



MINUTES

SPECIAL FINANCE AND AUDIT COMMITTEE MEETING

Wednesday, December 4, 2024, 9:00 A.M.
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE
80 COMMERCIAL STREET, NANAIMO, BC

- Members:
- Mayor L. Krog, Chair
 - Councillor T. Brown* (disconnected at 12:09 p.m.)
 - Councillor H. Eastmure (arrived at 1:04 p.m.)
 - Councillor B. Geselbracht
 - Councillor E. Hemmens
 - Councillor P. Manly
 - Councillor J. Perrino
 - Councillor I. Thorpe (vacated at 12:09 p.m.)
- Absent:
- Councillor S. Armstrong
- Staff:
- D. Lindsay, Chief Administrative Officer
 - L. Mercer, General Manager, Corporate Services
 - B. Sims, General Manager, Engineering and Public Works
 - W. Fulla, Director, Finance
 - N. Vracar, Deputy Corporate Officer
 - N. Sponaule, Communications Advisor
 - L. Young, Recording Secretary

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 5(b) CatNap Society - Add PowerPoint Presentation titled "CatNap 2024 Operating Grant Funding Presentation".

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

- (b) Agenda Item 5(e) Nanaimo Systems Planning Organization - Add PowerPoint Presentation titled “Nanaimo Systems Planning Organization – 2024 (FY1) Review and Actions 2025”.
- (c) Agenda Item 5(f) Nanaimo Prosperity Corporation - Add PowerPoint Presentation titled “Nanaimo Prosperity Corporation – Budget Request 2025”.
- (d) Agenda Item 5(g) Tourism Nanaimo Society - Add PowerPoint Presentation titled “Tourism Nanaimo Business Plan”.

3. ADOPTION OF AGENDA:

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

4. PRESENTATIONS:

(a) Nanaimo Area Land Trust

Presentation:

1. Paul Chapman, Executive Director, Nanaimo Area Land Trust (NALT), provided a PowerPoint presentation. Highlights included:
 - NALT was founded in 1995 and has worked with the City of Nanaimo since its foundation
 - Collaboration with the City on cleanup and restoration events
 - Restoration of riparian areas promotes stream health, and healthy streams are a key component of stormwater management service delivery
 - NALT works to remove invasive species, enhance pollinator meadows, and collect data on water quality in City parks
 - Offers many programs such as the Western Painted Turtle Ambassadors Program, where volunteers monitor turtle activity and educate the public
 - Scheduled to receive \$40,800 in funding from the City in 2025

Committee discussion took place. Highlights included:

- The popularity of the Western Painted Turtle Ambassadors Program
- NALT will receive \$40,000 in funding from the Regional District of Nanaimo (RDN)

(b) CatNap Society

Presentation:

1. Cathy Brzoza, Treasurer, Board of Directors, CatNap Society (CatNap), provided a PowerPoint presentation. Highlights included:
 - CatNap received \$36,000 in funding from the City in 2024
 - Scheduled to receive \$25,000 annually from the City between 2025 and 2028 to provide ongoing services
 - CatNap is run entirely by volunteers and supports stray, feral, and semi-feral cats in the community by providing them veterinary care for illness and injuries, spay and neuter, vaccinations, and treatment for parasites
 - Fosters care for adoptable cats that are waiting for permanent homes
 - Achievements in 2024 include restoration of financial health, 520 cats rescued/helped, a new adoption partner, and a new veterinary partner
 - CatNap faces challenges such as a need for dedicated shelter space, lack of a low-income spay/neuter program, and a shortage of volunteer resources due to burnout of volunteers
 - Plans for 2025 include seeking a suitable intake space, continued recruitment of new volunteers, and exploring more fundraising opportunities

Committee discussion took place. Highlights included:

- The lack of a low-income spay/neuter program in Nanaimo is likely due to the BC Society for the Prevention of Cruelty to Animals (SPCA) needing to allocate funds to animals in their care
- Opportunity to collaborate with the City to educate the public on the “Animal Responsibility Bylaw 2021, No. 7316”, particularly on spay/neutering requirements
- Shelter/intake space would require rooms that can be divided to keep cats quarantined
- CatNap often takes feral or semi-feral cats from the Nanaimo branch of the BC SPCA that require longer term care and socialization that the BC SPCA cannot provide

(c) Vancouver Island Regional Library

Presentation:

1. Ben Hyman, Executive Director, Vancouver Island Regional Library (VIRL), provided a PowerPoint presentation. Highlights included:
 - VIRL has been in operation since 1936 and currently has three locations in Nanaimo
 - In Nanaimo, 563,000 items are projected to be borrowed from VIRL's physical collection by the end of the year
 - The Nanaimo branches provide services not only to residents of the City, but also the neighbouring regional district
 - Review of the VIRL 2025 budget, which plans to maintain existing service levels with a reduced budget, when possible, and scales up fundraising and revenue diversification
 - Reviewed budget allocations for 2025. The largest portions of the budget include wages and benefits; facilities, utilities and repairs; and collections
 - The City of Nanaimo will be levied \$6.9 million for VIRL in 2025

Committee discussion took place. Highlights included:

- The 2025 BC Library Conference will be hosted in Nanaimo in May 2025
- Contracts included in the VIRL budget range from specialized equipment to legal contracts
- The use of the library facilities as warming and cooling spaces
- VIRL is funded through levies, which are set by the VIRL Board and regulated through the *Library Act*

(d) Vancouver Island Conference Centre

Presentation:

1. Chuck Loewen, General Manager, Vancouver Island Conference Centre (VICC), provided a PowerPoint presentation. Highlights included:
 - The VICC was built as part of the City's plans to revitalize the downtown area. It has been managed by the Oak View Group (OVG360) since 2017

- Key income resources include space rental, food and beverage commissions, and AV commissions
- A shift to more multiday events and fewer single day events results in less expenses in preparing rooms between events and results in higher economic impacts for the City
- The 2024 achievements, including continued collaboration and integration with partners, 40 conventions, and greater use of the VICC by the community
- Opportunities to use City-owned facilities for trade shows and implement recommendations from the Synergy Foundation report on the progress towards accelerating a circular economy
- The 2025 budget includes an annual operating investment by the City of \$985,767 and a \$100,000 contingency fund
- The 2025 draft capital budget includes new projects such as six glass door replacements, network equipment replacements, and previously budgeted projects such as Phase 2 of the AV upgrade and refurbishment of two freight elevators

Committee discussion took place. Highlights included:

- The VICC is an important resource for employment in the City
- The Information Centre has received great visitation and is a positive addition to the VICC
- Several local art groups have taken advantage of the community rates at the VICC for their events
- The value of circular economy initiatives and the food waste reduction program at the VICC
- The use of the Dodds Narrows area as an art gallery space
- Opportunities for community relationships and increased revenue through sponsorships and naming rights

The Finance and Audit Committee recessed the meeting at 10:30 a.m.

The Finance and Audit Committee reconvened the meeting at 10:49 a.m.

(e) Nanaimo Systems Planning Organization Society

Presentation:

1. John McCormick, Executive Director, and Don Bonner, Board Chair, Nanaimo Systems Planning Organization (SPO), provided a PowerPoint presentation. Highlights included:
 - The SPO is entering its third year and the City provides the SPO with \$480,000 in annual funding
 - The SPO has developed good working relationships with partners such as: BC Housing, the City of Nanaimo, the Federal and Provincial governments, and Island Health
 - The work done by the SPO is structured around the Health and Housing Action Plan (HHAP) to meet the housing needs of the community
 - The operating approach of the SPO is to leverage resources, facilitate and provide research, and seek resources for the community housing
 - Overview of ongoing initiatives and efforts involving BC Housing, Snuneymuxw First Nation (SFN) and local churches and community associations
 - Ensuring that SPO practices align with the City's Doughnut Economics approach and SFN cultural practices
 - Launch of an interagency communications platform to share resources and training with outreach practitioners and service providers
 - Reviewing the City of Abbotsford's methods for using GIS for their Point in Time (PIT) count
 - Developing terms of reference for the SPO taskforce
 - Provided an update regarding the 78 units of housing being provided in the old Travellers Lodge Hotel and the continued work with the operator and community agencies for that initiative
 - The SPO is committed to working with partners to provide 100 additional units of housing per year in Nanaimo

Committee discussion took place. Highlights included:

- The importance of developing an inventory of community assets
- Opportunities for churches to be used for housing, such as the Brechin United Church property

- Community entities face difficulties during the development process; however, the SPO aims to be a support system that fills the gaps
- Using the SPO as a community voice to leverage conversations with organizations like BC Housing
- The Travellers Lodge project is an example of the success of the SPO

(f) Nanaimo Prosperity Corporation

Presentation:

1. Colin Stansfield, Chief Executive Officer, and Richard Horbachewski, Board Chair, Nanaimo Prosperity Corporation (NPC), provided a PowerPoint presentation. Highlights included:
 - Key milestones for the NPC in 2024 include the hiring of a CEO, establishment of a downtown office, and the launch of a new brand
 - The NPC is working to advance key initiatives such as establishing Nanaimo as a transportation and logistics hub, workforce development, education and training, and promoting buy local efforts
 - The NPC is collaborating with the Fair Care Alliance to advocate for a hospital tower and catheterization laboratory (cath lab) at Nanaimo Regional General Hospital
 - Working to strengthen community development by empowering not-for-profit organizations to drive social capital projects and facilitating Indigenous economic reconciliation
 - Building champions and strategic partnerships to ensure investment readiness, expand marketing opportunities, and create a collaborative ecosystem where businesses and industries can thrive
 - The City remains the primary funder of the NPC
 - Request that the City increase base funding for the NPC in 2025

Committee and Staff discussion took place. Highlights included:

- The Economic Development Strategy final report recommended allocating \$750,000 to \$1,000,000 per year in funding towards an Economic Development Agency
- The NPC is doing meaningful work despite not being funded to full capacity

- Opportunities for creating a capital reserve fund
- The NPC also receives funding through the Nanaimo Airport, Nanaimo Port Authority, Snuneymuxw First Nation, Vancouver Island University, and the Greater Nanaimo Chamber of Commerce
- There are opportunities for additional sources of funding; however, often programs need to be in place before applying for grants
- When established in 2022, the budget for the NPC was \$407,100

(g) Tourism Nanaimo Society

Introduced by Laura Mercer, General Manager, Corporate Services.

Presentation:

1. Carly Pereboom, Executive Director, Tourism Nanaimo Society (Tourism Nanaimo), provided a PowerPoint presentation. Highlights included:
 - The tourism industry continues to see growth and has demonstrated resilience despite challenges such as fluctuating hotel occupancy, limited direct flights, and reduced demand
 - Tourism Nanaimo has developed a five-year Destination Strategy, created a destination brand, and provides visitor-related services that align with the Destination Strategy
 - Tourism Nanaimo receives funding through the Municipal Regional District Tax (MRDT), the City of Nanaimo, provincial grants, and other grants
 - Affordable housing was added as a permissible use of MRDT program funds, which the City has utilized to support housing initiatives
 - Ongoing collaboration with the local hotels, Vancouver Island Regional Airport, BC Ferries, and through the Outside the Box BC Program to strengthen relations and increase visitations
 - The Visitor Services Centre moved to the VICC at the beginning of the year, and visitation has increased by 10 percent

Committee discussion took place regarding the hotel occupancy rates in similar regions. Compared to similar island regions, Nanaimo has been the slowest to recover from the COVID-19 pandemic and has a lower hotel occupancy rate.

Carly Pereboom, Executive Director, Tourism Nanaimo, continued the presentation, and noted the many milestones achieved by Tourism Nanaimo in 2024.

Committee discussion took place. Highlights included:

- It is considered to be best practice to have local tourism agencies allocate Municipal and Regional District Tax (MRDT) funds
- Anecdotal increase in day-trippers as opposed to overnight stays
- Potential opportunity to increase conference traffic

Councillor Brown disconnected from the meeting at 12:09 p.m.

Councillor Thorpe vacated the Shaw Auditorium at 12:09 p.m.

The Finance and Audit Committee recessed the meeting at 12:09 p.m.

The Finance and Audit Committee reconvened the meeting at 1:04 p.m.

Councillor Eastmure entered the Shaw Auditorium at 1:04 p.m.

(h) Introduction of Council Decision Points

Introduced by Laura Mercer, General Manager, Corporate Services.

Presentation:

1. Wendy Fulla, Director, Finance, provided a PowerPoint presentation. Highlights included:

- Provided an overview of decision points to be further discussed at the 2024-DEC-06 Special Finance and Audit Committee Meeting
- Four business cases were provided for consideration
- Reviewed options for increasing staffing for the Community Safety Officer (CSO) Program as part of the Community Safety Action Plan Strategy

Committee and Staff discussion took place regarding the draft decision points. Highlights included:

- The draft decision points presented in the PowerPoint presentation are not included in the draft budget
- While the new fleet vehicles and electrical vehicle (EV) charger could be funded through capital reserve funds, the staffing costs associated with the additional CSOs and the conversion of the Bylaw Steno position from part-time to full-time would be funded through general revenue

Wendy Fulla, Director, Finance, continued the PowerPoint presentation. Reviewed options included:

- Increasing resources for public space cleanliness as part of the Community Safety Action Plan Strategy
- Adding a full-time position of Assistant Manager, Financial Planning to address increasing reporting requirements

Committee and Staff discussion took place regarding overtime currently worked by the Accounting, Financial Planning, and Supply Chain Management sections. The proposed new position in Financial Planning would partially address this issue.

Wendy Fulla, Director, Finance, continued the PowerPoint presentation. Reviewed options included:

- Adding a full-time Assistant Manager, Current Planning, position to address increasing workloads and changes in provincial housing legislation
- Adding 12 new RCMP officers to address community growth
- Increasing the Road Maintenance Budget
- Increasing Culture Grant funding

Committee and Staff discussion took place. Highlights included:

- The new Assistant Manager, Current Planning position was recommended during a third-party review to address the provincial housing legislation changes as well as addressing turnaround times for processing development applications
- Cultural grants have three funding streams: Downtown Event Revitalization Funding, Project Grant Funding, and Operating Grant Funding

Wendy Fulla, Director, Finance, continued the PowerPoint presentation. Reviewed options included:

- Increasing the annual operating grant for the Restorative Justice Program
- Increasing the Neighbourhood Association Grant Program
- Increasing the base funding for the NPC
- Reducing property taxes by budgeting less for the RCMP contract due to the history of vacancies

Committee and Staff discussion took place regarding the status of the 2024 RCMP contract.

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

- Reviewed options to minimize the annual operating surplus that occurs due to staff vacancies by implementing a Negative Wage Contingency
- Request that any additional decision points be provided for discussion at the 2024-DEC-06 Special Finance and Audit Committee Meeting

Committee and Staff discussion took place. Highlights included:

- Potentially delaying projects in order to reduce property taxes and the potential impacts delays could have on future projects and their funding
- Staff continuously assess project lists to see what can be delayed; however, some projects have been delayed for many years and can no longer be delayed
- Potentially decreasing the amount allocated to the Capital Reserve Fund from \$8.4 million to \$8 million may result in Staff seeking additional funds from Council in the future in order to fund projects in accordance with the Capital Plan
- The effects of COVID-19 on capital projects and the City's need to support the local economy
- Potentially removing "nice-to-have" projects and reallocating those funds to "need-to-have" projects
- The Maffeo Sutton Park Amenity Building is being funded through the Growing Communities Fund, which must be used by March 2028. Some design work has already been paid for through this fund.
- Reviewed a list of projects being funded through the Community Works Fund such as a portion of the Beban Roof project, a Sewer Development Cost Charges project, relocating the high jump at the Rotary Bowl, and improvements on Norwell Drive
- The main drivers of the budget increase include 20 new firefighter positions, the RCMP contract, employment agreements, and asset management
- If Option #1 was selected for each of the decisions slides, the tax increase would be 9.6 percent

- Potentially reducing the proposed property tax increase by 1 percent through reductions to project funding would equate to an approximate \$1.5 million reduction to project funding in 2025
- The Bowen Road project is currently in the design phase and is scheduled for construction in 2026
- Options for bike lanes in the Bowen Road project could include painted lines; however, it is not yet known if there is enough space in the lane to allow for a bike lane. If a painted bike lane is feasible, the costs would not be substantial
- The importance of the Maffeo Sutton Park Amenity Building project

5. QUESTION PERIOD:

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

6. ADJOURNMENT:

It was moved and seconded at 2:05 p.m. that the meeting adjourn. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

DEPUTY CORPORATE OFFICER