

CITY OF NANAIMO
THE HARBOUR CITY

2022 – 2026 Financial Plan Development



May 19, 2021

CITY OF NANAIMO
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Proposed Timeline



Proposed Timeline and Process

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

2022 – 2026 Financial Plan Development



Proposed Timeline and Process

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

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Proposed Timeline and Process

- **Early October**
 - Departmental business plans completed
 - Budget presentation materials finalized
- **Late October - November**
 - Review Draft Financial Plan with Council
 - 2022 Departmental Business Plans presentations
 - 2022 – 2026 Project Highlights presentation
 - Seek further direction from Council
 - Public consultation - E Town Hall

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Proposed Timeline and Process

- **December**
 - Council adopts 2022 User Rates Bylaws – Sanitation, Water and Sewer
 - Council adopts Provisional 2022 – 2026 Financial Plan Bylaw
- **April 2022**
 - Presentation to Finance and Audit Committee on changes from Provisional to Final 2022 – 2026 Financial Plan Bylaw includes:
 - Direction from Council
 - Updates to estimates
- **Late April – Early May 2022**
 - Council adopts Property Tax Bylaw and Amended 2022 – 2026 Financial Plan Bylaw

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Budget Starting Point

Year 2 of 2021 – 2025 Financial Plan

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Projected Property Tax Increases

	Pandemic	Recovery - New Normal	2023	2024	2025
	2021	2022			
General Asset Management Reserve	1.0%	1.0%	1.0%	1.0%	1.0%
General Property Tax Increase	2.0%	2.6%	2.5%	2.2%	1.6%
Total Municipal Taxes	3.0%	3.6%	3.5%	3.2%	2.6%

Reserve Funding Allocated to Reduce Property Taxes

	2021	2022	2023
Special Initiatives Reserve	400,000	800,000	200,000
General Financial Stability Reserve	1,408,806		
	1,808,806	800,000	200,000

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Projected User Fee Increases

	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%

2.5% annual increase for asset management for Water ended in 2021 and the 4% annual increase for asset management for Sewer currently ends in 2022

	2021	2022	2023	2024	2025
Sanitation User Fees	\$ 189	\$ 190	\$ 192	\$ 196	\$ 200

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2022 Assumptions in 2021 – 2025 Financial Plan

- Revenues
 - Recreation revenues return to pre-pandemic levels
 - Parking revenues return to pre-pandemic levels
 - Casino is open, revenues recovery to pre-pandemic levels by 2023
 - Investment income, revenues recovery to pre-pandemic levels by 2023
- Expenditures
 - Beban Pool re-opens January 1, 2022
 - NAC staffing returns to pre-pandemic requirements
 - No facility ambassadors required
- Growth
 - Assumed \$1.2 million in years 2022 - 2025

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2022 Budget Driver Highlights

Expenditure Increases/(Decreases)	
Asset Management	\$ 1,125,000
Beban Park Complex - Physical Plant	331,000
Beban Pool ¹	236,000
Election Expense - Net	114,000
Parking - Net	(109,000)
Project Expenditures	
Annual general revenue funding	959,000
RCMP Contract (budgeted at 95%) ²	1,021,000
Recreation Programs ¹	75,000
Software Licenses (new) - Building Permit, Microsoft 365	235,000
Transfer to Facility Development Reserve	576,000
VICC Operations - Net	(103,000)
Waterfront Walkway Debt	101,000
Wages and Benefits /Other Changes - Net	2,644,000
Subtotal Expenditure Increases	\$ 7,205,000

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2022 Budget Driver Highlights

Revenue (Increases)/Decreases	
Aquatic Revenue	(2,139,000)
Arenas Revenue	(254,000)
Casino Revenue	(619,000)
Facility Rental Revenue - Playfields, Recreation Centres	(322,000)
Recoveries - Central Island Partnership (FireComm)	357,000
Recreation Program Revenue	(238,000)
Subtotal Revenue Decreases	\$ (3,215,000)
Funding (Increase)/Decrease from Reserves	
Transfer from 911 Reserve	139,000
Transfer from General Financial Stability Reserve - Property Tax Reduction	1,409,000
Transfer from RCMP Contract Reserve	368,000
Transfer from Special Initiatives Reserve - Property Tax Reduction	(400,000)
Subtotal Funding Increase	\$ 1,516,000
Net Change	\$ 5,506,000
Less Increased Property Tax Revenues due to Growth	1,200,000
Net Impact	\$ 4,306,000

Dollars are rounded to nearest \$1,000
¹ Excludes impact of wages and benefits and transfer to Facility Development Reserve
² Includes 3 new members effective Apr 1, 2022

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Considerations

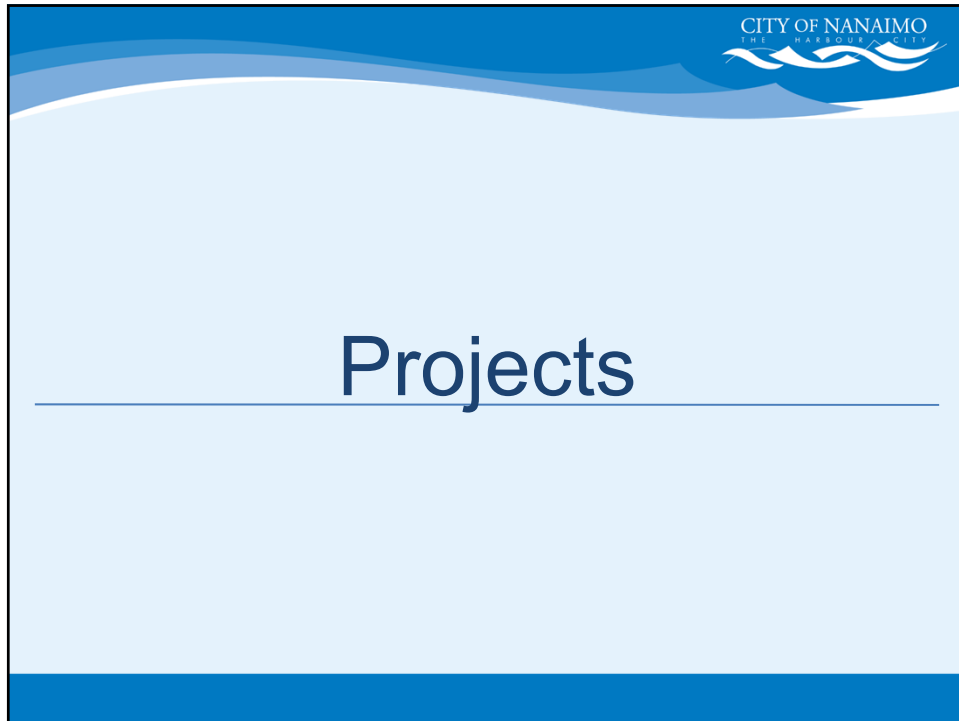


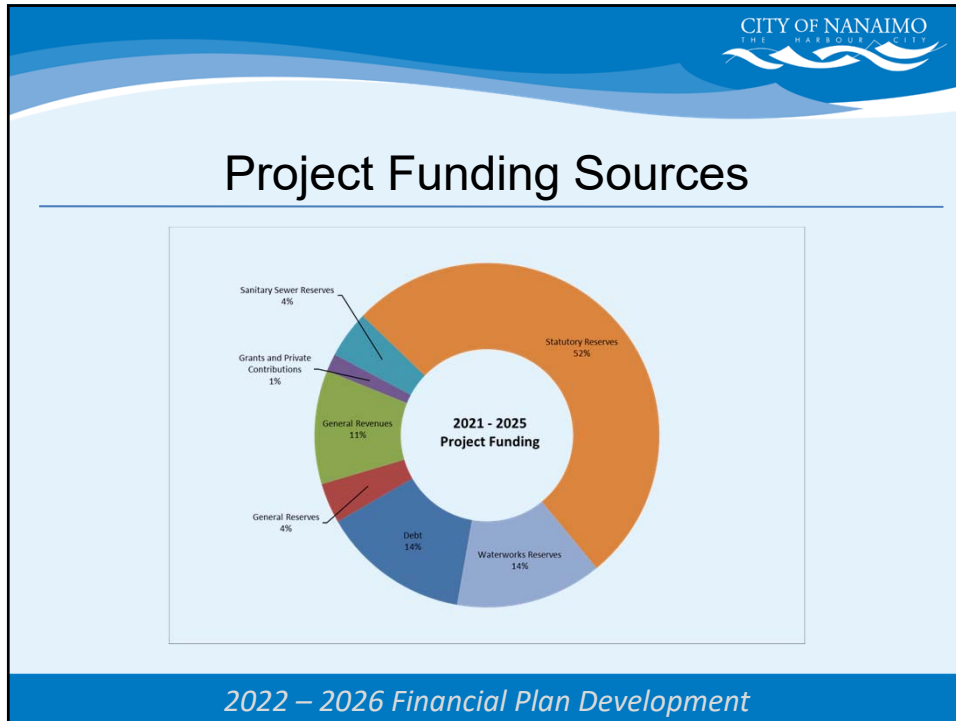
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Other Items in 2022

- **Economic Development**
 - Additional funding requirements to operate new Nanaimo Prosperity Agency
 - Current 2022 Budget - \$300,000
- **Community Clean Team**
 - Funding for extension of Pilot ends December 31, 2021
- **Public Safety Action Plan**
 - Funding to address any recommendations from plan

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Business Cases & Feasibility Studies In Progress

- RCMP Current Built Space
- Nanaimo Operations Centre
- South End Recreation Centre


Waterfront Walkway: included in 2021 – 2025 Financial Plan

- Currently in public consultation stage

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Debt



Outstanding Debt at Dec 31, 2020

	Amount	Year Borrowing Repaid
External Borrowing (MFA)		
Fire Station #1	\$ 4,990,930	2038/2040
Fire Station #4	\$ 1,656,156	2027
Sanitation	\$ 3,326,184	2022/2023/2025
Vancouver Island Conference Centre	\$12,410,510	2026/2027
Water Treatment Plant	\$16,923,056	2033/2034
Total External Borrowing	\$39,306,836	
Internal Borrowing		
DCC SS45: Chase River Pump Station & Forcemain	\$ 2,986,606	2039/2040
DCC SS9: Millstone Trunk South	\$ 1,023,405	2040
Total Internal Borrowing	\$ 4,010,011	

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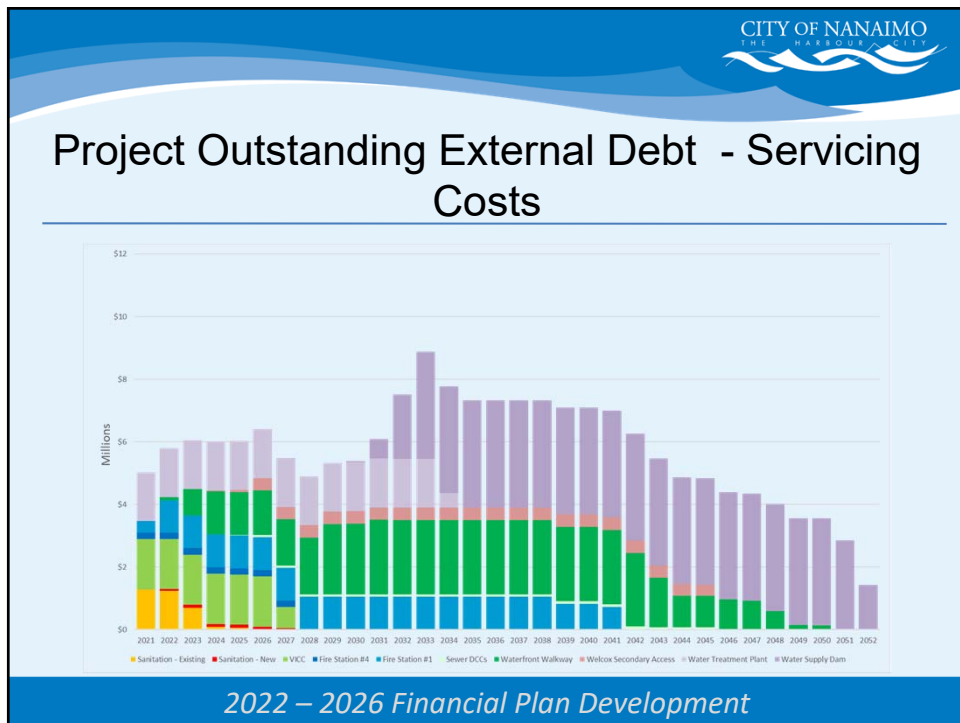
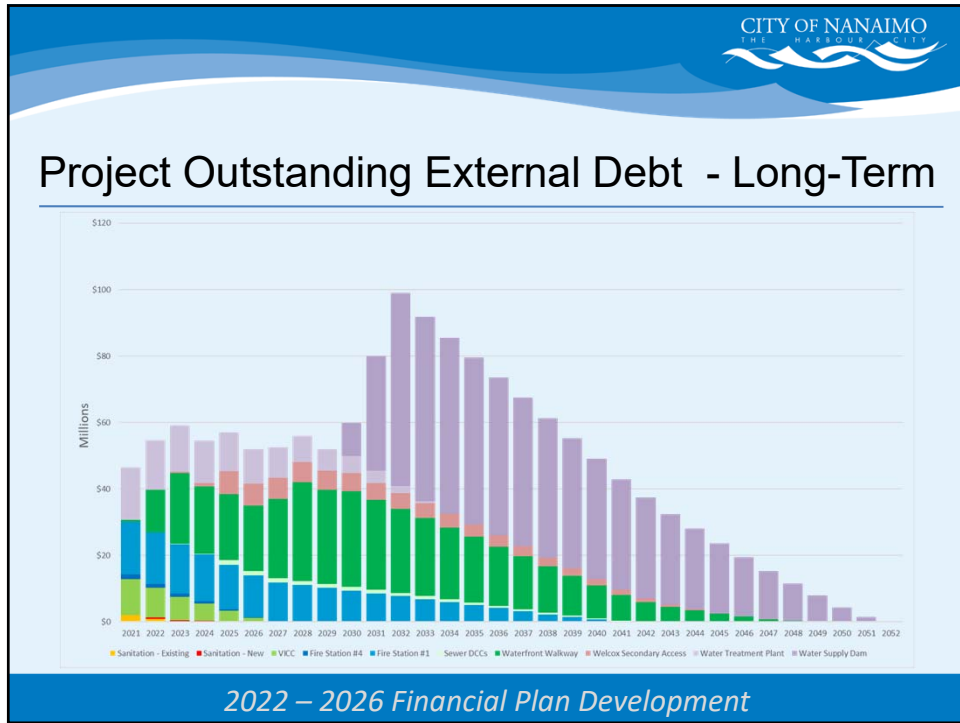
New Debt 2021 – 2025 Financial Plan

	2021	2022	2023	2024	2025	Total
External Borrowing (MFA)						
Fire Station #1	\$11,160,000	\$ 280,269				\$11,440,269
Waterfront Walkway	\$ 450,000	\$12,350,000	\$9,000,000		\$ 530,000	\$22,330,000
Wellcox Secondary Access			\$ 500,000	\$500,000	\$6,000,000	\$ 7,000,000
Sanitation (5 Year Term) ¹	\$ 459,600					\$ 459,600
Sewer DCC Projects			\$ 128,700		\$1,275,648	\$ 1,404,348
Total External Borrowing	\$12,069,600	\$12,630,269	\$9,628,700	\$500,000	\$7,805,648	\$42,634,217
Internal Borrowing						
Sewer DCC Projects	\$ 2,876,819	\$ 171,500	\$ 44,550	\$1,724,800	\$ 445,500	\$ 5,263,169
Total Borrowing	\$14,946,419	\$12,801,769	\$9,673,250	\$2,224,800	\$8,251,148	\$47,897,386

¹New automated unit will be ordered in 2021 but is anticipated to arrive in 2022. Borrowing will occur when unit arrives.

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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, 2020 is \$46.4 M for annual principle and interest payments
- At December 31st the City was at 11.61% of current limit

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Council Direction

Council Direction

- Seeking input from Council on:
 - 2022 property tax increase target
 - Currently draft budget will target 3.6% as per approved 2021 – 2025 Financial Plan
 - Specific priorities or focus areas
 - Maintain current service levels
 - May require Business Cases to be generated to achieve
 - Council Priorities – Strategic Dashboard
 - Re-Imagine Nanaimo: Phase II Engagement
 - Protocol Agreement Working Group
 - Public Safety: Downtown Options
 - Health & Housing: Transition Plan
 - Nanaimo Property Authority
 - Other changes

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