

MINUTES
FINANCE AND AUDIT COMMITTEE MEETING
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE,
80 COMMERCIAL STREET, NANAIMO, BC
MONDAY, 2020-OCT-21, AT 9:00 A.M.

Present: Councillor T. Brown, Chair
Councillor S. D. Armstrong
Councillor D. Bonner
Councillor B. Geselbracht
Councillor E. Hemmens
Councillor Z. Maartman
Councillor I. W. Thorpe
Councillor J. Turley

Absent: Mayor L. Krog

Staff: J. Rudolph, Chief Administrative Officer
R. Harding, General Manager, Parks, Recreation and Culture
S. Legin, General Manager, Corporate Services
D. Lindsay, General Manager, Development Services
B. Sims, General Manager, Engineering and Public Works
J. Van Horne, Director, Human Resources (joined electronically 9:04 a.m.)
L. Mercer, Director, Finance
P. Rosen, Director, Engineering
A. Groot, Director, Facilities and Parks Operations
G. Whiting, Deputy Fire Chief
W. Fulla, Manager, Business Asset and Financial Planning
F. Farrokhi, Manager, Communications (joined electronically)
S. Gurrie, Director, Legislative Services
K. Lundgren, Recording Secretary

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

The Finance and Audit Committee Meeting was called to order at 9:00 a.m.

2. APPROVAL OF THE AGENDA:

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

3. ADOPTION OF THE MINUTES:

It was moved and seconded that the Minutes of the Finance and Audit Committee Meeting held in the Shaw Auditorium, 80 Commercial Street, Nanaimo, BC, on Wednesday, 2020-SEP-16 at 9:00 a.m. be adopted as circulated. The motion carried unanimously.

4. REPORTS

(a) Facilities Valuation Study

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

Poul Rosen, Director, Engineering, spoke regarding the corporate Asset Management Plan and a facilities valuation study. Highlights included:

- The last major update to the Asset Management Plan was in 2016/2017 and Staff are planning another update in 2021/2022
- In the past, valuations have been done from an insurance requirement perspective rather than from a replacement perspective

Committee discussion took place. Highlights included:

- Difference between an insurance value perspective and a replacement value perspective would vary depending on factors such as age of the facility
- The scope and detail of a facilities valuation study
- Grant funding to be allocated towards hiring a Quantity Surveyor
- Facilities valuation data intended to inform the corporate Asset Management Plan
- Facilities valuation study depicts current replacement value rather than a projection of future costs

It was moved and seconded that the Finance & Audit Committee recommend that Council approve accelerating \$50,000 in grant funding for the Facilities and Park Amenities Condition Assessment Program from 2021 to 2020 for the purposes of a facilities valuation exercise. The motion carried unanimously.

(b) Building Envelope Project at 25 Victoria Road

Richard Harding, General Manager, Parks, Recreation and Culture, spoke regarding the Building Envelope Restoration Project at 25 Victoria Road and advised that the report is provided as information update on the project.

(c) Community Resiliency Investment Program (FireSmart Community Funding and Supports Program)

Geoff Whiting, Deputy Fire Chief, requested Council's support in applying for a \$49,600 grant from the Community Resiliency Investment Program. Highlights included:

- Funds will be used to promote wild fire prevention education and to conduct community based wild fire prevention activities
- Community Wild Fire Protection Plan, conducted in 2016, rated the City as having a low to moderate fire impact risk
- FireSmart weekends are included in planned activities and have previously received excellent reception from the community
- Activities have been reviewed and approved by a Wildfire Prevention Officer from the BC Wildfire Service

- No funding budgeted for this program outside of this grant

It was moved and seconded that the Finance and Audit Committee recommend that Council support the City of Nanaimo's application to the Union of BC Municipalities for the Community Resiliency Investment Program (FireSmart Community Funding and Supports Program) and if successful the project will be added to the 2021-2025 Financial Plan. The motion carried unanimously.

(d) 2021 Social Planning Grant Increase

Dale Lindsay, General Manager, Development Services, spoke regarding an opportunity to add \$30,000 of available social grant funding to the 2021 Social Planning Grants Program.

Committee discussion took place. Highlights included:

- Various programs funded through this grant program
- The use of grant funding for the earlier opening of shelters

It was moved and seconded that the Finance and Audit Committee recommend that Council authorize Staff to advertise that an additional \$30,000 of Social Response Grant funding is available for projects that specifically address community wellness or addictions response. The motion carried unanimously.

(e) Asset Management Update

Introduced by Shelley Legin, General Manager, Corporate Services.

Presentation:

1. Laura Mercer, Director, Finance, provided a verbal presentation. Highlights included:

- An overview and history of the Asset Management Plan
- Based on recommendations from the 2012 Asset Management Update, three reserves were created: General Asset Management Reserve, Sewer Asset Management Reserve, and the Water Asset Management Reserve
- Delay to the Asset Management Plan update
- Staff recommend extending the 1% annual property tax increase for another five years or until the Asset Management Plan update is completed
- Extension will allow Staff to continue long-term planning without funding constraints
- Funding gap in the financial plan in the year 2025

Committee discussion took place. Highlights included:

- Long-term planning and smoothing out future tax bumps
- Maintaining the 1% consistency and avoiding the need to borrow
- Current impact of COVID-19 on residents

- Modifying the 10 year plan to avoid the expected funding shortfall in 2025

Wendy Fulla, Manager, Business Asset and Financial Planning, noted that the 2021 Draft Financial Plan will be coming to a Finance and Audit Committee meeting in November, and a funding gap in 2025 may result in rescheduling projects.

Laura Mercer, Director, Finance, continued her presentation as follows:

- Several factors have resulted in delaying the User Fee Review
- User Fee Review will come to Council January 2021, and Staff anticipate a recommendation to Council to increase the user fee rates
- To avoid a funding gap, Staff are recommending that the annual 2.5% water fee increase be extended to 2021
- For a single family household, increase would amount to approximately \$15.16 per year

Committee discussion took place. Highlights included:

- The importance of long-term planning
- The identification, maintenance and improvement of natural assets
- The rise in construction cost and aging facilities

It was moved and seconded that the Finance and Audit Committee recommend that Council approve extending the annual 1% property tax increase contribution to the General Asset Management Reserve for five (5) years or until the next asset management update and recommendations are presented to Council and include this change in the 2021-2025 Financial Plan. The motion carried.

Opposed: *Councillor Bonner*

It was moved and seconded that the Finance and Audit Committee recommend that Council approve extending the annual 2.5% water user fee increase for 2021 for contributions to the Water Asset Management Fund reserve and include this change in the 2021-2025 Financial Plan. The motion carried unanimously.

- (f) Quarterly Purchasing Report (Single and Sole Source, Purchases in Excess of \$250,000 and Instances of Non-Compliance Purchases)

Shelley Legin, General Manager, Corporate Services noted that there were no instances of non-compliance.

- (g) 2021 Premium Cost Increases

Shelley Legin, General Manager, Corporate Services, informed the Committee of a significant increase in WorkSafeBC premiums and in liability insurance premiums.

Laura Mercer, Director, Finance, presented an overview of WorkSafeBC and liability insurance increases. Highlights included:

- WorkSafeBC premium estimated cost increase is approximately \$495,000

- Premium increase due to several factors: increase in employer-specific rating, increase in base rate, and increase of maximum wage per worker
- Staff continuously working towards reducing premium; however, some factors are not in Staff's control
- Liability insurance estimated 2021 premium cost increase of approximately \$121,124 from 2020. This increase partially due to the elimination of an increase cap that was previously put in place to soften increases
- Possibility that the premium may be reduced, but this will not be determined until Municipal Insurance Association of BC finalize premiums in December 2020

Committee discussion took place. Highlights included:

- Downward trend in liability insurance in 2019
- Large portion of premium increases due to factors out of Staff's control as well as claims from previous years
- Reducing the duration of the claim by returning workers to work with modified duties

Laura Mercer, Director, Finance, provided an update on the current collection of 2020 property taxes and noted a decrease in outstanding taxes this year compared to last year.

Committee discussion took place regarding factors that may have contributed to this year's decrease in outstanding taxes.

(h) Draft 2021 Key Date Calendar

Sheila Gurrie, Director, Legislative Services, spoke regarding the Finance and Audit Committee 2021 Key Date Calendar.

It was moved and seconded that the Finance and Audit Committee:

1. select the third Wednesday of the month as their reoccurring meeting date;
2. hold meetings in-person at the Shaw Auditorium; and,
3. recommend that Council approve the selected 2021 Finance and Audit Committee Key Date Calendar.

The motion carried unanimously.

5. PROCEDURAL MOTION:

It was moved and seconded that the meeting be closed to the public in order to deal with agenda items under the *Community Charter*

Section 90(1) A part of the Council meeting may be closed to the public if the subject matter being considered relates to or is one or more of the following:

- (k) negotiations and related discussions respecting the proposed provision of a municipal service that are at their preliminary stages and that, in the view of the Council, could reasonably be expected to harm the interests of the municipality if they were held in public; and,

Community Charter Section 90(2):

- (b) the consideration of information received and held in confidence relating to negotiations between the municipality and a provincial government or the federal government or both, or between a provincial government or the federal government or both and a third party.

The Finance and Audit Committee moved In Camera at 10:25 a.m.

The Finance and Audit Committee moved out of In Camera at 10:37 a.m.

6. ADJOURNMENT:

It was moved and seconded at 10:37 a.m. that the meeting adjourn. The motion carried unanimously.

C H A I R

CERTIFIED CORRECT:

CORPORATE OFFICER