

# MEETING TIME CHANGE NOTICE

CITY OF NANAIMO

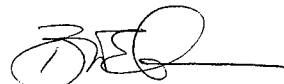
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**NOTICE IS HEREBY GIVEN** that the time for the Regular Finance / Policy Committee of the Whole Meeting scheduled for Monday, 2011-APR-18 has been changed from 4:30 p.m. to 3:00 p.m.

DATE: Monday, 2011-APR-18

LOCATION: Board Room, City Hall  
455 Wallace Street, Nanaimo, BC

TIME: 3:00 p.m.



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B. E. Clemens  
DEPUTY CORPORATE OFFICER

## AMENDED

### AGENDA FOR THE REGULAR FINANCE / POLICY COMMITTEE OF THE WHOLE MEETING TO BE HELD IN THE BOARD ROOM, CITY HALL, ON MONDAY, 2011-APR-18, COMMENCING AT 3:00 P.M.

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1. **CALL THE REGULAR FINANCE / POLICY COMMITTEE OF THE WHOLE MEETING TO ORDER:**
2. **INTRODUCTION OF LATE ITEMS:**
  - Delete pages 62-63, Item 9 (f) – Staff Reports – 2010 Annual Financial Report.
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, Nanaimo, BC on Monday, 2011-APR-04 at 4:30 p.m. Pg. 7-11
5. **PRESENTATIONS:**
6. **DELEGATIONS PERTAINING TO AGENDA ITEMS: (10 MINUTES)**
  - (a) Delegations Pertaining to the 2011 – 2015 Financial Plan.
7. **COMMISSION REPORTS:**
  - (a) **Nanaimo Athletic Commission – Proposed Revision of the City Council Policy Regarding Serving Alcohol at Nanaimo Athletic Commission Sanctioned Events** Pg. 12  

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*Commission's Recommendation: That Council:*
    1. *repeal Council Policy regarding "Serving Alcohol at Nanaimo Athletic Commission Events" as adopted on 2005-SEP-12;*

AND:

    2. *approve alcohol being served on a trial basis at combative sporting events.*

8. **COMMITTEE REPORTS:**

(a) **Social Planning Advisory Committee – 2011 Community Service Grants**

Pg. 13-14

*Committee's Recommendation:* That Council approve the allocation of the first round of Community Service Grants as noted below:

<b>Applicant</b>	<b>Purpose</b>	<b>Amount Requested</b>	<b>Amount Recommended</b>
Tillicum Lelum Aboriginal Friendship Centre	To supplement the budget for the Centre's 'After School Nutrition Break Program'.	\$1,000	\$1,000
Nanaimo Seniors Visiting Society	Operational support.	\$2,000	\$2,000
Nanaimo Men's Resource Centre	To assist their 'Family Crisis Support Services Program'.	Up to \$12,000	\$2,000
St. Andrew's Presbyterian Church	To provide fruit twice a month with their soup & sandwich lunch.	\$1,200	\$1,200
The Victoria Human Exchange	To set up a house in Nanaimo for people in need of transitional housing.	\$5,000	0
Start With Art Nanaimo	Operational support.	\$4,000	0
Nanaimo Family Life Association	To assist their 'Essential Life Skills Training Programs'.	\$2,000	0
Nanaimo Community Kitchens Society	To operate a 'Cooking on a Budget' program.	\$5,000	0
Nanaimo Citizen Advocacy	Operational support.	\$10,000	0
Altrusa International of Nanaimo	To assist their 'Provide Opportunities Working with Educational Resources Program'.	\$3,000	0
Nanaimo Unique Kids Org.	To cover in part recreational and operating costs for their summer program.	\$5,000	0
Island Crisis Care Society	To split their large office into two small offices to provide privacy for their clients.	\$10,000	0

Nanaimo Foodshare Society	To support the 'Gleaning Program'.	\$5,000	0
Nanaimo Community Gardens Society	To allow them to work with their volunteers and increase the impact of their educational programming.	\$2,000	0
<b>Total</b>		<b>\$67,200</b>	<b>\$6,200</b>

9. **STAFF REPORTS:**

ADMINISTRATION:

(a) **Conflict Policy**

Pg. 15-18

Staff's Recommendation: That Council approve the conditions, parameters, process and roles contained in the Staff Report.

COMMUNITY SAFETY AND DEVELOPMENT:

(b) **LA24 / Application for a Liquor Primary License – 101 Gordon Street**

Pg. 19-23

Staff's Recommendation: That Council direct Staff to

1. proceed with the application to change the food primary liquor license to a liquor primary liquor license at the Vancouver Island Conference Centre;

AND:

2. provide "no comment" to the Liquor Control Licensing Branch with regards to this application;

AND:

3. endorse the Policy Guidelines (Attachment A) and provide these to Vancouver Island Conference Centre management for the purpose of determining suitability of events for the Vancouver Island Conference Centre.

(c) **Marine Fire and Rescue Capability**

Pg. 24-25

Staff's Recommendation: That Council direct Staff to include \$80,000 in the final 2011 financial plan to partner with the Port of Nanaimo and increase marine fire and rescue capacity within the harbor.

- (d) **Subdivision Approval – Park and Cash-in-Lieu – 1865 Bowen Road (SUB00876)** Pg. 26-28

*Staff's Recommendation:* That Council approve the payment of cash-in-lieu of park for the fee simple subdivision of lands as described as Lot 60, DL 23G, Plan 15154, LD 58, except that part in Plan VIP88577, Civic address: 1865 Bowen Road (SUB00876).

**CORPORATE SERVICES:**

- (e) **2011 - 2015 Financial Plan Bylaw** Pg. 29-31

*Staff's Recommendation:* That Council direct Staff to prepare an amendment to "FINANCIAL PLAN BYLAW 2011 NO. 7121" and prepare the tax rate bylaw for three readings on 2011-MAY-02, based on the information contained in the report.

- (f) **2010 Annual Financial Report** Pg. 32-63

*Staff's Recommendation:* That Council accept the unaudited 2010 Annual Financial Report for the City of Nanaimo.

- (g) **Gas Tax Innovations Fund – Capital Projects Grant Program** Pg. 64-65

*Staff's Recommendation:* That Council endorse the Energy Recovery System at Reservoir No. 1 as the application to be submitted for the 2011-APR-29 intake for the Gas Tax Innovations Fund - Capital Projects.

- (h) **Gas Tax General Strategic Priorities Fund – Capital Projects Grant Program** Pg. 66-67

*Staff's Recommendation:* That Council endorse the Reservoir No. 1 and Pipeline Construction Project as the application to be submitted for the 2011-APR-29 intake for the Gas Tax General Strategic Priorities Fund – Capital Projects.

**COMMUNITY SERVICES:**

- (i) **Transportation Plan – Gas Tax Grant Application** Pg. 68-71

*Staff's Recommendation:* That Council direct Staff to submit a grant application to the Government of Canada's Gas Tax Fund – (General Strategic Priorities Fund - Integrated Community Sustainability) in partnership with the Regional District of Nanaimo and District of Lantzville to support regional transportation planning.

- (j) **2241 Bowen / 2230 Boxwood Brownfield Renewal Funding Program** Pg. 72-74
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*Staff's Recommendation:* That Council authorize Staff to make an application to the Brownfield Renewal Funding Program to assist in the soils investigation study for 2241 Bowen Road and 2230 Boxwood Road.

- (k) **Supply, Installation and Maintenance of Infilled Synthetic Turf System** Pg. 75
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*Staff's Recommendation:* That Council award the contract for Supply, Installation and Maintenance of Infilled Synthetic Turf System to the low tenderer, GTRTURF Team Rochon Inc., for the low bid of \$615,012.16.

10. **INFORMATION ONLY ITEMS:**

- (a) Report from Mr. G. Franssen, Manager of Sanitation, Recycling and Cemeteries, re: Collection and Disposal of Sanitary Materials. Pg. 76-78
- (b) Report from Mr. K. Felker, Manager of Purchasing and Stores, re: Quarterly Contract Report. Pg. 79-80
- (c) Report from Ms. L. Coates, Manager, Accounting Services, re: 2010 Surplus Allocation. Pg. 81-82
- (d) Report from Mr. S. Ricketts, Manager, Engineering Construction, re: Cilaire Subdivision Utility Replacement – Phase 1. Pg. 83-84

11. **CORRESPONDENCE:**

12. **NOTICE OF MOTION:**

13. **OTHER BUSINESS:**

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

- (a) None.

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

16. **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):

- (b) personal information about an identifiable individual who is being considered for a municipal award or honour, or who has offered to provide a gift to the municipality on condition of anonymity;
- (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;
- (f) law enforcement, if the Council considers that disclosure could reasonably be expected to harm the conduct of an investigation under or enforcement of an enactment; and,
- (g) litigation or potential litigation affecting the municipality.

17. **ADJOURNMENT:**

MINUTES OF THE REGULAR FINANCE / POLICY COMMITTEE OF THE WHOLE MEETING  
HELD IN THE SHAW AUDITORIUM, 80 COMMERCIAL STREET, NANAIMO,  
ON MONDAY, 2011-APR-04 COMMENCING AT 4:30 P.M.

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PRESENT: Mayor J. R. Ruttan, Chair

Members: Councillor W. L. Bestwick  
Councillor W. J. Holdom  
Councillor D. K. Johnstone  
Councillor J. A. Kipp  
Councillor J. F. K. Pattje  
Councillor L. J. Sherry  
Councillor M. W. Unger

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, Community Services  
T. Hartley, Director, Human Resources and Organizational Planning  
T. P. Seward, Director of Development  
A. J. Tucker, Director of Planning  
R. J. Harding, Director of Parks, Recreation and Culture  
J. Ritchie, Senior Manager, Parks  
B. Anderson, Manager, Community Planning  
D. Jensen, Community Development Planner  
S. Ricketts, Manager, Engineering Construction  
G. Franssen, Manager of Sanitation, Recycling and Cemeteries  
C. Scott, E-Government / Communications Officer  
J. E. Harrison, Manager of Legislative Services  
L. Dennis, 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. Michael Harrison, regarding the draft Newcastle + Brechin Neighbourhood Plan.
- (b) Add Agenda Item 6 (c) – Delegations Pertaining to Agenda Items - Ms. Nancy Mitchell, regarding the draft Newcastle + Brechin Neighbourhood Plan.
- (c) Add Agenda Item 6 (d) – Delegations Pertaining to Agenda Items - Ms. Joy Bremner, regarding the draft Newcastle + Brechin Neighbourhood Plan.



- (d) Add Agenda Item 6 (e) - Delegations Pertaining to Agenda Items – Mr. Daniel Appell, regarding the draft Newcastle + Brechin Neighbourhood Plan.
- (e) Add Agenda Item 6 (g) – Delegations Pertaining to Agenda Items – Mr. Ron van Wachem, regarding the draft Newcastle + Brechin Neighbourhood Plan.
- (f) Add Agenda Item 6 (h) – Delegations Pertaining to Agenda Items – Mr. Odai Sirri, regarding the draft Newcastle + Brechin Neighbourhood Plan.
- (g) Add Agenda Item 6 (i) - Delegations Pertaining to Agenda Items - Mr. Fred Taylor, regarding Item 10 (b) – Information Only Items – Yard Waste Collection.

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 Board Room, City Hall on Monday, 2011-MAR-21 at 4:30 p.m. be adopted as circulated. The motion carried unanimously.

5. PRESENTATIONS:

- (a) Mr. Lance Berelowitz, Urban Forum Associates, Vancouver, Mr. Paul Rollo, GP Rollo & Associates, Vancouver, and Mr. Bruce Anderson, Manager of Community Planning gave a presentation regarding the Newcastle + Brechin Neighbourhood Plan and provided information regarding the Plan's process and objectives. Mr. Rollo demonstrated to Council the formulas for determining land lift through rezoning and for determining potential amenity contributions.
- (b) Mr. Steve Ricketts, Manager of Engineering Construction, gave a presentation regarding the ongoing Fortis Gas Operating Agreement negotiations regarding operating / franchise fees.

It was moved and seconded that Council direct Staff to continue discussions with Fortis, other interested local governments, AVICC and the Provincial Government to protect the City's maintenance and operational interests and to provide Council the future ability to access operating or franchise fees. The motion carried unanimously.

6. DELEGATIONS PERTAINING TO AGENDA ITEMS:

- (a) Mr. Michael Harrison, President, Brechin Hill Community Association, 280 Hemlock Street, Nanaimo, spoke regarding the Newcastle + Brechin Neighbourhood Plan and expressed various concerns about the plan and urged Council to adopt the "Balanced Approach."

- (b) Ms. Nancy Mitchell, 225 Cypress Street, Nanaimo, spoke regarding the Newcastle + Brechin Neighbourhood Plan, and explained that the “Balanced Approach” to development on the waterfront means looking at the scale and siting of each property to determine the best form of development that will be appropriate for the overall community.
- (c) Ms. Joy Bremner, Secretary/Treasurer, Brechin Hill Community Association, 235 St. George Street, Nanaimo, spoke regarding the Newcastle + Brechin Neighbourhood Plan, and requested that Council support Option 1 in the Staff Report regarding density, to remove the new land designations and use the Official Community Plan designations.
- (d) Mr. Daniel Appell, 142 – 940 Hecate Street, Nanaimo, spoke regarding the Newcastle + Brechin Neighbourhood Plan and suggested that projected population growths could be easily absorbed by the neighbourhood’s current trend towards densification.
- (e) Mr. Ron van Wachem, President, Nanaimo Shipyard, 1040 Stewart Avenue, Nanaimo, spoke regarding the Newcastle + Brechin Neighbourhood Plan in favour of residential densification along the waterfront, and encouraged Council to support the direction of City planners and consultants.
- (f) Mr. Odai Sirri, 27 Cypress Street and 1000 Stewart Avenue, Nanaimo, spoke regarding the Newcastle + Brechin Neighbourhood Plan, reviewed some of the factors that are necessary in order to develop a feasible project on his Stewart Avenue property and supported the recommendations of Staff and consultants.
- (g) Mr. Fred Taylor 204 Emery Way, Nanaimo, spoke regarding Item 10 (b) – Info Only Items – Yard Waste Collection and suggested that the Staff recommendations could be updated to include methods used by other municipalities.

Councillor Kipp vacated the Shaw Auditorium at 7:09 p.m.

## 7. COMMISSION REPORTS:

- (a) Parks, Recreation and Culture Commission - District 68 Sports Field and Recreation Services Agreement 2011 – 2015

It was moved and seconded that Council:

1. renew the “District 68 Sports Field and Recreation Services Agreement 2011 – 2015” with the Regional District of Nanaimo and the District of Lantzville; and,
2. authorize the Mayor and the Manager of Legislative Services, to sign the agreement on behalf of the City of Nanaimo.

The motion carried unanimously.

Councillor Kipp returned to the Shaw Auditorium at 7:11 p.m.

(b) Parks, Recreation and Culture Commission - Dog Off Leash Parks

It was moved and seconded that Council:

1. approve the following 2010 pilot sites as permanent sites:
  - Colliery Dam Park (Schedule A) (6 a.m. to 10 a.m. daily, as well as 4 p.m. to park closing)
  - Beaufort Park (Schedule B)
  - Diver Lake Park (Schedule C) (Seasonal: October 1 – March 31); and,
2. approve the implementation of the following new pilot sites for 2011:
  - forested area adjacent to May Richards Bennett Park (Schedule E)
  - Invermere Beach (Schedule F)
  - St. George Ravine Park (Schedule G)

The motion carried unanimously.

8. STAFF REPORTS:

COMMUNITY SAFETY AND DEVELOPMENT:

(a) Draft Newcastle + Brechin Neighbourhood Plan

It was moved and seconded that Council direct Staff to proceed with Option 2 as outlined in the Staff Report, regarding building height along the waterfront within the Medium High Density Waterfront designation, to allow up to four (4) storeys and to allow applications for taller buildings to be evaluated on merit, site suitability and placement on the site. The motion carried unanimously.

It was moved and seconded that Council direct Staff to proceed with Option 1 as outlined in the Staff Report, to remove designations proposed in the draft Newcastle + Brechin Neighbourhood Plan and utilize the Official Community Plan "Neighbourhood" designation for neighbourhood residential densities along the west side of Stewart Avenue. The motion carried unanimously.

It was moved and seconded that Council direct Staff to revise the draft Newcastle + Brechin Neighbourhood Plan according to the selected options, and proceed with preparation of the necessary Official Community Plan (OCP) amendment bylaw for consideration of the Newcastle + Brechin Neighbourhood Plan at a regular meeting of Council. The motion carried unanimously.

COMMUNITY SERVICES:

(b) Water Treatment Plant – Award of Detailed Design Work

It was moved and seconded that Council award the second phase of consultant services for membrane procurement and detailed design for the Water Treatment Plant to Associated Engineering Ltd. with the fees estimated to be \$3.6 million. The motion carried unanimously.

9. INFORMATION ONLY ITEMS:

- (a) Report from Ms. J. E. Harrison, Manager, Legislative Services, re: 2011 By-Election Results.
- (b) Report from Mr. T. M. Hickey, General Manager of Community Services, re: Yard Waste Collection.
- (c) Report from Mr. G. Franssen, Manager of Sanitation, Recycling and Cemeteries, re: Collection and Disposal of Sanitary Materials.

It was moved and seconded that Council refer the report on Collection and Disposal of Sanitary Materials to the next Finance / Policy Committee of the Whole meeting on 2011-APR-18. The motion carried unanimously.

- (d) Report from Mr. B. Anderson, Manager, Community Planning, re: Pesticide Use Bylaw NO. 7102 – Update.

10. OTHER BUSINESS:

- (a) Councillor Kipp thanked the City's emergency and fire services Staff who presented the "Japan to Nanaimo: Emergency Preparedness and You" forum last week. The event was well attended and well received and promoted a 7-day model of emergency preparedness for major disasters.

11. QUESTION PERIOD:

- Fred Taylor, re: disposal of sanitary materials, Newcastle + Brechin Neighbourhood Plan.

12. ADJOURNMENT:

It was moved and seconded at 7:45 p.m. that the meeting terminate. The motion carried unanimously.

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CHAIR

CERTIFIED CORRECT:

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MANAGER,  
LEGISLATIVE SERVICES

REPORT TO: NANAIMO CITY COUNCIL

FROM: MERV UNGER, CHAIR, NANAIMO ATHLETIC COMMISSION  
AUTHORED BY: DARCI OSBORNE, STAFF LIAISON

RE: PROPOSED REVISION OF THE CITY COUNCIL POLICY REGARDING SERVING  
ALCOHOL AT NANAIMO ATHLETIC COMMISSION SANCTIONED EVENTS

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RECOMMENDATION:

1. That Nanaimo City Council repeal Council Policy regarding "Serving Alcohol at Nanaimo Athletic Commission Events" as adopted on 2005-SEP-12.
2. That Council approves alcohol being served on a trial basis at combative sporting event.

EXECUTIVE SUMMARY:

At the present time the Nanaimo City Council policy as adopted on 2005-SEP-12 regarding "Serving Alcohol at Nanaimo Athletic Commission Events" states:

*Council does not support the serving of liquor during 'regulated' sporting events which are defined as professional boxing, wrestling, kickboxing and like activities, contests and exhibitions."*

The Nanaimo Athletic commission is requesting Nanaimo City Council to repeal this policy for a trial event to be held within the City of Nanaimo.

At their meeting of 2011-APR-04, the Nanaimo Athletic Commission passed a motion supporting the recommendation that Council approve alcohol on a trial basis and the opportunity to serve alcohol be given to the next event being held at Frank Crane Arena on 2011-05-28.

Respectfully submitted,



Merv Unger, Chair  
Nanaimo Athletic Commission

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2011-APR-04  
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**REPORT TO: COUNCIL**

FROM: SOCIAL PLANNING ADVISORY COMMITTEE

RE: 2011 COMMUNITY SERVICE GRANTS

**COMMITTEE'S RECOMMENDATION:**

That Council approve the allocation of the first round of Community Service Grants as noted below:

<b>Applicant</b>	<b>Purpose</b>	<b>Amount Requested</b>	<b>Amount Recommended</b>
Tillicum Lelum Aboriginal Friendship Centre	To supplement the budget for the Centre's 'After School Nutrition Break Program'.	\$1,000	\$1,000
Nanaimo Seniors Visiting Society	Operational support.	\$2,000	\$2,000
Nanaimo Men's Resource Centre	To assist their 'Family Crisis Support Services Program'.	Up to \$12,000	\$2,000
St. Andrew's Presbyterian Church	To provide fruit twice a month with their soup & sandwich lunch.	\$1,200	\$1,200
The Victoria Human Exchange	To set up a house in Nanaimo for people in need of transitional housing.	\$5,000	0
Start With Art Nanaimo	Operational support.	\$4,000	0
Nanaimo Family Life Association	To assist their 'Essential Life Skills Training Programs'.	\$2,000	0
Nanaimo Community Kitchens Society	To operate a 'Cooking on a Budget' program.	\$5,000	0
Nanaimo Citizen Advocacy	Operational support.	\$10,000	0
Altrusa International of Nanaimo	To assist their 'Provide Opportunities Working with Educational Resources Program'.	\$3,000	0
Nanaimo Unique Kids Org.	To cover in part recreational and operating costs for their summer program.	\$5,000	0
Island Crisis Care Society	To split their large office into two small offices to provide privacy for their clients.	\$10,000	0
Nanaimo Foodshare Society	To support the 'Gleaning Program'.	\$5,000	0
Nanaimo Community Gardens Society	To allow them to work with their volunteers and increase the impact of their educational programming.	\$2,000	0
<b>Total</b>		<b>\$67,200</b>	<b>\$6,200</b>

☐ Council  
☒ Committee *FPCW*  
☒ Open Meeting  
☐ In-Camera Meeting  
 Meeting Date: *2011-APR-18*

EXECUTIVE SUMMARY:

SPAC, at their meeting held 2011-Mar-01, directed that the criteria for the first round of 2011 Community Service Grants should be:

“Projects or initiatives that help to improve the lives of people living in poverty.”

SPAC reviewed 14 applications at their meeting held 2011-Apr-05 and recommend the above-noted allocations.

BACKGROUND:

In 2006, Council directed that a review be conducted of the process used to make recommendations to Council regarding grants to non-profit organizations. The resulting report (2006-Oct-16) recommended that “Community Service Grants be reviewed by the Social Planning Advisory Committee...” In 2007, the Social Planning Advisory Committee commenced the role of reviewing applications for grants from the \$25,000 Community Service Grants fund. The above recommendations represent the first disbursement of 2011 funds available under that grant category. The second disbursement will take place in September, 2011.

Respectfully submitted,



Vice Chair  
Social Planning Advisory Committee

/ch  
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Council/FPCOW Date: 2011-Apr-18

2011-Apr-13

## STAFF REPORT

REPORT TO: A.C. KENNING, CITY MANAGER

FROM: D.W. HOLMES, ASSISTANT CITY MANAGER/  
GENERAL MANAGER, CORPORATE SERVICES

RE: CONFLICT POLICY

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### STAFF'S RECOMMENDATION:

That Council approve the conditions, parameters, process and roles contained in this report as policy.

### BACKGROUND:

At the "In Camera" Finance/Policy Committee of the Whole meeting held 2010-DEC-06 Council passed the following motion:

"THAT staff be directed to prepare a policy for Council's consideration for the purpose of funding legal opinions for members of Council in advance of votes in which a member of Council may have a conflict of interest."

The law surrounding conflict of interest is complicated and somewhat specialized. Staff is recommending a policy to permit payment for legal fees for Council members seeking legal opinions within the following parameters and conditions:

Ref. No.	Condition/Parameter	Rationale
1.	Fees payable for legal opinions obtained <u>before</u> the issue that will potentially have a Council member in conflict is considered by Council.	Members of Council are motivated to avoid being in conflict and should make that determination before voting in a potential conflict.
2.		
3.	Limitation of \$3,000 including taxes per Councillor per year.	Allows Council to budget for the possible use of this policy.
4.	Council members using this policy are encouraged to use lawyers who specialize in Local Government Law and are required to NOT use the City's lawyers. (Staff can assist in locating firms who specialize.)	The best and most cost-efficient opinions are likely to come from those who are expert in the field.

☐ Council  
☒ Committee *FPOLW*  
☐ Open Meeting  
☐ In-Camera Meeting  
Meeting Date: *2011-APR-18*



Ref. No.	Condition/Parameter	Rationale
5.	Lawyer providing opinions to a Council member must confirm, in writing, that he/she has received a copy of this policy.	Gives the solicitors context and a correct understanding of who is their client and how the opinion will be used.
6.	Lawyer providing opinions to a Council member must confirm, in writing, that he/she has received a copy of the fact pattern prepared by the City Manager and has considered it in providing an opinion to the Council member.	A relevant opinion can only come from a complete understanding of the facts. The information provided by staff is most likely to be related to the nature of the decision in front of Council (e.g. rezoning or permit application) but may include some information related to the circumstances surrounding the potential conflict. However, the Council member would still be instructing the lawyer as his/her advisor.
7.	Council may ask for a copy of the legal opinion but the opinion is the property of the Council member seeking it and the Council member may refuse to provide it and will still be eligible for payment/reimbursement under this policy.	The Council member is ultimately responsible for assessing his/her potential conflicts. Further, the Council member may have to subsequently rely on this opinion in his/her defence and therefore may not wish to waive solicitor-client privilege.
8.	Council may seek its own legal opinion on the issue.	The fact that one member of Council has been advised on an issue does not prevent the need for the City to be advised on the same issue (e.g. the City could be seeking to answer broader questions).
9.	The Councillor who receives the opinion must still make his/her own determination as to whether he or she is in a conflict before participating on an issue.	The opinion is meant to assist with the Council member's obligation to not be in conflict, not supplant it. Nor is the Councillor bound by the opinion.
10.	The Councillor who receives the opinion would have "custody" of the opinion for the purposes of releasing it publicly or for FOI.	The intention is to protect solicitor-client privilege.
11.	The Council member using this policy acknowledges that payments made under this policy may be a taxable benefit in the year that it is paid.	The tax treatment will depend upon the facts of each individual case. The City, as the payer, would determine the tax treatment.

Ref. No.	Condition/Parameter	Rationale
12.	The Council member using this policy acknowledges that payments made under this policy will be included in the list of disbursement prepared annually under the <i>Financial Disclosure Act</i> .	Fulfills a statutory requirement.

### Process

The *Community Charter* requires that a member of Council has sole responsibility for assessing whether he or she has a conflict and for governing his or her conduct in accordance with that assessment of conflict.

As part of that assessment, a member of Council who believes that he or she may be in a conflict of interest may approach the City Manager for the purposes of securing funding for a legal opinion within the parameters and limitations of this policy.

### Role of Councillor Requesting the Opinion

- Submit request to City Manager before the potential conflict might affect a vote or before participating in any discussions on the matter.
- Inform the remainder of Council at the "In Camera" meeting (FP/COW or Council) directly after submitting request.
- Submit this policy and the written fact pattern prepared by the City Manager to the Council member's lawyer.
- Submit to the City Manager the detailed lawyer's bill for the opinion, accompanied with the lawyer's confirmation that he/she has received this policy and the fact pattern as prepared by the City Manager.

### Role of Council

- Use this policy in concert with the Code of Conduct and the *Community Charter* in fulfilling the duties of elected office, including making every effort to avoid participating in discussions (before, during or after meetings) or voting on issues in which a member may be in conflict.
- The Mayor or Acting Mayor, who becomes aware of a member of Council in a potential conflict of interest, shall inform the balance of Council at the next "In Camera" FP/COW or "In Camera" Council meeting.

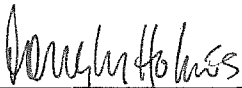
Staff's Role

- At the request of a member of Council, prepare a fact pattern on the issue that is a potential conflict of interest as identified by the Council member that includes the nature of the decision that Council will be facing, staff's understanding of the nature of the relationship between the parties involved (i.e. Council and the applicant or contract party), and any other relevant factual information that staff possesses.
- Assist the Council member with selecting a lawyer, if requested.
- Arrange for payments in accordance with this policy.
- Inform the Mayor of a potential conflict of interest involving a member of Council. If staff believes that the Mayor is in a potential conflict of interest, staff shall inform the acting Mayor.
- It is NOT staff's role to monitor or assess potential conflicts of interest for members of Council.

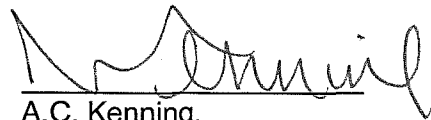
CONCLUSION:

If Council approves the foregoing (or any variation thereto), the policy would be effective the date of Council's resolution.

Respectfully submitted,



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



A.C. Kenning,  
City Manager

DWH/jdk/hp  
Committee: 2011-APR-18

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## STAFF REPORT

REPORT TO: A. TUCKER, DIRECTOR OF PLANNING  
COMMUNITY SAFETY & DEVELOPMENT

AND: I. HOWAT, DIRECTOR OF STRATEGIC RELATIONSHIPS  
CITY MANAGER'S OFFICE

FROM: J. HOLM, MANAGER, PLANNING SECTION  
COMMUNITY SAFETY & DEVELOPMENT

RE: LA24 / APPLICATION FOR A LIQUOR PRIMARY LICENSE – 101 GORDON STREET

---

### STAFF'S RECOMMENDATION:

It is recommended that Council direct Staff to:

1. Proceed with the application to change the food primary liquor license to a liquor primary liquor license at the Vancouver Island Conference Centre.
2. Provide "no comment" to the Liquor Control Licensing Branch with regards to this application.
3. Endorse the Policy Guidelines (Attachment A) and provide these to Vancouver Island Conference Centre management for the purpose of determining suitability of events for the Vancouver Island Conference Centre.

### EXECUTIVE SUMMARY:

The Vancouver Island Conference Centre (VICC) currently has a food primary liquor license with an entertainment endorsement. The current liquor license allows liquor to be served in conjunction with food service and permits some types of live entertainment (patron non-participation) and dancing (patron participation). Food primary liquor licenses are typically held by restaurants where the primary purpose of the business is the service of food during all hours of operation.

While a food primary license may be appropriate for a dinner / dance or banquet event, this license type is not suitable for events where food service is limited, such as concerts, sporting events or exhibitions which are typically held within a conference centre. The Liquor Control Licensing Branch (LCLB) has informed City Staff that most other conference centres in BC operate with a liquor primary license. In order to accommodate a wider variety of events within the conference centre, Staff recommends the existing food primary license be replaced with a liquor primary license.

### BACKGROUND:

At its meeting held 2008-MAR-31, Council recommended the LCLB approve the City's application for a food primary liquor license with an entertainment endorsement for the VICC. As the current liquor license allows liquor to be served until 1:30 am, the LCLB also required a local government resolution for liquor service hours which extend beyond midnight.

The 1:30 am closing time is consistent with Council's policy for hours of liquor service and was also supported by Council. On 2011-APR-12, City Staff met with Nanaimo's downtown bar owners to discuss the proposed liquor primary license. During the meeting the bar owners expressed an interest in limiting the late night hours of service to 12am. While Staff is generally supportive of ending liquor service at 12am, some existing contracts VICC has entered into include liquor service to 12:30am. In order to address the bar owners concerns and honor contractual obligations, Staff recommend limited licensed hours until 12:30am and restricting future VICC contracts to ending liquor service at 12am through Council policy. By ending liquor service at 12am VICC guests will be encouraged to attend one of Nanaimo's nightclubs following the conference event.

Since May, 2008 the VICC has served liquor and food to conference centre patrons with a food primary license. The VICC is owned by the City but operated by Atlific; all food and liquor services are provided by Compass Group Canada Ltd.

The City currently holds the food primary license as the licensee, while Compass Group is listed as a third-party operator. Both Atlific and Compass Group now support replacing the food primary license with a liquor primary license.

### ***Public Consultation***

Council policy for processing new liquor primary applications assumes third party applicants and requires that applications proceed to a public meeting. This application is tentatively scheduled to proceed to a public meeting immediately following the 2011-MAY-05 Public Hearing.

If Council chooses to proceed with public consultation, a public notice and comment sheet will be sent to all the owners and occupants surrounding the subject property. Once the responses have been returned they will be summarized and attached to a future report to Council.

However, in this case, the applicant is the City of Nanaimo.

Council has the option to provide "no comment" with respect to the application. If Council chooses to not comment on the application, Staff will apply directly and inform the LCLB of Council's decision. As the City of Nanaimo is the applicant for the liquor primary application, it is recommended Council provide "no comment".

### ***Options***

- A. Council may provide "no comment" this evening. Application proceeds directly to LCLB.
- B. Council proceeds with public notice and a public meeting and provides "no comment" following the public consultation process.
- C. Council proceeds with the public consultation process and provides comment on the application to the LCLB.

Staff recommends Option A.

### ***Use Policy Considerations***

Three regional conference centres were polled during the review by Staff: Victoria, Whistler, and Penticton. All three of the facilities have had a liquor primary license for several years. The results of the review are summarized below:

#### *Victoria:*

- Has a liquor primary license.
- No written policy that provides guidance for the suitability of bookings.
- General Manager of the facility makes all decisions on the appropriateness of events booked at the conference centre; uses "the Public Sector Test". Would the taxpayer of Victoria be proud of the event that is being booked in their facility?

- Generally avoids religious or fringe political groups.
- Would not allow combat sports, body painting, sex trade shows or tattoo trade shows as they would negatively reflect on the facility and there are other facilities in the region to accommodate such events.

*Whistler:*

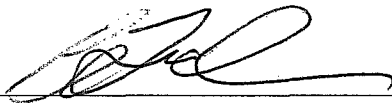
- Has a liquor primary license.
- No written policy that provides guidance for the suitability of bookings.
- Management (Tourism Whistler) decides what is appropriate to book in the facility and under what conditions. In unusual circumstances they will consult with the RCMP, liquor license inspector and Tourism Whistler membership.
- Liquor license inspector has a lot of discretionary control over what facility can do.
- Often ascertains whether other facilities in town are able to host an event (eg: local night club).
- Management has discretion regarding assessment of risk, the resulting damage deposit necessary and required levels of security.
- Would require individual liability insurance of \$5,000,000, naming the facility and its owners and management; \$25,000 damage deposit; additional security; would allow alcohol.
- Would allow combat sports, but would consult with RCMP.
- Would allow body painting, but nipples and genitalia must be covered.
- Would not allow sex trade shows.

*Penticton:*

- Has a liquor primary license.
- Written suitability guidelines are in contract agreement with the operator.
- Management company has discretion, as long as it fits the "morals clause" in the contract.
- Management is not required to book any events that are not economically viable.
- Questionable bookings, or bookings that involve financial risk, are sent to Council for approval.
- Events that are considered higher risk by the manager can require additional costs to the event, such as carpet cleaning, security, etc.

Staff has drafted use guidelines (attachment A). They are based on feedback from Council and from the survey of other conference centres, outlined above. It is recommended that Council endorse these use guidelines and provide them to VICC management for implementation.

Respectfully submitted,



A. Tucker  
Director of Planning  
**Community Safety & Development**

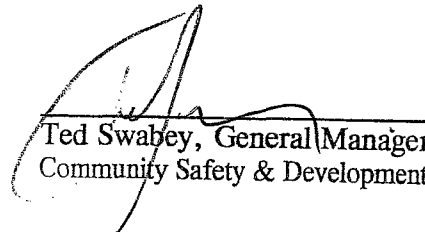


I. Howat  
Director of Strategic Relationships  
**City Manager's Office**



J. Holm  
Manager, Planning Section  
**Community Safety & Development**

DS/pm  
FCoTW: 2011-APR-18  
Prospero: LA24



Ted Swabey, General Manager  
**Community Safety & Development**

## ATTACHMENT A



### ***Policy Guidelines to be used by VICC Management in the Promotion of the Vancouver Island Conference Centre***

VICC Management has many opportunities to provide more flexible services to event organizers under the new liquor primary license. With that also come additional responsibilities. The following general guidelines are to be followed:

- VICC management are to make every effort to include the sale of food at events where alcohol is being served.
- VICC Management is to be members in Bar Watch and participate in the quarterly meetings.
- VICC management and the event organizer must promote responsible consumption of alcoholic beverages.
- VICC management and the event organizer must take appropriate measures to return guests to their accommodations in a safe, responsible and legal manner.
- VICC management are to negotiate a share of the broadcasting revenues when network or pay per view broadcasting is taking place at the event.

#### ***Events deemed by VICC management to be high risk:***

- VICC management must carry out a risk assessment on events being considered.
- If VICC management wish to proceed with an event that may pose a greater risk to the VICC and its appurtenances, then VICC management must require a \$25,000 damage deposit.
- \$5,000,000 liability insurance must be provided by the event, naming Vancouver Island Conference Centre, its employees, contractors and subcontractors, City of Nanaimo and its officers and employees.
- Security levels deemed appropriate for the event shall be required at the event organizers expense. VICC Management must consult with the liquor inspector and the RCMP.

More specific Guidelines are outlined below.

#### ***Combat Sports:***

- A damage deposit of \$25,000 per event is required.
- Liability Insurance of no less than \$5,000,000 per occurrence, naming the Vancouver Island Conference Centre, its employees, contractors and subcontractors and the City of Nanaimo and its officers and employees.
- Additional security is required to protect the VICC and its appurtenances, staff and the guests of the facility. The level of security is to be determined by VICC management in consultation with the event organizer and the RCMP.
- The event organizer, in accordance with LCLB regulations, is required to apply for and receive approval from the General Manager of the LCLB.
- Patron participation is prohibited.

**Body Painting:**

- Body painting events, while a form of art, are considered adult-oriented performances. Appropriate signage and security will be posted at entrances to the event.
- Performers must be contained on a stage or other approved areas and are not permitted in the audience areas.
- The entertainers must not enter the stage area or any other public area unless they are fully clothed or in their completed costume. The application of body paint is prohibited in front of the audience.
- Performers coming and going to the VICC must be fully clothed.
- Nipples and genitalia must be covered.
- VICC management will consult with the local LCLB liquor inspector before every event to ensure that the VICC is operating in a manner that is acceptable to the liquor inspector.

**Prohibited Activities**

The VICC is a public facility owned by the City of Nanaimo taxpayers. VICC management must make every effort to balance the desire to reap every economic benefit possible from the facility but not to the extent that it would offend the moral character of the general population of Nanaimo. The following list is not an exhaustive list of prohibited activities but is meant to provide guidance to VICC management. VICC management shall not consider events that promote the use or sale of:

- Cigarettes or tobacco.
- Obscene or pornographic material.
- Materials and paraphernalia that promote the use of illegal substances.
- Products or services that promote violence or the exploitation of sex.
- Escort services or body rub parlours.
- Hate crimes.
- Political or religious biases that may negatively impact the City of Nanaimo's marketing and economic development efforts.



# STAFF REPORT

REPORT TO: E.C. SWABEY, GENERAL MANAGER,  
COMMUNITY SAFETY & DEVELOPMENT

FROM: R. LAMBERT, FIRE CHIEF

RE: MARINE FIRE AND RESCUE CAPABILITY

## STAFF'S RECOMMENDATION:

That Council instruct Staff to include \$80,000 in the final 2011 financial plan to partner with the Port of Nanaimo and increase marine fire and rescue capacity within the harbour.

## EXECUTIVE SUMMARY:

The City of Nanaimo's geographic location and identity as the "harbour city" presents a number of risks respective to marine emergency response. Over time there has been numerous fires involving vessels and marine infrastructure and the need for 'waterside capability' cannot be over expressed, particularly as the risk increases in the harbour. The Port of Nanaimo has historically provided limited firefighting capability from their patrol vessel. However, recently this vessel has been taken out of service and a replacement with another vessel is in progress. Consistent to the 10-Year Fire Plan, the Port is proposing that a partnership is formed in respect to firefighting capacity using these multi-purpose type vessels being acquired by the Port. The initial capital commitment from the City is approximately \$80,000 to equip the vessel with a fire pump and related equipment. This would require the allocation of funds planned for 2016 be raised in 2011. It is proposed that this is done through the general taxation fund.

## BACKGROUND:

The City of Nanaimo's geographic location and identity as the "harbour city" presents a number of risks respective to marine emergency response. Protection Island service has challenges during medical incidents; specifically, transporting patients off the island, as well as resource build up during fire emergencies. Additionally, there is significant marine infrastructure in the harbour that extends from Duke Point to the Departure Bay area. Some waters and foreshore leases are provincial, placing responsibility for fire protection on the City, while others are federal, under the responsibility of the Port Authority.

Over time, there have been a number of significant fires in the harbour; from vessels to marinas, ferry berths and industrial docks. The primary challenge is access presenting a particular problem that increases the risk to extensive fire loss. As an example, the 'Palms Marina fire' in October 2009 caused approximately \$1 million in fire damage. The fire ignited in the centre of the quay and extended outward while firefighters confined it from the shore side and peripheral quays. Had it occurred at the shore side and restricted firefighter access, it would have likely extended to consume the entire facility, leading to extensive fire damage. This scenario occurred in Seattle on Lake Washington a few years ago, consuming three marinas, causing huge losses. The need for increased marine capacity cannot be over expressed.

Historically, the City has had an informal, mutual arrangement and strong working relationship with the Port Authority in regard to marine firefighting assistance utilizing their Patrol Vessel. A formal

☐ Committee.....  
☐ Open Meeting  
☐ In-Camera Meeting  
 Meeting Date: \_\_\_\_\_

agreement limiting involvement with shipboard firefighting also exists. Recently, the Port of Nanaimo has taken the patrol vessel out of service due to hull problems and is in the process of acquiring a replacement vessel. This has resulted in no firefighting/fire boat capacity. They also intend to replace their other 'security vessel' in the near future and may acquire another more functional vessel from Canada Coast Guard that would supplement firefighting capabilities.

During the review of Fire Rescue Department capability through the Standard of Response Coverage Study in 2005, it was recognized that the marine firefighting capacity and Protection Island conduit needed to be improved. Council later adopted the 10-Year Fire Plan which included the following action step:

*The City and Nanaimo Port Authority should explore the joint purchase and operation of a well-designed fire boat with sufficient water delivery capability to combat the significant fires that could occur and that has water-based rescue capability.*

Consistent to the 10-Year Fire Plan, the Port is proposing that a partnership is formed in respect to firefighting capacity using two multi-purpose vessels to perform 'fire boat' functions within the entire harbour area, regardless of jurisdiction. Port and Fire managers have discussed the strategic approach to provide enough capacity given the risks, the tactical implementation of the vessels during a fire, as well as an operational arrangement with Fire and Port personnel working together collectively. This would see the Port operating the vessel while fire personnel operate fire streams. Vessels would also be utilized to transport crews for fires on Protection Island and provide rescue capacity within the harbour. It is proposed that an operational agreement is adopted by both agencies to formalize the arrangement. The Port of Alberni and the City of Port Alberni have developed an exceptionally functional model. The interagency cooperation and 'partnership' approach is a cost effective way for both authorities to meet statutory and moral obligations for services within the harbour.

The initial capital commitment from the City in the 2011 fiscal period is estimated at approximately \$80,000 to equip the replacement patrol vessel with a fire pump and equipment. Because of the size limitations of the vessel, a 200 GPM pump is planned to be secured into the hull with plumbing to the front and rear. The pump will also be compressed air foam (CAFS). The introduction of CAFS increases the fire control capabilities with the limited fire flow. At this point, it is also assumed that the City would be responsible for maintenance and equipment costs related to the fire pump and small increases (e.g. \$5,000 - \$10,000) may be necessary to the Fire operating budget in future years.

Given the circumstances and timing of the partnership opportunity, no reserves are in place to fund the City's share in this joint venture. 'Fire Boat' funding was addressed in the Fire Fleet Plan for 2016, outside of the current 5 year Capital Plan. To proceed, it is necessary to include the expenditure in the final 2011 financial plan.

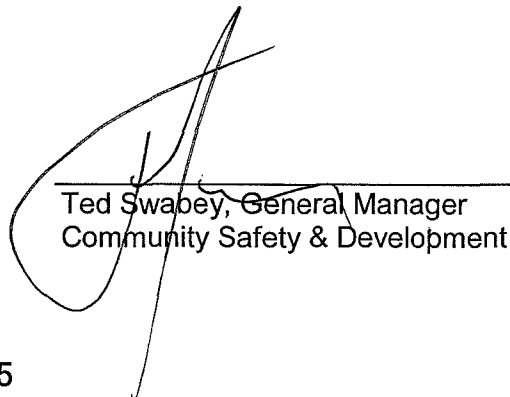
The current circumstances have expedited the planned initiative to work jointly with the Port Authority. Given the current dilemma of no suitable waterside fire protection, it is believed that this is an important initiative for inter-agency cooperation and cost effectiveness.

Respectfully submitted,



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Ron Lambert, Fire Chief  
Fire Rescue Department



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Ted Swabey, General Manager  
Community Safety & Development

# STAFF REPORT

REPORT TO: T. SEWARD, DIRECTOR OF DEVELOPMENT  
COMMUNITY SAFETY & DEVELOPMENT

FROM: D. MOUSSEAU, MANAGER, ENGINEERING & SUBDIVISION  
COMMUNITY SAFETY & DEVELOPMENT

RE: SUBDIVISION APPROVAL – PARK AND CASH-IN-LIEU  
1865 BOWEN ROAD (SUB00876)

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## STAFF'S RECOMMENDATION:

That Council approve the payment of cash-in-lieu of park for the fee simple subdivision of lands as described below:

Lot 60, DL 23G, Plan 15154, LD 58, except that part in Plan VIP88577  
Civic address: 1865 Bowen Road (SUB00876)

## EXECUTIVE SUMMARY:

The City's Approving Officer has received an application from Williamson & Associates Professional Land Surveyors for a fee simple subdivision at the above-noted address. The City's Approving Officer coordinates the review of subdivision applications to ensure City bylaws and policies, as well as statutory requirements applicable to the subdivision of lands, are addressed.

As part of this review, the Parks, Recreation & Culture Department makes recommendations with respect to whether the City should acquire parkland or take cash-in-lieu, or a combination of the two options.

This subdivision consists of 24 "Light Industrial" zoned lots and 1 "Community Shopping Centre Commercial" zoned lot, which comprise a total land area of 11.65 Hectares (28.8 acres). Dedication of the statutory requirement of 5% of the parent parcel would yield parkland of approximately .58 Hectares (1.4 acres). The cash-in-lieu contributed would be based on an appraisal value of the land, which has not yet been completed.

The subdivision is proposed to be completed in two phases. Phase 1 is to consist of 14 of the proposed 24 Light Industrial lots and the 1 Commercial lot. Phase 2 is to consist of 10 Industrial lots.

Accordingly, Parks, Recreation & Culture Department, along with the Approving Officer, recommend the payment of cash-in-lieu of park with the approval of the subdivision as presented in the attached concept plan (Appendix A).

## BACKGROUND:

Section 941 of the *Local Government Act* allows the City to authorize a subdivisor to dedicate lands to the community for parkland, or pay the cash-in-lieu equivalent thereof (or a combination of both) for any subdivision where the following criteria apply:

- a) the subdivision would result in 3 or more fee-simple, or strata title lots being created; and
- b) the smallest lot being created is less than 2 hectares; or

- c) a subdivision creating fewer than 3 or more lots where the parcel proposed to be subdivided was itself created by subdivision within the past 5 years.

Section 941 provides for a dedication of parkland based on 5% of the original area of the parcel being subdivided. In those cases when the City does not wish to obtain parkland, subject to Council approval, the subdivisor is obligated to provide cash in an amount equal to 5% of the appraised value of the lands being subdivided. These funds are then placed in a reserve to be used by the City for future acquisition of parks.

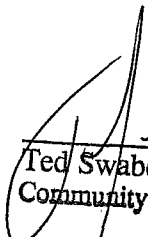
The developer of 1865 Bowen Road has proposed a parkland dedication of the required 1.4 acres which is situated to the West of the Nanaimo Parkway adjacent to the Parkway Trail. The proposed parkland dedication is within the "Tree Protection" and "Character Protection" zones of the "Nanaimo Parkway Development Permit Area" and is currently landlocked with no direct road access and has limited development potential as either a commercial property, or as a park property. The final value of the cash-in-lieu contribution will be determined by an assessment of the pre-development value of the land completed 60 days prior to application for Final Approval.

Respectfully Submitted,

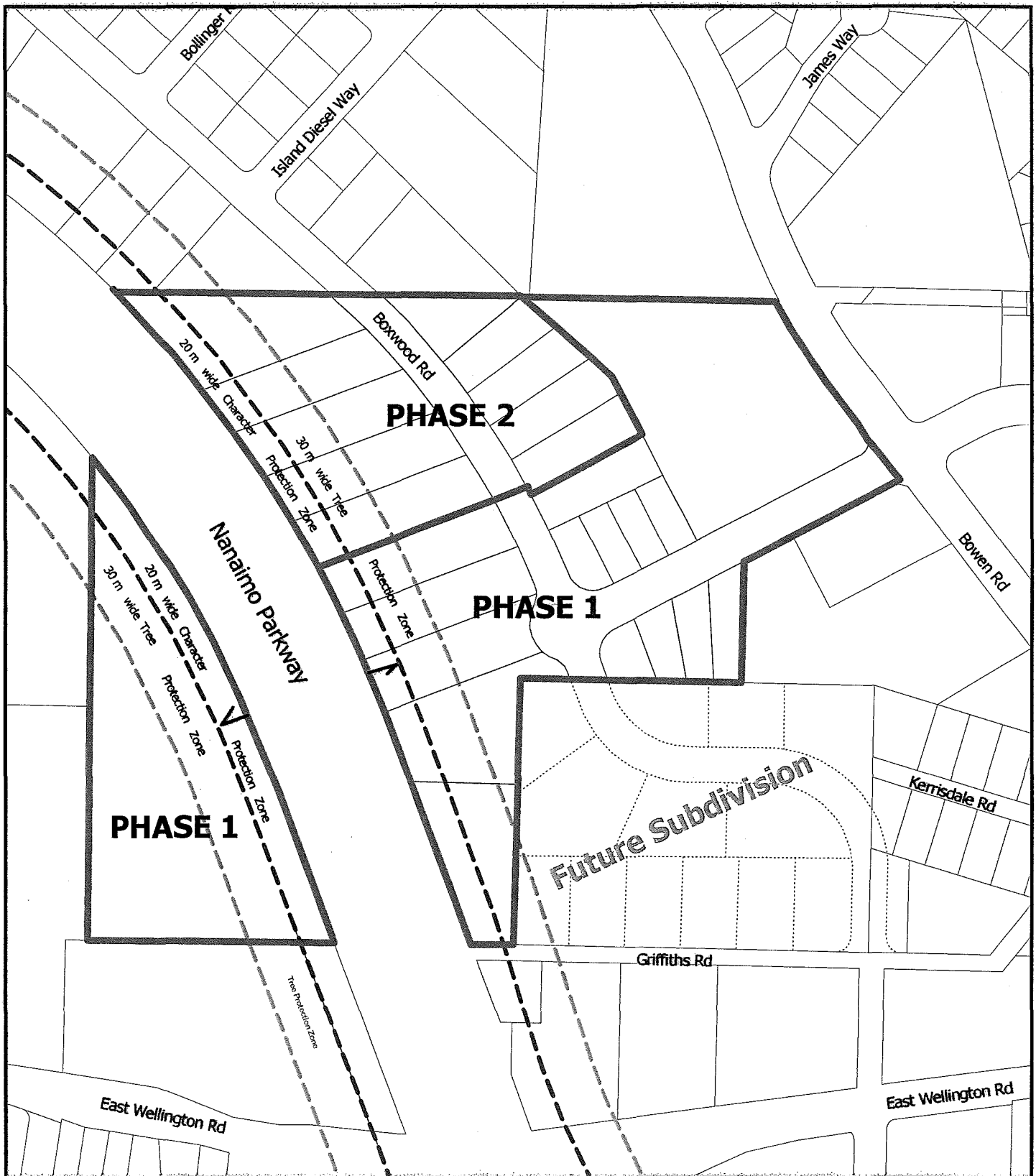
  
\_\_\_\_\_  
D. Mousseau  
Manager, Engineering & Subdivision  
**COMMUNITY SAFETY & DEVELOPMENT**

  
\_\_\_\_\_  
T. Seward  
Director of Development  
**COMMUNITY SAFETY & DEVELOPMENT**

DM/lr  
Prospero: SUB00876  
COMMITTEE: 2011-APR-18

  
\_\_\_\_\_  
Ted Swabey, General Manager  
Community Safety & Development

# APPENDIX A



## STAFF REPORT

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

FROM: B. E. CLEMENS, DIRECTOR OF FINANCE

RE: 2011-2015 FINANCIAL PLAN BYLAW

### RECOMMENDATION:

That Council direct Staff to prepare an amendment to "FINANCIAL PLAN BYLAW 2011 NO. 7121" and prepare the tax rate bylaw for three readings on 2011-MAY-02, based on the information contained in this report.

### EXECUTIVE SUMMARY:

Staff have completed updating the 2011-2015 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 3.2% to 2.5%. The residential tax increase is reduced from 4.2% to 3.6%. The *Community Charter* requires Council to pass a financial plan bylaw and a tax rates bylaw by May 15<sup>th</sup> each year. Staff will bring forward an amendment to "FINANCIAL PLAN BYLAW 2011 NO. 7121" and a tax rate bylaw for three readings on 2011-MAY-02 and final adoption on 2011-MAY-09.

### DISCUSSION:

The 2011-2015 Financial Plan being presented by staff includes property tax increases as follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Blended	2.5%	2.1%	2.7%	2.8%	5.7%
Residential	3.6%	3.2%	3.2%	2.8%	5.7%
Commercial	2.5%	2.1%	2.7%	2.8%	5.7%
Industrial	-18.0%	-22.9%	-9.3%	2.8%	5.7%

Increases in water rates (5%) and garbage and recycling fees (1.8%) were implemented on January 1<sup>st</sup>. There were no increases for sewer fees in 2011.

The impact of the 3.6% 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 \$62.29. With the increases in water and garbage rates already approved by Council, this makes the total increase in the cost of City services \$79.39, or 3.6%. 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 an increase of about 5.5% (actual number is 5.47%). Properties which experienced an increase in assessment greater than 5.5% will have a tax increase that is larger than the 3.6% average. Conversely, properties where assessment increased by less than 5.5% 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 February. The final assessment roll has been received and it indicates that revenue from new construction will be \$1,425,531, up from the earlier estimate of \$1,200,000.

Significant changes to the 2011 budget since the budget was last presented to Council include:

- By-election (\$100,000)
- External review of contracted services (\$75,000)
- Fire pump for Port Authority boat (\$80,000)
- PacificSport grant (\$15,000)
- MIA insurance premiums came in less than budgeted (\$86,349)
- Deleted Bastion Parkade parcel tax due to suspended debt (\$62,467)
- Additional revenue from Regional Parks Service Agreement (\$86,675)
- Reduced construction costs for Bowen/Quarterway (\$312,415)
- Exit fee for Oceanview properties (\$312,957) – transferred to reserve

The elimination of the Bastion Parkade parcel tax means that downtown businesses will no longer pay the annual parcel tax of \$192.21.

The exit fee of \$312,957 relates to property that was previously in Private Managed Forest Land Reserve. Property within this class gets special treatment under the assessment rules and has a low tax rate. In return, it must be actively used as managed forest land (tree farm). When the owner wishes to remove the land from the Reserve for other uses (such as property development), then the owner must pay an exit fee that is calculated based on the difference between what they actually paid and what they should have paid under the new use. In this case, properties in the Cable Bay area have been removed from the Private Managed Forest Land Reserve and are now assessed as mostly residential and some commercial, based on the anticipated Oceanview development. The City has received notification from the Private Management Forest Land Council that an exit fee of \$312,957 is owed to the City. Although we have not yet received payment (this just happened in the last week), it is secured by the normal right of tax sale. Staff have included this revenue in the revised budget and transferred it into the General Capital Reserve for future allocation by Council. Oceanview is disputing the amount of the exit fee.

The financial plan also has been updated to include projects that were incomplete at the end of 2010 and were carried forward to be completed in 2011. No additional funding is required for these projects.

The net effect of the above changes is to reduce the overall property tax increase from 3.2% to 2.5%. The residential tax increase is reduced from 4.2% to 3.6%.

Although there are many changes, both increases and decreases, Council has included three service level increases that are major contributors to the 2011 property tax increase:

- 5 additional general duty RCMP members and 2 additional police services support staff;
- Full year of 24/7 staffing at Fire Station #4 on Cranberry Avenue;
- Major construction project for the Quarterway Bridge/Bowen Road.

The impact of these three items is to increase property taxes in 2011 by about 2.4%

Based on the preceding and subject to direction from Council, staff will prepare the 2011 financial plan and tax rate bylaws.

Respectfully submitted,



B.E. Clemens  
Director of Finance



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



## STAFF REPORT

REPORT TO: B.E. CLEMENS, DIRECTOR OF FINANCE

FROM: L.A. COATES, MANAGER, ACCOUNTING SERVICES

RE: 2010 ANNUAL FINANCIAL REPORT

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### STAFF'S RECOMMENDATION:

That Council accept the unaudited 2010 Annual Financial Report for the City of Nanaimo.

### EXECUTIVE SUMMARY:

The 2010 Annual Financial Report ("Report") for the City of Nanaimo has now been completed. Changes in 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, Church Pickard, 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, 2010, once the Committee has accepted the statements. Ms. Lorana LaPorte, of Church Pickard, will be in attendance at the May 9, 2011 meeting should Committee members have any questions concerning the audit review.

### BACKGROUND:

As noted in the 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 Report contains the Consolidated Financial Statements as required by the *Community Charter* and meets the reporting standards for local governments.

The Report continues 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.

**Highlights of the Report:**

- Operating revenues exceeded expenses by \$301,000 in 2010. These funds were added to the accumulated operating surplus, which totals \$15.7 million.

Allocated to:

General Fund	\$ 2.9 million
Sewer Fund	6.4
Water Fund	<u>6.4</u>
	<u>\$15.7</u> million

- Funds held in reserves total \$115 million at December 31, 2010 (2009 - \$110 million), allocated as follows:

Work in progress	\$ 13.4 million
Reserve accounts (surplus appropriations)	48.1
Development Cost Charges (developer contributions)	36.3
Statutory Reserves	<u>17.2</u>
	<u>\$115.0</u> million

A listing of reserve accounts is shown on page 15 of the Report. 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 2010 totaled \$3.6 million (2009 - \$4.3 million). The City continues to construct growth-related projects, which are funded from DCC's (\$3.4 million in 2010).

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, 2010:

Facility Development (Recreation) Reserve	\$ 535,476
Equipment Depreciation Reserve	4,318,939
Local Improvement Reserve	1,445,559
Community Works Reserve	6,777,115
Cemetery Care Fund	492,800
Parkland Dedication Reserve	396,250
Property Sales Reserve	2,719,292
Old City Neighbourhood Parking Reserve	76,968
Knowles Estate Reserve	426,147

- Outstanding debt and debt servicing costs

	<u>2010</u>	<u>2009</u>
Outstanding debt	\$38.1 million	\$40.5 million
Per capita debt	\$444.00	\$474.00
Debt reduction during current year	\$2.4 million	\$2.4 million

Page 11 of the Report provides note disclosure of the outstanding debt and details of the principal reductions for the next five years.

- Tangible capital assets net book value totals \$546 million at December 31, 2010 (December 31, 2009 - \$533 million). A detailed schedule is found on page 25 of the Report. Capital asset acquisitions were \$33.4 million (2009 - \$31.4 million), including developer contributed assets of \$10.0 million (2009 - \$5.4 million)

Respectfully submitted,



Lorrie A. Coates  
Manager, Accounting Services



B.E. Clemens, Director of Finance



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

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**2010 FINANCIAL STATEMENTS**

**For the year ended December 31, 2010**

**CITY OF NANAIMO  
FINANCIAL REPORT  
for the year ended December 31, 2010**

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<b><u>INDEX</u></b>	<b><u>PAGE</u></b>
<b>Management Report</b>	<b>1</b>
<b>Consolidated Financial Statements</b>	
<b>Statement of Financial Position</b>	<b>2</b>
<b>Statement of Operations</b>	<b>3</b>
<b>Statement of Changes in Net Financial Assets</b>	<b>4</b>
<b>Statement of Cash Flows</b>	<b>5</b>
<b>Notes to the Financial Statements</b>	<b>6-22</b>
<b>Schedule of Operations by Segment</b>	<b>23-24</b>
<b>Schedule of Tangible Capital Assets</b>	<b>25</b>

**CITY OF NANAIMO  
2010 FINANCIAL STATEMENTS  
MANAGEMENT REPORT**

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The Council of the City of Nanaimo has delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of the City of Nanaimo. The financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are executed and recorded in accordance with authorization, and that financial records are reliable for preparation of financial statements.

The City of Nanaimo's independent auditors, Church Pickard, are engaged to express an opinion as to whether these financial statements present fairly the City of Nanaimo's financial position and operating results in accordance with Canadian public sector accounting standards. Their opinion is based on procedures they consider sufficient to support such an opinion.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards. These statements present, in all significant respects, the financial position of the City of Nanaimo as at December 31, 2010.

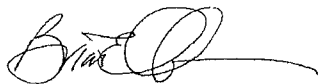


B. E. Clemens, CMA  
Director of Finance

April 18, 2011

**CITY OF NANAIMO**  
**STATEMENT OF FINANCIAL POSITION**  
**as at December 31, 2010**

	2010 <u>Actual</u>	2009 <u>Actual</u> Restated
<b>FINANCIAL ASSETS</b>		
Cash - Note 1 (b)	\$ 24,000,277	\$ 11,218,753
Short-term investments - Note 1 (b) and 23	16,739,165	26,486,473
Accounts receivable and other assets - Note 6	18,090,395	19,740,024
Development cost charges receivable - Note 3	895,424	2,380,839
Portfolio investments - Note 1 (b) and 23	<u>105,839,636</u>	<u>100,495,503</u>
	<u>165,564,897</u>	<u>160,321,592</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities - Note 7	17,836,049	19,163,302
Retirement benefit liability - Note 1 (e) and Note 8	5,744,042	5,384,778
Deferred revenue and other liabilities - Note 9	12,429,670	11,698,984
Restricted revenues - Note 4	36,318,060	35,445,221
Debt - Note 5	<u>38,139,909</u>	<u>40,528,535</u>
	<u>110,467,730</u>	<u>112,220,820</u>
<b>NET FINANCIAL ASSETS</b>	<u>55,097,167</u>	<u>48,100,772</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - Note 2 and 13	546,137,759	532,536,551
Prepaid expense	551,268	758,767
Supplies	<u>677,188</u>	<u>643,454</u>
	<u>547,366,215</u>	<u>533,938,772</u>
<b>ACCUMULATED SURPLUS - Note 2 and 14</b>	<u>\$ 602,463,382</u>	<u>\$ 582,039,544</u>



**B. E. Clemens, CMA**  
**Director of Finance**

**CITY OF NANAIMO**  
**STATEMENT OF OPERATIONS**  
**for the year ended December 31, 2010**

	2010 <u>Budget</u> (note 25)	2010 <u>Actual</u>	2009 <u>Actual</u> Restated
<b>REVENUES</b>			
Taxes	\$ 80,406,980	\$ 80,761,023	\$ 76,595,009
Grants in lieu of taxes	1,176,586	1,183,687	1,193,276
Net taxation and grants in lieu - Note 10	81,583,566	81,944,710	77,788,285
User fees and sales of services - Note 11	27,830,369	29,418,625	29,112,758
Other revenue	11,173,260	12,574,057	12,600,686
Development cost charges - Note 4	9,165,831	3,436,608	4,972,567
Donations and contributions - capital	209,752	268,626	2,137,673
Transfers from other governments - capital - Note 12	1,357,953	1,884,252	2,881,162
Transfers from other governments - operating - Note 12	4,566,246	4,266,972	6,059,067
Municipal Finance Authority refunds	-	132,807	130,097
Developer contribution at subdivision - Note 1 (d) and 13	-	10,008,286	5,352,624
Loss on sale of assets	-	(246,782)	(135,556)
	<u>135,886,977</u>	<u>143,688,161</u>	<u>140,899,363</u>
<b>EXPENSES - Note 24</b>			
Corporate services	12,554,767	11,091,113	12,354,443
Community safety	35,410,883	34,710,598	32,582,552
Development services	10,922,929	9,827,519	9,619,874
Strategic relationships	7,756,501	6,996,418	7,381,467
Parks, recreation and culture	27,528,687	27,120,393	26,833,313
Engineering and public works	28,163,629	26,859,411	26,205,556
Sewer system	3,791,272	3,602,384	3,658,632
Waterworks	8,552,532	7,917,028	7,746,785
Interest payments on debt	1,774,180	1,773,775	2,072,216
Contingency	213,100	-	-
	<u>136,668,480</u>	<u>129,898,639</u>	<u>128,454,838</u>
Interprogram credits	(6,693,658)	(6,634,316)	(6,555,727)
	<u>129,974,822</u>	<u>123,264,323</u>	<u>121,899,111</u>
<b>Annual surplus</b>	5,912,155	20,423,838	19,000,252
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<u>582,039,544</u>	<u>582,039,544</u>	<u>563,039,292</u>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<u>\$ 587,951,699</u>	<u>\$ 602,463,382</u>	<u>\$ 582,039,544</u>

The accompanying notes form an integral part of the financial statements



**CITY OF NANAIMO**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**for the year ended December 31, 2010**

	2010 <u>Budget</u> (note 25)	2010 <u>Actual</u>	2009 <u>Actual</u> restated
<b>ANNUAL SURPLUS</b>	\$ 5,912,155	\$ 20,423,838	\$ 19,000,252
Acquisition of tangible capital assets	(43,458,168)	(33,440,976)	(31,390,671)
Amortization of tangible capital assets	19,317,499	19,455,054	19,421,126
Loss on sale of tangible capital assets	-	246,782	135,556
Proceeds on sale of tangible capital assets	-	137,932	45,005
	<u>(18,228,514)</u>	<u>6,822,630</u>	<u>7,211,268</u>
Acquisition of supply inventory	-	(3,521,552)	(3,157,298)
Acquisition of prepaid expenses	-	(477,318)	(733,231)
Consumption of supply inventory	-	3,487,818	3,173,437
Use of prepaid expenses	-	684,817	131,264
	<u>-</u>	<u>173,765</u>	<u>(585,828)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	(18,228,514)	6,996,395	6,625,440
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	<u>48,100,772</u>	<u>48,100,772</u>	<u>41,475,332</u>
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	\$ <u>29,872,258</u>	\$ <u>55,097,167</u>	\$ <u>48,100,772</u>

The accompanying notes form an integral part of the financial statements

**CITY OF NANAIMO**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the year ended December 31, 2010**

	<b>2010</b> <b><u>Actual</u></b>	2009 <u>Actual</u> Restated
<b>CASH PROVIDED BY (USED FOR)</b>		
<b>OPERATIONS</b>		
Annual surplus	\$ 20,423,838	\$ 19,000,252
Non-cash items		
Amortization	19,455,054	19,421,126
Developer contributed tangible capital assets	(10,008,286)	(5,352,624)
(Increase) decrease in prepaid expense	207,499	(601,967)
(Increase) decrease in supplies	(33,734)	16,139
Loss on sale of tangible capital assets	246,782	135,556
Actuarial adjustments	(580,503)	(550,662)
Changes to Financial Assets/Liabilities		
(Increase) decrease in accounts receivable	3,135,044	(3,490,230)
Increase (decrease) in accounts payable	(967,989)	1,253,405
Increase (decrease) in deferred revenue	730,686	(2,718,834)
Increase in restricted revenue	872,839	260,229
Cash provided by operating transactions	<u>33,481,230</u>	<u>27,372,390</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(33,440,976)	(31,390,671)
Less: developer contributed tangible capital assets	10,008,286	5,352,624
	<u>(23,432,690)</u>	<u>(26,038,047)</u>
Proceeds from the sale of tangible capital assets	137,932	45,005
Cash applied to capital transactions	<u>(23,294,758)</u>	<u>(25,993,042)</u>
<b>INVESTING</b>		
(Increase) decrease in investments	<u>4,403,175</u>	<u>(4,527,457)</u>
<b>FINANCING</b>		
Debt repayment	<u>(1,808,123)</u>	<u>(1,830,342)</u>
<b>INCREASE (DECREASE) IN CASH</b>	12,781,524	(4,978,451)
<b>CASH - BEGINNING OF YEAR</b>	<u>11,218,753</u>	<u>16,197,204</u>
<b>CASH - END OF YEAR</b>	<u>\$ 24,000,277</u>	<u>\$ 11,218,753</u>

The accompanying notes form an integral part of the financial statements

**CITY OF NANAIMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended December 31, 2010**

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The City of Nanaimo was incorporated December 24, 1874 under a statute of the Province of British Columbia now known as the Community Charter. The principal activities of the City are preservation, protection and enhancement of the quality of life in Nanaimo through the facilitation of municipal services in an equitable, efficient and effective manner.

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

The City prepares its financial statements in accordance with generally accepted public sector accounting standards for local government using guidelines developed by the Canadian Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The following include significant policies that have been adopted by the City where alternatives are available:

**(a) Revenue Recognition**

Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transactions or events occurred that give rise to the revenues, and expenses in the period the goods and services are acquired and a liability is incurred or transfers are due. Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year. Sale of services and user fee revenues are recognized when the service or product is rendered by the City. Grant revenues are recognized when the funding is approved and all stipulations have been met. Gas Tax Funds are recognized as revenue in the period received. Revenue unearned in the current period is recorded as deferred revenue.

**(b) Cash and Investments**

Cash and investments are comprised of cash on deposit and investments in qualifying institutions as defined in the Community Charter.

	<u>2010</u>	<u>2009</u>
Cash	\$ 24,000,277	\$ 11,218,753
Short-term investments	16,739,165	26,486,473
Portfolio investments	<u>105,839,636</u>	<u>100,495,503</u>
	<u>\$ 146,579,078</u>	<u>\$ 138,200,729</u>
Accrued income	<u>\$ 1,686,990</u>	<u>\$ 630,486</u>

The investments mature at various dates between April 12, 2011 and April 20, 2020 and have yields ranging from 1.62% to 5.53%. See Note 22 regarding financial instrument risks and Note 23 regarding market values and terms.

**CITY OF NANAIMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended December 31, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Portfolio investments consist of pooled investments, term deposits, coupons, bonds, banker's acceptance notes and bearer deposit notes which are expected to be held for a term exceeding one year. Investments are recorded at cost, except for the investments in the Municipal Finance Authority of British Columbia pooled investments. These are recorded at market value, which approximates cost due to the high level of transactions within the fund. When, in the opinion of management, there is a decline in value, other than a temporary decline, investments are written down to their net realizable value.

Certain investments totaling \$51,989,264 (2009 - \$47,319,255), represent funds that have been acquired through bylaws or specific sections of the Community Charter. These amounts are designated in their use to the purpose stated within the bylaws that established the statutory reserve fund or for the completion of work related to development.

**(c) Supplies**

Supplies are valued at weighted average cost with allowances made for damaged or obsolete goods so that the carrying value does not exceed net realizable value.

**(d) Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended to be sold in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated change in net financial assets for the year. Tangible capital assets, a type of non-financial asset, are comprised of capital assets and capital work in progress, are recorded at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing the month after the asset is put into service.

Estimated useful lives are as follows:

Land	Indefinite
Land Improvements	10 - 45 years
Leasehold Improvements	10 - 30 years
Marine Structures	15 - 20 years
Buildings	25 - 40 years
Vehicles and Equipment	2 - 25 years
IT Infrastructure	5 - 10 years
Storm	25 - 75 years
Transportation	10 - 60 years
Sewer	8 - 60 years
Water	8 - 65 years

**CITY OF NANAIMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended December 31, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Subdivision streets, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. At the end of the maintenance period, they are turned over to the City for no consideration and recorded as assets at the cost to the developers which approximates fair value. The City is not involved in the construction and does not budget for either the contribution from the developer or the capital expenditure in its annual bylaw.

**(e) Accrued Retirement Benefit Obligation**

This liability represents an estimate of the amount of accumulated termination benefits and earned sick leave. Actuarial gains/losses on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains/losses are amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the post-employment plan is 13 years for sick leave benefits and 14 years for retirement allowance benefits.

**(f) Use of Estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the determination of accrued sick benefits and retirement liability, collectability of accounts receivable, useful lives of tangible assets for calculation of amortization and provisions for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

**NOTE 2 – PRIOR PERIOD ADJUSTMENT**

As information regarding tangible capital assets is uncovered, changes to historical cost and the useful life of the assets are reflected. It was identified that contributed tangible capital assets in the prior year had been overstated by \$723,000 as the assets were acquired in 2008 and that a water reservoir, net book value at December 2007 of \$445,783 was missed in the initial recording of tangible capital assets. In addition, there were net reductions in asset

**CITY OF NANAIMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended December 31, 2010**

**NOTE 2 – PRIOR PERIOD ADJUSTMENT (CONTINUED)**

valuations and quantities due to misstatements with a net book value at December 2007 of \$1,480,518. As a result, the following has been restated:

**2009 Accumulated Surplus**

Accumulated surplus as previously reported	\$ 583,797,279
Less: change in net book value of tangible capital assets	<u>(1,757,735)</u>
Accumulated surplus as restated	<u>\$ 582,039,544</u>

**2009 Annual Surplus**

Annual surplus as previously reported	\$ 19,685,358
Add: decrease in amortization expense	54,284
Less: decrease in revenue from contributed tangible capital assets	(723,000)
increase in expenses from tangible capital asset acquisitions	<u>(16,390)</u>
Annual surplus as restated	<u>\$ 19,000,252</u>

**2009 Acquisition of tangible capital assets**

Acquisition of tangible capital assets as previously reported	\$ 32,130,061
Less: reduction of acquisition of tangible capital assets	<u>(739,390)</u>
Acquisition of tangible capital assets as restated	<u>\$ 31,390,671</u>

**2009 Tangible Capital Assets**

Net book value of tangible capital assets as previously reported	\$ 534,294,286
Add: decrease in amortization expense	54,284
Less: decrease in assets due to change in valuation and quantity	(1,072,629)
decrease in revenue from contributed tangible capital assets	(723,000)
decrease in tangible capital asset acquisitions	<u>(16,390)</u>
Net book value of tangible capital assets as restated	<u>\$ 532,536,551</u>

Certain comparative figures have been reclassified to conform to the current year's presentation.

**NOTE 3 – DEVELOPMENT COST CHARGES RECEIVABLE**

	<u>2010</u>	<u>2009</u>
Installments receivable:		
2010	\$ -	\$ 1,703,544
2011	673,134	677,295
2012	<u>222,290</u>	<u>-</u>
	<u>\$ 895,424</u>	<u>\$ 2,380,839</u>

**CITY OF NANAIMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended December 31, 2010**

**NOTE 3 – DEVELOPMENT COST CHARGES RECEIVABLE (CONTINUED)**

Development Cost Charges are collected on the approval of subdivision or the issuance of a building permit. These funds assist the City in constructing capital improvements related to development. Installments receivable represent funds due from developers within two years and are secured by irrevocable standby letters of credit and/or cash on deposit. No interest is charged on these outstanding installments.

**NOTE 4 – RESTRICTED REVENUE**

	<u>2010</u>	<u>2009</u>
Development Cost Charges - beginning of year	\$ 35,445,221	\$ 35,184,992
Contributions	3,574,944	4,325,157
Interest earned	<u>734,503</u>	<u>907,639</u>
	39,754,668	40,417,788
Expenditures financed by Development Cost Charges	<u>3,436,608</u>	<u>4,972,567</u>
Development Cost Charges - end of year	<u>\$ 36,318,060</u>	<u>\$ 35,445,221</u>

**NOTE 5 – DEBT**

During the year, long-term debt transactions consisted of the following:

	<u>2010</u>	<u>2009</u>
Total outstanding debt – beginning of year	\$ 40,528,535	\$ 42,909,539
Reduction of long-term debt	<u>2,388,626</u>	<u>2,381,004</u>
	<u>\$ 38,139,909</u>	<u>\$ 40,528,535</u>

Reductions of principal on issued debt for the following years are:

<u>Year</u>	<u>General</u>	<u>Water</u>	<u>Total</u>
2011	\$ 1,984,720	\$ 469,453	\$ 2,454,173
2012	2,042,450	490,346	2,532,796
2013	2,014,199	113,650	2,127,849
2014	2,099,137	119,333	2,218,470
2015	2,187,691	125,299	2,312,990
Future	<u>26,493,631</u>	<u>-</u>	<u>26,493,631</u>
	<u>\$ 36,821,828</u>	<u>\$ 1,318,081</u>	<u>\$ 38,139,909</u>

**CITY OF NANAIMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended December 31, 2010

**NOTE 5 – DEBT (CONTINUED)**

Bylaw #	MFA Issue #		Interest Rate %	Year Matures	Balance 2010	Outstanding 2009
<b><u>GENERAL FUND</u></b>						
4960	61	Local Improvement, 1995	4.00	2010	\$ -	\$ 32,500
5166/5167	64	Local Improvement, 1996	4.24	2011	25,446	49,680
3809/3966	53	Bastion Street Parkade	6.09	2012	214,626	314,336
5456	73	Local Improvement, 2000	3.15	2015	103,196	121,247
5425	72	Leisure and Aquatic Centre	3.15	2020	2,782,677	2,999,377
5457	73	Leisure and Aquatic Centre	3.15	2020	2,535,328	2,732,766
Royal Bank		Harbourfront Parkade	5.48	2021	1,515,150	1,614,854
5750	99	Port of Nanaimo Centre	4.43	2026	12,860,945	13,427,568
5750	101	Port of Nanaimo Centre	4.52	2027	13,427,568	13,972,399
7050	102	Fire Station #4	4.82	2027	<u>3,356,892</u>	<u>3,493,100</u>
					<u>36,821,828</u>	<u>38,757,827</u>
<b><u>WATERWORKS FUND</u></b>						
4959	61	Local Improvement, 1995	4.00	2010	-	5,529
4818	64	Local Improvement, 1996	4.24	2011	2,457	4,798
46	53	South Fork Main Duplication–Stage VI	6.01	2012	746,020	1,092,602
50	61	North Nanaimo Reservoir	4.00	2015	<u>569,604</u>	<u>667,779</u>
					<u>1,318,081</u>	<u>1,770,708</u>
Total Outstanding Debt					<u>\$ 38,139,909</u>	<u>\$ 40,528,535</u>

The \$1,515,150 (2009 - \$1,614,854) loan from the Royal Bank of Canada has been secured by a collateral mortgage in the amount of \$4,000,000 covering the Harbourfront Parkade and lot located on the Gordon Street site.

**NOTE 6 – ACCOUNTS RECEIVABLE**

	2010	2009
Property taxes	\$ 3,679,409	\$ 6,357,643
Other governments	4,125,953	3,310,869
Trade and other	<u>10,285,033</u>	<u>10,071,512</u>
	<u>\$ 18,090,395</u>	<u>\$ 19,740,024</u>

**NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accrued wages and benefits	\$ 2,794,284	\$ 2,639,270
Other governments	1,283,503	985,573
Trade and other	<u>13,758,262</u>	<u>15,538,459</u>
	<u>\$ 17,836,049</u>	<u>\$ 19,163,302</u>



**CITY OF NANAIMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended December 31, 2010**

**NOTE 8 – RETIREMENT BENEFIT LIABILITY**

The following data is the result of an actuarial valuation at December 31, 2010. Significant assumptions used in the valuation include a discount rate of 4.75%, inflation of 2% and compensation increases, excluding merit and promotion, of 3%. There are unamortized actuarial (gains)/losses of \$398,163 (2009-(\$109,584)).

	<u>2010</u>	<u>2009</u>
Sick leave benefits	\$ 5,360,466	\$ 5,047,351
Retirement allowance	<u>383,576</u>	<u>337,427</u>
Total retirement benefit liability	<b>\$ 5,744,042</b>	<b>\$ 5,384,778</b>
Unamortized actuarial (gain)/loss	<u>398,163</u>	<u>(109,584)</u>
Total accrued benefit obligation	<b><u>\$ 6,142,205</u></b>	<b><u>\$ 5,275,194</u></b>
 Current period benefit cost	 \$ 513,365	 \$ 463,845
Amortization of actuarial gain	(7,827)	(7,828)
Sick leave interest expense	246,920	231,130
Retirement allowance interest expense	<u>19,360</u>	<u>17,386</u>
Total expense related to benefits	<b><u>\$ 771,818</u></b>	<b><u>\$ 704,533</u></b>
 Total benefit payments	 <b><u>\$ 412,557</u></b>	 <b><u>\$ 351,129</u></b>

**NOTE 9 – DEFERRED REVENUE AND OTHER LIABILITIES**

Tax prepayments	\$ 8,974,574	\$ 8,352,561
Other prepayments	2,907,034	2,618,729
Other liabilities	<u>548,062</u>	<u>727,694</u>
	<b><u>\$ 12,429,670</u></b>	<b><u>\$ 11,698,984</u></b>

**NOTE 10 – NET TAXATION AND GRANTS IN LIEU**

<b>Taxes Collected</b>		
Property taxes	\$ 127,211,647	\$ 121,147,662
Special assessments	62,468	62,467
Local improvement frontage fees	53,204	59,921
Business improvement area levies	203,941	202,575
Taxes in lieu of licences	1,191,301	1,169,909
Grants in lieu of taxes	<u>1,183,687</u>	<u>1,193,276</u>
	<b><u>129,906,248</u></b>	<b><u>123,835,810</u></b>
 <b>Less: Transfers to Other Governments</b>		
Province of British Columbia (school tax)	36,573,480	35,632,423
Regional District of Nanaimo	7,062,988	6,315,680
Nanaimo Regional Hospital District	3,233,832	3,056,681
Other agencies	<u>1,091,238</u>	<u>1,042,741</u>
	<b><u>47,961,538</u></b>	<b><u>46,047,525</u></b>
 <b>Net Taxes Available for Municipal Purposes</b>	 <b><u>\$ 81,944,710</u></b>	 <b><u>\$ 77,788,285</u></b>

**CITY OF NANAIMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended December 31, 2010**

**NOTE 11 – USER FEES AND SALES OF SERVICES**

	<u>2010</u>	<u>2009</u> <u>Restated</u>
Community safety	\$ 740,677	\$ 737,315
Parking	1,032,063	1,018,337
Public works	712,201	678,272
Garbage collection	2,954,101	2,669,577
Recreation programs	5,691,106	5,538,797
Sewer system	4,761,818	4,543,692
Waterworks	11,712,213	11,936,485
Vancouver Island Conference Centre	1,548,776	1,697,481
Other	<u>265,670</u>	<u>292,802</u>
	<u>\$29,418,625</u>	<u>\$ 29,112,758</u>

**NOTE 12 – TRANSFERS FROM OTHER GOVERNMENTS**

<u>Federal</u>		
Cultural Capital *	\$ (393)	\$ 79,261
Capital	953,887	11,088
Other *	<u>(284)</u>	<u>25,350</u>
* Negative amounts represent funding adjustments	<u>953,210</u>	<u>115,699</u>
 <u>Provincial</u>		
Casino gaming	2,577,609	2,681,718
Revenue sharing	488,245	1,943,463
Capital	930,365	2,860,074
Other	<u>288,202</u>	<u>425,867</u>
	<u>4,284,421</u>	<u>7,911,122</u>
 <u>Regional District of Nanaimo</u>		
Recreation services, sport fields and other	<u>913,593</u>	<u>913,408</u>
 Total Transfers from Other Governments	<u>\$ 6,151,224</u>	<u>\$ 8,940,229</u>

**NOTE 13 – TANGIBLE CAPITAL ASSETS**

	<u>Net Book Value</u>	
Land	\$ 58,858,024	\$55,695,277
Land Improvements	13,180,189	13,211,523
Leasehold Improvements	679,138	783,421
Marine Structures	347,774	334,303
Buildings	126,385,899	126,205,430
Vehicles and Equipment	12,742,909	12,607,915
IT Infrastructure	2,133,753	1,903,215
Storm	70,767,162	69,420,571
Transportation	145,622,206	144,396,126
Sewer	15,369,031	13,819,828
Water	<u>96,767,598</u>	<u>88,073,757</u>
	542,853,683	526,451,366
Work in Progress	<u>3,284,076</u>	<u>6,085,185</u>
	<u>\$546,137,759</u>	<u>\$532,536,551</u>

**CITY OF NANAIMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended December 31, 2010**

**NOTE 13 – TANGIBLE CAPITAL ASSETS (CONTINUED)**

See schedule of tangible capital assets (page 25) for more information. There were no write downs of tangible capital assets for 2010 and 2009. Developer contributed assets recognized in 2010 were \$10,008,286 (2009 - \$5,352,624) recorded at fair market value at the end of the maintenance period. These include transportation, storm, sewer and water infrastructure, railways and the land under these assets.

**NOTE 14 – ACCUMULATED SURPLUS**

	<u>2010</u>	<u>2009</u> <u>Restated</u>
Reserve Accounts – Note 16	\$ 61,545,525	\$ 57,845,384
Surplus – General	2,942,641	2,800,502
Surplus – Sewer system	6,436,066	6,329,750
Surplus – Waterworks	6,352,754	6,299,461
Investment in Tangible Capital Assets - Note 15	507,997,850	492,008,016
Community Works Reserve Fund (Gas Tax Agreement)	6,777,115	4,616,999
Equipment Depreciation Reserve	4,318,939	4,717,272
Facility Development (Recreation) Reserve	535,476	2,438,319
Property Sales Reserve	2,719,292	2,398,747
Local Improvement Reserve	1,445,559	1,412,151
Cemetery Care Fund	492,800	482,922
Knowles Estate Reserve	426,147	417,178
Parkland Dedication Reserve	396,250	216,544
Old City Neighbourhood Parking Reserve	76,968	54,536
Water Supply Parkland Acquisition Reserve	-	1,763
	<u>\$ 602,463,382</u>	<u>\$ 582,039,544</u>

**NOTE 15 – INVESTMENT IN TANGIBLE CAPITAL ASSETS**

	<u>2010</u>	<u>2009</u> <u>Restated</u>
Investment in Tangible Capital Assets - beginning of year	\$ 492,008,016	\$ 477,838,028
Add: Capital expenditures	33,440,976	31,390,671
Reduction in long-term debt	2,388,626	2,381,004
Less: Amortization	(19,455,054)	(19,421,126)
Net book value of asset disposals	(384,714)	(180,561)
Investment in Tangible Capital Assets - end of year	<u>\$ 507,997,850</u>	<u>\$ 492,008,016</u>

**CITY OF NANAIMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended December 31, 2010**

**NOTE 16 -- RESERVES**

<b>GENERAL REVENUE FUND RESERVE ACCOUNTS</b>	<b>Work in progress</b>	<b>Available for future commitments</b>	<b><u>2010</u></b>	<b><u>2009</u> restated</b>
Corporate services	\$ 93,700	\$ 888,599	\$ 982,299	\$ 1,107,927
Community safety	246,648	1,818,097	2,064,745	2,471,874
Development services	258,438	32,246	290,684	648,369
Parks, recreation and culture	1,065,233	484,536	1,549,769	1,342,974
Engineering and public works	753,057	2,121,264	2,874,321	2,540,284
Strategic relationships	-	285,000	285,000	119,000
General capital	-	2,968,113	2,968,113	400,325
Priority capital	3,900,000	3,100,000	7,000,000	7,000,000
Property acquisition	-	1,636,793	1,636,793	2,977,487
Uncollected taxes	-	2,749,394	2,749,394	3,382,360
Computer upgrade	750,817	1,261,069	2,011,886	1,773,198
Parking - general	201,117	161,508	362,625	512,403
Sustainability initiatives	379,184	641,913	1,021,097	822,556
Snow removal	-	400,000	400,000	400,000
Casino funds	-	415,369	415,369	506,185
Housing legacy reserve	67,253	2,715,179	2,782,432	2,772,046
Firehall improvements	-	396,414	396,414	396,414
Emergency 911	36,000	375,653	411,653	336,653
Local improvement projects	-	181,260	181,260	181,260
Civic properties	810,017	-	810,017	564,895
Parkland acquisition	-	21,357	21,357	74,583
Uninsured claims	-	1,454,193	1,454,193	434,531
Parking - debt repayment	-	43,652	43,652	43,652
Port of Nanaimo Centre and related projects	189,477	-	189,477	89,477
Photocopier reserve	59,567	-	59,567	89,028
Other	12,106	270,235	282,341	336,037
	<u>8,822,614</u>	<u>24,421,844</u>	<u>33,244,458</u>	<u>31,323,518</u>
<b>SEWER REVENUE FUND RESERVE ACCOUNTS</b>				
General capital	1,216,360	10,708,455	11,924,815	11,098,595
Growth related projects	-	850,000	850,000	850,000
	<u>1,216,360</u>	<u>11,558,455</u>	<u>12,774,815</u>	<u>11,948,595</u>
<b>WATERWORKS REVENUE FUND RESERVE ACCOUNTS</b>				
General capital	3,381,388	10,645,203	14,026,591	13,073,610
User rate leveling	-	1,000,000	1,000,000	1,000,000
Growth related projects	-	400,000	400,000	400,000
Local improvement projects	-	99,661	99,661	99,661
	<u>3,381,388</u>	<u>12,144,864</u>	<u>15,526,252</u>	<u>14,573,271</u>
<b>TOTAL RESERVE ACCOUNTS</b>	<b>\$ 13,420,362</b>	<b>\$ 48,125,163</b>	<b>\$ 61,545,525</b>	<b>\$ 57,845,384</b>

**CITY OF NANAIMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended December 31, 2010**

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**NOTE 17 – CONTINGENT LIABILITIES AND OBLIGATIONS**

**(a) Liability Claims**

In the ordinary course of business, various claims and lawsuits are brought against the City. It is the opinion of management that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued. The City accrues the best estimate of costs to settle claims and any subsequent adjustments will be recorded in the period the claim is settled. No provision has been made for pending expropriations of land and buildings beyond the payments already made to affected property owners. Any payment made by the City pursuant to expropriation settlement is charged to the year of settlement. Liability insurance is carried by the City, subject to a deductible of \$25,000 per claim. Effective January 1, 2002, the City no longer has insurance coverage for claims filed after that date resulting from construction deficiencies related to building envelope failure.

**(b) BC Assessment Authority Appeals**

As at December 31, 2010, there were various assessment appeals pending with respect to properties. The outcome of those appeals may result in adjustments to property taxes receivable for the current and prior years. The City makes a provision against property taxes receivable for the impact of appeals where the results are reasonably determinable.

**(c) Debt and Reserve**

The City, as a member of the Regional District of Nanaimo and the Regional Hospital District of Nanaimo, is jointly and severally liable for the debt liabilities of the Districts.

The City issues its debt instruments through the Municipal Finance Authority of British Columbia. Demand notes are executed in connection with each debenture whereby the City may be required to pay certain amounts to the Regional District of Nanaimo. These demand notes of \$1,754,386 (2009 - \$1,776,424) are contingent in nature and are not reflected in the accounts.

**(d) Site Restoration**

The former site of the Nanaimo foundry and a specific property acquired for road development requires restoration work to address identified environmental concerns related to the past use of the property.

**CITY OF NANAIMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended December 31, 2010**

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**NOTE 17 – CONTINGENT LIABILITIES AND OBLIGATIONS (CONTINUED)**

Although the need to restore the sites has been confirmed, the amount of work to be done has not been determined at this time. When the cost of the work is known or can be reasonably estimated, an accrual will be made for the costs.

**NOTE 18 – CREDIT FACILITIES**

The City has adopted a revenue anticipation borrowing bylaw to support a credit facility in the amount of \$1,900,000, with an interest rate of Royal Bank Prime Rate less .5%. This facility creates a floating charge on certain assets and undertakings of the City. At December 31, 2010, no amounts were drawn against this facility.

**NOTE 19 – MUNICIPAL PENSION PLAN**

The City and its employees contribute to the Municipal Pension Plan (Plan), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 163,000 active members and approximately 60,000 retired members. Active members include approximately 35,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2009 indicated an unfunded liability of \$1.024 billion for basic pension benefits. The next valuation will be at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the unfunded liability to individual employers. Contributions to the plan were:

	<u>2010</u>	<u>2009</u>
Employer portion	\$ 3,489,925	\$ 3,468,581
Employee portion	<u>2,831,085</u>	<u>2,863,234</u>
	<u>\$ 6,321,010</u>	<u>\$ 6,331,815</u>

**CITY OF NANAIMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended December 31, 2010**

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**NOTE 20 – COMMITMENTS**

The City has \$3.6 million in open purchase orders at year end which has not been recorded in the accounts. The funding for the majority of these obligations has been set aside in reserves for future expenditures. These amounts will be recorded in the period that the goods and services, to which they relate, are received. Since the beginning of 2011 and prior to the preparation of these financial statements, an additional \$9.78 million in contracts have been awarded.

The City has entered into an operating lease for the purposes of acquiring gym equipment for the Nanaimo Aquatic Centre. The minimum lease payments to the end of the lease term in August 2012 are \$75,695.

**NOTE 21 – IRREVOCABLE STANDBY LETTERS OF CREDIT**

In addition to the performance deposits reflected in cash balances, the City is holding irrevocable standby letters of credit in the amount of \$6,397,337 (2009 - \$8,153,671) which were received to ensure the performance of works undertaken within the City. These amounts are not reflected in the financial statements. They are available to satisfy any liabilities arising from non-performance by the depositors.

**NOTE 22 – FINANCIAL INSTRUMENTS**

**Financial risk and fair market values**

The City's financial instruments consist of cash, investments, development cost charges receivable, accounts receivable and other assets, accounts payable and accrued liabilities and debt. The City does not hold any asset-backed commercial paper or hedge funds. The financial risk is the risk to the City's earnings that arises from fluctuations in interest rates, foreign exchange rates, and the degree of volatility of these rates. The City does not use derivative instruments to reduce its exposure to interest rate risk nor foreign exchange risk as management does not consider the risks material. Based on available market information, the carrying value of the City's financial instruments approximates their fair value due to their short period to maturity, except with respect to investments as indicated in Note 1(b) and long-term debt, as indicated in Note 5.

**Credit risk**

The City is not exposed to significant risk from its receivables. The City's tax base has a significant number of diverse receivables which reduces the concentration of credit risk. Credit risk is further minimized as the City has the ability to appropriate land in the event of non-payment of property tax receivables.

**CITY OF NANAIMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended December 31, 2010**

**NOTE 23 – INVESTMENTS**

<b>Institution</b>	<b>Investment type</b>	<b>Rate of Return</b>	<b>Purchase Date</b>	<b>Maturity Date</b>	<b>Cost/Market Value</b>
Municipal Finance Authority*	Money Market fund	varies	various	on demand	\$ 4,074,096
Bank of Montreal	Debenture	4.57%	19-Mar-08	14-Mar-13	5,007,717
Bank of Nova Scotia	Debenture	2.21%	30-Aug-10	30-Oct-13	2,127,726
Bank of Montreal	Term deposit	1.70%	09-Jul-10	11-Jul-11	1,000,000
Bank of Montreal	Debenture	3.70%	23-Apr-10	23-Apr-14	2,000,000
Bank of Montreal	Debenture	2.21%	08-Sep-10	08-Sep-13	10,000,000
Bank of Montreal	Debenture	2.15%	22-Oct-10	22-Apr-14	2,000,000
Bank of Montreal	Debenture	2.15%	22-Oct-10	22-Apr-14	2,000,000
Bank of Montreal	Debenture	2.59%	20-Dec-10	20-Dec-13	2,000,000
Coastal Community Credit Union	Term deposit	5.25%	21-Jun-07	21-Jun-12	1,166,072
Coastal Community Credit Union	Term deposit	1.75%	28-Apr-10	28-Apr-11	3,500,000
CIBC	Debenture	4.53%	19-Mar-08	10-Sep-12	3,020,965
CIBC	Debenture	3.34%	23-Apr-10	23-Apr-14	2,000,000
CIBC	Debenture	4.58%	16-Sep-08	28-Mar-16	2,999,774
CIBC	Debenture	3.14%	15-Apr-10	06-Jun-18	3,138,468
CIBC	Debenture	4.36%	25-Mar-08	01-Nov-11	4,999,769
Canadian Western Bank	Term deposit	2.45%	12-Apr-10	12-Apr-12	1,000,000
HSBC Bank Canada	Term deposit	5.15%	20-Jun-07	20-Jun-12	2,000,000
HSBC Bank Canada	Term deposit	2.32%	12-Apr-10	12-Apr-12	5,000,000
HSBC Bank Canada	Term deposit	2.20%	25-Aug-10	27-Aug-12	10,000,000
Province of Manitoba	Debenture	3.35%	13-Apr-10	13-Apr-15	3,000,000
Royal Bank of Canada	Debenture	5.53%	06-Oct-08	06-Jun-18	1,977,664
Royal Bank of Canada	Debenture	1.62%	15-Apr-10	12-Apr-11	3,038,766
Royal Bank of Canada	Term deposit	2.30%	27-Apr-10	27-Apr-12	8,500,000
Royal Bank of Canada	Term deposit	2.80%	27-Apr-10	29-Apr-13	5,000,000
Scotiabank	Term deposit	2.50%	21-Apr-10	21-Apr-12	5,000,000
Scotiabank	Term deposit	2.67%	27-Apr-10	27-Apr-12	8,000,000
Scotiabank	Term deposit	3.15%	27-Apr-10	27-Apr-13	5,000,000
Scotiabank	Term deposit	2.05%	26-Aug-10	26-Aug-12	5,000,000
Scotiabank	Term deposit	2.05%	26-Aug-10	26-Aug-12	5,000,000
Toronto Dominion Bank	Debenture	4.62%	20-Apr-10	20-Apr-20	2,000,000
Toronto Dominion Bank	Debenture	4.53%	19-Mar-08	01-Nov-17	2,027,784
					<u>\$122,578,801</u>

\*Shown at market value, which approximates cost due to the high level of transactions within the fund



**CITY OF NANAIMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended December 31, 2010**

**NOTE 24 – EXPENSES BY OBJECT**

	2010 Capital	2010 Operating	2010 Combined	2009 Combined restated
Wages and salaries	\$ 840,998	\$ 51,532,550	\$ 52,373,548	\$ 50,720,522
Contracted services	30,764,966	37,751,177	68,516,143	66,323,236
Amortization	-	19,455,054	19,455,054	19,421,126
Materials and supplies	1,662,520	6,607,893	8,270,413	8,603,613
Other	172,492	6,143,874	6,316,366	6,149,069
Interest payments on debt	-	<u>1,773,775</u>	<u>1,773,775</u>	<u>2,072,216</u>
Total expenses	<u>\$ 33,440,976</u>	<u>\$ 123,264,323</u>	<u>\$ 156,705,299</u>	<u>\$ 153,289,782</u>

**NOTE 25 – ANNUAL BUDGET**

The financial statements have included the Annual Budget as approved by Council on May 10, 2010. No amendments subsequent to this date have been included. The following is a reconciliation of the budget presentation required for the financial statements and the annual financial plan bylaw:

Annual Surplus from statement of operations	\$ 5,912,155
Development Cost Charges – change from restricted revenue presentation	<u>(4,933,932)</u>
Annual Surplus from the 2010 financial plan	978,223
Amortization, not funded	19,317,499
Capital Expenditures	(43,458,168)
Proceeds from Borrowing	530,000
Principal repayment of debt	(2,388,689)
Transfers from accumulated surplus	<u>25,021,135</u>
Net Annual Budget	<u>\$ -</u>

**CITY OF NANAIMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended December 31, 2010**

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**NOTE 26 – SEGMENT REPORTING**

The City's operations and activities are organized and reported by Fund. City services are provided by departments and their activities are reported in these funds.

**General Revenue Fund**

Certain departments have been separately disclosed in the segmented information, along with the services they provide as follows:

**Corporate Services**

Consists of the City Manager's Office and the Corporate Services Department. The City Manager's Office assists Council to establish its strategic direction for the City and takes the lead role in managing the implementation of policy direction established by Council. It also provides managerial leadership and direction to all City departments and operations.

Providing service to both the internal organization and the community, the Corporate Services Department is responsible for five key areas - Human Resources, Risk Management, Legislative Services, Financial Services and Information Technology.

**Development Services**

Development Services is responsible for a variety of tasks relating to planning and development. This includes processing development applications and developing related policies and regulations.

**Fire**

The Fire Department has the responsibility of protecting the City's citizens and infrastructure from fire and other emergencies through quick and high quality response to fire, medical and other emergency incidents in the most effective and responsive manner possible.

**Police**

The Police Department enforces the law, prevents crime and maintains order via the Royal Canadian Mounted Police and municipal staff. Volunteer support is an important element of service delivery. City Council has determined four strategic initiatives for police services: crime reduction, substance abuse reduction, fatal and serious traffic incident reduction and the order and safety of the Downtown Core.

**Strategic Relationships**

The Strategic Relationships Department is responsible for Economic Development and Sports Tourism and is the liaison to the Vancouver Island Conference Centre, the Port of Nanaimo and Snuneymuxw First Nation.

**CITY OF NANAIMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended December 31, 2010**

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**NOTE 26 – SEGMENT REPORTING (CONTINUED)**

**Parks, Recreation and Culture**

The Parks, Recreation and Culture department manages, facilitates and maintains a system of services, facilities, parks and open spaces and works to enhance the quality of life for the citizens of Nanaimo.

**Engineering and Public Works**

Engineering and Public Works is responsible for the construction and maintenance of the City's infrastructure including the City's storm drainage and transportation systems. Other services include the maintenance of the City's fleet and 24/7 response to public calls for service. Technical engineering services provided include engineering studies, design, drafting, surveying and construction. Management of the sanitation, solid waste and cemeteries are additional key services provided by the department to ensure the operational needs of the community continue to be met.

**Sewer System**

The Nanaimo Sanitary Sewer Utility is a self-funded entity that operates and maintains a sewer collection system that serves the City.

**Waterworks**

The Nanaimo Waterworks Utility is a self-funded entity that delivers water to residential, commercial and industrial premises in Nanaimo. The Utility operates and maintains a supply system consisting of dams, transmission mains, reservoirs and treatment facilities as well as a distribution system.

**Reserve Funds**

These funds have been created to hold assets for specific future requirements pursuant to the Community Charter.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Taxes, grants in lieu of taxes and any revenues not directly attributable to a segment are apportioned to the General Revenue Fund services based on the net annual budget.

**CITY OF NANAIMO**  
**SCHEDULE OF OPERATIONS BY SEGMENT**  
for the year ended December 31, 2010

	Corporate Services	Development Services	Fire	Police	Strategic Relationships
<b>Revenues</b>					
Taxes*	\$ 8,490,970	\$ 5,634,060	\$ 10,254,990	\$ 14,803,445	\$ 5,051,094
Grants in lieu of taxes*	121,768	82,786	150,684	217,518	74,220
User fees and sales of services	143,957	1,153,776	70,000	670,677	1,548,776
Other - general revenue*	281,847	191,619	348,779	503,474	171,791
Other revenue	53,552	3,750,560	556,370	841,985	62,038
Development cost charges	-	-	-	-	-
Donations and contributions - capital	-	-	-	12,397	-
Transfers from other governments - capital	-	-	-	-	22,040
Transfers from other governments - operating	23,689	-	1,284	488,245	94,150
Casino revenue sharing	91,761	147,335	111,349	490,304	1,234,746
Municipal Finance Authority refunds	-	-	-	-	-
Developer contribution at subdivision	-	-	-	-	-
Gain (Loss) on sale of assets	(40,564)	88,525	4,753	-	4,387
	9,166,980	11,048,661	11,498,209	18,028,045	8,263,242
<b>Expenses</b>					
Wages and salaries	6,920,118	5,731,379	10,971,593	4,525,413	563,334
Contracted services	2,858,420	2,424,941	846,080	15,930,629	3,098,857
Amortization	227,448	443,302	575,535	296,094	2,804,118
Material and supplies	602,022	261,566	629,084	118,576	182,745
Other	483,105	966,331	693,646	123,948	347,364
Interest payments on debt	-	116,652	169,935	-	1,228,014
	11,091,113	9,944,171	13,885,873	20,994,660	8,224,432
Interprogram credits	(2,179,421)	-	(592,787)	-	-
Excess (Deficiency) of revenues over expenses	\$ 255,288	\$ 1,104,490	\$ (1,794,877)	\$ (2,966,615)	\$ 38,810
Expenditures on capital projects	\$ 546,935	\$ 2,932,302	\$ 1,269,168	\$ 207,997	\$ 125,584

for the year ended December 31, 2009  
restated

	Corporate Services	Development Services	Fire	Police	Strategic Relationships
<b>Revenues</b>					
Taxes*	\$ 9,962,469	\$ 6,263,021	\$ 10,892,227	\$ 16,071,298	\$ 2,898,738
Grants in lieu of taxes*	152,453	97,831	170,140	251,039	45,279
User fees and sales of services	148,176	1,162,963	64,159	673,156	1,697,481
Other - general revenue*	403,379	258,853	450,178	664,230	119,806
Other revenue	58,756	3,312,609	632,121	1,737,256	100,724
Development cost charges	-	-	-	-	-
Donations and contributions - capital	-	-	-	-	-
Transfers from other governments - capital	-	-	-	-	2,324,082
Transfers from other governments - operating	76,474	49,342	2,899	1,943,464	103,959
Casino revenue sharing	105,859	147,359	115,885	480,195	1,409,017
Municipal Finance Authority refunds	-	-	-	-	-
Developer contribution at subdivision	-	-	-	-	-
Gain (Loss) on sale of assets	(5,803)	-	-	-	-
	10,901,763	11,291,978	12,327,609	21,820,638	8,699,086
<b>Expenses</b>					
Wages and salaries	7,923,975	5,651,313	9,739,446	4,202,524	446,618
Contracted services	2,941,350	2,189,020	741,766	15,593,775	3,272,494
Amortization	255,914	596,982	534,583	271,041	3,118,687
Material and supplies	691,439	292,281	641,104	101,330	163,340
Other	541,765	890,278	635,109	121,874	380,328
Interest payments on debt	-	126,671	175,194	-	1,274,061
	12,354,443	9,746,545	12,467,202	20,290,544	8,655,528
Interprogram credits	(2,188,523)	-	(550,129)	-	-
Excess (Deficiency) of revenues over expenses	\$ 735,843	\$ 1,545,433	\$ 410,536	\$ 1,530,094	\$ 43,558
Expenditures on capital projects	\$ 629,192	\$ 469,887	\$ 173,212	\$ 440,326	\$ 2,766,046

\*Prorated based on net annual budget

**CITY OF NANAIMO**  
**SCHEDULE OF OPERATIONS BY SEGMENT**  
**for the year ended December 31, 2010**

Parks, Recreation and Culture	Engineering and Public Works	Sewer System	Waterworks	Reserve Funds	Adjustments	Consolidated
\$ 17,882,631	\$ 18,643,833	\$ -	\$ -	\$ -	\$ -	\$ 80,761,023
262,763	273,948	-	-	-	-	1,183,687
5,691,106	3,666,302	4,761,818	11,712,213	-	-	29,418,625
608,199	634,087	-	-	-	-	2,739,796
707,308	770,345	-	29,465	3,062,638	-	9,834,261
371,464	1,529,963	17,981	1,517,200	-	-	3,436,608
194,840	34,585	-	26,804	-	-	268,626
1,139,389	-	-	722,823	-	-	1,884,252
1,081,041	954	-	-	-	-	1,689,363
300,144	201,970	-	-	-	-	2,577,609
-	104,813	-	27,994	-	-	132,807
472,200	7,200,293	989,414	1,346,379	-	-	10,008,286
(85,997)	(183,396)	(14,464)	(20,026)	-	-	(246,782)
28,625,088	32,877,697	5,754,749	15,362,852	3,062,638	-	143,688,161
11,480,282	8,751,389	804,423	1,784,619	-	-	51,532,550
5,582,486	5,803,488	492,313	713,963	-	-	37,751,177
3,767,864	8,307,026	499,956	2,533,711	-	-	19,455,054
1,628,820	2,496,277	210,838	477,965	-	-	6,607,893
4,660,941	1,501,231	1,594,854	2,406,770	-	-	12,778,190
140,773	141	-	118,260	-	-	1,773,775
27,261,166	26,859,552	3,602,384	8,035,288	-	-	129,898,639
-	(3,862,108)	-	-	-	-	(6,634,316)
\$ 1,363,922	\$ 9,880,253	\$ 2,152,365	\$ 7,327,564	\$ 3,062,638	\$ -	\$ 20,423,838
\$ 6,268,099	\$ 11,563,557	\$ 2,105,966	\$ 8,421,368	\$ -	\$ -	\$ 33,440,976

**for the year ended December 31, 2009**  
**restated**

Parks, Recreation and Culture	Engineering and Public Works	Sewer Revenue Fund	Waterworks Revenue Fund	Reserve Funds	Adjustments	Consolidated
\$ 17,032,744	\$ 13,474,512	\$ -	\$ -	\$ -	\$ -	\$ 76,595,009
266,058	210,476	-	-	-	-	1,193,276
5,538,797	3,347,849	4,543,692	11,936,485	-	-	29,112,758
703,968	556,903	-	-	-	-	3,157,317
379,009	353,816	-	27,899	2,847,788	(6,609)	9,443,369
1,240,962	1,617,637	2,039	2,111,929	-	-	4,972,567
184,534	1,953,139	-	-	-	-	2,137,673
547,080	-	10,000	-	-	-	2,881,162
1,200,837	374	-	-	-	-	3,377,349
280,643	142,760	-	-	-	-	2,681,718
-	127,297	-	2,800	-	-	130,097
1,133,000	3,113,102	453,976	652,546	-	-	5,352,624
1,238	(104,090)	(2,042)	(24,859)	-	-	(135,556)
28,508,870	24,793,775	5,007,665	14,706,800	2,847,788	(6,609)	140,899,363
11,020,880	8,583,913	739,103	1,674,734	-	-	49,982,506
5,729,471	5,363,091	718,817	777,452	-	-	37,327,236
3,723,471	8,175,390	424,891	2,320,167	-	-	19,421,126
1,755,998	2,598,044	226,128	586,521	-	-	7,056,185
4,603,493	1,485,118	1,549,693	2,387,911	-	-	12,595,569
335,211	18,903	-	142,176	-	-	2,072,216
27,168,524	26,224,459	3,658,632	7,888,961	-	-	128,454,838
-	(3,817,075)	-	-	-	-	(6,555,727)
\$ 1,340,346	\$ 2,386,391	\$ 1,349,033	\$ 6,817,839	\$ 2,847,788	\$ (6,609)	\$ 19,000,252
\$ 9,399,037	\$ 8,526,754	\$ 945,114	\$ 8,041,103	\$ -	\$ -	\$ 31,390,671

**CITY OF NANAIMO**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**for the year ended December 31, 2010**

	ASSETS				ACCUMULATED AMORTIZATION					
	Balance December 31, 2009	Additions	Disposals	Transfers	Balance December 31, 2010	Balance December 31, 2009	Additions	Disposals	Balance December 31, 2010	NET BOOK VALUE
Land	55,695,277	3,168,396	5,649	-	58,858,024	-	-	-	-	58,858,024
Land improvements	21,397,655	849,589	90,500	59,804	22,216,548	8,186,132	940,178	89,951	9,036,359	13,180,189
Leasehold improvements	2,106,458	-	-	-	2,106,458	1,323,037	104,283	-	1,427,320	679,138
Marine	807,047	60,443	-	-	867,490	472,744	46,972	-	519,716	347,774
Buildings	167,358,117	4,433,201	1,125,890	407,568	171,072,996	41,152,687	4,553,664	1,019,254	44,687,097	126,385,899
Vehicles and equipment	29,976,121	2,615,982	4,028,060	289,987	28,854,030	17,368,206	2,721,471	3,978,556	16,111,121	12,742,909
Computer	6,359,321	501,484	55,100	276,638	7,082,343	4,456,106	547,584	55,100	4,948,590	2,133,753
Storm	88,613,499	2,757,220	11,300	-	91,359,419	19,192,928	1,410,629	11,300	20,592,257	70,767,162
Transportation	268,850,878	7,583,398	794,044	98,107	275,738,339	124,454,752	6,267,538	606,157	130,116,133	145,622,206
Sewer	22,915,010	1,990,708	72,134	19,841	24,853,425	9,095,182	446,882	57,670	9,484,394	15,369,031
Water	134,222,868	7,397,460	120,610	3,732,259	145,231,977	46,149,111	2,415,853	100,585	48,464,379	96,767,598
Work in progress	6,085,185	2,083,095	-	(4,884,204)	3,284,076	-	-	-	-	3,284,076
	804,387,436	33,440,976	6,303,287	-	831,525,125	271,850,885	19,455,054	5,918,573	285,387,366	546,137,759

for the year ended December 31, 2009  
Restated

	ASSETS				ACCUMULATED AMORTIZATION					
	Balance December 31, 2008	Additions	Disposals	Transfers	Balance December 31, 2009	Balance December 31, 2008	Additions	Disposals	Balance December 31, 2009	NET BOOK VALUE
Land	50,785,410	4,909,867	-	-	55,695,277	-	-	-	-	55,695,277
Land improvements	16,897,529	3,628,786	99,961	971,301	21,397,655	7,456,520	829,573	99,961	8,186,132	13,211,523
Leasehold improvements	2,102,662	3,796	-	-	2,106,458	1,220,213	102,824	-	1,323,037	783,421
Marine	807,047	-	-	-	807,047	427,112	45,632	-	472,744	334,303
Buildings	163,613,599	3,667,729	-	76,789	167,358,117	36,663,957	4,488,730	-	41,152,687	126,205,430
Vehicles and equipment	28,446,089	1,284,222	835,780	1,081,590	29,976,121	14,916,824	3,242,474	791,092	17,368,206	12,607,915
Computer	6,918,783	430,316	1,015,900	26,122	6,359,321	4,888,048	581,575	1,013,517	4,456,106	1,903,215
Storm	87,065,581	1,610,325	77,842	15,435	88,613,499	17,844,161	1,382,587	33,820	19,192,928	69,420,571
Transportation	263,895,901	5,545,499	592,000	1,478	268,850,878	118,906,801	6,077,383	529,432	124,454,752	144,396,126
Sewer	22,040,891	889,819	27,100	11,400	22,915,010	8,701,590	418,650	25,058	9,095,182	13,819,828
Water	129,068,489	4,567,766	88,733	675,346	134,222,868	43,961,287	2,251,698	63,874	46,149,111	88,073,757
Work in progress	4,092,100	4,852,546	-	(2,859,461)	6,085,185	-	-	-	-	6,085,185
	775,734,081	31,390,671	2,737,316	-	804,387,436	254,986,513	19,421,126	2,556,754	271,850,885	532,536,551

## STAFF REPORT

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

FROM: B.E. CLEMENS, DIRECTOR OF FINANCE

RE: GAS TAX INNOVATIONS FUND – CAPITAL PROJECTS GRANT PROGRAM

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### RECOMMENDATION:

That Council endorse the Energy Recovery System at Reservoir No. 1 as the application to be submitted for the April 29, 2011 intake for the Gas Tax Innovations Fund - Capital Projects.

### EXECUTIVE SUMMARY:

There is an April 29, 2011 deadline for applications for the Innovations Fund - Capital Projects grant program. The City can submit only one application for funding. Staff recommends that the Energy Recovery System at Reservoir No. 1 be chosen as the project to be applied for.

### BACKGROUND:

The Innovations Fund is one of three pooled funding mechanisms available to BC communities under the Gas Tax Fund Agreement.

The Innovations Fund - Capital Projects (IF-Cap) funds projects that reduce GHG emissions and encourage innovative, collaborative and comprehensive approaches to achieving sustainability. The IF-Cap will fund up to 100% of eligible project costs.

\$47.5 million is currently available to all BC communities for capital projects. Each community may submit only one application to IF-Cap. Deadline for application submission is April 29, 2011.

The project that best fits within the program guidelines and time frame is the Energy Recovery System at Reservoir No. 1.


A new 14 Mega-Litre enclosed circular reinforced concrete water reservoir is required to be built to replace the original open raw water Reservoir No 1. Part of the construction of the reservoir includes a hydraulic control building which incorporates the Energy Recovery System. It is estimated that the total project cost will be approximately \$11.2 million: \$10.5 million to construct the reservoir and piping, and \$0.7 million to incorporate the energy recovery system.

☐ Council  
☐ Committee.....  
☐ Open Meeting  
☐ In-Camera Meeting  
Meeting Date: \_\_\_\_\_

The Energy Recovery System will use excess pressure at the inlet of Reservoir No. 1 to run turbines that produce electricity that will be sold to BC Hydro through an Energy Purchase Agreement. It is estimated that the revenue from the sale of electricity will exceed \$3 million over 25 years with a project payback period of 3.5 years.

The City will apply to IF-Cap for 100% of the cost of the Energy Recovery System. In conjunction with this application, the City will also apply to the Gas Tax General Strategic Priorities Fund – Capital Projects for approximately 2/3 of the cost of the new reservoir and piping (\$7 million).

Respectfully submitted,



B.E. Clemens  
Director of Finance



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

FPCOW: 2011-Apr-18

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## STAFF REPORT

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

FROM: B.E. CLEMENS, DIRECTOR OF FINANCE

RE: GAS TAX GENERAL STRATEGIC PRIORITIES FUND – CAPITAL PROJECTS  
GRANT PROGRAM

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### RECOMMENDATION:

That Council endorse the Reservoir No. 1 and Pipeline Construction Project as the application to be submitted for the April 29, 2011 intake for the Gas Tax General Strategic Priorities Fund - Capital Projects.

### EXECUTIVE SUMMARY:

There is an April 29, 2011 deadline for applications for the General Strategic Priorities Fund - Capital Projects grant program. The City can submit only one application for funding. Staff recommends that the Reservoir No. 1 and Pipeline Construction Project be chosen as the project to be applied for.

### BACKGROUND:

The General Strategic Priorities Fund is one of three pooled funding mechanisms available to BC communities under the Gas Tax Fund Agreement.

The General Strategic Priorities Fund - Capital Projects (GSPF-Cap) funds projects that are larger in scale and/or regional impact, reduce GHG emissions, improve air/water quality, promote regional integration/cooperation and maximize the benefits of integrated planning initiatives. The GSPF-Cap will fund up to 100% of eligible project costs.

\$101.6 million is currently available for capital projects in BC Tier 1 and Tier 2 communities (i.e. all BC communities excluding the Greater Vancouver Regional District). Each community may submit only one application to GSPF-Cap. Deadline for application submission is April 29, 2011.

The project that best fits within the program guidelines and time frame is the Reservoir No. 1 and Pipeline Construction Project.

A new 14 Mega-Litre enclosed circular reinforced concrete water reservoir is required to be built to replace the original open raw water Reservoir No 1, in order to receive filtered and treated drinking water from the City of Nanaimo's proposed South Fork Water Treatment Plant, coming on line in spring 2015. The reservoir needs to be constructed

☒ Committee.....  
☐ Open Meeting  
☐ In-Camera Meeting  
Meeting Date: \_\_\_\_\_

in advance of commissioning of the proposed water treatment plant, in order to be able to receive and protect the treated water.

The existing 100-year old 59 ML Reservoir No 1 currently receives raw water directly from the City's surface water supply, which is then chlorinated before distributed to the City's core and lower zones. This system handles 30% of the City's water on a daily basis and provides balancing, fire and emergency storage. With changes in the City's Operating Permit requiring the construction of advance water treatment, including filtration, the existing reservoir can no longer remain open, due to the risk of contamination.

Components of the project include:

- Detailed design and construction administration services
- Construction of a new 14 ML circular concrete reservoir
- Construction to a post-disaster standard of a hydraulic control building integral with the site of the reservoir
- Incorporation of an energy recovery system in the proposed control building, and connection to BC Hydro's grid, to enable selling of power to the utility
- Construction of approximately 800 metres of new pipeline to fill the reservoir via the control building, and 50 metres of new pipeline to discharge to the City Centre zone. The pipelines will connect to the existing twin water supply mains upstream of the existing Reservoir No 1 on Nanaimo Lakes Rd
- Site development and restoration.

It is estimated that the total project cost will be approximately \$11.2 million: \$10.5 million to construct the reservoir and piping, and \$0.7 million to incorporate the energy recovery system. This total cost incorporates the Reservoir No 1 project within current 5 year plan, along with part of a pipeline project also within the plan, but currently planned for 2015 due to funding. The City will apply to GSPF-Cap for approximately 2/3 of the cost of the reservoir and piping (\$7 million) to offset the cost of construction. In conjunction with this application, the City will also apply to the Gas Tax Innovations Fund –Capital Projects to offset the costs of the energy recovery system.

Respectfully submitted,



B.E. Clemens  
Director of Finance



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

# STAFF REPORT

REPORT TO: TOM HICKEY, GENERAL MANAGER OF COMMUNITY SERVICES

FROM: GORDON FOY, TRAFFIC AND TRANSPORTATION ENGINEER

RE: TRANSPORTATION PLAN - GAS TAX GRANT APPLICATION

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## STAFF'S RECOMMENDATION:

That Council direct staff to submit a grant application to the Government of Canada's Gas Tax Fund – (General Strategic Priorities Fund - Integrated Community Sustainability) in partnership with the Regional District of Nanaimo and District of Lantzville to support regional transportation planning.

## EXECUTIVE SUMMARY:

There is currently an opportunity to make a grant application to the Government of Canada's Gas Tax Fund through the General Strategic Priorities Fund - Integrated Community Sustainability (GSPF-ICS) stream. This component of the grant funding prioritizes planning and capacity building projects, including initiatives that reduce GHG emissions, improve air/water quality, promote regional integration/cooperation and maximize the benefits of integrated planning initiatives; funding is up to 100% of project value. Applications are submitted through the Regional District of Nanaimo to the UBCM who are the grant administrators.

Based on an assessment of current City and Regional District of Nanaimo initiatives, Transportation Planning is the best fit for this grant opportunity.

The ability to collect regional transportation data for Nanaimo and surrounding communities will be very helpful for planning. This is particularly important to Nanaimo as it is a regional center and many people are travelling to and from the City which has significant impact on transportation linkages.

To maximize the chances of a successful grant application, a coordinated application covering the City of Nanaimo, the District of Lantzville and RDN Areas A/C (and to a limited amount, Area B) is recommended. The scope of the application will be transportation data collection, modeling and planning. The target grant value would be \$400,000.

The grant application requires a resolution from both City Council and the Regional District of Nanaimo.

## BACKGROUND:

The GSPF-ICS fund has a total allocation \$5.4 million to be granted to communities outside the Lower Mainland (population of 2.0 million) resulting in an average allocation of \$2.70 per capita. With a population of just under 92,000, the study area (City of Nanaimo, District of Lantzville and RDN Areas A/C) could expect just under \$250,000 of funding on an average per capita basis. If the RDN does not submit any other competing projects under this stream and the UBCM (grant administrator) concurs, the full RDN regional population (139,000) allocation may be available resulting in a per capita allocation of just under \$375,000. This application will present a target \$400,000 in funding from the GSPF-ICS fund; just above the RDN per capita value. Proposed Grant Structure

Considering the objectives of the RDN, District and City, the grant structure presented below seeks to maximize the chances of a successful application while clarifying the subsequent planning processes.

**Objectives:**

- Maximize the positive benefit of the GSPF/ICF grant by working cooperatively with the RDN and the District of Lantzville.
- Develop transportation planning capacity within the City of Nanaimo, District of Lantzville and RDN through execution of a cooperative planning process.
- Fund a transportation planning data collection program (trip diary, screenline survey) and travel demand forecasting model that benefits from a regional approach. These key transportation planning data sets and tools have been implemented at the regional level in other areas of the province.
- Provide funding for development of transportation plans in RDN Areas A/C, the District of Lantzville and the City of Nanaimo.

**Grant Structure Reads:**

Based on the objectives listed above, a two part grant funding structure is proposed. This structure is designed to integrate tasks that benefit from a more regional approach while allowing flexibility such that each community can pursue a transportation plan process that best addresses the issues that are most important to them.

**Part A – Data Collection + Model Development:**

Part A of the grant funding would support a data collection effort to establish baseline conditions for the study area. A single data collection program would cover the full study area providing a consistent picture of current transportation conditions across each community.

This program would be composed of three major surveys:

1. **Trip Diary Survey** to assess trip patterns, purpose, duration, and mode,
2. **Internal Screenline Survey** to measure travel demand of cars, trucks, transit and cycling within the region and
3. **External Screenline Survey** to measure travel demand through and beyond the region.

For each community, an existing conditions report and data set would be produced that summarizes current conditions within the community's transportation network. This document and data set would form important background information for further planning efforts.

To project future travel demand patterns, assess future transportation improvement projects and respond to projected land use changes, a travel demand forecasting model would be developed. To support development of this tool the RDN and District would need to submit future road network and land use assumptions for their communities. The model would form a flexible and adaptable tool for future land-use and transportation planning work. It is expected that the model would be available to all participating communities for future use.

The intra-regional approach to these components will help create a comprehensive picture of transportation linkages within and between Nanaimo, Lantzville and RDN Areas A/C and form the foundation for further planning work in each community and at the regional level.

**Part B - Transportation Planning Activities:**

Part B of the grant funding would support transportation planning work in each community. Each community would pursue their own planning process with access to common baseline information and tools developed in Part A. This would allow each community to focus on the issues most

important to their residents while benefiting from a consistent and rich data set developed cooperatively by all partners.

To encourage coordination and cooperation between the processes, a technical working group made up of staff from each community would be formed. Through this committee, the City could provide technical support to RDN and Lantzville staff which have limited access to in-house transportation resources. In addition, the committee would support resolution of inter-community issues and issues that impact the entire region.

It is anticipated that for both Parts A and B, the majority of work would be completed through consulting support but lead by staff. The City of Nanaimo, with greater transportation staff resources, would lead Part A. Each agency would lead their corresponding component of Part B but would provide support to each other via the technical working group.

***Transit:***

The RDN is responsible for the operation of transit services within the region. BC Transit supports the RDN to deliver transit services through a number of centralized functions including long-term network planning. BC Transit has expressed interest in pursuing a long-term transit plan (Transit Futures Plan) for the RDN in 2012 and their process would benefit from a comprehensive data set within the study area and access to a transportation model. Support for the application from BC Transit may be possible.

***Ministry of Transportation and Infrastructure:***

With a number of provincial highways within the study area and with Nanaimo being a major transportation hub between the Island and the Lower Mainland, support for planning work within the Nanaimo area could be pursued from the Ministry of Transportation and Infrastructure.

***Proposed Funding Allocations:***

While a target grant value of \$400,000 would provide sufficient funds to achieve the proposed scope, priorities must be established in the event that grant funding falls short. Based on preliminary estimates, it is expected that Part A would cost approximately \$240,000 leaving \$160,000 of funding to support community transportation planning activities. Funding would be prioritized as follows:

- 1) Data Collection / Model Development
- 2) RDN / Lantzville Transportation Planning
- 3) City of Nanaimo Transportation Plan.

This approach prioritizes the data collection and model development component that will be a key asset to all communities; but particularly the City of Nanaimo with its larger and more complex transportation network. Local planning efforts in Lantzville and the RDN, which may only proceed with grant funding, would be funded next, followed by the City of Nanaimo's transportation plan. The City of Nanaimo currently has funding in place for its transportation plan through 2012-14. As the total value of the grant is unknown, the following table presents a number of funding scenarios based on a range of grant funding levels.

**Table 1 - Allocation of Grant Funds:**

Grant Scenario (% of Target Funding)	100%	90%	80%	70%	60%
<b>Total Grant Value</b>	\$400,000	\$360,000	\$320,000	\$280,000	\$240,000
Part A Regional Data & Model Funding	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000
Part B Community Transportation Plan Funding	\$160,000	\$120,000	\$80,000	\$40,000	\$0
Areas A, B+C	\$25,000	\$25,000	\$25,000	\$25,000	\$0
Lantzville	\$15,000	\$15,000	\$15,000	\$15,000	\$0
Nanaimo	\$120,000	\$80,000	\$40,000	\$0	\$0

It is proposed that the City would undertake the grant application with Lantzville and the RDN providing support. Funding would pass through the City to the District of Lantzville and the RDN with the requirement that they use the funding such that the requirements of the granting agency (UBCM) are met. In this way, the RDN and Lantzville would have maximum flexibility to spend their funding as they see fit but would be responsible for meeting the grant requirements before being reimbursed by the City.

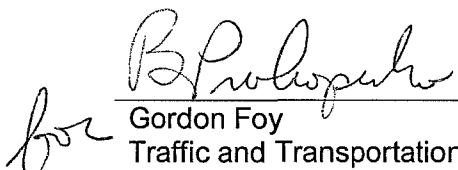
**Nanaimo Benefits:**

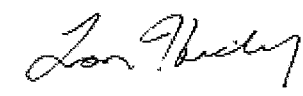
- Improved chances of receiving a larger amount of funding through the GSPF-ICS application process.
- The opportunity to access between \$200-400k (projected) of funding to support development of the City's Transportation Plan.
- The opportunity to work with our adjacent communities to address issues that are more regional in nature while developing strong working relationships.

**Partner Benefits:**

- Potential access to a larger amount of funding through the GSPF-ICS application process.
- Access to regional transportation data instead of transportation planning in isolation.
- Support from Nanaimo to maintain the regional transportation model.
- The opportunity to work with our adjacent communities to address issues that are more regional in nature while developing strong working relationships between agencies.
- Limited funding required to develop community transportation plan.

Respectfully submitted,

  
 Gordon Foy  
 Traffic and Transportation Engineer

  
 Tom Hickey, General Manager  
 Community Services

GF/TH/fg

Council: 2011-APR-18

# STAFF REPORT

REPORT TO: TOM HICKEY, GENERAL MANAGER, COMMUNITY SERVICES

FROM: TOM KRAFT, MANAGER, ENGINEERING PROJECTS

RE: 2241 BOWEN / 2230 BOXWOOD BROWNFIELD RENEWAL FUNDING PROGRAM

## STAFF'S RECOMMENDATION:

That Council authorize staff to make application to the Brownfield Renewal Funding Program to assist in the soils investigation study for 2241 Bowen Road and 2230 Boxwood Road.

## EXECUTIVE SUMMARY:

On 2011-Apr-01 the Province of British Columbia opened the Brownfield Renewal Funding Program to provide grant funding to encourage Brownfield redevelopment. Brownfield's are defined to be "abandoned, vacant, derelict or underutilized commercial or industrial properties where past actions have resulted in actual or perceived contamination and where there is active potential for redevelopment".

Staff recommend application to the program to assist with contaminated soil investigations on 2241 Bowen Road and 2230 Boxwood Road. The application requires a resolution of Council be passed in support of the grant application.

## BACKGROUND:

2241 Bowen Road and 2230 Boxwood Road are the parcels purchased by the City of Nanaimo to accommodate construction of the Boxwood Connector (see figure 1) with the remainder of the parcels available for redevelopment.

The October 27, 2009 report 'Review of Environmental and Geotechnical Site Conditions and Potential Impacts on Future Development 2241 Bowen Road and 2230 Boxwood Road Sites' was submitted to the City of Nanaimo by EBA Engineering Consultants Ltd. EBA identifies the presence of contaminants on site and the presence of soils suitable for neither road base nor building foundation. The report recommends further site investigation to further quantify and identify the best approach to addressing these issues.

A summary of the contaminants investigation with estimated maximum costs are listed below in Table 1.

<b>Boxwood Connector Investigation/Remedial Contaminants Costs</b>	
<b>Item</b>	<b>Estimated Cost Range</b>
Stage 2 Preliminary Site Investigation	\$25,000
Detailed Site Investigation	\$35,000
Remediation Options Analysis	\$5,000
Remedial Plan	\$5,000
<b>TOTALS</b>	<b>\$70,000</b>

☒ Council  
☒ Committee  
☒ Open Meeting  
☒ In-Camera Meeting  
 Meeting Date: \_\_\_\_\_

The deliverables from the work above are:

- Determination of levels and types of contaminants onsite
- Identification of the most effective method to deal with the contaminants, including costs and timing.
- Information for perspective buyers of the residual lands to aid in sales of these lands

There is opportunity to apply for grant funding for the contaminated soils investigation portion of the work through the "BC Brownfield Renewal Funding Program". The maximum grant funding that could be realized is listed in Table 2 below:

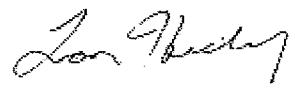
Activity	Estimated Cost	Maximum Funding by Province	City of Nanaimo Funding	Province Funding
Preliminary Site Investigation, Phase 2	\$25,000	85%	\$3,750	\$21,250
Detailed Site Investigation	\$35,000	70%	\$10,500	\$24,500
Remediation Options / Remediation Plan	\$10,000	50%	\$5,000	\$5,000
<b>Totals</b>			<b>\$19,250</b>	<b>\$50,750</b>

Funding for the City's portion of the cost is available within the Engineering and Public Works Department budget.

In order to be eligible for grant funding, the City and the consultant are required to complete the work by January 31, 2012.

The application deadline is April 29, 2011 with decisions announced May 31, 2011.

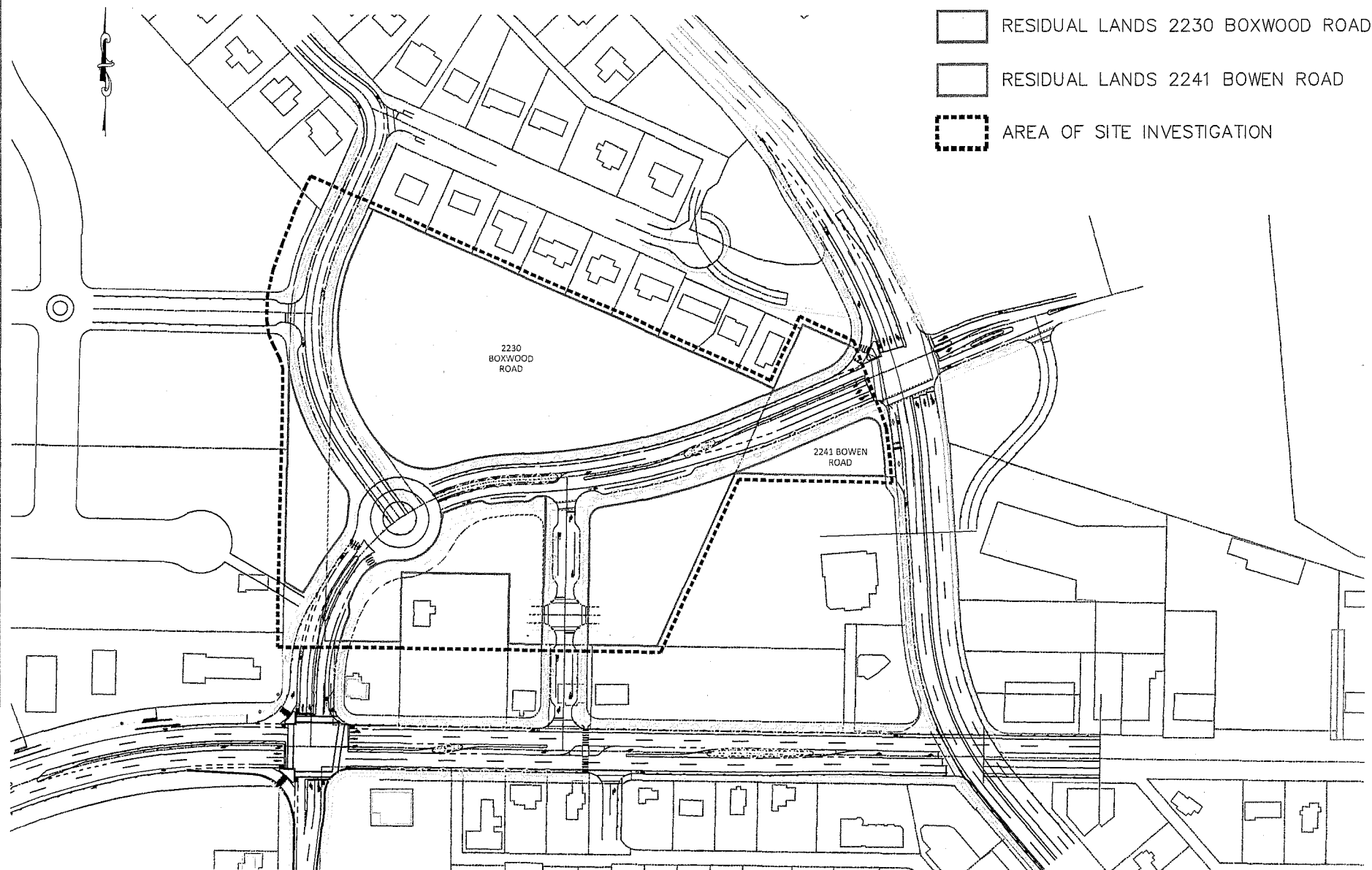
Respectfully submitted,

  
\_\_\_\_\_  
Tom Kraft  
Manager, Engineering Projects  
Engineering Department  
\_\_\_\_\_  
Tom Hickey  
General Manager, Community Services  
Community Services Division

Atch (1)

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# STAFF REPORT

REPORT TO: R. HARDING, DIRECTOR, PARKS, RECREATION AND CULTURE

FROM: M. MAUCH, PROJECT MANAGER, ENGINEERING CONSTRUCTION

RE: SUPPLY, INSTALLATION AND MAINTENANCE OF INFILLED SYNTHETIC TURF SYSTEM

## RECOMMENDATION:

That Council award the contract for Supply, Installation and Maintenance of Infilled Synthetic Turf System to the low tenderer, GTRTURF Team Rochon Inc., for the low bid of \$615,012.16.

## EXECUTIVE SUMMARY:

This tender is for the artificial turf infill portion of the work for the Second Artificial Turf Field at Beban Park. The work includes supply, installation and maintenance of the turf infill as well as maintenance equipment. Installation of the infill is scheduled for late July. The civil construction is underway. Scheduled completion of the field is September 2011.

## BACKGROUND

Tenders were called for the Supply, Installation and Maintenance of Infilled Synthetic Turf System contract on 2011-MAR-08.

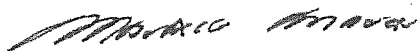
Four (4) tenders were received by the Manager of Purchasing and Stores on Thursday, 2011-MAR-31:

- |                                   |              |
|-----------------------------------|--------------|
| 1. GTRTURF Team Rochon Inc.       | \$615,012.16 |
| 2. Les Sols Sportica Inc.         | \$644,000.00 |
| 3. FieldTurf Inc.                 | \$685,013.23 |
| 4. Wilco Landscape Westcoast Inc. | \$869,120.00 |

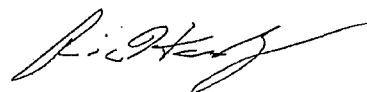
The tenders have been checked and no errors were found.

The low tender of \$615,012.16 is within the City's budget (P-4098-02-14-000).

Respectfully submitted,



M. Mauch, Project Manager,  
Engineering Construction



R. Harding, Director  
Parks, Recreation and Culture

FPCOW: 2011-APR-18

☐ Council  
☐ Committee  
☐ Open Meeting  
☐ In-Camera Meeting  
 Meeting Date: \_\_\_\_\_

## FOR INFORMATION ONLY

REPORT TO: TOM HICKEY, GENERAL MANAGER, COMMUNITY SERVICES

FROM: GARY FRANSSEN, MANAGER, SANITATION, RECYCLING, CEMETERIES

RE: COLLECTION AND DISPOSAL OF SANITARY MATERIALS

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### STAFF'S RECOMMENDATION:

That Council receive the report for information.

### EXECUTIVE SUMMARY:

At the 11-FEB-07 Meeting of Council, staff was asked to prepare a report regarding the collection and disposal of sanitary items.

### BACKGROUND:

The City provides garbage and recycling collection to 25,200 residences weekly. The collection program is based on a user pay system. This approach has proven to be successful in helping to reduce community and household waste generation.

Reducing waste is important because the local landfill space is extremely limited and increasingly more expensive. RDN landfill tipping fees are presently \$110 per tonne and increase annually. Sighting new landfills has been approached several times but not received political or public support. Alternatives, such as waste export or incineration, have impact beyond just dramatically higher cost.

The objectives of the Official Community Plan include:

- "manage solid waste by meeting the community's basic needs for solid waste collection and disposal".
- "reduce consumption and promote conservation"
- "minimize the amount of waste that must be land-filled"

Garbage and recycling service levels based on a user pay system are designed to meet these objectives and the community has responded in a very positive way. In 2010, 45% of our community's household waste went to recycling facilities instead of the landfill. With the Kitchen Waste service, households will divert 70% of their household waste. The community recognizes the importance of participating in available recycling and reuses alternatives and is generally looking forward to city-wide Kitchen Waste service.

The one container weekly limit for garbage has been in place for 11 years. Annually, each September, Sanitation staff conduct a curbside container count on all City collection routes. Physical counts and information gleaned from clients consistently show:

- Year over year, the one container limit meets the needs of 95 to 98% of the households we serve (3 - 5% use \$2 garbage tags to put out extra garbage).
- Less than 1% put out more than one extra container per collection.
- A family of five is on the cusp as far as being able to operate their household and stay consistently within the one container garbage limit. With a family of five there will be times when tags for extra containers are necessary but more often than not, one container per week service will meet their needs.

- Naturally, there are differences that result from family lifestyle issues and the age of children in each household.

Every year numerous calls are received from clients who would like to be recognized for their efforts at producing less waste than our basic service limit. They indicate they feel they are subsidizing households that are not doing their part to divert waste, don't participate in diverting waste to the level they should or have large families. Calls such as this are now being received from Green Bin clients who put one container of garbage out once a month.

The City initiated a direct user pay system in 1993 when a two container garbage limit and tags for extra containers was introduced. In the last 20 years services have changed from three bag limits and newspaper only recycling to the green bin kitchen waste program and service levels we have now. The Cities 'pay as you throw' approach recognizes:

- a basic service level/ bag limit established under bylaw at a level that addresses the needs of the vast majority of clients.
- a corresponding user rate for established basic services as recognized under bylaw.
- a \$2 garbage tag for servicing extra containers to recognize households that do not have the ability to stay within the established container limit. These tags are available through numerous outlets.

### ***The Collection and Disposal of Sanitary Waste:***

This waste is household garbage and is collected with the residential pick-up. It is disposed of at the landfill and is not recyclable or compostable.

Diapers are either disposable or reusable and the choice made may be convenience based. Households may be dealing with diaper needs associated with young children, the elderly, medical conditions or even pets. Some households will have more than one family member's needs to consider. None of these situations are known to collection personnel and residents consider this extremely personal information and do not wish to share it.

Some households using diapers will be in the 3-5% of customers that put out extra garbage. However, the disposal of diapers may not necessarily be the only reason why extra garbage needs exist.

Council was asked to consider subsidizing households needing garbage tags for sanitary waste, specifically diapers. As expected, any subsidization of sanitary waste collection presents challenges:

- The use of diapers is not necessarily correlated to financial need.
- Some households may receive a subsidy or tax relief for their situation or medical conditions.
- There are diaper issues attached to many different types of elderly and child care homes, foster care homes and numerous child day-care facilities serviced by City's collection programs. Some are business enterprises where disposal costs are worked into fees or payments from external sources. Do we say no to care facilities and businesses we service but yes to foster homes?
- There would be considerable effort and expense to develop and maintain a consistent process for determining who would receive subsidy.
- How do we determine when subsidy is warranted?
- Why would the City subsidize a household that is using disposable diapers and not provide subsidy to a household for reusable diapers which do not impact the landfill?
- How do we determine what percentage of a householder's garbage is diapers and therefore deserving of subsidy – it is typically mixed in with other waste?
- How do we monitor it afterwards so the subsidy doesn't continue after diaper use ceases or a subsidized occupant moves to another location?

Based on customer feedback and program surveys, staff feel that the current user pay system is working effectively and achieving the desired objectives. Service levels meet the community's basic needs and the user pay approach promotes the goals of the OCP and helps save landfill space for future generations while still offering flexibility to those that need additional service.

Respectfully submitted,



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G. Franssen, Manager  
Sanitation, Recycling, Cemeteries



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T. Hickey, General Manager  
Community Services

2011-Apr-04

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# FOR INFORMATION ONLY

REPORT TO: B. CLEMENS, DIRECTOR OF FINANCE

FROM: K. FELKER, MANAGER, PURCHASING AND STORES

RE: QUARTERLY CONTRACT REPORT

## BACKGROUND:

Presented is the quarterly report on tenders from \$100,000 to \$250,000 for the period 2011-JAN-01 to 2011-MAR-31. In accordance with the City Purchasing Policy, staff awards these tenders. Council approves tenders over \$250,000.

## DISCUSSION:

DATE	CONTRACT DESCRIPTION	CONTRACTOR	AMOUNT
2011/02/24	Pole relocations re: Bowen Road Widening project <ul style="list-style-type: none"><li>• Direct award – payment to BC Hydro to move their own lines</li></ul>	BC Hydro	\$134,600.00

## RECOMMENDATION:

That Council receive the report.

Respectfully submitted,



K. FELKER  
MANAGER, PURCHASING & STORES



B. CLEMENS  
DIRECTOR OF FINANCE



D. HOLMES  
ASST CITY MANAGER/GM CORPORATE SERVICES



## CITY OF NANAIMO

455 Wallace Street  
Nanaimo, BC Canada V9R 5J6  
Phone (250) 756-5319 Fax (250) 756-5327  
purchasing@nanaimo.ca

Invoices must be sent directly to the Finance Department at  
the above address

## PURCHASE ORDER

**P.O. NO. : 521076**

P.O. Date : February 24, 2011

Buyer : Gail Gibson

BC Hydro  
PO Box 1500  
Nanaimo BC V9R 5M3  
Telephone: 250-755-4717

SHIP TO:  
Public Works Dept.  
2020 Labieux Road  
Nanaimo BC V9T 6J9  
Attention: Jan Mongard

Vendor number : 101886

Terms of payment: Net 30

Currency CAD

Line	Quantity	Units	Description	Unit Prices	Amount
1			Bowen Rd Widening Project - Pole relocations for BC Hydro to design to relocate the BC Hydro plant at the above location. BC Hydro's construction charges, excluding HST is \$134,600. The cost excludes charges from any other utility (telephone, gas, cable, etc).		134600.00

As per File: 3368445 Dated February 23, 2011

\*\*\* Item completely delivered \*\*\*

Total net item value	CAD	134,600.00
HST		16,152.00
Total amount (CAD)		150,752.00

This Purchase order constitutes a contract and acceptance of the Terms and Conditions negotiated by the City of Nanaimo and includes any other supplemental conditions contained in the City's Quotation documents

Authorized Signature: \_\_\_\_\_

## **FOR INFORMATION ONLY REPORT**

REPORT TO: B.E. CLEMENS, DIRECTOR OF FINANCE

FROM: L.A. COATES, MANAGER ACCOUNTING SERVICES

RE: 2010 SURPLUS ALLOCATION

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### **STAFF'S RECOMMENDATION:**

That Council receive the report for information.

### **EXECUTIVE SUMMARY:**

The City of Nanaimo General Revenue Fund surplus was approximately \$2.7 million for 2010 (compared to a range of \$1.2 to \$4.6 million in the previous five years). This represents about 2.3% of the City's operating budget. In order to complete the financial statements, this surplus has been allocated to various reserves as required. The majority (\$2.1 million) has been used to increase the General Capital reserve. The Committee or Council can reallocate these funds at any time. \$1.0 million has been reallocated from the uncollected taxes reserve to the uninsured claims reserve, bringing the allocated surplus for each reserve/accrual to \$3.0 million. This allocation reflects the current assessment of risk related to uncollected taxes.

### **BACKGROUND:**

The 2010 financial statements are complete and the Committee will be asked to receive them at this meeting. In preparing the financial statements, staff allocates the 2010 surplus to various reserves based on operational requirements. In addition to this amount, the entire RCMP contract surplus of \$757,000 has been reserved, bringing the balance in this reserve to \$1.55 million.

Given that municipalities are not allowed to operate at a deficit, it is predictable that there will be a surplus of some amount every year. Each year, finance staff reviews the operating results to determine the source of the surplus. As in most years, a large part of the surplus was spread widely throughout the budget in areas where the surplus may not be repeated in the future.

There are a few areas where some of the larger variances can be identified:

- Wages and benefits were under budget by \$130,000 due to vacant positions. This was offset by actuarial adjustments for sick leave obligations of \$635,000.
- Property insurance and legal expenses under budget by \$150,000.
- Conferences, seminars, tuition and travel under budget by \$117,000.
- Subsidy to the VI Conference Centre over budget by \$190,000.



- Heating and electricity over budget by \$124,000.
- Gas and oil for vehicles over budget by \$278,000.
- Snow and ice control under budget by \$250,000.
- Fine revenue from Bylaw Enforcement over budget by \$72,000.
- Building permits and other development related fees exceeded budget by \$208,000.
- Planning revenue over budget by \$79,000.
- Program fees in Parks, Recreation & Culture exceeded the budget by \$304,000, contributing to the \$553,000 surplus for the department.
- Investment income continues to be below budget due to the low interest rates, but was mostly offset by lower interest paid on tax accounts and additional property tax penalty revenue. The net impact was \$27,000 revenue less than budget.

The 2010 surplus has been allocated to reserves as follows:

General Capital Reserve	\$2,100,000
Repay the sewer fund for Port of Nanaimo Centre funding	372,000
Establish snow and ice control reserve account for Parks Operations	100,000
Accumulated Surplus	142,000

The \$2.1 million increase to the General Capital Reserve provides the Committee and Council with the maximum flexibility in the future.

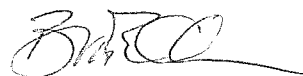
Surplus in the sewer fund allowed a transfer to reserve accounts of \$200,000 and an increase to accumulated surplus of \$106,000.

Due to the dry year in 2010, water revenues were well above budget. \$1,200,000 was added to the reserve accounts for future capital projects. The remaining \$53,000 was added to surplus in the water fund.

Respectfully submitted,



Lorrie A. Coates  
Manager, Accounting Services



B.E. Clemens, Director of Finance



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

## FOR INFORMATION ONLY

REPORT TO: T. HICKEY, GENERAL MANAGER, COMMUNITY SERVICES

FROM: S. RICKETTS, MANAGER, ENGINEERING CONSTRUCTION

RE: CILAIRE SUBDIVISION UTILITY REPLACEMENT – PHASE 1

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### STAFF'S RECOMMENDATION:

That Council receive this report for information.

### EXECUTIVE SUMMARY:

In accordance with the City's Purchasing Policy, this report is to advise Council the construction project in the Cilaire Subdivision will be going out to tender in May 2011. This tender will be for the first phase of the project, which is shown on the attached map.

The Cilaire subdivision was the first subdivision (circa 1965) in Nanaimo with underground hydro, telephone and cable. In 1997, the City undertook a Local Improvement to repave the subdivision. The private utilities were encouraged to upgrade their facilities at this time; otherwise, the City would not allow pavement cuts for 10 years. The utilities declined to complete any upgrades.

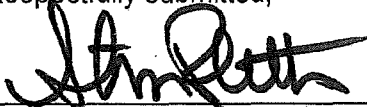
Recently Shaw and Telus have experienced ongoing problems with their infrastructure. As well, the City's asbestos cement water main has reached the end of its service life. As the 10 year time limit for pavement cuts has expired, the City and private utilities are partnering to complete their utility upgrades. The roads will be repaved upon completion of the utility installations.

This tender will replace the existing asbestos cement water main and existing street lighting system. This tender will also install a new storm sewer along Cilaire Drive. In conjunction with the City work, Shaw will be installing a new duct system. BC Hydro and Telus will be installing new ducts at all pavement crossings so when the time comes to upgrade their system, pavement cuts won't be required.

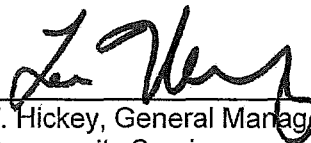
The Cilaire Subdivision Utility Replacement project will be completed over the next two years. Some of the sanitary sewer pipes will be relined under a separate tender. As well, the White Eagle area will be completed by City crews.

The City's budget in 2011 for the Cilaire project is \$3,111,165 (P-5151, P-6153, P-7243, P-7251 and CC 3381). The total project budget is \$5,006,060.

Respectfully submitted,



S. Ricketts, Manager,  
Engineering Construction



T. Hickey, General Manager,  
Community Services

FPCOW: 2011-APR-18

# PROPOSED CONSTRUCTION TIMELINE

- 2011 CONSTRUCTION
- 2012 CONSTRUCTION

