

MINUTES
SPECIAL COMMITTEE OF THE WHOLE MEETING
BOARDROOM, SERVICE AND RESOURCE CENTRE,
411 DUNSMUIR STREET, NANAIMO, BC
MONDAY, 2019-MAR-11 AT 12:00 P.M.

Present: Mayor L. Krog, Chair
Councillor S. D. Armstrong (arrived 12:48 p.m.)
Councillor D. Bonner
Councillor T. Brown
Councillor B. Geselbracht
Councillor E. Hemmens
Councillor Z. Maartman
Councillor I. W. Thorpe
Councillor J. Turley

Staff: J. Rudolph, Chief Administrative Officer
R. J. Harding, Director of Parks and Recreation (arrived 12:03 p.m.)
D. Lindsay, Director of Community Development
J. Van Horne, Director of Human Resources (arrived 2:52 p.m.)
B. Sims, Director of Engineering and Public Works
K. Fry, Fire Chief (arrived 12:35 p.m.)
L. Mercer, Acting Director of Financial Services
W. Fulla, Manager of Business, Asset and Financial Planning
J. Rushton, Manager of Purchasing and Stores (arrived 2:15 p.m., vacated 3:25 p.m.)
J. Rose, Manager of Transportation (vacated 12:46 p.m.)
D. Blackwood, Client Support Specialist (vacated at 12:09 p.m.)
S. Gurrie, City Clerk
G. Whitters, Recording Secretary

1. CALL THE SPECIAL MEETING TO ORDER:

The Special Committee of the Whole Meeting was called to order at 11:59 a.m.

2. INTRODUCTION OF LATE ITEMS:

- (a) Agenda Item 4(f) - 3:15 p.m. – 3:45 p.m. Topic 4: Social Procurement for the City of Nanaimo – Update recommendation.

3. APPROVAL OF AGENDA:

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

4. REPORTS:

(a) 12:00 p.m. - 12:30 p.m. Finance Overview

Introduced by Laura Mercer, Acting Director, Financial Services.

R. Harding entered the Boardroom at 12:03 p.m.

Laura Mercer, Acting Director, Financial Services, provided an overview presentation of the Finance Department which included the following information:

- Statutory and non-statutory roles of the Finance Department
- Finance Department timelines, processes and due dates
- Penalties for late tax payments and the tax sale process

D. Blackwood vacated the Boardroom at 12:09 p.m.

- Internal and external regulations
- Financial relationships with districts and others including: the Nanaimo Hospital Association, Vancouver Island Conference Centre, Nanaimo Port Authority, Snuneymuxw First Nation, and the Tourism Association of Vancouver Island
- Potential future presentations include the 20 Year Investment Plan, Revenue Policy/Funding Strategy, User Fee Policy and Performance Measurement

(b) 12:30 p.m. - 1:45 p.m. Topic 1: City of Nanaimo Reserves Review Report

Introduced by Laura Mercer, Acting Director, Financial Services.

Laura Mercer, Acting Director, Financial Services, provided a presentation regarding the City of Nanaimo Reserves which included the following information:

- Purpose and types of reserves
- The City's 20 Year Investment Plan has a \$258 million shortfall and strategies to close the gap

K. Fry entered the Boardroom at 12:35 p.m.

- The process, purpose and outcome of the reserve review
- Recent updates to the "City of Nanaimo Development Cost Charge Bylaw 2017 No. 7252"
- Recommend establishing criteria to determine if a reserve should be an operating or statutory reserve

Committee discussion took place regarding reserve types, their purpose, the closing of reserves and the direction of funds from closed reserves.

The presentation continued regarding:

- The purpose of the Financial Stability Reserves
- Recommendations for the Financial Stability Reserves include: establishing a Financial Stability Operating Reserve for each fund (General, Sewer, Water), establishing a target minimum balance, transferring balances from existing reserves and unallocated surplus, and eliminating reserves that are no longer needed
- Recommended target balances for the Financial Stability Reserves and the projected outcome

J. Rose vacated the Boardroom at 12:46 p.m.

Councillor Armstrong entered the Boardroom at 12:48 p.m.

- The purpose of the Equipment Reserves
- Recommendations for the Equipment Reserves include: Establishing a statutory reserve, transfer balance from Operating Reserve to new Statutory Reserve, and establishing target minimum balances

Committee discussion took place regarding process for deciding target balances, the RCMP Reserve, the Photocopier Reserve and the replacement of garbage and fire trucks.

The presentation continued regarding:

- Recommended target balances for the Equipment Reserves and the projected outcomes
- The purpose of the Infrastructure Reserves
- Recommendations for the Infrastructure Reserves include: Nanaimo District Secondary School Community Field Reserve, establishing minimum target balances, and a General Capital Reserve.

Committee discussion took place regarding the Cemetery Care Reserve, the Facility Development Reserve and the Government Finance Officers Association's recommendations.

The presentation continued regarding:

- Recommended target balances for the Infrastructure Reserves and the projected outcome
- The purpose of the Parking Reserves
- The recommendation to establish a Parking Statutory Reserve
- Target balances for Parking Reserves and the projected outcome
- The purpose of Property Reserves
- The recommendation to establish a Property Acquisition Statutory Reserve
- Target balances for Property Reserves and the projected outcome

Committee discussion took place regarding the Linley Valley property purchase and the need for consideration of ongoing maintenance and operating costs when properties are purchased.

The presentation continued regarding:

- The purpose of Strategic Reserves
- Recommendations for the Strategic Reserves include establishing a Strategic Infrastructure Statutory Reserve, Housing Legacy Statutory Reserve and a Special Initiatives Operating Reserve
- Target balances for Strategic Reserves and the projected outcome

Committee discussion took place regarding the Fortis and Casino revenue, the Property Acquisition Fund, alignment of Reserves with strategic plan and the Fire Training Centre.

The presentation continued regarding:

- Ensuring that any remaining balances are transferred to an appropriate reserve after purpose of reserve has been achieved
- Projected reserve balances
- Draft reserve policy to establish processes and procedures
- The principle statements and objectives for reserves
- Next steps for the draft Reserve Policy

Committee discussion took place regarding the Regional Emissions Reduction Reserve, bringing the reserves topic to a future Finance and Audit Committee meeting and using surplus to artificially lower tax rates.

The Special Committee of the Whole recessed at 2:14 p.m.
The Special Committee of the Whole reconvened at 2:30 p.m.

Staff present: K. Fry, S. Gurrie, R. Harding, D. Lindsay, L. Mercer J. Rudolph, J. Rushton B. Sims, and G. Whitters

(c) 1:45 p.m. - 2:30 p.m. Topic 2: Draft Debt Management Policy

Introduced by Laura Mercer, Acting Director, Financial Services.

Laura Mercer, Acting Director, Financial Services, provided a presentation regarding the Draft Debt Management Policy which included the following information:

- Municipal debt is funded externally and internally
- Limitations and requirements of external and internal borrowing
- Municipal Finance Authority provides long term and short term equipment financing

Committee discussion took place regarding the cost of borrowing, a time frame on interest rate adjustments and borrowing from the Strategic Reserve.

J. Van Horne entered the Boardroom at 2:52 p.m.

The presentation continued regarding:

- Current status and cost of outstanding debts and expected repayment dates
- Projected debt for the next 5 years
- City of Nanaimo's debt servicing limit
- The purpose, principle statements and objectives of the draft Debt Policy
- Business case completed to evaluate the pros and cons of borrowing
- Next steps for the draft Debt Policy include: further discussion, review by external auditors, finalization and Council adoption.

Committee discussion took place regarding setting Council's debt tolerance level, risks of incurring debt and getting the fiscal tone of the Council.

It was moved and seconded that the Draft Debt Policy report, dated 2019-MAR-11, be received for information. The motion carried unanimously.

By unanimous consent Council decided to consider Agenda Item (f) before Agenda Item (e).

(d) 3:15 p.m. - 3:45 p.m. Topic 4: Social Procurement for the City of Nanaimo

Introduced by Laura Mercer, Acting Director, Financial Services.

Committee discussion took place regarding the benefits of partnering with other communities and the Northwest Treaty Agreement.

It was moved and seconded that the Committee of the Whole recommend that Council join the Coastal Communities Social Procurement Initiative and utilize the outcomes of the initiative to inform the City of Nanaimo's Procurement Policy. The motion carried.

Opposed: *Councillor Turley*

It was moved and seconded that the Committee of the Whole recommend that Council appoint Councillor Hemmens as the Council representative to the Coastal Communities Social Procurement Initiative. The motion carried unanimously.

The Committee of the Whole recessed at 3:25 p.m.

The Committee of the Whole reconvened at 3:41 p.m.

Staff present: K. Fry, W. Fulla, S. Gurrie, R. Harding, D. Lindsay, L. Mercer, J. Rudolph, B. Sims J. Van Horne, and G. Whitters

(e) 2:45 p.m. - 3:15 p.m. Topic 3: Grants and Exemptions

Introduced by Laura Mercer, Acting Director, Financial Services.

Laura Mercer, Acting Director, Financial Services, provided a presentation regarding Grants and Exemptions which included the following information:

- Purpose of grants
- Most grants are to non-profit organizations
- Fees for service

- Grants and exemptions from 2017
- Dispersal of cash grants in 2017
- The approval process for grants

Committee discussion took place regarding annual grant request received, various tax exemptions, the past Grants Advisory Committee and review of the Grants Policy.

5. QUESTION PERIOD:

No members of the public were in attendance to ask questions.

6. ADJOURNMENT:

It was moved and seconded at 3:56 p.m. that the meeting terminate. The motion carried unanimously.

C H A I R

CERTIFIED CORRECT:

CORPORATE OFFICER