

December 12, 2011

CITY OF NANAIMO
2012 - 2016
FINANCIAL PLAN



Agenda

- Budget process
- Status of taxation increase
- What's in the budget
- Taxation
- Reserves & Surplus
- Debt
- Wrap-up



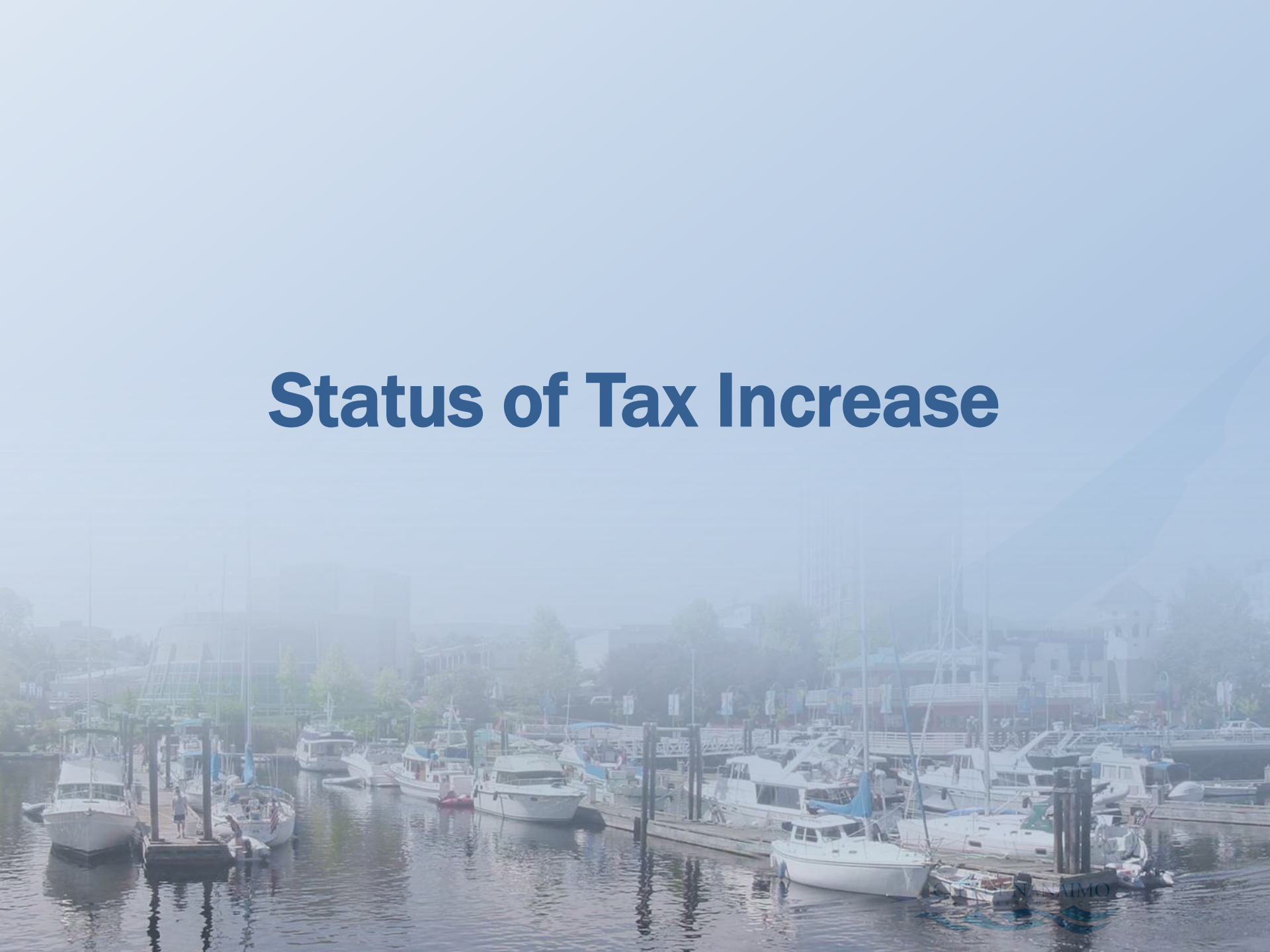
Process

- Departmental staff prepare budget
- Finance staff review
- Senior Management review
- “Adjustments”
- City Manager recommends Higher Service Levels
- Package assembled and presented to Council
- Public consultation/Council deliberation & direction
- Bylaw adoption

Budget Timetable

Dec.–Jan.	Review/discussion
Jan. 23	Council Meeting – introduce bylaw
Feb. 13	Council Meeting - adopt bylaw
Mar. - Apr.	Review Financial Plan and set tax rates
May 2012	Amend Financial Plan bylaw & and adopt Tax Rates bylaw (must be done by May 15)

Status of Tax Increase



2012 Budget Status

3.0% Overall Property tax increase:

4.0% Residential

3.0% Commercial

-20.0% Industrial

5% increase in Water Rates

6.14% increase in Garbage/Recycling

No changes in Sewer Rates

2012 Budget

Effect on \$350,000 Home

Taxes	4.0%	\$71.41
(City of Nanaimo taxes only)		
Water	5.0%	15.83
Sewer		0.00
Garbage	6.14%	<u>7.00</u>
Total increase =	4.1%	<u>\$ 94.24</u>

5 Year Financial Plan

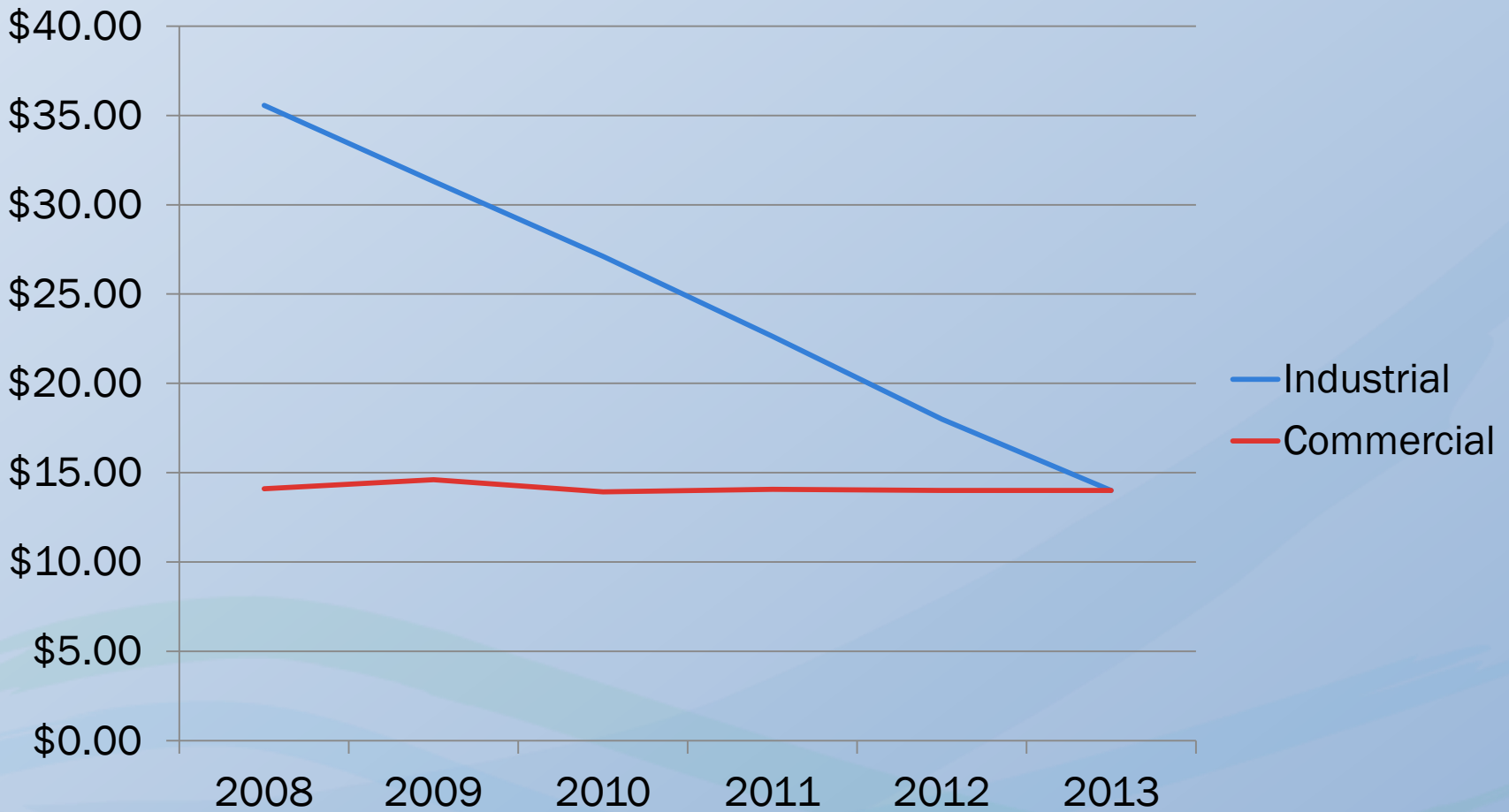
Property Tax Increases

	2012	2013	2014	2015	2016
Blended	3.0%	2.2%	3.0%	3.6%	3.0%
Residential	4.0%	2.8%	3.0%	3.6%	3.0%
Commercial	3.0%	2.2%	3.0%	3.6%	3.0%
Industrial	-20.0%	-16.4%	3.0%	3.6%	3.0%

Industrial Tax Shift

- Council's policy is to reduce the industrial tax rate to the same level as commercial
- Was planned over 4 years (2009 – 2012)
- Drop in commercial rate in 2010 increased the gap and extended program to 5 years
- Shift will now be completed in 2013

Progress on the Industrial Tax Shift



Comparison to 2011 Financial Plan

	2012	2013	2014	2015	2016
2011 Plan	3.2%	2.7%	2.8%	5.6%	-
2012 Plan	3.0%	2.2%	3.0%	3.6%	3.0%

Blended property tax increases

Why is there any increase?

- 5 additional RCMP general duty members and 2 police services support staff (\$839k)
- Recommended Higher Service Level requests (\$240k)
- Annex (\$920k)
- Reduced revenue from casino (\$200k)
- Reduced building revenue (\$177k)
- Strategic Planning (\$100k)

Budget priorities



Maintain a high standard of protective services

- 24 additional RMCP officers and 10 municipal police support staff over a five year period (2010 – 2014)
- New Fire Hall on Hammond Bay Road scheduled to open in 2015 with 24/7 staffing phased in over 3 years

Maintain civic infrastructure at current levels

- Adequate funding for current operations and maintenance
- Major renovations at Cliff McNabb arena
- Asset management plans being developed for infrastructure, facilities and PR&C
- Seismic screening of civic buildings (HSL)

Improve water supply systems to ensure adequate supply of high quality drinking water

- Over the next decade, expenditures will increase substantially for water supply
- Water Treatment Plant
- Increased storage at Jump Creek Dam
- Replace No. 1 Reservoir
- Funded through borrowing, grants, reserves, DCCs and increased water rates

Work with employee groups to continuously improve City services

- Staff are committed to ensuring continuous service and value improvements
- Reflected in staff's strategic priorities
- Staff are researching and developing key performance indicators to measure effectiveness of City services

Transition to more sustainable operations, including a focus on energy and productivity efficiencies and energy production where opportunities exist

- Energy manager (some BC Hydro funding)
- Energy/GHG reduction projects (\$417k in 2011; \$800k over five year plan)
- First energy recovery project at No 1 Reservoir in 2014

Responsible Growth Management

- Continued implementation of the OCP
- One neighbourhood plan budgeted annually

Partner with the Province and non profit associations to reduce homelessness in Nanaimo

- \$165k annual contribution to the Housing Legacy Reserve
- Provides funding for land acquisition, project capital costs and development costs
- Spans a continuum of housing from emergency shelters to market affordable housing

Support the Economic Development Commission in developing and implementing an updated economic development strategy

- Commission replaced in 2011 with Nanaimo Economic Development Corporation which will receive \$1,375,000 from the City for economic development and tourism

What's in the budget?



Major Capital Projects - General

Project	Year	Amount	Impact on Taxes
Fire Station #6 – Hammond Bay	2013-2014	\$2.7M	\$201k/yr
Police Building Expansion	2013-2014	\$8.5M	\$799k/yr
City Hall Annex	2011-2012	\$10.7M	\$920k /yr
Cliff McNabb Arena Envelope	2012	\$1.3M	0
Maffeo Sutton Park	2012-2016	\$3.1M	0
Bowen/Quarterway Bridge	2011-2012	\$1.3M	\$83k
Boxwood Connector (DCC)	2012-2016	\$5.4M	0

Major Capital Projects - Sewer

Project	Year	Amount	Impact on User Fees
Beaufort Park	2012/2014	\$0.9M	\$100k
Jinglepot to East Wellington (DCC)	2013/2015	\$5.5M	0
Green Lake	2012	\$3.2M	0

Major Capital Projects - Water

Project	Year	Amount	Impact on User Fees
Cilaire Subdivision ACR	2012	\$1.4M	\$1.4M
Water Treatment Plant	2012-2015	\$61.1M	\$3.2M
No. 1 Reservoir	2012-2014	\$6.6M	0
South Fork Dam (DCC)	2015	\$3.1M	0
Duplicate Supply Main (DCC)	2012-2016	\$6.2M	0
Emergency Water Supply	2016	\$3.0M	0

Ongoing Programs - 2012-2016

Fire Apparatus	\$1.7M
Information Technology Upgrades	\$1.7M
Bastion Parkade	\$1.0M
Arenas (NIC + Frank Crane)	\$1.2M
Pools	\$2.9M
Parks	\$4.3M
Sidewalks	\$1.4M

Ongoing Programs - 2012-2016

Street Upgrades	\$1.8M
Major Road Rehabilitation	\$4.6M
Local Road Paving	\$2.6M
Drainage projects	\$4.0M
Fleet Replacements	\$3.1M
Water Distribution capital	\$22.3M
Water Supply capital	\$1.6M
Sanitary Sewer capital	\$11.4M

Higher Service Levels



Higher Service Levels Requested

- About \$1.6 million in Higher Service Level Requests
- Represent 7.0 FTEs

HSL Recommended

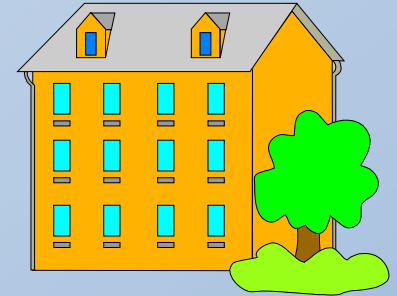
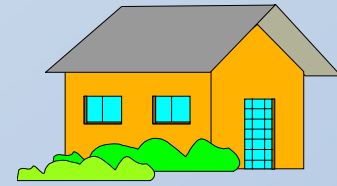
- Internal Auditor
- Seismic screening of City buildings

HSL Not Recommended

- Communications Manager
- Increase in property acquisition budget
- Update of parking bylaw
- 4 RCMP Members (2 bike unit, 1 plain clothes & 1 dog handler + dog)
- Police Services Crime Analyst (Civilian Member)
- Symphony grant increase

Taxation





**Assessment x Tax Rate =
Property Taxes**

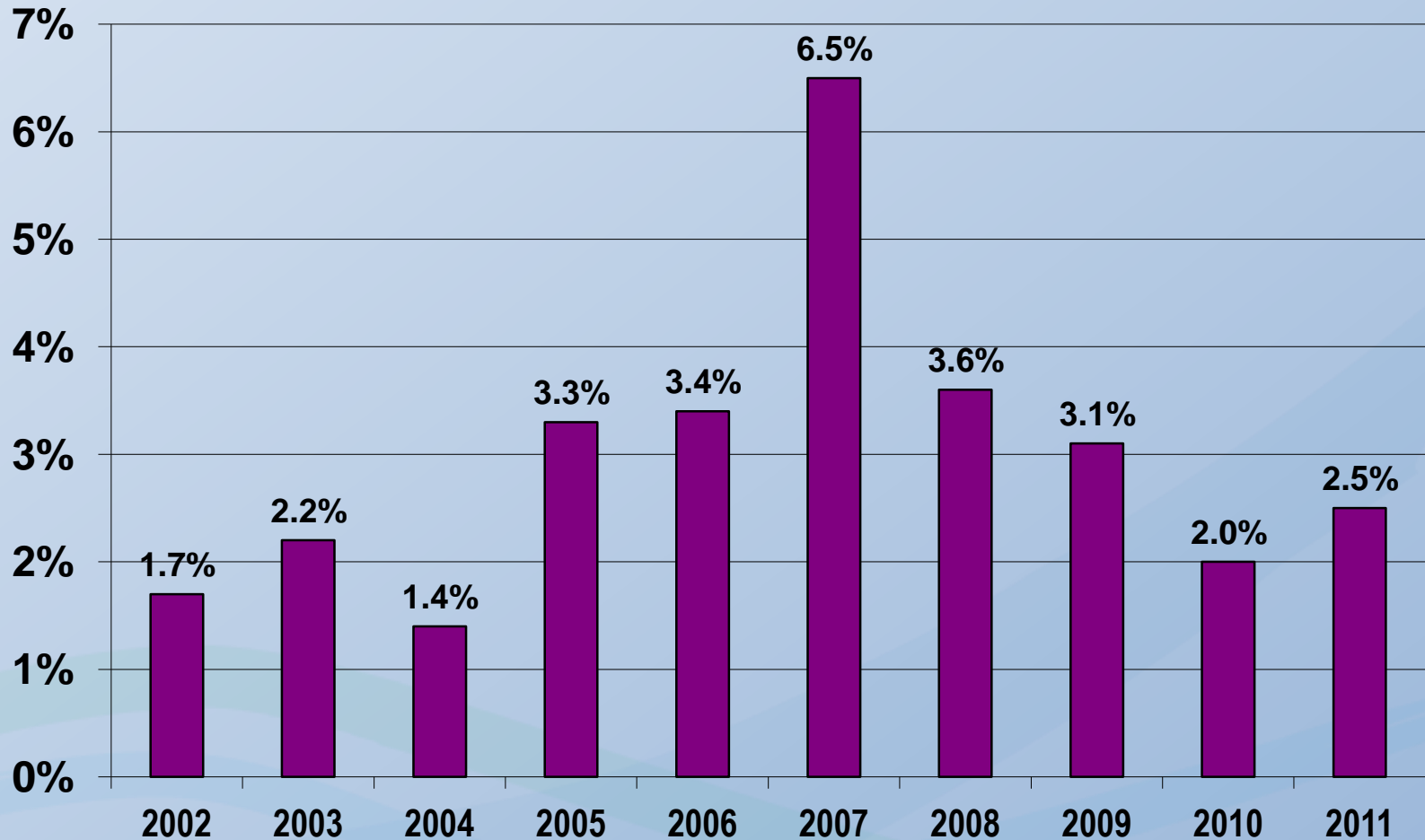
Classification of Properties

- 1 Residential
- 2 Utilities
- 3 Supportive Housing
- 4 Major Industry
- 5 Light Industry
- 6 Business/Other
- 7 Managed Forest Land
- 8 Recreation/Non-Profit
- 9 Farm Land

Who sets tax rates

- City of Nanaimo
- School District
- Regional District of Nanaimo (requisition)
- Nanaimo Regional Hospital (requisition)
- V.I. Regional Library (requisition)
- Municipal Finance Authority
- B.C. Assessment

Annual Tax Increases



Average of all property classes
Municipal portion of taxes only

Estimating Your Property Taxes

- Difficult to do at this stage
- No information on other taxing agencies
- City website will have property tax estimator working after budget is approved
- It will include many assumptions and be updated as new information is available

2011 Property Taxes & Utilities Representative House 27 Municipalities Surveyed

	Assess.	Total Var. Taxes	Total	Rank *
Kamloops	343,999	2,665	3,554	18
Kelowna	467,419	2,882	3,523	19
Nanaimo	342,842	2,862	3,390	20
P. George	211,807	2,524	3,191	21
Chilliwack	333,780	2,437	3,025	25

* 1 is highest, 27 is lowest

Source: Province of BC – Local Govt. Statistics

Municipalities between 25,000 and 200,000 population



2011 Commercial Property Tax Rates

	2011	2010
Kelowna	8.3712	8.2767
Saanich	12.1162	11.6980
Victoria	13.5454	13.1471
Nanaimo	14.0680	13.9216
Kamloops	14.7800	15.0500
Prince George	16.2844	15.8437
Average of BC Cities	12.3750	12.3203

Municipal Tax rates including Library

Source: Province of BC - Local Govt. Statistics

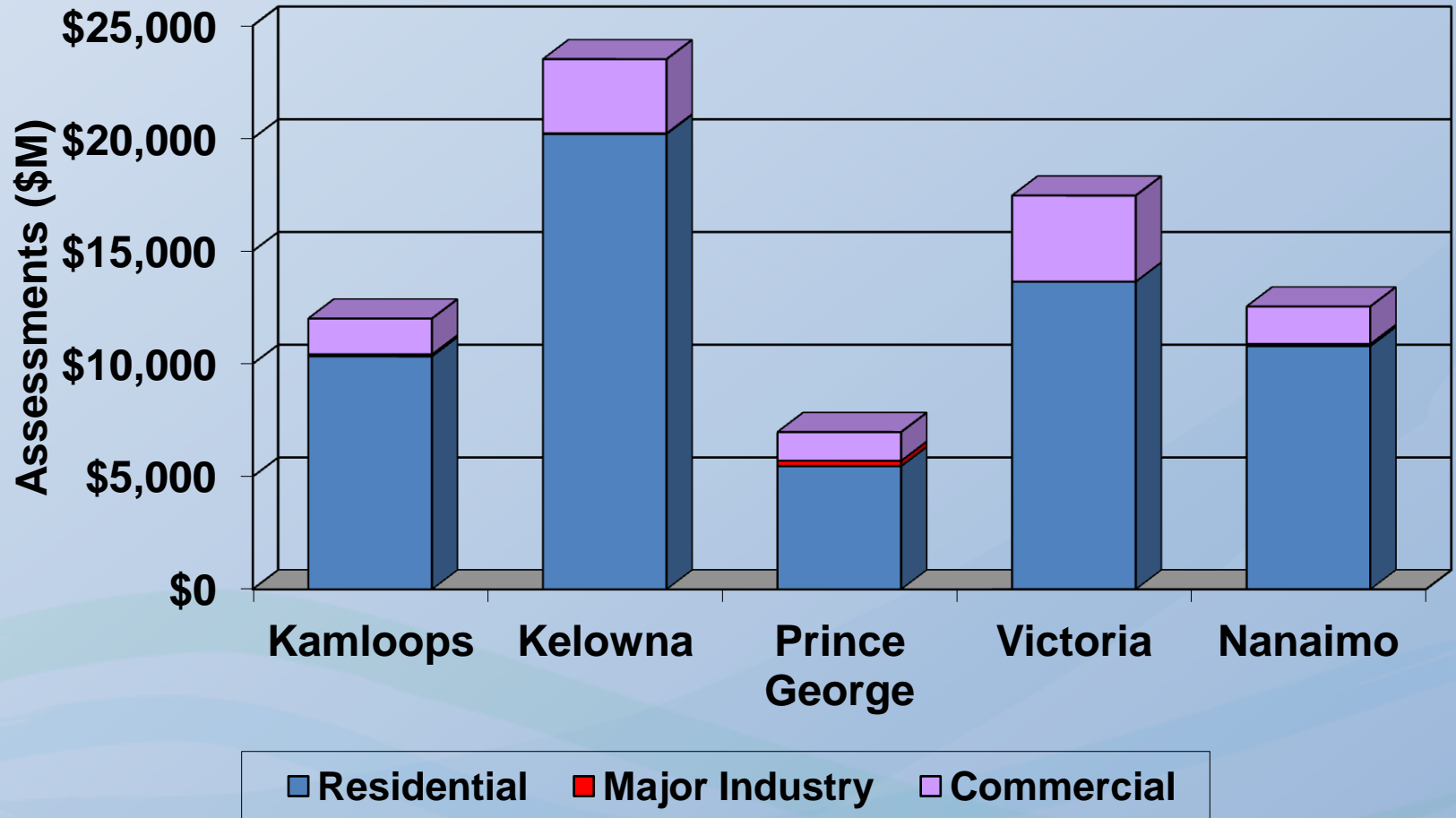
2011 Industrial Tax Rates

	Municipal Only	All Agencies
Nanaimo	22.6248 ↓	33.3485
Port Alberni	53.1288 ↓	62.3738
Campbell River	40.4431 ↑	55.0565
North Cowichan	45.2093 ↑	55.4819
Powell River	21.3058 ↑	30.8865

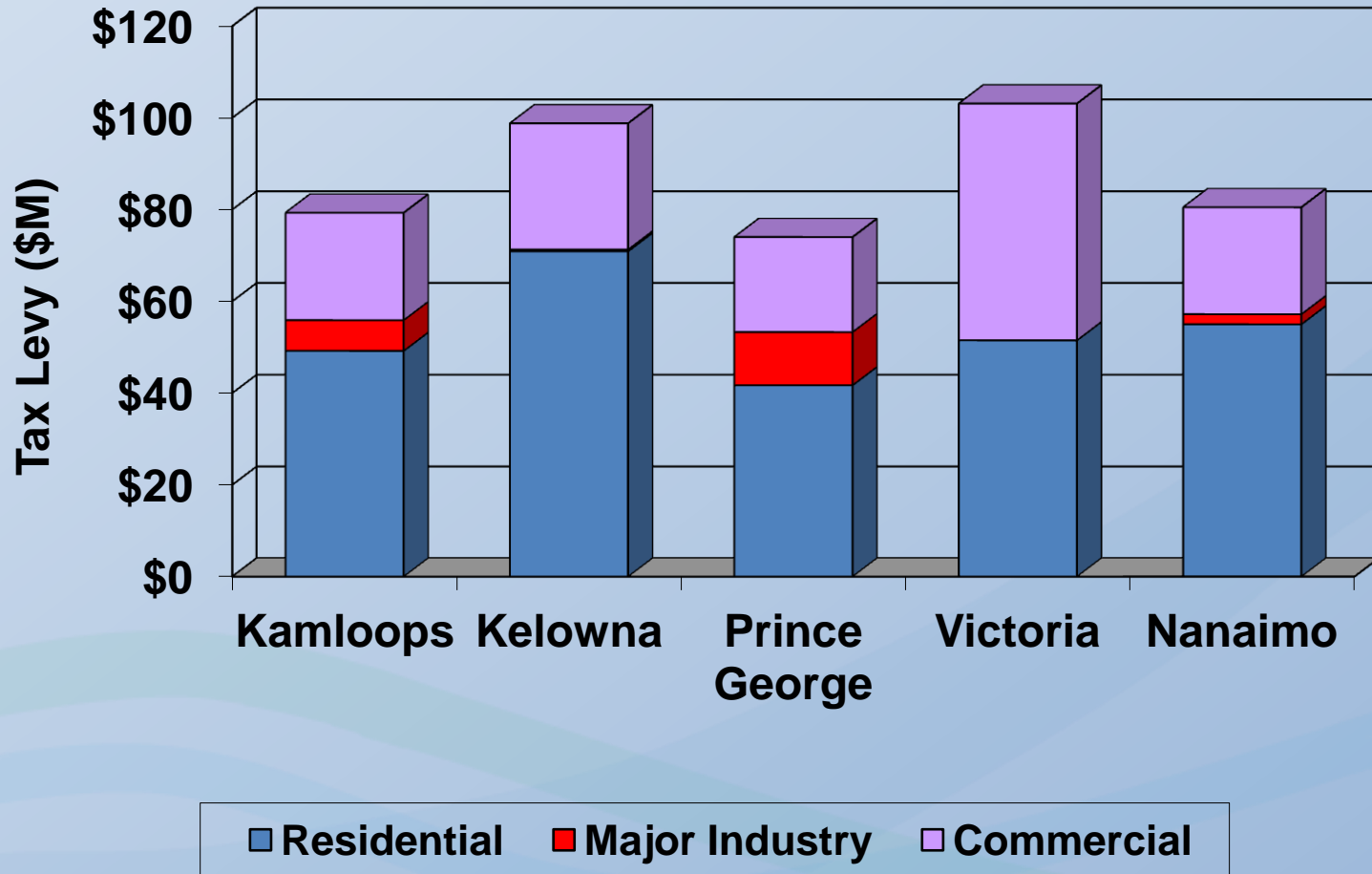
In 2011 Nanaimo was at 67% of Cities and 79% of all municipalities (Municipal taxes only)

Source: Province of BC - Local Govt. Statistics

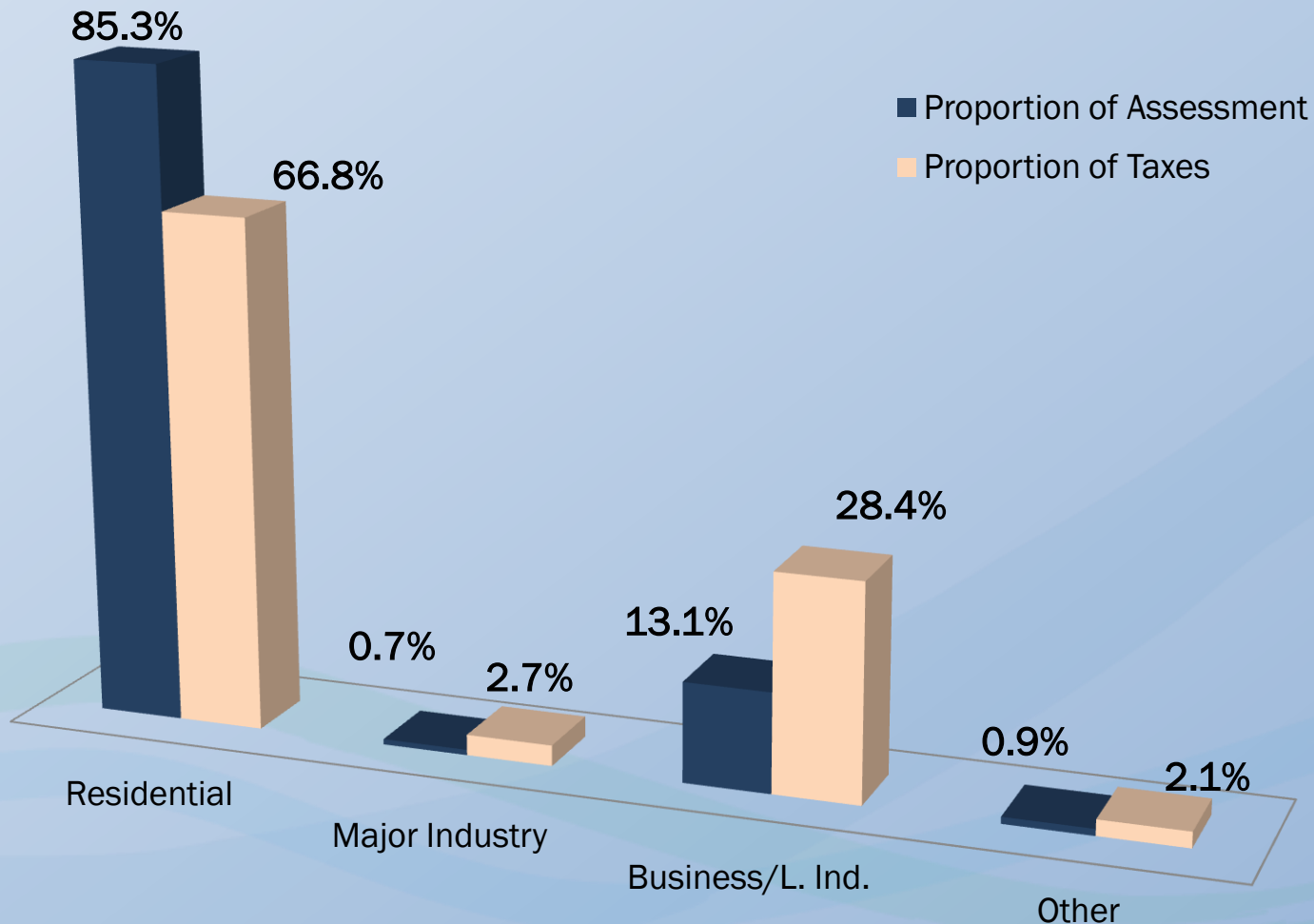
2011 Assessments



2011 Municipal Tax Levy



Comparison of Assessment to Taxes Levied - 2011



Major Taxpayers (2011)

- Woodgrove Mall • \$3.9M
- Nanaimo Forest Products • \$2.0M
- First Capital Corporation • \$1.6M
- Country Club Centre • \$1.2M
- BC Ferries • \$1.2M
- Nanaimo North Town Centre • \$1.0M

In 2010 the top 32 taxpayers (.09% of taxpayers) paid \$22M or 17.1% of all taxes

Tax Ratios

	<u>2001</u>	<u>2006</u>	<u>2011</u>
Utility	5.5	8.2	8.0
Major Industry	4.1	6.7	4.4
Light Industry	2.1	3.1	3.0
Commercial	2.2	3.3	2.8

Growth - Where does it come from?

- New revenue only exists when there is new assessment.
- New assessment comes from an increase in “inventory” e.g. through subdivision or new construction.
- General increases in market value do not generate more tax dollars - they may result in them being distributed differently.

New Revenue from Growth

2011	1,425,531
2012	1,200,000
2013	1,200,000
2014	1,200,000
2015	1,200,000
2016	1,200,000

Reserves & Surplus

Why \$99M is not really equal to \$99M



What is a surplus?

- A surplus is the amount by which revenue exceeds expenditures in a year
- We do not budget for a surplus

What causes a surplus?

- Unexpected revenue
- Revenue exceeding budget (investments, fees – difficult to forecast)
- Expenditures under budget
- Vacant positions
- Budgeting tends to be conservative because we cannot have a deficit
- No surplus in capital

Where Surpluses Go

- Property Purchases Reserves
- General Capital Reserve
- Uninsured Claims Reserve
- Uncollected Taxes Reserve
- Property tax reduction
- Employment related liabilities

Reserves

DCC's	\$ 27.1 M
Statutory Reserves	16.2 M
Water & Sewer	31.2 M
Reserve accounts	<u>24.6 M</u>
Total Reserves (at Dec. 31, 2011)	<u>\$ 99.1 M</u>

Estimated balance at end of 2011

General Revenue Reserve Accounts

Priority Capital	\$2.3 M
Uncollected Taxes	2.7
Housing Legacy Reserve	2.6
Computer & software reserves	2.7
Property reserves	1.6
Debt Equity Reserve (Storm drain)	1.1
Sustainability Reserve	0.7
Misc. reserve accounts	10.9
Total General Revenue Reserves	\$24.6 M

Estimated balance at end of 2011

Uses of Reserves

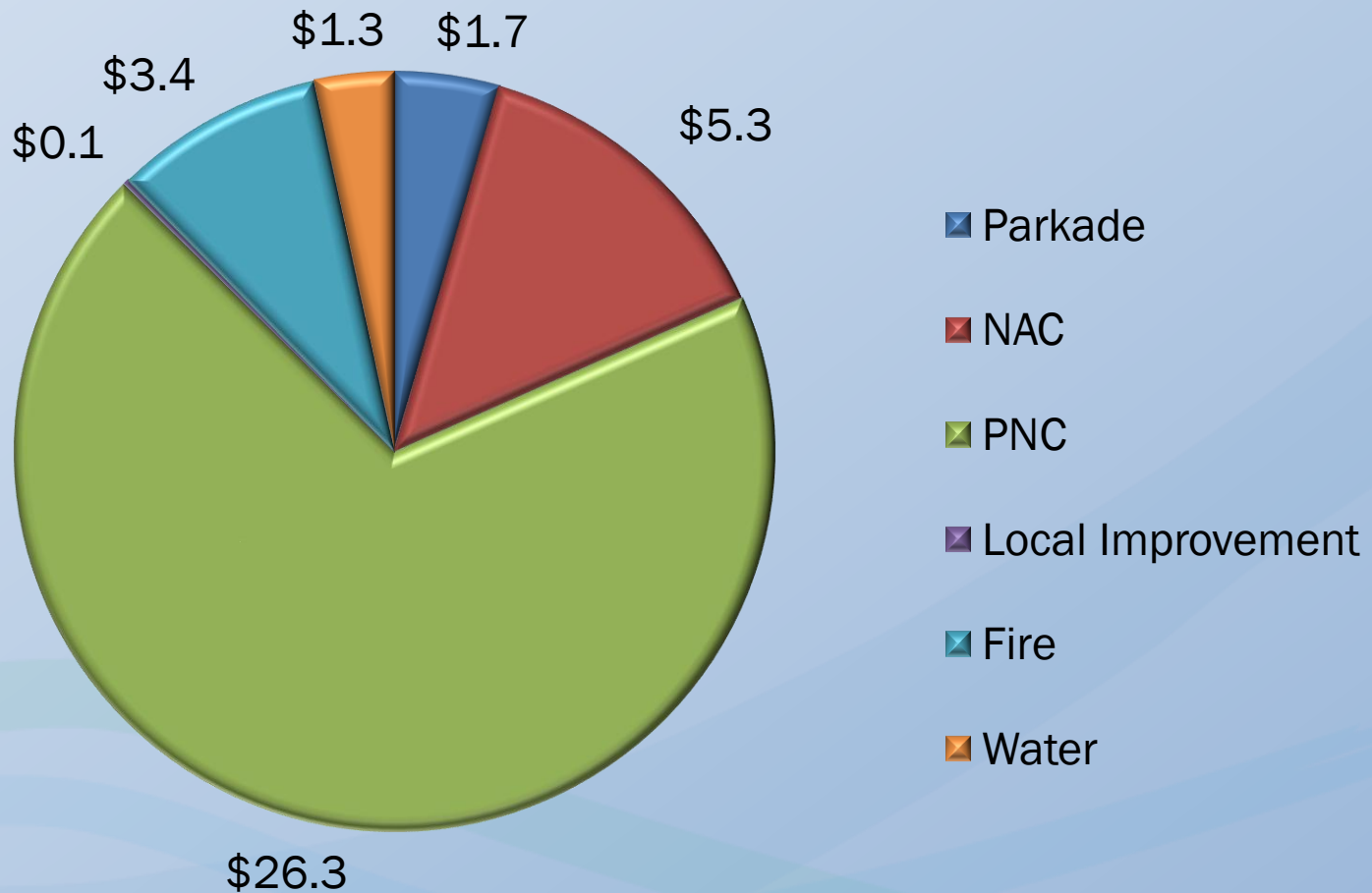
- Neck Point Park
- Nanaimo Aquatic Centre
- Linley Valley
- Oliver Woods Community Centre
- Harbourfront Parkade
- Beban Pool retrofit
- Port of Nanaimo Centre
- Annex Replacement



Debt & Debt Servicing

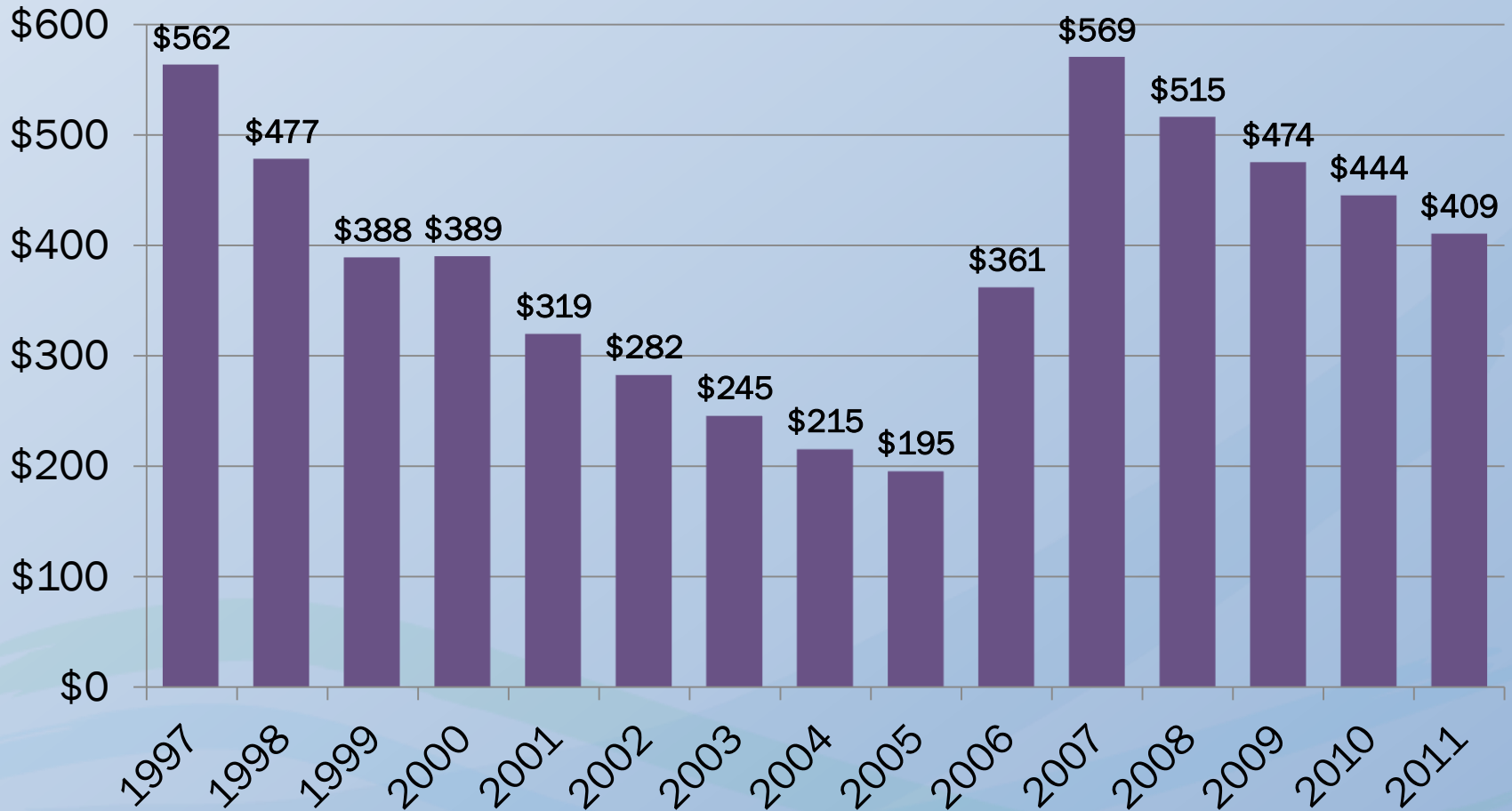


Outstanding Debt - Jan. 1, 2011



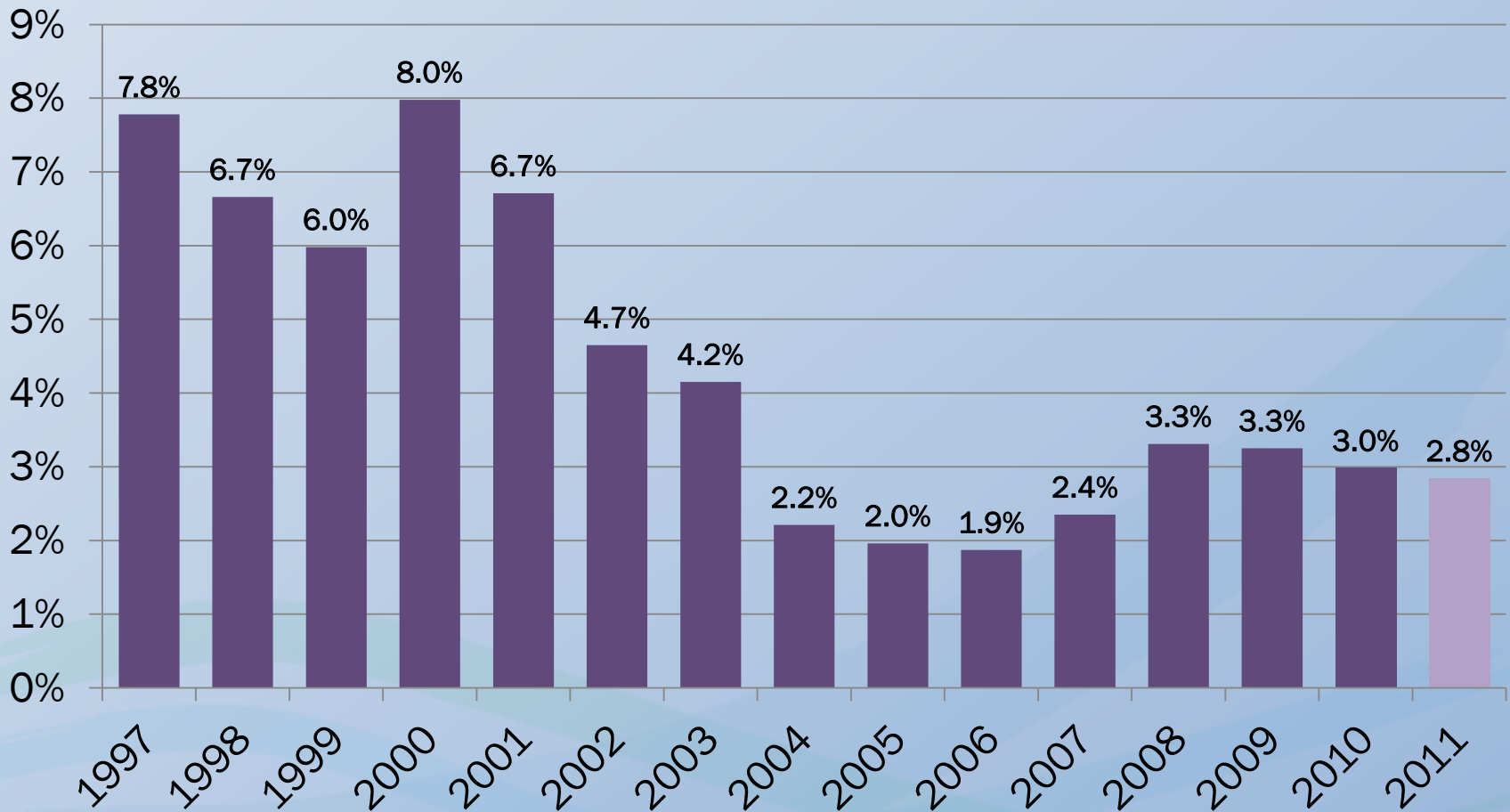
Outstanding debt \$ millions
Total \$38.1 million

Outstanding Debt per Capita



2011 based on budget

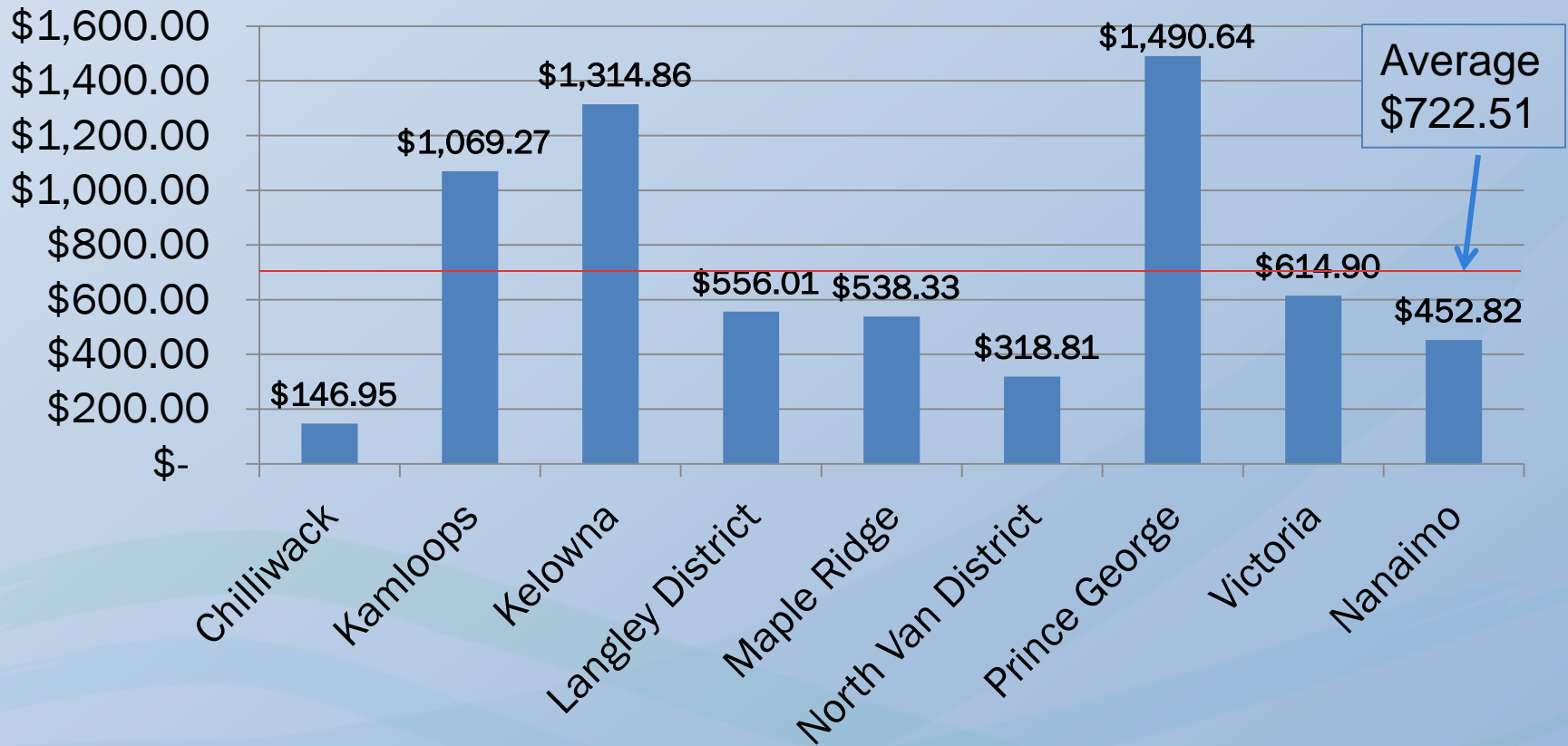
Debt Servicing as a % of Expenditures



2011 based on budget
Expenditures include operating and capital

Outstanding Debt

2010 Debt per capita



Balanced Scorecard

“... a carefully selected set of quantifiable measures derived from an organization’s strategy.”

MISSION

To preserve, protect and enhance the quality of life in Nanaimo through the facilitation of municipal services in an equitable, efficient and effective manner.



**CITY OF NANAIMO
BALANCED SCORECARD**

Draft Performance Measures

Customer	6
Social	10
Financial	10
Employee	5
Service & Program Delivery	11
Environmental	10

Webpage:

[www.nanaimo.ca/Residents
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Budget Information](http://www.nanaimo.ca/Residents/Budgets%20and%20Financial%20Reports/Budget%20Information)

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