



MINUTES

FINANCE AND AUDIT COMMITTEE MEETING

Wednesday, December 13, 2023, 9:00 A.M.
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE
80 COMMERCIAL STREET, NANAIMO, BC

Members: Mayor L. Krog, Chair
Councillor H. Eastmure (vacated 10:57 a.m.; returned 10:58 a.m.)
Councillor B. Geselbracht
Councillor P. Manly (vacated 10:02 a.m.; returned 10:35 a.m.)
Councillor J. Perrino
Councillor I. Thorpe

Absent: Councillor S. Armstrong
Councillor T. Brown
Councillor E. Hemmens

Staff: D. Lindsay, Chief Administrative Officer
R. Harding, General Manager, Community Services/Deputy
CAO
B. Sims, General Manager, Engineering and Public Works
W. Fulla, Director, Finance
J. Holm, Director, Planning and Development
L. Mercer, General Manager, Corporate Services
A. Breen, Manager, Culture and Special Events
C. Wood, Manager, Social Planning
E. Notley, Planning Assistant, Community Development
C. Sholberg, Community Heritage Planner, Community
Development
K. Robertson, Deputy Corporate Officer
N. Sponaule, Communications Advisor
J. Tonella, Recording Secretary

1. CALL THE MEETING TO ORDER:

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

2. PROCEDURAL MOTION TO PROCEED IN CAMERA

It was moved and seconded that the meeting be closed to the public in order to deal with agenda items under the *Community Charter*:

Community Charter Section 90(1):

- (l) discussions with municipal officers and employees respecting municipal objectives, measures and progress reports for the purposes of preparing an annual report under Section 98 [*annual municipal report*].

The motion carried unanimously.

The Finance and Audit Committee moved In Camera at 9:01 a.m.

The Finance and Audit Committee moved out of In Camera at 9:07 a.m.

3. ADOPTION OF AGENDA:

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

4. 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 Centre, 80 Commercial Street, Nanaimo, BC, on Wednesday, November 15, 2023, at 8:59 a.m. be adopted as circulated. The motion carried unanimously.

5. PRESENTATIONS:

(a) KMPG Pre-Audit Presentation:

Introduced by Laura Mercer, General Manager, Corporate Services.

- The City is required to have their financial statements audited each year
 - KPMG conducts audits twice a year, an interim audit in the fall and a final wrap-up in the spring
1. Liette Bates-Eamer, Chartered Professional Accountant, KPMG, provided a PowerPoint presentation. Highlights included:
 - The KPMG audit team are independent

- Additional fees are anticipated in the current year for auditing due to the adoption of the new Accounting Standards Asset Retirement Obligations
- Materiality is set at the planning stage of the audit and is meant to represent the level of error that would change a user's decision when looking at financial statements
- Materiality for the City, based on prior year total expenses, is \$4 million, which is higher than last year due to the increase in expenses
- Audit differences greater than \$200,000 are reported back to the City
- There were no significant risks identified beyond the one required by professional auditing standards which is to identify fraud risk from management override of controls
- Audit focus areas include breaking down financial statements into significant processes such as tangible capital assets, wages and benefits, treasury and debt, revenue and deferred revenue, and non-payroll expenses
- Two new accounting standards applicable for the year ending December 31, 2023 include:
 - Asset Retirement Obligation
 - Financial Instruments
- Three new standards applicable for next year include a new standard for revenue accounting, purchased intangibles, and public-private partnerships

Committee and Staff discussion took place. Highlights included:

- The City has a robust reserve policy and budgeting process
- KPMG has not identified any concerns
- An interim audit is used to look at the City's internal controls
- If issues were identified relating to internal controls throughout the audit, that would be reported at the year-end audit; however, none were identified

6. REPORTS:

a. Financial Results for the Nine Months Ending 2023-SEP-30

Introduced by Laura Mercer, General Manager, Corporate Services.

- Results include both day-to-day operations as well as an update on projects

- At the end of quarter three, the City is projecting a \$4,652,000 surplus for all three funds broken down into:
 - General surplus - \$4,358,300
 - Sewer - \$259,500
 - Water - \$34,200
- Three main drivers of the general surplus include:
 - Bulk of the general surplus comes from position vacancies
 - \$600k more in investment income is expected due to the City securing higher interest rates on surplus cash or surplus funds
 - Expecting RCMP contract to be under budget by \$700,000 due to member vacancies
- Sewer surplus revenues are higher than expected and there is unused contingency. The water surplus is on budget
- Per the City's reserve policy, any reserve that falls below the City's minimum balance needs to be topped up using surplus
- At end of year, the minimum balances for all three financial stability reserves will need to be topped up including \$1,137,938 for general, \$100,000 for sewer, and \$48,945 for water
- \$870,000 of surplus will be used to fund a project contingency budget in 2024
- Operating and capital projects as well as project status are included in the report
- The total project budget is \$179.6 million and as of 2023-SEP-30, \$107.7 million was spent or committed

Committee and Staff discussion took place. Highlights included:

- Large variance in the Corporate and Business Development budget is due to property purchases that have not taken place as of 2023-SEP-30
- Large water deficit at 2023-SEP-30 due to the difficulty in predicting September's weather in June to determine if revenues will be high or low as well as due to the staggered billing periods
- 70% of projects are still in progress which is typically due to projects wrapping up into October
- The City's operating budget is just under \$309 million

b. Council Expenses for the Nine Months Ending 2023-SEP-30

Introduced by Laura Mercer, General Manager, Corporate Services.

- The City provides a summary of all the expenses to date, and the report is as of 2023-SEP-30
- This information is compiled throughout the year and is included in the Statement of Financial Information (SOFI) report at the end of year
- The report includes a summary of all expenses that each Councillor has spent during the year

Committee and Staff discussion took place. Highlights included:

- Rising costs associated with Councillors attending conferences and ensuring there is enough budgeted so Council can attend without going over budget.
- Council's 2024 Spending and Amenities Policy was amended to ensure budgeting for conferences and seminars is based on the actual costs for registration and travel which fluctuates based on location.

c. Quarterly Purchasing Report (Single and Sole Source, Purchases in Excess of \$250,000 and Instances of Non-Compliance Purchases)

Laura Mercer, General Manager, Corporate Services, noted that there were no policy compliance issues at the end of September.

d. Neighbourhood Association Grants 2024

Introduced by Jeremy Holm, Director, Planning & Development.

Chris Sholberg, Community Heritage Planner, spoke regarding the Neighbourhood Association Grants 2024. Highlights included:

- The purpose of the Neighbourhood Association Grant Program is to assist neighbourhood associations with costs for operational needs and community events
- The total requested amount this intake was \$10,755
- The total budget for the Neighbourhood Association Grant Program was \$10,000 with a maximum grant of \$1,000 per applicant
- 11 applications have been received for 2024 and Staff are recommending all 11 be awarded, totalling \$10,000

Committee and Staff discussion took place. Highlights included:

- Brechin Hill Community Association requested \$805 while the rest applied for the full \$1,000 grant
- Suggestion to amend the policy for up to \$1,000 per association
- Discussion regarding waiting to see how well the program is meeting needs before changing policies
- Rewording the grant application as it states that the grant is up to \$1,000; however, applicants are receiving less

It was moved and seconded that the Finance and Audit Committee recommend that Council approve a total of \$10,000, in accordance with the 2024 Neighbourhood Association Grant Guidelines and Criteria, and that the grant allocations be as follows:

Brechin Hill Community Association - \$800

Chase River Community Association - \$920

Departure Bay Neighbourhood Association - \$920

Dover Community Association - \$920

Nanaimo Old City Association - \$920

Newcastle Community Association - \$920

Protection Island Neighbourhood Association - \$920

Rock City Neighbourhood Association - \$920

Rocky Point Neighbourhood Association - \$920

South End Community Association - \$920

Wellington Action Committee - \$920

It was moved and seconded that the motion be amended to allocate the full amount requested by each community neighbourhood association up to \$1,000 each. The motion was defeated on a tie vote.

Opposed: *Mayor Krog, Councillors Perrino and Thorpe*

The vote was taken on the main motion as follows:

That the Finance and Audit Committee recommend that Council approve a total of \$10,000, in accordance with the 2024 Neighbourhood Association Grant Guidelines and Criteria, and that the grant allocations be as follows:

Brechin Hill Community Association - \$800

Chase River Community Association - \$920

Departure Bay Neighbourhood Association - \$920

Dover Community Association - \$920
Nanaimo Old City Association - \$920
Newcastle Community Association - \$920
Protection Island Neighbourhood Association - \$920
Rock City Neighbourhood Association - \$920
Rocky Point Neighbourhood Association - \$920
South End Community Association - \$920
Wellington Action Committee - \$920

The motion carried unanimously.

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to review the City of Nanaimo Neighbourhood Association Grant Program and report back to Council with a recommendation if the annual budget needs to be increased for the 2025 – 2029 Financial Plan. The motion carried.

Opposed: *Mayor Krog*

Councillor Manly vacated the Shaw Auditorium at 10:02 a.m. declaring a conflict of interest as he is the Executive Director of the Unitarian Shelter.

e. Shower Program Review

Introduced by Jeremy Holm, Director, Planning & Development.

Christy Wood, Manager, Social Planning, provided an overview of the Shower Program. Highlights included:

- In March 2023, Council received a delegation requesting that Council consider expanding shower services in response to a presentation received from Island Health Staff
- The City temporarily provided funds to the First Unitarian Fellowship of Nanaimo (Unitarian Shelter) in 2018 to implement a shower program due to the lack of shower services available, and the City has continued to fund it
- Between 2018-2022, \$206,015 was spent on the shower program, with a portion funded through the Strengthening Community Services Program
- In 2023, the City budgeted \$69,800 and provided that to the Unitarian Shelter to operate the shower program

- The shower program operated by the Unitarian Shelter is the only free, drop-in program to all unhoused individuals
- In 2023, an average of 26 showers at approximately \$12 per shower are provided daily
- 1-3 individuals are turned away daily due to the limited hours
- The shower program provides an access point for other support services
- The shower program operates year-round, Monday to Friday, 7 a.m. to 11 a.m. at Caledonia Park, 110 Wall Street
- There are additional hours to allow staff to clean, do laundry and restock
- The two employees on site provide staff support, manage access to showers and provide soaps
- The City has a service and license agreement with the Unitarian Shelter until 2023-DEC-31 to operate the program. In that agreement the City funds three hours, and the Unitarian Shelter has obtained funds from Reaching Home to fund the other two hours
- The only other shower services in Nanaimo are through existing shelter services
- The City provides custodian staff to ensure the facilities are cleaned daily. Extending the shower program by one hour, would require the extension of custodian staff
- Some communities have used mobile shower trailers to expand services; however, this is more expensive and would require capital and operating dollars

Committee and Staff discussion took place. Highlights included:

- \$12 per shower includes the overall cost for the facility and operation dollars provided
- Users have access to the showers for 15 minutes so an additional hour of operation would address those that are turned away
- Those accessing the Leisure Economic Access Pass (LEAP) program
- Concerns regarding increasing hours at Caledonia Park taking away hours of use from other users of that facility
- This location is not a long-term solution and a more appropriate location is needed
- Discussion regarding mobile shower trailers

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to maintain shower services as follows:

1. Increase the 2024 budget by \$16,450, from \$81,300 to \$97,750, to be funded by the Strategic Infrastructure Reserve Fund to provide one additional hour of Shower Program services daily, Monday to Friday;
2. Add a project of \$25,000 to the 2024 budget to undertake building improvements to allow for further temporary use at Caledonia Park, funded from the Strategic Infrastructure Reserve Fund;
3. Encourage the First Unitarian Fellowship to promote the City's Leisure Economic Access Pass program to eligible Shower Program users;
4. Work with community partners over the long term to ensure that shower services are provided as part of a suite of services within new and existing shelters, daytime drop-in centres, and other community support services allowing the City to return the Caledonia Park building to its originally intended use; and,
5. Return to Council in the fall 2024 to provide an update on the Shower Program and any alternative solutions to replace the program at Caledonia Park.

The motion carried unanimously.

The Finance and Audit Committee recessed the meeting at 10:25 a.m.

The Finance and Audit Committee reconvened the meeting at 10:35 a.m.

Councillor Manly returned to the Shaw Auditorium at 10:35 a.m.

f. Community Environmental Sustainability Project Grant

Introduced by Jeremy Holm, Director, Planning & Development.

Dave Stewart, Environmental Planner, provided a verbal presentation.

Highlights included:

- This is the first time the City has offered this grant type
- The intent of this project is to address environmental projects that don't necessarily reflect the watershed program, but the other green goals of the City Plan

- Ten applications were received with a total requested funding of \$37,650
- The City has \$20,000 worth of funding available
- Recommended that the full \$20,000 be allocated to eight applicants, two of which the City is recommending full funding and six partial funding

It was moved and seconded that the Finance and Audit Committee recommends that Council approve a total of \$20,000, in accordance with the Community Environmental Sustainability Project Grant Guidelines and Criteria as attached, and that the grant allocations be as follows:

Alex King – SD68 Departure Bay Elementary School - \$3,100
Project: Learning in Place – Wardropper Park Restoration Project

Amie Armet – Rocky Point Neighbourhood Association - \$2,000
Project: Greening Rocky Point Private Yard Tree Planting and Climate Action Workshop

Anni Thesan – Youth 20/20 Can - \$2,000
Project: Beaufort Park Native Plant Garden

Joanne Sales – Broombusters Invasive Plant Society - \$2,000
Project: Nanaimo Parkway Broom Removal Project 2024

Lee Sanmiya – Nanaimo Community Gardens Society - \$3,500
Project: Community Engagement Project

Minah Lee – Art Action Earwig - \$3,000
Project: Love Tooth Nest

Shelley Serebin – Nanaimo Old City Neighbourhood Association - \$1,400
Project: Shelley Serebin's Climate Action Plan Project

Matthew Stephens – Snuneymuxw First Nation - \$3,000
Project: SFN Transitional Housing Community Garden

The motion carried unanimously.

g. Social Planning Grants 2024

Introduced by Jeremy Holm, Director, Planning & Development.

Emily Notley, Planning Assistant, provided a presentation. Highlights included:

- Since 2001, the City has allocated \$85,000 annually to nonprofit societies, neighbourhood associations and/or recognized faith groups in Nanaimo
- The purpose of the grant program is to assist organizations in responding to issues of social nature with initiatives that enhance social cohesion, address the root causes and effects of poverty, contribute to the vitality of the community, and foster social inclusion and social equity
- The grant program has two categories:
 - Community Vitality Grants with \$25,000 allocated towards smaller projects
 - Social Response Grants with \$60,000 allocated towards larger projects
- 23 Social Planning Grant applications were received for 2024
- Each application was independently evaluated based on merit, relevance/feasibility and potential impact
- Each submission was given a score from review committee members and combined to obtain an average

Committee and Staff discussion took place. Highlights included:

- The City enters into a service agreement with grant recipients to receive a report to ensure the money is being used for its intended purpose
- All of the grant applicants were in line with the guidelines and criteria established through the grant program; however, it is a competitive program
- Concerns regarding Council not having access to the scores from the evaluation process
- Community partnerships and additional funding is looked at in the evaluation process

It was moved and seconded that the Finance and Audit Committee recommend that Council approve a total of \$85,000, in accordance with the Social Planning Grant Guidelines and Criteria as attached, and that the grant allocations be as follows:

a) 2024 Community Vitality Grants – Total \$25,000

Growing Opportunities Farm Community Co-op - \$4,000
Project: Seniors & Youth Growing Seedlings

Nanaimo Community Kitchens - \$6,000
Project: Cooking out of the Box for Youth

Spinal Cord Injury Society - \$5,000
Project: Peer Support and Outdoor Inclusion for People with spinal cord injuries in Nanaimo

Mid Island Métis Nation - \$10,000
Project: Métis Cultural Food Share

b) 2024 Social Response Grants – Total \$60,000

Wisteria Community Association - \$30,000
Project: Food for Thought

The Literacy Circle Society - \$30,000
Project: The Literacy Circle – Learning for Life

The motion carried unanimously.

h. Cultural Operating, Project and Downtown Event Revitalization Grants 2024 - Funding Recommendations

Introduced by Richard Harding, General Manager, Community Services/Deputy CAO.

Committee and Staff discussion took place. Highlights included:

- 15 Cultural Operating applications and 16 Cultural Project applications were received by the 2023-OCT-10 deadline
- Groups can apply for grants that are 25% of their total budget; however, the City was unable to fund many to that extent
- A grant information session was started this year where five sessions were offered to groups to provide more information on grants, eligibility, where to find information and how to apply
- These sessions were mandatory and a 10% reduction was applied if groups did not attend

The Mayor asked the Committee to consider passing one motion for all of the proposed cultural operating, project and downtown event revitalization grants as outlined in the staff recommendation unless any member of Council wished to consider any items separately.

Prior to the vote Councillor Eastmure requested that the following be removed to be voted on separately as she would need to declare a conflict of interest:

Applicant Name: Vancouver Island Short Film Festival Society
Recommended: 1Yr Operating \$5,500

Applicant Name: Vancouver Island Short Film Festival Society
Project Name: Youth Showcase
Recommended: Project \$1,265

It was moved and seconded that the Finance & Audit Committee recommend that Council approve the following 2024 Cultural Operating and Project Grants:

2024 Culture Operating & Project Grants

Applicant Name: Crimson Coast Dance Society
Recommended: 3 Yr Operating (Year 2 of 3) \$30,732

Applicant Name: Nanaimo Conservatory of Music
Recommended: 3 Yr Operating (Year 2 of 3) \$20,000

Applicant Name: Nanaimo Festival Heritage Theatre Society (Theatre One)
Recommended: 3 Yr Operating (Year 2 of 3) \$49,000

Applicant Name: Pacific Coast Stage Company
Recommended: 3 Yr Operating (Year 2 of 3) \$16,500

Applicant Name: Vancouver Island Symphony
Recommended: 3 Yr Operating (Year 2 of 3) \$100,000

Applicant Name: Western Edge Theatre
Recommended: 3 Yr Operating (Year 2 of 3) \$20,000

Applicant Name: 8758999 Canada Society dba Artists' Collective Theatre
Recommended: 1 Yr Operating \$4,000

Applicant Name: A Capella Plus Choral Society
Recommended: 1 Yr Operating \$2,000

Applicant Name: Island Bel Canto Singers Society
Recommended: 1 Yr Operating \$2,538

Applicant Name: L'Association des francophones de Nanaimo
Recommended: 1 Yr Operating \$9,500

Applicant Name: Loyal Nanaimo Bathtub Society
Recommended: 1 Yr Operating \$5,000

Applicant Name: Malaspina Choir Society
Recommended: 1 Yr Operating \$3,000

Applicant Name: Mid Island Community Bands Society
Recommended: 1 Yr Operating \$1,250

Applicant Name: Mid Island Metis Nation Association
Recommended: 1 Yr Operating \$9,500

Applicant Name: Nanaimo African Heritage Society
Recommended: 1 Yr Operating \$8,000

Applicant Name: Nanaimo Arts Council
Recommended: 1 Yr Operating \$15,000

Applicant Name: Nanaimo Chapter of the SPEBSQSA (Nanaimo
Tidesmen)
Recommended: 1 Yr Operating \$3,000

Applicant Name: Nanaimo Concert Band Society
Recommended: 1 Yr Operating \$2,000

Applicant Name: Nanaimo Fiddle Society
Recommended: 1 Yr Operating \$7,500

Applicant Name: Nanaimo International Jazz Festival Association
Recommended: 1 Yr Operating \$8,000

Applicant Name: Crimson Coast Dance Society
Project Name: DanceABLE
Recommended: Project \$4,000

Applicant Name: Literacy Central Vancouver Island
Project Name: Local Author's Evening Workshops
Recommended: Project \$640.66

Applicant Name: Nanaimo African Heritage Society
Project Name: Black History Month & Children's Event
Recommended: Project \$5,000

Applicant Name: Nanaimo Ballroom Dance Society
Project Name: Island Fantasy Ball Showcase and Competition
Recommended: Project \$5,000

Applicant Name: Nanaimo Chamber Orchestra
Project Name: Orchestra 2023/ 2024 Program Season
Recommended: Project \$2,300

Applicant Name: Nanaimo Conservatory of Music
Project Name: Island Notes Chamber Music Festival
Recommended: Project \$1,800

Applicant Name: Nanaimo Festival Heritage Theatre Company
Project Name: TheatreOne
Recommended: Project \$7,000

Applicant Name: Nanaimo Fiddle Society
Project Name: West Coast Youth Fiddle Summit
Recommended: Project \$3,000

Applicant Name: Nanaimo Sings! Choral Festival Society
Project Name: Singing With Your Ears
Recommended: Project \$1,500

Applicant Name: Nanaimo Ukulele Festival Society
Project Name: Nanaimo Ukulele Festival

Recommended: Project \$1,000

Applicant Name: One in Spirit Healing Arts Society

Project Name: Multicultural Festival

Recommended: Project \$1,864.34

Applicant Name: Pacific Coast Stage Company

Project Name: The Flame Youth Storytelling Event

Recommended: Project \$3,000

Applicant Name: Western Edge Theatre

Project Name: New Waves Festival

Recommended: Project \$3,000

Applicant Name: Wordstorm Society of the Arts

Project Name: Resource Development

Recommended: Project \$1,500

Applicant Name: Reconciliation Theatre

Project Name: Writer's Workshop

Recommended: Project \$2,537

The motion carried unanimously.

Councillor Eastmure vacated the Shaw Auditorium at 10:57 a.m. declaring a conflict of interest as her partner works with the Vancouver Island Short Film Festival Society.

It was moved and seconded that the Finance & Audit Committee recommend that Council approve the following 2024 Cultural Operating and Project Grants:

Applicant Name: Vancouver Island Short Film Festival Society

Recommended: 1Yr Operating \$5,500

Applicant Name: Vancouver Island Short Film Festival Society

Project Name: Youth Showcase

Recommended: Project \$1,265

The motion carried unanimously.

Councillor Eastmure returned to the Shaw Auditorium at 10:58 a.m.

7. QUESTION PERIOD:

The Committee received no questions from the public regarding agenda items.

8. ADJOURNMENT:

It was moved and seconded at 10:58 a.m. that the meeting adjourn. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

DEPUTY CORPORATE OFFICER