

**MINUTES**  
SPECIAL FINANCE AND AUDIT COMMITTEE MEETING  
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE,  
80 COMMERCIAL STREET, NANAIMO, BC  
FRIDAY, 2021-OCT-29, AT 9:00 A.M.

---

Present: Mayor L. Krog  
Councillor S. D. Armstrong (joined electronically)  
Councillor D. Bonner (arrived 9:06 a.m.)  
Councillor B. Geselbracht (joined electronically)  
Councillor E. Hemmens  
Councillor Z. Maartman  
Councillor I. W. Thorpe  
Councillor J. Turley

Absent: Councillor T. Brown

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  
J. Van Horne, Director, Human Resources  
Supt. L. Fletcher, Nanaimo Detachment RCMP  
T. Doyle, Fire Chief  
J. Le Masurier, Deputy Fire Chief - Administration  
A. Groot, Director, Facilities and Parks Operations  
B. Mackay, Director, Information Technology  
L. Mercer, Director, Finance  
D. Bailey, Manager, Accounting Services  
M. Dunstan, Manager, IT Application Services  
W. Fulla, Manager, Asset, Business and Financial Planning  
J. Rushton, Manager, Purchasing and Stores  
B. Wardill, Manager, Revenue Services  
C. Barr, Communication and Marketing Specialist  
D. Johnstone, Communications and Digital Content Specialist  
T. Loewen, Communications and Marketing Specialist  
K. Robertson, Deputy City Clerk  
S. Snelgrove, Steno Coordinator  
N. Sponaule, Legislative Services Communications Clerk  
M. Waggoner, Records/Information and Privacy Coordinator  
S. Gurrie, Director, Legislative Services  
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 5(b) – 2022 – 2026 Draft Financial Plan – Replace PowerPoint presentation.
- (b) Add Recess Time – 10:00 a.m. to 10:15 a.m.
- (c) Add Recess Time – 12:00 p.m. to 1:00 p.m.
- (d) Add Recess Time – 3:00 p.m. to 3:15 p.m.
- (e) Agenda Item 5(c)(5) – Nanaimo Fire Rescue – Replace PowerPoint Presentation.

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

Jake Rudolph, Chief Administrative Officer, provided an introduction. Highlights included:

- Budget planning process is similar to previous years' format with sections on the year in review, challenges, initiatives, and 2022 considerations and opportunities
- The City of Nanaimo (the City) has a very diversified portfolio and there are many factors that effect each departments business plans
- The goal is to maintain and enhance current service delivery and assets while ensuring property taxes remain low
- Upcoming meetings include departmental business cases, review of capital projects and pubic engagement through the E-Town Hall on 2021-NOV-15
- Committee members can flag any items they would like brought back for further discussion at the 2021-NOV-05 and 2021-NOV-10 Special Finance and Audit Committee Meetings
- Acknowledged the Finance Staff for their hard work compiling the budget information and building the business plans

Councillor Bonner entered the Shaw Auditorium at 9:06 a.m.

(b) 2022 – 2026 Draft Financial Plan

Laura Mercer, Director, Finance, and Wendy Fulla, Manager, Business, Asset, and Financial Planning, provided the Finance and Audit Committee (the Committee) with a brief overview of the 2022 – 2026 Draft Financial Plan. Highlights included:

- Factors that effect the final draft budget include: Council input, operating budgets and approved wages and benefits
- Managers are required to justify each line item in their departments budget while ensuring low cost and adequate resources to carry out work plans
- Reviewed the timeline for 2022 – 2026 Draft Financial Plan
- February to April 2022 – review and update of Financial Plan with new information, direction from Council and changes to estimates
- April – May 15, 2022 – Adoption of amended Financial Plan Bylaw and adoption of the 2022 Property Tax Rates Bylaw
- 2022 is considered a recovery year from the effects of the COVID-19 pandemic with a projected property tax increase of 3.4%
- Casino revenues are projected to return to 75% of pre-pandemic level with a full return in 2023
- Investment income is projected to be lower than originally budgeted
- Projected 2022 user fees increases included a sewer user fee increase of 4%, water user fee increase of 5% and sanitation user fees increase of \$193
- In 2022, \$1.9 million of the COVID-19 Restart Grant will be used to ensure the tax rate remains low

Committee discussion took place regarding the \$193 increase in sanitation user fees.

Wendy Fulla, Manager, Business, Asset and Financial Planning, stated that the \$193 increase was per household for the year of 2022, not per utility bill.

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

- The average increase of property taxes from 2012 to 2021 was 2.4% and when comparing with this year's potential increase factors included:
  - Reduction in industry mill rates which increased residential rates
  - 2013 implementation of the 1% increase to General Asset Management
  - In 2016 the City started collecting revenue on behalf of the Vancouver Island Regional Library
- The impact to a typical single family home, valued at \$544,227, the home owner will pay \$2372 in property taxes, \$32.00 more in water fees, \$6.00 more in sewer fees and \$4.00 in sanitation with an overall increase per home/per year totalling \$120.00
- \$220.7 million in projected revenues provides funding for annual operating and maintenance, projects and infrastructure renewal reserves
- Property taxation is the largest revenue source at 58% and water revenues are the second largest at 11%
- \$165.2 million is budgeted for annual operating maintenance and day to day city services
- RCMP is the highest budget item at 17.5% of the operating budget and Parks, Recreation and Culture are the second highest at 17.1% of the operating budget

Committee discussion took place regarding grants and the process for showing grant funding in the budget.

Laura Mercer, Director, Finance, advised the Committee that the budget shows the grant revenue for grants the City has been approved for and received the funding. If grant funding is approved after the Draft Financial Plan is approved, amendments would be made to show those grants in the final Financial Plan.

Wendy Fulla, Manager, Business, Asset and Financial Planning, advised the Committee that the only exception is the artificial turf field, which Council has committed to but is still contingent on the grant being approved.

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

- Review of key budget drivers, decreases or increases and how these budget driver effect the overall budget
- 95% of the RCMP contract is budgeted for by the City and monitored continually with adjustments taking place as new information comes in
- Wages and benefits show an increase due to additional staffing for the re-opening of Beban Pool
- Three staff positions approved in the 2021 Financial Plan, funded through the Special Initiatives Reserve are now being funded through general taxation which increases the wages and benefits
- Revenue from Parks, Recreation and Culture are expected to increase to pre-pandemic levels with Beban Pool re-opening and COVID-19 restrictions allowing for full capacity levels
- Development continues to grow and the budget has been updated to reflect a three year average growth
- Regional District of Nanaimo (RDN) service agreements revenue will increase this year and is expected to equal pre-pandemic levels in 2022 and 2023

Committee discussion too place regarding the RDN services agreement.

Laura Mercer, Director, Finance, advised the Committee that the RDN service agreement is an estimate at this time but the final total will come forward to the Committee in March of 2022.

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

- Transfers from reserves included:
  - \$1,409,000 from the General Financial Stability Reserve – property tax reduction
  - \$388,000 transfer from the RCMP Contract Reserve for staffing and additional vehicles
  - Additional \$1,500,000 from the Special Initiatives Reserve for property tax relief in 2022
- The net impact on taxes is estimated at \$4,034,000
- Reviewed the business cases not included in the draft financial plan and these business cases will be discussion points at the 2021-NOV-05 and 2021-NOV-10 Special Finance and Audit Committee Meetings
- The City has \$39.3 million in outstanding external debt
- Internal debt includes Chase River Pump Station and Forcemain and Millstone Trunk South

Committee discussion took place regarding the current low cost of borrowing and if combining major project borrowing now instead of later when rates may increase.

Laura Mercer, Director, Finance, advised the Committee that Staff consistently monitor borrowing rates and will update the Committee or Council with options to borrow for major projects based on borrowing rates as they increase or decrease.

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

- New external debt included in the 2022 – 2026 Financial Plan includes:
  - Fire Station #1
  - Wellcox Secondary Access
  - Millstone Trunk North
  - Departure Bay Trunk
- New Internal debt included in the 2022 – 2026 Financial Plan includes:
  - Sewer DCC Projects
- Factors and/or major projects that effect the projected outstanding external debt, over the next 40 years include the Water Supply Dam, Water Treatment Plan and Fire Station #1
- The City has a debt servicing limit of \$44.4 million for annual principle and interest payments and the City is currently at 15.5% of its current borrowing limit
- Reviewed the two types of reserves which are Operating Reserves and Statutory Reserves
- Development Cost Charges (DCC's) are the largest contributor to reserves at 37% but can only be used for new infrastructure due to growth
- The estimated 2022 closing reserves balance is \$137 million

Committee discussion took place. Highlights included:

- Reserves, status and amount, currently versus one year ago
- Reserves that are earmarked for upcoming scheduled projects
- Strategic Infrastructure and Special Initiatives Reserves
- The business cases not included in the budget and the effect of these may have on reserves

Laura Mercer, Director, Finance, advised the Committee that:

- The overall total for reserves decreased due to the funds used from the Special Initiatives Reserve to reduce property taxes
- 80% of reserves are identified for specific purposes but there is a small amount of flexibility
- Business cases shown today in the presentations by Staff are not reflected in the draft Financial Plan

The Special Finance and Audit Committee Meeting recessed at 10:11 a.m.

The Special Finance and Audit Committee Meeting reconvened at 10:26 a.m.

(c) 2022 Department Business Plan Presentations

1. Chief Administrator's Office

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

- Review of the role of the Chief Administrative Officer (CAO) including implementation of Council policies and leadership and managerial responsibility for all City departments
- COVID-19 had a major impact on meetings and Staff had to adjust to allow for virtual meetings and virtual attendance
- Parks, Recreation and Culture were the most affected by COVID-19 with constantly changing Provincial guidelines
- Acknowledged the hard work of Staff, in all departments, during this unprecedented time
- Building permit Staff are working through a new fast tracking process to decrease building permit wait times
- The four pillars of Council included Governance Excellent, Economic Health, Environmental Responsibility and Liveability
- Reviewed upcoming projects and initiatives for 2022
- Working relationships and potential employee attraction is challenging and Human Resources Staff are looking at ways to offer more flexible work schedules and a work from home policy

2. Legislative Services & Communications

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

- The main role of the Director of Legislative Services is to ensure all duties under the legislation are adhered to and to serve Council
- Majority of time is spent in a strategic planning role with many hours spent with Mr. Rudolph, CAO, and the Senior Leadership Team planning the work Council has requested of us
- Legislative Services and Communications make up 1.9% of the City budget

Sky Snelgrove, Steno Coordinator, continued the presentation. Highlights included:

- Review of 2021 achievements and Council and Committee support including a major technology upgrade in Council chambers and transitions through COVID-19 to virtual meetings
- Planning of each Council and Committee/Task Force meeting is ongoing
- Transitioned the Environment Committee and Advisory Committee on Accessibility and Inclusiveness to virtual meetings
- Adoption of amendments to "Council Procedure Bylaw 2018 No. 7272" to allow for virtual meetings

- Staff supported an average of 8 meetings per month including 26 Council meetings with 260 steps per meeting and preparation for each meeting beginning 3 weeks advance of the meeting

Karen Robertson, Deputy City Clerk, continued the presentation. Highlights included:

- 2021 Achievements including key projects such as the creation of Council SharePoint page and contract/agreement tracking
- 2022 Key Initiatives
  - Complete the master bylaw registry
  - Modernizing the regulatory bylaws
  - Continue to review and update Council and Administrative policies
  - Create a comprehensive list of all policies

Sky Snelgrove, Steno Coordinator, continued the presentation. Highlights included:

- Tentative meeting schedule for 2022 includes 32 Regular Council meetings and Public Hearings
- In 2022 Staff will continue to monitor meeting processes due to COVID-19 and make adjustments as necessary
- Work on the upcoming 2022 General Local Election begins nine months before the elections which occurs in October of 2022
- Election tasks included sourcing locations, testing voting machines, preparing all signage and nomination packages, host candidate sessions and hire and train 200 elections workers

Megan Waggoner, Records/Information and Privacy Coordinator, continued the presentation. Highlights included:

- 2021 Achievements included:
  - Electronic Document Records Management System project (EDRMS) – pilot project
  - Updated the video surveillance to ensure privacy standards were being met
  - 268 Freedom of Information (FOI) requested have been received to date
  - Approximately 500,000 electronic records were classified and moved
  - Privacy and Information Security Committee was formalized

Committee discussion took place regarding the volume of FOI requests.

Megan Waggoner, Records/Information and Privacy Coordinator, advised the Committee that there is a high volume of individual requests for incidents such as Nanaimo Fire Rescue records.

Sheila Gurrie, Director, Legislative Services, advised the Committee that media requests have declined in the past few years.

Megan Waggoner, Records/Information and Privacy Coordinator, continued the presentation. Highlights included:

- 2022 Key Initiatives included:
  - Continuation of the records pilot project and evaluation of next steps
  - EDRMS implementation outside of pilot departments
  - Continuing implementation and training for the Privacy Management program
  - Continue the Privacy and Information Security Committee meetings
  - Work on virtual mandatory training program for FOI's

Sheila Gurrie, Director, Legislative Services, continued the presentation for the Communications section of the department. Highlights included:

- Reviewed the 2021 Achievements in Communications
- In 2022 Communications will continue to assess and modify communications surrounding COVID-19 and support major projects such as REIMAGINE Nanaimo and upcoming capital projects

### 3. Human Resources

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

- Human Resources (HR) consists of health and safety, employee services, training and development, employee relations and recruitment
- HR makes up for 1.3% of the City budget
- Reviewed the 2021 Achievements
- Reviewed the 2022 Considerations and Opportunities

Committee discussion took place regarding formal grievances brought forward by Staff.

John Van Horne, Director, Human Resources, advised the Committee that due to good communication between CUPE, Staff and Managers few grievances have been brought forward. He stated that Staff transitioning back to working onsite versus at home has had its challenges.

Committee discussion took place. Highlights included:

- Staffing issues and the City's reputation as a good employer
- Employee surveys and engagement
- Remote work policy and the negative and positive effects on Staff of working from home
- Potential employees requesting a work from home option during the interview process



John Van Horne, Director, Human Resources, advised the Committee that the City has regained its reputation as a good employer, HR Staff conduct exit interviews that provide feedback from employees about working for the City, and potential employees have asked if the City offers a work from home option. He stated that the work from home policy would need to be fair to existing employees and ensure that the corporate culture of the City and important social aspect of work is not lost.

4. Corporate Services

Introduced by Jake Rudolph, Chief Administrative Officer.

1. Emergency Management

Karen Lindsay, Manager, Emergency Program, provided the Committee with a PowerPoint presentation. Highlights included:

- Emergency management is defined by the *Local Government Act* and is guided by legislation
- Emergency management has three segments to it including Emergency Coordination Centre (ECC), Emergency Management and Emergency Social Services Volunteers (ESS)
- Emergency management makes up 0.2% of the annual City budget and is primarily operational
- The volunteer program is well regarded by neighbouring communities who take part in the training
- Reviewed the 2021 Achievements
- Reviewed the 2022 Considerations and Opportunities

The Special Finance and Audit Committee recessed at 12:04 p.m.

The Special Finance and Audit Committee reconvened at 1:00 p.m.

2. Finance

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

- Statutory role of the Finance Officer is to safeguard financial assets and provide financial support to all departments
- Finance consists of 40 Staff and 5 subsections including Accounting Services, Financial Planning, Payroll, Revenue Services and Purchasing and Stores
- Finance totals 3.0% of the City budget
- Reviewed the 2021 Achievements
- Reviewed the 2022 Considerations and Opportunities
- 2022 Key Initiatives included:
  - Asset Management Plan and 20 Year Investments Plan updates
  - Water and sewer user rate review
  - Advancement of the Sustainable Procurement Program

- Financial Policy Development
- Additional modules to the bids&tenders software
- Business case not currently in draft budget is for a Manager, Financial Services and Special Projects

### 3. Information Technology

Brian Mackay, Director, Information Technology, provided the Committee with a PowerPoint presentation. Highlights included:

- Information Technology (IT) consists of two groups: IT Application Services and IT Technical and Client Services
- IT makes up 3.0% of the City budget
- Reviewed the 2021 Achievements
- Reviewed the 2022 Considerations and Opportunities
- 2022 Key Initiatives included:
  - Corporate Asset Management System
  - Enterprise Resources Planning System
  - E-Permitting Solution
  - Cloud Strategy including Office 365
  - Stadium District Technology
  - Enterprise Document and Records Management System
  - Fire Station #1 - technology
- Business case not included in the draft budget is for a Supervisor, Technical Support

Committee discussion took place regarding the Intelligent City Initiative and cost to the City for implementation

Brian Mackay, Director, Information Technology, advised the Committee that the Intelligent City initiative would be cost neutral as the idea is to work with the suppliers and partner with Vancouver Island University (VIU), School District #68, the Nanaimo Port Authority and other major stakeholders to find creative ways to share costs.

### 4. Police Services

Supt. Lisa Fletcher, OIC, RCMP, Nanaimo Detachment, provided the Committee with a PowerPoint presentation. Highlights included:

- RCMP, in recent years, have seen an increase in demand for services and increased on the job challenges
- Policing totals 17.5% of the City budget
- As policy work increases Staff are working with the City to hire more RCMP staff
- Reviewed the 2021 Achievements
- Reviewed the 2022 Considerations and Opportunities
- 2022 Key Initiatives included:
  - Strengthen essential services relationships
  - Enhance public safety and community policing

- Continue to work with Island Health and the Province
- Work with neighbourhood associations and continue the success of the mental health liaison
- The City, SFN and Snaw-Naw-As to create a coin that represents Nanaimo and encourages a proactive, compassionate approach in the community
- Business case for a multi-year approach to increase municipal support staff and an additional four members to the bike patrol

Committee discussion took place. Highlights included:

- Challenges with prolific offenders
- Impact of three new members
- Breaches of policy and how those impact policing

Supt. Lisa Fletcher, RCMP, Nanaimo Detachment, advised the Committee that the community response and street crimes unit work creatively and diligently around property crime, three more RCMP members will be hired in 2022 and the current workload effects members' ability follow up. She stated that there are many challenges around prolific offenders and these individuals take up a significant amount of the workload.

#### 5. Nanaimo Fire Rescue

Tim Doyle, Fire Chief, provided the Committee with a PowerPoint presentation. Highlights included:

- Nanaimo Fire Rescue consists of three main areas including Emergency Operations, Vancouver Island Emergency Response Academy (VIERA) and Fire Prevention
- Nanaimo Fire Rescue makes up 12% of the City budget
- Reviewed the 2021 Achievements
- Total incidents to date equal 5,145 with 2,408 of those being medical

Committee discussion took place regarding the types of calls and which type show the largest increase.

Tim Doyle, Fire Chief, advised the Committee that there is significant increase in overdose calls.

Tim Doyle, Fire Chief, continued the presentation. Highlights included:

- Reviewed the 2022 Consideration and Opportunities
- Fire Station #1 milestones include the groundbreaking in the summer of 2020 with completion scheduled for Summer of 2022
- Business case not currently in draft budget include a Manager of VIERA

Committee discussion took place regarding the use of Narcan and if incidents of usage are being reported to the Province.

Jodi Le Masurier, Deputy Fire Chief, advised the Committee that at the beginning of the opioid epidemic reporting measures were put in place with the Province. This practice has been stopped but Staff can review how those statistics are being reported to the Province now.

5. QUESTION PERIOD:

There was no one was in attendance to ask questions.

6. ADJOURNMENT:

It was moved and seconded at 2:08 p.m. that the meeting adjourn. The motion carried unanimously.

CERTIFIED CORRECT:

\_\_\_\_\_  
CHAIR

\_\_\_\_\_  
CORPORATE OFFICER