

# Nanaimo News Bulletin



## City receives value for contracting out services

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The City of Nanaimo appears to be fiscally responsible with contracting out.

Council requested a review of its contracting, hoping to identify areas of potential savings. More than \$31 million was spent on contracted services in 2010.

MMK Consulting, of Vancouver, performed the review and found that while there were some areas where the city could achieve cost savings through in-house services, it's in the city's best interest to remain with contracting out the majority of areas examined.

"Compared to other municipalities of similar size, Nanaimo is doing a significant amount of contracting out," said Stuart MacKay, of MMK. "But as we went through it, the analysis suggested that's not such a bad place to be."

The \$75,000 report, a 12-month snapshot based on 2010 numbers, contained reviews of 27 different service areas, but MacKay highlighted just a few in a presentation to council Monday.

Engineering consulting was the only service to receive a high assessment for potential savings through hiring additional staff. The city paid out \$1.59 million in engineering costs, and the review found an opportunity for up to \$72,000 in savings with three new employees.

Medium assessments for in-house work included: excavating and trucking; hydro-flushing, excavating and video inspection; and downtown parking and security patrols. Excavating and trucking costs were \$673,000 in 2010, and the city could save \$60,000 through in-house work. The city could save \$41,000 on the \$436,000 spent for hydro-flushing by operating its own flush-truck and updating video inspection capabilities.

Contracted services with low opportunities for savings through unionized employees include: residential garbage and kitchen waste collection; residential recycling collection; and animal control.

"I was a little worried we didn't find a magic bullet for Nanaimo," said MacKay. "But they seem to be doing what they should be doing."

City staff will investigate the high and medium service areas identified, but Mayor John Ruttan said even if it doesn't go any further, it was a good exercise in due diligence and transparency.

"The report explained, to my satisfaction at least, what the city is doing is probably the best use of both contracting out and unionized staff," he said. "It's not just for us, but for CUPE so they can see we have reviewed that option And certainly it's in the best interest of the taxpayers."

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