

VanRIMS No.: 01-9000-20

MEMORANDUM

May 26, 2015

TO: Mayor and Council

CC: Penny Ballem, City Manager
Sadhu Johnston, Deputy City Manager
Janice MacKenzie, City Clerk
Lynda Graves, Manager, Administration Services, City Manager's Office
Rena Kendall-Craden, Director, Communications
Mike Magee, Chief of Staff, Mayor's Office
Kevin Quinlan, Deputy Chief of Staff, Mayor's Office
Braeden Caley, Director, Policy and Communications, Mayor's Office
Corporate Management Team
Sarah Kapoor, Manager Capital Budgets, Financial Planning and Analysis

FROM: Patrice Impey, General Manager, Finance, Risk and Business Planning

SUBJECT: 2015 Operating and Capital Budget - 1st Quarter Review

Dear Mayor and Council,

The purpose of this memo is to provide Council with:

1. A review of the Q1 2015 Operating results and variances from the Q1 Operating Budget, as well as forecasts to 2015 year-end for revenues and expenditures, with identification of any significant variances from the 2015 Operating Budget.
2. A review of the Q1 2015 Capital expenditures by service category, as well as a review of the 2015 forecasted Capital expenditures by service category in comparison with the 2015 Annual Capital Expenditure Budget.

As the quarter financial report is for information only, it is provided quarterly to Council as a memo and is placed on the City of Vancouver external website at <http://vancouver.ca/your-government/financial-reports-and-information.aspx>

COUNCIL POLICY

Council's standing instructions require that the Director of Finance report on the status of the Operating Budget as at September 30 each year. Since 2010, the Director of Finance has committed to report quarterly on the Operating Budget status, and beginning in 2011, to also report quarterly on the Capital Budget status. Council Policy regarding the Operating Budget, as per the Vancouver Charter, is to ensure a balanced operating budget.

A. Q1 2015 OPERATING BUDGET RESULTS AND FULL YEAR 2015 FORECAST

Operating Budget Summary

The City generated an Operating Budget surplus of \$17.3 million in Q1 primarily due to the timing of actual revenues and expenditures within the year compared to the quarter budget.

The City is forecasting a balanced budget for 2015 year end. The forecast is based on the 1st 3 months of the year and projects the remaining 9 months. The forecast includes an estimate of year end transfers to reserves and other funds primarily in the areas of debt, insurance and deferred payroll costs to provide for the City's unfunded liability.

City of Vancouver
2015 Operating Budget
1st Quarter Review

2015 Operating Budget - Q1 and Full Year Forecast

\$ millions	Q1				2015 Full Year Forecast			
	Q1 Budget	Q1 Actuals	Q1 Variance \$	Q1 Variance %	Council approved Budget	Year-end Forecast	Variance \$	Variance %
REVENUES								
Property tax revenue	\$164.8	\$165.7	\$0.9	0.5%	\$689.9	\$689.9	\$0.0	0.0%
Utility revenue	45.7	45.7	0.0	0.0%	228.9	229.5	0.6	0.2%
Program revenue	10.6	12.0	1.3	12.6%	57.2	57.2	0.0	0.0%
License & Development fees	24.2	26.4	2.1	8.9%	55.3	56.0	0.7	1.3%
Parking revenue	12.4	12.7	0.3	2.4%	53.2	53.2	0.0	0.0%
Cost recoveries, grants & donations	12.8	14.8	2.0	15.4%	48.5	53.7	5.2	10.7%
Provincial revenue sharing	5.4	7.0	1.5	28.5%	21.7	21.7	0.0	0.0%
Investment income	5.0	5.6	0.5	10.7%	20.1	20.1	0.0	0.0%
Other revenue	7.5	10.3	2.8	37.6%	32.8	33.1	0.4	1.1%
Bylaw fines	4.1	4.3	0.2	5.7%	16.3	16.3	0.0	0.0%
TOTAL REVENUES	\$292.6	\$304.3	\$11.8	4.0%	\$1,223.8	\$1,230.6	\$6.8	0.6%
EXPENDITURES & TRANSFERS								
Utilities	36.0	33.0	3.0	8.4%	272.7	273.2	(0.6)	(0.2%)
Engineering	20.7	20.7	0.1	0.3%	79.6	81.3	(1.7)	(2.2%)
Police Services	68.4	67.2	1.2	1.7%	273.6	276.9	(3.3)	(1.2%)
Fire & Rescue Services	29.4	28.6	0.8	2.7%	113.3	113.3	0.0	0.0%
Parks & Recreation	25.8	23.8	2.0	7.8%	113.4	113.2	0.2	0.1%
Library	12.0	13.6	(1.6)	(13.5%)	47.8	47.7	0.1	0.2%
Britannia	1.2	0.9	0.3	24.9%	5.0	5.0	0.0	0.0%
Civic Theatres	1.8	2.2	(0.4)	(20.8%)	7.4	7.5	(0.1)	(1.4%)
Community Services	9.3	9.1	0.2	1.8%	38.4	38.7	(0.4)	(1.0%)
Grants	2.7	2.9	(0.2)	(7.6%)	19.0	19.0	0.0	0.0%
Planning & Development	7.7	7.7	(0.1)	(0.8%)	30.9	31.4	(0.5)	(1.8%)
Mayor	0.3	0.2	0.1	23.2%	1.2	1.2	0.0	0.0%
Council	0.3	0.3	0.0	12.7%	1.3	1.3	0.0	0.0%
Corporate Services	20.5	20.2	0.3	1.5%	83.2	83.7	(0.4)	(0.5%)
General Government	5.2	5.4	(0.2)	(3.9%)	137.1	137.1	0.0	0.0%
TOTAL EXPENDITURES & TRANSFERS	\$241.4	\$235.9	\$5.5	2.3%	\$1,223.8	\$1,230.6	(\$6.8)	(0.6%)
SURPLUS (DEFICIT)	\$51.2	\$68.5	\$17.3	33.7%	\$0.0	\$0.0	\$0.0	-

Revenues

Q1 revenues are higher than budget by \$11.8 million (4.0%) in Q1. For the full year 2015, revenues are forecast to be higher than budget by \$6.8 million (0.6%) primarily due to higher than budget cost recoveries which offset related expenses.

Revenue highlights for Q1 and the full year forecast include:

- Higher Q1 revenues than budget from:
 - Other Revenue is over budget by \$2.8 million for Q1 primarily due to timing of Translink recoveries, which are forecast to be on budget at year end;
 - Licence and Development fee revenue over budget by \$2.1 million at Q1 as a result of timing of revenues and higher than budgeted demand for trade permits which are forecasted to be above budget by \$0.7 million at year-end;
 - Cost recoveries, grants, and donations are over budget by \$2.0 million in Q1 and are expected to be above budget by \$5.2 million at year end due to:
 - Police recoveries for seconded officers and work incurred on behalf of other agencies, offset by expenses; forecast to be above budget by \$3.1 million at year end;
 - Library recoveries above budget as the Provincial Interlink grant was received one quarter earlier than budgeted; forecast to be above budget by \$0.1 million at year end;
 - Community services recoveries primarily due to above budget provincial recoveries for Carnegie Centre, offsetting expenses reflecting higher activity level; forecast to be above budget by \$0.7 million at year end;
 - Parks cost recoveries under budget in Q1 due to timing of CCA revenues; forecast to be under budget by \$0.2 million at year end.
 - Planning and Development recoveries, offset by expenses; forecast to be over budget by \$0.5 million at year end;
 - Provincial revenue sharing is over budget for Q1 by \$1.5 million due to timing of Traffic Fine Revenue from the province; forecast to be on budget at year end;
 - Parks program revenue is above budget by \$1.1 million in Q1 due to program demand and favourable weather; forecast on budget at yearend.
 - Utilities: Solid Waste Utility revenues on budget in Q1; forecasted to be \$0.6 million over budget at year end due to higher than budgeted waste disposal volume;
 - Investment Income is above budget by \$0.5 million due to higher than forecasted investment balances; forecast to be on budget at year end following transfer to other funds and reserves.
- Partially offset by Q1 below budgeted revenue from:
 - Vancouver Public Library program revenue under budget for Q1 due to the continued trend of decreasing fines from declines in print book circulation and increasing use of eBooks.

Expenditures and Transfers

Expenditures and transfers are lower than budgeted by \$5.5 million (2.3%) in Q1 and reflect timing of expenses relative to budget. For the full year 2015, expenditures are forecast to be higher than budget by \$6.8 million (0.6%).

Expenditure highlights for Q1 and the full year forecast include:

- Under budget Q1 expenditures and transfers from:
 - Utilities: Solid Waste Utility under budget by \$3.0 million in Q1 due to lower than anticipated costs related to glass collection and under spending on road construction related to improvements at the Vancouver Landfill, partially offset by over budget solid waste disposal volume, forecast to be over budget by \$0.6 million at year end.
 - Police: Under budget by \$1.2 million in Q1 due to timing of expenses vs. budget and savings from vacant positions; forecast to be over budget at year end by \$3.3 million due to expenses fully offset by secondment recoveries, donations, and other revenues;
 - Fire: Under budget expenses of \$0.8 million in Q1 due to timing of expenses vs. budget and vacancy savings; forecast to be on budget at year end;
 - Community Services: Under budget Q1 expenses of \$0.2 million due to delays in payment of expenses for Evelyne Saller Centre and non-market housing program. Community Services is forecasted to be over budget by \$0.4 million at year end primarily due to higher expenses offset by recoveries from senior government programs for Local Immigration Partnership and Carnegie Centre).

- Partially offset by over budget expenditures and transfers from:
 - Engineering: Engineering is currently projected to be over budget by \$1.7 million at year end primarily due to over budget street cut costs which are offset by recoveries, and higher expenses in street cleaning due to demand exceeding budget.
 - Library: over budget by \$1.6 million in Q1 due to transfer to reserve of the Provincial Interlink grant, originally budgeted in Q2. Library is forecasted to be under budget by \$0.1 million at year end;
 - Civic Theatres: over budget by \$0.1 million in Q1 due to unforeseen one-time restructuring costs, forecasted to remain over budget by year end;
 - Corporate Services: forecasted to be over budget by \$0.4 million at year end related to 311 service demand and over budget Sustainable Commuting program costs which are offset by parking revenues;
 - Grants: over budget by \$0.2 million at Q1 due to timing; forecast to be on budget at year end;
 - Planning and Development: over budget by \$0.1 million in Q1 and forecasted to be over budget by \$0.5 million at year end due to unbudgeted one-time project costs offset by funding from developers and higher than planned public consultation costs and administrative costs.

Risks

- Unforeseen events. The second quarter of 2015 will include unbudgeted costs associated with the City's emergency response to English Bay Oil Spill and Port Metro fire events. The City is seeking to recover costs from provincial and/or federal programs; however, there is a risk that some costs may be deemed ineligible for recovery.
- Revenues for Solid Waste Disposal. Solid waste disposal volumes were higher than budgeted for Q1, however risk still exist regarding potential diversion of disposal from the Vancouver Landfill to the US. Solid waste disposal revenues will be monitored through the year for any impact to the full year forecast.

Opportunities

- Development revenues show a favorable trend to budget providing an opportunity for stronger than anticipated revenues for the remainder of the year.

The 2015 year end forecast reflects the financial results for the 1st three months of the year and a projection of revenue, expenditures and transfers for the remaining 9 months. General Managers will continue to closely monitor revenue trends and manage expenditures over the following 9 months to ensure a balanced year end position.

B. Q1 2015 ANNUAL CAPITAL EXPENDITURE BUDGET RESULTS AND FULL YEAR 2015 FORECAST

While the Operating Budget is built to reflect operating costs for one year only, the annual Capital Expenditure Budget reflects one year of what can be multi-year capital projects. Therefore, capital projects are viewed on both an annual budget basis (annual expenditure vs. annual expenditure budget) and a total project basis (multi-year project expenditures vs. multi-year project budget).

On March 3, 2015, Council approved a 2015 Annual Capital Expenditure Budget of \$306.0 million. A separate report to Council which includes Capital Budget adjustment requests collected during the Q1 2015 review will be presented to Council on May 27, 2015 (RTS 10894).

Staff closely manage the capital spend on a quarterly basis to ensure optimal delivery of projects within the annual expenditure budget. Strategic review of progress on projects is done on a regular basis, and where timing of projects are advanced or delayed, budgets are recommended for adjustment. Budget adjustments are generally managed within the total overall Capital Expenditure Budget, whereby additions to the budget are offset by corresponding reductions in budgets elsewhere in the overall Capital Expenditure Budget. With the exception of emergency situations, expenditures are not permitted until the corresponding expenditure budget or increase to the expenditure budget is approved by Council.

i. Q1 2015 Capital Expenditures and Year End Forecast vs 2015 Annual Capital Expenditure Budget

Capital Budget Summary:

2015 capital expenditures to the end of Q1 were \$44.0 million (\$45.6 million in Q1 2014), representing 14% of the 2015 Annual Capital Expenditure Budget of \$306.0 million. Forecasted total capital expenditures for 2015 are projected to be \$297.5 million, or \$8.5 million (3%) less than the 2015 Annual Capital Expenditure Budget. The forecasted total capital expenditures increase to approximately \$300.2 million when the effect of Q1 Capital Budget adjustments to be presented to Council May 27, 2015 is taken into account.

Table 3 provides a summary of the Quarter 1 capital expenditures as well as forecasted annual expenditures by service category compared to the 2015 Annual Capital Expenditure Budget.

Table 2 - Q1 2015 Annual Capital Budget Results By Service Category (\$000's)

Service Category 1	Service Category 2	2015 Expenditure	2015 YTD Expenditures	2015 Total Expenditure	Expected Variance
01. Housing	A. Non-Market Rental Housing	61,302	13,145	61,608	(306)
01. Housing Total		61,302	13,145	61,608	(306)
02. Childcare	A. Daycare & Preschool (0-4 years)	1,880	(1)	1,880	(0)
	years)	1,150	0	1,150	0
02. Childcare Total		3,030	(1)	3,030	(0)
03. Parks, Open Spaces and Recreation	A. Urban Forest and Natural Features	2,005	355	2,041	(36)
	B. Activity Features	6,074	440	5,539	535
	C. New Parks and Renewals	8,055	1,451	6,611	1,444
	D. Seawall and Waterfront	1,280	13	1,293	(13)
	E. Park Infrastructure	171	29	202	(31)
	F. Park Buildings	2,121	168	1,967	154
	G. Public Art	1,380	21	928	452
	H. Recreation Facilities	8,470	439	8,464	6
	I. Entertainment and Exhibition	2,152	21	2,102	50
03. Parks, Open Spaces and Recreation Total		31,708	2,937	29,147	2,561
04. Community Facilities	A. Libraries and Archives	8,881	201	8,381	500
	B. Social Facilities	6,169	893	6,253	(84)
	C. Cultural Facilities	13,492	207	13,254	237
04. Community Facilities Total		28,542	1,301	27,888	653
05. Civic Facilities	A. Police	1,631	101	1,643	(12)
	B. Fire	4,918	919	4,756	162
	C. Animal Control	160	2	162	(2)
	D. Administrative Facilities	6,019	578	6,079	(60)
	E. Service Yards	2,709	110	2,746	(37)
05. Civic Facilities Total		15,437	1,709	15,385	52
06. Transportation	A. Walking and Cycling	8,529	1,219	7,580	949
	B. Transit	1,923	188	1,498	424
	C. Major Roads	21,977	3,416	21,262	715
	D. Local Roads	5,060	689	5,103	(43)
	E. Parking	950	(60)	1,031	(81)
06. Transportation Total		38,439	5,453	36,475	1,964
07. Utilities and Public Works	A. Waterworks	13,810	3,732	13,628	182
	B. Sewers	29,398	4,301	25,401	3,997
	C. Solid Waste	6,546	655	5,151	1,396
	D. Neighbourhood Energy	2,595	93	2,530	65
	E. Water and Sewer Connections	15,363	6,767	17,907	(2,544)
07. Utilities and Public Works Total		67,713	15,547	64,618	3,095
08. Equipment and Technology	A. Vehicles and Equipment	30,823	442	30,921	(98)
	B. Information Technology	25,251	2,458	24,639	612
08. Equipment and Technology Total		56,074	2,900	55,560	514
09. City-Wide	C. City-Wide Overhead	3,798	965	3,798	(0)
09. City-Wide Total		3,798	965	3,798	(0)
Grand Total		306,042	43,958	297,509	8,533

Explanations for projected variances to the annual capital budget by service category are:

01. Housing	\$0.3 million negative variance
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Housing projects are managed by Real Estate & Facilities Management and Community

Services.

2015 annual capital expenditures on Housing projects are anticipated to be \$0.3 million over budget primarily due to timing of spend. A City payment to the The Bloom Group (formerly St. James Community Services Society) for the Powell Place Shelter, originally budgeted for Q4 2014 did not occur until Q1 2015 due to a delay in the grant application.

The Taylor Manor Reconstruction project is anticipated to incur approximately \$0.2 million more than the 2015 annual expenditure budget due to a revised schedule for completion (work originally planned for 2014 was delayed into 2015 due to unknown pre-existing site conditions, as part of the project is a heritage building restoration), and additional scope and related adverse impacts on the work sequencing. The project was substantially completed in February 2015 and has been occupied for social housing; however, weather dependent work and other minor deficiency work is ongoing, anticipated to be fully completed by September 2015. As a result of the unplanned additional scope, the final costs for the total project are anticipated to be approximately \$0.45 million (3%) greater than the project budget.

03. Parks, Open Spaces and Recreation	\$2.6 million positive variance
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Parks, Open Spaces and Recreation projects are managed by Parks and Recreation, Real Estate & Facilities Management, Community Services, and Engineering Services.

2015 forecast capital expenditures on Parks, Open Spaces and Recreation projects are anticipated to be under budget by approximately \$2.6 million primarily due to delays in the start-up of several projects. Construction tendering for the Riley Park & Hillcrest Park Renewal project was originally planned for January 2015 but has now been delayed to June 2015 to unforeseen absence of key staff. Planned expenditures for the New Public Art Installations program have been delayed pending Park Board approval for sculptural artwork at Hastings Park. The start of construction of a planned new skate park has been delayed as the public engagement process to determine the location is requiring more time than originally anticipated. In addition, 2015 expenditures for the Hastings Park Greening project are forecasted to be less-than-budget as some of the work originally planned for 2015 was advanced for completion in Q4 2014.

04. Community Facilities	\$0.7 million positive variance
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Community Facilities projects are managed by various departments within the City including Real Estate & Facilities Management, Community Services, Planning and Development, and Vancouver Public Library.

2015 annual capital expenditures on Community Facilities projects are anticipated to be under budget by \$0.7 million primarily due to a delay encountered in the construction of the Strathcona Branch Library. Soil and encroachment issues were discovered during excavation for the building foundation, which is expected to delay the construction schedule by at least 9 weeks. Construction is now likely to be 60%-70% complete in 2015, instead of the 75%-80% originally anticipated.

In addition, some grants under the 2010 Cultural Infrastructure Program that were expected to be disbursed in 2015 were disbursed instead in Q4 2014 as the grant recipients met required conditions sooner than anticipated.

05. Civic Facilities

\$0.1 million positive variance

Civic Facilities projects are managed by Real Estate & Facilities Management, Vancouver Fire and Rescue Services, Vancouver Police Department, Parks and Recreation, and Engineering Services.

2015 expenditures on Civic Facilities capital projects are expected to be \$0.1 million under budget. Less-than-budgeted expenditures for 2015 are forecast for the Manitoba Yard Fuel Tank Replacement project due to additional planning required to define the project scope, and for the Fire Hall #5 Replacement project due to additional time required for planning and review with stakeholders around costing.

The resulting positive variance is largely offset by increased 2015 expenditures forecast for new Environmental Site Assessment of City sites in accordance with PSAB accounting requirements for 2015, and Fire Hall #15 Mechanical Upgrades projects that were approved in March 2015.

06. Transportation

\$2.0 million positive variance

Transportation projects are managed by Engineering Services.

2015 expenditures on Transportation capital projects are expected to be \$2.0 million under budget, which is primarily due to the Powell Street Overpass project. Land was purchased as part of the project with the understanding that a portion would be sold at the end of the project. Revenue from the surplus land sale will create a net positive variance against the 2015 expenditure budget due to timing of the sale.

In addition, the Seaside Greenway and York Bikeway project is forecast to be below the 2015 budget due to an extended timeline required for stakeholder engagement, and the Burrard Bridge South End Improvements project is forecast to be below the 2015 budget due to an extended timeline required for scope finalization for the Burrard Corridor Rehabilitation and Safety project. These delays in planned 2015 expenditures are largely offset by higher-than-budget expenditures relating to road rehabilitation work at Gore Street and King Edward Avenue that was originally planned for 2014 but deferred to 2015 due to unfavourable weather and co-ordination issues. Other work planned for 2014 and delayed to 2015 include the Railway Grade Crossing Audit project (coordination with City discussions with CP Rail regarding the Arbutus Corridor) and the Burrard Bridge Rehabilitation project (finalization of PCB disposal).

07. Utilities and Public Works

\$3.1 million positive variance

Utilities and Public Works projects are managed by Engineering Services.

2015 expenditures on Utilities and Public Works capital projects are anticipated to be \$3.1 million under budget in 2015, primarily due to the deferral of some planned Water and Sewer capital programs from 2015 to 2016. Staff is anticipating a delay in delivering approximately

15% of the planned work for the Sewer Main Reconstruction/Separation program. The 2015 budget was based on four City crews for the year, however only three crews have been operating due to shifting priorities for design and operations staffing. As a result, 1.5 kilometers of sewer separation, of the 11.5 originally anticipated in 2015, are now anticipated to be delayed into 2016.

The less-than-budgeted expenditures in the Water and Sewer capital program are partially offset by higher-than-budgeted expenditures in the Water and Sewer Connections program. The budget for the Water and Sewer Connections program estimates the number of permits for the upcoming year. Permits are issued and revenues are received in advance of installation work which may occur in future years. In 2014, the number of permits was higher than anticipated resulting in higher-than-budgeted expenditures for the corresponding installation work to be completed in 2015.

08. Equipment and Technology	\$0.5 million positive variance
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Equipment and Technology projects are managed by Engineering Services and Information Technology departments.

2015 expenditures on Equipment and Technology projects are anticipated to be \$0.5 million under budget in 2015, primarily due to delays in the Fleet GPS project, as the project is now being pursued in two phases (with Phase 1 occurring in 2015 for Sanitation Operations and tandem trucks, followed by Phase 2 in late 2015 to 2016 for the City's remaining fleet vehicles). This is partially offset by higher-than-budgeted 2015 expenditures for the AMANDA Decommissioning project for which there is an opportunity to advance work previously planned for 2016 into 2015, thereby completing the project this year.

ii. Progress on Top 10 Projects and Programs in 2015

The table below shows progress on outcomes related to the top 10 projects by 2015 Annual Capital Expenditure Budget. As shown in the table, we are currently on-track to deliver outcomes anticipated during development of the 2015 Budget for seven of the top 10 projects.

The Sewer Separation program is now anticipated to deliver approximately 15% less of the planned work for the Sewer Main Reconstruction/Separation program, with 1.5 kilometres of the 11.5 kilometres originally anticipated in 2015 now expected to be delayed into 2016.

Two projects are at risk for not meeting outcomes originally anticipated for 2015:

- Water Pipe Replacement - On track to complete 6.5 kilometres of distribution mains (2.4 kilometres of distribution water pipe replaced during Q1). Work on transmission mains may be delayed and staff will be moved to work on distribution mains. The overall target of 8 kilometres would then likely be exceeded as distribution mains are less expensive and faster to replace.
- Strathcona Library - Construction has been delayed by at least 9 weeks due to soil and encroachment issues; now likely to achieve 60%-70% completion in 2015.

Table 3 - Progress on Top 10 Projects and Programs in 2015 (\$ millions)

Program/Project	2015 Annual Expenditure Budget (ORIGINAL)	2015 Year to Date Expenditures	2015 Total Expenditure Forecast	Expected Variance	Anticipated Outcomes in 2015 (based on original 2015 Expenditure Budget)	Anticipated Outcomes at end of Q1 2015
Vehicles and equipment replacement (Annual program)	25.95	0.39	25.95	0.00	250 vehicles and pieces of equipment replaced	On track to procure 250 units. Breakdown provided below: 1) 2013-14 COV Trucks & Equipment Replacement Program - 82 Units at \$12.76M 2) 2013-14 Police Trucks & Equipment Replacement Program - 31 Units at \$2.19M 3) 2015-18 Vehicles & Equipment Replacement / Additions - 137 Units at \$11M
Sewer separation (Annual program)	25.80	3.59	21.80	4.00	11.5 km of combined (stormwater and sanitary) sewer mains separated (1.1%)	Not on track. Staff is anticipating a delay in delivering approximately 15% of the planned work for the Sewer Main Reconstruction/Separation program. The 2015 budget was based on four City crews for the year, however only three crews have been operating due to shifting design and operations staffing priorities. As a result, 1.5 kilometers of sewer separation, of the 11.5 originally anticipated in 2015, are now anticipated to be delayed into 2016.
Land acquisition for new non-market housing	20.00	11.49	20.00	0.00	Purchase of land as opportunities arise, as well as site remediation where appropriate, to enable strategic partners (e.g., senior government, non-profit agencies) to deliver 750 units of affordable housing on City-owned land over the next 4 years	On track. The City is still expected to spend \$20 million on land acquisitions in 2015, which will enable the delivery of 750 affordable housing units by 2018.
Affordable rental housing on City-owned land	19.87	0.00	19.87	0.00	Delivery of 358 units of affordable housing by 2018 on City-owned land through agreements with Community Housing Land Trust Foundation	On track. The total budget of \$19.87 million is anticipated to be spent in May 2015, which will enable the delivery of 358 units of affordable housing by 2018.
Water pipe replacement (Annual program)	12.50	3.48	12.31	0.19	<ul style="list-style-type: none"> • 6.5 km of distribution water pipe replaced (water distribution to homes, businesses, and industry) • 1.5 km of transmission water pipe replaced (transmission of bulk quantities of water throughout the City) 	On track to complete 6.5 km of distribution mains. 2.4 kilometers of distribution water pipe replaced during the first quarter. Note, work on the 1.5 km of transmission main has not yet begun and may run into challenges. If that happens, crews will be diverted to work on Distribution Mains and the overall target of 8 km will likely be exceeded (as Distribution Mains are less expensive and faster to replace).
Water/sewer connections replacement (Annual program)	11.20	4.40	11.68	-0.48	<ul style="list-style-type: none"> • 1,200 residential water and sewer connections replaced • 100 commercial sewer connections replaced • 200 commercial water connections replaced 	On track (but there is risk of not meeting target). The number of connections replaced is directly related to development and are only completed after a permit fee is paid and the developer is ready. The anticipated outcome is based on an average replacement rate and 2015 will be close to the average. In the first quarter: 1) 290 residential connection were completed 2) 20 sewer commercial connections were completed 3) 50 water commercial connections were completed

(Table continued on next page)

Program/Project	2015 Annual Expenditure Budget (ORIGINAL)	2015 Year to Date Expenditures	2015 Total Expenditure Forecast	Expected Variance	Anticipated Outcomes in 2015 (based on original 2015 Expenditure Budget)	Anticipated Outcomes at end of Q1 2015
Rehabilitation of major City roads (Annual program)	8.97	0.44	9.03	-0.06	10.2 km of arterial City pavements rehabilitated	On track to complete 10.2km of pavement rehabilitation in 2015. Delayed work from 2014 for City arterials is flagged for drainage works on King Edward Avenue, but this will not affect total paving accomplishments.
Land acquisition in East Fraser Lands for non-market housing	8.10	0.00	8.10	0.00	Purchase of land to enable strategic partners (e.g., senior government, non-profit agencies) to deliver 300 units of affordable housing on City-owned land over the next 4 years	On track. The options on the East Fraser Lands are anticipated to be exercised in July 2015, which will enable the delivery of 300 affordable housing units by 2018.
Permit and Licence Transformation Program (Total project budget \$26.0M, including completed phase for Online Services Implementation)	7.69	0.95	7.69	0.00	<ul style="list-style-type: none"> Expansion of online permit self-service capabilities Expansion of mobile online field inspections capability 	On track. <ul style="list-style-type: none"> Expansion of online permit self-service capabilities is on schedule Expansion of mobile online field inspections capability is on schedule
nâca?mat ct Strathcona Branch Library (Total project budget \$18.4M)	7.07	0.19	6.57	0.50	Construction 75%-80% complete	Not on track. Construction delayed by at least 9 weeks due to soil and encroachment issues. Now likely to achieve 60%-70% completion in 2015.
Total	147.14	24.93	143.00	4.15		

iii. Multi-Year Capital Expenditures versus Multi-Year Capital Projects Budget

As of March 31, 2015, the Multi-Year Capital Projects Budget for open capital programs/projects totaled \$1.04 billion, adjusted for actual revenues received for user-fee funded utilities programs being closed in Q1. The proposed revised total Multi-Year Capital Projects Budget reflecting Q1 project/program closeouts of \$66.4 million and Q1 multi-year project budget adjustments of \$11.6 million is \$0.99 billion.

CONCLUSION

OPERATING BUDGET:

The City generated an Operating Budget surplus of \$17.3 million in Q1. The variance is primarily a reflection of timing and seasonality differences between budgeted revenues and expenditures and actuals incurred to date.

The City is currently forecasting a balanced Operating Budget for 2015 year end. The forecast reflects the financial results for the 1st three months of the year and a projection of revenue, expenditures and transfers for the remaining 9 months. Actual results may differ from the forecast. Departments and Boards will continue to monitor their budgets carefully and to adjust expenditures accordingly to ensure a balanced year-end position.

CAPITAL BUDGET:

The City of Vancouver incurred \$44.0 million in capital expenditures to the end of the first quarter of 2015 (14% of the 2015 Annual Capital Expenditure Budget) and is projecting to spend a total of \$297.5 million by the end of 2015, representing a positive spend variance of \$8.5 million (3%) against a 2015 expenditure budget of \$306.0 million.

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