

2020 – 2024 Draft Financial Plan Recap



November 25, 2019

Revised Projected Property Tax Increases*

	2020	2021	2022	2023	2024
General Asset Management Reserve	1.0%	1.0%	1.0%	0.0%	0.0%
General Property Tax Increase	4.6%	2.1%	2.4%	1.9%	1.7%
Total Municipal Taxes	5.6%	3.1%	3.4%	1.9%	1.7%

*Reflects additional information received after completion of Draft Financial Plan including some benefit changes (CPP, EI, WorkSafe)

Additional changes for extended health and pension benefits and will be reflected in final 2020 – 2024 Financial Plan

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

User Fees Increases

	2020	2021	2022	2023	2024
Sanitary Sewer User Fee Increase	4.0%	4.0%	4.0%	0.0%	0.0%
Water User Fee Increase	7.5%	5.0%	5.0%	5.0%	5.0%

2.5% annual increase for asset management for Water currently ends in 2020 and the 4% annual increase for asset management for Sewer currently ends in 2022

	2020	2021	2022	2023	2024
Sanitation User Fees	\$ 171	\$ 173	\$ 178	\$ 183	\$ 184

Impact on a Typical Home

excludes property taxes collected for the RDN, School District, Hospital and Vancouver Island Regional Library

	2019	2020	\$ Change	% Change
Property Taxes	\$2,102	\$2,219	\$117	5.6%
Municipal User Fees				
Water Fees	552	594	42	7.5%
Sewer Fees	135	141	6	4.0%
Sanitation Fees	170	171	1	0.6%
Total Municipal Taxes & User Fees	\$2,959	\$3,125	\$166	5.6%

Based on \$516,418 assessed value (average for Nanaimo per BC Assessment)

Rounded to nearest dollar

Assumes a typical single family house with average assessment change

2020 Key Budget Drivers – General

Expenditure Increases/(Decreases)	
Asset Management	\$ 1,010,000
Wages and Benefits ¹	3,068,000
Contracted Services - Landscaping/Tree Services	108,000
Economic Development ²	467,000
Fleet Charge - Fire	100,000
Legal Fees	123,000
Project Expenditures	
Annual general revenue funding	645,000
RCMP Contract (budgeted at 95%)	1,709,000
Snow and Ice Control Reserve	(275,000)
Sewer and Water Internal Support	(201,000)
Strategic Infrastructure Reserve	480,000
Utilities - Water and Sewer	154,000
Subtotal Expenditure Increases	\$ 7,388,000

2020 Key Budget Drivers – General

Revenue (Increases)/Decreases	
Building Permit Revenue	(200,000)
Casino Revenue	(100,000)
Grant in Lieu	(146,000)
Provincial Fine Revenue	(70,000)
Transfer from RCMP Contract Reserve	(268,000)
Transfer from Surplus/Reserve ³	500,000
Subtotal Revenue Increases	\$ (284,000)
Other Changes	\$ 54,000
Net Expenditure Increases	\$ 7,158,000
Less Increased Property Tax Revenues due to Growth - Estimate	1,200,000
Net Impact	\$ 5,958,000

Dollars are rounded to nearest \$1,000

Extended health and pension benefit rates will be updated for final. These changes may impact property tax rates.

¹Excludes new Manager, Economic Development

²Includes new Manager, Economic Development

³\$500,000 in funding from reserves from 2017 surplus allocation was used to offset EHT in 2019

Items for Council Discussion

#1 Strategic Infrastructure Reserve

- 2020 is the fourth of five year transition of annual Casino revenue to reserve
- Fortis Gas revenue was fully transitioned in 2017

Option for Council consideration

- Cap annual contribution at 2019 level
 - 100% of annual Fortis Revenues
 - 67% of annual Casino Revenues
 - Reduces 2020 contribution from \$2,545,000 to \$2,140,000 savings of \$405,000
 - Impact on 2020 property taxes ~0.38%

#2 Marie Davidson Bike Park

Request from Nanaimo BMX Association for the City to undertake design phase of proposed infrastructure upgrade of bike park - \$35,000 in 2020

Potential Funding Sources:

- General Revenue
 - Impact on 2020 property taxes ~0.03%
- Strategic Infrastructure Reserve

#3 Emergency Medical Responder (EMR) Training

Request to increase Nanaimo Fire Rescue training budget for six years to implement EMR training

- \$66,750 in 2020
- \$60,000/year 2021 – 2025

Funded from General Revenue

- Impact on 2020 property taxes ~0.06%

#4 Vancouver Island Symphony

Current Funding: 3 year funding agreement covering 2019, 2020 & 2021 for \$89,244/year funded from Culture & Heritage Operating Grants

Request from Vancouver Island Symphony:

1. Increase funding to \$120,000/year

- Potential Funding Sources for 2020:
 - Council Contingency
 - General Revenue – impact on 2020 property taxes ~ 0.03%
- Potential Funding Sources for Future Years
 - Culture and Heritage Operating Grant – submit application in 2020 for a 2021 increase
 - General Revenue

Note: Deadline for 2020 Culture & Heritage Operating Grant applications has passed.

#4 Vancouver Island Symphony

Request from Vancouver Island Symphony continued:

2. \$30,000 for 2020 Symphony by the Sea

- Potential Funding Sources for 2020:
 - Council Contingency
 - General Revenue – impact on 2020 property taxes ~ 0.03%

Downtown Event Grants is a possible funding source for future years however grants are limited to 35% of project costs and application deadline for 2020 has passed

3. Vancouver Island Symphony be added to Financial Plan as a line item

#5 Victim Services

Current Funding: Annual grant \$53,229 plus \$6,804 in-kind space rental

Request from Nanaimo Victim Services to increase annual operating grant.

Options:

1. \$100,000 annual increase – to fund 2 additional staff members
 - Funding Source – General Revenue
 - Impact to 2020 Property taxes ~ 0.09%
2. \$75,000 annual increase – to fund 1.5 additional staff members
 - Funding Source – General Revenue
 - Impact to 2020 Property taxes ~ 0.07%
3. \$50,000 annual increase – to fund 1 additional staff member
 - Funding Source – General Revenue
 - Impact to 2020 Property taxes ~ 0.05%

#6 Nanaimo Area Land Trust (NALT)

Current Funding: Annual grant \$30,000

Request from NALT to increase annual operating grant by \$5,000/year.

Funding Source - General Revenue

- Impact on 2020 property taxes ~0.005%

#7 Manager of Sustainability

Business case developed as per Council endorsement of Finance and Audit Committee recommendation

Funding Source - General Revenue

- Impact on 2020 property taxes ~0.16%

Staff recommendation: Defer consideration of this position until the 2021 – 2025 Financial Plan to allow for the review and updating of the Community Sustainability Action Plan

#8 Business Cases Included in Draft Plan

Business Case	Impact to 2020 Property Taxes
Corporate Services	
Change in service level – 2 PFT Prisoner Guards	0.10%
Records Clerks – 2 PPT to 2 PFT Conversion	0.02%
Beban Complex Electrical Substation – Prepare for Backup Power - \$9,765 (2020), \$187,750 (2021)	0.01%
Development Services	
Building Inspection Vehicles (4)	0.01% Vehicle purchases to be funded from Emission Reduction Reserve
Manager of Economic Development Services	0.16%
Economic Development Function	0.28%
Urban Forestry Technician	0.11%
Watercourse Restoration and Enhancement Program – 3 Year Pgm - \$35,130 (2020), \$21,500 (2021), \$12,500 (2022)	0.03%
Engineering and Public Works	
Traffic Signal Technician (July 2020) – includes vehicle purchase and required equipment	0.13%
Nanaimo Fire Rescue	
SCBA Replacement – 2021	2021 Project - Funded from General Capital and Asset Management Reserve

#8 Business Cases Included in Draft Plan Con't

Business Case	Impact to 2020 Property Taxes
Parks, Recreation and Culture	
Allocations Clerk	0.03%
Co-op Student	0.02%
Loudon Boathouse – Design Only	0.10%

#9 Business Cases Not Included in Draft Plan

Business Case	Projected Impact to 2020 Property Taxes
Corporate Services	
Corporate Asset Management System – Implementation Phase \$777,157 (2020), \$772,255 (2021), \$638,944 (2022), \$580,809 (2023) Ongoing \$419,380 (2024)	0.73%
Service Enhancements to Dog Licensing	0.01% - If capital cost funded from IT reserve
Emergency Program Coordinator	0.10%
Development Services	
Animal Shelter	0.33% - on hold pending service review
Bylaw Enforcement Officers Change in Schedule	0.05% - partially funded from parking revenues
Urban Forestry Management Strategy Update	0.07%
Manager of Sustainability	Decision slide #7
Engineering and Public Works	
Municipal Services Inspector – includes vehicle purchase	0.10% - partially funded by sewer and water
Project Engineer	0.11% - partially funded by sewer and water
Legislative Services	
Deputy City Clerk/Manager, Legislative Services	0.13%

Next Steps

- December 2nd - Direction from Council on revisions to draft plan (if needed)
- 2020 – 2024 Financial Plan Bylaw to Council for first three readings December 16th
- 2020 – 2024 Financial Plan Bylaw adopted by Council January 2020

Alternatives

#1

- December 9th - Direction from Council on revisions to draft plan
- 2020 – 2024 Financial Plan Bylaw to Council for first three readings either December 16th or early January

#2

- December 18th - Finance and Audit Committee
 - Council provides additional direction for revisions
- 2020 – 2024 Financial Plan Bylaw to Council for first three readings and adoption January 2020