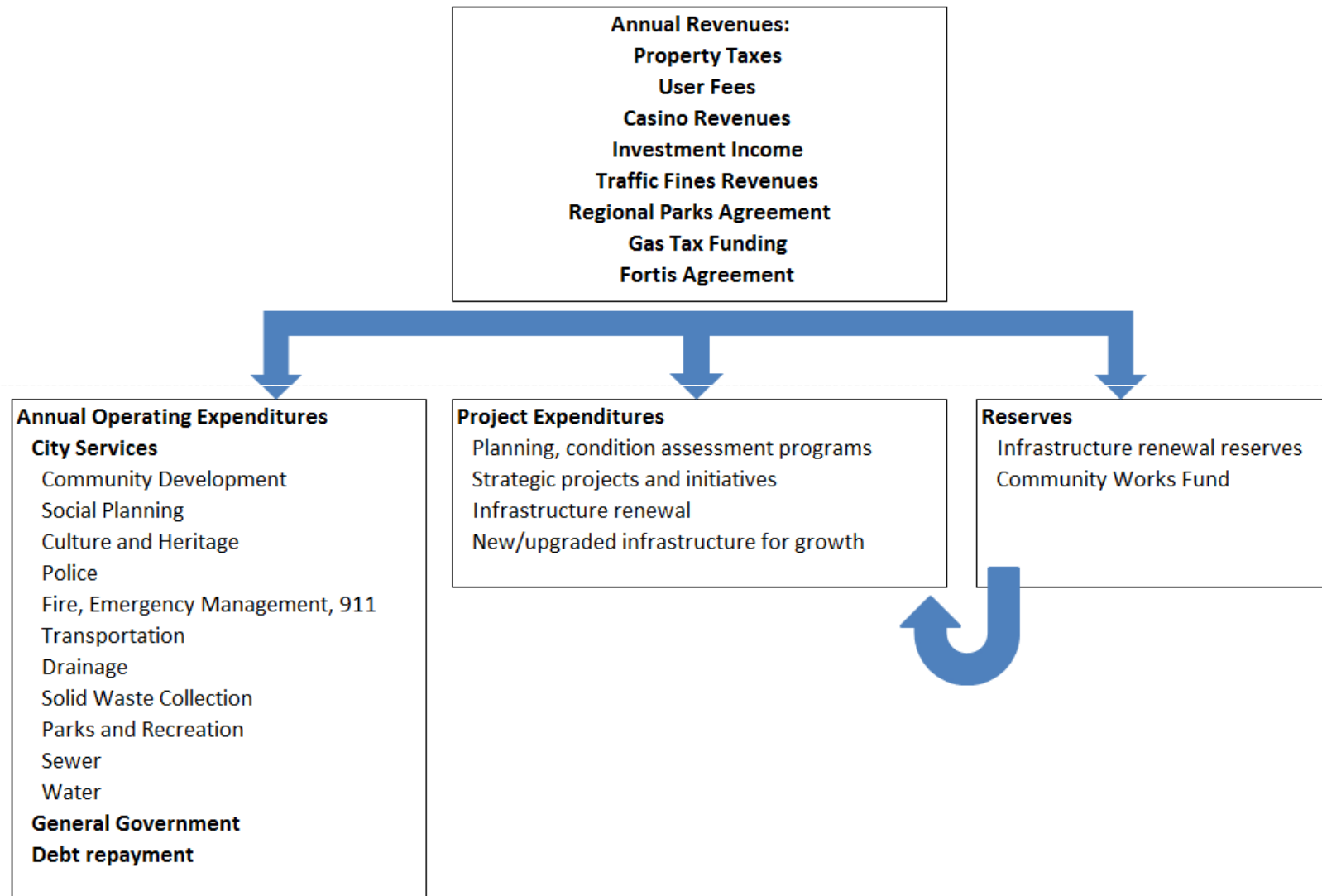




2017 – 2021 Financial Plan Review

December 12, 2016

City Funds Flow Overview





Development and Review to date

- Strategic Plan Update
 - June 2016
- eTown Hall Strategic Priorities
 - July 25, 2016
- Finance and Audit Committee meetings:
 - October 4, 2016 meeting:
 - High level review and direction
 - November 1, 2016 meeting:
 - Water and Sewer budget
 - November 16, 2016:
 - General government budget

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Council's Strategic Priorities and Initiatives



Strategic Priorities and Initiatives

- Five Strategic Priorities
 - Port Drive/South Downtown Waterfront
 - 2017 and 2018 budgets - Wellcox Access - \$6.3m
 - Currently, study underway to identify access options and costs
 - Beban Park Facilities Redevelopment Master Plan
 - Stevie Smith Community Bike Park, budget added in 2016
 - Events Centre
 - Currently, feasibility study completed, public consultation ongoing
 - Waterfront Walkway
 - 2017 and 2018 budgets - Nanaimo Yacht Club Waterfront Walkway - \$1.4m funded from PILTS
 - Concept phase cost estimate, length 200 meters
 - Georgia Avenue Greenway
 - 2017 (design) and 2018 (construction) budgets - \$990k



Strategic Priorities and Initiatives

- Two Strategic Initiatives
 - Poverty Reduction/Affordable Housing
 - Annual contribution to Housing Legacy Reserve \$165k
 - Housing Legacy Reserve – current balance \$2.7m
 - 2017 projects
 - Affordable Housing Strategy (\$150k)
 - Social Wellness Strategy (\$50k)
 - Property Acquisition
 - Annual budget remains at \$600k
 - Business case to support increasing annual budget to \$1m
 - Property Acquisition Reserve – current balance \$1.4m



New Strategic Infrastructure Reserve

Why?


- City has reserves for infrastructure renewal and growth
 - Annual contributions – eg Asset Management, DCC, internal charges
 - Provides funding for renewal and for new/upgraded infrastructure required due to growth
- **New Strategic Infrastructure Reserve will provide funding for:**
 - **Strategic priorities**
 - **Debt repayment for strategic priorities**

New Strategic Infrastructure Reserve: How?

- General Revenues – eg annual property taxes, interest income, casino revenues
 - Funds City services – eg Police, Fire, Transportation, Drainage
- Changes to General Revenues
 - Redirect over four years by \$2.4m re transition of Casino revenues from general revenues to new reserve
 - Redirect by \$525k in 2017 re transition of Fortis revenues from general revenues to new reserve
 - Total general revenues change by \$3m

New Strategic Infrastructure Reserve: How?

- How to accomplish redirection of general revenue funding for City services and not impact Property Taxes for 2017
 - Reduce general revenue funding required for RCMP contract
 - Reduce budget estimate from 95% to 92% to more closely match actual staffing levels and costs
 - No change to current level of service
 - Will eliminate annual surplus for this contract

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Property Taxes and User Fees



Projected Property Tax Increases

The approved annual 1% property tax increase for contribution to the General Asset Management Reserves ends in 2017

	2017	2018	2019	2020	2021
2017 – 2021 Financial Plan	2.0%	1.8%	1.7%	1.5%	0.4%

2018 to 2021 does not include an increase to the annual contribution to the General Asset Management Reserve



User Fee Increases

- Sewer user fees increase 5% in 2017, 4% in next four years
- Water user fees increase 7.5% in 2017, 2018, 2019 and 2020
- Solid waste collection user fees increase 2% in 2017
 - Manual collection
 - Review of automation service delivery model ongoing
 - User fees will change if implemented



Property Tax Increase Comparison: Average of last 5 years

Data source: Ministry of Community, Sport and Cultural Development,
based on a representative house

Nanaimo	2.5%
Parksville	3.2%
Victoria	3.3%
Kelowna	3.7%
Saanich	3.7%
Kamloops	3.8%
Prince George	4.1%
Ladysmith	5.0%

Typical Home

Impact on a typical home

(assessed value changes are average)

	2016	2017	Change
Taxation	\$0.00	\$37.96	\$37.96
Water Fees	\$31.00	\$33.33	\$2.33
Sewer Fees	\$5.61	\$5.89	\$0.28
Garbage Fees	\$1.00	\$2.00	\$1.00
Total – City only	\$37.61	\$79.18	\$41.57
Vancouver Island Regional Library	\$3.66	\$4.55	\$0.89
Regional District (preliminary)	\$10.57	\$22.35	\$11.78
Total	\$51.84	\$106.08	\$54.24

2017 increases: VIRL 5.4%, RDN 6.1%

Regional Hospital, School District, other rates not yet confirmed



Typical Home:

What do your property tax \$ provide

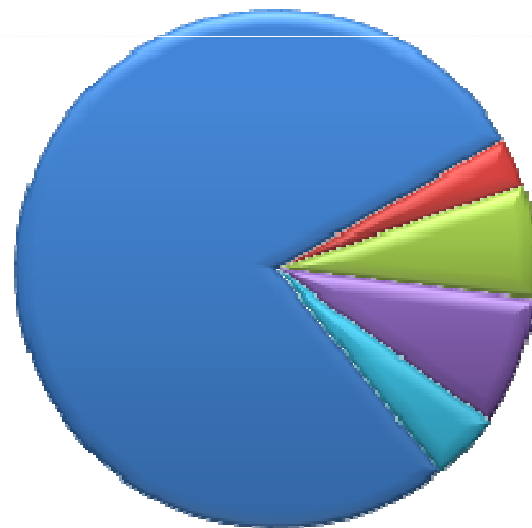
- City services
 - Police, Fire, Transportation, Drainage, Parks and Recreation, Community Development
- Debt repayment
 - PoNC, Fire Station #4, Nanaimo Aquatic Centre
- Projects
 - Majority are for infrastructure renewal
- Reserves
 - Provides majority of funding for infrastructure renewal projects, new/upgraded infrastructure

Typical Home

(assessed value change is average)

Where do your tax \$ go

2017 Property Taxes for a Typical Home \$1,936

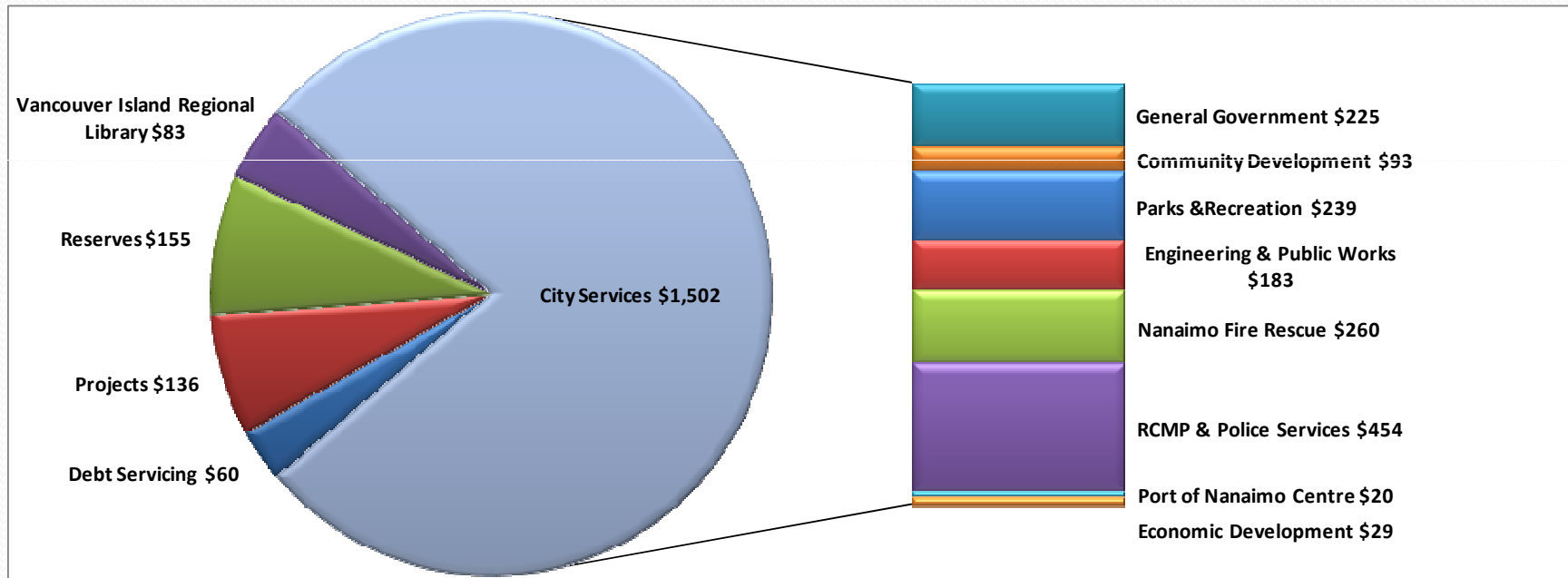


- \$1,502 - City Services
- \$60 - Debt Servicing
- \$136 - Projects
- \$155 - Reserves
- \$83 - VIRL

Typical Home

(assessed value change is average)

Where do your tax \$ go – City Services



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Financial Summary

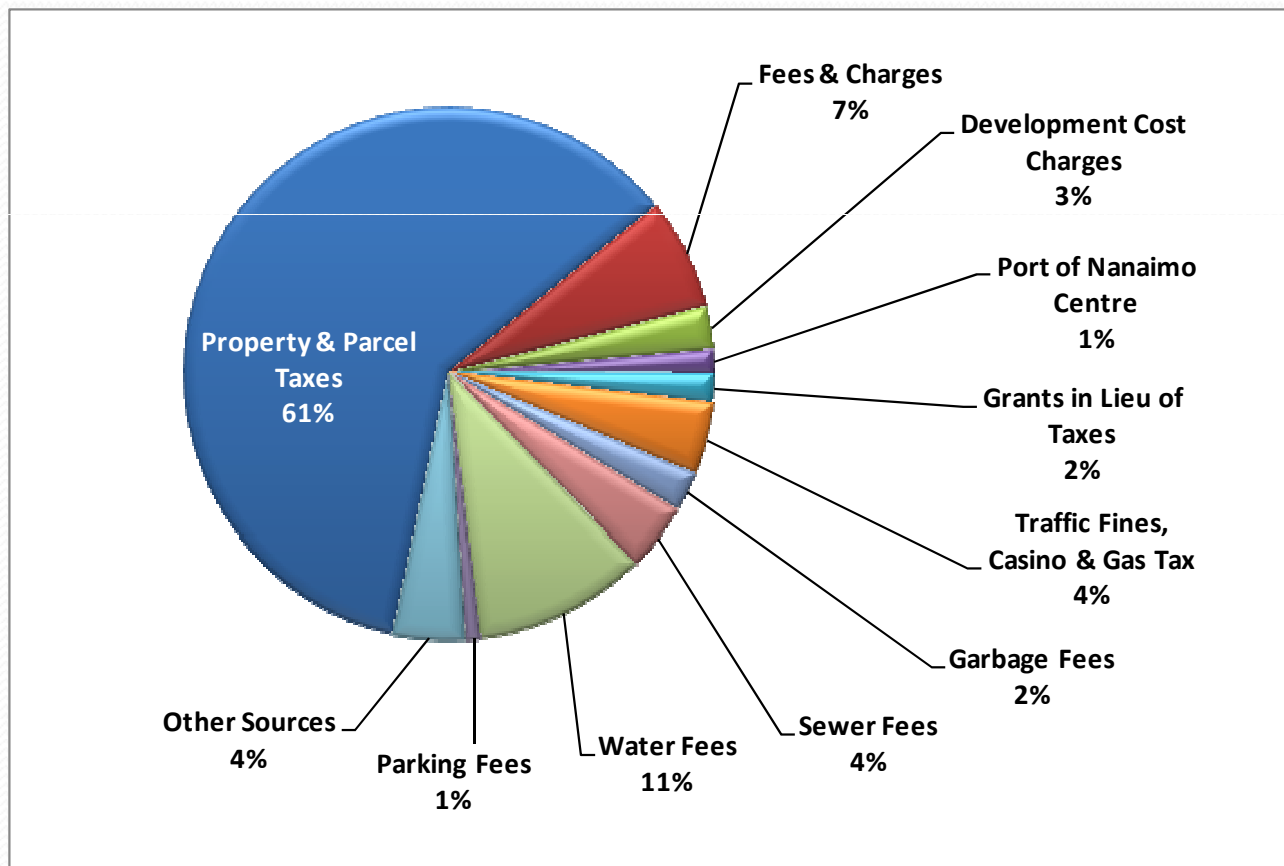


Assumptions:

- 2017
 - \$900k contingency for wage increases for CUPE and management
 - Current CUPE contract expires December 31, 2016
- Inflation – years 2018 to 2021
 - 2% annual increase for expenditures
 - 1% annual increase for revenues
 - Excluding sewer and water user fees

2017 Revenues:

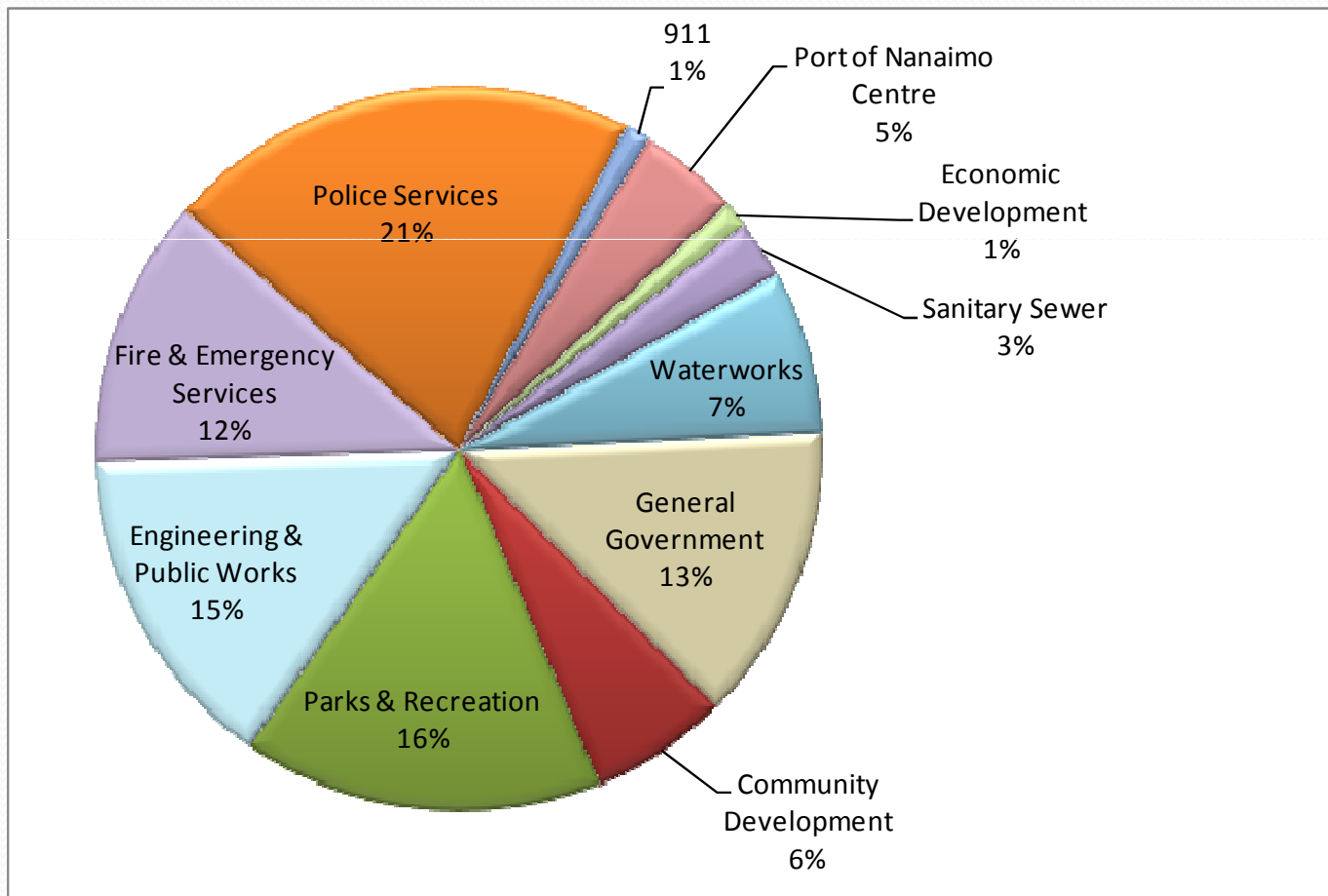
\$165 million provides funding for annual operating and maintenance, projects and contributions to infrastructure renewal reserves



2017 Operating Budget:

Annual operating and maintenance expenditures to deliver day to day City services

\$132m expenditures, net increase \$1.9 m





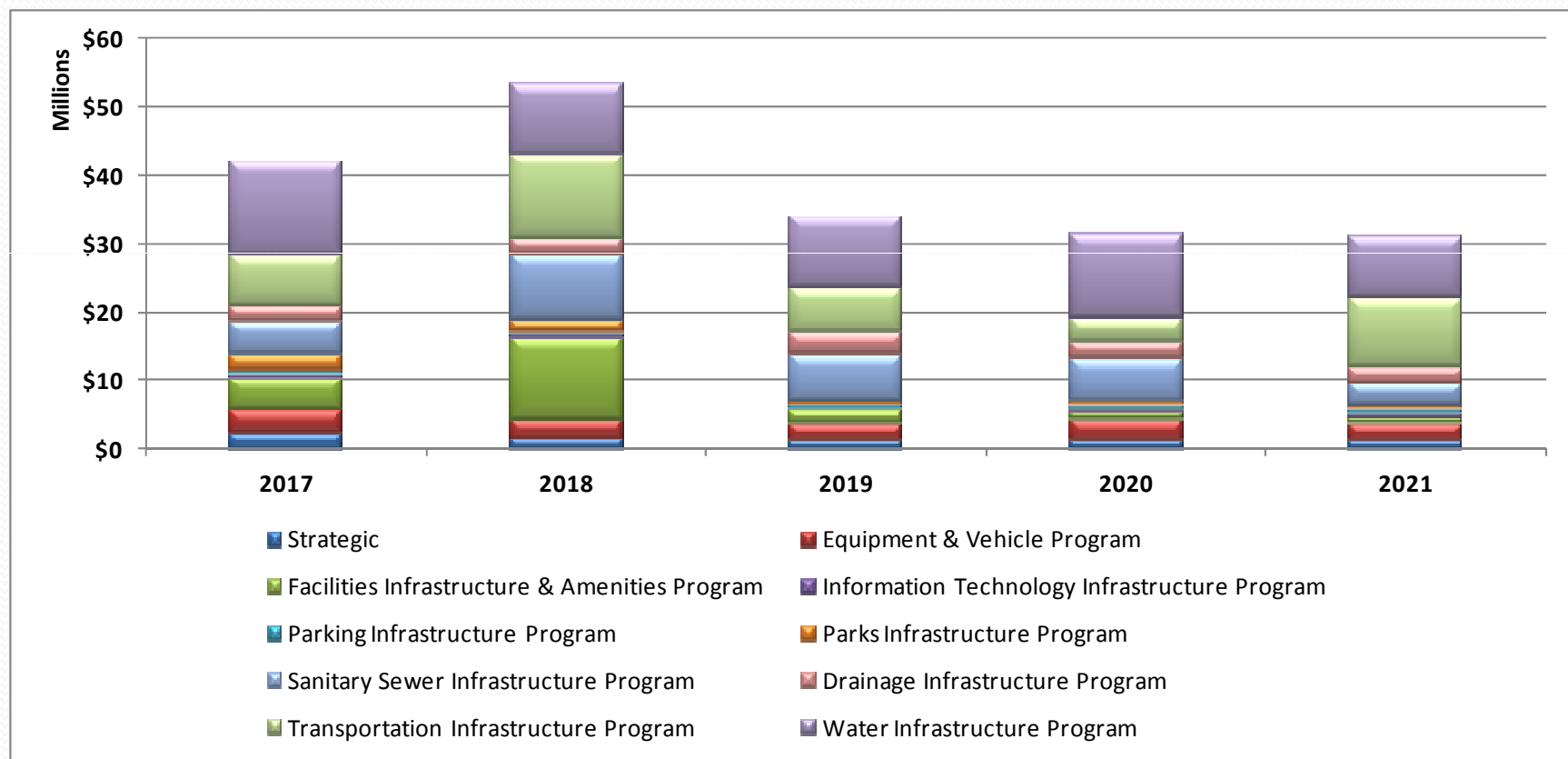
General Fund: 2017 Key Budget Drivers

- \$1m for increased contribution to Asset Management Reserve
- \$1.4 m for wage increases and 2 new positions
 - Includes 2.5% increase in 2017 for IAFF - \$287k
- \$1.1m due to transition of Casino and Fortis revenues to new reserve for strategic projects
- \$1.6 m increased property tax revenues
- Net expenditure increase \$1.9m

Projects

Project Summary:

\$192m next five years, \$42m in 2017

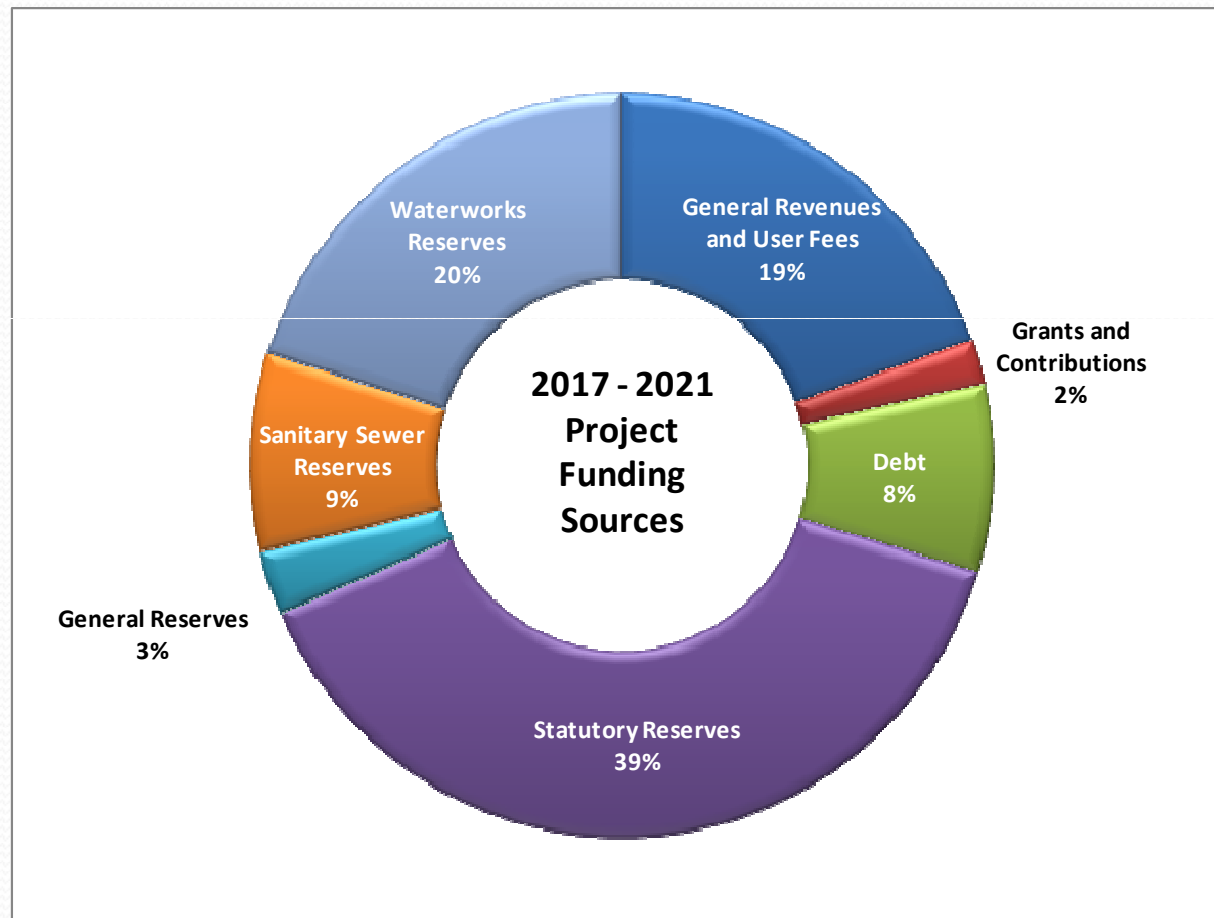




Key Projects

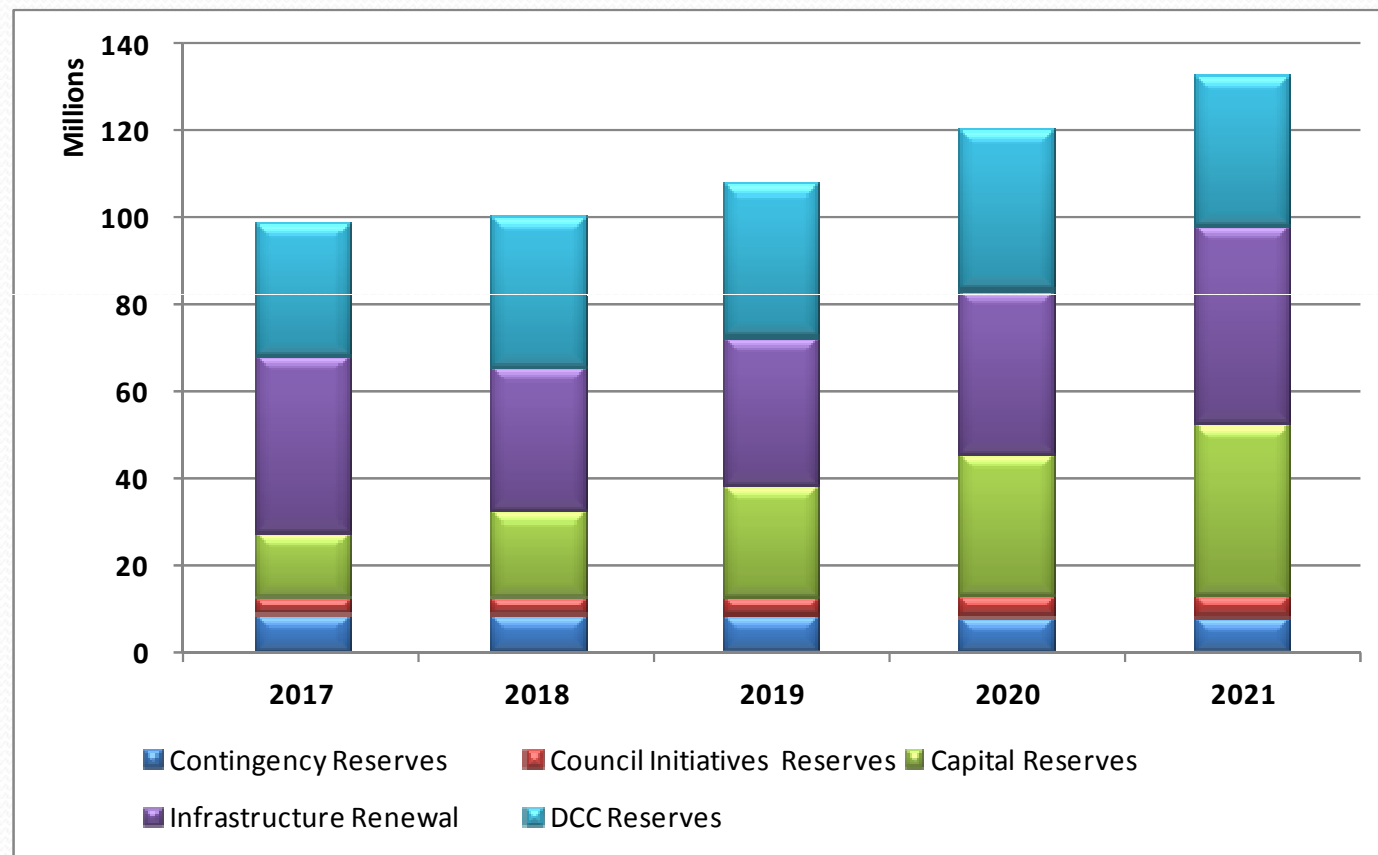
- \$179m for infrastructure renewal
- \$6.9m for Port Theatre expansion
 - Total \$12.6m (\$5.7 budgeted in 2016)
 - Contingent on grants and private contribution funding
- \$2.6m for Harewood Centennial Park multi-use facility and outdoor lacrosse box
- \$8m for new pedestrian, cycling and transit amenities
 - Includes \$990k for Georgia Greenway
- \$200,000 to develop an Affordable Housing Strategy and Poverty Reduction Strategy
- \$500,000 over next five years for public art

Project Funding Sources



Reserves Summary

\$ millions





Debt

- Debt
 - Outstanding debt at Dec 31 2016 - \$44m
 - New planned debt
 - General:
 - Wellcox Access \$6.0m
 - Sanitary Sewer: \$5.2m
 - Total projected debt \$59m



Debt

- Outstanding debt (principle) at December 31, 2016 is \$44m
- Debt servicing limit
 - Servicing limit = annual principle and interest payments
 - City of Nanaimo current limit is \$34m
 - Current annual debt servicing is \$4.7 million or 14.2% of current limit



Debt Servicing Limit Comparison: % of limit utilized

Data source: Ministry of Community, Sport and Cultural Development, 2015 reporting

Saanich	7.4%
Parksville	9.4%
Victoria	13.9%
Nanaimo	14.2%
Kamloops	31.8%
Ladysmith	33.4%
Prince George	38.1%
Kelowna	45.1%

