



MINUTES

GOVERNANCE AND PRIORITIES COMMITTEE MEETING

Monday, November 27, 2023, 1:00 P.M.
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE
80 COMMERCIAL STREET, NANAIMO, BC

Members: Councillor H. Eastmure, Chair
Mayor L. Krog
Councillor S. Armstrong
Councillor B. Geselbracht*
Councillor E. Hemmens
Councillor P. Manly
Councillor J. Perrino
Councillor I. Thorpe

Absent: Councillor T. Brown

Staff: D. Lindsay, Chief Administrative Officer
B. Sims, General Manager, Engineering and Public Works
B. Corsan, Director, Corporate and Business Development
L. Mercer, Director, Finance*
B. Thomas, Assistant Manager, Transportation
A. Manhas, Economic Development Officer
S. Gurrie, Director, Legislative Services
N. Sponaugle, Communications Advisor
A. Chanakos, Recording Secretary

1. CALL THE MEETING TO ORDER:

The Governance and Priorities Committee Meeting was called to order at 1:00 p.m.

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

2. APPROVAL OF THE AGENDA:

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

3. ADOPTION OF THE MINUTES:

It was moved and seconded that the Minutes of the Governance and Priorities Committee held in the Shaw Auditorium, Vancouver Island Conference Centre, 80 Commercial Street, Nanaimo, BC, on Monday, 2023-OCT-23, at 1:01 p.m. be adopted as circulated. The motion carried unanimously.

4. AGENDA PLANNING:

(a) Upcoming Topics and Initiatives

Sheila Gurrie, Director, Legislative Services, spoke regarding topics and initiatives scheduled for upcoming Governance and Priorities Committee (GPC) meetings. Highlights included:

- The 2023-DEC-04 E-Town Hall is included as it is an upcoming special initiative to obtain community feedback on the 2024-2028 Financial Plan
- The schedule for the 2023-DEC-18 GPC meeting includes:
 - Association of Vancouver Island and Coastal Communities (AVICC) Resolutions
 - Presentation from Dr. Julian Somers, Simon Fraser University Professor of Health Sciences and Clinical Psychologist
 - Presentation from Serena Klaver and Qui Sepulveda, Nanaimo Community Action Team
- The 2024 GPC meeting schedule will be presented at the 2023-DEC-04 Regular Council meeting for approval
- In the first quarter of 2024, Staff will bring forward for consideration the Monitoring Strategy for the Integrated Action Plan and the Monitoring Committee, as well as development approvals updates

Committee and Staff discussion took place. Highlights included:

- Dr. Somers' presentation is intended to outline some of the successes achieved from work done in Vancouver, and to present possible ideas regarding how to move forward with some of the addiction and homelessness issues in Nanaimo
- It was requested that Dave Witty be invited to speak regarding Housing First and homelessness

- The Governance and Priorities Committee requested that Staff provide an in-depth presentation on the Nanaimo Operations Centre to clearly outline the issues being faced at the facility

It was moved and seconded that Dave Witty be invited to attend a Governance and Priorities Committee meeting to discuss his studies on Housing First in Europe and solutions for Nanaimo. The motion carried unanimously.

Committee and Staff discussion took place. Highlights included:

- A presentation on the Nanaimo Operation Centre (NOC) should include any work that has been done since the project was first introduced
- A newsletter outlining what has been presented so far may be more beneficial if no new information on the NOC is available to present
- Presentations regarding housing solutions should involve more than one member of the community to gain multiple perspectives and ideas
- It could be beneficial to have another presentation on the NOC at a future GPC meeting as awareness has increased in the community regarding the project
- Over the last 12 months, without making any changes to the project, Staff have seen an escalation of about \$1M per month for the NOC
- Staff could prepare a presentation on the NOC for the 2023-DEC-11 GPC meeting

It was moved and seconded that a Governance and Priorities Committee meeting be held that is focused on the Nanaimo Operation Centre and the needs for the critical infrastructure in the community. The motion carried unanimously.

It was moved and seconded that a Staff Report regarding 1 Port Drive be added to the Upcoming Topics and Initiatives list to be presented at a future GPC meeting in May or June 2024. The motion carried unanimously.

Committee and Staff discussion took place regarding the length of time for three presentations and the NOC presentation.

It was moved and seconded that Dr. Shannon Waters, Medical Health Officer, Island Health, be invited to present statistics on the toxic drug crisis in Nanaimo at the 2023-DEC-11 GPC meeting. The motion carried.

Opposed: *Mayor Krog and Councillor Thorpe*

5. REPORTS:

(a) Connected Nanaimo:

1. Traffic Calming Update

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

Presentation:

Barbara Thomas, Assistant Manager, Transportation, provided a presentation. Highlights included:

- Four traffic calming projects have been completed in the last few years; however, Staff continue to see a large number of requests from residents
- The Transportation page on the City's website has recently been updated to provide residents with more information regarding traffic projects
- Approximately 40 locations were reviewed in recent years with primary focus on Lost Lake Road and Extension Road
- Lost Lake Road was one of the Lost Lake Neighbourhood Association's priority actions. A poll was recently taken with the residents that would be affected by additional potential traffic calming, and 73% had concerns or were not in favor so no further plans are currently in place
- The Extension Road project was presented earlier this year and received approval for construction; however, costs have escalated significantly since then
- Due to cost increases, Staff recommend phasing the project over time

Committee and Staff discussion took place. Highlights included:

- Concerns around phasing the project as projects often don't get completed when done in phases. Another project should be postponed instead

- Traffic calming is intended to manage speeds and provide comfort for other uses such as pedestrians and cyclists. Crosswalks cannot be added to an area until proper speed management is in place
- The current estimated ending balance for the Strategic Infrastructure Reserve (SIR) for 2024 is just over \$1.7M
- Decision items coming forward at the 2023-DEC-01 Special Finance and Audit Committee meeting may affect the balance of the SIR
- Staff do not recommend relying on the SIR as a funding source for the Extension Road project
- The Pedestrian Prioritization Tool uses a points score to analyze risks for existing marked crosswalks
- The Brechin Road area was brought to the Transportation Department as a referral from the Current Planning Department and has been on the City's radar for a while. Staff are currently in the process of formally responding to a petition received last week from the Brechin Hill Community Association
- The Traffic Safety Committee consists of several agencies including ICBC, RCMP, School District 68 and the Ministry of Transportation and Infrastructure. Staff work with this committee and provide safety concerns and advice on how to address them

It was moved and seconded that the Governance and Priorities Committee recommend that Council approve phasing the construction of Extension Road traffic calming using \$200,000 in the 2023 Financial Plan with the remainder to be identified in 2024. The motion carried unanimously.

The Governance and Priorities Committee recessed the meeting at 1:46 p.m.

The Governance and Priorities Committee reconvened the meeting at 1:52 p.m.

(b) Prosperous Nanaimo:

1. Review of City Incentives and Tax Exemption

Introduced by Bill Corsan, Director, Corporate and Business Development.

Presentation:

Amrit Manhas, Economic Development Officer, provided a PowerPoint presentation. Highlights included:

- The Downtown Revitalization Tax Exemption (DRTE) program was first introduced in 2018, and was committed to a review after five years
- City Plan supports the continued development and revitalization of the downtown core as a Primary Urban Centre
- In the past five years Nanaimo has seen significant population growth, as well as public and private sector investments including Hullo foot passenger ferry, Marriott Quality Inn Hotels, Commercial Street revitalization project, Terminal Avenue upgrades and the Downtown Mobility Hub
- Incentives are provided to promote development in underperforming areas of a city, and to increase attractiveness and livability of certain areas
- Incentives can take the form of tax reductions, grants, rebates and tax exemptions
- Property tax exemptions apply over a set period of time, and are for qualified buildings in certain areas that undergo significant improvements
- Heritage Revitalization Agreements are common in BC and come in the form of property tax relief or grants in exchange for restoration and preservation of heritage properties
- Community Amenity Contributions are negotiated between developers and local government, and are a requirement of the rezoning process in Nanaimo
- Brownfield Tax Exemptions apply to underutilized or contaminated properties to encourage clean up and redevelopment of these sites
- Rental Housing Property Tax Exemptions aim to promote construction of purpose-built rental units to address housing affordability challenges
- Nanaimo is comparable with other communities regarding the variety of incentives provided
- To coincide with the new City Plan, Staff reviewed five key areas where new incentives could be provided:
 - Incentivizing affordable housing

- Supporting green infrastructure
- Encouraging infill development
- Supporting small businesses
- Prioritizing active transportation
- The DRTE program was developed to encourage development of new multi-family buildings, new commercial buildings and renovations to existing commercial buildings
- The program was introduced in May 2018 to replace the repealed Development Cost Charges Exemption program. Since then, six projects have been completed or are near completion, adding 709 new multi-family units and three commercial units to the City
- Upon review of the DRTE program, seven areas were identified as needing amendments, and feedback will be sought by the Committee for further direction via Zoom polls

Amrit Manhas, Economic Development Officer, provided an overview of the topics to be voted on in the Zoom polls.

Committee and Staff discussion took place. Highlights included:

- Tax Exemption Areas are implemented in areas that municipalities feel need the most support or investment
- Most municipalities don't see requests for extensions to the program; however, recent extension requests could be due to the Covid 19 pandemic
- It is difficult to determine the success of the program at this stage as it has only been running for five years, and half of that time was during the Covid 19 pandemic when many construction projects were on hold
- Property Tax Exemptions are attached to the property title and would transfer to the new owner if the property was sold

Zoom polls were launched to gather Committee feedback regarding potential bylaw and policy amendments.

A Zoom poll was launched related to whether the City should continue the Downtown Revitalization Tax Exemption (DRTE) program.

A Zoom poll was launched related to reducing the tax exemption area.

Committee and Staff discussion took place regarding promoting growth in the downtown and protection of heritage homes.

A Zoom poll was launched related to revising the minimum residential units required of the DRTE program.

Committee and Staff discussion took place regarding the possibility of losing heritage homes to large developments.

A Zoom poll was launched related to revising the Minimal Investment Value.

A Zoom poll was launched related to the length of the DRTE program.

A Zoom poll was launched related to the length and percentage of the tax break.

A Zoom poll was launched related to agreement approval authority.

A Zoom poll was launched related to extension requests.

Committee and Staff discussion took place regarding restricting the amount of extensions available.

The Governance and Priorities Committee recessed the meeting at 3:16 p.m.

The Governance and Priorities Committee reconvened the meeting at 3:29 p.m.

Amrit Manhas, Economic Development Officer, continued the presentation. Highlights included:

- The Hotel and Motel Revitalization Tax Exemption (HMRTE) program is designed to encourage development of hotels and motels and improve inventory of quality accommodation within the City
- The program was first introduced in 2012 and is meant to encourage development of new buildings, as well as reinvigorate old buildings through renovations
- Two hotels have been built through this program, adding 217 rooms to the City as well as amenities like restaurants, indoor pools, fitness areas and meeting rooms

Committee and Staff discussion took place. Highlights included:

- No renovations have been done through the program to date
- Coast Bastion Hotel had renovation work done but did not meet the conditions of the program

- Staff are considering lowering the \$2M threshold as it's too high for most projects

Amrit Manhas, Economic Development Officer, continued the presentation and provided an overview of topics in the Zoom polls.

Committee and Staff discussion took place. Highlights included:

- Developer feedback suggested the City provide grants; however, grants cannot be provided to private developers so the HMRTE program was developed in lieu
- Tax exemption is for the Municipal Tax portion, and only on the value of the improvements
- The year a property receives occupancy is the first year the exemption is received

A Zoom poll was launched related to whether the City should continue the Hotel and Motel Revitalization Tax Exemption (HMRTE) program.

A Zoom poll was launched related to types of projects and the tax exemption area.

A Zoom poll was launched related to revising the Minimal Investment Value.

A Zoom poll was launched related to the length of the HMRTE program.

A Zoom poll was launched related to the length and percentage of the tax break.

A Zoom poll was launched related to agreement approval authority.

A Zoom poll was launched related to restricting the amount of extensions available.

Amrit Manhas, Economic Development Officer, continued the presentation and noted that Staff will summarize the proposed amendments from today's meeting, gather feedback from the development community on the proposed amendments, prepare amendments to bylaws and policies, and return to Council at a future date for introduction on the amended bylaws.

It was moved and seconded that the Governance and Priorities Committee recommend that Council direct Staff to prepare a report, for a future Governance and Priorities Committee Meeting, regarding ways to implement the following New City Plan Incentives:

- Incentivize Affordable Housing
- Support Green Infrastructure
- Encourage Infill Development
- Support Small Businesses
- Prioritize Active Transportation

The motion carried.

Opposed: *Councillors Armstrong and Thorpe*

2. Continuation of Municipal Development Corporation Discussion

Introduced by Bill Corsan, Director, Corporate and Business Development.

Presentation:

1. Allan Neilson, Neilson Strategies, provided a PowerPoint presentation. Highlights included:
 - Municipal Development Corporations (MDCs) are designed to help develop land in a part of a community according to a set of goals set out by the municipality
 - MDCs are companies established with share structures and have autonomous boards of staff who undertake the work of the MDC
 - MDCs are owned by a municipality
 - Municipalities assist MDCs by providing city-owned land to the Corporation for development, usually within a specific area of the City
 - MDCs require investment from a municipality to catalyze private sector development in certain areas of a city, as well as investment of time and energy to create the Corporation
 - Challenges to consider when Council is considering a MDC include the ability to find qualified directors in a city the size of Nanaimo, and the concerns of

perceived competition with private sector development

- MDCs are set up to collaborate with the private sector, not act as competition

Committee discussion took place. Highlights included:

- Concern with lack of City-owned land available for development by a MDC
- Nanaimo Prosperity Corporation has a different mandate than a MDC likely would have. MDCs focus on bringing investment to a particular area of the city, while a Prosperity Corporation generates activity in different sectors of the economy
- Municipalities have the option to allow MDCs to borrow funds in order to respond quickly to development opportunities
- Concerns about the ability to recoup possible debt created by a MDC
- The cost to set up a MDC is high when there is no identified problem in the community that requires a MDC to be created
- There is not enough City-owned land to justify the cost of a MDC
- Attracting the type of talent required to make a MDC successful would be costly

6. QUESTION PERIOD:

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

7. ADJOURNMENT:

It was moved and seconded at 4:26 p.m. that the meeting adjourn. The motion carried unanimously.

CERTIFIED CORRECT:

CHAIR

CORPORATE OFFICER