

# 2018 – 2022 Financial Plan

Finance and Audit Committee

April 4, 2018

# Development and Review to Date

- Finance and Audit Committee meetings:
  - In-camera meetings occurred during October and November 2017
- Draft 2018 – 2022 Financial Plan reviewed at Committee of the Whole meeting on November 27, 2017
- eTown Hall held on December 4, 2017
- 2018 – 2022 Financial Plan Bylaw approved
  - Final approval at Council meeting on January 15, 2018
  - Referred to as the Provisional Five Year Financial Plan

# Council's Strategic Priorities and Initiatives

# Strategic Priorities and Initiatives

- Strategic Plan Update
  - Projects
    - Georgia Greenway construction
    - Waterfront Walkway development
    - Port Drive/South Downtown Waterfront
  - Initiatives
    - Affordable Housing/Poverty Reduction
    - Property Acquisition
- Recommended by the Core Review
  - Purchase and operation of milling machine supported by business case
  - Parking Strategies – Old City Quarter
  - User Fee Reviews – Water and Sewer, General (started 2017)
- Sustainability
  - LED Streetlight Conversion (Phase 1) supported by business case

# Response to Health, Social and Safety Issues

	2018 Budget	Funding Source
<b>Operating</b>		
Daytime Downtown Security	\$108,700	General Revenue
Nighttime Security Comox Park	\$24,000	General Revenue
Portable Toilets – Additional	\$8,265	General Revenue
Safe Syringe Disposal Boxes	\$10,000	General Revenue
Temporary Staffing – Park Sweeps, Needle Pickup, Garbage Pickup	\$45,000	General Revenue
<b>Projects</b>		
Daytime Drop In Centre	\$100,000	General Revenue
Extreme Weather Shelter	\$45,000	Housing Legacy Reserve
Shower Program	\$40,000	General Revenue
Rent Supplements	\$45,000	Housing Legacy Reserve
Urban Clean Up	\$71,000	General Revenue
<b>Total</b>	<b>\$496,965</b>	

# Property Taxes and User Fees

# Projected Property Tax Increases & User Fees

	2018	2019	2020	2021	2022
2018 - 2022 Financial Plan	3.18%	2.74%	1.89%	1.77%	1.77%

The approved annual 1% property tax increase for contribution to the General Asset Management Reserve is included in above.

	2018	2019	2020	2021	2022
Sanitary Sewer User Fee Increase	5.00%	4.00%	4.00%	4.00%	4.00%
Water User Fee Increase	7.50%	7.50%	7.50%	5.00%	5.00%

2.5% annual increase for asset management for Water ends in 2020

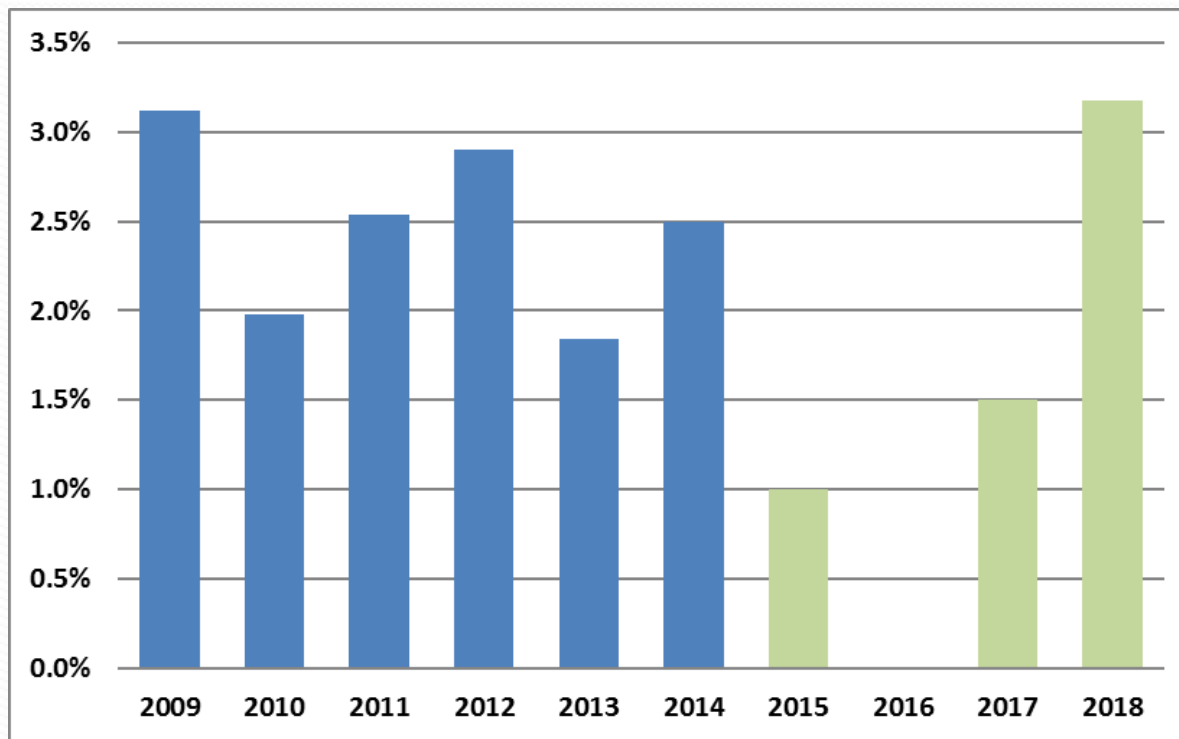
	2018	2019	2020	2021	2022
Sanitation User Fees	\$ 165	\$ 150	\$ 150	\$ 150	\$ 150

# Property Tax History

2009 – 2014: Phased reduction of industrial tax rates to same level as commercial

2013 – 2017: Implementation of 1% annual increase for General Asset Management Reserve

Council approved extending 1% annual increase for contributions to General Asset Management Reserve to 2022 as recommended in the 20 Year Investment Plan



10 Year Avg – 2.1%

2015 – 2018 Avg – 1.4%



# Typical Home

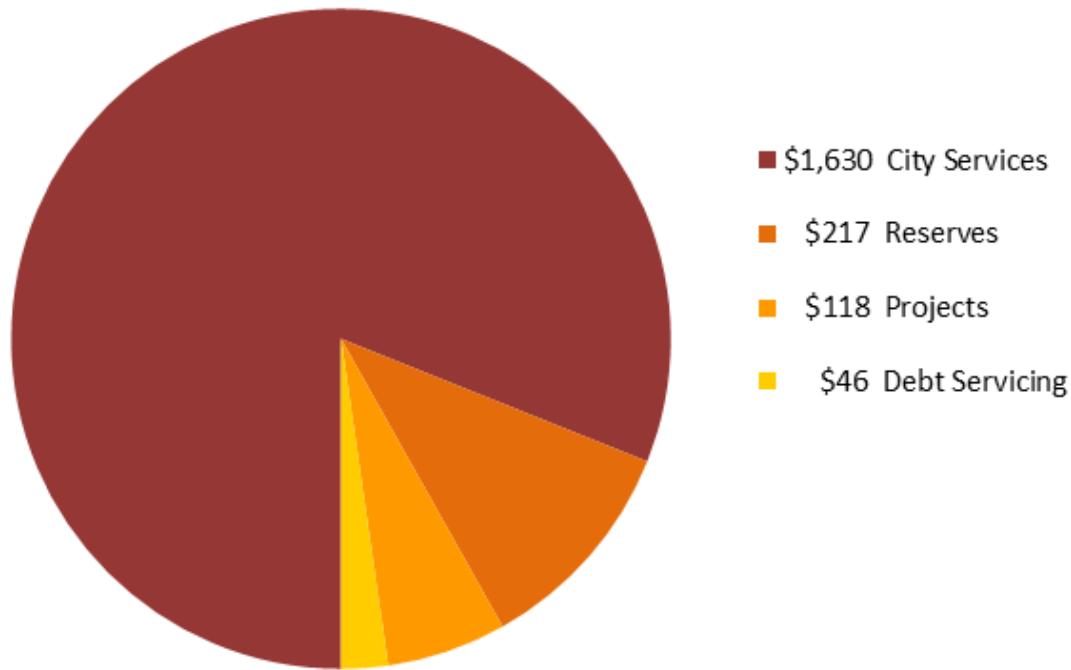
excludes property taxes collected for  
the RDN, School District, Hospital and  
Vancouver Island Regional Library

# Impact on a Typical Home

	2017	2018	\$ Change	% Change
<b>Assessment - Average Home</b>	<b>\$400,630</b>	<b>\$462,247</b>	<b>\$61,617</b>	<b>15.38%</b>
Property Taxes	\$1,949	\$2,011	\$62	3.18%
Municipal User Fees				
Water Fees	478	514	36	7.50%
Sewer Fees	124	130	6	5.00%
Sanitation Fees	118	165	47	39.78%
<b>Total Municipal Taxes &amp; User Fees</b>	<b>\$2,669</b>	<b>\$2,820</b>	<b>\$151</b>	<b>5.66%</b>

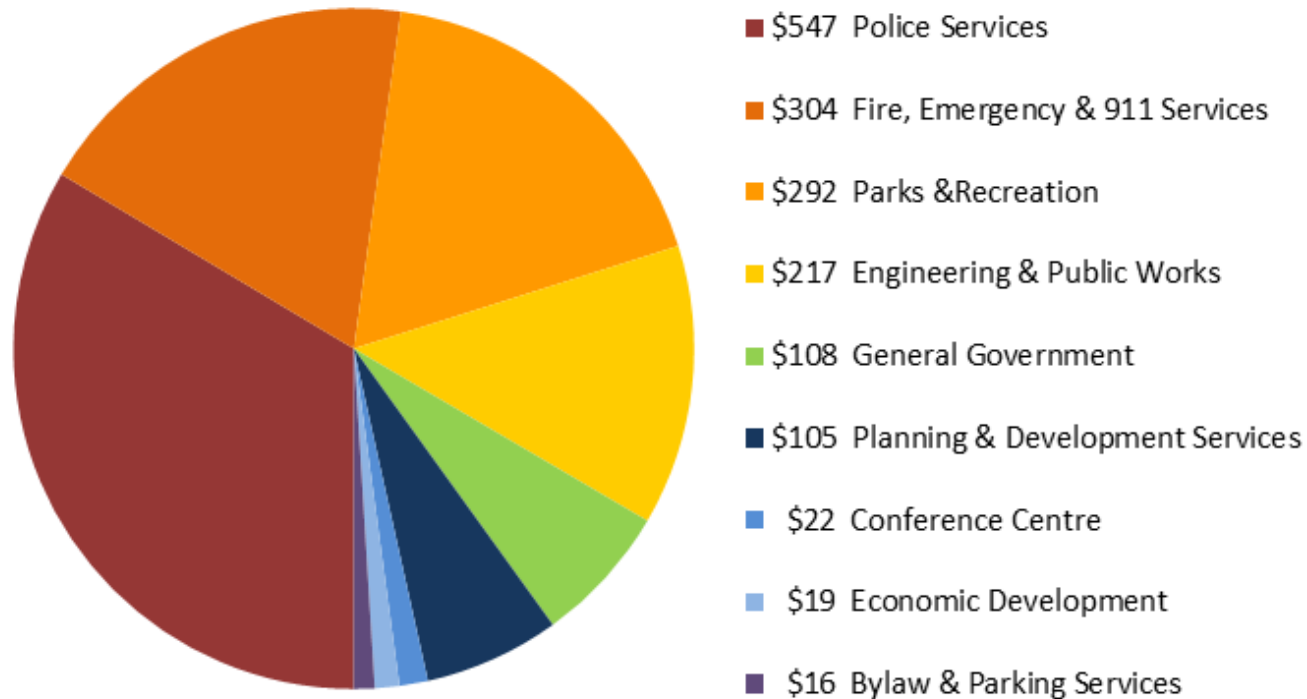
# Typical Home

Property Taxes for a Typical Home = \$2,011



# Typical Home

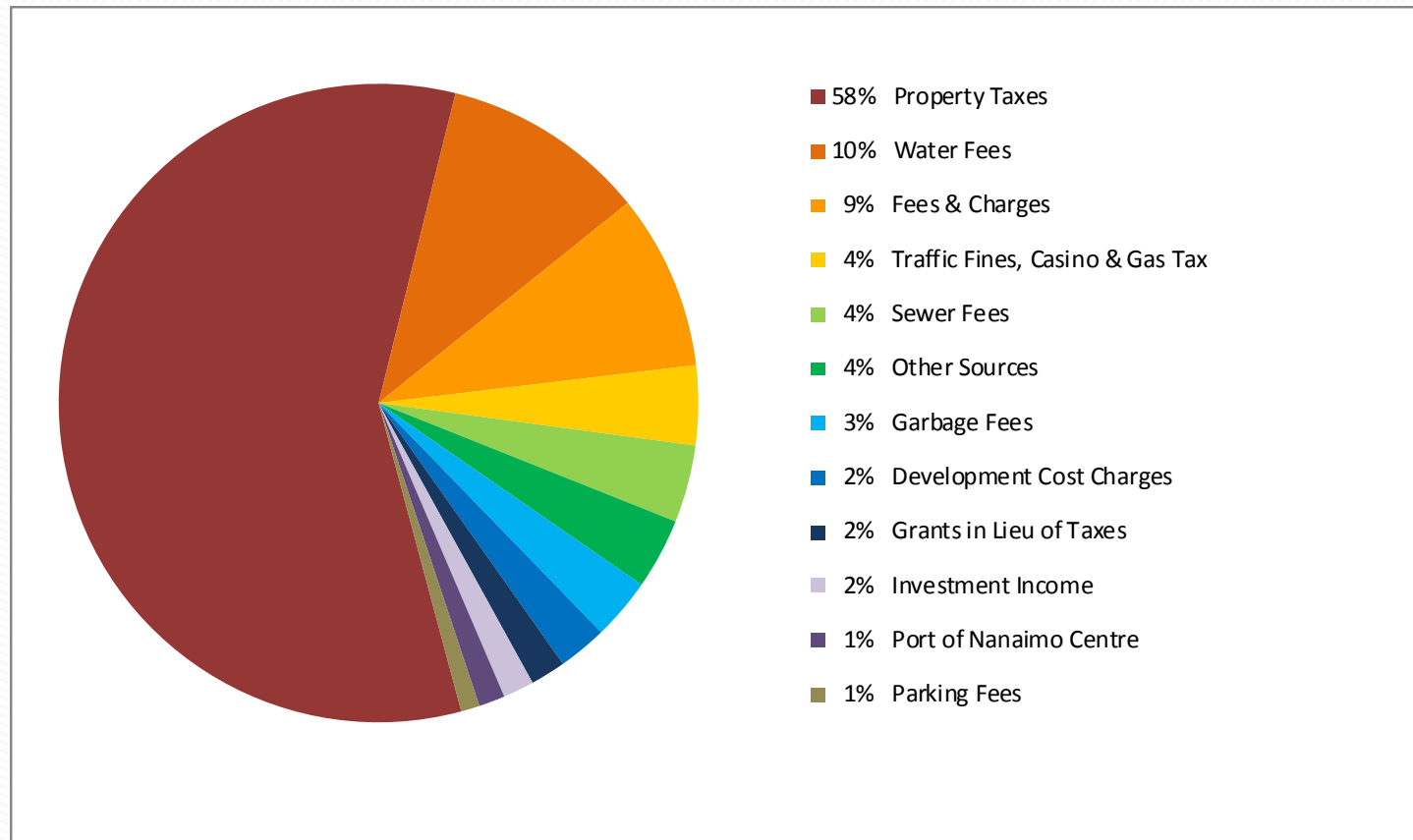
City Services - \$1,630



# Financial Summary

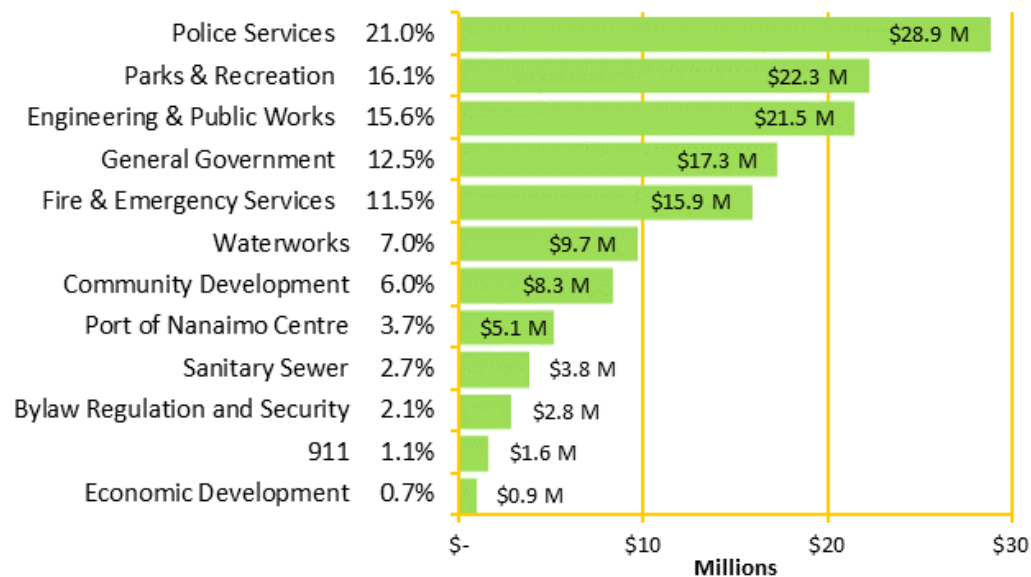
# 2018 Revenues:

\$180 million provides funding for annual operating and maintenance, projects and contributions to infrastructure renewal reserves



# 2018 Operating Budget:

\$138 M will be spent for annual operating and maintenance resources that deliver day-to-day City Services.



# 2018 Key Budget Drivers – General Fund

	FINAL
<b>Expenditure Increases</b>	
<b>Asset Management</b>	\$ 1,000,000
<b>Operating Expenditures</b>	
<b>Wages and Benefits</b>	2,416,000
<b>RCMP contract</b>	1,000,000
<b>2018 Election</b>	110,000
<b>Health, Social and Safety Issues</b>	236,000
<b>Snow and Ice Control - ENGPW</b>	170,000
<b>Software Licenses</b>	125,000
<b>Other</b>	
net changes - eg materials/supplies, contracted services	952,000
<b>Strategic Infrastructure Reserve</b>	800,000
<b>Subtotal Expenditure Increases</b>	<b>\$ 6,809,000</b>



# 2018 Key Budget Drivers – General Fund

	FINAL
<b>Expenditure Decreases</b>	
<b>Operating Expenditures</b>	
<b>Wages and Benefits</b>	
MSP changes	\$ (510,000)
WCB changes	(96,000)
<b>Annual Debt Servicing</b>	(194,000)
<b>Economic Development</b>	(375,000)
<b>Legal Fees</b>	(195,000)
<b>Project Expenditures</b>	
Annual general revenue funding	(520,000)
<b>Subtotal Expenditure Decreases</b>	<b>\$ (1,890,000)</b>
<b>Revenue Increases</b>	
<b>Traffic Fines Revenue</b>	\$ (100,000)
<b>Nanaimo Aquatic Centre Revenue</b>	(177,000)
<b>Building Permit Revenue</b>	(132,000)
<b>Subtotal Revenue Increases</b>	<b>\$ (409,000)</b>
<b>Net Expenditures Increase (Decrease) before Growth</b>	<b>\$ 4,510,000</b>
<b>Less Increased Property Tax Revenues due to Growth</b>	<b>1,471,065</b>
<b>Net Expenditures Increase (Decrease)</b>	<b>\$ 3,038,935</b>

# Key Changes – Provisional to Final

## Changes

Capital Project Management Framework	100,000	0.10%
Community Engagement Task Force	20,000	0.02%
Nanaimo Art Gallery Annual Operating Grant Increase	30,000	0.03%
Response to Health, Social and Safety Issues	336,965	0.35%
Wages and Benefits	224,218	0.23%
Other	(139,252)	-0.14%

## Total Increase

<b>571,931</b>	<b>0.59%</b>
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## Less: Increase in growth

<b>221,065</b>	<b>0.23%</b>
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## Net Change

<b>350,866</b>	<b>0.36%</b>
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## Provisional rate

2.74%

## Error in provisional rate

0.08%

## Changes

0.36%

**3.18%**

City Solicitor's office was added for final but has no net impact to property taxes, funded from reduction in legal budget

# Staff Changes Highlights

## Positions Added:

- General Government
  - Buyer
  - City Solicitor
  - Legislative Services Clerk
  - Manager, Treasury and Risk
- Public Safety
  - Manager of Community Safety
  - Major Case Files Specialist
  - Major Case Files Supervisor
- Engineering and Public Works
  - Director, Engineering and Public Works
- Parks and Recreation – Facilities
  - Project Technician Specialist

# Staff Changes Highlights

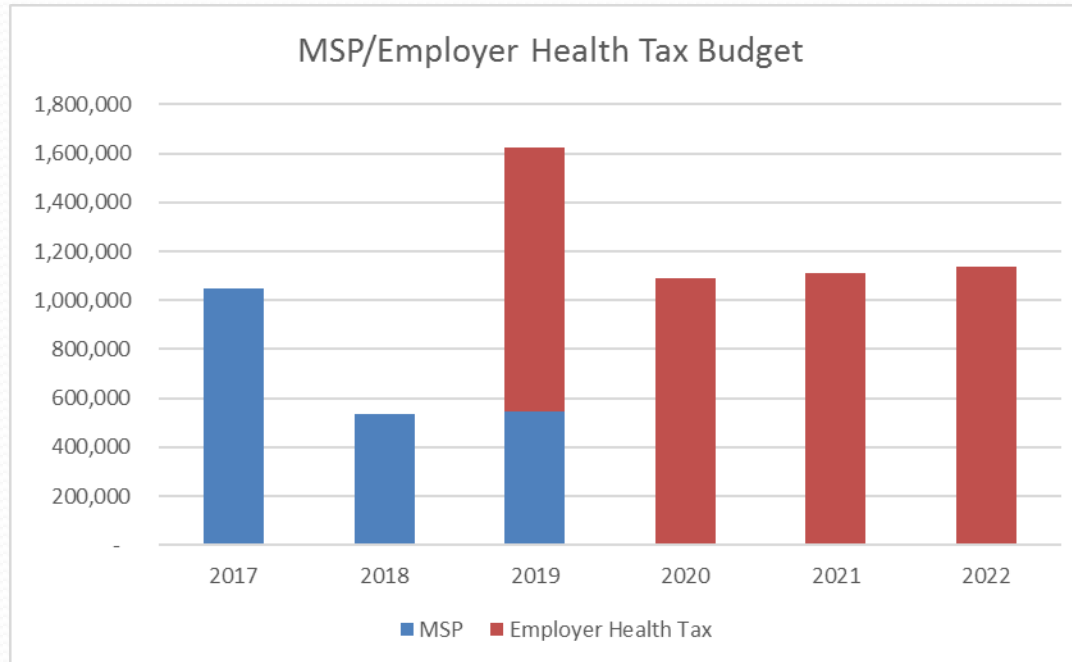
## Positions Removed:

- General Government
  - Administrative Assistant
  - Chief Sustainability Officer
  - Director Communications
- Public Safety
  - Assistant Fire Chief
  - Manager, Bylaw, Regulatory & Security
  - Prisoner Guards (2.5 FTE's)
- Engineering and Public Works
  - Manager, Construction

# MSP/New Employer Health Tax

# Employer Health Tax

The new employer health tax of 1.95% is anticipated to come into effect January 1, 2019.



# Employer Health Tax

## Budget Impact

	Impact to Expenditure Budget				
	2018	2019	2020	2021	2022
2018 - 2022 Provisional Budget	536,490	547,220	558,164	569,327	580,714
2018 - 2022 Final Budget	536,490	1,624,467	1,088,951	1,111,799	1,135,131
Change	-	1,077,247	530,787	542,472	554,417

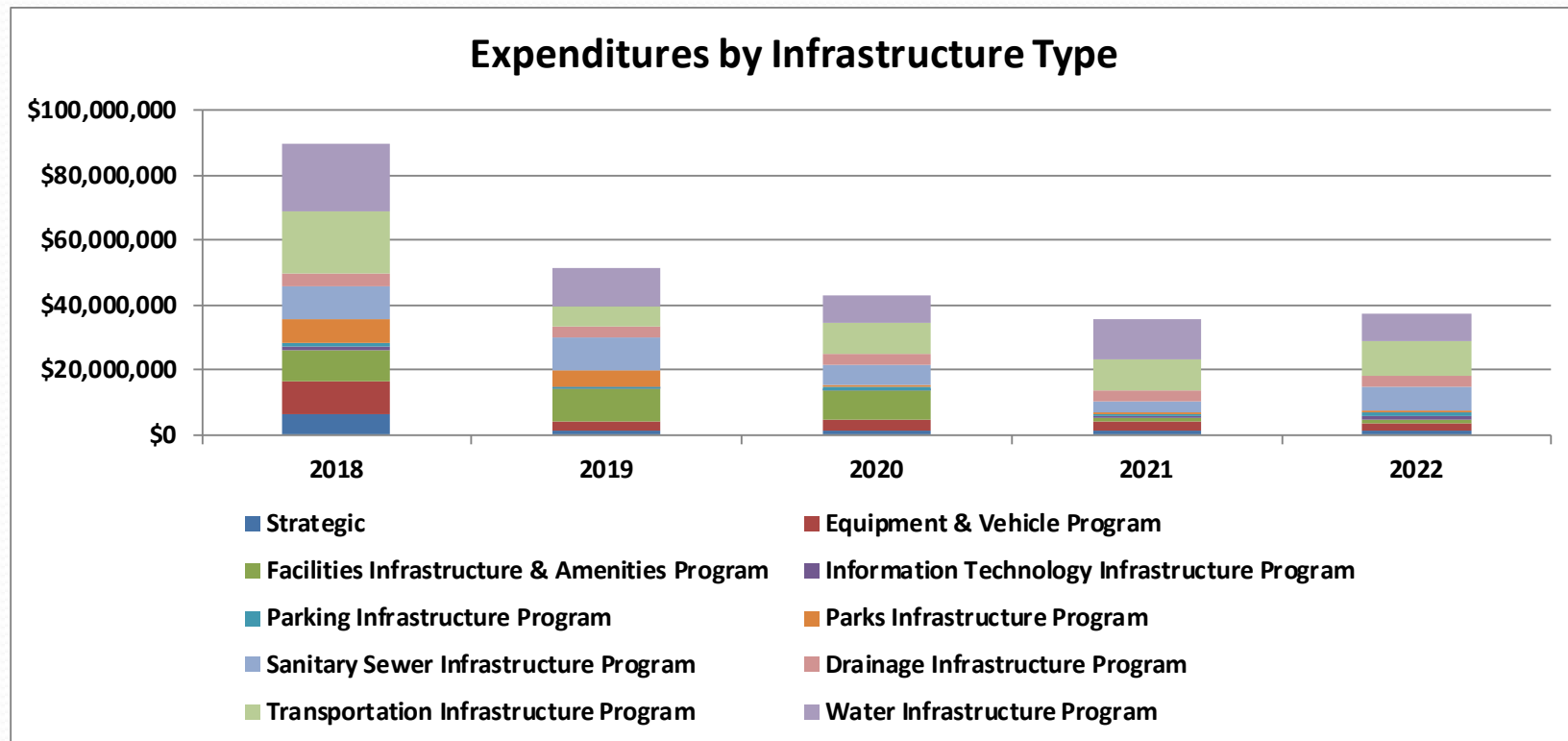
	Impact to Property Taxes				
	2018	2019	2020	2021	2022
No Funding Strategy	0.00%	1.06%	-0.04%	0.01%	0.01%
Funding Strategy	0.00%	0.57%	-0.04%	0.01%	0.01%

# Projects



# Project Summary:

## \$258M next five years, \$90M in 2018



# Key Projects - Strategic

- Strategic Plan Update
  - Georgia Avenue Pedestrian/Cycle Bridge - construction
  - Waterfront Walkway development
  - Annual contributions to Housing Legacy Reserve
  - Annual budget for property acquisitions
- Recommended by the Core Review
  - Purchase and operation of milling machine supported by business case
- Sustainability
  - LED Streetlight Conversion (Phase 1) supported by business case

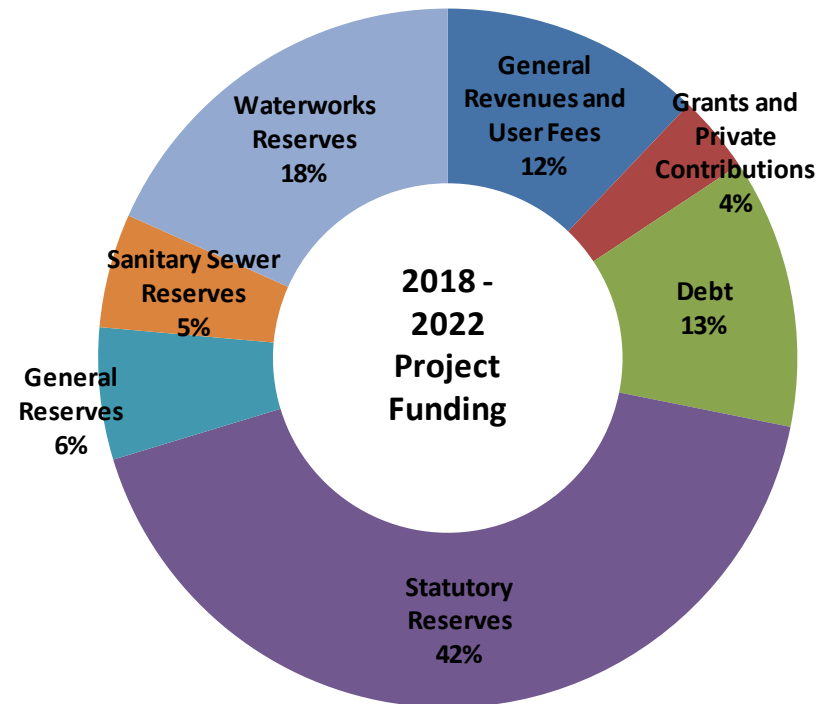
# Key Projects – Infrastructure

- Boundary/Northfield Intersection Upgrade
- Purchase of six automated solid waste collection trucks
- Fire Station #1 supported by business case
- Chase River Trunk Sanitary Sewer new pump station and twinning of forcemain
- Terminal Trench & Utility Project

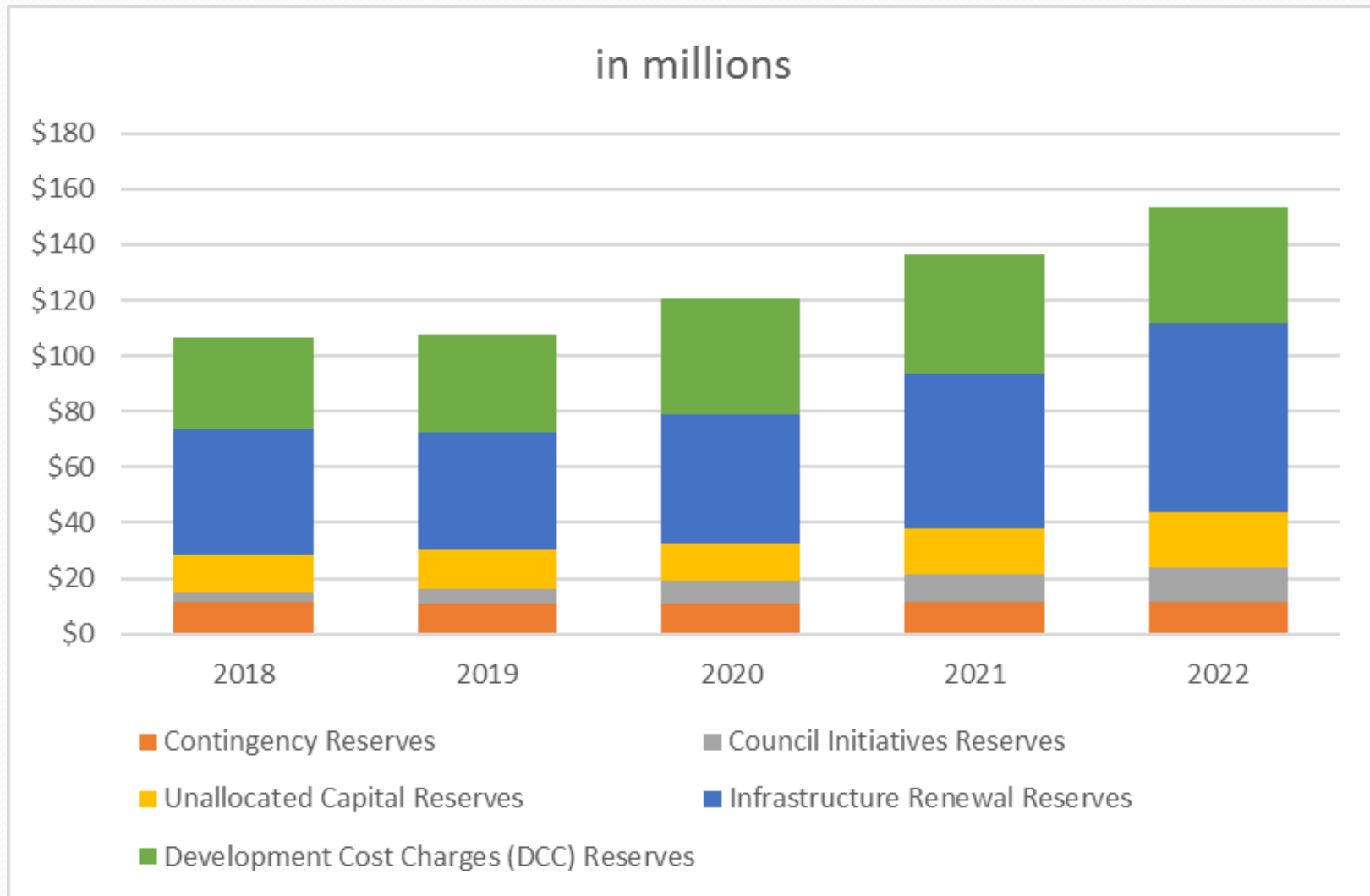
# Project Funding Sources

## Funding Sources

General Revenues and User Fees	31,173,801
Grants and Private Contributions	9,241,872
Debt	32,174,744
Statutory Reserves	108,646,266
General Reserves	15,734,890
Sanitary Sewer Reserves	13,596,302
Waterworks Reserves	47,216,708
Total	<u>257,784,583</u>



# Reserves Summary



# Debt - Outstanding Debt at Dec 31, 2017 - \$42.3 M

## New Borrowing: 2018 – 2022 Provisional Budget

	2018	2019	2020	2021	2022	Total
<b>External Borrowing (MFA)</b>						
Fire Station #1	\$3,370,000	\$6,000,000	\$7,200,000	\$240,269		\$16,810,269
Waterfront Walkway		\$3,000,000				\$3,000,000
<b>Total External Borrowing</b>	<b>\$3,370,000</b>	<b>\$9,000,000</b>	<b>\$7,200,000</b>	<b>\$240,269</b>		<b>\$19,810,269</b>
<b>Internal Borrowing</b>						
Sewer DCC Projects	\$4,915,000	\$2,950,000	\$1,400,000		\$1,650,000	\$10,915,000
<b>Total Borrowing</b>	<b>\$8,285,000</b>	<b>\$11,950,000</b>	<b>\$8,600,000</b>	<b>\$240,269</b>	<b>\$1,650,000</b>	<b>\$30,725,269</b>

# Debt - Outstanding Debt at Dec 31, 2017 - \$42.3 M

## New Borrowing: 2018 – 2022 Final Budget

	2018	2019	2020	2021	2022	Total
<b>External Borrowing (MFA)</b>						
Fire Station #1	\$3,235,354	\$6,000,000	\$7,200,000	\$240,269		\$16,675,623
<b>Internal Borrowing</b>						
Sewer DCC Projects	\$4,915,000	\$2,950,000	\$1,400,000		\$1,650,000	\$10,915,000
<b>Total Borrowing</b>	<b>\$8,285,000</b>	<b>\$8,950,000</b>	<b>\$8,600,000</b>	<b>\$240,269</b>	<b>\$1,650,000</b>	<b>\$27,590,623</b>

# Debt Servicing Limit

- The Liability Servicing Limit is defined as 25% of municipality's controllable and sustainable revenues for the year
- City of Nanaimo current limit is \$38.7 M for annual principle and interest payments
- 2017 annual principle and interest payments were \$4.3 M or 11.2% of current limit



# Next Steps

- Financial Plan Amendment Bylaw must be adopted by May 15, 2018
  - Financial Plan Amendment Bylaw to Council April 23<sup>rd</sup> for first three readings
  - For adoption May 7<sup>th</sup>
- Bylaw allows Staff to calculate and collect 2018 property taxes