

DATE OF MEETING SEPTEMBER 13, 2023  
AUTHORED BY LAURA MERCER, DIRECTOR, FINANCE  
**SUBJECT NANAIMO AREA LAND TRUST FUNDING**

## **OVERVIEW**

### **Purpose of Report**

To provide the Finance and Audit Committee with information relating to the Nanaimo Area Land Trust funding.

### **Recommendation**

That the Finance and Audit Committee recommend that Council:

1. Deny the request for a \$5,000 increase in funding for 2023;
2. Add a decision slide for Council's consideration during the 2024-2028 Financial Plan deliberations; and
3. Effective 2024-JAN-01, apply up to a maximum of a five-year term on any operating funding agreement and require annual reporting to Council as part of the Financial Plan presentations.

## **BACKGROUND**

The Nanaimo Area Land Trust (NALT) is a registered charity that was established in 1995 to support, promote and protect the natural values of land and water in the Nanaimo area.

Their mission is to:

- Secure habitat through Conservation Covenants and acquisitions such as Cottle Lake Park in Linley Valley and Mount Benson Regional Park.
- Support biodiversity through the dissemination of plants and information at our Native Plant Nursery and through projects like Pollinator Paradise and Salamanders in the City.
- Protect watersheds through engaging and activating communities in initiatives like the Nanaimo River Watershed Roundtable and the School Water Stewards Program.

At a Regular Council meeting held on 2003-DEC-15, Council voted to provide \$16,000 in core funding to NALT starting in 2004 with funding coming from taxation. This funding contribution was matched by the Regional District of Nanaimo (RDN).

On 2004-SEPT-13, NALT came to Council requesting an increase in the operating funding they received from the City. NALT returned to Council on 2005-JAN-10 to formally request the City

provide \$30,000 in core funding starting in 2005. On 2005-APR-05, Council approved an increase of \$14,000 in funding to NALT, bringing the total funding to \$30,000 per year. As with the first request, the RDN matched the contribution provided by the City.

From 2005 to 2019, the City provided \$30,000 in annual core funding to NALT. On a monthly basis NALT provided the City with their financial reporting. No other measures were instituted as a requirement to receive funding. As well, the funding term was open ended.

In October 2019, Council received a letter from NALT requesting that annual funding be increase to \$35,000 to match the RDN contribution. Council approved the increase as part of the 2020-2024 Financial Plan at a Regular Council meeting on 2019-DEC-02.

From 2019 to 2022, the City has provided \$35,000 in annual core funding to NALT funded from taxation with the only requirement to receive the funding being the provision of monthly financial statements.

In addition, the City has partnered with or provided funding to NALT on several initiatives such as:

- Watershed Restoration project (2023)
- Rivers Day events (various years)
- Litter pick up campaigns (various years)
- Harewood Plains Environmentally Sensitive Project (2006)
- Cottle Lake Park land acquisition (2003)
- Conservation Priorities |

## **DISCUSSION**

A letter dated 2023-JUN-28 was received by the City from NALT requesting that the annual funding be increase to \$40,000 in 2023 to keep up with the rising operating costs. This increase would match the funding contribution from the RDN.

The 2023-2027 Financial Plan includes \$35,000 in annual funding in each year of the Plan. As the budget is already finalized for 2023, there are no funds budgeted to cover the requested increase.

Work is currently underway on the 2024-2028 Draft Financial Plan and any funding increase could be considered by Council as part of the budget process. As taxation would fund the increase it would be appropriate to consider any increases during the Fall sessions.

The term of the grant has been open ended since NALT first received funding in 2004. Best practice would be to put a term on the funding (ie: a 5-Year Term). This would provide the organization with guaranteed funding for a set period of time and give Council an opportunity to periodically review the allocation of operating grants. This is consistent practice with how the majority of the City's operating grants are handled.

Other than providing its Financial Statements to the City, NALT has no requirements to demonstrate to Council how these funds are being used. Best practice would be to have annual update presentations to Council.

## **FINANCIAL IMPLICATIONS**

For 2023, if the Committee chose to increase the funding to NALT, the additional \$5,000 request would need to be funded from reserves.

The funding option available for 2023 is:

### **1. Strategic Infrastructure Reserve Fund (SIR)**

The SIR has an estimated 2023 closing balance of \$1,793,713. As this reserve fund is used to fund strategic initiatives as identified by Council, it is available to fund the increase.

For 2024 and beyond, the Committee could increase the budget to \$40,000 and fund from taxation. As budget deliberations for the 2024-2028 Financial Plan will start in November, any increase in funding for 2024 and beyond could take place during these sessions. |

## **OPTIONS**

1. That the Finance and Audit Committee recommend that Council:
  1. Deny the request for a \$5,000 increase in funding for 2023;
  2. Add a decision slide for Council's consideration during the 2024-2028 Financial Plan deliberations;
  3. Effective 2024-JAN-01, apply up to a maximum of a five-year term on any operating funding agreements and require annual reporting to Council as part of the Financial Plan presentations.
    - The advantages of this option: No impact on the current year budget and provides an opportunity for Council to consider the funding increase along with other requests during the 2024-2028 Financial Plan deliberations.
    - The disadvantages of this option: NALT does not receive additional funding and it is not consistent with funding received from the RDN.
    - Financial Implications: No impact on the current year budget.
2. That the Finance and Audit Committee recommend that Council:
  1. Award the request for a \$5,000 increase in funding for 2023 only and fund from the Strategic Infrastructure Reserve Fund;
  2. Add a decision slide for Council's consideration during the 2024-2028 Financial Plan deliberations;
  3. Effective 2024-JAN-01, apply up to a maximum of a five-year term on any operating funding agreements and require annual reporting to Council as part of the Financial Plan presentations.

- The advantages of this option: NALT receives increased funding for 2023 and funding matches the RDN contribution. Provides an opportunity for Council to consider the funding increase along with other requests during the 2024-2028 Financial Plan deliberations.
- The disadvantages of this option: Reserve funding will need to be used as the increase was not included in the 2023-2027 Final Financial Plan.
- Financial Implications: Funding will need to come from Strategic Infrastructure Reserve Fund (SIR). The 2023-2027 Financial Plan will be amended to include increase in funding. The SIR has an estimated 2023 closing balance of \$1,793,713.

3. That the Finance and Audit Committee provide alternative direction. |

#### **SUMMARY POINTS**

- NALT has received operating funding since 2004.
- The RDN has matched the City's contribution every year up to 2022.
- The increase in funding was received after the 2023-2027 Financial Plan was finalized.

#### **ATTACHMENTS:**

Attachment A: 2023-JUN-28 Nanaimo Area Land Trust Funding Letter |

#### **Submitted by:**

Laura Mercer  
Director, Finance

#### **Concurrence by:**

Richard Harding  
A/CAO, GM Parks, Recreation & Culture