



# Capital Regional District > 2021 Final Budget

**Presentation to the Board Of Directors  
Wednesday March 24, 2021**

- 
- 1** Economic Indicators
  - 2** Budget Planning Process
  - 3** 2021 CRD Financial Plan
  - 4** Impacts on Requisition
  - 5** Financial Health Indicators



(8%)

DECREASE IN HOUSING STARTS

44%

INCREASE IN HOUSING SALES

(38%)

DECREASE # OF HOUSING LISTINGS



1.3%

POPULATION GROWTH



25%

INCREASE IN PARKS VISITORS



1.7%

FORECASTED CPI

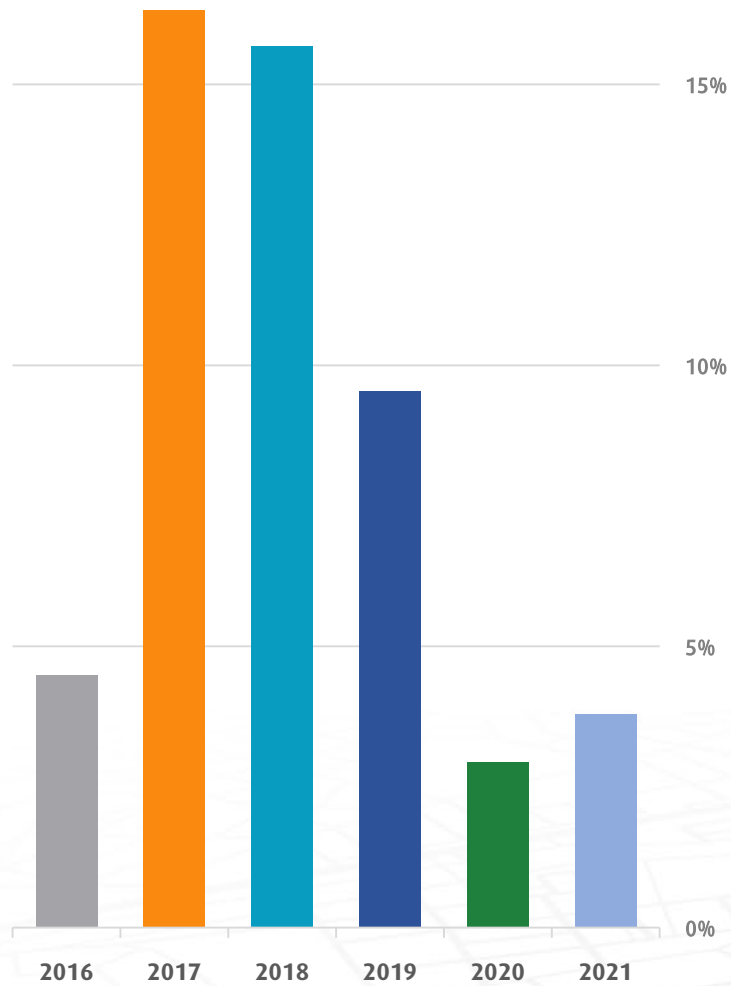


5.8%

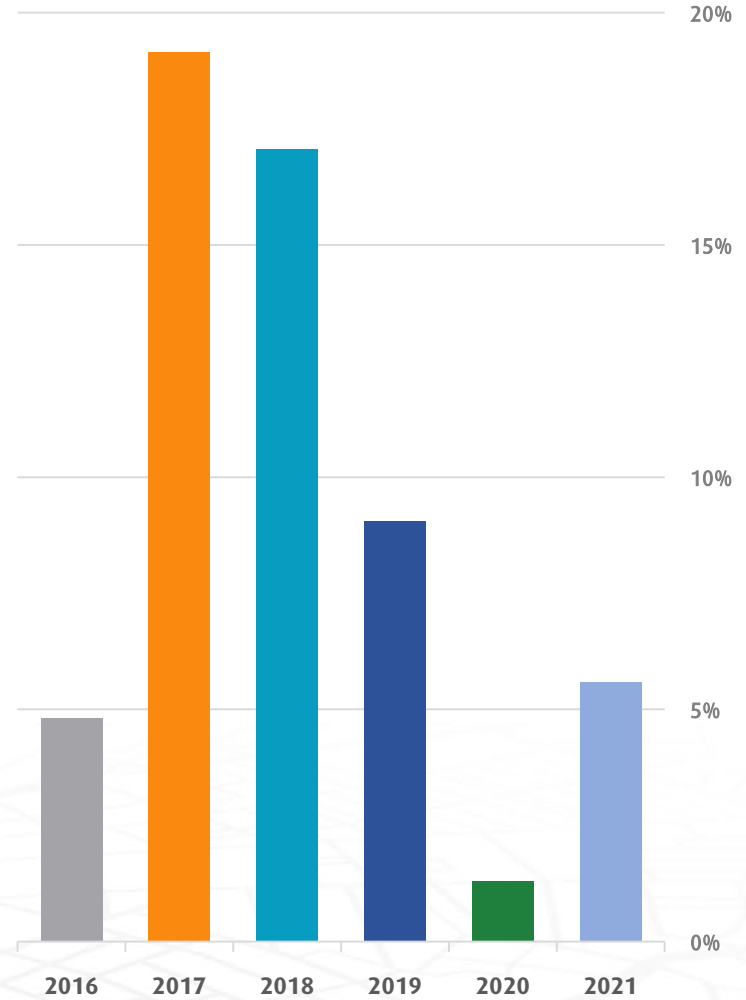
UNEMPLOYMENT RATE



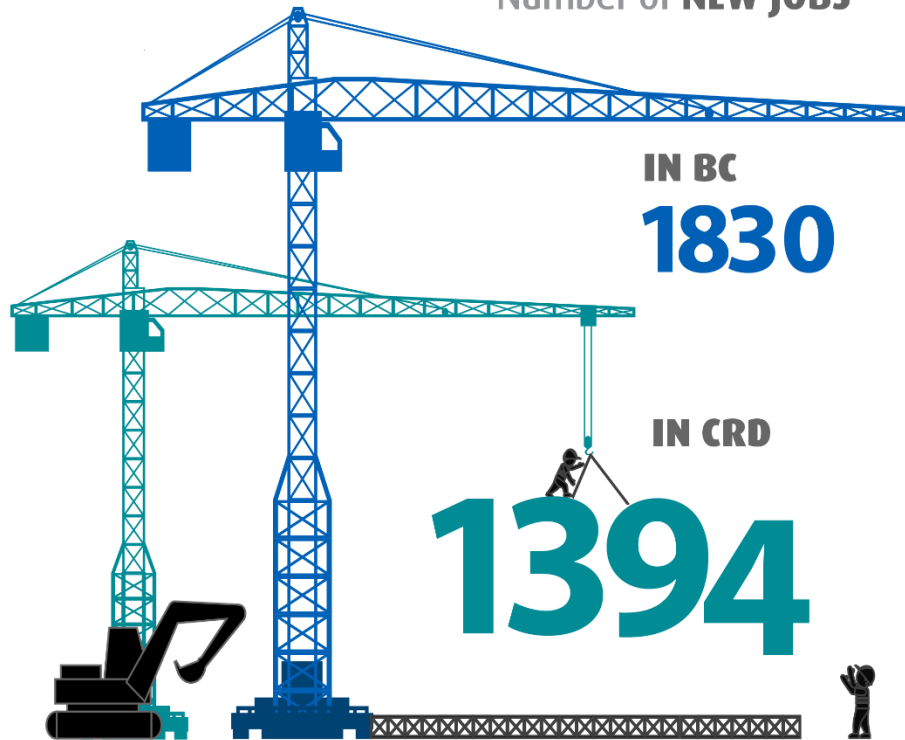
## Change in Converted Assessments %



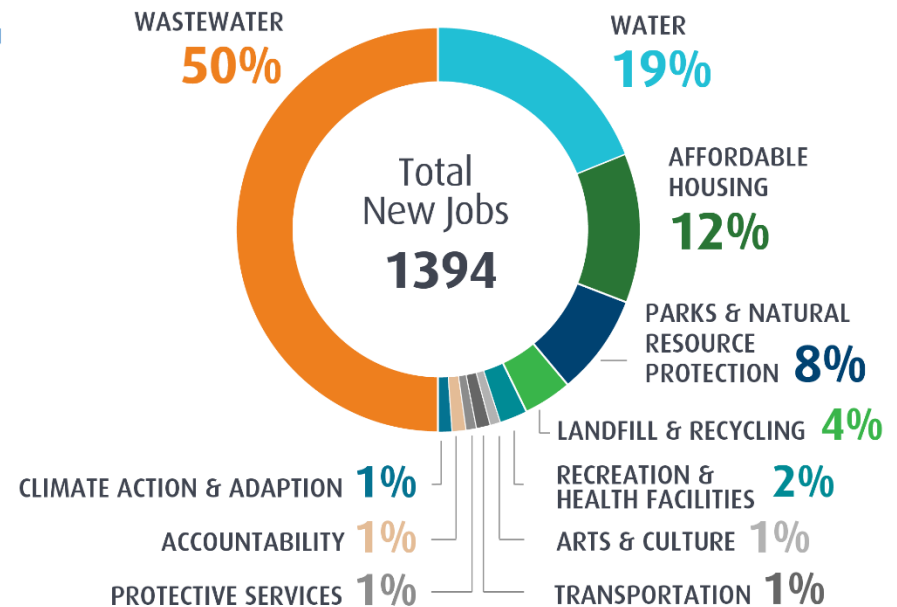
## Change in Residential Assessments %



## Number of **NEW JOBS**



## **JOB CREATION** By Community Need



The CRD 2021 Capital Plan of \$284M is expected to generate 1,394 new jobs in the region through the flow of goods and services among various industries.

## Capital Budget



Capital Regional District  
**\$284M**



Capital Regional Hospital District  
**\$35M**



Capital Region Housing Corporation  
**\$33M**

Total  
**\$352M**

## Operating Budget



Capital Regional District  
**\$296M**



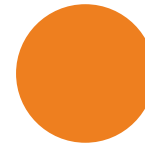
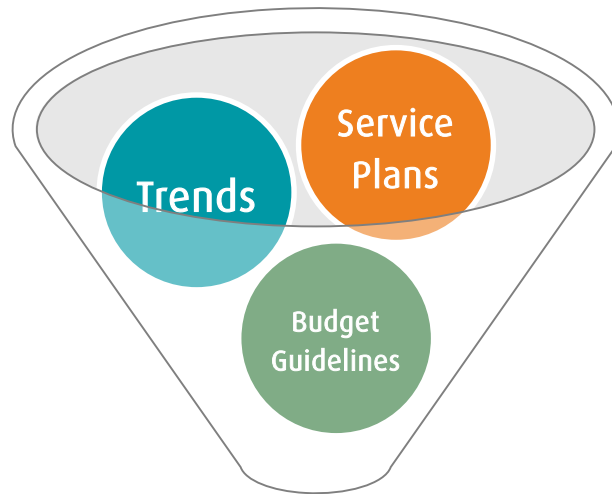
Capital Regional Hospital District  
**\$36M**



Capital Region Housing Corporation  
**\$24M**

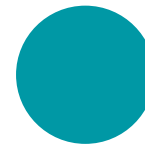
Total  
**\$356M**





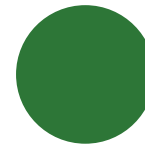
## Service Planning Process

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

# 2021 Final Budget

## Review Process

- GFC and Board approved Financial Planning Guidelines (Spring)
- Committees & Commissions (Fall)
- Electoral Area Committee (Fall)

## Provisional Budget

- Committee of the Whole review (October 28 2020)
- Requests authority to expend January 1 through March 31 2021

## Final Budget

- Provisional approval updated with assessments, year-end results, and committee directed initiatives
- Approved by March 31 2021





## 2021 OPERATING BUDGET



Capital Regional District

**\$296M**

## 2021 CAPITAL BUDGET



Capital Regional District

**\$284M**



### Managing Capital Investments

capital investment is 4.7x depreciation while 11% of revenue is committed to long-term debt payments



### Supporting Board & Corporate Priorities

alignment of initiatives with approved corporate plan targeting key Community Needs



### Adapting to Regional Challenges

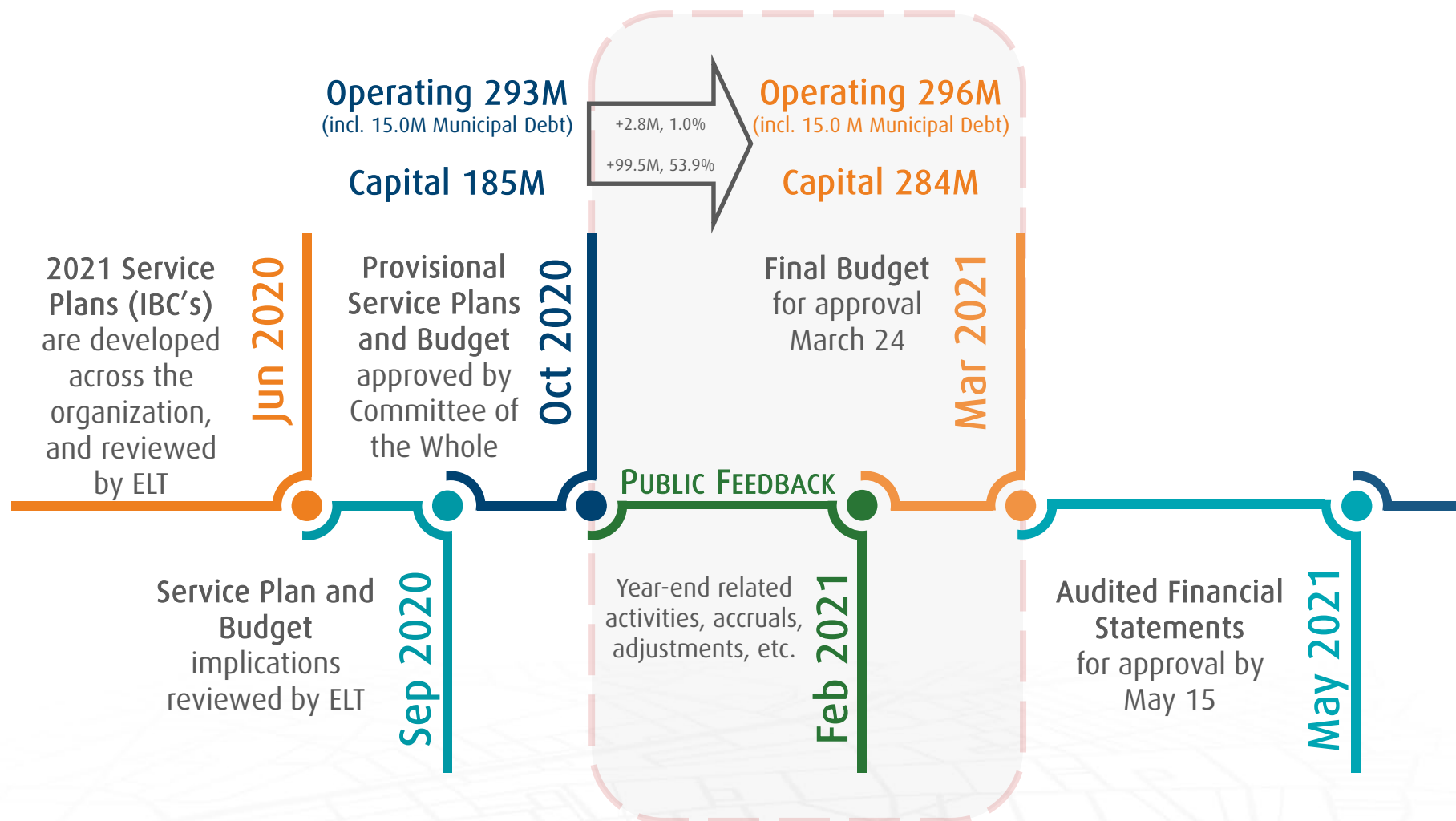
extraordinary economic environment, labour market conditions, unprecedented growth in asset utilization



### Diversifying Revenue Streams

almost ½ of operating revenue comes from sale of services while less than ¼ is from requisition





## Operating Budget Summary (\$M)

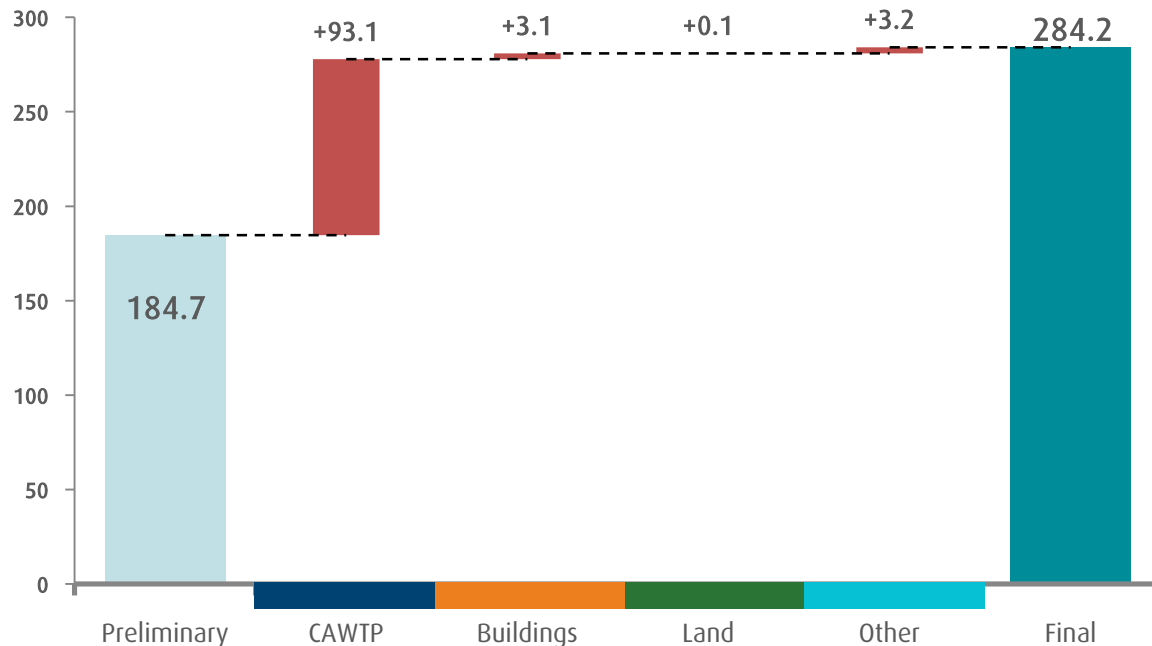
Expenditure Type	2021 Final Budget	2021 Preliminary	Δ \$	Δ %	2020 Budget
Operations	208.2	205.5	2.7	1.3%	181.4
Debt Servicing	25.0	25.0	0.0	0.0%	27.3
Capital Funding	21.5	21.2	0.3	1.4%	32.8
Transfer to Reserves	26.4	26.6	(0.2)	1.4%	24.0
Municipal Debt	15.0	15.0	0.0	0.0%	14.8
<b>Total</b>	<b>\$296.1</b>	<b>\$293.3</b>	<b>\$2.8</b>	<b>1.0%</b>	<b>\$280.3</b>

## Capital Budget Summary (\$M)

Expenditure Type	2021 Final Budget	2021 Preliminary	Δ \$	Δ %	2020 Budget
CAWTP (Core Project)	128.7	35.6	93.1	261.3%	225.2
Engineered Structures	77.8	75.9	1.9	2.5%	66.9
Buildings	46.0	42.9	3.1	7.2%	90.0
Equipment	14.3	13.4	0.9	6.7%	9.2
Land	14.5	14.4	0.1	0.7%	5.2
Vehicles	2.9	2.5	0.4	16.1%	3.1
<b>Total</b>	<b>\$284.2</b>	<b>\$184.7</b>	<b>\$99.5</b>	<b>53.9%</b>	<b>\$399.6</b>



## Capital Investment increased by \$99.5M or 53.9%



### CAWTP +93.1 M

- 93.1M Carryforward of unspent capital from 2020 related to timing of service commencement of the RTF and completion of conveyance components
- Funded by Grants and Current Operating & WIP of unspent capital in 2020

### Buildings +3.1 M

- 1.5M Redesign of Fisgard Headquarters to accommodate current/near-term growth
- 1.0M Repairs for Royal and McPherson Theatres advanced to 2021 due to grant timing

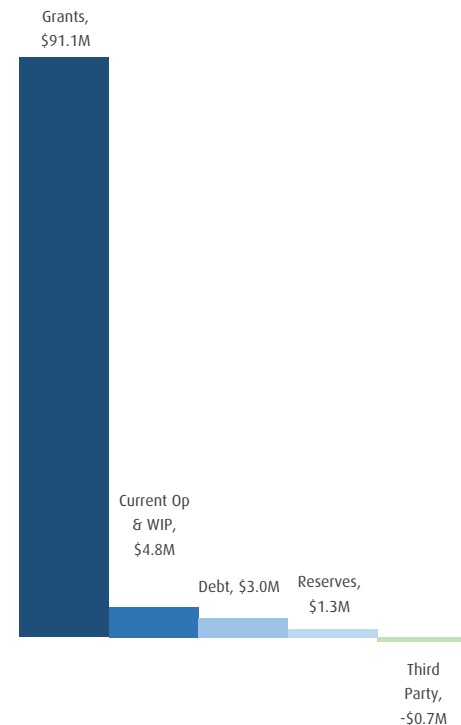
### Land +0.1 M

- 0.1M Community Parks & Recreation improvements

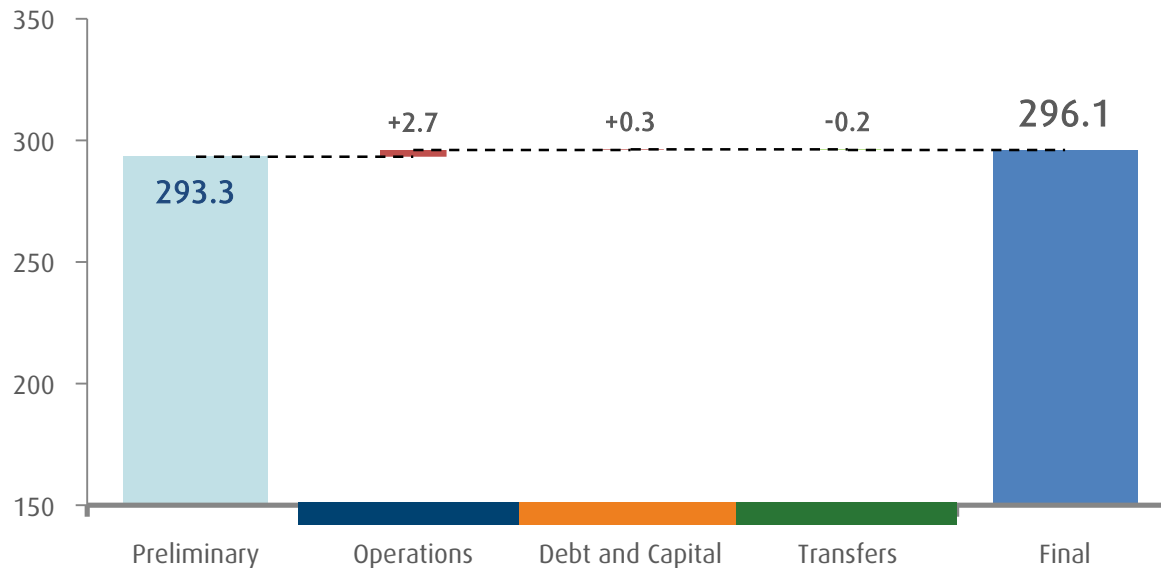
### OTHER +3.2 M

- 3.0M Upgrades to Magic Lake Estates Wastewater contingent on grants, 0.9M completion of delayed Anson Road construction, 0.6M Pender Island Fire truck replacement, and 0.5M continued work on E&N Trail phases 3&4 pending additional debt funding. Offset by (2.4M) in grant delays for Regional Water and Saanich Peninsula Water related to seismic resiliency upgrades.

## Changes in Investment Funding by Source



## Operating Expenditures increased by \$2.8M or 1.0%



### Operations +2.7 M

- 0.9M Safe Restart Grant to fund incremental Corporate Emergency operations related to COVID-19
- 0.4M RHTF grant funding for Croftonbrook deferred from 2020 to 2021
- 0.2M office space design study led by Environmental Engineering

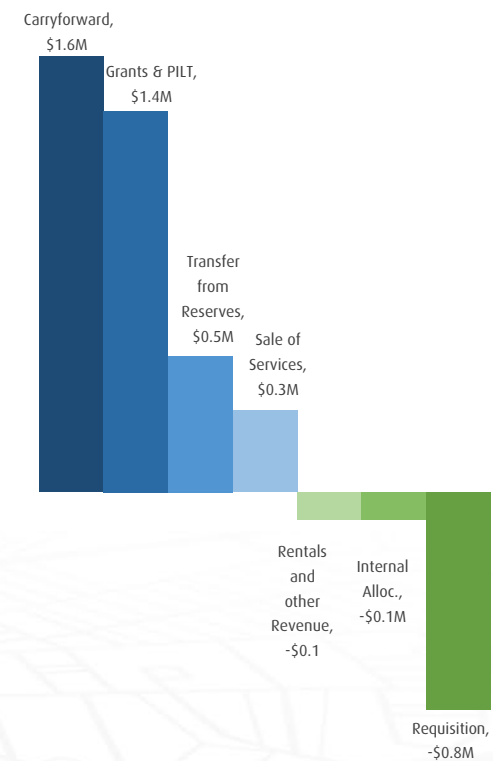
### Debt & Capital +0.3M

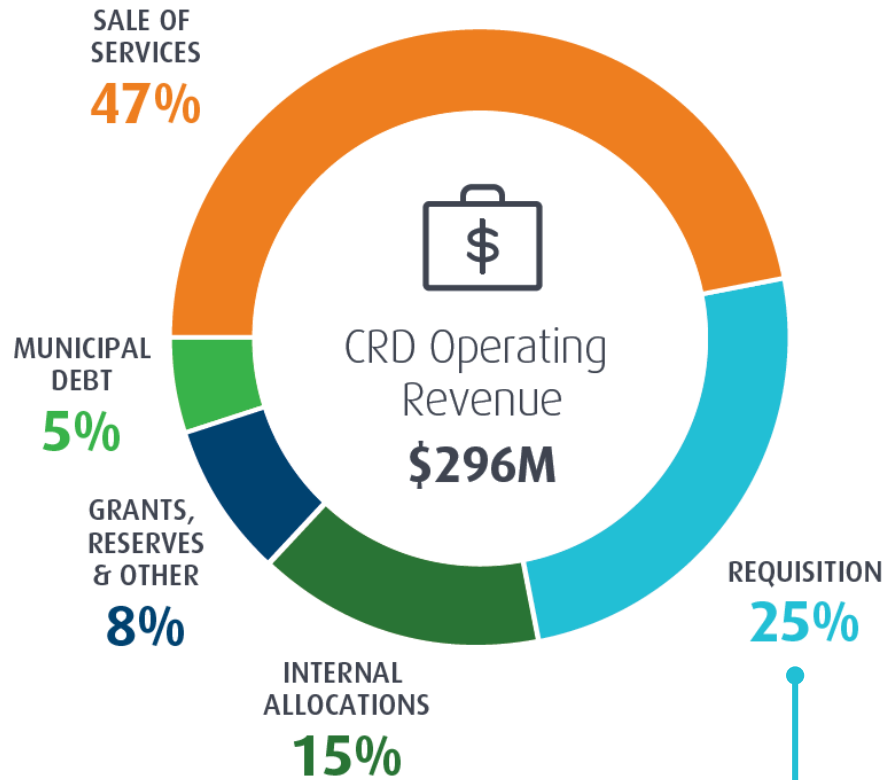
- 0.1M 2020 Surplus for Environmental Engineering allocated to building upgrades
- 0.1M reallocation of operating costs to capital transfers to corporate ERP replacement fund

### Transfer to Reserves (0.2 M)

- (0.4M) Increase in Solid Waste operating contracts, offset by reduced transfers to operating reserves
- 0.2M of 2020 Surplus carryforward for Panorama Recreation, returned to capital reserves

## Changes in Operating Revenue by Source





Sale of Services	138.3
Requisitions	73.6
Internal Allocations	44.5
Grants, Reserves & Other	24.7
Municipal Debt	15.0
<b>Total</b>	<b>\$296M</b>

2021 Final Budget	2021 Preliminary	Δ \$	Δ %	2020 Budget
\$73.6M	\$74.4M	(\$0.8M)	(1.0%)	\$71.1M

Change in Converted Assessments;  
Regional = **3.8%**

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

Change in Number of Folios;  
Regional Total = **1,817**



	A	+	B	+	C	=	D		
Municipalities & EAs	Impact of Assessment		Impact of Core Area Wastewater		All Other CRD		CRD Final	Cost per HH CRD	Cost per HH CRD & CRHD & Muni Debt
Colwood	1.7%		(22.7%)		(0.2%)		(21.2%)	(22.2%)	(13.9%)
Esquimalt	1.5%		19.2%		0.5%		21.2%	16.1%	8.5%
Langford	1.2%		(0.4%)		0.7%		1.5%	0.0%	(0.5%)
Oak Bay	0.8%		20.5%		4.4%		25.7%	25.8%	14.4%
Saanich	(0.1%)		not requisitioned		2.7%		2.6%	2.9%	0.8%
Victoria	(2.6%)		not requisitioned		2.4%		(0.2%)	0.8%	(2.1%)
View Royal	(1.9%)		not requisitioned		2.0%		0.1%	2.4%	0.1%
Central Saanich	0.2%								
Highlands	5.1%				6.6%		6.8%	7.7%	4.6%
Metchosin	3.0%				2.7%		7.8%	2.4%	(0.6%)
North Saanich	(0.2%)				1.3%		4.3%	5.0%	3.6%
Sidney	(1.3%)				2.8%		2.6%	4.8%	2.5%
Sooke	1.5%				3.5%		2.2%	2.8%	2.5%
Juan de Fuca*	0.3%				2.2%		3.7%	3.2%	2.2%
Salt Spring Island*	0.5%				2.1%		2.4%	6.2%	5.2%
Southern Gulf Islands*	0.4%				1.1%		1.6%	2.1%	1.8%
Total	-		1.1%		2.5%		3.6%	7.1%	5.3%
								4.9%	2.7%

COMMITTEE DIRECTED INITIATIVES +0.2%

CRD





## Investing for the Future

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

**Result:** in 2021, the investment in capital will be \$122.8M\* vs \$26.1M in amortization. This yields a 4.7x multiplier.

\* excludes investment in CAWTP and RHFP, otherwise investment = 284.2M with an 10.9x 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 2021, reserve contributions will total \$26.4M vs a \$281.1M\* operating budget. The result is 9.4%.

\* excludes municipal debt servicing costs, otherwise operating budget = \$296.1M with 8.9% contribution rate





## Debt Affordability

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

**Result:** in 2021, debt servicing costs will account for \$25.0M\* out of the total revenue of \$227.6M\*\*. This equates to 11.0%.

\* excludes municipal debt (15.0M)

\*\* excludes municipal debt (15.0M), internal allocations (44.6M), and surplus carryforward (9.0M); otherwise, debt servicing costs = 40.0M and total revenue = \$296.1M with a servicing rate of 13.5%



## Debt Management

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

**Result:** in 2021, debt will fund approximately 14.6% of total capital investment of \$122.8M\*.

\* Excludes investment in CAWTP (\$128.7M) and RHFP (\$32.7M), inclusive of these investments, debt funding is 17.3% of the plan





## Managing Capital Investments

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# Questions?

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