



FIVE YEAR FINANCIAL PLAN  
2012 - 2016





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## Executive Summary

### Introduction

Nanaimo's draft 2012 – 2016 Five-Year Financial Plan provides the detailed analysis and planning for City revenues and expenditures.

The Financial Plan, as recommended by staff, incorporates an average property tax increase for all property classes of 3.0% for 2012. The recommended residential property tax rate increase is 4.0%. Also recommended are a water rate increase of 5%, no increase to sewer rates, and a 6.14% increase to garbage rates, effective January 1, 2012. Further increases to water rates of 5% per year are anticipated in order to fund the long-term Water Supply Strategic Plan. For an average residential home, with an assessed value of \$350,000, the total municipal property taxes and municipal levies will be approximately \$2,407.08, an increase of \$94.24 over the 2011 level. Average projected property tax rate increases for 2013 to 2016 range between 2.2% and 3.6%.

### Report from the City Manager

During the past year Council asked for and received a staff report on the subject of undertaking a core services review. Council did not proceed with a core services review, but members of Council expressed the viewpoint that an independent review was necessary to determine if the City was providing the right bundle of services to its citizens and if the City was providing these services in an efficient and effective way. There was also a certain amount of community debate about this issue during the recent election.

While the core services review did not proceed, Council did approve a “core services review of contracting out”. The purpose of this review is to examine the service delivery mechanisms used by the City and to evaluate whether there is a better way to deliver services. In short, the question this review attempts to answer is the question of providing services with City staff and equipment vs. contracting out. This review is nearing completion and the report is expected to be available early in the New Year. Perhaps this report will help Council decide if operational changes can or should be made to improve the value that residents receive in the services that they get.

In addition to the commentary about a core review, there have been numerous times during the year when either Council members or citizens have expressed concerns about some aspect of the City operations. Frequently these concerns are focused on the City's stewardship of the community's resources. Examples of these types of questions are the following:

1. Are City staff following Council's policies with regard to some aspect of purchasing or contract administration?
2. Are assets being disposed of in a proper manner?
3. Are suppliers providing good value?
4. Are City processes effective and efficient and providing appropriate protection of City assets?
5. Is the City following best practices?

6. Have other communities found a better way to do things?

These are all valid questions and ones that deserve answers.

There is a certain amount of concern that the answers provided by staff are not sufficiently independent to be considered completely unbiased. As such, it is my opinion some new level of review is desired by Council. In my view, a core services review is not the best way to answer these and other good questions and to deal with this concern about City operations. A core review may help Council decide if it wants to stop providing certain services (although I think this is very unlikely) but it will not get into sufficient detail about the City's operations to answer questions such as those listed above (unless the consultants hired are provided with a much larger budget than was anticipated).

The Provincial Government is in the process of establishing the Office of the Auditor General for Local Government. This office may be able to provide the type of review necessary to answer the questions but I do not think it is realistic to expect this office to be sufficiently resourced to meet our needs on an ongoing basis. I think we would be lucky to have them engaged on any issues in the City of Nanaimo within the next several years, and even if they do select Nanaimo for an audit, I think their work would most likely be focused on a specific project or issue.

In my view, the hiring of a permanent, full-time internal auditor for the City of Nanaimo is something concrete that Council could do now that would be tangible for the community. An internal auditor would be outside the normal staff hierarchy and would be able to take on projects that would address Council's and the community's needs for assurance that things are being done in accordance with stated policy, or if they are not being done in accordance with stated policy, then steps will be taken to have it fixed.

For this reason, I am recommending that the financial plan provide funding for this new position.

The budget also includes \$100,000 in new funding to pay for a consultant to assist Council in developing a strategic plan.

When staff looked at core review work done in other communities, one of the frequent recommendations of the consultant hired to undertake the review is that Council engage in a strategic planning process. The reason to do this is because without a strategic plan it is virtually impossible to structure an organization and decide on what priorities it should focus on (and what priorities, if any, it should stop putting resources to). In my view, there is no point doing a core review without first undertaking a strategic plan. The strategic plan will provide the necessary guidance as to the community's priorities to provide direction to any follow-up organizational or core review. Only when you know what you want to accomplish as an organization can you then address the question about how and when you want to get there. I therefore strongly urge Council to support this \$100,000 funding allocation.

The financial plan continues to direct additional resources to protective services. This is the third year of Council's five year commitment to substantially increase the number of general duty police officers. This commitment was made in response to research showing that the City's general duty police resources were inadequate to provide the desired level of proactive policing. Instead, general duty officers were completely preoccupied (even over-occupied) with responding to calls and were falling behind in meeting the growing need for new policing initiatives. The police have made numerous other higher service level requests and while these all have strong rationale, it is not possible to fund these without substantial additional tax increases. It is solely for this reason that they are not recommended.

Under the revised fire plan, 2012 is a year of respite from additional costs. Planning costs for Fire Hall No. 6 at Hammond Bay and Nottingham commence in 2013 with construction and staffing costs impacting 2014, 2015 and 2016.

There has been a lot of discussion among Council members during the last term (and before) about the pros and cons of increasing staff resources in the area of corporate communication. As part of the budget package, staff have presented a higher service level option for this function. Staff believe the higher service level presented is a good option that would measurably improve communications between the organization and the public. It is not included as a recommended item solely because of the cost. In the absence of this position staff has recently structured a new staff communications committee that utilizes existing personnel resources from throughout the organization to tackle corporate communication challenges. While I am hopeful this committee will improve the City's corporate communications performance, it is too early to fully assess the effectiveness of this initiative.

The financial plan will eventually need to have more resources directed at maintenance of the City's assets, or asset management. We know from the work we have already done that we are not spending enough on replacing and upgrading such services as roads, sewer, water and storm drains to avoid leaving a legacy of problems for future generations. Once the industrial tax shift is complete in 2013, staff expect to recommend additional resources be dedicated to this priority. Council will receive additional asset management reports during 2012 to help it evaluate the need for additional resources.

I believe the City is entering a new phase. Over the past few decades the City has substantially increased its infrastructure of properties, facilities, and engineering structures. In my view, the next decade the City will need to focus on maintaining rather than building City infrastructure. The asset management plan will provide guidance for these expenditures. Major investments are needed to maintain and modernize engineering structures and other City facilities. An example of this type of investment is the proposed investment in 2012 to repair the Cliff McNabb Arena. The cost to repair this facility is almost as high as the cost to build it when it was constructed in 1994. Another example was the energy upgrade that occurred to the Nanaimo Aquatic Centre in 2011.

An exception to this is the water works infrastructure. Most citizens are aware of the water treatment plant initiative. This will be one of the more expensive and most complex engineering tasks undertaken by the City. The need for the water treatment centre is mandated by the Province. The need for more water supply within 10 years or less is not mandated by the Province, but will be required if Nanaimo is to continue to grow. Given that construction activity is a vital and large sector of our local economy, stopping growth due to lack of water is not seen by staff as a reasonable option. Water conservation is important and may address part of the problem but it is unlikely to address it entirely. Increasing the water supply will be at least as expensive, or more so, as the water treatment plant.

Substantial progress must be made on the water supply issue during the current three-year term of this Council in order to avoid potential future shortages. In my view, this is the most important single issue facing this Council. At the very least, this Council must finalize a plan for obtaining this additional water for our future residents and water customers. Failure to do so may mean that the City cannot continue to grow and prosper as the regional centre it has become.

## **Integrating Budget Priorities**

### **1. Maintain a high standard of protective services**

In 2010 Council approved the hiring of 24 additional RCMP officers and 10 municipal police support staff over a five year period. Funding for the first ten members and four municipal support staff was included in the 2010 and 2011 budgets. Funding for the remainder is included in the five year plan as presented. Funding for five additional RCMP members and two municipal staff is included in each of the years 2012 and 2013. The final four members and two municipal staff are included in 2014 in the plan. In addition an expansion to the Police Services building is planned for 2014.

The 2012 budget, as presented, also includes funding for a new fire hall on Hammond Bay Road. It is scheduled to open, with daytime only staffing, in July 2015. Twenty four hour staffing is scheduled to be phased in over a period of three years.

### **2. Maintain civic infrastructure at current or better levels**

The Five Year Financial Plan contains adequate funding for the current operation and maintenance of the City's infrastructure.

City staff are currently developing Asset Management Plans for all city infrastructure. Engineering and Public Works were the first to complete their plan which covered the road network, water system, sanitary collection system and drainage works. The report noted that while the level of service in all of these systems have been maintained very well. However it is because the majority of these systems are relatively new. Now some parts are showing their age and significant replacement costs are on the horizon. This is particularly noticeable with the water, sanitary and drainage systems.

A similar asset plan is now being developed for city facilities. It is expected that the results will be similar. Facilities have generally been well maintained but are aging. The City will need to prepare for increases in infrastructure investment to maintain current service levels as assets age and need replacement.

A good balance between asset replacement through capital funding and ongoing maintenance provides the best cost efficiency and service productivity.

### **3. Improve water supply system to ensure adequate supply of high quality drinking water**

The Five Year Financial Plan contains adequate funding for the current operation and maintenance of the City's water distribution systems. Over the next decade, expenditures will increase substantially for water supply. This is expected to include a new water treatment plant, replacing the existing water storage facilities at the No. 1 Reservoir, and increased storage at Jump Creek (i.e. new dam or raising existing dam). Water supply is projected to be the largest increase in expenditures over the next five to ten years, and it will be funded through borrowing, DCCs and increased water rates.

**4. Work with employee groups to continuously improve City services**

Staff are committed to ensuring continuous service and value improvements. This is reflected in staff's strategic priorities and staff is now developing specific activities to accomplish these objectives. These activities include:

- Determine what will be measured – community vs. corporate/operational.
- Research literature on performance measurement.
- Review current measures (annual report).
- Research other municipalities – look for best practices.
- Prepare Key Performance indicators (KPIs).

**5. Transition to more sustainable operations, including a focus on energy and productivity efficiencies and energy production where opportunities exist**

With partial funding from BC Hydro, the City hired an Energy Manager in 2009. This is continued in 2012. Over the next few years, the City will be undertaking several projects that are designed to reduce energy consumption and/or greenhouse gas emissions. Projected expenditures from the sustainability reserve fund in 2012 are \$417 thousand and total almost \$800 thousand over the five year plan. In addition an energy recovery system is planned in conjunction with the replacement of the No. 1 Reservoir.

In addition the City is currently undertaking a Community Energy and Emissions Study. The study will identify city wide energy use and future demand tied to land use, building types and transportation use. The study will also assess potential energy generation and GHG offset opportunities. Offset opportunities could include the City's urban forests as well as water and waste water infrastructure. The results of this study will be presented to Council in the spring of 2012 as part of the City's Sustainability Action Plan.

**6. Responsible growth management**

Continued implementation of the OCP is a priority as is continuation of neighbourhood planning. The financial plan, as presented includes funding for one neighbourhood plan annually.

**7. Partner with the Province and nonprofit associations to reduce homelessness in Nanaimo**

The 2012 to 2016 Financial Plan includes continuing the \$165,000 annual contribution to the Housing Legacy Reserve. Generally, this fund provides for land acquisition costs (affordable housing sites), but is also a resource for affordable housing project capital costs (including on-site and off-site works and services, building components) and associated development costs (including land surveying, subdivision, development approvals), as well as financial support (including relief from payment of DCC's) for affordable housing. Once built, the operation of the housing projects is managed by the non-profit operators who are funded by the Province (BC Housing). The sites are owned by the City and leased on a 60-year term at a nominal rate. The Province also provides the capital funding to build the supported housing projects.

Affordable housing spans a continuum of housing, ranging from emergency shelters to market affordable housing. The social planning function within Community Planning is currently focused on facilitating the provision of social housing (emergency shelters, low

barrier housing, transitional housing, and supported housing) along this housing continuum. The partnership with the Province with respect to supportive housing projects to address homelessness in Nanaimo is an example of the City's involvement and use of the Housing Legacy Reserve to support these initiatives.

**8. Support the Nanaimo Economic Development Corporation and Progress Nanaimo in the implementation of the Economic Development Strategy and in measuring the NEDC's economic, social and environmental achievements**

Economic development is important because it is seen as a way that the community can positively influence its economic future. Without a strong economy, it is not possible to achieve the City's other aspirations and goals.

In 2011 the City created the NEDC. This is an arm's length corporation, separate and distinct from the City, charged with the responsibility to advocate for and pursue economic activity for our City. The advantage of an arm's length entity is that it will have the independence and flexibility to pursue this objective as its highest purpose. Council has also established Progress Nanaimo. The objectives of Progress Nanaimo include making recommendations to Nanaimo City Council for the appointment to the Board of NEDC and for setting performance standards and benchmarks to measure the success of the NEDC. Both the Board of NEDC and Progress Nanaimo consist of community leaders that have a major stake in the success of the NEDC and the community.

The NEDC and Progress Nanaimo will need continued support from the City. In the NEDC case, this means both financial support and organizational support. In Progress Nanaimo's case this means primarily organizational support. Without continued strong leadership from the City, neither the NEDC nor Progress Nanaimo will fulfill their purpose.

**Governing Policy and Regulatory Requirements**

The *Community Charter* requires that a Five-Year Financial Plan for both operating and capital be adopted by May 15<sup>th</sup> of the first year of the plan. In addition, the *Community Charter* directs that the public must be consulted prior to adoption of the Financial Plan. Accordingly, the opportunity for public input will be advertised and citizens will have the opportunity to speak at several open Council meetings. In addition, the Financial Plan will be posted on the City website and a forum, also on the City's website, is available for questions and answers.

**Issues Affecting Financial Planning**

The City of Nanaimo is responsible for the facilitation of local government services to residents. Services provided include police and fire protection, solid waste collection, management of roads, sanitary and storm sewers, parks infrastructure, water supply and distribution, and the delivery of leisure and cultural services. The City also acts as a regulatory body with respect to business licensing, building permits and inspection, land use planning, and subdivision approval services. Services such as library and cultural facilities are provided through partnerships with other boards.

The City experienced rapid growth in the early 1990's and moderate growth since 1996. Based on Statistics Canada future population projections, growth is expected to continue. This growth will need to be supported by services related to transportation, utilities, and other infrastructure

that is costly to acquire and maintain. Increased population also results in demands for expensive increases in protective services such as fire and police. Two factors that will influence the issues facing the City of Nanaimo in both the near and distant future are sustainability and fiscal reality.

Externally the City is faced with challenges resulting from:

- Economic uncertainty resulting from the downturn in the global economy;
- New or expanded service requirements as a result of a shift in responsibility from other levels of government to the municipal level;
- Demands for services from the public;
- Lost revenue from closure of mills resulting in a shifting tax base;
- Reduced revenue from a reduction in development activity; and
- Reduced investment income as a result of the record low interest rates.

Property taxes and user rates remain the principal funding sources for increased service delivery costs and maintenance of an expanding infrastructure base. Nanaimo currently operates with residential tax rates that are comparable to similar communities around British Columbia. While major industrial tax rates are below the provincial average, commercial taxes, at 124% of the provincial average for all cities are still less competitive. Several years ago, when the City's major industry rate was much higher than the provincial average, Council directed that rate reductions be made. Similarly, Council set the objective of reducing the City's commercial tax rate relative to other B.C. municipalities. From 1999 to 2006, major industry and commercial tax rate reductions were achieved through Council's adoption of a 'tax shift option' which recognized Council's desire to bring major industry and commercial tax rates to the provincial average. The tax shift program was based on the premise that most of the demand for increased levels of funding, such as fire, police, pools, ice rinks, etc., comes from the residential sector. Under the plan, and independent of any other tax changes, residential property taxes were increased by an additional 0.5% per year. By 2006 major industry tax rates were 100% of the provincial average for cities. Unfortunately, in 2007 that number rose to 108% due to the end of the tax shift program and the impact of other communities also recognizing the need to reduce major industry tax rates.

Due to the fragile state of the coastal forest industry whose industries make up the major industry class, in 2008 Council chose to freeze major industry taxes at their 2007 level. In 2009 as part of its revenue policy, Council also endorsed a policy to reduce industrial tax rates to the same level as commercial rates by 2012. The impact of the 2008 freeze and 2009, 2010 and 2011 reductions was that major industry tax rates have fallen to 66.8% of the provincial average for cities or 79.1% of all BC municipalities with major industrial assessment. Because the industrial taxes were shifted to the residential class this has the effect of reinstating the tax shift program. In 2010 however, assessments increased in the commercial sector and decreased in the industrial sector. This had the impact of reducing tax rates for the commercial class and increasing tax rates for the industrial class which resulted in a wider gap between commercial and industrial tax rates. Therefore in order to reduce the impact on residential properties, Staff recommended, and Council approved, that the shift be extended by one year to 2013. The final result will be that industrial tax rates, by 2013, will be even lower than previously planned. Once the industrial tax rate objectives have been achieved, the objective is to reduce both commercial and industrial rates through a gradual shift to residential.

The City of Nanaimo has, and continues to invest heavily in capital infrastructure, buildings, roads and underground utilities. Unfortunately civic infrastructure is not being replaced or upgraded at the same rate it is depreciating. In order to provide financial stability the City needs to develop a

long term strategy for funding a formal replacement and maintenance program for these assets. With this goal in mind the challenge is to manage the significant economic realities while dealing with:

- The necessity to fund increases through property taxes and user fees;
- Public expectation of the continuance of services that have traditionally been provided;
- Public opinion ranging from "shrink government and eliminate non-essential services" to demands for more social, cultural and recreational services to promote a more balanced and healthy society;
- The establishment of future infrastructure replacement policies; and
- The implementation of sustainability initiatives including those required to meet the goals of the Climate Change Charter.

In order to continue providing adequate services under these conditions, Council will need to examine and prioritize City services in order to provide services acceptable to the public while continuing to achieve the longer term vision of making Nanaimo the most desirable, liveable small city in North America.

## **2011 Five-Year Financial Plan Highlights**

### **Revenues**

For 2012 it is estimated that new growth will generate approximately \$1.2 million in additional taxation with the majority of the growth from residential development. This is a reduction from the \$1.425 million in growth seen in 2011 but the current reduction in building permits reflects the continuing uncertainty resulting from the economic downturn. The Financial Plan also reflects a continued reduction in investment income and a further reduction in casino revenue. In recognition of the economic uncertainty, in 2012 building permit revenue has been reduced even further than in prior years, however other development revenue has not been impacted to the same degree. This indicates that development will continue in Nanaimo and developers are getting ready but are waiting for improvements in the economy before starting their projects.

### **Expenditures**

The Financial Plan incorporates an average property tax increase of 3.0%. This increase is the result of inflation, reduced revenue from building fees and casino, the first year of debt repayment for the new City Hall Annex, contractual increases and additional services. The additional services include:

- Five additional RCMP members.
- Two FTE additional Police support staff.
- Recommended higher services levels – Internal Auditor and seismic assessment of City buildings
- Strategic planning initiative
- Additional staffing to meet workload demands.

### **Public Safety**

Public safety continues to be a high priority for new funding in the 2012 budget. An additional five new RCMP members and two FTE municipal employees are included in the 2012 plan as approved by Council in 2010. The increase in policing resources is the result of a Human Resources Needs Analysis prepared for the Nanaimo detachment by the RCMP. The analysis

indicated a shortage of 24 General Duty members. This lack of resources inhibits the RCMP's ability to maintain the level of service expected by the community and decreases the effectiveness of their investigations. The study indicated that the Detachment general duty personnel have no discretionary time for proactive police work and, to keep up with the demand, many of them come in on their days off to complete work that could not be completed within their regular working hours. An increase in police resources will enable the RCMP to put additional emphasis in the following areas:

- Front line police service that provides a higher level of service to the community based on an increasing demand for services.
- Increase the ability to address criminal stressors in the community and detachment priorities including organized crime activities (grow ops, drug trafficking, prostitution), property crime (break and enters, auto theft, theft from auto), and aggressive/impaired driving.
- Increased police presence.

The Police and Fire Departments represent a significant part of the overall budget for the City of Nanaimo. The operating budget for the City of Nanaimo, including the water and sewer utilities, is \$118.9 million. The annual operating budgets for the Police at \$23.6 million and Fire at \$12.5 million make up 30.0% of the City's total annual operating budget. City Council has recognized the importance of public safety and this is reflected in the 2012 budget allocation.

### **Parks, Recreation & Culture**

The Parks, Recreation & Culture Department trails only the Community Safety & Development Department in the budget to make up the second largest section of the City's total operating budget at 21.7%. The 2012 Parks, Recreation & Culture budget allows for the continuation of all the traditional services such as recreation programs and classes, aquatic and arena services as well as maintenance of the City's parks and trails.

### **Engineering & Public Works**

The Engineering & Public Works Department, when combined with the Water and Sewer Utilities, was previously the largest portion of the City's operating budget but, at 21.3% of the operating budget, now trails both the Community Safety & Development and Parks, Recreation & Culture departments. This department has the biggest impact on the everyday lives of Nanaimo's citizens since they are the ones who ensure that water comes out of the taps, garbage is picked up, the sewers don't back up and our roads and storm drains are maintained.

### **Capital Expenditure Program**

The capital plan includes \$202.7 million in total spending over the five-year period which is funded by a combination of general revenue, Development Cost Charges, grants, reserves, borrowing and private contributions. Over the five years of the plan, \$130.7 million will be spent upgrading and maintaining the water, sewer and drainage utilities, \$22.8 million will be spent on transportation, \$23.3 million on civic facilities and \$14.5 million on parks and recreation projects.

Highlights of the 2012 program include:

- Completion of new City Hall Annex \$10,700,000
- Cliff McNabb Arena building envelope repairs \$1,277,655 (\$1.6 M total)
- Zamboni replacement at Nanaimo Ice Centre \$140,000
- Stowaway bleachers at Nanaimo Aquatic Centre \$325,000

- Nanaimo Aquatic Centre boiler replacement \$200,000
- Redevelop Bowen West Sportsfield \$330,000
- Completion of Bowen Road/Quarterway Bridge project \$1,284,000
- New sidewalks \$287,000
- Upgrade existing CSP pipe and stabilize outfall on Beach Drive storm sewer
- Green Lake area sanitary sewers \$3.2 million
- Replace backflow preventers on Protection Island \$485,000
- Water distribution system improvements
  - No. 1 Reservoir to Tenth & Park \$304,534
  - Cilaire subdivision asbestos cement pipe replacement \$1,425,000
  - Godfrey Road \$425,000
  - Farquhar, Victoria area \$300,000
- No. 1 Reservoir storage improvements design \$200,000
- Duplicate supply main from No. 1 Reservoir to College Park \$1,000,000
- Continued planning and design of water treatment plant \$6,790,000

## User Rates

The Financial Plan includes budgets for water, sanitary sewer collection and solid waste utilities that are self-financing through their respective user fees. No user fee increases are forecast for sanitary sewer collection in the five year plan. A 5% increase to water user fees and a 6.14% increase to garbage user fees have been included in the 2012 plan. Additional increases to water rates are estimated at 5% in each of the five years the plan covers.

While the City of Nanaimo is fortunate to currently have one of the best water supplies in Canada, the impacts of new regulations and new science, continued growth and climate change as well as an aging infrastructure prompted a review of the City's long term water supply. The City therefore undertook the development of a long range Water Supply Strategic Plan. The critical questions asked were:

- How is the City going to address the issue of drinking water quality over the near and long term?
- How many dollars does the City need to set aside for the replacement or major repair of water supply components?
- How is the City going to increase the capacity of the water supply to deal with the needs of continued growth?

Recommendations resulting from this exercise include additional water treatment as well as an additional supply source in order to meet the long term needs. The recommendations do come at considerable cost but through a combination of debt financing and regular rate increases financing the plan without creating major hardships can be achieved.

The 2012 Financial Plan for Water totals approximately \$18.9 million of which \$12.4 million is directed towards capital with the remainder for operating the water supply and distribution utility.

The 2012 Financial Plan for Sanitary Sewer totals approximately \$13.4 million, of which \$5.3 million is directed towards capital and \$4.7 million to the RDN for trunk collection and treatment costs. Trunk collection and treatment costs are funded by property taxes through a tax requisition from the RDN while operating and capital costs for the sanitary sewer collection function are funded through user fees. No rate increase is proposed to the sewer collection levy of \$97 per household.

The 2012 Financial Plan for Sanitation and Solid Waste totals approximately \$3.6 million. The plan includes a 6.14% increase, effective January 1 2012, to the solid waste levy. The increase results from increasing costs in tipping fees, the addition of a seventh pickup route and the impact of purchasing split packers required to accommodate the kitchen waste pickup more efficiently. The proposed solid waste levy for 2012 will be \$121.00 per household (2011 - \$114.00).

## **Tax Rates**

Historically, Nanaimo's residential tax rate has been near the middle of comparable municipalities whereas the business class rate has been higher on a comparative basis. For 2011, Nanaimo placed 14th lowest among 27 comparable communities for municipal property taxes alone, or 8th lowest among the same communities on property taxes from all agencies and user rates, on a representative house. Comparable communities include all towns, cities and municipal districts with populations between 25,000 and 200,000.

Specific tax rates must be adopted by May 15th of each year. The tax rates bylaw will be presented to Council for adoption in the spring of 2012 once final information is received from BC Assessment. The tax rates bylaw will include taxes collected for other governments. In 2011 over \$53.8 million was collected on behalf of other governments.

## Financial Planning Policies & Processes

The City of Nanaimo develops its Five-Year Financial Plan in a manner that follows generally accepted accounting principles (GAAP). The City uses the accrual method of accounting in which revenues and expenses are recognized at the time they are incurred. The budget is prepared on the same basis. The budget is organized by type of operation (i.e. general fund, capital funds, utility funds, etc.) with each operation considered a separate budgeting and accounting entity. Funds are budgeted and reported along departmental lines, with authority for budgetary approval resting with Council. Council delegates the authority for actual disbursement and implementation of the Financial Plan to the City Manager. All financial operational policies relating to accounting practices are adhered to in the development of the Five-Year Financial Plan.

The 2012 to 2016 Financial Plan continues the shift from capital expenditures to operating expenditures to reflect the Public Sector Accounting Board policy on capital assets that was started in 2008. Some of the projects in the budget that were in prior years considered to be capital have now shifted to the operating budget. This is reflected in a higher operating budget and lower capital budget. All municipalities in BC are affected by this change.

### Revenue Policy Disclosure Requirements

In 2007, the Province introduced amendments to the *Community Charter* that require all municipalities to develop specific statements of policy on certain revenues and taxes. The new legislation required that the annual Five Year Financial Plan must set out explicit objectives and policies of the municipality in relation to:

- The proportion of total revenue that is proposed to come from each of the following revenue sources:
  - Property value taxes (taxes based on assessment)
  - Parcel taxes
  - Fees & charges
  - Proceeds from borrowing
  - Other sources
- The distribution of property taxes among the property classes (i.e. residential, industrial, commercial, etc.); and
- The use of permissive tax exemptions.

In addition, before adopting the annual Property Tax Rate Bylaw, all municipalities must consider the proposed tax rates for each property class in conjunction with the objectives and policies set out in the financial plan.

The following revenue policy statement was adopted by Council in 2011.

### Revenue Policy

#### 1. Proportion of revenue by source

##### Property taxes

- The City of Nanaimo will attempt to keep the proportional share of revenue from property taxes at a level similar to the average of comparable municipalities.

- Where new sources of revenue are made available to the City from senior governments, wherever possible these revenues will be used to reduce dependency on property taxation revenue.

#### Parcel taxes

- Parcel taxes will be used whenever Council determines that they are more appropriate than property taxes.

#### Fees & Charges

- Wherever possible, fees & charges will be used to assign costs to those who benefit from the service provided. The proportion of the costs recovered by fees and charges will vary with the nature of the service provided.

#### Proceeds of borrowing

- Borrowing will be considered when determining the funding sources of large capital projects that provide benefits to taxpayers over a long period of time (20 years or more).
- Council will consider a policy to identify an appropriate level of debt for the community.

#### Other sources of revenue

- The City will continue to seek other sources of revenue in order to reduce reliance on property taxes.
- The City will consider hydro electric power generation where practical and environmentally supportable.

### 2. Distribution of property taxes among the classes

- The City of Nanaimo will maintain the percentage of property taxes received from residential taxpayers at a level comparable to the average of similar municipalities.
- The City will attempt, over time, to reduce the commercial tax rate to the average of all BC municipalities.
- Between 2009 and 2013, the light and major industrial tax rates will be reduced to the same level as the commercial tax rate.

### 3. Permissive Tax Exemptions

- The City of Nanaimo believes that Permissive Tax Exemptions are an appropriate way to recognize the value of the services provided to the community by non-profit organizations.
- Permissive Tax Exemption requests will be reviewed by the Grants Advisory Committee based on policies and guidelines approved by Council. The Committee will make recommendations to Council.
- Permissive Tax Exemptions will be reviewed at least every three years to ensure that the organization and property still meets the criteria established by Council.

The current revenue policy will be reviewed by Council in early 2012 and any amendments will be adopted as part of the Financial Plan Bylaw in May 2012.

## **Budget Monitoring**

The City monitors its financial performance as it relates to budget on an ongoing basis and through a detailed quarterly variance analysis. This regular monitoring provides management the information required to determine if any changes might be necessary to ensure the year's actual revenues and expenditures are within budget.

## **Funds**

The resources and operations of the City are segregated into General, Sanitary Sewer Utility, Waterworks Utility and Reserve Funds for budgeting purposes. Each fund is treated as a separate entity as identified in the budget reports provided in this document. The general and utility funds also have corresponding capital funds. The fund structure is as follows:

### General Fund

- Revenue Fund
- Capital Fund

### Sanitary Sewer Utility Fund

- Revenue Fund
- Capital Fund

### Waterworks Utility Fund

- Revenue Fund
- Capital Fund

### Reserve Funds

- Development Cost Charge Reserve Fund
- Cemetery Care Reserve Fund
- Local Improvement Reserve Fund
- Parkland Dedication Reserve Fund
- Property Sales Reserve Fund
- Equipment Depreciation Reserve Fund
- Facility Development Reserve Fund
- Community Works Fund
- Old City Neighbourhood Parking Fund
- Knowles Estate Reserve Fund

## **General Fund**

The General Fund is the primary fund for most municipal services. It excludes sanitary sewer and water services which are funded from specific utility funds. The General Fund is funded from a number of revenue sources, the largest of which is property taxation. A number of services to the community are funded including:

## **Administration**

The City Manager's Office assists Council to establish its strategic direction for the City and acts as the office liaison for the Mayor. This department provides recommendations to Council that reflect relevant facts, options and professional opinion pertaining to issues considered by Council and developing in society.

The City Manager's Office takes the lead role in managing the implementation of policy direction which has been established by Council. It provides managerial leadership, control and direction to all City departments and operations. It is responsible for planning and implementing policies necessary for sustaining excellence in City operations and staffing.

### **Corporate Services**

Corporate Services is responsible for Legislative Services, Human Resources and Organizational Planning, Information Technology, and the Financial Services. These functions provide the basis for all City operations to be carried out in the most efficient manner.

Legislative Services ensures Council is provided with relevant information from City staff, committees and the general public. It provides the public with information related to activities of Council, ensures that meeting and agenda material is complete and provides the necessary information for decision making. Legislative Services also oversees the statutory record keeping and freedom of information function for the City and is responsible for conducting elections and elector approval processes, including referendums. In addition, they manage the City's liability insurance and legal claims.

The Finance Department provides financial stewardship of the City's financial assets. The Department provides financial reporting and control and is responsible for the implementation of financial management policies that ensure the City is able to meet Council's future service expectations. Financial information is provided to the public, Council, media and other City departments.

Human Resources and Organizational Planning provide professional human resources services in order to attract and retain employees and to engage them in the achievement of corporate outcomes. Core business areas include: human resources planning; recruitment and selection; training, development and performance management; compensation; service recognition; benefits and leaves; corporate safety, health, wellness and return to work management; employee and labour relations; HR policies; and human resources information management.

The Information Technology Department mandate is to support the technology services for City operations. They provide the information management infrastructure, manage technology projects, and develop systems. The overriding objective is to implement solutions that assist City departments in meeting their goals and objectives.

### **Strategic Relationships**

Strategic Relationships is a new department created in the 2010 reorganization of City services. The department acts as a facilitator between community stakeholders and the City to build stronger relationships.

### **Community Safety & Development**

The Community Safety and Development Services departments were combined in the 2010 reorganization of City services. The department is responsible for the Development and Planning sections, which include a wide variety of tasks relating to planning and development including processing development applications and developing related policies and regulations, as well as Fire and Police Services.

The Development section is comprised of Building Inspection which focuses on the health, safety and protection of persons and property as related to land developments and ensuring that

building developments conform to all relevant bylaws and codes; the Permit Centre which is designed to be a 'one-stop' shopping concept for all applications or inquiries related to the development of land; and the Engineering and Subdivision sections which reviews and coordinates the requirements for, and the design of, roads and utilities associated with building and subdivision development and the subdivision review function.

The Planning section is responsible for the development of policies and programs that support the achievement of the vision identified by the community in Plan Nanaimo, the Official Community Plan. The department administers the zoning bylaw and the development permit process. It is also responsible for land and real estate transactions in support of City functions and for enforcing City bylaws. The Planning section is comprised of the Business License section which identifies and licenses all businesses operating within the City of Nanaimo and ensures that they are complying with all licensing requirements plus manages Street Entertainer permits; Bylaw Services administers and enforces bylaws related to unsightly and nuisance properties, handles complaints relative to all bylaws and provides support to other departments in carrying out any enforcement action; Current Planning focuses on changes to land use, design review of new developments and the administration of the Zoning bylaw; Community Planning includes the City's neighbourhood, heritage, social and environmental planning functions; and the Real Estate section represents the City in property negotiations and ensures that all property transactions are completed in accordance with relevant statutes, regulations and policies. This section also manages the City's parking function.

Nanaimo Fire Rescue has the responsibility to protect the City's citizens and infrastructure from fire and other emergencies through quick and high quality response to fire, medical and other emergency incidents in the most effective and responsive manner possible. It reduces the number of potential fires, loss of life, injuries and property damage through effective fire code enforcement, fire cause determination and public education programs. The department also oversees and coordinates the delivery of an emergency management program designed to prepare and protect the community from man-made and natural catastrophes.

The City of Nanaimo is policed by the Royal Canadian Mounted Police under contract with the Solicitor General. The 2012 budget funds 140 members of the Nanaimo Detachment. The City also provides municipal support staff and furnished police facilities for the RCMP, in accordance with the Municipal Police Unit Agreement with the Province. City specific policing functions include:

- *General Duty Patrols*
- *Specialized Bicycle Patrol Unit*
- *Municipal Traffic Enforcement Section*
- *Municipal Drug Enforcement Section*
- *Crime Reduction Unit*
- *Youth Response Team*
- *Auxiliary Constable Program*
- *Speed Watch*
- *Neighbourhood Watch*
- *Citizens on Patrol*
- *Block Parents*

In addition to the above, the City also provides core funding for the Nanaimo-based Victim Services Society and a Restorative Justice Program operated by the Nanaimo branch of the John Howard Society.

### **Parks, Recreation & Culture**

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

### **Engineering & Public Works**

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

### **Sanitary Sewer Utility**

The Nanaimo Sanitary Sewer Utility is a self-funded entity that operates and maintains a sewer collection system that serves the City. Nanaimo is in the Southern Sewerage Area of the Regional District of Nanaimo which operates and maintains regional systems of trunk sewers, pumping stations and sewage treatment plants. Sewage from residential, commercial and industrial users in Nanaimo is conveyed to the regional system for treatment and disposal.

### **Waterworks Utility**

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

### **Reserve Funds**

#### **Development Cost Charge Reserve Fund**

Revenue comes from development cost charge fees levied and investment income. The funds can only be used for projects identified in the Development Cost Charge bylaws.

#### **Cemetery Care Reserve Fund**

In accordance with the *Cemetery Care Act* a portion of the cemetery revenue from plot sales and marker installations must be set aside to fund ongoing care of the cemetery. Although the contributions must be set aside in perpetuity, the investment income is used to fund maintenance of the cemeteries.

#### **Local Improvement Reserve Fund**

Revenue is from investment income. The funds may be used to fund small local improvement projects although there are none budgeted in the current Five-Year Financial Plan.

#### **Parkland Dedication Reserve Fund**

Revenue is from cash-in-lieu contributions received in lieu of parkland dedication and investment earnings. The funds can only be used for parkland acquisition.

### **Property Sales Reserve Fund**

Proceeds from the sale of civic properties are placed in this reserve fund. Additional revenue is earned through investments. The funds can be used for any capital project.

### **Equipment Depreciation Reserve Fund**

The net "revenue" from the operations of the City fleet is placed in this reserve. The revenue is comes from charging user departments for fleet use. Additional revenue is earned from investing unspent funds. The funds are used for fleet replacements.

### **Facility Development Reserve Fund**

A 20% surcharge on recreation fees is transferred to this fund. Additional revenue is earned from investing unspent funds. The funds are used for new Parks, Recreation & Culture facilities or improvements to existing facilities.

### **Community Works Fund**

Funding for this reserve comes from the Federal Government via UBCM for the Gas Tax Agreement. Additional revenue is earned from investing unspent funds. The funding can only be used for projects that meet the desired outcomes of greenhouse gas emission reduction, cleaner air and cleaner water.

### **Old City Neighbourhood Parking Fund**

Developers of commercial properties in the Old City Neighbourhood have the ability to opt out of the requirement to provide on-site parking at a cost of \$3,000 per space. Any proceeds received are placed in this reserve fund. Additional revenue is earned from investing unspent funds. The funds may be used to provide off-street parking in the Old City Neighbourhood.

### **Knowles Estate Reserve Fund**

The funding for this reserve came from the estate of the late Arthur Knowles. The accumulated interest each year can only be used for park and youth sport facility improvements in the south end of Nanaimo.

## **Reserve Accounts (Surplus Appropriations)**

The City has a variety of operating reserve accounts that are used to fund ongoing projects and potential liabilities such as tax appeals and insurance claims. A list of reserves available for expenditure over the 2012 to 2016 planning period are in the Schedule of Reserves shown at the end of this chapter.

## **Balanced Budget**

In compliance with the *Community Charter (section 165)*, the Financial Plan must be balanced. The total of proposed expenditures and transfers to other funds for a year must not exceed the total of the proposed funding sources and transfers from other funds for the year.

## **Investment Policy**

It is the policy of the City of Nanaimo to invest City funds in a secure manner which will provide the optimal blend of investment security and return while meeting the daily cash flow demands of the City and complying with the statutory requirements of the *Community Charter*.

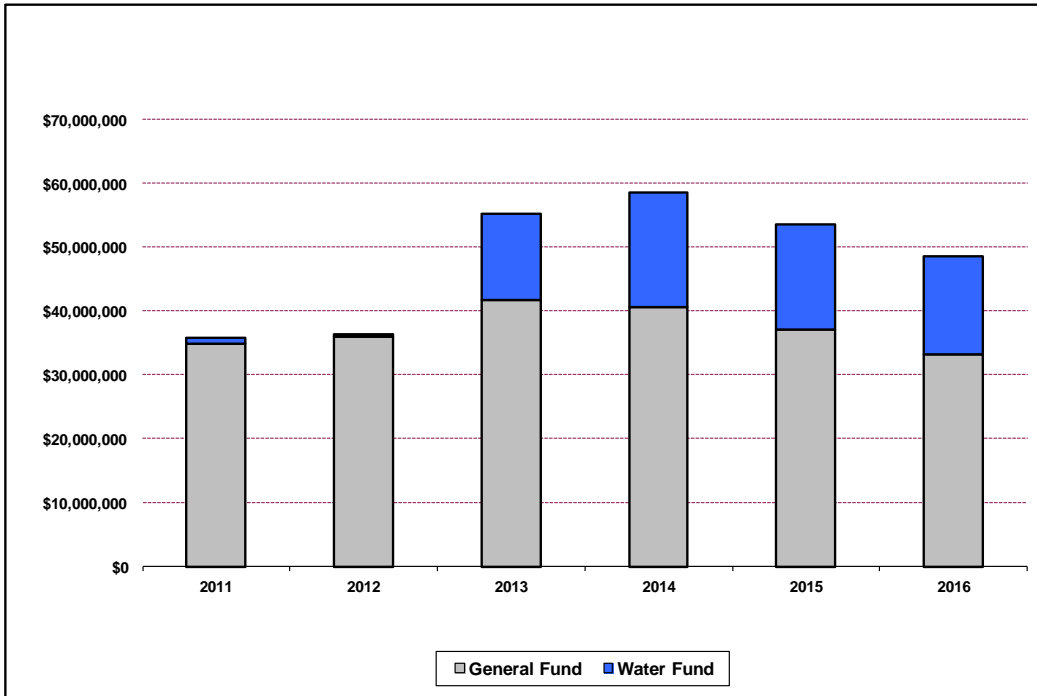
## **Debt Management**

In the past it has generally been the City policy to minimize external debt borrowings by using existing reserves as a means of financing necessary capital expenditures. Major projects that will benefit future residents have and will continue to be financed with debt. This is based on the assumption that since future residents will benefit from the projects they should share in the costs by paying the debt servicing costs through future property taxes.

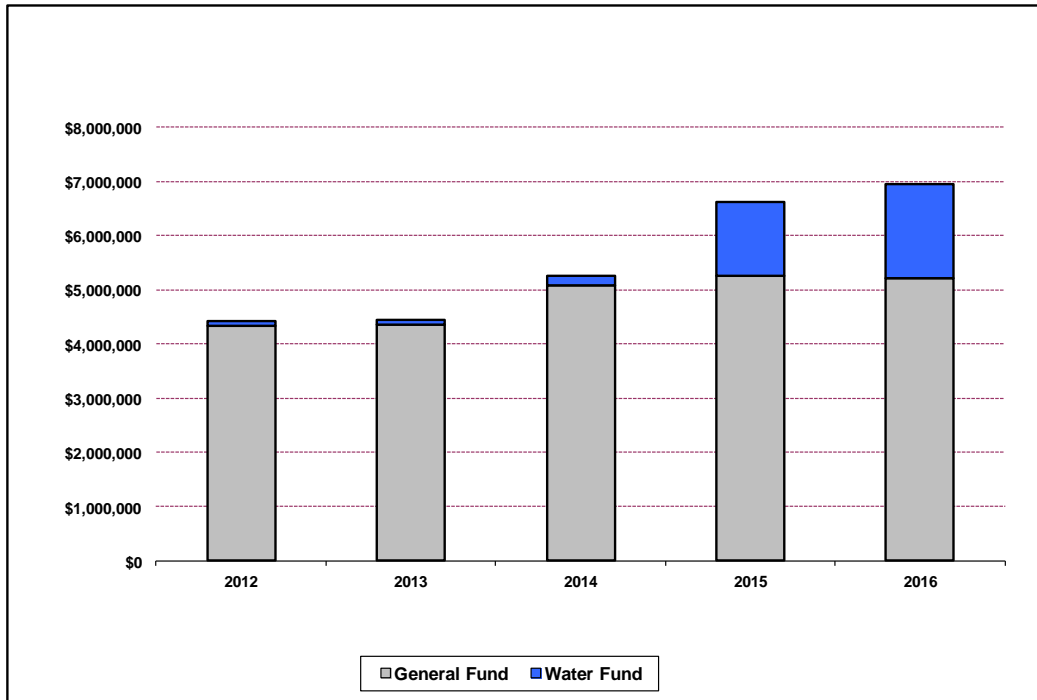
The 2012 to 2016 Capital Program includes \$35.8 million in debt borrowing. This includes \$2.4 million for the new Hammond Bay Fire Hall, \$8.5 million for expansion of the Police building, \$18.5 million for the new Water Treatment Plant, \$4.0 million for the new City Hall Annex and \$2.4 million for possible local improvements. Although no local improvements, where the costs are shared between the City and property owners, are currently planned, an allowance of \$480,000 is put in the budget each year in case a request is made. The assent of the electors is required for any long-term borrowing.

The City's current outstanding debt is for a number of projects including local improvements, water system improvements, the Bastion Street and Harbourfront Parkades, the Station 4 Fire Hall, the Conference Centre and the Nanaimo Aquatic Centre. Long-term debt outstanding at the end of 2011 will be \$35.7 million. Due to the projected borrowing required to fund the capital plan the City's debt level is expected to increase to \$48.6 million by 2016, the end of the planning period. Over the longer term the City will need to incur a significant amount of additional debt in order to fund the Water Supply Strategic Plan.

**Total Outstanding Debt (2011 to 2016 Projected)**



**Annual Debt Payments (2012 to 2016 Projected)**



CITY OF NANAIMO FIVE-YEAR FINANCIAL PLAN 2012 – 2016

**CITY OF NANAIMO  
2012-2016 FINANCIAL PLAN  
RESERVE PROJECTIONS (Funds Available for Use)**

	2012	2013	2014	2015	2016
<b>GENERAL FUND</b>					
<b>Statutory Reserves:</b>					
<b>Cemetery Care Reserve</b>	500,300	507,800	515,300	522,800	530,300
Additions	7,500	7,500	7,500	7,500	7,500
Withdrawals	0	0	0	0	0
Balance @ December 31	507,800	515,300	522,800	530,300	537,800
<b>Local Improvement Reserve</b>	1,444,713	1,483,864	1,523,431	1,578,594	1,635,001
Additions	39,151	39,567	55,163	56,407	57,663
Withdrawals	0	0	0	0	0
Balance @ December 31	1,483,864	1,523,431	1,578,594	1,635,001	1,692,664
<b>Parkland Dedication Reserve</b>	505,251	165,752	219,567	276,904	335,961
Additions	56,644	53,815	57,337	59,057	60,829
Withdrawals	396,143	0	0	0	0
Balance @ December 31	165,752	219,567	276,904	335,961	396,790
<b>Property Sales Reserve</b>	1,843,945	1,880,824	1,918,440	1,975,993	2,035,273
Additions	36,879	37,616	57,553	59,280	61,058
Withdrawals	0	0	0	0	0
Balance @ December 31	1,880,824	1,918,440	1,975,993	2,035,273	2,096,331
<b>Equipment Depreciation Reserve</b>	1,835,133	1,226,530	869,704	561,772	1,309,731
Additions	1,000,847	1,004,674	1,019,068	1,039,959	1,071,315
Withdrawals	1,609,450	1,361,500	1,327,000	292,000	730,600
Balance @ December 31	1,226,530	869,704	561,772	1,309,731	1,650,446
<b>Facility Development Reserve</b>	725,471	4,279	215,619	133,656	542,671
Additions	1,067,463	1,084,805	1,108,037	1,134,015	1,159,496
Withdrawals	1,788,655	873,465	1,190,000	725,000	1,340,000
Balance @ December 31	4,279	215,619	133,656	542,671	362,167
<b>Community Works Reserve</b>	9,121,765	11,310,303	8,593,612	100,902	49,930
Additions	2,388,538	2,383,309	2,325,290	2,199,028	2,231,249
Withdrawals	200,000	5,100,000	10,818,000	2,250,000	0
Balance @ December 31	11,310,303	8,593,612	100,902	49,930	2,281,179
<b>Old City Parking Reserve</b>	78,507	80,077	81,679	84,129	86,653
Additions	1,570	1,602	2,450	2,524	2,600
Withdrawals	0	0	0	0	0
Balance @ December 31	80,077	81,679	84,129	86,653	89,253
<b>Knowles Estate Reserve Fund</b>	434,670	443,363	452,230	465,797	479,771
Additions	8,693	8,867	13,567	13,974	14,393
Withdrawals	0	0	0	0	0
Balance @ December 31	443,363	452,230	465,797	479,771	494,164
<b>DCC - City Wide Roads</b>	3,258,927	2,819,001	3,128,888	3,979,508	5,370,665
Additions	868,717	1,106,457	1,358,027	1,391,157	1,357,333
Withdrawals	1,308,643	796,570	507,407	0	5,037,271
Balance @ December 31	2,819,001	3,128,888	3,979,508	5,370,665	1,690,727

CITY OF NANAIMO FIVE-YEAR FINANCIAL PLAN 2012 – 2016

**CITY OF NANAIMO  
2012-2016 FINANCIAL PLAN  
RESERVE PROJECTIONS (Funds Available for Use)**

	2012	2013	2014	2015	2016
<b>GENERAL FUND</b>					
<b>Statutory Reserves:</b>					
<b>DCC - City Wide Drainage</b>	7,933,907	7,962,590	8,267,963	8,703,877	9,050,516
Additions	278,683	315,457	435,914	447,479	459,391
Withdrawals	250,000	10,084	0	100,840	0
Balance @ December 31	7,962,590	8,267,963	8,703,877	9,050,516	9,509,907
<b>DCC - North Slope Drainage</b>	899,816	917,812	936,168	964,253	993,181
Additions	17,996	18,356	28,085	28,928	29,795
Withdrawals	0	0	0	0	0
Balance @ December 31	917,812	936,168	964,253	993,181	1,022,976
<b>DCC - Millstone Drainage</b>	2,327,803	2,374,359	2,421,846	2,494,501	2,569,336
Additions	46,556	47,487	72,655	74,835	77,080
Withdrawals	0	0	0	0	0
Balance @ December 31	2,374,359	2,421,846	2,494,501	2,569,336	2,646,416
<b>DCC - City Wide Parks</b>	428,753	384,261	47,457	153,884	263,504
Additions	255,508	313,196	356,427	359,620	362,909
Withdrawals	300,000	650,000	250,000	250,000	250,000
Balance @ December 31	384,261	47,457	153,884	263,504	376,413
<b>Non-Statutory Reserves Accounts:</b>					
<b>RCMP Contract Adjustment</b>	757,115	757,115	757,115	757,115	757,115
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	757,115	757,115	757,115	757,115	757,115
<b>Computer Upgrade Reserve</b>	1,802,569	814,609	511,730	474,932	524,768
Additions	554,040	565,121	576,202	587,836	599,471
Withdrawals	1,542,000	868,000	613,000	538,000	388,000
Balance @ December 31	814,609	511,730	474,932	524,768	736,239
<b>Uninsured Claims Reserve</b>	1,454,193	1,454,193	1,454,193	1,454,193	1,454,193
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	1,454,193	1,454,193	1,454,193	1,454,193	1,454,193
<b>Finance Capital Reserve</b>	118,839	0	0	0	0
Additions	0	0	0	0	0
Withdrawals	118,839	0	0	0	0
Balance @ December 31	0	0	0	0	0
<b>Fire Department</b>	50,000	50,000	50,000	50,000	50,000
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	50,000	50,000	50,000	50,000	50,000
<b>Uncollected Taxes Reserve</b>	2,749,394	2,749,394	2,749,394	2,749,394	2,749,394
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	2,749,394	2,749,394	2,749,394	2,749,394	2,749,394

CITY OF NANAIMO FIVE-YEAR FINANCIAL PLAN 2012 – 2016

**CITY OF NANAIMO  
2012-2016 FINANCIAL PLAN  
RESERVE PROJECTIONS (Funds Available for Use)**

	2012	2013	2014	2015	2016
<b>GENERAL FUND</b>					
<b>Non-Statutory Reserves Accounts:</b>					
<b>Property Acquisition Reserve</b>	1,636,793	1,636,793	1,636,793	1,636,793	1,636,793
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	1,636,793	1,636,793	1,636,793	1,636,793	1,636,793
<b>Public Education - Fire Safety Reserve</b>	5,646	5,646	5,646	5,646	5,646
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	5,646	5,646	5,646	5,646	5,646
<b>Parks Maintenance</b>	362,176	223,176	244,596	266,436	86,541
Additions	21,000	21,420	21,840	22,281	22,722
Withdrawals	160,000	0	0	202,176	0
Balance @ December 31	223,176	244,596	266,436	86,541	109,263
<b>Nanaimo Athletic Commission Reserve</b>	4,621	4,621	4,621	4,621	4,621
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	4,621	4,621	4,621	4,621	4,621
<b>Class E Licences Reserve</b>	42,188	47,988	53,904	59,936	66,090
Additions	5,800	5,916	6,032	6,154	6,276
Withdrawals	0	0	0	0	0
Balance @ December 31	47,988	53,904	59,936	66,090	72,366
<b>Beban Area Property Reserve</b>	243,366	284,788	326,210	367,632	409,054
Additions	41,422	41,422	41,422	41,422	41,422
Withdrawals	0	0	0	0	0
Balance @ December 31	284,788	326,210	367,632	409,054	450,476
<b>SAP Software Reserve</b>	909,760	401,760	359,760	517,760	675,760
Additions	0	0	158,000	158,000	0
Withdrawals	508,000	42,000	0	0	330,000
Balance @ December 31	401,760	359,760	517,760	675,760	345,760
<b>Brechin Boat Ramp</b>	33,599	54,165	75,142	96,531	118,351
Additions	20,566	20,977	21,389	21,820	22,252
Withdrawals	0	0	0	0	0
Balance @ December 31	54,165	75,142	96,531	118,351	140,603
<b>Transportation</b>	682,308	360,204	360,204	360,204	360,204
Additions	0	0	0	0	0
Withdrawals	322,104	0	0	0	0
Balance @ December 31	360,204	360,204	360,204	360,204	360,204
<b>Economic Development Projects</b>	95,000	95,000	95,000	95,000	95,000
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	95,000	95,000	95,000	95,000	95,000

CITY OF NANAIMO FIVE-YEAR FINANCIAL PLAN 2012 – 2016

**CITY OF NANAIMO  
2012-2016 FINANCIAL PLAN  
RESERVE PROJECTIONS (Funds Available for Use)**

	2012	2013	2014	2015	2016
<b>GENERAL FUND</b>					
<b>Non-Statutory Reserves Accounts:</b>					
<b>Police Capital Reserve</b>	49,378	49,378	49,378	49,378	49,378
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	49,378	49,378	49,378	49,378	49,378
<b>Firehall Improvements Reserve</b>	396,414	396,414	96,414	96,414	96,414
Additions	0	0	0	0	0
Withdrawals	0	300,000	0	0	0
Balance @ December 31	396,414	96,414	96,414	96,414	96,414
<b>DSD Incomplete Projects</b>	12,241	12,241	12,241	12,241	12,241
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	12,241	12,241	12,241	12,241	12,241
<b>Uncollected Parking Revenue Reserve</b>	18,641	18,641	18,641	18,641	18,641
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	18,641	18,641	18,641	18,641	18,641
<b>General Parking Reserve</b>	207,411	86,342	34,051	537	34,838
Additions	153,931	147,709	141,486	134,301	127,118
Withdrawals	275,000	200,000	175,000	100,000	100,000
Balance @ December 31	86,342	34,051	537	34,838	61,956
<b>Local Improvements Reserve</b>	181,260	181,260	181,260	181,260	181,260
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	181,260	181,260	181,260	181,260	181,260
<b>Fitzwilliam St Parking Reserve</b>	142,868	142,868	142,868	142,868	142,868
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	142,868	142,868	142,868	142,868	142,868
<b>Casino</b>	415,369	415,369	415,369	415,369	415,369
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	415,369	415,369	415,369	415,369	415,369
<b>Snow Removal Reserve</b>	400,000	400,000	400,000	400,000	400,000
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	400,000	400,000	400,000	400,000	400,000
<b>Conference Centre Reserve</b>	189,477	189,477	189,477	189,477	189,477
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	189,477	189,477	189,477	189,477	189,477

CITY OF NANAIMO FIVE-YEAR FINANCIAL PLAN 2012 – 2016

**CITY OF NANAIMO  
2012-2016 FINANCIAL PLAN  
RESERVE PROJECTIONS (Funds Available for Use)**

	2012	2013	2014	2015	2016
<b>GENERAL FUND</b>					
<b>Non-Statutory Reserves Accounts:</b>					
<b>North Slope Stability Reserve</b>	20,005	5	5	5	5
Additions	0	0	0	0	0
Withdrawals	20,000	0	0	0	0
Balance @ December 31	5	5	5	5	5
<b>Allowance for Bad Debts Reserve</b>	50,000	40,000	30,000	20,000	10,000
Additions	0	0	0	0	0
Withdrawals	10,000	10,000	10,000	10,000	10,000
Balance @ December 31	40,000	30,000	20,000	10,000	0
<b>E911 Reserve</b>	435,653	438,153	457,653	463,653	467,678
Additions	60,000	60,500	61,000	61,525	62,050
Withdrawals	57,500	41,000	55,000	57,500	60,000
Balance @ December 31	438,153	457,653	463,653	467,678	469,728
<b>General Capital Reserve</b>	4,060,070	794,801	794,801	794,801	794,801
Additions	0	0	0	0	0
Withdrawals	3,265,269	0	0	0	0
Balance @ December 31	794,801	794,801	794,801	794,801	794,801
<b>Parkland Acquisition</b>	21,357	0	0	0	0
Additions	0	0	0	0	0
Withdrawals	21,357	0	0	0	0
Balance @ December 31	0	0	0	0	0
<b>Priority Capital Reserve</b>	2,315,892	0	0	0	0
Additions	0	0	0	0	0
Withdrawals	2,315,892	0	0	0	0
Balance @ December 31	0	0	0	0	0
<b>Housing Legacy Reserve</b>	2,615,179	2,451,179	2,616,179	2,781,179	2,946,179
Additions	165,000	165,000	165,000	165,000	165,000
Withdrawals	329,000	0	0	0	0
Balance @ December 31	2,451,179	2,616,179	2,781,179	2,946,179	3,111,179
<b>Fire Training Centre Reserve</b>	92,059	102,159	112,461	122,965	133,681
Additions	10,100	10,302	10,504	10,716	10,928
Withdrawals	0	0	0	0	0
Balance @ December 31	102,159	112,461	122,965	133,681	144,609
<b>Sustainability Initiatives Reserve</b>	738,766	429,228	235,690	273,152	375,614
Additions	107,462	107,462	107,462	107,462	107,462
Withdrawals	417,000	301,000	70,000	5,000	5,000
Balance @ December 31	429,228	235,690	273,152	375,614	478,076
<b>Photocopier Reserve</b>	82,287	38,957	69,277	60,757	92,077
Additions	101,670	91,320	92,480	97,320	110,690
Withdrawals	145,000	61,000	101,000	66,000	145,000
Balance @ December 31	38,957	69,277	60,757	92,077	57,767

CITY OF NANAIMO FIVE-YEAR FINANCIAL PLAN 2012 – 2016

**CITY OF NANAIMO  
2012-2016 FINANCIAL PLAN  
RESERVE PROJECTIONS (Funds Available for Use)**

	2012	2013	2014	2015	2016
<b>GENERAL FUND</b>					
<b>Non-Statutory Reserves Accounts:</b>					
<b>PR&amp;C Snow Removal Reserve</b>	100,000	100,000	100,000	100,000	100,000
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	100,000	100,000	100,000	100,000	100,000
<b>Debt Equity Reserve</b>	1,146,736	1,241,125	1,295,702	1,295,702	1,295,702
Additions	94,389	54,577	0	0	2,368
Withdrawals	0	0	0	0	0
Balance @ December 31	1,241,125	1,295,702	1,295,702	1,295,702	1,298,070
<b>Total - General Fund</b>	55,977,591	48,027,864	45,127,679	38,311,162	42,002,246
Additions	7,410,125	7,714,434	8,299,890	8,287,600	8,230,370
Withdrawals	15,359,852	10,614,619	15,116,407	4,596,516	8,395,871
Balance @ December 31	48,027,864	45,127,679	38,311,162	42,002,246	41,836,745
<b>SEWER FUND</b>					
<b>Statutory Reserves:</b>					
<b>DCC - City Wide Sewer</b>	5,347,819	5,462,083	5,293,539	5,344,852	703,329
Additions	250,264	331,456	426,313	358,477	294,231
Withdrawals	136,000	500,000	375,000	5,000,000	0
Balance @ December 31	5,462,083	5,293,539	5,344,852	703,329	997,560
<b>DCC - Northshore Sewer</b>	348,588	353,468	360,537	371,353	382,494
Additions	4,880	7,069	10,816	11,141	11,475
Withdrawals	0	0	0	0	0
Balance @ December 31	353,468	360,537	371,353	382,494	393,969
<b>Non-Statutory Reserves:</b>					
<b>Sewer Reserve</b>	10,853,793	7,053,678	6,290,878	5,268,917	3,972,351
Additions	277,385	252,200	878,039	100,037	43,467
Withdrawals	4,077,500	1,015,000	1,900,000	1,396,603	1,600,000
Balance @ December 31	7,053,678	6,290,878	5,268,917	3,972,351	2,415,818
<b>DCC - Sewer</b>	850,000	850,000	850,000	850,000	850,000
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	850,000	850,000	850,000	850,000	850,000
<b>Sewer MFA Debt Equity Reserve</b>	4,541,337	4,541,337	4,541,337	4,541,337	4,541,337
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	4,541,337	4,541,337	4,541,337	4,541,337	4,541,337
<b>Total - Sewer Fund</b>	21,941,537	18,260,566	17,336,291	16,376,459	10,449,511
Additions	532,529	590,725	1,315,168	469,655	349,173
Withdrawals	4,213,500	1,515,000	2,275,000	6,396,603	1,600,000
Balance @ December 31	18,260,566	17,336,291	16,376,459	10,449,511	9,198,684

CITY OF NANAIMO FIVE-YEAR FINANCIAL PLAN 2012 – 2016

**CITY OF NANAIMO  
2012-2016 FINANCIAL PLAN  
RESERVE PROJECTIONS (Funds Available for Use)**

	2012	2013	2014	2015	2016
<b>WATER FUND</b>					
<b>Statutory Reserves:</b>					
<b>DCC - City Water - Old Bylaw</b>	4,969,769	4,581,630	4,566,829	3,790,334	3,751,794
Additions	66,395	135,199	123,505	111,460	110,304
Withdrawals	454,534	150,000	900,000	150,000	150,000
Balance @ December 31	4,581,630	4,566,829	3,790,334	3,751,794	3,712,098
<b>DCC - City Wide Water (Distribution)</b>	286,961	278,917	512,345	625,533	742,117
Additions	66,956	233,428	113,188	116,584	120,081
Withdrawals	75,000	0	0	0	0
Balance @ December 31	278,917	512,345	625,533	742,117	862,198
<b>DCC - Water Supply</b>	1,283,350	55,064	67,407	4,793	1,497,860
Additions	1,121,714	1,312,343	1,737,386	1,736,463	1,760,800
Withdrawals	2,350,000	1,300,000	1,800,000	243,396	3,100,000
Balance @ December 31	55,064	67,407	4,793	1,497,860	158,660
<b>Non-Statutory Reserves:</b>					
<b>Water Reserve</b>	3,018,160	3,018,160	3,422,160	1,922,160	1,922,160
Additions	0	1,000,000	0	0	0
Withdrawals	0	596,000	1,500,000	0	0
Balance @ December 31	3,018,160	3,422,160	1,922,160	1,922,160	1,922,160
<b>Water Local Improvements Reserve</b>	99,661	99,661	99,661	99,661	99,661
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	99,661	99,661	99,661	99,661	99,661
<b>DCC - Water</b>	400,000	400,000	400,000	400,000	400,000
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	400,000	400,000	400,000	400,000	400,000
<b>Levelling Reserve</b>	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Additions	0	0	0	0	0
Withdrawals	0	0	0	0	0
Balance @ December 31	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Water Supply Reserve</b>	7,353,227	9,012,745	9,631,851	3,457,767	478,712
Additions	1,659,518	1,462,106	2,998,266	142,145	827,602
Withdrawals	0	843,000	9,172,350	3,121,200	650,000
Balance @ December 31	9,012,745	9,631,851	3,457,767	478,712	656,314
<b>Water Supply Debt/Equity Reserve</b>	2,373,510	2,373,510	2,373,510	2,373,510	2,374,562
Additions	0	0	0	1,052	0
Withdrawals	0	0	0	0	2,350,000
Balance @ December 31	2,373,510	2,373,510	2,373,510	2,374,562	24,562
<b>Water MFA Debt Equity Reserve</b>	373,913	390,535	400,146	400,146	400,146
Additions	16,622	9,611	0	0	237
Withdrawals	0	0	0	0	0
Balance @ December 31	390,535	400,146	400,146	400,146	400,383

CITY OF NANAIMO FIVE-YEAR FINANCIAL PLAN 2012 – 2016

**CITY OF NANAIMO  
2012-2016 FINANCIAL PLAN  
RESERVE PROJECTIONS (Funds Available for Use)**

	2012	2013	2014	2015	2016
<b>WATER FUND</b>					
<b>Total - Water Fund</b>	21,158,551	21,210,222	22,473,909	14,073,904	12,667,012
Additions	2,931,205	4,152,687	4,972,345	2,107,704	2,819,024
Withdrawals	2,879,534	2,889,000	13,372,350	3,514,596	6,250,000
Balance @ December 31	21,210,222	22,473,909	14,073,904	12,667,012	9,236,036
<b>Total - All</b>					
Additions	10,873,859	12,457,846	14,587,403	10,864,959	11,398,567
Withdrawals	22,452,886	15,018,619	30,763,757	14,507,715	16,245,871
Balance @ December 31	87,498,652	84,937,879	68,761,525	65,118,769	60,271,465

## 2012 Financial Plan Overview

### Key Budget Assumptions

#### Economy

After a relatively strong 2010, the Canadian economy has once again rebounded from the slowdown that occurred in the first half of 2011. However, the emerging global slowdown will take a toll on growth in 2012. The failure to resolve the European debt crisis has allowed the downturn to spread. This has increased government borrowing costs, aggravating the debt sustainability of some of the larger European nations. Slowdowns in the economies of Italy and Spain are quickly turning into contractions and even the largest euro zone economies are no longer immune. The reduction in intra-regional trade is taking an increasing bite out of the output gains in Germany and France. The U.S. economy, like Canada's, has rebounded after an extremely weak first half performance. However, sustaining this economic momentum will likely prove difficult in 2012 and beyond as the United States confronts its longstanding structural issues. Household wealth and living standards are still being compressed by declining home values that are pressured by continuing housing over supply and tight lending conditions as well as the persistence of chronically high unemployment. U.S. federal fiscal policy is set to tighten more although it is expected that some of the restraint may be deferred to 2013. All of the major banks now agree that there is little risk of the Canadian and U.S. economies sinking back into a recession but much depends on what happens in Europe. It is estimated that the Canadian economy will grow in 2012 with estimates ranging from a low of 1.8% to a high of 2.0%. While this is not as high as the 2.3% forecast for 2011 it is in stark contrast to the 2.4% reduction in the economy seen in 2009. For BC, the news is somewhat the same. Forestry exports are expected to continue to strengthen along with expanding sales to China. In addition, firm commodity prices and continuing solid demand from emerging countries should continue to bolster resource-related exports and support expanded developments in energy, mining and agriculture. Unfortunately the continuing weakness in U.S. residential construction, and the strong Canadian dollar, is likely to continue impacting the BC forest products sector and provincial exports to the U.S. in the near term. The housing market is the wildcard in the BC economy. It has exhibited huge swings since the end of 2007 and is currently on a significant down leg. Housing starts are expected to fall even further in 2012 from 2011 levels before starting to rebound in 2013. Since development related fees historically have represented a significant source of revenue the impact, in the form of reduced revenue, is still having a considerable bearing on the 2012 to 2016 Financial Plan. Investment revenue, another closely aligned with the U.S. economy significant revenue source, is also impacted by the slowing economy because the central bank has kept interest rates at historic lows with no increase forecast in the foreseeable future. This also has a significant impact on the 2012 to 2016 Financial Plan. These pressures, coupled with increasing demands placed on the City's infrastructure and services, put significant demands on financial resources.

#### Allowable Inflationary Increases

Year over year inflation for October has increased this year for both Canada (2011 2.9% 2010 1.9%) and British Columbia (2011 2.3%; 2010 1.6%). However, because of cost pressures resulting from previously approved Council initiatives such as additional police staffing, the new City Hall Annex, the library requisition and fuel and electric price increases, minimal increases were allowed in the base budget for other operating costs. This is in spite of inflation that is forecast to be in the 2.0% range for 2012. For future years in the Five Year Plan, across the board increases of 2% were used except where other increases were known. Increased operating costs resulting from capital projects were also included where known. Revenue from

fees and charges and sales of service were estimated to increase at a rate of 1% per year while other revenues were expected to remain flat.

### **Union Negotiations**

The majority of City staff are covered by contracts with two bargaining units. The largest group belong to CUPE Local 401 and a four year contract, expiring December 31, 2010 was negotiated. Approved contractual salary increases for CUPE members were 3% on January 1 2007, 3% on January 1 2008, 3% on January 1 2009 and 3.5% on January 1 2010. Most of the staff in the Fire Department are members of IAFF and a 39 month contract expiring March 31, 2010 was negotiated. Approved contractual salary increases for IAFF members were 2% on January 1 2007, 1.5% on June 30 2007, 2.5% on January 26 2008, 2.5% on October 4 2008, 0.5% on January 1 2009, 2.5% on January 24 2009 and 2.5% on November 15 2009. Since both contracts have expired staff were budgeted at their 2010 rates and an allowance for an estimated negotiated increase was budgeted separately.

### **Budget Review**

The operating budget, prepared by Departments, is reviewed to ensure base budget funding is sufficient for the level of service currently provided. If insufficient resources exist, departmental managers must reallocate resources, request additional funding or adjust the level of service to align with existing resources.

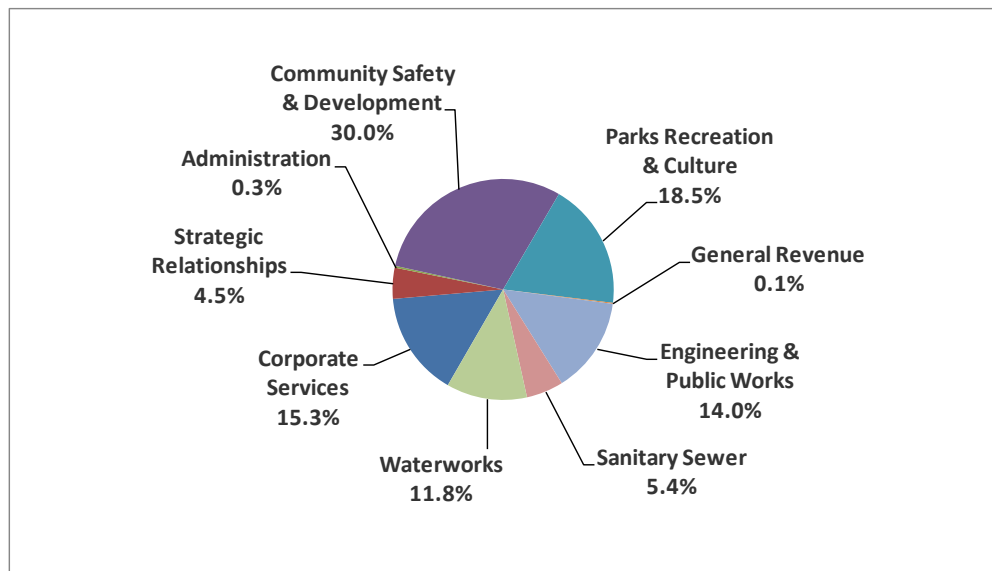
The City plans for major capital expenditures on a five-year cycle with annual reviews and updates. Funding for capital improvements comes from a number of sources, including general tax revenues (pay-as-you-go financing), statutory and other reserves, grants, external contributions and borrowed funds. General tax revenues available for capital purposes are limited. The borrowing of funds for all uses, other than short-term borrowing, normally requires the assent of the electors either through an alternative approval process or referendum.

## 2012 to 2016 Financial Plan Overview

### City of Nanaimo 2012 - 2016 Financial Plan

	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2016 Budget
<b>Expenditures</b>					
Operating	118,943,909	121,839,759	127,362,132	134,021,326	139,014,907
Capital	41,432,188	49,619,462	56,087,000	28,498,085	27,114,000
	<u>160,376,097</u>	<u>171,459,221</u>	<u>183,449,132</u>	<u>162,519,411</u>	<u>166,128,907</u>
<b>Revenues</b>					
Property Taxes	(86,231,652)	(89,360,717)	(93,247,163)	(97,811,762)	(101,928,971)
Fees & Charges	(35,303,440)	(36,531,531)	(37,324,304)	(38,215,097)	(39,120,241)
Other Revenue	(23,993,163)	(28,617,471)	(21,165,384)	(22,325,469)	(19,706,511)
Borrowing	(4,480,000)	(14,906,100)	(15,492,650)	(480,000)	(480,000)
	<u>(150,008,255)</u>	<u>(169,415,819)</u>	<u>(167,229,501)</u>	<u>(158,832,328)</u>	<u>(161,235,723)</u>
Transfers to/from Reserves & Other Funds	<u>(10,367,842)</u>	<u>(2,043,402)</u>	<u>(16,219,631)</u>	<u>(3,687,083)</u>	<u>(4,893,184)</u>
Budgeted Surplus/Deficit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

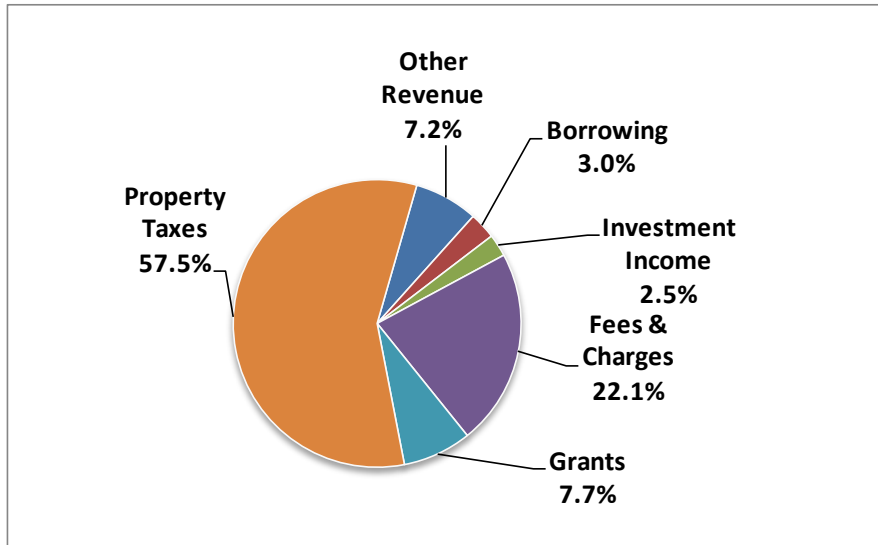
### Total Expenditures by Department (Operating & Capital)



### Consolidated Revenues by Type

In 2012, the City of Nanaimo plans to collect \$150.0 million in revenues from a number of sources including taxation, fees and service charges, grants, investment income and other smaller sources. The following graph shows the proportional funding from each of these sources in the 2012 Financial Plan.

**2012 Budgeted Revenue Sources (\$150.0 million)**

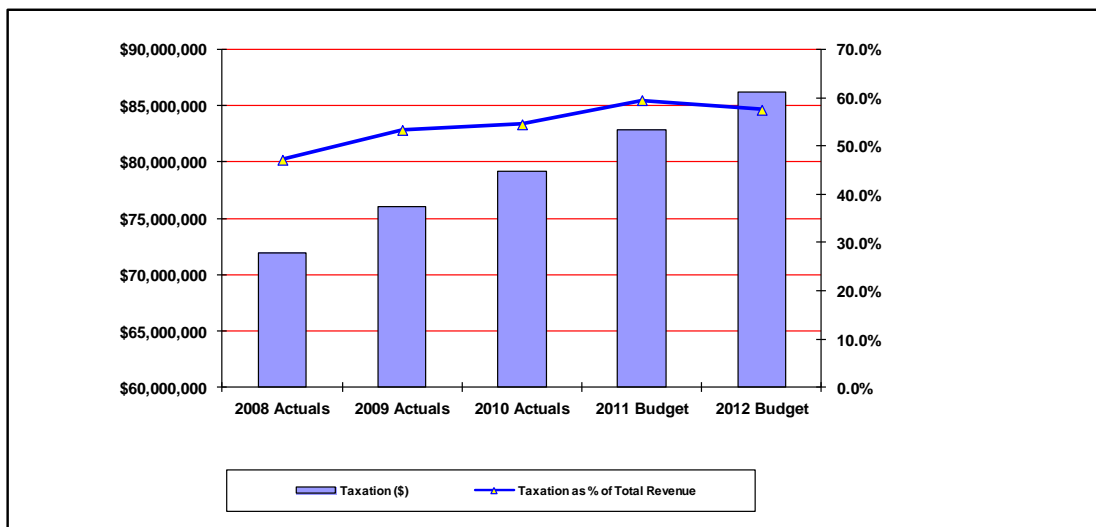


**Taxation**

The primary funding source for City services in the 2012 Financial Plan is taxation at \$86.2 million or 57.5% of the total revenues on a consolidated basis. The property taxation levy includes an increase of \$3.3 million for City services in 2012, made up of \$1.2 million from new assessment growth and \$2.5 million from property tax increases.

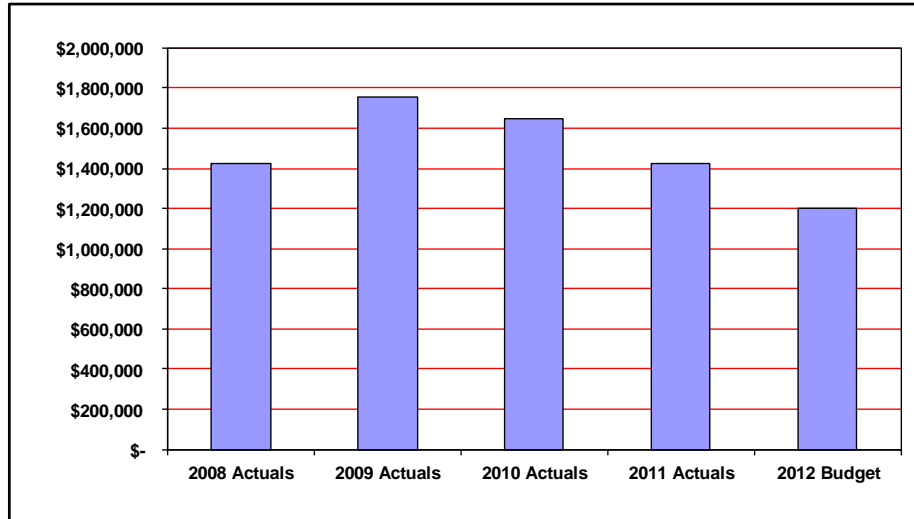
Since 2008 the City's property tax collection has increased from \$71.9 million in 2008 to \$86.2 million in 2012. Although the dollar amount of taxation has increased, the City's dependence on this revenue source has not increased at the same rate. As a percentage of total revenue, property taxes have increased from 47.1% in 2008 to 57.5% in 2012.

**Taxation Trends 2008 to 2012**



### Property Taxation from Development Growth 2008 to 2012

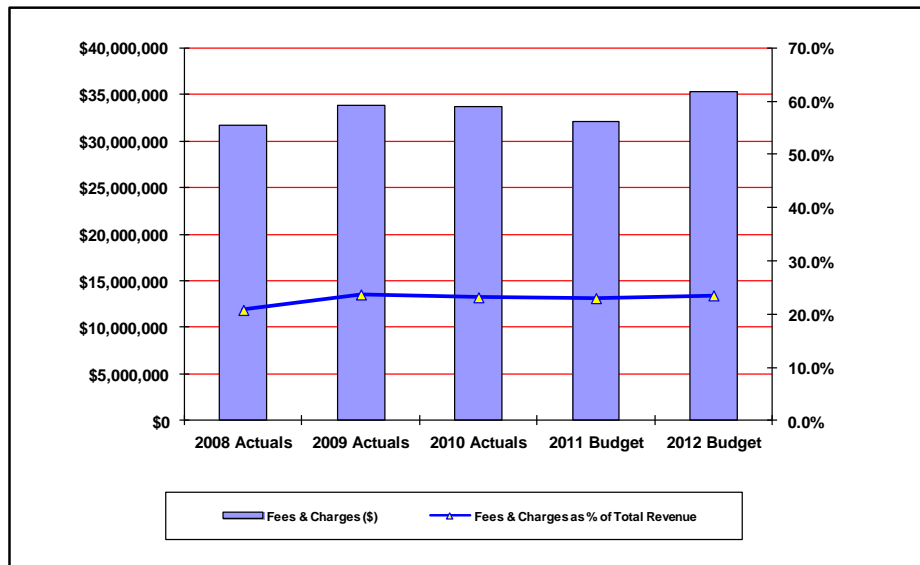
Property taxes have increased approximately \$14.3 million from 2008 to 2012. Of this increase, a cumulative total of \$7.4 million is from development growth in the community.



### Other Revenues

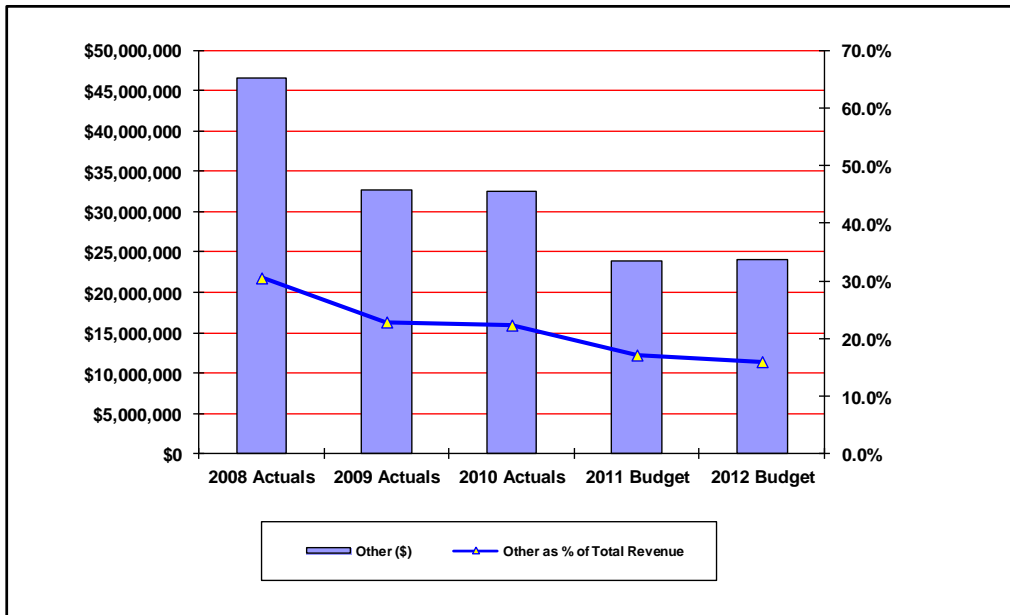
#### Fees and Charges Trends 2008 to 2012

The revenue from fees and charges has remained relatively stable, increasing from \$31.7 million in 2008 to \$35.3 million in 2012. As a percentage of total revenue fees and charges have shown a slight increase from 20.8% in 2008 to 23.5% in 2012. The fluctuations are mainly a result of fluctuating DCC and building permit revenue. Fees and charges are reviewed regularly including a full DCC review in 2008.



**Other Revenue Trends 2008 to 2012**

The revenue from other sources has been somewhat volatile. The actual revenue in 2008 was high due to an exceptionally high value of assets contributed by developers. These are the value of roads, watermains, sewers, etc. that are built by developers as part of the subdivision process that become an asset of the City upon completion. The 2008 revenue also included onetime revenue such as the proceeds from the sale of the retail space at the Port of Nanaimo Centre. The slowdown in development and lower interest rates are reflected in the impacts on the 2009 and 2010 actuals and the 2011 to 2012 budgets.



**User Fees - Water, Sewer and Garbage**

There have been no increases in sewer user fees for several years. In fact the last change in rates was a 10% reduction in sewer user fees in 2002. Until 2009 there had also not been an increase in garbage user fees for several years. The last increase prior to that was 2.7% in 1996 but this was followed by a 12.5% decrease in 1999 with no change until 2009. However as a result of the depressed market for recyclables, a 5% increase to garbage user fees was required in 2009 as a result of an increase in the recycling contract. Further increases of 6.4% in 2010 and 1.8% in 2011 were required as a result of the full year impact of the recycling contract plus additional costs related to the new split packers required for the kitchen waste pickup that has been phased in city wide. In 2012 a further increase of 6.14% is required as a result of full year costs for the new trucks, the addition of a seventh garbage route to meet workload demands and increased tipping fees at the landfill which is operated by the Regional District of Nanaimo. In order to pay for the costs that will be incurred as part of the recommendations in the Water Supply Strategic Plan, water rates will need to rise 5% per year for the next several years. For 2012, the increases will be effective January 1.

Annual rates, including the increase to water and garbage rates will be \$121.00 for garbage, \$96.99 for sewer and \$332.40 for water. Since water user fees are based on usage, this amount is based on an average water consumption of 220 gallons per day.

## Impact on a Typical Home

The impact of the 2012 Financial Plan on a typical home in Nanaimo is estimated to be \$94.24.

PROPERTY TAXES	2011	2012	Budget increase	
			\$	%
Assessment *	350,000	350,000		
Tax rate - municipal only (includes library)	5.1008			
Property taxes **	<u>1,785.28</u>	<u>1,856.69</u>	<u>71.41</u>	<u>4.0%</u>
<b>USER RATES ***</b>				
Water consumption - 220 gal/day	316.57	332.40	15.83	5.0%
Sewer charges	96.99	96.99	0.00	0.0%
Garbage charges	114.00	121.00	7.00	6.1%
Total user rates	<u>527.56</u>	<u>550.39</u>	<u>22.83</u>	<u>4.3%</u>
<b>Total Property Taxes &amp; User Rates</b>	<u><u>2,312.84</u></u>	<u><u>2,407.08</u></u>	<u><u>94.24</u></u>	<u><u>4.1%</u></u>

\* Assumes a typical house with the average assessment change

\*\* Excludes Home Owner Grant and taxes collected for other governments

\*\*\* Excludes Limited Income subsidies for seniors

## Five-Year Operating Plan Overview

### Operating Planning Process

Budgets are prepared by each department using their prior year budget as a starting point since that has been confirmed as the cost of providing the same range of services. Allowable increases include:

- Labour and benefit cost increases. Current rates for both wages and benefits are provided by Finance. Where contracts have expired and rates are not yet known, an estimated increase is calculated and budgeted as a Committed Contingency. Additional staff is considered a higher service level request.
- Known increases. Where costs or rates are known to have increased, departments may include the increase in their budget. An example would be an approved Hydro rate increase.
- Operating costs related to approved capital projects. Departments are expected to include all related operating costs resulting from approved capital projects.
- Increases resulting from Council decisions. Increases resulting from previous Council decisions are included. An example would include costs relating to the Ten-Year Fire Plan.

Once the departments have submitted their budgets, Finance Department staff review them for reasonability and accuracy. Any required changes, after discussion with the originating departments, are made and the individual budgets are combined into the first year of the Five-Year Financial Plan. Departments only prepare the first year of the operating plan but are expected to let Finance know of any changes that will impact future years. The Finance Department then enters all known changes and applies inflation factors to calculate estimates for the last four years of the plan.

Budgets are submitted at the same level of service as the previous year. Departments may however also submit higher service level requests for additional resources. The requests may include service maintenance requests where additional resources are required to ensure that same level of service or maintenance to the City's expanding infrastructure is provided or they may be requests for new programs or services to expand or enhance existing service levels. Departmental requests are reviewed by senior management who make recommendations on which requests will be included in the Financial Plan as presented to Council. For 2012, requests totalled \$1,630,000 and included 7 FTEs. Senior Administration recommended two requests totalling \$240,000. A staffing increase of one FTE is included in the recommendation. The recommended higher service levels are included the 3.0% property tax increase.

### 2012 Service Level Changes

The Financial Plan incorporates an overall increase in property taxes of 3.0% over 2011 levels. This increase is mainly a result of hiring five additional RCMP members and two Police support staff in 2012 that were approved by Council in 2010, reduced revenue from building permits and casino, the strategic planning initiative already approved by Council, the first year of the debt repayment for the new City Hall Annex and the two recommended higher service levels. Only minor inflationary increases were included for known cost increases such as electricity.

CITY OF NANAIMO FIVE-YEAR FINANCIAL PLAN 2012 - 2016

The additional service levels included in the plan are:

- 1.0 FTE Internal Auditor to provide an additional level of assurance for Council and the taxpaying public.
- Seismic screening to evaluate 45 of the City's buildings for seismic hazard.

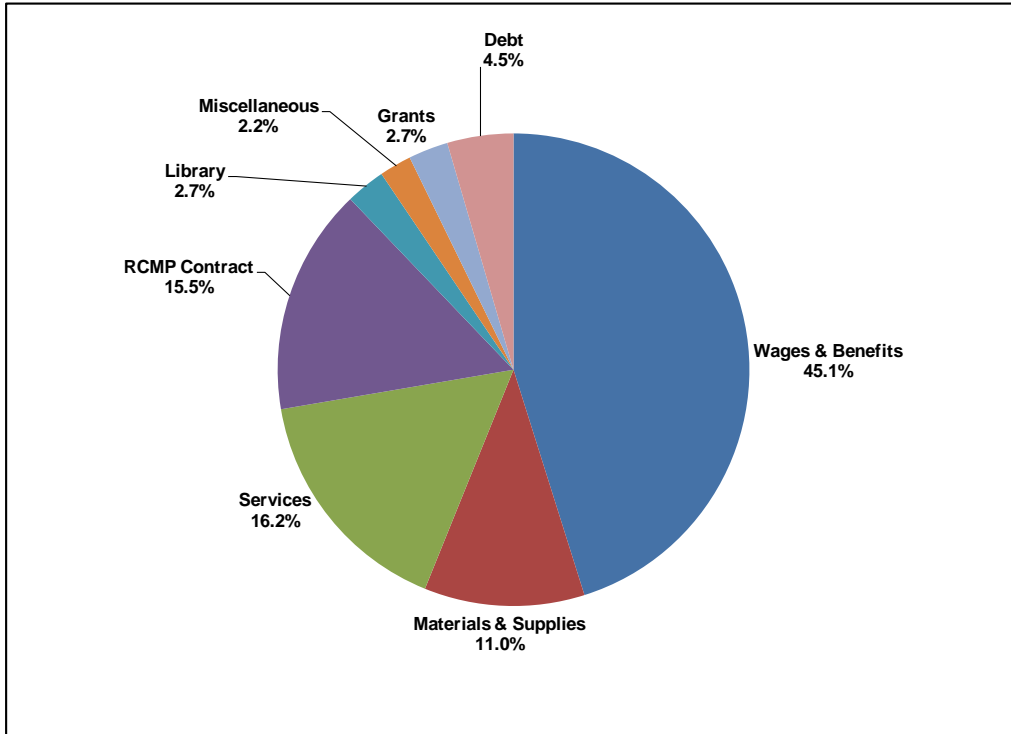
There were also an additional \$1,390,000 in higher service level requests that, while very worthwhile, were not recommended at this time due to budget constraints. They include:

- 1.0 FTE Communications Manager to develop and maintain a planned program of corporate communications with the public and the media.
- Increase the annual budget allocation for unspecified property acquisition from \$600,000 to \$1,000,000
- Update the Parking Bylaw to reflect the goals and objectives of the Official Community Plan and the new zoning bylaw.
- 1.0 FTE RCMP dog handler and police service dog.
- 1.0 FTE Crime Analyst (civilian RCMP member) to provide strategic analysis on crime.
- 2.0 FTE RCMP members for Bike Unit.
- 1.0 FTE RCMP member for Plainclothes Unit.
- A request from Vancouver Island Symphony to increase their annual grant from the City to \$85,000 (from \$60,000) and to have this grant identified separately from Cultural Grants (currently funded at \$2 per capita).

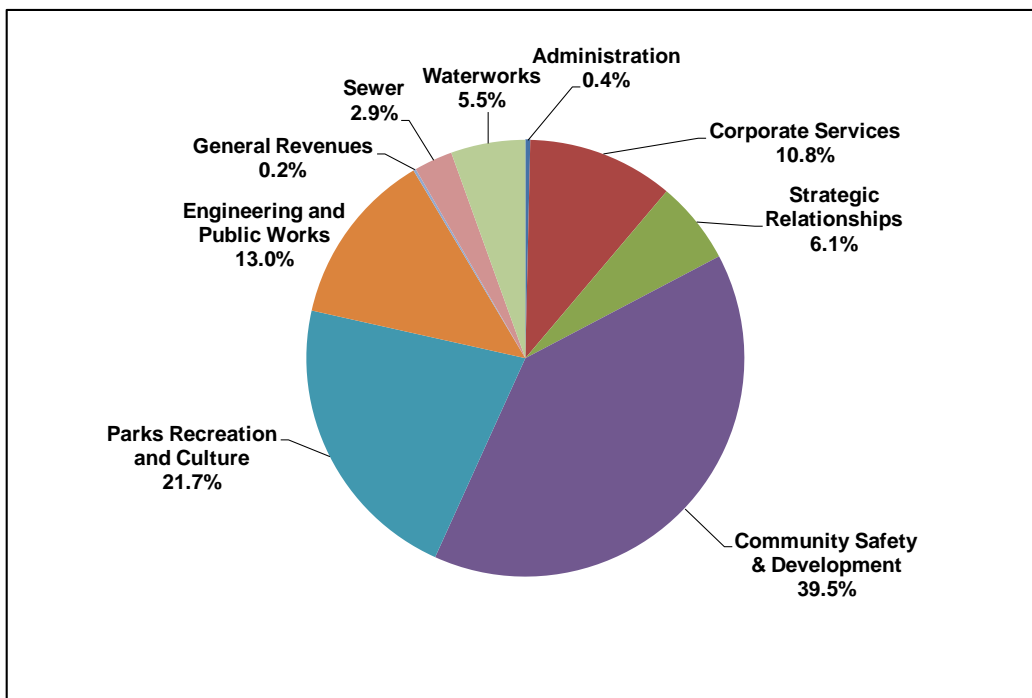
**City of Nanaimo  
2012 - 2016 Financial Plan**

Department	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2016 Budget
<u>Expenditures</u>					
Administration	429,958	443,138	451,827	460,950	470,074
Corporate Services	12,866,279	13,410,841	14,074,978	15,893,570	18,192,852
Strategic Relationships	7,273,422	7,646,968	7,691,642	7,777,808	7,865,011
Community Safety & Development	46,957,905	48,598,141	51,286,293	53,198,448	54,807,583
Parks Recreation and Culture	25,837,979	26,295,911	26,910,621	27,281,489	27,780,657
Engineering and Public Works	15,407,923	15,468,085	15,584,122	16,148,228	16,303,726
General Revenues	228,145	234,702	234,702	234,702	234,702
Sewer	3,390,903	3,417,120	3,501,597	3,601,545	3,686,881
Waterworks	6,551,395	6,324,027	7,625,116	9,422,285	9,670,483
	<u>118,943,909</u>	<u>121,838,933</u>	<u>127,360,898</u>	<u>134,019,025</u>	<u>139,011,969</u>
<u>Revenues</u>					
Property Taxes	86,231,652	89,360,717	93,247,163	97,811,762	101,928,971
Fees & Charges	31,360,126	32,588,217	33,380,990	34,271,783	35,176,927
Other Revenue	11,150,664	13,275,466	13,419,227	13,741,103	13,790,232
From Other Governments	4,903,103	2,395,026	2,396,129	2,397,243	2,398,369
	<u>133,645,545</u>	<u>137,619,425</u>	<u>142,443,509</u>	<u>148,221,891</u>	<u>153,294,499</u>
Transfers to/from Reserves & Other Funds	<u>14,701,636</u>	<u>15,780,492</u>	<u>15,082,611</u>	<u>14,202,866</u>	<u>14,282,530</u>
Budgeted Surplus/Deficit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

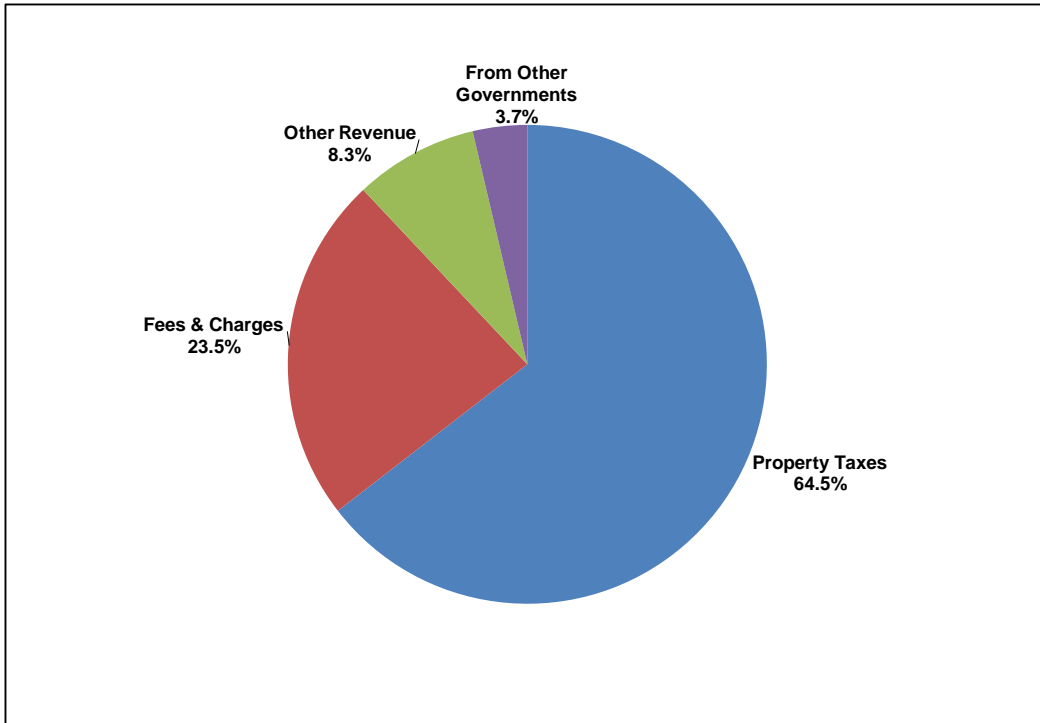
### 2012 Operating Expenses by Expenditure type



### 2012 Operating Expenditures by Department



### 2012 Operating Revenues by Type



## City Manager's Office

### Purpose

The City Manager's Office serves Council directly and acts as the primary liaison between staff, the Mayor's Office and City Council. This office provides direction for staff recommendations to Council that reflect relevant facts, options and professional opinion pertaining to issues considered by Council and developing in society.

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

The City Manager's Office serves Council in its determination of community priorities so that staff is continuously improving the services to its citizens.

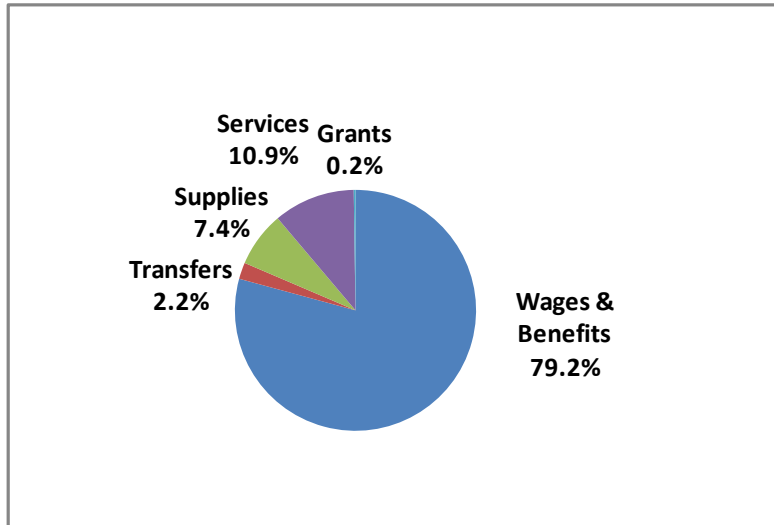
### Goals & Objectives

- Providing leadership to City staff.
- Assisting newly elected Councillors in assuming their new responsibilities.
- Improving Council, community, union and employee relationships.
- Realigning the organizational culture.
- Positioning Council for strategic planning.
- Ensuring continuous service and value improvements.
- Continuing development of community partnerships.

### City Administration 2012-2016 Financial Plan

Program	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2016 Budget
<u>Expenditures</u>					
City Manager's Office	429,958	443,138	451,827	460,950	470,074
	429,958	443,138	451,827	460,950	470,074
<u>Revenues</u>					
City Manager's Office	-	-	-	-	-
	-	-	-	-	-
Transfers to/from Reserves & Other Funds	-	-	-	-	-
Funded by Property Taxes	429,958	443,138	451,827	460,950	470,074

**City Administration  
Budgeted Expenditures by Type**



## Corporate Services

### Purpose

Providing service to both the internal organization and the community, the Corporate Services Department is integral to ensuring the City operates effectively and efficiently.

Corporate Services staff are responsible for four key areas - Human Resources & Organizational Planning, Legislative Services, Financial Services, and Information Technology. For budget purposes the City Hall and City Hall Annex buildings also are included in Corporate Services although they are managed by Parks, Recreation & Culture staff.

The purpose of the Human Resources Department and Organizational Planning Department is to provide professional human resources services to customers in order to attract and retain employees and to engage them in the achievement of corporate outcomes. Core business areas include: organizational planning, human resources planning; recruitment and selection; training; development and performance management; compensation and benefits; service recognition; corporate safety, health, wellness and return to work management; employee and labour relations; HR policies; and human resources information management.

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

The role of the Finance Department is to provide financial stewardship of the City's financial assets. The Department provides financial reporting and control and is responsible for the implementation of financial management policies that ensure the City is able to meet Council's future service expectations. Financial information is provided to the public, Council, media and other City departments. There are four divisions within the Finance Department.

- Accounting Services is responsible for the expenditures of the City. The division prepares monthly financial reports for internal review, along with an annual financial statement that is available on the City's website. This division is also responsible for ensuring that the financial records reflect the financial position of the City and for monitoring cash flow and investments, all while working within the guidelines as outlined in the *Community Charter*.
- Financial Planning and Payroll combines two functions. The Payroll section provides bi-weekly pay for approximately 850 employees including full-time, part-time and casual employees. The other role is to prepare the City's financial plan for review and adoption by Council. This is done by collecting information from all departments and working with senior management to prepare a draft budget in accordance with the principles that have been established by Council. The budget is modified during a public input and discussion period and finally adopted by bylaw.
- Purchasing & Stores manages the City's purchasing function in addition to stores inventory, contract management and general insurance.
- Revenue Services is responsible for billing, collecting money and maintaining records for properties, business licenses and dog licenses. There are approximately 36,000 properties in the City of Nanaimo. This division maintains records of assessment,

ownership, legal description and tax accounts. Tax notices and reminders are mailed annually and an annual tax sale is held for properties where property taxes are unpaid for three years. This division also bills for water, sewer and garbage services, known as User Rates. There are 22,000 property accounts that are billed three times a year. Over 5,000 business licenses and approximately 5,500 dog licenses are issued annually. Revenue Services is responsible for ensuring that these bills are collected, the money is deposited promptly in the bank and that the transactions are appropriately recorded in the City's financial records.

The Information Technology Department mandate is to support the technology services for City operations. The Information Technology Department provides the information management infrastructure, manages technology projects and develops systems. The overriding objective is to implement solutions that provide value to City departments in meeting their goals and objectives, as well as delivering services to the community. The Department's service catalogue includes 140 business applications, along with 500 workstations and 145 physical and virtual servers. These reside at 12 major sites all connected with a Municipal Area Network consisting of both wired and wireless connections. In addition, the Department supports voice communications and the 700 telephone locals connected through four large telephone switches. All the services are managed through the three departmental program areas of Applications Support, Technical Support, and Client Support (Help Desk).

The Community Development section of Corporate Services includes budgets for grants-in-aid and special celebrations such as Empire Days and the Marine Festival.

The General Administration section includes the budgets for the City's insurance and other costs that are difficult to assign to any one department. It also includes the contingency budgets.

The Civic Properties section includes the maintenance and operations of the City Hall and Annex buildings.

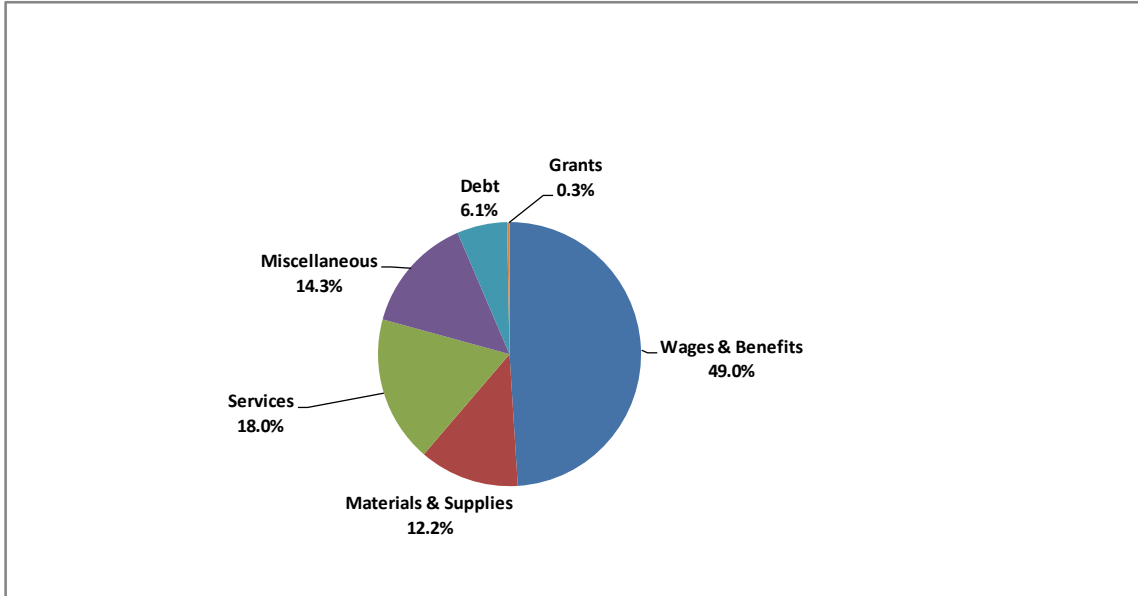
## **Goals & Objectives**

- Attract and retain talented people.
- Promote and support a safe, healthy, harmonious and high performance workplace.
- Provide human resources services and programs that are responsive, effective and efficient.
- Contribute to the success of the corporate strategic plan.
- Provide timely and accurate information to Council, the public and City staff.
- Implementation of a new report format (follow-up from Organizational Planning project).
- Completion of Council Policy review.
- Completion of implementation of paperless agendas.
- Participation in ongoing orientation for new Council.
- Review and amendments as required for Council procedures bylaw, delegation bylaw, and recodes management bylaw.
- Complete Alternative Approval Processes as required.
- Provide financial stewardship.
- Provide efficient computing and telecommunication system environment with a high degree of reliability.
- Encourage use of the City's website and continually aim for improvement of the site.
- Implement innovative technical solutions to increase efficiencies and/or achieve greater cost effectiveness.

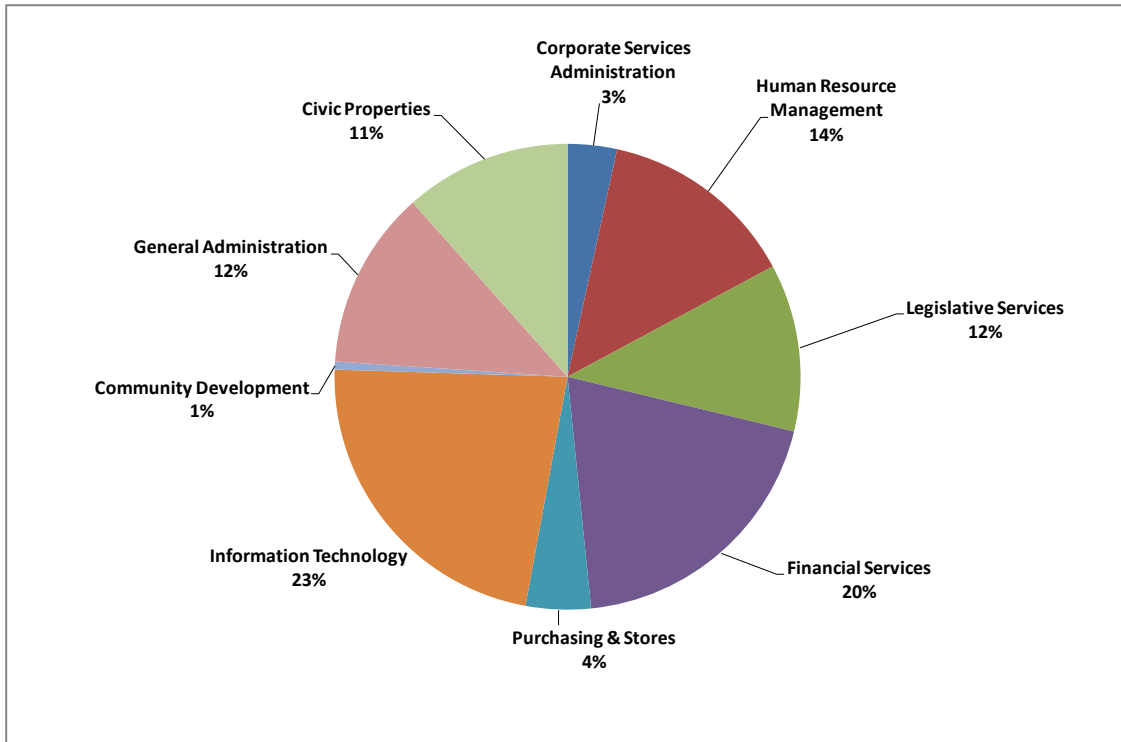
**Corporate Services  
2012-2016 Financial Plan**

<b>Program</b>	<b>2012 Budget</b>	<b>2013 Budget</b>	<b>2014 Budget</b>	<b>2015 Budget</b>	<b>2016 Budget</b>
<u>Expenditures</u>					
Corporate Services Administration	439,602	448,394	457,186	466,418	475,649
Human Resource Management	1,766,641	1,801,974	1,837,307	1,874,406	1,911,506
Legislative Services	1,496,350	1,447,996	1,500,651	1,528,935	1,557,216
Financial Services	2,522,268	2,572,714	2,623,159	2,676,126	2,729,094
Purchasing & Stores	580,073	584,178	612,773	603,325	623,348
Information Technology	2,907,598	2,916,630	2,744,662	2,915,096	3,403,529
Community Development	72,225	72,790	73,354	73,946	74,539
General Administration	1,594,096	2,067,757	2,761,446	4,303,925	5,979,625
Civic Properties	1,487,426	1,498,408	1,464,440	1,451,393	1,438,346
	<u>12,866,279</u>	<u>13,410,841</u>	<u>14,074,978</u>	<u>15,893,570</u>	<u>18,192,852</u>
<u>Revenues</u>					
Corporate Services Admin	-	-	-	-	-
Human Resource Management	(9,700)	(9,797)	(9,894)	(9,991)	(10,088)
Legislative Services	(12,940)	(13,069)	(13,199)	(13,328)	(13,458)
Financial Services	(151,000)	(152,510)	(154,020)	(155,530)	(157,040)
Information Technology	-	-	-	-	-
Purchasing & Stores	(6,000)	(6,060)	(6,120)	(6,180)	(6,240)
Community Development	(24,242)	(24,242)	(24,242)	(24,242)	(24,242)
General Administration	(20,200)	(20,402)	(20,604)	(20,806)	(21,008)
Civic Properties	-	-	-	-	-
	<u>(224,082)</u>	<u>(226,080)</u>	<u>(228,079)</u>	<u>(230,077)</u>	<u>(232,076)</u>
Transfers to/from Reserves & Other Funds	<u>455,710</u>	<u>534,441</u>	<u>599,682</u>	<u>514,156</u>	<u>81,161</u>
Funded by Property Taxes	<u>13,097,907</u>	<u>13,719,202</u>	<u>14,446,581</u>	<u>16,177,649</u>	<u>18,041,937</u>

**Corporate Services  
Budgeted Expenditures by Type**



**Corporate Services  
Budgeted Expenditures by Division**



## Strategic Relationships

### Purpose

The Strategic Relationships Department was created in 2010 as part of the City's reorganization. One of the mandates of this department is to strengthen relationships with the City's strategic partners.

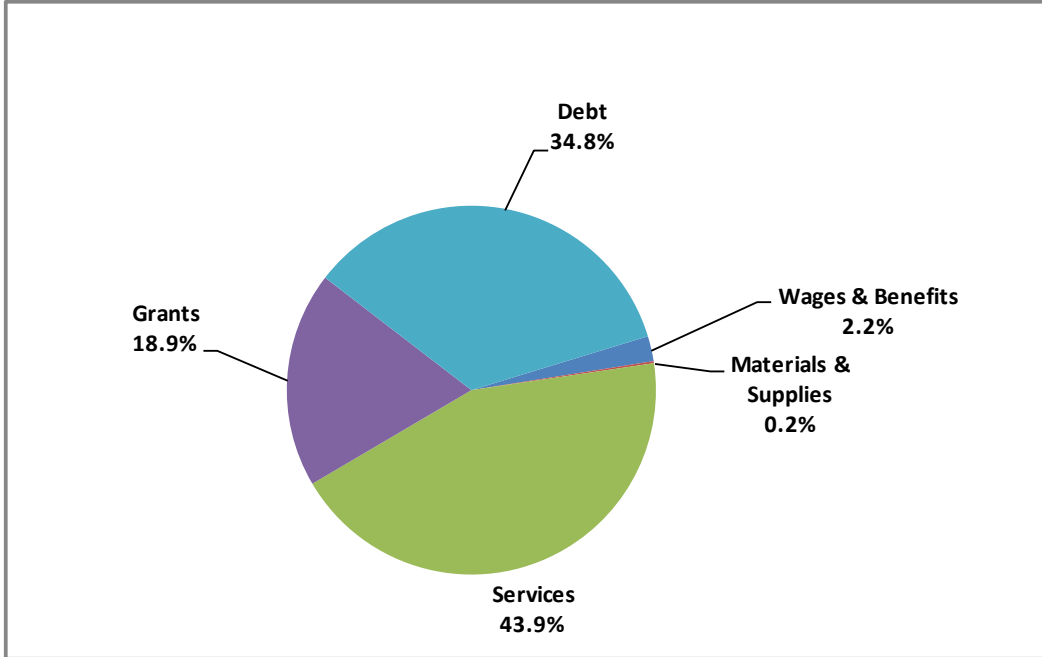
### Goals & Objectives

- Liaison with Snuneymuxw First Nations, Port of Nanaimo, Downtown Nanaimo Business Improvement Area, Chamber of Commerce, Nanaimo Hospitality Association, Vancouver Island University, Nanaimo Airport, Nanaimo Economic Development Corporation, Progress Nanaimo, various Provincial Government Agencies, International Governments and Vancouver Island Conference Centre.
- Seek out opportunities to maximize consultation and/or partnerships with the above agencies to achieve mutual goals and objectives and execute strategic initiatives through developing these relationships.
- Ensure the City's interests and needs are understood by the agencies noted above.
- Negotiate and develop, sometimes complex, agreements and contracts with the above-noted organizations.
- As a leader and educator, act as a conduit between these agencies and the above-noted organizations.
- Provides support and leadership where required on key municipal initiatives as required.
- Special projects such as the attraction of a conference centre hotel.

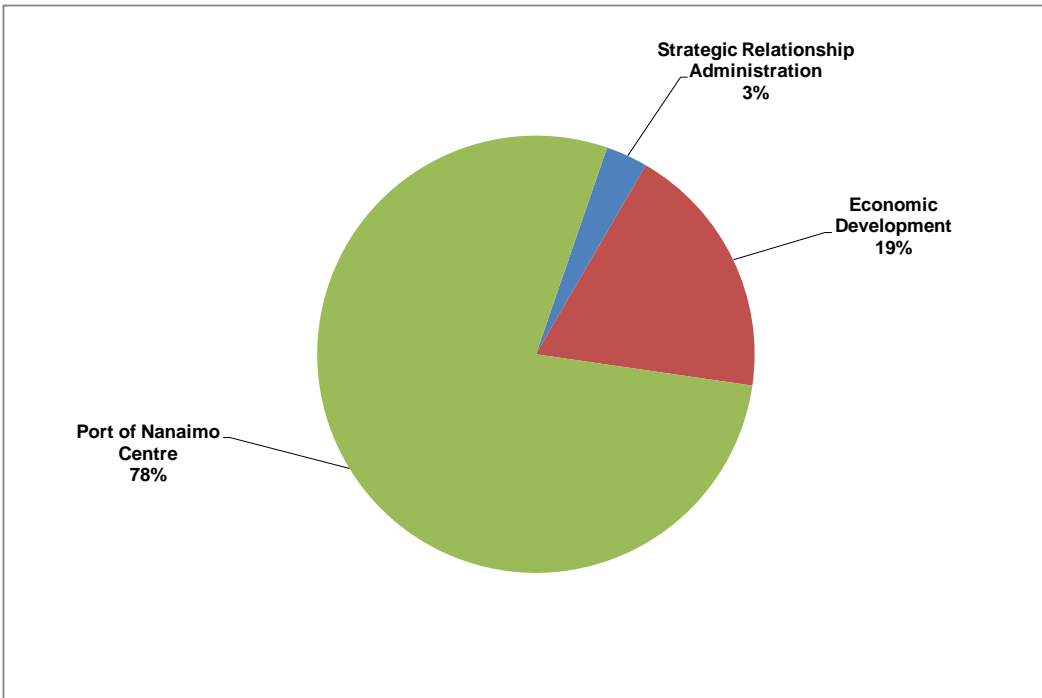
### Strategic Relationships 2012-2016 Financial Plan

Program	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2016 Budget
<u>Expenditures</u>					
Strategic Relationship Administration	225,598	230,110	234,622	239,359	244,097
Economic Development	1,375,448	1,402,957	1,430,466	1,459,350	1,488,235
Port of Nanaimo Centre	5,672,376	6,013,901	6,026,554	6,079,099	6,132,679
	<u>7,273,422</u>	<u>7,646,968</u>	<u>7,691,642</u>	<u>7,777,808</u>	<u>7,865,011</u>
<u>Revenues</u>					
Strategic Relationship Administration	-	-	-	-	-
Economic Development	-	-	-	-	-
Port of Nanaimo Centre	(2,344,476)	(2,772,142)	(2,781,891)	(2,843,381)	(2,897,471)
	<u>(2,344,476)</u>	<u>(2,772,142)</u>	<u>(2,781,891)</u>	<u>(2,843,381)</u>	<u>(2,897,471)</u>
Transfers to/from Reserves & Other Funds	-	-	-	-	-
Funded by Property Taxes	<u>4,928,946</u>	<u>4,874,826</u>	<u>4,909,751</u>	<u>4,934,427</u>	<u>4,967,540</u>

**Strategic Relationships  
Budgeted Expenditures by Type**



**Strategic Relationships  
Budgeted Expenditures by Division**



## Community Safety & Development

### Purpose

Community Safety and Development Services were combined into one department in the 2010 reorganization of City services.

The Community Safety section includes four key areas - Emergency Management, Fire Services, Police Services and 911 Call Answer Services.

The Emergency Management program is designed to prepare and protect the community from man-made or natural catastrophes.

The Fire Rescue Department has the responsibility to protect the citizens of Nanaimo from fire and other emergencies. It provides quick and high quality response to fire, medical and other emergency incidents in the most effective and responsive manner possible. It reduces the number of potential fires, loss of life, injuries and property damage through effective fire code enforcement, fire cause determination and public education programs.

To provide highly trained, top quality policing services in Nanaimo, the City hires the RCMP on contract and City employees provide the RCMP with administrative support services. The Nanaimo RCMP detachment provides all standard policing services, including response to emergency and non-emergency calls, criminal investigations, counter-attack road blocks to identify impaired driving and other offences, and several traffic safety measures. The RCMP are also actively involved in crime prevention and increasing community awareness and understanding of how to protect people and their property from crime.

911 Call Answer services are provided through a partnership with Nanaimo Regional District and Cowichan Valley Regional District. Through this partnership, City employees provide call and answer and dispatch services for 911 and fire calls for a region stretching from Lantzville in the north to the Malahat in the south.

The Planning and Development divisions of the Community Safety & Development Department are responsible for evaluating development applications for consistency with existing policy and regulations, recommending action on applications requiring statutory approval from Council, and initiating changes to policy and regulations to ensure the community's growth meets the public objectives.

The Planning Department is responsible for the development of policies and programs that support the achievement of the vision identified by the community in planNanaimo, the Official Community Plan. The Department administers the Zoning Bylaw and the Development Permit process. The Department is also responsible for land and real estate transactions in support of City functions and for enforcing the City's bylaws. Planning includes four sections: Current Planning, Community Planning, Real Estate and Bylaw Services. The Current Planning Section focuses on changes to land use, design review of new development and administration of the Zoning Bylaw. The Community Planning Section is responsible for the Official Community Plan and its implementation through the City's neighbourhood, heritage, social and environmental planning functions. The Real Estate Section represents the City in property negotiations and ensures that all property transactions are completed in accordance with relevant statutes, regulations and policies. The Bylaw Services Section includes animal control and is responsible for administering and enforcing bylaws related to unsightly and nuisance properties, handling complaints relative to all bylaws, and providing support to other departments in carrying out any

required enforcement action. The Department also coordinated and manages parking matters, together with the City's parking contractor.

Development consists of three sections: Building Inspection, Engineering & Subdivision, and Permit Centre, which includes Business Licensing. The Building Inspection Section focuses on the health, safety and protection of persons and property related to building construction conforming to all relevant bylaws and codes. The Engineering & Subdivision section reviews and co-ordinates the requirements and the design of roads and utilities associated with building and subdivision development. The Permit Centre is a "one-stop shop" for all applications or inquiries related to the development of land and business licensing.

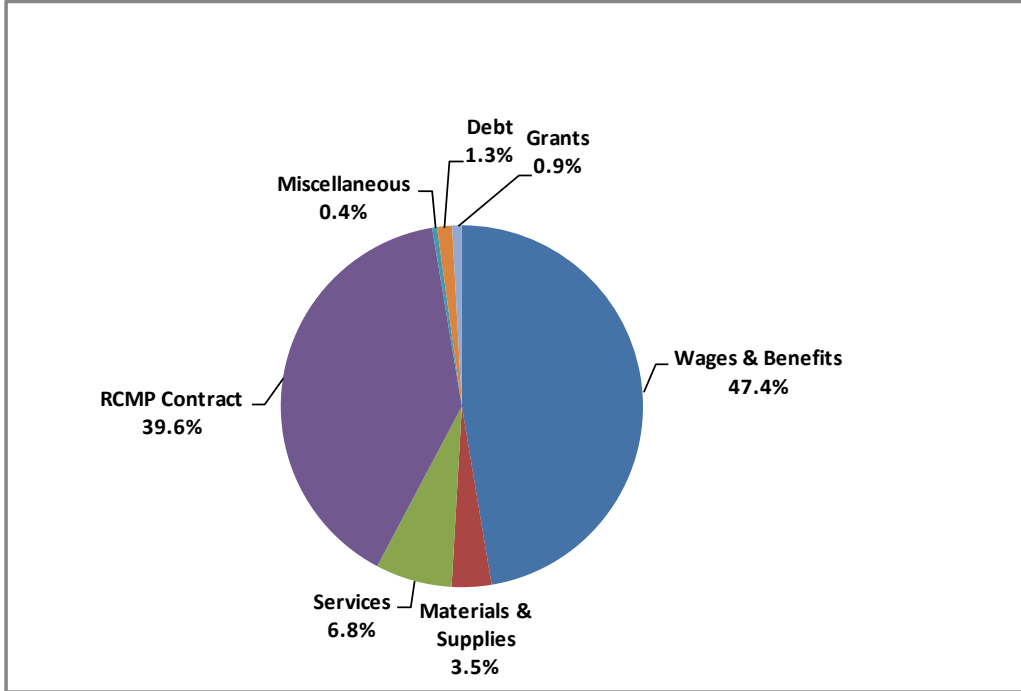
### Goals & Objectives

- To provide quick, effective and high quality response to fire, medical and other emergency incidents.
- Reduce the number of fires, loss of life, injuries and damage through effective fire code enforcement, public education and fire cause determination.
- To deliver an emergency management program designed to prepare and protect the community from man-made and natural catastrophes.
- Ensure financial stability and efficiency in fire service delivery.
- To provide an effective policing service to safeguard the community.
- Maintain a community Police profile.
- Provide opportunities for community involvement in developing Neighbourhood Plans that respond to the needs of the neighbourhood and the greater community.
- Facilitate and pursue the revitalization of Downtown Nanaimo.
- Ensure the community is working together to develop policies and programs to respond to changing social needs in a cooperative, responsible, flexible and innovative manner.
- Ensure the City's goals and objectives are consistent with the Regional Growth Strategy (RGS) and that the RGS meets the community's needs.
- Develop policies and strategies to ensure the conservation and management of Nanaimo's heritage resources.
- Ensure the development of Nanaimo is carried out in an orderly and cost-effective manner consistent with City Council and community goals.
- Develop policy to ensure long-term management and protection of the environment.
- Enhance public information availability on bylaw matters.
- Administer parking functions and assets in a fair and cost effective manner in accordance with the City's bylaws, policies and long-range planning objectives.
- Regulate construction within the City to protect the health and safety of persons and property.
- Assist Council with the development of policies and bylaws to fulfill long-term community planning and process applications in compliance with same.

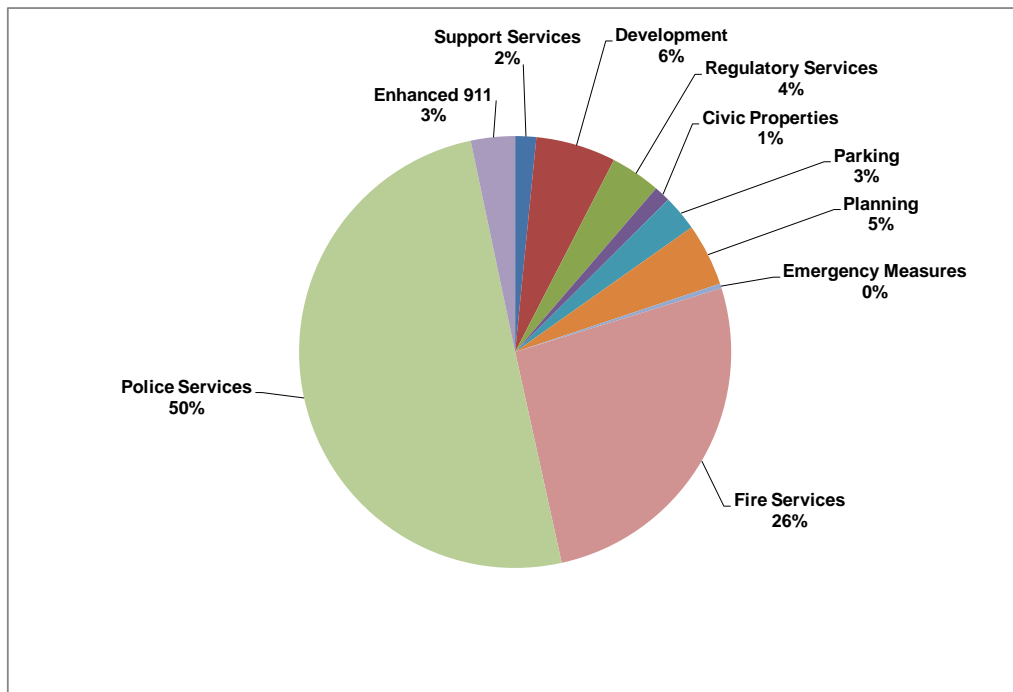
**Community Safety & Development  
2012-2016 Financial Plan**

Program	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2016 Budget
<u>Expenditures</u>					
Support Services	738,202	732,566	746,930	762,012	777,095
Development	2,812,932	2,869,439	2,925,946	2,985,242	3,019,139
Regulatory Services	1,760,133	1,739,235	1,773,339	1,809,146	1,844,954
Civic Properties	573,266	584,731	596,197	608,235	620,273
Parking	1,257,599	1,166,907	1,186,146	1,206,347	1,226,546
Planning	2,189,896	2,211,020	2,245,587	2,281,885	2,318,178
Emergency Measures	165,845	169,162	172,479	175,961	179,445
Fire Services	12,356,077	12,459,635	12,716,157	13,673,688	14,328,850
Police Services	23,552,810	25,100,929	27,315,121	28,053,675	28,816,978
Enhanced 911	1,551,145	1,564,517	1,608,391	1,642,257	1,676,125
	46,957,905	48,598,141	51,286,293	53,198,448	54,807,583
<u>Revenues</u>					
Support Services	-	-	-	-	-
Development	(1,445,000)	(1,459,450)	(1,473,900)	(1,488,350)	(1,502,800)
Regulatory Services	(1,340,000)	(1,353,400)	(1,366,800)	(1,380,200)	(1,393,600)
Civic Properties	(213,920)	(214,409)	(214,898)	(215,388)	(215,877)
Parking	(1,411,530)	(1,314,616)	(1,327,632)	(1,340,648)	(1,353,364)
Planning	(119,500)	(120,695)	(121,890)	(123,085)	(124,280)
Emergency Measures	-	-	-	-	-
Fire Services	(197,091)	(205,460)	(214,066)	(222,989)	(232,166)
Police Services	(2,088,489)	(2,097,215)	(2,105,942)	(2,114,668)	(2,123,394)
Enhanced 911	(1,076,174)	(1,091,713)	(1,107,252)	(1,123,269)	(1,139,285)
	(7,891,704)	(7,856,958)	(7,932,380)	(8,008,597)	(8,084,766)
Transfers to/from Reserves & Other Funds	1,457,898	1,466,522	1,457,591	1,449,289	1,446,045
Funded by Property Taxes	40,524,099	42,207,705	44,811,504	46,639,140	48,168,862

**Community Safety  
Budgeted Expenditures by Type**



**Community Safety  
Budgeted Expenditures by Division**



## Parks, Recreation & Culture

### Purpose

The Parks, Recreation & Culture Department manages, facilitates and maintains a system of programs and services, facilities, parks and open spaces and works to enhance the quality of life for the citizens of Nanaimo. These leisure services help to foster a sense of community identity, spirit and pride as well as foster the growth of individuals to reach their full potential. Through programs, services, facilitation, recreation facilities, parks and hiking trails, the Parks, Recreation & Culture Department contributes to the quality of life and well-being of the community. Leisure programs for all ages are offered throughout the year at a variety of facilities and through partnerships with other organizations. The City's facilities - Beban Park, Bowen Park, Oliver Woods, Nanaimo Aquatic Centre and Nanaimo Ice Centre - are fully equipped to offer customers both sports programs and a range of leisure activities.

Parks, Recreation & Culture staff are actively involved in parks planning, development and maintenance to create multiple opportunities for outdoor enthusiasts. In the summer, water parks and beaches offer fun in the sun. The City's hiking trails, like those at Cable Bay, Colliery Dam, Neck Point, Pipers Lagoon, and the trail around Westwood Lake, to name only a few, offer year-long opportunities to learn more about our natural environment.

Across the industry, wellness continues to be the focus of recreational programming. Nanaimo's Parks, Recreation and Culture department approaches program planning from the perspective of providing for an individual's overall wellness; programs that help enhance the mental, physical, and emotional health of clients continue to be offered for all age groups. In addition, the introduction of healthy food policies and choices in Parks, Recreation and Culture facilities will further support the move toward holistic wellness.

In today's economic climate, those who lack resources are becoming increasingly marginalized and less able to access services. The department has seen an increase in applications under the Leisure Economic Access Policy. People also appear to be spending their dollar closer to home which has positive impact on program registration. An increase in demand for access to parks, trails and other free or low cost recreation activities has been observed, and an emphasis on these opportunities has been implemented in response.

Community leisure facilities are taking on a greater role in attracting tourism and economic development. Working with local community sport and cultural groups in securing and hosting events will continue to be a role of the department. Grant funding opportunities from the department will continue to exist for sport, cultural and community groups to pursue these types of events for Nanaimo, which contribute millions of dollars to the local economy each year.

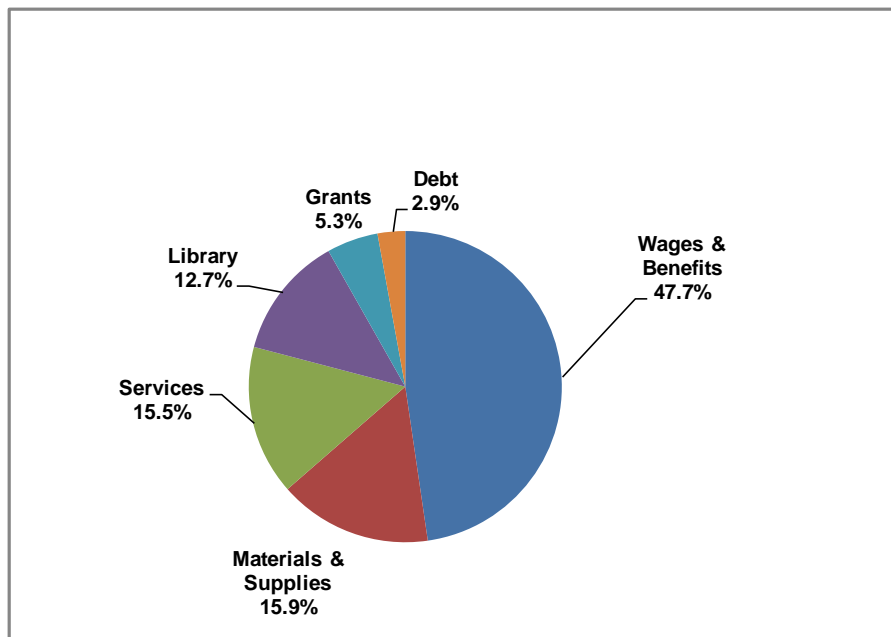
### Goals & Objectives

- To be aware of the developing leisure requirements of our community.
- To be innovative and responsible in leading or facilitating the delivery of services that meets the needs of our community.
- To provide services and facilities that are safe, accessible and fun.
- To be active in fostering Nanaimo as a healthy community.
- To market our services, facilities, parks and open spaces to Nanaimo residents and then to visitors.
- To seek efficiencies that maximize taxpayer benefit and to maintain a net operating cost that meets the City's Five Year Financial Plan.

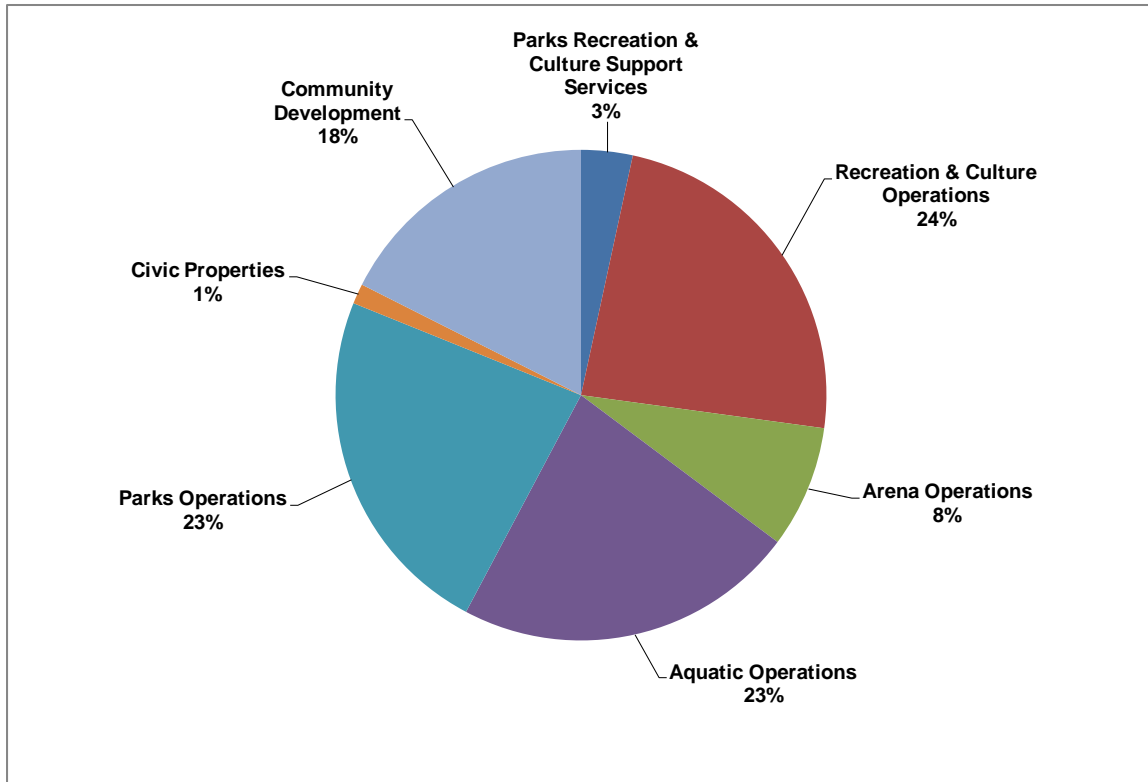
**Parks Recreation and Culture  
2012-2016 Financial Plan**

<b>Program</b>	<b>2012 Budget</b>	<b>2013 Budget</b>	<b>2014 Budget</b>	<b>2015 Budget</b>	<b>2016 Budget</b>
<b>Expenditures</b>					
Parks Recreation & Culture Support Services	876,111	893,633	911,155	929,554	947,952
Recreation & Culture Operations	6,140,493	6,155,653	6,484,926	6,419,298	6,459,721
Arena Operations	2,082,336	2,273,683	2,146,028	2,262,342	2,328,657
Aquatic Operations	5,825,150	6,014,309	6,107,387	6,157,309	6,258,231
Parks Operations	6,034,561	6,038,274	6,185,989	6,333,435	6,453,889
Civic Properties	341,284	246,110	250,935	256,003	261,070
Community Development	4,538,044	4,674,250	4,824,200	4,923,547	5,071,138
	<b>25,837,979</b>	<b>26,295,911</b>	<b>26,910,621</b>	<b>27,281,489</b>	<b>27,780,657</b>
<b>Revenues</b>					
Parks Recreation & Culture Support Services	(76,000)	(76,800)	(77,600)	(78,404)	(79,208)
Recreation & Culture Operations	(2,265,544)	(2,288,496)	(2,311,443)	(2,334,424)	(2,357,400)
Arena Operations	(1,270,526)	(1,283,232)	(1,295,936)	(1,308,642)	(1,321,347)
Aquatic Operations	(2,467,184)	(2,510,535)	(2,554,802)	(2,600,027)	(2,646,251)
Parks Operations	(288,992)	(275,308)	(285,623)	(279,940)	(282,255)
Civic Properties	(173,339)	(171,849)	(172,359)	(172,869)	(173,379)
Community Development	(976,295)	(976,295)	(976,295)	(976,295)	(976,295)
	<b>(7,517,880)</b>	<b>(7,582,515)</b>	<b>(7,674,058)</b>	<b>(7,750,601)</b>	<b>(7,836,135)</b>
Transfers to/from Reserves & Other Funds	1,418,630	1,521,118	1,433,535	1,717,635	1,781,736
Funded by Property Taxes	19,738,729	20,234,514	20,670,098	21,248,523	21,726,258

**Parks, Recreation & Culture  
Budgeted Expenditures by Type**



**Parks, Recreation & Culture  
Budgeted Expenditures by Division**



## Engineering & Public Works

### Purpose

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

The ongoing challenge for the Engineering and Public Works department is to manage the City's assets in an efficient, effective and sustainable manner while maintaining a level of service that meets the community's expectations. Trends that impact asset management include:

- Sustainability and environmental goals which affect design and construction of capital works, operating procedures and maintenance programs.
- Replacement, training and retention of staff in a competitive job market.
- Changing federal and provincial regulations.
- The recessionary climate and the need to cut spending.

Additional future trends/challenges for the Engineering and Public Works Department include:

- By 2012 all traffic paint must be water based. This makes line painting more costly because the water based paint is slower drying unless heated.
- The price of petroleum continues to rise which affects the price of liquid asphalt. As a result, asphalt recycling is looking more cost effective again. The City may have to consider lowering the standards for road rehabilitation to keep costs in check if the budget is not increased.
- New street light dimming technology has the potential to reduce street lighting costs.
- Further research is required on ways to reduce escalating electrical costs.

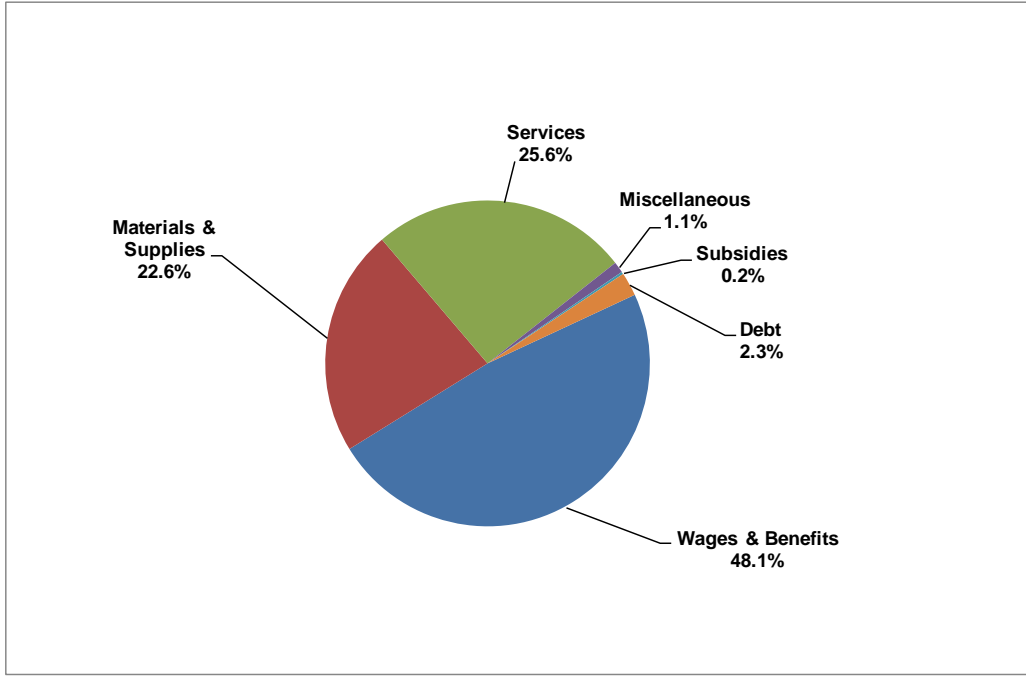
### Goals & Objectives

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

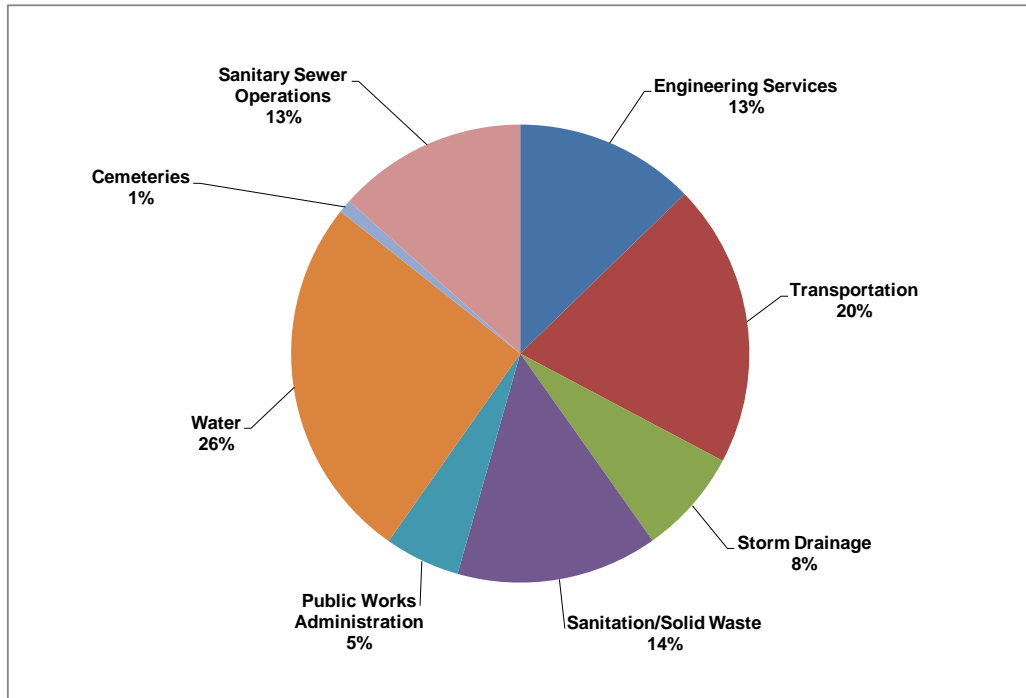
### Engineering & Public Works 2012-2016 Financial Plan

Program	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2016 Budget
<u>Expenditures</u>					
Community Services Administration	406,471	414,600	422,730	431,266	439,802
Engineering Services	3,218,693	3,279,558	3,234,222	3,480,639	3,403,459
Transportation	5,061,814	5,022,280	5,083,786	5,257,246	5,293,094
Storm Drainage	1,883,443	1,920,460	1,957,481	1,996,350	2,042,720
Sanitation/Solid Waste	3,592,675	3,664,524	3,736,374	3,811,814	3,887,255
Cemeteries	236,675	241,408	246,142	251,113	256,083
Public Works Administration	1,346,993	1,320,371	1,311,330	1,336,485	1,351,141
Fleet Operations	(338,841)	(395,116)	(407,943)	(416,685)	(369,828)
Water Administration	1,808,471	1,844,640	1,881,534	1,919,150	1,957,489
Water Distribution	1,922,448	1,906,296	1,940,822	1,976,028	1,911,905
Water Supply	2,320,692	2,048,438	3,251,996	4,933,025	5,177,898
Water Revenue	499,784	524,653	550,764	594,082	623,191
Sanitary Sewer Operations	3,390,903	3,417,120	3,501,597	3,601,545	3,686,881
	<u>25,350,221</u>	<u>25,209,232</u>	<u>26,710,835</u>	<u>29,172,058</u>	<u>29,661,090</u>
<u>Revenues</u>					
Community Services Administration	-	-	-	-	-
Engineering Services	(24,600)	(24,846)	(25,092)	(25,338)	(25,584)
Transportation	(34,920)	(35,815)	(36,749)	(37,725)	(27,587)
Storm Drainage	(52,250)	(53,245)	(54,240)	(55,282)	(56,325)
Sanitation/Solid Waste	(3,252,850)	(3,339,840)	(3,403,321)	(3,482,335)	(3,550,401)
Cemeteries	(76,435)	(77,199)	(77,964)	(78,728)	(79,492)
Public Works Administration	(430,200)	(438,502)	(446,804)	(455,506)	(464,208)
Fleet Operations	-	-	-	-	-
Water Administration	-	-	-	-	-
Water Distribution	(123,500)	(125,940)	(128,428)	(130,966)	(133,551)
Water Supply	(447,246)	(65,328)	(71,010)	(76,977)	-
Water Revenue	(12,413,498)	(13,033,228)	(13,683,944)	(14,556,887)	(15,274,534)
Sanitary Sewer Operations	(4,766,000)	(4,814,320)	(4,839,636)	(4,864,979)	(4,890,348)
	<u>(21,621,499)</u>	<u>(22,008,263)</u>	<u>(22,767,188)</u>	<u>(23,764,723)</u>	<u>(24,502,030)</u>
Transfers to/from Reserves & Other Funds	<u>11,291,936</u>	<u>12,180,949</u>	<u>11,514,341</u>	<u>10,444,324</u>	<u>10,896,126</u>
Funded by Property Taxes	<u>15,020,658</u>	<u>15,381,918</u>	<u>15,457,988</u>	<u>15,851,659</u>	<u>16,055,186</u>

**Engineering & Public Works  
Budgeted Expenditures by Type**



**Engineering & Public Works  
Budgeted Expenditures by Division**



## Five-Year Capital Plan Overview

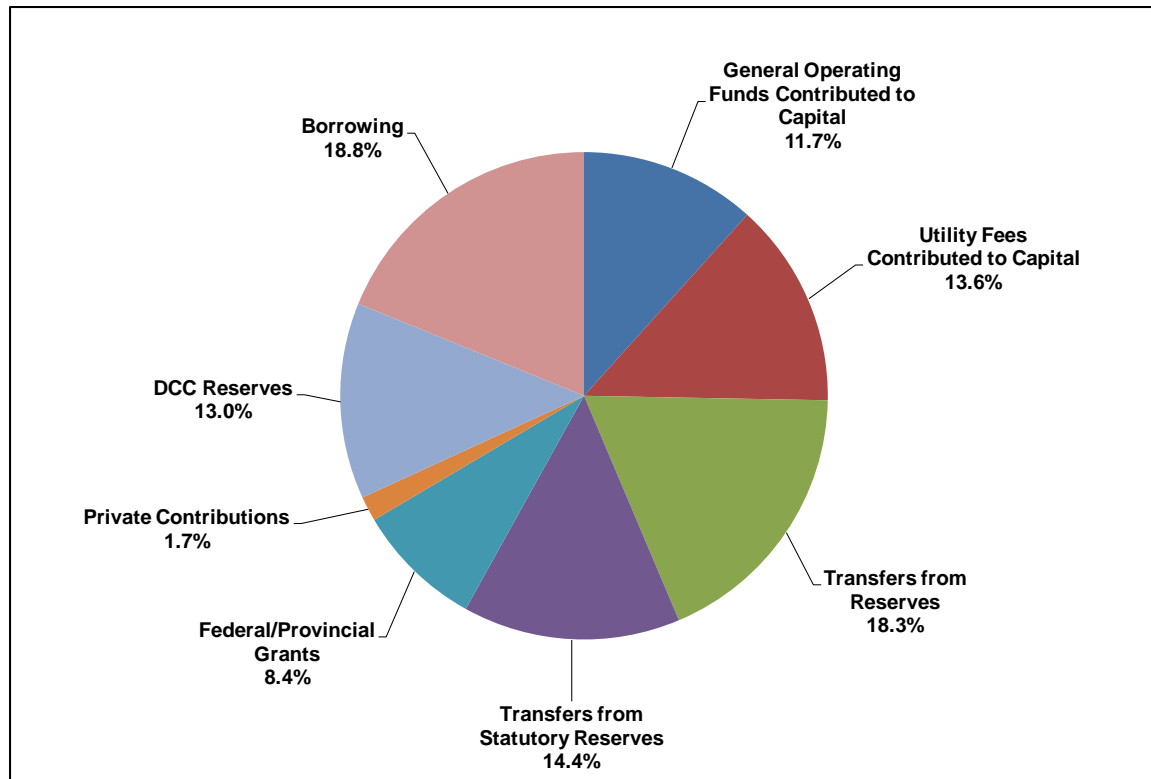
### Funding Sources

Funding for capital expenditures comes from a variety of sources including general tax revenues, reserves, statutory funds, grants, contributions from developers, businesses or partners and borrowed funds. The capital portion of the 2012 to 2016 Financial Plan is funded from the following sources.

#### 2012 - 2016 Capital Funding Sources

	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2016 Budget	TOTAL Budget
<b>Funding Sources</b>						
General Operating Funds Contributed to Capital	4,739,540	5,165,664	4,502,593	4,544,160	4,722,729	23,674,686
Utility Fees Contributed to Capital	5,871,043	5,583,363	3,720,000	6,363,797	6,070,000	27,608,203
Transfers from Reserves	12,714,961	3,613,000	13,214,350	5,074,979	2,564,000	37,181,290
Transfers from Statutory Reserves	3,775,798	7,042,000	13,225,000	3,217,000	1,990,000	29,249,798
Federal/Provincial Grants	4,526,669	9,902,681	-	2,673,913	-	17,103,263
Private Contributions	450,000	-	2,100,000	400,000	400,000	3,350,000
DCC Reserves	4,874,177	3,406,654	3,832,407	5,744,236	8,537,271	26,394,745
Borrowing	4,480,000	14,906,100	15,492,650	480,000	2,830,000	38,188,750
<b>Total Capital Funding</b>	<b>41,432,188</b>	<b>49,619,462</b>	<b>56,087,000</b>	<b>28,498,085</b>	<b>27,114,000</b>	<b>202,750,735</b>

#### 2012 Capital Funding Sources



## Capital Process

Capital assets provide a benefit to the City beyond one year. Such items typically require operating and maintenance expenditures, and may need to be replaced in the future. Examples include infrastructure such as buildings, roads, bridges, water and sewer facilities, as well as vehicles and major equipment.

The City's policy is to plan for major capital expenditures on a five-year cycle with annual reviews and updates. The Five-Year Capital Plan presented to Council includes projects that are consistent with corporate objectives and long-range plans.

## Operating Cost Impact

Each capital project in the plan is reviewed to assess the impact it will have on the operating budget. Projects providing new infrastructure will typically require additional expenditures each year for operation and maintenance. Projects which replace or rehabilitate existing infrastructure will typically reduce operating costs, however this does not generally result in an overall reduction of operating costs as other aging city infrastructure not replaced is progressively more expensive to operate and maintain.

Recent capital projects that have had a significant impact on the operating budget are the Port of Nanaimo Centre, the Oliver Woods Community Centre and the Chase River Fire Hall. Any known operating impacts of capital projects are included in the five-year plan.

## Water Supply Strategic Plan

Staff, with the assistance of Associated Engineering undertook a Strategic Plan for the City's water supply system to address the long-term questions:

- How is the City going to address drinking water quality?
- How is the City going to ensure sufficient capacity in the water supply for future growth?
- How and when should we be replacing our major water supply infrastructure?

The Strategic Plan involved input from a wide variety of internal and external stakeholders (local and senior governments, First Nations, affected industry groups). The planning horizon of the Strategic Plan is 50 years – long enough to develop financial projections, but not so long as to be unrealistic.

The study identified a number of strategies and actions required to meet the water supply goals and effectively manage the water utility. These requirements will have a major impact on future financial plans as substantial capital expenditures, along with related operating costs, will be required over the next decade. Estimated costs required to address each of the long-term questions are as follows:

**Water Quality** - The Strategic Plan recommends proceeding with preliminary engineering, land acquisition and budgeting for a water treatment plant. The expected implementation is in the 2009-2015 period, at a cost of approximately \$67 million.

**Water Quantity** - The Strategic Plan recommends continuing use of the South Fork of the Nanaimo River as the primary source for our water. To support growth, a new dam will be required by about 2020, at an approximate cost of \$65 million.

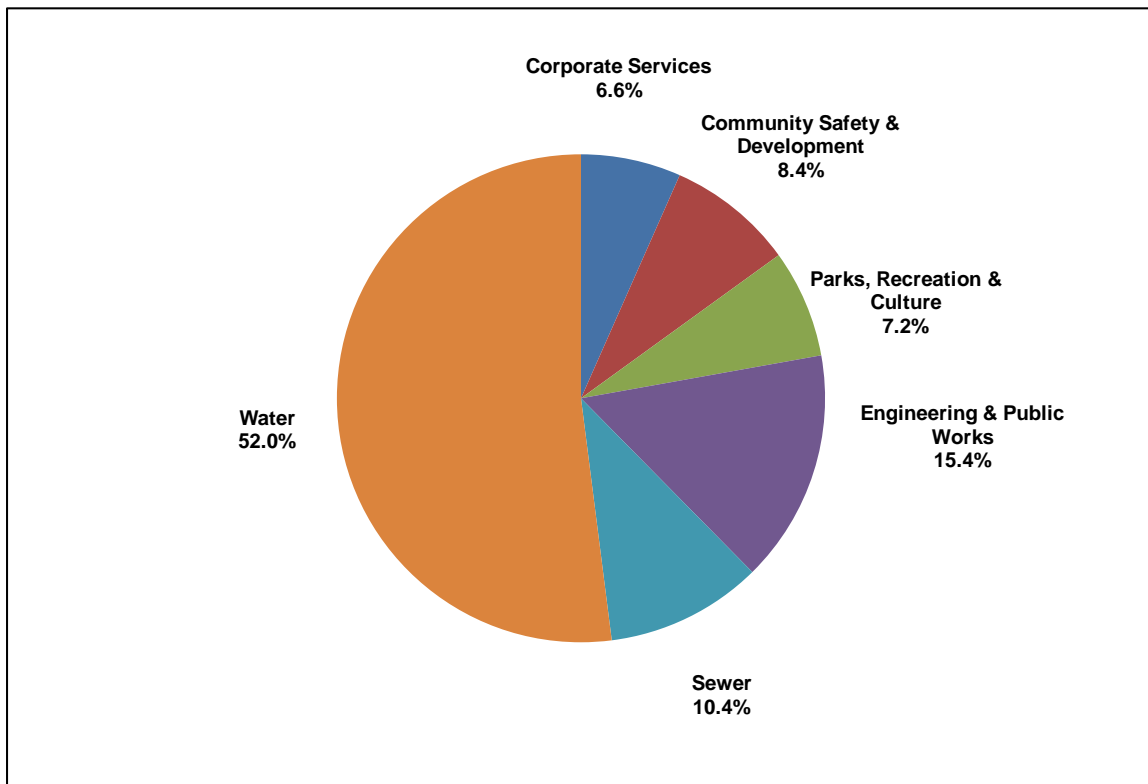
Water Supply Infrastructure - The City will need to continue to look after, upgrade and expand its existing assets to ensure water can get out to customers and protect them in the event of fire. This work is projected to cost approximately \$100 million over the next 20 years, but will continue to increase the value of our water supply pipelines, pump stations and storage tanks and will provide for continued growth.

The overall cost of the long-range Water Supply Plan is approximately \$250 million (allowing for inflation) over the next 20 years. The main focus of the work in the 2012 - 2016 period will be construction of the new water treatment plant and replacing the No. 1 reservoir including an energy recovery system. Work will also take place to secure an emergency water supply and duplicate the supply main from No. 1 reservoir to the College Park reservoir. Preliminary planning work for the new dam will also take place during this period.

### 2012 - 2016 Capital Plan

The 2012 - 2016 capital expenditure program includes approximately \$202.7 million to be expended on a number of types of projects.

### Capital Expenditure Program by Department (\$202.7 million)



CITY OF NANAIMO FIVE-YEAR FINANCIAL PLAN 2012 – 2016

**CITY OF NANAIMO  
2012 - 2016 CAPITAL PLAN**

	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2016 Budget	TOTAL Budget
<b>Expenditures</b>						
<b>Corporate Services</b>						
Information Technology	744,000	643,000	408,000	213,000	113,000	2,121,000
Purchasing	101,000	36,000	59,000	42,000	101,000	339,000
Civic Properties	10,830,000	150,000	-	-	-	10,980,000
Subtotal - Corporate Services	11,675,000	829,000	467,000	255,000	214,000	13,440,000
<b>Community Safety &amp; Development</b>						
Civic Properties	600,000	600,000	600,000	600,000	600,000	3,000,000
Parking	275,000	300,000	200,000	100,000	100,000	975,000
Fire	236,891	1,095,000	3,115,000	-	60,000	4,506,891
Police	-	1,113,750	7,425,000	-	-	8,538,750
Subtotal - Community Safety	1,111,891	3,108,750	11,340,000	700,000	760,000	17,020,641
<b>Parks, Recreation &amp; Culture</b>						
Community Recreation Services	100,000	175,000	-	175,000	-	450,000
Arena Services	1,417,655	110,000	330,000	500,000	660,000	3,017,655
Aquatic Services	525,000	425,000	795,000	100,000	1,010,000	2,855,000
Parks Maintenance	1,050,000	1,360,000	2,700,000	1,302,176	1,000,000	7,412,176
Civic Properties	777,500	-	-	-	-	777,500
Subtotal - Parks, Recreation & Culture	3,870,155	2,070,000	3,825,000	2,077,176	2,670,000	14,512,331
<b>Engineering &amp; Public Works</b>						
Engineering	25,000	25,000	80,000	100,000	100,000	330,000
Transportation	1,358,543	1,400,000	1,400,000	1,500,000	1,600,000	7,258,543
Drainage	60,000	60,000	60,000	60,000	60,000	300,000
Support Services	233,850	420,650	130,000	-	-	784,500
Construction - Transportation	3,190,003	2,346,570	2,090,000	1,455,000	6,505,000	15,586,573
Construction - Drainage	975,000	520,098	735,000	885,000	835,000	3,950,098
Fleet Operations	1,242,000	537,000	587,000	267,000	450,000	3,083,000
Sewer	5,311,212	2,660,000	2,735,000	7,560,000	2,760,000	21,026,212
Water	12,379,534	35,642,394	32,638,000	13,638,909	11,160,000	105,458,837
Subtotal - Engineering & Public Works	24,775,142	43,611,712	40,455,000	25,465,909	23,470,000	157,777,763
<b>Total Capital Expenditures</b>	<b>41,432,188</b>	<b>49,619,462</b>	<b>56,087,000</b>	<b>28,498,085</b>	<b>27,114,000</b>	<b>202,750,735</b>

## Departmental Highlights

### Corporate Services (\$13.4 million)

This budget consists of technology and equipment upgrades, the completion of the new City Hall Annex building, replacing the oil boiler at City Hall and upgrades to the City Hall sprinklers and fire alarms. In 2012, besides funding the Annex building and the boiler replacement, funding is provided for a host of smaller projects to improve operational efficiencies and stay current with changing technology.

### Community Safety & Development Services (\$17.0 million)

Besides routine equipment replacement this budget includes:

- An annual allotment for property purchases
- Bastion Parkade repairs including membrane replacement; lighting and drainage upgrades; replacing guardrails. Concrete restoration and replacement of separation joints.
- Replace one pumper truck in each of 2013 and 2014

- Police building expansion, 2013 and 2014 (\$8,539,000)
- A new Hammond Bay area fire hall in 2014 (\$2,700,000)

### **Parks, Recreation & Culture (\$14.5 million)**

Highlights of the Parks, Recreation & Culture capital plan include:

- \$3.3 million for facility upgrades including several sustainability initiatives such as boiler replacements and pool disinfection systems
- \$1.3 million (\$1.6 M total) for Cliff McNabb Arena building envelope repairs
- \$970,000 for playgrounds including VIP projects
- \$330,000 for upgrade of Bowen West sportsfield
- \$800,000 for trailway development
- \$525,000 for improvements to Harewood Centennial Park

### **Engineering & Public Works (\$157.8 million)**

This budget includes the Engineering & Public Works Department as well as the Sewer and Water Utilities. Highlights include:

- \$22.8 million for transportation projects including
  - \$4.6 million for Major Road Rehabilitation/Paving
  - \$2.6 million for Local Road Rehabilitation/Paving
  - \$1.3 million for completion of Bowen Road/Quarterway Bridge and approaches
  - \$1.4 million for sidewalks
  - \$300,000 for improvements to the Boundary/Northfield intersection
  - \$5.4 million for design and construction of the Boxwood connector
  - \$700,000 for a comprehensive city transportation study
- \$4.3 million for drainage projects including
  - \$300,000 for drainage work done in conjunction with paving projects
  - \$400,000 to replace Beach Drive drainage pipe and stabilize outfall
  - \$220,000 for Maki Road culvert upgrade
  - \$2.1 million for storm drainage projects to address maintenance, erosion and flooding concerns at various locations around the city
- \$3.1 million for fleet replacements
- \$784,500 for roof replacements
- \$21.0 million for Sanitary Sewer projects including
  - \$3.2 million for installing sanitary sewers in the Green Lake area
  - \$262,500 to rehabilitate sanitary sewers in the Cilaire subdivision
  - \$485,000 to replace backflow preventers on Protection Island
  - \$5.5 million to replace Millstone trunk from Jingle Pot to East wellington
  - \$580,000 to upsize sewer mains in the area of Bruce Avenue and 6<sup>th</sup> Street
  - \$410,000 to upsize trunk main on Buttertubs Drive
  - \$946,000 to rehabilitate older sanitary sewer mains in Beaufort Park area. Mains are located in peat and are sinking.
- \$23.8 million for Water Distribution projects including
  - \$304,534 for Tenth & Park watermain to push water for domestic and fire flows to Chase River town centre from Reservoir No. 1
  - \$12.1 million to replace AC watermains and improve fire flows at various locations

- \$1.425 million to replace asbestos cement watermains in Cilaire subdivision
- \$425,000 to Godfrey asbestos cement watermain
- \$600,000 for PRV replacements
- \$532,300 to replace Drake Street watermains and improve fire flows
- \$540,000 to replace Strathmore Street watermains and improve fire flows
- \$646,000 to replace old cast iron watermains in Beaufort Drive, Lorne Place, Seafield Crescent area
- \$268,000 to replace Beach Drive watermains
- \$825,000 to construct new looping on Harwell, Jingle Pot and Westwood to create redundancy in system. Currently only one main in area so if there is a break whole area is without water.
- \$82.4 million for Water Supply projects including
  - \$6.6 million to replace Reservoir No. 1
  - \$3.0 million for emergency water supply
  - \$6.2 million to duplicate supply main from No. 1 Reservoir to College Park
  - \$3.1 million for activities related to a second South Forks Dam
  - \$61.1 million toward a new water treatment plant
  - \$671,000 for energy recovery system at No. 1 Reservoir

## City of Nanaimo Profile

### History

The uneven shoreline, sheltered islands and sandy beaches of the east coast of Vancouver Island have been, for centuries, a place of beauty and plenty. Aboriginal people were the first to make this sheltered stretch of coastline their home. Eventually settling into what are today, Departure Bay and Nanaimo, the Snuneymuxw, a Coast Salish people, found food, fresh water, and winter shelter among the islands and inlets. It was this wealth of natural resources that encouraged the migration of Europeans to this coast many years later. Animals harvested for furs, forests for timber and fish for food were just some of the treasures found here, but it was coal, the black fuel of the 19<sup>th</sup> century that would mark the heritage of Nanaimo. Today, the houses, commercial buildings, the city plan and the very shape of the land records the progress of a community that grew from a company coal town to a thriving port city.

The east coast of Vancouver Island was first explored by Europeans when Spaniard Juan de Fuca sailed north up the continent in 1592. The English, represented by Captain James Cook, did not arrive until 1778 when Cook landed on the west coast of the island. The Spanish continued to explore the waters around the island giving the names we still use today to the islands and waterways. Commodore Alejandro Malaspina sailed into the sheltered bays around Nanaimo in 1791 and named them Boca de Winthuysen or Winthuysen Inlet, a name that was used until the British settled the area in the next century. In 1794, Captain George Vancouver negotiated the final Nootka Convention that gave the British possession of the island. It was not until 1843, however, that the British established Fort Victoria, their first island settlement.

It was the discovery of coal that soon attracted the British to the island north of Victoria. In 1849, the Hudson's Bay Company began mining in Fort Rupert on the northern tip of the island. A few years later, the existence of coal seams was confirmed in, what is today, downtown Nanaimo. In 1852, the Company brought the Fort Rupert miners to Nanaimo to work the coal seams in the new mine. It is believed that the new company settlement was named Colviletown after Andrew Colvile, the Governor of the Hudson's Bay Company. The small settlement grew in 1854 with the arrival of 24 mining families from England. In 1860, the town was renamed Nanaimo (derived from Snuneymuxw).

From 1852 to 1952, Nanaimo was primarily a coal town. Coal-burning ships refuelled here and coal was exported in large quantities from numerous mines in the area. By 1941 increased demand for lumber and a declining need for coal brought the area's thriving forests to the forefront. Today, with the coal mines gone and the forest industry in decline, new industries define life in Nanaimo. The City's economy has diversified from that of a resource based community to being a regional service centre including retail and wholesale trade, construction, manufacturing, knowledge-based and technology companies, and government services. Enterprising entrepreneurs have created hundreds of new businesses to take advantage of new markets. More products and services mean more variety and strengthening of Nanaimo's role as a regional service centre for much of Vancouver Island. The city is a centre for fisheries research, an important shellfish production centre and is home to a variety of technology-based industries.

### Nanaimo Profile and Demographics

Nanaimo is located on the east side of Vancouver Island which is located off the southwest coast of British Columbia and is the largest North American island in the Pacific Ocean. The City of Nanaimo is the second largest urban centre on Vancouver Island, 23 km (14 miles) west from Vancouver and 113 km (70 miles) north of Victoria the capital of British Columbia. The City

covers 88.19 square kilometres within the Regional District of Nanaimo and operates as the region's economic and employment centre.

Its comfortable climate, beautiful natural surroundings, affordable housing, strong labour market, and exceptional recreational opportunities, make Nanaimo the emerging place to "live, work and play" on Vancouver Island. With unlimited outdoor recreation options, exceptional shopping, vibrant arts and cultural scene and relaxed lifestyle, Nanaimo offers a quality of life that has attracted many new residents.

Nanaimo boasts over 100 parks, a 118 km trail system, 4 public beaches, 20 picnic areas, 3 pools, 4 indoor ice rinks and 3 golf courses. Residents can enjoy a leisurely stroll along the waterfront seawall, or a vigorous hike up Mount Benson. Newcastle Island, a charming provincial park just off the shores of downtown Nanaimo, is a popular summertime picnic and camping area. Buttertubs Marsh, in the heart of the city, is a wonderful place to view waterfowl and learn about our delicate ecosystems. Neck Point Park is a 14.5 hectare waterfront park known for its views and natural features. The park has a vast trail system of varying lengths and difficulty and offers a number of amenities including picnic areas, viewpoints and lookouts. The Linley Valley is a 59 hectare mainly undeveloped park. The park's trees, bluffs, creeks, wildlife and Cottle Lake contribute to the park's recreational appeal.

Nanaimo's location has helped the city develop as an important retail, service, transportation and distribution centre for central and northern Vancouver Island and with over 5.5 million square feet of retail and service space, Nanaimo is truly a place where you can find what you are looking for. On an annual basis an average of \$1 billion worth of retail trade occurs within the city. Nanaimo's blend of boutique shops, large indoor shopping malls, plazas, and markets creates what is often referred to as the island's shopping Mecca. Within the downtown core of Nanaimo, three distinct shopping districts exist. The Arts District, Old City Quarter and Waterfront, are all within walking distance of the harbour and each other. They offer the stunning works of West Coast and native art, specialty goods, fashions, marine supplies, and enough books to keep your imagination busy for a long time. Small, medium and large businesses thrive in Nanaimo thanks to its ideal location and dedicated, well-educated workforce.

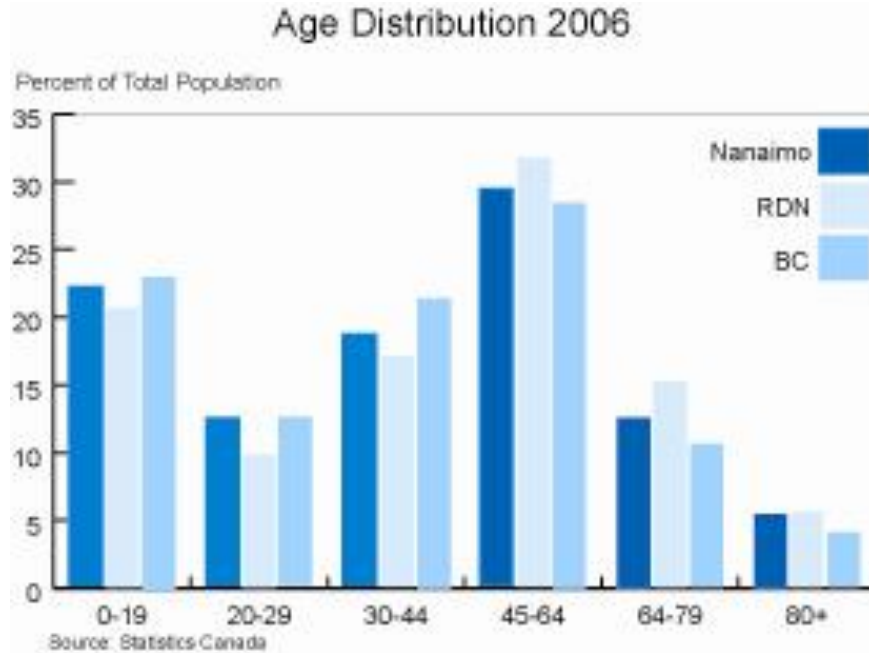
Nanaimo's arts and culture community is thriving. Choices range from a wide variety of art galleries to the Vancouver Island Symphony to performances in the Port Theatre, an 800 seat theatre on the waterfront where more than 270 shows take place annually. In Nanaimo you can even combine the arts with the outdoors and take in the annual Symphony in the Harbour, Concerts in the Park or the annual Blues Festival. Nanaimo is also a festival city where annual events range from the Maple Sugar Festival, the Children's Festival, the Marine Festival, the Dragonboat Festival and everything in between.

Residents of Nanaimo enjoy a wide range of housing choices ranging from waterfront estates to condos. Because of the mountainous terrain, many properties offer spectacular views and all residents have access to the waterfront from public paths. Although much of the city's housing is relatively new, with the majority built within the last 25 years, a variety of heritage homes from the city's early days still exist and, despite the area's population growth, Nanaimo remains an affordable place to live. Nanaimo residents are well served by the Nanaimo Regional General Hospital and a quality educational structure, with outstanding training and degree-granting programs offered by Vancouver Island University. In addition to its educational facilities, VIU also includes several research facilities.

Nanaimo – the opportunities are endless.

**Population**

In the 2006 census, the City's population was 78,692, a net increase of 5,697 people from 2001. This represented a 7.8% increase in population since 2001 and an average annual growth rate of about 1.56%. Based on the average annual growth rate plus the estimated census undercount Nanaimo's population is estimated to increase to 87,994 in 2012. The City is the most populated municipality outside of Greater Victoria on Vancouver Island and growth is expected to continue.



Nanaimo's age distribution is not expected to change much between 2006 and 2016 since the area is expected to continue to attract newcomers of all ages.

**Industry**

There are currently almost 6,000 business licenses issued for business' operating in the City of Nanaimo.

Number of Business Licences, by Industry  
City of Nanaimo



Source: City of Nanaimo Community Database, March 2010

**Some major employers:**

- School District No. 68
- Nanaimo Regional General Hospital
- Vancouver Island University
- BC Ferry Corporation
- Nordia
- Shaw Cable
- McDonalds
- Department of Fisheries & Oceans – Pacific Biological Station
- Real Canadian Superstore
- Coastal Community Credit Union
- Thrifty Foods
- Walmart
- Sears Canada

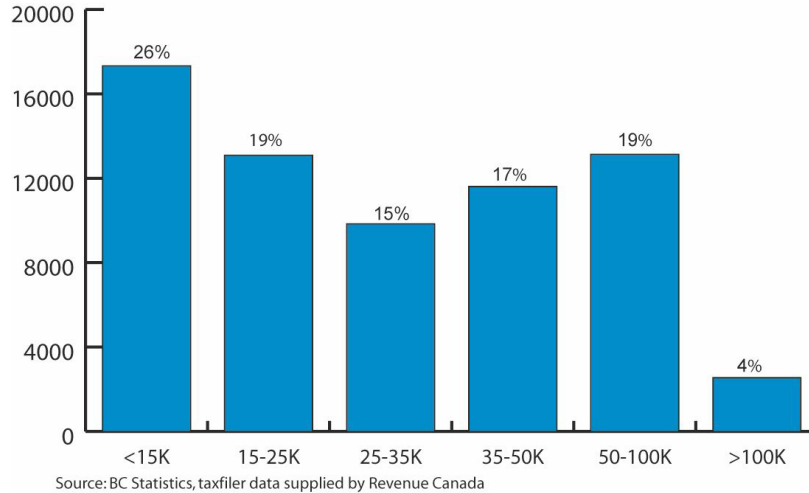
Most of Nanaimo's businesses are locally owned operations. 68% describe themselves as locally owned and operated, 3.5% are franchise operations and 9.7% are branch offices of larger companies.

As of May 2009, home-based businesses accounted for about 38% of the total business licenses issued.

**Household Income**

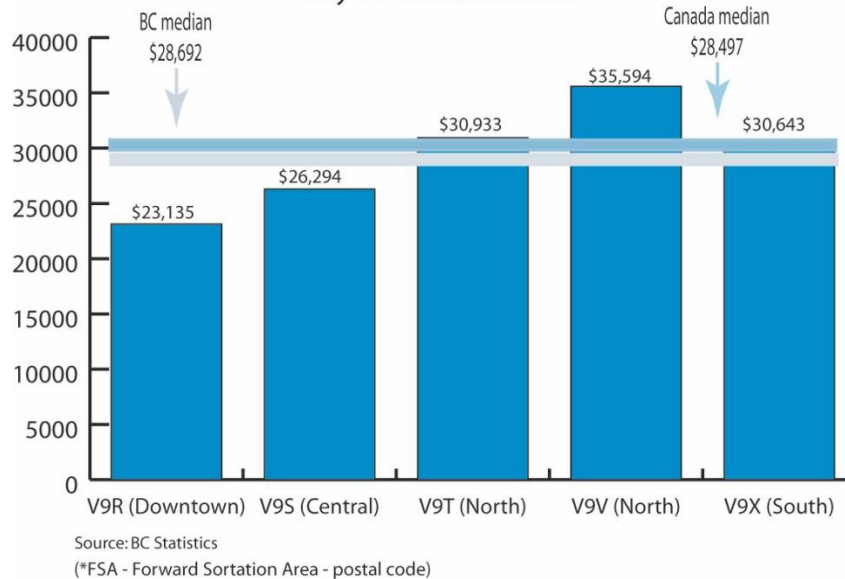
The median total income for Nanaimo residents in 2008 was \$29,274 which is 1.8% lower than the BC median of \$29,830 and .66% lower than the Canada medium of \$29,633.

### Personal Income Distribution Nanaimo - 2008

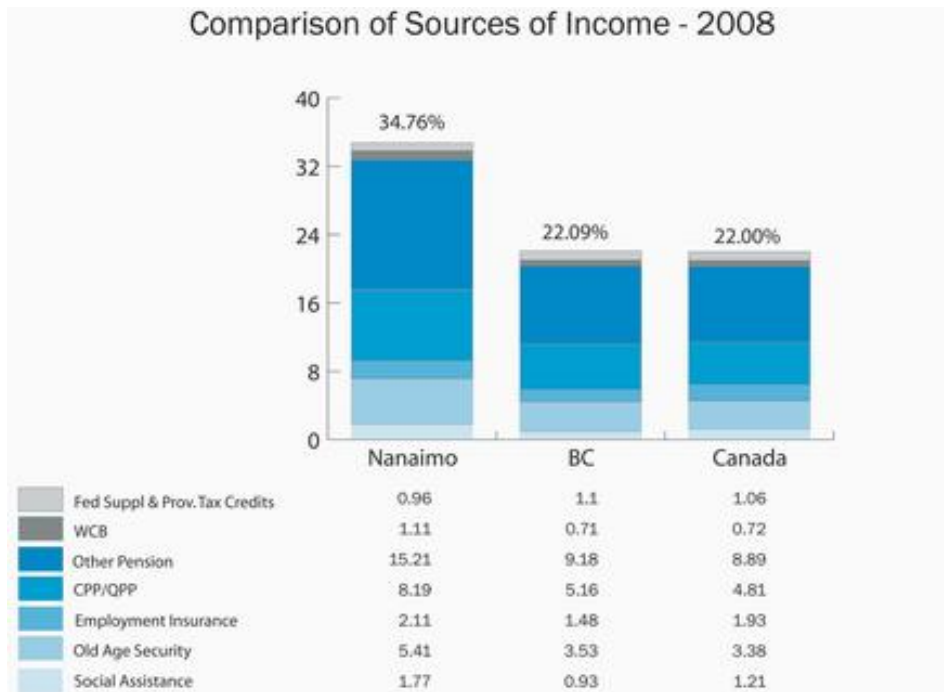


Income varies however by location within the City of Nanaimo. Residents in the city's north end have median incomes above the provincial and national medians while those residing in the south and central areas were below the median.

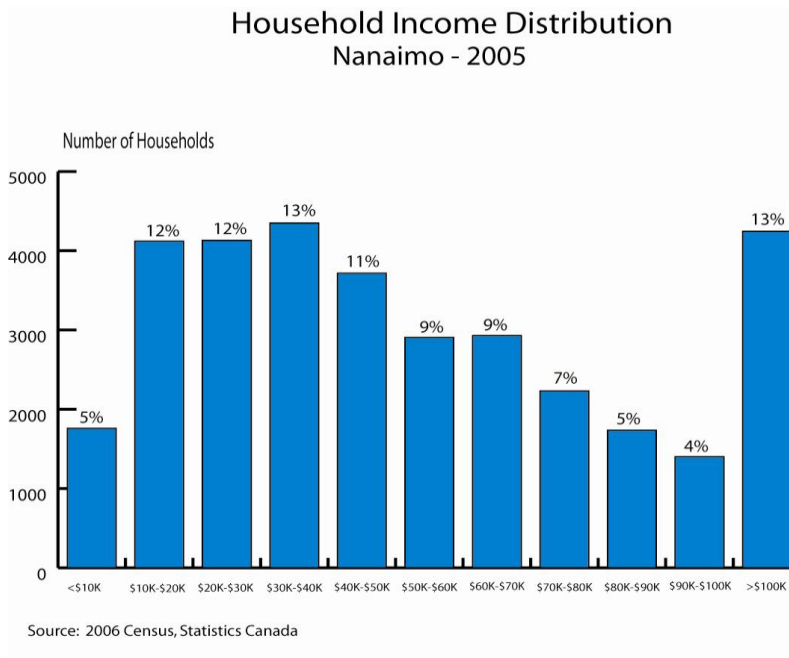
### Median Income - 2007 City of Nanaimo FSA's\*



The vast majority of personal income in Nanaimo is from employment sources. Nanaimo's pension income accounts for 15.2% of reported income which is higher than the Provincial average of 9.2%.



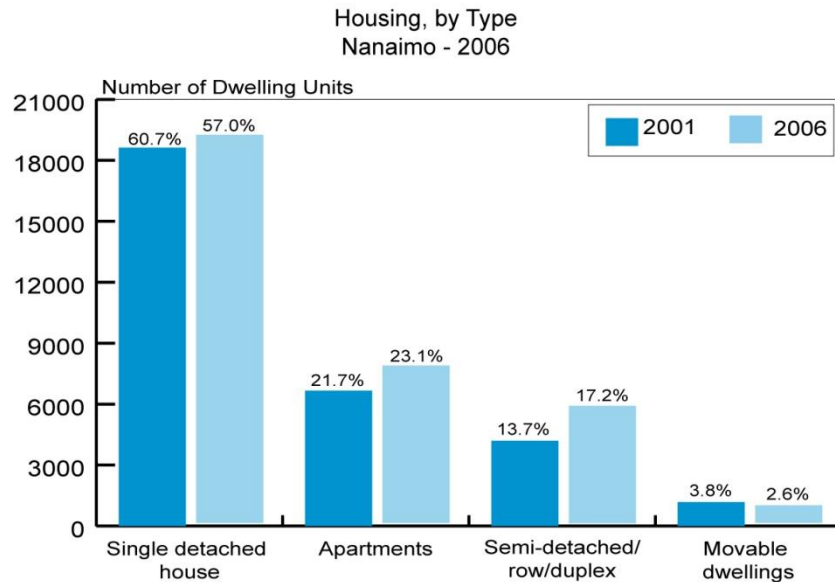
The 2006 Census also collected information about household income, based on 2005 income and earnings. The average household income in Nanaimo was reported to be \$56,744 which was an increase of 18% from the previous census, 5 years before. By comparison, the BC average household income was \$67,675 and the Canadian average was \$69,548.



## Housing Types

Nanaimo offers a mix of housing types which much of it being relatively new with the majority of housing built within the past 25 years. Only a small proportion of housing was built more than 50 years ago.

Single-detached homes make up the majority of housing in the area. As the city grows the mix of housing is changing, with a proportional decline in single family residences and an increase in multi-family housing types.



Source: 2006 Census, Statistics Canada

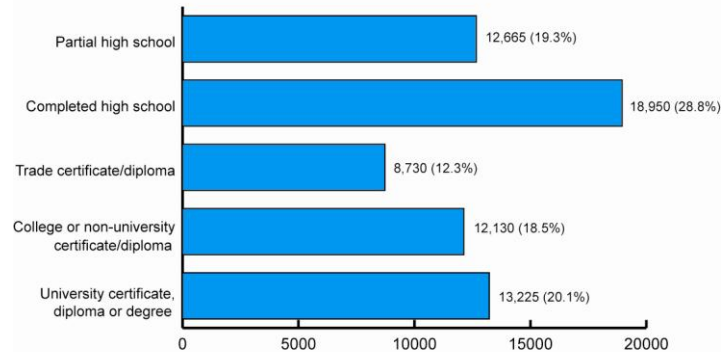
Single family detached homes comprise 57% of housing in Nanaimo. In 2006 Nanaimo had 33,525 occupied private dwellings, an increase of 2,855 since the 2001 census. Nanaimo's housing structure type also includes 1,470 semi-detached units, 1,425 units of row housing, 2,780 apartments and duplexes, 6,735 apartments with less than 5 stories and 1,020 apartments with or more stories. Nanaimo also has 105 other single-family attached houses.

Just like everywhere else, the global economic meltdown has impacted Nanaimo's real estate market. Overall sales have continued to decline although prices have begun to recover. The median sale price of a single family home in Nanaimo in November 2011 was 5% higher than in November 2010 but still 4% lower than November 2008. The number of units sold was also down 11% from November 2010. Nanaimo does however remain an affordable place to live. In November 2011, the median price of a single detached home in Nanaimo was \$357,000 (VIREB). This is almost 33% lower than greater Victoria at \$530,000 (VREB).

## Education

The proportion of the population with higher levels of education has been increasing. Increased education can be attributed, in part, to the re-training efforts of the labour market and to an influx of well-educated newcomers. Approximately 43% of Nanaimo's labour force has post secondary qualifications. This is higher than the national average of 41%.

Highest Level of Schooling Attained  
City of Nanaimo, Population 15 and Older, 2006



Source: 2006 Census, Statistics Canada  
Note: Data is based on the highest level of schooling attained by the population 15 years and older, estimated to be 65,690 at the time of the 2006 Census.

## City Council

Nanaimo Council is composed of the Mayor and eight Councillors who are democratically elected and hold office for a three-year term. The next election will be held in November 2014. Council is the legislative arm of the organization and has the responsibility of exercising virtually all legislative and administrative authority conveyed upon the City by the Province of British Columbia through the *Community Charter* and other statutes. This authority is vested in Council through the adoption of bylaws or resolutions at a duly constituted meeting where a quorum of Council or otherwise sufficient number of members are present to meet the requisite legal requirements of the statutes and procedural bylaws.

Every Council member has the following responsibilities:

- To consider the well-being and interests of the municipality and its community;
- To contribute to the development and evaluation of the policies and programs of the municipality respecting its services and other activities;
- To participate in council meetings, committee meetings and meetings of other bodies to which the member is appointed;
- To carry out other duties assigned by Council;
- To carry out other duties assigned by the *Community Charter* or any other Act.

The Mayor is head of Council and, according to section 116 of the *Community Charter*, is the Chief Executive Officer of the City. In addition to the mayor's responsibilities as a member of council, the mayor has the following responsibilities:

- To provide leadership to the council, including by recommending bylaws, resolutions and other measures that, in the mayor's opinion, may assist in the peace, order and good government of the municipality;
- To communicate information to the council;
- To preside at council meetings when in attendance;
- To provide, on behalf of the council, general direction to municipal officers respecting implementation of municipal policies, programs and other directions of the council;
- To establish standing committees in accordance with section 141 of the *Community Charter*;

- To suspend municipal officers and employees in accordance with section 151 of the *Community Charter*;
- To reflect the will of council and to carry out other duties on behalf of the council;
- To carry out other duties assigned by the *Community Charter* or any other Act.

## 2012 Civic Directory

### Mayor

John Ruttan

### Councillors

Bill Bestwick

Diana Johnstone

Jim Kipp

Fred Pattje

Ted Greves

George Anderson

Diane Brennan

Bill McKay

### Officials

Al Kenning, City Manager

Ted Swabey, Gen Mgr, Community Safety & Development

Tom Hickey, General Manager, Community Services

Douglas Holmes, General Manager, Corporate Services

### Auditors

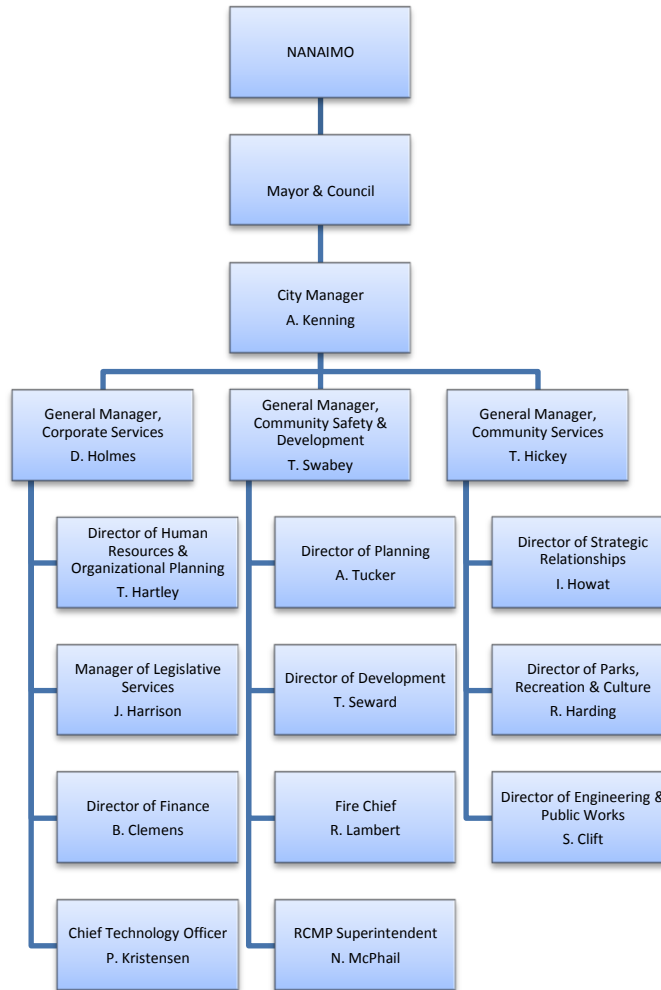
KPMG

### Banker

Royal Bank

## City Organization

The City of Nanaimo has the following operational departments:



## Full-Time Equivalent (FTE) Analysis

To be conservative, the City of Nanaimo usually budgets for a full staff complement in all departments. In the current financial plan an exception was made for the RCMP members. Instead of budgeting for 100% of the contract, only 94% was budgeted. Over the past several years the RCMP in Nanaimo's actual strength has been under 94% in all years and this has been a major contributor to the City's annual surplus. Not budgeting for the full contract does present some risk but in staff's opinion it is low. All other staff have been fully budgeted for. Accordingly, 603.7 full-time equivalent permanent staff are budgeted for in 2012 including full-time and part-time. Temporary and casual staff are budgeted but not included in the FTE count. Historical comparisons for departmental FTE's are shown below:

### Full-Time Equivalents (FTE's) per Department Including RCMP Members

Departments	2008 Budgeted FTE's	2009 Budgeted FTE's	2010 Budgeted FTE's	2011 Budgeted FTE's	2012 Budgeted FTE's
Administration	4.0	4.0	2.0	2.0	2.0
Corporate Services	80.6	81.6	79.6	77.7	79.7
Strategic Relationships				7.0	1.0
Community Services	4.0	5.0	5.0		
Community Safety & Development					
Fire	84.6	87.6	97.6	98.0	97.8
Police					
- Municipal	53.5	53.5	57.7	59.7	61.9
- RCMP Members	123.0	125.0	130.0	135.0	140.0
Call Dispatch - 911 & Fire	14.7	15.0	15.0	15.0	14.8
Development Services	74.8	70.3	71.0	67.0	67.0
Parks, Recreation & Culture	122.9	126.3	128.8	132.4	136.5
Engineering & Public Works	138.0	140.0	138.0	144.0	143.0
	700.1	708.3	724.7	737.8	743.7

The 2012 count of 743.7 FTE's is an increase of 5.9 over 2011. This increase is made up of 8.0 new permanent positions, 1.0 permanent position that was vacant and not budgeted in the prior year and changes to permanent part time hours. The increases were offset by the deletion of the 6.0 FTEs who worked in Economic Development and Destination Nanaimo who moved to the new Nanaimo Economic Development Corporation.

### FTEs Not Included in 2010 Budget

Legislative Services	1.0 Steno
Police	1.0 Support Steno
Police	1.0 Admin Clerk
Police	5.0 RCMP Members

### Higher Service Level Requests Included in Budget

Corporate Services	1.0 Internal Auditor
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**Finance Department  
455 Wallace Street  
Nanaimo BC V9R 5J6  
Tel 250.754.4251**