

MINUTES
SPECIAL FINANCE AND AUDIT COMMITTEE MEETING
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE
80 COMMERCIAL STREET, NANAIMO, BC
MONDAY, 2018-NOV-26, AT 9:00 A.M.

Present: Mayor L. Krog
Councillor S. D. Armstrong
Councillor D. Bonner
Councillor T. Brown (arrived 9:03 a.m.)
Councillor B. Geselbracht
Councillor E. Hemmens
Councillor Z. Maartman
Councillor I. Thorpe
Councillor J. Turley

Staff: J. Rudolph, Chief Administrative Officer
R. J. Harding, Director of Parks and Recreation (arrived 9:04 a.m., vacated 11:46 a.m., returned 1:07 p.m.)
D. Lindsay, Director of Community Development
B. Sims, Director of Public Works and Engineering
J. Van Horne, Director of Human Resources
B. Corsan, Deputy Director, Community Development (arrived 1:31 p.m.)
K. Fry, Fire Chief
L. Mercer, Acting Director, Financial Services
W. Fulla, Manager, Business, Asset & Financial Planning
S. Peabody, A/Manager, Revenue Services (arrived 1:04 p.m., vacated 1:42 p.m.)
J. Rushton, Manager, Purchasing and Stores (arrived 1:04 p.m., vacated 1:42 p.m.)
M. Dunstan, Manager, IT Application Services (arrived 1:23 p.m.)
M. Blouin, Manager, Human Resources (arrived 10:56 a.m., vacated 11:57 a.m.)
M. Winchell, Manager, Human Resources (arrived 10:56 a.m., vacated 11:57 a.m.)
K. Williamson, Manager, Human Resources (arrived 10:56 a.m., vacated 11:57 a.m.)
D. Fox, Manager, Building Inspections (arrived 1:31 p.m.)
L. Rowett, Manager, Current Planning (arrived 1:31 p.m.)
H. Davidson, Manager, Permit Centre & Business Licensing (arrived 1:31 p.m.)
J. Holm, Subdivision Approvals Manager/Approving Officer (arrived 1:31 p.m.)
L. Bhopalsingh, Manager, Community and Cultural Planning (arrived 1:31 p.m.)
D. Mousseau, Manager Engineering and Environment (arrived 2:01 p.m.)
T. Webb, Communications Coordinator
S. Gurrie, City Clerk
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 9:02 a.m.

Councillor Brown entered the Shaw Auditorium at 9:03 a.m.

R. Harding entered the Shaw Auditorium at 9:04 a.m.

2. PRESENTATIONS:

(a) 2019 - 2023 Financial Plan - Operating Budgets

Jake Rudolph, Chief Administrative Officer, provided a presentation regarding the schedule for reviewing the 2019 – 2023 Financial Plan. He noted that the target date for approval of the draft budget is December 17th, but the final version will be adopted in May, 2019. He suggested that any items that require further review and discussion will be “flagged” to review at a later date. He noted that this is an entirely public process and aims to be transparent.

3. ADOPTION OF AGENDA:

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

2. PRESENTATIONS: (continued)

(a) 2019 - 2023 Financial Plan - Operating Budgets (continued)

- (1) 9:15 a.m. - 10:15 a.m. Budget Highlights - cost drivers, projected property tax increase, new borrowing, new positions

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

- Proposed timeline for reviewing the 2019 – 2023 Financial Plan
- Planning Framework
- 3 main components - Operating Budgets, Projects, and Business Cases
- 2019 – 2023 Budget Timelines

Committee discussion took place regarding plans to expand the RCMP building.

Wendy Fulla, Manager, Business, Asset & Financial Planning, provided a presentation regarding the following:

- Projected Property Tax Increases and User Fees
- History of Property Tax Rates 2009 – 2019
- Comparisons to other municipalities
- Impact of property taxes on a typical home in Nanaimo
- Breakdown of total City Services paid by an average home
- \$184 million expected revenues for 2019
- \$143 million expected to be spent on Annual Operation and Maintenance Operating Budget
- 2019 Key Budget Drivers

Committee discussion took place regarding the following:

- Historical legal fee expenditures compared with recent year's expenses
- Clarification on what type of investment income the City is allowed to invest in
- Proposed RCMP contract budget and potential to expand the number of RCMP staff in the future
- Sources of revenue for the Port of Nanaimo Centre

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

- 2019 Key Budget Drivers (continued)
- 7 proposed new staff positions
- RCMP contract proposes adding 15 new members, 3 per year, over a 5 year period 2020 – 2024
- Debt outstanding at December 31st, 2017, was \$42.3 million
- 2018 New Debt includes Fire Station #1, Sanitation (trucks and carts) and Chase River Pump Station & Forcemain
- New Debt anticipated for 2019 – 2023 Financial Plan - Fire Station #1, Waterfront Walkway, Sanitation and Sewer DCC Projects
- Projected outstanding debt and debt servicing limit
- Operating and Statutory Reserves
- Reserves summary and the need for a healthy reserve balance

Committee discussion took place regarding the Regional Emission Reduction Reserve Fund, what it is for and how it is used and remuneration from the Regional District of Nanaimo for costs of the RCMP Contract.

Wendy Fulla, Manager, Business, Asset & Financial Planning, explained that the RCMP contract is only for RCMP members working within the City of Nanaimo.

Laura Mercer, Acting Director, Financial Services, spoke regarding some updates to the Projected Property Tax increases due to additional

information received after completion of the Draft Financial Plan including benefit changes (pension, CPP, EI and WorkSafe).

The Special Finance and Audit Committee Meeting recessed at 10:05 a.m.
The Special Finance and Audit Committee Meeting reconvened at 10:22 a.m.

(2) 10:30 a.m. - 11:00 a.m. Chief Administrative Office

Jake Rudolph, Chief Administrative Officer, provided a presentation regarding moving forward and the responsibilities of the Chief Administrative Office. He highlighted the following:

- Role of Chief Administrative Office (CAO)
- Organization chart outlining the Mayor and Council, Chief Administrative Officer, Department heads, and RCMP contract
- Layout of Business Plans and Planning Model
- 2018 Achievements – Service Delivery, Waste Collection, Discontent City, Governance
- 2019 Challenges and Opportunities - Governance, Fiscal, Strategic Plan, Briefings/Workshops, Relationships
- Key Issues - Homelessness/Housing, New Official Community Plan, Parks and Recreation Plan, Fire Hall #1, Harbourfront Walkway, Business Systems, Organization Structure

It was requested that Council receive a list of the positions that were requested but not brought forward with the proposed 7 new positions.

(3) 11:00 a.m. - 11:30 a.m. Legislative Services and Communications

Sheila Gurrie, Corporate Officer and City Clerk, provided an overview and presentation regarding the Legislative Services and Communications Departments. She spoke regarding the following:

- Two unique business units in one
- Legislative, policy and administrative expertise
- 2018 Achievements - Municipal Election, New Council Procedure Bylaw, Records Management System, e-SCRIBE software roll out, City-produced videos and increased social media presence
- Preparation and attendance at Council and Committee Meetings
- Freedom of Information (FOI) requests estimated at 437 requests for 2018

Committee discussion took place regarding the following:

- Posting responses to FOI requests on the City of Nanaimo website
- Posting “In Camera” Minutes on the City of Nanaimo website
- Percentage of the department budget spent on FOI processing

M. Blouin, K. Williamson and M. Winchell, entered the Shaw Auditorium at 10:56 a.m.

Sheila Gurrie, Corporate Officer and City Clerk, continued her presentation as follows:

- Liability Insurance Claims - 68 closed in 2018, and 54 active
- 2019 Key Challenges - New Council Orientation, Privacy Program roll out, new Council communications expectations
- 2019 Key Initiatives - Assist with Strategic Plan 2020, Records Management Program, improve Annual Communications Plan, increase internal communications activity
- Draft Operating Budget
- Proposed changes to the Budget - reinstatement of Communications Manager

Committee discussion took place regarding the following:

- Timeframe to see a Communications Manager hired if the draft budget is approved
- Staffing requirements needed to accommodate workload for this department
- Increase in wages shown on the proposed budget reflect the inclusion of the requested Communications Manager position

(4) 11:30 a.m. - 12:00 p.m. Human Resources

John Van Horne, Director of Human Resources, provided an overview and presentation regarding the Human Resources Department. He spoke regarding the following:

- Providing advice and support to staff
- Anticipating and responding to workforce trends (changing priorities in the workforce, developing talent within)
- Growth of the City and workforce (recent staff turnover)
- Work/life balance
- Wage negotiations included within the department budget
- 2018 Achievements - CUPE Local 401 collective agreement, in-house recycling collection letter of understating, expansion of online course offerings, management bylaw review and legacy staffing issues

Committee discussion took place regarding the following:

- Training provided by the Human Resources Department
- Annual training budget for each employee

John Van Horne, Director of Human Resources, continued his presentation as follows:

- Number of incidents per year - First Aid, Medical Aid and Lost Time
- Number of positions filled per year

Committee discussion took place regarding challenges of filling certain positions such as Water Treatment Operators and Building Inspectors.

John Van Horne, Director of Human Resources, continued his presentation as follows:

- Number of course enrolments
- 2019 Key Challenges - both collective agreements up for renewal, refreshing training offerings to staff, legacy litigation from former staff

Committee discussion took place regarding the City's reputation and how this has affected the caliber of applicants for various positions.

R. Harding vacated the Shaw Auditorium at 11:46 a.m.

John Van Horne, Director of Human Resources, continued his presentation as follows:

- 2019 Key Initiatives - CUPE Local 401 collective bargaining, Management Terms and Conditions review, Certificate of Recognition (COR) Audit and prepare for negotiations with IAFF Local 905
- Draft Operating Budget
- No proposed changes to the Human Resources Budget for 2019

Committee discussion took place regarding the following:

- Wage negotiations and flexibility within job descriptions
- Timeframe for hiring new staff
- Amendments to the proposed financial plan and working with an approved provisional budget

The Special Finance and Audit Committee Meeting recessed at 11:57 a.m.

The Special Finance and Audit Committee Meeting reconvened at 1:04 p.m.

(5) 1:00 p.m. - 1:30 p.m. Finance

Laura Mercer, Acting Director, Financial Services, provided an overview of the Finance Department and a presentation regarding the following:

- 2018 Achievements - Asset Management Policy approval, Supported DCC Bylaws review, Update Travel Policy, 2 Federal Gas Tax Fund Grants, completion of all statutory reporting requirements

R. Harding returned to the Shaw Auditorium at 1:07 p.m.

- 2019 Key Challenges - department reorganization, asset management interim update, accounting software upgrade
- 2019 Key Initiatives - financial policy development, implementing external auditor recommendations
- Recommendations from external auditors (KPMG) - Whistleblower Policy, Governance Policy, Reserve Policy and updated Travel Policy
- Draft Operating Budget
- No proposed changes to the Finance Budget 2019
- Buyer position was proposed but not included in the draft budget

Committee discussion took place regarding the following:

- Size of recent purchase orders
- Automation of the purchasing process

M. Dunstan entered the Shaw Auditorium at 1:23 p.m.

- Reorganization internally to address workload issues
- Software upgrades
- Purchasing Policy is up for review in 2020

(6) 1:30 p.m. - 2:00 p.m. Information Technology

Laura Mercer, Acting Director, Financial Services, and Mathew Dunstan, Manager, IT Application Services, provided an overview and presentation regarding the Information Technology (IT) department. They highlighted the following:

- Manage various software programs throughout the City
- Provide frontline support services to staff and the public
- Geographic Information Systems (GIS) services
- Technical Services
- 2018 Achievements - Parks and Recreation software implementation, IT Service Desk Software implementation, Capital Project Management System (CPMS) enhancement, Digital agendas and minutes software implementation

L. Bhopalsingh, B. Corsan, H. Davidson, D. Fox, J. Holmes and L. Rowett entered the Shaw Auditorium at 1:31 p.m.

- 2019 Key Challenges - security, innovation and enabling change, community and staff expectations
- 2019 Key Initiatives - Mobile GIS data collection for field workers, City Portal intranet upgrade, network security enhancements, Request for Information for Computerized Maintenance Management System, Electronic Records Management Pilot

- Draft Operating Budget
- No proposed changes to the IT Budget 2019
- Two positions were proposed but not included in the Draft Budget – Geographic Information Systems (GIS) position, and Client Support Specialist position

Committee discussion took place regarding the following:

- Clarification of Geographic Information Systems (GIS) position

The Special Finance and Audit Committee Meeting recessed at 1:42 p.m.
The Special Finance and Audit Committee Meeting reconvened at 1:58 p.m.

(7) 2:15 p.m. - 3:15 p.m. Community Development

Dale Lindsay, Director of Community Development, provided an overview and presentation regarding Community Development. He spoke regarding the following:

D. Mousseau entered the Shaw Auditorium at 2:01 p.m.

- Introduced the various managers of the Community Development sections
- 64 full time employees and roughly 6% of the City's Operating Budget
- 2018 Achievements - facilitate high volumes of development applications, new on-site parking bylaw, adoption of new Development Cost Charge Bylaw, Creation of Downtown Rehabilitation Tax Exemption program, support to Cannabis Task Force, Port Drive Waterfront Masterplan, Departure Creek restoration, Hospital Area Plan, Tree Voucher Program, Affordable Housing strategy and 2018 Temporary Public Art Program
- Projected number of construction permits for 2018 at 1,100 and the value of those permits
- 2019 Key Challenges - retention and attraction of qualified experienced staff, affordable housing, economic development function and land acquisition

Committee discussion took place regarding the following:

- Increasing the number of development approvals and their turnover rate, thereby increasing the tax revenue for the City
- \$600,000 is allocated towards land purchases annually and this amount has not been updated since 2005
- Housing legacy reserve balance is currently \$2.3 million

Dale Lindsay, Director of Community Development, continued his presentation as follows:

- 2019 Key Initiatives - Official Community Plan update, Liquor Control Strategy, Bylaws review, revitalization of 1 Port Drive

- 2018 Draft Budget Details and review of Grants and Subsidies
- Draft Operating Budget
- Draft Operating Expenditures and Revenues
- Proposed Changes to Budget:
 - 1 new full time Administrative support staff
 - Co-op Planning student – 4 month position
 - Continuation of Urban Clean-up program
 - Continuation of Shower Program
- Two positions where proposed but not included in the Draft Budget - Engineering Technician and Planner position

Committee discussion took place regarding the following:

- Does the City have a policy regarding the buying and selling of land
- Cellphone towers approval process
- Grant/funding of the Bathtub weekend

(8) 3:15 p.m. - 4:00 p.m. Question Period

There was no one in attendance wishing to ask questions.

Committee discussion took place regarding the following:

- entertaining questions from people who are watching online

5. ADJOURNMENT:

It was moved and seconded at 2:38 p.m. that the meeting terminate. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER