of projects are advanced or delayed, budgets are recommended for adjustment. With the exception of emergency situations, expenditures are not permitted until the corresponding expenditure budget or increase to the expenditure budget is approved by Council.

B. 2016 Q4 Capital Closeouts

The Capital closeout process is the mechanism by which the City's capital programs/projects are closed, completion deficits and surpluses are identified and, to the extent applicable, offset. Net closeout surpluses are transferred to City-Wide Unallocated Funding from Capital Closeouts for funding future Capital programs and/or projects.

The purpose of this report is to request Council approval to close capital programs/projects where completion spend variances exceed both \$50,000 and 15% of the approved multi-year capital projects budget.

A total of 38 programs/projects with multi-year capital project budgets totalling \$137.5 million and expenditures of \$132.5 million were completed in the period between the 2016 Q3 Capital Closeout (RTS 11301) and the end of the fourth quarter of 2016 (December 31, 2016), with an overall net surplus of \$5.0 million. Six of the 38 completed programs/projects had a completion variance exceeding both \$50,000 and 15% of the approved multi-year capital projects budget.

Appendix 2 provides financial details, by project and department, for programs/projects closed in Q4 2016 and a summary of the proposed allocation (funding sources) of project/program closeout surpluses (deficits).

CONCLUSION

As part of the capital budgeting process, adjustments to the Multi-Year Capital Projects Budget and Annual Capital Expenditure Budget, and closeout of programs/projects that require Council approval, are identified and brought to Council through the quarterly reporting process.

The purpose of this report is to request Council approval of an increase to the 2015-2018 Capital Plan of \$8.4 million, and funding and budget reallocation adjustments to the Multi-Year Capital Project Budgets totalling \$15.7 million, with no change to the 2017 Annual Capital Expenditure Budget.

This report also requests Council approval for the closeout of 38 programs/projects, with an overall net surplus of \$5.0 million and six projects with a completion variance exceeding 15% and \$50,000 of the approved budget and funding.

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Capital Budget Adjustment Requests			BUDGET IMPACT							
			Multi-Year Project Budget		2017 Capital Expenditure Budget					
A. Administrative consolidation, restatements, or funding source changes Includes the ongoing consolidation of like programs/projects into one larger program/project (normally no net impact on the annual budget); other restatements; changes to project funding source(s).										
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2015-2018 Capital Plan
Administrative Consolidations:										
Technological Services	IT Strategic Initiatives	Administrative consolidation of Multi-Year Project Budget and Annual Expenditure Budget: Consolidation of two related Technological Services strategic initiatives project budgets into one project budget in order to streamline project management.	1,035,000	275,000	1,310,000	779,520	0	779,520	N/A	
	CIO- BTAC Program		275,000	(275,000)	0	0	0	0	N/A	
Technological Services	SAP Enhancements & Upgrades	Administrative consolidation of Multi-Year Project Budget and Annual Expenditure Budget: Consolidation of two SAP-related project budgets into one project budget in order to streamline project management.	1,620,000	100,000	1,720,000	820,000	0	820,000	N/A	
	SAP User Licenses		100,000	(100,000)	0	0	0	0	N/A	
Engineering Services	Construction & Demolition Resource Recovery Facility	Administrative consolidation of Multi-Year Project Budget and Annual Expenditure Budget: Consolidation of two related project budgets for the Construction & Demolition Resource Recovery Facility project. One project was for the design and the other for the construction, but the short-term nature of the project does not warrant separating these phases into separate project budgets.	7,250,000	750,000	8,000,000	1,600,000	650,000	2,250,000	N/A	
	Construction & Demolition Resource Recovery Facility - Design		750,000	(750,000)	0	650,000	(650,000)	0	N/A	
Funding source change:										
Parks & Recreation	Stanley Park Waterfront and Seawall	Change in funding source for Multi-Year Project Budget: Replacement of Development Cost Levy funding of \$2.86 million for the previously approved Stanley Park Waterfront and Seawall capital project with \$2.86 million of Parks debenture. 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 source(s). As well, over the four years of a capital plan, the original planned uses of debenture funding across the capital plan categories may change.	5,020,000	0	5,020,000	4,866,831	0	4,866,831	Addition: \$2,860,000 Debenture Reduction: \$2,860,000 DCL	
Total - Administrative Consolidations; Funding Source Changes			\$ 16,050,000	\$ -	\$ 16,050,000	\$ 8,716,351	\$ -	\$ 8,716,351	\$ -	

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Capital Budget Adjustment Requests			BUDGET IMPACT															
			Multi-Year Project Budget			2017 Capital Expenditure Budget												
B. Emerging priority projects New projects that have been identified to address unforeseen urgent issues or new priorities emerging outside of the regular capital budget cycle.																		
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2015-2018 Capital Plan								
Community Services	Temporary Portable Seating	New Multi-Year Project Budget: Purchase of City-owned temporary portable seating. This key City amenity would optimize existing facilities and activate temporary public spaces for community celebrations of sport, arts and culture, including the 2017 Canada 150 Festival. It supports the City's corporate strategic goal of increasing active participation and creativity, the Sport Hosting Vancouver Action Plan, the Cultural Tourism Strategy and the Healthy City Strategy. Rental revenues of temporary seating to offset maintenance and administration expenses. Expenditure for the purchase will be managed within the current overall Annual Capital Expenditure Budget.	0	750,000	750,000	0	0	0	2015-2018 Capital Plan Emerging Priorities (Capital from Revenue)									
Archives	Archives Accommodation Pre-Move	New Multi-Year Project Budget: Phase I of a two-phase project to move the Archives' holdings out of Vanier Park. The holdings consist of unique, irreplaceable archival records, and are currently valued at \$23.6 million. Fundamental and complex work is required to ensure this cultural asset is not put at risk of significant damage or loss during a move. This necessary pre-moving work requires phased and orchestrated resource allocation and systematic operational planning between now and any anticipated move date in the 2019-2022 capital cycle. Expenditures will be managed within the current overall Annual Capital Expenditure Budget.		3,951,000	3,951,000	0	0	0	2015-2018 Capital Plan Emerging Priorities (Debenture/Capital from Revenue)									
Technological Services	POSSE Transition	New Multi-Year Project Budget: During the course of the development and implementation of the Permits and License Transformation project being closed out this quarter, post-implementation work was identified to ensure a proper transition related to the other POSSE components for the Business, Permits and Licensing department. This project is to be funded from closeout surplus funding from the Permits and License Transformation project. Expenditures to be managed within the current overall Annual Capital Expenditure Budget.	0	1,650,000	1,650,000	0	0	0	Capital Financing Fund (CFF loan facility remaining from Permits & Licence Transformation project CFF funding)									

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Capital Budget Adjustment Requests			BUDGET IMPACT							
Department	Project Name	Reason for Adjustment	Multi-Year Project Budget			2017 Capital Expenditure Budget			Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2015-2018 Capital Plan
			Current	Change	Proposed	Current	Change	Proposed		
Parks & Recreation	Sunset Park	Increase to 2015-2018 Capital Plan, New Multi-Year Project Budget, and New Annual Capital Expenditure Budget: This request is to set up a new project for the Sunset Park Renewal project totalling \$2.2 million, addressing items identified in the Master Plan for the park approved by the Park Board in 2015, with funding from a reallocation of \$700,000 from the Neighbourhood Park Renewal program, a \$500,000 Federal Infrastructure Grant approved in late 2016 (after the 2017 Capital Budget had been developed) and \$1.0 million DCL from the 2015-2018 Capital Plan. The Federal Infrastructure grant represents an increase to the 2015-2018 Capital Plan. The increased funding supports an increase in the project scope of work including accessibility, biodiversity, local food, a dog off leash area, playground, and additional covered seating for seniors.	0	2,200,000	2,200,000	0	700,000	700,000	• 2015-2018 Capital Plan (Parks and Open Spaces) DCL \$1,000,000 • Federal Infrastructure grant \$500,000 • Reallocation of previously approved capital funding (DCL) \$700,000	500,000
Parks & Recreation	Neighbourhood Park Renewal	Decrease to Multi-Year Project Budget and Annual Capital Expenditure Budget (Reallocation): The Neighbourhood Park Renewal program includes \$700,000 for renewal of Sunset Park. This adjustment is to reallocate this funding to a separate project budget for Sunset Park Renewal.	2,780,000	(700,000)	2,080,000	1,424,464	(700,000)	724,464	Reallocation of previously approved capital funding (DCL)	
Engineering Services	Burrard Bridge Marine Fenders	Increase to 2015-2018 Capital Plan and New Multi-Year Project Budget: Burrard Bridge marine fenders are at the end of their useful life and it is recommended by the GM of Engineering that this work be done in 2017 to replace the fenders.	0	2,500,000	2,500,000	0	0	0	Citywide Unallocated from Closeouts (Debtenture) \$2,500,000	2,500,000
Engineering Services	Granville Bridge Upgrade Analysis	New Multi-Year Project Budget and Annual Capital Expenditure Budget: Funding the analysis to evaluate the rehabilitation cost relating to Granville Bridge.	0	200,000	200,000	0	200,000	200,000	Reallocation of previously approved capital funding (Debtenture)	
Engineering Services	2015-18 False Creek Seawall Waterfront Wharf	Decrease to Multi-Year Project Budget and Annual Capital Expenditure Budget (Reallocation): Reallocation of resources to perform analysis on Granville Bridge Upgrade review.	1,860,000	(160,000)	1,700,000	1,500,000	(160,000)	1,340,000	Reallocation of previously approved capital funding (Debtenture)	
Engineering Services	2015-18 Major Bridge Maintenance	Decrease to Multi-Year Project Budget and Annual Capital Expenditure Budget (Reallocation): Reallocation of resources to perform analysis on Granville Bridge Upgrade Review	1,897,500	(40,000)	1,857,500	635,008	(40,000)	595,008	Reallocation of previously approved capital funding (Debtenture)	
Total - Emerging Priority Projects			\$ 6,537,500	\$ 10,351,000	\$ 16,888,500	\$ 3,559,472	\$ -	\$ 3,559,472		\$ 3,000,000

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Capital Budget Adjustment Requests			BUDGET IMPACT							
			Multi-Year Project Budget			2017 Capital Expenditure Budget				
C. Timing Uncertain budget additions Addition of expenditure budgets for projects noted as "timing uncertain" in the Annual Capital Budget where timing subsequently becomes certain.										
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2015-2018 Capital Plan
None										
Total - Timing Uncertain budget additions; Project acceleration			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
D. Budget increases/decreases to existing projects/programs Programs/projects where costs or expenditure timing has increased/decreased due to unforeseen changes in market economic conditions or unavoidable changes in project scope; increases in scope afforded by external funding contribution opportunities.										
Department	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2015-2018 Capital Plan
Parks & Recreation	2015-18 Playgrounds, Water/Skate Parks	Increase to 2015-2018 Capital Plan and Multi-Year Project Budget: Increase to 2015-18 Playgrounds & Water/Skate Parks program for externally requested replacement of Clark Park playground to be funded from a donation from Stratford Hall, a private school. The donation represents an increase to the 2015-2018 Capital Plan. The new playground will have a nature play focus and benefits private school students and local children alike. Expenditures will be managed within the current overall Annual Capital Expenditure Budget.	2,350,000	250,000	2,600,000	352,258	0	352,258	Donation (Stratford Hall School)	250,000
Engineering Services	Davie Street Lighting (Decorative LED)	Increase to Multi-Year Project Budget and Annual Capital Expenditure Budget: Additional funding to address deficiencies in the system, including where new trolley poles were installed after the LED lighting was installed, and to complete three gaps in the decorative lighting system. Funding source to be CAC from rezoning of 1305-1335 Burrard Street.	274,000	150,000	424,000	20,246	150,000	170,246	CAC from rezoning of 1305-1335 Burrard Street	150,000
Engineering Services	Arbutus Corridor Interim Construction	Increase to 2015-2018 Capital Plan, Multi Year Capital Project Budget, and Annual Capital Expenditure Budget: Increase to capital plan and multi-year project budget to reflect additional scope relating to Council priorities on lighting and signaling along the Arbutus Corridor; increase to 2017 Capital Expenditure Budget to reflect a shift in street paving expenditure timing from planned 2016 Q4 to 2017 due to unfavourable weather conditions in late 2016.	5,450,000	1,980,000	7,430,000	0	4,380,000	4,380,000	CAC from rezoning of 7101-7201 Granville Street (Shannon Mews)	1,980,000
Engineering Services	Arbutus Corridor Project Office/Permanent Greenway	Increase to Multi-Year Project Budget and Annual Capital Expenditure Budget: Addition of Permanent Greenway conceptual design consultants, studies, project management support, and additional communications and engagement. The timeline for the development of the permanent greenway has been accelerated as a Council priority following completion of public consultation.	3,000,000	3,000,000	6,000,000	1,075,000	3,000,000	4,075,000	CAC from rezoning of 7101-7201 Granville Street (Shannon Mews)	3,000,000

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Capital Budget Adjustment Requests			BUDGET IMPACT							
Department	Project Name	Reason for Adjustment	Multi-Year Project Budget			2017 Capital Expenditure Budget			Funding Source(s) for Changes to Multi- Year Project Budget	Addition to 2015-2018 Capital Plan
			Current	Change	Proposed	Current	Change	Proposed		
<i>The following are adjustments to the profile of the 2017 Expenditure Budget reflecting timing changes in the execution of projects. No change to the overall multi-year project budget.</i>										
Engineering Services	2017 Active Transportation Corridors	Decrease to Annual Capital Expenditure Budget: With many priorities currently underway in the Active Transportation division, early projections are that some projects may not progress as quickly as originally planned, reducing the expenditures forecast for 2017.	17,100,000	0	17,100,000	17,100,000	(3,000,000)	14,100,000	N/A	
Engineering Services	Seaside Greenway Completion - Phase 2 (Point Grey Road)	Increase to Annual Capital Expenditure Budget: Increase to annual expenditure budget for Seaside Greenway Point Grey Road due to project delays in Q4 2016 arising from utility conflicts and landscaping complexities, shifting planned Q4 2016 spending to Q1 2017.	6,400,000	0	6,400,000	6,050,000	750,000	6,800,000	N/A	
Engineering Services	Seaside Greenway - South False Creek	Decrease to Annual Capital Expenditure Budget: Expenditures forecast for this project for 2017 are now anticipated to be less than originally planned, based on current, updated project data.	9,000,000	0	9,000,000	7,500,000	(750,000)	6,750,000	N/A	
Engineering Services	2015-18 Sidewalks - New Construction	Decrease to Annual Capital Expenditure Budget: City crews have been redeployed from new sidewalk construction to the Arbutus Interim Pathway construction, reflecting Council priority for completion of the Arbutus project.	1,750,000	0	1,750,000	1,315,701	(400,000)	915,701	N/A	
Engineering Services	2015-18 Vehicles & Equipment Replacements/Additions	Decrease to Annual Capital Expenditure Budget: Complexity around procurement of street cleaning units (i.e., sweepers and garbage trucks) may impact planned delivery of these units in 2017.	43,839,952	0	43,839,952	18,772,665	(300,000)	18,472,665	N/A	

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Capital Budget Adjustment Requests			BUDGET IMPACT							
Department	Project Name	Reason for Adjustment	Multi-Year Project Budget			2017 Capital Expenditure Budget			Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2015-2018 Capital Plan
			Current	Change	Proposed	Current	Change	Proposed		
Engineering Services	Downtown Neighbourhood Energy (NEU)	Increase to Annual Capital Expenditure Budget: The multi-year project for the studies and analysis necessary to evaluate the downtown Neighbourhood Energy strategy was approved by Council in November 2016. At the time, due to the uncertainty around timing of expenditures during the planning phase of the project, a 2017 expenditure budget was not set. This adjustment is to establish an expenditure budget for work now planned for this year.	350,000	0	350,000	0	350,000	350,000	N/A	
Engineering Services	2015 NEU System Extension	Decrease to Annual Capital Expenditure Budget: A planned boiler replacement has been deferred to 2018.	9,977,000	0	9,977,000	3,060,000	(350,000)	2,710,000	N/A	
Engineering Services	Construction & Demolition Resource Recovery Facility	Decrease to Annual Capital Expenditure Budget: With the administrative consolidation of the design and construction components of the Landfill Construction & Demolition Resource Recovery Facility project, a portion of the consolidated expenditure budget can be freed up to support 2017 expenditures for other Engineering emerging priority capital projects.	8,000,000	0	8,000,000	2,250,000	(650,000)	1,600,000	N/A	
Engineering Services	Reconstruction Landfill Entrance	Decrease to Annual Capital Expenditure Budget: Expenditures planned for 2017 for the reconstruction of the entrance to the Vancouver Landfill are now anticipated to be less than originally budgeted due to a delay in the awarding of the construction contract; project is now expected to be complete in 2018.	7,820,000	0	7,820,000	5,427,565	(1,400,000)	4,027,565	N/A	
Engineering Services	Vancouver Landfill Administration Building Upgrades	Decrease to Annual Capital Expenditure Budget: Expenditures forecast for this project for 2017 are now anticipated to be less than originally planned, based on current, updated project data.	1,114,018	0	1,114,018	1,014,018	(400,000)	614,018	N/A	
Engineering Services	Vancouver Landfill Phase 3 Northeast Closure & Gas Works	Decrease to Annual Capital Expenditure Budget: Expenditures forecast for this project for 2017 are now anticipated to be less than originally planned, as recent estimates shows that the soil conditions require settling, delaying the construction contract award and related expenditures.	15,000,000	0	15,000,000	1,160,000	(380,000)	780,000	N/A	
Engineering Services	2017 Distribution Main Replacement	Decrease to Annual Capital Expenditure Budget: Expenditure forecast for 2017 is now estimated at \$8 million as some projects have moved from high level to detailed cost estimates.	9,000,000	0	9,000,000	9,000,000	(1,000,000)	8,000,000	N/A	

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Capital Budget Adjustment Requests			BUDGET IMPACT							
Department	Project Name	Reason for Adjustment	Multi-Year Project Budget			2017 Capital Expenditure Budget			Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2015-2018 Capital Plan
			Current	Change	Proposed	Current	Change	Proposed		
Engineering Services	Vancouver Landfill Closure Phase 2 & 3 Remedial Work	Increase to Annual Capital Expenditure Budget: Expenditures that had been planned for Q4 2016 have shifted to Q1 2017 as a result of supplier delay in delivering compressor station	125,000	0	125,000	0	84,000	84,000	N/A	
Engineering Services	Vancouver Landfill/Transfer Station Household Hazmat Storage	Decrease to Annual Capital Expenditure Budget: Hazmat Storage project has been delayed due to longer than expected timeline for project scoping prior to tendering and awarding the related construction contract. Overall project is still expected to complete on budget and on schedule.	250,000	0	250,000	250,000	(84,000)	166,000	N/A	
Total - Budget Increases/Decreases to Existing Projects/Programs			\$ 142,299,970	\$ 5,380,000	\$ 147,679,970	\$ 74,347,453	\$ -	\$ 74,347,453		\$ 5,380,000
E. Reallocations Reallocation of funding between existing projects reflecting revised priorities and/or cost estimates, and or reallocations of funding sources.										
Department To / From	Project Name	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2015-2018 Capital Plan
Real Estate & Facilities Management	2015-16 VPD Facilities Renovations/Upgrades	Decrease to Multi-Year Project Budget (Reallocation): The 2015-16 VPD Facilities Renovations/ Upgrades program budget includes \$350,000 for VPD office renovation. This request is to combine this funding with the VPD Phase 2 Office Renovation (Cordova) budget approved in 2017 for Phase 2 Office Renovations.	600,000	(350,000)	250,000	250,000	0	250,000	Reallocation of previously approved capital funding (Debtenture)	
	VPD Phase 2 Office Renovation (Cordova)	Increase to Multi-Year Project Budget (Reallocation): Consolidation of VPD office renovation funding from the 2015-16 VPD Facilities Renovations/ Upgrades program budget with the 2017 VPD Phase 2 Office Renovation budget for the relocation of the VPD Traffic section to the VPD Cordova office.	748,000	350,000	1,098,000	748,000	0	748,000	Reallocation of previously approved capital funding (Debtenture)	
Real Estate & Facilities Management	2015-16 Capital Maintenance for Animal Control Centre	Increase to Multi-Year Project Budget (Reallocation): Increase in project budget for Animal Control Centre HVAC Upgrades due to construction costs coming in higher than originally anticipated.	200,000	140,000	340,000	111,585	0	111,585	Reallocation of previously approved capital funding (Debtenture)	
	New Animal Control Centre - Planning/Design	Decrease to Multi-Year Project Budget (Reallocation): Decrease in project budget as planning and design for a new Animal Control Centre has been deferred pending the outcome of other City planning currently ongoing for the area.	296,947	(140,000)	156,947	100,000	0	100,000	Reallocation of previously approved capital funding (Debtenture)	

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Capital Budget Adjustment Requests			BUDGET IMPACT							
Department To / From	Project Name	Reason for Adjustment	Multi-Year Project Budget			2017 Capital Expenditure Budget			Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2015-2018 Capital Plan
			Current	Change	Proposed	Current	Change	Proposed		
Real Estate & Facilities Management	Capital Maintenance for Market Rental Buildings held by Capital Fund	Increase to Multi-Year Project Budget (Reallocation): To provide funding to cover major capital maintenance (e.g., building envelope) for City-owned market rental buildings.	0	150,000	150,000	0	0	0	0	Reallocation of previously approved capital funding (Debtenture)
	2015-16 Capital Maintenance of Non-Market Rental Housing	Decrease to Multi-Year Project Budget (Reallocation): No further projects have been identified for the funding remaining in the 2015-16 Capital Maintenance of Non-Market Rental Housing.	793,912	(150,000)	643,912	293,797	0	293,797	0	Reallocation of previously approved capital funding (Debtenture)
Engineering Services	Burrard Bridge Upgrades	Increase to Multi-Year Project Budget and Annual Capital Expenditure Budget (Reallocation): Project cost increases due to cost escalation (external design consultant, retaining wall construction, Kettle of Fish building demolition) and unanticipated additional scope required (quantity of asbestos-containing asphalt; additional catch basins to accommodate increase in hard surface area).	35,000,000	730,000	35,730,000	17,659,747	730,000	18,389,747	0	Reallocation of existing capital (DCL) \$730,000
	2017 Active Transportation Corridors	Decrease to Multi-Year Project Budget and Annual Capital Expenditure Budget (Reallocation): Reallocation of funding to support priority safety-related project cost increase for Burrard Bridge Upgrades.	17,100,000	(730,000)	16,370,000	14,100,000	(730,000)	13,370,000	0	Reallocation of previously approved capital funding (DCL)
Engineering Services	2015-16 Sewer Main Reconstruction	Increase to Multi-Year Project Budget (Reallocation): Increase in program budget to reflect unanticipated costs related to ground conditions.	58,483,055	750,000	59,233,055	269,254	0	269,254	0	Reallocation of previously approved capital funding (Debtenture)
	2015-18 Sanitary Sewer Upgrades	Decrease to Multi-Year Project Budget (Reallocation): This budget item is growth related. If the City needs to go in and upgrade an area, and a developer requires a sanitary sewer upgrade or if the City joins a developer to upgrade a sanitary sewer, funding will be drawn from this budget. At this time, there are no plans to upgrade based on growth.	750,000	(750,000)	0	0	0	0	0	Reallocation of previously approved capital funding (Debtenture)
Total - Reallocations			\$ 113,971,914	\$ -	\$ 113,971,914	\$ 33,532,383	\$ -	\$ 33,532,383		\$ -
Total Capital Budget Adjustment Requests			\$ 278,859,384	\$ 15,731,000	\$ 294,590,384	\$ 120,155,659	\$ -	\$ 120,155,659		\$ 8,380,000

Appendix 2 - Q4 2016 Capital Closeouts					
Project/Program Name	Budget	Actuals	Surplus (Deficit)	%	Closeout Variance Explanation (Required for variances > \$50,000 and 15% of budget)
Community Services					
Grant - Salsbury Community Society	500,000	500,000	-	0%	
Grant - Mah Soc (137-139 Pender Renos)	180,000	180,000	-	0%	
Social Housing Capital Contribution (288 E Hastings)	1,040,000	1,040,000	-	0%	
Capital Fund Contribution to PEF for Land Trust Sites	19,871,000	19,825,568	45,432	0%	
Land Acquisition 1 - May 2016	21,000,000	21,000,000	-	0%	
Contribution to PEF for March 2015 Land Acquisition (Housing)	1,777,500	1,839,806	(62,306)	-4%	
Land Acquisition - June 2016	3,400,000	3,399,176	824	0%	
Land Acquisition - October 2016	3,800,000	3,771,119	28,881	1%	
Community Services Total	51,568,500	51,555,669	12,831	0%	
Engineering Services					
2015-18 Transmission Main Replacement	7,752,848	7,749,245	3,603	0%	
2012-14 Sanitary Sewer Pipe Upgrades	6,390,000	6,266,243	123,757	2%	
2012-14 Upgrade & Replace Pump Station	4,900,000	4,813,216	86,784	2%	
2012-14 Investigation for Design	975,000	971,484	3,516	0%	
2014 New Water Connections Meter Install	252,000	243,393	8,607	3%	
Chinatown Dragon Fixture Lighting	600,000	566,500	33,500	6%	
Georgia Dunsmuir Viaducts Study	2,725,916	2,725,916	-	0%	
2012-14 Neighbourhood Energy Utility	4,876,906	4,896,940	(20,034)	0%	
2013-14 Police Vehicles & Equipment Replacement	8,533,000	8,539,433	(6,433)	0%	
Engineering Services Total	37,005,670	36,772,370	233,300	1%	
Information Technology and Digital Strategy					
Public Wireless Network Improvements - VPL	500,000	481,551	18,449	4%	
Legal Services Case Management System	2,300,000	1,933,430	366,570	16%	Procurement cost for software/professional services was less than had been anticipated in budget (planned external training was resourced in-house).
Safari Upgrade 2013	2,800,000	2,779,353	20,647	1%	
AMANDA Decommissioning (see NOTE)	760,000	738,499	21,501	3%	NOTE: Subsequent to the migration of pet, residential parking, and business licenses from AMANDA to POSSE prior to decommissioning, decision was made to use AMANDA for other City priorities.
Hansen Upgrade 2015	200,000	164,043	35,957	18%	
2015 SAP Upgrades	200,000	236,960	(36,960)	-18%	
2015 Tee Time Replacement	325,000	249,003	75,997	23%	Implemented "Software As A Service" solution resulting in lower license/software cost.
SAP eRecruiting - Cloud	345,000	318,851	26,149	8%	
Hansen Enhancement	100,000	99,799	201	0%	
Digital Strategy - Fibre Strategy	85,000	81,883	3,117	4%	
COV Digital Strategy	1,000,000	958,987	41,013	4%	
Inventory & Warehousing 2011	600,000	364,466	235,534	39%	Warehousing layout costs were less than expected.

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Appendix 2 - Q4 2016 Capital Closeouts					
Project/Program Name	Budget	Actuals	Surplus (Deficit)	%	Closeout Variance Explanation (Required for variances > \$50,000 and 15% of budget)
Community Services					
Permit & Licence Transformation Program	24,714,000	21,224,350	3,489,650	14%	Management reserve contingency component of project budget was not required.
Network Installations (Parks & VPL)	120,000	117,290	2,710	2%	
GIS Assessment	100,000	99,750	250	0%	
IT and Digital Strategy Total	34,149,000	29,848,215	4,300,785	13%	
Parks and Recreation					
2012-14 Capital Maintenance/Replacement of Activity Features	2,776,400	2,767,875	8,525	0%	
Neighbourhood Matching Fund 2011	122,000	121,921	79	0%	
12-14 New Community Projects in Parks	145,600	145,587	13	0%	
City Contribution to Nat Bailey Stadium Improvements	1,200,000	1,200,000	-	0%	
Park Land Acquisition - December 2014	925,000	905,839	19,161	2%	
Park Land Acquisition - September 2016	1,333,000	1,333,000	-	0%	
Park Land Acquisition - November 2016	1,150,000	1,150,000	-	0%	
Parks and Recreation Total	7,652,000	7,624,222	27,778	0%	
Planning, Urban Design, and Sustainability					
Facade Grant - 40 Powell St	50,000	50,000	-	0%	
Planning, Urban Design, and Sustainability Total	50,000	50,000	-	0%	
Real Estate & Facilities Management					
Stanley Park Electrical Distribution System Upgrade	2,000,000	1,818,796	181,204	9%	
Kerrisdale Rink Ammonia Plant Upgrades	240,000	198,754	41,246	17%	Contract costs for Kerrisdale project and for the sensors at various locations were less than what was anticipated in budget.
2012-14 Fire Hall Building Maintenance	1,400,000	1,187,618	212,382	15%	Burn Tower (training facility for firefighters) wall panel system was not required after detailed analysis and testing by the project consultant.
2012-14 Hazardous Materials Abatement	1,625,000	1,661,275	(36,275)	-2%	
Real-Time Energy Monitoring Retrofits	462,000	439,139	22,861	5%	
Accessibility Improvement Program	250,000	298,503	(48,503)	-19%	
Real Estate & Facilities Management Total	5,977,000	5,604,085	372,915	6%	
Vancouver Fire & Rescue Services					
Firehall Fuel Tanks/Generators 2009-11	1,096,380	1,096,380	-	0%	
Vancouver Fire & Rescue Services Total	1,096,380	1,096,380	-	0%	
Total Q4 2016 Capital Closeouts	137,498,550	132,550,941	4,947,609	4%	

Budget Status at Completion (# of projects/programs)	Budget	Actual	Surplus (Deficit)	%
Surplus greater than \$50K & 15% (6)	29,579,000	25,157,621	4,421,379	0%
Deficit greater than \$50K & 15% (0)	0	0	0	0%
Surplus/deficit less than \$50K & 15% (32)	107,919,550	107,393,320	526,230	0%
TOTAL (38 projects/programs)	137,498,550	132,550,941	4,947,609	4%

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Proposed Allocation of Closeout Surpluses/Deficits:		
From	To	Amount
Community Services		
Contribution to Property Endowment Fund for Land Trust Sites closeout surplus	Affordable Housing Reserve (remove commitment)	45,432
Net Community Services/VAHA closeout deficit relating to non-market housing land acquisitions	DCL (remove commitment)	(32,601)
Community Services net closeout surplus		\$ 12,831
Engineering Services		
2014 New Water Connections Meter Installations closeout surplus	Volume of user-funded water meter installations and corresponding fees were less than anticipated in budget. Closeout surplus represents portion of project budget that was not required.	8,607
Plant and Equipment Reserve	2013-14 Police Vehicles & Equipment Replacement closeout deficit	(6,433)
Net remaining Engineering Services closeout surplus	Citywide Unallocated from Closeouts	231,126
Engineering Services net closeout surplus		\$ 233,300
Information Technology and Digital Strategy		
Permit & Licence Transformation Program closeout surplus	Capital Financing Fund (reduce CFF loan commitment)	3,489,650
Net remaining Technology Services closeout surpluses	Citywide Unallocated from Closeouts	811,135
Information Technology and Digital Strategy net closeout surplus		\$ 4,300,785
Parks and Recreation		
Park Land Acquisition (Dec 2014) closeout surplus	DCL (remove commitment)	19,161
Net remaining Parks and Recreation closeout surpluses	Citywide Unallocated from Closeouts	8,617
Parks and Recreation net closeout surplus		\$ 27,778
Real Estate & Facilities Management		
Real-Time Energy Monitoring Retrofits closeout surplus	Capital Financing Fund (reduce CFF loan commitment)	22,861
Net remaining Real Estate & Facilities Management closeout surpluses	Citywide Unallocated from Closeouts	350,054
Real Estate & Facilities Management net closeout surplus		\$ 372,915
Net closeout surplus for Q4 2016 Capital Closeouts		\$ 4,947,609