



MINUTES

FINANCE AND AUDIT COMMITTEE MEETING

Wednesday, October 18, 2023, 9:00 A.M.
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE
80 COMMERCIAL STREET, NANAIMO, BC

- Members:
- Mayor L. Krog, Chair
 - Councillor S. Armstrong*
 - Councillor H. Eastmure
 - Councillor B. Geselbracht
 - Councillor E. Hemmens
 - Councillor P. Manly
 - Councillor J. Perrino
 - Councillor I. Thorpe (arrived at 9:01 a.m.)
- Absent:
- Councillor T. Brown
- Staff:
- D. Lindsay, Chief Administrative Officer
 - D. Osborne, Parks, Recreation and Culture
 - B. Sims, General Manager, Engineering and Public Works
 - B. Corsan, Director, Corporate and Business Development
 - J. Holm, Director, Planning and Development
 - L. Mercer, Director, Finance
 - P. Rosen, Director, Engineering
 - J. Knight, Capital Project Management Specialist, Engineering Design
 - W. Fulla, Deputy Director, Finance
 - J. Rushton, Manager, Purchasing & Stores
 - C. Wood, Social Planner, Community Development
 - S. Gurrie, Director, Legislative Services
 - N. Sponaugle, Communications Advisor
 - K. Lundgren, Recording Secretary
 - J. Tonella, Recording Secretary

* Denotes electronic meeting participation as authorized by "Council Procedure Bylaw 2018 No. 7272"

1. CALL THE MEETING TO ORDER:

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

2. ADOPTION OF AGENDA:

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

3. ADOPTION OF MINUTES:

It was moved and seconded that the minutes of the Finance and Audit Committee Meeting held in the Shaw Auditorium, Vancouver Island Conference Center, 80 Commercial Street, Nanaimo, BC, on Wednesday, 2023-SEP-13 at 9:00 a.m. be adopted as circulated. The motion carried unanimously.

4. REPORTS:

(a) 2023 Travel Assistance Grants Overview

Introduced by Darcie Osborne, Director, Parks, Recreation and Culture.

- The City of Nanaimo provides travel assistance grants to amateur sport and cultural groups and individuals to travel to Regional, National or International Championships within British Columbia, across Canada, or Internationally
- The City received ten applications and were able to offer compensation and assistance to nine applicants
- The Travel Assistance Grant is administered as the events occur, so they are on a first come, first-serve basis
- The City was able to deplete the fund of \$7,500 from the Travel Assistant Grant Fund

Committee discussion took place. Highlights included:

- Concerns regarding fairness to those who want to apply to the grant later in the calendar year, but due to the first come, first serve basis, are too late
- The City is currently reviewing the grant process and the “first come, first-serve” is one of the criteria that will be reviewed

(b) 2024 Project Contingency Allocation

Introduced by Laura Mercer, Director, Finance.

- A “General Fund” project contingency budget will provide flexibility to departments to address small funding challenges/opportunities in a timely manner
- The 2023 budget currently includes a few contingency budgets in departments such as Public Works, Police Services, as well as some money for developer cost shares that come up during the year
- The City has a budget transfer policy that allows funding to be moved between projects throughout the year
- The contingency budget provides a buffer for unexpected, smaller dollar items and ensures that projects can proceed in a timely manner without having to return to Council
- Staff are recommending that a single project contingency budget for the General Fund be set up so all departments can have access to it if necessary
- The project contingency budget would be recalculated on an annual basis due to capital plan and change in dollars each year
- If Council does not want to fund from surplus, they could use funding from the Strategic Infrastructure Reserve, property taxation, or cancelling 2024 projects to fund it

Committee Discussion took place. Highlights included:

- The City updates the status of projects on a quarterly basis and quarterly reports include any transfers during the year
- Base funding from Council comes from property taxation to fund projects
- Property tax money is always used to fund contingency budgets because it needs to be flexible
- Each year it is becoming harder to fund the project plan, especially since the City is unsure if the Community Works Fund (CWF) program will be renewed
- Staff prefer to fund a contingency from surplus to avoid cancelling priority projects
- Contingency funding allows Staff to react quickly to opportunities that come up, allows flexibility if a new project comes along and allows the City to respond to expenses that occur over the year
- Leftover contingency money will go back into reserves at the end of 2024

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

1. Direct Staff to add a \$870,000 project contingency budget for 2024 to the 2024 – 2028 Provisional Financial Plan funded from 2023 surplus; and
2. Direct Staff to incorporate the new approach to project contingencies in future Financial Plans.

The motion carried unanimously.

(c) Design Commercial Project Update

Introduced by Bill Corsan, Director, Corporate and Business Development.

Presentation:

1. James Knight, Capital Project Management Specialist presented a PowerPoint. Highlights included:
 - The creation of the Design Commercial Project came from several factors including the various initiatives that are happening downtown
 - Capital assets such as the water main on Commercial Street needs to be replaced as well as roots heaving the sidewalks and creating tripping hazards and barriers to mobility
 - This project provides the City with an opportunity to refresh downtown, enhance the public realm space on Commercial Street and enhance the opportunities for community events
 - In November 2022, the design work began with a series of focused stakeholder meetings and public events including workshops, meetings, walking tours, open houses, as well as online surveys
 - Through the consultation process, nine design principles were developed: Connected, convenient, comfortable, engaging, accessible, legible, safe, equitable and flexible
 - Feedback received from the Advisory Committee on Accessibility and Inclusiveness was incorporated into the design wherever possible
 - In February 2022, a concept plan was produced, and a final report and concept plan was received by Council at the 2022-JUN-20 meeting

- The City is proposing a flexible, curbless street, that is event ready and sensitive towards the needs of those facing mobility challenges
- The design includes buried structural soil that will prevent roots from damaging the sidewalk and lighting elements to create a more inviting space in the evenings
- The rainbow crosswalk will be replaced with a rainbow mural covering the entire intersection at Commercial Street and Bastion Street
- This year, the City has met with the Pride Society, Royal Canadian Legion, downtown merchants in the Phase 1 and 2 area, the Downtown Nanaimo Business Association, and attended the night market for consultations
- Phase 1 goes from the Bastion Commercial intersection to the Great National Lands building
- Phase 2 currently consists of Diana Krall Plaza and the streetscape from Skinner Street and Wharf Street to the Bastion Commercial intersection
- There is an opportunity to expand Phase 1 from Skinner and Wharf to Church Street, and the City has detailed designs for that area
- The current budget for Phase 1 is \$1.8 million and the detailed design estimates are \$3.6 million
- The cost for Phase 2, excluding Diana Krall Plaza, is \$2.2 million
- The expanded Phase 1 could be \$5.8 million if the two phases are condensed
- If the budget is approved for Phase 1 of Commercial Street, construction could start early next year

Committee and Staff discussion took place. Highlights included:

- Sewer and water upgrades are included in the budget and will be replaced throughout the phases
- Retractable bollards will be placed along the gutter line and will be used to block off the road for events, as well as to create a safe dining area by removing a parking space for the restaurants along Commercial Street
- The retractable bollards are manual and locked by the City
- Suggestion for awnings along Commercial Street to make it more enjoyable to walk during winter months; however, due to the privately-owned buildings, this would have to be a separate program and will need to be investigated further
- Concern regarding the impact construction and road closures will have towards business owners

- The City will continue to develop a relationship with downtown business owners by ensuring they are apprised and engaged throughout the process

(d) Growing Communities Fund Allocations

Introduced by Laura Mercer, Director, Finance.

- On 2023-MAR-24, the City of Nanaimo received \$16,088,000 in funding through the Growing Communities Fund
- The Growing Communities Fund was created to provide a one-time grant to help local governments prioritize local infrastructure and amenity projects to enable community growth
- To date, a total of \$5.1 million has been allocated with \$3 million going towards the Harewood Artificial Turf field and \$2.1 million towards the Midtown Water Supply Upgrade Project
- The remaining balance of \$10,988,000 is available to be allocated to other projects and initiatives
- Staff have put forward possible projects to allocate the funding towards such as the Design Commercial Project, Maffeo Sutton Park Washroom Project, land purchase for the South End Community Center, and Phase 2 of the Westwood Lake Park Improvement Project
- Other projects were considered such as the Nanaimo Aquatic Centre (NAC) water feature, Loudon Park improvements, E&N trailway lighting, as well as leaving some unallocated funds in the reserve to address future opportunities or cost overruns

Committee and Staff discussion took place. Highlights included:

- Plans to repurpose the current washroom block at Westwood Lake into a more utilitarian storage for special events and put a new accessible, universal washroom facility closer to the Phase 1 parking lot
- Concerns regarding taking up parkland by building a new washroom at Westwood Lake and suggestion to renovate the existing building
- Discussion regarding the location of the washrooms at Maffeo Sutton park to be moved closer to the water, as well as keeping the current washrooms during construction; however, this is to be reviewed further

It was moved and seconded that the Finance and Audit Committee recommends that Council allocate the Growing Communities Fund monies to:

- a. Design Commercial Project **\$3,985,000**

- b. Maffeo Sutton Park Washrooms **\$3,000,000**
- c. Land Purchase – South End Community Centre **\$2,500,000**
- d. Westwood Lake Park Improvements - Phase 2 **\$1,180,000**

The motion carried.

Opposed: *Councillor Geselbracht*

(e) Sustainable Procurement Update

Introduced by Laura Mercer, Director, Finance.

Jane Rushton, Manager, Purchasing & Stores, gave an update on the 2023 Sustainable Procurement for the period 2022-JUL-01 to 2023-JUN-30. Highlights included:

- The City launched the Sustainable Procurement Policy in February 2021, which gave purchasing the mandate to follow through on integrating the City's values on sustainability into procurement decisions
- Staff continue to encourage the integration of sustainability elements in the City's published documents; however, purchasing was short staffed during the reporting period, therefore the statistical numbers are lower than Staff would like to see
- Buyers at the City took training to increase their knowledge base
- Other municipalities across British Columbia and Canada are taking interest in reaching out to Nanaimo to obtain information on the program
- The City participated in the Canadian Collaboration for Sustainable Procurement Benchmarking Report and made two small improvements to the City's overall program including advancing the High Impact Procurement Opportunities (HIPO) and establishing key performance indicators to measure progress
- In the previous year, new vendors submitted applications towards the City's opportunities and have put forward their responses to sustainable criteria
- Under trade agreement requirements, vendors who are not successful on opportunities have the right to request a debrief. The City conducts these and provides compiled feedback on all criteria, inclusive of the sustainable procurement elements, to highlight the importance of providing a fulsome response and how to best align with the City's Strategic Plan
- The City has replaced the low bid proposition documents, where necessary, with a negotiated request for proposal for construction related projects
- Project specific achievements are included in the Staff report

- Only three bids neglected to respond to the sustainable criteria, as opposed to the ten the previous year
- The City put forward for the Canadian Collaboration for Sustainable Procurement publication, which highlights the vendor community's willingness to support sustainability. The result is that future opportunities will raise the bar even higher to further reduce waste impacts and carbon footprint

Committee and Staff discussion took place. Highlights included:

- The City's main priority is to maintain staff levels
- The City uses the newest Partnership Trade Agreement thresholds, as they are the most stringent
- The maximum upset for goods and services is \$75,000 and the absolute upset limit for construction is \$200,000

(f) British Columbia Social Procurement Initiative

Introduced by Laura Mercer, Director, Finance.

- The British Columbia Social Procurement Initiative (BCSPI) is a collaborative program that supports local governments and other public purchasers across BC by providing capacity building training tools and expertise required to integrate social procurement best practices into existing procurement policies
- The City has been a member of BCSPI (formerly CCSPI) since 2019 and has utilized the training tools and peer exchange opportunities offered through the membership
- BCSPI is requesting provincial funding to continue operations for the next three to five years and is asking for Council's support by adding their name to the letter to be sent to the Province

Committee discussion took place. Highlights included:

- This funding gives the City access to training tools, other municipalities or organizations, and workshops

It was moved and seconded that the Finance and Audit Committee recommend that the Mayor, on behalf of Council, sign the British Columbia Social Procurement Initiative letter to be sent to the Province of BC in support of grant funding.

The motion carried unanimously.

The Finance and Audit Committee meeting recessed at 10:18 a.m.

The Finance and Audit Committee meeting reconvened at 10:36 a.m.

(g) Debt Management Policy

Introduced by Laura Mercer, Director, Finance.

- Staff first introduced the draft Debt Management Policy in March 2019; however, due to the pandemic, work was stalled until earlier this year
- At the 2023-MAR-15 Finance and Audit Committee meeting, Staff brought back the policy for the committee's feedback
- The purpose of the Debt Management Policy is to establish responsible governance for the City's debt management, establish roles and responsibilities, define principles and objectives of debt management, ensure the City's debt management is compliant with statutory and legal requirements and is in accordance with the Canadian Public Sector Accounting Standards
- At the 2023-MAR-15 meeting, the committee was asked to consider if Council was satisfied to leave the maximum allowable borrowing limit as outlined in the *Community Charter* or if Council would like to have a lower limit
- Even if the City is within its assent free zone, all long-term borrowing will require electoral approval if Council chooses to lower the limit
- Currently the City's maximum under the *Community Charter* is \$51,900,000, which means the City can have up to that in annual debt repayments
- The current repayment totals are \$7.2 million or 13.8% of that total allowable limit

Committee discussion took place. Highlights included:

- Approval of the electors can either be obtained through an alternative approval process (AAP) or assent voting, otherwise known as a referendum
- The Province has guidelines and best practices to consider when making a decision between an AAP or referendum
- An AAP is more favorable when the project is required to maintain service levels
- There is the option to proceed to a referendum if 10% or more of the eligible electors submit response forms
- The assent free zone is 5% or lower of controllable revenues and the City's limit is 25%

It was moved and seconded that the Finance and Audit Committee recommend that Council adopt the COU-234 Debt Management Policy as attached to the report titled "Debt Management Policy" dated 2023-OCT-18.

The motion carried unanimously.

(h) Quarterly Budget Transfer Report

Introduced by Laura Mercer, Director, Finance.

- A requirement of the City's budget transfer policy is to disclose to Council when a transfer results in a new project over \$75,000, a transfer over \$100,000, or a delay or cancellation of a project
- Four instances in the third quarter of 2023 where the transfers have met this criteria are listed in the Staff report

(i) Meal Program Funding Options

Introduced by Jeremy Holm, Director, Planning & Development.

Christy Wood, Social Planner, spoke regarding Meal Program Funding Options. Highlights included:

- The current breakfast meal program is operated in partnership between the Salvation Army and the 7-10 Club Society
- The meals are prepared by the Salvation Army and distributed by the 7-10 Club Society seven days per week between 8 a.m. and 12 p.m. daily at two locations in Nanaimo
- The 7-10 Club Society used to operate a breakfast meal program out of the old City-owned Community Services building, which is now a permanent supportive housing site. Since then, the 7-10 Club has not been able to reestablish itself in another location
- Between September 2021 and December 2021, the City provided bridge funding from the Daytime Resource Centre budget until an alternative breakfast meal program was identified
- With the Strengthening Communities and Services Program funds, the City was able to continue funding the breakfast meal program until November 2022 and August 2023, with the Daytime Resource Centre budget providing funding until 2023-NOV-10
- Between November 2022 and August 2023, 26,589 breakfast meals were prepared by the Salvation Army
- Since May 2023, the 7-10 Club Society has been distributing up to 100 meals daily at two locations
- Meals are distributed at Caledonian Park in conjunction with the Shower Program Monday to Friday and distributed seven days a week at the overdose prevention site at 250 Albert Street

- To date, the 7-10 Club Society and Salvation Army have not secured any other funding to extend the breakfast meal program past 2023-NOV-10 and have not been able to identify an indoor location to bring the meals inside
- The monthly cost to fund the existing breakfast meal program is approximately \$36,270
- A letter was sent on 2023-SEP-15 to the Ministry of Social Development and Poverty Reduction and the Minister of Housing requesting funding support for the breakfast meal program
- The Reaching Home Grant Program consulted people with lived experience and asked them to rank options they hoped to have more access to. The highest ranked options included drop in spaces where they could access meals, showers, laundry, and warming services
- The call for proposals for the Reaching Home Grant program closed 2023-SEP-27, with successful applicants being notified by the end of November
- The funds would be available to those successful applicants by 2024-ARP-01

Committee and Staff discussion took place. Highlights included:

- The Salvation Army are having challenges with the location due to the demolition of the building, so they haven't been looking for funding at this point and there is no Provincial funding for this type of program
- The 7-10 Club Society is actively looking for locations; however, it is difficult to find a location appropriate for this kind of use as well as one that will lease for this type of use
- There would be a gap from January to April where there would be no funds
- The City does not have access to the Strengthening Community's Services funding for general daytime warming; however, the City would have access to emergency management climate readiness funds to respond in an extreme cold weather event
- If the City enters into a service agreement with the 7-10 Club Society and Salvation Army there will be requirements for detailed reporting with statistics on the number of people being served, a monthly invoice, and reporting to police and bylaw when appropriate

Councillor Armstrong disconnected from the meeting at 11:00 a.m.

- The 7-10 Club Society and Salvation Army provide the City with monthly invoices and depending on the program, per day costs are

provided in a daily invoice. Monthly reports update the City on more detailed budget breakdowns

- Discussion regarding the costs of having a specific breakfast location compared to delivering
- Having breakfast delivered results in more people receiving food and having a specific location provides a warm space for people to eat after being outside in the cold
- When the City received the Strengthening Community Funds, the City did an expression of interest which was awarded to the Salvation Army as they applied for the funds and had an indoor location
- Both the 7-10 Club Society and Salvation Army submitted an expression of interest (EOI) and the City created a partnership there
- The City is stepping in to fill a void and a decision will be needed going forward if the City would like to continue funding incrementally or if this will become a permanent part of the City's budget
- The City has sent a letter to the Province, but have not received a response yet

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

1. Allocate \$60,000 to extend the existing Breakfast Meal Program contract to 2023-DEC-31, funded by \$52,880 from the Daytime Resource Centre project and \$7,120 from the Strategic Infrastructure Reserve Fund; and,
2. Direct Staff to bring forward a report to Council in December 2023 with the outcome of the Reaching Home Designated Funding Program and the responses received from the Minister of Social Development and Poverty Reduction and the Minister of Housing.

The motion carried unanimously.

5. OTHER BUSINESS:

It was moved and seconded that Council direct Staff to write a letter to the Federal Government requesting more reaching home funding for the community. The motion carried unanimously.

6. QUESTION PERIOD:

Council received no questions from the public regarding agenda items.

7. ADJOURNMENT:

It was moved and seconded at 11:22 a.m. that the meeting adjourn. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER