



Capital Regional District > 2023 Provisional Budget

Presentation to Committee of the Whole
Wednesday September 21, 2022

1 CRD 2019-2022 & Planning Parameters for 2023

Robert Lapham, MCIP, RPP
Chief Administrative Officer

2

Process and timelines

Kevin Lorette, P.Eng, MBA
GM, Planning & Protective Services

The Executive Leadership Team is available to lead a review of Community Needs

inclusive of key trends and assumptions, performance metrics, service level adjustments, initiative progress, and operational budget drivers

2023 Provisional Budget

Nelson Chan, MBA, FCPA, FCMA
Chief Financial Officer



Robert Lapham, MCIP, RPP
Chief Administrative Officer

Nelson Chan, MBA, FCPA, FCMA
Chief Financial Officer

Larisa Hutcheson, P.Eng
GM, Parks & Environmental Services

Kevin Lorette, P.Eng, MBA
GM, Planning & Protective Services

Kristen Morley, JD
GM, Corporate Services & Corporate Officer

Ted Robbins, BSc, Ctech
GM, Integrated Water Services

Speaker: CAO



Service Planning 2023 > Overview

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During its term the CRD Board:

- Approved **new regional & sub-regional strategic plans**, setting the course for CRD services and the future of the region
 - *Includes Interim Regional Parks Strategic Plan 2022-2032, Regional Transportation Priority Areas, Climate Action Strategy, CRD Solid Waste Management Plan, Core Area Liquid Waste Management Plan, Southern Gulf Islands Housing Strategy, 2022 Regional Water Supply Master Plan and the Arts & Culture Support Service Strategic Plan 2020-2023*
- Initiated **over 200 initiatives**
 - *Almost all of the initiatives started during this Board term have been implemented and absorbed as part of a core service adjustment or completed as a one-time initiative*
 - *Remaining initiatives will continue to progress over the coming year; a small number of initiatives have been paused due to external factors but will continue progressing as soon as circumstances allow*
- Oversaw the completion of **large-scale capital investments**
 - *Includes the operationalization of the Core Area Wastewater Treatment Plant project, as well as investments through the Capital Region Housing Corporation and the Capital Regional Hospital District*
- Kept the organization on track with delivery of around **200 core services at a regional, sub-regional and local level** despite global pandemic declaration in March 2020 and associated uncertainty and disruption



Direction for the service planning process and Provisional Budget 2023 was set through:

The CRD Board through the Annual Strategic Check-in (May 2022) – directed staff to maintain existing direction on Board Strategic Priorities

The Finance Committee & CRD Board through the Financial Guidelines report (May 2022) – constrained budget to 3% lift in 2023 in consideration of existing/ongoing obligations

➡ Plans for 2023 are status quo, focusing on the transition to a new Board and on maintaining continuity of service

What has happened since May 2022

- Inflation has remained above historical highs; no change to direction was sought/received so staff have done the necessary service and financial planning to deliver within the agreed constraint
- CRD Board directed staff to advance two additional initiatives that are over and above the agreed-upon status quo and have been isolated as operating budget drivers



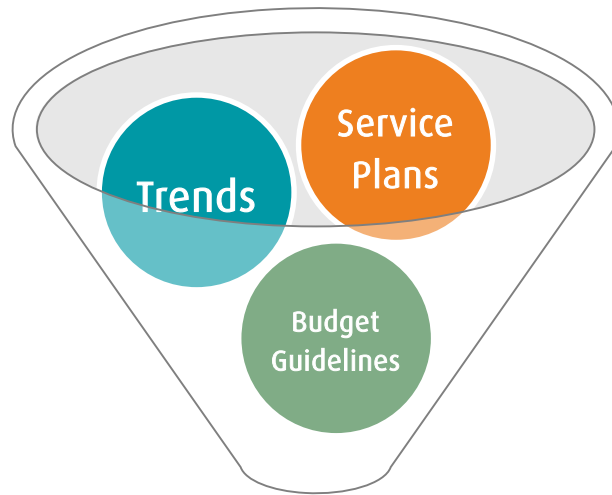
Speaker: PPS GM



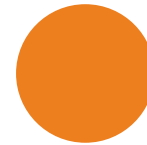
Planning Process & Timeline >

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2023 Provisional Budget



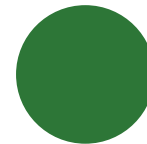
Service Planning Process

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.



Budget Guidelines

Annual Board approval of the Financial Management Strategies and Guidelines

Review Process

- Board approved Financial Planning Guidelines (Spring 2022)
- Select Committees & Commissions (Fall)
- Electoral Area Committee (Fall)

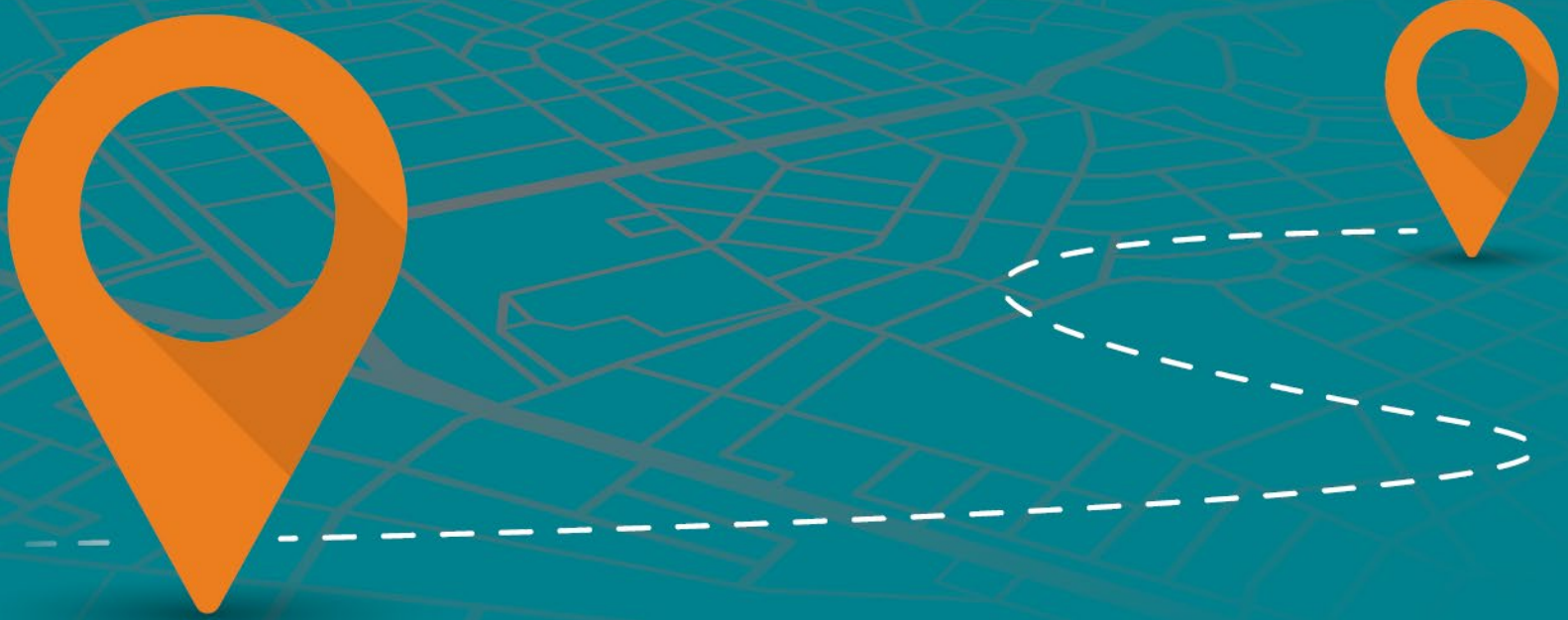
Provisional Budget

- Committee of the Whole review (September 2022)
- Requests authority to expend January through March 2023

Final Budget

- Authority for expenditures in Operating & Capital Budgets
- Incorporates
- BC Assessment info
- Approved by end of March 2023

Speaker: CFO



2023 Provisional Budget > Overview

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1. Consolidation (CRD, CRHD, CRHC)
2. Regional Context
3. Capital Budget
4. Operating Budget
5. Community Needs
6. Impact on Requisition



Managing Capital Investments

capital investment is 3.9x depreciation while 10% of revenue is committed to long-term debt payments



Supporting Board & Corporate Priorities

advancing initiatives to address outstanding commitments in the corporate plan



Adapting to Regional Challenges

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



Financial Sustainability

continued revenue diversification, leveraging partnerships, developing financing strategies



OPERATING



Capital Regional District
\$329M



Capital Regional Hospital District
\$33M



Capital Region Housing Corporation
\$29M

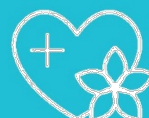
Total

\$391M

CAPITAL



Capital Regional District
\$211M



Capital Regional Hospital District
\$30M

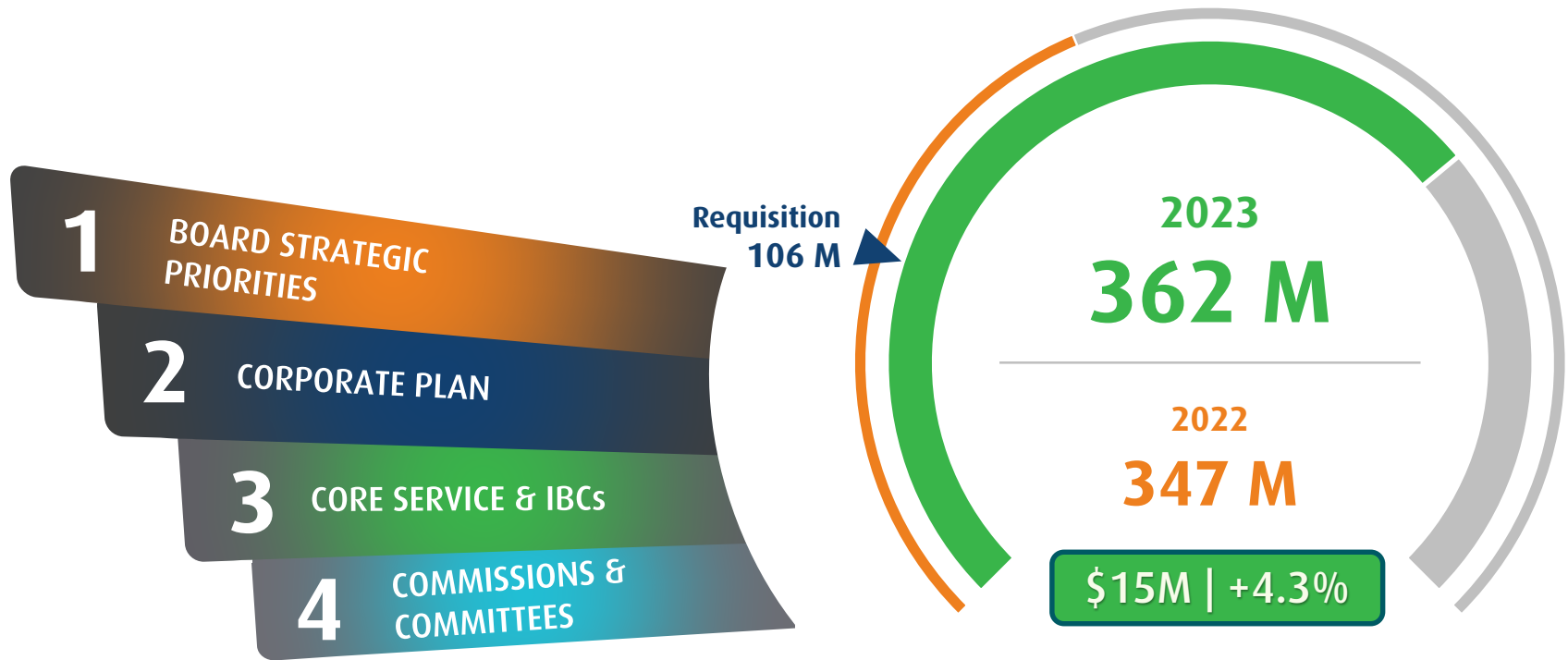


Capital Region Housing Corporation
\$49M

Total

\$290M





REQUISITION FUNDING



* Excludes \$16.5M in municipal debt which is required to flow through the CRD



Regional Context >

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2.0^B

BUILDING PERMITS
FORECASTED IN 2022

5157

HOUSING STARTS FORECASTED IN 2022



18.9%

POPULATION GROWTH SINCE 2011
FORECASTED INCREASE OF 1.4% IN 2022



5.2%

GREATER VICTORIA CPI
AS OF JULY 2022



4.1%

UNEMPLOYMENT RATE
GREATER VICTORIA AS OF JULY 2022



33%

SINGLE FAMILY DWELLING
PURCHASE PRICE \$1.4 MILLION



VISITATIONS TO REGIONAL PARKS INCREASED

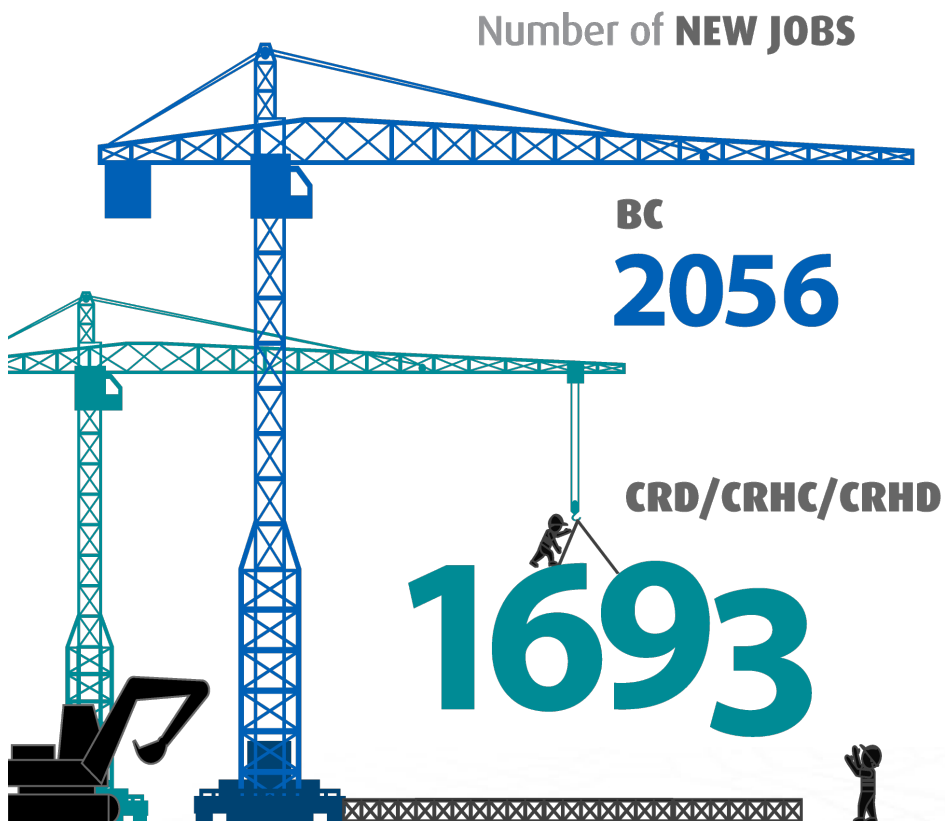
2.8x

SINCE 2008

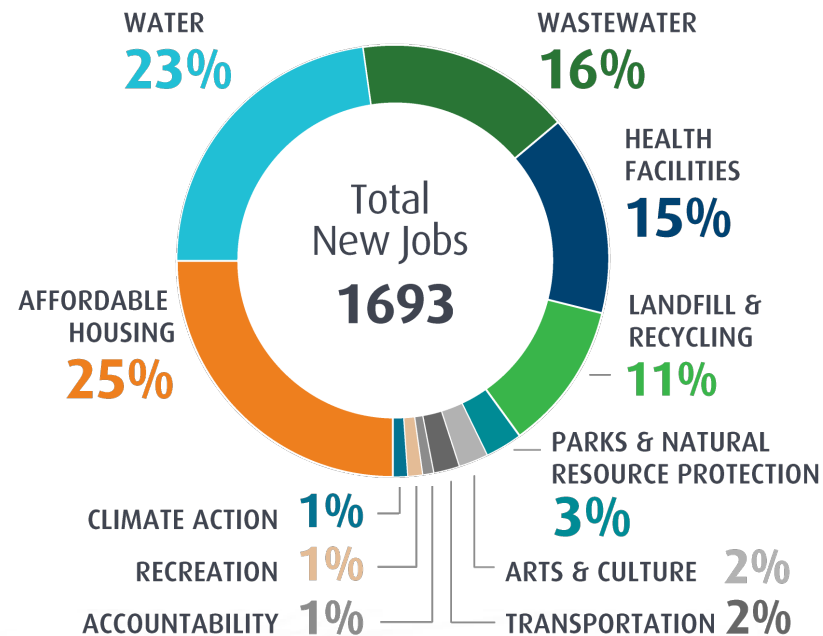


Since 2019 the CRD has added more than **750 new** dwellings. In the next 4 years, we are forecasting **adding another 800** new dwellings for a combined portfolio of **more than 2700 units** operated by the CRD by 2025.





JOB CREATION By Community Need



The consolidated capital plan combined investment of \$290M, generates an estimated 1,693 new jobs in the region through the flow of goods and services among various industries.



CRD Capital Budget >

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2022 | \$189M

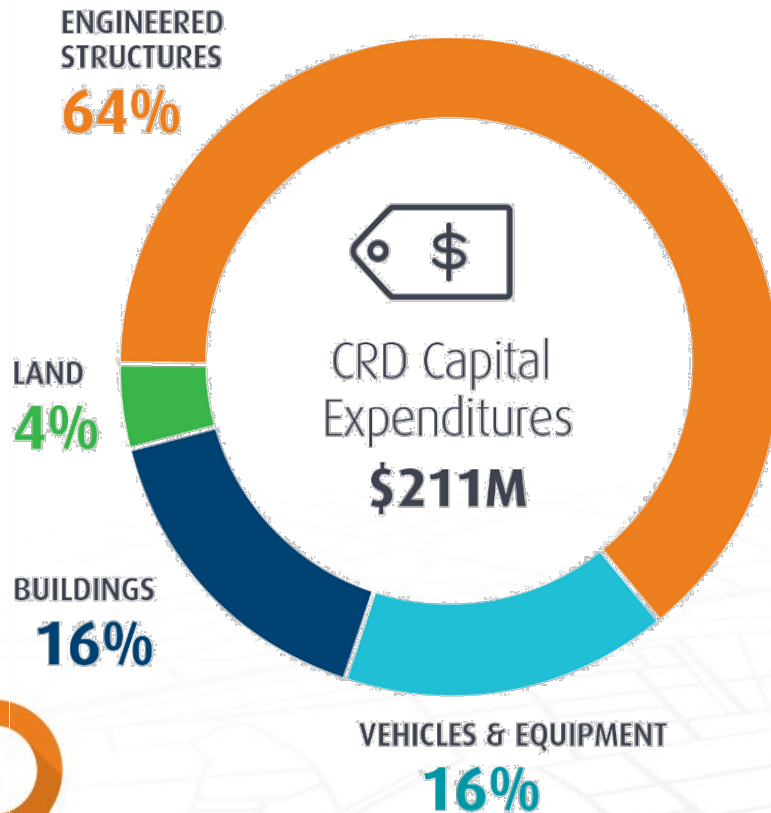


2023 | \$211M

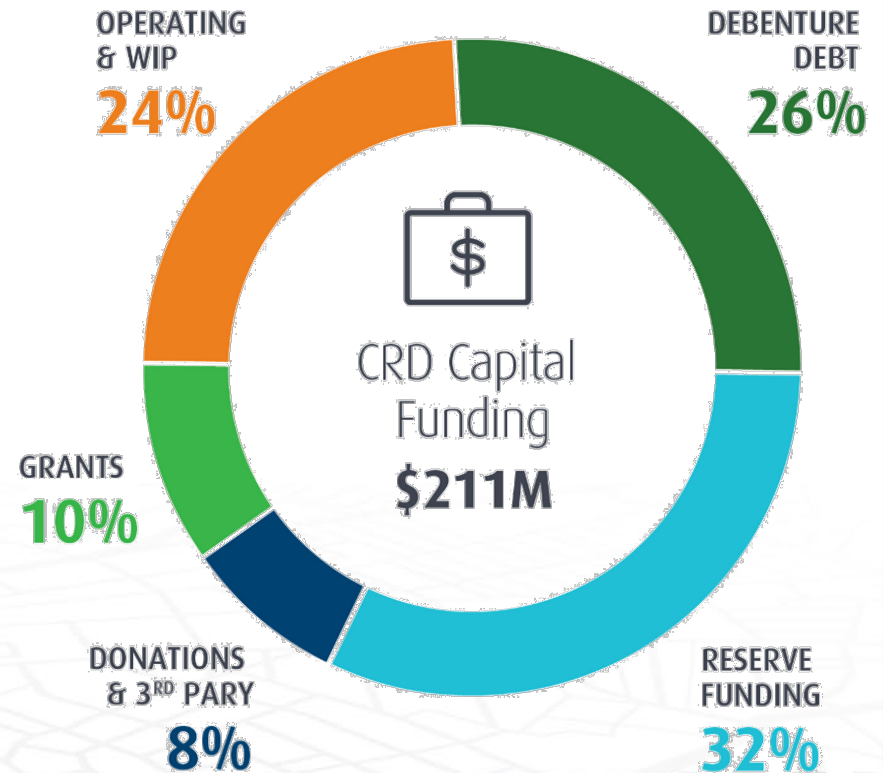


+22M | 11.5%

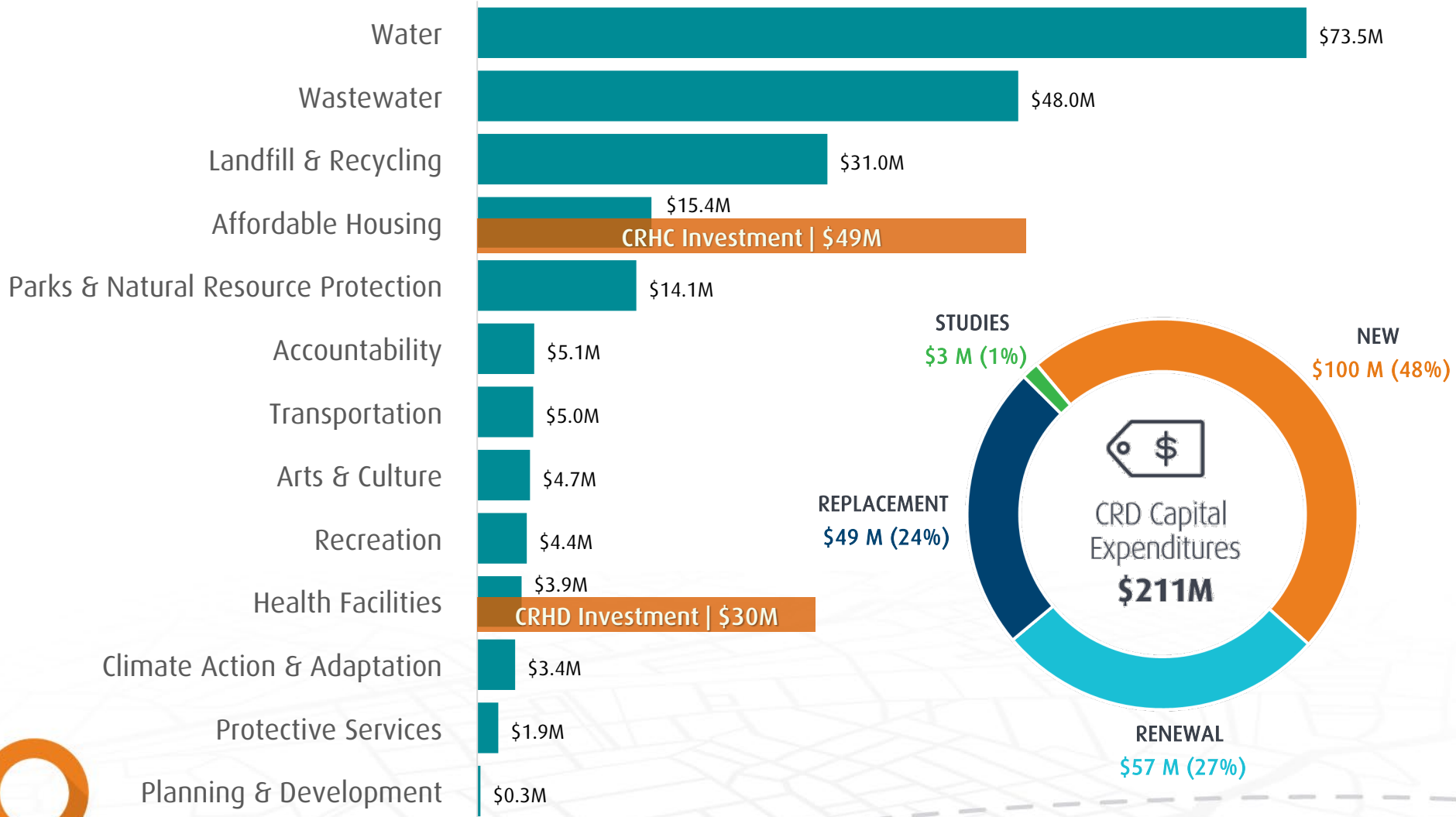
WHERE THE MONEY GOES



WHERE THE MONEY COMES FROM



Community Needs





CRD Operating Budget >

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2022 | \$313M



2023 | \$329M



\$16M | 5.0%

WHERE THE MONEY GOES

OPERATIONS

72%



CRD Operating
Expenditures
\$329M

MUNICIPAL
DEBT
5%

CAPITAL
FUNDING
8%

DEBT
SERVICING
8%

TRANSFER
TO RESERVES
7%

WHERE THE MONEY COMES FROM

SALE OF SERVICES

47%



CRD Operating
Revenue
\$329M

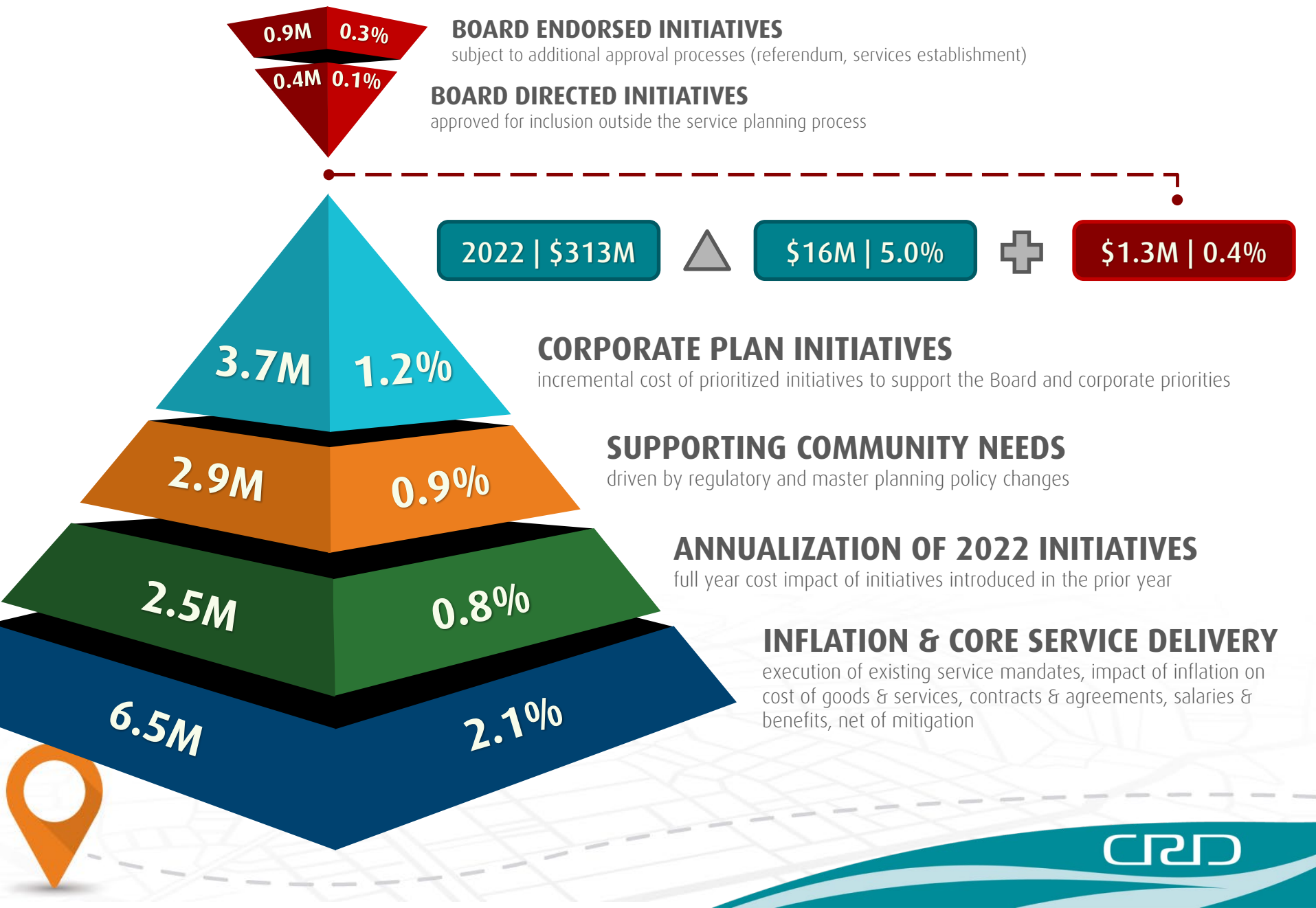
MUNICIPAL
DEBT
5%

GRANTS, RESERVES
& OTHER
8%

INTERNAL
ALLOCATIONS
16%

REQUISITIONS
24%

CRD

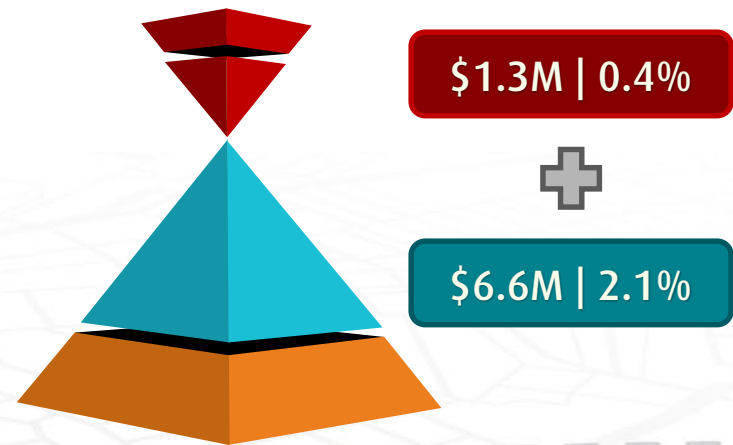


Operating Budget Driver Summary



The Corporate Plan identifies actions that respond to community needs and deliver on Board priorities. Additionally, the Plan supports the organization's ongoing service mandates and approved master plans. Together with service plans, the Corporate Plan will drive resource allocation decisions and set performance measures.

Community Need				Drivers	\$M	Community Need				Drivers	\$M
1	Affordable Housing	5	0.5			12	Arts & Culture	1	0.0		
2	Transportation	1	0.5			13	Recreation	-	-		
3	First Nations Relations	1	0.3			14	Health Facilities	1	0.0		
4	Economic Development	-	-			15	Accountability	6	2.2		
5	Climate Action & Adaptation	-	-								
6	Parks & Natural Resource Protection	1	0.2								
7	Protective Services	-	-								
8	Wastewater	3	0.4								
9	Landfill & Recycling	2	2.0								
10	Water	4	1.6								
11	Planning & Development	1	0.1								



Speaker: General
Managers



Community Needs >

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Arts & Culture



We envision strategic investment to maximize the artistic, social and economic contribution that arts organizations make to quality of life in the region.

Key trends, risks and issues

- Strong industry labour and programming rebound in 2022; early audience numbers show pent-up demand for arts experiences
- Arts & Culture Support Service has expanded from two to five granting programs and is implementing an Equity, Diversity and Inclusion (EDI) framework in multiple phases through 2023
- Applications received for granting programs have doubled since 2017


Performance

- All metrics trending as expected, reflecting support of a growing sector:
- ↳ In 2021, CRD arts grants supported the execution of over 4,000 arts events
 - ↳ In 2022, CRD funding supported 95 organizations, the most ever in its 21 year service history
- In December 2021, CRD hosted our bi-annual Arts Champions Summit that convened more than 100 local leaders

Core services adjustments

1. Adjustment to core operating to maintain existing customer-facing service levels (see initiative on next slide)
2. Additional support provided by existing staff to grant applicants through EDI framework (absorbed)

Arts & Culture

 We envision strategic investment to maximize the artistic, social and economic contribution that arts organizations make to quality of life in the region.

CRD Initiatives		\$000's		
12d-1	0.2 Full Time Equivalent (FTE) incremental staffing adjustment to an existing position to meet operational demands	\$9		
		Req	Fees	A/O
				100%

Operating cost drivers

1.297 Arts Grants and Development

- Expansion of operating and project grants programs, including doubling the budget for the Equity Grant program
- EDI support for application and adjudication processes, reducing barriers for applicants to access funding
- Increase of 0.2 FTE in support resourcing
- Constrained 2023 budget to align with Board directed guidelines of 3% upper limit



Speaker: IWS GM



Community Needs >

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Water



We envision a sustainable and resilient water supply.

Key trends, risks and issues

- Climate and environmental change impacts remain most significant risk to water supply with impacts on watershed, water demand, water quality
- Increasing water demand due to population growth and increasing operational & maintenance needs as infrastructure ages are driving asset management planning efforts and development of long term capital plans to support infrastructure investment to maintain service levels
- New service delivery model for First Nations water servicing will be implemented beginning in 2023 – Regional Water Supply Service will become service provider for participating First Nations Governments

Performance

- Increase to annual operating cost per megaliter of water due to operating cost increases (such as disinfection chemicals) and continued capital investments
- ➡ All other metrics trending as expected

Core services adjustments

1. Adjustments to core service levels to maintain existing performance levels (see initiatives on next slide)

Water



We envision a sustainable and resilient water supply.

CRD Initiatives		\$000's		
10a-7	Salt Spring Island (SSI) operations staffing adjustment for the operation of three utilities (Beddis, Fulford and Cedar Lane Water services on Salt Spring Island) previously operated by contractor (1.61 FTE)	\$456		
		Req	Fees	A/O
				100%
10a-8	Implementing dedicated Operations Manager position for SSI and SGI (South Gulph Island) utility operations (based on SSI) to ensure compliance with Environmental Operators Certification Program facility classification and operational oversight requirements (1 FTE)	\$273		
		Req	Fees	A/O
				100%
10d-3	Expand and increase watershed hydrology monitoring in the Greater Victoria Water Supply Area	\$0		
		Req	Fees	A/O
Policy Change	Migration of First Nations to bulk water rate resulting in fees to cover conveyance costs between RWS trunks and First Nations water service meters.	\$870		
		Req	Fees	A/O
			100%	



Water



We envision a sustainable and resilient water supply.

Cost drivers

2.670 Regional Water Supply

- Increase in operating materials and supply costs and agriculture water rate subsidy increase
- Budget adjustment to implement First Nations water service provider changes - conveyance fee payments for CRD/Municipal distribution system operations
- Increase in capital investments (reserve contributions and debt servicing costs partially offset by interest saving from debt retirement)

2.680 Juan de Fuca Water Distribution & 2.610 Saanich Peninsula Water Supply

- Increase transfers to Equipment Replacement Fund (vehicle replacement) and to Capital Fund to support increase in capital
- Increase in bulk water rate cost and revenue adjustment due to First Nations water servicing changes
- Increase in operating materials and supply costs

1.578 & 1.579 Environmental Protection

- Increase in transfers to Operating Reserve Fund and to Equipment Replacement Fund
- Increase in standard allocations to support services

Water



We envision a sustainable and resilient water supply.


Capital plan update

The CRD will allocate over \$31 million in 2023 on capital projects across the region that advance the Water Community Need. Projects include:

- Replacement of the Goldstream Avenue asbestos cement water main in the City of Langford and completion of a new pump station, reservoir and piping in the Rocky Point zone of the Juan de Fuca Water Distribution System
- Beginning the construction of a new Field Operations Centre building to support Regional Water Supply Watershed Operations staff and operations functions, replacing the temporary trailers currently in use
- Replacement of the Ultra Violet water disinfection equipment at the Goldstream Water Treatment Plant, beginning the Transmission Main No.4 and Transmission Main No. 3 replacement projects, and further study regarding filtration
- Capital upgrades across several of the local water services including dam repairs, distribution pipe and pump station replacements, and treatment system improvements
- Replacement of operations vehicles and equipment used for day-to-day operations and maintenance of water systems; Several electric vehicles have been procured to replace internal combustion engine vehicles



Wastewater

 We envision efficient and effective management of the region's wastewater.

Key trends, risks and issues

- Ongoing commissioning and optimization of new Core Area wastewater infrastructure including the Residuals Treatment Facility
- Operating and maintenance of other systems in region ongoing; several renewal investments planned to ensure regulatory compliance
- Biosolids: the Long Term Biosolids Beneficial Use Strategy is expected be presented to the Committee by the fourth quarter of 2023, with the finalized biosolids strategy to be submitted for provincial approval no later than June 18, 2024

Performance

- Increase to annual operating cost per megaliter of wastewater due to additional labour costs, corporate overhead costs and operating cost increases (materials, supplies and contracted services), as well as increasing capital investment (debt servicing)
- ➡ All other metrics trending as expected

Core services adjustments

1. Continued operationalization and optimization of large-scale capital investment made in Core Area wastewater (see initiatives on next slide)

Wastewater

 We envision efficient and effective management of the region's wastewater.

CRD Initiatives		\$000's		
8a-1.5	Support for lab services during evaluation of longer-term Core Area Wastewater Treatment Plant (CAWTP) requirements (1 FTE)	\$2		
		Req	Fees	A/O
				100%
8a-1.7	New resources to support CAWTP operations (2 FTE – Wastewater Treatment Operators)	\$267		
		Req	Fees	A/O
				100%
8a-1.8	New resource to support Core Area Wastewater Conveyance Operations (Manager, Conveyance)	\$168		
		Req	Fees	A/O
				100%



Wastewater

 We envision efficient and effective management of the region's wastewater.

Cost drivers

3.717 Core Area Wastewater Operations & 3.798C Core Area Wastewater Capital

- Increase in operating materials and supply costs and contracted services costs
- Corporate allocation increases including standard overhead and facilities services costs
- Labour cost increases associated with new positions necessary to support operations
- CAWTP debt servicing and new capital investments in conveyance system

1.577 Environmental Operations

- Purchase of new and replacement operations vehicles, including budget adjustments for electric vehicles

3.718 Saanich Peninsula Wastewater

- Increase in operating materials and supply costs and contracted services costs



Wastewater



We envision a sustainable and resilient water supply.

Capital plan update

The CRD will allocate over \$11 million in 2023 on capital projects across the region that advance the Wastewater Community Need. Projects include:

- Continuation of the upgrades of the Magic Lake Wastewater Treatment Plant and conveyance system.
- Continuation of the rehabilitation of the Bowker Trunk and upgrades to the building and electrical system at the Marigold Pumpstation in the Core Area.
- Assessment of the SCADA and radio communication systems.
- Upgrades to the odour control system at the Saanich Peninsula Wastewater Treatment Plant.
- Ongoing minor capital work related to the optimization of odour control and treatment process systems at the McLoughlin Point Wastewater Treatment Plant.



Speaker: PPS GM



Community Needs >

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Protective Services



We envision increased regional co-operation in protecting public safety and preparing for, responding to and recovering from emergencies.

Key trends, risks and issues

- Increased frequency of emergencies impacting region (wildfires, droughts, atmospheric rivers, etc.) and public expectation for swift government communications and assistance
- COVID-19 pandemic remains capable of requiring rapid response and action by the CRD
- Shifting regulatory framework for contracted fire services and increase in regulatory standards

Performance

- ➡ Fewer opportunities for training due to pandemic; supplementing in-person training with virtual options (metric 2)
- ➡ All other metrics trending as expected

Core services adjustments

1. Annualization of new Saanich animal care service agreement



Protective Services



We envision increased regional co-operation in protecting public safety and preparing for, responding to and recovering from emergencies.

CRD Initiatives

\$000's

No new initiatives

Operating cost drivers

1.313 Animal Care Services

- Salary changes and realignment of budget expenditure to implement new Saanich service agreement
- Reduction in salary and legal expenditure



Planning & Development

 We envision keeping approved plans current and monitoring for effectiveness.

Key trends, risks and issues

- CRD continues to support planning and development matters of regional interest including feasibility assessment for new services, data analysis (demographic, planning, development and growth management) and specialized data modelling
- Building permit revenue has rebounded from a COVID-19 pandemic drop; development application fees in the Juan de Fuca Electoral Area have similarly shown a recovery and are exceeding budget expectations for 2022
- Requests for building permit and file information continue to increase year-on-year
- BC Province grant funding to assist with COVID-19 recovery expect to come to an end in 2022; CRD supported distribution

Performance

→ All metrics trending as expected

Core services adjustments

1. Advance development of a Regional Foodlands Access service (see initiative on next slide); associated staff impacts absorbed

Planning & Development

 We envision keeping approved plans current and monitoring for effectiveness.

CRD Initiatives

\$000's

11b-1

Establishment of a regional Foodlands access service in support of the Food & Agriculture Strategy (contract funding to support identification of operational requirements, service participants and funding strategy)

\$100

Req

Fees

A/O

100%

Operating cost drivers

1.330 Regional Growth Strategy

- Increase in contract funding for 2023 initiative
- Reduction in one-time costs: Foodlands Access Interim Business Case now completed



CRD

Health Facilities



We envision effectively contributing to improved community health and well-being.

Key trends, risks and issues

- Investment ongoing to upgrade, replace and/or expand health facilities and medical equipment throughout the region
- Key projects underway including Oak Bay Lodge community engagement, demolition and planning for redevelopment and acquisition of land for future designated health facility in Royal Bay
- CRD planning for future needs and responding to emerging opportunities to meet future regional demand for health facilities

Performance


→ All metrics trending as expected

Core services adjustments

1. Adjustment to core service levels to maintain existing performance levels (see initiative on next slide); the position has so far remained unfilled until project(s) confirmed



Health Facilities

 We envision effectively contributing to improved community health and well-being.

CRD Initiatives		\$000's		
14a-1	Term position to support development and planning for new capital projects for the Capital Regional Hospital District (CRHD)	\$5		
		Req	Fees	A/O
				100%

Operating cost drivers

All budgets meet requirements from Financial Guidelines 2023



Transportation



We envision that residents have access to convenient, green and affordable multi-modal transportation systems that enhance community well-being.

Key trends, risks and issues

- Enhanced collaboration among regional stakeholders remains key to securing more infrastructure dollars and prioritizing regional goals and long-term, sustainable growth
- CRD Board-endorsed regional transportation priorities are now directing much of staff's work
- 2022 release of census data will kick-off the development of the origin and destination household travel survey and regional transportation survey; results will be published in 2023


Performance

- Active school travel planning projected to be lower in 2023 due to capacity impacts in schools from COVID-19 pandemic
- ➡ All other metrics trending as expected

Core services adjustments

1. Initiating work to explore options for in-year transportation data reporting (absorbed)
2. Pilot a Sustainable Commute Planning initiative with the Department of National Defense and other local stakeholders (absorbed; redeploying resources from active school travel planning initiative)

Transportation

 We envision that residents have access to convenient, green and affordable multi-modal transportation systems that enhance community well-being.

CRD Initiatives			\$000's		
2e-3	Establish a transportation service and Commission for the Southern Gulf Islands (if approved by referendum in October 2022)		\$475		
			Req	Fees	A/O
			100%		

Board Endorsed Initiative

Operating cost drivers

All budgets meet requirements from Financial Guidelines 2023



Affordable Housing



We envision that residents have access to affordable housing that enhances community well-being.

Key trends, risks and issues

- The service is experiencing a number of competing forces:
 - varying availability and nature of provincial and federal programs for the non-profit housing sector, and increasing competition for the funds
 - an increase in funding streams available coupled with more complex application requirements, higher levels of oversight/reporting
 - a changing external environment including housing market demographics, supply chain and inflation pressures, and increasing property acquisition costs
- The combination of factors are generating a complex environment and the CRD is adjusting its approaches to meet these changes

Performance

→ All metrics trending as expected

Core services adjustments

1. Continued operationalization of large-scale capital investments made in housing (see initiatives on next slide)

Affordable Housing



We envision that residents have access to affordable housing that enhances community well-being.

CRD Initiatives		\$000's		
1a-2	Housing Planning & Capital Region Housing Corporation (CRHC) Operations: invest in/build Provincial Income Assistance rate, market rate & affordable housing units through the Regional Housing First Program and operate housing projects through the CRHC	\$177		
		Req	Fees	A/O
				100%
1a-4	Development of a housing supply program for consideration by the Board as follow-up to Regional Housing First Program	\$122		
		Req	Fees	A/O
				100%
1a-10	Creation of term positions to support effective delivery and administration of increasing Reaching Home program funds	\$23		
		Req	Fees	A/O
				100%
1a-11	Implementation of the Southern Gulf Island Housing Strategy and coordination of program	\$16		
		Req	Fees	A/O
				100%



Affordable Housing

 We envision that residents have access to affordable housing that enhances community well-being.

Board-Directed Initiatives		\$000's		
1a-7	Funding for the Aboriginal Coalition to End Homelessness	\$150		
		Req	Fees	A/O
		100%		

Board Directed Initiative



Affordable Housing



We envision that residents have access to affordable housing that enhances community well-being.

Operating cost drivers

1.310 Land Banking & Housing (Regional Housing)

- Increase in staffing complement and one-time costs resulting from 2023 initiatives
- Reduction in one-time costs: Southern Gulf Islands Housing Strategy completed & end of Term position
- Deferral of debt servicing to 2024

Capital Plan

- Staff have been directed to identify available funding for a scaled-up regional housing program in the 2023 budget
- 2023 Provisional Budget includes \$122,000 to undertake analysis and development of a housing supply program for implementation in 2023-24
- Within the current borrowing capacity, CRD has ~\$10M as “seed investment” once debt obligations retire in 2025
- Should the Board wish for additional borrowing capacity, an amendment to service establishment bylaws would be required



Speaker: PES GM



Community Needs >

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Recreation



We envision residents having access to appropriate and affordable recreation opportunities.

Key trends, risks and issues

- Despite loosening of restrictions and a strong rebound for some registered programs, COVID-19 continues to impact the public's willingness to participate in non-registered recreational activities
- Recruitment for recreation staff is currently highly competitive putting pressure on program delivery
- Panorama's Strategic Plan 2022-2026 has set priorities for future infrastructure investments
- SEAPARC's infrastructure is aging and asset management plans to support renewal and replacement is being developed

Performance

→ SEAPARC: all metrics trending as expected or better

- ↳ In 2021, SEAPARC metrics exceeded targets (fitness/weights admissions, user funding ratio & community recreation program revenue)
- ↳ In 2022, resumption of regular operations (post-COVID) at SEAPARC continues positive trend (further increases in fitness/weights admissions, membership sales, user funding ratio and community recreation program revenue anticipated)

→ Panorama: all metrics trending as expected

- ↳ In 2022, registered programs returning to pre-COVID levels; admissions & membership slow recovery to pre-COVID level (attendance to June 2022 65% of same period in 2019)

Recreation



We envision residents having access to appropriate and affordable recreation opportunities.

Core services adjustments

1. Responsibility for two services (Juan de Fuca Recreation Programs and Port Renfrew Community Centre) have been transferred from Regional Parks to Juan de Fuca Local Area Services to better alignment (absorbed)
2. Peninsula Recreation service took on operation of a new multi-sport court (absorbed)

CRD Initiatives

\$000's

No new initiatives



Recreation



We envision residents having access to appropriate and affordable recreation opportunities.

Operating cost drivers

1.40X SEAPARC

- Increase transfers to Operating Reserve Fund (reduce capital deficit) and Equipment Replacement Fund
- Increase in standard allocations to support services

1.44X PANORAMA RECREATION

- Increase transfers to Capital Reserve Fund and Equipment Replacement Fund to pre-COVID level
- Increase in standard allocations to support services

All other budgets meet requirements from Financial Guidelines 2023



Climate Action & Adaptation



We envision reduced GHG emissions, triple bottom-line solutions and progress on adaptation.

Key trends, risks and issues

- Climate action is a shared responsibility; CRD's role is focused on data and research, education/outreach, coordination among local governments, regional program delivery, and managing emissions and adaptation within its own service delivery
- CRD Board declared a Climate Emergency in February 2019 and approved a renewed Climate Action Strategy in late 2021
- While there was an increase in corporate greenhouse gas emissions (GHGe) between 2007 & 2021, CRD has started to adopt policies to sustain efforts to achieve future targets; implementation costs of such policies will be considered as investment decisions come up for approval
- CRD Climate Action service levels increased in 2022 to focus on regional electric vehicle charging, residential energy retrofits and corporate energy management measures

Performance

- ➔ Regional GHGe: approximately 1.8m tCO₂e in 2020
 - ↳ 9.8% reduction between 2007 and 2020, 5.2% between 2018 and 2020
- ➔ Corporate GHGe: 3,834 tCO₂e in 2021
 - ↳ 28% increase between 2007 and 2021 due to increases in service levels and associated infrastructure



Climate Action & Adaptation



We envision reduced GHG emissions, triple bottom-line solutions and progress on adaptation.

Core services adjustments

None

CRD Initiatives

\$000's

No new initiatives*

**A number of ongoing projects and initiatives are being implemented*

Operating cost drivers

1.309 Climate Action & Adaptation

- Annualization of initiatives implemented in 2022
- Increase in transfers to Capital Fund and Operating Reserve Fund to leverage grant-supported initiatives implemented in 2023-2026
- Increase to climate action project funds from new BC Local Government Climate Action Program

Landfill & Recycling

 We envision minimizing waste disposal and maximizing waste diversion.

Key trends, risks and issues

- Volumes of public waste drop-off at Hartland landfill continues to increase due to active real estate market
- While the new Solid Waste Management Plan sets the direction for future waste reduction targets the CRD Board has expressed an interest in achieving more ambitious targets
- To ensure continuity of service for diversion and processing, kitchen scraps transfer station has been relocated and staffing level extended

Performance

- Per capita waste disposal rates increased
 - ↳ In 2022, forecasted to be 410 kg/capita (target = 380 kg/capita)
- ➔ All other metrics trending as expected, reflecting strong technical and environmental performance at Hartland:
 - ↳ In 2021, landfill gas capture of over 70% (target = 75%)
 - ↳ In 2022, waste compaction test to date averaging 920 kg/m³ (target = 850 kg/m³)

Core services adjustments

1. Adjustments to core service levels to maintain existing performance levels (see initiative on next slide)

Landfill & Recycling

 We envision minimizing waste disposal and maximizing waste diversion.

CRD Initiatives

\$000's

9b-0.3 Extension of term position to facilitate the consolidation and trucking of materials brought to the Hartland kitchen scraps transfer station by commercial waste haulers

(\$4)

Req	Fees	A/O
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	100%	
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Master Plan Impacts Core service adjustments to waste management including household hazardous waste disposal, disaster debris management, and construction & demolition as a result of implementing various initiatives in the solid waste master plan.

\$2,038

Req	Fees	A/O
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	100%	
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Operating cost drivers

1.521 & 1.525 Environmental Resource Management

- Expansion of waste diversion programs/funding to enhance implementation of Solid Waste Management Plan
- Increased funding for Hartland operations to manage increased waste volumes and accelerated capital projects
- Debt servicing increase resulting from borrowing required to fund 2023 capital plan
- Increased corporate overhead allocation
- Increased costs fully offset by tipping fees and thirds party revenues

Landfill & Recycling

 We envision minimizing waste disposal and maximizing waste diversion.

Capital plan update

- In 2023, two significant Hartland capital investments have been prioritized and accelerated representing over \$50 million in capital that will be invested in this valuable regional asset:
 - ↳ Hartland North liner to improve environmental integrity at the north end of the Hartland site
 - ↳ Development of the Renewable Natural Gas facility at Hartland, bringing financial and environmental benefits to the region



Parks & Natural Resource Protection



We envision additional land acquisitions and increased access to parks and recreational trails.

Key trends, risks and issues

- First Nation Reconciliation – important to provide for culturally safe, meaningful engagement, plan for land altering works, celebrate indigenous perspective through education and communication, and protect cultural values in regional parks
- Rapid growth in development sites and density, as well as changing demographics, leading to further increases to already high volumes of visitors to regional parks
- Some critical infrastructure in regional parks is nearing the end of its lifespan and needs improvements to support demands they were not built for; increasing cost of materials and complexity of projects has led to high costs for these major capital projects
- Increased costs associated with regional trails and their role in active transportation, as cost of living is driving more people to alternative modes of transportation
- Ongoing monitoring and research required to evaluate success of conservation programs, the impact of activities on parks and to determine where additional efforts may be required

Performance

- %age of critical infrastructure in the Regional Parks and Trails system in “good” or “very good” condition is dependent on receiving grant application funding
- In 2022, number of volunteers close to pre-COVID of 500 active volunteers
- +26 FTEs approved in 2022 budget (10 for 2023)
- Regional Parks and Trails Strategic Plan 2022-2032 approved on interim basis for one year

Parks & Natural Resource Protection

 We envision additional land acquisitions and increased access to parks and recreational trails.

Core services adjustments

- 1. Continued implementation of changes to Regional Parks operations started in 2022

CRD Initiatives	\$000's
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6h-1	Regional coordination of Canada Goose population through a new service	\$237		
		Req	Fees	A/O
		100%		

Board Endorsed Initiative



Parks & Natural Resource Protection



We envision additional land acquisitions and increased access to parks and recreational trails.

Operating cost drivers

1.280 Regional Parks

- Annualization of new FTEs
- Increase in standard allocation for support services
- Inflation of goods and services

Capital Plan

- Regional Parks' Five Year Capital Plan lays out the overall funding strategy for capital investment priorities
- Grants are considered in the capital plan; \$14 million in grant requests are included in the plan for priorities 1, 2 and 3 of the regional trail widening and lighting project. If all, or some, of the grant funding is not obtained for the widening and lighting project, the funding of that project will reduce the availability of capital funds for other park projects and the widening and lighting project will be stretched out over a decade or more
- Regional Parks' Five Year Capital Budget is fully subscribed on asset renewals to address critical infrastructure, public safety and meet regulatory requirements around dams
- Should the CRD fail to secure the grants, a revised Five Year Capital Plan and options will be brought forward



Speaker: CO



Community Needs >

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First Nations Relations



We envision strong relationships with First Nations based on trust and mutual respect, partnerships and working together on shared goals.

Key trends, risks and issues

- Increasing requests from First Nations for direct government-to-government meetings and for say in all decisions that impact their traditional territories; expectation that agreements and communications frameworks will guide work with CRD
- Increasing interest by CRD divisions and Regional Board to involve First Nations in collaborative processes; capacity to participate in such processes in a meaningful way is finite for all parties involved
- Ongoing treaty negotiations in the region are in the final stages


Performance

→ All metrics trending as expected

Core services adjustments

1. Advancing cultural safety through further cultural competency training opportunities (absorbed)
2. Participation in Reconciliation Agreement processes (absorbed)
3. Increasing levels of emergent issues and opportunities monitoring resulting in increasing workloads (absorbed)

First Nations Relations

 We envision strong relationships with First Nations based on trust and mutual respect, partnerships and working together on shared goals.

Board-Directed Initiatives		\$000's		
3a-1.1	Government to Government Relationship Building	\$250		
		Req	Fees	A/O
		100%		

Board Directed Initiative

Operating cost drivers

Budget meets requirements from Financial Guidelines 2023



Speaker: CAO



Community Needs >

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Accountability



We envision being leaders in organizational performance, transparency and service delivery.

Key trends, risks and issues

- Competition in labour markets is extremely high; divisions are working on strategies to redefine operations to ensure an appropriate pools of candidates can be attracted for every vacancy
- Modernizing efforts continue to improve information management, records management, financial systems and corporate communications through a range of technology-based systems and tools
- Demand for support services (financial services, Information Technology (IT) & Geographic Information System (GIS), human resources and corporate safety, etc.) remains at an all-time high

Performance

→ All metrics trending as expected

Core services adjustments

1. Responsibility for supervising operations procurement in Integrated Water Services has been transferred to the Legal Services division to better alignment (absorbed)

Accountability



We envision being leaders in organizational performance, transparency and service delivery.

CRD Initiatives

\$000's

15a-1

Creation of elected Local Community Commission for Salt Spring Island with delegated authority to oversee island-wide services

\$173

Req

Fees

A/O

97%

3%

Board Endorsed Initiative

15a-1.1

Staffing adjustment to Salt Spring Island Administration existing position to meet operational demand

\$3

Req

Fees

A/O

100%

15f-1.15

Digital Communications Governance & Support Services: transitioning to digital tools to meet changing needs and expectations of employees and the public. Enhancing capacity to deliver digital marketing focusing on campaigns, a data-driven strategy and social media presence

\$448

Req

Fees

A/O

100%



CRD

Accountability



We envision being leaders in organizational performance, transparency and service delivery.

CRD Initiatives (continued)		\$000's		
15f-1.9	Upgrade and migration of end-of-life Enterprise Resource Management software to current version	\$951		
		Req	Fees	A/O
				100%
15f-1.23	Implementation of a corporate project management system	\$635		
		Req	Fees	A/O
				100%
15f-1.24	Staffing adjustment to existing position in Financial Services to meet operational demand	\$20		
		Req	Fees	A/O
				100%



Accountability



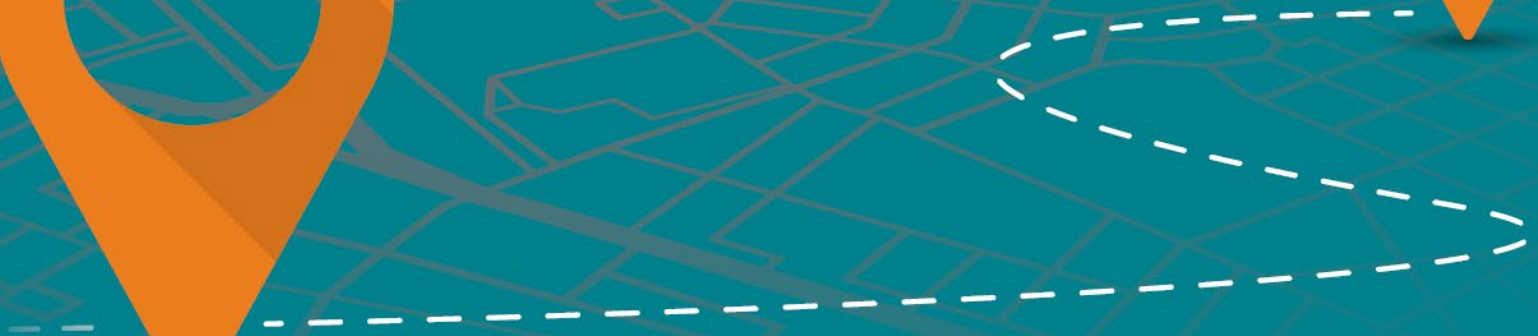
We envision being leaders in organizational performance, transparency and service delivery.

Operating cost drivers

A number of support services budgets sit under the Accountability umbrella. The key drivers impacting the budgets are:

- Annualization of initiatives implemented in 2022
- Increase in expenditure to fund 2023 initiatives
- Increase in inflationary costs, including contract for services, maintenance and lease management fee costs
- Ongoing transformation to Fisgard Headquarter to densify building occupation and accommodate new staff



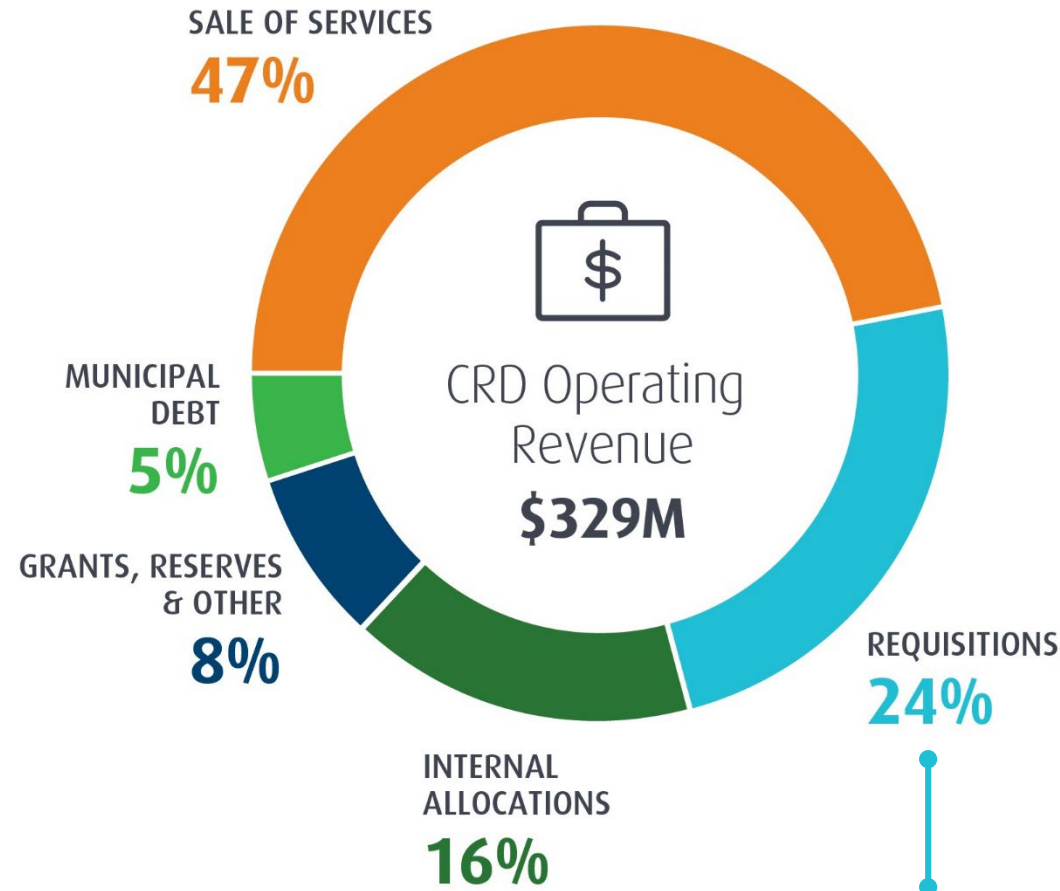


CRD Operating Budget Funding >

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Sale of Services	154
Requisitions	80
Internal Allocations	54
Grants, Reserves & Other	25
Municipal Debt	16
Total	\$329M

2023 Provisional	2022 Final	Δ \$	Δ %
\$79.9M	\$78.1M	\$1.8M	2.3%



BOARD DIRECTED & ENDORSED INITIATIVES +\$1.3M +1.6%

Municipalities & EAs	Impact of Cost Apportionment	CRD Provisional	Cost per HH CRD & CRHD excl. Muni Debt
Central Saanich	-	2.6%	2.2%
Colwood	-	0.5%	0.4%
Esquimalt	-	2.0%	1.6%
Highlands	-	(0.7%)	(0.4%)
Langford	-	1.4%	1.1%
Metchosin	-	2.2%	1.4%
North Saanich	-	1.7%	1.3%
Oak Bay	-	(0.5%)	(0.3%)
Saanich	-	2.5%	1.6%
Sidney	-	1.2%	0.9%
Sooke	-	2.7%	2.2%
Victoria	-	2.4%	1.5%
View Royal	-	2.8%	1.8%
Juan de Fuca	-	3.4%	2.8%
Salt Spring Island	-	4.0%	3.5%
Southern Gulf Islands	-	2.5%	2.0%
Total	-	2.3%	1.8%



BOARD DIRECTED & ENDORSED INITIATIVES +1.6%

+1.2%



Managing Capital Investments

capital investment is 3.9x depreciation while 10% of revenue is committed to long-term debt payments



Supporting Board & Corporate Priorities

advancing initiatives to address outstanding commitments in the corporate plan



Adapting to Regional Challenges

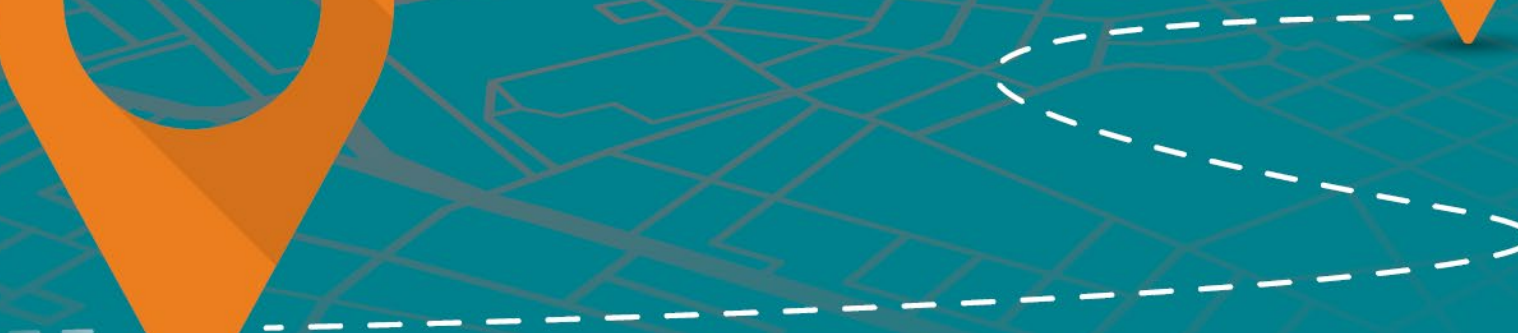
extraordinary economic environment, labour market conditions, unprecedented growth in asset utilization



Financial Sustainability

continued revenue diversification, leveraging partnerships, developing financing strategies





Questions >

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