

## AMENDED

### AGENDA FOR THE REGULAR FINANCE / POLICY COMMITTEE OF THE WHOLE MEETING TO BE HELD IN THE SHAW AUDITORIUM, 80 COMMERCIAL STREET, NANAIMO, BC ON MONDAY, 2012-APR-23, COMMENCING AT 4:30 P.M.

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

2. **INTRODUCTION OF LATE ITEMS:**

- Replace pages 5/6 of Item 4 (a) - Minutes of the 2012-APR-02 Regular Meeting of the Finance/Policy Committee of the Whole.
- Add Item 6 (b) – Delegations Pertaining to Agenda Items – Mr. Fred Taylor regarding video recording of Finance / Policy Committee of the Whole meetings.
- Add presentation by Mr. B. E. Clemens under Item 10 (c) – 2012-2016 Financial Plan Bylaw.

3. **ADOPTION OF AGENDA:**

4. **ADOPTION OF MINUTES:**

- (a) Minutes of the Regular Finance / Policy Committee of the Whole Meeting held in the Shaw Auditorium, 80 Commercial Street, on Monday, 2012-APR-02 at 4:30 p.m. *Pg. 5-11*

5. **PRESENTATIONS:**

NONE

6. **DELEGATIONS PERTAINING TO AGENDA ITEMS: (10 MINUTES)**

- (a) Delegations Pertaining to the 2012 – 2016 Financial Plan.
- (b) Mr. Fred Taylor, 204 Emery Way, Nanaimo, regarding Staff report Item 10 (e) - Video Recording Finance/Policy Committee of the Whole Meetings. *Pg. 11.1*

7. **MAYOR'S REPORT:**

(a) **Grants Advisory Committee Membership**

Recommendation:

1. That the terms of reference for the Grants Advisory Committee be amended to increase the number of Council members from one (1) to two (2); and,
2. that Councillor George Anderson be appointed to the Grants Advisory Committee.

8. **COMMISSION REPORTS:**

NONE

9. **COMMITTEE REPORTS:**

NONE

10. **STAFF REPORTS:** *(blue)*

CORPORATE SERVICES:

(a) **Timing of "In Camera" Meetings**

*Pg. 12-13*

Request for Direction: *That Council direct Staff:*

1. *to continue to schedule "In Camera" Council meetings for 11:30 a.m. on regular Council Meeting days with Agenda Briefings to follow;*

*OR:*

2. *to schedule "In Camera" Council meetings for 9:30 a.m. on regular Council Meeting days with Agenda Briefings to follow;*

*OR:*

3. *to schedule "In Camera" Council meetings and Agenda Briefings at another time as determined by Council.*

(b) **2011 Annual Financial Statements**

*Pg. 14-18*

Staff Recommendation: *That Council accept the unaudited 2011 Annual Financial Statements for the City of Nanaimo.*

(c) **2012-2016 Financial Plan Bylaw** Pg. 19-21

Mr. B. E. Clemens, Director of Finance, to introduce report with a brief PowerPoint presentation.

Staff Recommendation: That Council direct Staff to amend the financial plan bylaw and prepare the tax rates bylaw for three readings on 2012-APR-30, based on the information contained in the Staff report.

(d) **Local Preference Purchasing Policy** Pg. 22-31

Staff Recommendation: That Council receive the report for information.

City Manager Comment: Council reviewed the purchasing policy and the local preference issue only one year ago and I do not recommend reopening this issue at this time. The issue was thoroughly reviewed and debated at the time.

If Council is seeking to allow for some form of local purchasing policy, I recommend that Option 6 in the Staff report be employed.

(e) **Video Recording Finance/Policy Committee of the Whole Meetings** Pg. 32-34

Request for Direction: Council's direction is sought.

City Manager Comment: My experience is that televised Council meetings tend to be formal in nature with strict adherence to protocol and procedure. In the past, Finance/Policy Committee of the Whole meetings have been less formal, allowing for more in-depth review and discussion of issues. It is recognized that Council has made a commitment for increased public transparency, but having television cameras at Finance/Policy Committee of the Whole meetings may not contribute to increased transparency unless the Finance/Policy Committee of the Whole meetings continue to be a forum for detailed review of issues. If past experience is a guide, the presence of television cameras will make this challenging to achieve as the meetings can be expected to become more formal which could tend to result in less in-depth discussion.

11. **INFORMATION ONLY ITEMS:**

(a) Report from Mr. K. Felker, Manager, Purchasing and Stores, Pg. 35-37  
re: Quarterly Direct Award Purchases.

(b) Report from Mr. K. Felker, Manager, Purchasing and Stores, Pg. 38-39  
re: Quarterly Single Submission Purchases.

12. **CORRESPONDENCE:**

NONE

13. **COUNCIL APPOINTMENTS:**

(a) **Community-at-Large Appointment to the Nanaimo Community Heritage Commission**

Recommendation: That Council ratify the appointment of Ms. Kerrie Low to the Nanaimo Community Heritage Commission for a three-year term ending 2015-MAR-31.

14. **NOTICE OF MOTION:**

15. **OTHER BUSINESS:**

16. **DELEGATIONS PERTAINING TO ITEMS NOT ON THE AGENDA:  
(10 MINUTES)**

NONE

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

18. **PROCEDURAL MOTION:**

That the following meeting be closed in order to deal with the following matters 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;
- (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*.

MINUTES OF THE REGULAR FINANCE / POLICY COMMITTEE OF THE WHOLE MEETING  
HELD IN THE SHAW AUDITORIUM, 80 COMMERCIAL STREET, NANAIMO, BC  
ON MONDAY, 2012-APR-02 COMMENCING 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: A. C. Kenning, City Manager  
D. W. Holmes, Assistant City Manager and General Manager of  
Corporate Services  
E. C. Swabey, General Manager of Community Safety and Development  
T. M. Hickey, General Manager of Community Services  
I. Howat, Director of Strategic Relationships  
T. L. Hartley, Director of Human Resources and Organizational Planning  
B. E. Clemens, Director of Finance  
T. P. Seward, Director of Development  
A. J. Tucker, Director of Planning  
R. J. Harding, Director of Parks, Recreation and Culture  
S. Cliff, Director of Engineering and Public Works  
L. Coates, Manager of Accounting Services  
S. Graham, Manager of Financial Planning and Payroll  
J. E. Harrison, Manager of Legislative Services  
T. Wilkinson, Recording Secretary

1. CALL THE OPEN MEETING TO ORDER:

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

2. INTRODUCTION OF LATE ITEMS:

- (a) Add Agenda Item 6 (b) – Delegations Pertaining to Agenda Items – Mr. Gordon Fuller regarding the structure of planNanaimo Advisory Committee.
- (b) Replace Agenda Pages 55/56 – Item 9 (b) – Staff Reports – Revised planNanaimo Advisory Committee Mandate & Objectives.
- (c) Added to Procedural Motion – subsection 90(1): (a), (j) and (k).

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 Regular Finance / Policy Committee of the Whole Meeting held in the Shaw Auditorium, 80 Commercial Street, Nanaimo, BC, on Monday, 2012-MAR-05 at 4:30 p.m. be adopted as circulated. The motion carried unanimously.

Mayor Ruttan acknowledged former Councillor Loyd Sherry, who was in attendance due to his participation on the Reports / Meetings Working Group.

Mayor Ruttan acknowledged Mr. Fred Taylor for his 25 years as the official / unofficial watch dog for the City and his great deal of knowledge with regard to the City of Nanaimo. Mayor Ruttan thanked Mr. Taylor for his time spent working on behalf of the City.

5. PRESENTATIONS:

- (a) Mr. B. E. Clemens, Director of Finance, provided a PowerPoint presentation regarding reserve funds.

6. MAYOR'S REPORT:

- (a) Mayor Ruttan congratulated Mr. Al Kenning, City Manager, for perfect attendance for 2011.

7. DELEGATIONS PERTAINING TO AGENDA ITEMS:

- (a) Mr. Gordon Fuller, 604 Nicol Street, Nanaimo, spoke regarding the structure of the planNanaimo Advisory Committee and requested that there be one neighbourhood network representative on the committee.

8. COMMISSION REPORTS:

- (a) Parks, Recreation and Culture Commission – Italian Fountain Park Improvement Plan

It was moved and seconded that Council approve the draft Italian Fountain improvement planning process. The motion carried unanimously.

- (b) Parks, Recreation and Culture Commission – Mansfield Park Improvement Plan

It was moved and seconded that Council approve the draft Mansfield Park improvement planning process. The motion carried unanimously.

- (c) Parks, Recreation and Culture Commission – Port Theatre Society / City of Nanaimo Co-Management Agreement

It was moved and seconded that Council:

1. approve the five-year Co-Management Agreement between the Port Theatre Society and the City of Nanaimo;
2. increase the 2012 Management fee by \$15,000; and,
3. reduce the City's Capital contribution to the Port Theatre starting in 2013 from \$100,000 to \$75,000 and reallocate the \$25,000 to the Parks, Recreation and Culture Capital budget for the Port Theatre building.

The motion carried unanimously.

- (d) Parks, Recreation and Culture Commission – Travel Assistance Grant – Nanaimo Curling Club – 2012 Canadian Wheelchair Curling Championships, Thunder Bay, Ontario

Councillor Bestwick vacated the Shaw Auditorium at 5:50 p.m.

It was moved and seconded that Council approve the application for a Travel Assistance Grant by the Nanaimo Curling Club in the amount of \$200 for two members to participate in the 2012 Canadian Wheelchair Curling Championships in Thunder Bay, Ontario. The application meets all of the travel grant criteria. The motion carried unanimously.

- (e) Parks, Recreation and Culture Commission – Travel Assistance Grant – Nanaimo Youth Choir – Pacific International Children's Choir Festival, Eugene, Oregon

It was moved and seconded that Council approve the application for a Travel Assistance Grant for the Nanaimo Youth Choir in the amount of \$1,100 in order that the youth choir can attend the Pacific International Children's Choir Festival in Eugene, Oregon. The application meets all of the travel grant criteria. The motion carried unanimously.

- (f) Parks, Recreation and Culture Commission – Travel Assistance Grant – Wheatsheaf Fastball Club – 2012 Senior B Men's Western Canadian Fastball Championships, Abbotsford, British Columbia

It was moved and seconded that Council approve the application for a Travel Assistance Grant to the Wheatsheaf Fastball Club in the amount of \$1,000 for 20 players to attend the 2012 Senior B Men's Western Canadian Fastball Championships being held in Abbotsford, British Columbia. The application meets all of the travel grant criteria. The motion carried unanimously.

Councillor Bestwick returned to the Shaw Auditorium at 5:54 p.m.

9. STAFF REPORTS:

ADMINISTRATION:

(a) Fortis BC

It was moved and seconded that Council provide a letter in support of the rate equalization initiative currently being undertaken by Fortis BC. The motion carried unanimously.

COMMUNITY SAFETY AND DEVELOPMENT:

(b) Revised planNanaimo Advisory Committee Mandate & Objectives

It was moved and seconded that Council adopt the revised Mandate & Objectives for the Nanaimo Advisory Planning Committee (currently the planNanaimo Advisory Committee), and change three neighbourhood association members to two neighbourhood association members, and add one neighbourhood network member.

It was moved and seconded that Council refer the Revised planNanaimo Advisory Committee Mandate & Objectives report back to Staff so that the changes to the Proposed Membership (removing Snuneymuxw First Nation (SFN) member) can be discussed with the SFN. The motion carried.

*Opposed: Councillors Anderson and Pattje*

CORPORATE SERVICES:

(c) Reports / Meetings Working Group Recommendations

It was moved and seconded that Council adopt the Staff recommendations as set out in the report as follows:

1. That Finance / Policy Committee of the Whole be re-named to Committee of the Whole (requires bylaw amendment).
2. That agendas include the notation "none" for all categories where no agenda items are being considered.
3. That agendas include a notation indicating when it is appropriate for a Council committee representative or staff member to introduce an item.
4. That the mover and seconder for all procedural motions (adoption of the agenda and minutes) be designated and noted on the agenda (i.e. Acting Mayor).
5. That the reports from Committees and Commissions be introduced and recommendations moved by the Chair or one of the Council reps on the Committee and noted on the agenda.
6. That the category "information only items" be eliminated (requires bylaw amendment).
7. That the various categories of bylaws be eliminated.

8. That the agenda be re-ordered to group items by topic (ie. For a Rezoning – delegation, staff report, PNAC report & bylaw listed together on agenda) and that the practice of having the Acting Mayor introduce all bylaws be discontinued (requires bylaw amendment).
9. That a chronology of all ongoing major projects or issues previously dealt with by Council be included as an attachment to staff reports.
10. That the wording “Request for Direction” be used instead of “Staff’s Recommendation” when there is no specific recommendation being presented by staff. – This should only be required on rare occasions at the direction of the City Manager and should not supplant staff’s professional obligation to provide advice to Council. This would be appropriate in the case where the issue is very political. Staff would provide viable options only and if possible, provide a draft motion for each option.
11. That all Proclamations be delegated to the Mayor’s office (requires bylaw amendment).
12. That all “delegations pertaining to items not on the agenda” be moved to F/P COW (requires bylaw amendment).
13. That staff be delegated authority, to the extent allowed under the legislation, to enforce the PROPERTY MAINTENANCE BYLAW, Section 57 (Unresolved Building Deficiencies – Notice on Title) and Sections 72 & 73 (Structure removal orders) with an appeal process to Council (requires bylaw amendment).
14. That the report format be changed to include the following:
  - a. The date of the meeting
  - b. Heading “Report to Council”
  - c. City Manager’s comment – default is concurrence
  - d. “Purpose”
15. That all “in camera” staff reports include:
  - a. Clarification of what aspects of the report are confidential and what the impact of release would be and the process by which the topic of the report will be released from in camera (or not), and,
  - b. A recommendation in that regard, i.e. that the topic be included in a future open staff report, that the report be posted on the City’s website, that staff be directed to prepare a media release, that the topic remain in camera pending future staff reports, that the topic not be released from in camera.
16. That the use of blue paper for open staff reports be discontinued.
17. That a binder or series of binders be available in the Councillors’ office that would hold upcoming agendas and minutes (draft to be replaced with adopted) for all City of Nanaimo committees, commissions and boards.

The motion carried unanimously.

10. INFORMATION ONLY ITEMS:

- (a) Report from Mr. B. Sims, Manager of Water Resources, re: Number One Reservoir Energy Recovery / Equipment Tender.
- (b) Report from Ms. L. A. Coates, Manager of Accounting Services, re: 2011 Surplus Allocation.

11. QUESTION PERIOD:

- Mr. Fred Taylor, re: revised plan Nanaimo Advisory Committee Mandate & Objectives; reports / meetings working group recommendations.
- Mr. Gordon Fuller, re: revised plan Nanaimo Advisory Committee Mandate & Objectives.

12. PROCEDURAL MOTION:

It was moved and seconded that Council move "In Camera" in order to deal with the following matters 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;
- (e) the acquisition, disposition or expropriation of land or improvements, if the Council considers that disclosure might reasonably be expected to harm the interests of the municipality;
- (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,
- (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.

The motion carried unanimously.

Council moved into "In Camera" at 6:33 p.m.

Council moved out of "In Camera" at 8:02 p.m.

13. ADJOURNMENT:

It was moved and seconded at 8:02 p.m. that the meeting terminate. The motion carried unanimously.

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CHAIR

CERTIFIED CORRECT:

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MANAGER,  
LEGISLATIVE SERVICES



**REQUEST TO APPEAR AS A DELEGATION**

ON 2012 - April 23  
year month day

**COUNCIL**  
(at 7:00 p.m. in the Shaw Auditorium, 80 Commercial Street)

**FINANCE / POLICY COMMITTEE OF THE WHOLE**  
(at 4:30 p.m. in the City Hall Board Room, 455 Wallace Street)

NAME OF PERSON MAKING PRESENTATION:		Fred Taylor	
		Print	
ADDRESS:	204 Emery Way	Nanaimo	B.C. V9R 5Z8
	street address	City	Province Postal Code
PHONE:	250-754-6917		FAX: 753-8124
	home	business	
NAME OF APPLICANT IF OTHER THAN ABOVE:			
<b>DETAILS OF PRESENTATION:</b>			
request the opportunity to address the Committee			
in regards to Video Recording Finance/Policy Committee of			
the Whole Meetings item 10 (e)			

**PLEASE NOTE**

- **Electronic presentations** must be provided on a CD or by e-mail no later than 9:00 a.m. the day of the Meeting.
- Please submit a written copy of your presentation to the Recording Secretary either at, or prior to, the Meeting.
- **Multiple speakers** on a single issue or topic shall be given 5 minutes each to make their presentations as per Section 18 of the Council Procedure Bylaw.

11.1

## City of Nanaimo

### REPORT TO FINANCE / POLICY COMMITTEE OF THE WHOLE

DATE OF MEETING: 2012-APR-23

AUTHORED BY: J. E. HARRISON, MANAGER OF LEGISLATIVE SERVICES

RE: TIMING OF IN CAMERA MEETINGS

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#### REQUEST FOR DIRECTION:

1. That Council direct Staff to continue to schedule "In Camera" Council meetings for 11:30 a.m. on regular Council Meeting days with Agenda Briefings to follow.

#### OR

2. That Council direct Staff to schedule "In Camera" Council meetings for 9:30 a.m. on regular Council Meeting days with Agenda Briefings to follow.

#### OR

3. That Council direct Staff to schedule "In Camera" Council meetings and Agenda Briefings at another time as determined by Council.

#### PURPOSE:

To determine the time for "In Camera" Council meetings.

#### BACKGROUND:

At the 2012-JAN-10 meeting of Council, the following motion was adopted:

- 02112 It was moved and seconded that Council direct Staff to reschedule "In Camera" Council Meetings on regular Council Meeting days to 11:30 a.m. on a trial basis until the end of April, 2012. Agenda Briefings will follow the "IC" Council Meeting. The motion carried unanimously.

#### DISCUSSION:

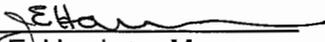
As per the above noted motion of Council, "In Camera" Council meetings have been held at 11:30 a.m. on regular Council Meeting days, with an Agenda Briefing following. The motion states that this was to be on a trial basis until the end of April. As we are nearing the end of April, Staff requests direction from Council as to how they wish to proceed.

Council  
 Committee *E.PLOW*  
 Open Meeting  
 In-Camera Meeting  
Meeting Date: *2012-APR-23*

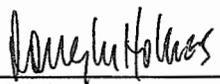
Options available are:

- 1 Continue at the current time of 11:30 a.m. with the Agenda Briefing following.
- 2 Return to the previous time of 9:30 a.m. with the Agenda Briefing following.
- 3 Set another time for "In Camera" Council Meetings and Agenda Briefings.

Respectfully submitted,

  
J. E. Harrison, Manager  
LEGISLATIVE SERVICES

Concurrence by:

  
D. W. Holmes  
ASSISTANT CITY MANAGER /  
GENERAL MANAGER OF CORPORATE SERVICES

CITY MANAGER COMMENT:

I concur with the staff request for direction.

Drafted: 2012-APR-18  
L:Reports/RPT120423InCameraMeetings

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

DATE OF MEETING: 2012-APR-23

AUTHORED BY: B.E. CLEMENS, DIRECTOR OF FINANCE

RE: 2011 ANNUAL FINANCIAL STATEMENTS

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STAFF RECOMMENDATION:

That Council accepts the unaudited 2011 Annual Financial Statements for the City of Nanaimo.

PURPOSE:

Council must formally accept the City's Annual Financial Statements before the auditors can issue their audit report. The City's auditors, KPMG, have completed the audit work and are prepared to issue an unqualified opinion that the financial statements fairly represent the financial position of the City as at December 31, 2011, once the Council has accepted the statements.

BACKGROUND:

At the Regular Meeting of Council held 2012-April-16, Council received the unaudited 2011 Annual Financial Statements and the Audit Findings Report from the KPMG. At that time, Council referred acceptance to a future meeting to allow Council members additional time to review the financial statements.

Municipalities must file audited financial statements with the Ministry by May 15<sup>th</sup> every year. Staff are bringing forward the statements for Council to accept tonight. The report from last Monday's Council meeting is attached for Council's reference.

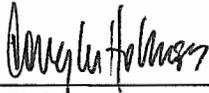
Respectfully submitted,



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B.E. Clemens,  
Director of Finance

Council  
 Committee *F.P.C.O.W.*  
 Open Meeting  
 In-Camera Meeting  
Meeting Date: *2012-APR-23*

Concurrence by:



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D.W. Holmes  
Assistant City Manager/General Manager  
Corporate Services

CITY MANAGER COMMENT:

I concur with the staff recommendation.

Drafted: 2012-APR-18  
G:\ADMINISTRATION\Council\Reports\2011 Annual Financial Statements referred.doc  
BC/

# ATTACHMENT

City of Nanaimo

## REPORT TO COUNCIL

DATE OF MEETING: 2012-APR-16

AUTHORED BY: LORRIE A. COATES, MANAGER, ACCOUNTING SERVICES

RE: 2011 ANNUAL FINANCIAL STATEMENTS

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### STAFF'S RECOMMENDATION:

That Council:

1. accept the unaudited 2011 Annual Financial Statements for the City of Nanaimo.
2. receive the Audit Findings Report for the year ending December 31, 2011 authored by KPMG LLP, Chartered Accountants (KPMG)

### PURPOSE:

The Canadian audit standards require that "those with the recognized authority have asserted that they have taken responsibility for the financial statements" prior to the issuance of the audit report. The City's auditors, KPMG, have completed the audit work and are prepared to issue an unqualified opinion that the financial statements fairly represent the financial position of the City as at December 31, 2011, once the Council has accepted the statements.

### BACKGROUND:

As noted in the Management Report, City Council has delegated to the management of the City the responsibility for the accuracy, integrity and objectivity of the financial information presented in the financial statements.

The consolidated financial statements as required by the *Community Charter* have been prepared and meet the reporting standards for local governments.

The financial statements continue to reflect a healthy financial position for the City of Nanaimo. Council's ongoing commitment to ensure the financial stability of the City will provide a strong framework in which to meet community requirements in future years.

Council  
 Committee.....  
 Open Meeting  
 In-Camera Meeting  
Meeting Date: 2012-APR-16

**Highlights of the Financial Statements:**

- Accumulated operating surpluses total \$15 million, allocated as follows:

General Fund	\$ 3.0 million
Sewer Fund	6.5
Water Fund	<u>5.5</u>
	<u>\$15.0 million</u>

- Funds held in reserves total \$119 million at December 31, 2011 (2010 - \$115 million), allocated as follows:

Work in progress	\$ 29.9 million
Reserve accounts (surplus appropriations)	36.1
Development Cost Charges (developer contributions)	34.2
Statutory Reserves	<u>18.8</u>
	<u>\$119.0 million</u>

A listing of reserve accounts is shown on page 22 of the statements. The majority of the funds have been set aside for specific projects or purposes.

Development Cost Charges (DCC) can only be used to fund projects specified in the DCC bylaws. DCC revenues in 2011 totaled \$4.7 million (2010 - \$3.6 million). The City continues to construct growth-related projects, which are funded from DCC's (\$7.7 million in 2011).

Statutory Reserves are established by bylaw and can only be used for the purposes specified in the bylaw. These are the statutory reserve funds and the balance at December 31, 2011:

Facility Development (Recreation) Reserve	\$ 1,135,908
Equipment Depreciation Reserve	2,963,831
Local Improvement Reserve	1,484,889
Community Works Reserve	9,127,944
Cemetery Care Fund	503,140
Parkland Dedication Reserve	506,416
Property Sales Reserve	2,610,280
Old City Neighbourhood Parking Reserve	78,953
Knowles Estate Reserve	437,132

- Outstanding debt and debt servicing costs

	<u>2011</u>	<u>2010</u>
Outstanding debt	\$35.2 million	\$38.1 million
Per capita debt	\$404.00	\$444.00
Debt reduction during current year	\$2.9 million	\$2.4 million

Pages 13 and 14 of the statements provide note disclosure of the outstanding debt and details of the principal reductions for the next five years.

- Tangible capital assets net book value totals \$556 million at December 31, 2011 (December 31, 2010 - \$546 million). A detailed schedule is found on page 27 of the statements. Capital asset acquisitions were \$29.7 million (2010 - \$33.4 million), including developer contributed assets of \$4.0 million (2010 - \$10.0 million)

Respectfully submitted,



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Lorrie A. Coates  
Manager, Accounting Services  
Finance



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B.E. Clemens  
Director  
Finance



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D.W. Holmes  
Assistant City Manager/General Manager  
Corporate Services

**CITY MANAGER COMMENT:**

I concur with the staff recommendation.

Drafted: 2012-APR-06  
G:\ADMINISTRATION\Council\Reports\2011 Annual Financial Statements.doc  
LAC/ck

# City of Nanaimo

## REPORT TO COUNCIL

DATE OF MEETING: 2012-APR-23

AUTHORED BY: B. E. CLEMENS, DIRECTOR OF FINANCE

RE: 2012-2016 FINANCIAL PLAN BYLAW

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### STAFF RECOMMENDATION:

That Council direct staff to amend the financial plan bylaw and prepare the tax rates bylaw for three readings on 2012-APR-30, based on the information contained in this report.

### PURPOSE:

To update the financial plan for changes made since adoption on 2012-MAR-12 and allow for the preparation of the tax rates bylaw by May 15<sup>th</sup> as required by the *Community Charter*.

### SUMMARY:

Staff have completed updating the 2012-2016 Financial Plan with new information that has been received. The changes outlined in the report result in an overall reduction in the property tax increase from 3.0% to 2.9%. The residential tax increase is reduced from 4.0% to 3.9%. Staff will bring forward both bylaws for three readings on 2012-APR-30 and final adoption on 2012-MAY-14.

### DISCUSSION:

The 2012-2016 Financial Plan being presented by staff includes property tax increases as follows:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Blended	2.9%	2.2%	3.2%	3.5%	3.0%
Residential	3.9%	2.9%	3.2%	3.5%	3.0%
Commercial	2.9%	2.2%	3.2%	3.5%	3.0%
Industrial	-18.5%	-16.8%	3.2%	3.5%	3.0%

Increases in water rates (5%) and garbage and recycling fees (6.14%) were implemented on January 1<sup>st</sup>. There were no increases for sewer fees in 2012.

The impact of the 3.9% residential tax increase on a typical single family home assessed at \$350,000 would be an increase in the City of Nanaimo portion of the property tax bill of \$70.53. With the increases in water and garbage rates already approved by Council, this makes the total increase in the cost of City services \$93.36, or 4.0%. This does not include any impact of other agencies, such as school, hospital and regional district.

The average assessment change for residential property is estimated to be a decrease of about 1.79%. Properties which experienced a change in assessment greater than a 1.79% decrease will have a tax increase that is larger than the 3.9% average. Conversely, properties where assessment decreased by more than 1.79% will have a lower increase, or even a decrease in property taxes.

Staff have updated the financial plan with new information received since Council last reviewed it in March. The final assessment roll has been received and it indicates that revenue from new construction will be \$1,388,885, up from the earlier estimate of \$1,200,000.

Significant changes to the 2012 budget since the budget was last presented to Council include:

- WCB rebate for Certificate of Recognition (\$60,000 reduction)
- RCMP Contract increases (\$276,493)
- Increase RCMP funding from 94% to 96% (\$398,073)
- Changes in annex funding (\$520,000 reduction)
- Traffic fine revenue deferred to even out over 3 years (\$83,953 reduction)
- Call Answer Fire cost allocation change (\$47,771 reduction)
- Regional Parks Service Agreement (\$62,465 reduction)
- Energy Manager BC Hydro funding (\$37,500)
- Port Theatre funding adjustments (\$30,135)
- Adjustments in property taxes and grants-in-lieu (\$101,436)
- Computer maintenance increases (SAP) previously approved by Council (\$84,000)
- Additional items less than \$20,000 individually (\$28,570)

The major changes relate to two items: the RCMP contract and a change in the way that staff propose to fund the annex.

There are multiple factors to be considered with the RCMP contract. Council recently received a report on the impact of the new Municipal Police Unit Agreement. There is also new information regarding current and future wage increases for the RCMP. Also, Council may recall that the RCMP contract was \$328,000 over budget in 2011, causing staff to review the current practice of budgeting for 94% of the approved strength. The practice of budgeting for less than 100% was developed a few years ago when the RCMP contract was coming in consistently and considerably under budget. This trend was reversed in 2011 and staff believe that it is prudent to move closer to 100% of the projected costs. After reviewing the three factors mentioned above, staff have increased the budget to 96% of approved strength and added a total of \$674,566 to the budget to deal with these RCMP issues.

The financial plan was originally prepared with \$4.0 million in funding to come from short term borrowing through the Municipal Finance Authority, to be repaid over a five year period. The updated version of the financial plan has changed to include an additional \$2.0 million in funding from the General Capital reserve, with the remaining to be borrowed from sewer reserves and repaid over the same period. The effect of this is to cut the annual payments in half and eliminate the need for interest payments. This, along with the increased revenue from new construction, allowed the budget to be adjusted for RCMP costs without the need for a further property tax increase.

The financial plan also has been updated to include projects that were incomplete at the end of 2011 and were carried forward to be completed in 2012. No additional funding is required for these projects.

The net effect of the above changes is to reduce the overall property tax increase from 3.0% to 2.9%. The residential tax increase is reduced from 4.0% to 3.9%.

The increase for residential property taxes remains about 1% higher than other classes due to the ongoing shift of from industrial taxes to residential. This shift will bring industrial tax rates into line with commercial tax rates in 2013.

There are numerous items that vary from year to year. However, we can generally quantify the increase in taxation as follows:

- Five additional RCMP officers and 2 Police Services support staff \$839,000
  - Additional RCMP costs 675,000
  - Decrease in Casino Revenue 200,000
  - Decrease in Building Revenue 177,000
  - Higher Service Levels (seismic review & Communication Manager) 240,000
  - Strategic Planning 100,000
  - Payment on 5-year debt for Annex Replacement 400,000
- Total of these increases: \$2,631,000

1% of taxes equates to \$836,000 for 2012.

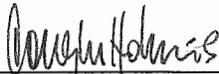
Based on the preceding and subject to direction from Council, staff will prepare the 2012 financial plan and tax rate bylaws.

Respectfully submitted,



B.E. Clemens  
Director of Finance

Concurrence by:



D.W. Holmes  
Assistant City Manager/  
General Manager, Corporate Services

CITY MANAGER COMMENT:

I concur with the staff recommendation.

## STAFF REPORT

REPORT TO: D.W. HOLMES, ASSISTANT CITY MANAGER/  
GENERAL MANAGER OF CORPORATE SERVICES

FROM: B.E. CLEMENS, DIRECTOR OF FINANCE

RE: LOCAL PREFERENCE PURCHASING POLICY

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### STAFF RECOMMENDATION:

That Council receives the report for information.

### EXECUTIVE SUMMARY:

Council has asked for a staff report on amending the Council Purchasing Policy to give preference to local suppliers. Currently, there is a "tie-breaker" clause that was added after the full review of the Purchasing Policy in 2011. While there is an attraction to adding a local preference clause to the policy, there are a number of disadvantages that need to be considered. Staff believes that the disadvantages generally outweigh the advantages and recommends removing the existing tie breaker clause and returning to a no local preference policy. Other options are presented for Council's consideration.

### DISCUSSION:

In March 2011, Council adopted an updated Purchasing Policy. A full review had not been done in some time, and this update reflected changes in the organization and in procurement practices in the past 10 to 15 years. The policy was updated in September to add in a clause that was inadvertently omitted from the March review. A copy of the current Council approved policy is attached to this report for Council's information.

One of the issues discussed during this review was whether or not to give any preference to local suppliers who bid on City of Nanaimo contracts. At the time of the review, the City did not have a local preference policy and, for the reasons discussed below in this report, staff recommended against implementing one. Council directed staff to include the following policy statement:

"Preference shall be given to local suppliers where quality, service, and price are equivalent."

This is known as a "tie-breaker" clause, i.e. preference is only given when other factors are equal. Some Council members have advocated for a different kind of local preference policy where local suppliers are given an advantage when bidding on City contracts. At the Finance/Policy Committee of the Whole meeting held 2012-Feb-20, Council passed the following motion:

"It was moved and seconded that Council direct Staff to prepare a review of the Purchasing Policy with respect to the "relatively equal" clause regarding local preference."

The addition of the tie-breaker clause in 2011 returned the City of Nanaimo to the wording that existed in previous versions of the Purchasing Policy. A similar policy is in place in a number of other public institutions, such as School District No.68 (Nanaimo/Ladysmith), VIU, VIRL, District of Saanich and City of Kelowna.

Some Vancouver Island local governments with no local preference policy are the Regional District of Nanaimo, City of Parksville, North Cowichan District, Cowichan Valley Regional District, City of Duncan, City of Victoria, and City of Port Alberni. The City of Kamloops and the City of Prince George also do not have a local preference policy.

The Town of Ladysmith has a local preference policy that states that local preference will be given where the price variation for equally suitable goods or services is less than 5%. After local suppliers, preference will be given to B.C., Canada and finally, international suppliers. Local preference does not apply to goods & services over \$100,000 or construction services over \$250,000. In Ladysmith, a local supplier is defined as a business located within the municipal boundaries of Ladysmith. This may not be a good comparison, as the number of local suppliers that would be impacted by this policy in Ladysmith is very small compared to Nanaimo.

Some arguments that have been advanced in favour of a local preference policy are that it attempts to:

- Protect local jobs.
- Create new jobs.
- Strengthen the local economy by keeping taxpayer money within the community.
- Support businesses that pay City of Nanaimo property taxes.

These benefits are difficult to measure.

Some arguments against a local preference policy:

- "Local" is a challenge to define and administer. Many vendors in nearby communities may become upset if they are not included in the definition of local, feeling they already contribute greatly to the City's economy and will now be at a disadvantage. In some cases, a business may be located just outside the City's boundaries, but all the employees live inside (or vice versa).
- Local businesses benefit from the spinoff spending when a contract is awarded to a non-local firm through the hiring of local sub-contractors and locally bought materials.
- The potential exists to pay more for the same goods, services and construction contracts. Goods and services might be able to be purchased cheaper elsewhere and cost of items already purchased locally might become more expensive as local vendors realize they do not have to be as competitive.

- The number of bidders may be reduced once they become aware of the local advantage. Potential bidders might not feel it is worth the time and effort to generate a tender if they know they are at a disadvantage from the beginning.
- There is the possibility of retaliatory actions from other communities. If the City of Nanaimo initiated a local preference policy, it may encourage other municipalities to adopt similar policies and could have an adverse effect on local businesses by restricting their access to business opportunities in those communities.
- Council has been trying to promote a more regional approach to economic development.
- Does not promote an open, fair, and transparent tendering process as encouraged by the Provincial and Federal Governments through their trade agreements.

The current practice is to define "local" as a business that has an address on its City of Nanaimo business license that is within City limits. There is some potential for out-of-town businesses to beat the system by opening a local office, or using a residential address in Nanaimo to qualify as a "local" business. Since the tie-breaker clause was added in 2011, the only businesses affected have been dump truck owner/operators because their fees are established by "blue book". In this case, local operators are preferred. So far, there have been no RFPs or tenders where a local business has been able to benefit from the tie-breaker clause.

One change in the policy adopted in 2011 is that it does not require RFPs and tenders to be publicly advertised unless the expected cost is in excess of \$75,000. For purchases up to \$75,000, this policy change allows the flexibility to choose three vendors to approach for quotes. While there is no requirement to choose local companies, local businesses have an advantage due to proximity and the fact that they are known to staff.

Nearly all complaints about using non-local suppliers relate to purchases under \$25,000 where no formal tender or RFP is required. Complaints are also received when vehicle purchases are awarded to a low bidder that is not located in Nanaimo.

Local knowledge and experience is sometimes built into the selection criteria of RFPs where it is relevant to the work being done.

Some options available to Council:

1. Do not give preference to local bidders.
2. The status quo, i.e., include local preference as a "tiebreaker" as contained in the current Purchasing Policy. "Preference shall be given to local suppliers where quality, service, and price are equivalent".
3. Include local preference with a fixed limit (e.g. 5%) for all RFPs and tenders regardless of value.
4. Include local preference with a fixed limit (e.g. 5%) for RFPs and tenders less than \$75,000 or any other amount as desired. This is known as a cap system.
5. Include local preference with a declining limit (e.g. 5% on purchases up to \$75,000, 2.5% on purchases valued over \$75,000).

Staff is of the opinion that the disadvantages of a local preference policy outweigh its advantages and recommend that Council amend the Purchasing Policy to remove any local preference.

If Council does wish to have a local preference policy, a further option is presented for consideration:

6. For tenders, or any procurement process where the lowest cost compliant bid is accepted, preference will be given to a local supplier where;
  - Goods or services are equally suitable; and
  - the local supplier is within 5% or \$500 (whichever is less) of the lowest compliant bidder.

For Requests for Proposals, or any procurement process where price is only one component of the selection criteria, a local supplier that is within 5% or \$500 (whichever is less) of the lowest price will receive maximum score for that component.

In each case, the limit will be determined by the total value of the tender, RFP, or other purchasing method and not by unit prices.

If Council chooses to allow some form of local preference, staff will continue to define "local" as being located within Nanaimo's city limits as per the street address on their business licence unless Council provides alternate direction. One important consideration is that a local preference policy must be communicated to all vendors in the tender/RFP documents in advance of the posted closing date and time. The City is not allowed to apply local preference during the evaluation stage if it did not first disclose that it has a local preference policy.

Respectfully submitted,



B.E. Clemens  
Director of Finance



D.W. Holmes,  
Assistant City Manager/  
G.M., Corporate Services

#### CITY MANAGER COMMENT

Council reviewed the purchasing policy and the local preference issue only one year ago and I do not recommend reopening this issue at this time. The issue was thoroughly reviewed and debated at the time.

If Council is seeking to allow for some form of local purchasing policy I recommend that option 6 above be employed.



A.C. Kenning, City Manager

FPCOW: 2012-April-23

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# ATTACHMENT

## CITY OF NANAIMO COUNCIL POLICY MANUAL



Pages: 1 of 6

Approval Date: March 21, 2011

Amended: September 19, 2011

<b>SECTION:</b> PURCHASING <b>SUBJECT:</b> Purchasing Policy
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**Purpose:**

To establish principles for the acquisition, sale, or, lease of goods and services by the City of Nanaimo.

**Objective:**

To ensure goods and services are acquired through a fair, open and transparent process that protects the interests of taxpayers and maintains the controls necessary for a public institution.

**Policy:**

1. The City will have a Purchasing Agent who will manage and oversee the acquisition of all goods and services and disposal of assets on behalf of the City. All formal solicitations such as, but not limited to, Tenders, Request for Proposals, Request for Qualifications, Request for Information, Request for Expressions of Interest, Notices of Intent, and Notices of Sale shall be issued and received by the Purchasing Agent on behalf of the City.
2. 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.
3. Prior to issuing any Tender over \$250,000, Council will be provided with an Information Report. Unless there are unusual circumstances, the Assistant City Manager/GM, Corporate Services, or Director of Finance will have authority to award tenders over \$250,000 to the low bidder. If the tender award recommendation is other than the low bidder, a Staff Report shall be provided for Council's approval. Prior to issuing any Request for Proposal over \$250,000, Council will be provided with a Staff Report for approval to proceed. Council approval will be required to award all Request for Proposals over \$250,000.
4. The City will cooperate with other public agencies to purchase jointly where efficiencies may be gained and savings may accrue.
5. City employees are expected to conduct themselves with personal integrity, ethics, honesty and diligence when acquiring goods and services. Employees are to avoid placing themselves in situations where their personal interests actually or potentially conflict with the interests of the City. A conflict may occur when an actual or potential interest benefits the employee, any member of the employee's family, friends or business associates.

6. City purchasing contracts will include relevant language from collective agreements pertaining to the provision of any municipal service, function or construction.
  7. City employees will not be allowed to accept business gifts from vendors other than items of nominal value.
  8. The City Purchasing Agent shall have the authority to dispose of any vehicles, equipment, furniture, materials, or supplies no longer required by the City, but that may still have some economic value. Disposal of items will be by way of sale at public auction, sale by public offer, transfer to another department, trade in allowance, or donated to non-profit organizations. For non-profit organizations, the Purchasing Agent will establish a list of interested organizations and will offer items on a rotational basis. Wherever possible, items that cannot be sold or donated will be recycled, limiting the amount sent to the landfill. City employees may not be given any surplus items and will not be able to buy surplus items directly from the City unless the sale is through a third party auction.
  9. City Purchasing Agent will establish and maintain written purchasing procedures separately from this policy.
  10. The City will, on occasion, contract for the development of specifications for the purchase of goods or services. The firm or individual that is contracted to develop the specifications will be prohibited from bidding on the contract to supply the same goods or services (except for design/build projects) unless prior written approval of the Assistant City Manager/GM, Corporate Services, or Director of Finance has been obtained.
  11. Request for Proposals will contain wording that the City reserves the right to negotiate enhancements or changes to the preferred Proposal with the proponent.
  12. Exceptions to this policy will be by prior approval of City Council only.
  13. The Purchasing Agent shall have the authority to bypass normal procedures in the event of emergency or where the cost or delay to the City would be prohibitive. Council will be provided an Information Report summarizing these types of purchases shortly after any event.
  14. In the instance where only one tender or proposal is received after publicly tendering or inviting multiple vendors to bid, an analysis will be performed by the User Department to determine whether or not it represents good value for the taxpayer. Written approval will be required before awarding as follows:
    - Up to \$25,000 Purchasing Agent
    - Over \$25,000 up to \$250,000 Assistant City Manager/GM, Corporate Services, or Director of Finance
    - Over \$250,000 City Council
- On a quarterly basis, Council will be provided an Information Report summarizing these purchases between \$25,000 – \$250,000.
15. The value of any contract, or, purchase agreement is determined by the total estimated dollar value of the fixed term of the contract, excluding tax.

16. The Purchasing Agent shall endeavor to competitively tender for goods and services on a regular basis. A competition may be waived and direct awarded in circumstances such as, but not limited to:
- A. Purchase Cards: The Purchase Card is intended to provide a simplified purchasing/payment tool for the acquisition of low dollar value goods, services and construction directly from suppliers within the card's defined limits.
- B. Sole Source or Single Source Purchases:
- to ensure compatibility with existing equipment, facilities or to maintain specialized products by the manufacturer or representative;
  - one with which staff have specialized training and/or extensive experience;
  - where there is an absence of competition and no acceptable alternative or substitute exists;
  - for the purchase of used equipment or at auction;
  - where it can be demonstrated the product or service is available only through one authorized manufacturer, distributor, dealer, or, service provider;
  - item is purchased for testing or trial use;
  - for matters involving high security and/or to protect the confidentiality of the City;
  - urgently required on an emergency basis (e.g. life/death, health, safety, critical equipment or facility breakdown);
  - a Notice of Intent to Direct Award is posted electronically and is not challenged;
  - where there is demonstrated value to continue consultant services into the next project phase (i.e. from design to construction);
  - any other situation where it is clearly demonstrated there is only one viable source of supply.

Values and authority levels to Sole Source or Single Source Purchases as follows:

- Up to \$25,000 Purchasing Agent
- Over \$25,000 up to \$250,000 Assistant City Manager/GM, Corporate Services, or Director of Finance
- Over \$250,000 City Council

On a quarterly basis, Council will be provided an Information Report summarizing sole source and single source purchases between \$25,000 – \$250,000.

17. Security is at the discretion of the Department Representative and is recommended for Construction tenders (Structural or Civil works) valued over \$200,000. Security can be requested for any other type of tender or proposal call, at the discretion of the User Department, if deemed to be in the best interest of the City. Security is defined as, but not limited to; Bid Bonds, Performance Bonds, Labour and Material Payment Bonds, Irrevocable Letters of Credit, Certified Cheques, Cheques, and Money Orders. Any alternate arrangements should have the prior written approval of the Director of Finance.
18. All amendments to existing Purchase Orders shall be in accordance with the current SAP workflow and the approval levels contained therein.

19. All vendors conducting business on City property must possess current Commercial General Liability Insurance, with the City of Nanaimo named as additionally insured, and/or Professional Liability Insurance in amounts satisfactory to the City's Purchasing Agent. Specific amounts will be contained in the Purchasing procedure manual.
20. All vendors with employees conducting business on City property, must possess current WorkSafe BC coverage showing the firm is a member in good standing and remittance is up to date.
21. Some expenditures are not the result of any procurement process including, but not limited to, general expenses, utilities, training and education. Lists below are not comprehensive but are for illustrative purposes:

General Expenses:

- Licenses / permits (vehicles, elevators, etc.)
- Postage
- Periodicals, Magazines, Subscriptions
- Media Advertisements
- Liability Insurance from the Municipal Insurance Association

Utilities:

- Hydro/Heating Fuel/Natural Gas
- Water / Sewer / Garbage / Recycle
- Telephone / Fax/Internet

Training and Education

- Courses/Seminars/Staff Training/Development/Workshops
- Conventions
- Memberships
- Related travel

22. The City will procure goods and services with due regard to the City's commitment to encourage the use of environmentally-friendly and fair trade/ethical products, services and practices. All City departments that make purchases of goods and services or contract with others to make purchases should consider the environmental, social and economic value of the goods and services being purchased with the intent to shift spending away from goods and services that negatively impact the environment and society towards products and services that are more environmentally sound and socially beneficial.

The City should purchase and use materials, products and services which are better for the environment, better for society and provide better value for money on a life cycle cost assessment basis.

Environmental factors to be considered, but are not limited to:

- Pollutant releases, especially persistent bioaccumulative toxins (PBTs)
- Waste generation/minimal packaging
- Greenhouse gas emissions
- Recycled or post consumer waste content
- Energy consumption and efficiency
- Water quality

- Products and services that are third party certified such as, but not limited to: "Greenseal", "FSC", "SFI", "Eco Logo" or "Energy Star".

Social factors to be considered include, but are not limited to:

- Community and employee health and safety
- Fair trade practices

Economic factors to be considered include, but are not limited to:

- Life cycle cost assessment
- Cost avoidance and cost savings
- Fiscal impact and responsibility

City departments should use, where feasible, products that perform and have the least damaging/most beneficial environmental impact, including new environmentally preferable products, reusable products, recycled content, and recycled products. Recognizing its role as a major purchaser of goods and services, the City shall seek opportunities to encourage and influence markets for environmentally preferable products through employee education; supporting pilot testing of potential new products; adopting innovative product standards, specifications, and contracts.

Process:

- Staff of User departments, should review and modify existing specifications and write new specifications to include the use of environmentally sound products, equipment and processes.
- Environmentally preferred products should meet or exceed the same engineered standards for the traditional products with respect to performance, structural integrity, life span and safety.
- Purchasing Agent will remain alert to sources of recycled materials, products made from recycled materials and other environmentally beneficial products and services, bringing such information to the attention of the user departments.
- Any significant impact on budgets must have prior written approval of the Assistant City Manager/General Manager of Corporate Services.

23. Preference shall be given to local suppliers where quality, service, and price are equivalent.
24. The Owner may, in its absolute discretion, reject a Tender submitted by a Tenderer, if the Tenderer or any Officer or Director of the Tenderer is, or has been engaged in, either directly or indirectly, through another corporation in a legal action against the Owner, its elected or appointed officers and employees in relation to:
- (a) any other contract for works or services; or,
  - (b) any matter arising from the Owner's exercise of its powers, duties, or functions under the *Local Government Act* or another enactment within five years of the date of this Call for Tenders.

In determining whether to reject a tender under this clause, the Owner will consider whether the litigation is likely to affect the Tenderer's ability to work with the Owner, its consultants and representatives, and whether the Owner's experience with the Tenderer indicates that the Owner is likely to incur increased staff and legal costs in the administration of this contract if it is awarded to the Tenderer. (Amended 2011-SEP-19)

**PURCHASING POLICY – LEVELS OF RESPONSIBILITY**

<b><u>Purchases of:</u></b>	<b><u>Authority to Make Low Bid Purchases</u></b>	<b><u>Authority to Make Greater Value Purchases</u></b>	<b><u>Quotation or Public Tender</u></b>	<b><u>Advertising Requirements</u></b>
1. Materials & supplies 2. Vehicles & equipment 3. Service contracts 4. Construction contracts 5. Consulting services				
Up to \$25,000	Purchasing Agent and Representative of User Department	Purchasing Agent and Representative of User Department	Quotations or fee proposals at the discretion of the Purchasing Agent	At discretion of Purchasing Agent to invite bidders or post electronically on City website and/or BC Bid
Over \$25,000 but not exceeding \$75,000.	Purchasing Agent and Representative of User Department	Purchasing Agent and Representative of User Department	Formally issue Tender or Request for Proposal documents to a minimum of three suppliers or publicly tender.	At discretion of Purchasing Agent and User Department to invite bidders or post electronically on City website and/or BC Bid
Over \$75,000 but not exceeding \$250,000.	Director of Finance and Director of User Department	Assistant City Manager/GM, Corporate Services, or Director of Finance	Public Tender	Shall be posted electronically on City Website and BC Bid
Over \$250,000.	Assistant City Manager /GM, Corporate Services, or Director of Finance, or City Council	City Council	Public Tender	Shall be posted electronically on City website and BC Bid

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

DATE OF MEETING: 2012-APR-30

AUTHORED BY: P. KRISTENSEN, DIRECTOR, INFORMATION TECHNOLOGY

RE: VIDEO RECORDING FINANCE/POLICY COMMITTEE OF THE WHOLE MEETINGS

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**REQUEST FOR DIRECTION:**

Council's direction is sought.

**PURPOSE:**

To respond to Council's direction to research video recording of Finance/Policy Committee of the Whole meetings.

**SUMMARY:**

Shaw Cable currently broadcasts the regular Council meetings on cable TV. The City captures this broadcast to provide the meeting webcast and create the archive of the meeting on the City website. Without the Shaw TV broadcast, the recording of Finance/Policy Committee of the Whole meetings will require the hiring of an audio visual technician to record the meeting onto DVD, City staff time to process the DVD to the website plus re-development on the City website. Equivalent cost is an investment of \$2,500, plus \$250 per meeting.

**BACKGROUND:**

At the meeting held 2012-APR-16 Council passed the following motion:

"That Council direct Staff to prepare a report on the implications of having the Finance/Policy Committee of the Whole meetings, while held in the Shaw Auditorium, video recorded for placement on the City's website."

At the present time, only the regular Council meetings are video recorded and webcast. Council is now considering providing the same level of recording and webcasting for the Finance/Policy Committee of the Whole (FPCOW) meetings.

Shaw Cable presently broadcasts the regular Council meetings on the local community channel 4. Shaw Cable provides their staff to operate the audio visual (AV) equipment and

broadcast these meetings. All equipment used has been provided by Shaw Cable to the VICC. City staff has no involvement in the video creation or in the broadcast of these meeting.

City staff create the webcast and archive video by capturing the TV Channel 4 broadcast signal and then re-directing it onto the web. The City has no AV video processing equipment in-house and staff has minimal expertise in the AV field.

City staff has developed the website functionality to capture the Council meeting videos and provide playback of these meetings. This includes the feature that "tags" the meeting highlights and allows the public to fast-forward to the points in the meeting they are interested in. The archiving of the Council meetings has been occurring for the past three years.

Shaw Cable does not have any statistics on how many people watch the Council meetings on cable TV, but the City does have stats on the web viewing. Typically, 20 to 50 people watch the live webcast through the City site and another 100 to 150 people watch the video archive over the following week.

#### DISCUSSION:

Recording of the FPCOW meetings is different than recording the regular Council meetings. Recording of the regular Council meetings relies upon Shaw Cable's broadcasting of these meetings, and they have advised that they will not be broadcasting the FPCOW meetings.

Without the Shaw Cable broadcast, the process will have to be revised to record the FPCOW meeting onto a DVD and then load that to the City website the following day. It will not be possible to provide a live webcast of the FPCOW meeting and it will take staff three hours to load the meeting manually to the website.

Shaw Cable has advised that the City could use the Shaw equipment to create the DVD, however, the City would have to hire Shaw staff to operate the equipment and record the video.

The Council meeting section of the City website will have to be modified to differentiate between the regular and FPCOW videos. Re-development effort is two weeks of staff time.

The cost of recording these meetings will be \$250 per meeting to hire Shaw Cable staff. The two weeks of website redevelopment will be completed by City staff at a cost value of \$2,500.

During the regular Council meeting, staff are "tagging" the main agenda items in the video, so that the public can fast-forward to the items they are interested in. This "tagging" can still be accommodated in the FPCOW meeting videos, however, this will be a blind process since the staff are not able to view the recording of the FPCOW meeting in a live environment.

Staff have considered the alternatives to using Shaw Cable equipment to record the meetings. There are two separate VICC cameras in the Shaw Auditorium that can be used

to broadcast live events within the VICC (i.e. to the ballrooms) but they do not have the functionality to distribute the signal outside of the conference centre.

Staff have also been working to establish data services between the VICC and City Hall and a fibre connection is roughed in. This would allow a video signal to be sent to the City site rather than to Shaw Cable. However, to use this, even when connected, will require video processing equipment at City Hall, estimated to be in the range of \$20,000. This alternative would still require a Shaw operator and the website development.

Council should also be aware that video recording of the FPCOW meetings is only possible while these meetings are being held in the Shaw Auditorium. If Council should decide to move these meetings to the new Annex boardroom in the new year, please note that there are currently no plans to install video recording equipment in this room.

Respectfully submitted,



P. Kristensen, Director,  
Information Technology

for

Concurrence by:



D.W. Holmes,  
Assistant City Manager,  
GM, Corporate Services

CITY MANAGER COMMENT:

My experience is that televised Council meetings tend to be formal in nature with strict adherence to protocol and procedure. In the past, Finance/Policy Committee of the Whole meetings have been less formal, allowing for more in-depth review and discussion of issues. It is recognized that Council has made a commitment for increased public transparency, but having television cameras at Finance/Policy Committee of the Whole meetings may not contribute to increased transparency unless the Finance/Policy Committee of the Whole meetings continue to be a forum for detailed review of issues. If past experience is a guide, the presence of television cameras will make this challenging to achieve as the meetings can be expected to become more formal which could tend to result in less in-depth discussion.



A.C. Kenning, City Manager

Drafted: 2012-APR-17

PK/jdk

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

DATE OF MEETING: 2012-APR-23

AUTHORED BY: K. FELKER, MANAGER, PURCHASING AND STORES

RE: QUARTERLY DIRECT AWARD PURCHASES

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STAFF RECOMMENDATION:

That Council receives this report for information.

PURPOSE:

To report direct award purchases made during the three month period covered by the report.

BACKGROUND:

Under the City's Purchasing Policy, a report to Council will be provided each quarter summarizing any direct award purchases between \$25,000 to \$250,000. Council approves any direct awards over \$250,000. This report covers the period between 2012-Jan-01 to 2012-Mar-31.

DISCUSSION:

Council adopted a new Purchasing Policy that gives authority for staff to directly award a contract to a vendor if certain conditions are met. This policy also requires staff to report on these direct awards (also known as "sole source" or "single source" purchases) valued at \$25,000 to \$250,000 each quarter.

According to the policy, the circumstances under which a direct award can be made are as follows:

1. to ensure compatibility with existing equipment, facilities or to maintain specialized products by the manufacturer or representative.
2. one with which staff has specialized training and/or extensive experience.
3. where there is an absence of competition and no acceptable alternative or substitute exists.
4. for the purchase of used equipment or at auction.
5. where it can be demonstrated the product or service is available only through one authorized manufacturer, distributor, dealer, or service provider.
6. item is purchased for testing or trial use.
7. for matters involving high security and/or to protect the confidentiality of the City.
8. urgently required on an emergency basis (e.g. life/death, health, safety, critical equipment or facility breakdown).
9. a Notice of Intent to Direct Award is posted electronically and is not challenged.
10. where there is demonstrated value to continue consultant services into the next project phase (i.e. from design to construction).
11. any other situation where it is clearly demonstrated there is only one viable source of supply.

There were seven direct awards made during the three month period covered by the report. Details of these are given below.

Vendor: Roc Tech Contracting Ltd  
Amount: \$60,000  
Description: Rock removal on Farquhar Road.  
Reason: Only contractor on Vancouver Island with the knowledge and skills required for the specialized work unique to this project.

Vendor: 0742637 BC Ltd  
Amount: \$39,970  
Description: Milton Water Main Cost Share  
Reason: Developer and City cost sharing improvements. Amount represents City's portion of 50% of the total cost.

Vendor: K.S.G. Consulting Ltd. & P.S.M. Management Ltd.  
Amount: \$35,000  
Description: Godfrey Road/Big Bear Ridge Roundabout Cost Share  
Reason: Developer and City cost sharing improvements. Amount represents City's portion of 50% of the total cost.

Vendor: Nanaimo Forest Products  
Amount: \$35,334.52  
Description: Emergency Water Supply Valve Supply Cost Share  
Reason: Nanaimo Forest Products and City cost sharing for valves needed for emergency water supply purchased by Nanaimo Forest Products. Amount represents City's portion of 50% of the total cost.

Vendor: Guillevin International  
Amount: \$25,000.00 (estimated for 2012)  
Description: Firefighter Turnout Gear  
Reason: NFR has standardized to Globe brand turn out gear that is distributed by only one vendor in Western Canada.

Vendor: Prism Engineering  
Amount: \$32,500.00  
Description: Design/supervision Energy Upgrades – Beban Park  
Reason: Continuation of Consultant Services from study to design.

Vendor: Telus Mobility  
Amount: \$162,000.00 (estimate based on 2011 Spend)  
Description: Mobile Phones  
Reason: Mobile phone providers are implementing new technology in 2012 and Staff wish to wait until it is deployed prior to issuing a new RFP in 2013.

Respectfully submitted,



K. Felker  
Manager, Purchasing & Stores

Concurrence by:



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B. E. Clemens,  
Director of Finance



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D. W. Holmes,  
Assistant City Manager/  
General Manager, Corporate Services

CITY MANAGER COMMENT:

I concur with the staff recommendation.

Drafted: 2012-APR-16

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

DATE OF MEETING: 2012-APR-23

AUTHORED BY: K. FELKER, MANAGER, PURCHASING AND STORES

RE: QUARTERLY SINGLE SUBMISSION PURCHASES

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STAFF RECOMMENDATION:

That Council receives this report for information.

PURPOSE:

To report single submission awards made during the three month period covered by the report.

BACKGROUND:

As per Council's Purchasing Policy, a report to Council will be provided each quarter where only one tender or proposal is received after either publicly tendering or inviting at least three (3) vendors to bid on the work. The value of these purchases is between \$25,000 to \$250,000. Council approves any single submission purchases over \$250,000. This report covers the period between 2012-Jan-01 to 2012-Mar-31.

DISCUSSION:

There were two single submission awards made during the three month period covered by the report. Details of these are given below.

Tender No: 1302  
Description: One (1) Used Diesel Pickup Truck with Utility Body  
Vendor: Berks Intertruck Ltd  
Amount: \$32,500.00  
Reason: Only vendor to respond to publicly issued tender.

Tender No: 1318  
Description: One (1) New 2012 Half Ton Extended Cab 2WD Long Box Pickup Truck  
Vendor: Steve Marshall Ford  
Amount: \$31,802.76  
Reason: Only vendor to respond to publicly issued tender.

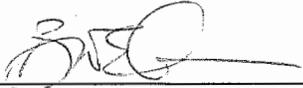
Respectfully submitted,



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K. Felker  
Manager, Purchasing & Stores

Concurrence by:



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B. E. Clemens,  
Director of Finance



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D. W. Holmes,  
Assistant City Manager/  
General Manager, Corporate Services

CITY MANAGER COMMENT:

I concur with the staff recommendation.

Drafted: 2012-APR-16  
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