

2009 BUDGET IN BRIEF

METRO VANCOUVER



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May 2009

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2009 BUDGET IN BRIEF

METRO VANCOUVER

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General Overview

Meeting the Challenges

Overall, the budget is up 4.0%, less than projections made to the Board.

The 2009 budget reflects the priorities of Metro Vancouver as the political body representing the Metropolitan Vancouver area, and a body with specified functions to:

- Deliver its mandated service functions in accordance with the principles of sustainability;
- Identify the priority objectives for the achievement of a sustainable, livable region and advocate for the achievement of those objectives;
- Build and facilitate collaborative governance networks and mechanisms to achieve those objectives in partnership with others, including processes to inform and be informed by the citizenry at large.

In 2008, the Board approved the Metro Vancouver Sustainability Framework, a framework for decision making and moving ideas into action. The 2009 priorities presented here are consistent with this framework.

Highlights for 2009 Include:

Greater Vancouver Regional District

- Parks and Greenway Management Plan – Third year of Implementation
- Develop New Regional Growth Strategies
- Air Quality Regulation (Pollution, Climate Change)

Greater Vancouver Sewerage & Drainage District

Liquid Waste

- Liquid Waste Management Plan
- Biosolids Management Plan Implementation
- Continued reduction of future long-term debt-related costs by using excess operating reserves to fund capital.
- Commence planning for secondary treatment upgrades
- Infrastructure maintenance projects
- Continuing focus on Asset Management
- System Optimization initiatives

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Greater Vancouver Sewerage & Drainage District (continued)

Solid Waste

- Zero Waste Challenge
- Approval of New Solid Waste Management Plan
- Managing waste flows within the system.
- Work continues to develop an alternative to landfilling in the Interior of BC.

Greater Vancouver Water District

- Construction of the new water filtration plant continues at the Capilano and Seymour Water sources which, when completed, will provide the Region with the highest quality in drinking water. Filtration at the Seymour source expected to be operational in late 2009.
- Continued reduction of future long-term debt related costs by using excess operating reserves to fund capital.
- Continued focus on Asset Management.
- Upgrade of many of the District's facilities to meet current seismic and safety standards to ensure that water is available as an essential service in event of a major disaster.
- System optimization initiatives.

Metro Vancouver Housing Corporation

- Continue with water ingress repairs. Long-term funding remains an issue for future years.
- Maintenance of aging wood structure
- Focus on tenant community support.

Corporate

- Collaborative governance
- Resources to focus on succession planning / retention / recruitment

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Financial Overview

2009 budgeted expenditures are \$543.4 million (4.0%) for the Metro Vancouver Districts.

Costs are recovered mainly through user fees charged to member municipalities for the Greater Vancouver Water District (GVWD), Greater Vancouver Sewerage & Drainage District (GVS&DD) and for the Greater Vancouver Regional District (GVRD) through property taxes. The Metro Vancouver Housing Corporation (GVHC) recovers costs primarily through property rentals.

Greater Vancouver Regional District

- The costs for regional district functions are primarily recovered through property taxes.
- The total cost of programs on an average property tax bill is around \$35.00 which is the same as 2008.
- The Regional District's costs increased by 5.5% to \$50.3 million for 2009.
- The property tax rate increased by 0.7% for 2009 which is well below the projection of 5.5%.

The following functions comprise the main activities of the Regional District:

Regional Parks

- Parks expenditures increased 10.1% to \$29.4 million. The final budget includes an additional provision for capital of \$1.25 million (funded from additional 2009 grant revenues) and \$0.6 million for completion of a project carried forward from 2008 (funded from reserve).
- Capital expenditures for 2009 are \$11.6 million including \$4.5 million for the potential acquisition of new parkland.

9-1-1 Emergency Telephone Service

- Expenditures have decreased 1.5% to \$3.6 million due to the reduction of a one-time expenditure in 2008.

Air Quality

- Expenditures have decreased 5.0% to \$5.5 million.

General Government

- Expenditures have increased 17.2% to \$5.2 million.
- Increase in expenditures is due primarily to the centralization of external contributions previously included in the Regional Parks function and increased costs in Board and Committee Remuneration primarily for a new member added in 2008 and a new member from the Tsawwassen First Nations to be added in 2009.

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Labour Relations

- Expenditures have decreased 0.2% to \$2.6 million.

Strategic Planning

- Costs have decreased 14.3% to \$2.7 million due primarily to a reduction for a one-time study in 2008 to advance work on energy programs aimed at increasing cooperation and coordination of environmental activities with senior governments and to enable analysis of existing and proposed senior government legislation pertinent to the Environmental Committee mandate and a reduction in the Homelessness Task Force Secretariat program (funded by the federal government) due to the contract expiring part way through the year.

Regional Global Positioning System

- Total expenditures are \$0.6 million (down 3.5% over 2008). The operation of this system is funded by a separate user fee.

Other (includes West Nile Virus, Electoral Area, and Sasamat Volunteer Fire Department)

- Other expenditures have decreased by 1.4% to be slightly over \$0.7 million.

Greater Vancouver Sewerage and Drainage District

Liquid Waste

- There is a 3.6% increase in the impact on the average household with the cost increasing \$5 to \$158. This is below the projected increase of 6.0%.
- Expenditures will increase by 6.1% to \$173.4 million.
- \$15.3 million of sewerage capital projects will be funded on a 'pay as you go' basis through the levy plus a further \$9.9 million through excess operating reserves (total of \$25.2 million).
- Total capital expenditures will be \$96.7 million, including funding for:
 - new mains, pump stations, treatment plant expansion to handle growth (\$29.7 million)
 - system maintenance (\$23.3 million)
 - risk management and upgrade of infrastructure (\$32.1 million).
 - sustainability opportunity related projects (\$8.7 million)
- Capital expenditures include Utility relocation for Provincial Road Improvement Projects (\$2.9 million).

Solid Waste

- The solid waste tipping fee is increasing \$3 to \$71 per tonne.
- Expenditures will decrease by 5.4% to \$104.2 million. The decrease in expenditures is due to the projected decrease in waste flows which are projected to be lower than those budgeted in 2008. This along with inflationary increases, particularly fuel, in processing costs has resulted in an increase to the tipping fee.
- Capital Expenditures will be \$63.6 million primarily for projects at the District's Waste-to-Energy-Facility (\$5.2 million) and Solid Waste Management Plan initiatives (\$45.0 million).

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Greater Vancouver Water District

- The impact of the budget increase to the average household is \$26, for a total cost of \$192.
- The water rates will increase by 15.8% to \$0.4026 per cubic metre (Off Peak Season: October – May) and \$0.5032 per cubic metre (Peak Season: June – September) over those for 2008. The summer (Peak) price is 1.25 times the price during the remainder of the year (Off Peak). This is consistent with the Drinking Water Management Plan.
- Expenditures will increase by 8.5% to \$179.8 million.
- The total capital expenditures will be \$257.1 million, including expenditures for the Drinking Water Treatment Program (including the Seymour/Capilano Filtration Project) of \$160.8 million.
- \$14.7 million in capital projects will be funded on a 'pay as you go' basis through the water rate plus a further \$13.0 million through excess operating reserves (total \$27.7 million).
- Capital expenditures include Utility relocation for Provincial Road Improvement Projects (\$1.7 million).

Metro Vancouver Housing Corporation

- Expenditures for 2008 will increase by close to 1.0% to \$35.7 million.
- The GVHC generates the majority of its revenues through property rentals, and the Housing Corporation's operations are not funded by the GVRD tax requisitions.
- Capital expenditures for 2008 are \$9.1 million which will be funded from reserves. Included in this amount is \$5.0 million for water ingress repairs and \$4.1 million for capital replacement.

Corporate Programs

- Corporate service costs are allocated to the three districts (GVRD, GVS&DD, GVWD) and the GVHC.
- Corporate Program costs include the costs of the Finance, Human Resources, Information Technology, Corporate Relations, the office of the Chief Administrative Officer/Commissioner, as well as Head Office Building Operations.
- Overall corporate program expenditures have increased by 11.2% to \$45.9 million (8.4% of total Greater Vancouver Districts' budget expenditures which is equal to prior years' levels). \$4.3 million (or 10.5%) of the expenditure increase pertains to new and previously approved corporate projects carried forward from 2008 for completion in 2009. These carried forward expenditures are funded from reserves.

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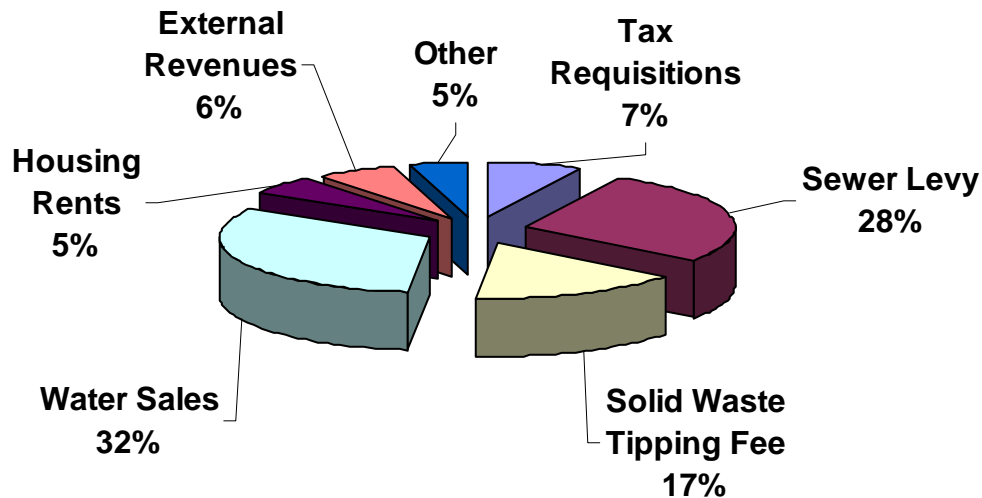
The operating budget of the Metro Vancouver Districts is paid for by six main sources:

- Tax Requisitions
- Sewer Levy
- Solid Waste Tipping Fee
- Water Sales
- Housing Rents
- External Revenues, Reserves and Other

These revenue sources support four separate legal entities: the Greater Vancouver Regional District (GVRD) is funded primarily through tax requisitions, the Greater Vancouver Sewerage & Drainage District (GVS&DD) through a sewer levy for liquid waste and user fees for the solid waste function, the Greater Vancouver Water District (GVWD) through the sale of water to participating member municipalities, and the Metro Vancouver Housing Corporation (GVHC) through property rentals.

WHERE THE MONEY COMES FROM

(Millions of Dollars)



Tax Requisitions	\$ 39.6
Sewer Levy	151.4
Solid Waste Tipping Fee	89.4
Water Sales	176.2
Housing Rents	29.6
External Revenues	32.6
Other (includes Reserves, BOD/TSS, DCC)	24.6
	<hr/>
	\$543.4

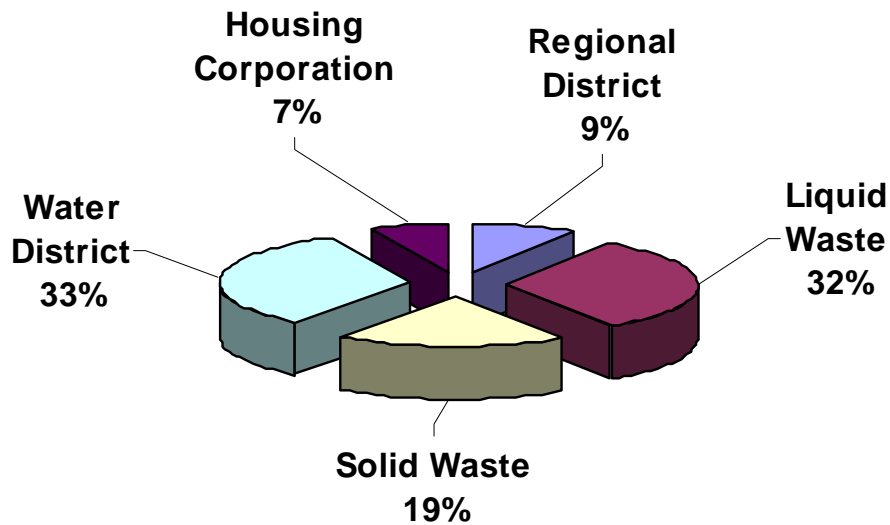
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The Metro Vancouver Districts comprise five totally separate budgets governed by separate legislation. These budgets are split into distinct programs indicating services provided for which a separate budget exists.

The Metro Vancouver Districts are required to operate balanced budgets and any deficit must be repaid immediately in the following year. All expenditures must be included in the annual budget adopted by the Board.

WHERE WE SPEND THE MONEY



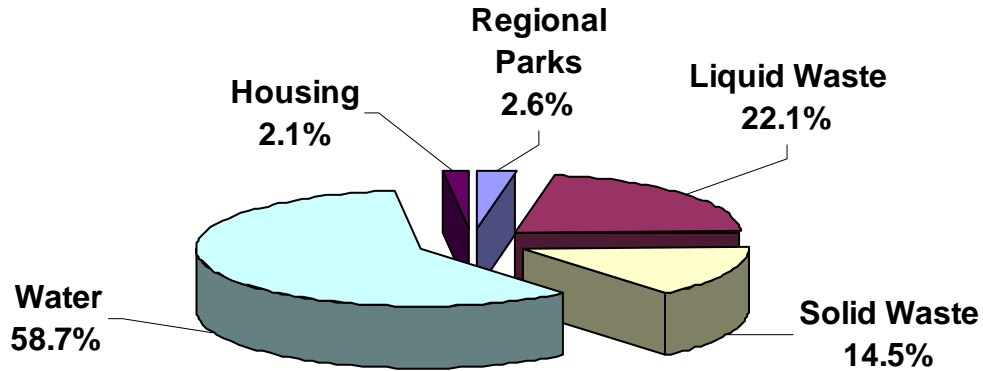
Total Expenditures \$543.4

	Sewerage & Drainage					Total
	Regional District	Liquid Waste	Solid Waste	Water District	MVHC	
2008 Budget	\$47.7	\$163.5	\$110.1	\$165.7	\$35.4	\$522.4
Change in Operations	1.3	7.4	(6.2)	5.6	0.5	8.6
Change in Debt	0.0	1.8	0.3	7.4	(0.2)	9.3
Contribution to Capital	1.3	0.7	0.0	1.1	0.0	3.1
2009 Budget	\$50.3	\$173.4	\$104.2	\$179.8	\$35.7	\$543.4
% Change Budget	5.5%	6.1%	(5.4%)	8.5%	1.0%	4.0%

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Capital Expenditures 2009 Budget Summary (\$ Millions)

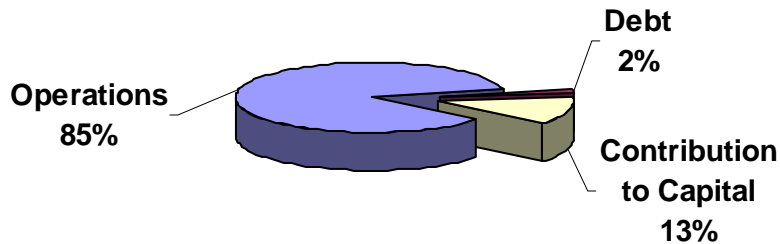


	<u>2007 Budget</u>	<u>2008 Budget</u>	<u>2009 Budget</u>
Regional Parks	\$ 15.3	\$ 11.5	\$ 11.6
Liquid Waste	44.0	67.3	96.7
Solid Waste	3.4	15.1	63.6
Water	209.1	212.7	257.1
Housing	<u>8.4</u>	<u>11.3</u>	<u>9.1</u>
	<u>\$ 280.2</u>	<u>\$ 317.9</u>	<u>\$ 438.1</u>

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Greater Vancouver Regional District 2009 Budget Summary (\$ Millions)



	<u>2008 Budget</u>	<u>2009 Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 41.5	\$42.8	\$ 1.3	3.3%
Debt	1.1	1.1	0.0	(0.6%)
Contribution to Capital	5.1	6.4	1.3	25.5%
Total	\$ 47.7	\$ 50.3	\$ 2.6	5.5%

<u>GVRD - Expenditures</u>	<u>2008 Budget</u>	<u>2009 Budget</u>	<u>Change</u>	<u>% Change</u>
911 Emergency Telephone	\$ 3.7	\$ 3.6	\$ (0.1)	(1.5%)
Air Quality	5.8	5.5	(0.3)	(5.0%)
General Government	4.5	5.2	0.7	17.2%
Labour Relations	2.6	2.6	0.0	(0.2%)
Regional Parks	26.7	29.4	2.7	10.1%
Strategic Planning	3.1	2.7	(0.4)	(14.3%)
Regional GPS	0.6	0.6	0.0	(3.5%)
Other*	0.7	0.7	0.0	(1.4%)
Total	\$ 47.7	\$ 50.3	\$ 2.6	5.5%

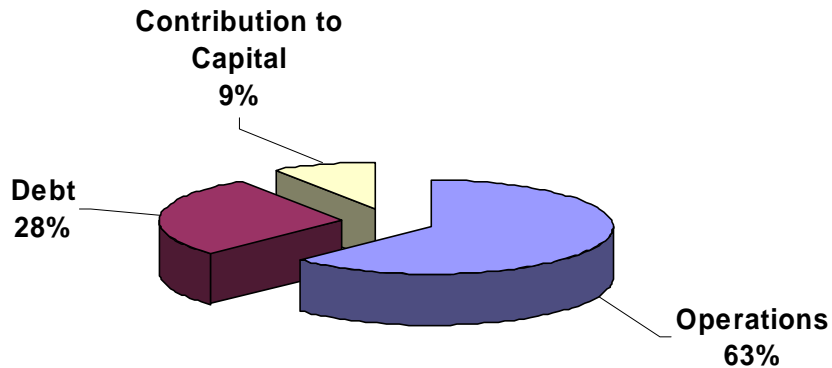
*Other includes West Nile Virus; Electoral Areas; Sasamat Volunteer Fire Dept.

	<u>2007 Budget</u>	<u>2008 Budget</u>	<u>2009 Budget</u>
Tax Requisitions	<u>\$ 37.7</u>	<u>\$ 38.8</u>	<u>\$ 39.6</u>
Total Expenditures	<u>\$ 46.8</u>	<u>\$ 47.7</u>	<u>\$ 50.3</u>

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**Greater Vancouver Sewerage & Drainage District
Liquid Waste
2009 Budget Summary
(\$ Millions)**



	<u>2008 Budget</u>	<u>2009 Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 102.9	\$ 110.3	\$ 7.4	7.2%
Debt	46.0	47.8	1.8	4.0%
Contribution to Capital	14.6	15.3	0.7	4.7%
Total	<u>\$ 163.5</u>	<u>\$ 173.4</u>	<u>\$ 9.9</u>	<u>6.1%</u>

Highlights

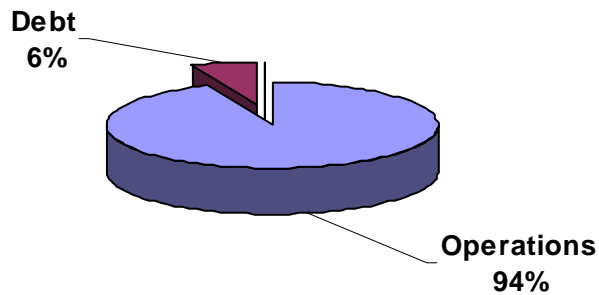
- *\$96.7 M Capital Works
 - Growth \$29.7M
 - Repair \$23.3M
 - Upgrading \$35.0M
 - Opportunity \$8.7M
- *More 'Pay As You Go'
- *Aging Infrastructure

	<u>2007 Budget</u>	<u>2008 Budget</u>	<u>2009 Budget</u>
S&D Levy	<u>\$ 136.3</u>	<u>\$ 144.1</u>	<u>\$ 151.4</u>
Total Expenditures	<u>\$ 155.3</u>	<u>\$ 163.5</u>	<u>\$ 173.4</u>

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**Greater Vancouver Sewerage & Drainage District
Solid Waste
2009 Budget Summary
(\$ Millions)**



	<u>2008 Budget</u>	<u>2009 Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 103.7	\$ 97.5	\$(6.2)	(6.0)%
Debt	6.4	6.7	0.3	5.2%
Contribution to Capital	0.0	0.0	0.0	0.0%
Total	<u>\$ 110.1</u>	<u>\$ 104.2</u>	<u>\$(5.9)</u>	<u>(5.4)%</u>

Highlights

*\$63.6M Capital Works

- Waste-to-Energy Facility \$5.2M
- Landfills and Transfer Stations \$13.4M
- Solid Waste Management Plan Initiatives \$45.0M

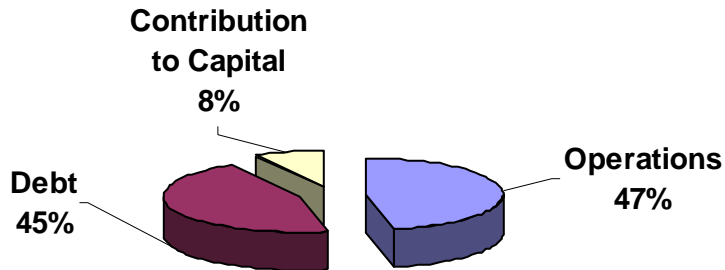
*Solid Waste Management Plan

	<u>2007 Budget</u>	<u>2008 Budget</u>	<u>2009 Budget</u>
User Charges	<u>\$ 80.3</u>	<u>\$ 94.2</u>	<u>\$ 89.4</u>
Total Expenditures	<u>\$ 96.7</u>	<u>\$110.1</u>	<u>\$104.2</u>
Tipping Fees (\$ per tonne)	<u>\$ 65.0</u>	<u>\$ 68.0</u>	<u>\$ 71.0</u>

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Greater Vancouver Water District 2009 Budget Summary (\$ Millions)



	<u>2008 Budget</u>	<u>2009 Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 78.7	\$ 84.3	\$ 5.6	7.0%
Debt	73.4	80.8	7.4	10.1%
Contribution to Capital	13.6	14.7	1.1	8.5%
Total	<u>\$ 165.7</u>	<u>\$ 179.8</u>	<u>\$ 14.1</u>	8.5%

Highlights

- *\$257.1 M Capital Works
- Growth \$8.9M
 - Repair \$17.3M
 - Upgrading \$70.1M
 - New Services \$160.8M

	<u>2007 Budget</u>	<u>2008 Budget</u>	<u>2009 Budget</u>
Water Sales	<u>\$ 149.1</u>	<u>\$ 160.3</u>	<u>\$ 176.2</u>
Total Expenditures	<u>\$ 152.2</u>	<u>\$ 165.7</u>	<u>\$ 179.8</u>
Water Rates (\$ per cubic metre) Peak Season *	<u>\$0.3794</u>	<u>\$0.4347</u>	<u>\$0.5032</u>
Water Rates (\$ per cubic metre) Off Peak Season **	<u>\$0.3271</u>	<u>\$0.3477</u>	<u>\$0.4026</u>

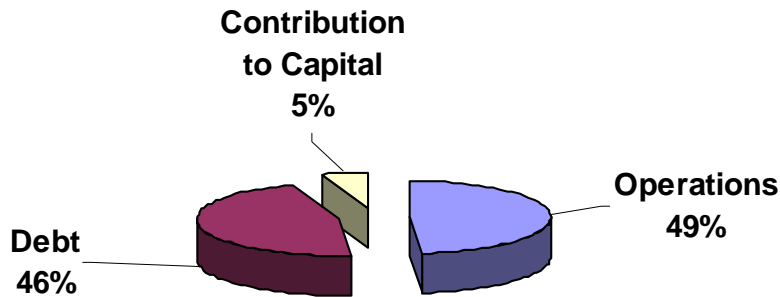
* June to September

** October to May

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Metro Vancouver Housing Corporation 2009 Budget Summary (\$ Millions)



	<u>2008 Budget</u>	<u>2009 Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 16.9	\$17.4	\$ 0.5	2.8%
Debt	16.6	16.4	(0.2)	(1.1)%
Contribution to Capital	1.9	1.9	0.0	0.0%
Total Expenditures	\$ 35.4	\$ 35.7	\$ 0.3	1.0%

Highlights

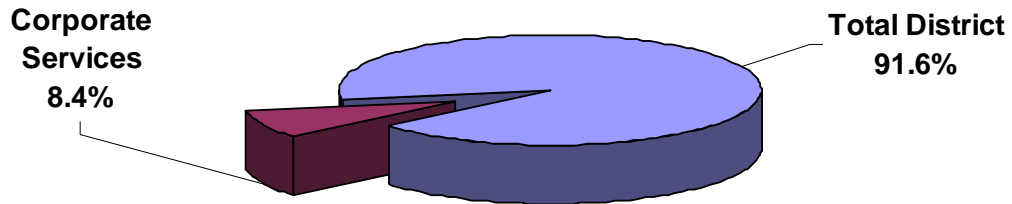
- *\$9.1M Capital Works
 - Replacement \$4.1M
 - Water Ingress \$5.0M

	<u>2007 Budget</u>	<u>2008 Budget</u>	<u>2009 Budget</u>
Housing Rents	<u>\$ 28.0</u>	<u>\$ 28.9</u>	<u>\$ 29.6</u>
Total Expenditures	<u>\$ 34.8</u>	<u>\$ 35.4</u>	<u>\$ 35.7</u>

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Corporate Services 2009 Budget Summary (\$ Millions)



	<u>2007 Budget</u>	<u>2008 Budget</u>	<u>2009 Budget</u>	<u>2008-2009 Change</u>	<u>2008-2009 % Change</u>
Total Expenditures	<u>\$ 36.1</u>	<u>\$ 41.3</u>	<u>\$ 45.9</u>	<u>\$ 4.6</u>	11.2%
Corporate Services as a % of Total District Budget	7.4%	7.9%	8.4%	-	