

MINUTES
SPECIAL FINANCE AND AUDIT COMMITTEE MEETING
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE,
80 COMMERCIAL STREET, NANAIMO, BC
WEDNESDAY, 2018-DEC-05, AT 9:00 A.M.

Present: Councillor I. W. Thorpe, Chair
Councillor S. D. Armstrong
Councillor D. Bonner
Councillor T. Brown
Councillor B. Geselbracht
Councillor E. Hemmens
Councillor Z. Maartman
Councillor J. Turley

Absent: Mayor L. Krog

Staff: J. Rudolph, Chief Administrative Officer
R. J. Harding, Director of Parks and Recreation (arrived 9:10 a.m., vacated 11:22 a.m.)
D. Lindsay, Director of Community Development
B. Sims, Director of Engineering and Public Works
K. Fry, Fire Chief
T. Doyle, Deputy Fire Chief
L. Mercer, Acting Director, Financial Services
W. Fulla, Manager, Business, Asset & Financial Planning
A. Groot, Manager, Facility Planning & Operations
S. Gurrie, City Clerk (vacated at 10:50 a.m.)
S. Snelgrove, Deputy Corporate Officer
J. Vanderhoef, Recording Secretary

1. CALL THE SPECIAL FINANCE AND AUDIT COMMITTEE MEETING TO ORDER:

The Special Finance and Audit Committee Meeting was called to order at 9:00 a.m.

2. APPROVAL OF THE AGENDA:

It was moved and seconded that the Agenda, be adopted. The motion carried unanimously.

3. PRESENTATIONS:

(a) Review and Wrap up Session 2019 – 2023 Draft Financial Plan

Introduced by Jake Rudolph, Chief Administrative Officer.

Laura Mercer, Acting Director, Financial Services, and Wendy Fulla, Manager, Business, Asset and Financial Planning, provided a presentation regarding:

- Projected Property Tax Increases – 5.41% for 2019
- Projected User Fees
- Key Drivers for Budget Increase
- Staff recommended changes – revise estimate for 2019 growth to reduce projected property tax increase by 0.10%
- Project Funding Levels – General Taxation

R. Harding entered the Shaw Auditorium at 9:10 a.m.

Wendy Fulla, Manager, Business, Asset and Financial Planning, presented the Finance and Audit Committee with topics for discussion beginning with Project Funding Levels – General Taxation.

Committee discussion took place regarding the effect of Waterfront Walkway expenses on the budget.

Wendy Fulla, Manager, Business, Asset and Financial Planning, continued her presentation and spoke regarding the RCMP contract increase.

Committee discussion took place as follows:

- RCMP upcoming union vote and increases to the contract
- 3 additional officers are requested due to increase in workload and growth in the community

Wendy Fulla, Manager, Business, Asset and Financial Planning, continued her presentation as follows:

- Strategic Infrastructure Reserve – extending the transition period to five years for Fortis Gas revenue
- Fortis Gas revenue previously went to General Revenue account
- Economic Development: 2019 – 2023 Draft Financial Plan is a status quo budget for Economic Development

Committee discussion took place as follows:

- Allocating money for economic workshops in the future
- Maintaining status quo for 2019 Draft Financial Plan and reassessing economic development next year with better understanding of community priorities and further deliberations

Wendy Fulla, Manager, Business, Asset and Financial Planning, continued her presentation as follows:

- Asset Management – 1% annual increase for contribution to General Asset Management Reserve extended to 2022 to address infrastructure funding gap
- Rebuilding the Snow and Ice Reserves

Committee discussion took place regarding the increased funding of Snow and Ice Reserves compared to previous years.

Wendy Fulla, Manager, Business, Asset and Financial Planning, continued her presentation as follows:

- Proposed new positions included in the Draft Plan – Manager Communications, two Bylaw Enforcement Officers, Community Development Administrative Support, Parking and Street Use Coordinator, Public Works Clerk/Dispatcher, and Special Events Coordinator
- Other proposed new positions – additional Automated Truck and Refuse Collector in 2020 and 2022
- Positions that were proposed but not included in the Draft Plan

Committee discussion took place as follows:

- Is there a business case to suggest whether or not some of the positions proposed could save the City money
- Allocating one year of funding towards a buyer position in Purchasing and Stores

Wendy Fulla, Manager, Business, Asset and Financial Planning, continued her presentation and spoke regarding the Fire Departments request for four additional firefighters.

Karen Fry, Fire Chief, spoke regarding the current Fire Department staff struggling to meet the required standards for emergency response times, the impact on firefighters relating to increased overtime and the resulting increased sick time and medical leaves.

The Committee discussed the potential timeframe for hiring additional firefighters.

Jake Rudolph, Chief Administrative Officer, suggested that the Finance and Audit Committee review each recommendation separately and make decisions to work from.

It was moved and seconded that the Finance and Audit Committee review each of the Staff recommendations, discuss their merits and provide a motion to modify, reject or accept. The motion carried unanimously.

Committee discussion took place regarding:

- Impact of reducing the 2018 Approved Funding - \$5.8 million

- List of projects and where funding for projects is allocated
- Restoring staffing levels and moving projects forward that have been stalled
- One Port Drive work has been allocated to 2018 expenditures

It was moved and seconded that the Finance and Audit Committee recommend that Council set the 2019 Draft Funding Level for Project Funding – General Taxation at \$6.9 million, a funding increase of \$1.1 million over 2018. The motion carried unanimously.

Committee discussion took place regarding the proposed RCMP contract increase.

It was moved and seconded that the Finance and Audit Committee recommend that Council increase the RCMP contract to include 15 new members, 3 per year, over a 5 year period 2020 - 2024. The motion carried unanimously.

It was moved and seconded that the Finance and Audit Committee recommend that Council increase the growth estimate for 2019 to \$1.3 million from \$1.2 million. The motion carried unanimously.

Committee discussion took place regarding:

- Review of Strategic Infrastructure Reserve
- Possible obligations relating to the use of the Annual Casino Revenue Reserve
- Strategic Infrastructure Reserve Fund is used to cover debt financing, property acquisition and Waterfront Walkway borrowing
- Allocating \$400,000 to General Reserves instead of Strategic Infrastructure Reserve

It was moved and seconded that the Finance and Audit Committee recommend that Council extend the transition period of the annual Casino Revenue to the Strategic Infrastructure Reserve from 4 years to 5 years and eliminate the 2019 increase in funding. The motion carried.

Opposed: Councillors Bonner, Brown, Hemmens

Committee discussion took place regarding:

- Reassessing the long term financial plan in 2020
- Funding being allocated towards review of budget changes, consultation and community engagement
- Council Initiatives Reserve being used for other formats
- Budget for Economic Community Development Management position

It was moved and seconded that the Finance and Audit Committee recommend that Council maintain the status quo for Economic Development – Service Delivery in the 2019 - 2023 Draft Financial Plan. The motion carried unanimously.

The Special Finance and Audit Committee Meeting recessed at 10:22 a.m.
The Special Finance and Audit Committee Meeting reconvened at 10:40 a.m.

Laura Mercer, Acting Director, Financial Services, provided the Finance and Audit Committee with an updated proposed property tax rate of 4.91% for the 2019, based on the motions made so far during this meeting.

Committee discussion took place regarding asset management and unsustainable infrastructure being addressed.

It was moved and seconded that the Finance and Audit Committee recommend that Council continue with the 1% annual increase for contributions to General Asset Management Reserve, to address the infrastructure funding gap. The motion carried unanimously.

Committee discussion took place regarding:

- Funding within the Strategic Infrastructure Reserve being allocated towards projects associated with economic development
- Possible funding options for community engagement

Jake Rudolph, Chief Administrative Officer, suggested that a Committee of the Whole meeting be scheduled to discuss facilitation of community engagement.

It was moved and seconded that the Finance and Audit Committee recommend that Council move \$50,000, to create an internal order for Public Engagement, under the Office of the Chief Administrative Officer, to facilitate community engagement in the new year, to be funded from the Strategic Infrastructure Reserve. The motion carried unanimously.

Committee discussion took place regarding:

- Funding for worst case scenarios
- Severe winter this year could be covered by 2018 Surplus
- Possibility of amending the budget if there is a severe snow fall
- Combining the Engineering and Public Works Reserve and Parks and Recreation Reserve into one with a funding cap of \$800,000
- Risk tolerance

It was moved and seconded that the Finance and Audit Committee recommend that Council rebuild the Engineering and Public Works (ENGPW) Snow and Ice Reserve and the Parks and Recreation Snow and Ice Reserve as follows:

- ENGPW target balance - \$900,000 by end of 2022
- Parks and Recreation - \$300,000 by end of 2021

2019 budget for reserves - \$275,000

- \$200,000 – ENGPW
- \$75,000 – Parks and Recreation

The motion was defeated unanimously.

Opposed: Councillors Armstrong, Bonner, Brown, Geselbracht, Hemmens, Maartman, Thorpe, Turley

Committee discussion took place regarding:

- Reducing the Engineering and Public Works Reserve from \$200,000 to \$100,000, for one year
- Engineering and Public Works Reserve target balance becoming \$800,000

S. Gurrie vacated the Shaw Auditorium at 10:50 a.m.

It was moved and seconded that the Finance and Audit Committee recommend that Council reduce the contribution to the Engineering and Public Works Snow and Ice Reserve in 2019 to \$100,000. The motion carried unanimously.

Committee discussion took place regarding:

- Bringing staffing levels up to capacity
- Parking and Street Use Coordinator position – relieve workload in Engineering Department
- Cost recovery from ticketing covering the cost of bylaw enforcement position
- Implementation of the Active and Sustainable Transportation Coordinator
- Bylaw positions assisting with the RCMP workload

Wendy Fulla, Manager, Business, Asset and Financial Planning, provided the Finance and Audit Committee with an update on the proposed property tax rate with the additional changes included. The proposed rate is currently 4.81% for 2019 and the 2020 property tax rate has increased to 3.46%.

Committee discussion continued as follows:

- Making decision with the future in mind
- Concerns for public safety and the need for more bylaw officers
- \$100,000 removed from Snow and Ice Reserve being used to fund a staffing position

It was moved and seconded that the Finance and Audit Committee recommend that Council approve the following new positions listed in the 2019 Draft Plan:

- City Administration - Manager, Communications
- Public Safety - Bylaw Enforcement Officer – Parking Patroller (Hospital Area Parking Strategy)
- Public Safety - Bylaw Enforcement Officer – Parking Patroller (CPSO Office)
- Community Development - Administrative Support
- Engineering and Public Works - Parking and Street Use Coordinator
- Engineering and Public Works - Public Works Clerk/Dispatcher
- Parks and Recreations - Special Events Coordinator

The motion carried unanimously.

R. Harding vacated the Shaw Auditorium at 11:22 a.m.

Committee discussion took place regarding:

- Request for additional automated truck and refuse collectors
- Working with the Regional District of Nanaimo and possibly sharing equipment
- Amortization and cost of new vehicles
- Funding of additional trucks and refuse collectors through Sanitation User Fees

It was moved and seconded that the Finance and Audit Committee recommend that Council include an additional Automated Truck and Refuse Collector in January 2020, truck to be budgeted in 2019, and another in July 2022, to be funded from the Sanitation User Fees. The motion carried unanimously.

Committee discussion took place regarding:

- Encouraging alternative modes of transportation
- Funding options to cover costs for new positions
- Decreasing the property tax rate
- Clarification regarding the proposed Active and Sustainable Transportation Coordinator position
- Priorities of staffing needs for 2019
- Developing active transportation options

Jake Rudolph, Chief Administrative Officer, suggested scheduling a Committee of the Whole meeting to discuss the City's current status regarding transportation.

Committee discussion continued regarding:

- Adding positions to the Draft Budget in the new year
- Using reserve funds to fund operations
- Potential infrastructure savings by getting more people off the roads
- Infrastructure needed to support cycling such as trails and bike lanes
- Optimal allocation of resources

It was moved and seconded that the Finance and Audit Committee recommend that Council add the Active and Sustainable Transportation Coordinator position to the Draft Plan. The motion was defeated.

Opposed: Councillors Armstrong, Geselbracht, Thorpe, Turley

Committee discussion took place regarding:

- GIS Technology falls under the Information Technology Department
- Adding GIS Technologist will not increase the 2019 Property Tax Rate

It was moved and seconded that the Finance and Audit Committee recommend that Council include a one year Temporary GIS Technologist position in 2019, to be funded from the 2018 Surplus. The motion carried unanimously.

Committee discussion took place regarding:

- Recycling Policy Advisor position being included in Sanitary User Fee Rates
- “3 R’s Contract” with Regional District of Nanaimo may provide funding or shared use of a Recycling Policy Advisor
- Marginal change to the Draft Budget with the inclusion of this position
- Discussions with the Nanaimo Recycling Exchange and non-profit organizations before adding an in house position
- Small impact to budget in future years
- Optimal timeframe for adding Recycling Policy Advisor position

It was moved and seconded that the Finance and Audit Committee recommend that Council add the Recycling Policy Advisor position to the Draft Plan, to be funded through Sanitation User Rates. The motion was defeated.

Opposed: Councillors Armstrong, Geselbracht, Hemmens, Maartman, Thorpe, Turley

Committee discussion took place regarding:

- Proposed Property Tax Rate 2019 and increases anticipated for 2020
- Timeframe for adoption of the provisional budget – first readings of bylaw potentially December 17th and adoption in January, 2019
- No time to hold a session regarding reserves prior to the adoption of the provisional budget
- One large entity defaulting on property taxes and risks related
- Restructuring of Reserve Policy
- Reserves are not planned to increase over the next few years
- Levelling out the increase in proposed property tax rates

It was moved and seconded that the Finance and Audit Committee recommend that Council allocate \$1 million out of the Tax Reserve Fund and apply it towards other reserves in order to reduce the tax rate by 1%. The motion was defeated.

Opposed: Councillors Armstrong, Brown, Geselbracht, Hemmens, Maartman, Thorpe, Turley

Committee discussion took place regarding:

- Request for four career firefighters
- Increase number of firefighters to address the increased number of calls for service and relieve current workload
- Remuneration for staff who take mental health or sick leaves
- The four proposed firefighters would be assigned to current crews
- Ratio of paid firefighters versus on call firefighters across the Province and on call firefighters ability to meet required standards

It was moved and seconded that the Finance and Audit Committee recommend that Council include an additional four career firefighter positions to the 2019 Draft Plan. The motion carried.

Opposed: Councillors Hemmens, Turley

Sky Snelgrove, Deputy Corporate Officer, advised the Finance and Audit Committee that the recommendations made today would go forward to the next scheduled Council meeting 2018-DEC-10 to be adopted by Council prior to the draft bylaw being presented to Council for its first readings 2018-DEC-17.

Committee discussion took place regarding the timeframe for changes to the provisional budget.

Wendy Fulla, Manager, Business, Asset and Financial Planning, provided the Finance and Audit Committee with an update on the proposed property tax rate with the additional changes. The proposed property tax rate for 2019 is currently 4.97%.

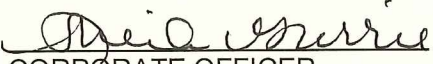
It was moved and seconded that Finance and Audit Committee recommend that Council approve the Draft 2019 – 2023 Financial Plan with the proposed changes from 2018-DEC-05. The motion carried unanimously.

4. ADJOURNMENT:

It was moved and seconded at 12:30 p.m. that the meeting terminate. The motion carried unanimously.


CHAIR

CERTIFIED CORRECT:


CORPORATE OFFICER

