

2018 CRD Financial Plan

Presentation to CRD Committee of the Whole

Wednesday November 29, 2017

Agenda & Executive Summary

CRD

1. Planning Framework and Process
2. Regional Context
 - i. Impacts of Growth & Inflation
 - ii. Impacts on Activity within the CRD
4. Capital & Operating Budgets
5. Impacts on Requisition
6. Regional District Comparison



Investing in the Future

Capital investment is almost 9x the rate of depreciation



Managing the Cost of Debt

Less than 9% of revenue is planned for long-term debt payments



Supporting Board and Corporate Priorities

Continued focus on Regional Housing, Protective Services, and Active Multimodal Transportation

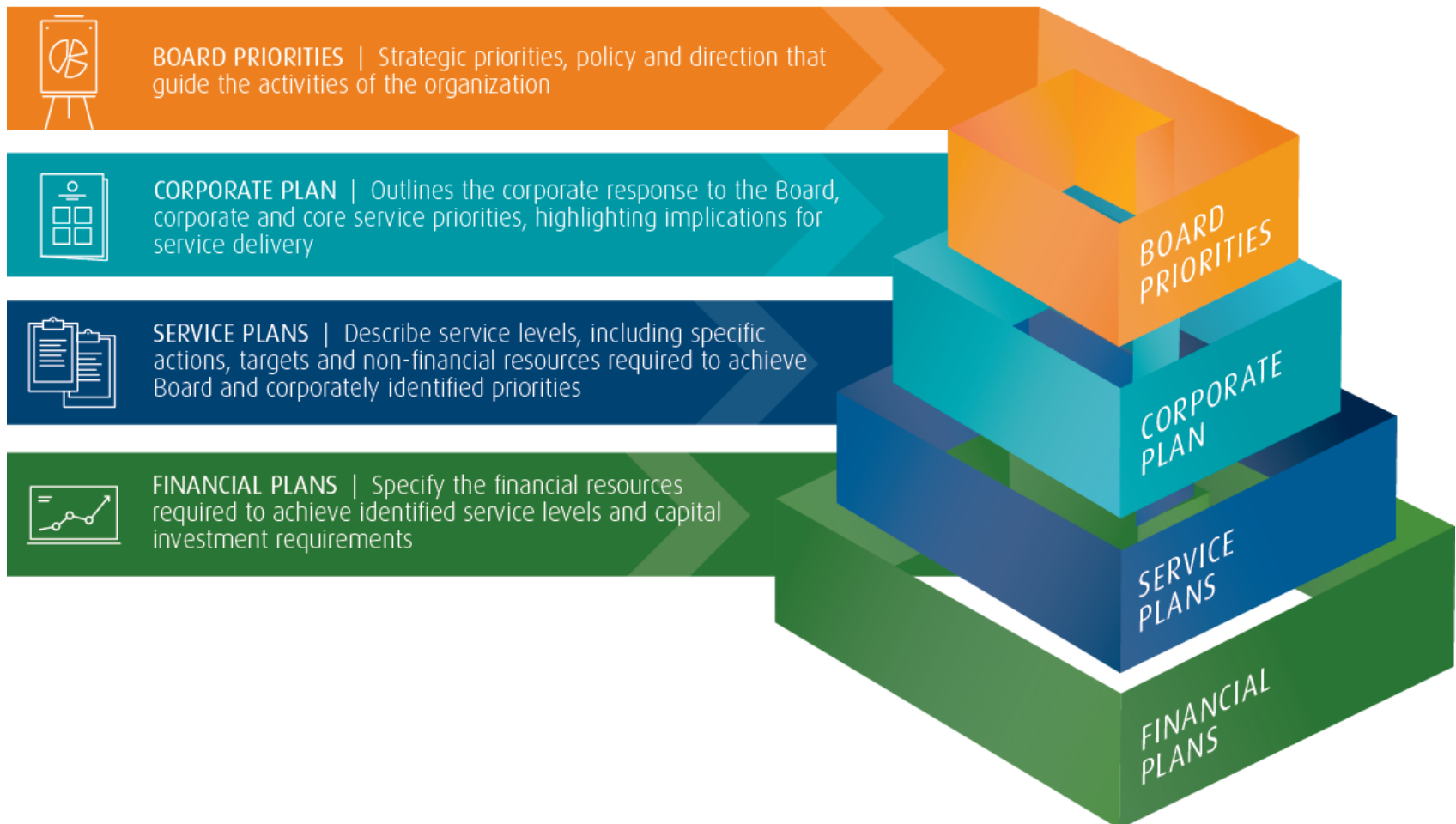


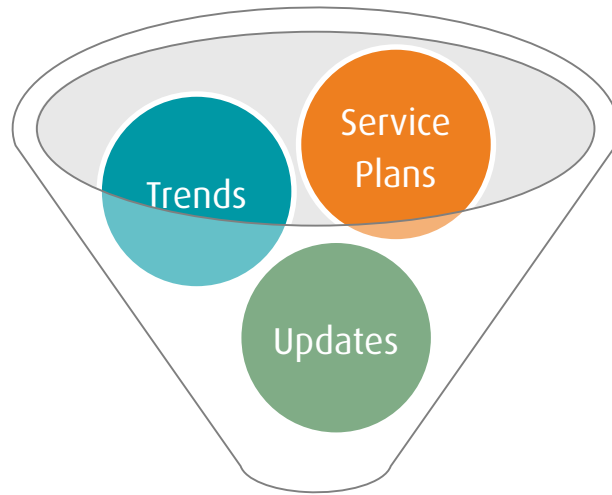
Diversifying Revenue Streams

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

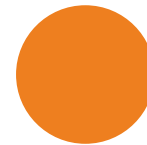
Planning Framework

CRD



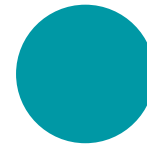


2018 Provisional Budget



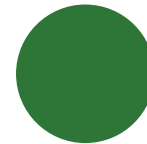
Service Planning Process

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.



Updates to Initiatives

Impacts related to changes in approved workplans including incremental, reduction & changes in scope

Approval Process

- Delegated Commissions
- Electoral Area Service Committee
- CRD Standing Committees
- CRD Board

Provisional Budget

- Approved prior to December 31
- Requests authority to expend January 1 through March 31

Final Budget

- Authority for expenditures
- Operating & Capital Budgets
- Approved by March 31

Impacts of Growth & Inflation

CRD



OF BUILDING PERMITS ISSUED
THROUGH Q3, A 27% INCREASE
IN VALUE & DWELLINGS



OF PROVINCIAL GROWTH IN
HEALTHCARE & SOCIAL ASSISTANCE
JOBS ARE IN GREATER VICTORIA



INFLATION RATE
IN VICTORIA



INCREASE IN
BC HYDRO
UTILITY RATES



33%

OF NEW CONSTRUCTION
JOBS IN THE PROVINCE
ARE IN VICTORIA



3.8%

LOWEST UNEMPLOYMENT
RATE IN CANADA

Impacts on Activity

CRD



+8%

INCREASE IN TONNAGE
DRIVEN BY
CONSTRUCTION
GROWTH IN 2017



+33% INCREASE IN VISITORS TO
CRD PARKS SINCE 2010



400+
NEW WATER CONNECTIONS
WITHIN THE JDF WATER
DISTRIBUTION SERVICE IN 2017



WTP

CORE AREA WASTEWATER
TREATMENT PROJECT IN
CONSTRUCTION PHASE

2018 Operating Budget



Capital Regional District
\$248.0M



Capital Regional Hospital District
\$32.2M



Capital Region Housing Corporation
\$15.5M

Total
\$296M

2018 Capital Budget



Capital Regional District
\$213.2M



Capital Regional Hospital District
\$51.2M



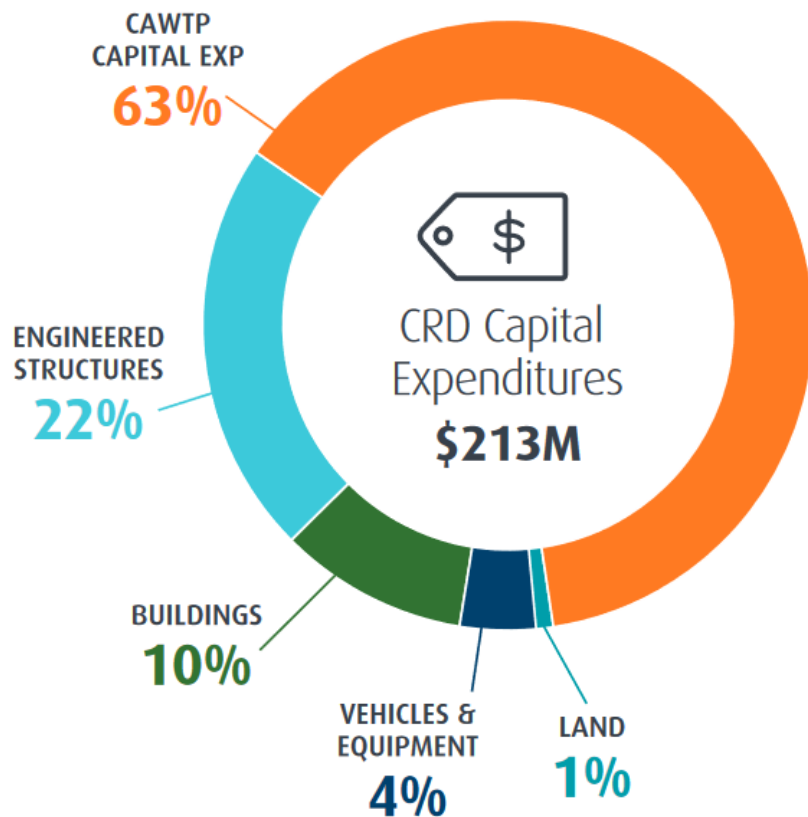
Capital Region Housing Corporation
\$7.3M

Total
\$272M

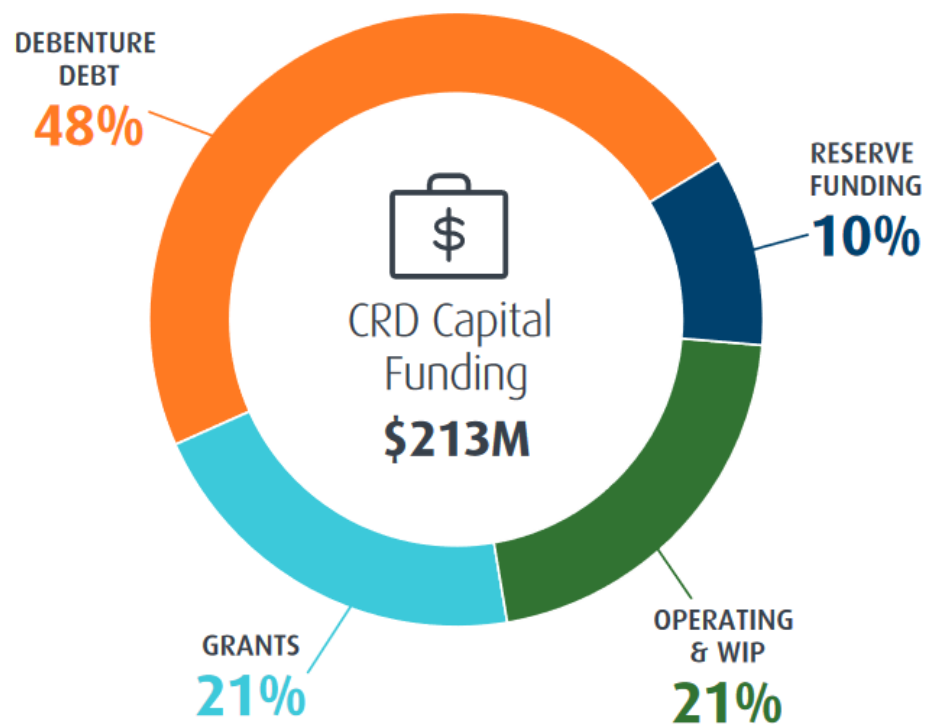
Capital Budget

CRD

Expenditures



Sources of Revenue



Capital Budget Drivers

CRD

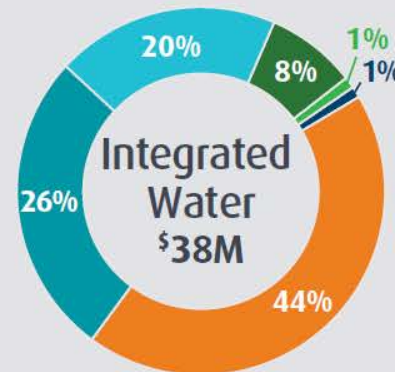
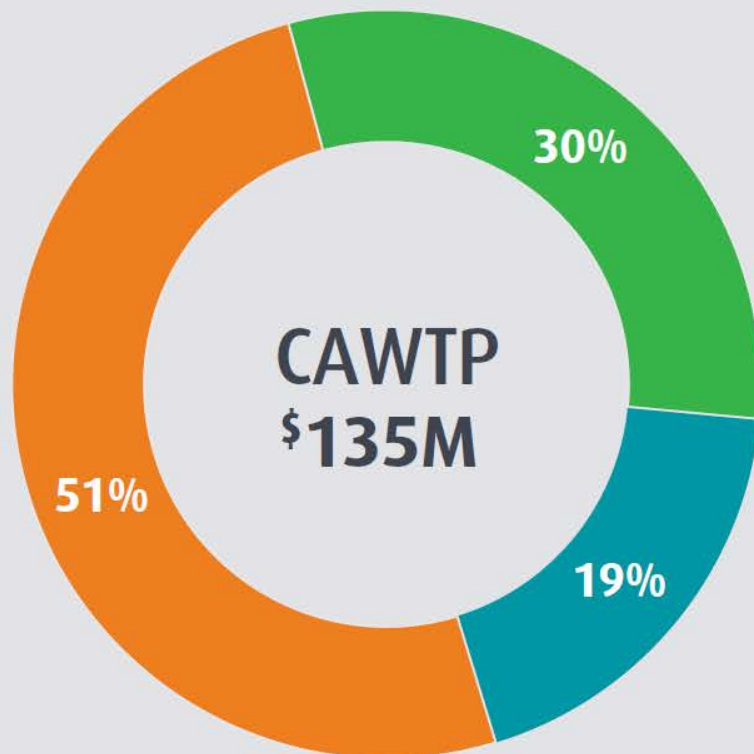


2017 \$158M

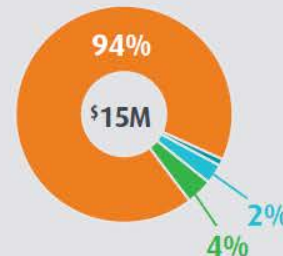
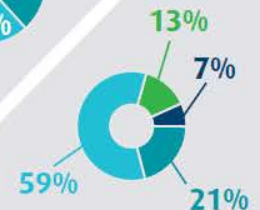


2018 \$213M

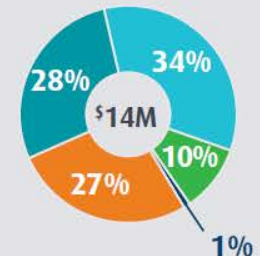
\$54.8M/+34.6%



Solid Waste \$7M



Protective Services



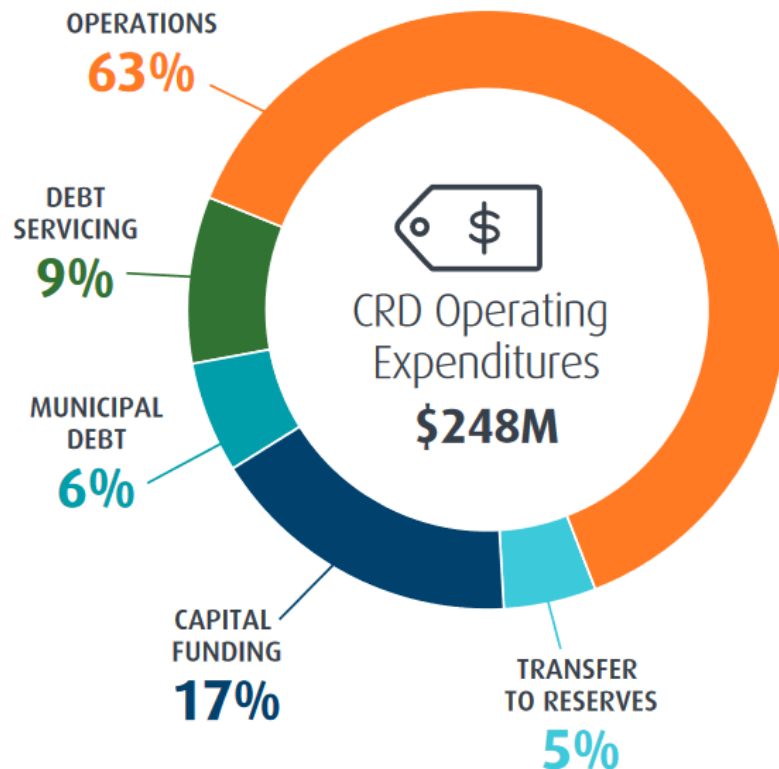
Recreation & Cultural Services

DEBT OPERATING RESERVES DCC GRANTS DONATIONS & THIRD PARTY

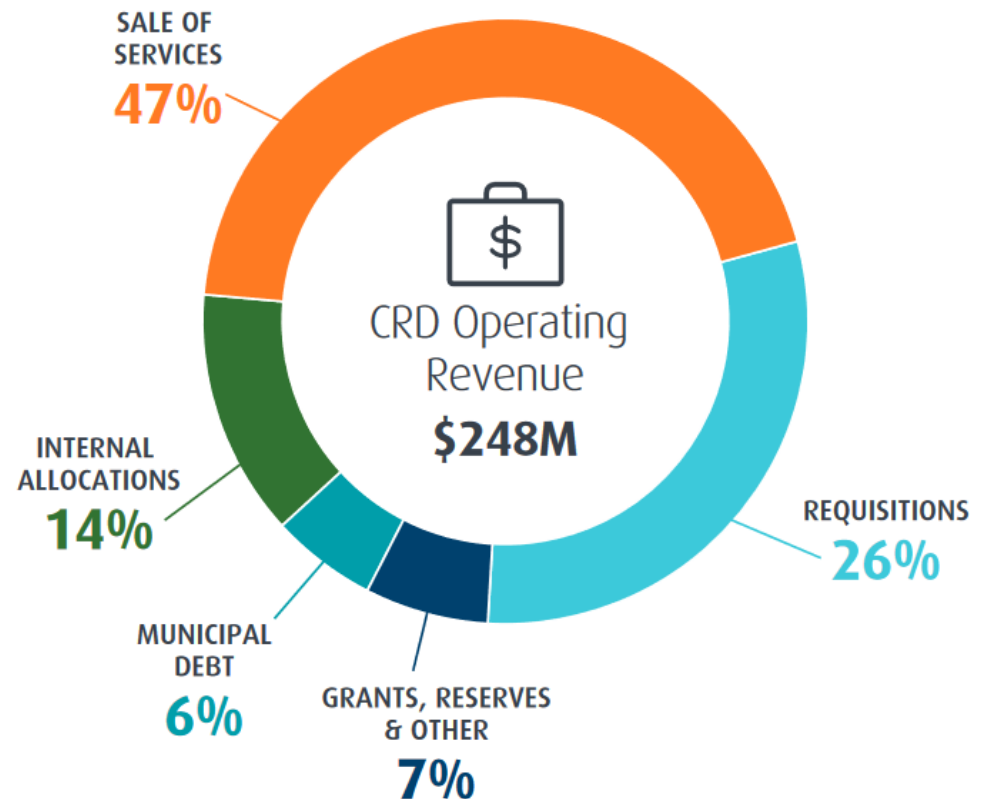
Operating Budget

CRD

Expenditures

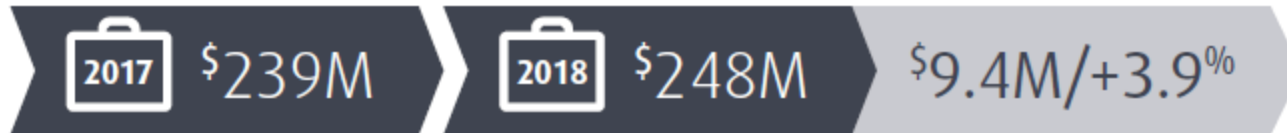


Sources of Revenue

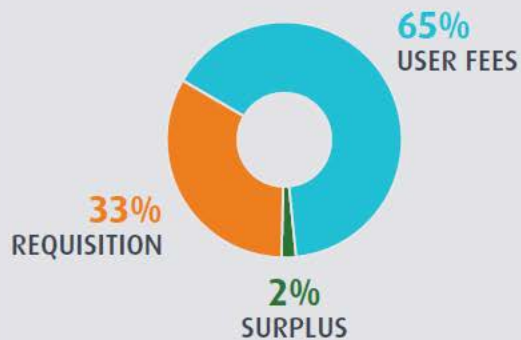


Operating Budget Drivers

CRD

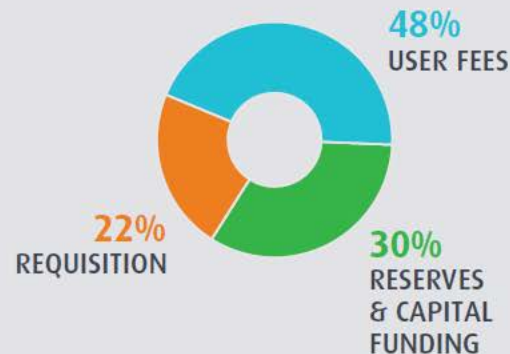


Core Inflation



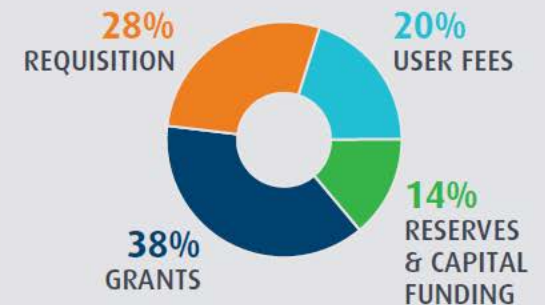
\$4.0M/+1.7%

New Staff



\$2.9M/+1.2%

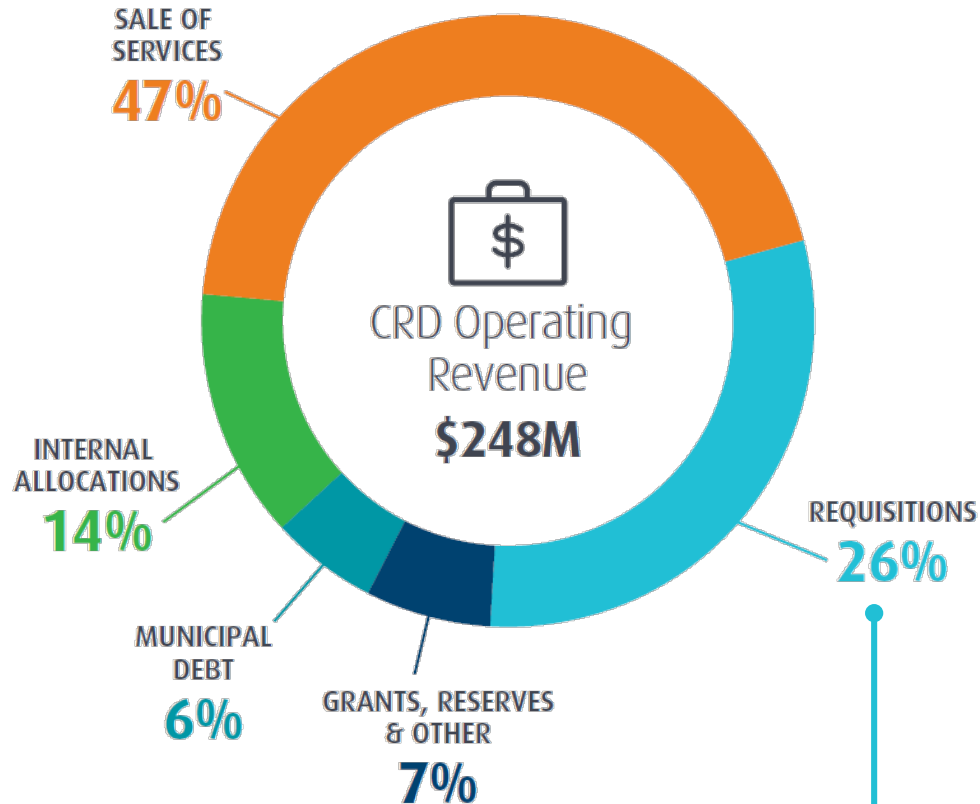
New Operating Initiatives



\$2.5M/+1.0%

2018 Revenue Sources

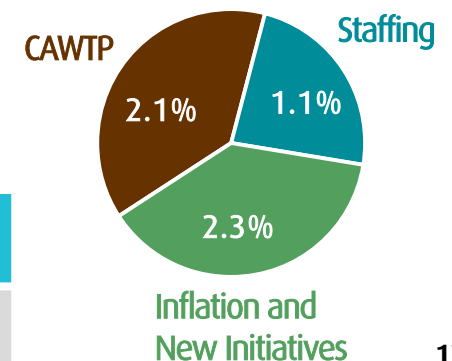
CRD



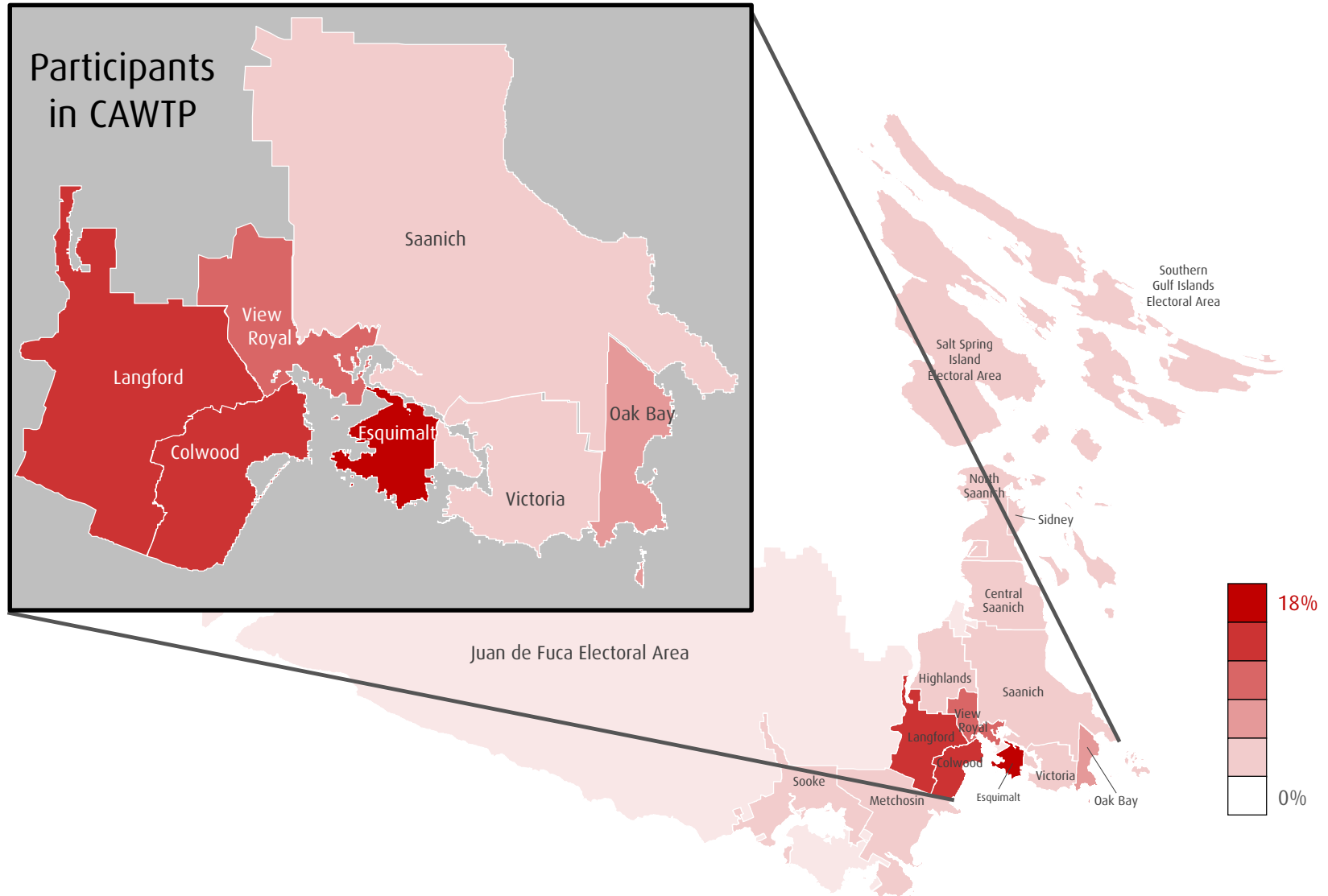
Sale of Services	116.4
Requisitions	64.2
Internal Allocations	34.2
Municipal Debt	14.8
Grants, Reserves & Other	18.4
Total	\$248M

Requisition (5.5% year-over-year increase)

Description	Provisional Budget	2017 Final	Δ \$	Δ %
Total	\$64.3M	\$60.9M	\$3.4M	5.5%

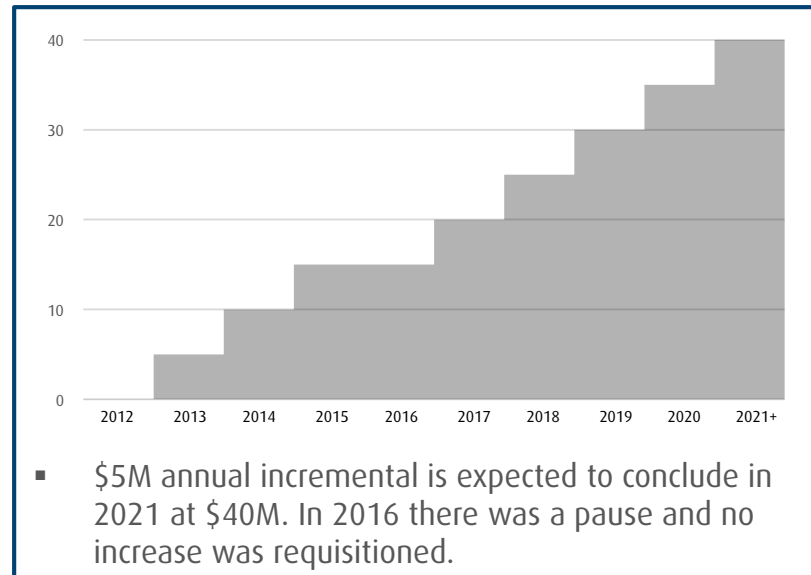


2018 Requisition by Participant



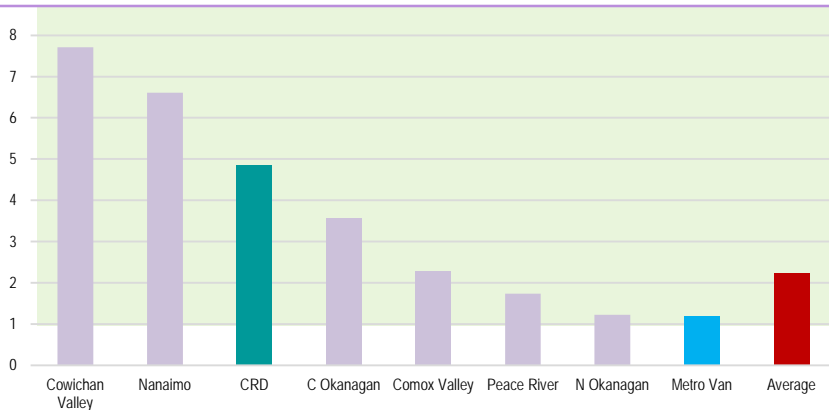
2018 Requisition by Participant

Municipality, EAs, & First Nations	2018 Provisional %	Participants in CAWTP	Requisition	Invoice
Colwood	13.0%	X	X	
Esquimalt	17.2%	X	X	
Langford	13.5%	X	X	
Oak Bay	6.2%	X		X
Saanich	4.9%	X		X
Victoria	4.6%	X		X
View Royal	11.7%	X	X	
Central Saanich	3.4%			
Highlands	4.3%			
Metchosin	4.5%			
North Saanich	3.4%			
Sidney	3.4%			
Sooke	1.5%			
Juan de Fuca	1.0%			
Salt Spring Island	2.5%			
Southern Gulf Islands	2.6%			
First Nations	2.8%			
Total	5.5%			

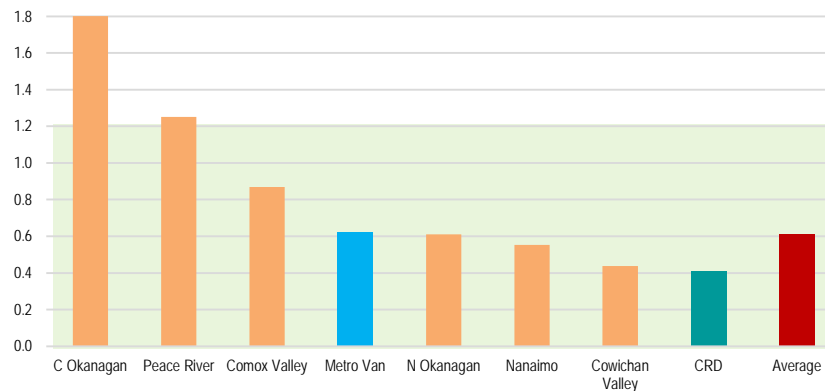


Financial Ratios

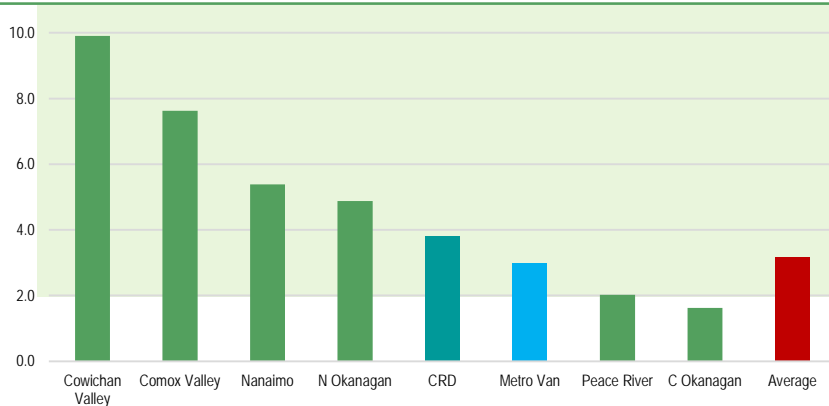
Quick Ratio: Measure of short-term liquidity or the ability to pay immediate financial obligations (greater than 1 is ideal)



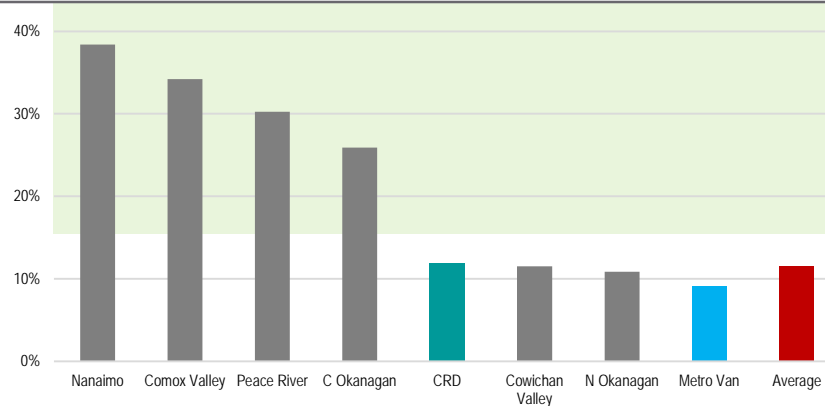
Debt-to-Equity Ratio: Measure of financial leverage, or using debt to increase value (essential public service utilities average 1.2)¹



Interest Coverage Ratio: Measures how easily a company can pay interest on outstanding debt (greater than 2 is ideal)



Capital Reserve Health: Measure of ability to finance long-term investment projects, also acts as buffer during financial hardship



Service Budget Overview

Presentation to CRD Committee of the Whole

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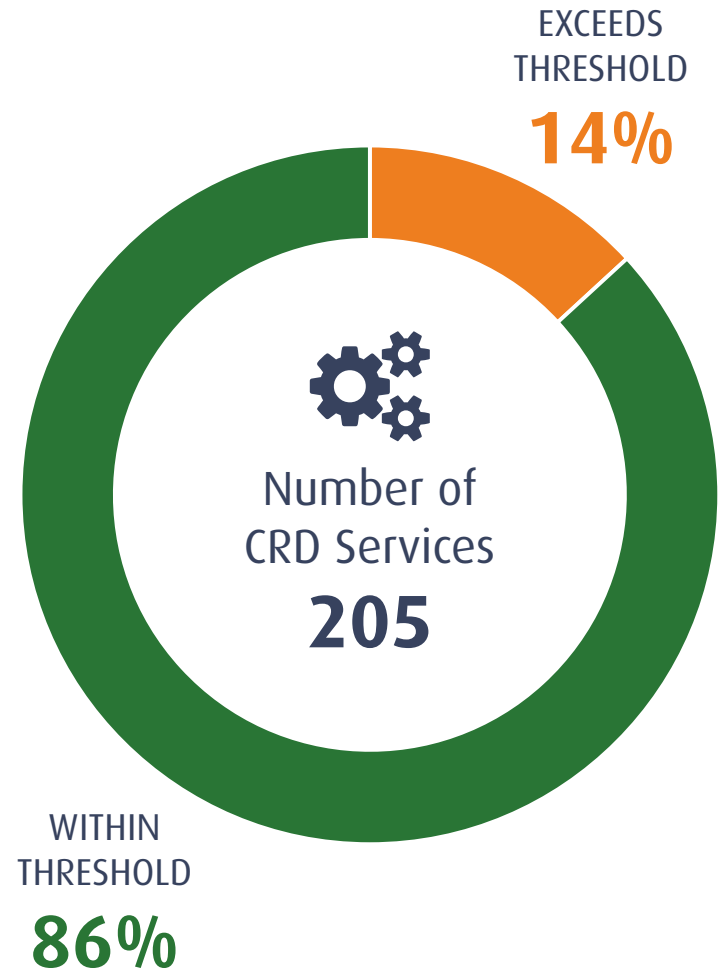
Service Budget Overview

Materiality Threshold



and **\$50,000**

all service budgets are
included in appendix 9 of the
agenda package



Service Budget Overview

2) EXECUTIVE SERVICES

2.2) CAO & Legislative Services (PDF pg 14, Print pg 8)

\$000's

%

\$65

3%

- Reorganization of reporting structure increasing salaries, also increase in membership dues

Req

Fees

Other

Alloc

100%

-

-

-

2.3) Human Resources (PDF pg 20, Print pg 14)

\$336

23%

- Ongoing supplementary \$94k for HR Advisor (1.0 FTE); realignment of safety oversight resulting in increase of 2.0 FTE's

Req

Fees

Other

Alloc

44%

-

5%

51%

Service Budget Overview

3) FINANCIAL SERVICES

\$000's

%

3.1) Finance (PDF pg 37, Print pg 2)

\$1,385

34%

- Key drivers: +1.0 FTE in finance for improved financial controls, +1.0 FTE in risk to build and manage business continuity, +2.0 Term FTEs plus costs for 3 existing employees funded by CAWTP. In alignment with corporate climate action strategy, establishment of \$250k climate fund.

Req	Fees	Other	Alloc
16%	-	52%	32%

3.10) Art Grants and Development (PDF pg 79, Print pg 44)

\$121

5%

- Strategic Plan implementation supported by +1.0 FTE for activities such as new strategic education, outreach and community engagement activities, etc.

Req	Fees	Other	Alloc
98%	-	2%	-

4) INFORMATION TECHNOLOGY

\$000's

%

4.1) Information Systems (PDF pg 89, Print pg 2)

\$425

9%

- +2.0 FTEs to support growth in business complexity (number of devices, sites, systems) and respond to third party security audit. Continued focus on enterprise resource planning system in the areas of asset management, plant maintenance, measurement and reporting.

Req	Fees	Other	Alloc
4%	-	4%	92%

Service Budget Overview

5) PARKS AND RECREATION

5.1) Regional Parks (PDF pg 110, Print pg 3)

- Increase in park patrols for dog management; public engagement on Land Acquisition Fund, new MFA debt for E&N Ph3&4 project and auxiliary park officer for Sea to Sea Green Blue Belt.

\$615

4%

Req	Fees	Other	Alloc
81%	2%	17%	-

5.2) Panorama Rec. Center (PDF pg 140, Print pg 33)

- Expanded out of school care program, increase cost in support of new registration system, new MFA debt for Arena project and increase capital reserve transfer due to aging facilities.

\$373

4%

Req	Fees	Other	Alloc
30%	70%	-	-

5.3) SEAPARC (PDF pg 165, Print pg 58)

- Expanded service and programs to match high growth in service area, increase cost in support of new registration system and program service strategic development.

\$84

2%

Req	Fees	Other	Alloc
-	29%	71%	-

Service Budget Overview

6) ENVIRONMENTAL SERVICES

6.1.2) Environmental Admin (PDF pg 189, Print pg 3)

- Transfer of 2 FTEs moved to other divisions

(\$207) (44%)

Req	Fees	Other	Alloc
-	-	-	100%

6.2.1) Environmental Resource Mgt (PDF pg 196, Print pg 10)

- Reduced transfer to capital (7M); abandoned boats +1M

(\$6,000) (19%)

Req	Fees	Other	Alloc
-	-	100%	-

6.3.1) Environmental Protection (PDF pg 217, Print pg 31)

- Increase focus on ERM, capital projects, climate action, invasive species & water quality for new regulatory requirements and increasing reporting/monitoring support by 2.9 FTE; funded by allocations

\$356 5%

Req	Fees	Other	Alloc
-	-	-	100%

6.3.2) Regional Source Control (PDF pg 227, Print pg 41)

- \$205,000 funded by reserve for database spatial upgrade and regulatory review and update

\$228 15%

Req	Fees	Other	Alloc
10%	-	90%	-

6.3.3) Climate Action and Adaptation (PDF pg 230, Print pg 44)

- Implementation of Regional Community Climate Strategy

\$52 16%

Req	Fees	Other	Alloc
100%	-	-	-

Service Budget Overview

6) ENVIRONMENTAL SERVICES (CONTINUED)

6.3.4) Core & Westshore Stormwater Quality Mgt. (PDF pg 233, Print pg 47)

- Increase in contract for services due to non-annual expenditures required in a multi-year service maintenance cycle, funded by operating reserve

\$ 000's

%

\$75

11%

Req

Fees

Other

Alloc

20%

-

80%

-

6.4.3) Facility Management (PDF pg 275, Print pg 89)

- Increase in facilities maintenance cost due to aging buildings, parking cost gone up for all lots around the city and increase in cost for energy management and analysis software.

\$92

3%

Req

Fees

Other

Alloc

-

-

-

100%

Service Budget Overview

7) PLANNING & PROTECTIVE SERVICES

7.2.2) Community Health (PDF pg 317, Print pg 13)

- Community Health & Wellbeing Project and related 2016 Island Health Grant completed 2017

(\$66)

(10%)

Req	Fees	Other	Alloc
-	-	100%	-

7.3.2) Regional Housing Trust Fund (PDF pg 327, Print pg 23)

- Timing of multi-year capital grant program

\$229

11%

Req	Fees	Other	Alloc
8%	-	92%	

7.4.1) Regional Planning (PDF pg 329, Print pg 25)

- Demographic analysis & origin/destination study end in 2017

(\$477)

(25%)

Req	Fees	Other	Alloc
10%	-	90%	-

7.5.4) 911 Emergency Service (PDF pg 353, Print pg 49)

- Call answer levy transfers reduced based on trends

(\$96)

(5%)

Req	Fees	Other	Alloc
-	-	100%	-

7.5.7) Fire Dispatch Services (PDF pg 365, Print pg 61)

- Increase contribution to Langford Fire for staff costs

\$50

9%

Req	Fees	Other	Alloc
100%	-	-	-

Service Budget Overview

8) INTEGRATED WATER SERVICES

8.1.1) Regional Water Supply (PDF pg 457, Print pg 55)

- Operational labour budget adjustments necessary to support increasing repair and maintenance tasks, and increasing safe work practices requirements; additional costs for operating the upgraded Japan Gulch Water Treatment Plant; provision of regulatory water sampling services; increased regulatory requirements for dam safety obligations

\$000's

%

\$1,203

4%

Req	Fees	Other	Alloc
-	100%	-	-

8.1.2) JDF Water Distribution (PDF pg 484, Print pg 82)

- Increased contribution to the Water Capital Fund, to help fund asset replacement of the system's growing asset base; increase in cost of bulk water purchases; increase in contractor and supplies budget to reflect operational support for the service's growing infrastructure

\$1,688

11%

Req	Fees	Other	Alloc
-	100%	-	-

8.2) IW – Environmental Operation (PDF pg 489, Print pg 87)

- Increase support to CAWWTP by 1.5 FTE; Increase support to Magic Lake Water and Sewer by 0.5 FTE; Auxiliary and student staffing to support seasonal operations and maintenance; Fund end of life equipment replacement \$100k

\$468

7%

Req	Fees	Other	Alloc
-	-	-	100%

Service Budget Overview

8) INTEGRATED WATER SERVICES (CONTINUED)

8.3) Liquid Waste Disposal; Core (PDF 508,520,529,541, Print 106,118,127,139)

- 2 Additional FTEs shared between North West, North East Clover, East Coast Interceptor and North East Bowker to provide Core Sewer Engineering Support for current assets and Core Area Wastewater Projects

\$000's

%

\$372

5%

Req	Fees	Other	Alloc
33%	67%		-

8.4.1) Saanich Peninsula Water Supply (PDF pg 561, Print pg 159)

- Increase in cost of bulk water purchases; increase in transfer to Capital Reserve to fund replacement of aging infrastructure

\$348

6%

Req	Fees	Other	Alloc
	100%	-	-

8.4.3) Saanich Peninsula Wastewater (PDF pg 579, Print pg 177)

- Adjustment for labour and administration costs, equipment R&M, residual disposal costs and electricity costs; \$30k funded by reserve for non-annual expenditure

\$120

3%

Req	Fees	Other	Alloc
100%	-	-	-

8.5) Core Area Wastewater Treatment Plant (PDF pg 608, Print pg 206)

- \$5M related to annual increase for CAWTP, balance related to debt servicing and costs related to properties held for sale

\$5,962

33%

Req	Fees	Other	Alloc
23%	77%	-	-