

METRO VANCOUVER REGIONAL DISTRICT FINANCE COMMITTEE

REGULAR MEETING

July 14, 2022

1:00 pm

Meeting conducted electronically/in-person pursuant to the Procedure Bylaw

28th Floor Boardroom, 4515 Central Boulevard, Burnaby, British Columbia

Webstream available at <http://www.metrovancover.org>

REVISED AGENDA¹

1. ADOPTION OF THE AGENDA

1.1 July 14, 2022 Regular Meeting Agenda

That the Finance Committee adopt the agenda for its regular meeting scheduled for July 14, 2022 as circulated.

2. ADOPTION OF THE MINUTES

2.1 May 12, 2022 Regular Meeting Minutes

That the Finance Committee adopt the minutes of its regular meeting held May 12, 2022 as circulated.

pg. 4

3. DELEGATIONS

- Added** 3.1 Nathan Davidowicz
Subject: TransLink's Greater Vancouver Regional Fund Application

pg. 9

4. INVITED PRESENTATIONS

4.1 Olga Kuznetsova, Vice President, Finance; Tilan Kiriwaththuduwa, Manager, Capital Assets and Government Funding; and Kelly Wheeler, Director, Corporate Treasury, Capital Assets and Government Funding, TransLink

Subject: Report on Federal Gas Tax Funding Received from Greater Vancouver Regional Fund

¹ Note: Recommendation is shown under each item, where applicable.

5. REPORTS FROM COMMITTEE OR STAFF

- 5.1 Greater Vancouver Regional Fund – 2021 Annual Report and Application for Scope Change to Previously Approved Projects** *pg. 10*
That the MVRD Board approve the proposed scope change to TransLink's 2020 Greater Vancouver Regional Fund application as identified in the report dated June 17, 2022, titled "Greater Vancouver Regional Fund – 2021 Annual Report and Application for Scope Change to Previously Approved Projects".
- 5.2 MVRD Temporary Borrowing Bylaw No. 1357, 2022** *pg. 35*
That the MVRD Board:
a) authorize to temporary borrow on behalf of *Greater Vancouver Water District ("GVWD")* an amount, or amounts in aggregate, not exceeding \$268 million dollars the remaining amount of the *Greater Vancouver Water District Borrowing Bylaw No. 248, 2015*, and the maximum borrowing authorized.
b) give first, second and third readings to "*Metro Vancouver Regional District Temporary Borrowing Bylaw Number 1357, 2022*".
- 5.3 GVWD Temporary Borrowing Bylaw No. 258, 2022** *pg. 41*
That the GVWD Board:
a) authorize Metro Vancouver Regional District ("MVRD") to temporary borrow on behalf of GVWD an amount, or amounts in aggregate, not exceeding \$268 million dollars, the remaining amount of the *Greater Vancouver Water District Borrowing Bylaw No. 248, 2015*, and the maximum borrowing authorized.
b) give first, second and third readings to "*Greater Vancouver Water District Temporary Borrowing Bylaw Number 258, 2022*" and forward to the Inspector of Municipalities for statutory approval.
- 5.4 MVRD Temporary Borrowing Bylaw No. 1356, 2022** *pg. 48*
That the MVRD Board:
a) authorize to temporary borrow on behalf of the *Greater Vancouver Sewerage & Drainage District ("GVS&DD")* an amount, or amounts in aggregate, not exceeding \$1.42 billion dollars, the remaining amount of the *Greater Vancouver Sewerage & Drainage District Borrowing Bylaw No. 321, 2018*, and the maximum borrowing authorized.
b) give first, second and third readings to "*Metro Vancouver Regional District Temporary Borrowing Bylaw No. 1356, 2022*".
- 5.5 GVS&DD Temporary Borrowing Bylaw No. 358, 2022** *pg. 54*
That the GVS&DD Board:
a) authorize Metro Vancouver Regional District ("MVRD") to temporary borrow on behalf of GVS&DD an amount, or amounts in aggregate, not exceeding \$1.42 billion dollars, the remaining amount of the *Greater Vancouver*

Sewerage & Drainage District Borrowing Bylaw No. 321, 2018, and the maximum borrowing authorized.

- b) give first, second and third readings to “*Greater Vancouver Sewerage & Drainage District Temporary Borrowing Bylaw Number 358, 2022*” and forward to the Inspector of Municipalities for statutory approval.

5.6 Manager’s Report

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That the Finance Committee receive for information the report dated June 24, 2022 titled “Manager’s Report.”

6. INFORMATION ITEMS

7. OTHER BUSINESS

8. BUSINESS ARISING FROM DELEGATIONS

9. RESOLUTION TO CLOSE MEETING

Note: The Committee must state by resolution the basis under section 90 of the Community Charter on which the meeting is being closed. If a member wishes to add an item, the basis must be included below.

That the Finance Committee close its regular meeting scheduled for July 14, 2022 pursuant to the *Community Charter* provisions, Section 90 (1) (g) as follows:

- “90 (1) A part of the meeting may be closed to the public if the subject matter being considered relates to or is one or more of the following:
(g) litigation or potential litigation affecting the regional district.”

10. ADJOURNMENT/CONCLUSION

That the Finance Committee adjourn/conclude its regular meeting of July 14, 2022.

Membership:

Dhaliwal, Sav (C) – Burnaby
Buchanan, Linda (VC) – North Vancouver City
Baird, Ken – Tsawwassen First Nation
Booth, Mary-Ann – West Vancouver
Brodie, Malcolm – Richmond
Carr, Adriane – Vancouver

Coté, Jonathan – New Westminster
Dingwall, Bill – Pitt Meadows
Froese, Jack – Langley Township
Harvie, George – Delta
Hurley, Mike – Burnaby
McCallum, Doug – Surrey
McCutcheon, Jen – Electoral Area A
McEwen, John – Anmore
Stewart, Richard – Coquitlam
West, Brad – Port Coquitlam

**METRO VANCOUVER REGIONAL DISTRICT
FINANCE COMMITTEE**

Minutes of the Regular Meeting of the Metro Vancouver Regional District (MVRD) Finance Committee held at 1:00 p.m. on Thursday, May 12, 2022 in the 28th Floor Boardroom, 4515 Central Boulevard, Burnaby, British Columbia.

MEMBERS PRESENT:

Chair, Councillor Sav Dhaliwal*, Burnaby
 Vice Chair, Mayor Linda Buchanan*, North Vancouver City
 Chief Ken Baird*, Tsawwassen
 Mayor Mary-Ann Booth*, West Vancouver
 Mayor Malcolm Brodie*, Richmond (arrived at 1:01 p.m.)
 Councillor Adriane Carr*, Vancouver
 Mayor Jonathan Côté*, New Westminster
 Mayor Bill Dingwall*, Pitt Meadows
 Mayor Jack Froese*, Langley Township (arrived at 1:01 p.m.)
 Mayor George Harvie*, Delta
 Mayor Mike Hurley*, Burnaby (arrived at 1:22 p.m.)
 Mayor Doug McCallum*, Surrey
 Director Jen McCutcheon*, Electoral Area A
 Mayor John McEwen*, Anmore
 Mayor Richard Stewart*, Coquitlam
 Mayor Brad West*, Port Coquitlam

MEMBERS ABSENT:

None.

STAFF PRESENT:

Jerry W. Dobrovolny †, Chief Administrative Officer
 Natalia Melnikov, Legislative Services Coordinator, Board and Information Services

1. ADOPTION OF THE AGENDA

1.1 May 12, 2022 Regular Meeting Agenda

It was MOVED and SECONDED

That the Finance Committee adopt the agenda for its regular meeting scheduled for May 12, 2022 as circulated.

CARRIED

*denotes electronic meeting participation as authorized by Section 3.6.2 of the *Procedure Bylaw*
 † denotes electronic meeting participation

1:01 p.m. Mayor Brodie and Mayor Froese arrived at the meeting.

2. ADOPTION OF THE MINUTES

2.1 April 21, 2022 Regular Meeting Minutes

It was MOVED and SECONDED

That the Finance Committee adopt the minutes of its regular meeting held April 21, 2022 as circulated.

CARRIED

3. DELEGATIONS

3.1 Roderick V. Louis

Roderick V. Louis spoke in opposition to the TransLink's 2022 Investment Plan and the Proposed Increase in Borrowing Limit requesting that the Committee reconsider the decision taken at the April 29, 2022 MVRD Board meeting as he believes that the Board members were provided insufficient information to make a proper decision.

Presentation material titled "Roderick V. Louis – Requested MV Finance Committee Actions" is retained with the May 12, 2022 Finance Committee agenda.

4. INVITED PRESENTATIONS

No items presented.

5. REPORTS FROM COMMITTEE OR STAFF

5.1 2021 Statement of Financial Information

Report dated April 22, 2022, from Linda Sabatini, Acting Director, Financial Operations, presenting the Finance Committee with the 2021 Statement of Financial Information (SOFI) as part of the reporting requirements of the *Financial Information Act* for the MVRD Board's approval.

It was MOVED and SECONDED

That the MVRD Board approve the Statement of Financial Information for the year ended December 31, 2021.

CARRIED

5.2 Electronic Meeting Participation Policy

Report dated April 26, 2022, from Katie Karn, Deputy Corporate Officer, Board and Information Services, presenting the Finance Committee with a policy regarding participation at Board and Committee meetings for the MVRD Board's approval.

It was MOVED and SECONDED

That the MVRD Board:

- a) approve the *Electronic Meeting Participation Policy* as presented in the report dated April 26, 2022, titled “Electronic Meeting Participation Policy”; and
- b) rescind the *Electronic Meetings and Participation by Members Guideline*.

CARRIED

5.3 External Organization Appointment Policy

Report dated April 26, 2022, from Chris Plagnol, Corporate Officer, presenting the Finance Committee with a policy regarding appointments to external organizations.

Questions were raised regarding the term of appointment for external representatives, the weighted vote for appointees to external organizations, and the previous Board policies, which are being rescinded.

It was MOVED and SECONDED

That the Finance Committee amend the External Organization Appointment Policy by:

- a) striking the word “weighted” from the Board Appointment Procedure section on page 2; and
- b) adding the phrase “whichever is longer” to the Term of Appointment section on page 2

Point of Order

In response to a Point of Order raised by a committee member, the Chair advised that the following deferral motion will be considered.

Deferral Motion

It was MOVED and SECONDED

That the Finance Committee defer consideration of the report dated April 26, 2022, titled “External Organization Appointment Policy” from its May 12, 2022 agenda to the next Finance Committee meeting and request staff to provide copies of the policies which are being rescinded.

DEFEATED

1:22 p.m. Mayor Hurley arrived at the meeting.

Main Motion

It was MOVED and SECONDED

That the MVRD Board:

- a) approve the *External Organization Appointment Policy* as amended in the report dated April 26, 2022, titled “External Organization Appointment Policy”; and

- b) rescind the following Board policies: *Term of Appointees/Nominees to External Boards* (GV-032), *Representatives on International Organizations* (GV-031), and *External Agency Appointee Reporting Requirements* (GV-006).

CARRIED

The Main Motion as amended now reads as follows:

That the MVRD Board:

- a) *approve the External Organization Appointment Policy as amended in the report dated April 26, 2022, titled “External Organization Appointment Policy” with the following amendments approved by the committee:*
- (i) in the Term of Appointment section, include the phrase “whichever is longer”, and*
 - (ii) in the Board Appointment Procedure section, strike the term “weighted”; and*
- b) *rescind the following Board policies: Term of Appointees/Nominees to External Boards (GV-032), Representatives on International Organizations (GV-031), and External Agency Appointee Reporting Requirements (GV-006).*

5.4 Sponsorship Policy Amendments

Report dated April 21, 2022, from Heather Schoemaker, General Manager, External Relations, presenting the Finance Committee with the amendments to the *Sponsorship Policy*.

It was MOVED and SECONDED

That the MVRD Board approve the revised Sponsorship Policy, as presented in the report dated April 21, 2022, titled “Sponsorship Policy Amendments”.

CARRIED

5.5 Award of Contract Resulting from Request for Proposal (RFP) No. 21-266: Supply and Delivery of Light and Medium Duty Vehicles

Report dated April 27, 2022, from Roy Moulder, Director, Procurement, Procurement and Real Estate Services, and Shuh Chan, Division Manager, Fleet Services, Human Resources and Corporate Services, providing the Finance Committee with the results of RFP No. 21-266: Supply and Delivery of Light and Medium Duty Vehicles and seeking the MVRD Board’s approval of award of a contract in an estimated amount of \$6,500,000 (exclusive of taxes) to Metro Motors Ltd.

It was MOVED and SECONDED

That the MVRD Board:

- a) approve award of a five (5) year term contract in an estimated amount of \$6,500,000 (exclusive of taxes) to Metro Motors Ltd. resulting from Request for Proposal (RFP) No. 21-266: Supply and Delivery of Light and Medium Duty Vehicles, subject to final review by the Chief Administrative Officer; and

- b) authorize the Chief Administrative Officer to execute the required documentation, once the Chief Administrative Officer is satisfied the award should proceed.

CARRIED

5.6 Manager's Report

Report dated April 26, 2022, from Jerry W. Dobrovolny, Commissioner/Chief Administrative Officer, providing the Finance Committee with an update on the status of key priorities items under the 2022 Finance Committee Work Plan.

It was MOVED and SECONDED

That the Finance Committee receive for information the report dated April 26, 2022 titled "Manager's Report."

CARRIED

6. INFORMATION ITEMS

6.1 Development of a Wet Weather Pricing Approach

It was MOVED and SECONDED

That the Finance Committee receive for information the Information Item 6.1 titled "Development of a Wet Weather Pricing Approach".

CARRIED

7. OTHER BUSINESS

No items presented.

8. BUSINESS ARISING FROM DELEGATIONS

No items presented.

9. RESOLUTION TO CLOSE MEETING

No items presented.

10. ADJOURNMENT/CONCLUSION

It was MOVED and SECONDED

That the Finance Committee conclude its regular meeting of May 12, 2022.

CARRIED

(Time: 1:31 p.m.)

Natalia Melnikov,
Legislative Services Coordinator
52671679 FINAL

Sav Dhaliwal, Chair

DELEGATION EXECUTIVE SUMMARY

Name or Organization: Nathan Davidowicz

Subject: TransLink's Greater Vancouver Regional Fund Application

Presenting to: Finance Committee

Date of Meeting: July 14, 2022

As per your By-Law Below I wish to appear as a delegation on 14.7.2022 Finance Committee meeting. Item 5.1 GVRF

- (a) Was unable to give earlier notice as agenda was not available.
- (b) Transit services need to be upgraded not downgraded.
- (c) Report 5.1 GVRF or the new name of Canada Community- Building Fund (CCBF)
- (d) Nathan Davidowicz
- (e) Refer the report as well as the total capital budget of Translink to an independent evaluation. (Maybe by the former Independent Transit Commissioner).
Request proper statistics from TransLink and CleanBC in order to determine why Metro Vancouver/Lower Mainland will not achieve the 2030 targets set by CleanBC.
See my presentation to the BC Finance Committee on June 17, 2022. at 1135 am
Submission of 3 recommendations to BC Leg. standing committee on finance 17.06.2022

<https://www.leg.bc.ca/documents-data/committees-transcripts/20220617am-Finance-Vancouver-Blues>

- A. Immediately order 1000 extra electric buses. To be delivered over 3 years.
- B. Proper Transit governance together with proper and equitable financing
- C. Develop a comprehensive, province-wide public transit plan to ensure accessible, affordable public transportation options are available across the province, with a view to addressing gaps in the provision of regional transportation services, investing in electric buses, increasing accessible transportation options such as HandyDART , and addressing the needs of small, rural, remote, and Indigenous communities

Sincerely
Nathan Davidowicz

To: Finance Committee

From: Mark Seinen, Senior Planner, Regional Planning and Housing Services

Date: June 17, 2022 Meeting Date: July 14, 2022

Subject: **Greater Vancouver Regional Fund – 2021 Annual Report and Application for Scope Change to Previously Approved Projects**

RECOMMENDATION

That the MVRD Board approve the proposed scope change to TransLink's 2020 Greater Vancouver Regional Fund application as identified in the report dated June 17, 2022, titled "Greater Vancouver Regional Fund – 2021 Annual Report and Application for Scope Change to Previously Approved Projects".

EXECUTIVE SUMMARY

In accordance with the Greater Vancouver Regional Fund Policy, TransLink has submitted its 2021 Annual Report and an accompanying request for a scope change to three projects originally approved in 2019. The two reports are linked by the shared challenge of COVID-19:

- Annual Report: the pandemic has caused project delays as a result of supply chain issues and uncertainties about ridership recovery; and
- Scope change request: transit ridership declined during the pandemic and is projected to remain below pre-pandemic levels over the course of the 2022 Investment Plan. As a result, TransLink has reassessed its fleet needs.

Most of the projects identified in the 2021 Annual Report as being more than three months behind schedule now have revised delivery dates throughout 2022 and 2023.

TransLink's proposed scope change would right-size transit service to match lower-than projected demand and would result in \$70.4 million in previously-awarded funding being returned to the Greater Vancouver Regional Fund. No new funding is being requested at this time. While this change would likely result in the slower rollout of new transit fleet vehicles, it also presents an opportunity for TransLink to reconsider the fuel-type of the deferred vehicles to procure more battery-electric instead of hybrid buses and diesel shuttles. To this end, TransLink has made a commitment that, going forward, it will not seek Greater Vancouver Regional Fund funding for vehicle types other than electric or renewable natural gas.

PURPOSE

This report presents for MVRD Board consideration: a) TransLink's 2021 annual report on active projects funded through the Greater Vancouver Regional Fund (GVRF), in accordance with the *Federal Gas Tax Fund Expenditures Policy* (GVRF Policy); and b) TransLink's request for a scope change to the 2020 GVRF application that was approved by the MVRD Board on November 1, 2019.

BACKGROUND

In accordance with the GVRF Policy, adopted by the MVRD Board in 2016 and revised on February 28, 2020, TransLink is required to report to the MVRD Board on the status of projects funded through the GVRF (Attachment 1). The annual reports are required to summarize the previous calendar year and are to be submitted by the end of the second quarter each year. They must include updates on: variances in budgeted and actual costs, expenditures to date, project schedule, risk assessment, state of purchased assets, and alignment with the GVRF evaluation criteria.

TransLink has also submitted a request for a scope change to previously-approved projects. At its meeting on November 1, 2019, the MVRD Board approved six TransLink projects for federal gas tax funding from the GVRF. TransLink is requesting that the MVRD Board amend the scope of three of these projects, which would return \$70.4 million to the GVRF.

2021 GVRF ANNUAL REPORT

TransLink's 2021 annual report provides budget and schedule information on active projects with GVRF funding to the end of 2021 (Attachment 2).

Active Project Schedules

As of December 31, 2021, there were 29 active TransLink projects funded by the GVRF. Five of these projects were substantially completed, 11 were on or ahead of schedule, and 13 were experiencing delays of greater than three months.

The 13 projects that were behind schedule by more than three months were:

- 2020 Conventional Bus – Replacement
- 2020 Conventional Bus – Expansion
- 2020 HandyDART Vehicles – Replacement
- 2020 HandyDART Vehicles – Expansion
- 2020 Community Shuttle Vehicles – Expansion
- 2021 Conventional Bus – Expansion
- 2021 HandyDART Vehicles – Replacement
- 2021 HandyDART Vehicles – Expansion
- 2021 Community Shuttle Vehicles – Replacement
- 2021 Community Shuttle Vehicles – Expansion
- Mark I 500-800 Refurbishment
- Port Coquitlam Transit Centre Infrastructure (LCFS)
- 2023 Conventional Bus (Electric) Replacement

Most of these 13 projects now have revised delivery dates throughout 2022 and 2023. These delayed projects represent an increase from the previous year, when only five projects were behind schedule by more than three months (as of December 31, 2020). The COVID-19 pandemic was the most significant factor in project delays, as it caused significant supply shortages and delays at production facilities and prompted a re-assessment of transit ridership growth by TransLink.

Active Project Costs

The 29 active projects funded by the GVRF have budgets totaling \$910.6 million (less \$45.8 million in ineligible costs). The majority of active projects were reported as being under budget, with a total positive cost variance of \$15.1 million for the GVRF funds. In accordance with the GVRF Policy, any unspent GVRF funds at project completion are returned to the GVRF so that they may be used to fund future projects.

Two projects had positive cost variances (i.e. under budget) in excess of \$1 million:

- 2019 Conventional Bus – Replacement (\$1.3 million); and
- 2019 Community Shuttle Vehicles – Replacement (\$2.3 million).

Since the Federal Gas Tax Program began in 2005, TransLink has received \$1.61 billion in funding. At the end of 2021, there remained \$257.5 million in unallocated GVRF funds available. If TransLink's request for a scope change to the 2020 GVRF application is approved (discussed below), the GVRF balance would increase by \$70.4 million to \$327.9 million.

Forecasted GVRF Balance

TransLink provides a forecast of the GVRF balance as the 2022 Investment Plan is implemented. A total of \$1.5 billion in GVRF funds is anticipated to contribute to capital investments over the period of 2022 to 2031. Should a renewal of the federal gas tax transfers occur in 2024, the forecasted GVRF balance in 2031 is projected to be approximately \$360 million. Following that, the GVRF is expected to be fully drawn down between 2032 and 2034 due to a large planned fleet replacement by TransLink.

Risk Assessment

TransLink's 2021 annual report provides an updated summary of known risks to the delivery of active projects. TransLink has identified foreign exchange rate volatility, limited labour resources, bus sub-system integration and commissioning, building permit delays, and COVID-19 supply chain impacts as the primary risks. The report notes that COVID-19 impacts on supply chains have already delayed several projects, while reduced ridership has prompted a scaling back of proposed bus expansion and SkyTrain refurbishment projects.

REQUEST FOR SCOPE CHANGE TO THE APPROVED 2020 APPLICATION

TransLink is seeking approval from the MVRD Board for a scope change to three projects previously approved as part of the 2020 GVRF application. Approval of the change would return \$70.4 million to the GVRF.

The requested change is a result of lower-than-expected transit demand. Ridership levels declined during the COVID-19 pandemic and are projected to remain below pre-pandemic levels for several years. As a result, TransLink has had to re-assess its fleet needs. The request is therefore being made under extraordinary circumstances, including ongoing financial adversity for TransLink.

The proposed scope amendment is as follows:

- 2021 Conventional Bus Expansion – 40-foot hybrids reduced by 39 (to zero); 60-foot hybrids reduced by 14 (to 16);
- 2021 Community Shuttle Vehicle Expansion – reduced by six (to three)
- Mark I 500-800 Refurbishment – reduced by 23 (from 36 SkyTrain cars to 13)

TransLink's request is proposing to right-size the transit fleet to match passenger demand. This would result in less service, but since transit ridership is lower than originally anticipated, the change would not necessarily be felt acutely by transit passengers (e.g. through overcrowding).

In previous years, TransLink's requests for scope amendments to approved projects have been analyzed against the integrated criteria outlined in the GVRF Policy. While this approach is appropriate for complex modifications to projects (e.g. the previous request involved purchasing five 60-foot buses instead of seven 40-foot buses), TransLink's current request for a scope change involves a more straightforward scaling back of bus expansion projects.

TransLink's Commitment to Electric Vehicles

Approval of TransLink's request would mean a slower rollout of the new transit fleet, but this deferral also presents an opportunity. In its memorandum (Attachment 3), TransLink commits to procuring battery-electric or RNG versions of these buses and shuttles when they are eventually purchased. TransLink's Annual Report (Attachment 2) goes further, stating that, going forward, "TransLink will only be requesting GVRF funds for the purchase of electric or renewable natural gas vehicles as part of TransLink's Low Carbon Fleet Strategy."

TransLink estimates that, on balance, the reduced expansion will result in the avoidance of approximately 4,200 kg of greenhouse gases.

ALTERNATIVES

1. That the MVRD Board approve the proposed scope change to TransLink's 2020 GVRF application as identified in the report dated June 17, 2022, titled "Greater Vancouver Regional Fund – 2021 Annual Report and Application for Scope Change to Previously Approved Projects".
2. That the MVRD Board receive for information the report dated June 17, 2022, titled "Greater Vancouver Regional Fund – 2021 Annual Report and Application for Scope Change to Previously Approved Projects", and refer the scope change to TransLink's 2020 GVRF application to the Mayors' Council on Regional Transportation for comment prior to final consideration by the MVRD Board.

FINANCIAL IMPLICATIONS

The processing of GVRF applications and annual reports is part of Regional Planning's regular activities and covered under the Board-approved Regional Planning budget. There are no financial implications associated with the 2021 Annual Report. Approval of the proposed scope change to the approved 2020 GVRF application would return \$70.4 million in previously-allocated funding to the GVRF. These funds would then be available for future projects.

CONCLUSION

TransLink has submitted its 2021 Annual Report and an accompanying request for a scope change to three projects originally approved by the MVRD Board in 2019. The two reports are linked by the shared challenge of COVID-19. In particular, the Annual Report notes that the pandemic has caused project delays as a result of supply chain issues and uncertainties about ridership recovery, while the scope change request is a result of significant declines in transit ridership during the pandemic, which is projected to remain below pre-pandemic levels throughout much of the 2022 Investment Plan.

Most of the projects identified in the Annual Report as being more than three months behind schedule now have revised delivery dates throughout 2022 and 2023.

TransLink's proposed scope change to the previously-approved GVRF application is intended to right-size transit service to match lower-than-expected demand and would result in \$70.4 million in previously-awarded funding being returned to the GVRF. No new funding is being requested at this time.

While it would likely result in the slower rollout of new transit fleet vehicles, it also presents an opportunity for TransLink to procure battery-electric fleet instead of hybrid buses and diesel shuttles. To this end, TransLink has made a commitment that, going forward, it will only seek GVRF funding for electric or renewable natural gas vehicles (rather than hybrid or diesel).

Attachments

1. Metro Vancouver's *Federal Gas Tax Fund Expenditures Policy*, revised February 28, 2020.
2. TransLink, Report on Federal Gas Tax Funding received from the Greater Vancouver Regional Fund (GVRF), dated June 9, 2022
3. TransLink, Amendments to the 2020 GVRF Application, dated June 9, 2022

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FEDERAL GAS TAX FUND EXPENDITURES

Effective Date: May 27, 2016 (revised February 28, 2020)

Approved By: MVRD Board

Policy No. FN-012**PURPOSE**

The purpose of the *Federal Gas Tax Fund Expenditures Policy* is to identify the process through which the Metro Vancouver Regional District (MVRD) Board considers and approves expenditures from the Federal Gas Tax Fund – Greater Vancouver Regional Fund (GVRF) for regional transportation projects proposed by the South Coast British Columbia Transportation Authority (TransLink).

DEFINITIONS

“Eligible Regional Transportation Projects” means the following eligible project categories described in Schedule B of the Administrative Agreement on the Federal Gas Tax Fund in British Columbia and confirmed by the MVRD Board as follows:

- Local roads and bridges, including active transportation
- Public transit;

“Evaluation Criteria” means the performance measures that the MVRD Board uses to assess the merit of each project submitted by TransLink for GVRF funding, as described in the Federal Gas Tax Fund – Greater Vancouver Regional Fund Application Guide;

“Federal Gas Tax Fund” means the predictable, long-term, stable funding provided by the federal government as part of the *New Building Canada Plan* for Canadian municipalities to help them build and revitalize local public infrastructure;

“Greater Vancouver Regional Fund” means the 95% of the Metro Vancouver Regional District and its member municipalities’ per-capita allocation that is pooled for eligible expenditures of regional transportation projects; and

“Information Requirements” means the information that must be provided by TransLink in order to allow for efficient and effective review of proposals by the MVRD Board, as described in the Federal Gas Tax Fund – Greater Vancouver Regional Fund Application Guide.

POLICY

As part of the *New Building Canada Plan*, the Government of Canada transfers funds to Canadian municipalities through the Federal Gas Tax Fund as a source of predictable, long-term funding for building and revitalizing public infrastructure. A renewed ten-year gas tax agreement, the Administrative Agreement on Federal Gas Tax Fund in British Columbia (2014 Agreement), came into effect in April, 2014 and extends the Federal Gas Tax Fund to 2024. It provides the framework for the delivery of federal funding to BC municipalities to help build and revitalize public infrastructure.

One of the three programs identified in the 2014 Agreement is the Greater Vancouver Regional Fund (GVRF). The GVRF pools 95% of MVRD member jurisdictions' per capita allocation of gas tax funds to support eligible regional transportation projects proposed and delivered by TransLink. The GVRF program aligns with the Metro Vancouver *Board Strategic Plan* by enabling the MVRD Board to play a key role in approving the use of these funds towards the advancement of the Mayors' Council Vision. Under this Policy, evaluation criteria have been established that will allow the Board to consider applications for the use of federal gas tax funds within the context of *Metro 2040: Shaping Our Future*, the *Regional Growth Strategy* to ensure integration between transportation planning and regional land use planning.

The 2014 Agreement identifies how the funds are to be delivered and provides high-level criteria to identify eligible projects and expenditures. Under the 2014 Agreement the MVRD Board must approve all eligible projects proposed by TransLink for funding. UBCM may not transfer monies to TransLink for eligible projects until it has received an approved list from the MVRD Board.

In order to support MVRD Board decisions related to approving expenditures from the GVRF, a process has been defined to clarify the procedural steps through which TransLink is to propose regional transportation projects to the MVRD Board for funding from the GVRF. Information requirements, including evaluation criteria, have also been defined to support the evaluation of regional transportation projects. Proposals from TransLink for funding from the GVRF must follow the format and procedures set out in the Federal Gas Tax Fund – Greater Vancouver Regional Fund Application Guide (the Application Guide).

Application Process

The GVRF application review process will commence upon receipt of an application from TransLink staff. TransLink staff will strive to observe Metro Vancouver's committee report deadlines and ensure applications are sent with sufficient lead time for Metro Vancouver staff to review and provide staff-to-staff comments prior to finalizing the staff report to committee and Board.

The designated standing committee with responsibility for considering applications will review the submitted projects as described using the Application Guide and will make recommendations to the MVRD Board. The standing committee may request TransLink staff to make presentations as appropriate.

The MVRD Board will strive to make determinations in a timely manner. The MVRD Board will notify the Union of British Columbia Municipalities of the projects that it has approved for funding within seven business days of the decision.

Information Requirements

In order for TransLink proposals to be considered by the MVRD Board, they must include all of the required information and follow the format as specified in the Application Guide.

BOARD POLICY

Proposals must be accompanied by TransLink's approved Capital Program listing all projects and funding sources, including any projects funded or anticipating funding from the GVRF. Proposals must demonstrate the consistency of projects with the approved Investment Plan. Proposals must also include a description of each project for which funding is requested as defined within the Project Description section, and must demonstrate compliance with evaluation criteria, both as defined within the Application Guide.

Evaluation Criteria

The Application Guide includes a set of evaluation criteria to allow for a detailed assessment of projects for which funding is requested. A description of how each proposed project achieves or works toward each criterion must be provided.

Two types of evaluation criteria are identified: Screening Criteria, which represent requirements that are mandatory for any project for which GVRF funding is requested; and Integrated Criteria, which allow for quantitative and qualitative assessments of proposed projects based on high priority objectives that reflect the intent of the Federal Gas Tax Fund, Metro Vancouver goals, and the Investment Plan.

Review of Federal Gas Tax Fund - Greater Vancouver Regional Fund Application Guide

The Application Guide may be reviewed and revised as necessary on an ongoing basis at the discretion of the MVRD Board. Metro Vancouver will consult with UBCM and TransLink.

GVRF Funding

TransLink will provide to the MVRD Board annual reports on projects that have received funding through the GVRF as of December 31st. Annual reports should be submitted no later than Q2 of the following year. At a minimum, the reports must include updates about variances in budgeted and actual costs, expenditures to date, project schedule, risk assessment, project progress, state of purchased assets, and alignment with the GVRF evaluation criteria.

TransLink need not request expenditure of all GVRF monies in any given year and may choose to apply the approved funding to a project over multiple years.

Following notification by the MVRD Board of projects approved for funding from the GVRF, UBCM will release funding for approved projects in a calendar year in one amount. The amount of funding released will be commensurate with the amount approved by the MVRD Board.

All proposals, MVRD Board decisions, and TransLink annual reports will be posted on a dedicated page on the Metro Vancouver website on an ongoing basis.

Ownership of Assets

The 2014 Agreement does not address the question of ownership of regional transportation assets purchased using GVRF funds. Typically, GVRF funds are combined with other sources of funding to

offset the cost of a package of improvements. When determining whether asset ownership is advisable, the following factors should be considered:

- Public Sector Accounting Principles do not allow ownership of a tangible capital asset to be divided among different parties. Ownership of the asset must rest with one body.
- Should the MVRD decide to become the owner of an asset purchased through GVRF funding, the MVRD will also have responsibility for the maintenance, replacement and disposal of those assets.
- Ownership of assets, including those acquired using GVRF funding, enable TransLink to borrow for its infrastructure needs in the open market. TransLink currently uses this borrowing power to access funds to operate and maintain the regional transit system.

At its discretion, the MVRD Board shall consider the ownership of a regional transportation asset on a case by case basis with consideration given to the above factors.

Disposition of Assets

The 2014 Agreement includes a provision that attaches conditions to the use of revenues generated from the sale, lease, encumbrance, or other form of disposal of gas tax-funded projects that are disposed of within five years of their completion. All such revenues must be invested by TransLink into eligible projects that have been approved by the MVRD Board.

For any assets purchased by TransLink using funds from the GVRF, TransLink will be required to report back annually on the state of the purchased asset in the annual report, including the disposition of any asset and the value of the gas tax funds returned to the GVRF based on the residual value of the disposed asset.

If and when revenues come available from assets that are disposed of by TransLink within five years of a project's completion, the use of such revenues must be approved by the MVRD Board using the same process and Application Guide as for new GVRF funds.

Scope Changes and Unspent Funds

Expenditures from the GVRF for any specific project proposed by TransLink are associated solely with the project as described through the Application Guide, and approved by the MVRD Board. Should at any time, the project undergo changes or modifications, or should a project require greater funds from the GVRF than anticipated, a new project proposal must be submitted by TransLink to the MVRD using the same process as was undertaken for the original proposal.

Should any project approved by Metro Vancouver for expenditure from the GVRF result in unspent funds, these funds must be returned to the GVRF.

To: Jerry Dobrovolsky, Chief Administrative Officer, Metro Vancouver

From: Christine Dacre, Chief Financial Officer, TransLink

Date: June 3, 2022

Subject: Report on Federal Gas Tax Funding Received from the Greater Vancouver Regional Fund (GVRF)

Article I. PURPOSE

The "Federal Gas Tax Fund Expenditures Policy", approved by the Board of Directors of the Metro Vancouver Regional District (MVRD Board) on May 27, 2016 and amended February 28, 2020, requires TransLink to report to Metro Vancouver on active projects that have received funding from the Greater Vancouver Regional Fund (GVRF).

The report frequency is annual and has the following reporting objectives:

- A. Projects budget to actual cost variances;
- B. Projects expenditures to-date;
- C. Projects progress;
- D. Current projects schedule and state of purchased assets;
- E. Overall risk assessment;
- F. Alignment with Evaluation Criteria.

This report provides historical information on active projects with GVRF funding as at December 31, 2021.

Article II. BACKGROUND

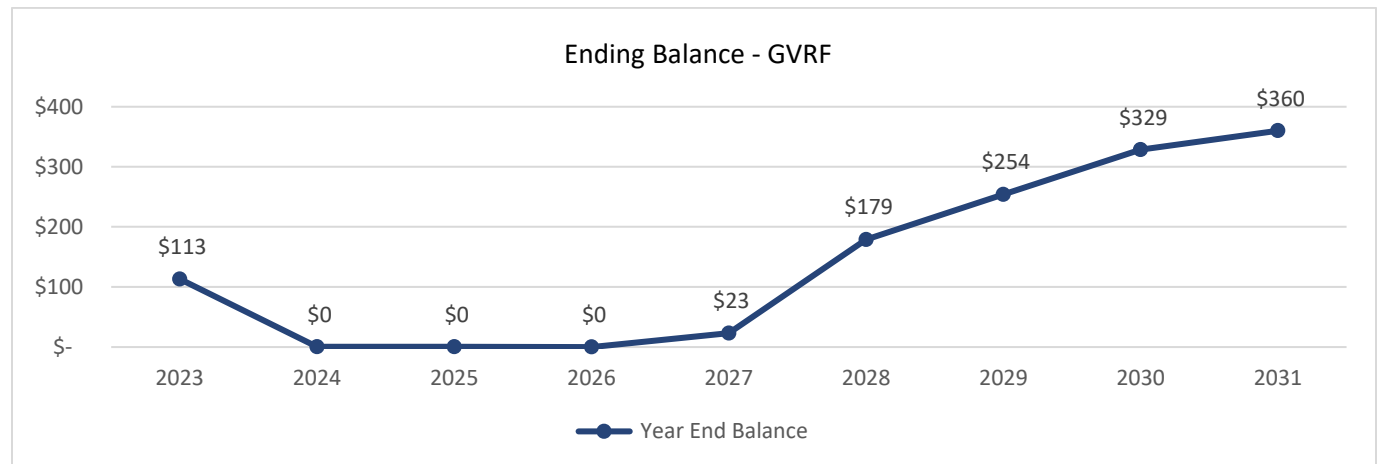
Since the Federal Gas Tax Fund program began in 2005, TransLink has received \$1,611.9 million in funding to expand and modernise the transit network. Interest earned on funds received, which must be used for approved GVRF projects, totalled \$62.7 million at December 31, 2021. Also, there was \$548.1 million in unapproved GVRF funds available for TransLink to apply for as at December 31, 2021.

2022 Investment Plan

The chart below shows the projected GVRF balance over the next ten years. As of December 31, 2021 there was \$257.5¹ million available for project funding. During the period 2022-2031 TransLink anticipates allocations of \$1.6 billion in funding from the Government of Canada into the GVRF, with TransLink utilizing \$1.5 billion of those allocation. These projects reflect investments in the transit fleet and advancing TransLink's Low Carbon Fleet Strategy. **Compared to the plans under the previous Mayors' Vision, going forward, TransLink will only be requesting GVRF funds for the purchase of electric or renewable natural gas vehicles as part of TransLink's Low Carbon Fleet Strategy.** While the GVRF balance

¹ Accompanying this report is an amendment to the 2020 GVRF application to return \$70.38 to the GVRF fund. The \$257.5 represents funds available in the pool before the amendment.

at the end of 2031 is forecasted to be \$360 million, it is expected to be fully draw down by 2034 by a large fleet replacement coming due between 2032-2034.



GVRF funding is a very important source of capital funding for TransLink and is fundamental to implement the Low Carbon Fleet Strategy, achieve the planned GHG reductions and support the Province's Clean BC mandate.

Active Projects

As of December 31, 2021, there were 29 active projects funded by the GVRF, with a total budget of \$910.6 million and approved GVRF funding of \$935.2 million. Table 1 is a summary of the total project costs and funding as at December 31, 2021.

Please note that an application amendment is being submitted for the following projects: 2021 Conventional Bus Expansion, 2021 Community Shuttle Vehicle Expansion and Mark 1 500-800 Refurbishment (see attached Application Amendment Memo). The amounts listed in this section represent values prior to the amendment.

Table 1 – Summary of total project costs and GVRF funding as of December 31, 2021

	Budget As of Dec 31, 2021	Final Forecast Cost As of Dec 31, 2021	Variance ¹ As of Dec 31, 2021
Total Project cost	\$910.6	\$906.0	\$4.6
Ineligible Costs under GVRF Funding²	(45.8)	(41.2)	(4.6)
Funding to be Amended	70.4	-	70.4
Eligible GVRF Funding Approved to Date	\$935.2	\$864.8	\$70.4

1. Variance from total project approved budget vs. final forecast cost as of December 31, 2021.

2. Ineligible costs represent mainly expenditures incurred by TransLink that are not eligible to be claimed under GVRF such as internal labour charges, overhead, land, internal training and maintenance costs.

Table 2 provides a detailed list of active projects with GVRF funding, including budget, final forecast cost (FFC) and expenditures-to-date as of December 31, 2021. Included in the table are projects that are substantially complete, which have been implemented or are in-service, but remain active to reflect outstanding charges and holdbacks to be addressed prior to project close-out.

Table 2 – List of active projects with GVRF funding as of December 31, 2021

Active Projects with GVRF Funding (\$ millions)	Budget	Expenditures to Dec 31, 2021	FFC	Forecast to Budget Variance	Approved Funding	Funding used up to Dec 31, 2021	Total Forecast Funding	Funding Variance
SkyTrain Mark I Vehicle Refurbishment	28.0	26.3	28.0	(0.1)	24.4	14.9	24.4	-
2018 Conventional Bus - Replacement	65.8	65.0	65.1	0.7	61.9	61.9	61.9	-
Electric Battery Bus Purchases - Pilot	10.0	8.9	9.6	0.4	6.9	6.9	6.9	-
2019 Conventional Bus – Replacement	33.9	32.0	32.6	1.3	30.0	30.0	30.0	-
2019 Community Shuttle Vehicles - Replacement	12.6	10.3	10.3	2.3	10.8	10.0	10.0	0.8
2020 Conventional Bus - Replacement	32.5	12.5	32.4	0.1	31.6	11.8	31.6	-
2020 Conventional Bus - Expansion	100.7	16.5	100.6	0.1	97.8	14.8	97.8	-
2020 HandyDART Vehicles - Replacement	6.3	0.1	6.3	-	6.1	-	6.1	-
2020 HandyDART Vehicles - Expansion	1.6	-	1.6	-	1.6	-	1.6	-
2020 Community Shuttle Vehicles - Expansion	2.5	-	2.5	-	2.4	-	2.4	-
2021 Conventional Bus - Expansion ²	46.8	0.1	46.8	-	107.8	-	46.8	61.0
2021 HandyDART Vehicles - Replacement	6.5	0.1	6.5	-	6.4	-	6.4	-
2021 HandyDART Vehicles – Expansion ¹	1.6	-	1.6	-	1.6	-	1.6	-
2021 Community Shuttle Vehicles - Replacement	14.1	11.7	14.1	-	13.7	10.9	13.7	-
2021 Community Shuttle Vehicles - Expansion ^{1 2}	0.9	-	0.9	-	2.4	-	0.9	1.5
Mark 1 500-800 Refurbishment ²	10.0	1.2	10.4	(0.4)	17.2	1.1	10.3	6.9

Active Projects with GVRF Funding (\$ millions)	Budget	Expenditures to Dec 31, 2021	FFC	Forecast to Budget Variance	Approved Funding	Funding used up to Dec 31, 2021	Total Forecast Funding	Funding Variance
2022 Community Shuttle Vehicles - Replacement	15.9	-	15.9	-	15.3	-	15.3	-
2022 HandyDART Vehicles - Replacement	6.8	-	6.8	-	6.5	-	6.5	-
Next Generation SeaBus Design ¹	2.7	-	2.7	-	2.5	-	2.5	-
2021 CMBC Service Support Vehicles - Replacement	1.3	-	1.2	-	1.4	-	1.2	0.2
Port Coquitlam Transit Centre Infrastructure (LCFS)	30.6	0.1	30.6	-	27.8	0.1	27.8	-
2023 Conventional Bus (Electric) - Replacement ¹	88.7	-	88.7	-	86.1	-	86.1	-
2021 BCRTC Service Support Vehicles - Replacement	0.3	-	0.4	-	0.4	-	0.4	-
BCRTC Elevating Devices Elevators Replacement ¹	11.8	-	11.8	-	11.2	-	11.2	-
BCRTC Elevating Devices Escalators Replacement	10.5	-	10.3	0.2	5.5	-	5.5	-
2023 Community Shuttle Vehicles - Replacement ¹	6.9	-	6.9	-	6.7	-	6.7	-
2023 Conventional Bus (CNG) - Replacement ¹	46.0	-	46.1	-	44.4	-	44.4	-
2023 HandyDART Vehicles - Replacement ¹	7.0	-	7.0	-	6.8	-	6.8	-
Marpole Transit Centre ¹	308.3	-	308.3	-	298	-	298	-
Total	910.6	184.8	906.0	4.6	935.2	162.4	864.8	70.4

1. Approved in principle projects with approved GVRF funding. All other projects are active.
2. An application amendment is being submitted for these projects (see attached Application Amendment Memo). The amounts above represent values prior to the amendment.

Substantially Complete Projects

As of December 31, 2021 there are 17 of substantially completed projects with a cumulative budget of \$442.9 million and GVRF Funding of \$366.0 million. All assets from substantially complete projects are currently in use in TransLink operations. Once the minor outstanding charges and/or holdbacks are released the projects will be closed out.

A. Project Budget to Actual Costs Variance

The majority of projects have favorable variances compared to budget. See Table 2 for a detailed list of active projects and breakdown of variances from current forecast and approved budget. Below is a discussion of the projects with variances between budget and FFC greater than \$1.0 million as of December 31, 2021.

2019 Conventional Bus - Replacement - This project is in the final stages of completion as of December 31, 2021 with a positive variance of \$1.3 million between the budgeted cost and the FFC. The variance is primarily due to not needing to draw down on contingency as well as savings in the purchase price of each vehicle. The project has utilized the full funding allocation of \$30.0 million.

2019 Community Shuttle - Replacement - This project has a positive variance of \$2.3 million between the budgeted cost and the FFC. This is primarily due to not needing to draw down on contingency as well as savings in the purchase price of each vehicle, resulting in a funding variance of \$0.8 million. If at the completion of the project a positive variance remains, any unspent funds will be netted against future applications for GVRF.

B. Project Expenditures to Date for Active Projects

Total active project costs were \$184.8 million as of December 31, 2021, with \$162.4 million in funding coming from the GVRF. Table 3 is a summary of the total active project costs and funding as of December 31, 2021:

Table 3 - Greater Vancouver Regional Fund (\$ millions)

	As of December 31, 2021
Total Project Costs	\$184.8
Ineligible Costs Under Approved GVRF Funding	(22.4)
Expenditure of GVRF Funding	<u>\$162.4</u>

Ineligible costs represent expenditures incurred by TransLink that are not eligible to be claimed under GVRF such as internal labour charges, overhead, land, internal training and maintenance costs.

C. Project Progress

Table 4 provides an update on the progress of approved projects and whether they had proceeded as intended as of December 31, 2021. All projects require Specific Project Approval (SPA) during which they are reviewed by TransLink's Capital Management Committee to ensure fiscal responsibility and overall alignment with the Regional Transportation Strategy. Projects are required to obtain SPA approval before any commitments are made to an external party.

Table 4 – Summary of project progress for active projects with GVRF funding

Project Schedule	Number of Projects	FFC (\$ millions)
Delays greater than 3 months	13	\$357.1
On or ahead of schedule	11	417.2
Substantially completed projects	5	131.7
	29	\$906.0

Table 5 provides a detailed breakdown of closed projects with GVRF funding, including budget, final forecast cost (FFC) and expenditures-to-date as of December 31, 2021.

Table 5 - Projects closed since the prior year report

Closed Projects with GVRF Funding (\$ millions)	Budget	Expenditures to Dec 31, 2021	FFC	Forecast to Budget Variance	Approved Funding	Total Funding Used	Funding Variance
2014 Conventional Bus	25.4	25.0	25.0	0.4	24.4	24.4	-
2018 Conventional Bus Replacement	65.8	65.0	65.0	0.8	61.9	61.8	-

D. Current Project Schedule

Table 6 shows an estimate for each project schedule based on forecast in-service dates as of December 31, 2021 and the approximate delay in months when compared to original forecast in-service dates. Schedule delays can be caused by numerous reasons, such as delay in equipment delivery from vendors or project complexity. Below is a schedule summary for all active projects as of December 31, 2021.

Table 6 – Project schedule summary

Active Projects with GVRF Funding	Forecast In-service Date	Actual In-service Date	Delay/(Early) delivery in months (approx.)	Stage of project progress	Whether proceeded as intended	Estimated Useful Life (years)
SkyTrain Mark I Vehicle Refurbishment	April 2020	August 2020	4	Project is in the final stages of completion	Yes, SPA approved in September 2012	30
2018 Conventional Bus - Replacement	March 2019	December 2019	9	Project is in the final stages of completion	Yes, SPA approved in June 2017	17
Electric Battery Bus Purchases - Pilot	December 2018	September 2019	8	Project is in the final stages of completion	Yes, SPA approved in September 2017	17
2019 Conventional Bus – Replacement	September 2020	September 2020	-	Project is in the final stages of completion	Yes, SPA approved in April 2018	17
2019 Community Shuttle Vehicles - Replacement	December 2019	April 2020	4	Project is in the final stages of completion	Yes, SPA approved in August 2018	5
2020 Conventional Bus - Replacement	March 2021	June 2022	15	Acceptance of buses has been delayed due to quality concerns and deficiency work. Buses are forecasted to be accepted in Q2 2022.	Yes, SPA approved in May 2019	17
2020 Conventional Bus - Expansion	December 2020	December 2023	37	Acceptance of buses has been delayed due to quality concerns and deficiency work. Remaining buses are forecasted to be accepted throughout 2022 and 2023.	Yes, SPA approved in May 2019	17
2020 HandyDART Vehicles - Replacement	May 2021	June 2022	13	Arrival of vehicles has been delayed to Q2 2022 due to supply shortages and delays	Yes, SPA approved in January 2020	7

Active Projects with GVRP Funding	Forecast In-service Date	Actual In-service Date	Delay/(Early) delivery in months (approx.)	Stage of project progress	Whether proceeded as intended	Estimated Useful Life (years)
				at the production facilities caused by the COVID-19 pandemic.		
2020 HandyDART Vehicles - Expansion	January 2021	June 2022	16	Arrival of vehicles has been delayed to Q2 2022 due to supply shortages and delays at the production facilities caused by the COVID-19 pandemic.	Yes, SPA approved in January 2020	7
2020 Community Shuttle Vehicles - Expansion	January 2021	December 2022	23	Project was delayed during COVID-19 pending an assessment of ridership recovery. Vehicles are now expected to be delivered at the end of 2022.	Yes - SPA approved in November 2019	5
2021 Conventional Bus - Expansion	November 2022	August 2023	9	Project was delayed due to COVID-19. An assessment of ridership recovery has been completed and the project scope has been reduced, for which a funding amendment has been submitted. Buses are expected to be delivered by Q3 of 2023.	SPA approved in March 2020. Project scope reduced due to COVID-19 impacts on ridership.	17
2021 HandyDART Vehicles - Replacement	November 2021	June 2022	7	Arrival of vehicles has been delayed to Q2 2022 due to supply shortages and delays at the production facilities caused by the COVID-19 pandemic.	Yes - SPA approved in October 2020	7
2021 HandyDART Vehicles - Expansion	October 2021	December 2023	27	Project has been delayed due to COVID-19 pending an assessment of ridership recovery. In addition, there is a shortage of van chassis due to supply chain constraints.	SPA expected in September 2022	7
2021 Community Shuttle Vehicles - Replacement	January 2021	June 2022	17	54 of 62 shuttles have been received with the remaining shuttles expected in Q2 2022. Commissioning and acceptance of vehicles	Yes - SPA approved in October 2020	5

Active Projects with GVRP Funding	Forecast In-service Date	Actual In-service Date	Delay/(Early) delivery in months (approx.)	Stage of project progress	Whether proceeded as intended	Estimated Useful Life (years)
				was delayed due to vehicle deficiencies.		
2021 Community Shuttle Vehicles - Expansion	November 2021	September 2023	23	The project was delayed due to COVID-19. An assessment of ridership recovery has been completed and the project scope has been reduced, for which a funding amendment has been submitted. Vehicles are expected to be delivered by Q3 of 2023.	SPA expected in September 2022. Project scope reduced due to COVID-19 impacts on ridership.	5
Mark 1 500-800 Refurbishment	December 2021	May 2024	29	Project delayed due to supply shortages, an IT incident and WorkSafe BC concerns that needed to be addressed. Project scope was reduced based on the vehicle condition for which a funding amendment has been submitted.	Yes - SPA approved in August 2020. Project scope reduced due to COVID-19 impacts on ridership.	5
2022 Community Shuttle Vehicles - Replacement	December 2022	December 2022	-	All shuttles are expected to arrive by December 2022.	Yes, SPA approved in April 2021	5
2022 HandyDART Vehicles - Replacement	August 2022	October 2022	2	Two months delay in SPA. Vehicles scheduled to be delivered beginning August 2022.	Yes, SPA approved in March, 2021	7
Next Generation SeaBus Design	September 2023	September 2023	-	No delays currently expected	SPA expected in July 2022	30
2021 CMBC Service Support Vehicles - Replacement	August 2022	August 2022	-	Delivery and outfitting of vehicles has been delayed due to global supply chain challenges, chip shortage and COVID-19 outbreaks. Delivery is scheduled for Q2 and Q3 2022.	Yes, SPA approved in April 2021.	5
Port Coquitlam Transit Centre Infrastructure (LCFS)	December 2022	May 2024	17	This project is being delivered along with a bus fleet project as a program under a new procurement model.	SPA scheduled for July, 2022.	30

Active Projects with GVRP Funding	Forecast In-service Date	Actual In-service Date	Delay/(Early) delivery in months (approx.)	Stage of project progress	Whether proceeded as intended	Estimated Useful Life (years)
2023 Conventional Bus (Electric) - Replacement	December 2023	June 2025	18	Delayed due to infrastructure requirements to support Battery Electric Buses being procured under this project.	SPA scheduled for June 2022	17
2021 BCRTC Service Support Vehicles - Replacement	October 2022	October 2022	-	Vehicle delivery scheduled for September 2022.	Yes, SPA approved in November 2021	15
BCRTC Elevating Devices Elevators Replacement	April 2023	April 2023	-	No delays currently expected	SPA expected in August 2022	20
BCRTC Elevating Devices Escalators Replacement	April 2024	April 2024	-	Equipment installation scheduled for March 2024	Yes, SPA approved in May 2021	25
2023 Community Shuttle Vehicles - Replacement	November 2023	November 2023	-	No delays currently expected	SPA expected in May 2022	5
2023 Conventional Bus (CNG) - Replacement	March 2024	March 2024	-	Vehicle delivery scheduled for December 2023	Yes, SPA approved in February 2022.	17
2023 HandyDART Vehicles - Replacement	November 2023	November 2023	-	No delays currently expected	SPA expected in June 2022	7
Marpole Transit Centre	July 2025	July 2025	-	Project currently is in preliminary design, with site configuration, boundaries and capacity being refined. Construction (early works) expected to start in 2023.	SPA expected in July 2022	30

Disposition of Assets

No GVRP funded assets have been disposed of prior to the end of their useful life during 2021.

E. Overall Risk Assessment

TransLink follows standard project management practices and provides an internal oversight structure for each capital project, including projects utilizing GVRF funding. The higher the project's risk profile (measured as a function of risk, business value, size and complexity), the greater the degree of rigour that is applied to its governance model.

Specific project risks are identified prior to project initiation and listed in the project risk register. Monthly reports on risks and issues are provided to TransLink's Project Management Office (PMO). In addition, projects with increased complexity and/or elevated risk profile also have a specific project steering committee assigned. Below is a list of known risks and actions taken for active projects receiving GVRF funding:

RISK TITLE	RISK DESCRIPTION (EVENT)	CAUSE OF RISK	ACTION TAKEN
Foreign Exchange Rate	Deterioration of the Canadian/foreign currency exchange rate may cause vehicle and equipment pricing to exceed project budget	Currency conversion volatility between the Canadian dollar and foreign currencies	Exercise contract options as quickly as possible and build contingency into project budgets
Labour Resources	As a specialized skillset is needed for certain positions, the production may be slower than planned, impacting the completion date	Challenges with labour resource availability and staff turnover	Project managers monitor output, execute project focused training if required and provide for overtime as needed
Bus Sub-system Integration and Commissioning	Installation and integration issues between new bus type and bus sub-systems (electric and double decker buses)	New interfaces, new technology (electric), added deck, taller vehicles	Work with manufacturers to identify any potential issues prior to taking delivery of buses. Allow for extra inspection time.
Building Permits	Delays in obtaining permits from various municipalities required before construction can commence	Municipalities have jurisdiction over sites where construction is required	Continuous engagement with municipalities to generate support. Hire consultants to manage process, if needed.
COVID-19	The global COVID-19 pandemic has affected supply chains and slowed production at factories	Business suspensions to slow the spread of the COVID-19 virus. Social distancing rules that reduce productivity.	Continuous engagement with manufacturers to keep aware of schedule delays and building in extra time into the project schedule to accommodate potential delays

F. Alignment with Evaluation Criteria

The "Federal Gas Tax Fund Expenditures Policy" includes a list of criteria (Evaluation Criteria) that is used by Metro Vancouver to evaluate whether a regional transportation project proposed by TransLink for GVRF funding merits approval during the application process. Two types of Evaluation Criteria are identified:

- 1) Screening Criteria, which represents requirements that are mandatory for any project for which GVRF funding is requested; and
- 2) Integrated Criteria, which allows for a qualitative assessment of the proposed project based on high priority objectives that reflect the intent of the GVRF as well as of Metro Vancouver goals.

Active projects listed in this report that have received GVRF funding have gone through a rigorous approval process and have been determined to meet the evaluation criteria during the application process.

Article III. CONCLUSION

TransLink has delivered majority of projects funded via the GVRF as required. TransLink will continue to ensure that all active projects funded by GVRF will meet the requirements as defined by the "Federal Gas Tax Expenditures Policy".

To: Jerry Dobrovolny, Chief Administrative Officer, Metro Vancouver

From: Christine Dacre, Chief Financial Officer, TransLink

Date: June 3, 2022

Subject: Amendments to the 2020 GVRF Application

PURPOSE

TransLink is requesting the Metro Vancouver Regional District (Metro Vancouver) approve a scope and funding change for the following projects:

- 2021 Conventional Bus Expansion
- 2021 Community Shuttle Vehicle Expansion
- Mark 1 500-800 Refurbishment

These projects were previously approved to be funded from the Greater Vancouver Regional Fund (GVRF) by the Metro Vancouver Board on November 1, 2019.

This application amendment will return \$70.4 million to the GVRF. The approval of the requested application amendment will allow TransLink to re-allocate the funding to future GVRF funded projects.

See Table 1 for the summary of the financial impacts of this change.

PROPOSED SCOPE AND FUNDING CHANGES**2021 Conventional and Community Shuttle Expansion Projects**

Reason for change: The COVID-19 pandemic resulted in an unprecedented drop in ridership levels. While the pandemic has subsided, transit ridership is expected to remain below pre-pandemic levels throughout much of the ten-year period of the 2022 Investment Plan. Accordingly, as part of developing the 2022 Investment Plan, TransLink has revised and amended the fleet needs of the organization to better align with ridership level expected over the next 10 years. As a result, the following amendments were made to these expansion projects

- 2021 Conventional Fleet Expansion – reduced the number of 40-Foot hybrid buses by 39 and the number of 60-foot articulated buses by 14.
- 2021 Community Shuttle Expansion – reduced the number of community shuttles by 6.

The reduced expansion will avoid approximately 4,200 tonnes of annual GHG emissions. When the charging infrastructure is in place and these buses and shuttles are procured, they will be zero-emissions battery-electric.

See Table 1 for the summary of the financial impacts of this change.

RISKS

There are certain risks that TransLink has experienced in similar active and completed projects which can have an impact on the schedule, cost and/or the scope of the projects:

- Deterioration of Canadian/foreign currency exchange rate
- Delays caused by bus manufacturers due to backlogs
- Inflation risk caused by macro level events

TransLink is aware of these risks, continuously monitors them and takes actions, when needed, to mitigate these risks.

Mark 1 500-800 Refurbishment

After completion of a comprehensive condition assessment of the Mark 1 fleet it was identified that the number of vehicles requiring refurbishment was lower than previously anticipated. Accordingly, the scope was reduced from 36 SkyTrain cars to 13 SkyTrain cars.

Table 1: Summary of Projects, Total Costs, and Gas Tax Funding Request

Projects Description	Scope	(\$ millions)	
		Total Project Budget	Requested Gas Tax Funding
Original 2020 GVRF Application Amendment			
2021 Conventional 60-ft and 40-ft Bus Purchase – Expansion	30 60-foot hybrid diesel-electric buses	51.5	49.6
	39 40-foot diesel-electric hybrid buses	45.0	43.4
	9 40-foot zero emissions battery-electric buses	15.3	14.8
2021 HandyDART Vehicle Purchase – Replacement	42 HandyDART vehicles	6.6	6.4
2021 HandyDART Vehicle Purchase – Expansion	10 HandyDART vehicles	1.6	1.6
2021 Community Shuttle Vehicle Purchase – Replacement	62 Community shuttle vehicle	14.1	13.7
2021 Community Shuttle Vehicle Purchase – Expansion	9 Community shuttle vehicle	2.6	2.4
Mark 1 500-800 Refurbishment	36 Mark I 500-800 series cars	17.7	17.2
Total	237 Vehicles	154.4	149.1
Proposed New Funding			
2021 Conventional 60-ft and 40-ft Bus Purchase – Expansion	16 60-foot hybrid diesel-electric buses	31.6	31.4
	0 40-foot diesel-electric hybrid buses	-	-
	9 40-foot zero emissions battery-electric buses	15.3	14.8
2021 HandyDART Vehicle Purchase – Replacement	42 HandyDART vehicles	6.6	6.4
2021 HandyDART Vehicle Purchase – Expansion	10 HandyDART vehicles	1.6	1.6
2021 Community Shuttle Vehicle Purchase – Replacement	62 Community shuttle vehicle	14.1	13.7
2021 Community Shuttle Vehicle Purchase – Expansion	3 Community shuttle vehicle	0.9	0.9
Mark 1 500-800 Refurbishment	13 Mark I 500-800 series cars	10.0	9.9
Total	155 vehicles	80.1	78.7
Net reduction	82 Vehicles	74.3	70.4

The funds that are no longer needed for the above projects (shown as “Net reduction”) in the table above will be re-allocated to future GVRF-funded projects, through additional future applications.

ACTIVE PROJECTS

Refer to the December 31, 2021, Annual Report for full details on the status of active projects.

FUNDS AVAILABLE

The table below displays the total funding TransLink has received since the Federal Gas Tax Fund program began in 2005. TransLink has received \$1,611.9 million in funding to expand and modernize the transit network. Interest earned on funds received, which must be used for approved CCBF projects, totaled \$62.7 million at December 31, 2021. After considering reduction in funding required as per above, there is \$327.88 million in funds available to TransLink. A summary of the funds and usage is provided below:

Greater Vancouver Regional Fund

(as of December 31, 2021)

In millions

Approved GVRF Funds	\$1,611.9
Interest earned on funds received	62.7
Unapproved GVRF Funds	548.1
Total Gas Tax Funds	\$2,222.7
Less	
Funds applied to completed projects	\$(1,015.5)
Funds for approved projects	(935.2)
Interest allocated to projects	(14.5)
Funds available for use	\$257.5
Adjustment for amended project funding	70.4
Updated Funds Remaining	\$327.9

The amended application above is based on the draft 2022 Investment Plan¹. The 2022 Investment Plan is focused on recovery while advancing key priorities such as:

- Holding transit service stable
- Pursuing urgent bus service expansion through service reallocations
- Advancing high-priority capital projects
- Implementing our climate commitments
- Making streets safe through active transportation and road investments

The funds returned from the above application will be used to support continued advancement of TransLink's Low Carbon Fleet strategy and goals identified in the TransLink's Regional Transportation Strategy, Metro Vancouver's Regional Growth Strategy and Metro Vancouver's new Climate 2050 goals.

¹ 2022 Investment Plan was approved by the Mayor's council on May 26, 2022

Appendix A

Planned Projects for 2023-2031 Assumed to Receive GVRF Funding in the 2022 Investment Plan

				GVRF Funding CF								
Program Year	Project Description	Project Cost	Total GVRF Funding	2023	2024	2025	2026	2027	2028	2029	2030	2031
2023	2024-2028 Conventional Bus Replacements (Trolleys)*	414.6	(373.1)	-	(35.1)	(1.9)	(53.6)	(214.6)	(67.9)	-	-	-
	2024 Conventional Bus Replacements (RNG)*	76.4	(68.8)	-	(68.8)	-	-	-	-	-	-	-
	Service Support Vehicles Replacement	1.8	(1.6)	(0.4)	(1.2)	-	-	-	-	-	-	-
	2023 BCRTC Service Support Vehicles Replacement	0.3	(0.2)	(0.2)	-	-	-	-	-	-	-	-
2023 Total		493.1	(443.8)	(0.6)	(105.1)	(1.9)	(53.6)	(214.6)	(67.9)	-	-	-
2024	2026 Conventional Bus Replacements (BEB)*	470.4	(423.3)	-	-	-	(423.3)	-	-	-	-	-
	2025-2029 Conventional Bus Replacements (Trolleys)*	199.2	(179.3)	-	-	(16.7)	(2.3)	(19.4)	(65.4)	(75.5)	-	-
	Service Support Vehicles Replacement	1.7	(1.5)	-	(0.4)	(1.2)	-	-	-	-	-	-
	2024 BCRTC Service Support Vehicles Replacement	0.2	(0.2)	-	(0.2)	-	-	-	-	-	-	-
2024 Total		671.5	(604.3)	-	(0.6)	(17.9)	(425.7)	(19.4)	(65.4)	(75.5)	-	-
2025	Service Support Vehicles Replacement	1.6	(1.4)	-	-	(0.4)	(1.1)	-	-	-	-	-
	2025 BCRTC Service Support Vehicles Replacement	0.5	(0.4)	-	-	(0.4)	-	-	-	-	-	-
2025 Total		2.1	(1.9)	-	-	(0.8)	(1.1)	-	-	-	-	-
2026	Service Support Vehicles Replacement	2.0	(1.8)	-	-	-	(1.5)	(0.3)	-	-	-	-
	2026 BCRTC Service Support Vehicles Replacement	0.3	(0.3)	-	-	-	(0.3)	-	-	-	-	-
2026 Total		2.3	(2.1)	-	-	-	(1.8)	(0.3)	-	-	-	-
2027	2029 Conventional Vehicles Replacements (BEB)*	114.5	(103.0)	-	-	-	-	-	-	(103.0)	-	-
	Service Support Vehicles Replacement	2.1	(1.9)	-	-	-	-	(1.5)	(0.3)	-	-	-
	2027 BCRTC Service Support Vehicles Replacement	0.2	(0.2)	-	-	-	-	(0.2)	-	-	-	-
2027 Total		116.7	(105.1)	-	-	-	-	(1.7)	(0.3)	(103.0)	-	-
2028	Transit Police NRV Replacement	1.7	(1.5)	-	-	-	-	-	(0.4)	(1.2)	-	-
	Service Support Vehicles Replacement	1.5	(1.4)	-	-	-	-	-	(1.2)	(0.2)	-	-
	2028 BCRTC Service Support Vehicles Replacement	0.2	(0.2)	-	-	-	-	-	(0.2)	-	-	-
2028 Total		3.4	(3.1)	-	-	-	-	-	(1.8)	(1.3)	-	-
2029	2031 Conventional Bus Replacements (BEB)*	93.7	(84.3)	-	-	-	-	-	-	-	-	(84.3)
	Service Support Vehicles Replacement	1.8	(1.6)	-	-	-	-	-	-	(0.4)	(1.2)	-
	Transit Police NRV Replacement	1.2	(1.1)	-	-	-	-	-	-	(0.3)	(0.8)	-
	2029 BCRTC Service Support Vehicles Replacement	0.1	(0.1)	-	-	-	-	-	-	(0.1)	-	-
2029 Total		96.8	(87.1)	-	-	-	-	-	-	(0.8)	(2.0)	(84.3)
2030	2032 Conventional Bus Replacement (BEB)* (Note 1)	93.3	(84.0)	-	-	-	-	-	-	-	-	-
	2030 BCRTC Service Support Vehicles Replacement	2.1	(1.9)	-	-	-	-	-	-	-	(1.9)	-
	Service Support Vehicles Replacement	1.7	(1.5)	-	-	-	-	-	-	-	(0.4)	(1.2)
2030 Total		97.1	(87.4)	-	-	-	-	-	-	-	(2.2)	(1.2)
2031	2033 Conventional Bus Replacements (BEB)* (Note 1)	146.3	(131.7)	-	-	-	-	-	-	-	-	-
	Service Support Vehicles Replacement	1.9	(1.7)	-	-	-	-	-	-	-	-	(0.4)
	2031 BCRTC Service Support Vehicles Replacement	0.6	(0.5)	-	-	-	-	-	-	-	-	(0.1)
2031 Total		148.8	(133.9)	-	-	-	-	-	-	-	-	(0.5)
Total		1,631.8	(1,468.6)	(0.6)	(105.7)	(20.6)	(482.1)	(236.0)	(135.4)	(180.6)	(4.2)	(86.0)

To: Finance Committee

From: Linda Sabatini, Acting Director, Financial Operations

Date: June 27, 2022 Meeting Date: July 14, 2022

Subject: **MVRD Temporary Borrowing Bylaw No. 1357, 2022**

RECOMMENDATION

That the MVRD Board:

- a) authorize to temporary borrow on behalf of *Greater Vancouver Water District ("GVWD")* an amount, or amounts in aggregate, not exceeding \$268 million dollars the remaining amount of the *Greater Vancouver Water District Borrowing Bylaw No. 248, 2015*, and the maximum borrowing authorized.
 - b) give first, second and third readings to "*Metro Vancouver Regional District Temporary Borrowing Bylaw Number 1357, 2022*".
-

EXECUTIVE SUMMARY

An opportunity exists to improve cash management by using temporary borrowing, which will reduce the amount of cash on hand and maximize cash invested in the long-term investment portfolio. Temporary borrowing will allow for enhanced investment decisions and optimize investment returns by approximately \$1.8 million per year, across the organization as whole.

Metro Vancouver's current infrastructure financing strategy revolves around MFA's bi-annual long-term borrowing process and does not include temporary borrowing. Through the *Municipal Enabling and Validating Act (MEVA)*, MVRD can access temporary borrowing from MFA on behalf of the GVWD. Approval of the *Metro Vancouver Regional District Temporary Borrowing Bylaw No. 1357, 2022* provides the authority for temporary borrowing in the amount not exceeding \$268 million, the remaining amount of the *Greater Vancouver Water District Borrowing Bylaw No. 248, 2015*, and the maximum borrowing authorized. This will provide Metro Vancouver with borrowing methods equivalent to what is used in municipalities.

PURPOSE

To seek Board approval for temporary borrowing through the *Metro Vancouver Regional District ("MVRD")* and the *Municipal Finance Authority of British Columbia ("MFA")*, for anticipated capital infrastructure activities, for an amount, or amounts in the aggregate, not exceeding \$268 million dollars, the remaining amount of the *Greater Vancouver Water District Borrowing Bylaw No. 248, 2015*, and the maximum borrowing authorized.

BACKGROUND

Metro Vancouver's current cash management strategy for infrastructure financing for GVWD and GVS&DD revolves around MFA's two annual long-term borrowing opportunities (in April and October). In the intervening months, infrastructure projects are funded internally by drawing down cash on hand and investments. It's expected that continued reliance on internal interim funding will put pressure on investment balances and returns unless alternative financing strategies are implemented.

TEMPORARY BORROWING AUTHORITY

The current borrowing process under the GVWD Act, does not include provisions for temporary borrowing. Metro Vancouver's current cash management strategy for infrastructure financing for GVWD and GVS&DD revolves around MFA's two annual long-term long term borrowing opportunities (in April and October). In the intervening months, infrastructure projects are funded internally by utilizing reserves and drawing down cash on hand and investments. It's expected that continued reliance on internal interim funding will put pressure on investment balances unless alternative financing strategies are implemented.

The proposed strategy is to temporary borrow in the months between MFA's spring and fall long-term borrowing opportunities. This will allow the optimization of investment returns and enhance portfolio investment decisions. GVWD has been restricted from taking advantage of this arrangement because the borrowing process under the *GVWD Act* does not include provisions for temporary borrowing. However, through the *Municipal Enabling and Validating Act (MEVA S.45 No.2)*, MVRD can access temporary borrowing on behalf of the GVWD, from a financial institution or other lender (including the MFA). Temporary borrowing will provide Metro Vancouver with borrowing methods equivalent to what is used in municipalities.

Under the MEVA legislation, two approved bylaws are required to allow GVWD the opportunity to temporary borrow. The first bylaw is the *Greater Vancouver Water District Temporary Borrowing Bylaw No. 258, 2022* establishing the authority for GVWD to access temporary borrowing, which is being submitted to the GVWD Board for approval on July 29, 2022.

The second bylaw required for temporary borrowing is the *Metro Vancouver Regional District Temporary Borrowing Bylaw No. 1357, 2022* to authorize MVRD to borrow on behalf of GVWD. This report introduces this bylaw for consideration and approval.

A cash management strategy that includes a combination of temporary and long-term borrowing allows the optimization of cash and investment portfolio decisions which can reduce overall debt servicing costs and provide maximum investment returns, as investments can be retained for longer periods.

A simple example, below shows that capital spending of \$240 million per year (\$20 million per month), can yield additional investment returns of \$1.8 million a year, across the organization.

	Annual Amount (in millions of dollars)
Incremental Interest Earned from Investing Long-Term (3.5%) versus Short-term (2.05%)	\$ 3.2
Less Temporary Borrowing Interest Expense (1.98%)	(1.4)
Net Benefit of Temporary Borrowing	\$ 1.8

The *Metro Vancouver Regional District Borrowing Bylaw No. 1357, 2022*, Attachment 1, provides a block of temporary borrowing authority in advance of any actual borrowing. The borrowing authority under this bylaw is consistent with the expenditures included in the five-year financial plan and the *Greater Vancouver Water District Borrowing Bylaw No. 248, 2015*.

FINANCING AGENCY

The Municipal Finance Authority (MFA) is the financing agency for all municipalities and regional districts within British Columbia, except the City of Vancouver. It is also the financing agency for the GVS&DD and the GVWD. The MFA currently has two bond issues per year which provide opportunity for long term borrowing, one in each of the spring and fall. The MFA also provides temporary financing to municipalities and regional districts at variable interest rates over terms of not more than five years.

The approval of this temporary borrowing bylaw along with an approved *GVWD Temporary Bylaw No. 258, 2022* will enable the MVRD to secure temporary funding for the capital program of the GVWD which will enhance cash management strategies.

BORROWING AMOUNT

The *Greater Vancouver Water District Borrowing Bylaw No. 248, 2015*, authorized long-term borrowing to a maximum of \$700 million, based on GVWD's 5-year capital plan at the time of bylaw approval. As of June 30, 2022, the remaining amount under this bylaw is \$268 million. Under legislation, the maximum borrowing undertaken at any time, cannot exceed the combination of temporary financing and long-term financing, which is the remaining amount of the long-term borrowing bylaw of \$268 million. In addition, MFA will restrict the combined temporary borrowing of GVWD and GVS&DD to \$400 million, Metro Vancouver's proportionate share of MFA's temporary borrowing program, and terms not exceeding two years, at which time the temporary borrowing will need to be converted to long-term.

ALTERNATIVES

1. That the Metro Vancouver Regional District ("MVRD") Board:
 - a) authorize to temporary borrow on behalf of *Greater Vancouver Water District ("GVWD")* an amount, or amounts in aggregate, not exceeding \$268 million dollars the remaining amount of the *Greater Vancouver Water District Borrowing Bylaw No. 248, 2015*, and the maximum borrowing authorized.

- b) give first, second and third readings to *"Metro Vancouver Regional District Temporary Borrowing Bylaw Number 1357, 2022"*.
2. That the MVRD Board direct staff to continue the current practice of long-term borrowing under the GVWD Act and not take advantage of opportunities available with temporarily borrowing.

FINANCIAL IMPLICATIONS

The approval of alternative one will provide staff with the authority to continue to make prudent financing decisions with respect to GVWD's capital programs. A cash management strategy that includes a combination of temporary and long-term borrowing allows the optimization of cash and investment portfolio decisions which can reduce overall debt servicing costs and provide maximum investment returns. Analysis shows that for \$240 million of capital spending, additional returns of \$1.8 million per year, across the organization, can be obtained as investments can be retained for longer periods to optimize returns. Temporary borrowing will provide the flexibility to make appropriate decisions regarding balancing the cost of financing with the services provided by the related infrastructure.

Should this authority not be granted, under alternative two, staff will continue current cash flow management practices.

CONCLUSION

This Borrowing Bylaw, as recommended under alternative one, provides the necessary authorization for the GVWD to temporary borrow funds as and when required up to a maximum of \$286 million, the remaining amount of the *Greater Vancouver Water District Borrowing Bylaw No. 248, 2015*, and the maximum borrowing authorized.

Attachments

1. MVRD Temporary Borrowing Bylaw No. 1357, 2022

52957486

**METRO VANCOUVER REGIONAL DISTRICT
TEMPORARY BORROWING BYLAW NO. 1357, 2022
A Bylaw to Undertake Temporary Borrowing on behalf of the Greater Vancouver Water District
Pending the Sale of Debentures**

WHEREAS:

- A. Section 45 of the *Municipal Enabling and Validating Act (No. 2)* (the “MEVA”) authorizes the Metro Vancouver Regional District (“MVRD”) to borrow from a bank, financial institution, regional authority, or any other lender, for the purpose of providing temporary financing for a regional authority.
- B. The Greater Vancouver Water District (the “District”) is a regional authority under s.45 of the MEVA.
- C. All of the conditions required in order for MVRD to borrow under s.45 of the MEVA on behalf of the District have been satisfied.
- D. The District has adopted the “Greater Vancouver Water District Debenture Bylaw No. 248, 2015” (the “Debenture Bylaw”), which authorizes the borrowing of \$700,000,000, for the purposes of the District’s capital requirements or other requirements for which financing is to be used in accordance with its approved financial plan.
- E. The District has adopted the “Greater Vancouver Water District Temporary Borrowing Request Bylaw No. 258, 2022”, which requests MVRD to provide temporary financing to the District for an amount or amounts not exceeding the sum of \$268,000,000.
- F. MVRD and the District have entered into an agreement which provides that the District will pay all costs of MVRD associated with any temporary borrowing, and if requested by MVRD, deliver to it security in the form of securities sufficient for MVRD to meet and discharge all its obligations associated with the borrowing.
- G. The sale of debentures has been temporarily deferred.

NOW THEREFORE the Board of the Metro Vancouver Regional District in open meeting assembled, enacts as follows:

- 1. The MVRD Board is hereby authorized and empowered to borrow an amount or amounts not exceeding the sum of \$268,000,000, as the same may be required, to lend to the District, for the purpose of the District’s capital requirements or other requirements for which financing is to be used in accordance with its approved financial plan.
- 2. The maximum term of a loan under this bylaw is five (5) years.

3. The form of obligation to be given as acknowledgement of the liability will be a promissory note or notes, approved and executed as required in accordance with the “Metro Vancouver Regional District Banking Authority Bylaw No. 1324, 2021”, as such bylaw may be amended.
4. The money so borrowed will be used solely for the purposes set out in the Debenture Bylaw and this bylaw.
5. The proceeds from the sale of debentures or so much thereof as may be necessary shall be used to repay the money so borrowed.

Severability

6. If any portion of this bylaw is deemed *ultra vires*, illegal, invalid, or unenforceable in any way in whole or in part by any court of competent jurisdiction, such decision will not be deemed to invalidate or void the remainder of the bylaw.

Citation

7. This bylaw may be cited as “Metro Vancouver Regional District Temporary Borrowing Bylaw No. 1357, 2022.”

Read a first, second and third time this _____ day of _____, 2022.

Passed and finally adopted this _____ day of _____, 2022.

Sav Dhaliwal, Chair

Chris Plagnol, Corporate Officer

To: Finance Committee

From: Linda Sabatini, Acting Director, Financial Operations

Date: June 27, 2022

Meeting Date: July 14, 2022

Subject: **GVWD Temporary Borrowing Bylaw No. 258, 2022**

RECOMMENDATION

That the GVWD Board:

- a) authorize Metro Vancouver Regional District ("MVRD") to temporary borrow on behalf of GVWD an amount, or amounts in aggregate, not exceeding \$268 million dollars, the remaining amount of the *Greater Vancouver Water District Borrowing Bylaw No. 248, 2015*, and the maximum borrowing authorized.
 - b) give first, second and third readings to "*Greater Vancouver Water District Temporary Borrowing Bylaw Number 258, 2022*" and forward to the Inspector of Municipalities for statutory approval.
-

EXECUTIVE SUMMARY

An opportunity exists to improve cash management by using temporary borrowing, which will reduce the amount of cash on hand and maximize cash invested in the long-term investment portfolio. Temporary borrowing will allow for enhanced investment decisions and optimize investment returns by approximately \$1.8 million per year, across the organization as whole.

Metro Vancouver's current infrastructure financing strategy revolves around MFA's bi-annual long-term borrowing process and does not include temporary borrowing. Through the *Municipal Enabling and Validating Act (MEVA)*, MVRD can access temporary borrowing from MFA on behalf of the GVWD. Approval of the *Greater Vancouver Water District Temporary Borrowing Bylaw No. 258, 2022* provides the authority for temporary borrowing in the amount not exceeding \$268 million, the remaining amount of the *Greater Vancouver Water District Borrowing Bylaw No. 248, 2015*, and the maximum borrowing authorized. This will provide Metro Vancouver with borrowing methods equivalent to what is used in municipalities.

PURPOSE

To seek Board approval for temporary borrowing through the *Metro Vancouver Regional District ("MVRD")* and the *Municipal Finance Authority of British Columbia ("MFA")*, for anticipated capital infrastructure activities, for an amount, or amounts in the aggregate, not exceeding \$268 million dollars, the remaining amount of the *Greater Vancouver Water District Borrowing Bylaw No. 248, 2015*, and the maximum borrowing authorized.

BACKGROUND

Metro Vancouver's current cash management strategy for infrastructure financing for GVWD and GVS&DD revolves around MFA's two annual long-term borrowing opportunities (in April and October). In the intervening months, infrastructure projects are funded internally by drawing down cash on hand and investments. It's expected that continued reliance on internal interim funding will put pressure on investment balances and returns unless alternative financing strategies are implemented.

TEMPORARY BORROWING AUTHORITY

The current borrowing process under the GVWD Act, does not include provisions for temporary borrowing. Metro Vancouver's current cash management strategy for infrastructure financing for GVWD and GVS&DD revolves around MFA's two annual long-term long term borrowing opportunities (in April and October). In the intervening months, infrastructure projects are funded internally by utilizing reserves and drawing down cash on hand and investments. It's expected that continued reliance on internal interim funding will put pressure on investment balances unless alternative financing strategies are implemented.

The proposed strategy is to temporary borrow in the months between MFA's spring and fall long-term borrowing opportunities. This will allow the optimization of investment returns and enhance portfolio investment decisions. GVWD has been restricted from taking advantage of this arrangement because the borrowing process under the *GVWD Act* does not include provisions for temporary borrowing. However, through the *Municipal Enabling and Validating Act (MEVA S.45 No.2)*, MVRD can access temporary borrowing on behalf of the GVWD, from a financial institution or other lender (including the MFA). Temporary borrowing will provide Metro Vancouver with borrowing methods equivalent to what is used in municipalities.

Under the MEVA legislation, two approved bylaws are required to allow GVWD the opportunity to temporary borrow. The first bylaw is the *Greater Vancouver Water District Temporary Borrowing Bylaw No. 258, 2022* establishing the authority for GVWD to access temporary borrowing. This report introduces this bylaw for consideration and approval from the GVWD Board.

The second bylaw required for temporary borrowing is the *Metro Vancouver Regional District Temporary Borrowing Bylaw No. 1357, 2022* to authorize MVRD to borrow on behalf of GVWD, which is being submitted to the MVRD Board for approval on July 29, 2022.

A cash management strategy that includes a combination of temporary and long-term borrowing allows the optimization of cash and investment portfolio decisions which can reduce overall debt servicing costs and provide maximum investment returns, as investments can be retained for longer periods.

A simple example, below shows that capital spending of \$240 million per year (\$20 million per month), can yield additional investment returns of \$1.8 million a year, across the organization as whole.

	Annual Amount (in millions of dollars)
Incremental Interest Earned from Investing Long-Term (3.5%) versus Short-term (2.05%)	\$ 3.2
Less Temporary Borrowing Interest Expense (1.98%)	(1.4)
Net Benefit of Temporary Borrowing	\$ 1.8

The *Greater Vancouver Water District Borrowing Bylaw No. 258, 2022*, Attachment 1, provides a block of temporary borrowing authority in advance of any actual borrowing. The borrowing authority under this bylaw is consistent with the expenditures included in the five-year financial plan and the *Greater Vancouver Water District Borrowing Bylaw No. 248, 2015*.

FINANCING AGENCY

The Municipal Finance Authority (MFA) is the financing agency for all municipalities and regional districts within British Columbia, except the City of Vancouver. It is also the financing agency for the GVS&DD and the GVWD. The MFA currently has two bond issues per year which provide opportunity for long term borrowing, one in each of the spring and fall. The MFA also provides temporary financing to municipalities and regional districts at variable interest rates over terms of not more than five years.

The approval of this temporary borrowing bylaw along with an approved *Metro Vancouver Regional District (MVRD) Temporary Bylaw, No. 1357, 2022* will enable the MVRD to secure temporary funding for the capital program of the GVWD which will enhance cash management strategies.

BORROWING AMOUNT

The *Greater Vancouver Water District Borrowing Bylaw No. 248, 2015*, authorized long-term borrowing to a maximum of \$700 million, based on GVWD's 5-year capital plan at the time of bylaw approval. As of June 30, 2022, the remaining amount under this bylaw is \$268 million. Under legislation, the maximum borrowing undertaken at any time, cannot exceed the combination of both temporary and long-term financing, which is the remaining amount of the long-term borrowing bylaw of \$268 million. In addition, MFA will restrict the combined temporary borrowing of GVWD and GVS&DD to \$400 million, Metro Vancouver's proportionate share of MFA's temporary borrowing program, and terms not exceeding two years, at which time the temporary borrowing will need to be converted to long-term.

ALTERNATIVES

1. That the Greater Vancouver Water District (“GVWD”) Board:
 - a) authorize Metro Vancouver Regional District (“MVRD”) to temporary borrow on behalf of GVWD an amount, or amounts in aggregate, not exceeding \$268 million dollars, the remaining amount of the *Greater Vancouver Water District Borrowing Bylaw No. 248, 2015*, and the maximum borrowing authorized.
 - b) give first, second and third readings to “*Greater Vancouver Water District Temporary Borrowing Bylaw Number 258, 2022*” and forward to the Inspector of Municipalities for statutory approval.
2. That the GVWD Board direct staff to continue the current practice of long-term borrowing under the GVWD Act and not take advantage of opportunities available with temporarily borrowing.

FINANCIAL IMPLICATIONS

The approval of alternative one will provide staff with the authority to continue to make prudent financing decisions with respect to GVWD’s capital programs. A cash management strategy that includes a combination of temporary and long-term borrowing allows the optimization of cash and investment portfolio decisions which can reduce overall debt servicing costs and provide maximum investment returns. Analysis shows that for \$240 million of capital spending, additional returns of \$1.8 million per year, across the organization, can be obtained as investments can be retained for longer periods to optimize returns. Temporary borrowing will provide the flexibility to make appropriate decisions regarding balancing the cost of financing with the services provided by the related infrastructure.

Should this authority not be granted, under alternative two, staff will continue current cash flow management practices.

CONCLUSION

This Borrowing Bylaw, as recommended under alternative one, provides the necessary authorization for the GVWD to temporary borrow funds as and when required up to a maximum of \$286 million, the remaining amount of the *Greater Vancouver Water District Borrowing Bylaw No. 248, 2015*, and the maximum borrowing authorized.

Attachments

1. *GVWD Temporary Borrowing Bylaw No. 258, 2022*

52793588

**GREATER VANCOUVER WATER DISTRICT
 TEMPORARY BORROWING REQUEST BYLAW NO. 258, 2022
 A Bylaw to Request Temporary Borrowing through Metro Vancouver Regional District Pending
 the Sale of Debentures**

WHEREAS:

- A. Section 45 of the *Municipalities Enabling and Validating Act (No. 2)* (the “MEVA”) authorizes the Metro Vancouver Regional District (“MVRD”) to borrow from a bank, financial institution, regional authority, or any other lender, for the purpose of providing temporary financing for a regional authority.
- B. The Greater Vancouver Water District (the “District”) is a regional authority under s.45 of the MEVA.
- C. MVRD may only borrow under s.45 of the MEVA if the District:
 - (a) is authorized to contract debt for the purpose for which the financing is to be used;
 - (b) requests MVRD to provide the financing, by bylaw approved by the Inspector of Municipalities; and
 - (c) enters into an agreement with MVRD which provides that the District will pay to MVRD all costs associated with the borrowing, and if requested by MVRD, deliver to it security in the form of securities sufficient for MVRD to meet and discharge all its obligations associated with the borrowing. The District and MVRD entered into such agreement on June 30, 2022.

Upon the adoption of this bylaw, all of the aforementioned conditions will be satisfied.

- D. The District has adopted the “Greater Vancouver Water District Debenture Bylaw No. 248, 2015” (the “Debenture Bylaw”), which authorizes a maximum of \$700,000,000 in borrowing for the purpose of undertakings authorized by the *Greater Vancouver Water District Act* (the “Act”), or for the purpose of discharging the payment of any matter or thing contemplated or authorized by the Act, including for the purpose of repaying or refunding either before or at maturity monies which have been borrowed by the District by issue of temporary securities or other debentures or securities.
- E. As of June 30, 2022, the District has borrowed \$432,000,000 against the Debenture Bylaw, and therefore \$268,000,000 is remaining and authorized to borrow against the Debenture Bylaw.
- F. The sale of debentures has been temporarily deferred.

NOW THEREFORE the Board of the Greater Vancouver Water District enacts as follows:

1. The Board is hereby authorized and empowered to request MVRD to obtain temporary borrowing for an amount or amounts not exceeding the sum of \$268,000,000, which is equal to the amount authorized and remaining to be borrowed by the District under the Debenture Bylaw.
2. \$700,000,000 is the maximum amount of total borrowing that may be outstanding at any time under the combination of both this bylaw and the Debenture Bylaw.
3. The maximum term of any borrowing arrangements under this bylaw is five (5) years.
4. Any money borrowed will be used solely for the purposes set out in the Debenture Bylaw, specifically for the purposes of the District's capital requirements or other requirements for which financing is to be used in accordance with the its approved financial plan.
5. The proceeds from the sale of debentures or so much thereof as may be necessary will be used to repay the money so borrowed.
6. The Commissioner is hereby authorized on behalf of the District to do all such things and to execute, with or without the seal of the District, and deliver all such agreements, documents or instruments that may be necessary or desirable to give effect to this bylaw. Any such agreement, documents or instruments will also be signed by the other signatories that may be required in accordance with the "Greater Vancouver Water District Banking Authority Bylaw No. 255, 2021", as such bylaw may be amended.

Severability

7. If any portion of this bylaw is deemed *ultra vires*, illegal, invalid, or unenforceable in any way in whole or in part by any court of competent jurisdiction, such decision will not be deemed to invalidate or void the remainder of the bylaw.

Citation

8. This bylaw may be cited as "Greater Vancouver Water District Temporary Borrowing Request Bylaw No. 258, 2022".

Read a first, second and third time this _____ day of _____, 2022.

Approved by the Inspector of Municipalities this _____ day of _____, 2022.

Passed and finally adopted this _____ day of _____, 2022.

Sav Dhaliwal, Chair

Chris Plagnol, Corporate Officer

To: Finance Committee

From: Linda Sabatini, Acting Director, Financial Operations

Date: June 27, 2022 Meeting Date: July 14, 2022

Subject: **MVRD Temporary Borrowing Bylaw No. 1356, 2022**

RECOMMENDATION

That the MVRD Board:

- a) authorize to temporary borrow on behalf of the *Greater Vancouver Sewerage & Drainage District ("GVS&DD")* an amount, or amounts in aggregate, not exceeding \$1.42 billion dollars, the remaining amount of the *Greater Vancouver Sewerage & Drainage District Borrowing Bylaw No. 321, 2018*, and the maximum borrowing authorized.
- b) give first, second and third readings to "*Metro Vancouver Regional District Temporary Borrowing Bylaw No. 1356, 2022*".

EXECUTIVE SUMMARY

An opportunity exists to improve cash management by using temporary borrowing, which will reduce the amount of cash on hand and maximize cash invested in the long-term investment portfolio. Temporary borrowing will allow for enhanced investment decisions and optimize investment returns by approximately \$1.8 million per year, across the organization as whole.

Metro Vancouver's current infrastructure financing strategy revolves around MFA's bi-annual long-term borrowing process and does not include temporary borrowing. Through the *Municipal Enabling and Validating Act (MEVA)*, MVRD can access temporary borrowing from MFA on behalf of the GVS&DD. Approval of the *Metro Vancouver Regional District Temporary Borrowing Bylaw No. 1356, 2022* provides the authority for temporary borrowing in the amount not exceeding \$1.42 billion, the remaining amount of the *Greater Vancouver Sewerage & Drainage District Borrowing Bylaw No. 321, 2018* (long-term borrowing bylaw), and the maximum borrowing authorized. This will provide Metro Vancouver with borrowing methods equivalent to what is used in municipalities.

PURPOSE

To seek Board approval for temporary borrowing through the *Municipal Finance Authority of British Columbia ("MFA")* on behalf of the GVS&DD, for anticipated capital infrastructure activities, for an amount, or amounts in the aggregate, not exceeding \$1.42 billion dollars, the remaining amount of the *Greater Vancouver Sewerage & Drainage District Borrowing Bylaw No. 321, 2018*, and the maximum borrowing authorized.

BACKGROUND

Metro Vancouver's current cash management strategy for infrastructure financing for GVWD and GVS&DD revolves around MFA's two annual long-term borrowing opportunities (in April and October). In the intervening months, infrastructure projects are funded internally by drawing down cash on hand and investments. It's expected that continued reliance on internal interim funding

will put pressure on investment balances and returns unless alternative financing strategies are implemented.

TEMPORARY BORROWING AUTHORITY

The current borrowing process under the GVS&DD Act, does not include provisions for temporary borrowing. Metro Vancouver's current cash management strategy for infrastructure financing for GVWD and GVS&DD revolves around MFA's two annual long-term long term borrowing opportunities (in April and October). In the intervening months, infrastructure projects are funded internally by utilizing reserves and drawing down cash on hand and investments. It's expected that continued reliance on internal interim funding will put pressure on investment balances unless alternative financing strategies are implemented.

The proposed strategy is to temporary borrow in the months between MFA's spring and fall long-term borrowing opportunities. This will allow the optimization of investment returns and enhance portfolio investment decisions. GVS&DD has been restricted from taking advantage of this arrangement because the borrowing process under the *GVS&DD Act* does not include provisions for temporary borrowing. However, through the *Municipal Enabling and Validating Act (MEVA S.45 No.2)*, MVRD can access temporary borrowing on behalf of the GVS&DD, from a financial institution or other lender (including the MFA). Temporary borrowing will provide Metro Vancouver with borrowing methods equivalent to what is used in municipalities.

Under the MEVA legislation, two approved bylaws are required to allow GVS&DD the opportunity to temporary borrow. The first bylaw is the *Greater Vancouver Sewerage & Drainage District Borrowing Bylaw No. 358, 2022* establishing the authority for GVS&DD to access temporary borrowing, which is being submitted to the GVS&DD Board for approval on July 29, 2022.

The second bylaw required for temporary borrowing is the *Metro Vancouver Regional District Temporary Borrowing Bylaw No. 1356, 2022* to authorize MVRD to borrow on behalf of GVS&DD. This report introduces this bylaw for consideration and approval from the MVRD Board.

A cash management strategy that includes a combination of temporary and long-term borrowing allows the optimization of cash and investment portfolio decisions which can reduce overall debt servicing costs and provide maximum investment returns, as investments can be retained for longer periods.

A simple example, below shows that capital spending of \$240 million per year (\$20 million per month), can yield additional investment returns of \$1.8 million a year, across the organization as whole.

	Annual Amount (in millions of dollars)
Incremental Interest Earned from Investing Long-Term (3.5%) versus Short-term (2.05%)	\$ 3.2
Less Temporary Borrowing Interest Expense (1.98%)	(1.4)
Net Benefit of Temporary Borrowing	\$ 1.8

The *Metro Vancouver Regional District Borrowing Bylaw No. 1356, 2022*, Attachment 1, provides a block of temporary borrowing authority in advance of any actual borrowing. The borrowing authority under this bylaw is consistent with the expenditures included in the five-year financial plan and the *Greater Vancouver Sewerage and Drainage District Borrowing Bylaw No. 321, 2018*.

FINANCING AGENCY

The Municipal Finance Authority (MFA) is the financing agency for all municipalities and regional districts within British Columbia, except the City of Vancouver. It is also the financing agency for the GVS&DD and the GVWD. The MFA currently has two bond issues per year which provide opportunity for long term borrowing, one in each of the spring and fall. The MFA also provides temporary financing to municipalities and regional districts at variable interest rates over terms of not more than five years.

The approval of this temporary borrowing bylaw, along with an approved *GVS&DD Temporary Bylaw No. 358, 2022*, will enable the MVRD to secure temporary funding for the capital program of the of the GVS&DD which will enhance cash management strategies.

BORROWING AMOUNT

The *Greater Vancouver Sewerage and Drainage District Borrowing Bylaw No. 321, 2018*, authorized long-term borrowing to a maximum of \$2.1 billion, based on GVS&DD's 5-year capital plan at the time of bylaw approval. As of June 30, 2022, the remaining borrowing amount under this bylaw is \$1.42 billion. Under legislation, the maximum borrowing undertaken at any time, cannot exceed the combination of both temporary financing and long-term financing, which is the remaining amount of the long-term borrowing bylaw of \$1.42 billion. In addition, MFA will restrict the combined temporary borrowing of GVWD and GVS&DD to \$400 million, Metro Vancouver's proportionate share of MFA's temporary borrowing program, and terms not exceeding two years, at which time temporary borrowing will need to be converted to long-term.

ALTERNATIVES

1. That the Metro Vancouver Regional District ("MVRD") Board:
 - a) authorize to temporary borrow on behalf of the *Greater Vancouver Sewerage & Drainage District ("GVS&DD")* an amount, or amounts in aggregate, not exceeding \$1.42 billion dollars, the remaining amount of the *Greater Vancouver Sewerage & Drainage District Borrowing Bylaw No. 321, 2018*, and the maximum borrowing authorized.
 - b) give first, second and third readings to "*Metro Vancouver Regional District Temporary Borrowing Bylaw Number 1356, 2022*".
2. That the MVRD Board direct staff to continue the current practice of long-term borrowing under the GVS&DD Act and not take advantage of opportunities available with temporarily borrowing.

FINANCIAL IMPLICATIONS

The approval of alternative one will provide staff with the authority to continue to make prudent financing decisions with respect to GVS&DD's capital programs. A cash management strategy that includes a combination of temporary and long-term borrowing allows the optimization of cash and investment portfolio decisions which can reduce overall debt servicing costs and provide maximum investment returns. Analysis shows that for \$240 million of capital spending, additional returns of \$1.8 million per year, across the organization, can be obtained as investments can be retained for longer periods to optimize returns. Temporary borrowing will provide the flexibility to make appropriate decisions regarding balancing the cost of financing with the services provided by the related infrastructure.

Should this authority not be granted, under alternative two, staff will continue current cash flow management practices.

CONCLUSION

This Borrowing Bylaw, as recommended under alternative one, provides the necessary authorization for the GVS&DD to temporary borrow funds as and when required up to a maximum of \$1.42 billion, the remaining amount of the *Greater Vancouver Sewerage & Drainage District Borrowing Bylaw No. 321, 2018*, and the maximum borrowing authorized.

Attachments

1. MVRD Temporary Borrowing Bylaw No. 1356, 2022

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**METRO VANCOUVER REGIONAL DISTRICT
TEMPORARY BORROWING BYLAW NO. 1356, 2022
A Bylaw to Undertake Temporary Borrowing on behalf of the Greater Vancouver Sewerage and
Drainage District Pending the Sale of Debentures**

WHEREAS:

- A. Section 45 of the *Municipal Enabling and Validating Act (No. 2)* (the “MEVA”) authorizes the Metro Vancouver Regional District (“MVRD”) to borrow from a bank, financial institution, regional authority, or any other lender, for the purpose of providing temporary financing for a regional authority.
- B. The Greater Vancouver Sewerage and Drainage District (the “District”) is a regional authority under s.45 of the MEVA.
- C. All of the conditions required in order for MVRD to borrow under s.45 of the MEVA on behalf of the District have been satisfied.
- D. The District has adopted the “Greater Vancouver Sewerage and Drainage District Debenture Bylaw No. 321, 2018” (the “Debenture Bylaw”), which authorizes the borrowing of \$2,100,000,000, for the purposes of the District’s capital requirements or other requirements for which financing is to be used in accordance with its approved financial plan.
- E. The District has adopted the “Greater Vancouver Sewerage and Drainage District Temporary Borrowing Request Bylaw No. 358, 2022”, which requests MVRD to provide temporary financing to the District for an amount or amounts not exceeding the sum of \$1,420,000,000.
- F. MVRD and the District have entered into an agreement which provides that the District will pay all costs of MVRD associated with any temporary borrowing, and if requested by MVRD, deliver to it security in the form of securities sufficient for MVRD to meet and discharge all its obligations associated with the borrowing.
- G. The sale of debentures has been temporarily deferred.

NOW THEREFORE the Board of the Metro Vancouver Regional District in open meeting assembled, enacts as follows:

- 1. The MVRD Board is hereby authorized and empowered to borrow an amount or amounts not exceeding the sum of \$1,420,000,000, as the same may be required, to lend to the District, for the purpose of the District’s capital requirements or other requirements for which financing is to be used in accordance with its approved financial plan.
- 2. The maximum term of a loan under this bylaw is five (5) years.

3. The form of obligation to be given as acknowledgement of the liability will be a promissory note or notes, approved and executed as required in accordance with the “Metro Vancouver Regional District Banking Authority Bylaw No. 1324, 2021”, as such bylaw may be amended.
4. The money so borrowed will be used solely for the purposes set out in the Debenture Bylaw and this bylaw.
5. The proceeds from the sale of debentures or so much thereof as may be necessary shall be used to repay the money so borrowed.

Severability

6. If any portion of this bylaw is deemed *ultra vires*, illegal, invalid, or unenforceable in any way in whole or in part by any court of competent jurisdiction, such decision will not be deemed to invalidate or void the remainder of the bylaw.

Citation

7. This bylaw may be cited as “Metro Vancouver Regional District Temporary Borrowing Bylaw No. 1356, 2022.”

Read a first, second and third time this _____ day of _____, 2022.

Passed and finally adopted this _____ day of _____, 2022.

Sav Dhaliwal, Chair

Chris Plagnol, Corporate Officer

To: Finance Committee

From: Linda Sabatini, Acting Director, Financial Operations

Date: June 27, 2022

Meeting Date: July 14, 2022

Subject: **GVS&DD Temporary Borrowing Bylaw No. 358, 2022**

RECOMMENDATION

That the GVS&DD Board:

- a) authorize Metro Vancouver Regional District ("MVRD") to temporary borrow on behalf of GVS&DD an amount, or amounts in aggregate, not exceeding \$1.42 billion dollars, the remaining amount of the *Greater Vancouver Sewerage & Drainage District Borrowing Bylaw No. 321, 2018*, and the maximum borrowing authorized.
 - b) give first, second and third readings to "*Greater Vancouver Sewerage & Drainage District Temporary Borrowing Bylaw Number 358, 2022*" and forward to the Inspector of Municipalities for statutory approval.
-

EXECUTIVE SUMMARY

An opportunity exists to improve cash management by using temporary borrowing, which will reduce the amount of cash on hand and maximize cash invested in the long-term investment portfolio. Temporary borrowing will allow for enhanced investment decisions and optimize investment returns by approximately \$1.8 million per year, across the organization as whole.

Metro Vancouver's current infrastructure financing strategy revolves around MFA's bi-annual long-term borrowing process and does not include temporary borrowing. Through the *Municipal Enabling and Validating Act (MEVA)*, MVRD can access temporary borrowing from MFA on behalf of the GVS&DD. Approval of the *Greater Vancouver Sewerage & Drainage District Temporary Borrowing Bylaw No. 358, 2022* provides the authority for temporary borrowing in the amount not exceeding \$1.42 billion, the remaining amount of the *Greater Vancouver Sewerage & Drainage District Borrowing Bylaw No. 321, 2018*, and the maximum borrowing authorized. This will provide Metro Vancouver with borrowing methods equivalent to what is used in municipalities.

PURPOSE

To seek Board approval for temporary borrowing through the *Metro Vancouver Regional District ("MVRD")* and the *Municipal Finance Authority of British Columbia ("MFA")*, for the anticipated capital infrastructure activities, for an amount, or amounts in the aggregate, not exceeding \$1.42 billion dollars, the remaining amount of the *Greater Vancouver Sewerage & Drainage District Borrowing Bylaw No. 321, 2018*, and the maximum borrowing authorized.

BACKGROUND

Metro Vancouver's current cash management strategy for infrastructure financing for GVWD and GVS&DD revolves around MFA's two annual long-term borrowing opportunities (in April and October). In the intervening months, infrastructure projects are funded internally by drawing down cash on hand and investments. It's expected that continued reliance on internal interim funding will put pressure on investment balances and returns unless alternative financing strategies are implemented.

TEMPORARY BORROWING AUTHORITY

The current borrowing process under the GVS&DD Act, does not include provisions for temporary borrowing. Metro Vancouver's current cash management strategy for infrastructure financing for GVWD and GVS&DD revolves around MFA's two annual long-term long term borrowing opportunities (in April and October). In the intervening months, infrastructure projects are funded internally by utilizing reserves and drawing down cash on hand and investments. It's expected that continued reliance on internal interim funding will put pressure on investment balances unless alternative financing strategies are implemented.

The proposed strategy is to temporary borrow in the months between MFA's spring and fall long-term borrowing opportunities. This will allow the optimization of investment returns and enhance portfolio investment decisions. GVS&DD has been restricted from taking advantage of this arrangement because the borrowing process under the *GVS&DD Act* does not include provisions for temporary borrowing. However, through the *Municipal Enabling and Validating Act (MEVA S.45 No.2)*, MVRD can access temporary borrowing on behalf of the GVS&DD, from a financial institution or other lender (including the MFA). Temporary borrowing will provide Metro Vancouver with borrowing methods equivalent to what is used in municipalities.

Under the MEVA legislation, two approved bylaws are required to allow GVS&DD the opportunity to temporary borrow. The first bylaw is the *Greater Vancouver Sewerage & Drainage District Borrowing Bylaw No. 358, 2022* establishing the authority for GVS&DD to access temporary borrowing. This report introduces this bylaw for consideration and approval from the GVS&DD Board.

The second bylaw required for temporary borrowing is the *Metro Vancouver Regional District Temporary Borrowing Bylaw No. 1356, 2022* to authorize MVRD to borrow on behalf of GVS&DD, which is being submitted to the MVRD Board for approval on July 29, 2022.

A cash management strategy that includes a combination of temporary and long-term borrowing allows the optimization of cash and investment portfolio decisions which can reduce overall debt servicing costs and provide maximum investment returns, as investments can be retained for longer periods.

A simple example, below shows that capital spending of \$240 million per year (\$20 million per month), can yield additional investment returns of \$1.8 million a year, across the organization as whole.

	Annual Amount (in millions of dollars)
Incremental Interest Earned from Investing Long-Term (3.5%) versus Short-term (2.05%)	\$ 3.2
Less Temporary Borrowing Interest Expense (1.98%)	(1.4)
Net Benefit of Temporary Borrowing	\$ 1.8

The *Greater Vancouver Sewerage & Drainage District Borrowing Bylaw No. 358, 2022*, Attachment 1, provides a block of temporary borrowing authority in advance of any actual borrowing. The borrowing authority under this bylaw is consistent with the expenditures included in the five-year financial plan and the *Greater Vancouver Sewerage & Drainage District Borrowing Bylaw No. 321, 2018*.

FINANCING AGENCY

The Municipal Finance Authority (MFA) is the financing agency for all municipalities and regional districts within British Columbia, except the City of Vancouver. It is also the financing agency for the GVS&DD and the GVWD. The MFA currently has two bond issues per year which provide opportunity for long term borrowing, one in each of the spring and fall. The MFA also provides temporary financing to municipalities and regional districts at variable interest rates over terms of not more than five years.

The approval of this temporary borrowing bylaw along with an approved *Metro Vancouver Regional District (MVRD) Temporary Bylaw No. 1356, 2022* will enable the MVRD to secure temporary funding for the capital program of the GVS&DD which will enhance cash management strategies.

BORROWING AMOUNT

The *Greater Vancouver Sewerage & Drainage District Borrowing Bylaw No. 321, 2018*, authorized long-term borrowing to a maximum of \$2.1 billion, based on GVS&DD's 5-year capital plan at the time of bylaw approval. As of June 30, 2022, the remaining amount under this bylaw is \$1.42 billion. Under legislation, the maximum borrowing undertaken at any time, cannot exceed the combination of both temporary and long-term financing, which is the remaining amount of the long-term borrowing bylaw of \$1.42 billion. In addition, MFA will restrict the combined temporary borrowing of GVWD and GVS&DD to \$400 million, Metro Vancouver's proportionate share of MFA's temporary borrowing program, and terms not exceeding two years, at which time the temporary borrowing will need to be converted to long-term.

ALTERNATIVES

1. That the Greater Vancouver Sewerage & Drainage District ("GVS&DD") Board:
 - a) authorize Metro Vancouver Regional District ("MVRD") to temporary borrow on behalf of GVS&DD an amount, or amounts in aggregate, not exceeding \$1.42 billion dollars, the remaining amount of the *Greater Vancouver Sewerage & Drainage District Borrowing Bylaw No. 321, 2018*, and the maximum borrowing authorized.
 - b) give first, second and third readings to "*Greater Vancouver Sewerage & Drainage District Temporary Borrowing Bylaw Number 358, 2022*" and forward to the Inspector of Municipalities for statutory approval.
2. That the GVS&DD Board direct staff to continue the current practice of long-term borrowing under the GVS&DD Act and not take advantage of opportunities available with temporarily borrowing.

FINANCIAL IMPLICATIONS

The approval of alternative one will provide staff with the authority to continue to make prudent financing decisions with respect to GVS&DD's capital programs. A cash management strategy that includes a combination of temporary and long-term borrowing allows the optimization of cash and investment portfolio decisions which can reduce overall debt servicing costs and provide maximum investment returns. Analysis shows that for \$240 million of capital spending, additional returns of \$1.8 million per year, across the organization, can be obtained as investments can be retained for longer periods to optimize returns. Temporary borrowing will provide the flexibility to make appropriate decisions regarding balancing the cost of financing with the services provided by the related infrastructure.

Should this authority not be granted, under alternative two, staff will continue current cash flow management practices.

CONCLUSION

This Borrowing Bylaw, as recommended under alternative one, provides the necessary authorization for the GVS&DD to temporary borrow funds as and when required up to a maximum of \$1.42 billion, the remaining amount of the *Greater Vancouver Sewerage & Drainage District Borrowing Bylaw No. 321, 2018*, and the maximum borrowing authorized.

Attachments

1. GVS&DD Temporary Borrowing Bylaw No. 358X, 2022

52980148

**GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT
TEMPORARY BORROWING REQUEST BYLAW NO. 358, 2022
A Bylaw to Request Temporary Borrowing through Metro Vancouver Regional District Pending
the Sale of Debentures**

WHEREAS:

- A. Section 45 of the *Municipalities Enabling and Validating Act (No. 2)* (the “MEVA”) authorizes the Metro Vancouver Regional District (“MVRD”) to borrow from a bank, financial institution, regional authority, or any other lender, for the purpose of providing temporary financing for a regional authority.
- B. The Greater Vancouver Sewerage and Drainage District (the “District”) is a regional authority under s.45 of the MEVA.
- C. MVRD may only borrow under s.45 of the MEVA if the District:
 - (a) is authorized to contract debt for the purpose for which the financing is to be used;
 - (b) requests MVRD to provide the financing, by bylaw approved by the Inspector of Municipalities; and
 - (c) enters into an agreement with MVRD which provides that the District will pay to MVRD all costs associated with the borrowing, and if requested by MVRD, deliver to it security in the form of securities sufficient for MVRD to meet and discharge all its obligations associated with the borrowing. The District and MVRD entered into such agreement on June 30, 2022.

Upon the adoption of this bylaw, all of the aforementioned conditions will be satisfied.
- D. The District has adopted the “Greater Vancouver Sewerage and Drainage District Debenture Bylaw No. 321, 2018” (the “Debenture Bylaw”), which authorizes a maximum of \$2,100,000,000 in borrowing for the purpose of undertakings authorized by the *Greater Vancouver Sewerage and Drainage District Act* (the “Act”), or for the purpose of discharging the payment of any matter or thing contemplated or authorized by the Act, including for the purpose of repaying or refunding either before or at maturity monies which have been borrowed by the District by issue of temporary securities or other debentures or securities.
- E. As of June 30, 2022, the District has borrowed \$680,000,000 against the Debenture Bylaw, and therefore \$1,420,000,000 is remaining and authorized to borrow against the Debenture Bylaw.
- F. The sale of debentures has been temporarily deferred.

NOW THEREFORE the Board of the Greater Vancouver Sewerage and Drainage District enacts as follows:

1. The Board is hereby authorized and empowered to request MVRD to obtain temporary borrowing for an amount or amounts not exceeding the sum of \$1,420,000,000, which is equal to the amount authorized and remaining to be borrowed by the District under the Debenture Bylaw.
2. \$2,100,000,000 is the maximum amount of total borrowing that may be outstanding at any time under the combination of both this bylaw and the Debenture Bylaw.
3. The maximum term of any borrowing arrangements under this bylaw is five (5) years.
4. Any money borrowed will be used solely for the purposes set out in the Debenture Bylaw, specifically for the purposes of the District's capital requirements or other requirements for which financing is to be used in accordance with the its approved financial plan.
5. The proceeds from the sale of debentures or so much thereof as may be necessary will be used to repay the money so borrowed.
6. The Commissioner is hereby authorized on behalf of the District to do all such things and to execute, with or without the seal of the District, and deliver all such agreements, documents or instruments that may be necessary or desirable to give effect to this bylaw. Any such agreement, documents or instruments will also be signed by the other signatories that may be required in accordance with the "Greater Vancouver Sewerage and Drainage District Banking Authority Bylaw No. 349, 2021", as such bylaw may be amended.

Severability

7. If any portion of this bylaw is deemed *ultra vires*, illegal, invalid, or unenforceable in any way in whole or in part by any court of competent jurisdiction, such decision will not be deemed to invalidate or void the remainder of the bylaw.

Citation

8. This bylaw may be cited as "Greater Vancouver Sewerage and Drainage District Temporary Borrowing Request Bylaw No. 358, 2022".

Read a first, second and third time this _____ day of _____, 2022.

Approved by the Inspector of Municipalities this _____ day of _____, 2022.

Passed and finally adopted this _____ day of _____, 2022.

Sav Dhaliwal, Chair

Chris Plagnol, Corporate Officer

To: Finance Committee

From: Jerry W. Dobrovolny, Commissioner/Chief Administrative Officer

Date: June 24, 2022

Meeting Date: June 9, 2022

Subject: **Manager's Report**

RECOMMENDATION

That the Finance Committee receive for information the report dated June 24, 2022 titled "Manager's Report."

Finance Committee Work Plan

Attachment 2 to this report sets out the Committee's Work Plan for 2022. The status of the Committee's key priorities is shown as pending, in progress, or complete together with the quarter that is expected to be considered by the Committee.

Attachment

2022 Finance Committee Work Plan

Finance Committee 2022 Work Plan

Report Date: June 24, 2022

Priorities

1st Quarter	Status
Authorization to Attend 2022 International Events	Complete
Authorization to Attend 2022 Standing Committee Events	Complete
External Agency Appointment Policy	Complete
Electronic Meeting Participation Policy	Complete
Compensation for Public Advisory Committee Members	Pending
Long Term Financial Plan	Complete
TransLink Federal Gas Tax Application	In Progress
Sponsorship Policy	Complete
Development Cost Charge Update	Pending
2nd Quarter	
2021 Statement of Financial Information	Complete
Wet Weather Pricing	Complete
Procurement and Real Property Contracting Authority	Pending
Long Term Financial Plan	Pending
Status of Reserves	Pending
Budget Workshop Review	Pending
3rd Quarter	
Procedure Amendment Bylaw	Pending
Long Term Financial Plan	Pending
TransLink Federal Gas Tax Report	Pending
Environmental, Social, and Governance (ESG) and Socially Responsible Investment (SRI) Strategy Update	Pending
4th Quarter	
Annual Budget and Five Year Financial Plan – Regional District Service Areas and Corporate Support	Pending
Long Term Financial Plan	Pending