



## Proposed Timeline

- Operating Budget Review - November 20 & 22
  - Presentations by Departments on their 2020 Business Plans
- Project Budget Review – November 25
  - Recap of total planned expenditures and funding sources
  - Changes from preliminary plan (presented at October 16 Finance and Audit) to draft plan
- E-Town Hall – December 2
- Final review and recommendations for 2020 – 2024 Financial Plan Bylaw – December 2 and/or December 4
  - Referred to as the Provisional Five Year Financial Plan

## Proposed Timeline

- Adoption of User Rate Bylaws – prior to December 31st
- Adoption of Provisional 2020 – 2024 Financial Plan Bylaw
- February – April 2020
  - Review and update Financial Plan for new information
- April 2020
  - Adoption of Annual 2020 – 2024 Financial Plan Bylaw
  - Adoption of 2020 Property Tax Rates Bylaw

## Draft 2020 – 2024 Financial Plan

## Projected Property Tax & User Fees Increases

	2020	2021	2022	2023	2024
General Asset Management Reserve	1.0%	1.0%	1.0%	0.0%	0.0%
General Property Tax Increase	4.2%	2.1%	2.4%	1.9%	1.7%
<b>Total Municipal Taxes</b>	<b>5.2%</b>	<b>3.1%</b>	<b>3.4%</b>	<b>1.9%</b>	<b>1.7%</b>

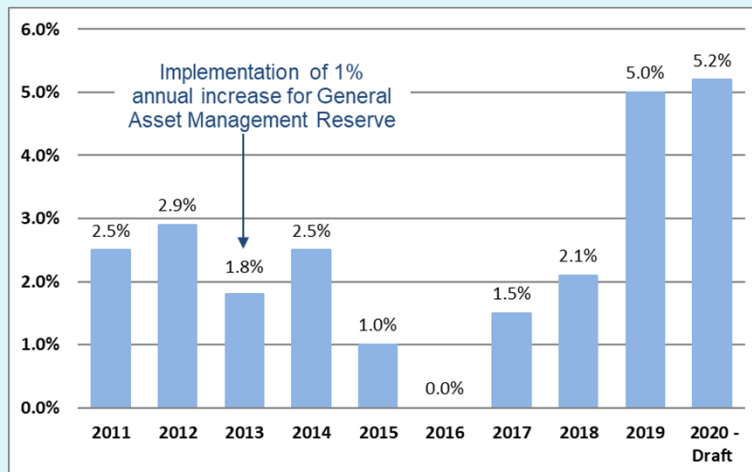
The approved annual 1% property tax increase for contribution to the General Asset Management Reserve currently ends in 2022

	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

## Property Tax History



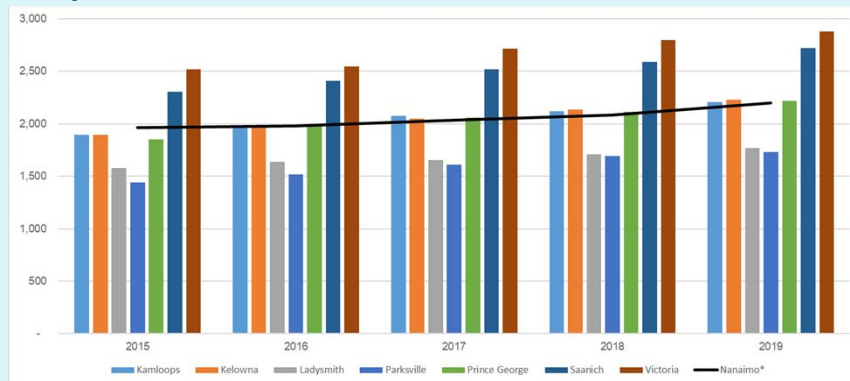
10 Year Avg (2010- 2019) – 2.1%

## Municipal Comparison - On a Representative Home

	2015	2016	2017	2018	2019
Kamloops	1,894	1,970	2,073	2,121	2,206
Kelowna	1,894	1,977	2,050	2,136	2,230
Ladysmith	1,578	1,638	1,653	1,708	1,770
<b>Nanaimo*</b>	<b>1,961</b>	<b>1,982</b>	<b>2,037</b>	<b>2,081</b>	<b>2,196</b>
Parksville	1,439	1,517	1,608	1,693	1,732
Prince George	1,853	1,979	2,059	2,116	2,218
Saanich	2,305	2,409	2,521	2,590	2,720
Victoria	2,518	2,544	2,715	2,795	2,880

\* Includes Vancouver Island Regional Library (VIRL), since 2016 the City of Nanaimo has considered VIRL as a collection for other governments  
 Source - BC Stats: 704 Taxes & Charges on a Representative House

## Municipal Comparison – On a Representative Home



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# Typical Home

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

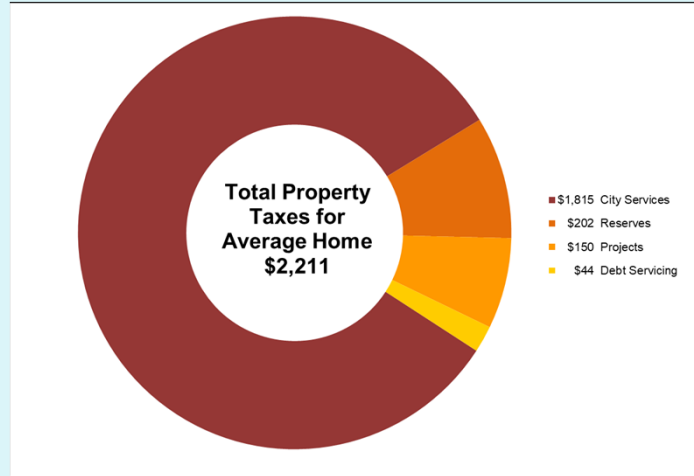
## Impact on a Typical Home

	2019	2020	\$ Change	% Change
Property Taxes	\$2,102	\$2,211	\$109	5.2%
Municipal User Fees				
Water Fees	\$552	\$594	\$42	7.5%
Sewer Fees	\$135	\$141	\$6	4.0%
Sanitation Fees	\$170	\$171	\$1	0.6%
<b>Total Municipal Taxes &amp; User Fees</b>	<b>\$2,959</b>	<b>\$3,117</b>	<b>\$158</b>	<b>5.3%</b>

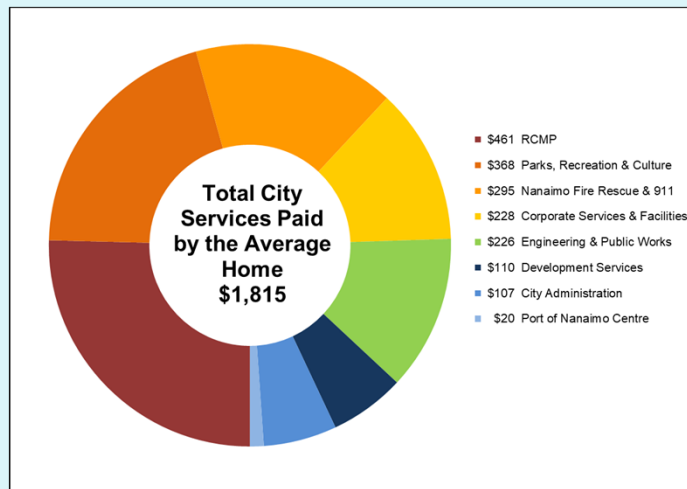
Based on \$516,418 assessed value (average for Nanaimo per BC Assessment)

Rounded to nearest dollar  
Assumes a typical single family house with average assessment change

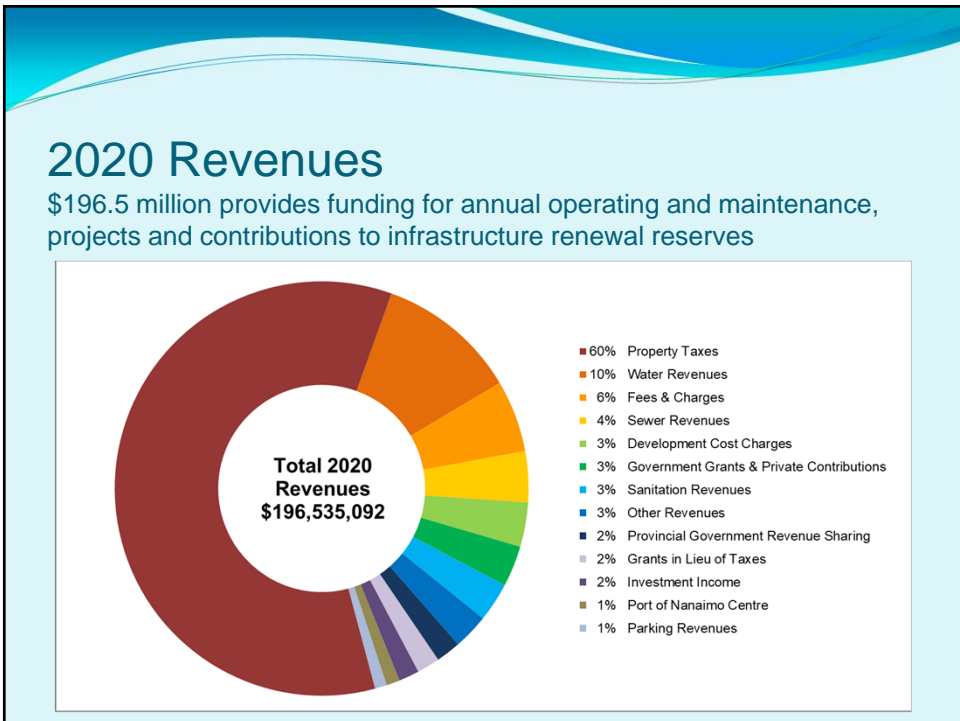
## Total Property Taxes for Average Home



## Total City Services Paid by Average Home

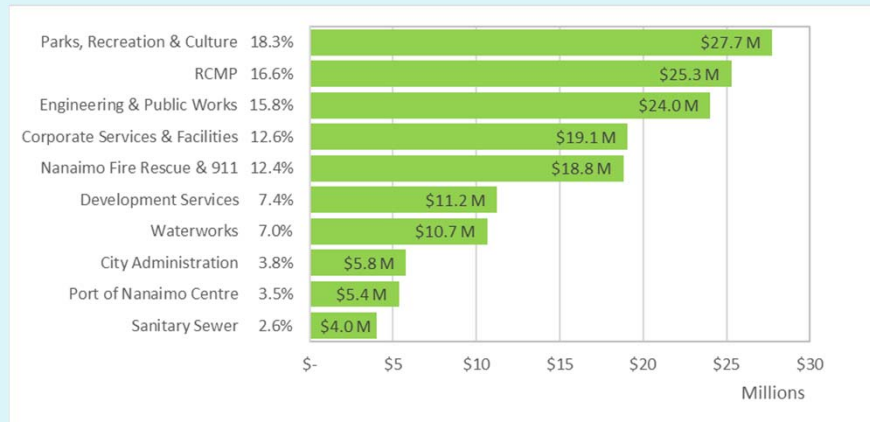


# Financial Summary



## 2020 Operating Budget

\$152.0 M will be spent for annual operating and maintenance resources that deliver day-to-day City Services.



## 2020 Key Budget Drivers – General

Expenditure Increases/(Decreases)	Draft
Asset Management	\$ 1,010,000
Wages and Benefits <sup>1</sup>	2,870,000
Contracted Services - Landscaping/Tree Services	108,000
Economic Development <sup>2</sup>	466,000
Fleet Charge - Fire	100,000
Legal Fees	(90,000)
Project Expenditures	
Annual general revenue funding	643,000
RCMP Contract (budgeted at 95%)	1,709,000
Snow and Ice Control Reserve	(275,000)
Sewer and Water Internal Support	(202,000)
Strategic Infrastructure Reserve	480,000
Utilities - Water and Sewer	154,000
<b>Subtotal Expenditure Increases</b>	<b>\$ 6,973,000</b>



## 2020 Key Budget Drivers – General

<b>Revenue (Increases)/Decreases</b>	
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 <sup>3</sup>	500,000
<b>Subtotal Revenue Increases</b>	<b>\$ (284,000)</b>
<b>Other Changes</b>	<b>\$ 64,000</b>
<b>Net Expenditure Increases</b>	<b>\$ 6,753,000</b>
Less Increased Property Tax Revenues due to Growth - Estimate	1,200,000
<b>Net Impact</b>	<b>\$ 5,553,000</b>

Dollars are rounded to nearest \$1,000

Updated benefit rates were not received in time for inclusion in draft budget. Rate changes may increase or decrease projected property tax increase.

<sup>1</sup>Excludes new Manager, Economic Development

<sup>2</sup>Includes new Manager, Economic Development

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

## Business Cases Included in Draft Plan

Business Case	Impact to 2020 Property Taxes
<b>Corporate Services</b>	
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%
<b>Development Services</b>	
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%
<b>Engineering and Public Works</b>	
Traffic Signal Technician (July 2020) – includes vehicle purchase and required equipment	0.13%
<b>Nanaimo Fire Rescue</b>	
SCBA Replacement – 2021	2021 Project - Funded from General Capital and Asset Management Reserve

## Business Cases Included in Draft Plan Con't

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

## Business Cases Not Included in Draft Plan

Business Case	Projected Impact to 2020 Property Taxes
<b>Corporate Services</b>	
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%
<b>Development Services</b>	
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	Recommendation is to defer consideration until completion of updates to Community Sustainability Action Plan
<b>Engineering and Public Works</b>	
Municipal Services Inspector – includes vehicle purchase	0.10% - partially funded by sewer and water
Project Engineer	0.11% - partially funded by sewer and water
<b>Legislative Services</b>	
Deputy City Clerk/Manager, Legislative Services	0.13%

## Staff Changes Highlights

Staffing Changes	FTEs	Supporting Document
<b>Positions Eliminated</b>		
Corporate Services		
Deputy Director, Financial Services	(1.0)	Restructuring
<b>Positions Added</b>		
Corporate Services		
General Manager, Corporate Services	1.0	Restructuring
Director, IT	1.0	Restructuring
Financial Analyst	1.0	Restructuring
Buyer	1.0	Restructuring
Prison Guards	2.0	Business Case
Convert Records Clerks from PPT to PFT	0.4	Business Case
Development Services		
Manager, Subdivisions	1.0	Restructuring
Manager, Economic Development	1.0	Business Case
Urban Forestry Technician	1.0	Business Case
Parks, Recreation & Culture		
Manager, Culture & Events	1.0	Restructuring
Manager, Facility Maintenance & Custodial Services	1.0	Restructuring
Allocations Clerk	1.0	Business Case
Engineering and Public Works		
Manager, Utilities	1.0	Restructuring
Traffic Signals Technician	1.0	Business Case
Refuse Collector	1.0	Business Case - Prior Year
RCMP	3.0	Business Case - Prior Year
	<b>17.4</b>	

Excludes positions converted as part of restructuring

**Other changes:**  
 New PRC Co-op Student (4 months) effective 2020  
 12 additional RCMP members – 2021 to 2024, Manager, Facility Assets, Assistant Accountant, Junior Financial Analyst – 2021, Refuse Collector - 2022

# Debt

## Outstanding Debt at Dec 31, 2018

	Amount	Year Borrowing Repaid
<b>External Borrowing (MFA)</b>		
Fire Station #1	\$ 3,235,354	2038
Fire Station #4	\$ 2,051,643	2027
Nanaimo Aquatic Centre	\$ 1,258,589	2020
Sanitation	\$ 5,168,465	2023
Vancouver Island Conference Centre	\$15,637,678	2027
Water Treatment Plant	\$18,768,914	2034
<b>Total External Borrowing</b>	<b>\$46,120,643</b>	
<b>Internal Borrowing</b>		
DCC SS45: Chase River Pump Station & Forcemain	\$ 175,714	2038
<b>Total Internal Borrowing</b>	<b>\$ 175,714</b>	

## 2019 New Debt

	Amount	Term
<b>External Borrowing (MFA)</b>		
Waterfront Walkway <sup>1</sup>	\$5,241,660	20 Years
Sanitation – Truck <sup>2</sup>	\$ 406,585	5 Years
<b>Total External Borrowing</b>	<b>\$5,648,245</b>	
<b>Internal Borrowing</b>		
DCC SS45: Chase River Pump Station & Forcemain	\$3,143,584	20 Years
<b>Total Internal Borrowing</b>	<b>\$3,143,584</b>	

<sup>1</sup>Borrowing will not occur as applicable sections on hold pending completion of study. Project has been re-budgeted in 2020 – 2024 Financial Plan

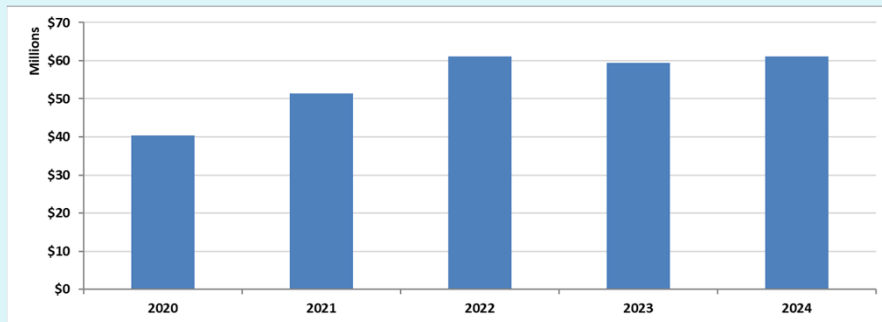
<sup>2</sup>Borrowing will be delayed to 2020 as truck is not scheduled to arrive until Spring 2020

## New Debt: 2020 – 2024 Financial Plan

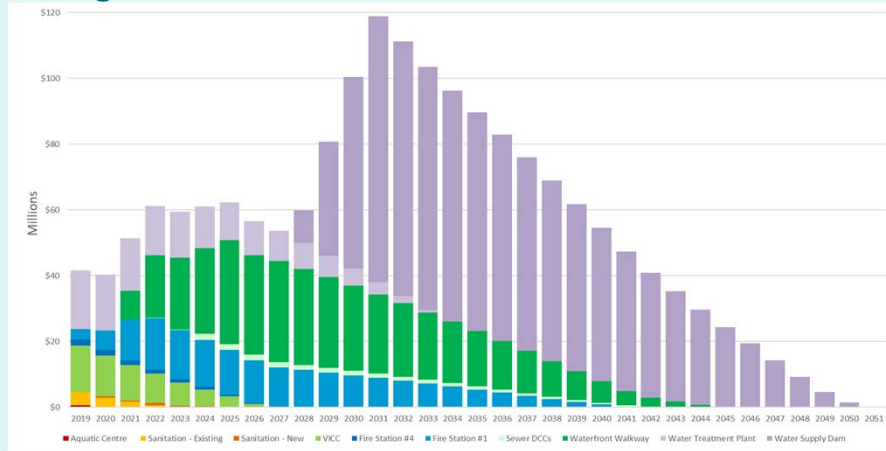
	2020	2021	2022	2023	2024	Total
<b>External Borrowing (MFA)</b>						
Fire Station #1	\$ 3,000,000	\$ 6,700,000	\$ 3,740,269			\$13,440,269
Waterfront Walkway		\$ 8,800,000	\$10,500,000	\$ 3,675,000	\$ 5,000,000	\$27,975,000
Sanitation (5 Year Term)		\$ 458,863				\$ 458,863
Sewer DCC Projects			\$ 171,500		\$ 1,724,800	\$ 1,896,300
<b>Total External Borrowing</b>	<b>\$ 3,000,000</b>	<b>\$15,958,863</b>	<b>\$14,411,769</b>	<b>\$ 3,675,000</b>	<b>\$ 6,724,800</b>	<b>\$43,770,432</b>
<b>Internal Borrowing</b>						
Sewer DCC Projects	\$ 1,165,265	\$ 2,088,600				\$ 3,253,865
<b>Total Borrowing</b>	<b>\$ 4,165,265</b>	<b>\$18,047,463</b>	<b>\$14,411,769</b>	<b>\$ 3,675,000</b>	<b>\$ 6,724,800</b>	<b>\$47,024,297</b>

Excludes short-term borrowing of \$4.5 for Port Theatre Expansion

## Projected Outstanding Debt - External

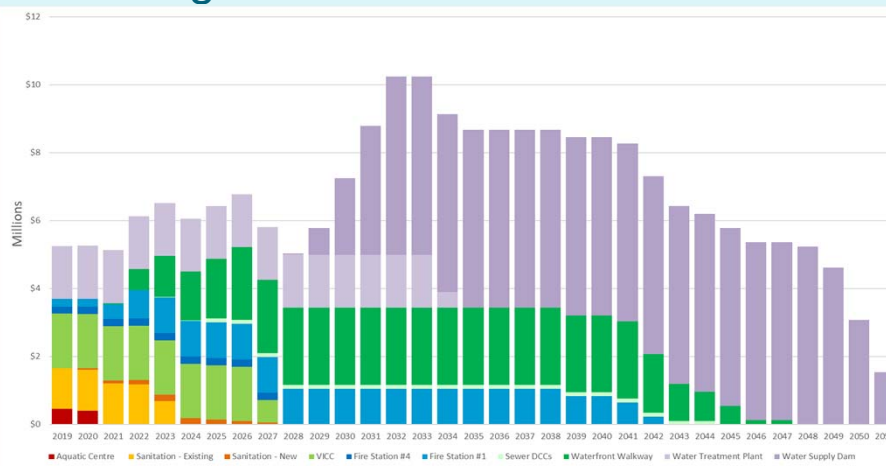


## Projected Outstanding External Debt Long-Term



Reflects current and future borrowing based on 10 year project plan  
Includes projected 2030 & 2031 borrowing for completion of water supply dam

## Projected Annual External Debt Servicing Costs



## Debt Servicing Limit

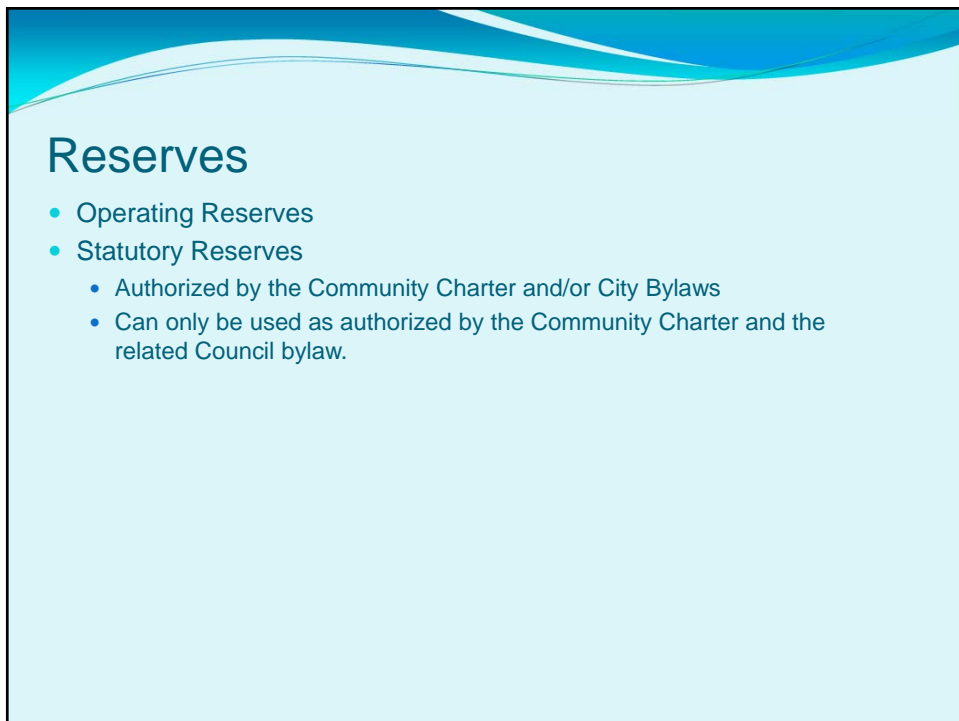
- The Liability Servicing Limit is defined as 25% of municipality's controllable and sustainable revenues for the year
- City of Nanaimo current limit at December 31, 2018 is \$43.1 M for annual principle and interest payments
- At December 31<sup>st</sup> the City was at 11.0% of current limit

## Municipal Comparison

	Debt Servicing Limits				
	2014	2015	2016	2017	2018 Draft
Kamloops	39,782,700	40,479,526	42,257,694	44,590,765	45,684,834
Kelowna	59,528,563	62,523,323	65,056,358	70,309,126	79,457,574
Ladysmith	2,973,984	3,186,999	3,375,160	3,588,988	3,865,710
<b>Nanaimo</b>	<b>35,461,057</b>	<b>37,733,162</b>	<b>38,379,597</b>	<b>40,133,329</b>	<b>43,120,716</b>
Parksville	4,586,314	4,719,654	5,074,924	5,306,651	5,646,788
Prince George	38,012,435	40,204,075	41,228,230	41,257,408	43,932,208
Saanich	42,379,316	44,752,096	46,593,964	48,279,619	50,681,673
Victoria	50,940,849	52,598,039	54,727,929	57,248,034	62,060,454

	Debt Servicing Cost % of limit				
	2014	2015	2016	2017	2018 Draft
Kamloops	30.9%	31.8%	29.6%	30.4%	27.3%
Kelowna	63.0%	45.1%	51.1%	46.4%	45.4%
Ladysmith	47.0%	33.4%	20.1%	59.9%	37.9%
<b>Nanaimo</b>	<b>16.1%</b>	<b>14.2%</b>	<b>15.8%</b>	<b>12.1%</b>	<b>11.0%</b>
Parksville	9.6%	9.4%	8.7%	8.1%	7.8%
Prince George	43.2%	38.1%	45.6%	45.5%	41.1%
Saanich	8.7%	7.4%	6.6%	7.6%	10.1%
Victoria	13.6%	13.9%	11.1%	9.5%	9.7%

Source - BC Stats: 602.1 – Liability Servicing Limits





## Reserves

- New Reserve Policy – January 1, 2020
- Reserve Framework
  - Financial Stability Reserves
  - Equipment Reserves
  - Infrastructure Reserves
  - Parking Reserves
  - Property Acquisition Reserves
  - Strategic Reserves
  - Other Reserves
  - DCC Reserves

## Reserves Summary

