



Capital Regional District > 2022-2026 Final Budget

**Presentation to the Board of Directors
Wednesday March 16, 2022**

1. External & Growth Indicators
2. Process & Timeline
3. Changes to the Capital Budget
4. Changes to the Operating Budget
5. Impact on Requisition
6. Financial Health Indicators



Managing Capital Investments

capital investment is 5.1x depreciation while 11% of revenue is committed to long-term debt payments



Supporting Board & Corporate Priorities

advancing initiatives to address outstanding 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





2.0^B
BUILDING PERMITS FOR 2021
RESULTING IN HOUSING STARTS

4809 UNITS




18%
POPULATION GROWTH SINCE 2011
INCREASE OF 1.4% IN 2021



2.5%
GREATER VICTORIA CPI
2021 ANNUAL AVERAGE% CHANGE



3.9%
UNEMPLOYMENT RATE
GREATER VICTORIA - JANUARY 2022



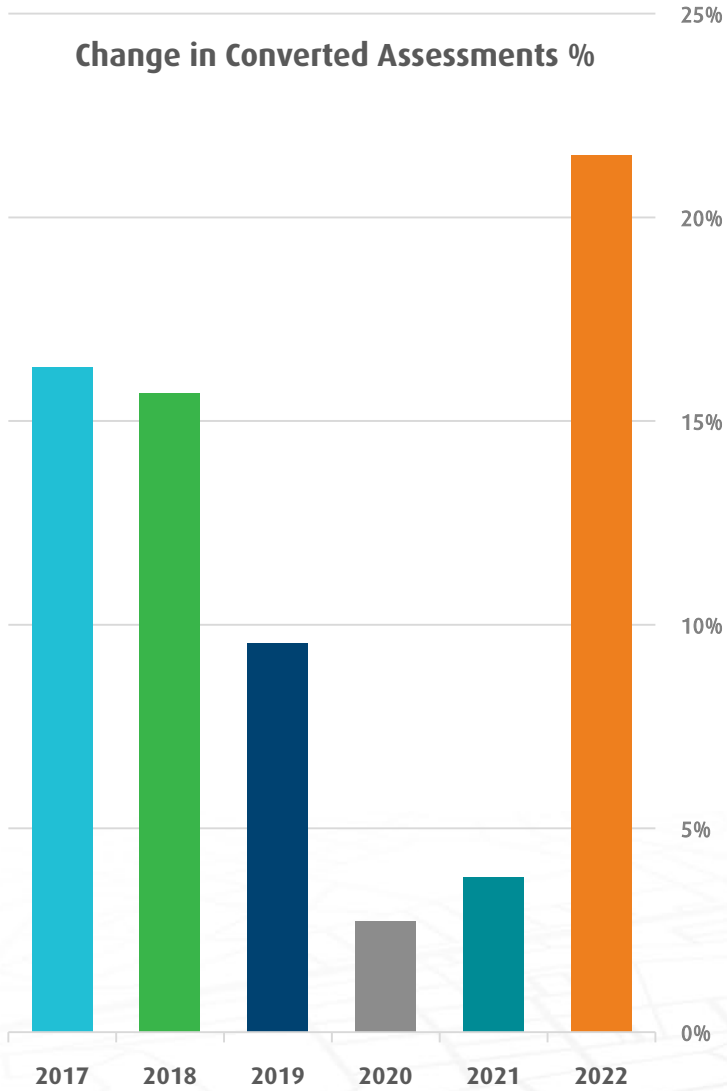
24.6%
SINGLE FAMILY DWELLING
PURCHASE PRICE NEARLY \$1.2 MILLION



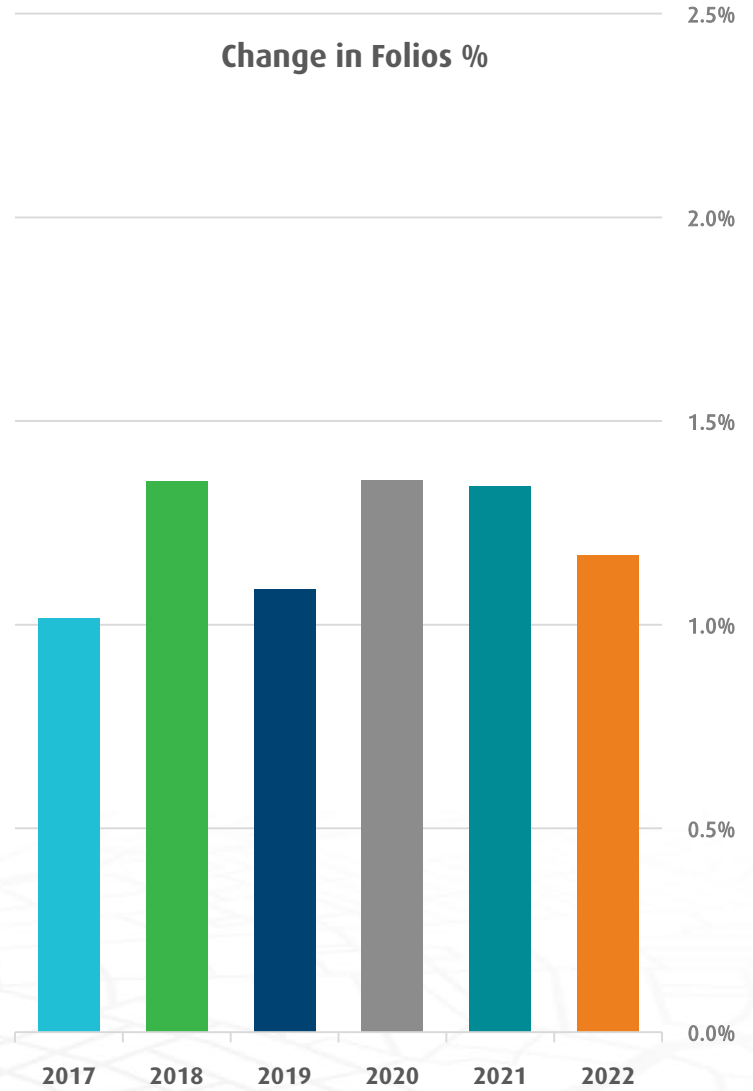
20-25%
INCREASE IN PARKS VISITORS
ANNUALLY SINCE 2019



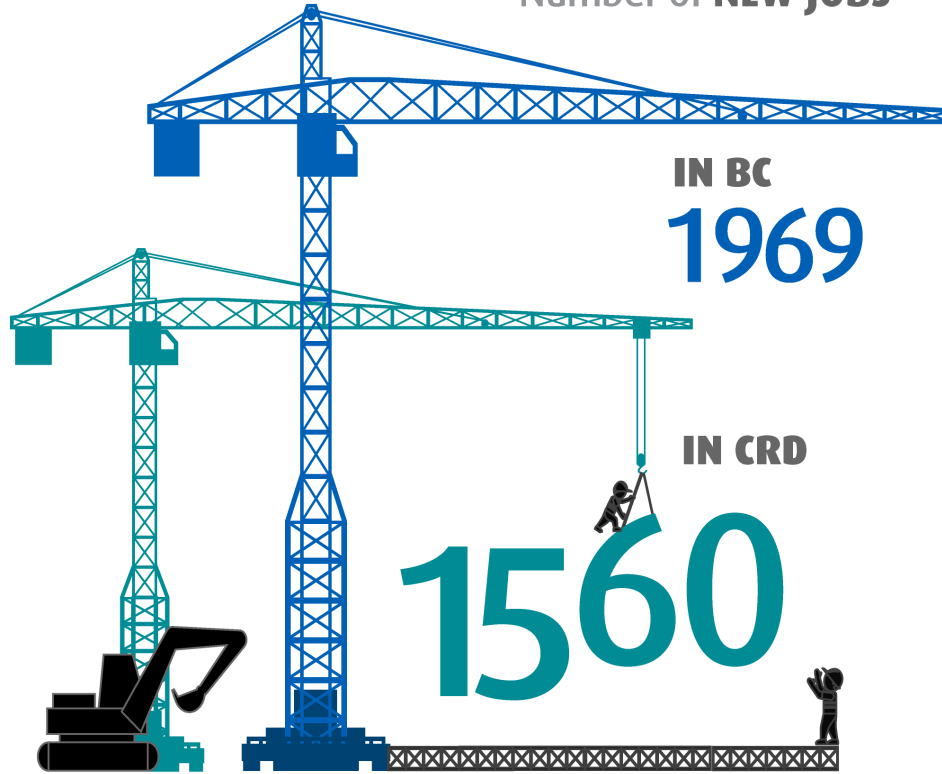
Change in Converted Assessments %



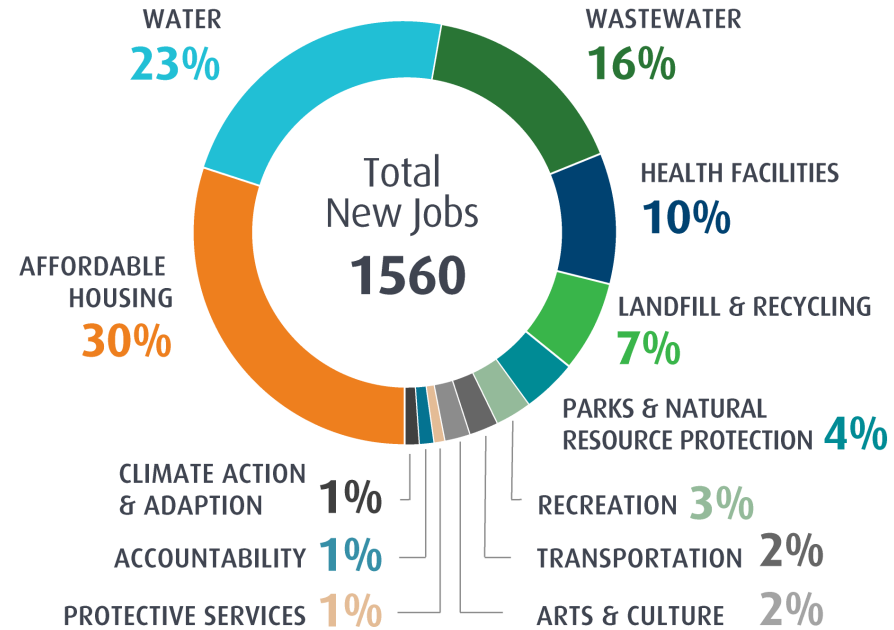
Change in Folios %



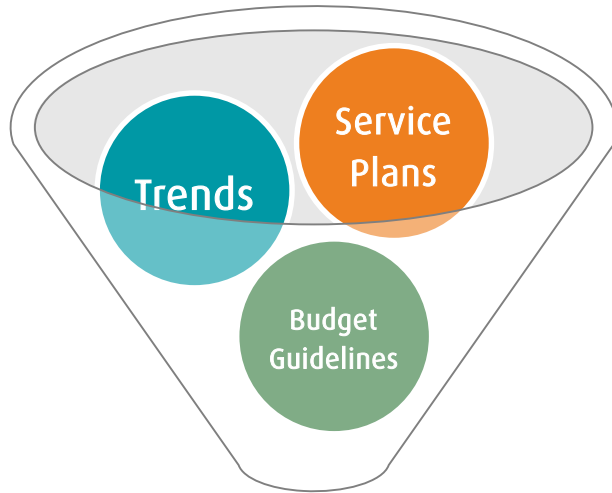
Number of NEW JOBS



JOB CREATION By Community Need



The consolidated capital plan combined investment of \$272M, generates an estimated 1,560 new jobs in the region through the flow of goods and services among various industries.



- 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

2022 Final Budget

Review Process

- Board approved Financial Planning Guidelines (Spring 2021)
- Committees & Commissions (Fall)
- Electoral Area Committee (Fall)

Provisional Budget

- Committee of the Whole review (October 2021)
- Requests authority to expend January through March 2022

Final Budget

- Authority for expenditures in Operating & Capital Budgets
- Incorporates BC Assessment info
- Approved by end of March 2022



OPERATING



Capital Regional District
\$313M



Capital Regional Hospital District
\$34M



Capital Region Housing Corporation
\$27M

Total
\$374M

CAPITAL



Capital Regional District
\$181M



Capital Regional Hospital District
\$21M

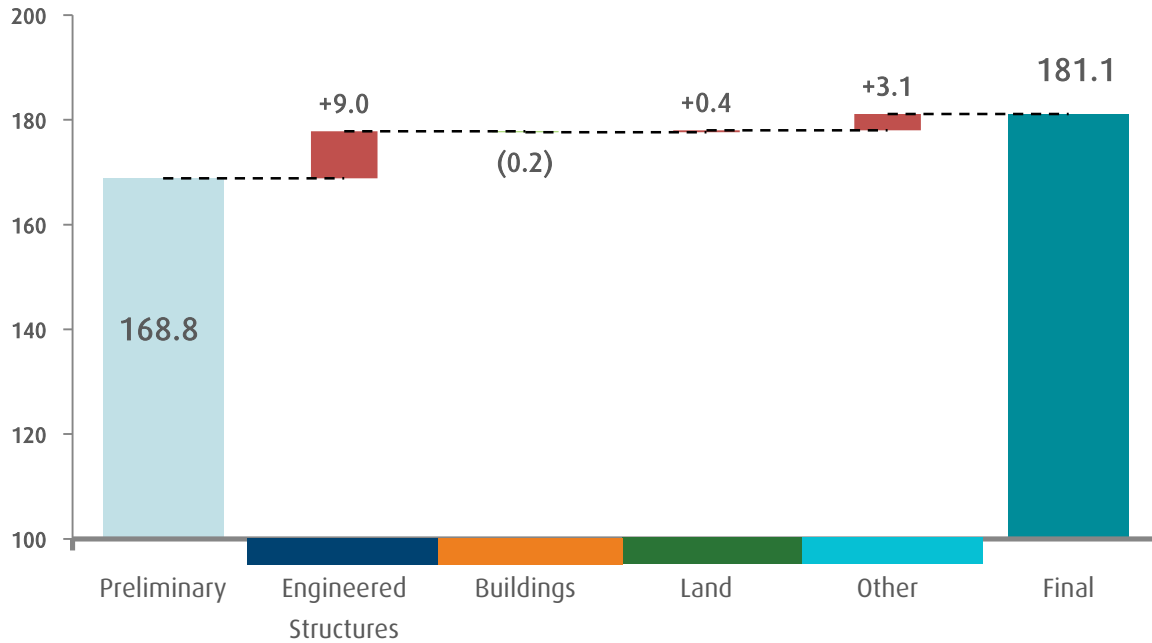


Capital Region Housing Corporation
\$70M

Total
\$272M



Capital Investment increased by \$12.3M or 7.3%



Engineered Structures +\$9.0 M

- +2M Skirt Mountain expansion, +\$1M Goldstream asbestos cement replacement, and +0.6M for Sun River Reservoir
- +0.9M Hartland aggregate and +0.7M landfill gas utilization carryforward
- +1.3M reclassification of capital from Buildings to Engineered Structures

Buildings (\$0.2M)

- +0.4M VIHA roof replacement, +0.3M facility improvements for Animal Care Services, and +0.2M Hamsterly Beach Washroom design changes
- (1.3M) reclassification of capital from Buildings to Engineered Structures

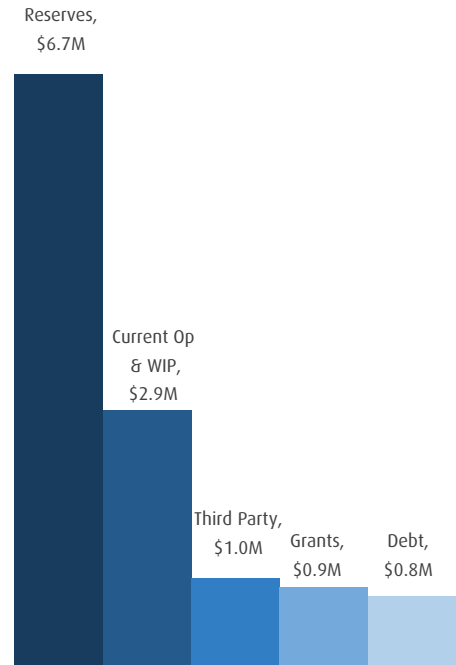
Land +\$0.4 M

- +0.3M Millstream Meadows Remediation carryforward awaiting ministry approval

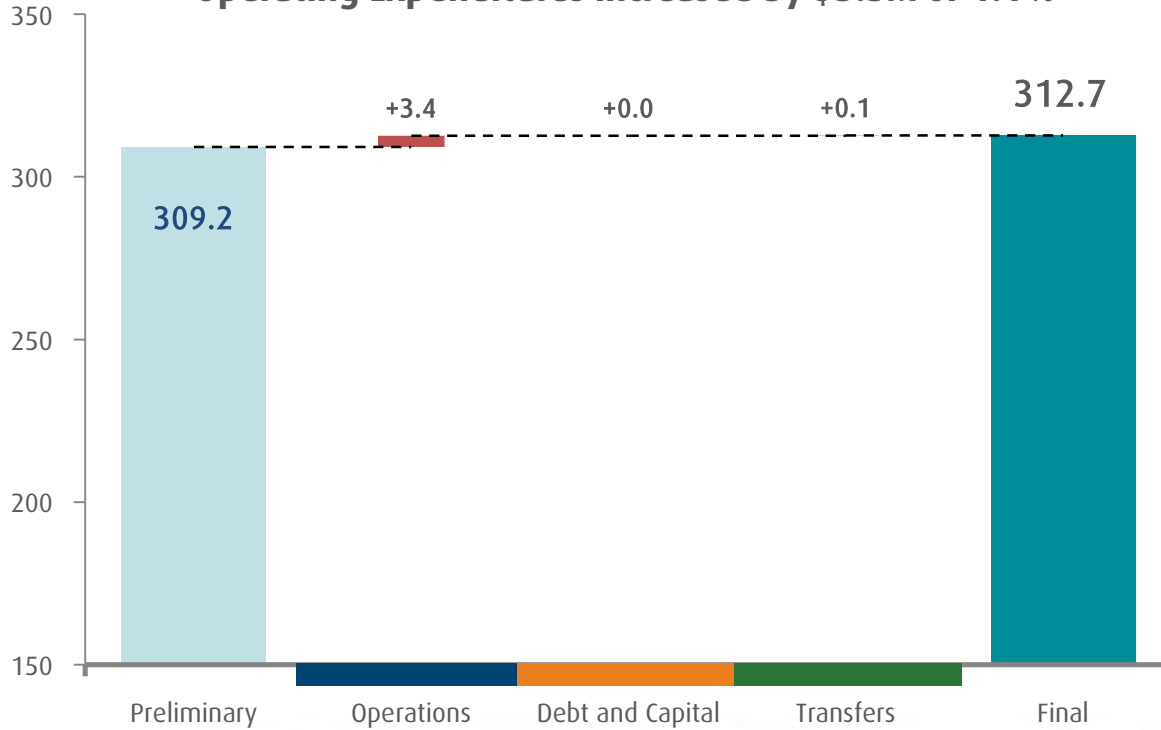
OTHER +\$3.1 M

- +0.9M Panorama multi-sport court & playground related to timing, +0.7M Elk Lake remediation system, +0.4M carryforward of 2 ice resurfacers, and +0.3M CAWW replacement of electric vehicles

Changes in Investment Funding by Source



Operating Expenditures increased by \$3.5M or 1.1%



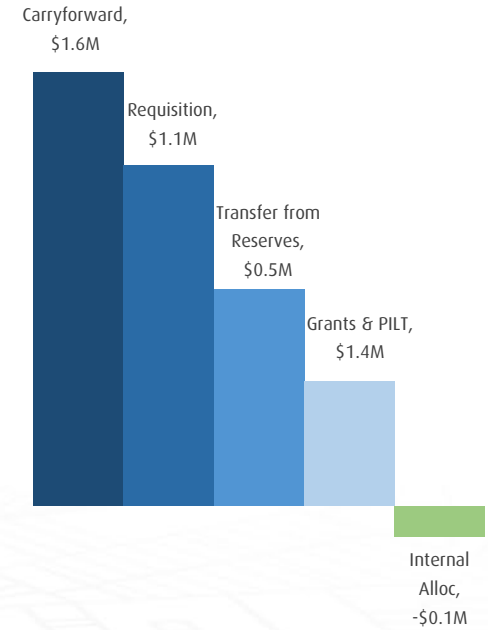
Operations +\$3.4 M

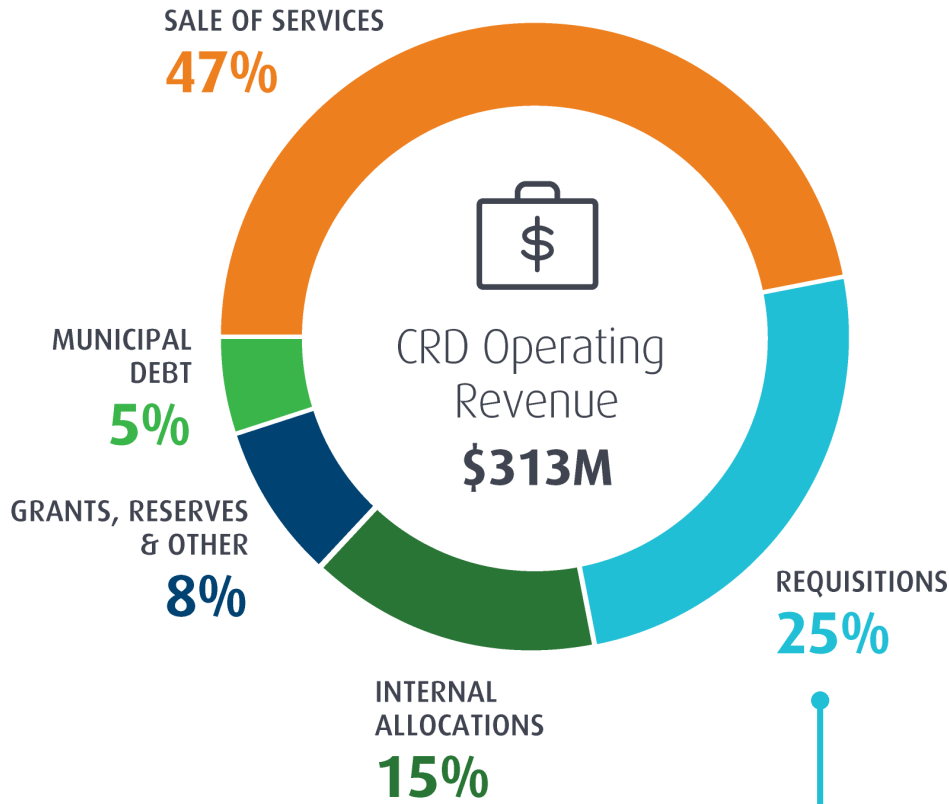
- +0.9M to fund initiatives related to the updated Climate Action Strategy
- +0.8M RHTF grant funding deferred from 2021 to 2022
- +0.7M for Leg & Gen initiatives carried forward from 2021 to 2022
- +0.2M new Health Care Center service for Pender Island

Transfer to Reserves +\$0.1 M

- +0.1M to offset various updated fees, charges, and other revenue related to Environmental Resource Management, Regional Parks, 911 Systems and several local services

Changes in Operating Revenue by Source





Sale of Services	145.8
Requisitions	78.0
Internal Allocations	47.2
Grants, Reserves & Other	26.3
Municipal Debt	15.4
Total	\$313M

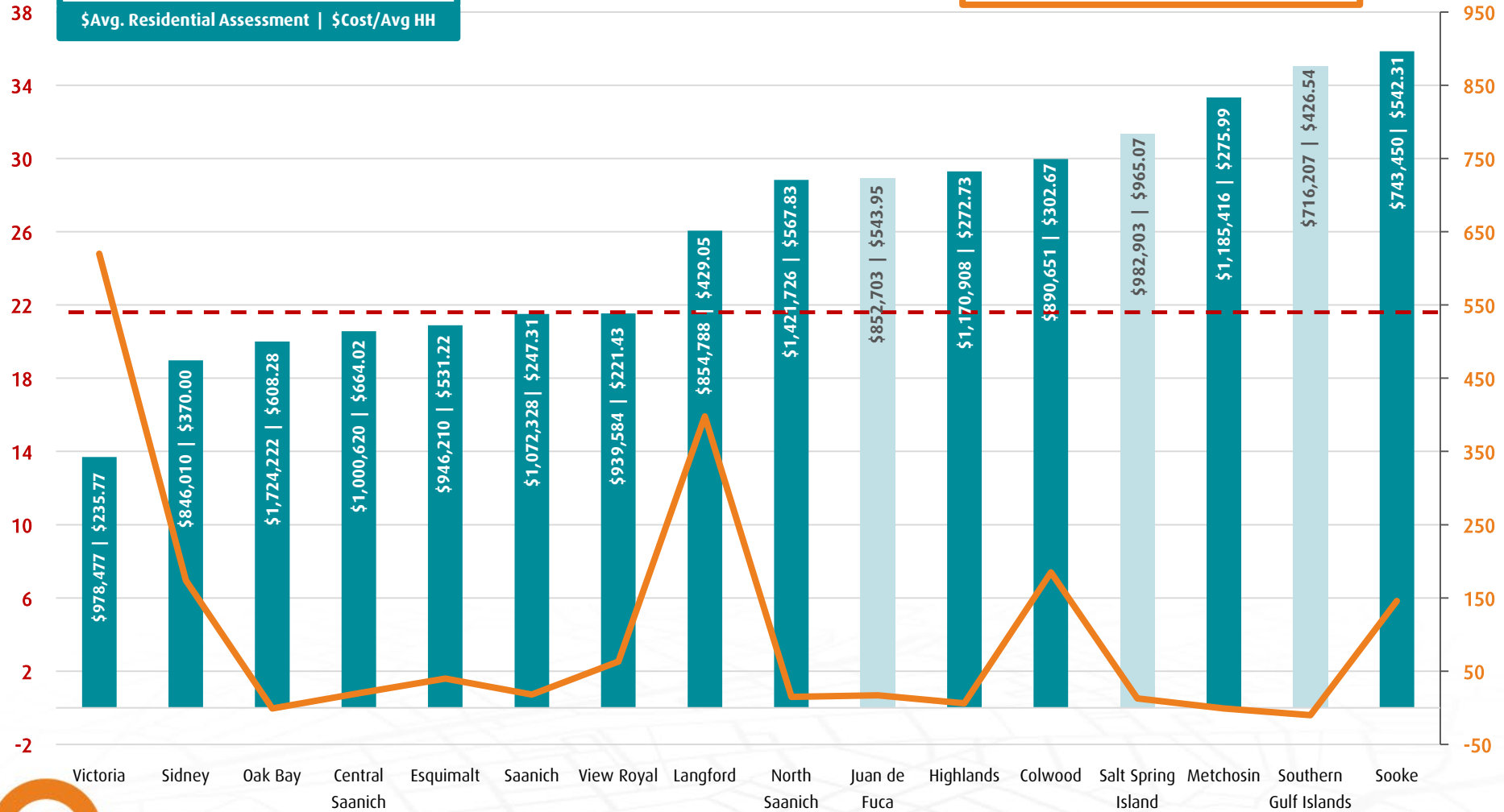
2022 Final Budget	2022 Preliminary	Δ \$	Δ %	2021 Budget
\$78.0M	\$76.9M	\$1.1M	1.4%	\$73.6M

Impact of Assessment & Folios

Change in Converted Assessments;
Regional = **21.6%**

Change in Number of Folios;
Regional Total = 1,713

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



Requisition by Participant

	A	+	B	=	C	→	D	
Municipalities & EAS	Impact of Cost Apportionment		All Other CRD		CRD Final		CRD, CRHD & Municipal Debt	Cost per HH CRD & CRHD & Muni Debt
Central Saanich	(1.0%)		4.2%		3.2%		0.8%	3.6%
Colwood	3.0%		4.6%		7.6%		3.8%	1.4%
Esquimalt	(0.1%)		(3.8%)		(3.9%)		(3.9%)	(3.7%)
Highlands	4.7%		6.5%		11.2%		5.6%	11.0%
Langford	1.7%		3.5%		5.2%		3.4%	4.8%
Metchosin	7.5%		6.1%		13.6%		9.4%	10.5%
North Saanich	5.1%		5.7%		10.8%		6.8%	9.8%
Oak Bay	(0.6%)		4.1%		3.5%		0.2%	0.9%
Saanich	(0.1%)		9.1%		9.0%		4.9%	6.8%
Sidney	(1.7%)		6.2%		4.5%		(0.6%)	(0.3%)
Sooke	2.4%		6.8%		9.2%		7.2%	7.4%
Victoria	(5.3%)		8.4%		3.1%		(2.3%)	(0.7%)
View Royal	(0.4%)		8.4%		8.0%		0.2%	1.9%
Juan de Fuca	1.3%		4.6%		5.9%		4.7%	10.8%
Salt Spring Island	1.5%		5.0%		6.5%		5.8%	6.7%
Southern Gulf Islands	3.6%		6.2%		9.8%		8.7%	9.5%
Total	-		6.1%		6.1%		2.7%	4.7%



	Draft Provisional	Board Directed (Climate Action)	Provisional Approval	Final Budget
CRD Requisition	4.5%	+1.2%	5.7%	6.1%
Consolidated Req	1.7%	+0.8%	2.5%	2.7%
Consolidated Cost/HH	1.7%	+0.8%	2.5%	4.7%

Average Requisition / HH Drivers	2021	2022	Change
Capital Region Assessment Values	\$118 B	\$149 B	\$31 B
Capital Region Folios	146 k	148 k	2 k
Average HH Assessment	\$0.8 M	\$1.1 M	\$0.3 M
Total Requisition	\$116 M	\$119 M	\$3.2 M
Consolidated Cost/HH	\$608.18	\$636.52	\$28.34





Investing for the Future

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

Result: in 2022, the investment in capital will be \$144.0M* vs \$28.3M in amortization. This yields a 5.1x multiplier.

* excludes investment in CAWTP, otherwise investment = 181.1M with a 6.4x multiplier



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 2022, reserve contributions will total \$24.0M vs a \$297.2M* operating budget. The result is 8.1%.

* excludes municipal debt servicing costs, otherwise operating budget = \$312.7M with 7.7% contribution rate





Debt Affordability

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

Result: in 2022, debt servicing costs will account for \$25.5M* out of the total revenue of \$242.0M**. This equates to 10.5%.

* excludes municipal debt (15.4M)

** excludes municipal debt (15.4M), internal allocations (47.2M), and surplus carryforward (8.0M); otherwise, debt servicing costs = 40.9M and total revenue = \$312.7M with a servicing rate of 13.1%



Debt Management

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

Result: in 2022, debt will fund approximately 12.0% of total capital investment of \$144.0M*.

* excludes investment in CAWTP (\$37.2M), inclusive of these investments, debt funding is 19.6% of the plan





Managing Capital Investments

capital investment is 5.1x depreciation while 11% of revenue is committed to long-term debt payments



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advancing initiatives to address outstanding commitments in the corporate plan



Adapting to Regional Challenges

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



Financial Sustainability

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Questions >

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