

MINUTES
SPECIAL FINANCE AND AUDIT COMMITTEE MEETING
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE,
80 COMMERCIAL STREET, NANAIMO, BC
MONDAY, 2021-APR-14, AT 9:00 A.M.

Present: Mayor L. Krog, Chair
Councillor S. D. Armstrong (joined electronically 9:15 a.m., disconnected 1:17 p.m.)
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. 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
Insp. L. Fletcher, A/OIC, Nanaimo Detachment RCMP
T. Doyle, Fire Chief
A. Groot, Director, Facilities and Parks Operations
J. Holm, Director, Development Approvals
L. Mercer, Director, Finance
D. Bailey, Manager, Accounting Services
F. Farrokhi, Manager, Communications
W. Fulla, Manager, Business, Asset & Financial Planning
S. Gurrie, Director, Legislative Services
K. Lundgren, 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. PROCEDURE 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:

- (e) the acquisition, disposition or expropriation of land or improvements, if the Council considers that disclosure could reasonably be expected to harm the interests of the municipality; and,

- (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.

The motion carried unanimously.

The Finance and Audit Committee moved In Camera at 9:01 a.m.
The Finance and Audit Committee moved out of In Camera at 9:45 a.m.

3. INTRODUCTION OF LATE ITEMS:

- (a) Agenda Item 6(b) 2021-2025 Financial Plan Update - Replace PowerPoint presentation slides.
- (b) Reorder Agenda Item 7(b) - Freezing Property Tax Revenues for Business Class Properties to follow Agenda Item 6(b) 2021-2025 Financial Plan Update.

4. APPROVAL OF THE AGENDA:

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

5. ADOPTION OF THE MINUTES:

It was moved and seconded that the Minutes of the Finance and Audit Committee Meeting held in the Shaw Auditorium, Vancouver Island Conference Centre, 80 Commercial Street, Nanaimo, BC, on Wednesday, 2021-MAR-17, at 9:01 a.m. be adopted as circulated. The motion carried unanimously.

6. PRESENTATIONS:

- (a) KPMG 2020 Financial Statement Audit Presentation

Liette Bates-Eamer and Sarah Burden, Chartered Professional Accountants, KPMG, provided a PowerPoint presentation via Zoom. Highlights included:

- Received full cooperation from management throughout the 2020 Financial Statement Audit
- Anticipate a “clean” audit after Council’s approval of the financial statement
- Provided an overview of the areas addressed in the audit
- The impact of COVID-19 and decline in revenue
- Issued management letter stating that no significant or other control deficiencies were identified in the current year

Committee discussion took place regarding conducting audits virtually.

(b) 2021-2025 Financial Plan Update

Introduced by Shelley Legin, General Manager, Corporate Services.

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

- The development of the 2021-2025 Financial Plan to date
- Current projected property tax increases of 2.8% in 2021
- Noted the assumption that 2021 continues to be a pandemic year and 2022 is assumed be a recovery year in relation to revenues
- Ten year average property tax increase of 2.4%
- Property tax impact on an average home

Committee discussion took place regarding changes in property assessed values and the impact on revenue if a consistent property tax increase of 2.4% were implemented.

Laura Mercer, Director, Finance continued her presentation. Highlights included:

- Distribution of property tax towards city services paid by an average home
- Noted the key changes made to the final budget since the provisional budget had been adopted

Committee discussion took place regarding growth being substantially higher than what was predicted, and the conservative approach that was taken in the preliminary budget.

Laura Mercer, Director, Finance, continued her presentation. Highlights included:

- Council allocated \$500,000 from the Special Initiatives Reserve to a 2021 COVID-19 Internal Order to cover costs related to the pandemic
- Outlined the following decision points for the committee to consider:
 - Property Tax Freeze for Business Class 6
 - Presented four possible scenarios for freezing property taxes for Business Class 6 for one year
 - Noted that as relief is given in one area, it will have to be picked up in another
 - Records and Information Specialist position
 - To ensure capacity to implement the records management project
 - Development Service Recommendations – Two New Staff Positions
 - Building Supervisor and Building Official positions
 - To support the creation of two building permit fast track streams
 - Development Service Recommendations – Software
 - To support online applications
 - Development Service Recommendations – Implementation
 - Consulting services to assist with the implementation of the recommendations in the Building Permit Function Review
 - South End Recreation Centre Feasibility Study

- Feasibility study will inform future financial plan funding needs for a South End Recreation Centre

Councillor Turley returned to the Shaw Auditorium at 10:48 a.m.

- Downtown Security
 - Additional \$400,000 in funding to expand security services in the downtown core
- Haliburton Street Sidewalk
 - To amend the funding source for the Haliburton Street Sidewalk project
- Health and Housing Task Force Funding
 - To remove the earmarked funds in the Special Initiative Reserve as a budget line has been added

The Finance and Audit Committee recessed the meeting at 10:50 a.m.

The Finance and Audit Committee reconvened the meeting at 11:00 a.m.

Laura Mercer, Director, Finance, introduced the discussion point regarding the “Property Tax Freeze for Business Class 6”.

Committee discussion took place. Highlights included:

- Not all business are struggling at this time, and a property tax freeze does not discriminate between businesses in need
- The responsibility of senior government
- Encouraging the community to support local businesses
- Freezing Property Tax for Business Class 6 would give signal to the business community of Council support; however, this tool would not target individual businesses needing the support

Laura Mercer, Director, Finance, introduced the discussion point regarding the “Records and Information Specialist Position”.

Jake Rudolph, Chief Administrative Officer, noted that there are quite a few pressure points in staffing capacity and that this position is necessary to move forward with the records management project.

Committee discussion took place regarding alternative sources to fund the position.

Laura Mercer, Director, Finance, noted that as this is an ongoing cost, it is not recommended to be funded from reserves.

Committee discussion continued regarding:

- The significant use of reserves in the past year due to COVID-19
- Reviewing the business case for this ask in the Fall
- The option to fund the position from the Special Initiatives Reserve for the first two years

It was moved and seconded that the Finance and Audit Committee recommend that Council add a Records and Information Specialist position to the 2021-2025 Financial Plan effective July 1, 2021 funded from general revenue. The motion carried.

Opposed: *Councillor Brown*

It was moved and seconded that funding for the Records and Information Specialist position for year 2021 and 2022 be taken from the Special Initiatives Reserve to reduce property tax increase to 3%. The motion was defeated.

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

Laura Mercer, Director, Finance, introduced the discussion point regarding the “Development Service Recommendations – Two New Staff Positions”.

Committee discussion took place regarding increasing building permit fees as a source to help cover costs associated with improved efficiencies.

It was moved and seconded that the Finance and Audit Committee recommend that Council add a Building Supervisor position and a Building Official position to the 2021-2025 Financial Plan effective July 1, 2021 funded from general revenue. The motion carried unanimously.

Laura Mercer, Director, Finance, introduced the discussion point regarding the “Development service Recommendations – Software”.

It was moved and seconded that the Finance and Audit Committee recommend that Council add \$375,000 to 2021 of the 2021 – 2025 Financial Plan for online application system improvements funded from the Special Initiatives Reserve and \$150,000 for annual operating costs effective 2022 funded from the general revenues. The motion carried unanimously.

Laura Mercer, Director, Finance, introduced the discussion point regarding the “Development Service Recommendations – Implementation”.

It was moved and seconded that the Finance and Audit Committee recommend that Council add \$25,000 to 2021 of the 2021 – 2025 Financial Plan to support implementation of the recommendations in the Building Permit Function Review funded from the Special Initiatives Reserve. The motion carried unanimously.

Laura Mercer, Director, Finance, introduced the discussion point regarding the “South End Recreation Centre Feasibility Study”.

Committee discussion took place. Highlights included:

- The growth and development of the south end of Nanaimo and the demand for increased recreation facilities in that area
- Prefer to receive a preliminary staff report before making a decision

Richard Harding, General Manager, Parks, Recreation and Culture, noted that if Council approves the feasibility study, Staff will return to Council with a detailed report on how to proceed with this project.

Committee discussion took place regarding:

- The high demand for City parks
- The opportunity to take advantage of available infrastructure grants

It was moved and seconded that the Finance and Audit Committee recommend that Council add \$200,000 to 2021 in the 2021 – 2025 Financial Plan for a South End Recreation Centre Feasibility Study funded from the Special Initiatives Reserve. The motion carried unanimously.

Laura Mercer, Director, Finance, introduced the discussion point regarding “Downtown Security”. She noted that if the City is successful with a grant application for the Strengthening Communities Services Program, grant funding received will offset a portion of City funding.

Committee discussion took place. Highlights included:

- The grant application for the Strengthening Communities Services Program
- Increasing the number of bylaw officers

Jake Rudolph, Chief Administrative Officer, spoke regarding a business case for allocating \$50,000 toward developing a Public Safety Action Plan.

Committee discussion continued regarding:

- Many businesses downtown are concerned regarding the homeless population in the downtown area
- Owe it to business community and residents to do something in the short term
- Potentially making the decision at a later date when more informed
- Not the most ideal plan going forward, but understand the need for having additional security presence downtown
- Taking into consideration a street person’s viewpoint regarding housing

Dale Lindsay, General Manager, Development Services, noted that the Community Connect Program expires at the end of June. The purpose of this recommendation is to allow security to continue in that area as a short-term measure.

Committee discussion continued regarding:

- \$50,000 toward the development of a Public Safety Action Plan
- Need to do something in the interim to allow people in the downtown to feel safe
- Recommendation is not intended to be a solution but rather to provide support for the tax payers and local business
- Possibility of drawing \$50,000 for a Public Safety Action Plan from the \$400,000 ask for expanding downtown security

It was moved and seconded that the Finance and Audit Committee recommend that Council add \$400,000 to 2021 in the 2021-2025 Financial Plan for expanded downtown security to the downtown area funded from the Special Initiatives Reserve. The motion carried.

Opposed: *Councillor Brown*

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to allocate \$50,000 from the Special Initiatives Reserve to complete a comprehensive Public Safety Action Plan. The motion carried unanimously.

The Finance and Audit Committee Meeting recessed at 12:25 p.m.

The Finance and Audit Committee Meeting reconvened at 12:50 p.m.

Laura Mercer, Director, Finance, introduced the discussion point regarding the “Haliburton Street Sidewalk”.

It was moved and seconded that the Finance and Audit Committee recommend that Council amend the funding source of the acceleration of the Haliburton Street Sidewalk project to 2021/2022 from the Special Initiatives Reserve to the Community Works Reserve Fund. The motion carried unanimously.

Laura Mercer, Director, Finance, introduced the discussion point regarding the “Health and Housing Task Force Funding”.

It was moved and seconded that the Finance and Audit Committee recommend that Council not reserve \$400,000 in funding from the Special Initiatives Reserve for recommendations coming from the Health and Housing Task Force as a budget line item has been added to 2021 to 2025 of the 2021-2025 Financial Plan. The motion carried unanimously.

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

- Financial Plan Amendment Bylaw and Property Tax Bylaw to go to Council for first three readings on 2021-MAY-03 and for final adoption on 2021-MAY-10

7. REPORTS:

(a) 2020 Annual Financial Statements

Introduced by Shelley Legin, General Manager, Corporate Services.

It was moved and seconded that the Finance and Audit Committee recommend that Council accept the 2020 Annual Financial Statements for the City of Nanaimo. The motion carried unanimously.

(b) Property Tax Due Date

Shelley Legin, General Manager, Corporate Services, spoke regarding changes to the 2021 property tax penalty scheme in order to provide leniency in property tax due dates.

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

- Keep the property tax due date at 2021-JUL-02;
- Change the first property tax penalty due to 1% on 2021-JUL-02; and,
- Extend the second property tax penalty due date to 2021-SEP-10 and change to 9%

The motion carried unanimously.

(c) Serauxmen Stadium Outfield Fencing Project Update

Richard Harding, General Manager, Parks, Recreation and Culture, provided an update on the status of the Serauxmen Stadium outfield fencing project and the additional requirement of \$328,000.

Committee discussion took place. Highlights included:

- The total amount spent on Serauxmen Stadium including the cost of the lighting
- Funding from the asset management reserve

It was moved and seconded that the Finance and Audit Committee recommend that Council provide additional funding to the 2021 Serauxmen Stadium Outfield Fence Project as follows:

1. \$175,000 for project contingency and possible soil removal and disposal, funded from the Asset Management Reserve; and,
2. \$153,000 for left and right foul line fencing, funded from the Asset Management Reserve.

The motion carried unanimously.

(d) Asset Management Planning Program

Introduced by Shelley Legin, General Manager, Corporate Services.

- Staff is seeking a Council resolution to submit an application to the 2021 Asset Management Planning Program for the Sanitary Lift Station Condition Assessment Project

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to submit an application to the 2021 Asset Management Planning Program for the Sanitary Lift Station Condition Assessment Project, and provide overall grant management. The motion carried unanimously.

(e) Local Government Development Approvals Program

Introduced by Shelley Legin, General Manager, Corporate Services.

- Staff is seeking Council's approval for submitting an application to the Local Government Development Approvals program for the development approval improvement project
- Municipalities may submit one application for 100% funding of eligible project costs up to \$500,000 and eligible projects must be completed within two years of grant approval
- Grant application deadline is 2021-MAY-07

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to submit an application to the Local Government Development Approvals Program for the Development Approval Improvement project, and provide overall grant management. The motion carried unanimously.

(f) Canada Healthy Communities Initiative - Second Intake

Introduced by Shelley Legin, General Manager, Corporate Services.

- Application to the Canada Healthy Communities Initiative for the Maffeo Sutton Playground Phase 2
- Maffeo Sutton Playground Phase 2 project is currently budgeted for 2023; and if successful in this grant, project would be accelerated to 2021

Committee discussion took place. Highlights included:

- Maffeo Sutton Playground Phase 2 focuses on the age group of 2 – 5 year olds and includes natural play spaces
- Grant would not cover the full project and remaining cost would be funded through PILTS (Payment in Lieu of Taxes)
- Recognized the positive feedback received in response to Maffeo Sutton Playground Phase 1

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to submit an application to the Canada Healthy Communities Initiative for the Maffeo Sutton Playground Phase 2. The motion carried unanimously.

(g) Tire Stewardship BC Grant

Shelley Legin, General Manager, Corporate Services, advised the committee that the City has submitted a grant application totaling \$14,635 for the Harewood Centennial Park Accessible and Inclusive Playground Upgrade project.

(h) Vancouver Island Economic Alliance - 2021 Conference Sponsorship

Introduced by Dale Lindsay, General Manager, Development Services.

- Council is being asked to consider sponsoring the 2021 Vancouver Island Economic Alliance Conference at the Platinum Level (\$10,000)
- City has previously sponsored this conference in 2017
- Conference is scheduled for October 2021

Councillor Armstrong disconnected at 1:17 p.m.

It was moved and seconded that the Finance and Audit Committee recommend that Council sponsor the 2021 Vancouver Island Economic Alliance Summit as a platinum sponsor with a \$10,000 financial contribution. The motion carried unanimously.

8. ADJOURNMENT:

It was moved and seconded at 1:18 p.m. that the meeting terminate. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER