

2018 Budget in Brief

October 2017

2018 BUDGET IN BRIEF

METRO VANCOUVER

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General Overview

Meeting the Challenges

The budget for 2018 has overall expenditures of \$761.3 million. The budgeted expenditures are an increase of \$52.1 million (7.3%) over 2017 budgeted expenditures. The increase can be attributed as follows:

1. Operating costs	\$28.6 million	(+6.5%)
2. Debt Service	(\$3.5 million)	(-2.7%)
3. Debt avoidance - Contribution to Capital	\$27.0 million	(+19.4%)

It is estimated that the increased cost to an average household in the Region will be \$21 for the year.

Metro Vancouver is composed of four regional entities: Greater Vancouver Water District; Greater Vancouver Sewerage & Drainage District; Metro Vancouver Regional District and Metro Vancouver Housing Corporation. The 2018 budget reflects the roles and priorities established by the Board of Directors in the 2015 – 2018 Board Strategic Plan. Metro Vancouver has three broad roles:

- Deliver Core Services
- Plan for the Future
- Act as Regional Forum

Highlights for 2018 Include:

Greater Vancouver Water District (GVWD)

- Implement the new Drinking water Conservation Plan.
- Secure additional water allocation for the Coquitlam source as per the Coquitlam Water Use Plan.
- Complete a Comprehensive Regional Water System Plan that aligns with the Board's strategic objectives.
- Complete project definition for Coquitlam Intake No. 2 project.
- Commence construction of Second Narrows Water Supply Tunnel.
- Continue detailed design of Annacis Water Supply Tunnel.
- Continue development of an Asset Management Plan for Water Services.
- Commission new Sodium Hypochlorite System at Coquitlam Water Treatment Plant.
- Complete the development of an Environmental Management System for Water Services.

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Greater Vancouver Sewerage & Drainage District (GVS&DD)

Liquid Waste

- Continue expansion of the Source Control program to reduce contaminant impacts on the sewer and treatment facilities, and on the environment.
- Continue with the decommissioning of Iona Island WWTP sludge lagoons and stockpiled biosolids.
- Continue with construction of the North Shore Secondary WWTP.
- Complete decommissioning of sludge lagoons at Northwest Langley WWTP.
- Development of an Asset Management Plan for Liquid Waste Services.
- Continue construction of Annacis Wastewater Treatment Plant Stage 5 expansion.
- Project definition for Iona Island Secondary Wastewater Treatment Plant upgrade.

Solid Waste

- Continue with Coquitlam transfer Station replacement project.
- Finalize new regulatory framework for Generator Levy, Hauler Licensing and Bylaw 181 update.
- Continue with waste diversion initiatives.
- Continue with planning for Surrey Small Vehicle Drop-off Facility.
- Complete construction of the North Shore Transfer Station reconfiguration.
- Commission non-ferrous metal recovery from bottom ash at the Waste-to-Energy Facility.
- Complete upgrades to the Waste-to-Energy Facility (WTEF) including: bottom dischargers/ conveyors upgrade, feed hopper/ chute construction, furnace liner upgrades and secondary economizers replacement.

Metro Vancouver Housing Corporation (MVHC)

- Continue with redevelopment of Heather Place Phase 1.
- Develop and implement a new Asset Management Strategy and maintenance programs.
- Ongoing maintenance and upgrades to improve existing housing complexes.

Metro Vancouver Regional District (MVRD)

- Regional Parks Land Acquisition Strategy approval.
- Develop and implement a strategic plan for expanding the affordable housing stock in the region including establishing Metro Vancouver targets for affordable housing units to be provided and/or supported through the MVRD and MVHC.
- Prepare long-term (100 year) growth projections / scenarios.
- Prepare a Regional Industrial Lands Strategy and complete the Metro 2040 Industrial and Mixed Employment Policy Review.
- Review system of user fees from permits and regulations to recover costs of developing regulations, monitoring compliance, and enforcement, while ensuring that fees provide incentives to reduce emissions and impacts.
- Develop new air quality bylaws and regulations towards goals for protection of human health and environment and continuous improvement in air quality.
- Continue with the Regional Prosperity Initiatives.

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Financial Overview

2018 budgeted expenditures are \$761.3 million (up 7.3%) for the Metro Vancouver Districts. The budget represents a \$473 cost to the average regional household, up \$21 from 2017 levels. This increase represents a \$3 GVWD increase, \$13 GVS&DD increase and \$5 MVRD increase.

The operating budget of the Metro Vancouver Districts is paid for by six main sources:

- Water Sales
- Sewer Levy
- Solid Waste Tipping Fee
- Tax Requisitions
- Housing Rents
- External Revenues and Reserves

These revenue sources support four separate legal entities: the Metro Vancouver Regional District (MVRD) is funded primarily through tax requisitions, the Greater Vancouver Sewerage & Drainage District (GVS&DD) through a sewer levy for liquid waste and user fees for the solid waste function, the Greater Vancouver Water District (GVWD) through the sale of water to participating member municipalities, and the Metro Vancouver Housing Corporation (MVHC) through property rentals.

Greater Vancouver Water District

- The impact to the average household is an increase of \$3, for a total cost of \$165.
- The water rates will increase by 3.9% to \$0.6350 per cubic metre (Off Peak Season: October – May) and \$0.7938 per cubic metre (Peak Season: June – September) over those for 2017. The summer (Peak) price is 1.25 times the price during the remainder of the year (Off Peak). This is consistent with the Drinking Water Management Plan.
- The operating program expenditures for 2018 are \$271.3 million.
- Total capital expenditures are budgeted at \$206.1 million, including expenditures for:
 - Infrastructure projects related to growth in the region (\$69.1 million)
 - System maintenance projects (\$51.1 million)
 - Resilience projects (\$56.0 million)
 - Infrastructure upgrade projects (\$29.6 million)
 - Sustainability opportunity related projects (\$0.3 million)
- \$68.5 million in capital projects will be funded on a ‘pay as you go’ basis through the water rate thereby avoiding the need for long-term debt financing.

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Greater Vancouver Sewerage and Drainage District

Liquid Waste

- There is an \$13 increase in the impact on the average household with the cost increasing to \$201.
- The operating program expenditures for 2018 are \$265.4 million.
- \$74.7 million of sewerage capital projects will be funded on a 'pay as you go' basis through the sewer levy thereby avoiding the need for long-term debt financing.
- Total capital expenditures will be \$354.9 million, including funding for:
 - New sewers, pump stations and treatment plant expansion to handle growth (\$220.6 million)
 - System maintenance (\$44.0 million)
 - Resilience projects (\$45.7 million)
 - Infrastructure upgrade projects (\$30.8 million)
 - Sustainability opportunity related projects (\$13.8 million)

Solid Waste

- The Tipping fees for 2018 are: local government single family and public works waste up \$3 to \$103 per tonne, commercial vehicles up \$2 to \$82 per tonne, medium vehicles up \$3 to \$115 per tonne and small vehicles up \$4 to \$137 per tonne.
- The Solid Waste Services operating budget will increase by \$7.2 million (7.6%) in 2018 for a total operating budget of \$101.6 million. This increase is primarily due to projected increases to the system waste flows.
- The Solid Waste Services capital budget is a total of \$31.1 million, which will be funded from reserves. Highlights of capital projects planned for 2018 include the following:
 - Surrey Small Vehicle Drop-Off facility, Coquitlam Transfer Station replacement, North Shore Transfer Station reconfiguration and weigh scale upgrades (\$13.7 million)
 - Various projects for the existing WTEF including secondary economizer replacement, furnace liner upgrade and scrubber design (\$8.6 million)
 - Post closure expenditures at the Coquitlam Landfill (\$6.7 million)
 - Sustainability opportunity projects (\$2.1 million)

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Metro Vancouver Housing Corporation

- The MVHC generates the majority of its revenues through property rentals, and the Housing Corporation's operations are not funded by the MVRD tax requisitions.
- The MVHC operating program expenditures for 2018 are \$50.7 million including capital replacement expenditures of \$8.7 million which are funded from reserves.
- MVHC is planning \$20.0 million in Capital expenditures in 2018: \$17.0 for re-development construction at Heather Place in Vancouver and \$3.0 for re-development design for Kingston Gardens in Surrey. These are multi-year projects funded in partnership with the Province of BC.

Metro Vancouver Regional District

- The costs for Regional District functions are primarily recovered through property taxes.
- The total cost of programs on an average property tax bill is approximately \$51.
- The Regional District's overall operating expenditures are \$72.3 million for 2018.
- The MVRD property tax requisition will increase by 14.3% for 2018. This represents a \$5 increase to the average regional household after accounting for population growth.

The following functions comprise the main activities of the Regional District:

Affordable Housing

The Affordable Housing operating expenditures for 2018 is \$2.0 million including \$1.0 million as a contribution to reserve for future development of affordable housing units in the region.

Air Quality

The Air Quality operating expenditures program for 2018 is \$10.5 million and includes enhancements for policy development and enforcement of bylaws and regulations.

E911 Emergency Telephone Service

The E911 Emergency Telephone Service operating expenditure program for 2018 is \$4.3 million, which is reflective of the terms within the EComm service agreement.

Electoral Area Service

The Electoral Area Service operating expenditure program for 2018 is \$0.7 million and includes expenditures for the local government election in November which is funded from reserves.

General Government

The General Government operating expenditure program for 2018 is \$6.8 million. This function includes an increase in costs associated with the Communications Program, resources for the Love Food Hate Waste campaign and the Regional Prosperity Initiative.

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Labour Relations

The Labour Relations operating expenditure program for 2018 is \$2.7 million. Labour Relations is providing defined enhanced service levels to members and continue to provide bargaining services with the expiry of a large number of Collective Agreements across the region.

Regional Emergency Management

The Regional Emergency Management operating expenditure program for 2018 is \$0.2 million which is consistent with prior years. The program is provided through a partnership with the Province of BC.

Regional Global Positioning System

The Regional GPS operating expenditure program for 2018 is \$0.3 million. This budget is consistent with prior years.

Regional Parks

The Regional Parks operating expenditure program for 2018 is \$41.3 million and comprises approximately half of the total MVRD budget. This is driven primarily by labour adjustments, service level increases, implementation of recommendations coming from the Regional Parks Service Review and an increase of \$3.8 million in the contribution to reserves for park land acquisition. The budget includes additional operational resources required for the new Grouse Mountain Regional Park which encompasses the Grouse Grind and several other North Shore trails.

There are also \$12.1 million in capital expenditures planned for 2018 to be funded from reserves. \$8.1 million for infrastructure development/replacement and maintenance, and \$4.0 million for parkland acquisition.

Regional Planning

The Regional Planning operating expenditure program for 2018 is \$3.1 million and provides for resources for the delivery of key 2018 initiatives.

Sasamat Fire Protection Service

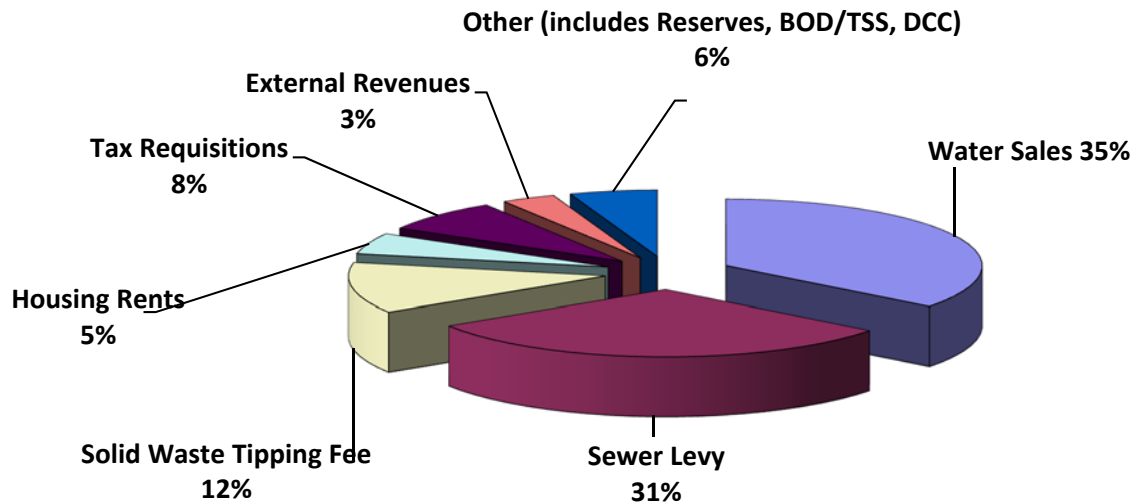
The Sasamat Fire Protection Service operating expenditure program for 2018 is \$0.4 million which is down from the prior year as 2017 included a one-time purchase of a fire apparatus.

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METRO VANCOUVER

WHERE THE MONEY COMES FROM

(Millions of Dollars)



Water Sales	\$269.8
Sewer Levy	232.1
Solid Waste Tipping Fee	93.5
Housing Rents	38.8
Tax Requisitions	59.3
External Revenues	25.8
Other (includes Reserves, BOD/TSS, DCC)	42.0
	<u>\$761.3</u>

The Metro Vancouver Districts comprise four legal entities and are governed by separate legislation. The budgets of the Districts are presented as distinct functions and include program budgets that present both operating and capital expenditures and projected revenue sources.

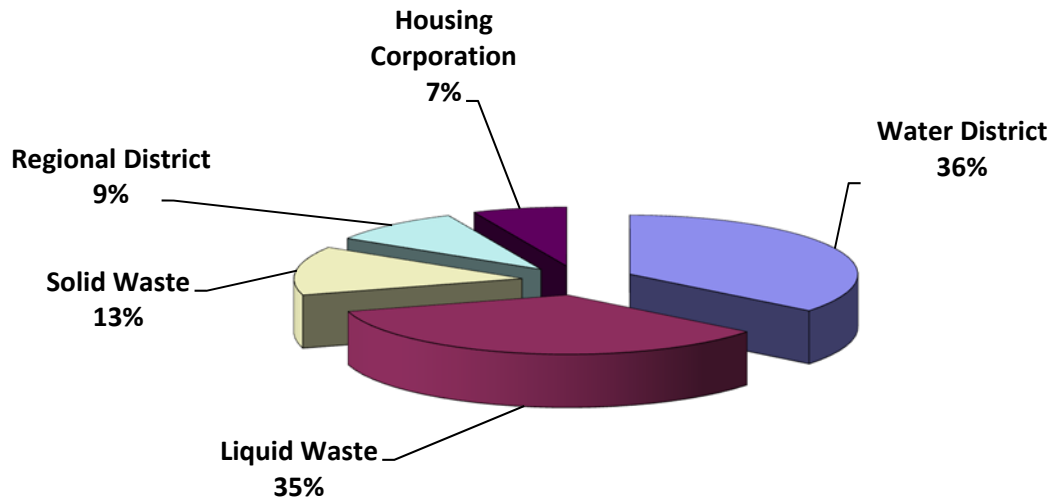
By legislation, Metro Vancouver Districts are required to operate balanced budgets and any deficit must be repaid immediately in the following year. All expenditures must be included in the annual budget adopted by the Board.

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METRO VANCOUVER

WHERE WE SPEND THE MONEY

(Millions of Dollars)



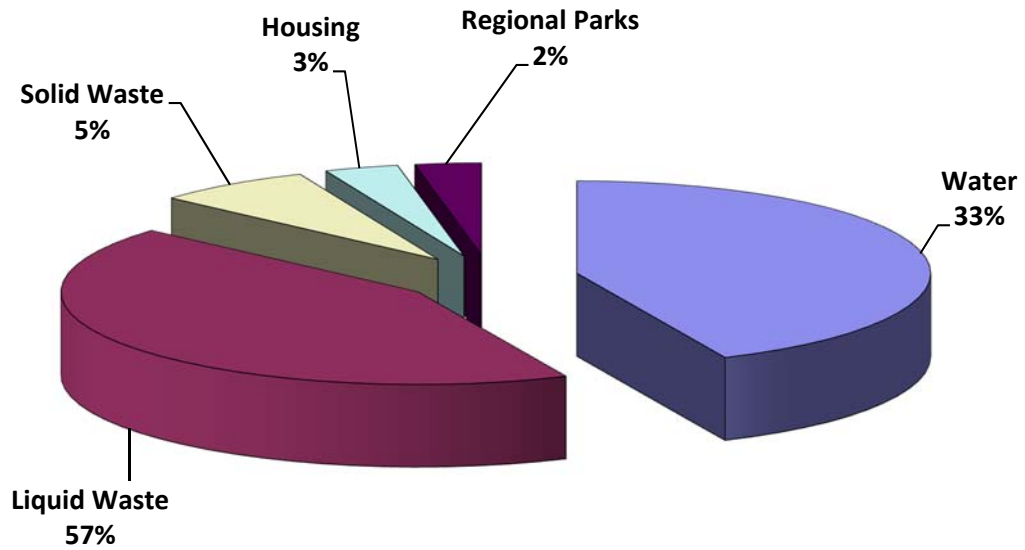
Total Expenditures \$761.3

	Sewerage & Drainage				Regional District	Total
	Water District	Liquid Waste	Solid Waste	MVHC		
2017 Budget	\$265.1	\$236.2	\$94.4	\$48.1	\$65.4	\$709.2
Change in Operations	4.3	11.6	9.6	(0.1)	3.2	28.6
Change in Debt	(6.1)	7.7	(0.5)	(4.5)	(0.1)	(3.5)
Contribution to Capital	8.0	9.9	(1.9)	7.2	3.8	27.0
2018 Budget	\$271.3	\$265.4	\$101.6	\$50.7	\$72.3	\$761.3
% Change Budget	2.3%	12.3%	7.6%	5.6%	10.5%	7.3%

2018 BUDGET IN BRIEF

METRO VANCOUVER

Capital Expenditures 2018 Budget Summary (\$ Millions)

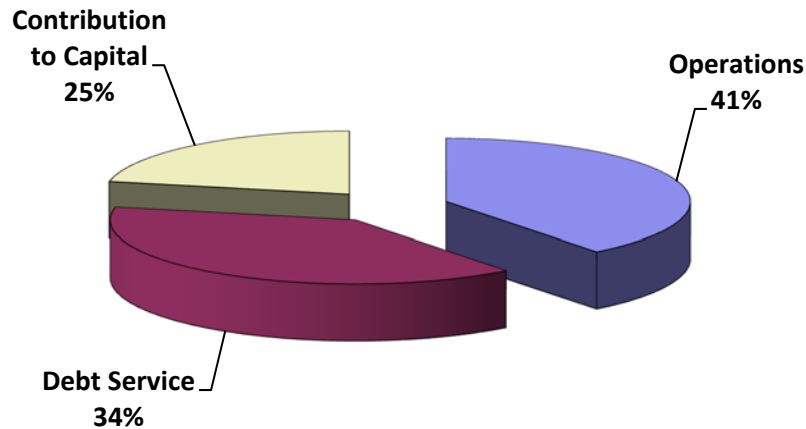


	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
Water	\$ 179.5	\$ 163.1	\$ 206.1
Liquid Waste	126.0	163.7	354.9
Solid Waste	17.2	26.8	31.1
Housing	11.7	12.6	20.0
Regional Parks	12.0	11.3	12.1
	<u>\$ 346.4</u>	<u>\$ 377.5</u>	<u>\$ 624.2</u>

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Greater Vancouver Water District 2018 Budget Summary (\$ Millions)



	<u>2017</u> <u>Budget</u>	<u>2018</u> <u>Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 107.5	\$ 111.8	\$ 4.3	4.0%
Debt Service	97.1	91.0	(6.1)	(6.2%)
Contribution to Capital	60.5	68.5	8.0	13.2%
Total Expenditures	\$ 265.1	\$ 271.3	\$ 6.2	2.3%

Highlights

- \$206.1M Capital Works
 - Growth \$69.1M
 - Maintenance \$51.1M
 - Upgrade \$29.6M
 - Resilience \$56.0M
 - Opportunity \$0.3M
- Growth in the Region
- Aging Infrastructure
- More 'pay-as-you-go'
- Seismic Upgrades

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Greater Vancouver Water District Impact on Water Sales Revenue (\$ Millions)

	<u>2017 Budget</u>	<u>2018 Budget</u>	<u>Change</u>	<u>% Change</u>
Water Sales	\$ 261.7	\$ 269.8	\$ 8.1	3.1%
Other Revenue/Reserve	<u>3.4</u>	<u>1.5</u>	<u>(1.9)</u>	(55.9%)
Total	<u><u>\$ 265.1</u></u>	<u><u>\$ 271.3</u></u>	<u><u>\$ 6.2</u></u>	2.3%
Water Rates (\$ per cubic metre)				
Peak Season *	<u>\$ 0.7641</u>	<u>\$ 0.7938</u>	<u>\$ 0.0297</u>	
Water Rates (\$ per cubic metre)				
Off Peak Season **	<u>\$ 0.6113</u>	<u>\$ 0.6350</u>	<u>\$ 0.0237</u>	
Consumption (cubic metres)	<u>388,000,000</u>	<u>385,000,000</u>	<u>(3,000,000)</u>	

* June to September

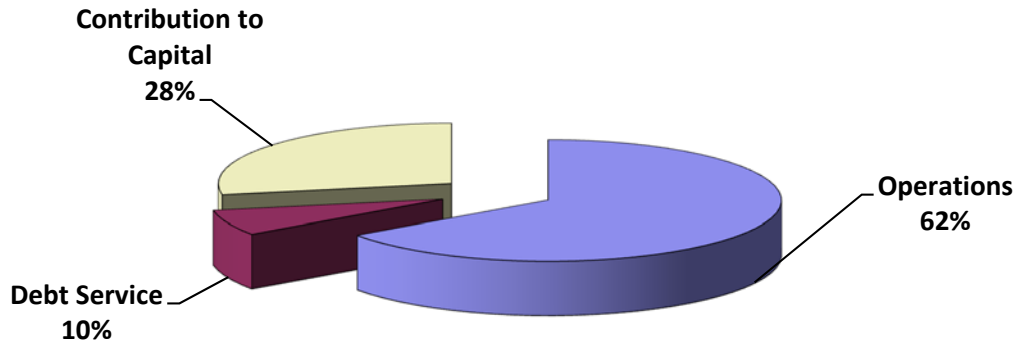
** October to May

- Impact to the average household: \$3 (1.5%) to \$165 assuming the average household is estimated to use 235 m³

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**Greater Vancouver Sewerage & Drainage District
Liquid Waste
2018 Budget Summary
(\$ Millions)**



	<u>2017 Budget</u>	<u>2018 Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 153.5	\$ 165.1	\$ 11.6	7.5%
Debt Service	17.9	25.6	7.7	42.5%
Contribution to Capital	64.8	74.7	9.9	15.3%
Total Expenditures	\$ 236.2	\$ 265.4	\$ 29.2	12.3%

Highlights

- \$354.9M Capital Works
 - Growth \$220.6M
 - Upgrade \$30.8M
 - Resilience \$45.7M
 - System Maintenance \$44.0M
 - Opportunity \$13.8M
- More 'Pay As You Go'
- Growth in the Region
- Aging Infrastructure
- Liquid Waste Management Plan Implementation

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Greater Vancouver Sewerage & Drainage District
Liquid Waste
Impact on the Sewer Levy
(\$ Millions)

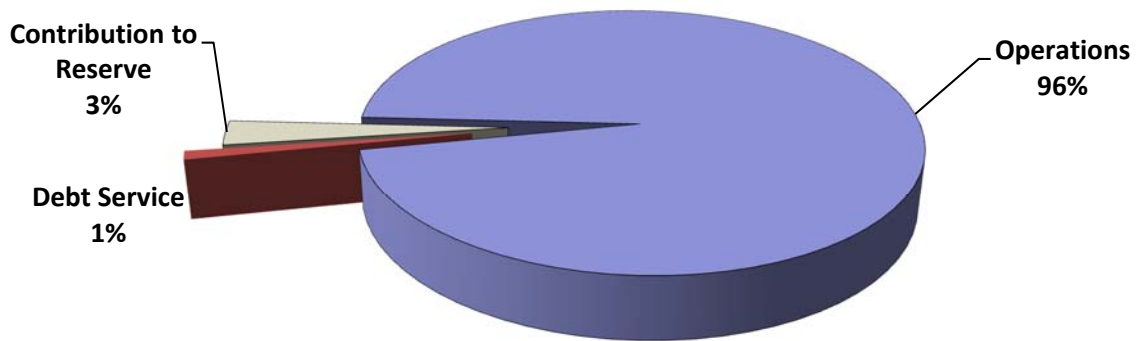
	<u>2017 Budget</u>	<u>2018 Budget</u>	<u>Change</u>	<u>% Change</u>
Sewer Levy	\$ 213.9	\$ 232.1	\$ 18.2	8.5%
Other Revenue/Reserve	<u>22.3</u>	<u>33.3</u>	<u>11.0</u>	48.7%
Total	<u>\$ 236.2</u>	<u>\$ 265.4</u>	<u>\$ 29.2</u>	12.3%

- Impact to the average household: \$13 (6.8%) to \$201 after reflecting a projected 1.7% increase in the number of regional households.

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**Greater Vancouver Sewerage & Drainage District
Solid Waste
2018 Budget Summary
(\$ Millions)**



	<u>2017 Budget</u>	<u>2018 Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 88.0	\$ 97.6	\$ 9.6	10.9%
Debt Service	1.5	1.0	(0.5)	(32.0%)
Contribution to Reserve	4.9	3.0	(1.9)	(39.6%)
Total Expenditures	<u><u>\$ 94.4</u></u>	<u><u>\$ 101.6</u></u>	<u><u>\$ 7.2</u></u>	7.6%

Highlights

- \$31.1M Capital Works
 - Improvements to Transfer Station system \$13.7M
 - Existing Waste-to-Energy Facility \$8.6M
 - Landfills and Opportunity Projects \$8.8M

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**Greater Vancouver Sewerage & Drainage District
Solid Waste
Impact on Solid Waste Tipping Fee Revenue
(\$ Millions)**

	<u>2017 Budget</u>	<u>2018 Budget</u>	<u>Change</u>	<u>% Change</u>
Tipping Fee Revenue	\$ 85.4	\$ 93.5	\$ 8.1	9.5%
Other Revenues	9.0	8.1	(0.9)	(10.2%)
	<u>\$ 94.4</u>	<u>\$ 101.6</u>	<u>\$ 7.2</u>	7.6%
Tipping Fee (\$ per tonne)				
Up to 1 tonne	<u>\$ 133</u>	<u>\$ 137</u>	<u>\$ 4</u>	3.0%
1 to 9 tonnes	<u>\$ 112</u>	<u>\$ 115</u>	<u>\$ 3</u>	2.7%
Over 9 tonnes	<u>\$ 80</u>	<u>\$ 82</u>	<u>\$ 2</u>	2.5%
Municipal	<u>\$ 100</u>	<u>\$ 103</u>	<u>\$ 3</u>	3.0%
General Tonnage (metric tonnes**)	<u>804,000</u>	<u>850,000</u>	<u>46,000</u>	5.7%

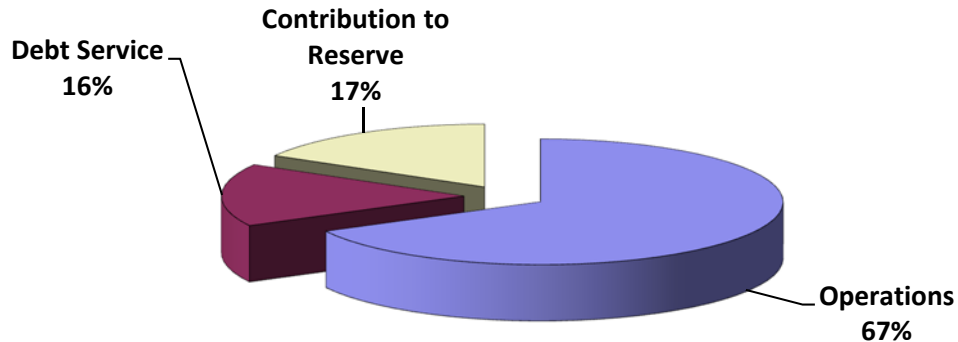
** equals Metro Vancouver disposal tonnes (Metro Vancouver tonnage less resource recovery)

- Impact to the average household is \$56 which is unchanged from the prior year.

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METRO VANCOUVER

Metro Vancouver Housing Corporation 2017 Budget Summary (\$ Millions)



	<u>2017 Budget</u>	<u>2018 Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 34.2	\$ 34.1	\$ (0.1)	(0.1%)
Debt Service	12.7	8.2	(4.5)	(35.6%)
Contribution to Reserve	1.2	8.4	7.2	590.0%
Total Expenditures	<u>\$ 48.1</u>	<u>\$ 50.7</u>	<u>\$ 2.6</u>	5.6%

Highlights

- \$20.0M Capital Expenditures for Development

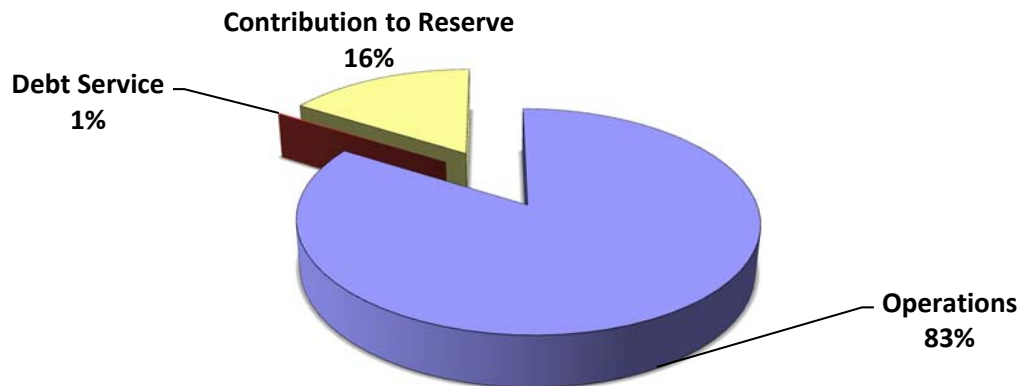
Impact on Housing Rent Revenue (\$ Millions)

	<u>2017 Budget</u>	<u>2018 Budget</u>	<u>Change</u>	<u>% Change</u>
Housing Rents	\$ 36.8	\$ 38.8	\$ 2.0	5.7%
Other Revenue	11.3	11.9	0.6	5.3%
Total	<u>\$ 48.1</u>	<u>\$ 50.7</u>	<u>\$ 2.6</u>	5.6%

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Metro Vancouver Regional District 2018 Budget Summary (\$ Millions)



	2017 <u>Budget</u>	2018 <u>Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 57.4	\$ 60.6	\$ 3.2	5.4%
Debt Service	0.2	0.1	(0.1)	(30.2%)
Contribution to Reserve	7.8	11.6	3.8	49.0%
Total Expenditures	\$ 65.4	\$ 72.3	\$ 6.9	10.5%

	2017 <u>Budget</u>	2018 <u>Budget</u>	<u>Change</u>	<u>% Change</u>
MVRD Expenditures				
Affordable Housing	\$ 0.7	\$ 2.0	\$ 1.3	170.5%
Air Quality	10.3	10.5	0.2	1.9%
E911 Emergency Telephone	4.2	4.3	0.1	2.8%
Electoral Area Service	0.6	0.7	0.1	20.3%
General Government	6.2	6.8	0.6	10.2%
Labour Relations	2.7	2.7	0.0	(1.4%)
Emergency Management	0.2	0.2	0.0	(18.1%)
Regional GPS	0.4	0.3	(0.1)	(6.8%)
Regional Parks	36.2	41.3	5.1	13.9%
Regional Planning	3.0	3.1	0.1	3.2%
Sasamat Fire Protection	0.9	0.4	(0.5)	(58.6%)
Total	\$ 65.4	\$ 72.3	\$ 6.9	10.5%

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Metro Vancouver Regional District Impact on MVRD Tax Requisitions (\$ Millions)

	<u>2017</u> <u>Budget</u>	<u>2018</u> <u>Budget</u>	<u>Change</u>	<u>% Change</u>
MVRD Tax Requisitions	\$ 51.9	\$ 59.3	\$ 7.4	14.3%
Other Revenue/Reserve	<u>13.5</u>	<u>13.0</u>	<u>(0.5)</u>	<u>(4.2%)</u>
Total	<u><u>\$ 65.4</u></u>	<u><u>\$ 72.3</u></u>	<u><u>\$ 6.9</u></u>	<u><u>10.5%</u></u>

- Impact to the average household: Increase of \$5 (12.6%) to \$51 after reflecting a projected 1.7% increase in the number of regional households.