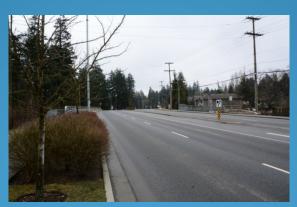
# 20 Year Investment Plan Asset Management Update DCC Review

Originally Presented to Council April 5, 2017

Updated November 2018







## Agenda

- Asset Management
  - Asset Management
  - Review 20 Year Investment Plan 2017 to 2036
  - Review 2016 Asset Management Update
  - DCC Review and New Bylaw
- Update on Recommendations

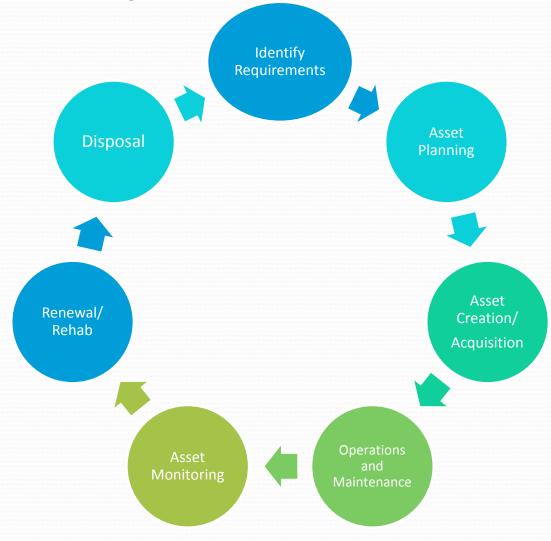
## Asset Management Framework

Communities build and maintain infrastructure to provide services. Using a robust Asset Management approach directly supports sustainable service delivery\*.



<sup>\*</sup>Community service needs can be met without compromising future generations' ability to build and maintain infrastructure.

## **Asset Lifecycle**



## Asset Management Steering Committee

- Multidisciplinary team including:
  - Development, Engineering, Facilities, Finance and IT
- Lead and coordinate development of the City's Asset
   Management System
  - Education and training
  - Infrastructure lifecycle planning models
  - Identify funding strategies
  - Governance

## City's Asset Management Progress

Education Training and Communication

2012 Asset Management Update

All City Infrastructure Renewal

**Funding Gap** 

20 Year Investment Plan

Asset Management Update

DCC Review

Continuation of 1% increase to General AM Reserve to 2022

2008

2010

2012

2013

2017

2018

2010 Asset Management Plan

Engineering and Public Works Infrastructure

Council approved new AM Reserves, annual increases to property taxes and user fees Asset
Management
Council Policy and
Strategic Asset
Management Plan

New DCC Bylaw Adopted

## 20 Year Investment Plan 2017 to 2036

## Long Term Planning Purpose

- Attention directing
  - Identify emerging issues
- Proactive decision making



### How Did We Get Here?



#### Long Term Planning Approach

Renewal

Infrastructure Renewal Plans

DCC

DCC Projects (new bylaw)

10 Year Plans

- Implement Master Plans approved by Council
- Priority renewal and DCC projects

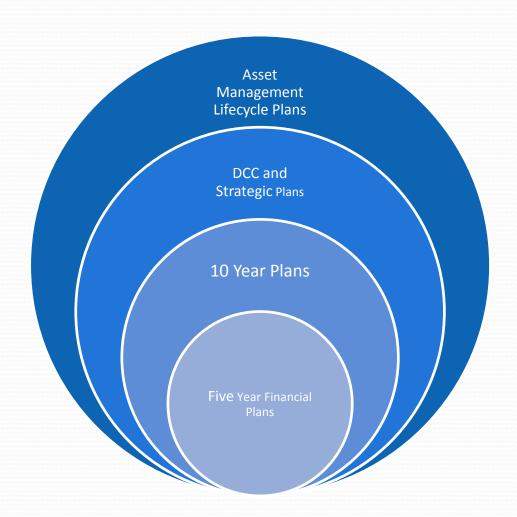
Strategic Initiatives

- Priority initiatives
- Property Acquisition, Waterfront Development (Wellcox Access, Walkway Nanaimo Yacht Club section), Georgia Ave Greenway Pedestrian/Cycling Amenity, Affordable Housing

Five Year Financial Plans

- Priority investments/projects
- Approved by Council

As plans become more focused and knowledge gained, timing and costs are refined.



## **Funding Strategies**



Debt: borrowing is used where appropriate to 'spread' funding needs over a longer period

Excluded funding: Strategic Infrastructure Reserve, Payment in Lieu of Taxes

### 20 Year Investment Plan

#### by Fund and Type

	20 Year Investment Plan				
	Allocated to Growth*	Existing Residents	Total		
General					
Renewal/Strategic		372,037,149	372,037,149		
DCC	100,057,541	71,767,683	171,825,224		
Total General	100,057,541	443,804,832	543,862,373		
Sewer					
Renewal/Strategic		72,208,639	72,208,639		
DCC	30,425,248	10,239,755	40,665,003		
Total Sewer	30,425,248	82,448,394	112,873,642		
Water					
Renewal/Strategic		259,631,576	259,631,576		
DCC	95,863,450	39,281,576	135,145,026		
Total Water	95,863,450	298,913,152	394,776,602		
	226,346,239	825,166,378	1,051,512,617		

<sup>\*</sup>Less Assist Factor

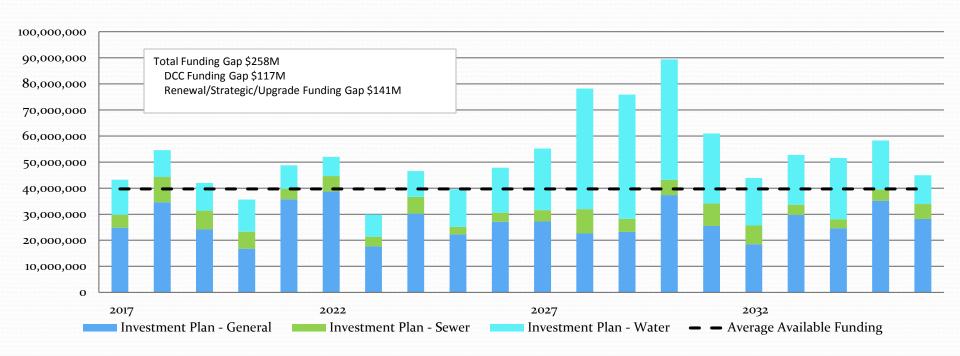
## Projected Funding

		Projected Funding Surplus/ (Shortfall)				
	Current Project Funding	DCC	Renewal/Upgrade/Strategic	Total		
General	419,381,250	(42,930,326)	(81,550,798)	(124,481,124)		
Sewer	100,391,892	(24,066,329)	11,584,579	(12,481,750)		
Water	274,046,546	(49,846,834)	(70,883,222)	(120,730,056)		
Tota	793,819,688	(116,843,489)	(140,849,441)	(257,692,930)		



To be addressed by DCC bylaw

### 20 Year Investment Plan



## Strategies to Reduce Funding Gap

Continuation of annual 1% increases to General AM Reserve to 2022

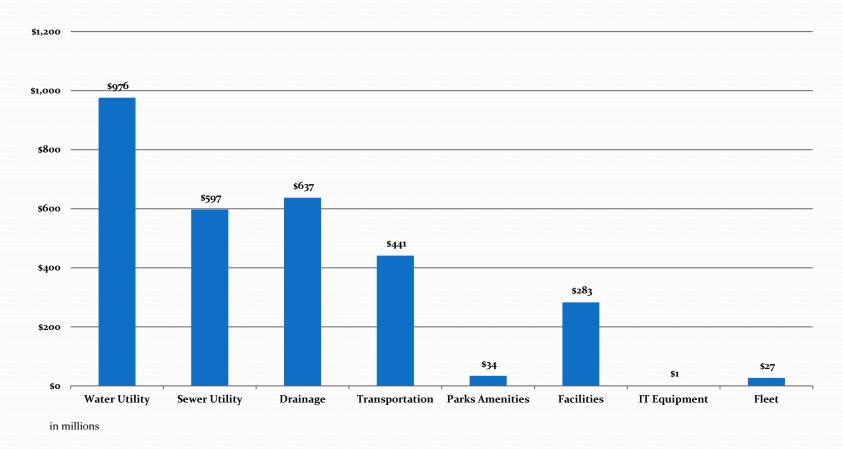
**New DCC Bylaw** 

**AM System Improvements** 

**Grants and Private Contributions** 

# 2016 Asset Management Update

### Current City Infrastructure: Current replacement value \$3 billion



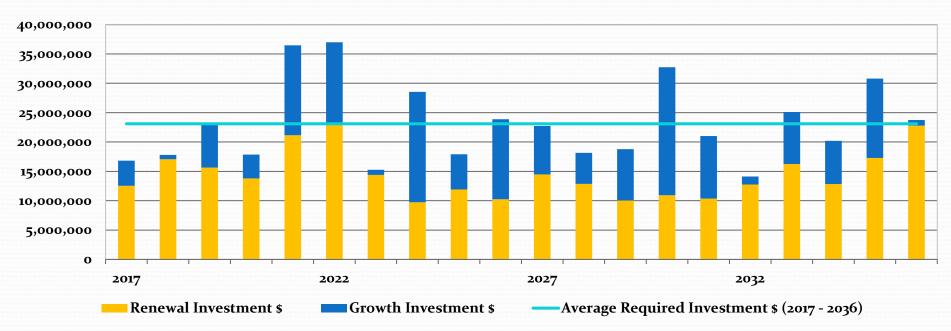
## Asset Management Update

#### Renewal of Existing Infrastructure:

- Current Inventory
- Condition Data
- Key Assumptions
  - Expected Useful Life
  - Remaining Useful Life
  - Replacement Assumptions
  - Cost Estimates

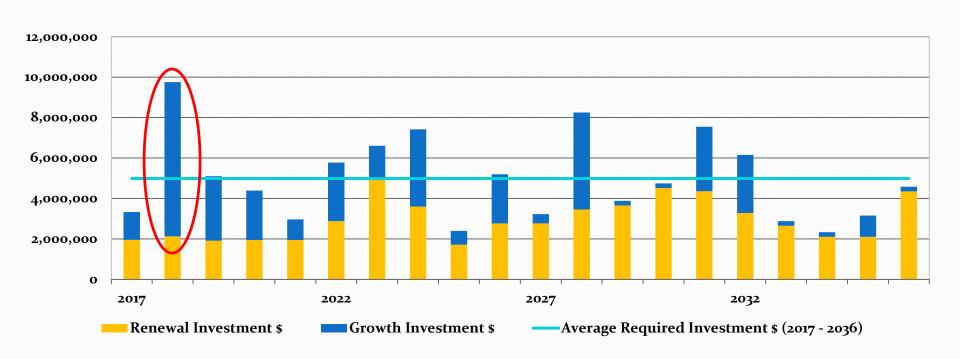
New/Upgraded Infrastructure Due to Growth

## General Fund 20 Year Infrastructure Plan: Renewal and Growth\*

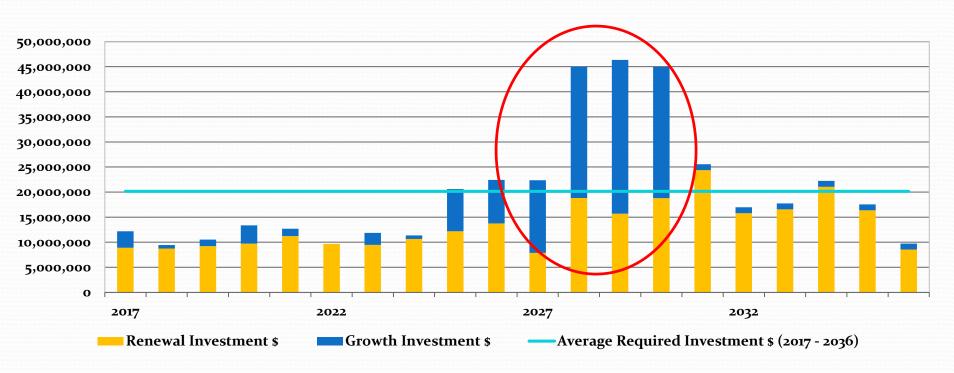


<sup>\*</sup>Excludes proposed DCC Transportation project Brechin/Island Hwy/Northfield Intersection Upgrades. The project is anticipated to be a cost share, with senior government funding \$30M of the projected \$35M cost.

## Sewer Infrastructure 20 Year Infrastructure Plan: Renewal and Growth



## Water Infrastructure 20 Year Infrastructure Plan: Renewal and Growth



## **AM Continuous Improvement**

- Participation in provincial and national programs eg Leadership in Asset Management Program (LAMP), Risk Framework, Natural Capital Asset
- Implementation of AM governance, process and information improvements
  - AM Policy
  - AM Strategy
  - Establish levels of service and performance monitoring

# Development Cost Charges

## What are Development Cost Charges (DCCs)?

 They are monies collected from development to offset some of the infrastructure expenditures to service the needs of new development

## How are they Determined?

Cost of New Infrastructure to Service Growth

Growth

### What can DCCs be Collected for?

- The Local Government Act (LGA) Section 559(2) states:
  - (2)Development cost charges may be imposed under subsection (1) for the purpose of providing funds to assist the local government to pay the capital costs of
    - (a) providing, constructing, altering or expanding sewage, water, drainage and highway facilities, other than off-street parking facilities, and
    - (b) providing and improving park land

Sanitary Collection	Drainage (Storm)	Water Distribution	Roads	Water Supply	Parks	Sanitary RDN
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## DCC Review process

Confirm growth estimates

Infrastructure capacity assessments

Identify new/upgraded infrastructure projects

Calculate new DCC rates

Council review and stakeholder consultation

Council adopts new DCC bylaw



new/upgraded

- Modest growth  $\leq 1.24\%$  annum 33,050 new residents
- Total new dwellings 17,775
- New Commercial/Office 207,160 m² (2.2 M ft²)
- New Industrial 218,479 m<sup>2</sup> (2.35 M ft<sup>2</sup>)

# Identify new and/or upgraded infrastructure required for growth

		Based on Project Benefit Factor			
Infrastructure Type	Total Project Cost	Allocated to Existing	Allocated to Growth		
Roads	* \$ 221,940,000	\$ 54,243,213	\$ 124,530,253		
Sewer	\$ 39,555,518	\$ 9,611,673	\$ 29,943,838		
Storm	\$ 26,911,622	\$ 12,436,048	\$ 14,475,575		
Water Distribution	\$ 17,949,145	\$ 6,855,732	\$ 11,093,413		
Water Supply	\$ 130,410,000	\$ 12,400,000	\$ 118,010,000		
Parks	\$ 34,000,000	1	\$ 34,000,000		
Total	\$ 470,766,285	\$ 95,546,666	\$ 332,053,079		

<sup>\*</sup> Portion of total project cost allocated to Province

Council

review and

stakeholder consultat<u>ion</u> adopts new DCC bylaw

Confirm growth estimates Infrastructure capacity assessments Identify new/upgraded infrastructure projects

Calculate new DCC rates Council review and stakeholder consultation



### **DCC** rates

Categories	SFD	Small Lot SFD***	Multifamily Dwelling	Commercial/ Institutional	Industrial	Mobile Home	Camp Ground
	\$ per lot	\$ per lot	\$ per m2 of GFA*	\$ per m2 of GFA*	\$ per m2 of GFA*	\$ per unit	\$ per unit
Sanitary Sewer	\$1,787.04	\$1,250.93	\$10.77	\$10.22	\$2.61	\$1,098.28	\$279.22
Drainage	75.94	56.20	**0.38	**0.38	**0.38	49.36	15.19
Water Distribution	306.34	214.44	1.85	1.75	0.45	188.27	47.87
Water Supply	5,619.55	3,933.69	33.86	32.14	8.20	3,453.68	878.06
Parks	1,249.32	874.52	7.53	-	-	767.81	195.21
Roads	5,824.08	4,076.86	35.09	33.31	8.49	3,579.38	922.15
City Total	\$14,862.27	\$10,406.64	\$89.10	\$77.42	\$19.75	\$9,136.78	\$2,337.70
RDN Sanitary +	2,951.37	2,951.37	17.40	17.66	4.50	1,748.81	482.21
TOTAL	\$17,813.64	\$13,358.01	\$106.50	\$95.08	\$24.25	\$10,885.59	\$2,819.91

<sup>\*</sup> Gross Floor Area

<sup>\*\*</sup> Drainage DCCs will be charged per m² of lot coverage (m² of first floor)

<sup>\*\*\*</sup> Row-housing lot or a residential lot < 370m<sup>2</sup>

<sup>+</sup> Consult with staff regarding the RDN DCC boundary

### **Assist Factor**

- ". . . . provide funds to <u>assist</u> the local government . . . . "
- 100% of cost cannot be allocated to new growth
- As such, minimum of 1% assist factor is required
- Under existing bylaw, 1% for all infrastructure types, with the exception of water supply ,which is 25%
- Assist factor could be increased, but would result in further pressure on taxation and/or user rates

# Update on Recommendations

#### General Fund

- Projected funding gap \$124 million
  - Adopted new DCC Bylaw in 2018 to address \$43 million gap for DCC contributions
  - 1% property tax increase for contributions to General Asset Management Fund reserve was extended to 2022

#### Sewer Fund

- Adopted new DCC Bylaw in 2018 to address projected DCC contributions shortfall of \$24 million
- User fee review to be undertaken in 2019

#### Water Fund

- Projected funding gap \$121 million
  - Adopted new DCC Bylaw in 2018 to address \$50 million gap for DCC contributions
  - \$71 million to be addressed through
    - User fee review to be undertaken in 2019
    - Debt

- Continued development of the City's Asset Management System
  - Governance
    - Spring 2018 Council adopted the City of Nanaimo Asset
       Management Council Policy and Strategic Asset Management
       Plan
  - Risk Management
    - June 2017 Risk Management Framework completed
  - Levels of service and performance monitoring
    - Pilot project on establishing levels of services undertaken in 2018 focusing on Neighborhood Parks and Trails

- Financial policies
  - Debt Policy In Progress to be completed in 2019
  - Reserve Policy In Progress to be completed in 2019
    - Reserve framework
    - Minimum/maximum balances
    - Annual contribution strategies