



CITY OF NANAIMO CORE SERVICES REVIEW

FINAL REPORT SUMMARY

Prepared by Western Management Consultants,
In association with TCI Management Consultants
[May 27, 2016]



PROJECT OVERVIEW

INTRODUCTION

On October 20, 2015, the City of Nanaimo issued an RFP for a Core Services Review to

“focus on the particular context, challenges and opportunities facing the City of Nanaimo. The global review is an opportunity to compile a clear foundation of information about the current state of the City’s services and programs, how they have changed over the past decade, and what projections may be into the future. It is expected the review will also generate options for consideration by Council of how challenges may be met and opportunities maximized.”

Upon being awarded the project, WMC in association with TCI, commenced work on the project in December 2015.

OBJECTIVES

The agreed-upon objectives of the City of Nanaimo Core Services Review are:

1. To provide data on the provision and financing of Nanaimo municipal services so that:
 - a. Strengths and gaps are recognized;
 - b. Comparisons to benchmark communities can be made; and
 - c. Areas for improvement are identified.
2. To provide recommendations on areas for:
 - a. Increased efficiencies;
 - b. Cost savings; and
 - c. Capturing opportunities for significant improvement in services or resourcing.
3. To increase community and employee confidence and trust in the operations of the City of Nanaimo, and build trust within the organization.
4. To build ongoing structures and practices within the organization to continue the data gathering and decision-making tools initiated with this project.
5. To prepare the organization for future challenges.
6. To recommend a streamlined and functional organizational structure.

SCOPE

The scope of this project included the following six corporate processes, thirteen departmental services and three external agencies.

Corporate Processes

1. Strategic planning, business planning and budgeting
2. Capital Projects Planning and Development¹
3. Asset Management
4. Project Management¹
5. Purchasing and Contract Administration
6. Performance Measurement

External Agencies

1. Nanaimo Economic Development Corporation, including Tourism
2. Downtown Nanaimo Business Improvement Association
3. Vancouver Island Conference Centre (VICC)

Departmental Services

1. HR Recruitment/Retention/Succession Planning Training
2. HR/Compensation
3. Financial Policies (renamed from the original Treasury and Investments, to include other financial policy areas)
4. Transportation (Operations)
5. Sanitation
6. Fleet Services
7. Police Support
8. Bylaw/Parking
9. Facilities Planning and Operations
10. Recreation Administration, Operations and Environment
11. Permissive Tax Exemptions and Grants
12. Building Permits and Inspections
13. Subdivision, Development, Land Use Planning and Approvals

¹ Capital Projects Planning and Development and Project Management were reviewed together and the detailed findings are presented under the same section

RECOMMENDATIONS

The consultants have identified **11 areas** that require the City of Nanaimo's Council's attention. For each area, we have recommended the actions that need to be taken by the Council and / or City Administration in order to address the identified areas effectively. Details are provided in subsequent pages.

1 – Strategic Plan	That the Nanaimo City Council develop a strong and sustainable Strategic Plan to guide the City and give direction to the administration in its development of operational plans and activities.
2 - Policy Framework	That the City of Nanaimo strengthen its corporate policy framework to guide the design, delivery, tracking and reporting of all municipal services and activities.
3 -Staff Capacity	That the City of Nanaimo continue its focus on developing strong staff capacity, choosing tools and methodologies that will enable effective and efficient service delivery.
4 - Finance Policies	That the City of Nanaimo develop financial policies and practices to ensure the economic use of municipal resources, and to work towards future financial sustainability.
5 - IT Infrastructure	That the City of Nanaimo invest in appropriate IT infrastructure to enable efficiencies through consolidation, standardization and automation of key service delivery processes.
6 - Integrated Maintenance	That the City of Nanaimo commit to a single, integrated maintenance program for its physical assets (including buildings and vehicles) and that the management tools to support this initiative be standardized and on behalf of the entire corporation.
7 - Integrated Purchasing	That the City of Nanaimo commit to a single, integrated purchasing system for all municipal acquisitions.
8 - Performance Measures	That the City of Nanaimo commit to the use of service information in decision making by establishing, tracking and publicizing meaningful and timely performance measures.
9 - Community Partnerships	That the City of Nanaimo design clear and accountable guidelines to effectively partner with community organizations and agencies to provide specialized services.
10 - Grant Mandates & Monitoring	That the City of Nanaimo develop proper mandates and effective monitoring, mainly of grants to outside agencies.
11 - Efficiencies and Streamlining	That the City of Nanaimo decide on available opportunities to reduce expenditures and streamline operations.

1-STRATEGIC PLAN

That the Nanaimo City Council develop a strong and sustainable Strategic Plan to guide the City and give direction to the administration in its development of operational plans and activities.

Council Actions

1.C.1	Adopt the 2012 vision created or create a new one. Identify no more than six strategic priorities for the period 2016 to 2019 (one year into the next Council's term). (Refer Strategic Planning, Operational Planning and Budgeting, page 37)
1.C.2	Articulate the full range of community goals and identify and link the City's program outcomes to these. (Refer Performance Measurement, page 51)

Administrative Actions

1.A.1	Develop a four year, rotating Corporate Operations Plan. Departments to prepare 2017– 2019 Operating Plans for each business unit. (Refer Strategic Planning, Operational Planning and Budgeting, page 37)
1.A.2	Prepare an implementation plan to introduce multi-year budgeting, leading to four-year budgeting that coincides with the terms of councils. (Refer Strategic Planning, Operational Planning and Budgeting, page 37)
1.A.3	Create a position with the responsibility of developing and coordinating strategic and operational planning processes. (Refer Strategic Planning, Operational Planning and Budgeting, page 37)
1.A.4	Develop and implement the plans and resources needed to conduct a facilities master plan and parks and recreation master plan. (Refer Asset Management, page 43 and Parks, Recreation & Environment, page 99)
1.A.5	Develop a long term Social Wellness strategy. (Refer Police Support Services, page 86, and Parks, Recreation & Environment, page 99)

2-POLICY FRAMEWORK

That the City of Nanaimo strengthen its corporate policy framework to guide the design, delivery, tracking and reporting of all municipal services and activities.

Administrative Actions

2.A.1	Develop, for Council approval, a Capital Projects Policy. (Refer Capital Projects, page 42)
2.A.2	Foster greater compliance to Purchasing Policies. (Refer Purchasing and Contract Administration, page 48)
2.A.3	Develop a clear policy with Council on sponsorships, naming and partnering so that revenues may be increased without cost to residents. (Refer Parks, Recreation & Environment, page 99)
2.A.4	Need to clarify Bylaw 7073 on Fees charges, rentals and leasing (Refer Parks, Recreation & Environment, page 99)

3-STAFF CAPACITY

That the City of Nanaimo continue its focus on developing strong staff capacity, choosing tools and methodologies that will enable effective and efficient service delivery.

Administrative Actions

3.A.1	Develop a Strategic Organization Development Plan to address employee recruitment, retention, appraisal, succession, development and training needs. (Refer HR Recruitment, Retention, Succession Planning & Training page 57)
3.A.2	Seek to provide greater flexibility in staffing and resource allocation in the Collective Agreement. (Refer HR Compensation, page 65)
3.A.3	Conduct operational reviews of each Municipal program, beginning with those that were not in scope of the Core Services Review, with a target of conducting one or two of such reviews each year. (Refer Strategic Planning, Operational Planning and Budgeting, page 37)
3.A.4	Work with CUPE to ease scheduling issues with aquatics staff, and enhance the capabilities of supervisors in conjunction with CUPE. Alternatively, if this cannot be done consider more assistant managers. (Refer Parks, Recreation & Environment, page 99)
3.A.5	Amend the Exempt Management Policy to provide an alternative method for establishing management wage increases, job evaluation & adjusting the movement within Salary Range Provisions. (Refer HR Compensation, page 65)
3.A.6	Amend the Management Terms & Conditions of Employment Bylaw to reduce the banking of vacation days. (Refer HR Compensation, page 65)
3.A.7	Establish a policy on contracting in and the criteria that would have to be met before this could take place. (Refer HR Compensation, page 65)

4-FINANCE POLICIES

That the City of Nanaimo develop financial policies and practices to ensure the economic use of municipal resources, and to work towards future financial sustainability.

Council Actions

4.C.1	Develop a philosophy on the City's use of debt to fund major capital and infrastructure projects. (Refer Financial Policies, page 68)
4.C.2	Provide governance oversight on the City's investment portfolio. (Refer Financial Policies, page 68)

Administrative Actions

4.A.1	Develop a plan to fund asset renewal requirement post-2017, giving consideration to continuing the current 1% tax charge, amending the value upward or downward, and/or using debt. (Refer Asset Management, page 45)
4.A.2	Continue plans to implement modified zero-based budgeting. (Refer Strategic Planning, Operational Planning and Budgeting, page 37)
4.A.3	Incorporate the City's Debt philosophy in developing a comprehensive Debt Policy. The Debt policy should be integrated with other financial policies including operating and capital budget policies. (Refer Financial Policies, page 68)
4.A.4	Develop a comprehensive revenue policy and cost allocation model that enables the City to fully understand its cost of service delivery. (Refer Financial Policies, page 68)
4.A.5	City should follow its Investment Policy and prepare investment reports and provide updates to Council on a regular basis. (Refer Financial Policies, page 68)

5-IT INFRASTRUCTURE

That the City of Nanaimo invest in appropriate IT infrastructure to enable efficiencies through consolidation, standardization and automation of key service delivery processes.

Administrative Actions

5.A.1	Implementation of a common maintenance management system for all City assets should be agreed upon. (Refer Facilities Management Planning and Operations, page 95)
5.A.2	Implement the planned computerized maintenance management system and integrate it with asset management and work management tools, GIS and financial systems. (Refer Asset Management, page 43 and Transportation Operations, page 73)
5.A.3	Upgrade FleetFocus to a newer version to support downtime measurement and ensure appropriate training. (Refer Fleet Services page 82)
5.A.4	Re-deploy alternatively-sourced GPS technology in all City vehicles. (Refer Fleet Services page 82)

6-INTEGRATED MAINTENANCE

That the City of Nanaimo commit to a common, integrated maintenance framework of programs and organizational structures for its physical assets (including buildings and vehicles) and that the management tools to support this initiative be standardized and on behalf of the entire corporation.

Administrative Actions

6.A.1	Consolidate all facility management responsibilities for all City of Nanaimo facilities in one department. (Refer Facilities Management Planning and Operations, page 95)
6.A.2	Consolidate Police Support Services building maintenance staff with the facility maintenance unit. (Refer Police Support Services, page 86)
6.A.3	Develop and implement the plans and resources needed to bring facility and parks assets to the same level of asset management as is being achieved currently and planned in the future for linear assets. (Refer Asset Management, page 45)
6.A.4	Assess options for the planned maintenance management application including developing a strategy to integrate with asset management and work management tools, GIS and financial systems. (Refer Asset Management, page 45)

7-INTEGRATED PURCHASING

That the City of Nanaimo commit to a single, integrated purchasing system for all municipal acquisitions.

Administrative Actions

7.A.1	Standardize purchasing processes and tools. (Refer Purchasing and Contract Administration, page 48)
7.A.2	Identify opportunities for aggregating purchases of common categories across departments. (Refer Purchasing and Contract Administration, page 48)
7.A.3	Coordinate all vehicle rentals in Fleet Services. (Refer Fleet Services page 82)

8-PERFORMANCE MEASURES

That the City of Nanaimo commit to the use of service information in decision making by establishing, tracking and publicizing meaningful and timely performance measures.

Administrative Actions

8.A.1	<p>Report existing service level targets, identifying the source of each and reporting performance against these. Develop targets for outcome and efficiency measures. Report measures only relative to previous years' performance and targets set by the City of Nanaimo. Ensure measures are comparable across organizations before reporting in relation to other jurisdictions. (Refer Performance Measurement, page 51)</p> <ol style="list-style-type: none"> 1. Establish and Track Outcomes, Service Levels & Performance Measures. (Refer Building Permits and Inspections, page 108 and Subdivision, Development, Land Use Planning & Approvals, page 113) 2. Parks & Fleet - In the short term, ensure that performance measures at an outcome level are developed and reported. In the longer term, develop a suite of performance measures linking asset management and service levels to customers. (Refer Asset Management, page 45) 3. Fleet - Amend cost centre definitions so that predictive/scheduled maintenance and unscheduled repairs are tracked. (Refer Fleet Services page 82) 4. Adopt Council-approved targets for key outcomes and activities. (Refer Transportation Operations, page 73)
8.A.2	<p>Establish priorities so that measures are first developed for outcomes and service levels for all programs – a top-down process – and that these are reported annually to Council and the public. Following this, more detailed measures supporting governance and senior management roles should be developed. (Refer Performance Measurement, page 51).</p>

9-COMMUNITY PARTNERSHIPS

That the City of Nanaimo design clear and accountable guidelines to effectively partner with community organizations and agencies to provide specialized services.

Council Actions

9.C.1	<p>NEDC (Refer NEDC, page 120 and 121)</p> <ol style="list-style-type: none"> 1. Continue to support a community-led and –governed economic and tourism development organization. 2. Continue City level of funding beyond 2017 contingent on a new five-year strategic and accountability plan
9.C.2	<p>DNBIA - Discontinue the City Grant, and replace it with project specific grants as justified. (Refer DNBIA, page 125)</p>
9.C.3	<p>VICC (Refer VICC, page 130)</p> <ol style="list-style-type: none"> 1. Continue to support the VICC in its present form 2. Develop and implement a credible marketing destination strategy in a collaborative effort with all interested parties. 3. Attract a quality hotel with any city funding contingent on development of the destination strategy above 4. Develop and monitor a revised mandate for the management of VICC with defined performance measures 5. Develop a new management contract containing stronger performance incentives prior to the expiry of the existing contract in 2017

Administrative Actions

9.A.1	<p>Explore opportunities to attract the Y to Nanaimo and other partnership opportunities with the school board, RDN and the Snuneymuxw First Nation. (Refer Parks, Recreation & Environment, page 99)</p>
9.A.2	<p>Give the Harewood Community Centre to another Community group. (Refer Parks, Recreation & Environment, page 99)</p>

10-GRANT MANDATES & MONITORING

That the City of Nanaimo develop proper mandates and effective monitoring, mainly of grants to outside agencies.

Administrative Actions

10.A.1	Review the NEDC grant in the context of an updated strategic plan for the City and for NEDC, and in relation to comparable municipalities. (Refer NEDC, pages 120 and 121)
10.A.2	Understand and consider all forms of financial assistance (PTEs, grants and submarket rents) received by applicants when providing funds. No cap should be applied to PTEs. (Refer Permissive Tax Exemptions & Grants page 104)
10.A.3	To ensure maximum consistence in calculating financial support to benefitting organizations, provide an estimated value for property tax and sub market rents if they are not otherwise available. (Refer Permissive Tax Exemptions & Grants page 104)
10.A.4	Improve the level of financial scrutiny in respect of major operating subsidies, including clarification of mandates and expectations against which performance can be measured. (Refer Permissive Tax Exemptions & Grants page 104)
10.A.5	Review of PTEs should last 5 years rather than 3. (Refer Permissive Tax Exemptions & Grants page 104)
10.A.6	Landlords of tenants receiving PTE should be obliged to report change of occupancy or face repayment of any PTE received after the tenant leaves. (Refer Permissive Tax Exemptions & Grants page 104)
10.A.7	Consider not renewing the assistance given to the Island Corridor Rail Foundation, in light of the RDN decision to cease funding this organisation.(Refer Permissive Tax Exemptions & Grants page 104)

11-EFFICIENCIES & STREAMLINING

That the City of Nanaimo decide on available opportunities to reduce expenditures and streamline operations.

Council Actions

11.C.1	Buy 6 more new automated trucks & bins in the near future to realize potential one-time cost savings of \$255,000. (Refer Sanitation, page 77)
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Administrative Actions

11.A.1	<p>Through Reducing Positions</p> <ol style="list-style-type: none"> 1. Eliminate the vacant management position. (Refer Bylaw and Parking Services, page 91) 2. Eliminate the culture and heritage group director position. (Refer Permissive Tax Exemptions & Grants page 104) 3. Eliminate four prisoner guard positions (Refer Police Support Services, page 86)
11.A.2	<p>Through Increasing Revenues</p> <ol style="list-style-type: none"> 1. Negotiate agreements with the Province and Federal Government/RCMP to reimburse the City for costs of supporting non-municipal Nanaimo RCMP Detachment members. (Refer Police Support Services, page 86) 2. Renegotiate parking fees with hotels. (Refer Bylaw and Parking Services, page 91) 3. Clarify Bylaw 7073 and increase arena charges to be in the top 2 or 3 on Vancouver Island, Increase rates for commercial users to the highest amount the market will bear and ensure that commercial uses do not displace public uses. (Refer Parks, Recreation & Environment, page 99)
11.A.3	<p>Through Consolidating Space Requirements</p> <ol style="list-style-type: none"> 1. Close the CPSO office and move staff to SARC. (Refer Bylaw and Parking Services, page 91) 2. Prepare a Facilities Master Plan (Refer Asset Management, page 45) 3. Sell 89 Prideaux and relocate to the Public Works offices when they are rebuilt.(Refer Parks, Recreation & Environment, page 99)
11.A.4	<p>Through Rationalizing Service Levels</p> <ol style="list-style-type: none"> 1. Close the Departure Bay Activity Centre to avoid capital expenditure of \$2.1 million and accommodate users elsewhere. (Refer Parks, Recreation & Environment, page 99) 2. Consider closing Beban pool for 3 months in summer instead of one month to reduce costs. (Refer Parks, Recreation & Environment, page 99)

Administrative Actions continued

<p>11.A.5</p>	<p>Through Operational Improvements</p> <ol style="list-style-type: none"> 1. Capital Project Development, Planning, Budgeting & Management (page 42) <ol style="list-style-type: none"> i. Modify Project Scope Sheets, created for all except Preliminary Projects to include additional information ii. All projects for which a project charter is to be developed should specify the expected estimating confidence at each stage of project development. Capital projects which are identifiable but for which scope and initial project estimation have not been made should be categorized in the Capital Plan as "Preliminary Projects" and costed at best estimate plus 100% for financial planning purposes. iii. Develop criteria for assessing applicability of alternative project delivery models and include assessment of approved processes in project chartering for applicable projects. 2. Purchasing and Contract Administration (Refer page 48) <ol style="list-style-type: none"> iv. Foster increased usage of Purchasing Cards (PCards) v. Automate replenishment orders. 3. Transportation Operations (refer page 73) <ol style="list-style-type: none"> i. Develop and bring forward business cases and budgets to Support increased use of thermoplastic pavement markings and purchase of an asphalt milling machine. 4. Fleet Services (Refer page 82) <ol style="list-style-type: none"> i. Re-write Vehicle Utilization Policy, Amend Vehicle Allowance Policy and increase availability of assigned or pooled City vehicles, estimated to save \$110,000 annually ii. Implement a 12:00 (noon) to 8:00 p.m. shift for mechanics iii. Improve data sources to be able to analyze optimum fleet replacement timing, estimated to result in savings of \$32,546 annually. iv. Modify fuel use reports to Directors and the CAO to show year-over-year comparisons for each unit 5. Police Support Services (Refer page 86) <ol style="list-style-type: none"> i. Consolidate the Financial Analyst with the existing Financial Analyst that supports PRE and E&PW into Financial Services. 6. Bylaw and Parking Services (Refer page 91) <ol style="list-style-type: none"> i. Add consulting expertise as needed for technology and parking planning. ii. Cease payments of \$78,000 to VICC for security.
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IMPLEMENTATION CONSIDERATIONS

A great deal of work and time has been invested in determining some next steps for the City of Nanaimo as it develops to be a successful mid-sized city. Putting these plans into action is an even more challenging proposition, and the following have been identified as important factors to be addressed during the implementation phase of this work.

Community Input to the Proposed Plan

City Council made a commitment to seek citizen and stakeholder input to this plan once the recommendations and proposed actions were identified. It will be important to design and implement a consultation process that enables full understanding and discussion of the concepts outlined in the plan.

Dedicated Resources for Plan Implementation

Successful implementation of the plan recommendations will require dedication of staff and budget resources to oversee the work. Establishment of a project office for a period of six months to a year is a method used by many municipalities to ensure these important change initiatives are thoroughly and professionally put in place.

Specific Implementation Considerations for individual recommendations

In many cases, specific thoughts about implementation have been included with the recommendations. These are summarized at the end of each of the sections above with additional details in the respective Appendices.