

AGENDA FOR THE REGULAR FINANCE / POLICY COMMITTEE OF THE WHOLE MEETING
TO BE HELD IN THE BOARD ROOM, CITY HALL,
ON MONDAY, 2009-JUL-06, 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-JUN-22 at 4:30 p.m.

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5. **PRESENTATIONS:**

6. **DELEGATIONS PERTAINING TO AGENDA ITEMS: (10 MINUTES)**

7. **COMMISSION REPORTS:**

8. **COMMITTEE REPORTS:**

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

CORPORATE SERVICES:

- (a) **2010 Budget Options**

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Staff's Recommendation: Council direction is requested on the 2010-2014 Financial Plan.

COMMUNITY SERVICES:

- (b) **Frank Crane Arena Slab Floor Replacement**

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Staff's Recommendation: That Council allocate \$100,000 from the Parks, Recreation and Culture Facility Development reserve in 2009 to fund the design fees associated with the Frank Crane Arena Slab Floor Replacement.

10. **INFORMATION ONLY ITEMS:**

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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 is 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;

(j) information that is prohibited, or information that if it were presented in a document would be prohibited, from disclosure under section 21 of the *Freedom of Information and Protection of Privacy Act*;

ADJOURNMENT:

MINUTES OF THE REGULAR FINANCE / POLICY COMMITTEE OF THE WHOLE MEETING
HELD IN THE BOARD ROOM, CITY HALL,
ON MONDAY, 2009-JUN-22 COMMENCING AT 4:30 P.M.

PRESENT: Mayor J. R. Rutlan

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

Absent: Councillor J. F. K. Pattje

Staff: G. D. Berry, City Manager
A. C. Kenning, Deputy City Manager
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
Chief R. Lambert, Nanaimo Fire Rescue
A. J. Tucker, Director of Planning and Development
R. J. Harding, Director of Parks, Recreation and Culture
J. Ritchie, Senior Manager of Parks
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 4:35 p.m.

2. INTRODUCTION OF LATE ITEMS:

- (a) Add Agenda Item 10 (a) – Information Only Items – Assessment Roll Adjustments
- (b) Delete Agenda Item 14 (a) – Delegations Pertaining to Items not on the Agenda – Mr. Barry Hobbis, Nanaimo Harbour Ferry.

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-JUN-01 at 4:30 p.m. be adopted as circulated. The motion carried unanimously.

5. STAFF REPORTS:

CORPORATE SERVICES:

(a) 2008 Development Cost Charge Reserve Fund Report

It was moved and seconded that Council approve the City of Nanaimo 2008 Development Cost Charge Reserve Fund Report for filing with the Ministry of Community and Rural Development. The motion carried unanimously.

(b) 2008 Annual Parking Reserve Fund Report

It was moved and seconded that Council approve the City of Nanaimo 2008 Annual Parking Reserve Fund Report for filing with the Ministry of Community and Rural Development. The motion carried unanimously.

(c) 2008 Statement of Financial Information

It was moved and seconded that Council approve the City of Nanaimo 2008 Statement of Financial Information for filing with the Ministry of Community and Rural Development. The motion carried unanimously.

(d) 2010 - 2014 Financial Plan

It was moved and seconded that Council direct Staff to come back with a three percent or less budget, not with the things that would make Council look politically bad, which would include gender specific guarding or the Fire Plan. The motion was defeated. Opposed: Mayor Ruttan, Councillors Holdom, Bestwick, Johnstone, Unger, Sherry, and McNabb.

It was moved and seconded that Council direct Staff to prepare a report showing a five year plan that would provide, for the 2010 budget year, a range of options for zero, two, four, six and eight percent increases. The motion carried.
Opposed: Councillor Sherry

(e) Community Adjustment Fund Budget

It was moved and seconded that Council not apply for any projects under the Community Adjustment Fund. The motion carried unanimously.

6. INFORMATION ONLY ITEMS:

(a) Assessment Roll Adjustments

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

7. CORRESPONDENCE:

- (a) Letter dated 2009-JUN-11 from Mr. Bruce Jagger, Manager, Philanthropic Gifts, Kids Help Phone, requesting a \$500.00 donation.

It was moved and seconded that the request from the Kids Help Phone for a \$500 donation be referred to the Grants Advisory Committee. The motion carried unanimously.

8. 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(1)

- (j) information that is prohibited, or information that if it were presented in a document would be prohibited, from disclosure under section 21 of the *Freedom of Information and Protection of Privacy Act*;

The motion carried unanimously.

Council moved into "In Camera" at 5:17 p.m.

Council moved out of "In Camera" at 6:06 p.m.

9. ADJOURNMENT:

It was moved and seconded at 6:06 p.m. that the meeting terminate. The motion carried unanimously. 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

RE: 2010 BUDGET OPTIONS

STAFF'S RECOMMENDATION:

Council direction is requested on the 2010-2014 Financial Plan.

EXECUTIVE SUMMARY:

As per Council direction, the attached report provides Council with some options on how to reduce the proposed residential property tax increase in 2010. Although the options have been presented in packages, Council can easily re-package or re-prioritize the proposed cuts. Council can also ask to have other items costed for consideration for cost cutting.

DISCUSSION:

At its committee meeting of Monday, June 22, 2009, Council adopted the following resolution:

It was moved and seconded that Council direct Staff to prepare a report showing a five year plan that would provide, for the 2010 budget year, a range of options for zero, two, four, six and eight percent increases. The motion carried.

As discussed with Council, staff is currently working on the 2010-2014 financial plan and will have the fully prepared documents in early to mid November which will reflect any Council direction provided to that time. Until then, we will be preparing various analysis on what is known today projected over the 2010-2013 budget years.

The current percentage increases in Council's current 5 year plan are as follows:

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Residential	4.3%	6.1%	6.2%	5.7%	2.0%
Commercial	3.1%	4.9%	5.2%	4.7%	2.0%
Industrial	-12.0%	-12.2%	-14.4%	-18.0%	2.0%
Blended	3.1%	4.9%	5.2%	4.7%	2.0%

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The increase or decrease in the tax revenue available to Council in a year as compared to the previous year is measured by the **blended** tax increase. For 2010, the financial plan contains an increase of 4.9%.

Council also has a current policy to reduce taxation reliance on the industrial tax base by shifting taxes from industrial to residential. This means that residential taxes will increase by 1.0 to 1.2% more the average (blended) tax rate. The industrial tax shift will be fully implemented by the end of 2012. Beginning in 2013, and in the absence of further Council direction, all property classes will have the same percentage change from the previous year.

By way of context, the City's collective agreement with its CUPE employees goes to the end of 2010 with an increase for that year of 3.5%. The collective agreement between the City and its IAFF members expires at the end of 2009. The IAFF wages are generally tied to the City of Vancouver settlements and staff will be making estimate for that later in the year based on information available at the time.

There are other known increases that exceed the expected inflation rate. For example, BC Hydro rates increased 8.74% on April 1, 2009. This information was not available when the current budget estimates were prepared. On the revenue side, we have recently been advised that casino revenue is down about 10%. That impact on the City's budget is about \$300,000 per year. Other development and growth related revenues are also uncertain.

Appendix 1 is a list of items designed to meet Council's direction. As you can see, we have attempted to bundle various reductions in packages of "2%". As always, it is Council's prerogative to instruct staff to re-bundle these initiatives in any way it sees fit or to have other items costed (i.e. different than those recommended by staff) for consideration for budget reductions.

The effect of the packages is as follows:

	<u>Residential Increase</u>	<u>Blended Increase*</u>
2010 Increase as currently budgeted	6.1%	4.9%
Increase if Package 1 is implemented	4.0%	2.8%
Increase if Package 1 & 2 are implemented	2.0%	0.8%
Increase if Package 1, 2 & 3 are implemented	0.0%	-1.2%
Increase if only Package 5 is implemented	8.0%	6.8%

* If Council chooses to defer the Industrial Tax Shift (Package 4), the impact would be to reduce the Residential increase to the same as the blended increase, e.g. if Council chose only Package 4, the residential tax increase would be 4.9% (as would the industrial tax increase).

Council should be aware that all of the numbers presented in this report are based on the data in the 2009-2013 Financial Plan. It may well be that the cost of some of these cuts has changed since first estimate in the summer of 2008. However, this is the best information that we have available today. If Council passes a resolution that provides a target of a specified tax level, staff will do whatever is possible to reach that target. It may result in some changes to the packages as presented in this report.

We look forward to Council's direction on the financial plan.



B. E. Clemens
DIRECTOR,
FINANCE



D. W. Holmes
GENERAL MANAGER,
CORPORATE SERVICES

Appendix 1
2010 BUDGET REDUCTION OPTIONS

			2010	2011	2012	2013
1	2010 Residential Tax Increase (as per 2009-2013 Financial Plan)		6.1%	6.2%	5.7%	2.0%

Package #1 - 2.1% cut

2	Deferral of 10 Year Fire Plan	for 5 years	-0.7%	-0.5%	-0.1%	-0.5%
3	Program cuts (some permanent)	3-5 years	-0.4%	0.0%	-0.2%	0.0%
4	Reduce funding for Higher Service Levels	for 4 years	-1.0%	-1.0%	-1.0%	-1.0%
5	Revised Residential Tax Increase		4.0%	4.7%	4.4%	0.5%

Package #2 - 2.0% cut

6	Defer Public Works Capital (Hammond Bay)	for 1 year	-0.3%	0.3%	0.0%	0.0%
7	Defer Parks, Recreation & Culture Capital	for 1-2 years	-0.8%	0.4%	0.4%	0.0%
8	Eliminate funding for Higher Service Levels	for 4 years	-0.5%	-0.5%	-0.5%	-0.5%
9	Program cuts (some permanent)	3-5 years	-0.4%	0.0%	0.0%	0.1%
10	Revised Residential Tax Increase (includes Packages 1)		2.0%	5.4%	4.8%	0.6%

Package #3 - 2.0% cut

11	Defer Public Works Capital (storm projects)	for 2 years	-0.3%	0.0%	0.3%	0.0%
12	Defer Parks, Recreation & Culture Capital	for 2 years	-0.5%	0.0%	0.5%	0.0%
13	Program cuts (some permanent)	3-5 years	-1.1%	0.0%	0.0%	0.1%
14	Delete additional RCMP members (abandon 1:685)	for 4 years	-0.1%	-0.3%	-0.3%	-0.1%
15	Revised Residential Tax Increase (includes Packages 1 & 2)		0.0%	4.9%	4.6%	0.2%

Package #4 - Industrial tax shift

16	Defer industrial tax shift	for 2 years	-1.2%	-1.0%	0.0%	1.0%
17	Revised Residential Tax Increase (includes Packages 1 to 3)		-1.2%	3.9%	4.6%	1.2%

Package #5 - increases

18	Higher services levels as determined by Council		1.9%	0.0%	0.0%	0.0%
19	Revised Residential Tax Increase (includes Packages 1 to 3, but not 4)		8.0%	6.2%	5.7%	2.0%

Appendix 2
DETAIL ON PROGRAM CUTS

			2010	2011	2012	2013
Line 3	Program cuts (some permanent)	3-5 years	-0.4%	0.0%	-0.2%	0.1%
a	Management/Excluded Staffing Levels *	permanent	(132,000)		(200,000)	
b	Reduce Economic Development	permanent	(100,000)			
c	Reduce road and storm drain infrastructure	for 4 years	(75,000)			75,000

Line 9	Program cuts (some permanent)	3-5 years	-0.6%	0.0%	0.0%	0.1%
d	Reduced budget for sidewalks	for 4 years	(50,000)			
e	Cancel downtown hanging basket program	permanent	(30,000)			
f	Reduce maintenance at Parkway intersections	permanent	(30,000)			
g	Reduce boulevard maintenance	for 4 years	(50,000)			
h	Eliminate neighbourhood plans	permanent	(117,500)			
i	Eliminate NALT grant	permanent	(40,000)			
j	Reduce road and storm drain infrastructure	for 3 years	(70,000)			70,000

Line 13	Program cuts (some permanent)	3-5 years	-1.1%	0.0%	0.0%	0.1%
k	Reduce road and storm drain infrastructure	for 3 years	(55,000)			55,000
l	Cancel summer neighbourhood program *	permanent	(42,000)			

m	Reduce maintenance on E&N railway	permanent	(18,000)			
n	Reduce bike network planning	for 4 years	(30,000)			
o	Reduce funding for upgrading traffic signals & ped crossings	permanent	(30,000)			
p	Reduce road rehabilitation	for 4 years	(100,000)			
q	Reduce parks maintenance standard	permanent	(70,000)			
r	Reduce sportsfield development (cut in 2010, fund from DCCs 2011+)	for 1 year	(50,000)			
s	Reduce roads cracksealing	for 4 years	(20,000)			
t	Reduce RCMP switchboard to daytime only *	permanent	(13,000)			
u	Reduce RCMP from des staff to office hours only *	permanent	(57,000)			
v	Eliminate beach lifeguards *	permanent	(26,000)			
w	Close Kin Pool	permanent	(55,000)			
x	Additional program cuts to be determined *	TBA	(300,000)			

* indicates staff implications

STAFF REPORT

REPORT TO: ANDY LAIDLAW, GENERAL MANAGER OF COMMUNITY SERVICES

FROM: RICHARD HARDING, DIRECTOR OF PARKS, RECREATION AND CULTURE

RE: FRANK CRANE ARENA SLAB FLOOR REPLACEMENT

STAFF'S RECOMMENDATION (S):

That Council allocate \$100,000.00 from the Parks, Recreation and Culture Facility Development reserve to fund the design fees associated with the Frank Crane Arena Slab Floor Replacement.

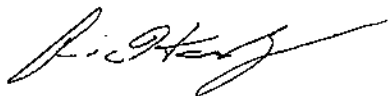
EXECUTIVE SUMMARY:

The slab floor at Frank Crane Arena is scheduled to be replaced in 2011 as part of the Five-year Capital Plan. However, based on performance to date and recommendations from CIMCO, the City of Nanaimo's ice plant service provider, it has become critical to the operation that the slab floor be replaced in 2010 dry floor season. There is concern that the Frank Crane Arena slab floor will not last two more ice seasons.

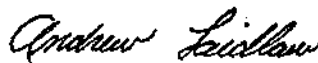
In order to have the slab floor replaced in 2010, it is necessary to get the associated engineering and design work completed to have a tender ready project by year end 2009.

The slab floor replacement project has been moved to 2010 as part of the proposed 2010-2014 Five-year Capital plan which has not been finalized for presentation to Council at this point. Since there are not any funds currently allocated in the 2009 Capital plan to fund the required engineering and design work, Council approval is needed to use monies from the Facility Development Reserve.

Respectfully submitted,



Richard Harding, Director
Parks, Recreation and Culture



Andy Laidlaw, General Manager
Community Services

2009-JUN-26

File: A4-1-2 / E15-1

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