



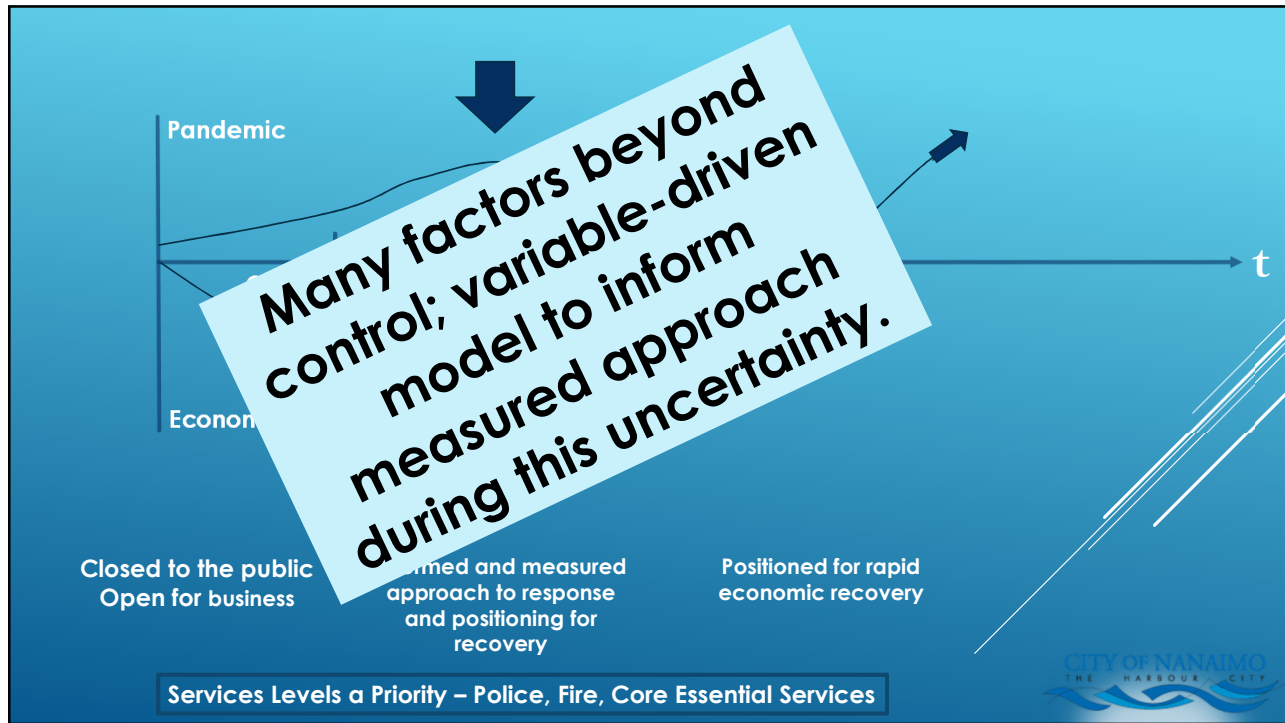
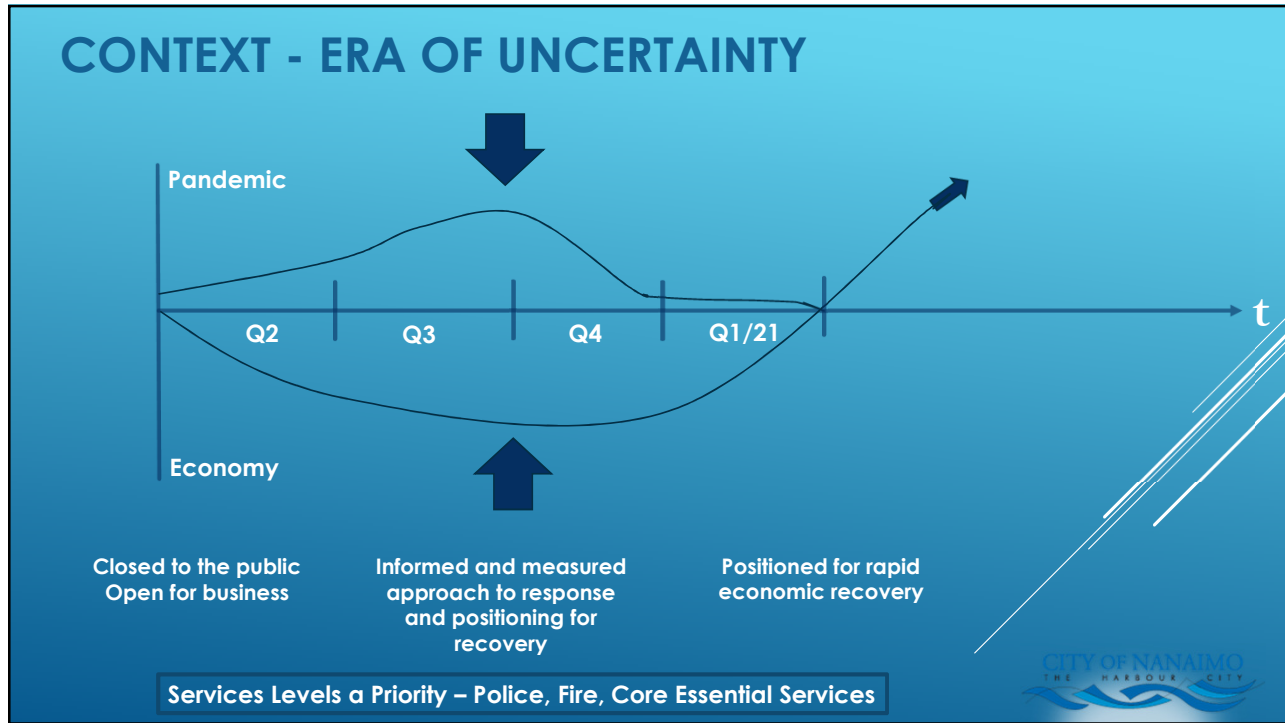
COVID-19 PANDEMIC

FINANCIAL RESPONSE & RECOVERY FRAMEWORK

APRIL 9, 2020

OUTLINE

- ▶ Context
- ▶ Guiding Principles
- ▶ Model Components
- ▶ Scenarios
- ▶ Major Revenue Loss And Expenditure Reductions
- ▶ FINANCIAL IMPACT (Assumptions As Of April 3, 2020)
- ▶ Cash Flow Analysis
- ▶ Information & Decision Report - Workplan
 - ▶ Revenue Anticipation Borrowing – Bylaw Decision
 - ▶ Utility Payment Due Date – Motion Decision
 - ▶ Relief Mechanisms And Policy Decisions
 - ▶ 2020 Financial Plan And Tax Bylaws



RESPONSE & RECOVERY GUIDING PRINCIPLES

1. Closed to the Public; Open for Business

- Following Health Authority Orders and Guidelines
- Maintaining service levels the priority
- Capacity for responsiveness; focus on monitoring critical staff levels for business continuity

2. Informed and Measured Approach

- Fiscal resilience vital – impacts will likely persist for years
- Duration uncertainty
- Productivity important; redeployment options

3. City, Business Community and Community Positioned for Rapid Economic Recovery

- Progress critical and important capital projects (asset maintenance and stewardship)
- Possibly reschedule strategic capital projects to Q3/4 or later

Council's Strategic Plan



A MODEL TO INFORM IN UNCERTAIN TIMES

FINANCIAL MODEL INCLUDES:

- Revenue loss forecast
- Expense reduction / cost avoidance forecast
- Capital projects – ability to shift timing?
- Contract review to determine non-essentials and collective agreement alignment
- Grant distribution forecast
- Core essential staffing levels; redeployment planning
- Impact of financial relief policy decisions
- Impacts of multi-level government relief directives and impacts

CASH FLOW COMPONENT

- Cash flow analysis



OTHER CONSIDERATIONS:

➤ Limited details to date:

FEDERAL POLICY and RELIEF



PROVINCIAL POLICY and RELIEF
(informed by UBCM and MFA)



MUNICIPAL IMPACTS

- Duration uncertain
- Facility (opening) resumption likely incremental
- Fiscal resilience & enduring capacity
- Future tax implications



MODEL of THREE SCENARIOS - FACILITIES REOPEN:

1. July 1, 2020
2. September 1, 2020
3. January 1, 2021; monthly average Sept to Dec

NOTE: Point-in-time model limitation as services and facilities (opening) resumption likely incremental.



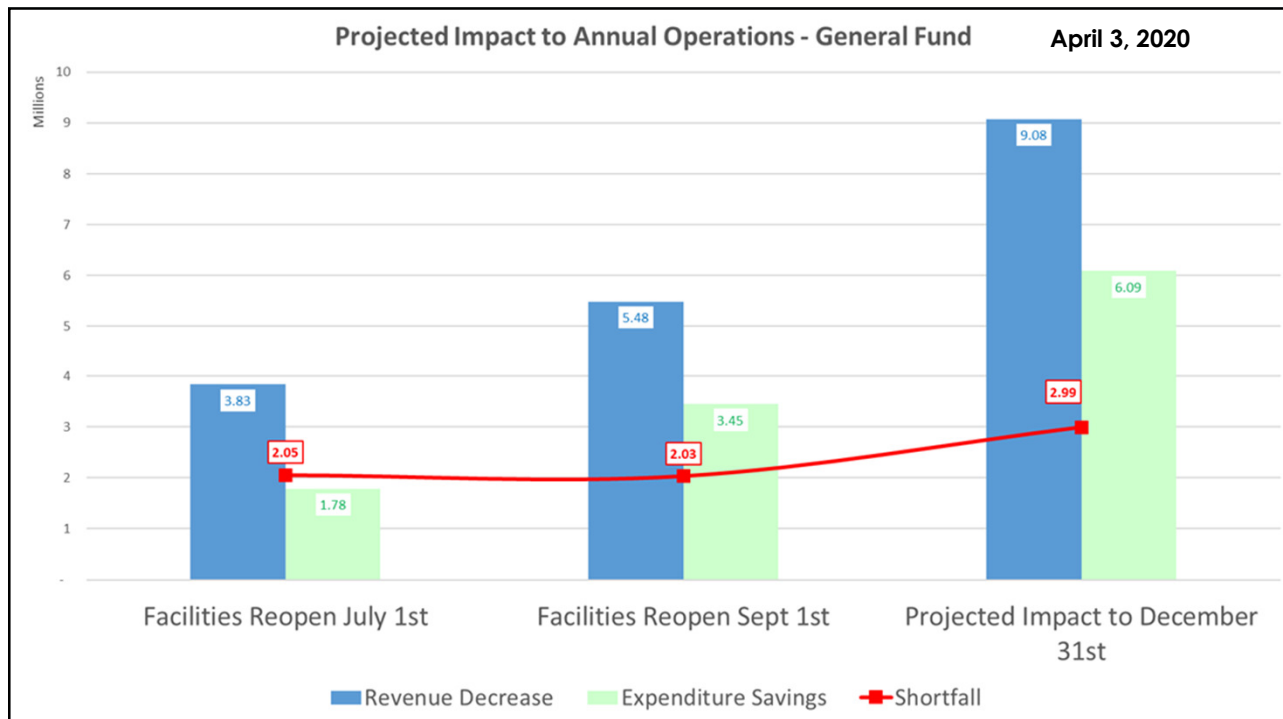
MAJOR REVENUE LOSS AND EXPENSE REDUCTIONS

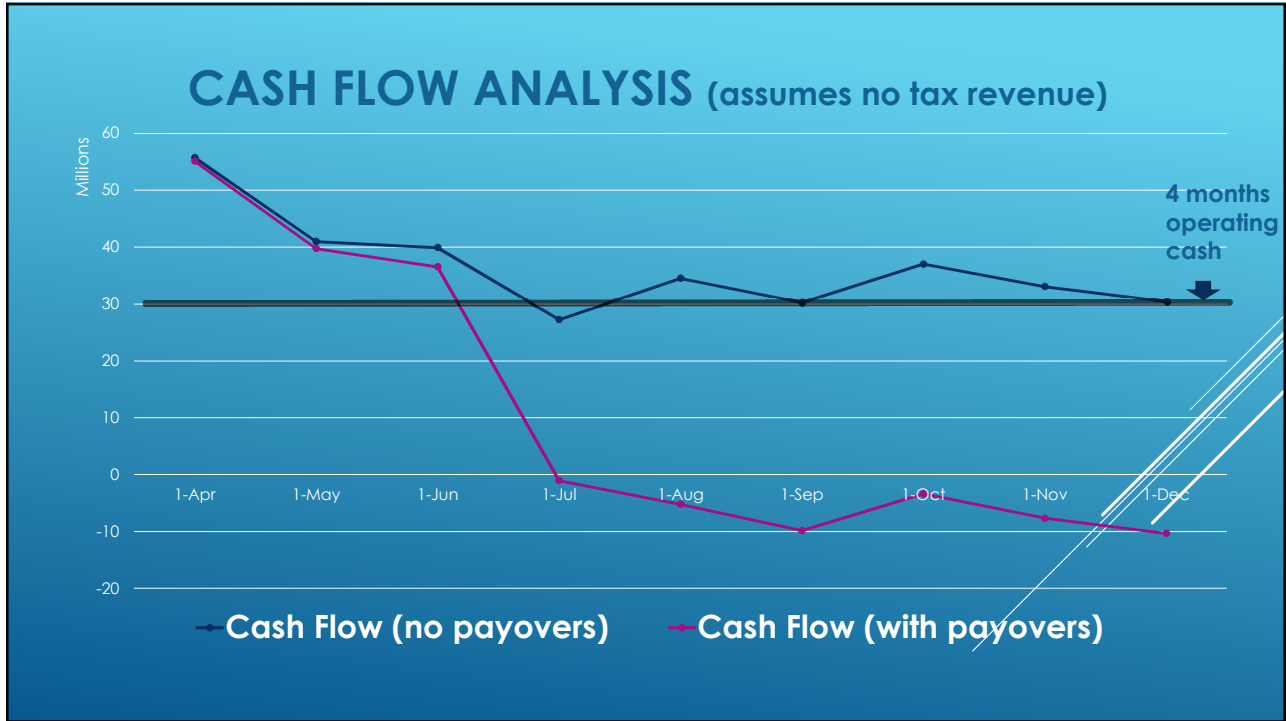
► Revenue Loss

- Casino, investment income and VICC
- Building permits & fees
- Recreation, aquatics and arenas
- Assumes tax revenue unchanged

► Expense Reductions

- VICC (nets to near zero)
- Temp, casual and PA labour (non-core essential)
- Closed facilities consumables and utilities





APPENDIX SLIDES

CITY OF NANAIMO CORE ESSENTIAL SERVICES

Governance (Mayor and Council) / CAO Office / SLT

PUBLIC SAFETY

- ▶ Policing
- ▶ Police Support
- ▶ Fire

PUBLIC WORKS & ENGINEERING

- ▶ Water Resources (Water Treatment Plant)
- ▶ Water Supply & Distribution
- ▶ Waste Water Management
- ▶ Sanitation
- ▶ Roads and Traffic
- ▶ Traffic
- ▶ Fleet
- ▶ Public Works Administration
- ▶ Engineering – administration, infrastructure planning, transportation & projects

DEVELOPMENT SERVICES

- ▶ Development Services Administration and Switchboard
- ▶ Bylaw
- ▶ Economic Development - focus on status and recovery
- ▶ Building – clear backlog
- ▶ Subdivision Approval
- ▶ Current Planning – clear backlog
- ▶ Real Estate – leasing, etc.
- ▶ Community & Social Planning - focus on social
- ▶ 1st Floor SARC – permits and licencing
- ▶ Engineering and Environment – support backlog clearing

CORPORATE SERVICES

- ▶ Information Technology – support work from home technology, critical applications and strategic projects
- ▶ Finance – purchasing, accounting services & financial planning / reporting
- ▶ Payroll

LEGISLATIVE SERVICES & COMMUNICATIONS

- ▶ Communications
- ▶ Legislative Services

PARKS, RECREATION & CULTURE

- ▶ Parks Maintenance
- ▶ Civic Facility Management
- ▶ Facility Maintenance and Construction (partial)
- ▶ Recreation Services Section
- ▶ Support Services Section (partial)
- ▶ Culture and Events Section (partial)
- ▶ Infrastructure Planning & Energy

HUMAN RESOURCES

- ▶ Human Resources

DATE OF MEETING APRIL 9, 2020

AUTHORED BY LAURA MERCER, DIRECTOR, FINANCE

SUBJECT USER RATE BILLING PAYMENT DUE DATE EXTENSION

OVERVIEW

Purpose of Report

To provide Council with information on the City of Nanaimo's user rates billing system. |

Recommendation

That Council extend the payment due date from 30 to 90 days on user rates billings issued after 2020-MAR-17.

BACKGROUND

The City of Nanaimo issues user rates bills to residents for water, sewer and garbage services three (3) per year. The billings include sixteen (16) categories and each category is billed 3 times per year. This provides for a weekly billing of approximately \$750,000 and smooths the billing and collection process as well as workload.

All rates charged, as outlined in the applicable bylaws, are due and payable when bills are levied and are subject to a 5% discount. The discount is applied provided that the rates for the current billing period are paid in full including all arrears. Each user rate billing is payable thirty (30) days from the invoice date.

The City has two (2) prepayment plans that property owners can sign up for:

- User Rates Installment Plan: equal monthly payment Installments
- User Rates Auto Debit Program: authorizes the City of Nanaimo to automatically withdraw the User Rates account balance from the property owner's bank account on each billing discount date.

The utility billings are not subject to a late payment penalty. However, if there is an outstanding balance on account at December 31st, the balance will be transferred to property tax arrears and are subject to prescribed daily interest until the balance has been paid. If the balance remains outstanding for three (3) years the property could be sold at tax sale. |

DISCUSSION

The user rates levied are needed to fund the infrastructure to provide these essential services. In an effort to provide some immediate financial relief to those property owners who have been impacted by the COVID-19 pandemic, Staff are recommending that the payment due date be extended from 30 days to 90 days.

Cash Flows

The impact of this change will affect cash-flows for the City of Nanaimo. Currently there are monthly inflows of payments for user rates. There will be a two (2) month delay in payments initially. Starting in June, cash flows should start to resume monthly as the revised due dates become payable. Due to the COVID-19 pandemic, cash flows would likely be impacted anyway as some property owners would be adversely affected.

Discounts

Under this recommendation, the discount date on user rate billings would be extended from 30 days to 90 days. The City could experience an increase in the amount of discounts claimed if people take advantage of the delayed due date. Alternately, less discounts could be claimed if the pandemic continues to the end of the year and property owners are unable to pay their bills. At this time, it is difficult to determine what the potential impact will be. If every eligible property received the discount, expenses would increase by \$337,143 based on budgeted revenues for 2020.

Financial Information

2019 Actuals:

User Rates Utility	User Rates Revenue	Discounts Claimed	% of Revenue
Water	\$ 20,276,939.00	\$ 862,593.00	
Sewer	7,592,911	316,069	
Garbage	4,875,232	194,334	
Total	\$ 32,745,082.00	\$ 1,372,996.00	4.2%

2020 Budget:

User Rates Utility	User Rate Revenue	Discounts Claimed	% of Revenue
Water	\$ 21,129,122.00	\$ 845,405.00	
Sewer	7,682,142	307,446	
Garbage	4,943,097	197,724	
Total	\$ 33,754,361.00	\$ 1,350,575.00	4.0%

CONCLUSION

Given the current state of the economy due to the COVID-19 pandemic, staff are recommending extending the payment deadline from 30 to 90 days for user rates billings issued after 2020-MAR-17. This would provide some immediate financial relief to those property owners who have been impacted by the COVID-19 pandemic.

OPTIONS

1. That Council extend the payment due date from 30 to 90 days on utility bills issued after 2020-MAR-17.
 - The advantages of this option:
 - Provides home owners with some immediate financial relief who have been impacted by the COVID-19 pandemic.
 - The disadvantages of this option:
 - The longer due date could increase the amount of discounts claimed
 - Financial Implications:
 - If all eligible properties received the 5% discount, 2020 expenditures would increase by approximately \$337,143 based on budgeted revenues.
 - Cash flows will be impacted until the revised due date bills come due in June 2020.
2. That Council provide alternative direction. |

SUMMARY POINTS

- The City of Nanaimo issues user rates bills for water, sewer and garbage services three (3) per year.
- All rates charged, as outlined in the applicable bylaws, are due and payable when bills are levied and are subject to a 5% discount if paid on or before due date.
- In an effort to provide some immediate financial relief to those property owners who have been impacted by the COVID-19 pandemic, staff are recommending that the payment due date be extended from 30 days to 90 days.
- Cash flows will initially be affected until the first billings after 2020-MAR-17 come due.

Submitted by:

Laura Mercer
Director, Finance

Concurrence by:

Shelley Legin
General Manager, Corporate Services

DATE OF MEETING APRIL 9, 2020

AUTHORED BY [LAURA MERCER, DIRECTOR, FINANCE]

SUBJECT 2020 REVENUE ANTICIPATION BORROWING REQUIREMENTS

OVERVIEW

Purpose of Report

To introduce “Revenue Anticipation Borrowing Bylaw 2020 No. 7308” for first, second and third readings.

Recommendation

1. That “Revenue Anticipation Borrowing Bylaw 2020 No. 7308” (To provide for temporary borrowing of funds required to meet the current lawful expenditures of the City of Nanaimo) pass first reading;
2. That “Revenue Anticipation Borrowing Bylaw 2020 No. 7308” pass second reading; and,
3. That “Revenue Anticipation Borrowing Bylaw 2020 No. 7308” pass third reading.

BACKGROUND

Under Section 177 of the *Community Charter*, municipalities are able to borrow money if necessary to meet current lawful expenditures, and pay amounts required to meet the municipality's taxing obligations in relation to another local government or other public body. This allows municipalities to deal with the cash flow issues that result from the bulk of their revenue being collected over a period of approximately 6 weeks from mid-May to early July.

In the past, the City of Nanaimo has established a Revenue Anticipation Borrowing Bylaw but has never needed to use it.

DISCUSSION

The City is permitted, before the adoption of the annual property tax bylaw in any year, to borrow the taxes that equal 75% of all property taxes imposed for all purposes in the preceding year. When collected, revenue from property taxes must be used as necessary to repay money borrowed under this section. By establishing this bylaw, it will ensure that the City can access funds for cash flow purposes in the event the collection of taxes becomes problematic due to the COVID-19 pandemic or if there are changes to the deadlines imposed by the Province that create cash flow issues for the City.

Staff regularly monitors the City's cash flow position to inform the possibility of having to borrow these funds. This bylaw is a precautionary measure and should property tax collection proceed near usual, no funds would need to be borrowed.

The "Revenue Anticipation Borrowing Bylaw 2020 NO. 7308" provides the authority for the borrowing of up to \$50 Million, which is expected to be sufficient to cover needs in 2020. |

OPTIONS

1. | That "Revenue Anticipation Borrowing Bylaw 2020 No. 7308" (To provide for temporary borrowing of funds required to meet the current lawful expenditures of the City of Nanaimo) pass first reading;

That "Revenue Anticipation Borrowing Bylaw 2020 No. 7308" pass second reading; and.

That "Revenue Anticipation Borrowing Bylaw 2020 No. 7308" pass third reading.

- The advantages of this option:
 - Gives the City of Nanaimo temporary cash flow relief if needed.
 - No cost if the borrowing is not needed.
- The disadvantages of this option:
 - If used, the debt servicing costs of the City of Nanaimo will increase.
 - If used, the borrowing limit for the City of Nanaimo will be reduced until this temporary borrowing is paid back.
- Financial Implications:
 - If used, the debt servicing costs of the City of Nanaimo will increase and could potentially impact future tax increases.
 - If not used, there are no financial implications.

2. That Council table the report and request more information from Staff. |

SUMMARY POINTS

- Section 177 of the *Community Charter* allows Council, by bylaw, to borrow money if necessary to meet current lawful expenditures, and pay amounts required to meet the municipality's taxing obligations in relation to another local government or other public body.
- This bylaw would ensure that the City could access funds for cash flow purposes in the event the collection of taxes becomes problematic due to the COVID-19 pandemic or if cash flows are adversely impacted due to the Province making changes to tax payment deadlines.
- The City of Nanaimo has established a Revenue Anticipation Borrowing Bylaw in the past but has never needed to use it.

ATTACHMENTS:

“Revenue Anticipation Borrowing Bylaw 2020 NO. 7308” |

Submitted by:

Laura Mercer
Director, Finance |

Concurrence by:

Shelley Legin
General Manager, Corporate Services |

CITY OF NANAIMO

BYLAW NO. 7308

A BYLAW TO PROVIDE FOR THE BORROWING OF MONEY
IN ANTICIPATION OF REVENUE

WHEREAS under Section 177 of the *Community Charter*, Council may, by bylaw provide for the borrowing of money that may be necessary to meet current lawful expenditures.

THEREFORE the Council of the City of Nanaimo in open meeting assembled, ENACTS AS FOLLOWS:

1. This Bylaw may be cited as "Revenue Anticipation Borrowing Bylaw 2020 No. 7308".
2. The Council is hereby empowered and authorized to borrow upon the credit of the City of Nanaimo from a financial institution, the sum of up to FIFTY MILLION DOLLARS (\$50,000,000).
3. The form of obligation to be given as acknowledgment of the liability shall be a promissory note or notes bearing the corporate seal and signed by the authorized Signing Officers.
4. When collected, revenue from property taxes must be used to repay money borrowed under this bylaw.

PASSED FIRST READING _____
PASSED SECOND READING _____
PASSED THIRD READING _____
ADOPTED _____

MAYOR

CORPORATE OFFICER

DATE OF MEETING APRIL 9, 2020

AUTHORED BY BILL SIMS, GENERAL MANAGER, ENGINEERING AND PUBLIC WORKS

SUBJECT **COVID-19 AND CAPITAL PROJECTS**

OVERVIEW

Purpose of Report:

The purpose of this report is to provide Council with an update on the City's 2020 Capital Project Plan in light of the Provincial State of Emergency around COVID-19.

BACKGROUND

The overarching principle that Staff have been approaching our work during the pandemic is to take a measured response to support a strong recovery. We wish to minimize impacts to service delivery, and ensure projects contributing to the City's wellbeing were advanced to the greatest extent possible.

The City's 2020 Capital Plan consists of \$88 Million over hundreds of projects in all areas of the City. Approximately 90% is funded from reserves, and 10% is funded from general taxation. The majority of these are required to sustain critical infrastructure, such as utility and transportation services. A number of projects are already underway or in the process of procurement. Over the course of the year, Staff develop and maintain project scheduling, to time projects to obtain the best value, most efficient prosecution of projects and minimize impacts to the community. Given the current COVID-19 pandemic, Staff revisited the capital project plan to determine whether any changes to project plan should be made. Currently, project management Staff are working in "business continuity" mode, wherein alternate work schedules, working from home and limited-contact meetings are occurring. To date, with small exceptions, little negative impact has been made on capital project execution.

Staff categorized capital projects into three types: Strategic; Important; Critical.

Strategic projects include those that support Council's strategic plan, or are an added amenity, such as the Harewood Skateboard Park, which is currently under construction.

Important projects include upgrades that are part of longer-term asset stewardship, and are generated from the City's Asset Management Plan. An example would be Haliburton Street Watermain Replacement.

Lastly, Critical projects are those which are urgent to complete, due to capacity issues or imminent failures. These would be road repaving program, repairs to the roof at the Aquatic

Centre or the upgrades to the Millstone Trunk Sewer. Projects in the Important category are by far the largest number of capital projects.

DISCUSSION

As of today, the City has financial and resource capacity to deliver its Capital Project Plan for 2020. Staff have taken the approach that Critical and Important construction projects should proceed as per normal plan and schedule. Planning and design of all projects is proceeding, subject to limitations of public engagement and construction timing certainty. Some of the Strategic projects, which are not currently under construction, could be considered for deferral, for a few months. Staff are in the process of adjusting schedules for these projects in light of the evolving situation. This list of projects is:

Downtown Streetlighting & Wayfinding (Tender already closed)

Haliburton Multi-Use Trail Part 2

LED Streetlight Upgrade Phase 3

Metral Drive Complete Street

Front Street Cycle Track

With the Downtown Streetlighting and Wayfinding project, the tender has closed, but has not been awarded. There are legal considerations to cancelling or delaying this work. Staff propose to award the tender and work with the contractor to determine optimum timing. The last two projects: Metral Drive Complete Street and Front Street Cycle Track have Active Transportation Grant implications. One of the requirements of the grant is projects under \$1 Million be completed by March 21, 2021. Should Front Street be delayed until the fall, it is unlikely that it would be complete in time to comply with the grant's requirements.

Other projects, like Fire Station No. 1, are considered Critical. As yet, there is uncertainty in the marketplace for projects like this. For the Fire Station, Staff will likely delay the tender closing to allow the picture to become clearer for potential bidders and ourselves. It may be an advantageous period to secure a contractor with reasonable prices, in advance of the inevitable acceleration.

Feedback from contractors for the City continuing its Capital Plan have been very positive. Nanaimo continued to issue a solid program through the last quarter of 2019 and first quarter of 2020. It has allowed contractors to avoid layoffs and keep people working here at home. Many of the construction contractors that do business with the City have developed safe work procedures to comply with Provincial Health Orders. We have become the municipality of preference for many contractors here on the mid-island.

Some public messaging around how we are moving forward would be wise, to give the community reassurance that we are building out a robust Capital Plan and approaching projects in a judicial manner. For governments to continue to work during times of (anticipated)

economic downturn, helps support economies, leads to better value, and continues to support employment in the community.

CONCLUSION

As impacts and implications for the City's capital program continue to evolve, Staff will continue to provide updates and potentially seek direction on major deferrals and consequences of deferring projects to 2021. |

SUMMARY POINTS

- The City is taking a careful approach in building out its 2020 Capital Project Plan in light of the Provincial Health State of Emergency and COVID-19
- Currently, resource capacity is sufficient to continue the Capital Project Plan as it is currently planned.
- Staff is considering whether certain projects would be appropriate to defer for a few months.
- Continuing with the capital program supports the principle that Nanaimo is taking a measured approach to its response to the COVID-19 emergency, and positioning the organization for a strong recovery.
- The majority of the projects support the City's key objective to be good stewards of our critical infrastructure.

Submitted by:

Bill Sims
General Manager,
Engineering and Public Works |

Concurrence by:

Richard Harding
General Manager,
Parks, Recreation and Culture

Shelley Legin,
General Manager
Corporate Services |