

City of Nanaimo
455 Wallace Street
Nanaimo BC V9R 5J6

April 2, 2013

Attention: Mayor John Ruttan & City Council

Dear Mayor Ruttan:

RE: City Budget

The Greater Nanaimo Chamber of Commerce would like to give credit to Brian Clemens and his team as the budget is an extensive and intensive document produced by professionals and validated through 3rd party auditing. The budget responds to expectations for service levels placed upon the city by residents, yet increases are prudently kept within the rate of inflation. Staff and council struggle, and largely succeed, in attaining a balance of limited resources and unlimited expectations.

As a business advocacy group, we will likely always focus our discussions on business property tax rates, but understand clearly that simply offsetting the cost of business to residential property taxes can be detrimental to business as well. Businesses need people and vice versa – the delicate balancing act is yours!

Please keep in mind that presently the commercial property tax is 21% higher than the average for 12 comparable cities and 23% higher than the Vancouver Island average. Are we providing more services or a better market for our business tax dollar? Do these rates impede our competitiveness in attracting and retaining business? These are some of the factors that we understand the City will consider in the expected review of commercial property tax rates this year.

We are supportive of the current initiatives to complete the balancing of major industrial tax rates to commercial rates. What has been done to promote this to potential industrial businesses? What has their response been?

On the topic of economic development and promotion: given that it tends to be the business tax that supports community growth (commonly new residential development cost for infrastructure and service exceeds revenue), the expenditure for economic development is well supported. However, we note that in strategic relations, the expenditure for Economic Development remains flat through 2013 to 2017 at \$1.375m with no allowance for inflation. This is a concern. If this model of economic development proves to be a wise investment, we would hope that further resources could be allocated. We are surprised there is not a stronger vote of confidence evidenced by projected increases in the investment.



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Additional points of special interest for the GNCoC:

Asset management

We appreciate the steps taken for asset management – is a 1% asset management levy enough? Likely not, but it is a great start and is essential to reduce future infrastructure burden on our children.

Reserves

Often we comment on lack of clarity in the planning for use of reserves. An example is the Housing Legacy Reserve with \$165k per year in the budget resulting in 5% of our total general fund reserve without any expenditure in the forecast. We are pleased to hear that there is a planning process underway to work on best use for these funds. Please keep us updated.

If our expectations for services remain the same or increase without improvement of efficiencies costs must increase if even just to keep up with inflation and contractual obligations.

We feel that an evaluation of value for our property tax dollars is necessary. If through an open and independent process it is determined that what the City is providing meets the expectations and is done as efficiently and effectively as possible, then we will know what value we are receiving and our organization will advocate strongly for it. Thank you for valuing our input.

If you have any questions please do not hesitate to contact me at 250-734-4324 or by e mail at chair@nanaimochamber.bc.ca .

Sincerely,



Mike Delves
Chair
Greater Nanaimo Chamber of Commerce

Cc: NEDC –CEO, Sasha Angus

