

**MINUTES**  
SPECIAL FINANCE AND AUDIT COMMITTEE MEETING  
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE  
80 COMMERCIAL STREET, NANAIMO, BC  
MONDAY, 2019-NOV-25, AT 9:00 A.M.

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Present: Mayor L. Krog, Chair  
Councillor S. D. Armstrong  
Councillor D. Bonner  
Councillor T. Brown  
Councillor B. Geselbracht (arrived 9:01 a.m.)  
Councillor E. Hemmens (arrived 9:01 a.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 (arrived 9:01 a.m.)  
D. Lindsay, General Manager, Development Services (vacated 12:11 p.m.)  
B. Sims, General Manager, Engineering and Public Works  
K. Fry, Fire Chief  
J. Van Horne, Director, Human Resources  
L. Mercer, Director, Finance  
W. Fulla, Manager, Business, Asset and Financial Planning  
A. Groot, Director, Facilities and Parks Maintenance (arrived 9:04 a.m.)  
F. Farrokhi, Manager, Communications  
S. Gurrie, Director, Legislative Services  
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.

Councillors Geselbracht and Hemmens entered the Shaw Auditorium at 9:01 a.m.

2. ADOPTION OF AGENDA:

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

R. Harding entered the Shaw Auditorium at 9:01 a.m.

3. PRESENTATIONS:

(a) Introduction

Introduced by Laura Mercer, Director, Finance.

(b) 2020 - 2024 Draft Project Plan

Introduced by Laura Mercer, Director, Finance.

Wendy Fulla, Manager, Business, Asset & Financial Planning, provided a presentation regarding the 2020 – 2024 Draft Project Plan which included the following information:

- Estimated spending of \$292.7 million on projects over the next 5 years
- Project funding sources include: 16.1% from debt, 14.8% from Waterworks Reserves, 13.7% from General Revenue, 6.1% from Sanitary Sewer Reserves, 0.8% from grants and private contributions, 0.7% from General Reserves and 47.8% from Statutory Reserves

A. Groot entered the Shaw Auditorium at 9:04 a.m.

- \$30 million to be spent on facility upgrades and improvements over the next 5 years with a condition assessment underway
- New Reserve Policy changes
- Projected opening balance of the Strategic Infrastructure Reserve and the 2020 - 2024 contributions and withdrawals

Committee discussion took place regarding:

- Wellcox property and the tear down of the trestle bridge
- Funding sources for the Wellcox property are from Community Works Fund, portions that are not eligible to be covered are from the Strategic Infrastructure Reserve

The presentation continued regarding:

- Outstanding Debt at 2019-DEC-31: External borrowing at \$46 million and internal borrowing at \$175,714
- 2019 New Debt: \$5.6 million in external borrowing and \$3.1 million in internal borrowing
- Completion of the feasibility study for the Waterfront Walkway which has been budgeted for 2020 – 2024
- Expecting the automated garbage truck in Spring 2020
- New Debt for 2020 – 2024: External borrowing expected total at \$43.8 million and internal borrowing at \$3.3 million
- Project Changes from the Preliminary Plan include:
  - City Fleet: 2020 project, slight increase in budget, increase City fleet by 4 units, electric vehicles and dual charging stations, supported by business case and funded from the Emission Reduction Reserve
  - Watercourse restoration and enhancement program: Funding for 2020, 2021 & 2022, supported by business case and funded from General Taxation
  - Self Contained Breathing Apparatus (SCBA) replacement: 2021 project, full replacement of SCBA's and filling stations with no impact to taxes
  - Loudon Boathouse Design: supported by business case and Council motion, added to 2020 budget

- Back-Up Generation – Beban Park Complex Electrical Substation Upgrade: Design to be done in 2020, construction in 2021, supported by business case, new system would allow for heating and cooling in the buildings during a power failure and it is to be funded from General Taxation
- Traffic Signal Technician: added to 2020 budget, cost of \$83,000 and funded through General Taxation

Committee discussion took place regarding:

- Loudon Boathouse gross cost is \$123,750 with \$15,000 to come from private contributions and balance from General Taxation
- Loudon Boathouse has been in discussion for 15 years
- Notifying community groups of the City's funding opportunities
- Projects funded by the City have to be approved by Council and in accordance with their Strategic Plan and policies
- Policy to determine who receives funding outside of grants
- Determining when funding becomes a line item
- Proposed Traffic Signal Technician is currently funded through General Revenue for a contracted on call technician
- Traffic Signal Technician position isn't designed to fully take over the contracted position
- Capacity of the Project Engineer and cost to tax payer when external consultant hired

(c) 2020 - 2024 Draft Financial Plan Recap

Introduced by Laura Mercer, Director, Finance.

Wendy Fulla, Manager, Business, Asset & Financial Planning, provided a presentation regarding the 2020 – 2024 Draft Financial Plan Recap which included the following information:

- Revised projected property tax increases for 2020 – 2024
- Currently at a 5.6% increase for 2019
- User fees increases for 2020 – 2024
- Impact on a typical home of 5.6% or \$117 increase
- 2020 key budget drivers
- Capping the annual contribution for the Strategic Infrastructure Reserve

Committee discussion took place regarding:

- Casino Revenues funding general operations
- The decision to use Casino and Fortis revenues to offset operations
- Short term borrowing
- Reliance on the fluctuating Casino and Fortis revenues

The presentation continued regarding:

- Marie Davidson Bike Park request from Nanaimo BMX Association for the City to undertake the \$35,000 design phase of proposed infrastructure upgrade of the bike park

- Request to increase Nanaimo Fire Rescue Training Budget for six years to implement Emergency Medical Responder (EMR) Training with \$66,750 in 2020 and \$60,000 a year for the years 2021 - 2025
- Requests from the Vancouver Island Symphony including:
  - Increase of funding to \$120,000 a year with potential funding sources from General Revenue or Council Contingency and potential funding sources in future years from the Culture and Heritage Operating Grant or General Revenue
  - \$30,000 for 2020 Symphony by the Sea with potential funding sources from Council Contingency or General Revenue
  - Adding the Vancouver Island Symphony as a line item in the Financial Plan

Committee discussion took place regarding application deadlines for grants.

The presentation continued regarding:

- Annual grant provided to Nanaimo Victim Services of \$53,229 plus \$6,804 for an in-kind space rental
- Nanaimo Victim Services requests increase to annual operating grant of \$100,000 for funding of 2 additional staff members, \$75,000, to fund 1.5 additional staff members or \$50,000 annual increase to fund 1 additional staff member

A. Groot vacated the Shaw Auditorium at 10:13 a.m.

- Nanaimo Area Land Trust request to increase annual operating grant by \$5000 a year with the funding source from General Revenue
- Business case developed for a Manager of Sustainability as per Council endorsement
- Council's discretion to make changes to the business cases included in draft plan
- Business cases not included in draft plan

Committee discussion took place regarding:

- Bylaw Officers initiated change in schedule and are supported by Union Representative
- Corporate Asset Management System
- Urban Forestry Management Technician
- Potential to fund Urban Forestry Management Strategy update from Reduction Reserve

The Finance and Audit Committee meeting recessed at 10:22 a.m.

The Finance and Audit Committee meeting reconvened at 10:36 a.m.

Committee discussion took place regarding addressing certain items when taxes are not as high and additional RCMP officers.

R. Harding vacated the Shaw Auditorium at 10:43 a.m.

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to update the 2020 – 2024 budget to cap the annual contribution to the Strategic Infrastructure Reserve at the 2019 level of 100% of annual Fortis Revenues and 67% of annual Casino Revenues. The motion carried.

Opposed: *Councillor Brown*

Committee discussion took place regarding the benefits of improving the Marie Davidson Bike Park.

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to update the 2020 – 2024 budget to fund the design phase of the Marie Davidson Bike Park infrastructure upgrade at a cost of \$35,000 to be funded from the Strategic Infrastructure Reserve. The motion carried unanimously.

Committee discussion took place regarding the cost of EMR training, fire truck arrival times and the quality of care.

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to update the 2020 – 2024 budget to increase the Nanaimo Fire Rescue training budget for six years to implement Emergency Medical Responder Training of \$66,750 in 2020 and \$60,000 a year for 2021 to 2025. The motion carried.

Opposed: *Councillor Hemmens*

Councillor Turley vacated the Shaw Auditorium at 11:02 a.m. stating a conflict of interest as his wife is on the Vancouver Island Symphony Board.

Committee discussion took place regarding current funding level and downtown events grant, elimination of the Council Contingency Fund and benefits of the symphony to students and the local economy.

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to update the 2020 – 2024 budget to fund the one time increase of \$30,756 to the Vancouver Island Symphony. The motion carried.

Opposed: *Councillors Armstrong, Brown and Geselbracht*

R. Harding returned to the Shaw Auditorium at 11:19 a.m.

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to update the 2020 – 2024 budget to fund the one time increase of \$30,756 to the Vancouver Island Symphony from the Strategic Infrastructure Reserve. The motion carried.

Opposed: *Councillor Brown and Geselbracht*

Committee discussion took place regarding grants the Vancouver Island Symphony is eligible for and the booking restrictions of Maffeo Sutton Park.

It was moved and seconded that the Finance and Audit Committee recommend that Council defer consideration of potential Vancouver Island Symphony funding sources for future years until policies are developed. The motion carried unanimously.

Councillor Armstrong vacated the Shaw Auditorium at 11:29 a.m. declaring a conflict of interest.

Councillor Turley returned to the Shaw Auditorium at 11:29

Committee discussion took place regarding resolutions to the Association of Vancouver Island and Coastal Communities and Union of BC Municipalities (UBCM) for the Provincial Government to fund Victim Services and in 2017 the Regional District of Nanaimo put forward a resolution regarding victim services at UBCM.

A. Groot returned to the Shaw Auditorium at 11:34 a.m.

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to update the 2020 – 2024 budget to increase the Nanaimo Victim Services annual operating grant by \$50,000 to fund 1 additional staff member funded from General Revenue. The motion carried unanimously.

Councillor Armstrong returned to the Shaw Auditorium at 11:36 a.m.

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to update the 2020 – 2024 budget to increase the Nanaimo Area Land Trust operating grant by \$5000 a year funded from General Revenue. The motion carried.  
Opposed: *Councillors Brown and Hemmens*

It was moved and seconded that the Finance and Audit Committee recommend that Council defer consideration of the Manager of Sustainability position until the 2021 – 2025 Financial plan to allow for review and updating of the Community Sustainability Action Plan. The motion carried.  
Opposed: *Councillors Bonner, Brown and Geselbracht*

Councillor Armstrong and J. Van Horne vacated the Shaw Auditorium at 11:57 a.m.

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to update the 2020 – 2024 budget to fund the design of the Loudon Boathouse from the Strategic Infrastructure Reserve. The motion carried unanimously.

Councillor Armstrong returned to the Shaw Auditorium at 11:58 a.m.

J. Van Horne returned to the Shaw Auditorium at 11:59 a.m.

Committee discussion took place regarding:

- Traffic Signal position and equipment required
- Deferment of the Urban Forestry Management Strategy update
- Reducing Council Contingency and using the reduction to fund a Staff position
- Change in bylaw enforcement officer schedule
- Purpose and historical use of Council Contingency
- Council Contingency is funded through surplus or Strategic Infrastructure Reserve
- No restrictions on Council Contingency and Strategic Infrastructure Reserve
- Process for financial bylaw amendments

D. Lindsay vacated the Shaw Auditorium at 12:11 p.m.

4. QUESTION PERIOD:

No one in attendance wished to ask questions.

5. ADJOURNMENT:

It was moved and seconded at 12:23 p.m. that the meeting terminate. The motion carried unanimously.

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CHAIR

CERTIFIED CORRECT:

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CORPORATE OFFICER