



ADMINISTRATIVE REPORT

Report Date: **April 4, 2012**
Contact: Neal Stratton
Contact No.: 604.673.8243
RTS No.: 9539
VanRIMS No.: 08-2000-20
Meeting Date: City Clerks Use Only

TO: Vancouver City Council
FROM: General Manager of Financial Services/Director of Finance
SUBJECT: 2011 Capital Closeout

*RECOMMENDATION **

THAT, as part of the formal 2011 Capital closeout process, Council approve the closeout of capital projects with variances exceeding 15% and \$50,000 of the approved budget as outlined in the report and appendix 1.

REPORT SUMMARY

The Capital closeout process is the mechanism by which the City's Capital programs and/or projects are closed, resulting deficits or surpluses are identified, and deficits are funded from surplus amounts. This report requests Council approval to close out capital programs and or projects where completion spend variances exceed 15% and \$50,000 of the approved budget.

181 programs and or projects with multi-year budgets of \$159.4 million and total expenditures of \$147.0 million were completed since the last capital closeout (RTS 8990 February 1, 2011) resulting in a net \$12.4 million surplus. Of the 181 projects, 145 have been completed on budget, 31 have been completed in a surplus position, and 5 have completed in a deficit position.

A detailed list of completed programs and/or projects and allocations of remaining funding is provided in Appendix 1. This also includes variance explanations for projects with variances exceeding 15% and \$50,000 of the approved budget. Appendix 2 provides a breakdown of closeout surpluses and deficits by department.

Of the net \$12.4 million surplus, \$7.1 million will be transferred to City Wide Unallocated from Capital Closeouts and used to fund future Capital projects, or emerging priorities.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

- 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;
- On February 14th 2012, Council approved the 2012 Capital Budget in the amount of \$255.1 million.

*CITY MANAGER'S/GENERAL MANAGER'S COMMENTS **

During the Q4 review of Capital project expenditures relative to Capital project budgets, Capital programs and or projects that were completed since the last closeout process have been identified. Resulting surpluses and deficits have been analyzed, and explanations for Capital programs and or projects with variances exceeding 15% and \$50,000 of the approved budget have been provided.

Overall, a total of 181 programs and or projects are being closed. A program and or project is considered to be in a surplus/deficit position, if the variance is greater than +/- 15% and \$50,000. All other programs and or projects are considered to be on budget. Of the total 181 programs and or projects being closed, 145 or 80% are on budget, 31 or 17% have completed in surplus position, and 5 or 3% have completed in deficit position. Further detail and explanations are provided in the body of this report and in Appendix 1 and 2.

Separately, a memo to Council has been prepared with additional information on the year-end (Q4) Capital position. This review is also posted externally on the Financial Services website.

REPORT

Background/Context

The Capital closeout process is the mechanism by which the City's Capital programs and/or projects are closed, resulting deficits or surpluses are identified, and deficits are funded from surplus amounts. Remaining funding is transferred to City Wide Unallocated from Capital Closeouts and used to fund future Capital programs and or projects.

The purpose of this report is to request Council approval to close capital programs and or projects where completion spend variances exceed 15% and \$50,000 of the approved budget.

Strategic Analysis

2011 Capital Closeout

Table 1 provides a summary of the total number of programs and or projects being closed, as well as the total budget and actual expenditures including on-budget, surplus, deficit, and net surplus/deficit by department.

Table 1: Capital Program / Project Closeouts										
Department/Area	# of Projects				\$ 000's					
	Total	On Budget	Surplus	Deficit	Budget	Actual	On Budget	Surplus	Deficit	Net Surplus (Deficit)
Engineering - Public Works	35	14	18	3	\$84,883.0	\$73,410.2	\$188.7	\$12,093.5	-\$809.4	\$11,472.8
Parking Operations	1	1	0	0	450.0	453.9	-3.9	0.0	0.0	-3.9
Easy Park	28	25	2	1	1,741.3	2,107.1	42.9	246.2	-654.9	-365.7
Solid Waste/Landfill	3	3	0	0	1,570.0	1,493.1	76.9	0.0	0.0	76.9
Parks & Recreation	20	17	2	1	55,392.6	55,435.6	-71.3	296.0	-267.7	-43.0
Community Services Group	56	53	3	0	5,686.2	5,281.6	17.6	387.0	0.0	404.6
Civic Property Management	9	7	2	0	2,650.5	2,194.7	189.1	266.7	0.0	455.8
Information Technology	28	24	4	0	6,548.0	6,159.0	-189.9	578.9	0.0	389.0
Vancouver Public Library	1	1	0	0	500.0	480.1	19.9	0.0	0.0	19.9
Total	181	145	31	5	\$159,421.5	\$147,015.2	\$270.1	\$13,868.3	-\$1,732.1	\$12,406.3

181 programs and or projects with multi-year budgets of \$159.4 million and total expenditures of \$147.0 million were completed since the last capital closeout (RTS 8990 February 1, 2011).

A program and or project is considered to be in a surplus/deficit position, if the variance is greater than +/- 15% and \$50,000. All other programs and or projects are considered to be on budget. As such:

- 145 of the 181 (80%) have been completed on budget;
- 31 of the 181 (17%) have completed with surpluses;
- 5 of the 181 (3%) have completed with deficits.

Appendix 2 provides a breakdown of closeout surpluses and deficits by department.

Overall, across all 181 projects, there was \$12.4 million net surplus (8%) in comparison to the approved multi-year budget of \$159.4 million. More specifically:

- 145 projects (80%) with a total budget of \$111.0 million were completed on budget (\$0.3 million surplus);
- 31 projects (17%) with a total budget of \$44.8 million completed with expenditures under the original budget by \$13.9 million;
- 5 projects (3%) with a budget of \$3.6 million closed with total expenditures over budget by a total of \$1.8 million.

A detailed list of completed programs and/or projects is provided in Appendix 1. This also includes variance explanations for projects with variances exceeding 15% and \$50,000 of the approved budget.

Table 2 summarizes the composition of the net overall closeout surplus:

Table 2 - Proposed Disposition of Net Closeout Surplus	
To City-Wide Unallocated Capital (funding source for future capital projects)	\$ 7,101,647
Included in 2012 Capital Budget (carryforward spend)	3,165,984
Return to DCL (uncommitted)	1,028,353
Return to funding Reserve (uncommitted)	641,945
Other	468,387
Net Closeout Surplus	\$ 12,406,316

* Other includes: reduction to external funding requirements, closeout deficits funded from ongoing projects, anticipated deficits in ongoing projects.

Overall, \$7.1 million will be added to City-Wide Unallocated from Capital Closeout and used to fund future Capital projects, or emerging priorities.

CONCLUSION

The Capital closeout process is the mechanism by which the City's Capital programs and/or projects are closed, and resulting deficits or surpluses are identified. Council approval is required to close capital programs and or projects where completion spend variances exceed 15% and \$50,000 of the approved budget.

Overall, a total of 181 programs and or projects with a multi-year budget of \$159.4 million are being closed. Of the total 181 programs and or projects being closed, 145 or 80% are on budget, 31 or 17% have completed in surplus positions, and 5 or 3% have completed in deficit position, resulting in a total surplus of \$12.4 million of which \$7.1 million will be added to City-Wide Unallocated Capital and be available to fund future Capital projects or emerging priorities. Further detail and explanations of the project results have been provided in the body of this report and in Appendix 1 and 2.

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DEPARTMENTAL APPROVAL AND REPORT CONCURRENCES

General Mgr. :

Report Date:



Author:

Sarah Kapoor/Kit Yee

Date:

Phone No.:

604.873.7824

This report has been prepared in consultation with the departments listed to the right, and they concur with its contents.

Concurring Departments:

Budgets:

Name (please print)

Signature

City Manager's Working Notes [Please note this section provides short term advice and recommendations and as such these records are considered transitory under FOIPPA.]

This area is reserved for CMO only and all information contained herein is to be shredded by the report author when the report is approved.