



Nanaimo Operations Centre (Public Works Yard)
Funding Options
July 22, 2024

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Purpose

- To provide Council with options to fund the Nanaimo Operations Centre (Public Works Yard) project.
- Seek direction on a funding option for the Nanaimo Operations Centre (Public Works Yard) project.

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Nanaimo Operations Centre (Public Works Yard)

At the 2024-JUN-24 GPC meeting, the Committee recommended:

That Council direct Staff to proceed with the 'Highest Needs in Single Phase' option.

That Council direct Staff to look at other funding options with respect to debt servicing.

This option would see the construction of the Fleet Maintenance and Administration buildings as well as storm water management infrastructure.

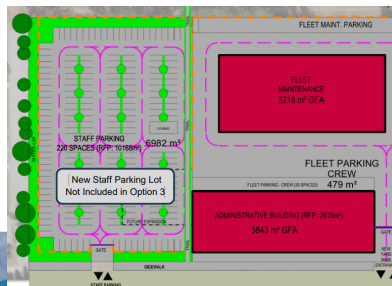
Projected Budget: \$90 million

Funding Source: Decision was deferred to the 2024-JUL-22 Council Meeting.



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Nanaimo Operations Centre (Public Works Yard)



Public Works Admin Building



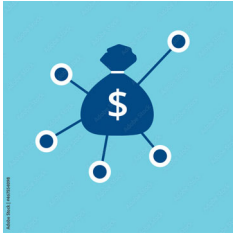
Fleet Maintenance Building

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CITY OF NANAIMO
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Funding Sources Available

- Reserves
 - General Asset Management Reserve Fund (GAMR)
 - General Capital Reserve
 - Strategic Infrastructure Reserve Fund
- Internal Borrowing from Reserves
 - Sewer Operating Reserve
 - General Financial Stability Reserve
- External Borrowing
- Property Taxation



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Funding Options: \$90 million Single Phase Project

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Option 1:

	2024	2025	2026	2027	2028
Projected Property Tax Increases	7.7%	7.2%	4.1%	2.5%	2.7%
Revised Projected Property Tax Increases	7.7%	7.2%	4.2%	2.9%	3.8%

Funding Source:


- \$16.8 million from the General Asset Management Reserve Fund (GAMR)
- \$73.2 million from external borrowing

Debt Servicing Funding:

- Property Taxation

Considerations:

- Lowest total cost of borrowing option
- Provides the most future borrowing capacity for City
- No long-term commitment from GAMR
- Community Works funding will be fully allocated to the end of 2026
- Funding gap identified in 20 Year Asset Management Plan Update will increase



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Option 1:

Motion:

That Council direct Staff to proceed with the Nanaimo Operations Centre (Public Works Yard) project with funding of \$16.8 million from General Asset Management Reserve Fund and \$73.2 million from external borrowing with debt servicing funded by property taxation.

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Option 2:


	2024	2025	2026	2027	2028
Projected Property Tax Increases	7.7%	7.2%	4.1%	2.5%	2.7%
Revised Projected Property Tax Increases	7.7%	7.2%	4.2%	2.9%	3.5%

Funding Source:

- \$10.8 million from the General Asset Management Reserve Fund (GAMR)
- \$79.2 million from external borrowing

Debt Servicing Funding:

- Property Taxation – 75%
- GAMR – 25%



Considerations:

- Lowest property tax increase to the typical home
- Commits GAMR funding until 2049 for debt servicing
- Community Works funding will be fully allocated to the end of 2026
- Funding gap identified in 20 Year Asset Management Plan Update will increase

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Option 2:

Motion:

That Council direct Staff to proceed with the Nanaimo Operations Centre (Public Works Yard) project with funding of \$10.8 million from General Asset Management Reserve Fund and \$79.2 million from external borrowing with debt servicing funded by property taxation at 75% and the General Asset Management Reserve Fund at 25%.

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Option 3:


	2024	2025	2026	2027	2028
Projected Property Tax Increases	7.7%	7.2%	4.1%	2.5%	2.7%
Revised Projected Property Tax Increases	7.7%	7.2%	4.5%	3.0%	3.5%

Funding Source:

- \$90 million from external borrowing

Debt Servicing Funding:


- Property Taxation – 75%
- GAMR – 25%



Considerations:

- Options 3 & 4 result in the highest total cost of borrowing
- Commits GAMR funding until 2049 for debt servicing
- Funding gap identified in 20 Year Asset Management Plan Update will increase

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Option 3:

Motion:

That Council direct Staff to proceed with the Nanaimo Operations Centre (Public Works Yard) project with funding of \$90.0 million from external borrowing with debt servicing funded by property taxation at 75% and the General Asset Management Reserve Fund at 25%.

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Option 4:


	2024	2025	2026	2027	2028
Projected Property Tax Increases	7.7%	7.2%	4.1%	2.5%	2.7%
Revised Projected Property Tax Increases	7.7%	7.2%	4.6%	3.2%	3.8%

Funding Source:

- \$90 million from external borrowing

Debt Servicing Funding:


- Property Taxation



Considerations:

- Options 3 & 4 result in the highest total cost of borrowing
- No long-term commitment from GAMR
- Supports the funding recommendation in the 20 Year Asset Management Plan Update

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Option 4:

Motion:

That Council direct Staff to proceed with the Nanaimo Operations Centre (Public Works Yard) project with funding of \$90.0 million from external borrowing with debt servicing funded by property taxation.

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Next Steps

- Come back to the 2024-JUL-29 Special Council meeting with a borrowing bylaw based on the Committee's funding choice.
- Public engagement through Summer/Fall 2024
- AAP in Fall 2024



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Questions



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