

MINUTES
FINANCE AND AUDIT COMMITTEE MEETING
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE,
80 COMMERCIAL STREET, NANAIMO, BC
WEDNESDAY, 2023-JUN-14, AT 9:00 A.M.

Present: Mayor L. Krog, Chair
Councillor S. Armstrong (joined electronically; disconnected 11:16 a.m.)
Councillor T. Brown (joined electronically; disconnected 10:31 a.m.)
Councillor H. Eastmure (joined electronically)
Councillor B. Geselbracht
Councillor E. Hemmens
Councillor P. Manly
Councillor J. Perrino
Councillor I. Thorpe

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
T. Doyle, Fire Chief (joined electronically)
B. Corsan, Director, Corporate and Business Development
A. Groot, Director, Facilities and Parks Operations
L. Mercer, Director, Finance
P. Rosen, Director, Engineering
D. Fournier, Manager, Municipal Infrastructure
W. Fulla, Manager, Business, Asset and Financial Planning
J. McAskill, Manager, Facility Asset Planning
J. Rose, Manager, Transportation
T. Webb, Manager, Communications
M. Elliott, Project Manager
M. Miller, Senior Financial Analyst
K. Robertson, Deputy City Clerk, Legislative Services
N. Sponaugle, Communications Advisor
K. Lundgren, 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. APPROVAL OF THE AGENDA:

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

3. 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, 2023-MAY-17 at 9:00 a.m. be adopted as circulated. The motion carried unanimously.

4. PRESENTATIONS:

(a) 2023 Tour de Rock

Lance Stephenson, Rider, City of Nanaimo Tour de Rock Fundraising Committee and Retired Paramedic; and Corp. Mike Ramsey, Rider, Nanaimo RCMP, provided a PowerPoint presentation. Highlights included:

- The history of the Canadian Cancer Society's Cops for Cancer campaign;
- Funding goes towards high-quality pediatric cancer research and support for families living with pediatric cancer;
- Cancer is the #1 disease related death for children under the age of 15;
- Funding also goes towards short-term supports such as Camp Goodtimes;
- All funds raised on Vancouver Island stay on Vancouver Island;
- The goal is to raise \$1 million this season;
- Riders will be riding 1200 km in 14 days, reaching 27 different communities, and stopping at over 35 schools;
- Tour de Rock 2023 runs September 23rd to October 6th and arrives in Nanaimo on October 1st;
- Since schools will be closed on October 2nd for National Day for Truth and Reconciliation, they requested an opportunity to interact with the public, Council and supporters at a location in Nanaimo;
- Other ways to support the cause include donations, supports in-kind or hosting an event; and,
- More information can be found at www.tourderock.ca.

(b) 2024-2028 Financial Plan Development

Laura Mercer, Director, Finance, provided a presentation regarding the 2024-2028 Financial Plan Development. Highlights included:

- Provided an overview of the Financial Plan Development process and timeline;
- The budget starting point for 2024 property tax increase is 7.2%;
- Projected user fee increase includes a 4% increase in Sewer User Fees, 5% increase in Water User Fees and 1% increase in Sanitation User Fees;
- 2024 budget drivers include asset management, debt, elector approval, Fire Master Plan implementation, project expenditures, the RCMP contract, software licenses and wages and benefits;
- Significant projects in the 2024-2028 Draft Plan include the Midtown Gateway, Water Supply Project, Stadium District improvements, Westwood Lake

Phase 2, Commercial Street upgrade, and Nanaimo Aquatic Centre mechanical renewal;

- There are a lot of different projects in the draft plan and this is an opportunity for Staff to seek direction on which projects the Committee wants to see incorporated in the Financial Plan;
- Project considerations include: the current economic climate, emerging issues, level of service (community expectations) and balancing resources;
- There are many competing issues when developing the plan, and the plan is always evolving;
- Provided an overview of project funding sources including statutory reserves, sanitary school reserves, grants and private contributions, general revenue, general reserves, debt and waterworks revenue;
- Outstanding debt at the end of 2022 included a total external borrowing amount of \$41,301,913 and total internal borrowing of \$5,975,256;
- New debt based on the 2023-2027 Financial Plan included total borrowing of \$6,525,882 in 2023 and \$2,402,400 in 2024;
- Provided an overview of the external projected outstanding debt and projected debt servicing costs over the next 20 years;
- The liability servicing limit is defined as 25% of municipality's controllable and sustainable revenues for the year;
- As of December 31st 2022, the City was at 13.6% of the current limit; and,
- Staff are seeking direction from the Committee on projects or initiatives they would like to see incorporated into the 2024-2028 Draft Project Plan.

Committee and Staff discussion took place. Highlights included:

- Conversations with the Farmers Market, regarding their ask for upgrades to Beban Park Centennial building, are ongoing;
- There is demand in the community for more amenities in the Beban Park area;
- Would like to see business cases for staff increases in the area of natural areas/tree management;
- Property taxes have been relatively high, and new staff positions would need to be carefully considered;
- Request that a similar Financial Plan development presentation be presented at a Regular Council Meeting prior to a budget related Town Hall meeting
- Full list of potential projects was provided in the 2023-2027 Financial Plan binder package distributed to the Committee;
- Staff hope to return to an upcoming Finance and Audit Committee Meeting with an update on the boathouse;
- There are assumptions built into the 7.2% property tax increase that are open for discussion;
- The increase in financial pressures and importance of maintaining our systems;
- A transportation topic will be coming to a future Finance and Audit Committee Meeting;
- Funding for property acquisitions increases by 2% yearly;
- Flagging the need for an increase in property acquisition funding; and,
- Staff are currently working on an updated Property Management Strategy to be presented at a Governance and Priorities Committee meeting in the Fall.

5. REPORTS:

(a) 2024-2028 Draft Project Plan

Laura Mercer, Director, Finance, provided an overview of significant projects included in the 2024-2027 Financial Plan. She noted that there are a lot more projects than there is funding for, so it's a matter of identifying projects Council would like to see incorporated into the 2024-2028 draft Financial Plan.

Committee discussion took place regarding the increase in cost for the Midtown Water Supply Project, and the public demand for the Waterfront Walkway Project and the South End Community Centre.

The Finance and Audit Committee recessed the meeting at 10:17 a.m.

The Finance and Audit Committee reconvened the meeting at 10:31 a.m.

Councillor Brown disconnected from the meeting at 10:31 a.m.

(b) 20 Year Investment Plan and Asset Management Plan Update

Laura Mercer, Director, Finance, provided a video clip on asset management and presented the 20 Year Investment Plan and Asset Management Plan update. Highlights included:

- 20 Year Investment Plan and Asset Management Plan are two different plans, but they are related and continuously evolving;
- Asset management is the effort to ensure our infrastructure is reliable and sustainable;
- The Asset Management BC Framework assesses infrastructure to ensure plans and resources are put in place. The cycle is continuous as asset management is a continuous improvement process;
- The Asset Management Steering Committee leads and coordinates the development of the City's Asset Management System;
- The purpose of long-term planning is to support the delivery of services, direct attention and make proactive decisions;
- It's difficult to predict inflation and Staff use the Bank of Canada's targets to update the plan;
- Current funding strategies include general revenue, asset management reserves, specific reserves, Development Cost Charges (DCC) contributions, grants, private contributions and debt;
- Year 2024 no longer includes a 1% increase to property taxes for contribution to the General Asset Management Reserve Fund as the motion for that increase ends in 2023;
- Only projects in the "Development Cost Charge Bylaw 2017 No. 7252" can be funded from DCC contributions;
- Presented the projected funding gap and projected funding;
- The Asset Management Plan Update is based on 2021 inventory and the replacement cost of the City's infrastructure is \$4.8 billion;
- The Asset Management renewal of existing infrastructure includes current inventory, condition data, and key assumptions;

- Asset management models have indicated that the majority of the City's assets are in good condition and later years of the plan will start to see more of the infrastructure needing replacement;
- Presented the 20 year Asset Management Plan for the general fund, sewer infrastructure and water infrastructure;

Councillor Armstrong disconnected from the meeting at 11:16 a.m.

- Asset management continuous improvements include the Corporate Asset Management Software (CAMS), Level of Services (LOS): Asphalt Study, and a Facility Asset Management Strategy;
- Staff recommend the following:
 - Continue the 1% increase to property taxes contribution to the General Asset Management Reserve Fund for the next five years;
 - Continue the 2% increase to water user fees for contribution to the Water Asset Management Reserve Fund;
 - Complete the 2023 DCC review and adopt a new bylaw;
 - Fund the major capital projects under development from borrowing subject to Council and electoral approval;
 - Decommission or remove infrastructure no longer serving its purpose; and,
 - Implement improvements to the City's Asset Management System.
- Provided an overview of the general funding impact if the Staff recommendations are implemented.

Committee discussion took place. Highlights included:

- While it's nice to use reserve funds to decrease property taxes, there will be an impact down the road; and,
- The City is very spread out and therefore it is expensive to maintain the City's assets.

It was moved and seconded that the Finance and Audit Committee recommend that Council support the recommendations included in the 20 Year Investment Plan and Asset Management Plan Update and direct staff to include in the 2024 – 2028 Financial Plan:

1. An annual one per cent increase to property taxes for contribution to the General Asset Management Reserve Fund for the next five years (2024- 2028) or until the next update and recommendations have been presented to Council; and,
2. Maintaining the annual two per cent increase to water user fees for contribution to the Water Asset Management Reserve Fund until the next update and recommendations have been presented to Council.

The motion carried unanimously.

(c) Beban Park Pool, Steam Room Repairs

Richard Harding, General Manager, Parks, Recreation and Culture, informed the Committee that Staff are seeking \$60,000 to complete repairs to the Beban Park Pool steam room walls.

It was moved and seconded that the Finance and Audit Committee recommend that Council approve adding a project for \$60,000 to the 2023-2027 Financial Plan to complete the necessary repairs at the Beban Pool to be funded by the Facility Development Reserve Fund. The motion carried unanimously.

(d) Terminal Avenue Corridor Upgrades Phase 1

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

- Staff are seeking Council direction to allocate funds to increase the budget for the Terminal Avenue Corridor Upgrades Phase 1 project;
- Taking advantage of replacing aging water and storm drainage infrastructure;
- Ministry of Transportation and Infrastructure is contributing just over \$1.2 million;
- The bids came in higher than anticipated; however, solid proposals were received from reputable contractors; and,
- Draft renderings are included in the agenda package.

Committee discussion took place. Highlights included:

- If the recommendation is passed, the project would start just after 2023-JUL-01;
- Concrete crosswalks through Terminal Avenue were removed from the project due to the expense;
- Proposed landscape of Pioneer Park includes a small rail, robust plants, and changing grades to discourage the area from being a place to gather;
- Staff are working with Community Safety Officers and don't anticipate needing to put the fences back up around Pioneer Park; and,
- The entire project budget is approximately \$7.2 million.

It was moved and seconded that the Finance and Audit Committee recommend that Council increase the budget for the Terminal Avenue Corridor Upgrades Phase 1 project by \$1,556,158 in 2023 funded by \$150,652 from General Capital Reserve, \$1,343,243 from the General Asset Management Reserve Fund and \$62,263 from the Water Asset Management Reserve Fund. The motion carried.

Opposed: *Councillor Eastmure*

6. QUESTION PERIOD:

Council received no questions from the public regarding agenda items

7. ADJOURNMENT:

It was moved and seconded at 11:43 p.m. that the meeting adjourn. The motion carried unanimously.

C H A I R

CERTIFIED CORRECT:

DEPUTY CITY CLERK