



ADMINISTRATIVE REPORT

Report Date: May 14, 2013
Contact: Kit Yee
Contact No.: 604-873-7335
RTS No.: 9958
VanRIMS No.: 08-2000-20
Meeting Date: May 28, 2013

TO: Vancouver City Council
FROM: Director of Finance
SUBJECT: 2013 Q1 Capital Budget Adjustments and Closeouts

RECOMMENDATION

- A. THAT Council approve adjustments to the 2013 Capital Budget as outlined in Appendix 1, with a net increase of \$3.0 million to the 2013 Annual Capital Budget resulting in a revised Annual Capital Budget of \$265.4 million.
- B. THAT, as part of the 2013 Q1 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. Subsequent to this date, Council approved the addition of \$1.1 million to the 2013 Capital Budget for a revised total budget of \$262.4 million.

Budget adjustments are generally managed within the approved annual budget envelope, with no changes to the overall Annual Capital Budget. Increases to the 2013 Capital Budget proposed in this report represent capital priorities which have arisen subsequent to the approval of the 2013 Annual Capital Budget which cannot be offset through reductions in planned 2013 expenditures in other projects or programs.

As another part of 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 53 programs/projects completed in First Quarter (Q1) 2013, with a net deficit of \$4.7 million or 3% (primarily in waterworks distribution and sewer main reconstruction programs, and the landfill Phase 1 closure project) on a total budget of \$169.1 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/fs/budgetServices/index.htm>. The 2013 First 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 subsequently approved a further \$1.1 million for a revised 2013 Capital Budget of \$262.4 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

September and 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 to existing projects/programs:

Includes programs or projects where costs have increased due to unforeseen changes in market economic conditions or unavoidable changes in project scope; 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 Q1 adjustments to the 2013 Annual Capital Budget. Details for these adjustments are provided in Appendix 1. The majority of the adjustments will be managed within the total 2013 Annual Capital Budget, whereby additions to the budget will be offset by corresponding reductions in budgets elsewhere in the overall Annual Capital Budget. Several proposed adjustments, however, warrant an increase to the 2013 Annual Capital Budget as they represent capital priorities which have arisen subsequent to the approval of the current budget for which budget offsets (reductions in planned 2013 expenditures in other projects or programs) are not available.

Table 1 - Proposed Capital Budget Adjustments by Category (000's)			
Category	Project/Program Adjustment Amount	Total Multi-Year Funding Impact	Total 2013 Capital Budget Impact
A. Administrative consolidation, restatements, Council-approved additions	\$ 15,282	\$ -	\$ -
B. Emerging priority projects	2,570	580	780
C. Timing uncertain budget additions / acceleration of projects	0	0	0
D. Budget increases to existing projects/programs	15,435	2,200	8,250
E. Reallocations	56	0	0
Total Proposed Capital Budget Adjustments	\$ 33,343	\$ 2,780	\$ 9,030
Total Proposed Capital Budget Offsets			\$ (6,000)
Proposed Increase to 2013 Capital Budget			\$ 3,030
Current Approved 2013 Capital Budget			\$ 262,350
Proposed Revised 2013 Capital Budget			\$ 265,380

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 53 programs/projects with budgets of \$169.1 million and expenditures of \$173.7 million were completed in the period between the 2012 Q4 Capital Closeout (RTS 9959) and the end of the first quarter of 2013 (March 31, 2013), resulting in a net deficit of \$4.7 million.

The deficit is primarily attributable to two areas. Cost of water distribution and sewer main reconstruction work early in 2012 were charged to and accounted for in 2009-2011 Waterworks Distribution / Sewer Main Reconstruction programs as the budget for the 2012-2014 Programs were not approved until February 2012. As a result, the prior year's (2009-2011) program costs are overstated. This will be corrected upon closeout by the proposed reallocation of funding from the 2012-2014 programs. In addition, the Landfill Phase 1 closure project exceeded budget as a result of higher contractor costs, poor soil conditions relating to the foundation of the flare station, and a lack of subsoil supply on-site. Going forward, Landfill projects will benefit from enhanced Project Management and oversight.

Appendix 2 provides a summary of the proposed allocation of net closeout surpluses and proposed funding sources for net closeout deficits.

Seven of the completed projects/programs have completion surpluses/deficits exceeding 15% and \$50,000 (4 surplus, 3 deficit). Appendix 2 provides explanations for these significant surpluses/deficits as well as financial details, by project and department, for projects/programs closed in Q1 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. Budget adjustments approved by Council subsequent to the approval of the Annual Capital Budget and in the intervening periods between quarterly adjustment/closeout reports are included in the quarterly reporting to Council for information.

The purpose of this report is to request Council approval of budget adjustments resulting in a net increase of \$3.0 million to the 2013 Annual Capital Budget, for a revised Annual Capital Budget of \$265.4 million.

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

* * * * *

Appendix 1 - 2013 Q1 Capital Budget Adjustment Requests									
Project Budget Adjustment (Multi-Year)								2013 Capital Budget Impact (Expenditure Budget)	
Requesting Department	From	To	Rationale/Reason for Adjustment	Project/Program Adjustment Amount	Total Multi-Year Funding Impact	Total 2013 Capital Budget Impact	Funding Source 1	Funding Source 2	
A. Administrative consolidation, restatements; Council-approved additions 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.									
Engineering Services	Utility Debenture	Operating Budget that funds capital projects	Funding source correction: 2013 Budget for Distribution Main Replacement Program and Transmission Main Replacement Program indicated debenture as the funding source, as provided for in the 2012-2014 Capital Plan. Per RTS 9794 (Nov 27, 2012), "the [waterworks] utility has generally financed capital work through debt. This report continues a proposal approved last year to transition towards a 'pay as you go' funding model." The report identified \$7.5M Waterworks 2013 Capital to be funded from pay-as-you-go.	7,500,000	0	0	Addition - Operating that funds capital projects	Reduction - Debenture	Funding source correction only. No change to 2013 Expenditure Budget.
Real Estate & Facilities Mgmt	Capital from Revenue	Debenture	Funding source change: 2012 Budget for Taylor Manor Reconstruction (including a portion in Grants to new non-market housing projects) included a total of \$4M funding from Capital from Revenue as bridge financing pending resolution of potential funding partnership opportunities being explored at the time. Given the capital maintenance nature of this project and the funding source noted for this category of work in the 2012-2014 Capital Plan, the funding for this project should be debenture.	4,000,000	0	0	Addition - Debenture	Reduction - Capital from Revenue	Funding source change only. No change to 2013 Expenditure Budget.
Financial Services	Operating Budget that funds capital projects	Debenture	Funding source correction: 2012 Budget for IT projects indicated funding source as Operating Budget that Funds Capital Projects. Beginning with the 2012-2014 Capital Plan, funding for new IT systems is to be from debenture; the 2012 Budget included \$3.1M for new IT systems.	3,117,000	0	0	Addition - Debenture	Reduction - Operating that funds capital projects	Funding source correction only. No change to 2013 Expenditure Budget.
Engineering Services	2011 MRN Major Roads	2012-14 MRN Major Roads	Administrative clean up to move approved carry-forward to new program to allow closure of old budget line item.	576,000	0	0	Reallocation of existing Capital - External	N/A	No change to 2013 Expenditure Budget (administrative consolidation of existing program budgets).
Engineering Services	2009 Investigation for Design	2012-14 Investigation for Design	Administrative clean up to move approved carry-forward to new program to allow closure of old budget line item.	89,000	0	0	Reallocation of existing Capital - Debenture	N/A	No change to 2013 Expenditure Budget (administrative consolidation of existing program budgets).
Total - Administrative Consolidation; Restatements; Council-approved Additions				\$ 15,282,000	\$ -	\$ -			

Appendix 1 - 2013 Q1 Capital Budget Adjustment Requests									
Project Budget Adjustment (Multi-Year)								2013 Capital Budget Impact (Expenditure Budget)	
Requesting Department	From	To	Rationale/Reason for Adjustment	Project/Program Adjustment Amount	Total Multi-Year Funding Impact	Total 2013 Capital Budget Impact	Funding Source 1	Funding Source 2	
B. Emerging priority projects New projects that have been identified to address unforeseen urgent issues or new priorities emerging outside of the regular capital budget cycle.									
Engineering Services	Renovate and Upgrade Plant	Service Panel Replacement	The City has been advised that BC Hydro is undergoing a wood pole replacement program, replacing an estimated 2,500 wood poles per year. Some poles are used by the City of Vancouver as a structure to mount lane lights and service panels which provide power to street lights and traffic signals. The failure to replace service panels would cause intersections and street lights to be without power and is therefore considered to be a safety concern and high priority. Budget for 2013 will be requested once the timing of the project is known.	1,500,000	0	0	Reallocation of existing Capital - Debenture	N/A	No change to overall 2013 Expenditure Budget as expenditures related to this funding increase are not anticipated to occur before the end of 2013.
Engineering Services	Emerging Priorities (Capital from Revenue) & External Funding	Climate Change Adaptation Strategy (Sustainability)	Funding will be used to study/plan/implement a number of priority action items from the Climate Change Adaptation Strategy approved by Council in July 2012 which includes completion of a Coastal Flood Risk Assessment (this first step in planning infrastructure options for sea level rise), planting additional trees in hot urban areas, increasing our back-up power options for facilities that are important to City business and/or provide shelter during storms and disasters, and providing alternative routes for stormwater other than the sewer system.	480,000	480,000	480,000	440,000 Emerging Priorities (Capital from Revenue)	40,000 External (NRCan Recovery)	Increase to 2013 Expenditure Budget, as a capital priority arising subsequent to approval of 2012-2014 Capital Plan in September 2011 and 2013 Expenditure Budget in December 2012.
Engineering Services	Street Lighting Infrastructure- Major Roads - Rusty Poles	Street Lighting Infrastructure - Local Roads	Pole inspections conducted in 2013 indicate that current funding for the replacement of rusty poles is insufficient for the number of poles identified for replacement. The poles have been deemed to be a safety issue and a high priority for immediate replacement.	200,000	0	0	Reallocation of existing Capital - Debenture	N/A	No change to overall 2013 Expenditure Budget. Increase in expenditure budget for Street Lighting Infrastructure - Local Roads to be offset by corresponding reduction in expenditure budget for Street Lighting Infrastructure - Major Roads program.
Engineering Services	Renovate and Upgrade Plant	2012-14 St Lighting Infrastructure - Local Roads - Brigadoon Area Street Lighting	Funding transfer to address conduit, wiring, and service panel deficiencies identified at recent construction project. Deficiencies represent potential safety concern and therefore a high priority.	200,000	0	200,000	Reallocation of existing Capital - Debenture	N/A	Increase to 2013 Expenditure Budget, as a capital priority arising subsequent to approval of 2012-2014 Capital Plan in September 2011 and 2013 Expenditure Budget in December 2012.
Engineering Services	2012-14 Capital Plan - Planning & Research - Seawall	South False Creek Seawall (new)	South False Creek Seawall—Pedestrian and Cyclist Safety Improvements Study required to develop conceptual design and cost estimates for related capital costs for consideration in the next Capital Plan (2015-2017).	100,000	100,000	100,000	Capital from Revenue	N/A	Increase to 2013 Expenditure Budget, as a capital priority arising subsequent to approval of 2012-2014 Capital Plan in September 2011 and 2013 Expenditure Budget in December 2012.

Appendix 1 - 2013 Q1 Capital Budget Adjustment Requests									
Project Budget Adjustment (Multi-Year)									2013 Capital Budget Impact (Expenditure Budget)
Requesting Department	From	To	Rationale/Reason for Adjustment	Project/Program Adjustment Amount	Total Multi-Year Funding Impact	Total 2013 Capital Budget Impact	Funding Source 1	Funding Source 2	
Engineering Services	2013-14 COV Truck & Equipment Replacement Program	EQS Fuel Info System (new)	To update Fuel Information System that is over 10 years old and failing. Expenditure to be managed within the context of the 2013 Vehicles and Equipment budget.	90,000	0	0	Reallocation of existing Capital - Truck and Equipment Plant Account	N/A	No change to overall 2013 Expenditure Budget. Addition of EQS Fuel System 2013 expenditure budget to be offset by corresponding reduction in expenditure budget for 2013-14 COV Truck & Equipment Replacement Program.
Total - Emerging Priority Projects				\$ 2,570,000	\$ 580,000	\$ 780,000			
C. Timing Uncertain budget additions Addition of expenditure budgets for projects noted as "timing uncertain" in the Annual Capital Budget where timing subsequently becomes certain.									
None									
Total - Timing Uncertain budget additions; Project acceleration				\$ -	\$ -	\$ -			
D. Budget increases to existing projects/programs Programs/projects where costs have increased 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	N/A	2012-14 Landfill Closure & Gas Collect	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.	12,200,000	0	7,600,000	N/A	N/A	\$7.6M to be added to 2013 Expenditure Budget from previously approved Landfill Closure & Gas Collection overall multi-year project budget; \$4.6M to be added to 2013 Expenditure Budget but offset by corresponding reduction to expenditure budget for Transfer Station Improvements (original consultant did not deliver detailed design that met the City's needs and new RFEQ/RFP process has started to retain new consultants to complete design in 2013 and construction in 2014).
Real Estate & Facilities Mgmt	External Funding	Southeast Vancouver Senior Centre	Addition of a senior centre to Killarney Community Centre based on an early feasibility study. Vancouver will be responsible for a portion of the capital cost conditional on external funding. \$1.3 million was received from the Province in April 2013 and to be added to the project budget.	1,300,000	1,300,000	0	Provincial Government	N/A	No change to overall 2013 Expenditure Budget, as expenditures will not commence until funding partnerships, currently being explored, have been established.
Financial Services	IT Infrastructure Unallocated from Closeouts	2009 IT Data Centre Expansion	Project experienced significant delays with real estate negotiations at EComm. Engineering/Construction bids are now significantly higher than the original budget.	450,000	0	450,000	Reallocation of existing Capital - Capital from Revenue	N/A	Net increase to 2013 Expenditure Budget, as a non-discretionary cost estimate increase arising subsequent to approval of 2013 Expenditure Budget in December 2012.
Vancouver Public Library	2012-14 Capital Plan (Central Library - Planning for Levels 8 & 9); Capital from Revenue	Central Library-Level 8 & 9 Expansion	The Library Board will be receiving the feasibility study to renovate Levels 8 and 9 at Library Square in June. Design drawings and costing will be needed to inform the next Capital Plan.	350,000	350,000	0	Capital from Revenue	N/A	No change to overall 2013 Expenditure Budget. Increase in overall project budget is required for contract procurement; expenditures are anticipated to extend into 2014.
Engineering Services	2012-14 Blueways Program	Georgia Dunsmuir Viaducts Study	Funding reallocation to address costs of additional work beyond original scope in response to senior management and Council requests for additional information on transportation issues, soils investigation, and additional public engagement.	320,000	0	0	Reallocation of existing Capital - Debenture	N/A	No change to overall 2013 Expenditure Budget. Increase in expenditure budget for Georgia Dunsmuir Viaducts Study to be offset by corresponding reduction in expenditure budget for Blueways 2012-14 program.

Appendix 1 - 2013 Q1 Capital Budget Adjustment Requests									
Project Budget Adjustment (Multi-Year)								2013 Capital Budget Impact (Expenditure Budget)	
Requesting Department	From	To	Rationale/Reason for Adjustment	Project/Program Adjustment Amount	Total Multi-Year Funding Impact	Total 2013 Capital Budget Impact	Funding Source 1	Funding Source 2	
Real Estate & Facilities Mgmt	External Funding	Bloedel Conservatory Roof Replacement	First phase of the re-roofing of the Bloedel Conservatory which includes refurbishing the central ventilation fan at top of the dome, remove old roof panels, design and manufacturing roof panels and installing new panels. External funding confirmed by Federal government.	225,000	225,000	0	Federal Government	N/A	No change to 2013 Expenditure Budget as expenditures related to this funding increase are anticipated to occur in 2014.
Community Services	2012-14 Capital Plan (Planning& Research - Cultural Facilities)	2012-14 Cultural Spaces Plan & Research	Planning and research for cultural spaces, including continued funding of 2 positions for Cultural Infrastructure Grant Program staff who support non-profit Vancouver based cultural organizations in planning, acquiring, and renovating cultural spaces. Scope of work includes research and plan development for the 2008 - 2023 Cultural Facilities Priorities Plan adopted by Council in June 2008. The focus for 2013 is the Implementation of Live Performance Venues and Artist Studio regulatory reviews.	200,000	200,000	200,000	Capital from Revenue	N/A	Net increase to 2013 Expenditure Budget, reflecting change in timing priority arising subsequent to approval of 2013 Expenditure Budget in December 2012.
Real Estate & Facilities Mgmt	CAC	Children's Centre Playground Upgrades	Funding increase required for drainage repairs for outdoor play area at Dorothy Lam Children's Centre playground and to address roof drainage tender bids coming in higher than originally estimated in project budget. The repairs need to be done when the weather is favourable (during the summer, non-rainy, low attendance months).	125,000	125,000	0	CAC (Northeast False Creek)	N/A	No change to overall 2013 Expenditure Budget. Increase in expenditure budget for Children's Centre Playground Upgrades to be offset by corresponding reduction in expenditure budget for 2012-14 Replacement of Existing Childcare Facility (Kensington), due to delay in construction start.
Real Estate & Facilities Mgmt	HVAC Systems 2009 & Electrical 2011	VPD Museum Building Envelope	VPD Museum Roofing and Envelope projects combined to realize cost efficiencies (Construction & Admin.) and to limit disruption to site operations.	140,000	0	0	Reallocation of existing Capital: 90,000 Debenture 50,000 Capital from Revenue	N/A	No change to overall 2013 Expenditure Budget. Increase in expenditure budget for VPD Museum Building Envelope to be offset by corresponding reduction in expenditure budgets for lesser priority 2009 HVAC Systems (\$90,000) and 2011 Electrical (\$50,000) programs.
Fire & Rescue Services	Fire HQ Redevelopment (Design)	Fire Hall Reno's - Dual Gender	Original cost estimate included in 2013 Capital Budget was \$150,000. Updated quotation from REFM for the project is higher than the preliminary request for funds. While each Fire Hall configuration is different, the revised estimate is based on REFM's review of the specific sites and cost comparisons to similar Fire Hall washroom renovations completed in 2012.	65,000	0	0	Reallocation of existing Capital - Capital from Revenue	N/A	No change to overall 2013 Expenditure Budget. Increase in expenditure budget for Fire Hall Renovations - Dual Gender to be offset by corresponding reduction in expenditure budget for Fire HQ Redevelopment - Design (project delayed pending public consultation on future of nearby viaducts).
Real Estate & Facilities Mgmt	Mechanical Systems 2009-11	2013 Recycling	The scope of the rollout increased with the purchase of some customized zero waste stations for the public facing areas of the civic theatres and contracting a consultant to conduct waste audits and numerous sites. Equipment to be purchased for Phase 2 (work yards) and 3 (19 remaining community centres) of the rollout.	60,000	0	0	Reallocation of existing Capital - Capital from Revenue	N/A	No change to overall 2013 Expenditure Budget. Increase in expenditure budget for Recycling program to be offset by corresponding reduction in expenditure budget for lesser priority Mechanical Systems 2009-11 program.
Total - Budget Increases to Existing Projects/Programs				\$ 15,435,000	\$ 2,200,000	\$ 8,250,000			

Appendix 1 - 2013 Q1 Capital Budget Adjustment Requests								
Project Budget Adjustment (Multi-Year)								2013 Capital Budget Impact (Expenditure Budget)
Requesting Department	From	To	Rationale/Reason for Adjustment	Project/Program Adjustment Amount	Total Multi-Year Funding Impact	Total 2013 Capital Budget Impact	Funding Source 1	Funding Source 2
E. Reallocations Reallocation of funding between existing projects reflecting revised priorities and/or cost estimates, and or reallocations of funding sources.								
Parks & Recreation	Donation from Kits Association & Canada One	2012-14 Capital Maintenance/ Replacement Existing Activity Features	The Kitsilano Community Centre Association (\$30K) and Canada One (\$26K) have committed \$56K to increase the scope in the Kits Beach Tennis Court project so that the entire court (north and south) can be refinished.	56,000	0	0	Donation	N/A
Total - Reallocations				\$ 56,000	\$ -	\$ -		
Total Capital Budget Adjustment Requests				\$ 33,343,000	\$ 2,780,000	\$ 9,030,000		
Proposed Capital Budget Adjustment Offsets								
Real Estate & Facilities Mgmt	2012-14 Sports Field Facility Improvements/ Upgrades	N/A	This is a partnership project with external groups. Procurement process started with the RFEI. The project scope (fieldhouse washrooms) is currently being defined by Parks & Recreation and Real Estate & Facilities Management and sport groups ; most expenditures not anticipated until late 2013, early 2014.		(2,500,000)	N/A	N/A	Decrease in 2013 expenditure budget: Project scope (fieldhouse washrooms) is currently being defined by Parks & Recreation and Real Estate & Facilities Management, and sport group partners; procurement process started with the RFEI for Partnership; most expenditures not anticipated until late 2013, early 2014.
Real Estate & Facilities Mgmt	Replacement Fire Hall #5	N/A	Project currently on hold pending refinement of design scope to include the option of adding social housing and rezoning.		(1,150,000)	N/A	N/A	Decrease in 2013 expenditure budget: Project currently on hold pending refinement of design scope to include the option of adding social housing to the program.
Parks & Recreation	Development of New Parks / Trillium Park Sites	N/A	Trillium passive park on hold pending re-scoping related to transportation right of ways.		(1,100,000)	N/A	N/A	Decrease in 2013 expenditure budget: Trillium passive park on hold pending completion/outcome of Georgia viaducts review.
Engineering Services	2012-14 Transmission Main Replacement	N/A	Timeline longer than anticipated for design of \$6.5M Pender transmission main replacement project due to complexities encountered with site challenges including railroad tracks and Chinatown gates.		(500,000)	N/A	N/A	Decrease in 2013 expenditure budget: Expenditures planned for 2013 are now anticipated to shift to 2014 due to extended timeline for Pender transmission main project design.
Parks & Recreation	Trout Lake Community Centre	N/A	Project is substantially complete and is projecting a surplus.		(400,000)	N/A	N/A	Decrease in 2013 expenditure budget: Project is substantially complete and is projecting a surplus.
Real Estate & Facilities Mgmt	2012-14 Planning & Research - Facilities	N/A	This program covers the Facilities Conditions Audit. Some of the expenditures planned for 2013 are now anticipated to shift to 2014 due to extended timeline for engaging consultant and hiring an asset planner.		(350,000)	N/A	N/A	Decrease in 2013 expenditure budget: Expenditures planned for 2013 are now anticipated to shift to 2014 due to extended timeline for engaging consultant and hiring asset planner.
Net Proposed Expenditure Budget Offset					\$ (6,000,000)			
Proposed Increase to Capital Budget					\$ 3,030,000			

Appendix 2 - Q1 2013 Capital Closeouts					
Project/Program Name	Budget	Actuals	Surplus (Deficit)	%	Closeout Variance Explanation (for variances > \$50K and 15% of budget) * NOTE = threshold not met but explanation provided
Vancouver Fire and Rescue Services					
Fire Classroom Training Equip/Retrofit	\$ 124,600	\$ 138,978	\$ (14,378)	-12%	NOTE: Funding provided for the Training division's classroom furniture and electronic training tools at our Chess Street Facility. Higher costs were incurred on Audio and LCD projector installation as recommended by IT.
HUSAR Equipment 2011	100,000	99,169	831	1%	
Vancouver Fire and Rescue Services Total	\$ 224,600	\$ 238,147	\$ (13,547)	-6%	
Financial Services (IT)					
Hansen Upgrade	\$ 150,000	\$ 93,787	\$ 56,213	37%	Consulting services not required to extent estimated in budget.
Cable Plant Documentation 2011	145,000	142,110	2,890	2%	
SAP PS/IM Modules (part of IMS)	1,000,000	670,773	329,227	33%	Original PS/IM implementation work completed at lower cost than originally estimated. Reporting capabilities have now been addressed with other initiatives.
Financial Services (IT) Total	\$ 1,295,000	\$ 906,670	\$ 388,330	30%	
Community Services					
Japanese Language Hall Childcare 2011	\$ 500,000	\$ 500,000	\$ -	0%	
Spare Time Childcare Society	26,730	26,730	-	0%	
Grant-Vcr Japanese Language School Reno's	100,000	100,000	-	0%	
Community Services Total	\$ 626,730	\$ 626,730	\$ -	0%	
Parks & Recreation					
ISF - Stanley Park Pavilion & Fieldhouse Upgrade	\$ 399,000	\$ 408,713	\$ (9,713)	-2%	
ISF - Stanley Park Sewer Pump Station Upgrade	1,019,000	923,174	95,826	9%	
ISF - Malkin Bowl Performance Centre Upgrade	969,000	971,528	(2,528)	0%	
ISF - QE Park Road Repaving	1,084,000	1,094,515	(10,515)	-1%	
ISF - Roundhouse TT Plaza Rehab	1,825,000	1,876,202	(51,202)	-3%	
ISF - English Bay Seawall Improvements	3,875,790	3,879,009	(3,219)	0%	
ISF - Park Lighting Infrastructure & Fieldhouses	2,303,000	2,281,842	21,158	1%	
ISF - Seawall / Brockton Pt Lighthouse Rehab	3,340,000	3,209,877	130,123	4%	
ISF - Stanley Park Road Repaving	3,656,000	3,660,567	(4,567)	0%	
West End CC Kitchen Upgrade	20,000	16,127	3,873	19%	
Britannia Capital Maintenance 2009	300,000	271,512	28,488	9%	
Britannia Schematic Design	180,000	177,924	2,076	1%	
Ice Rinks 2011	244,000	261,764	(17,764)	-7%	
Swimming Pools 2011	305,000	282,131	22,869	7%	
Floor Replacements 2011	61,000	55,810	5,190	9%	
False Creek CC Office Study	174,000	186,164	(12,164)	-7%	
Park Renewals - Rink	3,100,000	3,093,984	6,016	0%	
Electrical, Water and Sewer Infrastructure	204,000	191,340	12,660	6%	
Emery Barnes Park Phase 2	5,500,000	3,818,027	1,681,973	31%	Original budget set in 2008 was too high at the time. Any surplus will be returned to the DTS DCL reserve to be used for the next downtown park following completion of Phase 3 of Emery Barnes.
Neighbourhood Park North - EFL	700,000	778,540	(78,540)	-11%	
Park Land Development 2011	140,000	140,001	(1)	0%	
Parks & Recreation Total	\$ 29,398,790	\$ 27,578,752	\$ 1,820,038	6%	

Appendix 2 - Q1 2013 Capital Closeouts					
Project/Program Name	Budget	Actuals	Surplus (Deficit)	%	Closeout Variance Explanation (for variances > \$50K and 15% of budget) * NOTE = threshold not met but explanation provided
Engineering Services					
2012-14 False Creek Seawall Assessment	\$ 45,000	\$ 33,578	\$ 11,423	25%	
2009 Carroll Street Greenway	914,963	915,428	(465)	0%	
2011 Bus Shelters & Landings	150,000	179,868	(29,868)	-20%	NOTE: Additional work was carried out to leverage TransLink TRIPP funding. The program deficit fully funded from the Translink funding received.
2011 Transit Improvements	185,000	168,516	16,484	9%	
2010 Major Streets - City	1,429,355	1,367,623	61,732	4%	
EasyPark Lot 1 - Repairs to Concrete Membrane/Walls	248,500	224,277	24,223	10%	
EasyPark Lot 1 - Painting & Signage	50,000	48,722	1,278	3%	
EasyPark Lot 1 - Treasury Equipment Lifts & Storage	40,000	35,561	4,439	11%	
EasyPark Lot 1 - New Vehicle	20,500	20,500	-	0%	
EasyPark Lot 1 - New Mailer/Stuffer	25,000	19,800	5,200	21%	
EasyPark Lot 42 - Consolidate Access Control	11,923	16,907	(4,984)	-42%	
2009-11 Waterworks Distribution System	23,207,995	25,523,297	(2,315,302)	-10%	NOTE: Cost of water distribution and sewer main reconstruction work early in 2012 were charged to and accounted for in 2009-2011 Waterworks Distribution / Sewer Main Reconstruction programs as the budget for the 2012-2014 Programs were not approved until February 2012. As a result, the prior year's (2009-2011) program costs are overstated. This will be corrected upon closeout by the proposed reallocation of funding from the 2012-
2009-11 Transmission System	5,850,000	5,608,357	241,643	4%	
2009-11 Replace Svcs/Meters/Hydrants/PRV	11,433,000	11,897,992	(464,992)	-4%	
2009-11 New Meter & Service Installation	2,250,000	2,068,772	181,228	8%	
2009-11 Waterworks Minor Improvements	500,000	470,860	29,140	6%	
2009-11 Dedicated Fire Protection System	100,000	85,199	14,801	15%	
2009-11 Telemetry System-New & Replace	400,000	484,959	(84,959)	-21%	Overspend in this program is due to higher than expected hardware and electrical costs during the upgrading of the aging existing SCADA system.
2009-11 Misc Water Quality Projects	250,000	453,874	(203,874)	-82%	Program overspent due to the need to undertake additional work to address either documented or potential water quality concerns in the water system that are identified through ongoing sampling programs or the development review process.
2009-11 Engineering & Site Investigation	650,000	749,321	(99,321)	-15%	Deficit due to requirement for test holes for the Infrastructure Stimulus Fund (ISF) projects which were mandatory but not recoverable from the ISF program funding.

Appendix 2 - Q1 2013 Capital Closeouts					
Project/Program Name	Budget	Actuals	Surplus (Deficit)	%	Closeout Variance Explanation (for variances > \$50K and 15% of budget) * NOTE = threshold not met but explanation provided
2009-11 Sewer Main Reconstruction	54,828,269	57,609,135	(2,780,866)	-5%	NOTE: Cost of water distribution and sewer main reconstruction work early in 2012 were charged to and accounted for in 2009-2011 Waterworks Distribution / Sewer Main Reconstruction programs as the budget for the 2012-2014 Programs were not approved until February 2012. As a result, the prior year's (2009-2011) program costs are overstated. This will be corrected upon closeout by the proposed reallocation of funding from the 2012-2014 programs.
2009 & 2010 Sewer & Water B Permits - 40mm (User-fee funded)	19,050,000	18,661,435	388,565	2%	
2010 Landfill Gas Collection	500,000	412,811	87,189	17%	Scope scaled back/deferred to offset increased costs in Phase 1 Closure project
Phase 1 Closure	15,370,000	17,301,632	(1,931,632)	-13%	NOTE: The phase I closure, which began in 2009, was delayed to the summer of 2010 due to a lack of subsoil. The flare station upgrades continued with commissioning in 2011 and incurred extra costs due to contractor inexperience, and poor soil conditions relating to the foundation of the flare station. Work on the project was completed in 2011, and the project is being closeout now upon final settlement of the accounts with the contractor.
Engineering Services Total	\$ 137,509,505	\$ 144,358,422	\$ (6,848,917)	-5%	
Total Q1 2013 Capital Closeouts	\$ 169,054,625	\$ 173,708,721	\$ (4,654,096)	-3%	

Budget Status at Completion (# of projects/programs)	Budget	Actual	Surplus (Deficit)	%
Surplus greater than \$50K & 15% (4)	\$ 7,150,000	\$ 4,995,399	\$ 2,154,601	30%
Deficit greater than \$50K & 15% (3)	\$ 1,300,000	\$ 1,688,154	\$ (388,154)	-30%
Surplus/deficit less than \$50K & 15% (46)	\$ 160,604,625	\$ 167,025,168	\$ (6,420,543)	-4%
TOTAL (53 projects/programs)	\$ 169,054,625	\$ 173,708,721	\$ (4,654,096)	-3%

Appendix 2 - Q1 2013 Capital Closeouts		
Proposed Allocation of Closeout Surpluses/Deficits:		
From	To	
Vancouver Fire & Rescue Services		
2009-11 Fire Capital - Other (ongoing)	Net Vancouver Fire & Rescue Services closeout deficit	\$ (13,547)
Vancouver Fire & Rescue Services net closeout deficit		\$ (13,547)
Financial Services (IT)		
Net Financial Services (IT) closeout surplus	City-Wide Unallocated from Closeouts	\$ 388,330
Financial Services (IT) net closeout surplus		\$ 388,330
Parks & Recreation		
ISF - Stanley Park Sewer Pump Station Upgrade closeout surplus	Canada Infrastructure Stimulus funding eligibility reduction (final eligible project costs less than budgeted)	\$ 201,202
ISF - Stanley Park Road Repaving closeout surplus		
ISF - Seawall / Brockton Pt Lighthouse Rehab closeout surplus		
Emery Barnes Park Phase 2 closeout surplus	Remove remaining commitment from Downtown South DCL	1,681,973
DCL - East Fraser Lands	Neighbourhood Park North - East Fraser Lands closeout deficit	(78,540)
West End CC Kitchen Upgrade closeout surplus	Donation funding requirement less than budgeted (project costs less than budgeted)	3,873
Net remaining Parks & Recreation closeout surplus	City-Wide Unallocated from Closeouts	11,530
Parks & Recreation net closeout surplus		\$ 1,820,038
Engineering Services		
2011 Greenways (ongoing)	2009 Carrall St Greenway closeout deficit	(465)
2011 Transit Improvements closeout surplus	2011 Bus Shelters & Landings closeout deficit	(16,484)
2012-14 Transit Improvements (ongoing)		(13,384)
Net EasyPark projects closeout surplus		30,156
2012-14 Distribution Main Replacement (ongoing)	2009-11 Waterworks Distribution System closeout deficit	(2,315,302)
2012-14 Sewer Main Reconstruction (ongoing)	2009-11 Sewer Main Reconstruction closeout deficit	(2,780,866)
2012-14 Telemetry & Monitoring (ongoing)	2009-11 Telemetry System-New & Replace closeout deficit	(84,959)
2012-14 Water Quality Capital (ongoing)	2009-11 Misc Water Quality Projects closeout deficit	(203,874)
2012-14 Engineering & Site Investigation (ongoing)	2009-11 Engineering & Site Investigation closeout deficit	(99,321)
2009 & 2010 Sewer & Water B Permits (40mm) closeout surplus	User funding requirement less than budgeted (project costs less than budgeted)	388,565
2010 Landfill Gas Collection closeout surplus	Remove remaining commitment from Solid Waste Capital Reserve	87,189
RDO Weighscale Redevelopment (ongoing)	Phase 1 Closure closeout deficit	(630,000)
Solid Waste Capital Reserve		(1,301,632)
Net remaining Engineering Services closeout surplus	City-Wide Unallocated from Closeouts	91,459
Engineering Services net closeout deficit		\$ (6,848,917)
Net closeout deficit		\$ (4,654,096)