

AGENDA
SPECIAL OPEN COMMITTEE OF THE WHOLE MEETING
SHAW AUDITORIUM, 80 COMMERCIAL STREET, NANAIMO, BC
WEDNESDAY, 2013-MAR-27, AT 4:30 P.M.

CHAIR: MAYOR RUTTAN

1. **CALL THE SPECIAL OPEN COMMITTEE OF THE WHOLE MEETING TO ORDER:**
2. **INTRODUCTION OF LATE ITEMS:**
3. **ADOPTION OF AGENDA:**
4. **ADOPTION OF MINUTES:**
 - (a) Minutes of the Regular Committee of the Whole Meeting held in the Shaw Auditorium, 80 Commercial Street, on Monday, 2013-MAR-18 at 4:30 p.m. *Pg. 3-6*
5. **PRESENTATIONS:**
 - (a) Ms. S. Clift, Director of Engineering and Public Works, and Mr. R. Harding, Director, Parks, Recreation and Culture, to provide a presentation regarding the 5-Year Capital Plan.
6. **ADMINISTRATION:**

NONE
7. **COMMUNITY SAFETY AND DEVELOPMENT:**

NONE
8. **CORPORATE SERVICES:**
 - (a) Delegations pertaining to the 2013-2017 Financial Plan
 - (b) Municipal Costs

Mr. B. E. Clemens, Director of Finance, to provide a PowerPoint presentation regarding municipal cost pressures.

Purpose: To provide historic information about municipal costs as well as some future trends and to respond to the motion Council passed 2013-FEB-25 requesting information about the Consumer Price Index and population growth.

Staff Recommendation: That Council receive the report regarding municipal costs. Pg. 7-11

9. **COMMUNITY SERVICES:**

NONE

10. **CORRESPONDENCE (not related to a Report to Council):**

NONE

11. **NOTICE OF MOTION:**

12. **OTHER BUSINESS:**

13. **DELEGATIONS (not related to a Report to Council): (10 MINUTES)**

(a) Dr. Doug Hay, regarding the proposed development of the Boat Basin Marina. Mr. Chris Sorensen, Underwater Harvesters Association, and Mr. David MacKenzie will also speak. Pg. 12

(b) Mr. Bill Carter, regarding the proposed development of the Nanaimo Harbour. Pg. 13

14. **QUESTION PERIOD: (Agenda Items Only)**

15. **ADJOURNMENT:**

MINUTES
REGULAR COMMITTEE OF THE WHOLE MEETING
SHAW AUDITORIUM, 80 COMMERCIAL STREET,
MONDAY, 2013-MAR-18 AT 4:30 P.M.

PRESENT: Mayor J. R. Ruttan, Chair

Members: Councillor G. Anderson
Councillor M. D. Brennan
Councillor G. E. Greves
Councillor D. K. Johnstone
Councillor W. B. McKay (arrived 5:11 p.m.)
Councillor J. F. K. Pattje

Absent: Councillor Bestwick
Councillor Kipp

Staff: A. C. Kenning, City Manager
D. W. Holmes, Assistant City Manager and General Manager of
Corporate Services
E. C. Swabey, General Manager of Community Safety and
Development
T. M. Hickey, General Manager of Community Services
T. L. Hartley, Director of Human Resources and Organizational
Planning
B. E. Clemens, Director of Finance
A. J. Tucker, Director of Planning
P. Kristensen, Director of Information Technology
L. Coates, Manager Accounting Services
D. Lindsay, Acting Director of Development
P. Cooper, Communications Manager
T. Samra, Manager of Legislative Services
S. Snelgrove, Recording Secretary

1. CALL THE OPEN MEETING TO ORDER:

The Regular Committee of the Whole Meeting was called to order at 4:30 p.m.

2. INTRODUCTION OF LATE ITEMS:

(a) Add Agenda Item 12 (a) E-Town Hall Meeting Update.

3. ADOPTION OF AGENDA:

It was moved and seconded that the Agenda, as amended, be adopted. The motion carried unanimously.

4. ADOPTION OF MINUTES:

It was moved and seconded that the Minutes of the Regular Committee of the Whole Meeting held in the Shaw Auditorium, 80 Commercial Street, Nanaimo, BC, on Monday, 2013-MAR-04 at 4:30 p.m. be adopted as circulated. The motion carried unanimously.

5. COMMUNITY SAFETY AND DEVELOPMENT:

(a) Summary of Cash-In-Lieu of Park Land Dedication Reports Authorized by Council for 2012

It was moved and seconded that Council receive the report regarding the summary of cash-in-lieu of park land dedication. The motion carried unanimously.

6. CORPORATE SERVICES:

(a) Delegations pertaining to the 2013-2017 Financial Plan.

1. Mr. Gord Fuller spoke regarding the agenda format.

(b) 2013 Reserves

Mr. B. E. Clemens, Director of Finance, provided a PowerPoint presentation regarding the 2013 Reserves.

It was moved and seconded that Council direct Staff to use \$2.5 million from the General Capital Reserve to partially fund the Colliery Dam project, reducing the amount of short term borrowing required. The motion carried unanimously.

7. COMMUNITY SERVICES:

(a) Minutes of the Transportation Advisory Committee Meeting held 2013-JAN-23

It was moved and seconded that Council receive the Minutes of the Transportation Advisory Committee Meeting held 2013-Jan-23. The motion carried unanimously.

(b) Renaming of Laguna 2 Park to Ocean View Park

It was moved and seconded that Council approve a name change of Laguna 2 Park to Ocean View Park. The motion carried unanimously.

(c) Lane Improvements

It was moved and seconded that Council receive the report regarding lane improvements. The motion carried unanimously.

8. OTHER BUSINESS:

(a) E-Town Hall Meeting Update

Mayor Ruttan provided an update regarding the E-Town Hall Meeting to be held 2013-MAR-25.

9. DELEGATIONS (not related to a Report to Council):

(a) Mr. Mike Oliver spoke regarding the Canadian Cancer Society Relay for Life Day on 2013-JUN-14.

It was moved and seconded that 2013-JUN-14 be designated as Canadian Cancer Society Relay for Life Day in Nanaimo. The motion carried unanimously.

(b) Mr. Jim Taylor spoke regarding City policy as it relates to future hotel developers and operators within the City of Nanaimo.

(c) Mr. Bill Carter spoke regarding the Nanaimo Port Authority Board and the historical, cultural and economic values of the harbour.

10. QUESTION PERIOD:

- Mr. Ron Bolin, re: 2013 Reserves.
- Mr. Gord Fuller, re: Nanaimo Port Authority, Vancouver Island Conference Centre.
- Mr. Doug Hay, re: Nanaimo Port Authority.
- Mr. Dan Appell, re: Vancouver Island Conference Centre Hotel.
- Mr. Fred Taylor, re: City of Nanaimo head lease with the Nanaimo Port Authority.
- Mr. Gord Fuller, re: Nanaimo Port Authority Protocol agreements.

Councillor Anderson encouraged citizens to participate in Earth Hour which will be held Saturday 2013-MAR-23 from 8:30 – 9:30 p.m.

11. PROCEDURAL MOTION:

It was moved and seconded that the meeting be closed to the public in order to deal with agenda items under the *Community Charter* Section 90(1):

- (a) personal information about an identifiable individual who holds or is being considered for a position as an officer, employee or agent of the municipality or another position appointed by the municipality;
- (b) personal information about an identifiable individual who is being considered for a municipal award or honour, or who has offered to provide a gift to the municipality on condition of anonymity; and,

- (k) negotiations and related discussions respecting the proposed provision of a municipal service that are at their preliminary stages and that, in the view of the Council, could reasonably be expected to harm the interests of the municipality if they were held in public;

The motion carried unanimously.

Council moved into "In Camera" at 6:07 p.m.

Council moved out of "In Camera" at 6:35 p.m.

12. ADJOURNMENT:

It was moved and seconded at 6:35 p.m. that the meeting terminate. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER

City of Nanaimo

REPORT TO COUNCIL

DATE OF MEETING: 2013-MAR-27

AUTHORED BY: L. COATES, MANAGER, ACCOUNTING SERVICES

RE: MUNICIPAL COSTS

STAFF RECOMMENDATION:

That Council receive the report for information

PURPOSE:

To provide historic information about municipal costs as well as some future trends and to respond to the motion Council passed 2013-FEB-25 requesting information about the Consumer Price Index and population growth.

SUMMARY:

This report will provide summary information for the City's operating expenses, not including one-time operating projects or capital projects. Staff chose to focus on operating expenses in order to identify long term trends. As well, several significant expense categories will be presented and the trends discussed. As Council has received reports on contracted services and wages and benefits and will receive a report on the RCMP contract, these items will be presented as summary information only.

DISCUSSION:

Broad expense categories have been used to gather information about operating expenses and will be used in the summary information. The categories are:

- Wages and Benefits
- Service and Supply Contracts (includes Utilities)
- RCMP Contract
- Materials and Supplies
- Other (includes Grants, Subsidies and Vancouver Island Regional Library funding)
- Debt Servicing (Principal and Interest Payments)

Year to year changes in operating costs are impacted by increases or decreases in service levels, inflationary pressures and contractual or regulatory obligations.

Service level changes, which will include changes in technology for the purposes of this discussion, will impact costs in a category when comparing one year to the next. For example, opening a new facility may result in significant increases in wages and benefits, service and supply contracts and materials and supplies but may not impact other and debt servicing categories. New

technology may cause a shift from one category to another. An example would be a new piece of equipment or software that allows for fewer staff hours but increases service and supply contract costs. Service level changes may result in cost increases, cost decreases or shifts between categories.

Inflation is the rise in the level of prices of goods and services over a period of time. The Consumer Price Index is a well known measure of inflation for an average consumer. The shopping basket of an average consumer includes housing, transportation, food, household goods, recreation, education and other consumables. While the City's operating expenses have some common elements with the average consumer, the Consumer Price Index does not match the spending pattern of local government. An example would be utilities. Both the City and the average consumer spend funds on electricity but the percentage of the total spend for the year would not be comparable. Another example is the cost of asphalt, which would not be a major factor for the average consumer. However, for the City a price increase from \$115 per metric tonne in 2006 to over \$140 per metric tonne in 2012 impacts both operating costs and operating projects and capital projects as there are over 605 kilometers of paved roads to be maintained.

Contractual obligations have the most impact on the largest spending category, wages and benefits. Contracts dictate the rate of inflation for the costs covered by collective agreements. Another factor to consider is regulatory requirements. Where the legal obligation of the City changes, costs will either increase or decrease. Greenhouse gas offsets is an example where \$175,000 per year has been added to the budget to meet this obligation.

The following are some significant expenses, the historical spend, the change for the five year period and a few relevant factors:

Heating and Electricity

| | |
|--------------------------------|----------------|
| 2007 spend | \$2.54 million |
| 2012 spend | \$3.30 million |
| Cumulative change over 5 years | 29.83% |
| Average annual change | 5.97% |

The City has achieved significant efficiencies in this expense category through investment in new technology and converting to less expensive power sources. Of note is that in 2008, three new facilities, the Port of Nanaimo Centre, Oliver Woods Community Centre and Firehall #4, were opened. In July 2010, Firehall #4 changed from an 8 hour per day operation to 24 hours per day. Over the next three years, 2013 to 2015, BC Hydro has confirmed rate increases that total 17%. Fortis BC could not provide any information about future prices.

Vehicle Fuel

| | |
|--------------------------------|----------------|
| 2007 spend | \$.76 million |
| 2012 spend | \$1.12 million |
| Cumulative change over 5 years | 46.78% |
| Average annual change | 9.36% |

The Conference Board of Canada's crude oil price forecast is a good indicator for the change in fuel costs. It is forecasting an increase in 2013 of 6.41% and lower increases in 2014 and 2015 of about 4.25% in each of these years.

Garbage and Recycling Collection

| | |
|--------------------------------|----------------|
| 2007 spend | \$1.14 million |
| 2012 spend | \$1.73 million |
| Cumulative change over 5 years | 51.11% |
| Average annual change | 10.22% |

Tipping fees at the Regional District of Nanaimo landfill were \$95 per tonne in 2007 and are \$120 per tonne in 2012. This is an average annual change of 5.6%. Implementation of the food composting program has diverted waste from the landfill and shifted the tipping fee to another provider with a slightly lower charge of between \$92 and \$100 per tonne in 2012. Over this time period, the number of users has increased 11%.

Insurance

| | |
|--------------------------------|----------------|
| 2007 spend | \$1.22 million |
| 2012 spend | \$.97 million |
| Cumulative change over 5 years | -20.87% |
| Average annual change | -4.17% |

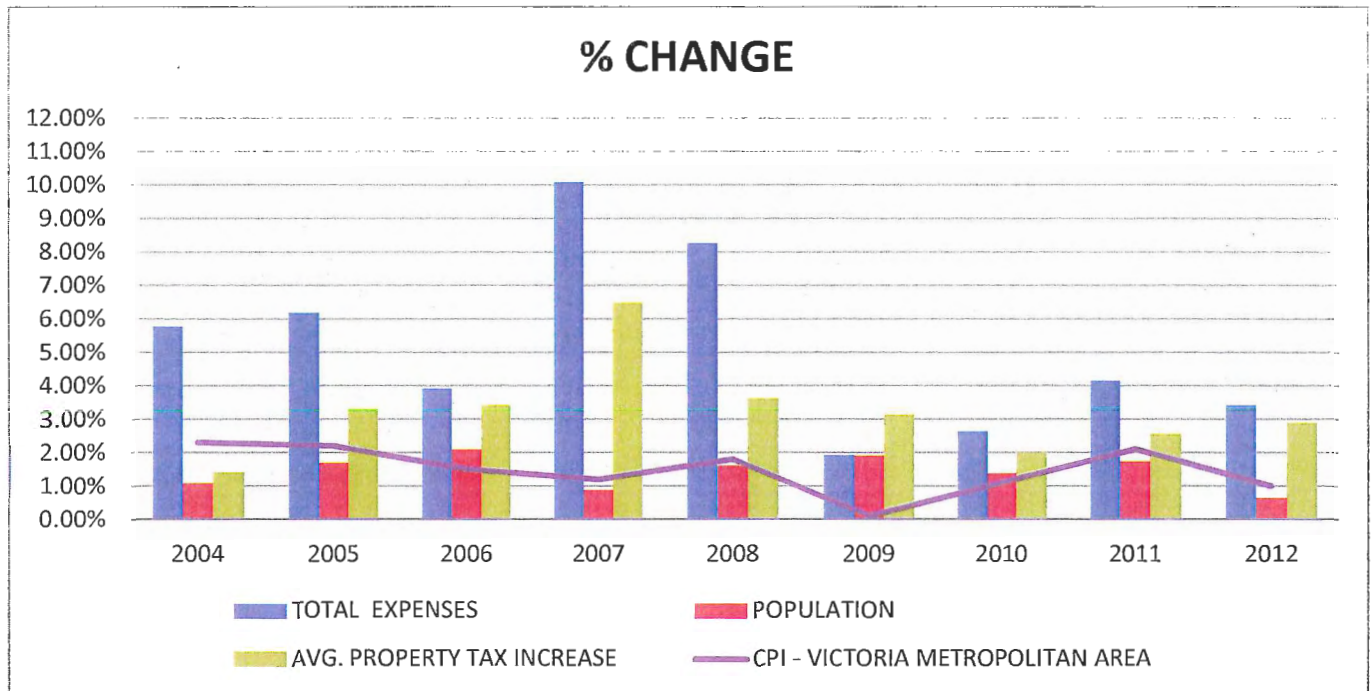
Through the request for proposal process, a new insurance broker was selected. The broker suggested alternate ways of providing insurance that have resulted in cost savings.

Vancouver Island Regional Library (VIRL)

| | |
|--------------------------------|----------------|
| 2007 spend | \$2.46 million |
| 2012 spend | \$3.21 million |
| Cumulative change over 5 years | 30.11% |
| Average annual change | 6.02% |

Collective agreements impact wages and benefits costs at the VIRL. As well, measures have been taken to address deferred maintenance and capital replacement identified in the facilities master plan of 2010 which has increased costs. The funding model for VIRL is based on population and property assessment. As Nanaimo has seen higher growth in both of these areas than some members of VIRL, there has been a shift of costs to the City.

The following graph has a ten year comparison of the annual change in operating expenses, the average property tax increase, the Consumer Price Index and the growth in population.



A ten year summary of the expense categories can be found as an appendix to this report. Council will be receiving presentations and reports on the RCMP contract and the Fire Plan in April.

Respectfully submitted,

L. Coates
Manager, Accounting Services

Concurrence by:

B. E. Clemens
Director of Finance

D. W. Holmes
Assistant City Manager / General
Manager, Corporate Services

CITY MANAGER COMMENT:

I concur with the staff recommendation.

Drafted: 2013-MAR-25
LC/tw

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CITY OF NANAIMO 2003 TO 2012
OPERATING EXPENSES - YEAR TO YEAR COMPARISON

APPENDIX 1

| EXPENSE CATEGORY | <u>2003</u> | | <u>2004</u> | | <u>2005</u> | | <u>2006</u> | |
|--|--------------------|--------|--------------------|---------|--------------------|---------|--------------------|--------|
| WAGES AND BENEFITS | 34,331,599 | | 35,757,684 | 4.15% | 38,959,856 | 8.96% | 41,284,435 | 5.97% |
| SERVICE AND SUPPLY CONTRACTS INCLUDING UTILITIES | 12,534,173 | | 15,229,828 | 21.51% | 15,378,523 | 0.98% | 14,644,565 | -4.77% |
| RCMP CONTRACT | 10,152,507 | | 10,807,427 | 6.45% | 11,397,526 | 5.46% | 11,887,108 | 4.30% |
| MATERIALS AND SUPPLIES | 4,920,932 | | 5,184,604 | 5.36% | 5,625,322 | 8.50% | 6,049,530 | 7.54% |
| OTHER INCLUDING GRANTS, SUBSIDIES AND LIBRARY | 4,659,564 | | 4,991,568 | 7.13% | 5,400,214 | 8.19% | 5,626,077 | 4.18% |
| DEBT SERVICING | 4,383,535 | | 3,110,774 | -29.04% | 2,960,077 | -4.84% | 3,350,755 | 13.20% |
| TOTAL | <u>70,982,310</u> | | <u>75,081,886</u> | 5.78% | <u>79,721,518</u> | 6.18% | <u>82,842,471</u> | 3.91% |
| | <u>2007</u> | | <u>2008</u> | | <u>2009</u> | | <u>2010</u> | |
| WAGES AND BENEFITS | 45,086,907 | 9.21% | 47,447,275 | 5.24% | 49,895,335 | 5.16% | 51,435,362 | 3.09% |
| SERVICE AND SUPPLY CONTRACTS INCLUDING UTILITIES | 17,216,631 | 17.56% | 20,327,573 | 18.07% | 19,855,639 | -2.32% | 20,106,648 | 1.26% |
| RCMP CONTRACT | 12,291,371 | 3.40% | 12,370,655 | 0.65% | 13,946,856 | 12.74% | 15,184,290 | 8.87% |
| MATERIALS AND SUPPLIES | 6,331,929 | 4.67% | 7,259,193 | 14.64% | 6,607,188 | -8.98% | 6,291,969 | -4.77% |
| OTHER INCLUDING GRANTS, SUBSIDIES AND LIBRARY | 6,013,727 | 6.89% | 6,098,628 | 1.41% | 5,862,021 | -3.88% | 6,086,111 | 3.82% |
| DEBT SERVICING | 4,257,319 | 27.06% | 5,231,808 | 22.89% | 4,453,218 | -14.88% | 4,162,401 | -6.53% |
| TOTAL | <u>91,197,884</u> | 10.09% | <u>98,735,132</u> | 8.26% | <u>100,620,257</u> | 1.91% | <u>103,266,781</u> | 2.63% |
| | <u>2011</u> | | <u>2012</u> | | | | | |
| WAGES AND BENEFITS | 53,501,992 | 4.02% | 55,314,835 | 3.39% | | | | |
| SERVICE AND SUPPLY CONTRACTS INCLUDING UTILITIES | 19,503,608 | -3.00% | 20,163,946 | 3.39% | | | | |
| RCMP CONTRACT | 17,502,531 | 15.27% | 19,397,958 | 10.83% | | | | |
| MATERIALS AND SUPPLIES | 6,654,543 | 5.76% | 6,548,348 | -1.60% | | | | |
| OTHER INCLUDING GRANTS, SUBSIDIES AND LIBRARY | 6,285,761 | 3.28% | 6,307,754 | 0.35% | | | | |
| DEBT SERVICING | 4,106,293 | -1.35% | 3,503,894 | -14.67% | | | | |
| TOTAL | <u>107,554,728</u> | 4.15% | <u>111,236,736</u> | 3.42% | | | | |

Delegation Request

Dr. Doug Hay has requested an appearance before council. The request is made on behalf of Joan Carruthers.

The requested date is Mar 27, 2013.

The requested meeting is:
FPCOW

Presenter's information

City: Nanaimo
Province: B.C.

Details of Presentation:

Dr. Hay will present comments and questions re the proposed redevelopment plan for the Boat Basin. Request please that this be added to Bill Carter's presentation with the understanding that Chris Sorensen (Underwater Harvesters Association) and concerned citizen David MacKenzie will also speak on this issue.

| | | |
|--|----------------|-------------------------------------|
| <input type="checkbox"/> Council | Agenda Item | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> Committee <u>FPCOW</u> | Delegation | <input checked="" type="checkbox"/> |
| <input checked="" type="checkbox"/> Open Meeting | Proclamation | <input type="checkbox"/> |
| <input type="checkbox"/> In-Camera Meeting | Correspondence | <input type="checkbox"/> |
| Meeting Date: <u>2013-MAR-27</u> | | |



REQUEST TO APPEAR AS A DELEGATION

ON 2013 - March - 27th
year month day

RECEIVED

MAR 25 2013



COUNCIL

(at 7:00 p.m. in the Shaw Auditorium, 80 Commercial Street)



COMMITTEE OF THE WHOLE

(at 4:30 p.m. in the Shaw Auditorium, 80 Commercial Street)

LEGISLATIVE SERVICES

NAME OF PERSON MAKING PRESENTATION: Bill Carter

Print

ADDRESS: _____

street address

City

BC

Province

Postal Code

PHONE: _____

home

business

FAX: _____

NAME OF APPLICANT IF OTHER THAN ABOVE: _____

DETAILS OF PRESENTATION:

Acknowledging that the City & its stakeholders are in dispute with the Nanaimo Harbour Authority and its planned lease/sale of Nanaimos Public Marina/Boat Basin. We (the stakeholder coalition) would like to implement the Charter, in support of the motion passed by Counselor Brennan.

PLEASE NOTE

- Audio/Visual presentations must be provided on a CD or by e-mail no later than 12:00 noon on the Friday preceding a Meeting.
- Please submit a written copy of your presentation to the Recording Secretary either at, or prior to, the Meeting.
- Multiple speakers on a single issue or topic shall be given 5 minutes each to make their presentations as per Section 18 of the Council Procedure Bylaw.

☐ Council

Agenda Item



☒ Committee SCW

Delegation



☒ Open Meeting

Proclamation



☒ In-Camera Meeting

Correspondence



Legislative Services Department

455 Wallace Street, Nanaimo BC V9R 5M6

Meeting Date: 2013-MAR-27

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Fax: (250) 755-4435

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