

MINUTES
FINANCE AND AUDIT COMMITTEE MEETING
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE,
80 COMMERCIAL STREET, NANAIMO, BC
WEDNESDAY, 2022-MAR-16, AT 9:00 A.M.

- Present: Mayor L. Krog, Chair
Councillor D. Bonner
Councillor T. Brown (joined electronically)
Councillor B. Geselbracht
Councillor E. Hemmens
Councillor Z. Maartman (joined electronically)
Councillor I. W. Thorpe
Councillor J. Turley zoom (joined electronically)
- Absent: Councillor S. D. Armstrong
- Staff: J. Rudolph, Chief Administrative Officer
D. Lindsay, General Manager, Development Services/Deputy Chief Administrative Officer
R. Harding, General Manager, Parks, Recreation and Culture
B. Sims, General Manager, Engineering and Public Works
J. La Masurier, Deputy Fire Chief
A. Groot, Director, Facilities and Parks Operations
L. Mercer, Director, Finance
L. Wark, Director, Recreation and Culture
D. Bailey, Manager, Accounting Services
C. Davis, Manager, Parks, Recreation and Culture
W. Fulla, Manager, Business Asset and Financial Planning
T. Pan, Manager, Sustainability
J. Slater, Manager, Revenue Services
M. Elliot, Project Manager, Engineering
K. Macdonald, Parks and Open Space Planner
C. Sholberg, Community Heritage Planner
S. Gurrie, Director, Legislative Services
S. Snelgrove, Deputy Corporate Officer
A. Mac Coll, Recording Secretary

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

The Finance and Audit Committee Meeting was called to order at 9:00 a.m.

2. INTRODUCTION OF LATE ITEMS:

- (a) Replace Laura Mercer, Director, Finance with Dale Lindsay, General Manager, Development Services/Deputy Chief Administrative Officer to introduce Agenda Item 7(i) - BC Sustainable Energy Association Cool It! Program for Nanaimo Schools.
- (b) Remove Agenda Item 7(l) - Strengthening Communities Services Fund - Second Intake.

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 Finance and Audit Committee Meeting held electronically on Monday, 2022-FEB-16 at 9:02 a.m. be adopted as circulated. The motion carried unanimously.

5. DELEGATIONS:

(a) Brunie Brunie and Peter Brown re: Planting Fig Trees at City Hall

Brunie Brunie and Peter Brown provided the Finance and Audit Committee (the Committee) with a presentation regarding planting fig trees at City Hall. Highlights included:

- 7 organically grown fig tree starters will be gifted to the City of Nanaimo (the City) if they can be planted on the northern sunny slope of City Hall
- Lawns are a wasted commodity and the City should reject pesticides and embrace the trees
- Figs are an excellent food source, especially with climate change and water shortages
- There are twelve varieties of fig trees in Nanaimo that originated in Europe
- Once fig trees are established, they are easy to control and are able to pull in their own water where they are planted
- Vancouver Island is one of the few places that can grow fig trees in BC
- The 300 ornamental cherry trees donated to the City do not produce pollen or viable fruit for the birds and bees

Committee discussion took place. Highlights included:

- The climate zone of Vancouver Island and its suitability for fig trees
- Sustainable food production and its inclusion in the City plan
- The clean up and the trimming of the fig tree as well as funding the maintenance of the trees
- Fruit trees are planted in the community garden in Beaufort park, and there are groups there that take care of them

6. REPORTS:

(a) Captioning Options for Council Meetings

Introduced by Sheila Gurrie, Director, Legislative Services. Highlights included:

- In March 2021, Council endorsed a recommendation by the Advisory Committee on Accessibility and Inclusiveness (ACAI) directing Staff to

implement a live captioning service for all future ACAI meetings with the potential to expand to all other City meetings

- There is captioning available through Zoom and eSCRIBE, but the wording from the captioning is not 100% accurate
- The one-time installation fee of the Shaw Captioning services at the Vancouver Island Conference Centre is \$24,700
- There are limited companies that offer the captioning service
- Rogers has recently purchased Shaw TV and there may be an opportunity for a low cost captioning service once Rogers is the provider
- Shaw TV does not record statistics for viewership

Committee discussion took place. Highlights included:

- Updates regarding the subscription of the captioning and what the charges could amount to for that service
- Option two of the report meets the City's needs until more information is provided from Rogers

It was moved and seconded that the Finance and Audit Committee recommend that Council maintain the status quo regarding captioning meetings on Shaw TV and direct Staff to advise Council once more information is available regarding the provision of Shaw TV/Rogers captions. The motion carried.

Opposed: *Councillors Bonner and Brown*

(b) Travel Assistance Grant – Nanaimo Minor Hockey U13

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

Committee discussion took place. Highlights included:

- Grants for travel assistance are awarded on a first come first serve basis
- Council has \$7,500 to expend on these types of grants per year

It was moved and seconded that the Finance and Audit Committee recommend that Council approve a Travel Assistance Grant for the Nanaimo Minor Hockey Association U13 Tier 1 team in the amount of \$550 for eleven (11) Nanaimo players to attend the U13 Tier 1 Provincial Championships held from 2022-MAR-20 through 2022-MAR-23 in Maple Ridge, BC. The motion carried unanimously.

(c) Public Engagement Summary and Phased Concept Plan for Westwood Lake Park Amenity Improvements

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

Presentation:

1. Kirsty MacDonald, Parks and Open Space Planner, provided the Committee with a PowerPoint presentation. Highlights included:
 - Westwood Lake Park (the Park) was a lake built in the 1950's in partnership with the Royal Canadian Legion – Nanaimo Branch

- Staff have spoken to stakeholder groups and provided an online survey that had 600 respondents
- Neighbours were contacted by Staff to receive feedback on the design and how to limit impacts to residents while construction is taking place
- The new parking plan adds 36 standard parking stalls to the area
- Through the ACAI feedback regarding accessible vans, Staff have created a new design standard for accessible stalls in Nanaimo
- Geotechnical assessments are being used to find the best type of permeable surfacing for the parking and beach access
- The current design for parking will only impact one significant tree with a total of 36 non-significant trees impacted
- Staff will use lumber from removed trees to build park amenities
- There is a wider trail for walkers, runners and strollers as well as a second single track trail for the mountain bike users around the park

Committee discussion took place. Highlights included:

- The common themes noted in the online survey were improving the beach front, parking, and washrooms
- The washroom expenses, design, impact to users, and time are factors of it being included in Phase 2
- Staff's ability to add barbeque facilities to the plan
- Access to the Park during construction and how to keep it open for users
- The 1 significant tree that will be removed and if the City could mill the lumber
- The differences between the existing single track trail and the existing accessible trail
- The ability to signify to the public that parking is full to avoid users driving into the parking lot if there is no availability

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

- Approve the Westwood Lake Park Final Concept Plan as presented for Phase One improvements in 2022; and
- Include Phase Two and future improvements in the 2023-2027 Draft Financial Plan for Council's consideration.

The motion carried unanimously.

(d) Beban Park Outdoor Learning Centre - Detailed Design

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

- There is a desire and need in the community for more outdoor learning
- The design for the outdoor learning centre will be completed this year
- Staff brought the concept design to ACAI and received feedback

(e) Heritage Facade Grant - 41 Chapel Street

Introduced by Dale Lindsay, General Manager, Development Services/Deputy Chief Administrative Officer. Highlights included:

- Staff are seeking support for a \$10,000 grant for 41 Chapel Street
- Before the work is completed the application should be received; however this application was received after the work had been completed

Committee discussion took place. Highlights included:

- Having the final project cost, including all over runs, provides an accurate picture for Council

It was moved and seconded that the Finance and Audit Committee recommend that Council approve a \$10,000 Heritage Façade Grant for rehabilitation work recently completed on the Shaw Residence located at 41 Chapel Street. The motion carried unanimously.

(f) 2021 Budget Carry Forwards

Introduced by Laura Mercer, Director, Finance.

Wendy Fulla, Manager, Business, Asset and Financial Planning, provided a brief review of the 2021 Budget carry forwards. Highlights included:

- At the end of each year Staff review all operating and capital projects to identify which projects are almost complete, a work in progress, or delayed and continued into the following year
- 2021 carry forwards identified the following \$57.9 million in projects that were added to the 2022-2026 financial plan:
 - 80% (\$45.6 million) works in progress
 - 16% (\$9.2 million) projects delayed or not started
 - 4% (\$2.5 million) substantially completed
 - \$704,469 operating costs
- When a project is cancelled the money could be put back into the reserves, allocated to a different project, or contributed to surplus funds
- Project management capacity is available for larger projects and there are delays in the small projects due to constricted resources

Committee discussion took place. Highlights included:

- The project reports and status of cancelled projects for Council
- Staff vacancies and their contributions to the projects that were delayed

(g) 2021 Surplus Allocation

Introduced by Laura Mercer, Director, Finance. Highlights included:

- The City, at the end of 2021, had a 5.6 million surplus from the following 3 operating funds:
 - General Operating Fund (\$4.2 million)
 - Sewer (\$472,000)
 - Water (\$931,000)

- Wages and benefits from Staff vacancies were 2 million dollars in surplus
- Building permits, Casino, and aquatic revenues were more than expected
- Tourism and Nanaimo Prosperity Corporation costs for the City came in less than expected
- Vancouver Island Emergency Response Academy had higher than expected costs of \$199,000
- The largest unexpected deficit was the Royal Canadian Mounted Police (RCMP) contract renewal relating to the retroactive wage settlement between the unionized RCMP members and the Federal government
- The RCMP settlement was higher than the information initially provided to Staff resulting in a deficit of 2.7 million dollars
- The Sewer Fund and the Water Fund surpluses both came from higher than anticipated revenue from user fees and unspent contingency
- Staff are recommending allocating surplus to the following:
 - \$500,000 to the General Financial Stability Reserve
 - \$1,600,000 to the Property Acquisition Reserve
 - \$2,068,782 to the General Capital Reserve
- Money being allocated to the Special Initiatives Reserves is used for specific projects or a specific item, and Staff would not generally allocate monies there from the surplus unless there was a project
- The Strategic Infrastructure Reserve sources its funding from the Casino and Fortis revenue
- The General Capital Reserve is a General Operating fund and can be used for a variety of things as it is less restrictive and provides flexibility
- The city is required to record on the financial statements the liability of \$500,000 for post employment benefits

Staff and Committee discussion took place. Highlights included:

- Good practices for the post employment benefits liability
- The Special Initiative Reserve is an operating reserve that could be used for initiatives other than capital projects
- Staff draw from the General Financial Stability Reserve and develop a pay back plan to cover liability if no surplus is available
- User rate surpluses from Water and Sewer are due to new accounts and growth in the community as well as unpredictable weather
- The number of new units and the number of new user rate accounts per year are used to estimate user rate fees
- Surplus from Water and Sewer is not only revenue, but generated by lower expenditures, Staff vacancies, and the budgeted annual contingency
- Sewer rate increases in the past few years are only related to the asset management increase as the sewer user rate fees from operating costs have been absorbed by the City's growth
- Gaps were identified in the Water and Sewer funds in the 20 year plan
- Creating a reserve to allocate \$500,000 per year from taxation for Water and Sewer and the ability to lower the user rate bills
- There are three separate Financial Stability Reserves, one in the General Fund, one in the Sewer Fund and one in the Water Fund
- The unspent Health and Housing Task Force (HHTF) funds totalling \$433,000 and the ability to roll over the monies to the organization in 2023
- Operating budgets are generally not carried forward, and money transferred into the reserves could be used for initiatives like the HHTF

- Homelessness being a major strategic priority of Council
- The HHTF surplus and the ability to reserve it for the Systems Planner Organization
- Requirements and rules for Council to take money from reserves for initiatives

It was moved and seconded that the Finance and Audit Committee recommend that Council allocate the \$433,000 Systems Planner Organization surplus to the Special Infrastructure Reserve and earmark it for health and housing. The motion was defeated.
Opposed: Mayor Krog, Councillors Hemmens, Maartman, Thorpe, and Turley

Staff and Committee discussion continued. Highlights included:

- The availability of \$500,000 for the SPO over the next five years for operations
- One time expenditure related to the HHTF funded from the reserve has no tax impact, but the following years could impact taxes
- Council's direction is to fund the SPO for five years regardless of when it starts
- Money available for the SPO needs to be used through principles of collaboration and precedents will be set if all the surpluses are able to be returned to their account and not the General Fund
- Any future Council could make a different decision with earmarked funds

It was moved and seconded that Finance and Audit Committee recommend that Council approve the allocation of the 2021 operating surplus as follows:

1. General Fund

a. General Financial Stability Reserve \$ 500,000

b. Property Acquisition Reserve 1,600,000

c. General Capital Reserve 2,068,782

\$ 4,168,782

2. Sewer Fund

a. Sewer Reserve \$ 472,068

3. Water Fund

a. Water Reserve \$ 930,884

The motion carried unanimously.

The Finance and Audit Committee recessed at 10:46 a.m.

The Finance and Audit Committee reconvened at 10:58 a.m.

(h) 2022 Property Tax Due Dates

Introduced by Laura Mercer, Director, Finance. Highlights included:

- The City must adopt a tax bylaw by May 15th each year per the *Community Charter* and charge a 10% penalty on any outstanding current year taxes
- Staff have recommended the current year property tax due date as 2022-JUL-04 with a 2% penalty and have the second property tax due date as 2022-AUG-31 with an 8% penalty
- The financial impact to the City will be a reduction in tax penalty revenue

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

- Keep the property tax due date at 2022-JUL-04
- Change the first property tax penalty due to 2% on 2022-JUL-04; and
- Change the second property tax penalty due to 8% on 2022-AUG-31

The motion carried unanimously.

(i) BC Sustainable Energy Association Cool It! Program for Nanaimo Schools

Introduced by Dale Lindsay, General Manager, Development Services/Deputy Chief Administrative Officer. Highlights included:

- \$10,000 is needed from the Climate Action Reserve fund to support volunteers who provide in class workshops to grades 4 & 5 and high school students
- School District #68 is supportive of the BC Sustainable Energy Association Cool it! program

It was moved and seconded that the Finance and Audit Committee recommend that Council commit \$10,000 from the Climate Action Reserve Fund to sponsor classes in the City of Nanaimo to participate in BC Sustainable Energy Association's Cool It! Climate Leadership Training program. The motion carried unanimously.

(j) Consideration of New Permissive Tax Exemption

Introduced by Laura Mercer, Director, Finance. Highlights included:

- The Loaves and Fishes organization has applied to be included in the 2022 Permissive Tax Exemption (PTE) bylaw and has met all the criteria
- The property being considered is a City owned property that Loaves and Fishes leases at 1861 East Wellington Road with the estimated value of the PTE being \$19,000

It was moved and seconded that the Finance and Audit Committee recommend that Council award a Permissive Tax Exemption for the 2022 taxation year to the Loaves and Fishes Community Food Bank Society for the portion of the property that it leases from the City of Nanaimo at 1861 East Wellington Road that is utilized for charitable activities, commencing with the 2022 taxation year and to be reviewed annually until the property is fully utilized for charitable purposes by Loaves and Fishes. The motion carried unanimously.

(k) Infrastructure Canada Active Transportation Fund

Introduced by Laura Mercer, Director, Finance. Highlights included:

- The Infrastructure Canada Active Transportation Fund grant is aimed at increasing the total amount, usage, and quality of active transportation infrastructure throughout Canada
- Eligible projects be completed by 2026-MAR-31 and should encourage a shift away from cars to improve the safety and security of Canadians
- The Federal contribution can only cover a maximum of 60% of the project

- The recommended applications are the Beban Trail Phase 1 project receiving \$495,000 if approved, and the Third street: Watfield to Pine receiving \$450,000 if approved with funding announcements expected March 2023

Committee and Staff discussion took place. Highlights included:

- \$110,000 is currently in the budget for the Beban Trail Phase 1 with the remaining \$220,000 coming from the Strategic Infrastructure Reserve
- Grant funding received will reduce the city's payment freeing up money for other projects
- Staff capacity was taken into consideration when choosing which projects to move forward in the application process as there are time restraints
- The trails and their connections throughout the City with bike lanes

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

1. direct Staff to submit an application to the Infrastructure Canada Active Transportation Fund for the Beban Trail Phase 1 project and that Council commits to funding \$330,000 of the project; and
2. direct Staff to submit an application to the Infrastructure Canada Active Transportation Fund for the Third Street: Watfield to Pine project and that Council commits to funding \$300,000 of the project.

The motion carried unanimously.

(l) Tire Stewardship BC Community Grant Program

Introduced by Laura Mercer, Director, Finance. Highlights included:

- The City has applied for the Tire Stewardship BC Community Grant Program for \$30,000 for the Maffeo Sutton Park Playground Phase 2 Project
- Funding received can be used to purchase and install recycled tire products
- The estimated cost of the tire resurfacing at Maffeo Sutton Park is \$110,000
- Staff have applied for other grants for this project such as the Canada Community Revitalization Fund

Committee and Staff discussion took place. Highlights included:

- Recycling used tires for playground surfaces fits into the circular economy idea
- Public concerns regarding negative health impacts from recycled tires in parks
- Safety surfaces currently used by the City are Canadian Standards Association approved products reviewed by the Canadian Playground Safety Institute

(m) Kal's Replay Fund

Introduced by Laura Mercer, Director, Finance. Highlights included:

- The City has applied for the Kal's Replay Fund grant in the amount of \$20,000 for the Maffeo Sutton Park Playground Phase 2 project

- Grant funding can be used towards the purchase, freight, and installation of recycled rubber products made from scrap tires generated in Canada
- Funding announcement is expected at the end of April 2022

7. QUESTION PERIOD:

There were no members of the public in attendance to ask questions.

8. ADJOURNMENT:

It was moved and seconded at 11:18 a.m. that the meeting adjourn. The motion carried unanimously.

CERTIFIED CORRECT:

DEPUTY CORPORATE OFFICER

CHAIR