



MINUTES

SPECIAL FINANCE AND AUDIT COMMITTEE MEETING

Friday, December 6, 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* (joined at 10:52 a.m.)
Councillor H. Eastmure
Councillor B. Geselbracht
Councillor E. Hemmens (vacated at 10:18 a.m.)
Councillor P. Manly
Councillor J. Perrino
Councillor I. Thorpe

Staff:

D. Lindsay, Chief Administrative Officer
L. Mercer, General Manager, Corporate Services
B. Sims, General Manager, Engineering and Public Works
Supt. A. Burton, Nanaimo Detachment RCMP
J. Elliot, Director, Public Works
W. Fulla, Director, Finance
A. Groot, Director, Police Services
J. Holm, Director, Planning and Development
K. Ing, Director, IT/CIO
D. LaBerge, Director, Public Safety
D. Osborne, Director, Parks, Recreation and Culture
J. Van Horne, Director, Human Resources
M. Bryson, Deputy Director, Civic Facilities
C. Davis, Deputy Director, Parks and Natural Areas
N. Vracar, Deputy Corporate Officer
D. Burgos, Manager, Corporate Communications and
Community Relation Communications
B. Hornby, Senior Community Safety Officer
K. Lundgren, 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 4(a) 2025 - 2029 Financial Plan Recap and Decision Points – replace presentation titled “2025 – 2029 Financial Plan Recap and Decision Points” with the updated presentation.

3. ADOPTION OF AGENDA:

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

4. PRESENTATIONS:

- (a) 2025 - 2029 Financial Plan Recap and Decision Points

Introduced by Laura Mercer, General Manager, Corporate Services.

Wendy Fulla, Director, Finance, provided a PowerPoint presentation and an overview of the draft Financial Plan. Highlights included:

- The total proposed property tax increase is currently at 8.7%
- Sewer, water and sanitation user fee bylaws will be considered for adoption at the 2024-DEC-16 Regular Council Meeting
- An overview of changes to the property tax rate and the impact on a typical home
- Items to be reviewed/updated prior to Staff presenting the final budget in the spring include growth, projected interest income, projected building permit revenue, projected casino revenue, contracts for the International Association of Fire Fighters (IAFF), 911 contracts for Public Safety Answering Point (PSAP), Recreation Sharing Agreement, and employee benefits

Committee and Staff discussion took place regarding the funding for larger projects coming from multiple funding sources, and general funding reserves being used to support new infrastructure projects.

Wendy Fulla, Director, Finance, introduced the decision point regarding the budget for the RCMP contract. Staff provided the following options for the Committee’s consideration:

- Option #1 Change the percentage of the RCMP contract budget to 92% for 2025 only and 95% for 2026 onward

- Option #2 Change the percentage of the RCMP contract budget to 93% for 2025 only and 95% for 2026 onward
- Option #3 Maintain status quo

It was moved and seconded that the Finance and Audit Committee recommend that Council budget the RCMP contract at 92% for 2025 and 95% for 2026 to 2029 for the 2025 – 2029 Financial Plan. The motion carried unanimously.

Wendy Fulla, Director, Finance, introduced the decision point regarding budgeting for a negative wage contingency to account for vacancies that occur during the year. Staff provided the following options for the Committee's consideration:

- Option #1 Reduce the General Fund wages and benefits budget by \$750,000 for 2025 only to account for vacancies
- Option #2 Reduce the General Fund wages and benefits budget by \$500,000 for 2025 only to account for vacancies

It was moved and seconded that the Finance and Audit Committee recommend that Council budget a \$750,000 negative wage contingency in the General Fund for 2025 for the 2025 – 2029 Financial Plan. The motion carried unanimously.

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

- Base funding for 2025 could be reduced by delaying one or more of the following projects outside the 2025 – 2029 Financial Plan
 - Commercial Street Implementation Phase 2
 - Neck Point Park Parking Lot Project
 - Third and Fitzwilliam Area Upgrade
- Staff do not recommended delaying the Third and Fitzwilliam Area Update due to its small portion of the general revenue funding and because the City has submitted a grant application for this project

Committee and Staff discussion took place regarding delaying the Commercial Street Implementation Phase 2 Project. Highlights included:

- Mitigating the impact of construction disruption on downtown businesses
- Concerns with the replacement of the Harbour Front Parkade membrane and whether it can be addressed outside of the project
- Community interest in revitalizing the Diana Krall Plaza
- Reservations on delaying the project considering the amount of work that has gone into it already
- The project could be brought back into the Financial Plan in future years

- Desire to proceed with the design for string lighting across the street in the downtown

It was moved and seconded that the Finance and Audit Committee recommend that Council reduce the 2025 base project funding by \$795,456 and remove Commercial Street Implementation Phase 2 from the 2025 – 2029 Financial Plan. The motion carried.

Opposed: *Councillor Eastmure*

Committee discussion took place regarding the preference to keep the Neck Point Parking Lot Project in the 2025 – 2029 Financial Plan as the impact to property tax is minor, it is a highly-used park and removing the project would create accessibility issues.

Wendy Fulla, Director, Finance, introduced Community Safety Action Plan Strategy Business Case regarding increased staffing for the Community Safety Officer (CSO) Program. Staff provided the following options for the Committee's consideration:

- Option #1 Expansion of Community Safety Officer Program funded by either General Reserve and General Capital Reserve or funded by only General Revenue
- Option #2 Maintain the status quo

Committee and Staff discussion took place regarding the increased staffing for the CSO Program. Highlights included:

- CSOs are deployed throughout the city; however, they work primarily in the downtown area
- Concerns regarding burnout and working alone due to low staffing levels
- Proposed CSO staffing plan is based on the recommendations made by Deloitte following their review
- Currently CSOs often need to travel to other locations such as Bowen Park and have been borrowing vehicles from other departments
- The current office space would suffice to host the additional officers, and there are plans to include work spaces within the vehicles to allow officers to work in the field
- The intention to apply for grant funding and if a grant is received, funds will remain in the General Reserve
- Frustration with the lack of support from the Provincial and Federal Governments
- The Point-in-Time (PIT) count and valuable data collected by the CSO Program

It was moved and seconded that the Finance and Audit Committee recommend that for the 2025 – 2029 Financial Plan Council:

1. Add nine full-time Community Safety Officers (CSOs), one full-time Senior Community Safety Officer and convert the part-time Bylaw Steno position to full-time, including related costs, utilizing a phased approach as follows;
 - a. Hire five CSOs, 1 Senior CSO and convert the part-time Bylaw Steno position to a full-time position effective April 1, 2025;
 - b. Add four CSOs effective April 1, 2026; and
2. Fund the two CSO fleet units and the EV charging station from the General Capital Reserve.

The motion carried unanimously.

Wendy Fulla, Director, Finance, introduced the decision point regarding increasing resources for public space cleanliness. Staff provided the following options for the Committee's consideration:

- Option #1 Increase resources for public space cleanliness
- Option #2 Expansion of the Community Clean Team Program funded by General Revenue and General Capital Reserve or funded by only General Revenue
- Option #3 Maintain the status quo

Committee and Staff discussion took place. Highlights included:

- The responsibilities of the full-time superintendent position
- Potential to defer making a decision on this item until the 2025 – 2029 Financial Plan update in the spring when the final numbers are received
- The Community Clean Team Program is valuable, and a number of complaints are received related to cleanliness

It was moved and seconded that the Finance and Audit Committee recommend that for the 2025 – 2029 Financial Plan, Council:

1. Add a Community Clean Team (2 FTEs), a full-time Superintendent, Sanitation, Recycling and Cemeteries and related costs effective April 1, 2026;
2. Fund the Community Clean Team fleet unit and roll-off bin from the General Capital Reserve.

By unanimous consent the Committee abandoned the motion.

It was moved and seconded that the decision point regarding public space cleanliness be deferred to the 2025 – 2029 Financial Plan Update in the Spring 2025. The motion carried unanimously.

Wendy Fulla, Director, Finance, introduced the decision point regarding the addition of the Assistant Manager, Financial Planning position. Staff have provided the following options for the Committee's consideration:

- Option #1 Add a full-time Assistant Manager, Financial Planning position
- Option #2 Maintain the status quo

It was moved and seconded that the Finance and Audit Committee recommend that for the 2025 – 2029 Financial Plan, Council add an Assistant Manager, Financial Planning, and related costs, effective April 1, 2025. The motion carried unanimously.

Councillor Hemmens vacated the Shaw Auditorium at 10:18 a.m.

Wendy Fulla, Director, Finance, introduced the decision point regarding the addition of the Assistant Manager, Current Planning position. Staff provided the following options for the Committee's consideration:

- Option #1 Add a full-time Assistant Manager, Current Planning position
- Option #2 Maintain the status quo

Committee and Staff discussion took place. Highlights included:

- Improving the building permit timelines to attract builders
- The position would be responsible for overseeing/reviewing projects for approval and would increase capacity to better meet expectations around timelines
- There are currently vacant positions in the Current Planning Department

It was moved and seconded that the Finance and Audit Committee recommend that for the 2025 – 2029 Financial Plan, Council add an Assistant Manager, Current Planning, and related costs, effective April 1, 2025. The motion carried unanimously.

The Finance and Audit Committee recessed the meeting at 10:26 a.m.

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

Wendy Fulla, Director, Finance, continued the presentation and introduced the decision point regarding the addition of twelve new RCMP Members

over three years to address community growth and demand. Staff provided the following options for the Committee's consideration:

- Option #1 Add 12 new members over three years
- Option #2 Committee to provide alternative direction
- Option #3 Maintain status quo

Committee and Staff discussion took place. Highlights included:

- Being mindful of the growing population and being timely in requests for members
- For 2025, three of the RCMP members would be assigned to general duty and one to the mental health liaison
- Additional officers would improve response time
- In comparison to other communities, Nanaimo RCMP is servicing more members of the public with less officers

Councillor Brown joined the meeting electronically at 10:52 a.m.

It was moved and seconded that the Finance and Audit Committee recommend that Council add 12 new RCMP members to the 2025 – 2029 Financial Plan; four on April 1, 2025, four on April 1, 2026, and four April 1, 2027. The motion carried.

Opposed: *Councillors Brown and Eastmure*

Wendy Fulla, Director, Finance, introduced the decision point regarding an increase to the road maintenance budget. It was noted that the result of the Asphalt Levels of Service Study was presented at the 2024-JAN-22 Governance and Priorities Committee Meeting, and Staff provided the following options for the Committee's consideration:

- Option #1 Add \$1.5 million to the Road Maintenance Operating Budget
- Option #2 Add \$775,000 to the Road Maintenance Operating Budget
- Option #3 Maintain status quo

It was moved and seconded that the decision point regarding an increase to the road maintenance budget be deferred to the 2025 – 2029 Financial Plan Update in the Spring 2025. The motion carried.

Opposed: *Councillors Brown and Geselbracht*

Wendy Fulla, Director, Finance, introduced the decision point regarding project grant funding for culture grants. Staff provided the following options for the Committee's consideration:

- Option #1 10% annual increase in project grant funding for five years (2025 -2029)
- Option #2 10% increase in project grant funding for 2025

- Option #3 Maintain status quo

It was moved and seconded that the Finance and Audit Committee recommend that Council add a 10% annual increase for Culture Project Grant funding for five years, starting in 2025 (2025 – 2029), increasing the budget from \$44,407 to \$71,519 by 2029, for the 2025 – 2029 Financial Plan. The motion carried unanimously.

Wendy Fulla, Director, Finance, introduced the decision point regarding operating grant funding for culture grants. Staff provided the following options for the Committee's consideration:

- Option #1 \$0.25 per capita annual increase for three years (2025 - 2027)
- Option #2 \$0.50 per capita annual increase for 2025
- Option #3 Maintain status quo

It was moved and seconded that the Finance and Audit Committee recommend that Council increase Culture Operating Grant funding annually by \$0.25 per capita for three years, starting in 2025 (2025 – 2027), for a rate of \$3.75 per capita by 2027, for the 2025 – 2029 Financial Plan. The motion carried unanimously.

Wendy Fulla, Director, Finance, introduced the decision point regarding increasing the Annual Operating Grant for the Restorative Justice Program. It was noted that this item is a recommendation made at the 2024-OCT-16 Finance and Audit Committee Meeting, and Staff provided the following options for the Committee's consideration:

- Option #1 Increase the Annual Operating Grant to \$150,000
- Option #2 Increase the Annual Operating Grant to \$100,000
- Option #3 Increase the Annual Operating Grant to \$85,000
- Option #4 Maintain status quo

Committee discussion took place. Highlights included:

- The Restorative Justice Program has one of the best track records for return on investment
- Expressed frustration that higher levels of government have not invested in this program

It was moved and seconded that the Finance and Audit Committee recommend that Council increase the annual operating grant for the Restorative Justice Program to \$150,000 effective 2025 for the 2025 – 2029 Financial Plan. The motion carried unanimously.

Wendy Fulla, Director, Finance, introduced the decision point regarding increasing the annual budget for the Neighbourhood Association Grant

Program. It was noted that this item is a recommendation made at the 2024-OCT-16 Finance and Audit Committee Meeting, and Staff provided the following options for the Committee's consideration:

- Option #1 Increase the Annual Operating Grant Budget to \$20,000
- Option #2 Increase the Annual Operating Grant Budget to \$15,000
- Option #3 Maintain status Quo

It was moved and seconded that the decision point regarding the Neighbourhood Association Grant Program be deferred to the Spring 2025 after the final budget projections are known. The motion was defeated.

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

Committee discussion took place. Highlights included:

- The increased number of neighbourhood associations since the grant program was created
- The importance of neighbourhood associations in the community

It was moved and seconded that the Finance and Audit Committee recommend that Council increase the budget for the Neighbourhood Association Grant Program to \$20,000 effective 2025 for the 2025 – 2029 Financial Plan. The motion carried unanimously.

Wendy Fulla, Director, Finance, introduced the decision point regarding a funding request from Nanaimo Prosperity Corporation (NPC). Staff provided the following options for the Committee's consideration:

- Option #1 Increase base funding to \$815,000
- Option #2 Increase base funding to \$665,000
- Option #3 Maintain status quo

Committee discussion took place. Highlights included:

- The NPC is relatively new, and it may be too early to provide an increase in funding
- The NPC has established a clear strategic plan with actionable points
- Concerns regarding hampering the NPC's ability to carry out their objectives

It was moved and seconded that the decision point regarding the Nanaimo Prosperity Corporation funding request be deferred to the Spring 2025 after the final budget projections are known. The motion was defeated.

Opposed: *Councillors Armstrong, Brown, Eastmure, Perrino and Thorpe*

Wendy Fulla, Director, Finance, noted that with the decisions made at this meeting, the 2025 projected property tax rate increase would be 7.8% and

the 2026 projected property tax increase would be 7.1%. The “Financial Plan Bylaw 2024, No. 7389” will go to the 2024-DEC-16 Regular Council Meeting for Council’s consideration of first three readings.

5. QUESTION PERIOD:

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

6. ADJOURNMENT:

It was moved and seconded at 11:29 a.m. that the meeting adjourn. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

DEPUTY CORPORATE OFFICER