



## ADMINISTRATIVE REPORT

Report Date: September 10, 2013  
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Meeting Date: September 25, 2013

TO: Standing Committee on City Finance and Services  
FROM: Director of Finance  
SUBJECT: 2013 Q2 Capital Budget Adjustments and Closeouts

### ***RECOMMENDATION***

- A. THAT Council approve adjustments to the 2013 Annual Capital Budget as outlined in Appendix 1, with no net change to the 2013 Annual Capital Budget.
- B. THAT, as part of the 2013 Q2 Capital 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.

### ***REPORT SUMMARY***

On December 11, 2012, Council approved a 2013 Annual Capital Budget of \$261.3 million and following the First Quarter of 2013 (Q1), approved a revised 2013 Annual Capital Budget of \$265.4 million (RTS 9958, May 28, 2013). Further additions to the 2013 Annual Capital Budget totaling \$3.0 million were approved subsequent to the Q1 revision, bringing the total 2013 Annual Capital Budget to \$268.4 million.

Budget adjustments requested in this report will be managed within the 2013 budget envelope, with no change to the overall 2013 Annual Capital Budget.

In addition to approval of budget adjustments, through the quarterly Capital Budget review process, projects/programs completed in each quarter are reported to Council. In this report, Council approval is requested to close 40 programs/projects completed in Second Quarter (Q2) 2013, with a net surplus of \$0.7 million or 2% on a total budget of \$35.6 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. 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 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, 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 capital budget reviews are provided to Council in a Council memo and posted externally on the Financial Services website at  
<http://vancouver.ca/your-government/financial-reports-and-information.aspx>.

The 2013 Second Quarter Capital Budget Review memo comments on the 2013 Capital results, while this report focuses on Capital Budget adjustments and capital closeouts for Council approval.

### **REPORT**

#### ***Background/Context***

On December 11, 2012, Council approved a 2013 Annual Capital Budget of \$261.3 million and following the First Quarter of 2013, approved a revised 2013 Capital Budget of \$265.4 million (May 28, 2013). Further additions to the 2013 Annual Capital Budget totaling \$3.0 million were approved subsequent to the Q1 revision, bringing the total 2013 Annual Capital Budget to \$268.4 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. Further budget adjustments and project or program closeouts will be presented to Council for approval in December 2013 and March 2014. 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 Council-approved additions:

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

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 Annual Capital 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 proposed 2013 Q2 adjustments to the Total Capital Projects Budget and 2013 Capital Budget. Due to the nature of Capital expenditures, spending may span over multiple years. The Total Project Budget Impact is the amount of funding being added to a

project or program (which may be spent over multiple years), whereas the 2013 Capital Budget Impact is the amount of money that is anticipated to be spent in 2013 for that specific project or program. This report is requesting a Total Project Budget increase of \$16.8 million. These additions are all within the 3 year Capital Plan. The 2013 Annual Capital Budget, which reflects Capital Expenditures within 2013, is unchanged as any additional spending in 2013 associated with these incremental project budgets will be offset by corresponding reductions in 2013 expenditure budgets for other projects within the 2013 Capital Budget. Details for the adjustments are provided in Appendix 1.

Category	Adjustment Requested	Budget Impact	
		Total Multi-Year Projects Impact	Total 2013 Capital Projects Budget Impact
A. Administrative consolidation, restatements, Council-approved additions	\$ -	\$ -	\$ -
B. Emerging priority projects	2,511	2,311	200
C. Timing uncertain budget additions / acceleration of projects	-	-	-
D. Budget increases to existing projects/programs	15,566	14,490	1,780
E. Reallocations	2,520	-	-
<b>Total Proposed Capital Budget Adjustments</b>	<b>\$ 20,597</b>	<b>\$ 16,801</b>	<b>\$ 1,980</b>
Total Proposed Capital Budget Offsets	-	\$ -	\$ (1,980)
<b>Proposed Increase to Total Project Budget &amp; 2013 Capital Budget</b>	<b>-</b>	<b>\$ 16,801</b>	<b>\$ -</b>
Current Approved 2013 Capital Budget			\$ 268,360
<b>Proposed Revised 2013 Capital Budget</b>			<b>\$ 268,360</b>

## 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 40 programs/projects with budgets totaling \$35.6 million and expenditures of \$34.9 million were completed in the period between the 2013 Q1 Capital Closeout (RTS 9958) and the end of the second quarter of 2013 (June 30, 2013), resulting in a net surplus of \$0.7 million.

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

Five of the completed projects/programs have completion surpluses/deficits exceeding 15% and \$50,000 (4 surplus, 1 deficit). Appendix 2 provides explanations for these significant surpluses/deficits as well as financial details, by project and department, for projects/programs closed in Q2 2013.

***CONCLUSION***

As part of the capital budgeting process, adjustments to the Annual Capital 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 no net change to the current 2013 Annual Capital Budget of \$268.4 million.

This report also requests Council approval for the closeout of five programs/projects with completion variances exceeding 15% and \$50,000 of the approved budget and funding.

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Appendix 1 - 2013 Q2 Capital Budget Adjustment Requests									
Requesting Department	From	To	Rationale/Reason for Adjustment	Adjustment Requested	Budget Impact		Funding Source 1	Funding Source 2	Capital Budget Change and Proposed Offset
					Total Multi-Year Projects Impact	Total 2013 Capital Projects Budget Impact			
<b>A. Administrative consolidation, restatements; Council-approved additions</b> Includes the ongoing consolidation of like programs/projects into one larger program/project (normally no net impact on the annual budget); the addition of Capital Budget projects approved by Council outside the regular Capital Budget cycle; other restatements.									
None									
<b>Total - Administrative Consolidation; Restatements; Council-approved Additions</b>					\$ -	\$ -	\$ -		
<b>B. Emerging priority projects</b> New projects that have been identified to address unforeseen urgent issues or new priorities emerging outside of the regular capital budget cycle.									
Financial Services	2012-2014 Capital Plan (Replacement of IT Hardware)	Data Storage Replacement	Funding available in 2012-2014 Capital Plan (IT Hardware Replacement); replacement at this time will allow for maintenance costs to be avoided on current end-of-life equipment, as well as improved reliability and expansion capability.	1,200,000	1,200,000	0	Debenture		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for Data Storage Replacement to be offset by corresponding reduction in 2013 expenditure budgets for Legal Case Management System (\$600,000), Arrest & Booking System (\$400,000), and Business Intelligence (\$200,000).
Engineering Services	Internal Loan (Capital Financing Fund)	2012-14 Neighbourhood Energy Utility (NEU)	NEU Oversight Committee has recommended the connection of two additional buildings (Cressey Mechanical Site and Onni Central, both large developments on Quebec Street near 1st Ave) not anticipated at the time of the development of the 2012-2014 Capital Plan.	330,000	330,000	200,000	Internal Loan (Capital Financing Fund)		Net increase of \$200,000 to 2013 Expenditure Budget. (\$130,000 to be covered by existing 2013 expenditure budget for 2012-14 NEU Capital.)
Financial Services	IT Infrastructure Unallocated from Closeouts	City Staff Wi-Fi Implementation - Phase 1 (Major City Facilities)	Installation of Wi-Fi at major city facilities for staff and public use. Initiative was endorsed within the Digital Strategy and is a component of Workforce Mobility.	312,500	312,500	0	Capital from Revenue		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for City Staff Wi-Fi Implementation (\$200,000 spend for 2013) to be offset by corresponding reduction in 2013 expenditure budget for CIO-BTAC Priority Projects.
Real Estate & Facilities Mgmt	City-Wide Unallocated (Debenture)	Capital Maintenance of Existing Non-Market Rental Housing	Priority capital maintenance for Central Residence (structural shoring of south facade) and Granville Residence (exterior wall).	250,000	250,000	0	Reallocation of existing capital (Debenture)		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for the anticipated 2013 spend of \$150,000 to be offset by a corresponding reduction in 2013 expenditure budget for City Hall Piping.
Vancouver Police Department	Emerging Priorities (Capital from Revenue)	Vancouver Jail Building Security Control System Replacement and Upgrade	Current system was installed in 2001 and frequently requires repair. Replacement parts are also becoming scarce and therefore system replacement is a high priority.	218,000	218,000	0	Emerging Priorities (Capital from Revenue)		No change to overall 2013 Expenditure Budget as project will be fully invoiced when completed, anticipated to be March 2014. Project budget approval is required now for procurement purposes.
Engineering Services	2012-14 Granville Bridge Bearing Replacement	Nanaimo Pedestrian Footbridge Removal	Removal and disposal of the Nanaimo pedestrian footbridge along with all coordination and preliminary work required in support of the bridge removal. Lease agreement with Port of Vancouver that allowed for the footbridge has now expired and the City is responsible for removal of the pedestrian bridge.	200,000	0	0	Reallocation of existing capital (Debenture)		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for the pedestrian bridge removal to be offset by a corresponding reduction in 2013 expenditure budget for Granville Bridge Bearing Replacement.
<b>Total - Emerging Priority Projects</b>					\$ 2,510,500	\$ 2,310,500	\$ 200,000		

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Requesting Department	From	To	Rationale/Reason for Adjustment	Adjustment Requested	Budget Impact		Funding Source 1	Funding Source 2	Capital Budget Change and Proposed Offset			
					Total Multi-Year Projects Impact	Total 2013 Capital Projects Budget Impact						
<b>Total - Emerging Priority Projects</b>				\$ 2,510,500	\$ 2,310,500	\$ 200,000						
<b>C. Timing Uncertain budget additions</b> Addition of expenditure budgets for projects noted as "timing uncertain" in the Annual Capital Budget where timing subsequently becomes certain.												
None												
<b>Total - Timing Uncertain budget additions; Project acceleration</b>				\$ -	\$ -	\$ -						
<b>D. Budget increases/decreases to existing projects/programs</b> Programs/projects where costs or expenditure timing has increased/decreased due to unforeseen changes in market economic conditions or unavoidable changes in project scope; increases in scope afforded by external funding contribution opportunities.												
Engineering Services	2012-2014 Capital Plan (Replacement of Existing Vehicles and Equipment)	2013 Vehicle and Equipment Replacement and Additions	Program budget increase is requested to accommodate 2013 vehicle procurement required for 2014 deliveries, including \$2.5M VPD vehicles and outfitting. Original budget was based only on anticipated vehicle/equipment deliveries and did not reflect timing of funding commitments required for procurement in advance of vehicle/equipment delivery.	5,000,000	5,000,000	1,300,000	Truck and Equipment Plant Account		Net increase of \$1,300,000 to overall 2013 Expenditure Budget to reflect updated schedule for vehicle and equipment deliveries anticipated to occur before the end of 2013.			
Community Services	City-wide DCL	Kensington Child Care Expansion	Current project funding (\$3.5 M) involves reconstruction of some community space and existing preschool (20 spaces) at Kensington Community Centre. Additional \$5.0 M will allow for 49 new daycare spaces to be provided as part of this project. The daycare expansion was contemplated when the 2012-2014 Capital Plan was prepared, but there were insufficient DCL funds available at the time. There are now sufficient DCL funds available. Project will be tendered this fall and construction is anticipated to start in early 2014.	5,000,000	5,000,000	0	City-Wide DCL		No change to overall 2013 Expenditure Budget. The increase in project budget is required for contract procurement; the corresponding spend is anticipated to be 2014.			
Real Estate & Facilities Mgmt	2012-2014 Capital Plan (Capital Maintenance for Non-Market Housing Facilities) & Property Endowment Fund	2012-14 Non-Market Housing Facilities - Kingsway Continental	Additional work required for environmental/restoration, and expansion of project scope to include roof replacement and other building capital maintenance work; work to be completed before the end of 2013.	2,500,000	2,500,000	800,000	Debenture (\$1,350,000) Property Endowment Fund (\$1,150,000)		Total project budget becomes \$4.5 million. \$1.7 million of the \$2.5 million budget increase to be offset by reductions in existing expenditure budgets: <ul style="list-style-type: none"><li>• 2012-14 Capital Maintenance for Cultural Facilities, \$300,000;</li><li>• Gathering Place New Entry, \$350,000;</li><li>• 2012-14 Office Accommodation Plan, \$700,000;</li><li>• 2012-14 Library Square Caulking, \$350,000</li></ul> Remaining \$800,000 to be a net increase to the overall 2013 Expenditure Budget.			

Appendix 1 - 2013 Q2 Capital Budget Adjustment Requests									
Requesting Department	From	To	Rationale/Reason for Adjustment	Adjustment Requested	Budget Impact		Funding Source 1	Funding Source 2	Capital Budget Change and Proposed Offset
					Total Multi-Year Projects Impact	Total 2013 Capital Projects Budget Impact			
Engineering Services	2012 - 2014 Landfill Closure & Gas Collection	2013 Landfill Closure & Gas Collection	In Phase 3 West, garbage disposal will be completed in May 2013. Final height was achieved sooner than anticipated due to higher garbage volumes (which resulted in higher revenues). The Ministry of Environment requires that final closure be constructed within one year of final placement of garbage. Because final closure consists primarily of a plastic cap which requires dry, warm weather for placement and seaming, the closure construction is to be constructed in summer 2013.  <b>NOTE:</b> \$12.2M was added to this project's 2013 expenditure budget in Q1 2013, based on an estimate at that time of the construction contract plus contingency of 15% which was not finalized until early July 2013 when the bids were received and evaluated. The Q1 estimate was also based on 50% design information which was incomplete at the time. This adjustment request is to reflect the awarded contract value, to be completed before the end of 2013.	2,500,000	0	2,500,000	Solid Waste Capital Reserve		Net increase to overall 2013 Expenditure Budget to reflect acceleration of expenditure originally planned for 2014.
Engineering Services	2012-14 Sewer Main Reconstruction	N/A	<b>Expenditure Budget reduction only (no change to overall program budget).</b> Spending in 2013 has been reduced to offset higher than originally planned spending in 2012 (to maximize crew capacity availability in 2012).	(2,000,000)	0	(2,000,000)	N/A		Reduction in 2013 Expenditure Budget to reflect scheduling of work crews.
Engineering Services	2012-14 Upgrade & Replace Pump Station	N/A	<b>Expenditure Budget reduction only (no change to overall program budget).</b> Project will be awarded and construction started this year, however most of project billing to come in 2014.	(1,000,000)	0	(1,000,000)	N/A		Reduction in 2013 Expenditure Budget to reflect 2014 timing of project billings.
Parks & Recreation	2012-14 Capital Maintenance of Existing Activity Features & 2012-14 Park Renewals - Major	Trillium Park Sites	<b>Expenditure Budget reallocations only (no change to overall program budgets).</b> Trillium Park was put on hold in Q1 2013 but has since been restarted and is expected to be complete by the end of 2013.	808,000	0	0	Reallocation of existing budget:  2012-14 Capital Maintenance of Existing Activity Features (\$484,000)  2012-14 Park Renewals - Major (\$324,000)	Reallocation of existing budget:  2012-14 Capital Maintenance of Existing Activity Features (\$484,000)  2012-14 Park Renewals - Major (\$324,000)	No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for Trillium Park Sites to be offset by corresponding reductions in expenditure budgets for Capital Maintenance of Existing Activity Features and Major Park Renewals, reflecting revised program 2013 expenditure forecasts.
Community Services	2012-2014 Capital Plan (Grants - Cultural)	2012-14 Cultural Infrastructure Grants	Funding is available in the 2012-2014 Capital Plan (Grants - Cultural); the funding commitment is required at this time to support the 2013 Cultural Infrastructure grant award recommendations scheduled to go to Council October 2013. Approximately \$100,000 of the grants are anticipated to be disbursed before the end of 2013, with the balance to be disbursed in 2014 and 2015.	800,000	800,000	0	Capital from Revenue		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for planned 2013 spend of \$100,000 to be offset by a corresponding reduction in the 2013 expenditure budget for Grant - WISH Drop-In Centre Society (grant disbursement delayed pending completion of Modification of Lease).

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Requesting Department	From	To	Rationale/Reason for Adjustment	Adjustment Requested	Budget Impact		Funding Source 1	Funding Source 2	Capital Budget Change and Proposed Offset
					Total Multi-Year Projects Impact	Total 2013 Capital Projects Budget Impact			
Engineering Services	External funding (User fees)	2012-14 Connection & Manhole Reconstruction	User-fee funded re-use work was not included in the original budget. Adjustment request is to gross up the budget for expected re-use expenditures.	680,000	680,000	680,000	User Fees		Increase to 2013 Expenditure Budget, as a gross-up of an existing "net" budget that was based on City-funded work only. Grossed up 2013 expenditure budget reflects total expenditures to be incurred for 2013 work.
Engineering Services	2009 Streets Local Improvements, 2006, 2009 Lanes Local Improvements	2012-14 Active Transportation	Outlined in RTS 10055, staff identified that additional funding may be sought to construct the North End of the Cambie Street Bridge project, this includes a two-way separated bike lane from the north end of the Cambie Bridge to Beatty Street.	400,000	0	0	Reallocation of existing Capital - Debenture		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for Active Transportation Program to be offset by corresponding reduction in 2013 expenditure budgets for Streets Local Improvements and Lanes Local Improvements.
Engineering Services	2012-14 Blueways Program	2012-14 Active Transportation	Outlined in RTS 10055, staff identified that additional funding may be sought to construct the North End of the Cambie Street Bridge project, this includes a two-way separated bike lane from the north end of the Cambie Bridge to Beatty Street.	380,000	0	0	Reallocation of existing Capital - Debenture		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for Active Transportation Program to be offset by corresponding reduction in 2013 expenditure budget for Blueways program.
Real Estate & Facilities Mgmt	Property Endowment Fund	2012-14 Facility Condition Audit	Expansion of project scope of the Facility Condition Assessment program to include 100 properties owned by PEF and potentially 30 additional properties which may be acquired before the end of 2014. Addition of these items to the existing program would provide opportunities for cost efficiency through economies of scale.	375,000	375,000	0	Property Endowment Fund		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for the Facility Condition Assessment anticipated 2013 spend (\$160,000) to be offset by a corresponding reduction in 2013 expenditure budget for Office Accommodation Plan project (closing out this Quarter).
Engineering Services	2011 Streets - Local Improvements	2011 Streets - Local Improvements	<b>Expenditure Budget reduction only (no change to overall program budget).</b> Local Improvement project at 37th, Angus to Marguerite is postponed to 2014 due to the proposed sewer work in the area.	(350,000)		(350,000)	N/A		Reduction in 2013 Expenditure Budget to reflect coordination with sewer work planned for 2014.
Real Estate & Facilities Mgmt	2009-11 Trout Lake Community Centre & 2012-14 Capital Maintenance for Park Buildings	Burrard Marina Renewal 2010	Some marina piles were damaged after a recent storm. The additional funding is required for immediate repairs and capital maintenance of Burrard Marina.	200,000	0	0	Reallocation of existing budget:  2009-11 Trout Lake Community Centre (\$110,000)  2012-14 Capital Maintenance Park Buildings (\$90,000)		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for Burrard Marina Renewal to be offset by corresponding reduction in 2013 expenditure budgets for Trout Lake Community Centre (\$110,000) and 2012-14 Capital Maintenance for Park Buildings (\$90,000).
Real Estate & Facilities Mgmt	City Hall Re-Piping	Manitoba Yards Overhead Doors	Lighter rubber doors will be used to replace the steel doors. Replacement of the steel doors with rubber doors will require significant modifications/upgrades to the building's fire suppression system to comply with fire safety code requirements.	188,000	0	0	Debenture		No change to overall 2013 Expenditure Budget. The increase in project budget is required for contract procurement; the corresponding spend is anticipated to be 2014.

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					Total Multi-Year Projects Impact	Total 2013 Capital Projects Budget Impact			
Engineering Services	2013 Transit Related Improvements	2014 Transit Related Improvements	Expenditure Budget reduction only (no change to overall program budget). 2013 progress slower than anticipated due to staffing vacancies in 2012 Q4 and 2013 Q1.	(150,000)	0	(150,000)	N/A		Reduction in 2013 Expenditure Budget to reflect scheduling of work crews.
Parks & Recreation	2009-11 Trout Lake Community Centre	VPD Mounted Unit-Horse Paddock Renewal	VPD Horse Paddock has contaminated soil requiring remediation; not budgeted in original scope of work.	100,000	0	0	Debenture		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for the VPD horse paddock soil remediation to be offset by a corresponding reduction in 2013 expenditure budget for Trout Lake Community Centre project.
Real Estate & Facilities Mgmt	Dunbar Community Centre Association donation	2012-14 Capital Maintenance for Existing Park Buildings	Facility renewal work funded by a donation from Dunbar Community Centre Association. Project scope includes lobby finishes (ceiling, walls, floors), furniture, outdoor sign, blinds/lighting in selected rooms.	100,000	100,000	0	Donation		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for Capital Maintenance for Existing Park Buildings (\$50,000 spend for 2013) to be offset by a corresponding reduction in 2013 expenditure budget for Kensington Community Hall project.
Real Estate & Facilities Mgmt	Theatre Under the Stars donation	2012-14 Capital Maintenance for Existing Park Buildings	Paving of the service road leading to Malkin Bowl, funded by donation from Theatre Under the Stars.	35,000	35,000	0	Donation		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for Capital Maintenance for Existing Park Buildings to be offset by a corresponding reduction in 2013 expenditure budget for Kensington Community Hall project.
<b>Total - Budget Increases/Decreases to Existing Projects/Programs</b>				<b>\$ 15,566,000</b>	<b>\$ 14,490,000</b>	<b>\$ 1,780,000</b>			
<b>E. Reallocations</b> Reallocation of funding between existing projects reflecting revised priorities and/or cost estimates, and or reallocations of funding sources.									
Engineering Services	2012-14 Landfill Closure & Gas Collection	Phase 2 Closure & LFG Gas Collection	Consulting is anticipated to cost more than planned because the contractor lacked sufficient experience with landfill closure and gas work. Funding is available from the Phase 2 LFG Gas Collection project as construction costs are now anticipated to be less than originally planned.	1,000,000	0	0	Solid Waste Capital Reserve		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for Phase 2 Closure & LFG Gas Collection to be offset by corresponding reduction in 2013 expenditure budget for Landfill Closure & Gas Collection.
Engineering Services	2012-14 Burrard Bridge	2012-14 MRN Major Roads	Phase 1 of the Point Grey-Cornwall Active Transportation Corridor approved in July (RTS 10182) identified a single funding source for the 2013 expenditure budget offset. This budget adjustment request is to adjust the proposed offset to reflect current expenditure plans and revised priorities.	400,000	0	0	Reallocation of existing Capital - Debenture		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for MRN Major Roads Program to be offset by corresponding reduction in 2013 expenditure budget for Burrard Bridge Rehabilitation (bridge bearing and expansion joint replacement now scheduled for 2014, following completion of local strengthening work and PCB decontamination).
Engineering Services	2012-2014 Major Road	2012-2014 Local Streets	Remnants of old wood abutment for Ironworkers Memorial Bridge were found supporting bridgeway street along Trans Canada Trail. The road has been closed to traffic due to concerns with slope stability. This project is to remove the abutment remnants and stabilize the slope.	280,000	0	0	Reallocation of existing Capital - Debenture		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for Local Streets program to be offset by corresponding reduction in 2013 expenditure budget for Major Roads program.

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					Total Multi-Year Projects Impact	Total 2013 Capital Projects Budget Impact			
Engineering Services	2012-14 Capital Maintenance of Vehicle Bridges	2012-14 St Lighting Infrastructure Major	Coast Mountain Bus Company (CMBC) trolley pole replacement program is cost-shared with the City. The original 2013 expenditure forecast was reduced due to the uncertainty of the CMBC scheduling of this work. Work is now underway and additional \$190,000 of 2013 expenditure budget is requested to meet CMBC's work schedule for 2013.	190,000	0	0	Reallocation of existing Capital - Debenture		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for Street Lighting Infrastructure program to be offset by corresponding reduction in 2013 expenditure budget for Capital Maintenance of Vehicle Bridges program.
Engineering Services	Distribution Main Replacement	Aging Water Meters Program	To reinforce the program for replacement of aging water meters (approx 300 meters) that are under-reading water consumption. Will help improve accuracy of billings to customers.	150,000	0	0	Debenture		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for Aging Water Meters Program to be offset by corresponding reduction in 2013 expenditure budget for Distribution Main Replacement.
Engineering Services	2011 Cycling Network	Transportation Misc Projects	Some studies conducted under the Transportation - Miscellaneous Projects program were cycling related; the proposed reallocation is to match funding with the work carried out.	140,000	0	0	Reallocation of existing Capital - Debenture		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for Transportation Miscellaneous Projects program to be offset by corresponding reduction in 2013 expenditure budget for Cycling Network program.
Engineering Services	Closure Plan for Vancouver Landfill	2013 Hydrogeological Review	The Landfill Closure Plan and Hydrogeological Review projects are closely linked. The scope of the hydrogeological review was larger than originally anticipated and carried out work originally budgeted for in the Closure Plan; results of the review will be used in both projects. The proposed reallocation is to match funding with the work carried out, which included modelling, site investigation, monitoring for the surface water management plan, and confirming the functionality of the leachate collection and containment system.	120,000	0	0	Solid Waste Capital Reserve		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for Hydrogeological Review to be offset by corresponding reduction in 2013 expenditure budget for Landfill Closure Plan.
Engineering Services	2012-14 Bus Slabs	2012-14 New Curb Ramps	Expenditures against the Bus Slab 2013 expenditure budget were put on hold due to 2012 bus slab overspends. This request is to reallocate the Bus Slab 2013 expenditure budget to the 2013 Curb Ramps expenditure budget to address expenditures required to reduce a backlog of 225 outstanding requests.	100,000	0	0	Reallocation of existing Capital - Debenture		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for Curb Ramps program to be offset by corresponding reduction in 2013 expenditure budget for Bus Slabs program.
Engineering Services	2012-14 Infill St Lighting Major Roads	2012-14 St Lighting Infrastructure Major	The 2012 and 2013 program schedule had been deferred due to resource planning constraints; however, BIA's have requested that priority poles within their areas be repainted this year.	80,000	0	0	Reallocation of existing Capital - Debenture		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for Street Lighting Infrastructure program to be offset by corresponding reduction in 2013 expenditure budget for Street Lighting Infill program.

Appendix 1 - 2013 Q2 Capital Budget Adjustment Requests									
Requesting Department	From	To	Rationale/Reason for Adjustment	Adjustment Requested	Budget Impact		Funding Source 1	Funding Source 2	Capital Budget Change and Proposed Offset
					Total Multi-Year Projects Impact	Total 2013 Capital Projects Budget Impact			
Real Estate & Facilities Mgmt	Vanier Park Security Relocation	2013 City Hall Renovation (OAP)	Consolidate funding from the Vanier Park Security Renovation with the City Hall Renovation (Office Accommodation Plan) project to cover the central Security Office renovation costs.	60,000	0	0	Capital from Revenue		No change to overall 2013 Expenditure Budget. Increase in 2013 expenditure budget for the City Hall Renovations (OAP) project to be offset by a corresponding reduction in 2013 expenditure budget for Vanier Park Security Relocation project.
<b>Total - Reallocations</b>				\$ 2,520,000	\$ -	\$ -			
<b>Total Capital Budget Adjustment Requests</b>				\$ 20,596,500	\$ 16,800,500	\$ 1,980,000			
<b>Proposed Capital Budget Adjustment Offsets</b>									
Vancouver Public Library	Strathcona/DTES Library	N/A	Project expenditures originally planned for 2013 are now expected to shift to 2014 due to extended timelines for rezoning and development permits.		(1,000,000)			Decrease in 2013 expenditure budget: Timing of rezoning and development permitting has shifted planned 2013 expenditures to 2014.	
Engineering Services	Waste Containers - Solar Compactors	N/A	Project implementation has been delayed due to design issues: alternative applications are currently being reviewed but related expenditures are not expected to occur until 2014.		(480,000)			Decrease in 2013 expenditure budget: Project implementation has been delayed due to design issues: alternative applications are currently being reviewed but related expenditures are not expected to occur until 2014.	
Planning & Development	• Chinatown Building Planning Grant Program • Chinatown Public Realm Improvements • Gastown Public Realm Improvements	N/A	Program expenditures are on hold, pending completion of DTES Local Area Plan.		(500,000)			Decrease in 2013 expenditure budget: Expenditures planned for 2013 are on hold, pending completion of the DTES Local Area Plan.	
<b>Total Proposed Capital Budget Adjustment Offsets</b>				\$ -	\$ -	\$ (1,980,000)			
<b>Total Adjustment, Total Multiyear Project Budget Impact, and Total 2013 Capital Budget Impact</b>				\$ 20,596,500	\$ 16,800,500	\$ -			

Appendix 2 - Q2 2013 Capital Closeouts					
Project/Program Name	Budget	Actuals	Surplus (Deficit)	%	Closeout Variance Explanation (for variances > \$50K and 15% of budget)
<b>Community Services</b>					
Downtown South Childcare 2008	150,000	3,535	146,465	98%	Project costs were paid directly from Child Care Reserve.
Carrall Greenway Artwork 2006	120,000	120,000	-	0%	
Civic Public Art c/fwd from pre-2006	43,554	46,498	(2,944)	-7%	
Community Public Art Holdbacks pre-2006	40,963	37,620	3,343	8%	
<b>Community Services Total</b>	<b>354,517</b>	<b>207,653</b>	<b>146,864</b>	<b>41%</b>	
<b>Engineering Services</b>					
ISF - Distribution Main Replacement - Kerrisdale & Fraserview	4,417,477	3,757,992	659,485	15%	Prices for construction contracts came in under preliminary estimates.
2011 Major Streets - Major Road Network	3,824,000	3,824,000	-	0%	
ISF - Distribution System PRV (Pressure Reducing Valve) Replacement	2,582,523	2,720,717	(138,194)	-5%	NOTE: Tender costs for the PRV stations (pressure reducing valve, reduces high pressure source water to acceptable household working limits) came in above budget estimates. Original scope of work also included costs that were later deemed ineligible for ISF funding. The project scope was expanded to maximize costs eligible for the ISF funding available for the project. Funding of the ineligible costs was coordinated with other ongoing waterworks budgets.
ISF - Distribution Main Replacement - Kitsilano & Point Grey	2,500,000	2,758,841	(258,841)	-10%	NOTE: Original scope of work included costs that were later deemed ineligible for ISF funding. The project scope was expanded to maximize costs eligible for the ISF funding available for the project. Funding of the ineligible costs was coordinated with other ongoing waterworks budgets.
2010 & 2011 Renovate and Upgrade Plant	2,404,490	2,395,606	8,884	0%	
By-law Dispute Adjudication System	873,000	830,749	42,251	5%	
Transfer Station Pitwall Repairs	500,000	506,894	(6,894)	-1%	
2009 Investigation for Design	311,000	311,000	-	0%	
2009-11 Waterworks Externally Funded Categories	359,293	443,044	(83,751)	-23%	Category covers infrastructure projects undertaken at the request of Metro Vancouver and funded by Metro. For some projects, opportunities arise to coordinate the Metro Vancouver-requested work with other planned City-funded waterworks projects. Funding for this additional work is coordinated with other ongoing waterworks budgets.

Appendix 2 - Q2 2013 Capital Closeouts					
Project/Program Name	Budget	Actuals	Surplus (Deficit)	%	Closeout Variance Explanation (for variances > \$50K and 15% of budget)
2009 New water Meter Installation	116,943	130,414	(13,471)	-12%	
2010 New Water Meter Installations	134,778	141,055	(6,277)	-5%	
2011 New Water Meter Installation	163,241	123,189	40,052	25%	
2009 New Water Service Installation	1,424,839	1,448,432	(23,593)	-2%	
2009-11 Other Fee-Based Combined Connections	741,970	741,710	260	0%	
2009-11 Sewer Residential B Permits	811,202	808,173	3,029	0%	
<b>Engineering Services Total</b>	<b>21,164,756</b>	<b>20,941,816</b>	<b>222,940</b>	<b>1%</b>	
<b>Financial Services (IT)</b>					
ERDMS (Electronic Records & Data Management)	6,706,000	6,706,489	(489)	0%	
SAP Annual Support Packs	213,000	213,000	-	0%	
Office 2010 Upgrade Transition - VPD	200,000	200,000	-	0%	
VPL Public Network Upgrade 2011	159,000	135,633	23,367	15%	
Legal Services Case Management System Replacement 2011	155,000	157,862	(2,862)	-2%	
VPL ILS (Integrated Library System) Replacement	82,000	-	82,000	100%	System replacement deferred.
Network Review and Redesign	37,000	35,299	1,701	5%	
<b>Financial Services (IT) Total</b>	<b>7,552,000</b>	<b>7,448,283</b>	<b>103,717</b>	<b>1%</b>	
<b>Real Estate &amp; Facilities Management</b>					
Major Office Accommodation Planning 2009	3,396,949	3,414,101	(17,152)	-1%	
Woodward's Heritage Building Tenant Improvements/Relocation	1,400,000	1,400,000	-	0%	
Tenant Improvement Projects	665,640	665,640	-	0%	
PNE Agrodome Lower Roof 2011	306,939	317,684	(10,745)	-4%	
2012-14 Capital Maintenance for Stanley New Fountain	250,000	-	250,000	100%	Property is no longer owned by City.
City Hall Precinct Minor Renovations 2010	150,000	152,318	(2,318)	-2%	
Electrical Systems 2010	100,000	117,004	(17,004)	-17%	
Recapitalization Planning Software	85,000	85,000	-	0%	
Seismic Upgrading Program 2011	75,000	74,329	671	1%	
Non-Profit Capital Asset Maintenance - Daycares	48,447	52,517	(4,070)	-8%	
Electrical Systems 2011	40,000	13,014	26,986	67%	
Micro Energy Efficiency Projects	30,000	30,000	-	0%	
Electrical Systems 2009	10,000	2,793	7,207	72%	
<b>Real Estate &amp; Facilities Mgmt Total</b>	<b>6,557,975</b>	<b>6,324,400</b>	<b>233,575</b>	<b>4%</b>	
<b>Vancouver Fire &amp; Rescue Services</b>					
2006-08 VFRS Unallocated from Closeouts	4,261	-	4,261	100%	
<b>Vancouver Fire &amp; Rescue Services Total</b>	<b>4,261</b>	<b>-</b>	<b>4,261</b>	<b>100%</b>	
<b>Total Q2 2013 Capital Closeouts</b>	<b>35,633,509</b>	<b>34,922,152</b>	<b>711,357</b>	<b>2%</b>	

Budget Status at Completion (# of projects/programs)	Budget	Actual	Surplus (Deficit)	%
Surplus greater than \$50K & 15% (4)	\$4,899,477	\$3,761,527	\$1,137,950	23%
Deficit greater than \$50K & 15% (1)	\$359,293	\$443,044	(\$83,751)	0%
Surplus/deficit less than \$50K & 15% (35)	\$30,374,739	\$30,717,581	(\$342,842)	-1%
<b>TOTAL (40 projects/programs)</b>	<b>\$35,633,509</b>	<b>\$34,922,152</b>	<b>\$711,357</b>	<b>2%</b>

<b>Proposed Allocation of Closeout Surpluses/Deficits:</b>		
<b>From</b>	<b>To</b>	
<b>Community Services</b>		
Net remaining Community Services closeout surplus	City-Wide Unallocated from Closeouts	146,864
<b>Community Services net closeout surplus</b>		<b>\$ 146,864</b>
<b>Engineering Services</b>		
ISF - Distribution Main Replacement - Kerrisdale & Fraserview closeout surplus	Canada Infrastructure Stimulus funding eligibility reduction (final eligible project costs less than budgeted)	\$ 511,275
	To offset Q2 ISF Utilities project closeout deficits	\$ 148,210
ISF - Distribution Main Replacement - Kerrisdale & Fraserview closeout surplus	ISF - Distribution System PRV (Pressure Reducing Valve) Replacement closeout deficit	\$ (138,194)
ISF - Distribution Main Replacement - Kerrisdale & Fraserview closeout surplus	ISF - Distribution Main Replacement - Kitsilano & Point Grey closeout deficit	\$ (10,016)
City-Wide Unallocated from Closeouts (Water)		\$ (248,825)
By-law Dispute Adjudication System	Capital Financing Fund (remove loan commitment)	42,251
Capital Financing Fund/Solid Waste Capital Reserve	Transfer Station Pitwall Repairs closeout deficit	(6,894)
2012-14 Distribution Main Replacement (ongoing)	2009-11 Waterworks Externally Funded closeout deficit	(83,751)
2010 & 2011 Renovate and Upgrade Plant closeout surplus	City-Wide Unallocated from Closeouts	8,884
<b>Engineering Services net closeout surplus</b>		<b>\$ 222,940</b>
<b>Financial Services (IT)</b>		
Net Financial Services (IT) closeout surplus	City-Wide Unallocated from Closeouts	\$ 103,717
<b>Financial Services (IT) net closeout surplus</b>		<b>\$ 103,717</b>
<b>Real Estate &amp; Facilities Management</b>		
Net Real Estate & Facilities Management closeout surplus	City-Wide Unallocated from Closeouts	233,575
<b>Real Estate &amp; Facilities Management net closeout surplus</b>		<b>\$ 233,575</b>
<b>Vancouver Fire &amp; Rescue Services</b>		
2006-08 VFRS Unallocated from Closeouts closeout surplus	City-Wide Unallocated from Closeouts	4,261
<b>Vancouver Fire &amp; Rescue Services net closeout surplus</b>		<b>\$ 4,261</b>
<b>Net closeout surplus</b>		<b>\$ 711,357</b>