



# Draft 2017 – 2021 Financial Plan Review

October 4, 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 budgets
  - December meeting:
    - General government budget, and
    - 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





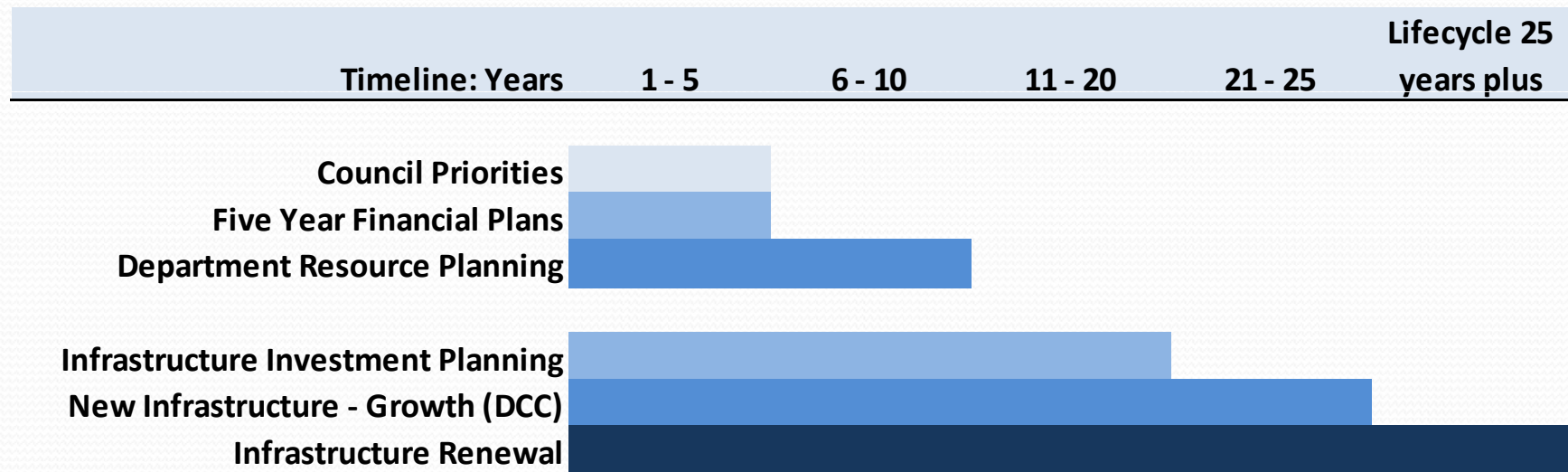
# Agenda

- 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

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# 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%

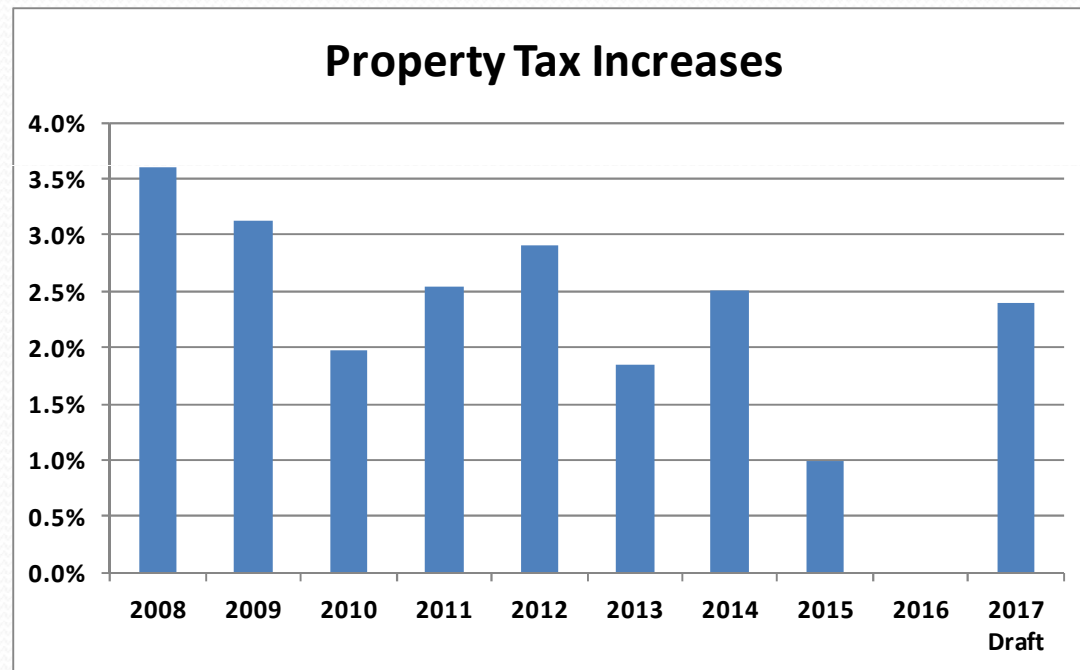
2018 to 2021 does not include an increase to the annual contribution to the General Asset Management Reserve



# Property Tax History

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

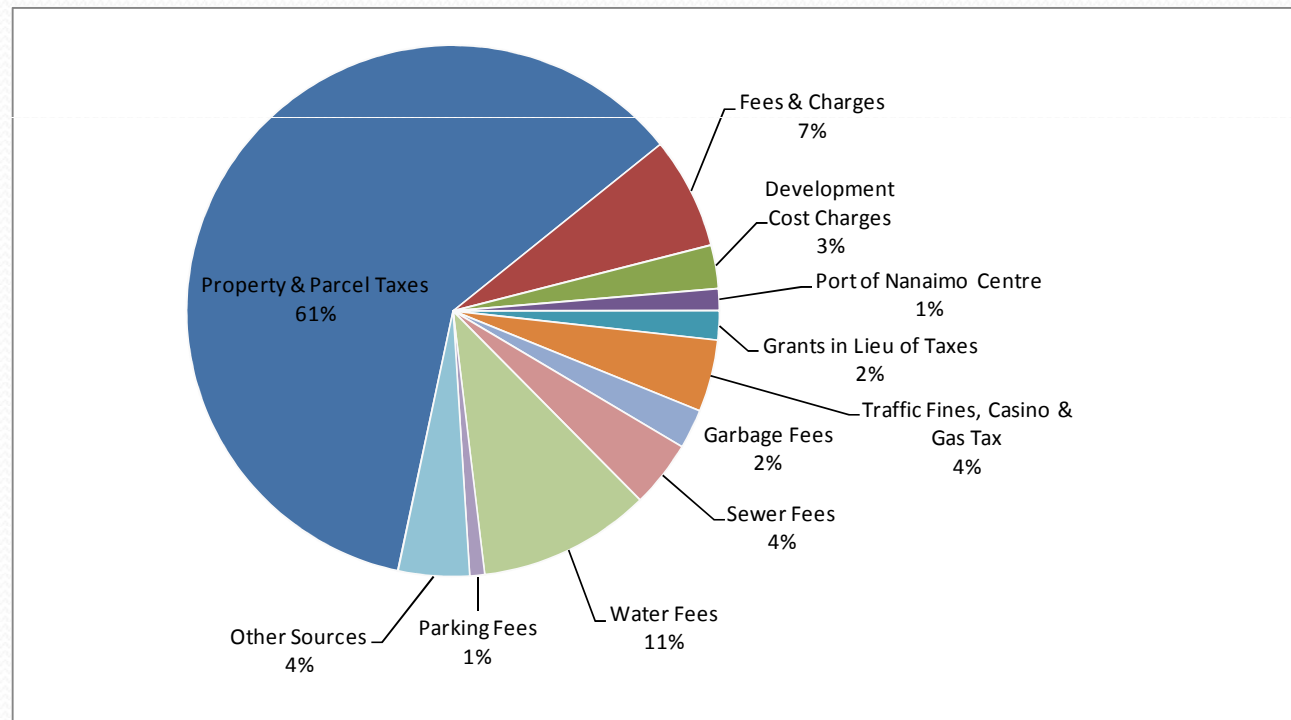
2013: Council approved 1% annual increase for contributions to General Asset Management Reserve



Average annual increase (10 year) is 2.2%

# 2017 Revenues:

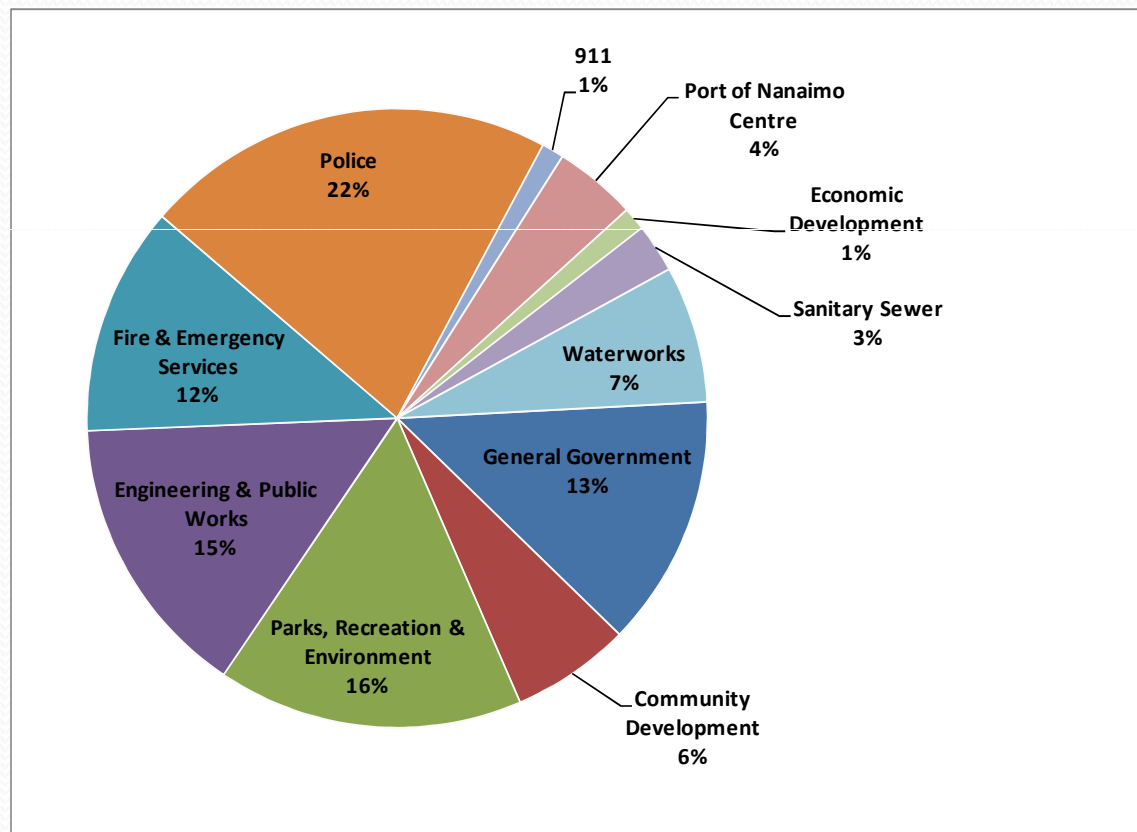
\$165 million provides funding for annual operating and maintenance, projects and contributions to infrastructure renewal reserves



# 2017 Operating Budget:

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

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





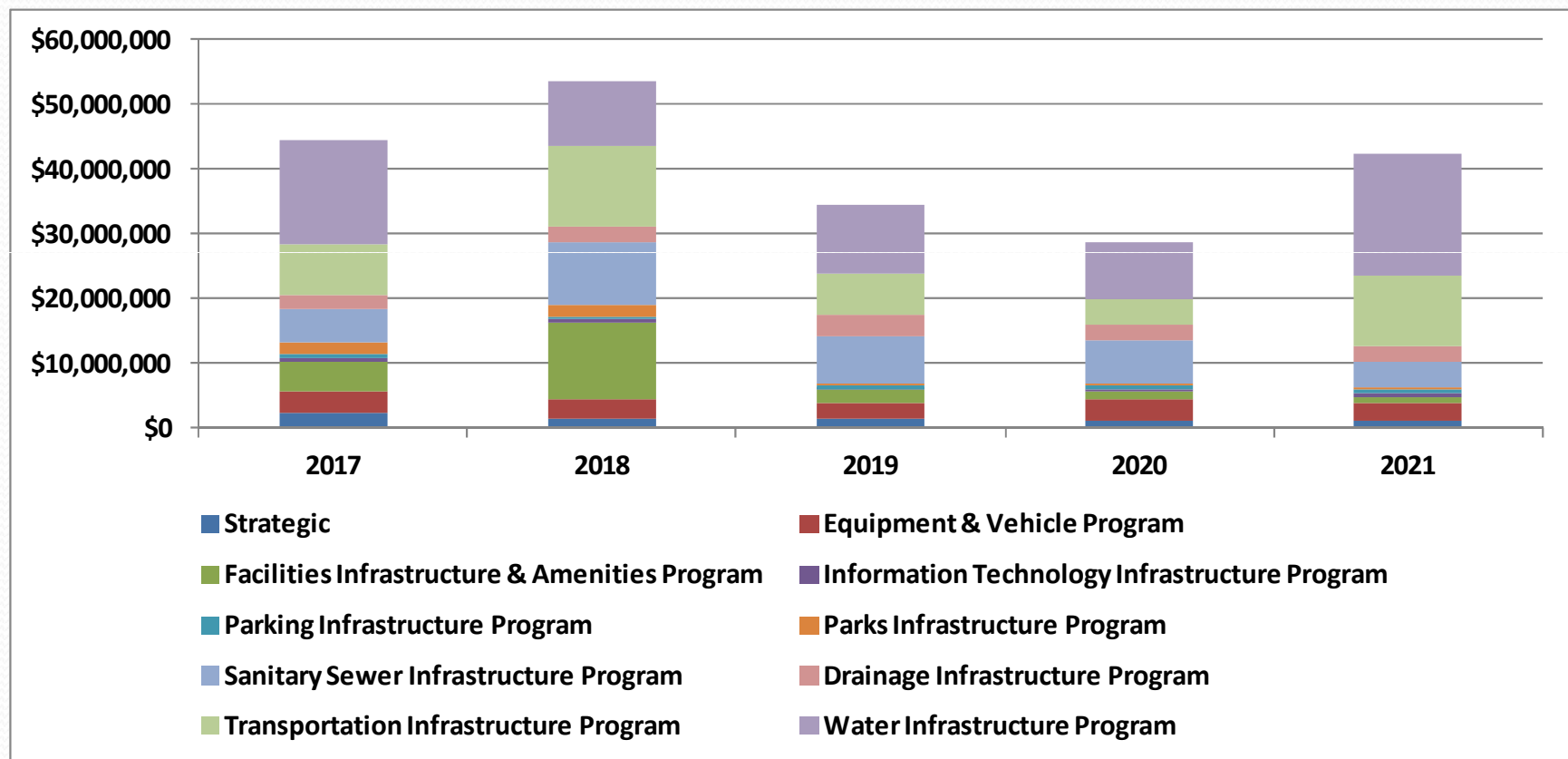
# Draft 2017 – 2021 Financial Plan:

## 2017 Key Budget Drivers

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



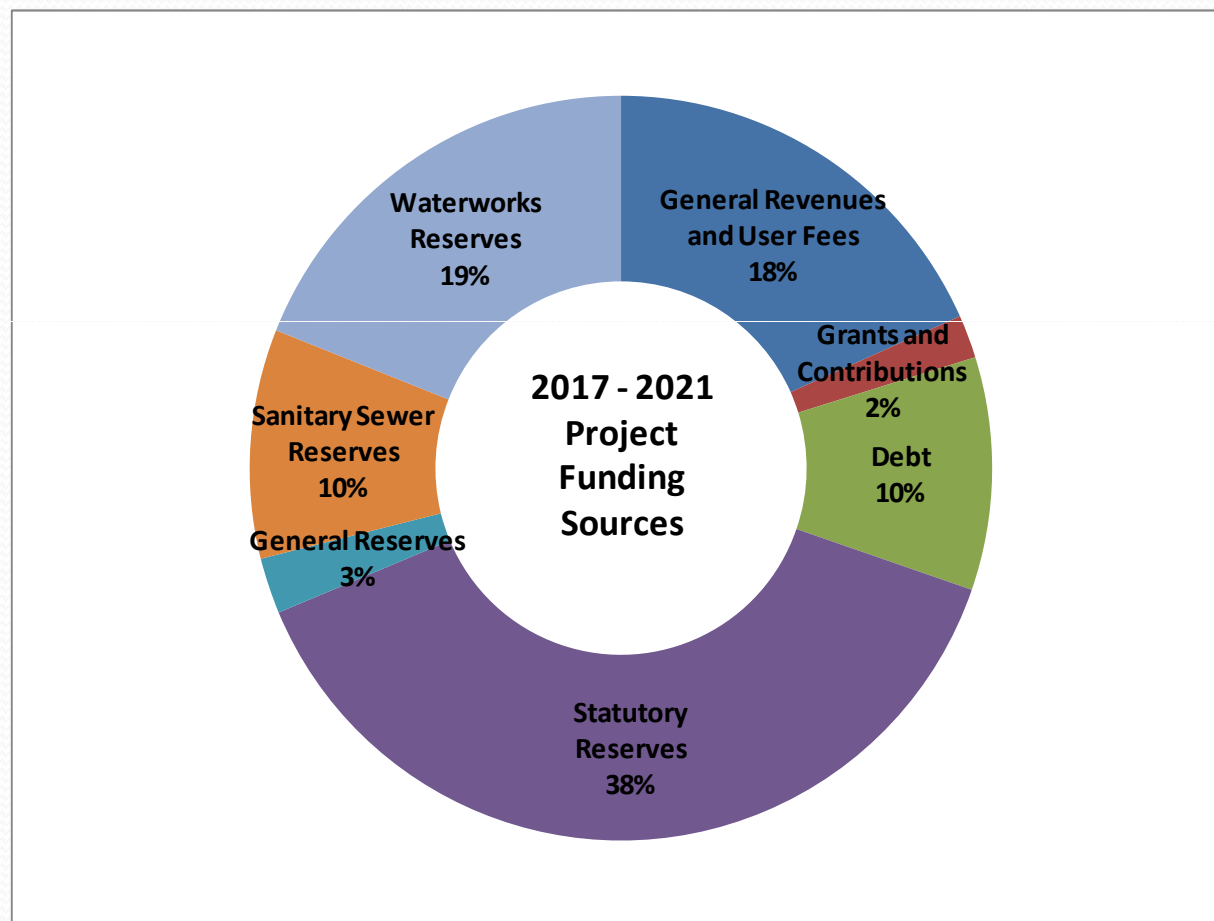


## Sewer project plan to be finalized

- 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
  - May require borrowing – up to \$15.5m over next 10 years
  - Staff are currently reviewing options re project timing

# Draft 2017 – 2021 Financial Plan:

## Project Funding Sources





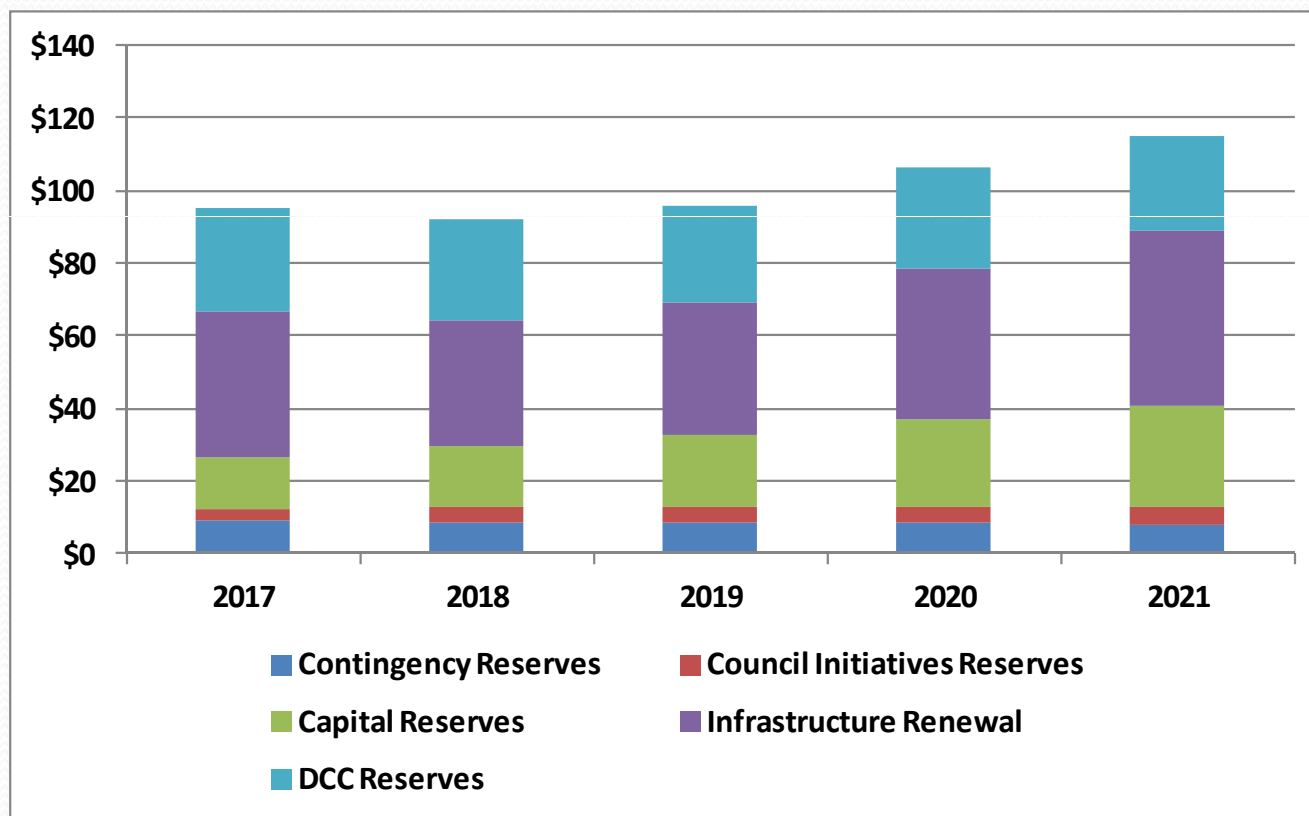
# 2017- 2021 Project Funding

- 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
- 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
  - Wellcox Access
  - Sanitary Sewer – timing and \$ still to be confirmed
- 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
	<b>\$ 64,850,000</b>	<b>\$ 4,671,000</b>	

## 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
	<b>\$ 95,600,000</b>	<b>\$ 6,400,000</b>	





# 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



