



MINUTES

FINANCE AND AUDIT COMMITTEE MEETING

Wednesday, April 16, 2025, 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* (joined at 9:06 a.m.)
 - Councillor B. Geselbracht*
 - Councillor E. Hemmens
 - Councillor J. Perrino
 - Councillor I. Thorpe
- Absent:**
- Councillor P. Manly
- Staff:**
- D. Lindsay, Chief Administrative Officer
 - L. Mercer, General Manager, Corporate Services
 - B. Sims, General Manager, Engineering and Public Works
 - W. Fulla, Director, Finance
 - S. Gurrie, Director, Legislative Services
 - D. Osborne, Director, Parks, Recreation and Culture
 - C. Davis, Deputy Director, Parks and Natural Areas
 - A. Breen, Manager, Culture and Special Events
 - 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 9:00 a.m.

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

2. PROCEDURAL MOTION:

It was moved and seconded that the meeting be closed to the public in order to deal with agenda items under the *Community Charter*:

Section 90(1) A part of a meeting may be closed to the public if the subject matter being considered relates to or is one or more of the following:

- (k) negotiations and related discussions respecting the proposed provision of a municipal service that are at their preliminary stages and that, in the view of the Council, could reasonably be expected to harm the interests of the municipality if they were held in public; and,
- (n) the consideration of whether a Council meeting should be closed under a provision of this subsection or subsection (2).

The motion carried unanimously.

The Finance and Audit Committee Meeting moved In Camera at 9:01 a.m.

The Finance and Audit Committee Meeting moved out of In Camera at 9:03 a.m.

3. INTRODUCTION OF LATE ITEMS:

- (a) Remove – Agenda Item 10(a) Correspondence from Nanaimo Airport Commission re: Funding Support for Hosting the Snowbirds August 2025

4. ADOPTION OF AGENDA:

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

5. 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, 2025-MAR-19, at 9:00 a.m. be adopted as circulated. The motion carried unanimously.

6. REPORTS:

Councillor Eastmure joined the meeting electronically at 9:06 a.m.

- (a) 2024 Annual Financial Statements

Laura Mercer, General Manager, Corporate Services provided an overview of the report included in the agenda package.

Presentation:

1. Liette Bates-Eamer, Lead Audit Engagement Partner, and Sarah Burden, Senior Manager, KPMG, provided an on-screen presentation included in the agenda package advising the following:
 - Once Council approves the 2024 Annual Financial Statements, KPMG will issue the audit opinion
 - All information required from City Staff to conduct the audit was received in a timely manner
 - The only significant risk identified during the planning stage was fraud risk due to management override of controls; however, KPMG found nothing to report regarding this risk
 - City Staff identified two uncorrected audit differences in 2023 and one in 2024; however, these errors are not considered material and do not have an impact on the audit opinion
 - KPMG recommended that the unspent portion of the Climate Action Plan grant funds be in kept in deferred revenue instead of a reserve account in accordance with *PS3410 Government Transfers*

Committee discussion took place to confirm that while conducting the audit, KPMG only noted minor issues such as the location of unspent grants and not the allocation of those funds.

It was moved and seconded that the Finance and Audit Committee recommend that Council accept the 2024 Annual Financial Statements for the City of Nanaimo. The motion carried unanimously.

7. PRESENTATIONS:

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

Introduced by L. Mercer, General Manager, Corporate Services.

Presentation:

1. Wendy Fulla, Director, Finance, provided an on-screen presentation included in the agenda package advising the following:
 - The presentation reflects changes since the adoption of the provisional budget in January 2025; however, it does not include the impact of the new Nanaimo Art Gallery agreement or the Loudon Park Improvement decision which were approved at the 2025-APR-07 Council Meeting

- Included in the 2025 – 2029 Financial Plan are 12 new RCMP positions, 20 new firefighters, and the expansion of the Community Safety Officer (CSO) program
- The projected future rates reflect ending of the debts associated with the Vancouver Island Conference Centre as well as the ending of the 5-year funding commitment for the Nanaimo Systems Planning Organization

Committee and Staff discussion took place regarding costs associated with the CSO program, the downloading of Provincial responsibilities onto local governments and its impact on property taxes. \$1.45 million was spent on the CSO program in 2024, and an additional \$500,000 is allocated for six new CSOs starting in April 2025.

W. Fulla, Director, Finance, continued the presentation advising the following:

- Total revenue for 2025 is budgeted at \$276.5 million. This excludes any new borrowing or transfers from reserves as those are a funding source rather than revenue
- \$215.2 million has been allocated for annual operating and maintenance resources, which does not include funding for projects or the Vancouver Island Regional Library
- Added \$14,400 to the budget for 911 services to reflect final contract amounts
- Due to receiving the Emergency Treatment Fund grant, the CSO expansion program budget has been reduced by \$7,200
- Decreased investment income by \$100,000 due to a decline in interest rates; however, it is anticipated that investment income will be above historical returns

Committee and Staff discussion took place regarding the change in ownership of the local casino. Staff have been advised that no change to casino revenues are expected to occur due to the change in ownership.

W. Fulla, Director, Finance, continued the presentation and reviewed the Council decision points “Public Space Cleanliness” and “Increase to the Road Maintenance Budget.”

Committee and Staff discussion took place. Highlights included:

- Public Space Cleanliness Option 2 does not provide any additional funding or capacity to the program in 2025
- The need for additional support for the Clean Team program
- Inflationary costs and additional kilometres of roads may affect road maintenance in the future if the road maintenance budget is not increased
- Staff can bring options for incremental increases to the road maintenance budget to the 2026 – 2030 Financial Plan budget discussions
- If Public Space Cleanliness Option 2A is selected, the balance of the General Capital Reserve would be \$4.9 million
- Public Space Cleanliness Option 1 provides an immediate increase to 2025 Clean Team services
- The potential to fund public space cleanliness with one-time funding from reserves in 2025
- The Clean Team currently has capacity to support the CSOs; however, they are spread quite thin and require a supervisor to provide direction

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; and
2. Fund the Community Clean Team fleet unit and roll-off bin from the General Capital Reserve.

The motion was defeated.

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

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

1. Increase funding for contracted services for public space cleanliness by \$30,000 in 2025 and \$75,000 in 2026; and
2. Add a full-time Superintendent, Sanitation, Recycling and Cemeteries and related costs effective September 1, 2025.

The motion carried unanimously.

6. REPORTS: (Continued)

(b) Approval to Bid to Host the 2026 Pacific Contact Showcase and Festival

Darcie Osborne, Director, Parks, Recreation and Culture, provided an overview of the report included in the agenda package.

Committee and Staff discussion took place. Highlights included:

- The Pacific Contact Showcase and Festival is intended to draw the cultural community together as an opportunity for communication and collaboration of local artists
- There are opportunities for the public to attend some showcases at the Pacific Contact Showcase
- Staff have recommended a commitment of \$20,000 funded from the Special Initiatives Reserve
- Hosting the 2026 Pacific Contact Showcase and Festival would have many benefits for local artists and the community

It was moved and seconded that the Finance and Audit Committee recommend that Council support the proposed bid to host Pacific Contact 2026 in Nanaimo and commit \$20,000 in 2026 of the 2025 – 2029 Financial Plan, funded from the Special Initiatives Reserve. The motion carried unanimously.

(c) Sport Tourism Grant Funding Application Approval

D. Osborne, Director, Parks, Recreation and Culture, provided an overview of the report included in the agenda package.

Committee and Staff discussion took place. Highlights included:

- Staff are not aware of any other groups or events that may be affected by the transition of the Municipal and Regional District Tax (MRDT) administration from Nanaimo Hospitality Association to Tourism Nanaimo
- The Sport Tournament Grant Fund is typically used to assist sports groups with the cost of local sporting events, and this grant stream has not been depleted in the past three years
- The changes to the application timelines during the MRDT transition are only expected to affect a two-month window

It was moved and seconded that the Finance and Audit Committee recommend that Council approve granting the Vancouver Island Slopestyle 2025 event at the Steve Smith Bike Park \$4,500 from the Sport Tournament Grant Fund. The motion carried unanimously.

(d) 7 Potatoes Project Update and Funding Request

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

Charlotte Davis, Deputy Director, Parks Natural Areas, provided an overview of the report included in the agenda package.

Delegation:

1. Tami Hirasawa, 7 Potatoes, spoke regarding the following:

- The history of Japanese Canadians in Central Vancouver Island, including the establishment of over 43 herring salteries in the area in the early 1900s
- While Nanaimo's Japanese-Canadian community made significant economic contributions to Nanaimo and the Province, they experienced forced displacement and relocation to internment camps in 1942. There are survivors of these experiences that reside in Nanaimo today
- The Japanese Canadian Legacies Society Fund supports projects that uplift the legacy of Japanese Canadians in BC
- The two projects outlined in the report included in the agenda package are intended to make Nanaimo visible to the next generation and learn to appreciate lasting legacies of Japanese Canadians

Committee and Staff discussion took place. Highlights included:

- Beban Park was selected as the location for the Outdoor Performance and Gathering Space Project to complement Room Six at Beban Social Centre, which is being renovated for the purposes of Japanese programming and cultural activities. The Performance and Gathering Space is planned to be constructed in the green space just outside of Room Six
- The capital costs for the projects would come from the Strategic Infrastructure Reserve Fund and any operating costs associated with maintaining the completed projects would impact the parks operating budget in future budget cycles
- Acknowledged that the Japanese-Canadian community is a significant part of Nanaimo's history and thanked 7 Potatoes for their work

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

1. Increase the budget for the Japanese-Canadian Memorial Garden project by \$341,000 funded from the Strategic Infrastructure Reserve Fund; and
2. Increase the budget for the Beban Park Outdoor Performance and Gathering Space project by \$400,000 funded from the Strategic Infrastructure Reserve Fund.

The motion carried unanimously.

11. QUESTION PERIOD:

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

12. ADJOURNMENT:

It was moved and seconded at 10:23 a.m. that the meeting adjourn. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER