



ADMINISTRATIVE REPORT

Report Date: October 22, 2019
Contact: Denise Lam
Contact No.: 604.873.7974
RTS No.: 12827
VanRIMS No.: 08-2000-20
Meeting Date: November 5, 2019

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

RECOMMENDATIONS

- A. THAT Council approve an increase of \$2.4 million to the 2019-2022 Capital Plan, funded from external revenue and reserves, as outlined in this report and Appendix 2.
- B. THAT, subject to approval of Recommendation A, Council approve budget and funding adjustments totalling a net increase of \$10.6 million to Multi-Year Capital Project Budgets as outlined in this report and Appendix 2, with no change to the current overall 2019 Capital Expenditure Budget.
- C. THAT, as part of the quarterly Capital Budget closeout process, Council approve the closeout of two capital projects that were completed with a surplus or deficit exceeding \$200,000 as outlined in this report and Appendix 3.
- D. THAT Council receive for information the budget surpluses or deficits for capital projects included in this quarter closeout that were funded by voter-approved capital funding, as noted in Appendix 4.

REPORT SUMMARY

On July 25, 2018, Council approved the 2019-2022 Capital Plan as a guiding document for capital investments for 2019 through 2022. The Capital Plan will evolve over the course of the four year period in order to address emerging needs and account for additional partnership funding that is secured. The original Capital Plan contemplated \$2.771 billion of capital investments, comprised of \$2.203 billion City-led capital programs and \$0.569 billion in-kind contributions achieved through development.

Council subsequently approved adjustments to the 2019-2022 Capital Plan, bringing an increase of \$24.0 million, primarily from additional partnership funding (\$7.4 million), development contributions (DCL/CAC) (\$10.2 million), and special purpose reserves (\$1.7 million). This report recommends an increase of \$2.4 million to the 2019-2022 Capital Plan, bringing the 2019-2022 Capital Plan total to \$2.230 billion. The increase is funded from external funding and from reserves from development contributions.

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

Council subsequently approved adjustments to the multi-year capital budgets and 2019 capital expenditure budgets as well as project budget closeouts, bringing the current total approved multi-year capital budgets for open projects to \$1.324 billion and the current 2019 Capital Expenditure Budget to \$574.9 million.

This report also recommends an increase of \$10.6 million to Multi-Year Capital Project Budgets funded from the current 2019-2022 Capital Plan and from the adjustments to the capital plan requested in report recommendation A. Expenditures in 2019 relating to the increases to Multi-Year Capital Project Budgets will be managed within the current overall 2019 Annual Capital Expenditure Budget of \$574.9 million.

In addition, in conjunction with the quarterly Capital Budget review process and in accordance with the City's Capital Budget Policy, Council approval is requested to close two capital projects that were completed with deficits or surpluses exceeding \$200,000, as outlined in Appendix 3. Also in accordance with the City's Capital Budget Policy, this report includes for Council information all budgets surpluses or deficits for completed capital projects that were funded by voter-approved capital funding, as noted in Appendix 4.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

In accordance with the City's Capital Budget Policy, Council approval is required for:

- new capital projects and corresponding multi-year capital project budgets
- additions to the Capital Plan
- increases to existing multi-year capital project budgets with funding from the Capital Plan
- increases to existing multi-year capital project budgets with funding to be added to the Capital Plan
- changes in funding sources for existing multi-year capital project budgets
- funding reallocations greater than \$500,000 between existing open multi-year capital project budgets
- increases to the total Citywide Annual Capital Expenditure Budget
- closeouts of completed capital projects with a deficit or surplus greater than \$200,000.

The Capital Budget Policy also requires that a multi-year capital project budget recommended to Council for approval must have sufficient eligible funding to provide for all expenditures anticipated for the capital project. In addition, the Capital Budget Policy requires that all budget surpluses or deficits for completed capital projects funded from voter-approved capital funding be reported to Council as part of the quarterly Capital Budget reporting process. Voter-approved

capital funding is funding raised pursuant to the borrowing authority set out in Vancouver Charter Section 245 which requires that the borrowing authority be established by plebiscite question which if approved by the voters gives Council the authority to issue a borrowing by-law for the purposes set out in the plebiscite question

The City has a policy to plan for capital projects on a multi-year cycle. In July 2018 (RTS 12408), Council approved the 2019-2022 Capital Plan in the amount of \$2.771 billion, comprised of \$2.203 billion for City-led capital programs and \$0.569 billion for in-kind contributions to be achieved through development. As factors impacting capital priorities change and as additional development contributions and partnership funding are secured or reserve funding becomes available, the Capital Plan is adjusted as needed to align with current priorities and budget pressures. Examples include the addition of new priority projects, the deletion of cancelled or deferred projects and changes in planned sources of project funding.

Section 242 of the Vancouver Charter gives Council the authority to borrow funds for the construction, installation, maintenance, replacement, repair and regulation of waterworks, sewerage and drainage, and energy utility systems without the assent of the electorate; borrowing authority for all other purposes must be established through the electorate's approval of a borrowing plebiscite. A change in the use of electorate-approved borrowing authority prior to borrowing funds, or diverting borrowed funds to some other purpose, requires approval by a two-thirds majority of Council members.

It has been Council practice to fund capital expenditures for waterworks, sewerage and drainage, and energy utility systems from debenture borrowing. As part of the City's debt management strategy, the water utility has transitioned its infrastructure lifecycle replacement programs from debt financing to pay-as-you-go, helping to lower the City's overall debt and save interest costs over the long-term. The City will continue to explore opportunities, where appropriate, to transition the general capital program and the sewer utility to a higher proportion of pay-as-you-go to improve the City's long-term debt profile and further enhance our credit ratings. The balance of capital expenditures are funded from a combination of debenture borrowing, direct contribution from the annual Operating Budget (Capital from Revenue), Development Cost Levies (DCLs) and Community Amenity Contributions (CACs) from developers, special-purpose reserves, internal loans, fees and levies collected from property owners and contributions from senior governments and other funding partners.

Funding from the multi-year Capital Plan is allocated to specific capital programs and projects through the annual Capital Budgeting process. Council approval of the capital program/project and the corresponding Multi-Year Capital Project Budget and annual Capital Expenditure Budget is required before work can proceed on the program/project. Council approval of a multi-year capital project budget also requires that sufficient eligible funding is available to provide for all expenditures anticipated for the capital project. During the course of a capital project, as the project progresses through planning and design and final costing, the nature and final scope of work becomes more refined and in some cases requires an update to the originally planned funding sources. As well, over the four years of a capital plan, the original planned uses of debenture funding across the capital plan categories may change and other funding sources, including senior government funding contributions or funding partnerships with other external organizations, may become available.

The requirement to borrow funds to finance capital expenditures is established by Council at the time of the approval of the Multi-Year Capital Project Budgets. Borrowed funds are generally paid back over 10 years to ensure that outstanding debt does not accumulate to unacceptable

levels, and that annual debt servicing charges (principal and interest) are maintained at a level that does not put undue pressure on the operating budget.

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

In June 2003, Council approved the Financing Growth Policy which sets out policy for the collection and use of DCLs and CACs. Pursuant to Section 523D of the Vancouver Charter, DCLs are collected to assist in recovering growth-related capital costs that arise from new developments. DCLs are generally allocated on a “cash available” basis among park, replacement housing, transportation, utilities, and childcare projects in proportions specified in various DCL By-laws. CACs are developer contributions that arise from rezonings. Within the context of the City's Financing Growth Policy, an offer of a CAC to address the impacts of rezoning can be anticipated from the owner of a rezoning site. CAC offers typically include either the provision of on-site amenities or a cash contribution towards other public benefits and they take into consideration community needs, area deficiencies and the impact of the proposed development on City services. The allocation of both DCL and CAC funding to specific amenities requires Council approval.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

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

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

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

Capital Budget adjustments include, for example:

- Reallocations to projects or programs from other projects or programs to reflect changes in capital priorities;
- Additions to the Capital Budget for projects or programs for which the timing of expenditures are uncertain at the time of approving the annual budget but which subsequently becomes more certain (e.g., projects awaiting resolution of factors external to the City, such as partnership funding commitments);
- Requests for funding from future years of the Capital Plan to advance or expedite projects or programs in a given year; and

- Revisions to funding sources.

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

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

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

REPORT

Background/Context

On July 25, 2018, Council approved the 2019-2022 Capital Plan as a guiding document for capital investments for 2019 through 2022. The Capital Plan will evolve over the course of the four year period in order to address emerging needs and account for additional partnership funding that is secured. The original Capital Plan contemplated \$2.771 billion of capital investments, comprised of \$2.203 billion City-led capital programs and \$0.569 billion in-kind contributions achieved through development. Council subsequently approved adjustments to the 2019-2022 Capital Plan, increasing the capital plan by \$24.0 million, primarily from additional partnership funding (\$7.4 million), development contributions (DCL/CAC), (\$10.2 million), and special purpose reserves (\$1.7 million).

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

Council subsequently approved adjustments to the multi-year capital budgets and 2019 capital expenditure budgets as well as project budget closeouts, bringing the current total approved multi-year capital budgets for open projects to \$1.324 billion and the current 2019 Capital Expenditure Budget to \$574.9 million.

Adjustments to annual expenditure budgets at a project level are generally managed within the departmental or Citywide annual capital expenditure budget envelope, with no changes to the overall Annual Capital Expenditure Budget. As projects proceed; however, circumstances may arise for some projects which significantly affect the timing of the execution and expenditures planned for the current year, either accelerating or delaying the planned spending. Where the effect on the total Citywide planned expenditures becomes significant and has a high level of certainty, an adjustment to the overall Annual Capital Expenditure Budget is recommended to Council for approval through the quarterly capital budget adjustment process.

As part of the capital budgeting process and in accordance with the City's Capital Budget Policy, proposed adjustments to the Capital Plan, the Multi-Year Capital Budget and the total Annual Capital Expenditure Budget requiring Council approval, and closeouts of completed projects with surpluses or deficits greater than \$200,000 are identified in the quarterly capital budget

review and presented to Council for approval. This report includes recommendations for adjustments to the 2019-2022 Capital Plan and to Multi-Year Capital Project Budgets, as well as recommendations to close out projects completed in the third quarter of the City's 2019 financial year with surpluses or deficits greater than \$200,000.

Strategic Analysis

A. Capital Budget Adjustments

As part of the on-going work and oversight related to the City's Capital Plan and Capital Budget, staff continually review priorities, respond to emerging needs, and where appropriate bring forward recommendations for adjustments to the Capital Plan and/or Capital Budget each quarter.

Quarterly Capital Budget adjustment requests are categorized as follows:

- Administrative consolidation of multiple projects into one program, budget restatements, and funding source changes;
- Emerging priority projects that have been identified to address unforeseen urgent issues or new priorities emerging outside of the regular four-year Capital Plan/annual Capital Budget cycles;
- Budget increases or decreases to existing projects/programs, including budget reallocations between projects, reflecting project scope changes, contract tendering, or changing priorities for the timing of project deliverables.

Increase to 2019-2022 Capital Plan

The 2019-2022 Capital Plan was approved in July 2018 at \$2.771 billion. Over the course of the four years of the capital plan, the plan is adjusted to align with changing priorities, funding opportunities, and budget pressures as they arise. Examples include the addition of new priority projects, the deletion of cancelled or deferred projects and changes in planned sources of project funding. Since the 2019-2022 Capital Plan and 2019 Capital Budget were approved, \$24.0 million has been added to the Capital Plan from the previously approved adjustments and changes, primarily from additional partnership funding (\$7.4 million), development contributions (DCL/CAC), (\$10.2 million), and special purpose reserves (\$1.7 million).

The 2019-2022 Capital Plan is currently at \$2.795 billion. This report proposes a total increase of \$2.4 million to the 2019-2022 Capital Plan, reflecting external funding contributions received toward several ongoing capital projects and development contributions applied toward the removal of the tunnel connecting the Oakridge Centre Parkade with 41st Avenue as approved by Council in conjunction with rezonings in the area. With the adjustments recommended in this report, the revised total 2019-2022 Capital Plan will be \$2.798 billion. Appendix 1 in this report provides a summary of the 2019-2022 Capital Plan grouped by different Service Categories, including information on the original Council-approved Capital Plan, Council-approved changes to date, changes to the Capital Plan recommended in this report, allocations from the Capital Plan to capital project budgets, and the remaining balance in the Capital Plan.

***Net decrease to Multi-Year Capital Project Budgets
(Including effect of Q3 2019 project closeouts)***

The current total of approved Multi-Year Capital Project Budgets for all open projects is \$1,323.9 million. This report proposes a net decrease of \$45.4 million to overall Multi-Year Capital Project Budgets, reflecting an increase of \$10.6 million for new or increased Multi-Year Capital Project Budgets and a reduction of \$56.0 million for capital projects that were completed in the third quarter of 2019. With the project closeouts and multi-year capital project budget adjustments recommended in this report, the revised total of the approved Multi-Year Capital Project Budgets for all open projects will be \$1,278.4 million.

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

- An increase of \$3.4 million to the multi-year capital project budgets for the 2019 Sewer and Water Combined Connections and 2019 Water Commercial Connections programs (programs funded by property owners), reflecting a regular quarterly update to multi-year capital project budgets for third party requests to connect new properties to the City's water, sanitary, and stormwater sewer services (revised total multi-year capital project budgets for these capital programs to be \$10.9 million).
- An increase of \$2.2 million to the multi-year capital project budget for the 2019 Routine Landfill Gas Works program (funded from the 2019-2022 Capital Plan), to initiate the procurement process for work scheduled for early 2020.
- An increase of \$1.5 million to the 2019-2022 Capital Plan and to the multi-year capital project budget for the 2019 Transit Related Improvements program (funded from development contributions), for a funding contribution by the City toward the cost of removing the tunnel connecting the Oakridge Centre Parkade with 41st Avenue to accommodate the opportunity for potential rapid bus service and surface rail on 41st Avenue.
- An increase of \$1.0 million to the multi-year capital project budget for the 2019 Dock Replacement program (funded from the 2019-2022 Capital Plan and a reallocation of related funding from the 2015-18 Dock Replacement program), for the construction of an enhanced replacement of the ferry dock at the Aquatic Centre.

2019 Annual Capital Expenditure Budget

Expenditures in 2019 relating to the new or adjusted Multi-Year Capital Project Budgets will be managed within the current overall 2019 Annual Capital Expenditure Budget of \$574.9 million.

Summary of Proposed Changes to 2019-2022 Capital Plan and Multi-Year Project Budgets

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

Table 1 - Proposed Changes to 2019-2022 Capital Plan and Multi-Year Project Budgets (\$ Millions)		
	2019-2022 Capital Plan	Multi-Year Capital Project Budget (for open projects)
Current Capital Plan / Budget	\$ 2,795.2	\$ 1,323.9
Adjustment Category		
A. Administrative consolidations, funding source changes	\$ -	\$ -
B. New priority projects	-	0.5
C. Budget increases/decreases to existing projects/programs	2.4	10.1
Proposed Adjustments	\$ 2.4	\$ 10.6
Multi-year Project Closeouts		\$ (56.0)
Proposed Revised Capital Plan / Budget	\$ 2,797.6	\$ 1,278.4

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

B. Capital Closeouts

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

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

A total of 18 programs/projects with multi-year capital project budgets totalling \$56.0 million and expenditures of \$54.5 million were closed in the period between the 2019 second quarter Capital Closeout (RTS 12829) and the end of the third quarter of 2019, with a net surplus of \$1.5 million. Two of the 18 closed programs/projects had a surplus or deficit greater than \$200,000; explanations for these variances are provided in Appendix 3.

Appendix 4 provides for Council information a summary of capital projects that were closed in the third quarter of 2019 that were funded from voter-approved capital funding.

CONCLUSION

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

The purpose of this report is to request Council approval of an increase of \$2.4 million to the 2019-2022 Capital Plan (funded from development contribution reserves and external funding) and an increase of \$10.6 million to Multi-Year Capital Project Budgets (funded from budget reallocations and from the 2019-2022 Capital Plan, including the adjustments to the capital plan recommended in this report). Expenditures in 2019 relating to the increases to Multi-Year Capital Project Budgets will be managed within the current overall 2019 Annual Capital Expenditure Budget of \$574.9 million.

This report also requests Council approval for the closeout of two capital projects that were completed with a deficit or surplus greater than \$200,000. A total of 18 projects/programs were completed in the third quarter of 2019, with an overall net surplus of \$1.5 million, or 3% of the multi-year capital project budgets closed in the quarter.

In addition, this report provides for Council information a summary of capital projects that were closed in the third quarter of 2019 that were funded from voter-approved capital funding.

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Appendix 1 - 2019-2022 Capital Plan Summary

Service Categories	2019-2022 Capital Plan (\$ millions)				Allocated vs. Balance Remaining in the Revised 2019-2022 Capital Plan (\$ millions)					
	Original (July 2018)	Council Approved Changes	Proposed Changes*	Revised	2019 Budget Allocations (approved by Council in Dec'18)	Council approved changes to Budget allocations	Proposed Quarterly Budget Adjustments	Total Budget Allocations	Remaining in the Capital Plan	
Affordable Housing	\$ 140.1	\$ 2.8	\$ -	\$ 142.9	\$ 30.4	\$ 2.8	\$ -	\$ 33.3	\$ 109.7	77%
Childcare	85.9	4.7	-	90.7	0.6	23.2	-	23.8	66.8	74%
Parks and Open Spaces	264.5	4.0	0.3	268.7	44.5	12.2	0.4	57.1	211.6	79%
Arts & Culture	142.0	0.8	-	142.8	9.5	15.8	-	25.2	117.6	82%
Community Facilities	146.0	-	0.1	146.1	12.2	1.1	0.1	13.4	132.7	91%
Public Safety	47.6	0.3	-	47.8	11.7	0.9	0.6	13.2	34.6	72%
Civic Facilities & Equipment	108.4	2.3	-	110.7	27.2	5.0	0.5	32.8	77.9	70%
Transportation & Street Use	310.7	7.6	1.5	319.8	72.2	17.9	2.8	92.8	226.9	71%
One Water (Water, Sewer & Green Infrastructure)	615.8	-	0.6	616.3	86.3	10.2	3.9	100.4	515.9	84%
Solid Waste	92.2	-	-	92.2	15.4	22.8	2.2	40.4	51.8	56%
Renewable Energy	41.5	1.5		43.0	23.1	1.5	-	24.6	18.4	43%
Technology	100.0	0.1	-	100.1	27.0	0.1	-	27.1	73.0	73%
Overhead	20.0	-	-	20.0	5.8	-	-	5.8	14.2	71%
Emerging Priorities	88.0	-	-	88.0	-	-	-	-	88.0	100%
Total City-led Capital Investments	\$ 2,202.6	\$ 24.0	\$ 2.4	\$ 2,229.0	\$ 365.8	\$ 113.5	\$ 10.6	\$ 489.8	\$ 1,739.2	78%
In-Kind Contributions	568.6	-	-	568.6					568.6	100%
Total 2019-2022 Capital Plan	\$ 2,771.2	\$ 24.0	\$ 2.4	\$ 2,797.6	\$ 365.8	\$ 113.5	\$ 10.6	\$ 489.8	\$ 2,307.8	82%

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

Capital Budget Adjustment Requests				BUDGET IMPACT				
				Multi-Year Project Budget				
A. Administrative adjustments including consolidation, restatements, or funding source changes Includes the ongoing consolidation of like programs/projects into one larger program/project (normally no net impact on the annual budget); other restatements; changes to project funding source(s).								
Impact on 2019-2022 Capital Plan	2019-2022 Capital Plan Service Category / Sub-Category	Project Name	Reason for Adjustment	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2019-2022 Capital Plan
No impact: Change in funding source (Reallocation of previously approved capital funding)	N/A	N/A	Change in Funding Source for Multi-Year Project Budget: Allocation from the 2019-2022 Capital Plan: The Powell Street Overpass project was a \$50-million major road and rail infrastructure enhancement for a section of Powell Street in Vancouver's Downtown Eastside, just west of Clark Drive, completed in 2014 and formally closed out in Q2 2018. The City contributed \$3.75 million to the project and was responsible for delivering the project on behalf of funding partners, which included Port Metro Vancouver, Transport Canada, CP, and TransLink. This adjustment is to update the funding sources for the project to reflect recently finalized cost recoveries relating to sale proceeds from the sale of surplus land that had been acquired for the project. The adjustment reduces cost recovery revenues by \$701,907 and increases the City funding contribution to the project by the same amount, to be funded from DCL funding (DCL released in the funding source adjustment for Knight & Marine Intersection Improvements included in this section).	50,000,000	0	50,000,000	Increase: Reallocation of previously approved capital funding (DCL) \$701,907 Decrease: External (cost recoveries) \$701,907	
No impact (Reallocation of previously approved capital funding)	N/A	N/A	Change in Funding Source for Multi-Year Project Budget: Allocation from the 2019-2022 Capital Plan: This adjustment is to update the funding sources for the recently closed out Knight & Marine Intersection 2015 capital project to correct an error in the underlying project funding details. This adjustment replaces \$900,000 DCL funding with debenture funding to be allocated from the 2019-2022 Capital Plan.	4,350,000	0	4,350,000	Increase: 2019-2022 Capital Plan (Transportation/Managing Transportation Network) Debenture \$900,000 Decrease: DCL \$900,000	

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Capital Budget Adjustment Requests				BUDGET IMPACT				
Impact on 2019-2022 Capital Plan	2019-2022 Capital Plan Service Category / Sub-Category		Project Name	Multi-Year Project Budget				
	Current	Change		Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2019-2022 Capital Plan		
No Impact (Change in funding source)	N/A	N/A	Pilot Modular Housing Initiative (July 2016)	Change in funding Source for Multi-Year Project Budget: The City received funding contributions from CMHC (\$1.5 million), the estate of Jimmy Chow (\$1.0 million), and Vancity (\$25,000) in support of the development of the City's first temporary modular housing project, at 220 Terminal Avenue. This adjustment is to replace a total of \$2,525 million of DCL funding with these external funding contributions.	4,000,000	0	4,000,000 Increase: <ul style="list-style-type: none">• CMHC \$1,500,000• Estate of Jimmy Chow \$1,000,000• Vancity \$25,000 Decrease: DCL \$2,525,000	
2019-2022 Capital Plan (Change in funding source)	Affordable Housing	Non-Market Rental	Property Acquisition for Affordable Housing (June 2019)	Change in funding Source for Multi-Year Project Budget and 2019-2022 Capital Plan: This adjustment is to update the funding source for a property acquired in June 2019 for affordable housing purposes, to replace DCL funding with Empty Homes Tax funding, in line with the City's strategy for deployment of Empty Homes Tax revenues.	3,825,000	0	3,825,000 Increase: Empty Homes Tax Reserve \$3,825,000 Decrease: DCL \$3,825,000	
2019-2022 Capital Plan (Change in funding source)	Transportation	Expand Sustainable Capacity	2019 New Sidewalks	Change in Funding Source for Multi-Year Project Budget: The New Sidewalks program is typically cost-shared with Translink on a 50/50 basis. This adjustment is to update the funding composition for the 2019 program to reflect this cost sharing arrangement.	1,750,000	0	1,750,000 Increase: DCL \$858,000 Decrease: Translink \$858,000	
Total - Administrative adjustments				\$ 63,925,000	\$ -	\$ 63,925,000	\$ -	
B. New Priority projects New projects that have been identified to address unforeseen urgent issues or new priorities emerging outside of the regular capital budget cycle.								
Impact on 2019-2022 Capital Plan	2019-2022 Capital Plan Service Category / Sub-Category		Project Name	Reason for Adjustment			Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2019-2022 Capital Plan
	Civic Facilities and Equipment	Service Yards, Vehicles & Equipment		New Multi-year Project Budget (funded from 2019-2022 Capital Plan): Replacement of flooring and the ventilation system at the Manitoba Yard carpentry shop which have both reached the end of their service lives. The current wood block flooring will be replaced with a concrete topping.	0	530,000	530,000 2019-2022 Capital Plan (Civic Facilities and Equipment/ Service Yards Capital Maintenance) Debenture	
Total - New priority projects				\$ -	\$ 530,000	\$ 530,000		\$ -

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Capital Budget Adjustment Requests				BUDGET IMPACT				
				Multi-Year Project Budget				
C. Budget increases/decreases to existing projects/programs Programs/projects where costs or expenditure timing has increased/decreased due to unforeseen changes in market economic conditions or unavoidable changes in project scope; increases in scope afforded by external funding contribution opportunities.								
Impact on 2019-2022 Capital Plan	2019-2022 Capital Plan Service Category / Sub-Category	Project Name	Reason for Adjustment	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2019-2022 Capital Plan
Allocation from 2019-2022 Capital Plan	One Water Sewerage & Drainage	2019 Sewer & Water Combined Connections	Increase to Multi-Year Project Budget (funded from 2019-2022 Capital Plan): This adjustment is to increase the multi-year project budget for the 2019 Sewer & Water Combined Connections program to reflect work expected to be initiated on combined sewer and water connections, related to connections revenues received in advance. These revenues are driven by residential and commercial construction.	6,000,000	2,500,000	8,500,000	User Fees	
Allocation from 2019-2022 Capital Plan	Solid Waste Disposal	2019 Routine Landfill Gas Works (non-closure)	Increase to Multi-Year Project Budget (funded from 2019-2022 Capital Plan): Increase to the multi-year project budget for the 2019 Routine Landfill Gas Works capital program in order to initiate procurement for work planned for early 2020.	900,000	2,200,000	3,100,000	2019-2022 Capital Plan (Solid Waste/Disposal) Pay-as-you-go	
Addition to 2019-2022 Capital Plan	Transportation Expand Sustainable Capacity	2019 Transit Related Improvements	Increase to Multi-Year Project Budget and 2019-2022 Capital Plan: This adjustment is to increase the multi-year project budget for the 2019 Transit Related Improvements program to cover the cost of removing the tunnel connecting the Oakridge Centre Parkade with 41st Avenue. Tunnel removal is deemed necessary to allow the opportunity for potential rapid bus service and surface rail on 41st Avenue. As part of the Oakridge Centre rezoning enactment (RTS 12537), the City committed to contribute up to \$1.5 million toward the cost of removing the tunnel, with any additional costs to be borne by the rezoning applicant.	4,020,000	1,500,000	5,520,000	<ul style="list-style-type: none"> • CAC (rezonings for 5675 Manson St and 795 West 41st Ave) \$500,000 • Citywide DCL \$670,000 • Oakridge Langara DCL \$330,000 	1,500,000

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Capital Budget Adjustment Requests				BUDGET IMPACT					
Impact on 2019-2022 Capital Plan	2019-2022 Capital Plan Service Category / Sub-Category	Project Name	Reason for Adjustment	Multi-Year Project Budget					
				Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2019-2022 Capital Plan	
Allocation from 2019-2022 Capital Plan	One Water	Potable Water	2019 Water Commercial Connections	Increase to Multi-Year Project Budget (funded from 2019-2022 Capital Plan): This adjustment is to increase the multi-year project budget for the 2019 Water Commercial Connections program to reflect work expected to be initiated on commercial water connections, related to connections revenues received in advance. These revenues are driven by commercial construction.	1,500,000	850,000	2,350,000	User Fees	
Allocation from 2019-2022 Capital Plan	Transportation	Managing Transportation Network	2019 Street Lighting & Pole Rehabilitation	Increase to Multi-Year Project Budget (funded from 2019-2022 Capital Plan): This adjustment will support the accelerated replacement of rusty street lighting poles around the City. Inspections have been finding pole bases in worse condition than anticipated at the time the 2019 budget was developed. To date for 2019, this program has replaced approximately 1,200 poles; this funding will allow for replacement of an additional 340 poles this year.	2,394,383	680,000	3,074,383	2019-2022 Capital Plan (Transportation/Managing Transportation Network) Debenture	
Allocation from 2019-2022 Capital Plan	Public Safety	Fire	2019 Capital Maintenance for Fire Halls	Increase to Multi-year Project Budget (funded from 2019-2022 Capital Plan and multi-year project budget reallocation): Replacement of electrical and propane fire components of the Fire Training Centre which have surpassed their life span.	1,050,000	600,000	1,650,000	2019-2022 Capital Plan (Public Safety/Capital Maintenance) Debenture	
Addition to 2019-2022 Capital Plan	One Water	Sewerage & Drainage	2019 Aging Sewer Connections	Increase to Multi-Year Project Budget and 2019-2022 Capital Plan: This adjustment is to increase multi-year project budget to reflect sewer connection repair assessment fees collected to date for 2019. Fees are collected when property owners request the City to inspect sewer connections. If repair or replacement is required, the fee is applied to the Sewer/Water Combined Connections capital program, where the work is performed; if no work is required, the fee revenue remains in the Aging Sewer Connections program to cover the inspection costs.	1,200,000	400,000	1,600,000	User Fees	400,000

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Capital Budget Adjustment Requests				BUDGET IMPACT					
Impact on 2019-2022 Capital Plan	2019-2022 Capital Plan Service Category / Sub-Category	Project Name	Reason for Adjustment	Multi-Year Project Budget					
				Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2019-2022 Capital Plan	
Addition to 2019-2022 Capital Plan	Parks and Open Spaces	Park Amenities	2019 Playgrounds/Water Spray Park Renewal	Increase to Multi-Year Project Budget and 2019-2022 Capital Plan (funded from external donation): The adjustment is to increase the Playground/Water spray parks budget by \$265,000, funded by a donation from the Kitsilano War Memorial Community Centre Association. The existing spray park does not meet current accessibility standards nor does it provide high quality play value or other necessary amenities like seating. The new features includes a wide variety of spray features for various age groups, large seating areas for kids and parents, and new spray heads that result in a 30% reduction in water usage to align with City water conservation goals.	4,000,000	265,000	4,265,000	Donation (Kitsilano Community Association)	265,000
Allocation from 2019-2022 Capital Plan	Transportation	Managing Transportation Network	2019 Sidewalk Rehabilitation	Increase to Multi-Year Project Budget (funded from 2019-2022 Capital Plan): This adjustment is to increase the multi-year project budget for the 2019 Sidewalk Rehabilitation program to support added scope for the rehabilitation of sidewalks on 12th Ave identified through public consultation.	798,000	200,000	998,000	2019-2022 Capital Plan (Transportation/ Managing Transportation Network) Debenture	
Addition to 2019-2022 Capital Plan	One Water	Sewerage & Drainage	2019 Investigation for Design	Increase to Multi-Year Project Budget and 2019-2022 Capital Plan: The budget for the 2019 Investigation for Design program includes a project (Locarno-Jericho Flood Mitigation) that has a funding contribution of \$170,000 from the federal government. This adjustment is increase the 2019 capital program budget to reflect the gross cost of the program including this cost-shared project.	810,000	170,000	980,000	National Disaster Mitigation Program (2017) [Government of Canada program administered through Emergency Management BC (EMBC)]	170,000
Allocation from 2019-2022 Capital Plan	Parks and Open Spaces	Park Amenities	2019 Skate and Bike Parks - New/Upgrades	Increase to Multi-year Project Budget (funded from 2019-2022 Capital Plan): This adjustment is to increase the Skate and Bike Parks capital program budget to develop a Skateboard Amenities Strategy. This funding will be used to engage a consultant with experience planning and designing new skate parks to help develop a city-wide, long-range strategy for the expansion of skateboard facilities and amenities in Vancouver, to respond to population growth. The Strategy will assess current conditions, identify gaps, determine a ten-year vision and develop an implementation plan, including design for one new skateboard park.	150,000	150,000	300,000	2019-2022 Capital Plan (Parks and Open Spaces/ Park Amenities) DCL	

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Capital Budget Adjustment Requests					BUDGET IMPACT				
					Multi-Year Project Budget				
Impact on 2019-2022 Capital Plan	2019-2022 Capital Plan Service Category / Sub-Category	Project Name	Reason for Adjustment		Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2019-2022 Capital Plan
Addition to 2019-2022 Capital Plan	Community Facilities	Recreation Facilities	West Point Grey Community Centre - Youth Room Renos	Increase to Multi-Year Project Budget and 2019-2022 Capital Plan (funded from external donation): This project was requested and 100% funded by the Community Centre Association (CCA). The CCA has contributed an additional \$81,000 to cover an increase in the cost estimate for the renovations.	299,200	81,000	380,200	Donation (West Point Grey Community Association)	81,000
Reallocations between open multi-year project budgets									
No impact (Reallocation of previously approved capital budget)	One Water	Potable Water	2019 Distribution Main Replacement	Increase to Multi-Year Project Budget (Reallocation): This adjustment is to increase the multi-year project budget for the 2019 Distribution Main Replacement capital program to reflect unplanned costs associated with emergency work required in 2019 as a result of water main breaks on East 12th Avenue.	9,943,627	900,000	10,843,627	Reallocation of previously approved capital funding (Pay-as-you-go)	
No impact (Reallocation of previously approved capital budget)	One Water	Potable Water	2019 Transmission Main Replacement	Decrease to Multi-Year Project Budget (Reallocation): The multi-year project budget for the 2019 Transmission Main Replacement capital program included a contingency for unanticipated costs for projects undertaken in the 2019 program. At this stage of the year, the full amount of the contingency is no longer required and can be reallocated to the 2019 Distribution Main Replacement budget to address unplanned costs in that program in 2019 that exceeded the program's contingency allowance.	8,200,000	(900,000)	7,300,000	Reallocation of previously approved capital funding (Pay-as-you-go)	

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Capital Budget Adjustment Requests					BUDGET IMPACT				
					Multi-Year Project Budget				
Impact on 2019-2022 Capital Plan	2019-2022 Capital Plan Service Category / Sub-Category	Project Name	Reason for Adjustment		Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2019-2022 Capital Plan
Reallocations between open multi-year project budgets									
No impact (Reallocation of previously approved capital budget)	Community Facilities	Libraries and Archives	VPL Office Relocation at Central Library	Increase to Multi-Year Project Budget (Reallocation): This adjustment is to increase the multi-year project budget for relocating library operations office space at Central Library in advance of the pending relocation of the Vancouver Archives to the Central Library building. The proposed budget increase reflects refinement of the project scope of work and cost estimates since the budget was developed in late 2017.	750,000	700,000	1,450,000	Reallocation of previously approved capital funding (Debtenture)	
No impact (Reallocation of previously approved capital budget)	Community Facilities	Libraries and Archives	Archives Relocation to Central Library	Decrease to Multi-Year Project Budget (Reallocation): This adjustment is to reallocate a portion of the multi-year project budget for Archives Relocation to the project budget for VPL Office Relocation Central Library in order for the VPL office relocation work to be completed prior to the Archives Relocation work commencing. This budget will be revisited with the Archives Relocation project at a future date.	2,000,000	(700,000)	1,300,000	Reallocation of previously approved capital funding (Debtenture)	
No impact (Reallocation of previously approved capital budget)	Parks and Open Spaces	Programmed Activity Areas	2019 Grass Field Renewals	Increase to Multi-Year Project Budget (Reallocation): During the design phase for renovating the playfield at Montgomery Park, staff identified an opportunity to expand the playfield at the park to include a new baseball diamond and a new soccer field, at an additional cost of \$0.6M (if completed as part of the larger project) for a total cost of \$2.1M. The addition of the new fields will provide much needed capacity for recreation and help meet the increased demand anticipated in the near future through the Cambie Corridor Plan and Oakridge Centre Redevelopment.	1,500,000	600,000	2,100,000	Reallocation of previously approved capital funding (DCL)	
No impact (Reallocation of previously approved capital budget)	Parks and Open Spaces	Programmed Activity Areas	New Synthetic Turf Field	Decrease to Multi-Year Project Budget (Reallocation): Some work that had been planned for new synthetic turf fields has been deferred while the Park Board completes its comprehensive Field Sport Strategy. Funding from the New Synthetic Turf Fields program is therefore being prioritized to the Grass Playfields program to increase the Montgomery Park project scope to add a new baseball diamond and new soccer field.	3,000,000	(600,000)	2,400,000	Reallocation of previously approved capital funding (DCL)	

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Capital Budget Adjustment Requests				BUDGET IMPACT					
				Multi-Year Project Budget					
Impact on 2019-2022 Capital Plan	2019-2022 Capital Plan Service Category / Sub-Category	Project Name	Reason for Adjustment	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2019-2022 Capital Plan	
Reallocations between open multi-year project budgets									
No impact (Reallocation of previously approved capital budget)	Technology	Technology	2019 IT Capital Resource Pool	Increase to Multi-Year Project Budget (Reallocation): This adjustment is to reflect a revised estimate for capital resources required to support Technology Services and business projects.	140,000	530,000	670,000	Reallocation of previously approved capital funding (Capital from Revenue)	
No impact (Reallocation of previously approved capital budget)	Technology	Technology	2018 CTO Strategic Initiatives	Decrease to Multi-Year Project Budget (Reallocation): This program included funding for some projects relating to the Smart Cities Challenge, which has now been completed, freeing up program funding available for reprioritization/reallocation.	1,805,000	(270,000)	1,535,000	Reallocation of previously approved capital funding (Capital from Revenue)	
No impact (Reallocation of previously approved capital budget)	Technology	Technology	2019 CTO Strategic Initiatives	Decrease to Multi-Year Project Budget (Reallocation): This program included funding for some projects relating to the Smart Cities Challenge, which has now been completed, freeing up program funding available for reprioritization/reallocation.	780,000	(200,000)	580,000	Reallocation of previously approved capital funding (Capital from Revenue)	
No impact (Reallocation of previously approved capital budget)	Technology	Technology	2019 Upgrades for Small COTS Apps	Decrease in Multi-Year Project Budget (Reallocation): Some upgrades for small COTS apps (Commercial Off-the-Shelf applications) that had been planned for 2019 have been deferred to a future year program.	10,000	(10,000)	0	Reallocation of previously approved capital funding (Capital from Revenue)	
No impact (Reallocation of previously approved capital budget)	Technology	Technology	2019 Fairfax Replacement & Upgrade	Decrease to Multi-Year Project Budget (Reallocation): The estimated cost for this system replacement is now lower than what was anticipated at the time the project budget was established.	970,000	(50,000)	920,000	Reallocation of previously approved capital funding (Capital from Revenue)	

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Capital Budget Adjustment Requests				BUDGET IMPACT				
				Multi-Year Project Budget				
Impact on 2019-2022 Capital Plan	2019-2022 Capital Plan Service Category / Sub-Category	Project Name	Reason for Adjustment	Current	Change	Proposed	Funding Source(s) for Changes to Multi-Year Project Budget	Addition to 2019-2022 Capital Plan
Reallocations between open multi-year project budgets								
Allocation from 2019-2022 Capital Plan	Transportation Managing Transportation Network	2019 Dock Replacement	Increase to Multi-Year Project Budget (funded from 2019-2022 Capital Plan and Reallocation): Increase to the multi-year project budget for the 2019 Dock Replacement program for the construction of the enhanced Aquatic Centre ferry dock, including consolidation of a portion of the 2015-18 Ferry Dock Replacement capital program budget relating to the Aquatic Centre dock replacement.	100,000	960,000	1,060,000	<ul style="list-style-type: none"> • 2019-2022 Capital Plan (Transportation/ Managing Transportation Network) Debenture \$460,000 • Reallocation of previously approved capital funding (Debenture) \$500,000 	
No impact (Reallocation of previously approved capital budget)	Transportation Expand Sustainable Capacity	2015-18 Ferry Dock Replacement	Decrease to Multi-Year Project Budget (Reallocation): A portion of the 2015-18 Ferry Dock Replacement capital program budget was earmarked for the replacement of the Aquatic Centre. This adjustment is to consolidate this portion of the 2015-18 Ferry Dock Replacement capital program budget with the 2019 Dock replacement budget funding for the construction of an enhanced Aquatic Centre dock.	987,336	(500,000)	487,336	Reallocation of previously approved capital funding (Debenture)	
Total - Budget Increases/Decreases to Existing Projects/Programs				\$ 53,307,546	\$ 10,056,000	\$ 63,363,546		\$ 2,416,000
Total Capital Budget Adjustment Requests				\$ 117,232,546	\$ 10,586,000	\$ 127,818,546		\$ 2,416,000

Appendix 3 - Q3 2019 Capital Closeouts with surpluses or deficits exceeding \$200,000				
Project/Program Name	Budget	Actual	Surplus (Deficit)	Closeout Variance Explanation
Landfill Phase 3 Southeast Closure	10,950,000	10,140,621	809,379	Final construction costs were less than had been estimated at the time the budget was established in late 2015.
2015-18 Green Infrastructure Strategy	2,700,000	2,455,604	244,396	Some Green Infrastructure support positions that were anticipated to be included in the 2015-18 capital program were deferred to the 2019-22 program.
Total	13,650,000	12,596,225	1,053,775	

Appendix 4 - Q3 2019 Completed Capital Projects with funding from Voter-Approved Capital Funding			
Project/Program Name	Budget	Actual	Surplus (Deficit)
2018 Capital Maintenance - Library & Archives	250,000	239,262	10,738
2015 NEU System Extension	5,680,846	5,629,920	50,926
2015-18 Gastown Transportation and Street Rehabilitation	685,187	645,273	39,914
2017 Social Facility Renovations/Upgrades	73,842	73,686	156
2015 Recreation Facility Renovations/Upgrades	1,400,000	1,368,255	31,745
2015-18 Structural Seismic Program	720,000	663,689	56,311
2015-18 Green Infrastructure Strategy	2,700,000	2,455,604	244,396
2015-18 Park and Street Trees	6,800,000	6,820,948	(20,948)
Total	18,309,875	17,896,637	413,238