

MINUTES
SPECIAL FINANCE AND AUDIT COMMITTEE MEETING
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE,
80 COMMERCIAL STREET, NANAIMO, BC
FRIDAY, 2021-NOV-19, AT 9:00 A.M.

Present: Mayor L. Krog, Chair
Councillor S. D. Armstrong (joined electronically 9:02 a.m., disconnected 11:40 a.m.)
Councillor D. Bonner
Councillor T. Brown
Councillor B. Geselbracht (joined electronically 9:15 a.m., disconnected at 11:28 a.m.)
Councillor E. Hemmens
Councillor Z. Maartman
Councillor I. W. Thorpe
Councillor J. Turley

Staff: J. Rudolph, Chief Administrative Officer
A. Groot, A/General Manager, Parks, Recreation and Culture
D. Lindsay, General Manager, Development Services
B. Sims, General Manager, Engineering and Public Works
T. Doyle, Fire Chief
L. Fletcher, OIC, Nanaimo Detachment RCMP
J. Le Masurier, Deputy Fire Chief, Administration
J. Elliot, Director, Public Works
B. Mackay, Director, Information Technology
L. Mercer, Director, Finance
P. Rosen, Director, Engineering
L. Wark, Director, Recreation and Culture
W. Fulla, Manager, Business, Asset and Financial Planning
P. Stewart, Manager, Engineering Projects
A. Coronica, Senior Financial Analyst
S. Gurrie, Director, Legislative Services
S. Snelgrove, 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.

Councillor Armstrong joined the meeting electronically at 9:02 a.m.

3. PRESENTATIONS:

(a) 2022 - 2026 Draft Financial Plan Recap

Laura Mercer, Director, Finance, provided a review of changes made to the financial plan and advised of potential changes. Highlights included:

- Provided a recap of the decisions made on Wednesday, November 10, 2021 and their impact on the financial plan
- Revised tax increase is 4.1% which is a reduction of 0.2%
- Changes made last week impacted 2023 and based on changes a 3.6% increase is projected
- Reviewed the impact on a typical home for property tax, water, sewer and sanitation fees
- Buttertubs Pedestrian Bridge construction costs are included in financial plan, two options are available for Council and additional funding is required to move forward with this project

4. REPORTS:

(a) Buttertubs Bridge Project

Poul Rosen, Director, Engineering, advised the bridge is in an important link in the off-Bowen bikeway. He advised of significant challenges with proposed location of the bridge due to unfavourable soils and noted there may be an alternative location with more favourable soils but alignment is not compatible with private property on the Buttertubs side of the Millstone River. He noted potentially partnering with the private property owner, the downside of waiting until they are ready for redevelopment and suggested to pause the project and have staff do their due diligence for an alternate location. Once timing and partnership information is known, Staff could bring forward more information.

Council discussion took place. Highlights included:

- Timing to complete the entire off-Bowen bikeway
- Midtown water supply project presenting an opportunity to build a bridge in another location
- Bridge construction in riparian zones, setback requirements, flood and flow clearance rules and legislation

Councillor Geselbracht joined the meeting electronically at 9:15 a.m.

It was moved and seconded that the Finance and Audit Committee recommend that Council remove the Buttertubs Pedestrian Bridge project from the 2022 – 2026 Financial Plan. The motion carried unanimously.

(b) Albert and Fourth Complete Street Phase 2

Laura Mercer, Director, Finance, advised that none of the options for the Albert and Fourth Complete Street Phase 2 project have a tax impact.

Poul Rosen, Director, Engineering, continued the presentation. Highlights included:

- This corridor the focus due to the road grades
- Section from Pine Street to downtown is noted as a Council priority
- Reviewed options for Council consideration and noted public consultation showed a preference for an option which retains parking

Council discussion took place. Highlights included:

- Bidirectional bike lane considered but not carried forward
- Underground infrastructure under the “s” curve is in need of upgrades
- Travel lanes will meet current standards and road will be constructed to modern standard with expectations for sidewalks, bike lanes and proper travel lanes
- Use of reserves means less funding for other projects

It was moved and seconded that the Finance and Audit Committee recommend that Council increase the budget of the Albert and Fourth Street Complete Streets Phase 2 by \$800,000 in the 2022 – 2026 Financial Plan and proceed with Option B. The motion was defeated.

Opposed: *Mayor Krog, Councillors Armstrong, Hemmens, Martmaan, Thorpe, Turley*

It was moved and seconded that the Finance and Audit Committee recommend that Council reduce the scope of the Fourth and Albert Complete Street Phase 2 project to Pine Street to Milton Street and increase the budget by \$400,000 in the 2022 – 2026 Financial Plan. The motion carried unanimously.

3. PRESENTATIONS:

(a) 2022 - 2026 Draft Financial Plan Recap (continued)

Bill Sims, General Manager, Engineering and Public Works continued the presentation regarding sanitation and advised that costs related to the Recycle BC reception facility will increase and Council is recommended to delay discussion until more is known on the impact on user rates.

Laura Mercer, Director, Finance, continued the presentation. Highlights included:

- Currently Staff budget at 95% of RCMP budget due to a history of vacancy and minimizing the annual operating surplus
- Council can lower the percentage to 94% and increase to 95% in 2023 and going forward
- RCMP reserves cover any shortfall
- Reserve has minimum balance and if used Staff would build a repayment plan into the budget
- 1% drop results in \$350,000 savings

Jake Rudolph, Chief Administrative Officer, and Supt. Fletcher, RCMP, advised:

- 95% historically perceived as optimal amount
- Difficult to predict if 95% is currently optimal but Council can rely on the fact that the RCMP have historically been under budget

Council discussion took place. Highlights included:

- Homicide investigations impacting budgets and reserves available
- Detachment challenges with use of overtime and district wide issues of not having resources to respond to overtime calls
- Reserving a decision until other factors are more firmly established

Laura Mercer, Director, Finance, continued the presentation. Highlights included:

- Considering the possibility to use money set aside in reserves to reduce taxes
- Strategic Infrastructure Reserve meant to fund Council initiatives and was impacted as casinos were closed

The Finance and Audit Committee meeting recessed at 10:07 a.m.

The Finance and Audit Committee meeting reconvened at 10:25 a.m.

Laura Mercer, Director, Finance, continued the presentation. Highlights included:

- Remainder of decisions are in addition to 4.1% starting point
- Manager, Financial Services & Special Projects position supervises three departments and special projects and allows Staff to be able to move forward proactively rather than reactively
- 0.11% increase if added

It was moved and seconded that the Finance and Audit Committee recommend that Council add a Manager, Financial Services & Special Projects position to the 2022 – 2026 Financial Plan effective April 1, 2022. The motion carried unanimously.

Laura Mercer, Director, Finance, advised the Supervisor, Technical Support Positions, adds a 0.09% increase in 2022.

It was moved and seconded that the Finance and Audit Committee recommend that Council add a Supervisor, Technical Support position to the 2022 – 2026 Financial Plan effective April 1, 2022. The motion carried unanimously.

Opposed: *Councillor Brown*

Laura Mercer, Director, Finance, reviewed the RCMP Support Staff Resourcing Plan options and impact on taxation.

Council discussion took place. Highlights included:

- Chronically underfunded resource and making a multiyear commitment
- Will have assurance positions are in the budget and committed to
- Still not close to municipal police forces support levels, per capita, across the Province

It was moved and seconded that the Finance and Audit Committee recommend that Council add 15 Police Support positions over the next 5 years as outlined in the ideal staffing scenario to the 2022 – 2026 Financial Plan effective April 1, 2022. The motion carried unanimously.

Staff advised:

- Additional bike patrol units would increase taxes by 0.43% for 2022 with April 1st implementation
- Consultants will have report in February or March regarding the security plan in the downtown and it may contain financial recommendations
- Bike patrol unit is a way to augment the number of police in the downtown which allows other police and patrol cars to push further out into the City

Council discussion took place. Highlights included:

- Report will describe how Nanaimo deals with security and is separate from the bike patrol unit recommendation
- Strong value in bike patrol units the City currently has
- Support positions added to reduce workload and waiting one year to revisit the impact on RCMP duties

It was moved and seconded that the Finance and Audit Committee recommend that Council add 4 additional RCMP Bike Patrol members to the 2022 – 2026 Financial Plan effective April 1, 2022. The motion carried.

Opposed: *Councillor Turley*

Laura Mercer, Director, Finance, reviewed the Aquatics Development Plan options and impact on taxation.

Council and Staff discussion took place. Highlights included:

- Provides head lifeguards opportunity to focus on leadership and supervisory duties
- Energy used to heat pools and climate change
- Pool usage for everyone regardless of their socioeconomic status and use for rehabilitation

It was moved and seconded that the Finance and Audit Committee recommend that Council add the Aquatics Development Plan to the 2022 – 2026 Financial Plan effective January 2022. The motion carried.

Opposed: *Councillor Brown, Bonner, Geselbracht, Turley*

Laura Mercer, Director, Finance, reviewed the Parks and Trails and Natural Areas – Lead Supervisor position impact on taxation and one-time capital costs.

It was moved and seconded that the Finance and Audit Committee recommend that Council add a Parks, Trails and Natural Areas – Lead Supervisor position to the 2022 – 2026 Financial Plan effective February 15, 2022. The motion carried.

Opposed: *Councillor Turley*

Laura Mercer, Director, Finance, reviewed the Parks Maintenance Worker – Playgrounds position, impact on taxation and one time capital costs.

Councillor Geselbracht disconnected from the meeting at 11:28 a.m.

It was moved and seconded that the Finance and Audit Committee recommend that Council add a Parks Maintenance Worker – Playgrounds position to the 2022 – 2026 Financial Plan effective April 1st, 2022. The motion carried unanimously.

Opposed: *Councillors Hemmens, Brown, Turley*

Laura Mercer, Director, Finance, reviewed Climate Action Reserve which has an annual contribution of \$165,000 and requested that Council determine if the amount is appropriate.

Council discussion took place. Highlights included:

- Treat similar to asset management with an annual percentage allocated to the reserve
- The current tax rate includes the \$165,000 contribution
- Funding is used for initiatives that meet requirements such as energy efficient ice machines in arenas, studies for improvements to facilities, reductions for Green House Gas (GHG) emissions and building inspectors' electric vehicle fleet
- Projected 2022 opening balance is \$559,000 which does not reflect requests coming forward to the 2021-DEC-15 Finance and Audit Committee Meeting
- Putting aside money into reserve based on calculation of carbon equivalency of GHG's an organization is emitting
- The need to respond to climate change and emergencies in the future

Councillor Armstrong disconnected from the meeting at 11:40 a.m.

Staff advised:

- \$50,000 allocated for pavement preservation and option to maintain amount or remove it
- Contracted landscaping costs for Boxwood Detention Pond
- Public art maintenance to ensure longevity of public art collection
- Urban design roster does not have a tax impact as \$25,000 would be used to fund other projects
- \$60,000 proposed for National Indigenous Peoples Day June 21st and Truth and Reconciliation Day Sept 30th
- High demand for downtown events

It was moved and seconded that the Finance and Audit Committee recommend that Council add \$60,000 in annual funding to support events for National Indigenous People Day & Truth and Reconciliation Day to the 2022 – 2026 Financial Plan. The motion carried unanimously.

The Special Finance and Audit Committee meeting recessed at 12:00 p.m.

The Special Finance and Audit Committee meeting reconvened at 12:03 p.m.

Laura Mercer, Director, Finance reviewed the updated financial plan impacts including an additional 2.9% increase for 2022 and noted Staff intend to return to the December 6th Council meeting with the financial plan bylaw for three readings.

Jake Rudolph, Chief Administrative Officer, noted that the sanitation decision points will need to be discussed as they will impact the user rate bylaw.

Council discussion took place. Highlights included:

- Unlikely to receive more funds to lower the tax increase
- There will likely be a surplus which can be used to reduce tax rates, but that is not recommended as it is a one time funding source and will increase taxes in 2023
- Potentially scheduling an additional Special Finance and Audit Committee meeting for Monday, November 22, 2021

5. QUESTION PERIOD:

There was no one in attendance to ask questions.

6. ADJOURNMENT:

It was moved and seconded at 12:09 p.m. that the meeting adjourn. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER