



**MERGED AGENDA
FINANCE AND AUDIT COMMITTEE MEETING**

July 17, 2019, 9:00 AM - 1:00 PM
Board Room, Service and Resource Centre,
411 Dunsmuir Street, Nanaimo, BC

Pages

1. CALL THE MEETING OF THE FINANCE AND AUDIT COMMITTEE TO ORDER:
2. INTRODUCTION OF LATE ITEMS:
3. ADOPTION OF AGENDA:
4. ADOPTION OF MINUTES:

a. Minutes

4 - 9

Minutes of the Finance and Audit Committee Meeting held in the Boardroom, Service and Resource Centre, 411 Dunsmuir Street, Nanaimo, BC on Wednesday, 2019-JUN-26 at 9:00 a.m.

5. PRESENTATIONS:
6. DELEGATIONS:
7. REPORTS:

a. Heritage Home Grant Application - 18 Fourteenth Street

10 - 16

To be introduced by Dale Lindsay, General Manager, Development Services.

Purpose: To obtain Council approval for a Heritage Home Grant for the John Wilson Residence located at 18 Fourteenth Street.

Recommendation: That the Finance and Audit Committee recommend that Council approve a \$2,500 Heritage Home Grant for the exterior repaint of the John Wilson Residence located at 18 Fourteenth Street.

b. Changes to Serauxmen Stadium Field Lighting Project to LED Standard

17 - 22

To be introduced by Richard Harding, General Manager of Parks, Recreation and Culture.

Purpose: To provide background for the request to increase the budget for the

Serauxmen Stadium Field Lighting Project in order to provide a new LED lighting system and electrical servicing requirements.

Recommendation: That the Finance and Audit Committee recommend that Council amend the 2019 – 2023 Financial Plan to increase the budget from \$752,721 to \$1,096,221 for the Serauxmen Stadium Field Lighting Project to provide for LED field lighting and electrical servicing upgrades to be funded from the Community Works Fund.

c. Parkade Traffic Membrane Project Adjustments 23 - 24

To be introduced by Bill Sims, General Manager, Engineering and Public Works.

Purpose: To advise Council of a realignment of budget due to changes to the scope and sequence of the Harbourfront and Bastion Street Parkade Traffic Membrane Projects.

d. Brookwood Pump Station Retrofit Project 25 - 26

To be introduced by Bill Sims, General Manager, Engineering and Public Works.

Purpose: To obtain Council's approval to add the Brookwood Pump Station Retrofit Project to the 2019 – 2023 Financial Plan.

Recommendation: That the Finance and Audit Committee recommend that Council approve the addition of \$250,000 to the 2019 year of the 2019-2023 Financial Plan for the Brookwood Pump Station Retrofit Project to be funded by Sewer Reserves.

e. Jingle Pot Road and Westwood Road Intersection Upgrade Project 27 - 28

To be introduced by Bill Sims, General Manager, Engineering and Public Works.

Purpose: To advise Council of a budget increase to the Jingle Pot Road and Westwood Road Intersection Upgrade Project based on a funding commitment from the Insurance Corporation of British Columbia.

f. Haliburton Street Multi-Use Trailway Project 29 - 33

To be introduced by Bill Sims, General Manager, Engineering and Public Works.

Purpose: To obtain Council's approval to transfer funds from the Pedestrian Transportation Improvements Unallocated Fund and from the Water Infrastructure Projects Contingency Fund to the Haliburton Street Multi-use Trailway Project.

Recommendation: That the Finance and Audit Committee recommend that

Council approve the transfer of \$300,000 from the Pedestrian Transportation Improvements Unallocated Fund and \$157,000 from Water Infrastructure Projects Contingency Fund to fund the Haliburton Street Multi-use Trailway Project.

- g. Group Purchasing for the City of Nanaimo 34 - 36

To be introduced by Laura Mercer, Director, Finance.

Purpose: This report provides information regarding a new process being used to streamline purchasing and take advantage of group buying efficiency.

- h. 2020 - 2024 Financial Plan Workshop

To be distributed on the addendum.

1. Add - Report and Presentation 37 - 65

To be introduced by Laura Mercer, Director, Finance.

Purpose: To present the Finance and Audit Committee with information regarding 2020 – 2024 Financial Plan and to seek direction on their priorities and expectations.

Presentation:

1. Laura Mercer, Director, Finance.

- i. Reserve Policy Update 66 - 145

To be introduced by Laura Mercer, Director, Finance.

Presentation:

1. Laura Mercer, Director, Finance.

8. **OTHER BUSINESS:**

9. **QUESTION PERIOD:**

10. **ADJOURNMENT:**

MINUTES
FINANCE AND AUDIT COMMITTEE MEETING
BOARD ROOM, SERVICE AND RESOURCE CENTRE
411 DUNSMUIR STREET, NANAIMO, BC
WEDNESDAY, 2019-JUN-26, AT 9:00 A.M.

Present: Mayor L. Krog, Chair
Councillor S. D. Armstrong
Councillor D. Bonner
Councillor T. Brown
Councillor B. Geselbracht
Councillor E. Hemmens
Councillor I. W. Thorpe
Councillor J. Turley

Absent: Councillor Z. Maartman

Staff: J. Rudolph, Chief Administrative Officer
R. J. Harding, Director, Parks and Recreation (vacated 11:32 a.m.)
D. Lindsay, Director, Community Development (vacated 11:32 a.m.)
B. Sims, Director, Engineering and Public Works (vacated 11:32 a.m.)
L. Mercer, A/Director, Financial Services (vacated 11:32 a.m.)
W. Fulla, Manager, Business, Asset & Financial Planning (vacated 11:32 a.m.)
K. Fry, Fire Chief (vacated 11:32 a.m.)
G. Norman, Deputy Fire Chief – Administration (vacated 11:32 a.m.)
P. Rosen, Senior Manager Engineering (vacated 11:32 a.m.)
J. Evans, Manager, Fleet Operations (vacated 11:32 a.m.)
M. Squire, Manager, Water Resources (vacated 11:32 a.m.)
D. Blackwood, Client Support Specialist (vacated 9:06 a.m.)
S. Gurrie, City Clerk
J. Vanderhoef, Recording Secretary (vacated 11:32 a.m.)

1. CALL THE FINANCE AND AUDIT COMMITTEE MEETING TO ORDER:

The Finance and Audit Committee Meeting was called to order at 9:01 a.m.

2. ADOPTION OF AGENDA:

It was moved and seconded that the Agenda be adopted. The motion carried unanimously.

3. ADOPTION OF MINUTES:

It was moved and seconded that the Minutes of the Finance and Audit Committee Meeting held in the Boardroom, Service and Resource Centre, 411 Dunsmuir Street, Nanaimo, BC on Wednesday, 2019-MAY-15, at 9:00 a.m. be adopted as circulated. The motion carried unanimously.

4. PRESENTATIONS:

(a) 2020 - 2024 Financial Plan Development Workshop

Introduced by Laura Mercer, Acting Director, Financial Services.

Wendy Fulla, Manager, Business, Asset & Financial Planning, provided a presentation and spoke regarding the following:

- Planning Framework
- Three main components of the Financial Plan: Operating Budgets, Projects, and Business Cases

D. Blackwood vacated the Boardroom at 9:06 a.m.

- Operating Budgets: modified zero-based budgeting, support department's business plan
- Projects: 10+ year planning horizon, identifying new projects, business case and cost/benefit analysis where appropriate
- Business Cases Process, Purpose and Value: looking at quantitative and qualitative attributes of potential projects
- Key Points: develop budget principles, project planning framework, financial planning support
- Timeline for Staff working on various aspects of the budget
- Projected Property Tax Increases and Projected User Fees
- 2020 Key Budget Drivers
- Items not currently included in 2020 Budget – Port Theatre \$4.6 million which could have a 1% impact on taxes, spread over multiple years, if grant application is successful
- Staff are seeking direction on Council's expected outcomes, short term goals and priorities, and if there are items that Council want Staff to reprioritize or expand

Committee discussion took place regarding who requests business plans and case studies.

Jake Rudolph, Chief Administrative Officer, noted the difference between a business plan and a business case. Business cases are "asks" put forward from various departments, whereas business plans are related to maintenance and operations of ongoing projects. He suggested that more workshops could be scheduled in July if further discussion is needed.

Committee discussion took place regarding the following:

- Large upcoming projects: Waterfront Walkway, Fire Station #1, potential Port Theatre expansion, and various infrastructure and transportation projects
- Additional Human Resources positions are not yet included in the budget
- Timeline for spending the gas infrastructure funding
- Reviewing a project list and aligning projects with the Strategic Plan

- Support funding an additional position regarding environment
- Increase funding to Partners in Parks program
- Creating a Tactical Urbanism program in the Downtown
- Service changes regarding parks: steering towards more innovative/natural play areas, protected bike lanes
- Cost of bylaw enforcement
- Large developments providing potential increases in tax revenue as a result of their projects
- Fees for increases to garbage collection routes
- Case studies being requested by Council through resolutions
- Connecting bike lanes and regular cleaning of the bike lanes
- Impact of large developments on service providers like schools, fire, police etc.
- Workshop to brainstorm ideas and come to consensus on priorities
- Requested a report regarding an additional environmental position which would include information on what is being done presently related to environment and what options are available

Jake Rudolph, Chief Administrative Officer, spoke regarding the timeframe for reviewing budget items and making changes. He spoke regarding maintaining costs for services and financing services as efficiently as possible.

Committee discussion took place regarding the following:

- Staff capacity for reviewing the Official Community Plan (OCP) and making the OCP review a priority
- 1% cut across the board to fund projects that Council selects

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to prepare a business case regarding the addition of an environmental position focused around coordination of the Environmental Sustainability Action Plan. The motion carried unanimously.

- Details of Active Transportation position
- Sidewalk plans and what budget has been allocated for this year
- Motion going to Union of BC Municipalities regarding expansion of Development Cost Charges
- Facilities Master Planning process
- Business case to review bylaw enforcement
- Adding 20 additional bus shelters, and planting 2,000 trees each year
- Affordable housing and homeless issues being brought forward
- Requested discussion around 1 Port Drive and the South End Master Plan
- Clarification on Council's priorities and what will be funded
- Scheduling a brainstorming session to identify priorities and gain a sense of consensus on priorities
- Previous brainstorming session provided priorities for the Strategic Plan
- The Strategic Plan established the overall goals but it's not feasible to address more than 3 projects this year without increasing taxes

The meeting recessed at 10:32 a.m.
The meeting reconvened at 10:42 a.m.

J. Rudolph returned to the Boardroom at 10:43 a.m.

5. REPORTS:

(a) Unitarian Emergency Shelter Funding Request

Introduced by Dale Lindsay, Director, Community Development.

Delegation:

1. Lois Peterson, Executive Director, Nanaimo Unitarian Shelter, requested funds to extend the hours of service and expand supports for the Nanaimo Unitarian Shelter.

Committee discussion took place regarding:

- What would be the optimum number of beds at the shelter
- Duplicating this model in another location
- Location of the shelter in the community

It was moved and seconded that the Finance and Audit Committee recommend that Council approve an allocation of \$20,000 from the Housing Legacy Reserve to the First Unitarian Fellowship of Nanaimo to extend shelter hours in order to provide additional programming, services and supports at the Unitarian Shelter until 2020-MAR-31. The motion carried unanimously.

Councillor Geselbracht vacated the Boardroom at 11:00 a.m. stating a conflict of interest.

(b) Community Program Development Grant – Mid-Island Youth and Community Development Cooperative

Introduced by Richard Harding, Director, Parks and Recreation.

It was moved and seconded that the Finance and Audit Committee rescind the following motion:

“It was moved and seconded that the Finance and Audit Committee recommend that Council approve the request from the Mid-Island Youth and Community Development Cooperative for a Community Program Development Grant in the amount of \$6,350 to assist in funding the Nanaimo Earth Day Social Enterprise Start-up;”

The motion carried unanimously.

It was moved and seconded that the Finance and Audit Committee recommend that Council approve the request from the Mid-Island Youth and Community Development Cooperative for a Community Program Development Grant in the amount of \$2,850 to assist in funding Nanaimo Earth Day Social Enterprise. The motion carried unanimously.

Councillor Geselbracht returned to the Boardroom at 11:01 a.m.

(c) 911 Funding

Introduced by Karen Fry, Fire Chief.

Committee discussion took place regarding whether the Telus fiber optics “briefcase” will make pin pointing caller locations more accurate.

It was moved and seconded that the Finance and Audit Committee recommend that Council approve the 911 Firewall upgrade and allocate \$30,000 from the E911 Reserve. The motion carried unanimously.

(d) Green Fleet Strategy

Introduced by Bill Sims, Director, Engineering and Public Works.

Committee discussion took place regarding:

- Purchase of mountain bikes for the parks maintenance staff
- Annual cost breakdown and the purpose of the E3 Fleet rating
- Green Fleet Strategy to be funded from existing budget
- Gaining better tools for evaluating and accessing greening the fleet

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to join the E3 Fleet program and complete the Green Fleet Performance Review in 2019. The motion carried unanimously.

(e) Union of BC Municipalities Funding Program for Flood Risk Assessment, Mapping and Mitigation Planning

Introduced by Bill Sims, Director, Engineering and Public Works.

Committee discussion took place regarding:

- What is the inundation mapping study and what information does it provide
- Would this tie in with a case study about increasing the height of the dam
- Will the work be done by Staff or a contractor
- Release of information resulting from the inundation mapping results

It was moved and seconded that the Finance and Audit Committee recommend that Council approve adding \$100,000 to 2019 and \$200,000 to 2020 for the South Fork and Jump Creek Dams Inundation Mapping Study to be funded from a grant contribution of \$150,000 and \$150,000 from Water Reserves. The motion carried unanimously.

(f) Esplanade Watermain Replacement Project

Introduced by Bill Sims, Director, Engineering and Public Works.

It was moved and seconded that the report titled, “Esplanade Watermain Replacement Project”, dated 2019-JUN-19, be received for information. The motion carried unanimously.

6. OTHER BUSINESS:

- (a) Correspondence from Innovative Young Indigenous Leaders Symposium, dated 2019-JUN-14, requesting support by funding a lunch for 60 participants and volunteers for a total cost of \$1,319.18
-

Committee discussion took place regarding the timeframe of the request.

7. QUESTION PERIOD:

- Les Barclay re: 5(a) 2020 – 2024 Financial Plan Development Workshop, property tax increases and selecting projects.

8. PROCEDURAL MOTION:

It was moved and seconded that the meeting be closed to the public in order to deal with agenda items under the *Community Charter* Section 90(1):

- (c) labour relations or other employee relations; and,
(n) the consideration of whether a Council meeting should be closed under a provision of this subsection or subsection (2).

The motion carried unanimously.

J. Evans, K. Fry, W. Fulla, R. Harding, D. Lindsay, L. Mercer, G. Norman, P. Rosen, B. Sims, M. Squire, and J. Vanderhoef vacated the Boardroom at 11:32 a.m.

The Finance and Audit Committee moved “In Camera at 11:33 a.m.

The Finance and Audit Committee moved out of “In Camera” at 12:01 p.m.

9. ADJOURNMENT:

It was moved and seconded at 12:01 p.m. that the meeting terminate. The motion carried unanimously.

CERTIFIED CORRECT:

CHAIR

CORPORATE OFFICER

DATE OF MEETING July 17, 2019

AUTHORED BY CHRIS SHOLBERG, HERITAGE PLANNER

SUBJECT HERITAGE HOME GRANT APPLICATION – 18 FOURTEENTH STREET

OVERVIEW

Purpose of Report

To obtain Council approval for a Heritage Home Grant for the John Wilson Residence located at 18 Fourteenth Street.

Recommendation

That the Finance and Audit Committee recommend that Council approve a \$2,500 Heritage Home Grant for the exterior repaint of the John Wilson Residence located at 18 Fourteenth Street.

BACKGROUND

A Heritage Home Grant application has been submitted by the owners of the John Wilson Residence (18 Fourteenth Street), to repaint the exterior of the building.

The John Wilson Residence is currently on the City's Heritage Register (see Attachment 'A' for the building's historical value statement).

DISCUSSION

Staff has reviewed and evaluated the grant application and note that the proposed project satisfies the relevant requirements and objectives of the Heritage Home Grant Program (as outlined in Attachment 'B' – Heritage Home Grant Program Purpose and Conditions).

The exterior repaint will prolong the life of the building by reducing deterioration of the building's exterior siding and porch system, and the proposed colour scheme is acceptable based on the Sherwin-Williams historic colour palette.

The total estimated project cost is \$7,875. The project is eligible for up to \$2,500 in grant assistance based on the 50/50 cost-sharing model specified under the program.

It should be noted that the property has not received a previous home grant. Under the conditions of the grant program, an eligible heritage property owner can apply for up to \$2,500 during the life of the building.

The Heritage Home Grant Program budget is currently \$12,000. Approval of this grant will reduce the program budget to \$9,500.

OPTIONS

- Option 1 – That Council approve a \$2,500 Heritage Home Grant for the exterior repaint of the John Wilson Residence located at 18 Fourteenth Street.
 - The Heritage Home Grant program furthers the Livability and Economic Health goals of the 2019-2022 Strategic Plan and specifically the support for culture (heritage).
- Option 2 – That Council deny the Heritage Home Grant application.
 - This action could create uncertainty about the City's commitment to the grant program's purpose and parameters, and would run counter to the City's Cultural Plan and heritage conservation program objectives.

SUMMARY POINTS

- A Heritage Home Grant application has been submitted by the owners of the John Wilson Residence (18 Fourteenth Street), to repaint the exterior of the building.
- The total estimated project cost is \$7,875. The project is eligible for up to \$2,500 in grant assistance based on the 50/50 cost-sharing model specified under the program.
- The grant application satisfies the relevant requirements and objectives of the Heritage Home Grant Program.

ATTACHMENTS:

ATTACHMENT A – John Wilson Residence History and Significance
ATTACHMENT B – Heritage Home Grant Program Purpose and Conditions
ATTACHMENT C – Proposed Colour Scheme
ATTACHMENT D – Current Exterior Paint Condition

Submitted by:

Lisa Bhopalsingh
Manager, Community Planning

Concurrence by:

Dale Lindsay
General Manager of Development Services

Laura Mercer
A/Director of Financial Services

ATTACHMENT A

JOHN WILSON RESIDENCE HISTORY AND SIGNIFICANCE

Built around 1890, the name of this residence's original builder and occupant are unknown, however, the building was later the home of John Wilson, a miner at the Reserve Mine in the 1920s.

In excellent condition, this building is a very good example of a vernacular workers cottage of which few examples remain. The building has a side gable roof typical of this housing form, with extended back addition and a front porch running the building's entire width.

The building is located on a corner lot and is sited prominently on Fourteenth Street. It represents a rare surviving example of the early miner's cottage building form still located on its original site.

ATTACHMENT B

HERITAGE HOME GRANT PROGRAM PURPOSE AND CONDITIONS

Created by Council in 2006, the purpose of the Heritage Home Grant Program is to enhance and conserve Nanaimo's historic residential building resources. To achieve this objective the program provides financial assistance to structural and exterior building improvements which follow the Federal Government's Standards and Guidelines for the Conservation of Historic Places in Canada.

The City of Nanaimo has committed to providing financial incentives for heritage buildings as part of its economic development and revitalization strategy. Incentives are intended for the rehabilitation and enhancement of historic buildings, as well as to promote investment in historic residential neighbourhoods, thereby enhancing the neighbourhood's historic building stock and long term livability.

This program mirrors similar heritage home incentive programs in cities such as Vancouver and Victoria that have been in existence for many years and have encouraged home owners in historic residential areas to fix up and maintain their historic homes.

Grants will cover up to 50% of total project cost, to a maximum of \$2,500 per building, and are available on a first come, first served basis. To date, \$51,182.91 has been paid out under the grant program for 21 exterior building facade improvements leveraging \$187,151.22 in private investment.

Should Council approve the grant, the following conditions will also apply as specified under the program:

- The project must be fully completed prior to payment of the grant.
- The owner must agree to register a Heritage Conservation Covenant on the property prohibiting demolition or exterior alteration of the building, unless the City approves these actions.
- Work must be substantially underway within six months of grant approval and completed within one year.
- Work must be of good quality, meet appropriate building/fire codes or approved equivalent, comply with existing bylaws, be conducted in accordance with a valid building permit (if applicable), and pass municipal inspections.
- Works is subject to inspection. If, during the course of the project, it is determined that the work fails to adhere to the program guidelines, then the award of the grant, in whole or in part, may be rescinded.
- The owner will agree to mount a small metal plaque in close proximity to the home's main entrance provided by the City indicating the home's heritage status.
- The applicant shall not involve the City of Nanaimo in any legal action between him/her and any contractors, estimators, employees, workers or agents arising from or out of the Heritage Home Grant project.

ATTACHMENT C

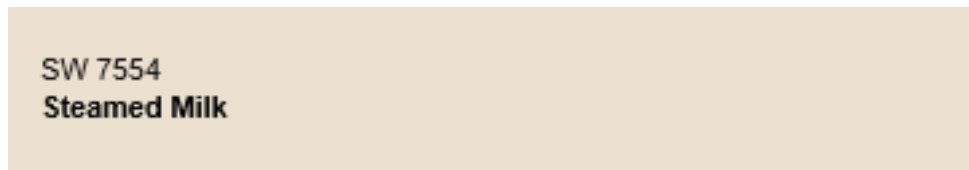
PROPOSED COLOUR SCHEME

Body Colour



(sherwin-williams.ca)

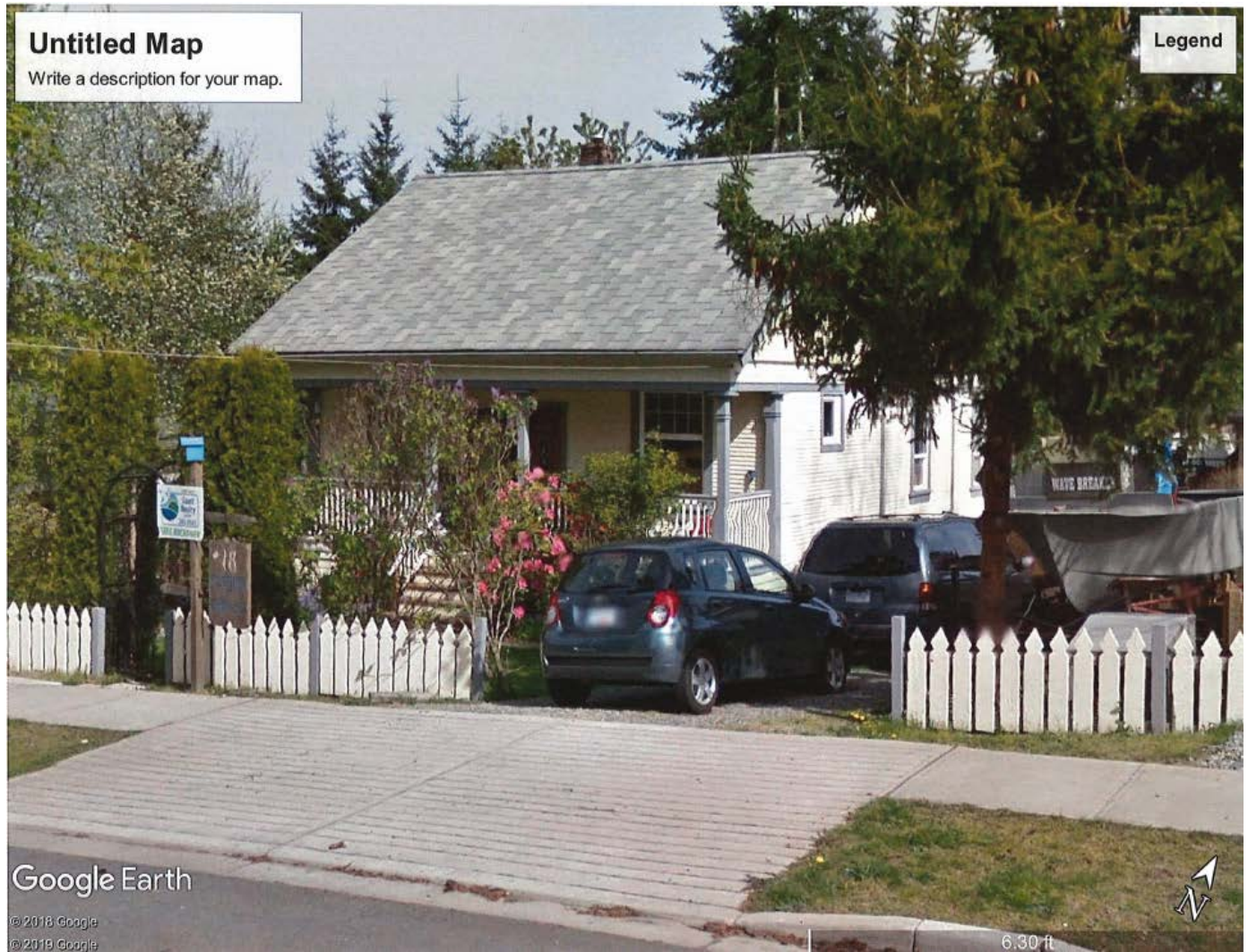
Trim Colour

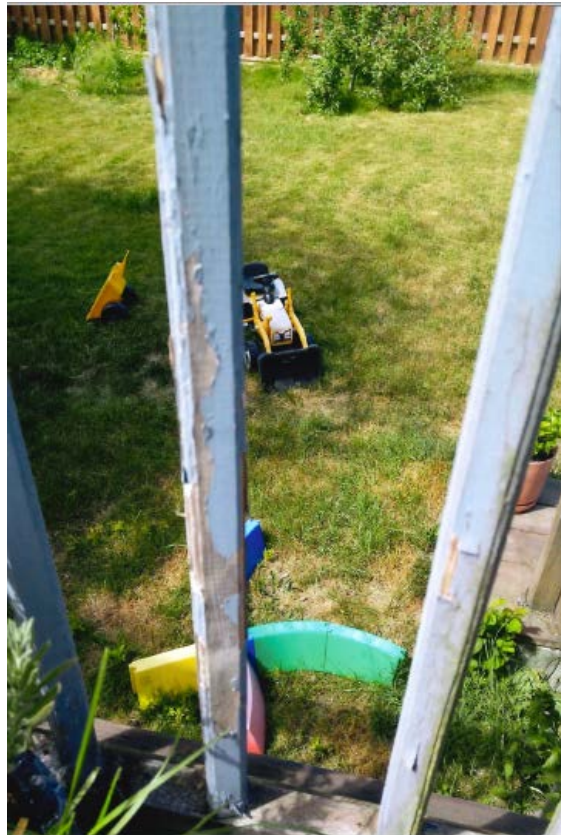


(sherwin-williams.ca)

ATTACHMENT D

CURRENT EXTERIOR PAINT CONDITION





DATE OF MEETING | JULY 17, 2019 |

AUTHORED BY | SCOTT NEWLANDS, PARKS PROJECT COORDINATOR
PARKS AND RECREATION |

SUBJECT | **CHANGES TO SERAUXMEN STADIUM FIELD LIGHTING
PROJECT TO LED STANDARD**

OVERVIEW

Purpose of Report

To provide background for the request to increase the budget for the Serauxmen Stadium Field Lighting Project in order to provide a new LED lighting system and electrical servicing requirements.

Recommendation

That the Finance and Audit Committee recommend that Council amend the 2019 – 2023 Financial Plan to increase the budget from \$752,721 to \$1,096,221 for the Serauxmen Stadium Field Lighting Project to provide for LED field lighting and electrical servicing upgrades to be funded from the Community Works Fund.

BACKGROUND

A field lighting project was identified in 2015 in collaboration with Nanaimo Minor Baseball Association (NMBA), the Toronto Blue Jays' Jays Care Foundation and Staff in hopes to provide the first baseball field lighting in Nanaimo. At this time, the site was selected as the Mariner Field at the Serauxmen Sports Fields (850 Third Street) as the best option. The original lighting project was approved in the 2018 – 2022 Financial Plan.

As the project moved through the planning stages in 2017, negotiations were active with School District #68 to secure the purchase of the Serauxmen Stadium and Rotary Bowl and the jointly funded project for the construction of the Nanaimo District Secondary School (NDSS) Community Field. As this land exchange deal progressed, and final details were secured for the site, it was determined that the Serauxmen Stadium would be better suited for a field lighting system as this originally was the preferred site. The project at 850 Third Street was cancelled.

Following the 2017 purchase of the stadium, in 2018 a new scope of work and overall development concept for the stadium site was developed in collaboration with an architect for improvement planning, which included a field lighting system. Phase 1 construction was set to begin in 2019 with completion in 2020 by using Metal Halide versus LED based on cost. The current planned budget for Phase 1 in 2019 is for \$310,500 and Phase 2 in 2020 is for \$442,221 funded from the Community Works Reserve Fund and a \$50,000 private contribution from the Serauxman Society.

Detailed planning and design began in late 2018, with electrical, civil and structural engineering firms who have donated their time on behalf of the Serauxmen Stadium Amateur Baseball

Association (SSABA) to support the project. Staff have also been working to provide the technical details for a suitable system at Serauxmen Stadium again using Metal Halide (Attachment A).

DISCUSSION

CHANGES IN TECHNOLOGY AFFECTING INDUSTRY

This year, the City's main supplier of all of our existing sports field lighting made an announcement that effective January 2020, they will no longer be supplying Metal Halide lighting systems and would be exclusively supplying LED field lighting systems to their clients. Metal Halide lighting has seen overall 24% increase in cost between pricing in 2018 and looking to purchase in 2019. Due to these industry changes, it was deemed appropriate to re-investigate installing a LED lighting system.

Previously, LED lighting had been dismissed as an option because the price discrepancy between Metal Halide and LED was cost prohibitive. The City's main supplier has now offered greatly reduced pricing to encourage their clients to purchase LED lighting, but it is still more costly than Metal Halide. LED lighting has advantages over Metal Halide including, reduced operational costs, increased life expectancy and lower overall lifecycle costs. LED lighting has an estimated CO2 reduction over the estimated lifecycle that is equivalent to removing 82 cars off the road for one year (Attachment B).

ELECTRICAL SERVICE REQUIREMENTS

In March 2019, Staff had an electrical contractor conduct a condition assessment of the existing electrical services to both sites, the Serauxmen Stadium and the Rotary Bowl. The assessment deemed that all existing services were not adequate to operate any additional electrical amenities, including field lighting. It was also determined that the existing service to Serauxmen Stadium has reached end-of-life and will require replacement in the near future. The revised project scope now includes the electrical service upgrade to support the new lighting.

COMMUNITY BASEBALL

This field lighting project is in line with the plans presented to Council in January 2019 regarding planned improvements to Serauxmen Stadium in partnership with SSABA and the bid for a team as part of the West Coast League expansion. Lighting the stadium will provide the first lit baseball diamond in Nanaimo.

OPTIONS

OPTION 1

That the Finance and Audit Committee recommend that Council amend the 2019 – 2023 Financial Plan for an increase to the budget for 2019 of \$54,000 and \$289,500 for 2020 for the Serauxmen Stadium Field Lighting Project to provide for LED field lighting and electrical servicing upgrades to be funded from the Community Works Fund.

- Advantages:
 - LED lighting systems are superior to Metal Halide in capability, operational costs, and life expectancy.
 - Upgraded electrical service for the stadium lighting.

- No impact on property taxation with funding coming from the Community Works Fund.
- LED is in line with the Climate Emergency declared by Council, including the reduction of CO2 levels.
- Disadvantages:
 - Does not address the overall existing electrical service upgrades to the location that will need to be accounted for in the improvement plan.

OPTION 2

That the Finance and Audit Committee recommend that Council amend the 2019 – 2023 Financial Plan for an increase to the budget for 2019 of \$54,000 and \$512,000 for 2020 for the Serauxmen Stadium Field Lighting Project to be funded from the Community Works Fund.

- Advantages
 - Provides for increased budget for LED lighting systems as above.
 - Allows for complete electrical service upgrade to the Serauxmen Stadium and the Rotary Bowl and the separation of electrical service from Nanaimo District Secondary School. Also presents the option to separate the electrical for NDSS Community Field.
- Disadvantages
 - Planning for this option is still in the beginning stages and future improvement plans for both locations have not been fully identified.

OPTION 3

That the Finance and Audit Committee recommend that Council provide alternative direction to Staff regarding the Serauxmen Stadium Field Lighting Project. |

SUMMARY POINTS

- LED lighting was previously cost prohibitive but with these changes, is now a competitive lighting solution, yet still more costly than Metal Halide.
- Effective January 2020, the City's main supplier is phasing out the sale of Metal Halide lighting systems in preference of LED lighting systems.
- Metal Halide lighting has increased in cost by 24% since the budget process in 2018 to beginning the work for the project in 2019.
- LED lighting is the environmental choice due to its lower overall lifecycle costs and reduction in energy usage.

ATTACHMENTS:

ATTACHMENT A: Site Plan of Lighting Standard Placement
ATTACHMENT B: Metal Halide vs LED Lighting Lifecycle Comparison |

Submitted by:

Art Groot
Manager, Facility Planning & Operations

Concurrence by:

Richard Harding
Director, Parks and Recreation

Laura Mercer
Acting Director, Financial Services



Legend

- + Railways Detail
- Parcel Hooks
- ▨ Mobile Homes
- ▨ Airspace Parcels
- ▨ Water Lease
- ▨ Strata Buildings
- ▨ Strata Lots
- ▨ Bare Land Strata
- ▨ Strata Parcels
- ▨ Land Parcels
- Roads
- Political Boundaries
- ▨ City
- ▨ Indian Reserve
- Rivers
- Streams
- ▨ Lakes
- ▨ Ponds
- ▨ Rivers
- ▨ Wetlands

ATTACHMENT A
Site Plan of proposed lighting
standard locations.

42.2 0 21.1 42.2 Meters

1:831



The City of Nanaimo does not warrant or guarantee the accuracy or completeness of the information. You are encouraged to verify the accuracy of the information against copies of actual plans. If there is a conflict between this information and information contained in any other records of the City of Nanaimo or documents that may be prepared by or delivered to the City of Nanaimo, the City of Nanaimo reserves the right to rely in all cases upon the record which it considers to be the most accurate and complete.

ATTACHMENT B

Metal Halide vs LED Lifecycle Comparison

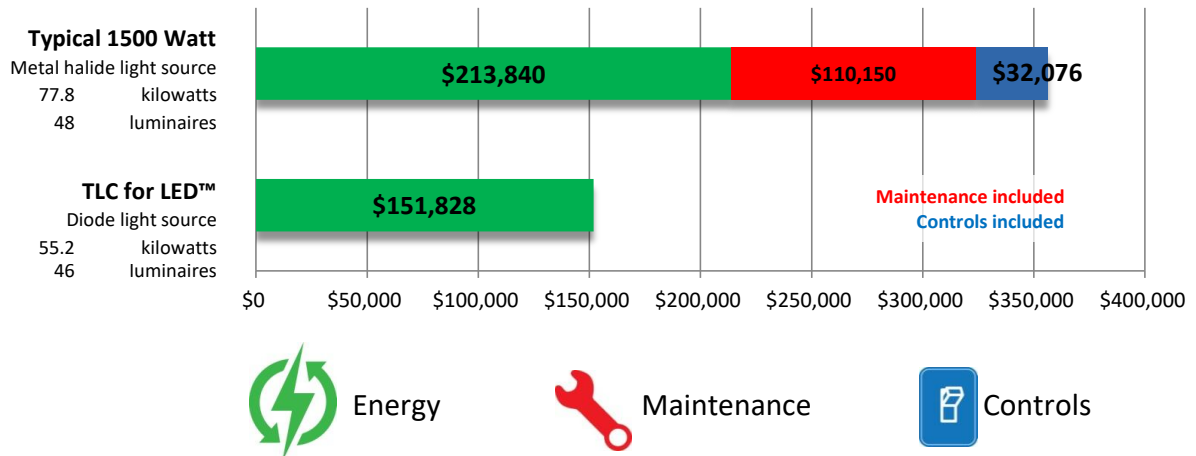
25-Year Cost of Ownership Comparison

Serauxmen Stadium

Baseball 500/300

Scott Pamminger

April 23, 2019



For your budget . . . for the environment

Field Lighting LED



25-Year Ownership
Savings

\$204,239



CO2 reduction

389 tons**

** Equivalent to taking **82**
cars off the road for one year

DATE OF MEETING JULY 17, 2019

AUTHORED BY MIKE STRAIN, SENIOR PROJECT MANAGER, ENGINEERING AND PUBLIC WORKS

SUBJECT **PARKADE TRAFFIC MEMBRANE PROJECT ADJUSTMENTS**

OVERVIEW

Purpose of Report:

To advise Council of a realignment of budget due to changes to the scope and sequence of the Harbourfront and Bastion Street Parkade Traffic Membrane Projects.

BACKGROUND

In the current Five Year Capital Plan, the Bastion Street Parkade was to have a traffic membrane installed on levels 1-6, and was planned to occur through years 2019 to 2021 (2 levels per year). Similarly, the Harbourfront Parkade was to have a traffic membrane installed on level 1, the traffic membrane replaced on level 2, and was planned to occur through years 2019 to 2022 (half a level per year).

DISCUSSION

In developing the design work for the Parkade Traffic Membrane Project for the Bastion Street and Harbourfront Parkades, the scope and sequence of the project was adjusted as follows:

- Delete membrane where concrete is on grade (level 1 at the Harbourfront Parkade and levels 1-2 at the Bastion Street Parkade).
- In 2019, complete membrane installations on levels 3-6 at the Bastion Street Parkade.
- In 2020, replace existing membrane on levels 7-8 at the Bastion Street Parkade.
- In 2021, replace the first half of the existing membrane on level 2 at the Harbourfront Parkade.
- In 2022, replace the second half of the existing membrane on level 2 at the Harbourfront Parkade.

CONCLUSION

The 2019-2023 Financial Plan has been revised to reflect the updated scope and sequence of work for 2019. No additional funds are required; however, a budget transfer of \$495,600 has been completed for the current year from the Harbourfront project to the Bastion Street project. Subsequent years will be adjusted to reflect the revised sequence and scope through the financial planning process for the 2020-2024 Financial Plan.

The Parkade Traffic Membrane Project is currently out for tender, with construction planned to occur from September through October, 2019.]

SUMMARY POINTS

- Budget sequence and allocation has been adjusted between the Bastion Street and Harbourfront Parkade Traffic Membrane Projects to reflect revised sequence and scope.
- The overall project's costs do not change.
- A budget transfer has been completed between existing line items in the 2019 Financial Plan.
- Budget in subsequent years will be adjusted through the financial planning process.

Submitted by:

Mike Strain
Senior Project Manager,
Engineering & Public Works |

Concurrence by:

Art Groot
Director,
Facilities & Parks Operations

Laura Mercer
Director,
Financial Services |

DATE OF MEETING July 17, 2019

AUTHORED BY PHIL STEWART, MANAGER, ENGINEERING PROJECTS

SUBJECT **BROOKWOOD PUMP STATION RETROFIT PROJECT**

OVERVIEW

Purpose of Report

To obtain Council's approval to add the Brookwood Pump Station Retrofit Project to the 2019 – 2023 Financial Plan.

Recommendation

That the Finance and Audit Committee recommend that Council approve the addition of \$250,000 to the 2019 year of the 2019-2023 Financial Plan for the Brookwood Pump Station Retrofit Project to be funded by Sewer Reserves.

BACKGROUND

The Brookwood Pump Station was constructed in 1980 and is located at the end of Brookwood Drive. An area of approximately 42 hectares comprised of primarily single family and multi-family residential lots is serviced by this pump station.

In September of 2018, during routine maintenance of the Brookwood Pump Station, significant corrosion of the internal piping was noticed by City Staff. A condition assessment was undertaken and the consultant concluded "*the mechanical and structural corrosion is significant and failure could occur at any time*".

The design of the retrofit has been fast tracked and is underway; construction can commence as early as fall 2019.

OPTIONS

- Option 1 – That the Finance and Audit Committee recommend that Council approve the addition of \$250,000 to the 2019 year of the 2019-2023 Financial Plan for the Brookwood Pump Station Retrofit Project to be funded by Sewer Reserves.
 - Immediate repairs will ensure that the pump station remains operational. The change to the budget will be included in a future Budget Bylaw Amendment for the 2019 – 2023 Financial Plan.
- Option 2 – That the Finance and Audit Committee direct Staff to budget for the Brookwood Pump Station Retrofit Project in a future year.

- Budgeting for the project in a future year will not impact the current budget; however, the inspection report for the pump station recommended that immediate repairs are required. Delaying the repairs to a future year will increase the risk of the pump station failing and sewer service being interrupted.

SUMMARY POINTS

- The Brookwood Pump Station requires a retrofit to address significant condition issues.
- The cost of the repairs is estimated at \$250,000 and can be funded from Sewer Reserves.

Submitted by:

Phil Stewart
Manager, Engineering Projects

Concurrence by:

Poul Rosen
Director, Engineering

Laura Mercer
Director, Financial Services

DATE OF MEETING JULY 17, 2019

AUTHORED BY PHIL STEWART, MANAGER, ENGINEERING PROJECTS

SUBJECT **JINGLE POT ROAD AND WESTWOOD ROAD INTERSECTION
UPGRADE PROJECT**

OVERVIEW

Purpose of Report:

To advise Council of a budget increase to the Jingle Pot Road and Westwood Road Intersection Upgrade Project based on a funding commitment from the Insurance Corporation of British Columbia.

BACKGROUND

The Jingle Pot Road and Westwood Road Intersection Upgrade Project is included in the 2019 Financial Plan with a budget of \$1,439,819. This project will improve the intersection of Jingle Pot Road and Westwood Road, including signals and active transportation upgrades.

DISCUSSION

Following the completion of an Insurance Corporation of British Columbia (ICBC) prepared Road Safety Audit, changes to the design of the intersection were made based on its recommendations. These changes were made after the project budget was set and resulted in increased costs. The construction of the project is now underway and the project is expected to exceed the budget by approximately \$135,000.

ICBC informed the City that they have committed \$138,800 for the project based on the anticipated safety benefits of the new signals, sidewalk infill, “smart channel” right turn lane and pedestrian countdown displays. The contribution of \$138,800 by ICBC will be added to the project budget and cover the anticipated cost increase.

CONCLUSION

The change to the project budget will be included in a future Budget Bylaw Amendment for the 2019 – 2023 Financial Plan.

SUMMARY POINTS

- Added Safety benefits, such as smart right turn channels are anticipated to reduce risk of pedestrian injury and side-swipe collisions for right-turning vehicles.
- ICBC committed \$138,800 based on the anticipated safety benefits of the project.
- This grant will offset the expected cost increase to the project.

Submitted by:

Phil Stewart
Manager, Engineering Projects

Concurrence by:

Poul Rosen
Director, Engineering

Laura Mercer
Director, Financial Services



Staff Report for Decision

File Number: 5220.01.C2257
5220.01.547

DATE OF MEETING JULY 17, 2019

AUTHORED BY PHIL STEWART, MANAGER, ENGINEERING PROJECTS
JAMIE ROSE, MANAGER, TRANSPORTATION

SUBJECT HALIBURTON STREET MULTI-USE TRAILWAY PROJECT

OVERVIEW

Purpose of Report

To obtain Council's approval to transfer funds from the Pedestrian Transportation Improvements Unallocated Fund and from the Water Infrastructure Projects Contingency Fund to the Haliburton Street Multi-use Trailway Project.

Recommendation

That the Finance and Audit Committee recommend that Council approve the transfer of \$300,000 from the Pedestrian Transportation Improvements Unallocated Fund and \$157,000 from Water Infrastructure Projects Contingency Fund to fund the Haliburton Street Multi-use Trailway Project.

BACKGROUND

The Haliburton Street Multi-use Trailway Project includes replacement of 935m of aging watermain on Haliburton Street and the construction of a 900 m long multi-use trail on Haliburton Street between Chase River Road and Highview Terrace.

Part of the project is being completed in partnership with the Regional District of Nanaimo (RDN) and the scope of work for this portion of the project includes:

- Replacement of 935m of watermain on Haliburton Street.
- Replacement of the existing sidewalk with a multi-use trail between Chase River Road and 997 Haliburton Road (approximately 600m of the 900m long multi-use trail).
- Replacement of the RDN's sewer forcemain on Haliburton Street.

On June 25, 2019, award of the construction contract was approved by the RDN Board.

DISCUSSION

The existing active transportation facilities on Haliburton Street are limited, and feedback from the public indicate that cyclists find it uncomfortable to share the road with industrial truck traffic between Coastland Mill and the Island Highway. To improve safety and comfort, a multi-use trail has been designed for Haliburton Street between Highview Terrace and Chase River Road.

Phase 1 of the multi-use trail is 600m long and coincides with the scope of the watermain and sewer replacements.

Phase 2 continues the multi-use trail for another 300m to Highview Terrace (the entrance to Coastland Mill). Phase 2 is proposed to be constructed after the partnership project with the RDN is complete.

The 2019 Financial Plan included a budget of \$1,357,000 for the Haliburton Street Project. Based on the recent tender pricing, the cost for the City to complete the watermain upgrades and Phase 1 of the multi-use trail is expected to be \$1,592,000 (including design, construction services, construction and contingency). Of the \$235,000 shortfall, \$157,000 is related to the water upgrades and can be funded from Water Infrastructure Projects Contingency Fund. The remaining \$78,000 is related to the Phase 1 of the multi-use trail. Phase 2 of the multi-use trail is estimated to cost \$222,000.

Council includes an annual unallocated budget of \$300,000 for pedestrian enhancements. These funds were envisioned to be used for planning or capital upgrades to enhance pedestrian safety and mobility.

For 2019, Staff recommend that the Pedestrian Transportation Improvements Unallocated Fund be spent completing the multi-use trail on Haliburton Street, \$78,000 to top up the budget for Phase 1 and \$222,000 to complete Phase 2.

OPTIONS

- Option 1 - That the Finance and Audit committee recommend that Council approve the transfer of \$300,000 from the Pedestrian Transportation Improvements Unallocated Fund and \$157,000 from Water Infrastructure Projects Contingency Fund to the Haliburton Street Multi-use Trailway Project.
 - This option will allow the partnership between the RDN and the City to proceed with adequate funding. This option will also allow both Phase 1 and Phase 2 of the multi-use trail to proceed.
- Option 2 - That the Finance and Audit Committee recommend that Council approve the transfer of \$78,000 from the Pedestrian Transportation Improvements Unallocated Fund and \$157,000 from Water Infrastructure Projects Contingency Fund to the Haliburton Street Project.
 - This option will allow the partnership between the RDN and the City to proceed with adequate funding. This option will only allow Phase 1 of the multi-use trail on Haliburton Street to be constructed and will require Phase 2 to be funded in a future year. This option will leave \$222,000 in the Pedestrian Transportation Improvements Unallocated Fund for 2019 for other priorities.
- Option 3 - That Council provide alternative direction.



SUMMARY POINTS

- The RDN and City are partnering on infrastructure upgrades on Haliburton Street which includes watermain replacement and Phase 1 of the Haliburton Street multi-use trail.
- The cost of the City's portion of the partnership project exceeds the project budget by approximately \$235,000.
- Phase 2 of the multi-use trail will complete the trail between Chase River Road and Highview Terrace and is expected to cost an additional \$222,000.

ATTACHMENTS:

Attachment A – Project Scope

Attachment B – Road and Trail Cross Section |

Submitted by:

Phil Stewart
Manager, Engineering Projects

Jamie Rose
Manager, Transportation |

Concurrence by:

Poul Rosen
Director, Engineering

Laura Mercer
Director, Financial Services |

ATTACHMENT A: PROJECT SCOPE



Highview Terrace

Coastland Mill

Multiuse Trail
Phase 2

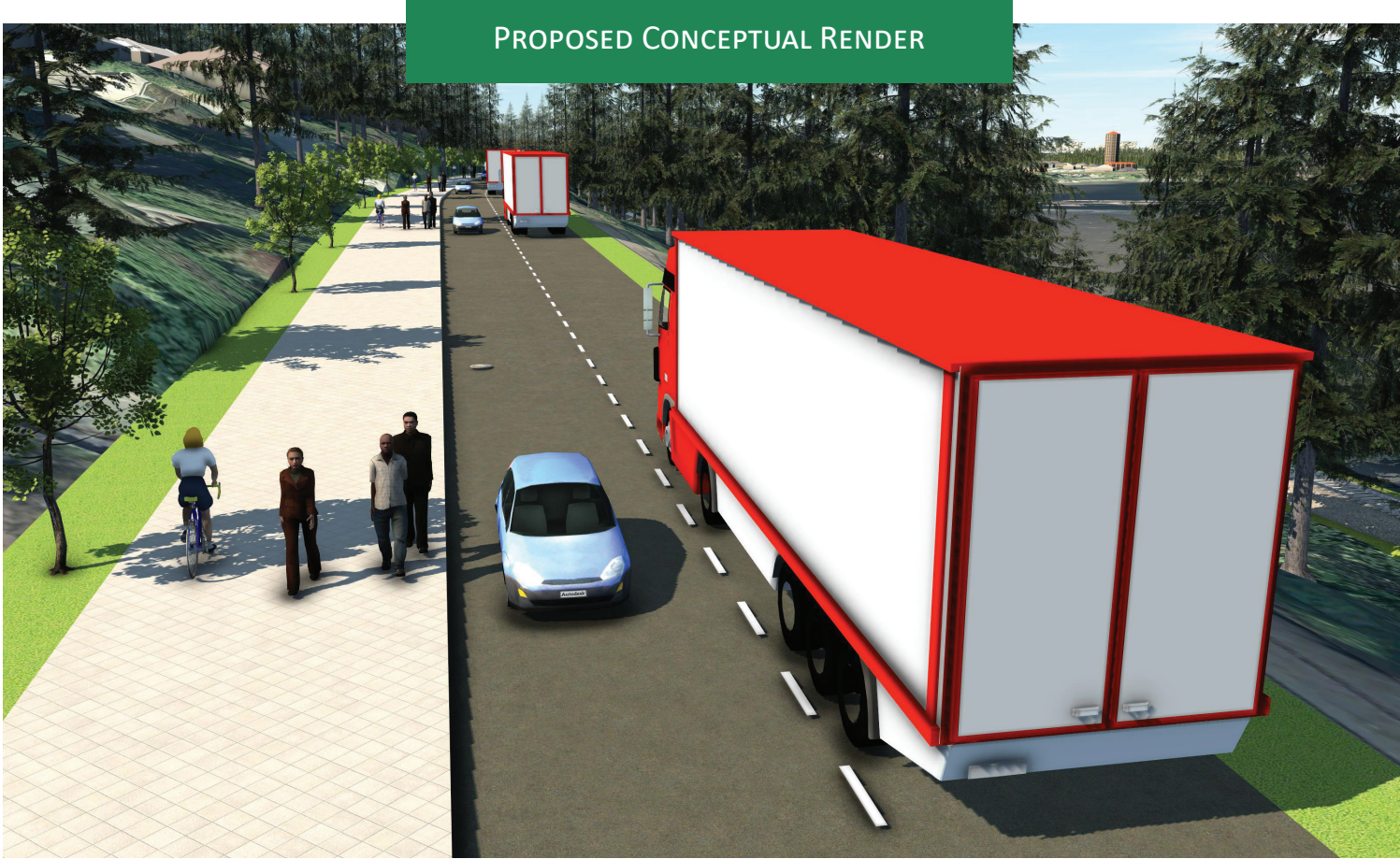
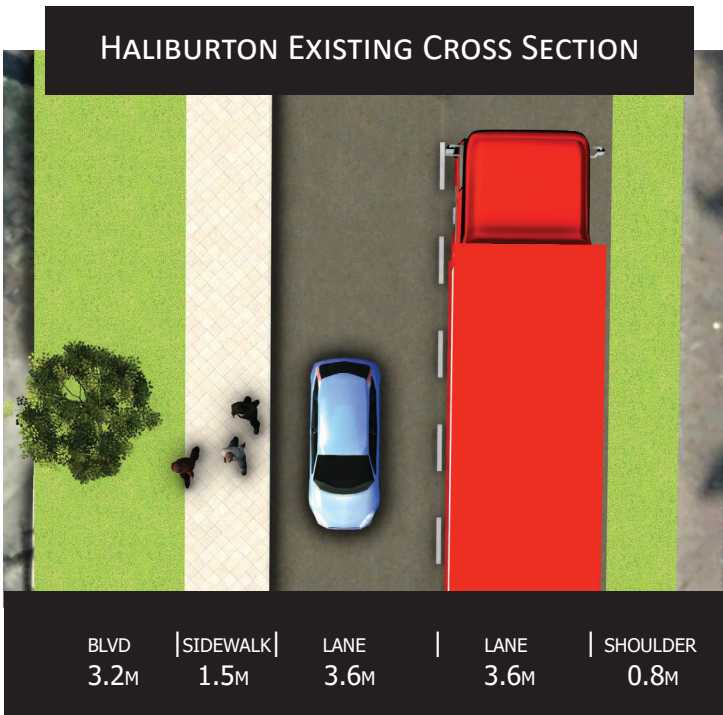
Haliburton Street

Multiuse Trail
Phase 1

Island Highway

RDN/ CON Partnership
project extents

APPENDIX B



DATE OF MEETING July 17, 2019

AUTHORED BY JANE RUSHTON, MANAGER, PURCHASING AND STORES
JASON EVANS, MANAGER, FLEET OPERATIONS

SUBJECT **GROUP PURCHASING FOR THE CITY OF NANAIMO**

OVERVIEW

Purpose of Report:

This report provides information regarding a new process being used to streamline purchasing and take advantage of group buying efficiency.

BACKGROUND

The City continually looks for innovative ways to meet the purchasing needs of each department while ensuring compliance with the City's Procurement Policy and related Trade Agreements.

Group purchasing entities are public agencies that use the buying power of their membership to competitively publish, evaluate and award contracts and leverage their combined purchasing power through cooperative efforts. Group purchasing centralizes purchases, reduces duplication and creates economies of scale. The City has previously used group purchasing formats including:

1. **Regional Purchasing Co-Operatives** – joining with entities such as the School District 68, Vancouver Island Regional Library and the Nanaimo Regional District to jointly publish combined requirements.
2. **Provincial Vendor-of-Record Arrangements** – where the Province coordinates the competitive market opportunity and makes the results available, through the BC Goods and Services Catalogue, to the Broader Public Sector.

DISCUSSION

Most recently the City joined the Sourcwell buying group formerly known as the National Joint Power Alliance (NJPA). Sourcwell is a service cooperative created to provide programs and services to members in the government, education, and non-profit sectors. Its statutory purpose is to assist members in meeting specific needs which are more efficiently delivered cooperatively than by an individual entity.

Sourcewell Process

Similar to the City's own procurement, Sourcewell uses a rigorous Request For Proposal (RFP) process. The process is continuously being refined to meet the changing needs of their members. The result is a national, competitively solicited procurement and contract process that is not only valued by members but meets or exceeds their requirements—offering exceptional products and services from nationally acclaimed vendors. RFPs are publicly advertised and evaluation results are clear and transparent.

Sourcewell Benefits

Being a member of Sourcewell leverages the buyer of a broader geographic scope which includes thousands of government, education and not-for-profit agencies, First Nation governments and other public agencies in Canada and the United States.

Sourcewell is a newer approach to purchasing, in that rather than working directly with the local resellers as the intermediary, the contract relationship is formed with the manufacturer. Manufacturer pricing is typically far more favourable than pricing through local suppliers. Local suppliers are still involved in the process and act as the delivery agents for the manufacturer.

There is no direct cost to the City to utilize Sourcewell. Sourcewell is funded by the administrative fees built into the manufacturer price. These administrative fees range from 0.25% to 2.2% and average 1.1% per transaction.

The City's Approach

The City will continue to ensure best value is being achieved. Once the quote has been received from the manufacturer with Sourcewell pricing, the City will post a public Notice of Intent for any supplier to review and challenge the purchase. A challenge will be accepted if a product of equal or greater specifications can be delivered for less than or equal to the quoted price. An accepted challenge will result in the City conducting an open competitive market solicitation.

Value for the City

The administrative burden to process the purchase is greatly reduced through the Sourcewell process by having the front end work completed prior to the contemplated purchase. Purchasing staff time alone is reduced from an average of thirty-eight hours to complete an open market solicitation to approximately thirteen hours where a Notice of Intent is used. There is an expectation that Departmental staff time will be reduced as well.

Next Steps

The City plans to trial Sourcewell through two upcoming purchases:

1. In 2019 – One Backhoe
2. In 2020 – One CCTV Inspection Van

CONCLUSION

Sourcewell will be added to the Purchasing group's purchasing toolkit as a means to purchase select equipment or supplies.]

SUMMARY POINTS

- The City has benefited from group purchasing methods in the past.
- New membership with Sourcewell will broaden the group purchasing tools available to support departmental purchases with reduced administrative burden.

- This innovative method is expected to streamline purchases and result in better value for the City.

Submitted by:

Jane Rushton
Manager, Purchasing and Stores

Jason Evans
Manager, Fleet Operations

Concurrence by:

Laura Mercer
Director of Finance

Bill Sims
Director of Engineering & Public Works

DATE OF MEETING JULY 17, 2019

AUTHORED BY LAURA MERCER, DIRECTOR, FINANCIAL SERVICES

SUBJECT 2020 – 2024 FINANCIAL PLAN WORKSHOP

OVERVIEW

Purpose of Report:

To present the Finance and Audit Committee with information regarding 2020 – 2024 Financial Plan and to seek direction on their priorities and expectations.

BACKGROUND

At the 2019-JUN-26 Finance and Audit Committee, Finance Staff presented the Committee with an overview of the starting point for the 2020 – 2024 Financial Plan and sought direction from Council as to their priorities and expectations.

The information presented assumed a status quo operations budget with no service level increases for 2020 beyond the 3 additional RCMP members and the additional refuse collector that were approved as part of the 2019 – 2023 Financial Plan.

The current approved Financial Plan projects a property tax increase of 3.6% for 2020.

	2019	2020	2021	2022	2023
General Asset Management Reserve	1.0%	1.0%	1.0%	1.0%	0.0%
General Property Tax Increase	4.0%	2.6%	1.9%	1.8%	1.4%
2019 - 2023 Financial Plan	5.0%	3.6%	2.9%	2.8%	1.4%

This number will change as departments develop their operating budgets to support their updated business plans. The rate also does not reflect any impact of the recently approved reorganization.

The 2019 – 2023 Financial Plan assumes the following projected user fee increases for future years:

	2019	2020	2021	2022	2023
Sanitary Sewer User Fee Increase	4.0%	4.0%	4.0%	4.0%	0.0%
Water User Fee Increase	7.5%	7.5%	5.0%	5.0%	5.0%
	2019	2020	2021	2022	2023
Sanitation User Fees	\$ 170	\$ 171	\$ 171	\$ 176	\$ 180

DISCUSSION

At the 2019-JUN-26 meeting, the Committee requested that another meeting be scheduled to review the priorities and expectations for the 2020 – 2024 Financial Plan. The Committee indicated they didn't have enough information to give Staff direction on priorities and expectations they would like reflected in the plan.

The 2019 – 2023 Project Plan Report is attached to this report for the reference (Attachment A). The project plan report reflects the projects approved by Council in May 2019 for the next five (5) years and is the starting point for the 2020 -2024 Project Plan.

Department managers and directors have been working with Finance to revise the 10-year project plan with costing, scope and timing changes as well as additions to the plan. Over the next few weeks, Finance will work on a funding strategy to fund the proposed draft 2020 – 2028 project plan. The 2020 – 2024 Financial Plan will include projects identified in the first 5 years of the 10-year project plan. |

CONCLUSION

Based on the information presented to the Committee, Staff is looking for the following direction:

- Input on additional operational changes
- Any additional projects or programs
- Any changes to existing programs

Finance Staff will incorporate this feedback into the 2020 – 2024 Financial Plan and present the Draft 2020 – 2024 Financial Plan to Council later in the Fall. |

SUMMARY POINTS

- At the 2019-JUN-26 Financial and Audit Committee meeting, Staff presented an overview of the starting point of the 2020 – 2024 Financial Plan and sought direction on priorities and expectations.
- The Committee requested that another meeting be scheduled to review the priorities and expectations for the 2020 – 2024 Financial Plan.
- Based on the information presented to Council, Staff is looking for direction from the Committee on their priorities and expectations.

ATTACHMENTS

Attachment A: 2019 – 2023 Project Plan Report

Attachment B: 2019 – 2022 Strategic Plan – Key Priorities Action Items

Attachment C: PowerPoint Presentation: 2020 – 2024 Financial Plan Development |

Submitted by:

]

Laura Mercer
Director, Financial Services |

ATTACHMENT A

2019- 2023 Project Plan - Operating and Capital Funds Summary by Plan

	2019	2020	2021	2022	2023	Total
Supporting Document						
Council's Strategic Plan Update 2016-2019:						
Projects:						
Georgia Avenue Greenway	996,264	-	-	-	-	996,264
Port Drive/South Downtown Waterfront	1,824,854	1,000,000	-	6,000,000	-	8,824,854
Property Acquisition	1,796,531	600,000	600,000	600,000	600,000	4,196,531
Waterfront Walkway Development	9,116,660	4,600,000	8,300,000	8,500,000	3,675,000	34,191,660
Initiatives:						
Poverty Reduction/Affordable Housing	452,129	265,000	265,000	265,000	165,000	1,412,129
Total	14,186,438	6,465,000	9,165,000	15,365,000	4,440,000	49,621,438
Strategic/Organization Plans/Studies:						
Council Directives	467,311	349,000	349,000	349,000	349,000	1,863,311
Council Strategic Plan	40,000	-	-	-	-	40,000
Colliery Dam Park Improvements Process and Action Plan	68,821	-	-	-	-	68,821
Core Review	142,425	75,000	-	-	-	217,425
Culture Plan for a Creative Nanaimo 2014-2020	100,000	100,000	100,000	100,000	100,000	500,000
GIS Technology Plan	78,282	45,000	45,000	45,000	45,000	258,282
Heritage Conservation Program	1,500	-	-	-	-	1,500
Official Community Plan (OCP)	508,543	165,000	165,000	165,000	165,000	1,168,543
Parks, Recreation & Culture Master Plan (2005)	51,750	-	-	-	-	51,750
Sustainability Projects	323,267	-	-	-	-	323,267
Water Conservation Strategies (2014)	85,000	85,000	30,000	30,000	30,000	260,000
Total	1,866,899	819,000	689,000	689,000	689,000	4,752,899
Asset Management Plans:						
Asset Renewal Plan (ARP)	46,188,091	29,456,047	31,774,990	28,987,992	23,301,268	159,708,388
Beaufort Utility Upgrades Storm Drainage Study	28,443	350,000	-	-	-	378,443
Beban Park Master Plan Update (2015)	-	-	134,500	16,000	47,500	198,000
Boxwood Connector Rd - Sanitary Sewer Servicing Study (2012)	-	69,000	-	685,000	-	754,000
Boxwood Rd Connector WM Review (2012)	-	37,000	-	370,000	-	407,000
Business Cases	1,626,496	1,630,000	698,188	478,863	-	4,433,547
Chase River Sanitary Sewer Master Plan (2014)	189,079	-	660,000	-	-	849,079
City Wide Sanitary Sewer Study (2014)	32,000	25,000	314,500	326,000	-	697,500
City Wide Water Dist DCC Review (2016)	131,500	-	-	-	-	131,500
College Heights Water Study (2006)	438,000	-	-	-	-	438,000
Dam Safety Regulations	130,509	66,650	268,200	392,250	235,300	1,092,909
DCC Bylaw	19,018,326	10,244,300	14,238,800	13,558,000	13,217,600	70,277,026
Departure Bay and Neyland PRV Study	160,000	-	-	-	-	160,000
Formal Annual Dam Inspection (2016)	112,500	-	-	-	-	112,500
Formal Annual Dam Review Report	1,066,431	100,000	2,100,000	100,000	-	3,366,431
Harewood Centennial Park Improvement Plan	778,675	39,250	164,565	-	-	982,490
Subtotal	69,900,050	42,017,247	50,353,743	44,914,105	36,801,668	243,986,813
Subtotal - Projects From Plans	85,953,387	49,301,247	60,207,743	60,968,105	41,930,668	298,361,150

Note: A project may support more than one plan, classification is based on major plan supported.

2019- 2023 Project Plan - Operating and Capital Funds
Summary by Plan Continued

	2019	2020	2021	2022	2023	Total
Supporting Document						
Asset Management Plans Continued:						
Maffeo Sutton Park Master Plan Update	492,828	-	75,000	110,000	-	677,828
Millstone Sewer Trunk and Laterals Master Plan (2012)	59,173	622,000	-	221,000	-	902,173
Myra Review (2016)	44,632	-	-	-	-	44,632
Parks & Recreation Security Review (2016)	46,408	-	-	-	-	46,408
Seventh St & Murray St Sewer Relief Modeling Analysis (2015)	296,625	-	-	-	-	296,625
Trail Implementation Plan	-	-	73,300	200,000	200,000	473,300
Transportation Master Plan	2,334,419	3,035,810	5,399,120	626,400	2,610,400	14,006,149
Water Audit Study (2013)	352,238	300,000	300,000	315,000	300,000	1,567,238
Water Supply Strategic Plan (2007)	3,281,086	75,000	-	500,000	-	3,856,086
Total	6,907,409	4,032,810	5,847,420	1,972,400	3,110,400	21,870,439
Total - Projects From Plans	92,860,796	53,334,057	66,055,163	62,940,505	45,041,068	320,231,589
Total - Other Projects	2,908,678	1,382,589	628,188	305,000	217,400	5,441,855
Total - All Projects	95,769,474	54,716,646	66,683,351	63,245,505	45,258,468	325,673,444

Note: A project may support more than one plan, classification is based on major plan supported.

2019- 2023 Project Plan - Operating and Capital Funds
Summary by Major Category and Funding

	2019	2020	2021	2022	2023	Total
PROJECTS						
Strategic	4,291,482	1,505,700	1,459,700	1,314,000	1,246,400	9,817,282
Equipment & Vehicle Program	5,209,604	4,175,591	1,987,845	2,964,465	2,409,167	16,746,672
Facilities Infrastructure & Amenities Program	8,418,416	6,529,087	9,665,691	5,340,507	2,020,787	31,974,488
Information Technology Infrastructure Program	860,238	438,700	1,040,100	1,848,197	2,216,414	6,403,649
Parking Infrastructure Program	1,637,042	937,500	1,003,613	1,477,925	1,300,000	6,356,080
Parks Infrastructure Program	12,783,136	5,674,546	9,346,676	9,457,000	4,505,050	41,766,408
Sanitary Sewer Infrastructure Program	12,761,943	8,444,852	6,792,346	8,002,961	4,662,500	40,664,602
Drainage Infrastructure Program	5,569,314	4,116,660	4,426,000	3,302,000	2,795,500	20,209,474
Transportation Infrastructure Program	19,044,666	10,222,310	15,693,620	19,643,100	14,195,700	78,799,396
Water Infrastructure Program	25,193,633	12,671,700	15,267,760	9,895,350	9,906,950	72,935,393
Total Projects	95,769,474	54,716,646	66,683,351	63,245,505	45,258,468	325,673,444
PROJECT TYPE						
Capital Project	83,277,883	47,284,482	60,614,009	57,199,545	39,606,033	287,981,952
Operating Project	12,491,591	7,432,164	6,069,342	6,045,960	5,652,435	37,691,492
	95,769,474	54,716,646	66,683,351	63,245,505	45,258,468	325,673,444
FUNDING SOURCES						
Drainage DCCs	1,130,532	141,100	1,121,000	1,620,220	-	4,012,852
Parks DCCs	30,429	25,000	25,000	25,000	25,000	130,429
Roads DCCs	3,820,025	321,800	4,753,180	3,270,980	5,468,000	17,633,985
Sewer DCCs	1,948,707	1,071,376	647,040	772,380	109,800	4,549,303
Water DCCs	1,499,292	1,915,553	2,728,962	579,730	1,025,597	7,749,134
Development Cost Charges (DCC) Reserves	8,428,985	3,474,829	9,275,182	6,268,310	6,628,397	34,075,703
Community Works Reserve	6,625,019	4,579,721	3,064,565	4,250,000	645,000	19,164,305
Equipment Depreciation Reserve	2,741,660	3,485,220	1,179,000	1,652,000	1,810,177	10,868,057
Facility Development Reserve	1,547,687	1,618,341	1,778,038	266,405	454,000	5,664,471
Knowles Estate Reserve	38,000	-	-	-	-	38,000
General Fund Asset Mgmt Reserve	14,055,068	5,991,885	7,312,920	10,951,597	7,653,096	45,964,566
Sewer Fund Asset Mgmt Reserve	3,414,972	2,935,224	721,360	3,102,931	450,890	10,625,377
Water Fund Asset Mgmt Reserve	4,800,123	3,499,147	2,480,838	1,781,270	4,398,803	16,960,181
General Reserves	8,106,701	1,758,350	2,304,313	2,252,325	2,530,900	16,952,589
Sewer Reserves	4,416,680	2,707,752	4,538,046	2,132,850	1,340,250	15,135,578
Water Reserves	19,663,474	7,637,000	10,182,400	7,611,250	4,588,550	49,682,674
Operating and Statutory Reserves	65,409,384	34,212,640	33,561,480	34,000,628	23,871,666	191,055,798
Government Grants	748,628	150,000	50,000	-	-	948,628
Grants/Private Contributions	583,335	588,000	-	-	9,000	1,180,335
Grants/Private Contributions	1,331,963	738,000	50,000	-	9,000	2,128,963
General Revenue and User Fees	7,131,304	7,529,677	7,888,089	8,269,135	8,294,845	39,113,050
PILT's	1,306,009	671,000	-	-	-	1,977,009
Internal Borrowing	3,143,584	1,740,500	908,600	2,008,300	2,779,560	10,580,544
Borrowing	9,018,245	6,350,000	15,000,000	12,699,132	3,675,000	46,742,377
Total Funding	95,769,474	54,716,646	66,683,351	63,245,505	45,258,468	325,673,444

2019- 2023 Project Plan - Operating and Capital Funds

2019 Operating and Capital Projects

PROJECTS	AMOUNT	PROJECT HIGHLIGHTS
Strategic	4,291,482	Projects and programs that address specific initiatives, issues or goals.
Equipment & Vehicle Program	5,209,604	<p>The City utilizes a wide range of vehicles and equipment to deliver services. The majority of planned purchases in 2019 are for the renewal of existing assets.</p> <p>Major 2019 purchases include:</p> <ul style="list-style-type: none"> - Fire Pumper Ladder Apparatus - Automated Garage Trucks - Backhoe
Facilities Infrastructure & Amenities Program	8,418,416	<p>The City currently owns and operates over 100 facilities which support delivery of a wide range of services.</p> <p>Major projects in 2019 include:</p> <ul style="list-style-type: none"> - Facilities Condition Assessment Program - Beban Complex metal cladding renewal phase 1 - Continuation of multi-year project to replace Fire Station #1 - 25 Victoria Rd replace stucco with a rain screen wall system, north and west faces - Replacement of tube chiller unit at Frank Crane Arena with more efficiency and safer plate plate and frame chiller including low charge option
Information Technology Infrastructure Program	860,238	<p>The City's technology equipment, maintains systems access for network and business applications.</p> <p>Major projects in 2019 include:</p> <ul style="list-style-type: none"> - Next phase of implementation of Content Management System (CMS) - Enhancements to business applications to improved efficiencies
Parking Infrastructure Program	1,637,042	<p>The City currently owns and operates three multi-level parkades and five parking lots. Major projects in 2019 include:</p> <ul style="list-style-type: none"> - Bastion Street Parkade renewal of traffic membranes, levels 1 & 2 - Harbourfront Parkade renewal of traffic membranes, half of level 1
Parks Infrastructure Program	12,783,136	<p>Parks infrastructure includes destination parks, neighborhood parks, spray parks, sports field, playgrounds, tennis/sport course and trails.</p> <p>Major projects in 2019 include:</p> <ul style="list-style-type: none"> - Serauxmen stadium installation of field lighting, two year project - Maffeo Sutton Playground Renewal - Phase 1 of Harewood Centennial Youth Park - Renewal work on Parkway Trail - Installation of new ramp/parking upgrades at Brannen Lake Boat Ramp
Sanitary Sewer Infrastructure Program	12,761,943	<p>The sanitary sewer infrastructure program includes renewal projects for infrastructure at end of life and new/upgrade projects to address current and future capacity issues.</p> <p>Major projects in 2019 include:</p> <ul style="list-style-type: none"> - Condition Assessment Program - Lambert Ave Utility Upgrade: Replacement of sanitary sewer main on Lambert Ave from Fifth to Sixth - Upland Area Utilities: Replacement of sanitary sewer main on Aaby from 3286 Aaby to Departure Bay - DCC SS46 Project: Upsizing of sanitary sewer main from Esmt 40 Maki Road to Chase River Pump Station

2019- 2023 Project Plan - Operating and Capital Funds

2019 Operating and Capital Projects Continued

PROJECTS	AMOUNT	PROJECT HIGHLIGHTS
Drainage Infrastructure Program	5,569,314	<p>The drainage infrastructure program includes renewal projects for infrastructure at end of life and new/upgrade projects to address current and future capacity issues.</p> <p>Major projects in 2019 include:</p> <ul style="list-style-type: none"> - Condition Assessment Program - DCC SD60: Phase 1 of installation on new storm detention pond to service Boxwood Connector - Lambert Ave Utility Upgrade: Replacement of drainage main on Lambert Ave from Fifth to Sixth
Transportation Infrastructure Program	19,044,666	<p>The City's Transportation Master Plan (2014) provides direction on expansion/upgrades to the City's transportation infrastructure. Transportation infrastructure includes over 1,100 km of roadways, 400 km of sidewalks, 15 bridge structures, over 3,500 street lights and 85 traffic signals.</p> <p>Major projects in 2019 include:</p> <ul style="list-style-type: none"> - Cycling amenities including Downtown, Fourth and Albert, Harewood Bikeway Phase 5 - DCC R98: Installation of traffic signal at Jingle Pot @ Westwood Lake Rd - Boxwood Connector & Utility Project: Continuation of detailed design and site preparation for Bowen to Northfield section of connector, construction budgeted for 2022 - Road rehabilitation including Pheasant Terrace: Rosstown to Labieux, Jingle Pot: Ashlee to Harwell, Howard: Second to Third, Calder: Jingle Pot to Elena, Westwood: Rockwood to Cather View - Phase 2 of LED street light conversion, supported by business case
Water Infrastructure Program	25,193,633	<p>The water infrastructure program includes renewal projects for infrastructure at end of life and new/upgrade projects to increase capacity and provide redundancy within the system. The long-term water supply plan models future demand due to growth, and provides guidance for capital investment needed to maintain an adequate water supply for the City.</p> <p>Major projects in 2019 include:</p> <ul style="list-style-type: none"> - Condition Assessment Program - Black Diamond Dr WM JP-JP: Replacement of water distribution main from Parkway to Third - Haliburton St Area WM & PED/CYC Project: Replacement of water distribution main on Haliburton from 995 Haliburton to Island Highway - Continuation of upgrades to Towers Pump Station - Construction of two Bulk Water Filling Stations, supported by business case
Total	95,769,474	

2019- 2023 Project Plan - Operating and Capital Funds
Strategic Projects

	2019	2020	2021	2022	2023	Total
Project Costs:						
Strategic Plans:						
Council Strategic Plan	40,000	-	-	-	-	40,000
Economic Development Strategy	30,000	-	-	-	-	30,000
Strategic Review	70,000	-	-	-	-	70,000
Council Committees:						
Community Planning & Development	2,500	2,500	2,500	2,500	2,500	12,500
Community Vitality	2,500	2,500	2,500	2,500	2,500	12,500
Design Advisory Panel	2,500	2,500	2,500	2,500	2,500	12,500
Finance & Audit	18,500	18,500	18,500	18,500	18,500	92,500
Nanaimo Youth Advisory Council	3,000	3,000	3,000	3,000	3,000	15,000
Parks Recreation & Wellness	10,000	10,000	10,000	10,000	10,000	50,000
Public Safety	2,500	2,500	2,500	2,500	2,500	12,500
Public Works & Engineering	1,500	1,500	1,500	1,500	1,500	7,500
Water Supply Advisory	1,500	1,500	1,500	1,500	1,500	7,500
Audits:						
COR External Audit	-	11,700	-	-	11,700	23,400
Financial/Performance Audits	25,000	50,000	50,000	50,000	50,000	225,000
IT Tech: Network Security Audit	20,700	-	20,700	-	20,700	62,100
Culture & Heritage Initiatives:						
Archaeological Site Assessment	6,000	-	-	-	-	6,000
Coal Town Trail	3,007	-	-	-	-	3,007
Downtown Heritage Building Guidelines	1,500	-	-	-	-	1,500
Downtown Façade Grants	39,554	20,000	20,000	20,000	20,000	119,554
Public Art	50,000	50,000	50,000	50,000	50,000	250,000
Environmental Projects:						
Burn it Smart Woodstove Exchange Pgm	16,474	-	-	-	-	16,474
Buttertubs Marsh Hydrology Study	1,777	-	-	-	-	1,777
Climate Change Resiliency Strategy	108,253	-	-	-	-	108,253
Energy Step Code Education & Rebate Pgm	48,221	-	-	-	-	48,221
Geese Management	6,313	-	-	-	-	6,313
Invasive Plant Management Program	22,250	20,000	20,000	20,000	20,000	102,250
Jingle Pot Marsh Restoration	1,000	-	-	-	-	1,000
Seasonal Air Quality Assessment	5,000	-	-	-	-	5,000
Stream Sign Upgrading	3,800	-	-	-	-	3,800
Official Community Plan:						
Official Community Plan (OCP) Update	300,000	-	-	-	-	300,000
Planning Studies	-	75,000	75,000	75,000	75,000	300,000
Property Management Strategy:						
Property Acquisitions - General	1,796,531	600,000	600,000	600,000	600,000	4,196,531
Parks and Recreation Initiatives:						
Community Wellness	11,305	-	-	-	-	11,305
Parks and Recreation Master Plan Update	75,000	75,000	-	-	-	150,000
Subtotal	2,726,185	946,200	880,200	859,500	891,900	6,303,985

2019- 2023 Project Plan - Operating and Capital Funds
Strategic Projects Continued

	2019	2020	2021	2022	2023	Total
Project Costs:						
Social Planning Initiatives:						
Affordable Housing Strategy	2,500	-	-	-	-	2,500
Community Action Team Grant	108,000	-	-	-	-	108,000
Day-Time Drop In Centre	200,000	100,000	100,000	100,000	-	500,000
Housing Legacy Reserve	165,000	165,000	165,000	165,000	165,000	825,000
New Horizon Seniors Grant Pgm	122,671	-	-	-	-	122,671
PlanH Social Connectedness Grant	9,281	-	-	-	-	9,281
Shower Program	39,629	-	-	-	-	39,629
Social Wellness Strategy	45,000	-	-	-	-	45,000
Urban Clean Up	44,856	-	-	-	-	44,856
User Rate Reviews:						
Finance User Fee Review	7,425	-	-	-	-	7,425
Sewer User Fee Review	50,000	-	-	-	-	50,000
Water User Fee Review	44,765	-	-	-	-	44,765
Water Strategies:						
Appliance Rebate Program	15,000	15,000	-	-	-	30,000
Public Education of Water System	35,000	-	-	-	-	35,000
Toilet Rebate Program	40,000	40,000	-	-	-	80,000
Water Conservation Strategy	30,000	30,000	30,000	30,000	30,000	150,000
Water Supply Analysis	150,000	-	-	-	-	150,000
Other:						
Alternate Transportation Education & Marketing	33,566	25,000	25,000	25,000	25,000	133,566
City Orthophotos	65,159	75,000	150,000	25,000	25,000	340,159
Coal Mine Risk Assessment	13,037	-	-	-	-	13,037
Complete Street Guide: Terminal Ave	110,000	-	-	-	-	110,000
Cross Connection Control Grant	100,000	100,000	100,000	100,000	100,000	500,000
EOC Process	16,000	-	-	-	-	16,000
Immigrant Welcome Reception	4,500	4,500	4,500	4,500	4,500	22,500
Public Engagement	50,000	-	-	-	-	50,000
Public Works Days	23,900	-	-	-	-	23,900
Safer School Travel Program	8,510	-	-	-	-	8,510
Safety Initiatives	9,000	-	-	-	-	9,000
Single Use Check Out Bags	15,350	-	-	-	-	15,350
South Waterfront Master Plan	2,148	-	-	-	-	2,148
Sustainable Parking Grant	5,000	5,000	5,000	5,000	5,000	25,000
Subtotal	1,565,297	559,500	579,500	454,500	354,500	3,513,297
Grand Total	4,291,482	1,505,700	1,459,700	1,314,000	1,246,400	9,817,282

2019- 2023 Project Plan - Operating and Capital Funds
Equipment & Vehicle Program

	2019	2020	2021	2022	2023	Total
Project Costs:						
Renewal Projects and Programs:						
Fleet:						
City Fleet	1,138,378	1,458,000	1,104,000	992,000	590,677	5,283,055
Fire Fleet	1,584,782	1,916,000	-	590,000	1,023,000	5,113,782
Ice Resurfacer	-	-	-	-	185,000	185,000
Equipment:						
Furniture and Equipment	646,655	294,958	286,557	380,652	252,321	1,861,143
Gym Equipment	50,000	-	52,020	-	54,122	156,142
Maintenance Equipment	404,102	189,850	276,819	136,750	138,650	1,146,171
Misc - Fire Equipment	120,330	108,765	137,961	96,750	84,897	548,703
Misc - Fleet Shop Equipment	11,000	79,720	35,500	22,500	4,000	152,720
Misc - Survey Equipment	10,000	10,000	10,000	10,000	10,000	50,000
Park Amenities	16,500	16,500	16,500	16,500	16,500	82,500
SNIC Equipment	64,631	8,500	-	-	50,000	123,131
VICC Kitchen Equipment	-	83,800	24,300	260,450	-	368,550
Total	4,046,378	4,166,093	1,943,657	2,505,602	2,409,167	15,070,897
New/Upgrades:						
Fleet:						
Bylaw Vehicles	34,000	-	-	-	-	34,000
Parks Ops Vehicles	44,000	-	-	-	-	44,000
Sanitation Fleet	554,880	-	-	458,863	-	1,013,743
Equipment:						
Automated Carts	22,284	-	-	-	-	22,284
Furniture and Equipment	26,763	-	-	-	-	26,763
Misc - Fire Equipment	9,312	9,498	9,688	-	-	28,498
Park Amenities	36,750	-	-	-	-	36,750
Parking Equipment - On Street	157,225	-	34,500	-	-	191,725
Water Equipment	278,012	-	-	-	-	278,012
Total	1,163,226	9,498	44,188	458,863	-	1,675,775

2019- 2023 Project Plan - Operating and Capital Funds
Facilities Infrastructure & Amenities Program

	2019	2020	2021	2022	2023	Total
Project Costs:						
Renewal Projects and Programs:						
Condition Assessment/Pre-Design/Studies	496,500	470,000	370,000	320,000	320,000	1,976,500
Civic Properties:						
Community Services Building	17,732	-	39,960	-	-	57,692
Northfield School	27,400	-	-	-	-	27,400
Service and Resource Centre (SARC)	29,200	-	-	108,500	30,000	167,700
Bylaw Facilities:						
Animal Shelter	-	-	-	-	31,500	31,500
Cemetery Facilities:						
Bowen Cemetery Office	27,150	-	-	-	-	27,150
Culture & Heritage Facilities:						
150 Commercial Street	80,000	28,000	-	22,500	-	130,500
25 Victoria Rd	293,100	-	-	-	-	293,100
Port Theatre	180,601	310,700	-	5,500	801,360	1,298,161
The Bastion	-	-	23,000	-	-	23,000
Public Safety:						
Fire Headquarters	-	-	-	-	26,000	26,000
Fire Station #1	3,380,879	3,000,000	6,700,000	3,740,269	-	16,821,148
Fire Station #2	36,620	-	-	39,354	-	75,974
Fire Station #3	-	-	-	58,504	-	58,504
Police Operations Building	180,950	75,400	70,000	242,810	70,000	639,160
Parks and Recreation Facilities:						
Beban Complex	325,000	221,000	1,348,788	216,405	-	2,111,193
Beban House	-	26,550	-	-	-	26,550
Beban Pool	332,811	314,220	10,000	137,205	48,600	842,836
Beban Social Centre	98,943	212,556	173,705	108,000	156,177	749,381
Bowen Park Complex	13,650	55,000	21,000	7,650	36,900	134,200
Total	5,520,536	4,713,426	8,756,453	5,006,697	1,520,537	25,517,649
New/Upgrades:						
Civic Facilities:						
Cross Connection Program	64,680	79,320	-	-	-	144,000
Service and Resource Centre (SARC)	68,421	-	-	-	-	68,421
Culture & Heritage Facilities:						
Nanaimo District Museum	27,200	-	-	-	-	27,200
Public Safety:						
Fire Station #4	5,276	-	-	-	-	5,276
Parks and Recreation Facilities:						
Beban Complex	88,250	-	-	-	-	88,250
Beban Pool	6,985	-	-	-	-	6,985
Beban Social Centre	29,205	-	-	-	-	29,205
Bowen Park Complex	76,334	-	-	-	-	76,334
Total	366,351	79,320	-	-	-	445,671
Subtotal	5,886,887	4,792,746	8,756,453	5,006,697	1,520,537	25,963,320

2019- 2023 Project Plan - Operating and Capital Funds
Facilities Infrastructure & Amenities Program Continued

	2019	2020	2021	2022	2023	Total
Project Costs:						
Renewal Projects and Programs:						
Parks and Recreation Facilities Continued:						
Centennial	-	-	23,555	-	-	23,555
Cliff McNabb Arena	-	11,700	-	39,335	120,000	171,035
Frank Crane Arena	902,100	177,000	-	24,500	-	1,103,600
Kin Hut	-	36,600	-	-	-	36,600
Kin Pool	5,000	-	21,400	-	-	26,400
Kinsmen Park Washroom Beban Park	-	-	-	-	18,500	18,500
Kinsmen Park Washroom Departure Bay	-	-	-	-	19,800	19,800
Maffeo Sutton Park Washroom	-	-	-	70,000	-	70,000
Nanaimo Aquatic Centre	637,626	1,097,541	622,316	70,000	30,000	2,457,483
Nanaimo Ice Centre	42,950	15,000	60,777	-	219,150	337,877
Oliver Woods Community Centre	12,000	-	50,200	-	-	62,200
Public Works Yard:						
Public Works Yard	110,131	88,000	76,350	114,975	72,800	462,256
Water Facilities:						
Pump Stations	-	-	14,640	-	-	14,640
Water Treatment Plant	-	-	20,000	15,000	20,000	55,000
VICC	88,700	-	-	-	-	88,700
Total	1,798,507	1,425,841	889,238	333,810	500,250	4,947,646
New/Upgrades:						
Parks and Recreation Facilities Continued:						
Cliff McNabb Arena	67,300	-	-	-	-	67,300
Frank Crane Arena	42,300	-	-	-	-	42,300
Harewood Centennial Park - Multi Use Court	40,700	-	-	-	-	40,700
Nanaimo Aquatic Centre	275,124	-	-	-	-	275,124
Nanaimo Ice Centre	29,000	23,000	-	-	-	52,000
Oliver Woods Community Centre	96,801	-	-	-	-	96,801
Public Works Yard:						
Public Works Yard	4,418	-	-	-	-	4,418
Water Treatment Plant:						
Water Treatment Plant	177,379	287,500	20,000	-	-	484,879
Total	733,022	310,500	20,000	-	-	1,063,522
Grand Total	8,418,416	6,529,087	9,665,691	5,340,507	2,020,787	31,974,488

2019- 2023 Project Plan - Operating and Capital Funds
Information Technology Infrastructure Program

	2019	2020	2021	2022	2023	Total
Project Costs:						
Renewal Projects and Programs:						
Business Applications	140,378	-	-	-	-	140,378
Business Applications - ERP	-	-	-	1,220,197	1,867,414	3,087,611
Computing Infrastructure	120,017	94,350	183,600	458,000	299,000	1,154,967
Total	260,395	94,350	183,600	1,678,197	2,166,414	4,382,956
New/Upgrades:						
Business Applications	135,057	5,000	155,000	5,000	5,000	305,057
Business Applications - CMS	280,969	-	656,500	-	-	937,469
Business Applications - GIS	78,282	45,000	45,000	45,000	45,000	258,282
Computing Infrastructure	37,875	294,350	-	120,000	-	452,225
Total	532,183	344,350	856,500	170,000	50,000	1,953,033
Plans/Studies:						
Studies	67,660	-	-	-	-	67,660
Total	67,660	-	-	-	-	67,660
Grand Total	860,238	438,700	1,040,100	1,848,197	2,216,414	6,403,649

2019- 2023 Project Plan - Operating and Capital Funds
Parking Infrastructure Program

	2019	2020	2021	2022	2023	Total
Project Costs:						
Renewal Projects and Programs:						
Bastion St Parkade	802,184	410,400	428,225	360,000	-	2,000,809
Harbourfront Parkade	686,843	484,800	471,600	1,097,925	-	2,741,168
Port of Nanaimo Centre Parkade	62,000	12,300	-	-	1,300,000	1,374,300
Misc Projects	4,452	-	-	-	-	4,452
Total	1,555,479	907,500	899,825	1,457,925	1,300,000	6,120,729
New/Upgrades:						
Harbourfront Parkade	-	-	96,600	-	-	96,600
Parking Signage	21,563	-	7,188	-	-	28,751
Total	21,563	-	103,788	-	-	125,351
Plans/Studies:						
Studies	60,000	30,000	-	20,000	-	110,000
Total	60,000	30,000	-	20,000	-	110,000
Grand Total	1,637,042	937,500	1,003,613	1,477,925	1,300,000	6,356,080

2019- 2023 Project Plan - Operating and Capital Funds
Parks Infrastructure Program

	2019	2020	2021	2022	2023	Total
Project Costs:						
Renewal Projects and Programs:						
Beach Access	63,129	25,000	25,000	25,000	25,000	163,129
Boat Ramps/Docks	297,100	-	-	-	-	297,100
Communication System	16,935	-	-	-	-	16,935
Condition Assessment/Pre Design	80,700	70,000	95,000	95,000	95,000	435,700
Misc Projects	27,600	56,250	-	-	-	83,850
Parks & Playground	682,764	120,000	218,000	120,000	120,000	1,260,764
Railing Replacement Program	262,386	-	52,500	56,750	18,250	389,886
Recreational Dams	189,319	49,450	50,600	51,750	165,300	506,419
Skatepark Improvements	6,000	-	-	-	-	6,000
Sports Fields/Field Houses	153,851	44,375	6,600	80,000	36,300	321,126
Tennis Court Improvements	-	24,000	24,411	-	22,700	71,111
Trail Development and Rehab	389,857	104,000	104,000	-	-	597,857
Total	2,169,641	493,075	576,111	428,500	482,550	4,149,877
New/Upgrades:						
Cross Connection Control Program	22,000	-	-	-	-	22,000
Misc Projects	7,595	-	-	-	-	7,595
Parks & Playgrounds	869,758	50,000	347,265	106,000	97,500	1,470,523
Public Art	90,000	50,000	50,000	50,000	50,000	290,000
Recreational Dams	27,500	-	-	-	-	27,500
Sports Fields/Field Houses	389,850	442,221	-	-	-	832,071
Trail Development	8,753,660	4,639,250	8,373,300	8,700,000	3,875,000	34,341,210
Total	10,160,363	5,181,471	8,770,565	8,856,000	4,022,500	36,990,899
Plans/Studies:						
Planning	51,750	-	-	172,500	-	224,250
Standards	1,382	-	-	-	-	1,382
Studies	400,000	-	-	-	-	400,000
Total	453,132	-	-	172,500	-	625,632
Grand Total	12,783,136	5,674,546	9,346,676	9,457,000	4,505,050	41,766,408

2019- 2023 Project Plan - Operating and Capital Funds
Sanitary Sewer Infrastructure Program

	2019	2020	2021	2022	2023	Total
Project Costs:						
Renewal Projects and Programs:						
Condition Assessment Program	713,304	510,000	485,000	510,000	485,000	2,703,304
Mains	3,377,444	2,989,252	2,899,346	2,934,961	798,500	12,999,503
Total	4,090,748	3,499,252	3,384,346	3,444,961	1,283,500	15,702,807
New/Upgrades:						
Mains	6,032,939	4,745,600	3,208,000	4,358,000	3,104,000	21,448,539
Pump Station	2,254,568	-	-	-	-	2,254,568
Total	8,287,507	4,745,600	3,208,000	4,358,000	3,104,000	23,703,107
Plans/Studies:						
Master Plans	300,000	150,000	150,000	150,000	225,000	975,000
Misc Projects	20,000	-	-	-	-	20,000
Studies	63,688	50,000	50,000	50,000	50,000	263,688
Total	383,688	200,000	200,000	200,000	275,000	1,258,688
Grand Total	12,761,943	8,444,852	6,792,346	8,002,961	4,662,500	40,664,602

2019- 2023 Project Plan - Operating and Capital Funds
Drainage Infrastructure Program

	2019	2020	2021	2022	2023	Total
Project Costs:						
Renewal Projects and Programs:						
Condition Assessment Program	124,463	170,000	210,000	260,000	310,000	1,074,463
Mains	3,910,412	3,086,660	1,500,000	584,000	2,485,500	11,566,572
Total	4,034,875	3,256,660	1,710,000	844,000	2,795,500	12,641,035
New/Upgrades:						
Mains	1,330,443	760,000	2,716,000	2,358,000	-	7,164,443
Total	1,330,443	760,000	2,716,000	2,358,000	-	7,164,443
Plans/Studies:						
Misc Projects	20,000	-	-	-	-	20,000
Studies	183,996	100,000	-	100,000	-	383,996
Total	203,996	100,000	-	100,000	-	403,996
Grand Total	5,569,314	4,116,660	4,426,000	3,302,000	2,795,500	20,209,474

2019- 2023 Project Plan - Operating and Capital Funds
Transportation Infrastructure Program

	2019	2020	2021	2022	2023	Total
Project Costs:						
Renewal Projects and Programs:						
Bridges	2,414,329	100,000	100,000	100,000	100,000	2,814,329
Condition Assessment Program	-	200,000	-	-	200,000	400,000
Corridor Improvements	393,299	-	-	2,300,000	-	2,693,299
Misc Projects	350,000	375,000	450,000	450,000	450,000	2,075,000
Railway Crossings	25,000	25,000	25,000	25,000	25,000	125,000
Road Rehabilitation	3,310,930	2,281,500	3,532,000	2,004,700	2,250,000	13,379,130
Sidewalk Maintenance Program	-	50,000	-	50,000	-	100,000
Street Lights	51,629	245,000	50,000	50,000	50,000	446,629
Traffic Signals	-	-	50,000	-	500,000	550,000
Transportation Improvements	100,000	600,000	500,000	1,050,000	50,000	2,300,000
Total	6,645,187	3,876,500	4,707,000	6,029,700	3,625,000	24,883,387
New/Upgrades:						
Bus Shelters	169,425	53,725	48,000	48,000	150,000	469,150
Cycling Amenities	772,970	813,585	3,003,500	400,000	300,300	5,290,355
Designs	100,000	-	-	-	-	100,000
Misc Projects	40,000	-	-	-	-	40,000
Pedestrian Amenities	835,536	355,000	1,370,120	423,400	1,505,400	4,489,456
Pedestrian/Cycling Amenities	1,215,264	1,237,500	608,000	-	-	3,060,764
Street Lights	361,722	1,600,000	-	-	-	1,961,722
Transit Amenities	15,000	66,000	-	-	-	81,000
Transportation Improvements	8,388,625	1,545,000	5,892,000	12,602,000	8,550,000	36,977,625
Total	11,898,542	5,670,810	10,921,620	13,473,400	10,505,700	52,470,072
Plans/Studies:						
Mater Plans	-	115,000	-	-	-	115,000
Planning	130,000	180,000	30,000	30,000	30,000	400,000
Standards	48,796	-	-	-	-	48,796
Studies	265,141	255,000	-	75,000	-	595,141
Surveys	57,000	125,000	35,000	35,000	35,000	287,000
Total	500,937	675,000	65,000	140,000	65,000	1,445,937
Grand Total	19,044,666	10,222,310	15,693,620	19,643,100	14,195,700	78,799,396

TMP - Transportation Master Plan

2019- 2023 Project Plan - Operating and Capital Funds
Water Infrastructure Program

	2019	2020	2021	2022	2023	Total
Project Costs:						
Renewal Projects and Programs:						
Condition Assessment Program	226,847	100,000	125,000	100,000	125,000	676,847
Distribution Mains	13,341,664	6,120,300	7,478,360	5,699,350	6,198,650	38,838,324
Misc Projects	176,389	230,000	30,000	30,000	30,000	496,389
Pump Station/PRV Program	2,940,420	412,500	680,000	391,000	370,000	4,793,920
Reservoirs	75,000	-	-	-	-	75,000
Supply Mains	179,037	50,000	450,000	1,000,000	1,000,000	2,679,037
Water Meter Replacement	352,238	300,000	300,000	300,000	300,000	1,552,238
Water Supply Dams	626,121	117,200	117,600	118,000	70,000	1,048,921
Total	17,917,716	7,330,000	9,180,960	7,638,350	8,093,650	50,160,676
New/Upgrades:						
Distribution Mains	1,702,995	1,683,700	811,800	1,517,000	1,738,300	7,453,795
Pump Station/PRV Program	3,131,086	-	-	-	-	3,131,086
Reservoirs	1,598,867	3,333,000	-	-	-	4,931,867
Supply Mains	10,000	-	-	-	-	10,000
Water Supply Dams	500,000	-	5,000,000	500,000	-	6,000,000
Total	6,942,948	5,016,700	5,811,800	2,017,000	1,738,300	21,526,748
Plans/Studies:						
Master Plans	-	250,000	-	-	-	250,000
Misc Projects	20,000	-	-	-	-	20,000
Planning	226,022	-	-	-	-	226,022
Studies	86,947	75,000	275,000	240,000	75,000	751,947
Total	332,969	325,000	275,000	240,000	75,000	1,247,969
Grand Total	25,193,633	12,671,700	15,267,760	9,895,350	9,906,950	72,935,393

Strategic Plan - Key Priorities Action Items				
Environmental Responsibility	2019	2020	2021	2022
▪ Complete Climate Resiliency Strategy				
▪ Recognize climate change and the impact on our community through our plans, strategies, bylaws, and actions				
▪ Complete a natural asset inventory and strategy				
▪ Conduct Downtown Mobility Study				
▪ Update Community Sustainability Action Plan				
▪ Work with Regional District of Nanaimo to increase public transit service and availability in the community				
▪ Work with the Regional District of Nanaimo and other community organizations to develop food security for the region				
Governance Excellence	2019	2020	2021	2022
▪ Implement a new model of governance that allows Council to participate in an enhanced decision making process				
▪ Undertake a review and update Council Policies and Bylaws				
▪ Continue to work with Snuneymuxw First Nation through the Protocol Agreement Working Group to address issues and topics of mutual interest				
▪ Enhance stakeholder relations with the Nanaimo Port Authority, School District 68, the Greater Nanaimo Chamber of Commerce and the Regional District of Nanaimo				
▪ Seek grant funding opportunities from the Federal and Provincial government for capital projects				
▪ Advocate to the Federal and Provincial governments to take responsibility for mental health, affordable housing, and social disorder issues				

Colour Legend: Green - In Progress Blue - Ongoing Grey - Not Started

2019 – 2022 STRATEGIC PLAN

Livability	2019	2020	2021	2022
▪ Undertake a coordinated review of the Official Community Plan, Parks Master Plan and Active Transportation Plan				
▪ Implement the Affordable Housing Strategy (short term rentals and adaptable housing regulations)				
▪ Adopt an age-friendly City plan to support Nanaimo being recognized as an Age Friendly British Columbia (AFBC) Community				
▪ Support arts, culture and recreation as an integral part of everyday life				
▪ Continue to ensure our facilities and programs are safe and accessible to all peoples in our community				
▪ Update the Water Supply Strategic Plan				
▪ Complete and update the Fire Service Delivery Plan				
▪ Work with the RCMP in setting annual policing priorities and responding to emerging community safety issues				
Economic Health	2019	2020	2021	2022
▪ Identify and implement the most appropriate economic development model for Nanaimo				
▪ Complete an Economic Development Strategy				
▪ Continue to work with tourism sector (i.e. Nanaimo Hospitality Association, Tourism Nanaimo, Vancouver Island Conference Centre) to increase tourism in Nanaimo				
▪ Complete feasibility work and conceptual design for on-beach options for the Departure Bay Waterfront Walkway				
▪ Construct an interim walkway around One Port Drive				
▪ Develop City property at One Port Drive				
▪ Council advocate for a fast ferry service, or other forms of transportation improvements, for connectivity				

Colour Legend: **Green** - In Progress **Blue** - Ongoing **Grey** - Not Started



Projected Property Tax Increase

	2019	2020	2021	2022	2023
General Asset Management Reserve	1.0%	1.0%	1.0%	1.0%	0.0%
General Property Tax Increase	4.0%	2.6%	1.9%	1.8%	1.4%
2019 - 2023 Financial Plan	5.0%	3.6%	2.9%	2.8%	1.4%

The approved annual 1% property tax increase for contribution to the General Asset Management Reserve currently ends in 2022

Does not include debt servicing for Port Theatre Expansion if grant application is successful

Projected User Fees

	2019	2020	2021	2022	2023
Sanitary Sewer User Fee Increase	4.0%	4.0%	4.0%	4.0%	0.0%
Water User Fee Increase	7.5%	7.5%	5.0%	5.0%	5.0%
Sanitation User Fees	\$ 170	\$ 171	\$ 171	\$ 176	\$ 180

2020 Key Budget Drivers

2020 Key Budget Drivers

Asset Management	\$ 995,000
Project Expenditures	
Annual general revenue funding	409,000
RCMP Contract (budgeted at 93%)	1,571,000
Strategic Infrastructure Reserve	400,000
Wages and Benefits, Other Changes	1,622,000
Net Expenditure Increases	\$ 4,997,000
Less: Increased Property Tax Revenues Due to Growth	1,200,000
Net Impact	\$ 3,797,000

2020 Service Level Changes

Included in Projected Property Tax Increase

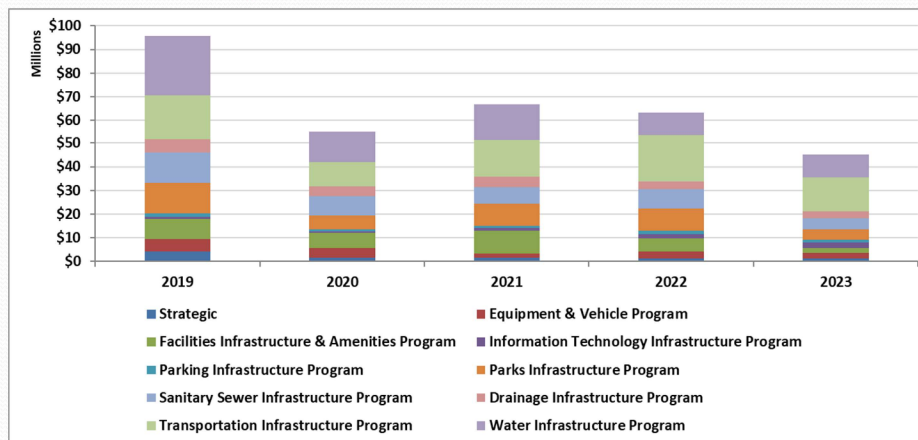
- 3 New RCMP Members – April 1, 2020
- New Refuse Collector

Not included in Projected Property Tax Increase

- Impact of additional staffing costs
- Economic Development – changes to service delivery model

2019 – 2023 Approved Project Plan

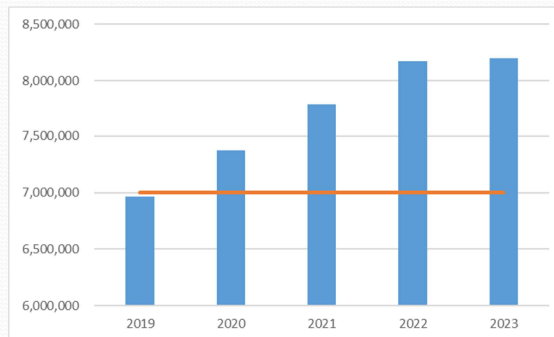
\$325.7M next 5 years, \$95.8M in 2019*



*Includes \$44.8M for projects carried forward from 2018

Funding From General Revenue By Year

- 2019 - \$6.97 million
- 2020 - \$7.37 million
- 2021 - \$7.79 million
- 2022 - \$8.17 million
- 2023 - \$8.19 million



Target per 20 year investment plan - \$7.00 million a year

Project Highlights

Initiatives:

- Official Community Plan
- Parks, Recreation and Culture Master Plan
- Facilities and Park Amenities Condition Assessment Program

Projects:

- Boxwood Connector
- Fire Station #1 Replacement
- Harewood Centennial Park – Youth Park
- Metral Drive Corridor and Utilities – Phase 1
- LED Streetlight Conversion
- Maffeo Sutton Playground – Phase 1
- Serauxmen Stadium Outfield Lights
- Waterfront Walkway Phased Development
- Welcox Secondary Access

Projects Not Currently in Plan

Currently not included in 10 Year Project Plan. Pending studies/other work to be completed, business cases to developed, direction from Council.

Facility Projects:

- Animal Shelter Upgrades
- Beban Park Complex – power distribution replacement
- Departure Bay Activity Centre
- Chase River Activity Centre – seismic upgrade
- Curling Club
 - Seismic upgrades and new roof
 - Replacement of curling slab
- Engineering & Public Works Building
- Harewood Activity Centre – working with Nanaimo Search & Rescue



Projects Not Currently in Plan

Parks Projects:

- Beban Park Artificial Turf Fields Improvements – working with Nanaimo United Football Club
- Caledonia Park Redevelopment
- Marie Davidson BMX Track Improvements – working with BMX Club
- Serauxmen Stadium Redevelopment



Projects Not Currently in Plan

Other Projects:

- Computerized Maintenance Management System (CMMS)
- Grade Separated (Bridge) South Downtown Waterfront Secondary Access
 - Current plan is ground-level access across the railway tracks
- Replacement of Self Contained Breathing Apparatus (SCBA) for Nanaimo Fire Rescue



Projects currently in 10 year plan where timing depends on fundraising:

- Loudon Boathouse
- Port Theatre Expansion
 - Grant application submitted by City in early 2019, awaiting decision.
 - If grant application is successful:
 - Short-term borrowing of \$4.5M and \$100k from Strategic Infrastructure Reserve
 - Approx. 1% impact on taxes – spread over multiple years



Council Direction

Council Direction

Seeking Direction from Council on:

- Additional operational (service level) changes
 - Example: request for business case regarding additional environment position – June F & A
- Additional projects/programs or changes to existing programs
 - Example: increase road rehabilitation program



CITY OF NANAIMO RESERVES REVIEW REPORT

Updated July 17, 2019

An overview of the City's current reserves and recommended changes.

REPORT OUTLINE

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Executive Summary

The City of Nanaimo owns and operates over \$3 billion in equipment and infrastructure to deliver a wide range of needed and desired services to the community. The City's 2019 operating budget is \$145 million and significant investment is made each year in infrastructure renewal, new infrastructure required due to growth and in strategic initiatives. Sustainable financial management and long-term planning strategies support affordable services.

The City has taken prudent steps in establishing reserves to mitigate specific risks, for equipment and infrastructure investment, and for strategic initiatives. At the end of 2019, the City is projected to have \$77 million in reserves and an additional \$42 million in Developer Cost Charges (DCC) reserves. Predictable annual contributions to reserves effectively minimize annual property tax and user fee increases and provide funding for:

- Risk Mitigation
- Equipment and Infrastructure Investment
- Strategic Initiatives and Investment

A comprehensive review of the City's reserves has been undertaken and focused on two key questions:

- Does the City have the right reserves?
- Do the reserves have the right balances?

This report will outline the review process, findings and recommendations to date. Recommendations in this report will further improve the resiliency, sustainability and transparency of the City's management of its reserves. The review was supported by the Government Finance Officers Association (GFOA) best practices and will help convert current practices into policy.

Executive Summary (continued)

The review developed a framework to enhance understanding and evaluation of the City's reserves. The Reserves Framework groups reserves with common purposes into the following categories:

- Financial Stability Reserves
- Equipment Reserves
- Infrastructure Reserves
- Parking Reserves
- Property Reserves
- Strategic Reserves
- Other Reserves

The review identified minimum target balances where appropriate for specific reserves and includes a roadmap for transitioning the City's reserves to the new framework.

This report was presented to Council at the 2019-MAR-11 Special Committee of the Whole meeting for information and discussion purposes. The report has been updated to reflect further review, direction from Council, and finalization of the City's 2018 financial statements.

Council's approval of a new Reserve Policy is now being sought to enable changes to be put in place for preparation of the 2020 – 2024 Financial Plan.

A INTRODUCTION

The purpose of this report is to outline the results of a review of the City's reserves and to introduce a Reserve Policy for Council's consideration.

Staff have conducted a comprehensive review of the City's reserves to determine if each reserve is still relevant, to determine needed new reserves, and to determine target minimum and maximum balances for specific reserves.

The City has implemented reserves to mitigate risk and to implement funding strategies for strategic initiatives and investment in infrastructure:

- In 1982, Council approved the implementation of Development Cost Charges (DCCs) where the City collects monies from developers to support funding of new/expanded infrastructure required due to growth in compliance with Provincial legislation. Periodic reviews are completed to update infrastructure investment needs and DCC charges. In 2018, Council approved the current DCC charges.
- In 2013, Council approved the implementation of three asset management reserves: General Asset Management Reserve, Sewer Asset Management Reserve and Water Asset Management Reserve. Annual contributions to these reserves are through annual increases to property taxes for five years ending 2017, annual increases to sewer user fees ending in 2022 and annual increases in water user fees ending in 2020.
- In 2017, Council approved extending the annual increases to property taxes for an additional five years ending 2022 for the General Asset Management Reserve.
- In 2017, Council approved the creation of a Strategic Infrastructure Reserve to provide a funding source for strategic initiatives and investment. Contributions to this reserve are from the transition of annual Casino and Fortis revenues from the General Operating Fund.
- Internal charges for fleet, solid waste collection bins, computer and copier equipment are included in annual department budgets and are contributed to specific reserves that provide for fleet and bin replacement, upgrades to the City's IT infrastructure and for copier equipment replacement.
- Allocation of prior year's operating surplus have been allocated to specific reserves to mitigate risks and for infrastructure investment.

Establishing and managing reserves is an important component of the City's financial management and long term planning strategies. Reserves provide funding to mitigate risks, for infrastructure investment and to implement strategic initiatives. Predictable annual contributions to reserves minimize increases to property taxes and user fees.

Infrastructure Investment Deficit

Aging infrastructure and the demand for new infrastructure due to growth is a challenge for municipalities. The City's 20 Year Investment Plan (2017) projected a needed infrastructure investment of \$1.1 billion over the next twenty years to maintain current service levels. Funding for this investment is from a combination of annual property taxes and user fees, reserves, debt and grants. Current funding sources do not support the \$1.1 billion investment. In 2018, Council approved continuing the annual 1% property tax increases and approved increases to Development Cost Charges to address the funding gap. As well, the City is currently completing reviews that may recommend increases to various user fees. Future updates to the City's 20 Year Investment Plan will monitor progress on closing the funding gap and the City's progress towards sustainable funding for infrastructure investment.

More than two thirds of the City's infrastructure investment plans are funded from reserves including development cost charges. This has reduced the City's reliance on debt or large annual increases to property taxes and user fees for infrastructure investment. The City's prudent approach to managing reserves is evident in this review and recommended changes focus on improving accountability, transparency and resiliency.

This report will provide important information on the development of the City's Reserve Fund Policy and help answer two types of questions:

- Does the City have the right reserves?
- Do the reserves have the right balances?

B FINANCIAL MANAGEMENT AND PLANNING, RESERVE FUNDS AND THEIR PURPOSES

1 OVERVIEW

Prudent and robust financial management supports: delivery of day-to-day services to the community, needed investment in infrastructure and implementation of strategic initiatives.

The City's integrated planning framework is comprised of separate but complementary planning processes. These processes support alignment and integration of resources and activities to achieve the strategic goals and priorities set by Council.



The City's Five Year Financial Plan and 20 Year Investment Plan outline the utilization of reserves to fund renewal of infrastructure, new/upgraded infrastructure required due to growth and implementation of strategic priorities.

Establishing and managing reserves, which can be compared to 'savings accounts', supports the City's long-term financial stability and sustainability. Each year, monies contributed to reserves provide funding for investment in infrastructure, for implementing strategic initiatives and to mitigate risks. Funding needs for Infrastructure investment can vary from year to year and larger projects require long-term financial strategies to reduce the impact on future property taxes and user fees for the community.

Staff have completed a comprehensive review of the City's reserves and have developed a Reserve Policy for Council's consideration.

2 FUND STRUCTURE

The City's resources and operations are segregated into specific funds for accounting and financial reporting purposes. These funds include general, sewer and water operating funds, general, sewer and water capital funds and statutory reserve funds.

The Sewer Operating Fund tracks operating budgets that deliver day-to-day sanitary sewer services and the Sewer Capital Fund tracks capital investment in infrastructure to support that service. The Sewer Operating Fund also includes operating reserves.

The Water Operating Fund tracks operating budgets that deliver day-to-day water supply, distribution and treatment services and the Water Capital Fund tracks capital investment in infrastructure to support that service. The Water Operating Fund also includes operating reserves.

The General Operating Fund tracks annual operating budgets that deliver all the other day-to-day services provided by the City such as police, fire, parks and recreation, transportation, drainage and solid waste collection as well as corporate services. The General Capital Fund tracks capital investment in infrastructure that supports those services. The General Operating Fund also includes operating reserves.

Statutory Reserve Funds are established for specific purposes under Section 188 of the *Community Charter*. The legislation requires that money in a reserve fund must be used for the purpose for which the fund was established. Each Reserve Fund is implemented through a City bylaw that outlines the purpose of the reserve, the sources of contributions, and what the funds can be used for.

3 ACCUMULATED SURPLUS

The City's annual financial statements include the Consolidated Statement of Financial Position report. This report discloses the City's financial position at the end of each fiscal year and includes Net Financial Assets, Non-Financial Assets and Accumulated Surplus.

Accumulated Surplus includes the following year-end balances:

- Operating Surplus (General, Sewer and Water);
- Operating Reserves; and
- Statutory Reserves Funds.

Operating Surplus (General, Sewer and Water) is the accumulated unallocated operating surplus from prior years. The Operating Surplus for the year ended December 31, 2018 was \$5.5 million for the General Operating Fund, \$6.7 million for the Sewer Operating Fund and \$5.8 million for the Water Operating Fund. Currently, the surplus in each operating fund provide working capital for operating expenditures before property taxes

and/or user fees are collected. Maintaining appropriate working capital levels eliminates or reduces the need to borrow short-term externally and/or internally for operations.

Operating Reserves (General, Sewer and Water) are allocations of accumulated surplus which have been allocated to specific reserves in each operating fund. This report will provide information on these reserves and recommended changes.

Statutory Reserve Funds are specific reserve funds required by Provincial legislation or established by Council. Total Statutory Reserve Funds for the year ended December 31, 2018 was \$41.4 million. This report will provide information on these reserve funds and recommended changes.

4 RESERVES AND THEIR PURPOSES

The primary purposes of reserves are to provide funding for equipment and infrastructure investment, strategic initiatives and to mitigate risk. Reserves are an integral part of the City's financial and long term planning and support effective, efficient and sustainable delivery of services. Availability of funding supports optimum planning for the maintenance and replacement of city infrastructure.

Reserves are classified as Operating Reserves or Statutory Reserves and hold monies until needed. Reserves are like saving accounts or envelopes. Each reserve is set up for a specific purpose. Contributions and withdrawals are tracked and reported for each reserve.

Each Operating Reserve is included in the appropriate operating fund, General, Sewer or Water. While these reserves have specific purposes, they can also be used for any operating or capital purpose with Council's approval through the annual budget process.

Each Statutory Reserve is segregated into a Reserve Fund. These Statutory Reserves, also referred to as Reserve Funds, are required by Provincial legislation or established by Council and receive specific contributions that can only be used in compliance with the appropriate City bylaw and through the annual budget process. Each year interest revenue is allocated to each Statutory Reserve based on their balances.

This report and the accompanying Reserve Policy will use the term 'reserves' to refer to both Operating Reserves and Statutory Reserves.

Current Reserves Summary

Appendix 1 provides an overview of the City's current reserves.

5 PRIMARY PURPOSE OF CITY RESERVES

The City's reserves can be classified into three primary purposes:

1. Risk Mitigation – Some of the City's reserves are used to mitigate risks of various types including risk of uncollected revenues or sudden unplanned expenditures to deliver services.
2. Equipment and Infrastructure Investment – Many of the City's reserves provide funding for renewal of equipment and infrastructure and for new/upgraded infrastructure required due to growth.
3. Strategic Initiatives and Investment – Some of the City's reserves provide funding for Council's priorities.

6 DEVELOPMENT COST CHARGES RESERVES

The City collects Development Cost Charges (DCCs) from developers to assist with the capital cost of infrastructure required due to growth. DCCs are imposed by bylaw pursuant to Section 933 of the *Local Government Act*. The City has implemented a Statutory Reserve for each type of DCC collected: Water Distribution, Roads, Drainage, Sewer, Parks and Water Supply. These bylaws include specific capital investment needed for development and funding from DCC reserves can only be used for these projects.

The City recently completed a review and update to its Development Cost Charges program. In 2018, Council adopted a new DCC bylaw to collect monies for roads, drainage, sanitary sewer, water and parkland development.

Specific projects for infrastructure required due to growth are not fully funded from DCC reserves. The City must assist with a minimum of 1% funding for DCC projects. As well, many DCC projects include a component that benefits existing residents. DCC projects require funding from both DCC and infrastructure reserves.

This report does not include a review of DCC reserves.

C EVALUATION OF CITY RESERVES

1 OVERVIEW

The 2019 – 2023 Financial Plan indicates 59% funding for projects is from reserves and an additional 11% is from DCC reserves. These projects include strategic initiatives, infrastructure renewal and new/upgrades to infrastructure to address capacity and regulatory changes.

Utilization of reserves to accumulate monies and provide funding supports transparent and prudent long-term financial management strategies. The implementation and maintenance of reserves requires ongoing Council and management attention to ensure reserves are still relevant, utilized appropriately and clearly support the City's financial sustainability and strategic goals.

It is important to review the City's reserves to identify opportunities for creating new reserves, eliminating redundant reserves and updating the purpose of existing reserves to best support long-term financial management strategies. This review should ensure that each reserve contributes to stated financial management strategies and that the framework of reserves is efficient and effective.

2 USE OF OPERATING AND STATUTORY RESERVES

The City has two types of reserves: Operating Reserves and Statutory Reserves.

Operating Reserves are established for specific purposes. Funding from specific Operating Reserves can be re-allocated for other purposes at Council's discretion. Contributions to and use of funds is approved by Council during the annual budget process.

Statutory Reserves, required by Provincial legislation and/or are established by Council, are segregated into separate funds. Contributions to and use of monies from statutory reserves is subject to City bylaws and changes are only allowed through amendments to those bylaws. Statutory reserves require more administrative resources due to allocation of interest each year.

We recommend developing criteria to guide decisions when determining whether a reserve should be an Operating or a Statutory Reserve. This would support consistency and transparency for the management of City reserves.

We recommend that a Statutory Reserve be used for reserves that satisfy one or more of the following criteria:

- Reserve is required by Provincial legislation;
- Reserve facilitates contractual requirements or reporting;
- Reserve has specific annual contributions; and
- Reserve has specific long-term organizational purpose.

The Reserve Analysis below will include recommendations for changes to types of existing reserves.

3 EMPLOYEE POST-EMPLOYMENT BENEFITS

The City provides certain post-employment benefits to its employees. An actuarial valuation is used to estimate these benefits and they are recognized as a liability in the City's annual financial statements. This liability represents total estimated payments to current employees as they leave or retire from the organization. Each year actual costs are incurred as employees leave the organization.

A review of the years 2014 to 2018 indicates that the average annual actuarial adjustment for employee post-employment benefits is \$704,172. Starting in 2019, the City implemented changes to its financial processes for annual employee post-employment benefit costs.

Previously the City did not include the actuarial adjustment in the budget. Each year, the City used an allocation of the annual operating surplus to fund these costs. This process was consistent with several other municipalities.

To improve transparency the City has changed its financial process. The estimated 2019 adjustment is now included in the financial plan and will be funded from a reserve. An allocation of the 2019 General Fund operating surplus is expected to replenish the reserve.

The Reserve Analysis recommendations includes utilizing the new General Financial Stability Reserve for funding annual employee post-employment benefit costs. This change will require an annual allocation of General Fund operating surplus to maintain a target minimum balance in the new reserve.

4 RESERVES REVIEW AND ANALYSIS

The review of the City's reserves included evaluation of each reserve including its purpose, contribution sources and utilization for funding. Reserves are grouped by common purposes and recommendations are provided.

Reserves can share common purposes and a framework is used to enhance understanding and evaluation of the City's reserves.

The Reserves Framework includes the following categories:

- Financial Stability Reserves
- Equipment Reserves
- Infrastructure Reserves
- Parking Reserves
- Property Reserves
- Strategic Reserves
- Other Reserves

Total operating and statutory reserves have increased from \$70.5 million at the end of 2008 to \$113.5 million at the end of 2018. The 'purchasing power' of a \$1 in 2008 is not the same as in 2018, therefore, the impact of inflation needs to be considered when assessing the increase in total reserves.

Implementation of the Asset Management Reserves, the Strategic Infrastructure Reserve and the annual review and update of internal charges has been effective in increasing reserve balances and contributing to sustainable funding for equipment and infrastructure replacement and implementation of strategic priorities.

During the period 2009 to 2018, funding for projects from reserves (excluding DCC reserves) was 86% of total contributions to reserves for the same period.

2009 – 2018 Reserve Utilization Summary

Reserve Type	Total Contributions	Total Withdrawals	% Utilization
Sewer Reserves	\$23,027,360	\$21,227,102	92%
Water Reserves	\$59,483,967	\$47,466,149	80%
General Operating Reserves	\$86,051,611	\$83,769,477	97%
General Statutory Reserves	\$91,646,146	\$71,619,786	78%
Total	\$260,209,084	\$224,082,514	86%

Recommendations in this report include:

- Establishing new reserves;
- Maintaining existing reserves;
- Changes that require establishing a new Statutory Reserve and transferring balances from an Operating Reserve to the new Statutory Reserve; and,
- Elimination of an existing reserve.

These recommendations will:

- Ensure the City has a reasonable and prudent reserve framework;
- Establish reserves that adequately address risk, support long-term infrastructure plans and implement strategic goals;
- Utilize statutory and operating reserves consistently; and is
- Consistent with the City's proposed Reserve Policy.

4.1 Financial Stability Reserves

The City has implemented reserves that mitigate specific risks or provide funding for future costs. The review of these reserves will outline recommendations for creating new reserves, eliminating reserves and changes to existing reserves.

The existing Financial Stability Reserves include:

- Allowance for Bad Debts Reserve
- Uninsured Claims Reserve
- Uncollected Taxes Reserve
- RCMP Contract Reserve
- Police Traffic Fines Reserve
- Sanitation Leveling Reserve
- Snow and Ice Control (Roads) Reserve
- Snow and Ice Control (Parks and Recreation Facilities) Reserve
- Water Leveling Reserve

Recommended New Financial Stability Reserves

Implementation of these new reserves will support the City's financial stability and resiliency.

General Financial Stability Reserve

The General Financial Stability Operating Reserve should be implemented to mitigate risk arising from lower than expected revenues or sudden unplanned expenditure needed to maintain delivery of City services (excluding sewer and water services). In addition, going forward, this reserve would fund annual payments for employee post-employment benefits. While employee post-employment expenses can vary year to year, the average over the last five years was \$704,172. Contributions to this reserve will be from an allocation of general operating surplus and/or a budget allocation. A minimum target balance is recommended.

Recommendations:

- Establish the General Financial Stability Operating Reserve;

- Establish the target minimum reserve balance;
- Include annual budget in the City's Five Year Financial Plan for the estimated annual cost of employee post-employment benefits and that this cost be funded from the General Financial Stability Reserve; and
- Each year, a priority for the allocation of the general operating surplus will be to maintain the minimum target balance for the General Financial Stability Reserve.

Sewer Financial Stability Reserve

The Sewer Financial Stability Operating Reserve is analogous to the General Financial Stability Reserve. The purpose of this reserve is to mitigate risk arising from lower than expected revenues or sudden unplanned expenditure needed to maintain delivery of sewer services. Contributions to this reserve will be from an allocation of sewer operating surplus. A minimum target balance is recommended.

Currently, the City transfers the annual sewer operating surplus to the Sewer Operating Reserve. This reserve provides funding for projects to assess, renew or expand sewer infrastructure.

Recommendations:

- Establish the Sewer Financial Stability Operating Reserve; and
- Establish a minimum target reserve balance.

Water Financial Stability Reserve

The Water Financial Stability Operating Reserve is analogous to the General Financial Stability Reserve. The purpose of this reserve is to mitigate risk from lower than expected revenues or sudden unplanned expenditure needed to maintain delivery of water services. Contributions to this reserve will be from an allocation of water operating surplus. A minimum target balance is recommended.

Currently, the City transfers the annual water operating surplus to the Water Operating Reserve. This reserves provide funding for projects to assess, renew or expand water infrastructure.

Annual revenues for water consumption can vary year to year depending on weather conditions during warmer months. As well, water conservation education and awareness is changing the community's demand for water. These factors increase risk to water revenue estimates.

Recommendations:

- Establish the Water Financial Stability Operating Reserve; and
- Establish a minimum target reserve balance.

Existing Financial Stability Reserves

The City currently has operating reserves that mitigate specific risks. These reserves were implemented through allocations of prior year surplus or transfers from existing reserves and do not have annual contributions.

The new General, Sewer and Water Financial Stability Reserves will enable the elimination of some of the following reserves.

RCMP Contract Reserve

The RCMP Contract Operating Reserve, implemented in 2009, mitigates risks where actual expenditures are higher than the budget estimate for the RCMP contract.

In 2016, Council approved annual funding from this reserve for \$212,071 for additional RCMP members, which increased the service level with no impact on property taxes in 2016. Funding annual operating expenditures from reserves is not best practice and subsequent financial plans have reduced the funding from the reserve for the annual RCMP contract.

The 2018 reserve balance is \$2,944,185. The 2019 – 2023 Financial Plan includes funding from this reserve for RCMP members in 2019 for \$127,243, in 2020 for \$84,829 and in 2021 for \$42,415.

Recommendations:

- Maintain this Operating Reserve; and
- Establish a minimum target reserve balance.

Sanitation Leveling Reserve

The Sanitation Leveling Operating Reserve, implemented in 2018, mitigates risks due to unexpected cost increases during implementation of residential automated solid waste collection. User fees are calculated each year to recover costs for collection. This reserve can be used to mitigate risk from lower than expected revenues, sudden unplanned expenditures needed to maintain collection services and to stabilize user fees.

The 2018 reserve balance is \$429,222.

Recommendations:

- Maintain this Operating Reserve; and,
- Contributions will be an allocation of any annual residential collection operating surplus.

Snow and Ice Control Reserves

The City has implemented two Snow and Ice Control (SNIC) Reserves to mitigate risks from actual SNIC costs higher than budget estimate. One reserve is for Roads and the second reserve is for Parks and Recreation facilities.

During the period 2009 to 2018, total contributions to this reserve were \$425,000 and funding from this reserve for severe winter maintenance was \$550,000. The 2018 balance for the combined reserves was \$275,000. The 2019 – 2023 Financial Plan includes annual budget allocations to replenish these reserves.

Recommendations:

- Combine balances into one Snow and Ice Control Operating Reserve;
- Establish a minimum target balance; and,
- Contributions will be an allocation of operating surplus or budget allocation to minimum target balance.

Traffic Fines Reserve

The Police Traffic Fines Operating Reserve was implemented to mitigate risks due to unexpected decreases in annual traffic fines revenues. The B.C. government transfers net revenues from traffic violations to municipalities that are directly responsible for paying for policing. Revenues can vary year to year. Currently, the City transfers any traffic fines revenues in excess of the budget to this reserve.

During the period 2009 to 2018, total contributions to this reserve were \$3.3 million and funding from this reserve for traffic fines revenue shortfalls were \$2.3 million and for police building projects was \$877,921. The 2018 reserve balance is \$908,383.

Recommendations:

- Eliminate this Operating Reserve.

Uninsured Claim Reserve

The Uninsured Claims Operating Reserve was implemented to mitigate risks not covered by the City's liability insurance. The City is insured through the Municipal Insurance Authority of British Columbia (MIA).

Funding from this reserve was used in 2013 in the amount of \$139,629 and in 2017 in the amount of \$147,553. The 2018 balance is \$2,587,805.

Recommendation:

- Eliminate this Operating Reserve.

Uncollected Taxes Reserve

The Uncollected Taxes Operating Reserve was implemented to mitigate risks due to unexpected decreases in property tax revenues.

Funding from this reserve was used in 2009 in the amount of \$599,615, in 2013 in the amount of \$2,827, in 2014 in the amount of \$75,977, in 2015 in the amount of \$331,812 and in 2016 in the amount of \$359,503. The 2018 reserve balance is \$2,570,567.

Recommendations:

- Eliminate this Operating Reserve.

Water Leveling Reserve

The Water Leveling Operating Reserve was implemented to mitigate risks from actual water revenues lower than budget estimate. Contributions to this reserve are from water operating surplus.

Funding from this reserve was used in 2011 in the amount of \$750,000 and in 2015 in the amount of \$490,000. The 2018 balance is \$1,900,000.

Recommendations:

- Eliminate this Operating Reserve.

Proposed Financial Stability Reserves Summary

If above noted recommendations are implemented the City would have six Financial Stability Reserves:

- General Financial Stability Reserve
- Sewer Financial Stability Reserve
- Water Financial Stability Reserve
- RCMP Contract Reserve
- Snow and Ice Control Reserve
- Sanitation Leveling Reserve

4.2 Equipment Reserves

The City currently has equipment reserves that provide funding for equipment replacement. Annual contributions to these reserves are through internal charges to user departments and reflected in their budget allocations. Funding from these reserves for equipment replacement is included in the annual budget process.

Automated Cart Replacement Reserve

The Cart Replacement Operating Reserve, implemented in 2017, provides funding for replacement of residential carts used in solid waste collection. An internal charge to the Residential Solid Waste department will provide annual contributions to this reserve once borrowing for the initial cart purchase is completed.

This reserve does not have any contributions to date and the balance is \$0.

Recommendations:

- Establish a Cart Replacement Statutory Reserve; and
- Establish a minimum target minimum reserve balance.

Copier Replacement Reserve

The Copier Operating Reserve provides funding for copier replacement. Internal charges to user departments provide annual contributions to this reserve. The City maintains a rolling life-cycle replacement plan for City copier equipment.

During the period 2009 to 2018, total contributions to this reserve were \$703,610 and total funding from this reserve for copier replacement were \$396,560. The 2018 balance is \$432,444.

Recommendations:

- Establish a new Copier Replacement Statutory Reserve; and
- Establish a target minimum reserve balance.

Equipment Depreciation Reserve

The Equipment Depreciation Statutory Reserve provides funding for replacement of the City's fleet including fire apparatus, solid waste collection trucks, heavy-duty construction equipment, ice resurfacers and vehicles. Internal charges to departments provide annual contributions to this reserve. The City maintains a rolling life-cycle replacement plan for all City equipment and vehicles.

During the period 2009 to 2018, total contributions to this reserve were \$15.5 million and total funding from this reserve for replacement of the City's fleet were \$13 million. The 2018 balance is \$6,943,362. This Statutory Reserve is used each year to fund replacement of the City's fleet.

Recommendations:

- Retain this Statutory Reserve; and,
- Establish a target minimum reserve balance.

Information Technology (IT) Reserve

The IT Operating Reserve provides funding for IT corporate infrastructure replacement and improvements. Internal charges to departments provide annual contributions to this reserve. Business cases are required for proposed new/upgraded IT infrastructure and are reviewed during the annual budget process. The City maintains a rolling ten-year investment plan for the City's IT infrastructure.

During the period 2009 to 2018, total contributions to this reserve were \$5.3 million and total funding from this reserve for IT infrastructure were \$6.4 million. The 2018 balance is \$954,567.

Recommendations:

- Establish a new IT Statutory Reserve; and
- Establish a target minimum reserve balance.

4.3 Infrastructure Reserves

The City currently has infrastructure reserves. These reserves are the primary funding sources for infrastructure renewal. Funding from these reserves is included in the annual budget process.

Brechin Boat Ramp Reserve

The Brechin Boat Ramp Operating Reserve provides funding for improvements to the Brechin boat ramp. Net parking revenues from this location provides annual contributions to this reserve. As part of its facility plan, the City maintains a rolling ten-year plan for major maintenance/upgrades to the Brechin Boat Ramp.

During the period 2009 to 2018, total contributions to this reserve were \$268,568 and total funding from this reserve for maintenance/improvements to the Brechin Boat Ramp were \$218,290. The 2018 balance is \$74,488.

Recommendations:

- Retain this Operating Reserve;
- Direct staff to provide additional information on the utilization of the Brechin Boat Ramp; and
- Consider eliminating this reserve.

Cemetery Care Reserve

The Cemetery Care Statutory Reserve, established under the *Cemetery Care Act*, provides funding for ongoing care of the cemetery. Revenues from plot sales provide contributions

to this reserve. Interest earned on monies in this reserve are used to fund annual cemetery operating and maintenance expenditures.

During the period 2009 to 2018, total contributions to this reserve were \$108,951. The 2018 balance is \$584,618.

Recommendation:

- Retain this Statutory Reserve.

Community Works Reserve

The Community Works Statutory Reserve was established in 2005 in compliance with an agreement between Union of BC Municipalities (UBCM) and the City. Annual grant funding from federal gas tax revenues is provided to local municipalities through an agreement between UBCM and senior governments. UBCM then enters into agreements with each municipality which includes specific approved uses for the grant funding. The City's current agreement with UBCM expires in 2024.

During the period 2009 to 2018 total contributions to this reserve were \$30.1 million and total funding from this reserve were \$23.9 million. The 2018 balance is \$8,569,140.

Recommendation:

- Retain this Statutory Reserve.

Facility Development Reserve

The Facility Development Statutory Reserve provides funding for renewal of the City's contributing recreation facilities and for the construction of new recreation facilities that will contribute to the reserve. Annual contributions are provided by an allocation of contributing recreation facility revenues.

During 2009 to 2018 total contributions to this reserve were \$11.6 million and total funding from this reserve were \$10.1 million. The 2018 balance is \$3,210,785.

Recommendations:

- Retain this Statutory Reserve; and,
- Establish a target minimum reserve balance.

General Asset Management Reserve

The General Asset Management Statutory Reserve, established in 2013, provides funding for long-term infrastructure investment (excluding sewer and water infrastructure). Council approved specific annual increases to property taxes to provide contribution to this reserve.

During 2013 to 2018 total contributions to this reserve were \$20 million and total funding from this reserve were \$10.3 million. The 2018 balance is \$11,258,946.

Recommendations:

- Retain this Statutory Reserve;
- Establish a target minimum balance;
- Consider improving clarity of the current bylaw to recognize that the City does fund a portion (assist and benefit for existing residents) of DCC infrastructure projects; and,
- Consider changes to the current bylaw that would allow funding for infrastructure renewal projects classified as operating.

General Capital

The General Capital Operating Reserve was implemented to provide funding for capital investment. Contributions to this reserve are through an allocation of annual General Operating Fund surplus.

During the period 2009 to 2018, total contributions to this reserve were \$14.9 million and total funding for projects from this reserve were \$9.2 million. The 2018 balance is \$5.9 million.

Recommendation:

- Retain this Operating Reserve and allow funding for operating and capital projects; and
- Continue to allocate any residual annual operating surplus to this reserve.

NDSS Community Field Reserve

The NDSS Community Field Maintenance Operating Reserve provides funding for major capital improvements to or replacement of the field. In 2017, the City entered into an agreement with School District #68 (SD #68) to manage utilization and maintenance of the field while SD #68 maintains ownership of the field. An annual contribution by the City and SD #68 and annual net field revenues provides contributions to this reserve.

The 2018 balance is \$30,300.

Recommendation:

- Establish a new NDSS Community Field Statutory Reserve.

Pipers Park Reserve

The Pipers Park Operating Reserve provides funding for improvements to Pipers Park. Annual net rental revenues from facilities in this park provides contributions to this reserve.

During the period 2009 to 2018 total contributions to this reserve were \$43,929 and total funding from this reserve was \$0. The 2018 balance is \$43,929.

Recommendation:

- Retain this Operating Reserve while the facility is rented.

Sewer Asset Management Reserve

The Sewer Asset Management Statutory Reserve, established in 2013, provides funding for long-term sewer infrastructure investment. Council approved specific annual increases to sewer user fees to provide contribution to this reserve.

During 2013 to 2018 total contributions to this reserve were \$5.8 million and total funding from this reserve were \$2.9 million. The 2018 balance is \$2,833,790.

Recommendations:

- Retain this Statutory Reserve;
- Establish a target minimum reserve balance which includes the Sewer Operating Reserve balance in the calculation;
- Consider improving clarity of the current bylaw to recognize that the City does fund a portion (assist and benefit for existing residents) of DCC infrastructure projects; and,
- Consider changes to the current bylaw that would allow funding for infrastructure renewal projects classified as operating.

Sewer Reserve

The Sewer Operating Reserve provides funding for sewer infrastructure assessment programs and renewal. The sewer utility is a self-supporting enterprise and annual sewer user fees provides annual contributions to this reserve.

During 2009 to 2018 total contributions to this reserve were \$17.9 million and total funding from this reserve were \$18.3 million. The 2018 balance is \$11,241,903.

Recommendations:

- Retain this Operating Reserve; and,
- Establish a target minimum reserve balance which includes the Sewer Asset Management Reserve Fund in the calculation.

Vancouver Island Conference Centre (VICC) Reserve

The VICC Operating Reserve provides funding for facility improvements that maintain its market competitiveness. Contributions to this reserve are from any unspent annual budget

allocation. An external contractor operates the VICC. The contractor provides a capital improvement plan to the City.

During the period 2009 to 2018 total contributions to this reserve were \$697,175 and total funding from this reserve were \$204,744. The 2018 balance is \$612,958.

Recommendation:

- Retain this Operating Reserve.

Water Asset Management Reserve

The Water Asset Management Statutory Reserve, established in 2013, provides funding for capital water infrastructure renewal. Council approved specific annual increases to water user fees to provide contribution to this reserve.

During 2013 to 2018 total contributions to this reserve were \$7.3 million and total funding from this reserve were \$2.7 million. The 2018 balance is \$4,646,913.

Recommendations:

- Retain this Statutory Reserve;
- Establish a target minimum reserve balance which includes the Water Operating Reserve balance in the calculation;
- Consider improving clarity of the current bylaw to recognize that the City does fund a portion (assist and benefit for existing residents) of DCC infrastructure projects; and,
- Consider changes to the current bylaw that would allow funding for infrastructure renewal projects classified as operating.

Water Reserve

The Water Operating Reserve provides funding for long-term water infrastructure investment. The water utility is a self-supporting enterprise and annual water user fees provides annual contributions to this reserve.

During 2009 to 2018 total contributions to this reserve were \$52.3 million and total funding from this reserve were \$44.8 million. The 2018 balance is \$20.7 million.

Recommendations:

- Retain this Operating Reserve; and,
- Establish a target minimum reserve balance which includes the Water Asset Management Statutory Reserve in the calculation.

4.4 Parking Reserves

The City has operating Reserves and a Statutory Reserve to provide funding for renewal or upgrades to parking infrastructure or amenities.

Fitzwilliam St Parking

The Fitzwilliam St Parking Operating Reserve was implemented to facilitate a developer contribution for parking amenities at the City owned Prideaux Street Parking lot.

During 2009 to 2018 total contributions to this reserve was \$0 and total funding from this reserve was \$0. The 2018 balance is \$142,868.

Recommendations:

- Retain this Operating Reserve; and,
- Eliminate once all funding has been utilized for its intended purpose.

Parking Reserve

The Parking Operating Reserve provided funding for renewal of parking infrastructure and new parking infrastructure. Annual net revenues from the Parking business unit provide contributions to this reserve. The City maintains a rolling ten-year plan for new/renewal of parking infrastructure.

During the period 2009 to 2018, total contributions to this reserve were \$4.3 million and total funding from this reserve for parking infrastructure were \$3.2 million. Funding for renewal of parking infrastructure was also provided by the General Asset Management Reserve. The 2018 balance is \$1,539,025.

Recommendations:

- Establish a new Parking Statutory Reserve.

Old City Neighbourhood Parking Reserve

The Old City Neighbourhood Parking Statutory Reserve was established in 1993 to provide off-street parking spaces. Contributions to this reserve are from cash-in-lieu payments received from developers. The last contribution to this reserve was in 2010 and no funding has been used from this reserve in the past ten years.

The 2018 balance is \$90,891.

Recommendation:

- Retain this Statutory Reserve.

4.5 Property Reserves

The City has Statutory Reserves and an Operating Reserve for the purchase and sale of land. Both Statutory Reserves are required by the *Community Charter*.

The City undertakes a wide range of land acquisitions each year including rights of way for utilities, land for road widening and new parkland, as well as land for civic facilities and projects. In 2013, Council adopted the Property Management Strategy (PMS) that set out the framework for how the City acquires, disposes of, and manages land assets. Each year the PMS is updated to reflect Council priorities and will be further updated when the new Strategic Plan is adopted by Council in early 2019.

Parkland Dedication Reserve

The Parkland Dedication Statutory Reserve provides funding for the purchase of parkland pursuant to Section 188 of the *Community Charter*. Cash-in-lieu payments received from developers are deposited to this Reserve Fund.

During the period 2009 to 2018, total contributions to this reserve were \$2.4 million and total funding from this reserve for purchase of parkland were \$1.9 million. The 2018 balance is \$1,149,945.

Recommendation:

- Retain this Statutory Reserve.

Property Acquisition Reserve

The Property Acquisition Operating Reserve was established to provide funding for property acquisitions. Property acquisitions include property needed to expand City infrastructure, to implement strategic initiatives and for parkland. Contributions to this reserve are either by allocation of budget or operating surplus.

During the period 2009 to 2018, total contributions to this reserve were \$7.2 million and total funding from this reserve for property acquisitions were \$8.1 million. The 2018 balance is \$3,163,383.

Recommendation:

- Establish a Property Acquisition Statutory Reserve.

Property Sales Reserve

The Property Sales Statutory Reserve receives monies from the sale of civic land and can only be used for capital projects pursuant to Section 188 of the *Community Charter*.

During the period 2009 to 2018, total contributions to this reserve were \$11 million and funding from this reserve were \$12.2 million. The 2018 balance is \$1,140,712.

Recommendation:

- Retain this Statutory Reserve; and,
- Council could consider a minimum target balance for this reserve.

4.6 Strategic Initiatives and Infrastructure Reserves

The City has reserves to provide funding for strategic initiatives and investment identified by Council.

Emission Reduction Reserve

At the 2019-APR-29 Council Meeting, Council approved the creation of a new statutory reserve for the purpose of supporting projects, plans and initiatives that reduce the City of Nanaimo's community wide CO2 emissions to between 50% to 58% below 2010 levels by 2030, and between 94% and 107% below 2010 levels by 2050.

Action:

- Establish new Emission Reduction Statutory Reserve; and
- Confirm calculation and budget for annual contributions to the new reserve.

Housing Legacy Reserve

The Housing Legacy Operating Reserve was implemented to provide funding to support affordable housing in the community including but not limited to property acquisition and capital investment. Annual budget allocations provide contributions to this reserve.

During the period 2009 to 2018, total contributions to this reserve were \$1.5 million and total funding for projects from this reserve were \$1.5 million. The 2018 balance is \$2,364,066.

Recommendation:

- Establish a Housing Legacy Statutory Reserve; and
- Consider a maximum balance for this reserve.

Regional Emission Reduction Reserve

The Regional Emission Reduction Statutory Reserve, established in 2013, in partnership with the Regional District of Nanaimo (RDN), District of Lantzville, City of Parksville and Town of Qualicum Beach. The reserve will provide funding for investment in regional emission reduction initiatives. Annual budget allocations provides contributions to this reserve. To date no projects have been funded from this reserve.

The City is a participant in the Climate Action Revenue Incentive Program (CARIP) which is a conditional grant program that provides funding to local governments who have signed on to the BC Climate Action Charter. Under the Charter, local government signatories commit to take actions to become carbon neutral in the corporate operations and reduce community-wide emissions by creating more complete, compact and energy efficient communities. Annual contributions to the Regional Emission Reduction Reserve are calculated from the City's annual CARIP reporting and annual GHG emissions.

During the period 2013 to 2018, total contributions to this reserve were \$0.5 million and total funding from this reserve was \$0. The contribution for 2017 was \$75,575 based on GHGs reported in the 2016 CARIP report. The 2018 balance is \$549,218.

At the 2019-APR-29 Council Meeting, Council approved the creation of a new statutory reserve and the transfer of the balance in the Regional Emission Reduction Reserve to the new Emission Reduction Reserve.

Action:

- Eliminate this Statutory Reserve.

Special Initiatives Reserve

In past years, at Council's direction, general operating reserves were set up for short-term initiatives. Contributions to these reserves were through an allocation of prior year operating surplus. This flexibility allows Council to respond to emerging issues that require short term funding and minimize impact on future property taxes increases. Examples include:

- allocation of prior year surplus to fund election expenses in the following year,
- allocation of prior year surplus to fund temporary staffing position in the following year.

Establishing a Special Initiatives Reserve will facilitate an allocation of prior year operating surplus for a specific initiative in a subsequent year.

Recommendation:

- Establish a Special Initiatives Operating Reserve.

At Council's direction, contributions to this reserve will be an allocation of year- end operating surplus for specific short-term initiatives.

Strategic Infrastructure Reserve

The Strategic Infrastructure Operating Reserve, established in 2017, provides funding for strategic initiatives and capital infrastructure. Annual casino and Fortis revenues are being transitioned, over a five-year period, from the general operating fund to this new

reserve. These revenues can vary year to year. Annual contributions to this reserve are projected to be \$2.9 million.

During the period 2017 to 2018 total contributions to this reserve were \$3.6 million and total funding from this reserve were \$1.5 million. The 2018 balance is \$2,115,162.

Recommendation:

- Establish a Strategic Infrastructure Statutory Reserve; and
- Establish a target minimum reserve balance.

Strategic Partnerships Reserve

The Strategic Partnership Operating Reserve, established in 2015, provides funding for consultation with Snuneymuxw First Nation regarding joint projects. An allocation of 2015 general operating surplus in the amount of \$250,000 was contributed to this reserve.

The 2018 balance is \$25,543.

Recommendation:

- Confirm if planned projects have been completed; and,
- Maintain this reserve.

Sustainability Reserve

The Sustainability Operating Reserve provides funding for projects that reduce the City's energy consumption or lowers GHG emissions. Annual budget allocations provides contributions to this reserve.

During the period 2009 to 2018, total contributions to this reserve were \$1.5 million and total funding from this reserve for projects were \$2.0 million. The 2018 balance is \$426,655.

Simple payback analysis is required for proposed projects to ensure expected benefits exceed expenditures. The City has completed many projects to reduce energy consumption.

Recommendation:

- Establish a new Sustainability Statutory Reserve.

4.7 Other Reserves

The remaining reserves fulfill either a specific administrative function, comply with a bequest or are for short-term purposes.

911 Reserve

911 services are provided through two functions: 911 Public Safety Answering Point (PSAP) and 911 FireComm. The Central Island 911 Partnership manages 911 services for the City of Nanaimo, the Regional District of Nanaimo and the Cowichan Valley Regional District. In November 2015, the partnership entered into an agreement with Emergency Communications of British Columbia Incorporated (EComm 911) to provide PSAP services. Funding for 911 services is a cost share between the City (46%), the Regional District of Nanaimo (10%) and the Cowichan Valley Regional District (44%).

The 911 Operating Reserve provides funding for annual operating expenses and replacement/new/upgraded 911 equipment. An internal charge to the 911 department provides annual contributions to this reserve. The City maintains a rolling ten-year plan for replacement/new furniture and equipment required for 911 services.

During the period 2009 to 2018, total contributions to this reserve were \$504,130 and total funding from this reserve for projects were \$188,524. The 2018 balance is \$624,700.

Recommendations:

- Establish a new 911 Statutory Reserve.

Allowance for Bad Debts

The Allowance for Bad Debts Operating Reserve was implemented to provide funding for small miscellaneous bad debt write-offs at year end. An allocation of surplus at each year end maintains the \$50,000 reserve balance.

Recommendation:

- Eliminate this Operating Reserve.

Casino Reserve

Each year, the City receives from the B.C. Government an allocation of annual net earnings from casino operations. These revenues can vary year to year. The 2019 budget for casino revenues is \$2.4 million. Up to 2016, casino revenues were used to fund day-to-day services, community grants and debt repayment in the general operating fund. In 2016, Council approved the transition of casino revenues from the general operating fund to a new Strategic Infrastructure Reserve starting in 2017. The transition will be over five years and completed in 2021. Each year, the City must report how it uses casino revenues to the B.C. Government.

The Casino Operating Reserve was established with an allocation of casino revenues in prior years. The primary purpose of the reserve was to mitigate risk where casino revenues received by the City are lower than the budget estimate.

During the period 2009 to 2018, total contributions to the Casino operating Reserve were \$2.2 million and total funding from this reserve were \$1.0 million. Funding from this reserve has been used when casino revenues have been lower than the budget estimate. The 2018 balance is \$1,448,844.

Recommendation:

- Maintain this Operating Reserve;
- Utilize the available funding for eligible expenditures; and,
- Eliminate this reserve once all the funding has been allocated.

Colliery Dam Reserve

The Colliery Dam Reserve was implemented to provide funding for major rehabilitation of the Lower Colliery Dam. The project has been completed. A balance of \$116,924 remains in this reserve.

Recommendation:

- Eliminate this Operating Reserve.

Firehall Improvements Reserve

The Firehall Improvements Reserve was implemented to provide funding for improvements to City fire stations. A balance of \$396,414 remains in this reserve.

Recommendation:

- Eliminate this Operating Reserve

Fire Training Centre Reserve

The Fire Training Centre Reserve was implemented to provide funding for improvements to the Fire Training Centre. A balance of \$178,675 remains in this reserve.

Recommendation:

- Eliminate this Operating Reserve

Knowles Estate Reserve

The Knowles Estate Statutory Reserve, established in 2007, due to a bequest. Only accumulated interest may be spent for parks and sport facility improvements or equipment in the south end of the City.

During the period 2009 to 2018, total contributions to this reserve were \$92,829 and total funding for projects from this reserve were \$75,929. The 2018 balance is \$429,499.

Recommendation:

- Retain this Statutory Reserve.

Prior Year Carry-Forward Reserve

The Prior Year Carry-Forward Operating Reserve was implemented in 2015 to enable efficient administration of budgets that needed to be carried forward from the current fiscal year to the following year.

The City's Financial Plan identifies specific budgets for projects to be completed each year. Where projects are not completed or delayed, budget may be carried forward to the following year. Under specific circumstances, operating budgets may also be carried forward from one fiscal year to the next. Prior to implementation of this reserve the City used many separate operating reserves to administer the carry forward of budgets from one fiscal year to the next.

The 2018 balance is \$3,380,118 which provided funding for projects in 2019 that were not completed or were delayed in 2018.

Recommendation:

- Retain this Operating Reserve.

Uncollected Parking Revenues Reserve

The Uncollected Parking Revenues Operating Reserve was implemented to provide funding for small parking revenue write-offs at year end.

The 2018 balance is \$7,958.

Recommendations:

- Eliminate this Operating Reserve.

Vancouver Island Fire Academy Reserve

The Vancouver Island Fire Academy Reserve was implemented to provide funding for development of fire training programs. A balance of \$507,451 remains in this reserve.

Recommendation:

- Eliminate this Operating Reserve.

D TARGET BALANCES

1 OVERVIEW

As previously noted, the City maintains reserves to mitigate risks from unexpected decreases in revenues or increases in expenditures, to set aside money in advance for planned future obligations to employees, to set aside money for new/replacement of infrastructure that delivers City services and to implement strategic initiatives.

Establishing target minimum or maximum reserve balances, where appropriate, ensure that specific reserves are able to fulfill their purpose or do not grow beyond their intended purpose.

The review of the City's reserves included evaluating if a reserve should have a minimum or maximum balance and the appropriate methodology for determining the target balance. The review considered:

- Government Finance Officers Association (GFOA) best practices;
- The City's current annual contribution commitments to reserves; and,
- Known future funding needs for infrastructure renewal and strategic initiatives.

The GFOA, the professional association of government finance officials throughout Canada and the United States, has prepared statements of 'best practices' to assist local governments in developing financial management policies, practices and reporting.

The City's financial planning processes would strive to maintain the recommended target minimum reserve balances for the Five Year Financial Plan. If a reserve was reduced below its target minimum balance, the budget review process would both clearly disclose if/when a reserve balance fell below the minimum target and the strategy to restore the reserve's balance to its minimum target.

2 TARGET RESERVE BALANCES NOT REQUIRED

Where reserves have been established to segregate specific revenues, target minimum balances are not always appropriate and would unduly limit funding for projects and strategic opportunities and initiatives.

Due care will need to be taken to ensure that projects funded from these reserves include adequate contingencies to allow for unexpected cost increases.

We recommend that the following reserves do not require target minimum balances:

- 911
- Brechin Boat Ramp
- Casino
- Cemetery Care

- Community Works
- Emission Reduction
- Fitzwilliam St Parking
- General Capital
- Housing Legacy
- NDSS Community Field Maintenance
- Old City Parking
- Parking
- Parkland Dedication
- Pipers Park
- Prior Year Carry Forward
- Property Acquisition
- Property Sales
- Sanitation Levelling
- Special Initiatives
- Strategic Partnerships
- Sustainability
- VICC Reserve

These reserves can be fully utilized in the Five Year Financial plan and in the 10 Year Project Plan.

3 TARGET BALANCES FOR FINANCIAL STABILITY RESERVES

The Financial Stability Reserves mitigate risk from unexpected decreased revenues or increased expenditures. Each year, a robust planning process updates the City's Five Year Financial Plan and includes budgeted annual revenues and expenditures. The City also maintains ten and twenty year planning processes. Monthly and quarterly financial reports monitor financial results during the current year to identify emerging issues and provide the ability for management to take proactive actions.

Overall, the City's risks for unplanned expenditures or decreases in revenues are considered lower due to:

- Robust planning processes for both operating and capital activities;
- A stable and steady demand for services;
- Ability to control revenues and expenditures; and,
- Establishment of Equipment and Infrastructure Reserve Funds with annual contributions.

The GFOA recommends a target balance in 'working capital' between 45 and 90 days of expenditure budgets. 'Working capital' for local governments can be equated to unrestricted operating reserve balances in the General Operating Fund, the Sewer Operating Fund and the Water Operating Fund.

General Financial Stability Reserve

The General Financial Stability Reserve will mitigate risks related to the General Operating Fund excluding the RCMP contract, snow and ice control, residential solid waste collection, sewer and water services. Separate reserves, identified below, will mitigate risks for the services not included in the General Financial Stability Reserve. The General Operating Fund includes the day-to day operating expenditures and revenues that deliver all City services excluding sewer and water services.

We recommend that the target balance for the General Financial Stability Reserve be equal to 60 days of the prior year's budgeted annual expenditures in the General Operating Fund (excluding the RCMP contract, snow and ice control and solid waste collection expenditures).

Contributions to the reserve to maintain the target minimum balance can be from general operating surplus or budget allocation.

RCMP Contract Reserve

The Police Financial Stability Reserve will mitigate risk related to the RCMP contract. The City does not budget for 100% of the annual RCMP contract due to vacancies and to minimize an operating surplus. The annual operating budget estimate for 2019 was 92% of the RCMP contract and the estimate is increased to 93% for 2020.

We recommend that the target balance for the RCMP Contract Reserve be equal to the prior year's unbudgeted % of the contract expenditure plus provision for any other contingent liabilities related to the RCMP contract. Further changes to the annual budget % are not expected.

Contributions to the reserve to maintain the target minimum balance can be from general operating surplus or budget allocation.

Snow and Ice Control Reserve

The Snow and Ice Control Reserve will mitigate risk due to a harsher winter weather and impact on the annual SNIC operating budget. The annual seasonal costs for SNIC control can vary significantly. During the period 2008 to 2017, the highest cost winter was \$1,449,888 in 2008 and the lowest cost winter was \$214,901 in 2015.

We recommend that the target balance equal the 2018 SNIC operating budget plus 50%. An analysis of seasonal SNIC expenditures for the period 2008 to 2017 showed the highest cost season was \$1.6 million (2008/2009 winter). The minimum reserve balance of \$1.2 million plus the annual operating budget would provide adequate funding for a severe winter. To provide a stable amount, the target minimum balance would be reviewed every three years.

Contributions to the reserve to maintain the target minimum balance can be from SNIC operating surplus, general operating surplus or budget allocation.

Sewer Financial Stability Reserve

The Sewer Financial Stability Reserve will mitigate risks related to the Sewer Operating Fund. The Sewer Operating Fund includes the day-to-day operating expenditures and revenues that deliver sewer services.

We recommend that the target balance for the Sewer Financial Stability Reserve equal 45 days of the prior year's budgeted annual expenditures in the Sewer Operating Fund. Annual sewer user fees are a flat amount, therefore, risks to revenue volatility is much lower than the General Operating Fund.

Contributions to the reserve to maintain the target minimum balance can be from sewer operating surplus or budget allocation.

Water Financial Stability Reserve

The Water Financial Stability Reserve will mitigate risks related to the Water Operating Fund. The Water Operating Fund includes the day-to-day operating expenditures and revenues that deliver water services.

We recommend that the target balance for the Water Financial Stability Reserve equal 60 days of the prior year's budgeted annual expenditures in the Water Operating Fund. Annual water revenues can vary depending on summer weather conditions.

Contributions to the reserve to maintain the target balance can be from water operating surplus or budget allocation.

4 TARGET BALANCES FOR EQUIPMENT AND INFRASTRUCTURE RESERVES

There are two components for establishing target balances for equipment and infrastructure reserves.

The first component provides a 'contingency' to mitigate risks related to unplanned infrastructure renewal usually due to early failure or where expenditures for a planned project are higher than planned. The City undertakes a rigorous long-term planning process and development of detailed cost estimates and inclusion of a reasonable contingency for each project. However, unknown conditions, including market conditions and other issues can unexpectedly increase project costs.

The second component relates to the City's planned investment. The City has well developed planning processes that include condition and capacity assessment programs, monitoring maintenance and operational issues and comprehensive data collection for infrastructure. Each year the Five Year Financial Plan and 10-year project plan are updated to include planned project expenditures and funding sources. In addition, the City's continued commitment to developing and implementing asset management best practices contributed to the development of a 20 Year Investment and Asset Management Plan (March 2017). The 20 Year Plan used current infrastructure replacement costs to determine future funding needs. Historical costs used for amortization of costs in the City's accounting records do not reflect future costs the City will incur to replace, upgrade or construct new infrastructure.

Determining target balances for equipment and infrastructure reserves will consider both components. The GFOA does not offer recommendations for equipment and infrastructure reserve minimum balances and it would be difficult to compare to other municipalities where planning processes, maintenance programs and other conditions can vary significantly. We have looked to a reasonable approach that will provide a minimum balance that mitigates risks and will not negatively impact funding available for planned projects.

The recommended target minimum equipment and infrastructure reserve balances include:

- Contingency component
 - 1% of current infrastructure/equipment replacement cost; or,
 - Average of last 10 years project expenditures.
- Planned projects component – funding required for 10 year project plan.

Automated Cart Replacement Reserve

For the Automated Cart Replacement Reserve the recommended target minimum reserve balance is based on 1% of current cart replacement cost.

The purchase cost of carts for the implementation of automated collection was \$4.2 million. Therefore, a target minimum reserve balance would be \$42,000 after funding allocated for the 10-year cart replacement plan. The minimum reserve balance would be effective once annual contributions to the reserve begin in 2023. To provide a stable amount, the target minimum balance would be reviewed every five to ten years.

A review of the 2019 – 2028 cart replacement plan indicates that this reserve does not fall below this minimum balance.

Copier Replacement Reserve

For the Copier Replacement Reserve the recommended target minimum reserve balance is based on the average annual funding from this reserve for the past ten years.

Between 2008 and 2017, total funding from the Copier operating reserve was \$478,000, therefore, the average annual withdrawal was \$47,800. The minimum balance for this reserve would be \$50,000 after funding allocated for the 10-year copier replacement plan. To provide a stable amount, the target minimum balance would be reviewed every five to ten years.

A review of the 2019 – 2028 copier replacement plan indicates that this reserve does not fall below this minimum balance.

Equipment Depreciation Reserve

For the Equipment Depreciation Reserve the recommended target minimum reserve balance is based on 1% of current equipment replacement cost.

The 20 Year Investment Plan indicated a current equipment replacement cost of \$27 million, therefore, a target minimum reserve balance would be \$270,000 after funding allocated for the 10-year equipment replacement plan. To provide a stable amount, the target minimum balance would be reviewed on the next update of the City's 20 Year Investment Plan/every five to ten years.

A review of the 2019 – 2028 equipment replacement plan indicates that this reserve does not fall below this minimum balance.

Facility Development Reserve

For the Facility Development Reserve the recommended target minimum reserve balance is based on the average annual funding from this reserve for the past ten years.

Between 2008 and 2017, total funding from the Facility Development Reserve Fund was \$9.3 million, therefore, the average annual withdrawal was \$930,000. The minimum balance for this reserve would be \$1,000,000 after funding allocated for the 10-year Recreation Facility project plan. To provide a stable amount, the target minimum balance would be reviewed every five to ten years.

A review of the 2019 – 2028 project plan indicates that this reserve does not fall below this minimum balance.

General Asset Management Reserve

For the General Asset Management Reserve the recommended target minimum reserve balance is based on .25% of current infrastructure replacement cost. The 20 Year Plan indicated a replacement cost of all infrastructure of \$1.4 billion, excluding sewer and water infrastructure. Therefore, a minimum reserve balance would be \$3.5 million after funding allocated for the 10-year infrastructure project plan. To provide a stable amount,

the target minimum balance would be reviewed on the next update of the City's 20 Year Investment Plan/every five to ten years.

A review of the 2019 – 2028 project plan indicates that the reserve does not fall below this minimum balance.

IT Reserve

For the IT Reserve the recommended target minimum reserve balance is based on the average annual funding from this reserve for the past ten years.

Between 2008 and 2017, total funding from the IT operating reserve was \$5.7 million, therefore, the average annual withdrawal was \$570,000. The minimum balance for this reserve would be \$575,000 after funding allocated for the 10-year IT project plan. To provide a stable amount, the target minimum balance would be reviewed every five to ten years.

A review of the 2019 – 2028 IT project plan indicates that this reserve does not fall below this minimum balance.

Sewer Asset Management Reserve

For the Sewer Asset Management Reserve the recommended target minimum reserve balance is based on .25% of current sewer infrastructure replacement cost. The 20 Year Plan indicated a replacement cost of sewer infrastructure of \$597 million. Therefore, a minimum reserve balance would be \$1.5 million after funding allocated for the 10-year sewer infrastructure project plan. To provide a stable amount, the target minimum balance would be reviewed on the next update of the City's 20 Year Investment Plan/every five to ten years.

As both the Sewer Operating Reserve and the Sewer Asset Management Reserve provide funding for sewer infrastructure investment, both reserve balances can be combined and compared to the above-noted target.

A review of the 2019 – 2028 project plan indicates that the total of both reserves does not fall below this target minimum balance.

Water Asset Management Reserve

For the Water Asset Management Reserve the recommended target minimum reserve balance is based on .25% of current water infrastructure replacement cost. The 20 Year Plan indicated a replacement cost of water infrastructure of \$976 million. Therefore, a minimum reserve balance would be \$2.4 million after funding allocated for the 10-year water infrastructure project plan. To provide a stable amount, the target minimum

balance would be reviewed on the next update of the City's 20 Year Investment Plan/every five to ten years.

As both the Water Reserve and the Water Asset Management Reserve are used for water infrastructure investment, both reserve balances can be combined and compared to the above-noted target.

A review of the 2019 – 2028 project plan indicates that the total of both reserves does not fall below this minimum balance.

5 TARGET BALANCE FOR STRATEGIC RESERVE

Strategic Infrastructure Reserve

Annual contributions to the Strategic Infrastructure Reserve are from annual revenues received from Fortis and from casino operations. These revenues can vary year to year. We recommend that the minimum target balance for this reserve equal 15% of the prior year's budgeted annual Fortis and casino revenues. The 2019 budget for these revenues is \$480,000 for Fortis and \$1,600,000 for casino for a total of \$2,080,000.

A review of the 2019 – 2028 project plan indicates that this reserve does not fall below the minimum balance.

6 REPLENISHMENT OF RESERVES

Where the City must use funding from a financial stability reserve and that reserve balance falls below the target minimum balance, a replenishment plan for that reserve will need to be developed. We recommend that the Reserve Policy state that a replenishment plan be adopted at the same time as the decision to reduce a reserve below its target minimum balance.

The GFOA recommends a suggested time-frame of one to three years for replenishment of reserves to minimum target balances. Extenuating circumstances may require a municipality to replenish reserves over a longer time-frame.

Strategies for replenishment can include:

- Allocation from operating surplus
- Budget allocations

Each year the City has experienced a general operating fund surplus. The amount can vary significantly year to year and is usually a result of higher than expected revenues or lower expenditures due to staff vacancies and other variances from budget. Many of the City's current reserves for risk mitigation were created from allocations of an operating surplus. This approach does not have an impact on property taxes.

Replenishment of reserves through a budget allocation will have an impact on subsequent year's property taxes unless budget reductions are made in other areas. For example, the 2019 – 2023 Financial Plan has a budget allocation to replenish SNIC reserves and this has had a minor impact on property tax increases.

Where the condition(s) that required the utilization of funding from one of the financial stability reserves is one-time, every effort should be made to replenish the reserve within the three-year time-frame. Examples could include a legal judgement against the City or a major wildfire.

Where the condition(s) that required the utilization of funding from one of the financial stability reserves is significant or permanent the next Five Year Financial Plan will need to address both the replenishment of the reserve and any needed change in the annual operating budget to avoid future budget shortfalls. An example could include where a senior government changes a revenue sharing agreement where annual revenues will decrease and the impact will start in the current year. This may create a need to use funding from the General Financial Stability Reserve for the current year if the annual operating surplus is not available or adequate to cover the revenue shortfall. The Five Year Financial Plan will need to include a budget allocation to replenish the General Financial Stability Reserve and a decrease to the annual revenue sharing budget. Council can approve extending the replenishment of the reserve past three years to spread the impact on property taxes over more years.

7 RECOMMENDED TARGET BALANCES SUMMARY

Appendix 2 provides a summary of reserves and recommended target minimum balances.

8 FINANCIAL IMPACTS

Target Balances

Recommendations in this report include the reallocation of some reserve balances and unallocated surplus. These transfers are outlined in Appendix 4. Each reserve with a recommended minimum target balance will have the minimum target balance once all changes recommended in this report have been implemented.

Accumulated Surplus

Accumulated surplus at the end of December 31, 2019 will be transferred to reserves as outlined in Appendix 4.

Investment Income

Currently, the interest earned on Operating Reserves is allocated to the General Operating Fund and is a revenue source for day-to-day operations in that fund. The 2019 budget for investment income is \$1,900,000 and a portion is due to interest earned on monies in operating reserves.

The recommended changes in this report include the establishment of several new Statutory Reserves and the transfer of several Operating Reserve balances to the new Statutory Reserves. In compliance with the *Community Charter*, Section 189 interest earned on monies in a Statutory Reserve must be allocated to that reserve. The impact of this transfer of monies from Operating Reserves to Statutory Reserves will reduce the annual investment income in the General Operating Fund by an estimated \$230,000. This change will impact the 2020 budget. Interest income will be allocated to the new Statutory Reserves based on their balances and will increase funding available from these reserves.

E SUMMARY OF RECOMMENDATIONS

With Council's approval, the following recommendations are intended to be fully implemented by January 1, 2020 and will be reflected in the 2020 – 2024 Financial Plan.

1. Establish the following new Operating Reserves:
 - a. General Financial Stability
 - b. Sewer Financial Stability
 - c. Water Financial Stability
 - d. Special Initiatives.
2. Establish new Statutory Reserves, approve related bylaws and transfer balances from corresponding Operating Reserves to new Statutory Reserves:
 - a. 911
 - b. Cart Replacement
 - c. Copier Replacement
 - d. Housing Legacy
 - e. Information Technology
 - f. NDSS Field Maintenance
 - g. Parking
 - h. Property Acquisition
 - i. Strategic Infrastructure
 - j. Sustainability
3. Establish new Emission Reduction Statutory Reserve and transfer balance from Regional Emission Reduction Reserve.
4. Eliminate the following reserves:
 - a. Allowance for Bad Debts
 - b. Colliery Dam
 - c. Firehall Improvements
 - d. Fire Training
 - e. Regional Emission Reduction
 - f. SNIC (two reserves combined into one reserve)
 - g. Traffic Fines
 - h. Uncollected Parking Revenues
 - i. Uncollected Taxes
 - j. Uninsured Claim
 - k. VI Fire Academy
 - l. Water Levelling.

E SUMMARY OF RECOMMENDATIONS (Continued)

5. Transfer reserve balances as outlined in Appendix 4.
6. Approve the methodology for determining target balances for each reserve as outlined in Appendix 2 of this report.
7. Approve the Reserves Policy.
8. Direct staff to report annually to Council on the status of all City reserves as outlined in the Reserve Policy.

Appendix 1: Existing Reserve Summary

Reserves	Type	Primary Purpose	Projected Balance - December 31, 2019
Financial Stability Reserves			
RCMP Contract	Operating Reserve	Risk mitigation for actual costs higher than budget estimate.	\$ 2,816,942
Sanitation Leveling Reserve	Operating Reserve	Risk mitigation during implementation of automated solid waste collection and repayment of borrowing.	\$ 488,875
Snow and Ice Control (Parks and Recreation)	Operating Reserve	Risk mitigation for actual costs higher than budget estimate.	\$ 150,000
Snow and Ice Control (Roads)	Operating Reserve	Risk mitigation for actual costs higher than budget estimate.	\$ 300,000
Traffic Fines	Operating Reserve	Risk mitigation for actual traffic fine revenues below budget estimate.	\$ 908,383
Uncollected Taxes	Operating Reserve	Risk mitigation for lower property tax collections due to assessment appeals/other.	\$ 2,759,115
Uninsured Claims	Operating Reserve	Risk mitigation for uninsured property and liability claims.	\$ 2,587,805
Water Levelling Reserve	Operating Reserve	Risk mitigation for actual revenues lower than budget estimate	\$ 1,900,000
Subtotal Financial Stability Reserves			\$ 11,911,120
Equipment Reserves			
Automated Cart Replacement	Operating Reserve	Planned projects	\$ -
Copier Replacement	Operating Reserve	Planned projects	\$ 396,476
Equipment Depreciation	Statutory Reserve	Planned projects	\$ 5,658,949
Information Technology (IT)	Operating Reserve	Planned projects	\$ 899,433
Subtotal Equipment Reserves			\$ 6,954,858
Infrastructure Reserves			
Brechin Boat Ramp	Operating Reserve	Planned projects	\$ 96,218
Cemetery Care	Statutory Reserve	Planned projects	\$ 592,118
Community Works Fund	Statutory Reserve	Planned projects that meet agreement criteria	\$ 5,916,671
Facility Development	Statutory Reserve	Planned projects for facility renewal/upgrade or for new community recreational facility.	\$ 2,872,657
General Asset Management	Statutory Reserve	Planned capital projects	\$ 3,646,476
General Capital	Operating Reserve	Infrastructure investment.	\$ 5,900,534
NDSS Community Field Maintenance	Operating Reserve	Planned projects for NDSS Community Field replacement/improvements	\$ 60,900
Pipers Park	Operating Reserve	Planned projects for improvements to Pipers Park	\$ 53,579
Sewer	Operating Reserve	Planned projects	\$ 8,493,384
Sewer Asset Management	Statutory Reserve	Planned capital projects	\$ 1,392,109
Vancouver Island Conference Centre (VICC)	Operating Reserve	Planned projects for VICC renewal	\$ 524,258
Water	Operating Reserve	Planned projects	\$ 9,268,426
Water Asset Management	Statutory Reserve	Planned capital projects	\$ 2,513,803
Subtotal Infrastructure Reserves			\$ 41,331,133

Appendix 1: Existing Reserve Summary

Reserves	Type	Primary Purpose	Projected Balance - December 31, 2019
Parking Reserves			
Fitzwilliam St Parking	Operating Reserve		\$ 142,868
Old City Neighbourhood Parking	Statutory Reserve	Dedicated funding source	\$ 92,254
Parking Reserve	Operating Reserve	Planned capital projects	\$ 1,025,866
Subtotal Parking Reserves			\$ 1,260,988
Property Acquisition Reserves			
Property Acquisition	Operating Reserve	dedicated funding source	\$ 3,163,383
Parkland Dedication	Statutory Reserve	dedicated funding source	\$ 1,254,664
Property Sales	Statutory Reserve	dedicated funding source	\$ 1,157,823
Subtotal Property Reserves			\$ 5,575,870
Strategic Initiatives Reserves			
Housing Legacy	Operating Reserve	dedicated funding source	\$ 2,371,937
Regional Emission Reduction	Operating Reserve	dedicated funding source	\$ 634,329
Strategic Infrastructure	Operating Reserve	dedicated funding source	\$ 2,176,586
Strategic Partnerships	Operating Reserve	dedicated funding source	\$ 25,543
Sustainability	Operating Reserve	dedicated funding source	\$ 244,644
Subtotal Strategic Reserves			\$ 5,453,039
Other Reserves			
911 Furniture/Equipment Replacement	Operating Reserve	Planned projects	\$ 624,695
Allowance for Bad Debts	Operating Reserve		\$ 44,000
Casino Reserve	Operating Reserve		\$ 1,448,844
Colliery Dam Reserve	Operating Reserve		\$ 116,924
Fire Training Centre	Operating Reserve		\$ 178,675
Firehall Improvements	Operating Reserve		\$ 396,414
General	Operating Reserve	Transition of MSP changes	\$ 46
Knowles Estate	Statutory Reserve	dedicated funding source	\$ 397,656
Prior - Year Carry Forwards	Operating Reserve	Administrative	\$ -
Uncollected Parking Revenue	Operating Reserve	Administrative	\$ 7,958
Vancouver Fire Academy	Operating Reserve		\$ 507,451
Subtotal Other Reserves			\$ 3,722,663
Total			\$ 76,209,671

Appendix 2: Recommended Reserve Minimum Target Balances

Reserve	Primary Purpose of Reserve	Recommended Basis for Target Balance	Recommended Minimum Target Balance	Minimum Target Recalculation Frequency
Financial Stability Reserves				
General Financial Stability	Risk Mitigation	60 days of prior year's budgeted general operating expenditures plus average annual employee post-employment benefits (last 5 years)	\$ 16,408,806	Annually
RCMP Contract	Risk Mitigation	% of prior year's budgeted contract expense not budgeted	\$ 1,881,186	Annually
Sewer Financial Stability	Risk Mitigation	45 days of prior year's budgeted sewer operating expenditures	\$ 471,249	Annually
Snow and Ice Control	Risk Mitigation		\$ 1,200,000	Every 3 Years
Water Financial Stability	Risk Mitigation	60 days of prior year's budgeted water operating expenditures	\$ 1,701,055	Annually
Equipment Reserves				
Cart Replacement	Planned Project Expenditures	minimum 1% of replacement cost plus funding for 10 year replacement plan	\$ 42,000	Every 5 - 10 Years
Copier Replacement	Planned Project Expenditures	\$50k (last 10 year average) plus 10 year replacement plan	\$ 50,000	Every 5 - 10 Years
Equipment Depreciation	Planned Project Expenditures	minimum 1% of replacement cost plus funding for 10 year replacement plan	\$ 270,000	On update of 20 Year Investment Plan/ Every 5 - 10 Years
Information Technology	Planned Project Expenditures	\$575,000 (last 10 year average) plus 10 year project plan	\$ 575,000	Every 5 - 10 Years
Infrastructure Reserves				
Facility Development	Planned Project Expenditures	\$1 million (last 10 year average) plus 10 year project plan	\$ 1,000,000	Every 5 - 10 Years
General Asset Management	Planned Project Expenditures	minimum 0.25% of replacement cost plus funding for 10 year capital program	\$ 3,487,500	On update of 20 Year Investment Plan/ Every 5 - 10 Years
Sewer	Planned Project Expenditures			
Sewer Asset Management	Planned Project Expenditures	minimum 0.25% of replacement cost plus funding for 10 year capital program	\$ 1,492,500	On update of 20 Year Investment Plan/ Every 5 - 10 Years
Water	Planned Project Expenditures			
Water Asset Management	Planned Project Expenditures	minimum 0.25% of replacement cost plus funding for 10 year capital program	\$ 2,440,000	On update of 20 Year Investment Plan/ Every 5 - 10 Years
Strategic				
Strategic Infrastructure	Planned Project Expenditures	15% of prior year's budgeted annual contributions	\$ 312,000	Annually
Other				
Knowles Estate	Planned Project Expenditures	Compliance with bequest	\$ 385,952	Bequest

Appendix 3: New Reserve Summary

Reserves	Primary Purpose	Reserve Type	Annual Contributions Source
Financial Stability Reserves			
General Financial Stability	Risk mitigation for unplanned expenses or decrease in revenues	Operating	Allocation of prior year surplus if available or budget allocation
RCMP Contract Financial Stability	Risk mitigation for unplanned expenses	Operating	Allocation of prior year surplus if available or budget allocation
Sanitation Leveling	Risk mitigation for unplanned expenses or decrease in revenues	Operating	Allocation of Sanitation Surplus or allocation from sanitation budget
Sewer Financial Stability	Risk mitigation for unplanned expenses or decrease in revenues	Operating	Allocation of net sewer revenues or sewer budget allocation
Snow and Ice Control	Risk mitigation for actual costs higher than annual budget estimate.	Operating	Allocation of prior year surplus if available or budget allocation
Water Financial Stability	Risk mitigation for unplanned expenses or decrease in revenues	Operating	Allocation of net water revenues or budget allocation
Equipment Reserves			
Cart Replacement	Planned cart replacement program	Statutory	Annual Internal Charges
Copier Replacement	Planned copier replacement program	Statutory	Annual Internal Charges
Equipment Depreciation	Planned equipment replacement	Statutory	Annual Internal Charges
Information Technology	Planned IT infrastructure projects, new/upgraded infrastructure supported by business case	Statutory	Annual Internal Charges
Infrastructure Reserves			
Brechin Boat Ramp	Renewal or improvements to the Brechin Boat ramp facilities	Operating	Parking revenues
Cemetery Care	Planned projects	Statutory	Annual Internal Charges
Community Works Fund	Planned projects that meet agreement eligibility criteria	Statutory	UBCM grant
Facility Development	Planned projects for facility renewal/upgrade or for new community recreational facility.	Statutory	Annual internal allocation
General Asset Management	Planned capital projects	Statutory	Allocation of annual property taxes
General Capital	Infrastructure investment	Operating	
NDSS Community Field Maintenance	Planned projects for NDSS Community Field replacement/improvements	Statutory	Net rental revenues if available
Pipers Park	Planned projects for improvements to Pipers Park	Operating	Net rental revenues if available
Sewer Asset Management	Planned capital projects	Statutory	Allocation of user fees
Sewer Operating	Planned projects	Operating	Net sewer operating revenues
Vancouver Island Conference Centre (VICC)	Planned projects for VICC renewal	Operating	Unspent annual budget allocation to contractor
Water Asset Management	Planned capital projects	Statutory	Allocation of user fees
Water Operating	Planned projects	Operating	Allocation of net water operating revenues

Appendix 3: New Reserve Summary

Reserves	Primary Purpose	Reserve Type	Annual Contributions Source
Parking Reserves			
Fitzwilliam St Parking		Operating	
Old City Neighbourhood Parking	Creation of new off-street parking spaces	Statutory	Cash in Lieu payments from developers
Parking Reserve	Planned capital projects	Statutory	Net parking revenues
Property Reserves			
Parkland Dedication	Purchase of parkland only	Statutory	Cash in Lieu payments from developers
Property Acquisition	Property purchases	Statutory	Allocation of unspent annual budget for property acquisition
Property Sales	Planned capital projects	Statutory	Sale of civic land
Strategic Reserves			
Emission Reduction	Provide funding for projects, plans and initiatives that reduce the City's community wide CO2 emissions to specified targets in 2030 and 2050	Statutory	Annual budget allocation
Housing Legacy	Funding for development of strategies and partnerships with external agencies for low barrier housing	Statutory	Annual budget allocation
Special Initiatives	Provide funding for short-term initiatives	Operating	Allocation of prior year operating surplus
Strategic Infrastructure	Planned strategic and capital projects	Statutory	Annual Casino and Fortis revenues
Strategic Partnerships	Funding for joint initiatives	Operating	Allocation of prior year operating surplus
Sustainability	Planned sustainability projects. Projects supported by payback analysis	Statutory	Annual budget allocation
Other Reserves			
911	Annual operating and 911 infrastructure replacement/upgrade program	Statutory	Annual Internal Charges
Casino	Eligible expenditures	Operating	None
Knowles Estate	Planned sports facility improvements in South Nanaimo	Statutory	Required due to bequest
Prior Year Carry Forward	To facilitate budget carry forwards process	Operating	Specific project or operating budget allocations

Appendix 4: Summary of Proposed Reserve Transfers and Allocations
Excludes transfers from Operating Reserves to corresponding Statutory Reserves

Transfers From	Projected Balance at Dec 31 2019	Transfers To						
		General Financial Stability Reserve	General Capital Reserve	RCMP Contract Reserve	SNIC (Combined) Reserve	Sewer Financial Stability Reserve	Sewer Operating Reserve	Parking
Transfers From								
Minimum Target Balances		16,408,806		1,881,186	1,200,000	471,249	1,701,055	
Projected Reserve Balance - Dec 31 2019		-	5,900,534	2,816,942	450,000	-	8,493,384	1,025,866
Transfers:								
General Capital		4,679,656	(4,679,656)					
RCMP Contract		1,716,892		(1,716,892)				
Allocations:								
Allowance for Bad Debts	44,000	44,000						
Colliery Dam	116,924		116,924					
Fire Training Centre	178,675		178,675					
Firehall Improvements	396,414		396,414					
General	46	46						
Traffic Fines	908,383			908,383				
Uncollected Taxes	2,759,115	2,759,115						
Uninsured Claims	2,587,805	2,587,805						
VIERA	507,451	507,451						
Unallocated Parking	7,958							7,958
Water Leveling	1,900,000							1,900,000
Total		11,787,514	(3,480,192)	(808,509)	-	-	-	7,958
General Unallocated Surplus	5,487,046	4,737,046			750,000			
Sewer Unallocated Surplus	6,722,290					471,249	6,251,041	
Water Unallocated Surplus	5,827,789						1,701,055	
Total Transfers and Allocations		4,737,046	(3,480,192)	(808,509)	750,000	471,249	6,251,041	-
Projected Reserve Balance Restated - Dec 31 2019		16,524,560	2,420,342	2,008,433	1,200,000	471,249	14,744,425	1,033,824
Minimum Target Over/(Under)		115,754		127,247	-	-	-	-

Council Policy

Policy Name: Reserves Policy
 Department Name: Financial Services
 Policy No.: Insert Policy Number
 Effective Date: Insert Date

Review Date: Insert Date (4 years or less)

POLICY

The purpose of this Policy is to:

- I. Establish responsible governance for the development, maintenance and use of the City's Reserves;
- II. Establish governance roles and responsibilities that ensure appropriate establishment and management of Reserves;
- III. Define principles and objectives for Reserves management that are appropriate for the City's financial position, and are reasonable, logical and necessary for delivery of sustainable, affordable services; and
- IV. Ensure the City's Reserves management is compliant with the statutory and legal requirements of the *Local Government Act* and the *Community Charter*, and in accordance with Canadian public sector accounting standards.

REASON FOR POLICY

The City of Nanaimo (the City) is committed to sustainable, prudent and transparent management of financial resources used to provide valued community services.

Reserves will be established and expended to:

- I. Provide for contingencies;
- II. Fund strategic initiatives and capital investment identified in strategic and master plans adopted by Council;
- III. Fund equipment and vehicle replacement;
- IV. Fund infrastructure renewal;
- V. Fund new/upgraded infrastructure required due to growth.

AUTHORITY TO ACT

Delegated to Staff.

PROCEDURE

1. Definitions

- I. Five Year Financial Plan: The City's annual budget required under the *Community Charter*
- II. Funds: The resources and operations of the City are segregated into General, Sanitary Sewer Utility, Waterworks Utility and Reserve Funds for accounting and budgeting purposes. The General and Utility Funds also have corresponding Capital Funds.

- III. Operating Reserves: Specific reserves in the City's operating funds (General, Sewer and Water) established for specified purposes.
- IV. Public Sector Accounting Board (PSAB): Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board of Canada (PSAB) and the Chartered Professional Accountants of Canada.
- V. Reserves: All the City's Operating Reserves and Reserve Funds.
- VI. Reserve Funds: Specific reserve funds for specified purposes as required by and pursuant to specific legislation and City bylaws. Also referred to as Statutory Reserves.
- VII. Sustainability: The pillars of sustainability include ensuring that current socio-cultural, economic and environmental commitments are considered in investment decisions and do not compromise the ability of future generations to meet their own needs.

2. Acronyms and Abbreviations

- I. CAO: Chief Administrative Officer
- II. The City: The City of Nanaimo

3. Responsibilities

To implement the Reserve Policy the appropriate level of governance must be in place throughout the organization for decision-making.

3.1 Council is responsible for adoption, periodic review and updating the Reserves Policy.

3.2 The CAO is responsible for implementing the Reserves Policy.

3.3 The Director of Finance is responsible for:

3.3.1 Implementing internal processes and systems in compliance with this Policy;

3.3.2 Ensuring Reserves and Reserve Funds are established and maintained in compliance with this Policy;

3.3.3 Recommending target minimum and maximum reserve balances where appropriate;

3.3.4 Ensuring utilization of reserve funding is clearly disclosed in the City's Five Year Financial Plan and other long-term financial plans;

3.3.5 Recommending revisions or amendments to this Policy due to changes in applicable statutes, accounting standards or to support the City's long-term financial management.

4. Scope and Applicability

4.1 Scope

Reserves are either classified as Reserves in each of the City's operating funds or separate Reserve Funds. Reserve Funds are statutory reserves required by Provincial legislation or established by Council and receive specific contributions that can only be used in compliance with the appropriate City bylaw.

The City maintains reserves that provide funding to:

- I. mitigate risk;
- II. replace equipment;
- III. renew existing infrastructure;
- IV. construct new/upgraded infrastructure required due to growth;
- V. purchase land;
- VI. implement strategic initiatives and capital investment;
- VII. comply with special bequests; and
- VIII. facilitate specific functions or commitments.

4.2 Unique Corporate Purpose

Each Reserve must have a unique and specific corporate purpose.

4.3 Corporate Context

The management of the City's reserves is an integral part of the City's long-term planning, asset management, the City's Five Year Plan, the 10 Year Project Plan and the 20 Year Investment Plan.

4.4 Implementation, Review and Reporting

The implementation, review and reporting associated with this policy will be integrated within City business processes. Due to the importance of this policy, the management of the City's reserves will be reported to Council, and implementation of this policy reviewed periodically by Council.

5. Benefits of Compliance

Implementing this policy will improve the City's governance through enhanced accountability, performance, sustainability and resiliency.

6. Principle Statements and Objectives

Reserves shall be established, maintained and used in accordance with following principles and objectives.

6.1 Affordability

6.1.1 The City will consider impact on property taxes, utility and other user fees when implementing and managing reserves.

6.2 Long-Term Financial Sustainability and Resiliency

6.2.1 The City will implement and manage reserves that support mitigation of risks arising from operating emergencies, unforeseen expenditures or decreases in revenues.

6.2.2 The City shall strive to implement and manage reserves to meet future financial obligations with respect to the City's strategic initiatives, investment in equipment and infrastructure, and fiscal needs.

6.2.3 The City will make informed decisions to implement and manage reserves that best support the long-term financial needs for City services and strategic priorities.

6.2.4 The City will develop and maintain financial plans that adequately identify the long-term funding needs and sources to sustain City services.

6.3 Transparency and Accountability

6.3.1 All Reserves must be established, maintained and used for a specified purpose mandated by this policy, statute, or City Bylaw.

6.3.2 A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from Operating Reserves and Reserve Funds.

6.3.3 The City will conduct an annual review of all reserves and report the results to Council.

6.3.4 The City's Five Year Financial Plan will provide a summary of projected reserve balance, contributions and withdrawals.

6.4 Statutory and Legal Requirements

6.4.1 Reserves will be established to meet Provincial and Federal government legislation, City Bylaws or required by contractual agreement.

6.5 Accounting Standards

6.5.1 Administration of Reserves must meet the accounting standards applicable to local governments (PSAB).

7. Administration

The following key administrative processes will support implementation of the Reserve Policy. Additional information is provided in the City's Reserves Processes document.

7.1 Interest and Calculation Method

All Reserve Funds will earn interest each year. Interest will be calculated based on the audited fund balance at the end of the prior year. The interest rate used will be determined on an annual basis.

7.2 Minimum and Maximum Balances

A minimum and maximum balance may be established for a Reserve. A minimum balance will ensure that each fund is not depleted to the degree that it is no longer able to service its intended purpose. A maximum balance ensures that it does not grow beyond its intended purpose.

The annual allocation of General Operating Fund, Sewer Operating Fund and Water Operating Fund surplus will prioritize replenishment of reserves to minimum target balances.

The City's financial planning processes will strive to maintain the recommended target minimum reserve balances for the Five Year Financial Plan.

7.3 Repayment Period for Target Minimum Balances

A time period will be specified for the repayment or replenishment of a Reserve with a specified minimum balance.

7.4 Reporting

The City will develop and maintain annual reporting processes that provide decision makers with all relevant reserves information.

8. Reserves Framework

The Reserves Framework groups reserves by common purposes and guidelines in compliance with this Policy. Reserve Funds are utilized to comply with Provincial legislation or contractual requirements and where specific annual contributions support long-term organizational purposes.

A description of each reserve is outlined below within the Reserves Framework.

8.1 Financial Stability Reserves

Description

Financial Stability Reserves are required to ensure the ongoing financial stability and fiscal health of City operations. Each reserve is funded from an allocation of operating year-end surplus from the appropriate fund. The Financial Stability Reserves include:

- General Financial Stability Reserve
- RCMP Contract Financial Stability Reserve

- Sanitation Levelling Reserve
- Sewer Financial Stability Reserve
- Snow and Ice Control Financial Stability Reserve
- Water Financial Stability Reserve

Guidelines for Using Funds

A Council resolution or an Adopted Budget Bylaw is required for all appropriations from the Financial Stability Reserve Funds.

All appropriations from the Financial Stability Reserves are to be considered in accordance with the following priorities:

1. Operating and Environmental Emergencies
 - a. These appropriations are the highest priority and are based on public safety and maintenance of current levels of service.
2. Revenue and Operating Expenditures Contingency
 - a. These appropriations are intended to stabilize the impacts of cyclical revenue downturns and cost increases that are largely temporary and not within the City's ability to adjust in the short-term.

8.2 Equipment Reserves

Description

Equipment Reserves are established to provide funding for equipment replacement. Currently, the City has established equipment reserves for the following:

8.2.1 Cart Replacement Reserve Fund – This reserve is to fund the replacement of residential carts used in solid waste collection. Internal charges to the Residential Solid Waste department provide annual contributions to this reserve.

8.2.2 Copier Replacement Reserve Fund – This reserve is to fund copier replacement. Internal charges to user departments provide annual contributions to this reserve.

8.2.3 Equipment Depreciation Reserve Fund – This reserve is to fund the replacement of the City's fleet including fire apparatus, solid waste collection trucks, heavy-duty construction equipment and vehicles. Internal charges to user departments provide annual contributions to this reserve.

8.2.4 Information Technology (IT) Reserve Fund – This reserve is to fund IT corporate infrastructure replacement and improvements. Internal charges to user departments provide annual contributions to this reserve.

8.3 Infrastructure Reserves

Description

Infrastructure Reserves are established to provide funding for infrastructure replacement and for new/upgraded infrastructure required due to growth. Currently, the City has established infrastructure reserves for the following:

8.3.1 Brechin Boat Ramp Reserve – This reserve is to fund improvements to the Brechin boat ramp. Annual contributions are from net parking revenues.

8.3.2 Cemetery Care Reserve Fund – This reserve is to fund ongoing care of the cemetery. Revenues from plot sales provide contributions to this reserve.

8.3.3 Community Works Reserve Fund – This reserve was established in 2005 in compliance with an agreement between the Union of BC Municipalities (UBCM) and the City. Annual grant funding from UBCM provides contributions to this reserve and funding from this reserve must meet the eligibility criteria in the agreement.

8.3.4 Facility Development Reserve Fund – This reserve is to fund renewal of the City's recreation facilities and for construction of new recreation facilities. Annual contributions are provided by an allocation of recreation facility revenues.

8.3.5 General Asset Management Reserve Fund – This reserve is to fund upgrading or replacement of infrastructure relating to transportation, storm drainage, facilities, parks amenities and major technology. Annual contributions are provided from an allocation of property taxes.

8.3.6 General Capital Reserve – This reserve is to fund capital projects. Contributions may be from an allocation of General Operating Fund surplus.

8.3.7 NDSS Community Field Reserve Fund – This reserve is to fund capital improvements to the field. Annual net revenues from the NDSS field operations are contributed to this reserve.

8.3.8 Pipers Park Reserve – This reserve provides funding for improvements to Pipers Park. Annual net revenues from the facilities in the park provides contributions to this reserve.

8.3.9 Sewer Reserve – This reserve provides funding for sewer infrastructure assessment programs and renewal. Annual contributions are from sewer user fees in excess of annual operating expenditures, debt repayment and transfer to the Sewer Asset Management Reserve.

8.3.10 Sewer Asset Management Reserve Fund – This reserve is to fund upgrading or replacement of sewer infrastructure. Annual contributions are provided from an allocation of sewer user fees.

8.3.11 Vancouver Island Conference Centre (VICC) Reserve – This reserve provides funding for improvement to VICC. Contributions to this reserve are from a budget allocation.

8.3.12 Water Reserve – This reserve provides funding for water infrastructure assessment programs and renewal. Annual contributions are from water user fees in excess of annual operating expenditures, debt repayment and transfer to the Water Asset Management Reserve.

8.3.13 Water Asset Management Reserve Fund – This reserve is to fund upgrading or replacement of water infrastructure. Annual contributions are provided from an allocation of water user fees.

8.4 Parking Reserves

Description

Parking Reserves are established to provide funding for renewal of parking infrastructure and new parking infrastructure. Currently, the City has established parking reserves for the following:

8.4.1 Fitzwilliam St Parking Reserve – This reserve is to fund parking amenities at the City owned Prideaux Street parking lot.

8.4.2 Parking Reserve Fund – This reserve is to fund renewal of parking infrastructure or new parking infrastructure. Annual contributions are provided from net parking revenues.

8.4.3 Old City Parking Reserve Fund – This reserve is to fund the creation of new off-street parking spaces.

8.5 Property Reserves

Description

Property Reserves are established to provide funding for property acquisitions. Currently, the City has established property acquisition reserves for the following:

8.5.1 Parkland Dedication Reserve Fund – This reserve provides funding for the purchase of parkland pursuant to the *Community Charter*, Section 188. Contributions are provided from cash-in-lieu payments from developers.

8.5.2 Property Acquisition Reserve Fund – This reserve provides funding for property acquisitions. Property acquisitions include property needed to expand City infrastructure, to implement strategic initiatives and for parkland. Contributions to this reserve are either by allocation of budget or operating surplus.

8.5.3 Property Sales Reserve Fund – This reserve provides funding for capital project pursuant to the *Community Charter*, Section 188. Contributions are provided from the sale of civic land.

8.6 Strategic Reserves

Description

Strategic Reserves are established to provide funding for strategic initiatives identified by Council. Currently, the City has established strategic reserves for the following:

8.6.1 Emission Reduction Reserve Fund – This reserve provides funding for projects, plans and initiatives that reduce the City's CO2 emissions to specified targets.

8.6.2 Housing Legacy Reserve Fund – This reserve provides funding to support affordable housing in the community including but not limited to property acquisition and capital investment. Annual budget allocations provide contributions to this reserve.

8.6.3 Special Initiatives Reserves – This reserve will provide funding for short-term initiatives. Contributions to this reserve is from allocation of prior year general operating surplus.

8.6.4 Strategic Infrastructure Reserve Fund - This reserve provides funding for strategic initiatives and capital infrastructure. Annual contributions to this reserve are from casino and Fortis revenues.

8.6.5 Strategic Partnerships Reserve – This reserve provides funding to support consultation with Snuneymuxw First Nation regarding joint projects.

8.6.6 Sustainability Reserve Fund – This reserve provides funding for project expenditures that reduces the City's energy consumption or lowers GHG emissions. Annual budget allocations provide contributions to this reserve.

8.7 Other Reserves

8.7.1 911 Reserve Fund – This reserve provides funding for operating and equipment for 911 operations. Annual contributions are through an annual internal charge to the 911 department.

8.7.2 Casino Reserve – This reserve is available to provide funding for eligible operating or capital expenditures. There are no further contributions to this reserve. This reserve will be eliminated when funding is fully allocated.

8.7.3 Knowles Estate Reserve Fund – This reserve is required due to a bequest. Only accumulated interest may be spent for parks and sport facility improvements in the south end of the City.

8.7.4 Prior Year Carry-Forward Reserve – This reserve is required to allow for unspent budgets to be carried forward to the following year. Where projects are not completed or delayed, budget may be carried forward to the following year. Under specific circumstances, operating budgets may also be carried forward from one fiscal year to the next.

9. Summary of City Reserves

A summary of Reserves and Reserve Funds is provided in Schedule A.

10. Review Date

This Policy should be reviewed every 4 years.

MANAGEMENT, REFERENCES AND APPROVAL:

This policy shall be reviewed in 3 years from its effective date to determine its effectiveness and appropriateness. This policy may be assessed before that time as necessary to reflect organizational change.

Approving Authority:

Council

Approval Date:

Insert Approval Date

Revision Approval Dates:

Insert Date if applicable

Review Due:

Insert Date

Policy Manager:

Director of Financial Services

Department Contact:

Director of Financial Services

Legal References:

Insert if applicable

Cross References:

Insert if applicable

Appendix A

The City has established a framework for Reserves. A Reserve Fund is established for each Statutory Reserve under the authority of the *Community Charter*. In addition to this policy, Statutory Reserves are supported by a bylaw that outlines the purpose and use of each fund.

A summary of reserves is provided below within a framework that supports the primary objectives of this Policy:

- I. Financial Stability Reserves
- II. Equipment Reserves
- III. Infrastructure Reserves
- IV. Parking Reserves
- V. Property Acquisition Reserves
- VI. Strategic Reserves
- VII. Special Reserves

1. Financial Stability Reserves

Description

Financial Stability Reserves are required to protect the City's financial stability and resiliency. The primary intent of these reserves is to mitigate risk by providing funding for unknown expenditures arising from operating emergencies or necessity.

Guidelines for Using Reserves

An Adopted Budget Bylaw is required for all appropriations from the Financial Stability Reserves.

1. General Financial Stability Reserve

Contributions to this reserve are through an allocation of General Operating Fund surplus or budget allocation

This reserve can be provide a source of funds where:

- I. Expenditures exceed planned due to emergency or necessity
- II. Revenues are below planned due to emergency or necessity

2. RCMP Contract Financial Stability Reserve

Contributions to this reserve are through an allocation of RCMP contract surplus, General Operating Fund surplus or budget allocation.

This reserve can provide a source of funds where the actual annual RCMP contract costs exceed the budget estimate.

3. Sanitation Levelling Reserve

Contributions to this reserve are through an allocation of annual Residential Solid-Waste Collection surplus.

This reserve can provide a source of funds where:

- I. Expenditures exceed planned due to emergency or necessity
- II. Revenues are below planned due to emergency or necessity

4. Sewer Financial Stability Reserve

Contributions to this reserve are through an allocation of Sewer Operating Fund surplus or budget allocation.

This reserve can provide a source of funds where:

- I. Expenditures exceed planned due to emergency or necessity
- II. Revenues are below planned due to emergency or necessity

5. Snow and Ice Control Reserve

Contributions to this reserve are through an allocation of annual SNIC surplus, General Operating Fund surplus or budget allocation.

This reserve can provide a source of funds where the actual annual costs for snow and ice control exceed the budget estimate.

6. Water Financial Stability Reserve

Contributions to this reserve are through an allocation of Water Operating Fund surplus or budget allocation.

This reserve can provide a source of funds where:

- I. Expenditures exceed planned due to emergency or necessity
- II. Revenues are below planned due to emergency or necessity

2. Equipment Reserves

Description

Equipment Reserves provide a funding source for equipment and fleet replacement.

Guidelines for Using Reserves

An Adopted Budget Bylaw is required for all appropriations from the Equipment Reserves.

I. Cart Replacement Reserve Fund

Contributions to this reserve is through annual internal charge to the Residential Solid Waste Collection operating budget.

This reserve provides funding for replacement of residential automated solid waste collection carts.

II. Copier Replacement Reserve Fund

Contributions to this reserve is through annual internal charges to user departments that are included in the department's annual operating budgets.

This reserve provides funding for replacement of the City's copiers.

III. Equipment Replacement Reserve Fund

Contributions to this reserve is through annual internal charges to user departments that are included in the department's annual operating budgets.

This reserve provides funding for replacement of the City's fleet including vehicles, trucks, heavy equipment, fire apparatus and Zambonis.

IV. Information Technology Reserve Fund

Contributions to this reserve is through annual internal charges to user departments that are included in the department's annual operating budgets.

This reserve provides funding for replacement of the City's technology assets including data lines, server hardware and enterprise software.

3. Infrastructure Reserves

Description

Infrastructure Reserves provide a funding source for renewal of current infrastructure and new/upgraded infrastructure required due to growth, new regulatory requirements or service level changes. Contributions to these reserves are through annual budget allocations.

Guidelines for Using Reserves

An Adopted Budget Bylaw is required for all appropriations from the Infrastructure Reserves.

3.1 Brechin Boat Ramp Reserve

Contributions to the reserve are through an allocation of annual net parking revenues at the Brechin Boat Ramp facility.

This reserve provides funding for renewal or improvements to the Brechin Boat Ramp facilities.

3.2 Cemetery Care Reserve Fund

Contributions to the reserve are through annual plot and head stone installation revenues. The City operates the cemetery and maintains a cemetery perpetual care fund in accordance with the Cremation, Interment and Funeral Services Act.

Interest revenues earned by monies in this reserve are available to provide funding for annual cemetery care operating and maintenance expenditures.

3.3 Community Works Reserve Fund

Contributions to the reserve are through annual funding received from the Gas Tax Agreement (GTA) administered by the Union of British Columbia Municipalities (UBCM).

This reserve provides funding for specific types of infrastructure projects as allowed under the terms of the GTA.

3.4 Facility Development Reserve Fund

Contributions to the reserve are through a 20% allocation of contributing recreation facility and program revenues.

This reserve provides funding for renewal of contributing recreation facilities and can provide funding for new recreation facilities.

3.5 General Asset Management Reserve Fund

Contributions to the reserve are through budget allocations from annual property tax revenues.

This reserve provides funding for City infrastructure renewal excluding sewer and water infrastructure.

3.6 General Capital Reserve

Contributions to the reserve are through allocations of General Operating Fund surplus.

This reserve provides funding for capital investment.

3.7 NDSS Community Field Maintenance Fund

Contributions to the reserve are through budget allocation, contribution from School District 68 and net annual operating revenues from user fees for the field.

This reserve provides funding for major capital improvements or field replacement for NDSS Community Field.

3.8 Piper's Park Reserve

Contributions to the reserve are through allocation of net annual operating revenues from rental of building located at Piper's Park.

This reserve provides funding for improvements to Pipers Park.

3.9 Sewer Asset Management Reserve Fund

Contributions to the reserve are through budget allocations from annual sewer user fees.

This reserve provides funding for renewal of the City's sewer infrastructure.

3.10 Sewer Operating Reserve

Contributions to the reserve are through annual net operating allocations from the Sewer Operating Fund.

The Sewer Operating Reserve provides funding for renewal or new/upgraded infrastructure required to maintain levels of service.

3.11 Vancouver Island Convention Centre Reserve

Contributions to the reserve are through unspent annual budget allocation.

This reserve provides funding for renewal of the Port of Nanaimo Centre facility.

3.12 Water Asset Management Reserve Fund

Contributions to the reserve are through budget allocations from annual water user fees.

This reserve provides funding for renewal of the City's water infrastructure.

3.13 Water Operating Reserve

Contributions to the reserve are through annual net operating allocations from the Water Operating Fund.

The Water Operating Reserve provides funding for renewal or new/upgraded infrastructure required to maintain levels of service.

4. Parking Reserves

Description

Parking reserves provide a funding source for renewal and new/upgraded parking infrastructure including parkades and meters.

Guidelines for Using Reserves

An Adopted Budget Bylaw is required for all appropriations from the Infrastructure Reserves.

4.1 Fitzwilliam St Parking Reserve

There are no specified future contributions to this reserve.

This reserve provides funding for improvements to parking amenities at the Prideaux Street Parking lot.

4.2 Old City Parking Reserve Fund

Contributions to this reserve are from cash-in-lieu payments from developers.

This reserve provides funding for the creation of new off-street parking spaces

4.3 Parking Reserve Fund

Contributions to this reserve are through annual net operating allocations from parking operations.

This reserve provides funding for renewal of current parking infrastructure and new parking infrastructure.

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5 Property Acquisition Reserves

Description

Property Acquisition Reserves provide funding sources to purchase land needed for new infrastructure projects and for new parkland. Contributions to these reserves are through sale of City owned property and through annual budget allocations subject to Council approval.

Guidelines for Using Reserves

An Adopted Budget Bylaw is required for all appropriations from the Infrastructure Reserves.

5.1 Parkland Dedication Reserve Fund

Contributions for this reserve are received from development in lieu of parkland and from the sale of City parkland. This reserve is required by the *Community Charter*.

This reserve provides funding for purchase of City parkland.

5.2 Property Acquisition Reserve Fund

Contributions to this reserve are through unspent annual budget allocation.

This reserve provides funding for the purchase of new land.

5.3 Property Sales Reserve Fund

Contributions for this reserve are received from the sale of City land and improvements. This reserve is required by the *Community Charter*.

This reserve provides funding for purchase of City land and improvements.

6 Strategic Reserves

Description

Strategic Reserves provide funding sources to advance and implement priorities identified in strategic and master plans adopted by Council.

Guidelines for Using Reserves

An Adopted Budget Bylaw is required for all appropriations from the Infrastructure Reserves.

6.1 Emission Reduction Reserve Fund

Contributions to the reserve are through annual budget allocation.

This reserve provides funding for projects, plans and initiatives that reduce the City's community wide CO2 emissions to between 50% and 58% below 2010 levels by 2030, and between 94% and 107% below 2010 levels by 2050.

6.2 Housing Legacy Reserve Fund

Contributions to this reserve are through annual budget allocation.

This reserve provides funding to support affordable housing in the community including but not limited to property acquisition and capital investment.

6.3 Special Initiatives Reserve

Contributions to this reserve are through an allocation of General Operating Fund surplus.

This reserve provides funding to implement specific initiatives in the subsequent year.

6.4 Strategic Infrastructure Reserve Fund

Contributions to this reserve are through annual budget allocation.

This reserve provides funding to implement Council's strategic initiatives and capital investment.

6.5 Strategic Partnerships Reserve

Contributions to this reserve are through an allocation of General Operating Fund surplus or budget allocation.

This reserve provides funding for consultation with Snuneymuxw First Nation regarding joint projects.

6.6 Sustainability Reserve Fund

Contributions to the reserve are through annual budget allocation.

This reserve provide funding for investigation and implementation of new equipment or infrastructure improvements that reduce the City's energy consumptions or will lead to lower GHG emissions and meet payback criteria.

7 Other Reserves

Description

Reserves can be established as a result of a bequest or for a one-time expenditure. The City currently has the following special reserves.

Guidelines for Using Funds

An Adopted Budget Bylaw is required for all appropriations from the Infrastructure Reserves.

7.1 911 Reserve Fund

Contributions to this reserve is through annual internal charges that are included in the 911 operating budget.

This reserve provides funding for replacement of the City's 911 call answering equipment and furniture.

7.2 Casino Reserve

This reserve will be eliminated once all current funds have been allocated.

This reserve provides funding for eligible expenditures in compliance with Provincial agreement.

7.3 Knowles Estate Reserve Fund

This reserve was established as a bequest, with the accumulated interest to be used for park and youth sports facility improvements in the south end of Nanaimo.

7.4 Prior Year Carry Forward Reserve

Contributions to this reserve are budget allocations for specific projects or operating initiatives that were delayed or not completed in the current year.

This reserve provides funding for delayed or incomplete projects or operating initiatives to be completed in a subsequent year.

Reserves Review Update



The diagram features a central circular icon with a dollar sign (\$) and a circular arrow. Surrounding this central icon are seven blue circles, each containing text for a different reserve category: Strategic Reserves, Financial Stability Reserves, Equipment Reserves, Infrastructure Reserves, Parking Reserves, Other Reserves, and Property Reserves. The background of the slide shows a photograph of a modern building with large windows and greenery in front.

July 17, 2019

Today

- Present
 - updated Reserves Review Report
 - updated Reserves Policy
- Seek Council's approval of the Reserve Policy
 - to be reflected in preparation of the next Five Year Financial Plan,
 - or receive further direction
- Begin preparation of related bylaws for Council's review and approval

Reserves Overview

- Total reserves at December 31, 2018 (excluding DCCs) - \$41 million
- Minimize property tax and user fee increases
 - City investment levels/total projects vary year to year
- Financial resiliency
- Prudent long-term financial management
- Utilization
 - 86% of total contributions to reserves were used to fund investment during the past ten years

Reserves Review Presentation to Council March 11, 2019

- Presented:
 - Draft Reserves Review Report
 - Draft Reserves Policy
- Purpose of Reserves:
 - Long-term financial management
 - Risk mitigation
 - Infrastructure/Equipment renewal and investment
 - Strategic initiatives and investment

Reserves Review Presentation to Council March 11, 2019

- Reserves Review
 - Does the City have the right reserves?
 - Do the reserves have the right balances?
- Reserves Framework utilized to help clarify, communicate and evaluate effectiveness of the City's reserves

Framework
Financial Stability Reserves
Equipment Reserves
Infrastructure Reserves
Parking Reserves
Property Reserves
Strategic Reserves
Other Reserves

Reserves Review Presentation to Council March 11, 2019

- Recommendations:
 - Establish new Financial Stability Reserves
 - Establish new Statutory Reserves and transfer balances from Operating Reserve to new corresponding Statutory Reserve
 - Eliminate specific reserves
 - Establish target minimum balances for specific reserves
 - Approve new Reserve Policy
 - Annual reporting to Council

Update

Council Direction and Further Review

- Added new Emission Reduction Reserve and elimination of the Regional Reduction Reserve
- Updated reserves information to reflect the City's completed 2018 financial statements
- Confirmed calculations for minimum target balances
- Confirmed transfers between reserves and to new reserves
- Review by the City's external auditors

Update

Appendix 1 - Current Reserve Summary

Current Reserves detail:

- Reserve Type – Operating or Statutory
- Primary Purpose
- Projected Balance at December 31, 2019
 - \$76 million (excludes DCC reserves)

Update

Appendix 2 - Target Balances

- Targets established according to GFOA best practices
- Minimum Target Balances recommended for:
 - Financial Stability Reserves
 - Equipment Reserves
 - Key Infrastructure Reserves
 - Strategic Infrastructure Reserve
- Minimum Target Recalculation Frequency
 - Annually
 - Every 3 Years
 - Every 5 – 10 Years/Update of 20 Year Investment Plan

Update

Appendix 3 - New Reserves Summary

Proposed Reserves Framework detail:

- Primary Purpose
- Reserve Type – Operating or Statutory
- Annual Contribution Source

Reserve Policy

Policy, Processes, Procedures

Policy – Guiding Principles and Objectives

Processes – Activities required to achieve policy objectives and comply with policy principles

Procedures – Specific tasks required to implement processes and achieve policy objectives

Reserve Policy

Purpose

- Establish responsible governance for the City's reserves
- Establish roles and responsibilities
- Define principles and objectives for Reserves management
- Ensure the City's Reserves management is compliant with statutory and legal requirements and in accordance with Canadian public sector accounting standards

Reserve Policy

Principle Statements and Objectives

Reserves shall be established, maintained and used in accordance with the following principles and objectives:

- Affordability
- Long-Term Financial Sustainability and Resiliency
- Transparency and Accountability
- Statutory and Legal Requirements
- Accounting Standards

Reserve Policy Administration – Key Processes

- Interest allocation for Reserve Funds
- Minimum or maximum reserve balances may be established for a reserve
- Annual allocation of Operating Funds (General, Sewer, Water) will prioritize replenishment of reserves with minimum target balances
- Repayment Period for Target Minimum Balances will be specified
- Annual reporting to provide decision makers with all relevant reserves information

Reserve Policy Administration – Key Processes

- Reserve Framework groups reserves by common purposes and guidelines:
 - Financial Stability Reserves
 - Equipment Reserves
 - Infrastructure Reserves
 - Parking Reserves
 - Property Reserves
 - Strategic Reserves
 - Other Reserves
- Policy reviewed every four years

