

**MINUTES**  
**FINANCE AND AUDIT COMMITTEE MEETING**  
**VIRTUAL MEETING**  
**MONDAY, 2021-MAY-19, AT 9:01 A.M.**

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**Present:** Mayor L. Krog, Chair (joined electronically)  
Councillor S. D. Armstrong (joined electronically)  
Councillor D. Bonner (joined electronically)  
Councillor T. Brown (joined electronically)  
Councillor E. Hemmens (joined electronically)  
Councillor Z. Maartman (joined electronically)  
Councillor I. W. Thorpe (joined electronically)  
Councillor J. Turley (joined electronically)

**Absent:** Councillor B. Geselbracht

**Staff:** J. Rudolph, Chief Administrative Officer (joined electronically)  
R. Harding, General Manager, Parks, Recreation and Culture (joined electronically)  
S. Legin, General Manager, Corporate Services (joined electronically)  
D. Lindsay, General Manager, Development Services (joined electronically)  
T. Doyle, Fire Chief (joined electronically)  
L. Mercer, Director, Finance (joined electronically)  
A. Groot, Director, Facilities and Parks Operations (joined electronically)  
P. Rosen, Director, Engineering (joined electronically)  
D. Bailey, Manager, Accounting Services (joined electronically)  
W. Fulla, Manager, Business, Asset & Financial Planning (joined electronically)  
D. Blackwood, Client Support Specialist (joined electronically)  
C. Sholberg, Community Heritage Planner (joined electronically)  
S. Gurrie, Director, Legislative Services (joined electronically)  
S. Snelgrove, Deputy Corporate Officer (joined electronically)  
K. Lundgren, Recording Secretary (joined electronically)

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

The Finance and Audit Committee Meeting was called to order at 9:01 a.m.

2. INTRODUCTION OF LATE ITEMS:

- (a) Add scheduled recess at 10:30 a.m.
- (b) Agenda Item 5(b) Project Planning Overview – Add 2021 – 2025 Project Plan Handout and 2021 – 2025 Reserve Balances Handout.
- (c) Agenda Item 7(c) – Add report titled “Stadium District Development Plan and Potential Interim Improvements”.
- (d) Add report titled “Draft Amenity Improvement Concepts for Westwood Lake Park” to become Agenda Item 7(e) and re order the remaining items.

(e) Agenda Item 7(k) – Add report titled “One Time Bonus Gas Tax Funding”.

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 Special Finance and Audit Committee Meeting held in the Shaw Auditorium, Vancouver Island Conference Centre, 80 Commercial Street, Nanaimo, BC, on Wednesday, 2021-APR-14, at 9:00 a.m. be adopted as circulated. The motion carried unanimously.

5. PRESENTATIONS:

(a) 2022 – 2026 Financial Plan Development

Introduced by Shelley Legin, General Manager, Corporate Services.

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

- Overview of the proposed timeline and process for the 2022 – 2026 Financial plan development
- Projected property tax increase of 3.6% (1.0% General Asset Management Reserve and 2.6% in General Property Tax Increases) for 2022
- Projected increase of 4.0% for sanitary sewer user rate fee increase and 5.0% in water user rate fee increase
- Assumptions in the Financial Plan include revenues returning to pre-pandemic levels, expenditures associated with facilities reopening, and growth

Committee discussion took place regarding Casino Revenue.

Laura Mercer, Director, Finance, continued her presentation and listed the 2022 budget drivers.

Committee discussion took place regarding accounting in the budget for the upcoming RCMP salary negotiations and request for additional members.

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

- 2022 budget drivers relate to a 3.6% tax increase in year 2022
- Additional items to note in 2020
  - Funding requirement to operate new Nanaimo Prosperity Agency

- Funding for extension of the Community Clean Team Pilot ends 2021-DEC-31
- Public safety action plan and funding to address any recommendations from the plan
- Overview of funding sources for capital projects
- Business cases and feasibility studies in progress (RCMP current space, Nanaimo Operations Centre, South End Recreation Centre)
- Overview of outstanding debt at 2020-DEC-31 and anticipated debt in the 2021 – 2025 Financial Plan
- Provided a graphical representation of project outstanding debt
- City of Nanaimo's current maximum debt servicing limit at 2020-DEC-31 is \$46.4 million for annual principal and interest payments (11.61% of current limit)
- Staff are seeking input from Council on the 2022 property tax increase target of 3.6%, as well as Council direction on specific priorities, focus areas or other changes

Committee discussion took place. Highlights included:

- The accuracy of the estimated long term debt ratio graphs presented
- Presented debt graph does not reflect the changes on the water supply modeling projection that occurred after the presented graph was created
- Acknowledging use of reserves in 2021 to offset property tax increases and being cautious moving forward
- Necessary and ambitious projects that would require long-term borrowing
- The COVID-19 Safe Restart Grant
- Ensuring that the City is adequately resourced to match ambitions and deliver capital projects to the community

(b) Project Planning Overview

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

- Presentation is a continuation of project discussion that took place at the 2021-MAY-10 Governance and Priorities Committee meeting
- Project planning process and the many elements involved in developing a five-year financial plan
- Total investment in projects over the next five years
- Reserves are the biggest funding source when it comes to project planning
- Asset management plan update expected to be presented to Council in Spring 2022
- Provided the projected end balances of each reserve type
- General reserves, used for projects, usually have very defined criteria
- Listed the projected closing balances for six reserves (General Capital Reserve, Special Initiatives Reserve, Strategic Infrastructure Reserve, Casino Reserve, Community Works Reserve and General Asset Management Reserve)
- In March 2021, the federal government announced that it intended to top-up the Gas Tax Fund allocations to local governments

- Overview of projects in the current financial plan (Corporate Services, Engineering and Public Works and Parks Recreation and Culture)

Committee discussion took place regarding clarification of the budget in the event that items, such as the artificial turf field at Harewood Centennial Park, are unsuccessful in their grant application.

Laura Mercer, Director, Finance, continued her presentation and provided an overview of the projects that are not currently in the financial plan.

Committee discussion took place regarding:

- The temporary washrooms and change rooms included in the stadium improvement interim plan to accommodate events that will take place before the project is complete
- Funding sources for debt servicing are related to the type of debt and not necessary funded from taxation
- Staff determine the funding sources for debt servicing based on the bylaw requirements

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

- Three types of capacity considerations include funding limitations, required staffing to manage and complete project work, and availability of contractors

The Finance and Audit Committee recessed at 10:35 a.m.

The Finance and Audit Committee reconvened at 10:53 a.m.

Laura Mercer, Director, Finance, continued her presentation and noted potential additions to the draft 2022 – 2026 Financial plan for Council consideration.

Poul Rosen, Director, Engineering, spoke regarding Engineering and Public Works projects not in the current plan:

- Increase funding for unallocated pedestrian funding allows Staff to respond in a more timely manner on public concerns
- Presented an active transportation connectivity map GIS application tool used to identify gaps, connections and priorities

Richard Harding, General Manager, Parks, Recreation and Culture, spoke regarding Parks, Recreation and Culture projects not in the current plan:

- Adding a number of stadium amenities to the stadium district development to 2021 and 2022 of the 2022 – 2026 Financial Plan
- Accelerating the Rotary Bowl oval track replacement, currently in the budget for 2024, to be completed in conjunction with the sprint track in 2021
- Artificial Turf Field at Harewood Centennial Park is contingent on a successful grant application
- Adding Westwood Lake Park amenities for consideration in the 2022 – 2026 Financial Plan
- Track upgrades to the Marie Davidson BMX Track Improvements

- Accelerating Maffeo Sutton Park Inclusive Playground Phase 2 to 2022 (currently in 2023 of the 2021-2025 Financial Plan)
- Long Lake Paddling and Rowing Centre

Laura Mercer, Director, Finance, continued her presentation and presented a summary of the possible additions to the 2022 – 2026 Financial plan, including potential costs and funding sources.

Committee discussion took place. Highlights include:

- The amount of funding available in a reserve's balance before triggering a tax increase
- Strong desire from the community for pedestrian projects
- Consideration for staffing resources required to implement Council direction
- Pedestrian funding should be a priority and support for a one-time increase of \$700,000 to pedestrian unallocated projects

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to allocate \$700,000 from the Community Works Fund to year 2022 of the 2021-2025 Financial Plan for pedestrian unallocated projects. The motion carried unanimously.

Committee discussion took place regarding Staff resources to deliver the one-time top-up to the pedestrian fund.

Poul Rosen, Director, Engineering, suggested that a report could be brought to Council fairly soon with a list of potential projects. Early direction from Council would allow Staff to start projects sooner.

Laura Mercer, Director, Finance, introduced the discussion point regarding connectivity projects.

Committee discussion took place regarding utilizing/expanding existing Quarterway bridge instead of the Buttertubs Bridge project.

Poul Rosen, Director, Engineering, noted that this is not a mature project and suggested the option to allocate a small amount to start rather than including the potential cost of the whole project.

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to include the Buttertubs Bridge project in the Draft 2022 – 2026 Financial Plan for Council consideration. The motion carried.

Opposed: *Councillor Turley*

Laura Mercer, Director, Finance, introduced the discussion point regarding the stadium district development improvements.

Committee discussion took place. Highlights included:

- Long term positive impact for both local sports user groups and spectators
- Great infrastructure for sports tourism and recovery after COVID-19

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to include the stadium improvement projects in 2021 and 2022 of the 2021 – 2025 Financial Plan. The motion carried unanimously.

Laura Mercer, Director, Finance, noted that the funding source for the stadium improvement projects will be divided between Community Works Fund and Special Initiatives Reserve.

Laura Mercer, Director, Finance, introduced the discussion point regarding Rotary Bowl (Track & Field).

Art Groot, Director, Facility & Parks Operation, noted that accelerating the Oval Track Replacement would limit disruption to the use of the track; however, from a replacement perspective, this project can wait until 2024.

Committee discussion took place regarding cost savings associated with accelerating the project by bundling the two phases together.

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to accelerate the Oval Track Replacement from 2024 to 2021 in the 2021 – 2025 Financial Plan. The motion was defeated.

Opposed: *Councillors Bonner, Brown, Hemmens, Thorpe and Turley*

Laura Mercer, Director, Finance, introduced the discussion point regarding the artificial turf field at Harewood Centennial Park.

Committee discussion took place. Highlights included:

- Whether the decision to not include the artificial turf field in the financial plan would impact the grant application
- Opportunity to complete this project through other means
- Outcome of the grant application before making a decision
- The requirement of turf fields for certain sport competitions
- The importance of making decisions today to provide direction to Staff to move forward with project planning

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to include the Artificial Turf Field project at Harewood Centennial Park in the Draft 2022 – 2026 Financial Plan for Council consideration if grant application is unsuccessful. The motion was defeated.

Opposed: *Councillors Bonner, Brown, Hemmens, Turley*

Laura Mercer, Director, Finance, introduced the discussion point regarding Westwood Lake Park Amenities.

Committee discussion took place. Highlights included:

- Strong return on investment and popularity of Westwood Lake
- Improvements to Westwood Lake Park are necessary

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to include the Westwood Lake Park Amenities project in the Draft 2022 - 2026 Financial Plan for Council consideration. The motion carried unanimously.

Laura Mercer, Director, Finance, introduced the discussion point regarding the Marie Davidson BMX track improvements.

Committee discussion took place. Highlights included:

- This track is very popular in the community and improvements would see a strong return on investment
- Potential private contribution
- BMX track provides an avenue to participation in individual sport

Richard Harding, General Manager, Parks, Recreation and Culture, noted that the BMX track is open to the public when not in use by the Nanaimo BMX Association.

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to include the Marie Davidson BMX Track Improvements in the Draft 2022 - 2026 Financial Plan for Council consideration. The motion carried unanimously.

Laura Mercer, Director, Finance, introduced the discussion point regarding Maffeo Sutton Park Inclusive Playground.

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to accelerate the Maffeo Sutton Park Inclusive Playground Phase 2 project to 2022 in the Draft 2022 – 2026 Financial Plan for Council consideration. The motion carried unanimously.

Laura Mercer, Director, Finance, introduced the discussion point regarding the Long Lake Paddling and Rowing Centre.

Committee discussion took place. Highlights included:

- Project needed in the community and has been in the works for quite a while
- This amenity seems very specific and not convinced that it serves the broader community
- The impact on funding sources and budget when accelerating projects
- Potential for federal government funding for this project
- The message that would be sent to the community partnering groups if this project is not supported
- The value and added bonus of the included playground improvements
- Strong indigenous use of the facility as well as the range of activities and users

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to include the Long Lake Paddling & Rowing Centre including park improvements and playground upgrades to the Draft 2022 – 2026 Financial Plan for Council consideration. The motion carried.

Opposed: Councillors Bonner and Hemmens

Laura Mercer, Director, Finance, continued her presentation and spoke regarding the next steps and proposed timeline for the 2022 – 2026 Financial Plan Development.

6. REPORTS:

(a) Heritage Home Grant Application – 347 Milton Street

Introduced by Dale Lindsay, General Manager, Development Services.

It was moved and seconded that the Finance and Audit Committee recommend that Council approve a \$2,500 Heritage Home Grant to repair and repaint the exterior of the Ledingham Residence at 347 Milton Street. The motion carried unanimously.

(b) Nanaimo Search & Rescue Development of 195 Fourth Street - Phase 2

Introduced by Richard Harding, General Manager, Parks, Recreation and Culture.

It was moved and seconded that the Finance and Audit Committee recommend that Council approve moving the Phase 2 project budget of \$1,367,100 from 2022 to 2021 in the 2021-2025 Financial Plan. The motion carried unanimously.

(c) Two Billion Tree Request for Information

Introduced by Richard Harding, General Manager, Parks, Recreation and Culture.

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to submit the Growing Canada's Forests: Future Respondent form to Natural Resource Canada in response to the Two Billion Tree Request for Information for the Millstone/Nanaimo Riparian Restoration Project. The motion carried unanimously.

(d) Draft Amenity Improvement Concepts for Westwood Lake Park

Introduced by Richard Harding, General Manager, Parks, Recreation and Culture.

- Primary focus is the initial amenity area of the park, including the swimming beach and parking lot area
- Reaching out to the Advisory Committee on Accessibility and Inclusiveness and the Environment Committee as part of the engagement process

It was moved and seconded that the Finance and Audit Committee recommend that Council receive the draft ideas and improvement options at Westwood Lake Park for public review and direct Staff to return with feedback and refined improvement concepts for Council's consideration. The motion carried unanimously.

(e) 2020 Statement of Financial Information

Introduced by Laura Mercer, Director, Finance.

It was moved and seconded that the Finance and Audit Committee recommend that Council approve the City of Nanaimo 2020 Statement of Financial Information for filing with the Ministry of Municipal Affairs and Housing. The motion carried unanimously.

(f) FortisBC Vehicle Incentive Program

Laura Mercer, Director, Finance, informed the committee that the City submitted an application and has been awarded a Natural Gas Vehicle Incentive totaling \$13,600 from the FortisBC Vehicle Incentive Program.

(g) 2020 Annual Parking Reserve Fund Report

Introduced by Laura Mercer, Director, Finance.

Committee discussion took place regarding whether the bylaw requirements of the Parking Reserve fund would allow funds to be allocated to bicycle storage/parking.

(h) 2020 Development Cost Charge Reserve Fund Report

Introduced by Laura Mercer, Director, Finance.

- 2020-DEC-31 the balance in the Development Cost Charges (DCC) Reserve was \$56,751,702
- Noted the requirements of the DCC Reserve

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

Laura Mercer, Director, Finance, informed the Committee that the City undertook 23 Single and Sole Source purchases, 8 purchases in excess of \$250,000 and 1 instance of Procurement Policy non-compliance purchases for the quarter ending 2021-MAR-31.

(j) One Time Bonus Gas Tax Funding

Laura Mercer, Director, Finance, noted that this funding has already been allocated.

7. ADJOURNMENT:

It was moved and seconded at 12:36 p.m. that the meeting adjourn. The motion carried unanimously.

CERTIFIED CORRECT:

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CHAIR

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CORPORATE OFFICER