




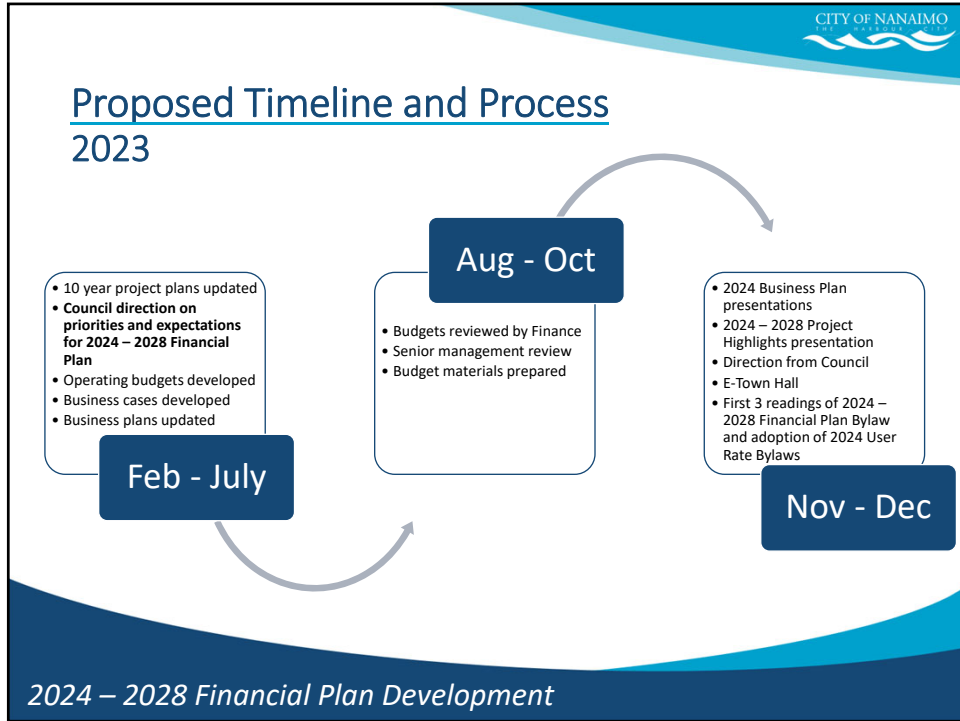
**2024 – 2028 Financial  
Plan Development**  
*Finance & Audit Committee Meeting  
June 14, 2023*

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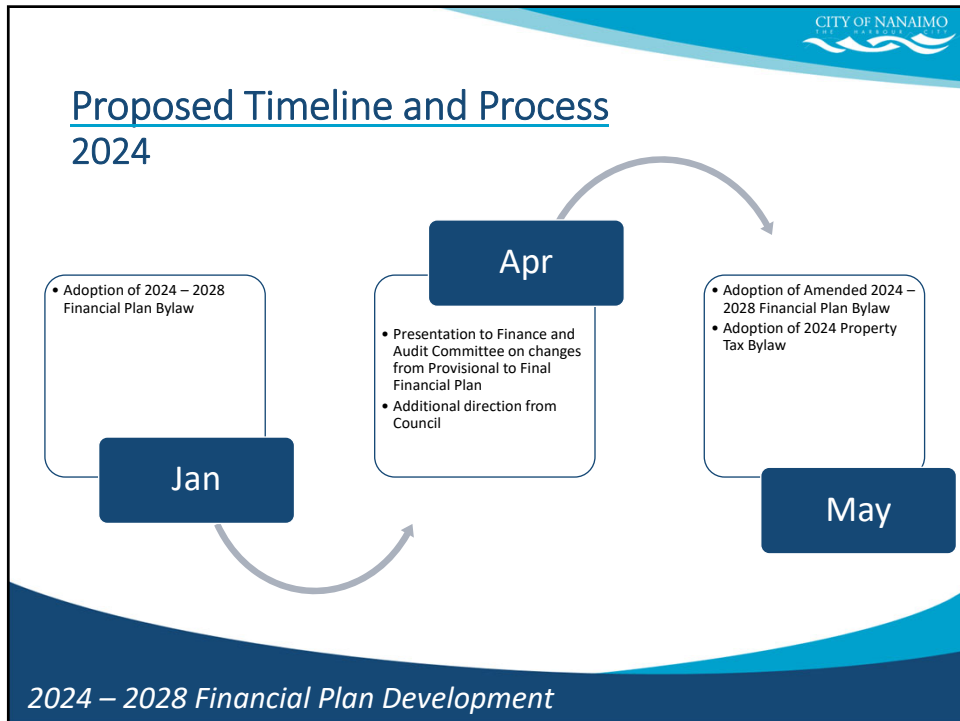


**Proposed Timeline**


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# Budget Starting Point

*Year 2 of 2023 – 2027 Approved Financial Plan*

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## Projected Property Tax Increases Based on 2023 – 2027 Financial Plan

	2023	2024	2025	2026	2027
General Asset Management Reserve*	1.0%	1.0%	1.0%	1.0%	1.0%
General Property Tax Increase	6.2%	6.2%	5.0%	2.7%	1.1%
<b>Total Municipal Taxes</b>	<b>7.2%</b>	<b>7.2%</b>	<b>6.0%</b>	<b>3.7%</b>	<b>2.1%</b>

Reserve Funding Allocated to Reduce Property Taxes

	2023	2024	2025
Special Initiatives Reserve	-	300,000	100,000

\*Subject to approval of 20 Year Plan Update recommendations

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## Projected User Fee Increases Based on 2023 – 2027 Financial Plan

Sewer User Fees <sup>1</sup>	4.0% Increase
Water User Fees <sup>2</sup>	5.0% Increase
Sanitation User Fees	1.0% Increase

<sup>1</sup>2% Sewer Asset Management Reserve Increase, 2% General Sewer User Rate Increase  
<sup>2</sup>2% Water Asset Management Reserve Increase, 3% General Water User Rate Increase

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## Property Tax History

Year	General Asset Management Reserve	General Property Tax Increase	Total
2018	1.0%	1.1%	2.1%
2019	1.0%	4.0%	5.0%
2020	1.0%	3.5%	4.5%
2021	1.0%	2.0%	3.0%
2022	1.0%	5.0%	6.0%
2023	1.0%	6.2%	7.2%

10 Year Avg (2014 – 2023) – 3.3%

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## 2024 Budget Driver Highlights Based on 2023 – 2027 Financial Plan

<b>Expenditure Increases/(Decreases)</b>	
Asset Management	\$ 1,297,000
Debt - Net	1,038,000
Elector Approval <sup>1</sup>	(294,000)
Fire Master Plan Implementation <sup>2</sup>	1,355,000
Project Expenditures	
Annual general revenue funding	400,000
RCMP Contract (budgeted at 95%) <sup>3</sup>	3,204,000
Software Licenses	234,000
Wages and Benefits <sup>4</sup> /Other Changes - Net	4,216,000
<b>Subtotal Expenditure Increases</b>	<b>\$ 11,450,000</b>
<b>Funding (Increase)/Decrease from Reserves</b>	
Transfer from Special Initiatives Reserve - Property Tax Reduction	(300,000)
<b>Subtotal Funding Decreases</b>	<b>\$ (300,000)</b>
<b>Net Change</b>	<b>\$ 11,150,000</b>
Less Increased Property Tax Revenues due to Growth	1,200,000
<b>Net Impact</b>	<b>\$ 9,950,000</b>

Dollars are rounded to nearest \$1,000

<sup>1</sup> Includes wages & benefits  
<sup>2</sup> Includes first full year of wages & benefits for 20 new fire fighters  
<sup>3</sup> Includes first full year of 3 new members added August 1, 2023 and partial year for 3 new members effective April 1, 2024  
<sup>4</sup> Includes first full year of 9 new PFT positions and 1 new PPT position added in 2023 and 2 new PFT positions and 1 new PPT position in 2024 funded from property taxation

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# Projects

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## Project Considerations

- Current Economic Climate - Budgeting Challenges
  - Continued volatility in construction market
  - Inflationary pressures
  - Continued supply chain challenges
- Emerging Issues
  - Sudden failures, or new condition issues – require plans to be reprioritized
- Level of Service – Community Expectations
- Balancing Resources
  - Limited resources and multiple interest areas
  - Cost of continuing to provide service/facility for small groups vs broad community

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## Project Funding Sources

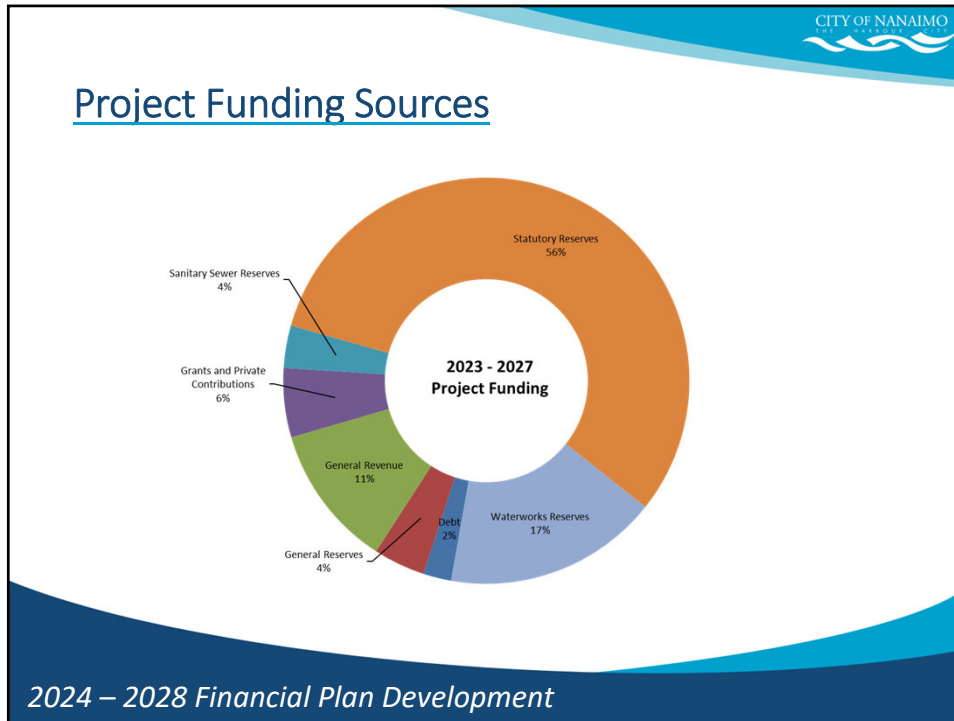
- General Revenue – 5% annual increase on 2023 base funding of \$8M

Year	General Revenue (Green)	Base Funding (Blue)	Additional Funding (Dark Blue)
2017	6,000,000	0	0
2018	5,500,000	0	0
2019	6,500,000	0	0
2020	7,000,000	0	0
2021	6,000,000	0	0
2022	7,000,000	0	0
2023	0	8,000,000	500,000
2024	0	8,500,000	500,000
2025	0	9,000,000	0
2026	0	9,500,000	0
2027	0	10,000,000	0

- Reserves – statutory and operating
- Borrowing
- Other – private contributions, grants

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**Outstanding Debt at Dec 31, 2022**

	Amount	Year Borrowing Repaid
<b>External Borrowing (MFA)</b>		
Fire Station #1	\$15,553,662	2038/2040/2041/2042
Fire Station #4	\$ 1,228,399	2027
Sanitation	\$ 673,273	2023/2025
Vancouver Island Conference Centre	\$ 8,920,005	2026/2027
Water Treatment Plant	\$14,926,574	2033/2034
<b>Total External Borrowing</b>	<b>\$41,301,913</b>	
<b>Internal Borrowing</b>		
DCC SS45: Chase River Pump Station & Forcemain	\$ 2,665,255	2039/2040
DCC SS19: Millstone Trunk South	\$ 3,310,001	2040/2041/2042
<b>Total Internal Borrowing</b>	<b>\$ 5,975,256</b>	

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## New Debt Based on 2023 – 2027 Financial Plan

	2023	2024	2025	2026	2027	Total
<b>External Borrowing (MFA)</b>						
Property Purchase	\$4,993,150					\$4,993,150
Sanitation Refuse Trucks (3) – Short Term Debt	\$1,435,200					\$1,435,200
<b>Total External Borrowing</b>	<b>\$6,428,350</b>					<b>\$6,428,350</b>
<b>Internal Borrowing</b>						
Sewer DCC Projects	\$ 97,532	\$2,402,400				\$2,499,932
<b>Total Borrowing</b>	<b>\$6,525,882</b>	<b>\$2,402,400</b>				<b>\$8,928,282</b>

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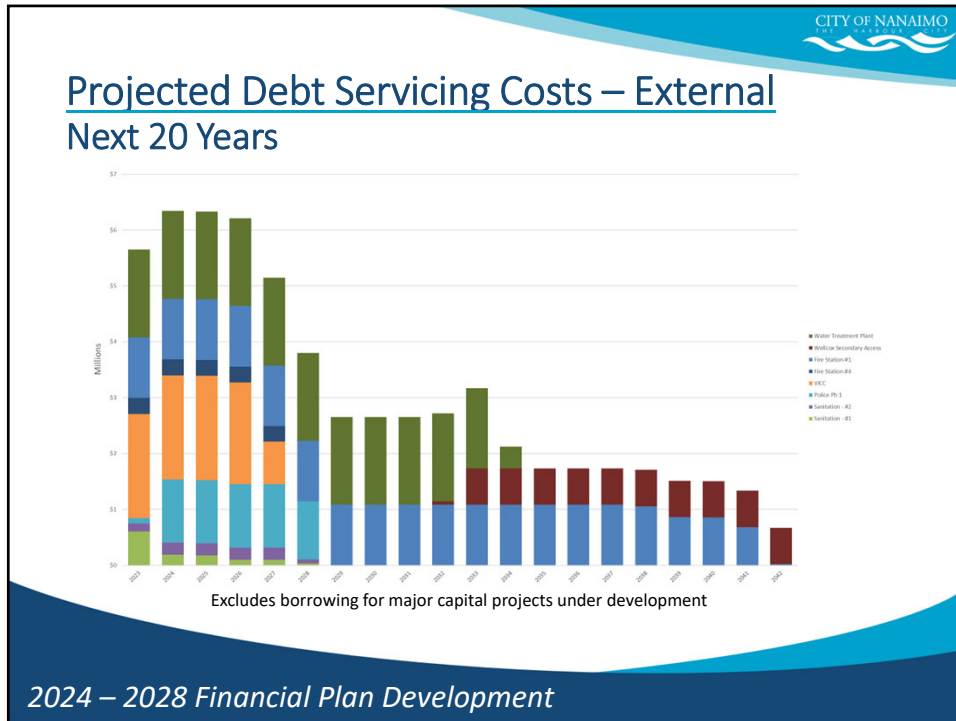
## Projected Outstanding Debt – External Next 20 Years

Excludes borrowing for major capital projects under development

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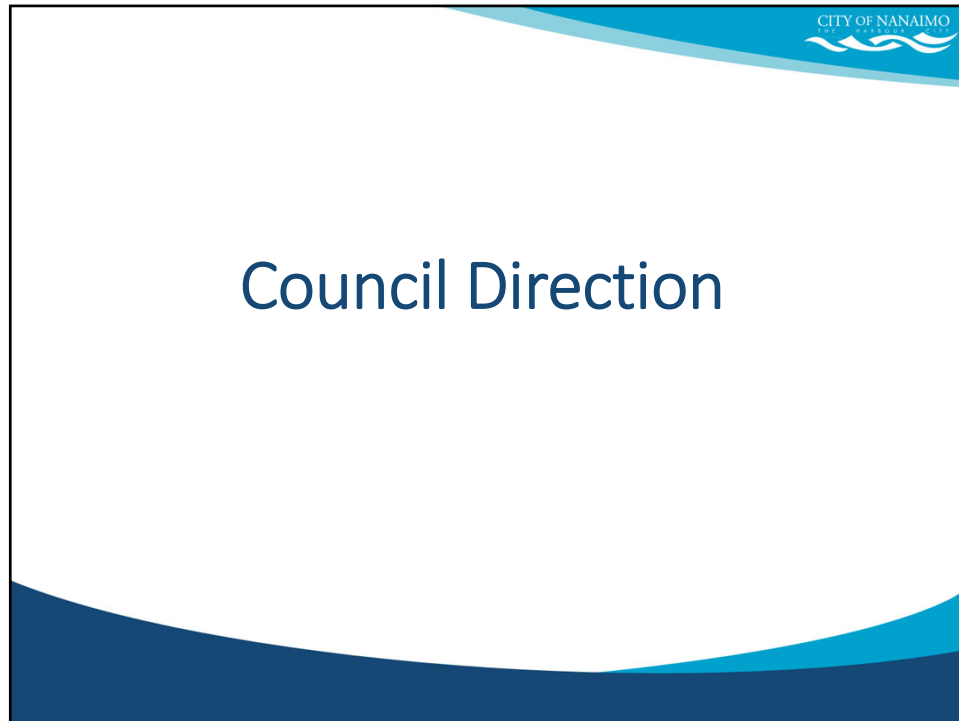
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### Debt Servicing Limit

- The Liability Servicing Limit is defined as 25% of municipality’s controllable and sustainable revenues for the year
- City of Nanaimo limit at December 31, 2022 is \$51.7 M for annual principle and interest payments
- At December 31<sup>st</sup> the City was at 13.6% of current limit

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 A presentation slide with a white background and blue decorative borders at the top and bottom. The top right corner features the City of Nanaimo logo. The text "Council Direction" is underlined and centered. Below it is a bulleted list of items. At the bottom, there is a footnote and the title "2024 – 2028 Financial Plan Development".
 

Council Direction

- 2024 property tax increase target
  - Currently 2024 draft budget will target **7.2%** as per approved 2023 – 2027 Financial Plan\*
- Specific priorities or focus areas
  - Maintain current service levels
    - May require Business Cases to be generated to achieve
  - Council Priorities
    - City Plan Implementation
    - Protocol Agreement Working Group
    - Public Safety
    - Health & Housing
    - Nanaimo Prosperity Corporation
- Other changes

\*Excludes impact of NOC Phase 1 borrowing if project proceeds in 2024

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