

AGENDA FOR THE SPECIAL OPEN FINANCE / POLICY COMMITTEE OF THE WHOLE
MEETING TO BE HELD IN THE BOARD ROOM, CITY HALL,
ON THURSDAY, 2010-JAN-14, COMMENCING AT 4:00 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:**
5. **PRESENTATIONS:**
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)**

ADMINISTRATION:

(a) **Proposed Budget Cuts**

Pg. 3-35

Staff's Recommendation: That Council:

1. *approve budget cuts numbered 1 through 17 as outlined in the report;*

AND:

2. *add additional capital funding in 2010 of \$455,000. (from some of the money saved by the cuts as outlined in the report) for the Bowen Road /Quarterway Bridge project (to reduce the required capital levy in 2011);*

AND:

3. *approve the resulting net overall tax increases of 2.5 percent (residential 3.7 percent, commercial 2.5 percent, industrial -15.3 percent).*

10. **INFORMATION ONLY ITEMS:**
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. **ADJOURNMENT:**

STAFF REPORT

TO: NANAIMO CITY COUNCIL

FROM: A.C. KENNING, CITY MANAGER

RE: PROPOSED BUDGET CUTS

RECOMMENDATION:

It is recommended that Council:

1. Approve budget cuts numbered one through 17;
2. Add additional capital funding in 2010 of \$455,000 (from some of the money saved by the cuts attached) for the Bowen Road/ Quarterway bridge project (to reduce the required capital levy in 2011);
3. Approve the resulting net overall tax increases of 2.5% (residential 3.7%, commercial 2.5%, industrial -15.3%).

BACKGROUND:

The draft 2010-2014 Financial Plan as previously presented to Council includes an overall tax increase of 3.4%. Council has directed that staff provide recommendations on budget cuts to lower the overall tax increase to 2.5%, 2%, and 1%. The attached schedule provides these requested recommendations (as well as other potential options).

DISCUSSION:

At the outset, I think it is important to make the point that the previously proposed 2010 tax increase of 3.4% includes funding for higher service levels in fire protection (ten new firefighters for half the year), policing (five new RCMP members plus two RCMP support FTEs) and planning of the Assembly Wharf area of downtown Nanaimo. It also covers the higher cost of wages for existing employees, as well as other inflationary factors.

The City has three employee groups (CUPE, IAFF and exempt). CUPE has one more year remaining in its contract so the wage increase for CUPE for 2010 is known (3.5%). The IAFF contract expires early in 2010 so the contingency provides an allowance for a negotiated wage settlement. Firefighters in Nanaimo have wage parity with Vancouver firefighters (and most other BC career firefighters) and their position will be that this parity must continue. In 2009 IAFF members received a 5.5% increase but this increase was effective on multiple dates throughout 2009 so the 2010 budget must also carry the full year impact of the phased 2009 increases. Excluded employees received an average of

2.1% in 2009 and an increase of similar magnitude is possible for 2010 (depending on the degree of movement, if any, in the national public sector average for comparable positions).

Considering that wages make up nearly half of the City's operating costs (63% if you include the RCMP contract which is mostly wages) and considering the impact of the new firefighter and RCMP hirings, the magnitude of the tax increase is not surprising. In fact, a simple arithmetic calculation shows that these factors alone (re: wages and protective services increases) account for the full amount of the tax increase, and then some, after growth related income is taken into account and not counting other inflation nor the negative impact of reduced revenues. What this means is that the original budget presented by staff at 3.4% is very much a "hold the line" budget and already has compensating reductions in other services to mitigate the increase in staffing and policing costs previously authorized by Council. It is already substantially below the previously predicted 2010 tax increase of 4.9% which was the funding level required to keep to the previously approved five year financial plan and related capital works.

Proposed cuts have been carefully chosen to minimize their impact on public services in the near term and you will note that some of the proposals represent "internal" savings. In fact, items in Group 1 are not cuts at all, but rather savings and revenues available through new information. While some of the reductions impact staffing levels, none require layoffs of permanent staff (as positions identified for reduction have been held vacant). Permanent positions newly eliminated or left vacant include exempt positions (two) and CUPE positions (three). Note also that the full-time Deputy City Manager and the Senior Manager of Public Works positions had already been removed from the budget bringing the total number of exempt positions eliminated this year to four (representing 5% of the total excluded workforce). Some temporary and casual employees will be affected and some contractors will have less work.


Reducing the tax increase will impact year end surplus. Year end surplus has traditionally been used as an important source of capital. Council should expect the year end surplus to continue to shrink if the budget measures outlined in this report are implemented, making less capital funds available in future years. There is growing public awareness of the need to provide capital to meet the needs for replacing aging municipal infrastructure and for future new facilities so in the absence of budget surplus the ability to provide the necessary capital is even more restrained. This is a long term funding challenge that will need to be addressed in the future.

Inasmuch as Council will be considering options for budget reductions, we have attached a sheet summarizing the **Impact on Taxes with Various Levels of Cuts**. This provides 4 illustrations, with line **B** as recommended.

SUMMARY:

Staff supports this budget review and the search for ways to reduce tax increases. Staff are prepared to recommend all the cuts listed, up to and including item number 17 (all of the items in Groups 1, 2 and 3 and the first three items in Group 4). These cuts would reduce the predicted 2010 overall tax increase to approximately 1.9%. However, given the potential to raise capital funds to help pay for the 2011 Bowen Road/Quarterway bridge project and therefore reduce the predicted 2011 tax increase, staff also recommend adding \$455,000 to the 2010 capital budget for Bowen Road. This would result in a net 2010 tax increase of 2.5% (residential 3.7%, commercial 2.5%, industrial -15.3%). It would also reduce the overall 2011 tax increase from 6.1% to 4.3%.

Respectfully submitted,



A.C. Kenning, CA
City Manager

ACK/sdl/jdk
2010-JAN-14
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Impact on Taxes With Various Levels of Cuts

		2010	2011	2012	2013	2014
A	With no additional changes (Group 1 included)	3.0%	5.4%	2.9%	2.4%	3.5%
B	As recommended	2.5%	4.3%	3.5%	2.4%	3.5%
C	With recommended cuts but no reserve	1.9%	5.4%	3.0%	2.4%	3.5%
D	With cuts to 1%, no reserve	1.0%	5.8%	3.0%	2.4%	3.5%

LIST OF POTENTIAL 2010 BUDGET CUTS

		<u>Overall 2010</u>	
	<u>FTE</u>	<u>2010</u>	<u>Tax Increase</u>
Group 1			
1		200,000	3.4%
2		120,000	
3		5,000	3.0%
Group 2			
4		170,000	
5		100,000	
6		89,000	
7		25,000	2.5%
Group 3			
8	1	120,000	
9		60,000	
10	1	40,000	
11		25,000	
12		50,000	
13		60,000	
14		20,000	2.0%
Group 4			
15		25,000	
16		20,000	
17		40,000	1.9%
18		63,000	
19		50,000	
20		50,000	
21	1	67,000	
22	1	80,000	
23		53,000	
24		100,000	
25	1	93,000	
26		80,000	
27		60,000	
28		10,000	
		<u>1,875,000</u>	1.0%

City Manager's
recommendation
+ \$455,000 =
2.5%

Notes: * Some savings will be offset by clerical costs in the Bylaw Dept.
but these costs will be funded from the parking reserve.

** Potentially increases budget in 2011 as may be added back if demand picks up.

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**CITY OF NANAIMO
POTENTIAL BUDGET CUT**

☐ Temporary
☒ Permanent

Department:	General Revenue
Program:	General Revenue
Subprogram:	General Revenue
Cost Centre:	6002 - Property Taxation

Description of Potential Change

Revenue from non market changes in assessment, such as growth (new construction), has been increased from \$1,050,000 to \$1,250,000 based on updated information received from BC Assessment. This estimate will be updated again prior to final adoption of the budget and property tax bylaws in May 2010.

Impact of Potential Change

This reduces the property tax increase by \$200,000.

Is this the City's job? (Explain)

This is an administrative adjustment based on assessment information. It is not controllable by the City.

Where is this relative to Council's stated priorities?

This is an administrative adjustment based on assessment information. It is not controllable by the City.

Reduction in FTEs: 0

Impact on Taxation

This reduces the property tax increase by \$200,000.

**CITY OF NANAIMO
POTENTIAL BUDGET CUT**

- ☐ Temporary
☒ Permanent

Department:	Parks, Recreation & Culture
Program:	Aquatic Operations
Subprogram:	Debt - Aquatics
Cost Centre:	4394 - Debt

Description of Potential Change

Reduce debt payments on NAC - debt borrowed through the MFA has been renewed at a lower interest rate, providing savings to the municipality. These debt issues will be reviewed again in 2014 for the final five years of the debentures.

Impact of Potential Change

There is no impact on service

Is this the City's job? (Explain)

Yes

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay.

Reduction in FTEs: 0

Impact on Taxation

Reduction of \$120,000.

**CITY OF NANAIMO
POTENTIAL BUDGET CUT**

☐ Temporary
☒ Permanent

Department:	Corporate Services
Program:	Legislative Services
Subprogram:	City Clerk's Office
Cost Centre:	10000 - Community Relations

Description of Potential Change

Eliminate membership in the Lower Mainland Treaty Advisory Committee (LMTAC).

Impact of Potential Change

The elimination of our membership with LMTAC should have minimal impact on our responsibilities relating to SFN. This membership was of greater interest to the City when treaty discussions were occurring in our Region.

Is this the City's job? (Explain)

Yes. Relations with SFN and other agencies and partners has proven to be beneficial to the City.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay.

Reduction in FTEs: 0

Impact on Taxation

Reduction of \$5,000.

CITY OF NANAIMO

POTENTIAL BUDGET CUT

☒ Temporary
☐ Permanent

Department:	Community Safety
Program:	Police Department
Subprogram:	PCMP Contract
Cost Centre:	2621 - RCMP Contract

Description of Potential Change
RCMP Contract - Reduce the budget for the RCMP contract by 1 % of the contract cost (\$170,000).

Impact of Potential Change
The RCMP contract is traditionally budgeted at less than 100% due to vacancies. The RCMP contract is currently budgeted at 95% in the 2010 - 2014 Provisional Financial Plan. Past experience and current year experience indicates that the RCMP vacancies are in excess of 5% each year and result in significant budget surplus for the RCMP contract each year.

Is this the City's job? (Explain)

Yes, Police services are a primary responsibility of the city.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay

Reduction in FTEs: 0

Impact on Taxation

Reduction of \$170,000 The funding percentage may need to increase in future years as the RCMP are able to respond to vacancies on a more timely basis.

**CITY OF NANAIMO
POTENTIAL BUDGET CUT**

☐ Temporary
☒ Permanent

Department:	Corporate Services
Program:	General Administration
Subprogram:	Contingency
Cost Centre:	6329 - Committed Contingency

Description of Potential Change

Reduce wage contingency - staff have recalculated the amount estimated for anticipated wage increases in 2010 and adjusted it down.

Impact of Potential Change

If wage increases for IAFF and management are higher than the amount set aside, other cuts will have to be made during 2010 to ensure that the City does not go over budget.

Is this the City's job? (Explain)

Yes. Contracts, policies and collective agreements cover the terms and conditions of employment for the City's employees including compensation.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay

Reduction in FTEs: 0

Impact on Taxation

Reduction of \$100,000.

**CITY OF NANAIMO
POTENTIAL BUDGET CUT**

☐ Temporary
☒ Permanent

Department:	Corporate Services
Program:	Information Technology
Subprogram:	Transfers to Reserves
Cost Centre:	6572 - Computer Reserve

Description of Potential Change

Reduce the interdepartmental computer workstation fee from \$1,350/year to \$1,140/year, resulting in an annual tax reduction of \$89,000. This fee is charged to all departments for each installed computer and is used in the IT Department to fund all IT projects. These projects include new/replacement computer and voice systems equipment and programs.

Impact of Potential Change Change

Reducing the workstation fee results in less funds being available for IT infrastructure and equipment. This may restrict the City's ability replace old and obsolete equipment and install new systems.

Is this the City's job? (Explain)

Yes. The computer systems support all Council priorities and reliable computer systems and voice services are necessary in order to effectively deliver the City services directed by Council.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay.

Reduction in FTEs: 0

Impact on Taxation

Reduction of \$89,000.

**CITY OF NANAIMO
POTENTIAL BUDGET CUT**

Department:	Corporate Services
Program:	Legislative Services
Subprogram:	City Clerk's Office
Cost Centre:	10000 - Community Relations

- ☐ Temporary
☒ Permanent

Description of Potential Change

This consists of a reduction in consulting of \$25,000. This account is being reduced to \$50,000. It is primarily used for the City's work with Snuneymuxw First Nation (SFN).

Impact of Potential Change

This portion of the consulting budget was a contingency so that the City could respond to unforeseen circumstances that arise out of our relationship. The reduction reduces our flexibility, but should not impact current levels of work that is generated through our Protocol Agreement.

Is this the City's job? (Explain)

Yes. Relations with SFN and other agencies and partners has proven to be beneficial to the City.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay.

Reduction in FTEs: 0

Impact on Taxation

Reduction of \$25,000.

CITY OF NANAIMO POTENTIAL BUDGET CUT

- ☐ Temporary
☒ Permanent

Department:	Corporate Services
Program:	Regulatory Services
Subprogram:	Risk & Regulation Management
Cost Centre:	6160 - Risk Management

Description of Potential Change

Elimination of the Risk Management Function as a corporate function. Risk Management is being decentralized to the operating departments. Claims management is being retained within Legislative Services. Parking is being transferred to Development Services. This results in the elimination of one management FTE and the related costs.

Impact of Potential Change

Operating Managers are already responsible for managing risk within their functions. The elimination of the Risk Manager eliminates the corporate support that these operating managers were previously receiving. Legislative Services, through Claims Management will coordinate training opportunities. Additional workload will be transferred to the Director of Legislative Services relating to Claims Management. Parking will create additional workload in Bylaw Services. This is a reduction in service to the public and to departments, but it is thought to be a reduction that can be adequately managed.

Is this the City's job? (Explain)

Yes, and all responsibilities are still be carried out, but under a restructured format.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay.

Reduction in FTEs: 1.0

Impact on Taxation

Reduction of \$120,000

**CITY OF NANAIMO
POTENTIAL BUDGET CUT**

☐ Temporary
☒ Permanent

Department:	Corporate Services
Program:	General Admin/Human Resources
Subprogram:	General Admin/Labour Relations
Cost Centre:	6305/6204

Description of Potential Change

Reduce legal budget - budget for legal expense was reduced by \$50,000 for general legal expense and \$10,000 specifically in the Human Resources budget. This is based on previous year's actual expenditures.

Impact of Potential Change

As this reflects actual expenditures in the past, it is likely that there will not be a significant impact in 2010 other than to reduce the surplus.

Is this the City's job? (Explain)

Yes

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay

Reduction in FTEs: 0

Impact on Taxation

Reduction of \$60,000

CITY OF NANAIMO POTENTIAL BUDGET CUT

☐ Temporary
☒ Permanent

Department:	Corporate Services
Program:	Financial Services
Subprogram:	Financial Services
Cost Centre:	6306 Revenue Services

Description of Potential Change

Assistant Manager, Revenue Services (5 months in 2010) - A reorganization planned for 2010 will make it possible to eliminate of an excluded position in Finance. Responsibility for the SAP system will be transferred to the IT department in August of 2010. Planning for this transition is currently taking place.

Impact of Potential Change

Fewer management resources in Finance may mean that it will take longer to respond to some issues, but it is believed that there will not be a significant impact on service. Because this will take place over two years, there will be an additional reduction in 2011.

Is this the City's job? (Explain)

Yes. Maintaining an effective management structure in Finance is an essential part of delivering City services.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay

Reduction in FTEs: 1.0

Impact on Taxation

A reduction of \$40,000 in 2010 and an additional \$54,000 in 2011.

**CITY OF NANAIMO
POTENTIAL BUDGET CUT**

☐ Temporary
☒ Permanent

Department:	Community Safety
Program:	Fire Services
Subprogram:	Operations
Cost Centre:	2402 - Paid On Call

Description of Potential Change
Reduce annual operating budget for paid on call by \$25,000.

Impact of Potential Change
On-Call member attendance at training sessions and incidents have been declining. The addition of Fire Station #4 included the hiring of 20 additional career firefighters (including 10 added 2010) therefore fewer Paid on Call members are required.

Is this the City's job? (Explain)

Yes. Fire services are a responsibility of the City.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay.

Reduction in FTEs: 0

Impact on Taxation

Reduction of \$25,000

CITY OF NANAIMO POTENTIAL BUDGET CUT

☐ Temporary
☒ Permanent

Department:	Community Safety
Program:	Fire Services
Subprogram:	Transfers to Reserves
Cost Centre:	2456 - Prov for Reserve - Firehall

Description of Potential Change
Eliminate \$50,000 annual transfer to Firehall Improvements Reserve. This reserve is used to fund initial costs (eg design) for new firehalls and major repairs to existing firehalls. Construction costs for new firehalls are funded from borrowing.

Impact of Potential Change
The current reserve balance is \$396,414 and is adequate to fund the initial costs for Fire Station #6 (Hammond Bay Road). Construction of this fire hall is now planned for 2014 and will be funded from borrowing.

Is this the City's job? (Explain)

Yes. Fire services are a responsibility of the city.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay.

Reduction in FTEs: 0

Impact on Taxation

Reduction of \$50,000

CITY OF NANAIMO POTENTIAL BUDGET CUT

☒ Temporary
☐ Permanent

Department:	Development Services
Program:	Planning
Subprogram:	Community Planning
Cost Centre:	5141 - Study/Neighbourhood Plan

Description of Potential Change
One-year suspension of Neighbourhood Planning.

Impact of Potential Change
Delay in starting new Plans. Currently have two Plans underway, which will take most of 2010, plus if approved by Council, planning work is proposed for the CP Lands.

Is this the City's job? (Explain)

Yes

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay & Budget priority #8 - Growth Management
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Reduction in FTEs: 0

Impact on Taxation

Reduction of \$60,000 for 2010 only.

**CITY OF NANAIMO
POTENTIAL BUDGET CUT**

☐ Temporary
☒ Permanent

Department:	Corporate Services
Program:	Legislative Services
Subprogram:	Mayor & Council
Cost Centre:	6111 - Mayor/Council

Description of Potential Change

This proposed reduction is to Miscellaneous Consulting Expenses. It is being reduced by 50% to \$20,000.

Impact of Potential Change

This account is primarily used for unplanned items through out the year. This reduction does not have an impact on current service levels, however it does reduce the Mayor and Council's ability to expend funds on unforeseen circumstances that may arise. \$20,000 remains.

Is this the City's job? (Explain)

Yes. This is a contingency account, for unforeseen consulting expenses.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay.

Reduction in FTEs: 0

Impact on Taxation

Reduction of \$20,000

CITY OF NANAIMO

POTENTIAL BUDGET CUT

☐ Temporary
☒ Permanent

Department:	Corporate Services
Program:	Human Resources
Subprogram:	Various
Cost Centre:	6202/6204/6209

Description of Potential Change
Reduce advertising budget by \$10,000, Management Consulting by \$10,000 and Reference Material by \$5,000 for a total reduction of \$25,000.

Impact of Potential Change
It is anticipated that as the economy recovers in 2010 turnover due to retirements and resignations will increase. It is expected that the remaining advertising budget will be adequate but if not other cuts within the department will be required since advertising in the right locations is essential to finding the best candidates for City positions. The City's two collective agreements expire in 2010 and the reduction in management consulting may result in the need to limit the use of external consultants for negotiation. The change from pay-per-points to a banding method of salary administration allows the City to purchase a less costly salary survey. As a result, reducing the budget for reference material is not expected to have an impact.

Is this the City's job? (Explain)

Yes. The City must attract and retain qualified staff in order to provide a high level of City services.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay.

Reduction in FTEs: 0

Impact on Taxation

Reduction of \$25,000

**CITY OF NANAIMO
POTENTIAL BUDGET CUT**

Department:	City Administration
Program:	City Manager's Office
Subprogram:	City Manager's Office
Cost Centre:	1101 - City Manager's Office

- ☐ Temporary
☒ Permanent

Description of Potential Change
Reduce management consulting budget by \$10,000, legal budget by \$9,000 and hospitality by \$1,000 for a total reduction of \$20,000.

Impact of Potential Change
The operational impact should be minimal since these budget lines have been under budget in previous years. The reductions may, however, reduce flexibility which could impair the ability to respond to emerging priorities. In addition, these lines have contributed to overall surplus which will now be reduced, narrowing Council flexibility.

Is this the City's job? (Explain)

Yes

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay.

Reduction in FTEs: 0

Impact on Taxation

Reduction of \$20,000

CITY OF NANAIMO POTENTIAL BUDGET CUT

- ☐ Temporary
☒ Permanent

Department:	All
Program:	
Subprogram:	
Cost Centre:	Various

Description of Potential Change
Conferences, seminars, tuition, travel, hospitality (all departments) - budgets will be reduced in areas that have typically been under spent in the past.

Impact of Potential Change
As these budgets have not been fully spent in recent years, there is likely to be little impact in reducing them in 2010. It will reduce some flexibility within departmental budgets and will reduce future surpluses.

Is this the City's job? (Explain)

Yes. Conferences and training are part of maintaining an effective and efficient work force.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay

Reduction in FTEs: 0

Impact on Taxation

Reduction of \$40,000

CITY OF NANAIMO POTENTIAL BUDGET CUT

- ☐ Temporary
☒ Permanent

Department:	Corporate Services
Program:	Economic Development
Subprogram:	Economic Development
Cost Centre:	Various

Description of Potential Change

Budgets will be reduced by \$9,000 in miscellaneous Destination Nanaimo administrative costs, \$20,000 in funds set aside for destination development projects that may come out of the Destination Development Study, \$28,000 in Economic Development funding and \$6,000 in funding that was used to assist EDG on a variety of EDG initiatives. The funding cuts total \$63,000.

Impact of Potential Change

This will primarily affect Economic Development's ability to respond to unanticipated opportunities presented by Council, staff and the business community. While it will reduce Economic Development programming, the department will still remain functional with these cuts. The \$6,000 cut to EDG funding could be overly restrictive to the newly established Economic Development Commission as administrative funding may be required.

Is this the City's job? (Explain)

Yes. It is in the city's best interest to promote and support a healthy diversified business community to protect and develop employment opportunities and encourage investment.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay.

Reduction in FTEs: 0

Impact on Taxation

Reduction of \$63,000

**CITY OF NANAIMO
POTENTIAL BUDGET CUT**

- ☒ Temporary
☐ Permanent

Department:	Corporate Services
Program:	Financial Services
Subprogram:	Transfers to Capital
Cost Centre:	P-2500 SAP Development

Description of Potential Change

SAP cuts to systems development - reduce the amount of funds available for SAP development for 2010, 2011 and 2012 by \$50,000 in each year.

Impact of Potential Change

SAP is the information system for finance, human resources, procurement, plant maintenance, and many other facets of the organization. It is a large, sophisticated system that requires funding each year to provide managers and staff with the information that they need to effectively manage their resources. A temporary reduction of \$50,000 per year will not significantly impact service, but additional cuts could affect our ability to remain up to date and fully functioning.

Is this the City's job? (Explain)

Yes. Maintaining an up to date information system is a core service in any large organization.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay

Reduction in FTEs: 0

Impact on Taxation

Reduction of \$50,000 in 2010, 2011, and 2012. Restored to existing funding level in 2013.

CITY OF NANAIMO POTENTIAL BUDGET CUT

☐ Temporary
☒ Permanent

Department:	Engineering & Public Works
Program:	Engineering Services
Subprogram:	Engineering Support Services
Cost Centre:	P-5003/ 3752

Description of Potential Change
Reduce annual capital budget for GIS development by \$25,000 and temp wages/benefits for GIS by \$25,000.

Impact of Potential Change
Development of GIS capabilities will be phased in over a longer period of time. GIS is an integral part of the city's operations. Slower development to meet the expanding demand for GIS capabilities will slow up the transition to more efficient methods of doing work and providing information.

Is this the City's job? (Explain)

Yes. GIS is a tool that facilitates the City managing its assets and delivering its services more efficiently, more effectively and more thoroughly.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay.

Reduction in FTEs: 0

Impact on Taxation

Reduction of \$50,000

CITY OF NANAIMO POTENTIAL BUDGET CUT

☒ Temporary
☐ Permanent

Department:	Development Services
Program:	Planning and Development
Subprogram:	Current Planning
Cost Centre:	5321

Description of Potential Change
Do not fill vacant Planning Technician position for one year.

Impact of Potential Change
Reduced service level. Position provides technical support to design reviews, sign permits and general planning enquiries. This may result in potential project delays which will impact the development community through higher holding costs.

Is this the City's job? (Explain)

Yes. The City is responsible for land use regulation.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay

Reduction in FTEs: 1.0

Impact on Taxation

Reduction of \$67,000 for 2010 only.

CITY OF NANAIMO POTENTIAL BUDGET CUT

☒ Temporary
☐ Permanent

Department:	Engineering and Public Works
Program:	Engineering Services
Subprogram:	Transportation/Traffic Services
Cost Centre:	3772

Description of Potential Change
Eliminate budget for vacant Traffic/Transportation technician for one year. Position to be reinstated in 2011.

Impact of Potential Change
Work on longer term Transportation/Traffic goals is affected. Traffic monitoring to measure the effectiveness of improvements and the identification of necessary improvements is curtailed. Limits ability to carryout objectives of OCP with respect to Mobility Network for pedestrians, bicycles, transit and motor vehicles.

Is this the City's job? (Explain)

Yes. Transportation and traffic is a core city service

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay

Reduction in FTEs: 1.0

Impact on Taxation

Reduction of \$80,000 for 2010 only

CITY OF NANAIMO POTENTIAL BUDGET CUT

☐ Temporary
☒ Permanent

Department:	Corporate Services
Program:	Economic Development
Subprogram:	Economic Development
Cost Centre:	Various

Description of Potential Change

Budgets will be reduced by an additional \$8,000 in miscellaneous Destination Nanaimo administrative costs, \$20,000 in funds set aside for destination development projects that may come out of the Destination Development Study, \$20,000 in Economic Development funding and \$5,000 in funding that was used to assist EDG on a variety of EDG initiatives. The funding cuts total \$53,000.

Impact of Potential Change

This will primarily affect Economic Development's ability to respond to unanticipated opportunities presented by Council, staff and the business community. While it will reduce Economic Development programming, the department will still remain functional with these cuts. The \$5,000 cut to EDG funding could be overly restrictive to the newly established Economic Development Commission as administrative funding may be required.

Is this the City's job? (Explain)

Yes. It is in the city's best interest to promote and support a healthy diversified business community to protect and develop employment opportunities and encourage investment.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay

Reduction in FTEs: 0

Impact on Taxation

Reduction of \$53,000

**CITY OF NANAIMO
POTENTIAL BUDGET CUT**

- ☒ Temporary
☐ Permanent

Department:	Engineering & Public Works
Program:	Engineering Services
Subprogram:	Capital
Cost Centre:	P-5041

Description of Potential Change

Reduce annual sidewalk program by \$100,000.

Impact of Potential Change

Program focuses on installation of new sidewalks in priority locations. Program would be implemented over longer period. Public priorities for sidewalk projects total approximately 40 kilometres of new sidewalk. With an unreduced budget it would take about 20 years to complete all the current requests. With the reduced budget it will take over 30 years.

Is this the City's job? (Explain)

Yes. In the OCP, Section 6.2, one objective is to develop a system of pedestrian routes and to give attention to provision of sidewalks and trails.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay

Reduction in FTEs: 0

How will it be paid for?

Reduction of \$100,000. Will need to consider increasing in a future year.

**CITY OF NANAIMO
POTENTIAL BUDGET CUT**

- ☒ Temporary
☐ Permanent

Department:	Development Services
Program:	Permits and Licensing
Subprogram:	Subdivision
Cost Centre:	5811

Description of Potential Change
Do not fill vacant Subdivision Planner for one year.

Impact of Potential Change
Increased time to process subdivision applications. This position is responsible for processing subdivision applications and reviewing/developing regulations pertaining to subdivision planning.

Is this the City's job? (Explain)

Yes. The City is responsible for land use regulation.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay

Reduction in FTEs: 1.0

Impact on Taxation

Reduction of \$93,000 for 2010 only.

CITY OF NANAIMO POTENTIAL BUDGET CUT

☐ Temporary
☒ Permanent

Department:	Engineering & Public Works
Program:	Engineering Services
Subprogram:	Capital
Cost Centre:	P-5069

Description of Potential Change
Reduce annual storm infrastructure program by \$80,000.

Impact of Potential Change
For the most part this is a storm pipe and culvert replacement program. Reduction of annual budget for short term is manageable; however, reduced budget will not sustain current service level. Over the longer term there is an increased risk of pipe failures resulting in flooding and damage to public and private property.

Is this the City's job? (Explain)

Yes. Managing road drainage and property drainage is a basic City service.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay

Reduction in FTEs: 0

Impact on Taxation

Reduction of \$80,000. Will need to consider increasing in a future year.

**CITY OF NANAIMO
POTENTIAL BUDGET CUT**

☐ Temporary
☒ Permanent

Department:	Development Services
Program:	Civic Properties
Subprogram:	Capital
Cost Centre:	P-3104

Description of Potential Change

Reduce property acquisition budget from \$600,000 to \$540,000 per annum.

Impact of Potential Change

Potential for property acquisitions reduced. The reduction may impact the City's ability to respond strategically to potential land purchases.

Is this the City's job? (Explain)

Yes.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay

Reduction in FTEs: 0

Impact on Taxation

Reduction of \$60,000

**CITY OF NANAIMO
POTENTIAL BUDGET CUT**

☐ Temporary
☒ Permanent

Department:	Corporate Services
Program:	Legislative Services
Subprogram:	Mayor & Council
Cost Centre:	6144 - M&C Gifts and Souvenirs

Description of Potential Change

It is recommended that Gifts and Souvenirs be reduced by \$10,000. This is a reduction in service. \$20,000 would remain in this account.

Impact of Potential Change

Less gifts and souvenirs will have to be purchased or less expensive products would have to be sourced. Reducing the amount of gifts and souvenirs will not have a measurable impact on the City.

Is this the City's job? (Explain)

Public Relations.

Where is this relative to Council's stated priorities?

Budget priority #3 - Economy/ability to pay

Reduction in FTEs: 0

Impact on Taxation

Reduction of \$10,000