



MINUTES

FINANCE AND AUDIT COMMITTEE MEETING

Wednesday, February 21, 2024, 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*
 - Councillor H. Eastmure
 - Councillor B. Geselbracht
 - Councillor E. Hemmens
 - Councillor P. Manly* (joined 9:01 a.m.)
 - Councillor J. Perrino
 - Councillor I. Thorpe
- Staff:
- R. Harding, General Manager, Community Services/Deputy CAO
 - L. Mercer, General Manager, Corporate Services
 - B. Sims, General Manager, Engineering and Public Works
 - W. Fulla, Director, Finance
 - J. Holm, Director, Planning and Development
 - K. Robertson, Deputy Corporate Officer
 - C. Davis, Manager, Parks Operations
 - J. Slater, Manager, Financial Services and Special Projects
 - D. Bailey, Acting Manager, Accounting Services
 - M. Chmielewski, Senior Financial Analyst
 - C. Sholberg, Community Heritage Planner
 - N. Sponaule, Communications Advisor
 - 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. INTRODUCTION OF LATE ITEMS:

- (a) Add Agenda Item 7(b) Japanese Canadian Heritage Site Proposal for the Nanaimo Waterfront – Replace presenters with Richard Harding, General Manager, Community Services/Deputy CAO.

3. ADOPTION OF AGENDA:

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

4. ADOPTION OF MINUTES:

It was moved and seconded that the following Minutes be adopted as circulated:

- 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 22, 2023, at 9:00 a.m.
- 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 29, 2023, at 9:00 a.m.
- Minutes of the Finance and Audit Committee Meeting held in the Shaw Auditorium, Vancouver Island Conference Centre, 80 Commercial Street, Nanaimo, BC on Wednesday, December 1, 2023, at 9:00 a.m.
- Minutes of the Finance and Audit Committee Meeting held in the Shaw Auditorium, Vancouver Island Conference Centre, 80 Commercial Street, Nanaimo, BC on Wednesday, December 13, 2023, at 9:00 a.m.

The motion carried unanimously.

5. REPORTS:

- a. Central Vancouver Island Japanese Canadian Legacies Society, Heritage and Reconciliation Grants Social Centre - Room 6

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

1. Brian Sugiyama and Tami Hirasawa, Central Vancouver Island Japanese Canadian Legacies Society, provided a PowerPoint presentation. Highlights included:

- Seven Potatoes Society is a cultural group that promotes Japanese culture and social justice on Vancouver Island
- Working with the Nanaimo Museum on a major travelling exhibit 2024-MAR-16
- Hosted a display at the Nanaimo Art Gallery
- Worked with the City in planting 25 cherry blossom trees along the roadway in Bowen Park and are raising money to purchase, plant and maintain more
- Could receive an infrastructure grant of \$250,000 from the Provincial Government through the Japanese Canadian Legacies Society (JCLS).
- The JCLS grant would be used to renovate Room 6 at Beban Social Centre to include a small kitchen, sound dampening (to enable Taiko drum practice), storage cabinets and decorative items indicative of Japanese culture

It was moved and seconded that the Finance and Audit Committee recommend that Council approve a five-year Licence of Use Agreement (with option for three subsequent renewals) with 7 Potatoes for use of Room 6 in the Beban Social Centre, conditional upon approval of the Japanese Canadian Legacies Society grant application and subsequent renovation. The motion carried unanimously.

b. Japanese Canadian Heritage Site Proposal for the Nanaimo Waterfront

Brian Sugiyama and Tami Hirasawa, Central Vancouver Island Japanese Canadian Legacies Society, provided a PowerPoint presentation. Highlights included:

- Seven Potatoes Society is working with City staff to acquire a heritage grant which will acknowledge the Japanese community that existed at the Nanaimo waterfront along Stewart Avenue
- Looking to install a Japanese garden that would feature a meditative site where visitors can learn about the herring salteries that existed on Saysutshun
- This site would be where the first sign would be placed to acknowledge the Japanese community and would tell the story of the Japanese Canadians that were forcibly uprooted from Nanaimo and other communities in BC

- The grant would improve amenities near the waterfront and bring in tourism

Committee and Staff discussion took place. Highlights included:

- Through a Use Agreement, the Seven Potatoes Society would have up to 21 hours of use during the week, but otherwise Room 6 would be available for other programming
- Improvements to Room 6 would benefit other groups that utilize the space
- Seven Potatoes Society is working with City staff and is confident they will stay within the capital infrastructure grant

It was moved and seconded that the Finance and Audit Committee recommend that Council support a joint grant application between the City of Nanaimo and the Central Vancouver Island Japanese Canadian Heritage Society for funding up to \$400,000 from the Japanese Canadian Legacies Society to create a Japanese Canadian Heritage Site along the Nanaimo waterfront. The motion carried unanimously.

c. Funding for Assistive Hearing Devices

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

- The Advisory Committee on Accessibility and Inclusiveness has been working on this project
- Council has the funding in the budget
- Requires Council's endorsement to proceed with this project

It was moved and seconded that the Finance & Audit Committee recommend that Council approve the Assistive Hearing Devices pilot project to be funded up to \$10,000 from the Parks/Facility Accessibility and Inclusivity project budget. The motion carried unanimously.

d. Seventh Street Pump Station

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

- The Seventh Street Pump Station was recently upgraded to allow for growth in the Chase River area
- The station that was built was sized to accept future growth; however, due to rapid growth and the rainstorms in November 2021, the system was overwhelmed

- Budget needs to be increased due to the complexity of changing and installing pumps in a live working station as well as higher than expected material costs for aluminum and stainless fabrication
- This project is partially funded by Development Cost Charge's (DCC) due to growth, but there may be a need to use sewer reserves as well

Committee and Staff discussion took place. Highlights included:

- Escalation in costs post pandemic; however, these costs are more about complexity with some additional costs associated due to inflation
- Consumer price index and construction costs are starting to go down, resulting in projects coming in more consistently on budget
- The new pump size should serve for the next decade (or two); however, that is still to be determined as growth in the Chase River and Vancouver Island University area will put a lot of pressure on the downstream sewer system

It was moved and seconded that the Finance and Audit Committee recommend that Council increase the budget for the Seventh Street Pump Station project in 2024 by \$450,000 from \$573,887 to \$1,023,887 funded by \$288,000 from the Sewer DCC Reserve Fund and \$162,000 from the Sewer Asset Management Reserve Fund. The motion carried unanimously.

e. Heritage Façade Grant - 200 Commercial Street

Introduced by Jeremy Holm, Director, Planning and Development.

- The Heritage Façade Grant Program is a longstanding City program that helps support property owners in maintaining and increasing the longevity of heritage buildings in the community

Committee and Staff discussion took place. Highlights included:

- Clarification that the owner pays for the total project cost of \$15,540 and the City's contribution is \$7,770

It was moved and seconded that the Finance and Audit Committee recommend that Council approve a \$7,770 Heritage Façade Grant for the Halse Block building located at 200 Commercial Street to repaint the building's exterior. The motion carried unanimously.

f. Heritage Façade Grant - 403 Fitzwilliam Street

Introduced by Jeremy Holm, Director, Planning and Development.

It was moved and seconded that the Finance and Audit Committee recommend that Council approve a \$12,230 Heritage Façade Grant for the S&W Apartments building located at 403 Fitzwilliam Street to install replicated wood siding on the upper portion (parapet) of the building's exterior facing onto Fitzwilliam Street and replace the building's roof. The motion carried unanimously.

g. Permissive Tax Exemption Application and Other Grant Request

Introduced by Laura Mercer, General Manager, Corporate Services.

Jamie Slater, Manager, Financial Services and Special Projects continued the presentation. Highlights included:

- The Nanaimo Men's Resource Centre is requesting a Permissive Tax Exemption (PTE) for part of the building they lease at 418D Fitzwilliam Street
- The men's centre has been operating since 2001, and provides support and educational programs, specialized counseling, coaching and advocacy services and run workshops and peer groups
- Was not added to the 2024 PTE bylaw as the application was received in September 2023 after the City brought forward the PTE bylaw for the 2024 property taxation year
- The estimated costs of their 2024 property taxes is \$3,600 and the City has a \$5,000 PTE cash grant budget available

Committee and Staff discussion took place. Highlights included:

- Discussion regarding use of cash grants
- Two different grant streams that organizations can apply for include PTE as well as Other Grants which can be used to apply for capital funding and emergency funding
- Concerns regarding having funds set aside for those who miss the deadline and those funds being exhausted every year

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

1. Award a Permissive Tax Exemption commencing with the 2025 taxation year to the Nanaimo Men's Centre for the property that it leases at 418D Fitzwilliam Street; and

2. Award a 2024 Cash Grant to the Nanaimo Men's Centre to a maximum amount of \$3,600 for the 2024 property taxation year for the portion of the property that it leases at 418D Fitzwilliam Street.

The motion carried unanimously.

h. Quarterly Budget Transfer Report

Laura Mercer, General Manager, Corporate Services, informed the Committee that the report outlines budget transfers that result in a new project, budget transfers over \$100,000 or budget transfers that result in the delay or cancellation of a project.

i. 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, informed the Committee that the report outlines the single and sole source purchases and purchases over \$250,000.

Committee and Staff discussion took place regarding the use of the \$500,000 grant to Nanaimo Ladysmith Public Schools from the Nanaimo Youth Resilience Grants.

j. 2023 Surplus Allocation

Laura Mercer, General Manager, Corporate Services, informed the Committee that the 2023 surplus is just over \$9.6 million for the general, sewer, and water funds.

Dan Bailey, Manager, Accounting Services, provided a verbal presentation. Highlights included:

- The City's KPMG audit starts on 2024-MAR-04
- The General Fund surplus is \$8.7 million, representing 4.6% of the general operating expenditures budget
- Large driver of this surplus is the \$1.7 million in savings due to RCMP position vacancies
- \$1.4 million in investment income returns in 2023
- \$4.9 million in surplus due to position vacancies

Committee and Staff discussion took place. Highlights included:

- Position vacancies creating this surplus include management, CUPE and Fire

- The RCMP sent the City an estimated amount to accrue and is expensed in the financial statements

Dan Bailey, Manager, Accounting Services, continued the verbal presentation.

- Staff proposed that \$1.7 million of the RCMP contract surplus be allocated to the RCMP Contract Reserve
- \$1.2 million of the General Operating Surplus is required to top up the General Financial Stability Reserve and is used to mitigate the risk of unknown expenditures or emergencies
- \$2.87 million of the General Operating Surplus is to be allocated to the Special Initiatives Reserve for project overruns, supporting the unhoused in 2024, and to increase the 2024 budget for the South End Community Centre

Committee and Staff discussion took place regarding the adequacy of the allocated \$500,000 to support the unhoused in 2024.

Dan Bailey, Manager, Accounting Services, continued the verbal presentation.

- Staff proposed that the remaining \$2.4 million of general fund operating surplus be allocated to general capital as it provides the most flexibility for funding general projects in the future

Committee and Staff discussion took place regarding allocating funds towards projects such as the Nanaimo Operations Centre.

Dan Bailey, Manager, Accounting Services continued the verbal presentation.

- The 2023 sewer fund operating surplus is \$519,000, representing 9% of the sewer operating expenditures budget, due to higher than expected user fees and position vacancies
- The Sewer Financial Stability Reserve requires \$100,000 top up to reach its minimum balance threshold and the remaining \$419,000 is recommended to be transferred to the Sewer Reserve
- The 2023 water operating surplus is \$395,000 due to higher than budgeted user fees
- The Water Financial Stability Reserve requires a \$49,000 top up and the remaining \$346,000 is recommended to be transferred to the Water Reserve to be used to fund future water projects

Committee and Staff discussion took place. Highlights included:

- Focusing on one project to fund at a time
- Staff plan to come back to the Finance and Audit Committee in March with options regarding project planning
- \$500,000 in statutory reserves is restricted for future property purchases

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

1. Approve the allocation of the 2023 operating surplus as follows:

1. General Fund

a. RCMP Contract Reserve	1,700,000
b. General Financial Stability Reserve	1,200,000
c. Special Initiatives Reserve	2,870,000
d. Property Acquisition Reserve	500,000
e. General Capital Reserve	<u>2,443,706</u>
	<u>\$ 8,713,706</u>

2. Sewer Fund

a. Sewer Reserve	419,078
b. Sewer Financial Stability Reserve	<u>100,000</u>
	<u>\$ 519,078</u>

3. Water Fund

a. Water Reserve	345,639
b. Water Financial Stability Reserve	<u>48,945</u>
	<u>\$ 394,584</u>

2. Amend the 2024-2028 Financial Plan for final to increase the 2024 budget for the South End Community Centre Land project by \$1,500,000.

The motion carried.

Opposed: *Councillors Armstrong, Brown and Manly*

- k. Active Communities Grant Program

Introduced by Laura Mercer, General Manager, Corporate Services.

Michael Chmielewski, Senior Financial Analyst, provided a verbal presentation. Highlights included:

- The City has submitted two grant applications to the Active Communities Grant Program which is offering \$50,000 to communities that meet the criteria
- Funding will be awarded and announced in April 2024
- Shortlisted projects for the grant program include the Westhaven Playground Redevelopment project and the Pleasant Valley School Bike Rack and Shelter Project
- Successful grant applications would reduce City funds which would be reallocated to future projects
- The City is planning on working with School District 68 to supply and install bike racks to increase opportunities to commute by bike
- The Westhaven Playground Redevelopment project is currently in the 2024-2028 Financial Plan and is funded through Parks DCC General Management Funds; however, the school district project is not in the 2024-2028 Financial Plan

Committee and Staff discussion took place:

- Funds for the renewal of old equipment at Westhaven Park
- Westhaven Park met all of the criteria in the application including criteria to work in collaboration with a community group
- Due to the increase in active transportation on Metral Drive, Pleasant Valley School has been overwhelmed with bikes resulting in the need for bike racks
- Clarification that the Active Communities Grant Program is Provincial funding

6. QUESTION PERIOD:

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

7. ADJOURNMENT:

It was moved and seconded at 10:04 a.m. that the meeting adjourn. The motion carried unanimously.

CERTIFIED CORRECT:

CHAIR

DEPUTY CORPORATE OFFICER