

MINUTES
FINANCE AND AUDIT COMMITTEE MEETING
BOARDROOM, SERVICE AND RESOURCE CENTRE
411 DUNSMUIR STREET, NANAIMO, BC
WEDNESDAY, 2019-JUL-17, AT 9:00 A.M.

Present: Mayor L. Krog
Councillor S. D. Armstrong
Councillor D. Bonner
Councillor T. Brown
Councillor B. Geselbracht
Councillor E. Hemmens (vacated 11:45 a.m., returned 12:51 p.m.)
Councillor Z. Maartman
Councillor I. W. Thorpe
Councillor J. Turley

Staff: J. Rudolph, Chief Administrative Officer
R. J. Harding, General Manager, Parks, Recreation and Culture
D. Lindsay, General Manager, Development Services (arrived 9:04 a.m.)
B. Sims, General Manager, Engineering and Public Works
K. Fry, Fire Chief
L. Mercer, Director, Finance
B. Corsan, Director, Community Development (arrived 9:36 a.m., vacated 11:26 a.m.)
A. Groot, Director, Facilities and Parks Maintenance (vacated 12:01 p.m.)
E. Williams, Manager, Recreation Services (vacated 9:46 a.m.)
W. Fulla, Manager, Business, Asset and Financial Planning
J. Rushton, Manager, Purchasing and Stores (vacated 9:42 a.m.)
D. Fournier, Manager, Municipal Infrastructure (vacated 11:42 a.m.)
P. Stewart, Manager, Engineering Projects (arrived 9:04 a.m., vacated 11:42 a.m.)
J. Rose, Manager, Transportation (arrived 9:30 a.m., vacated 11:55 a.m.)
J. Evans, Manager, Fleet Operations (vacated 9:42 a.m.)
D. LaBerge, Manager, Community Safety (vacated 9:15 a.m.)
F. Farnaz, Manager, Communications (arrived 9:26 a.m.)
C. Sholberg, Community Heritage Planner (vacated 9:05 a.m.)
D. Blackwood, Client Support Specialist (vacated 9:40 a.m.)
S. Gurrie, Director, Legislative Services (vacated 11:36 a.m.)
S. Snelgrove, Deputy Corporate Officer
G. Whitters, Recording Secretary

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

The Finance and Audit Committee Meeting was called to order at 9:02 a.m.

2. INTRODUCTION OF LATE ITEMS:

- (a) Agenda Item 7(h) – 2020-2024 Financial Plan Workshop – Add Report and Presentation from Laura Mercer, Director, Finance.

3. ADOPTION OF AGENDA:

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

4. ADOPTION OF MINUTES:

It was moved and seconded that the Minutes of the Finance and Audit Committee Meeting held in the Boardroom, Service and Resource Centre, 411 Dunsmuir Street, Nanaimo, BC on Wednesday, 2019-JUN-26 at 9:00 a.m. be adopted as circulated. The motion carried unanimously.

5. REPORTS:

(a) Heritage Home Grant Application - 18 Fourteenth Street

Introduced by Chris Sholberg, Community Heritage Planner.

D. Lindsay and P. Stewart entered the Boardroom at 9:04 a.m.

It was moved and seconded that the Finance and Audit Committee recommend that Council approve a \$2,500 Heritage Home Grant for the exterior repaint of the John Wilson Residence located at 18 Fourteenth Street. The motion carried unanimously.

C. Sholberg vacated the Boardroom at 9:05 a.m.

(b) Changes to Serauxmen Stadium Field Lighting Project to LED Standard

Introduced by Richard Harding, General Manager, Parks, Recreation and Culture.

D. Blackwood vacated the Boardroom 9:09 a.m.

Committee discussion took place regarding alternate funding sources.

It was moved and seconded that the Finance and Audit Committee recommend that Council amend the 2019 – 2023 Financial Plan to increase the budget from \$752,721 to \$1,096,221 for the Serauxmen Stadium Field Lighting Project to provide for LED field lighting and electrical servicing upgrades to be funded from the Community Works Fund. The motion carried.

Opposed: *Councillor Brown*

(c) Parkade Traffic Membrane Project Adjustments

Introduced by Bill Sims, General Manager, Engineering and Public Works.

(d) Brookwood Pump Station Retrofit Project

Introduced by Bill Sims, General Manager, Engineering and Public Works.

It was moved and seconded that the Finance and Audit Committee recommend that Council approve the addition of \$250,000 to the 2019 year of the 2019-2023 Financial Plan for the Brookwood Pump Station Retrofit Project to be funded by Sewer Reserves. The motion carried unanimously.

D. LaBerge vacated the Boardroom at 9:15 a.m.

The Finance and Audit Committee meeting recessed at 9:17 a.m.

The Finance and Audit Committee meeting reconvened at 9:24 a.m.

(e) Jingle Pot Road and Westwood Road Intersection Upgrade Project

Introduced by Bill Sims, General Manager, Engineering and Public Works.

F. Farrokhi entered the Boardroom at 9:26 a.m.

(f) Haliburton Street Multi-Use Trailway Project

Introduced by Bill Sims, General Manager, Engineering and Public Works.

Committee discussion took place regarding future costs and the trail is used by cyclists.

It was moved and seconded that the Finance and Audit Committee recommend that Council approve the transfer of \$300,000 from the Pedestrian Transportation Improvements Unallocated Fund and \$157,000 from Water Infrastructure Projects Contingency Fund to fund the Haliburton Street Multi-use Trailway Project. The motion carried unanimously.

(g) Group Purchasing for the City of Nanaimo

Introduced by Laura Mercer, Director, Finance.

J. Rose entered the Boardroom at 9:30 a.m.

B. Corsan entered the Boardroom at 9:36 a.m.

Committee discussion took place regarding:

- Social Procurement
- Procurement Policy
- Type of items to be purchased through Sourcewell
- The City is currently testing Sourcewell's services
- Sourcewell operates out of the United States
- Social Procurement Information Sessions

D. Blackwood vacated the Boardroom at 9:40 a.m.

J. Evans and J. Rushton vacated the Boardroom at 9:42 a.m.

(h) 2020 - 2024 Financial Plan Workshop

Introduced by Laura Mercer, Director, Finance.

Presentation:

1. Laura Mercer, Director, Finance, provided a presentation regarding the 2020 – 2024 Financial Plan, which included the following information:
 - Projected property tax and user fee increases
 - 2020 Key budget drivers including Asset Management, Project Expenditures, RCMP Contract, Strategic Infrastructure Reserve, and Wages, Benefits & Other Charges
 - Casino and Fortis revenues

E. Williams vacated the Boardroom at 9:46 a.m.

- Service level changes included in the property tax increase including: three New RCMP Members and a new Refuse Collector
- Service level changes not included in the property tax increase including: staffing changes made this year and economic development
- 2019 - 2023 Approved Project Plan: \$95.8 Million in 2019 and \$325.7 Million in the next five years
- Funding from General Revenue
- Projects in progress, projects not currently in the plan and timing of projects

Committee Discussion took place regarding:

- Hiring a space planning consultant to assess the RCMP building
- Ranking items that are not included in project plans and funding accordingly
- SAP update
- Cost to replace all Self Contained Breathing Apparatus'
- Consideration for a Facilities Management Levy
- Case study for an urban canopy assessment
- Budget for updating the Community Sustainability Action Plan
- Registration of cars to owner's homes
- Case study for source separation bins in downtown and other areas the city currently has garbage bins
- Business case being prepared for an environmental coordinator
- Focusing on downtown and City beautification
- Downtown waterfront walkway
- Social issues
- Provincial versus local government responsibilities
- Capacity of Staff and consultant expenses
- Motions to come after deliberation of Committees and Task Forces
- Addressing other pillars of the Strategic Plan

2. Bill Corsan, Director, Community Development, provided a presentation regarding the Waterfront Walkway, which included the following information:
 - Importance to the community
 - Building in phases
 - Currently undertaking Green Shore Feasibility Study
 - Funding sources

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to proceed with the draft Waterfront Walkway Plan as presented. The motion carried unanimously.

- B. Corsan vacated the Boardroom at 11:26 a.m.
S. Gurrie vacated the Boardroom at 11:36 a.m.

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to proceed with funding the Waterfront Walkway through debt servicing from property taxation. The motion carried unanimously.

- D. Fournier, R. Harding and P. Stewart vacated the Boardroom at 11:42 a.m.

The Finance and Audit Committee meeting recessed at 11:45 a.m.
The Finance and Audit Committee meeting reconvened at 11:55 a.m.

Staff Present: F. Farrokhi, K. Fry, W. Fulla, A. Groot, R. Harding, D. Lindsay, J. Rudolph, S. Snelgrove and G. Whitters

(i) Reserve Policy Update

Introduced by Laura Mercer, Director, Finance.

- A. Groot vacated the Boardroom at 12:01 p.m.

Presentation:

1. Laura Mercer, Director, Finance, provided a presentation regarding the Reserve Policy Update, and provided a timeline of the Reserves Policy review process that included the following information:
 - Benefits and framework of reserves
 - Updates made to the draft Reserves Policy and its appendices
 - Projected balances of reserves
 - Strategy to address reserves falling below their minimum target
 - How reserves will be established, maintained and used
 - Key processes of the Reserve Policy administration

- B. Sims entered the Boardroom at 12:14 p.m.

Committee discussion took place regarding:

- Setting maximum amounts for reserves
- Replenishing reserves and reporting on balances
- Grouping reserves and overfunded reserves

- Various reserves including: the Vehicle Depreciation Reserve, Photocopier Reserve, Brechin Boat Ramp Reserve, Casino Reserve, Strategic Partnership Reserve, Traffic Fines Reserve, Uninsured Claim Reserve, Uncollected Tax Reserve, Financial Stability Reserve and the General Asset Management Reserve
- Combining the Photocopier and IT Reserves

It was moved and seconded that the Finance and Audit recommend that Council endorse the summary of recommendations on page 43 of the report titled “City of Nanaimo Reserves Review Report” as follows:

1. Establish the following new Operating Reserves:
 - a. General Financial Stability
 - b. Sewer Financial Stability
 - c. Water Financial Stability
 - d. Special Initiatives.
2. Establish new Statutory Reserves, approve related bylaws and transfer balances from corresponding Operating Reserves to new Statutory Reserves:
 - a. 911
 - b. Cart Replacement
 - c. Copier Replacement
 - d. Housing Legacy
 - e. Information Technology
 - f. NDSS Field Maintenance
 - g. Parking
 - h. Property Acquisition
 - i. Strategic Infrastructure
 - j. Sustainability
3. Establish new Emission Reduction Statutory Reserve and transfer balance from Regional Emission Reduction Reserve.
4. Eliminate the following reserves:
 - a. Allowance for Bad Debts
 - b. Colliery Dam
 - c. Firehall Improvements
 - d. Fire Training
 - e. Regional Emission Reduction
 - f. SNIC (two reserves combined into one reserve)
 - g. Traffic Fines
 - h. Uncollected Parking Revenues
 - i. Uncollected Taxes
 - j. Uninsured Claim
 - k. VI Fire Academy
 - l. Water Levelling
5. Transfer reserve balances as outlined in Appendix 4.
6. Approve the methodology for determining target balances for each reserve as outlined in Appendix 2 of this report.

7. Approve the Reserves Policy.
8. Direct Staff to report annually to Council on the status of all City reserves as outlined in the Reserve Policy.

The motion carried unanimously.

Councillor Hemmens returned to the Boardroom at 12:51 p.m.

Committee discussion took place regarding leveraging community participation in future projects, grant funding and partnership with community groups.

6. QUESTION PERIOD:

- No one in attendance wished to ask questions.

7. ADJOURNMENT:

It was moved and seconded at 12:54 p.m. that the meeting terminate. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER