



Metro Vancouver

## Board Budget Workshop #2

### 2025 BUDGET AND 5-YEAR FINANCIAL PLAN

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Commissioner / Chief Administrative Officer

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Board Budget Workshop, May 17, 2024

67514051

**metro**vancouver

## TODAY'S OBJECTIVES

- Respond to requests for additional information on tier definitions and allocation of tiers for NSWWTP Program
- Provide Board with additional scenarios and information to inform direction to staff for:
  - 2025 Budget
  - 2025-2029 Financial Plan



## COST APPORTIONMENT BYLAW

Category	Expenditure	Costs Allocated to Host Sewerage Area	Costs Allocated Regionally
Operating	All Operating Costs	100%	N/A
Tier 1 Capital	Conveyance System and Primary Treatment (NSWWTP & Iona upgrades only)	100%	N/A
Tier 2 Capital	Secondary Treatment	30%	70%
Tier 3 Capital	Tertiary Treatment	N/A	100%

- In place since 1995
- Last amended 2019

## NSWWTP PROGRAM TIER BREAKDOWN FOR \$2.8B

Current apportionment

	Tier Allocation		VSA	NSSA	LIWSA	FSA
Tier 1	\$0.5B	19%	\$0.0B	\$0.5B	\$0.0B	\$0.0B
Tier 2	\$2.1B	76%	\$0.5B	\$0.8B	\$0.1B	\$0.7B
Tier 3	\$0.2B	5%	\$0.1B	\$0.0B	\$0.0B	\$0.1B
<b>Total</b>	<b>\$2.8B</b>	<b>100%</b>	<b>\$0.6B (21%)</b>	<b>\$1.3B (46%)</b>	<b>\$0.1B (4%)</b>	<b>\$0.8B (29%)</b>
Population	2.9M		0.8M (28%)	0.2M (7%)	0.2M (8%)	1.7M (57%)

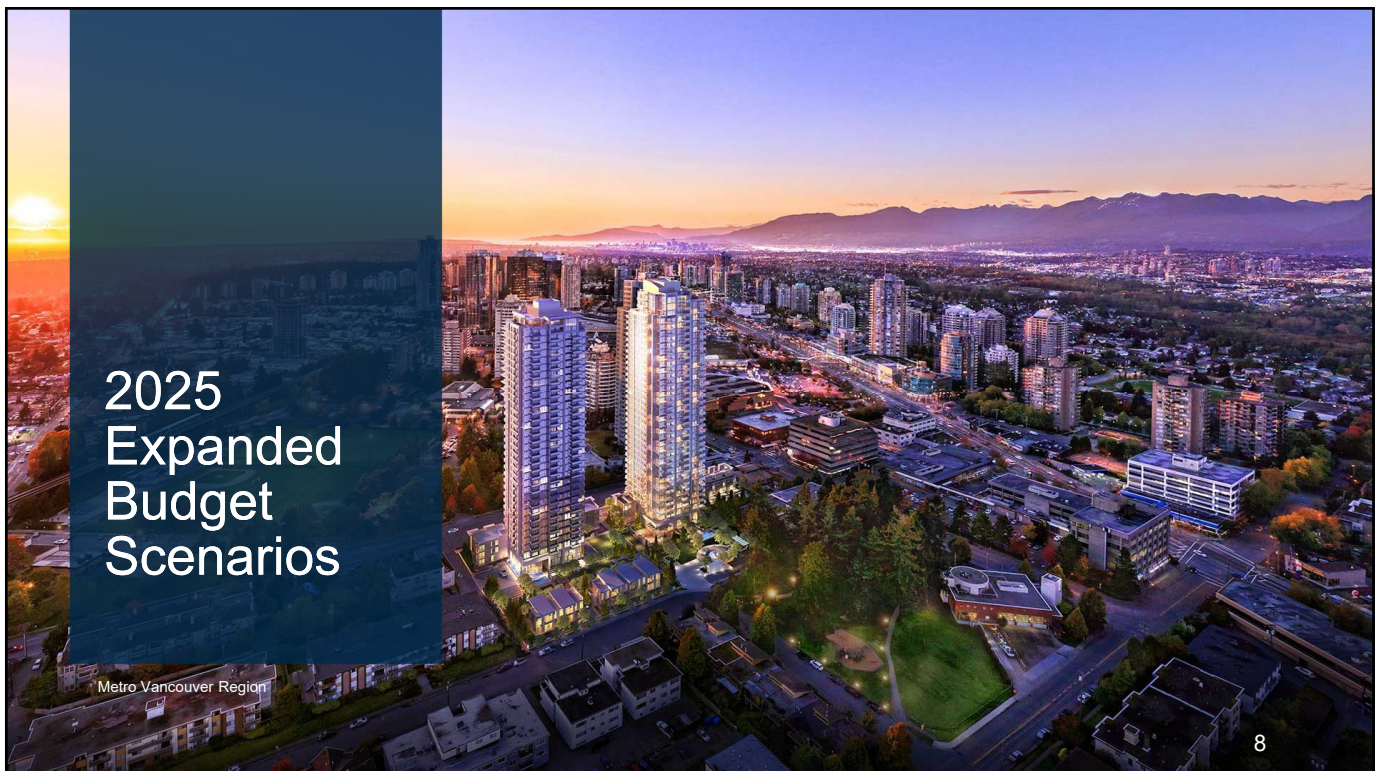
## INCREMENTAL IMPACT OF NSWWTP PROGRAM BY SEWERAGE AREA; CURRENT APPORTIONMENT

	2024 Liquid Waste HHI	Incremental impact, current cost apportionment	
North Shore (NSSA)	\$464	+\$725	Per year for 30 years
Vancouver (VSA)	\$432	+\$140	
Lulu Island (LIWSA)	\$295	+\$70	Per year for 15 years
Fraser (FSA)	\$301	+\$80	

## QUESTION

The federation has the ability to make changes to the allocation model to address the regional challenge that 7% of the region's population is responsible for 46% or \$1.3B of the \$2.8B cost increase for the NSWWTP Program.

North Shore residents will be paying on average, an additional \$725 / household per year for 30 years. The impact will also be borne by the rest of the region's residents; they will be paying on average an additional \$70-\$140 / year for 15 years depending on the sewerage area in which they reside.



## 5-YEAR FINANCIAL PLAN RESET

- Prior to NSWWTP Program budget reset, current 2024-2028 Financial Plan targets of 11%, 5%, 5%, 5% were attainable
- Staff have modelled various scenarios to support Board discussion (3 presented in April; additional for today)
- Two issues to discuss:
  1. **Allocation** of incremental NSWWTP Program (\$2.8B) costs
  2. **Phase-In** Approach to 5-Year Financial Plan to integrate \$2.8B

## COST ALLOCATION OPTIONS FOR ADDED COSTS FOR THE NSWWTP PROGRAM 1. Allocation

	Current Cost Allocation (\$B)		Equal HHI (\$B)		Assessed Value (\$B)		All Tier 3 (\$B)		Water Consumption (\$B)	
VSA	\$0.6	21%	\$0.7	24%	\$0.9	32%	\$1.0	37%	\$0.8	29%
NSSA	\$1.3	46%	\$0.2	8%	\$0.2	8%	\$0.2	6%	\$0.2	9%
LIWSA	\$0.1	4%	\$0.3	9%	\$0.3	10%	\$0.2	7%	\$0.3	9%
FSA	\$0.8	29%	\$1.6	59%	\$1.4	50%	\$1.4	50%	\$1.5	53%
<b>Total</b>	<b>\$2.8</b>	<b>100%</b>	<b>\$2.8</b>	<b>100%</b>	<b>\$2.8</b>	<b>100%</b>	<b>\$2.8</b>	<b>100%</b>	<b>\$2.8</b>	<b>100%</b>

Household Impact	Current Cost Allocation	Equal HHI	Assessed Value	All Tier 3	Water Consumption
VSA	\$140	\$140	\$185	\$220	\$170
NSSA	\$725	\$140	\$140	\$95	\$135
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FSA	\$80	\$140	\$125	\$125	\$135

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FSA	\$80		\$140		\$125		\$125		\$135	



## COST ALLOCATION OPTIONS FOR ADDED COSTS FOR THE NSWWTP PROGRAM [1. Allocation](#)

Current Cost Apportionment

Scenario	Sewerage Area	Incremental HHI	Average Annual Levy Amount Over Amortization
<b>1</b>	VSA	\$140	\$46M
	NSSA	\$725	\$71M
	LIWSA	\$70	\$9M
	FSA	\$80	\$64M
	Total		\$190M

Adjusted Regional Spread (equal HHI)

Scenario	Sewerage Area	Incremental HHI	Average Annual Levy Amount Over Amortization
<b>2</b>	VSA	\$140	\$46M
	NSSA	\$140	\$15M
	LIWSA	\$140	\$23M
	FSA	\$140	\$106M
	Total		\$190M

## COST ALLOCATION OPTIONS FOR ADDED COSTS FOR THE NSWWTP PROGRAM [1. Allocation](#)

Adjusted Regional Spread (add \$10/HH for 3SAs)

Scenario	Sewerage Area	Incremental HHI	Average Annual Levy Amount Over Amortization
<b>3</b>	VSA	\$150	\$50M
	NSSA	\$590	\$58M
	LIWSA	\$80	\$11M
	FSA	\$90	\$71M
	Total		\$190M

Adjusted Regional Spread (add \$20/HH for 3SAs)

Scenario	Sewerage Area	Incremental HHI	Average Annual Levy Amount Over Amortization
<b>4</b>	VSA	\$160	\$54M
	NSSA	\$455	\$45M
	LIWSA	\$90	\$13M
	FSA	\$100	\$78M
	Total		\$190M

## COST ALLOCATION OPTIONS FOR ADDED COSTS FOR THE NSWWTP PROGRAM [1. Allocation](#)

Adjusted Regional Spread (add \$30/HH for 3SAs)

Scenario	Sewerage Area	Incremental HHI	Average Annual Levy Amount Over Amortization
5	VSA	\$170	\$58M
	NSSA	\$320	\$32M
	LIWSA	\$100	\$15M
	FSA	\$110	\$85M
	Total		\$190M

Adjusted Regional Spread (add \$40/HH for 3SAs)

Scenario	Sewerage Area	Incremental HHI	Average Annual Levy Amount Over Amortization
6	VSA	\$180	\$62M
	NSSA	\$185	\$19M
	LIWSA	\$110	\$17M
	FSA	\$120	\$92M
	Total		\$190M

## PHASE-IN OPTIONS FOR SEWERAGE LEVY

### [2. Phase in](#)

	Phase-in period for levy	5 Year Debt Financing Impacts	Overall 5-Year HHI % Change
1	1 Year	~\$90M savings	31%, 5%, 5%, 5%, 5%
2	1 Year for 3 SAs, 3 years for NSSA	~\$75M savings	26%, 7%, 6%, 5%, 5%
3	2 Year	~\$70M savings	21%, 13%, 5%, 5%, 5%
4	1 Year for 3 SAs, 5 year for NSSA	~\$60M savings	25%, 6%, 6%, 6%, 6%
5	3 Year	~\$20M savings	18%, 10%, 10%, 5%, 5%
6	4 Year *	~ -\$25M cost	16%, 9%, 9%, 8%, 5%
7	5 Year *	~ -\$60M cost	15%, 8%, 8%, 8%, 8%

\* Will result in cash flow challenge and will need to increase rates post 5 years (not recommended)

## SCENARIOS FOR CONSIDERATION

Choose one phase-in period and one allocation option

5 Year Debt Financing Impacts	Phase-in Period for Levy
~\$90M avoid	1 Year
~\$75M avoid	1 Year for 3 sewerage areas, 3 years for NSSA
~\$70M avoid	2 Year
~\$60M avoid	1 Year for 3 sewerage areas, 5 year for NSSA
~\$20M avoid	3 Year
~ -\$25M cost	4 Year *
~ -\$60M cost	5 Year *

Allocation Options
Current (variable and \$725 for NSSA)
\$140 for each household in region
Adjusted (+\$10 and \$590 for NSSA)
Adjusted (+\$20 and \$455 for NSSA)
Adjusted (+\$30 and \$320 for NSSA)
Adjusted (+\$40 and \$185 for NSSA)

\*Would present cash flow challenge. Would need to increase rates after 5 years (not recommended)

## SCENARIOS FOR CONSIDERATION

Scenario Provided at April Board Budget Workshop

5 Year Debt Financing Impacts	Phase-in Period for Levy
~\$90M avoid	1 Year
~\$75M avoid	1 Year for 3 sewerage areas, 3 years for NSSA
~\$70M avoid	2 Year
~\$60M avoid	1 Year for 3 sewerage areas, 5 year for NSSA
~\$20M avoid	3 Year
~ -\$25M cost	4 Year *
~ -\$60M cost	5 Year *

Allocation Options
Current (variable and \$725 for NSSA)
\$140 for each household in region
Adjusted (+\$10 and \$590 for NSSA)
Adjusted (+\$20 and \$455 for NSSA)
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~\$60M avoid	1 Year for 3 sewerage areas, 5 year for NSSA
~\$20M avoid	3 Year
~ -\$25M cost	4 Year *
~ -\$60M cost	5 Year *

Allocation Options	
Current (variable and \$725 for NSSA)	
\$140 for each household in region	
Adjusted (+\$10 and \$590 for NSSA)	\$775
Adjusted (+\$20 and \$455 for NSSA)	\$605
Adjusted (+\$30 and \$320 for NSSA)	
Adjusted (+\$40 and \$185 for NSSA)	

\* If NSSA chooses 15-year amortization, debt service savings is \$297M to \$382M; but accrues to NSSA

## DIRECTION TO STAFF

Recommendation in the report is to receive for information  
However, staff are seeking direction on how to prepare the 2025  
Budget and 2025-2029 Financial Plan in terms of:

1. **Allocation** - How to allocate the \$2.8B required to complete the NSWWTP Program (Table 6)
2. **Phase in** - How to phase in the required levy (Table 7)

## BOARD RESOLUTION

*“That the MVRD / MVHC / GVS&DD / GVWD Boards direct staff to prepare the 2025 Budget and 2025-2029 Financial Plan by allocating the \$2.8B required to complete the NSWWTP Program according to [insert Option 1,2,3,4,5, or 6 from Table 6] and phasing the levy in according to [insert Option 1,2,3,4,5,6, or 7 from Table 7]”.*



First Nation Drum – Heather Place Opening

TOGETHER  
WE MAKE OUR REGION  
STRONG

Thank You

metrovancouver