



## **City of Nanaimo Staff Plan for Long Term Sustainability in 20-Year Investment Plan and Asset Management Update**

(Nanaimo BC – March 23, 2017) - On Friday, March 24, City of Nanaimo staff will present a framework for a financially sustainable future. The update for the 20-Year Investment Plan and Asset Management outlines the projected costs and lifespan of the City's various assets including parks, water utilities, facilities and transportation. The plan actively addresses a potential revenue shortfall for asset management and replacement and incorporates strategies to address the shortfall while ensuring annual balanced budgets and continuous service delivery while mitigating the burden to taxpayers.

The Asset Management Update provides an overview of the City's Asset Management System and the status of the City's infrastructure. The plan outlines current investment in strategic initiatives and programs, annual investment programs for renewal of existing infrastructure, and new or upgraded infrastructure that are required to maintain current levels of service while planning for growth. Long term planning informs and guides priorities to ensure the City's Five-Year Financial Plans are appropriately funded.

"Many local governments recognize that reserves for asset renewal need to be increased and long-term financial plans must be prepared; however, few communities prepare financial plans beyond the required five-year time frame or plan explicitly for asset management. We are planning further ahead to ensure fiscal responsibility while maintaining or improving City services," says Nanaimo's Chief Financial Officer, Victor Mema. "Our approach is based on sustainable best practices in financial management for municipalities. We are pleased to be one of the first municipalities in British Columbia to address asset management before it becomes an issue. This will ensure that the levels of service our residents expect are maintained. It involves the constant management of the trade-offs between available resources and desired services."

The 20-Year Investment Plan projects an infrastructure investment need of \$1.1 billion with current funding strategies providing \$794 million. The total potential funding gap at the end of the 20 years is \$258 million. The gap is comprised of a funding shortfall of \$117 million in development contribution charges for new and upgraded infrastructure required due to growth and \$141 million for new and upgraded infrastructure funded from general revenues and reserves.

The Asset Management strategy includes several recommendations to close the funding gap. One recommendation is to continue the annual 1 per cent increase to property taxes to 2022 for contributions to the General Asset Management Fund reserve, contributing an additional million dollars a year to the fund.

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Other strategies include completing the current Development Cost Charges review, which examines the fees developers pay to offset costs related to delivering municipal services to new developments.

Also continuing is a review of the City's asset management capacity including development of governance, risk management frameworks and performance monitoring. Ongoing updating and monitoring ensure management strategies are congruent with the community's priorities.

Ongoing work includes developing financial policies including a Reserve Policy and a Debt Policy and continuing to develop the City's Asset Management System including adoption of an Asset Management Policy and an Asset Management Strategy. The City has also set a goal to complete the next Asset Management Update in 2022 to re-assess the effectiveness of the City's asset management capacity and funding strategies.

The Asset Management Strategy is part of the City's overall budgeting process. Projects are identified in longer range planning processes and prioritized in departmental 10-year plans and then in the City's Five-Year Financial Plans. As projects move ahead, additional work is completed in five year and ten year plans to refine asset lifespan and cost estimates and to coordinate with other infrastructure projects. Resource and funding constraints are considered when projects are included in the City's Five-Year Financial Plan.

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