



## MINUTES

### SPECIAL FINANCE AND AUDIT COMMITTEE MEETING

Friday, December 1, 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 T. Brown\* (disconnected 12:57 p.m.)
  - Councillor H. Eastmure
  - Councillor B. Geselbracht\*
  - Councillor E. Hemmens
  - Councillor P. Manly
  - Councillor J. Perrino (vacated 1:16 p.m.)
  - Councillor I. Thorpe (vacated 12:45 p.m.)
- Staff:
- D. Lindsay, Chief Administrative Officer
  - R. Harding, General Manager, Parks, Recreation and Culture
  - B. Sims, General Manager, Engineering and Public Works
  - T. Doyle, Fire Chief
  - J. Holm, Director, Planning and Development
  - L. Mercer, Director, Finance
  - D. Osborne, Director, Recreation and Culture
  - W. Fulla, Deputy Director, Finance
  - A. Breen, Manager, Culture and Special Events
  - L. Brinkman, Manager, Community Planning
  - J. Rose, Manager, Transportation
  - C. Wood, Social Planner
  - K. Robertson, Deputy Corporate Officer
  - N. Sponaule, Communications Advisor
  - A. Chanakos, Recording Secretary

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

**1. CALL THE MEETING TO ORDER:**

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

**2. INTRODUCTION OF LATE ITEMS:**

(a) Agenda Item 6(a) 2024 – 2028 Revised Draft Financial Plan – Add PowerPoint titled “2024 – 2028 Draft Financial Plan Recap”.

**3. ADOPTION OF AGENDA:**

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

**4. REPORTS:**

1. Recognizing Nanaimo's 150 Years of Incorporation

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

- 2024 marks Nanaimo’s 150<sup>th</sup> year as a city
- The first Council meeting was held in January 1875
- Provided the Committee with celebration options for 2024

Committee and Staff discussion took place. Highlights included:

- Staff are looking to reach out to community leaders from the culture community, as well as past and present Council members to help recognize the incorporation of Nanaimo
- Plans include elements of celebration and recognition of staff and the work that has been done over the years
- Consideration for using the “150” themed banner design rather than spending money on designing a corporate “150” logo
- Recognizing a moment in time when the City was incorporated, rather than a celebration
- Canada Day festivities are funded through the operating budget, and include about \$5,000 - \$10,000 in grant funding from Heritage Canada
- Recognition events will aim to draw the community into thinking about the part of Nanaimo’s history becoming an incorporated municipality

- Possible community recognition events include a winter illumination event in early 2025 to recognize the first Council meeting as an incorporated municipality
- Incorporation of some of the City's environmental stewardship work, such as planting 150 significant trees
- A corporate committee could be established to decide how to incorporate the recognition of Nanaimo's 150<sup>th</sup> year into all regular operations
- Staff are conscious about the types of merchandise purchased on behalf of the City
- Heritage Canada reached out to advise that the City is qualified to apply for a grant, which would lessen any additional funding required

## 2. Meal Program Funding Options Update

Jeremy Holm, Director, Planning and Development, informed the Committee that funding for the current Breakfast Meal Program runs out at the end of 2023

### Presentation:

1. Christy Wood, Social Planner, provided a presentation. Highlights included:
  - The Reaching Home Designated Funding Program call for proposals closed 2023-SEP-23
  - This year the Reaching Home Grant Application highlighted options for drop-in centres that provide basic needs
  - Successful proposals were identified, and one existing program will receive funding for bagged lunches; however, no breakfast meal programs, or drop-in services will be funded in the next Federal funding cycle
  - On 2023-SEP-15 a letter was sent to the Minister of Social Development and Poverty Reduction and the Minister of Housing requesting funding support for a permanent meal program. The City was referred to the Critical Food Infrastructure Grant, funded through United Way BC, which is meant to improve access to nourishing and culturally appropriate foods through the creation of food infrastructure projects

- The United Way's Project Coordinator for Food Security and Infrastructure notified Staff that the Breakfast Meal Program is not eligible for funding under the Critical Food Infrastructure Grant

Committee and Staff discussion took place. Highlights included:

- A follow up letter should be sent to the Minister of Social Development and Poverty Reduction advising that grant funding is not available
- Option 2 in the Staff report would be preferred as Option 3 would require an Expression of Interest (EOI) for longer-term funding once initial funding ran out, as well as the Federal and Provincial funding cycles would already be allocated for the required time period
- The Breakfast Meal Program was initially funded from the Strengthening Communities grant to help fill the gap in indoor spaces to eat
- A Development Permit Application has been received for the Salvation Army building to add indoor eating space; however, a construction timeline is difficult to determine at this time
- Earlier this year the Salvation Army rented the Nanaimo Entertainment Centre; however, due to safety concerns, it is not safe for use as an indoor meal program
- The current Breakfast Meal Program model costs about \$11.90 per meal. If the program is moved to an indoor location, a different, less expensive model would likely be used
- The City should be funding a warming/cooling space that can be open all year and provides meals, rather than just a breakfast program
- At the October and November Systems Planning Organization (SPO) Board meetings, Staff advised the Board that funding for the Breakfast Meal Program would run out by 2023-DEC-31
- Staff are working with BC Housing and other partners to provide supportive housing facilities and shelter space programs
- Reaching Home Community Advisory Board provided a list of projects that would be successful for funding; however, no applications were received for a drop in centre

- \$851,000 was provided from Reaching Home to assist in providing support services; however, applications received for the funding requested more than what was available
- Concerns about the extent to which the City is continually drawing from various reserves to fund programs that should be funded by the Province

## 5. PRESENTATIONS:

### 1. 2024 - 2028 Revised Draft Financial Plan

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

- Revised property tax increase is 1% for General Asset Management Reserve and 5.6% for General Property Taxes
- Staff are waiting for updated rates for extended health benefits, pension rates, EI and CPP, and projected tax increases are not including business cases
- Based on an assessed value of \$808,873 for an average home, property taxes would be \$2,821 for 2024, a 6.6% increase from 2023
- Changes also include a \$28 increase to water fees, \$6 increase to sewer fees and \$7 increase to sanitation fees, for an overall increase to taxes and user fees of \$215, prior to claiming home owner grants
- Between last week and today, the following changes occurred for a net increase of \$254,883:
  - Management consulting increase of \$100,000
  - Wages and benefits increase of \$31,538
  - Accumulation of smaller changes totaled a \$123,345 increase
- Project changes with no effect on taxes include:
  - Added the final two years of Building Safer Communities Grant funding
  - Increased the budget to reflect the purchase price of two fire apparatuses
  - Added funds from Growing Communities Fund

Committee and Staff discussion took place. Highlights included:

- Concerns regarding the timeline for the Commercial Street Project and the businesses with outdoor patios
- Taking pressure off the contractor's timeline could result in better pricing

- Staff aim to have the project done for the summer night market; however, Staff will avoid creating hardships for business owners where possible
- Delaying the project to the Fall would not have an effect on the budget as funding came from a grant
- Growing Communities Fund money needs to be spent within five years, and is available until March 2028

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

- Final growth numbers won't be available until March 2024, and could be higher than the \$1.2M currently budgeted
- Projections on interest could change if interest rates continue to fluctuate
- RCMP Collective Agreement contract changes could come forward
- International Association of Fire Fighters (IAFF) contract changes could also affect the budget

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

The Finance and Audit Committee reconvened the meeting at 10:38 a.m.

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

- Any new staff positions will affect the 2025 budget as they will have a late start date of 2024-APR-01, and won't be budgeted for a full year in 2024

1. RCMP Contract

- The RCMP contract is budgeted at 95% due to vacancy history and to minimize the annual operating surplus

Committee and Staff discussion took place. Highlights included:

- Reducing the contract to 91% creates a risk if the contract comes in over budget and there are insufficient funds in the RCMP reserve
- The RCMP reserve currently sits at \$2.7 million
- RCMP budget has come in over budget almost every year; however, surplus was enough to cover the overage

It was moved and seconded that the Finance and Audit Committee recommend that Council maintain the status quo and budget the

RCMP Contract at 95% for the 2024-2028 Financial Plan. The motion carried.

Opposed: *Mayor Krog, Councillors Armstrong, Perrino and Thorpe*

2. Nanaimo Prosperity Corporation

Laura Mercer, Director, Finance, provided an overview of the budget options.

Committee and Staff discussion took place. Highlights included:

- Nanaimo Prosperity Corporation (NPC) is not at a maturity level to increase its budget yet
- With the carryover from 2023, it doesn't seem necessary to increase the base budget this year
- At the 2023-NOV-29 Special Finance and Audit Committee Meeting, the NPC requested more funding to make the organization effective
- Concerned about withholding funding that could allow the corporation to make an impact
- Prosperity Corporations don't produce results right away, and require commitment over time

It was moved and seconded that the Finance and Audit Committee recommend that Council retain the base budget for the Nanaimo Prosperity Corporation at \$412,692 for the 2024-2028 Financial Plan. The motion was defeated.

Opposed: *Mayor Krog, Councillors Eastmure, Geselbracht, Hemmens and Perrino*

Committee discussion took place. Highlights included:

- Increasing the base budget, plus carryover from 2023, should provide enough funding for 2024
- Supporting an increase to the budget is a show of good faith

It was moved and seconded that the Finance and Audit Committee recommend that Council increase the base budget for Nanaimo Prosperity Corporation from \$412,692 to \$515,850 for the 2024-2028 Financial Plan. The motion carried.

Opposed: *Mayor Krog and Councillor Brown*

3. Nanaimo Area Land Trust (NALT)

Laura Mercer, Director, Finance, provided an overview of the budget options.

Committee discussion took place. Highlights included:

- NALT adds a lot of value to the City through advocacy, research and adding to the park system

- Hesitant to increase funding as NALT also makes a request to the Regional District of Nanaimo (RDN), which is largely funded by the City
- Much of the work done in the RDN park system also benefits City of Nanaimo residents

It was moved and seconded that the Finance and Audit Committee recommend that Council approve a 5-year annual operating grant to the Nanaimo Area Land Trust (NALT) for the term covering January 1, 2024 to December 31, 2028 based on \$40,000 for 2024 and adding a 2%, per year, increase for 2025-2028. The motion carried unanimously.

4. CatNap Society

Laura Mercer, Director, Finance, provided an overview of the budget options.

Committee and Staff discussion took place. Highlights included:

- CatNap Society helps control the feral cat population
- In 2023, the City provided CatNap Society with an Other Grant, which was the first year that funding was provided
- The SPCA has requested funding in the past; however, no requests have been received for several years

It was moved and seconded that the Finance and Audit Committee recommend that Council provide the CatNap Society with a 5-year annual operating grant for the term covering January 1, 2024 to December 31, 2028 as follows:

- 2024 - \$36,000
- 2025 – 2028 - \$25,000/year

The motion carried unanimously.

5. Snow and Ice Control Program (SNIC)

Laura Mercer, Director, Finance, provided an overview of the budget options.

Committee and Staff discussion took place. Highlights included:

- The SNIC budget has been over budget every year for the past five years; however, surplus has previously covered any overages
- Snow clearing will always be required and should be budgeted for accordingly

It was moved and seconded that the Finance and Audit Committee recommend that Council increase the Snow and Ice Control Program



(SNIC) budget to \$1.2 million in 2024 for the 2024-2028 Financial Plan. The motion carried.

Opposed: *Councillors Armstrong, Brown, Eastmure and Geselbracht*

6. Nanaimo 150

Laura Mercer, Director, Finance, provided an overview of the budget options.

It was moved and seconded that the Finance and Audit Committee recommend that Council add \$50,000 in 2024 of the 2024-2028 Financial Plan funded from the Strategic Infrastructure Reserve to recognize Nanaimo's 150. The motion carried.

Opposed: *Councillors Brown and Eastmure*

7. Breakfast Meal Program

Laura Mercer, Director, Finance, provided an overview of the budget options.

Committee and Staff discussion took place. Highlights included:

- Meal programs are not in the municipal mandate, and the responsibility to provide those programs needs to fall on the Provincial Government
- Not providing meals would create more crisis in the community and the City would expect the Province to fix the problem in a short period of time
- Municipal governments don't have the jurisdiction, legal responsibility or resources to tackle issues around poverty, homelessness and addiction

It was moved and seconded that the Finance and Audit Committee recommend that Council maintain the status quo for the Breakfast Meal Program which would see City funding for the Breakfast Meal Program end 2023-DEC-31. The motion carried.

Opposed: *Councillors Eastmure, Geselbracht and Manly*

8. Downtown Events Grants

Laura Mercer, Director, Finance, provided an overview of the budget options. Highlights included:

- This grant stream supports events and initiatives that attract people downtown, support vibrancy and stimulate business activity
- Intake for 2024 has closed and Staff evaluated over \$300,000 in applications

It was moved and seconded that the Finance and Audit Committee recommend that Council increase the annual allocation for the Downtown Event Grants program from \$150,000/year to \$250,000/year for the 2024-2028 Financial Plan. The motion carried.  
Opposed: Councillor Geselbracht

9. Business Cases: Consolidated

Laura Mercer, Director, Finance, provided an overview of the budget options.

Committee discussion took place. Highlights included:

- Concerns regarding spending money on transit stops when many are being removed due to criminal activity
- Bundling the positions into one motion indicates what Staff feel is needed most

It was moved and seconded that the Finance and Audit Committee recommend that Council add the positions and related costs identified in the business cases consolidated grouping to 2024 of the 2024-2028 Financial Plan and fund the fleet requirements from General Revenue. The motion carried unanimously.

10. Steno Bylaw

Laura Mercer, Director, Finance, provided an overview of the budget options.

Committee and Staff discussion took place. Highlights included:

- The Bylaw Exemption Program was introduced in response to parking in areas around congregate care facilities and are now creating on-street parking challenges
- If a program is created to exempt individuals who live in those buildings from moving their vehicles every 24 hours, additional staff would be required
- Part-time would be preferred to start, and additional resources could be considered at a later date if necessary

It was moved and seconded that the Finance and Audit Committee recommend that Council add a part-time Steno Bylaw to the 2024-2028 Financial Plan effective April 1, 2024. The motion carried.  
Opposed: Councillor Thorpe

It was moved and seconded that the Special Finance and Audit Committee Meeting proceed past 12:00 p.m. The motion carried unanimously.

11. Fire Clerk

Laura Mercer, Director, Finance, provided an overview of the budget options.

Committee and Staff discussion took place. Highlights included:

- Revenues have been increasing over the last five years
- Fire Department's Vancouver Island Emergency Response Academy (VIERA) has grown to 284 departments and has started taking on larger clients in the Province and across Canada
- The VIERA program helps manage internal costs by providing training locally, as well as provides revenue to offset the department's budget

It was moved and seconded that the Finance and Audit Committee recommend that Council add a Fire Clerk to the 2024-2028 Financial Plan effective April 1, 2024. The motion carried unanimously.

12. Transit Stop Amenities

Laura Mercer, Director, Finance, provided an overview of the budget options.

Committee and Staff discussion took place. Highlights included:

- Concern regarding adding a full-time position when many requests are sent to remove bus stops
- Transit is a collaborative effort between the City and the RDN. The RDN operates and maintains the busses, while the City deals with end-of-trip facilities like shelters
- Option 2 would support transit planning and provide a more consistent level of communication between the City and the RDN, and would also provide more input on transit shelter locations

It was moved and seconded that the Finance and Audit Committee recommend that Council increase funding for the transit shelter program and add a Transit Planning Specialist as per option #2 of the Transit Stop Amenities business case in the 2024-2028 Financial Plan. The motion carried.

Opposed: *Mayor Krog, Councillors Armstrong, Perrino and Thorpe*

13. RCMP Mental Health Liaison Officer

Laura Mercer, Director, Finance, provided an overview of the budget options.

Committee and Staff discussion took place. Highlights included:

- CAR54 team has been well received and helps to support those struggling on the streets
- Suggestion to use an RCMP member currently on staff to be allocated to the CAR54 team
- The RCMP contract doesn't force the funding to be used for a new CAR54 member

It was moved and seconded that the Finance and Audit Committee recommend that Council increase the number of new RCMP members from three (3) to four (4) in 2024 of the 2024-2028 Financial Plan to support the creation of an additional CAR54 team. The motion was defeated.

Opposed: *Mayor Krog, Councillors Armstrong, Brown, Eastmure, Geselbracht, Hemens, Manly, Perrino and Thorpe*

It was moved and seconded that the Finance and Audit Committee recommend that Council maintain the status quo and not implement an additional RCMP Officer for an additional CAR54 team. The motion carried unanimously.

14. Annual Allocation for New Positions

Laura Mercer, Director, Finance, provided an overview of the budget options.

Committee and Staff discussion took place. Highlights included:

- If funding is allocated, Staff would continue to present business cases; however, only less critical positions would be brought forward as a business case
- If new positions are deemed necessary they would be automatically added; however, Council would still be informed. Any positions to increase levels of service or provide new services would be brought as a business case to Council
- Trust that Staff and the CAO can make decisions regarding staffing; however, Council should still provide oversight on the final decision
- Concern around how the budget is decided going forward and best practices. Suggestion to refer the discussion to a GPC meeting early in 2024

Councillor Thorpe vacated the Shaw auditorium at 12:45 p.m.

It was moved and seconded that the Finance and Audit Committee recommend that Council refer the decision to direct Staff to include an annual 0.50% property tax increase to support new positions

effective 2025 to a future Governance and Priorities Committee meeting in early 2024. The motion carried unanimously.

The Finance and Audit Committee recessed the meeting at 12:47 p.m.

The Finance and Audit Committee reconvened the meeting at 12:57 p.m.

Councillor Brown disconnected from the meeting at 12:57 p.m.

15. Reserve Funding

Laura Mercer, Director, Finance, provided an overview of the budget options.

It was moved and seconded that the Finance and Audit Committee recommend that Council maintain the status quo and not revise the allocation of reserve funding used to lower property taxes. The motion carried unanimously.

16. Traffic Calming: Extension Road

Laura Mercer, Director, Finance, provided an overview of the budget options.

It was moved and seconded that the Finance and Audit Committee recommend that Council increase the budget for the Extension Road Traffic Calming project by \$120,000 in 2024 of the 2024-2028 Financial Plan funded from the Strategic Infrastructure Reserve. The motion carried unanimously.

17. Pickleball Courts

Laura Mercer, Director, Finance, provided an overview of the budget options.

Committee and Staff discussion took place. Highlights included:

- Addition of new courts to Beban Park would remove them from residential areas
- New courts would not impact tennis players
- More cost effective to build eight courts at once rather than in stages
- Costs will be minor to transfer Beaufort Park pickleball courts back into tennis courts

It was moved and seconded that the Finance and Audit Committee recommend that Council add \$518,000 to 2024 of the 2024-2028 Financial Plan for a pickleball courts project funded by general revenue. The motion carried unanimously.

18. Lighting of Natural Turf Fields

Laura Mercer, Director, Finance, provided an overview of the budget options.

It was moved and seconded that the Finance and Audit Committee recommend that Council maintain the status quo and not provide funding for a natural turf field for the 2024-2028 Financial Plan. The motion carried unanimously.

19. Public Art

Laura Mercer, Director, Finance, provided an overview of the budget options.

Committee and Staff discussion took place. Highlights included:

- The budget currently has \$75,000 allocated for public art
- No lack of public art in the City at this time, so the Strategic Infrastructure Reserve should be reserved for more critical items with no other funding options

It was moved and seconded that the Finance and Audit Committee recommend that Council maintain the status quo and not provide additional funding for public art within the City and/or for capital projects. The motion carried.

Opposed: *Mayor Krog*

Councillor Perrino vacated the Shaw Auditorium at 1:16 p.m.

Laura Mercer, Director, Finance, spoke regarding next steps. Highlights included:

- The budget currently sits at approximately 8.4% for 2024
- Options to lower the budget include funding fleet requirement vehicles from the General Capital Reserve as it's one time funding, and consideration to revisit the RCMP percentage

Committee and Staff discussion took place regarding potentially funding fleet requirements from the General Capital Reserve as opposed to General Revenue.

It was moved and seconded that the motion for item 9.1 Business Cases Consolidated be reconsidered. The motion carried unanimously.

It was moved and seconded that the Finance and Audit Committee recommend that Council add the positions and related costs identified in the business cases consolidated grouping to 2024 of the 2024 – 2028 Financial Plan and fund the fleet purchases from the General Capital Reserve. The motion carried unanimously.

Committee and Staff discussion continued. Highlights included:

- An E-Town Hall for the 2024-2028 Financial Plan will be held 2023-DEC-04, along with the User Rate Bylaws for first three readings
- Additional Special Finance and Audit Committee meetings are planned for 2023-DEC-06 and 2023-DEC-08 if necessary
- 2024 – 2028 Financial Plan Bylaw is planned to be presented to Council for first three readings at the 2023-DEC-18 Regular Council Meeting, along with the User Rate Bylaws for adoption
- 2024 – 2028 Financial Plan Bylaw is anticipated to be adopted by Council in early January

**8. QUESTION PERIOD:**

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

**9. ADJOURNMENT:**

It was moved and seconded at 1:19 p.m. that the meeting adjourn. The motion carried unanimously.

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CHAIR

CERTIFIED CORRECT:

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CORPORATE OFFICER