



## MINUTES

### FINANCE AND AUDIT COMMITTEE MEETING

Wednesday, 2026-FEB-18, 9:00 A.M.  
Shaw Auditorium, Vancouver Island Conference Centre  
80 Commercial Street, Nanaimo, BC

- Members:
- Mayor L. Krog, Chair
  - Councillor S. Armstrong\* (disconnected at 11:00 a.m.)
  - Councillor H. Eastmure
  - Councillor B. Geselbracht
  - Councillor E. Hemmens
  - Councillor P. Manly
  - Councillor J. Perrino (vacated at 11:00 a.m.)
  - Councillor I. Thorpe
- Absent:
- Councillor T. Brown
- Staff:
- D. Lindsay, Chief Administrative Officer
  - L. Bhopalsingh, General Manager, Community Services/Deputy 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
  - J. Holm, Director, Planning and Development
  - P. Rosen, Director, Engineering
  - M. Bryson, Deputy Director, Civic Facilities
  - N. Sponaugle, Strategic Initiatives Advisor
  - A. Chanakos, 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. INTRODUCTION OF LATE ITEMS:**

- a. Agenda Item 7(a) Development Cost Charge (DCC) and Amenity Cost Charge (ACC) Phasing Opportunities – Replace delegation John Hankins, Chief Executive Officer, Mid Island Business Initiative, with Karl Binder, Member, and Bob Moss, Member, Mid Island Business Initiative.

**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 following minutes be adopted as circulated:

- 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-NOV-19 at 9:00 a.m.
- Minutes of the Special Finance and Audit Committee Meeting held in the Shaw Auditorium, Vancouver Island Conference Centre, 80 Commercial Street, Nanaimo, BC on Friday, 2025-NOV-28, at 9:00 a.m.
- 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-DEC-17, at 9:00 a.m.

The motion carried unanimously.

**5. REPORTS:**

- a. Development Cost Charge (DCC) and Amenity Cost Charge (ACC) Phasing Opportunities

Introduced by B. Sims, General Manager, Engineering and Public Works.

P. Rosen, Director, Engineering, provided an overview of the report in the agenda package.

Presentation:

1. Shaun Heffernan, Senior Local Government Advisor, via Zoom, and Laura Bernier, Strategic Services Consultant, Urban Systems, provided an on-screen presentation included in the agenda package.
  - Gradually introducing the Development Cost Charge (DCC) and Amenity Cost Charge (ACC) programs allows developers

to adjust to the new rates; however, it would result in some delay in revenue from those programs

- Each time DCC/ACC bylaws are adopted, there are in-stream protections provided. For DCC bylaws, current rates would remain in place in for 12 months, and for ACC bylaws, current rates would remain in place until the next ACC bylaw is adopted
- Deferring adoption of the bylaw creates additional in-stream protection and defers some of the revenue that would otherwise be collected right away

Committee discussion took place. Highlights included:

- Clarification that following adoption of the bylaws, new applications would be charged the updated rates, and applications that are in-stream and deemed complete would be charged the current rates
- Concern that the increased DCC rates would further slow down Single Family and Multi-Family housing developments
- Concern that longer intervals between DCC bylaw updates lead to significant rate increases. A preference was expressed for more gradual rate adjustments
- Legislation allows for annual updates to the Consumer Price Index (CPI) without requiring approval from the Province
- The sharp increase to rates is largely due to post-COVID inflation, the additional categories of Police and Fire that the Province now allows for, and increased labor and construction costs
- The percentage of infrastructure costs allocated between the City and developers varies per project
- The last 30 years has seen a reduction in provincial funding for infrastructure upgrades which has created a challenge financially for municipalities to keep up with growth. If DCC rates are not increased, there will be insufficient revenue to fund necessary sewer upgrades

Delegations:

1. Kerriann Coady, Canadian Home Builders' Association Vancouver Island, provided an on-screen presentation advising the following:

- Infrastructure expansion is funded largely by revenue generated by growth; therefore, DCC revenue depends on development projects proceeding
- Single-family housing developments are at historic lows, and building permit activity is declining due to pro forma pressure and reduced buyer confidence
- Increasing DCCs and ACCs may lead to an increase in projects that are stalled, deferred or cancelled
- Preference to see a minimal increase to DCC and ACC rates and a consideration for phasing increases over time

Committee discussion took place regarding a reduction in projects coming forward due to uncertainty around DCC and ACC rates, and the length of time it takes to move a project through the permitting process.

2. Jason Yochim, Chief Executive Officer, Vancouver Island Real Estate Board (VIREB), provided an on-screen presentation advising the following:

- In 2025, VIREB saw 7,261 transactions, and each transaction creates approximately \$125,000 in additional revenue through renovations, legal fees and other services
- Identified an emerging trend of retirees purchasing single family homes in BC, rather than the US, leading to increased demand and higher prices for this type of development
- The average age of first time home buyers in BC is 46 years of age, compared to the national average of 35 years of age
- There was a 40% decline in housing completion in 2025, which further reduces supply and increases housing costs
- If uncertainty in the market is high, developers will be unwilling to assume the associated risks
- Increases to DCC and ACC rates will lead to market uncertainty, and cancelled or delayed projects

Committee discussion took place regarding improving permit approval timelines and the rise in age for the average home buyer.

3. Karl Binder, Member, Mid Island Business Initiative, provided an on-screen presentation advising the following:

- Uncertainty in the market is causing a decline in housing supply and delivery, and will lead to a larger crisis in future years if issues remain unresolved
- Concern that the current 12 month wait time to receive a building permit will exclude most projects from receiving in-stream protections
- Concern with the City's permitting process
- Supportive of the DCC/ACC programs; however, a desire was expressed for the City to work with developers to find ways to reduce permitting timelines

Committee discussion took place regarding development permit timelines compared to other municipalities.

Bob Moss, Member, Mid Island Business Initiative, continued the presentation and requested that the Committee work to minimize the increase to DCC and ACC rates and consider a phased approach, set new aggressive timelines for rezoning and permit approvals, and support Staff in amending internal processes to achieve the new timelines.

4. Dean Strongitharm, Primex Investments Ltd., provided an on-screen presentation advising the following:

- Concerns that the DCC/ACC rate increase will lead to the cancellation of the proposed housing development at 77 Chapel Street, as the proposed rates would increase the project cost by approximately \$1.5 million
- The proposed new rates would cause increased financial risk in an already unstable market
- In order to successfully complete projects, developers require sufficient time to obtain a development permit prior to adoption of the new bylaw, and sufficient time to obtain a building permit before the new rates come into effect

Committee discussion took place regarding ensuring there is sufficient time to obtain a building permit prior to the new rates coming into effect.

Committee and Staff discussion took place. Highlights included:

- Industry projections are based on when the development permit application is received

- Implementing the new rates in January 2028 would allow time for some projects in the works to receive permits and in-stream protection prior to adopting the bylaw
- Concern that housing unit targets will not be met if permits are not issued in a timely manner and the DCC/ACC rates are increased
- Suggestion to defer discussion in order to receive the building permit timeline presentation from Neilson Strategies Inc. as the two issues are linked

It was moved and seconded that the Committee postpone the Development Cost Charge (DCC) and Amenity Cost Charge (ACC) Phasing Opportunities discussion to a future meeting, following the presentation from Neilson Strategies Inc. The motion was defeated.

Opposed: *Mayor Krog, Councillors Armstrong, Hemmens, Perrino and Thorpe*

Committee and Staff discussion continued. Highlights included:

- DCC rates are calculated using various equivalency units that guide how costs are distributed across service areas and land use categories
- Current home prices do not affect how DCC rates are determined. Rates are based off project cost lists developed through the technical needs of the City
- Implementing the new rates sooner would further delay construction projects in the interim
- Preference to implement a minimal tax increase to avoid potentially losing millions of dollars in construction projects

It was moved and seconded that the Finance and Audit Committee recommend a phased implementation of Development and Amenity Cost Charges and that Council direct Staff to:

- a. Prepare a Development Cost Charge bylaw to establish new rates for sanitary sewer, drainage, water distribution, water supply, parks and roads with an implementation date of January 2028;
- b. Prepare separate Police Facilities and Fire Protection Facility Development Cost Charge bylaws with an implementation date of January 2028; and,

- c. Prepare an Amenity Cost Charge bylaw with an implementation date of January 2029.

The motion carried.

Opposed: *Councillors Eastmure and Perrino*

The Finance and Audit Committee recessed the meeting at 10:48 a.m.

The Finance and Audit Committee reconvened the meeting at 11:00 a.m.

Councillor Perrino vacated the Shaw Auditorium at 11:00 a.m.

Councillor Armstrong disconnected at 11:00 a.m.

- b. Council Spending and Amenities Policy Update

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

- The UBCM Council and Board Remuneration Guide suggests that local governments should consider a bylaw provision for automatic cost of living adjustments
- Childcare has been identified as an emerging expense to be considered to ensure that costs do not become a barrier for local government involvement
- To keep the Consumer Price Index (CPI) cap at 2% the approximate cost would be \$12,401
- To eliminate the cap and use the CPI rate for annual adjustments, the approximate cost would be \$12,970
- If the Committee agrees to provide dependent care reimbursement it is recommended to provide a flat rate of \$60 per meeting

Committee and Staff discussion took place. Highlights included:

- A desire to keep the CPI cap at 2%
- A desire to see dependent care reimbursement for Committee members only, as Council receives remuneration
- A desire for Council remuneration to be in line with inflation
- Having remuneration remain at the status quo rate and remove the CPI cap, as an alternate option

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

- a. Increase Mayor and Council salaries to median rates based on the 2025 remuneration survey as per the current Council Spending and Amenities Policy effective 2026-NOV-01;
- b. Increase the maximum BC CPI cap to 3% for annual adjustments to Mayor and Council salaries and update the Council Spending and Amenities Policy to reflect this change; and,
- c. Provide no reimbursement for Dependant/Child Care expenses to Mayor and Council.

It was moved and seconded that the Finance and Audit Committee defer the discussion on Council Spending and Amenities Policy Update to a future meeting. The motion carried.

Opposed: *Councillor Eastmure*

- c. Green Municipal Fund Growing Canada's Community Canopies

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

- d. Quarterly Budget Transfer Report

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

Committee and Staff discussion took place regarding British Columbia Building Code changes and their effects on the Stadium District washcar and bleachers.

**6. QUESTION PERIOD:**

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

**7. ADJOURNMENT:**

It was moved and seconded at 11:34 p.m. that the meeting adjourn. The motion carried unanimously.

CERTIFIED CORRECT:

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CHAIR

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CORPORATE OFFICER