



MINUTES

FINANCE AND AUDIT COMMITTEE MEETING

Wednesday, December 11, 2024, 9:01 A.M.
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE
80 COMMERCIAL STREET, NANAIMO, BC

- Members:
- Mayor L. Krog, Chair
 - Councillor S. Armstrong*
 - Councillor T. Brown* (joined at 9:09 a.m.)
 - Councillor B. Geselbracht*
 - Councillor E. Hemmens
 - Councillor P. Manly
 - Councillor J. Perrino
 - Councillor I. Thorpe
- Absent:
- Councillor H. Eastmure
- Staff:
- D. Lindsay, Chief Administrative Officer
 - L. Mercer, General Manager, Corporate Services
 - B. Sims, General Manager, Engineering and Public Works
 - W. Fulla, Director, Finance
 - J. Holm, Director, Planning and Development
 - D. LaBerge, Director, Public Safety
 - D. Osborne, Director, Parks, Recreation and Culture
 - C. Davis, Deputy Director, Parks and Natural Areas
 - N. Vracar, Deputy Corporate Officer
 - C. Wood, Manager, Social Planning
 - R. Sawrie, Social Planner
 - D. Stewart, Environmental Planner
 - N. Sponaule, Communications Advisor
 - L. Young, Recording Secretary

1. CALL THE MEETING TO ORDER:

The Finance and Audit Committee Meeting was called to order at 9:01 a.m.

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

2. INTRODUCTION OF LATE ITEMS:

- (a) Add Agenda Item 8(a) 2025 - 2029 Financial Plan Update.
- (b) Add Agenda Item 8(b) Nanaimo Prosperity Corporation Decision Slide.

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 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-NOV-20, at 9:01 a.m. be adopted as circulated. The motion carried unanimously.

5. REPORTS:

(a) Financial Results for the Nine Months ending 2024-SEP-30

Laura Mercer, General Manager, Corporate Services, introduced the report and highlights included the following:

- The City is projecting a surplus of \$4,848,840 at the end of the third quarter, which is broken down into general funds, sewer, and water
- For general funds, the City is projecting a surplus of \$5,960,140. Drivers of this surplus include position vacancies, grants in lieu of taxes, investment income, and the RCMP contract being under budget
- The anticipated surplus for the sewer fund is \$138,900
- There is a projected water fund deficit of \$1,250,200 due to lower than anticipated revenue

Committee and Staff discussion took place regarding the reasons for the lower revenues, including water conservation and changes in the consumption structure.

Laura Mercer, General Manager, Corporate Services, continued the review of the report. Highlights included:

- As per the Reserve Policy, any reserve below the minimum balance will be topped up first from surplus, and any remaining surplus funds will be allocated according and Council direction

- The total project budget is \$177,065,254 and includes both capital and operating projects. As of 2024-SEP-30, \$65,596,628 remains to be spent by the end of the year

Committee and Staff discussion took place. Highlights included:

- Potential to use the surplus to lower the property tax rate. This is not a stable form of tax reduction; however, it can be discussed when the surplus allocation report is brought forward in Spring 2025
- Financial results in 2023 had a higher surplus than this year

Councillor Brown joined the meeting electronically at 9:09 a.m.

(b) Council Expenses for the Nine Months ending 2024-SEP-30

Laura Mercer, General Manager, Corporate Services, introduced the report and highlights included the following:

- Summary of year-to-date expenses for each member of Council as of 2024-SEP-30
- Information will be included in the Statement of Financial Information (SOFI) Report

(c) Culture and Event Grants 2025 - Funding Recommendations

Councillor Manly vacated the Shaw Auditorium at 9:11 a.m. declaring a conflict of interest as he is on the board of the LEAF Festival Society.

Darcie Osborne, Director, Parks, Recreation and Culture, introduced the report and highlights included the following:

- Staff received a total of 13 cultural operating applications, 17 cultural project applications, and 32 Downtown Event Revitalization Fund applications
- The total value requested by applicants for 2025 was \$963,806.79, and the total funds available is \$631,256.00

Committee discussion took place regarding procedures Staff follow in order to follow up with organizations in regards to their use of the grant funds. Prior to evaluating an application, the City must receive a Culture Grant Report Form for the previous year's grant.

It was moved and seconded that the Finance and Audit Committee recommend that Council approve 2025 Cultural Grant funding (Operating, Project, Downtown Event Revitalization Fund) recommendations of \$631,256 as outlined in Attachment 'D' of the report titled "Culture and Event Grants 2025 – Funding Recommendations" dated 2024-DEC-11. The motion carried unanimously.

Councillor Manly returned to the Shaw Auditorium at 9:17 a.m.

(d) Social Planning Grants 2025

Dave LaBerge, Director, Public Safety, introduced the report and highlights included the following the following:

- Since 2001, the City has allocated \$85,000 annually to non-profit organizations, neighbourhood associations, and/or recognized faith groups to assist in responding to social issues with initiatives that enhance social cohesion, address poverty, and foster social inclusion and equity
- The grants were previously broken into two groups: the Community Vitalities Grant, which was for smaller projects, and the Social Response Grant, which was for larger-scale projects; however, due to a lack of clear definitions between the two grant types, Staff decided to eliminate the distinction between the two grant streams and have all applicants apply through the same grant process
- The City received 19 grant applications for 2025, totalling \$306,390 in requested funding

It was moved and seconded that the Finance and Audit Committee recommend that Council approve the 2025 Social Planning Grants recommendations of \$85,000, and that the grant allocations be as follows:

Applicant Name: Take a Hike Foundation **Recommend:** \$10,000

Project: Take a Hike Nanaimo Program

Applicant Name: Volunteer Nanaimo **Recommend:** \$13,500

Project: Youth Network

Applicant Name: Island Crisis Care Society **Recommend:** \$25,000

Project: Rising Hope Community Kitchen

Applicant Name: Nanaimo Alliance Church **Recommend:** \$8,000

Project: Food Bank Client Café – Kitchen Upgrades

Applicant Name: Haven Society **Recommend:** \$15,000
Project: Safe Futures for Youth – Violence is Preventable

Applicant Name: Nanaimo Community Kitchens Society
Recommend: \$7,000 **Project:** Cultivate and Cook

Applicant Name: Nanaimo Family Life Association **Recommend:** \$6,500
Project: Kitchen Socials

The motion carried unanimously.

(e) Park Amenity Improvement Requests Under the Partners in Parks Program

Introduced by Darcie Osborne, Director, Parks, Recreation and Culture.

Committee and Staff discussion took place. Highlights included:

- Potential to provide a portion of the requested amount
- \$100,000 is available annually in the Partners in Parks (PIP) budget
- How Staff prioritize between the Capital Plan projects that are similar to PIP projects
- PIP projects are often niche to specific neighbourhoods and driven by invested members of the community
- Well-organized community groups affect the timeliness of implementing PIP projects

It was moved and seconded that the Finance and Audit Committee recommend that Council approve the allocation of the 2024 Partners In Parks Program funding to amenity improvements at these proposed park locations:

- i. \$45,000 for a hard surface sport court at Everest Drive Park;
- ii. \$15,000 for storage and seating at Beaufort Food Forest; and
- iii. \$40,000 for shade structure and platform at Stevie Smith Bike Park.

The motion carried unanimously.

(f) BC Hydro Sustainable Communities Fund - Phase 2 of Manufactured Home Park Energy Conservation and Emissions Reduction Strategy

Jeremy Holm, Director, Planning and Development, introduced the report and highlights included the following:

- This is the second phase of a project between the City and the Regional District of Nanaimo (RDN), in order to identify electrical

capacity constraints in manufactured home parks for electrical upgrades to allow for fuel switching and electrical vehicle (EV) charging

- \$30,000 in grant funding through BC Hydro as well as a City contribution of \$24,000 (from the Climate Action Reserve Fund) would be used to complete a more refined assessment

It was moved and seconded that the Finance and Audit Committee recommend that Council add the second phase of the Manufactured Home Park Energy Conservation and Emissions Reduction Strategy, as outlined in the Staff report dated 2024-DEC-11, to the 2025 – 2029 Financial Plan. The motion carried unanimously.

(g) Sea Level Rise Management Plan Grant Applications

Jeremy Holm, Director, Planning and Development, introduced the report and highlights included the following:

- In 2019, the City undertook a Sea Level Rise Study (“the Study”) to identify what projected sea levels may look like in the future
- The Study recommended a Sea Level Rise Management Plan (SLRMP), which includes refined inundation modeling, an economic risk assessment, and an evaluation of options to manage sea levels in vulnerable areas
- The City has applied for two grant opportunities to support the work

Committee and Staff discussion took place. Highlights included:

- A SLRMP will help prepare the City for capital projects in vulnerable areas identified by the Study
- The Study identified the need for a Coastal Erosion Study
- The project would be completed by Staff and a consultant would be engaged to provide support
- If neither grant application is successful, Staff may come back to the Committee with budget options and continue to look for other grant opportunities

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to apply for a funding opportunity from the Ministry of Emergency Management and Climate Readiness for a Disaster Relief and Innovation Fund grant to support a Sea Level Rise Management Plan. The motion carried unanimously.

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to apply for a funding opportunity from the Federation of Canadian Municipalities' Local Leadership for Climate Adaptation initiative - Climate Ready Plans and Processes for a Sea Level Rise Management Plan. The motion carried unanimously.

(h) Provincial Capacity Funds - Allocation Update

Jeremy Holm, Director, Planning and Development, introduced the report and highlights included the following:

- The City received \$619,936 in capacity funding, which was provided to local governments by the Province to assist with implementing legislated changes related to housing
- Staff provided suggestions for allocation of the capacity funds in April 2024, and are now looking to make adjustments to the allocation based on work completed and work proposed for 2025
- The Province expects the funding to be used prior to 2025-DEC-31

Committee and Staff discussion took place. The capacity funds have helped fund the consulting work and planning of projects such as the Development Cost Charge (DCC) bylaw update; however, the capacity funding does not assist with the funding of the infrastructure or increased requirements on Staff.

It was moved and seconded that the Finance and Audit Committee recommend that Council endorse the allocation of \$619,936 in capacity funding provided by the Province, as outlined in the Staff Report dated 2024-DEC-11, to support the City of Nanaimo in meeting the legislative requirements and opportunities in Provincial Housing Bills. The motion carried unanimously.

(i) Security Check Grant Request from Nanaimo Science and Sustainability Society

Introduced by Laura Mercer, General Manager, Corporate Services.

Committee and Staff discussion took place. Highlights included:

- All past Security Check Grant requests have gone through Council approval; however, the requests are not usually for an amount this low
- Investigating options to delegate approvals of smaller grant requests to Staff

- The amount of funding requested through the Security Check Grant Program varies greatly year to year

It was moved and seconded that the Finance and Audit Committee recommend that Council award a 'Security Check Grant' for \$50 to the Nanaimo Science and Sustainability Society to cover the cost of the security checks for new hires. The motion carried unanimously.

(j) Health Canada Emergency Treatment Fund

Laura Mercer, General Manager, Corporate Services, introduced the report and highlights included the following:

- The City submitted a proposal for Health Canada's Emergency Treatment Fund
- The proposal requests funding to purchase and outfit three fleet vehicles for the Community Safety Officer (CSO) team

Committee and Staff discussion took place specifying that the project would not increase the property tax rate.

6. OTHER BUSINESS:

(a) 2025 – 2029 Financial Plan Update

Wendy Fulla, Director, Finance, provided the following information:

- Staff updated the 2025 – 2029 Financial Plan based on direction received during the 2024-DEC-06 Special Finance and Audit Committee Meeting
- The updated property tax increase is 7.9 percent in 2025 and 7.1 percent in 2026
- Additional supplements from BC Assessment caused an increase in the property tax rate from the projected 7.8 percent in 2025 to 7.9 percent

Committee and Staff discussion took place regarding the estimated property tax rate prior to the increases during the 2024-DEC-06 Special Finance and Audit Committee Meeting.

(b) Nanaimo Prosperity Corporation Decision Slide

Councillor Hemmens advised she was not able to stay for the full 2024-DEC-06 Special Finance and Audit Committee Meeting, including the discussion relative to the Nanaimo Prosperity Corporation (NPC) decision slides, and expressed the desire to further consider this item.

Committee and Staff discussion took place regarding the status of the decision point from the 2024-DEC-06 Special Finance and Audit Committee Meeting.

Councillor Hemmens provided following comments:

- The NPC has never been fully funded, which has led to difficulty attracting a CEO and initiatives that cannot be explored due to underfunding
- With an expected population increase, it is imperative to have people driving economic development in Nanaimo

Committee and Staff discussion took place. Highlights included:

- The City provided the NPC with the full budgeted amount in 2023; however, some funds were left unspent and carried over into 2024. It is anticipated that the NPC will carry funds over from the 2024 budget into 2025
- Increasing the NPC's base funding to \$665,000 would increase the property tax rate by 0.1 percent

It was moved and seconded that the Finance and Audit Committee recommend that Council increase the base budget for the Nanaimo Prosperity Corporation from \$515,850 to \$665,000 effective 2025 for the 2025 – 2029 Financial Plan. The motion carried unanimously.

7. QUESTION PERIOD:

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

8. ADJOURNMENT:

It was moved and seconded at 10:03 a.m. that the meeting adjourn. The motion carried unanimously.

CERTIFIED CORRECT:

CHAIR

DEPUTY CORPORATE OFFICER