



Capital Regional District > 2023-2027 Final Budget

Presentation to the Board of Directors

Wednesday March 15, 2023

Direction for the service planning process and Provisional Budget 2023 was set through:

The CRD Board through the Annual Strategic Check-in (May 2022) – directed staff to maintain existing direction on Board Strategic Priorities

The Finance Committee & CRD Board through the Financial Guidelines report (May 2022) – constrained budget to 3% lift in 2023 in consideration of existing/ongoing obligations

➔ Plans for 2023 are status quo, focusing on the transition to a new Board, maintaining continuity of service, and fiscal accountability

2023 PROVISIONAL BUDGET

Operating | \$329M
Capital | \$211M
Requisition | 3.1%

Consolidated
Requisition | 2.3%
Cost/HH | 1.8%

1. Consolidated Budget Summary
2. Regional Context
3. Planning Process & Timeline
4. Changes since Provisional Approval
5. Impacts to Participants
6. Financial Health Indicators



Managing Capital Investments

capital investment is 4.1x depreciation while 10% of revenue is committed to long-term debt payments



Supporting Board & Corporate Priorities

advancing initiatives to address remaining commitments in the corporate plan



Adapting to Regional Challenges

extraordinary economic environment, labour market conditions, unprecedented growth in asset utilization



Financial Sustainability

continued revenue diversification, leveraging partnerships, developing financing strategies



OPERATING



Capital Regional District
\$337M



Capital Regional Hospital District
\$33M



Capital Region Housing Corporation
\$28M

Total
\$398M

CAPITAL



Capital Regional District
\$218M



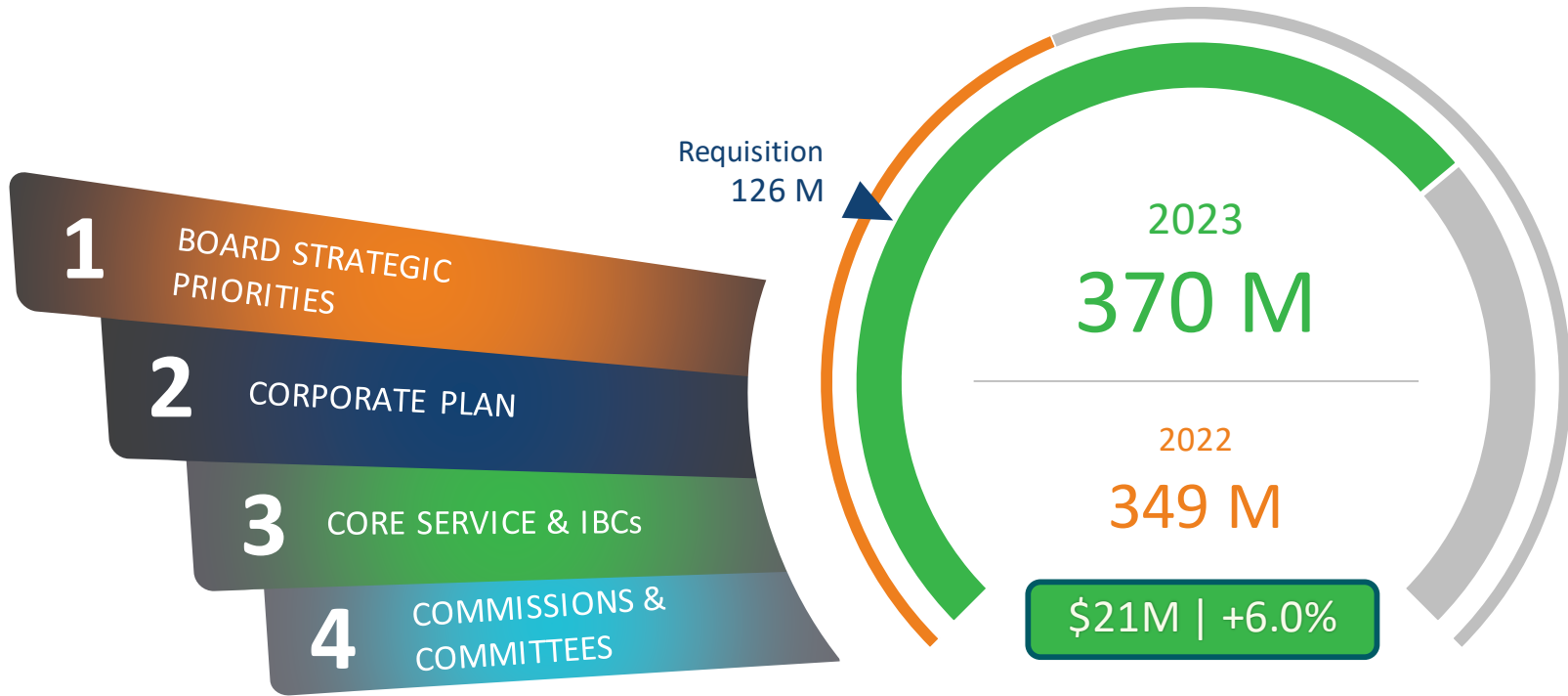
Capital Regional Hospital District
\$21M



Capital Region Housing Corporation
\$53M

Total
\$292M





REQUISITION FUNDING (including municipal debt)



CRD

CRHD

TOTAL





Regional Context >

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2.2^B
BUILDING PERMITS FOR 2022
RESULTING HOUSING STARTS
4787 UNITS




20%
POPULATION GROWTH
INCREASE OF 2.2 IN 2022


SINCE 2017 ...




43%
INCREASE IN PARKS VISITORS



8%
INCREASE IN WATER DEMAND



26%
INCREASE IN REFUSE



\$1.2^M
SINGLE FAMILY DWELLING
11/16 JURIS. AVG. ASSESSMENT EXCEEDS \$1M



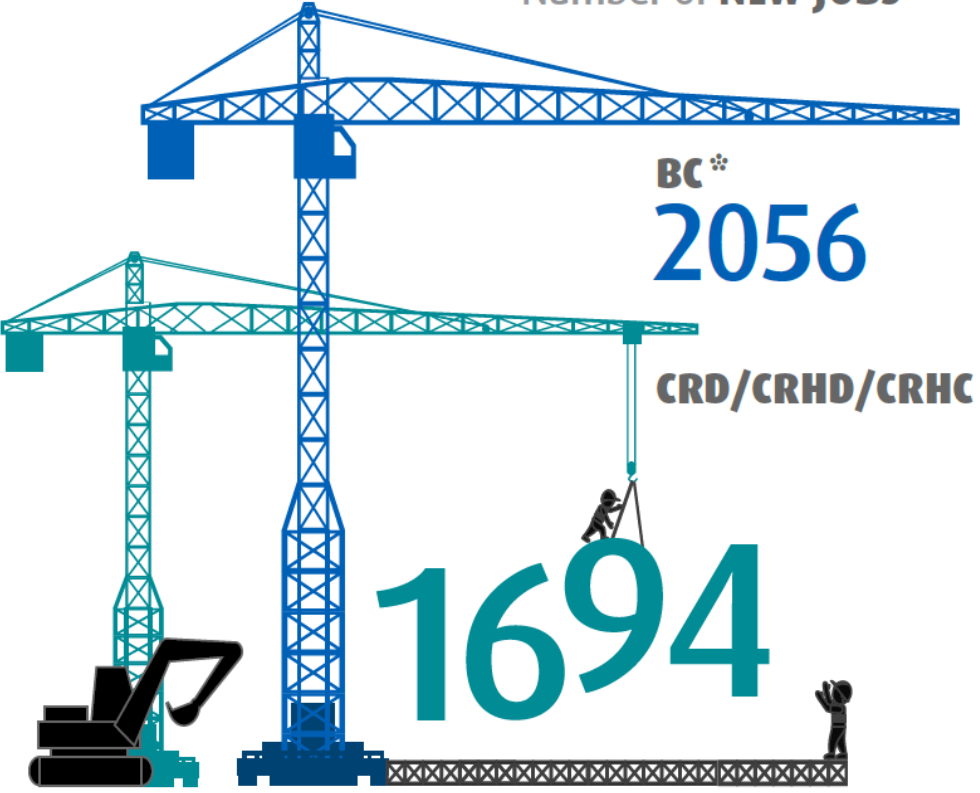
7.0%
GREATER VICTORIA CPI
2022 ANNUAL % CHANGE



3.4%
UNEMPLOYMENT RATE
GREATER VICTORIA – JANUARY 2023

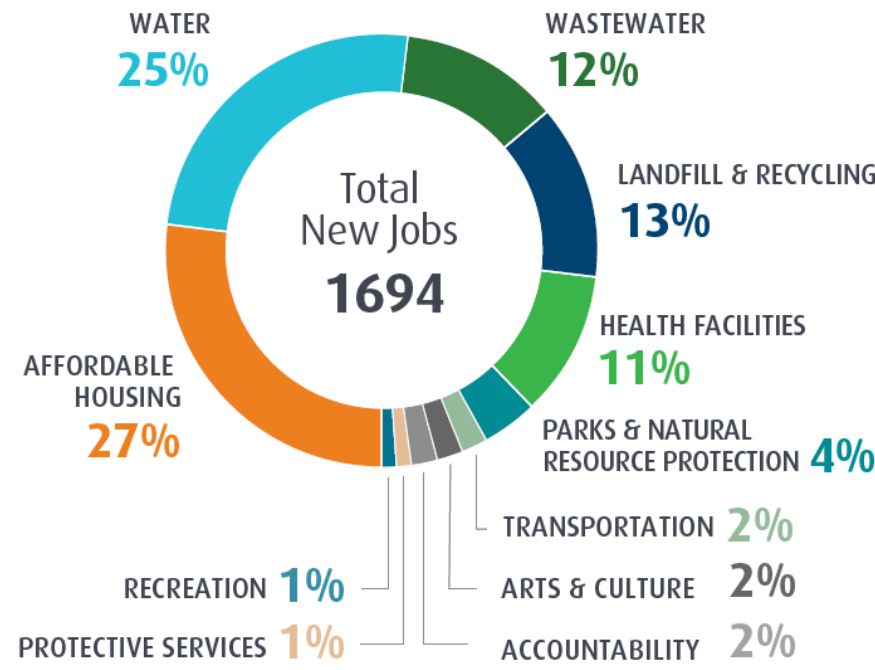


Number of **NEW JOBS**



* BC amount includes CRD | CRHD | CRHC

JOB CREATION By Community Need



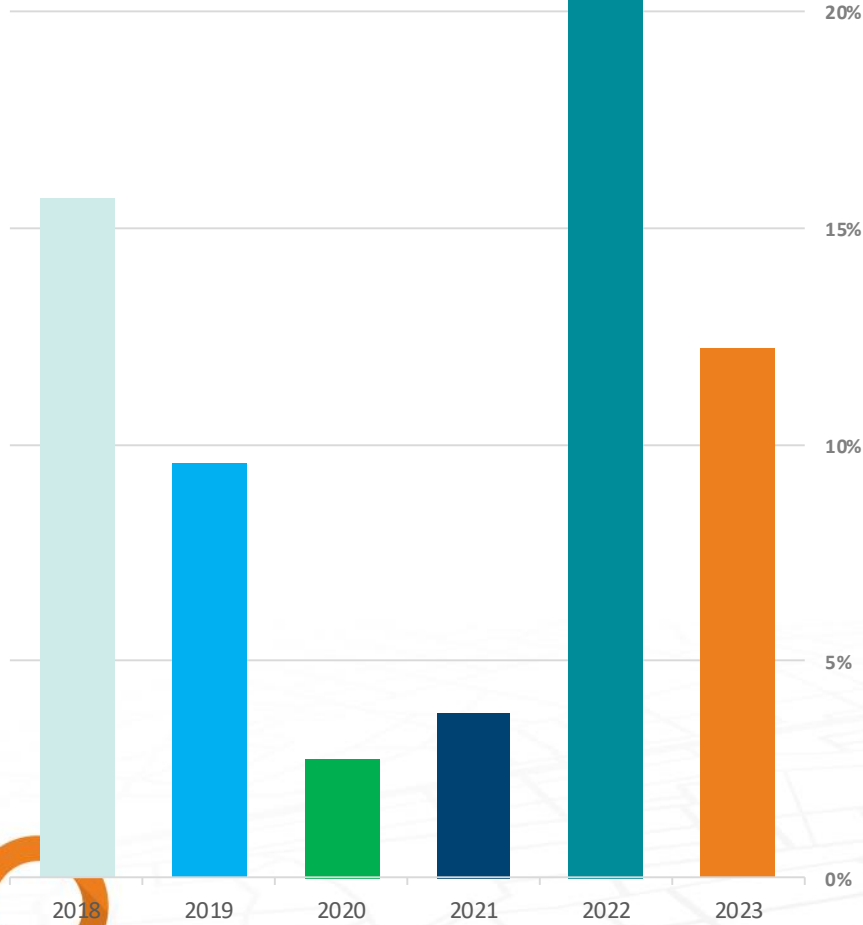
The consolidated capital plan combined investment of \$292M, generates an estimated 1,694 new jobs in the region through the flow of goods and services among various industries.



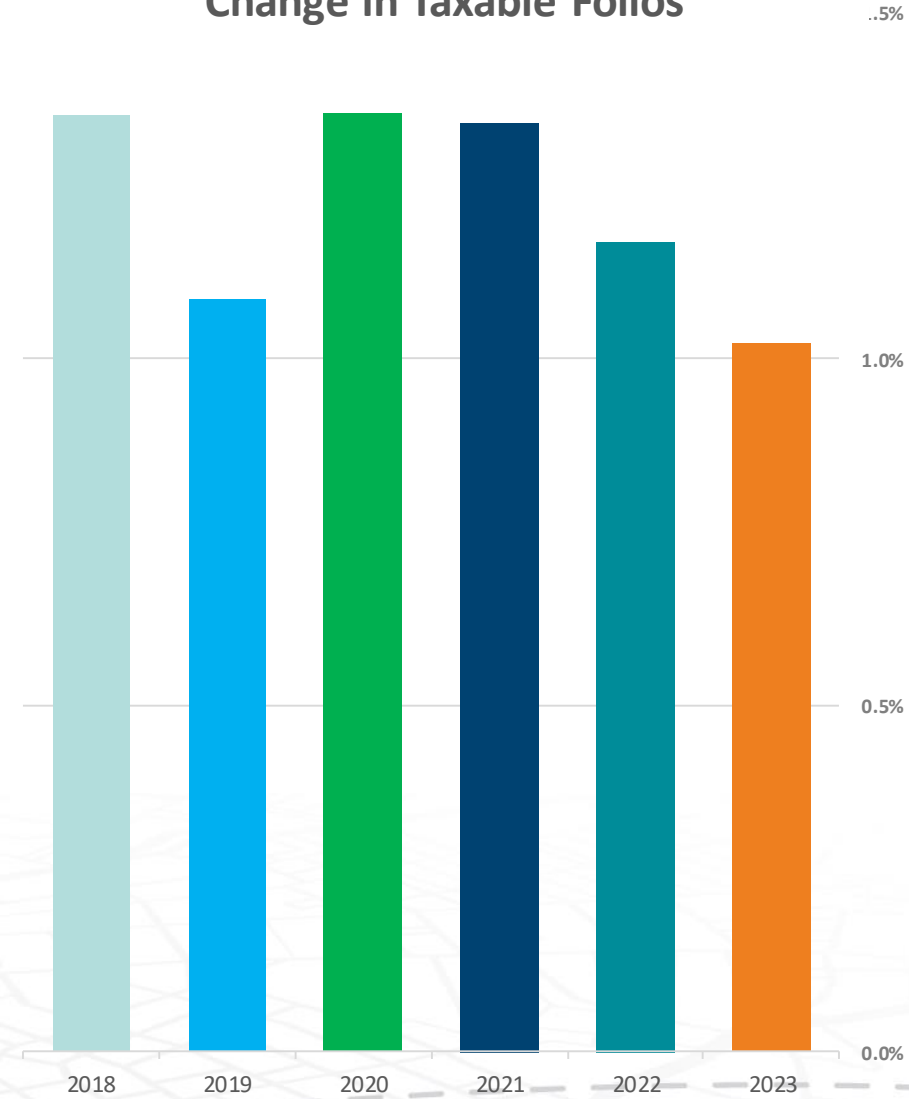
Since 2019 the CRD has added more than 750 new dwellings. In the next 4 years, we are forecasting adding another 800 new dwellings for a combined portfolio of more than 2700 units by 2025 in support of low to moderate-income families.



Change in Converted Assessments



Change in Taxable Folios





Planning Process & Timeline >

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Economic Conditions

Drivers and assumptions for the basis of the financial plan



Service Delivery

The Corporate Plan aligns services plans to outcomes

Financial Management Strategies

- 1 Optimize fees for service revenue and stabilize tax rates to fund operations, maintenance, growth and assets utilization
- 2 Limit transfers to/from operating reserves to fund one-time projects or to stabilize revenue requirements
- 3 Transfers to/from capital reserves supported through life cycle funding and optimal debt and debt terms

Strategic Plan Check in & Planning Guidelines



Service & Provisional Financial Plans

Commissions & Committees

Final Budget

Requisition



ELT Service

ELT Budget

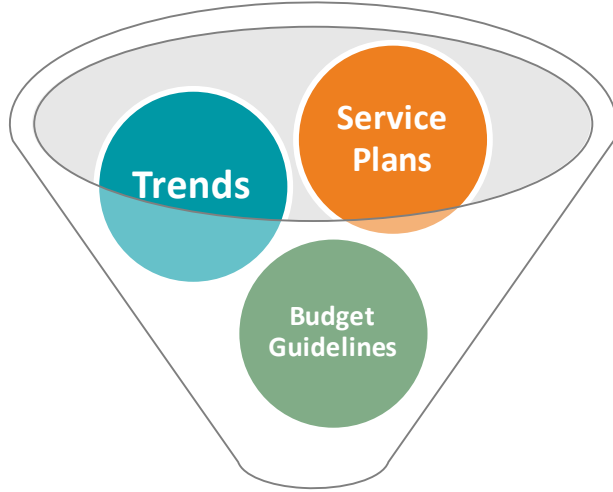
ELT Adjustments

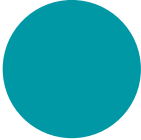

Service Planning

Budget Planning

Public Engagement

Financial Close



-  **Service Planning Process**
Define appropriate levels of service delivery, adjust impacts, realign resources, evaluate infrastructure
-  **Trends and Assumptions**
Adjustments made for external factors including population growth, demographics, economic, etc.
-  **Budget Guidelines**
Annual Board approval of the Financial Management Strategies and Guidelines

2023 Final Budget

Review Process

- Board approved Financial Planning Guidelines (Spring 2022)
- Delegated Committees & Commissions (Fall)
- Electoral Area Committee (Fall)

Provisional Budget

- Committee of the Whole review (September 2022)
- Requests authority to expend January through March 2023

Final Budget

- Authority for expenditures in Operating & Capital Budgets
- Incorporates BC Assessment info
- Approved by end of March 2023





Budget Changes since Provisional Approval >

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2023 PROVISIONAL BUDGET

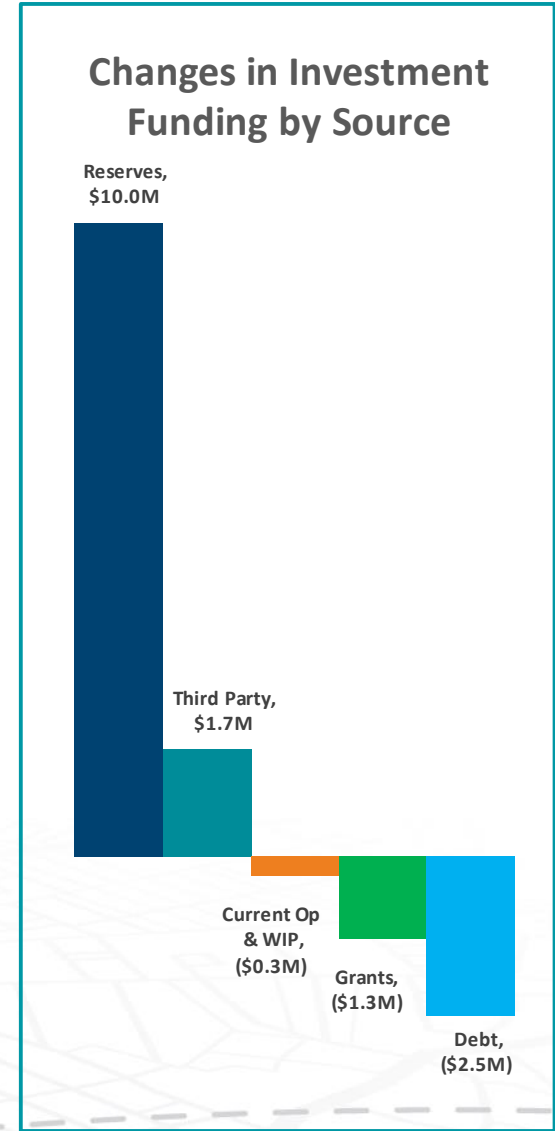
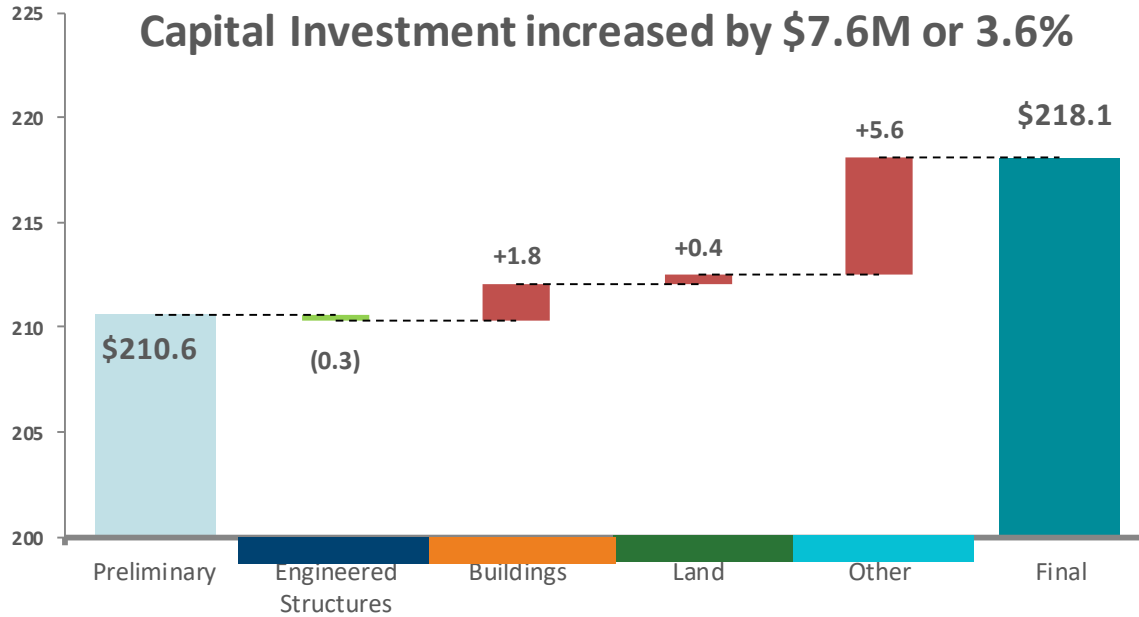
Operating | \$329M
Capital | \$211M
Requisition | 3.1%

Consolidated
Requisition | 2.3%
Cost/HH | 1.8%

2023 FINAL BUDGET

Operating | \$337M
Capital | \$218M
Requisition | 4.4%

Consolidated
Requisition | 3.4%
Cost/HH | 2.8%



Engineered Structures (\$0.3M)

- (\$12.5M) Core Sewer capital rephased into future years, +\$0.7M Bowker Sewer
- +\$0.3M SCADA and Radio assessments
- +\$2.1M Hartland aggregate and +\$1.6M landfill gas utilization carryforward
- +\$1.3M for Ludlow pump and +\$0.9M for Lagoon and Milburn pipe replacement

Buildings +\$1.8 M

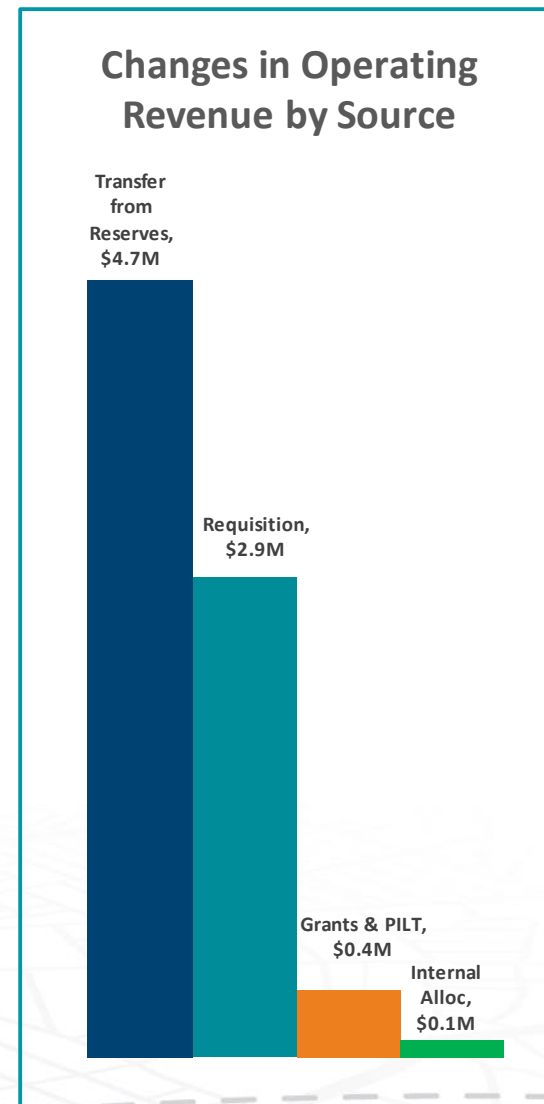
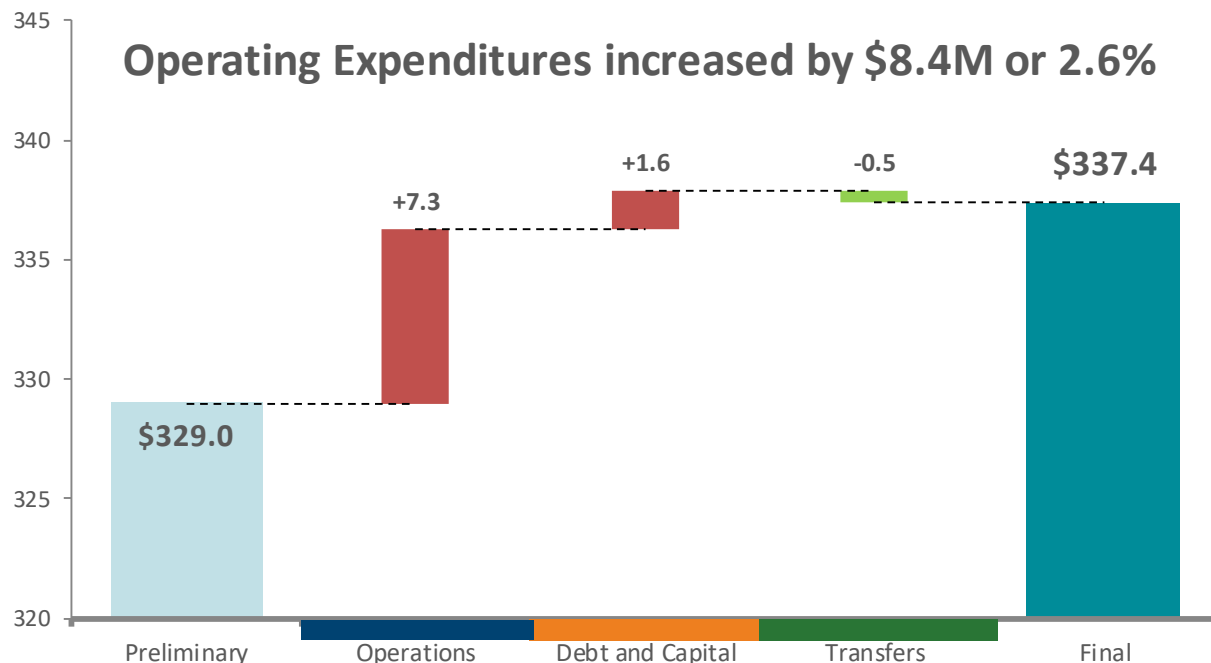
- +\$1.7M in Prosser Place project
- + \$1.3M RWS replacement of Goldstream gatehouse
- + \$0.4 VIHA roof replacement
- (\$2.0M) Panorama heat recovery plant carryforward to 2024

Land +\$0.4 M

- +\$0.4M Greater Victoria Water Supply Area Forest Resilience wildfire modelling and forest management field trials

OTHER +\$5.6 M

- +\$1.4M Regional Parks Elk Lake remediation system carryforward, +\$0.7M IT upgrades and migrating from SAP to S4 Hana, and +\$0.5M portable pump system for water services, +\$0.5 HRIS costs brought forward from 2024



Operations +\$7.3 M

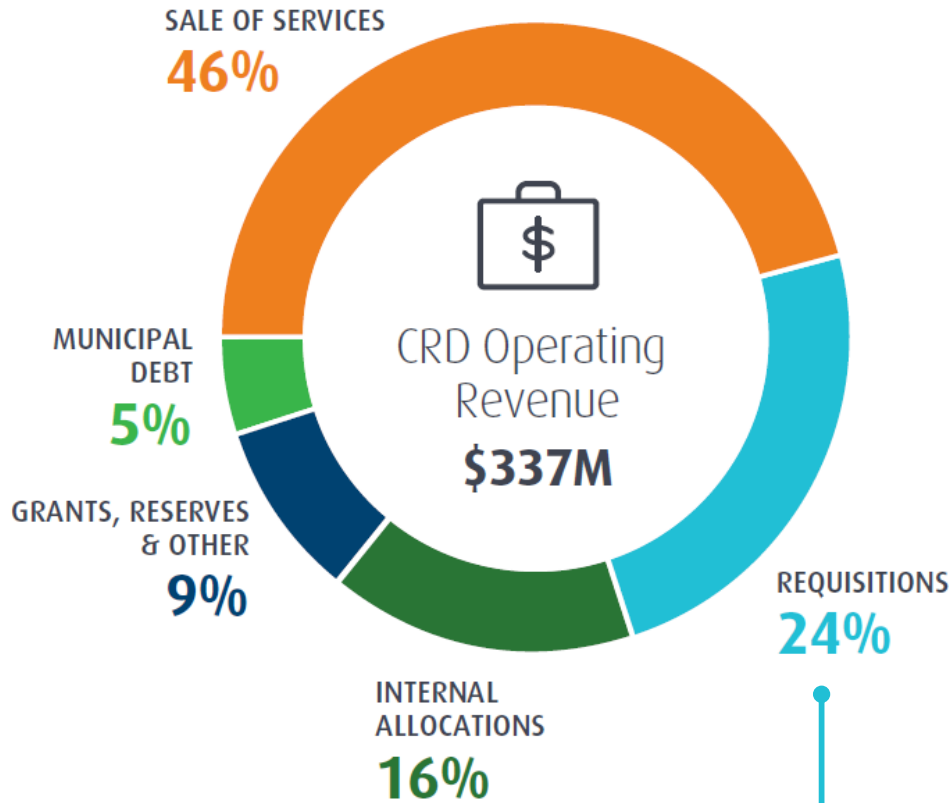
- +\$1.5M impact of contract settlement
- +\$1.0M contract exit fees related to the Renewable Natural Gas (RNG) Project
- +\$0.9M increased pricing of chemicals used in wastewater treatment
- +\$0.4M for residual treatment insurance and sludge disposal costs
- Various service updates to reflect initiatives carried forward from 2022 to 2023

Debt & Capital +\$1.6M

- +\$0.8M in refinancing and new borrowing requests from municipalities
- +\$0.4M for exercising early payment options on MFA debt issues
- +\$0.2M for CRD Public Electric Vehicle Charging Network Project

Transfers (\$0.5M)

- (\$0.5M) to offset increases in various service budgets



Sale of Services	154.6
Requisitions	82.1
Internal Allocations	53.9
Grants, Reserves & Other	29.6
Municipal Debt	17.3
Total	\$337M

2023 Final Budget	2023 Preliminary	Δ \$	Δ %	2022 Budget
\$82.1M	\$79.9M	\$2.2M	2.8%	\$78.1M

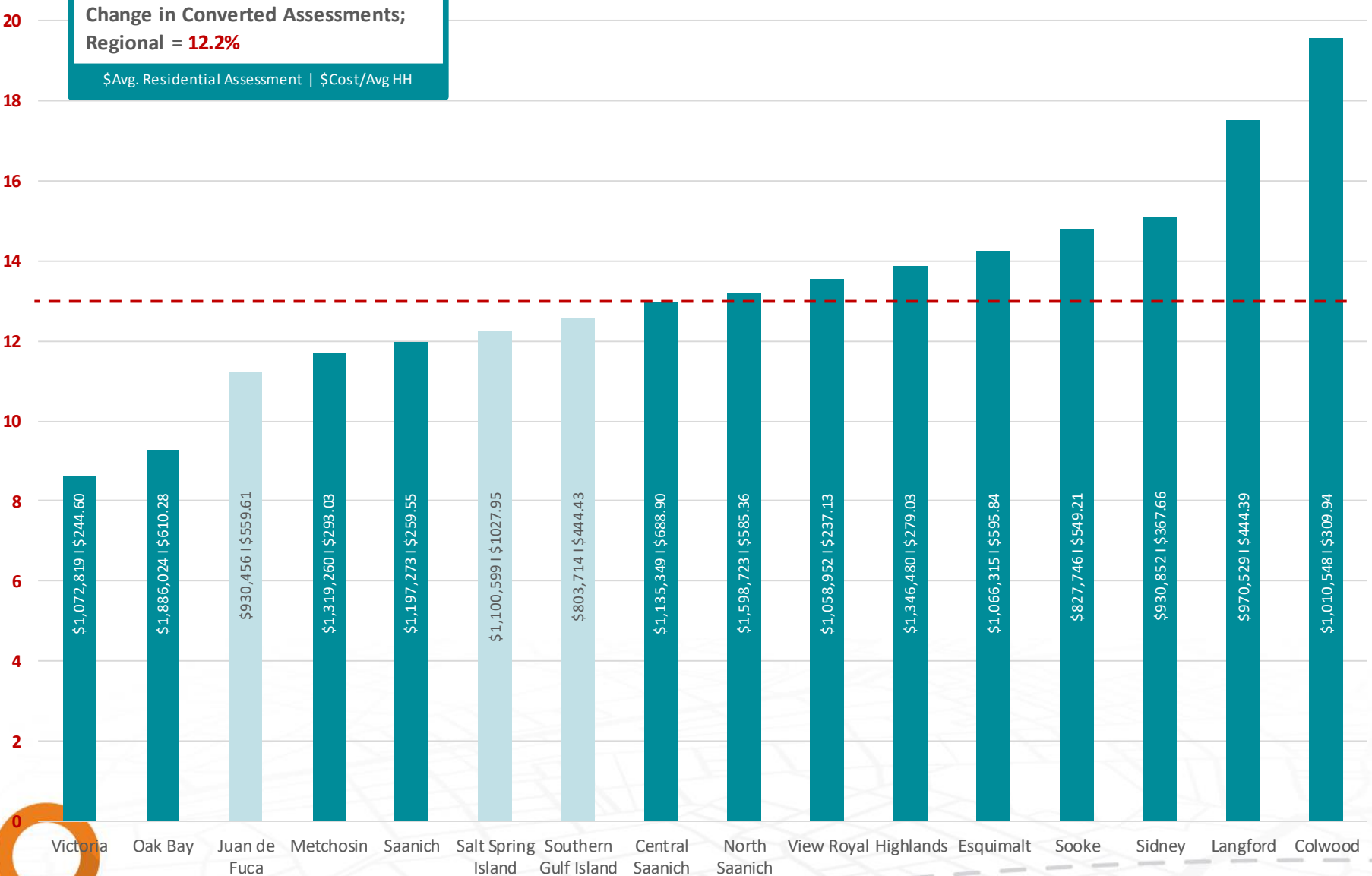


Impacts to Participants >

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Change in Converted Assessments;
Regional = 12.2%
 \$Avg. Residential Assessment | \$Cost/Avg HH



Impact of Assessment & Folios

Change in Converted Assessments;
Regional = **12.2%**

\$Avg. Residential Assessment | \$Cost/Avg HH

Change in Number of Folios;
Regional Total = 1,506



Requisition by Participant

	A	+	B	=	C	→	D	E
Municipalities & EAs	Impact of Cost Apportionment		All Other CRD		CRD Final (Base)		CRD, CRHD & Municipal Debt (Base)	Cost per HH CRD & CRHD & Muni Debt
Central Saanich	0.0%		3.1%		3.1%		2.4%	3.1%
Colwood	3.7%		3.8%		7.5%		3.4%	(1.4%)
Esquimalt	0.5%		12.5%		13.0%		4.2%	2.9%
Highlands	(1.1%)		2.1%		1.0%		1.0%	2.1%
Langford	1.8%		5.0%		6.8%		6.3%	3.4%
Metchosin	1.2%		5.0%		6.2%		3.7%	3.5%
North Saanich	0.4%		3.1%		3.5%		5.6%	5.1%
Oak Bay	0.0%		0.0%		0.0%		(0.7%)	(0.6%)
Saanich	(0.3%)		5.2%		4.9%		4.6%	4.6%
Sidney	1.3%		2.5%		3.8%		3.0%	(1.3%)
Sooke	0.5%		3.5%		4.0%		3.7%	0.8%
Victoria	(2.5%)		4.9%		2.4%		(0.9%)	0.1%
View Royal	2.1%		5.4%		7.5%		3.9%	3.2%
Juan de Fuca	(0.1%)		4.6%		4.5%		3.6%	2.0%
Salt Spring Island	(0.4%)		6.8%		6.4%		5.6%	5.9%
Southern Gulf Islands	0.9%		3.6%		4.5%		3.7%	3.8%
Total	-		5.1%		5.1%		3.4%	2.8%



Financial Health Indicators >

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Investing for the Future

Measure: the amount of capital invested in infrastructure for every dollar that assets depreciate each year.

Result: in 2023, the investment in capital will be \$218M* vs \$53M in amortization. This yields a 4.1x multiplier.

*Amortization based on net book value as per the audited financial statements from the preceding year.



Saving for a Rainy Day

Measure: reserves provide sources of funding for uncontrollable factors and allow the CRD to set aside funds for future capital requirements.

Result: in 2023, reserve contributions will total \$23M vs a \$337M* operating budget. The result is 6.9%.

* excludes municipal debt servicing costs, otherwise operating budget = \$337.4M with 6.9% contribution rate





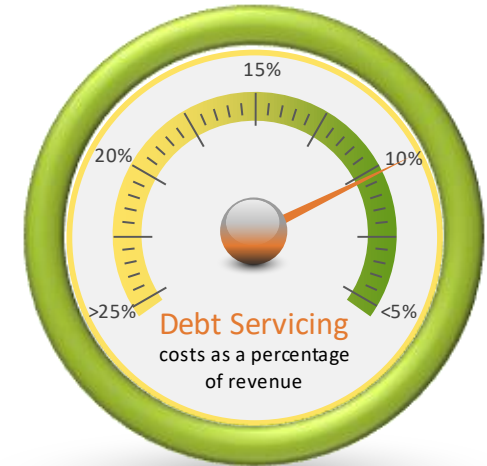
Debt Affordability

Measure: the amount of revenue committed to debt repayment for existing and new capital.

Result: in 2023, debt servicing costs will account for \$25M* out of the total revenue of \$260M**. This equates to 9.7%.

* excludes municipal borrowing

** excludes municipal debt (17.3M), internal allocations (53.9M), and surplus carryforward (8.8M).



Debt Management

Measure: the amount of capital investment that will be funded by debt (instead of operating or reserves).

Result: in 2023, debt will fund approximately 23.1% of total capital investment of \$218M*.

* Based on net book value as per the audited financial statements from the preceding year.





Managing Capital Investments

capital investment is 4.1x depreciation while 10% of revenue is committed to long-term debt payments



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advancing initiatives to address outstanding commitments in the corporate plan



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continued revenue diversification, leveraging partnerships, developing financing strategies





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