

2024 – 2028 Financial Plan

Capital Regional District
Wednesday March 13, 2024

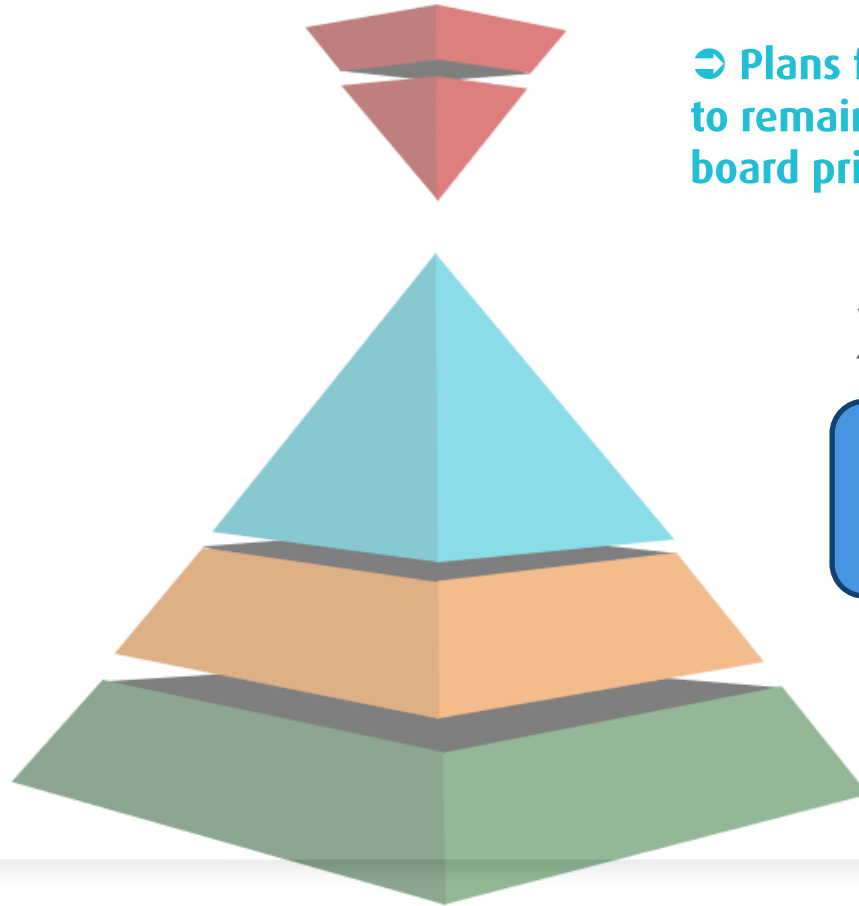
2024 Planning Parameters

Direction for the service planning process and the 2024 provisional budget was set through:

2023-2026 Board Priorities (est. March 2023)
subsequently the 2023-2026 CRD Corporate Plan was developed and approved

The Finance Committee & CRD Board through the Financial Guidelines report (May 2023) – constrained budget to 3.5% in 2024 in consideration of existing/ongoing obligations

⇒ Plans for 2024 are focused on absorbing cost pressures to remain within inflationary targets while prioritizing board priorities and core service delivery



2024 PROVISIONAL BUDGET

Operating | \$362M
Capital | \$235M
Requisition | 4.3%

Consolidated
Requisition | 3.4%
Cost/HH | 3.4%

Agenda & Executive Summary

1. Consolidated Budget Summary
2. Regional Context
3. Planning Process & Timeline

4. Changes since Provisional Approval
5. Impacts to Participants
6. Financial Health Indicators



Managing Capital Investments

capital investment is 4.7x depreciation while 7.6% of revenue is committed to long-term debt payments



Supporting Board & Corporate Priorities

advancing initiatives in alignment with community needs in the 2023-2026 corporate plan



Adapting to Regional Challenges

persistent economic challenges, constrained labour market, continued long-term growth in asset utilization



Financial Sustainability

continued revenue diversification, leveraging partnerships, developing financing strategies

2024 Consolidated Budgets

OPERATING



Capital Regional District
\$368M



Capital Regional Hospital District
\$34M



Capital Region Housing Corporation
\$29M

Total
\$431M

CAPITAL



Capital Regional District
\$261M



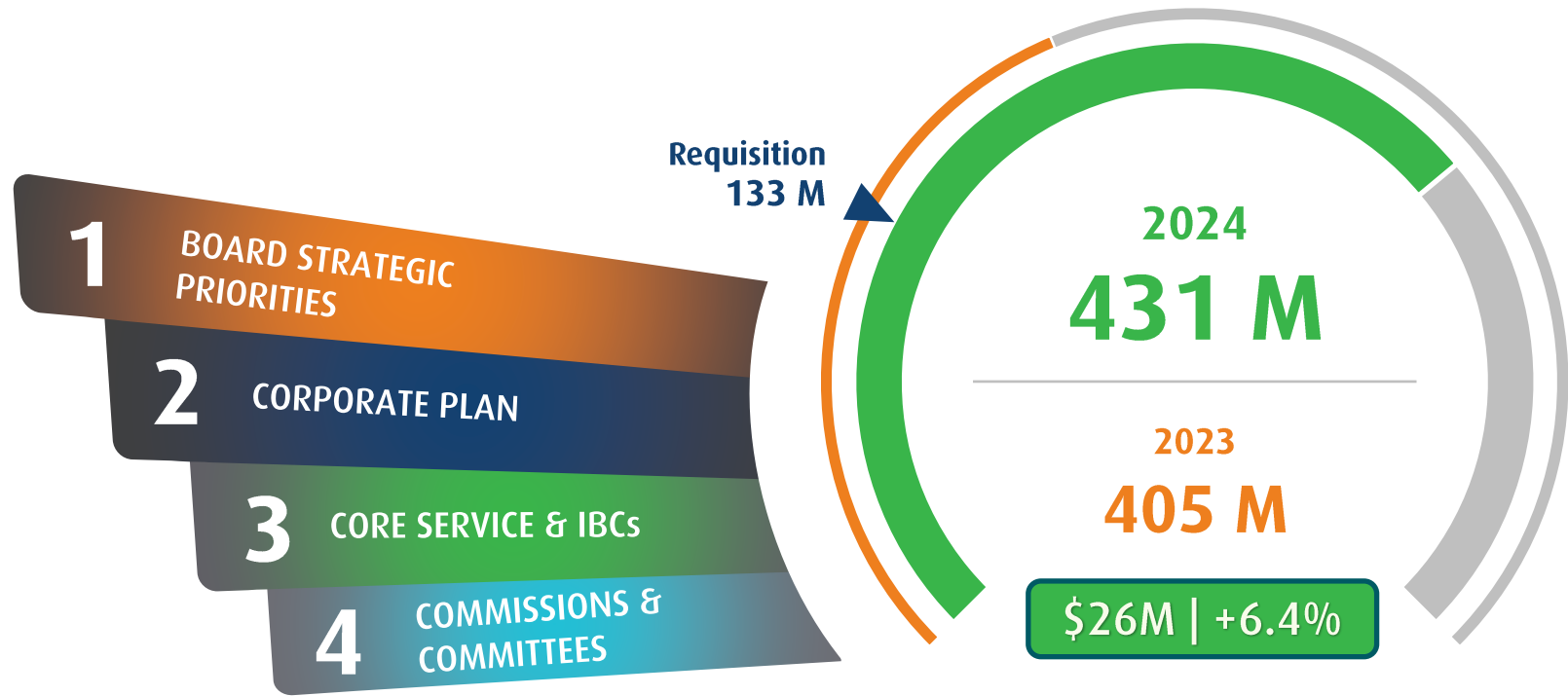
Capital Regional Hospital District
\$26M



Capital Region Housing Corporation
\$59M

Total
\$346M

Consolidated Operating Budgets



REQUISITION FUNDING (including municipal debt)



Regional Context

External Factors & Growth Indicators



2.1^B

2023 BUILDING PERMITS IN REGION

REGIONAL HOUSING STARTS

4992 UNITS



+24%



REGIONAL POPULATION GROWTH SINCE 2011

ANNUAL INCREASE OF 3.3% IN 2023



3.4%

GREATER VICTORIA CPI
LAST 12 MONTHS AS OF JANUARY 2024



4.5%

UNEMPLOYMENT RATE
AS OF JANUARY 2024



\$1.2^M

SINGLE FAMILY DWELLING
GREATER VICTORIA AS OF JANUARY 2024

SINCE 2017 ...

47%



INCREASE IN PARKS VISITORS

12%

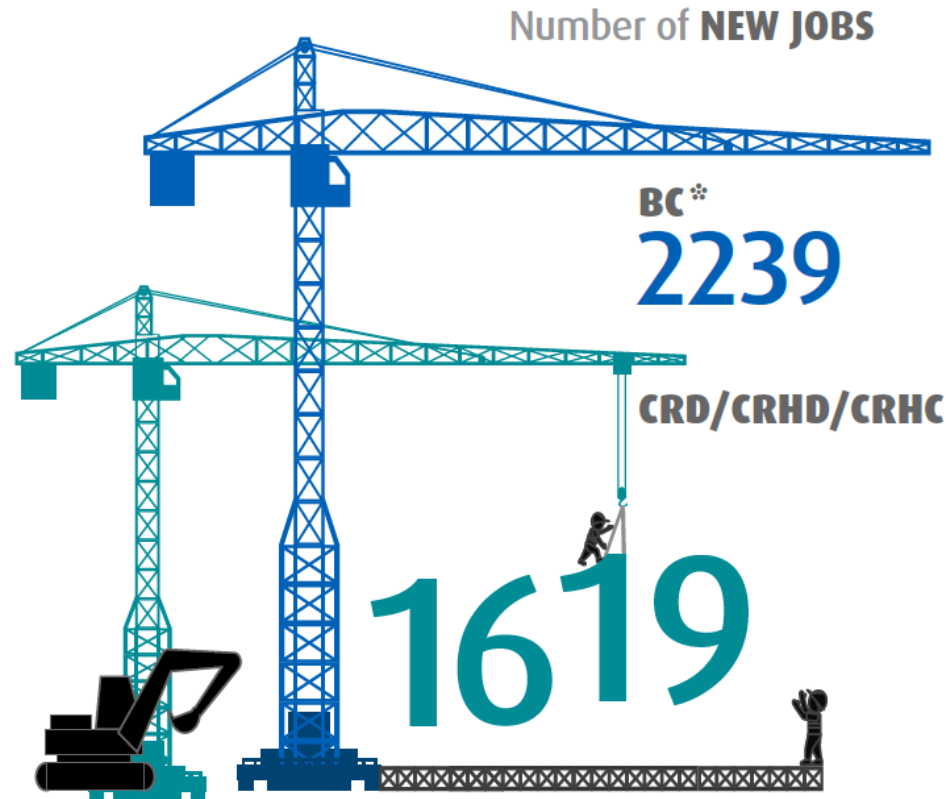
INCREASE IN WATER DEMAND



24%

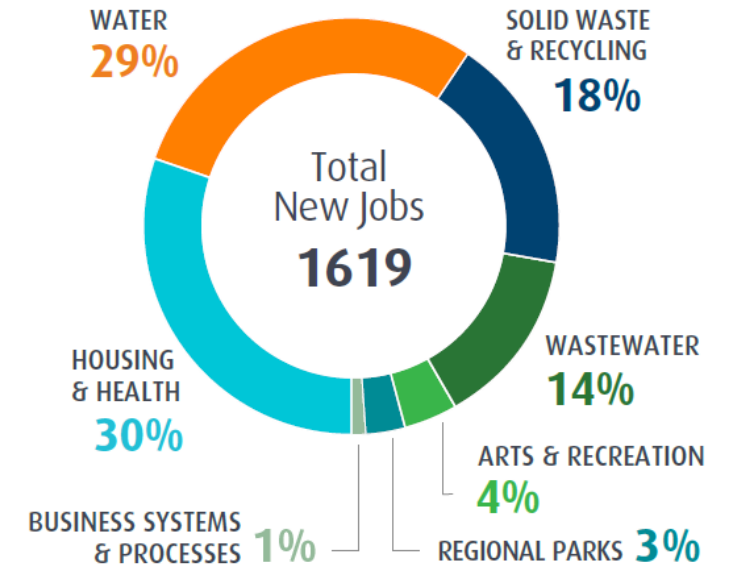
INCREASE IN REFUSE

Economic Impact of Capital Investment



* BC amount includes CRD | CRHD | CRHC

JOB CREATION By Community Need



The consolidated capital plan's combined investment of \$347M, generates an estimated 1,619 new jobs in the region through the flow of goods and services among various industries.

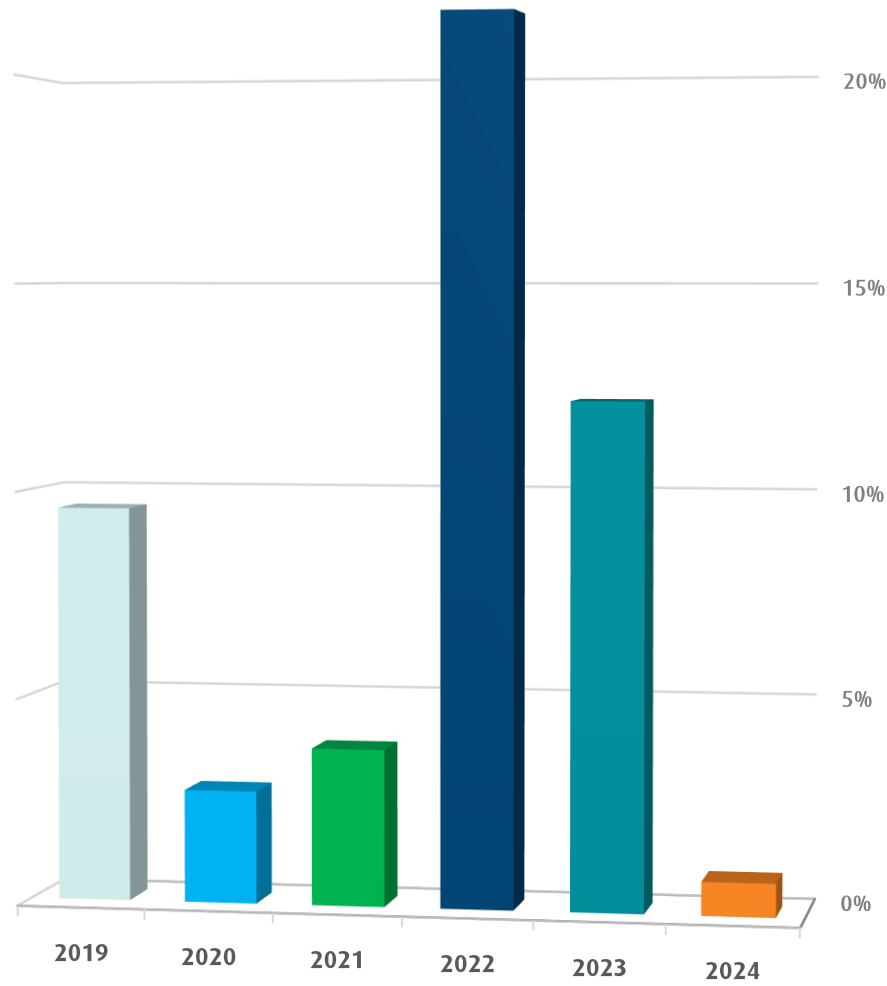
Housing in the Capital Region

Since 2019 the CRD has added **750 new** dwellings. In the next 5 years, we are forecasting **adding another 800** new dwellings for a combined portfolio of **more than 2700 units** operated by the CRD by 2028 (or more depending on available funding).

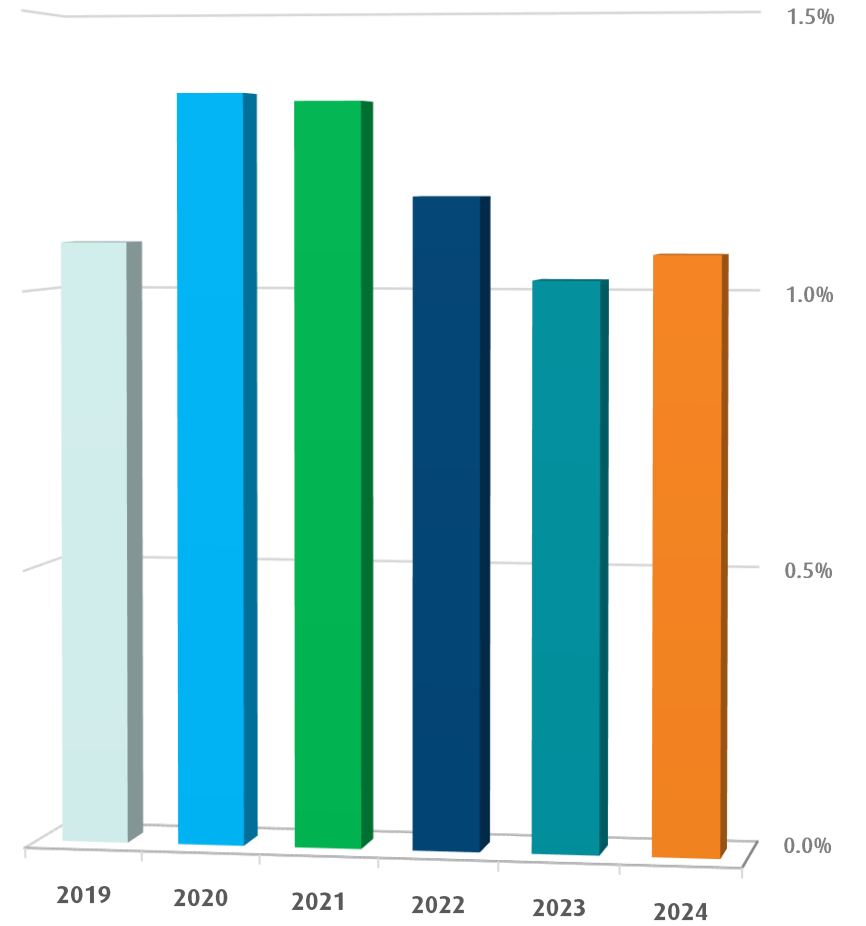


Assessment Impacts

Change in Converted Assessments



Change in Taxable Folios



Planning Process & Timeline

2024 Planning Guidelines



Economic Conditions

Drivers and assumptions for the basis of the financial plan



Financial Management Strategies

1 Optimize fees for service revenue and stabilize tax rates to fund operations, maintenance, growth and assets utilization

2 Limit transfers to/from operating reserves to fund one-time projects or to stabilize revenue requirements

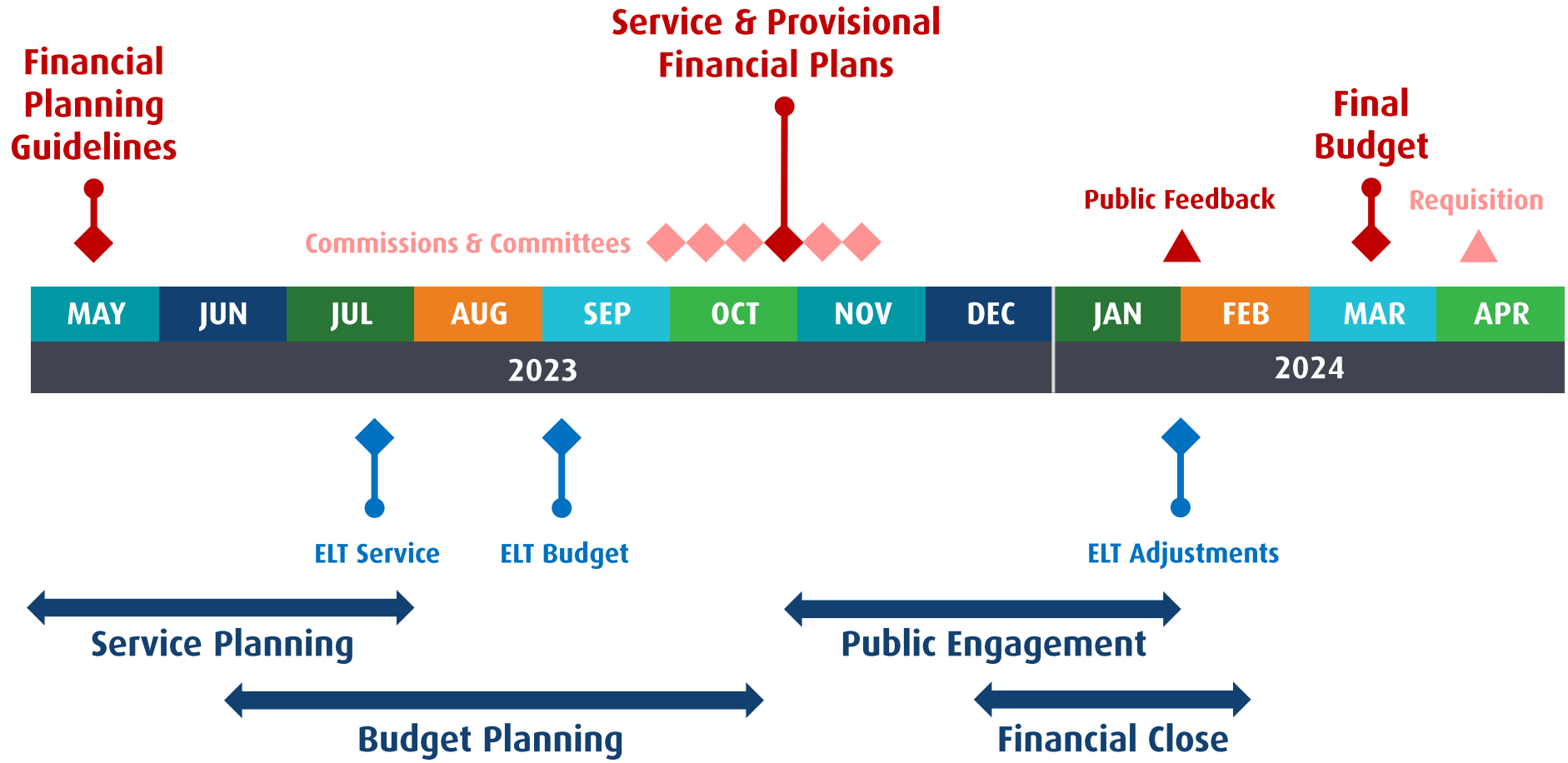
3 Transfers to/from capital reserves supported through life cycle funding and optimal debt and debt terms



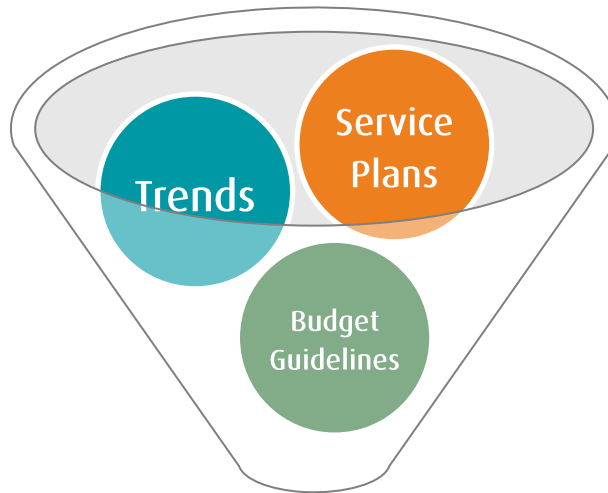
Service Delivery

The Corporate Plan aligns services plans to outcomes

2024 Planning Timeline

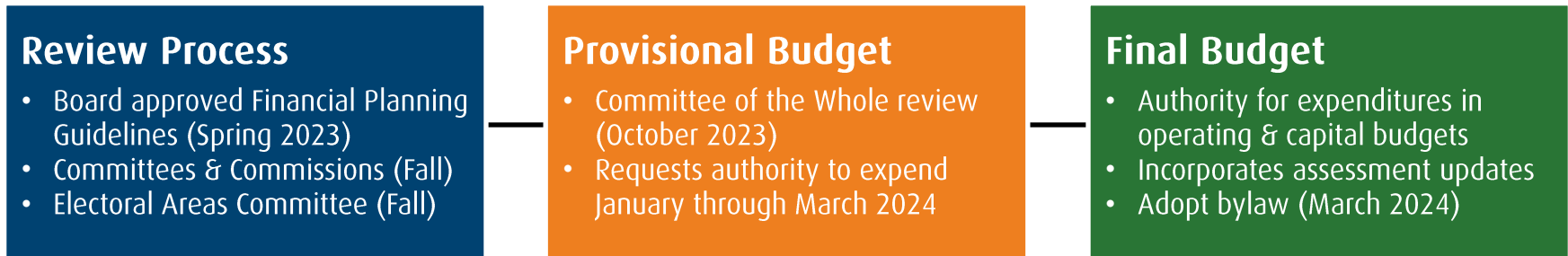


Annual Planning Process



- 
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
 Annual Board approval of the Financial Management Strategies and Guidelines

2024 Final Budget



Review Process

- Board approved Financial Planning Guidelines (Spring 2023)
- Committees & Commissions (Fall)
- Electoral Areas Committee (Fall)

Provisional Budget

- Committee of the Whole review (October 2023)
- Requests authority to expend January through March 2024

Final Budget

- Authority for expenditures in operating & capital budgets
- Incorporates assessment updates
- Adopt bylaw (March 2024)

Changes since Provisional Approval

Comparison of Budgets

2024 PROVISIONAL

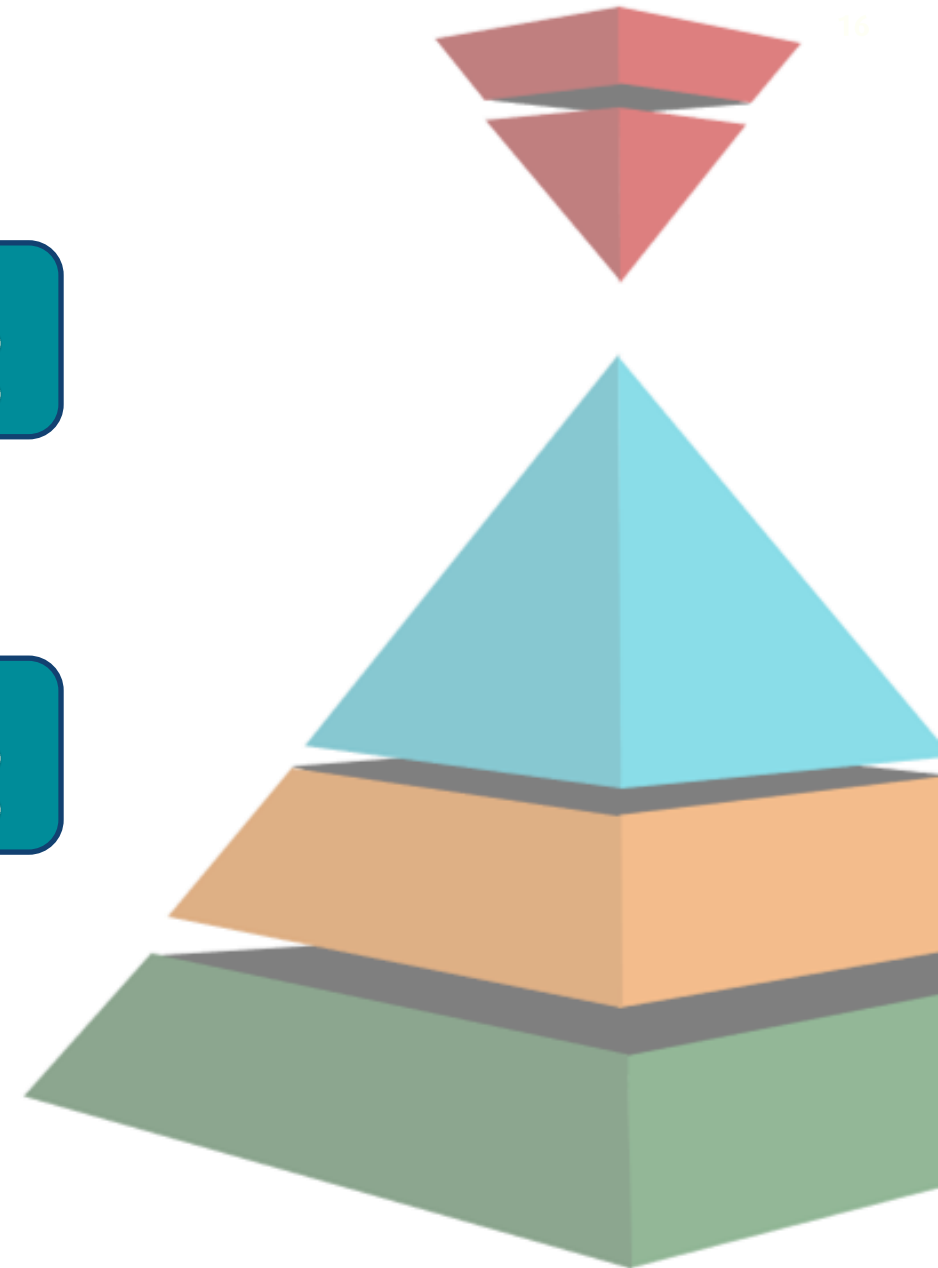
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2024 FINAL

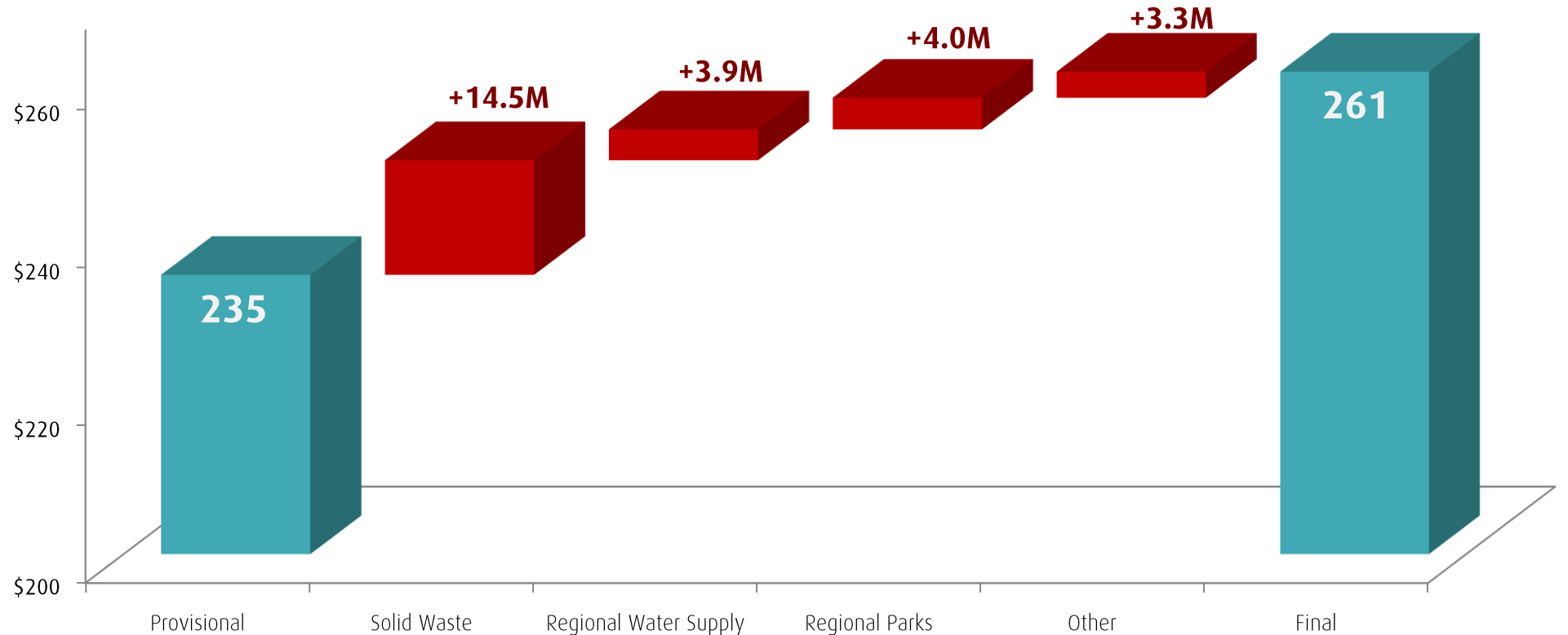
Operating | \$368M
Capital | \$261M
Requisition | 7.3%

Consolidated
Requisition | 5.8%
Cost/HH | 3.8%



Capital Investment changes

Capital Investment increased by \$25.7M or 10.9%



- Solid Waste Disposal**

Carryforward of various projects: \$6.2M Cell 4 liner, \$5.6M Landfill Gas Utilization, \$1.7M gas flares and blowers, \$0.5M aggregate production, and \$0.5M for relocation of the contractor workshop.
- Regional Water Supply**

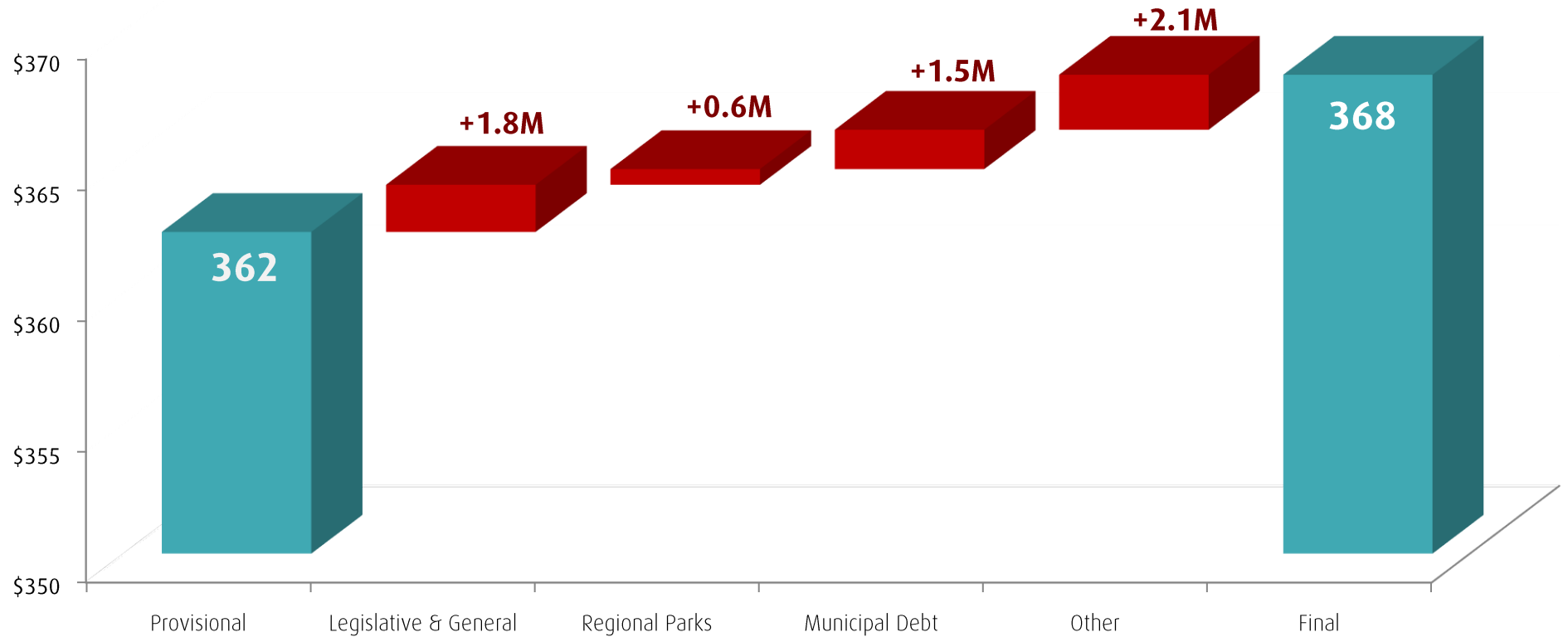
Carryforward of various projects: \$1.0M UV system replacement, \$0.9M Field Operations Centre, and \$0.5M GVWS wildfire modelling. Increased cost estimate of \$1.0M for the Cecelia Meter replacement project.
- Regional Parks**

Carryforward of \$1.4M for the Mayne Island Regional Trail. Accelerating \$1.0M on the Selkirk trestle and section 1 of the trestle renewal project. Deferrals of \$1.1M vehicle replacements, and \$0.3M replacement of Matheson Creek bridge.
- Other**

Carryforward of \$1.1M pipe replacement in JDFWD, Accelerating \$0.9M SAP/S4 system migration, \$0.7M new acquisition for land within Land Banking and Housing, increased cost \$0.8M Field Operations Centre.

Operating Budget changes

Operating Expenditures increased by \$5.9M or 1.6%



Legislative & General

\$1.5M carryforward on corporate initiatives: Electronic Data Records Management System (EDRMS), Enterprise Project Document Management System (EPDMS), Enterprise Asset Management (EAM), First Nations Initiatives and feasibility studies. \$0.2M boardroom improvements, actuarial support for insurance and phase 2 of employee engagement survey.

Regional Parks

One-time and ongoing costs for acquiring and operating the Royal Oak Golf Course property.

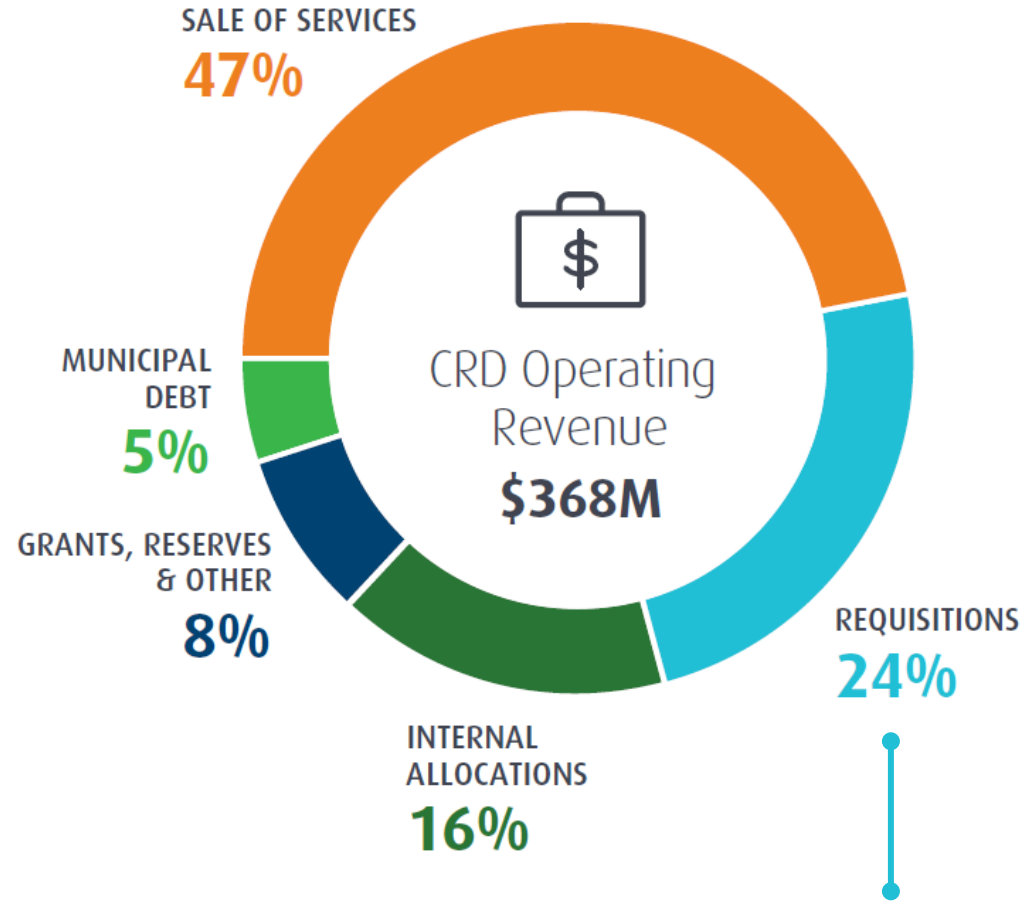
Municipal Debt

Net change in municipal debt across all municipalities since Provisional approval. Includes new debt issues and refinancing on existing debt.

Other

+\$0.4M in refinancing and borrowing costs across various services, +\$0.3M for the Alliance to End Homelessness and Aboriginal Coalition to End Homelessness, +\$0.3M for Climate Action and Adaption, +\$0.3M Fire Protection in the Electoral Areas, +\$0.2M odour sampling & monitoring.

Operating Budget funding

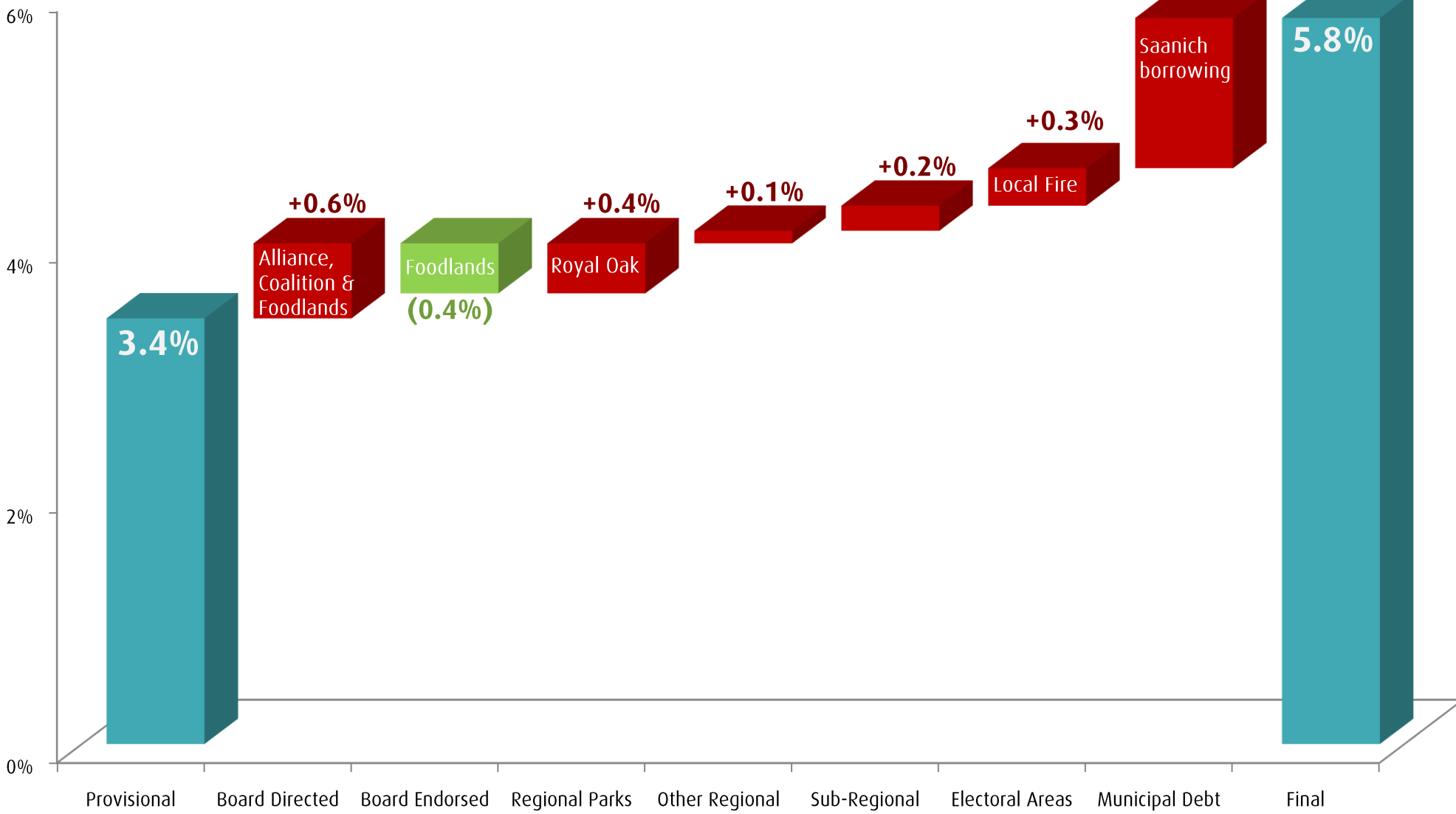


| | |
|--------------------------|---------------|
| Sale of Services | 172.6 |
| Requisitions | 88.5 |
| Internal Allocations | 57.7 |
| Grants, Reserves & Other | 31.3 |
| Municipal Debt | 18.1 |
| Total | \$368M |

| 2024 Final Budget | 2024 Preliminary | Δ \$ | Δ % | 2023 Budget |
|-------------------|------------------|--------|------|-------------|
| \$88.5M | \$87.0M | \$1.5M | 1.7% | \$82.1M |

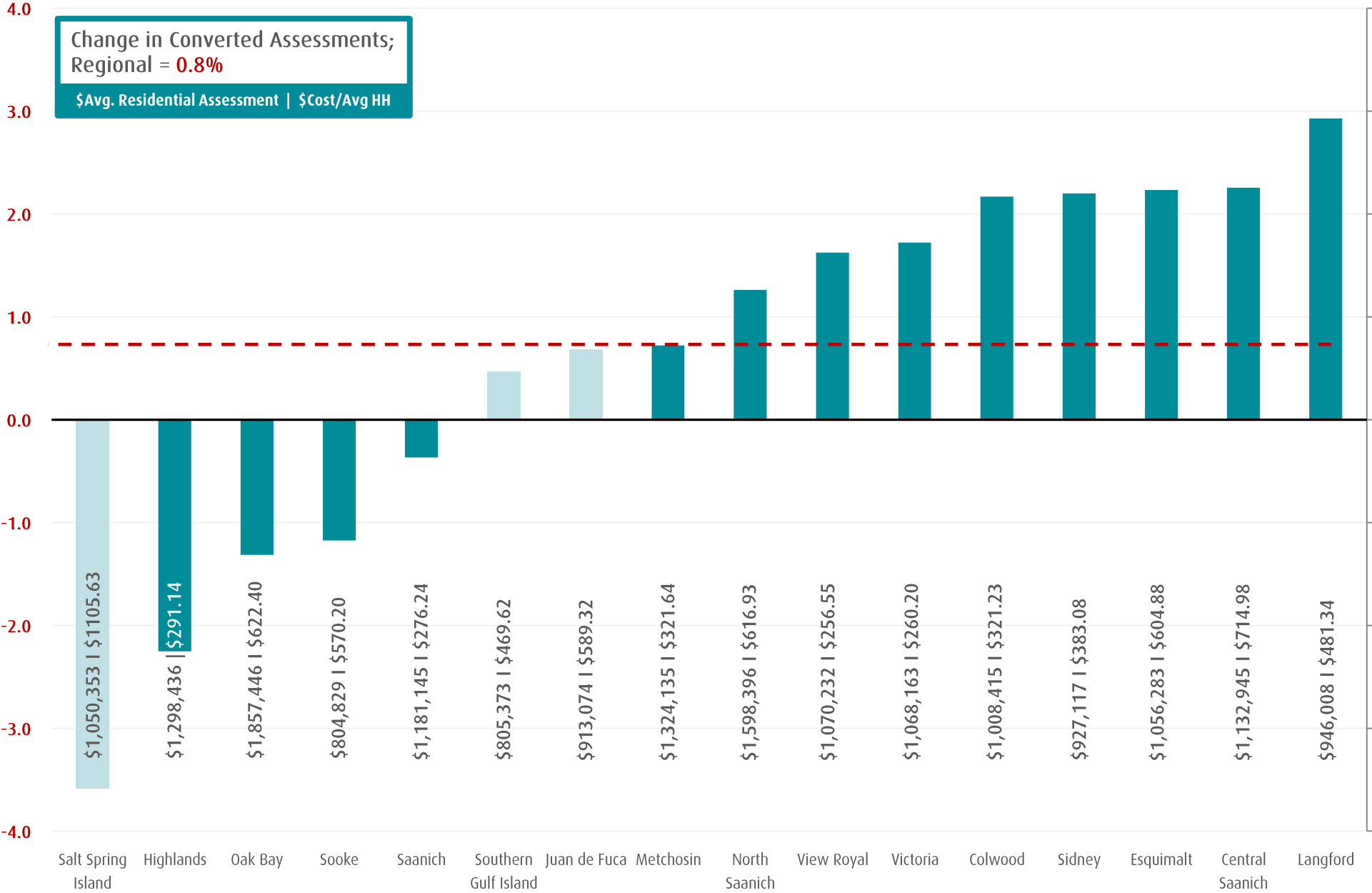
Requisition Funding changes

Consolidated Requisition increased by \$3.0M or 2.4%



Impacts to Participants

Impact of Assessment & Folios



Impact of Assessment & Folios

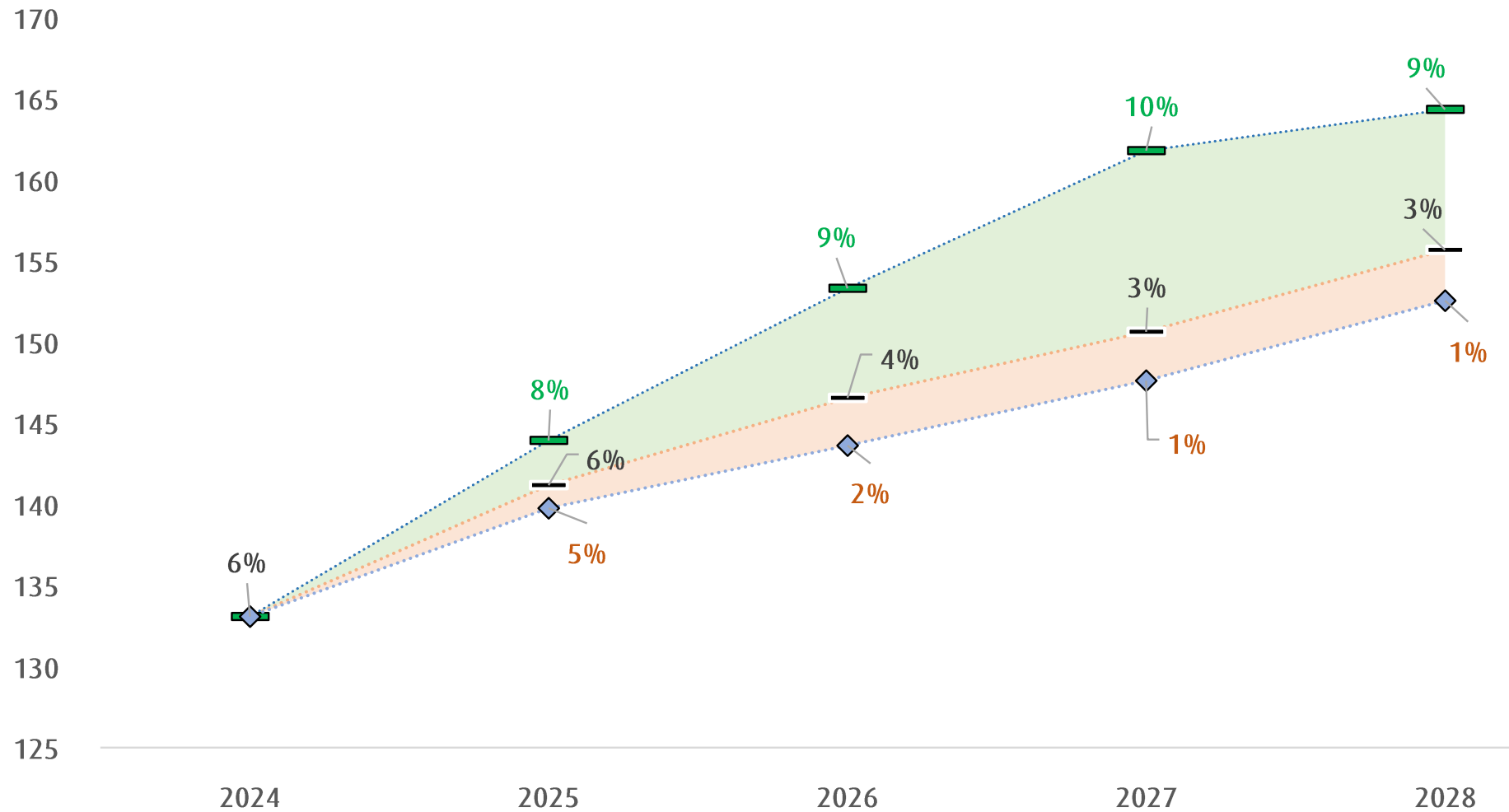


Requisition by Participant

| | A | + | B | = | C | → | D | → | E | → | F |
|------------------------|------------------------------|---|---------------|---|-------------|---|----------------------|---|----------------------------|---|------------------------------------|
| Municipalities & EAs | Impact of Cost Apportionment | | All Other CRD | | CRD Final | | CRD & Municipal Debt | | CRD, CRHD & Municipal Debt | | Cost per HH CRD & CRHD & Muni Debt |
| Central Saanich | 0.5% | | 5.5% | | 6.0% | | 5.4% | | 4.7% | | 2.5% |
| Colwood | 1.3% | | 4.4% | | 5.7% | | 1.8% | | 1.7% | | (0.5%) |
| Esquimalt | 0.4% | | 3.8% | | 4.2% | | (0.1%) | | 0.1% | | (3.0%) |
| Highlands | (3.2%) | | 8.8% | | 5.6% | | 2.1% | | 0.4% | | (0.9%) |
| Langford | 0.9% | | 13.3% | | 14.2% | | 14.2% | | 11.6% | | 6.4% |
| Metchosin | 1.4% | | 8.5% | | 9.9% | | 9.9% | | 6.3% | | 6.0% |
| North Saanich | 0.1% | | 6.3% | | 6.4% | | 5.6% | | 4.5% | | 3.4% |
| Oak Bay | (1.2%) | | 3.3% | | 2.1% | | (4.3%) | | (3.7%) | | (3.9%) |
| Saanich | (1.1%) | | 8.3% | | 7.2% | | 11.7% | | 8.1% | | 7.2% |
| Sidney | 0.6% | | 6.1% | | 6.7% | | 5.6% | | 4.7% | | 2.1% |
| Sooke | 0.8% | | 4.6% | | 5.4% | | 4.8% | | 3.8% | | 3.1% |
| Victoria | 0.7% | | 7.7% | | 8.4% | | 6.9% | | 5.3% | | 3.0% |
| View Royal | (0.1%) | | 8.5% | | 8.4% | | 7.7% | | 5.8% | | 5.6% |
| Juan de Fuca* | 0.1% | | 8.0% | | 8.1% | | 8.1% | | 6.6% | | 4.2% |
| Salt Spring Island* | (1.0%) | | 9.3% | | 8.3% | | 8.3% | | 6.8% | | 6.2% |
| Southern Gulf Islands* | (0.3%) | | 6.1% | | 5.8% | | 5.8% | | 4.7% | | 4.6% |
| Total | - | | 7.8% | | 7.8% | | 7.3% | | 5.8% | | 3.8% |

* Excludes Local Defined Areas

5-Year Consolidated Requisition Forecast



Future requisition forecasts consider various factors such as inflation, demographic shifts, population growth, and macro-economic conditions. These forecasts are based on current regional population trends and are updated to reflect emerging federal and provincial policies.

Inflation is expected to continue its moderation in 2024 and subsequently decrease, influenced by adjustments in Bank of Canada monetary policy and associated factors. Persistent economic challenges, including unemployment rates, logistics & supply chain, cost of goods including shelter, utilities, and consumables have implications on service delivery.

Financial Health Indicators

Financial Health Indicators



Investing for the Future

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

Result: in 2024, the investment in capital will be \$261M* vs \$56M in amortization. This yields a 4.7x multiplier.

*Amortization based on net book value as per the audited financial statements from the preceding year.



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 2024, reserve contributions will total \$25M vs a \$368M* operating budget. The result is 6.9%.

* excludes municipal debt servicing costs, otherwise operating budget = \$368.2M with 6.9% contribution rate



Financial Health Indicators



Debt Affordability

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

Result: in 2024, debt servicing costs will account for \$22M* out of the total revenue of \$286M**. This equates to 7.6%.

* excludes municipal borrowing

** excludes municipal debt (18.1M), internal allocations (57.7M), and surplus carryforward (6.5M).



Debt Management

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

Result: in 2024, debt will fund approximately 32.3% of total capital investment of \$261M.



Financial Plan Summary



Managing Capital Investments

capital investment is 4.7x depreciation while 7.6% of revenue is committed to long-term debt payments



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advancing initiatives in alignment with community needs in the 2023-2026 corporate plan



Adapting to Regional Challenges

persistent economic challenges, constrained labour market, continued long-term growth in asset utilization



Financial Sustainability

continued revenue diversification, leveraging partnerships, developing financing strategies



Thank you



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