



ADMINISTRATIVE REPORT

Report Date: September 3, 2014
Contact: Sarah Kapoor
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RTS No.: 10495
VanRIMS No.: 08-2000-20
Meeting Date: September 17, 2014

TO: Standing Committee on City Finance and Services
FROM: Director of Finance
SUBJECT: 2014 Q2 Capital Budget Adjustments and Closeouts

RECOMMENDATION

- A. THAT Council approve adjustments to the 2014 Capital Budget as outlined in Appendix 1, resulting in an increase of \$19.6 million to the Total Multi-Year Capital Project Budget, and a decrease of \$1.0 million to the 2014 Capital Expenditure Budget for a revised 2014 Capital Expenditure Budget of \$296.5 million.
- B. THAT, subject to approval of Recommendation A, Council approve a capital grant to the Museum of Vancouver in the amount of \$165,000; source of funds as outlined in Appendix 1.
- C. THAT, as part of the quarterly Capital Budget closeout process, Council approve the closeout of completed capital projects with variances exceeding 15% and \$50,000 of the approved budget as outlined in this report and Appendix 2.

The approval of a grant requires that eight members of Council vote in the affirmative.

REPORT SUMMARY

On December 17, 2013, Council approved a 2014 Capital Expenditure Budget of \$285.1 million. Council subsequently approved a net increase of \$12.4 million in capital expenditures for a revised 2014 Capital Expenditure Budget of \$297.5 million.

The decrease to the 2014 Capital Expenditure Budget recommended in this report reflects changes in capital priorities and expenditure timing identified subsequent to the approval of the 2014 Capital Expenditure Budget.

As part of the quarterly capital budget review process, projects/programs completed in each quarter are reported to Council. Council approval is therefore also being requested to close 11 programs/projects completed in Q2 2014, with a net surplus of \$0.4 million, 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. Since 1990, capital plans have been developed in 3-year terms in order to match the term of Council and allow for a borrowing plebiscite to be held in conjunction with the civic election. (NOTE: On May 29, 2014, the Province enacted legislation to extend the term of Council from 3 years to 4 years effective 2014. Going forward, Capital Plans will be developed in 4-year terms, starting with the 2015-2018 Capital Plan.) In September 2011, Council approved the 2012-2014 Capital Plan in the amount of \$702 million (RTS 9318).

It is Council policy to fund capital expenditures for waterworks, sewerage & drainage and energy utility systems from debenture borrowing; 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 three-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 & 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 and through special approvals. Borrowed funds are generally paid back over periods ranging from 10 to 40 years to ensure that a systematic borrowing program can be administered, that outstanding debt does not accumulate to unacceptable levels and that interest and repayment costs 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; these are directed toward the cost of public amenities in the area affected by the rezoning. The allocation of both DCL and CAC funding to specific amenities requires Council approval.

Council authority is required to close capital accounts with variances exceeding 15% and \$50,000 of the approved budget, and to reallocate capital funding over \$50,000.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The Capital Budget is the main tool by which the City implements its 3-year capital plan (4-year capital plan effective with the 2015-2018 Capital Plan), as it provides the authority to proceed with specific programs/projects, and defines the approved annual expenditure for Capital. 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, departments are able to request Capital Budget adjustments on a quarterly basis. This streamlines the Capital Budget process and reduces the number of ad-hoc Council reports being submitted for approval.

Capital Budget adjustments include:

- 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.

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

Quarterly budget reviews are provided to Council in a Council memo and posted externally on the City's website at
<http://vancouver.ca/your-government/financial-reports-and-information.aspx>.

The 2014 Second Quarter Budget Review memo comments on the 2014 Capital results, while this report focuses on Capital Budget adjustments and capital closeouts for Council approval.

REPORT

Background/Context

On December 17, 2013, Council approved a 2014 Capital Expenditure Budget of \$285.1 million. Council subsequently approved a net increase of \$12.4 million in capital expenditures for a revised 2014 Capital Expenditure Budget of \$297.5 million.

As part of the capital budgeting process, proposed adjustments to the current Capital Budget and closeout of completed projects requiring Council approval are identified in the quarterly capital budget reviews and reported to Council for approval in this report. Budget adjustments and project closeouts are presented to Council quarterly. Budget adjustments and project or program closeouts for Quarters 3 and 4 will be presented to Council for

approval in November 2014 (Q3) and March 2015 (Q4). This allows for timely requests and approvals to proceed with new emerging priority projects, reallocations between existing projects or programs, and to receive donations.

Quarterly Capital Budget adjustment requests are categorized as follows:

A. Administrative consolidation, budget restatements, and funding source changes:

Includes the consolidation of like programs/projects into one larger program/project for management purposes; budget restatements to reflect changes in reporting presentation, and changes in funding sources for existing projects/programs;

B. Emerging priority projects:

Includes new projects that have been identified to address unforeseen urgent issues or new priorities emerging outside of the regular Capital Plan/Capital Budget cycle;

C. Timing uncertain budget additions / acceleration of projects:

Includes the addition of expenditure budgets for projects noted as "Timing Uncertain" in the Capital Expenditure Budget where timing subsequently becomes certain; addition of expenditure budgets for acceleration of expenditure timelines arising from external funding opportunities, economies of scale, etc.;

D. Budget increases or decreases to existing projects/programs:

Includes programs or projects where costs have increased or decreased due to unforeseen changes in market economic conditions or changes in project scope thereby advancing the timing of work on a project; increases in scope afforded by external funding contribution opportunities;

E. Reallocations:

Includes the reallocation of funding between existing projects or funding sources reflecting revised priorities and/or cost estimates.

Strategic Analysis

A. Capital Budget Adjustments

Table 1 summarizes the proposed adjustments to the Total Capital Multi-Year Project Budget and the Total 2014 Capital Expenditure Budget. Due to the nature of capital expenditures, spending may span multiple years.

This report proposes an increase of \$19.6 million to the Total Multi-Year Capital Project Budget, for emerging priorities approved by Council subsequent to the original 2014 Capital Budget approval, as well as several emerging priority capital projects recommended by City Staff. The following emerging priorities have been approved by Council through separate Council reports earlier this year. Through this report, Council will provide approval for addition to the Capital Budget:

- Community Amenity Contribution allocated toward Social Housing at Southeast False Creek areas 3A/3B in the amount of \$10 million for which the CAC allocation has been previously approved by Council (RTS 10569).
- Creekside Paddling Centre which involves replacing and improving the existing docks and storage facilities located adjacent to the Creekside Community Centre in the amount of \$3.2 million for which the CAC allocation has been previously approved by Council (RTS 10565).

As part of the Capital Budget process, staff continually review priorities and respond to emerging needs, and bring forward recommendations for adjustment to the Capital Budget on a quarterly basis. A small number of emerging priority capital projects are recommended by City staff to be added to the 2014 Capital Project Budget based on needs identified subsequent to the original budget:

- Burrard Marina Upgrades in the amount of \$2.9 million, including replacing and upgrading electrical services to the marina and the addition of a breakwater that was removed when the Kitsilano Coast Guard Station was closed earlier this year.
- Garage Modifications in the amount of \$1.4 million required for servicing Compressed Natural Gas (CNG) trucks. Scope of work consists of upgrading the Equipment Services Garage as well as the Quick Service Lanes at Manitoba Yards to support the delivery of CNG trucks in time for spring 2015.
- Increase to the Truck and Equipment Replacement program in the amount of \$0.65 million resulting from a combination of the following: higher cost for CNG-fuelled refuse trucks versus conventional diesel-fuelled trucks, replacement of shoring equipment for sewer operations not originally planned during 2014 budget development, and an amount required to order Vancouver Police vehicles in 2014 to meet planned 2015 in-service dates.
- Other initiatives ranging in value from \$0.1 million to \$0.35 million and totalling \$1.45 million described in appendix 1.

In addition to emerging projects, this report recommends reallocations within the 2014 expenditure budget. Staff continue to very closely manage the capital spend on a quarterly basis to ensure optimal delivery of projects within the 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.

This report proposes an overall reduction of \$1.0 million in the 2014 Capital Expenditure Budget, reflecting these changes in capital priorities and expenditure timing identified subsequent to the approval of the 2014 Capital Expenditure Budget. Budget adjustments are generally managed within the total overall Capital Expenditure Budget, whereby additions to the budget are offset by corresponding reductions in budgets elsewhere in the overall Capital Expenditure Budget. 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. Details for all of the adjustments, including the proposed expenditure reductions, are provided in Appendix 1.

Category	Budget Impact	
	Total Multi-Year Project	Capital Expenditure Budget
A. Administrative consolidations and restatements	\$ -	\$ -
B. Emerging priority projects	8,159	1,054
C. Timing uncertain budget additions / acceleration of projects	-	-
D. Budget increases/decreases to existing projects/programs	11,475	(2,140)
E. Reallocations	-	50
Total Proposed Project Budget Adjustments / 2014 Capital Expenditure Budget Adjustments	\$ 19,634	\$ (1,036)
Total Proposed 2014 Capital Expenditure Budget Offsets		\$ -
Proposed Change in Total Project Budget / 2014 Capital Expenditure Budget	\$ 19,634	\$ (1,036)
Current Approved 2014 Capital Expenditure Budget		\$ 297,547
Proposed Revised 2014 Capital Expenditure Budget		\$ 296,511

B. Capital Closeouts

The Capital closeout process is the mechanism by which the City's Capital programs and/or 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 15% and \$50,000 of the approved budget.

A total of 11 programs/projects with budgets totaling \$15.3 million and expenditures of \$14.9 million were completed in the period between the 2014 Q1 Capital Closeout (RTS 10494) and the end of the second quarter of 2014 (June 30, 2014), resulting in a net surplus of \$0.4 million.

Appendix 2 provides a summary of the proposed allocation (funding sources) of project/program closeout surpluses (deficits).

One of the completed projects/programs had a completion surplus exceeding 15% and \$50,000. Appendix 2 provides explanations for significant surpluses/deficits as well as financial details, by project and department, for projects/ programs closed in Q2 2014.

CONCLUSION

As part of the capital budgeting process, adjustments to the Capital Expenditure Budget and the closeout of projects/programs requiring Council approval are identified and brought to Council through the quarterly reporting process.

The purpose of this report is to request Council approval of budget adjustments resulting in an increase of \$19.6 million to the Total Multi-Year Capital Projects Budget, and a reduction of \$1.0 million to the 2014 Capital Expenditure Budget for a revised Capital Expenditure Budget of \$296.5 million.

Capital Budget Adjustment Requests			BUDGET IMPACT						Funding Details		
			Multi-Year Project Budget			Annual Capital Expenditure Budget					
Department	Project	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Annual Capital Budget Change / Proposed Offset
A. Administrative consolidation or restatements											
Includes the ongoing consolidation of like programs/projects into one larger program/project (normally no net impact on the annual budget); other restatements.											
None					0				0	N/A	N/A
Total - Administrative Consolidation; Restatements; Council-approved Additions			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
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	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Capital Budget Change / Proposed Offset
Real Estate & Facilities Mgmt	Creekside Paddling Centre (False Creek Non-Motorized Boating Facility)	Replacement and improvement of existing docks and storage facilities located adjacent to Creekside Community Centre. Estimated to tender in November and complete construction in 2015.	0	3,200,000	3,200,000	0	100,000	100,000	CAC (rezoning at 998 Expo Blvd)	N/A	No net change to 2014 Expenditure Budget as expenditures for the paddling facility to be offset by reductions in other Real Estate & Facilities Management 2014 Expenditure Budgets.
Real Estate & Facilities Mgmt	Burrard Marina Upgrades	Replacement and upgrade of the electrical service to the marina and the addition of a breakwater at the north end of the marina to replace the breakwater that was removed when the Federal Government closed the Kitsilano Coast Guard Station earlier this year.	0	2,900,000	2,900,000	0	100,000	100,000	City-Wide Unallocated from Prior Closeouts (Capital from Revenue)	N/A	No net change to 2014 Expenditure Budget as design and construction timeline is currently being developed.
Real Estate & Facilities Mgmt	Garage Modification for Servicing CNG Fuelled Trucks	Upgrade the Equipment Services Garage and the Quick Service Lanes at Manitoba Yard to support the delivery of compressed natural gas (CNG) fuelled automated side-loading refuse trucks in spring 2015 (contract award for the CNG vehicles was approved April 2, 2014, RTS 10510). CNG is the preferred fuel technology for refuse fleets. Across North America, large refuse companies are transitioning their fleets to CNG due to the reduced cost of CNG fuel and the environmental benefits.	0	1,400,000	1,400,000	0	300,000	300,000	Reallocation of existing Capital (Debenture): • 2012-14 Capital Maintenance of Cultural Facilities \$500,000 • 2012-14 Hazardous Materials Abatement \$200,000	City-Wide Unallocated from Prior Closeouts (Capital from Revenue) \$700,000	No net change to 2014 Expenditure Budget as expenditures for the garage modification to be offset by reductions in other Real Estate & Facilities Management 2014 Expenditure Budgets.
Engineering Services	Davie Street Lighting (Lighting Infrastructure)	Installation of decorative LED lighting between Burrard and Jervis along Davie Street, to be funded from CAC (1400 Howe St, rezoning) allocated to public realm improvements for Davie Village.	0	274,000	274,000	0	274,000	274,000	CAC (rezoning at 1400 Howe St)	N/A	No net change to 2014 Expenditure Budget as expenditures for Davie Street lighting to be offset by reductions in other Engineering Services 2014 Expenditure Budgets.
Real Estate & Facilities Mgmt	Grant - Vancouver Museum (Permanent Exhibition Galleries)	Complete remaining work (two permanent exhibition galleries) from Phase 3 of Vancouver Museum Revitalization Program.	0	165,000	165,000	0	100,000	100,000	City-Wide Unallocated from Prior Closeouts (Capital from Revenue)	N/A	No net change to 2014 Expenditure Budget as expenditures for the Museum exhibition galleries to be offset by reductions in other Real Estate & Facilities Management 2014 Expenditure Budgets.
Financial Services	Network Installations	Higher speed network connections are to be installed at several Parks and Library sites as part of implementing the new Wireline contract with Telus.	0	120,000	120,000	0	120,000	120,000	IT Infrastructure Unallocated from Prior Closeouts - Cap from Revenue	N/A	No net change to 2014 Expenditure Budget as expenditures for Network Installations to be offset by a corresponding reduction in 2014 Expenditure Budget for IT Strategic Initiatives.

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Capital Budget Adjustment Requests												
			BUDGET IMPACT									
Department	Project	Reason for Adjustment	Multi-Year Project Budget			Annual Capital Expenditure Budget			Funding Details			
			Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Annual Capital Budget Change / Proposed Offset	
Real Estate & Facilities Mgmt	Kerrisdale Rink Ammonia Plant Upgrades	Plant upgrades to meet WorkSafeBC requirements.	0	100,000	100,000	0	60,000	60,000	City-Wide Unallocated from Prior Closeouts (Capital from Revenue)	N/A	No net change to 2014 Expenditure Budget as expenditures for the Kerrisdale Rink plant upgrades to be offset by reductions in other Real Estate & Facilities Management 2014 Expenditure Budgets.	
Total - Emerging Priority Projects			\$ -	\$ 8,159,000	\$ 8,159,000	\$ -	\$ 1,054,000	\$ 1,054,000				
C. Timing Uncertain budget additions Addition of expenditure budgets for projects noted as "timing uncertain" in the Annual Capital Budget where timing subsequently becomes certain.												
Department	Project	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Capital Budget Change / Proposed Offset	
None					0				0	N/A	N/A	
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	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Capital Budget Change / Proposed Offset	
Real Estate & Facilities Mgmt	Social Housing - Southeast False Creek	Council approved \$10,033,346 cash CAC from rezoning of 1551 Quebec Street (SEFC areas 3A/3B) to be allocated toward the construction of social housing on the site (RTS 10569).	28,950,000	10,000,000	38,950,000	0	0	0	0 (rezoning at 1551 Quebec St, 1600 Ontario St, and 95/99 East 1st Ave)	N/A	No net change to 2014 Expenditure Budget as project is currently classified as Timing Uncertain.	
Engineering Services	2013-14 COV Truck & Equipment Replacement Program	<ul style="list-style-type: none"> • Higher cost for compressed natural gas trucks (CNG) versus cost of diesel-fueled trucks as reflected in original budget; the higher CNG cost is 75% offset by Fortis rebate. • Sewer Operations requires 2014 replacement of shoring equipment that was not anticipated when original budget was developed. • Vancouver Police vehicle replacements planned for 2015 are requested to be ordered in 2014 to meet the planned in-service date. 	34,828,000	650,000	35,478,000	15,442,224	0	15,442,224	Plant and Equipment Reserve	N/A	No net change to 2014 Expenditure Budget as expenditures for these vehicles will occur upon delivery of vehicles in 2015. The Replacement Program budget increase is required for procurement to commence prior to the end of 2014.	
Engineering Services	Fireboat Replacement 2014	Project budget increase is requested because the fireboat contract tender came in higher than estimated in original budget. Expenditure budget increase is requested to reflect an opportunity to reduce the overall fireboat cost through a 30% milestone payment made at the time the purchase order is issued in 2014, rather than full payment at time of delivery in 2015.	3,000,000	300,000	3,300,000	0	915,000	915,000	Plant and Equipment Reserve	N/A	No net change to 2014 Expenditure Budget as expenditure for the fireboat 2014 milestone payment to be offset by reductions in 2014 Expenditure Budgets for Real Estate & Facilities Management 2014 Expenditure Budgets.	
Engineering Services	2012-14 Local Streets	Reallocation of funding to take advantage of opportunities to coordinate street rehabilitation work with planned street improvements on Collingwood St and street restoration with Metro water and City sewer work on Angus Drive.	4,930,000	350,000	5,280,000	2,150,000	350,000	2,500,000	City-Wide Unallocated from Prior Closeouts (Debenture)	N/A	No net change to 2014 Expenditure Budget as expenditures for Local Streets to be offset by a corresponding reduction in 2014 Expenditure Budget for 2012-14 MRN Major Roads program.	

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Capital Budget Adjustment Requests												
			BUDGET IMPACT									
Department	Project	Reason for Adjustment	Multi-Year Project Budget			Annual Capital Expenditure Budget			Funding Details			
			Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Annual Capital Budget Change / Proposed Offset	
Engineering Services	2012-14 MRN (Major Road Network) Major Roads	The E. Broadway and SW Marine Drive major MRN projects have been deferred to 2015.	12,576,000	0	12,576,000	5,009,187	(350,000)	4,659,187	N/A	N/A	Decrease in 2014 Expenditure Budget as project expenditures planned for 2014 are now anticipated to occur in 2015.	
Financial Services	Client Hardware Refresh Program	Hardware costs for higher performance machines and additional project resources related to the Windows 7 conversion are higher than anticipated in original budget.	7,055,000	175,000	7,230,000	4,379,950	175,000	4,554,950	IT Infrastructure Unallocated from Prior Closeouts - Cap from Revenue	N/A	No net change to 2014 Expenditure Budget as expenditures for Client Hardware Refresh Program to be offset by a corresponding reduction in 2014 Expenditure Budget for IT Infrastructure Maintenance.	
Financial Services	IT Strategic Initiatives	Project is made up of a number of initiatives some of which have required more time to get launched which will result in work planned for 2014 carrying forward to 2015.	1,000,000	0	1,000,000	764,029	(175,000)	589,029	N/A	N/A	Decrease in 2014 Expenditure Budget as project expenditures planned for 2014 are now anticipated to occur in 2015.	
Financial Services	IT Infrastructure Maintenance	Some replacement and expansion expenditures originally planned for 2014 have been deferred to 2015.	1,000,000	0	1,000,000	1,900,000	(120,000)	1,780,000	N/A	N/A	Decrease in 2014 Expenditure Budget as project expenditures planned for 2014 are now anticipated to occur in 2015.	
Community Services	Grant to BC Housing for Building Renovations at 211 Gore (former Remand Centre)	Grant to BC Housing for the renovation of 211 Gore. Payment is due when Occupancy Permit is issued, which is now expected to be in Q1 2015	2,000,000	0	2,000,000	2,000,000	(2,000,000)	0	N/A	N/A	Decrease in 2014 Expenditure Budget as project expenditures planned for 2014 are now anticipated to occur in 2015.	
Community Services	Grant - Western Front Society (Rize)	Funding for this capital grant was approved in June 2014 (RTS 10490), but the anticipated spend for 2014 was not known at the time and therefore the Council approval did not include a 2014 expenditure budget. Expenditure timelines have now been reviewed and it is now estimated that \$100,000 of the grant total will be disbursed in 2014.	1,500,000	0	1,500,000	0	100,000	100,000	N/A	N/A	No net change to 2014 Expenditure Budget as expenditures for this grant to be offset by reduction in 2014 Expenditure Budget for Grant to BC Housing for Building Renovations at 211 Gore (former Remand Centre).	
Community Services	Grant - Visible Arts Society (Rize)	Funding for this capital grant was approved in June 2014 (RTS 10490), but the anticipated spend for 2014 was not known at the time and therefore the Council approval did not include a 2014 expenditure budget. Expenditure timelines have now been reviewed and it is now estimated that \$160,000 of the grant total will be disbursed in 2014.	400,000	0	400,000	0	160,000	160,000	N/A	N/A	No net change to 2014 Expenditure Budget as expenditures for this grant to be offset by reduction in 2014 Expenditure Budget for Grant to BC Housing for Building Renovations at 211 Gore (former Remand Centre).	
Community Services	Grant - Arts Factory Society (Rize)	Funding for this capital grant was approved in June 2014 (RTS 10490), but the anticipated spend for 2014 was not known at the time and therefore the Council approval did not include a 2014 expenditure budget. Expenditure timelines have now been reviewed and it is now estimated that \$270,000 of the grant total will be disbursed in 2014.	300,000	0	300,000	0	270,000	270,000	N/A	N/A	No net change to 2014 Expenditure Budget as expenditures for this grant to be offset by reduction in 2014 Expenditure Budget for Grant to BC Housing for Building Renovations at 211 Gore (former Remand Centre).	

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Capital Budget Adjustment Requests												
			BUDGET IMPACT									
Department	Project	Reason for Adjustment	Multi-Year Project Budget			Annual Capital Expenditure Budget			Funding Details			
			Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Annual Capital Budget Change / Proposed Offset	
Community Services	Grant - Satellite Video Exchange Society (Rize)	Funding for this capital grant was approved in June 2014 (RTS 10490), but the anticipated spend for 2014 was not known at the time and therefore the Council approval did not include a 2014 expenditure budget. Expenditure timelines have now been reviewed and it is now estimated that \$100,000 of the grant total will be disbursed in 2014.	2,300,000	0	2,300,000	0	100,000	100,000	N/A	N/A	No net change to 2014 Expenditure Budget as expenditures for this grant to be offset by reduction in 2014 Expenditure Budget for Grant to BC Housing for Building Renovations at 211 Gore (former Remand Centre).	
Real Estate & Facilities Mgmt	Fire Hall #5 Reconstruction (including housing component)	Inclusion of a non-market housing component in fire hall site development and resulting revised project timeline resulted in lower spending in 2014 than originally anticipated.	18,500,000	0	18,500,000	2,000,000	(1,250,000)	750,000	N/A	N/A	Decrease in 2014 Expenditure Budget as project expenditures planned for 2014 are now anticipated to occur in 2015.	
Community Services	Grant - Affordable Housing Site	Increase requested for 2014 Expenditure Budget for water line repairs at affordable housing site not anticipated when 2014 budget was developed.	6,000,000	0	6,000,000	0	905,000	905,000	N/A	N/A	No net change to 2014 Expenditure Budget as expenditures for affordable housing grant to be offset by corresponding reduction in 2014 Expenditure Budget for Grant to BC Housing for renovations to 211 Gore.	
Real Estate & Facilities Mgmt	Vancity Seismic Upgrades	Revised timeline for staff relocations from City Hall East Wing to Vancity offices has resulted in deferral of planned spending from 2014 to 2015 (no change to overall project budget).	4,500,000	0	4,500,000	1,000,000	(550,000)	450,000	N/A	N/A	Decrease in 2014 Expenditure Budget as project expenditures planned for 2014 are now anticipated to occur in 2015.	
Real Estate & Facilities Mgmt	Taylor Manor Reconstruction	Project construction timeline revision in 2013 led to shift in spending from 2013 to 2014 (no change to overall project budget). Project is anticipated to complete in 2014.	14,500,000	0	14,500,000	10,000,000	500,000	10,500,000	N/A	N/A	No net change to 2014 Expenditure Budget as higher 2014 expenditures for Taylor Manor reconstruction to be offset by corresponding reductions in other Real Estate & Facilities Management 2014 Expenditure Budgets.	
Real Estate & Facilities Mgmt	Capital Maintenance for Administrative Facilities	Additional electrical and mechanical work to meet code compliance resulted in higher spending in 2014 than originally planned.	1,000,000	0	1,000,000	500,000	500,000	1,000,000	N/A	N/A	No net change to 2014 Expenditure Budget as additional 2014 expenditures for capital maintenance of administrative facilities to be offset by corresponding reductions in other Real Estate & Facilities Management 2014 Expenditure Budgets.	
Real Estate & Facilities Mgmt	2012-14 Hazardous Material Abatement Program	Number of hazmat abatement projects arising in 2014 has been less than planned. No change in overall program budget, as funding will be used for abatement work which may arise in 2015.	2,200,000	0	2,200,000	1,040,706	(490,000)	550,706	N/A	N/A	Decrease in 2014 Expenditure Budget as project expenditures planned for 2014 are now anticipated to occur in 2015.	
Real Estate & Facilities Mgmt	East Wing Deconstruction	Revised timeline for staff relocations from East Wing to other City Hall Precinct facilities has resulted in deferral of planned spending from 2014 to 2015 (no change to overall project budget).	2,400,000	0	2,400,000	854,000	(455,000)	399,000	N/A	N/A	Decrease in 2014 Expenditure Budget as project expenditures planned for 2014 are now anticipated to occur in 2015.	

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Capital Budget Adjustment Requests												
			BUDGET IMPACT									
Department	Project	Reason for Adjustment	Multi-Year Project Budget			Annual Capital Expenditure Budget			Funding Details			Annual Capital Budget Change / Proposed Offset
			Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2		
Real Estate & Facilities Mgmt	Kensington Community Hall Upgrades	Project currently on hold pending further stakeholder consultation.	6,809,000	0	6,809,000	333,482	(280,000)	53,482	N/A	N/A		Decrease in 2014 Expenditure Budget as project expenditures planned for 2014 have been deferred pending conclusion of ongoing stakeholder consultation.
Real Estate & Facilities Mgmt	Kensington Childcare Upgrades	Project currently on hold pending further stakeholder consultation.	1,809,000	0	1,809,000	500,000	(400,000)	100,000	N/A	N/A		Decrease in 2014 Expenditure Budget as project expenditures planned for 2014 have been deferred pending conclusion of ongoing stakeholder consultation.
Engineering Services	Southlands Equestrian Trail	A portion of the work cannot be completed until trees are relocated, which can only take place when they are dormant in the winter.	1,150,000	0	1,150,000	1,150,000	(300,000)	850,000	N/A	N/A		Decrease in 2014 Expenditure Budget as project expenditures planned for 2014 are now anticipated to occur in 2015.
Real Estate & Facilities Mgmt	Burrard Marina Capital Maintenance	Revised timeline due to later-than-planned start of repairs to storm damaged floats and piles.	302,000	0	302,000	127,244	150,000	277,244	N/A	N/A		No net change to 2014 Expenditure Budget as additional 2014 expenditures for Burrard Marina repairs to be offset by corresponding reductions in other Real Estate & Facilities Management 2014 Expenditure Budgets.
Real Estate & Facilities Mgmt	Capital Maintenance for Non-Market Rental Housing Facilities	Revised timeline for Central Residence and Granville Residence capital maintenance work resulted in spending that was originally planned for 2013 being delayed into 2014. (No change to overall project budget.)	250,000	0	250,000	100,000	105,000	205,000	N/A	N/A		No net change to 2014 Expenditure Budget as additional 2014 expenditures for capital maintenance of non-market rental housing facilities to be offset by corresponding reductions in other Real Estate & Facilities Management 2014 Expenditure Budgets.
Total - Budget Increases/Decreases to Existing Projects/Programs			\$ 159,259,000	\$ 11,475,000	\$ 170,734,000	\$ 49,250,822	\$ (2,140,000)	\$ 47,110,822				

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	Reason for Adjustment	Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Capital Budget Change / Proposed Offset
Engineering Services	Sanitary Sewer Pipe Upgrades	High priority to complete sewer pipe upgrades at Western St. & Terminal Ave. due to impacts on area developments and traffic. Western St. portion is 95% complete and the additional funding will be used to complete the Main St. and 1st Ave. phases. (NOTE: Project was separated out from Sewer Main Reconstruction program as it relates to sewer pipe upgrades; this reallocation request is to move the corresponding budget from the reconstruction program to the upgrade program.)	2,140,000	2,500,000	4,640,000	1,072,405	2,500,000	3,572,405	Reallocation of existing Capital - Debenture	N/A	No net change to 2014 Expenditure Budget as increase in expenditures for sanitary sewer pipe upgrades to be offset by corresponding reduction in 2014 Expenditure budget for sewer main reconstruction.
Engineering Services	Sewer Main Reconstruction	Original planned scope of work has been reduced to accommodate funding reallocation to higher priority sanitary sewer pipe upgrades at Western St. & Terminal Ave.	78,339,134	(2,500,000)	75,839,134	25,620,000	(2,500,000)	23,120,000	N/A	N/A	

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Capital Budget Adjustment Requests												
			BUDGET IMPACT									
Department	Project	Reason for Adjustment	Multi-Year Project Budget			Annual Capital Expenditure Budget			Funding Details			
			Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	Annual Capital Budget Change / Proposed Offset	
Engineering Services	Distribution Main Replacement	Deferral of transmission main project (as described below) will allow the continued targeted replacement of distribution mains to meet program targets and also administer a benchmarking contract.	23,350,947	1,700,000	25,050,947	7,900,000	1,700,000	9,600,000	Reallocation of existing Capital - Debenture	N/A	No net change to 2014 Expenditure Budget as increase in expenditures for waterworks distribution main replacement to be offset by corresponding reduction in 2014 Expenditure budget for waterworks transmission main replacement.	
Engineering Services	Transmission Main Replacement	A major replacement project planned for 2014 has been deferred to 2015 to lessen the impact on local businesses during the peak summer season.	6,070,000	(1,700,000)	4,370,000	5,018,400	(1,700,000)	3,318,400	N/A	N/A		
Real Estate & Facilities Mgmt	Evans Yard HVAC Shop	Project identified by the City's Consolidated Facility Service Review to provide working space for HVAC staff relocated from City Hall campus to Evans Yard.	0	200,000	200,000	0	200,000	200,000	Reallocation of existing Capital - Debenture	N/A	No net change to 2014 Expenditure Budget as expenditures for Evans Yard HVAC shop to be offset by corresponding reduction in 2014 Expenditure budget for capital maintenance of cultural facilities.	
Real Estate & Facilities Mgmt	2012-14 Capital Maintenance for Cultural Facilities	Sufficient funding is available for reallocation from this program after identifying priority cultural facility capital maintenance projects for 2014.	4,480,000	(200,000)	4,280,000	1,054,000	(200,000)	854,000	N/A	N/A		
Real Estate & Facilities Mgmt	2012-14 Capital Maintenance Program for Social Facilities	Additional funding is required to replace the heat pump at Gathering Place. The estimated cost exceeds the amount of uncommitted funding currently available in this capital maintenance program.	800,000	150,000	950,000	175,000	50,000	225,000	Reallocation of existing Capital - Debenture	N/A	No net change to 2014 Expenditure Budget as additional 2014 expenditures for capital maintenance of social facilities to be offset by corresponding reductions in other Real Estate & Facilities Management 2014 Expenditure Budgets.	
Real Estate & Facilities Mgmt	2012-14 Capital Maintenance Program for Childcare Facilities	Sufficient funding is available for reallocation from this program after identifying priority childcare facility capital maintenance projects for 2014.	700,000	(150,000)	550,000	150,000	0	150,000	N/A	N/A		
Engineering Services	2012-14 Burrard Bridge Bearing Replacement/Bridge Rehabilitation	Additional rehabilitation and consulting design work is required to address unplanned concrete repairs and seismic issues.	10,510,000	110,000	10,620,000	7,354,878	0	7,354,878	Reallocation of existing Capital - Debenture	N/A	No net change to 2014 Expenditure Budget as all 2014 expenditures to be covered by existing 2014 Expenditure Budget for Burrard Bridge bearing replacement/bridge rehabilitation.	
Engineering Services	2012-14 Granville Bridge Bearing Replacement	Granville Bridge bearing replacement project is substantially complete.	8,145,000	(110,000)	8,035,000	220,000	0	220,000	N/A	N/A		
Real Estate & Facilities Mgmt	Roddan Lodge - Preliminary Design	Preliminary concept design for renewal of Roddan Lodge currently included in the draft 2015-2018 Capital Plan.	0	100,000	100,000	0	100,000	100,000	Reallocation of existing Capital - Debenture	N/A	No net change to 2014 Expenditure Budget as expenditures for Roddan Lodge preliminary design to be offset by corresponding reduction in 2014 Expenditure budget for capital maintenance of non-market housing facilities.	
Real Estate & Facilities Mgmt	2012-14 Capital Maintenance for Non-Market Housing Facilities	Reduction in planned scope of capital maintenance work to accommodate changes in other facility priorities.	1,147,000	(100,000)	1,047,000	500,000	(100,000)	400,000	N/A	N/A		
Real Estate & Facilities Mgmt	First Aid Rooms in Service Yards	Set up First Aid rooms in Park Service Yards (Sunset, Jericho, Stanley Park) to meet WorkSafeBC requirements.	0	100,000	100,000	0	100,000	100,000	Reallocation of existing Capital - Debenture	N/A	No net change to 2014 Expenditure Budget as expenditures for service yard first aid rooms to be offset by corresponding reduction in 2014 Expenditure budget for capital maintenance of Maritime Museum.	
Real Estate & Facilities Mgmt	Maritime Museum Capital Maintenance	Window replacement substantially complete at lower cost than anticipated in budget.	902,000	(100,000)	802,000	172,784	(100,000)	72,784	N/A	N/A		

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Capital Budget Adjustment Requests											
			BUDGET IMPACT								
Department	Project	Reason for Adjustment	Multi-Year Project Budget			Annual Capital Expenditure Budget			Funding Details		
			Current	Change	Proposed	Current	Change	Proposed	Funding Source 1	Funding Source 2	
Real Estate & Facilities Mgmt	2012-14 Capital Maintenance Program For Service Yards	Unplanned work identified in 2014 that requires additional funding for the program (e.g., Manitoba Yards pit repairs, roof-top ventilation replacement)	400,000	60,000	460,000	236,271	60,000	296,271	Reallocation of existing Capital - Debenture	N/A	No net change to 2014 Expenditure Budget as expenditures for capital maintenance of service yards to be offset by corresponding reduction in 2014 Expenditure budget for replacement of overhead doors at Manitoba Yard.
Real Estate & Facilities Mgmt	Manitoba Yard Overhead Doors Replacement	Project is substantially complete and under final review, and anticipated to require less funding than originally planned.	1,188,000	(60,000)	1,128,000	788,000	(60,000)	728,000	N/A	N/A	
Total - Reallocations			\$ 138,172,081	\$ -	\$ 138,172,081	\$ 50,261,738	\$ 50,000	\$ 50,311,738			
Total Capital Budget Adjustment Requests			\$ 297,431,081	\$ 19,634,000	\$ 317,065,081	\$ 99,512,560	\$ (1,036,000)	\$ 98,476,560			

Appendix 2 - Q2 2014 Capital Closeouts					
Project/Program Name	Budget	Actuals	Surplus (Deficit)	%	Closeout Variance Explanation (for variances > \$50K and 15% of budget)
Community Services					
Grant to Collingwood Neighbourhood House (childcare renovations)	\$ 105,846	\$ 105,846	\$ -	0%	
Contribution to Property Endowment Fund for 3475 E Hastings (Housing)	160,000	160,000	-	0%	
Grant to SUCCESS (611 Main)	220,000	220,000	-	0%	
Community Services Total	\$ 485,846	\$ 485,846	\$ -	0%	
Engineering Services					
2011 Transportation Miscellaneous Projects	\$ 690,000	\$ 766,114	\$ (76,114)	-11%	Additional costs were incurred for studies that were not anticipated at the time the original budget was developed (e.g., Flood Construction Level study, additional Adanac bikeway upgrade monitoring).
2009 Lanes Local Improvements	1,442,044	973,864	\$ 468,180	32%	Demand for lane local improvements was less than originally planned for in program budget. (NOTE: Program surplus includes property owner funding component not realized as local improvement work undertaken was less than planned.)
Engineering Services Total	\$ 2,132,044	\$ 1,739,978	\$ 392,066	18%	
Financial Services / IT					
Fibre Network Expansion 2011	\$ 392,000	\$ 390,416	\$ 1,584	0%	
Financial Services / IT Total	\$ 392,000	\$ 390,416	\$ 1,584	0%	
Parks & Recreation					
Riley Park Community Centre (Hillcrest Conversion)	12,085,317	12,060,581	24,736	0%	
2012-14 New/Enhancements to Infrastructure in Parks	111,600	111,189	411	0%	
2012-14 Access to Nature - Tree Planting on Private Property	97,100	99,758	(2,658)	-3%	
Street Trees Replacement - Shannon Mews	40,125	40,125	-	0%	
Parks & Recreation Total	\$ 12,334,142	\$ 12,311,653	\$ 22,489	0%	
Planning and Development					
Grant - Downtown Eastside Commercial Corridor Retail Strategy	\$ 5,000	\$ 5,000	\$ -	0%	
Planning and Development Total	\$ 5,000	\$ 5,000	\$ -	0%	
Total Q2 2014 Capital Closeouts	\$ 15,349,032	\$ 14,932,894	\$ 416,138	3%	

Budget Status at Completion (# of projects/programs)	Budget	Actual	Surplus (Deficit)	%
Surplus greater than \$50K & 15% (1)	\$ 1,442,044	\$ 973,864	\$ 468,180	32%
Deficit greater than \$50K & 15% (0)	-	-	-	0%
Surplus/deficit less than \$50K & 15% (10)	13,906,988	13,959,030	(52,042)	0%
TOTAL (11 projects/programs)	\$ 15,349,032	\$ 14,932,894	\$ 416,138	3%

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Proposed Allocation of Closeout Surpluses/Deficits:		
From	To	
Engineering Services		
2012-14 Active Transportation Corridors & Spot Improvements (ongoing)	2011 Transportation Miscellaneous Projects closeout deficit	(76,114)
2009 Lanes Local Improvements closeout surplus	Property owner funding share of local improvement budget not required because the local improvements were not required ----- City-Wide Unallocated from Closeouts	435,576 32,604
Engineering Services net closeout surplus		\$ 392,066
Financial Services (IT)		
Fibre Network Expansion closeout surplus	City-Wide Unallocated from Closeouts	1,584
Financial Services (IT) net closeout surplus		\$ 1,584
Parks & Recreation		
Net Parks & Recreation closeout surplus after covering closeout deficits	City-Wide Unallocated from Closeouts	22,489
Parks & Recreation net closeout surplus		\$ 22,489
Net Q2 2014 Capital Closeout Surplus		\$ 416,138