

2013 BUDGET IN BRIEF

METRO VANCOUVER

May 2013

metrovancouver
SERVICES AND SOLUTIONS FOR A LIVABLE REGION



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2013 BUDGET IN BRIEF

METRO VANCOUVER

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General Overview

Meeting the Challenges

The draft budget for 2013 has overall expenditures of \$638.3 million. This is an increase of \$18.3 million (3.0%) over 2012 expenditures. The increase can be attributed as follows:

- | | |
|---|-------------------------|
| 1. Operating costs | \$10.4 million (+2.65%) |
| 2. Debt Service | -\$13.6 million (-9.0%) |
| 3. Debt avoidance Contribution to Capital | \$21.5 million (+29.5%) |

It is estimated that the increased cost to an average household in the Region will be only \$6 for the year (1.35%) and under the Board approved target of 2.5%.

The 2013 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.

The 2013 priorities presented here are consistent with the Metro Vancouver Sustainability Framework, a framework for decision-making and moving ideas into action.

Highlights for 2013 Include:

Greater Vancouver Regional District

- Parks and Greenway Management Plan – Seventh year of Implementation
- Air Quality Regulation (Pollution, Climate Change)
- International Engagement
- Labour Relations new Autonomy Model

Greater Vancouver Sewerage & Drainage District

Liquid Waste

- Continuation with Liquid Waste Management Plan Implementation
- Biosolids Management Plan Implementation
- Continued reduction of future long-term debt-related costs by using excess operating reserves to fund capital.

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- Continued planning and pre-design for secondary treatment upgrades
- Sustainability initiatives
- Infrastructure maintenance projects
- Continuing focus on Asset Management
- System Optimization initiatives

Greater Vancouver Sewerage & Drainage District (continued)

Solid Waste

- Zero Waste Challenge
- Solid Waste Management Plan Implementation
- New Waste-to-Energy Capacity
- Waste contract management
- Managing waste flows within the system.

Greater Vancouver Water District

- Completion of the Seymour / Capilano Filtration Project and twin tunnels, which when completed, will provide the Region with the highest quality in drinking water from both the Capilano and Seymour sources.
- Continued work on Port Mann large diameter water crossing tunnel project
- Continued work on Coquitlam UV water treatment facility
- Reduction of future long-term debt related costs by using excess operating reserves to fund capital.
- Sustainability initiatives, such as water conservation and energy recovery opportunities.
- 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

- Maintenance of aging wood structures
- Continue work on Heather Place redevelopment opportunity.
- Work with FCM and Federal Government on national strategy
- Focus on tenant community support.
- Regional Affordable Housing Strategy.

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Corporate

- Enhanced Communication
- Collaborative governance

Financial Overview

2013 budgeted expenditures are \$638.3 million (up 3.0%) for the Metro Vancouver Districts. The budget represents a \$450 cost to the average regional household: up \$6 from 2012 levels.

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 \$40.00 which is up \$3 from 2012.
- The Regional District's expenditures have increased by \$5.7 million, or 9.3% to \$66.7 million for 2013. This is primarily due to an increase in the Regional Homelessness Secretariat program of \$5.2 million. This program is totally funded by the Federal Government, and administered by Metro Vancouver, so is offset by a corresponding increase in revenue from the Federal Government. If this program is excluded from the calculation, the increase in Regional District expenditures would be less than 1%.
- The GVRD property tax rate increased by 5.4% for 2013. This includes \$1.3 million (2.9%) for the Labour Relations function that was fully funded from reserves in 2012. The property tax rate is 2.5% (net of Labour Relations) which is equal to the projected target rate increase of 2.5%.

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

Regional Parks

- Parks expenditures account for more than half of the GVRD budget, and have increased 5.5% over 2012 to \$33.8 million. This is driven primarily by an increased provision for capital, from \$8 million in 2012 to \$9 million in 2013. This will help to fund capital expenditures of \$12.7 million in 2013, with a focus on Basic Capital improvements. The Environment and Parks Committee, and the Board, have been apprised of the funding challenges facing Regional Parks. Virtually all of the capital reserves will be exhausted by the end of 2013. It is expected that, during 2013, discussion will be focused on future funding needs.

9-1-1 Emergency Telephone Service

- Expenditures are up over 2012 by 0.3% to \$3.9 million.

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Air Quality

- Expenditures have increased 1.0% to \$6.9 million.

General Government

- Expenditures have decreased 17.7% to \$5.6 million.
- The decrease in expenditures is due primarily to the removal of a one-time \$1.3 million increase to the sustainability reserve contribution for 2012 and a reduction in funding for pan-municipal initiatives for 2013.

Labour Relations

- Expenditures have increased 0.3% to \$2.1 million for 2013. This function was fully funded for 2012 and partially funded for 2013 from operating reserves, as the Region transitions to a new Autonomy Model for this function.

Strategic Planning

- Expenditures have increased by \$5.3 million or 65.0% from 2012, to a total of \$13.4 million. This increase is primarily due to a \$5.1 million (85.2%) increase in the Homelessness Task Force Secretariat program which is funded through the Federal Government.

Regional Global Positioning System

- Total expenditures have decreased over 2012 by 25.3% to \$0.4 million due to the utilization of internal support resources rather than contracted services.

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

- Other expenditures are down 11.9% over 2012 to \$0.6 million due primarily to discontinuation of funding for the West Nile Virus function.

Greater Vancouver Sewerage and Drainage District

Liquid Waste

- There is a 1.0% increase in the impact on the average household with the cost increasing \$2 to \$171. This is below the projected increase of 2.5% or \$4.
- Expenditures will increase by 0.1% to \$200.7 million.
- \$51.7 million of sewerage capital projects (contribution to capital - \$41.2 plus major capital labour – \$10.5) will be funded on a ‘pay as you go’ basis through the levy plus a further \$9.6 million through excess operating reserves (total of \$61.3 million).
- Total capital expenditures will be \$78.6 million, including funding for:
 - new mains, pump stations, treatment plant expansion to handle growth (\$35.1 million)
 - system maintenance (\$25.1 million)
 - risk management and upgrade of infrastructure (\$16.0 million).
 - sustainability opportunity related projects (\$2.4 million)

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Solid Waste

- The solid waste tipping fee is unchanged at \$107 per tonne for 2013.
- Expenditures will increase by 5.9% to \$104.7 million. Increases include an additional \$4.6 million for future capital requirements and increases in contracted inflation with our third party contractors. The impact of contract related costs has been somewhat offset by increased economies of scale resulting from the increase in system waste flows.
- \$8.5 million of solid waste capital projects (contribution to capital - \$8.5) will be funded on a 'pay as you go' basis through the tipping fee plus a further \$10.4 million through excess operating reserves (total of \$18.9 million).
- Capital Expenditures projected to be \$15.7 million primarily for projects at the District's Waste-to-Energy-Facility (\$5.1 million), upgrades to the Transfer Station System (\$1.7 million), Solid Waste Management Plan initiatives (\$2.4 million) and Landfills/Other (\$6.5 million).

Greater Vancouver Water District

- The impact to the average household is an increase of \$1, for a total cost of \$148. The average household water consumption levels have been on the decline in recent years.
- The water rates will increase by 1.2% to \$0.5504 per cubic metre (Off Peak Season: October – May) and \$0.6880 per cubic metre (Peak Season: June – September) over those for 2012. 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 2.6% to \$229.3 million.
- The total capital expenditures will be \$153.2 million, including expenditures for the Drinking Water Treatment Program (including the Seymour/Capilano Filtration Project) of \$52.0 million along with infrastructure projects related to growth in the region (\$14.3 million), system maintenance projects (\$10.0 million), risk management and infrastructure upgrade projects (\$75.2 million) and sustainability opportunity related projects (\$1.7 million).
- \$42.3 million in capital projects (contribution to capital - \$35.2 million plus major capital labour – \$7.1 million) will be funded on a 'pay as you go' basis through the water rate plus a further \$27.3 million through excess operating reserves (total \$69.6 million).

Metro Vancouver Housing Corporation

- Expenditures for 2013 will increase by 2.2% to \$36.9 million.
- The MVHC 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 2013 are \$5.4 million which will be funded from reserves. Included in this amount are \$5.0 million for capital replacement and \$0.4 million for development.

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Corporate Programs

- Corporate service costs are allocated to the three districts (GVRD, GVS&DD, GVWD) and the MVHC.
- 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 2.3% to \$54.2 million (8.5% of total Greater Vancouver Districts' budget expenditures which is the same as in prior years).

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

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

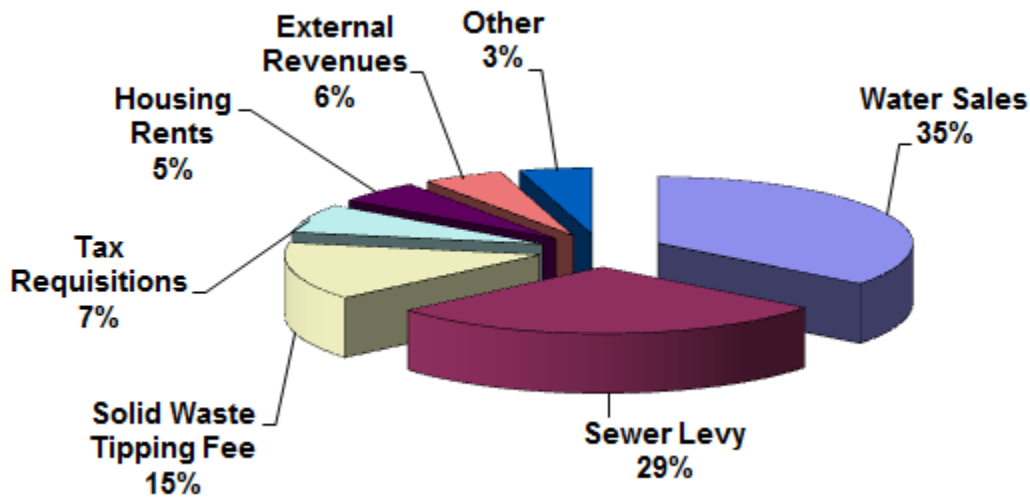
These revenue sources support four separate legal entities: the Greater Vancouver Regional District (GVRD) is funded primarily through tax requisitions, the Greater Vancouver Sewerage & Drainage District (GVS&DD) through a sewer levy for liquid waste and user fees for the solid waste function, the Greater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

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WHERE THE MONEY COMES FROM

(Millions of Dollars)



Tax Requisitions	\$ 46.1
Sewer Levy	180.0
Solid Waste Tipping Fee	90.6
Water Sales	226.0
Housing Rents	32.8
External Revenues	40.7
Other (includes Reserves, BOD/TSS, DCC)	22.1
	<hr/>
	\$638.3

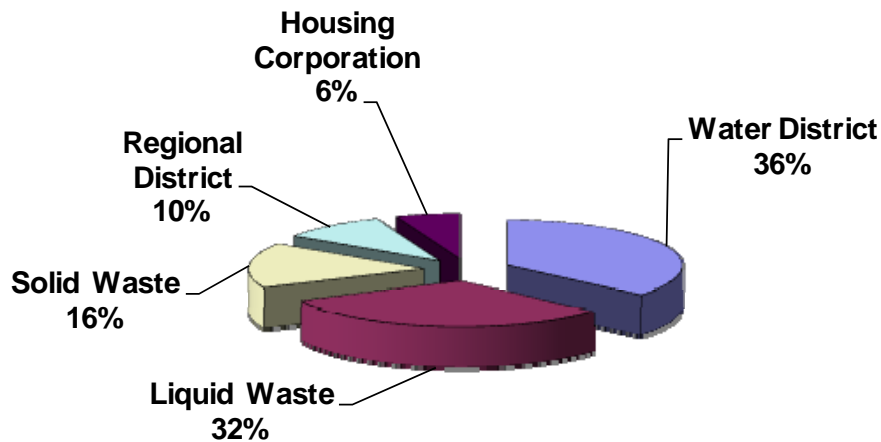
The Metro Vancouver Districts comprise five totally separate budgets governed by separate legislation. These budgets are split into distinct programs indicating services provided for which a separate budget exists.

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.

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WHERE WE SPEND THE MONEY



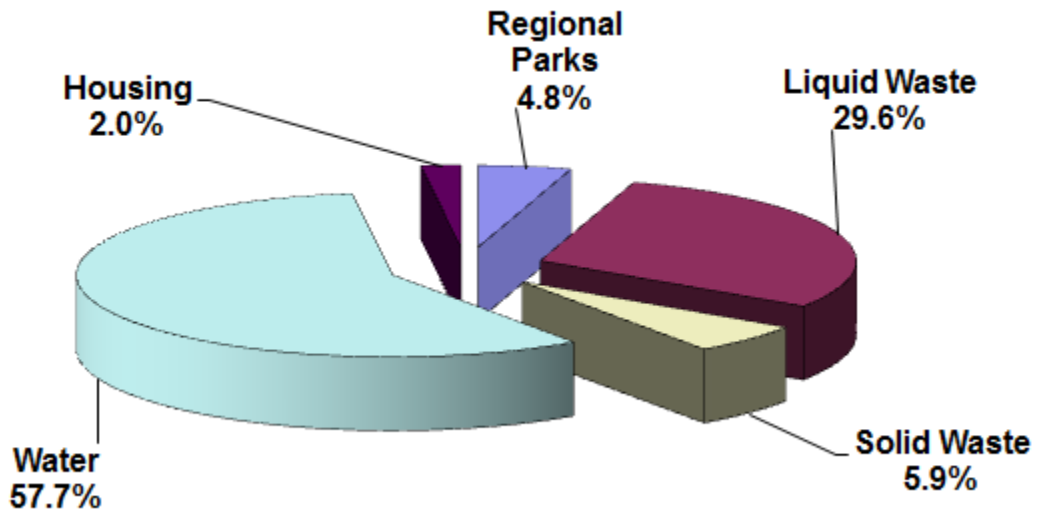
Total Expenditures \$638.3

	Sewerage & Drainage				MVHC	Total
	Regional District	Liquid Waste	Solid Waste	Water District		
2012 Budget	\$61.0	\$200.5	\$98.8	\$223.6	\$36.1	\$620.0
Change in Operations	4.9	3.1	1.7	(0.1)	0.8	10.4
Change in Debt	(0.3)	(10.4)	(0.5)	(2.4)	0.0	(13.6)
Contribution to Capital	1.1	7.5	4.7	8.2	0.0	21.5
2013 Budget	\$66.7	\$200.7	\$104.7	\$229.3	\$36.9	\$638.3
% Change Budget	9.3%	0.1%	5.9%	2.6%	2.2%	3.0%

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Capital Expenditures
2013 Budget Summary
(\$ Millions)

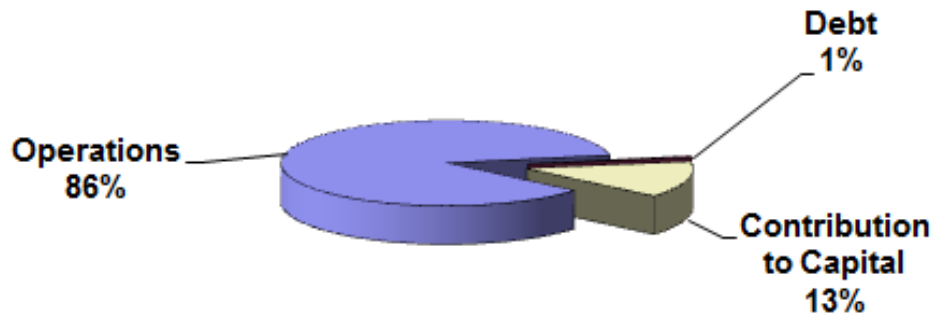


	<u>2011 Budget</u>	<u>2012 Budget</u>	<u>2013 Budget</u>
Regional Parks	\$ 10.5	\$ 10.6	\$ 12.7
Liquid Waste	80.9	103.4	78.6
Solid Waste	18.7	26.5	15.7
Water	186.7	206.7	153.2
Housing	7.3	10.3	5.4
	<u>\$ 304.1</u>	<u>\$ 357.5</u>	<u>\$ 265.6</u>

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Greater Vancouver Regional District 2013 Budget Summary (\$ Millions)



	2012 <u>Budget</u>	2013 <u>Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 52.4	\$ 57.3	\$ 4.9	9.3%
Debt	0.6	0.3	(0.3)	(42.1%)
Contribution to Capital	8.0	9.1	1.1	13.6%
Total Expenditures	\$ 61.0	\$ 66.7	\$ 5.7	9.3%

	2012 <u>Budget</u>	2013 <u>Budget</u>	<u>Change</u>	<u>% Change</u>
<u>GVRD-Expenditures</u>				
911 Emergency Telephone	\$ 3.9	\$ 3.9	\$ 0.0	0.3%
Air Quality	6.8	6.9	0.1	0.2%
General Government	6.8	5.6	(1.2)	(17.7%)
Labour Relations	2.1	2.1	0.0	0.3%
Regional Parks	32.0	33.8	1.8	5.5%
Strategic Planning	2.2	2.4	0.2	10.0%
Homelessness Secretariat	5.9	11.0	5.1	85.2%
Regional GPS	0.6	0.4	(0.2)	(25.3%)
Other*	0.7	0.6	(0.1)	(11.9%)
Total	\$ 61.0	\$ 66.7	\$ 5.7	9.3%

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

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Greater Vancouver Regional District Reconciliation to Board Approved Targets (\$ Millions)

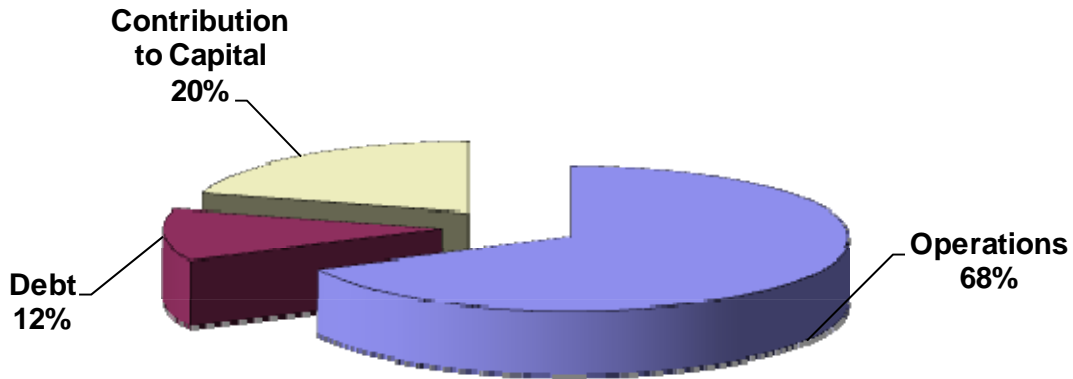
	<u>2012</u> <u>Budget</u>	<u>2013</u> <u>Budget</u>	<u>Change</u>	<u>% Change</u>
GVRD Tax Requisitions	\$ 43.2	\$ 46.1	\$ 2.9	6.9%
Other Revenue	<u>17.8</u>	<u>20.6</u>	<u>2.8</u>	15.2%
Total	<u><u>\$ 61.0</u></u>	<u><u>\$ 66.7</u></u>	<u><u>\$ 5.7</u></u>	9.3%

- Board approved a 4.0% increase in Tax Requisitions (including 1.5% estimated population growth)
- Impact to the average household estimated to increase \$3.00 (5.4% less 2.9% re Labour Relations tax requisition funded by reserves in 2012 equates to net 2.5% target increase)

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**Greater Vancouver Sewerage & Drainage District
Liquid Waste
2013 Budget Summary
(\$ Millions)**



	<u>2012</u> <u>Budget</u>	<u>2013</u> <u>Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 133.1	\$136.2	\$3.1	2.4%
Debt	33.7	23.3	(10.4)	(30.7%)
Contribution to Capital	33.7	41.2	7.5	22.1%
Total Expenditures	\$ 200.5	\$200.7	\$0.2	0.1%

Highlights

*\$78.6M Capital Works

- Growth \$35.1M
- Repair \$25.1M
- Upgrading \$16.0M
- Opportunity \$2.4M

*More 'Pay As You Go'

*Aging Infrastructure

*Liquid Waste Management Plan Implementation

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Greater Vancouver Sewerage & Drainage District
Liquid Waste
Reconciliation to Board Approved Targets
(\$ Millions)

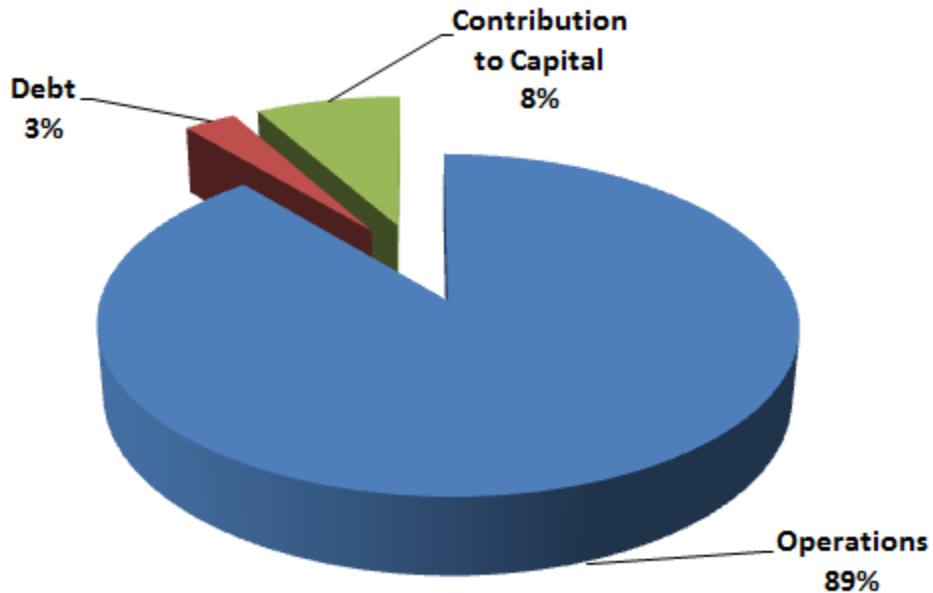
	<u>2012</u> <u>Budget</u>	<u>2013</u> <u>Budget</u>	<u>Change</u>	<u>% Change</u>
S&D Levy	\$ 175.6	\$180.0	\$ 4.4	2.5%
Other Revenue	<u>24.9</u>	<u>20.7</u>	<u>(4.2)</u>	(16.8%)
Total	<u><u>\$ 200.5</u></u>	<u><u>\$ 200.7</u></u>	<u><u>\$ 0.2</u></u>	0.1%

- Board approved a 4.5% increase in Tax Requisitions (including 1.5% estimated population growth)
- Impact to the average household estimated at \$2.00 (or 1.0%).

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**Greater Vancouver Sewerage & Drainage District
Solid Waste
2013 Budget Summary
(\$ Millions)**



	<u>2012 Budget</u>	<u>2013 Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 91.4	\$93.1	\$ 1.7	2.0%
Debt	3.6	3.1	(0.5)	(15.0%)
Contribution to Capital	3.8	8.5	4.7	119.3%
Total Expenditures	\$ 98.8	\$ 104.7	\$ 5.9	5.9%

Highlights

*\$15.7M Capital Works

- Existing Waste-to-Energy Facility \$5.1M
- Landfills and Transfer Stations \$7.3M
- Solid Waste Management Plan Initiatives \$2.4M
- Opportunity – \$0.9M

*Zero Waste Challenge

*Solid Waste Management Plan Implementation

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**Greater Vancouver Sewerage & Drainage District
Solid Waste
Reconciliation to Board Approved Targets
(\$ Millions)**

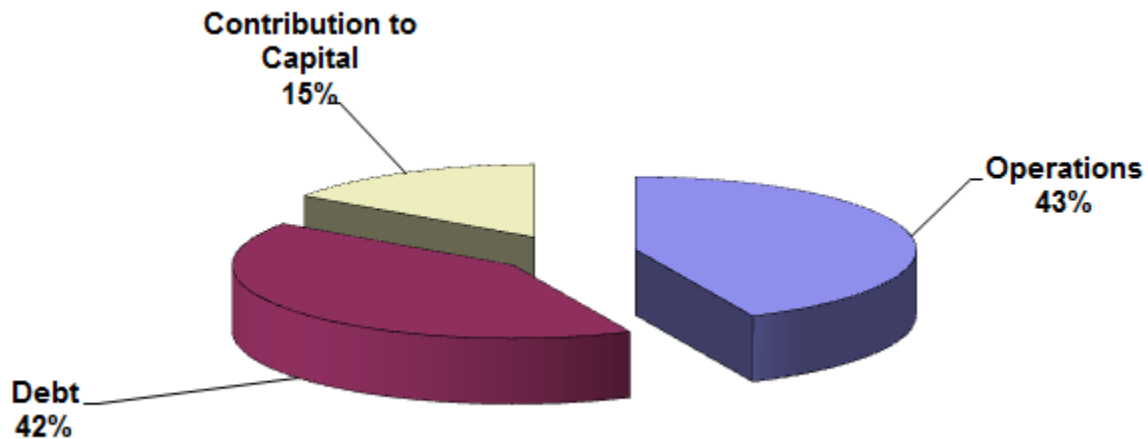
	<u>2012</u> <u>Budget</u>	<u>2013</u> <u>Budget</u>	<u>Change</u>	<u>% Change</u>
User Charges	\$ 87.5	\$ 90.6	\$ 3.1	3.6%
Other Revenue	12.0	14.1	2.1	18.9%
Net Income	<u>(0.7)</u>	<u>(0.0)</u>	<u>0.7</u>	<u>(100.0%)</u>
	<u>\$ 98.8</u>	<u>\$ 104.7</u>	<u>\$ 5.9</u>	<u>5.9%</u>
 Tipping Fee (\$ per tonne)	 <u>\$ 107</u>	 <u>\$ 107</u>	 <u>\$ -</u>	 <u>- %</u>
 General Tonnage (metric tonnes)	 <u>818,000</u>	 <u>837,000</u>	 <u>19,000</u>	 <u>2.3%</u>

- Board approved a \$107 Tipping Fee
- Impact to the average household remains unchanged at \$91 assuming average household produces approximately 85% of a tonne of trash (tonnes projected at 2.3% more than the prior year.)

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Greater Vancouver Water District
2013 Budget Summary
(\$ Millions)



	2012 <u>Budget</u>	2013 <u>Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 99.3	\$ 99.2	(\$ 0.1)	(0.1%)
Debt	97.4	95.0	(2.4)	(2.5%)
Contribution to Capital	26.9	35.1	8.2	30.6%
Total Expenditures	\$ 223.6	\$ 229.3	\$ 5.7	2.6%

Highlights

- *\$153.2M Capital Works
 - Growth \$14.3M
 - Repair \$10.0M
 - Upgrade/Risk Mgmt \$75.2M
 - New Services \$52.0M
 - Opportunity \$1.7M

*Seismic Upgrades

*Aging Infrastructure

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Greater Vancouver Water District Reconciliation to Board Approved Targets (\$ Millions)

	<u>2012 Budget</u>	<u>2013 Budget</u>	<u>Change</u>	<u>% Change</u>
Water Sales	\$ 219.8	\$ 226.0	\$ 6.2	2.8%
Other Revenue	<u>3.8</u>	<u>3.3</u>	<u>(0.5)</u>	(11.6%)
Total	<u>\$ 223.6</u>	<u>\$ 229.3</u>	<u>\$ 5.7</u>	2.6%
Water Rates (\$ per cubic metre)				
Peak Season *	<u>\$ 0.6796</u>	<u>\$0.6880</u>	<u>\$0.0084</u>	
Water Rates (\$ per cubic metre)				
Off Peak Season **	<u>\$ 0.5437</u>	<u>\$0.5504</u>	<u>\$0.0067</u>	
Consumption (cubic metres)	<u>366,548,000</u>	<u>372,267,000</u>	<u>5,719,000</u>	

* June to September

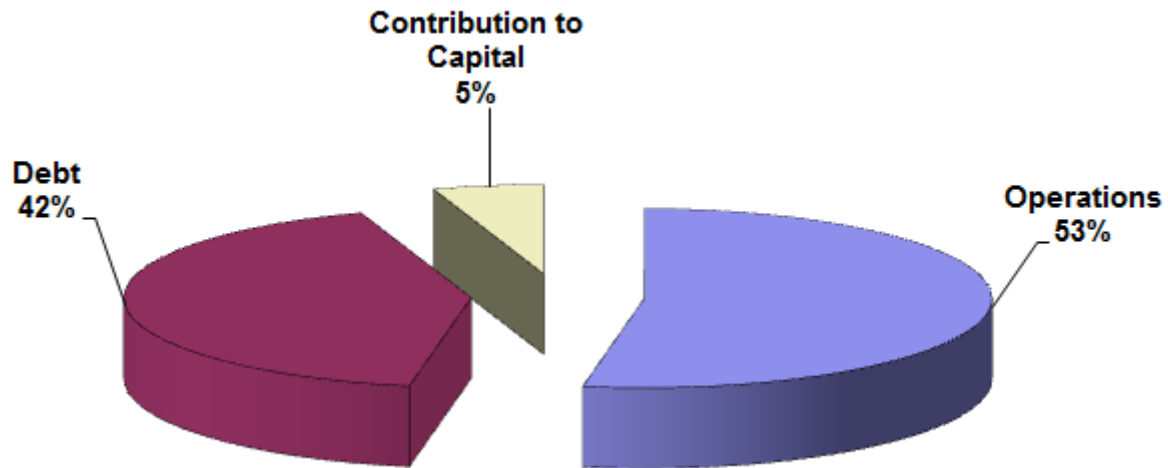
** October to May

- Board approved \$0.6430/m³ blended wholesale rate (budgeted blended rate at \$0.6054/m³)
- Impact to the average household estimated to increase \$1.00 (or 0.7%).

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Metro Vancouver Housing Corporation 2013 Budget Summary (\$ Millions)



	<u>2012 Budget</u>	<u>2013 Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 18.7	\$ 19.5	\$ 0.8	4.4%
Debt	15.5	15.5	0.0	(0.1%)
Contribution to Capital	1.9	1.9	0.0	0.0%
Total Expenditures	\$ 36.1	\$ 36.9	\$ 0.8	2.2%

Highlights

- *\$5.4M Capital Works
 - Replacement \$5.0M
 - Development \$0.4M

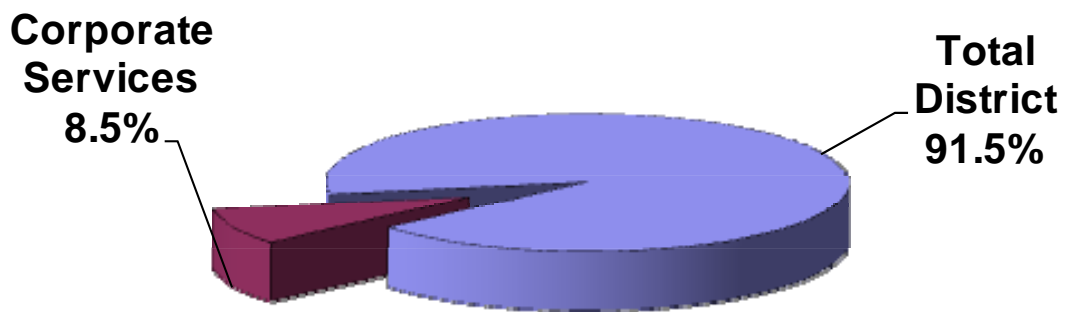
Reconciliation to Board Approved Targets (\$ Millions)

	<u>2012 Budget</u>	<u>2013 Budget</u>	<u>Change</u>	<u>% Change</u>
Housing Rents	\$ 31.8	\$ 32.8	\$1.0	3.2%
Other Revenue	4.3	4.1	(0.2)	(4.9%)
Total	\$ 36.1	\$ 36.9	\$ 0.8	2.2%

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Corporate Services
2013 Budget Summary
(\$ Millions)



	<u>2011 Budget</u>	<u>2012 Budget</u>	<u>2013 Budget</u>	<u>2012-2013 Change</u>	<u>2012-2013 % Change</u>
Total Expenditures	<u>\$53.3</u>	<u>\$53.0</u>	<u>\$54.2</u>	\$1.2	2.3%
Corporate Services as a % of Total District Budget	8.8%	8.5%	8.5%		