

**MINUTES**  
SPECIAL FINANCE AND AUDIT COMMITTEE MEETING  
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE,  
80 COMMERCIAL STREET, NANAIMO, BC  
WEDNESDAY, 2020-NOV-25, AT 8:30 A.M.

---

Present: Mayor L. Krog, Chair  
Councillor S. D. Armstrong (joined electronically 1:30 p.m., disconnected 2:00 p.m., arrived 2:34 p.m.)  
Councillor D. Bonner  
Councillor T. Brown  
Councillor B. Geselbracht (arrived 8:35 a.m.)  
Councillor E. Hemmens  
Councillor Z. Maartman  
Councillor I. W. Thorpe (arrived 1:00 p.m.)  
Councillor J. Turley

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  
L. Fletcher, A/OIC, Nanaimo Detachment, RCMP  
K. Fry, Fire Chief  
J. Van Horne, Director, Human Resources  
B. MacKay, Director, Information Technology  
L. Mercer, Director, Finance  
W. Fulla, Manager, Business, Asset and Financial Planning  
S. Gurrie, Director, Legislative Services  
K. Lundgren, Recording Secretary

1. CALL THE SPECIAL MEETING TO ORDER:

The Special Finance and Audit Committee Meeting was called to order at 8:30 a.m.

2. INTRODUCTION OF LATE ITEMS:

(a) Agenda Item 6(b) Budget Highlights - Replace PowerPoint presentation slides titled "2021 Key Budget Drivers - General" and "Debt Servicing Limit" with revised slides.

3. APPROVAL OF THE AGENDA:

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

4. REPORTS:

(a) Introduction 8:30 a.m. - 8:45 a.m.

Jake Rudolph, Chief Administrative Officer, introduced the purpose of the upcoming Finance and Audit Committee meetings and the intent to deliver a comprehensive budget package to inform upcoming deliberations and decisions.

Councillor Geselbracht entered the Shaw Auditorium at 8:35 a.m.

(b) Budget Highlights 8:45 a.m. - 9:45 a.m.

Shelley Legin, General Manager, Corporate Services, provided a PowerPoint presentation. Highlights included:

- Proposed timeline for the 2021-2025 Financial Plan
- COVID-19 financial navigation
- Initially the budget resulted in a 6% property tax increase. The steep increase, especially during the financial hardship of COVID-19, required a number of key steps to be taken to reduce the property taxes which included:
  - Funding from General Financial Stability Reserve
  - Delayed reopening of Beban Pool to January 2022
  - Realign the start date of new RCMP members and delayed the start date of three new positions
  - Reduced operating expenditures
  - Strategic assessment of business cases
- The COVID-19 Safe Restart Grant for local governments of \$6.693M and noted that there is a requirement of an annual report on how the grant is spent

Laura Mercer, Director, Finance, continued the PowerPoint presentation. Highlights included:

- Due to the ongoing and sudden changes because of COVID-19, several items were not included in the draft budget such as the COVID-19 Safe Restart Grant and Parks, Recreation and Culture operations
- Overview of the budget process
- Assumptions that the pandemic impact on revenues will continue in 2021, and assumes that revenues begin to recover in 2022
- It should be noted that these are assumptions and recommend leaving funds in the General Financial Stability Reserve in the event these assumptions are off
- Consumer Price Index not the best tool to assess inflation for municipalities and a Municipal Price Index has not yet been created
- Projected user fees increases
- History of property tax increases
- Comparison of Nanaimo to other like-size communities and noted that not all communities provide the same basket of services
- Breakdown of municipal taxes and user fees in relation to a typical family home

Wendy Fulla, Manager, Business, Asset and Financial Planning, continued the presentation. Highlights included:

- Total 2021 revenues of \$194,112,920 provide funding for annual operating and maintenance, projects and contributions to infrastructure renewal reserves
- Draft 2021 Operating Budget of \$153.6M used for annual operating and maintenance resources that deliver day-to-day City services
- Overview of the 2021 key budget drivers

Committee discussion took place regarding the Facility Development Reserve.

Wendy Fulla, Manager, Business, Asset and Financial Planning, explained that since it is a statutory reserve, it would require a change in bylaw to reduce transfer to Facility Development Reserve.

Wendy Fulla, Manager, Business, Asset and Financial Planning, continued the presentation as follows:

- List of business cases not included in the draft plan

Committee discussion took place. Highlights included:

- The feasibility study for the Police Mental Health Outreach Team
- The July 1<sup>st</sup> implementation of a position will spread the impact over two years
- Suggestion that the Health and Housing Task Force potentially take on a role in the Police Mental Health Outreach Team feasibility study

Jake Rudolph, Chief Administrative Officer, advised that items that require a more fulsome discussion could be flagged for further discussion at an upcoming meeting.

- Business cases may be distributed to Councillors upon request

Wendy Fulla, Manager, Business, Asset and Financial Planning, continued the presentation as follows:

- List of business cases not included in draft plan (continued)
- Outstanding debt as of 2019-DEC-31
- New debt in 2020
- Graphical representation of projected outstanding external debt and projected external debt servicing costs and noted that some items are anticipated but currently not included in 10-year plan
- At 2020-OCT-16 the City was at 12.06% of current debt servicing limit
- Summary of reserves

Committee discussion took place. Highlights included:

- The 911 Operating Reserve
- The bylaw regarding the contribution rate to the Facility Development Reserve to be flagged for future discussion

Richard Harding, General Manager, Parks, Recreation and Culture, provided clarification on the funds that contribute to the Facility Development Reserve and noted the current unpredictability of revenues in light of COVID-19.

Committee discussion took place regarding the clarification surrounding several reserves.

Wendy Fulla, Manager, Business, Asset and Financial Planning, explained the intention of several reserves as follows:

- The General Capital Reserve is not heavily used, but intended for opportunities that come up
- The Strategic Infrastructure Reserve intended as a funding source for Council to move forward with strategic priorities
- Unclear on the restrictions for the Cemetery Care Fund

The Special Finance and Audit Committee Meeting recessed at 10:02 a.m.

The Special Finance and Audit Committee Meeting reconvened at 10:18 a.m.

(c) 2021 Business Plan Presentations

1. Chief Administrator's Office 10:00 a.m. - 10:30 a.m.

Jake Rudolph, Chief Administrative Officer, provided a PowerPoint presentation. Highlights included:

- Role of the Chief Administrative Office
- Overview of 2020 and response to COVID-19
  - Activated Emergency Coordination Centre (ECC) and maintaining essential services
  - Business model changes

Committee discussion took place regarding the associated costs of Staff's option to work from home.

Jake Rudolph, Chief Administrative Officer, continued his presentation as follows:

- Listed several 2020 Achievements surrounding Governance Excellence, Economic Health, Environmental Responsibility and Liveability
- Steps taken in response to COVID-19 and Parks, Recreation and Culture Department being the area of biggest impact
- Outlined key opportunities in 2021 regarding resilience and priorities

Committee discussion took place. Highlights included:

- Capacity of the Leadership tables
- The location of Legal Services Cost section within the budget

2. Legislative Services and Communications 10:30 a.m. - 11:00 a.m.

Sheila Gurrie, Director, Legislative Services, provided a PowerPoint presentation. Highlights included:

- Department overview of Legislative Services
- A brief look at the history of Legislative Services and the City Clerk position
- Department overview of the Communications Department
- Legislative Services and Communications account for 1.7% of the overall City budget and represents mainly wages and benefits
- Listed a number of achievements in 2020 across both Legislative Services and Communication Departments including REIMAGINE NANAIMO Communications, the bylaw policy and renewal project, Electronic Document Records Management System Project (EDRMS), the number of meetings and Freedom of Information (FOI) request comparison to prior years

Committee discussion took place regarding the timeline for FOI requests.

Sheila Gurrie, Director, Legislative Services, continued her presentation as follows:

- Key initiatives and opportunities for 2021 for the Legislative Services and Communications Departments

Committee discussion took place. Highlights included:

- Public engagement regarding the budget and the possibility of expanding engagement opportunities next year
- The meeting cycle and cycle of reports
- The role of the Deputy City Clerk
- FOIPPA friendly newsletter to increase transparency and avoid unnecessary FOI requests
- Revenue from the Legislative Services Department through FOI requests has limited potential

Wendy Fulla, Manager, Business, Asset and Financial Planning, followed up regarding a prior question related to legal services budgeted for 2021 and stated that \$135,000 is budgeted in Human Resources and \$430,000 is budgeted in Chief Administrator's Office.

3. Human Resources 11:00 a.m. - 11:30 a.m.

John Van Horne, Director, Human Resources, provided a PowerPoint presentation. Highlights included:

- Overview of the Human Resources Department
- Human Resources accounts for 1.4% of the City's overall budget

Mayor Krog vacated the Shaw Auditorium at 11:36 a.m. and Councillor Hemmens assumed the Chair.

- Overview of the 2020 achievements and COVID-19 response which involved redeploying Staff, establishing safe work procedures, work from home procedures as well as adjusting to new methods
- 2021 opportunities included updating policies, shifting to online training programs, and increased focus on limiting time loss duration
- Key Initiatives for 2021 include conclusion of negotiations with International Association of Fire Fighters, resolving legacy employment litigation issues and policy review and update
- Overview of draft operating budget

Committee discussion took place. Highlights included:

- Primary revenue driver in the Human Resource Department is training and was reduced due to a halt in training as a result of COVID-19
- Most of the savings across departments are due to reduced expenditures

The Special Finance and Audit Committee Meeting recessed at 11:55 a.m.  
The Special Finance and Audit Committee Meeting reconvened at 1:00 p.m.

Councillor Thorpe entered the Shaw Auditorium at 1:00 p.m.

4. Finance 1:00 p.m. - 1:30 p.m.

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

- Overview of the Finance Department, sub departments and yearly timeline

Mayor Krog entered the Shaw Auditorium at 1:03 p.m. and assumed the Chair.

- Department's share of the City budget is 2.9% and primarily related to wages and benefits
- Overview of 2020 achievements including the response to COVID-19

Councillor Armstrong joined electronically at 1:30 p.m.

Committee discussion took place regarding the use of the bulk water hauling system.

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

- Key 2021 opportunities and initiatives included staffing additions of a Junior Financial Analyst and an Assistant Accountant, as well as online and electronic solutions, Water and Sewer User Rate review and Sustainable Procurement Policy Review

Committee discussion took place regarding the staffing resources for the Sustainable Procurement Policy Review.

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

- Business case for a Buyer position currently not in draft budget
- Overview of draft operating budget

Committee discussion took place. Highlights included:

- Drop in revenue due to ending the Commercial Vehicle licence commission
- Process for preparing business cases
- Buyer position and workload within the department
- Limited space in the purchasing department; therefore, a trailer was established to act as an office/meeting room

5. Information Technology 1:30 p.m. - 2:00 p.m.

Brian MacKay, Director, Information Technology provided a PowerPoint presentation. Highlights included:

- Overview of IT Department
- The department accounts for a 2.8% share of the City's budget
- 2020 achievements and response to COVID-19 including accommodating remote access, mobile technology and digital workflows
- Various 2021 opportunities and key initiatives
- Business case for Corporate Asset Management System currently not in draft budget
- Draft operating budget reduced by approximately \$73,000 from last year

Committee discussion took place. Highlights included:

- Results of security audits
- Implementation and operation costs for the Corporate Asset Management System
- Information security training and risk assessment
- Revenue from the IT Department

Councillor Armstrong disconnected at 2:00 p.m.

The Special Finance and Audit Committee Meeting recessed at 2:00 p.m.  
The Special Finance and Audit Committee Meeting reconvened at 2:19 p.m.

6. Emergency Management 2:15 p.m. to 2:45 p.m.

Shelley Legin, General Manager, Corporate Services provided a PowerPoint presentation. Highlights included:

- The Emergency Management Department supports response and recovery from emergencies, trains staff, provides public education, manages volunteer program
- Response to COVID-19 included Emergency Coordinate Centre (ECC) activation
- Overview of 2020 achievements

Committee discussion took place regarding virtual response exercises to ensure that the City is prepared to respond to all different types of events.

Shelley Legin, General Manager, Corporate Services continued her presentation as follows:

- Opportunities and key initiatives for 2021
- Draft operating budget

Committee discussion took place. Highlights included:

- Neighbours helping neighbors matching system recommendation from the Mayor's Task Force on Recovery and Resilience
- The inclusion of Loaves and Fishes Community Food Bank in the virtual response exercises

Councillor Armstrong entered the Shaw Auditorium at 2:34 p.m.

7. RCMP/Police Services 2:45 p.m. - 3:45 p.m.

Lisa Fletcher, A/OIC, Nanaimo Detachment, RCMP, provided a PowerPoint presentation. Highlights included:

- Overview of RCMP and Police Services Department
- Policing Contract and RCMP role in the Community
- RCMP accounts for 17.1% of City budget and Police Services account for 4.1% of the City budget
- Seeing an increased need in hiring of expertise positions
- Response to COVID-19 and challenges given the tight spaces
- RCMP and Police Services 2020 achievements

Committee discussion took place regarding clarification of the public safety and community wellness initiatives.

Lisa Fletcher, A/OIC, Nanaimo Detachment, RCMP, continued her presentation as follows:

- Overview of 2021 opportunities and operational pressures
- Continued dual drug enforcement

Committee discussion took place regarding regulations for the release of information regarding drug use and overdose in a community.

Lisa Fletcher, A/OIC, Nanaimo Detachment, RCMP, continued her presentation as follows:

- 2021 opportunities, including target active child exploitation investigations and putting further pressure on additional provincial resources

Committee discussion took place. Highlights included:

- The business continuity plan
- Child exploitation investigations

Lisa Fletcher, A/OIC, Nanaimo Detachment, RCMP, continued her presentation.

- Business cases currently not included in draft budget include a Digital Forensic Technician and a Major Case File Specialist
- Electronic devices are an increasingly large component of criminal investigations

Councillor Brown vacated the Shaw Auditorium at 3:07 p.m.

- Provincially mandated business rules of how Police in BC will prepare criminal investigations for Crown Counsel and Defense
- Mental Health Liaison Outreach Team Service not currently in draft budget

Committee discussion took place. Highlights included:

- The funds for the Police Mental Health Outreach Team Feasibility Study may instead be better allocated to a position than the study
- Buy-in and engagement from other organizations such as Vancouver Island Health Authority

Lisa Fletcher, A/OIC, Nanaimo Detachment, RCMP, continued her presentation as follows:

- The vulnerably housed
- Public Safety and Community Wellness initiatives

Committee discussion took place. Highlights included:

- Police Services budget and adjustments to the staffing schedules
- Drop in revenue due to decrease in fingerprinting and criminal record checks
- The Digital Forensic Technician position and the opportunity to contract out that position with neighbouring detachments

Councillor Brown re-entered the Shaw Auditorium at 3:29 p.m.

- No increase in the number of RCMP members in the Nanaimo area
- Increase in workloads
- Concerns from a business continuity perspective regarding the Digital Forensic Technician position being one individual

8. ADJOURNMENT:

It was moved and seconded at 3:33 p.m. that the meeting adjourn. The motion carried unanimously.

---

C H A I R

CERTIFIED CORRECT:

---

CORPORATE OFFICER