

GREATER VANCOUVER WATER DISTRICT (GVWD)

BOARD OF DIRECTORS

BOARD MEETING

Friday, February 27, 2026

9:00 am

28th Floor Boardroom, 4515 Central Boulevard, Burnaby, British Columbia

AGENDA

A. ADOPTION OF THE AGENDA

1. February 27, 2026 Meeting Agenda

THAT the GVWD Board adopt the agenda for its meeting scheduled for February 27, 2026 as circulated.

B. ADOPTION OF THE MINUTES

1. January 30, 2026 Meeting Minutes

THAT the GVWD Board adopt the minutes of its meeting held January 30, 2026 as circulated.

pg. 6

C. DELEGATIONS

D. INVITED PRESENTATIONS

E. CONSENT AGENDA

Note: Directors may adopt in one motion all recommendations appearing on the Consent Agenda or, prior to the vote, request that an item be removed from the Consent Agenda for debate or discussion, voting in opposition to a recommendation, or declaring a conflict of interest with an item.

1. WATER COMMITTEE REPORTS

1.1 2026 GVWD Capital Program Update No. 1

Report dated February 2, 2026 from Joel Melanson, Director, Water Services Engineering, Design & Construction, and Jennifer Crosby, Director, Project Delivery, Project Management Office.

pg. 11

Executive Summary

This report provides a status update of the GVWD Capital Program with summaries for larger projects (i.e. cost of >\$100M), highlighting progress, schedule, budget, and upcoming milestones, and an overall summary of remaining projects. As part of the GVWD capital planning process, the timing of each project is reviewed and updated annually based on available resources, strategic prioritization, risk to system operations and financial sustainability. These updates are provided three times a year for the Water Committee and GVWD Board in February, July, and November to provide timely line of sight for the April Board Budget Workshop, input into the annual budget and five-year financial plan for October, and an end of year update. Individual project reports will continue to be provided as needed, particularly at key decision-making milestones.

Recommendation

THAT the GVWD Board receive for information the report dated February 2, 2026, titled “2026 GVWD Capital Program Update No. 1.”.

2. PERFORMANCE AND AUDIT COMMITTEE REPORTS

2.1 Financial Board Policy Review – Amended Corporate Allocation Policy

pg. 35

Report dated February 9, 2026 from Linda Sabatini, Deputy Chief Financial Officer, Financial Services.

Executive Summary

This report responds to Board direction to complete a review of Metro Vancouver’s relevant financial policies in advance of the 2026 April Board Budget Workshop. The *Corporate Allocation Policy* was adopted in 2017 and provides a budget framework for allocating the costs of Metro Vancouver’s centralized support departments to Metro Vancouver’s four legal entities. Centralized support includes Corporate Services, External Relations, Financial Services, Human Resources, Indigenous Relations, Legislative Services, Procurement and Real Estate Services, and Project Delivery. Subsequent to review, this report recommends the following amendments:

- a) administrative updates to reflect the organizational structure;
- b) modifications to the calculation of allocating costs to: exclude one-time funded expenditures; and exclude total debt service costs for Metro Vancouver Housing Corporation (MVHC) and Sasamat Fire Protection Services; and
- c) the addition of an allocation method for Project Delivery’s Project Management Office.

The proposed amendments more accurately reflect service levels provided, reduce operating budget fluctuations and incorporate current practices not captured in the existing policy.

Recommendation

THAT the GVWD Board approve the amended *Corporate Allocation Policy* as presented in the report dated February 9, 2026, titled “Financial Board Policy Review – Amended *Corporate Allocation Policy*”.

2.2 Financial Board Policy Review – Amended Operating, Statutory and Discretionary Reserves Policy – Proposed Title: Financial Reserves Policy *pg. 55*

Report dated February 9, 2026, from Linda Sabatini, Deputy Chief Financial Officer, Financial Services.

Executive Summary

This report responds to Board direction to complete a review of Metro Vancouver’s relevant financial policies in advance of the 2026 April Board Budget Workshop. The *Operating, Statutory and Discretionary Reserves Policy* was adopted in 2018 and provides a framework on the establishment, use, and management of reserves for Metro Vancouver’s four legal entities and regional district services. The policy clarifies the priority for allocating surpluses while reinforcing the fundamental principle that surpluses are allocated within their originating purpose and are not transferable between reserves or functions. Metro Vancouver does not hold excess ratepayer funds

in reserves, ensuring prudent financial management of programs. Subsequent to review, this report recommends the following amendments:

- a) administrative and policy principle updates to reflect regional district services, including changing the policy name to *Financial Reserves Policy*; and
- b) introduction of a maximum balance for the centralized support discretionary reserve.

The proposed amendments strengthen financial stability while improving clarity, consistency, and long-term resilience across Metro Vancouver’s reserves to align with long-term financial plans.

Recommendation

THAT the GVWD Board approve the amendments to the *Operating, Statutory and Discretionary Reserves Policy* as presented in the report dated February 9, 2026, titled “Financial Board Policy Review – Amended *Operating, Statutory and Discretionary Reserves Policy* – Proposed Title: *Financial Reserves Policy*”.

2.3 Financial Board Policy Review – Amended Financial Management Policy *pg. 87*

Report dated February 9, 2026 from Linda Sabatini, Deputy Chief Financial Officer, Financial Services, and Heather McNell, Deputy Chief Administrative Officer, Policy and Planning.

Executive Summary

This report responds to Board direction to complete a review of Metro Vancouver’s relevant financial policies in advance of the 2026 April Board Budget Workshop. The Financial Management Policy was adopted in 2018, and provides a framework for funding decisions through a “pay-as-you-go” approach for operating and recurring capital expenditures, and long-term borrowing for major capital infrastructure costs.

The *Financial Management Policy* sets the policy framework for amortization for Metro Vancouver’s capital program – currently set at 15 years for all capital projects, with the exception of 30 years for North Shore municipalities’ share of the North Shore Wastewater Treatment Plant Program. Amortization period has been a topic of discussion at multiple Board meetings over the past number of years; this report provides a range of scenarios and applies them to Metro Vancouver’s 10 Year Capital Outlook – received by the Boards in October 2025 as a tool to be used in discussions about how best to manage the future capital program and the resulting financial implications. The scenarios demonstrate how amortization can be used as one means of addressing future financial challenges, with trade-offs.

Subsequent to review and engagement with the Municipal Finance Authority, this report recommends amending the amortization period for capital projects to 20 years, and to 30 years for projects exceeding \$1 billion in net borrowing. In addition, the funding principle of “transitioning to a growth-pays-for-growth” model through development cost charges (DCCs) has been added to align with Board direction over the past number of years.

The policy amendments strengthen financial stability while improving clarity, consistency, and long-term resilience to align with long-term financial plans.

Recommendation

THAT the GVWD Board approve the amended *Financial Management Policy* as presented in the report dated February 9, 2026, titled “Financial Board Policy Review – Amended *Financial Management Policy*”.

- 2.4 Financial Board Policy Review - Procurement and Asset Disposal Authority Policy** pg. 122
Report dated February 4, 2026 from George Kavouras, Director, Procurement, Procurement & Real Estate Services.

Executive Summary

This report is responding to the January 30, 2026 MVRD Board resolution “THAT *the MVRD Board direct staff to review the Procurement and Asset Disposal Authority Policy (“Procurement Policy”) as a priority for Q1 2026.*” The Procurement Policy was reviewed, updated, and subsequently approved by all Metro Vancouver Boards in April 2024. The Procurement Policy update was the result of a comprehensive and collaborative review process involving internal stakeholders, subject matter experts, end users, and comparative analyses of other jurisdictions to ensure a well-informed and modernized framework. The Procurement Policy provides strong oversight and internal controls, enables operational efficiency, aligns with market and regulatory conditions, and is consistent with practices in comparable public sector organizations.

If the Boards wish to see a review of a particular part of the policy, staff is seeking direction as to areas of interest.

Recommendation

THAT the GVWD Boards receive for information the report dated February 4, 2026, titled “Financial Board Policy Review - *Procurement and Asset Disposal Authority Policy*”.

F. ITEMS REMOVED FROM THE CONSENT AGENDA

G. REPORTS NOT INCLUDED IN CONSENT AGENDA

H. MOTIONS FOR WHICH NOTICE HAS BEEN GIVEN

I. OTHER BUSINESS

J. RESOLUTION TO CLOSE MEETING

Note: The Board must state by resolution the basis under section 90 of the Community Charter on which the meeting is being closed. If a member wishes to add an item, the basis must be included below.

THAT the GVWD Board close its meeting scheduled for February 27, 2026 pursuant to section 226 (1) (a) of the *Local Government Act* and the *Community Charter* provisions as follows:

90 (1) A part of a council meeting may be closed to the public if the subject matter being considered relates to or is one or more of the following:

- (e) the acquisition, disposition or expropriation of land or improvements, if the council considers that disclosure could reasonably be expected to harm the interests of the municipality;
- (g) litigation or potential litigation affecting the municipality.

K. ADJOURNMENT

THAT the GVWD Board adjourn its meeting of February 27, 2026.

GREATER VANCOUVER WATER DISTRICT (GVWD)

BOARD OF DIRECTORS

BOARD MEETING

Friday, January 30, 2026

2:44 pm

28th Floor Boardroom, 4515 Central Boulevard, Burnaby, British Columbia

MINUTES

MEMBERS PRESENT:

Chair, Mike Hurley, Burnaby
 Vice Chair, John McEwen, Anmore
 Belcarra, Jamie Ross
 Burnaby, Pietro Calendino
 Coquitlam, Craig Hodge
 Coquitlam, Teri Towner
 Delta, Rod Binder
 Delta, Alternative Director Daniel Boisvert for
 Director Dylan Kruger
 Electoral Area A, Jen McCutcheon
 Langley City, Paul Albrecht
 Maple Ridge, Dan Ruimy
 New Westminster, Nadine Nakagawa
 North Vancouver City, Linda Buchanan
 North Vancouver District, Lisa Muri
 Pitt Meadows, Nicole MacDonald
 Port Moody, Meghan Lahti *
 Richmond, Malcolm Brodie

Richmond, Alexa Loo
 Richmond, Bill McNulty
 Surrey, Harry Bains
 Surrey, Doug Elford
 Surrey, Gordon Hepner
 Surrey, Pardeep Kooner
 Surrey, Brenda Locke
 Surrey, Rob Stutt
 Vancouver, Lisa Dominato
 Vancouver, Sarah Kirby-Yung
 Vancouver, Mike Klassen
 Vancouver, Peter Meiszner
 Vancouver, Ken Sim
 Vancouver, Lenny Zhou
 West Vancouver, Mark Sager
 Commissioner Jerry W. Dobrovlny
 (Non-voting member)

* denotes electronic meeting participation as authorized by the Procedure Bylaw

MEMBERS ABSENT:

Burnaby, Sav Dhaliwal
 Langley Township, Steve Ferguson
 Langley Township, Eric Woodward

scə́waθən məsteyəx^w (Tsawwassen First Nation),
 Laura Cassidy
 Port Coquitlam, Brad West
 Vancouver, Rebecca Bligh

STAFF PRESENT:

Jerry W. Dobrovlny, Chief Administrative Officer
 Dorothy Shermer, Corporate Officer
 Christine Zhao, Legislative Services Coordinator, Board and Information Services

A. ADOPTION OF THE AGENDA**1. January 30, 2026 Meeting Agenda****It was MOVED and SECONDED**

THAT the GVWD Board adopt the agenda for its meeting scheduled for January 30, 2026 as circulated.

CARRIED**B. ADOPTION OF THE MINUTES****1. November 28, 2025 Meeting Minutes****It was MOVED and SECONDED**

THAT the GVWD Board adopt the minutes of its meeting held November 28, 2025 as circulated.

CARRIED**C. DELEGATIONS**

No items presented.

D. INVITED PRESENTATIONS

No items presented.

E. CONSENT AGENDA

At the request of Directors, the following item was removed from the Consent Agenda for consideration under Section F:

1.1 Metro Vancouver Development Cost Charge Program Update Progress and Next Steps**It was MOVED and SECONDED**

That the GVWD Board adopt the recommendation for the following item as presented in the January 30, 2026 GVWD Consent Agenda:

2.1 Direct Connections to the Regional Water System Policy**CARRIED****2.1 Direct Connections to the Regional Water System Policy**

Report dated January 9, 2026 from Linda Parkinson, Director, Policy, Planning and Analysis, Water Services, seeking GVWD Board approval of the policy addressing connections to the regional water system.

Recommendation

THAT the GVWD Board adopt the *Direct Connections to the Regional Water System Policy* (Policy No. UT-020) as presented in Attachment 1 of the report dated January 9, 2026, titled "Direct Connections to the Regional Water System Policy".

Adopted on Consent

F. ITEMS REMOVED FROM THE CONSENT AGENDA**1.1 Metro Vancouver Development Cost Charge Program Update Progress and Next Steps**

Report dated January 16, 2026 from Heather McNell, Deputy Chief Administrative Officer, Policy and Planning, and Linda Sabatini, Deputy Chief Financial Officer, Financial Services, providing an update on the progress and next steps of the Metro Vancouver DCC Program Update, including engagement with member jurisdictions, and an opportunity for the Board to consider potential changes in direction.

It was MOVED and SECONDED

THAT the GVWD Board:

- a) direct staff to report back with bylaw amendments to roll back DCC rates to 2025 levels;
- b) direct staff to report back with a strategy to offset the roll back of DCC rates to 2025 levels with options including: without increasing tax or utility rates in 2026;

AND THAT the GVWD Board:

- a) direct staff to work towards spreading the approved increase in DCC rates for 2027 and the transition to a 1% assist factor over two years instead of one;
- b) integrate this direction into proposed DCC rates and structure for 2028-2030 to be presented at the April 2026 Board Budget Workshop for consideration to proceed to public engagement; and
- c) direct staff to present options that do not include impacts to Household Impact.

CARRIED

G. REPORTS NOT INCLUDED IN CONSENT AGENDA**1.1 Greater Vancouver Water District Water Supply Areas Protection Bylaw No. 268, 2026**

Report dated December 22, 2025 from Heidi Walsh, Director, Watersheds and Environment, Water Services, providing details of the current approach in protecting the GVWD Water Supply Areas and seeking GVWD Board approval of a new *Greater Vancouver Water District Water Supply Areas Protection Bylaw No. 268, 2026*.

It was MOVED and SECONDED

THAT the GVWD Board give first, second, and third reading to *Greater Vancouver Water District Water Supply Areas Protection Bylaw No. 268, 2026*.

CARRIED

It was MOVED and SECONDED

THAT the GVWD Board adopt *Greater Vancouver Water District Water Supply Areas Protection Bylaw No. 268, 2026*.

CARRIED

1.2 Greater Vancouver Water District Notice of Bylaw Violation Enforcement and Dispute Adjudication Bylaw No. 269, 2026

Report dated January 9, 2026 from Linda Parkinson, Director, Policy, Planning and Analysis, Water Services, seeking GVWD Board adoption of the proposed *Greater Vancouver Water District Notice of Bylaw Violation Enforcement and Dispute Adjudication Bylaw No. 269, 2026*.

It was MOVED and SECONDED

THAT the GVWD Board give first, second, and third reading to *Greater Vancouver Water District Notice of Bylaw Violation Enforcement and Dispute Adjudication Bylaw No. 269, 2026*.

CARRIED

It was MOVED and SECONDED

THAT the GVWD Board adopt *Greater Vancouver Water District Notice of Bylaw Violation Enforcement and Dispute Adjudication Bylaw No. 269, 2026*.

CARRIED

H. MOTIONS FOR WHICH NOTICE HAS BEEN GIVEN

No items presented.

I. OTHER BUSINESS

1. GVWD Board Committee Information Items and Delegation Summaries

J. RESOLUTION TO CLOSE MEETING

It was MOVED and SECONDED

THAT the GVWD Board close its meeting scheduled for January 30, 2026 pursuant to section 226 (1) (a) of the *Local Government Act* and the *Community Charter* provisions as follows:

90 (1) A part of a council meeting may be closed to the public if the subject matter being considered relates to or is one or more of the following:

(e) the acquisition, disposition or expropriation of land or improvements, if the council considers that disclosure could reasonably be expected to harm the interests of the municipality.

CARRIED

K. ADJOURNMENT

It was MOVED and SECONDED

THAT the GVWD Board adjourn its meeting of January 30, 2026.

CARRIED

(Time: 2:46 pm)

CERTIFIED CORRECT

Dorothy Shermer, Corporate Officer

Mike Hurley, Chair

82385737



To: Water Committee

From: Joel Melanson, Director, Water Services Engineering, Design & Construction
Jennifer Crosby, Director, Project Delivery, Project Management Office

Date: February 2, 2026 Meeting Date: February 11, 2026

Subject: **2026 GVWD Capital Program Update No. 1**

RECOMMENDATION

THAT the GVWD Board receive for information the report dated February 2, 2026, titled “2026 GVWD Capital Program Update No. 1.”

EXECUTIVE SUMMARY

This report provides a status update of the GVWD Capital Program with summaries for larger projects (i.e. cost of >\$100M), highlighting progress, schedule, budget, and upcoming milestones, and an overall summary of remaining projects. As part of the GVWD capital planning process, the timing of each project is reviewed and updated annually based on available resources, strategic prioritization, risk to system operations and financial sustainability. These updates are provided three times a year for the Water Committee and GVWD Board in February, July, and November to provide timely line of sight for the April Board Budget Workshop, input into the annual budget and five-year financial plan for October, and an end of year update. Individual project reports will continue to be provided as needed, particularly at key decision-making milestones.

PURPOSE

This report provides the Water Committee and GVWD Board with the first of three annual updates on the GVWD Capital Program.

BACKGROUND

Each year, the GVWD Board approves a budget for the upcoming year and endorses a five-year financial plan. Regular updates on the Capital Program provide the Committee and Board with information to support good governance of the organization, decision making, project management, and financial oversight. This report provides the first of three Capital Program updates to the Committee and Board. Two additional Major Project updates are provided to the Committee throughout the year, and three Financial Performance Updates are also provided to the Board through the Performance and Audit Committee.

Table 1: Capital Program Reporting

	J	F	M	A	M	J	J	A	S	O	N	D
Capital Program Update		☑					☑				☑	
Additional Major Project Updates					☑				☑			
Financial Performance Report				☑			☑				☑	




MAJOR WATER PROJECTS STATUS UPDATE

Updates on the GVWD Capital Program are as of January 20, 2026. Progress, schedule and budget status for the active phase of the project are shown using a consistent scale. Updates on projects are provided for projects over \$100M. A summary of all other capital projects is also provided, and a financial update on all the projects in the capital program is included (**Attachment 1**).

Annacis Water Supply Tunnel – Project Delivery

The Annacis Water Supply Tunnel is a new crossing of the Fraser River that when combined with the Annacis Water Main North and Annacis Water Main South projects, will increase the water supply capacity to the communities south of the Fraser River. The new tunnel will span 2.3 km from New Westminister to Surrey and will be 4.5 m in diameter. The project consists of a tunnel and deep vertical shafts on each side of the river which will accommodate the installation of a 2.6 m diameter welded steel water main. Underground valve chambers will also be constructed adjacent to each shaft to regulate flow and facilitate the connection of the water main to the existing water transmission system. The project is driven by growth requirements and will also be seismically resilient and able to withstand a major earthquake.




Construction commenced in early 2022 and is approximately 70% complete. The shafts were completed in 2024 and tunnel excavation was completed in the summer of 2025. Current work includes installation of the water main and the valve chambers. Construction is scheduled to be completed in late 2027 with the tunnel expected to be in-service by 2028. Additional information and project updates are available on the project [webpage](#) (Reference 1).

Annacis Water Supply Tunnel		Status
Progress	Construction (70% complete)	
Schedule	On schedule	
Budget	Tariffs on steel pipe were unexpected; additional cost is being managed within budget	
Next Milestone	Construction completion in late 2027 followed by commissioning in 2028. Stage Gate 4 (project close-out) in 2028.	

Annacis Water Main North (Annacis Main No. 5 – North)

The Annacis Water Main North is a new water main that will connect the north end of the Annacis Water Supply Tunnel in New Westminister to the existing transmission system in Burnaby. This project involves installing approximately 2.8 km of 1.8 m diameter welded steel water main and a cast-in-place concrete crossover valve chamber, flow meter chamber, and line valve chamber.




The project will be delivered in two phases. The design of the first phase, located in New Westminister, is complete and construction is anticipated to commence in May 2026. The design of the second phase in Burnaby is nearing completion with construction planned for late 2026. The completion of the overall project is aligned with the Annacis Water Supply Tunnel. Additional information and project updates are available on the project [webpage](#) (Reference 2).

Annacis Water Main North		Status
Progress	Construction (0% complete); Construction commencing in Q2 2026	
Schedule	On Schedule	
Budget	Tariffs on steel pipe were unexpected; additional cost is being managed within budget	
Next Milestone	Award construction installation contracts	

Annacis Water Main South (Annacis Main No. 5 – South)

The Annacis Water Main South is a new water main that will connect the south end of the Annacis Water Supply Tunnel to the existing Kennedy Reservoir in Surrey. This project involves installing approximately 3 km of 1.8 m diameter welded steel water main, cast in place underground valve chambers and flow meter chambers.

The project is being delivered in three phases with the design of all three phases complete. Construction of the first phase, a pre-built section along 96 Avenue was completed in 2022. The second phase between the Annacis Water Supply Tunnel and 96 Avenue is approximately 50% complete. The construction contract for the final phase is currently being tendered with construction anticipated to commence in May 2026. The completion of the overall project is aligned with the Annacis Water Supply Tunnel project. Additional information and project updates are available on the project [webpage](#) (Reference 3).

Annacis Water Main South		Status
Progress	Construction (33% complete)	
Schedule	On schedule	
Budget	Tariffs on steel pipe were unexpected; additional cost is being managed within budget	
Next Milestone	Award final construction contract	

Burnaby Mountain Pump Station (Burnaby Mountain Pump Station No. 2)

The Burnaby Mountain Pump Station will replace the existing Burnaby Mountain Pump Station No. 1 to increase the water supply capacity to the Cities of Burnaby, Coquitlam, and Port Moody. Included within the project are a new inlet and outlet for the existing Burnaby Mountain Reservoir and a backup power supply system. The project is in the preliminary design phase, which is expected to be completed in early 2027. The detailed design phase is planned for completion in 2029 and the tentative timeline for construction is 2029 to 2033.

Burnaby Mountain Pump Station		Status
Progress	Preliminary Design (0%)	●
Schedule	On schedule	●
Budget	On budget	●
Next Milestone	Completion of site assessments and preliminary design	

Cambie-Richmond Water Supply Tunnel – Project Delivery

The Cambie-Richmond Water Supply Tunnel is a 1.1 km long, 4.5 m diameter crossing under the Fraser River from Vancouver to Richmond. The project consists of a tunnel and deep vertical shafts located on each side of the river to facilitate the installation of a 2.1 m diameter welded steel water main. Each shaft site will also include the construction of underground valve chambers to facilitate water control functions. This is a resilience driven project that will ensure the delivery of high-quality drinking water following a major earthquake and will also meet future growth requirements.




The project definition phase was completed in 2022. This was followed by acquisition of property in Vancouver and Richmond to facilitate construction of long-term land tenure for the shafts and valve chambers. The preliminary design phase commenced in 2024 and is in progress. This will be followed by the detailed design phase and construction which is planned to commence by 2030. Additional information and project updates are available on the project [webpage](#) (Reference 4).

Cambie-Richmond Water Supply Tunnel		Status
Progress	Preliminary Design (25% complete)	●
Schedule	On schedule	●
Budget	On budget	●
Next Milestone	Completion of preliminary design in late 2026 or early 2027. Stage Gate 2 will occur in early 2027 to seek approval to proceed to the next detailed design phase.	

Cape Horn Pump Station (Cape Horn Pump Station No. 3)

Cape Horn Pump Station will replace the existing Cape Horn Pump Station No. 1, which has reached the end of its service life. The new pump station is being designed to increase the water supply capacity to the Cities of Coquitlam, Delta, Langley, and Surrey. Included within the project are a new inlet and outlet for the existing Cape Horn Reservoir, new backup power for Cape Horn Pump Stations, and the connections of Coquitlam Water Main to the water transmission system in the Cape Horn area. The detailed design of the new pump station is currently 60% complete and is expected to be completed in 2028. The timeline for construction is under review and is being coordinated with the schedule for the Coquitlam Water Main – Cape Horn Section. Project completion is anticipated in 2045.




Currently, the design is being reviewed to accommodate updated water demands from the latest population projections. The project team is also analyzing potential hydraulic transients resulting from events such as an unplanned power loss and reviewing water transmission system interconnectivity to ensure that the new pump station can supply water in several directions to support overall system resiliency.

Cape Horn Pump Station		Status
Progress	Detailed Design (60% complete) - Additional effort is required to accommodate updated design flows, mitigate hydraulic transients, and provide improved system interconnectivity.	
Schedule	On schedule	
Budget	On budget	
Next Milestone	Completion of 90% detailed design	

Central Park Water Main (Central Park Main No. 2 – Patterson to 10th Ave)

The Central Park Water Main is a new water main that will replace the existing Central Park Main No. 1 that has served the region for nearly 100 years. The new water main is located in Burnaby and will increase the water supply capacity to the Cities of Burnaby and New Westminster. The project involves installing approximately 7 km of 1.2 m diameter welded steel water main, cast-in-place underground valves chambers, and flow meter chambers.




The project is being delivered in multiple phases. The first two phases of the project are already installed and in service. The current phase of the project, along Imperial Street, is approximately 60% complete. The final phase of the project is expected to be tendered in summer 2026 with completion of construction anticipated in 2029. Additional information and project updates are available on the project [webpage](#) (Reference 5).

Central Park Water Main		Status
Progress	Construction (64% complete)	
Schedule	On schedule	
Budget	On budget	
Next Milestone	Completion of active construction phase.	

Coquitlam Lake Water Supply – Project Delivery

The regional population is projected to reach four million by the year 2045 and work is underway to expand access to GVWD’s largest water source, Coquitlam Lake, through the Coquitlam Lake Water Supply Project. This project will double the capacity to access water from the Coquitlam source to meet the region’s future drinking water needs.




The project consists of a new 8.5-kilometre by 5-metre diameter water supply intake tunnel and water filtration treatment plant. The project is currently in the preliminary design phase, focusing on permitting and regulatory activities. Procurement for design consultants for the intake, tunnel, and filtration treatment plant are underway. Treatment pilot testing facilities are also being constructed and anticipated to be completed in Q2 2026. Staff are engaging kʷikʷəłəm (Kwikwetlem First Nation) through a co-developed and co-led collaborative impact assessment, which has taken longer than expected to complete. The assessment is anticipated to be completed by Q2 2026. The project schedule and cost estimate are being updated to reflect additional design work and current market conditions. It is anticipated that the updated schedule and cost estimate will be ready in the first half of 2027. Project completion is required by the late 2030s to meet future drinking water demands. Additional information and project updates are available on the project [webpage](#) (Reference 6).

Coquitlam Lake Water Supply		Status
Progress	Preliminary Design (5% complete)	
Schedule	On schedule for overall program; regulatory/permitting process has been protracted and is being managed within the overall schedule	
Budget	On budget	
Next Milestone	Stage Gate 2 – Approval to proceed to Design Phase	

Coquitlam Water Main (Coquitlam Main No. 4) – Project Delivery

Metro Vancouver is constructing the new Coquitlam Water Main as part of the overall strategy to increase the capacity of the Coquitlam system. The Coquitlam Water Main is a key regional transmission main that will expand the capacity of the Coquitlam source for the next 50 years to reliably meet current and future demands for drinking water, particularly for member jurisdictions south of the Fraser River and to the east of the City of Coquitlam. The new water main is approximately 12 km long, spanning from the north end of Pipeline Road to Mariner Way at Riverview Crescent, in the City of Coquitlam. The diameter of the new steel water main ranges from 2.2 to 3.5 m. This is the largest water main Metro Vancouver has constructed.




Construction of the water main is divided into four sections, namely, the Pipeline Road North Section, Robson to Guildford Section, City Centre Tunnel Section, and Cape Horn Section. Construction of the Robson to Guildford Pre-Build Section is underway and to date 1,245 m out of 1,400 m of pipe has been installed. Several construction issues have been identified but they are forecasted to be managed within the approved budget and overall project schedule. Detailed design is wrapping up for the remaining sections, and the next step is a Stage Gate 3 approval to proceed to the construction phase. Project completion is required by the mid-2030s to meet future drinking water demands. Additional information and project updates are available on the project [webpage](#) (Reference 7).

Coquitlam Water Main		Status
Progress	Detailed Design (90% complete) and Construction – Robson to Guildford Section Pre-build (90% complete)	
Schedule	On schedule for overall project; anticipated schedule slippage on Robson to Guildford Pre-Build Section is being managed within overall project schedule	
Budget	On budget; remission for steel pipe tariffs underway; third party utility relocations and geotechnical challenges on Guildford Pre-Build Section being reviewed	
Next Milestone	Stage Gate 3 – Approval to proceed to Construction Phase	

Port Coquitlam Water Main (Haney Main No. 4 - West Section)




The Port Coquitlam Water Main is a new water main that, along with the Pitt River (Haney) Water Supply Tunnel, will increase the water supply capacity and transmission system resiliency to the Cities of Port Coquitlam, Pitt Meadows and Maple Ridge. The project consists of the installation of approximately 7 km of 1.5 m diameter welded steel water main between the intersection of Ozada Avenue and Pipeline Road in Coquitlam to the future Pitt River Water Supply Tunnel located west of the Pitt River in Port Coquitlam. The project also includes a trenchless crossing of the Coquitlam River and large underground valve chambers.

The project is being delivered in multiple phases. The detailed design of the 1 km Ozada Avenue section in Coquitlam is underway with construction anticipated to commence in 2028 and an options analysis is underway for the Coquitlam River Tunnel Section. The route selection of the section located in the Port Coquitlam is nearing completion, which will be followed by detailed design which is planned to commence in 2027.

Port Coquitlam Water Main		Status
Progress	Preliminary Design - (50% complete for Port Coquitlam section) Detailed Design– (5% complete for Coquitlam Section)	
Schedule	Alternative route options are under evaluation within Port Coquitlam; being managed within overall project schedule	
Budget	On budget	
Next Milestone	Port Coquitlam route alignment approval and completion of 30% detailed design of Coquitlam section.	

Hellings Reservoir (Hellings Tank No. 2)




The Hellings Reservoir is required to provide additional in-system water storage to increase the water supply capacity to North Delta. This project consists of a new water storage tank and control chamber adjacent to the existing Hellings Tank, located in the City of Delta. The project is in the initiation phase to confirm the required storage volume and property requirements.

Hellings Reservoir		Status
Progress	Initiation (20% complete)	
Schedule	On schedule	
Budget	On budget	
Next Milestone	Confirmation of storage volume and property requirements	

Kennedy Newton Water Main

The Kennedy Newton Water Main is a new water main that will increase the water supply capacity between the Kennedy Reservoir and the Newton Reservoir in the City of Surrey. The project consists of approximately 7.6 km of 1.8 m diameter welded steel water main, cast in place underground valve chambers and flow meter chambers.




The project is being delivered in three separate phases. The first two phases are complete, and the final phase is approximately 90% complete with completion expected in fall 2026. Commissioning of the water main is expected to commence in 2027. Additional information and project updates are available on the project [webpage](#) (Reference 8).

Kennedy Newton Water Main		Status
Progress	Construction (94% complete)	
Schedule	On schedule	
Budget	On budget	
Next Milestone	Construction completion in fall 2026; Commissioning 2027	

Lulu Delta Water Supply Tunnel – Project Delivery

The Lulu Delta Water Supply Tunnel is an up to 2 km long marine crossing deep under the Fraser River between Richmond and Delta, near the George Massey Tunnel. The new tunnel is a maintenance driven project and will replace the existing Lulu Delta crossing which is nearing the end of its service life. The project will provide additional redundancy and ensure the reliable delivery of high-quality drinking water to Delta and Tsawwassen First Nation following a major earthquake. The project consists of a new welded steel water main crossing constructed using a trenchless method.




The project definition phase commenced last year and is scheduled to be completed in 2027. As part of this phase of work, the trenchless methodology will be confirmed along with the required property acquisitions. The timing for subsequent design and construction phases is under review and is currently planned to be deferred by several years for financial sustainability reasons. Design anticipated to commence in approximately 2040.

Lulu Delta Water Supply Tunnel		Status
Progress	Definition (20% complete)	
Schedule	The start of the project definition phase was delayed due to stakeholder engagement which has pushed the end date out by about 4 months. Future design and construction phases deferred by several years for financial sustainability reasons.	
Budget	On budget	
Next Milestone	The completion of the project definition phase in 2027 followed by property acquisition. The project will then be deferred with design commencing in approximately 2040.	

Pitt River (Haney) Water Supply Tunnel – Project Delivery

The Pitt River (Haney) Water Supply Tunnel is a 1 km long tunnel crossing of the Pitt River between Port Coquitlam and Pitt Meadows. The new tunnel will replace the existing Haney Mains No. 2 and No. 3, which are vulnerable to damage during an earthquake. The project will ensure the reliable delivery of high-quality drinking water following a major earthquake and meet growth requirements in Pitt Meadows and Maple Ridge. The project consists of vertical shafts on each side of the Pitt River and a deep tunnel which will facilitate the installation of a welded steel water main. Valve chambers will also be constructed to facilitate water control functions.




The project definition phase was completed in late 2024. Property acquisition at the shaft sites is ongoing and is anticipated to be completed later this year. The timing for the design and construction phases is under review and is currently planned to be deferred by several years for financial sustainability reasons. Design is anticipated to commence in approximately 2040.

Pitt River (Haney) Water Supply Tunnel		Status
Progress	Definition (100% complete) – Currently securing property rights for future construction	
Schedule	On schedule. Future design and construction phases deferred by several years for financial sustainability reasons.	
Budget	On budget	
Next Milestone	The completion of property acquisition by the end of 2026. The project will then be deferred with design commencing in approximately 2040.	

Rechlorination Station Upgrades




Metro Vancouver owns and operates eight rechlorination stations across the region, which are required to maintain water quality throughout the transmission system. These stations were originally constructed between 1997 and 1998. The Rechlorination Station Upgrade Project includes design and construction of station rehabilitation and replacement facilities to renew service life.

The current phase of work focuses on upgrading the Cape Horn, Pitt River, and Clayton rechlorination stations. Detailed design and tendering are targeted for completion by the end of 2026. A subsequent phase of the project, planned between 2030 through 2050, will serve as Metro Vancouver’s long-term program to renew, replace, and relocate rechlorination facilities to accommodate major upcoming water infrastructure, such as new transmission mains, and to ensure the continued reliability of rechlorination station assets.

Rechlorination Station Upgrades		Status
Progress	Detailed Design (60% complete of first three stations)	
Schedule	On schedule	
Budget	On budget	
Next Milestone	Complete detailed design of first three stations	

Seymour Capilano Filtration Plant Additional Pre-Treatment




The Seymour Capilano Filtration Plant (SCFP) supplies drinking water from both the Seymour and Capilano sources and is the largest direct filtration facility in Canada. A significant turbidity event in 2017, driven by a large mudslide in the Seymour watershed, resulted in source water turbidity reaching extremely high turbidity levels and highlighted operational challenges at the plant. Subsequent treatability assessment work confirmed that natural watershed disturbances remain the most substantial long-term risk to source water quality, affecting treatment performance and finished water quality. The project is moving into preliminary design in 2026.

Seymour Capilano Filtration Plant Additional Pre-Treatment		Status
Progress	Preliminary Design (0% complete)	
Schedule	On schedule	
Budget	On budget	
Next Milestone	Award contract for preliminary design	

Second Narrows Water Supply Tunnel – Project Delivery




The Second Narrows Water Supply Tunnel is a 1.1 km long, 6.5 m diameter tunnel crossing the Burrard Inlet from North Vancouver to Burnaby. The project includes the installation of three welded steel water mains inside the tunnel that will replace the three existing mains, which were constructed at shallow depths at the bottom of Burrard Inlet between the 1940s and the 1970s. The existing mains are near the end of service life and do not meet seismic standards. The project includes two deep vertical shafts constructed on each side of the inlet, a deep tunnel under the inlet, and large valve chambers to regulate water flow through the transmission system. The project will ensure the continued reliable delivery of high-quality drinking water to the Cities of Vancouver, Burnaby, New Westminster, and Surrey.

Construction of this project commenced in 2019 and reached substantial completion last year. The first of three water mains was tied into the system last fall with the remaining two mains to be tied into the system over the next 2 years, with the full system in-service by 2028. Additional information and project updates are available on the project [webpage](#) (Reference 9).

Second Narrows Water Supply Tunnel		Status
Progress	Construction (95% complete)	
Schedule	On schedule	
Budget	On budget	
Next Milestone	Stage Gate 4 (project close out) in 2028	

Seymour Valley Water Main (Seymour Main No. 5 – North)

Seymour Valley Water Main is a new seismically resilient welded steel water main which will replace the existing Seymour Main No. 2 between the Seymour Falls Dam and the Seymour Capilano Filtration Plant. The new main will be constructed in several phases starting in 2028 to the late-2040's and will systematically replace vulnerable sections of the existing main.

Seymour Valley Water Main		Status
Progress	Detailed Design (75% complete)	
Schedule	On schedule	
Budget	On budget	
Next Milestone	Complete 100% detailed design drawing package for one open-cut section and complete Seymour watershed aggregate study.	

South Surrey Water Main (South Surrey Main No. 2)

The South Surrey Water Main is a 12 km, 1m diameter welded steel water main that will replace the existing South Surrey Main No. 1. The new water main is located in Surrey and will increase the water supply capacity to the area.

The project is divided into three separate phases, with route selection for all three phases complete. Detailed design of the first phase of the project has commenced with completion anticipated in 2028.

South Surrey Water Main		Status
Progress	Detailed Design (10% complete of Phase 1)	
Schedule	On schedule	
Budget	On budget	
Next Milestone	Complete detailed design for Phase 1	

Stanley Park Water Supply Tunnel – Project Delivery




The Stanley Park Water Supply Tunnel is required to replace an existing water main which was constructed at shallow depths through Stanley Park in the early 1930s. The existing water main has experienced leaks and has reached the end of its service life. The project involves the construction of a new water main inside a deep underground tunnel which is designed to increase water supply capacity and to meet Metro Vancouver’s seismic design standards.

The new tunnel will be 1.4 km long, approximately 4.5 m in diameter and will include a 2.6 m diameter welded steel water main which will be connected into the existing water transmission system through new underground valve chambers. Construction commenced in late 2024 and is scheduled to be complete by 2029. Additional information and project updates are available on the project [webpage](#) (Reference 10).

Stanley Park Water Supply Tunnel		Status
Progress	Construction (20% complete)	
Schedule	On schedule	
Budget	On budget	
Next Milestone	Tunnel excavation to commence in late 2026. Final completion and in-service by 2029. Stage Gate 4 (close-out) in 2029 or 2030.	

Whalley Kennedy Water Main (Whalley Kennedy Main No. 2)

The Whalley Kennedy Water Main is a 6.5 km, 1.5 m diameter welded steel water main that will twin the existing Whalley-Kennedy Link Main to increase water supply capacity to the area. The project is located in Surrey and is currently in the project definition phase to determine the best route alignment for the new main. The timing for the design and construction phases is under review.

Whalley Kennedy Water Main		Status
Progress	Definition (80% complete)	
Schedule	On schedule	
Budget	On budget	
Next Milestone	Complete conceptual design	

Remaining Projects

The GVWD Capital Program includes an additional 166 individual projects or programs of work with estimated costs of \$2.3B. These projects are in various phases from not yet started to complete. Financial performance indicators of these projects are provided in **Attachment 1**. These projects all proceed through stage gates and formal approvals and adhere to appropriate project controls suitable for the scale and complexity of the work.

ALTERNATIVES

This is an information report. No alternatives are presented.

FINANCIAL IMPLICATIONS

As part of the annual GVWD capital planning process, beginning with the April Board Budget Workshop, the timing of each project is reviewed and updated based on alignment with strategic priorities, risk to system operations, financial sustainability, and available resources. The GVWD Capital Program as a whole is progressing within plan parameters. Each project is subject to its own cost review on a regular basis, as well as regular stage gate approvals. Project specific reports will be provided to the Committee and Board as warranted to provide greater detail and address any required changes to project scope, schedule, or budget.

CONCLUSION

This report provides a status update of the GVWD Capital Program with summaries for larger projects (i.e. cost of >\$100M), highlighting progress, schedule, budget, and upcoming milestones, and an overall summary of remaining projects. These updates are provided three times a year for the Water Committee and GVWD Board in February, July, and November to provide timely line of sight for the April Board Budget Workshop, input into the annual budget and five-year financial plan for October, and an end of year update. Individual project reports will continue to be provided as needed, particularly at key decision-making milestones.

ATTACHMENTS

1. GVWD Capital Projects Financial Reporting.
2. Presentation re: GVWD Capital Program Update.

REFERENCES

1. Metro Vancouver, Annacis Water Supply Tunnel. metrovancover.org/services/water/annacis-water-supply-tunnel
2. Metro Vancouver, Annacis Water Main North. metrovancover.org/services/water/annacis-water-main-north
3. Metro Vancouver, Annacis Water Main South. metrovancover.org/services/water/annacis-water-main-south
4. Metro Vancouver, Cambie-Richmond Water Supply Tunnel. metrovancover.org/services/water/cambie-richmond-water-supply-tunnel
5. Metro Vancouver, Central Park Water Main. metrovancover.org/services/water/central-park-water-main
6. Metro Vancouver, Coquitlam Lake Water Supply Project. metrovancover.org/services/water/coquitlam-lake-water-supply-project
7. Metro Vancouver, Coquitlam Water Main. metrovancover.org/services/water/coquitlam-water-main
8. Metro Vancouver, Kennedy Newton Water Main. metrovancover.org/services/water/kennedy-newton-water-main
9. Metro Vancouver, Second Narrows Supply Tunnel. metrovancover.org/services/water/second-narrows-water-supply-tunnel.
10. Metro Vancouver, Stanley Park Water Supply Tunnel. metrovancover.org/services/water/stanley-park-water-supply-tunnel

82016835

Capital Expenditures as of December 31, 2025

GVWD

Name	Driver	Active Phase	Timeline (Start Yr - End Yr)	Total Estimated Costs	Total Actuals to Date (Dec. 31*)	2026 - 2030 Planned Expenditures	2026 Planned Annual Expenditures (in Budget)	2025 Planned Annual Expenditures (in Budget)	2025 Updated Forecasted Expenditures (Sept. 30)	2025 Actuals (Jan. 1 - Dec. 31)	2025 Actual Expenditures to Forecasted Expenditures (%)	2025 Actual Expenditures Variance to Forecasted Expenditures (\$)
Coquitlam Lake Water Supply**	Growth	Design	2016 - 2045	4,438,350,000	43,062,589	141,560,000	20,460,000	30,750,000	26,317,224	23,710,020	90%	(2,607,204)
Coquitlam Water Main**	Growth	Multiple	2016 - 2040	1,976,816,000	204,933,740	638,487,000	82,187,000	77,820,000	70,352,556	70,116,225	100%	(236,331)
Seymour Main No. 5 III (North)	Resilience	Design	2014 - 2040	750,600,000	8,146,512	69,900,000	2,000,000	2,000,000	625,000	422,859	68%	(202,141)
Lulu-Delta Water Supply Tunnel**	Maintenance	Design	2025 - 2052	651,000,000	905,282	54,679,000	1,300,000	1,300,000	1,300,000	883,827	68%	(416,173)
Cambie-Richmond Water Supply Tunnel**	Resilience	Design	2021 - 2036	647,800,000	43,234,953	46,674,000	3,200,000	2,200,000	3,024,693	3,609,000	119%	584,307
Pitt River (Haney) Water Supply Tunnel**	Resilience	Design	2023 - 2050	640,800,000	2,771,990	22,696,000	5,696,000	25,000,000	20,500,000	227,469	1%	(20,272,531)
Stanley Park Water Supply Tunnel**	Maintenance	Construction	2017 - 2029	495,000,000	118,464,842	380,114,000	92,722,000	64,652,000	64,652,000	88,734,287	137%	24,082,287
Cape Horn Pump Station No. 3	Growth	Design	2018 - 2045	485,950,000	8,966,579	44,100,000	2,700,000	3,000,000	1,350,000	1,176,554	87%	(173,446)
Annacis Water Supply Tunnel**	Growth	Construction	2016 - 2028	482,100,000	335,838,911	165,662,000	60,000,000	65,000,000	65,078,000	84,400,688	130%	19,322,688
Second Narrows Water Supply Tunnel**	Resilience	Construction	2015 - 2028	468,550,000	428,018,379	45,484,000	5,000,000	15,000,000	15,000,000	19,952,126	133%	4,952,126
South Surrey Main No. 2	Growth	Design	2019 - 2039	370,500,000	2,239,579	88,000,000	1,700,000	1,150,000	950,000	860,047	91%	(89,953)
Haney Main No. 4 (West Section)	Growth	Multiple	2017 - 2035	181,800,000	1,064,626	59,400,000	1,300,000	950,000	500,000	438,722	88%	(61,278)
Kennedy Newton Main	Growth	Construction	2017 - 2029	179,600,000	158,537,344	16,750,000	7,250,000	20,100,000	26,200,000	24,187,208	92%	(2,012,792)
SCFP Additional Pre-Treatment	Upgrade	Design	2026 - 2034	166,000,000	-	35,000,000	1,000,000	-	-	-	0%	-
Rechlorination Station Upgrades	Maintenance	Construction	2020 - 2050	149,950,000	2,821,421	26,250,000	3,000,000	2,000,000	1,100,000	1,186,298	108%	86,298
Central Park Main No. 2 (Patterson to 10th Ave)	Maintenance	Construction	2018 - 2028	140,850,000	79,975,645	60,200,000	16,200,000	17,900,000	19,450,000	22,442,269	115%	2,992,269
Whalley Kennedy Main No. 2	Growth	Design	2023 - 2033	119,800,000	593,190	1,950,000	500,000	500,000	150,000	154,561	103%	4,561
Annacis Main No. 5 (North)	Growth	Construction	2014 - 2031	115,100,000	6,389,709	85,100,000	15,100,000	10,500,000	2,795,747	3,159,715	113%	363,968
Hellings Tank No. 2	Growth	Not Started	2027 - 2035	112,000,000	-	10,000,000	-	-	-	-	0%	-
Annacis Main No. 5 (South)	Growth	Construction	2017 - 2031	103,550,000	25,359,239	61,050,000	20,050,000	15,300,000	12,465,000	13,252,377	106%	787,377
Burnaby Mountain Pump Station No. 2	Maintenance	Design	2024 - 2033	102,700,000	623,756	52,950,000	1,450,000	1,100,000	300,000	192,139	64%	(107,861)
Total > \$100M						2,106,006,000	342,815,000	356,222,000	332,110,220	359,106,391	108%	26,996,171
South Fraser Works Yard	Maintenance	Design	2021 - 2030	98,000,000	53,430,299	44,000,000	1,000,000	1,000,000	600,000	467,812	78%	(132,188)
Emergency Reservoir and Valve refurbishments	Upgrade	Construction	2026 - 2030	95,000,000	-	20,000,000	2,500,000	-	-	-	0%	-
Newton Pump Station No. 2	Growth	Construction	2017 - 2030	90,050,000	28,672,087	60,450,000	18,150,000	13,650,000	10,050,000	7,758,238	77%	(2,291,762)
Little Mountain Pump Station No. 2	Maintenance	Not Started	2030 - 2038	82,000,000	-	2,000,000	-	-	-	-	0%	-
Capilano Raw Water Pump Station - Back-up Power	Resilience	Construction	2016 - 2027	81,000,000	68,937,045	9,250,000	8,000,000	22,000,000	22,000,194	20,253,888	92%	(1,746,305)
Beach Yard Facility - Site Redevelopment	Maintenance	Design	2026 - 2032	80,500,000	-	45,500,000	300,000	-	-	-	0%	-
Port Mann Main No. 2 (South)	Growth	Multiple	2017 - 2031	73,950,000	33,295,429	33,500,000	50,000	550,000	25,000	17,443	70%	(7,557)
Burnaby Mountain Tank No. 2 and No. 3	Resilience	Design	2021 - 2031	73,350,000	867,945	59,000,000	550,000	600,000	500,000	178,325	36%	(321,675)
Port Moody Main No. 3 Scott Creek Section	Maintenance	Construction	2018 - 2030	63,500,000	4,474,930	60,100,000	13,200,000	8,800,000	1,540,000	2,041,723	133%	501,723
Coquitlam Intake Tower Seismic Upgrade	Resilience	Design	2015 - 2034	61,200,000	2,105,641	2,500,000	-	-	-	-	0%	-
Fleetwood Reservoir	Growth	Construction	2014 - 2027	61,150,000	58,321,393	2,850,000	1,500,000	5,000,000	10,000,000	10,121,777	101%	121,777
Douglas Road Main No. 2 Still Creek	Maintenance	Construction	2014 - 2028	58,550,000	57,490,841	3,350,000	100,000	3,050,000	5,275,000	4,963,205	94%	(311,795)
Kersland Pump Station No. 2	Maintenance	Not Started	2030 - 2040	58,000,000	-	2,000,000	-	-	-	-	0%	-
Westburnco Pump Station - Back-up Power	Resilience	Design	2016 - 2030	55,350,000	1,835,597	53,350,000	1,500,000	1,500,000	417,578	429,592	103%	12,014
37th Avenue Main No. 2 (Rupert Street to Little Mountain Reservoir)	Maintenance	Design	2015 - 2030	48,950,000	52,743	1,150,000	-	-	-	-	0%	-
Grandview Reservoir Unit No. 2	Growth	Not Started	2027 - 2045	48,500,000	-	1,000,000	-	-	-	-	0%	-
Barnston/Maple Ridge Pump Station - Back-up Power	Resilience	Construction	2016 - 2032	44,600,000	240,157	30,300,000	750,000	4,000,000	-	-	0%	-
Water Optimization - Instrumentation	Upgrade	Multiple	2015 - 2035	44,050,000	11,663,769	17,200,000	2,500,000	2,400,000	950,000	633,658	67%	(316,342)
Jericho Reservoir No. 1	Growth	Complete	2014 - 2025	40,000,000	39,945,653	-	-	-	-	23,556	0%	23,556
Water Meter Upgrades	Upgrade	Construction	2015 - 2034	38,400,000	18,321,232	9,950,000	850,000	1,500,000	1,050,000	1,417,089	135%	367,089
Central Park Main No. 2 (10th Ave to Westburnco)	Maintenance	Design	2024 - 2028	35,250,000	6,053,447	29,050,000	12,250,000	3,050,000	940,888	737,450	78%	(203,438)
Whalley Main	Growth	Construction	2018 - 2027	31,800,000	30,828,458	450,000	50,000	500,000	200,000	67,186	34%	(132,814)
Angus Drive Main	Growth	Construction	2017 - 2027	30,700,000	29,695,606	600,000	100,000	500,000	300,000	156,935	52%	(143,065)
Lynn Valley Road Main No. 2	Maintenance	Not started	2027 - 2034	29,650,000	42,820	2,400,000	-	-	-	-	0%	-
Newton Reservoir Connection	Growth	Design	2026 - 2032	28,050,000	16,652	15,250,000	400,000	400,000	50,000	16,652	33%	(33,348)
Second Narrows Crossing 1 & 2 (Burrard Inlet Crossing Removal)**	Maintenance	Design	2025 - 2031	27,000,000	22	16,600,000	500,000	400,000	400,000	22	0%	(399,978)
SCFP Clearwell Membrane Replacement	Maintenance	Construction	2023 - 2030	25,800,000	357,321	25,300,000	800,000	200,000	50,000	80,352	161%	30,352
Clayton Reservoir	Resilience	Complete	2011 - 2024	25,750,000	25,640,901	-	-	-	-	(2,099)	0%	(2,099)
Cleveland Dam MCE Seismic Upgrades	Resilience	Not Started	2028 - 2034	25,000,000	-	3,000,000	-	-	-	-	0%	-

Douglas Road Main No. 2 (Vancouver Heights Section)	Maintenance	Construction	2014 - 2028	22,950,000	20,603,654	2,050,000	100,000	300,000	300,000	112,228	37%	(187,772)
South Delta Main No. 1 - 28 Ave to 34B Ave	Upgrade	Complete	2014 - 2021	20,950,000	20,914,816	-	-	-	-	6,588	0%	6,588
Central Park WPS Starters Replacement	Maintenance	Construction	2014 - 2028	20,000,000	1,934,996	17,600,000	5,000,000	3,000,000	50,000	41,101	82%	(8,899)
South Fraser Storage Yard	Maintenance	Construction	2024 - 2032	19,500,000	372,375	14,550,000	700,000	1,500,000	350,000	170,165	49%	(179,835)
South Delta Main No. 3 - 12th Ave to Pebble Hill	Resilience	Not Started	2030 - 2036	18,350,000	19,429	300,000	-	-	-	-	0%	-
Sunnyside Reservoir Units 1 and 2 Seismic Upgrade	Resilience	Construction	2020 - 2027	17,200,000	9,960,272	7,000,000	4,000,000	2,100,000	1,550,000	1,891,273	122%	341,273
Sasamat Reservoir Seismic Upgrade	Resilience	Not Started	2030 - 2035	16,700,000	-	1,200,000	-	-	-	-	0%	-
Hellings Tank Operational Upgrades	Growth	Construction	2023 - 2028	15,950,000	7,401,517	8,100,000	3,500,000	800,000	601,599	487,967	81%	(113,632)
Burnaby Mountain Main No. 2	Maintenance	Design	2023 - 2029	15,600,000	31,894	15,000,000	650,000	300,000	50,000	31,894	64%	(18,106)
Seymour Falls Dam Seismic Stability Assessment	Resilience	Design	2025 - 2032	14,150,000	158,763	8,950,000	1,000,000	500,000	125,000	131,475	105%	6,475
SCFP Floc Tank Baffle Replacement and Ladder Installation to Improve Accessibility	Maintenance	Construction	2023 - 2029	13,800,000	247,619	12,850,000	3,150,000	2,400,000	205,738	208,807	101%	3,069
SCFP Clearwell Baffle Replacement	Maintenance	Construction	2027 - 2030	13,400,000	253,651	12,300,000	1,500,000	1,650,000	150,000	130,751	87%	(19,249)
Pitt River Rechlorination Station Reconstruction	Maintenance	Not Started	2027 - 2031	13,200,000	-	10,200,000	-	-	-	-	0%	-
Pebble Hill Reservoir Seismic Upgrade	Resilience	Complete	2018 - 2025	12,850,000	11,977,154	-	-	500,000	250,158	163,043	65%	(87,114)
Newton Rechlorination Station No. 2	Maintenance	Design	2025 - 2031	12,650,000	4,821	8,950,000	450,000	400,000	50,000	4,821	10%	(45,179)
Pebble Hill Reservoir No. 3 Seismic Upgrade	Resilience	Design	2019 - 2028	12,500,000	361,926	12,050,000	50,000	50,000	-	-	0%	-
Loch Lomond Outlet Works Rehabilitation	Resilience	Design	2024 - 2030	12,350,000	211,785	12,000,000	600,000	200,000	300,000	98,249	33%	(201,751)
South Delta Mains - 28 Ave Crossover	Upgrade	Construction	2018 - 2027	12,350,000	10,614,553	1,000,000	50,000	500,000	1,200,000	80,604	7%	(1,119,396)
Cape Horn Pump Station No. 2 Power Distribution and DC Drive Replacement	Maintenance	Design	2026 - 2032	12,200,000	-	5,900,000	250,000	-	-	-	0%	-
Palisade Outlet Works Rehabilitation	Maintenance	Construction	2022 - 2032	11,950,000	2,408,022	510,000	310,000	1,500,000	1,114,312	727,154	65%	(387,158)
Clayton Langley Main No. 2	Resilience	Construction	2023 - 2029	11,700,000	469,412	10,700,000	600,000	550,000	100,000	62,426	62%	(37,574)
CWTP Ozone Back-up Power	Resilience	Not Started	2027 - 2030	11,100,000	-	11,100,000	-	-	-	-	0%	-
Cleveland Dam East Abutment Groundwater Control Seismic Upgrade	Upgrade	Not Started	2028 - 2032	11,000,000	-	2,000,000	-	-	-	-	0%	-
Annacis Main No. 2 (River Crossing Removal)	Maintenance	Not Started	2029 - 2030	10,400,000	-	4,400,000	-	-	-	-	0%	-
Seymour Main No. 2 Joint Improvements	Resilience	Construction	2016 - 2031	10,100,000	1,159,646	7,250,000	100,000	50,000	10,000	13,854	139%	3,854
Cleveland Dam Public Warning System and Enhancements	Maintenance	Construction	2021 - 2027	10,000,000	6,398,772	3,350,000	1,250,000	2,000,000	1,065,000	1,725,453	162%	660,453
Seymour Falls Dam Public Warning System	Maintenance	Construction	2026 - 2030	10,000,000	70,121	4,350,000	500,000	800,000	75,000	47,689	64%	(27,311)
Mackay Creek Debris Flow Mitigation	Resilience	Complete	2017 - 2022	9,200,000	9,119,306	-	-	-	-	800	0%	800
Bone Yard Operations Centre Building Replacement	Maintenance	Not Started	2020 - 2032	9,000,000	-	1,000,000	-	-	-	-	0%	-
Capilano Energy Recovery Facility 66" PRV Replacement	Maintenance	Design	2025 - 2029	8,800,000	5,678	8,450,000	1,200,000	500,000	50,000	5,678	11%	(44,322)
Relocation and Protection for MOTI Expansion Project Broadway	Maintenance	Construction	2020 - 2027	8,700,000	99,322	500,000	100,000	100,000	100,000	7,804	8%	(92,196)
Lynn Valley Road Main, Seymour Main No. 3 & Seymour Main No. 4 Aerial Crossings Rehabilitation	Maintenance	Construction	2022 - 2027	8,350,000	2,393,454	4,316,000	2,706,000	850,000	2,793,000	1,576,823	56%	(1,216,177)
Graphics Software Migration	Maintenance	Design	2026 - 2030	8,300,000	-	7,800,000	1,500,000	-	-	-	0%	-
Convert to Bulk Sodium Hypochlorite from Chlorine Gas at Coquitlam WTP	Resilience	Complete	2017 - 2021	7,950,000	7,944,321	-	-	-	-	920	0%	920
Cleveland Dam Spillway Resurfacing	Maintenance	Not Started	2030 - 2033	7,800,000	-	400,000	-	-	-	-	0%	-
Industrial Communication Manager Migration	Maintenance	Construction	2026 - 2030	7,750,000	3,726	7,250,000	1,500,000	500,000	100,000	3,726	4%	(96,274)
Tilbury Junction Chamber Valves Replacement with Actuators	Upgrade	Construction	2014 - 2028	7,600,000	4,752,382	2,450,000	100,000	450,000	75,000	85,841	114%	10,841
CWTP Ozone Generation Upgrades for Units 2 & 3	Upgrade	Construction	2016 - 2026	7,500,000	6,714,609	50,000	50,000	1,200,000	17,670	28,281	160%	10,611
Queensborough Main Royal Avenue Relocation	Maintenance	Construction	2020 - 2027	7,400,000	12,127	500,000	100,000	100,000	100,000	-	0%	(100,000)
CWTP CO2 System Improvements	Maintenance	Design	2025 - 2030	7,250,000	30,184	6,900,000	400,000	500,000	35,000	30,142	86%	(4,858)
South Surrey Main No. 1 Nickomekl Dam Relocation	Maintenance	Construction	2023 - 2039	7,100,000	170,205	5,650,000	100,000	1,100,000	150,000	133,835	89%	(16,165)
Prospect Reservoir Knotweed Removal and Drainage Improvements	Maintenance	Construction	2024 - 2027	7,000,000	936,942	6,500,000	4,000,000	500,000	750,000	936,942	125%	186,942
Online Chlorine and pH Analyzers	Upgrade	Construction	2025 - 2030	7,000,000	219,222	6,400,000	2,000,000	1,500,000	80,000	139,146	174%	59,146
Central Park Reservoir Structural Improvements	Maintenance	Design	2026 - 2030	7,000,000	-	6,950,000	50,000	200,000	-	-	0%	-
Critical Control Sites - Back-Up Power	Resilience	Not Started	2027 - 2033	7,000,000	-	2,000,000	-	-	-	-	0%	-
Relocation and Protection for Translink Expansion Project Surrey Langley SkyTrain	Maintenance	Construction	2024 - 2029	6,550,000	10,109	500,000	100,000	100,000	100,000	(36,599)	-37%	(136,599)
Newton Reservoir Cell #2 Structural Improvements	Maintenance	Design	2026 - 2029	6,500,000	-	6,500,000	200,000	-	-	-	0%	-
SCFP OMC Building Expansion	Maintenance	Construction	2019 - 2028	6,400,000	547,030	4,500,000	3,250,000	2,300,000	251,482	286,475	114%	34,993
Reservoir Isolation Valve Automation	Resilience	Construction	2017 - 2029	6,400,000	1,538,198	4,750,000	50,000	1,250,000	-	-	0%	-
Burnaby Mountain Pump Station Improvement	Upgrade	Construction	2026 - 2028	6,000,000	-	6,000,000	2,000,000	-	-	-	0%	-
SCFP Heat Pump Retrofit	Maintenance	Construction	2026 - 2028	6,000,000	-	6,000,000	1,500,000	-	-	-	0%	-
Rice Lake Tunnel Decommissioning	Maintenance	Design	2026 - 2030	5,750,000	-	5,750,000	250,000	-	-	-	0%	-
Kersland Pump Station Improvement and Seismic upgrade	Resilience	Not Started	2030 - 2032	5,750,000	-	750,000	-	-	-	-	0%	-
Little Mountain Pump Station Improvement and Seismic upgrade	Resilience	Not Started	2030 - 2032	5,750,000	-	750,000	-	-	-	-	0%	-
Capilano Watershed Security Gatehouse	Maintenance	Construction	2018 - 2026	5,700,000	4,710,241	700,000	700,000	1,900,000	2,000,000	2,780,621	139%	780,621
Kersland Reservoir No. 1 Structural Improvements	Maintenance	Construction	2019 - 2027	5,500,000	3,621,149	1,700,000	100,000	100,000	-	-	0%	-
CLD and SFD Lead Paint Removal, Surface Crack Injection and General Corrosion Mitigation	Maintenance	Construction	2024 - 2028	5,500,000	625,787	3,500,000	1,500,000	1,550,000	170,463	139,948	82%	(30,515)
Capilano Raw Water Pump Station Bypass PRV Upgrades	Maintenance	Construction	2020 - 2028	5,450,000	577,923	3,550,000	2,000,000	2,100,000	160,000	101,739	64%	(58,261)
Maple Ridge Main West Lining Repairs	Maintenance	Construction	2018 - 2028	5,400,000	314,038	4,500,000	50,000	500,000	10,000	1,109	11%	(8,891)
Microbiology Laboratory Expansion	Maintenance	Design	2024 - 2030	5,350,000	-	5,350,000	600,000	200,000	200,000	-	0%	(200,000)
Cleveland Dam - Lower Outlet HBV Rehabilitation	Maintenance	Construction	2020 - 2026	5,150,000	4,767,307	100,000	50,000	300,000	730,000	727,348	100%	(2,652)
Lower Seymour Conservation Reserve Learning Lodge Replacement	Upgrade	Construction	2018 - 2026	5,050,000	5,013,656	50,000	50,000	250,000	52,500	16,250	31%	(36,250)
SCFP Polymer System Upgrade	Maintenance	Construction	2018 - 2026	4,650,000	3,957,464	100,000	100,000	150,000	208,354	274,667	132%	66,312
Grandview Pump Station Improvements	Resilience	Construction	2019 - 2027	4,550,000	2,204,868	2,600,000	1,500,000	1,000,000	400,831	1,309,225	327%	908,394

SCFP - Greenwood and Back Wash Water Supply Pumps & SCOUR Blower VFD Replacement	Maintenance	Construction	2025 - 2028	4,500,000	-	3,700,000	2,200,000	800,000	25,000	-	0%	(25,000)
Sapperton Main No. 1 New Line Valve and Chamber	Upgrade	Construction	2026 - 2030	4,350,000	3,954,576	100,000	100,000	300,000	150,039	68,976	46%	(81,063)
Capilano Reservoir and Seymour Reservoir Dam Safety Boom Replacement	Maintenance	Construction	2023 - 2028	4,300,000	273,638	3,750,000	1,250,000	5,310,000	102,677	93,985	92%	(8,692)
CLD Upper Outlet Slide Gate Refurbishment and Potential Flow Control Upgrade	Maintenance	Design	2026 - 2030	4,100,000	-	4,100,000	200,000	-	-	-	0%	-
SCFP Residuals Handling PH Adjustment Permanent System	Upgrade	Construction	2026 - 2028	4,000,000	-	4,000,000	1,000,000	-	-	-	0%	-
Capilano Raw Water Pump Station VFD Upgrades	Maintenance	Construction	2026 - 2030	4,000,000	-	3,700,000	2,000,000	1,600,000	25,000	-	0%	(25,000)
Rechlorination Sites - Back-Up Power	Resilience	Not Started	2029 - 2034	4,000,000	-	600,000	-	-	-	-	0%	-
Newton Pump Station No. 1 - Decommissioning and PRV	Maintenance	Not Started	2030 - 2032	4,000,000	-	500,000	-	-	-	-	0%	-
Scour Protection Assessments and Construction General	Resilience	Construction	2026 - 2028	3,900,000	2,115,812	1,200,000	550,000	550,000	50,150	150	0%	(50,000)
Dechlorination for Reservoir Overflow and Underdrain Discharges	Maintenance	Construction	2021 - 2028	3,500,000	546,611	2,350,000	1,100,000	800,000	400,000	254,477	64%	(145,523)
Rehabilitation of AN2 on Queensborough Bridge	Maintenance	Construction	2024 - 2026	3,500,000	3,299,795	100,000	100,000	100,000	150,000	4,040	3%	(145,960)
Lulu Island - Delta Main - Scour Protection Phase 2	Maintenance	Design	2027 - 2029	3,500,000	-	3,450,000	50,000	50,000	-	-	0%	-
Pebble Hill Pump Station Seismic Upgrade	Resilience	Not Started	2027 - 2031	3,500,000	-	2,500,000	-	-	-	-	0%	-
Pump Station Assessments and Upgrade Recommendations	Upgrade	Not Started	2030 - 2031	3,500,000	-	2,000,000	-	-	-	-	0%	-
Seymour Dam Hydropower	Opportunity	Not Started	2030 - 2031	3,400,000	-	600,000	-	-	-	-	0%	-
Reservoir Structural Assessments Phase 1	Maintenance	Design	2023 - 2027	3,200,000	1,412,845	1,400,000	800,000	1,100,000	800,000	255,398	32%	(544,602)
Reservoir Structural Assessments Phase 2	Maintenance	Not Started	2027 - 2029	3,200,000	-	3,200,000	-	-	-	-	0%	-
Tilbury Main North Fraser Way Valve Addition	Maintenance	Construction	2019 - 2028	3,100,000	462,749	2,500,000	100,000	150,000	10,000	1,046	10%	(8,954)
Westburnco Pump Station No. 2 VFD Replacements	Maintenance	Construction	2020 - 2027	3,050,000	1,959,423	1,200,000	1,200,000	1,000,000	1,538,000	1,139,185	74%	(398,815)
Rice Lake Dams Rehabilitation	Maintenance	Construction	2022 - 2027	3,000,000	111,534	2,450,000	1,000,000	250,000	250,000	(186,984)	-75%	(436,984)
BC Ferries Fleet Maintenance Unit Re-Development - Dike Construction - Lulu Island Delta Main Protection	Maintenance	Construction	2024 - 2027	3,000,000	-	3,000,000	1,500,000	-	-	-	0%	-
Small Logic Controller Control System Upgrades Phase 1	Maintenance	Construction	2024 - 2029	3,000,000	123,088	2,350,000	600,000	600,000	62,699	97,494	155%	34,795
CWTP Temporary Water Supply	Maintenance	Not Started	2028 - 2030	3,000,000	-	3,000,000	-	-	-	-	0%	-
CWTP Mobile Disinfection System	Upgrade	Construction	2022 - 2027	2,900,000	242,373	2,400,000	1,900,000	350,000	150,000	109,973	73%	(40,027)
Barnston/Maple Ridge Pump Station Power Generation	Opportunity	Design	2017 - 2030	2,900,000	351,117	2,500,000	-	-	-	-	0%	-
Improvements to Capilano Mains No. 4 and 5	Maintenance	Construction	2018 - 2029	2,700,000	110,290	2,500,000	50,000	250,000	-	-	0%	-
Angus Drive Turbine	Opportunity	Not Started	2028 - 2030	2,600,000	-	2,600,000	-	-	-	-	0%	-
SCFP Concrete Coatings	Maintenance	Complete	2017 - 2025	2,550,000	2,531,478	-	-	-	-	1,428	0%	1,428
Vancouver Heights System Resiliency Improvements	Resilience	Construction	2020 - 2027	2,500,000	2,439,019	200,000	50,000	300,000	1,975,000	1,718,803	87%	(256,197)
Cape Horn Reservoir Condition Assessment and Structural Repair	Maintenance	Design	2024 - 2028	2,500,000	2,813	2,250,000	250,000	200,000	-	-	0%	-
Lynn Valley Aerial Crossing 20" BFV Replacement	Maintenance	Not Started	2026 - 2027	2,400,000	-	2,400,000	1,300,000	-	-	-	0%	-
Relocation and Protection for MOTI George Massey Crossing Replacement	Maintenance	Construction	2021 - 2031	2,350,000	-	500,000	100,000	100,000	100,000	-	0%	(100,000)
Port Mann No. 1 South Section Decommissioning	Maintenance	Construction	2022 - 2027	2,350,000	23,242	1,800,000	800,000	150,000	15,000	16,108	107%	1,108
CLD & SFD Fasteners Replacement & Coating Repairs	Maintenance	Construction	2022 - 2028	2,350,000	1,842,445	300,000	200,000	150,000	65,000	106,389	164%	41,389
Port Moody Main No. 1 Christmas Way Relocation	Maintenance	Construction	2024 - 2028	2,300,000	-	450,000	100,000	100,000	100,000	-	0%	(100,000)
Loch Lomond Formalized Spillway Design and Construction	Maintenance	Not Started	2028 - 2031	2,300,000	-	1,800,000	-	-	-	-	0%	-
South Surrey Main No. 2 Nickomekl Dam Prebuild	Growth	Construction	2022 - 2039	2,000,000	-	1,500,000	100,000	500,000	-	-	0%	-
Facilities O&M Documentation Development	Resilience	Design	2023 - 2027	2,000,000	264,520	1,400,000	750,000	800,000	400,000	175,219	44%	(224,781)
Douglas Road Main No. 2 (Flow Meter 169) Replacement	Maintenance	Construction	2024 - 2028	2,000,000	810,653	1,750,000	250,000	750,000	700,000	611,209	87%	(88,791)
Lake City HVAC Upgrade	Resilience	Construction	2025 - 2027	2,000,000	13,242	1,600,000	1,300,000	600,000	60,000	13,242	22%	(46,758)
Seymour Falls Dam Backup Generator Containment and Replacement	Maintenance	Design	2026 - 2028	2,000,000	-	2,000,000	850,000	-	-	-	0%	-
Capilano Primary Disinfection Decommissioning	Maintenance	Not Started	2027 - 2027	2,000,000	-	2,000,000	-	-	-	-	0%	-
Water Supply Area Aggregate Production	Resilience	Not Started	2027 - 2033	2,000,000	-	1,000,000	-	-	-	-	0%	-
SCFP Centralized Compressed Air System	Maintenance	Construction	2021 - 2027	1,900,000	296,166	1,350,000	1,000,000	500,000	85,000	77,981	92%	(7,019)
Water Chamber Improvements and Repairs	Maintenance	Construction	2024 - 2029	1,850,000	536,386	1,250,000	350,000	250,000	420,000	208,004	50%	(211,996)
Cleveland Dam Power Resiliency Improvements	Resilience	Construction	2021 - 2028	1,700,000	248,843	1,500,000	500,000	50,000	115,085	175,074	152%	59,989
CWTP pH, Alkalinity Upgrades	Maintenance	Complete	2019 - 2025	1,700,000	1,692,148	-	-	-	-	3,472	0%	3,472
South Delta Main No. 1 - Ferry Road Check Valve Replacement	Maintenance	Construction	2019 - 2028	1,700,000	1,250,400	1,300,000	200,000	100,000	750,000	951,514	127%	201,514
Coquitlam Watershed Security Gatehouse Replacement	Resilience	Complete	2017 - 2025	1,600,000	1,593,060	-	-	-	-	1,090	0%	1,090
Capilano Energy Recovery Facility Operational Upgrades	Maintenance	Construction	2023 - 2027	1,550,000	219,164	970,000	670,000	450,000	300,000	103,132	34%	(196,868)
Cleveland Dam Seismic Stability Evaluation	Resilience	Design	2024 - 2027	1,500,000	372,858	1,000,000	600,000	300,000	200,000	185,376	93%	(14,624)
Annacis Main No. 2 and Barnston Island Main Online Chlorine and pH Analyzers	Upgrade	Construction	2025 - 2032	1,500,000	705,449	700,000	700,000	450,000	700,000	611,326	87%	(88,674)
SCADA Expansion & Partitioning	Maintenance	Construction	2026 - 2030	1,500,000	369,395	50,000	50,000	50,000	350,000	126,554	36%	(223,446)
CWTP Ozone Sidestream Pump VFD Replacement	Maintenance	Construction	2022 - 2026	1,400,000	953,729	500,000	500,000	450,000	610,000	572,423	94%	(37,577)
Cleveland Dam Drumgate Seal Replacement	Maintenance	Construction	2018 - 2026	1,300,000	1,157,559	100,000	100,000	250,000	250,000	218,080	87%	(31,920)
Reservoir Sampling Kiosks - Multi Location	Upgrade	Construction	2023 - 2026	1,300,000	160,897	550,000	550,000	550,000	130,000	56,270	43%	(73,730)
Capilano Watershed Bridge Replacements - Crown Creek and Capilano River	Maintenance	Not Started	2027 - 2029	1,300,000	-	1,295,000	-	-	-	-	0%	-
South Surrey Supply Main (Serpentine River) Bridge Support Modification	Maintenance	Complete	2019 - 2025	1,250,000	1,209,825	-	-	50,000	25,000	27,484	110%	2,484
SFD and CLD Debris Removal	Maintenance	Construction	2026 - 2028	1,200,000	-	1,200,000	600,000	-	-	-	0%	-
Douglas Road Main Protection	Maintenance	Construction	2024 - 2027	1,150,000	78,300	250,000	50,000	50,000	50,000	-	0%	(50,000)
SCFP CO2 Tank Upgrade - Heat Insulation/Heater Replacement	Upgrade	Construction	2026 - 2027	1,000,000	-	1,000,000	500,000	-	-	-	0%	-
Seymour Falls and Cleveland Dam ADAS Integration of New Instruments	Upgrade	Construction	2026 - 2029	1,000,000	-	1,000,000	250,000	-	-	-	0%	-
Capilano Reservoir and Seymour Reservoir Boom Maintenance	Maintenance	Not Started	2030 - 2031	1,000,000	-	250,000	-	-	-	-	0%	-
CWTP Ozone Sidestream Pipe Heat Trace and Insulation	Maintenance	Complete	2021 - 2025	900,000	814,476	-	-	100,000	50,000	53,680	107%	3,680

Palisade and Burwell Dam Boom Detailed Design and Construction	Resilience	Design	2026 - 2028	850,000	-	850,000	100,000	-	-	-	0%	-
Sapperton Main No. 2 North Road Relocation and Protection	Maintenance	Construction	2021 - 2027	750,000	220,510	500,000	100,000	100,000	100,000	-	0%	(100,000)
Burwell Alpine Reservoir Valve Improvements	Upgrade	Complete	2018 - 2025	700,000	641,447	-	-	-	-	155	0%	155
Cape Horn Pump Station 2 - Back-Up Power	Resilience	Complete	2020 - 2025	450,000	427,189	-	-	-	-	19,107	0%	19,107
Sasamat Reservoir Refurbishment	Maintenance	Complete	2023 - 2025	450,000	403,336	-	-	200,000	100,000	83,140	83%	(16,860)
Cleveland Dam Domestic Intake Concrete Repair	Maintenance	Construction	2026 - 2027	450,000	-	450,000	300,000	-	-	-	0%	-
Port Moody Main No. 3 Dewdney Trunk Rd Relocation	Maintenance	Complete	2020 - 2025	350,000	313,568	-	-	-	-	1,974	0%	1,974
Fortis Tilbury LNG Project Phase 2	Maintenance	Construction	2026 - 2032	200,000	-	150,000	50,000	-	-	-	0%	-
Annacis Main No. 2 - Queensborough Crossover Improvement	Maintenance	Cancelled		150,000	-	-	-	150,000	-	-	0%	-
Total < \$100M						967,491,000	145,536,000	128,310,000	81,793,416	72,005,039	88%	(9,788,377)
Total						3,073,497,000	488,351,000	484,532,000	413,903,636	431,111,430	104%	17,207,794

*Note: Preliminary December 31, 2025 actuals as of January 29, 2026. Final year-end results available with audited financial statements in April

** Projects being delivered by the Project Delivery Department



Annacis Water Supply Tunnel Boring Machine

2026 GVWD Capital Program Update No. 1

Joel Melanson
Director - Engineering, Design and Construction

Murray Gant
Director – Project Delivery

Bob Cheng
Director – Project Delivery

Water Committee meeting – February 11, 2026
82199114



1

GVWD CAPITAL PROGRAM UPDATE

February 2026

- Summaries for projects over \$100M
- Updates provided to Committee and Board three times a year
- Individual project reports will continue to be provided at key decision-making milestones

Capital Program Reporting												
	J	F	M	A	M	J	J	A	S	O	N	D
Capital Program Update		✓					✓					✓
Additional Major Utility Project Updates					✓				✓			
Financial Performance Report				✓			✓				✓	

2

GVWD CAPITAL PROGRAM UPDATE

Summary by Project >\$100m (1/2)

Project	Progress	Schedule	Budget
Annacis Water Supply Tunnel	●	●	●
Annacis Water Main North	●	●	●
Annacis Water Main South (Annacis Main No 5. – South)	●	●	●
Burnaby Mountain Pump Station	●	●	●
Cambie-Richmond Water Supply Tunnel	●	●	●
Cape Horn Pump Station	●	●	●
Central Park Water Main	●	●	●
Coquitlam Lake Water Supply	●	●	●
Coquitlam Water Main (Coquitlam Main No. 4)	●	●	●
Port Coquitlam Water Main (Haney Main No. 4 – West Section)	●	●	●

3

GVWD CAPITAL PROGRAM UPDATE

Summary by Project >\$100m (2/2)

Project	Progress	Schedule	Budget
Hellings Reservoir	●	●	●
Kennedy Newton Water Main	●	●	●
Lulu Delta Water Supply Tunnel	●	●	●
Pitt River (Haney) Water Supply Tunnel	●	●	●
Rechlorination Station Upgrades	●	●	●
Seymour Capilano Filtration Plant Additional Pre-Treatment	●	●	●
Second Narrows Water Supply Tunnel	●	●	●
Seymour Valley Water Main	●	●	●
South Surrey Water Main	●	●	●
Stanley Park Water Supply Tunnel	●	●	●
Whalley Kennedy Water Main	●	●	●

4

CAPE HORN PUMP STATION

CAPE HORN PUMP STATION

COQUITLAM

Future infrastructure
Existing infrastructure
Future water mains
Existing water mains

metrovancover

5

5

ANNACIS WATER MAIN (NORTH AND SOUTH)

ANNACIS WATER UTILITY PROJECTS

BURNABY

NEW WESTMINSTER

SURREY

DELTA

ANNACIS ISLAND

Annacis Water Main North

Annacis Water Supply Tunnel

Kennedy Park Reservoir

Annacis Water Main South

Annacis Water Supply Tunnel's shaft sites

Kennedy Newton Water Main

metrovancover

6

6

ANNACIS WATER SUPPLY TUNNEL



Tunnel Boring Machine



North Valve Chamber



Tunnel Pipe Installation



Archaeological Investigations at South Site

metrovancover

7

7

COQUITLAM WATER MAIN



Robson to Guildford Section – 3.2m diameter steel pipe installation at Town Centre Park

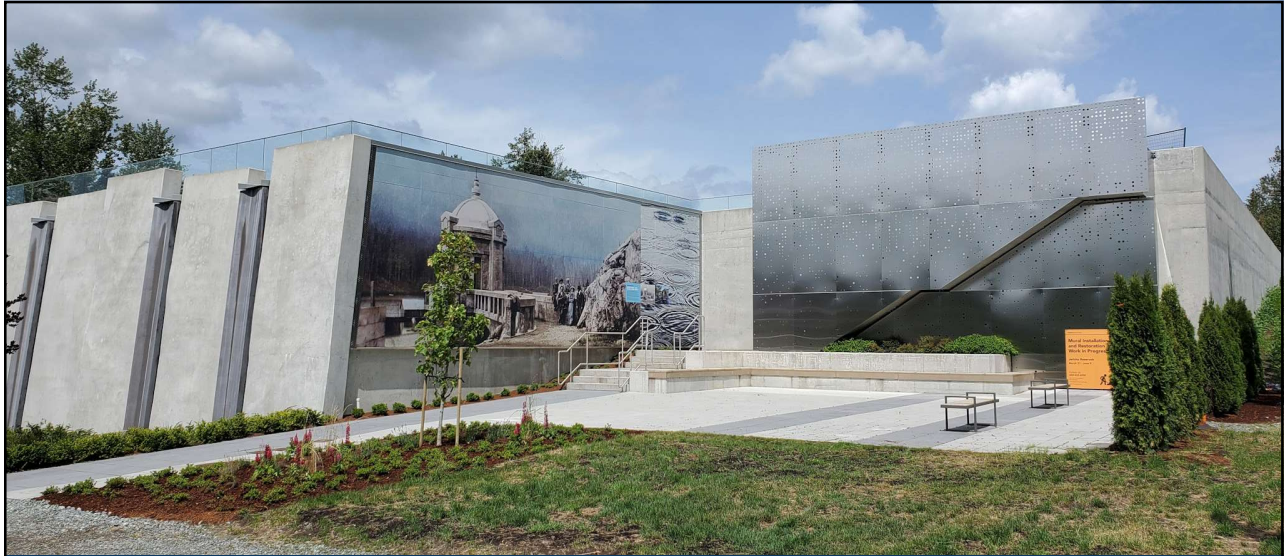


Robson to Guildford Section – 3.2m diameter steel pipe interior welding

metrovancover

8

8



Jericho Reservoir – Interpretive element on the infrastructure and public space

Questions?

metrovancouver

9



To: Performance and Audit Committee

From: Linda Sabatini, Deputy Chief Financial Officer, Financial Services

Date: February 9, 2026 Meeting Date: February 19, 2026

Subject: **Financial Board Policy Review – Amended *Corporate Allocation Policy***

RECOMMENDATION

THAT the MVRD/MVHC/GVS&DD/GVWD Board approve the amended *Corporate Allocation Policy* as presented in the report dated February 9, 2026, titled “Financial Board Policy Review – Amended *Corporate Allocation Policy*”.

EXECUTIVE SUMMARY

This report responds to Board direction to complete a review of Metro Vancouver’s relevant financial policies in advance of the 2026 April Board Budget Workshop. The *Corporate Allocation Policy* was adopted in 2017 and provides a budget framework for allocating the costs of Metro Vancouver’s centralized support departments to Metro Vancouver’s four legal entities. Centralized support includes Corporate Services, External Relations, Financial Services, Human Resources, Indigenous Relations, Legislative Services, Procurement and Real Estate Services, and Project Delivery. Subsequent to review, this report recommends the following amendments:

- a) administrative updates to reflect the organizational structure;
- b) modifications to the calculation of allocating costs to: exclude one-time funded expenditures; and exclude total debt service costs for Metro Vancouver Housing Corporation (MVHC) and Sasamat Fire Protection Services; and
- c) the addition of an allocation method for Project Delivery’s Project Management Office.

The proposed amendments more accurately reflect service levels provided, reduce operating budget fluctuations and incorporate current practices not captured in the existing policy.

PURPOSE

This report provides a summary of the financial principles in the *Corporate Allocation Policy* and recommends both administrative and minor substantive policy changes based on prevailing practices.

BACKGROUND

At the November 28, 2025 GVS&DD Board meeting, the Board passed the following resolutions:

“That the GVS&DD Board direct staff to provide the following at minimum six weeks prior to the Board Budget Workshop:

- *A full capital project update on all major projects, including scope, status, schedule, risks, and cost projections;*
- *The completed and updated Financial Management Policy review, including any recommended changes to borrowing, debt-servicing, reserve management, and long-term capital funding approaches; and*
- *A comprehensive long-range financial plan of at least ten years, outlining projected capital requirements, operating impacts, financing strategies, and rate implications.*

And that the GVS&DD Board direct staff to provide the updated information to the Board in sufficient detail to enable informed decision-making regarding long term financial sustainability.”

In response to these resolutions, this report provides a summary of the financial principles in the *Corporate Allocation Policy* and recommends both administrative and minor substantive policy changes. In addition, the *Financial Management Policy* and *Operating, Statutory and Discretionary Reserves Policy* are both on this month’s Committee agenda with proposed changes as well.

CORPORATE ALLOCATION POLICY

The *Local Government Act* requires that all costs incurred in relation to a service, including the costs of administration attributable to the service, be part of the costs of that service. The *Corporate Allocation Policy* was approved by the MVRD Board in 2017 to formalize and confirm MVRD Board direction on the existing allocation process and to provide a budget framework for the apportionment of Metro Vancouver’s centralized support costs to its four legal entities.

Metro Vancouver delivers centralized support to all business activities of Metro Vancouver’s four legal entities. These centralized support departments include: Corporate Services (information technology, corporate safety, protective services, emergency management, and fleet services), External Relations, Financial Services, Human Resources, Indigenous Relations, Legislative Services (legal, records management, CAO’s office), Procurement and Real Estate Services, and Project Delivery (major projects and project management office divisions).

POLICY PRINCIPLES

The methodology noted in the policy (no proposed changes) for approximating the level of service provided by each of the centralized support departments is guided by the following principles:

- **Efficient** – the method and process of allocating net centralized support costs are easily administered, replicable and comprehensible
- **Equitable** – net centralized support costs are apportioned fairly across Metro Vancouver services and to the extent possible, upholds a user-pay approach for the level of service provided
- **Consistent** – net centralized support costs are allocated in a way that mitigates large fluctuations and ensures relative certainty, based on level of use
- **Transparent** – net centralized support costs allocated to Metro Vancouver services are clearly identified.

The policy includes allocation methods to apportion centralized support costs to Metro Vancouver’s legal entities and functions. These are:

1. **Direct method:** In cases where it can be demonstrated and quantified that a Metro Vancouver service receives a specific direct benefit from a centralized support activity, the associated costs will be allocated directly to that service. (As example, Metro Vancouver’s pooled fleet vehicles and equipment acquisitions are allocated directly to the entities that use the equipment.)
2. **Indirect Allocation method– Centralized Support, excluding Project Management Office:** Costs for centralized support that cannot be assigned using the direct method will be allocated using a reasonable approximation of services provided in supporting the entity or function’s pursuit of both operational and strategic objectives. The approximate level of service is typically measured based on two primary factors: (1) scale of budget or (2) level of business activity.

For example, those services with larger staff complements will require more centralized support in the areas of payroll, recruiting services, organizational support, benefit administration, IT computer support, training and head office building operations and therefore, will be allocated a higher proportion of these centralized support costs. Alternatively, services that incur significant capital expenditures and procurement activity will require more centralized support in the areas of purchasing, accounts payable, debt management, budgeting, accounts receivable, legal, business applications and corporate planning and consequently, will be allocated a higher proportion of these centralized support costs.

The indirect allocation method is based on the prior year's operating or capital budget of the entities receiving the benefits. (As example, Water Services is allocated a portion of the centralized support costs based on its prior year's operating expenditure budget as defined in the policy). While the majority of Metro Vancouver services are provided through the internal service delivery model, some regional services (E911 Emergency Telephone Service, Regional Emergency Management and Sasamat Fire Protection Service) engage the use of an external service provider to deliver services to members. This means that Metro Vancouver staff are engaged to a lesser extent in the delivery of the service, its operating activities and its capital activities. For these services, the allocation is calculated based on a percentage of the current year's operating program budget, with the percentage for each service defined in the policy.

The *Corporate Allocation Policy* principles and allocation methods are standard accounting and budgeting methods. No changes are being proposed to these parts of the policy.

PROPOSED AMENDMENTS TO THE POLICY

This report recommends the following changes to the policy to more accurately reflect service levels provided, reduce operating budget fluctuations and to incorporate current practices not captured in the existing policy. The proposed amendments to the *Corporate Allocation Policy* are described below and summarized and bolded in Table 1:

Administrative changes to update definitions

- Revisions to the definitions of "Centralized Support" and "Metro Vancouver Services," reflect regional district functions and name changes that have occurred since the policy was originally approved in 2017. The definition for debt servicing is also added to provide clarity.

Inclusion of a future policy review date

- The existing policy does not formalize a review date. It is proposed that the *Corporate Allocation Policy* be reviewed at minimum every five years to ensure it remains relevant, aligns with organizational objectives, and follows the recommendation from the Governance Committee regarding integrating a policy review date into the policy itself.

Updated allocation methodology for Project Delivery to reflect current practices

- Project Delivery was established as a centralized support department after the approval of the *Corporate Allocation Policy*. As a result, a new allocation methodology for this service is proposed to align with current practice. Project Delivery encompasses two service areas: Major Projects and the Project Management Office. Program costs for Major Projects are allocated using the direct method as the major projects directly benefit the services provided. Project Management Office program costs are allocated to entities and functions that are expected to utilize Project Management Office support in the year based on their prior year endorsed Five-Year Capital Expenditures Plan.

Amendments to the indirect allocation method to:

- Clarify that the prior year’s operating budget used in the allocation method is based on the prior year’s operating expenditures budget.
- Minimize year-over-year fluctuations for one-time funded expenditures: It is proposed that the definition of “prior year’s operating expenditures budget” used in the calculation for the indirect allocation be revised to exclude one-time funded expenditures, such as those expenditures funded from external grants and reserves. This change will reduce significant year-over-year fluctuations in the corporate allocation costs and is consistent with the policy principle of promoting stability and consistency.
- Reflect the lower level of service needed for debt servicing costs in Metro Vancouver Housing and Sasamat Fire Protection Services: Debt servicing costs have limited impact on centralized support, with payments largely automated and requiring minimal ongoing administrative oversight. In addition, many of the MVHC loans are provided by funding partners and include grants from these agencies. It is therefore proposed that 100% of annual debt servicing costs for MVHC, rather than 80% in current policy, be excluded from the allocation to more accurately reflect the level of service provided.

In future budget years, it is anticipated that Sasamat Fire Protection Services will undertake new borrowing for the replacement of their firehalls. As debt servicing costs have limited impact on the demand for centralized support, it is proposed that the allocation methodology for net centralized support costs attributable to Sasamat Fire Protection Services be revised to exclude total annual debt servicing costs.

These amendments are laid out in Table 1. The amended policy is included in **Attachment 1** with an edited tracked version in **Attachment 2**.

Table 1. Proposed Amendments to the Corporate Allocation Policy

	Current Policy	Proposed Amendment
Definition – Centralized Support	Services delivered by centralized departments to support all four Metro Vancouver legal entities and regional district functions through the following: Corporate Planning, Corporate Services, External Relations, Financial Services, Human Resources, and Legal and Legislative Services	Centralized departments that support all four Metro Vancouver legal entities and regional district functions through the following: Corporate Planning, Corporate Services (information technology, corporate safety, protective services and emergency management, fleet services), External Relations, Financial Services, Human Resources, and Legal and Indigenous Relations, Legislative Services (legal, records management, CAO’s office), Procurement and Real Estate Services, and Project

	Current Policy	Proposed Amendment
		Delivery (major projects and project management office divisions).
Definition – Metro Vancouver Service	Refers to a service provided by one of the four legal entities to which costs of centralized support are allocated. The legal entities include Metro Vancouver Housing Corporation (MVHC), Greater Vancouver Water District (GVWD), Greater Vancouver Sewerage and Drainage District (GVS&DD), which includes the legal functions of Liquid Waste and Solid Waste, and the Metro Vancouver Regional District (MVRD), which includes the statutory functions of Air Quality, Electoral Area, General Government, Labour Relations, Regional GPS, Regional Parks, Regional Planning, E911 Telephone Service, Regional Emergency Management and Sasamat Fire Protection Service	Refers to a service provided by one of the four legal entities to which costs of centralized support are allocated. The legal entities include Metro Vancouver Housing Corporation (MVHC), Greater Vancouver Water District (GVWD), Greater Vancouver Sewerage and Drainage District (GVS&DD), which includes the legal functions of Liquid Waste and Solid Waste, and the Metro Vancouver Regional District (MVRD), which includes the functions of Air Quality, Electoral Area, General Government Administration, Labour Relations, Regional Employers Services, Housing Planning and Policy, Invest Vancouver, Regional Global Position System (GPS) , Regional Parks, Regional Planning, E911 Emergency Telephone Service , Regional Emergency Management, and Sasamat Fire Protection Service
Definition – Debt Servicing Costs	None	Refers to both principal and interest payments on debt
Allocation Methodology: Project Delivery	Specific Direct Service Activity Requirements: In cases where it can be demonstrated and quantified that a Metro Vancouver service receives a specific direct benefit from an activity, the associated costs will be allocated directly to that service. These costs typically include, but are not limited to, costs related to programs such as Metro Vancouver’s pooled fleet vehicles and equipment acquisitions, external legal	Specific Direct Service Activity Requirements Direct Method: In cases where it can be demonstrated and quantified that a Metro Vancouver service receives a specific direct benefit from an activity, the associated costs will be allocated directly to that service. These costs typically include, but are not limited to, costs related to programs such as Metro Vancouver’s pooled fleet vehicles and equipment acquisitions, external legal counsel services, project

	Current Policy	Proposed Amendment
	counsel services and contracted security services.	delivery – major projects , and contracted security services. Indirect Allocation Method – Project Delivery Project Management Office: Direct delivery services that are expected to use the Project Management Office services in the year will be allocated Program Management Office costs based on their prior year’s endorsed Five-Year Capital Expenditures Plan.
Water Services	Prior year’s operating budget excluding: <ul style="list-style-type: none"> • Centralized support cost allocation • Contributions to reserve 	Prior year’s operating expenditures budget excluding: <ul style="list-style-type: none"> • Centralized support cost allocation • Contributions to reserve • One-time grant and reserve funded expenditures
Liquid Waste Services	Prior year’s operating budget excluding: <ul style="list-style-type: none"> • Centralized support cost allocation • Contributions to reserve 	Prior year’s operating expenditures budget excluding: <ul style="list-style-type: none"> • Centralized support cost allocation • Contributions to reserve • One-time grant and reserve-funded expenditures
Solid Waste Services	Prior year’s operating budget excluding: <ul style="list-style-type: none"> • Centralized support cost allocation • 80% of large third-party operating contracts • Contributions to reserve 	Prior year’s operating expenditures budget excluding: <ul style="list-style-type: none"> • Centralized support cost allocation • 80% of large third-party operating contracts • Contributions to reserve • One-time grant and reserve funded expenditures
Metro Vancouver Housing	Prior year’s operating budget excluding: <ul style="list-style-type: none"> • Centralized support cost allocation • 80% of annual mortgage payments • Contributions to reserve 	Prior year’s operating expenditures budget excluding: <ul style="list-style-type: none"> • Centralized support cost allocation • 80% of annual mortgage payments • Total annual debt servicing costs

	Current Policy	Proposed Amendment
		<ul style="list-style-type: none"> • Contributions to reserve • One-time grant and reserve funded expenditures
Metro Vancouver Regional District <ul style="list-style-type: none"> • Air Quality • Electoral Area • General Government Administration • Regional Employers Services • Housing Planning and Policy • Invest Vancouver • Regional GPS • Regional Parks • Regional Planning • Mosquito Control Service 	Prior year’s operating budget excluding: <ul style="list-style-type: none"> • Centralized support cost allocation • Contributions to reserve • Large one-time asset purchases 	Prior year’s operating expenditures budget excluding: <ul style="list-style-type: none"> • Centralized support cost allocation • Contributions to reserve • Large one-time asset purchases • One-time grant and reserve funded expenditures
E911 Emergency Telephone Service	2% of current year’s operating program budget excluding: <ul style="list-style-type: none"> • Contributions to reserve 	2% of current year’s operating program budget excluding: <ul style="list-style-type: none"> • Contributions to reserve • One-time grant and reserve funded expenditures
Regional Emergency Management	5% of current year’s operating program budget excluding: <ul style="list-style-type: none"> • Contributions to reserve 	5% of current year’s operating program budget excluding: <ul style="list-style-type: none"> • Contributions to reserve • One-time grant and reserve funded expenditures
Sasamat Fire Protection Service	10% of current year’s operating program budget excluding: <ul style="list-style-type: none"> • Contributions to reserve • Large, one-time asset purchases 	10% of current year’s operating program budget excluding: <ul style="list-style-type: none"> • Contributions to reserve • Large, one-time asset purchases • One-time grant and reserve funded expenditures • Total annual debt servicing costs

ALTERNATIVES

1. THAT the MVRD/MVHC/GVS&DD/GVWD Board approve the amended *Corporate Allocation Policy* as presented in the report dated February 9, 2026, titled “Financial Board Policy Review – Amended *Corporate Allocation Policy*”.
2. THAT the Performance and Audit Committee direct staff to make additional or alternate amendments to the *Corporate Allocation Policy* reflecting the discussion at the February 19, 2026 meeting, and include a summary of those comments and an updated policy for Board consideration at the February 27, 2026 Board meetings.
3. THAT the Performance and Audit Committee receive the report dated February 9, 2026, titled “Financial Board Policy Review – Amended *Corporate Allocation Policy*”, and direct staff to integrate input from the Committee, and bring back a revised policy to the Performance and Audit Committee for its consideration at its March 12, 2026 meeting.

FINANCIAL IMPLICATIONS

If the Board chooses Alternative 1, the proposed amendments to the *Corporate Allocation Policy* do not have an impact on the overall budget.

If the Committee chooses Alternative 2, staff will summarize the Committee’s discussion and additional or alternate amendments in a cover report to the Boards for the February 27, 2026 Board meeting and attach an updated *Corporate Allocation Policy* for the Board’s consideration. Subject to Board approval, there will be time to integrate the updated policy into materials and modelling for the 2026 April Board Budget Workshop.

If the Committee chooses Alternative 3, staff will bring back an amended *Corporate Allocation Policy* reflecting the Committee’s discussion at the March 12, 2026 Performance and Audit Committee and March Board meeting. ***With a month delay, any amendments to the policy will not be reflected in the April Board Budget Workshop materials and modelling.***

CONCLUSION

The *Corporate Allocation Policy* provides a framework that guides the apportionment of Metro Vancouver’s centralized support costs to its four legal entities and the established MVRD functions. The policy principles and allocation methods are based on standard accounting practices.

This report recommends that the Boards approve Alternative 1, which reflects proposed administrative amendments and updates to the indirect allocation method. The updates exclude one-time funded expenditures for all entities and total annual debt servicing costs for Metro Vancouver Housing and Sasamat Fire Protection Services. In addition, an indirect allocation method has been included for Project Delivery’s Project Management Office.

ATTACHMENTS

1. Policy No. FN-015: *Corporate Allocation Policy* – February 12, 2026 - Proposed Changes Accepted.
2. Policy No. FN-015: *Corporate Allocation Policy* – July 28, 2017 - Proposed Changes.
3. Presentation re: Financial Board Policy Review – Corporate Allocation Policy.

CORPORATE ALLOCATION POLICY

Effective Date: July 28, 2017 (Revised February 27, 2026)

Approved By: MVRD/GVWD/GVS&DD/MVHC Boards

Policy No. FN-015Next Review: February 2031

PURPOSE

To provide a framework for establishing the appropriate allocation of costs incurred by centralized support services in delivering support services to all business activities of Metro Vancouver's four legal entities.

DEFINITIONS

"Centralized Support" are centralized departments that support all four Metro Vancouver legal entities and regional district functions through the following: Corporate Services (information technology, corporate safety, protective services and emergency management, fleet services), External Relations, Financial Services, Human Resources, Indigenous Relations, Legislative Services (legal, records management, CAO's office), Procurement and Real Estate Services, and Project Delivery (major projects and project management office divisions);

"Net Centralized Support Costs" means expenditures incurred by centralized support departments that are net of any costs allocated directly to a legal entity or function and any revenues generated by the centralized support departments;

"Metro Vancouver Service" refers to a service provided by one of the four legal entities to which costs of centralized support are allocated. The legal entities include the Metro Vancouver Housing Corporation (MVHC), Greater Vancouver Water District (GVWD), Greater Vancouver Sewerage and Drainage District (GVS&DD), which includes the legal functions of Liquid Waste and Solid Waste, and the Metro Vancouver Regional District (MVRD), which includes the functions of Air Quality, Electoral Area, General Government Administration, Regional Employers Services, Housing Planning and Policy, Invest Vancouver, Regional Global Positioning System (GPS), Regional Parks, Regional Planning, E911 Emergency Telephone Service, Regional Emergency Management and Sasamat Fire Protection Service; and

"Debt Servicing Costs" refers to both principal and interest payments on debt.

POLICY

The *Local Government Act* requires that all costs incurred by a regional district in relation to a service, including the costs of administration attributable to the service, are part of the costs of that service. As such, rates, fees and charges must reflect the full cost of Metro Vancouver services to which they relate including those costs incurred by centralized support departments. This Policy serves to appropriately account for all costs of providing Metro Vancouver services and matching those costs with supporting revenues. This Policy will be reviewed at a minimum, every five years.

BOARD POLICY

All costs incurred by centralized support departments will be allocated to the benefiting Metro Vancouver service utilizing a methodology approximating the level of service provided. The methodology for calculating the corporate allocation based on an approximation of service level is provided below.

CORPORATE ALLOCATION PRINCIPLES

Every Metro Vancouver service utilizes resources of centralized support departments to some extent in the delivery of that service. The extent of centralized support may range from providing simple contract administration to more extensive support that includes human resources, legal services, communications, financial services, information technology, building operations, emergency planning, corporate safety services, and project delivery. The methodology for approximating the level of service provided by each of these centralized support departments is guided by the following principles:

- Efficient – the method and process of allocating net centralized support costs are easily administered, replicable and comprehensible
- Equitable – net centralized support costs are apportioned fairly across Metro Vancouver services and to the extent possible, upholds a user-pay approach for the level of service provided
- Consistent – net centralized support costs are allocated in a way that mitigates large fluctuations and ensures relative certainty, based on level of use
- Transparent – net centralized support costs allocated to Metro Vancouver services are clearly identified

ALLOCATION METHODOLOGY

1) Direct Method

In cases where it can be demonstrated and quantified that a Metro Vancouver service receives a specific direct benefit from an activity, the associated costs will be allocated directly to that service. These costs include, for example, costs related to programs such as Metro Vancouver's pooled fleet vehicles and equipment acquisitions, external legal counsel, project delivery – major projects and certain contracted security services.

2) Indirect Allocation Method – Centralized Support, excluding Project Management Office

Within the guiding principles defined in this policy is the understanding that the approximate level of service provided to a Metro Vancouver service is often measured by the impact of two primary factors: (1) scale of budget or (2) level of business activity.

For example, those services with larger staff complements will require more centralized support in the areas of payroll, recruiting services, organizational support, benefit administration, IT computer support, training and head office building operations and therefore, will be allocated a higher proportion of these centralized support costs. Alternatively, services that incur significant capital expenditures and procurement activity will require more centralized support in the areas of purchasing, accounts payable, debt management, budgeting, accounts receivable, legal, business applications and corporate planning and consequently, will be allocated a higher proportion of these centralized support costs.

BOARD POLICY

To ensure the appropriate allocation of corporate costs, direct delivery services will be allocated a proportion of net centralized support costs based on their prior year operating expenditures budget using the parameters described above.

Lower Impact Activity Requirements

Some budget items may inflate operating expenditures but have a lower overall impact on the requirement for centralized support. These budget items include contributions to reserve, one-time funded expenditures, large one-time asset purchases, a portion of large third-party operating contracts and MVHC and Sasamat Fire Protection Service debt servicing costs. To better reflect the level of service provided by the centralized support departments, the calculation of apportionment costs in annual operating budgets will be adjusted for those budget items not requiring centralized support.

3) Indirect Allocation Method – Project Delivery Project Management Office

Direct delivery services (such as Liquid Waste Services and Water Services) that are expected to use the Project Management Office services in the year will be allocated Program Management Office costs based on their prior year's endorsed Five-Year Capital Expenditures Plan.

METRO VANCOUVER SERVICES – INTERNAL SERVICE DELIVERY

The majority of Metro Vancouver services are delivered to members through an internal direct service model. This means that Metro Vancouver staff are engaged in the direct delivery of the service, including most or all of the operating and capital activities. For these services, the proportionate allocation of net centralized support costs will be apportioned as follows:

Greater Vancouver Water District (GVWD)

The GVWD will be allocated a proportionate share of the net centralized support costs based on its prior year's operating expenditures budget excluding centralized support cost allocation, one-time grant-funded expenditures and contributions to reserve.

Greater Vancouver Sewerage and Drainage District (GVS&DD) – Liquid Waste

The Liquid Waste function will be allocated a proportionate share of the net centralized support costs based on its prior year's operating expenditures budget excluding centralized support cost allocation, one-time grant and reserve-funded expenditures and contributions to reserve.

Greater Vancouver Sewerage and Drainage District (GVS&DD) – Solid Waste

The Solid Waste function will be allocated a proportionate share of the net centralized support costs based on its prior year's operating expenditures budget excluding centralized support cost allocation, 80% of large third-party operating contracts, one-time grant and reserve-funded expenditures and contributions to reserve. The adjustment for a portion of third-party operating contracts is to reflect that they require a lower level of centralized support compared to other business activities.

Metro Vancouver Housing Corporation (MVHC)

The MVHC will be allocated a proportionate share of the net centralized support costs based on its prior year's operating expenditures budget excluding centralized support cost allocation, total annual debt servicing costs, one-time grant and reserve-funded expenditures, and contributions to reserve.

BOARD POLICY

Metro Vancouver Regional District (MVRD)

The MVRD functions of Air Quality, Electoral Area, General Government Administration, Regional Employers Services, Housing Planning and Policy, Invest Vancouver, Regional GPS, Regional Parks, Regional Planning, and Mosquito Control Service will be allocated a proportionate share of the net centralized support costs based on their prior year's operating expenditures budget excluding centralized support cost allocation, one-time grant and reserve-funded expenditures, contributions to reserve and large one-time asset purchases.

METRO VANCOUVER SERVICES – EXTERNAL SERVICE DELIVERY

While the majority of Metro Vancouver services are provided through the internal service delivery model some regional services engage the use of an external service provider to deliver services to members. This means that Metro Vancouver staff are engaged to a lesser extent in the delivery of the service, its operating activities and its capital activities. For these services, the proportionate allocation of net centralized support costs will be apportioned as follows:

E911 Emergency Telephone Service

E911 Emergency Telephone Service will be allocated net centralized support costs equal to 2% of its current year's operating program budget excluding one-time grant and reserve-funded expenditures and contributions to reserve. This reflects the level of service associated with the administration of the E911 Emergency Telephone Service operating contract and routine finance support.

Regional Emergency Management

Regional Emergency Management will be allocated net centralized support costs equal to 5% of its current year's operating program budget excluding one-time grant and reserve-funded expenditures and contributions to reserve. This reflects the level of service associated with the overall administration of the program, purchasing support, and accounts payable.

Sasamat Fire Protection Service

Sasamat Volunteer Fire Service will be allocated net centralized support costs equal to 10% of its current year's operating program budget excluding total annual debt servicing costs, one-time grant and reserve-funded expenditures, and contributions to reserve and large one-time asset purchases. This reflects the level of service associated with function management, fleet vehicle administration, procurement, accounts payable, payroll, budgeting and accounting.

CORPORATE ALLOCATION POLICYEffective Date: July 28, 2017 (Revised February 27, 2026)Approved By: ~~MVRD Board~~ MVRD/GVWD/GVS&DD/MVHC Boards**Policy No. FN-015**Next Review: February 2031**PURPOSE**

To provide a framework for establishing the appropriate allocation of costs incurred by centralized support services in delivering support services to all business activities of Metro Vancouver's four legal entities.

DEFINITIONS

"Centralized Support ~~Services~~" are ~~services delivered by~~ centralized departments ~~to that~~ support all four Metro Vancouver legal entities and regional district functions through the following: ~~Corporate Planning, Corporate Services, (information technology, corporate safety, protective services and emergency management, fleet services), External Relations, Financial Services, Human Resources, and Legal and Indigenous Relations, Legislative Services, (legal, records management, CAO's office), Procurement and Real Estate Services, and Project Delivery (major projects and project management office divisions);~~

"Net Centralized Support Costs" means expenditures incurred by centralized support ~~services departments~~ that are net of any costs allocated directly to a legal entity or function and any revenues generated by the centralized support ~~service; and departments;~~

"Metro Vancouver Service" refers to a service provided by one of the four legal entities to which costs of centralized support ~~services~~ are allocated. The legal entities include the Metro Vancouver Housing Corporation (MVHC), Greater Vancouver Water District (GVWD), Greater Vancouver Sewerage and Drainage District (GVS&DD), which includes the legal functions of Liquid Waste and Solid Waste, and the Metro Vancouver Regional District (MVRD), which includes the ~~statutory~~ functions of Air Quality, Electoral Area, General Government, ~~Labour Relations Administration~~, Regional ~~GPSEmployers Services, Housing Planning and Policy, Invest Vancouver~~, Regional Global Positioning System (GPS), Regional Parks, Regional Planning, E911 Emergency Telephone Service, Regional Emergency Management and Sasamat Fire Protection Service; ~~and~~

"Debt Servicing Costs" refers to both principal and interest payments on debt.

POLICY

The *Local Government Act* requires that all costs incurred by a regional district in relation to a service, including the costs of administration attributable to the service, are part of the costs of that service. As such, rates, fees and charges must reflect the full cost of Metro Vancouver services to which they relate including those costs incurred by centralized support ~~services departments~~. This Policy serves to

BOARD POLICY

appropriately account for all costs of providing Metro Vancouver services and matching those costs with supporting revenues. This Policy will be reviewed at a minimum, every five years.

All costs incurred by centralized support servicesdepartments will be allocated to the benefiting Metro Vancouver service utilizing a methodology approximating the level of service provided. The methodology for calculating the corporate allocation based on an approximation of service level is provided below.

CORPORATE ALLOCATION PRINCIPLES

Every Metro Vancouver service utilizes resources of centralized support departments to some extent in the delivery of that service. The extent of centralized support may range from providing simple contract administration or Metro Vancouver Board and Committee support services, to more extensive support that includes human resources, legal, legislative services, communications, financial services, information technology, building operations, emergency planning and, corporate safety services, and project delivery. The methodology for approximating the level of service provided by each of these centralized support servicesdepartments is guided by the following principles:

- Efficient – the method and process of allocating net centralized support costs are easily administered, replicable and comprehensible
- Equitable – net centralized support costs are apportioned fairly across Metro Vancouver services and to the extent possible, upholds a user-pay approach for the level of service provided
- Consistent – net centralized support costs are allocated in a way that mitigates large fluctuations and ensures relative certainty, based on level of use
- Transparent – net centralized support costs allocated to Metro Vancouver services are clearly identified

ALLOCATION METHODOLOGY

1) Direct Method

In cases where it can be demonstrated and quantified that a Metro Vancouver service receives a specific direct benefit from an activity, the associated costs will be allocated directly to that service. **Staffing and**

Business Activity Requirements

These costs include, for example, costs related to programs such as Metro Vancouver's pooled fleet vehicles and equipment acquisitions, external legal counsel, project delivery – major projects and certain contracted security services.

2) Indirect Allocation Method – Centralized Support, excluding Project Management Office

Within the guiding principles defined in this Policypolicy is the understanding that the approximate level of service provided to a Metro Vancouver service is often measured by the impact of two primary factors: (1) numbersscale of staffbudget or (2) level of business activity.

For example, those services with larger staff complements will require more centralized support in the areas of payroll, recruiting services, organizational support, benefit administration, IT computer support, training and head office building operations and therefore, will be allocated a higher proportion of these centralized support costs. Alternatively, services that incur significant capital expenditures and

BOARD POLICY

procurement activity will require more centralized support in the areas of purchasing, accounts payable, debt management, budgeting, accounts receivable, legal, business applications and corporate planning and consequently, will be allocated a higher proportion of these centralized support costs.

To ensure the appropriate allocation of corporate costs, direct delivery services will be allocated a proportion of net centralized support costs based on their prior year operating expenditures budget using the parameters described above. ~~Salaries and benefits will serve as indicators that reflect the number of staff supported while other expenditures will serve as indicators of the level of business activity.~~

Lower Impact Activity Requirements

Some budget items may inflate operating expenditures but have a lower overall impact on the requirement for centralized support ~~services~~. These budget items include contributions to reserve, one-time funded expenditures, large one-time asset purchases, a portion of large third-party operating contracts and MVHC long-term mortgages. In order to and Sasamat Fire Protection Service debt servicing costs. To better reflect the level of service provided by the centralized support ~~services~~departments, the calculation of apportionment costs in annual operating budgets will be adjusted for those budget items not requiring centralized support.

Specific Direct Service Activity Requirements

~~In cases where it can be demonstrated and quantified that a Metro Vancouver service receives a specific direct benefit from an activity, the associated costs will be allocated directly to that service. These costs typically include, but are not limited to, costs related to programs such as Metro Vancouver's pooled fleet vehicles and equipment acquisitions, external legal counsel services and contracted security services.~~

3) Indirect Allocation Method – Project Delivery Project Management Office

Direct delivery services (such as Liquid Waste Services and Water Services) that are expected to use the Project Management Office services in the year will be allocated Program Management Office costs based on their prior year's endorsed Five-Year Capital Expenditures Plan.

METRO VANCOUVER SERVICES – INTERNAL SERVICE DELIVERY

The majority of Metro Vancouver services are delivered to members through an internal direct service model. This means that Metro Vancouver staff are engaged in the direct delivery of the service, including most or all of the operating and capital activities. For these services, the proportionate allocation of net centralized support costs shall~~will~~ be apportioned as follows:

Greater Vancouver Water District (GVWD)

The GVWD will be allocated a proportionate share of the net centralized support costs based on its prior year's operating expenditures budget excluding centralized support cost allocation, one-time grant-funded expenditures and contributions to reserve.

Greater Vancouver Sewerage and Drainage District (GVS&DD) – Liquid Waste

BOARD POLICY

The Liquid Waste function will be allocated a proportionate share of the net centralized support costs based on its prior year's operating expenditures budget excluding centralized support cost allocation, one-time grant and reserve-funded expenditures and contributions to reserve.

Greater Vancouver Sewerage and Drainage District (GVS&DD) – Solid Waste

The Solid Waste function will be allocated a proportionate share of the net centralized support costs based on its prior year's operating expenditures budget excluding centralized support cost allocation, 80% of large third-party operating contracts, one-time grant and reserve-funded expenditures and contributions to reserve. The adjustment for a portion of third-party operating contracts is to reflect that they require a lower level of service centralized support compared to other business activities.

Metro Vancouver Housing Corporation (MVHC)

The MVHC will be allocated a proportionate share of the net centralized support costs based on its prior year's operating expenditures budget excluding centralized support cost allocation, total annual debt servicing costs, one-time grant and reserve-funded expenditures, and contributions to reserve ~~and 80% of annual mortgage payments.~~

Metro Vancouver Regional District (MVRD)

The MVRD functions of Air Quality, Electoral Area, General Government, ~~Labour Relations Administration, Regional Employers Services, Housing Planning and Policy, Invest Vancouver,~~ Regional GPS, Regional Parks ~~and~~ Regional Planning, and Mosquito Control Service will be allocated a proportionate share of the net centralized support costs based on their prior year's operating expenditures budget excluding centralized support cost allocation, one-time grant and reserve-funded expenditures, contributions to reserve and large one-time asset purchases.

METRO VANCOUVER SERVICES – EXTERNAL SERVICE DELIVERY

While the majority of Metro Vancouver services are provided through the internal service delivery model some regional services engage the use of an external service provider to deliver services to members ~~through an external service delivery model.~~ This means that Metro Vancouver staff are engaged to a lesser extent in the delivery of the service, its operating activities and its capital activities. For these services, the proportionate allocation of net centralized support costs ~~shall~~will be apportioned as follows:

E911 Emergency Telephone Service

E911 Emergency Telephone Service will be allocated net centralized support costs equal to 2% of its current year's operating program budget excluding one-time grant and reserve-funded expenditures and contributions to reserve. This reflects the level of service associated with the administration of the E911 Emergency Telephone Service operating contract and routine finance support.

Regional Emergency Management

Regional Emergency Management will be allocated net centralized support costs equal to 5% of its current year's operating program budget excluding one-time grant and reserve-funded expenditures and contributions to reserve. This reflects the level of service associated with the overall administration of the program, purchasing support, and accounts payable.

BOARD POLICY

Sasamat Fire Protection Service

Sasamat Volunteer Fire Service will be allocated net centralized support costs equal to 10% of its current year's operating program budget excluding total annual debt servicing costs, one-time grant and reserve-funded expenditures, and contributions to reserve and large one-time asset purchases. This reflects the level of service associated with function management, fleet vehicle administration, procurement, accounts payable, payroll, budgeting and accounting.



Metro Vancouver Region

Financial Board Policy Review: Corporate Allocation Policy

Linda Sabatini
Deputy Chief Financial Officer, Financial Services
Performance and Audit Committee Meeting – February 19, 2026

69209933

metrovancouver

1

CORPORATE ALLOCATION POLICY

PURPOSE

- **Approved in 2017; provides a budget framework for the apportionment of Metro Vancouver’s centralized support costs to its four legal entities**
- **Guided by principles of efficiency, equity, consistency and transparency**
- ***Local Government Act* requires a service to include administration costs attributable to providing that service**

metrovancouver

2

2

CORPORATE ALLOCATION POLICY

CENTRALIZED SUPPORT SERVICES

- Corporate Services
- External Relations
- Financial Services
- Human Resources
- Indigenous Relations
- Legislative Services
- Procurement and Real Estate Services
- Project Delivery

CORPORATE ALLOCATION POLICY

ALLOCATION METHODS

- **Direct method:** Used when it can be demonstrated and quantified that a Metro Vancouver service receives a specific direct benefit
- **Indirect allocation method:** Used when centralized costs cannot be assigned under the direct method and is based on a reasonable approximation of services provided

CORPORATE ALLOCATION POLICY

PROPOSED AMENDMENTS

Proposed Amendment	Rationale
Administrative Changes to update definitions and name changes	Reflect organizational structure
Indirect allocation method <ul style="list-style-type: none"> - All entities: exclude one-time funded expenditures - Metro Vancouver Housing and Sasamat Fire Protection Services: exclude total annual debt servicing costs - Project Delivery, Project Management Office: new allocation method 	Minimize year-over-year fluctuations Reflect the lower level of services provided for debt servicing costs Reflect current practices

5



Pacific Spirit Regional Park

Questions?

metrovancover

6



To: Performance and Audit Committee

From: Linda Sabatini, Deputy Chief Financial Officer, Financial Services

Date: February 9, 2026 Meeting Date: February 19, 2026

Subject: **Financial Board Policy Review – Amended *Operating, Statutory and Discretionary Reserves Policy* – Proposed Title: *Financial Reserves Policy***

RECOMMENDATION

THAT the MVRD/MVHC/GVWD/GVS&DD Board approve the amendments to the *Operating, Statutory and Discretionary Reserves Policy* as presented in the report dated February 9, 2026, titled “*Financial Board Policy Review – Amended Operating, Statutory and Discretionary Reserves Policy – Proposed Title: Financial Reserves Policy*”.

EXECUTIVE SUMMARY

This report responds to Board direction to complete a review of Metro Vancouver’s relevant financial policies in advance of the 2026 April Board Budget Workshop. The *Operating, Statutory and Discretionary Reserves Policy* was adopted in 2018 and provides a framework on the establishment, use, and management of reserves for Metro Vancouver’s four legal entities and regional district services. The policy clarifies the priority for allocating surpluses while reinforcing the fundamental principle that surpluses are allocated within their originating purpose and are not transferable between reserves or functions. Metro Vancouver does not hold excess ratepayer funds in reserves, ensuring prudent financial management of programs. Subsequent to review, this report recommends the following amendments:

- a) administrative and policy principle updates to reflect regional district services, including changing the policy name to *Financial Reserves Policy*; and
- b) introduction of a maximum balance for the centralized support discretionary reserve.

The proposed amendments strengthen financial stability while improving clarity, consistency, and long-term resilience across Metro Vancouver’s reserves to align with long-term financial plans.

PURPOSE

This report provides a summary of the key financial principles in the *Operating, Statutory and Discretionary Reserves Policy*, and provides recommended policy changes based on prevailing practices.

BACKGROUND

At the November 28, 2025 GVS&DD Board meeting, the Board passed the following resolutions:

“That the GVS&DD Board direct staff to provide the following at minimum six weeks prior to the Board Budget Workshop:

- *A full capital project update on all major projects, including scope, status, schedule, risks, and cost projections;*
- *The completed and updated Financial Management Policy review, including any recommended changes to borrowing, debt-servicing, reserve management, and long-term capital funding approaches; and*
- *A comprehensive long-range financial plan of at least ten years, outlining projected capital requirements, operating impacts, financing strategies, and rate implications.*

And that the GVS&DD Board direct staff to provide the updated information to the Board in sufficient detail to enable informed decision-making regarding long term financial sustainability.”

In response to these resolutions, this report provides a summary of the financial principles in the *Operating, Statutory and Discretionary Reserves Policy* and recommends both administrative and minor substantive policy changes. In addition, the *Financial Management Policy* and *Corporate Allocation Policy* are both on this month’s Committee agenda with proposed changes as well.

OPERATING, STATUTORY AND DISCRETIONARY RESERVES POLICY

The *Operating, Statutory and Discretionary Reserves Policy* was originally approved by the four Metro Vancouver Boards in 2018 to provide a framework on the establishment, use, and management of reserves for Metro Vancouver’s four legal entities and regional district services. Reserves are an essential component of financial sustainability for Metro Vancouver. They are a means of providing financial security against unforeseen loss, mitigating current and future risks, ensuring stability in rate setting, and demonstrating financial commitment to long range infrastructure plans.

POLICY PRINCIPLES

The policy supports three guiding principles:

1. Financial stability, security, and sustainability
2. Consistent with long-term financial plans, and Board and Corporate strategic goals
3. In accordance with legal requirements under applicable legislation.

In addition, the policy provides direction for the management and administration of reserves as follows:

- All reserves contributions and applications must be approved by the Board, **through the annual budget process or as required throughout the year.**
- All Board approved use of reserves to fund expenditures, must be spent for the intended purpose within the year of approval, or the following budget year.
- All reserve balances will earn interest at a rate based on Metro Vancouver’s average return on investments.
- All reserves exclusively belong to a specific legal entity or function and can only be applied to fund business activities of that legal entity, function, or corporate service.
- Financial Services is responsible for the stewardship and oversight of all Metro Vancouver reserves.
- Internal borrowing from reserves is permitted with Board approval, to temporarily finance funding requirements to avoid external temporary borrowing or to fund emergencies as required, in accordance with applicable legislation. Any temporary borrowing from reserves is to be repaid, plus interest within five years.
- Reserves are categorized as either “Operating”, “Statutory” or “Discretionary”.

This report is not recommending changes to the policy principles, other than the minor wording changes for clarification, bolded above.

PROPOSED ADMINISTRATIVE AMENDMENTS TO THE POLICY

The following table summarizes the proposed administrative changes to the *Operating, Statutory and Discretionary Reserves Policy*. Changes are required to reflect organizational changes since its approval in 2018 and to confirm the Boards’ direction on the policy principles. Changes are identified using bold and strikethrough formatting below. The amended policy is included in **Attachment 1** with an edited tracked version in **Attachment 2**.

Table 1. Proposed Administrative Amendments to the Operating, Statutory and Discretionary Reserves Policy

Description	Current Policy	Proposed Amendment
Policy Name Change to reflect the broad scope of the policy	Operating, Statutory and Discretionary Reserves Policy	Financial Reserves Policy
MVRD Service Name Changes to reflect organizational changes	General Government	General Government Administration
	Affordable Housing	Housing Planning and Policy
	Labour Relations	Regional Employer Services
	N/A	Invest Vancouver
N/A	Mosquito Control	
Add a 5-year Future Policy Review Date	None	February 2031
Reserve Balances Reporting	N/A	The status of reserve balances will be reported to the Performance and Audit Committee three times a year through the Financial Performance Reporting process.
Definition of Net Annual Operating Expenditures to reflect calculation method of operating reserve minimums	N/A – No Definition	The total annual operating cost of delivering services and carrying out the ongoing operations for the current year.

RESERVE CATEGORIES, FUNDING SOURCES AND USAGE

Table 2 below identifies the purpose, funding sources and reserve usage in the existing policy. In addition, **Attachment 3** provides a detailed summary of Metro Vancouver’s reserve balances by entity. This report recommends an amendment to the Operating Reserve definition, bolded in the table, to clarify the purpose and use of this type of reserves. No other recommendations to the purpose, funding source, or usage are proposed.

Table 2. Summary of Reserve Category, Definition, Funding Source, and Usage

Reserve	Purpose	Funding Source	Usage
Operating Reserves	Established to serve as a measure of financial security should there be an unforeseen financial loss beyond the control of the organization and to support the maintenance of adequate working capital to manage cash flow fluctuations, timing differences between revenues and expenditures, and short-term financing or borrowing gaps.	Appropriation of annual surpluses	Funds unforeseen revenue shortfalls or expenditures obligations where other sources of funding are not available.
Discretionary Reserve	Established for the appropriation of annual surplus to meet a known or anticipated future financial obligation.	Appropriation of annual surpluses	Funds expenditures withing Metro Vancouver’s goals and priorities in reducing the need for revenue from rates, levies and tax requisitions.
Statutory Reserve	Established where reserves are required within a legal framework which governs their composition and application.	Appropriation of annual surpluses + Annual budget contributions	Funds authorized for the purpose designated by the Statutory Reserve and must be withdrawn in accordance with legal statute, Board approved bylaw, or governing agreement.

REVIEW OF OPERATING RESERVE MINIMUMS

The objective of reserve minimums is to ensure reserve adequacy reflects revenue volatility, expenditure risk, and fixed financial obligations, while maintaining clarity and consistency across services. This inherently protects organizational cash flow. In the current method, the reserve minimums are calculated as a set percentage (10-15%) of prior year operating budget, net of contributions to reserves, contributions to capital, and debt servicing expenditures. Unlike member jurisdictions, where there is generally one entity, Metro Vancouver has four entities that provide services associated with different tax or ratepayers. Therefore, reserve balances are unique to the establishing entity or service and cannot be used for funding shortfalls or projects for other entities. In addition, Metro Vancouver’s approach is not to hold excessive ratepayers’ funds and to use those funds to maintain constant levels of HHI or to lower borrowing levels and costs. Critical cash flow risks in each entity are as follows:

- Water Services’ primary cash-flow risk arises from volume-based water revenues that are sensitive to weather and conservation outcomes, combined with a largely fixed operating cost structure that cannot readily adjust to consumption variability or unpredictable infrastructure failure.
- Solid Waste faces cash-flow risk from fluctuations in waste volumes that affect tipping-fee revenues, while a high proportion of contractually fixed operating costs limits expenditure flexibility.

- Liquid Waste has low revenue risk due to stable levy-based funding, with cash-flow risk driven primarily by operational disruptions such as extreme weather events, infrastructure failures, or power interruptions.
- Metro Vancouver Housing’s cash-flow risk is driven by variability in rental revenues due to vacancies and tenant turnover, combined with exposure to unplanned maintenance costs associated with aging, wood-frame housing assets.

This report recommends retaining the current percentage-based approach and existing target minimum operating reserve levels, as they continue to support financial resilience, preserve working capital and flexibility, enable the use of surpluses for capital investment and debt mitigation, and ensure reserve balances remain appropriately sized without retaining excess funding from member jurisdictions.

After ensuring that all Operating Reserves meet the minimum balances as established under this policy and that all requirements for Statutory Reserves and Discretionary Reserves are met, any Annual Surplus remaining for a legal entity or Regional District Service will be utilized in accordance with the following priority sequence. This report recommends no changes to this sequence.

- Fund capital expenditures or pay down existing debt of that legal entity or Regional District Service.** This is consistent with debt avoidance and the mitigation of future financial obligations.
- Fund one-time expenditures of that legal entity or Regional District Service.** This includes but is not limited to funding equipment purchases and consulting initiatives and projects.
- Stabilize rates for a legal entity or Regional District Service.** This involves smoothing out utility rates, levies or tax requisitions resulting from operating budget expenditures. Usage of reserves for rate stabilization is only used in circumstances where priorities 1) and 2) are not applicable or have been met. This application is discretionary and may not be applicable. If not applicable, then move to priority 4.
- Maintain as a Statutory or Discretionary Reserve.** This can represent an addition to an existing Statutory or Discretionary Reserve or the establishment of a new Discretionary Reserve based on new information regarding a future financial obligation.

PROPOSED AMENDMENT TO CENTRALIZED SUPPORT RESERVE

Centralized Support encompasses a range of functions with differing financial risks and funding pressures that are currently managed within a single reserve. To strengthen reserve governance and improve long-term financial planning, this proposal introduces a clear limit on the size of the Centralized Support Discretionary Reserve.

This amendment includes establishing a defined maximum Centralized Support Discretionary Reserve balance equal to 15% of the prior year’s approved centralized services budget, net of fleet. Ongoing funding would continue to be provided through the appropriation of annual surpluses from centralized support functions, where such surpluses exist. Any reserve balance exceeding the approved maximum would be redistributed to legal entity reserves in accordance with the apportionment methodology set out in the Corporate Allocation Policy.

If approved, the projected year-end 2026 balance of the Centralized Support Discretionary Reserve would reflect this maximum threshold, and would be fully funded through the appropriation of annual surpluses, should they exist.

Table 3. Summary of Minimum Reserve Balance Amendments

Reserve	Current Definition	Proposed Definition
Operating Reserves		
Water	15% net operating expenditures representing approximately two months of operating costs	15% of net operating expenditures
Liquid Waste	10% net operating expenditures representing approximately one month of operating costs	10% of net operating expenditures
Solid Waste	15% net operating expenditures representing approximately two months of operating costs	15% of net operating expenditures
Metro Vancouver Housing	10% of net operating expenditures representing approximately one month of operating costs	10% of net operating expenditures
Regional District Services	5% of net operating expenditures representing approximately one half of one month of operating costs	5% of net operating expenditures
Discretionary Reserves		
Centralized Support Discretionary Reserve	No minimum/maximum balance	Maximum 15% of the prior year’s approved centralized support departments’ budgets, net of fleet. Any annual surplus generated from centralized services may be allocated to one-time expenditures within the respective centralized support budgets, subject to approval through the annual budget process. Any balance exceeding the approved maximum would be returned to the legal entity or Regional District Service reserves in accordance with the apportionment methodology set out in the <i>Corporate Allocation Policy</i>.
All Other Discretionary Reserves	No minimum/maximum balance	No change, as these are designated through appropriation of annual surplus to meet a known or anticipated future financial obligations.
Statutory Reserves		
All Statutory Reserves	Specific reserve minimums are dictated by legal framework which governs their composition and application.	No change, as these are dictated by legal framework.

ALTERNATIVES

1. THAT the MVRD/MVHC/GVWD/GVS&DD Board approve the amended *Operating, Statutory and Discretionary Reserves Policy* as presented in the report dated February 9, 2026, titled “*Financial Board Policy Review – Amended Operating, Statutory and Discretionary Reserves Policy – Proposed Title: Financial Reserves Policy*”.
2. THAT the Performance and Audit Committee direct staff to make additional or alternate amendments to the *Operating, Statutory and Discretionary Reserves Policy – Proposed Title: Financial Reserves Policy* reflecting the discussion at the February 19, 2026 meeting, and include a summary of those comments and an updated policy for Board consideration at the February 27, 2026 Board meeting.
3. THAT the Performance and Audit Committee receive the report dated February 9, 2026, titled *Financial Board Policy Review – Amended Operating, Statutory and Discretionary Reserves Policy – Proposed Title: Financial Reserves Policy*” and direct staff to integrate input from the Committee, and bring back a revised policy to the Performance and Audit Committee for its consideration at its March 12, 2026 meeting.

FINANCIAL IMPLICATIONS

If the Board chooses Alternative 1, the updated *Operating, Statutory and Discretionary Reserves Policy – Proposed Title: Financial Reserves Policy* will be integrated into modelling for the April Board budget workshop. If approved by the Board, the projected 2026 year-end reserve balance would include \$19 million for the Centralized Services Discretionary Reserve.

If the Committee chooses Alternative 2, staff will summarize the Committee’s discussion and additional or alternate amendments in a cover report to the Boards for the February 27, 2026 Board meeting and attach an updated *Operating, Statutory and Discretionary Reserves Policy* for the Boards’ consideration. Subject to Board approval, there will be time to integrate the updated policy into materials and modelling for the 2026 April Board Budget Workshop.

If the Committee chooses Alternative 3, staff will bring back an amended *Operating, Statutory and Discretionary Reserves Policy* reflecting the Committee’s discussion at the March 12, 2026 Performance and Audit Committee and March Board meeting. ***With a month delay, any amendments to the policy will not be reflected in the April Board Budget Workshop materials and modelling.***

CONCLUSION

The *Operating, Statutory and Discretionary Policy* provides a framework that guides the establishment and maintenance of reserves within Metro Vancouver’s four legal entities and the established regional district services. The policy principles and minimum/maximum calculation methods help maintain adequate working capital and statutory required minimums, mitigate against cash flow fluctuations and timing differences between revenues and expenditures.

ATTACHMENTS

1. Policy No. FN-016: *Financial Reserves Policy* – February 19, 2026 – Proposed Changes Accepted.
2. Policy No. FN-016: *Operating, Statutory, and Discretionary Reserves Policy* - April 27, 2018 – Proposed Changes.
3. Schedule of Metro Vancouver Reserves by Entity.
4. Presentation re: Financial Board Policy Review – *Operating, Statutory and Discretionary Reserves Policy* – Proposed Title: Financial Reserves Policy.

FINANCIAL RESERVES POLICY

Effective Date: April 27, 2018 (Revised February 27, 2026)

Approved By: MVRD/MVHC/GVWD/GVS&DD Boards

Policy No. FN-016

Next Review: February 2031

PURPOSE

To outline principles and requirements that guide the establishment, use and management of Metro Vancouver reserves.

DEFINITIONS

“Annual Surplus” means excess of revenues over expenditures for the current year;

“Legal Entity” means Greater Vancouver Water District (GVWD), Greater Vancouver Sewerage and Drainage District (GVS&DD), which includes the legal functions of Liquid Waste and Solid Waste, Metro Vancouver Housing Corporation (MVHC) and Metro Vancouver Regional District (MVRD); and

“Regional District Services” comprise each of the following: Housing Policy and Planning, Air Quality, Electoral Area, General Government Administration, Regional Employer Services, Regional Global Positioning System (GPS), Regional Parks, Regional Planning, E911 Emergency Telephone Service, Regional Emergency Management, Mosquito Control Service and Sasamat Fire Protection Service.

“Net Annual Operating Expenditures” means the total annual operating cost of delivering services and carrying out the ongoing operations for the current year.

POLICY

Reserves are funds that are appropriated as a means of providing financial security against an unforeseen financial loss, such as a revenue shortfall and unexpected expenditures, or for meeting future financial obligations. They are a key element of Metro Vancouver’s long term financial sustainability and they provide a mechanism to ensure a strong financial position. Metro Vancouver reserves are categorized as Operating, Statutory or Discretionary.

Metro Vancouver’s Reserves Policy supports the following principles:

- Financial stability, security and sustainability
- Consistent with long term financial plans, Board and Corporate strategic goals
- In accordance with legal requirements under applicable legislation

In addition to these guiding principles, reserves shall be established and managed in accordance with the following:

- All reserve contributions and applications must be approved by the Board
- All reserve balances will earn interest at a rate based on Metro Vancouver’s average return on investments

BOARD POLICY

- All reserves exclusively belong to a specific legal entity or Regional District Service and can only be applied to fund business activities of that legal entity or Regional District Service.
- Financial Services is responsible for the stewardship and oversight of all Metro Vancouver reserves.
- The status of reserve balances will be reported to the Performance and Audit Committee three times a year through the Financial Performance Reporting process.

1. OPERATING RESERVES

Operating Reserves are established for each legal entity and Regional District Service to serve as a measure of financial security should there be an unforeseen financial loss beyond the control of the organization and to support the maintenance of adequate working capital to manage cash-flow fluctuations, timing differences between revenues and expenditures, and short-term financing or borrowing gaps.

A legal entity or Regional District Service's inherent risk of experiencing an unforeseen financial loss increases both with the level of business activity as well as the nature of that business activity. Operating expenditures serve as a measure of an entity or function's level of business activity; therefore, the greater the business activity the greater the risk of an unforeseen financial event. Risk of an unforeseen financial loss also increases with volatility associated with the business activity.

Minimum Reserve. The minimum required Operating Reserve amount for a legal entity or Regional District Service shall be determined as a percentage of the legal entity or Regional District Service's prior year operating expenditures net of reserve contributions, contributions to capital and debt service costs and is based on the inherent risk of incurring a financial loss. As noted above, the higher the level of inherent risk, the higher the required reserve minimum balance.

Operating Reserve balances must be maintained at the established minimum amounts in order to ensure security against unforeseen financial impacts as this financial security is paramount to financial sustainability. Should the Operating Reserve balance fall below the established minimum, the Operating Reserve must be replenished to the minimum level within two budget years.

Contributions to Reserve. Contributions to Operating Reserves are made through the appropriation of annual surpluses generated from operations within a legal entity and Regional District Service.

Usage of Reserve. The usage of Operating Reserve balances will only be contemplated for the funding of unforeseen revenue shortfalls or expenditure obligations where other sources of funding are not available.

a) Greater Vancouver Water District (GVWD) Operating Reserve

The required Operating Reserve for the Water Services function is equal to 15% of net operating expenditures.

The GVWD is an entity whose primary revenue source is the sale of water based on a unit rate per cubic metre of water consumed within the region. The unit rate is set at a rate to cover annual expenditures and based on an estimated volume of overall regional consumption. The

BOARD POLICY

actual level of consumption, however, may vary from expectation due to many factors including weather, effectiveness of conservation measures and the implementation of watering restrictions. This potential volatility in consumption and that the majority of expenditures are not variable with the level of consumption and cannot easily be adjusted should there be a drop in consumption, results in the GVWD having a higher relative level of inherent risk associated with their business activities.

b) Greater Vancouver Sewerage and Drainage District (GVS&DD) – Solid Waste

The required Operating Reserve for the Solid Waste function is equal to 15% of net operating expenditures.

Solid Waste is a function whose primary revenue source is Tipping Fee revenue based on a unit rate per cubic tonne of waste disposed of within the region. The unit rate is set to cover annual expenditures and is based on an estimated volume of overall regional waste tonnage. The actual level of waste tonnage, however, may vary from expectation due to many factors including level of construction and demolition, effectiveness of waste diversion activities and waste migration. While some expenditures in Solid Waste are somewhat variable with waste volumes, many are fixed. This along with the potential volatility in waste volumes leads to Solid Waste having a higher relative level of inherent risk associated with their business activities.

c) Greater Vancouver Sewerage and Drainage District (GVS&DD) – Liquid Waste

The required Operating Reserve for the Liquid Waste function is equal to 10% of net operating expenditures.

Liquid Waste is a function whose primary revenue source is an annual sewer levy collected from member jurisdictions and as a result are low risk in terms of collection. While the majority of revenues in Liquid waste carry a high level of certainty, the nature of the business of collecting and treating sewage has operating risks including weather related overflows, impacts from power interruption and infrastructure failure. As a result, Liquid Waste has a moderate relative level of inherent risk associated with their business activities.

d) Metro Vancouver Housing Corporation (MVHC)

The required Operating Reserve for the Housing Corporation function is equal to 10% of net operating expenditures.

The MVHC is reliant on tenant rents to support the annual expenditures to provide affordable housing. The level of rental revenue has some inherent risk of volatility due to factors including vacancy rates, tenant turnover and rental losses caused by required repairs and maintenance activities. The nature of the housing complexes being of wood construction, include a level of risk of unforeseen significant maintenance requirements. As a result, the MVHC has a moderate relative level of inherent risk associated with their business activities.

e) Metro Vancouver Regional District (MVRD)

The required Operating Reserve for each Regional District Service is equal to 5% of net operating expenditures.

BOARD POLICY

The Regional District Services are reliant on tax requisition collected from member jurisdictions and therefore, have low risk in terms of revenue collection. In addition, the Regional District Services’ operating expenditures are relatively consistent annually and quite predictable. As a result, the Regional District Services have a low relative level of inherent risk associated with their business activities.

SUMMARY OF OPERATING RESERVE MINIMUMS	
Legal Entity	Operating Reserve Amount
Greater Vancouver Water District	15% of prior year’s net operating expenditures
Greater Vancouver Sewerage and Drainage District Solid Waste	15% of prior year’s net operating expenditures
Greater Vancouver Sewerage and Drainage District Liquid Waste	10% of prior year’s net operating expenditures
Metro Vancouver Housing Corporation	10% of prior year’s net operating expenditures
Metro Vancouver Regional District Services: Air Quality E911 Emergency Telephone Service Electoral Area Service General Government Administration Housing Planning and Policy Invest Vancouver Regional Emergency Management Regional Employer Services Regional Global Positioning System Regional Parks Regional Planning Sasamat Fire Protection Service Mosquito Control Service	5% of prior year’s net operating expenditures

2. STATUTORY RESERVES

Statutory Reserves are established where reserves are required within a legal framework which governs their composition and application. Statutory Reserves are reserves set aside for a legal entity and Regional District Service for a specific purpose in accordance with the applicable terms and conditions within the establishing legal framework as follows:

- Legislation
- Board approved bylaw
- Governing agreement with another level of government or entity

Examples of Statutory Reserves include Liquid Waste Development Cost Charges (GVS&DD), Cultural Grants (MVRD) and Park Land Acquisition (MVRD).

BOARD POLICY

Contributions to Reserve. Contributions to Statutory Reserves are made through annual budget contributions and the appropriation of the annual surplus generated from operations in accordance with legal statute, Board approved bylaw, or governing agreement.

Usage of Reserves. The usage of Statutory Reserve balances will only be authorized for the purpose designated by the Statutory Reserve and must be withdrawn in accordance with legal statute, Board approved bylaw, or governing agreement.

3. DISCRETIONARY RESERVES

Discretionary Reserves are established by the Board for legal entities and Regional District Services as an appropriation of annual surplus to meet a known or anticipated future financial obligation.

Contributions to Reserve. Contributions to Discretionary Reserves are made through the appropriation of the annual surplus generated from operations for a known or anticipated future financial obligation, or for general future usage in accordance with the priority sequence as outlined under “Appropriation of Annual Surplus.”

Usage of Reserves. The usage of Discretionary Reserve balances will fund expenditures as an additional annual revenue source to support Metro Vancouver’s goals and priorities in reducing the need for revenue from rates, levies and tax requisitions. The usage of Discretionary Reserves will be included, where applicable, within the five-year financial plan.

SUMMARY OF OPERATING RESERVE MINIMUMS	
Centralized Support Discretionary Reserve	Maximum 15% of the prior year’s approved centralized support departments’ budgets, net of fleet. Any annual surplus generated from centralized services in excess of the minimum required balance may be allocated to one-time expenditures within the respective centralized support budgets, subject to approval through the annual budget process. Any balance exceeding the approved maximum would be returned to the legal entity or Regional District Service reserves in accordance with the apportionment methodology set out in the <i>Corporate Allocation Policy</i> .
All Other Discretionary Reserves	No minimum or maximum balances as these reserves designated through appropriation of annual surplus to meet a known or anticipated future financial obligations

4. APPROPRIATION OF ANNUAL SURPLUS

After ensuring that all Operating Reserves meet the minimum balances as established under this Policy and that all requirements for Statutory Reserves and Discretionary Reserves are met, any Annual Surplus remaining for a legal entity or Regional District Service will be utilized in accordance with the following priority sequence:

- i. **Fund capital expenditures or pay down existing debt of that legal entity or Regional District Service.** This is consistent with debt avoidance and the mitigation of future financial obligations

BOARD POLICY

- ii. **Fund one-time expenditures of that legal entity or Regional District Service.** This includes but is not limited to funding equipment purchases and consulting initiatives and projects.
- iii. **Stabilize rates for a legal entity or Regional District Service.** This involves smoothing out utility rates, levies or tax requisitions resulting from operating budget expenditures. Usage of reserves for rate stabilization is only used in circumstances where priorities 1) and 2) are not applicable, or have been met. This application is discretionary and may not be applicable. If not applicable, then move to priority 4.
- iv. **Maintain as a Statutory or Discretionary Reserve.** This can represent an addition to an existing Statutory or Discretionary Reserve or the establishment of a new Discretionary Reserve based on new information regarding a future financial obligation.

Management of Reserves

When the Board has approved the use of reserves to fund expenditures, the funding must be spent for the intended purpose within the year of approval, or the following budget year.

Although reserves are to only be used for their intended purpose, there may be instances when short-term internal borrowing from reserves is financially beneficial or required. Internal borrowing is permitted to temporarily finance funding requirements to avoid external temporary borrowing or to fund emergencies as required, in accordance with the applicable legislation. If money from one reserve is used for temporary financing purposes, there must be repayment of the amount used to the reserve, plus interest within five years of borrowing.

Internal borrowing and transferring of funds from Reserves must be approved by the Board.

OPERATING, STATUTORY AND DISCRETIONARY FINANCIAL RESERVES POLICY

Effective Date: April 27, 2018 (Revised February 27, 2026)

Approved By: MVRD/MVHC/GVWD/GVS&DD Boards

Policy No. FN-016

Next Review: February 2031

PURPOSE

To outline principles and requirements that guide the establishment, use and management of Metro Vancouver reserves.

DEFINITIONS

“Annual Surplus” means excess of revenues over expenditures for the current year;

“Legal Entity” means Greater Vancouver Water District (GVWD), Greater Vancouver Sewerage and Drainage District (GVS&DD), which includes the legal functions of Liquid Waste and Solid Waste, Metro Vancouver Housing Corporation (MVHC) and Metro Vancouver Regional District (MVRD); and

“Statutory Functions” mean functions related to the Metro Vancouver Regional District, which include: Affordable Services comprise each of the following: Housing Policy and Planning, Air Quality, Electoral Area, General Government, Labour Relations Administration, Regional Employer Services, Regional Global Positioning System (GPS), Regional Parks, Regional Planning, E911 Emergency Telephone Service, Regional Emergency Management, Mosquito Control Service and Sasamat Fire Protection Service.

“Net Annual Operating Expenditures” means the total annual operating cost of delivering services and carrying out the ongoing operations for the current year.

POLICY

Reserves are funds that are appropriated as a means of providing financial security against an unforeseen financial loss, such as a revenue shortfall and unexpected expenditures, or for meeting future financial obligations. They are a key element of Metro Vancouver’s long term financial sustainability and they provide a mechanism to ensure a strong financial position. Metro Vancouver reserves are categorized as Operating, Statutory or Discretionary.

Metro Vancouver’s Reserves Policy supports the following principles:

- Financial stability, security and sustainability
- Consistent with long term financial plans, Board and Corporate strategic goals
- In accordance with legal requirements under applicable legislation

In addition to these guiding principles, reserves shall be established and managed in accordance with the following:

- All reserve contributions and applications must be approved by the Board

BOARD POLICY

- All reserve balances will earn interest at a rate based on Metro Vancouver’s average return on investments
- All reserves exclusively belong to a specific legal entity or ~~statutory function~~Regional District Service and can only be applied to fund business activities of that legal entity or ~~statutory function~~Regional District Service.
- Financial Services is responsible for the stewardship and oversight of all Metro Vancouver reserves.
- The status of reserve balances will be reported to the Performance and Audit Committee three times a year through the Financial Performance Reporting process.

1. OPERATING RESERVES

Operating Reserves are established for each legal entity and ~~statutory function~~Regional District Service to serve as a measure of financial security should there be an unforeseen financial loss beyond the control of the organization and to support the maintenance of adequate working capital to manage cash-flow fluctuations, timing differences between revenues and expenditures, and short-term financing or borrowing gaps.

A legal entity or ~~statutory function’s~~Regional District Service’s inherent risk of experiencing an unforeseen financial loss increases both with the level of business activity as well as the nature of that business activity. Operating expenditures serve as a measure of an entity or function’s level of business activity; therefore, the greater the business activity the greater the risk of an unforeseen financial event. Risk of an unforeseen financial loss also increases with volatility associated with the business activity.

Minimum Reserve. The minimum required Operating Reserve amount for a legal entity or ~~statutory function~~Regional District Service shall be determined as a percentage of the legal entity or ~~statutory function’s~~Regional District Service’s prior year operating expenditures net of reserve contributions, contributions to capital and debt service costs and is based on the inherent risk of incurring a financial loss. As noted above, the higher the level of inherent risk, the higher the required reserve minimum balance.

Operating Reserve balances must be maintained at the established minimum amounts in order to ensure security against unforeseen financial impacts as this financial security is paramount to financial sustainability. Should the Operating Reserve balance fall below the established minimum, the Operating Reserve must be replenished to the minimum level within two budget years.

Contributions to Reserve. Contributions to Operating Reserves are made through the appropriation of annual surpluses generated from operations within a legal entity and ~~statutory function~~Regional District Service.

Usage of Reserve. The usage of Operating Reserve balances will only be contemplated for the funding of unforeseen revenue shortfalls or ~~expenditures~~expenditure obligations where other sources of funding ~~is~~are not available.

BOARD POLICY

a) Greater Vancouver Water District (GVWD) Operating Reserve

The required Operating Reserve for the Water Services function is equal to 15% of net operating expenditures ~~representing approximately two months of operating costs.~~

The GVWD is an entity whose primary revenue source is the sale of water based on a unit rate per cubic metre of water consumed within the region. The unit rate is set at a rate to cover annual expenditures and based on an estimated volume of overall regional consumption. The actual level of consumption, however, may vary from expectation due to many factors including weather, effectiveness of conservation measures and the implementation of watering restrictions. This potential volatility in consumption and that the majority of expenditures are not variable with the level of consumption and cannot easily be adjusted should there be a drop in consumption, results in the GVWD having a higher relative level of inherent risk associated with their business activities.

b) Greater Vancouver Sewerage and Drainage District (GVS&DD) – Solid Waste

The required Operating Reserve for the Solid Waste function is equal to 15% of net operating expenditures ~~representing approximately two months of operating costs.~~

Solid Waste is a function whose primary revenue source is Tipping Fee revenue based on a unit rate per cubic tonne of waste disposed of within the region. The unit rate is set to cover annual expenditures and is based on an estimated volume of overall regional waste tonnage. The actual level of waste tonnage, however, may vary from expectation due to many factors including level of construction and demolition, effectiveness of waste diversion activities and waste migration. While some expenditures in Solid Waste are somewhat variable with waste volumes, many are fixed. This along with the potential volatility in waste volumes leads to Solid Waste having a higher relative level of inherent risk associated with their business activities.

c) Greater Vancouver Sewerage and Drainage District (GVS&DD) – Liquid Waste

The required Operating Reserve for the Liquid Waste function is equal to 10% of net operating expenditures ~~representing approximately one month of operating costs.~~

Liquid Waste is a function whose primary revenue source is an annual sewer levy collected from member jurisdictions and as a result are low risk in terms of collection. While the majority of revenues in Liquid waste carry a high level of certainty, the nature of the business of collecting and treating sewage has operating risks including weather related overflows, impacts from power interruption and infrastructure failure. As a result, Liquid Waste has a moderate relative level of inherent risk associated with their business activities.

d) Metro Vancouver Housing Corporation (MVHC)

The required Operating Reserve for the Housing Corporation function is equal to 10% of net operating expenditures ~~representing approximately one month of operating costs.~~

The MVHC is reliant on tenant rents to support the annual expenditures to provide affordable housing. The level of rental revenue has some inherent risk of volatility due to factors including

BOARD POLICY

vacancy rates, tenant turnover and rental losses caused by required repairs and maintenance activities. The nature of the housing complexes being of wood construction, include a level of risk of unforeseen significant maintenance requirements. As a result, the MVHC has a moderate relative level of inherent risk associated with their business activities.

e) Metro Vancouver Regional District (MVRD)

The required Operating Reserve for each ~~MVRD Statutory function~~Regional District Service is equal to 5% of net operating expenditures ~~representing approximately one half of one month of operating costs.~~

~~The statutory functions of the MVRD~~The Regional District Services are reliant on tax requisition collected from member jurisdictions and therefore, have low risk in terms of revenue collection. In addition, the ~~MVRD statutory function's~~Regional District Services' operating expenditures are relatively consistent annually and quite predictable. As a result, the ~~MVRD statutory functions~~Regional District Services have a low relative level of inherent risk associated with their business activities.

SUMMARY OF OPERATING RESERVE MINIMUMS	
Legal Entity/ Statutory Function	Operating Reserve Amount
Greater Vancouver Water District	15% of prior year's net operating expenditures (approximately 2 months of operating costs)
Greater Vancouver Sewerage and Drainage District Solid Waste	15% of prior year's net operating expenditures (approximately 2 months of operating costs)
Greater Vancouver Sewerage and Drainage District Liquid Waste	10% of prior year's net operating expenditures (approximately 1 month of operating costs)
Metro Vancouver Housing Corporation	10% of prior year's net operating expenditures (approximately 1 month of operating costs)
Metro Vancouver Regional District <u>Services:</u> Affordable Housing Air Quality E911 Emergency Telephone Service Electoral Area Service General Government <u>Administration</u> Labour Relations <u>Housing Planning and Policy</u> <u>Invest Vancouver</u> Regional Emergency Management <u>Regional Employer Services</u> Regional Global Positioning System Regional Parks	5% of prior year's net operating expenditures (approximately 0.5 month of operating costs)

BOARD POLICY

Regional Planning Sasamat Fire Protection Service <u>Mosquito Control Service</u>	
---	--

2. STATUTORY RESERVES

Statutory Reserves are established where reserves are required within a legal framework which governs their composition and application. Statutory Reserves are reserves set aside for a legal entity and ~~statutory function~~Regional District Service for a specific purpose in accordance with the applicable terms and conditions within the establishing legal framework as follows:

- ~~Legal statute~~
- Legislation
- Board approved bylaw
- Governing agreement with another level of government or entity

Examples of Statutory Reserves include Liquid Waste Development Cost Charges- (GVS&DD), Cultural Grants (MVRD) and Park Land Acquisition- (MVRD).

Contributions to Reserve. Contributions to Statutory Reserves are made through annual budget contributions and the appropriation of the annual surplus generated from operations in accordance with legal statute, Board approved bylaw, or governing agreement.

Usage of Reserves. The usage of Statutory Reserve balances will only be authorized for the purpose designated by the Statutory Reserve and must be withdrawn in accordance with legal statute, Board approved bylaw, or governing agreement.

3. DISCRETIONARY RESERVES

Discretionary Reserves are established by the Board for legal entities and ~~statutory functions~~Regional District Services as an appropriation of annual surplus to meet a known or anticipated future financial obligation.

Contributions to Reserve. Contributions to Discretionary Reserves are made through the appropriation of the annual surplus generated from operations for a known or anticipated future financial obligation, or for general future usage in accordance with the priority sequence as outlined under "Appropriation of Annual Surplus."

Usage of Reserves. The usage of Discretionary Reserve balances will fund expenditures as an additional annual revenue source to support Metro Vancouver’s goals and priorities in reducing the need for revenue from rates, levies and tax requisitions. The usage of Discretionary Reserves will be included, where applicable, within the five-year financial plan.

BOARD POLICY

<u>SUMMARY OF OPERATING RESERVE MINIMUMS</u>	
<u>Centralized Support Discretionary Reserve</u>	<u>Maximum 15% of the prior year’s approved centralized support departments’ budgets, net of fleet. Any annual surplus generated from centralized services in excess of the minimum required balance may be allocated to one-time expenditures within the respective centralized support budgets, subject to approval through the annual budget process. Any balance exceeding the approved maximum would be returned to the legal entity or Regional District Service reserves in accordance with the apportionment methodology set out in the <i>Corporate Allocation Policy</i>.</u>
<u>All Other Discretionary Reserves</u>	<u>No minimum or maximum balances as these reserves designated through appropriation of annual surplus to meet a known or anticipated future financial obligations</u>

4. APPROPRIATION OF ANNUAL SURPLUS

After ensuring that all Operating Reserves meet the minimum balances as established under this Policy and that all requirements for Statutory Reserves and Discretionary Reserves are met, any ~~annual surplus~~Annual Surplus remaining for a legal entity or Regional District Service will be utilized in accordance with the following priority sequence:

- i. **Fund capital expenditures or pay down existing debt.** ~~of that legal entity or Regional District Service.~~ This is consistent with debt avoidance and the mitigation of future financial obligations
- ii. **Fund one-time expenditures.** ~~of that legal entity or Regional District Service.~~ This includes but is not limited to funding equipment purchases and consulting initiatives and projects.
- iii. ~~Rate stabilization~~Stabilize rates **for a legal entity or** ~~statutory function~~Regional District Service. This involves smoothing out utility rates, levies or tax requisitions resulting from operating budget expenditures. Usage of reserves for rate stabilization is only used in circumstances where priorities 1) and 2) are not applicable, or have been met. This application is discretionary and may not be applicable. If not applicable, then move to priority 4.
- iv. **Maintain as a Statutory or Discretionary Reserve.** This can represent an addition to an existing Statutory or Discretionary Reserve or the establishment of a new Discretionary Reserve based on new information regarding a future financial obligation.

Management of Reserves

When the Board has approved the use of reserves to fund expenditures, the funding must be spent for the intended purpose within the year of approval, or the following budget year.

Although reserves are to only be used for their intended purpose, there may be instances when short-term internal borrowing from reserves is financially beneficial or required. Internal borrowing is permitted to temporarily finance funding requirements to avoid external temporary borrowing or to fund emergencies as required, in accordance with the applicable legislation. If money from one reserve

BOARD POLICY

is used for temporary financing purposes, there must be repayment of the amount used to the reserve, plus interest within five years of borrowing.

Internal borrowing and transferring of funds from Reserves must be approved by the Board.

Attachment 3: Schedule of Metro Vancouver Reserves by Entity

Reserve	Classification	Description	Projected Balance December 31, 2026	Proposed Minimum Balance
GVSD				
Liquid Waste Services				
Liquid Waste Services Operating	Operating reserves	Established to serve as a measure of financial security should there be an unforeseen financial loss due to operating risks including weather related overflows, impacts from power interruption and infrastructure failure. Each established Sewerage and Drainage Area has its own Operating Reserve Account.	\$ 29,586,304	\$ 28,174,223
Liquid Waste Biosolids Inventory	Discretionary reserves	Established for the costs related to the processing and removal of biosolids at the Wastewater Treatment Plants. Each Sewerage Area has its own Biosolids Inventory Reserve Account.	-	N/A
Liquid Waste Drainage General	Discretionary reserves	Established for projects related to the Drainage Areas. Each Drainage Area has its own Reserve Account.	2,989,907	N/A
Liquid Waste General Debt Reserve Fund	Discretionary reserves	Originally established to support GVS&DD's historical bond and debenture issuances, ensuring sufficient funds were available to meet payment obligations to bondholders. As GVS&DD no longer issues its own debt and this function is no longer required, this reserve may be considered for transfer to capital.	3,322,196	N/A
Liquid Waste Lions Gate Contingency	Discretionary reserves	Established for the costs related to the current Lions Gate Wastewater Treatment Plant including land lease rents to the Squamish Nation. This reserve is established only for the North Shore Sewerage Area.	1,749,849	N/A
Liquid Waste Development Cost Charge	Statutory reserves	Established to only be used for assisting the GVS&DD in paying debt or capital costs incurred to provide, construct, alter or expand sewerage facilities to service development within the area of the GVS&DD (Sewerage and Drainage function). Each Sewerage Area has its own DCC Reserve Account.	205,060,539	N/A

Liquid Waste Laboratory Equipment	Statutory reserves	Established to only be used for the acquisition, repair, replacement, upgrading or improvements of laboratory equipment used by the GVS&DD for testing and analysis. Each Sewerage Area has its own laboratory equipment Reserve Account.	1,296,630	N/A
Liquid Waste Services Sustainability Innovation Fund	Statutory reserves	Established for the activities described in the Liquid Waste Sustainability Innovation Fund Policy. Each Sewerage Area has its own Sustainability Innovation Fund Reserve Account.	7,900,565	N/A
North Shore Wastewater Treatment Plant	Statutory reserves	Established to provide for “North Shore Program Additional Costs”, which means the costs for completing the North Shore Program in excess of \$1.06 Billion, to a maximum of \$3.86 Billion; stated another way, North Shore Program Additional Costs will not exceed \$2.8 Billion.	142,430,196	N/A
Solid Waste Services				
Solid Waste Services Operating	Operating reserves	Established to serve as a measure of financial security should there be an unforeseen financial loss such as a reduction in overall regional waste tonnage and volumes.	21,898,995	20,865,666
Solid Waste General	Discretionary reserves	Established for projects and initiatives related to Solid Waste activities.	28,702,441	N/A
Solid Waste Landfill Post Closure		Established to be used to cover unforeseen costs related to the closure of the Vancouver Landfill.	11,983,117	N/A
GVWD				
Water Services				
Water Services Operating	Operating reserves	Established to serve as a measure of financial security should there be an unforeseen loss due to less than expected revenues such as lower water sales due to consumption.	25,897,324	24,441,578

Laboratory Equipment	Statutory reserves	Established for the acquisition, repair, replacement, upgrading or improvements of laboratory equipment used by the GVWD for testing and analysis.	1,036,117	N/A
Water Development Cost Charge	Statutory reserves	Established to only be used for assisting the GVWD in paying debt or capital costs incurred to provide, construct, alter or expand water service facilities to service development within the area of the GVWD.	108,787,088	N/A
Water Services Sustainability Innovation Fund	Statutory reserves	Established to be used for the activities described in the Water Sustainability Innovation Fund Policy.	10,564,699	N/A
MVHC				
MVHC Operating Reserves Operating	Operating reserves	Established to serve as a measure of financial security should there be an unforeseen financial loss due to factors including vacancy rates, tenant turnover and rental losses caused by required repairs and maintenance activities.	9,716,715	3,409,034
MVHC Capital Development	Discretionary reserves	Established for the development and re-development of MVHC housing sites.	66,639,135	N/A
MVHC Capital Replacement	Discretionary reserves	Established for capital replacement activities within the MVHC. This would include major repairs and maintenance activities at MVHC housing sites.	16,389,278	N/A
MVHC Restricted Reserve	Statutory reserves	Established for the MVHC programs per restricted agreements.	6,551,515	N/A
MVRD				
Air Quality and Climate Action				
Air Quality and Climate Action Operating	Operating reserves	Established to serve as a measure of financial security should there be an unforeseen financial loss due to higher than expected operating costs.	1,063,102	889,129
Air Quality and Climate Action General	Discretionary reserves	Established to fund projects and initiatives within the Air Quality function.	5,032,865	N/A

Centralized Support Program				
Centralized Support General	Discretionary reserves	Established to fund projects and initiatives for all centralized support programs. This reserve includes: - Corporate Services Information - Technology Reserve Account - Corporate Benefits Reserve Account - Corporate Programs Reserve Account	19,385,413	N/A
Corporate Fleet	Statutory reserves	Established to provide for costs related to the acquisition, replacement and maintenance of corporate fleet assets.	9,484,829	N/A
Corporate Self Insurance	Statutory reserves	Established to provide for the costs related to funding property and liability claims in accordance with the MVRD General Liability and Property Loss Claims Policy.	1,796,369	N/A
E911 Emergency Telephone Service				
E911 Emergency Telephone Service Operating	Operating reserves	Established to serve as a measure of financial security should there be an unforeseen financial loss due to higher than expected operating costs.	380,973	363,820
E911 Emergency Telephone Service General	Discretionary reserves	Established to fund projects and initiatives within the E911 Emergency Telephone Service Function.	531,714	N/A
Electoral Area				
Electoral Area Service Operating	Operating reserves	Established to serve as a measure of financial security should there be an unforeseen financial loss due to higher than expected operating costs.	190,755	304,313
Electoral Area Service General	Discretionary reserves	Established to fund costs associated with projects and initiatives within the Electoral Area Service Function.	1,961,696	N/A
Electoral Area Community Works	Statutory reserves	Established to fund projects and initiatives as per the Community Works Fund Agreement.	1,257,038	N/A
Electoral Area Election	Statutory reserves	Established to fund costs associated with Electoral Area A local government elections, by-elections, projects and initiatives.	22,278	N/A

General Government				
General Government Operating	Operating reserves	Established to serve as a measure of financial security should there be an unforeseen financial loss due to higher than expected operating costs.	1,136,726	425,077
West Nile Virus	Operating reserves	Originally established to fund Mosquito Control Services. The underlying Mosquito Control Program remains an established Metro Vancouver service through a formal bylaw, although no active budget is currently allocated to it. The reserve remains in place to support potential future needs related to mosquito control or West Nile Virus response.	429,405	N/A
General Government	Discretionary reserves	Established to fund costs associated with projects and initiatives within the General Government Function.	21,528,362	N/A
Grants Reserve Fund	Statutory reserves	Established for funds to be expended solely for the purpose of providing grants to organizations specifically named by the Regional District Board and in accordance with guidelines for this purpose approved by the Board.	2,279,492	N/A
MVRD Sustainability Innovation Fund	Statutory reserves	Established to set aside funds to provide for costs related to activities described in the MVRD Regional District Sustainability Innovation Fund Policy.	4,728,498	N/A
Housing Planning and Policy				
Housing Planning and Policy Development Operating	Operating reserves	Established to serve as a measure of financial security should there be an unforeseen financial loss due to higher than expected operating costs.	649,576	237,301
Housing Planning and Policy	Statutory reserves	Established to provide for costs related to funding affordable housing development, projects and initiatives.	1,076,353	N/A
Housing Planning and Policy Development	Statutory reserves	Established to provide for costs related to funding new affordable housing development projects on lands owned by MVRD or by MVRD member jurisdictions.	5,221,987	N/A

Invest Vancouver				
Invest Vancouver Operating	Operating reserves	Established to serve as a measure of financial security should there be an unforeseen financial loss due to higher than expected operating costs.	246,751	237,693
Invest Vancouver General	Discretionary reserves	Established to fund projects and initiatives within the Invest Vancouver Initiative Function.	705,013	N/A
Regional Emergency Management				
Regional Emergency Management Operating	Operating reserves	Established to serve as a measure of financial security should there be an unforeseen financial loss due to higher than expected operating costs.	19,805	9,984
Regional Emergency Management General	Discretionary reserves	Established to fund projects and initiatives within the Regional Emergency Management Function.	589,277	N/A
Regional Employer Services				
Regional Employer Services Operating	Operating reserves	Established to serve as a measure of financial security should there be an unforeseen financial loss due to higher than expected operating costs.	235,186	219,127
Regional Employer Services General	Discretionary reserves	Established to fund projects and initiatives within the Regional Employer Services Function.	1,796,053	N/A
Regional Geospatial Reference System				
Regional Geospatial Reference System Operating	Operating reserves	Established to serve as a measure of financial security should there be an unforeseen financial loss due to higher than expected operating costs.	31,573	22,671
Regional Geospatial Reference System	Statutory reserves	Established to set aside funds to provide for costs, projects, initiatives and equipment related to the Regional GPS Service.	1,084,645	N/A
Regional Parks				
Regional Parks Operating	Operating reserves	Established to serve as a measure of financial security should there be an unforeseen financial loss due to higher than expected operating costs.	2,674,373	2,590,496
Regional Parks General	Discretionary reserves	Established to fund projects and initiatives within the Regional Parks Function.	3,401,480	N/A

Delta Airpark	Statutory reserves	Established for Delta Airpark building repairs and other capital Airpark improvements and or associated park areas as endorsed by the Delta Airpark Management Committee and adopted by the District Park Committee.	84,373	N/A
Parkland Acquisition	Statutory reserves	Established to set aside funds for the purpose of land acquisition in existing and future regional parks.	12,426,893	N/A
Parkland Acquisition and Development	Statutory reserves	Established for the purpose of acquiring park land, or for the development or construction of improvements on or to park land.	23,639,171	N/A
Parkland Acquisition Development Cost Charge	Statutory reserves	Established to only be used for assisting the MVRD in paying the capital costs of providing regional park land, to service, directly or indirectly, the development for which the charge is being imposed.	681,117	N/A
Regional Parks Infrastructure	Statutory reserves	Established to provide for costs related to the acquisition, construction, replacement and maintenance of capital infrastructure related to the Regional Parks Function.	9,077,124	N/A
Regional Parks Legacy	Statutory reserves	Established to set aside funds to be used for stewardship activities in MVRD's Regional Parks that benefit the community.	2,754,049	N/A
Regional Planning				
Regional Planning Operating	Operating reserves	Established to serve as a measure of financial security should there be an unforeseen financial loss due to higher than expected operating costs.	347,667	286,585
Regional Planning General	Discretionary reserves	Established to fund projects and initiatives within the Regional Planning Function.	3,542,253	N/A
Sasamat Fire Protection				
Sasamat Fire Protection Service Operating	Operating reserves	Established to serve as a measure of financial security should there be an unforeseen financial loss due to higher than expected operating costs.	351,036	22,849
SFPS Capital Facility Reserve	Statutory reserves	Established to help fund preliminary design for the replacement of two fire halls in Villages of Anmore and Belcarra.	2,068,583	N/A

SFPS Capital Reserve Fund	Statutory reserves	Established to for future capital expenditures for the Sasamat Fire Protection Service including vehicles or equipment.	981,196	N/A
SFPS Communications Capital Reserve Fund	Statutory reserves	Established to set aside funds to provide for the acquisition of new communications equipment and the payment of apportioned infrastructure costs for the Sasamat Fire Protection Service.	79,644	N/A
SFPS Emergency Equipment Reserve Fund	Statutory reserves	Established to set aside funds to provide for emergency repairs to equipment for the Sasamat Fire Protection Service.	60,482	N/A
			\$ 847,537,785	\$ 89,614,871



Metro Vancouver Region

Financial Board Policy Review: Operating, Statutory and Discretionary Reserves Policy – Proposed Title: Financial Reserves Policy

Linda Sabatini
Deputy Chief Financial Officer, Financial Services

Performance and Audit Committee Meeting – February 19, 2026
Orbit Link: Add when archiving presentation to Orbit

metrovancover

1

RESERVES POLICY

PURPOSE

- **Approved in 2018; provides a framework for the establishment, use and management of Metro Vancouver’s reserves within its four legal entities**
- **Guided by the following principles**
 - Reserves provide financial stability, security and sustainability
 - Reserves can only used for the specific entity or function
 - Comply with legal requirements
 - Approved applications must be expended in year of approval or the following year
 - Reserves earn interest annually at the internal rate of return on investments
- **Metro Vancouver approach refrains from holding excess ratepayer funds in reserves**

metrovancover 2

2

RESERVES POLICY

TYPES OF RESERVES

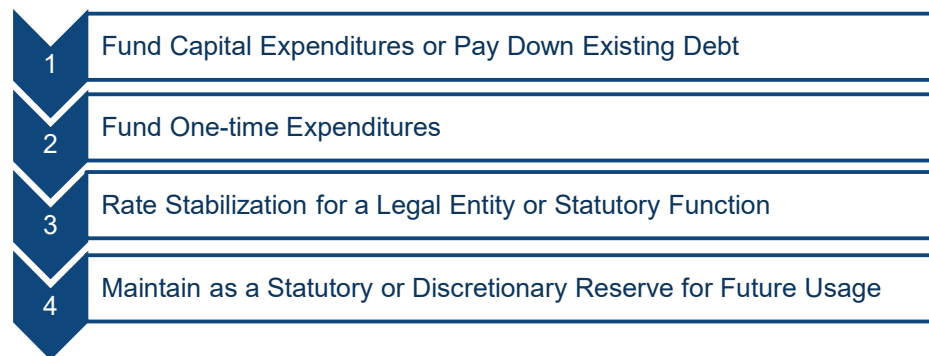
Reserve Category	Definition	Funding Source	Usage
Operating Reserves	Serve as a measure of financial security should there be an unforeseen financial loss beyond the control of the organization	Annual surpluses	Funds unforeseen revenue shortfalls or expenditures obligations where other sources of funding are not available
Discretionary Reserve	Established for the appropriation of annual surplus to meet a known or anticipated future financial obligation	Annual surpluses	Funds expenditures as an additional annual revenue source to support Metro Vancouver's goals and priorities in reducing the need for revenue from rates, levies and tax requisitions.
Statutory Reserve	Established when required within a legal framework which governs their composition and application of funds.	Annual surpluses + Budget contributions	Funds are withdrawn in accordance with legal statute , Board approved bylaw, or governing agreement.

3

RESERVES POLICY

ALLOCATION OF SURPLUS

Balances in excess of operating minimums are utilized in accordance with the following priority sequence:



4

RESERVES POLICY

PROPOSED AMENDMENTS

1. Administrative Changes

- Policy Name Change to “Financial Reserves Policy”
- Service Name Changes to reflect organizational changes
 - Example: “Affordable Housing” → “Housing Planning and Policy”
- Definition of “Net Operating Expenditures” to reflect calculation method of operating reserve minimums
- Expand definition of Operating Reserves to align with current practice

2. Centralized Support Discretionary Reserve Maximum at 15%

- Fund is designated to fund one-time expenditures that are critical priorities for the organization
- This could include one-time IT and Head Office projects
- Any balance above the established maximum will be redistributed to legal entities in accordance with the Corporate Allocation Policy

5

RESERVES POLICY

SUMMARY OF MINIMUMS / MAXIMUMS

	Current		Proposed
OPERATING RESERVES			
Water	15% net operating expenditures	→	No changes proposed
Liquid Waste	10% net operating expenditures	→	No changes proposed
Solid Waste	15% net operating expenditures	→	No changes proposed
Metro Vancouver Housing	10% net operating expenditures	→	No changes proposed
Regional Districts	5% net operating expenditures	→	No changes proposed
DISCRETIONARY RESERVES			
Centralized Support Discretionary Reserve	No minimum/maximum balance	→	Set maximum to 15%, with excess being redistributed back to entities in accordance with Corporate Allocation Policy.
Other Discretionary Reserves	No minimum/maximum balance	→	No changes proposed*
STATUTORY RESERVES			
All Reserves	Designated through legal framework	→	No changes proposed

*See attachment “Schedule of Metro Vancouver Reserves By Entity” for a full list of reserves.

6



7



To: Performance and Audit Committee

From: Linda Sabatini, Deputy Chief Financial Officer, Financial Services
Heather McNell, Deputy Chief Administrative Officer, Policy and Planning

Date: February 9, 2026 Meeting Date: February 19, 2026

Subject: **Financial Board Policy Review – Amended *Financial Management Policy***

RECOMMENDATION

THAT the MVRD/MVHC/GVWD/GVS&DD Board approve the amended *Financial Management Policy* as presented in the report dated February 9, 2026, titled “Financial Board Policy Review – Amended *Financial Management Policy*”.

EXECUTIVE SUMMARY

This report responds to Board direction to complete a review of Metro Vancouver’s relevant financial policies in advance of the 2026 April Board Budget Workshop. The *Financial Management Policy* was adopted in 2018, and provides a framework for funding decisions through a “pay-as-you-go” approach for operating and recurring capital expenditures, and long-term borrowing for major capital infrastructure costs.

The *Financial Management Policy* sets the policy framework for amortization for Metro Vancouver’s capital program – currently set at 15 years for all capital projects, with the exception of 30 years for North Shore municipalities’ share of the North Shore Wastewater Treatment Plant Program. Amortization period has been a topic of discussion at multiple Board meetings over the past number of years; this report provides a range of scenarios and applies them to Metro Vancouver’s 10 Year Capital Outlook – received by the Boards in October 2025 as a tool to be used in discussions about how best to manage the future capital program and the resulting financial implications. The scenarios demonstrate how amortization can be used as one means of addressing future financial challenges, with trade-offs.

Subsequent to review and engagement with the Municipal Finance Authority, this report recommends amending the amortization period for capital projects to 20 years, and to 30 years for projects exceeding \$1 billion in net borrowing. In addition, the funding principle of “transitioning to a growth-pays-for-growth” model through development cost charges (DCCs) has been added to align with Board direction over the past number of years.

The policy amendments strengthen financial stability while improving clarity, consistency, and long-term resilience to align with long-term financial plans.

PURPOSE

This report provides a summary of the financial principles in the *Financial Management Policy* and recommends policy changes based on prevailing practices.

BACKGROUND

At the November 28, 2025 GVS&DD Board meeting, the Board passed the following resolutions:

“That the GVS&DD Board direct staff to provide the following at minimum six weeks prior to the Board Budget Workshop:

- *A full capital project update on all major projects, including scope, status, schedule, risks, and cost projections;*
- *The completed and updated Financial Management Policy review, including any recommended changes to borrowing, debt-servicing, reserve management, and long-term capital funding approaches; and*
- *A comprehensive long-range financial plan of at least ten years, outlining projected capital requirements, operating impacts, financing strategies, and rate implications.*

And that the GVS&DD Board direct staff to provide the updated information to the Board in sufficient detail to enable informed decision-making regarding long term financial sustainability.”

In response to this resolution, this report outlines the financial principles within the *Financial Management Policy* and recommends updates to the policy. It also presents options for debt amortization periods and demonstrates how each option would affect debt service levels and household impacts (HHI) over the ten-year long-range financial plan.

In addition, the *Corporate Allocation Policy* and *Operating, Statutory and Discretionary Reserves Policy* are both on this month’s Committee agenda with proposed changes as well.

FINANCIAL MANAGEMENT POLICY

The financial sustainability of Metro Vancouver’s four legal entities relies on a sound approach to funding both operating and capital expenditures. The *Financial Management Policy*, established in 2018, adopted the approach that:

- a) annual revenues fund all operating expenditures as well as a level of capital (infrastructure) expenditures that are incurred consistently from year to year; and
- b) long-term debt funding should only be used for funding those capital expenditures above the consistent level of annual capital spending.

The proposed policy updates continue to support these two approaches and adds the concept of “transitioning to growth pays for growth” through the use of development cost charges (DCCs). This principle ensures that new growth-related development pays for the infrastructure it needs, rather than those costs being paid by existing ratepayers and has been supported by Board decisions and direction consistently over the past four years.

The policy notes that long-term debt funding will only be used to fund capital expenditures not funded from “pay as you go”, reserves or other revenue sources such as Development Cost Charges or grants. The existing policy sets a debt servicing ratio limit, total interest and principal as a share of total revenues, of 40% and a 15-year amortization period to fund all capital projects. It emphasizes minimizing long-term interest costs through shorter repayment terms. This report is not recommending changes to the debt service ratio limit, but does provide alternatives to amortization periods with a recommendation to move to longer amortization periods of 20 and 30 years.

POLICY PRINCIPLES

The Financial Management Policy is guided by a financial management approach that seeks to balance between two sources of funding for operating and capital expenditures incurred by Metro Vancouver’s four legal entities: pay-as-you-go funding and long-term debt funding. The policy notes that relying on these sources of funding is consistent with the requirement of maintaining a sound financial position for

Metro Vancouver while ensuring fiscal sustainability in the long term. Funding capital infrastructure on a pay as you go basis supports lower long term debt funding, thereby providing significant benefits to Metro Vancouver – eliminating risk associated with fluctuating interest rates, reducing overall costs, and providing a measure of intergenerational cost equity.

Since 2018, Metro Vancouver’s Boards have consistently provided direction to accelerate ‘growth paying for growth’ as a means to more equitably distribute the cost of the critical infrastructure in the capital program. In 2023, the Boards concluded, through a Financial Plan Task Force, to mitigate future projected HHI impacts on existing ratepayers, which necessitated more effectively utilizing the provincially regulated Development Cost Charges tool. This also meant bringing all Metro Vancouver DCCs to a one percent assist factor within the five-year financial plan. This direction was reconfirmed at the 2024 Board budget workshop and DCC bylaws were adopted in 2024 with a three-year phase in of rates.

In January 2026, the Boards directed staff to bring back amended DCC bylaws to reverse the 2026 rate increase and spread the 2027 approved increase over two years. This work is underway and will be considered at the April Board Budget Workshop. Despite a short term pause to meet the moment, the principle of ‘transitioning to a growth pays for growth’ model, ensuring a more equitable distribution of capital costs between existing ratepayers and new development necessitating infrastructure expansion, has been added to the *Financial Management Policy* as a third funding tool.

With these three principles / tools in place, the financial position of the organization would be optimized, allowing a balance among the ability of ratepayers to ‘pay-as-you-go’ for operating and capital expenditures, the need to secure long-term financing for expenditures in the long-term capital infrastructure program, and the equitable distribution of costs related to new growth related development.

The following table compares the principles in the existing policy with recommended changes. These principles will guide Metro Vancouver’s long-term financial planning and budgeting of expenditures through three funding approaches “pay-as-you-go”, “growth pays for growth”, and “long term borrowing”.

Principles in Existing Policy	Proposed Amendments
Fund ongoing and recurring expenditures directly in the year in which they are incurred	No change
Funding from Reserves in accordance with the “Operating, Statutory and Discretionary Reserves Policy”	Funding from Reserves in accordance with the “Operating, Statutory and Discretionary Reserves Policy” “Financial Reserves Policy”
Funding of expenditures matches the realization of the benefit from those expenditures when expenditures are not ongoing or recurring	Aligning the funding of non-recurring expenditures with the timing of the benefits realized from those expenditures.
n/a	Funding of growth-related projects from development cost charges (DCCs), in accordance with the appropriate DCC bylaw
Consistency with legislative requirements	No change
Financial flexibility to meet future financial requirements	No change
Mitigation of current and future financial risk	No change

The amended policy is included in **Attachment 1** with an edited tracked version in **Attachment 2**. In addition, **Attachment 3** provides a detailed comparison of the proposed changes to the existing policy.

LONG TERM DEBT FUNDING AND DEBT SERVICE LEVEL

The policy notes that long-term debt funding will only be used to fund capital expenditures not funded from “pay as you go”, reserves or other revenue sources such as Development Cost Charges or grants. The policy sets a debt servicing ratio limit, total interest and principal as a share of total revenues, of 40%. There are no changes proposed to the Debt Service Level.

DEBT AMORTIZATION PERIOD

The *Financial Management Policy* sets a 15-year amortization period to fund all capital projects. It emphasizes minimizing long-term interest costs through shorter repayment terms. At the time the policy was developed, this approach balanced both ratepayer affordability and long range equity by relying on "pay-as-you-go" funding for maintenance and using borrowing primarily for growth, upgrades, and significant resilience capital projects. Rather than focusing on debt terms to minimize impacts on taxpayers, the policy prioritized shorter amortization terms to limit overall debt servicing costs.

The following table is an illustrative example comparing debt service costs for different amortization periods. Borrowing for shorter terms, as in the existing policy, has a higher annual cost, but is the least expensive in the long term.

Table 1. Illustration of Debt Servicing for \$100 million borrowed

Amortization Period	Annual Principal Repayment	Annual Interest Payment (*)	Total Annual Debt Service	Annual Debt Service Costs	Cumulative Interest over Amortization
15 Years	5.2%	4.0%	9.2%	\$9.2M	\$60M
20 Years	3.5%	4.0%	7.5%	\$7.5M	\$80M
30 Years	1.9%	4.0%	5.9%	\$5.9M	\$120M

(*) Current interest rate assumption in the 5-year plan

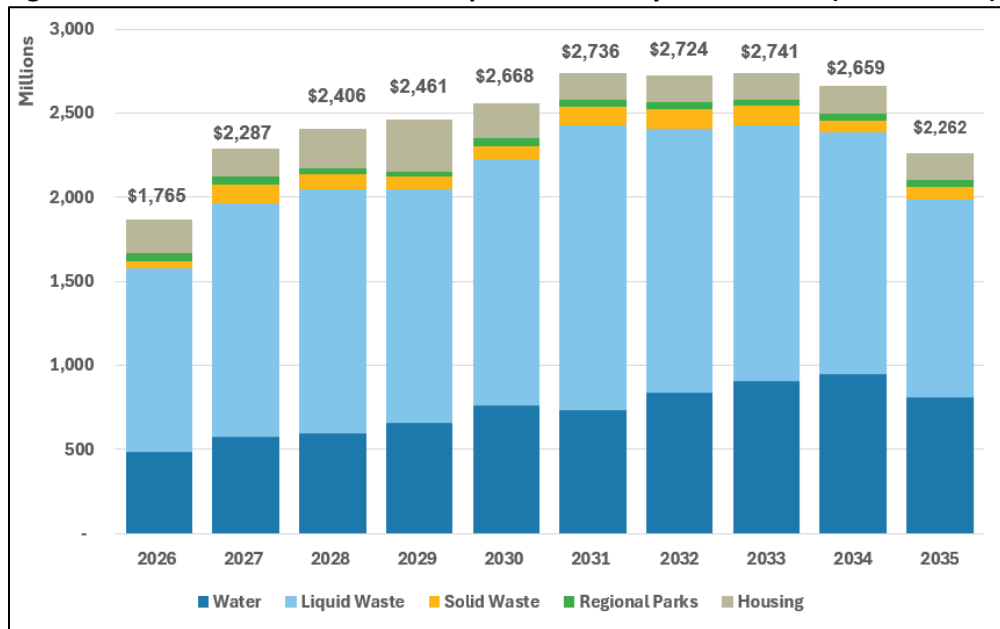
CONSIDERING OPTIONS FOR AMORTIZATION AND IMPACT ON METRO VANCOUVER’S 10-YEAR FINANCIAL OUTLOOK

In October 2025, the Boards received Metro Vancouver’s 10 Year Financial Outlook as a planning tool to guide and inform future decision making on rate setting over the next ten years with the aim of ensuring continued service levels for a livable, affordable, sustainable region. KPMG supported the development of the 10-Year Outlook, confirming that the 10-Year horizon, cost estimating framework and financial policy toolkit are consistent and aligned with prevailing practices.

Of the planned \$24.7 billion capital spend over the next 10 years (Figure 1), \$14.2 billion is for Liquid Waste, \$7.3 billion is for Water, \$0.9 billion is for Solid Waste, \$0.4 billion is for Regional Parks and \$1.9 billion is for Metro Vancouver Housing. The 10-year capital outlook is funded through pay as you go, DCCs, and over 55% through long term borrowing. Any external funding achieved through partnerships with other orders of government would reduce future borrowing needs and impacts on ratepayers. Metro Vancouver holds hundreds of billions of dollars in capital infrastructure assets, and is responsible to maintain, upgrade, and expand these assets to meet the growing needs of member jurisdictions with sustainable critical services.

In January 2026, the Manager’s report for the Performance and Audit Committee noted that “as the Boards consider potential amendments to the *Financial Management Policy* regarding principles such as pay as you go funding, debt servicing level, and amortization period, scenarios regarding the implications for the 10 Year Outlook will be provided so to support the Boards’ discussions”.

Figure 1. Metro Vancouver 10-Year Capital Outlook by Service Area (\$24.7 Billion)



Below are scenarios regarding amortization period amendments using the 10-Year Outlook as an illustrative tool to gauge impact (Table 1). The following five scenarios are provided to demonstrate options and implications for long-term borrowing related to GVWD and GVS&DD projects (representing over 85% of Metro Vancouver’s capital spend).

Table 2. Amortization Scenarios

Amortization Scenarios	
1	15-year (Current Policy)
2	15-year amortization + 30 year amortization for projects with >\$1 billion net borrowing requirement
3	20-year amortization for all projects
4	20-year amortization + 30 year amortization for projects with >\$1 billion net borrowing requirement
5	30-year amortization for all projects

*All scenarios include Board decision for a 30-year amortization for North Shore municipalities’ allocation of the incremental cost of \$2.8B for the North Shore Wastewater Treatment Plant Program.

The Boards have discussed amortization period many times over the years. Discussion often acknowledges that many Water and Liquid Waste capital assets when built have lifespans of many decades, sometimes up to 100 years, which provides the opportunity to align funding strategy with the long-term benefits of the assets. The trade-off is larger interest payments and concerns about pushing the costs onto future generations. Balancing the significant investments and associated expenditures with the long-term benefits they provide to Metro Vancouver residents requires careful consideration of the impact of long-term borrowing across multiple generations.

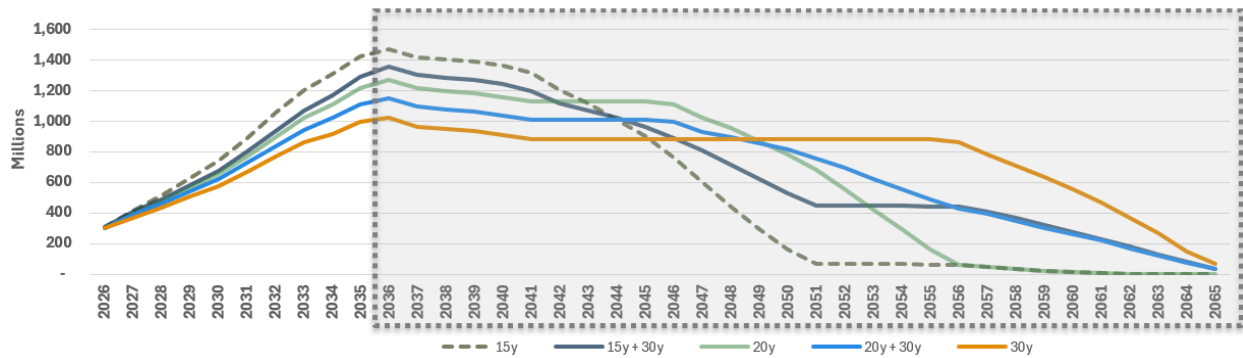
The 10-year outlook includes several projects with costs exceeding \$1 billion that will provide benefits across multiple generations and where greater flexibility in amortization periods may be considered. These projects include:

1. Iona Island WWTP – \$6.0 billion
2. Coquitlam Lake Water Supply – \$4.4 billion
3. North Shore WWTP – \$3.86 billion
4. Northwest Langley Wastewater Treatment Program – \$2.3 billion
5. Coquitlam Water Main – \$1.98 billion

It should be noted that amortization scenarios / options are not included for the Metro Vancouver Housing Corporation or Metro Vancouver Regional District, as borrowing for these entities is evaluated on a project by project basis to align with funding partners and project context.

Figure 2 shows the total debt service payments to fund the 10 year capital program under each of the five amortization scenarios and the total cost of borrowing. For example, under the 30-year amortization scenario, the total cost of borrowing is \$29.3 billion; for 15-year amortization, it is \$23.9 billion.

Figure 2. Total Debt Service Payments for the 10-year Capital Program with 5 Amortization Scenarios



Amortization Scenario (in Billions)	2026-2035	2036-2045	2046-2055	2056-2065	Total
15-year	\$ 8.51	\$ 12.60	\$ 2.60	0.19	\$ 23.89
15-year + 30-year	\$ 7.74	\$ 11.84	\$ 5.81	2.48	\$ 27.87
20-year	\$ 7.42	\$ 11.68	\$ 6.87	0.19	\$ 26.15
20-year + 30-year	\$ 7.02	\$ 10.71	\$ 7.81	2.42	\$ 27.96
30-year	\$ 6.41	\$ 9.20	\$ 8.84	4.88	\$ 29.33

Annual Household Impact % Increase and Debt Service Ratio

The following figures show how the five debt amortization scenarios impact debt service level and projected household impact (HHI) over the next ten years. The colours on the figures below match or align with Figure 2 for ease of reading.

Figure 3. Scenario 1: 15-Year Amortization (Current Policy) – Projected Household Impact and Debt Service Ratio over Ten Years

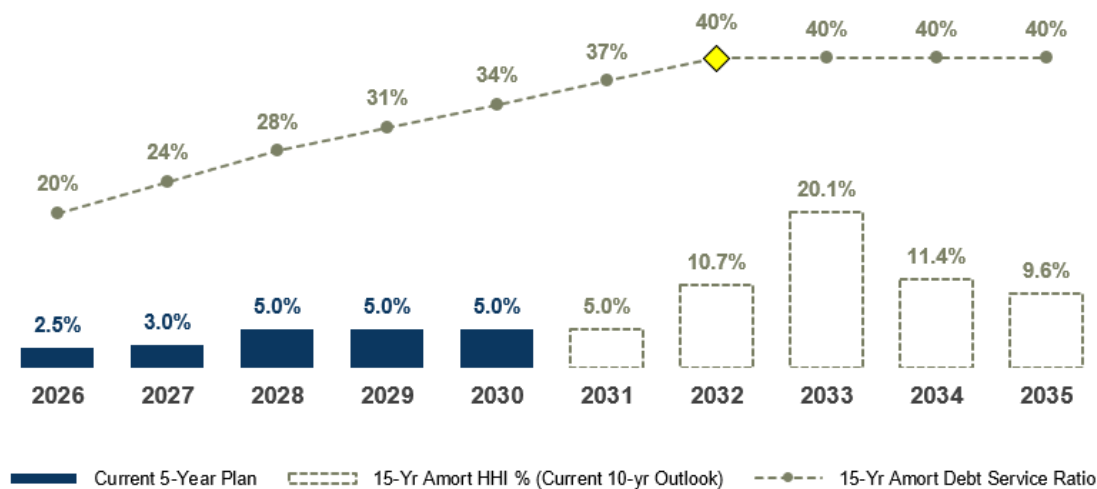


Figure 4. Scenario 2: 15-Year Amortization and 30-Year Amortization for Projects >\$1B – Projected Household Impact and Debt Service Ratio over Ten Years

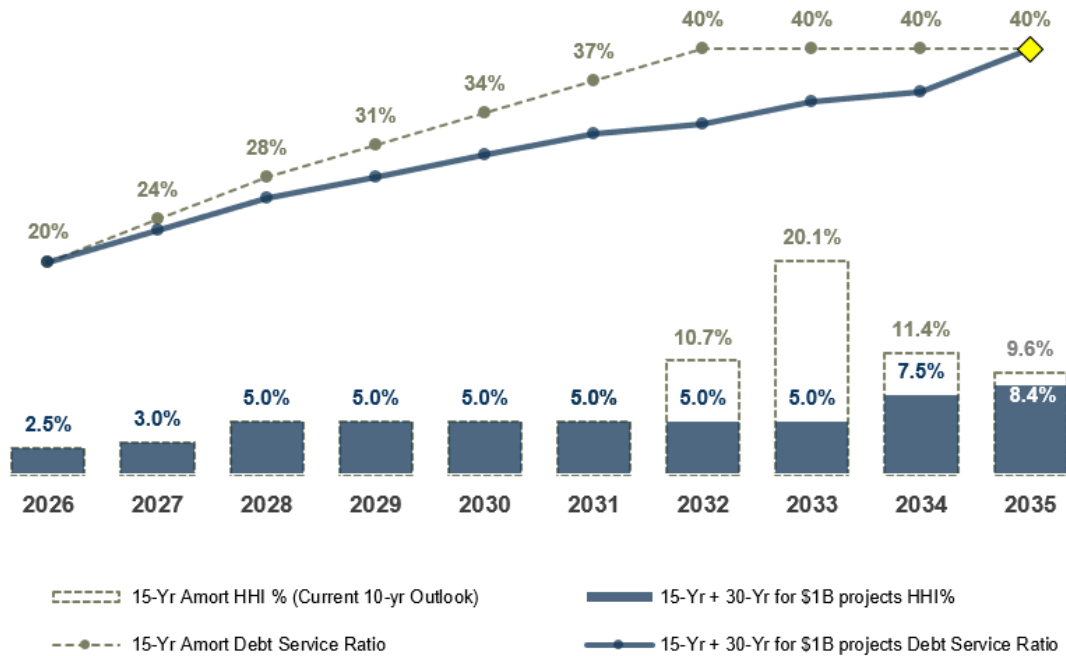


Figure 5. Scenario 3: 20-Year Amortization – Projected Household Impact and Debt Service Ratio over Ten Years

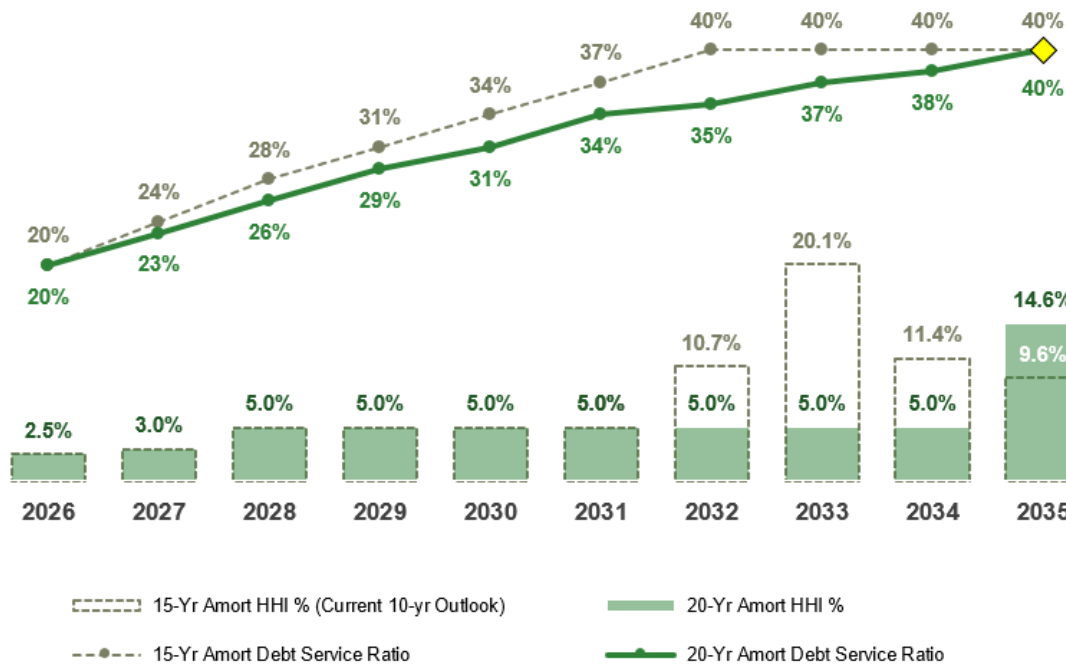


Figure 6. Scenario 4: 20-Year Amortization and 30-Year Amortization for Projects >\$1B – Projected Household Impact and Debt Service Ratio over Ten Years

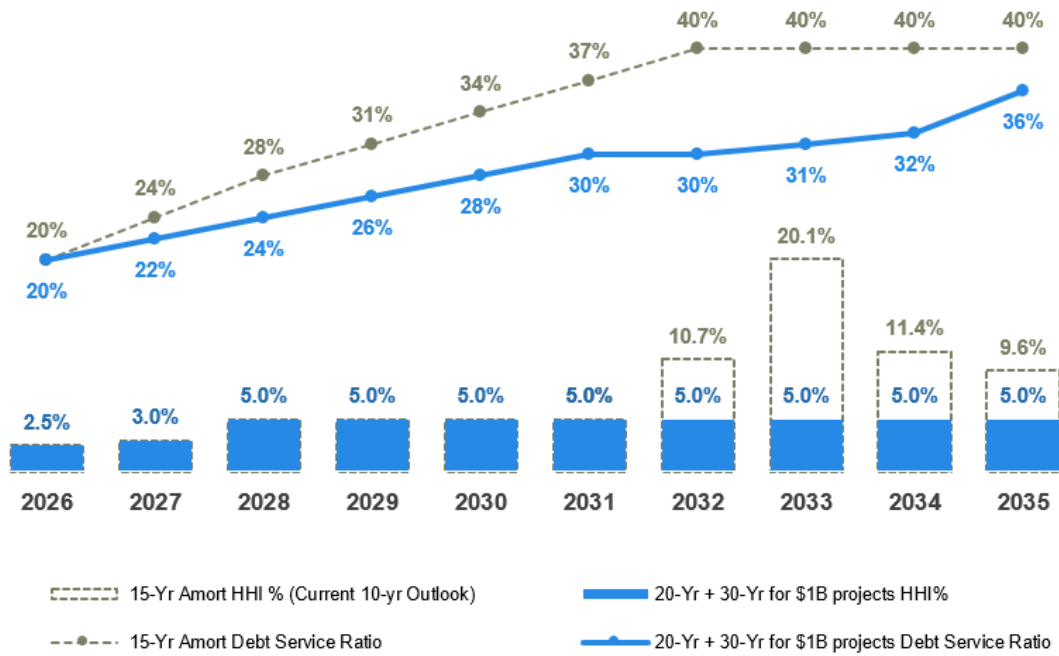
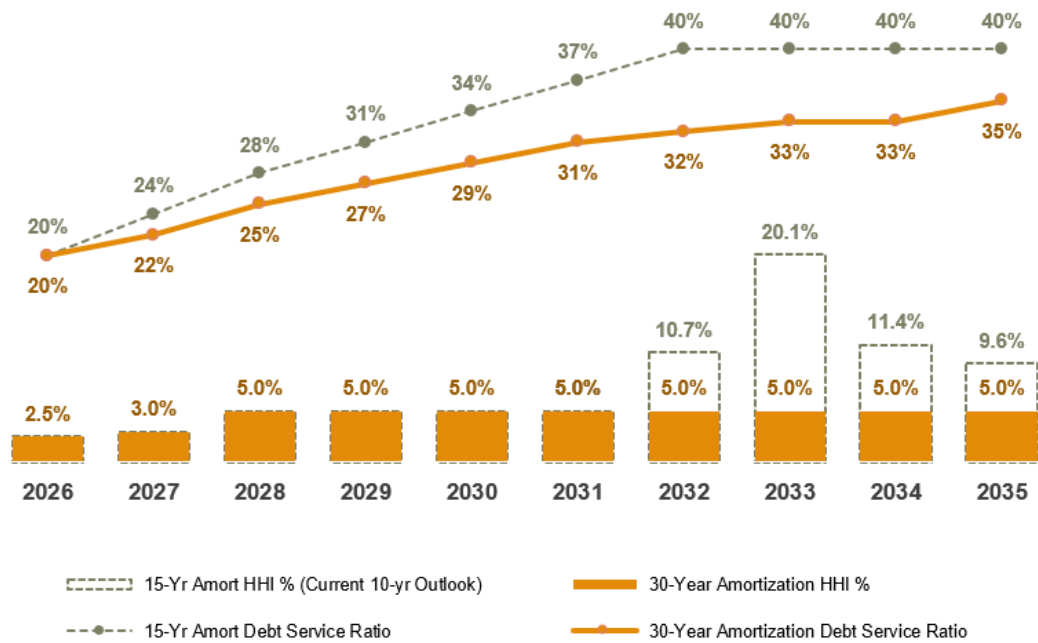


Figure 7: 30-Year Amortization – Projected Household Impact and Debt Service Ratio over Ten Years



COMPARING AMORTIZATION SCENARIOS

To support the Committee and Boards’ consideration of possible amendments to Metro Vancouver’s amortization period in the *Financial Management Policy*, staff compared the five scenarios using five evaluation criteria:

- Annual Debt Service Payments
- Total Interest Costs
- Maintaining Debt Service Ratio Below 40%
- Ten Year Annual HHI % change
- Cost Equity

Table 3 assesses each amortization scenario against the five criteria.

Shorter amortization periods result in higher annual debt service payments, but lower total interest costs. In contrast, longer amortization periods offer the lowest annual debt service payments, but have higher total interest costs. Lower annual debt payments resulting from longer amortization periods help moderate and smooth the annual household impact over time, while higher annual debt payments from shorter amortization periods lead to steeper household rate increases. Longer amortization periods support financial flexibility and keep the Metro Vancouver debt service level below 40%. In addition, they better align funding strategy with the long-term benefits of Water and Liquid Waste capital assets.

Table 3. Comparing Amortization Scenarios

	Amortization Scenario	Annual Debt Service Payments	Total Interest Costs	Debt Service Ratio Below 40% for 10-Year Outlook	10 Year Annual HHI % change	Cost Equity
1	15-year (Current Policy)	Highest	Lowest	No	High	High
2	15-year amortization + 30-year amortization for projects with >\$1 billion borrowing requirement	High	Medium	No	Medium	Medium
3	20-year amortization for all projects	Medium	Low	No	Medium	Medium
4	20-year amortization + 30-year amortization for projects with >\$1 billion borrowing requirement	Low	High	Yes	Low	Low
5	30-year amortization for all projects	Lowest	Highest	Yes	Low	Lowest

ENGAGEMENT WITH THE MUNICIPAL FINANCE AUTHORITY

Staff consulted with the Municipal Finance Authority (MFA) regarding the potential of adopting longer amortization periods and MFA is supportive of this approach. MFA advises that approximately 60% of current long-term loans that they manage for their municipal clients had original terms of 20 years or longer. Of the remaining 40% with terms under 20 years, Metro Vancouver accounted for roughly 80%. Also, MFA advises that a longer amortization period is consistent with large Canadian local governments, and global utility issuers that manage long-lived infrastructure costs, where longer-dated debt (20- and 30-year maturities, and even up to 50 years for some utilities) is commonly issued—for example, by the City of Toronto, the City of Ottawa, the City of Montreal, and the Region of York or by many public and private utility entities globally.

In addition, moving to a 20-year amortization may improve pricing over time and allow for greater financial flexibility because new debt issues could be funded through a combination of 10-5-5 or 10-10 structures with rate resets at refinancing, or by issuing 20-year debentures, depending on market conditions. This could allow Metro Vancouver to lock in borrowing costs for the entire 20-year term, providing greater stability and budget certainty. Additionally, 20-year and 30-year amortizations will help MFA broaden its investor base, which is a strategic priority for the organization, as its borrowing requirements are set to grow over the coming years. Some investors, including insurance companies and pension plan managers, prefer longer-dated debt which will deepen the global pool of capital that MFA can tap into with its debenture offerings. This ensures consistent access to the capital markets and the lowest available interest rates over time. If the Boards choose this mixed amortization option, projects that exceed \$1 billion could be brought forward on a case-by-case basis for consideration of the amortization period, before automatically moving forward with a 30-year amortization.

METRO VANCOUVER FINANCING

Proposed changes to Section two of the *Financial Management Policy* include recognition of the existing practice of utilizing the Municipal Finance Authority (MFA) as the lending agency for MVRD, GVWD, and GVS&DD borrowing. The policy also notes that short-term financing will use either Municipal Financing Authority (MFA) or internal savings on a short-term basis, and that long-term debt will not be procured in advance of incurring capital expenditures, unless authorized by the respective Board.

For the Metro Vancouver Housing Corporation (MVHC), the policy identifies a combination of funding from the MVHC Development Reserve, traditional mortgage financing, mortgage financing through other levels of government to support large capital projects or MFA. Each project will be evaluated individually on its own merits to determine the appropriate amortization period and debt repayment terms. Staff recommend a minor amendment to this section of the policy to include borrowing from MFA for MVH to reflect current practice.

ALTERNATIVES

1. THAT the MVRD/MVHC/GVWD/GVS&DD Board approve the amended *Financial Management Policy* as presented in the report dated February 9, 2026, titled “Financial Board Policy Review – Amended *Financial Management Policy*”.
2. THAT the Performance and Audit Committee direct staff to make additional or alternate amendments to the *Financial Management Policy* reflecting the discussion at the February 19, 2026 meeting, and include a summary of those comments and an updated policy for Board consideration at the February 27, 2026 Board meeting.

3. THAT the Performance and Audit Committee receive the report dated February 9, 2026, titled *Financial Board Policy Review – Amended Financial Management Policy*” and direct staff to integrate input from the Committee, and bring back a revised policy to the Performance and Audit Committee for its consideration at its March 12, 2026 meeting.

FINANCIAL IMPLICATIONS

If the Board chooses Alternative 1, the updated Financial Management Policy will be integrated into modelling for the April Board budget workshop. This would include:

- maintaining the principles / tools of “pay-as-you-go”, and “long term borrowing”
- adding the principle of “transitioning to growth paying for growth” through development cost charges
- maintaining the 40% debt service ratio
- amending the amortization period for capital projects to 20 years, and to 30 years for projects exceeding \$1 billion in net borrowing.

With these changes, the Board is in a stronger position when considering options for the 2027 budget, updated five-year financial plan and 10 Year Outlook.

If the Committee chooses Alternative 2, staff will summarize the Committee’s discussion and additional or alternate amendments in a cover report to the Boards for the February 27, 2026 Board meeting and attach an updated Financial Management Policy for the Boards’ consideration. Subject to Board approval, there will be time to integrate the updated policy into materials and modelling for the 2026 April Board Budget Workshop.

If the Committee chooses Alternative 3, staff will bring back an amended Financial Management Policy reflecting the Committee’s discussion at the March 12, 2026 Performance and Audit Committee and March Board meetings. ***With a month’s delay, any amendments to the policy will not be reflected in the April Board Budget Workshop materials and modelling.***

CONCLUSION

The *Financial Management Policy* establishes the principles and framework to guide decision making with respect to funding long term operating and capital expenditures for Metro Vancouver’s four legal entities. Subsequent to review, staff are bringing forward proposed amendments to the policy that add the principle / tool of “transitioning to growth paying for growth” and that amends the borrowing amortization period for capital projects to 20 year and to 30 years for projects exceeding \$1 billion. Staff recommend that the Board approves Alternative 1.

ATTACHMENTS

1. *Financial Management Policy* – October 26, 2018 - Proposed Changes Accepted.
2. *Financial Management Policy* – February 12, 2026 - Proposed Changes.
3. Table of Proposed Changes – *Financial Management Policy*.
4. Presentation re: Financial Board Policy Review – *Financial Management Policy*.

FINANCIAL MANAGEMENT POLICY

Effective Date: October 26, 2018 (Revised February 27, 2026)

Approved By: MVRD/GVWD/GVS&DD/MVHC Boards

Policy No. FN-026

Next Review Date: February 2031

PURPOSE

To establish the principles that will guide decision making with respect to funding long term operating and capital expenditures for the Greater Vancouver Water District (GVWD), Greater Vancouver Sewerage and Drainage District (GVS&DD), the Metro Vancouver Regional District (MVRD) and the Metro Vancouver Housing Corporation (MVHC).

DEFINITIONS

“Operating Expenditures” are the costs that are incurred consistently year to year in the delivery of services including labour costs and the day-to-day costs related to staff support, utilities, equipment usage, supplies and the ongoing maintenance of assets and infrastructure, as defined under Generally Accepted Accounting Principles. These are expenditures where the value is realized and charged against revenue in the year incurred;

“Capital Expenditures” are costs that are incurred for expanding, enhancing, upgrading and replacing infrastructure used in the delivery of services as well as the purchase of equipment. These are expenditures where the value is realized for multiple years. These expenditures are treated as assets where the realization of their utilized value is charged to revenues proportionately over their useful life; and

“Debt Amortization” is the term over which a debt obligation (principal and interest) will be repaid.

POLICY

As the primary regional service and utility provider for the region, Metro Vancouver is responsible for ensuring that the services it delivers provide value to its member jurisdictions, to its businesses and to its residents. Ensuring this value is achieved for ratepayers over the long term requires an adherence to sound fiscal policies that balance equity, affordability and continuous improvement through responsible fiscal management.

This Policy supports Metro Vancouver’s mandate by establishing sound financial management parameters that will guide the implementation of Metro Vancouver’s long term financial plan for its four Metro Vancouver legal entities.

BOARD POLICY

1. FINANCIAL MANAGEMENT PRINCIPLES

Metro Vancouver's financial management approach is to balance between three sources of funding for operating and capital expenditures incurred by the legal entities and functions comprising Metro Vancouver:

- pay-as-you-go funding
- long-term debt funding
- transition to growth pays for growth funding

The approach of relying on these three sources of funding is consistent with the requirement of maintaining a sound financial position for Metro Vancouver's four legal entities while also ensuring that they are fiscally sustainable in the long term.

The objective is to strike a balance between the ability of ratepayers to 'pay-as-you-go' for operating and capital expenditures and the need to secure long term financing for expenditures with a significant financial burden or that form part of a long term capital infrastructure program. It is critical to ensure that the level of long term borrowing does not exceed accepted fiscal parameters which would result in a greater burden on ratepayers in the long term than the benefit derived by this debt. In addition, the principle of 'transitioning to growth pays for growth' ensures that new growth-related development pays for the infrastructure it needs, rather than those costs being paid by existing ratepayers. Development Cost Charges are collected to pay for growth infrastructure.

To achieve the financial management objectives described above, the following principles are established for all Metro Vancouver functions:

- Funding of ongoing and recurring expenditures directly in the year in which they are incurred;
- Funding from Reserves in accordance with the *Financial Reserve Policy*
- Aligning the funding of non-recurring expenditures with the timing of the benefits realized from those expenditures.
- Funding of growth related projects from development cost charges (DCCs), in accordance with the appropriate DCC bylaws
- Consistency with legislative requirements;
- Financial flexibility to meet future financial requirements; and
- Mitigation of current and future financial risk.

Fundamental to the application of these principles is to ensure the necessary balance between fiscal sustainability and the financial impact on current and future ratepayers of the region.

a) Pay-As-You-Go Funding

Using pay-as-you-go funding, annual operating and capital expenditures are funded directly through annual revenues from user rates, fees, levies and requisitions or through the application of reserves in accordance with the *Financial Reserves Policy*. Prudent financially sustainable funding includes:

BOARD POLICY

- Funding ongoing and recurring expenditures directly in the year in which they are incurred; and
- Matching the funding of expenditures with the realization of the benefit from those expenditures when expenditures are not ongoing or recurring.

Operating expenditures are, by their nature, generally ongoing and recurring and when they are not, the benefit is realized in the year incurred; therefore, operating expenditures will always be funded on a pay-as-you-go basis.

Where specific reserves exist to fund capital expenditures, capital expenditures should be funded on a pay-as-you-go basis from those Reserves in accordance with the *Financial Reserves Policy*. These capital expenditures include MVHC capital replacement, laboratory equipment, Park Land acquisition, Parks infrastructure, Air Quality monitoring equipment, Head Office improvements, computer hardware and fleet vehicles.

Capital expenditures that are not generally funded through Reserves will be funded on a pay-as-you-go basis at a annual level that gradually increases over time in relation to the amount of total capital expenditures incurred consistently from year to year. This approach helps to balance affordability and debt avoidance.

b) Long-Term Debt Funding

Long-term debt funding will only be used to fund capital expenditures that are not funded from pay as you go, reserves, or other direct revenue sources (such as grants and DCCs).

c) Pay-As-You-Go vs Long-Term Debt Funding

Funding capital expenditures on a pay-as-you-go basis and avoiding long-term debt funding provides significant benefits to Metro Vancouver. The avoidance of debt eliminates the risk associated with fluctuating interest rates, reduces the overall cost to the organization through the savings of interest payments and provides financial capacity should unforeseen funding needs be required. In addition, the annual funding of capital expenditures using pay as you go provides a measure of generational equality whereby each generation pays their consistent share.

d) Debt Service Level

To achieve pay-as-you-go funding to a level of consistent annual capital expenditures, pay-as-you-go funding will be gradually increased over time such that the amount of annual revenues required to pay for debt service cost does not exceed 40%. This balances the inherent risk associated with borrowing with the financial flexibility needed to meet financial requirements and manage the regions assets in an affordable manner and consistent with the principles of this Policy.

e) Debt Amortization Period

Long-term debenture financing procured by Metro Vancouver on behalf of GVWD and GVS&DD will be amortized over terms of 20 to 30 years. A 30-year amortization period will be used for

BOARD POLICY

projects with net borrowing costs exceeding \$1 billion. For all other projects, a 20- year amortization term will be used for long-term borrowing. Amortization period for long-term debenture financing procured by Metro Vancouver on behalf of MVRD and MVHC will be evaluated on a project by project basis and approved by the Board.

f) Transition to Growth paying for Growth

The principle of 'growth pays for growth' ensures that new growth-related development pays for the expanded infrastructure it needs, rather than those costs being paid by existing ratepayers. Development cost charges are collected to pay for growth-related infrastructure. Development cost charges are used to fund capital costs directly, or will be used to fund borrowing required for growth capital costs

2. METRO VANCOUVER FINANCING

a) GVWD, GVS&DD and MVRD

Where debt funding is deemed appropriate in accordance with this Policy, financing for GVWD, GVS&DD and MVRD projects will be obtained through long-term debenture financing procured through the Municipal Finance Authority (MFA).

Long-term financing. Long-term debenture financing requires the repayment of the debt obligations through a combination of principal repayments and interest payments. Principal repayments, paid annually, are based on a sinking fund methodology where payments are deposited into an interest earning sinking fund and at the end of the debt term the combination of principal repayments and interest earned is sufficient to retire the outstanding debt obligation. The amount of the principal repayment amount, paid annually, is actuarially determined based in the debt term or amortization and the expected earnings of the sinking fund. Interest, paid semi-annually, is based on the financing terms as determined by the financial markets.

Short-term financing. The capital expenditures incurred between times when long-term financing is available will be funded on a short-term basis either through the MFA or through the usage of internal borrowing from reserves and repaid in the next available MFA borrowing opportunity. Short-term financing requires payments to cover interest only. Long-term debt funding will not be procured in advance of incurring capital expenditures unless specifically authorized by the Board.

DCC funding. In the GVS&DD Liquid Waste function and the GVWD annual debt service costs for long-term debt associated with capital expenditures for infrastructure growth projects are funded using DCCs in accordance to the *GVS&DD Development Cost Charges Bylaw and the GVWD Development Cost Charges Bylaw*. In the MVRD Regional Parks function, parkland acquisition will be funded from DCCs, in accordance with the *MVRD Development Cost Charge Bylaw*.

BOARD POLICY

b) Metro Vancouver Housing Corporation (MVHC)

Capital expenditures for the MVHC are those associated with the development and major renewal of affordable housing units. The MVHC maintains a development reserve in order to provide partial funding of development and redevelopment opportunities.

The MVHC development expenditures are funded through a combination of funding from the MVHC Development Reserve applied in accordance with the *Financial Reserves Policy*, any funding received from other levels of government and long-term borrowing. The level of long-term financing, either through the Province, Financial Institutions, or MFA is determined based on the maximum annual mortgage payment amount and amortization period that can be supported by the applicable tenant rental revenue.

Each development and redevelopment opportunity will be evaluated on its own merits financially in terms of the rental revenue expectations along with the appropriate combination of funding.



BOARD POLICY

FINANCIAL MANAGEMENT POLICY

Effective Date: October 26, 2018 (Revised February 27, 2026)

Approved By: MVRD/GVWD/GVS&DD/MVHC Boards

Policy No. FN-026

Next Review Date: February 2031

PURPOSE

To establish the principles that will guide decision making with respect to funding long term operating and capital expenditures for the Greater Vancouver Water District (GVWD), Greater Vancouver Sewerage and Drainage District (GVS&DD), the Metro Vancouver Regional District (MVRD) and the Metro Vancouver Housing Corporation (MVHC).

DEFINITIONS

“Operating Expenditures” are the costs that are incurred consistently year to year in the delivery of services including labour costs and the day-to-day costs related to staff support, utilities, equipment usage, supplies and the ongoing maintenance of assets and infrastructure, as defined under Generally Accepted Accounting Principles. These are expenditures where the value is realized and charged against revenue in the year incurred;

“Capital Expenditures” are costs that are incurred for expanding, enhancing, upgrading and replacing infrastructure used in the delivery of services as well as the purchase of equipment. These are expenditures where the value is realized for multiple years. These expenditures are treated as assets where the realization of their utilized value is charged to revenues proportionately over their useful life; and

“Debt Amortization” is the term over which a debt obligation (principal and interest) will be repaid.

POLICY

As the primary regional service and utility provider for the region, Metro Vancouver is responsible for ensuring that the services it delivers provide value to its member jurisdictions, to its businesses and to its residents. Ensuring this value is achieved for ratepayers over the long term requires an adherence to sound fiscal policies that balance equity, affordability and continuous improvement through responsible fiscal management.

This Policy supports Metro Vancouver’s mandate by establishing sound financial management parameters that will guide the implementation of Metro Vancouver’s long term financial plan for its four Metro Vancouver legal entities.

BOARD POLICY

1. FINANCIAL MANAGEMENT PRINCIPLES

Metro Vancouver's financial management approach is to balance between ~~two~~three sources of funding for operating and capital expenditures incurred by the legal entities and functions comprising Metro Vancouver:

- pay-as-you-go funding
- long-term debt funding
- transition to growth pays for growth funding

The approach of relying on these ~~two~~three sources of funding is consistent with the requirement of maintaining a sound financial position for Metro Vancouver's four legal entities while also ensuring that they are fiscally sustainable in the long term.

The objective is to strike a balance between the ability of ratepayers to 'pay-as-you-go' for operating and capital expenditures and the need to secure long term financing for expenditures with a significant financial burden or that form part of a long term capital infrastructure program. It is critical to ensure that the level of long term borrowing does not exceed accepted fiscal parameters which would result in a greater burden on ratepayers in the long term than the benefit derived by this debt. In addition, the principle of 'transitioning to growth pays for growth' ensures that new growth-related development pays for the infrastructure it needs, rather than those costs being paid by existing ratepayers. Development Cost Charges are collected to pay for growth infrastructure.

To achieve the financial management objectives described above, the following principles are established for all Metro Vancouver functions:

- Funding of ongoing and recurring expenditures directly in the year in which they are incurred;
- Funding from Reserves in accordance with the ~~Operating, Statutory and Discretionary Reserves Policy; Financial Reserve Policy~~
- Aligning the funding of non-recurring expenditures with the timing of the benefits realized from those expenditures.
- Funding of growth related projects from development cost charges (DCCs), in accordance with the appropriate DCC bylaws
- Consistency with legislative requirements;
- Financial flexibility to meet future financial requirements; and
- Mitigation of current and future financial risk.

Fundamental to the application of these principles is to ensure the necessary balance between fiscal sustainability and the financial impact on current and future ratepayers of the region.

a) Pay-As-You-Go Funding

Using pay-as-you-go funding, annual operating and capital expenditures are funded directly through annual revenues from user rates, fees, levies and requisitions or through the application of reserves in accordance with the ~~Operating, Statutory and Discretionary~~Financial Reserves Policy. Prudent financially sustainable funding includes:

BOARD POLICY

- Funding ongoing and recurring expenditures directly in the year in which they are incurred; and
- Matching the funding of expenditures with the realization of the benefit from those expenditures when expenditures are not ongoing or recurring.

Operating expenditures are, by their nature, generally ongoing and recurring and when they are not, the benefit is realized in the year incurred; therefore, operating expenditures will always be funded on a pay-as-you-go basis.

Where specific reserves exist to fund capital expenditures, capital expenditures should be funded on a pay-as-you-go basis from those Reserves in accordance with the *Operating, Statutory and Discretionary Financial Reserves Policy*. These capital expenditures include MVHC capital replacement, laboratory equipment, Park Land acquisition, Parks infrastructure, Air Quality monitoring equipment, Head Office improvements, computer hardware and fleet vehicles.

Capital expenditures that are not generally funded through Reserves will be funded on a pay-as-you-go basis at a minimum annual level that represents gradually increases over time in relation to the amount of total capital expenditures incurred consistently from year to year. This approach helps to balance affordability and debt avoidance.

b) Long-Term Debt Funding

Long-term debt funding will only be used to fund capital expenditures. ~~More specifically, those capital expenditures that are~~ not funded from ~~Reserve and in excess of the amount of total capital expenditures incurred consistently from year to year which are funded on a pay-as-you-go basis,~~ reserves, or other direct revenue sources (such as grants and DCCs).

c) Pay-As-You-Go ~~Vs~~ Long-Term Debt Funding

Funding capital expenditures on a pay-as-you-go basis and avoiding long-term debt funding provides significant benefits to Metro Vancouver. The avoidance of debt eliminates the risk associated with fluctuating interest rates, reduces the overall cost to the organization through the savings of interest payments and provides financial capacity should unforeseen funding needs be required. In addition, the annual funding of ~~this consistent level of~~ capital expenditures annually using pay as you go provides a measure of generational equality whereby each generation pays their consistent share.

d) Debt Service Level

To achieve pay-as-you-go funding to a level of consistent annual capital expenditures, pay-as-you-go funding will be gradually increased over time such that the amount of annual revenues required to pay for debt service cost does not exceed 40%. This balances the inherent risk associated with borrowing with the financial flexibility needed to meet financial requirements and manage the regions assets in an affordable manner and consistent with the principles of this Policy.

BOARD POLICY

e) Debt Amortization Period

Long-term debenture financing procured by Metro Vancouver on behalf of GVWD and GVS&DD will be amortized over 15 terms of 20 to 30 years. The shorter A 30-year amortization period will be used for projects with net borrowing costs exceeding \$1 billion. For all other projects, a 20-year amortization term reduces the risk associated with interest rate fluctuations over the will be used for long-term of the debt, reduces the overall cost borrowing. Amortization period for long-term debenture financing procured by reducing the total amount of interest paid and by retiring the debt sooner, Metro Vancouver has more financial flexibility to absorb on behalf of MVRD and MVHC will be evaluated on a project by project basis and approved by the Board.

f) Transition to Growth paying for Growth

The principle of 'growth pays for growth' ensures that new financial requirements-growth-related development pays for the expanded infrastructure it needs, rather than those costs being paid by existing ratepayers. Development cost charges are collected to pay for growth-related infrastructure. Development cost charges are used to fund capital costs directly, or will be used to fund borrowing required for growth capital costs

2. METRO VANCOUVER FINANCING

a) GVWD, GVS&DD and MVRD

Where debt funding is deemed appropriate in accordance with this Policy, financing for GVWD, GVS&DD and MVRD projects will be obtained through long-term debenture financing procured through the Municipal Finance Authority (MFA) which is available twice per year, March and October.

Long-term financing. Long-term debenture financing requires the repayment of the debt obligations through a combination of principal repayments and interest payments. Principal repayments, paid annually, are based on a sinking fund methodology where payments are deposited into an interest earning sinking fund and at the end of the debt term the combination of principal repayments and interest earned is sufficient to retire the outstanding debt obligation. The amount of the principal repayment amount, paid annually, is actuarially determined based in the debt term or amortization and the expected earnings of the sinking fund. Interest, paid semi-annually, is based on the financing terms as determined by the financial markets.

Short-term financing. The capital expenditures incurred between times when long-term financing is available will be funded on a short-term basis either through the MFA or through the usage of internal savings-borrowing from reserves and repaid in the next available MFA borrowing opportunity. Short-term financing requires payments to cover interest only. Long-term debt funding will not be procured in advance of incurring capital expenditures unless specifically authorized by the Board.

BOARD POLICY

DCC funding. In the GVS&DD Liquid Waste function, and the GVWD annual debt service costs for long-term debt associated with capital expenditures for infrastructure growth projects are funded using ~~Development Costs Charges~~DCCs in accordance to the *GVS&DD Development Cost Charges Bylaw* and the GVWD Development Cost Charges Bylaw. In the MVRD Regional Parks function, parkland acquisition will be funded from DCCs, in accordance with the MVRD Development Cost Charge Bylaw.

b) Metro Vancouver Housing Corporation (MVHC)

Capital expenditures for the MVHC are those associated with the development of new and major renewal of affordable housing units. The MVHC maintains a development reserve in order to provide partial funding of development and redevelopment opportunities.

The MVHC development expenditures are funded through a combination of funding from the MVHC Development Reserve applied in accordance with the *Operating, Statutory and Discretionary Financial Reserves Policy*, any funding received from other levels of government and ~~traditional mortgage financing long-term borrowing~~. The level of ~~mortgage long-term~~ financing, either through the Province, Financial Institutions, or ~~Financial Institution, MFA~~ is determined based on the maximum annual mortgage payment amount and amortization period that can be supported by the applicable tenant rental revenue.

Each development and redevelopment opportunity will be evaluated on its own merits financially in terms of the rental revenue expectations along with the appropriate combination of funding.

Attachment 3 – Table of Proposed Changes: *Financial Management Policy*

Existing Policy	Proposed Change
Fund ongoing and recurring expenditures directly in the year in which they are incurred	No change
Funding from Reserves in accordance with the “Operating, Statutory and Discretionary Reserves Policy”	Funding from Reserves in accordance with the “Operating, Statutory and Discretionary Reserves Policy” “Financial Reserves Policy”
Funding of expenditures matches the realization of the benefit from those expenditures when expenditures are not ongoing or recurring	Aligning the funding of non-recurring expenditures with the realization of the timing of the benefits realized from those expenditures
n/a	Funding of growth-related projects from development cost charges (DCCs), in accordance with the appropriate DCC bylaws
Consistency with legislative requirements	No change
Financial flexibility to meet future financial requirements	No change
Mitigation of current and future financial risk	No change
<p>a) Pay-As-You-Go Funding Using pay-as-you-go funding, annual operating and capital expenditures are funded directly through annual revenues from user rates, fees, levies and requisitions or through the application of reserves in accordance with the <i>Operating, Statutory and Discretionary Reserves Policy</i>. Prudent financially sustainable funding includes:</p> <ul style="list-style-type: none"> • Funding ongoing and recurring expenditures directly in the year in which they are incurred; and • Matching the funding of expenditures with the realization of the benefit from those expenditures when expenditures are not ongoing or recurring. <p>Operating expenditures are, by their nature, generally ongoing and recurring and when they are not, the benefit is realized in the year incurred; therefore, operating expenditures will always be funded on a pay-as-you-go basis.</p> <p>Where specific reserves exist to fund capital expenditures, capital expenditures should be funded on a pay-as-you-go basis from those</p>	<p>a) Pay-As-You-Go Funding Using pay-as-you-go funding, annual operating and capital expenditures are funded directly through annual revenues from user rates, fees, levies and requisitions or through the application of reserves in accordance with the Operating, Statutory and Discretionary Reserves Policy Financial Reserves Policy. Prudent financially sustainable funding includes:</p> <ul style="list-style-type: none"> • Funding ongoing and recurring expenditures directly in the year in which they are incurred; and • Matching the funding of expenditures with the realization of the benefit from those expenditures when expenditures are not ongoing or recurring. <p>Operating expenditures are, by their nature, generally ongoing and recurring and when they are not, the benefit is realized in the year incurred; therefore, operating expenditures will always be funded on a pay-as-you-go basis.</p> <p>Where specific reserves exist to fund capital expenditures, capital expenditures should be</p>

Existing Policy	Proposed Change
<p>Reserves in accordance with the <i>Operating, Statutory and Discretionary Reserves Policy</i>. These capital expenditures include MVHC capital replacement, laboratory equipment, Park Land acquisition, Parks infrastructure, Air Quality monitoring equipment, Head Office improvements, computer hardware and fleet vehicles.</p> <p>Capital expenditures that are not generally funded through Reserves will be funded on a pay-as-you-go basis at a minimum annual level that represents the amount of total capital expenditures incurred consistently from year to year.</p>	<p>funded on a pay-as-you-go basis from those Reserves in accordance with the Operating, Statutory and Discretionary Reserves Policy Financial Reserves Policy. These capital expenditures include MVHC capital replacement, laboratory equipment, Park Land acquisition, Parks infrastructure, Air Quality monitoring equipment, Head Office improvements, computer hardware and fleet vehicles.</p> <p>Capital expenditures that are not generally funded through Reserves will be funded on a pay-as-you-go basis at a minimum annual level that gradually increases over time in relation to the amount of total capital expenditures incurred consistently from year to year. This approach helps to balance affordability and debt avoidance.</p>
<p>b) Long-Term Debt Funding</p> <p>Long-term debt funding will only be used to fund capital expenditures. More specifically, those capital expenditures that are not funded from Reserve and in excess of the amount of total capital expenditures incurred consistently from year to year which are funded on a pay-as-you-basis.</p>	<p>b) Long-Term Debt Funding</p> <p>Long-term debt funding will only be used to fund capital expenditures. More specifically, those capital expenditures that are not funded from pay as you go, reserves, and or other revenue sources (such as grants and DCCs). and in excess of the amount of total capital expenditures incurred consistently from year to year which are funded on a pay as you go basis.</p>
<p>c) Pay-As-You-Go Vs Long-Term Debt Funding</p> <p>Funding capital expenditures on a pay-as-you-go basis and avoiding long-term debt funding provides significant benefits to Metro Vancouver. The avoidance of debt eliminates the risk associated with fluctuating interest rates, reduces the overall cost to the organization through the savings of interest payments and provides financial capacity should unforeseen funding needs be required. In addition, the funding of this consistent level of capital expenditures annually provides a measure of generational</p>	<p>c) Pay-As-You-Go Vs Long-Term Debt Funding</p> <p>Funding capital expenditures on a pay-as-you-go basis and avoiding long-term debt funding provides significant benefits to Metro Vancouver. The avoidance of debt eliminates the risk associated with fluctuating interest rates, reduces the overall cost to the organization through the savings of interest payments and provides financial capacity should unforeseen funding needs be required. In addition, the annual funding of this consistent level of capital expenditures using pay as you go annually provides a measure of generational equality</p>

Existing Policy	Proposed Change
equality whereby each generation pays their consistent share.	whereby each generation pays their consistent share.
<p>d) Debt Service Level</p> <p>To achieve pay-as-you-go funding to a level of consistent annual capital expenditures, pay-as-you-go funding will be gradually increased over time such that the amount of annual revenues required to pay for debt service cost does not exceed 40%. This balances the inherent risk associated with borrowing with the financial flexibility needed to meet financial requirements and manage the regions assets in an affordable manner and consistent with the principles of this Policy.</p>	No change
<p>e) Debt Amortization Period</p> <p>Long-term debenture financing procured by Metro Vancouver will be amortized over 15 years. The shorter amortization term reduces the risk associated with interest rate fluctuations over the term of the debt, reduces the overall cost by reducing the total amount of interest paid and by retiring the debt sooner, Metro Vancouver has more financial flexibility to absorb new financial requirements.</p>	<p>e) Debt Amortization Period</p> <p>Long-term debenture financing procured by Metro Vancouver on behalf of GVWD and GVS&DD will be amortized over 20 years. For projects with net borrowing costs exceeding \$1 billion, a 30-year amortization period may be used with Board approval. Amortization period for long-term debenture financing procured by Metro Vancouver on behalf of MVRD and MVHC will be evaluated on a project-by-project basis and approved by the Board.</p>
	<p>f) Transitioning to Growth paying for Growth</p> <p>The principle of ‘growth pays for growth’ ensures that new growth-related development pays for the expanded infrastructure it needs, rather than those costs being paid by existing ratepayers. Development cost charges are collected to pay for growth-related infrastructure. Development cost charges are used to fund capital costs directly, or will be used to fund borrowing required for growth capital costs</p>
<p>2. METRO VANCOUVER FINANCING</p> <p>a) GVWD, GVS&DD and MVRD</p> <p>Where debt funding is deemed appropriate in accordance with this Policy, financing for</p>	<p>2. METRO VANCOUVER FINANCING</p> <p>a) GVWD, GVS&DD and MVRD</p> <p>Where debt funding is deemed appropriate in accordance with this Policy, financing for</p>

Existing Policy	Proposed Change
<p>GVWD, GVS&DD and MVRD projects will be obtained through long-term debenture financing procured through the Municipal Finance Authority (MFA) which is available twice per year, March and October.</p> <p>Long-term financing. Long-term debenture financing requires the repayment of the debt obligations through a combination of principal repayments and interest payments. Principal repayments, paid annually, are based on a sinking fund methodology where payments are deposited into an interest earning sinking fund and at the end of the debt term the combination of principal repayments and interest earned is sufficient to retire the outstanding debt obligation. The amount of the principal repayment amount, paid annually, is actuarially determined based in the debt term or amortization and the expected earnings of the sinking fund. Interest, paid semi-annually, is based on the financing terms as determined by the financial markets.</p> <p>Short-term financing. The capital expenditures incurred between times when long-term financing is available will be funded on a short-term basis either through the MFA or through the usage of savings. Short-term financing requires payments to cover interest only. Long-term debt funding will not be procured in advance of incurring capital expenditures unless specifically authorized by the Board.</p>	<p>GVWD, GVS&DD and MVRD projects will be obtained through long-term debenture financing procured through the Municipal Finance Authority (MFA). which is available twice per year, March and October.</p> <p>Long-term financing. Long-term debenture financing requires the repayment of the debt obligations through a combination of principal repayments and interest payments. Principal repayments, paid annually, are based on a sinking fund methodology where payments are deposited into an interest earning sinking fund and at the end of the debt term the combination of principal repayments and interest earned is sufficient to retire the outstanding debt obligation. The amount of the principal repayment amount, paid annually, is actuarially determined based in the debt term or amortization and the expected earnings of the sinking fund. Interest, paid semi-annually, is based on the financing terms as determined by the financial markets.</p> <p>Short-term financing. The capital expenditures incurred between times when long-term financing is available will be funded on a short-term basis either through the MFA or through the usage of internal savings borrowing from reserves and repaid in the next available MFA borrowing opportunity. Short-term financing requires payments to cover interest only. Long-term debt funding will not be procured in advance of incurring capital expenditures unless specifically authorized by the Board.</p>
<p>DCC funding. In the GVS&DD Liquid Waste function annual debt service costs for long-term debt associated with capital expenditures for infrastructure growth projects are funded using Development Cost Charges in accordance to the <i>GVS&DD Development Cost Charges Bylaw</i></p>	<p>DCC funding. In the GVS&DD Liquid Waste function and GVWD, annual debt service costs for long-term debt associated with capital expenditures for infrastructure growth projects are funded using Development Cost Charges DCCs in accordance to the <i>GVS&DD Development Cost Charges Bylaw and the GVWD Development Cost Charges Bylaw. In</i></p>

Existing Policy	Proposed Change
	<p>the MVRD Regional Parks function, parkland acquisition will be funded from DCCs, in accordance with the <i>MVRD Development Cost Charge Bylaw</i>.</p>
<p>b) Metro Vancouver Housing Corporation (MVHC) Capital expenditures for the MVHC are those associated with the development of new affordable housing units. The MVHC maintains a development reserve in order to provide partial funding of development and redevelopment opportunities.</p> <p>The MVHC development expenditures are funded through a combination of funding from the MVHC Development Reserve applied in accordance with the <i>Operating, Statutory and Discretionary Reserves Policy</i>, any funding received from other levels of government and traditional mortgage financing. The level of mortgage financing, either through the Province or Financial Institution, is determined based on the maximum annual mortgage payment amount and amortization period that can be supported by the applicable tenant rental revenue.</p> <p>Each development and redevelopment opportunity will be evaluated on its own merits financially in terms of the rental revenue expectations along with the appropriate combination of funding.</p>	<p>b) Metro Vancouver Housing Corporation (MVHC) Capital expenditures for the MVHC are those associated with the development of new affordable housing units. The MVHC maintains a development reserve in order to provide partial funding of development and redevelopment opportunities.</p> <p>The MVHC development expenditures are funded through a combination of funding from the MVHC Development Reserve applied in accordance with the <i>Operating, Statutory and Discretionary</i> <i>Financial Reserves Policy</i>, any funding received from other levels of government and traditional mortgage financing. The level of mortgage financing, through the Province, Financial Institutions, or MFA, is determined based on the maximum annual mortgage payment amount and amortization period that can be supported by the applicable tenant rental revenue.</p> <p>Each development and redevelopment opportunity will be evaluated on its own merits financially in terms of the rental revenue expectations along with the appropriate combination of funding.</p>



Financial Board Policy Review: Financial Management Policy

Linda Sabatini

Deputy Chief Financial Officer, Financial Services

Heather McNell

Deputy Chief Administrative Officer, Policy and Planning

Performance and Audit Committee Meeting –February 19, 2026
<https://orbit.gvrd.bc.ca/orbit/lisapi.dll/app/nodes/81994765>

metrovancouver

1

FINANCIAL MANAGEMENT POLICY: PURPOSE

Established in 2018; provides financial planning framework for:

- Funding capital and operating expenditures
- Long-term debt funding of capital expenditures, including:
 - Setting debt service ratio at 40% and
 - Amortization period for debt at 15 years
- Use of pay-as-you go funding model

metrovancouver

2

2

FINANCIAL MANAGEMENT POLICY: **KEY PRINCIPLES**

- Fund ongoing and recurring expenditures directly in year incurred
- Use reserves in accordance with policy
- Match funding of expenditures with the realization of the benefits from those expenditures
- Accordance with legislation
- Mitigate current and future financial risk

FINANCIAL MANAGEMENT POLICY: **FUNDING APPROACHES**

1. Pay-As-You-Go Funding

- Operating Expenditures
- Capital Expenditures
 - A portion of capital expenditures funded directly from annual revenues
 - Reflects capital spending consistently incurred from year to year

2. Debt Financing

- Used to fund capital expenditures exceeding the amount funded by pay-as-you-go and other revenues (grants, DCCs, reserves)

3. Transition to Growth Paying for Growth

- Growth-related projects (or parts of projects) funded by DCCs

FINANCIAL MANAGEMENT POLICY: DEBT / AMORTIZATION

No proposed changes to Debt Service Level

Proposed changes to Debt Amortization Period (Use 10-Year Outlook as Tool to Explore Impacts)

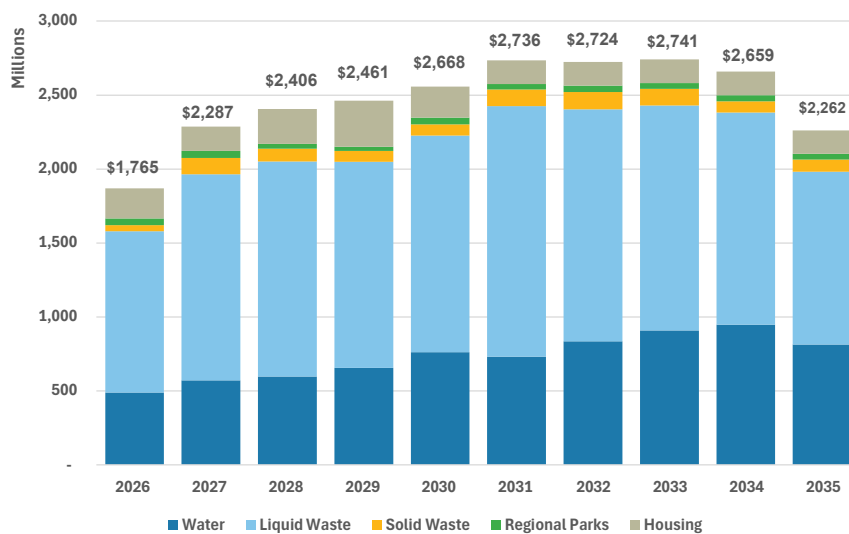
Five Scenarios for Consideration

1. 15-year amortization (current policy)
2. 15-year + 30-year for projects over \$1 billion
3. 20-year amortization
4. 20-year + 30-year for projects over \$1 billion
5. 30-year amortization

All options include 30-year amortization for North Shore municipalities share of NSWWTP Program

5

10-YEAR CAPITAL OUTLOOK

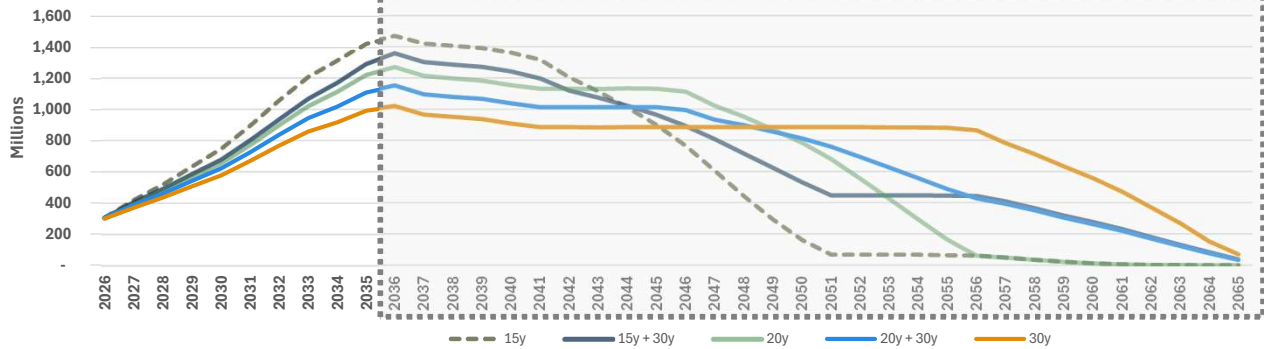


Total = \$24.7B

- \$14.2B - Liquid Waste
- \$ 7.3B - Water
- \$ 0.9B - Solid Waste
- \$ 0.4B - Parks
- \$ 1.9B - Housing

6

TOTAL DEBT SERVICE PAYMENTS OVER AMORTIZATION

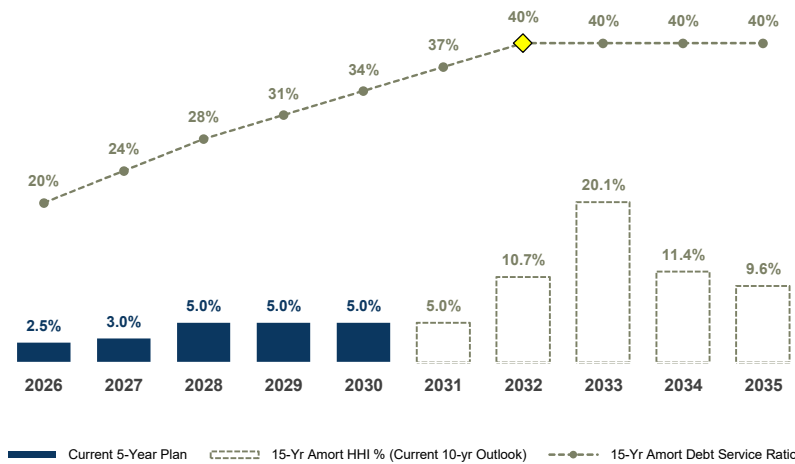


Amortization Scenarios (in Billions)	2026-2035	2036-2045	2046-2055	2056-2065	Total
15-year	\$ 8.51	\$ 12.60	\$ 2.60	0.19	\$ 23.89
15-year + 30-year	\$ 7.74	\$ 11.84	\$ 5.81	2.48	\$ 27.87
20-year	\$ 7.42	\$ 11.68	\$ 6.87	0.19	\$ 26.15
20-year + 30-year	\$ 7.02	\$ 10.71	\$ 7.81	2.42	\$ 27.96
30-year	\$ 6.41	\$ 9.20	\$ 8.84	4.88	\$ 29.33

7

15-YEAR AMORTIZATION (CURRENT POLICY)

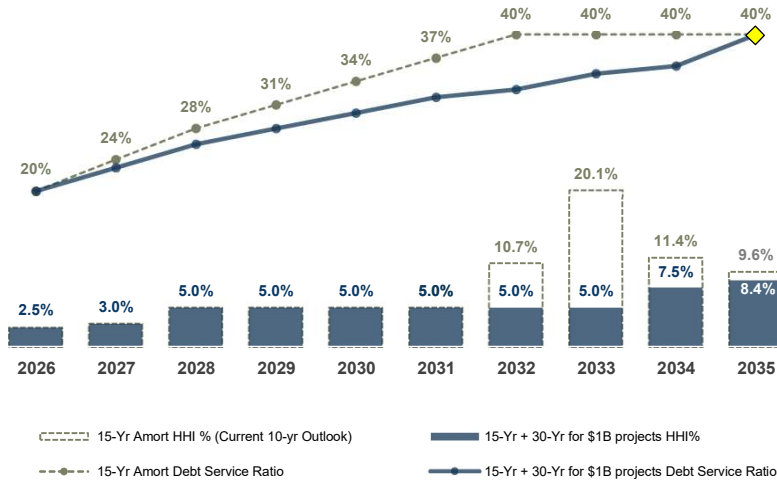
Household Impact and Debt Service Ratio – 10-year outlook



8

15 + 30-YEAR FOR PROJECTS OVER \$1 BILLION

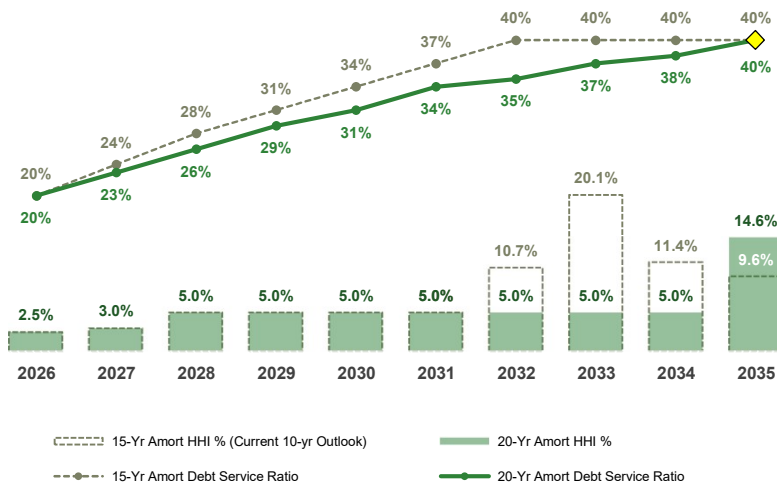
Household Impact and Debt Service Ratio – 10-year outlook



9

20-YEAR AMORTIZATION

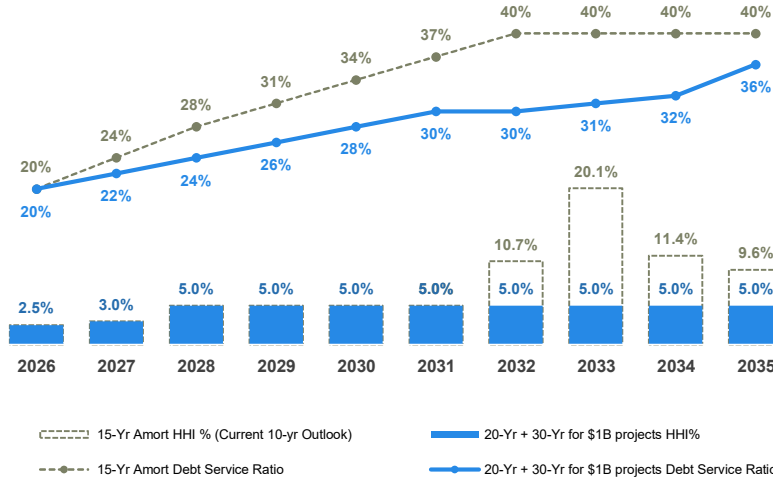
Household Impact and Debt Service Ratio – 10-year outlook



10

20 + 30-YEAR FOR PROJECTS OVER \$1 BILLION

Household Impact and Debt Service Ratio – 10-year outlook



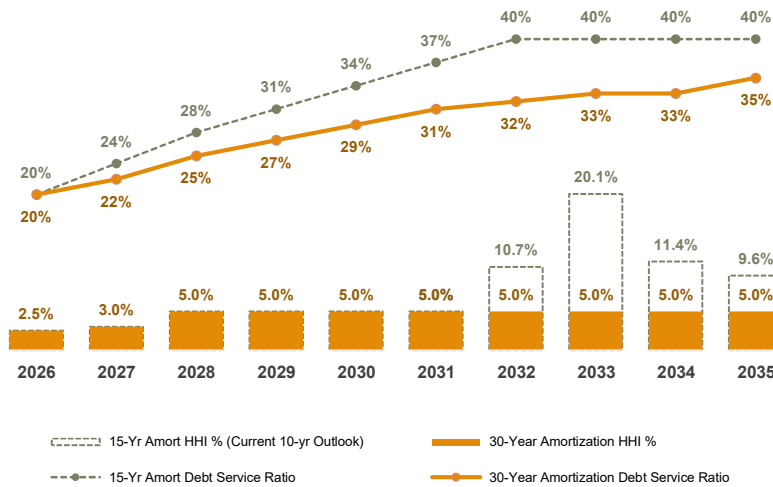
metrovancouver

11

11

30-YEAR AMORTIZATION

Household Impact and Debt Service Ratio – 10-year outlook



metrovancouver

12

12

COMPARING AMORTIZATION SCENARIOS

Five evaluation criteria:

- Annual Debt Service Payments
- Total Interest Costs
- Maintaining Debt Service Ratio Below 40%
- Ten Year Annual HHI % change
- Cost Equity

COMPARING AMORTIZATION SCENARIOS

	Amortization Scenario	Annual Debt Service Payments	Total Interest Costs	Debt Service Ratio Below 40% for 10-Year Outlook	10 Year Annual HHI % change	Cost Equity
1	15-year (Current Policy)	Highest	Lowest	No	High	High
2	15-year amortization + 30-year amortization for projects with >\$1 billion	High	Medium	No	Medium	Medium
3	20-year amortization	Medium	Low	No	Medium	Medium
4	20-year amortization + 30-year amortization for projects with >\$1 billion	Low	High	Yes	Low	Low
5	30-year amortization	Lowest	Highest	Yes	Low	Lowest

RECOMMENDATION

Amend amortization period for capital projects to 20 years and to 30 years for projects over \$1B in net borrowing to align with MFA recommendation, other large local governments and large utilities

Add the principle of 'transitioning to growth paying for growth'

Maintain principles / tools of 'pay as you go' and 'long term borrowing'

Maintain 40% Debt Service Ratio



Questions?

To: Performance and Audit Committee

From: George Kavouras, Director, Procurement, Procurement & Real Estate Services

Date: February 4, 2026 Meeting Date: February 19, 2026

Subject: **Financial Board Policy Review - Procurement and Asset Disposal Authority Policy**

RECOMMENDATION

THAT the MVRD/MVHC/GVSDD/GWVD Boards receive for information the report dated February 4, 2026, titled "Financial Board Policy Review - Procurement and Asset Disposal Authority Policy".

EXECUTIVE SUMMARY

This report is responding to the January 30, 2026 MVRD Board resolution "THAT the MVRD Board direct staff to review the Procurement and Asset Disposal Authority Policy ("Procurement Policy") as a priority for Q1 2026." The Procurement Policy was reviewed, updated, and subsequently approved by all Metro Vancouver Boards in April 2024. The Procurement Policy update was the result of a comprehensive and collaborative review process involving internal stakeholders, subject matter experts, end users, and comparative analyses of other jurisdictions to ensure a well-informed and modernized framework. The Procurement Policy provides strong oversight and internal controls, enables operational efficiency, aligns with market and regulatory conditions, and is consistent with practices in comparable public sector organizations.

If the Boards wish to see a review of a particular part of the policy, staff is seeking direction as to areas of interest.

PURPOSE

The purpose of this report is to review the Procurement Policy as directed by the MVRD Board.

BACKGROUND

On January 30, 2026, the MVRD Board received a schedule for planned Board Policy reviews. Several Financial Policies are scheduled for review in Q1 and Q2 of 2026. The Procurement and Asset Disposal Policy was reviewed 2023, with the policy adopted by all Metro Vancouver Boards in April 2024. As per best practice, it was scheduled to be reviewed in 2029, as per a five year review cycle. Subsequent to a short discussion, the Board passed the following resolution:

"THAT the MVRD Board direct staff to review the Procurement and Asset Disposal Authority Policy ("Procurement Policy") as a priority for Q1 2026."

This report responds to that resolution and seeks input as to any areas of the policy the Boards would like reviewed.

PROCUREMENT AND ASSET DISPOSAL AUTHORITY POLICY

In 2022, following the establishment of the Procurement and Real Estate Services department, staff initiated a comprehensive review of the Procurement Policy as part of continuous improvement efforts. The review looked at the Procurement Policy and its associated processes with the intent to strengthen oversight, internal controls, and risk management, while improving operational efficiency, clarifying policy intent, and aligning the policy with market, regulatory, and broader public-sector standards. The Procurement Policy was developed through a comprehensive, multi-step process that engaged a wide range of internal stakeholders, subject-matter experts, end users, and peer public-sector organizations, ensuring the final policy reflected best practices and diverse operational perspectives.

The review culminated with the approval of the Procurement Policy by each of the Metro Vancouver Boards in April 2024. *The Policy Update: Procurement and Real Property Contracting Authority Policies (Attachment 1)* outlines the updates and associated improvements for your reference. The Procurement Policy update was a major, organization-wide policy modernization effort and remains current, relevant and aligned with best practices. Staff will conduct the next full review within the five-year period from the date of the last approval.

ALTERNATIVES

This is an information report. No alternatives are presented.

FINANCIAL IMPLICATIONS

There are no financial implications to the report; policy reviews can be undertaken within Board approved budgets. If additional consulting funds are required, they would be noted here.

CONCLUSION

Staff have recently completed an in-depth review of the Procurement Policy. The Metro Vancouver Boards approved the updated Procurement Policy in April 2024, as detailed in the “Policy Update: Procurement and Real Property Contracting Authority Policies” board report (**Attachment 1**). If the Boards wish to see a review of a particular part of the policy, staff is seeking direction as to areas of interest.

ATTACHMENTS

1. “The Policy Update: Procurement and Real Property Contracting Authority Policies”, dated March 27, 2024.

To: Finance Committee

From: Nick Kassam, General Manager, Procurement & Real Estate Services

Date: March 27, 2024 Meeting Date: April 10, 2024

Subject: Policy Update: Procurement and Real Property Contracting Authority Policies

RECOMMENDATION

That the MVRD/GVWD/GVS&DD/MVHC Boards:

- a) adopt the *Procurement and Asset Disposal Authority Policy*, as presented in the report dated March 27, 2024, titled “Policy Update: Procurement and Real Property Contracting Authority Policies”, effective June 1, 2024;
- b) adopt the *Real Estate Authority Policy*, as presented in the report dated March 27, 2024, titled “Policy Update: Procurement and Real Property Contracting Authority Policies”, effective June 1, 2024; and

That the MVRD Board:

- a) rescind the *Asset Disposal Policy* (No. FN-011), effective May 31, 2024;
- b) rescind the *Procurement and Real Property Contracting Authority Policy* (No. FN-006), effective May 31, 2024.
- c) revise the *Fleet Planning and Acquisition Policy* (No. FN-014), as presented in the report dated March 27, 2024, titled “Policy Update: Procurement and Real Property Contracting Authority Policies”, effective June 1, 2024;
- d) give first, second and third reading to *Metro Vancouver Regional District Officers and Delegation Amendment Bylaw No. 1375, 2024*; and
- e) adopt *Metro Vancouver Regional District Officers and Delegation Amendment Bylaw No. 1375, 2024*.

That the GVWD Board:

- a) rescind the *Procurement and Real Property Contracting Authority Policy* (No. FN-006), effective May 31, 2024.
- b) give first, second and third reading to *Greater Vancouver Water District Officers and Delegation Amendment Bylaw No. 263, 2024*; and
- c) adopt *Greater Vancouver Water District Officers and Delegation Amendment Bylaw No. 263, 2024*.

That the GVS&DD Board:

- a) rescind the *Procurement and Real Property Contracting Authority Policy* (No. FN-006), effective May 31, 2024.
- b) give first, second and third reading to *Greater Vancouver Sewerage and Drainage District Officers and Delegation Amendment Bylaw No. 373, 2024*; and
- c) adopt *Greater Vancouver Sewerage and Drainage District Officers and Delegation Amendment Bylaw No. 373, 2024*.

Policy Update: Procurement and Real Property Contracting Authority Policies

Finance Committee Regular Meeting Date: April 10, 2024

Page 2 of 9

That the MVHC Board:

- a) resolve that, the Consent Resolution made with effect on September 1, 2014 regarding Procurement and Real Property Contracting Authority, ceases to have any force and effect on May 31, 2024; and
- b) authorizes the Chief Administrative Officer of the Metro Vancouver Regional District to:
 - i. establish policies and procedures for such matters as may be necessary or desirable for the efficient management, administration and operation of the Metro Vancouver Housing Corporation, including the Corporate Policies;
 - ii. negotiate and make, enter into, execute and deliver any contracts, agreements, and other documents and instruments to which the *Procurement and Asset Disposal Authority Policy*, or the *Real Estate Authority Policy*, does not apply; and
 - iii. authorize other appointed officers and employees of the Metro Vancouver Regional District to negotiate and make, enter into, execute and deliver any contracts, agreements, and other documents and instruments to which the *Procurement and Asset Disposal Authority Policy*, or the *Real Estate Authority Policy*, does not apply.

EXECUTIVE SUMMARY

The *Procurement and Real Property Contracting Authority Policy* (No. FN-006) (the “Existing Policy”) outlines the authorization and competition requirements for the procurement of goods, services and construction, as well as the authorization and general requirements for the acquisition, disposition, use or management of real property. The Existing Policy was created in 2014 with a minor update in 2017. It is appropriate and best practice for organizations to regularly review policies and delegated authorities to improve accountability and internal controls, risk mitigation, operational efficiency and overall fairness and transparency related to procurement and real estate activity.

Staff have recently conducted a review of the Existing Policy and are recommending replacing the Existing Policy with two new Board policies (the “Board Policies”) and two new Corporate policies (the “Corporate Policies”, and together with the Board Policies, the “Replacement Policies”). The Replacement Policies have taken into consideration: benchmarks from other public sector organizations; efficiency impacts; internal financial controls and risk management; business needs and changes in the business; financial and regulatory environment; market conditions; and alignment with the Board Strategic Priorities. Staff noted that the proposed changes are aligned with comparable peer public sector organizations (shown in the table on page 3). Specific updates to the Existing Policy, as well as administrative changes to other Board policies and bylaws that reference the Existing Policy, are outlined in the body of the report below.

Staff have enhanced public reporting by publishing procurement contract awards every month on the Metro Vancouver website. As part of quarterly financial performance reporting to the Board, staff will include relevant procurement information, and starting in early 2025, staff will be bringing forward

¹ For MVRD: *Greater Vancouver Regional District Officers and Delegation Bylaw No. 1208, 2014*. For GVWD: *Greater Vancouver Water District Officers and Delegation Bylaw No. 247, 2014*.

For GVS&DD: *Greater Vancouver Sewerage and Drainage District Officers and Delegation Bylaw No. 284, 2014*.

² Consent Resolution made with effect on September 1, 2014 regarding Procurement and Real Property Contracting Authority.

annual procurement and real estate reports with detailed information on the previous year’s activity for both these functions.

For efficient and effective administration of Metro Vancouver, each Board has delegated certain powers, duties, and functions to officers and employees, by bylaw¹ in the case of MVRD, GVWD, and GVS&DD, and by Board resolution² in the case of MVHC. Specific authorities discussed in this report include commitment and contract execution authority for procurement and real estate transactions.

PURPOSE

To seek Board approval to replace the *Procurement and Real Property Contracting Authority Policy* (No. FN-006) with the *Procurement and Asset Disposal Authority Policy* and the *Real Estate Authority Policy*, as attached.

BACKGROUND

Following the creation of the Procurement and Real Estate Services department in 2022, staff undertook a review of the existing policies as part of continuous improvement efforts. The review looked at the procurement and real estate activities across the organization, with an intent to ensure effectiveness and recommend to each Board any changes required to optimize these activities.

The Replacement Policies were written to better align with Board Strategic Priorities by improving oversight, controls, and risk management for financial sustainability while enabling work to support other Board priorities and directions. There are additional initiatives currently underway in the department that are focused on improving work processes, systems, and tools which will also generate operational efficiencies and organizational collaboration on planning and strategy.

In this regard, staff have performed an analysis of the current state, identified critical administrative authorities and policies to be revised, and consulted key senior stakeholders across the organization. When reviewing existing authorities and proposed updates, staff have taken into consideration the organizational risks, public sector benchmarks, financial controls, efficiency impacts and increasing costs of doing business in the markets, while maintaining the appropriate level of oversight by each Board. All procurement and real estate transactions require evidence of the Board(s) approved budget for all capital and operating expenditures.

The following table highlights policy thresholds from comparable public sector organizations:

Organization	Procurement	Real Estate
TransLink	CEO approves contract awards within approved budgets. <i>(Board approves overall budgets and exceptions)</i>	Board approves real property transactions > \$10 million
ICBC	CEO has full authority for contract awards <i>(ICBC Operations)</i>	Board approves real property transactions > \$10 million
Toronto	Council approves contract awards > \$20 million	Council approves real property transactions > \$10 million

Policy Update: Procurement and Real Property Contracting Authority Policies

Finance Committee Regular Meeting Date: April 10, 2024

Page 4 of 9

BC Hydro	Board approves contract awards > \$50 million	Board approves real property transactions > \$75 million
Transportation Investment Corp (TI)	Board approves contract awards > \$20 million for consulting and > \$40 million for construction	CEO has full authority for real property transactions

REPLACEMENT OF EXISTING POLICY

The main administrative update to the Existing Policy is a separation of the procurement and real estate sections into a separate Board Policy for each function. The primary purpose for the separation is to improve clarity on the application of the policy statements for each function, which under the Existing Policy can be ambiguous.

For further simplicity, administrative and operational efficiency, and in accordance with the Chief Administrative Officer’s delegated authority granted by bylaw (in the case of MVRD, GVWD and GVS&DD) and by Board resolution (in the case of MVHC), of the CAO will establish two new Corporate Policies (one for each function). The Corporate Policies will establish the CAO’s sub-delegation of commitment and contracting authority to certain staff. The creation of the Corporate Policies will optimize administrative efficiency by permitting the CAO to change sub-delegations as required to manage changing operational needs. The creation of the Corporate Policies will not impact the Board’s delegation of authority as set out in Board Policies.

As general housekeeping, there are further details on the Replacement Policies highlighted below to clarify the policies’ goals, definitions, and scope.

Procurement Policy Updates

The following is a summary of the proposed material updates to the Existing Policy as reflected by the proposed *Procurement and Asset Disposal Authority Policy* (Board Policy) and *associated* Corporate Policy.

- Clear definition of authorities and updated financial thresholds for each authority
 - Commitment Authority: the authority to award a contract, including an administrative amendment, contract amendment or change order, as the context requires.
 - Contracting Authority: the authority to execute a contract, including an administrative amendment, contract amendment or change order, as the context requires.
- Contract Awards
 - Existing
 - The Existing Policy provides the following commitment and contracting limits:
 - For contract awards over \$5,000,000, Board approval required.
 - For contract awards over \$2,000,000 and up to \$5,000,000, CAO/Commissioner approval with concurrence required by CFO, department GM and Division Manager of Purchasing and Risk Management.
 - For contract awards up to \$2,000,000, staff approvals at different levels required.

Policy Update: Procurement and Real Property Contracting Authority Policies

Finance Committee Regular Meeting Date: April 10, 2024

Page 5 of 9

- *Proposed*
 - For contract awards over \$10,000,000, Board approval required.
 - For contract awards up to \$10,000,000, CAO/Commissioner approval required with delegation to staff as determined by the CAO/Commissioner in the associated Corporate Policy.
- Contract Amendments / Change Orders
 - *Existing*
 - Change Orders over \$500,000 require CAO/Commissioner approval with concurrence required by CFO, department GM and Division Manager of Purchasing and Risk Management.
 - Changes Orders up to \$500,000, staff approvals at different levels required.
 - *Proposed*
 - For administrative and operational efficiency, CAO/Commissioner may approve Change Orders and Contract Amendments up to Board approved budget for the capital project or operating program under which the applicable goods, services or construction were procured, and may further sub-delegate to staff as determined by the CAO/Commissioner in the associated Corporate Policy.
 - Change Orders and Contract Amendments are subject to any approval process established by CFO from time to time and confirmation by Director, Procurement that the Change Order or Contract Amendment falls within existing scope of work.
 - CAO/Commissioner may, at their discretion, determine that Board approval is required notwithstanding delegated authority to the CAO/Commissioner or staff.
- Direct Awards and Single-Supplier
 - *Existing*
 - Contract may be awarded without competitive process for value up to \$5,000.
 - Exceptions for emergency situations.
 - *Proposed*
 - Contract may be awarded without competitive process for value up to \$25,000, at discretion of Director of Procurement.
 - Exceptions for emergency situations.
 - In case of single-supplier or other exigent circumstances which preclude an open competitive process, under the purview of the Director of Procurement, a Notice of Intent to Contract is publicly posted for 10 business days for contracts for goods and services over \$75,000 or construction contracts over \$200,000.
- Other Administrative Updates
 - Formal inclusion of Sustainable, Social, and Ethical Procurement practices.
 - Formal inclusion of Co-operative Purchasing protocol allowing for collaboration with member jurisdictions and public sector entities.

Policy Update: Procurement and Real Property Contracting Authority Policies

Finance Committee Regular Meeting Date: April 10, 2024

Page 6 of 9

Real Estate Policy Updates

The following is a summary of the proposed material updates to the Existing Policy as reflected by the proposed *Real Estate Authority Policy* (Board Policy) and *associated* Corporate Policy.

- Clear definition of authorities and updated financial thresholds for each authority
 - Commitment Authority: the authority to approve a real estate transaction, including a contract amendment, as the context requires.
 - Contracting Authority: the authority to execute a contract, including a contract amendment, as the context requires.
- Transaction Authority Limits
 - *Existing*

The Existing Policy provides the following commitment and contracting limits:

 - For Standard Real Property Transactions (commitment no longer than five years and routine in nature)
 - Over \$2,000,000, Board approval required.
 - Up to \$2,000,000, CAO/Commissioner approval required with concurrence required by the CFO, department GM and Division Manager of Property.
 - For Long Term Real Property Transactions (commitment greater than five years or permanent in nature, including acquisition/disposition of fee simple interest, licenses, leases, etc.)
 - Over \$500,000 and any disposition of a fee simple interest, Board approval required.
 - Up to \$500,000 but excluding any disposition of a fee simple interest, CAO/Commissioner approval with concurrence required by department GM and Property Division Director.
 - *Proposed*
 - Eliminate distinction between Standard Real Property Transactions and Long-Term Real Property Transactions.
 - Transactions over \$10,000,000, Board approval required.
 - Transactions up to \$10,000,000, CAO/Commissioner approval required with delegation to staff as as determined by the CAO/Commissioner in the associated Corporate Policy.
- Other Administrative Updates
 - Only Board having jurisdiction has commitment authority to dispose of fee simple interest in a regional park or a regional trail.
 - CAO/Commissioner may approve the exercise of any lease renewal option, provided that the option and the total value of its exercise were contemplated in the original contract and the exercise does not increase the total value of the transaction in excess of the Board approved budget.

Administrative Updates to Other Board Policies and Bylaws

The following is a summary of the proposed amendments to other Board policies and bylaws resulting from the adoption of the Replacement Policies:

- Rescinding the current *Asset Disposal Policy* (No. FN-011) and consolidating disposition of surplus assets, obsolete assets, and salvage assets into the proposed *Procurement and Asset Disposal Authority Policy*.
- Revising the *Fleet Planning and Acquisition Policy* (No. FN-014) by removing the reference to the “Real Property Contracting Authority and the Procurement and Contracting Employee Procedures” and replacing it with the “*Procurement and Asset Disposal Authority Policy, Delegation of Procurement Authority Policy*, and the Procurement Policy Guidelines”.
- Amending the *Greater Vancouver Regional District Officers and Delegation Bylaw No. 1208, 2014* by removing the reference to the “*Procurement and Real Property Contracting Authority Policy*” and replacing it with the “*Procurement and Asset Disposal Authority Policy and Real Estate Authority Policy*”, and updating section references in the bylaw to the *Local Government Act*.
- Amending the *Greater Vancouver Water District Officers and Delegation Bylaw No. 247, 2014* by removing the reference to the “*Procurement and Real Property Contracting Authority Policy*” and replacing it with the “*Procurement and Asset Disposal Authority Policy and Real Estate Authority Policy*”, and updating section references in the bylaw to the *Local Government Act*.
- Amending the *Greater Vancouver Sewerage and Drainage District Officers and Delegation Bylaw No. 284, 2014* by removing the reference to the “*Procurement and Real Property Contracting Authority Policy*” and replacing it with the “*Procurement and Asset Disposal Authority Policy and Real Estate Authority Policy*”, and updating section references in the bylaw to the *Local Government Act*.

ALTERNATIVES

1. That the MVRD/GVWD/GVS&DD/MVHC Boards:
 - a) adopt the *Procurement and Asset Disposal Authority Policy*, as presented in the report dated March 27, 2024, titled “Policy Update: Procurement and Real Property Contracting Authority Policies”, effective June 1, 2024;
 - b) adopt the *Real Estate Authority Policy*, as presented in the report dated March 27, 2024, titled “Policy Update: Procurement and Real Property Contracting Authority Policies”, effective June 1, 2024; and

That the MVRD Board:

- a) rescind the *Asset Disposal Policy* (No. FN-011) effective May 31, 2024;
- b) rescind the *Procurement and Real Property Contracting Authority Policy* (No. FN-006), effective May 31, 2024.
- c) revise the *Fleet Planning and Acquisition Policy* (No. FN-014), as presented in the report dated March 27, 2024, titled “Policy Update: Procurement and Real Property Contracting Authority Policies”, effective June 1, 2024;
- d) give first, second and third reading to *Metro Vancouver Regional District Officers and*

Policy Update: Procurement and Real Property Contracting Authority Policies

Finance Committee Regular Meeting Date: April 10, 2024

Page 8 of 9

Delegation Amendment Bylaw No. 1375, 2024; and

- e) adopt *Metro Vancouver Regional District Officers and Delegation Amendment Bylaw No. 1375, 2024.*

That the GVWD Board:

- a) rescind the *Procurement and Real Property Contracting Authority Policy* (No. FN-006), effective May 31, 2024.
- b) give first, second and third reading to *Greater Vancouver Water District Officers and Delegation Amendment Bylaw No. 263, 2024; and*
- c) adopt *Greater Vancouver Water District Officers and Delegation Amendment Bylaw No. 263, 2024.*

That the GVS&DD Board:

- a) rescind the *Procurement and Real Property Contracting Authority Policy* (No. FN-006), effective May 31, 2024.
- b) give first, second and third reading to *Greater Vancouver Sewerage and Drainage District Officers and Delegation Amendment Bylaw No. 373, 2024; and*
- c) adopt *Greater Vancouver Sewerage and Drainage District Officers and Delegation Amendment Bylaw No. 373, 2024.*

That the MVHC Board:

- a) resolve that, the Consent Resolution made with effect on September 1, 2014 regarding *Procurement and Real Property Contracting Authority*, ceases to have any force and effect on May 31, 2024;
 - b) authorizes the Chief Administrative Officer of the Metro Vancouver Regional District to:
 - i. establish policies and procedures for such matters as may be necessary or desirable for the efficient management, administration and operation of the Metro Vancouver Housing Corporation, including the Corporate Policies;
 - ii. negotiate and make, enter into, execute and deliver any contracts, agreements, and other documents and instruments to which the *Procurement and Asset Disposal Authority Policy*, or the *Real Estate Authority Policy*, does not apply; and
 - iii. authorize other appointed officers and employees of the Metro Vancouver Regional District to negotiate and make, enter into, execute and deliver any contracts, agreements, and other documents and instruments to which the *Procurement and Asset Disposal Authority Policy*, or the *Real Estate Authority Policy*, does not apply.
2. That the Finance Committee refer the proposed *Procurement and Asset Disposal Authority Policy* and *Real Estate Authority Policy*, as presented in the report dated March 27, 2024, titled "Policy Update: Procurement and Real Property Contracting Authority Policies", back to staff to incorporate feedback from the Finance Committee.

FINANCIAL IMPLICATIONS

There are no financial implications related to the proposed replacement of the Existing Policy with the Replacement Policies. All Procurement and Real Estate transactions require evidence of the Board(s) approved budget for all capital and operating expenditures. Contract commitments and real estate

transactions are only executed once approval is provided by the Board(s) or the appropriate staff with delegated authority.

CONCLUSION

As part of continuous improvement efforts and best practice, staff have undertaken a review of the existing *Procurement and Real Property Contracting Authority Policy* (No. FN-006) and are recommending replacement of the Existing Policy for Board consideration. The Existing Policy was created in 2014 and has remained substantially unchanged except for a minor revision in 2017. The Replacement Policies have been developed after conducting internal and external research and the benefits include better overall oversight related to procurement and real estate activity and alignment with the Board Strategic Priorities. Staff are recommending that the Board(s) approve the recommendation outlined in Alternative #1.

ATTACHMENTS

1. Existing *Procurement and Real Property Contracting Authority Policy* (No. FN-006)
2. Existing *Asset Disposal Policy* (No. FN-011)
3. ~~Consent Resolution of the Directors of Metro Vancouver Housing Corporation effective as of September 1, 2014~~
4. Draft *Procurement and Asset Disposal Authority Policy*
5. Draft *Real Estate Authority Policy*
6. *Metro Vancouver Regional District Officers and Delegation Amendment Bylaw No. 1375, 2024*
7. ~~*Greater Vancouver Water District Officers and Delegation Amendment Bylaw No. 263, 2024*~~
8. ~~*Greater Vancouver Sewerage and Drainage District Officers and Delegation Amendment Bylaw No. 373, 2014*~~
9. Draft revisions to *Fleet Planning and Acquisition Policy* (No. FN-014)

61485382

PROCUREMENT AND REAL PROPERTY CONTRACTING AUTHORITY

Effective Date: September 1, 2014 (Revised July 28, 2017)

Approved By: MVRD/MVHC/GVWD/GVS&DD Boards

Policy No. FN-006

PURPOSE

1.1 This Policy outlines:

- a) The authorization and competition requirements for procuring Goods, Services and Construction (as these terms are defined in this Policy) (“**Procurement Transactions**”); and
- b) The authorization and general requirements for the Acquisition, Disposition, use or management of Real Property (as these terms are defined in this policy) (“**Real Property Transactions**”)

(together, “**Transactions**”),

for the Metro Vancouver Regional District, the Greater Vancouver Water District, the Greater Vancouver Sewerage and Drainage District, and the Metro Vancouver Housing Corporation (collectively, “**Metro Vancouver**”).

DELEGATION OF AUTHORITY

2.1 The following instruments and this Policy provide the delegated authority for staff to enter into Transactions for or on behalf of Metro Vancouver:

Metro Vancouver Entity	Delegation Instrument
Metro Vancouver Regional District	<i>Bylaw 1208, 2014 Officers and Delegation Bylaw</i>
Greater Vancouver Water District	<i>Bylaw 247, 2014 Officers and Delegation Bylaw</i>
Greater Vancouver Sewerage and Drainage District	<i>Bylaw 284, 2014 Officers and Delegation Bylaw</i>
Metro Vancouver Housing Corporation	By Resolution

2.2 Nothing in this Policy delegates authority to non-Metro Vancouver staff to enter into Transactions for or on behalf of Metro Vancouver.

DEFINITIONS

3.1 The following terms used in the Policy are defined as:

- a) “**Acquire**” or “**Acquisition**” means to obtain by any method, accept, receive, purchase, be vested with, lease, take possession, control or occupation of, and agree to do any of those

BOARD POLICY

things, but excludes expropriation, except by agreement under section 3 of the *Expropriation Act*;

- b) **“Board”** means the Board of the Metro Vancouver entity undertaking the Transaction;
- c) **“Change Order”** means a Construction Contract amendment changing the works or services provided under the Construction Contract, including but not limited to specification, schedule, or price;
- d) **“Construction”** means the building, erection, installation, repair, renovation, restoration and demolition of all things including but not limited to: buildings, pipes, roads, reservoirs, tanks, land filling, excavation, landscaping, water and sewerage treatment facilities, pump stations, dams, intake and outfall facilities, dredging, and the related supply of Goods, Services and leased equipment;
- e) **“Construction Contract”** means a Contract for Construction, and includes Contracts for the related supply of Goods, Services and leased equipment;
- f) **“Contract”** means a contract for the supply (by way of sale, conditional sale, lease or otherwise) of Goods, Services or Construction, including a purchase order or other document evidencing the obligation, and any Contract Amendments;
- g) **“Contract Amendment”** means any change to a term, condition or other Contract provision, including a Change Order;
- h) **“Cumulative Value”** means the Original Value and the value of all Contract Amendments, excluding taxes;
- i) **“Dispose”** or **“Disposition”** means to transfer by any method including assign, give, sell, grant, charge, convey, lease, divest, dedicate, release, exchange, alienate or agree to do any of those things;
- j) **“First Nation Entity”** means any business arrangement in which First Nation individuals and/or First Nation communities have an ownership or other interest, and includes a business entity identified by a First Nation community as its designated business partner;
- k) **“First Nation Lands”** means Indian Reserves or Treaty Lands;
- l) **“First Nation Traditional Territory”** means the geographic area identified by a First Nation to be the area of land which they and / or their ancestors traditionally occupied or used;

BOARD POLICY

- m) **“Goods”** means material, supplies, equipment and other property, excluding Real Property, whether or not existing at the time of the Contract;
- n) **“Long Term Real Property Transaction”** means a Real Property Transaction of a permanent or long term nature, including but not limited to:
 - i. the Acquisition or Disposition of a fee simple interest,
 - ii. the Acquisition or Disposition of a permit, licence, lease or similar interest with a term longer than 5 years, and
 - iii. the Disposition of a statutory right of way, easement, covenant or similar interest;
- o) **“Multi-Phase Contract”** means a Construction Contract where consultancy Services are provided in phases, with progression (if any) from the initial to further phases being determined by project requirements;
- p) **“Original Value”** means the contract price or fees for services as at the effective date of the Contract, excluding taxes;
- q) **“Procurement Contracting Authority”** has the meaning set out in sections 5.1 and 6.1;
- r) **“Real Property”** means land with or without improvements affixed to the land, or any interest in land, including any right, title or estate in it of any tenure;
- s) **“Real Property Contract”** means a contract, agreement or instrument to Acquire or Dispose of Real Property or otherwise related to Real Property, including but not limited to any permit, licence, easement, statutory right of way, lease, covenant or any other document required to complete a Real Property Transaction;
- t) **“Services”** means services that are not provided by Metro Vancouver employees; and
- u) **“Standard Real Property Transaction”** means a Real Property Transaction of a routine or standard nature, including but not limited to:
 - i. a residential tenancy agreement,
 - ii. the Acquisition or Disposition of a permit, licence, lease or similar interest with a term no longer than 5 years including renewals,
 - iii. the Acquisition of a statutory right of way, easement, covenant or similar interest, and
- v) an application, instrument or arrangement entered into in anticipation or support of a Real Property Transaction, including but not limited to an application or agreement for rezoning, official community plan amendment, subdivision approval, and a demolition, building or other development permit.

BOARD POLICY

MANDATORY CONDITIONS FOR TRANSACTIONS

4.1 Staff are not authorized to enter into any Transactions unless the following conditions (the “**Mandatory Conditions**”) are met:

- a) The Transaction is within the scope of the Board approved budget (the “**Approved Budget**”);
- b) The Transaction has been authorized by a staff member having authority to initiate the Transaction (“**Spending Authority**”); and
- c) The staff member entering into the Transaction has authority to execute the relevant document (“**Contracting Authority**”). This Policy sets out the levels of Contracting Authority.

PROCUREMENT CONTRACTING AUTHORITY

5.1 Subject to the terms of this Policy, any statutory requirements, and Metro Vancouver bylaws, the following positions have authority (“**Procurement Contracting Authority**”) to execute Contracts for Procurement Transactions up to the identified Cumulative Value limits:

- a) Housing Dispatchers (Metro Vancouver Housing Corporation only): \$10,000;
- b) Dispatchers (Lake City Operation Centre): the greater of \$50,000 and 3 months’ duration;
- c) Purchasing staff with buying authority: \$250,000;
- d) Division Manager of Purchasing and Risk Management:
 - i. \$250,000, and
 - ii. \$500,000 with General Manager approval;
- e) Chief Financial Officer: \$2,000,000 with General Manager and Division Manager of Purchasing and Risk Management approval;
- f) Chief Administrative Officer/Commissioner: \$5,000,000 with Chief Financial Officer, General Manager and Division Manager of Purchasing and Risk Management approval; and
- g) As directed by the Board: over \$5,000,000.

5.2 For Procurement Contracting Authority for Multi-Phase Contracts, the Contract value is the anticipated total value of the Services to be provided over all phases, excluding taxes.

5.3 Splitting Procurement Transactions into multiple increments to circumvent any relevant policy, Spending Authority or Procurement Contracting Authority limit is not permitted.

CHANGE ORDERS FOR CONSTRUCTION CONTRACTS

6.1 The following positions have Procurement Contracting Authority (separate from and additional to the limits set out above) to execute Change Orders up to the identified limits, excluding taxes:

BOARD POLICY

- a) Senior Engineer: \$25,000 per Change Order, cumulative value not to exceed 5% of the Original Value of the Construction Contract;
- b) Senior Engineer: \$100,000 per Change Order with Director approval, cumulative value not to exceed 5% of the Original Value of the Construction Contract;
- c) Director: \$250,000 per Change Order with Division Manager of Purchasing and Risk Management approval, cumulative value not to exceed 10% of the Original Value of the Construction Contract;
- d) General Manager: \$500,000 per Change Order with Division Manager of Purchasing and Risk Management approval, cumulative value not to exceed 10% of the Original Value of the Construction Contract; and
- e) Chief Administrative Officer/Commissioner: over \$500,000 per Change Order with Chief Financial Officer, General Manager and Division Manager of Purchasing and Risk Management approval.

6.2 When calculating the cumulative value of Change Orders, the value is calculated by reference to all Change Orders issued under the relevant Construction Contract.

6.3 Change Orders must meet the Mandatory Conditions set out in section 4, including the requirement that the Change Order is within the Approved Budget.

COMPETITION REQUIREMENTS FOR PROCUREMENT TRANSACTIONS

7.1 Metro Vancouver's primary goal in the procurement process is to attain best value, using processes that are competitive, open, transparent, non-discriminatory and support Metro Vancouver's commitment to sustainability.

7.2 The type of competition required for Metro Vancouver procurement is based on the dollar value and nature of the specific Procurement Transaction, ensuring the cost and time associated with using a competitive process is proportionate to the benefit received. Competition requirements apply to the original procurement process and Contract award.

7.3 Contracts for Goods and Services arranged with the assistance of a third party, such as a broker or other intermediary, must be awarded using a process that is consistent with this Policy.

7.4 For these competition requirements, the value of Multi-Phase Contracts is calculated based on the anticipated total value of the Services to be provided over all phases, excluding taxes.

BOARD POLICY

7.5 Sole Source Exception

A Contract may be sole sourced without a competitive process (a “**Sole Source Exception**”) when:

- a) The Original Value is \$5,000 or less; or
- b) Goods, Services or Construction are urgently required and delay would be injurious to the public interest; or
- c) Only one party is available and capable of performing the Contract; or
- d) The Contract is within the authority of the Division Manager or Category Manager, Purchasing and Risk Management who has determined a competitive process would not be practical; or
- e) The Contract is within the authority of the Chief Administrative Officer/Commissioner or the Chief Financial Officer, who has determined a competitive process would not be practical; or
- f) The Contract is for archaeological work pursuant to section 7.6(b)(i) and the Chief Administrative Officer/Commissioner and the Chief Financial Officer has determined that a competitive process for such work is not appropriate; or
- g) The Board of Directors has authorized a sole source Contract at their discretion.

The Procurement Contracting Authority may, at its discretion, seek General Manager approval for the Sole Source Exception.

7.6 First Nation Entities Participation

- a) Where a Metro Vancouver project or activity is located on or in proximity to First Nation Lands, the procurement process may include one or more of the following:
 - i. Unbundle large procurement competitions so that First Nation Entities can participate in the procurement process; or
 - ii. Include provisions in the procurement documents that give preference to a First Nation Entity, or a proponent that sub-contracts a portion of the work to a First Nation Entity.
- b) Where a Metro Vancouver project or activity is located within a First Nation’s Traditional Territory and archaeological work is required, the procurement process will seek the First Nation’s input and recommendations for qualified archaeological consultants:
 - i. If only one recommendation is received, Metro Vancouver may unbundle all or a portion of the archaeological work and may sole source, under the provisions of section 7.5, the unbundled portion to the recommended consultant; or
 - ii. If more than one recommendation is received, Metro Vancouver may unbundle all or a portion of the archaeological work and undertake a procurement competition in accordance with this Policy.

BOARD POLICY

7.7 Discretionary Competitive Process

Contracts for Procurement Transactions in the following dollar value ranges:

- a) Goods and Services: Original Value \$5,000 to \$75,000; and
- b) Construction: Original Value \$5,000 to \$200,000,

must be awarded using a process that is appropriate to the value and complexity of the Procurement Transaction. Procurement staff may seek bids on an invitation-only basis. Under this process, procurement staff should seek a minimum of three bids.

7.8 Formal Competitive Process

For Contracts for Procurement Transactions in the following dollar value ranges:

- a) Goods and Services: Original Value \$75,000 or greater; and
- b) Construction: Original Value \$200,000 or greater, procurement staff must endeavour to use a formal, public procurement process that is competitive, open, transparent, non-discriminatory and supports Metro Vancouver's commitment to sustainability.

REAL PROPERTY CONTRACTING AUTHORITY

8.1 Subject to the terms of this Policy, statutory requirements, and Metro Vancouver bylaws, the following positions have authority ("**Real Property Contracting Authority**") to execute Real Property Contracts for Real Property Transactions up to the identified limits, excluding taxes:

a) **Standard Real Property Transactions:**

- i. Designated housing staff (Metro Vancouver Housing Corporation only): residential tenancies;
- ii. Property Division Manager:
 - (1) \$250,000 with Director approval, and
 - (2) \$500,000 with General Manager approval;
- iii. Chief Administrative Officer/Commissioner: \$2,000,000 with Chief Financial Officer, General Manager and Property Division Manager approval; and
- iv. As directed by the Board: over \$2,000,000.

b) **Long Term Real Property Transactions:**

- i. Chief Administrative Officer/Commissioner: \$500,000 with General Manager and Property Division Director approval, excluding any Disposition of a fee simple interest; and
- ii. As directed by the Board: over \$500,000, and any Disposition of a fee simple interest.

ASSET DISPOSAL

Effective Date: April 29, 2016

Approved By: GVRD Board

Policy No. FN-011

PURPOSE

To provide direction regarding the disposal of surplus assets, assets that have reached the end of their economic life and salvage assets owned by Metro Vancouver.

Metro Vancouver's *Asset Disposal Policy* supports the following broad objectives:

- Efficient and effective disposal of assets;
- Highest economic value to Metro Vancouver;
- Non-discriminatory and transparent disposal process; and
- Minimum environmental impacts.

DEFINITIONS

"Assets" are defined as any items of economic value that could be converted to cash;

"Economic life" means the period of time during which assets may be put towards profitable use in a business. Economic life is usually shorter than physical life because assets may become obsolete or too costly to maintain before they are worn out;

"Employee" means an exempt or union employee of Metro Vancouver including an Officer;

"Salvage Assets" are defined as any recovered or reclaimed items of economic value that could be converted to cash. Salvage materials include, scrap metal from steel pipe, stainless steel, insulated wire, copper, brass, aluminium, and tin, which are considered to have economic value to Metro Vancouver; and

"Surplus Assets" are defined as tangible assets that have economic value that could be converted to cash but are no longer needed and cannot be used in any area within Metro Vancouver. These assets can include office furniture and equipment, computers, audio-visual equipment, marine and industrial equipment, lab equipment, construction tools and equipment, and corporate vehicles.

POLICY

This Policy is intended to provide clear direction on the disposition of Metro Vancouver surplus assets, assets that have reached the end of their economic life and salvage assets, but excludes the disposition of electronic equipment covered under the *Electronic Equipment Disposition Policy*. The disposition of assets shall support Metro Vancouver's commitment to sustainability by following a

BOARD POLICY

process that ensures maximum economic value for the Corporation, is transparent and non-discriminatory and considers environmental impacts.

The disposal of assets will be coordinated by the Purchasing Division within the Financial Services Department.

1. Surplus Assets

- a) The General Manager or Senior Director within the Department responsible for the assets shall determine and declare when assets are deemed surplus (refer to the Appendix for type of assets and responsible Department).
- b) The assets must first be offered at no charge to other potential users within Metro Vancouver.
- c) If the assets cannot be used by another user within Metro Vancouver, they are deemed surplus and must be disposed of through the Purchasing Division by way of public auction, trade-in, public tender, negotiated sale or other means that maximizes economic value for Metro Vancouver.
- d) In no event shall Surplus Assets be directly sold to an employee by Metro Vancouver.
- e) In the event of sections (c) and (d) above, proof of authorization must be retained for up to two years from the date of disposal.
- f) In no event shall Surplus Assets be offered to anyone outside Metro Vancouver (including any non-profit organization) unless in accordance with Section 4.
- g) In the event Surplus Assets cannot be sold or traded for use, they shall be recycled in a manner that minimizes environmental impacts.

2. Assets at End of Economic Life

- a) The General Manager or Senior Director within the Department responsible for the assets shall determine and declare when the assets are at the end of their economic life (refer to the Appendix for the type of assets and responsible Department).
- b) Assets that have reached the end of their economic life must be disposed of through the Purchasing Division by way of public auction, trade-in, public tender, negotiated sale or other means that maximizes economic value for Metro Vancouver.
- c) In no event shall assets at the end of their economic life be directly sold to an employee by Metro Vancouver.

BOARD POLICY

- d) In the event of sections (b) and (c) above, proof of authorization must be retained for up to two years from the date of disposal.
- e) In no event shall assets at the end of their economic life be offered to anyone outside Metro Vancouver (including any non-profit organization) unless in accordance with Section 4.
- f) In the event assets at the end of their economic life cannot be sold or traded for use, they shall be recycled in a manner that minimizes environmental impacts.

3. Salvage Assets

- a) The General Manager, Senior Director or designated staff within the Department responsible for the assets shall determine and declare when the assets are considered salvage (refer to the Appendix for the type of assets and responsible Department).
- b) A list of salvage assets shall be documented in the Salvage Asset Tracking Sheet.
- c) A copy of the Salvage Asset Tracking Sheet shall be provided to Financial Services on a monthly basis by email or inter-office mail with supporting documentation, as appropriate. Original copies of the document are to be maintained in the files on site for a year.
- d) The Purchasing Division is responsible for the disposal of salvage assets, which can only be completed through an approved recycling dealer.

4. Donation of Assets

- a) Only surplus assets or assets at the end of their economic life are eligible for donation.
- b) The donation of surplus assets or assets at the end of their economic life must meet the following criteria:
 - i) The donation must provide a clear and positive community benefit to the Metro Vancouver region;
 - ii) The donation must offer specific benefits to Metro Vancouver, or its members;
 - iii) The entity that is receiving the donation must have a mandate with a community objective and purpose that is consistent with Metro Vancouver's vision, mission and roles; and
 - iv) The entity receiving the donation must be a registered charitable organization or not-for-profit entity.
- c) Surplus assets or assets at the end of their economic life that are to be donated must receive prior approval from the Chief Administrative Officer (CAO), with a recommendation from the Chief Financial Officer (CFO), and the Division Manager of Purchasing and Risk Management.

BOARD POLICY

- d) When more than one non-profit organization requests the donation of surplus assets, organizations shall be considered equally using the criteria as outlined in section 4(b) above.
- e) The donation of surplus assets which have an original combined cost that exceeds \$100,000 requires Board approval.
- f) Proof of authorization by the Chief Administrative Officer (CAO) must be retained for up to two years from the date of donation.

5. Proceeds on Asset Disposal

- a) All proceeds in exchange of the disposed assets shall be remitted directly to Metro Vancouver Financial Services Department.
- b) Proceeds shall be in the form of cheque, electronic funds transfer, or if the transaction is less than \$5,000, a credit card may be used.

Related References

This Policy is to be followed in coordination with the following:

- [Real Property Contracting Authority Policy](#)
- [Procurement and Contracting Employee Procedures](#)
- [Spending Authority Policy](#)
- [Electronic Equipment Disposition Policy](#)

BOARD POLICY

APPENDIX

Asset Category and Responsible Department Table

The following table lists the type of assets and the subsequent Department that is responsible for determining whether assets are surplus, at the end of their economic life or salvage. It is intended to provide guidance and can be amended as required.

Asset	Responsible Department
Furniture and Office Equipment	Corporate Services (Building Operations)
Information Technology (IT) Equipment	Corporate Services (Information Technology)
Fleet and Marine Equipment	Financial Services (Fleet Services)
Safety Equipment	Corporate Services (Safety Security Emergency Management)
Industrial Equipment	User Department (Water, Liquid Waste, Solid Waste, Housing, Regional District)
Construction Tools and Equipment	User Department (Water, Liquid Waste, Solid Waste, Housing, Regional District)
Lab Equipment	User Department (Water, Liquid Waste, Solid Waste, Housing, Regional District)

PROCUREMENT AND ASSET DISPOSAL AUTHORITY POLICY

Effective Date: June 1, 2024

Approved By: MVRD/GVWD/GVS&DD/MVHC Boards

Policy No. FN-031

PURPOSE

1.1 This Policy:

- a) applies to the Metro Vancouver Regional District (“**MVRD**”), the Greater Vancouver Water District (“**GVWD**”), the Greater Vancouver Sewerage and Drainage District (“**GVS&DD**”), and the Metro Vancouver Housing Corporation (“**MVHC**”) in the performance of their respective duties and responsibilities when engaging in the procurement of Goods, Services and Construction;
- b) outlines the requirements for the procurement of Goods, Services and Construction, as well as the Disposition of Surplus Assets, Obsolete Assets, and Salvage Assets, to achieve overall Best Value for Metro Vancouver; and
- c) outlines certain fundamental principles that Metro Vancouver considers applicable to public procurement.

POLICY GOALS

2.1 The goals of this Policy are as follows:

- a) to achieve an open, transparent, non-discriminatory and competitive process for the procurement of Goods, Services and Construction that provides Best Value for Metro Vancouver and applies leading practices, risk mitigation strategies and strong financial controls to the procurement process;
- b) to ensure compliance with Metro Vancouver’s bylaws, its Board and Corporate Policies, the interprovincial, national and international trade agreements that are binding on Metro Vancouver, and all other provincial and federal laws and regulations that apply to the procurement of Goods, Services and Construction;
- c) to achieve a transparent, non-discriminatory, efficient and effective process for the Disposition of Surplus Assets, Obsolete Assets, and Salvage Assets that provides Best Value for Metro Vancouver and minimizes environmental impacts; and
- d) to optimize Best Value by ensuring that Metro Vancouver utilizes the Procurement Division of the Procurement and Real Estate Services Department (“**PRS**”) to conduct all

BOARD POLICY

Calls and to oversee the Disposition of Surplus Assets, Obsolete Assets, and Salvage Assets.

DELEGATION OF AUTHORITY

3.1 The following instruments, this Policy and the *Corporate Procurement Policy* provide the delegated authority for Metro Vancouver staff to enter into Contracts for or on behalf of Metro Vancouver:

Metro Vancouver Entity	Delegation Instrument
MVRD	<i>Officers and Delegation Bylaw No. 1208, 2014</i>
GVWD	<i>Officers and Delegation Bylaw No. 247, 2014</i>
GVS&DD	<i>Officers and Delegation Bylaw No. 284, 2014</i>
MVHC	By Resolution

3.2 Nothing in this Policy delegates authority to non-Metro Vancouver staff to approve, Award, execute or enter into Contracts for or on behalf of Metro Vancouver.

POLICY ADMINISTRATION

4.1 The Procurement Division of PRS, overseen by the Director, Procurement, is the owner and administrator of this Policy. Except where separately authorized by a Department Head, the Corporate Solicitor, the CAO, or the Board, all procurement of Goods, Services and Construction and all Dispositions of Surplus Assets, Obsolete Assets, and Salvage Assets are to be administered by the Procurement Division of PRS.

TRANSACTIONS NOT SUBJECT TO THIS POLICY

5.1 The following Contracts and types of transactions are not covered by this Policy (but may be governed by other Board or Corporate Policies or Metro Vancouver bylaws):

- a) the purchase of regulated tariffed services (e.g. electricity, transmission portion of natural gas, cable, tariff portion of non-wireless telecommunications services);
- b) financial grants from other governmental authorities to Metro Vancouver;
- c) financial grants from Metro Vancouver to non-profit organizations as authorized by the Board;
- d) tax rebates;
- e) the procurement of Goods or Services from other governmental authorities;

BOARD POLICY

- f) Real Estate transactions as governed by the *Real Estate Authority Policy* (No. FN-032) and the *Delegation of Real Estate Authority Policy* (No. FN-033), including the acquisition, disposition, use or management of Real Estate;
- g) sponsorships as governed by the *Sponsorship Policy* (No. FN-008); and
- h) the retention of external legal counsel and related experts (such as expert witnesses) as governed by the *Legal Services Policy* (No. GV-029).

DEFINITIONS AND INTERPRETATION

6.1 Capitalized terms used in this Policy are defined as follows:

“Administrative Amendment” means any change to a Contract that is not a Contract Amendment or a Change Order;

“Approved Budget” means the authorized budget (including any contingency amounts) for the capital project or operating program under which the applicable Goods, Services or Construction will be procured pursuant to this Policy and the *Corporate Procurement Policy*, that is approved for expenditure in accordance with the Board-approved budget;

“Assets” means any items which are considered to have Economic Value to Metro Vancouver, but excluding Real Estate;

“Award” or **“Awarded”** means the decision by Metro Vancouver to enter into a Contract in accordance with this Policy;

“Best Value” means the optimal combination of Technical Value, Economic Value, Environmental Value and Social Value, as determined in accordance with the specific criteria and weighting for each criterion established by Metro Vancouver for the applicable procurement. For Dispositions of Assets, “Best Value” means the optimal combination of Economic Value and Environmental Value;

“Bid” means, in response to a Call, either: (i) a legally binding tender or quotation which upon written acceptance by Metro Vancouver, automatically creates a Contract; (ii) a non-binding quotation or proposal which forms the basis of a negotiated Contract; or (iii) any non-binding pre-qualification submission, expression of interest, or request for information which may form the basis of a subsequent Call;

“Bidder” means any legal entity submitting a Bid in response to a Call;

“Board” means, collectively, the MVRD Board of Directors, the GVWD Board of Directors, the GVS&DD Board of Directors, and the MVHC Board of Directors, or any one of them, as the

BOARD POLICY

context requires. For the procurement of Goods, Services or Construction, “Board” means the Board of Directors of the Metro Vancouver entity undertaking the procurement;

“**Call**” means a request or invitation by Metro Vancouver for a Bid, including but not limited to requests for proposal, requests for expressions of interest, invitations to tender, invitations to quote, and invitations to offer;

“**CAO**” means the person appointed from time to time as the Chief Administrative Officer or Commissioner, as the context requires;

“**CFO**” means the person appointed from time to time as the Chief Financial Officer;

“**Change Order**” means any change to the scope, specifications, schedule or Total Price of a Construction Contract and in a manner consistent with the original intent of the Construction Contract;

“**Commitment Authority**” means the authority to Award a Contract, including an Administrative Amendment, Contract Amendment or Change Order, as the context requires, in accordance with this Policy and the *Corporate Procurement Policy* or as the applicable Board otherwise directs;

“**Construction**” means the building, erection, installation, repair, addition, renovation, protection, restoration, demolition, deconstruction, decommissioning, or removal of all things, including but not limited to buildings, improvements and other facilities, pipes, roads, reservoirs, tanks, land filling, excavation, landscaping, water and sewerage treatment facilities, pump stations, dams, intake and outfall facilities, dredging, and the related supply of Goods, Services and/or leased equipment;

“**Construction Contract**” means a contract for Construction;

“**Contract**” means a Construction Contract or a Contract for Goods and Services, as the context requires. For greater certainty, a Contract includes documents that create or modify, or may create or modify, legal rights and obligations of the parties to the Contract, including but not limited to any: (i) purchase order; (ii) work order; (iii) Change Order; (iv) memorandum of understanding, letter of understanding, letter of intent, or similar; (v) standing offer; (vi) supply arrangement; (vii) notice or other communication to a prospective supplier prior to a Contract, including a notice to award, conditional notice to award, notice or permission to proceed or start work prior to Award or Contract; (viii) assignment or consent to assignment of a Contract; (ix) security for performance of a Contract such as a letter of credit, bond, insurance, deposit, security interest, and other financial instruments; (x) Contract Amendment; or (xi) Administrative Amendment;

BOARD POLICY

“Contract Amendment” means any change to the scope, specifications, schedule or Total Price of a Contract for Goods and Services and in a manner consistent with the original intent of the Contract for Goods and Services;

“Contract for Goods and Services” means a contract for the supply (by way of sale, conditional sale, lease or otherwise) of Goods and/or Services;

“Contracting Authority” means the authority to execute and deliver a Contract, including an Administrative Amendment, Contract Amendment or Change Order, as the context requires, in accordance with this Policy and the *Corporate Procurement Policy* or as the applicable Board otherwise directs;

“Co-operative Procurement” means the procurement of Goods, Services or Construction in cooperation with other governmental authorities;

“Corporate Procurement Policy” means the *Delegation of Procurement Authority Policy* (No. FN-034) as amended or replaced by the CAO from time to time;

“Corporate Solicitor” means the person appointed from time to time as the Corporate Solicitor;

“Department Head” means the following Metro Vancouver officials, as the context requires: (i) a General Manager; (ii) a Deputy CAO; or (iii) a Deputy General Manager;

“Deputy CAO” means the person(s) appointed from time to time as the Deputy Chief Administrative Officer;

“Deputy General Manager” means the person appointed from time to time as the Deputy General Manager of the applicable Metro Vancouver department;

“Direct Award” or **“Direct Awarded”** means the Award of a Contract without issuing a Call;

“Director, Procurement” means the person appointed from time to time as the Director, Procurement;

“Dispose” or **“Disposition”** means to transfer by any method, including to assign, give, sell, grant, charge, convey, lease, divest, dedicate, release, exchange, or alienate, and to agree to do any of those things;

“Economic Life” means the period of time during which Assets may be put towards profitable use in a business, which period is generally shorter than physical life as Assets may become obsolete or too costly to maintain before they are worn out;

BOARD POLICY

“Economic Value” means the financial costs and benefits to Metro Vancouver of Goods, Services and Construction during their acquisition, use and end-of-life phases (i.e. lifecycle costs) including factors such as transportation emissions, training, economic development impacts, energy consumption, disposal and other related costs. For Dispositions of Assets, “Economic Value” means the ability to convert an Asset into cash;

“Environmental Value” means the ability to protect and enhance the climate, ecology and natural resources for future generations through approaches that reduce carbon dependency, enhance energy resilience, conserve energy and resources, and reduce waste and toxins;

“First Nation Entity” means any business arrangement in which First Nation individuals and/or First Nation communities have an ownership or other interest, and includes a business entity identified by a First Nation community as its designated business partner;

“First Nation Lands” means Indian Reserves or Treaty Lands;

“First Nation Traditional Territory” means the geographic area identified by a First Nation to be the area of land which they and/or their ancestors traditionally occupied or used;

“General Manager” means a member of the Metro Vancouver Corporate Planning Committee (CPC);

“General Manager, PRS” means the person appointed from time to time as the General Manager, PRS;

“Goods” means material, supplies, equipment and other tangible or intangible property, whether or not existing at the time of the Contract, but excluding Real Estate;

“GVS&DD” has the meaning set out in Section 1.1(a);

“GVWD” has the meaning set out in Section 1.1(a);

“Mandatory Conditions” has the meaning set out in Section 7.1;

“Maximum Contract Term” means the maximum term of a Contract (including all options to extend or rights of renewal) as prescribed by this Policy;

“Metro Vancouver” means, collectively, MVRD, GVWD, GVS&DD, and MVHC, or any one of them, as the context requires;

BOARD POLICY

“Multi-Phase Contract” means a Construction Contract where Services are provided in phases, with progression (if any) from the initial to further phases being determined by project requirements;

“MVHC” has the meaning set out in Section 1.1(a);

“MVRD” has the meaning set out in Section 1.1(a);

“Obsolete Assets” means tangible Assets which are at the end of their Economic Life and cannot be used by Metro Vancouver;

“PRS” has the meaning set out in Section 2.1(d);

“Real Estate” means land with or without improvements affixed to the land, any interest in land, air, or water (including any right, title or estate in it of any tenure), or any right to occupy or use land, air, or water;

“Revenue-Generating Contract” means any Contract which requires or contemplates revenues derived from the Contract to be paid to Metro Vancouver;

“Salvage Assets” means any recovered or reclaimed Assets, which may include but are not limited to scrap metal from steel pipe, stainless steel, insulated wire, copper, brass, aluminum, and tin;

“Services” means services that are not provided or performed by Metro Vancouver staff;

“Social Value” means the ability to cultivate and sustain vibrant, creative, safe, affordable and caring communities for the wide diversity of individuals and families to live in, work in and visit the Metro Vancouver region and beyond;

“Solicitation” means the process of communicating a Call to prospective Bidders;

“Surplus Assets” means tangible Assets which are no longer needed and cannot be used by Metro Vancouver, which may include but are not limited to office furniture and equipment, computers, audio-visual equipment, marine and industrial equipment, lab equipment, Construction tools and equipment, and corporate vehicles;

“Technical Value” means the ability to meet all business requirements, including but not limited to specifications, delivery model, timelines, personnel, Contract terms and conditions, user expectations, Goods and Services requirements, and transition requirements;

BOARD POLICY

“Total Price” means the total price payable for all Goods, Services and/or Construction under a Contract over the entire term of the Contract, as of the effective date of the Contract, excluding sales or other taxes payable, but which may include, at the discretion of the applicable Metro Vancouver staff member(s) having Commitment Authority, (i) the value of options to purchase additional Goods, Services and/or Construction during the term, and (ii) the value of Goods, Services and/or Construction for any renewed optional Contract term. For Revenue-Generating Contracts, “Total Price” means the anticipated gross revenue to be received by Metro Vancouver over the entire term of the Contract. For Multi-Phase Contracts, “Total Price” means the anticipated total price payable for the Services to be provided over all phases, excluding sales or other taxes payable. For Dispositions of Assets, “Total Price” means the total price originally paid by Metro Vancouver for the Asset; and

“Unsolicited Proposals” means proposals received by Metro Vancouver independently of a Call and which are typically submitted by third parties wishing to sell certain Goods, Services or Construction to Metro Vancouver.

- 6.2** All references in this Policy to an employee, official, officer, or other representative of Metro Vancouver are deemed to include any designate, deputy, or anyone else authorized in writing by such employee, official, officer, or other representative (or by Board resolution) to act in that person’s position. For purposes of this Policy, any supervisor of an employee, official, officer, or other representative of Metro Vancouver is deemed to have the same authority as that person’s position.
- 6.3** Where the title or name of any position, division, or department is changed following the adoption of this Policy as a result of a reorganization of Metro Vancouver’s functions or for any other reason, the CAO will have the authority to amend this Policy to reflect such change, provided that the Board is duly informed within a reasonable time of any such amendment.

MANDATORY CONDITIONS FOR COMPLETING A PROCUREMENT

- 7.1** Metro Vancouver staff are not authorized to procure any Goods, Services or Construction under any Contract, including Contract Amendments and Change Orders, for or on behalf of Metro Vancouver unless the following conditions are satisfied (the **“Mandatory Conditions”**):
- a) Approved Budget is in place for the procurement;
 - b) the procurement has been authorized by the Board or the Metro Vancouver staff member(s) having Commitment Authority and Contracting Authority for the applicable Contract; and
 - c) the procurement is required to support the short-term or long-term plans, priorities or ongoing operations of Metro Vancouver as set out in the Board Strategic Plan.

BOARD POLICY

COMPETITION AND COMPETITIVE BIDDING

- 8.1** Except where expressly authorized by this Policy or the Board having jurisdiction, Metro Vancouver will procure all Goods, Services and Construction through an open, public, competitive Call.
- 8.2** The type of competition required for Metro Vancouver procurement is based on the dollar value and nature of the specific Goods, Services or Construction, ensuring the cost and time associated with using a competitive process is proportionate to the benefit received.
- 8.3** No public Call will be required for:
- a) Contracts for Goods and Services that are expected to have a Total Price of up to \$75,000; and
 - b) Construction Contracts that are expected to have a Total Price of up to \$200,000.

The Director, Procurement will endeavor to obtain a minimum of three (3) Bids for the foregoing Contracts.

- 8.4** The Director, Procurement will procure through a public Call:
- a) Contracts for Goods and Services that are expected to have a Total Price of greater than \$75,000; and
 - b) Construction Contracts that are expected to have a Total Price of greater than \$200,000.

Solicitation for the foregoing Contracts will be by way of posting the Call particulars through an electronic bidding system accessible to the general public. In addition to posting through the electronic means, local, regional, national, or international advertising may be carried out at the discretion of the Director, Procurement.

- 8.5** All Unsolicited Proposals will be under the purview of the Director, Procurement.

COMMITMENT AUTHORITY AND CONTRACTING AUTHORITY

- 9.1** Subject to the terms of this Policy, any statutory requirements, and Metro Vancouver bylaws, the CAO has Commitment Authority and Contracting Authority for:
- a) any Contract having a Total Price of up to \$10,000,000; and
 - b) any subsequent Contract Amendments or Change Orders which do not, when combined with the Total Price of the Contract, exceed the Approved Budget at the time of the Contract Amendment or Change Order.

BOARD POLICY

The CAO has the authority to further sub-delegate all such Commitment Authority and Contracting Authority to designated Metro Vancouver staff members as set out from time to time in the *Corporate Procurement Policy*.

9.2 For any Contract having a Total Price of greater than \$10,000,000:

- a) only the Board having jurisdiction has Commitment Authority;
- b) Contracting Authority will be determined by the applicable Board in its sole discretion; and
- c) subject to the terms of this Policy, any statutory requirements, and Metro Vancouver bylaws, the CAO has Commitment Authority and Contracting Authority for any subsequent Contract Amendments or Change Orders which do not, when combined with the Total Price of the Contract, exceed the Approved Budget at the time of the Contract Amendment or Change Order.

The CAO has the authority to further sub-delegate the Commitment Authority and Contracting Authority under Section 9.2(c) to designated Metro Vancouver staff members as set out from time to time in the *Corporate Procurement Policy*.

9.3 In addition, all Contract Amendments and Change Orders will be subject to:

- a) any Contract Amendment and Change Order approval process established by the CFO from time to time; and
- b) confirmation by the Director, Procurement that the Contract Amendment or Change Order falls within the existing scope of work of the Contract or applicable Call.

9.4 Procuring Goods, Services or Construction through a broker or other intermediary or splitting procurement transactions into multiple increments to circumvent this Policy, the *Corporate Procurement Policy*, or any Commitment Authority or Contracting Authority threshold is not permitted.

9.5 The CAO has Commitment Authority and Contracting Authority for any Administrative Amendment. The CAO has the authority to further sub-delegate such Commitment Authority and Contracting Authority to designated Metro Vancouver staff members as set out from time to time in the *Corporate Procurement Policy*.

GENERAL EXCEPTIONS TO COMPETITIVE BIDDING – PERMITTED DIRECT AWARD

BOARD POLICY

- 10.1** Notwithstanding Section 8.1, an open, public, competitive Call is not required and a Direct Award is permitted if:
- a) the Total Price of the Contract does not exceed \$25,000;
 - b) the Director, Procurement and the applicable Department Head have determined that Goods, Services or Construction are urgently required and reasonably necessary to protect life/health (human, animal or plant) or property and any delay would be injurious to the public interest; provided that, in the event of any disagreement between the Director, Procurement and the applicable Department Head, the CAO will make the final determination;
 - c) there is a single-supplier or other exigent circumstances which preclude an open, public, competitive Call and the following conditions are satisfied:
 - i. the Director, Procurement has determined that the contemplated Direct Award will provide Best Value for Metro Vancouver;
 - ii. in the case of a Contract for Goods and Services having a Total Price of greater than \$75,000 or a Construction Contract having a Total Price of greater than \$200,000, the Director, Procurement has publicly posted a Notice of Intent to Contract for ten (10) business days;
 - iii. if applicable, no complaints or concerns have been lodged in response to the Notice of Intent to Contract, or if any complaints or concerns have been communicated, the applicable Department Head and the Director, Procurement have reviewed the same and have authorized the Direct Award to proceed; and
 - iv. the Contract is Awarded and executed in accordance with the Commitment Authority and Contracting Authority requirements set out in this Policy or the *Corporate Procurement Policy*, as applicable;
 - d) the Contract is for archaeological work pursuant to Section 11.2;
 - e) subject to the Total Price threshold set out in Section 9.1(a), the CAO at their discretion has determined that the Direct Award would be in the public interest and has authorized the same;
 - f) the Board at their discretion has determined that the Direct Award would be in the public interest and has authorized the same; or

BOARD POLICY

- g) the Director, Procurement has authorized participation in a Co-operative Procurement process.

FIRST NATION ENTITIES PARTICIPATION

11.1 Where a Metro Vancouver project or activity is located on or in proximity to First Nation Lands, the procurement process may include one or more of the following:

- a) unbundle large procurement competitions so that First Nation Entities can participate in the procurement process; or
- b) include provisions in the procurement documents that give preference to a First Nation Entity, or a Bidder that sub-contracts a portion of the work to a First Nation Entity.

11.2 Where a Metro Vancouver project or activity is located within a First Nation Traditional Territory and archaeological work is required, the procurement process will seek the First Nation's input and recommendations for qualified archaeological consultants:

- a) if only one recommendation is received, Metro Vancouver may unbundle all or a portion of the archaeological work and may Direct Award, under the provisions of Section 10.1, the unbundled portion to the recommended consultant; or
- b) if more than one recommendation is received, Metro Vancouver may unbundle all or a portion of the archaeological work and undertake a procurement competition in accordance with this Policy.

SUSTAINABLE, SOCIAL AND ETHICAL PROCUREMENT

12.1 Sustainable, social and ethical procurement aligns with Metro Vancouver's long term priorities and commitments to sustainability, equity and regional prosperity as set out in the Board Strategic Plan. Metro Vancouver is committed to optimizing social and environmental benefits to the region in accordance with Best Value requirements throughout its procurement processes.

12.2 Metro Vancouver intends to recognize excellence, leadership and innovation in sustainability, environmental stewardship, equity and fair labour practices within the supplier selection process. Metro Vancouver will undertake to do so in accordance with any sustainable, social and/or ethical procurement policies and procedures that are in effect from time to time.

MAXIMUM CONTRACT TERM

13.1 Subject to any statutory requirements, the Director, Procurement in consultation with the applicable Department Head will set the Maximum Contract Term for a Call. For proposed Maximum Contract Terms of ten (10) years or greater, such terms will be subject to the approval of the CAO in addition to compliance with any statutory requirements.

BOARD POLICY

CONTRACT EXTENSIONS

14.1 Contracts may only be extended past the Maximum Contract Term where one of the following conditions are met:

- a) the extension is a permitted Direct Award in accordance with Section 10.1; or
- b) there is (or is about to be) a new Call for the Goods, Services or Construction and the Director, Procurement and applicable Department Head have determined that an extension is required to provide time to complete the new Call. In this case, the applicable Department Head will have Commitment Authority and the Director, Procurement, or the CAO, will have Contracting Authority for the extension, provided that the extension:
 - i. is no longer than twelve (12) months;
 - ii. when combined with the Total Price of the Contact does not exceed \$20,000,000 or the Approved Budget; and
 - iii. is executed by the parties to the Contract before the expiry of the term.

CO-OPERATIVE PROCUREMENT

15.1 The Director, Procurement may participate in Co-operative Procurement.

15.2 The provisions of this Policy apply to the rights and obligations assumed by Metro Vancouver with respect to any Co-operative Procurement process.

CANCELLATION OF CALLS

16.1 The Director, Procurement will be authorized to cancel any Call where:

- a) there is a request by the applicable Department Head and responses are greater than the Approved Budget for the Award in respect of the Call;
- b) in the opinion of the Director, Procurement or the applicable Department Head:
 - i. a change in the scope of work, specifications or other authorizations is required and therefore a new Call should be issued; or
 - ii. the Goods, Services or Construction to be provided pursuant to the Call no longer meet Metro Vancouver's requirements; or
- c) in the opinion of the Director, Procurement the integrity of the Call process has been compromised.

BOARD POLICY

ADMINISTRATION OF CONTRACTS

17.1 Following the exercise by the Procurement Division of PRS of its primary authority over a Call or a contemplated Direct Award, as applicable, and where a Contract results from the Call or contemplated Direct Award, the applicable Department Head will have the primary responsibility for the proper administration and enforcement of the Contract, subject to the *Legal Services Policy* (No. GV-029) and subject to the requirements for any Administrative Amendments, Contract Amendments and Change Orders as set out in this Policy and the *Corporate Procurement Policy*.

DISPOSITION OF ASSETS

18.1 The Disposition of Assets will be coordinated by the Procurement Division of PRS following a process that is transparent and non-discriminatory and which ensures Best Value for Metro Vancouver.

18.2 The Disposition of Surplus Assets will be carried out in accordance with the following:

- a) the Department Head responsible for the applicable Assets will determine and declare when such Assets are deemed to be Surplus Assets (refer to the Appendix for the type of Assets and responsible Department);
- b) the Surplus Assets must first be offered at no charge to other potential users within Metro Vancouver;
- c) if the Surplus Assets cannot be used by another user within Metro Vancouver, they will be Disposed of through the Procurement Division of PRS by way of public auction, trade-in, public tender, negotiated sale or other means that achieves Best Value for Metro Vancouver;
- d) in no event will Surplus Assets be directly sold to Metro Vancouver staff, provided that Metro Vancouver staff will be permitted to participate in any public auction process for such Surplus Assets;
- e) in no event will Surplus Assets be offered at no charge to any person outside of Metro Vancouver (including any non-profit organization) unless in accordance with Section 18.5;
- f) in the event Surplus Assets cannot be sold or traded for use, they will be recycled in a manner that minimizes environmental impacts; and
- g) proof of authorization for the Disposition of Surplus Assets must be retained for up to seven (7) years from the date of Disposition.

18.3 The Disposition of Obsolete Assets will be carried out in accordance with the following:

BOARD POLICY

- a) the Department Head responsible for the applicable Assets will determine and declare when such Assets are deemed to be Obsolete Assets (refer to the Appendix for the type of Assets and responsible Department);
- b) Obsolete Assets will be Disposed of through the Procurement Division of PRS by way of public auction, trade-in, public tender, negotiated sale or other means that achieves Best Value for Metro Vancouver;
- c) in no event will Obsolete Assets be directly sold to Metro Vancouver staff, provided that Metro Vancouver staff will be permitted to participate in any public auction process for such Obsolete Assets;
- d) in no event will Obsolete Assets be offered at no charge to any person outside of Metro Vancouver (including any non-profit organization) unless in accordance with Section 18.5;
- e) in the event Obsolete Assets cannot be sold or traded for use, they will be recycled in a manner that minimizes environmental impacts; and
- f) proof of authorization for the Disposition of Obsolete Assets must be retained for up to seven (7) years from the date of Disposition.

18.4 The Disposition of Salvage Assets will be carried out in accordance with the following:

- a) the Department Head responsible for the applicable Assets will determine and declare when such Assets are deemed to be Salvage Assets (refer to the Appendix for the type of Assets and responsible department);
- b) a list of Salvage Assets will be documented in a Salvage Asset Tracking Sheet;
- c) a copy of the Salvage Asset Tracking Sheet will be provided to the Financial Services Department on a monthly basis by email or inter-office mail with supporting documentation, as appropriate. Original copies of the document are to be maintained in the files on site for seven (7) years; and
- d) the Procurement Division of PRS will be responsible for the Disposition of Salvage Assets, which may only be completed through an approved recycling dealer.

18.5 The donation of Assets will be carried out in accordance with the following:

- a) only Surplus Assets or Obsolete Assets are eligible for donation;

BOARD POLICY

- b) the donation must meet the following criteria:
- i. it must provide a clear and positive community benefit to the Metro Vancouver region;
 - ii. it must offer specific benefits to Metro Vancouver or its members;
 - iii. the entity that is receiving the donation must have a mandate with a community objective and purpose that is consistent with Metro Vancouver's vision, mission and roles; and
 - iv. the entity receiving the donation must be a registered charitable organization or non-profit organization;
- c) Surplus Assets or Obsolete Assets that are to be donated must receive prior approval from the CAO, with a recommendation from the CFO, and the Director, Procurement;
- d) when more than one (1) registered charitable organization or non-profit organization requests the donation of Surplus Assets or Obsolete Assets, organizations will be considered equally using the criteria outlined in Section 18.5(b);
- e) the donation of Surplus Assets or Obsolete Assets which individually or in the aggregate have a Total Price of greater than \$100,000 requires Board approval; and
- f) proof of authorization for the donation of Surplus Assets or Obsolete Assets must be retained for up to seven (7) years from the date of donation.

18.6 All proceeds in exchange of the Disposed Assets will be remitted directly to the Financial Services Department. Proceeds must be in the form of cheque, electronic funds transfer, or if the transaction is less than \$5,000, a credit card may be used.

BOARD POLICY

APPENDIX

Asset Category and Responsible Department Table

The following table lists the type of Assets and subsequent department that is responsible for determining whether Assets are Surplus Assets, Obsolete Assets or Salvage Assets. It is intended to provide guidance and can be amended as required.

Asset	Responsible Department
Furniture and Office Equipment	Procurement and Real Estate Services (Facilities)
Information Technology (IT) Equipment	Corporate Services (Information Technology)
Fleet and Marine Equipment	Corporate Services (Fleet Services)
Safety Equipment	Corporate Services (Safety Security Emergency Management)
Industrial Equipment	User Department (Water, Liquid Waste, Solid Waste, Housing, Regional District)
Construction Tools and Equipment	User Department (Water, Liquid Waste, Solid Waste, Housing, Regional District)
Lab Equipment	User Department (Water, Liquid Waste, Solid Waste, Housing, Regional District)



Attachment 5
BOARD POLICY

REAL ESTATE AUTHORITY POLICY

Effective Date: June 1, 2024

Approved By: MVRD/GVWD/GVS&DD/MVHC Boards

Policy No. FN-032

PURPOSE

1.1 This Policy:

- a) applies to the Metro Vancouver Regional District (“MVRD”), the Greater Vancouver Water District (“GVWD”), the Greater Vancouver Sewerage and Drainage District (“GVS&DD”), and the Metro Vancouver Housing Corporation (“MVHC”) in the performance of their respective duties and responsibilities when entering into Real Estate Transactions; and
- b) outlines the authorization and general requirements for entering into Real Estate Transactions for or on behalf of Metro Vancouver.

DELEGATION OF AUTHORITY

2.1 The following instruments, this Policy and the *Corporate Real Estate Policy* provide the delegated authority for Metro Vancouver staff to enter into Real Estate Transactions for or on behalf of Metro Vancouver:

Metro Vancouver Entity	Delegation Instrument
MVRD	<i>Officers and Delegation Bylaw No. 1208, 2014</i>
GVWD	<i>Officers and Delegation Bylaw No. 247, 2014</i>
GVS&DD	<i>Officers and Delegation Bylaw No. 284, 2014</i>
MVHC	By Resolution

2.2 Nothing in this Policy delegates authority to non-Metro Vancouver staff to enter into Real Estate Transactions for or on behalf of Metro Vancouver.

POLICY ADMINISTRATION

3.1 The Real Estate Services Division of the Procurement and Real Estate Services Department (“PRS”), overseen by the Director, Real Estate Services, is the owner and administrator of this Policy. Except where separately authorized by a Department Head, the Corporate Solicitor, the CAO, or the Board, all Real Estate Transactions are to be administered by the Real Estate Services Division of PRS.

DEFINITIONS AND INTERPRETATION

4.1 Capitalized terms used in this Policy are defined as follows:

BOARD POLICY

“Acquire” or **“Acquisition”** means to obtain Real Estate by any method, including to accept, receive, purchase, be vested with, lease, licence, or take possession, control or occupation of Real Estate, or to agree to do any of those things, but excludes expropriation, except by agreement under section 3 of the *Expropriation Act*;

“Approved Budget” means the authorized budget (including any contingency amounts) for the capital project or operating program under which the Real Estate Transaction will be completed pursuant to this Policy and the *Corporate Real Estate Policy*, that is approved for expenditure in accordance with the Board-approved budget;

“Board” means, collectively, the MVRD Board of Directors, the GVWD Board of Directors, the GVS&DD Board of Directors, and the MVHC Board of Directors, or any one of them, as the context requires. For Real Estate Transactions, “Board” means the Board of Directors of the Metro Vancouver entity entering into the Real Estate Transaction;

“CAO” means the person appointed from time to time as the Chief Administrative Officer or Commissioner, as the context requires;

“Commitment Authority” means the authority to approve a Real Estate Transaction, including a Contract Amendment, in accordance with this Policy and the *Corporate Real Estate Policy* or as the applicable Board otherwise directs;

“Contract” means a contract, agreement or instrument to Acquire or Dispose of Real Estate, to use or manage Real Estate, or otherwise related to Real Estate, including but not limited to any permit, licence or lease (or any extension thereof), option to purchase, option to lease, broker agency agreement, confidentiality agreement, easement, statutory right of way, covenant or modification thereof, or any other document required to complete a Real Estate Transaction, and any Contract Amendment(s) thereto;

“Contract Amendment” means any change to a term, condition or other provision of a duly executed Contract;

“Contracting Authority” means the authority to execute and deliver a Contract, including a Contract Amendment, in accordance with this Policy and the *Corporate Real Estate Policy* or as the applicable Board otherwise directs;

“Corporate Real Estate Policy” means the *Delegation of Real Estate Authority Policy* (No. FN-033) as amended or replaced by the CAO from time to time;

“Corporate Solicitor” means the person appointed from time to time as the Corporate Solicitor;

BOARD POLICY

“**Department Head**” means the following Metro Vancouver officials, as the context requires: (i) a General Manager; (ii) a Deputy CAO; or (iii) a Deputy General Manager;

“**Deputy CAO**” means the person(s) appointed from time to time as the Deputy Chief Administrative Officer;

“**Deputy General Manager**” means the person appointed from time to time as the Deputy General Manager of the applicable Metro Vancouver department;

“**Director, Real Estate Services**” means the person appointed from time to time as the Director, Real Estate Services;

“**Dispose**” or “**Disposition**” means to transfer Real Estate (in whole or in part) by any method, including to assign, give, sell, grant, charge, convey, lease, licence, divest, dedicate, release, exchange, or alienate Real Estate, and to agree to do any of those things;

“**General Manager**” means a member of the Metro Vancouver Corporate Planning Committee (CPC);

“**General Manager, PRS**” means the person appointed from time to time as the General Manager, PRS;

“**GVS&DD**” has the meaning set out in Section 1.1(a);

“**GVWD**” has the meaning set out in Section 1.1(a);

“**Mandatory Conditions**” has the meaning set out in Section 5.1;

“**Metro Vancouver**” means, collectively, MVRD, GVWD, GVS&DD, and MVHC, or any one of them, as the context requires;

“**MVHC**” has the meaning set out in Section 1.1(a);

“**MVRD**” has the meaning set out in Section 1.1(a);

“**PRS**” has the meaning set out in Section 3.1;

“**Real Estate**” means land with or without improvements affixed to the land, any interest in land, air, or water (including any right, title or estate in it of any tenure), or any right to occupy or use land, air, or water;

BOARD POLICY

“Real Estate Transaction” means the Acquisition, Disposition, use or management of Real Estate, as documented by a Contract, including but not limited to:

- i. the Acquisition or Disposition of a fee simple interest, including in the case of a Road Dedication;
- ii. the Acquisition or Disposition of a lease or similar interest;
- iii. a residential tenancy agreement;
- iv. the Acquisition or Disposition of a licence;
- v. the Acquisition of a statutory right of way, easement, covenant, permit, highway use permit, railway line crossing agreement, railway works permit, consent or similar interest;
- vi. the Disposition of a statutory right of way, easement, covenant, permit, pipeline crossing, consent or similar interest; and
- vii. an application, instrument, or arrangement entered into for, or in anticipation or support of, the Acquisition, Disposition, use or management of Real Estate, including but not limited to an application or agreement for rezoning, official community plan amendment, subdivision approval, a demolition, building or other development permit, use of a public road or highway, use of a railway line, and use of a right of way held by other parties;

“Regional Park” means a park dedicated by Metro Vancouver under the *Local Government Act*;

“Regional Trail” means a trail dedicated by Metro Vancouver under the *Local Government Act*; and

“Road Dedication” means the execution by an owner or a charge holder of a subdivision, reference or explanatory plan showing the dedication of land as road or highway to the public, including an application to deposit any such plan at the Land Title Office.

- 4.2** All references in this Policy to an employee, official, officer, or other representative of Metro Vancouver are deemed to include any designate, deputy, or anyone else authorized in writing by such employee, official, officer, or other representative (or by Board resolution) to act in that person’s position. For purposes of this Policy, any supervisor of an employee, official,

BOARD POLICY

officer, or other representative of Metro Vancouver is deemed to have the same authority as that person's position.

- 4.3** Where the title or name of any position, division, or department is changed following the adoption of this Policy as a result of a reorganization of Metro Vancouver's functions or for any other reason, the CAO will have the authority to amend this Policy to reflect such change, provided that the Board is duly informed within a reasonable time of any such amendment.

MANDATORY CONDITIONS FOR ENTERING INTO A REAL ESTATE TRANSACTION

5.1 Metro Vancouver staff are not authorized to enter into any Real Estate Transaction (other than a Disposition) for or on behalf of Metro Vancouver unless the following conditions are satisfied (the "**Mandatory Conditions**"):

- a) Approved Budget is in place for the Real Estate Transaction;
- b) the Real Estate Transaction has been authorized by the Board or the Metro Vancouver staff member(s) having Commitment Authority and Contracting Authority for the applicable Contract; and
- c) the Real Estate Transaction is required to support the short-term or long-term plans, priorities or ongoing operations of Metro Vancouver as set out in the Board Strategic Plan.

5.2 Metro Vancouver staff are not authorized to complete a Disposition for or on behalf of Metro Vancouver unless the following Mandatory Conditions are satisfied:

- a) the Disposition has been authorized by the Board or the Metro Vancouver staff member(s) having Commitment Authority and Contracting Authority for the applicable Contract; and
- b) the Disposition is required to support the short-term or long-term plans, priorities or ongoing operations of Metro Vancouver as set out in the Board Strategic Plan.

COMMITMENT AUTHORITY AND CONTRACTING AUTHORITY

6.1 Subject to the terms of this Policy, any statutory requirements, and Metro Vancouver bylaws, the CAO has Commitment Authority and Contracting Authority for:

- a) any Real Estate Transaction having a total value of up to \$10,000,000; and
- b) in the case of a lease, the exercise of any lease renewal option, provided that:
 - i. the lease renewal option and the total value (or mechanism to calculate the total value) of its exercise were contemplated in the original Contract; and

BOARD POLICY

- ii. the total value of exercising the lease renewal option does not exceed the Approved Budget at the time of exercise.

The CAO has the authority to further sub-delegate all such Commitment Authority and Contracting Authority to designated Metro Vancouver staff members as set out from time to time in the *Corporate Real Estate Policy*.

6.2 For any Real Estate Transaction having a total value of greater than \$10,000,000:

- a) only the Board having jurisdiction has Commitment Authority;
- b) Contracting Authority will be determined by the applicable Board in its sole discretion; and
- c) subject to the terms of this Policy, any statutory requirements, and Metro Vancouver bylaws, in the case of a lease, the CAO has Commitment Authority and Contracting Authority for the exercise of any lease renewal option, provided that:
 - i. the lease renewal option and the total value (or mechanism to calculate the total value) of its exercise were contemplated in the original Contract; and
 - ii. the total value of exercising the lease renewal option does not exceed the Approved Budget at the time of exercise.

The CAO has the authority to further sub-delegate the Commitment Authority and Contracting Authority under Section 6.2(c) to designated Metro Vancouver staff members as set out from time to time in the *Corporate Real Estate Policy*.

6.3 Notwithstanding anything to the contrary in this Policy, but in each case subject to the *Local Government Act*, only the Board having jurisdiction has Commitment Authority for the Disposition of a fee simple interest in a Regional Park or Regional Trail.

6.4 The Director, Real Estate Services, and Real Estate Services staff designated from time to time by the Director, Real Estate Services, have the authority to execute non-binding Real Estate instruments provided they are expressly subject to the approval, as applicable, of the Board, the CAO or the Metro Vancouver staff member(s) with Commitment Authority for the anticipated Contract as set out in Section 6.1 or Section 6.2 or in the *Corporate Real Estate Policy*.

6.5 Contract Amendments must meet the Mandatory Conditions set out in Section 5.1 or Section 5.2, as applicable.

**METRO VANCOUVER REGIONAL DISTRICT
BYLAW NO. 1375, 2024
A bylaw to amend "Greater Vancouver Regional District Officers and Delegation
Bylaw No. 1208, 2014"**

The Board of the Metro Vancouver Regional District enacts as follows:

Citation

1. The official citation of this bylaw is "Metro Vancouver Regional District Officers and Delegation Amendment Bylaw No. 1375, 2024".

Effective Date

2. This bylaw will come into effect on June 1, 2024.

Amendment of Bylaw

3. "Greater Vancouver Regional District Officers and Delegation Bylaw No. 1208, 2014" is amended as follows:

(a) Recital A is deleted and replaced with the following:

- A. The *Local Government Act*, R.S.B.C. 2015, Chapter 1 requires and authorizes a board by bylaw to establish officer positions and by bylaw or resolution to assign powers, duties and functions to officer positions; and

(b) In Section 1.1 the definition for "Act" is deleted and replaced with the following:

"Act" means the *Local Government Act*, R.S.B.C. 2015, Chapter 1;

(c) In Section 3.1(a) the number "197" is deleted and replaced with the number "235".

(d) Section 3.1(b) is deleted and replaced with the following:

- (b) the power under section 233(1) (Officers and employees for regional district) of the Act to appoint employees and establish their terms and conditions of employment;

(e) In Section 3.2 the number "199" is deleted and replaced with the number "237".

(f) In Section 3.3 the number "198" is replaced with the number "236".

(g) Section 4.1 is deleted and replaced with the following:

4.1 The Board delegates to the Regional District's officers and employees the powers, duties and functions of the Board under section 263(1)(a), (b) and (d) of the Act to enter into transactions relating to the Regional District's activities, works or services, subject to the limitations on that delegated authority set out in this bylaw and the *Procurement and Asset Disposal Authority Policy* and the *Real Estate Authority Policy* adopted by the Board and as may be amended from time to time.

Read a first, second, and third time this _____ day of _____, _____.

Adopted this _____ day of _____, _____.

George V. Harvie, Chair

Dorothy Shermer, Corporate Officer

FLEET PLANNING AND ACQUISITION POLICY

Effective Date: September 23, 2016 (revised June 1, 2024)

Approved By: MVRD Board

Policy No. FN-014

PURPOSE

To provide direction and guidance on planning and acquiring Metro Vancouver's fleet assets.

Metro Vancouver's *Fleet Planning and Acquisition Policy* supports the following broad objectives:

- Fleet assets meet operational service requirements
- Fleet planning and acquisition aims to achieve continuous improvement in reducing fleet greenhouse gas emissions (GHGs)
- Fleet management is financially responsible

DEFINITIONS

"Fleet Assets" means all vehicles and mobile equipment;

"Life Cycle Costs" means all costs associated with owning and operating fleet assets, including costs of initial capital, fuel, GHG emissions (using an internal price on carbon where applicable), maintenance, and depreciation, using net present value;

"Mobile Equipment" means all equipment that is engine, motor or non-motor powered with attached or towed equipment including rolling machinery in excess of \$2000 capital cost or if driven by Metro Vancouver employees, licenced or unlicensed, owned or leased by Metro Vancouver. Examples of mobile equipment include but are not limited to trailers, boats, movers, loaders, graders, excavators, backhoes, forklifts, tractors, chippers, and mobile generators / pumps; and

"Vehicle" means passenger vehicles including sedans, vans, pick-up trucks, sport utility vehicles (SUVs) or similar, licensed or unlicensed, owned or leased by Metro Vancouver.

POLICY

The *Fleet Planning and Acquisition Policy* aligns with the Board Strategic Plan's livability and sustainability objectives by encouraging Metro Vancouver to mitigate the environmental impact of its corporate fleet through transitioning to low emission technologies, where possible, while maintaining excellent standards in the delivery of regional services.

Metro Vancouver will ensure that fleet planning and acquisition will meet operational service requirements while minimizing fleet greenhouse gas emissions and taking into account life cycle costs.

BOARD POLICY

Fleet planning, acquisition, monitoring, and reporting will be managed by Fleet Services within the Financial Services Department, in coordination with user groups, Air Quality and Climate Change Division, and the Energy Management Group.

1. Fleet Planning

Metro Vancouver's Fleet Services, along with the user groups and the Air Quality and Climate Change Division, will undertake a comprehensive *Fleet Planning Process* for all new and replacement fleet assets that will aim to optimize the size of the overall fleet, ensure fleet assets are chosen to meet typical operational requirements and consider low emission technologies where operationally feasible.

Right-Sizing

- a) Fleet services will conduct annual fleet utilization assessments in accordance with *Fleet Utilization Procedures* to optimize the size of Metro Vancouver's fleet while meeting operational needs. The assessments will include a process for identifying under-utilized assets so they can be reallocated or removed from the fleet.
- b) Fleet Services, in coordination with user groups, will conduct replacement assessments on current fleet assets to determine when assets are to be replaced, using the applicable *Fleet Assessment Procedures*. Each fleet asset will have assessment plans which considers age, kilometers, maintenance and repair costs, asset condition and utilization to determine replacement decisions.
 - i) Vehicles will be considered for replacement after eight years and/or when used over 200,000 km;
 - ii) Mobile Equipment will be considered for replacement on a case-by-case basis based on consultation between Fleet Services and the user group.
- c) Requests for new fleet assets require the user group to complete and submit a *Fleet Asset Business Case Form* to Fleet Services. The business case must justify the additional fleet asset and demonstrate the operational need it is addressing. All requests are subject to verification and audit by Fleet Services.
- d) Fleet Services, in coordination with the user group, will ensure that new and replacement fleet assets are an appropriate size to carry out typical operational requirements.

Low Emission Technologies

- a) Fleet Services, in coordination with the Air Quality and Climate Change Division, will develop and annually update a *Low Emission Vehicle Standard*. For each applicable vehicle category, the *Low Emission Vehicle Standard* will create a hierarchy of most-preferred to least-preferred technologies based on GHG emissions. The right-sizing process will identify the applicable vehicle category and typical operational requirements and the *Life Cycle Costing*

BOARD POLICY

Tool will determine which technology from the *Low Emission Vehicle Standard* will be selected for tendering.

- b) Recognizing that the technologies used in fleet assets are rapidly changing, Fleet Services in coordination with the Air Quality and Climate Change Division, will identify and evaluate new technologies, including supporting infrastructure, which may provide fuel savings and GHG reductions. As part of the *Fleet Planning Process*, studies of such technologies may be proposed and pursued under the Sustainability Innovation Fund process.

2. Acquisition

Using the *Life Cycle Costing Tool* and the *Low Emission Vehicle Standard*, Fleet Services, in coordination with the Air Quality and Climate Change Division, will purchase vehicles that provide the greatest reduction in greenhouse gas emissions where operationally feasible, based on the Life Cycle Analysis Costing Tool and the applicable Low Emission Vehicle Standard.

For mobile equipment, Fleet Services will purchase, on a case-by-case basis, the lowest emitting mobile equipment asset available that is operationally feasible and financially responsible.

Fleet Services will coordinate with the user group to ensure all fleet asset purchases meet operational requirements.

All Fleet purchases must be in accordance with Metro Vancouver's *Procurement and Asset Disposal Authority Policy*, *Delegation of Procurement Authority Policy*, and the Procurement Policy Guidelines.

3. Monitoring and Reporting

- a) Fleet Services will establish a baseline inventory of Metro Vancouver fleet assets and report annually on the financial and GHG emissions reduction performance of the fleet. The baseline inventory will include, but is not limited to, the following information:
- Number of fleet assets by category
 - Monthly kilometers driven by vehicle/ monthly hours for mobile equipment
 - Fuel consumption by fleet asset
 - Fuel cost by fleet asset
 - Estimated GHG emissions by fleet asset
 - Maintenance cost by fleet asset
 - Fuel type by fleet asset

Related Documents:

Fleet Asset Business Case Form