

AGENDA FOR THE REGULAR FINANCE / POLICY COMMITTEE OF THE WHOLE MEETING
TO BE HELD IN THE BOARD ROOM, CITY HALL,
ON MONDAY, 2010-JAN-18, COMMENCING AT 4:30 P.M.

1. **CALL THE REGULAR FINANCE / POLICY 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 Finance / Policy Committee of the Whole Meeting held in the Board Room, City Hall, on Monday, 2009-NOV-16 at 4:30 p.m. *Pg. 3-5*
 - (b) Minutes of the Special Finance / Policy Committee of the Whole Meeting held in the Board Room, City Hall, on Monday, 2009-NOV-30 at 4:30 p.m. *Pg. 6-9*
5. **PRESENTATIONS:**
 - (a) Ms. Zeni Maartman, President, Tourism Nanaimo, re: update on Tourism Nanaimo activities.
 - (b) Mr. Bruce Avis, Chairperson, Citizen Advisory Committee to the Correctional Service of Canada, Nanaimo Parole Office, 256 Wallace Street, Nanaimo, BC, re: the role of the Nanaimo Parole Office working in conjunction with the Citizen Advisory Committee.
 - (c) Presentation from Mr. B. E. Clemens, Director of Finance, re: Capital.
 - (d) Presentation from Mr. B. E. Clemens, Director of Finance, re: Reserves.
6. **DELEGATIONS PERTAINING TO AGENDA ITEMS: (10 MINUTES)**
 - (a) Delegations Pertaining to the 2010 – 2014 Financial Plan
7. **COMMISSION REPORTS:**

8. **COMMITTEE REPORTS:**

9. **STAFF REPORTS:** *(blue)*

10. **INFORMATION ONLY ITEMS:**

- (a) Report from Mr. B. E. Clemens, Director of Finance, and Ms. T. L. Hartley, Director of Human Resources, re: Transportation Allowances. *Pg. 10-13*
- (b) Report from Mr. R. J. Harding, Director of Parks, Recreation and Culture, re: Beban Park Infrastructure Project. *Pg. 14-15*

11. **CORRESPONDENCE:**

12. **NOTICE OF MOTION:**

13. **OTHER BUSINESS:**

14. **DELEGATIONS PERTAINING TO ITEMS NOT ON THE AGENDA:**
(10 MINUTES)

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

16. **PROCEDURAL MOTION:**

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

- (c) labour relations or employee negotiations;
- (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.

17. **ADJOURNMENT:**

MINUTES OF THE REGULAR FINANCE / POLICY COMMITTEE OF THE WHOLE MEETING
HELD IN THE BOARD ROOM, CITY HALL,
ON MONDAY, 2009-NOV-16 COMMENCING AT 4:30 P.M.

PRESENT: Mayor J. R. Ruttan, Chair

Members: Councillor W. L. Bestwick
Councillor W. J. Holdom
Councillor J. A. Kipp
Councillor L. D. McNabb
Councillor J. F. K. Pattje
Councillor L. J. Sherry
Councillor M. W. Unger

Absent: Councillor D. K. Johnstone

Staff: A. C. Kenning, City Manager
A. W. Laidlaw, General Manager of Community Services
D. W. Holmes, General Manager of Corporate Services
E. C. Swabey, General Manager of Development Services
I. Howat, Director of Legislative Services
T. L. Hartley, Director of Human Resources
B. E. Clemens, Director of Finance
T. M. Hickey, Director of Engineering and Public Works
T. P. Seward, Director of Development
Superintendent Lott, OIC, Nanaimo Detachment RCMP
M. Dietrich, Manager of Police Support Services
Chief R. Lambert, Nanaimo Fire Rescue
A. J. Tucker, Director of Planning
R. J. Harding, Director of Parks, Recreation and Culture
S. Graham, Manager of Financial Planning and Payroll
D. Duncan, Manager of Finance, Community Services
J. E. Harrison, Manager of Legislative Services
S. McMillan, Recording Secretary

1. CALL THE OPEN MEETING TO ORDER:

The Regular Finance / Policy Committee of the Whole Meeting was called to order at 4:42 p.m.

2. INTRODUCTION OF LATE ITEMS:

- (a) Move Agenda Item 7 (a) – Information Only Items - Report from Mr. B. E. Clemens, Director of Finance, re: 2010 – 2014 Financial Plan, to Agenda Item 5 (a).

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 Minutes of the Regular Finance / Policy Committee of the Whole Meeting held in the Board Room, City Hall on Monday, 2009-NOV-02 at 4:30 p.m. be adopted as circulated. The motion carried unanimously.

5. PRESENTATIONS:

(a) Mr. B. E. Clemens, Director of Finance, presented the 2010 – 2014 Financial Plan.

Councillor McNabb vacated the Board Room at 6:03 p.m.

6. STAFF REPORTS:

COMMUNITY SERVICES:

(a) Protective Services Issues (Staffing Levels and Budget)

It was moved and seconded that Council:

1. proceed with implementation of the ten year fire plan with regard to the hiring of ten new firefighters in 2010 to complete 24/7 staffing of the Chase River Fire Station (fire station four); and,
2. implement the phasing in of new police resources over five years as set out in the report; and,
3. as a result of current economic conditions, request a staff report on the potential option to delay the planning, construction and staffing of the proposed new Fire Station #6 (Hammond Bay at Nottingham).

The motion carried unanimously.

It was moved and seconded that Council direct Staff to prepare a report regarding options to use RCMP officer phase-in to smooth taxes over the next five years. The motion carried.

Opposed: Councillor Sherry

7. ADJOURNMENT:

It was moved and seconded at 6:30 p.m. that the meeting terminate. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

DIRECTOR,
LEGISLATIVE SERVICES

MINUTES OF THE SPECIAL FINANCE / POLICY COMMITTEE OF THE WHOLE MEETING
HELD IN THE BOARD ROOM, CITY HALL,
ON MONDAY, 2009-NOV-30 COMMENCING AT 4:30 P.M.

PRESENT: Mayor J. R. Ruttan, Chair

Members: Councillor W. L. Bestwick
Councillor W. J. Holdom
Councillor D. K. Johnstone
Councillor J. A. Kipp
Councillor L. D. McNabb
Councillor J. F. K. Pattje
Councillor L. J. Sherry
Councillor M. W. Unger

Staff: A. C. Kenning, City Manager
A. W. Laidlaw, General Manager of Community Services
D. W. Holmes, General Manager of Corporate Services
E. C. Swabey, General Manager of Development Services
I. Howat, Director of Legislative Services
T. L. Hartley, Director of Human Resources
B. E. Clemens, Director of Finance
T. M. Hickey, Director of Engineering and Public Works
T. P. Seward, Director of Development
Superintendent Lott, OIC, Nanaimo Detachment RCMP
A. J. Tucker, Director of Planning
R. J. Harding, Director of Parks, Recreation and Culture
M. Dietrich, Municipal Manager, RCMP
B. Simpson, Deputy Chief, Operations
C. Richardson, Deputy Chief, Administration
D. Duncan, Finance Manager, Community Services
S. Samborski, Manager, Recreation and Culture Services
T. F. Moscrip, Senior Manager, Engineering
S. Graham, Manager of Financial Planning and Payroll
J. E. Harrison, Manager of Legislative Services
K. King, Recording Secretary

1. CALL THE OPEN MEETING TO ORDER:

The Regular Finance / Policy Committee of the Whole Meeting was called to order at 4:33 p.m.

2. INTRODUCTION OF LATE ITEMS:

- (a) Delete Agenda Item 5 (d) – Staff Reports - Richmond O Zone Project February 12th to 28th, 2010.

3. ADOPTION OF AGENDA:

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

4. STAFF REPORTS:

ADMINISTRATION:

- (a) 2010 – 2014 Financial Plan

It was moved and seconded that Staff prepare a report on the implications of a tax increase of 1 percent. The motion was defeated.

Opposed: Councillors Holdom, Johnstone, McNabb, Pattje, and Unger

It was moved and seconded that Council direct Staff to prepare a report outlining the options to limit tax increases to 1 percent, 2 percent, and 2.5 percent for 2010. The motion carried.

Opposed: Councillors Holdom and McNabb

- (b) Fire Services Plan

It was moved and seconded that Council delay the design, construction, and staffing of Fire Station No. 6 by two years (2012 design, 2014 construction, 2015 commence staffing, and 2016 complete staffing). The motion carried.

Opposed: Councillors Bestwick, Johnstone, and Kipp

Councillor McNabb vacated the Board Room at 5:50 p.m.

CORPORATE SERVICES:

- (c) Financial Plan Schedule

It was moved and seconded that Council endorse the financial plan schedule as proposed. The motion carried unanimously.

Councillor McNabb returned to the Board Room at 5:53 p.m.

(d) UBCM Community Tourism Grant – Year 2 Outcomes

It was moved and seconded that Council accept the Staff report on outcomes for Year 2 of the UBCM Community Tourism Grant program. The motion carried unanimously.

COMMUNITY SERVICES:

(e) RCMP Contract – Staffing Levels & Budget, Request to Minister of Public Safety and Solicitor General

It was moved and seconded that Council:

1. direct Staff to proceed with the financing plan for RCMP resources as approved by Council on 2009-NOV-16; and,
2. direct Staff to write to the Minister of Public Safety and Solicitor General requesting 10 RCMP members for 2010.

The motion carried unanimously.

5. INFORMATION ONLY ITEMS:

- (a) Report from Mr. T. M. Hickey, Director of Engineering and Public Works and Mr. T. F. Moscrip, Senior Manager of Engineering, re: Upcoming Road Projects.

6. PROCEDURAL MOTION:

It was moved and seconded that Council move “In Camera” in order to deal with the following matters under the *Community Charter* Section 90(2):

- (b) the consideration of information received and held in confidence relating to negotiations between the municipality and a provincial government or the federal government or both, or between a provincial government or the federal government or both and a third party.

The motion carried unanimously.

Council moved into “In Camera” at 5:55 p.m.

Council moved out of “In Camera” at 6:25 p.m.

7. ADJOURNMENT:

It was moved and seconded at 6:25 p.m. that the meeting terminate. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

DIRECTOR,
LEGISLATIVE SERVICES

STAFF REPORT

REPORT TO: D.W. HOLMES, GENERAL MANAGER OF CORPORATE SERVICES

FROM: B. E. CLEMENS, DIRECTOR OF FINANCE; AND
T.L. HARTLEY, DIRECTOR OF HUMAN RESOURCES

RE: TRANSPORTATION ALLOWANCES

☒ Council
☒ Committee E./P.C./Delegation
☒ Open Meeting
☒ In-Camera Meeting
☒ Agenda Item
☒ Proclamation
☒ Correspondence
Meeting Date: 2010-JAN-18

RECOMMENDATION

That Council receive the report for information.

EXECUTIVE SUMMARY

The City of Nanaimo pays a transportation allowance to employees who are required to drive extensively to perform their duties. The City also provides a transportation allowance to senior management employees as a part of their compensation package. Transportation allowances were initiated by Council in 1994 as it was determined to be more cost-effective than providing City vehicles to employees who required them for business purposes. The amount and entitlement to a transportation allowance is reviewed on a regular basis.

BACKGROUND

At the regular meeting of the Finance and Policy Committee of the Whole held 2009-Oct-19, Council passed the following motion: "It was moved and seconded that Council direct Staff to prepare a report on the implications of the travel allowance for those currently receiving a travel allowance on an annual basis." Staff have interpreted this to mean a report on the transportation allowance received by some City of Nanaimo employees.

The idea of providing a transportation allowance to City employees had its genesis in February 1994. At that time, Council decided to pay the City Manager \$550 per month as a vehicle allowance and thus eliminate the need to provide him with a City-owned vehicle. Eligibility for a transportation allowance was expanded in April 1994 and again in January 1995. The transportation allowance policy now covers eligible Management and Union employees.

An analysis done in 1999 confirmed that it was less expensive for the City to provide employees with an allowance for using their own vehicles than it was for the City to provide a vehicle. In these cases, the transportation allowance saves the taxpayers' money. As a current example, consider that the charge out rate for a 2007 Suzuki SX4 is \$875 per month, including gas.

There are currently 40 employees who receive a monthly transportation allowance. These employees are in two groups. Group 1 consists of employees who receive an allowance because a determination has been made that this is justified from a financial perspective. The employees in the group are required to drive extensively as part of their jobs, and they would otherwise be making use of a City vehicle or would claim substantial mileage for use of their

personal vehicle. This group includes building inspectors, construction managers, deputy fire chiefs, and operational staff in Public Works and in Parks, Recreation & Culture.

The basic transportation allowance for employees in Group 1 is \$525 per month. However, some employees in this group only receive one half of that amount (\$262.50) if there is not sufficient justification for the basic amount. There are also some employees in Group 1 who receive an additional \$125 per month as their mileage exceeds 750 kilometers per month on average.

The transportation allowance provided to employees in Group 1 may be reduced or eliminated with 60 days notice (for example, as a result of a reduction in gas prices or a position change).

The second group of employees who receive a transportation allowance are senior managers (i.e. Directors, General Managers, the City Manager). Group 2 employees receive a transportation allowance as a part of their compensation package. For example, the letter of appointment (contract) with the most recently hired senior manager (Director of Human Resources) specifies a \$525 per month transportation allowance. The transportation allowance for Directors is \$525 per month, the allowance for General Managers is \$600 per month, and the City Manager rate is \$650 per month (held at \$600 pending this report).

The transportation allowance provided to employees in Group 2 may be reduced or eliminated. However, this discussion is properly held in-camera and with appropriate legal advice.

It can be difficult to distinguish between Group 2 employees who receive a transportation allowance as part of their compensation package and Group 1 employees who receive the allowance based on operational need. This is because some Group 2 employees would also qualify under the Group 1 rules. For example, the IT Director (who one may presume spends the majority of his time in an office) consistently logs about 10,000 business kilometers per year.

Provision of transportation allowances is a common practice for many organizations, including municipalities. Staff have done a review of some comparable municipalities and found that where the municipality provides an allowance in lieu of a kilometer rate, the amounts range from a first level rate of \$206 per month (our bottom level is \$262.50) to a top level rate of \$900 per month (our top level is \$650). The vehicle allowances are difficult to compare because there are so many variables, including whether the employee can claim some mileage in addition to the allowance, whether someone can claim for out-of-town travel, whether a business insurance differential is paid by the employer, and the geographic size of the municipality.

Transportation allowances are taxable benefits and therefore the employees who receive it must pay income taxes on this amount. Employees who maintain records and keep receipts are able to claim the business portion of their vehicle costs as deductions against this income, but only in proportion to the number of business kilometers travelled. Employees who do not receive transportation allowances drive a City vehicle, or can be reimbursed for using their personal vehicle (the reimbursement is based on the Canada Revenue Agency rate which is currently .52 cents per kilometer).

City of Nanaimo employees who receive a transportation allowance enter into a written agreement that requires the employee to provide and maintain a private motor vehicle for employment purposes. It is explicitly stated in the agreement that the employee is responsible for all capital, maintenance, operating and insurance costs of such vehicle. An employee who

receives the transportation allowance is not reimbursed for any mileage, even if the travel is outside the City (e.g. for meetings and conferences up island or on the mainland).

Systems are in place to regularly review the entitlement to a transportation allowance. The charts below show that the number of employees receiving a transportation allowance has decreased between 2008 and 2009, and there are fewer employees receiving the higher allowances.

Amount	2008 # of Employees	2009 # of Employees
\$650	22	10
\$600	4	4
\$525	17	22
\$262.50	2	4
Total	<hr/> 45	<hr/> 40

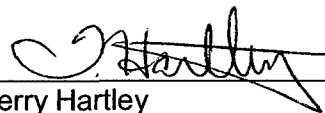
The amount of the transportation allowance is also reviewed regularly. The last increase occurred in 2007 and resulted in an additional \$25 in the basic monthly amount and an additional \$50 for those driving more than 750 kilometers per month. The amount was again reviewed in October 2008. No changes were made at that time.

A recent review of gas prices shows that there is no justification for either an increase or a decrease in the transportation allowance. The attached graph illustrates that since the last increase in the allowance in August 2007 there has been only a minimal change to gas prices despite the fact that there has been significant variation in the interim.


Respectfully submitted,



Brian E. Clemens
Director of Finance

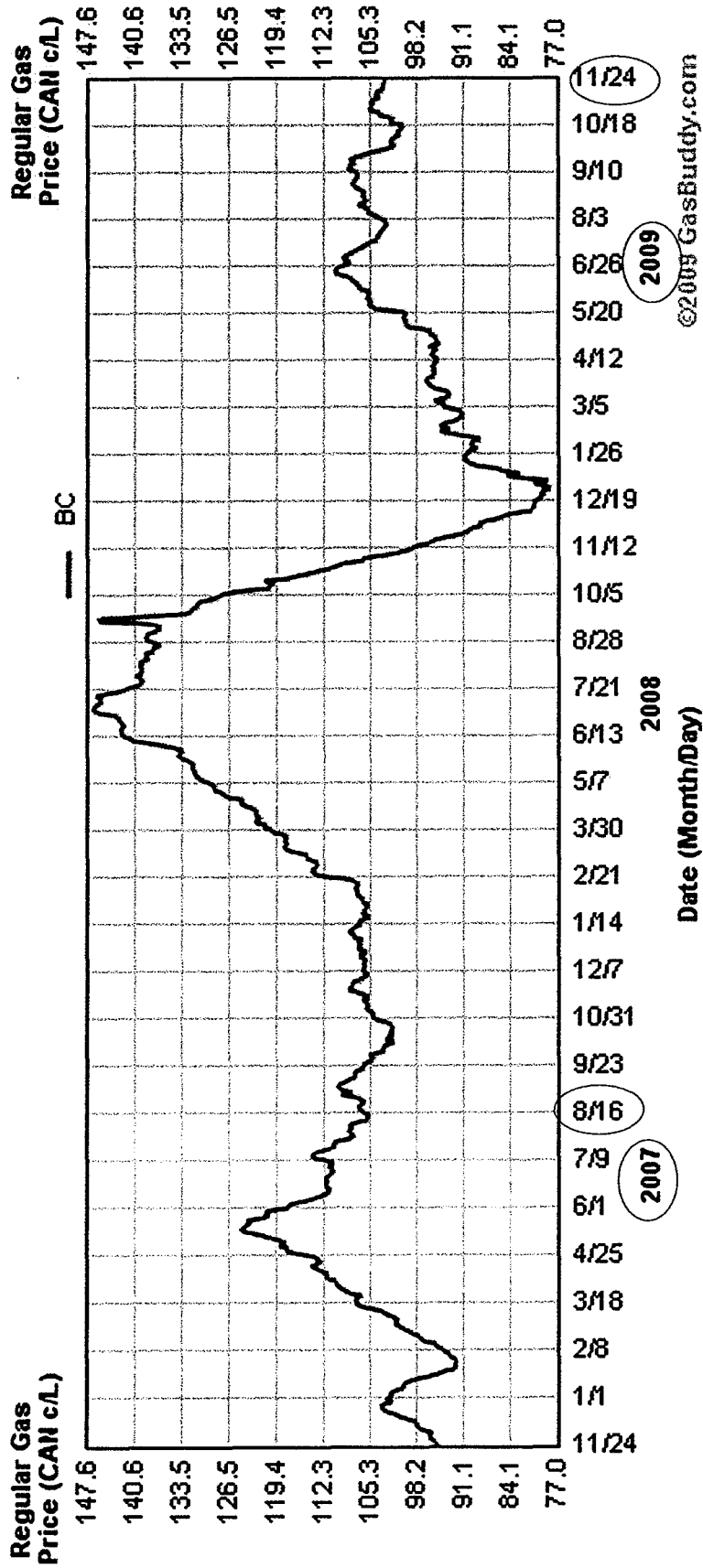


Terry Hartley
Director of Human Resources



Douglas W. Holmes
General Manager, Corporate Services

36 Month Average Retail Price Chart



INFORMATION ONLY STAFF REPORT

REPORT TO: ANDY LAIDLAW, GENERAL MANAGER, COMMUNITY SERVICES

FROM: RICHARD HARDING, DIRECTOR, PARKS, RECREATION & CULTURE

RE: BEBAN PARK INFRASTRUCTURE PROJECT

RECOMMENDATIONS:

That Council receive the Report.

EXECUTIVE SUMMARY:

The City of Nanaimo has been approved to receive a \$1,000,000 Recreation Infrastructure Canada Grant (RIInC) to assist with funding for infrastructure projects at Beban Park Facilities. The remaining funding will be \$2,822,552 from the Facility Development Reserve and \$835,000 from 2010 general revenues. The project will be largely completed in 2010 and is included in the 2010 - 2014 Financial Plan already submitted to Council. This project meets one of Council's budget priorities to replace or upgrade existing recreation facilities.

The scope of work for this project includes: replacing the slab, installation of an elevator and upgrades to Frank Crane Arena, upgrades to Beban Social Centre, upgrades to parking, access and security for the whole facility and roof replacement.

A request for proposals for Project and Construction Management Services for Beban Park Facility Improvements was issued on Tuesday, 2009-OCT-27.

Nine Requests for Proposals were received by the Manager of Purchasing and Stores on Tuesday, 2009-NOV-17:

1. TASK Construction Management;
2. Venture Pacific Construction Management Ltd.;
3. Kinetic Construction Ltd.;
4. Island Westcoast Developments Ltd./Tectonica Management Inc.;
5. Windley Contracting Ltd.;
6. Unitech Construction Management Ltd.;
7. Septra Projects Ltd.;
8. Liberty Contract Management Inc.; and,
9. WECotterall Associates Consulting Inc.

The Requests for Proposals were reviewed by City Staff and TASK Construction Management was chosen as the successful proponent. TASK's proposal is approximately \$274,000.

☐ Council
☒ Committee *E/PCOW*
☒ Open Meeting
☐ In-Camera Meeting
Meeting Date: *2010-JAN-18*

At the 2009-NOV-30 "In Camera" meeting of Council, it was moved and seconded that Council:

1. approve the capital project for Beban Park Centre upgrades for \$4,657,552.;
2. award project and construction management services for Beban Park Centre upgrades project to TASK Construction Management; and,
3. approve increasing authority levels specifically for the Beban Park Recreation Centre upgrades as follows:
 - G. M., Community Services (A. W. Laidlaw) <\$500,000.
 - City Manager (A. C. Kenning) <\$1,000,000.
 - Council >\$1,000,000.

and Staff to prepare a monthly report of all tenders awarded over \$100,000. for the Beban Park Centre upgrades.

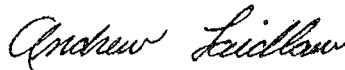
The motion carried.

The RInC grant funding agreement requires meeting specific timelines for expenditures throughout the project. An increase in spending authority levels would allow staff to engage resources and meet those deadlines efficiently and effectively. Staff will prepare monthly reports of all tenders awarded over \$100,000 for the Beban Park Centre Upgrades. This is similar to recent facility projects such as Oliver Woods Community Centre, Nanaimo Aquatic Centre, and Nanaimo Ice Centre.

Respectfully submitted,



R. Harding, Director
Parks, Recreation & Culture



A. Laidlaw, General Manager
Community Services