

**MINUTES**  
SPECIAL FINANCE AND AUDIT COMMITTEE MEETING  
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE,  
80 COMMERCIAL STREET, NANAIMO, BC  
MONDAY, 2020-NOV-30, AT 9:00 A.M.

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Present: Mayor L. Krog Chair  
Councillor S. D. Armstrong (joined electronically, disconnected 2:55 p.m. )  
Councillor D. Bonner  
Councillor T. Brown  
Councillor E. Hemmens  
Councillor B. Geselbracht  
Councillor Z. Maartman  
Councillor I. Thorpe (joined electronically 12:46 p.m.)  
Councillor J. Turley

Staff: J. Rudolph, Chief Administrative Officer  
R. Harding, General Manager, Parks, Recreation and Culture  
D. Lindsay, General Manager, Development Services  
B. Sims, General Manager, Engineering and Public Works  
S. Legin, General Manager, Corporate Services  
L. Mercer, Director, Finance  
P. Rosen, Director, Engineering  
A. Groot, Director, Facilities and Parks Operations  
W. Fulla, Manager, Business, Asset and Financial Planning  
M. Miller, Senior Financial Analyst  
S. Gurrie, City Clerk  
K. Gerard, 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.

2. INTRODUCTION OF LATE ITEMS:

(a) Agenda Item 6(b) – COVID-19 Safe Restart Grant – Replace PowerPoint.

3. APPROVAL OF THE AGENDA:

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

4. ADOPTION OF THE MINUTES:

It was moved and seconded that the Minutes of the Finance and Audit Meeting held in the Shaw Auditorium, Vancouver Island Conference Centre, 80 Commercial Street, Nanaimo, BC, on Wednesday, 2020-NOV-18, at 9:00 a.m. be adopted as circulated. The motion carried unanimously.

5. REPORTS:

(a) 2021 – 2025 Draft Project Plan

Introduced by Laura Mercer, Director, Finance.

Presentation:

1. Wendy Fulla, Manager, Business, Asset and Financial Planning, provided The Finance and Audit Committee (the Committee) with a PowerPoint presentation regarding the 2021 – 2025 Draft Project Plan. Highlights included:
  - Presentation includes ten year project planning and each year this plan is updated based on current project priorities
  - Budget estimate over the next five years is approximately \$314 million and is broken down in three categories including infrastructure, transportation and water infrastructure
  - Major capital projects and large budget areas included in the budget are:
    - Midtown Water Supply
    - Departure Bay Waterfront Walkway
    - New Enterprise Resource Planning system to replace SAP
    - \$35 million in facilities with \$14.1 million for Fire Station #1
    - Nanaimo Search and Rescue redevelopment project
    - Beban Park roof replacement
    - Nanaimo Animal Shelter renovation/upgrade
    - Replacement of windows at the Port Theatre
    - Beban Park electrical substation replacement
  - Other budget drivers include equipment and vehicle replacement and road rehab
  - Review of the project funding sources which include 51% from Statutory Reserves, 13% from General Revenues, 14% from Waterworks Reserves and 15% debt (internal and external borrowing)
  - General Reserve Fund is used for concurrent projects such as renewal of roads and upgrading multiple assets at one time
  - 29.5% of projects are considered concurrent projects and 67% renew or upgrade existing assets
2. Laura Mercer, Director, Finance, provided the Committee with a review of the different types of reserves and how they can be used. Highlights included:
  - City of Nanaimo (the City) reserves include:
    - Operating reserves
    - Statutory reserves – authorized by the *Community Charter* and/or City bylaws
  - Reserve framework:
    - Financial Stability Reserves
    - Equipment Reserves
    - Infrastructure Reserves
    - Parking Reserves

- Property Acquisition Reserves
- Strategic Reserves
- Other
- Development Cost Charge (DCC) Reserves

Committee discussion took place regarding the Information Technology Reserve and how the reserve can be used to fund purchases of software and hardware.

3. Brian Mackay, Director, Information Technology, provided the Committee with a PowerPoint presentation regarding 2021 project highlights. Highlights included:

- Enterprise Document and Records Management System, which is managed by Legislative Services who will manage the life cycle of all information and documentation at the City of Nanaimo
- Enterprise Resource Planning Software, which will replace the current SAP software and is a two year project with Finance, Human Resources and Purchasing
- Projects not included in the 10-year project plan are the Corporate Asset Management System (CAMS) and the Police Operations Building Space Issue Resolution
- The CAMS system allows the City to automate maintenance schedules of assets including sewer/drainage systems, extend the life of City assets and expand the Geographical Information System (GIS) capabilities
- The CAMS system would benefit Facilities, Information Technology, Public Works and is a cross department initiative

Committee discussion took place. Highlights included:

- Cost per year of the CAMS system implementation and operation
- Reducing the annual cost by reducing the scope and extending the life of assets
- Rules regarding which projects each reserve can be used to fund

Wendy Fulla, Manager, Asset, Business and Financial Planning, advised the Committee that the CAMS system would cost approximately \$2.8 million for the four-year implementation. The largest source of funding would come from the Community Works Fund and the remaining \$661,000 could be funded through another source without impacting property taxes. Staff have provided in the agenda package a breakdown of each reserve funding source by year.

4. Shelley Legin, General Manager, Corporate Services, spoke regarding the Police Operation Building Space Issue Resolution. Highlights included:

- Early findings from the consultant have shown that an RCMP operation the size of the City of Nanaimo, should be working in a space approximately 70,000 square feet
- Staff have been utilizing space in the current RCMP headquarters and have moved Victim Services to another City owned building

- The optimal site for a new building would be five acres in size or the current building could be renovated and expanded
- Staff have been working with Development Services to locate another site but the inventory for a site that size is limited
- Moving RCMP is difficult as they require a much higher standard of security than other City buildings/Staff
- \$60,000 is currently being spent on a feasibility study with the consultants report due back before the end of this year

Committee discussion took place. Highlights included:

- Potential to combine a new Public Works building with RCMP operations or temporarily moving some RCMP employees to space in the Service and Resource Centre

Jake Rudolph, Chief Administrative Officer, advised the Committee that Staff will return to the Committee with a report regarding options for renovations or acquiring new RCMP space. The project is not currently funded in the 10-year plan but will be flagged for next year.

The Finance and Audit Committee Meeting recessed at 10:04 a.m.

The Finance and Audit Committee Meeting reconvened at 10:22 a.m.

5. Poul Rosen, Director, Engineering, provided the Committee with a PowerPoint presentation regarding 2021 – 2025 Project Plan for Engineering and Public Works. Highlights included:

- In 2021 there is \$39.2 million in projects planned for the City including Water Distribution, Sanitary Sewer, Drainage and Transportation
- Major projects included in the 10-year plan:
  - Mid-Town Water Supply Upgrades – replacing the Bowen Road water supply
  - Millstone Trunk Sewer replacement in Bowen Park and under Pearson Bridge
  - Seabold and Ptarmigan roads intersection drainage upgrade
  - Metral Drive Complete Street
  - Terminal Corridor Upgrade
  - Fifth Street Active Transportation upgrades – Wakesiah Avenue to Bruce Avenue
  - Off Bowen Bike Way – Northfield Road to Meredith Road
- 2021 – 2025 Transportation projects include expansion or upgrades to active transportation network, road network and renewal of existing infrastructure
- Notable changes from the previous plan include:
  - Update project budgets with newer information
  - LED Street lighting delayed
  - Albert Street cycling connection delayed
  - Wallace Street cycling facility has been delayed to 2027
  - Comox Terminal/Pearson Bridge intersection added in 2024
  - Departure Bay Road sidewalk delayed

- Projects not included in the 10-year project plan include Public Works facility renewal, increase in asphalt funding and Cinnabar Valley access

Committee discussion took place. Highlights included:

- Upgrading infrastructure to include cycling paths during the replacement of the Bowen Road water main
- Mid-Town Gateway project
- Albert Street connection and the cost to include this and the Cat Stream connection in the budget
- Including the green paint on cycling lanes at intersection

Poul Rosen, Director, Engineering, continued his presentation. Highlights included:

- The infrastructure upgrades can be looked at when replacing the Bowen Road water main but this is a water main project and the focus needs to be fixing the pipe
- Projects were scaled back and/or delayed due to budget constraints with priority items
- Cat Stream connection will include a drainage upgrade which increases costs
- The green bike lane intersection paint is expensive and was removed from future projects due to the cost
- Project funding comes from a mix of general taxation and reserves

Jake Rudolph, Chief Administrative Officer, advised the Committee that projects are delayed and/or scaled down to ensure that the 3% property tax increase, directed by Council, is adhered to. Staff are working within these parameters to ensure projects are completed while ensuring the budget does not increase.

Committee discussion took place. Highlights included:

- Strategic decisions regarding projects being made outside of the Finance and Audit Committee and ensuring that Council members view the entire project list before making decisions
- Funding from property taxes and/or reserves
- Delay of Wallace Street and Comox Road intersection upgrades
- Cinnabar Valley access

Wendy Fulla, Manager, Asset, Business and Financial Planning, advised the Committee that focus is on priority projects first then the budget is built around these priority items.

Poul Rosen, Director, Engineering, continued his presentation. Highlights included:

- Planning and developing of projects focusing on asset management, the Transportation Master Plan, where the City is growing and cost effectiveness

- The Mid-Town Gateway Project is an extension of Boxwood Road with connections to Bowen Road and Rosstown Road and is a priority project that will ease congestion and traffic volumes at the Bowen Road and Northfield Road intersection
- Terminal Avenue corridor upgrades is a priority as the infrastructure is nearing it's end of life (storm and sewer)
- Madsen Road and East Wellington Road upgrades were fast tracked due to an anticipated increase in traffic and safety concerns
- LED lighting has been delayed to 2024 with major corridors as the focus for the installation of the new lighting
- Downtown projects were re-prioritized due to public engagement which showed Front Street as a the priority item for the community
- Cinnabar Valley is currently being studied and Staff are looking at a new connection or enhancing the existing connection

Jake Rudolph, Chief Administrative Officer, advised the Committee that these items including the Wakesiah Corridor Upgrades, can be discussed further at the Special Finance and Audit Committee Meeting, 2020-DEC-04.

6. Art Groot, Director, Facilities and Parks Maintenance, provided the Committee with a PowerPoint presentation regarding the 2021 – 2025 Project Plan for Parks, Recreation and Culture. Highlights included:

- Working collaboratively through the REIMAGINE Nanaimo process to update the 2005 Parks, Recreation and Culture Master Plan
- Major project highlights include:
  - Harewood Activity Centre
  - Nanaimo Search and Rescue development which will be under a 25-year co-management agreement
  - Beban Park Complex Electrical Substation upgrade – will require a full shut down of Beban Park for one month
  - Facilities and park amenities condition assessment program which was started in 2019, includes 20 major buildings and sites
  - Lighting upgrades to the Nanaimo Ice Centre
  - Maffeo Sutton Playground – Phase Two
  - Three trailway redevelopments including the Parkway Trail, Amsterdam Park and Wally Creek Trail
  - Neck Point Park washrooms
  - Long Lake Paddling & Rowing Centre (contingent on grant funding)
- Projects not included in the 10-year plan include the South End Recreation Centre, Departure Bay Activity Centre, Curling Club improvements and Maffeo Sutton washroom and amenities building

Committee discussion took place regarding adding the Indigenous Places of Culture Centre to the 10-year plan.

The Special Finance and Audit Committee Meeting recessed at 11:46 p.m.  
The Special Finance and Audit Committee Meeting reconvened at 12:46 p.m.

Councillor Thorpe joined electronically at 12:46 p.m.

(b) COVID-19 Safe Restart Grant

Introduced by Shelley Legin, General Manager, Corporate Services.

Presentations:

1. Shelley Legin, General Manager, Corporate Services, provided the Committee with a PowerPoint presentation regarding the COVID-19 Safe Restart Grant. Highlights included:
  - Review of completed financial response, operational expenses and recovery framework items due to COVID-19
  - Review of some of the key steps taken to reduce property taxes include reduced project funding, delayed re-opening of Beban Pool to January 2022 and reduced operating expenditures
  - The Provincial COVID-19 funding was received after the completion of the financial plan and assist local governments to deal with increased operating costs and lower revenues
  - The Province requires all municipalities to annually report on how the grant money is spent until it is fully drawn out in 2020
  - Potential allocation of funds could include:
    - 2021 Pandemic Internal Order
    - Reinstate three new positions delayed due to COVID-19
    - Extension of Clean Team to December 31, 2021
    - Downtown Public Safety
    - Contingency for 2021 revenue shortfalls and unanticipated pandemic costs
2. Laura Mercer, Director, Finance, provided the Committee with a PowerPoint presentation regarding decision points for discussion at the Special Finance and Audit Committee Meeting, 2020-DEC-04. Highlights included:
  1. Property Tax Reduction
    - Staff has created three options to ensure there is no increase to property taxes
    - Currently \$1.4 million in the General Financial Stability Reserve funding is being used to reduce property taxes in 2021
    - Option #1 – fund an additional \$1.4 million from the Special Initiatives Reserve instead of from the General Financial Stability Reserve
    - Option #2 – fund \$1.4 million from the Special Initiatives Reserve and allocate an additional \$1.4 million from the same fund to stabilize taxes over the next three years
    - Option #3 – fund \$1.4 million from the General Financial Stability Reserve and an additional \$1.4 million from the Special Initiatives Reserve over the next three years

Committee discussion took place. Highlights included:

- Risk associated with Option #3 in reducing the General Financial Stability Reserve to its minimum balance
- Funding new positions from the Special Initiatives Reserve
- Economic recovery from COVID-19 and ensuring property taxes remain low to assist residents in financial recovery
- Option #3 allows for City projects to continue which ensures employment

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to allocate funds from the General Financial Stability Reserve and the Special Initiatives Reserve specified in Option #3 from the 2020-NOV-30, 2021 – 2025 Draft Financial Plan PowerPoint presentation as follows:

- Fund the \$1,408,806 from the General Financial Stability Reserve and allocate an additional \$1.4 million from Special Initiatives Reserve over the next three years to stabilize property tax rates

The motion carried.

Opposed: Councillors Armstrong, Thorpe, Turley

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to allocate the full COVID-19 Restart Grant to offset revenue losses and pandemic expenditures for 2020. The motion carried unanimously

## 2. COVID-19 Internal Order

- Allocate \$500,000 to a 2021 COVID-19 Internal Order to cover continuing and potential new costs related to the pandemic. Costs include:
  - Personal protective equipment for Staff
  - Security at City Hall and the Service and Resource Centre
  - Additional or extension of facility ambassadors
  - Other related COVID-19 costs
- Potential funding source is the Special Initiatives Reserve

Jake Rudolph, Chief Administrative Office advised the Committee that COVID-19 Internal Order will be brought forward to the 2020-DEC-04 Special Finance and Audit Committee Meeting for further discussion.

## 3. Art Gallery Next Phase

At the 2020-JUN-17 Finance and Audit Committee Meeting, The Finance and Audit Committee was provided with the following request from the Nanaimo Art Gallery:

- Increase operating grant by \$50,000/year
- Allocate \$10,000 annually to the Nanaimo Art Gallery for capital expenditures



- One time ask of \$25,000 in 2021 for the development of a feasibility report of the concept of an Arts Centre and Nanaimo Art Gallery's Phase 3 facility project

Jake Rudolph, Chief Administrative Office, advised the Committee that Art Gallery Next Phase request will be brought forward to the 2020-DEC-04 Special Finance and Audit Committee Meeting for further discussion.

4. Sanitation

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to:

- Create a 0.5 Full Time Equivalent cart administrator position;
- Incorporate an additional non-collection day in the annual calendar for training; and,
- Purchase and install an additional on-board computer.

The motion carried unanimously.

It was moved and seconded that the Finance and Audit Committee endorse the Ten-Zone Waste Collection Optimization Plan for implementation in January 2021. The motion carried unanimously

5. Community Connect

- Request from Community Connect to cost share continuation of enhanced neighbourhood safety program between January 1, 2021 and June 30, 2021 with property owners paying 20% (\$36,750) and the City paying 80% (\$147,000)

Jake Rudolph, Chief Administrative Office, advised that Community Connect will be brought forward to the 2020-DEC-04 Special Finance and Audit Committee Meeting for further discussion.

6. Start Date of New Positions Delayed

- To reduce 2021 Property Taxes the start date of three positions, approved in the 2020 – 2024 Financial Plan were delayed until September 2021
- These included Manager, Facility Assets, Junior Financial Analyst and Assistant Accountant

Jake Rudolph, Chief Administrative Office, advised that Start Date of New Positions Delayed will be brought forward to the 2020-DEC-04 Special Finance and Audit Committee Meeting for further discussion.

7. Reinstate Projects

- To reduce 2021 property taxes some projects were delayed, cancelled or the scope was reduced

- If some or all of the projects were reinstated the potential funding source would be the Special Initiatives Reserve

Jake Rudolph, Chief Administrative Office, advised the Committee that Reinstated Projects will be brought forward to the 2020-DEC-04 Special Finance and Audit Committee Meeting for further discussion.

8. Public Art

- Add additional \$50,000 to the annual funding for public art in the 2021 draft budget
- Additional funds could be allocated from the Partners In the Park fund

Jake Rudolph, Chief Administrative Office, advised the Committee that Public Art will be brought forward to the 2020-DEC-04 Special Finance and Audit Committee Meeting for further discussion.

9. Public Works Day

- Due to COVID-19 discussion has taken place regarding suspending Public Works Day for 2021
- Cost of \$15,000 is in the 2021 draft budget

Committee discussion took place. Highlights included:

- The date that funds for Public Works Day must be committed for in the budget
- The importance of this day for the community and children
- COVID-19 regulations if the pandemic is ongoing

Jake Rudolph, Chief Administrative Office, advised that Public Works Day will be brought forward to the 2020-DEC-04 Special Finance and Audit Committee Meeting for further discussion.

10. Association of Vancouver Island Coastal Communities (AVICC)

- The annual AVICC will be held virtually in 2021, in the City of Victoria in 2022 and in the City of Nanaimo in 2023
- Nanaimo will be partnering with the Regional District of Nanaimo to host the annual event
- For decision and further discussion at the 2020-DEC-04 Special Finance and Audit Committee Meeting

11. Snow and Ice

Bill Sim, General Manager, Engineering and Public Works, stated that he would gather information regarding resources to expand snow removal for sidewalks, located along bus routes, within an urban node and along an arterial route and bring forward for further discussion at the 2020-DEC-04 Special Finance and Audit Committee Meeting.

12. Active Transportation

- Discussion on resource requirements to execute Council's strategic plan

Committee discussion took place. Highlights included:

- Capacity of Staff and budget to move more projects forward
- Internal resources versus using external resources to fund more projects
- Increasing Staff over the next two years to focus more on strategic initiatives

Jake Rudolph, Chief Administrative Office, advised that Active Transportation will be brought forward to the 2020-DEC-04 Special Finance and Audit Committee Meeting for further discussion. He requested that the Committee provide a list of projects for further discussion and advised that the Active Transportation Master Plan will be completed and the goal is to have it adopted by the end of 2021.

Committee discussion took place. Highlights included:

- The strategic goals and the most effective way to allocate resources to achieve these goals
- Barriers that delay the start of projects
- Funding resources versus Staff capacity
- Creating a connection route from the hospital area and Vancouver Island University to downtown
- Reasons why some projects are delayed and some move forward
- Funding allocated to projects based on public interest and engagement

Bill Sims, General Manager, Engineering and Public Works, advised the Committee that when the Active Transportation Master Plan is complete it will help in setting priority projects. Public engagement will be a large part in creating the Active Transportation Master Plan.

Jake Rudolph, Chief Administrative Officer, advised the Committee that the City has the fiscal capacity to start or complete certain projects per year. Projects can be moved around in the budget to start or stop at the Committee's discretion but some projects have had public engagement completed and the expectation to complete the project is within the community. He stated that Staff will provide more information at the 2020-DEC-04 Special Finance and Audit Committee Meeting regarding moving the Fifth Street Active Transportation Upgrade – Wakesiah Avenue to Bruce Avenue project forward to start earlier than 2023.

The Special Finance and Audit Committee Meeting recessed at 2:46 p.m.  
The Special Finance and Audit Committee Meeting reconvened at 2:55 p.m.

Councillor Armstrong disconnected at 2:55 p.m.

13. Curb Painting

Jake Rudolph, Chief Administrative Office, advised the Committee that Curb Painting will be brought forward to the 2020-DEC-04 Special Finance and Audit Committee Meeting for further discussion.

14. Business Cases Not Included in the Draft Plan

Jake Rudolph, Chief Administrative Office, advised that business cases not included in the draft plan will be brought forward to the 2020-DEC-04 Special Finance and Audit Committee Meeting for further discussion. He requested that the Committee provide a list of the business cases that the Committee would like to discuss.

Committee discussion took place. Items for the 2020-DEC-04 Special Finance and Audit Committee Meeting are as follows:

- Ebikes Rebate
- Community Clean Team
- Indigenous Engagement Specialist
- Buyer
- Reduce the number of new RCMP officers from three to two and add the Digital Forensic Technician
- Manager, Sustainability
- Project Engineer
- Police Mental Health Outreach Team Feasibility Study and options to alleviate some stress from RCMP Officers and better support mental health services
- Corporate Asset Management System
- Watercourse Restoration Grant
- Manager, Social Planning and combining this position with the Indigenous Engagement Specialist
- Island Health's involvement in the Mental Health Outreach Team

Shelley Legin, General Manager, Corporate Services, advised that Lisa Fletcher, A/OIC, RCMP, Nanaimo Detachment, will be attending the 2020-DEC-04 Special Finance and Audit Committee Meeting to speak regarding the Mental Health Outreach Team Feasibility Study.

Jake Rudolph, Chief Administrative Officer, spoke regarding the following items, which are not included in the 2021 - 2025 Draft Financial Plan but should be flagged for discussion:

- The Mayor's Task Force on Recovery and Resilience and the Health and Housing Task Force final reports to Council, which may have budget implications including a tourism function
- Development Services Building Process review

- Public Safety Study
- Beban Park re-opening - confirmed the current budget does not reflect Beban Pool opening and operating in 2021

7. ADJOURNMENT:

It was moved and seconded at 3:23 p.m. that the meeting adjourn. The motion carried unanimously.

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C H A I R

CERTIFIED CORRECT:

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CORPORATE OFFICER