

**AGENDA**  
REGULAR COMMITTEE OF THE WHOLE MEETING  
SHAW AUDITORIUM, 80 COMMERCIAL STREET, NANAIMO, BC  
MONDAY, 2014-MAR-17, AT 4:30 P.M.

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1. **CALL THE REGULAR COMMITTEE OF THE WHOLE MEETING TO ORDER:**

2. **INTRODUCTION OF LATE ITEMS:**

3. **ADOPTION OF AGENDA:**

4. **ADOPTION OF MINUTES:**

- |     |   |                  |
|-----|---|------------------|
| (a) | Minutes of the Regular Committee of the Whole Meeting held in the Shaw Auditorium, 80 Commercial Street, on Monday, 2014-MAR-03 at 4:30 p.m.                                | <i>Pg. 1-3</i>   |
| (b) | Minutes of the Special Open Committee of the Whole Meeting held in the Board Room, Service and Resource Centre, 411 Dunsmuir Street, on Wednesday, 2014-MAR-05 at 9:00 a.m. | <i>Pg. 4-5</i>   |
| (c) | Minutes of the Special Open Committee of the Whole Meeting held in the Board Room, Service and Resource Centre, 411 Dunsmuir Street, on Thursday, 2014-MAR-06 at 9:00 a.m.  | <i>Pg. 6-10</i>  |
| (d) | Minutes of the Special Open Committee of the Whole Meeting held in the Board Room, Service and Resource Centre, 411 Dunsmuir Street, on Friday, 2014-MAR-07 at 9:00 a.m.    | <i>Pg. 11-14</i> |
| (e) | Minutes of the Special Open Committee of the Whole Meeting held in the Board Room, Service and Resource Centre, 411 Dunsmuir Street, on Wednesday, 2014-MAR-12 at 9:00 a.m. | <i>Pg. 15-17</i> |

5. **PRESENTATIONS:**

- |     |   |                  |
|-----|---|------------------|
| (a) | Mr. Gordon Gunn, Partner, KPMG, LLP, to present his findings related to the City's waterworks supplier procurement process as outlined in his report: <i>City of Nanaimo Procurement Process Review</i> . | <i>Pg. 18-51</i> |
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6. **ADMINISTRATION:**

NONE

7. **CORPORATE SERVICES:**

(a) **2014 Grants Advisory Committee Recommendation – Security Check Grant Fund**

To be introduced by Grants Advisory Committee Chair, Councillor Johnstone.

*Purpose: To obtain Council approval regarding a Security Check Grant application recommendation.*

Committee Recommendation: That Council award the Loaves & Fishes Food Bank Foundation a grant in the amount of \$500 from the Security Check Grant fund.

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(b) **"Regional District of Nanaimo Pump & Haul Local Service Amendment Bylaw No. 975.61, 2014"**

*Purpose: To obtain Council's consent to the adoption of "Regional District of Nanaimo Pump & Haul Local Service Amendment Bylaw No. 975.61, 2014".*

Staff Recommendation: That Council consent to the adoption of "Regional District of Nanaimo Pump & Haul Local Service Amendment Bylaw No. 975.61, 2014" and that the Regional District of Nanaimo be notified accordingly.

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8. **COMMUNITY SERVICES:**

NONE

9. **CORRESPONDENCE (not related to a Report to Council):**

NONE

10. **NOTICE OF MOTION:**

11. **OTHER BUSINESS:**

12. **DELEGATIONS (not related to a Report to Council): (10 MINUTES)**

NONE

13. **QUESTION PERIOD:** (*Agenda Items Only*)

14. **PROCEDURAL MOTION:**

That the meeting be closed to the public in order to deal with agenda items under the *Community Charter* Section 90(1):

- (a) personal information about an identifiable individual who holds or is being considered for a position as an officer, employee or agent of the municipality or another position appointed by the municipality;
- (c) labour relations or other employee relations;
- (j) information that is prohibited, or information that if it were presented in a document would be prohibited, from disclosure under Section 21 of the *Freedom of Information and Protection of Privacy Act*;
- (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,

*Community Charter* Section 90(2):

- (b) the consideration of information received and held in confidence relating to negotiations between the municipality and a provincial government or the federal government or both, or between a provincial government or the federal government or both and a third party.

15. **ADJOURNMENT:**

ACTING MAYOR: COUNCILLOR JOHNSTONE  
2014-MAR-10 to 2014-APR-27

**MINUTES**  
**REGULAR COMMITTEE OF THE WHOLE MEETING**  
**SHAW AUDITORIUM, 80 COMMERCIAL STREET,**  
**MONDAY, 2014-MAR-03 AT 4:30 P.M.**

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**PRESENT:** Mayor J. R. Ruttan, Chair

**Members:** Councillor G. Anderson  
Councillor W. L. Bestwick  
Councillor M. D. Brennan  
Councillor G. E. Greves  
Councillor D. K. Johnstone  
Councillor J. A. Kipp  
Councillor W. B. McKay  
Councillor J. F. K. Pattje

**Staff:** E. C. Swabey, City Manager  
T. M. Hickey, General Manager of Community Services  
I. Howat, General Manager of Corporate Services  
T. P. Seward, Director of Social & Protective Services  
B. E. Clemens, Director of Finance  
D. Lindsay, Director of Community Development  
T. L. Hartley, Director of Human Resources & Organizational Planning  
S. Samborski, Senior Manager of Culture & Heritage  
B. Prokopenko, Acting Director of Engineering & Public Works (departed at 4:58 p.m.)  
P. Rosen, Acting Senior Manager of Engineering (departed at 4:58 p.m.)  
G. Foy, Traffic / Transportation Engineer (departed at 4:58 p.m.)  
P. Stewart, Design Engineer (departed at 4:58 p.m.)  
P. Cooper, Communications Manager  
C. Jackson, Manager, Legislative Services  
D. Stevens, Applications Analyst, Information Technology  
K. King, Recording Secretary

1. **CALL THE OPEN MEETING TO ORDER:**

The Regular Committee of the Whole Meeting was called to order at 4:30 p.m.

2. **ADOPTION OF AGENDA:**

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

3. **ADOPTION OF MINUTES:**

It was moved and seconded that the following Committee of the Whole Meeting Minutes be adopted as circulated:

- 2014-JAN-30 at 9:00 a.m.
- 2014-FEB-03 at 4:30 p.m.
- 2014-FEB-05 at 9:00 a.m.
- 2014-FEB-12 at 9:00 a.m.
- 2014-FEB-19 at 9:00 a.m.

The motion carried unanimously.

4. PRESENTATIONS:

- (a) Mr. Tom Hickey, General Manager of Community Services, provided a presentation regarding the Linley Valley Drive Extension Project.

5. CORPORATE SERVICES:

- (a) 2014 Grants Advisory Committee Recommendations – Other Grant

It was moved and seconded that Council:

1. award an Other Grant to the D.A.R.E. (Drug Abuse Resistance Education) BC Society (OG-01) in the amount of \$2,500 to teach the D.A.R.E. program to over 1,000 Grade 5 and 6 Nanaimo students each year; and,
2. award an Other Grant to the Nanaimo Volunteer & Information Centre Society (OG-02) in the amount of \$1,501.47 to cover the cost of the rental at Beban Park Auditorium on 2014-APR-10 for their 2014 Annual Volunteer Appreciation Luncheon.

The motion carried unanimously.

6. COMMUNITY SERVICES:

- (a) 2014 Temporary Public Art Selection

It was moved and seconded that Council approve the 2014 Temporary Public Art selection of Laura Timmerman's artwork "Heshook-ish Tsawalk" for display in Diana Krall Plaza. The motion carried unanimously.

7. DELEGATIONS (not related to a Report to Council):

- (a) Ms. Joanne Sales, Director of Broombusters Invasive Plant Society, requested Council's continued support of the removal of Scotch Broom by volunteers in the City of Nanaimo including providing a dump site one Saturday in May; and further requested that Council consider passing stronger bylaws requiring private property owners to take responsibility for the spread of all invasive plants.
- (b) Mr. Dan DiDio, requested that Council consider grandfathering the suite in his home at 96 Princess Street.

8. QUESTION PERIOD:

- Mr. Fred Taylor, re: adding invasive plant species to property maintenance bylaw, Linley Valley Drive Extension Project
- Mr. Gord Fuller, re: Linley Valley Drive Extension Project
- Matthew O'Donnell, re: Scotch Broom removal

9. 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):

- (j) information that is prohibited, or information that if it were presented in a document would be prohibited, from disclosure under section 21 of the *Freedom of Information and Protection of Privacy Act*; and,

*Community Charter* Section 90(2):

- (b) the consideration of information received and held in confidence relating to negotiations between the municipality and a provincial government or the federal government or both, or between a provincial government or the federal government or both and a third party.

The motion carried unanimously.

Council moved into "In Camera" at 5:49 p.m.

Council moved out of "In Camera" at 6:15 p.m.

10. ADJOURNMENT:

It was moved and seconded at 6:15 p.m. that the meeting terminate. The motion carried unanimously.

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CHAIR

CERTIFIED CORRECT:

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CORPORATE OFFICER

**MINUTES**  
SPECIAL OPEN COMMITTEE OF THE WHOLE MEETING  
BOARD ROOM, SERVICE AND RESOURCE CENTRE, 411 DUNSMUIR STREET,  
WEDNESDAY, 2014-MAR-05 AT 9:00 A.M.

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PRESENT: Mayor J. R. Ruttan, Chair

Members: Councillor W. L. Bestwick  
Councillor M. D. Brennan  
Councillor G. E. Greves  
Councillor D. K. Johnstone  
Councillor J. A. Kipp  
Councillor W. B. McKay  
Councillor J. F. K. Pattje

Absent: Councillor G. Anderson

Staff: E. C. Swabey, City Manager (arrived 10:02 a.m.)  
T. M. Hickey, General Manager of Community Services  
I. Howat, General Manager of Corporate Services  
T. P. Seward, Director of Social & Protective Services  
B. E. Clemens, Director of Finance  
D. Lindsay, Director of Community Development  
R. J. Harding, Director of Parks, Environment & Recreation  
S. Samborski, Senior Manager of Culture & Heritage  
B. Prokopenko, A/Director of Engineering & Public Works  
P. Cooper, Communications Manager (arrived 9:33 a.m.)  
W. Fulla, Manager Finance, Community Services  
B. Corsan, Manager, Real Estate  
J. Horn, Social Planner (arrived 9:14 a.m.)  
D. Hiscock, Revenue Services Manager (arrived 10:16 a.m.)  
G. Ferrero, Director of Information Technology & Legislative Services  
C. Jackson, Manager, Legislative Services  
S. Snelgrove, Recording Secretary

1. CALL THE OPEN MEETING TO ORDER:

The Special Open Committee of the Whole Meeting was called to order at 9:05 a.m.

2. INTRODUCTION OF LATE ITEMS:

(a) Item 6 (b) – 2014 – 2018 Financial Plan Decision Packages - Add pages 22-40.

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 Special Open Committee of the Whole Meeting held in the Board Room, 411 Dunsmuir Street, Nanaimo, BC, on Thursday, 2014-FEB-27 at 9:00 a.m. be adopted as circulated. The motion carried unanimously.

5. COMMUNITY SERVICES

(a) Caledonia Interim Improvements

It was moved and seconded that Council direct Staff to include in the decision package the expenditures necessary for the Caledonia Park Interim Improvements, allocating \$100,000 from development cost charge reserves. The motion carried unanimously.

6. CORPORATE SERVICES:

(a) Mr. B. Clemens, Director of Finance, provided a presentation regarding grants and exemptions in relation to the 2014-2018 Financial Plan.

(b) 2014-2018 Financial Plan Decision Packages

Mr. B. Clemens, Director of Finance, provided a presentation regarding the 2014-2018 Financial Plan process.

7. ADJOURNMENT:

It was moved and seconded at 11:07 a.m. that the meeting terminate. The motion carried unanimously.

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CHAIR

CERTIFIED CORRECT:

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CORPORATE OFFICER



**MINUTES**  
**SPECIAL OPEN COMMITTEE OF THE WHOLE MEETING**  
**BOARD ROOM, SERVICE AND RESOURCE CENTRE, 411 DUNSMUIR STREET,**  
**THURSDAY, 2014-MAR-06 AT 9:00 A.M.**

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**PRESENT:** Mayor J. R. Ruttan, Chair

**Members:** Councillor G. Anderson (arrived at 9:07 a.m.)  
Councillor W. L. Bestwick  
Councillor M. D. Brennan  
Councillor G. E. Greves  
Councillor D. K. Johnstone  
Councillor J. A. Kipp  
Councillor W. B. McKay  
Councillor J. F. K. Pattje

**Staff:** E. C. Swabey, City Manager  
T. M. Hickey, General Manager of Community Services  
I. Howat, General Manager of Corporate Services  
T. P. Seward, Director of Social & Protective Services  
T. L. Hartley, Director of Human Resources & Organizational Planning  
(vacated at 10:37 a.m.)  
J. Birch, Acting Manager of Information Technology (entered at  
10:49 a.m., vacated at 1:20 p.m.)  
B. E. Clemens, Director of Finance  
G. Ferrero, Director of Information Technology & Legislative Services  
Supt. M. Fisher, Officer In Charge, Nanaimo Detachment RCMP  
(vacated at 9:23 a.m.)  
R. J. Harding, Director of Parks, Environment & Recreation (arrived at  
10:16 a.m.)  
D. Lindsay, Director of Community Development  
Chief C. Richardson, Nanaimo Fire Rescue (vacated at 12:09 p.m.)  
P. Cooper, Communications Manager (entered at 9:28 a.m.)  
M. Dietrich, Manager of Police Support Services (vacated at 12:09 p.m.)  
D. Duncan, Manager of Financial Planning  
D. Fournier, Municipal Infrastructure Engineer  
G. Foy, Traffic/Transportation Engineer  
W. Fulla, Manager of Finance, Community Services  
S. Harrison, Deputy Fire Chief, Administration (vacated at 12:09 p.m.)  
C. Jackson, Manager of Legislative Services  
B. Joiner, Manager of Infrastructure Planning & Energy  
B. Prokopenko, Senior Manager of Engineering  
S. Samborski, Senior Manager of Culture & Heritage  
B. Sims, Manager of Water Resources (vacated at 1:09 p.m.)  
D. Smith, Recording Secretary

1. **CALL THE SPECIAL OPEN MEETING TO ORDER:**

The Special Open Committee of the Whole Meeting was called to order at 9:04 a.m.

T. Swabey, City Manager, introduced Superintendent Mark Fisher, Officer In Charge, Nanaimo Detachment RCMP and welcomed him to the City of Nanaimo.

2. ADOPTION OF AGENDA:

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

3. CORPORATE SERVICES:

- (a) City of Nanaimo 2014 2018 Financial Plan - Decision Package - Projects and Service Level Increases (dated 2014-MAR-06)

Councillor Anderson entered the Board Room at 9:07 a.m.

It was moved and seconded that Council maintain the 2014 budget increase to a maximum of 2.2 percent. The motion was defeated.  
*Opposed: Mayor Ruttan, Councillors Anderson, Bestwick, Brennan, Greves, Johnstone*

Council agreed to consider the Decision Package items beginning with ranked Item No. 1 "Asset Management: Annual Contribution to General Reserve (estimate)".

Councillor Brennan vacated the Board Room at 9:58 a.m.

Councillor Brennan returned to the Board Room at 10:00 a.m.

Councillor Greves vacated the Board Room at 10:04 a.m.

Councillor Greves returned to the Board Room at 10:05 a.m.

Councillor Kipp vacated the Board Room at 10:36 a.m.

Councillor Kipp returned to the Board Room at 10:37 a.m.

It was moved and seconded that Council remove from the 2014-2018 Financial Plan the following items, all contained within ranked Item No. 55:

- "Boxwood Road Connector Sanitary Sewer"
- "Boxwood Road to 2227 Rosstown Road Sewer"
- "Boxwood Road Connector Watermain"
- "Boxwood Road Connector Pond Drainage"
- "Development Cost Charge Project - Boxwood Road Connector"
- "Development Cost Charge Project - Northfield Road: Bowen Road to Boxwood Road"

The motion was defeated.

*Opposed: Mayor Ruttan, Councillors Anderson, Brennan, Greves, Johnstone, McKay, and Pattje*

4. RECESS MEETING:

It was moved and seconded that Council recess the Special Open Committee of the Whole Meeting at 10:37 a.m. with the intention to reconvene after a 10 minute break. The motion carried unanimously.

5. RECONVENE MEETING:

It was moved and seconded that Council reconvene the Special Open Committee of the Whole Meeting at 10:50 a.m. The motion carried unanimously.

CORPORATE SERVICES (continued):

Councillor Kipp vacated the Board Room at 11:03 a.m.

It was moved and seconded that Council reduce by 50 percent in the 2014-2018 Financial Plan ranked Item No. 68 "Fleet Replacements". The motion carried.  
*Opposed: Mayor Ruttan, Councillors Anderson, Brennan and Greves*

Councillor Greves vacated the Board Room at 11:42 a.m.  
Councillor Greves returned to the Board Room at 11:49 a.m.

Councillor Anderson vacated the Board Room at 11:51 a.m.  
Councillor Anderson returned to the Board Room at 11:54 a.m.

Councillor McKay vacated the Board Room at 11:53 a.m.  
Councillor McKay returned to the Board Room at 11:54 a.m.

Councillor Kipp returned to the Board Room at 11:54 a.m.

Councillor Brennan vacated the Board Room at 11:56 a.m.  
Councillor Brennan returned to the Board Room at 11:58 a.m.

It was moved and seconded that Council remove from the 2014-2018 Financial Plan ranked Item No. 135 "Chase River Hall Seismic Upgrade". The motion was defeated.  
*Opposed: Mayor Ruttan, Councillors Anderson, Brennan, Greves, Johnstone, Kipp, and Pattje*

It was moved and seconded that Council direct Staff to prepare a report outlining options for ranked Item No. 135 "Chase River Hall Seismic Upgrade". The motion carried.  
*Opposed: Councillors Bestwick and McKay*

6. RECESS MEETING:

It was moved and seconded that Council recess the Special Open Committee of the Whole Meeting at 12:09 p.m. with the intention to reconvene after a refreshment break. The motion carried unanimously.

7. RECONVENE MEETING:

It was moved and seconded that Council reconvene the Special Open Committee of the Whole Meeting at 12:30 p.m. The motion carried unanimously.

CORPORATE SERVICES (continued):

It was moved and seconded that Council direct Staff to prepare a report regarding options for ranked Item No. 135 "Chase River Hall Seismic Upgrade" and suspend any expenditures related to such an upgrade. The motion carried unanimously.

It was moved and seconded that Council move from the 2014 budget to the 2016 budget ranked Item No. 143 "Piper Park Improvements". The motion carried unanimously.

It was moved and seconded that Council postpone consideration of ranked Item No. 185 "Operating Grant - 25 Victoria Road" and direct Staff to prepare a report regarding this item. The motion carried unanimously.

Mayor Ruttan vacated the Chair and the Board Room at 1:41 p.m. Councillor Kipp assumed the Chair.

Mayor Ruttan returned to the Board Room at 1:43 p.m. and resumed the Chair.

Councillor Brennan vacated the Board Room at 1:42 p.m.

Councillor Brennan returned to the Board Room at 1:44 p.m.

Councillor Anderson vacated the Board Room at 1:48 p.m.

Councillor Anderson returned to the Board Room at 1:50 p.m.

It was moved and seconded that Council remove from the 2014 budget all capital projects at Beban Park until such time as Council receives a report as to the effectiveness of building a new pool in conjunction with the Nanaimo Aquatic Centre and any efficiencies associated with such an endeavour. The motion was defeated.

*Opposed: Mayor Ruttan, Councillors Anderson, Brennan, Greves, Johnstone, Kipp, and Pattje*

8. RECESS MEETING:

It was moved and seconded that Council recess the Special Open Committee of the Whole Meeting at 2:09 p.m. with the intention to reconvene after a 10 minute break. The motion carried unanimously.

9. RECONVENE MEETING:

It was moved and seconded that Council reconvene the Special Open Committee of the Whole Meeting at 2:20 p.m. The motion carried unanimously.

CORPORATE SERVICES (continued):

It was moved and seconded that Council direct Staff to prepare a report outlining options to amend the "Parks, Recreation and Culture Facilities Reserve Fund Bylaw 2010 No. 7111" to permit the transfer of funds to projects that are not currently specified in the bylaw. The motion carried unanimously.

It was moved and seconded that Council reduce by 50 percent in 2014 with the remaining 50 percent carried forward to 2016, ranked Item No. 244 "Beban Social Centre – Replace Chairs". The motion carried.

*Opposed: Councillor Brennan*

It was moved and seconded that Council remove from the 2014-2018 Financial Plan ranked Item No. 245 "Nanaimo Aquatic Centre: Retrofit/Retheme". The motion was defeated.

*Opposed: Mayor Ruttan, Councillors Anderson, Brennan, Greves, and Johnstone*

It was moved and seconded that Council remove from the 2014-2018 Financial Plan ranked Item No. 246 "Beban Pool: Retrofit/Retheme". The motion was defeated.

*Opposed: Mayor Ruttan, Councillors Anderson, Brennan, Greves, Johnstone, and Pattje*

10. ADJOURNMENT:

It was moved and seconded at 3:23 p.m. that the meeting terminate. The motion carried unanimously.

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CHAIR

CERTIFIED CORRECT:

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CORPORATE OFFICER

**MINUTES**  
**SPECIAL OPEN COMMITTEE OF THE WHOLE MEETING**  
**BOARD ROOM, SERVICE AND RESOURCE CENTRE, 411 DUNSMUIR STREET,**  
**FRIDAY, 2014-MAR-07 AT 9:00 A.M.**

---

**PRESENT:** Mayor J. R. Ruttan, Chair

**Members:** Councillor G. Anderson (arrived 1:34 p.m.)  
Councillor W. L. Bestwick  
Councillor M. D. Brennan  
Councillor G. E. Greves  
Councillor D. K. Johnstone  
Councillor J. A. Kipp  
Councillor W. B. McKay  
Councillor J. F. K. Pattje

**Staff:** E. C. Swabey, City Manager  
T. M. Hickey, General Manager of Community Services  
I. Howat, General Manager of Corporate Services  
T. P. Seward, Director of Social & Protective Services  
T. L. Hartley, Director of Human Resources & Organizational Planning  
B. E. Clemens, Director of Finance  
D. Lindsay, Director of Community Development  
Chief C. Richardson, Nanaimo Fire Rescue (arrived 10:12 a.m.)  
S. Harrison, Deputy Fire Chief Administration (arrived 10:12 a.m.,  
vacated 3:26 p.m.)  
K. Lindsay, Emergency Program Manager (arrived 10:12 a.m.,  
vacated 3:26 p.m.)  
R. J. Harding, Director of Parks, Environment & Recreation  
S. Samborski, Senior Manager of Culture & Heritage  
R. Davidson, Manager Parking Services / Assistant Manager Bylaw,  
Regulation & Security  
B. Prokopenko, A/Director of Engineering & Public Works  
D. Duncan, Manager of Financial Planning  
P. Cooper, Communications Manager  
B. Joiner, Infrastructure Planning and Energy Manager  
B. Labelle, Manager Fleet/Service Center  
M. Dietrich, Manager, Police Support Services  
W. Fulla, Manager Finance, Community Services  
G. Foy, Traffic/Transportation Engineer  
G. Ferrero, Director of Information Technology & Legislative Services  
C. Jackson, Manager, Legislative Services  
S. Snelgrove, Recording Secretary

**1. CALL THE SPECIAL OPEN MEETING TO ORDER:**

The Special Open Committee of the Whole Meeting was called to order at 9:05 a.m.

2. ADOPTION OF AGENDA:

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

3. CORPORATE SERVICES:

(a) City of Nanaimo 2014 - 2018 Financial Plan - Decision Package - Projects and Service Level Increases (dated 2014-MAR-06)

It was moved and seconded that Council reconsider the following motion considered at the Special Open Committee of the Whole Meeting held 2014-MAR-06:

"It was moved and seconded that Council reduce by 50 percent in the 2014-2018 Financial Plan ranked Item No. 68 "Fleet Replacements".

The motion carried unanimously.

It was moved and seconded that Council reduce by 50 percent in the 2014-2018 Financial Plan ranked Item No. 68 "Fleet Replacements". The motion was defeated.  
Opposed: Mayor Ruttan, Councillors Bestwick, Brennan, Greves, Johnstone, Kipp, Pattje.

It was moved and seconded that Council move ranked item No. 299 "150 Commercial St. (CIBC Nanaimo Arts Centre): replace glazed wall (back entrance)" from 2015 to 2018. The motion carried unanimously.

It was moved and seconded that Council remove from the 2014-2018 Financial Plan ranked item No. 302 "NAC: Replace Score Clock". The motion carried unanimously.

It was moved and seconded that Council remove from the 2014-2018 Financial Plan ranked item No. 303 "NIC: Windows, replace doors/corner units". The motion carried unanimously.

It was moved and seconded that Council move ranked item No. 307 "OWCC Refinish Acid Stain Floor" from 2014 to 2016. The motion carried.  
Opposed: Councillors Brennan, McKay

4. RECESS MEETING:

It was moved and seconded that Council recess the Special Open Committee of the Whole Meeting at 10:20 a.m. with the intention to reconvene after a 10 minute break. The motion carried unanimously.

5. RECONVENE MEETING:

The Special Open Committee of the Whole Meeting reconvened at 10:36 a.m.

Councillor Bestwick entered to the Board Room at 10:41 a.m.

It was moved and seconded that Council move ranked item No. 341 "License Plate Recognition System" from 2014 to 2018. The motion was defeated.  
Opposed: Mayor Ruttan, Councillors Brennan, Greves, Johnstone, Pattje

It was moved and seconded that Council remove from the 2014-2018 Financial Plan ranked item No. 358 "Loudon Park Boathouse". The motion was defeated.  
Opposed: Mayor Ruttan, Councillors Brennan, Greves, Johnstone

It was moved and seconded that Council remove from the 2014-2018 Financial Plan ranked item No. 343 "OWCC Replace Front Desk Glass with Shutters". The motion carried.  
Opposed: Councillor Brennan

It was moved and seconded that Council remove from the 2014-2018 Financial Plan ranked item No. 361 "NIC dry floor system". The motion carried unanimously.

6. RECESS MEETING:

It was moved and seconded that the Special Open Committee of the Whole Meeting recess at 11:28 a.m. with the intention to reconvene at 1:30 p.m. The motion carried unanimously.

7. RECONVENE MEETING:

The Special Open Committee of the Whole Meeting reconvened at 1:33 p.m.

Councillor Anderson entered the Board Room at 1:34 p.m.

Councillor Kipp entered the Board Room at 1:39 p.m.

It was moved and seconded that Council delay by one year ranked items Nos. 364-387, excluding ranked item No. 384.

- No. 364 "RCMP – General Duty (Police Human Resource Study (2009) – 1 FTE"
- No. 365 "RCMP – General Duty (Police Human Resource Study (2009) – 1 FTE"
- No. 366 "RCMP – General Duty (Police Human Resource Study (2009) – 1 FTE"
- No. 367 "RCMP – General Duty (Police Human Resource Study (2009) – 1 FTE"
- No. 368 "RCMP – General Duty (Police Human Resource Study (2009) – 1 FTE"
- No. 369 "RCMP – General Duty (Police Human Resource Study (2009) – 1 FTE"
- No. 370 "RCMP – General Duty (Police Human Resource Study (2009) – 1 FTE"
- No. 371 "RCMP – General Duty (Police Human Resource Study (2009) – 1 FTE"
- No. 372 "RCMP – General Duty (Police Human Resource Study (2009) – 1 FTE"
- No. 373 "RCMP – Plainclothes Investigator – 1 FTE"
- No. 374 "RCMP – Plainclothes Investigator – 1 FTE"
- No. 375 "RCMP – Plainclothes Investigator – 1 FTE"
- No. 376 "RCMP – Plainclothes Investigator – 1 FTE"
- No. 377 "RCMP – Community Policing – 1 FTE"
- No. 378 "RCMP – Domestic Violence Investigator"



- No. 379 “RCMP – General Duty – 1 FTE”
- No. 380 “RCMP – General Duty – 1 FTE”
- No. 381 “RCMP – General Duty – 1 FTE”
- No. 382 “RCMP – General Duty – 1 FTE”
- No. 383 “RCMP – Municipal Traffic – 1 FTE”
- No. 385 “Municipal Support Staffing (Police Human Resource Study (2009) – 1 FTE”
- No. 386 “Municipal Support Staffing (Police Human Resource Study (2009) – 1 FTE”
- No. 387 “Municipal Support Staffing – Manager, Police Administration Support – 1 FTE”

The motion carried.

Opposed: Councillor Brennan

It was moved and seconded that Council delay by one year ranked items No. 388.  
The motion carried.

Opposed: Councillors Brennan, Greves, Johnstone, Pattje

It was moved and seconded that Council remove from the 2014-2018 Financial Plan ranked items No. 394 “25 Victoria: Upgrade HVAC” and No. 395 “25 Victoria: Siding (Excluding Nicol Street side in 2013 budget)”. The motion carried unanimously.

8. NOTICE OF MOTION:

- (a) Councillor Brennan advised that she will be bringing forward a motion regarding the allocation of \$7500.00 for an engineering study at Morden Mine.

Councillor Greves vacated the Board Room at 3:40 p.m.

Councillor Johnstone vacated the board room at 3:41 p.m.

9. QUESTION PERIOD:

- Mr. Jim Taylor, re: 2014-2018 Financial Plan Decision Packages.

10. ADJOURNMENT:

It was moved and seconded at 3:43 p.m. that the meeting terminate. The motion carried unanimously.

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CHAIR

CERTIFIED CORRECT:

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CORPORATE OFFICER

**MINUTES**  
SPECIAL OPEN COMMITTEE OF THE WHOLE MEETING  
BOARD ROOM, SERVICE AND RESOURCE CENTRE, 411 DUNSMUIR STREET,  
WEDNESDAY, 2014-MAR-12 AT 9:00 A.M.

---

PRESENT: Mayor J. R. Ruttan, Chair

Members: Councillor G. Anderson  
Councillor W. L. Bestwick  
Councillor M. D. Brennan  
Councillor G. E. Greves  
Councillor D. K. Johnstone  
Councillor J. A. Kipp  
Councillor W. B. McKay  
Councillor J. F. K. Pattje

Staff: E. C. Swabey, City Manager  
T. M. Hickey, General Manager of Community Services  
I. Howat, General Manager of Corporate Services  
T. P. Seward, Director of Social & Protective Services  
T. L. Hartley, Director of Human Resources & Organizational Planning  
B. E. Clemens, Director of Finance  
G. Ferrero, Director of Information Technology & Legislative Services  
R. J. Harding, Director of Parks, Environment & Recreation  
D. Lindsay, Director of Community Development  
Chief C. Richardson, Nanaimo Fire Rescue  
P. Cooper, Communications Manager  
D. Duncan, Manager of Financial Planning  
W. Fulla, Manager of Finance, Community Services  
D. Fournier, Municipal Infrastructure Engineer  
D. Hiscock, Revenue Services Manager  
C. Jackson, Manager of Legislative Services  
B. Joiner, Manager of Infrastructure Planning & Energy  
B. Prokopenko, Senior Manager of Engineering  
S. Samborski, Senior Manager of Culture & Heritage  
D. Smith, Recording Secretary

1. CALL THE SPECIAL OPEN MEETING TO ORDER:

The Special Open Committee of the Whole Meeting was called to order at 9:06 a.m.

2. INTRODUCTION OF LATE ITEMS:

- (a) Item 4 (a) – add Decision Package background material.
- (b) Councillor Bestwick and Councillor Greves requested that items related to land and personnel be added to the agenda, with the intention that they be considered in an “In Camera” meeting.

3. ADOPTION OF AGENDA:

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

4. CORPORATE SERVICES:

(a) City of Nanaimo Draft 2014-2018 Financial Plan - Decision Package - Projects and Service Level Increases

Mr. B. Clemens, Director of Finance, provided Council with an overview of projected tax increases for 2014-2018, based on Council's recent amendments to the draft 2014-2018 Financial Plan Decision Package, as follows: 2.1% in 2014; 4.5% in 2015; 3.4% in 2016; 6.9% in 2017; and, 1.2% in 2018.

Council agreed to consider Item 5 (a) "Early Approval for Caledonia Park Interim Improvements" prior to proceeding with further discussion regarding the 2014-2018 Financial Plan

5. COMMUNITY SERVICES:

(a) Early Approval for Caledonia Park Interim Improvements

It was moved and seconded that Council direct Staff to proceed with tenders immediately to allow for the interim improvements at Caledonia Park to take place in 2014, including the following recommendations:

- approve the interim improvement plan for Caledonia Park for 2014;
- approve the use of the 2014 sports field development funds of \$250,000 for interim improvements of Caledonia Park;
- approve and allocate the \$15,000 Sustainability Project funds for the Caledonia Park Change Room;
- approve and allocate the \$15,000 Facility Accessibility funds for Caledonia Park; and,
- allocate \$100,000 from the Parks Development Cost Charges reserve for use towards this project.

The motion carried unanimously.

6. PROCEDURAL MOTION:

That the meeting be closed to the public in order to deal with agenda items under the *Community Charter* Section 90(1):

- (c) labour relations or other employee relations; and,
- (e) the acquisition, disposition or expropriation of land or improvements, if the Council considers that disclosure could reasonably be expected to harm the interests of the municipality;

The motion carried unanimously.

All members of the public and Staff, with the exception of Mr. Ted Swabey, City Manager, were requested to leave the Board Room.

Council moved to "In Camera" at 9:23 a.m.

Council moved out of "In Camera" at 9:53 a.m.

7. ADJOURNMENT:

It was moved and seconded at 9:59 a.m. that the meeting terminate. The motion carried unanimously.

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CHAIR

CERTIFIED CORRECT:

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CORPORATE OFFICER



cutting through complexity

REPORT

## City of Nanaimo

Procurement Process Review

March 7, 2014

kpmg.ca

Submitted by:

**Gordon S. Gunn**

Partner

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E: ggunn@kpmg.ca

☐ Council  
☒ Committee of the Whole  
☒ Open Meeting  
☐ In-Camera Meeting  
Meeting Date: 2014-Mar-17





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## Disclaimer

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## Executive Summary

The City of Nanaimo (the "City") annually purchases up to \$1.5 million dollars of waterworks products, materials used in the installation and maintenance of sewer, water and storm pipelines.

Prior to May 2010, annual tenders for waterworks supplies were issued by product categories based on estimated volumes, and suppliers were selected on a "lowest unit price" basis. For categories that were not tendered and for items not stocked in Central Stores, products were "spot bought" by getting quotes from suppliers as and when needed. In February 2010, the City issued RFP No. 1003 – Waterworks, seeking a primary supplier for a five-year term in order to leverage the City's buying power by consolidating the majority of its waterworks purchases.

As a result of this procurement process, Corix Water Products ("Corix") was recommended to Council as the primary waterworks supplier. The final decision by Council to award the contract was not without controversy. Two suppliers, who submitted proposals, challenged the staff recommendation to Council, through written representations to staff and oral presentations to Council. Since the supply arrangement was established in May 2010, concern has continued to be expressed by some stakeholders, questioning whether the new supply arrangement is delivering good value to the taxpayers of Nanaimo.

To address stakeholder concerns and to prepare for decisions to be made at the expiry of the supply arrangement, the City engaged KPMG LLP to conduct an independent value-for-money review of the supply arrangement. The attached report presents the scope and objectives of our review, our value-for-money approach and the findings, conclusions and recommendations.

We would like to acknowledge the participation of City staff, suppliers and other stakeholders whose input provided us with an understanding of the supply arrangement and a sense of their perspectives on the efficacy of the supply arrangement.

### **Value-for-Money and Value Analysis**

Before discussing our review findings and conclusions, it is important to highlight key aspects of a value-for-money review (also referred to as a Performance Audit). A value-for-money review examines whether money is being spent wisely by government. Value-for-money reviews focus on three aspects of a public program: economy, efficiency and effectiveness. These terms, applied to the City's procurement of waterworks supplies, are defined as follows:

- **Economy** – getting the right amount of waterworks supplies, of the right quality, delivered at the right time and place, at the lowest cost;
- **Efficiency** – the minimum staff and process resource inputs required to support the ordering, receiving, invoicing and payment for waterworks supplies; and
- **Effectiveness** – the extent to which the City has been able to aggregate its purchase of waterworks supplies with a primary waterworks supplier.

An important concept in a value-for-money review is the concept of “**values**”. Values are defined as “**important and enduring beliefs or ideals of a person or social group about what is good or desirable and what is not.**” In this case, the values sought by the City were defined by staff in the Purchasing Department and the Engineering and Public Works Department and documented in the procurement process. Values are subjective and specific to a person or social group. Other persons outside the social group may have differing values that, while important to that person, can vary from the values of the social group.

While values can be aligned, more frequently values compete with one another (e.g., product quality versus product price). In most organizations, operational practices often reflect a balance point between competing, but equally important values.

During our review, we met with City staff, suppliers and other stakeholders to solicit their input on the supply arrangement. During these interviews, we identified issues and concerns that were based on values that varied from the values sought by City staff. While these values are important to these stakeholders, they did not form part of the evaluation criteria for our review.

## Key Findings and Conclusions

### Economy

It is our conclusion that the new supply arrangement has substantially met the City’s requirements for supplying the right waterworks supplies, of the right quality, at the right time and place, and at the lowest cost. The key findings supporting this conclusion are:

- During the three fiscal years 2011 – 2013, Corix supplied approximately 90% of the City’s waterworks supplies (City’s target was 75% - 90%);
- City staff report that Waterworks operations have not been disrupted in any significant way due to supply failures;
- Waterworks staff reported numerous examples where the advice of Corix staff have enhanced supply quality and saved the City money;
- The City’s investment in waterworks inventory has been reduced and space in Central Stores has been freed up for other uses;
- The average increase in the Corix master price list has been 1.25% per annum; and
- Based upon the same assumptions, the estimated savings of \$390,000 calculated in 2010 has been exceeded. The 2010 calculation was based upon the price differential between the two top-rated suppliers and an estimated volume of supply. Our review has identified that the actual volume purchased in the first 3 ½ years of the supply arrangement was more than double the volume estimated in 2010. Assuming the same price differential, the estimated cost savings would be approximately \$805,000 over the term of the supply arrangement. *Note: both calculations are based upon assumptions, including assumptions about future events, and will vary from actual results.*

Throughout the review, we attempted to separate the assessment of the supply arrangement from the assessment of the supplier. It is possible to reach one conclusion on the efficacy of the supply arrangement and a different conclusion on the performance of the supplier. We found general satisfaction with the performance of Corix as the primary waterworks supplier, but also identified the following performance concerns:

During the three fiscal years 2011 – 2013, Corix supplied approximately 90% of the City’s waterworks supplies

Estimated savings of \$805,000 compared to 2010 estimate of \$390,000



Proximity of Corix's yard - a concern in emergency situations.

Reliability of order fulfilment a concern

- **Proximity of Yard.** In 2010, it was understood that Corix's primary point of supply was their yard in Duncan. In most situations, the approximately one-hour travel distance to the City's yard or job sites does not impact product delivery. However, in emergency or out-of-stock situations, some stakeholders are concerned that the proximity of the Corix yard could be a problem. We noted that the risk associated with out-of-stock situations is partially mitigated, as City staff are able to use secondary suppliers with closer proximity.

While emergency situations requiring supplier support are rare, some staff expressed concerns about Corix's ability to respond on a timely basis in an emergency situation.

- **Order Fulfilment.** Concerns were expressed with product quality and order filling accuracy. Limited performance data was available to support our understanding of these issues. In some cases, parts may be replaced without supporting paperwork. Our analysis of invoice and credit note data showed that between 2% and 3% of purchases are returned to Corix annually. From our testing of credit notes, we found that most product returns were routine returns of excess products from completed job sites. Order fulfilment issues can arise in any supplier situation and there is no strong indication to suggest that Corix's performance is outside acceptable performance standards. The City may wish to put performance measures in place to monitor for these concerns.

### Efficiency

It is our conclusion that the supply arrangement has substantially met most of the City's requirements for process efficiency. The key findings supporting this conclusion are:

- Since implementing the supply arrangement, the Purchasing Department has eliminated seven annual tendering processes and eliminated time involved with seeking multiple price quotes on numerous spot orders. These time savings have allowed staff to be re-allocated to other value-added activities within Purchasing and Central Stores.
- Invoice processing has been streamlined, allowing the City to receive \$73,054 in early payment discounts in the first 3 ½ years of the supply arrangement.

\$73,054 in early payment discounts (2010 – 2013)

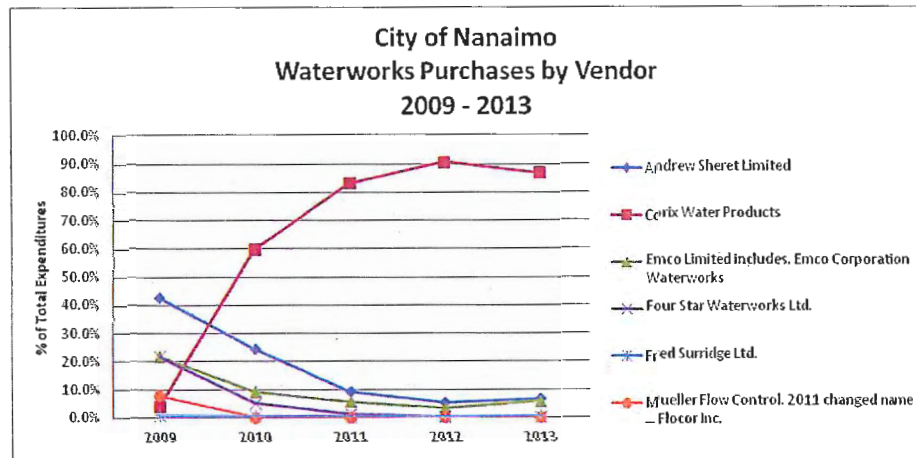
An objective that has not been met by the new supply arrangement is the consolidation of purchase orders and invoices. In the report to Council on May 3, 2010, staff suggested that there was an opportunity through the long-term supply arrangement to "issue one Purchase Order per week, 52 per year, and have the supplier issue a consolidated monthly invoice." This goal was not identified as a requirement in RFP #1003 – Waterworks, nor did Corix make a representation in its proposal to consolidate purchase order and invoice processes. Subsequent to the establishment of the supply arrangement, City staff and Corix jointly explored how the goal to consolidate processes could be achieved. Ultimately, security issues over the need for the supplier to have access to the City's information systems led to the abandonment of this goal.

### Effectiveness

The primary measure of the overall effectiveness of the supply arrangement is the extent to which the City has been able to aggregate its purchase of waterworks supplies with a primary waterworks supplier. As the supply arrangement is not exclusive, a failure to aggregate its waterworks supplies with a primary supplier would be an indication that the supplier is not able to deliver the right products, of the right quality, at the right time and place, and at the lowest cost.

The City set a target of consolidating between 75% - 90% of its waterworks purchases from the primary supplier. The following chart reflects that actual performance over the years 2011 – 2013 has averaged approximately 90%:

Target for consolidating purchases with a single supplier achieved



**It is our conclusion that the new supply arrangement for the City's waterworks supplies has substantially met the City's objectives for economy, efficiency and effectiveness and is achieving value-for-money for the City.**

### Recommendations

We appreciate that our report will contribute to discussions within the City about the future of the five-year, primary-supplier supply arrangement for waterworks supplies and potentially for other supplies purchased by the City. As the supply arrangement moves towards the end of its term in 2015, City staff and Council will have to decide how to move forward.

Stakeholders interested in the City's decision may not share the same values with City staff and may not be swayed by the findings and conclusions in this report. Given this continuing stakeholder interest, we provide the following recommendations on how the supply arrangement could be enhanced and how the City could best prepare for the discussion and decisions to come.

### Term of Supply Arrangement

The new supply arrangement introduced two fundamental shifts in the City's waterworks procurement strategy: multiple product tenders were consolidated into a single procurement; and, the term was extended from one year to five. We found that these two shifts in procurement strategy are at the heart of the concerns expressed by stakeholders. Stakeholders were particularly concerned with the length of the arrangement. The longer the term, the less access suppliers have to the City's business. Suppliers expressed interest in having a shorter term for the supply arrangement, to allow them the periodic opportunity to compete for the City's business. We can appreciate the perspectives of the supplier community in this regard.

While the City should consider the interests of the supplier community and other stakeholders, it must ultimately ensure that any supply arrangement meets its own needs. We discussed the term of the arrangement with City staff to better understand how the

relationship has evolved since May 2010 and how the length of the term impacted the benefits to the City. We heard that it took the first year for the relationship to solidify and for business processes to be effectively aligned and optimized. In the second year of the arrangement, the relationship was deepened and processes matured. Corix staff noted that it took time for historical data on the City's purchasing patterns to develop to the point where they can now anticipate the City's waterworks operating cycles and supply needs. Once the processes and relationships matured, benefits from the relationship were optimized. This would suggest that the benefits to the City increase over the first two years of the relationship and are optimized in the third and subsequent years.

Based upon the input received, we conclude that a minimum three-year term would be appropriate for a long-term supply arrangement for waterworks supplies, to ensure the City realizes the benefits of a mature supply relationship. The arrangement could also provide for two, one-year extensions of the arrangement, to act as a performance incentive for the supplier and as a means for the City to continue the relationship if it is effective or to exit the relationship early, should it choose.

**Should the City continue with the long-term, primary-supplier supply arrangement for waterworks supplies, we recommend that a minimum term of three years be considered, with the City having the option to continue the relationship through two, one-year extensions.**

#### **Audit of Corix Costs**

In the pricing model proposed by Corix, the initial master price list for the 2010 fiscal year can be updated annually for changes to manufacturer's pricing. The pricing model is based upon manufacturer's costs plus a set mark-up by product category. Over the first four years of the arrangement, Corix pricing has increased approximately 1.25% annually.

The supply arrangement allows for the City to audit the manufacturer costs that form the basis for the master price list. To date, the City has not opted to conduct an audit of manufacturer costs. Purchasing Department staff review the annual changes to the master price list and have access to supplier binders that support manufacturer costs. The review processes available to the City may be sufficient to provide the City with confidence that the supplier adheres to the pricing model.

**We recommend that the City consider whether to exercise its rights to audit manufacturer costs at a point during the supply arrangement.**

#### **Performance Measurement**

Our review found that no formal performance management plan exists for the new supply arrangement. A performance management plan would define appropriate performance measures, set targets and devise collection, analysis and reporting practices. While we were able to develop some performance metrics based upon available information, there were gaps in the performance data available. As the City prepares for decisions related to the future of the supply arrangement, there is an opportunity to collect, analyze and report performance measures for the remaining term of the arrangement.

**We recommend that the City plan for the collection, analysis and reporting of key performance data for the supply arrangement that will support the City's decision-making process at the expiry of the supply arrangement.**



## Scope and Objectives

### Background

The City of Nanaimo (the "City") purchases up to \$1.5 million dollars of waterworks products annually. Waterworks products are materials mostly used in the installation and maintenance of sewer, water and storm pipelines. Examples include PVC pipe, valves, couplings and fittings.

The City operates a Central Stores facility that orders and inventories waterworks materials on behalf of the various user departments to support their maintenance and new installation projects.

Prior to May 2010, annual tenders were issued by product categories based on estimated volumes processed through Central Stores and suppliers were selected on a "lowest unit price" basis. For categories that were not tendered and for items not stocked in Central Stores, products were "spot bought" by getting quotes from suppliers as and when needed. PVC Pipe, the highest dollar value and highest volume category item was also "spot bought" by getting quotes from suppliers as and when needed.

In February 2010, the City issued RFP No. 1003 – Waterworks, seeking a primary supplier for a 5 year term in order to leverage its buying power by consolidating the majority of its waterworks purchases with one supplier down from the 7 – 8 suppliers it had been using previously.

As a result of this process, Corix Water Products ("Corix"), located in Duncan, BC, was recommended to Council as the primary waterworks supplier. The final decision by Council to award the contract was not without controversy. Two suppliers, who submitted proposals, challenged the recommendation through written representations to staff and oral presentations to Council.

Since the contract was awarded in May 2010, concern has been expressed by some Council members and some members of the public as to whether the new procurement process utilized and the selected supplier are delivering good value to the taxpayers of Nanaimo as compared to the previous procurement approach.

To that end, staff recommended to Council to have a "value for money study" performed by a third party consultant to report out their findings and to provide recommendations for improvements.

### Scope and Objectives

The objectives for the Procurement Process review (the "review") were to:

- Develop an understanding of City management's goals for enhancing value through the new procurement process;
- Identify value for money criteria based upon management's goals for enhancing value through a five-year, primary-supplier procurement model, as compared to the prior, multi-supplier procurement methodology;

- Conduct interviews with selected representatives of Council, Purchasing Department, Central Stores, Public Works Construction, and Corix;
- Assess whether the new procurement process has been successful in delivering enhanced value, as supported by a review of actual procurement transactions;
- Consider ways in which the procurement process could be enhanced to increase value to the City; and
- Provide a final report of findings, conclusions and recommendations for improvements by February 28, 2014.





# Evaluation Approach

## Objective for Procurement Process

As stated in RFP No. 1003 – Waterworks, the purpose of the RFP was to contract a primary waterworks supplier who had the experience, facilities and operations to supply the City with the majority of its waterworks needs. This stated objective provides the primary focus of our value-for-money review.

## Value-for-Money Principles

The review was conducted using a value-for-money approach, which examines whether money is being spent wisely by government — whether value is received for the money spent. Specifically, value-for-money studies look at the organizational and program elements of government performance, whether government is achieving something that needs doing at a reasonable cost, and consider whether government managers are making the best use of public funds and adequately accounting for the prudent and effective management of the resources entrusted to them.

Value-for-money studies focus on three aspects of a program: economy, efficiency and effectiveness. These terms, applied to the City's procurement of waterworks supplies, have been defined as follows:

- **Economy** – getting the right amount of waterworks supplies, of the right quality, delivered at the right time and place, at the lowest cost;
- **Efficiency** – the minimum staff and process resource inputs required to support the ordering, receiving, invoicing and payment for waterworks supplies; and
- **Effectiveness** – the extent to which the City has been able to aggregate its purchase of waterworks supplies with a primary waterworks supplier.

A more fulsome discussion of value-for-money studies is included in Appendix B.

## Scope of review

The scope of the review included waterworks supplies purchased from Corix and other waterworks suppliers during the period from May 1, 2010 to December 31, 2013, with a focus on supplies purchased from Corix.

We conducted the review in accordance with the standards for assurance engagements established by the Canadian Institute of Chartered Accountants.

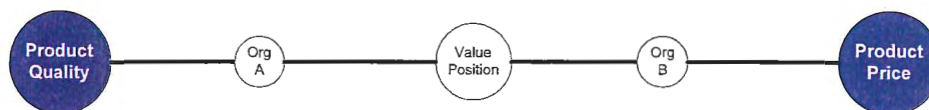
Throughout the review, we had the freedom to interview staff and stakeholders who we felt could contribute to our understanding, to request access to data and information as we required, and to conduct such analysis and testing of transactions as we chose to undertake. We appreciate the participation of City staff and other stakeholders in providing input and providing access to information.

The review did not include revisiting the decision to award the supply arrangement to Corix in 2010.

### Value Analysis

An important concept in a value-for-money review is the concept of “values”. **Values are defined as “important and enduring beliefs or ideals of a person or social group about what is good or desirable and what is not.”** In this case, the values sought by the City were defined by staff in the Purchasing Department and the Engineering and Public Works Department.

Values are subjective and specific to a person or social group. Other persons outside the social group may have differing values that are equally valid, but that vary from the values of the social group. While different values can be aligned, more frequently values are in competition with one another. In most organizations, operational practices often reflect a balance point between competing, but equally valid values. The following diagram reflects a simple “value continuum” showing the typical relationship between the values of product quality and product price:



The “Value Position” is the organization’s balance point between the value of high product quality and low product price. Organizations A and B may have different value positions on the continuum, aligned with their unique organizational needs. There is no intrinsic basis for concluding that either value position is better or worse than the other.

In the public sector, operational practices often result from more complex considerations, reflecting a value position that has multiple value dimensions.

### Evaluation Criteria

Fundamental to a value-for-money study is the ability to define suitable criteria related to the values sought, that help focus a review and provide a basis for developing observations. In developing the evaluation criteria, we considered the information included in RFP No. 1003 – Waterworks, staff reports to Council and input from interviewees. Based upon this input, the evaluation criteria selected for the review are as follows:

Benefits Sought (Value for Money Criteria)	Source	Relative Importance to City
<b>Economy Criteria</b>		
1. Reliable, continuous service throughout the year	RFP # 1003 - Pg 1	High
2. Cost savings by leveraging the City's buying power through consolidation of the majority of its waterworks parts	RFP # 1003 - Pg 1	High
3. Provides a full range of waterworks parts with access to multiple brands	RFP # 1003 - Pg 1	High



Benefits Sought (Value for Money Criteria)	Source	Relative Importance to City
4. Strong supply network	RFP # 1003 - Pg 1	High
5. Full delivery service including delivery to the City yard and jobsites	RFP # 1003 - Pg 2	High
6. Afterhours emergency sales support	RFP # 1003 - Pg 2	High
7. Manage the risks associated with fluctuating commodity prices	Staff Report - May 3, 2010	Moderate
8. Efficient and capable warehouse operations	RFP # 1003 - Pg 2	Moderate
9. Knowledgeable advice concerning waterworks infrastructure maintenance	RFP # 1003 - Pg 2	Moderate
10. Provide assistance with the disposition of obsolete parts and issuing credits for the return of slow moving parts	Staff Report - May 3, 2010	Low
<b>Efficiency Criteria</b>		
11. Reduced time for purchasing staff in managing competitive procurements.	Staff Discussions	High
12. Enhancing the probity of procurement decisions over waterworks supplies (selection of supplier and product pricing)	Discussions with management	Moderate
13. Dedicated outside and inside sales representatives	RFP # 1003 - Pg 2	High
14. Reliable order taking and order filling processes	RFP # 1003 - Pg 2	Moderate
15. All shipments FOB destination freight prepaid	RFP # 1003 - Pg 2	Moderate
16. Accurate invoicing and streamlined process of issuing credit invoices	RFP # 1003 - Pg 2	Moderate
17. Thorough documentation process for identifying information on packing slips and invoices which include: employee name, job location and budget number	RFP # 1003 - Pg 2	Moderate
18. Flexible payment options, including early payment discounts and payment by Mastercard	RFP # 1003 - Pg 2	Moderate

The "Relative Importance to the City" assessments were developed based upon input from the Project Sponsor and other review participants.

### Alternative Criteria

During our review, we interviewed suppliers and other stakeholders who identified a number of values that they suggested should be included in the evaluation criteria. While these values are important to these stakeholders, they did not ultimately form part of the evaluation criteria for our review. These values included:

- Having access to the skills and experience of multiple suppliers;

- Having access to the inventories of multiple suppliers;
- Supporting a competitive local marketplace by distributing the City's purchases; and
- Supporting the local economy through local preference practices.

These values, while important to the individual interviewees, were excluded from the evaluation criteria as they were not values enunciated by City staff. With respect to these values, we noted the following:

### **Exclusivity of Supply Arrangement**

The supply arrangement with Corix is not an exclusive supply arrangement and the City continues to have access to the skills and experience of other suppliers, as well as access to their inventories. While staff are directed to maximize the use of Corix as the primary supplier, when required, they are able to procure waterworks supplies from suppliers other than Corix and have access to both their expertise and inventories.

### **Local Preference**

- With respect to "Local Preference", there is no direction to City staff to pursue such an approach. We reviewed the City's **Procurement Policy** which states that "**Purchasing decisions shall be made to ensure best value**. Best value will be determined by the disclosed evaluation criteria. Evaluation Criteria may include, but is not limited to; price, delivery, quality, warranty, environmental and fair trade/ethical considerations, qualifications, experience and service. In the absence of evaluation criteria, lowest price will be deemed the determining factor." While the policy requires the City to consider fair trade/ethical considerations, it also states that "Preference shall be given to suppliers located within the Regional District of Nanaimo where quality, service, and price are equivalent." For practical purposes, local preference would apply in only those very rare instances where quality, service and price are equivalent.
- The formal **mandate of the Purchasing Department** states that it "is **responsible for the efficient and cost effective procurement of all goods and services** required by the City" and "to ensure that the City's purchasing policy is adhered to for all purchases." The mandate does not include any direction to use procurement practices as a means of supporting economic development in the City.
- The Province of B.C. has entered into three inter-provincial trade agreements which limit a local government's ability to adopt a Local Preference approach:
  - The **Agreement on Internal Trade (AIT)** initially signed in 1995 by all Canadian provinces was established "to reduce and eliminate, to the extent possible, barriers to the free movement of persons, goods, services and investments within Canada and to establish an open, efficient and stable domestic market." Parties to the agreement are to treat persons, goods, services and investments equally, irrespective of where they originate in Canada. Article 102 indicates that regional, local, district or other forms of municipal government are included within the scope of the agreement. The agreement states that:
    - Each Party shall accord to goods of any other Party treatment no less favourable than the best treatment it accords to:
      - a) its own like, directly competitive or substitutable goods; and

- b) like, directly competitive or substitutable goods of any other Party or non-Party.
- The agreement applies where the procurement value is:
  - a) \$25,000 or greater, in cases where the largest portion of the procurement is for goods;
  - b) \$100,000 or greater, in cases where the largest portion of the procurement is for services, except those services excluded by Annex 502.1B;4 or
  - c) \$100,000 or greater, in the case of construction.
- The **Trade, Investment and Labour Mobility Agreement (TILMA)** signed in 2009 between the provinces of British Columbia and Alberta is an enhancement to the AIT and provides for open and non-discriminatory access to procurements of government entities, including regional, local, district or other forms of municipal government. It applies to procurements where the procurement value is:
  - a) \$75,000 or greater for goods;
  - b) \$75,000 or greater for services; or
  - c) \$200,000 or greater for construction.
- The **New West Partnership Trade Agreement (NWPTA)** signed in September 2009 between the Provinces of British Columbia, Alberta and Saskatchewan is an enhancement to the AIT and provides for the liberalization of trade, investment and labour mobility. The agreement provides for open and non-discriminatory access to procurements of government entities, including regional, local, district or other forms of municipal government. It applies to procurements where the procurement value is:
  - a) \$75,000 or greater for goods;
  - b) \$75,000 or greater for services; or
  - c) \$200,000 or greater for construction.
- Like any public policy issue, there are arguments for and against local preference procurement policies. In isolation, local preference policies are seen as a stimulus to the local economy, at the expense of a higher cost of service. However, there are equally convincing arguments against protectionist trade practices in general. Local preference may reduce competition because non-local companies may decide not to bid when a local preference is in place. If all jurisdictions followed protectionist trade practices, the apparent benefits of local preference policies are quickly eroded. There is also an argument that the delivery of cost-effective services by local government is a more effective way of impacting the local economy.
- Application of a local preference approach is challenging to implement. Implementation issues include:
  - Difficulty in defining “local”. Issues of geography, ownership and management do arise in attempting to define “local”;
  - Determining the degree of competitive advantage afforded local suppliers compared to other suppliers; and

- When multiple local suppliers bid, determining who is more local can further complicate the procurement process.

### **Location of Corix Yard**

In conducting our interviews, we heard from several sources that Corix had failed to locate a warehouse yard in Nanaimo as proposed in their submission to RFP #1003 – Waterworks. This perceived failure was identified as a performance issue.

We reviewed the proposal documents submitted by Corix and found no evidence that an offer to locate a warehouse yard in Nanaimo formed part of their proposal, nor did we find any indication in staff reports to Council to suggest that such an offer had been made.

In discussions with Corix, we heard that, while the company has considered locating a warehouse yard in Nanaimo in the past, they made no commitment to establish such a facility in their proposal.

Based upon our review, we concluded that the issue of Corix locating a warehouse yard in Nanaimo was not an appropriate evaluation criteria.

### **Staff Survey**

In addition to interviewing City staff involved in the procurement of waterworks supplies and soliciting their input, we also asked staff to complete a survey to assess the supply arrangement and the services provided by Corix. The results of these surveys are disclosed in the Findings, Conclusions and Recommendations section.

In evaluating the degree to which the City achieved the benefits sought under the supply arrangement, we used the following evaluation scale:

- 0 - Does not meet the City's requirements
- 1 - Partially meets the City's requirements
- 2 - Meets many of the City's requirements
- 3 - Substantially meets all of City's requirements
- 4 - Exceeds the City's requirements.





## Findings, Conclusions and Recommendations

In this section, we present our detailed findings, conclusions and recommendations from the review.

### Economy

In addressing the Economy criteria, we broke the criteria into two groupings: those related to getting the right amount of waterworks supplies, of the right quality, delivered at the right time and place; and, those related to obtaining supplies at the lowest cost.

#### Findings – Right amount, right quality, right place and time

Based upon on interviews with City staff, we found a high degree of satisfaction with the performance of Corix in supplying the right amount and quality of waterworks supplies delivered at the right place and time.

City staff make concerted efforts to anticipate project supply requirements and to submit purchase orders with sufficient lead time to ensure timely order fulfillment. Corix organizes its deliveries to match the City's work schedule, delivering supplies directly to job sites or to Central Stores.

Key Performance Indicator	Findings
A key performance indicator with respect to the accuracy and timeliness of delivery is the number of times that construction or maintenance crews were disrupted due to a supplier failure to deliver the right product, at the right time and location.	No formal tracking of this information is done within Engineering and Public Works. Staff interviewed did not recall any instances where jobs were disrupted in this way.
A key performance indicator would be the number of stock outages that occur as a result of supplier order fulfillment and delivery issues. Stock outages can occur for a number of reasons, including City staff not placing orders on a timely basis.	<p>No formal tracking of this information is done within Central Stores. We did receive anecdotal information to suggest that stock outages do occur from time-to-time, but no information was available to identify either the frequency of these events, or the causality.</p> <p>Staff commented that stock outages were a common problem prior to the new supply arrangement and that the problem has been reduced under the supply arrangement.</p> <p>Stores staff also commented that issues in respect of adequate stocking levels and stock outages are more often the result of inadequate procurement planning than performance by Corix.</p>
A key performance indicator is the level of	Central Stores staff were not able to produce

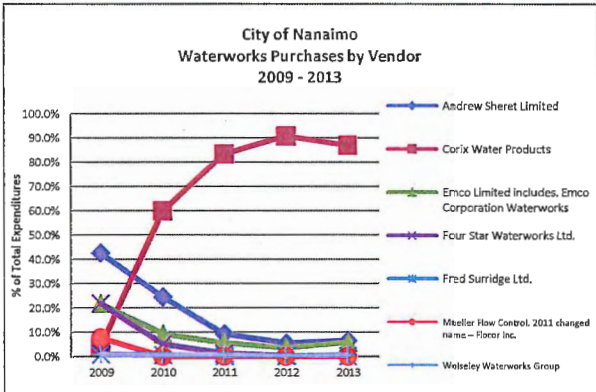
Key Performance Indicator	Findings
<p>waterworks supplies inventory maintained in Central Stores at any point in time. If product delivery is just-in-time, waterworks inventory levels should be maintained at minimal levels, reducing the City's overall investment in inventory.</p>	<p>historical reports on waterworks inventory levels, separate from total inventory.</p> <p>Over the past five years, staff have extracted waterworks inventory from inventory records to determine stocking levels. The following information was made available for our review:</p> <ul style="list-style-type: none"> <li>■ Inventory at May 2009 - \$366,000</li> <li>■ Inventory at Dec 31, 2009 - \$220,550</li> <li>■ Inventory at Feb 4, 2014 - \$221,500</li> </ul> <p>While it appears that current waterworks inventory levels are approximately 40% lower than levels at May 2009, the lack of data did not allow for a complete analysis.</p>
<p>A key performance indicator is whether the supplier is able to supply a full range of waterworks parts with access to multiple brands.</p>	<p>The City's Engineering and Public Works Department maintains an Approved Products List for waterworks supplies. All suppliers must provide parts that meet the product standards and specifications in the Approved Products List. Multiple brand products meet the product specifications. The brands carried by individual suppliers will influence the materials supplied to the City, in accordance with the Approved Products List.</p> <p>During the three fiscal years 2011 – 2013, Corix was able to supply approximately 90% of the City's waterworks supplies, demonstrating that this key performance indicator has been met.</p>
<p>A key performance indicator related to "efficient and capable warehouse operations" is the extent to which orders are fulfilled accurately.</p>	<p>In our interviews with staff, we received varying assessments of Corix's performance in filling orders accurately. Central Stores staff related anecdotal information that some orders are filled with parts that are found not to be suitable for the City's purposes. We were informed that typically, these parts are returned to Corix and replaced, without a paper trail to document the product exchange. Staff noted that Corix is effective in responding to these situations.</p>
<p>A key performance indicator for the supply arrangement is the level of knowledgeable advice received from Corix concerning waterworks infrastructure maintenance.</p>	<p>Staff have not established any formal reporting on "knowledgeable advice" provided by Corix, but were able to provide a listing of "value-added services" they have received that demonstrate the positive impact of the supply arrangement. The supply arrangement was intended to build a knowledge-sharing relationship between the City and the supplier, which would enhance</p>

Key Performance Indicator	Findings
	<p>the quality of the supplies purchased and used by the City. Examples of value-added engineering services have included:</p> <ul style="list-style-type: none"> <li>■ Green Lake, pump design input</li> <li>■ Water service tubing solutions for corrosive soils</li> <li>■ Valve chamber design options</li> <li>■ Water meter reading solutions to resolve worker safety issues with steep slopes</li> <li>■ Product training and fusion services for hdpe pipe</li> <li>■ Colliery dam pipe bridge crossing, alternate material option</li> <li>■ PVC pipe recycling program, reducing PVC pipe from entering the landfill</li> </ul> <p>Corix tracks value-added services provided to the City and reports this information to the Purchasing Department annually, providing an estimate of the value provided. For 2012 and 2013, the estimated savings associated with value-added services were \$32,500 and \$39,000 respectively.</p>
Survey of the level of staff satisfaction with reliability and continuity of customer service:	
1. Reliable, continuous service throughout the year	<p># of respondents – 7 Average rating – <b>2.9</b>/4.0 Median rating – <b>3.0</b>/4.0</p>
2. Provides a full range of waterworks parts with access to multiple brands	<p># of respondents – 7 Average rating – <b>3.0</b>/4.0 Median rating – <b>3.0</b>/4.0</p>
3. Strong supply network	<p># of respondents – 7 Average rating – <b>3.1</b>/4.0 Median rating – <b>3.0</b>/4.0</p>
4. Full delivery service including delivery to the City yard and jobsites	<p># of respondents – 6 Average rating – <b>3.3</b>/4.0 Median rating – <b>3.0</b>/4.0</p>
5. Afterhours emergency sales support	<p># of respondents – 3 Average rating – <b>2.0</b>/4.0 Median rating – <b>2.5</b>/4.0</p> <p>Staff expressed concerns about access to afterhours emergency sales support, primarily related to the distance to the Corix yard in Duncan. However, they also noted that emergency situations are rare and emergency</p>

Key Performance Indicator	Findings
	supply requirements can also be met from inventory. Staff did not identify any instances where Corix was not able to respond effectively in an emergency situation.
6. Efficient and capable warehouse operations	# of respondents – 6 Average rating – <b>2.2/4.0</b> Median rating – <b>2.5/4.0</b>
7. Knowledgeable advice concerning waterworks infrastructure maintenance	# of respondents – 7 Average rating – <b>3.3/4.0</b> Median rating – <b>3.0/4.0</b>

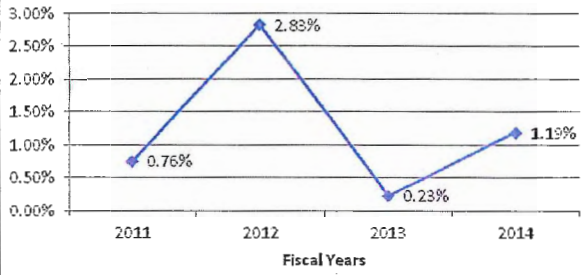
### Findings – Lowest Cost

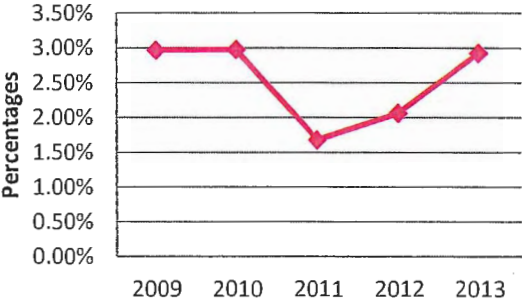
In this section, we present our findings related to the cost element of Economy.

Key Performance Indicator	Findings
A key performance indicator is the percentage of waterworks supply purchases from Corix Water Products (target 75% - 90%).	 <p>As shown in the above chart, the City has consolidated between 80% - 90% of its waterworks supply purchases with Corix in the first three, full years of the supply arrangement. In 2013, other suppliers provided 12% of the City's waterworks purchases.</p>
With respect to cost savings, we anticipate that a key question for stakeholders will be whether the City will save \$390,000 over the life of the supply arrangement, as estimated in staff's report to council on May 3, 2010. The report indicated that "It is estimated that the City will save \$390,000 in direct material costs over the five year term as compared to the second highest proponent."	<p>The estimate made in 2010 was based upon a calculation of first-year cost savings, which compared the pricing offered by Corix compared against the second rated bidder. This calculation yielded a first-year savings of \$77,354, based upon the estimated volumes to be purchased for approximately 80% of the City's requirements. The calculation then assumed that the level of purchases and the level of cost savings would be the same for the ensuing four years of the supply arrangement.</p> <p>As the calculation is only an estimate, it cannot be directly related to actual savings for several reasons:</p> <ul style="list-style-type: none"> <li>1 1/2 years of the supply arrangement have not yet occurred, resulting in the need to estimate cost savings in the final years of the arrangement;</li> </ul>



Key Performance Indicator	Findings
	<ul style="list-style-type: none"> <li>■ It makes assumptions about the volume of purchasing that will vary from actual experience;</li> <li>■ It assumes that relative supplier pricing in the 2<sup>nd</sup> through 5<sup>th</sup> year of the arrangement would remain constant, which is hypothetical and not subject to verification; and</li> <li>■ It does not address the potential cost impact on the remaining 20% of inventory.</li> </ul> <p>However, it is possible to calculate the estimated savings under the supply arrangement, based upon an updated set of assumptions, including:</p> <ul style="list-style-type: none"> <li>■ Assuming that purchase volumes over the remaining life of the supply arrangement will be consistent with the purchase volumes in the first 3 ½ years; and</li> <li>■ That the relative supplier pricing between Corix and the second rated bidder remains constant at 11.8%.</li> </ul> <p>Our review found that the City has spent approximately \$4.8 million with Corix during the first 3 ½ years. If this volume were to continue through the remaining life of the supply arrangement, we project the total spend with Corix to be \$6.8 million, with an estimated savings of \$805,000 compared to the second rated bidder. As this estimate is a projection based upon assumptions, it will vary from actual results.</p> <p>We also note that while Corix provides an updated master price list annually for the highest volume, highest cost products, it provides the same pricing on other products by product category.</p> <p>We also note that Andrew Sheret, the City's second most significant supplier of waterworks supplies, also offers the City preferred customer pricing.</p>
<p>The extent to which prices charged by Corix agree with the pricing list established at the beginning of each year.</p>	<p>To verify that Corix has been billing consistent with the pricing model and the annual master price lists, we selected a sample of 30 invoice transactions over the contract term, totalling \$1,513,060. For these invoices, we compared product pricing to the master price list established for that fiscal year. On individual invoices, we tested all line items &gt;\$1,000 and a representative sample of other line items.</p> <p>In all cases, we found that product prices agreed to the master price list established at the beginning of each year.</p>

Key Performance Indicator	Findings
The annual percentage change to the Corix master price list.	<p data-bbox="1003 275 1198 321"><b>Percentage Increase in Master Price List</b></p>  <p data-bbox="800 632 1398 926">For those items and volumes that comprised the initial master price list at May 2010, we tracked the percentage change from year to year. We noted that the price of individual items both increased and decreased annually. Of the original 194 items on the initial price list, the price of 36 items has remained unchanged over the first four years. Overall, we found that the average increase in Corix pricing was 1.25% per year. Other items added to the master price list are priced at the same markup applied to the product category.</p>
The extent to which the supplier accepts the risks associated with fluctuating commodity prices.	<p data-bbox="800 947 1398 1182">Under the supply arrangement, prices are set annually at the beginning of each fiscal year, based upon the overall pricing model and any changes to manufacturers cost. Under this pricing model, the supplier accepts the risk that manufacturer costs will increase, while the City accepts the risk that manufacturer costs will decrease. In this risk-sharing model, the City has confidence that prices will not rise during the course of the year.</p>
A performance indicator is whether Corix provided assistance with the disposition of obsolete parts and issuing credits for the return of slow moving parts.	<p data-bbox="800 1203 1398 1318">At the beginning of the supply arrangement, Central Stores staff sought to reduce inventory levels and dispose of obsolete or slow moving supplies. Corix agreed to work with the City to take back items in good condition.</p> <p data-bbox="800 1329 1398 1507">In total, \$12,608 of supplies purchased from other suppliers was restocked by Corix and credits were provided to the City. In all but one case, Corix did not charge the City for transportation or restocking. In one instance, Corix billed the City \$200 for a special return at the City's request that involved a large physical shipment.</p>

Key Performance Indicator	Findings
<p>A key performance indicator is the % of waterworks supplies returned to the supplier.</p>	<p><b>Yearly % change in Corix Debit notes</b></p>  <p>Product returns to Corix ranged from 1.7% to 3.0% over the last five years.</p> <p>To understand the causality for product returns, we selected a sample of 11 debit notes during the 2013 fiscal year and identified the reasons for any product returns. The total value of these debit notes was \$12,754 or 37% of the total of debit transactions for the year.</p> <p>For the sample selected, we found that \$910 related to a pricing error correction and the balance related to the return of product from job sites, where the amount ordered exceeded the amount used. These supplies were picked up by Corix at no cost to the City and no restocking charge was applied.</p>
Survey of the level of staff satisfaction with product pricing.	
<p>1. Cost savings by leveraging the City's buying power through consolidation of the majority of its waterworks parts</p>	<p># of respondents – 5 Average rating – <b>2.8</b>/4.0 Median rating – <b>3.0</b>/4.0</p>
<p>2. Manage the risks associated with fluctuating commodity prices</p>	<p># of respondents – 6 Average rating – <b>2.5</b>/4.0 Median rating – <b>2.5</b>/4.0</p>
<p>3. Provide assistance with the disposition of obsolete parts and issuing credits for the return of slow moving parts</p>	<p># of respondents – 5 Average rating – <b>3.2</b>/4.0 Median rating – <b>3.0</b>/4.0</p>

## Conclusions - Economy

With respect to the values related to getting the right amount of waterworks supplies, of the right quality, delivered at the right time and place and at the right price, we conclude the following:

Criteria	Conclusion
Reliable, continuous service throughout the year	Substantially meets all of City's requirements
Provides a full range of waterworks parts with access to multiple brands	Substantially meets all of City's requirements
Strong supply network	Substantially meets all of City's requirements
Full delivery service including delivery to the City yard and jobsites	Substantially meets all of City's requirements
Afterhours emergency sales support	Meets many of the City's requirements
Efficient and capable warehouse operations	Meets many of the City's requirements
Knowledgeable advice concerning waterworks infrastructure maintenance	Substantially meets all of City's requirements
Provided assistance with the disposition of obsolete parts and issuing credits for the return of slow moving parts	Substantially meets all of City's requirements
Cost savings by leveraging the City's buying power through consolidation of the majority of its waterworks parts	Substantially meets all of City's requirements
Manage the risks associated with fluctuating commodity prices	Substantially meets all of City's requirements
Provide assistance with the disposition of obsolete parts and issuing credits for the return of slow moving parts	Substantially meets all of City's requirements

## Efficiency

In addressing the Efficiency criteria, we broke the criteria into four groupings: those related to procurement activities; order taking and order fulfillment; invoicing; and, payment options.

## Findings – Procurement activities

Key Performance Indicator	Findings
A key performance indicator is the extent to which time for purchasing staff in managing competitive procurements has been reduced.	In 2009 and prior years, the Purchasing Department managed seven annual tenders for waterworks supplies for approximately 40% of all waterworks purchases, and obtained price quotes for numerous other waterworks purchases. No formal data on the number of individual procurement processes or the time involved in the procurement processes was available.  Since the change to the new supply arrangement, there is

Key Performance Indicator	Findings
	no longer the requirement to run annual tenders or to obtain multiple quotes for each purchase. Over the five year term, this eliminates the need for a minimum of 35 tender processes. Each tender requires significant time to plan, issue and evaluate. This has resulted in a substantial reduction of the effort required from both Engineering and Public Works and Purchasing Department staff in supporting the procurement of waterworks supplies. We understand that this reduction in procurement effort has allowed staff resources to be reallocated to other value-added activities, including the reorganization of the inventory warehouse.
Enhancing the probity of procurement decisions over waterworks supplies (selection of supplier and product pricing).	<p>"Probity" means being morally and ethically above reproach, having integrity. In the context of procurement in the public sector, probity means that that a procurement process can withstand public scrutiny.</p> <p>Prior to the new supply arrangement, about 40% of the City's waterworks purchases were procured through open tenders and a substantial amount was procured through solicitation of price quotes and awarding to the lowest bidder. Given the numerous processes involved, it would be challenging to demonstrate that waterworks procurements were always the result of open and fair competitive processes, particularly as they were not subject to independent review.</p> <p>With the new supply arrangement and the RFP #1003 – Waterworks process, the City can demonstrate that 90% of its waterworks procurements have been made in accordance with an open and fair competitive process.</p>
Survey of the level of staff satisfaction with the efficiency of procurement activities:	
1. Reduced time for purchasing staff in managing competitive procurements.	<p># of respondents – 5</p> <p>Average rating – <b>2.8/4.0</b></p> <p>Median rating – <b>3.0/4.0</b></p>

#### Findings – Order Taking and Order Fulfillment

Key Performance Indicator	Findings
Reliable order taking and order filling processes.	<p>We received anecdotal feedback that parts supplied by Corix do not always meet the needs of the City and must be replaced. These reported instances may involve an error in order filling, or delivering a part that doesn't match the City's requirements. City staff have not established a process to track these events and were not in a position to provide us with any data on the frequency of these events. Order filling errors reduce the overall efficiency of the order filling process.</p> <p>We understand that Corix resolves these</p>



Key Performance Indicator	Findings
	types of issues to the City's satisfaction.
Survey of the level of staff satisfaction with the efficiency of order taking and order fulfillment:	
1. Dedicated outside and inside sales representatives	# of respondents – 7 Average rating – <b>3.0</b> /4.0 Median rating – <b>3.0</b> /4.0
2. Reliable order taking and order filling processes	# of respondents – 6 Average rating – <b>2.3</b> /4.0 Median rating – <b>2.5</b> /4.0

### Findings – Invoicing/Credit Notes

With respect to the accuracy of invoicing and the process of issuing credit notes, we found the following:

Key Performance Indicator	Findings
A key performance indicator is the extent to which shipments are FOB (free on board) destination freight prepaid.	Prior to the supply arrangement, there were multiple supplier relationships and differing treatment of freight costs. An objective of the new supply arrangement was to standardize processes. The new supply arrangement standardized the treatment of freight costs for those purchases with Corix so that <b>all transactions are FOB destination freight prepaid.</b>
A key performance indicator identified by several stakeholders we interviewed is the volume of invoices for waterworks purchases.	<p>While not identified in RFP #-1003 - Waterworks, staff reported to Council that one benefit from the new supply arrangement could be a reduction in the number of waterworks invoices that would be processed annually. Staff suggested that it might be possible to have the supplier issue a monthly invoice, which would significantly reduce the number of invoices processed.</p> <p>The RFP did not ask suppliers to provide consolidated invoicing, nor did Corix propose to provide consolidated invoicing in its proposal.</p> <p>Once the supply arrangement was established, City staff and Corix entered into a discussion on the possibility of consolidated billing. Corix indicated a need to have access to the City's information systems in order to support consolidated billing. Ultimately, the City decided against providing external access to their systems and the objective of consolidating invoices was abandoned.</p> <p>Not achieving a consolidated invoicing process reflects on staffs ambitions for the</p>

Key Performance Indicator	Findings
	<p>new supply arrangement, but not on the performance of Corix.</p> <p>Our analysis of invoice transactions confirms that the number of waterworks invoices processed annually had not changed significantly during the years 2009 – 2013. During that period, Corix has submitted over 1,300 invoices, while other waterworks suppliers have submitted more than 2,300 invoices (Note: we were not able to eliminate non-waterworks invoices included in the population for Andrew Sheret).</p>
Survey of the level of staff satisfaction with the efficiency of invoicing processes.	
1. All shipments FOB destination freight prepaid	<p># of respondents – 4</p> <p>Average rating – <b>2.8</b>/4.0</p> <p>Median rating – <b>2.5</b>/4.0</p>
2. Accurate invoicing and streamlined process of issuing credit invoices	<p># of respondents – 5</p> <p>Average rating – <b>2.8</b>/4.0</p> <p>Median rating – <b>3.0</b>/4.0</p>
3. Thorough documentation process for identifying information on packing slips and invoices which include: employee name, job location and budget number	<p># of respondents – 6</p> <p>Average rating – <b>2.8</b>/4.0</p> <p>Median rating – <b>3.0</b>/4.0</p>

#### Findings – Payment Options

Key Performance Indicator	Findings
A key performance indicator is that flexible payment options, including early payment discounts and payment by Mastercard were available from the supplier.	<p>Corix allows for the City to make payments by Mastercard or Visa. The City has opted not to take advantage of this option. Early payment discounts are not available for credit card transactions.</p> <p>Prior to the supply arrangement, early payment discounts were available to the City, but generally not taken due to process timing. Early payment discounts can only be utilized if invoice and payment processing is very timely.</p> <p>Since the supply arrangement was established, the City and Corix have worked together to streamline invoicing and payment processes to allow the City to take advantage of the 2% early payment discounts.</p> <p>Since the supply arrangement has been established, early payment discounts with Corix have totalled \$73,054, with an annual breakdown as follows:</p>

Key Performance Indicator	Findings
	<ul style="list-style-type: none"> <li>2010 - \$13,904.17</li> <li>2011 - \$18,205.39</li> <li>2012 - \$21,294.89</li> <li>2013 - \$19,649.38</li> </ul> <p>Our analysis indicates that the City has spent approximately \$4.778 M since the supply arrangement was established. If a 2% early payment discount was taken on every invoice, the total of discounts would approximate \$95K, suggesting that the City has received an early payment discount on 76% of Corix purchases. The responsibility to pursue early payment discounts lies primarily with City staff.</p>
Survey of the level of staff satisfaction with the efficiency of payment options:	
1. Flexible payment options, including early payment discounts and payment by Mastercard.	<p># of respondents – 4</p> <p>Average rating – <b>2.8/4.0</b></p> <p>Median rating – <b>3.0/4.0</b></p>

### Conclusions – Efficiency

With respect to the values related to getting the right amount of waterworks supplies, of the right quality, delivered at the right time and place, we conclude the following:

Criteria	Conclusion
Reduced time for purchasing staff in managing competitive procurements.	Substantially meets all of City's requirements
Enhancing the probity of procurement decisions over waterworks supplies (selection of supplier and product pricing)	Substantially meets all of City's requirements
Dedicated outside and inside sales representatives	Substantially meets all of City's requirements
Reliable order taking and order filling processes	Meets many of the City's requirements
All shipments FOB destination freight prepaid	Substantially meets all of City's requirements
Accurate invoicing and streamlined process of issuing credit invoices	Substantially meets all of City's requirements
Thorough documentation process for identifying information on packing slips and invoices which include: employee name, job location and budget number	Substantially meets all of City's requirements
Flexible payment options, including early payment discounts and payment by MasterCard	Substantially meets all of City's requirements

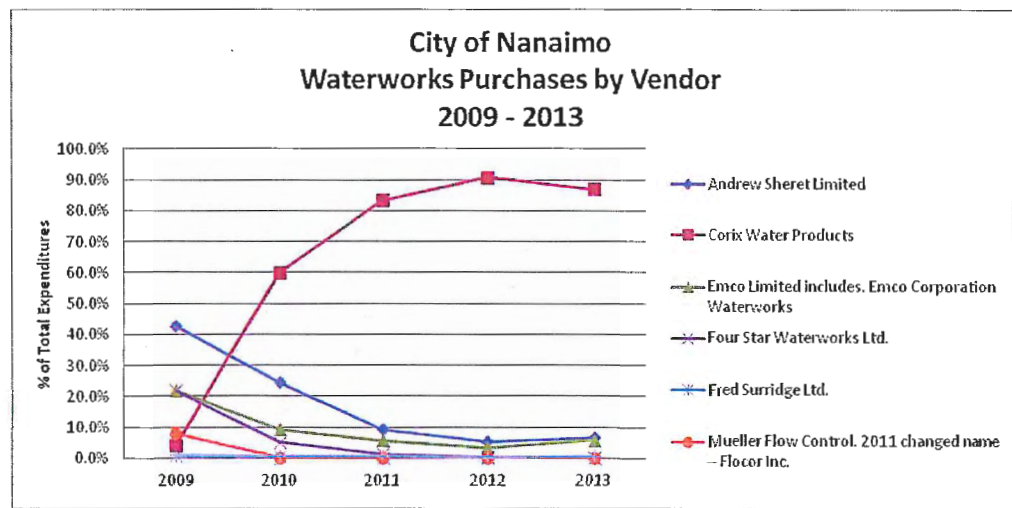


## Effectiveness

### Findings

The primary measure of the overall effectiveness of the supply arrangement is the extent to which the City has been able to aggregate its purchase of waterworks supplies with a primary waterworks supplier. As the supply arrangement is not exclusive, a failure to aggregate its waterworks supplies with a primary supplier would be an indication that the supplier is not able to deliver the right products, of the right quality, to the right place and time, and at the right cost.

The City set a target of consolidating between 75% - 90% of its waterworks purchases from the primary supplier. The following chart reflects the actual performance over the years 2009 - 2013:



### Conclusions

**It is our conclusion that the new supply arrangement for the City's waterworks supplies has substantially met the City's objectives for economy, efficiency and effectiveness and is achieving value for money for the City.**

It is important to separate the impact of the new supply arrangement from the performance of the primary supplier. It is possible to reach different conclusions on the value of the supply arrangement and the performance of the primary supplier.

It is our conclusion that Corix has performed effectively in the role of primary supplier and has contributed to the success of the supply arrangement. While Corix has substantially met the needs of the City, like any supplier, their performance is not perfect. City staff have expressed concerns about the performance of Corix in areas such as order taking and order fulfilment and these areas of concern should be monitored to ensure that future performance meets the City's expectations.

## Recommendations

We appreciate that our report will contribute to discussions within the City about the future of the five-year, primary-supplier supply arrangement for waterworks supplies and potentially for other supplies purchased by the City. As the supply arrangement moves towards the end of its term in 2015, City staff and Council will have to decide how to move forward.

Stakeholders interested in the City's decision may not share the same values with City staff and may not be swayed by our findings and conclusions. Given this interest, we provide the following recommendations on how the supply arrangement could be enhanced and how the City could best prepare for the discussion and decisions to come.

### Term of Supply Arrangement

The new supply arrangement introduced two fundamental shifts in the City's waterworks procurement strategy, both of which impact access to procurement opportunities with the City:

- **Multiple product tenders were consolidated into a single procurement.** Multiple tenders typically led to relationships with multiple suppliers, while a single procurement results in a single supplier relationship; and
- **Moving from a one-term for tenders, to a five-year term.** The five year term reflected the City's interest in developing a longer-term relationship with an experienced supplier that could provide advice, training and knowledge transfer.

We found that the two shifts in procurement strategy are at the heart of the concerns expressed by some stakeholders. Stakeholders were particularly concerned with the length of the arrangement. The longer the term, the less access suppliers have to the City's business. Suppliers expressed interest in having a shorter term for the supply arrangement, to allow them the periodic opportunity to compete for the City's business. We can appreciate the perspectives of the supplier community in this regard.

While the City should consider the interests of the supplier community and other stakeholders, it must ultimately ensure that any supply arrangement meets its own needs. We discussed the term of the arrangement with City staff to better understand how the relationship has evolved since May 2010 and how the length of the term impacted the benefits to the City. We heard that it took the first year for the relationship to solidify and for business processes to be effectively aligned and optimized. In the second year of the arrangement, the relationship was deepened and processes matured. Corix staff noted that it took time for historical data on the City's purchasing patterns to develop to the point where they can now anticipate the City's waterworks operating cycles and supply needs. Once the processes and relationships matured, benefits from the relationship were optimized. This would suggest that the benefits to the City increased over the first two years of the relationship and are optimized in the third and subsequent years.

Based upon the input received, we conclude that a minimum three-year term would be appropriate for a long-term supply arrangement for waterworks supplies, to ensure the City realizes the benefits of a mature supply relationship. The arrangement could also provide for two, one-year extensions of the arrangement, to act as a performance incentive for the supplier and as a means for the City to continue the relationship if it is effective or to exit the relationship early, should it choose,

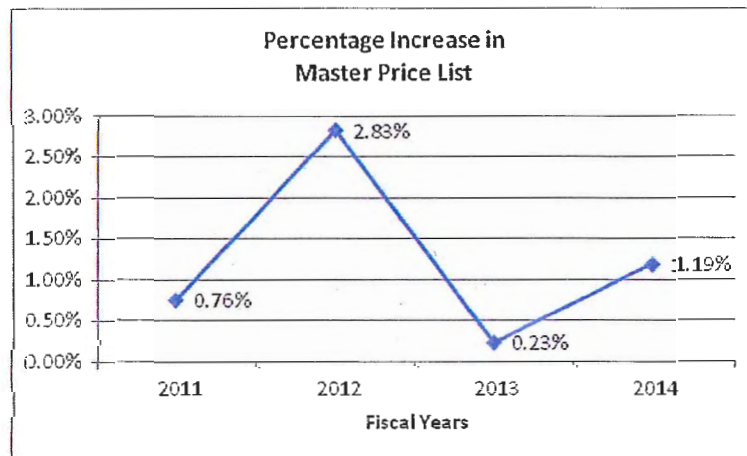
**Should the City continue with the long-term, primary-supplier supply arrangement for waterworks supplies, we recommend that a minimum term of three years be considered, with the City having the option to continue the relationship through two, one-year extensions.**

### **Audit of Corix Costs**

In the pricing model proposed by Corix, the initial master price list for the 2010 fiscal year could be updated annually for changes to manufacturer's pricing. The pricing model is based upon manufacturer's costs plus a set mark-up by product category. From our review of changes to the master price list, we saw evidence of both price increases and decreases.

The supply arrangement allows for the City to audit the manufacturer costs that form the basis for the master price list. The Purchasing Department reviews the changes to the master price lists and reviews the overall impact of pricing changes. To date, Purchasing Department staff have been comfortable with the price changes proposed by Corix and have not opted to conduct an audit of manufacturer costs.

As part of our review, we compared the price of products on the initial master pricing list with changes in pricing over the years 2011 to 2014. The results of this review are shown in the following chart:



On average, we found that product pricing increased 1.25% per year over the first four years of the supply arrangement. Our review of changes to the master price list found that individual prices both increased and decreased from year-to-year.

Purchasing Department staff review the annual changes to the master price list and have access to supplier binders that support manufacturer costs. The review processes available to the City may be sufficient to provide the City with confidence that the supplier adheres to the pricing model.

**We recommend that the City consider whether to exercise its rights to audit manufacturer costs at a point during the supply arrangement.**

## **Performance Measurement**

Our review found that no formal performance management plan exists for the new supply arrangement. A performance management plan would define appropriate performance measures, set targets and devise collection, analysis and reporting practices. While we were able to develop some performance metrics based upon available information, there were gaps in the performance data available.

As the City prepares for decisions related to the future of the supply arrangement, there is an opportunity to collect, analyze and report performance measures for the remaining term of the arrangement.

Examples of performance data that could enhance performance assessment include:

- Average monthly waterworks inventory;
- Waterworks inventory turnover;
- Order fulfilment errors;
- Stock outages resulting from supplier failure; and
- Performance in supporting emergency product needs.

**We recommend that the City plan for the collection, analysis and reporting of key performance data for the supply arrangement that will support the City's decision-making process at the expiry of the supply arrangement.**




## Appendix A – List of Interviewees

The individuals in the table below were interviewed during our review to develop our understanding of the waterworks procurement process and to obtain input on the assessment of the supply arrangement.

Name	Position	Organisation
Mike Anderson	Waterworks Foreman, Engineering and Public Works	City of Nanaimo
Kevin Arscott	Account Manager	Corix Water Products
Dave Benere	Former Construction Project Manager, City of Nanaimo (Retired)	
Tim Bordian	Director of Sales	Corix Water Products
Leon Cake	President	Four Star Water Works Ltd.
Brian Clemens	Director of Finance	City of Nanaimo
Gord Durkop	Supervisor, Central Stores & Service Centre	City of Nanaimo
John Elliot	Manager, Utilities, Engineering and Public Works	City of Nanaimo
Kurtis Felker	Purchasing Manager, Purchasing Department	City of Nanaimo
Jim Kipp	Councillor	City of Nanaimo
Glen Knappett	Former Construction Project Manager, Engineering and Public Works (February 2012 – July 2013)	
Lorne McLeod	Construction Project Manager, Engineering and Public Works	City of Nanaimo
Stephen Ricketts	Manager, Construction, Engineering and Public Works	City of Nanaimo
Don Shandley	Storekeeper, Central Stores & Service Centre	City of Nanaimo
Darryl Wright	Branch Manager	Andrew Sheret Limited





## Appendix B –Understanding Value for Money

Value for money reviews (also known as Performance Audits) examine whether money is being spent wisely by government — whether value is received for the money spent. Specifically, value for money reviews look at the organizational and program elements of government performance, whether government is achieving something that needs doing at a reasonable cost, and consider whether government managers are making the best use of public funds and adequately accounting for the prudent and effective management of the resources entrusted to them.

In a municipal context, the aim of a value for money review is to provide Council with independent assessments about whether programs are implemented and administered **economically, efficiently and effectively**, and whether Council and the public are being provided with fair, reliable accountability information with respect to organizational and program performance.

In Canada, value for money reviews are typically conducted in accordance with the assurance standards of the Canadian Institute of Chartered Accountants. These standards include standards of conduct, examination standards and reporting standards. Examination standards relevant to a value for money review must include the following:

- **Clear objectives** that can be concluded against.
- A **clear scope** that focuses the extent, timing and nature of the review.
- **Suitable criteria** that focus the review and provide a basis for developing observations.
- **Necessary and sufficient evidence** to support observations.
- **Objective evaluation of the evidence** against the criteria to develop observations.
- **Recommendations to guide necessary corrective actions** when deficiencies are reported.
- **Necessary and sufficient observations to support conclusions** made against each review objective.

Value for money reviews focus on three aspects of a program: economy, efficiency and effectiveness. These terms are defined as follows:

- **Economy** – getting the right amount of resources, of the right quality, delivered at the right time and place, at the lowest cost.
- **Efficiency** – the minimum resource inputs to achieve a given quantity and quality of output.
- **Effectiveness** – the extent to which the outcomes of an activity match the objective or the intended effects of that activity.



# City of Nanaimo REPORT TO COUNCIL

DATE OF MEETING: 2014-MAR-17

AUTHORED BY: COUNCILLOR DIANA JOHNSTONE, CHAIR, GRANTS ADVISORY COMMITTEE

RE: 2014 GRANTS ADVISORY COMMITTEE RECOMMENDATION

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## COMMITTEE RECOMMENDATION:

That Council award the Loaves & Fishes Food Bank Foundation a grant in the amount of \$500 from the Security Check Grant fund.

## PURPOSE:

To obtain Council approval regarding a Security Grant Check application recommendation.

## BACKGROUND:

The Grants Advisory Committee met on 2014-MAR-04.

The Grants Advisory Committee has reviewed in detail the financial data and background information provided by the applicants. Recommendations are made in accordance with the Grants Policy and Guidelines adopted by Council.

The Committee recognizes both the limited funding that the City has available and the excellent community services provided by the various organizations. We are hopeful that the funds allocated by Council will allow the organizations in need of assistance to continue to provide their valuable services.

## DISCUSSION:

### Security Check Grants Category

#### Application SC-01 Loaves & Fishes Food Bank Foundation

The Committee recommends that Council award the Loaves & Fishes Food Bank Foundation a grant in the amount of \$500 from the Security Check Grant fund as they must have security checks performed by the R.C.M.P. on their employees and/or volunteers.

Respectfully submitted



Councillor Diana Johnstone  
Chair, Grants Advisory Committee

Drafted: 2014-MAR-06

DH/tw

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☐ Council  
☒ Committee of the Whole  
☒ Open Meeting  
☐ In-Camera Meeting  
Meeting Date: 2014-MAR-17

**City of Nanaimo**  
**REPORT TO COUNCIL**

DATE OF MEETING: 2014-MAR-17

AUTHORED BY: CHRIS JACKSON, MANAGER OF LEGISLATIVE SERVICES

RE: "REGIONAL DISTRICT OF NANAIMO PUMP & HAUL LOCAL  
SERVICE AMENDMENT BYLAW NO. 975.61, 2014"

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**STAFF'S RECOMMENDATION:**

That Council consents to the adoption of "Regional District of Nanaimo Pump & Haul Local Service Amendment Bylaw No. 975.61, 2014" and that the Regional District of Nanaimo be notified accordingly.

**PURPOSE:**

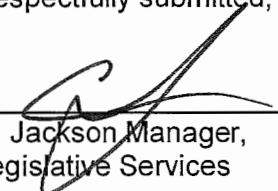
To obtain Council's consent to the adoption of "Regional District of Nanaimo Pump & Haul Local Service Amendment Bylaw No. 975.61, 2014".


**DISCUSSION:**

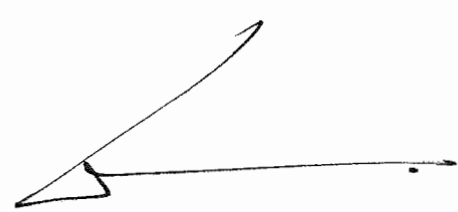
Staff have received correspondence from the Regional District of Nanaimo advising that they have introduced and read three times "Regional District of Nanaimo Pump & Haul Local Service Amendment Bylaw No. 975.61, 2014". The bylaw proposes to reduce the boundaries of the service area to exclude the land legally described as: Lot 58, District Lot 78, Plan 14275, Nanoose District.

As part of the approval process, the Regional District of Nanaimo requires the City's consent to this bylaw.

Respectfully submitted,

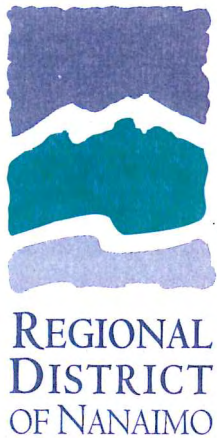
  
\_\_\_\_\_  
C. Jackson Manager,  
Legislative Services

  
\_\_\_\_\_  
I. Howat, General Manager,  
Corporate Services

  
\_\_\_\_\_  
G. Ferrero, Director,  
Information Technology & Legislative Services

**CITY MANAGER COMMENT:**  
I concur with the Staff recommendation.

☐ Council  
☒ Committee of the Whole  
☒ Open Meeting  
☐ In-Camera Meeting  
Meeting Date: 2014-MAR-17



March 5, 2014

City of Nanaimo  
455 Wallace Street  
Nanaimo, BC  
V9R 5J6

RECEIVED  
MAR 07 2014  
LEGISLATIVE SERVICES

**Attention: Chris Jackson, Manager of Legislative Services**

Dear Mr. Jackson:

**Re: Regional District of Nanaimo Pump & Haul Local Service Amendment  
Bylaw No. 975.61, 2014**

The Board, at its regular meeting of February 25, 2014, introduced and read three times the above noted amendment bylaw (copy attached). This bylaw proposes to reduce the boundaries of the service area to exclude the land legally described as: Lot 58, District Lot 78, Plan 14275, Nanoose District.

As part of the approval process for the bylaw, the Regional District requires the consent of at least 2/3 of the local service participants. As the City of Nanaimo is a participant in the local service, it would be appreciated if your Council would consider endorsing the following resolution as its next meeting:

MOVED \_\_\_\_\_, SECONDED \_\_\_\_\_, that the Council of the City of Nanaimo consents to the adoption of "Regional District of Nanaimo Pump & Haul Local Service Amendment Bylaw No. 975.61, 2014" and further, that the Regional District of Nanaimo be notified accordingly.

If you have any questions, please do not hesitate to contact this office.

Sincerely,

Jacquie Hill  
Manager of Administrative Services

Attachment

6300 Hammond Bay Rd.  
Nanaimo, B.C.  
V9T 6N2

Ph: (250)390-4111  
Toll Free: 1-877-607-4111  
Fax: (250)390-4163

RDN Website: [www.rdn.bc.ca](http://www.rdn.bc.ca)

**REGIONAL DISTRICT OF NANAIMO**

**BYLAW NO. 975.61**

**A BYLAW TO AMEND THE BOUNDARIES OF THE  
PUMP & HAUL LOCAL SERVICE**

WHEREAS the Regional District of Nanaimo established a Pump and Haul Service pursuant to Bylaw No. 975, cited as "Regional District of Nanaimo Pump & Haul Local Service Establishment Bylaw No. 975, 1995";

AND WHEREAS the Board of the Regional District of Nanaimo has been petitioned by the property owner to reduce the boundaries of the service area to exclude the land legally described as:

- Lot 58, District Lot 78, Plan 14275, Nanoose District;

AND WHEREAS at least 2/3 of the service participants have consented to the adoption of this bylaw in accordance with section 802 of the *Local Government Act*;

NOW THEREFORE the Board of the Regional District of Nanaimo, in open meeting assembled, enacts as follows:

**1. Citation**

This bylaw may be cited for all purposes as "Regional District of Nanaimo Pump & Haul Local Service Amendment Bylaw No. 975.61, 2014".

**2. Amendment**

"Regional District of Nanaimo Pump & Haul Local Service Establishment Bylaw No. 975, 1995" is amended by deleting Schedule 'A' and replacing it with the Schedule 'A' attached to and forming part of this bylaw.

Introduced and read three times this 25th day of February, 2014.

Adopted this    day of    , 2014.

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CHAIRPERSON

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CORPORATE OFFICER

Schedule 'A' to accompany "Regional District  
of Nanaimo Pump & Haul Local Service  
Amendment Bylaw No. 975.61, 2014".

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Chairperson

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Corporate Officer

## **BYLAW NO. 975.61**

### **SCHEDULE 'A'**

#### **Electoral Area 'B'**

1. Lot 108, Section 31, Plan 17658, Nanaimo Land District.
2. Lot 6, Section 18, Plan 17698, Nanaimo Land District.
3. Lot 73, Section 31, Plan 17658, Nanaimo Land District.
4. Lot 26, Section 12, Plan 23619, Nanaimo Land District.
5. Lot 185, Section 31, Plan 17658, Nanaimo Land District.
6. Lot A, Section 31, Plan VIP84225, Gabriola Island, Nanaimo District
7. Lot 120, Section 31, Plan 17658, Nanaimo Land District.
8. Lot 108, Section 12, Plan 23435, Nanaimo Land District.
9. Lot 75, Section 13, Plan 21531, Nanaimo Land District.
10. Lot 85, Section 18, Plan 21586, Nanaimo Land District.
11. Lot 14, Section 21, Plan 5958, Nanaimo Land District.
12. Lot 108, Section 13, Plan 21531, Nanaimo Land District.
13. Lot 84, Sections 12 & 13, Plan 21531, Nanaimo Land District.
14. Lot 72, Section 13, Plan 21531, Nanaimo Land District.
15. Lot 61, Section 18, Plan 21586, Gabriola Island, Nanaimo District.

**Electoral Area 'E'**

1. Lot 1, District Lot 72, Plan 17681, Nanoose Land District.
2. Lot 17, District Lot 78, Plan 14212, Nanoose Land District.
3. Lot 32, District Lot 68, Plan 26680, Nanoose Land District.
4. Lot 13, Block E, District Lot 38, Plan 13054, Nanoose Land District.
5. Lot 13, District Lot 78, Plan 25828, Nanoose Land District.
6. Lot 28, District Lot 78, Plan 15983, Nanoose Land District.
7. Lot 23, District Lot 78, Plan 14212, Nanoose Land District.
8. Lot 23, District Lot 78, Plan 28595, Nanoose Land District.
9. Lot 53, District Lot 78, Plan 14275, Nanoose Land District.
10. Lot 12, District Lot 8, Plan 20762, Nanoose Land District.
11. Lot 57, District Lot 78, Plan 14275, Nanoose District
12. Lot 18, District Lot 78, Plan 19688, Nanoose District

**Electoral Area 'F'**

1. Lot 2, District Lot 74, Plan 36425, Newcastle Land District.

**Electoral Area 'G'**

1. Lot 28, District Lot 28, Plan 26472, Nanoose Land District.
2. Lot 1, District Lot 80, Plan 49865, Newcastle Land District.



**Electoral Area 'H'**

1. Lot 22, District Lot 16, Plan 13312, Newcastle Land District.
2. Lot 29, District Lot 81, Plan 27238, Newcastle Land District.
3. Lot 46, District Lot 81, Plan 27238, Newcastle Land District.
4. Lot 9, District Lot 28, Plan 24584, Newcastle Land District.
5. Lot 41, District Lot 81, Plan 27238, Newcastle Land District.
6. Lot 20, District Lot 16, Plan 13312, Newcastle Land District.
7. Lot 1, District Lot 40, Plan 16121, Newcastle District.
8. Lot 27, Plan 16121, District Lot 40, Newcastle Land District.

**District of Lantzville**

1. Lot 24, District Lot 44, Plan 27557, Wellington Land District.
2. Lot A, District Lot 27G, Plan 29942, Wellington Land District.
3. Lot 1, District Lot 85, Plan 15245, Wellington Land District.