

2017 Budget In Brief

June 2017

2017 BUDGET IN BRIEF

METRO VANCOUVER

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General Overview

Meeting the Challenges

The budget for 2017 has overall expenditures of \$702.4 million. The budgeted expenditures are an increase of \$35.5 million (5.8%) over 2016 budgeted expenditures. The increase can be attributed as follows:

1. Operating costs	\$25.4 million	(+7.4%)
2. Debt Service	(\$0.1 million)	(-0.1%)
3. Debt avoidance –Contribution to Capital	\$10.2 million	(+8.3%)

It is estimated that the increased cost to an average household in the Region will be \$16 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 2017 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 2017 Include:

Greater Vancouver Water District (GVWD)

- Continue regional water conservation campaign.
- Complete a Comprehensive Regional Water System Plan that aligns with the Board Strategic Plan.
- Secure additional water allocation for the Coquitlam source as per the Coquitlam Water Use Plan.
- Complete the Water Shortage Response Plan update.
- Complete project definition for Coquitlam Intake No. 2 project.
- Complete detailed design of Second Narrows Water Supply Tunnel.
- Complete preliminary 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.

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Greater Vancouver Sewerage & Drainage District (GVS&DD)

Liquid Waste

- Expand the environmental monitoring program to help determine the impact of contaminants of emerging concern on the environment.
- Continue expansion of the Source Control program to reduce contaminant impacts on the sewer and treatment facilities, and on the environment.
- Undertake a detailed assessment of the impacts of climate change on infrastructure.
- Continue removal and beneficial use of the Iona Island WWTP biosolids stockpile.
- Commence decommissioning of sludge lagoons at Iona Island WWTP.
- Development of an asset management plan for Liquid Waste Services.
- Commence construction of Annacis Wastewater Treatment Plant Stage 5 expansion.
- Commence project definition for Iona Island Secondary Wastewater Treatment Plant upgrade.

Solid Waste

- Transition to the new contractors for the operation and maintenance of the North Shore, Coquitlam and Surrey Transfer Stations.
- Continue with waste diversion initiatives.
- Complete construction of the North Shore Transfer Station reconfiguration.
- Complete construction of non-ferrous metal recovery from bottom ash at the Waste-to-Energy Facility.
- Enhance enforcement of material disposal bans.
- Complete upgrades to the Waste-to-Energy Facility (WTEF) including: system, gas burner, refuse crane and bottom ash dischargers and conveyor upgrades.

Metro Vancouver Housing Corporation (MVHC)

- Continue with redevelopment of Heather Place Phase 1.
- Improve the digital connectivity of MVHC operations and maintenance activities.
- Ongoing maintenance and upgrades to improve existing housing complexes.

Metro Vancouver Regional District (MVRD)

- Deliver Metro Vancouver Regional Parks 50th Anniversary program.
- Continue with the development of a Regional Parks Land Acquisition Strategy.
- Prepare long-term (100 year) land use projections / scenarios.
- Develop a strategy for expanding the affordable housing stock in the region.
- Continue with and expand Air Quality Policy Development and Implementation (Climate Change Initiatives).
- Continue to expand implementation of Non-Road Diesel Engine Emission Regulation, including Partnerships with other levels of government.
- Inform and educate the public of air quality and climate change issues and initiatives.
- Continue with the Regional Prosperity Initiatives.

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Financial Overview

2017 budgeted expenditures are \$702.4 million (up 5.8%) for the Metro Vancouver Districts. The budget represents a \$452 cost to the average regional household, up \$16 from 2016 levels. This increase represents a \$4 GVWD increase, \$10 GVS&DD increase and \$2 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 \$4, for a total cost of \$162.
- The water rates will increase by 3.2% to \$0.6113 per cubic metre (Off Peak Season: October – May) and \$0.7641 per cubic metre (Peak Season: June – September) over those for 2016. 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 2017 are \$265.1 million.
- Total capital expenditures are budgeted at \$163.1 million, including expenditures for:
 - Infrastructure projects related to growth in the region (\$41.2 million)
 - System maintenance projects (\$39.6 million)
 - Resilience projects (\$49.5 million)
 - Infrastructure upgrade projects (\$31.1 million)
 - Sustainability opportunity related projects (\$1.7 million)
- \$60.5 million in capital projects will be funded on a ‘pay as you go’ basis through the water rate plus a further \$10.9 million through excess operating reserves (total \$71.4 million).

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Greater Vancouver Sewerage and Drainage District

Liquid Waste

- There is a 5.5% increase in the impact on the average household with the cost increasing \$10 to \$190.
- The operating program expenditures for 2017 are \$236.2 million.
- \$64.8 million of sewerage capital projects will be funded on a 'pay as you go' basis through the levy plus a further \$8.3 million through excess operating reserves (total of \$73.1 million) thereby avoiding the need for long-term debt financing.
- Total capital expenditures will be \$163.7 million, including funding for:
 - New sewers, pump stations and treatment plant expansion to handle growth (\$78.3 million)
 - System maintenance (\$29.5 million)
 - Resilience and upgrade of infrastructure (\$50.6 million)
 - Sustainability opportunity related projects (\$5.3 million)

Solid Waste

- The 2017 Tipping fees are unchanged from 2016: \$100 per tonne for all local government single family and public works waste, \$80 per tonne for commercial vehicles, \$112 per tonne for medium vehicles and \$133 per tonne for small vehicles.
- The Solid Waste Services operating budget will increase by \$3.6 million (4.0%) in 2017 for a total operating budget of \$94.4 million. This increase is primarily due to projected increases to the system waste flows.
- The Solid Waste Services capital budget is a total of \$26.8 million, which will be funded from reserves. Highlights of capital projects planned for 2017 include the following:
 - Surrey Residential Drop-Off, Coquitlam Transfer Station replacement, North Shore Transfer Station reconfiguration and weigh scale upgrades.
 - Various projects for the existing WTEF including bottom ash non-ferrous metal recovery, gas burner and Continuous Emission Monitoring upgrades and soot blower replacement.
 - Solid Waste Management Plan capacity development.
- There are also \$1.6 million in Transfer Station equipment purchases planned for 2017.

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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 2017 are \$41.1 million.
- Capital expenditures for 2017 are \$12.6 million which will be funded from reserves. Included in this amount are \$7.0 million for capital replacement and \$5.6 million for the continuation of Phase 1 of the Heather Place redevelopment project.

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 \$44.
- The Regional District's overall operating expenditures are \$65.6 million for 2017.
- The MVRD property tax requisition will increase by 6.2% for 2017. This represents a \$2 increase to the average regional household after accounting for population growth.

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

Air Quality

The Air Quality operating expenditures program for 2017 is \$10.3 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 2017 is \$4.2 million, which is reflective of the terms within the EComm service agreement.

Electoral Area Service

The Electoral Area Service operating expenditure program for 2017 is \$0.6 million and includes the provision for additional resources in order to provide necessary services.

General Government

The General Government operating expenditure program for 2017 is \$6.1 million. This function includes an increase in costs associated with the Communications Program and resources for the new Regional Prosperity Initiative.

Labour Relations

The Labour Relations operating expenditure program for 2017 is \$2.7 million. Labour Relations is providing recently 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.

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Regional Emergency Management

The Regional Emergency Management operating expenditure program for 2017 is \$0.4 million relatively consistent with prior years and for this budget year also includes an additional \$0.1 million approved expenditure amount for the completion of program initiatives with funding from reserves.

Regional Global Positioning System

The Regional GPS operating expenditure program for 2017 is \$0.4 million, down from the prior year as 2016 included a one-time resurvey of the high precision network monuments.

Regional Parks

The Regional Parks operating expenditure program for 2017 is \$36.2 million and comprises approximately half of the total MVRD budget. This is driven primarily by labour adjustments, service level increases and the implementation of recommendations coming from the recently completed Regional Parks Service Review. There was a further addition of \$0.25 million by the MVRD Board in March related to the operational resources required for the recently announced new North Shore regional park (encompassing the Grouse Grind and several other North Shore trails) effective May 1.

There are also \$11.3 million in capital expenditures planned for 2016 to be funded from reserves. \$7.3 million for infrastructure replacement and maintenance and \$4.0 million for parkland acquisition.

Regional Planning

The Regional Planning operating expenditure program for 2017 is \$3.8 million and includes an increase in external consulting necessary to obtain specialized assistance on some key 2017 projects and additional resources to support the Regional Housing Policy and Planning Program.

Sasamat Fire Protection Service

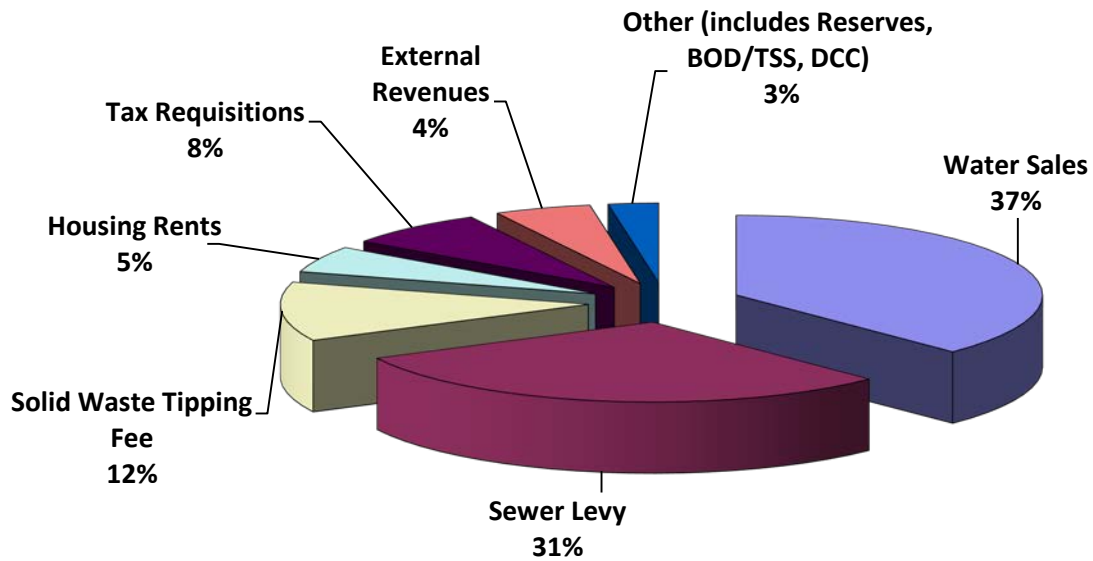
The Sasamat Fire Protection Service operating expenditure program for 2017 is \$0.9 million consistent with the prior year and includes one-time purchase of a fire apparatus delayed from 2016.

2017 BUDGET IN BRIEF

METRO VANCOUVER

WHERE THE MONEY COMES FROM

(Millions of Dollars)



Water Sales	\$261.7
Sewer Levy	213.9
Solid Waste Tipping Fee	85.4
Housing Rents	36.8
Tax Requisitions	51.9
External Revenues	27.9
Other (includes Reserves, BOD/TSS, DCC)	24.8
	<u>\$702.4</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.

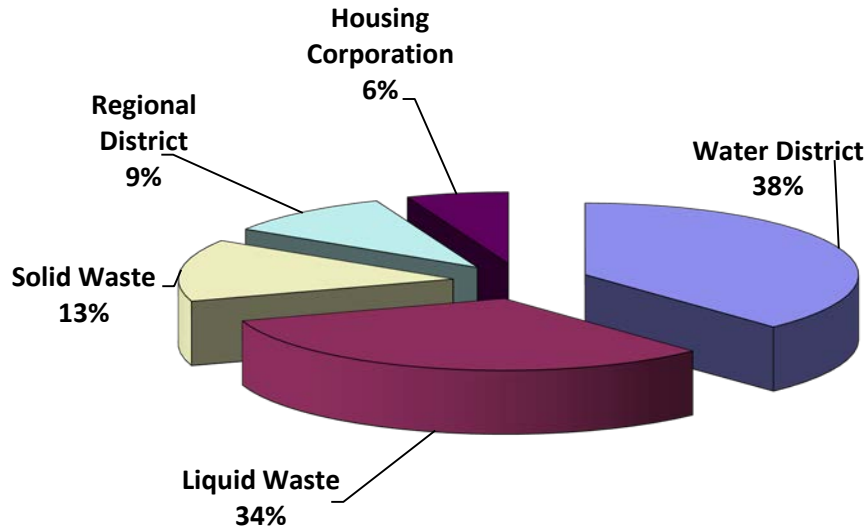
By legislation, Metro Vancouver Districts are required to operate balanced budgets and any deficit must be repaid immediately in the following year. All expenditures must be included in the annual budget adopted by the Board.

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METRO VANCOUVER

WHERE WE SPEND THE MONEY

(Millions of Dollars)



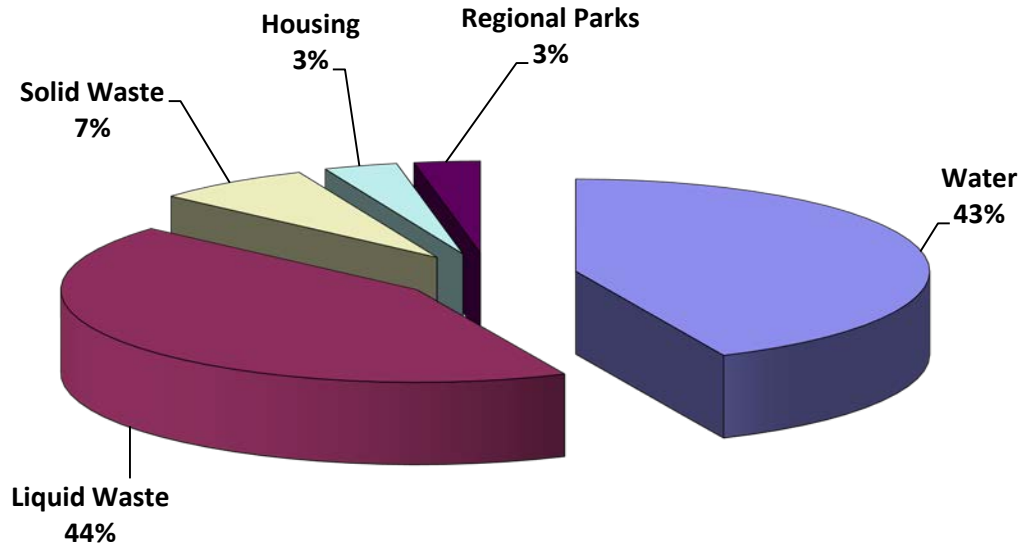
Total Expenditures \$702.4

	Sewerage & Drainage			MVHC	Regional District	Total
	Water District	Liquid Waste	Solid Waste			
2016 Budget	\$254.4	\$216.1	\$90.8	\$40.6	\$62.0	\$663.9
Change in Operations	6.4	12.3	3.4	2.7	3.6	28.4
Change in Debt	(1.1)	3.3	0.2	(2.5)	0.0	(0.1)
Contribution to Capital	5.4	4.5	0.0	0.3	0.0	10.2
2017 Budget	\$265.1	\$236.2	\$94.4	\$41.1	\$65.6	\$702.4
% Change Budget	4.2%	9.3%	4.0%	1.3%	5.8%	5.8%

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Capital Expenditures 2017 Budget Summary (\$ Millions)

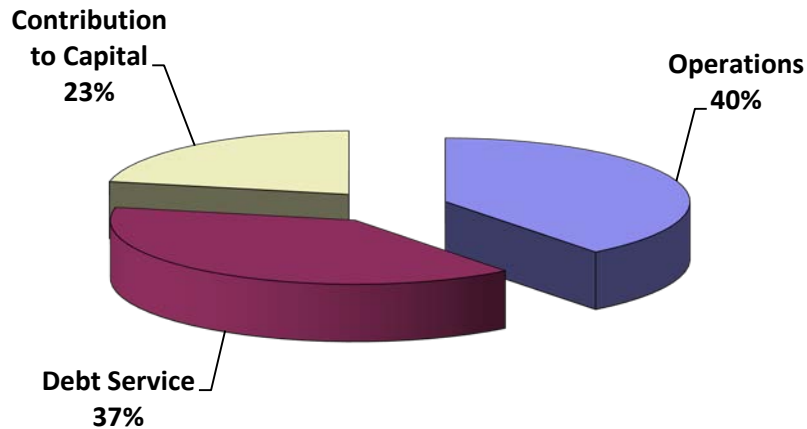


	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>2017 Budget</u>
Water	\$ 190.0	\$179.5	\$163.1
Liquid Waste	92.1	126.0	163.7
Solid Waste	37.1	17.2	26.8
Housing	9.5	11.7	12.6
Regional Parks	13.1	12.0	11.3
	<u>\$ 341.8</u>	<u>\$346.4</u>	<u>\$377.5</u>

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Greater Vancouver Water District 2017 Budget Summary (\$ Millions)



	<u>2016</u> <u>Budget</u>	<u>2017</u> <u>Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 101.1	\$ 107.5	\$ 6.4	6.3%
Debt Service	98.2	97.1	(1.1)	(1.2%)
Contribution to Capital	55.1	60.5	5.4	9.8%
Total Expenditures	\$254.4	\$ 265.1	\$10.7	4.2%

Highlights

- \$163.1M Capital Works
 - Growth \$41.2M
 - Maintenance \$39.6M
 - Upgrade \$31.1M
 - Resilience \$49.5M
 - Opportunity \$1.7M
- 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>2016 Budget</u>	<u>2017 Budget</u>	<u>Change</u>	<u>% Change</u>
Water Sales	\$ 251.8	\$ 261.7	\$ 9.9	3.9%
Other Revenue/Reserve	<u>2.6</u>	<u>3.4</u>	<u>0.8</u>	30.0%
Total	<u><u>\$ 254.4</u></u>	<u><u>\$ 265.1</u></u>	<u><u>\$ 10.7</u></u>	4.2%
Water Rates (\$ per cubic metre)				
Peak Season *	<u>\$ 0.7407</u>	<u>\$ 0.7641</u>	<u>\$ 0.0234</u>	
Water Rates (\$ per cubic metre)				
Off Peak Season **	<u>\$ 0.5926</u>	<u>\$ 0.6113</u>	<u>\$ 0.0187</u>	
Consumption (cubic metres)	<u>385,000,000</u>	<u>388,000,000</u>	<u>3,000,000</u>	

* June to September

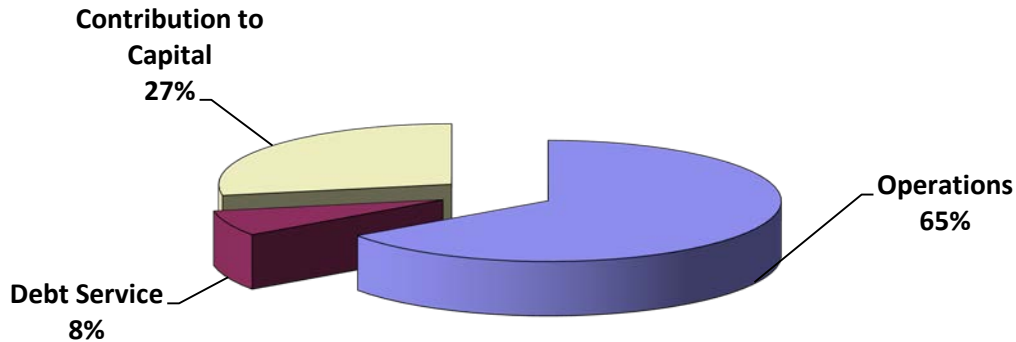
** October to May

- Impact to the average household: \$4 (2.6%) to \$162 assuming the average household is estimated to use 242 m³

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**Greater Vancouver Sewerage & Drainage District
Liquid Waste
2017 Budget Summary
(\$ Millions)**



	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 141.1	\$153.4	\$12.3	8.7%
Debt Service	14.7	18.0	3.3	22.3%
Contribution to Capital	60.3	64.8	4.5	7.5%
Total Expenditures	\$ 216.1	\$236.2	\$20.1	9.3%

Highlights

- \$163.7M Capital Works
 - Growth \$78.3M
 - Upgrade / Resilience \$50.6M
 - System Maintenance \$29.5M
 - Opportunity \$5.3M
- 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 GVS&DD Levy
(\$ Millions)

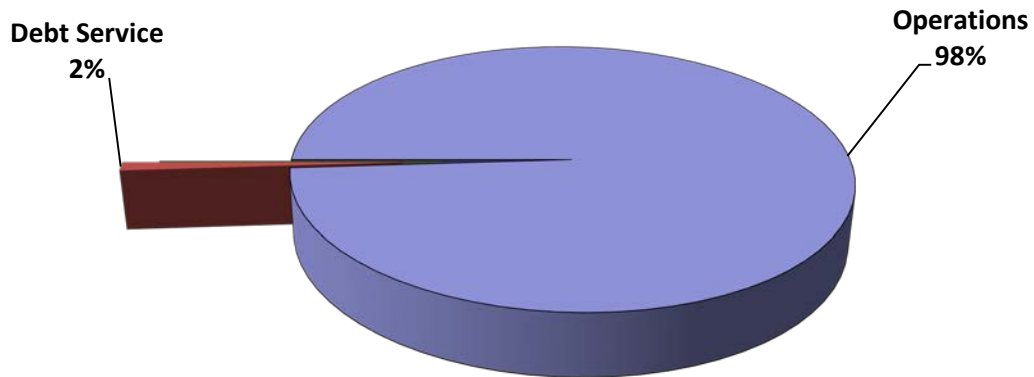
	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>Change</u>	<u>% Change</u>
GVS&DD Levy	\$ 200.3	\$213.9	\$ 13.6	6.8%
Other Revenue/Reserve	<u>15.8</u>	<u>22.3</u>	<u>6.5</u>	40.1%
Total	<u>\$ 216.1</u>	<u>\$236.2</u>	<u>\$ 20.1</u>	9.3%

- Impact to the average household: \$10 (5.5%) to \$190 after reflecting assumed population growth of 1.5% based on average population growth experience.

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**Greater Vancouver Sewerage & Drainage District
Solid Waste
2017 Budget Summary
(\$ Millions)**



	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>Change</u>	<u>% Change</u>
Operations*	\$ 89.5	\$92.9	\$ 3.4	3.8%
Debt Service	1.3	1.5	0.2	16.8%
Contribution to Capital	0.0	0.0	0.0	N/A
Total Expenditures	\$ 90.8	\$ 94.4	\$ 3.6	4.0%

* Includes \$4.9M Contribution to Reserve

Highlights

- \$26.8M Capital Works
 - Improvements to Transfer Station system \$16.4M
 - Existing Waste-to-Energy Facility \$9.4M
 - Landfills and Transfer Stations \$1.0M

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

	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>Change</u>	<u>% Change</u>
Tipping Fee Revenue	\$ 80.0	\$ 85.4	\$ 5.4	6.7%
Other Revenues	10.8	9.0	(1.8)	(16.3%)
	<u>\$90.8</u>	<u>\$ 94.4</u>	<u>\$ 3.6</u>	4.0%
Tipping Fee (\$ per tonne)				
Up to 1 tonne	<u>\$ 133</u>	<u>\$ 133</u>	<u>\$ 0</u>	0.0%
1 to 9 tonnes	<u>\$ 112</u>	<u>\$ 112</u>	<u>\$ 0</u>	0.0%
Over 9 tonnes	<u>\$ 80</u>	<u>\$ 80</u>	<u>\$ 0</u>	0.0%
Municipal	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 0</u>	0.0%
General Tonnage (metric tonnes**)	<u>610,000</u>	<u>642,000</u>	<u>32,000</u>	5.2%

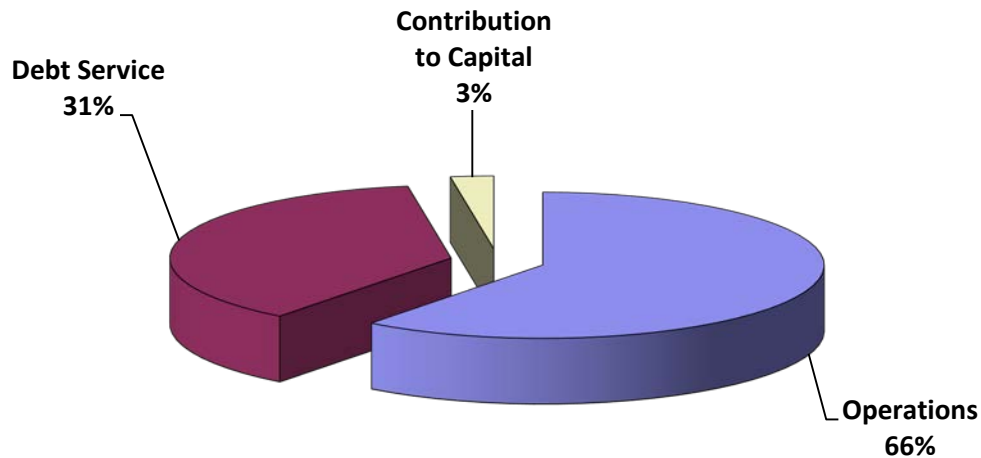
** equals Metro Vancouver disposal tonnes (Metro Vancouver tonnage less resource recovery)

- Impact to the average household: \$56 assuming average household produces approximately 0.56 metric tonne of trash annually.

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



	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 24.5	\$ 27.2	\$ 2.7	10.8%
Debt Service	15.2	12.7	(2.5)	(16.4%)
Contribution to Capital	0.9	1.2	0.3	39.3%
Total Expenditures	<u>\$ 40.6</u>	<u>\$ 41.1</u>	<u>\$ 0.5</u>	1.3%

Highlights

- \$12.6M Capital Works
 - Replacement \$7.0M
 - Development \$5.6M

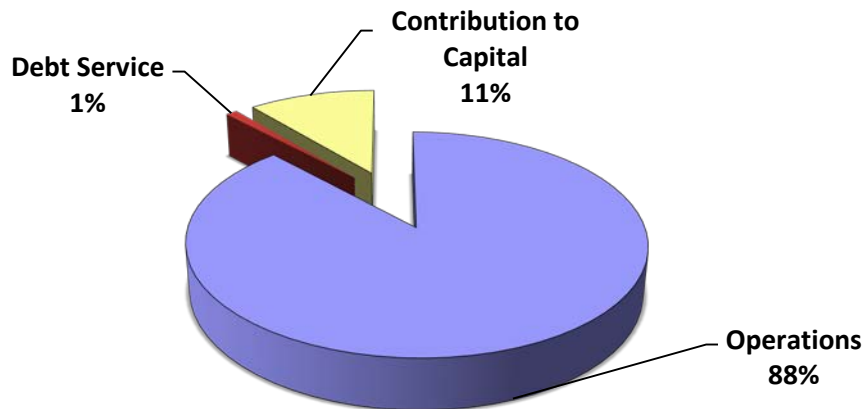
Impact on Housing Rent Revenue (\$ Millions)

	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>Change</u>	<u>% Change</u>
Housing Rents	\$ 35.8	\$ 36.8	\$ 1.0	2.8%
Other Revenue	4.8	4.3	(0.5)	(10.0%)
Total	<u>\$ 40.6</u>	<u>\$ 41.1</u>	<u>\$ 0.5</u>	1.3%

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Metro Vancouver Regional District 2017 Budget Summary (\$ Millions)



	2016 <u>Budget</u>	2017 <u>Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 54.0	\$ 57.6	\$ 3.6	6.8%
Debt Service	0.2	0.2	0.0	(19.9%)
Contribution to Capital	7.8	7.8	0.0	0.0%
Total Expenditures	\$ 62.0	\$ 65.6	\$ 3.6	5.8%

	2016 <u>Budget</u>	2017 <u>Budget</u>	<u>Change</u>	<u>% Change</u>
<u>MVRD Expenditures</u>				
Air Quality	\$ 9.2	\$ 10.3	\$ 1.1	11.6%
E911 Emergency Telephone	4.1	4.2	0.1	1.5%
Electoral Area Service	0.6	0.6	0.0	5.7%
General Government	5.8	6.1	0.3	6.2%
Labour Relations	2.6	2.7	0.1	3.4%
Emergency Management	0.3	0.4	0.1	32.3%
Regional GPS	0.8	0.4	(0.4)	(50.9%)
Regional Parks	34.4	36.2	1.8	5.2%
Regional Planning	3.3	3.8	0.5	13.9%
Sasamat Fire Protection	0.9	0.9	0.0	0.0%
Total	\$ 62.0	\$ 65.6	\$ 3.6	5.8%

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

	<u>2016</u> <u>Budget</u>	<u>2017</u> <u>Budget</u>	<u>Change</u>	<u>% Change</u>
MVRD Tax Requisitions	\$ 48.9	\$ 51.9	\$ 3.0	6.2%
Other Revenue/Reserve	<u>13.1</u>	<u>13.7</u>	<u>0.6</u>	4.6%
Total	<u><u>\$ 62.0</u></u>	<u><u>\$ 65.6</u></u>	<u><u>\$ 3.6</u></u>	5.8%

- Impact to the average household: Increase of \$2 (4.0%) to \$44 after reflecting assumed population growth of 1.5% based on average population growth experience.