

DATE OF MEETING DECEMBER 21, 2020

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SUBJECT **2021 – 2025 FINANCIAL PLAN BYLAW**

## **OVERVIEW**

### **Purpose of Report**

To introduce “Financial Plan Bylaw 2020 No. 7320” for first, second and third readings. |

### **Recommendation:**

That:

1. “Financial Plan Bylaw 2020 No. 7320” (To confirm and adopt the 2021 – 2025 Financial Plan) pass first reading;
2. “Financial Plan Bylaw 2020 No. 7320” pass second reading; and
3. “Financial Plan Bylaw 2020 No. 7320” pass third reading.

## **BACKGROUND**

The financial planning process is informed by policies and plans endorsed by Council including the *2019 – 2022 Strategic Plan*, the *Official Community Plan (OCP)* and the *20 Year Investment Plan*. In compliance with the *Community Charter*, the Financial Plan is developed through public consultation and Council direction. Prior to May 15<sup>th</sup> each year, Council must adopt both a Five Year Financial Plan Bylaw and a Property Tax Rates Bylaw. Council may adopt a Five Year Financial Plan Bylaw earlier to allow the City to proceed in a timely manner to work on programs and projects. This bylaw is referred to as the Provisional Financial Plan pending adoption of the Financial Plan by May 15<sup>th</sup> of each year.

The Draft 2021 – 2025 Financial Plan, 2021 Departmental Business Plans and the Draft 2021 – 2025 Project Plan were presented to Council at Special Finance and Audit Committee meetings on 2020-NOV-25, 2020-NOV-27 and 2020-NOV-30. At the 2020-NOV-30 and 2020-DEC-04 Special Finance and Audit Committee meetings, Council engaged in deliberations and provided direction to Staff for changes to the draft plan. On 2020-DEC-09 at a Special Finance and Audit Committee Meeting Council was presented with the Provisional 2021 – 2025 Financial Plan and engaged in additional deliberations and provided further direction to staff. Public consultation also included an eTown Hall on 2020-DEC-07. |

## **DISCUSSION**

The Provisional 2021 – 2025 Financial Plan has been developed, as the second wave of COVID-19 impacts both the local and global economy. The Financial Plan is based on the pandemic continuing into 2021 including continued restrictions on group/event sizes with operations returning to “normal” in 2022.

The City has adapted service delivery to ensure the continuity of services while providing for the safety of staff and customers. Departments have strived to maintain service levels within current resources, reducing costs where possible. The Financial Plan is based on the majority of recreation facilities being open in 2021, with operational adjustments due to the pandemic. These facilities include Nanaimo Aquatics Centre, Nanaimo Ice Centre, Cliff McNabb Arena, Frank Crane Arena, Beban Social Centre, Bowen Social Centre and Oliver Woods Community Centre. The reopening of Beban Pool has been budgeted for January 2, 2022.

The City is projecting significantly lower than normal revenues in 2021 for recreation operations, parking operations, casino revenue and investment income. Revenues for 2022 are currently projected to return to normal levels in recreation and parking operations with a two-year recovery for casino revenue and investment income.

In November, the City received a \$6.693 million COVID-19 Safe Restart Grant for Local Governments to help offset revenue losses and costs incurred as a result of the pandemic. The 2020 variance resulting from this grant will be transferred to the Special Initiatives Reserve to support future initiatives, additional pandemic costs and reduce property taxes. Reserve funding from the General Financial Stability Reserve and the Special Initiatives Reserve has been incorporated in 2021 (\$2.16 M), 2022 (\$0.80 M) and 2023 (\$0.40 M) to help smooth the impact of property taxes in an uncertain economy.

The Provisional 2021 – 2025 Financial Plan reflects the motions the Finance and Audit Committee made at the Special Finance and Audit Committee meetings on 2020-NOV-20, 2020-DEC-04 and 2020-DEC-09.

The provisional plan includes a number of initiatives to support Council priorities and enhance service levels:

- **Environmental Responsibility:** the addition of a Manager of Sustainability to provide greater focus on climate action and energy efficiency initiatives and a new Annual Watercourse Restoration Grant program to support environmental stewardship volunteers.
- **Governance Excellence:** the addition of a Manager, Facility Asset to allow for a more rigorous and complete corporate approach to long term management of facilities.
- **Livability:** addition of three RCMP officers in 2021 (15 officers between 2020 - 2024) and two new municipal employees in Police Service (Digital Forensic Technician and a Major Case File Specialist); funding for the extension of the Community Connect Pilot; extension of the Community Clean Team Pilot and investment in active transportation.
- **Economic Health:** through the addition of a Buyer to assist in the implementation of a Sustainable Procurement Policy.

The projected property taxes increases in the Provisional 2021 – 2025 Financial Plan are:

Projected user fees rates are as follows:

	Pandemic 2021	Recovery - New Normal 2022	2023	2024	2025
General Asset Management Reserve	1.0%	1.0%	1.0%	1.0%	1.0%
General Property Tax Increase	2.0%	2.4%	2.2%	2.2%	1.6%
<b>Total Municipal Taxes</b>	<b>3.0%</b>	<b>3.4%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>2.6%</b>

Projected user fees rates are as follows:

	2021	2022	2023	2024	2025
Sanitary Sewer User Fee Increase	4.0%	4.0%	0.0%	0.0%	0.0%
Water User Fee Increase	7.5%	5.0%	5.0%	5.0%	5.0%
<b>Sanitation User Fees</b>	<b>\$ 189</b>	<b>\$ 190</b>	<b>\$ 192</b>	<b>\$ 196</b>	<b>\$ 200</b>

The projected impact to the typical home is \$67 for municipal taxes and \$134 including user fee increases or approximately \$11/month.

	2020	2021	\$ Change	% Change
Property Taxes	\$2,204	\$2,271	\$67	3.0%
Municipal User Fees				
Water Fees	594	638	44	7.5%
Sewer Fees	141	146	5	4.0%
Sanitation Fees	171	189	18	10.5%
<b>Total Municipal Taxes &amp; User Fees</b>	<b>\$3,110</b>	<b>\$3,244</b>	<b>\$134</b>	<b>4.3%</b>

Rounded to nearest dollar

Assumes a typical single family house with average assessment change

Council will have opportunities to review and amend the 2021 – 2025 Financial Plan in April prior to final adoption and adoption of the Property Tax Rates Bylaw. The Final 2021 – 2025 Financial Plan to be presented in April will include any updates to estimates including changes due to COVID-19 impacts and any additional directives from Council. Adopting the 2021 – 2025 Financial Plan Bylaw authorizes expenditures in the 2021 budget and allows the City to proceed in a timely manner to work on programs and projects. |

## **OPTIONS**

1. That “Financial Plan Bylaw 2020 No. 7320” (To confirm and adopt the 2021 – 2025 Financial Plan) pass first reading;  
  
That “Financial Plan Bylaw 2020 No. 7320” pass second reading; and  
  
That “Financial Plan Bylaw 2020 No. 7320” pass third reading.
  - The advantages of this option: Adopting the Provisional 2021 – 2025 Financial Plan Bylaw authorizes the expenditures in the 2021 budget and allows the City to proceed to work on programs and projects.
  
2. That Council table the report and request more information from Staff.
  - The disadvantages of this option: Delaying the adoption of the Provisional 2021 - 2025 Financial Plan may delay the start of programs and/or projects.
  - Financial Implications: The City will operate under year two of the approved 2020 - 2024 Financial Plan Bylaw until the Provisional 2021 – 2025 Financial Plan is adopted. |

### **SUMMARY POINTS**

- The provisional plan supports Council priorities and enhances service levels through a number of initiatives and the addition of positions in the areas of public safety, environment and corporate services.
- The “Financial Plan Bylaw 2020 No. 7320” allows the City to proceed in a timely manner to work on 2021 programs and projects.
- Council will have opportunities to review the 2021 – 2025 Financial Plan in April prior to adoption of the Property Tax Rates Bylaw.

### **ATTACHMENTS:**

“Financial Plan Bylaw 2020 No. 7320” |

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