

MINUTES
SPECIAL FINANCE AND AUDIT COMMITTEE MEETING
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE,
80 COMMERCIAL STREET, NANAIMO, BC
WEDNESDAY, 2020-DEC-09, 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 I. W. Thorpe
Councillor J. Turley

Absent: Councillor Z. Maartman

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
L. Mercer, Director, Finance
W. Fulla, Manager, Business, Asset and Financial Planning
A. Coronica, Senior Financial Analyst
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 5(a) - Add PowerPoint Presentation titled "2021 – 2025 Provisional Financial Plan Recap".

3. APPROVAL OF THE AGENDA:

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

4. PRESENTATIONS:

(a) Follow up on 2021-2025 Draft Financial Plan Items

Shelley Legin, General Manager, Corporate Services, introduced the purpose of the meeting. Highlights included:

- In the final stages of confirming the provisional budget for the 2021 – 2025 Financial Plan
- Hope to confirm decisions made at the 2020-DEC-04 Special Finance and Audit Committee Meeting in order to put together a 2021 – 2025 Financial Plan Bylaw for the 2020-DEC-21 Council Meeting

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

- Presented the projected property tax increases resulting from decisions made at the 2020-DEC-04 Special Finance and Audit meeting
- A 3.5% property tax increase projected for 2021
- Growth numbers have not yet been received due to issues with the report, but could potentially lower property tax rate
- Review of the decisions made at the 2020-DEC-04 Finance and Audit Committee Meeting:
 - Corporate Asset Management System – that Council add a Corporate Asset Management System to the 2021 – 2025 Financial Plan starting in 2021. Implementation to be funded by \$2.15 million in funding from the Community Works Fund and \$660,900 in funding from the Special Initiatives Reserve. Annual operating costs to be funded from General Revenue
 - Buyer Position – that Council add a Buyer position to the 2021 – 2025 Financial Plan effective July 1, 2021
 - Police Positions – that Council add a Digital Forensic Technician position and a Major Case File Specialist position to the 2021 – 2025 Financial Plan effective January 1, 2021

Committee discussion took place. Highlights included:

- Clarification regarding the Digital Forensic Technician position
- The potential opportunity to contract out this position and the allocation of revenue

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

- Review of the decisions made at the 2020-DEC-04 Finance and Audit Committee Meeting:
 - Police Mental Health Outreach Team – no motion made
 - Annual Community Watercourse Restoration Grant – that Council add an Annual Community Watercourse Restoration Grant program to the 2021 – 2025 Financial Plan, to be funded from the Special Initiatives Reserve in 2021 and 2022

Committee discussion took place. Highlights included:

- Staff time associated with administering the Annual Community Watercourse Restoration Grant application

Dale Lindsay, General Manager, Development Services, noted that this grant application is comparable to the Parks, Recreation and Culture, Volunteer in Parks Program and does not anticipate this taking a significant amount of Staff time.

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

- Review of the decisions made at the 2020-DEC-04 Finance and Audit Committee Meeting:
 - Manager of Social Planning – no motion made
 - Manager of Sustainability – that Council add a Manager, Sustainability, to the 2021 – 2025 Financial Plan effective July 1, 2021 and apply to the BC Hydro Community Energy Manager Offer program to fund a portion of the position
 - Indigenous Engagement Specialist – no motion made
 - Municipal Enforcement Officers (MEOs) – that Council increase the hours of the Municipal Enforcement Officers from a 35 to a 40-hour workweek in the 2021 – 2025 Financial Plan effective January 1, 2021
 - eBikes Rebate Program – no motion made
 - Community Clean Team – that Council extend the Community Clean Team pilot to December 31, 2021, to be funded from the Special Initiatives Reserve
 - Municipal Services Inspector – that Council add a Municipal Services Inspector position to the 2021 – 2025 Financial Plan effective January 1, 2021 and an additional unit to the City Fleet funded from the Emission Reduction Reserve

It was moved and seconded that Council reconsider the following motion made at the 2020-DEC-04 Special Finance and Audit Committee Meeting:

“That the Finance and Audit Committee recommend that Council add a Municipal Services Inspector position to the 2021 – 2025 Financial Plan effective January 1, 2021 and an additional unit to the City Fleet funded from the Emission Reduction Reserve”.

The motion to reconsider carried unanimously.

The vote was taken on the main motion, as follows:

It was moved and seconded that the Finance and Audit Committee recommend that Council add a Municipal Services Inspector position to the 2021 – 2025 Financial Plan effective January 1, 2021 and an additional unit to the City Fleet funded from the Emission Reduction Reserve. The motion was defeated.

Opposed: Mayor Krog, Councillors Armstrong, Bonner, Brown, Geselbracht, Hemmens, Maartman, Thorpe and Turley

Committee discussion took place. Highlights included:

- Potentially reconsidering the Municipal Services Inspector position next year
- Whether this decision would impact the timeline for building inspections and approvals
- Maintaining the status quo for this year

Bill Sims, General Manager, Engineering and Public Works, clarified that this position would focus on capital construction projects rather than working in the development and building permit areas.

Committee discussion continued regarding the process of hiring consultants.

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

- Review of the decisions made at the 2020-DEC-04 Finance and Audit Committee Meeting:
 - Project Engineer – that Council add the position of Project Engineer, to be funded from the Special Initiatives Reserve in 2021 and 2022

Committee discussion took place regarding the procedure for reconsidering decisions.

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

- Review of the decisions made at the 2020-DEC-04 Finance and Audit Committee Meeting:
 - Art Gallery Next Phase – that Council allocate \$25,000 in 2021 for the development of a feasibility report on the concept of an Arts Centre and Nanaimo Art Gallery Phase 3 facility project funded from the Strategic Infrastructure Reserve
 - Start Date of New Positions Delayed – that Council reinstate a January 1, 2021, start date for the following positions, to be funded from the Special Initiatives Reserve: Manager, Facility Assets, Junior Financial Analyst and Assistant Accountant
 - Reinstate Projects – that Council reinstate 2021 projects with funding to be allocated from the Special Initiatives Reserve

Mayor Krog noted that reinstating the 2021 projects will aid in generating employment within our community.

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

- Review of the decisions made at the 2020-DEC-04 Finance and Audit Committee Meeting:
 - Community Connect Pilot Extension – that Council allocate \$147,000 from the Special Initiatives Reserve to Community Connect to allow for the continuation of an enhanced neighbourhood safety program between January 1, 2021 and June 30, 2021

Committee discussion took place regarding the Union implications of the Community Connect Pilot Extension.

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

- Review of the decisions made at the 2020-DEC-04 Finance and Audit Committee Meeting:
 - Public Art – no motion made
 - Public Works Day – no motion made
 - Association of Vancouver Island Conference Centre – no motion needed and has been removed from the provisional budget
 - COVID Internal Order – that Council allocate \$500,000 from the Special Initiatives Reserve to a 2021 COVID Internal Order to cover continuing and potential new costs related to the pandemic
 - Snow and Ice Control – no motion made
 - Active Transportation – that Council allocate an additional \$700,000 (for a total of \$1 million) in the 2021 Budget for pedestrian infrastructure and improvements to be funded from the Strategic Infrastructure Reserve and that Council add the Albert Street Project (from Milton Street to Pine Street) to the 2021 Budget with \$300,000 funded from the Strategic Infrastructure Reserve and \$1 million funded from the Special Initiatives Reserve, for project delivery in 2021 – 2022
 - Other motion passed – that Council reserve \$400,000 from the Special Initiatives Reserve and \$100,000 from the Daytime Resource Centre, to be allocated in the 2021 Budget, for the recommendations coming from the Health and Housing Task Force
 - Noted that the Funding Legacy Reserve may be an appropriate funding source for certain recommendations from the Health and Housing Task Force

Committee discussion took place. Highlights included:

- Concerns regarding allocating funds to the Health and Housing Task Force before having seen the action plan
- Funding Legacy Reserve being a statutory reserve; therefore, funding is restricted to meeting the criteria
- The wording of the motion, regarding the Health and Housing Task Force, that the funds are being “reserved” rather than “allocated”
- The importance of having funds available for the Health and Housing Task Force action plan
- More opportunity to discuss at the 2020-DEC-14 GPC/Special Council Meeting

Laura Mercer, Director, Finance, noted that reserving funds for the Health and Housing Task Force would not impact the provisional budget, but rather the funds are earmarked in the Special Initiatives Reserve to ensure that the funds are available.

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

- Listed the changes to the budget and the impact of each to the 2021 Property Taxes
- Currently stand at a 3.5% property tax increase for 2021
- Listed the changes to the Special Initiatives Reserve, Strategic Infrastructure Reserve, Community Works Fund and Emission Reduction Reserve
- The impact on a typical home is an increase of total municipal taxes and user fees of \$145 for 2021
- Recap of the Strategic Infrastructure Reserve – projected balance in 2021 of \$1,280,038
- Recap of the Strategic Initiatives Reserve – projected balance in 2025 of \$766,447
- Option of allocating \$400,000 funds from the Special initiatives Reserve for property tax reduction and lessen the impact for future years by reducing the General Revenue Funding for projects in the years 2022 – 2025
- The other option is to wait until the growth numbers are presented before making a decision

Committee discussion took place. Highlights included:

- Anticipate difficulty in 2022 and the struggle for businesses
- Emergency Medical Response potentially funded from the Strategic Infrastructure Reserve
- Reducing the General Revenue Funding would result in a slight impact to projects
- Risks regarding mitigating tax increases through the reserve
- Leery on relying on uncertain revenues returning such as casino revenues

Jake Rudolph, Chief Administrative Officer, reminded the committee that the growth numbers are expected to be favourable once they are received, and spoke regarding the importance of setting a target goal for the tax increase.

Committee discussion took place. Highlights included:

- Clarification on the Municipal Services Inspector funding
- The desire to wait for growth numbers before making further decisions
- Communicating the target goal to the community
- Benefits of leaving the \$400,000 in the Special Initiatives Reserve
- Appreciation for Staff's work, advice and suggestions

It was moved and seconded that the Finance and Audit Committee recommend that Council fund the Emergency Medical Responder (EMR) Training from the Strategic Infrastructure Reserve for the years 2021 and 2022. The motion carried unanimously.

Committee discussion took place regarding risks in funding from reserves.

It was moved and seconded that the Finance and Audit Committee recommend that Council fund the \$84,000 Parking Reserve shortfall from the Special Initiatives Reserve for the 2021 draft budget. The motion carried unanimously.

It was moved and seconded that the Finance and Audit Committee recommend that Council reduce projected property tax increase by allocating up to \$400,000 of additional funds from the Special Initiatives Reserve for the year 2021 to achieve a target of 2% in General Property Tax increase and 1% in the General Asset Management Reserve. The motion carried.

Opposed: *Councillors Brown and Turley*

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

- Next steps include the 2021 – 2025 Financial Plan Bylaw to Council for first three readings on 2020-DEC-21
- 2021 – 2025 Financial Plan Bylaw to be adopted by Council in January of 2021

5. ADJOURNMENT:

It was moved and seconded at 10:13 a.m. that the meeting adjourn. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER