



Date: October 7, 2002

TO: Board Members - Parks and Recreation
FROM: General Manager - Parks and Recreation
**SUBJECT: Project Management and Overhead Costs — Ongoing Projects
Funded from previous Capital Plans.**

RECOMMENDATION

THAT this report be received for information.

POLICY

In February, 2001, the Board approved the Capital Project Process Review, including a recommendation that future Capital Plans will include a separate line for project administration.

At a special meeting on October 3, 2002, the Board approved the 2003 - 2005 Capital Plan, which included a separate line item for project management costs.

BACKGROUND

A new way of managing project management and overhead costs has been ushered in with the 2003 - 2005 Capital Plan. In the past, such costs were charged against individual projects, as and when required. This practice was not only administratively cumbersome but, more critically, generated uncertainty on the part of partner organizations regarding the actual construction budgets for facility upgrades and expansions.

In 2000, Planning and Operations staff conducted a Facilities Capital Process Review with Community Centre Association representatives. The Review reported back to the Board in February 2001 outlining a number of procedural changes designed to improve the transparency and effectiveness of the capital project process. One of these changes (p. 9) was that, starting with the 2003 budget year, “the cost of staff time, charged at a rate to be determined at the outset of the Three Year Capital Plan process, will be in a separate Capital Plan line....”

The transition to a new system of dealing with administrative overhead and management costs gives rise to the issue of how in future to deal with these costs in relation to still active projects funded from the 2000 -2002 and earlier Capital Plans. On one hand, it would be inconsistent and

unwieldy to continue to charge these projects as and when such costs are incurred; on the other hand, it would be inappropriate and unfair for these costs to be simply loaded on to the upcoming Capital Plan. It has been determined, therefore, to deduct budgeted but unused staff time allocations from ongoing projects and to transfer these allocations to the project management and overhead account, to be set up within the 2000 - 2002 Capital Plan.

Accordingly, the Manager of Park Development and the Manager of Facility Development have examined the relevant project accounts and have calculated the outstanding budgetary requirements for project management. The amounts identified for transfer to the project management and overhead account are as follows:

Park Development		Subtotal:	\$34,000
	• Downtown South Park		\$10,000
	• Queen Elizabeth		\$15,000
	• Strathcona Park		\$7,000
	• Thornton Park		\$2,000
Facility Development		Subtotal:	\$122,000
	• Park Concessions		\$20,000
	• Empire Bowl Fieldhouse		\$3,000
	• False Creek Community Centre		\$9,000
	• Mt. Pleasant Community Centre		\$50,000
	• Renfrew Pool & Community Centre		\$40,000
	9 projects	Total:	\$156,000

One significant project from the 1997 - 1999 Capital Plan remains active: the Champlain Community Centre Expansion. In this instance, staff time will continue to be charged directly to the project.

This transfer of funds described in the report is a one-time requirement to effect a rational transition to a new system of accounting for capital project management costs. The transfers can all be effected at the administrative level, and therefore this report is submitted for the Board's information.

Prepared by:

Planning and Operations
 Board of Parks & Recreation
 Vancouver, B.C.
 PR/mv