

CITY OF NANAIMO

2016 Annual Municipal Report

(Adopted by Council on 2017-JUN-19)



Cover photo courtesy of Tourism Nanaimo/Cinnabar Vista Productions

Nanaimo



Nanaimo, BC is located on the east coast of Vancouver Island, 113 km north of Victoria, and 55 km across the Salish Sea (Strait of Georgia) from Vancouver. Nanaimo is referred to as the Harbour City due to its large protected natural harbour which has led to the City becoming a key transportation hub for the Island.

The Province of British Columbia's *Community Charter* requires that all municipalities prepare an annual report before June 30th of each year which includes the audited financial statements for the previous year, a list of permissive tax exemptions, a report on services and operations for the previous year and objectives and initiatives for the current and coming year.

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Poem by Naomi Beth Wakan



Naomi Beth Wakan is Nanaimo's inaugural Poet Laureate. The role of the Poet Laureate is to serve as the "people's" poet and to raise awareness of poetry and the literary arts and the positive impact literature and poetry can have on community life. What is so wonderful about Ms. Wakan is her love to express herself through her poetry and essays and all the while passionate about inspiring others to discover their own creative talents.

An Ending

An ending
does not always
blend in smoothly
with a beginning.
Sometimes there is a pause.
Time to look back
tenderly before
turning to
step over the threshold.
Sometimes the crack
at the door step
seems to open
to a potential chasm;
causing one to
teeter for a moment,
with a small shudder of fear,
before one
closes one's eyes
and giant steps
over it,
not knowing yet

which direction
needs to be taken.
Still, a walking away
is inevitable, even though
small shards and burrs
of the last years
cling persistently to one.
And that is
not altogether
unwanted,
for scraps of
things learned and
fragments of friendship made
can make a fine patchwork cloak
to warm us in
new ventures
and protect us
from the certain to happen
frictions when
our old selves
morph into our new.



City Profile

Nanaimo...the beautiful Harbour City

Nanaimo is truly the beautiful Harbour City. This community of 88,000 and growing lies along the east coast of one of the world's top Island destinations and is the second largest urban centre on Vancouver Island. Visitors and residents often comment about how amazed they are by the natural beauty of the area, mild climate and the relaxed, yet energetic pace of the city.

Residents are very fortunate to enjoy the lifestyle that comes with living in this community. For example, this city of greenspace has over 1,400 hectares of protected open space offering an abundance of parks and trails to explore. In addition, Nanaimo is home to many cultural and recreational opportunities with the popular Nanaimo Aquatic Centre, The Port Theatre, world-class museum and art gallery. Not only that, a plethora of community arts, culture, sporting and

special interest groups contribute to the diversity that is so prevalent here.

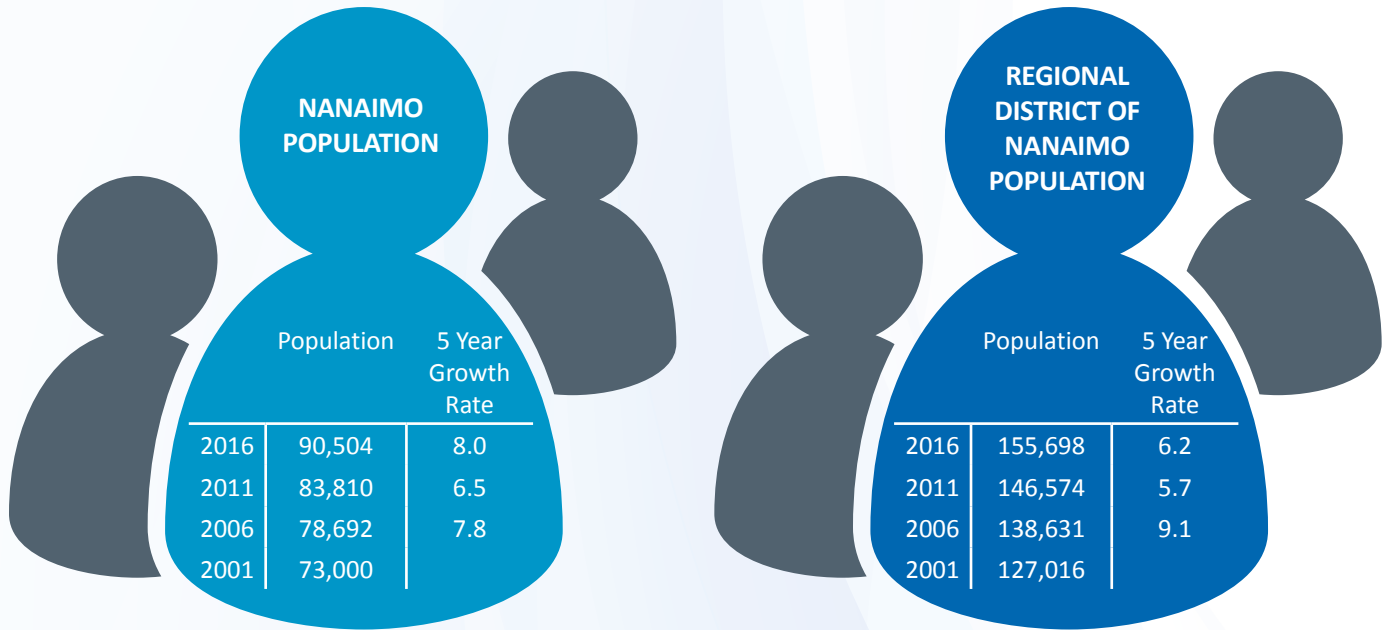
The City of Nanaimo has pledged its commitment to enhanced environmental stewardship with increased educational endeavors like the invasive plants removal program and improved recycling opportunities and is in the final process of a Transportation Master Plan that will integrate improved mobility strategies.

With every imaginable amenity within its border, stunning natural beauty and the home of many world class festivals and events like the Dragon Boat Festival and Bathtub Races, Nanaimo is truly a place that evokes pride of place and offers a lifestyle that is second to none!

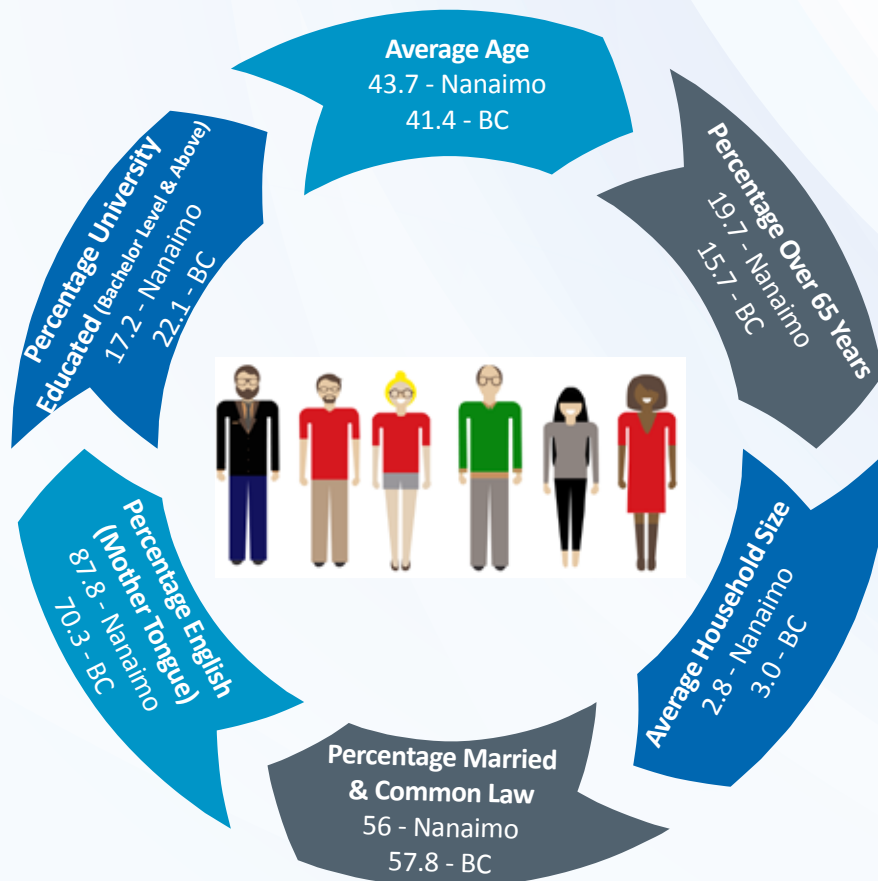


Nanaimo City Snapshot - 2016

Nanaimo Population & Growth



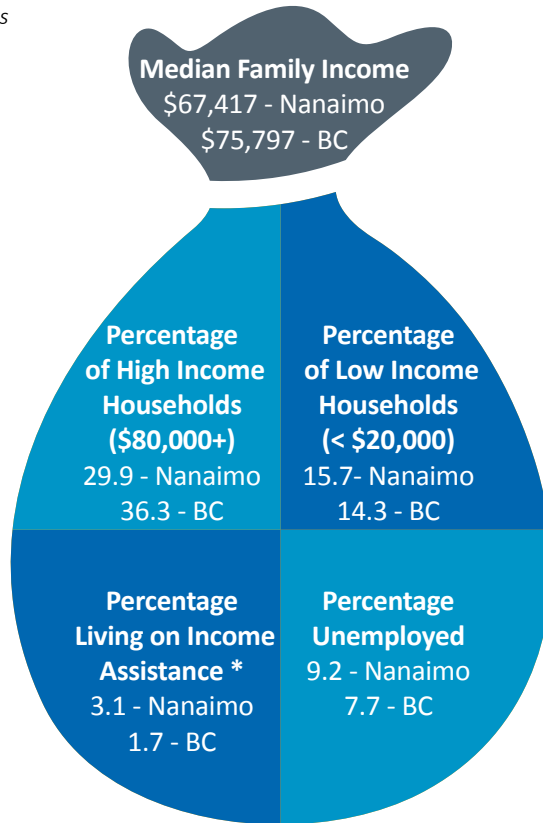
Demographics



Nanaimo City Snapshot - 2016

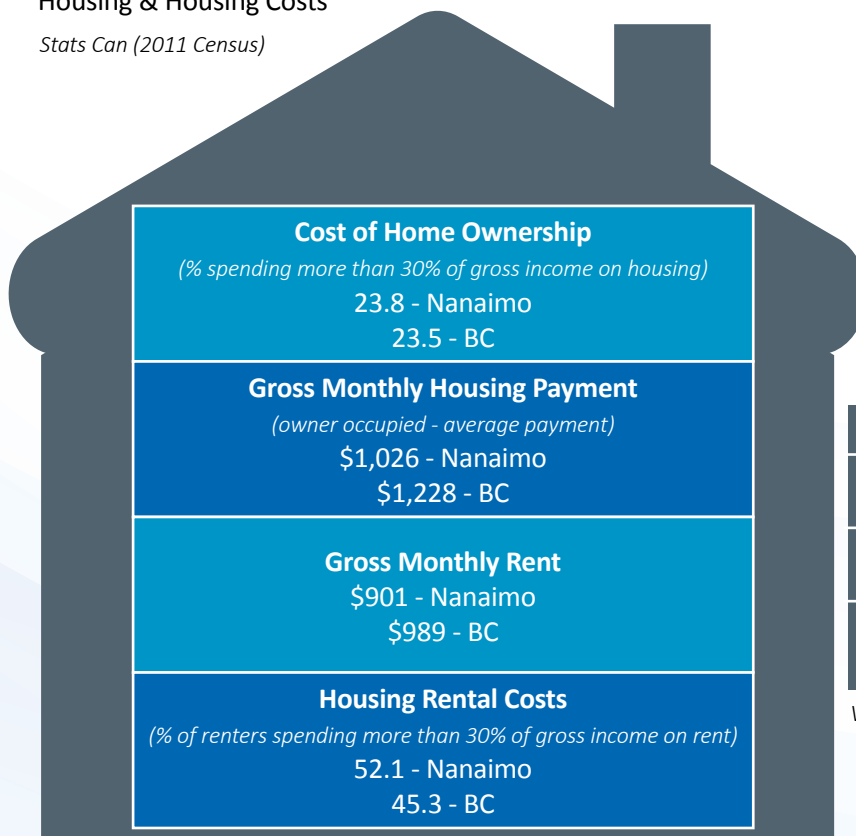
Income

Stats Can (2011 Census) *BC Stats



Housing & Housing Costs

Stats Can (2011 Census)



	2016	2015	% Change
Unit Sales/Year	1,699	1,425	19
Average Sale Price	\$447,336	\$391,313	14
Median Sale Price	\$415,000	\$369,900	12

VIRE Board Statistics

Nanaimo...offering a lifestyle second to none.



Municipal Awards and Grants

Nanaimo has always been a pioneer in leadership and innovation in best practices, and 2016 was no exception.



Awarded "RBC FOUNDATION GRANT"

For the third year in a row, The RBC Foundation awarded the City of Nanaimo a \$10,000 grant for its "Learn to Skate" program which allowed the city to teach school-aged children how to skate at a reduced cost to the participating schools. As a result, more children are learning to skate!



Mayor's Message



On behalf of Council and staff, it is my pleasure to present you with the City of Nanaimo's 2016 Annual Municipal Report. Here, you can learn about City departments, projects and finances. You will also get a

snapshot on future plans the City has been developing. This information is offered annually in our efforts to be an excellent municipal government.

Last year was a busy year for the City. In addition to several important projects either being kicked off or completed, a review of the services the City provides was conducted. I am pleased to say the findings of this Core Service Review showed the City to be a well-run organization. Work to implement recommendations that came out of the review began last year including an update to Council's 2012-2015 Strategic Plan. This update will take the City through 2019.

In the updated plan, we identified priorities in five areas:

1. Phased Development of the South Downtown Waterfront
2. Recreation, Culture, Sports and Tourism
3. Public Safety

4. Governance Renewal
5. Community Wellness

We also added a new Community Value, Active Lifestyle. Nanaimo is situated in a beautiful setting. Our temperate climate means residents can take advantage of outdoor amenities throughout the year. We also have many top-notch recreation facilities. The City is working towards improving Nanaimo's community infrastructure and resources to ensure all residents have access to these amenities and achieve our goal of making Nanaimo an active and healthy place to live.

Of the many projects started in 2016, two I am looking forward to being implemented in 2017 include working with staff and community partners on reinvigorating Economic Development in Nanaimo and the City's curbside collection program becoming automated. There is still much to accomplish as we continue to improve City services, amenities and community relationships. I hope the information you find contained in these pages to be informative and helpful.

A handwritten signature in black ink, appearing to read "Bill McKay". The signature is fluid and cursive.

Bill McKay



Statue of former mayor, Frank Ney, at Maffeo Sutton Park

Nanaimo City Council

Nanaimo's elected 26th Council is comprised of a Mayor and eight Councillors who govern the City of Nanaimo. They were elected on November 15, 2014. Each member of Council represents the City at Large.

The *Community Charter* gives Council the authority to set budgets, levy taxes and establish policies to guide the growth, development and operation of the municipality for the benefit and protection of its citizens.

Members of the public are welcome and encouraged to attend open Council meetings. Open Council Meetings are

generally held on the first and third Mondays of each month at 7 p.m. in the Shaw Auditorium of the Vancouver Island Conference Centre on Commercial Street in downtown Nanaimo. To view the Council meeting schedule and to view agendas, minutes and video, go to www.nanaimo.ca/council.

General local elections are held every four years. Beginning in 2018, municipal elections will be held on the third Saturday in October.

2014-2018 Nanaimo Mayor & Council

455 Wallace Street, Nanaimo, BC, V9R 5J6

Councillors serve on various boards, including:

- Regional District of Nanaimo
- Vancouver Island Library Board
- Nanaimo Airport Commission
- Snuneymuxw First Nation Liaison Committee

Council's Select Committees include:

- Community Planning & Design
- Community Vitality
- Design Advisory Panel
- Finance & Audit
- Nanaimo Youth Advisory
- Parks, Recreation & Wellness
- Public Safety
- Public Works & Engineering



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Chief Administrative Officer Message



Thank you for taking a moment to read the City of Nanaimo's 2016 Annual Municipal Report. It was a busy year with many changes for our organization. We completed the core services review and began implementing

its recommendations. But one thing that stayed constant throughout the year was staff's commitment to serving the residents of our growing community. Here is a snapshot of the great work undertaken by our 638 permanent employees.

City streets saw 6.2 kilometres of new sidewalks, 88 new streetlights, 4.5 kilometres of new road and 2 new traffic signals installed. Crews also added 7.4 kilometres of new water mains, 7.2 kilometres of sewer mains and 5.8 kilometres of storm mains to the City's utility assets.

In 2016, 14.4 billion litres of water flowed to residents' taps. This works out to 429 litres per person per day which is lower than the Canadian average. On any given day, the City supplies 39.2 million litres of water throughout our community.

Nanaimo diverted 63 percent of waste from the landfill last year as City crews collected over 3,300 tonnes of recycling and 3,500 tonnes of kitchen waste. Did you know that 2017 marks the tenth year since the City started collecting organic waste? Over this time you've helped reduce the amount of garbage going to the landfill by 50 percent!

And finally, our parks crews maintained over 880 hectares of parkland and 173 kilometres of trails. We also saw our 70th Anniversary Dutch-Canadian Friendship Tulip Garden bloom for the first time. Over in recreation, our facilities had over 1,000,000 million visits, and staff offered a variety of programs and classes to help our community get and stay active.

It has been a pleasure to provide these and many other services to Nanaimo's residents, and we look forward to continuing our work in 2017.

A handwritten signature in black ink that reads "Tracy Samra".

Tracy Samra



Nanaimo's Dutch-Canadian Friendship Tulip Garden

Strategic Plan and Priorities

VISION

The City of Nanaimo proudly features its **harbour and natural environment**, its inclusive **quality of life** and its location as a **business centre and hub** for Vancouver Island, connecting its residents regionally and nationally by land, sea and air.



NANAIMO'S COMMUNITY VALUES

The strategic plan reflects 5 community values: economic health, environmental responsibility, social equity, cultural vitality and active lifestyle.

Economic Health: Creating a vibrant culture of innovation, stewardship and partnership to encourage a healthy economy, now and into the future.

Environmental Responsibility: Protecting and enhancing Nanaimo's natural environment by looking after the community's biological diversity in the course of land use and development.

Social Equity: Creating a sustainable community that reduces the effects of poverty overall, increases citizen safety and nurtures health and inclusivity.

Cultural Vitality: Supporting culture as an integral part of everyday life in Nanaimo

Active Lifestyle: Improving Nanaimo's community infrastructure and resources to enable residents to support one another in achieving an active and healthy place to live.

COUNCIL STRATEGIC PRIORITIES

1. Phased Development of the South Downtown Waterfront

Proposed Initiatives:

- Complete the Port Drive Waterfront Master Plan
- Adopt a strategic development plan for the entire South Downtown Waterfront lands in collaboration with the Nanaimo Port Authority and the Snuneymuxw First Nation
- Construct an access route to the South Downtown Waterfront lands
- Support the establishment of a foot passenger ferry



2. Recreation, Culture, Sports and Tourism

Proposed Initiatives:

- Provide a major boost to downtown revitalization by supporting the creation of a sports and entertainment centre
- Support the establishment of a newly expanded Port Theatre Community Performing Arts Centre
- Increase the City's public art/space program
- Create an inclusive approach to culture through multi-cultural programs and capital projects
- Promote natural heritage and green space/parks stewardship
- Connect walkways along our waterfront



3. Public Safety

Proposed Initiatives:

- Promote community-wide emergency planning
- Provide public safety through fire and police protection



4. Governance Renewal

Proposed Initiatives:

- Carry out the approved Core Service Review recommendations (in particular, adopt policies and procedures to standardize city operations, including the approval of an operations plan)
- Adopt a new public meeting parliamentary procedures bylaw to improve efficiency
- Implement a new committee/commission structure that is consistent with the City's values and supporting strategic priorities
- Support a healthy corporate culture through the adoption of various organizational tools and initiatives



5. Community Wellness

Proposed Initiatives:

- Invest in walkways and bike routes
- Improve existing parks and trails
- Facilitate discussions on topics of community interest, including affordability, accessibility and functionality
- Through partnerships, develop a poverty reduction strategy focusing on affordable housing, homelessness, food security, children, mental health and addictions



Council Strategic Project Initiatives

1. 1 Port Drive/South Downtown Waterfront
2. Beban Park Facilities Redevelopment/Master Plan
3. Event Centre – Multiplex
4. Waterfront Walkway
5. Construct Georgia Avenue Pedestrian /Cycle Bridge over Chase River

Council Strategic Initiatives

1. Affordable Housing
2. Property Acquisition

This annual plan indicates the efforts and budget investments made to move the City toward the achievement of the vision, values and strategic priorities. The department and service area profiles indicate the work undertaken by City staff to help Council achieve its goals and ensure a high quality of life for Nanaimo's residents.

Council Initiatives and Strategic Decisions

Goals & Strategic Initiatives	2016 Progress Toward Goals
<p>Strategic Goal #1</p> <p>Phased Development of South Downtown Waterfront</p>	<ul style="list-style-type: none"> - Completed Phase 2 of the 1 Port Drive Waterfront Mater Plan "Issues & Opportunities". - Council approved the project plan and hiring of consultants to undertake design concepts and access options study (Newcastle Island). - Council supported the ongoing collaboration with SFN on park development options and established Snuneymuxw First Nations liaison committee/protocol Advisory Working Group. - Council entered into agreement with the Port Authority to operate a foot passenger ferry service from downtown Nanaimo to downtown Vancouver.
<p>Strategic Goal #2</p> <p>Recreation, Culture, Sports & Tourism</p>	<ul style="list-style-type: none"> - Council entered into agreement with the Tourism Association of Vancouver Island to deliver destination tourism services for Nanaimo. - Council approved the allocation of \$4.6 M in contribution funding to Port Theatre Society to support Community Performing Arts Centre project. - Council adopted the project plan and public engagement strategy for the event centre. - Initiated work to re-envision publicly funded tourism services in Nanaimo through the establishment of an integrated and collaborative vision for Nanaimo's tourism industry. - Implemented a range of activities to support Hometown Hockey with \$122,750 funding commitment - Maffeo Sutton Park Outdoor rink operated February 18-26 in conjunction with Rogers Hometown Hockey. Over 4400 citizens skated for free in over 100 sessions. - Work with SFN and Departure Bay Neighbourhood Association to design and plan for a realignment of Departure Creek for improve riparian and fish habitat values.

Goals & Strategic Initiatives	2016 Progress Toward Goals
<p>Strategic Goal #2 - continued</p> <p>Recreation, Culture, Sports & Tourism</p>	<ul style="list-style-type: none"> - Council entered into agreement with the Tourism Association of Vancouver Island to deliver destination tourism services for Nanaimo. - Multiple energy reduction studies and COPs (Continuous Optimization studies) both intended to reduce energy consumption and our carbon footprint when planning and executing new projects, including Nanaimo Aquatic Centre and Beban Park Recreation facility. - LED upgrades to the Port Theatre, Bowen Park Main Building, Fire Station No. 3, Harbourfront Parkade, Public Works Gas Kiosk, Northfield Tourist Bureau Parking Lot, Cavan Street Parking Lots, Brechin Boat Ramp Parking, Museum Way, Gateway Signs at North, South and Departure Bay. - Improvement Action Plan put in place for Colliery Dam Park to enhance public/park amenities.
<p>Strategic Goal #3</p> <p>Public Safety</p>	<ul style="list-style-type: none"> - Maintain the Downtown Community Policing & Services Office and the Safer Nanaimo Working Group. - Maintain road safety program. - Safer School Travel Program. - RCMP Youth program. - Maintain Good Neighbour Agreements for licensed premises. - Member of the Central Island 9-1-1 Partnership. - Approval for seismic upgrades to the Bastion Street bridge. - Created new policy on homeless encampments on public lands.
<p>Strategic Goal #4</p> <p>Governance Renewal</p>	<ul style="list-style-type: none"> - From May to October, Council reviewed the completed Core Service Review process, received public input through an e-town hall meeting and began implementation on the more than 100 recommendations. - In September, Council agreed to set aside \$200,000 for implementing the priority projects and initiatives identified in council strategic plan. - Council implemented recommendations from Core Service Review on: <ul style="list-style-type: none"> • NEDC Options: the scope changed and requirement for new accountability strategy and partnership agreement. NEDC replaced by proposed municipal Economic Development Commission. • VICC Options: studies were initiated to assess the feasibility of a new hotel to serve the conference centre and to assess market interest in 100 Gordon Street. A new 10-year services contract for the operation of VICC was completed with Spectra.

Goals & Strategic Initiatives	2016 Progress Toward Goals
<p>Strategic Goal #4 - continued</p> <p>Governance Renewal</p>	<ul style="list-style-type: none"> - Council revised its committee structure and established new committees of council to support its strategic priorities. - Completed Information Technology Review. - Set up the Strategic Infrastructure Reserve Fund supported through revenues from casino and FortisBC revenues. - Manual of Engineering Standards updated to include new subdivision standards reflecting industry best practices. - Installation and expansion of multi-space pay parking in the downtown core.
<p>Strategic Goal #5</p> <p>Community Wellness</p>	<ul style="list-style-type: none"> - Council agreed to participate in pilot study by Municipal Natural Capital Initiative. Council funding \$15,000. - Maintain a temporary public art installation program across the City. - Maintain the Poet Laureate Program and established the second Poet Laureate (Ms. Tina Bello) and established the inaugural Youth Poet Laureate (Ms. Kailey DeFehr). - Maintain the online Cultural Map which identifies Nanaimo's cultural assets and resources. - Council provided \$45,000 from City's Housing Legacy Fund provided to Unitarian Winter Weather Shelter. - Council provided \$75,000 for emergency shelter beds for youth. - Received an \$89,000 Island Health Grant through RDN to deliver Community Wellness Program. - Signed housing agreement to support 44-unit student housing project on Wakesiah Avenue. - Sold City-owned land at 1406 Bowen Road to Nanaimo Aboriginal Centre for low income housing for youth and families. - Millstone Sanitary Trunk upgrade, Beban Plaza to Northfield Road sanitary and storm upgrade, and College Park Reservoir duplicate water supply main.

Major Corporate Initiatives

Asset Management Plan

The City of Nanaimo's investment in infrastructure supports delivery of needed and desired services to the community. The estimated current replacement cost of the City's infrastructure is \$2.7 billion. A robust asset management system and long term planning provides decision makers with critical information and analysis for infrastructure investment and funding strategies.

In 2008, staff began developing the City's asset management knowledge and capacity. Asset Management Reports were presented to Council in 2010 and in early 2013. These reports provided an overview of the City's infrastructure, long-term renewal plans and progress towards adopting asset management best practices where practical. In 2013, Council approved three new asset management reserves for the general, sewer and water funds. Annual increases to property taxes and user fees were approved to provide sustainable contributions to these reserves. The annual 1%

increase for the General Asset Management Fund reserve was approved to 2017. The annual increase to sewer user fees was approved to 2022, and annual increases to water user fees was approved to 2020.

A "20 Year Investment Plan and Asset Management Update" has been prepared for attention directing purposes to allow Council to review and make decisions on the City's investment and funding strategies. The 20 Year Investment Plan projects \$1.1 billion for investment with current funding strategies providing \$794 million. The total projected funding gap is \$258 million. The projected funding shortfall includes \$117 million in development contribution charges for new/upgraded infrastructure required due to growth. The projected funding shortfall for renewal, strategic and new/upgraded infrastructure funded from general revenues and reserves is \$141 million.



Development Cost Charges (DCC) Review

The City of Nanaimo first introduced development cost charges (DCCs) in 1982 in order to allow for the collection of monies to assist with the cost of infrastructure required for new growth. The current DCC bylaws were implemented on 2009-MAR-11. These bylaws currently require the payment of fees for new development which is deemed to result in a capital cost burden on the community's infrastructure.

The current bylaws collect DCCs for six categories: roads, sewer, storm, water distribution, water supply and parks. For each category, bylaw rates are established based on the proposed use. As per the legislation, DCCs can be collected at subdivision or at building permit stage. The present bylaws require a single family DCC payment for the subdivision of most single dwelling residential land with the remaining charges applicable upon the issuance of a building permit for commercial, institutional, industrial and multi-family use.

In order to assist with the review and development of a new DCC bylaw, an internal DCC Steering Committee comprised of staff from Engineering and Public Works, Finance, Community Planning, and Parks was established. The committee has now completed the work required in order to establish the framework for a new DCC bylaw including:

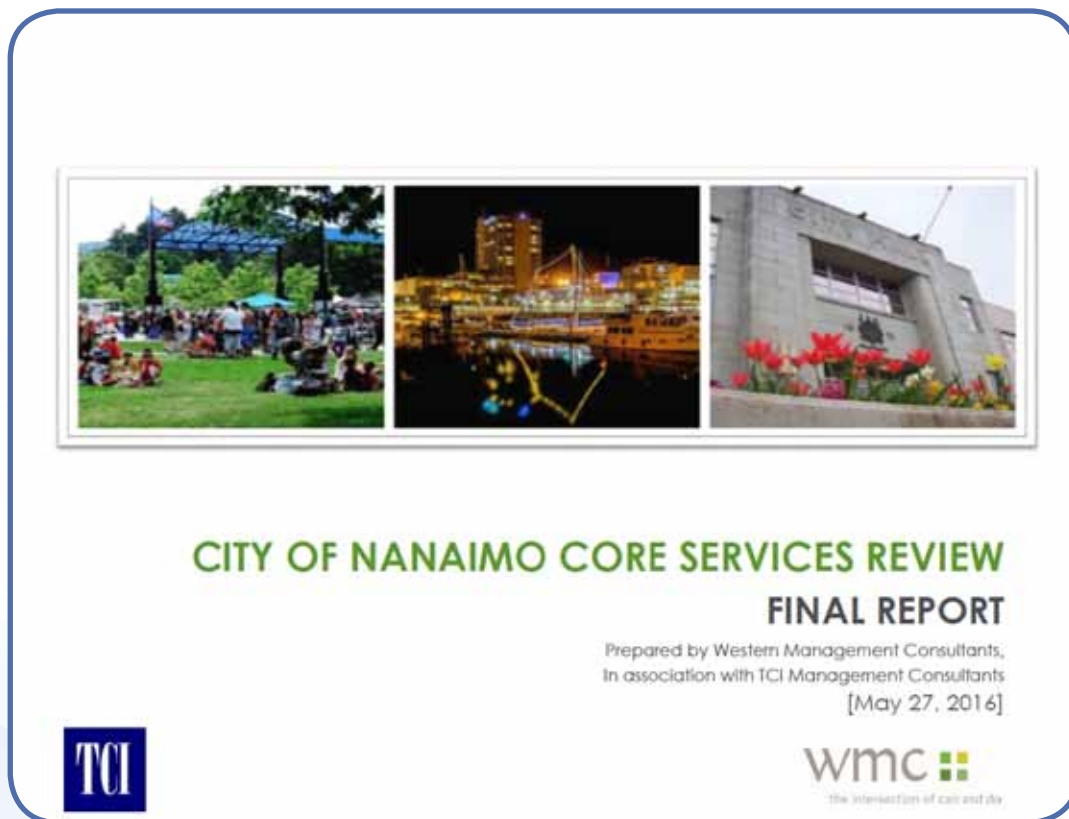
- Projecting the types and amount of new development contemplated for the next 25 years
- Identification of the level of service and associated new projects and/or upgrades required to support this anticipated growth, and
- Equitably distributing the cost of infrastructure improvements between existing taxpayers and new development (benefitting factor)



Core Services Review

In February 2015, Council passed a motion to perform a City-wide Core Services Review. The completed Review was provided to Council on May 27, 2016. The Review was identified as the number one priority for 2015 and was carried out before any services were adjusted or additional services were undertaken by the City, including staffing levels for all union and administrative personnel. The City engaged a consultant to help create the Core Service Review's terms of reference before putting the Review to tender. The Core Services Review Steering Committee, composed of the entire Council and chaired by the Mayor, guided the creation and implementation of the Core Services Review.

Recommendations focused on eleven areas: strategic planning, policy framework, staff capacity, finance policies, IT infrastructure, integrated maintenance, performance measures, community partnerships, grant mandates and monitoring, and efficiencies and streamlining. Work on many of the recommendations commenced in 2016. As recommendations are reviewed and approved by Council, they will be incorporated into the City's financial plans.

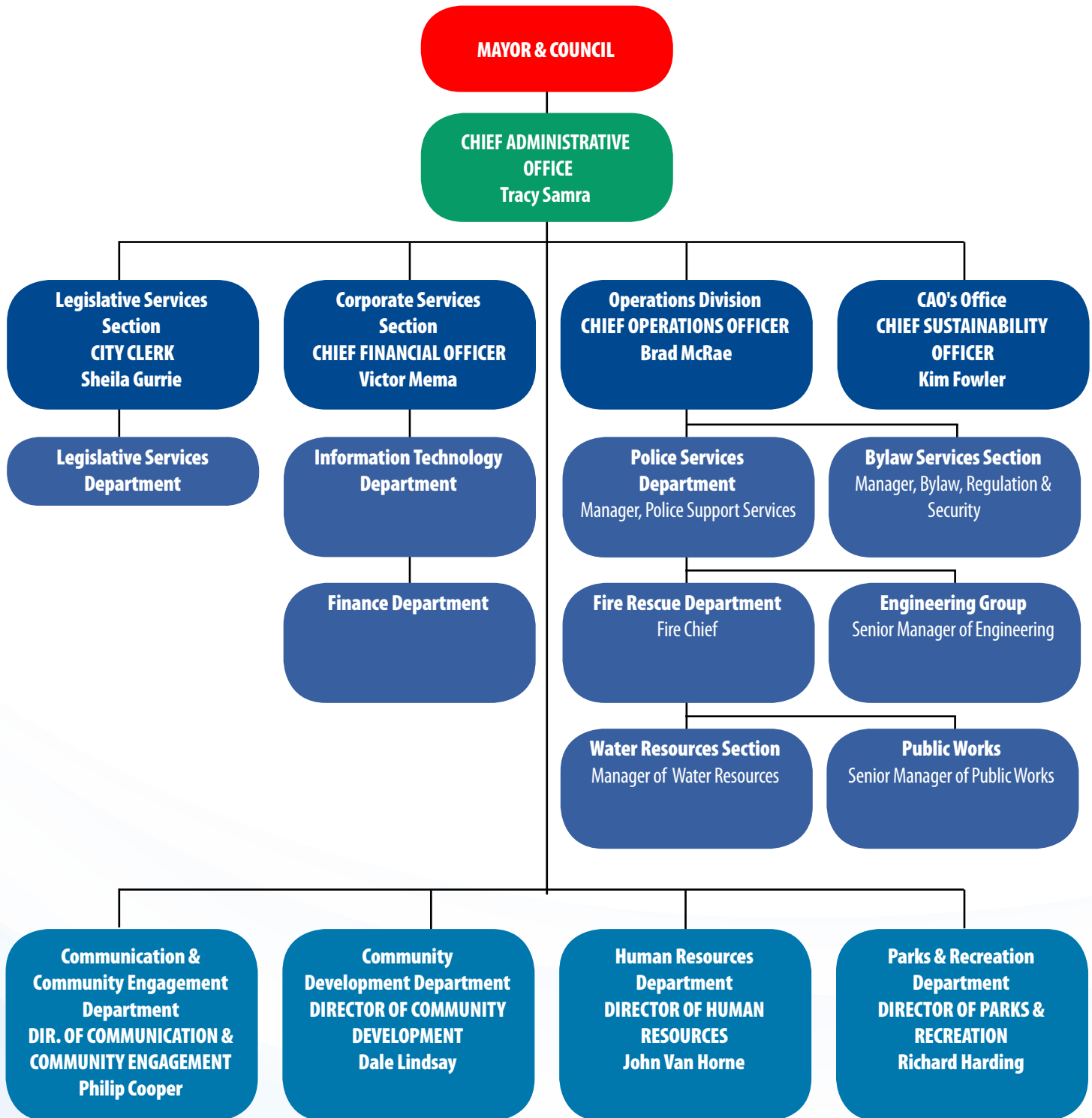


City Department Descriptions



City Departments and Service Areas

City of Nanaimo Organizational Chart



City Administrative Office

The City Manager is the Chief Administrative Officer (CAO) and serves Council directly and acts as the primary connection between staff and City Council. This office provides direction for staff recommendations that reflect relevant facts, options and professional opinion pertaining to issues considered by Council.

The CAO takes the lead role in managing the implementation of the policy direction which has been established by Council and is the senior staff leader and accordingly, provides managerial leadership, control and direction to all City departments and operations

The City Manager's office includes corporate communications, economic development and office of the Chief Sustainability Officer.

Communications & Public Engagement

The Communication and Public Engagement business unit provides Nanaimo residents with current and timely knowledge of Council decision, City announcements and community events using a variety of channels and outreach opportunities. Work is guided by the Council who adopted the Communication Plan which promotes taking responsibility, informing citizens, active listening and measuring and improving as core principles by which Council and staff acquire public feedback and share information.

Core Services:

- City Administration
- Council Liaison
- Corporate Communications and Engagement
- Economic Development

2016 Approved Expenditures \$867,221

2016 FTEs 7.0

Strategic Outcome or Council Priority	2016 Performance Measures
Recreation, Culture, Sports & Tourism	<ul style="list-style-type: none"> - Initiated work to re-envision publicly funded tourism services in Nanaimo through the establishment of an integrated and collaborative vision for Nanaimo's tourism industry. - Initiated steps to bring Nanaimo's Economic Development function in house.
Governance Renewal	<ul style="list-style-type: none"> - Completed the Core Services Review (CSR). - Implemented CSR recommendations, including: <ul style="list-style-type: none"> • Council's 2016-2019 Strategic Plan • Created position to develop and coordinate strategic and operational planning • Replaced downtown grant with project-specific grant program • Completed review of economic development and tourism service delivery • Established new committee structure

Strategic Outcome or Council Priority	2017 Goals
Recreation, Culture, Sports & Tourism	<ul style="list-style-type: none"> - Project coordination of the Events Centre proposal through referendum. - Introduce recommendations supporting an integrated and collaborative vision for Nanaimo's tourism industry. - Complete a new Economic Development Strategy for the City of Nanaimo.
Governance Renewal	<ul style="list-style-type: none"> - Continue to adopt policy and procedural improvements as recommended in the CSR.



Nanaimo's downtown harbour

Legislative Services

The Legislative Services Department ensures Council is provided with relevant information from City staff, committees and the general public. It provides the public with information related to activities of Council, ensures meeting and agenda material is complete and provides the necessary information for decision making. Legislative Services oversees the statutory record keeping, processes requesting to the City under "*Freedom of Information*" and "*Protection of Privacy Act*", and is responsible for conducting elections and elector approval processes, including referendums. Legislative Services also oversees claims coordination for the City.

Core Services:

- Mayor's Office/Council Administrative Services
- Council/Staff Legislative services Support
- Records Management
- Civic Elections
- *Freedom of Information, Protection of Privacy*
- Liability Claim Functions

2016 Approved Expenditures \$1,671,278

2016 FTEs 7.0



Strategic Outcome or Council Priority	2016 Performance Measures
Governance Renewal	<ul style="list-style-type: none"> - Facilitated the establishment of new committee structure to support Council strategic priorities. - Established clear terms of reference and procedures for each committee.

Strategic Outcome or Council Priority	2017 Goals
Governance Renewal	<ul style="list-style-type: none"> - Updating procedural bylaw. - Implementing a Corporate Electronic Records Management program. - Conduct a by-election on July 8, 2017 to fill the position on Council previously held by Council Pratt who resigned on April 7, 2017 - Continue the implementation of eScribe extending the use of the program to Ipad users and report writers.

Department Highlights

- Created a FOI Claims and Records Clerk position.
- Created a new position for a Steno to facilitate the centralization of Council committees.
- Processed 67 legal claim requests in 2016.
- Processed 263 *Freedom of Information* requests in 2016.
- Renewed the licensing for the program eSCRIBE which is used for meeting management.



Firing of the Cannon occurs daily during the summer months

Information Technology

The Information Technology Office (ITO) Department supports City departments and the public. Staff develop and maintain the information technology infrastructure and support client workstations and applications. Their goal is to provide leadership, professional direction, expertise and assistance to City departments using relevant technology and processes. They support an open and transparent government by providing the public with access to City information via online services.

Core Services:

- Business Applications and Desktop Services
- Web Services
- Mapping and GIS Services
- Mobility and Wireless Services
- Electronic Document and Records Management
- Network Services

2016 Approved Expenditures	\$3,363,840
2016 FTEs	20.0



Strategic Outcome or Council Priority	2016 Performance Measures
Recreation, Culture, Sports & Tourism	<ul style="list-style-type: none"> - Supported the replacement of the Recreation Management software. - Supported Food Truck initiative.
Governance Renewal	<ul style="list-style-type: none"> - Completed Information Technology Review. - Completed email system upgrade. - Improved network security. - Improved facility security with CCTV. - Completed security audit. - SARC Boardroom AV upgrade.
Public Safety	<ul style="list-style-type: none"> - Supported the creation of a new fire plan.

Strategic Outcome or Council Priority	2017 Goals
Recreation, Culture, Sports & Tourism	<ul style="list-style-type: none"> - Support the replacement of Recreation Management Software.
Governance Renewal	<ul style="list-style-type: none"> - Records Management Review. - Complete implementation of new City website. - Complete key upgrades, including network backup and IT Incident Management and MS Office 2016 upgrade.

Department Highlights

Public and staff expectations of technology continue to be shaped by their own personal digital experiences. There is a growing awareness about the efficiencies and advantages of providing City services digitally. With the growing awareness, there has been a corresponding increase in department requests for finding technical solutions to help improve the way that the City offers services.

The IT Review, which was completed in 2016, identified best practices the IT department can implement to meet the growing demand for automated and digital services. The review also provided a road map and strategy to put the best practices in place. One of the key first steps will be the rollout of the new help desk software in 2017, which will allow the IT department to better track all the incidents, requests and assets that are managed by IT.

Finance

The Finance Department provides safeguarding and stewardship of the City's financial assets. This includes the implementation of financial management policies that ensure the city is able to meet Council's future service expectations. Financial information is prepared and provided to the public, Council, media and other city departments. This department prepares the city's financial plan annually for review and adoption by Council. The budget is modified during a public input and discussion period and adopted by bylaw.

Core Services:

- Financial Planning - responsible for the planning, developing and administering of the City's financial planning systems.
- Accounting and Treasury Services - responsible for financial reporting, treasury and processing all accounts payable for the City. Approximately 30,000 AP invoices are processed a year.
- Revenue Services - responsible for billing, collecting money and maintaining records for properties, taxation, water, sewer and garbage user fees and dog licences. Bills and reminders are mailed annually to approximately 37,000 properties.
- Payroll - provides bi-weekly paychecks for approximately 850 employees, including part-time and casual employees.
- Purchasing and Stores - manages the purchasing function for the city as well as fleet and stores inventory and property insurance.

2016 Approved Expenditures	\$3,728,019
2016 FTEs	34.7



View of Departure Bay from Sugarloaf Mountain

Strategic Outcome or Council Priority	2016 Performance Measures
Governance Renewal	<ul style="list-style-type: none"> - Recommended and set up new Strategic Infrastructure Reserve Fund to provide a sustainable funding source for Council priorities. - Assisted in completion of Core Services Review. - Received the Distinguished Budget presentation Award for the 2016-2020 Financial Plan. - Developed 20 Year Infrastructure Investment Plan, including Asset Management Update and redevelopment. - Implemented electronic vendor payment process.

Strategic Outcome or Council Priority	2017 Goals
Governance Renewal	<ul style="list-style-type: none"> - Participating in the Leadership in Asset Management Program (LAMP) to develop asset management governance framework. - Coordination of the Development Cost Charges review. - Facilitate the review and update of User Fee Review. - Complete the implementation of the new Purchasing Policy. - Co-lead development of the City's first Business Continuity Plan. - Develop financial policy framework and update and develop financial policies.



Asset Management planning session

Department Highlights

In 2016, the Finance department supported the organization through many processes and projects including: the Core Services Review, DCC review, Asset Management Steering Committee, 20-Year Infrastructure Investment Plan and a major organizational restructuring.

A Purchasing Policy review and revision project was started with expected completion in 2017. It will establish governance parameters for the purchasing of all goods, construction, services, space leases and revenue contracts for the City.

The Budget and Property Tax Bylaws were approved by Council before the provincially mandated May 15th deadline. In 2016, over 37,000 properties were issued a tax notice, and approximately 27,000 user rate bills for water, sewer and garbage were issued tri-annually.

The City received the Government Finance Officer Association (GFOA) Distinguished Budget Award for the 2016-2020 Financial Plan. The GFOA established this award in 1984 to encourage and assist local governments to prepare budget documents of the very highest quality reflecting both the guidelines established by National Advisory Council on State and Local Budgeting and the GFOA's best practices.

The Finance department manages the City's investment portfolio, which had a value of \$124.5 million at December 31, 2016 with \$2,985,940 interest income earned.

The 2015 Financial statements were given an unqualified audit opinion from the City Auditors KPMG prior to the provincially mandated deadline of May 15th. This means that KPMG found the 2015 Consolidated Financial Statements presented fairly the consolidated financial position of the City of Nanaimo at December 31, 2015.

The Finance department issued the 2015 Statement of Financial Information and the 2015 Annual Municipal Report before the provincially mandated deadline of June 30. Monthly and quarterly reporting was completed for all departments during the year. Quarterly reporting of Council and Staff earning over \$75,000 salaries and expenses was commenced. All of the City's financial reporting documents can be found on the City's website at www.nanaimo.ca.

Human Resources

The Human Resources Department mission is to provide professional human resources services and guide organizational planning initiatives to fulfill the goals of the municipality.

The department provides specialized advice, assistance and support to the organization in areas of: recruitment and selection; training and employee development; employee and labour relations; job classification, compensation and benefits; health and safety; and disability management. The department also maintains HR information management, employee wellness, social activities, service recognition and access and ID cards.

Core Services:

- Labour Relations
- Recruitment & Training
- OH&S and Disability Management
- Compensation and Benefits

2016 Approved Expenditures	\$2,089,734
2016 FTEs	12.0



Strategic Outcome or Council Priority	2016 Performance Measures
Governance Renewal	<ul style="list-style-type: none"> - Worked with CAO and senior management team to develop timeline for bringing CSR matters to Council for consideration and adoption. - Carried out approved Core Service Review recommendations.

Strategic Outcome or Council Priority	2017 Goals
Governance Renewal	<ul style="list-style-type: none"> - Begin collective agreement negotiations with CUPE Local 401, including addressing Core Service Review recommendations. - Bring to Council additional options/recommendations related to exempt staff policies and bylaw.

Department Highlights

In 2016, the Human Resources department revised its structure to enhance service delivery to other departments and streamline its process for addressing labour relations issues. The new Job Evaluation process was implemented and Job Evaluation Committee members trained. The City saw a significant reduction in work-related time loss injuries and successfully completed its WorkSafe-mandated Certificate of Recognition (COR) audit.

The department also supported the CAO through a major organizational restructuring process, including the development of new roles and reporting structures. This restructuring saw both the promotion of existing employees into more senior roles and the injection of new talent from outside the organization.



Public Art near Brechin Boat Ramp

Community Development

The Community Development Department is responsible for the development of policies and programs that support the achievement of the vision identified by the community in *planNanaimo*, the City of Nanaimo's Official Community Plan. The department also has a broad range of policy, regulatory and program responsibilities including: long-range land use; neighbourhood, social and cultural planning; current planning and subdivision; building permit and inspection services, land acquisition /dispositions, development engineering, environmental and urban forestry management; and, business licensing.

Core Services:

- Building Inspections
- Business Licensing
- Community Planning
- Current Planning
- Culture and Heritage
- Development Engineering
- Environmental and Urban Forestry Management
- Real Estate
- Social Planning
- Subdivision

2016 Approved Expenditures	\$8,486,631
2016 FTEs	58.0



Strategic Outcome or Council Priority	2016 Performance Measures
Phased Development of the South Downtown Waterfront	<ul style="list-style-type: none"> - Begin preparation for 1 Port Drive Master Plan. - Contributed to establishment of foot ferry service between Nanaimo and Vancouver.
Recreation, Culture, Sports & Tourism	<ul style="list-style-type: none"> - Prepared development plans and participated in public consultation process for the proposed Events Centre.
Governance Renewal	<ul style="list-style-type: none"> - Updated the City's Building Bylaw with new code definitions, terminology and fire sprinkler requirements.
Community Wellness	<ul style="list-style-type: none"> - Facilitated sale of land to Nanaimo Aboriginal Centre for low income housing. - Partnered with community to establish a temporary winter shelter.

Strategic Outcome or Council Priority	2017 Goals
Phased Development of the South Downtown Waterfront	<ul style="list-style-type: none"> - Completion of Master Plan for 1 Port Drive. - Completion of Secondary Access Study for South Downtown Waterfront.
Recreation, Culture, Sports & Tourism	<ul style="list-style-type: none"> - Completion of a Waterfront Walkway Trail Implementation Plan. - Continued implementation of the <i>2014-2020 Culture Plan for a Creative Nanaimo</i>, including expanded Public Art Program.
Governance Renewal	<ul style="list-style-type: none"> - Complete DCC review process and bylaw update. - Prepare Hospital Area Neighbourhood Plan. - Prepare Climate Adaption Strategy. - Parking Bylaw update. - Liquor Control Strategy update. - Update to schedule D-Amenity Requirements for Additional Density in Zoning Bylaw 4500.
Community Wellness	<ul style="list-style-type: none"> - Affordable Housing Strategy update. - Prepare Social Wellness Strategy. - Provide support for a Safe Consumption Site.

Department Highlights

The Community Development Department has seen a significant increase in development activity in 2016 and this trend is expected to continue through 2017 as the real estate market remains very active in Nanaimo.

In 2016, residential building permits increased by 2% (\$2.9m) and commercial building permits increased 10.9% (\$5.1). Rezoning and development permit activity remained steady in 2016 with 106 rezoning and development permit applications.

2016 saw the third highest year on record for constructed value of civil works with \$10.7m. The number of single family building lots receiving final subdivision approval in a calendar year rose from 178 fee-simple single family residential lots created in 2015 to 346 fee simple single family residential lots in 2016. It is anticipated that the trend will continue into 2017 with several multi-phased subdivision projects expected to register successive phases in 2017.

The Department continues to develop Neighbourhood Plans to build on the direction of the Official Community Plan. Policy work in development includes an update to the Development Cost Charge Bylaw, the Parking Bylaw, the Liquor Control Strategy, the Schedule D (density bonus requirements) to the Zoning Bylaw and a renewed focus on urban forestry management and protection.

2017 will see the completion of the Master Plan for 1 Port Drive and a plan for a new secondary access to / from the South End neighbourhood to the south downtown waterfront. The Waterfront Walkway project will begin in earnest with the development of an implementation plan to deliver this important project. The Department will be developing and updating the Affordable Housing Strategy and the Development Cost Charge Bylaw, as well as working on a new Neighbourhood Plan for the hospital area.



Parks and Recreation

The Parks and Recreation Department works with community organizations to assist them in providing specialized local services and amenities. The department also delivers a wide range of programs and services to the community, including extensive recreational programming, community events and the maintenance of an extensive parks and trails system (1,400 ha+). The department also maintains city-owned properties, including arenas, pools, community centres, civic buildings and administers the allocation of recreational facilities, parks and equipments.

Core Services:

- Recreation
- Administration
- Facilities Planning and Operations
- Recreation Operations
- Recreation Programming
- Arena Operations
- Aquatic Operations
- Parks Operations

2016 Approved Expenditures	\$21,050,179
2016 FTEs	127.8



Westwood Lake Park

Strategic Outcome or Council Priority	2016 Performance Measures
Recreation, Culture, Sports & Tourism	<ul style="list-style-type: none"> - Completed design and implementation plan for a community bike park. - Contributed to organization of Hometown Hockey event to be held in February 2017. - Implemented new Facility Condition Assessment Program. - Initiated Canada Goose Management Strategy. - Completed neighbourhood tree planting event with sponsorship from TD Tree Fund. - With SFN and the Departure Bay Neighbourhood Association, contributed to design and plan for realignment of Departure Creek to improve riparian and fish habitat values. - Completed key projects, including: <ul style="list-style-type: none"> • Beacon House Phase 1 Renovation • Italian Fountain • Security upgrades for the Nanaimo Ice Centre • Dasher board replacement for Cliff McNabb Arena - Completed key energy sustainable studies, including: <ul style="list-style-type: none"> • Nanaimo Aquatic Centre • Beban Park Recreational facility - Completed key energy sustainability projects, including <ul style="list-style-type: none"> • Lighting upgrades to many City facilities (Port Theatre, Bowen Park Recreation Complex, Fire Station #3, Harbourfront Parkade
Community Wellness	<ul style="list-style-type: none"> - Assisted the Bowen Road Farmers Market Society through a \$1,750 grant from the Community Program Development Fund.



Outdoor skating rink at Hometown Hockey event

Strategic Outcome or Council Priority	2017 Goals
Recreation, Culture, Sports & Tourism	<ul style="list-style-type: none"> - Implementation of Recreation Management Software replacement. - Contribute to operation and success of Hometown Hockey event, including zipline and outdoor rink at Maffeo Sutton Park. - Complete Buttertubs Marsh Conservation Area Management Plan update. - Complete facility planning initiatives, including space needs studies for Public Works, Bowen Community Centre and Animal Shelter facilities and development of a comprehensive roofing strategy for 80 civic facilities. - Complete key energy sustainability studies, including Beban Park Power System Upgrade Study. - Complete key energy sustainability projects, including lighting upgrades at the Public Works Yard, Merle Logan Field and the Police Operations building. - Complete key projects, including Harewood Multi-Use facility, Stevie Smith Bike Park at Beban Park campus.

Department Highlights

Beban Park Master Plan Update: Beban Park is comprised of close to 130 acres in the center of the City. Council approved the Plan Update in 2015 and staff is continuing to implement its recommendations. Initiatives include, design of a community bike park, construction of a greenhouse and community partnerships with lease-holders.



Swimming lessons at Beban Park Pool

Engineering and Public Works

The Engineering and Public Works Department is responsible for the planning, design, construction, operation and maintenance of the city's water, sanitary sewer, storm drainage and transportation infrastructure.

The department sustains, improves, constructs and maintains, in a cost-effective and efficient manner, all municipal infrastructures and improves the service life of utilities infrastructure to meet the current and future needs of the community, including:

- Manage and maintain a waterworks system that supplies sufficient amounts of healthy potable water to the City of Nanaimo.
- Maintain and provide cemetery services and cemetery grounds in a safe and aesthetic manner.
- Maintain a safe and cost effective fleet of vehicles for City of Nanaimo staff.
- Provide sanitation and solid waste services to maintain a healthy and clean City.
- Provide and maintain an effective waste water (storm and sanitary sewer) collection system.
- Maintain and improve a transportation network that enhances the safety, livability and sustainability of the community.
- Sustain, improve, construct and maintain, in a cost effective and efficient manner, all municipal infrastructures to meet the current and future needs of the community.
- Design all municipal infrastructure needs considering input from all stakeholders.
- Maintain and improve a transportation network that enhances the safety, livability and sustainability of the community.
- Sustain and improve the service life of utilities infrastructure to meet the current and future needs of the community.
- Utilize GIS and GIS-based technologies to improve information, analysis and subsequent decisions, aimed at improving internal and public services and products.



Core Services:

- Administration and Support Services
- Engineering Services
- Transportation (Operations)
- Sanitation, Recycling and Cemeteries
- Fleet Services
- Drainage Utility
- Sanitary Sewer Utility
- Waterworks Utility Distribution
- Water Supply
- Construction
- GIS

Engineering Services, Transportation, Storm Drainage, Sanitation and Solid Waste, Cemeteries, Support Services, Fleet

2016 Approved Expenditures \$19,705,404

2016 FTEs 107.8

Sanitary Services

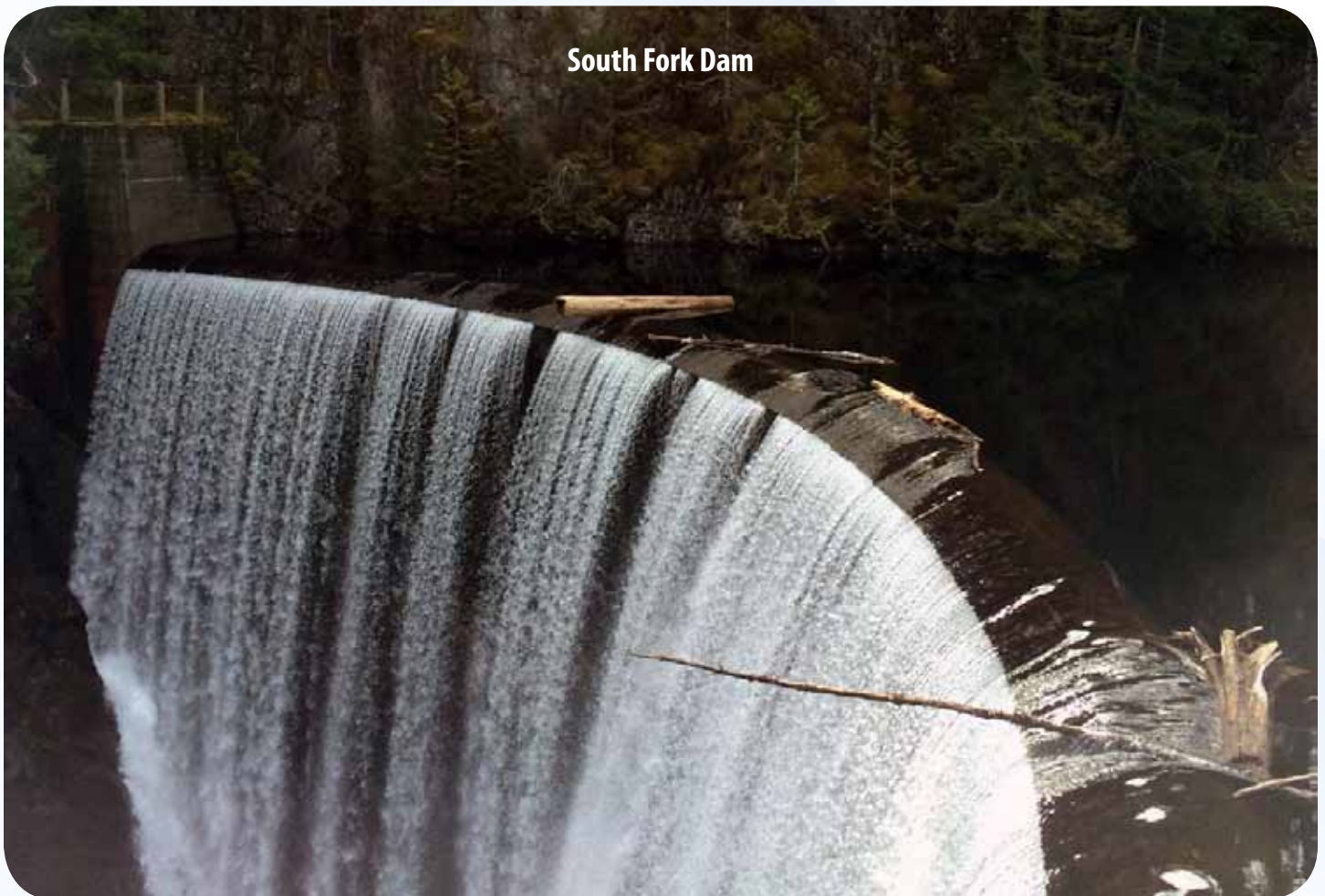
2016 Approved Expenditures \$3,354,743

2016 FTEs 9.8

Waterworks

2016 Approved Expenditures \$9,354,471

2016 FTEs 29.5



South Fork Dam

Strategic Outcome or Council Priority	2016 Performance Measures
Phased Development of South Downtown Waterfront	<ul style="list-style-type: none"> - Completed preliminary studies for the Wellcox Yard & Assembly Wharf Access Study.
Recreation, Culture, Sports and Tourism	<ul style="list-style-type: none"> - Completed Improvement Action Plan for Colliery Dam Park.
Public Safety	<ul style="list-style-type: none"> - 100% of water samples met or exceeded the Canadian Drinking Water Guidelines. - Avoided approximately 70 days of boil water advisories. - Provided 14.4 billion litres of potable water through Water Treatment Plant - Maintained and managed: <ul style="list-style-type: none"> • over 630 km of water supply and distribution mains • over 580 km of gravity and pressure sanitary sewer mains • over 430 km of sidewalk - Collected over: <ul style="list-style-type: none"> • 3,920 tonnes of household garbage • over 3,360 tonnes of food waste • over 3,270 tonnes of recycling
Governance Renewal	<ul style="list-style-type: none"> - Manual of Engineering Standards updated to reflect current standards. - Completed Water Conservation Strategy. - Contributed to development of 20 Year Infrastructure Investment Plan, including Asset Management Update and development. - Contributed to DCC Review.
Community Wellness	<ul style="list-style-type: none"> - Completed projects, including Millstone Sanitary Truck upgrade, Beban Plaza to Northfield Road Sanitary and Storm Upgrade and College Park Reservoir duplicate water supply main. - Constructed Second Street Bikeway. - Planning and design for projects, including Turner/Dover Bikeway, Harewood Bikeway (Third Street and Bowen Road) and Estevan Bikeway.



Strategic Outcome or Council Priority	2017 Goals
Phased Development of South Downtown Waterfront	<ul style="list-style-type: none"> - Complete the Wellcox Yard and Assembly Wharf Access Study.
Recreation, Culture, Sports & Tourism	<ul style="list-style-type: none"> - Complete planning and design for phased development of the Waterfront Walkway.
Public Safety	<ul style="list-style-type: none"> - Maintain levels of service for municipal infrastructure. - Commence automation of garbage, recycling and kitchen waste collection. - Provide clean, healthy and safe potable water and sewer collection. - Begin construction of emergency water supply pump station.
Governance Renewal	<ul style="list-style-type: none"> - Develop a policy and strategy for water metering throughout the City. - Develop a policy for cross connection control. - Participation in the Leadership in Asset Management Program (LAMP) to develop asset management governance framework. - Completion of Risk Management Framework.
Community Wellness	<ul style="list-style-type: none"> - Planning and design for projects, including Georgia Greenway (Phase 1) and Harewood Bikeway (Third to Fourth Street). - Construction of the bikeway projects, including Turner/Dover Bikeway, Harewood Bikeway (Third Street and Bowen Road), Estevan Bikeway.



Bike to Work Week participants along the E&N Trail

Bylaw, Regulation and Security

This department provides bylaw enforcement for property maintenance, noise, traffic and highways, and signs, animal control, as well as maintenance of the City's parking facilities. This department is responsible for all of the regulatory bylaws for the City of Nanaimo. This can include unsightly properties, nuisance properties, illegal camping or squats, noise and nuisance issues and traffic complaints. It also oversees the administration of the Animal Control Contract. This contractor is responsible for all animal complaints for the City, as well as conducting proactive patrols in our parks and open spaces. In addition, this department is responsible for the enforcement of the traffic bylaw, as well as the administration of the pay parking system for on and off street parking in the downtown areas. It is responsible for the management of all of the City-owned parking facilities and oversees downtown security throughout the day, seven days a week in the downtown area and Old City Quarter of Nanaimo. Uniformed officers conduct foot and vehicle patrols to mitigate a variety of issues that may occur on our streets and in the parks adjacent to downtown.

Core Services:

- Bylaw Enforcement
- Animal Control
- Management of Parking Facilities and Services
- Downtown Security

2016 Approved Expenditures	\$2,661,741
2016 Revenues	\$3,172,549
2016 FTEs	12.0



Strategic Outcome or Council Priority	2016 Performance Measures
Public Safety	- Developed and implemented strategies to manage social disorder.
Governance Renewal	- Developed policy on homelessness encampments on public land.

Strategic Outcome or Council Priority	2017 Goals
Governance Renewal	<ul style="list-style-type: none"> - Develop Vacant Buildings Registry and implement fee structure. - Update bylaws, including Traffic and Highways Bylaw, Property Maintenance Bylaw and Parks and Recreation Bylaw.
Community Wellness	- Contribute to Housing Strategy Update.

Department Highlights

100% of fees collected for Dog Licensing goes back to the Animal Shelter for the care, protection and potential adoption of the animals.

The bylaw department generated 1875 investigation files in 2016. Homeless encampments were up 65% over 2015.

The downtown core was transitioned from free parking to on street pay parking to alleviate heavy congestion on the main streets. This change has brought the occupancy rate of on street parking to the targeted 85%.



Bowen / Meredith Housing Project

Police Services

The City contracts with the RCMP for policing services and the current contract is for 142 members. RCMP provide 24/7 patrol and criminal investigations as well as community-based education and crime prevention programs.

The City provides the building and support staff for the RCMP. Support staff provides administrative, financial, reception, clerical, custodial and guarding functions.

Core Services (RCMP Nanaimo Detachment Municipal Units):

- Bike Unit
- General Investigations Section
- Municipal Traffic Unit
- Youth/School Liaison
- Community Policing
- General Duty Patrols/Investigations
- Serious Crime
- Police Dog Service
- Forensic Identification Services



Core Services (Police Support Services Department):

- Police Facility Operation
- Police Support Staff
- Crime Prevention Program
- RCMP Auxiliary Program
- Victim Services
- Restorative Justice Program

2016 Approved Expenditures	\$27,782,555
2016 RCMP Members	142.0
2016 Municipal Support Staff (FTEs)	63.6

Strategic Outcome or Council Priority	2016 Performance Measures
Public Safety & Community Wellness	<ul style="list-style-type: none"> - Crime Prevention: <ul style="list-style-type: none"> • Worked with community partners to address mental health issues. • Managed prolific offenders to reduce/eliminate their impact on the community. • Dedicated resources to reduce/eliminate violence in relationships. • Continued to work with local establishments to maintain the liquor control strategy. • Drug enforcement on marijuana dispensaries and fentanyl trafficking. - Youth: <ul style="list-style-type: none"> • Dedicated team to work with youth. • Provided intervention and diversion for at risk youths. • Fostered community partnerships for empowerment of youth. • School liaison program with members dedicated to each high school and feeder schools. - Traffic and Water Safety: <ul style="list-style-type: none"> • Dedicated resources for detection and prevention of impaired driving. • Continued emphasis on vehicle operation safety (e.g. excessive speed, distracted driving). • Provided marine patrols.



Strategic Outcome or Council Priority	2017 Goals
Public Safety & Community Wellness	Continue with 2016 strategies to address: <ul style="list-style-type: none"> • Crime Prevention. • Youth. • Traffic and Water Safety.

Department Highlights

During 2016, Nanaimo and all of British Columbia saw a dramatic increase in Fentanyl overdose deaths, which required extra-ordinary response from police and health care resources. The RCMP are working with community agencies to respond to this health crisis.

Property crimes incidents increased in 2016 to 42,916 calls for service from 37,997 in 2015. The 13% increase in police files challenged response times.

There were 11 traffic fatalities on Nanaimo roads in 2016 compared to 6 from 2015. The RCMP are continuing enforcement of impaired and distracted driving incidents to reduce fatalities.

The RCMP continues to work with community partners to address homelessness.

Youth programs continue to be a priority with police officers being dedicated to each high school and the feeder schools to build relationships between youth and police.



Nanaimo Fire Rescue

Fire Rescue (NFR) uses an integrated risk management (IRM) approach to community fire and life safety. This approach is based on risk-focused prevention and public education programs designed to reduce the frequency and severity of emergencies, combined with a rapid, professional emergency response to a wide variety of incidents. The department responds to fires, medical and rescue incidents, natural disasters, and provides specialized services such as technical rescue and hazardous materials response. Currently, four fire stations located throughout the city are operated 24/7 by 81 firefighters supported by approximately 30 on-call firefighters. An additional fire station and 12 on-call firefighters provide emergency response on Protection Island.

The Fire Rescue Department administers fire dispatch for 27 central island fire departments through Central Island 911 FireComm which is a partnership between the City of Nanaimo, Regional District of Nanaimo (RDN) and Cowichan Valley Regional District (CVRD). 911 call answering services are provided through E-Comm in Vancouver.

The department operates Vancouver Island Emergency Response Academy (VIERA) which is one of only 75 internationally accredited fire training agencies in the world. Along with providing fire training locally to NFR, other fire departments take training through VIERA with revenue offsetting training costs for Nanaimo Fire Rescue.

Emergency Management is legislated to Municipal governments to “prepare for and respond to” emergencies that can impact our community. The vision for Emergency Management is to have the City of Nanaimo be “disaster resilient”. The Emergency Management Office supports resiliency through:

- Delivering emergency response and recovery training to staff and Public Safety Lifeline volunteers
- Maintaining the Emergency Coordination Centre
- Developing and facilitating municipal emergency exercises to increase City staff skills, and promoting collaboration between municipal and external resources.
- Updating and developing plans and working to test those plans
- Fostering and developing relationships with internal and external stakeholders
- Continually evaluating and improving the program
- Delivering public education on emergency preparedness in the City of Nanaimo
- Identifying and understanding the risks in our community
- Planning for both response and recovery

The Emergency Management program has 1 Full Time employee and a contractor that manages the ESS program for the City.

ESS Program:

The Emergency Program manages and oversees a Community Assistance Program formally known as ESS. This team of volunteers assists residents who are displaced in emergency situations within our city by administering a provincially-funded program that provides 72 hours of post-emergency care in the form of food, shelter and clothing for uninsured residents. The Program is primarily utilized by first responders in day to day operations however, in larger emergencies, the volunteers are trained and will manage the City of Nanaimo Reception Centres located at Beban Park, Bowen Park, Nanaimo Aquatic Centre and Oliver Woods Recreation Centre.

Core Services:

- Fire Prevention
- Fire Operations
- Emergency Response
- Training
- Emergency Management
- Emergency Call Answering and Fire Dispatch (911)

2016 Approved Expenditures	\$16,887,480
2016 FTEs	106.8



Strategic Outcome or Council Priority	2016 Performance Measures
Public Safety	<ul style="list-style-type: none"> - Initiate Fire Station #1 assessment. - Complete Fire Plan update, including three-year service delivery plan for 2016-2018. - Responded to 8,641 emergency incidents with arrival of first apparatus within 6 minutes 78.3% (target is 90%) and arrival of multiple apparatus within 10 minutes 97% (target is 90%).

Strategic Outcome or Council Priority	2017 Goals
Public Safety	<ul style="list-style-type: none"> - Complete First Station #1 assessment. - Implement three-year service delivery with priorities: implement risk-focused public prevention program to reduce structure fires in high frequency areas, increase CPR and AED training to improve survivability rates for cardiac arrests and enhanced public education programs to improve public preparedness for major disasters. - Deliver training/exercises to City staff for the Emergency Coordination Centre (ECC). - Co-lead development of the City's first Business Continuity Plan. - Construct steel tower at the Fire Training Centre.



Annual Financial Statements

City of Nanaimo

Pipers Lagoon Park

ANNUAL FINANCIAL STATEMENTS

2016

Annual Financial Statements

CITY OF NANAIMO, BRITISH COLUMBIA, CANADA
FINANCIAL REPORT
for the year ended December 31, 2016

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Annual Financial Statements

CITY OF NANAIMO MANAGEMENT REPORT

For the Year Ended December 31, 2016

The Council of the City of Nanaimo has delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of the City of Nanaimo. The financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and that financial records are reliable for preparation of financial statements. These systems are monitored and evaluated by management.

The City of Nanaimo's independent auditors, KPMG LLP, are engaged to express an opinion as to whether these financial statements present fairly the City of Nanaimo's financial position and operating results in accordance with Canadian public sector accounting standards. Their opinion is based on procedures they consider sufficient to support such an opinion.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards. These statements present, in all significant respects, the financial position of the City of Nanaimo as at December 31, 2016.



Tracy Samra, LL.B., LL.M.
Chief Administrative Officer



Victor Mema, CPA, CMA
Chief Financial Officer

Annual Financial Statements



KPMG LLP
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Vancouver BC V7Y 1K3
Canada
Telephone 604-691-3000
Fax 604-691-3031

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council

We have audited the accompanying consolidated financial statements of the City of Nanaimo, which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, including the schedules of operations by segment and tangible capital assets.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City of Nanaimo as at December 31, 2016, and its consolidated results of operations, its changes in net consolidated financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants

May 1, 2017
Vancouver, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

Annual Financial Statements

CITY OF NANAIMO
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at December 31, 2016, with comparative figures for 2015

	2016	2015
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 69,589,008	\$ 66,205,116
Accounts receivable (Note 2)	15,712,240	18,065,818
Development cost charges receivable (Note 3)	312,517	768,904
Temporary investments (Note 4)	112,666,810	100,726,222
	198,280,575	185,766,060
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	31,198,247	26,580,762
Compensated absences and termination benefits (Note 6)	6,989,480	6,824,923
Deferred revenue (Note 7)	16,980,784	16,526,003
Deferred development cost charges (Note 8)	42,228,902	38,658,888
Debt (Note 9)	43,925,300	47,773,593
	141,322,713	136,364,169
NET FINANCIAL ASSETS	56,957,862	49,401,891
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	681,128,718	669,581,917
Prepaid expenses	1,185,506	1,980,822
Inventories of supplies	818,664	665,746
	683,132,888	672,228,485
ACCUMULATED SURPLUS (Note 11)	\$ 740,090,750	\$ 721,630,376

Commitments and contingencies (Note 12)

Approved on behalf of the Council


William B. McKay
Mayor


Bill Bestwick
Councillor, Chair Finance & Audit Committee

Annual Financial Statements

CITY OF NANAIMO CONSOLIDATED STATEMENT OF OPERATIONS

for the year ended December 31, 2016, with comparative figures for 2015

	2016 Budget (Note 14)		2016		2015
REVENUES					
Taxes	\$ 98,450,880	\$	98,006,106	\$	96,670,960
Payments in lieu of taxes	1,501,404		1,459,260		1,517,802
Taxation and payments in lieu (Note 15)	99,952,284		99,465,366		98,188,762
User fees and sales of services (Note 16)	36,301,724		38,348,292		34,809,133
Developer assets received (Note 10)	-		8,126,066		4,234,016
Other revenue	4,823,923		5,881,915		7,570,409
Development cost charges (Note 8)	11,096,874		5,390,435		7,762,983
Transfers from other governments-operating (Note 17)	3,879,549		4,331,607		4,357,443
Transfers from other governments-capital (Note 17)	7,610,880		3,679,418		3,604,561
Investment income	2,775,415		3,010,006		3,021,276
Building permits	1,232,498		1,619,320		1,581,979
Regional recreation sharing	1,091,640		1,091,640		1,039,101
Property rentals	946,705		1,021,916		1,456,243
Donations and contributions-capital	4,098,067		1,018,653		1,359,744
Municipal Finance Authority refunds and debt forgiven	-		4,449		22,283
	173,809,559		172,989,083		169,007,933
EXPENSES					
Police	28,313,439		29,399,255		26,451,642
Engineering and public works	26,747,552		26,388,970		24,540,975
Parks and recreation	25,332,523		25,581,174		24,672,695
Fire	16,968,427		16,915,612		17,034,998
Waterworks	15,518,475		14,312,684		10,934,950
Corporate services	12,926,948		12,030,219		11,881,012
Development services	12,143,524		11,776,206		12,274,380
City administration	8,368,239		7,866,458		8,308,642
Port of Nanaimo Centre	5,483,858		5,507,047		5,478,144
Sewer System	5,447,312		4,751,084		4,513,648
	157,250,297		154,528,709		146,091,086
ANNUAL SURPLUS	16,559,262		18,460,374		22,916,847
ACCUMULATED SURPLUS - BEGINNING OF YEAR	721,630,376		721,630,376		698,713,529
ACCUMULATED SURPLUS - END OF YEAR	\$ 738,189,638	\$	740,090,750	\$	721,630,376

Annual Financial Statements

CITY OF NANAIMO
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
for the year ended December 31, 2016 , with comparative figures for 2015

	2016 Budget (Note 14)	2016	2015
ANNUAL SURPLUS	\$ 16,559,262	\$ 18,460,374	\$ 22,916,847
Acquisition of tangible capital assets	(50,245,388)	(27,932,015)	(31,665,508)
Developer contributed capital assets	-	(8,126,066)	(4,234,016)
	(50,245,388)	(36,058,081)	(35,899,524)
Amortization of tangible capital assets	23,174,277	22,926,296	20,288,865
Loss on disposal of tangible capital assets	-	1,533,210	1,363,185
Proceeds on sale of tangible capital assets	-	51,774	21,809
	(27,071,111)	(11,546,801)	(14,225,665)
Acquisition of inventories of supplies	-	(3,539,706)	(3,235,705)
Acquisition of prepaid expenses	-	(1,145,403)	(2,018,028)
Consumption of inventories of supplies	-	3,386,788	3,212,591
Use of prepaid expenses	-	1,940,719	1,763,354
	-	642,398	(277,788)
CHANGE IN NET FINANCIAL ASSETS	(10,511,849)	7,555,971	8,413,394
NET FINANCIAL ASSETS - BEGINNING OF YEAR	49,401,891	49,401,891	40,988,497
NET FINANCIAL ASSETS - END OF YEAR	\$ 38,890,042	\$ 56,957,862	\$ 49,401,891

Annual Financial Statements

CITY OF NANAIMO

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2016, with comparative figures for 2015

	2016	2015
CASH PROVIDED BY (USED FOR)		
OPERATING TRANSACTIONS		
Annual Surplus	\$ 18,460,374	\$ 22,916,847
Non-cash items		
Amortization of tangible capital assets	22,926,296	20,288,865
Developer assets received	(8,126,066)	(4,234,016)
Loss on disposal of tangible capital assets	1,533,210	1,363,185
Development cost charges recognized as revenue	(5,390,435)	(7,762,983)
Actuarial adjustment on long term debt	(748,340)	(719,319)
Change in non-cash operating assets and liabilities		
Accounts Receivable	2,809,965	1,773,705
Accounts payable	4,782,042	(4,260,039)
Deferred revenue	454,781	1,400,265
Inventories of supplies	(152,918)	(23,114)
Prepaid expenses	795,316	(254,674)
Net change in cash from operating transactions	37,344,225	30,488,722
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	(27,932,015)	(31,665,508)
Proceeds from the sale of tangible capital assets	51,774	21,809
Net change in cash from capital transactions	(27,880,241)	(31,643,699)
INVESTING TRANSACTIONS		
Change in investments	(11,940,588)	3,864,091
FINANCING TRANSACTIONS		
Debt repayment	(3,099,953)	(2,367,091)
Deferred development cost charges	8,960,449	5,023,526
Net change in cash from financing transactions	5,860,496	2,656,435
CHANGE IN CASH AND CASH EQUIVALENTS	3,383,892	5,365,549
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	66,205,116	60,839,567
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 69,589,008	\$ 66,205,116

Annual Financial Statements

CITY OF NANAIMO SCHEDULE OF OPERATIONS BY SEGMENT

for the year ended December 31, 2016

	City Admin	Corporate Services	Development Services	Fire	Police	Port of Nanaimo Centre	Parks and Recreation	Engineering and Public Works	Sewer System	Waterworks	Consolidated
Revenues											
Taxes	\$ 5,295,440	\$10,881,034	\$ 8,017,066	\$15,683,358	\$25,137,578	\$ 2,551,060	\$15,165,931	\$15,274,639	\$ -	\$ -	\$ 98,006,106
Payments in lieu of taxes	82,131	108,001	124,343	243,246	389,879	39,566	235,220	236,874	-	-	1,459,260
User fees	1,479,305	143,773	456,739	106,850	104,369	2,043,538	6,664,001	4,499,119	6,291,738	16,558,860	38,348,292
Developer assets	-	-	-	-	-	-	2,708,146	4,206,303	779,385	432,232	8,126,066
Other revenue	545,852	743,379	1,674,497	1,483,337	413,105	19,460	412,217	503,473	97	86,498	5,881,915
DCC revenue	-	-	-	-	-	-	4,878	178,666	4,327,736	879,155	5,390,435
Gov't operating transfers	55,907	105,107	406,074	180,576	1,959,568	1,036,015	401,782	186,578	-	-	4,331,607
Gov't capital transfers	-	3,587,994	-	-	-	-	64,025	27,399	-	-	3,679,418
Investment income	103,656	1,287,828	156,931	306,994	492,056	49,935	296,866	309,027	-	6,713	3,010,006
Building permits	-	-	1,619,320	-	-	-	-	-	-	-	1,619,320
Regional recreation	-	-	-	-	-	-	1,091,640	-	-	-	1,091,640
Property rentals	30,000	-	344,231	21,450	295,627	-	280,726	28,882	-	21,000	1,021,916
Donations - capital	-	-	337,600	-	-	-	211,598	417,260	1,000	51,195	1,018,653
MFA refunds	-	-	-	-	-	-	-	4,449	-	-	4,449
	7,592,291	16,857,116	13,136,801	18,025,811	28,792,182	5,739,574	27,537,030	25,872,669	11,399,956	18,035,653	172,989,083
Expenses											
Wages and salaries	4,196,929	5,507,772	6,346,373	14,138,523	5,327,685	671	13,429,260	9,346,188	1,018,293	3,014,076	62,325,770
Contracted services	2,216,834	2,979,408	2,224,944	1,273,856	23,476,187	2,896,935	5,921,727	6,853,364	838,345	1,232,046	49,913,646
Amortization	454,236	701,368	816,487	605,087	323,435	1,623,554	3,118,984	9,122,369	657,189	5,503,587	22,926,296
Other	481,002	2,656,642	2,091,583	81,607	170,978	48,089	997,249	(2,624,447)	1,921,874	2,935,573	8,760,150
Materials and supplies	477,402	185,029	296,819	647,590	100,970	55,440	1,932,432	2,558,022	265,340	809,498	7,328,542
Interest payments on debt	40,055	-	-	133,653	-	882,358	(74,456)	-	-	759,485	1,741,095
Loss on disposal	-	-	-	35,296	-	-	255,978	1,133,474	50,043	58,419	1,533,210
	7,866,458	12,030,219	11,776,206	16,915,612	29,399,255	5,507,047	25,581,174	26,388,970	4,751,084	14,312,684	154,528,709
ANNUAL SURPLUS (DEFICIT)	(274,167)	4,826,897	1,360,595	1,110,199	(607,073)	232,527	1,955,856	(516,301)	6,648,872	3,722,969	18,460,374
Capital projects	\$ 211,701	\$ 291,057	\$ 373,842	\$ 227,274	\$ 3,114	\$ 22,167	\$ 6,418,290	\$10,510,522	\$ 7,086,442	\$10,913,672	\$ 36,058,081

Annual Financial Statements

CITY OF NANAIMO SCHEDULE OF OPERATIONS BY SEGMENT

for the year ended December 31, 2015

	City Admin	Corporate Services	Development Services	Fire	Police	Port of Nanaimo Centre	Parks and Recreation	Engineering and Public Works	Sewer System	Waterworks	Consolidated
Revenues											
Taxes	\$ 6,290,745	\$11,493,123	\$ 7,846,465	\$14,370,506	\$24,483,482	\$ 2,634,146	\$15,003,689	\$14,548,804	\$ -	\$ -	\$ 96,670,960
Payments in lieu of taxes	99,071	129,592	128,254	234,893	400,194	43,056	237,497	245,245	-	-	1,517,802
User fees	1,436,306	136,874	180,352	93,775	101,903	1,835,151	6,410,086	4,477,059	5,973,772	14,163,855	34,809,133
DCC revenue	-	-	-	-	-	-	127,640	967,151	42,833	6,625,359	7,762,983
Other revenue	547,361	370,769	1,885,392	1,739,050	442,583	22,732	476,155	2,004,444	7,464	74,460	7,570,410
Gov't operating transfers	62,124	111,357	532,817	147,292	2,086,596	889,575	224,190	303,492	-	-	4,357,443
Developer assets	8,036	-	-	-	-	-	1,096,577	2,416,349	421,593	291,461	4,234,016
Gov't capital transfers	-	-	-	-	-	-	-	133,461	-	3,471,100	3,604,561
Investment income	128,032	1,210,161	165,745	303,557	517,178	55,643	316,932	316,888	-	7,140	3,021,276
Building permits	-	-	1,581,979	-	-	-	-	-	-	-	1,581,979
Property rentals	30,000	-	333,826	23,100	736,358	-	285,484	28,574	-	18,900	1,456,242
Donations - capital	-	502,987	-	-	-	-	29,653	703,700	-	123,404	1,359,744
Regional recreation sharing	-	-	-	-	-	-	1,039,101	-	-	-	1,039,101
MFA refunds	-	-	-	-	-	-	2,973	-	-	19,310	22,283
	8,601,675	13,954,863	12,654,830	16,912,173	28,768,294	5,480,303	25,249,977	26,145,167	6,445,662	24,794,989	169,007,933
Expenses											
Wages and salaries	5,030,875	5,472,672	6,291,653	14,397,535	5,016,502	387	12,599,549	9,079,438	1,051,365	2,329,772	61,269,748
Contracted services	1,857,423	3,013,808	2,551,499	1,148,853	20,836,682	2,770,633	6,019,430	6,425,651	638,843	941,443	46,204,265
Amortization	445,413	738,572	827,255	581,183	326,119	1,623,554	3,126,474	9,045,748	584,167	2,990,380	20,288,865
Other	398,268	2,442,409	2,050,441	88,553	162,959	46,992	950,048	(2,895,020)	1,857,149	3,041,765	8,143,564
Materials and supplies	496,548	210,897	289,367	659,770	82,747	51,636	1,715,982	2,446,971	277,727	705,575	6,937,220
Interest payments on debt	54,657	-	-	140,307	-	984,942	(53,302)	(6,236)	-	763,871	1,884,239
Loss on disposal	25,458	2,654	264,165	18,797	26,633	-	314,514	444,423	104,397	162,144	1,363,185
	8,308,642	11,881,012	12,274,380	17,034,998	26,451,642	5,478,144	24,672,695	24,540,975	4,513,648	10,934,950	146,091,086
ANNUAL SURPLUS (DEFICIT)	293,033	2,073,851	380,450	(122,825)	2,316,652	2,159	577,282	1,604,192	1,932,014	13,860,039	22,916,847
Capital projects	\$ 193,895	\$ 1,341,221	\$ -	\$ 581,958	\$ -	\$ -	\$ 2,768,463	\$ 8,124,085	\$ 4,704,967	\$18,184,935	\$ 35,899,524

Annual Financial Statements

CITY OF NANAIMO SCHEDULE OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2016

	ASSETS				ACCUMULATED AMORTIZATION					NET BOOK VALUE
	Balance December 31, 2015	Additions	Disposals	Transfers	Balance December 31, 2016	Balance December 31, 2015	Additions	Disposals	Balance December 31, 2016	
Land	\$ 85,701,341	\$ 3,071,774	\$ 1,123,636	\$ -	\$ 87,649,479	\$ -	\$ -	\$ -	\$ -	\$ 87,649,479
Land improvements	28,963,652	3,625,590	446,158	3,022,990	35,166,074	13,604,535	1,206,898	443,000	14,368,433	20,797,641
Leasehold improvements	2,174,294	30,738	111,891	40,599	2,133,740	1,865,382	64,722	111,891	1,818,213	315,527
Marine structures	867,490	-	-	-	867,490	702,915	28,087	-	731,002	136,488
Buildings	192,493,386	937,702	517,724	107,028	193,020,392	65,780,144	5,211,712	229,186	70,762,670	122,257,722
Vehicles and equipment	30,813,100	2,249,255	1,483,428	69,035	31,647,962	18,622,072	1,833,819	1,450,284	19,005,607	12,642,355
IT Infrastructure	9,092,424	27,188	106,182	41,881	9,055,311	7,867,886	507,099	106,182	8,268,803	786,508
Drainage	101,499,787	2,549,881	36,057	48,316	104,061,927	27,773,662	1,596,438	18,716	29,351,384	74,710,543
Transportation	297,826,583	4,133,400	555,562	492,900	301,897,321	159,371,904	6,643,004	551,958	165,462,950	136,434,371
Sewer	36,200,686	5,487,692	289,700	448,614	41,847,292	11,613,626	651,856	239,657	12,025,825	29,821,467
Water	242,097,287	9,072,681	385,364	468,503	251,253,107	60,244,093	5,182,661	319,844	65,106,910	186,146,197
Work In Progress	9,298,106	4,872,180	-	(4,739,866)	9,430,420	-	-	-	-	9,430,420
	\$1,037,028,136	\$ 36,058,081	\$ 5,055,702	\$ -	\$1,068,030,515	\$ 367,446,219	\$22,926,296	\$ 3,470,718	\$ 386,901,797	\$ 681,128,718

Annual Financial Statements

CITY OF NANAIMO SCHEDULE OF TANGIBLE CAPITAL ASSETS for the year ended December 31, 2015

	ASSETS				ACCUMULATED AMORTIZATION					NET BOOK VALUE
	Balance December 31, 2014	Additions	Disposals	Transfers	Balance December 31, 2015	Balance December 31, 2014	Additions	Disposals	Balance December 31, 2015	
Land	\$ 82,935,268	\$ 3,088,859	\$ 322,786	\$ -	\$ 85,701,341	\$ -	\$ -	\$ -	\$ -	\$ 85,701,341
Land improvements	26,681,742	1,827,677	193,713	647,946	28,963,652	12,704,534	1,083,102	183,101	13,604,535	15,359,117
Leasehold improvements	2,174,294	-	-	-	2,174,294	1,787,007	78,375	-	1,865,382	308,912
Marine structures	867,490	-	-	-	867,490	671,855	31,060	-	702,915	164,575
Buildings	188,457,593	3,659,739	753,651	1,129,705	192,493,386	61,119,960	5,101,660	441,476	65,780,144	126,713,242
Vehicles and equipment	30,066,205	1,359,404	913,280	300,771	30,813,100	17,700,630	1,790,416	868,974	18,622,072	12,191,028
IT Infrastructure	8,844,062	290,930	58,409	15,841	9,092,424	7,380,834	542,806	55,754	7,867,886	1,224,538
Drainage	98,501,700	3,095,421	400,000	302,666	101,499,787	26,308,088	1,593,308	127,734	27,773,662	73,726,125
Transportation	293,282,933	4,094,258	967,474	1,416,866	297,826,583	153,485,920	6,570,046	684,062	159,371,904	138,454,679
Sewer	32,170,274	3,100,547	356,600	1,286,465	36,200,686	11,287,311	578,836	252,521	11,613,626	24,587,060
Water	171,339,130	14,366,991	389,511	56,780,677	242,097,287	57,556,312	2,919,256	231,475	60,244,093	181,853,194
Work In Progress	70,038,012	1,141,031	-	(61,880,937)	9,298,106	-	-	-	-	9,298,106
	\$1,005,358,703	\$36,024,857	\$4,355,424	\$-	\$1,037,028,136	\$350,002,451	\$20,288,865	\$2,845,097	\$367,446,219	\$669,581,917

Annual Financial Statements

CITY OF NANAIMO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2016

The City of Nanaimo (the City) was incorporated December 24, 1874 under a statute of the Province of British Columbia now known as the *Community Charter*. The principal activities of the City are preservation, protection and enhancement of the quality of life in Nanaimo through the facilitation of municipal services in an equitable, efficient and effective manner.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The City prepares its consolidated financial statements in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The following include significant policies that have been adopted by the City:

(a) Basis of Presentation

The City's resources and operations are segregated into general, water and sewer, capital and reserve funds for accounting and financial reporting purposes. The financial statements reflect the assets, liabilities, revenues and expenses of these funds.

Consolidated Entities

The reporting entity is comprised of all organizations controlled by the City. These organizations include the Nanaimo Economic Development Corporation.

(b) Basis of Accounting

The City follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of the delivery of goods or services and/or upon the creation of a legal obligation to pay. Expenses paid in the current period and attributable to a future period are recorded as prepaid.

(c) Cash and Cash Equivalents

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition. Cash equivalents also include investments in the Municipal Finance Authority of British Columbia (MFA) Money Market Funds which are recorded at cost plus earnings reinvested in the funds.

Annual Financial Statements

CITY OF NANAIMO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Accounts Receivable

Accounts receivable are presented net of an allowance for doubtful accounts and therefore represent amounts expected to be collected.

(e) Development Cost Charges

Deferred development cost charges are restricted by legislation to expenditures on capital infrastructure and related debt servicing costs and operating projects. These amounts are deferred upon receipt and recognized as revenue when the expenditures are incurred in accordance with the restrictions.

(f) Temporary Investments

Temporary investments consist of term deposits and debentures which are expected to be held for a term exceeding 90 days. Investments are recorded at cost. When, in the opinion of management, there is a decline in value, other than a temporary decline, investments are written down to their net realizable value.

(g) Compensated Absences and Termination Benefits

The City and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employer plan, contributions are expensed as incurred. Compensated absences and termination benefits also accrue to the City's employees. The liabilities related to these termination benefits and earned sick leave are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefit plans are accrued based on projected benefits prorated as employees render services necessary to earn the future benefits. Actuarial gains and losses on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains and losses are amortized over the average remaining service period of the active employees.

(h) Deferred Revenue

The City defers a portion of the revenue collected from permits, licenses and other fees and recognizes this revenue in the year in which related inspections are performed or other related expenditures are incurred.

Annual Financial Statements

CITY OF NANAIMO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Debt

Debt is presented net of related sinking fund balances.

(j) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They may have useful lives extending beyond the current year and are not intended to be sold in the ordinary course of operations.

(i) Tangible Capital Assets

Tangible capital assets are comprised of capital assets and capital works in progress, and are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The cost of the tangible capital assets, excluding land, is amortized on a straight-line basis over the estimated useful lives of the assets, commencing at the time the assets are available for use.

Estimated useful lives in years are as follows:

Asset	
Land Improvements	10-60
Leasehold Improvements	15-30
Marine Structures	15-35
Buildings	10-40
Vehicles and Equipment	5-25
IT Infrastructure	2-10
Drainage	2-75
Transportation - Linear Infrastructure, Lighting and Signals	14-80
Sewer - Linear Infrastructure and Equipment	25-60
Water - Linear Infrastructure and Equipment	25-80

Tangible capital assets are written down to their residual value when conditions indicate that they no longer contribute to the City's ability to provide goods and services, or when the value of the future economic benefits associated with the asset is less than the book value of the asset.

Annual Financial Statements

CITY OF NANAIMO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Non-Financial Assets (continued)

(ii) Contribution of Tangible Capital Assets

Subdivision streets, lighting, sidewalks, drainage and other infrastructure assets are required to be provided by subdivision developers. Tangible capital assets received from developers are recorded at their fair values at the date of receipt and also recorded as revenue. The City is not involved in the construction and does not budget for assets received from developers.

(iii) Natural Resources, Works of Art and Cultural and Historical Assets

Natural Resources, works of art, and cultural and historical assets are not recognized as assets in the financial statements.

(iv) Interest Capitalization

The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(v) Leased Tangible Capital Assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets with a corresponding lease liability. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(vi) Inventories of Supplies

Inventories of supplies are recorded at cost, net of an allowance for obsolete stock. Cost is determined on a weighted average basis.

Annual Financial Statements

CITY OF NANAIMO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Contaminated Sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- i. An environmental standard exists;
- ii. Contamination exceeds the environmental standard;
- iii. The City is directly responsible or accepts responsibility;
- iv. It is expected that future economic benefits will be given up; and
- v. A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(l) Revenue Recognition

(i) Taxation Revenue

Annual levies for non-optional municipal services and general administrative services are recorded as taxes for municipal purposes. Levies imposed by other taxing authorities are not included as taxes for municipal purposes. Taxes are recognized as revenue in the year they are levied.

Through the BC Assessment appeal process, taxes may be adjusted by way of supplementary roll adjustments. The impacts of these adjustments on taxes are recognized at the time they are awarded.

(ii) Development Cost Charges

Development cost charges are recognized as revenue during the period in which the related costs are incurred.

(iii) Government Transfers

Government transfers without stipulations restricting their use are recognized in the financial statements as revenue in the period in which the transfers are authorized. Government transfers with stipulations restricting their use are recognized in the financial statements as revenues in the period in which eligible expenses are incurred provided they are authorized and meet eligible criteria.

Annual Financial Statements

CITY OF NANAIMO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of compensated absences and termination benefits, collectability of accounts receivable, useful lives of tangible assets for calculation of amortization and provisions for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

NOTE 2 - ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
Utilities	\$ 6,788,646	\$ 6,992,756
Property Taxes	3,720,173	4,437,849
Trade and Other	1,492,159	1,159,844
Due from Provincial Government	1,166,388	2,779,686
Municipal Finance Authority Debt Reserve	885,056	860,991
Due from Federal Government	784,213	734,602
Interest on Investments	723,596	872,800
Due from Regional Government	152,009	227,290
	<u>\$ 15,712,240</u>	<u>\$ 18,065,818</u>

Annual Financial Statements

CITY OF NANAIMO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2016

NOTE 3 - DEVELOPMENT COST CHARGES RECEIVABLE

	<u>Water Distribution</u>	<u>Roads</u>	<u>Drainage</u>	<u>Sewer</u>	<u>Parks</u>	<u>Water Supply</u>	<u>2016</u>	<u>2015</u>
Installments:								
2016	\$ 3,715	\$ 48,350	\$ 7,147	\$ 10,382	\$ 19,658	\$ 67,006	\$ 156,258	\$ 418,548
2017	3,715	48,350	7,147	10,382	19,658	67,007	156,259	350,356
	<u>\$ 7,430</u>	<u>\$ 96,700</u>	<u>\$ 14,294</u>	<u>\$ 20,764</u>	<u>\$ 39,316</u>	<u>\$ 134,013</u>	<u>\$ 312,517</u>	<u>\$ 768,904</u>

Development cost charges are collected on the approval of a subdivision or the issuance of a building permit. These funds assist the City in the cost of development, including constructing capital improvements, operating projects and the related debt servicing costs. Installments receivable represent funds due from developers within two years and are secured by irrevocable standby letters of credit and/or cash on deposit. No interest is charged on these outstanding installments.

NOTE 4 - TEMPORARY INVESTMENTS

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Temporary Investments	\$ 93,731,114	\$ 93,912,139	\$ 100,726,222	\$ 101,214,712
Debentures	18,935,696	18,889,165	-	-
	<u>\$ 112,666,810</u>	<u>\$ 112,801,304</u>	<u>\$ 100,726,222</u>	<u>\$ 101,214,712</u>

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2016</u>	<u>2015</u>
Trade and Other	\$ 13,295,218	\$ 11,943,227
RCMP Contract	8,404,290	6,049,632
Deposits	5,072,714	4,136,976
Accrued wages and benefits	3,746,383	3,631,343
Contaminated sites	110,000	110,000
Other governments	569,642	709,584
	<u>\$ 31,198,247</u>	<u>\$ 26,580,762</u>

Annual Financial Statements

CITY OF NANAIMO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2016

NOTE 6 - COMPENSATED ABSENCES AND TERMINATION BENEFITS

The City provides certain post-employment benefits, non-vested sick leave, compensated absences and termination benefits to its employees. An actuarial valuation for these benefits was performed to determine the City's accrued benefit obligation as at December 31, 2013 and the results are extrapolated to December 31, 2016. The next valuation will be performed as of December 31, 2016 and the results will be extrapolated through to December 31, 2019. Significant assumptions used in the valuation include a discount rate of 4.75%, inflation of 2% and compensation increases, excluding merit and promotion, of 3%. There are unamortized actuarial gains of \$146,513 (2015 – \$153,663).

	2016	2015
Actuarial Benefit Obligation, beginning of year	\$ 6,671,260	\$ 6,476,781
Unamortized Actuarial Gain, beginning of year	153,663	160,813
	<u>6,824,923</u>	<u>6,637,594</u>
Current Service Cost	488,406	457,118
Interest Costs	313,517	305,022
Benefits Paid	(630,216)	(567,661)
Amortization of Actuarial Gain	(7,150)	(7,150)
	<u>6,989,480</u>	<u>6,824,923</u>
Actuarial Benefit Obligation, end of year	6,842,967	6,671,260
Unamortized Actuarial Gain, end of year	146,513	153,663
Accrued Benefit Liability, end of year	<u>\$ 6,989,480</u>	<u>\$ 6,824,923</u>

Actuarial gains and losses are amortized over 12 – 14 years, being the expected average remaining service period of the related employee groups, commencing the year after the gain or loss arises. The total expense recorded in the financial statements in respect of obligations under this plan amounts to \$794,773 (2015 - \$754,990).

Annual Financial Statements

CITY OF NANAIMO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2016

NOTE 7 - DEFERRED REVENUE AND OTHER LIABILITIES

	<u>2016</u>	<u>2015</u>
Tax Prepayments	\$ 11,577,802	\$ 11,559,862
Other Prepayments	5,402,982	4,966,141
	<u>\$ 16,980,784</u>	<u>\$ 16,526,003</u>

NOTE 8 - DEFERRED DEVELOPMENT COST CHARGES

	<u>2016</u>	<u>2015</u>
Deferred Development Cost Charges - beginning of year	\$ 38,658,888	\$ 41,398,345
Additions	8,224,116	4,298,709
Interest Earned	736,333	724,817
Revenue Recognized	(5,390,435)	(7,762,983)
Deferred Development Cost Charges - end of year	<u>\$ 42,228,902</u>	<u>\$ 38,658,888</u>

NOTE 9 - DEBT, NET OF MUNICIPAL FINANCE AUTHORITY (MFA) SINKING FUND DEPOSITS

The City issues debt instruments through the MFA pursuant to security issuing bylaws under authority of the *Community Charter* to finance certain capital expenditures.

\$43,925,300 (2015 – \$46,847,697) of debt is with the MFA. Payments of \$20,924,700 on the gross amount borrowed of \$64,850,000 are held in a sinking fund by the MFA. The remaining \$925,896 in 2015 was borrowed from the Royal Bank. This balance was repaid in 2016. The rates of interest on the principal amount of the MFA debentures vary between 1.6% and 4.82% per annum.

	<u>2016</u>	<u>2015</u>
Total Outstanding Debt - beginning of year	\$ 47,773,593	\$ 50,860,003
Reduction of Long-term Debt	(3,848,293)	(3,086,410)
Total Outstanding Debt - end of year	<u>\$ 43,925,300</u>	<u>\$ 47,773,593</u>

The City of Nanaimo is subject to 'Liability Servicing Limits' as outlined in Section 174 of the *Community Charter*. The maximum value of liability servicing cost for a given year is 25% of a municipality's controllable and sustainable revenues for the previous year. The calculated liability servicing limit for the City of Nanaimo for 2016 at December 31, 2015 was \$37,733,162. The actual liability servicing cost was \$5,339,746, leaving \$32,393,416 of liability servicing capacity available.

Annual Financial Statements

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2016

NOTE 9 - DEBT, NET OF MUNICIPAL FINANCE AUTHORITY (MFA) SINKING FUND DEPOSITS (CONTINUED)

Future payments on net outstanding debt over the next five years and thereafter are as follows:

<u>Year</u>	<u>General</u>	<u>Water</u>	<u>Total</u>
2017	\$ 2,205,420	\$ 836,569	\$ 3,041,989
2018	2,296,455	870,032	3,166,487
2019	2,391,258	904,833	3,296,091
2020	2,489,986	941,026	3,431,012
2021	1,920,717	978,667	2,899,384
Thereafter	12,145,949	15,944,388	28,090,337
	<u>\$ 23,449,785</u>	<u>\$ 20,475,515</u>	<u>\$ 43,925,300</u>

Bylaw #	MFA Issue #		Interest Rate %	Year Matures	Balance Outstanding	
					2016	2015
<u>General Fund - Tax Supported</u>						
5425	72	Leisure and Aquatic Centre	2.10	2020	\$ 1,261,630	\$ 1,543,830
5457	73	Leisure and Aquatic Centre	1.60	2020	1,149,486	1,406,600
Royal Bank	-	Harbourfront Parkade	5.48	2016	-	925,896
5750	99	Port of Nanaimo Centre	1.75	2026	8,952,209	9,669,168
5750	101	Port of Nanaimo Centre	4.52	2027	9,669,168	10,358,552
7050	102	Fire Station #4	4.82	2027	2,417,292	2,589,638
					<u>23,449,785</u>	<u>26,493,684</u>
<u>Waterworks Fund - User Fee Supported</u>						
7127	126	Water Treatment Plant	3.85	2033	11,905,777	12,388,861
7127	127	Water Treatment Plant	3.30	2034	8,569,738	8,891,048
					<u>20,475,515</u>	<u>21,279,909</u>
					<u>\$ 43,925,300</u>	<u>\$ 47,773,593</u>

Annual Financial Statements

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2016

NOTE 10 - TANGIBLE CAPITAL ASSETS

<u>Net Book Value</u>	<u>2016</u>	<u>2015</u>
Land	\$ 87,649,479	\$ 85,701,341
Land Improvements	20,797,641	15,359,117
Leasehold Improvements	315,527	308,912
Marine Structures	136,488	164,575
Buildings	122,257,722	126,713,242
Vehicles and Equipment	12,642,355	12,191,028
IT Infrastructure	786,508	1,224,538
Drainage	74,710,543	73,726,125
Transportation	136,434,371	138,454,679
Sewer	29,821,467	24,587,060
Water	186,146,197	181,853,194
	<u>671,698,298</u>	<u>660,283,811</u>
Work In Progress	9,430,420	9,298,106
	<u>\$ 681,128,718</u>	<u>\$ 669,581,917</u>

See schedule of tangible capital assets (page 9) for more information. There were no write downs of tangible capital assets for 2015 and 2016. Developer contributed assets recognized in 2016 were \$8,126,066 (2015 - \$4,234,016) recorded at fair value at the time of receipt. These include transportation, drainage, sewer and water infrastructure and the land under these assets.

Annual Financial Statements

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2016

NOTE 11 - ACCUMULATED SURPLUS

	<u>2016</u>	<u>2015</u>
Reserve Accounts (Note 22)	\$ 59,153,370	\$ 65,292,759
Surplus - General	5,139,416	3,752,211
Surplus - Sewer System	6,765,372	6,695,163
Surplus - Waterworks	5,430,316	5,356,715
Investment in Tangible Capital Assets (Note 18)	637,203,418	621,808,324
Community Works Reserve Fund (Gas Tax Agreement)	6,136,926	2,490,950
Equipment Depreciation Reserve	6,148,706	5,590,647
Facility Development (Recreation) Reserve	2,133,321	1,680,653
Property Sales Reserve	1,183,092	1,331,516
Knowles Estate Reserve	435,516	430,717
Parkland Dedication Reserve	375,527	211,565
Old City Neighborhood Parking Reserve	87,227	85,647
General Asset Management Reserve	7,551,309	4,863,087
Sewer Asset Management Reserve	834,516	512,605
Water Asset Management Reserve	1,135,280	1,225,984
Regional Emissions Reduction Reserve	377,438	301,833
	<u>\$ 740,090,750</u>	<u>\$ 721,630,376</u>

NOTE 12 - COMMITMENTS AND CONTINGENCIES

(a) Liability Claims

In the ordinary course of business, various claims and lawsuits are brought against the City. The City records an accrual in respect of legal claims that are likely to be successful and for which a liability amount is reasonably determinable. The remaining claims, should they be successful as a result of litigation, will be recorded when a liability is likely and determinable. Liability insurance is carried by the City, subject to a deductible of \$25,000 per claim.

Annual Financial Statements

CITY OF NANAIMO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2016

NOTE 12 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

(b) BC Assessment Authority Appeals

As at December 31, 2016, there were various appeals pending with respect to assessed values of properties. The outcome of those appeals may result in adjustments to property taxes receivable for the current and prior years. The City makes a provision against property taxes receivable for the impact of appeals where the losses are likely and the amounts are reasonably determinable.

(c) Joint and Several Liabilities

The City has a contingent liability with respect to debentures of the Regional District of Nanaimo and the Regional Hospital District of Nanaimo, to the extent provided for in their respective Acts of Incorporation. Management does not consider payment under this contingency to be likely and therefore no amounts have been accrued.

The City issues its debt instruments primarily through the MFA. Demand notes are executed in connection with each debenture whereby the City may be required to pay certain amounts to the Regional District of Nanaimo. These demand notes of \$1,871,727 (2015 – \$1,871,727) are contingent in nature and given the low likelihood of payment are not reflected in the accounts.

The City is a participant in the Municipal Insurance Association of British Columbia (the Association). Should the Association pay out claims in excess of premiums received, it is possible that the City, along with other participants, would be required to contribute towards the deficit.

(d) Subsidence of Mines

Continued existence of abandoned underground mines has resulted in risk to private land and public roads due to potential collapse or instability. The full impact of the abandoned mines and any potential liabilities are unknown at this time and a partnership with the Province of BC to complete studies to address any potential risks has been requested. No determination of the City's liability, if any, has been made and no estimate of potential loss can be made or recorded at this time. A liability will be recorded if remediation costs are determined to be likely and the amounts are reasonably determinable.

Annual Financial Statements

CITY OF NANAIMO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2016

NOTE 12 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

(e) Commitments

The City has \$7.8 million in open purchase orders at year end which have not been recorded in the financial statements. The funding for the majority of these obligations has been set aside in reserves for future expenditures. These amounts will be recorded in the period that the goods and services, to which they relate, are received.

(f) Guarantees

The City has guaranteed the amount of a \$2 million line of credit for the Port Theatre Society. Management considers the likelihood of payment on the guarantee to be low.

NOTE 13 - CEMETERY CARE FUND

The City operates the cemetery and maintains a cemetery perpetual care fund in accordance with the *Cremation, Interment and Funeral Services Act*. The trust fund assets and liabilities are not included in the consolidated financial statements. At December 31, 2016, the balance of funds held in trust was \$556,668 (2015 - \$545,088).

NOTE 14 - ANNUAL BUDGET

These financial statements include the Annual Budget as approved by Council on May 2, 2016. No amendments subsequent to this date have been included. The following is a reconciliation of the budget presentation required for the financial statements and the annual financial plan bylaw:

	<u>2016</u>
Annual Budgeted Surplus - Statement of Operations	\$ 9,930,513
Cemetery Care Fund - not in reporting entity	<u>7,500</u>
Annual Surplus from the 2016 Financial Plan	9,938,013
Amortization, not funded	23,174,277
Capital Expenditures	(50,245,388)
Principal Repayment of Debt	(3,060,719)
Transfers from Accumulated Surplus	<u>20,193,817</u>
Net Annual Budget - as approved	<u>\$ -</u>

Annual Financial Statements

CITY OF NANAIMO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2016

NOTE 15 - TAXATION AND PAYMENTS IN LIEU

	<u>Municipal</u>	<u>Other</u>	<u>2016 Total</u>	<u>2015 Total</u>
Property Taxes	\$ 92,240,459	\$ 59,751,226	\$ 151,991,685	\$ 149,951,400
Local Improvements Frontage Fees	2,119	-	2,119	18,985
Business Improvement Area Levies	231,923	-	231,923	229,631
Vancouver Island Regional Library	4,108,327	-	4,108,327	3,907,839
Taxes in Lieu of Licenses	1,423,278	-	1,423,278	1,390,851
Payments in Lieu of Taxes	1,459,260	487,326	1,946,586	2,027,952
	<u>\$ 99,465,366</u>	<u>\$ 60,238,552</u>	<u>\$ 159,703,918</u>	<u>\$ 157,526,658</u>
			<u>2016</u>	<u>2015</u>
Less Collections for Other Governments:				
Province of British Columbia (School Tax)			\$ 38,128,393	\$ 38,338,515
Regional District of Nanaimo			17,334,012	16,256,554
Nanaimo Regional Hospital District			3,742,866	3,675,389
Other Agencies			1,033,281	1,067,438
			<u>60,238,552</u>	<u>59,337,896</u>
Taxation and Payments in Lieu			<u>\$ 99,465,366</u>	<u>\$ 98,188,762</u>

NOTE 16 - USER FEES AND SALES OF SERVICES

	<u>2016</u>	<u>2015</u>
Waterworks	\$ 16,558,860	\$ 14,163,855
Recreation Programs	6,664,001	6,410,086
Sewer System	6,291,738	5,973,772
Garbage Collection	3,776,182	3,766,514
Vancouver Island Conference Centre	2,043,538	1,835,151
Public Works	722,937	710,545
Parking	1,454,039	1,420,363
Other	625,778	333,169
Community Safety	211,219	195,678
	<u>\$ 38,348,292</u>	<u>\$ 34,809,133</u>

Annual Financial Statements

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2016

NOTE 17 - TRANSFERS FROM OTHER GOVERNMENTS

	<u>2016</u>	<u>2015</u>
<u>Federal</u>		
Gas Tax	\$ 3,587,994	\$ 3,471,100
Other	76,185	53,400
	<u>3,664,179</u>	<u>3,524,500</u>
<u>Provincial</u>		
Casino Gaming	2,593,933	2,485,884
Revenue Sharing	1,211,761	1,373,272
Other	329,784	376,106
	<u>4,135,478</u>	<u>4,235,262</u>
<u>Regional District of Nanaimo</u>		
Other	211,368	202,242
	<u>211,368</u>	<u>202,242</u>
Total Transfers from Other Governments	\$ 8,011,025	\$ 7,962,004
Transfers from Other Governments - Capital	\$ 3,679,418	\$ 3,604,561
Transfers from Other Governments - Operating	4,331,607	4,357,443
	<u>8,011,025</u>	<u>7,962,004</u>
Total Transfers from Other Governments	\$ 8,011,025	\$ 7,962,004

NOTE 18 - INVESTMENT IN TANGIBLE CAPITAL ASSETS

	<u>2016</u>	<u>2015</u>
Investment in Tangible Capital Assets - beginning of year	\$ 621,808,324	\$ 604,496,249
Add:		
Capital Additions	36,058,081	35,899,524
Reductions in Long-term Debt	3,848,293	3,086,410
Less:		
Amortization	(22,926,296)	(20,288,865)
Net Book Value of Asset Disposals	(1,584,984)	(1,384,994)
	<u>637,203,418</u>	<u>621,808,324</u>
Investment in Tangible Capital Assets - end of year	\$ 637,203,418	\$ 621,808,324

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CITY OF NANAIMO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2016

NOTE 19 - MUNICIPAL PENSION PLAN

The City and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. The Plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 contributors from Local Government.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. During 2016, City of Nanaimo contributions to the plan were:

	<u>2016</u>	<u>2015</u>
Employer Portion	\$ 4,902,227	\$ 5,048,233
Employee Portion	4,128,271	4,272,288
	<u>\$ 9,030,498</u>	<u>\$ 9,320,521</u>

The next valuation will be as at December 31, 2018 with results available in 2019.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

Annual Financial Statements

CITY OF NANAIMO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2016

NOTE 20 - FINANCIAL INSTRUMENTS

(a) Financial Risk and Fair Market Values

The City's financial instruments consist of cash and cash equivalents, accounts receivable, development cost charges receivable, temporary investments, accounts payable and accrued liabilities and debt. The City does not hold any asset-backed commercial paper or hedge funds. The financial risk is the risk to the City's earnings that arises from fluctuations in interest rates, foreign exchange rates, and the degree of volatility of these rates. The City does not use derivative instruments to reduce its exposure to interest rate risk nor foreign exchange risk as management does not consider the risks material. Based on available market information, the carrying value of the City's financial instruments approximates their fair value with the exception of temporary investments for which market values are disclosed in Note 4.

(b) Credit Risk

The City is not exposed to significant risk from its accounts receivables. The City's tax base has a significant number of participants which reduces the concentration of credit risk. Credit risk is further minimized as the City has the ability to expropriate land in the event of non-payment of property tax receivables.

NOTE 21 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Annual Financial Statements

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2016

NOTE 22 - RESERVES

	<u>Work in Progress</u>	<u>Available for Future Commitments</u>	2016	2015
<u>General Revenue Fund Reserve Accounts</u>				
Fire & Emergency Services	\$ 150,000	\$ 1,897,367	\$ 2,047,367	\$ 1,707,678
Parks & Recreation	167,094	40,856	207,950	277,264
Strategic Partnerships	-	250,000	250,000	250,000
General Capital	841,352	4,286,003	5,127,355	6,839,897
Prior Year Carry Forwards	4,367,140	-	4,367,140	5,551,321
Housing Legacy Reserve	159,790	2,255,862	2,415,652	2,761,573
Uncollected Taxes	-	2,112,533	2,112,533	2,472,037
Uninsured Claims	-	2,682,939	2,682,939	2,580,995
Allowance for Bad Debts	10,000	40,000	50,000	50,000
RCMP Contract	212,071	2,866,761	3,078,832	3,290,903
Information Technology Infrastructure	1,136,608	479,062	1,615,670	1,835,560
Sustainability Initiatives	440,687	286,044	726,731	790,470
Parking Reserve	358,245	261,520	619,765	988,211
Conference Centre	111,885	648,241	760,126	700,682
Snow Removal	-	400,000	400,000	400,000
Property Acquisition	1,025,040	938,037	1,963,077	1,334,833
Colliery Dam Reserve	172,684	69,770	242,454	972,479
Photocopier Reserve	53,000	256,408	309,408	295,639
Casino Funds	-	723,611	723,611	256,613
	<u>9,205,596</u>	<u>20,495,014</u>	<u>29,700,610</u>	<u>33,356,155</u>
<u>Sewer Revenue Reserve Accounts</u>				
General Capital	5,343,695	5,489,323	10,833,018	10,938,977
Growth Related Projects	-	916	916	916
	<u>5,343,695</u>	<u>5,490,239</u>	<u>10,833,934</u>	<u>10,939,893</u>
<u>Waterworks Revenue Fund Reserve Accounts</u>				
General Capital	13,423,929	3,195,236	16,619,165	19,487,050
Growth Related Projects	-	1,900,000	1,900,000	1,410,000
Local Improvement Projects	-	99,661	99,661	99,661
	<u>13,423,929</u>	<u>5,194,897</u>	<u>18,618,826</u>	<u>20,996,711</u>
Total Reserve Accounts	\$27,973,220	\$ 31,180,150	\$59,153,370	\$65,292,759

Annual Financial Statements

CITY OF NANAIMO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2016

NOTE 23 - SEGMENT REPORTING

The City's operations and activities are organized and reported by Fund. City services are provided by departments and their activities are reported in these funds. See Schedule of Operations by Segment (page 7).

GENERAL REVENUE FUND

Certain departments have been separately disclosed in the segmented information, along with the services they provide as follows:

City Administration

The Chief Administrative Officer's office assists Council to establish its strategic direction for the City and takes the lead role in managing the implementation of policy direction established by Council. The Office also provides managerial leadership and direction to all City departments and operations.

The City Administration department is responsible for the City's regulatory services, including legislative services, and the bylaw, animal control, and parking functions.

Corporate Services

Providing service to both the internal organization and the community, the Corporate Services Department is responsible for Human Resources and Organizational Planning, Information Technology, Financial Services and Purchasing.

Development Services

Development Services is responsible for a variety of tasks relating to planning and development. This includes processing development applications and developing related policies and regulations. The Development Services Department is also the liaison to the Nanaimo Economic Development Corporation.

Fire

The Fire Department has the responsibility of protecting the City's citizens and infrastructure through prevention and quick and high quality response to fire, medical and other emergency incidents in the most effective and responsive manner possible. Fire services also include emergency management, planning and coordination functions.

Annual Financial Statements

CITY OF NANAIMO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2016

NOTE 23 - SEGMENT REPORTING (CONTINUED)

Police

The City contracts the Royal Canadian Mounted Police to provide top quality policing services in Nanaimo. With administrative support services provided by City employees, the detachment provides all standard policing services, including response to emergency and non-emergency calls, criminal investigations and traffic safety measures.

Port of Nanaimo Centre

The operation of the Vancouver Island Conference Centre provides a full-service convention centre that hosts meetings, conferences, tradeshow, and weddings for up to 1,300 delegates.

Parks and Recreation

The Parks and Recreation department manages, facilitates and maintains a system of services, facilities, parks and open spaces and works to enhance the quality of life for the citizens of Nanaimo.

Engineering and Public Works

Engineering and Public Works is responsible for the planning, design, construction, operation and maintenance of the City's infrastructure including the City's water, sanitary sewer, drainage and transportation infrastructure. Department operations also include maintenance of the City's fleet, cemeteries, solid waste collection and recycling.

SEWER SYSTEM

The City Sanitary Sewer Utility is a self-funded entity that operates and maintains a sewer collection system that serves the City.

WATERWORKS

The City Waterworks Utility is a self-funded entity that delivers water to residential, commercial and industrial premises in Nanaimo. The Utility operates and maintains a supply system consisting of dams, transmission mains, reservoirs and treatment facilities as well as a distribution system.



Jack Point Park

CITY OF NANAIMO

THE HARBOUR CITY



Financial Statistics

Pipers Lagoon Park

PROPERTY OWNERS WITH GROSS TAXES EXCEEDING \$250,000 IN 2016

Rank	Property Owner	Primary Property	(all agencies)	tax levy
1	IVANHOE CAMBRIDGE I INC	Woodgrove Centre	\$ 4,999,486.35	3.16%
2	1854 HOLDINGS LTD	Nanaimo North Town Centre	\$ 2,344,867.47	1.48%
3	COUNTRY CLUB CENTRE LTD	Country Club Centre	\$ 1,506,764.90	0.95%
4	NANAIMO FOREST PRODUCTS LTD	Harmac Pulp Mill	\$ 1,433,856.58	0.91%
5	FIRST CAPITAL CORPORATION	Port Place / VICC	\$ 1,009,896.62	0.64%
6	BC FERRY SERVICES INC	BC Ferries	\$ 882,466.36	0.56%
7	0807593 BC LTD	Longwood Station	\$ 729,163.89	0.46%
8	LOBLAW PROPERTIES WEST INC	Real Canadian Superstore	\$ 726,842.74	0.46%
9	NORED DEVELOPMENTS INC	Nored Plaza / Apple Cross Centre / Various Properties	\$ 709,276.96	0.45%
10	BROOKS LANDING CENTRE INC	Brooks Landing	\$ 704,342.95	0.45%
11	FORTIS	Fortis (excludes 1% grant)	\$ 680,773.75	0.43%
12	ARTIS AULDS CORNER NANAIMO LTD	Milano's / Island Natural / HSBC / Veterinary Hospital	\$ 677,619.03	0.43%
13	BRITISH COLUMBIA HYDRO & POWER AUTH	BC Hydro (excludes 1% grant)	\$ 671,949.74	0.42%
14	FERNCO DEV LTD / LENCO DEV LTD / NORCO DEV LTD	Terminal Park (part) / Various Properties	\$ 648,361.71	0.41%
15	416382 BC LTD	Dickinson Crossing	\$ 648,037.46	0.41%
16	COSTCO WHOLESALE CORP	Costco	\$ 562,475.47	0.36%
17	INSIGHT HOLDINGS LTD	Various Residential Properties	\$ 561,669.06	0.35%
18	NPR GP INC	Various Residential Properties	\$ 559,665.38	0.35%
19	HOME DEPOT HOLDINGS INC	Home Depot	\$ 536,735.65	0.34%
20	TELUS COMMUNICATIONS & BC TELEPHONE CO	Telus (excludes 1% grant)	\$ 507,857.88	0.32%
21	SOPHIE INVESTMENTS INC	Rock City Centre / Various Residential Properties	\$ 467,459.86	0.30%
22	DUKE POINT PROPERTY COMPANY	Duke Point	\$ 448,196.91	0.28%
23	MID ISLAND CONSUMER SERVICES CO OP	Co-op Centre and Various Properties	\$ 438,162.64	0.28%
24	DOVER POINTE CENTRE LTD	Home Outfitters / Home Sense / PetSmart	\$ 436,557.09	0.28%
25	HAREWOOD INVESTMENTS LTD	University Village	\$ 422,437.19	0.27%
26	WTF INVESTMENTS CO LTD	Metral Place Shopping Centre (Staples, etc)	\$ 416,154.10	0.26%
27	SPIRE LP (WOODGROVE CROSSING) LTD	Woodgrove Crossing	\$ 413,414.19	0.26%
28	WESTERN FOREST PRODUCTS INC	Duke Point Mill / Mill @ Nanaimo Warf	\$ 411,217.72	0.26%
29	SHAW CABLESYSTEMS LTD	Shaw (excludes 1% grant)	\$ 383,857.46	0.24%
30	NANAIMO SENIORS VILLAGE HOLDINGS LTD	Nanaimo Seniors Village	\$ 382,812.40	0.24%
31	NANAIMO BASTION HOTEL CORP	Coast Bastion Hotel	\$ 350,906.29	0.22%
32	B-250 HOLDINGS INC	Hammond Bay Centre	\$ 338,010.26	0.21%
33	HOPEPLACE HOLDINGS INC	Country Grocer / Other (Bowen Road)	\$ 337,895.36	0.21%
34	MALAVIEW DEVELOPMENT LTD	Slegg Lumber	\$ 317,845.80	0.20%
35	MAPLE GLEN HOLDINGS LTD	Southgate Mall	\$ 312,132.55	0.20%
36	ELDORADO DEVELOPMENT CORP LTD	Bowen Centre	\$ 280,164.59	0.18%
37	2080 LABIEUX ROAD HOLDINGS LTD	Government Offices	\$ 272,603.51	0.17%
38	WELLINGTON COURT HOLDINGS CORP	Wholesale Sports / Other	\$ 268,903.40	0.17%
39	ISLAND TIMBERLANDS GP LTD	Various Properties	\$ 253,543.79	0.16%
			<u>\$ 28,054,385.06</u>	

2016 PERMISSIVE TAX EXEMPTIONS

Bylaws # 7100, 7153, 7215

Organization	Municipal Taxes Exempt Portion
ANGLICAN SYNOD DIOCESE OF B C	10,631
BC BOYS CHOIR/CITY OF NANAIMO	187
B C CONFERENCE OF THE MENNONITE BRETHERN THE	11,321
B C CORP SEVENTH DAY ADVENTIST	2,737
BC MUSLIM ASSOCIATION THE	1,262
B C S P C A/CITY OF NANAIMO	6,125
BENEDICTINES OF NANAIMO THE	3,002
BISHOP OF VICTORIA	17,834
BOYS AND GIRLS CLUBS OF CENTRAL VANCOUVER ISLAND	9,550
BRITISH COLUMBIA OLD AGE PENSIONERS BRANCH 4 INC	1,946
CANADIAN MENTAL HEALTH ASSOCIATION	4,919
CENTRAL VANCOUVER ISLAND MULTICULTURAL SOCIETY	13,330
CHRIST COMMUNITY CHURCH	9,047
CHRISTIAN AND MISSIONARY ALLIANCE-CANADIAN PACIFIC DISTRICT	3,443
CHRISTIAN SCIENCE SOC OF NANAIMO	457
CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS IN CANADA	2,320
CHURCH OF THE NAZARENE CANADA PACIFIC DISTRICT	3,164
CRIMSON COAST DANCE SOCIETY	424
CRISIS PREGNANCY CENTRE OF NANAIMO SOCIETY	3,905
DEPARTURE BAY CONGREGATION OF JEHOVAH'S WITNESSES TRUSTEES	4,667
DUCKS UNLIMITED CANADA	3,879
FIRST BAPTIST CHURCH NANAIMO BC	3,742
FOURSQUARE GOSPEL CHURCH OF CANADA	6,755
G S M P D SIKH TEMPLE INC	815
GOOD SAMARITAN CANADA (A LUTHERAN SOCIAL SERVICE ORGANIZATION)	98,780
GOVERNING COUNCIL OF THE SALVATION ARMY	17,569
HABITAT FOR HUMANITY MID-VANCOUVER ISLAND	11,404
HAMMOND BAY BAPTIST CHURCH	1,503
HARBOUR CITY THEATRE ALLIANCE SOCIETY	2,650
HOPE LUTHERAN CHURCH	4,036
ISLAND CORRIDOR FOUNDATION	123,798
ISLAND CRISIS CARE SOCIETY	11,550
KINGS TEMPLE MISSIONARY SOCIETY THE	1,410
LIGHTHOUSE BIBLE BAPTIST CHURCH OF NANAIMO SOCIETY	582
LOAVES AND FISHES FOOD BANK FOUNDATION	8,510
MCGIRR SPORTS SOCIETY THE	38,316
MID ISLAND ABILITIES AND INDEPENDENT LIVING SOCIETY	1,167
MID-ISLAND INTERGROUP SOCIETY	385

2016 PERMISSIVE TAX EXEMPTIONS

Organization	Municipal Taxes Exempt Portion
MID-ISLAND METIS NATION ASSOCIATION	348
MT BENSON (PAC BR 256) ROYAL CAN LEGION	7,887
MT BENSON SENIOR CITIZENS HGS SOC	35,026
NANAIMO & DISTRICT EQUESTRIAN ASSOC / VANCOUVER ISLAND EXHIBITION ASSOC	6,169
NANAIMO & DISTRICT MUSEUM SOCIETY	48,485
NANAIMO 7-10 CLUB	3,050
NANAIMO AFFORDABLE HOUSING SOCIETY	43,835
NANAIMO ART GALLERY	11,668
NANAIMO ASSOCIATION FOR COMMUNITY LIVING	19,164
NANAIMO BMX ASSOCIATION	2,422
NANAIMO BRAIN INJURY SOCIETY	3,399
NANAIMO BRANCH OF THE RED CROSS SOCIETY	8,267
NANAIMO BRANCH ROYAL CANADIAN LEGION (BRANCH 10)	2,197
NANAIMO CANOE & KAYAK CLUB/NANAIMO ROWING CLUB	527
NANAIMO CHILD DEVELOPMENT CENTRE SOCIETY	26,134
NANAIMO CHURCH OF CHRIST	1,865
NANAIMO CITIZEN ADVOCACY ASSOCIATION	1,832
NANAIMO COMMUNITY ARCHIVES	4,535
NANAIMO COMMUNITY GARDENS SOCIETY	1,182
NANAIMO COMMUNITY HOSPICE SOCIETY	6,014
NANAIMO CONSERVATORY OF MUSIC	7,081
NANAIMO CURLING CLUB	11,363
NANAIMO DISTRICT SENIOR CITIZENS' HOUSING DEVELOPMENT SOCIETY	115,324
NANAIMO F O S NON-PROFIT HOUSING SOCIETY	11,032
NANAIMO FAMILY LIFE ASSOCIATION	3,489
NANAIMO FOODSHARE NETWORK SOCIETY	3,880
NANAIMO FULL GOSPEL ASSEMBLY	1,791
NANAIMO MARINE RESCUE SOCIETY	812
NANAIMO MINOR HOCKEY ASSOCIATION	3,613
NANAIMO RECYCLING EXCHANGE	9,977
NANAIMO REGION JOHN HOWARD SOCIETY	5,643
NANAIMO SEARCH & RESCUE SOCIETY	3,154
NANAIMO SQUASH CLUB	3,270
NANAIMO THEATRE GROUP	6,282
NANAIMO TRAVELLERS LODGE SOCIETY	49,496
NANAIMO WOMEN'S RESOURCE SOCIETY	9,825

2016 PERMISSIVE TAX EXEMPTIONS

Organization	Municipal Taxes Exempt Portion
NANAIMO YOUTH SERVICES ASSOCIATION	9,935
NATURE TRUST OF BC	156,539
NAVY LEAGUE OF CANADA NAN BRANCH	4,587
OPTIONS FOR SEXUAL HEALTH/CITY OF NANAIMO	2,399
PACIFIC CHILD AND FAMILY ENRICHMENT SOCIETY	6,541
PENTECOSTAL ASSEMBLIES OF CANADA	14,345
PLEASANT VALLEY SOCIAL CENTRE	5,326
PORT THEATRE SOCIETY THE	274,341
PRIESTLY SOCIETY OF ST PIUS	1,327
PROTECTION ISLAND LIONS CLUB	12,638
PROTECTION ISLAND NEIGHBOURHOOD ASSOCIATION	2,931
REDEEMED CHRISTIAN CHURCH OF GOD	927
ROYAL CANADIAN AIRFORCE ASSOC 808 (THUNDERBIRD) WING/HER MAJESTY THE QUEEN IN RIGHT OF CANADA	3,034
ST JOHN'S AMBULANCE	15,783
ST PAUL'S LUTHERAN CHURCH OF NANAIMO	2,979
THEATER ONE	1,153
TILLICUM HAUS SOCIETY	9,256
TILLICUM LELUM ABORIGINAL SOCIETY	21,179
TRUSTEES OF ST ANDREWS PRESBYTERIAN CHURCH CANADA	3,897
TRUSTEES OF THE CHASE RIVER CONGREGATION OF JEHOVAH'S WITNESSES	3,187
TRUSTEES OF THE CONGREGATION OF BRECHIN UNITED CHURCH	2,394
TRUSTEES OF THE CONGREGATION OF DEPARTURE BAY BAPTIST CHURCH	1,874
TRUSTEES OF THE CONGREGATION OF ST ANDREWS UNITED CHURCH	7,600
TRUSTEES OF THE NANAIMO CHRISTADELPHIANS (MINTER MICHAEL/DANIEL	1,197
TRUSTEES OF THE WOODGROVE CONGREGATION OF JEHOVAH'S WITNESSES	1,605
UKRAINIAN CATHOLIC EPARCHY OF NW	1,744
UNITARIAN FOUNDATION OF NANAIMO	1,723
UNITED WAY CENTRAL & NORTHERN VANCOUVER ISLAND	2,922
VANCOUVER ISLAND AIDS SOCIETY	812
VANCOUVER ISLAND HAVEN SOCIETY	19,914
VANCOUVER ISLAND KHALSA DIWAN SOCIETY	3,967
VANCOUVER ISLAND MENTAL HEALTH SOCIETY	6,979
VANCOUVER ISLAND MILITARY MUSEUM	14,356
VANCOUVER ISLAND SYMPHONY	1,031
WAKESIAH GOSPEL CHAPEL	2,594
WELLINGTON COMMUNITY ASSOCIATION	6,588
TOTAL	\$1,556,765

DEBT GRAPHS

Outstanding Debt by Function (unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Works	\$ 681,467	\$ 361,499	\$ 203,427	\$ 128,642	\$ 84,333	\$ 64,621	\$ 44,021	\$ 22,495	\$ -	\$ -
Parks and Recreation	6,482,375	6,116,408	5,732,143	5,318,005	4,885,232	4,432,985	3,960,386	3,466,520	2,950,430	2,411,116
Social & Protective Services - Parking	2,298,239	2,118,622	1,929,190	1,729,776	1,409,497	1,298,645	1,181,127	1,056,997	925,896	-
Port of Nanaimo Centre	29,496,274	28,468,673	27,399,967	26,288,513	25,132,601	23,930,452	22,680,217	21,379,974	20,027,720	18,621,377
Fire	3,750,000	3,624,068	3,493,100	3,356,892	3,215,236	3,067,914	2,914,699	2,755,355	2,589,638	2,417,292
Water	2,689,409	2,220,269	1,770,708	1,318,081	466,520	358,282	13,544,632	22,178,662	21,279,909	20,475,515
Total Debt Outstanding By Function	\$45,397,764	\$42,909,539	\$40,528,535	\$38,139,909	\$35,193,419	\$33,152,899	\$44,325,082	\$50,860,003	\$47,773,593	\$43,925,300
Debt Per Capita (\$'s)	\$ 557	\$ 518	\$ 481	\$ 446	\$ 405	\$ 379	\$ 515	\$ 572	\$ 530	\$ 471

Debt Outstanding and Per Capita

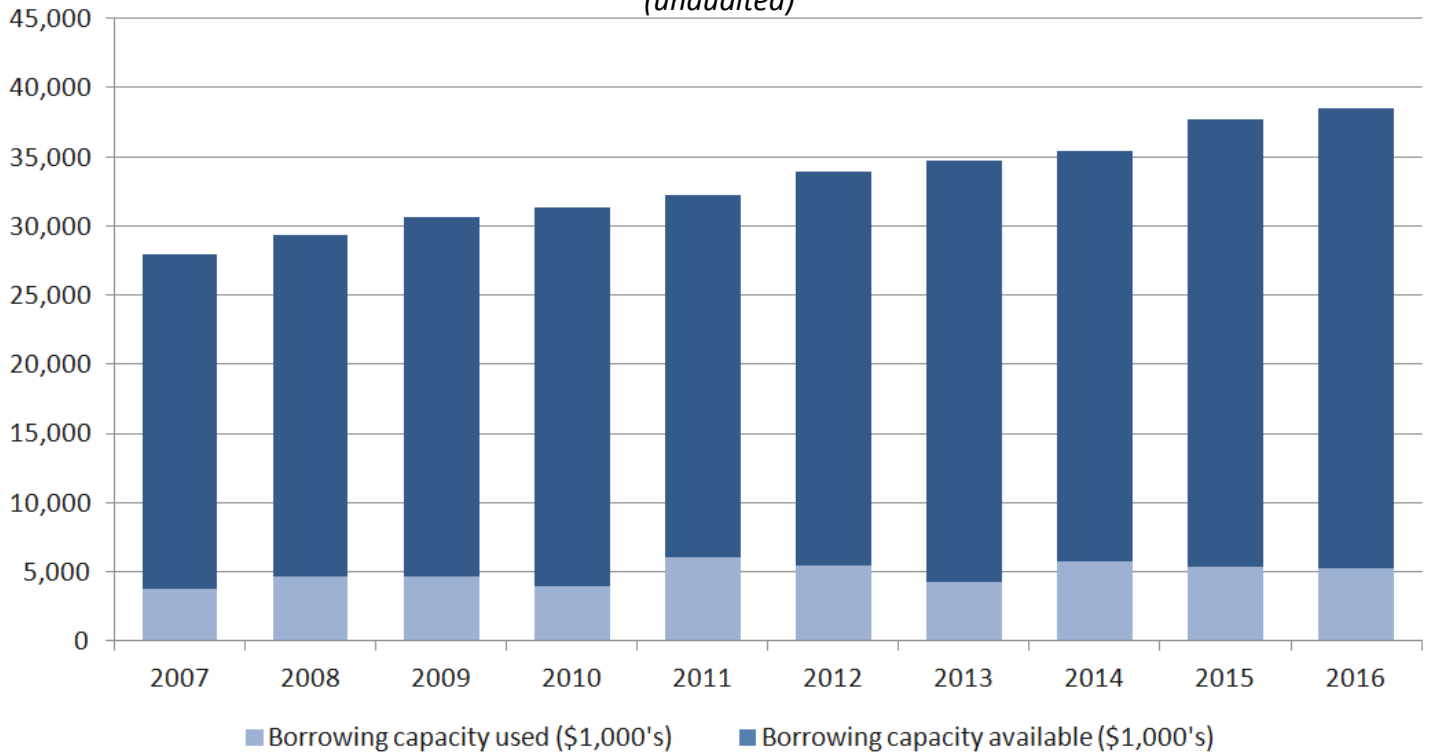


* Source: City of Nanaimo

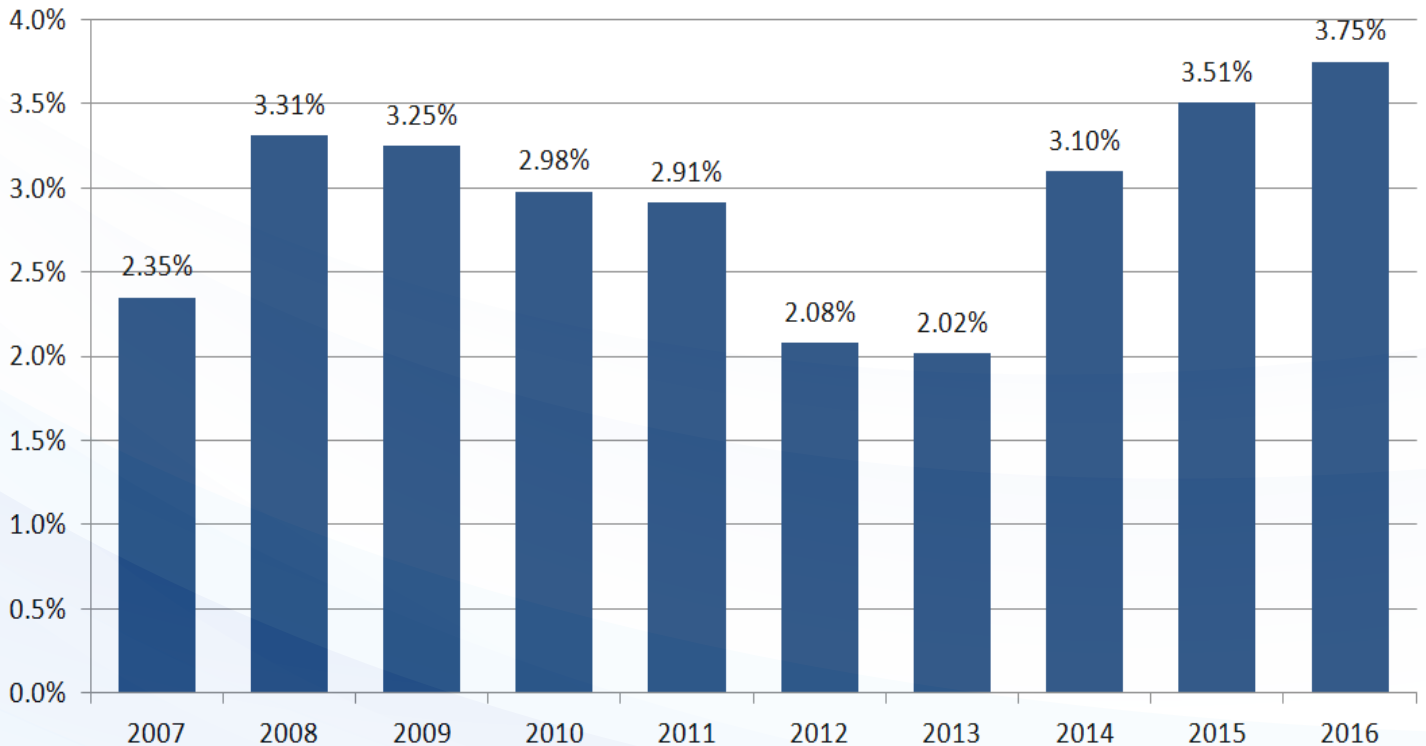
DEBT GRAPHS

Debt Servicing Limit Used and Available

(unaudited)



Debt Servicing as a Percentage of Expenditures*



*Includes operating and capital expenses but excludes amortization

WHERE DO YOUR TAX DOLLARS GO?

For a residential property with an assessed value of \$350,000

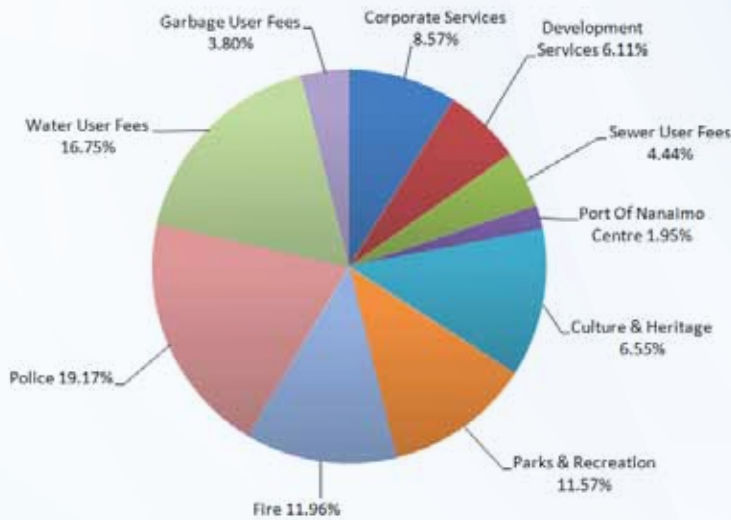
Municipal Taxes & User Rates

City Administration	\$ 107.21
Corporate Services	227.51
Development Services	162.31
Fire	317.52
Police	508.93
Parks & Recreation	307.05
Port of Nanaimo Centre	51.65
Engineering & Public Works	309.25
Sewer User Fees	117.89
Water User Fees	444.62
Garbage User Fees	100.75

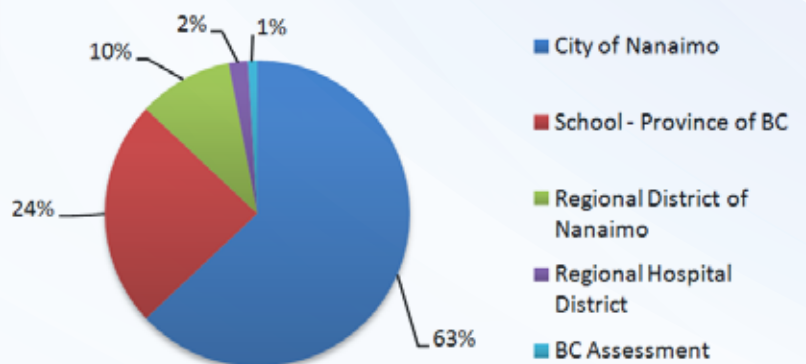
Total Municipal Taxes and User Fees \$2,654.69

NOTE: School taxes, regional levies and the Home Owner Grant are not included in the above.

2016 Municipal Taxes and User Fees for a Residential Property with an Assessed Value of \$350,000

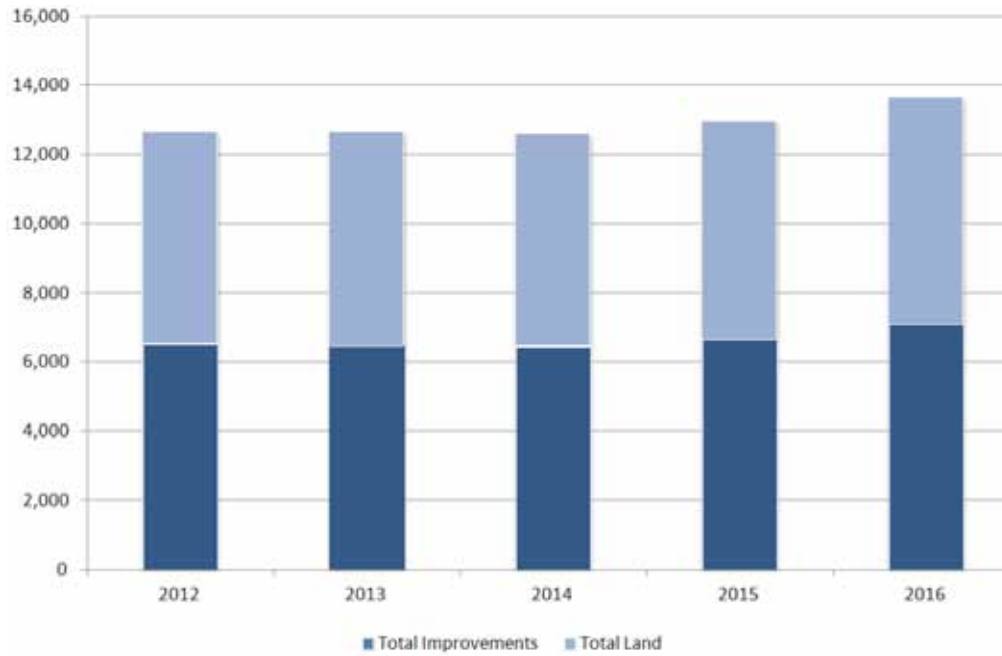


Breakdown of 2016 Residential Tax Bill Assessed Value of \$350,000



ASSESSED VALUES FOR GENERAL MUNICIPAL PURPOSES

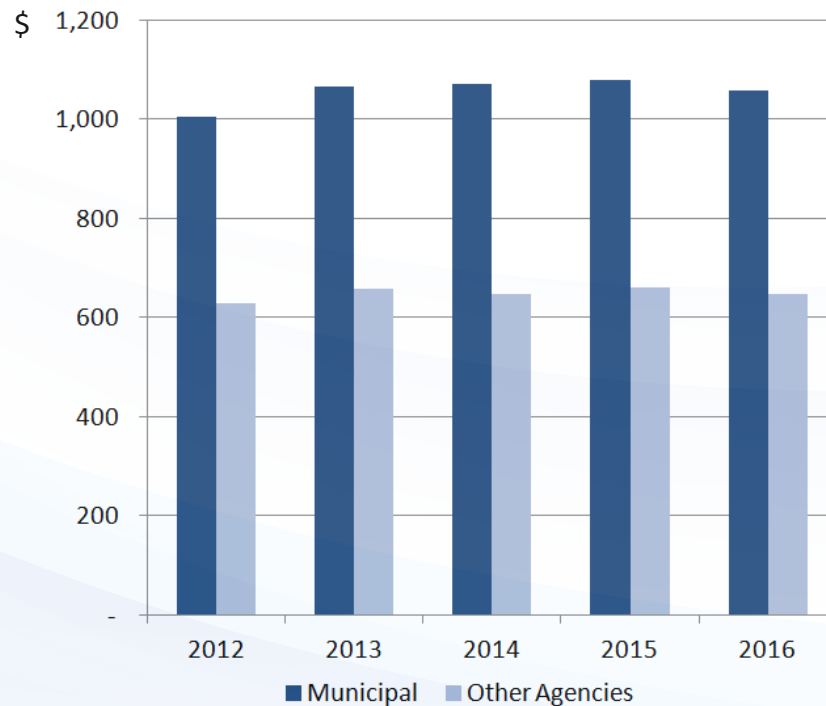
YEAR	2012	2013	2014	2015	2016
Total Land	6,159	6,180	6,138	6,300	6,550
Total Improvements	6,506	6,465	6,448	6,647	7,091
Total Value	12,665	12,645	12,586	12,947	13,641



*Dollars (000,000)

Source: BC Assessment Authority

TAX LEVY & PENALTIES PER CAPITA



TAX LEVY STATISTICS

2016 Tax Rates

	City of Nanaimo	School - Province of BC	Regional District of Nanaimo	Regional Hospital District	BC Assessment	Municipal Finance Authority	Total Tax Levy
Residential*	5.6898	2.1940	0.9797	0.2180	0.0543	0.0002	9.1360
Utilities*	47.4684	13.5000	5.2304	0.7631	0.4995	0.0007	67.4621
Major Industry*	14.4719	2.1600	2.9529	0.7413	0.4995	0.0007	20.8263
Light Industry*	14.4719	5.4000	2.9529	0.7413	0.1575	0.0007	23.7243
Business/Other*	14.4719	5.4000	2.4180	0.5342	0.1575	0.0005	22.9821
Managed Forest Land*	23.0006	2.1000	3.3970	0.6541	0.3167	0.0006	29.4690
Recreational/Non-Profit*	9.6908	3.1000	1.2621	0.2180	0.0543	0.0002	14.3254
Farm Land*	0.5000	3.4500	0.5982	0.2180	0.0543	0.0002	4.8207
Parcel Tax**		\$	14.00				

*Rate per 1.00 of Assessed Value

**Rate Per Property

2016 General Assessment & Taxation by Property Class (in \$000s)

	Assessment	% of Assessment by Class	Taxation	% of Taxation by Class
Residential	\$ 11,480,008	84.16%	\$ 104,702	67.12%
Utilities	10,577	0.08%	2,211	1.42%
Major Industry	101,531	0.74%	2,071	1.33%
Light Industry	82,339	0.60%	2,028	1.30%
Business/Other	1,935,304	14.19%	44,521	28.54%
Managed Forest Land	167	0.00%	5	0.00%
Recreational/Non-Profit	30,981	0.23%	447	0.29%
Farm Land	414	0.00%	2	0.00%
	\$ 13,641,320	100.00%	\$ 155,986	100.00%

TAX LEVY STATISTICS

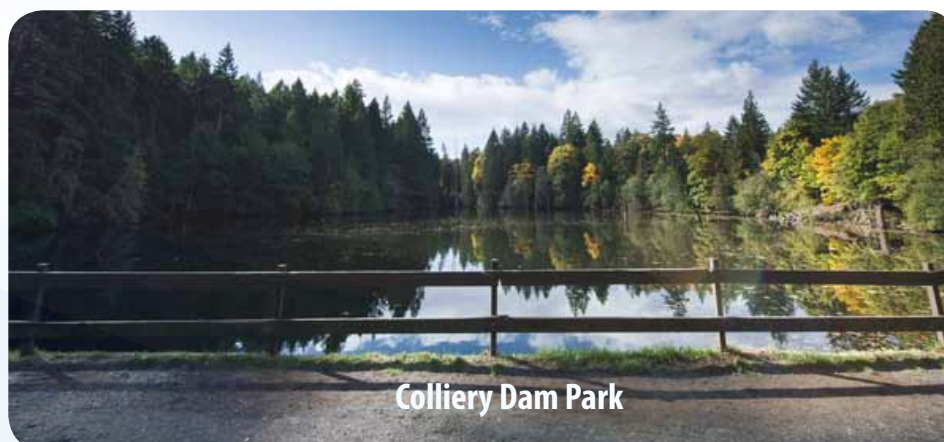
Taxes Collected on Behalf of All Taxing Authorities (in \$000s)***

	2012	2013	2014	2015	2016
City of Nanaimo	\$ 85,859	\$ 89,379	\$ 95,961	\$ 98,188	\$ 99,465
School Board	37,279	37,849	37,932	38,339	38,128
Regional District of Nanaimo	13,292	14,054	14,994	16,257	17,334
Regional Hospital District	3,445	3,554	3,585	3,675	3,743
BC Assessment	1,060	1,074	1,074	1,064	1,030
Municipal Finance Authority	3	3	3	3	3
	<u>\$ 140,938</u>	<u>\$ 145,913</u>	<u>\$ 153,549</u>	<u>\$ 157,526</u>	<u>\$ 159,703</u>

***Includes: 1% Taxes in Lieu, BIA Levy, Local Improvement Levies, Parcel Tax Levy
Amounts are less supplementary adjustments

2011-2016 General Assessment by Property Class (in \$000s)

	2012	2013	2014	2015	2016
Residential	\$ 10,753,913	\$ 10,664,056	\$ 10,554,959	\$ 10,845,523	\$ 11,480,008
Utilities	10,195	10,268	10,533	9,961	10,577
Major Industry	102,099	101,775	100,632	101,337	101,531
Light Industry	71,526	71,283	74,227	81,817	82,339
Business/Other	1,706,707	1,765,943	1,815,288	1,877,619	1,935,304
Managed Forest Land	129	149	140	150	167
Recreational/Non-Profit	20,303	31,017	30,005	30,168	30,981
Farm Land	429	429	420	418	414
	<u>\$ 12,665,301</u>	<u>\$ 12,644,920</u>	<u>\$ 12,586,204</u>	<u>\$ 12,946,993</u>	<u>\$ 13,641,320</u>



Colliery Dam Park

OPERATIONAL COMPARATIVE STATISTICS

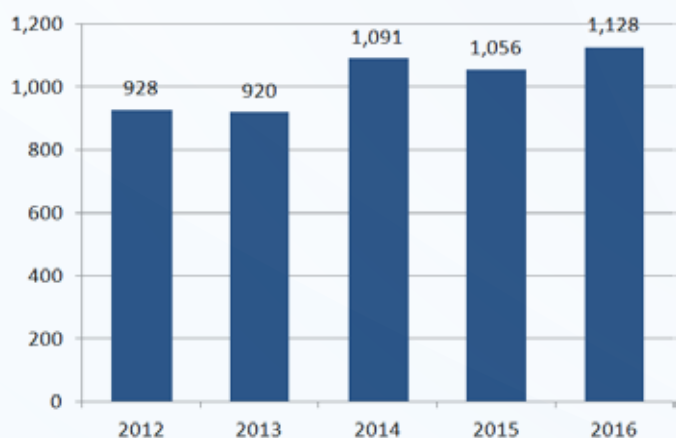
(unaudited)

Municipal Government Form: Mayor and 8 Council Members Incorporated December 24, 1874

	2011	2012	2013	2014	2015	2016
Population *	86,961	87,515	86,057	88,869	90,059	93,273
Registered Voters	63,383	63,383	63,383	62,673	63,975	63,976
No. of Properties (Folios)	35,010	35,333	35,852	36,152	36,446	36,804
Paved Roads in km	605	608	610	612	616	619
Sanitary Sewer Lines in km	656	659	662	666	667	671
Storm Sewer Lines in km	532	536	539	543	545	549
Water Lines in km	624	629	635	641	648	655
Municipal Full-Time Employees	603	604	608	605	607	605
Police Protection						
Number of Stations	1	1	1	1	1	1
Number of Police Officers	135	140	140	140	140	142
Number of Criminal Code Offences	13,124	12,784	9,882	10,453	9,206	10,573
Fire Protection						
Number of Stations	6	5	5	5	5	5
Number of Full-Time Personnel	105	105	103	103	103	103
Paid On Call Firefighters	53	58	60	55	38	30
Number of Call Received	6,494	6,628	6,915	7,067	7,595	8,641
Number of Fire Hydrants	2,933	2,952	3,015	3,049	3,066	3,061
Value of Building Permits Issued	\$188,222,526	\$162,417,519	\$119,988,214	\$230,428,039	\$205,365,569	\$212,895,295

*All Population data is estimated

2016 Building Permits Issued



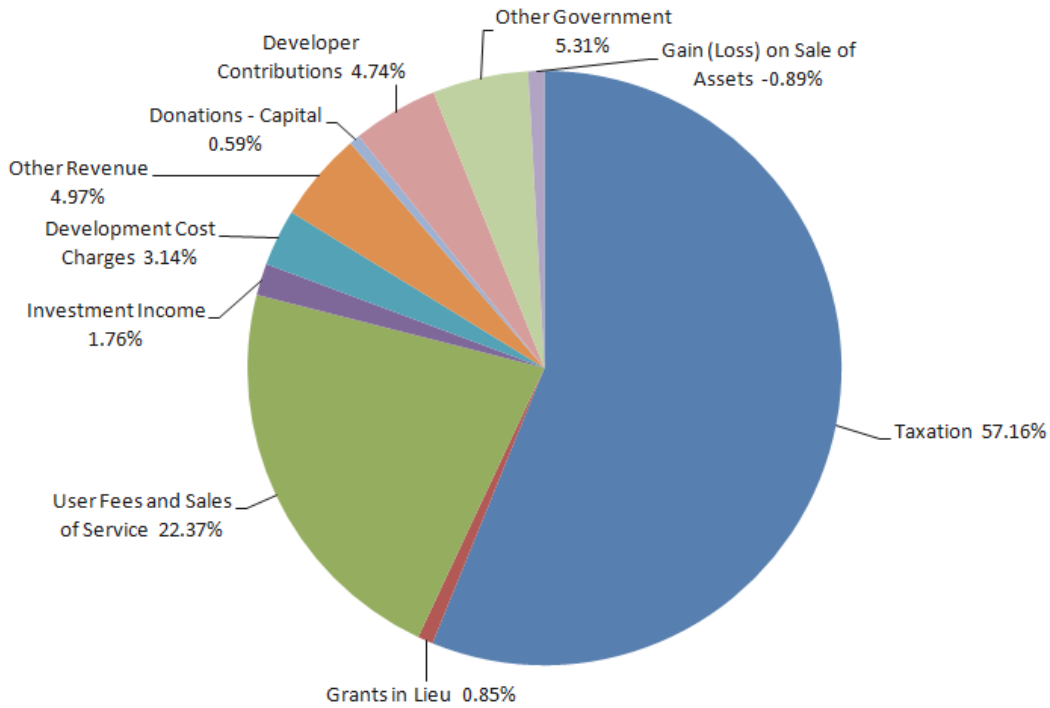
2016 Business Licenses Issued



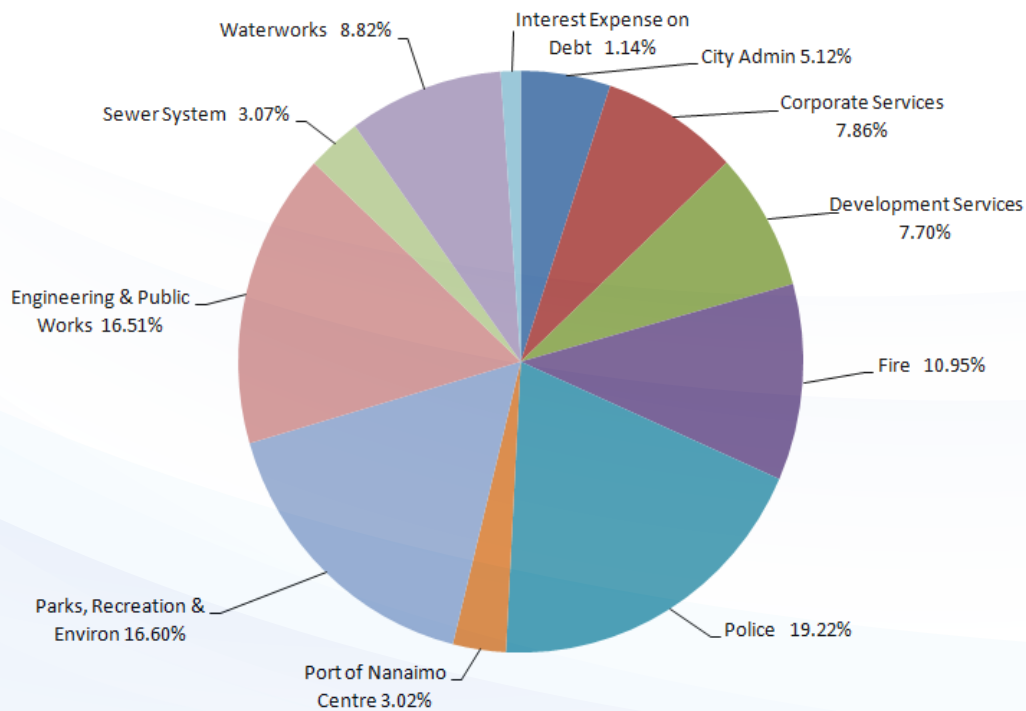
2016 REVENUES AND EXPENSES

(unaudited)

Revenues



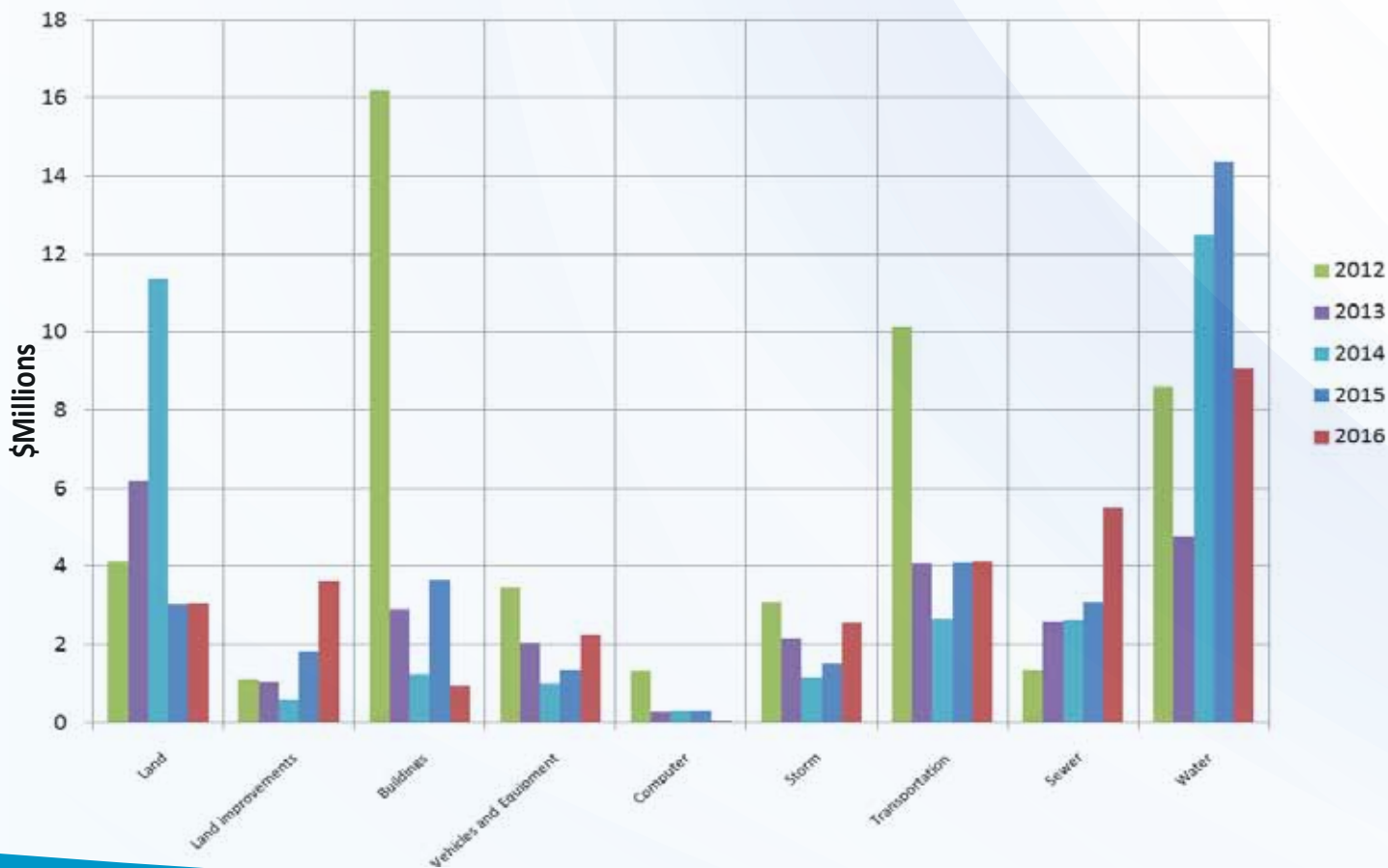
Expenses



CAPITAL EXPENDITURES AND SOURCES OF FUNDING

	2012	2013	2014	2015	2016
Capital Expenditures					
Acquisition of Tangible Capital Assets	49,399,713	26,001,444	33,463,745	33,243,076	31,155,163
Source of Funding					
Recoveries and Private Contributions	9,663,491	5,317,369	6,153,401	5,349,383	9,024,231
Sale of Assets	115,324	84,866	78,777	16,581	41,497
Provincial and Federal Grants	121,110	62,530	5,846,000	120,000	64,025
Reserve Funds	23,861,260	10,653,291	9,353,305	9,484,796	12,143,999
General Operating	3,916,281	4,853,294	1,768,798	1,457,991	1,711,514
Development Cost Charges	7,326,561	729,684	2,178,009	7,262,993	3,095,705
Statutory Reserve Funds	4,394,538	4,297,839	8,009,392	9,545,168	5,067,534
Other	1,148	2,571	76,062	6,164	6,658
	49,399,713	26,001,444	33,463,745	33,243,076	31,155,163

Acquisition of Tangible Capital Assets by Asset Class

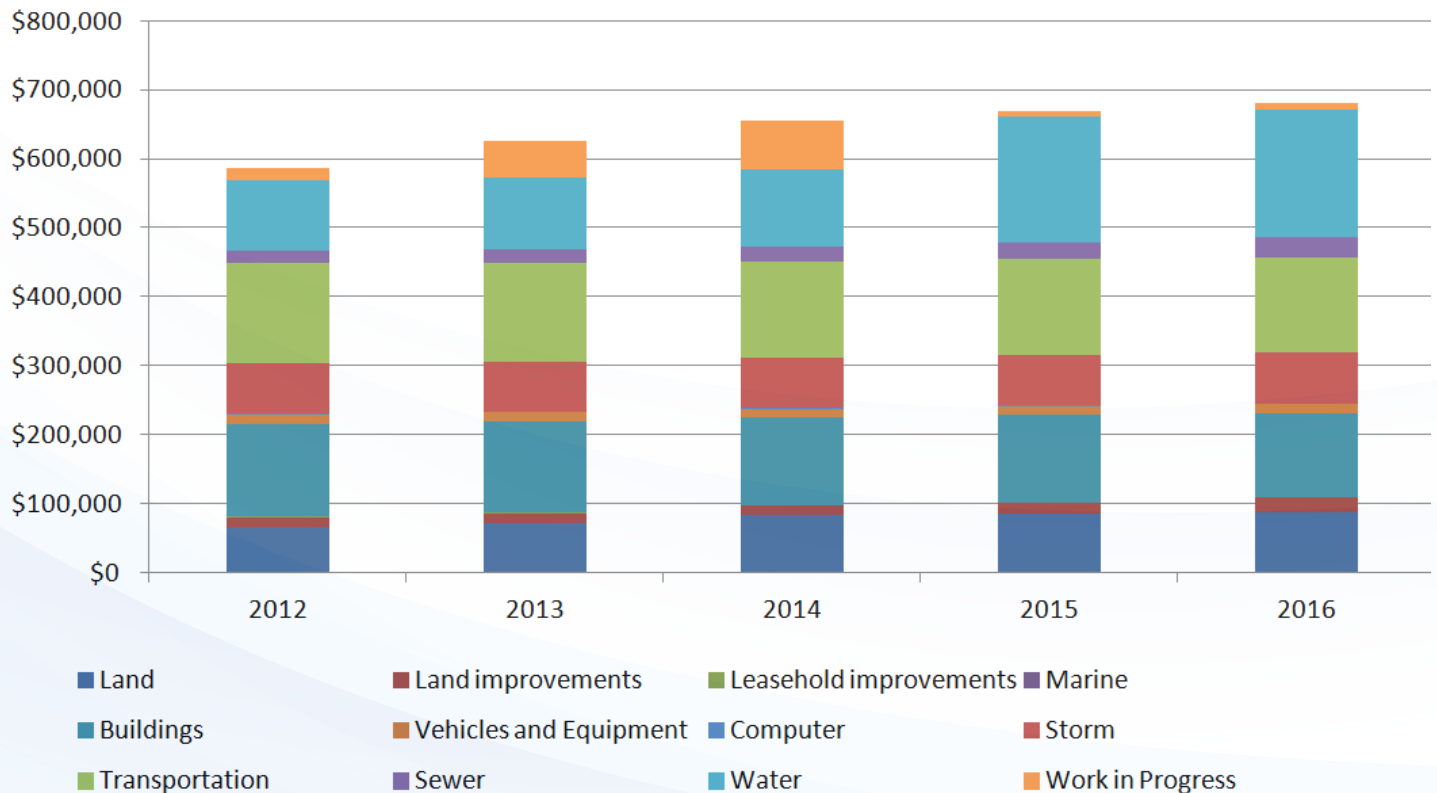


CAPITAL EXPENDITURES BY FUNCTION/TANGIBLE CAPITAL ASSETS

Tangible Capital Assets (Net Book Value) by Asset Category (\$'000s)

	2012	2013	2014	2015	2016
Land	65,986	71,988	82,935	85,701	87,649
Land improvements	14,561	14,451	13,977	15,359	20,798
Leasehold improvements	479	460	387	309	316
Marine	258	227	196	165	136
Buildings	133,750	131,312	127,338	126,713	122,258
Vehicles and Equipment	13,602	13,454	12,365	12,191	12,642
Computer	2,150	1,699	1,463	1,225	787
Storm	71,999	72,607	72,194	73,726	74,711
Transportation	146,021	143,603	139,797	138,455	136,434
Sewer	16,752	18,801	20,883	24,587	29,821
Water	102,231	104,279	113,783	181,853	186,146
Work in Progress	18,322	53,088	70,038	9,298	9,430
Total Capital Assets by Category	586,111	625,969	655,356	669,582	681,129

2012-2016 Tangible Assets by Asset Category



2017 - 2021 PROVISIONAL CAPITAL PLAN AND FUNDING

	2017	2018	2019	2020	2021	Total	General Revenue	Statutory Reserves	General Reserves	Borrowing	Other Sources *	Total
Information Technology	739,618	369,600	-	294,350	132,200	1,535,768	-	-	1,535,768	-	-	1,535,768
Financial Services and Purchasing	15,000	65,000	10,000	28,000	32,000	150,000	-	-	150,000	-	-	150,000
Community Development	10,291,040	7,760,000	600,000	684,700	695,000	20,030,740	505,700	2,000,000	4,925,040	4,600,000	8,000,000	20,030,740
Port of Nanaimo Centre	73,700	81,470	-	-	-	155,170	-	-	155,170	-	-	155,170
Parks, Recreation and Environment	6,045,604	5,569,223	1,370,085	551,000	436,500	13,972,412	2,233,895	8,709,433	1,287,131	-	1,741,953	13,972,412
Engineering and Public Works	17,273,917	15,207,834	9,359,400	6,744,050	12,867,200	61,452,401	13,762,880	44,506,144	1,542,890	-	1,640,487	61,452,401
Fire Services and Emergency Measures	713,520	13,000	1,500,000	1,065,000	838,000	4,129,520	101,167	3,778,621	249,732	-	-	4,129,520
Police Services	453,686	-	275,000	50,000	-	778,686	325,000	239,886	213,800	-	-	778,686
Parking	340,320	625,250	575,000	575,000	575,000	2,690,570	-	2,117,000	573,570	-	-	2,690,570
	35,946,405	29,691,377	13,689,485	9,992,100	15,575,900	104,895,267	16,928,642	61,351,084	10,633,101	4,600,000	11,382,440	104,895,267
Sanitary Sewer Utility	7,320,962	8,647,000	6,078,500	5,502,102	2,653,246	30,201,810	-	10,671,395	14,380,415	5,150,000	-	30,201,810
Water Utility	15,330,189	9,143,356	9,590,300	11,122,200	8,258,500	53,444,545	-	17,350,605	36,093,940	-	-	53,444,545
	58,597,556	47,481,733	29,358,285	26,616,402	26,487,646	188,541,622	16,928,642	89,373,084	61,107,456	9,750,000	11,382,440	188,541,622



2016 City of Nanaimo Annual Report

For more information on this report,
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www.nanaimo.ca*