

Draft 2017 – 2021 Financial Plan Review

November 1, 2016

Proposed Timeline

- Finance and Audit Committee meetings:
 - October 4, 2016 meeting:
 - High level review and direction
 - November meeting:
 - Review:
 - Agency budgets - NEDC, VICC and DNBIA budgets
 - Water and Sewer Fund budgets
 - General Fund budgets
 - December meeting:
 - Final review and recommendation for Provisional 2017 – 2021 Financial Plan bylaw

Proposed Timeline

- January 2017 Council Meeting:
 - Adoption of Provisional 2017 – 2021 Financial Plan bylaw
 - Adoption of the 2017 User Fees Bylaw
- February 2017
 - Sewer Infrastructure Capacity Review Report
 - Asset Management Update Report
 - Development Cost Charges Review (DCC) Update Report
- March/April 2017 – Review and update for new information
- April 2017
 - Adoption of Annual 2017 – 2021 Financial Plan bylaw
 - Adoption of 2017 Property Tax Rates Bylaw

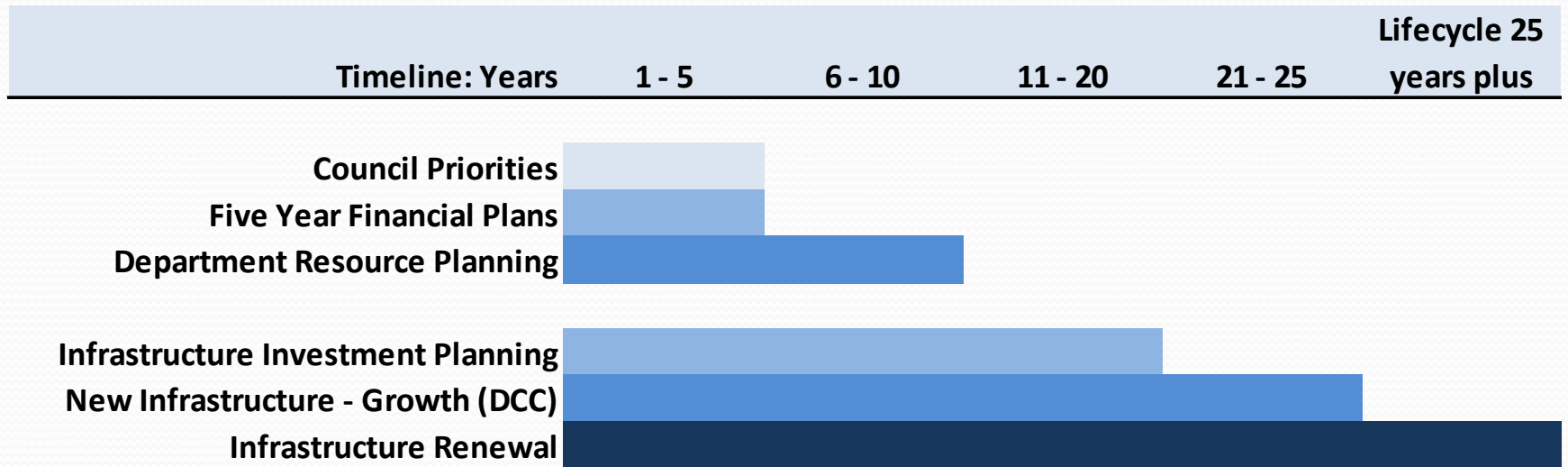
Agenda

- Long Term Planning
 - Status of long term planning initiatives
 - DCC Review, User Fee Review, Asset Management Update
- 2016 – 2019 Strategic Priorities and Initiatives
 - Projects included in the Draft 2017 – 2021 Financial Plan
- Draft 2017 – 2021 Financial Plan
 - Projected property tax increases
 - Key Budget Drivers
 - Projects
 - Reserve Balances
 - Debt Capacity

Long Term Financial Planning

Shorter planning timelines focus on priorities, resource allocations and funding strategies

Longer planning timelines focus on funding strategies



Draft 20 Year Infrastructure Investment Plan

- Projected infrastructure investment includes:
 - Draft 2017 – 2021 Financial Plan
 - Renewal of current infrastructure
 - New infrastructure for growth (DCC projects)
- Projected funding sources:
 - ~ \$7m annual funding from property taxation (current level)
 - Infrastructure renewal reserves (annual contributions)
 - IT Reserve, Equip Replacement Reserve, Facility Development Reserve, Parking Reserve and Asset Management Reserves
 - DCC Reserves (annual contributions)

Draft 20 Year Infrastructure Investment Plan

Projected funding outlook

- Projected 20 year funding overview
 - General infrastructure – eg transportation, drainage, fleet, facilities
 - Projected 20 year investment \$523.4m
 - Projected 20 year funding shortfall \$113m
 - \$70m shortfall for Transportation DCC projects
 - Sewer infrastructure
 - Projected 20 year investment \$97m
 - Projected 20 year funding surplus \$14m
 - \$24m shortfall for Sewer DCC projects
 - Water infrastructure
 - Projected 20 year investment \$326m
 - \$50m shortfall for Water DCC projects

Draft 20 Year Infrastructure Investment Plan

- Additional review and work to be completed
 - 2017 Q1 Review with Council
 - Complete DCC Review – rates/assist factors may change
 - Complete Asset Management Update – annual increases for contributions to reserves may need to continue
 - User fees review – user fees may change
 - Continue improvements to long term planning processes
 - cost/benefit analysis, improve project costing
 - risk management
 - can impact level of service, new development
 - Debt policy
 - Grants Strategy

Strategic Priorities and Initiatives

Strategic Priorities and Initiatives

Draft 2017 – 2021 Financial Plan

- Projects

- 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
- Events Centre
 - Currently, feasibility study to be undertaken (2016 budget)
- Waterfront Walkway
 - 2017 and 2018 budgets - Nanaimo Yacht Club Waterfront Walkway - \$1.4m
- Georgia Avenue Greenway
 - 2017 (design) and 2018 (construction) budgets - \$990k

Strategic Priorities and Initiatives

- 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

Draft 2017 – 2020 Financial Plan

Projected Property Tax Increases

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

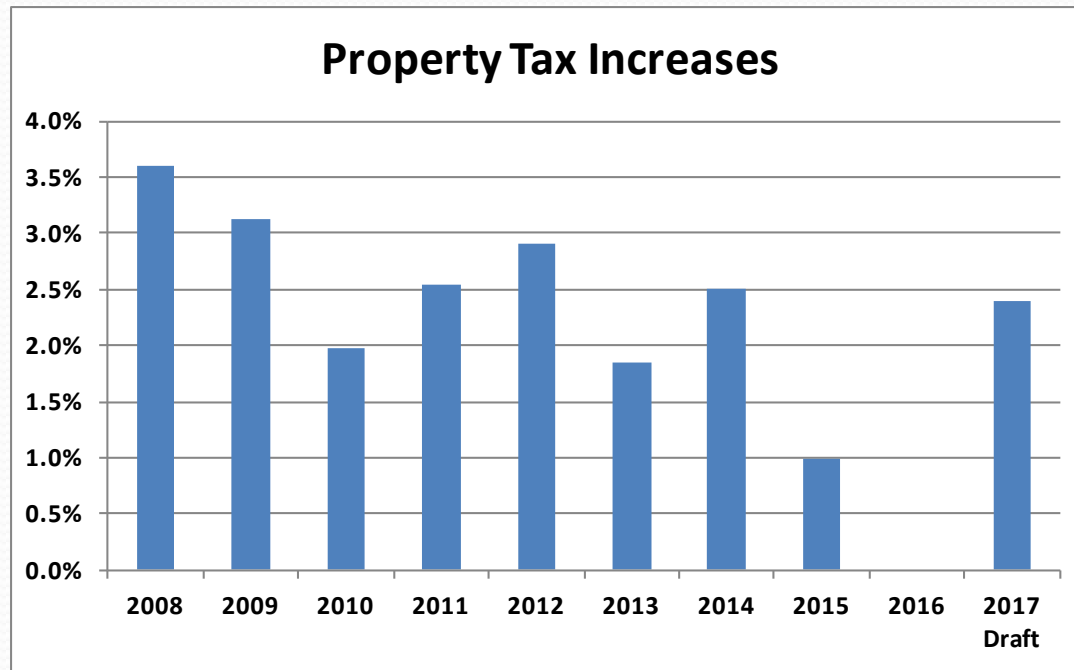
	2017	2018	2019	2020	2021
2016 - 2020 Financial Plan	2.8%	1.8%	0.7%	1.0%	
Draft 2017 - 2021 Financial Plan	2.4%	1.0%	0.9%	1.0%	0.5%

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

Property Tax History

2009: Council policy to reduce industrial tax rates to same level as commercial, completed in 2014

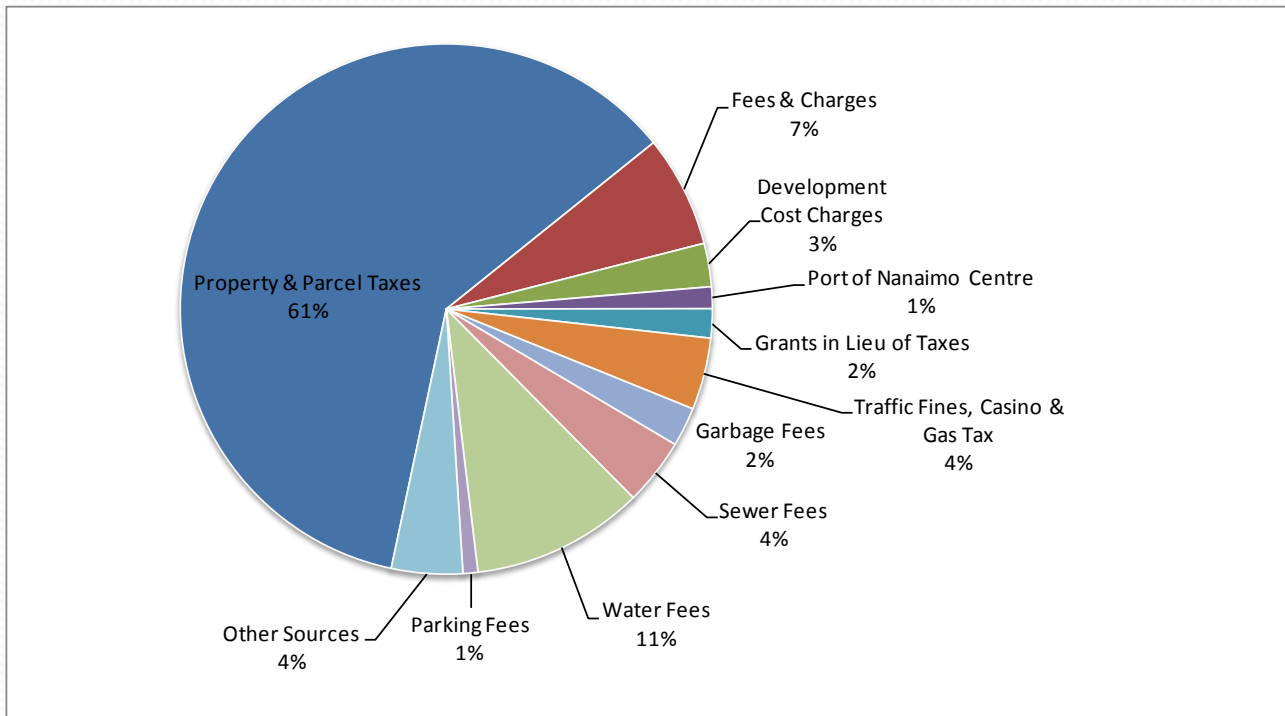
2013: Council approved 1% annual increase for contributions to General Asset Management Reserve



Average annual increase (10 year) is 2.2%

2017 Revenues:

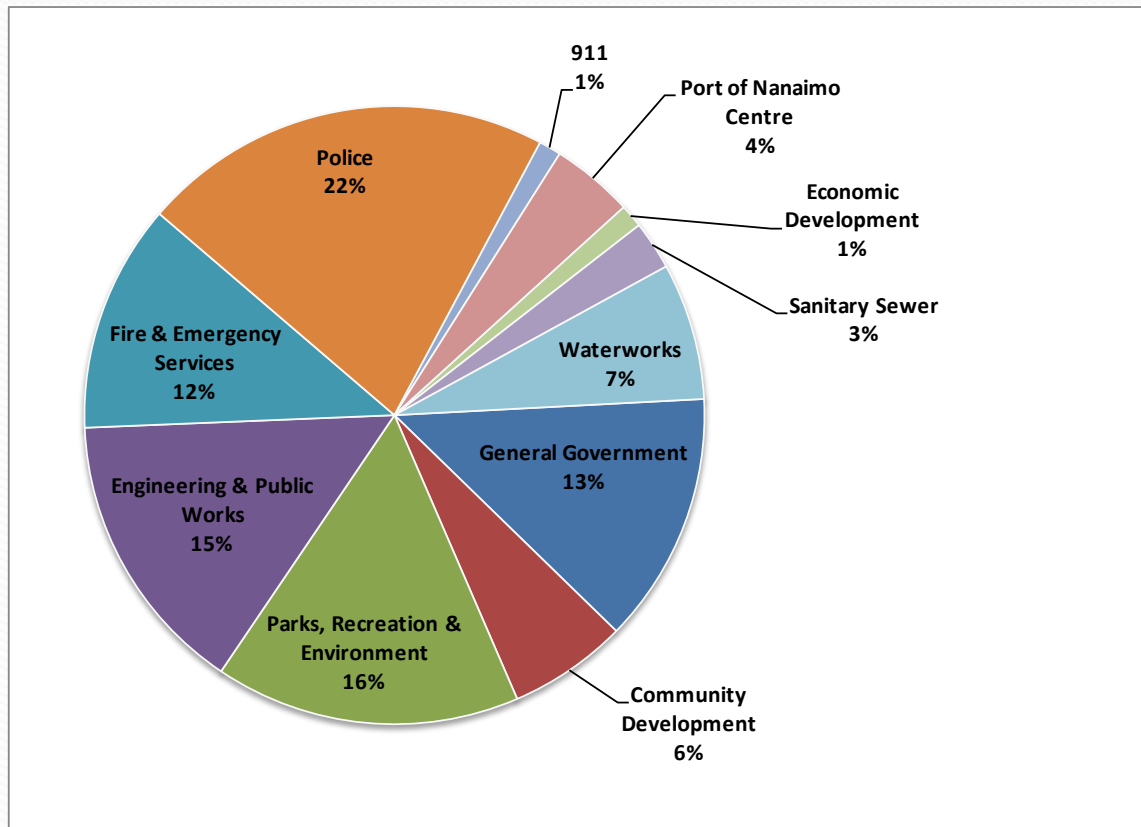
\$165 million provides funding for annual operating and maintenance, projects and contributions to infrastructure renewal reserves



2017 Operating Budget:

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

\$133m expenditures, net increase \$2.2 m



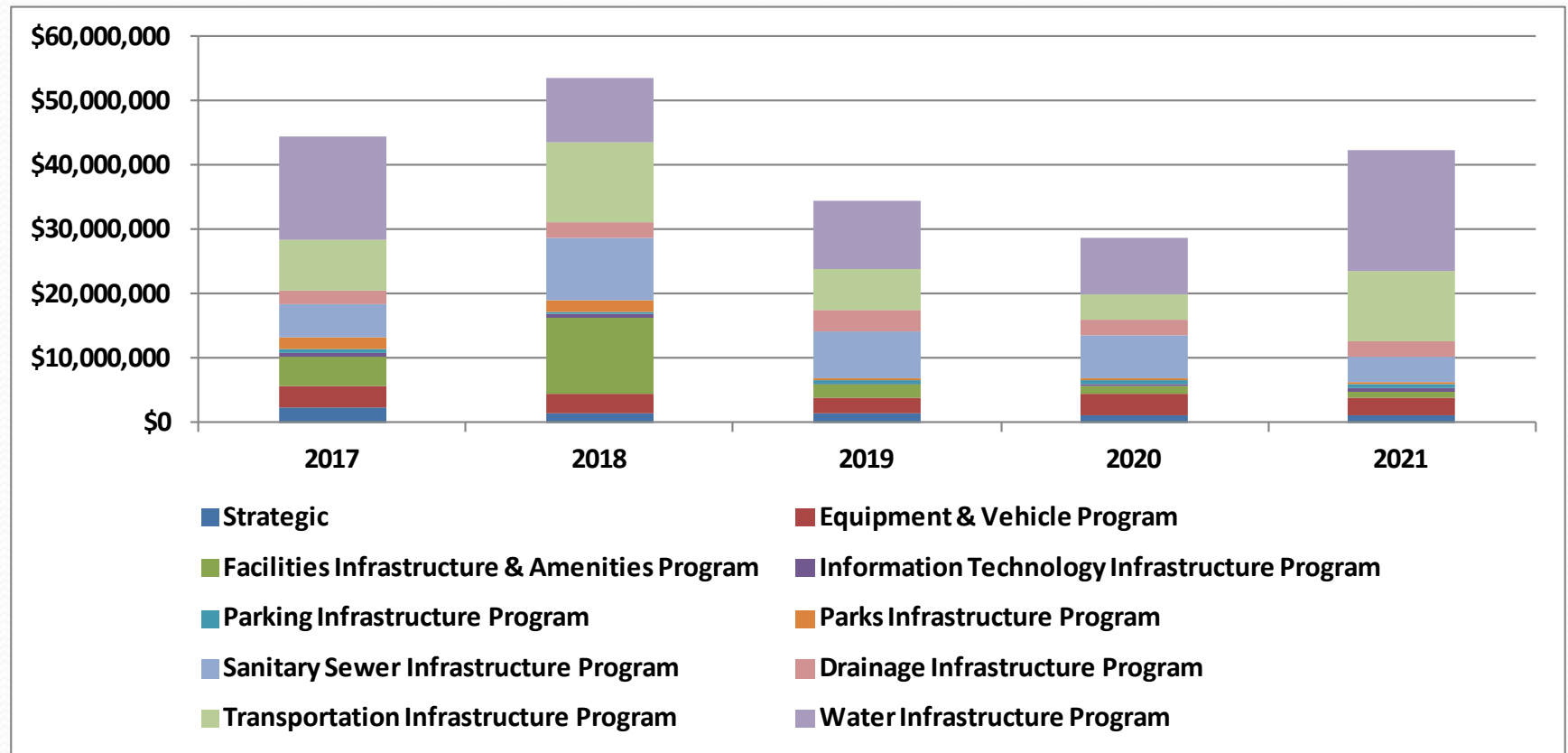
Draft 2017 – 2021 Financial Plan:

2017 Key Budget Drivers

		\$
Increased contribution to the General Asset Management Reserve		964,125
Labour:		
Communication Specialist	77,145	
Committee Clerk	69,934	
IAFF contract	287,244	
Provision for Mgmt/CUPE	<u>965,000</u>	1,399,323
RCMP contract		854,749
Snow and Ice Control		(200,000)
Debt:		
New debt re Wellcox Access		<u>372,150</u>
		3,390,347
Increased Property Tax Revenues due to Growth		1,200,000
Net Expenditures Increase (Decrease)		<u>2,190,347</u>

Draft 2017 – 2021 Financial Plan

Project Summary: \$203.6m next five years, \$44.4m in 2017



Draft 2017 – 2021 Financial Plan:

Key Projects

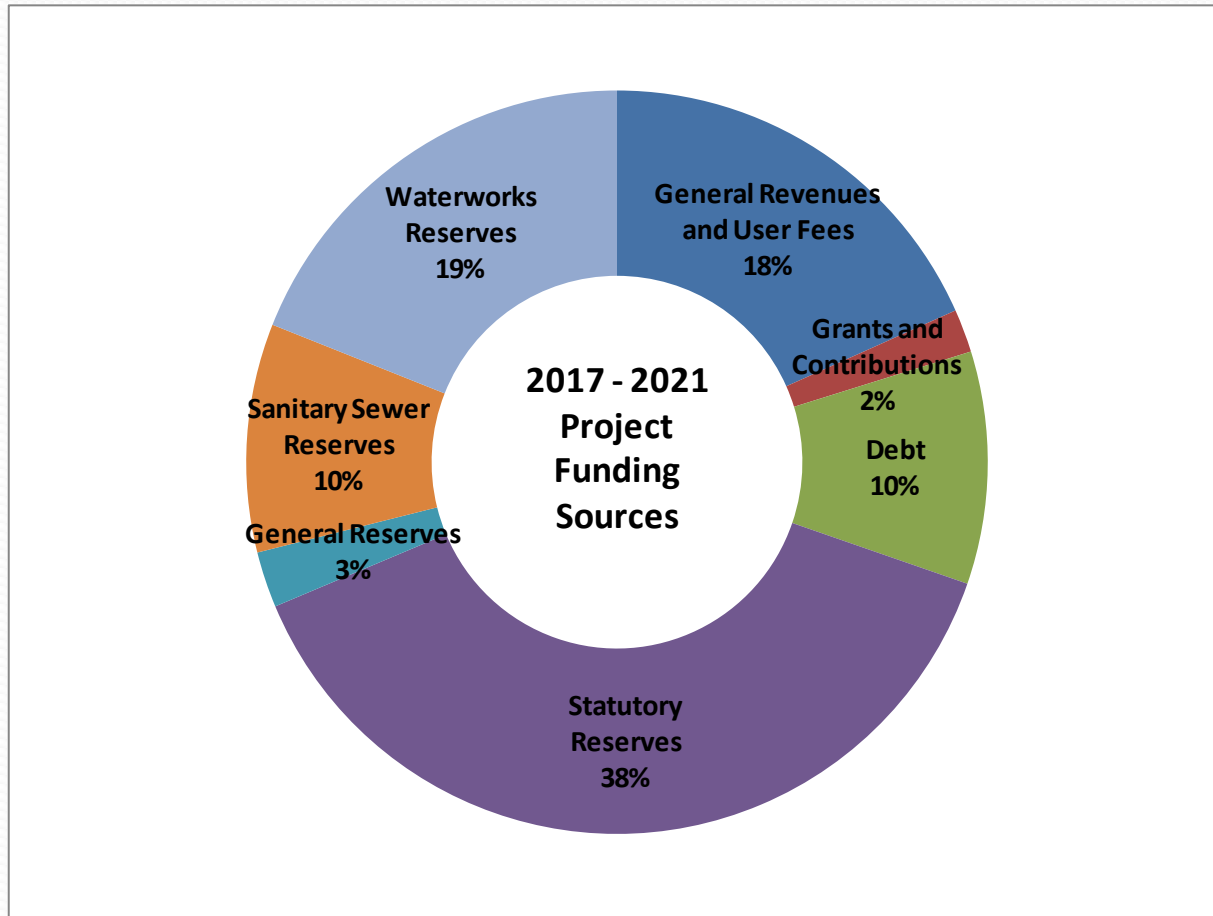
- \$179m for infrastructure renewal
- \$6.9m for Port Theatre expansion
- \$2.6m for Harewood Centennial Park multi-use facility and outdoor lacrosse box
- \$8m for new pedestrian, cycling and transit amenities
 - Includes \$990k for Georgia Greenway
- \$200,000 to develop an Affordable Housing Strategy and Poverty Reduction Strategy
- \$500,000 over next five years for public art

Sewer Projects

- DCC projects in draft plan exceed funding in DCC reserve
 - New capacity/condition assessment programs identified infrastructure renewal/upgrades required in next 10 years
 - Many cost estimates at preliminary stage and subject to significant change
 - Requires borrowing – \$5.2m over next five years

Draft 2017 – 2021 Financial Plan:

Project Funding Sources

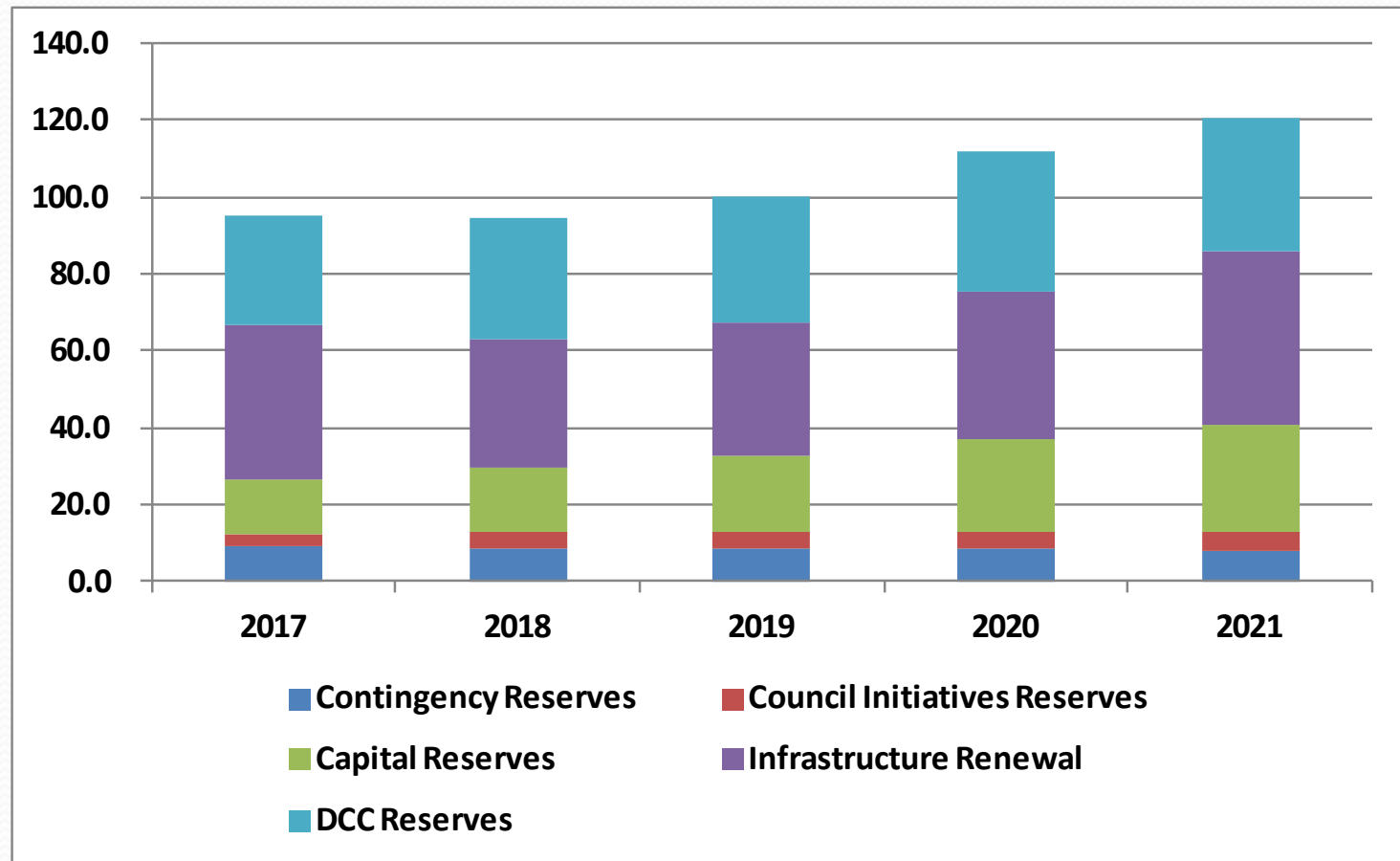


2017- 2021 Project Funding

- Reserves
 - General Capital Reserve
 - Annual contributions vary, usually an allocation of prior year surplus, current balance \$5m
 - Serauxmen Mariner Field Lights \$389k
 - New excavator \$233k (business case completed)
 - Community Works Fund
 - Annual contributions \$3.6m, current balance \$6.1m
 - Harewood Centennial Park Improvement Plan
 - Multi –use Court, Lacrosse Box phases \$2.6m
 - Transportation Master Plan
 - Cycling amenities \$1.6m
 - Strategic Priority
 - Georgia Ave Greenway \$990k

Reserves Summary

\$ million



2017 – 2021 Project Funding: Debt

- New Borrowing
 - Port Theatre - \$4.6m, annual debt servicing \$309k
 - Wellcox Access - \$6.0m, annual debt servicing \$403k
 - Sanitary Sewer – \$5.2m, annual debt servicing \$346k
- Debt servicing limit is \$34 million
 - Current annual debt servicing is \$4.7 million or 14% of current limit

Draft 2017 – 2021 Financial Plan - Debt

Asset	Total Borrowing	Annual Repayments	Year Borrowing Repaid
NAC	\$ 8,600,000	\$ 465,000	2020
VICC	\$ 30,000,000	\$ 2,300,000	2027
Fire Station #4	\$ 3,750,000	\$ 306,000	2027
WTP	\$ 22,500,000	\$ 1,600,000	2034
	\$ 64,850,000	\$ 4,671,000	

New Debt

Asset	Total Borrowing	Annual Repayments	Year Borrowed
Port Theatre	\$ 4,600,000	\$ 300,000	2018
Wellcox Access	\$ 6,000,000	\$ 400,000	2018
Water Supply: New Dam	\$ 85,000,000	\$ 5,700,000	2021
	\$ 95,600,000	\$ 6,400,000	

Draft 2017 – 2021 Financial Plan

Projects not included: studies/other work to be completed, business cases to be developed

- Examples
 - Strategic priorities
 - Events Complex
 - feasibility study to be started in 2016
 - Waterfront Development projects
 - Beban Community Bike Park
 - Two phases, pit jump area, skills trail and pump track
 - Current estimate \$400k per concept/detailed design
 - Public Works buildings replacement
 - Current estimate \$8m

Draft 2017 – 2021 Financial Plan

Projects not included: studies/other work to be completed, business cases to be developed

- Examples

- Police Operations building expansion
 - Current estimate \$6.6m
- Fire Station #1 renewal/replacement
 - Condition/space needs assessment to be completed in 2016/early 2017
- Beban Park Complex power distribution replacement
 - Current estimate \$1.1m per predesign
- Harewood Centennial Youth Park
 - Current estimate \$700k per concept design

Draft 2017 – 2021 Financial Plan

Projects not included: studies/other work to be completed, business cases to be developed

- Examples
 - Street Light Conversion
 - Change to LED lighting
 - IT projects
 - Computerized Maintenance System
 - Current estimate \$250k plus staffing resources
 - ERP/SAP Upgrade
 - Current estimate \$435k
 - SAP support expected to end 2025

