

2016 Budget in Brief

June 2016



2016 BUDGET IN BRIEF

METRO VANCOUVER

TABLE OF CONTENTS

INTRODUCTION

2016 BUDGET

General Overview	2-4
Financial Overview	5-8

SUPPLEMENTARY INFORMATION

Where the Money Comes From	9
Where We Spend the Money	10
Capital Expenditures	11
Greater Vancouver Water District	12-13
Greater Vancouver Sewerage & Drainage District	
Liquid Waste	14-15
Solid Waste.....	16-17
Metro Vancouver Housing Corporation	18
Greater Vancouver Regional District	19-20

2016 BUDGET IN BRIEF

METRO VANCOUVER

General Overview

Meeting the Challenges

The budget for 2016 has overall expenditures of \$672.1 million. This is an increase of \$17.7 million (2.7%) over 2015 budgeted expenditures. The increase can be attributed as follows:

1. Operating costs	\$7.3 million	(+1.7%)
2. Debt Service	\$2.7 million	(+2.1%)
3. Debt avoidance –Contribution to Capital	\$7.7 million	(+6.7%)

It is estimated that the increased cost to an average household in the Region will be \$9 for the year.

Metro Vancouver is composed of the four regional entities: Greater Vancouver Water District; Greater Vancouver Sewerage & Drainage District; Greater Vancouver Regional District and Metro Vancouver Housing Corporation. The 2016 budget reflects the roles and priorities established by the Board of Directors in the 2015 – 2018 Board Strategic Plan. Metro Vancouver has three broad roles:

- Deliver Core Services
- Plan for the Future
- Act as Regional Forum

Highlights for 2016 Include:

Greater Vancouver Water District (GVWD)

- Undertake regional water conservation campaign.
- Develop a Comprehensive Regional Water System Plan that aligns with the Board Strategic Plan.
- Secure additional water allocation for the Coquitlam source as per the Coquitlam Water Use Plan.
- Commence project definition for Coquitlam Intake No. 2 project.
- Continue development of an Asset Management Plan for Water Services.
- Complete construction and commissioning of Port Mann Water Supply Tunnel.
- Commence full year of Barnston/Maple Ridge Pump Station operations.
- Complete removal of Surrey-Delta Mains from Pattullo Bridge.
- Complete Alpine Lake Dam seismic assessments.

2016 BUDGET IN BRIEF

METRO VANCOUVER

Greater Vancouver Sewerage & Drainage District (GVS&DD)

Liquid Waste

- Expand the environmental monitoring program to help determine the impact of contaminants of emerging concern on the environment.
- Expand the Source Control program to reduce contaminant impacts on the sewer and treatment facilities, and on the environment.
- Identification of requirements to improve resilience of the liquid waste system to climate change and seismic risks.
- Commence removal and beneficial use of the Iona Island WWTP biosolids stockpile.
- Development of an asset management plan for Liquid Waste Services.
- Implement pilot projects for reclaimed water and phosphorous recovery.
- Complete commissioning and optimization of the new secondary clarifiers at the Northwest Langley WWTP.

Solid Waste

- Complete the competitive selection process for Operation and Maintenance of the Transfer Station System.
- Tender for flyash and contingency landfill disposal capacity if required.
- Commence upgrades to the Waste-to-Energy Facility (WTEF) Continuous Emission Monitoring System and Gas Burner upgrades following approval of the Operational Certificate by the Ministry of Environment.
- Implement the North Shore Transfer Station reconfiguration.
- Work with the City of Surrey to finalize a site and enter into a funding and operations agreement for a new Surrey Residential Drop-Off facility.
- Continue to work with the City of Coquitlam and the other tri-cities municipalities on replacement for the existing Coquitlam Transfer Station.
- Update regional waste composition monitoring for municipal solid waste and C&D waste.
- Conduct projects to update regional waste composition, monitor illegal dumping, and improve disposal ban effectiveness.

Metro Vancouver Housing Corporation (MVHC)

- Completion of the 'Redevelopment Review of MVHC Properties'.
- Convert laundry facilities to direct MVHC equipment ownership and operation.
- In coordination with the Corporate Energy Management Policy, work towards reducing energy consumption, tracking and benchmarking energy use, and developing an annual energy reporting structure.
- Begin construction of Heather Place Phase 1.

2016 BUDGET IN BRIEF

METRO VANCOUVER

Greater Vancouver Regional District (GVRD)

- Continue with implementation of Regional Parks Service Review actions.
- Complete construction of Surrey Bend Regional Park and hold an official opening in partnership with the City of Surrey.
- Continue with and expand Air Quality Policy Development and Implementation (Climate Change Initiatives).
- Conduct ongoing implementation and monitoring of Metro 2040.
- Conduct Livability Survey.
- Develop and implement integrated regional climate action strategy, including additional programs for reducing greenhouse gas emissions from prioritized business sectors, buildings and vehicles.
- Continue to expand implementation of Non-road Diesel Engine Emission Regulation, including Partnerships with other levels of government.

2016 BUDGET IN BRIEF

METRO VANCOUVER

Financial Overview

2016 budgeted expenditures are \$672.1 million (up 2.7%) for the Metro Vancouver Districts. The budget represents a \$436 cost to the average regional household: up \$9 from 2015 levels.

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 and Reserves

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.

Greater Vancouver Water District

- The impact to the average household is an increase of \$4, for a total cost of \$158.
- The water rates will increase by 1.9% to \$0.5926 per cubic metre (Off Peak Season: October – May) and \$0.7407 per cubic metre (Peak Season: June – September) over those for 2015. 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.
- The operating program expenditures for 2016 are \$254.4 million.
- Total capital expenditures are budgeted at \$182.2 million, including expenditures for:
 - Infrastructure projects related to growth in the region (\$42.1 million)
 - System maintenance projects (\$26.0 million)
 - Risk management projects (\$92.6 million)
 - Infrastructure upgrade projects (\$18.3 million)
 - Sustainability opportunity related projects (\$3.2 million)
- \$55.1 million in capital projects will be funded on a ‘pay as you go’ basis through the water rate plus a further \$11.9 million through excess operating reserves (total \$67.0 million).

2016 BUDGET IN BRIEF

METRO VANCOUVER

Greater Vancouver Sewerage and Drainage District

Liquid Waste

- There is a 2.6% increase in the impact on the average household with the cost increasing \$4 to \$180.
- The operating program expenditures for 2016 are \$216.2 million.
- \$60.3 million of sewerage capital projects will be funded on a 'pay as you go' basis through the levy plus a further \$8.0 million through excess operating reserves (total of \$68.3 million) thereby avoiding the need for long-term debt financing.
- Total capital expenditures will be \$126.0 million, including funding for:
 - New sewers, pump stations and treatment plant expansion to handle growth (\$49.1 million)
 - System maintenance (\$34.4 million)
 - Risk management and upgrade of infrastructure (\$39.4 million)
 - Sustainability opportunity related projects (\$3.1 million)

Solid Waste

- Tipping fees will move to \$100 per tonne for all local government single family and public works waste. This represents a decrease of approximately 8% compared to the \$109 tipping fee approved by the Board in October 2014. Tipping fees for large commercial vehicles will remain fixed at \$80 per tonne in 2016 with small and medium vehicle tipping fees increasing by \$3 per tonne to \$133 and \$112 per tonne respectively.
- The Solid Waste Services operating budget will decrease by \$2.4 million (-2.5%) in 2016 for a total operating budget of \$90.8 million. This decrease is primarily due to alternate funding for zero waste communication programs and the decision to not fund several vacant positions in 2016 pending some certainty in the function moving forward.
- The Solid Waste Services capital budget is a total of \$17.2 million. Highlights of capital projects planned for 2016 include the following:
 - Surrey Residential Drop-Off, Coquitlam Transfer Station replacement, and North Shore Transfer Station reconfiguration.
 - Various projects for the existing WTEF including bottom ash non-ferrous metal recovery, gas burner and Continuous Emission Monitoring upgrades and soot blower replacement.
 - Solid Waste Management Plan capacity development.

2016 BUDGET IN BRIEF

METRO VANCOUVER

- Wastech, third party transfer station operator, has planned capital expenditures of \$1.34 million for 2016.

Metro Vancouver Housing Corporation

- 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.
- The MVHC operating program expenditures for 2016 is \$40.6 million.
- Capital expenditures for 2016 are \$11.7 million which will be funded from reserves. Included in this amount are \$6.0 million for capital replacement and \$5.7 million for the commencement of Phase 1 of the Heather Place redevelopment project.

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 approximately \$42.
- The Regional District's overall expenditures are \$70.1 million for 2016.
- The GVRD property tax requisition will increase by 4.3% for 2016 after accounting for population growth, which represents a \$2 increase to the average regional household.

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

Air Quality

The Air Quality operating program for 2016 is \$9.2 million and includes one-time costs for the replacement of gas analyzers in the ambient air monitoring network and resources for bylaw and regulation development and enforcement.

E911 Emergency Telephone Service

The E911 Emergency Telephone Service operating program is \$4.1 million for 2016 which reflective of the terms within the EComm service agreement.

General Government

General Government expenditures for 2016 are \$14.3 million. This function includes an increase in Board and Committee expenditures and Zero Waste Communication program costs which were previously included as part of the centralized Support programs and allocated to all functions.

Labour Relations

The 2016 operating program for Labour Relations is \$2.6 million. Labour Relations is providing newly defined enhanced service levels to members and anticipating increases in the demand for bargaining services with the expiry of a large number of Collective Agreements across the region. In addition, as the service is now fully functioning, corporate costs are now consistently allocated to Labour Relations.

2016 BUDGET IN BRIEF

METRO VANCOUVER

Regional Global Positioning System

Regional GPS program for 2016 is consistent with the prior year at approximately \$0.8 million.

Regional Parks

The Regional Parks operating program for 2016 is \$34.4 million and comprises approximately half of the total GVRD budget. This is driven primarily by labour adjustments, service level increases, the opening of Surrey Bend Regional Park and the increase in reserves for future funding of capital needs.

Regional Planning

Regional Planning for 2016 has an operating program of \$3.3 million and includes an increase in external consulting necessary to obtain specialized assistance on some key 2016 projects and additional resources to support key initiatives including a Data and Analytics strategy, and land use and climate change mitigation and adaptation efforts.

Electoral Area Service

The Electoral Area Service for 2016 is \$0.6 million and includes the provision for additional resources in order to provide necessary services.

Sasamat Volunteer Fire Department

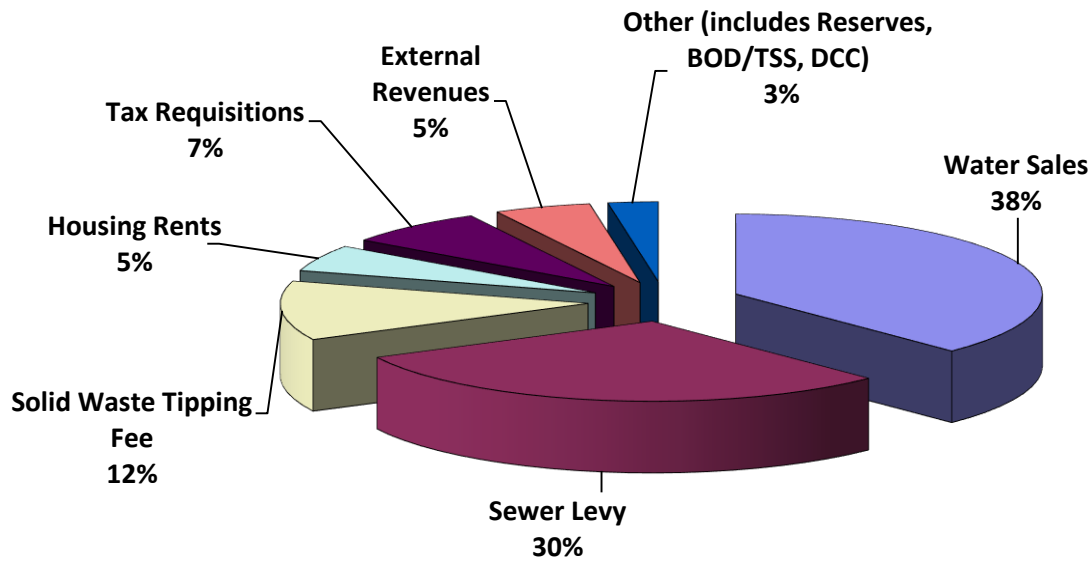
The operating program is \$0.8 million for 2016 and includes additional capital reserve provisions for fire apparatus replacement and one-time expenditure from reserves for replacement pumper truck.

2016 BUDGET IN BRIEF

METRO VANCOUVER

WHERE THE MONEY COMES FROM

(Millions of Dollars)



Water Sales	\$251.8
Sewer Levy	200.3
Solid Waste Tipping Fee	80.0
Housing Rents	35.8
Tax Requisitions	49.9
External Revenues	34.1
Other (includes Reserves, BOD/TSS, DCC)	20.2
	\$672.1

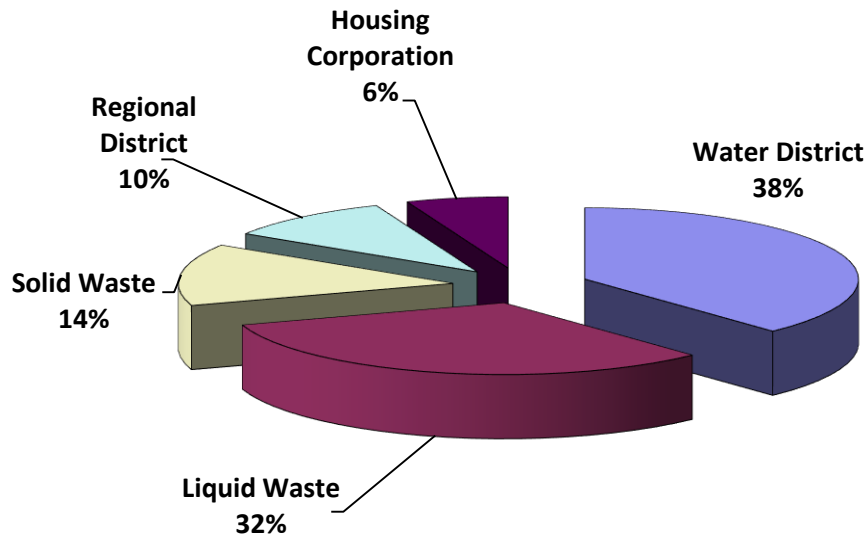
The Metro Vancouver Districts comprise four legal entities and are governed by separate legislation. The budgets of the Districts are presented as distinct functions and include program budgets that present both operating and capital expenditures and projected revenue sources.

By legislation, 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.

2016 BUDGET IN BRIEF

METRO VANCOUVER

WHERE WE SPEND THE MONEY



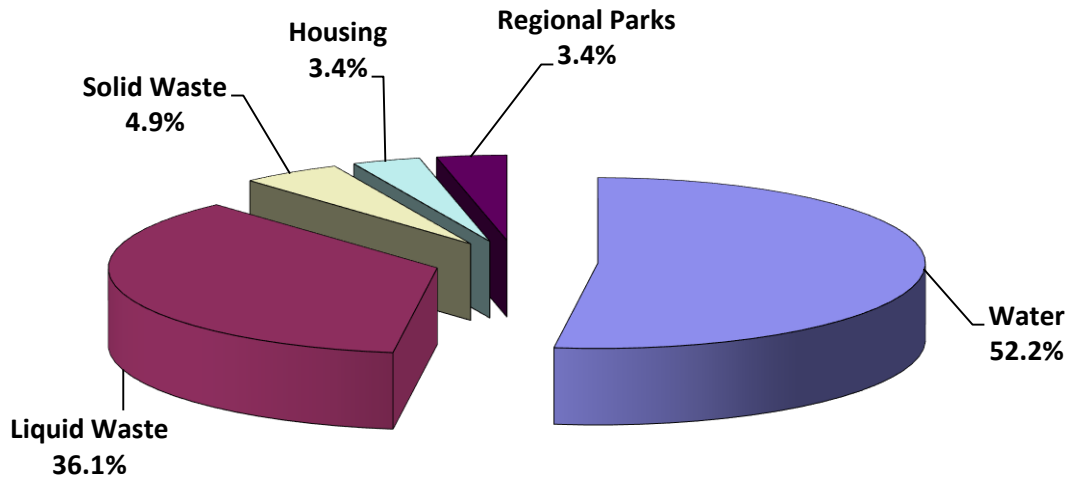
Total Expenditures \$672.1

	Sewerage & Drainage				Regional District	Total
	Water District	Liquid Waste	Solid Waste	MVHC		
2015 Budget	\$245.6	\$210.4	\$93.2	\$39.7	\$65.5	\$654.4
Change in Operations	1.5	2.8	(2.3)	1.3	4.0	7.3
Change in Debt	4.5	(1.4)	(0.1)	(0.3)	0.0	2.7
Contribution to Capital	2.8	4.4	0.0	(0.1)	0.6	7.7
2016 Budget	\$254.4	\$216.2	\$90.8	\$40.6	\$70.1	\$672.1
% Change Budget	3.6%	2.8%	(2.5%)	2.2%	7.1%	2.7%

2016 BUDGET IN BRIEF

METRO VANCOUVER

Capital Expenditures 2016 Budget Summary (\$ Millions)

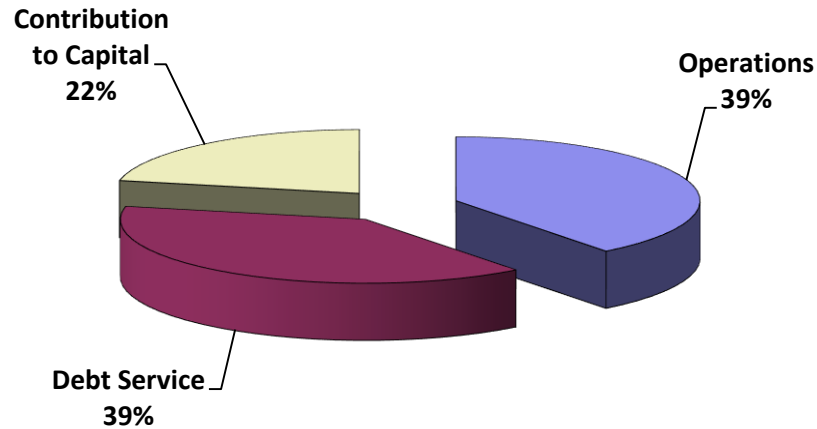


	<u>2014 Budget</u>	<u>2015 Budget</u>	<u>2016 Budget</u>
Water	\$ 189.3	\$ 190.0	\$182.2
Liquid Waste	84.9	92.1	126.0
Solid Waste	17.7	37.1	17.2
Housing	8.0	9.5	11.7
Regional Parks	13.5	13.1	12.0
	<u>\$ 313.4</u>	<u>\$ 341.8</u>	<u>\$349.1</u>

2016 BUDGET IN BRIEF

METRO VANCOUVER

Greater Vancouver Water District 2016 Budget Summary (\$ Millions)



	<u>2015</u> <u>Budget</u>	<u>2016</u> <u>Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 99.6	\$ 101.1	\$ 1.5	1.5%
Debt Service	93.7	98.2	4.5	4.9%
Contribution to Capital	52.3	55.1	2.8	5.4%
Total Expenditures	\$ 245.6	\$ 254.4	\$ 8.8	3.6%

Highlights

- \$182.2M Capital Works
 - Growth \$42.1M
 - Maintenance \$26.0M
 - Upgrade \$18.3M
 - Risk Management \$92.6M
 - Opportunity \$3.2M
- Growth in the Region
- Aging Infrastructure
- More 'pay-as-you-go'
- Seismic Upgrades

2016 BUDGET IN BRIEF

METRO VANCOUVER

Greater Vancouver Water District Impact on Water Sales Revenue (\$ Millions)

	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>Change</u>	<u>% Change</u>
Water Sales	\$ 243.8	\$ 251.8	\$ 8.0	3.3%
Other Revenue/Reserve	<u>1.8</u>	<u>2.6</u>	<u>0.8</u>	44.4%
Total	<u><u>\$ 245.6</u></u>	<u><u>\$ 254.4</u></u>	<u><u>\$ 8.8</u></u>	3.6%
Water Rates (\$ per cubic metre)				
Peak Season *	<u>\$ 0.7270</u>	<u>\$ 0.7407</u>	<u>\$ 0.0137</u>	
Water Rates (\$ per cubic metre)				
Off Peak Season **	<u>\$ 0.5816</u>	<u>\$ 0.5926</u>	<u>\$ 0.011</u>	
Consumption (cubic metres)	<u>380,000,000</u>	<u>385,000,000</u>	<u>5,000,000</u>	

* June to September

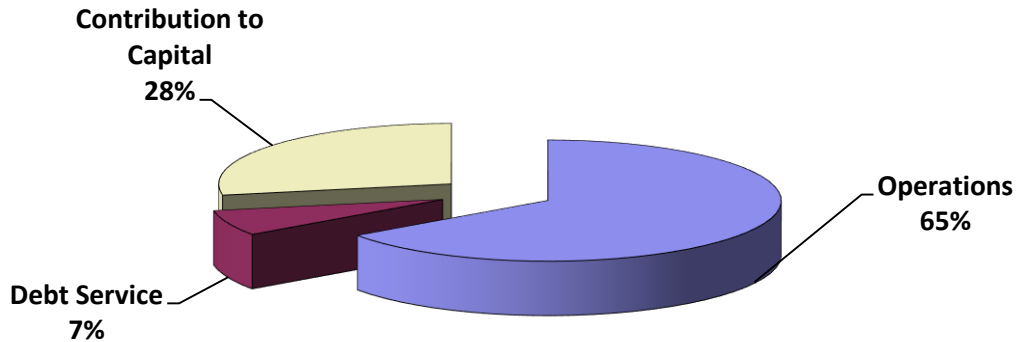
** October to May

- Impact to the average household: \$4 (2.6%) to \$158 assuming the average household is estimated to use 243 m³

2016 BUDGET IN BRIEF

METRO VANCOUVER

**Greater Vancouver Sewerage & Drainage District
Liquid Waste
2016 Budget Summary
(\$ Millions)**



	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 138.5	\$141.3	\$2.8	2.0%
Debt Service	16.1	14.7	(1.4)	(8.8%)
Contribution to Capital	55.8	60.2	4.4	7.9%
Total Expenditures	\$ 210.4	\$216.2	\$5.8	2.8%

Highlights

- \$126.0M Capital Works
 - Growth \$49.1M
 - Upgrade / Risk Management \$39.4M
 - System Maintenance \$34.4M
 - Opportunity \$3.1M
- More 'Pay As You Go'
- Aging Infrastructure
- Liquid Waste Management Plan Implementation

2016 BUDGET IN BRIEF

METRO VANCOUVER

Greater Vancouver Sewerage & Drainage District
Liquid Waste
Impact on the GVS&DD Levy
(\$ Millions)

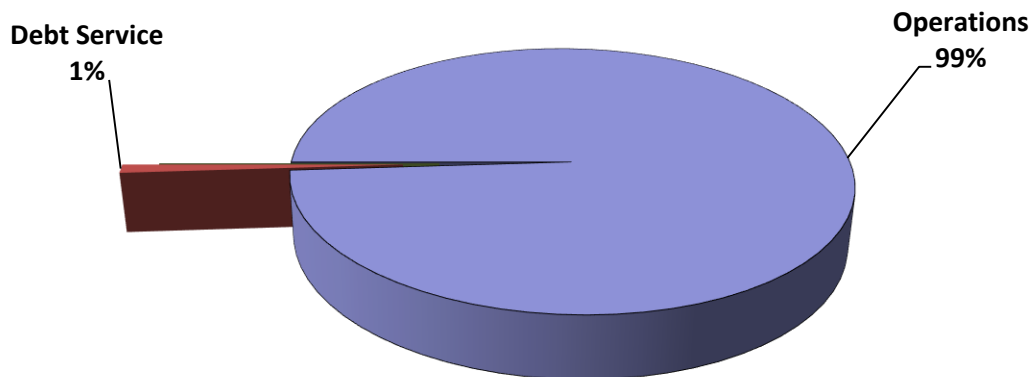
	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>Change</u>	<u>% Change</u>
GVS&DD Levy	\$ 192.3	\$200.3	\$ 8.0	4.1%
Other Revenue/Reserve	<u>18.1</u>	<u>15.9</u>	<u>(2.2)</u>	<u>(12.2%)</u>
Total	<u>\$ 210.4</u>	<u>\$ 216.2</u>	<u>\$ 5.8</u>	<u>2.8%</u>

- Impact to the average household: \$4 (2.6%) to \$180 after reflecting assumed population growth of 1.5% based on average population growth experience.

2016 BUDGET IN BRIEF

METRO VANCOUVER

**Greater Vancouver Sewerage & Drainage District
Solid Waste
2016 Budget Summary
(\$ Millions)**



	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 91.8	\$89.5	\$ (2.3)	(2.5%)
Debt Service	1.4	1.3	(0.1)	(6.2%)
Contribution to Capital	0.0	0.0	0.0	N/A
Total Expenditures	\$ 93.2	\$ 90.8	\$ (2.4)	(2.5%)

Highlights

- \$17.2M Capital Works
 - Existing Waste-to-Energy Facility \$6.5M
 - Landfills and Transfer Stations \$9.5M
 - Solid Waste Management Plan Initiatives \$1.0M
 - Opportunity \$0.2M
- Solid Waste Management Plan Implementation

2016 BUDGET IN BRIEF

METRO VANCOUVER

**Greater Vancouver Sewerage & Drainage District
Solid Waste
Impact on Solid Waste Tipping Fee Revenue
(\$ Millions)**

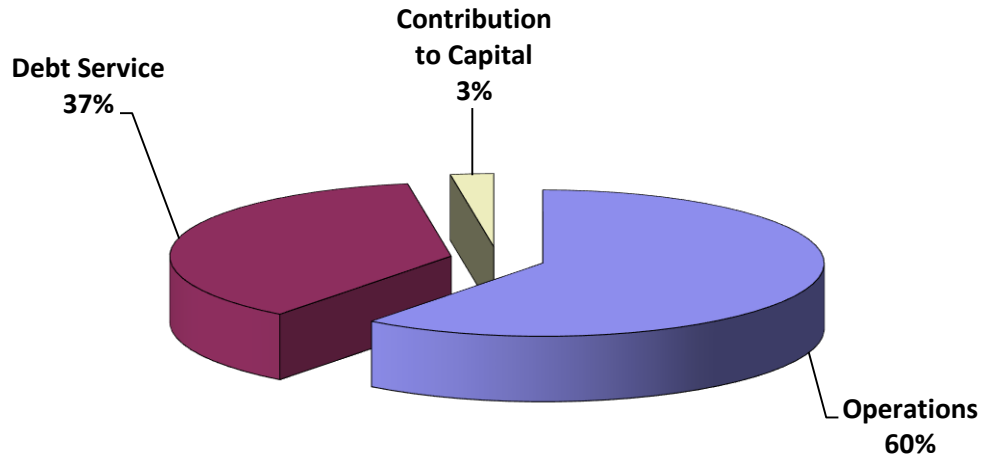
	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>Change</u>	<u>% Change</u>
Tipping Fee Revenue	\$ 75.8	\$ 80.0	\$ 4.2	5.5%
Other Revenues	17.4	10.8	(6.6)	(37.9%)
	<u>\$ 93.2</u>	<u>\$ 90.8</u>	<u>\$ (2.4)</u>	<u>(2.5%)</u>
Tipping Fee (\$ per tonne)				
Up to 1 tonne	<u>\$ 130</u>	<u>\$ 133</u>	<u>\$ 3</u>	<u>2.3%</u>
1 to 9 tonnes	<u>\$ 109</u>	<u>\$ 112</u>	<u>\$ 3</u>	<u>2.8%</u>
Over 9 tonnes	<u>\$ 80</u>	<u>\$ 80</u>	<u>\$ 0</u>	<u>0.0%</u>
Municipal	<u>N/A</u>	<u>\$ 100</u>	<u>N/A</u>	<u>N/A</u>
General Tonnage (metric tonnes**)	<u>580,000</u>	<u>610,000</u>	<u>30,000</u>	<u>5.2%</u>

- ** equals Metro Vancouver disposal tonnes (Metro Vancouver tonnage less resource recovery)
- Impact to the average household: Down \$1 to \$56 assuming average household produces approximately 0.56 metric tonne of trash annually.

2016 BUDGET IN BRIEF

METRO VANCOUVER

Metro Vancouver Housing Corporation 2016 Budget Summary (\$ Millions)



	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 23.2	\$ 24.5	\$ 1.3	5.6%
Debt Service	15.5	15.2	(0.3)	(2.2%)
Contribution to Capital	1.0	0.9	(0.1)	(9.1%)
Total Expenditures	\$ 39.7	\$ 40.6	\$ 0.9	2.2%

Highlights

- \$11.7M Capital Works
 - Replacement \$6.0M
 - Development \$5.7M

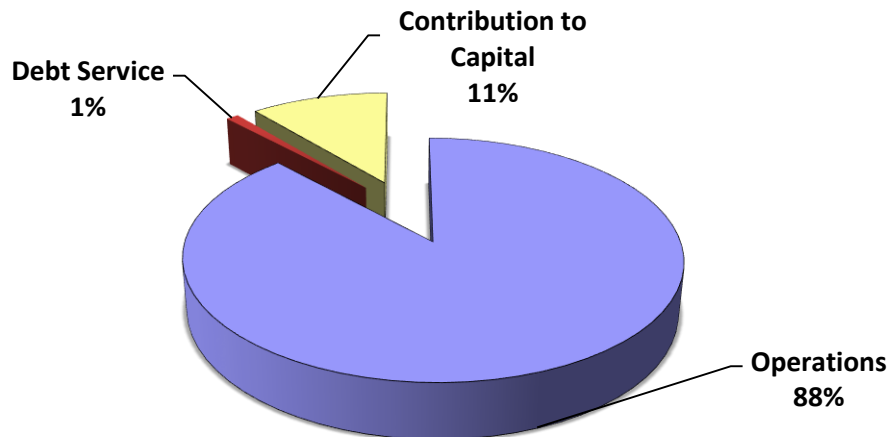
Impact on Housing Rent Revenue (\$ Millions)

	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>Change</u>	<u>% Change</u>
Housing Rents	\$ 34.7	\$ 35.8	\$ 1.1	3.0%
Other Revenue	5.0	4.8	(0.2)	(4.1%)
Total	\$ 39.7	\$ 40.6	\$ 0.9	2.2%

2016 BUDGET IN BRIEF

METRO VANCOUVER

Greater Vancouver Regional District 2016 Budget Summary (\$ Millions)



	2015 <u>Budget</u>	2016 <u>Budget</u>	<u>Change</u>	<u>% Change</u>
Operations	\$ 58.1	\$ 62.1	\$ 4.0	6.9%
Debt Service	0.2	0.2	0.0	(6.2%)
Contribution to Capital	7.2	7.8	0.6	6.9%
Total Expenditures	\$ 65.5	\$ 70.1	\$ 4.6	7.1%

	2015 <u>Budget</u>	2016 <u>Budget</u>	<u>Change</u>	<u>% Change</u>
<u>GVRD-Expenditures</u>				
Air Quality	\$ 8.5	\$ 9.2	\$ 0.7	8.1%
E911 Emergency Telephone	4.0	4.1	0.1	2.2%
General Government	13.4	14.3	0.9	7.2%
Labour Relations	2.2	2.6	0.4	19.5%
Regional GPS	0.8	0.8	0.0	(0.4%)
Regional Parks	33.0	34.4	1.4	4.4%
Regional Planning	2.9	3.3	0.4	11.5%
Electoral Area Service	0.5	0.6	0.1	13.5%
SVFD	0.2	0.8	0.6	250.0%
Total	\$ 65.5	\$ 70.1	\$ 4.6	7.1%

2016 BUDGET IN BRIEF

METRO VANCOUVER

Greater Vancouver Regional District Impact on GVRD Tax Requisitions (\$ Millions)

	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>Change</u>	<u>% Change</u>
GVRD Tax Requisitions	\$ 47.2	\$ 49.9	\$ 2.7	5.8%
Other Revenue/Reserve	<u>18.3</u>	<u>20.2</u>	<u>1.9</u>	10.2%
Total	<u>\$ 65.5</u>	<u>\$ 70.1</u>	<u>\$ 4.6</u>	7.1%

- Increase in Tax Requisitions includes 1.5% for estimated population growth
- Impact to the average household: Increase of \$2 (4.3%) to \$42 after reflecting assumed population growth of 1.5% based on average population growth experience.