

2017 CRD Financial Budget

Presentation to Capital Regional District Board of Directors

Wednesday March 22, 2017

Agenda & Executive Summary

1. Budget Process
2. Budget Timeline
3. Operating & Capital Budget Changes
4. Sources of Revenue
5. Requisition Impacts
6. Financial Metrics Dashboard



Investing in the Future

Capital investment is 3x the rate of depreciation or 5.5x including the CAWTP



Managing the Cost of Debt

Less than 12% of revenue is planned for long-term debt payments



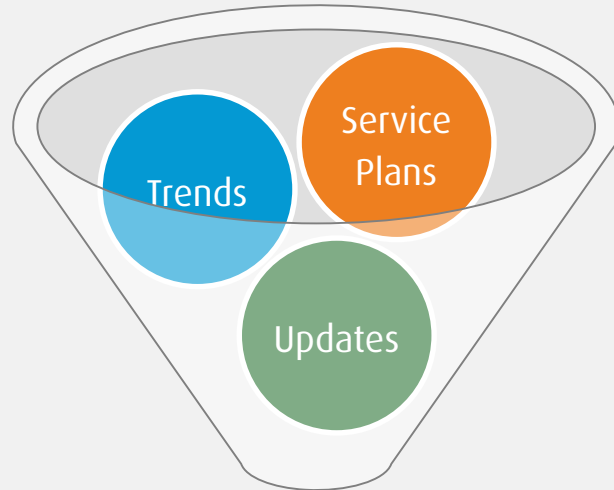
Supporting Regional Priorities

Continued focus on Climate Action, Regional Housing, and Active Multimodal Transportation



Diversifying Revenue Streams

Almost ½ of revenue source comes from sale of services while just over ¼ from requisition



Provisional Budget



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.



Updates to Initiatives

Impacts related to changes in approved workplans including incremental, reduction & changes in scope



Surplus / Deficits



PILT / Timing



Scope Changes

2017 Final Budget

Budget Timeline

Operating 235.8M
(incl. 14.6M Municipal Debt)

Capital 132.7M

238.2M

(incl. 14.6M Municipal Debt)

157.2M

+2.4M, 1.1%

+24.5M, 18.5%

Service Plans
are developed
for the
upcoming year

Sep 2016

Provisional
Budget
approved by
Committee of
the Whole

Nov 2016

Final Budget
to be approved
by March 31
(operating &
capital)

Mar 2017

Service Plans
reviewed and
recommended by
committee &
commissions

Oct 2016

Year End
related activities,
accruals,
adjustments,
etc.

Feb 2017

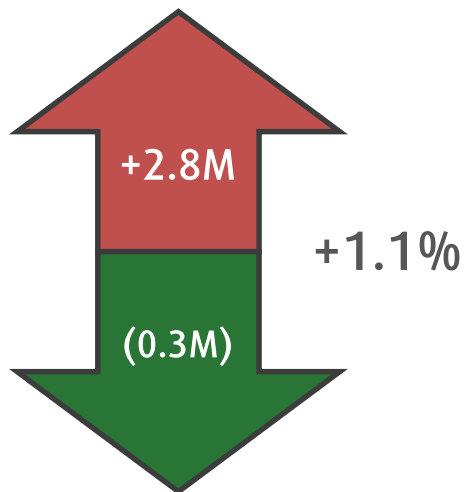
Audited Financial
Statements
to be approved by
June 30

Jun 2017

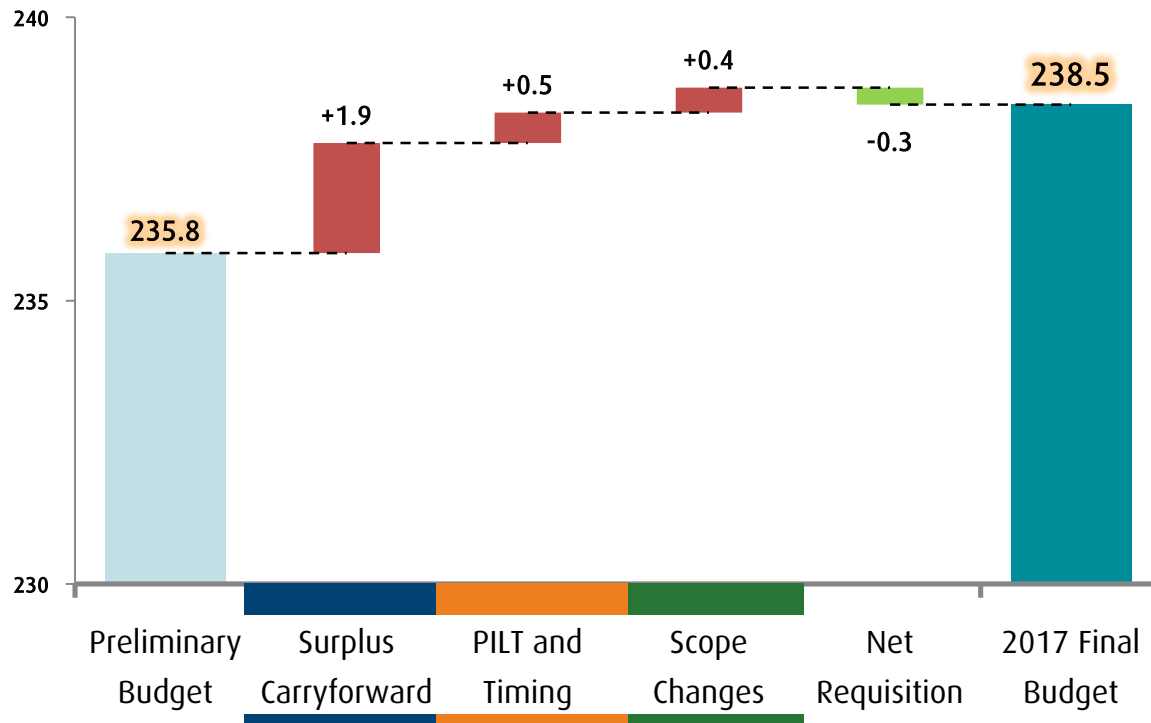
PUBLIC FEEDBACK

Operating Budget

Operating cost drivers since preliminary budget



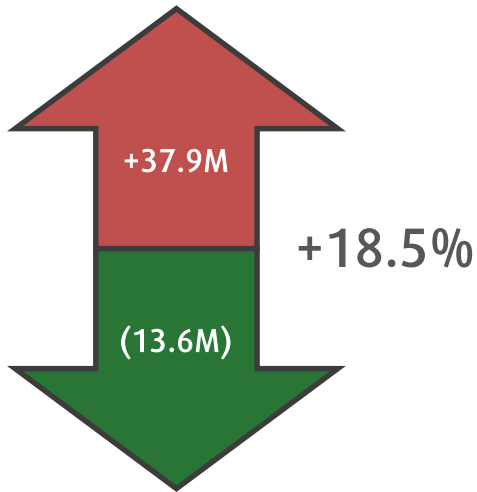
Incremental revenue for operating budget totaled \$2.8M primarily related to surplus carry forward. As a result, requisition was decreased by (\$0.3M) to balance the plan.



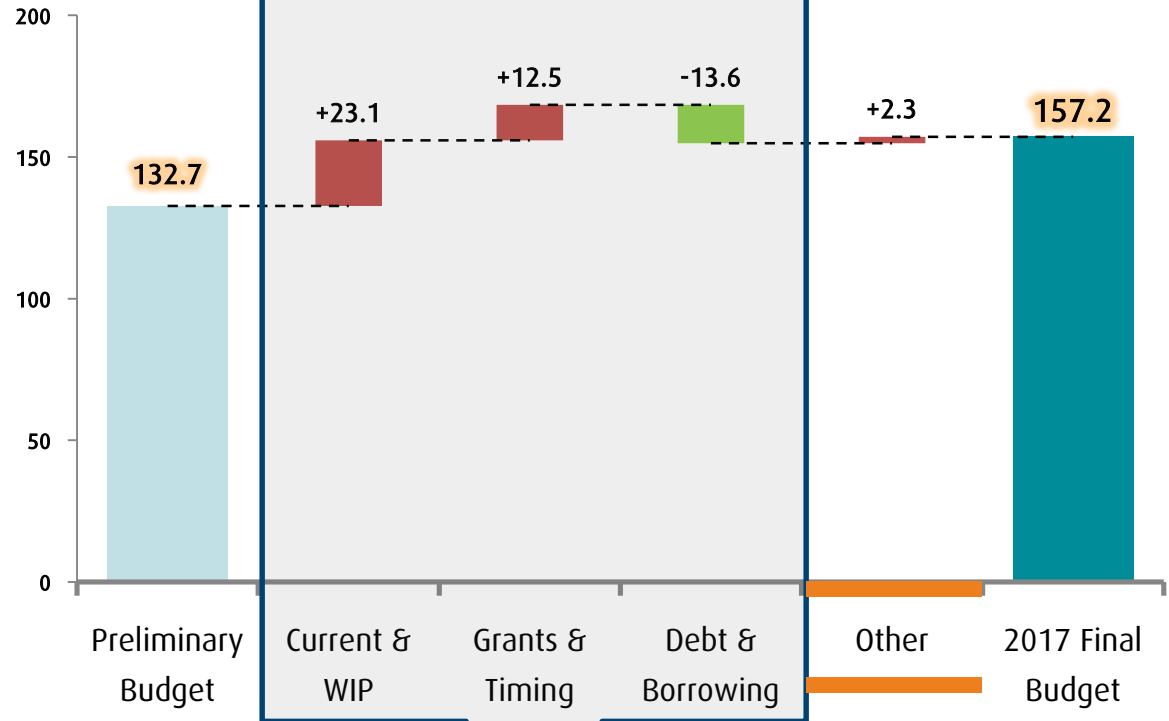
- Operations**
 - 1.1M Regional Housing Trust Fund
 - 0.3M Core Area Project
 - 0.4M CREST, Community Health, Land Banking & Housing
- Capital Funding**
 - 0.5M Core Area Project
- Debt, Reserves, Allocations**
 - 0.3M Legislative & General
 - 0.1M Vancouver Island Regional Library

Capital Budget

Capital cost drivers since preliminary budget



Incremental capital costs for 2017 totaled \$24.3M primarily related to the Core Area Liquid Waste Management Project. As a result, debt and temporary financing was decreased by (\$13.6M) to balance the plan.



CALWM Project
+22.0M

- Cash flow projections were updated from to align with revised capital construction schedule. Funded through monies on hand and grants (Green Infrastructure & Building Canada), offset by reductions in temporary borrowing

Water Distribution
+2.0M

- 1.2M for Millstream Extension project (DCC Reserves)
- 0.8M for small diameter pipe along Sooke Road (Temp Borrowing)

2017 CRD Budget

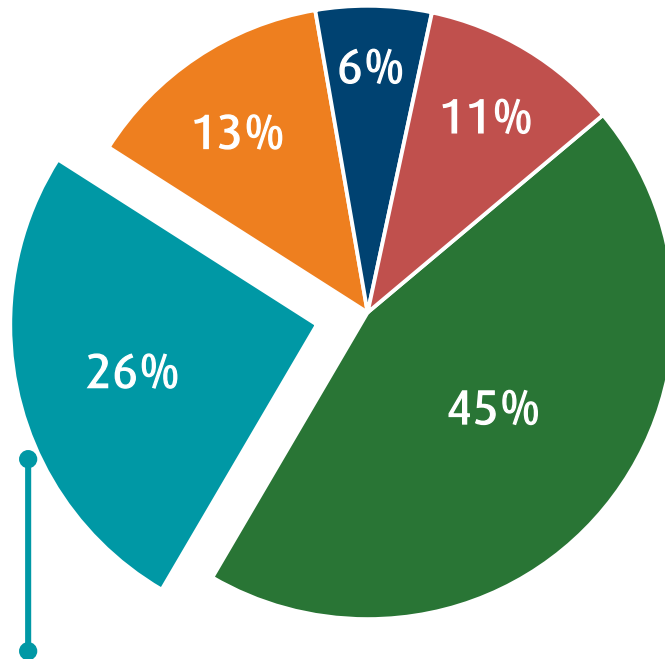
Operating Budget Summary (\$M)

Expenditure Type	2017 Final Budget	2017 Preliminary	Δ \$	Δ %	2016 Budget
Operations	146.0	144.2	1.8	1.2%	144.0
Debt Servicing	24.2	24.2	-	-	23.9
Municipal Debt	14.6	14.6	-	-	14.0
Capital Funding	41.6	41.1	0.5	1.2%	24.9
Transfer to Reserves	11.8	11.7	0.1	0.9%	11.9
Total	\$238.2	\$235.8	\$2.4	1.1%	\$218.7

Capital Budget Summary (\$M)

Expenditure Type	2017 Final Budget	2017 Preliminary	Δ \$	Δ %	2016 Budget
CAWTP (Core Project)	65.5	43.6	21.9	50.2%	43.6
Engineered Structures	56.6	54.6	2.0	3.7%	46.2
Buildings	21.5	21.4	0.1	0.5%	2.6
Equipment	8.6	8.3	0.3	3.6%	7.1
Land	2.9	2.8	0.1	3.6%	3.5
Vehicles	2.0	2.0	-	-	1.5
Total	\$157.2	\$132.7	\$24.5	18.6%	\$104.5

2017 Revenue Sources



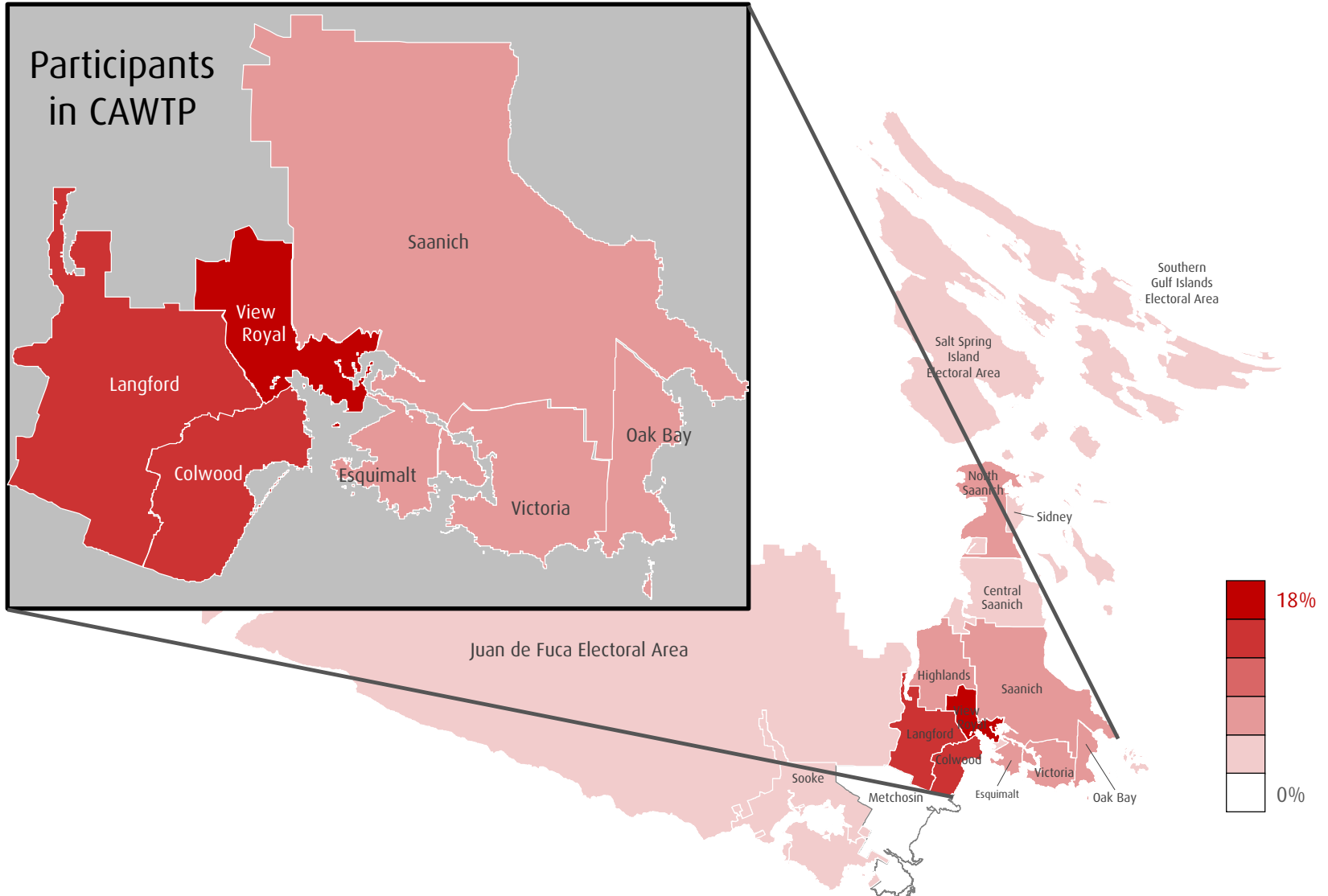
Sale of Services	106.1
Requisition	61.0
Allocation to other services	31.5
Municipal Debt	14.6
Other (Rentals, Carry forward, Grants & PILT)	25.0
Total	\$238.2M

* Requisition (4.6% year-over-year increase, or 0.4% less than preliminary)

Description	2017 Final	2017 Preliminary	Δ \$	Δ %	2016 Final
Electoral Areas Only	12.9	13.0	(0.1)	(0.4%)	12.8
Regional / Sub Regional	48.0	48.2	(0.2)	(0.4%)	45.5
Total	\$61.0	\$61.2	(0.3)	(0.4%)	\$58.3

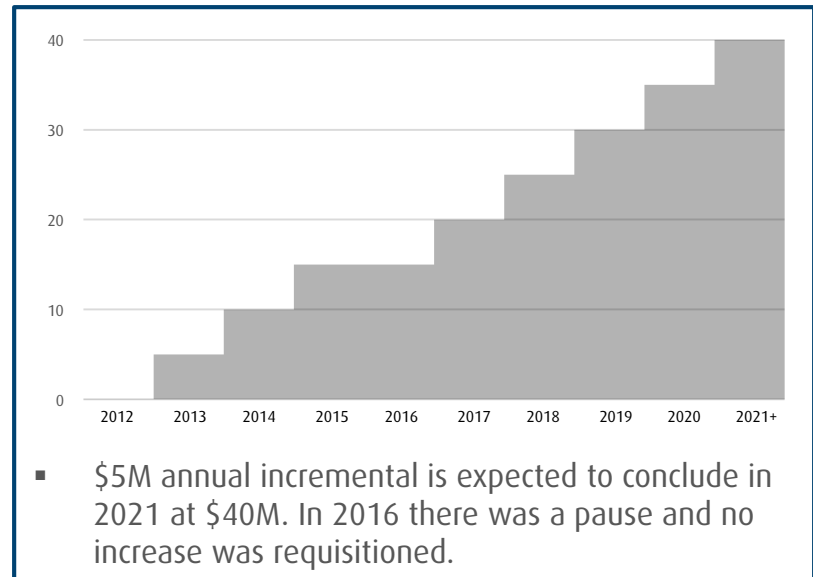
* excludes municipal debt from requisition (\$14.6M)

2017 Requisition by Municipality

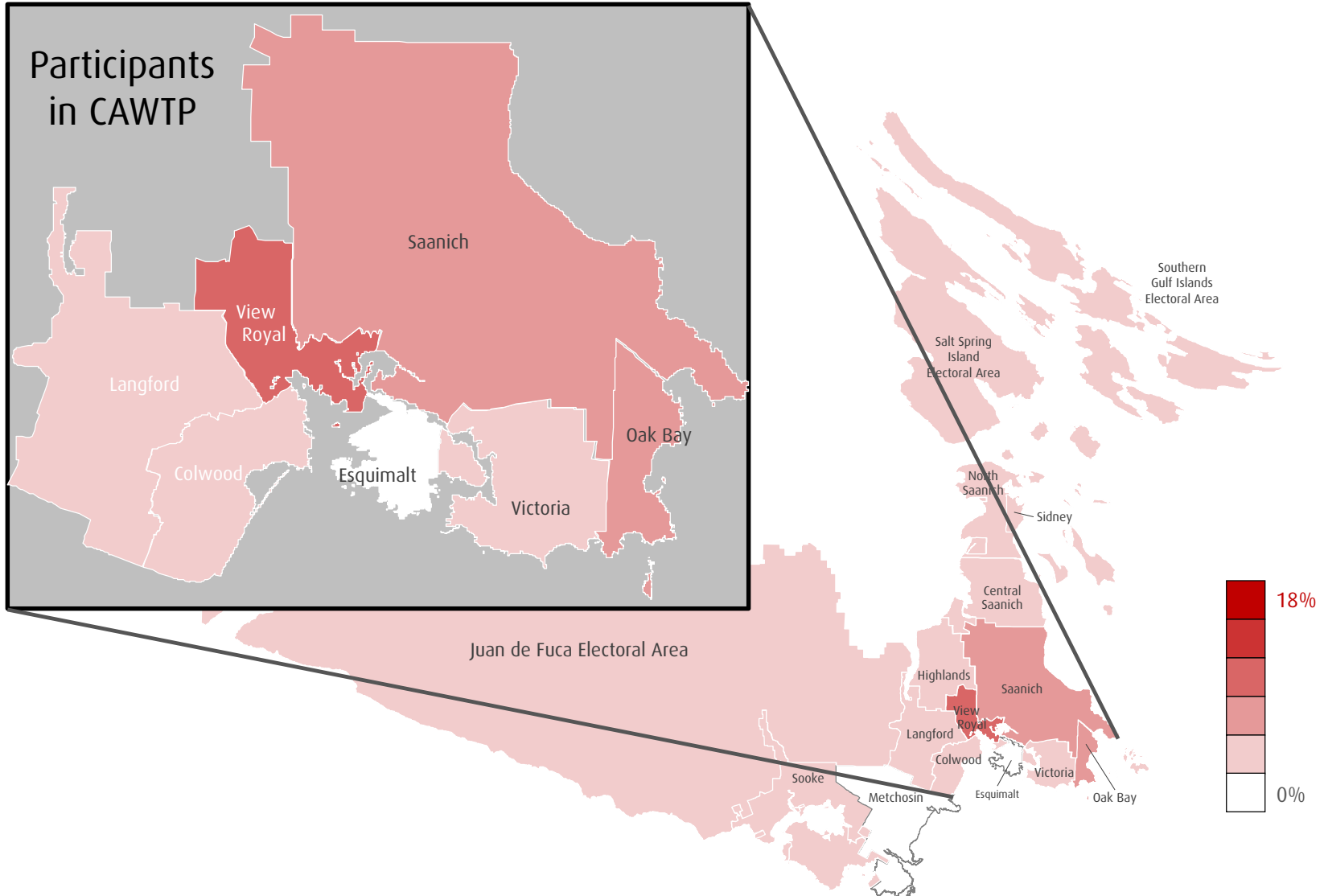


2017 Requisition by Municipality

Municipality	2017 Final %	Participants in CAWTP	Requisition	Invoice
Colwood	13.7%	X	X	
Esquimalt	3.5%	X	X	
Langford	14.7%	X	X	
Oak Bay	6.7%	X		X
Saanich	5.4%	X		X
Victoria	3.4%	X		X
View Royal	17.9%	X	X	
Central Saanich	2.0%			
Highlands	3.8%			
Metchosin	(1.3%)			
North Saanich	3.8%			
Sidney	1.7%			
Sooke	1.7%			
Juan de Fuca	0.3%			
Salt Spring Island	1.4%			
Southern Gulf Islands	0.9%			
Total	4.6%			



2017 Requisition excl. CAWTP





Investing for the Future

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

Result: in 2017, the investment in capital will be \$91.5M vs \$28.8M in amortization. This yields a 3.2x multiplier.

Including investment in CAWTP, the multiplier would be 5.5X.



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 2017, reserve contributions will total \$11.8M vs a \$223M* operating budget. The result is 5.3%.



* excludes municipal debt servicing costs (14.6M)



Debt Affordability

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

Result: in 2017, debt servicing costs will account for \$24.0M* out of the total revenue of \$202.4M**. This equates to 11.9%.

* excludes municipal debt (14.6M)

** excludes internal allocations (31.5M), and surplus carryforward (4.3M)



Debt Management

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

Result: in 2017, debt will fund approximately 30% of total capital investment of \$91.5M.





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Diversifying Revenue Streams

Almost ½ of revenue source comes from sale of services while just over ¼ from requisition

Backup Slides

The logo for CRD, consisting of the letters 'C', 'R', and 'D' in a stylized, white, sans-serif font, positioned on a teal background with a wavy, abstract design.

2017 Requisition by Municipality

Municipality	2017 Final %	Invoice	Total Municipal Increase	Municipal Increase excl. Core
Colwood	13.7%		13.7%	1.2%
Esquimalt	3.5%		3.5%	(15.6%)
Langford	14.7%		14.7%	3.2%
Oak Bay	6.7%	X	12.1%	6.7%
Saanich	5.4%	X	12.6%	5.4%
Victoria	3.4%	X	10.1%	3.4%
View Royal	17.9%		17.9%	10.6%

CALWM Project Requisition

- Municipalities have a choice to flow annual \$5M CALWM project costs directly through CRD tax requisition or direct invoicing. The table above normalizes the total net impact through both streams.

Inclusive of Assessment Changes

- Estimated 2017 assessment values (from BC Assessment Authority) have been incorporated into the budget. While final assessed values for the Capital Region are released after March 31, it is anticipated there will be no material changes.

2017 Requisition incl. Invoices

