

City of Nanaimo Budget in Brief



2016-2020 Financial Plan Review Completed



The review process for the City's 2016 – 2020 Financial Plan has been completed. Each year as part of the budget process, choices must be made to keep taxes affordable for our businesses and households. Significant influences on the 2016 – 2020 Financial Plan process and for the next planning cycle include:

Asset Management:

In 2013, Council approved an annual 1% increase in property taxes for five years ending 2017 as well as annual increases to sanitary sewer and water user fees for contributions to asset management reserve funds. In 2015, the City started using these reserves to fund many asset renewal projects. A majority of the City's annual capital investment is for renewal of infrastructure.

Core Services Review:

Council initiated a Core Services Review which will be completed in May 2016. Current service levels have not changed pending this review.

2016 -2018 Blueprint:

Council has initiated a new strategic planning process to be completed in 2016. This Blueprint will inform future planning.

Budget Highlights

- 2016 Total Operating Budget: \$127.8 million.
- 2016 Capital Project Budget: \$60.5 million including \$27 million for projects carried forward to 2015. Where projects are not completed or started in a year budget is carried forward to the following year.
- **The 2016 – 2020 Financial Plan provides for a 0% in property taxes for 2016**
 - Future year property tax increases are 2.8% in 2017, 1.8% in 2018, 0.7% in 2019 and 1.0% in 2020.
 - The 0% increase in property taxes for 2016 still maintains Council's commitment to a 1% increase for contribution to the General Asset Management reserve. This commitment was maintained through a combination of new annual revenues and annual budget reductions for internal efficiencies.
 - Water User Fees increase of 7.5% including 2.5% for increased contribution to asset management reserve for next five years.
 - Sewer User Fees increase of 5% to 2017 and then 4% for 2018 to 2020 for increased contribution to asset management reserve.
 - Garbage User Fee increase of 1% in 2016.

Budget Highlights

- **Service Delivery Changes:**
 - 911 Public Safety Answering Point services now contracted to Emergency Communications for British Columbia Incorporated (EComm 911) effective November 2015.
 - Water Treatment Plant fully operational in 2016.
 - RCMP: 2 additional RCMP members in 2016.
 - Staffing changes:
 - 2 additional staff for Water Operations, 1 additional staff for IT
 - reductions in management positions and 911 staffing
- **New Revenues:**
 - New operating agreement with Fortis BC that provides annual revenues: \$525,000 starting in 2016.
- **Provides investment for:**
 - Strategic initiatives including
 - Development of governance, capacity and improvements for the City's asset management processes and practices.
 - New strategic plan and citizen survey.
 - Energy reduction initiatives for City facilities and infrastructure.
 - Renewal and upgrades for City infrastructure and facilities:
 - Implementation of a comprehensive condition assessment program and replacement of components such as roofs, HVAC, plumbing, electrical, interior finishes for facilities.
 - Replaces/upgrades aging pipes and underground infrastructure to support safe and reliable delivery of services including drainage, sanitary sewer and water services.
 - Provides \$10.2 million for road rehabilitation.
 - Includes trailway development projects for improvements to the Doumont Connector, Buttertubs Trailway and the Nanaimo Yacht Club Waterfontt Walkway.
 - Arts and culture facilities, initiatives, activities and events:
 - \$1.4 million annually for grant programs that support the Port Theatre Society, the Nanaimo Art Gallery and many other community groups.

- Renewal of arts and culture facilities including the Port Theatre, the Nanaimo Art Gallery and 25 Victoria Road.
- Planned expansion of the Port Theatre contingent on securing grant and private contribution funding.

Impact to Average City of Nanaimo Household

Based on \$348,363 assessed value

Planning for the future is important for a municipality and for a household. The total 2016 increase for property taxes and user fees for an average household is \$37.61

	Change %	CoN
Taxation	0.0%	\$ -
Water Fees	7.5%	\$ 31.00
Sewer Fees	5.0%	\$ 5.61
Solid Waste Collection Fees	1.0%	\$ 1.00
		<u>\$ 37.61</u>

Increase does not include levies collected for the Vancouver Island Regional Library, the Regional District of Nanaimo, School District 68, Island Health Authority, Finance Authority and BC Assessment.

Financial Summary

The 2016 – 2020 Financial Plan includes:

- Annual operating budgets to deliver day to day services to the community.
- Capital investment or project budgets to provide for renewal of infrastructure, new/upgraded infrastructure and for specific strategic initiatives.

The resources and operations for the City are segregated into funds for budgeting purposes: General, Sanitary Sewer Utility and Water Utility Funds.

2016 Operating Budget

The 2016 operating budget includes \$150.9 million in revenues to fund the \$127.8 million operating budget, to provide a portion of the funding required for capital investment, and to contribute to reserves to fund future year projects.

Changes to annual operating budgets are mainly due to increased contract costs and to service level changes, The 2016 operating budget includes 2 additional RCMP members and the first year of operations for the water treatment plant.

	General	Sewer Utility Fund	Water Utility Fund	Total
Revenues				
Taxation	97.3			97.3
Fees/Charges	12.1	6.3	16.0	34.4
Other	19.1		0.1	19.2
	128.5	6.3	16.1	150.9
Expenditures				
Operating Expenditures	115.0	3.3	9.5	127.8
Projects	7.1	-	0.1	7.2
Transfer to Reserves	6.4	3.0	6.5	15.9
	128.5	6.3	16.1	150.9
Net	-	-	-	-

2016 – 2020 Project Budget

The 2016 – 2020 Financial Plan includes \$198 million investment in strategic initiatives, new or upgraded infrastructure and renewal of existing infrastructure projects.

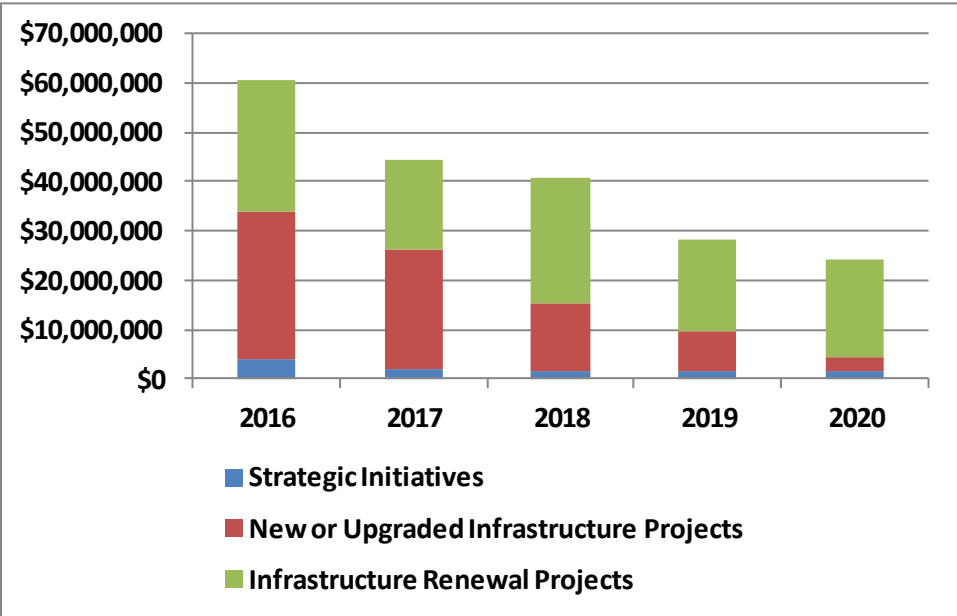
2016 Project Budget

The 2016 project budget includes \$27 million for 2015 projects that were carried forward to be completed in 2016. Funding for 2016 projects is from taxation, reserves, grants and private contributions.

	General	Sewer Utility Fund	Water Utility Fund	Total
Project Expenditures				
2015 carryforwards	16.2	5.2	5.6	27.0
2016 Plan	18.3	6.7	8.5	33.5
	34.5	11.9	14.1	60.5
Project Funding				
Taxation	7.1	-	-	7.1
User Fees	-	-	0.1	0.1
Reserves - 2015 Projects Carried Forward	16.2	5.2	5.6	27.0
Reserves - New 2016 Projects	2.5	6.7	8.4	17.6
	18.7	11.9	14.0	44.6
Grants, private contributions	8.7	-	-	8.7
	34.5	11.9	14.1	60.5
Net	-	-	-	-

2016 – 2020 Project Budget

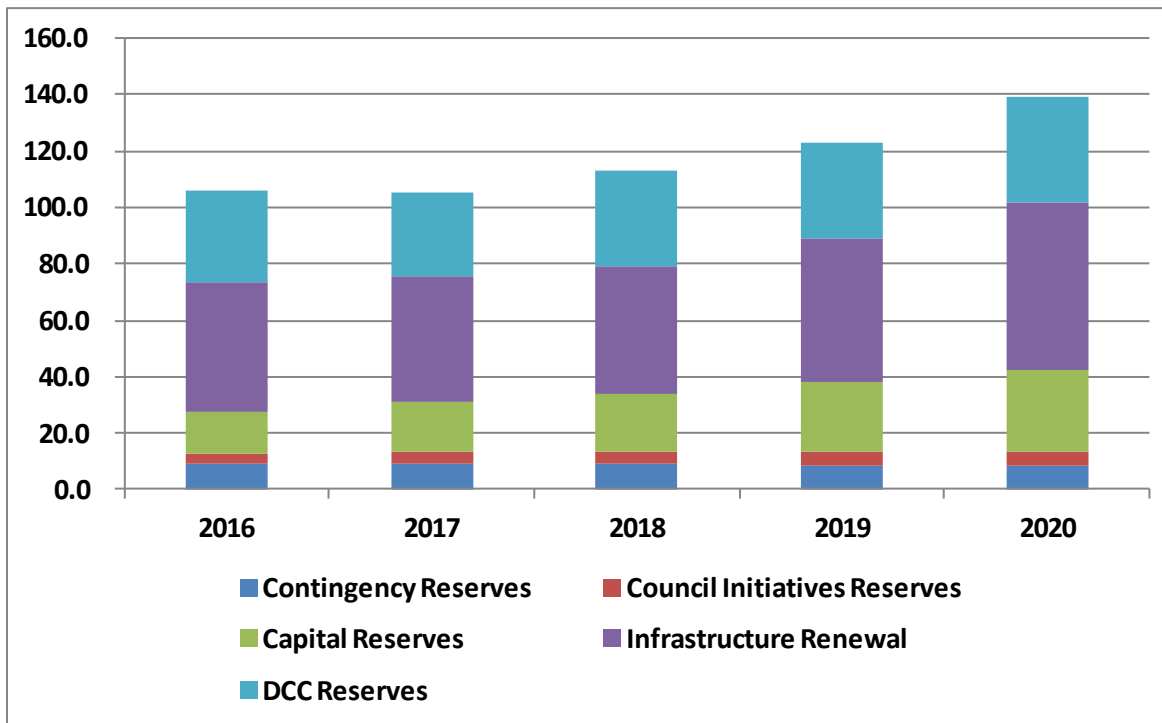
The City owns infrastructure with a current replacement cost in excess of \$2 billion. Over time infrastructure needs to be replaced and additional infrastructure will be required to support a growing community. Projects included in the 2016 – 2020 Financial Plan focus on specific strategic initiatives, infrastructure renewal and new/upgrades to infrastructure that will address capacity issues and regulatory changes.



Reserves Summary

The City's reserves include Contingency Reserves, Council Initiatives Reserves, Capital Reserves, Infrastructure Renewal Reserves and Development Cost Charges Reserves. These reserves support the City's financial resiliency, ability to respond to new opportunities, advance strategic initiatives and to fund sustainable infrastructure renewal and upgrade programs.

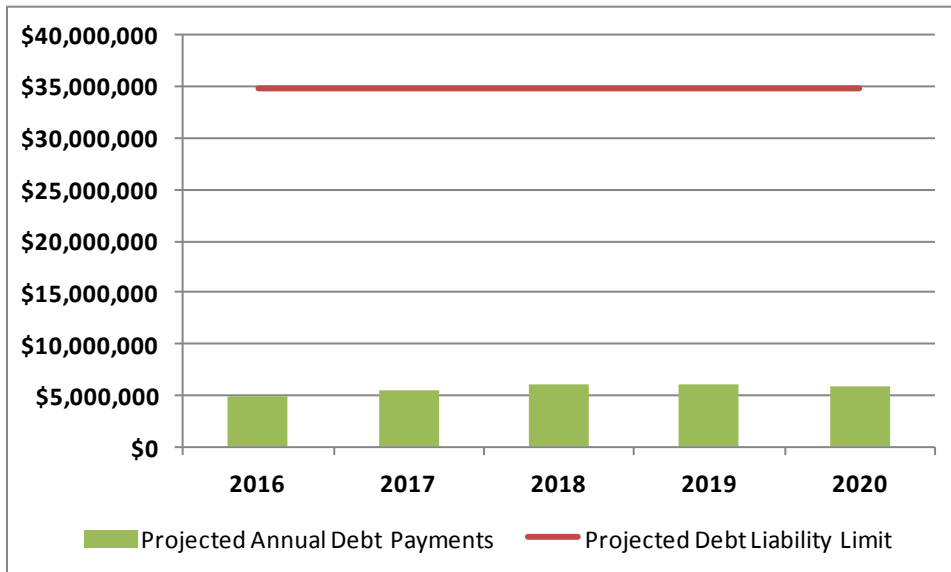
Summary of Projected Reserve Balances



Debt Analysis

The 2016 – 2020 Financial Plan includes new debt borrowing in the amount of \$12.6 million. This borrowing will be used for the planned expansion of the Police Operations building and the Wellcox Access improvements. The City’s outstanding debt represents a number of projects including local road improvements, the Nanaimo Aquatic Centre, the Vancouver Island Convention Centre, the Harbourfront Parkade and the new Water Treatment Plant.

Outstanding debt at December 31, 2015 is \$47.8 million. The City’s debt servicing limit is \$34 million as defined by the Community Charter. The City’s current annual debt servicing is \$4.9 million or 14% of the current limit.



Public Consultation

The 2016 – 2020 Financial Plan process included opportunities for public consultation:

- Citizen Budget Online Survey was offered for the first time to enable Nanaimo residents to provide feedback on service levels
- An eTown Hall was held on November 23 2015 to enable Nanaimo residents to discuss the City's 2016 budget process
- Open Council or Committee of the Whole meetings including:
 - Draft budget presentation on October 22, 2015
 - Budget workshop on November 17, 2015
 - Budget workshop on April 11, 2015

