

# Responses to City Council Questions on the 2015 Proposed Operating Budget

**The following report is sorted  
numerically by question number.**

# 2015 Operating Budget Questions By Question #

**Branch:** *Financial Services*

**Asked By:** *Councillor Nickel*

**Question #:** 15-2240

**Budget Page #:**

*Please fill in the following tables regarding Capital construction projects within the City of Edmonton.  
These tables include:*

*Project Schedule Variance*

*Project Cost Variance*

*Schedule and Cost Variance Matrix*

**Question Answer:**

*See following page for response.*

# 2015 Operating Budget Questions By Question #

## Capital Construction

### Significant Project Analysis

#### Cost and Schedule Overages (in number of projects)

	2014
<b>Project Cost Variance</b>	
Over Budget > 20%	7
Over Budget between 10% and 20%	3
Less than 10%, Within or Under Budget	30
	40
<b>Project Schedule Variance</b>	
Delay > 20%	14
Delay Between 10% to 20%	3
Delay ,10%, On Time or Ahead of Schedule	23
	40

Costs	Over 20%	3	2	2
	10 - 20%	1	0	2
	On/Under	19	1	10
		On/Ahead	10-20% Schedule	Over 20%

#### Methodology for Analysis and Assumptions

The requested tables and matrix have been completed based on the significant capital projects reported and provided as part of the September 30, 2014 Capital Financial Update. The analysis includes projects with budgeted expenditures in excess of \$20 million. Certain information requested is not being collected corporately for projects under the \$20 million threshold. In preparing the analysis the following assumptions were required:

1. Total projected costs used in this analysis reflect the total projected costs for the project to completion as determined at the September 31, 2014.
2. With limited exception, the analysis is performed by comparing the total projected costs of the project to the original budget as approved by City Council. Comparison to the original budget is required to get an accurate reflection of the cost change on projects because the City of Edmonton's process does not allow capital project to overspend. When it becomes clear that a project will exceed the original budget for any reason, a budget adjustment is brought forward to City Council for approval. As a result, comparisons of projected results to the adjusted budget will generally not reflect significant cost variances. In certain circumstances, where the scope of the project was changed or where projects are budgeted in phases the adjusted budget was used for the analysis.
3. The commencement dates for specific projects are not being collected as part of the on-going reporting for capital projects. Dates included in the analysis reflect the commencement of the projected as identified by the departments responsible for the individual project.

As certain information required to complete the requested tables and matrix is not collected the assumptions were required to ensure that the projects were accurately categorized. Budget adjustments for capital projects can result from a number of factors including cost escalation, changes in the scope of the project, the level of accuracy in the estimation process, and issues or problems in the execution of a project that result in increased costs and unforeseen expenditures. Delays in projects from the original timelines can also be the result of a number of factors including weather delays, opportunities to advance the project, participation of other departments, governments, or external participants, and the availability of internal and external resources. The current quarterly reporting is designed to provide an update on significant capital projects and provide a color categorization as follows:

Green – reflects the project is on budget and on schedule  
 Yellow – reflects a project on budget but with delays in schedule  
 Red – reflects a project over budget.

To categorize in the matrix identified Administration would be required to track additional information on an ongoing basis. This would require clear definitions and parameters around the assumptions used in constructing this reporting model on an on-going basis.