2021-2025 Financial Plan Overview

Jerry W. Dobrovolny
COMMISSIONER/CHIEF ADMINISTRATIVE OFFICER
Regional Planning Committee, October 9, 2020

Dean Rear
GENERAL MANAGER, FINANCIAL SERVICES/CHIEF FINANCIAL OFFICER

Regional Planning Committee
Reflecting Feedback

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

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

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

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

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

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

• Expanding affordable rental housing through strategic redevelopment and partnerships
  o 7-8 projects over 5 years (750-900 units)

• Waste-to-Energy District Energy
  o Up to 70,000 tonnes of GHG reductions per year

• Project delivery – maximizing local benefits

Regional Planning Committee
Toolbox

Continuous Improvement
Capital Plan Deferrals
Demand Side Management
Reduce Pay-as-you-go
Increase Debt Amortization Term

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

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

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Continuous Improvement

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

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

Capital Plan Deferrals

• Capital plan includes deferring key phases of the Coquitlam Water Supply project

• Unique opportunity to significantly increase water conservation efforts to achieve long-term per capita reductions
Capital Plan Requirements

Infrastructure Resilience

- Aging Infrastructure
- Climate Change Adaptation
Financial Tools

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

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

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

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

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

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

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

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

Regional Planning Committee
2021 – 2025 FINANCIAL PLAN
METRO VANCOUVER REGIONAL DISTRICT – REGIONAL PLANNING

Heather McNell
GENERAL MANAGER, REGIONAL PLANNING AND HOUSING SERVICES

Regional Planning Committee – October 9, 2020

41510168
• Develop, implement and steward *Metro 2040*, the regional federation’s collective vision to manage growth in a way that:
  o supports complete, resilient and connected communities;
  o protects important lands (agricultural, ecosystems, job); and
  o supports the efficient provision of urban infrastructure (utilities and transit investment)

• Core Services = data / projections, policy research, convening on issues of regional interest, planning resource, and leadership and innovation
PERFORMANCE METRICS
CONTAIN GROWTH

Target to 2040
98%
of growth within the Urban Containment Boundary
Performance
98%
PERFORMANCE METRICS
GROWTH TO CENTRES

Targets to 2040
40% dwelling unit growth

Performance
39%
PERFORMANCE METRICS
GROWTH TO TRANSIT CORRIDORS

Target to 2040
28%
dwelling unit growth along the Frequent Transit Network

Performance
25%
Based on current FTN
PERFORMANCE METRICS
PROTECT IMPORTANT LANDS

Target to 2040
Minimize Conversion

- Agricultural
- Industrial
- Employment

Performance Minor Losses

Regional Planning Committee
## CONTINUOUS IMPROVEMENT

<table>
<thead>
<tr>
<th>INITIATIVE</th>
<th>OUTCOME</th>
</tr>
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<tbody>
<tr>
<td><em>Metro 2050</em></td>
<td>• Apply climate / resiliency and social equity lenses</td>
</tr>
<tr>
<td></td>
<td>• Improve alignment with Transport 2050</td>
</tr>
<tr>
<td></td>
<td>• Fill gaps identified through 9 years implementation</td>
</tr>
<tr>
<td><em>Regional Industrial Lands Strategy</em></td>
<td>• Implement priority actions adopted July 2020</td>
</tr>
<tr>
<td></td>
<td>• Conduct regional land use assessment, develop trade-oriented overlay, improve regional policies</td>
</tr>
<tr>
<td><em>Housing + Transportation Cost Burden Study</em></td>
<td>• Update 2016 study to support ongoing dialogue about affordability</td>
</tr>
</tbody>
</table>

Regional Planning Committee
BUDGET OVERVIEW

2021 Operating Budget Breakdown - Regional Planning

- 2021 MV Budget, $939.5M
- Regional Planning, $3.9M

- Environment
- Regional Sustainability Initiatives
- Allocation of Centralized Support
- Growth Management and Transportation
- Administration and Department Support
- Planning Analytics
- Communications Program

Regional Planning Committee
**Overview:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Budget</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$3.9M</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>$3.9M</td>
<td>(1.5% decrease)</td>
</tr>
</tbody>
</table>

**Drivers for Change:**
- Reduction in consulting funds for projects
- Reduction in travel, repurpose training

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### OPERATING EXPENDITURES

Regional Planning Financial Plan

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**2021 – 2025 Regional Planning Financial Plan**

<table>
<thead>
<tr>
<th>Year</th>
<th>Operations</th>
<th>Household Impact</th>
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<tbody>
<tr>
<td>2020</td>
<td>$3.9M</td>
<td>$0.0</td>
</tr>
<tr>
<td>2021</td>
<td>$3.9M</td>
<td>$0.5</td>
</tr>
<tr>
<td>2022</td>
<td>$3.9M</td>
<td>$1.0</td>
</tr>
<tr>
<td>2023</td>
<td>$3.9M</td>
<td>$1.5</td>
</tr>
<tr>
<td>2024</td>
<td>$3.9M</td>
<td>$2.0</td>
</tr>
<tr>
<td>2025</td>
<td>$3.9M</td>
<td>$2.5</td>
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Regional Planning Committee
Overview:
2020 Operating Budget: $3.9M
2021 Operating Budget: $3.9M
(1.5% decrease)

Drivers for Change:
Reduction in consulting funds for projects
Reduction in travel, repurpose training

Regional Planning Committee
## OPERATING HIGHLIGHTS

<table>
<thead>
<tr>
<th>Budget Year</th>
<th>Initiative</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>Metro 2050</td>
<td>Complete draft strategy, circulate for comment, engagement and approvals</td>
</tr>
<tr>
<td>2021</td>
<td>Housing + Transportation Cost Burden Study</td>
<td>Update 2016 to inform policy re affordability</td>
</tr>
<tr>
<td>2021</td>
<td>Regional Industrial Lands Strategy Implementation</td>
<td>Implement priority actions – Regional Land Use Assessment; Regional Policy</td>
</tr>
<tr>
<td>2021</td>
<td>Regional Agricultural Land Use and Sensitive Ecosystem Inventories</td>
<td>Update inventory and identify changes in land use</td>
</tr>
<tr>
<td>2021</td>
<td>Data / Projections Validation</td>
<td>Projections for <em>Metro 2050</em> and align with T2050</td>
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Regional Planning Committee
## CAPITAL PROGRAM HIGHLIGHTS

<table>
<thead>
<tr>
<th>Budget Year</th>
<th>Capital Project</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>2022</td>
<td><em>Metro 2050</em></td>
<td>Adopt the updated Regional Growth Strategy</td>
</tr>
<tr>
<td>2022</td>
<td>New Land Use Model</td>
<td>Demographics module to support updated projections and model land use change</td>
</tr>
<tr>
<td>2022</td>
<td>Transit Oriented Affordable Housing Study</td>
<td>Complete Phase III</td>
</tr>
<tr>
<td>2023</td>
<td><em>Metro 2050 Implementation</em></td>
<td>Complete Implementation Guidelines, Census Updates, Land Use Inventories</td>
</tr>
<tr>
<td>2024</td>
<td>Frequent Transit Corridor Study</td>
<td>Support land use objectives aligned with transit provision</td>
</tr>
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</table>
## REGIONAL PLANNING FINANCIAL PLAN SUMMARY

<table>
<thead>
<tr>
<th>Total Expenditures ($ Millions)</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$3.9</td>
<td>$3.9</td>
<td>$3.9</td>
<td>$4.1</td>
<td>$4.1</td>
<td>$4.3</td>
</tr>
<tr>
<td>% Change</td>
<td></td>
<td>(1.5%)</td>
<td>0.8%</td>
<td>4.3%</td>
<td>2.0%</td>
<td>3.5%</td>
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<table>
<thead>
<tr>
<th>MVRD Requisitions ($ Millions)</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
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<tbody>
<tr>
<td></td>
<td>$3.3</td>
<td>$3.5</td>
<td>$3.8</td>
<td>$4.0</td>
<td>$4.1</td>
<td>$4.2</td>
</tr>
<tr>
<td>% Change</td>
<td>4.9%</td>
<td>6.9%</td>
<td>5.9%</td>
<td>2.0%</td>
<td>4.3%</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Household Impact ($)</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$3</td>
<td>$3</td>
<td>$3</td>
<td>$3</td>
<td>$3</td>
<td>$3</td>
</tr>
<tr>
<td>% Change</td>
<td>3.0%</td>
<td>5.0%</td>
<td>4.0%</td>
<td>0.3%</td>
<td>2.6%</td>
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<table>
<thead>
<tr>
<th>Prior Cycle Household Impact Change (%)</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.5%</td>
<td>4.2%</td>
<td>0.2%</td>
<td>(1.4%)</td>
<td>N/A</td>
<td></td>
</tr>
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</table>
2020 Declaration for Resilience in Metro Vancouver Communities

A CALL TO ACTION TO BUILD A RESILIENT FUTURE

Sean Galloway
DIRECTOR, REGIONAL PLANNING AND ELECTORAL AREA SERVICES

Regional Planning Committee | October 9, 2020
Responding to Regional Planning Committee Feedback on September 11, 2020

- Updates to 2020 Declaration for Metro Vancouver Communities
  - Clarifying intent & accountability
- Actions fall in local, regional, provincial and federal jurisdictions
- 2020 Declaration will inform the development of *Metro 2050* policy actions; not be included word for word

Regional Planning Committee
Intent

• A call to action
• 30 calls to action for each jurisdiction to strive towards (within the context of their community)
  • 11 actions already established in regional policy
  • 15 actions already established in some municipalities,
  • 4 actions are new in this region
• Seek opportunities to integrate into Metro 2050, Climate 2050, and Transport 2050 where appropriate
<table>
<thead>
<tr>
<th>2020 Action</th>
<th>Potential policy language for Metro 2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gentle density</td>
<td>…adopt RCSs that include policies that <strong>encourage</strong> (or require, or set targets for) infill development and gentle density in transit-adjacent areas (e.g. 800-1500 m from frequent transit)</td>
</tr>
<tr>
<td>15% affordable housing in transit-adjacent areas</td>
<td>…adopt RCSs that include policies that support achieving a minimum affordable housing target of 15% in multi-family residential development in transit adjacent locations (e.g. up to 800m from frequent transit)</td>
</tr>
<tr>
<td>40% urban tree canopy</td>
<td>…adopt RCSs that include policies that support the region achieving a 40% urban tree canopy cover (or that set a municipal target to support…)</td>
</tr>
<tr>
<td>Carbon neutrality in large buildings</td>
<td>…adopt RCSs that define “large buildings” and include policies that direct “large buildings” to Urban Centres or appropriate locations along the Frequent Transit Network. Or… Consider climate change impacts in the siting and standards for “large buildings” or… Set the building energy performance target for “large buildings” to “carbon neutral…”</td>
</tr>
</tbody>
</table>
Next Steps

1. Forward to COVID-19 Task Force recommending MVRD Board endorsement and to forward to members and TransLink seeking endorsement

2. Consider opportunities to integrate actions into regional plans (*Metro 2050, Climate 2050, Transport 2050*)

3. Continue to participate in the national declaration dialogue as appropriate

Regional Planning Committee
Thank you
Industrial Strategy - Recommendations

34 recommendations, with 10 priority actions, organized in 4 ‘big moves’

1. Protect Remaining Industrial Lands
2. Intensify and Optimize Industrial Lands
3. Bring Existing Supply to Market & Address Site Issues
4. Ensure a Coordinated Approach
Issues / Challenges

• Commercial uses on Industrial lands
• The changing nature of industry
• Displacement of industrial uses on Employment lands
• Pressure for mixed use by rail rapid transit stations
• Lack of industrial lands supply
• The role of Mixed Employment lands
• Inconsistent definitions of ‘Industrial’ land use
• Emerging climate change issues
Engagement Feedback

- Recognize the **limited supply** of industrial lands
- Interest in **flexibility** but **clarity** to prevent major encroachments
- Port requests a **freeze** on rezoning industrial lands
- Development community interest in **flexibility of use / densities** to better respond to market trends

Regional Planning Committee
Recommendations

1. Update & clarify the definition of ‘industrial’
2. Strengthen regional policies to protect Industrial lands
3. Introduce use and density flexibility for Employment lands close to rail rapid transit stations
4. Encourage industrial intensification / densification, where appropriate
5. Undertake a regional land use assessment
6. Improve climate action

Regional Planning Committee
2. Strengthen regional policies to protect Industrial for industrial uses

- Higher voting threshold to re-designate Industrial lands; new overlay for trade-oriented lands; strengthen definition of industrial uses; seek more consistent zoning definitions

Regional Planning Committee
3. Introduce flexibility for Employment lands by rail rapid transit stations

• In concert with a stronger definition for industrial lands, recognize that some Employment lands by rapid transit stations could support mixed use with conditions
4. Encourage industrial intensification / densification

• Recognizing local contexts, encourage appropriate new forms of industrial
Next Steps

Step 1: Policy Review Preliminary Analysis (completed)
Step 3: Policy Review Analysis (completed)
Step 4: Policy Review Recommendations (current)
Step 5: Drafting Policy Language for Metro 2050 (early 2021)
Implement Regional Industrial Lands Strategy (ongoing)
Thank you

Regional Planning Committee
RECOMMENDATIONS

Theresa Duynstee

SENIOR PLANNER, REGIONAL PLANNING AND HOUSING SERVICES

Regional Planning Committee - October 9, 2020
Metro 2040 Policies to Protect Agricultural Land

- Urban Containment Boundary
- Limit Sewerage Services
- Regional Land Use Designations
- Strategy 2.3 Policies and Actions
Agriculture Policy Review - Purpose

Determine how the policies in Strategy 2.3 should be adjusted to better support regional goals for agricultural land protection, agricultural viability and growth management.
Engagement

- Agriculture Land Use Planning Forum (April 2019)
- Regional Planning Advisory Committee (Oct 2019 & March 2020)
- Staff Agricultural Advisory Group (Sept 2019 to March 2020)
- Metro Vancouver Agricultural Advisory Committee (Oct 2019 to Sept 2020)
- Online Comment Form (ongoing)
What’s Working

- Multi-jurisdictional legislative framework
- A well-defined Urban Containment Boundary that mostly aligns with the Agricultural Land Reserve
- Limitations on regional sewerage services into agricultural areas
- Municipal actions supporting agriculture

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Ongoing Challenges

• Agricultural viability
• Non-farm use of agricultural land
• Expanding market access for local producers

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Recommendations

1. Support locally produced food
2. Prevent conflicts with agriculture
3. Discourage non-farm use on agricultural lands
4. Include climate change actions
5. Improve clarity and update language

Regional Planning Committee
1. Add policies to enhance distribution avenues for locally produced food (i.e. permanent farmers’ markets)
2. Enhance policies to prevent conflicts with agricultural operations (i.e. edge planning)
3. Enhance policies to discourage non-farm uses of agricultural land and encourage actively farmed land (i.e. update municipal bylaws)
Next Steps

- Consider input from other policy reviews and work being undertaken on social equity, climate change and resiliency
- Draft policy writing early 2021
Thank You