

MINUTES
FINANCE AND AUDIT COMMITTEE MEETING
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE
80 COMMERCIAL STREET, NANAIMO, BC
WEDNESDAY, 2019-NOV-20, AT 8:30 A.M.

Present: Mayor L. Krog, Chair
Councillor S. D. Armstrong
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, General Manager, Parks, Recreation and Culture
D. Lindsay, General Manager, Development Services
B. Sims, General Manager, Engineering and Public Works
L. Mercer, Director, Finance
W. Fulla, Manager, Business, Asset & Financial Planning
J. Rushton, Manager, Purchasing & Stores (arrived 11:35 p.m., vacated 1:30 p.m.)
J. Orton, Manager, Payroll (arrived 11:35 p.m. vacated 1:30 p.m.)
B. Wardill, Manager, Revenue Services (arrived 11:35 p.m., vacated 1:30 p.m.)
D. Bailey, Manager, Accounting Services (arrived 11:35 p.m., vacated 1:30 p.m.)
K. Fry, Fire Chief (arrived 8:32 a.m., vacated 2:49 p.m.)
T. Doyle, Deputy Fire Chief (arrived 1:42 p.m.)
G. Norman, Deputy Fire Chief – Administration (arrived 1:42 p.m.)
J. Le Masurier, Assistant Chief, Education & Training (arrived 1:42 p.m.)
K. Lindsay, Manager, Emergency Program (arrived 1:22 p.m., vacated 2:49 p.m.)
M. Winchell, Manager, Human Resources (arrived 10:10 a.m., vacated 11:35 a.m.)
K. Williamson, Manager, Human Resources (arrived 10:17 a.m., vacated 11:35 a.m.)
M. Blouin, Manager, Human Resources (arrived 10:50 a.m., vacated 11:35 a.m.)
S. Weatherby, Manager, Occupational Health and Safety (arrived 10:17 a.m., vacated 11:35 a.m.)
S. Gurrie, Director, Legislative Services
F. Farrokhi, Manager, Communications
S. Snelgrove, Steno Coordinator (arrived 9:48 a.m., vacated 11:15 a.m.)
M. Waggoner, Records/Info & Privacy Coordinator (arrived 9:48 a.m., vacated 11:15 a.m.)
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 8:31 a.m.

2. ADOPTION OF AGENDA:

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

K. Fry entered the Shaw Auditorium at 8:32 a.m.

3. PRESENTATIONS:

(a) 2020 - 2024 Financial Plan Operating Budgets

Introduced by Jake Rudolph, Chief Administrative Officer.

1. Budget Highlights

Laura Mercer, Director, Finance, provided a presentation regarding the 2020 – 2024 Draft Financial Plan that included the following information:

- Operating budgets are built from scratch each year with the exception of staffing and internal charges
- Upcoming Budget Meeting: 2019-NOV-25 to review project budget, 2019-DEC-02 eTown Hall, Final budget reviews December 2 or 9 and new user rate bylaws December 2
- Increases to user fees to take effect 2020-JAN-01
- February to April levies are incorporated into budget
- April 2020 budget and tax bylaw will be presented for adoption and must be adopted before 2020-MAY-15

Wendy Fulla, Manager, Business, Asset & Financial Planning, continued the presentation:

- In February Staff reviewed each department's 10 year budget plans
- In July and August Staff reviewed operating budgets based on workplans
- Anticipated property tax increase of 5.2% with 1% of that taken up by the General Asset Reserve
- After Finance received WorkSafe BC, EI and CPP rates the tax increase projection is now at 5.6% and Finance is waiting for pension and extended benefits rates
- Consumer Price Index (CPI) as of September 30 is at 2.5%
- CPI is not the best tool to compare municipal taxes but there isn't currently a municipal price index
- User rates increased 4% annually for Asset Management Reserve
- 7.5% increase in Water User Fees
- 10 year average Property Tax increase of 2.1%
- How Nanaimo compares to other municipalities and the contributing factors
- Ratio between property taxes and price of typical home
- 5.2% impact on typical home is \$109 dollars and \$117 at a 5.6% increase

- Increases for water, sewer and sanitation fees provides average impact to \$158 dollars or \$166 at 5.6%
- Ratio of taxes that are spent on city services, reserves, projects and debt servicing external borrowing
- Top three City services that are paid by average home are: RCMP, Parks, Recreation and Culture, and Nanaimo Fire Rescue & 911
- Anticipating costs of RCMP unionization
- Budget projected at \$196.5 million
- 2020 annual operating amount for delivering day to day services is \$152 million
- Parks and Recreation revenue sources
- Budget drivers that are six figures or more include: Asset Management Reserve, wages and benefits, contracted services, economic development, fleet charge – fire, legal fees, project expenditures, RCMP contract, snow and ice control reserve, sewer and water internal support, Strategic Infrastructure Reserve and utilities – water and sewer
- Financial impacts of dismantling the Nanaimo Economic Development Corporation (NEDC)
- Revenue increases and decreases including: building permit revenue, casino revenue, grant in lieu, provincial fine revenue, transfer from RCMP contract reserve and the transfer from surplus/reserve
- Net Expenditures increase of \$6.75 million and a net impact of \$5.5 million
- Business cases incorporated in Draft Plan includes:
 - Corporate Services - 2 Permanent Full-Time (PFT) prisoner guards, conversion of 2 records clerks from permanent part time (PPT) to PFT and the Beban Complex electrical substation
 - Development Services: 4 building inspection vehicles, a Manager of Economic Development Services position, the economic development function, Urban Forestry Technician and a watercourse restoration and enhancement program,
 - Engineering and Public Works: Traffic Signal Technician
 - Nanaimo Fire Rescue: Full replacement of (Self Contained Breathing Apparatus (SCBA)
 - Parks, Recreation and Culture: Allocations Clerk, Co-op Student and Loudon Boathouse
- Business cases not included in Draft Plan:
 - Corporate Services: Corporate Asset Management System, service enhancements to dog licensing and an Emergency Program Coordinator
 - Development Services: animal shelter, bylaw enforcement officers change in schedule, urban forestry management strategy update and a Manager of Sustainability
 - Engineering and Public Works: Municipal Services Inspector and Project Engineer
 - Legislative Services: Deputy City Clerk/Manager of Legislative Services

- Staff Changes Highlights included: the elimination of the Deputy Director of Financial Services and added the following positions:
 - Corporate Services: General Manager of Corporate Services, Director of Information Technology, Financial Analyst, Buyer, Prison Guards, and the Records Clerks converted from PPT to PFT
 - Development Services: Manager of Subdivisions, Manager of Economic Development and Urban Forestry Technician
 - Parks, Recreation and Culture: Manager of Utilities, Traffic Signals Technician and Refuse Collector
- Outstanding Debt at 2018-DEC-31 included external borrowing for Fire Station #1, Fire Station #4, Nanaimo Aquatic Centre, Sanitation, Vancouver Island Conference Centre and the Water Treatment Plant
- 2019 New Debt: External borrowing for a sanitation truck
- Waterfront Walkway on hold until feasibility study completed
- Internal borrowing for the Chase River Pump Station and Forcemain
- New Debt 2020 – 2024: External borrowing for Fire Station #1, Waterfront Walkway, Sanitation Refuse Collector, Sewer Development Cost Charges (DCC) projects. Internal borrowing also includes Sewer DCC Project
- Projected Outstanding External Debt short- and long-term
- Projected annual external debt servicing costs
- Debt Servicing Limit defined as 25% of controllable and sustainable revenues for the year. The City of Nanaimo's limit is at \$43.1 Million (11%) as at 2018-DEC-31
- Nanaimo compared to similar-sized municipalities on their debt services limits
- Two types of reserves: Operating – not restricted, more flexibility and Statutory controlled by *Community Charter* or Bylaw
- New reserve policy coming into effect on 2020-JAN-01
- The following reserves are included in the Reserve Framework: Financial Stability, Equipment, Infrastructure, Parking, Property Acquisition, Strategic, Other and DCC
- Minimum targets held for reserves and repayment plans

Committee discussion took place regarding:

- Loudon Boathouse
- Operating budget for the Port of Nanaimo Centre (PoNC)
- PoNC anticipated revenue for conference centre operations

1. Environmental Position Business Case

Introduced by Laura Mercer, Director, Finance.

2. Chief Administrator's Office

Jake Rudolph, Chief Administrative Officer, provided a presentation regarding the Chief Administrator's Office (CAO) 2020 Business Plan which included the following information:

- Role of CAO's includes: ongoing advice to Council, implementation of Council policies, corporate leadership and managerial responsibilities for all departments, liaison with community organizations, first nations, provincial and federal agencies, economic development and overall emergency planning and preparedness
- Purpose of Business Plans is to provide an overview of services, 2019 Achievements, Key Challenges for 2020 and proposal for operating budgets
- Nanaimo is average in comparison to other municipalities on a representative home
- Total city services paid by average home are approximately \$151.53 a month or \$5.05 a day
- 2019 Achievements according to the Strategic Plan includes:
 - Governance Excellence – engagement, Code of Conduct, Strategic Plan, Governance and Priorities Committee, Task Forces and Committees, Fiscal Management, Organizational Alignment, Procedure Bylaw, Growth Management, service delivery, and reconciliation
 - Building or improving relationships with Nanaimo Port Authority (NPA), Snuneymuxw First Nation (SFN), Senior Government, Vancouver Island University, Nanaimo Airport, Chamber of Commerce, Nanaimo Hospitality Association, BC Housing, School District 68, Regional District of Nanaimo (RDN) and Tourism Nanaimo

S. Snelgrove and M. Waggoner entered the Shaw Auditorium at 9:48 a.m.

- Economic Health – record year for building and development, fiscal management, economic function review, NPA protocol agreement, Tourism Nanaimo, Business Investment and Service delivery
- Environmental responsibility – Environment Committee, declaring climate emergency, energy efficient initiatives, Resiliency Strategy and the Community Sustainability Action Plan
- Livability – Health and Housing Task Force, Te'Tuxwtun Project Memorandum of Understanding (MOU), Advisory Committee on Accessibility and Inclusiveness, Downtown Mobility Study and quick wins, Official Community Plan (OCP); Parks, Recreation and Culture Plan; Active Transportation Plan, Fire Hall #1 planning and design, Front Street Extension and the Departure Bay Walkway review
- 2020 Challenges and Opportunities include:
 - Committees/Engagement – Online Engagement, Advisory Panel, Steering Committee, Task Forces, Committees and Governance
 - Organizational alignment, health of organization and rebuilding of Staff morale
 - Capital Projects: Water, sewer, drainage, facilities, complete streets and parks and trails

- Future Capital Projects: Port Theatre, Waterfront, RCMP office space, Public Works facilities, Recreation facilities and 1 Port Drive
- Economic health – OCP, Asset Management, economic function/strategy, partnerships and fiscal management
- Environmental Responsibility – solid waste and recycling, urban forestry, transportation, water conservation, environmental bylaw compliance, rainwater management, environmental and climate action policy developments, buildings and vehicle energy efficiency, ecological restoration and stewardship and the environment committee
- Livability – community events, complete streets, social housing, community safety and parks and recreation
- 2019 Council is setting the foundation with the Strategic Plan, GPC, procedures and organization
- 2020 work begins on strategic initiatives such as the OCP, Task Forces, Environment Committee, Front Street and Gordon Street Hotel
- 2021/2022 results from work for OCP, Metral Drive, Environment Initiatives, Economic Function, Fire Hall #1, Port Theatre, BC Ferries, Social Housing and Fiscal Sustainability

M. Winchell entered the Shaw Auditorium at 10:10 a.m.

Committee discussion took place regarding:

- Folios and taxes paid for new developments
- Diversifying the tax base and housing assessments
- Impact of keeping taxes low in previous years

The Finance and Audit Committee meeting recessed at 10:17 a.m.

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

Staff Present: K. Fry, F. Farrokhi, W. Fulla, S. Gurrie, L. Mercer, J. Rudolph, S. Snelgrove, M. Waggoner, S. Weatherby, G. Whitters, K. Williamson and M. Winchell

K. Fry returned to the Boardroom at 10:37 a.m.

3. Legislative Services and Communications

Sheila Gurrie, Director, Legislative Services, provided a presentation regarding the Legislative Services and Communications 2020 Business Plan which included the following information:

- Legislative Services Department responsibilities include: Legislative policy and administrative expertise that ensures compliance with legislation, provide strategic communications advice
- Departments share of city budget is 1.7%

- 2019 Achievements include: New Council orientation, Strategic Plan support, Privacy Management Program, Records Management Project, Freedom of Information and Protection of Privacy (FOIPPA) and Privacy Management training, increased responsiveness to issues management, increased social media presence and implementation of public engagement software, Procedure Bylaw changes, Advisory Committee on Accessibility and Inclusiveness, Youth Engagement, increased responses and being proactive on communicating issues, weekly eNewsletter, digital marketing and communication sessions
- Time that goes into meeting preparation and increase in meetings
- Freedom of Information requests are down from last year but still high and trending up
- Number of insurance claims consistent with previous years

D. Lindsay returned to the Shaw Auditorium at 10:48 a.m.

M. Blouin entered the Shaw Auditorium at 10:50 a.m.

- 2020 Key Challenges include: support for increasing number of Council and committee meetings, FOI and Privacy Management training, electronic records management implementation and change management and public engagement software training and implementation
- 2020 Key initiatives include: Council meeting and committee meeting support, Privacy Management Program, Records Management Pilot Project phases 4 – 6, critical strategic advice to senior management, improvements to the annual communications plan and public engagement software training
- Draft Operating Budget for 2020 - 2024
- Changes not included in draft budget: One position for a Deputy City Clerk
- Staff capacity and taking on new projects

B. Sims returned to the the Shaw Auditorium at 11:06 a.m.

Committee discussion took place regarding:

- Proposed operating budget
- Workload from new electronic management system
- Nanaimo compared to other municipalities on FOI statistics
- Cost of Deputy City Clerk
- Establishing corporate priorities when determining business cases

S. Snelgrove and M. Waggoner vacated the Shaw Auditorium at 11:15 a.m.

4. Human Resources

Mary Winchell, Manager, Human Resources, provided a presentation regarding the Human Resources 2020 Business plan which included the following information:

- Human Resources (HR) Department provides specialized advice and responsive HR services to support the organization, attracts talent, retains and develops people and promotes and supports a safe, healthy workplace
- Core HR Services include: health, safety & disability management, job classification, compensation and benefits, labour relations, employee relations, training and development, recruitment and selection
- Departments share of City budget is 1.4%
- 2019 Achievements include: 4 year collective agreement with CUPE Local 401, update of “Management Terms and Conditions of Employment Bylaw 2018 No. 7273” and supported Council in developing a Code of Conduct, Council’s 2019-2022 Strategic Plan and the Whistleblower Policy
- Number of competitions, recruitments, courses and workshops offered and level of enrollment
- 2019 Achievements continued: New branding for job postings, Management Handbook, transition to paperless internal processes, onboarding/orientation process enhancement and the Mental Health Leadership Training
- 2020 Key challenges include: reputation rebuilding, reducing lost time accidents and legacy litigation from former Staff
- WorkSafe BC payment rates and the potential for them to decrease in the future
- 2020 Key Initiatives include: Collective bargaining with IAFF Local 905, resolve legacy employment litigation issues and health and safety initiatives
- Draft operating budget for 2020 - 2024
- No changes to proposed budget

The Finance and Audit Committee meeting recessed at 11:35 a.m.

The Finance and Audit Committee meeting reconvened at 1:03 p.m.

Staff present: D. Bailey, M. Dunstan, W. Fulla, K. Fry, S. Gurrie, L. Mercer, J. Orton, J. Rudolph, J. Rushton, B. Sims, B. Wardill and G. Whitters

5. Finance

Laura Mercer, Director, Finance, provided a presentation regarding the Finance 2020 Business Plan which included the following information:

- Responsibilities of the Finance Department include: Safeguarding the City’s financial assets and financial support to its departments
- Responsible for 5 Year Financial Plan, monthly, quarterly and annual reporting, accounts payables and receivables, billings and collections, cash collection, payroll and purchasing functions
- Finance Department’s share of City budget 2.9%

- 2019 Achievements include: Establishment and updates of Reserves policy, Debt policy, Budget transfer policy and procedures update, Concur invoice automation solution, sewer and water user fee review, electronic funds transfer fraud detection and completion of all statutory reporting requirements
- Key challenges include: staffing and accounting software upgrade
- Challenges of filling key vacancies and movement in union positions
- 2020 Key Initiatives include: Procurement Policy Review, Procurement template legal review, Implementation of an E-bidding solution to streamline requests for information/proposals processes, implementation of Concur automated invoice processing, upgrade budgeting software that will not be supported after December 2020, implement changes to the budgeting and cost allocations for timecard workers, water and sewer user rate review, financial policy development and furtherance of the Coastal Communities Social Procurement Initiative
- Draft Operating Budget for 2020 – 2024 bulk of expenditures are wages
- Proposed changes to budget: Addition of a Junior Accountant and a Junior Financial Analyst position
- Change not included in draft budget: business case for service enhancements to dog licensing

K. Lindsay entered the Shaw Auditorium at 1:22 p.m.

Committee discussion took place regarding:

- New software for accounting and budgeting
- Elimination of the Chief Financial Officer and Deputy Director positions
- Revenues of the finance department from purchasing card rebates, and admin fees for Tax Levy
- Fraud control

D. Bailey, J. Orton, J. Rushton and B. Wardill vacated the Shaw Auditorium at 1:30 p.m.

6. Information Technology

Matthew Dunstan, Manager, IT Application Services, provided a presentation on the Information Technology 2020 Business Plan which included the following information:

- Services provided includes: support services, application support, client support services, financial systems & reporting services, geographic information system (GIS) services and technical services
- Department share of City budget 2.9%
- 2019 Achievements include: Air Photo Pictometry, City Projects, Nanaimo Map, SharePoint 2019 upgraded, Windows 10 upgrades, fibre network, parks asset inventory and Tempest citizen interface
- 2020 Key Challenges include: security, innovation and enabling change and managing community and Staff expectations

- 2020 Key Initiatives include: Content Management System (CMS) pilot, mapping of planning department processes, new citizen mapping portal and open data repository, file storage capacity upgrade, CCTV support for pipe inspection software, business continuity implementations (dual ISP), enhance anti-malware software and the IT network security strategy

F. Farrokhi returned to the Shaw Auditorium at 1:38 p.m.

- Proposed change to budget includes a Director of IT
- Change not included in draft budget: Corporate Asset Management System

Committee discussion took place regarding staying on top of security practices.

T. Doyle, J. Le Masurier and G. Norman, entered the Shaw Auditorium at 1:42 p.m.

7. Emergency Management

Karen Lindsay, Manager, Emergency Program, provided a presentation regarding the Nanaimo Emergency Management 2020 Business Plan which included the following information:

- Overview of department responsibilities including: Emergency Management that supports response and recovery from emergencies, development of emergency plans, training Staff, providing public education and managing volunteer program
- Made up of 1 staff member and an Emergency Support Services (ESS) Consultant and volunteers who are on call 24/7
- Departments share of City's budget 0.1%

D. Lindsay returned to the Shaw Auditorium at 1:47 p.m.

- 2019 Achievements include: 5 community exercises, 2 virtual ECC activations, 10 monthly ESS meetings and 2 exercises, 2 hazard specific emergency plans, climate resiliency study participation, post incident analysis from 2018 windstorm, public education (2 open houses, 6 public information sessions reached approximately 2400 residents), advertising campaigns emergency preparedness week and the Great BC Shakeout
- Notification regarding launching VoyentAlert
- 2019 Achievements include: Emergency Coordination Centre (ECC) activations, recovery of funds from emergency events, ESS Call Outs, ESS Volunteer Hours, Public Education Sessions/Events and ECC Training
- 2020 Key Challenges include: Training new Staff, resource issues and provincial download
- Beginning process of recovery planning and post-disaster supply chain

- 2020 Key Initiatives include: ECC Staff Exercises (4 per year) and training, ECC design for Fire Station #1 rebuild, public education and advertising, emergency response and recovery plan update, hazard and a risk and vulnerability analysis update
- Partnering with University of BC, Dalhousie and Washington State for residents to develop their own emergency plans
- Draft operating budget for 2020 - 2024
- Proposed change to budget is to prepare Beban Complex Sub Station for generator purchase or rental in future
- Change not included in budget: An Emergency Program Coordinator

Committee discussion took place regarding:

- Expenses for volunteer callouts
- Cooperation between the City of Nanaimo and RDN
- Succession planning for Staff

Councillor Brown vacated the Shaw Auditorium at 2:07 p.m.
The Finance and Audit Committee meeting Recessed at 2:07 p.m.
The Finance and Audit Committee meeting reconvened at 2:23 p.m.

Staff present: T. Doyle, F. Farrokhi, K. Fry, W. Fulla, K. Lindsay, L. Mercer, G. Norman, M. Winchell, S. Gurrie and G. Whitters

J. Rudolph returned to the Shaw Auditorium at 2:24 p.m.

8. Nanaimo Fire Rescue

Karen Fry, Fire Chief, provided a presentation regarding the Nanaimo Fire Rescue (NFR) Business Plan for 2020 which included the following information:

- Responsibilities of the NFR include: fires, medical rescue, natural disasters, specialized services such as hazardous material and technical rescue, community risk reduction through public education, 4 stations and Protection Island and the 911 Central Island FireComm
- Department's share of City budget is 12.4%
- Fire services generates revenues through the training academy and contracts with RDN, SFN and the Fish and Game Club
- Fire Department's cost to average tax payer is \$25 a month
- 2019 Achievements include: training, Fire Station #1 and public education and outreach through smoke alarm campaign & installations, bystander CPR and Camp Courage
- 2019 Achievements include: attendance times, fostering positive labour relations, received fire underwriters survey, improved the public fire protection classification by 1 step, number of fires attended and number of inspections completed

- 2020 Key Challenges include: mental health training and awareness, fire operations resourcing – increased overtime requirements, administrative capacity, resourcing for increased fire inspections, plan approval compliance, Fire Station #1 rebuild and the homelessness/opioid crisis
- 2020 Key Initiatives: Fire Station #1 rebuild, compliance with changes to BC fire code, BC Building code and *Fire Safety Act*, mobile inspections initiative, expand training program – mental health, auto extraction, life view, fire department study, community outreach and education on fire prevention and community safety, replacing 2 fire engines and expecting replacement of ladder truck
- Reviewed the draft operating budget and noted that collective bargaining was upcoming
- Proposed change to budget to include funding for SCBA replacement in 2021

D. Lindsay and B. Sims returned to the Shaw Auditorium at 2:41 p.m.
Councillor Brown returned to the Shaw Auditorium at 2:43 p.m.

Committee discussion took place regarding:

- Determining placement of a new fire station
- Response times in Hammond Bay area and staffing requirements

K. Lindsay vacated the Shaw Auditorium at 2:49 p.m.

- Minimum of 16 firefighters on duty at a time
- The National Fire Protection Association (NFPA) is a guiding document for number of firefighters required

4. QUESTION PERIOD:

- Bill Manners re: 2020 -2024 Financial Operating Budget – Finance staffing position for tracking and applying for provincial funding and Emergency Management - how emergency issues are relayed to the public

5. ADJOURNMENT:

It was moved and seconded at 2:58 p.m. that the meeting terminate. The motion carried unanimously.

CERTIFIED CORRECT:

CHAIR

CORPORATE OFFICER