REVISED AGENDA

1. ADOPTION OF THE AGENDA

2. PRESENTATION AND DISCUSSION

Revised

2.1 Budget Workshop

Designated Speakers: Jerry Dobrovolny, Chief Administrative Officer/Commissioner

3. ADJOURNMENT OR CONCLUSION

1 Note: Recommendation is shown under each item, where applicable. All Directors vote unless otherwise noted.
UNPRECEDENTED TIMES

Together We Make Our Region Strong

Metro Vancouver Board Budget Workshop
Seek direction for the preparation of the 2021-2025 Financial Plan
• Process
• Principles and plans
  o Feedback and Discussion
• Our starting point - current Five Year Outlook
• COVID-19 implications and opportunities
  o Feedback and Discussion
• Toolbox
  o Feedback and Discussion
• Board Direction to Staff
• Next steps
Board Budget Workshop (Jun 5)
Committee Feedback (Jul)
Budget Committee Reports (Oct)

Board Budget Workshop (Oct 21)
Council of Councils (Oct 24)
Board Meeting (Oct 30)
Principles and Plans
Regional Growth
Environmental Sustainability
Financial Sustainability
System Stewardship
Regulatory & Legislative Environment
BOARD STRATEGIC PLAN

1. Metro 2040 Regional Growth Strategy
2. Metro Vancouver Housing 10-Year Plan
3. Regional Parks Plan
4. Drinking Water Management Plan
5. Integrated Solid Waste and Resource Management Plan
6. Integrated Clean Air and Greenhouse Gas Management Plan
7. Integrated Liquid Waste and Resource Management Plan
8. Climate 2050 Strategic Framework
The region’s increasing population will require core utility services and regional services to expand and optimize to respond to new growth
Our region is dependent on healthy, functioning ecosystems and requires actions to reduce pollutants, including greenhouse gases, to prevent waste and to conserve our natural ecosystems.
Financial sustainability requires that core utility and regional services are delivered with an adherence to sound fiscal policies that balance the organization’s long-term financial health while maintaining affordability for regional ratepayers.
Critical regional infrastructure must be sufficiently maintained or replaced to meet current and future service needs and to be resilient to impacts from seismic events, wildfires, power failures, and natural disasters.
Core utility services and regional services will anticipate and meet regulatory requirements and respond to legislative change.
To what extent do you agree with the following statements:

- The drivers continue to reflect Metro Vancouver’s core priorities
- Projects should address multiple drivers
- Certain drivers need to be emphasized

What do you see as the level of importance for each of the drivers?
Discussion
2020-2024 Financial Plan
• Operations are in line with inflation and remains steady over the 5 years

• Increasing capital program drives contribution to capital and debt service escalation over the 5 years
Drivers for Capital Projects

Replace aging infrastructure

Meet regulatory requirements

Create capacity to meet future growth

Improve financial sustainability

Reduce GHGs and improve resiliency to climate change

Project Objectives

Metro Vancouver Board Budget Workshop
## 5 YEAR OUTLOOK
2020-2024 Capital Budget Overview *(Approved November 1, 2019)*

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water</td>
<td>$397.5</td>
<td>$449.7</td>
<td>$496.5</td>
<td>$522.7</td>
<td>$540.8</td>
</tr>
<tr>
<td>Liquid Waste</td>
<td>$883.4</td>
<td>$759.9</td>
<td>$529.5</td>
<td>$617.8</td>
<td>$634.1</td>
</tr>
<tr>
<td>Solid Waste</td>
<td>$88.5</td>
<td>$81.6</td>
<td>$52.4</td>
<td>$18.8</td>
<td>$41.6</td>
</tr>
<tr>
<td>Housing*</td>
<td>$25.3</td>
<td>$31.5</td>
<td>$19.1</td>
<td>$6.6</td>
<td>TBD</td>
</tr>
<tr>
<td>Regional Parks</td>
<td>$19.9</td>
<td>$23.9</td>
<td>$29.4</td>
<td>$32.2</td>
<td>$37.3</td>
</tr>
<tr>
<td>Total Capital Expenditures</td>
<td>$1,414.6</td>
<td>$1,346.6</td>
<td>$1,126.9</td>
<td>$1,198.2</td>
<td>$1,253.8</td>
</tr>
</tbody>
</table>
5 YEAR OUTLOOK
Capital Program

• 2020: $1.41 Billion capital spend
  ▪ 90% committed to projects underway
• 2021: $1.35 Billion capital spend (projected)
  ▪ 80% already committed to projects underway
• 2022: $1.13 Billion capital spend (projected)
  ▪ 78% already committed to projects underway
• 2023: $1.19 Billion capital spend (projected)
  ▪ 71% already committed to projects underway
• 2024: $1.25 Billion capital spend (projected)
  ▪ 66% already committed to projects underway
## 5 YEAR OUTLOOK
Financials – Household Impact (Approved November 1, 2019)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Water District</strong></td>
<td>$178</td>
<td>$186</td>
<td>$201</td>
<td>$218</td>
<td>$239</td>
</tr>
<tr>
<td><strong>Liquid Waste</strong></td>
<td>$264</td>
<td>$290</td>
<td>$322</td>
<td>$352</td>
<td>$372</td>
</tr>
<tr>
<td><strong>Solid Waste</strong></td>
<td>$62</td>
<td>$65</td>
<td>$68</td>
<td>$70</td>
<td>$73</td>
</tr>
<tr>
<td><strong>Regional District</strong></td>
<td>$64</td>
<td>$69</td>
<td>$74</td>
<td>$79</td>
<td>$84</td>
</tr>
<tr>
<td><strong>Total Household Impact</strong></td>
<td>$568</td>
<td>$610</td>
<td>$665</td>
<td>$719</td>
<td>$768</td>
</tr>
<tr>
<td>$ increase</td>
<td>$42</td>
<td>$55</td>
<td>$54</td>
<td>$49</td>
<td></td>
</tr>
<tr>
<td>% Change</td>
<td>7.7%</td>
<td>8.9%</td>
<td>8.2%</td>
<td>6.7%</td>
<td></td>
</tr>
</tbody>
</table>
## 5 YEAR OUTLOOK

**Benchmarking of Utility Rates ($ CAD)**

<table>
<thead>
<tr>
<th>Liquid Waste</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liquid Waste</strong> (Avg household rate)</td>
<td></td>
</tr>
<tr>
<td>Metro Vancouver</td>
<td>$264</td>
</tr>
<tr>
<td>MV Regional Average (MV + Municipal Sewer Service Charge)</td>
<td>$632</td>
</tr>
<tr>
<td>Capital Regional District + City of Victoria</td>
<td>$539</td>
</tr>
<tr>
<td>Waterloo</td>
<td>$621</td>
</tr>
<tr>
<td>Seattle</td>
<td>$1082</td>
</tr>
<tr>
<td>San Francisco</td>
<td>$1030</td>
</tr>
</tbody>
</table>
## 5 YEAR OUTLOOK
Benchmarking of Utility Rates

### Water
(Wholesale water rate)

<table>
<thead>
<tr>
<th>Location</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro Vancouver</td>
<td>$0.7386/m³</td>
</tr>
<tr>
<td>Capital Regional District</td>
<td>$0.6968/m³</td>
</tr>
<tr>
<td>Waterloo</td>
<td>$1.0953/m³</td>
</tr>
<tr>
<td>Seattle</td>
<td>$0.975/m³</td>
</tr>
<tr>
<td>San Francisco</td>
<td>$2.704/m³</td>
</tr>
</tbody>
</table>

Metro Vancouver Board Budget Workshop
### Solid Waste

(Cost per tonne)

<table>
<thead>
<tr>
<th>Location</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro Vancouver</td>
<td>$121</td>
</tr>
<tr>
<td>Capital Regional District</td>
<td>$110</td>
</tr>
<tr>
<td>Toronto</td>
<td>$159</td>
</tr>
<tr>
<td>Seattle</td>
<td>$230</td>
</tr>
<tr>
<td>San Francisco</td>
<td>$280</td>
</tr>
</tbody>
</table>
OVERALL IMPACT ON THE REGION

1.7% of annual GDP in the region

Over 25,000 jobs supported

100k+ tonnes of GHG reductions
Discussion
COVID-19

Implications and Opportunities
COVID-19 IMPLICATIONS
Immediate Actions

• Held off on half of seasonal hiring, around 100 positions
  • Maintained critical parks and fire protection positions
• Deferral of all non-critical recruitment
• Discussions with unions regarding workforce adjustment agreements
• Review of all projects in market procurement
• Greater emphasis on continuous improvement to identify efficiencies and savings
## COVID-19 IMPLICATIONS

### TransLink Scenarios

<table>
<thead>
<tr>
<th>Scenario 1: Quick Recovery</th>
<th>Scenario 2: Lasting Impacts</th>
<th>Scenario 3: Hibernation</th>
<th>Scenario 4: Paradigm Shift</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical distancing</td>
<td>Ends on Canada Day</td>
<td>Ends in 12 months</td>
<td>Ends in 12 months</td>
</tr>
<tr>
<td>Economic Recovery</td>
<td>12-month recession</td>
<td>48-month depression</td>
<td>12-month recession</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>48-month depression</td>
</tr>
</tbody>
</table>
Current Population Projections to 2050

Assumptions

- ~35,000 people per year (long standing historic trend)
- Projections are scenario based / no single number
- Inherent in the projections is a range of +/- 15%
- Many assumptions built in; (e.g. immigration rates, # of non-permanent residents, policy framework)
POTENTIAL IMPACTS ON POPULATION GROWTH: SCENARIO 1

- Current projections have a +/-15% range built in (+/- 53,000 people over 10 years; +/- 160,000 over 30 years)
- Reduction in growth of ~100,000 people by 2030; ~125,000 by 2050
- COVID-19 Impacts within +/-15% contemplated
SCENARIO 2: POTENTIAL IMPACTS ON POPULATION IMPACTS

- Current projections have a +/-15% range built in (+/- 53,000 people over 10 years; +/- 160,000 over 30 years)
- Reduction in growth of ~165,000 people by 2030; ~185,000 by 2050
- COVID-19 Impacts outside +/-15%
## COVID-19 IMPLICATIONS

### Scenarios – Survey of Guesses

<table>
<thead>
<tr>
<th></th>
<th><strong>Recovery Duration</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of Canada</td>
<td>12 to 36 months</td>
</tr>
<tr>
<td>TransLink</td>
<td>12 to 48 months</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th><strong>GDP</strong></th>
</tr>
</thead>
</table>
| Conference Board of Canada | 2020 MV GDP Growth = (3.0%)  
                            | 2021 MV GDP Growth = 6.5%  
                            | 2022 MV GDP Growth = 2.5%  |
| Central 1 Credit Union   | 2020 BC GDP growth = (7.3%)  
                            | 2021 BC GDP growth = 5.1%  
                            | 2022 BC GDP growth = 2.8%  |
| Parliamentary Budget Office | 2020 Canada Real GDP growth = (12.0%)  |
COVID-19 IMPLICATIONS
Impacts to Metro Vancouver

• Ability to pay:
  ▪ Residents
  ▪ Businesses
  ▪ Members

• Capital project delays
• Potential cost escalations due to associated claims
• Length of recovery for the regional economy
COVID-19 IMPLICATIONS
Challenges and Opportunities

Challenges:
• Aging assets
• Growing region
• Scale of capital plan
• Difficulty attracting foreign investment
• Economic stress
• Climate change
• Tremendous global uncertainty

Opportunities:
• Strong financial position
• Providing local employment
• Restarting with carbon neutral projects
• Integrated response
• Stimulus funding
• Leading in economic recovery
• Meeting multiple objectives
• What do you see as the main challenges for Metro Vancouver as an organization?

• What do you see as the main opportunities for Metro Vancouver as an organization?
Reduction of pay-as-you-go

Increase in debt amortization.

Use of reserves.

Additional external funding.

Increase in contract risk tolerance.

Capital plan deferrals.

Demand side management.

Continuous improvement.

- Impacts the financial strength of the organization.
- Increases the risk of the organization.
- Being actively pursued.
TOOLBOX

Demand Side Management
Increase Contract Risk Tolerance
Capital Plan Deferrals
Use of Reserves
Increase Debt Amortization Term
Reduce Pay-as-you-go

Most immediate impact to Household rates
• Rate your support for the use of each of the tools on a scale of 1 to 5, with 1 being lowest and 5 being highest
Discussion
COVID-19 Opportunities and Challenges

Recovery Scenarios

Current 5 Year Financial Plan

Tools

Direction to staff for preparation of the 2021-2025 Financial Plan

Metro Vancouver Board Budget Workshop
Short-term Relief for Households
  • Leverage supported tools to create a short-term action plan (1-3 years)

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

Realize New Opportunities
  • Partner on projects to increase affordable housing and reduce GHGs
  • Help drive economic recovery
  • Other?
BOARD DIRECTION TO STAFF

Limits for Short-term Financial Planning

Metro Vancouver Board Budget Workshop
I hope in the years to come we will be able to look back and take pride in how we responded to this challenge.
UNPRECEDENTED TIMES
Short-term Relief for Households
  • Leverage supported tools to create a short-term action plan (1-3 years)

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Thank You