

# CITY OF NANAIMO FINANCIAL PLAN ORIENTATION

December 29, 2014

# Purpose of This Presentation

- Orientation for new Council on financial issues
- Set the stage for 2015-2019 Financial Plan discussions
- Uses 2014-2018 Financial Plan information
- Target is to present 2015-2019 Financial Plan to new Council in January

# Outline

- Taxation
- Staffing
- Grants & Permissive Tax Exemptions
- Capital Planning
- Expenditures
- Non-Taxation Revenue
- Risks/Liabilities/Major Issues
- Debt

# TAXATION

Assessment

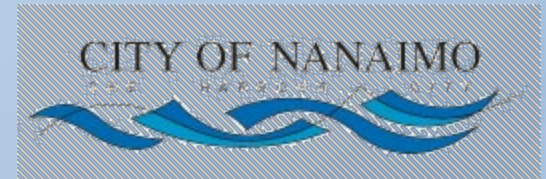
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Tax Rate

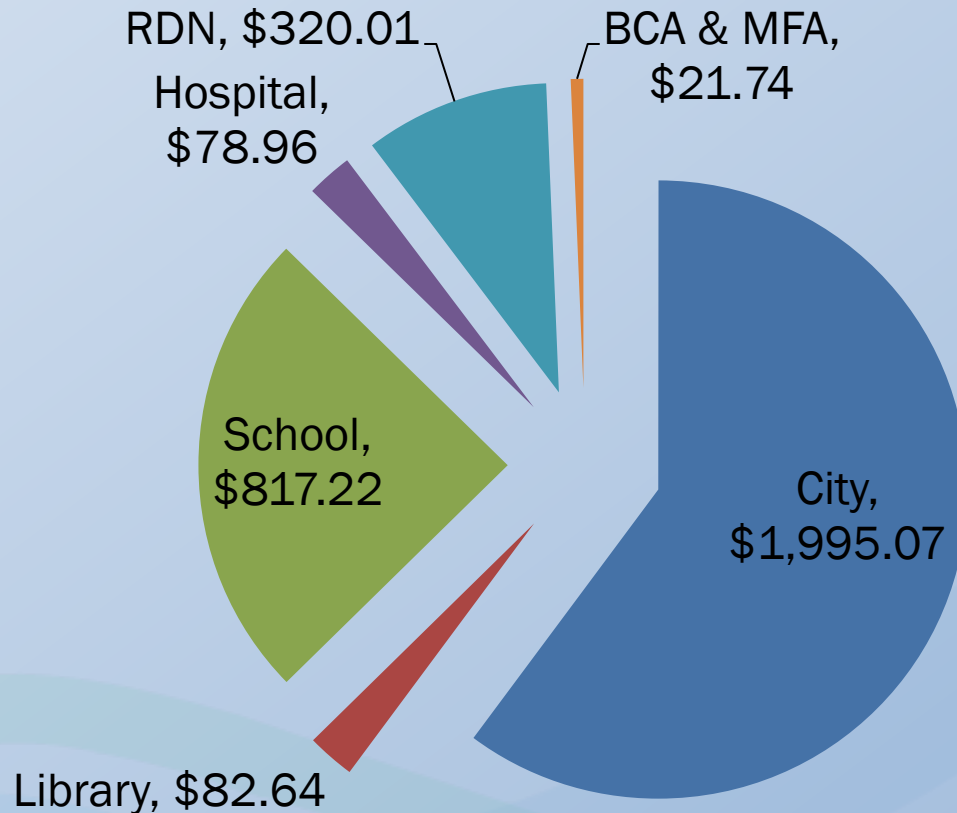
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Property Taxes

BC Assessment



# Taxes Collected by the City



Based on 2014 Residential tax rates  
Total \$3,315.62 (excludes HOG)

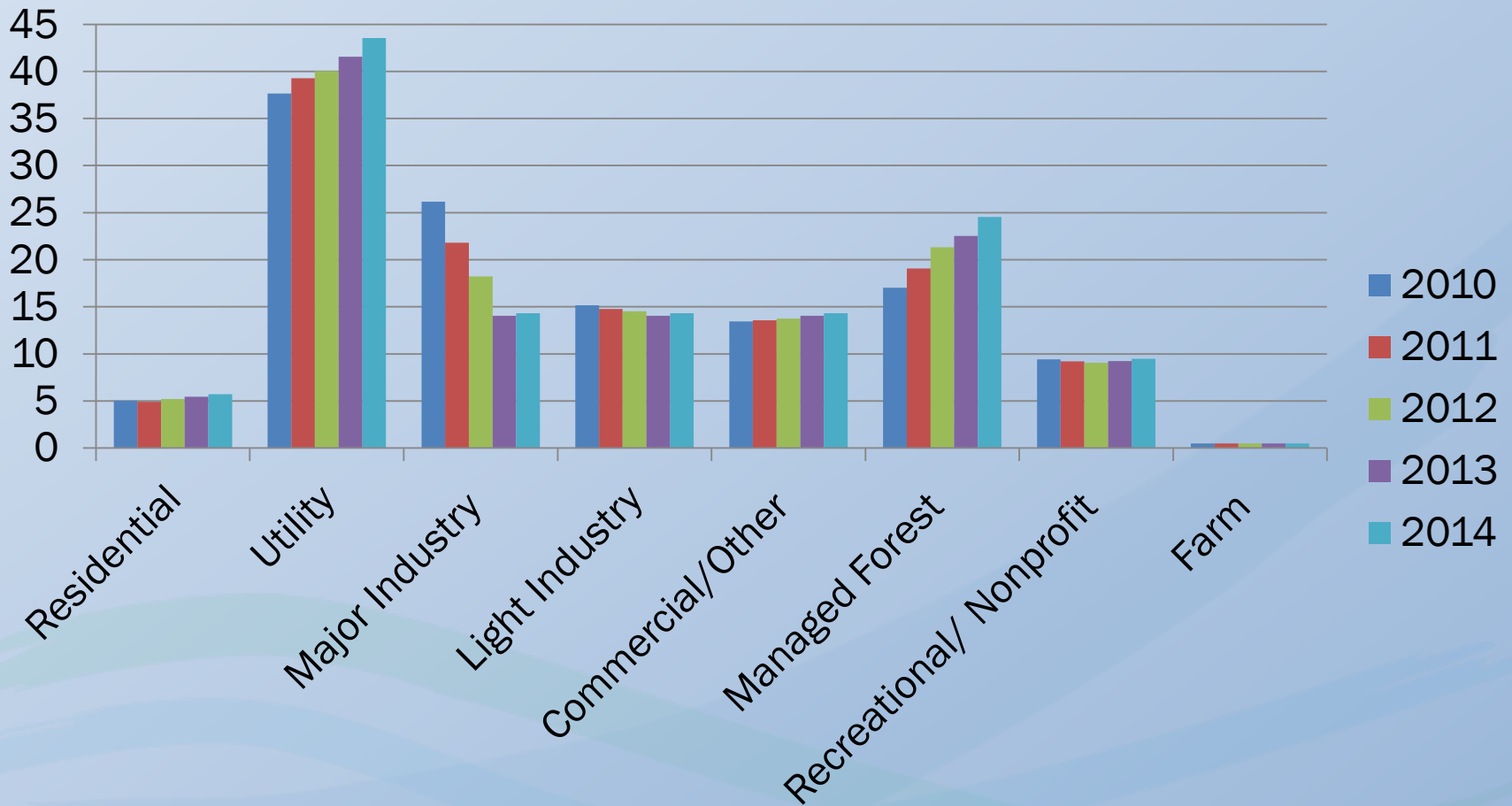
# 2014 Property Tax Rates

Classification	City only	All Agencies
Residential	5.7002	9.4732
Utility	43.5550	65.0034
Major Industry	14.3050	21.3538
Light Industry	14.3050	24.6178
Commercial/Other	14.3050	23.8885
Managed Forest	24.5401	32.2247
Recreational/ Nonprofit	9.4616	14.7013
Farm	0.4801	4.8110

Per \$1000 of assessment

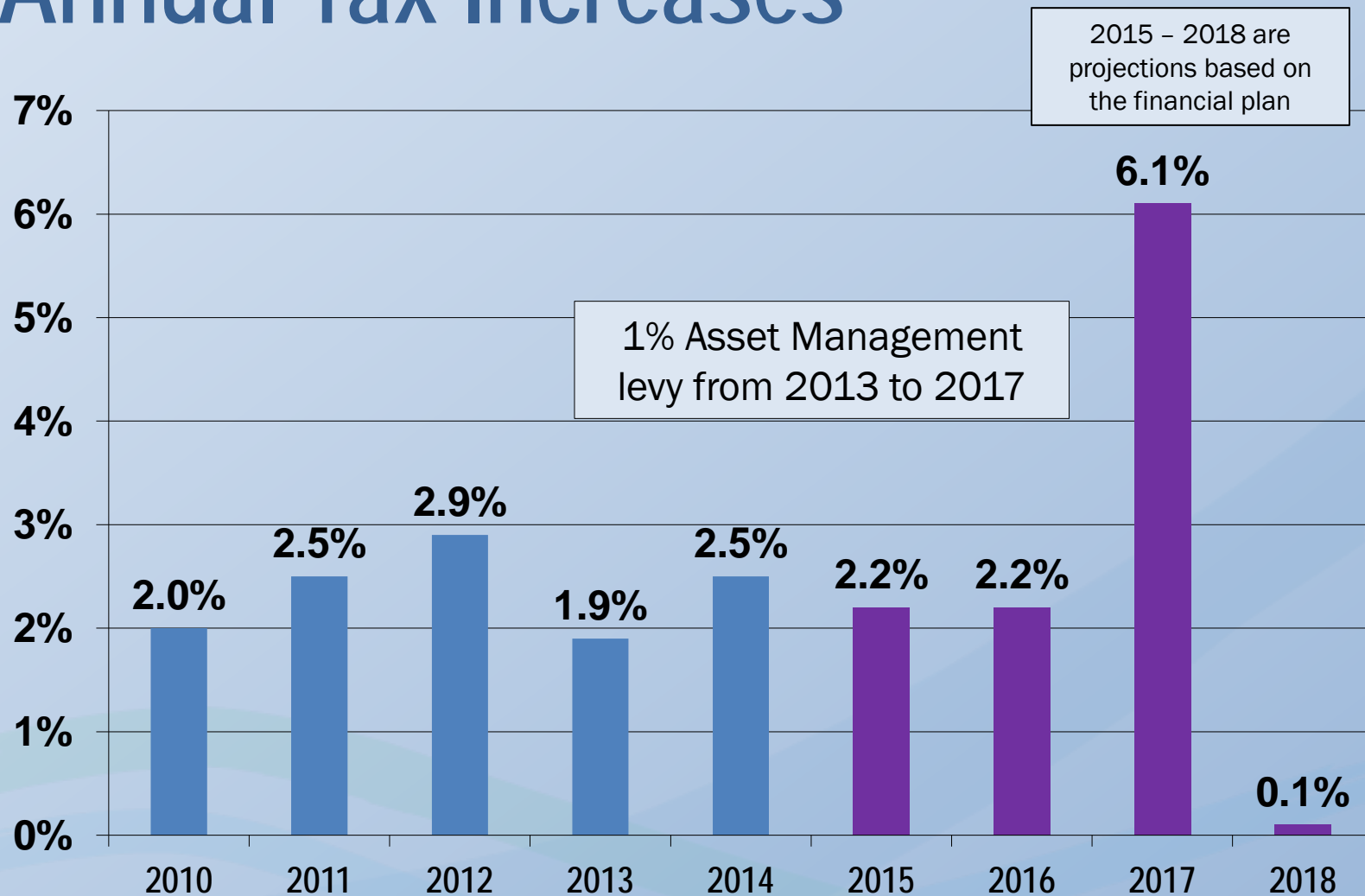


# Property Tax Rates





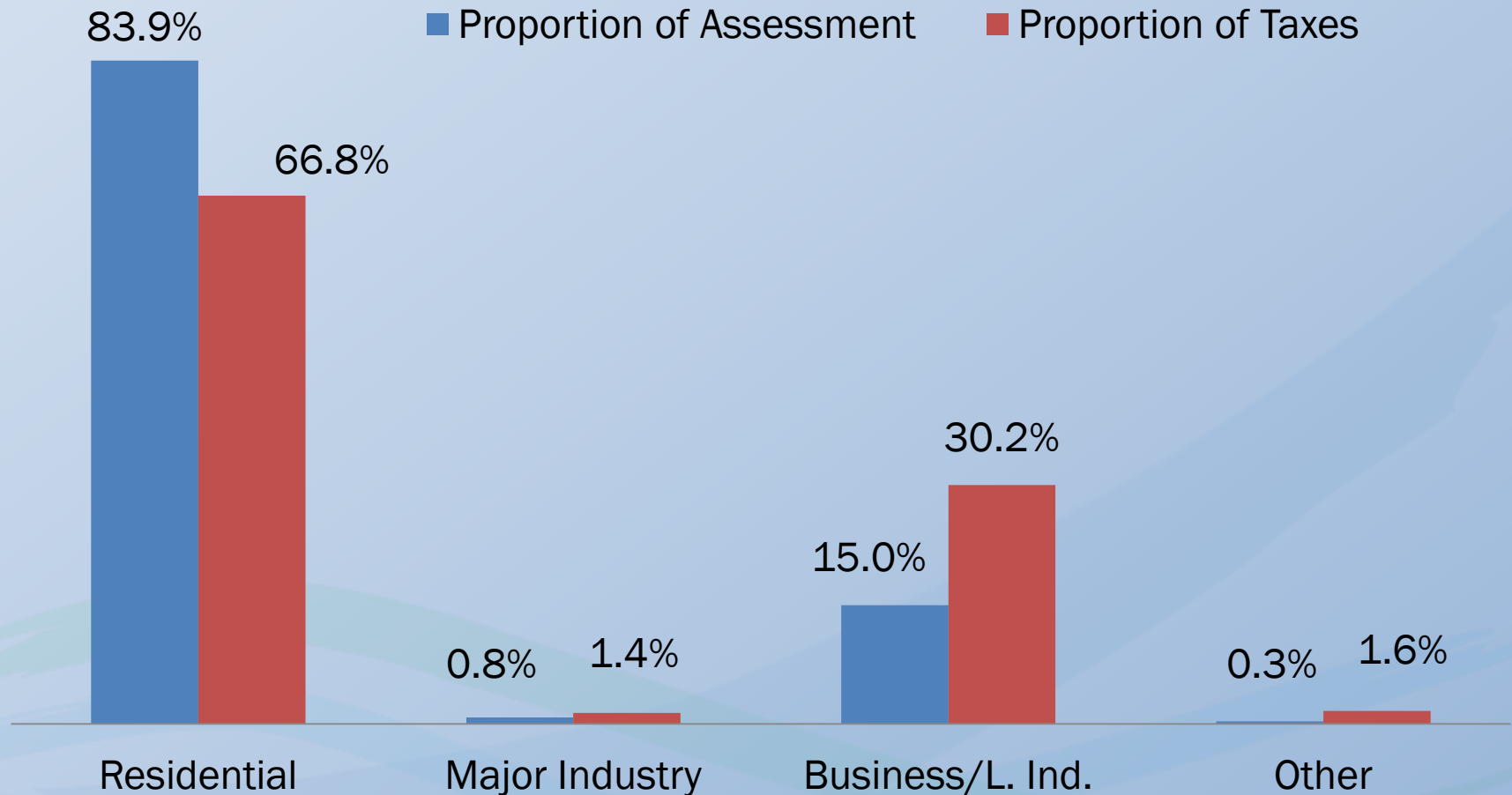
# Annual Tax Increases



Average of all property classes

Municipal portion of taxes only  
(City and VI Library)

# Comparison of Assessment to Taxes Levied- 2014



# STAFFING

# Staffing – FTEs by Employee Group

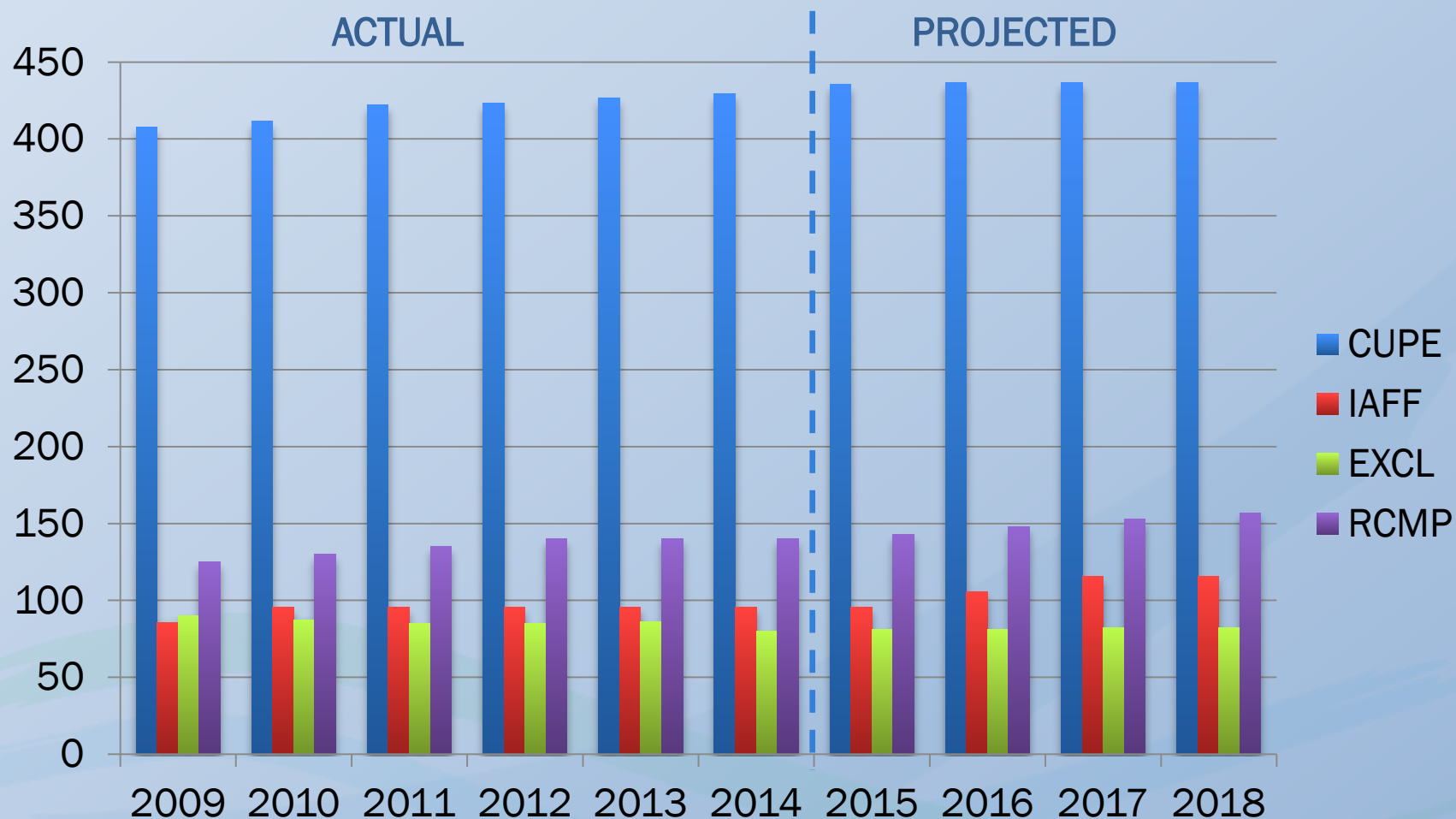
	2009	2010	2011	2012	2013	2014
CUPE	407.5	411.9	422.0	423.1	426.6	429.5
IAFF	85.8	95.8	95.8	95.6	95.7	95.8
Excluded	90.0	87.0	85.0	85.0	86.0	80.0
RCMP	125.0	130.0	135.0	140.0	140.0	140.0
Total	708.3	724.7	737.8	743.7	748.3	745.3

# Staffing – FTEs by Employee Group

	2014	2015	2016	2017	2018
CUPE	429.5	435.5	436.5	436.5	436.5
IAFF	95.8	95.8	105.8	115.8	115.8
Excluded	80.0	81.0	81.0	82.0	82.0
RCMP	140.0	143.0	148.0	153.0	157.0
Total	745.3	755.3	771.3	787.3	791.3

As per 2014-2018 Financial Plan  
2015-2019 Plan will contain changes

# Budgeted FTEs by Employee Group



# Wage Increases – 2010-2014



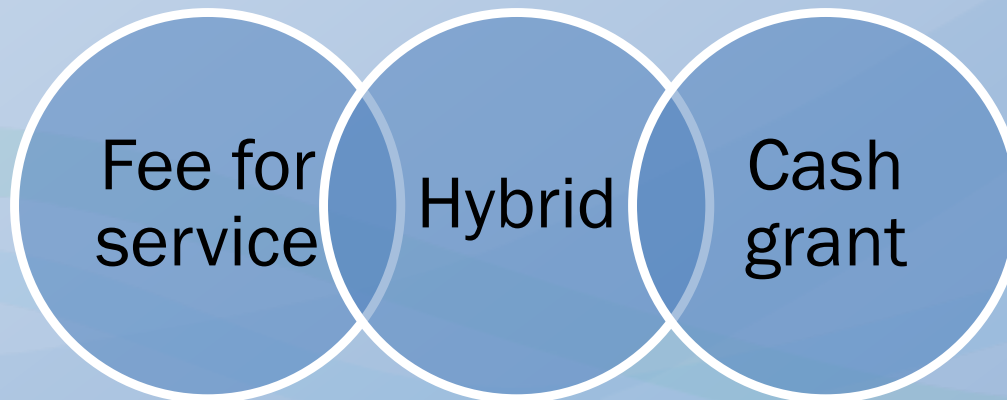
CUPE 2011 increase for level 11+ was 3.1%  
Exempt increases 2013 ranged from 2.25%–2.5%



# GRANTS & PTEs

# Grants

- Take many forms:
  - Cash
  - Property tax exemption
  - Non-market licence or lease
- Most approved by Council – can follow different approval processes



# 2013 Grants & Exemptions

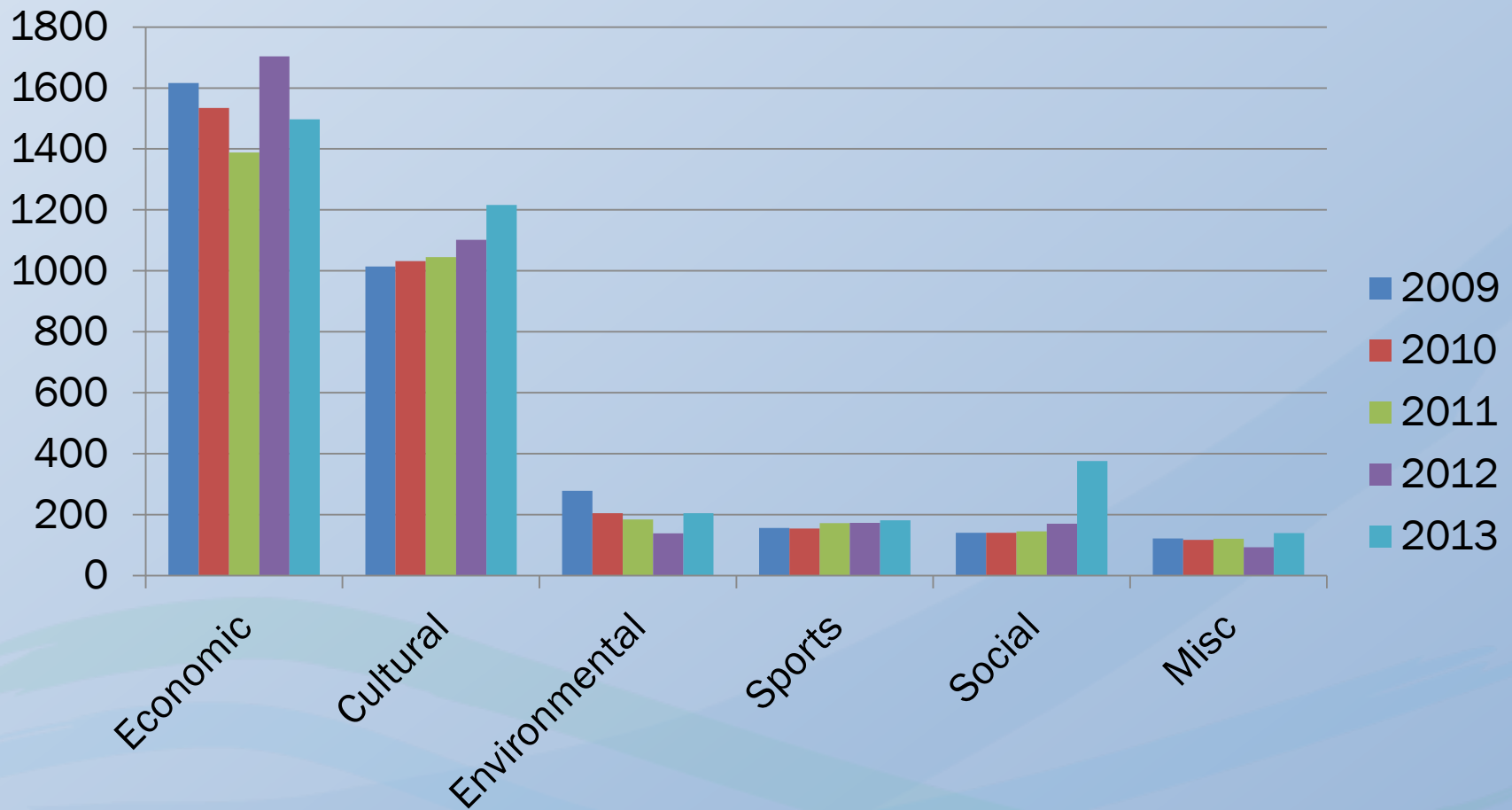
Type of Grant or Exemption	Total Approved
Cash Grant	3,613,941
Permissive Tax Exemption (value of City portion)	1,491,127
Revitalization Tax Exemption (value of City portion)	24,401
Non-market Licence to Occupy (estimate)	1,815,942
Non-market Lease (estimate)	418,218
Total	7,363,629

# Cash Grants to Organizations (\$000)

	2009	2010	2011	2012	2013
<b>Social</b>	139.9	140.0	144.5	170.0	375.7
<b>Cultural</b>	1,013.9	1,031.9	1,044.8	1,101.5	1,216.3
<b>Sports</b>	156.2	154.4	171.8	172.4	181.0
<b>Economic</b>	1,615.9 *	1,534.2 *	1,388.7 *	1,703.8	1,497.1
<b>Environmental</b>	278.3	204.6	183.5	137.9	204.6
<b>Misc.</b>	122.0	116.6	120.5	93.0	139.2
<b>Total</b>	3,326.2	3,181.7	3,053.8	3,378.6	3,613.9

\* Economic Development was in-house 2009-2011, but cost is included for comparative purposes

# Cash Grants to Organizations (\$000)



\* Economic Development was in-house 2009-2011, but is included for comparative purposes

# Permissive Tax Exemptions

- *Community Charter* gives Council the authority to exempt certain properties
- Generally, nonprofit agencies that own their own property (“held”)
- Property surrounding churches (church is statutorily exempt)
- Heritage properties and riparian land
- Requests processed through committee
- Council has final say

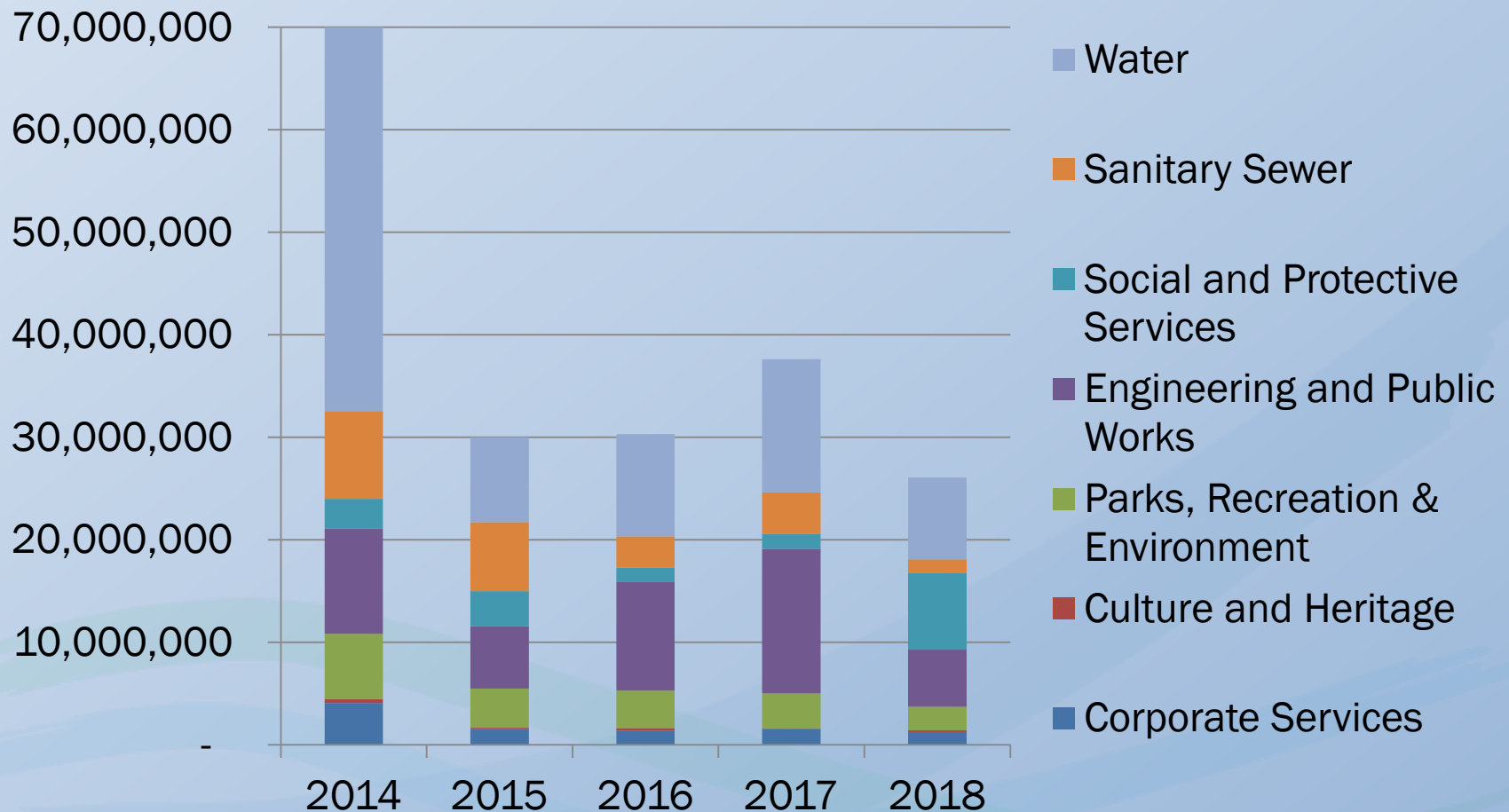
# Permissive Tax Exemptions (\$m)

	Amount
2009	1.1
2010	1.3
2011	1.3
2012	1.4
2013	1.5
2014	1.5



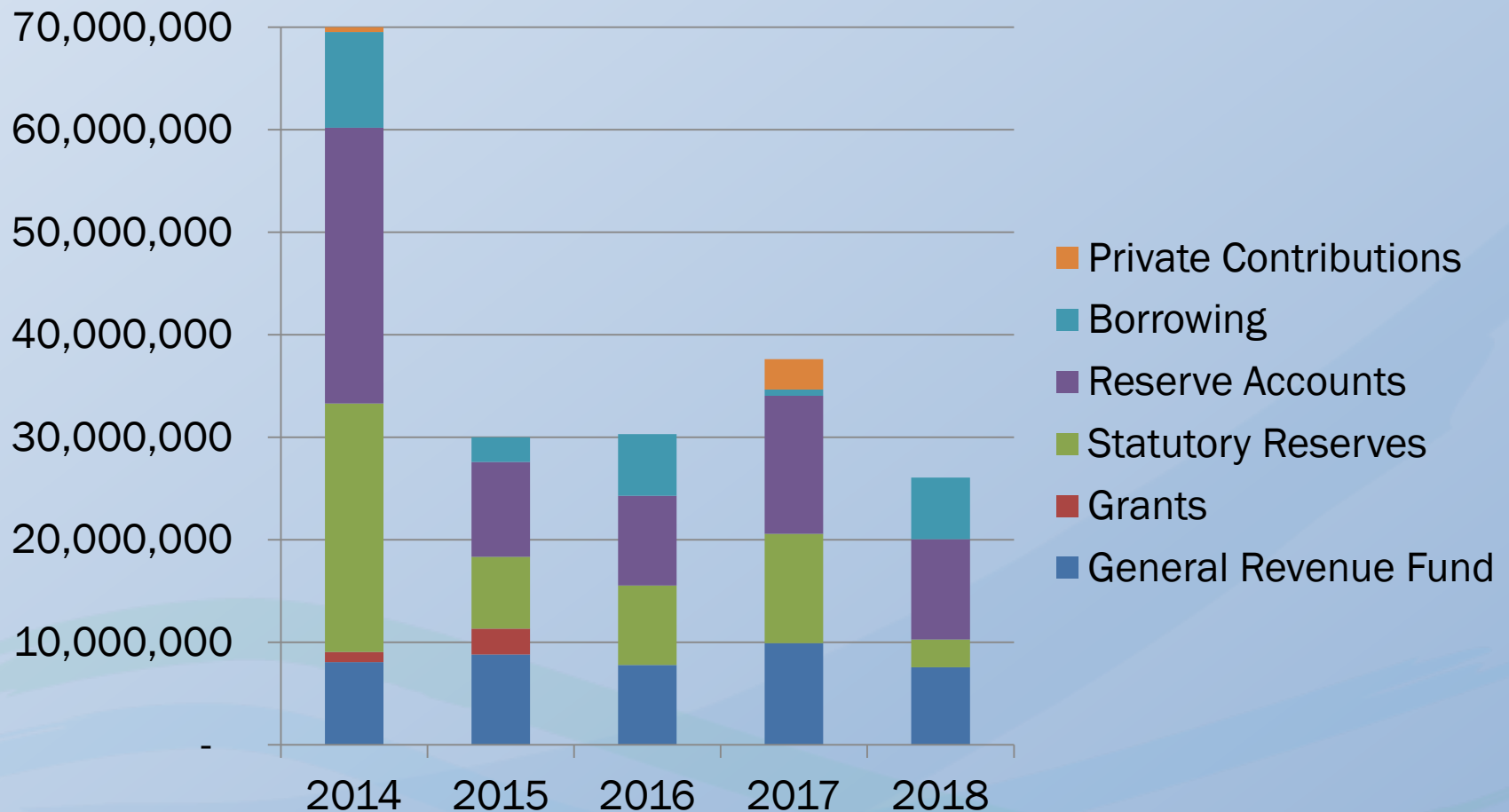
# CAPITAL PLANNING

# 2014-2018 Capital Plan – by Dept.



Water Treatment Plant has a major impact on 2014

# 2014-2018 Capital Plan – Funding



Water Treatment Plant has a major impact on 2014

# What's in the 2014-2018 Plan

Project	Year	Amount
Water Treatment Plant (in progress)	2014-2015	\$31.3.0M
Wellcox Trestle replacement	2016	\$6.0M
Police station expansion	2018	\$6.6M
Fire Station #6	2015	\$2.4M
DCC projects (water, sewer, drainage)	2014-2018	\$26.2M
Other major infrastructure	2014-2018	\$52.4M

# Focus on Asset Management

	2014	2015	2016	2017	2018
Asset Mgmt	33%	60%	70%	54%	69%
New	62%	34%	21%	38%	19%
Service Level	1%	2%	6%	8%	12%
Upgrade	4%	4%	3%	0%	0%

The majority of projects can be classified as Asset Management. 2014 is an exception due to the Water Treatment Plant

# Asset Management Increases

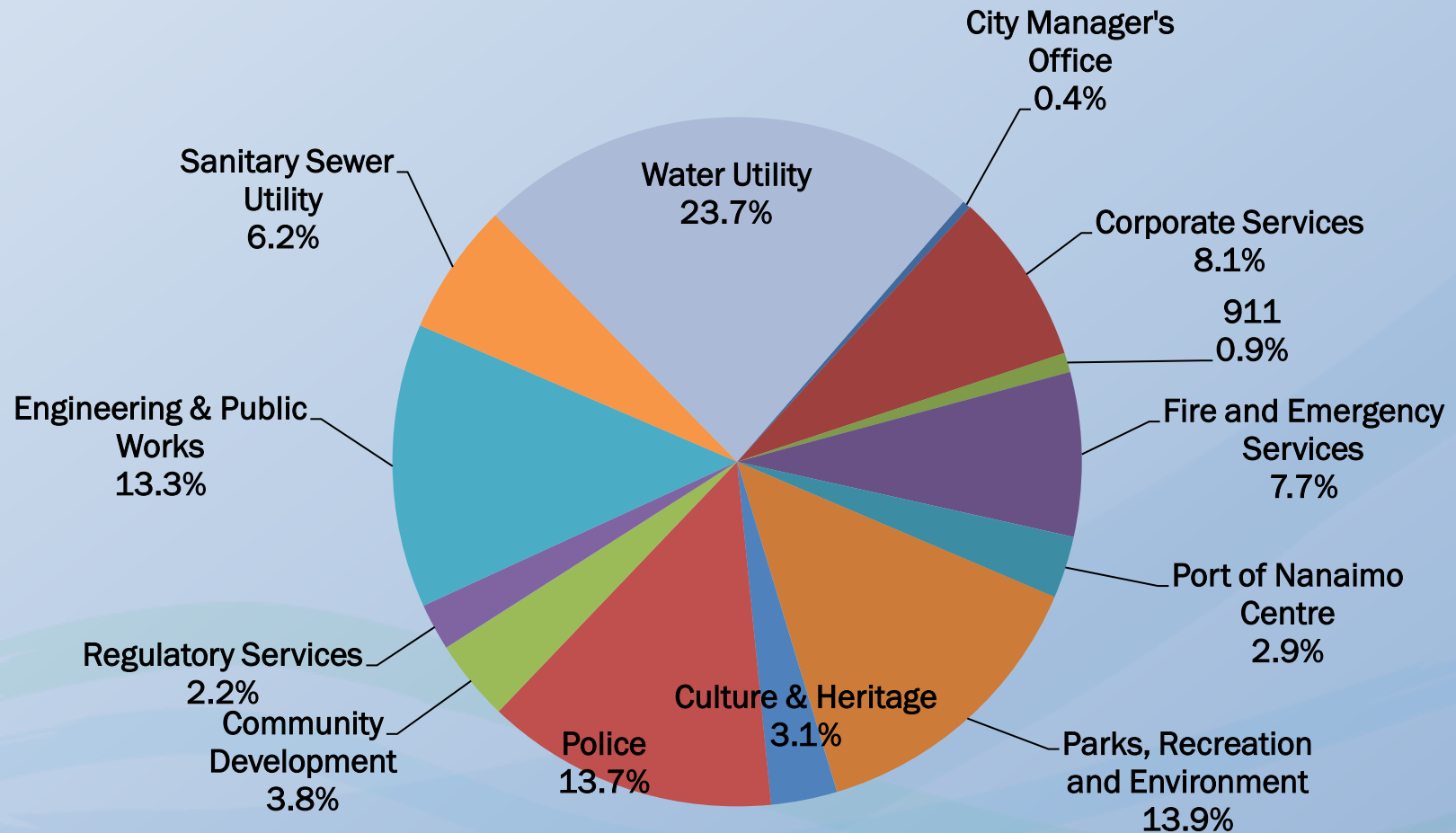
Asset Management Category	Increase	Period
General (roads, drainage, facilities)	1% property tax	2013-2017
Water (supply and distribution)	2.5 % user fee increase	2013-2020
Sanitary sewer	5% user fee increase 4% user fee increase	2013-2017 2018-2022

Funding plan will be reviewed and adjusted as necessary

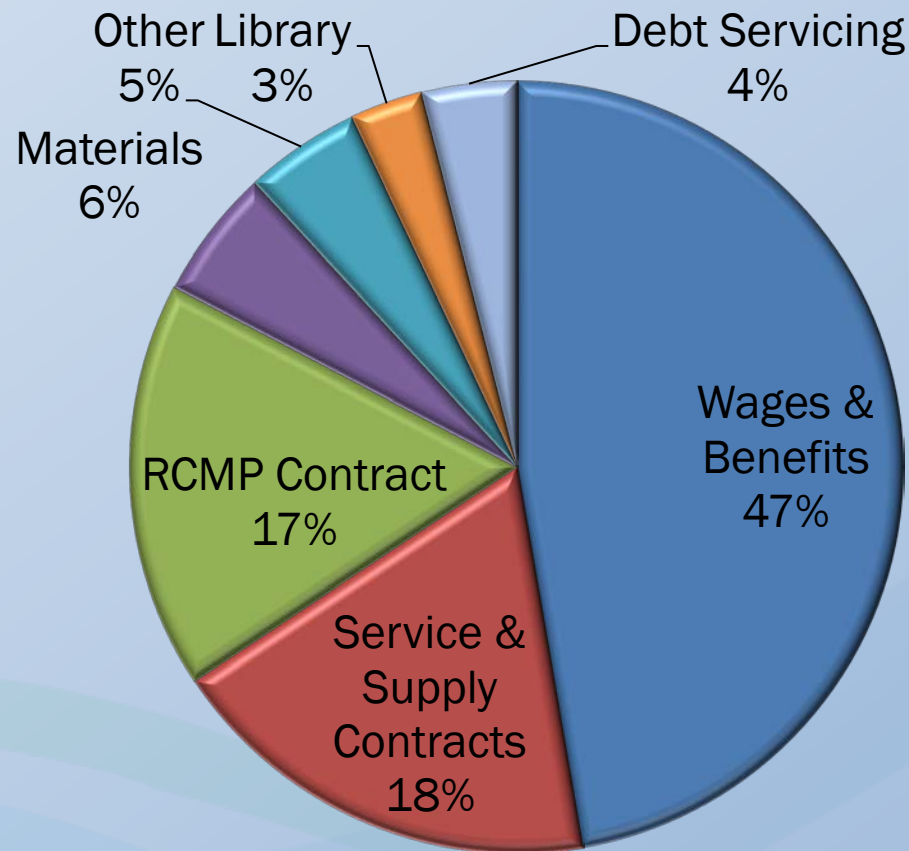
# EXPENDITURES



# All 2014 Expenditures by Department – includes Operating and Project Expenditures



# 2014 Operating Expenditures



# Actual Operating Costs by Type (\$m)

	2009	2010	2011	2012	2013	Annual Change
Wages & Benefits *	49.9	51.4	53.5	55.3	58.0	4.1%
Service & Supply Contracts	19.9	20.1	19.5	20.2	21.4	1.9%
RCMP Contract	13.9	15.2	17.5	19.4	19.0	9.2%
Materials & Supplies	6.6	6.3	6.7	6.5	6.6	0.0%
Other	3.1	3.4	3.3	3.1	3.3	1.6%
Library	2.8	2.7	3.0	3.2	3.4	5.4%
Debt Servicing	4.4	4.2	4.1	3.5	3.6	-4.5%
Total	100.6	103.3	107.6	111.2	115.3	3.7%

- Includes all benefits plus CPP, EI, WCB – excludes labour charged to capital
- Includes both price & volume changes, e.g., more RCMP officers, employees, etc.

# Projected Operating Costs by Type (\$m)

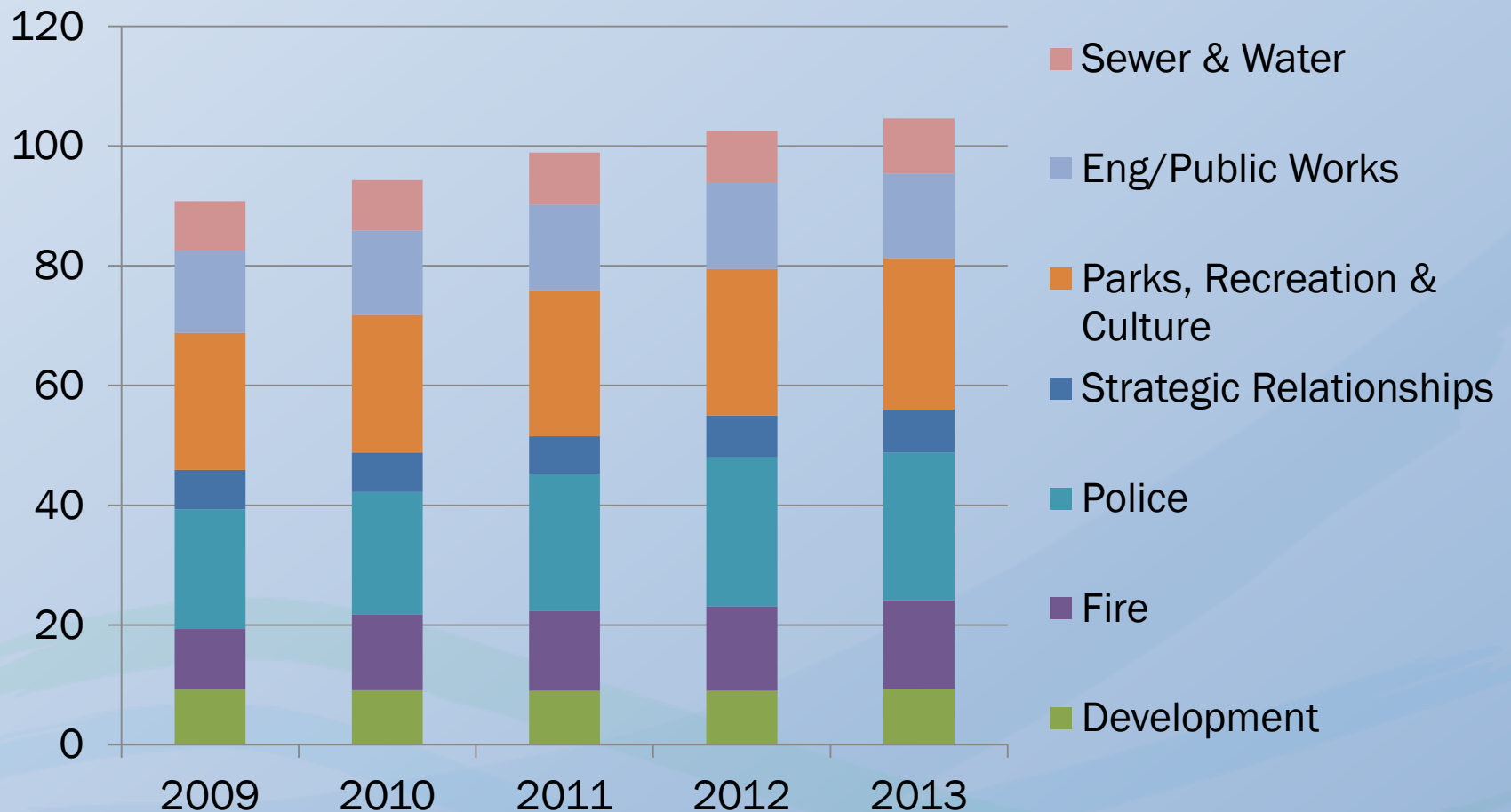
	2014	2015	2016	2017	2018	Annual Change
Wages & Benefits *	57.4	58.6	60.1	62.2	63.8	2.8%
Service & Supply Contracts	22.3	22.9	23.4	23.9	24.4	2.5%
RCMP Contract	20.7	21.5	22.6	23.7	24.8	5.0%
Materials & Supplies	6.6	6.9	7.1	7.2	7.3	2.7%
Other	5.9	5.9	6.1	6.3	6.4	2.1%
Library	3.7	3.8	4.0	4.1	4.2	3.4%
Debt Servicing	4.8	5.3	5.6	6.2	6.8	10.4%
Total	121.4	124.9	128.9	133.6	137.7	3.4%

- Future rate increases included in “other” (contingency) – excludes labour charged to capital
- Some difference to actual due to organizational changes

# Actual Operating Costs by Service (\$m)

	2009	2010	2011	2012	2013	Annual Change
Corporate Services	9.8	9.0	8.7	8.7	10.7	2.3%
Development	9.2	9.1	9.0	9.0	9.3	0.3%
Fire	10.1	12.7	13.3	14.1	14.8	11.6%
Police	20.0	20.4	22.9	24.9	24.7	5.9%
Strategic Relationships	6.6	6.6	6.3	7.0	7.2	2.3%
Parks, Recreation & Culture	22.9	23.0	24.4	24.5	25.3	2.6%
Eng/Public Works	13.7	14.1	14.3	14.3	14.1	0.7%
Sewer & Water	8.3	8.4	8.7	8.7	9.2	2.7%
Total	100.6	103.3	107.6	111.2	115.3	3.7%

# Operating Costs by Service (\$m)



# Projected Operating Costs by Service (\$m)

	2014	2015	2016	2017	2018	Annual Change
Corporate Services	12.7	12.7	13.0	13.3	13.5	1.6%
Development	5.3	5.3	5.4	5.5	5.6	1.4%
Fire	13.9	13.9	14.8	15.8	16.4	4.5%
Police	26.8	27.9	29.3	30.9	32.7	5.5%
Other Social/Protective	3.5	3.5	3.6	3.6	3.7	1.4%
Economic Dev.	7.0	7.1	7.2	7.2	7.3	1.1%
Parks, Rec. & Environ.	20.2	20.5	20.9	21.3	21.7	1.9%
Culture & Heritage	5.6	5.8	6.0	6.2	6.4	3.6%
Eng/Public Works	15.2	15.6	15.9	16.8	17.1	3.1%
Sewer & Water	11.2	12.6	12.8	13.0	13.3	4.7%
Total	121.4	124.9	128.9	133.6	137.7	3.4%

• Some difference to actual due to organizational changes

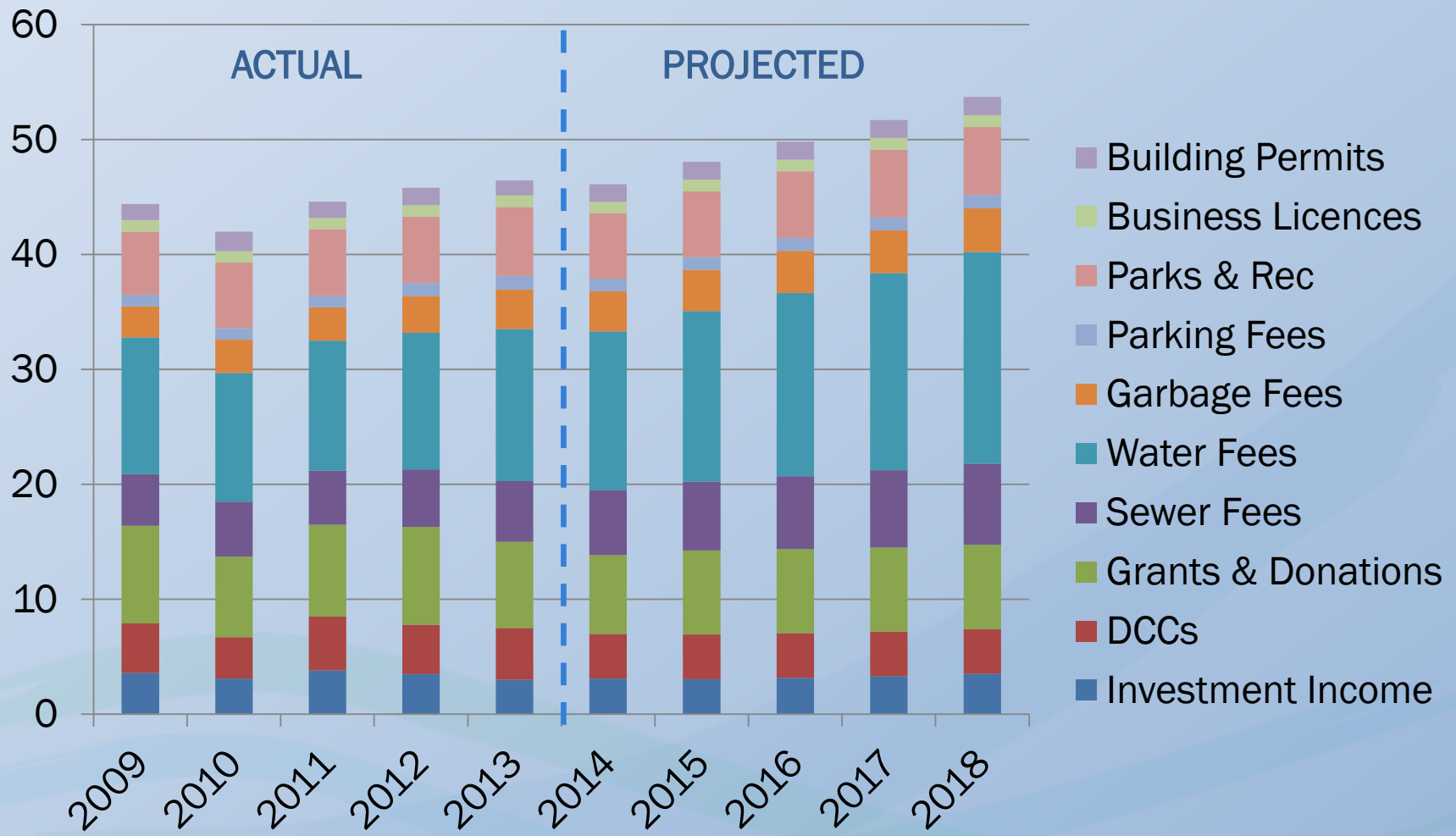


# NON-TAXATION REVENUE

# Major Non-Taxation Revenue (\$m)

	2009	2010	2011	2012	2013	Annual Change
Investment Income	3.6	3.1	3.8	3.5	3.0	-4.2%
DCCs	4.3	3.6	4.7	4.3	4.5	1.2%
Grants & Donations	8.5	7.0	8.0	8.5	7.5	-2.9%
Sewer Fees	4.5	4.8	4.7	5.0	5.3	4.4%
Water Fees	11.9	11.2	11.3	11.9	13.2	2.7%
Garbage Fees	2.7	2.9	2.9	3.2	3.5	7.4%
Parking Revenue	1.0	1.0	1.0	1.1	1.2	5.0%
Business Licences	1.0	1.0	1.0	1.0	1.0	0%
Building Permits	1.4	1.7	1.4	1.5	1.3	1.8%
Parks & Recreation	5.5	5.7	5.8	5.8	6.0	2.3%
Total	44.4	42.0	44.6	45.8	46.5	1.2%

# Major Non-Taxation Revenue



# RISKS/LIABILITIES/ MAJOR ISSUES

# Risks/Liabilities/Major Issues

- Colliery Dam
- Port Theatre expansion
- South Waterfront development/Wellcox Yard
- Lack of major property acquisition funding
- “Build out” for recreation, cultural and heritage plans
- Island Ferries
- Water Treatment Plant
- Coal mines
- Contaminated sites
- Automated garbage pickup (WCB)
- Asset management (project timing)
- Priorities of a new Council

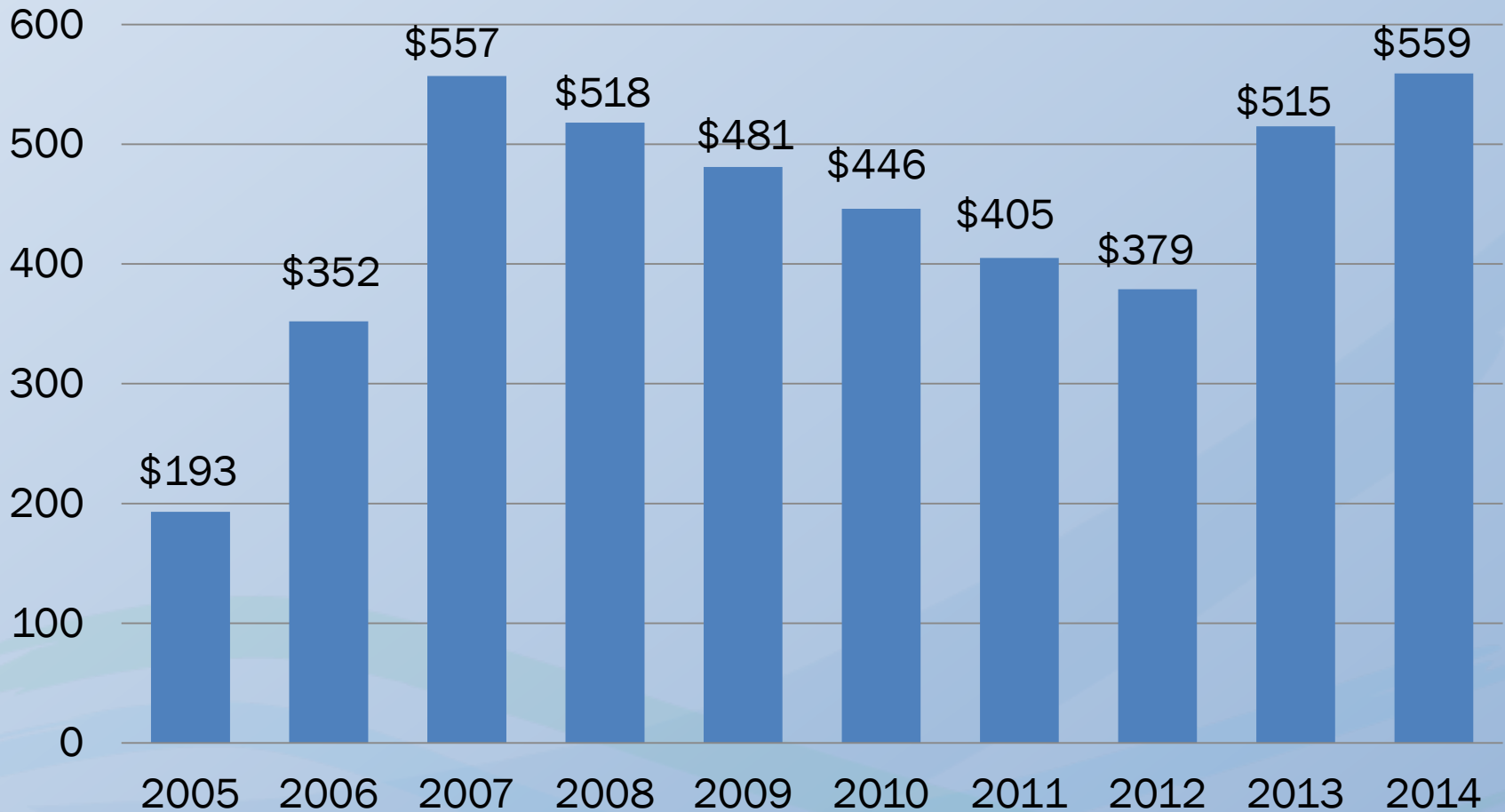
# DEBT

# Debt Fundamentals

- Only for capital improvements – cannot borrow for operating expenditures
- Borrowing for more than 5 years is long term
- Long term borrowing requires elector approval:
  - Referendum; or
  - Alternate Approval Process
- There is a limit on the amount of debt servicing that the Province will approve (25% of revenue)
- Debenture debt must be borrowed through the MFA

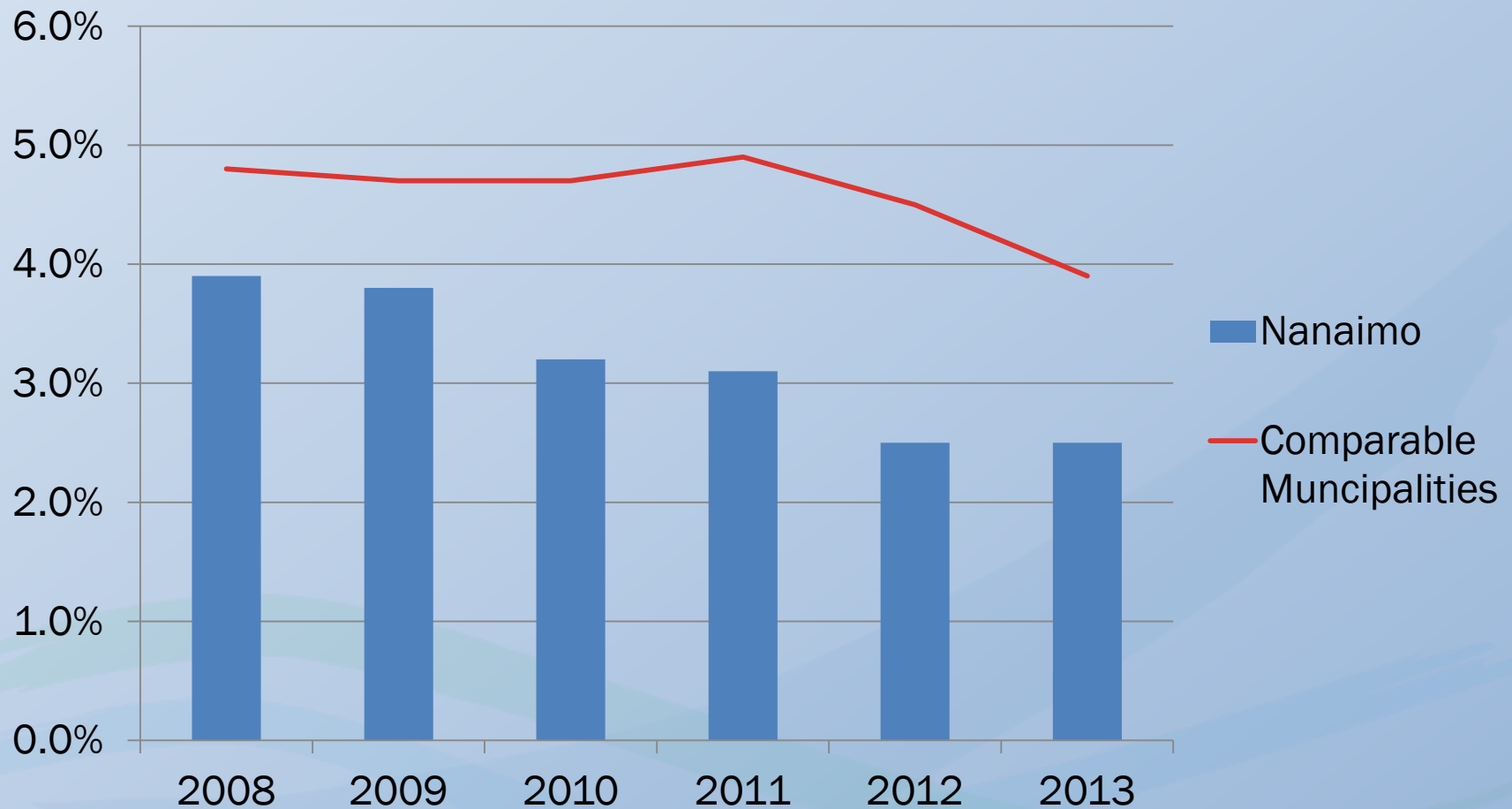
# Debt Per Capita

2013 average of 12  
comparable municipalities  
was \$588





# Debt Servicing as a Percentage of Revenues



# Outstanding Debt on City Facilities

City Facility	Balance owing Dec. 31, 2014	Year Debt Matures
Harbourfront Parkade	1,057,000	2016
Nanaimo Aquatic Centre	3,467,000	2020
Port of Nanaimo Centre	21,380,000	2026/2027
Fire Station #4	2,755,000	2027
South Fork Water Treatment Plant	22,053,000	2033/2034
Total facilities debt	50,712,000	

# Future Borrowing

Project	Year	Amount	Annual payment
Fire Station #6	2015	\$2.4M	\$224k
Wellcox Trestle replacement	2016	\$6.0M	\$561k
Police station expansion	2018	\$6.6M	\$617k
Colliery Dam	?	?	?

Based on 2014-2018 Financial Plan

# Links to Budget Documents

- 2014-2018 Financial Plan
  - <http://www.nanaimo.ca/EN/main/departments/Finance/budget-information.html>
- Annual Municipal Report
  - <http://www.nanaimo.ca/assets/Departments/Finance/Budget~and~Financial~Reports/Financial~Reports/2013MunicipalAnnualReport.pdf>
- Other Financial Reports
  - <http://www.nanaimo.ca/EN/main/departments/Finance/financial-reports.html>