2023 – 2027 Financial Plan Overview

Jerry W. Dobrovolny
Commissioner and CAO

Dean Rear
Chief Financial Officer

metrovancouver

2023 – 2027 FINANCIAL PLAN OVERVIEW

Board direction from April workshop

Manage household impact

- Begin to shift away from short-term focus and use of temporary levers
- Move to medium and longer term focus

Maintain current goals and objectives

- Develop and incorporate strategic, asset-management, and long-range plans that include fiscal impact
- Build in impact of future rate structures
  - Development cost charges
  - Wet weather pricing for liquid waste
  - Seasonal water pricing
- Continue to ensure best value and efficient project delivery

Realize new opportunities

- Partner on projects to increase affordable housing
- Intensify focus on pursuing grants and partnerships for affordable infrastructure

2020

2021

2022

2023

2023 – 2027 FINANCIAL PLAN OVERVIEW

2023 Budget – Bottom Line

10.1%	Prior Projection for 2023 Budget
$59	Increase for the average household in 2023 (Water: $8, Liquid Waste: $41, Solid Waste: $2, MVRD: $8)
$653	Average annual costs for all Metro Vancouver services

4.5%	Proposed 2023 Budget
$26	Increase for the average household in 2023 (Water: $2, Liquid Waste: $15, Solid Waste: $2, MVRD: $7)
$620	Average annual costs for all Metro Vancouver services

2023 – 2027 FINANCIAL PLAN OVERVIEW

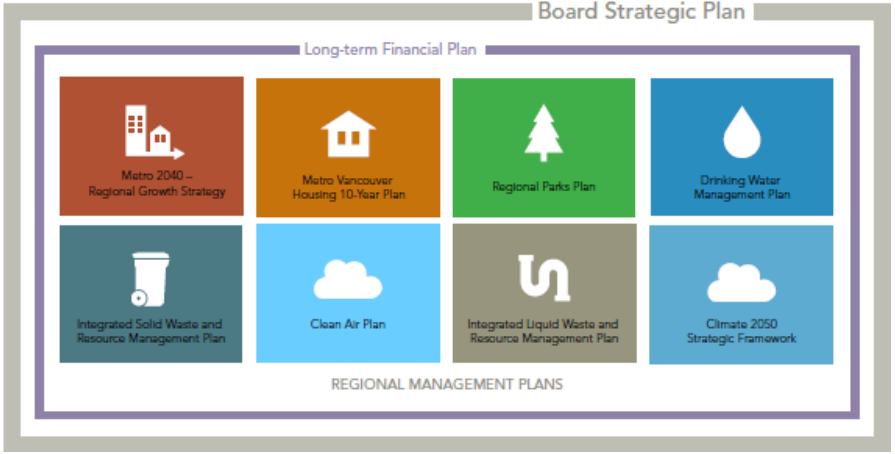
2023 Budget – Pause for evaluation under current conditions

- Undertake strategic planning with incoming Board of Directors
- Consider full information and context to make effective and informed decisions (i.e. incorporating strategic, asset management, and long term fiscal impact)
- Understand resource alignment, mitigate risk, ensure resilience, and mitigate long term fiscal impact in evolving macro environment

2023–2027 FINANCIAL PLAN OVERVIEW

2023 Budget – Addressing Board Priorities

- Climate action
- Asset Management
- Metro 2050
- Regional Parks Land Acquisition
- Accelerated action on Invest Vancouver
- Indigenous Relations



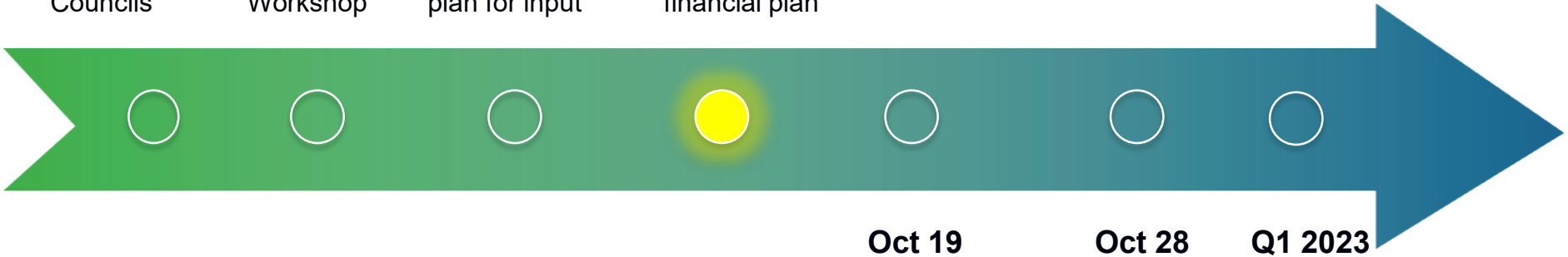
COMMITMENT TO CONTINUOUS IMPROVEMENT

- Ongoing work to seek more efficient/effective ways to conduct our business.
- We have a culture of continuous improvement which forms part of our annual planning process
- Each individual committee report contains examples of many of our initiatives & outcomes

OVERALL HOUSEHOLD IMPACT 2023 – 2027

	2022	2023	2024	2025	2026	2027
Water District	$175	$177	$191	$215	$240	$270
Liquid Waste	$280	$295	$360	$432	$503	$579
Solid Waste	$63	$65	$68	$71	$74	$78
Regional District	$76	$83	$90	$91	$93	$94
Total Household Impact	$594	$620	$709	$809	$910	$1,021
% Change		4.5%	14.3%	14.1%	12.4%	12.1%
Prior Year Forecast		$653	$731	$826	$949	

PROCESS AND TIMELINE



Apr 2
Council of Councils

April 14
Board Budget Workshop

July
Proposed capital plan for input

October
Recommended financial plan *

Oct 19
Board Budget Workshop

Oct 28
Board meeting

Q1 2023
Long Term Financial Plan

*10 Standing Committees and 3 Advisory Committees (RAAC, RFAC, REAC)

Financial Plan Overview

Metrotown, Burnaby

MITIGATING FINANCIAL RISKS

Financial Risk	Impact	Mitigation Strategy
Inflation	Cost	• Highlight for project timing • Review escalation practices • Examine procurement strategies
Interest Rates	Cost	• Consider short term borrowing • Explore alternative investments through MFA • Examine hedging strategies
Capital Planning	Cost/Timing	• Long-term financial planning • Review timing of projects • Examine Alternate revenue sources
Sustained Supply Chain Challenges	Timing	• Strategic sourcing
Attraction/Retention of workforce	Cost/Timing	• Expanding labour pool (Canadian Work Experience Program)

2023 – 2027 FINANCIAL PLAN OVERVIEW

Key Results

- HHI is lower than inflation
- 2023 operating budget is $23M less than forecast
- Reducing capital cash flow in near term
- Focus on ongoing operational needs
- Movement on contribution to capital

METRO VANCOUVER OPERATING BUDGET

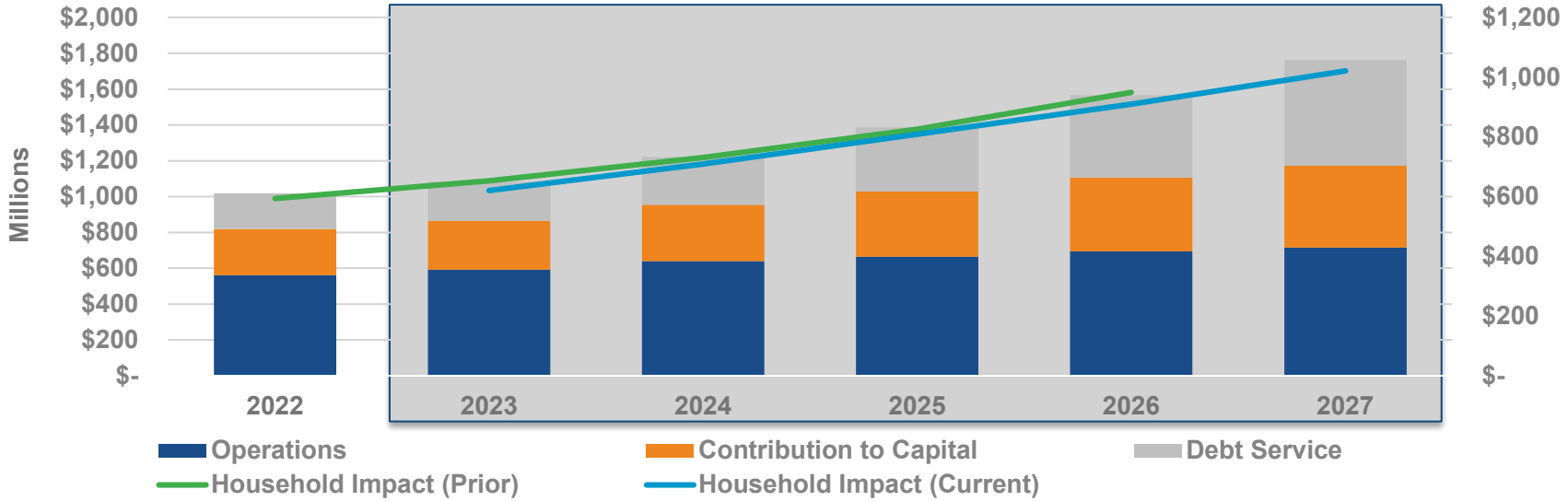
Expenditures

Overview:

- 2022 Operating Budget: $1,025.5M
- 2023 Operating Budget: $1,081.8M (5.5%)
- ~2.0% lower than previously projected for 2023

Drivers:

- Increase in operations roughly inflationary over 5 years
- Debt servicing reflective of the capital program, but assumes higher interest rates
- Slight rise in contribution to Capital in 2023 – Increasing in 2024–2027



METRO VANCOUVER OPERATING BUDGET

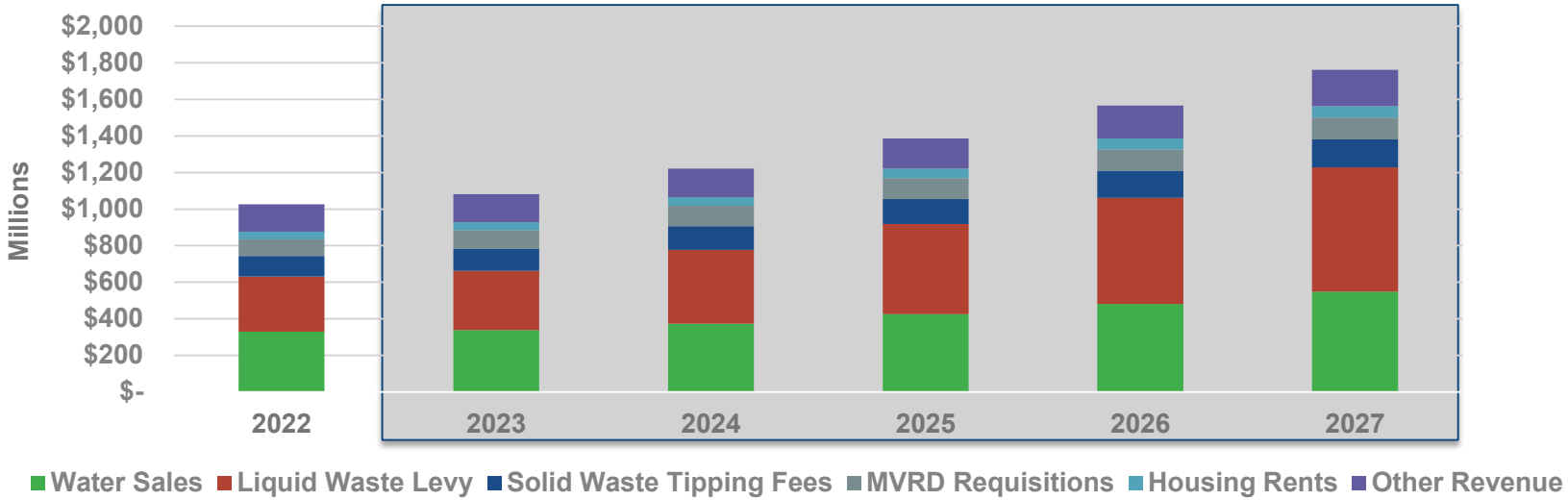
Revenues

Overview:

- Primary funding sources – water sales, sewer levy, tipping fees, rents, MVRD requisition
- Relative stability for primary sources

Drivers:

- Anticipated water DCC revenue received and applied starting 2024, downward pressure on water rate
- Assumed partner funding for upcoming major capital projects, downward pressure on levies/rates



METRO VANCOUVER CAPITAL PLAN

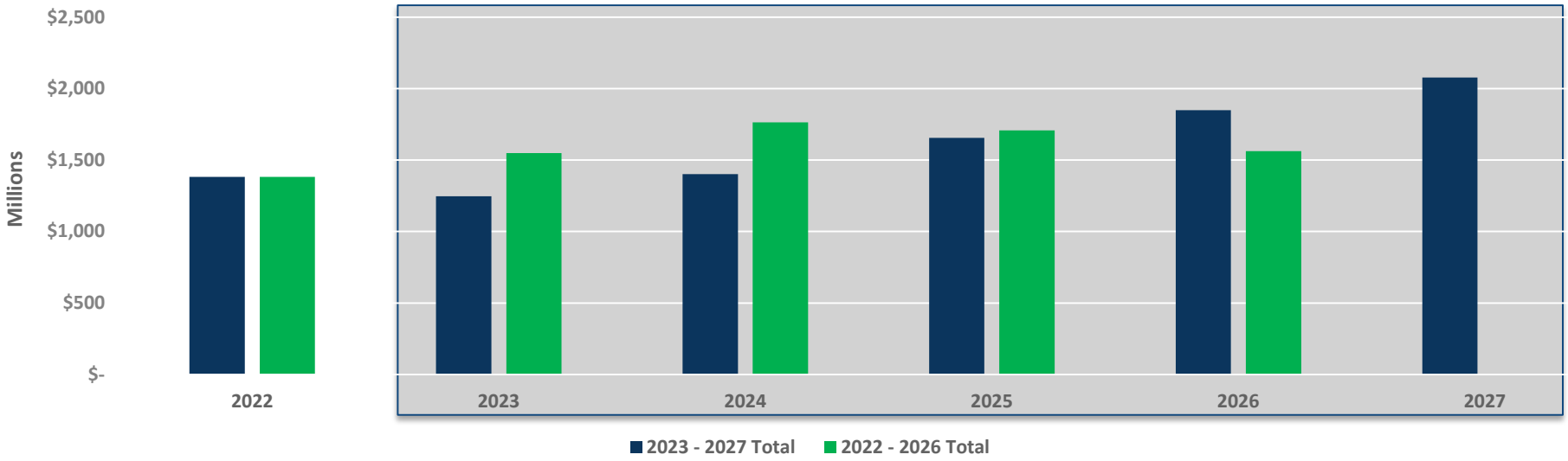
2023 - 2027 Capital Plan vs 2022 - 2026 Capital Plan

Overview:

- 2022–2026 5 year capital cashflow $8.0B
- 2023–2027 5 year capital cashflow $8.2B

Drivers:

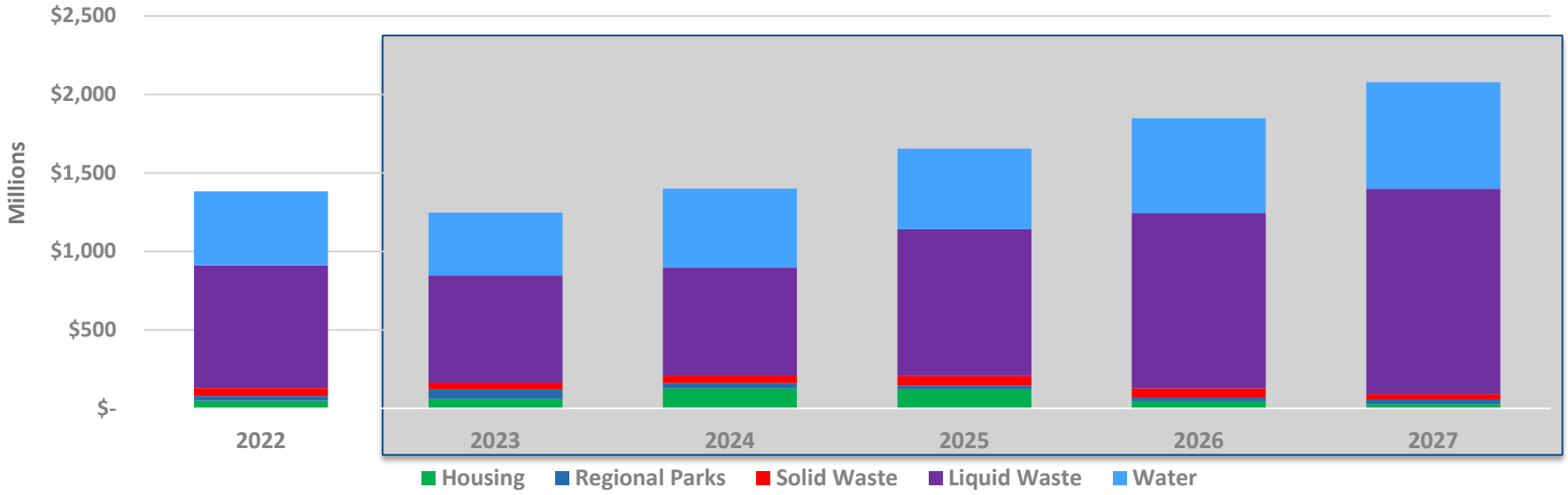
- $431M lower from prior year's 4 year cross over years
- Reflects project delays, macro challenges, and capacity issues to deliver projects



METRO VANCOUVER CAPITAL PLAN
Expenditures

Overview:
- 2022 capital cashflow $1.38B
- 2023 capital cashflow $1.25B

Drivers:
- Capital projects in progress carried forward
- Reflects risks and scope changes where known



Iona Island Wastewater Treatment Plant

Questions?

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Together we make our region strong

Pacific Spirit National Park

2023 – 2027 FINANCIAL PLAN

METRO VANCOUVER REGIONAL DISTRICT – AIR QUALITY

Neal Carley

General Manager, Parks and Environment

metrovancouver

Carbon Neutral Event, Burns Bog, July 2020

AIR QUALITY FUNCTION OVERVIEW

Air Quality, Climate Change and Environmental Regulation & Enforcement over the next 5 years

- Implement *Climate 2050 Roadmaps* and *Clean Air Plan*, and make significant progress towards 45% reduction of greenhouse gases by 2030.
- A varied portfolio to maintain carbon neutrality as an organization and set an example for the region.
- Progressive and innovative regulations and enforcement to protect human health and the environment.
- Comprehensive measurement and reporting of emissions to track progress and provide evidence basis for policies and actions.

PERFORMANCE METRICS

Air Quality

Key Performance	Past Performance (Average)	Expected Performance 2023
Regional GHG emissions	2016: 5.6 tonnes per capita 2020: 5.4 tonnes per capita	4.2 tonnes per capita
Corporate GHG emissions	2016: 3,321 tonnes (60% carbon neutral) 2015, 2019-2021: carbon neutral	Carbon neutral (net zero GHGs)
Days under an air quality advisory * * Due to emission sources located within airshed	2020-2021: 3.5	zero
Number of older, high emission non-road diesel engines no longer operating in region	2021-2022: 2095	2450

CONTINUOUS IMPROVEMENT

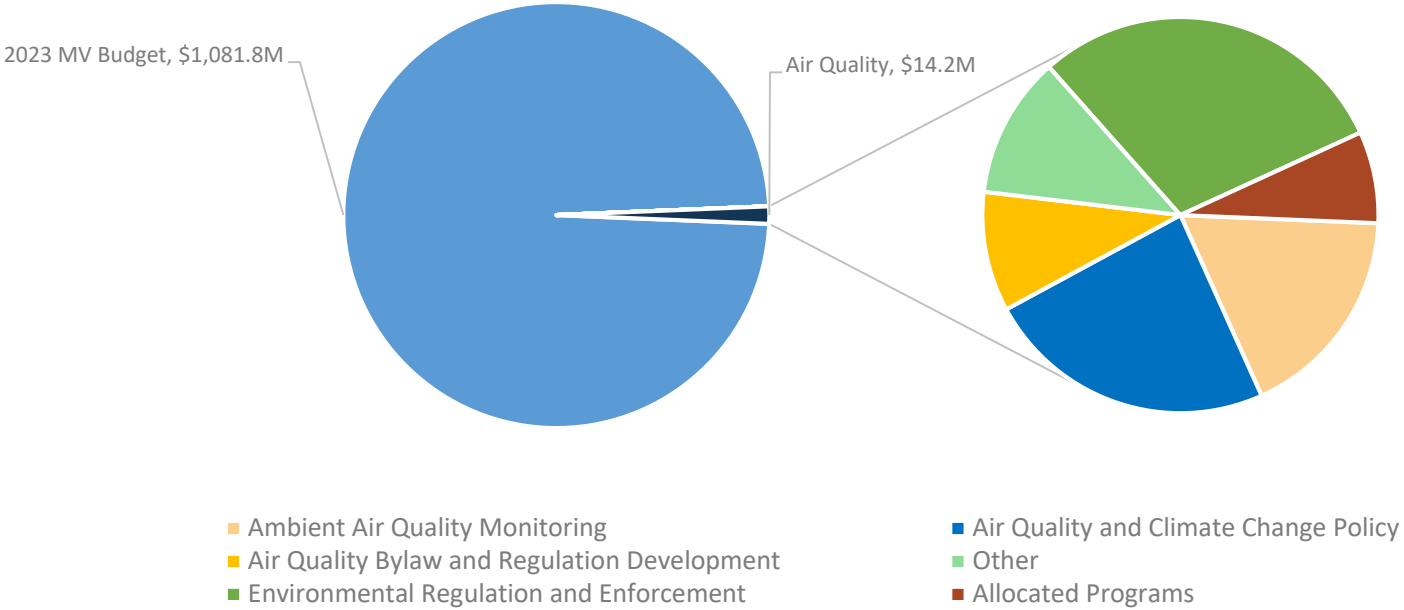
Air Quality

Initiative	Outcomes
Climate 2050 roadmaps	• Ongoing updates to add new actions and enhance existing ones, to accelerate progress towards science-based targets
Maintaining corporate carbon neutrality	• An evolving and iterative portfolio of GHG reduction, energy improvement, and carbon credit projects • Targets and roadmaps by function areas
Permits and Regulations	• Cost recovery through progressive system of user fees based on polluter pay • New and amended regulations in response to emerging issues • Innovative new regulatory programs for climate action
Efficiencies and enhancements to promote regulatory compliance	• Use of apps provided by engine manufacturers for quick field assessment of machine/engine specifications and emissions for more timely assessment of compliance • On line registration system for residential wood burning

BUDGET OVERVIEW

Air Quality Financial Plan

2023 Operating Budget Breakdown – Air Quality



OPERATING EXPENDITURES

Air Quality Financial Plan

Overview:

2022 Operating Budget: **$14.3M**

2023 Operating Budget: **$14.2M**

(0.6%) decrease

Drivers for Change:

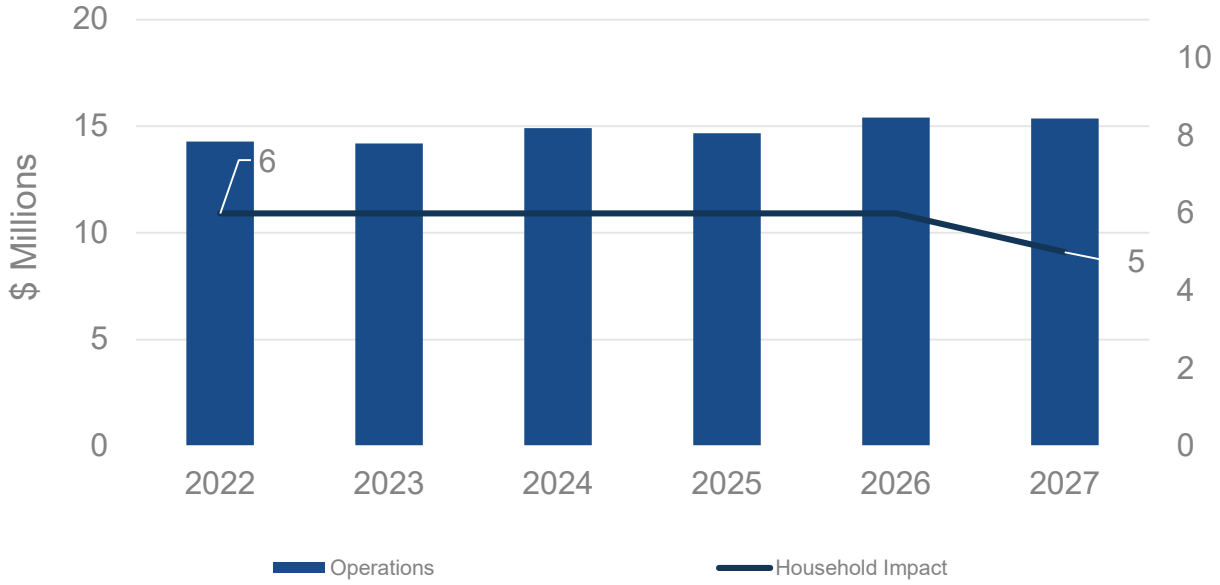
(3%) decrease in AQ&CC for 2023

- Increase in consulting budget offset by decrease in SIF

6% increase in AQ ER&E for 2023

- 6.4% increase in permits and regs
- 4.1% increase in non-road diesel
- Enforcement of new and amended regulations

2022 – 2027 Air Quality Financial Plan



OPERATING FUNDING

Air Quality Financial Plan

Overview:

2022 Operating Budget: **$14.3M**

2023 Operating Budget: **$14.2M**

(0.6%) decrease

Drivers for Change:

- Requisition increase 3.6%, compared to 14% in 2022
- Board adoption of new air quality fees bylaw in 2021, leading to enhanced cost recovery from regulated sources
- New provincial Local Government Climate Action Program

OPERATING HIGHLIGHTS

Air Quality Financial Plan

Budget Year	Initiative	Description
2023	Climate 2050	Complete initial set of issue area roadmaps Engagement on big moves Annual public reporting on progress
	Clean Air Plan	Ongoing implementation of actions prioritizing big moves
	Bylaws and Regulations	Implementation of enhanced bylaws for fee system, non-road diesel engines, New residential wood burning, open burning bylaws New programs for large buildings, boilers and heaters, cannabis
	Sustainability Innovation Funds	Review and approve annual applications, to support innovative climate action, gain public support, and promote partnerships

OPERATING HIGHLIGHTS

Air Quality 2023 - 2027

Budget Year	Initiative	Description
2024 - 2027	Climate 2050	Ongoing implementation of projects and actions based on Climate 2050 roadmaps, with reporting on performance and sharing of best practices
	Bylaws and Regulations	Development of new and amended regulations Continuous improvement through enhanced air quality objectives Progressive compliance promotion
	Sustainability Innovation Funds	Fund innovative climate action and energy projects
	Corporate carbon neutrality	Provide regional leadership by maintaining carbon neutral status Climate action roadmaps for corporate function areas

AIR QUALITY FINANCIAL PLAN SUMMARY

Air Quality 2023 - 2027

	2022	2023	2024	2025	2026	2027
Total Expenditures ($ Millions)	$14.3	$14.2	$14.9	$14.7	$15.4	$15.4
% Change		(0.6%)	5.1%	(1.7%)	5.1%	(0.4%)
MVRD Requisitions ($ Millions)	$7.4	$7.6	$7.9	$7.5	$7.6	$6.9
% Change		3.2%	4.0%	(5.5%)	1.3%	(9.5%)
Household Impact ($)	$6	$6	$6	$6	$6	$5
% Change		1.2%	2.0%	(6.9%)	(0.1%)	(10.8%)
Prior Cycle Household Impact Change (%)		16.1%	(1.0%)	1.7%	5.4%	N/A

New Brighton Park

Questions?

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Air Quality Advisories During the Summer of 2022

Geoff Doerksen, M.Sc.
Air Quality Planner, Air Quality and Climate Change

Ken Reid, M.Sc.
Superintendent, Environmental Sampling and Monitoring, Air Quality and Climate Change

Climate Action Committee Meeting, October 14, 2022

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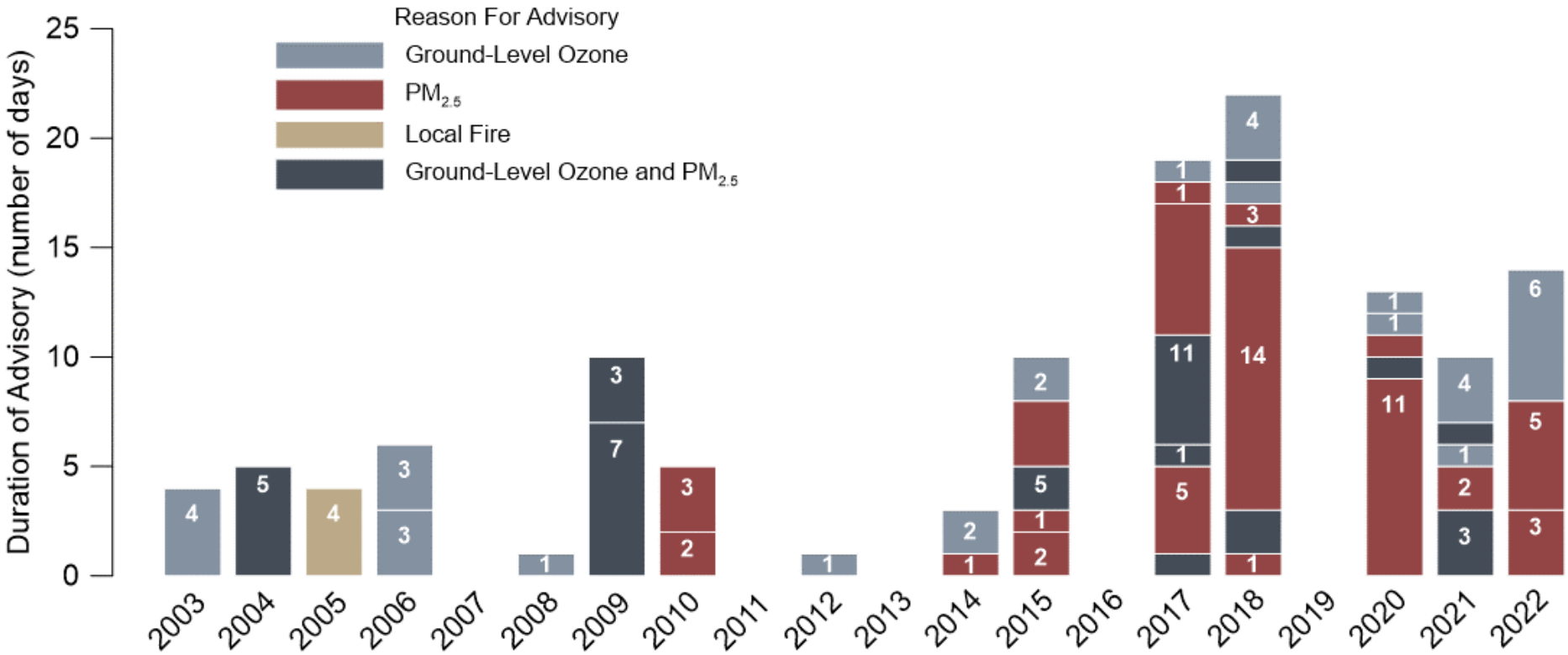
ADVISORY PREPARATION

- Work with partners and health authorities
- Public video
- Email subscription service for updates

Date Issued	Advisory Preparedness Level - Today	Summary	Advisory Preparedness Level - Tomorrow
July 25, 2022 9:45 am	Medium	Environment Canada has issued a Heat Warning for Metro Vancouver and the Fraser Valley. The current forecast calls hot weather for the entire week, which will lead to enhanced ground-level ozone (O3) formation. The highest temperatures are forecast from Tuesday to Thursday but it will likely remain hot until at least the weekend. The Nohomin Creek Fire currently burning near Lytton, BC is also generating some smoke which may intermittently impact the region with light smoke but it is not expected to have significant ground-level impacts at this time. Currently, fine particulate matter (PM2.5) concentrations are low and are expected to remain low today.	High

AIR QUALITY ADVISORIES 2003-2022



2022 AIR QUALITY ADVISORIES

July 26, 27, 28, 29, 30, 31

O_3 O_3 O_3 O_3 O_3 O_3

Hot and sunny

September 10, 11, 12, 13, 14

$PM_{2.5}$ $PM_{2.5}$ $PM_{2.5}$ $PM_{2.5}$ $PM_{2.5}$

Wildfire smoke

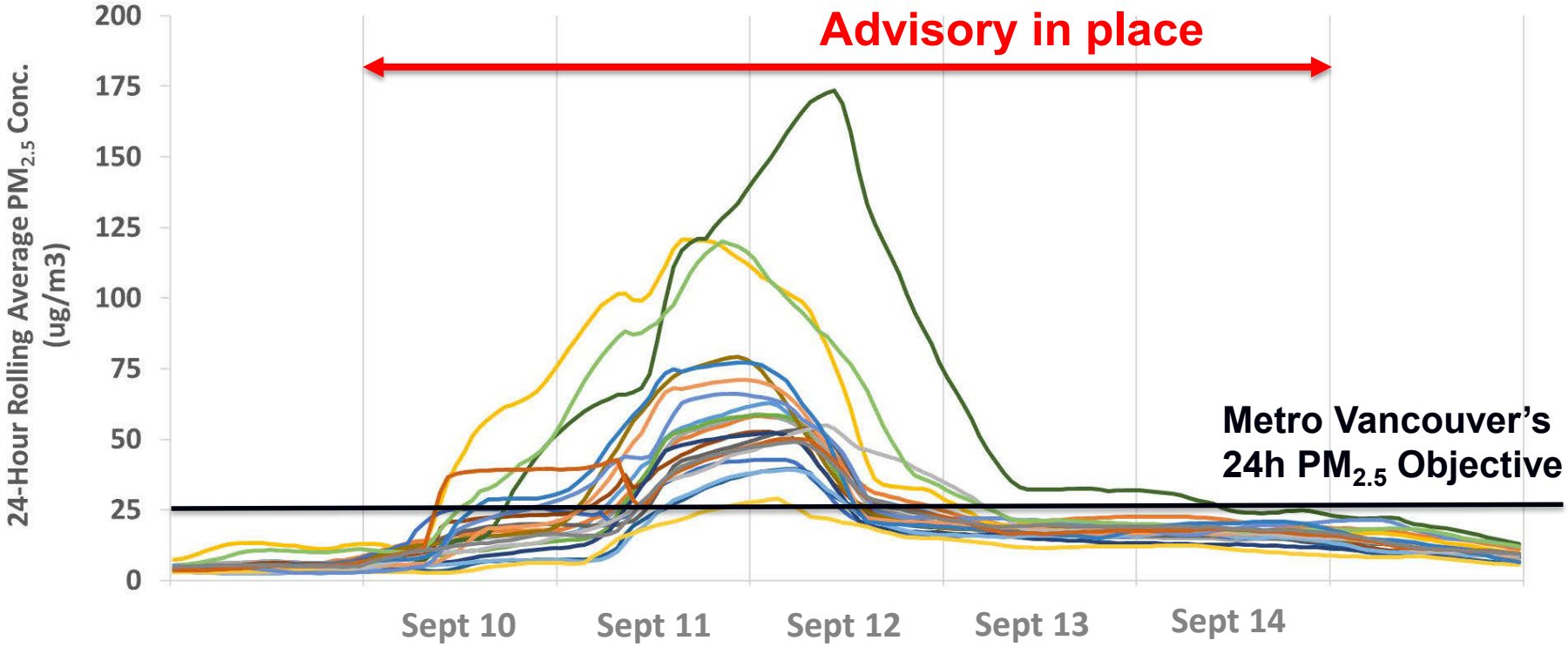
October 4, 5, 6

$PM_{2.5}$ $PM_{2.5}$ $PM_{2.5}$

Wildfire smoke

WILDFIRE SMOKE ADVISORY

September 10 - 14, 2022

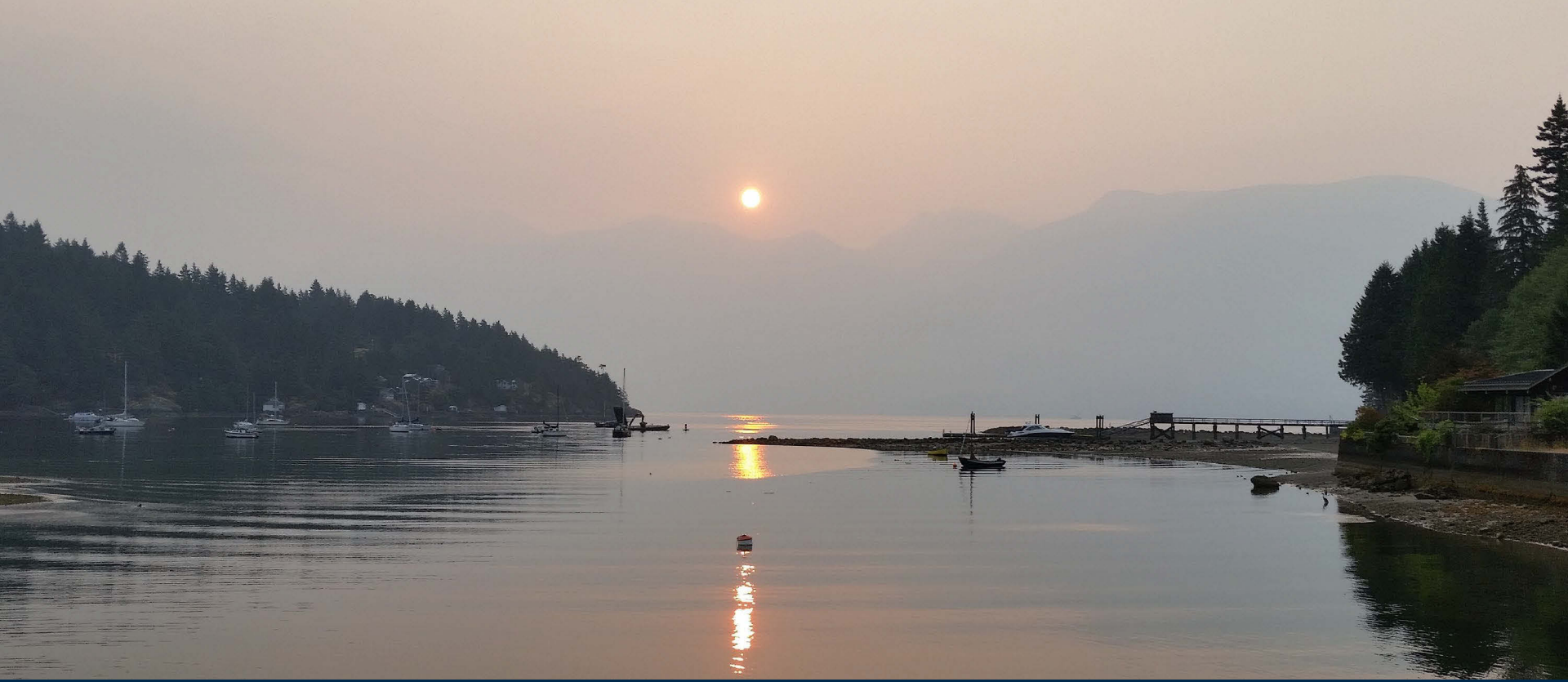


MINNEKHADA WILDFIRE

- Reported October 1, 2022
- Held to 14 hectares
- Unrelated AQ Advisory issued for Eastern Fraser Valley (Oct 4 – 7)

IMPLICATIONS OF THE 2022 ADVISORIES

- 6 of 8 recent summers had widespread wildfire smoke
- Late fire season in BC, but with close wildfires in Aug-Oct
- Advisory program must respond to changes in climate
- *Clean Air Plan* outlines strategies for continuous improvement in regional air quality



Wildfire smoke on Bowen Island, BC (July 2015)

Questions?

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