

**MINUTES**  
FINANCE AND AUDIT COMMITTEE MEETING  
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE,  
80 COMMERCIAL STREET, NANAIMO, BC  
WEDNESDAY, 2022-JUN-15, AT 9:01 A.M.

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Present: Councillor I. W. Thorpe, Chair  
Mayor L. Krog (arrived 9:17 a.m.)  
Councillor D. Bonner (joined electronically)  
Councillor T. Brown (joined electronically)  
Councillor B. Geselbracht  
Councillor E. Hemmens (joined electronically)  
Councillor Z. Maartman  
Councillor J. Turley

Absent: Councillor S. D. Armstrong

Staff: J. Rudolph, Chief Administrative Officer  
R. Harding, General Manager, Parks, Recreation and Culture  
B. Sims, General Manager, Engineering and Public Works  
L. Fletcher, OIC, Nanaimo Detachment RCMP  
A. Groot, Director, Facilities and Parks Operations  
L. Mercer, Director, Finance  
P. Rosen, Director, Engineering  
D. Bailey, Manager, Accounting Services  
W. Fulla, Manager, Business, Asset and Financial Planning  
J. Slater, Manager, Revenue 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 9:01 a.m.

3. APPROVAL OF THE AGENDA:

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

4. 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 Monday, 2022-MAY-18 at 9:00 a.m. be adopted as circulated. The motion carried unanimously.

5. PRESENTATIONS:

(a) 2023-2027 Financial Plan Development

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

- The budget process starts each February by updating the 10 year project plan
- Staff receive direction from the Finance and Audit Committee (the Committee) in June for the upcoming budget cycle, and once direction is received Staff begin working on operating budgets
- Business cases and plans from Staff are completed at the end of July with budget reviews between August and October
- Every November and December, Staff present 5 year plans and the business cases to Council
- The adoption of the provisional budget for the Financial Plan Bylaw is expected in January 2023
- The final budget will be presented to Council by May 15, 2023 with the preliminary property tax increase slated to be 5.5%
- Reserve funding to help with COVID-19 tax relief is set for 1.1 million for 2023
- Staff are working towards bringing the water and sewer rate review to Council in the Fall 2022 during the budget presentations with the sewer rate possibly changing due to the Recycle BC subsidy increase
- The Downtown Nanaimo Safety Review added 12 Community Safety Officers and 4 clean team members in 2022 with full costs realized in 2023
- 2023 year – 15 officers approved (3 officers per year for 5 years)
- RCMP contracting fees start September 1, 2022 with full costs realized in 2023

Council discussion took place regarding the RCMP positions in the budget and the ability to fill those positions.

Mayor Krog entered the Shaw Auditorium at 9:17 a.m.

Staff advised the Committee that there is a current analysis of staffing that show the projected requirements for the RCMP. The training facility in Regina was closed for two years and did not have the ability to train new recruits. When positions are authorized by municipalities, it puts them in a queue to receive an RCMP officer when one is available.

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

- The cost of four positions for the police services support staff resourcing plan are to be added over 5 years
- Staff are working on developing the draft 10 year project plan that will be presented to Council in the Fall of 2022
- 81% of project funding comes from reserves which represents 310 million dollars and 10% of project funding represents 7.5 million dollars comes from General Revenue that is budgeted to increase by 2% every year
- 5% of project funding is received from grant funding and private contribution and 4% comes external and internal borrowing (debt).

Council discussion took place regarding rising interest rates affecting the borrowing for projects like Vancouver Island Conference Centre as it has increased its debt payment. Generally the City applies for 20 year borrowing terms with a locked in rate.

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

- Under legislation, municipalities cannot borrow outside of its allowable limit which was 47.2 million at December 31, 2021 with 13.4% of that limit used

- The City's 20 year investment and asset management plan will be presented to Council in late 2022
- The five year plan will be reviewed and the timing of projects will be updated to spread them over 7 years to help be fiscally prudent with funding and building of capital projects
- Conditional assessments will affect the plan based on the results of the conditions assessment reviews that were completed on all major facilities
- Due to the pandemic, growth, and volatile economic times it has created three capacity issues funding, internal staff to manage, and contractors not being available

Council discussion took place. Highlights included:

- The preliminary tax rate increase will be 5.5% in 2023, and it is based on downtown public safety, RCMP contracts, wages and benefits, and asset management
- Caution taken when looking at new ambitious projects
- Capital projects that are a must have versus nice to have mindset can aide in lowering tax increases
- Paying off outstanding debt in advance to lower interest payments when short or long term borrowings come to an end of their term
- Communication to public about taxation and comparisons to other like size municipalities to show the City is lower in taxation amounts per household

Jake Rudolph, Chief Administrative Officer, advised that Nanaimo is one of the top 5 metropolitan areas with a large increase in growth each year. Infrastructure and growth pressures need to be maintained at a certain level to stay ahead and be fiscally sustainable. The taxation rate of Nanaimo compared to similar municipalities is several hundred dollars less in taxes per person while we are providing the same services that the other municipalities provide. Staff are looking at how to defer and delay warranted projects to help with the volatile market.

Councillor Bonner vacated the Shaw Auditorium at 9:13 p.m., stating a conflict of interest as he sits on the Board of Makerspace.

## 6. REPORTS:

### (a) Consideration of New Permissive Tax Exemption

Introduced by Laura Mercer, Director, Finance.

It was moved and seconded that the Finance and Audit Committee recommend that Council award a Permissive Tax Exemption for the 2023 taxation year to the Makerspace Nanaimo Association for the portion occupied by the Association (16.80%) at 2221A McGarrigle Road. The motion carried unanimously.

### (b) Nanaimo Search and Rescue Project

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

Mr. Harding noted that project deficiencies were completed and any extra funds were re allocated to other projects.

(c) Purchase of 2021 Temporary Public Artwork, Seabed by Peter Achurch

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

Committee discussion took place. Highlights included:

- The piece of art Seabed came from sea bed pieces, reused recycling pieces and repurposed materials
- The Art in Public Spaces working group made this recommendation
- Securing Seabed as a permanent piece of art that has been a fixture at VICC for the last two years

It was moved and seconded that the Finance and Audit Committee recommend that Council approve the use of existing City funds to purchase the artwork Seabed, 2020, by artist Peter Achurch, and the addition of the artwork to the Public Art Inventory in 2022. The motion carried unanimously.

(d) Lenhart Bridge

Introduced by Bill Sims, General Manager, Engineering and Public Works. Highlights included:

- Project was added to the budget late in 2021 for \$240,000 with market conditions now increasing the expected cost
- The project provides good mobility for the Townsite and Hospital area with connections to downtown
- There is no exact number of years calculated for the remaining life of the bridge; however, it has a timber structure and timber deck that was replaced more than ten years ago

Committee discussion took place. Highlights included:

- The bridge is an important project that enhances the use of Bowen Park
- The project is a nice to have but not a must have when it is still in fair condition and the increase in cost is large
- Additional \$188,000 needed would be drawn from the Community Works Fund, but could be more expensive in the future as it will eventually need to be replaced
- Any money used from reserves does have to be replaced by taxation if there is not enough money from the government funded Community Works Fund

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to increase the budget for the Lenhart Bridge project by \$188,000. The motion was defeated.

Opposed: Councillors Brown, Hemmens, Thorpe, Turley

7. QUESTION PERIOD:

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

8. ADJOURNMENT:

It was moved and seconded at 10:17 a.m. that the meeting adjourn. The motion carried unanimously.

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C H A I R

CERTIFIED CORRECT:

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DEPUTY CORPORATE OFFICER