

2019 CRD Financial Plan

Presentation to Capital Regional District Board of Directors

Wednesday March 20, 2019

Agenda

CRD

1

Regional Economic Conditions

2

Budget Planning Process

3

2019 CRD Financial Plan

4

Impacts on Requisition

5

Financial Health Indicators

Impacts of Economic Conditions

CRD



2018 BUILDING
PERMITS

34%

INCREASE IN
DWELLINGS



2.4%

INFLATION RATE
IN VICTORIA



+4%

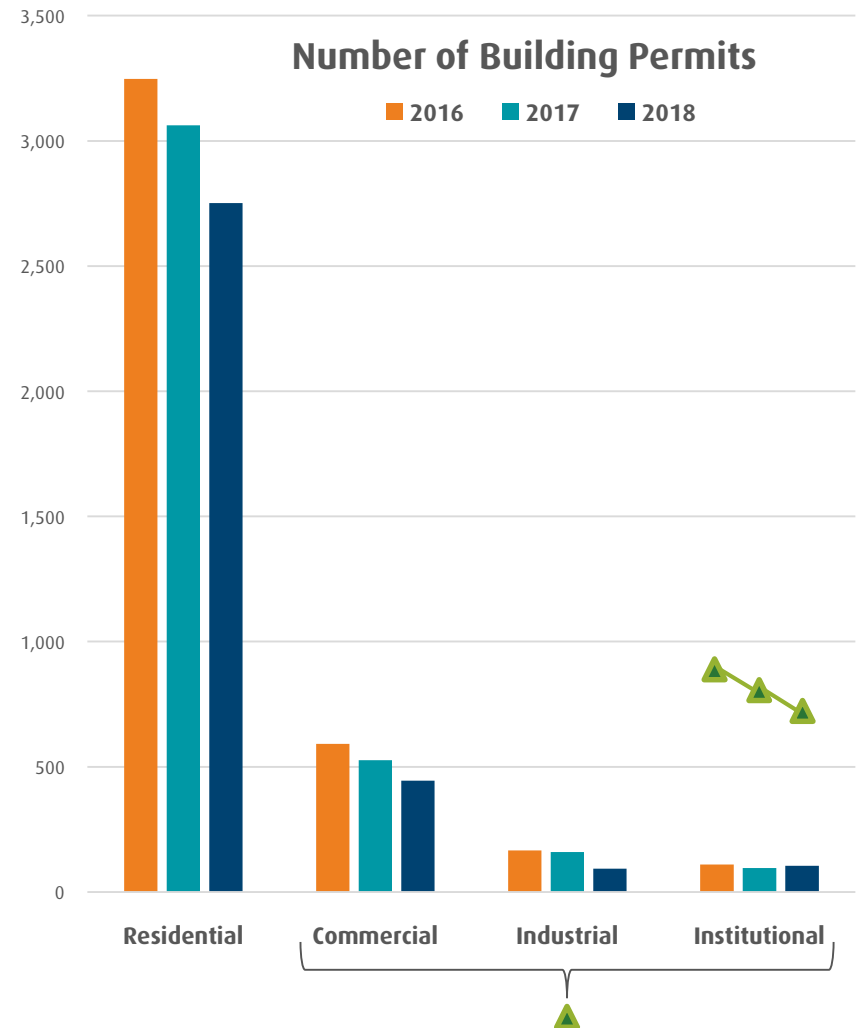
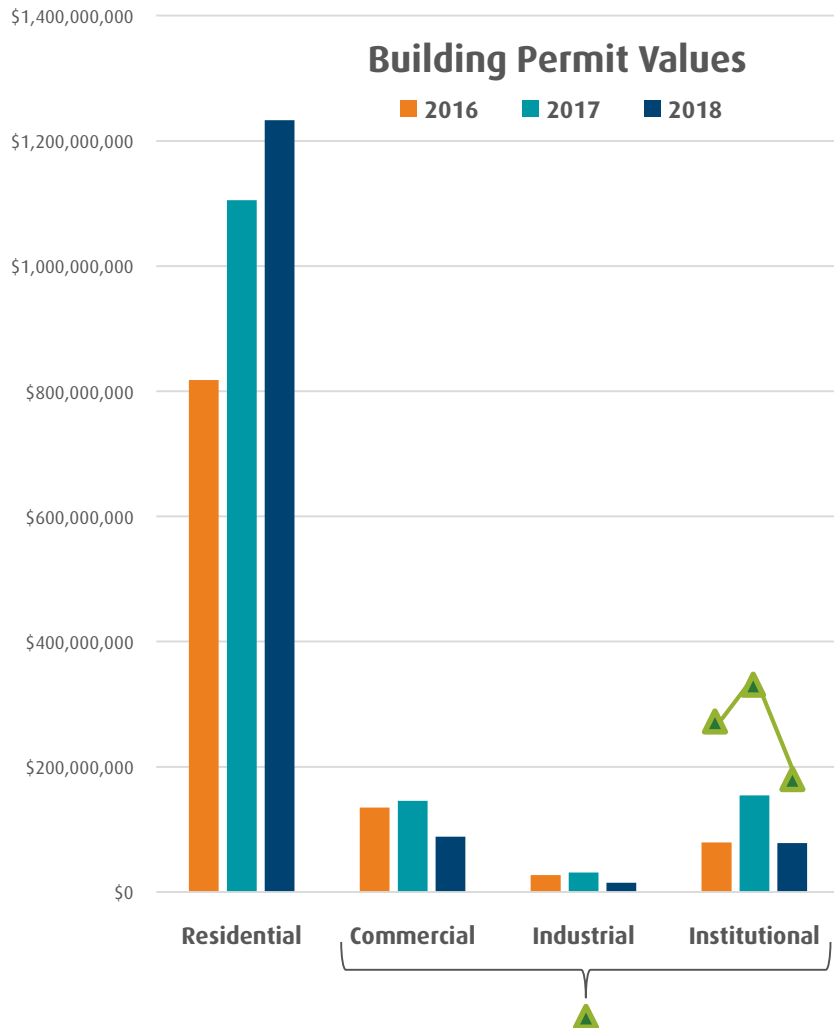
INCREASE IN
UTILITY RATES



3.6%

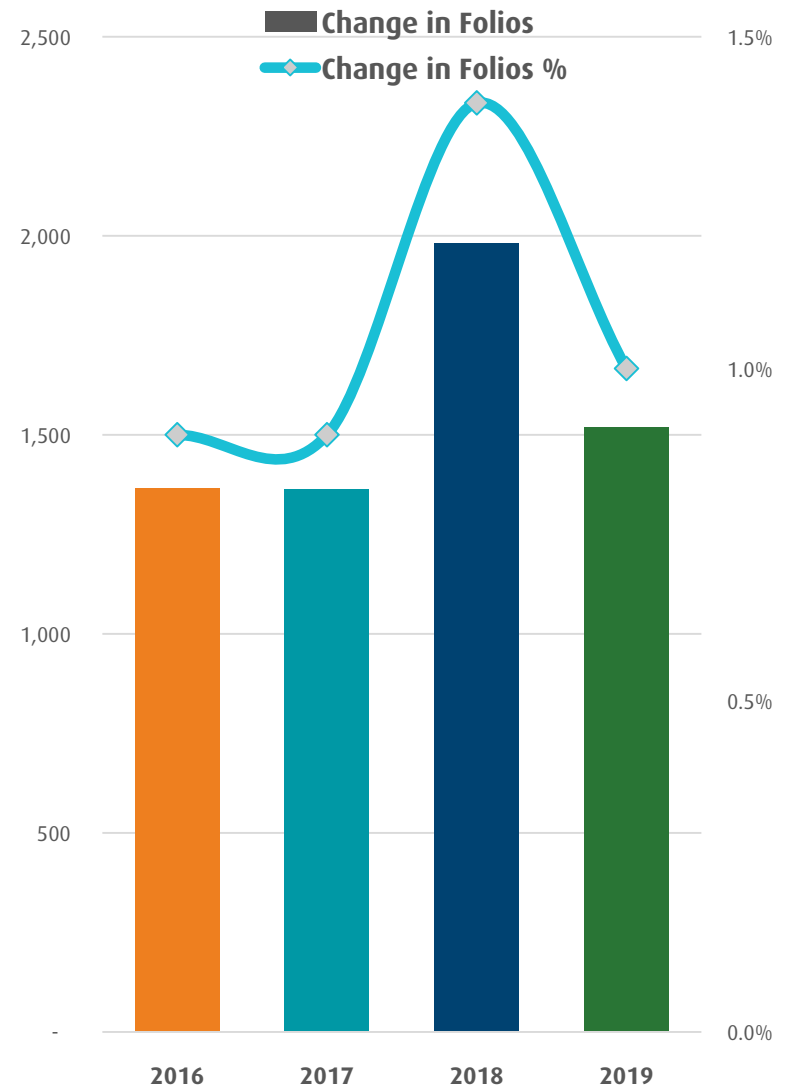
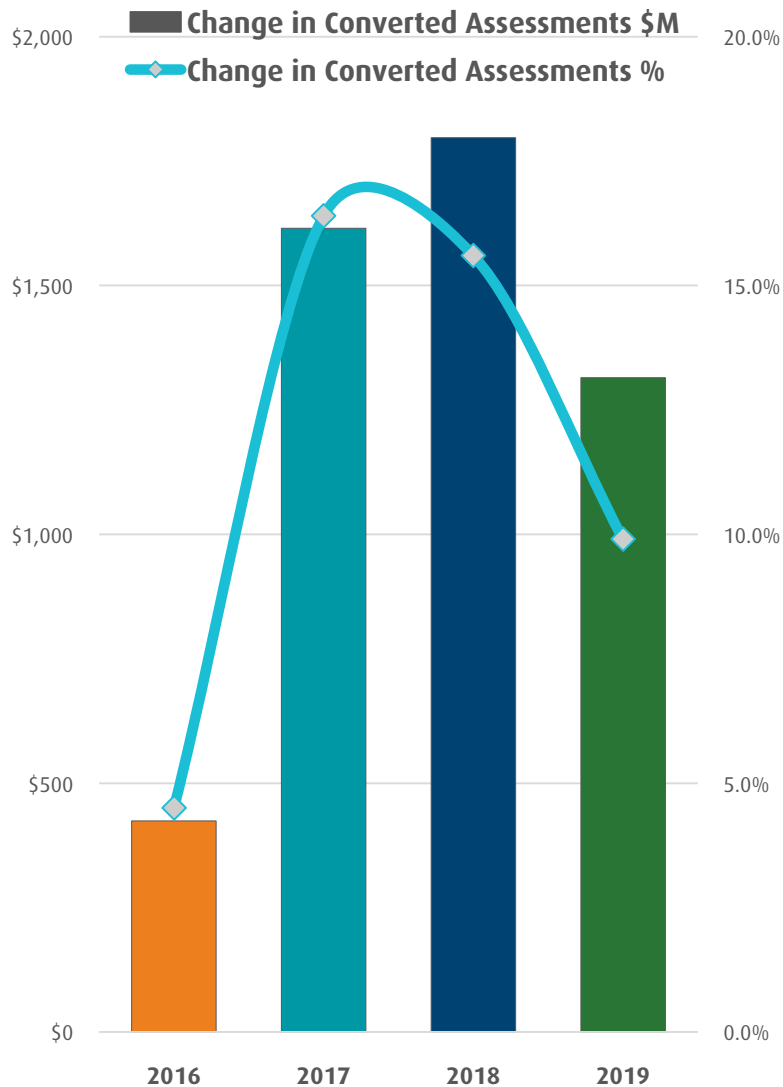
SECOND LOWEST UNEMPLOYMENT
RATE IN CANADA

Impacts of Economic Conditions



Impacts of Economic Conditions

CRD



Impacts of 2019 Capital Plan

CRD



The CRD 2019 Capital Plan of \$382.2M is expected to generate 1,935 new jobs across British Columbia through the flow of goods and services among various industries.

CONSOLIDATED OPERATING BUDGET

\$313.3M



Capital Regional District **\$261.8M**



Capital Regional Hospital District **\$33.4M**



Capital Region Housing Corporation **\$18.1M**

CONSOLIDATED CAPITAL BUDGET

\$503.1M



Capital Regional District **\$382.2M**



Capital Regional Hospital District **\$55.6M**



Capital Region Housing Corporation **\$65.3M**

Financial Plan Summary

CRD

2019 OPERATING BUDGET



Capital Regional District

\$261.8M

2019 CAPITAL BUDGET



Capital Regional District

\$382.2M



Investing in the Future

Capital investment is almost 15x the rate of depreciation



Managing the Cost of Debt

Less than 11% of revenue is planned for long-term debt payments



Supporting Board and Corporate Priorities

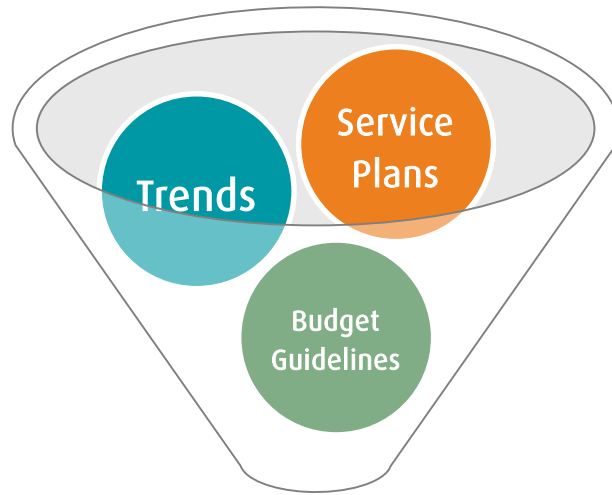
Continued focus on CAWTP, Affordable Housing, Active Multimodal Transportation, First Nations Reconciliation, and Climate Action



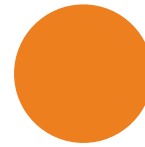
Diversifying Revenue Streams

Almost ½ of operating revenue comes from sale of services while just over ¼ from requisition

Budget Planning Process

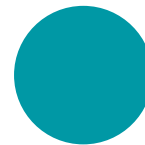


2019 Budget



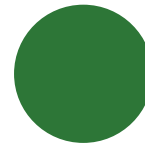
Service Planning Process

Define appropriate levels of service delivery, adjust impacts, realign resources, evaluate infrastructure



Trends and Assumptions

Adjustments made for external factors including population growth, demographics, economic, etc.



Budget Guidelines

Finance Committee and Board approved Financial Management Strategies and Guidelines

Approval Process

- Finance Committee and Board approved guidelines May 2018
- Electoral Area Services Committee delegated budget review
- Committee of the Whole

Provisional Budget

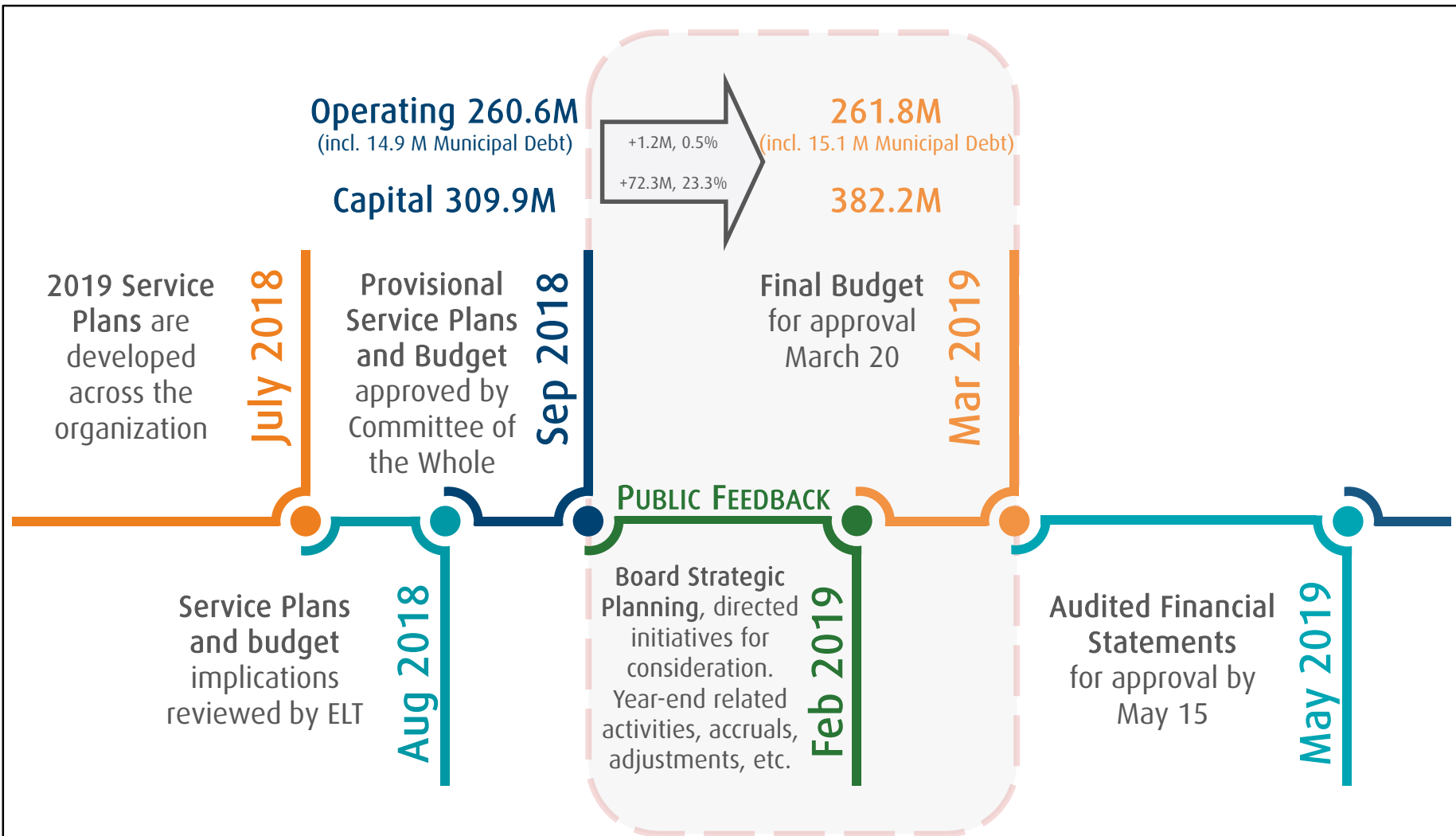
- Recommended approval by EASC
- Board approved September 5
- Included authority to expend January 1 through March 31 2019

Final Budget

- Revised with changes in assessments, year-end adjustments, and committee directed initiatives
- Approval by March 31 2019

Budget Planning Timeline

CRD

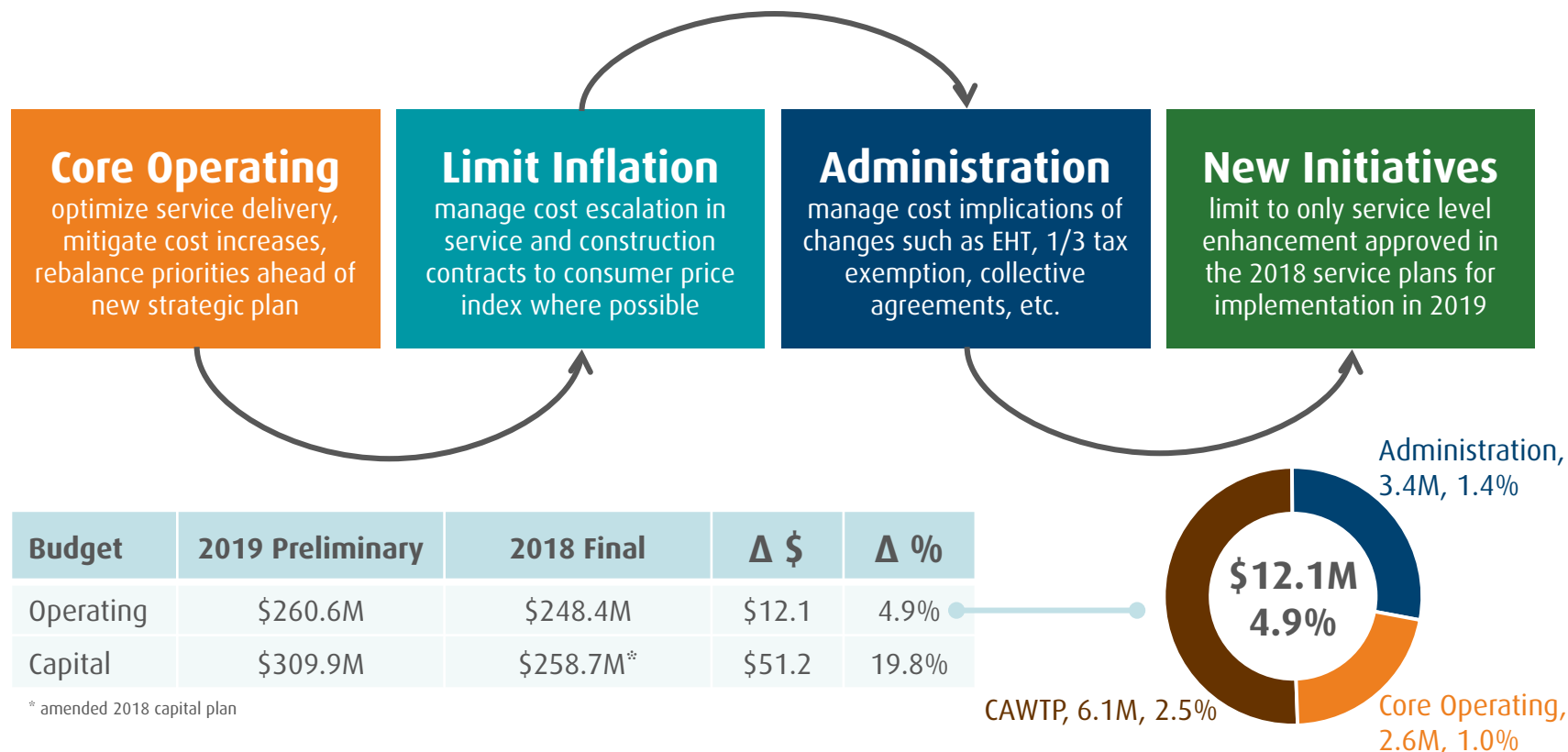


2019 CRD Preliminary Budget

CRD

Preliminary Approval

- Provisional Budget was based on the 2019 Service and Financial Planning Guidelines from Finance Committee and CRD Board.
- Based on 4 key principles;



2019 CRD Financial Plan Summary



Operating Budget Summary (\$M) (Staff Report Table 2a) *municipal debt consolidated with debt servicing

Expenditure Type	2019 Final Budget	2019 Preliminary	Δ \$	Δ %	2018 Budget
Operations	165.3	163.1	2.2	1.3%	156.8
Capital Funding	41.3	42.9	(1.6)	(3.7%)	40.6
Transfer to Reserves	16.6	17.2	(0.6)	(3.5%)	13.9
Debt Servicing	23.6	22.5	1.1	4.9%	22.4
Municipal Debt	15.0	14.9	0.1	0.7%	14.7
Total	\$261.8	\$260.6	\$1.2	0.5%	\$248.4

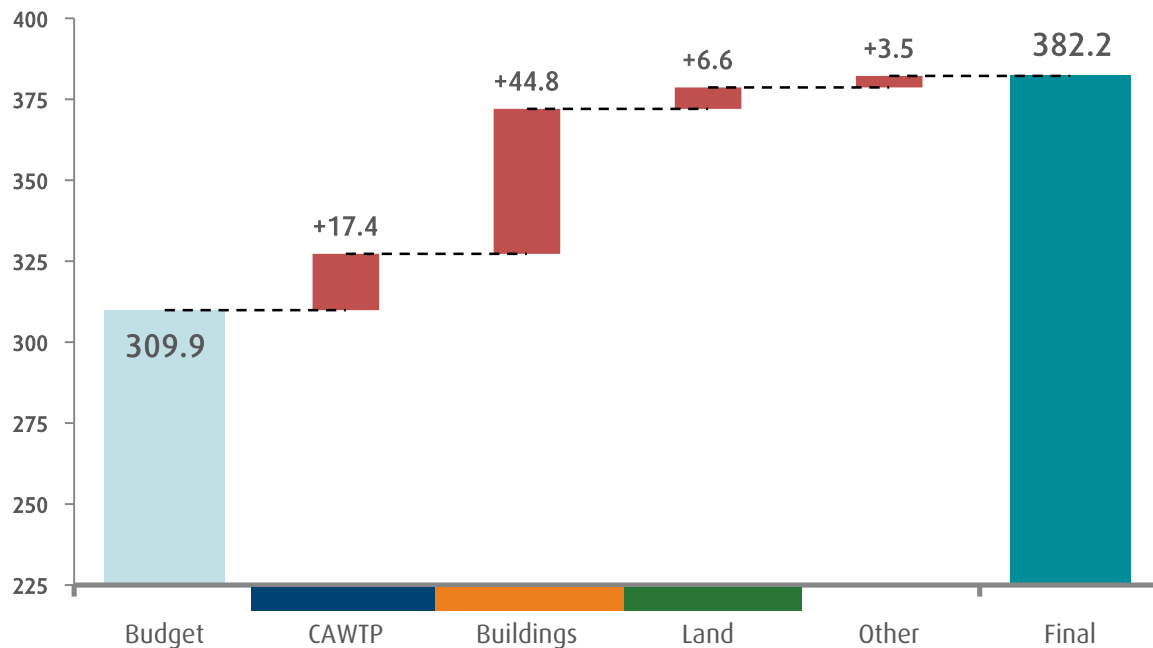
Capital Budget Summary (\$M) (Staff Report Table 4a)

Expenditure Type	2019 Final Budget	2019 Preliminary	Δ \$	Δ %	2018 Budget
CAWTP (Core Project)	260.2	242.8	17.4	5.6%	134.7
Buildings	52.7	7.9	44.8	14.5%	18.5
Engineered Structures	51.7	48.9	2.8	0.9%	48.5
Land	8.3	1.7	6.6	2.1%	1.5
Equipment	7.4	7.0	0.4	0.1%	8.7
Vehicles	1.9	1.6	0.3	0.1%	1.9
Total	\$382.2	\$309.9	\$72.3	23.3%	\$213.7*

* 2018 capital plan before amendments (primarily timing in CAWTP)

Changes in Capital

Capital Investment increased by \$72.3M or 23.3%



CAWTP
+17.4 M

- Timing of construction costs mainly related to invoicing delays in conveyancing
- Funded by carryforward of unspent capital in 2018

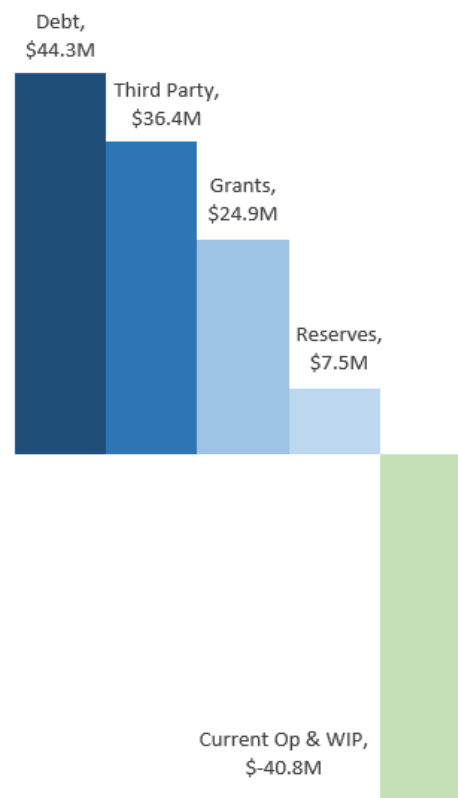
Buildings
+44.8 M

- Property acquisition of 132 units at Millstream Ridge on 713/715 Treanor
- Funded through a \$35.5M prepaid lease from BC Housing and a \$9.0M grant from the Regional Housing First Program

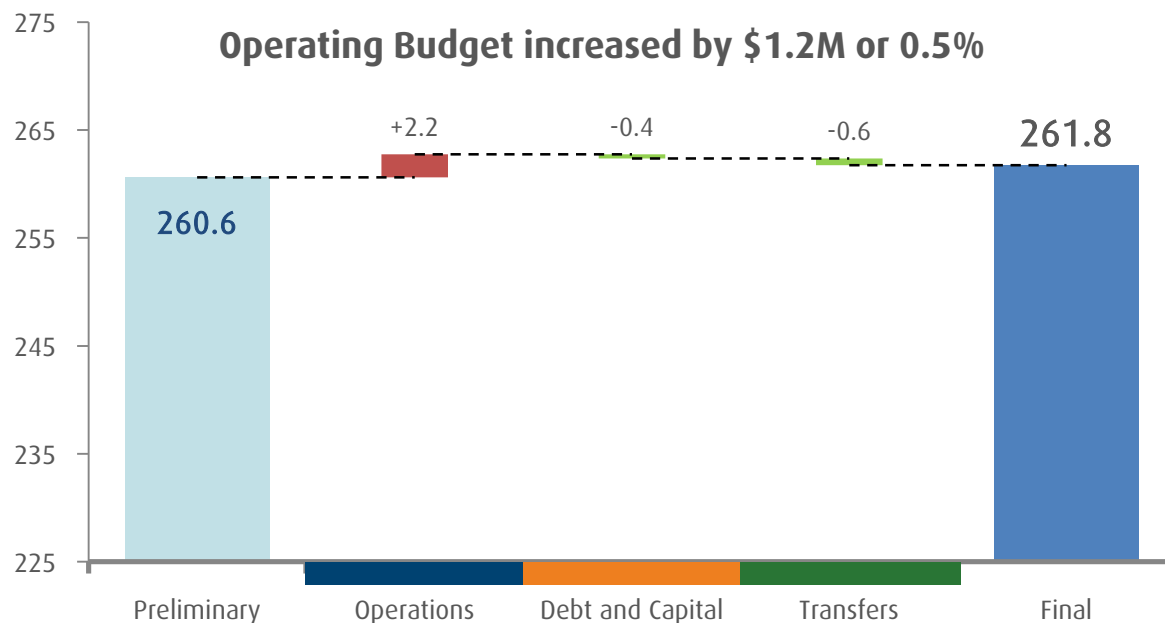
Land
+6.6 M

- Land acquisition closing in 2019 (rise and report to follow)
- Will be funded from land acquisition reserve

Changes in Investment Funding by Source



Changes in Operating



Operations +2.2 M

- 0.8M Legislative & General: First Nations, Legislative Controls, EDRM
- 0.6M Core Sewer Treatment one-time MFA debt reserve fund costs
- 0.2M RHTF: budget carryforward for grants not awarded in 2018
- 0.1M Community Health: increased funding for Coalition to end Homelessness
- 0.1M Climate Action & Adaptation: regional GHG inventory & modelling

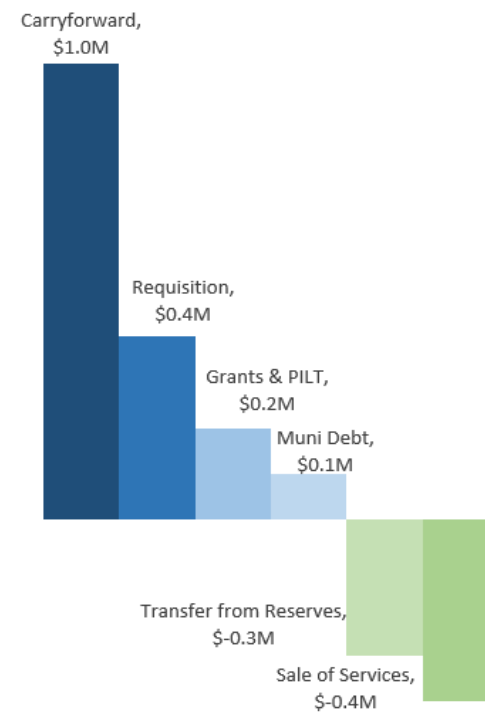
Debt & Capital -0.4M

- 1.1M CAWTP Long Term Debt Issuance
- 0.1M Municipal Debt Increase
- (1.9M) reduced capital funding to CAWTP

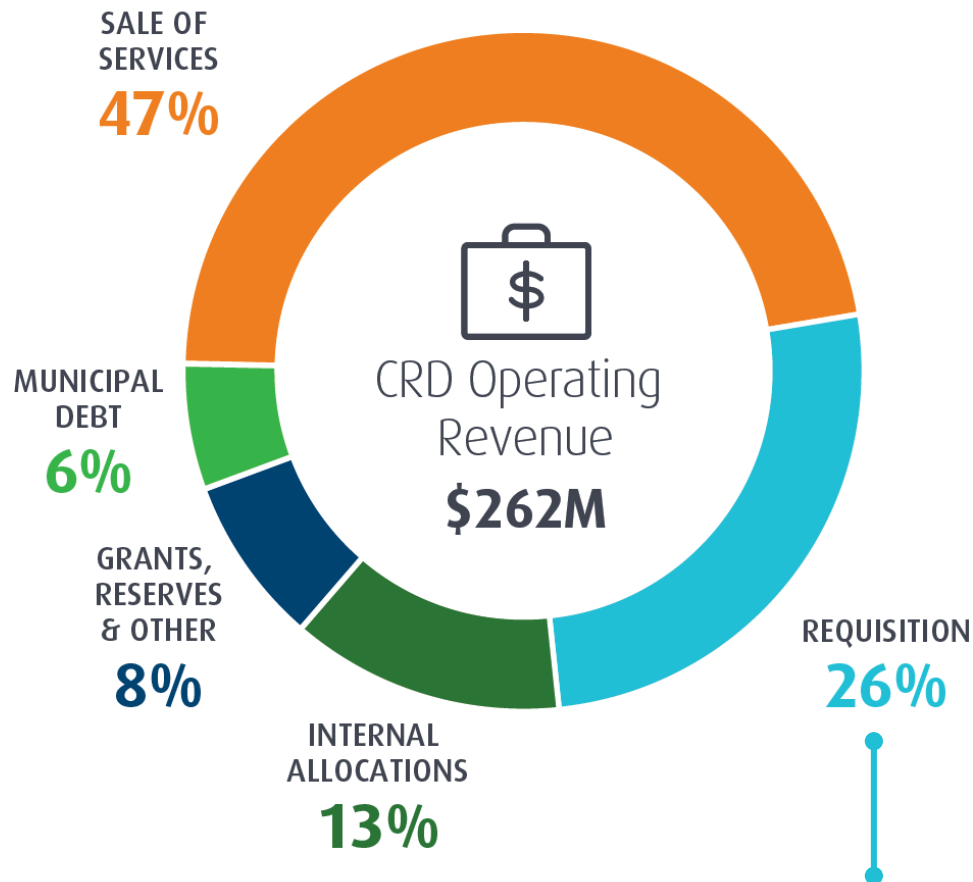
Transfer to Reserves -0.6 M

- (0.4M) Core Sewer Treatment reduced transfer to balance debt reserve charge
- (0.1M) Reduced transfer to reserve balancing Leg and Gen initiatives
- (0.1M) Various changes distributed across 30 other services

Changes in Operating Revenue by Source



Sources of Revenue - Operating



Sale of Services	124.0
Requisitions	67.6
Internal Allocations	35.1
Municipal Debt	15.0
Grants, Reserves & Other	20.1
Total	\$262M

Requisition (6.1% year-over-year increase, or 0.6% over preliminary)

2019 Final Budget	2019 Preliminary	Δ \$	Δ %	2018 Budget
\$67.6M	\$67.1M	\$0.5M	0.6%	\$63.7M

Impacts of Assessment

Change in Converted Assessments;
Regional Average = 9.9%

15

\$Avg. Residential Assessment | \$Cost/Avg HH

10

5

0

Oak Bay Saanich North Saanich Central Saanich Highlands Metchosin Esquimalt Salt Spring Island South Gulf Islands Victoria Juan De Fuca Sidney Colwood Sooke View Royal Langford

\$1,423,395 | \$465.97

\$854,221 | \$207.26

\$1,047,835 | \$467.67

\$773,033 | \$567.59

\$825,830 | \$212.37

\$812,822 | \$218.03

\$730,974 | \$476.44

\$658,165 | \$832.86

\$476,820 | \$333.13

\$829,301 | \$208.32

\$542,222 | \$437.36

\$698,741 | \$331.71

\$665,330 | \$347.45

\$493,978 | \$469.23

\$733,041 | \$440.26

\$610,627 | \$365.22

Impacts of Assessment

CRD

Change in Converted Assessments;
Regional Average = 9.9%

Change in Number of Folios;
Regional Total = 1,518

15

\$Avg. Residential Assessment | \$Cost/Avg HH

10

5

0

500

450

400

350

300

250

200

150

100

50

0

Oak Bay Saanich North Saanich Central Saanich Highlands Metchosis Esquimalt Salt Spring Island South Gulf Islands Victoria Juan De Fuca Sidney Colwood Sooke View Royal Langford

Requisition by Municipality & EAs

A + B + C = D

Municipalities & EAs	Impact of Assessment	Impact of CAWTP	All Other CRD	CRD Final
Colwood	1.0%	9.8%	3.0%	13.8%
Esquimalt	0.3%	13.1%	1.6%	15.0%
Langford	1.2%	9.3%	3.8%	14.3%
Oak Bay	(2.0%)	not requisitioned	1.8%	(0.2%)
Saanich	(2.3%)	not requisitioned	5.0%	2.7%
Victoria	1.6%	not requisitioned	4.7%	6.3%
View Royal	0.8%	8.3%	2.2%	11.3%
Central Saanich	(0.6%)		3.8%	3.2%
Highlands	(1.2%)		6.2%	5.0%
Metchosin	(0.8%)		6.2%	5.4%
North Saanich	(1.6%)		3.7%	2.1%
Sidney	1.7%		2.2%	3.9%
Sooke	0.6%		5.5%	6.1%
Juan de Fuca	0.2%		9.0%	9.2%
Salt Spring Island	(0.1%)		2.1%	2.0%
Southern Gulf Islands	0.3%		6.0%	6.3%
Total	-	2.3%	3.8%	6.1%



Investing for the Future

Measure: the amount of capital invested in infrastructure for every dollar that assets depreciate each year.

Result: in 2019, the investment in capital will be \$77.4M* vs \$25.3M in amortization. This yields a 3.1x multiplier.

* excludes investment in CAWTP and RHFP, otherwise investment = 382.2M with an 15.1x multiplier



Saving for a Rainy Day

Measure: reserves provide sources of funding for uncontrollable factors and allow the CRD to set aside funds for future capital requirements.

Result: in 2019, reserve contributions will total \$16.6M vs a \$246.8M* operating budget. The result is 6.8%.

* excludes municipal debt servicing costs, otherwise operating budget = 261.8M with 6.4% contribution rate





Debt Affordability

Measure: the amount of revenue committed to debt repayment for existing and new capital.

Result: in 2019, debt servicing costs will account for \$23.5M* out of the total revenue of \$206.5M**. This equates to 11.4%.

* excludes municipal debt (15M)

** excludes municipal debt (15M), internal allocations (34.2M), and surplus carryforward (4.9M)



Debt Management

Measure: the amount of capital investment that will be funded by debt (instead of operating or reserves).

Result: in 2019, debt will fund approximately 13% of total capital investment of \$77.4M*.

* Excludes investment in CAWTP (260.2M) and RHFP (44.5), inclusive of these investments debt funding is 18.7% of the plan





Investing in the Future

Capital investment is almost 15x the rate of depreciation



Managing the Cost of Debt

Less than 11% of revenue is planned for long-term debt payments



Supporting Board and Corporate Priorities

Continued focus on CAWTP, Affordable Housing, Active Multimodal Transportation, First Nations Reconciliation, and Climate Action



Diversifying Revenue Streams

Almost ½ of operating revenue comes from sale of services while just over ¼ from requisition

Backup Slides



Assessment Details



	Change in Requisition	Change in Converted Assessments	Change in Average Residential Assessments	Change in Cost per Average Residential Assessment	Change in Number of Folios
Central Saanich	3.2%	8.0%	7.1%	2.4%	0.3%
Colwood	13.8%	13.0%	11.2%	12.0%	2.9%
Esquimalt	15.0%	10.1%	10.2%	15.1%	0.9%
Highlands	5.1%	8.6%	8.5%	5.0%	-0.1%
Langford	14.3%	14.1%	10.6%	10.8%	3.3%
Metchosin	5.4%	9.0%	9.0%	5.5%	-0.3%
North Saanich	2.1%	6.9%	4.7%	0.0%	0.6%
Oak Bay	-0.2%	6.1%	5.7%	-0.6%	0.2%
Saanich	2.7%	6.8%	6.0%	2.0%	0.3%
Sidney	3.9%	12.4%	12.8%	4.4%	0.8%
Sooke	6.1%	13.1%	9.8%	2.9%	3.1%
Victoria	6.3%	12.2%	9.1%	3.3%	1.2%
View Royal	11.3%	13.6%	13.0%	10.7%	0.8%
Electoral Areas	4.7%	11.3%	10.8%	4.3%	0.1%
Total	6.1%	9.9%	8.8%	5.1%	1.0%
	A	B	C	D	E

Converted Assessment values (B) will have a direct impact on the Requisition (A) for each municipality. If the Converted Assessment value for a municipality increases less than the average Converted Assessments for the region, then that municipality will receive less in requisition than those with Converted Assessments at or above the average for the region. If (B) is lower than the average, (A) will decrease for that municipality.

Assessment Details



		Change in Average			
	Change in Requisition (in \$ millions)	Change in Converted Assessments (in \$ millions)	Residential Assessments (in \$ millions)	Change in Cost per Average Residential Assessment	Change in Number of Folios
Central Saanich	0.144	46.6	0.051	13.05	24
Colwood	0.297	53.9	0.067	37.22	178
Esquimalt	0.376	40.4	0.067	62.57	48
Highlands	0.010	6.5	0.065	10.16	(1)
Langford	0.936	154.2	0.058	35.62	472
Metchosin	0.020	11.7	0.067	11.36	(5)
North Saanich	0.056	39.7	0.047	(0.10)	28
Oak Bay	-0.007	55.8	0.077	(2.85)	12
Saanich	0.255	249.9	0.048	4.01	135
Sidney	0.095	58.4	0.079	13.86	48
Sooke	0.181	38.7	0.044	13.34	183
Victoria	0.571	416.3	0.069	6.70	356
View Royal	0.214	41.9	0.084	42.56	29
Juan de Fuca	0.155	25.1	0.051	29.72	32
Salt Spring Island	0.110	40.5	0.059	15.73	(9)
Southern Gulf Islands	0.134	36.1	0.053	20.24	(12)
Total	3.899	1315.7	0.988	313.18	1,518