

2018 CRD Financial Plan

Presentation to Capital Regional District Board of Directors

Wednesday March 21, 2018

Financial Plan Summary

CRD

2018 OPERATING BUDGET



Capital Regional District

\$248.4M

2018 CAPITAL BUDGET



Capital Regional District

\$213.7M



Investing in the Future

Capital investment is almost 9x the rate of depreciation



Managing the Cost of Debt

Less than 12% of revenue is planned for long-term debt payments



Supporting Board and Corporate Priorities

Continued focus on CAWTP, Protective Services, and Active Multimodal Transportation



Diversifying Revenue Streams

Almost 1/2 of operating revenue comes from sale of services while just over 1/4 from requisition

Impacts of Growth & Inflation



\$1.4^B

OF BUILDING PERMITS ISSUED
IN 2017, A 31% INCREASE IN
VALUE & DWELLINGS



15%

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



1.9%

INFLATION RATE
IN VICTORIA



+3.5%

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



+8%

**INCREASE IN TONNAGE
DRIVEN BY
CONSTRUCTION
GROWTH IN 2017**



+33% INCREASE IN VISITORS TO
CRD PARKS SINCE 2010



600+
NEW WATER CONNECTIONS
WITHIN THE JDF WATER
DISTRIBUTION SERVICE IN 2017

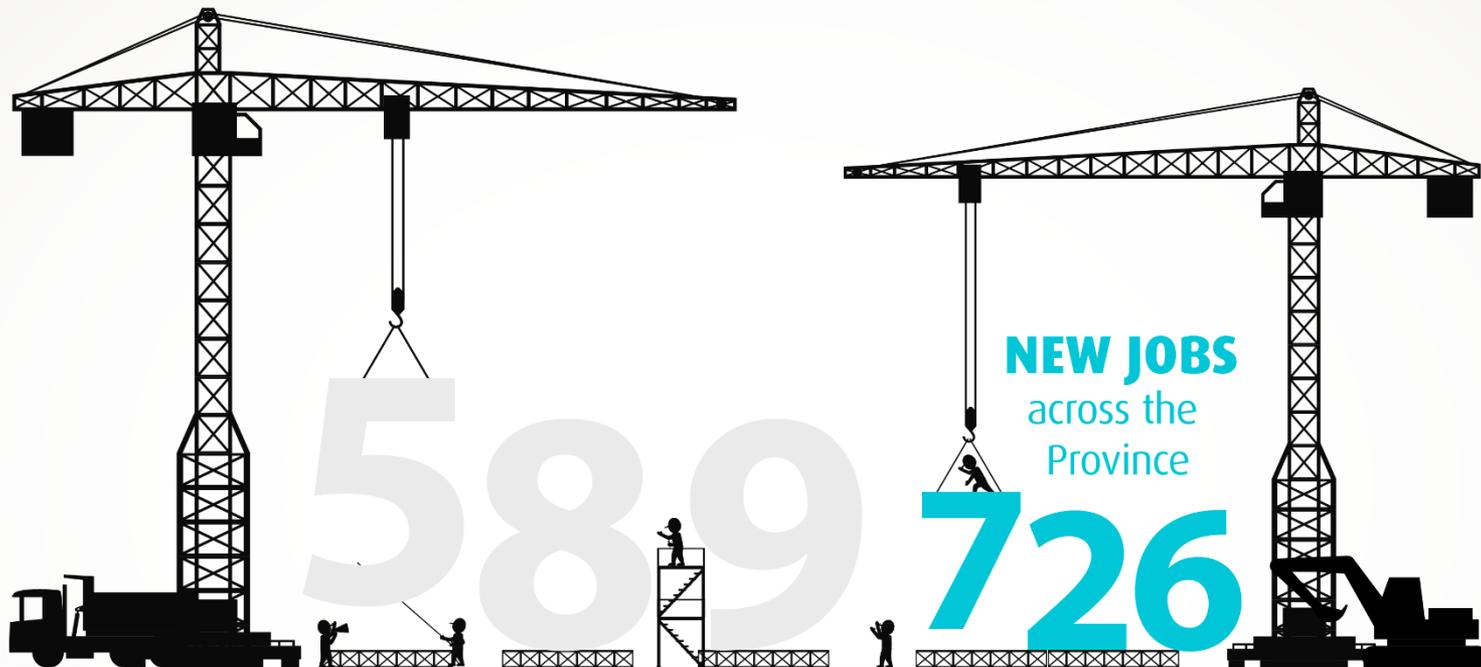


WTP

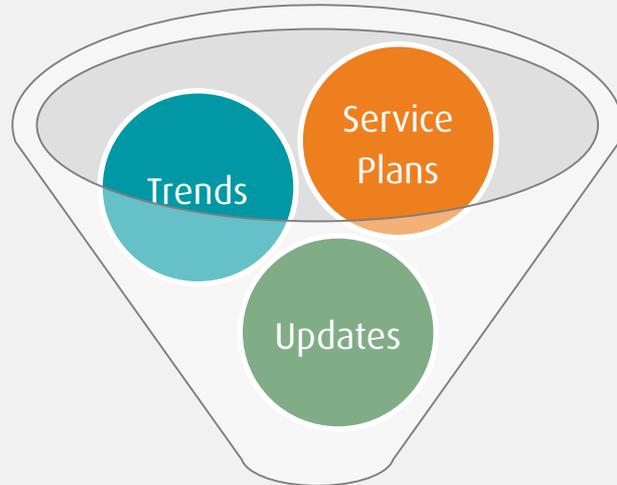
**CORE AREA WASTEWATER
TREATMENT PROJECT IN
CONSTRUCTION PHASE**

Impacts of 2018 Capital Plan

CRD



The CRD 2018 Capital Plan of \$213.7M is expected to generate 1,315 new jobs across British Columbia through the flow of goods and services among various industries.



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



Surplus / Deficits



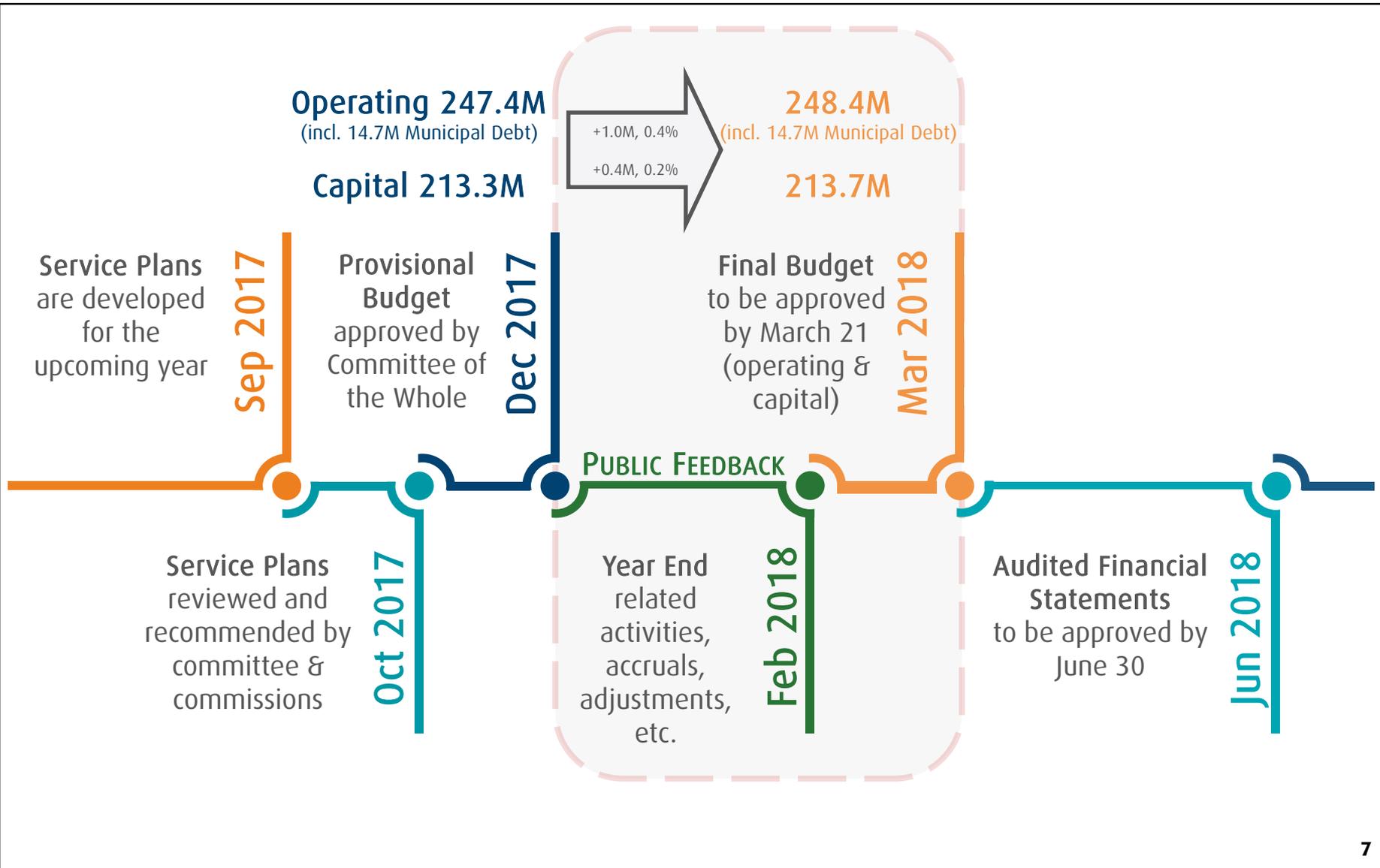
PILT / Timing



Scope Changes

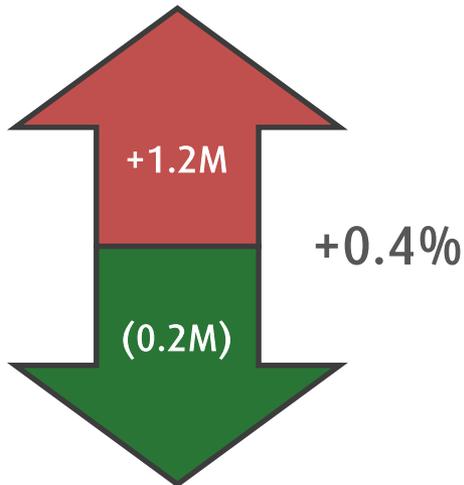
2018 Final Budget

Budget Timeline

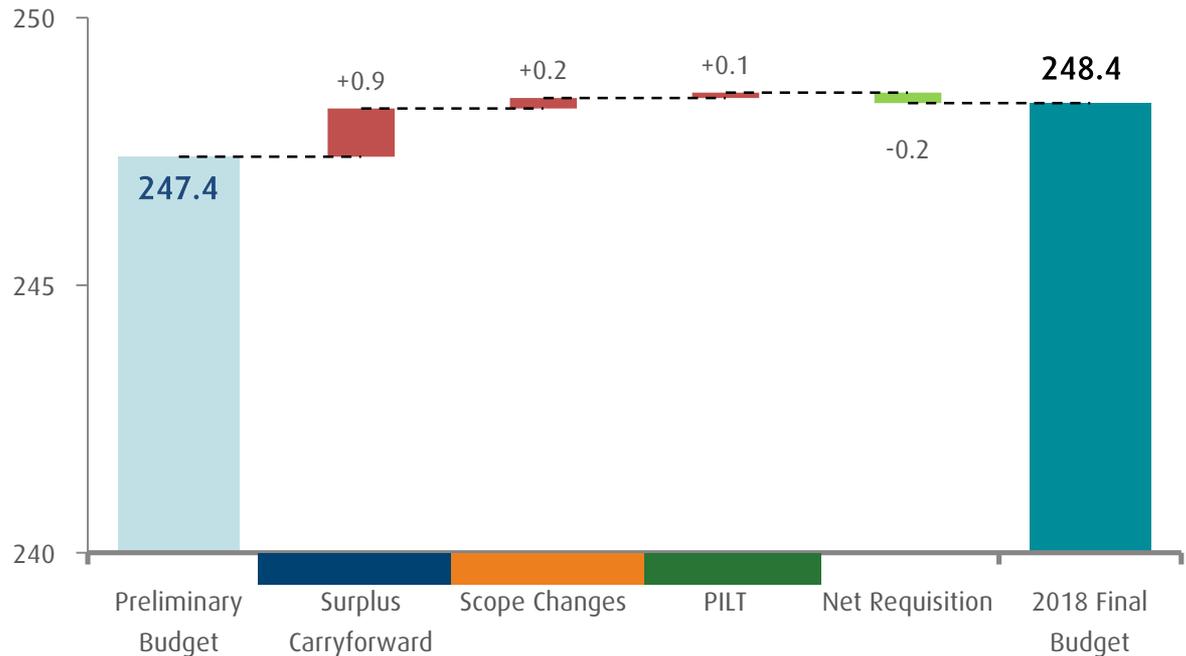


Operating Budget

Operating cost drivers since preliminary budget



Incremental revenue for operating budget totaled \$1.2M primarily related to surplus carry forward. As a result, requisition was decreased by (\$0.2M) to balance the plan.



Surplus Carryforward

- 0.1M Legislative & General: due to staff vacancies
- 0.1M Regional Housing Trust Fund: due to delayed Croftonbrook Project
- 0.1M Environmental Services: due to labour
- 0.1M Trunk Sewers Operating: unspent expenses related to office relocation
- 0.2M Trunk Sewers Debt: higher than expected return of debt reserve funds
- 0.1M Regional Source Control: staff vacancies and delayed program costs

Scope Changes

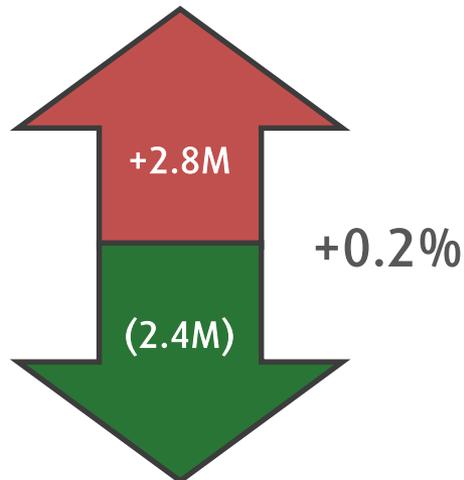
- (0.6M) Solid Waste Disposal / Core Area Project reduced funding
- 0.8M Solid Waste Disposal transfer to operating reserve

PILT

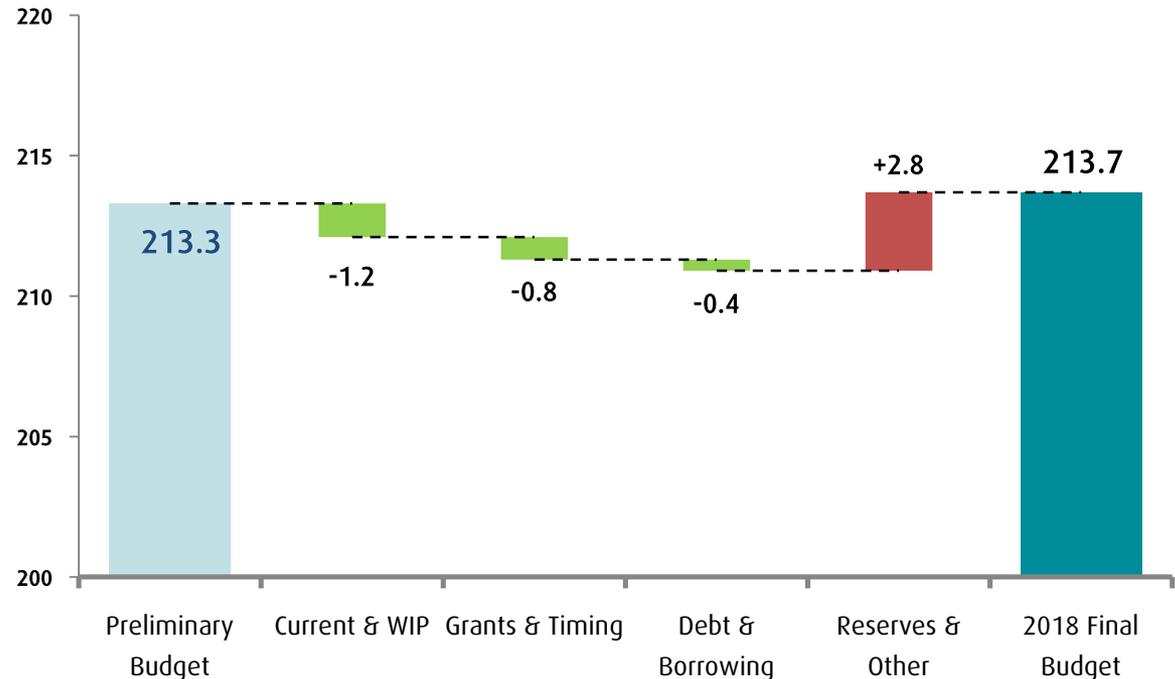
- 0.1M increase in actual PILT received above the estimate used in the preliminary budget which was equal to prior year actuals

Capital Budget

Capital cost drivers since preliminary budget



Additional capital projects of \$2.8M funded through reserves, offset by reduction in capital spend of (2.4M) due to grants and rephrasing of projects into later years



WIP, Grants and Debt (2.4M)

- 1.8M Facility Expansion at SEAPARC
- 0.5M Lyall Harbour for SGI Small Craft Harbour Facilities

Reserves and Other +2.8M

- 1.2M JDF Water DCC projects (McCallum Road water mains)
- 0.5M Environmental Protection (North East Trunk B Pipe Lining)
- 0.4M Regional Parks (multi-use tractor) and Royal & Macpherson Theatres (fire curtains and outdoor sign)

2018 CRD Budget

Operating Budget Summary (\$M)

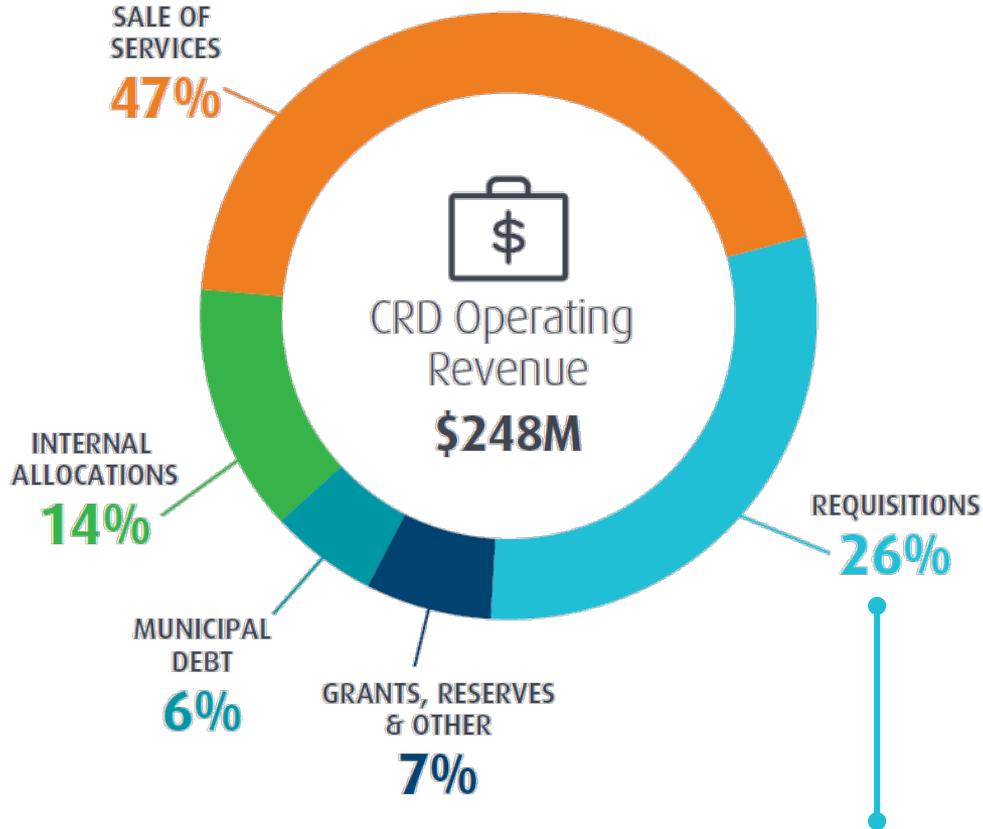
Expenditure Type	2018 Final Budget	2018 Preliminary	Δ \$	Δ %	2017 Budget
Operations	156.8	156.3	0.5	0.3%	146.0
Debt Servicing	22.4	22.1	0.3	1.4%	24.2
Municipal Debt	14.7	14.7	-	-	14.6
Capital Funding	40.6	41.2	(0.6)	(1.2%)	41.6
Transfer to Reserves	13.9	13.1	0.8	6.1%	11.8
Total	\$248.4	\$247.4	\$1.0	0.4%	\$238.2

Capital Budget Summary (\$M)

Expenditure Type	2018 Final Budget	2018 Preliminary	Δ \$	Δ %	2017 Budget*
CAWTP (Core Project)	134.7	134.7	-	-	65.5
Engineered Structures	48.5	46.3	2.2	4.8%	57.7
Buildings	18.5	21.2	(2.7)	(12.7%)	21.8
Equipment	8.7	8.0	0.7	8.7%	8.6
Land	1.5	1.4	0.1	7.1%	2.9
Vehicles	1.8	1.7	0.1	5.9%	2.0
Total	\$213.7	\$213.3	\$0.4	0.2%	\$158.5

* As at December 31, 2017

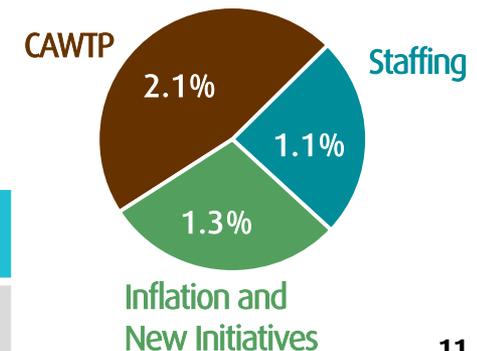
2018 Operating Revenue Sources



Sale of Services	116.2
Requisitions	63.7
Internal Allocations	34.2
Municipal Debt	14.7
Grants, Reserves & Other	19.6
Total	\$248M

Requisition (4.5% year-over-year increase, or 0.3% less than preliminary)

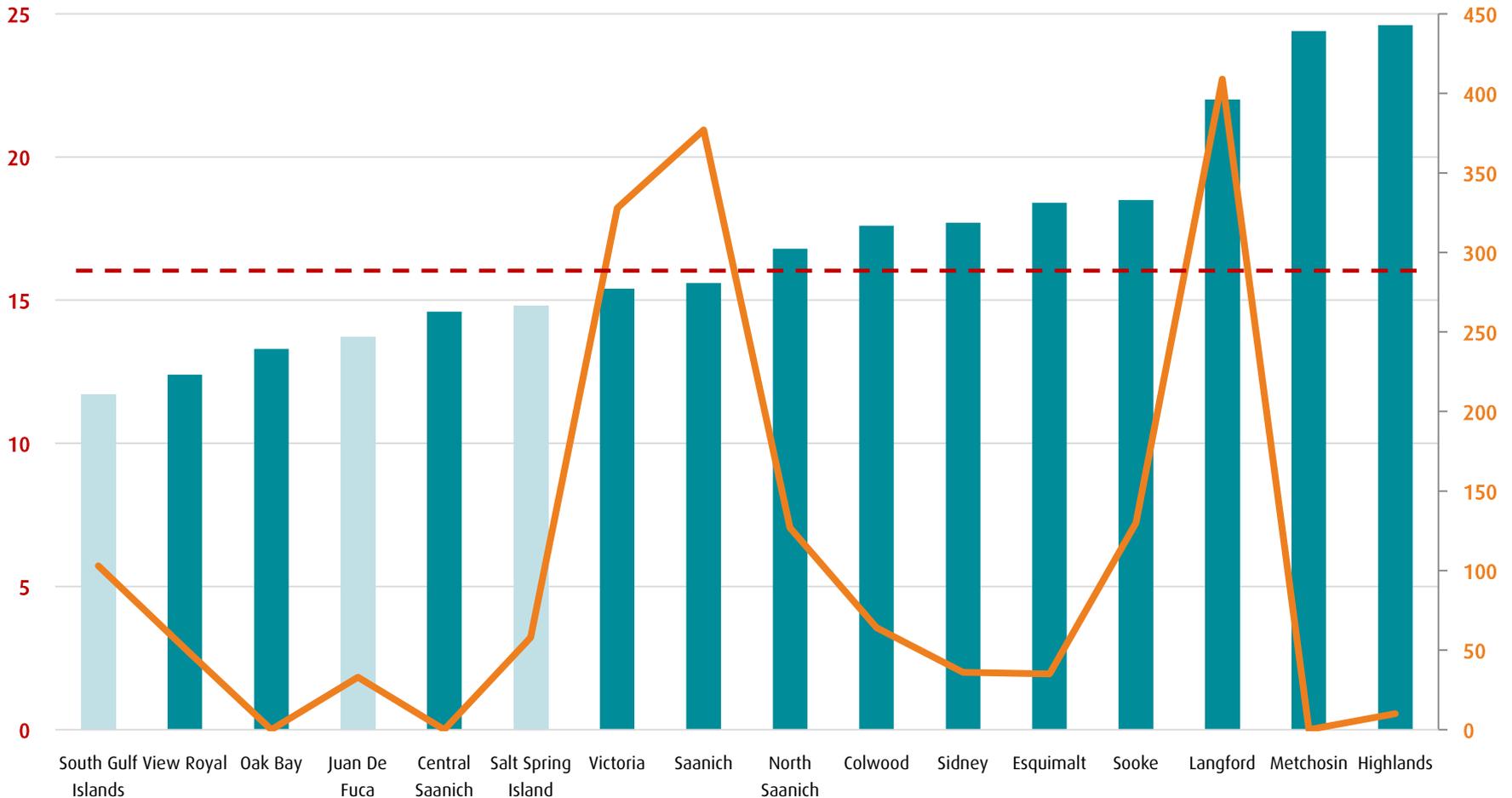
Description	Final Budget	Preliminary	Δ \$	Δ %
Total	\$63.7M	\$63.9M	(\$0.2M)	(0.3%)



Impacts on Cost Apportionment

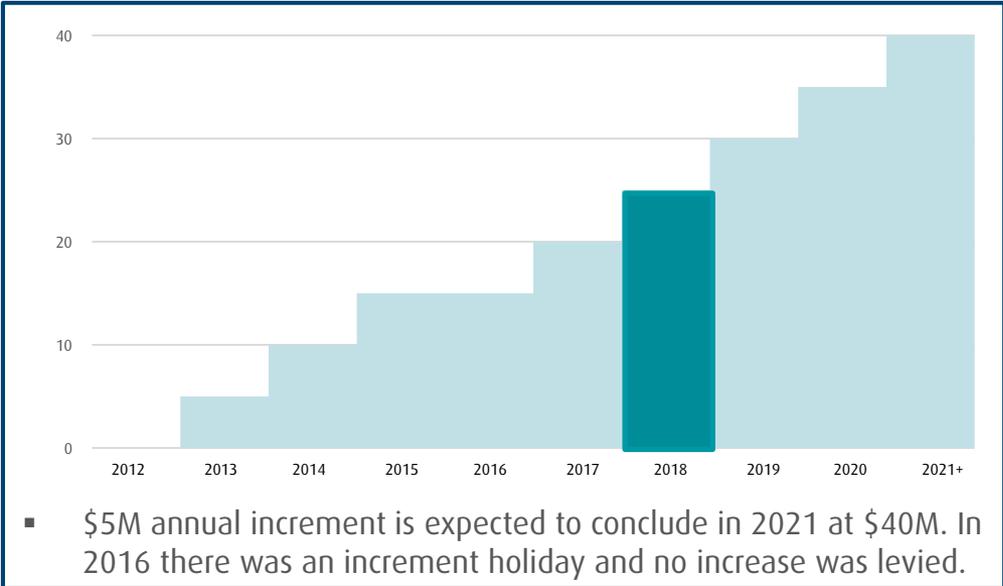
Change in Converted Assessments;
Regional Average = **16.1%**

Change in Number of Folios;
Regional Total = 1,774



2018 Requisition by Municipality

Municipality	2018 Final %	Participants in CAWTP	Requisition	Invoice
Colwood	11.8%	X	X	
Esquimalt	16.1%	X	X	
Langford	14.1%	X	X	
Oak Bay	3.7%	X		X
Saanich	2.1%	X		X
Victoria	2.9%	X		X
View Royal	10.0%	X	X	
Central Saanich	0.9%			
Highlands	9.1%			
Metchosin	8.1%			
North Saanich	3.5%			
Sidney	3.9%			
Sooke	1.8%			
Juan de Fuca	0.9%			
Salt Spring Island	2.3%			
Southern Gulf Islands	2.4%			
Total	4.5%			





Investing for the Future

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

Result: in 2018, the investment in capital will be \$79.0M* vs \$24.4M in amortization. This yields a 3.2x multiplier.

* excludes investment in CAWTP, otherwise investment = 213.7M with an 8.9x 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 2018, reserve contributions will total \$13.9M vs a \$233.7M* operating budget. The result is 5.9%.

* excludes municipal debt servicing costs, otherwise operating budget = 248.4M with 5.6% contribution rate





Debt Affordability

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

Result: in 2018, debt servicing costs will account for \$22.4M* out of the total revenue of \$194.6M**. This equates to 11.5%.

* excludes municipal debt (14.7M)

** excludes municipal debt (14.7M), 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 2018, debt will fund approximately 48% of total capital investment of \$213.7M*.

* Includes investment in CAWTP (134.7M)





Investing in the Future

Capital investment is almost 9x the rate of depreciation



Managing the Cost of Debt

Less than 12% of revenue is planned for long-term debt payments



Supporting Board and Corporate Priorities

Continued focus on CAWTP, 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

Backup Slides

The logo for CRD, consisting of the letters 'C', 'R', and 'D' in a stylized, white, sans-serif font, positioned on a teal background with a wavy, abstract design.

Requisition and Assessment

	Change in Requisition	Change in Converted Assessments	Change in Cost per		
			Change in Average Residential Assessments	Average Residential Assessment	Change in Number of Folios
Central Saanich	0.9%	14.6%	16.0%	2.1%	-0.2%
Colwood	11.8%	17.6%	17.6%	11.8%	1.1%
Esquimalt	16.1%	18.4%	18.5%	16.3%	0.7%
Highlands	9.1%	24.6%	18.8%	4.1%	1.1%
Langford	14.1%	22.0%	20.2%	12.4%	3.0%
Metchosin	8.1%	24.4%	25.1%	8.8%	-0.3%
North Saanich	3.5%	16.8%	12.2%	-0.6%	2.6%
Oak Bay	3.7%	13.3%	13.7%	4.1%	0.0%
Saanich	2.1%	15.6%	16.0%	2.4%	1.0%
Sidney	3.9%	17.7%	20.4%	6.3%	0.6%
Sooke	1.8%	18.5%	17.9%	1.3%	2.2%
Victoria	2.9%	15.4%	16.9%	4.2%	1.1%
View Royal	10.0%	12.4%	11.8%	9.5%	1.4%
Juan De Fuca	0.9%	13.7%	12.5%	0.3%	0.9%
Salt Spring Island	2.3%	14.8%	13.9%	1.6%	0.9%
Southern Gulf Islands	2.4%	11.7%	10.0%	3.0%	1.5%
Total	4.5%	16.1%	16.2%	4.6%	1.2%
	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.

Requisition and Assessment

	Change in Requisition (in \$ millions)	Change in Converted Assessments (in \$ millions)	Change in Average Residential Assessments (in \$ millions)	Change in Cost per Average Residential Assessment	Change in Number of Folios
Central Saanich	0.040	74.9	0.100	11.36	-11
Colwood	0.226	62.0	0.090	32.99	64
Esquimalt	0.346	62.0	0.104	58.16	35
Highlands	0.018	15.1	0.121	8.32	10
Langford	0.810	200.5	0.093	36.14	409
Metchosin	0.027	25.6	0.151	16.70	-5
North Saanich	0.091	82.4	0.109	-2.77	127
Oak Bay	0.115	108.0	0.163	18.34	-1
Saanich	0.187	498.2	0.111	4.79	377
Sidney	0.091	71.2	0.105	18.87	36
Sooke	0.054	46.3	0.068	5.77	130
Victoria	0.255	457.1	0.110	8.11	328
View Royal	0.172	34.1	0.069	34.46	51
Juan De Fuca	0.036	24.6	0.055	1.93	33
Salt Spring Island	0.128	51.8	0.073	13.42	58
Southern Gulf Islands	0.133	31.1	0.039	9.28	103
Total	2.733	1844.9	1.561	275.86	1744