

MINUTES
SPECIAL FINANCE AND AUDIT COMMITTEE MEETING
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE
80 COMMERCIAL STREET, NANAIMO, BC
TUESDAY, 2018-DEC-04, AT 9:00 A.M.

Present: Mayor L. Krog, Chair
Councillor I. Thorpe, Acting Mayor
Councillor S. D. Armstrong (arrived 9:02 a.m.)
Councillor D. Bonner
Councillor T. Brown
Councillor B. Geselbracht
Councillor E. Hemmens
Councillor Z. Maartman
Councillor J. Turley

Staff: J. Rudolph, Chief Administrative Officer
R. J. Harding, Director of Parks and Recreation (arrived 9:20 a.m.)
D. Lindsay, Director of Community Development
B. Sims, Director of Public Works and Engineering
B. Corsan, Deputy Director, Community Development
K. Fry, Fire Chief (vacated 1:41 p.m.)
L. Mercer, Acting Director, Financial Services
W. Fulla, Manager, Business, Asset and Financial Planning
P. Rosen, Senior Manager Engineering
A. Groot, Manager, Facility Planning and Operations (arrived 9:49 a.m.)
M. Dunstan, Manager, IT Application Services (arrived 12:33 p.m., vacated 1:22 p.m.)
M. Strain, Senior Project Manager (arrived 12:53 p.m.)
L. Bhopalsingh, Manager, Community & Cultural Planning (arrived 12:53 p.m.)
J. Matheson, Financial Analyst (arrived 12:53 p.m.)
M. Miller, Financial Analyst (arrived 12:53 p.m.)
B. Wardill, Accountant (arrived 12:53 p.m.)
S. Gurrie, City Clerk
G. Whitters, 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. ADOPTION OF AGENDA:

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

3. PRESENTATIONS:

(a) 9:00 a.m. – 12:00 p.m.

Councillor Armstrong entered the Shaw Auditorium at 9:02 a.m.

1. Introduction

Laura Mercer, Acting Director, Financial Services, spoke regarding the schedule for the day's proceedings.

2. Asset Management Video

A video from Federation of Canadian Municipalities titled "Why Invest in Asset Management" was played.

3. 20 Year Investment Plan/Background on Asset Management

Laura Mercer, Acting Director, Financial Services, provided a presentation on asset management which included the following information:

- Asset management process
- Asset management framework and ongoing improvements
- Lifecycle of assets
- Asset Management Steering Committee which included representatives from various City departments to lead development of City's Asset Management system including education and training, infrastructure lifecycle planning models, identifying funding strategies and governance
- City's asset management progress from 2008 to 2018

Committee discussion took place regarding:

- Forecasting to determine 1% increase in asset management funding and maintenance of funds
- Updates to ensure projects stay on track
- Continuous re-evaluation of asset management funds
- Rapid assessments of City facilities
- Leadership in Asset Management Program
- Level of service provided to community
- Purchase of park lands and their maintenance

R. Harding entered the Shaw Auditorium at 9:20 a.m.

Richard Harding, Director of Parks and Recreation, spoke regarding the Parks Master Plan and funds allocated to park maintenance.

Committee discussion took place regarding:

- Difference between renewal and maintenance of parks
- Tree management program

- Evaluation of renewal costs and revenue when bringing on new projects/development
- New assets included in 20-year investment plan as it is updated
- Funding of subdivision infrastructure
- Maintenance of infrastructure in relation to growth
- Taxing based on density

Laura Mercer, Acting Director, Financial Services continued her presentation which included the following information:

- 20 Year Investment Plan
- Long term planning directing attention toward emerging issues and allowing for proactive change
- Completion of the Development Cost Charge (DCC) review, updates to asset management models, and a funding strategy results being put into the 20 Year Investment Plan
- Infrastructure renewal plans and DCC projects
- 5 Year Financial Plan made up of renewal plans, DCC projects, 10 Year Plan and strategic initiatives
- Timing and cost refinement as plans are focused and knowledge gained
- Funding strategies include general revenue, private contributions, grants, DCC contributions and reserves, specific reserve, asset management reserves

Committee discussion took place regarding:

- Planning to cover asset maintenance, growth and aligning services to residents needs
- Components of larger facilities broken down by major components for asset planning
- Balance of the asset management reserves

A. Groot entered the Shaw Auditorium 9:49 a.m.

Laura Mercer, Acting Director, Financial Services, continued her presentation which included the following information:

- Projected funding surplus and shortfall
- Money from DCCs can only be spent on DCC projects
- 20 Year Investment Plan includes 5 Year Plan, and 10 Year Plan
- Strategies to reduce funding gap including continuation of annual 1% increase to General Asset Management Reserve, new DCC bylaw, asset management system improvements, grants and private contributions
- Grants coordinator position

Wendy Fulla, Manager, Business, Asset and Financial Planning, continued the presentation regarding the 2016 Asset Management Update which included the following information:

- Projected closing balances for asset management reserves
- Improvements to asset management models
- 2016 current replacement value for all city infrastructure was 3 billion
- Asset management update which included renewal of existing infrastructure and new/upgraded infrastructure due to growth
- Majority of infrastructure in good condition
- Renewal and growth of sewer infrastructure and water infrastructure
- Continuous improvements to asset management by participating in Leadership in Asset Management Program, implementation of asset management governance process and information improvements
- Received grant for rapid condition assessment of facilities

Dale Lindsay, Director of Community Development, provided an overview regarding DCCs which included the following information:

- Review of DCC bylaw every 5 years with 2022 being the next date for review
- Definition and calculation of DCCs
- Authority to collect DCCs as outlined in the *Local Government Act*
- Collection and disbursement of DCCs
- DCC review process

Committee discussion took place regarding:

- Charges for storm water drainage
- Upcoming projects, their cost and how to balance costs
- Definition of assist in *Local Government Act* regarding DCCs
- Waiving DCCs

Laura Mercer, Acting Director, Financial Services, provided the closing slides which included the following information:

- Strategies to address shortfalls including adoption of new DCC bylaw in 2018, 1% property tax increase, user fee review and debt
- Continued development of City's asset management system through governance, risk management and monitoring levels of service provided
- Debt Policy and Reserve Policy to be completed in 2019

4. 10 Minute Scheduled Recess

A. Groot and R. Harding vacated the Shaw Auditorium at 10:37 a.m.

The Special Finance and Audit Committee recessed at 10:37 a.m.

The Special Finance and Audit Committee reconvened at 10:52 a.m.

5. Project Framework Update

J. Rudolph entered the Shaw Auditorium at 10:57 a.m.

D. Lindsay vacated the Shaw Auditorium at 10:57 a.m.

Poul Rosen, Senior Manager, Engineering, provided a presentation regarding the Project Management Framework which included the following information:

- Capital Projects Policy in place to protect City's interest for large expenditures
- Policy process started with Core Services Review and the Deloitte audits
- Council's policy is to ensure good outcomes of projects
- Chapters of the framework

Committee discussion took place regarding contingency for projects and impacts to projects from recent NAFTA agreement.

Poul Rosen, Senior Manager, Engineering, continued his presentation and spoke regarding identification, assessment and mitigation of risk as well as stakeholder management.

Mayor Krog vacated the Shaw Auditorium at 11:20 a.m. and Acting Mayor, Thorpe, assumed the Chair.

6. 2019-2023 Draft Project Plan

Mayor Krog returned the Shaw Auditorium at 11:25 a.m. and resumed the Chair.

Laura Mercer, Acting Director, Financial Services introduced the 2019-2023 Draft Project Plan and spoke regarding:

- 5 year budget for infrastructure is \$279 million, with \$56 million to be spent in 2019
- Project funding sources 2019-2023 include Waterworks Reserve, general revenues and user fees, grants and private contributions, debt, Statutory Reserves, General Reserves, Sanitary Sewer Reserves

Committee discussion took place regarding the balance of reserves, and the purchases of Linley Valley, Serauxmen Stadium, and the artificial turf field.

R. Harding entered the Shaw Auditorium at 11:28 a.m.

Wendy Fulla, Manager, Business, Asset and Financial Planning, continued the presentation which included the following information:

- \$42.3 Million of outstanding debt as of December 31, 2017
- New debt from 2018

- Debt anticipated for 2019-2023 in the Financial Plan including external and internal borrowing

B. Corsan entered the Shaw Auditorium at 11:55 a.m.

Committee discussion took place regarding the following:

- Funding of the Waterfront Walkway
- Garbage truck sharing with the Regional District of Nanaimo
- Various reserves including:
 - Sanitation Leveling Reserve
 - General Financial Stability Reserve
 - Parkland Dedication Reserve
 - Uncollected Parking and Revenue Reserve
 - Snow Removal Reserve
 - Parks and Recreation Snow Removal Reserve
 - Uncollected Tax Reserve
 - Uninsured Claims Reserve
 - Regional Emissions Reduction Reserve
 - Property Acquisition Reserve
 - Housing Legacy Reserve
- Tax Deferment
- Casino revenue and Casino Reserve
- Best practises

R. Harding vacated the Shaw Auditorium 11:57 a.m.

The Special Finance and Audit Committee recessed at 11:57 a.m. and Mayor Krog vacated. The Special Finance and Audit Committee reconvened at 12:33 p.m.

M. Dunstan entered the Shaw Auditorium at 12:33 p.m.
Acting Mayor Thorpe assumed the Chair at 12:33 p.m.

(b) 1:00 p.m. – 3:00 p.m.

1. 2019-2023 Draft Project Plan (continued)

Dale Lindsay, Director of Community Development, the Community Development Project Highlights which included the following information:

- Strategic projects 2019-2023 including property acquisition, official community plan update and the housing legacy reserve
- Parks Infrastructure Projects including 2019-2023 phased development of waterfront walkway

Committee discussion took place regarding the following:

- The Official Community Plan
- Housing Legacy Reserve
- Property Acquisition
- Interaction between Official Community Plan and Transportation Master Plan

R. Harding and A. Groot entered the Shaw Auditorium at 12:38 p.m.

Bill Sims, Director of Engineering and Public Works, provided the Engineering and Public Works Project Highlights which included the following information:

- Strategic projects including Cross Connection Control Grant, Sustainable Parking Grant, and the 2019 Public Works Day
- Equipment and vehicle projects for 2019-2022 for the sanitation fleet
- Infrastructure projects for 2019-2023 including Bruce Ave and Lambert Ave Utility Upgrade, Boxwood connector and utility project, Fourth and Albert streets utilities and cycling project, Metral corridor and utility upgrade, Cranberry area utilities and connector project, Wakesiah drainage, cycling and rehab project
- Transportation Projects for 2019-2022 including Bastion Street Bridge, Downtown cycling and rehab projects, LED Light Conversion Phases 2 & 3, Wellcox Secondary Access
- Infrastructure Projects including sanitary sewer projects, Comox Area Sanitary Project, DCC SS45 Chase Rive Pump Station and water projects, 2019 Black Diamond Drive water main, and the College Drive Area water main twinning
- Engineering and Public Works projects not included in Draft Project Plan include the engineering and public works building, Terminal Ave to Nicol Street reimaged, grade separated bridge for South Downtown Waterfront Secondary Access

L. Bhopalsingh, J. Matheson, M. Miller, M. Strain and B. Wardill entered the Shaw Auditorium at 12:53 p.m.

B. Sims, Director, Engineering and Public Works, provided an overview regarding access to Port Lands project which included the rationale, scope, budget and future plans.

The Finance and Audit Committee discussed access to Port Lands which included roundabout construction, route of trucks arriving at the port and access at Farquhar Street.

Matthew Dunstan, Manager, IT Application Services, provided an overview of Information Technology project highlights which included the following:

- 2019/2021 Content Management System for records and documents to improve auditing abilities and speed of Freedom of Information requests, a central place for all documents

- 2022/2023 replacement of enterprise resource planning
- Information Technology projects not included in the Draft Project Plan include a Computerized Maintenance Management System (CMMS)

M. Dunstan vacated the Shaw Auditorium 1:22 p.m.

Richard Harding, Director, Parks and Recreation, provided an overview regarding Parks and Recreation project highlights for 2019-2020 and included the following information:

- Strategic project is the 2019/2020 Parks and Recreation Master Plan
- Facility projects for 2019-2021 including phase two of Nanaimo Aquatic Centre Roof Replacement, Frank Crane Arena chiller replacement, Beban Complex sloped roof and structure, and the facilities and park amenities Condition Assessment Program
- Parks infrastructure projects including Harewood Centennial Youth Park and Serauxmen Stadium field lighting
- Parks and Recreation projects not included in plan include: Beban Park complex – power distribution replacement, Departure Bay Activity Centre, curling club upgrades and replacements, Chase River Activity Centre seismic upgrade, Beacon House phase two, Serauxmen Stadium redevelopment and the Caledonia Park redevelopment

Karen Fry, Fire Chief, provided an overview of Public Safety project highlights which included the following information:

- Purchase of a ladder truck, two pumper trucks, rescue truck, and logistic truck
- Fire station #1 replacement,
- Bastion Street and Harbour Front Parkades phased membrane renewals
- Projects not included in Draft Project Plan include the police operations building expansion

Committee discussion took place regarding used vehicles, a timeframe on the parkades and the Equipment Depreciation Fund.

K. Fry vacated the Shaw Auditorium at 1:41 p.m.

2. Investing in Canada Infrastructure Program – Grant Program

Michelle Miller, Financial Analyst, provided an overview of the Investing in Canada Infrastructure Program a Community, Culture and Recreation Grant Program, and included details such as the aims of the grant, funding commitment by the federal and provincial government of up to 73.33% of the project cost, stacking rules, project eligibility, completion deadlines and application deadlines.

Richard Harding, Director, Parks and Recreation, provided an overview and presentation of the projects eligible for the grant including the Harewood Youth Park, the Maffeo-Sutton Playground and the Port Theatre expansion. His presentation included an outline of each of the potential projects which included:

Harwood Youth Park Overview:

- Timeline for the Harewood Youth Park includes six phases
- Community partners including Harewood Neighbourhood Association, Nanaimo Skateboard Association
- Linked to Parks, Recreation and Culture Master Plan 2005
- Phases currently in the Draft 2019-2023 Financial Plan
- Cost and funding
- Benefits of the project

Maffeo-Sutton Playground Overview:

- Current playground is at the end of life and is not inclusive or universally accessible
- Timeline for Maffeo-Sutton Playground includes three phases
- Details of the project
- Projected cost of phases and funds assigned to project in 2018-2022 Financial Plan
- Benefits of the project

Lisa Bhopalsingh, Manager, Community and Cultural Planning provided an overview on the Port Theatre Expansion which included the following information:

- Need for studio theatre and rehearsal spaces
- 2014 Council assigned funding and co-signed loan
- Project supported in the City's 2014-2020 Cultural Plan and Strategic Plan Update
- Expansion details
- Expansion Budget and process for budget bylaw amendment
- Benefits of the project
- Next steps

Committee discussion took place regarding shortfalls, which projects are ready to go, changes to the financial plan for the Port Theatre expansion and, implications in future for borrowing for the waterfront expansion.

3. Budget Recap

By unanimous consent Council agreed to postpone the Budget Recap to the 2018-DEC-05, Special Finance and Audit Meeting.

4. Question Period

No one in attendance wished to ask questions.

4. ADJOURNMENT:

It was moved and seconded at 2:09 p.m. that the meeting terminate. The motion carried unanimously.

CHAIR

ACTING MAYOR

CERTIFIED CORRECT:

CORPORATE OFFICER