2021-2025 Financial Plan Overview

Jerry W. Dobrovolny
COMMISSIONER/CHIEF ADMINISTRATIVE OFFICER

Dean Rear
GENERAL MANAGER, FINANCIAL SERVICES/CHIEF FINANCIAL OFFICER

Climate Action Committee
Reflecting Feedback

• Observing 2020 Budget Process
  o Strengths
  o Opportunities for Improvement
Strengths

• Strong financial position
• Process includes multiple layers of scrutiny
• Board Strategic Plan and 5 Year Financial Plan
  • Provides foundation
Opportunities for Improvement

- Overall picture of the budget at the Committee level
- Earlier direction from the Board
- Greater input and transparency around decision making
- Increased understanding of evolving municipal challenges
Board Direction from June Workshop

Short-term Relief for Households
   Leverage supported tools to create a short-term action plan
   (1-3 years)

Maintain current goals and objectives
   Continue work on strategic and long-range plans

Realize New Opportunities
   Partner on projects to increase affordable housing
   Reduce GHGs
   Help drive economic recovery
Realizing New Opportunities

- Expanding affordable rental housing through strategic redevelopment and partnerships
  - 7-8 projects over 5 years (750-900 units)
- Waste-to-Energy District Energy
  - Up to 70,000 tonnes of GHG reductions per year
- Project delivery – maximizing local benefits
Toolbox

Continuous Improvement

Capital Plan Deferrals

Demand Side Management

Reduce Pay-as-you-go

Increase Debt Amortization Term

Asset Management Plans
- Minimize asset failure risks and impact to customers
- Optimize lifecycle value
- Meet asset performance targets

Financial Management Policy
- 15 Year Amortization Period
- Pay-as-you-go to ensure <40% debt servicing cost
Continuous Improvement

- Opportunities for continuous improvement
  - Find efficiencies
  - Improve service
- Annacis Cogen Expansion: $1.5M savings in 2020
- Identified 2021 opportunities:
  - Fraser Valley Gravel Pit Reclamation - $1.7M savings
  - Lulu Island Green Biomethane Sales Revenue - $860k in revenue
  - In-house Engineering and Design - $500k savings
  - COVID Claims Management on over 50 projects
Project Review

• Review of over 300 capital projects
  ○ Numerous adjustments to workplans and schedules
• Leveraging conservation efforts to defer growth-related infrastructure projects (demand side management)
Project Review

Capital Plan Deferrals

- Capital plan includes deferring key phases of the Coquitlam Water Supply project
- Unique opportunity to significantly increase water conservation efforts to achieve long-term per capita reductions
Capital Plan Requirements

*Infrastructure Resilience*

- Aging Infrastructure
- Climate Change Adaptation

**Before**

Coquitlam Interceptor: corroded section of pipe

Iona Wastewater Treatment Plant: Flood Protection

**After**

Clayton Langley Main Valve Chamber Refurbishment

Climate Action Committee
Financial Tools

• Financial tools used to provide short-term relief:
  o Changing amortization period to 30 years for the next 2 years
  o Eased pay-as-you-go funding for next 3 years
## Budget Adjustments

<table>
<thead>
<tr>
<th>$967.5 M</th>
<th>Prior Projection for 2021 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>$42</td>
<td>Increase for the average household in 2021 (Water: $7, Liquid Waste: $26, Solid Waste: $3, MVRD: $6)</td>
</tr>
<tr>
<td>$602</td>
<td>Average annual costs for all Metro Vancouver services</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>$939.5 M</th>
<th>Proposed 2021 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>$17</td>
<td>Increase for the average household in 2021 (Water: $2, Liquid Waste: $8, Solid Waste: $0, MVRD: $7)</td>
</tr>
<tr>
<td>$577</td>
<td>Average annual costs for all Metro Vancouver services</td>
</tr>
</tbody>
</table>
## Overall Household Impact 2021-2025

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Water District</strong></td>
<td>$172</td>
<td>$174</td>
<td>$178</td>
<td>$182</td>
<td>$197</td>
<td>$217</td>
</tr>
<tr>
<td><strong>Liquid Waste</strong></td>
<td>$264</td>
<td>$272</td>
<td>$289</td>
<td>$310</td>
<td>$344</td>
<td>$385</td>
</tr>
<tr>
<td><strong>Solid Waste</strong></td>
<td>$61</td>
<td>$61</td>
<td>$63</td>
<td>$65</td>
<td>$67</td>
<td>$70</td>
</tr>
<tr>
<td><strong>Regional District</strong></td>
<td>$63</td>
<td>$70</td>
<td>$73</td>
<td>$77</td>
<td>$81</td>
<td>$82</td>
</tr>
<tr>
<td><strong>Total Household Impact</strong></td>
<td>$560</td>
<td>$577</td>
<td>$603</td>
<td>$634</td>
<td>$689</td>
<td>$754</td>
</tr>
<tr>
<td><strong>% Change</strong></td>
<td>3.2%</td>
<td>4.2%</td>
<td>5.2%</td>
<td>8.8%</td>
<td>9.4%</td>
<td></td>
</tr>
<tr>
<td><strong>Prior Year Forecast</strong></td>
<td>$602</td>
<td>$655</td>
<td>$708</td>
<td>$755</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Prior Year % Change</strong></td>
<td>7.4%</td>
<td>9.0%</td>
<td>8.0%</td>
<td>6.7%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Long-term Household Impacts of Financial Levers
2021 Budget Approval (Oct)

Strategic Plan Update (Feb 2021)

Board Budget Workshop (Spring 2021)

• 2022 Budget Cycle will continue to prioritize:
  o Continuous improvement to realize cost savings and efficiency gains, including delivery mechanisms for capital projects
  o Exploring alternatives to building new infrastructure i.e. demand side management strategies
  o Sound fiscal management
  o Understanding of municipal challenges
  o Early direction from Boards and Committees
Financial Plan Overview
Overview:
• 2020 Operating Budget: $894.3M
• 2021 Operating Budget: $939.5M (5.1%)
• $28M less than previously projected for 2021

Drivers:
• Increase in Operations averages 2.2% over 5 years
• Debt servicing reflective of the capital program, but favorable rates and 30 year amortization in 2021/22
• Easing Contribution to Capital in 2021/22/23 - Refocusing in 2024/25
Overview:
• Primary funding sources - water sales, sewer levy, tipping fees, rents, MVRD requisition
• Expecting relative stability for primary sources
• Continued focus on alternate sources

Drivers:
• Assumed Water DCC revenue received and applied starting in 2023
• Assumed partner funding for upcoming major capital projects, reduces pressure on levies/rates
• Assume return to the Financial Management Policy in 2024/25
Overview:
- 2020 Capital Budget: $1.41B
- 2021 Capital Budget: $1.52B
- Increase: $110.0M (7.8%)

Drivers:
- Capital project in progress carried forward
- Reviewed for deferrals and savings
- Project risks and scope provisions

Climate Action Committee
Questions
Neal Carley
GENERAL MANAGER, PARKS AND ENVIRONMENT

Climate Action Committee – October 16, 2020
AIR QUALITY & CLIMATE CHANGE OVERVIEW
Air Quality & Climate Change over the next 5 years

• Implementation of the Climate 2050 roadmaps, acceleration of climate actions towards carbon neutrality;
• Air quality regulation development and enforcement, to protect health and environment;
• Accessible air quality data to inform the public during advisory situations.
# PERFORMANCE METRICS

<table>
<thead>
<tr>
<th>Key Performance</th>
<th>Past Performance (Average)</th>
<th>Expected Performance 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Greenhouse Gas Emissions</td>
<td>6.3 to 4.8 tonnes per capita per year</td>
<td>4.2 tonnes per capita</td>
</tr>
<tr>
<td>Emissions (tonnes CO₂e/capita)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Greenhouse Gas Emissions</td>
<td>60 – 100% carbon neutral</td>
<td>100% carbon neutral</td>
</tr>
<tr>
<td>Emissions (tonnes CO₂e)</td>
<td></td>
<td>(0 tonnes CO₂e)</td>
</tr>
<tr>
<td>Days under air quality advisory</td>
<td>0 – 7 days</td>
<td>0 days</td>
</tr>
<tr>
<td></td>
<td>(impacted by wildfires outside of region)</td>
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## CONTINUOUS IMPROVEMENT

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate 2050, roadmaps</td>
<td>Dynamic, evolving roadmaps moving us towards a carbon neutral, resilient region</td>
</tr>
<tr>
<td></td>
<td>Expanding portfolio of corporate climate action and carbon credit projects, to maintain corporate carbon neutrality</td>
</tr>
<tr>
<td>Air quality bylaws, regulations, permits</td>
<td>Improved emissions control technologies, and lower emitting equipment and industrial processes</td>
</tr>
<tr>
<td>Air quality standards and objectives</td>
<td>More stringent standards, supported by regularly updated monitoring technology</td>
</tr>
</tbody>
</table>
BUDGET OVERVIEW

2021 Operating Budget Breakdown - Air Quality

- Ambient Air Quality Monitoring
- Engineers in Training
- Communications Program
- Allocation of Centralized Support
- Air Quality and Climate Change Policy
- Regional Sustainability Initiatives
- Environmental Regulation and Enforcement
- Air Quality Bylaw and Regulation Development
- Administration and Department Support
- Contribution to Reserve

2021 MV Budget, $939.5M

Air Quality, $11.7M
Overview:

2020 Operating Budget: $11.9M
2021 Operating Budget: $11.7M
(1.5% decrease)

Drivers for Change:
- Reduction in consulting
- 2021 SIF process in 2021
- Reduction in legal fees
Overview:
2020 Operating Budget: $11.9M
2021 Operating Budget: $11.7M
(1.5% decrease)

Drivers for Change:
• Regulatory fees declining
• Consultation underway on fees
• 2021 SIF Process

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• Regulatory fees declining
• Consultation underway on fees
• 2021 SIF Process
## OPERATING HIGHLIGHTS

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<tr>
<th>Budget Year</th>
<th>Initiative</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>Climate 2050 Clean Air Plan</td>
<td>Initial roadmaps, annual report</td>
</tr>
<tr>
<td></td>
<td>Bylaws and regulations</td>
<td>Board adoption</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fees bylaw, non-road diesel engines</td>
</tr>
<tr>
<td>2022</td>
<td>Climate 2050 Bylaws and regulations Monitoring and indicators</td>
<td>Continue roadmap implementation; assess IPCC report Outreach on residential wood burning Next regional emissions inventory</td>
</tr>
<tr>
<td>2023</td>
<td>Climate 2050 Bylaws and regulations</td>
<td>Continue roadmap implementation; SIF projects Development per 5 year plan and as new priorities arise</td>
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<td>2024</td>
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## AIR QUALITY FINANCIAL PLAN SUMMARY

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<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Expenditures ($ Millions)</strong></td>
<td>$11.9</td>
<td>$11.7</td>
<td>$11.6</td>
<td>$11.5</td>
<td>$12.0</td>
<td>$12.3</td>
</tr>
<tr>
<td><strong>% Change</strong></td>
<td>(1.5%)</td>
<td>(1.0%)</td>
<td>(0.3%)</td>
<td>4.0%</td>
<td>2.5%</td>
<td></td>
</tr>
<tr>
<td><strong>MVRD Requisitions ($ Millions)</strong></td>
<td>$5.6</td>
<td>$6.5</td>
<td>$7.3</td>
<td>$7.4</td>
<td>$7.9</td>
<td>$8.3</td>
</tr>
<tr>
<td><strong>% Change</strong></td>
<td>16.4%</td>
<td>13.4%</td>
<td>0.6%</td>
<td>6.5%</td>
<td>5.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Household Impact ($)</strong></td>
<td>$5</td>
<td>$6</td>
<td>$6</td>
<td>$6</td>
<td>$7</td>
<td>$7</td>
</tr>
<tr>
<td><strong>% Change</strong></td>
<td>14.4%</td>
<td>11.4%</td>
<td>(1.1%)</td>
<td>4.7%</td>
<td>3.3%</td>
<td></td>
</tr>
<tr>
<td><strong>Prior Cycle Household Impact Change (%)</strong></td>
<td>9.2%</td>
<td>2.9%</td>
<td>0.7%</td>
<td>4.2%</td>
<td>N/A</td>
<td></td>
</tr>
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</table>
ADDITIONAL ENGAGEMENT

EMISSIONS FROM CANNABIS PRODUCTION

Julie Saxton
ACTING DIVISION MANAGER, BYLAW & REGULATION DEVELOPMENT

Climate Action Committee, October 16, 2020
Cannabis Cultivation in Metro Vancouver

- Emissions may contribute to ground-level ozone formation
  - Conflicts with strategic direction
- Permit required for authorization of discharges
- Emissions can also be odorous
- Major source of complaints
Consultation – Phase 1

• Feedback themes
  • Metro Vancouver’s authority to regulate emissions from cannabis sector
  • Impacts of regulation on cannabis sector
  • Feasibility and costs for cannabis sector
  • How a regulation would be implemented
  • The scientific rationale for regulating this source
  • Concern about future regulation of other agricultural emission sources
  • Support from some stakeholders for proposals to manage emissions
Additional Engagement

• **Goals**
  • Reach clearer understanding of key issues
  • Better align with Provincial initiatives
  • Explore industry-based solutions
  • Highlight Metro Vancouver’s air quality management role

• **Describe Metro Vancouver’s responsibilities**
  • Protection of public health and the environment
  • Transparency in engagement
  • Evidence-based policy development
Engagement Topics

- Ways to manage emissions to reduce impacts
- Defining performance measurement for verifying emission control effectiveness
- How to address odour issues
- Creating solutions that are workable for all parties
Engagement Plan

- Online meetings and webinars with key audiences
  - Provincial and federal government agencies
  - Cannabis producers
  - Affected public

- Timeline
  - Additional engagement: November 2020 to February 2021
  - Phase 2 discussion paper: spring 2021
  - Phase 2 consultation: summer and fall 2021
Thank you