



MINUTES

FINANCE AND AUDIT COMMITTEE MEETING

Wednesday, June 19, 2024, 9:00 A.M.
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE
80 COMMERCIAL STREET, NANAIMO, BC

Members: Mayor L. Krog, Chair
Councillor T. Brown*
Councillor H. Eastmure
Councillor B. Geselbracht
Councillor E. Hemmens
Councillor P. Manly
Councillor J. Perrino
Councillor I. Thorpe

Absent: Councillor S. Armstrong

Staff: D. Lindsay, Chief Administrative Officer
R. Harding, General Manager, Community Services/Deputy CAO
L. Mercer, General Manager, Corporate Services
W. Fulla, Director, Finance
S. Gurrie, Director, Legislative Services
J. Holm, Director, Planning and Development
D. Osborne, Director, Recreation and Culture
P. Rosen, Director, Engineering
K. Robertson, Deputy Corporate Officer
J. McAskill, Manager, Facility Asset Planning
T. Pan, Manager, Sustainability
J. Slater, Manager, Financial Services and Special Projects
D. Stewart, Environmental Planner
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 Centre, 80 Commercial Street, Nanaimo, BC, on Wednesday, 2024-MAY-15, at 9:00 a.m. be adopted as circulated. The motion carried unanimously.

4. PRESENTATIONS:

a. 2025-2029 Financial Plan Development

Laura Mercer, General Manager, Corporate Services, introduced the project plan overview for 2025-2029.

Wendy Fulla, Director, Finance, continued the presentation. Highlights included:

- The 2025-2029 Provisional Financial Plan bylaw will be brought forward for first three readings by the end the of December 2024
- The projected user fee increases include 4.0% for sewer, 5.0% for water, and 3.1% for sanitation
- The 10-year property tax average from 2015-2024 is 3.8%
- The RCMP contract for 2025 is currently budgeted at 95% of the contract amount; however, the 2025 draft budget will include options to adjust the percentage based on current vacancy rates
- Anticipating an additional property tax increase of 0.8%
- The current financial plan has \$230.2 million in projects scheduled from 2025 to 2028
- The majority of project funding comes from reserves, and it counts for \$185 million or 80.4% of the \$230.2 million in funding
- In 2023, the base funding for projects was set at \$8 million and the 20-year investment plan and recommendations are based on an annual 5% increase to address inflation and growth in City infrastructure
- Project planning constraints include Staff capacity, available contractors, and supply chain challenges

- Larger capital projects not in the project plan include the Nanaimo Operations Center (NOC), the Police Operations Building, the Waterfront Walkway, and the South End Community Centre
- As of 2023-DEC-31, the City had \$38.2 million in outstanding external debt and \$5.6 million in internal debt
- The annual debt servicing limit is projected to be \$61.8 million for principal and interest payments, which is 12.3% of the current liability servicing limit
- The 2025 property tax increase target is 7.2% as per the approved 2024-2028 Financial Plan
- The RCMP contract budget numbers will put upwards pressure on the 7.2% increase

Committee and Staff discussion took place. Highlights included:

- For 2024, the City is budgeting for 92% of the RCMP contract and 95% for 2025
- A cost increase of 0.8% or \$1.1 million is anticipated for the RCMP contract in 2025
- Suggestion to provide a 2025 budget quick facts sheet with comparisons to other communities facing similar growth and aging infrastructure
- The impact major capital projects would have on the budget

5. DELEGATIONS:

1. Tom Weinreich re: Funding for the Nanaimo Curling Club

Tom Weinreich, President, Nanaimo Curling Club, spoke regarding funding for the Nanaimo Curling Club's chiller. He noted that the building is 56 years old, and the chiller is only 13 years old. The installation of a new chiller is over \$235,600, so funding will be needed if the existing chiller cannot be repaired.

Committee and Staff discussion took place. Highlights included:

- Plans for the facility to be used to host the curling portion of the upcoming British Columbia 55+ Games
- The chiller tubes corroded and there is risk of ammonia from the brine solution getting in the water
- To date the Nanaimo Curling Club has come up with \$88,500 to replace the chiller and they are requesting a grant from the City to assist with the balance

- Funding options through the Growing Communities Fund or the Strategic Infrastructure Reserve

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to prepare a report on the conditions of the Nanaimo Curling Club and options for assisting the Club with securing an operational chiller. The motion carried unanimously.

6. REPORTS:

a. Nanaimo Aquatic Centre Roof Renewal Funding

Poul Rosen, Director, Engineering, noted that the project work was tendered, and although costs were considerably higher than the budget amount, Staff believe that it is the realistic value of the budget allocation for the Nanaimo Aquatic Centre (NAC).

Committee and Staff discussion took place. Highlights included:

- Costs would not diminish by temporarily patching the roof
- Rebudgeting the project would put pressure on other projects that were pushed back in the 2025-2029 Project Plan

It was moved and seconded that the Finance & Audit Committee recommend that Council approve an increase to the 2024 project budget for the Nanaimo Aquatic Centre: Rear Mechanical Parapet Wall project from \$83,600 to \$393,600 funded by the Facility Development Reserve Fund. The motion carried unanimously.

b. Warming Centre Services and Supports Update

Introduced by Dave Laberge, Director, Public Safety.

Christy Wood, Manager, Social Planning, and Evan Lloyd, Manager, Emergency Program, provided an update on Warming Centre Services and Supports. Highlights included:

- Last winter, the City entered into three service agreements to support daytime warming centers
- 138 spaces were available at one time between the three centers; however, report logs show they serviced an average of 199 daily visits
- The City spent \$474,094 to fund the three warming centers, and \$250,000 in additional funding from Island Health was used to expand or enhance services

- The City accessed Ministry of Emergency Management and Climate and Readiness (EMCR) funds between 2024-JAN-11 to 2024-JAN-17
- The City contracted Risebridge Society to provide warming center services from 2023-NOV-14 to 2024-MAR-31 at 520 Prideaux Street and supported 59 individuals daily
- Risebridge staff reported that they were operating near capacity causing safety and security challenges
- Community Safety Officers (CSOs) increased patrols in the neighbourhood and the Nanaimo Community Action Team (CAT) Peer Support Team provided staffing supports to Risebridge
- The City received emails, phone calls, and impact statements regarding the inability for Risebridge staff to engage with the neighbourhood, CSOs, or the Royal Canadian Mounted Police (RCMP) to try to mitigate neighbourhood impacts
- Risebridge was temporarily contracted by BC Housing to provide 24 temporary overnight shelters between 2024-FEB-26 and 2024-APR-30
- The City entered a contract with the 7-10 Club Society from 2024-JAN-07 to 2024-MAR-31 at 5 Victoria Road where they supported an average of 107 individuals daily
- One of the Good Neighbourhood Commitments requires service providers to inform residents within 100 metres of the warming center
- The 7-10 Club Society worked with the RCMP and CSOs to mitigate impacts regarding the placement of the warming centre
- The City contracted Island Crisis Care Society (ICCS) between 2024-JAN-02 to 2024-MAR-31 at 2025 Bowen Road where they supported an average of 33 individuals daily
- City staff received emails and phone calls reporting social disorder in the area and an increased presence of homelessness
- The Unitarian Shelter provided services for an extreme cold weather daytime warming centre
- 80% of the city's unsheltered population does not have access to any kind of daytime or overnight shelter, meals, or support services
- After warming shelters closed, RCMP and CSOs had trouble moving unsheltered people without there being other programs or services for them to go to
- It is important for the City to commit to funding early in the year to provide sufficient time to identify the suitable operator locations

- Nanaimo receives federal Reaching Home Designated Funding and is anticipated to receive over \$1 million for the 2025-2026 funding cycle
- The City has \$184,257 in remaining funding from this past's winter season and \$500,000 of the 2024 surplus that was allocated to the Special Initiatives Reserve to help support services to the unhoused in 2024

Committee and Staff discussion took place. Highlights included:

- The 7-10 Club Society and ICCS had fairly successful community engagement, whereas Risebridge had a contentious relationship with the neighbourhood
- Suggestion to increase the notification distance from 100 metres to 500 metres
- Importance of not having drop-in facilities at supportive housing units as those facilities are only there to support the residents
- Need for collaboration between operators, CSOs, RCMP, and other service providers to mitigate impacts on neighbourhoods

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

The Finance and Audit Committee Meeting reconvened at 10:48 a.m.

Committee and Staff discussion continued. Highlights included:

- Extreme heat events affect both the unsheltered and elderly populations
- There are maps and sites identified for daytime facilities available for people to get out of the heat during the daytime
- For extreme heat of 29 degrees Celsius and above, and overnight temperatures not falling below 16 degrees Celsius, the City can access Emergency Management and Climate Readiness (EMCR) funds
- Last year, the City had access to the Strengthening Communities Fund; however, the City does not have access this year and will be relying on EMCR funds
- Importance of having set locations and standards for daytime shelters
- Discussion regarding the impact shelters had on residential communities

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

1. allocate \$400,000 from the Special Initiative Reserve and reallocate the remaining 2023/2024 winter season funding to match funds provided by the Reaching Home Community Advisory Board to support up to two year-round drop-in hubs that can also serve as warming and cooling centre services for the City of Nanaimo's extreme weather response starting in the 2024 winter season; and,
2. direct Staff to provide Council with an evaluation of the drop-in hub service as part of the City's extreme weather response for future funding consideration in summer 2025.

The motion carried unanimously.

c. Home Energy Retrofit Financing Program

Jeremy Holm, Director, Planning and Development, noted that this presentation is following a report received on 2024-APR-22 that outlined feasibility of a potential financing retrofit program.

Ting Pan, Manager, Sustainability, and Dave Stewart, Environmental Planner, made a verbal presentation. Highlights included:

- Staff are proposing a home energy retrofit financing pilot program that would offer zero-interest loans of up to \$15,000 to homeowners for energy retrofits
- Homeowners would be required to pay back the loan over a 10-year period through their property taxes
- Overall program objectives are to reduce community greenhouse gas emissions (GHG) from low density residential buildings, improve equity, access, and affordability, and prepare residents for a changing climate
- There is a broad range of retrofits to help achieve those objectives
- Loan requests will be evaluated on an established criteria and the high scoring applications will be prioritized
- The goal is to target middle income households
- Municipal Property Assessed Clean Energy (PACE) funding could address a number of key barriers and market gaps
- Risk of loan default with PACE funding is extremely low as they are tied to the property and paid back through property taxation

- Staff intend to select a third-party administrator to help ease the administrative burden
- The City can apply for up to \$500,000 in grant money from the Federation of Canadian Municipalities (FCM) and primary capital funding would be provided through this grant
- The City's contribution includes funding already allocated to the relevant project and programs, anticipated Staff in-kind hours, and including \$200,000 from the Climate Action Reserve Fund, \$50,000 off which will continue to support the Home Energy Navigator Program in 2025
- As the requested funds are coming from the Climate Action Reserve Fund, there should be no contribution to the proposed tax increases
- If successful, the program could launch in Quarter Two of 2025

Committee and Staff discussion took place. Highlights included:

- Staff are seeking approximately \$900,000 for the entire project
- If unsuccessful receiving the grant from FCM, the program could not proceed and Staff would have to look at other options
- Assessing the impacts of this program
- Staff are working on a direct lending financing model to be integrated into the program if viable

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

1. apply to the Federation of Canadian Municipalities (FCM) Community Energy Efficiency Financing (CEF) program for pilot funding to support a Property Assessed Clean Energy (PACE) style home energy financing program and if successful, launch a PACE style home energy financing program for Nanaimo residents; and,
2. allocate up to \$200,000 from the Climate Action Reserve Fund to support a home energy retrofit financing program.

The motion carried unanimously.

d. Other Grant Application - Tourism Association of Vancouver Island

Introduced by Laura Mercer, General Manager, Corporate Services.

Jamie Slater, Manager, Financial Services and Special Projects, provided a verbal presentation. Highlights included:

- Tourism Association of Vancouver Island (TAVI) applied for a grant in the amount of \$5,000 to request an installation of a lift to the second-floor unit they occupy at 1934 Boxwood Road
- The lift would provide accessibility to those with mobility issues
- As TAVI is a non-profit organization, Staff ensured the lift wouldn't assist any other businesses that might operate out of that building
- Project meets the requirement of the project grant; however, there is only \$4,100 remaining in the Other Grant budget

Committee and Staff discussion took place. Highlights included:

- TAVI is separate from Tourism Nanaimo and operates out of a separate location
- The City has \$7,000 annually in the Other Grants program and there is \$4,100 remaining for 2024
- Discussion regarding the layout of the building

It was moved and seconded that the "Other Grant" in the amount of \$4,100 to the Tourism Association of Vancouver Island to assist in the purchase of a lift to their second-floor unit at 1934 Boxwood Road, with funding being contingent on the installation of the lift being successfully completed.

It was moved and seconded that consideration of the motion be deferred to the next Finance and Audit Committee Meeting until Staff can come back with more information on Tourism Association of Vancouver Island (TAVI) and the building at 1934 Boxwood Road.

The motion to defer was defeated.

Opposed: Mayor Krog, Councillors Brown, Eastmure, and Geselbracht

The vote was then taken on the motion.

The motion was defeated.

Opposed: Mayor Krog, Councillors Brown, Eastmure, Geselbracht, Hemmens, Manly, Perrino, and Thorpe

e. Permissive Tax Exemption Policy and Security Checks and Other Grants Policy Updates

Jamie Slater, Manager, Financial Services and Special Projects, gave a verbal presentation. Highlights included:

- The current Permissive Tax Exemption (PTE) Policy contains references to the Grants Advisory Committee and the terms of reference for that committee
- The current policy does not have any provisions to address non-market housing applications
- Highlights of the changes of the proposed PTE policy includes a legacy exemption for existing properties that are already on the PTE policy
- The policy also supports exemptions for temporary housing being provided on a year-round basis and exemptions for supportive housing that are either free of charge or heavily subsidized
- The policy does not include permissive tax exemptions for non-market housing or affordable housing; however, BC Assessment provides assessment reduction on properties that are willing to enter into housing agreements, put covenants on title, and provide evidence of long-term financial and profit restrictions
- The cash grant section of the PTE bylaw has been removed
- The “Travel Assistance Grants” were removed from the grants policy and guidelines document and will be moved to a Parks and Recreation and Culture policy document
- Proposing two intake periods for the Other Grants Program to allow for applications to be evaluated against each other
- Current application process is based on a first come, first served basis
- The “Heritage and Revitalization” exemptions have been removed from the policy as they are already covered in legislation through the *Community Charter*

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

1. Approve the Permissive Tax Exemption Administrative Policy as outlined in the Staff report titled "Permissive Tax Exemption Policy and Security Checks and Other Grants Policy Updates" dated 2024-JUN-19;
2. Approve the Security Checks and Other Grants Administrative Policy as outlined in the Staff report titled "Permissive Tax Exemption Policy and Security Checks and Other Grants Policy Updates" dated 2024-JUN-19; and
3. Repeal the Council ‘Grants Policy and Guidelines’ Policy COU-185.

The motion carried unanimously.

7. NOTICE OF MOTION:

Councillor Geselbracht Notice of Motion re: Update of Current Investment Policy

Councillor Geselbracht advised that he would be bringing forward the following motion for consideration at a future Council Meeting:

“That Staff provide a report with options to update the current investment policy to include a percentage of the City’s portfolio be in socially responsible (ESG) and low GHG investments. Report to provide;

- i) Budgetary considerations for socially responsible investments at 10%, 30%, 50%, 75%, 100% of total city portfolio
- ii) Updated background on fossil fuel divestment and responsible investing with updated numbers from the October 2021 staff report and brief summary of practices of other local governments leading in responsible investment.”

8. QUESTION PERIOD:

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

9. ADJOURNMENT:

It was moved and seconded at 11:45 a.m. that the meeting adjourn. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

DEPUTY CORPORATE OFFICER