

MINUTES
SPECIAL FINANCE AND AUDIT MEETING
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE
80 COMMERCIAL STREET, NANAIMO, BC
MONDAY, 2019-DEC-02, AT 1:00 P.M.

Present: Mayor L. Krog, Chair
Councillor S. D. Armstrong
Councillor D. Bonner
Councillor T. Brown
Councillor B. Geselbracht (arrived 3:14 p.m.)
Councillor E. Hemmens
Councillor Z. Maartman
Councillor I. W. Thorpe
Councillor J. Turley

Staff: J. Rudolph, Chief Administrative Officer (arrived 1:15 p.m.)
R. J. Harding, General Manager, Parks, Recreation and Culture (vacated 2:51 p.m.)
D. Lindsay, General Manager, Development Services (arrived 1:16 p.m., vacated 2:07 p.m.)
B. Sims, General Manager, Engineering and Public Works (arrived 1:48 p.m., vacated 2:51 p.m.)
J. Van Horne, Director, Human Resources
L. Mercer, Director, Finance
W. Fulla, Manager, Business & Financial Planning
K. Fry, Fire Chief
A. Groot, Director, Facilities and Parks Maintenance (vacated 2:51 p.m.)
E. Williams, A/Director, Recreation & Culture (arrived 1:34 p.m., vacated 2:51 p.m.)
D. Johnston, Manager, Arenas (arrived 1:36 p.m., vacated 2:51 p.m.)
D. Osborne, Manager, Recreation Services (arrived 1:36 p.m., vacated 2:51 p.m.)
K. Gonzales, Manager, Aquatics (arrived 1:36 p.m., vacated 2:51 p.m.)
L. Clarkson, Manager, Recreation Services (arrived 1:36 p.m., vacated 2:51 p.m.)
F. Farrokhi, Manager, Communications
S. Gurrie, Director, Legislative Services
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 1:00 p.m.

2. ADOPTION OF AGENDA:

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

3. PRESENTATIONS:

(a) Budget Recap

Laura Mercer, Director, Finance, provided an overview of the changes made to the draft budget so far:

- Projected property tax increases for General Asset Management Reserve and General Property Tax increases
- Listed changes made so far that impacted property taxation
- User fee increases for Sanitary Sewer, Water and Sanitation – no changes since last presentation
- Estimated impact on a typical home \$108 (down from \$117) increase in property taxes and \$49 increase in municipal user fees for a total estimated increase of \$157
- Motions made during the 2019-NOV-25 Special Finance and Audit Committee:
 - Strategic Infrastructure Reserve – cap contributions at 2019 level
 - Marie Davidson Bike Park – add design to 2020 Project Plan
 - Emergency Medical Responder (EMR) training – increase training budget for six years to implement EMR training
 - Vancouver Island Symphony – one time \$120,000 funding provided for 2020
 - Victim Services – fund one additional staff member
 - Nanaimo Area Land Trust – increased annual grant to \$35,000
 - Manager of Sustainability – consideration of this position was deferred until 2021 – 2025 Financial Plan
- Business cases included in the draft plan and their impact on the 2020 property tax rate – change to funding source for Loudon Boathouse design decreased the property tax rate
- Business cases not included in the draft plan and their projected impact on the 2020 property tax rate if they were included

Committee discussion took place regarding parking revenues.

It was moved and seconded that the Finance and Audit Committee recommend that Council increase the Bylaw Enforcement Officers schedule from 35 hours to 40 hours per week and that the increase be partially funded from Parking Revenues with the rest to be funded from taxation. The motion carried unanimously.

Committee discussion took place regarding:

- EMR training being funded from the Strategic Infrastructure Reserve
- Adding the Deputy City Clerk position and removing the parks co-op student
- Impact of removing the parks co-op student from the budget
- Removing the Council Contingency Fund and using the Strategic Infrastructure Reserve

J. Rudolph entered the Shaw Auditorium at 1:15 p.m.

D. Lindsay entered the Shaw Auditorium at 1:16 p.m.

- Parks co-op student being an ongoing position
- Deferring costs/expenses into 2020 and future tax rates
- Limitations when using the Strategic Infrastructure Reserve

It was moved and seconded that the Finance and Audit Committee recommend that Council remove the Parks, Recreation and Culture Co-op Student and Council Contingency Fund from the 2020 Draft Budget, that the Emergency Medical Responder training be funded from the Strategic Infrastructure Reserve in 2020, and that the Deputy City Clerk position be added to the draft budget.

It was moved and seconded that the motion be amended to retain the Parks, Recreation and Culture Co-op Student position. The motion carried.

Opposed: *Mayor Krog and Councillors Bonner and Brown*

The vote was taken on the main motion as amended, as follows:

It was moved and seconded that the Finance and Audit Committee recommend that Council remove the Council Contingency Fund from the 2020 Draft Budget, that the Emergency Medical Responder training be funded from the Strategic Infrastructure Reserve in 2020, and that the Deputy City Clerk position be added to the draft budget. The motion carried.

Opposed: *Mayor Krog and Councillor Turley*

Committee discussion took place regarding online services for dog licencing.

Laura Mercer, Director, Finance, spoke regarding the options for adopting the 2020-2024 Financial Plan Bylaw. Staff plan to provide Council with the draft 2020-2024 Financial Plan Bylaw during the 2019-DEC-16 Council meeting.

Committee discussion took place regarding public input during the upcoming eTown Hall meeting and making adjustments to the draft budget prior to reviewing the bylaw on 2019-DEC-16.

E. Williams entered the Shaw Auditorium at 1:34 p.m.

D. Johnston, D. Osborne, K. Gonzales and L. Clarkson entered the Shaw Auditorium at 1:36 p.m.

4. REPORTS:

- (a) Parks, Recreation and Culture Fees and Charges Background, Purpose, Review and Update
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Richard Harding, General Manager, Parks, Recreation and Culture, provided a presentation regarding the following:

- Last revision to the “Parks, Recreation and Culture Regulation Bylaw 2008 No. 7073” was done in 2013
- The mission statement and goals of the Nanaimo Parks, Recreation and Culture Division
- Priorities outlined in the 2005 Master Plan

- Community Parks, Recreation and Culture System is a joint initiative with the Municipal Parks, Recreation and Culture Division, Societies/Organizations within the community, other public institutions and the private sector

Committee discussion took place regarding where the largest growth is occurring in the Parks and Recreation Division and where there is a growing demand – more participatory activities and less structured programs.

B. Sims entered the Shaw Auditorium at 1:48 p.m.

Richard Harding, General Manager, Parks, Recreation and Culture, continued his presentation:

- National Recreation Summit
- Key areas to focus on in the future: recreation as an essential public good, quality of life, community engagement and access
- Benefits Based Approach – challenging to differentiate between personal direct benefits and indirect benefits to all citizens

Committee discussion took place regarding:

- Charging fees for services based on usage versus making services free
- Benefits and costs approach wherein the community determines the rates/costs for parks services/facilities based on their perceived benefits of the services

J. Rudolph vacated the Shaw Auditorium at 1:55 p.m.

- Objectives and general principals in the existing “Parks, Recreation and Culture Regulation Bylaw 2008 No. 7073”

Elizabeth Williams, A/Director, Recreation & Culture, provided a presentation regarding:

- Revenues from drop-in admissions, facility rentals and programs
- Fees and costs for registered programs

Committee discussion took place regarding how Staff select which programs to provide.

J. Rudolph returned to the Shaw Auditorium at 2:00 p.m.

S. Gurrie vacated the Shaw Auditorium at 2:03 p.m.

Elizabeth Williams, A/Director, Recreation & Culture, continued her presentation:

- Determining general admission fees
- Facility rentals: types of groups and functions typically renting the facilities

Committee discussion took place regarding:

- Providing exceptions for groups – the bylaw provides fairness with no exceptions
- Registered non-profits must be registered under the *Societies Act*
- Purpose of revenue collection is to cover operating costs and maintenance of facilities

D. Lindsay vacated the Shaw Auditorium at 2:07 p.m.

S. Gurrie returned to the Shaw Auditorium at 2:10 p.m.

Elizabeth Williams, A/Director, Recreation & Culture, continued her presentation:

- Other considerations that affect rates such as types of group/function, external tariffs and insurance, and space, size and amenities of the space
- Specialized services - need to reflect full cost recovery
- Accessibility and inclusion options provided: sponsored or low cost swims and skates, low cost/free programs included in guides, 80+ year passes and active passes for grades 5 and 6

Committee discussion took place regarding:

- Medical rehabilitation programs
- Number of parks and recreation passes purchased each year

Elizabeth Williams, A/Director, Recreation & Culture, continued her presentation and provided an overview of the Leisure Economic Access Policy (LEAP) program and criteria.

Committee discussion took place regarding:

- Privately hosted camps being considered commercial use
- Increasing the income level for the LEAP program requirements

J. Van Horne vacated the Shaw Auditorium at 2:16 p.m.

L. Mercer vacated the Shaw Auditorium at 2:21 p.m.

Elizabeth Williams, A/Director, Recreation & Culture, and Richard Harding, General Manager, Parks, Recreation and Culture, continued their presentation:

- Next steps for reviewing the “Parks, Recreation and Culture Regulation Bylaw 2008 No. 7073”
- Goal to have a revised “Parks, Recreation and Culture Regulation Bylaw 2008 No. 7073” adopted by May 2020 for implementation 2020-SEP-01

Committee discussion took place regarding:

- Plan for community engagement
- Increased costs to maintain and operate facilities
- Leaders in training program
- Costs of inflation and keeping fees low

J. Van Horne returned to the Shaw Auditorium at 2:32 p.m.

- Addition of a child care program into the parks system
- Reviewing incomes rather than age for discounted recreation passes
- Balancing fees and costs by charging users or taxpayers
- Facility repair/replacement being funded through user rates – Facility Development Reserve

The Special Finance and Audit Committee meeting recessed at 2:51 p.m.

The Special Finance and Audit Committee meeting reconvened at 3:07 p.m.

Staff in attendance: F. Farrokhi, J. Rudolph, J. Vanderhoef, J. Van Horne, K. Fry, L. Mercer, S. Gurrie and W. Fulla

(b) KPMG Audit Planning Report

Introduced by Laura Mercer, Director, Finance.

Liette Bates Eamer, KPMG, provided a presentation regarding the KPMG Interim Audit Summary:

- Materiality for the City is \$3.7 million which represents the maximum level of error
- Audit Approach:
 - Professional auditing standards require a note regarding fraud risk from previous management override of controls, but no other significant risks identified and no large issues anticipated
 - Inquired if the members of the Finance and Audit Committee were aware of any suspected non-compliance issues or fraud
 - Described what they consider to be a “significant account or disclosure” – a balance in the financial statements which could contain a material error and how KPMG will check for discrepancies

Councillor Geselbracht entered the Shaw Auditorium at 3:14 p.m.

- Upcoming changes to Public Sector Accounting Standards – asset retirement standards changing

Committee discussion took place regarding:

- Economic Development and Public Private Partnerships
- \$185,000 discrepancies being flagged and presented to Council
- Asset retirement and how changes will effect budgets going forward
- Cost for a city of comparable size to review asset retirement

5. ADJOURNMENT:

It was moved and seconded at 3:25 p.m. that the meeting terminate. The motion carried unanimously.

CERTIFIED CORRECT:

CHAIR

CORPORATE OFFICER