

## Proposed Timeline and Process

- February – June
  - Updating of 10 year project plans for upcoming budget cycle
- June
  - Draft 10 Year Project Plans completed
- July
  - Council provides direction on their priorities and expectations for Financial Plan
  - Departments undertake operating budget development
    - Prepare operating plans – i.e. work plans, schedules
    - Financial Planning staff work with managers and review with Directors

## Proposed Timeline and Process

- August
  - Draft operating budgets completed
  - Business cases completed
- September - October
  - Departmental business plans completed
  - Financial Planning
    - Updates/reviews budgets for completeness and accuracy
    - Prepare summary reports and analysis
    - Prepare Budget in Brief
    - Business cases reviewed by Senior Management
- October
  - Senior management review

## Proposed Timeline and Process

- **November/Early December**
  - Review Draft Financial Plan with Council
    - 2021 Departmental Business Plans presentations
    - 2021 – 2025 Project Highlights presentation
    - Seek further direction from Council
- **December**
  - Public consultation - E Town Hall
  - Council adopts 2021 User Rates Bylaws – Sanitation, Water and Sewer
  - First three (3) readings of Provisional 2021 – 2025 Financial Plan Bylaw
- **January 2021**
  - Council adopts Provisional 2021 – 2025 Financial Plan Bylaw

## Proposed Timeline and Process

- **March/April 2021**
  - Presentation to Finance and Audit Committee on Changes from Provisional to Final 2021 – 2025 Financial Plan Bylaw includes:
    - Direction from Council
    - Updates to estimates
    - Possible changes related to COVID-19 impact
  - Council adopts Property Tax Bylaw and Amended 2021 – 2025 Financial Plan Bylaw

# Budget Starting Point

## Year 2 of 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	3.5%	2.0%	2.4%	1.9%	1.8%
<b>2020 - 2024 Financial Plan - Final</b>	<b>4.5%</b>	<b>3.0%</b>	<b>3.4%</b>	<b>1.9%</b>	<b>1.8%</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

## 2021 Budget Driver Highlights

Asset Management	\$ 1,014,000
Project Expenditures	
Annual general revenue funding	487,000
RCMP Contract <sup>1</sup> (budgeted at 95%)	1,327,000
EMR Training (funded from SIR in 2020)	60,000
NAC Debt	(390,000)
Wages and Benefits <sup>2</sup> : Other Changes	2,113,000
<b>Net Increase</b>	<b>\$ 4,611,000</b>
Less Increased Property Tax Revenues Due to Growth	1,200,000
<b>Net Impact</b>	<b>\$ 3,411,000</b>

<sup>1</sup> Includes 3 new members effective April 1, 2021

<sup>2</sup> Includes 3 new positions - Manager, Facility Assets, Assistant Accountant, Junior Financial Analyst

## Items Not Reflected in 2021 of 2020 – 2024 Financial Plan

## Impact of COVID – 19 Pandemic

- **Growth**
  - Assumed \$1.2 million in all 5 years of current Financial Plan
- **Interest Income**
  - Interest rates have dropped substantially
  - \$1.9 million budgeted in General Revenue Fund all 5 years of current Financial Plan
- **Casino Revenues**
  - Reopening plan and date unknown at this time
  - 33% of funds go to General Revenue
  - 67% of funds go to Strategic Infrastructure Reserve
  - \$2.7 million received in 2019

## Impact of COVID – 19 Pandemic

- **Gas Tax Revenues**
  - All funds go to the Community Works Reserve Fund
  - ~\$3.9 million received in 2019 (excludes one-time funding)
- **Parks, Recreation & Culture**
  - Impact to revenues and operating expenses
  - Recreation Services Agreement
  - Additional operating grant requests from cultural facilities/groups
- **Permit Revenues**
- **Parking Revenues**
  - Businesses continue with work from home model for employees
  - Reduce capacity and/or operating hours for businesses

## Impact of COVID – 19 Pandemic

- Reserves
  - Lower than projected contributions to several reserves in 2020
- 2020 Financial Results
  - May require funding from General Financial Stability Reserve (GFSR) to fund any shortfall
  - Repayment plan for GFSR would then need to be included in 2021 – 2024 Financial Plan

## Other Items

- Economic Development
  - Additional funding to implement Economic Development Strategy
    - Current 2021 Budget - \$300,000
- Nanaimo Art Gallery
  - As per June Finance and Audit Committee Meeting
    - \$50,000 increase to annual operating grant
    - \$10,000 annual capital expenditure grant
    - \$25,000 one-time funding for feasibility report
- Animal Control Service Review
  - Presented at June Special Council Meeting
    - Changes to service delivery
    - Facility improvements

## Other Items

- **Post Employment Benefits**
  - Budgeted and funded from the General Financial Stability Reserve (GFSR)
  - GFSR is topped up from surplus each year
  - If no surplus in 2020 a repayment plan will need to be developed
- **General Financial Stability Reserve**
  - Minimum target balance changes annually
  - For 2021, the increase is \$1,055,777
  - If no or insufficient general surplus in 2020 a repayment strategy will be needed to bring the reserve back to minimum balance.

## Projects

## Project Funding Sources

- General Revenue
- Reserves
  - Statutory and Operating
- Borrowing
- Other
  - Private Contributions
  - Grants
    - New intake for Investing in Canada Infrastructure Program – BC – Community, Culture and Recreation Infrastructure, deadline Oct 1<sup>st</sup>

## Highlights of Projects Not Currently In 2020 - 2024 Financial Plan

- RCMP Current Built Space – deficiency addressed
- Public Works Facility - replacement
- South End Recreation Center
- Fire Training Centre
- Other:
  - Loudon Boathouse - construction
  - Marie Davidson Bike Park – construction
  - Search & Rescue Building
    - In co-management agreement, the City has an obligation to work with the operator re: longer term improvements to the facility
  - Serauxmen Stadium Redevelopment

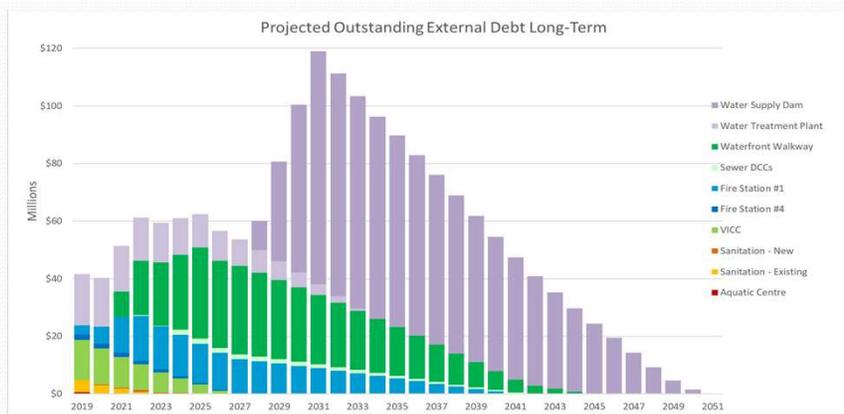
# Debt

## Outstanding Debt at Dec 31, 2019

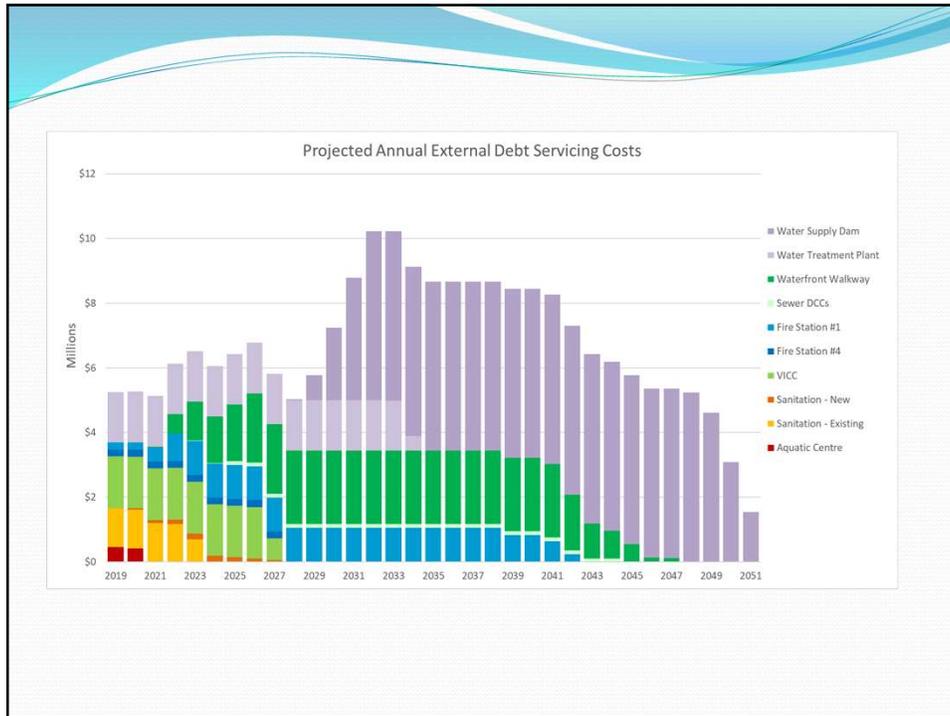
	Amount	Year Borrowing Repaid
<b>External Borrowing (MFA)</b>		
Fire Station #1	\$ 3,114,948	2038
Fire Station #4	\$ 1,857,777	2027
Nanaimo Aquatic Centre	\$ 643,142	2020
Sanitation	\$ 4,081,272	2023
Port of Nanaimo Centre	\$ 14,055,733	2027
Water Treatment Plant	\$ 17,864,082	2034
<b>Total External Borrowing</b>	<b>\$ 41,616,954</b>	
<b>Internal Borrowing</b>		
DCC SS45: Chase River Pump Station & Forcemain	\$ 2,857,969	2039
<b>Total Internal Borrowing</b>	<b>\$ 2,857,969</b>	

## New Debt: 2020 – 2024 Financial Plan

	2020	2021	2022	2023	2024	Total
<b>External Borrowing (MFA)</b>						
Fire Station #1	\$ 4,209,305	\$ 7,700,000	\$ 3,740,269			\$15,649,574
Waterfront Walkway		\$ 8,800,000	\$10,500,000	\$ 3,675,000	\$ 5,000,000	\$27,975,000
Sanitation (5 Year Term)	\$ 406,585	\$ 458,863				\$ 865,448
Sewer DCC Projects			\$ 171,500		\$ 1,724,800	\$ 1,896,300
<b>Total External Borrowing</b>	<b>\$ 4,615,890</b>	<b>\$16,958,863</b>	<b>\$14,411,769</b>	<b>\$ 3,675,000</b>	<b>\$ 6,724,800</b>	<b>\$46,386,322</b>
<b>Internal Borrowing</b>						
Sewer DCC Projects	\$ 2,225,913	\$ 2,088,600				\$ 4,314,513
<b>Total Borrowing</b>	<b>\$ 6,841,803</b>	<b>\$19,047,463</b>	<b>\$14,411,769</b>	<b>\$ 3,675,000</b>	<b>\$ 6,724,800</b>	<b>\$50,700,835</b>



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



## 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, 2019 is \$45.1 M for annual principle and interest payments
- At December 31<sup>st</sup> the City was at 13% of current limit

# Next Steps

## Next Steps

**Draft Budget - Targeting a property tax increase of approximately 3%**

This could be challenging due to:

- Full impact of Covid-19 in 2021 is still unknown and evolving

# Council Direction

## Council Direction

Seeking input from Council on:

- Business cases you would like staff to develop
- Specific priorities or focus areas
- Other changes



Questions?