

“FINANCIAL PLAN AMENDMENT BYLAW 2024 NO. 7371”

Consolidated Version

2025-MAR-03

Includes Amendment: 7371.01, 7371.02

CITY OF NANAIMO

BYLAW NO. 7371

A BYLAW TO CONFIRM AND ADOPT THE FINANCIAL PLAN

The Municipal Council of the City of Nanaimo in open meeting assembled, ENACTS AS FOLLOWS:

1. Title

This Bylaw may be cited as the “Financial Plan Bylaw 2023 No. 7371”.

2. Schedule “A” attached hereto and forming part of this Bylaw is hereby adopted and is the Financial Plan for the City of Nanaimo for the period 2024-JAN-01 to 2028-DEC-31.

3. The various items of expenditure set forth in Schedule “A” are hereby authorized.

4. Schedule “B” attached hereto and forming part of this Bylaw is hereby adopted and is the Statement of Revenue Objectives & Policies for the City of Nanaimo for the period 2024-JAN-01 to 2028-DEC-31.

5. The Financial Plan may be amended in the following manner:

- (a) Funds may be reallocated in accordance with the City of Nanaimo's management policy on budget transfers.
- (b) The Director of Finance may transfer unexpended appropriations to Reserve Funds or Reserve Accounts for future expenditures.

PASSED FIRST READING: 2023-DEC-18
PASSED SECOND READING: 2023-DEC-18
PASSED THIRD READING: 2023-DEC-18
ADOPTED: 2024-JAN-15

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Schedule A
City of Nanaimo
2024 - 2028 Financial Plan

| | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---------------|-------------|-------------|-------------|-------------|
| Revenues: | | | | | |
| Revenue from Property Value Taxes | 154,811,457 | 167,000,562 | 175,078,295 | 180,680,180 | 186,823,737 |
| Revenue from Parcel Taxes | 209,980 | 212,840 | 58,095 | 2,904 | 2,904 |
| Revenue from Fees & Charges | 61,961,575 | 64,187,645 | 67,681,324 | 69,366,455 | 70,940,409 |
| Revenue from Other Sources | 52,310,791 | 36,560,592 | 32,393,037 | 31,787,791 | 30,954,619 |
| | 269,293,803 | 267,961,639 | 275,210,751 | 281,837,330 | 288,721,669 |
| Expenses: | | | | | |
| General Operating Expenditures | 206,104,221 | 185,255,276 | 191,519,685 | 195,063,168 | 201,504,102 |
| Sanitary Sewer Operating Expenditures | 5,640,929 | 5,133,918 | 5,286,632 | 5,340,885 | 5,398,154 |
| Waterworks Operating Expenditures | 13,548,764 | 13,878,576 | 13,521,979 | 13,923,840 | 13,616,697 |
| Interest Payment on Municipal Debt | 2,355,349 | 2,579,329 | 2,475,616 | 1,853,895 | 1,516,149 |
| Amortization | 32,277,097 | 33,035,013 | 34,164,334 | 34,160,680 | 35,470,153 |
| Annual Surplus/Deficit | 9,367,443 | 28,079,527 | 28,242,505 | 31,494,862 | 31,216,414 |
| Add back: | | | | | |
| Amortization | 32,277,097 | 33,035,013 | 34,164,334 | 34,160,680 | 35,470,153 |
| Capital Expenditures | | | | | |
| General Capital Expenditures | 97,699,288 | 39,498,890 | 30,388,461 | 25,846,147 | 28,516,502 |
| Sanitary Sewer Capital Expenditures | 8,350,317 | 10,408,200 | 4,580,300 | 5,059,600 | 6,776,300 |
| Waterworks Capital Expenditures | 35,841,342 | 10,301,600 | 16,322,100 | 8,850,900 | 10,991,800 |
| Proceeds from Municipal Borrowing | (4,083,150) | - | - | - | - |
| Principal Payment on Municipal Debt | 4,364,028 | 5,192,228 | 5,310,053 | 4,406,790 | 3,160,728 |
| Transfers between Funds: | | | | | |
| Reserve Funds | - | - | - | - | - |
| DCC Funds | - | - | - | - | - |
| Transfers to/(from) Accumulated Surplus | (100,527,285) | (4,286,378) | 5,805,925 | 21,492,105 | 17,241,237 |
| Financial Plan Balance | - | - | - | - | - |

Schedule B
City of Nanaimo
Statement of Revenue Objectives & Policies

1. Proportion of Revenue by Source

The City receives revenues from a variety of sources including property taxes and user fees. This funding pays for such services as police and fire protection, solid waste collection, management of roads, drainage, sanitary sewer, waterworks and parks infrastructure, along with the delivery of leisure and cultural services. Property taxes are the largest source of revenue as detailed in Table 1.

Table 1: Sources of Revenue

| Revenue Source | \$ Total Revenue | % Total Revenue |
|----------------------|--------------------|-----------------|
| Property Value Taxes | 154,811,457 | 58% |
| Parcel Taxes | 209,980 | 0% |
| Fees & Charges | 61,961,575 | 23% |
| Other Sources | 50,706,230 | 19% |
| Total | 267,689,242 | 100% |

Policies and Objectives

Property Taxes

- The City will attempt to keep the proportional share of revenue from property taxes at a level similar to the average of comparable municipalities.
- Where new sources of revenue are made available to the City from senior governments, wherever possible these revenues will be used to reduce dependency on property taxation revenue.

Parcel Taxes

- Parcel taxes will be used whenever Council determines that they are more appropriate than property taxes.

Fees & Charges

- Wherever possible, fees & charges will be used to assign costs to those who benefit from the service provided. The proportion of the costs recovered by fees and charges will vary with the nature of the service provided.

Proceeds of Borrowing

- Borrowing will be considered when determining the funding sources of large capital projects that provide benefits to taxpayers over a long period of time (20 years or more).
- Borrowing will be consistent with the City's Debt Management Policy.

(Bylaws 7371.01, 7371.02)

Other Sources of Revenue

- The City will continue to seek other sources of revenue in order to reduce reliance on property taxes.
- The City will consider hydroelectric power generation where practical and environmentally supportable.

2. Distribution of Property Taxes Among the Classes

Table 2 outlines the projected distribution of property taxes amongst the property classes. Projected revenue from residential provides the largest proportion of property tax revenue. This class represents the largest portion of the tax base and utilizes the majority of City services. Between 2009 and 2013, the light and major industrial tax rates were reduced to the same level as the commercial tax rate.

Table 2: Projected Distribution of Property Tax Rates and Tax Class Ratios

| Property Class | \$ Property Taxes | % of Total Property Taxation | Tax Class Ratios |
|-----------------------------|--------------------|------------------------------|------------------|
| Residential (1) | 106,064,092 | 68.51% | 1.000 |
| Utilities (2) | 843,870 | 0.55% | 9.966 |
| Supportive Housing (3) | - | 0.00% | - |
| Major Industry (4) | 2,037,715 | 1.32% | 3.285 |
| Light Industry (5) | 2,780,382 | 1.80% | 3.285 |
| Business and Other (6) | 42,705,003 | 27.59% | 3.285 |
| Managed Forest Land (7) | 3,828 | 0.00% | 5.480 |
| Recreational/Non-Profit (8) | 376,400 | 0.24% | 2.594 |
| Farm (9) | 167 | 0.00% | 0.132 |
| Total | 154,811,457 | 100% | |

Policies and Objectives

- The City will attempt to keep the percentage of property taxes received from residential taxpayers at a level comparable to the average of similar municipalities.
- The City will attempt, over time, to reduce the commercial tax rate to the average of all BC municipalities.

3. Permissive Tax Exemptions

The City believes that permissive tax exemptions are an appropriate way to recognize the value of the services provided to the community by non-profit organizations. Each year, a list of these exemptions is included in the City's Annual Report.

Policies and Objectives:

- Permissive tax exemptions are governed by the City's Grants Policy and Guidelines, which outlines the criteria for which property tax exemptions may be granted.
- Permissive tax exemption requests will be reviewed by the Finance and Audit Committee and the Committee will make recommendations to Council.

(Bylaws 7371.01, 7371.02)

- Permissive tax exemptions will be reviewed at least every three years to ensure that the organization and property still meets the criteria established by Council.

4. Revitalization Tax Exemptions

The City believes that revitalization tax exemptions are an appropriate tool to assist the City in realizing its strategic objectives.

Policies and Objectives:

- The City can exempt municipal taxes for up to ten years for projects undertaken by landowners, where the project meets defined objectives of a City strategy.
- Recipients of exemptions must enter into a Revitalization Tax Exemption Agreement with the City.
- Every revitalization tax exemption must be approved by Council.