



**AGENDA**  
**FINANCE AND AUDIT COMMITTEE MEETING**

June 17, 2020, 9:00 AM - 12:00 PM  
SHAW AUDITORIUM, VANCOUVER ISLAND CONFERENCE CENTRE  
80 COMMERCIAL STREET, NANAIMO, BC

Pages

**1. CALL THE MEETING OF THE FINANCE AND AUDIT COMMITTEE TO ORDER:**

[Note: This meeting will be video recorded for the public.]

**2. INTRODUCTION OF LATE ITEMS:**

**3. ADOPTION OF AGENDA:**

**4. ADOPTION OF MINUTES:**

**a. Minutes**

5 - 13

Minutes of the Finance and Audit Committee Meeting held in the Boardroom, Service and Resource Centre, 411 Dunsmuir Street, Nanaimo, BC, on Wednesday, 2020-FEB-19, at 9:00 a.m.

**5. REPORTS:**

**a. Fire Station No. 1**

14 - 21

To be introduced by Bill Sims, General Manager, Engineering and Public Works.

*Purpose: To obtain Finance and Audit Committee approval to increase the budget for the Fire Station No. 1 project.*

Presentation:

1. Mark Bullen, Capex Projects Advisory

Recommendation: That the Finance and Audit Committee recommend that Council direct Staff to:

1. Proceed with the Fire Station No. 1 project; and,
2. Amend the 2020-2024 Financial Plan to increase the budget in year three (2022) by \$3M from \$3,740,269 to \$6,740,269 with the additional funding from the General Capital Reserve and the General Asset

**b. Supporting Arts & Culture: Implementation of Nanaimo Art Gallery Phased Development Plan** 22 - 51

To be introduced by Richard Harding, General Manager, Parks, Recreation and Culture.

*Purpose: To provide Council with options regarding support for Nanaimo Art Gallery's plan for phased development at the Arts Centre at 150 Commercial Street.*

Presentation:

1. Ken Hammer, Vice-President, Nanaimo Art Gallery

Recommendation: That the Finance and Audit Committee recommend that Council include the following items in their review process of the 2021-2025 Budget considerations:

- a. Allocation of \$50,000 per year in additional operating funding of the Nanaimo Art Gallery in the 2021-2025 Financial Plan;
- b. Allocation of \$10,000 per year in funding to the Nanaimo Art Gallery in the 2021-2025 Financial Plan for capital expenditures at the Arts Centre at 150 Commercial Street; and amend the 2014-2023 Co-Management Agreement with an execution date after the Provisional 2021-2025 Financial Plan has been adopted by Council; and
- c. Allocation of \$25,000 in the 2021 budget for the development of a feasibility report on the concept of an Arts Centre and Nanaimo Art Gallery's Phase 3 facility project.

**c. Community Program Development Grants** 52 - 57

To be introduced by Richard Harding, General Manager, Parks, Recreation and Culture.

*Purpose: To obtain Council approval of two requests for a Community Program Development Grant.*

Recommendation: That the Finance and Audit Committee recommend that Council approve the request from the Nanaimo Science and Sustainability Society (NS3) for a Community Program Development Grant in the amount of \$1,000 to assist in funding The Great Pumpkin Toss event for children and families; and \$10,000 to the Salish Storm Hockey Association for a low-barrier Intro to Hockey Program for Indigenous Children.

**d. Province of BC Local Government Infrastructure Planning Grant Program** 58 - 59

To be introduced by Laura Mercer, Director, Finance.

*Purpose: To have Council approve a resolution to apply for a \$10,000 grant under the Province of BC Local Government Infrastructure Planning Grant Program.*

Recommendation: That Council approve submission of an application to the Local Government Infrastructure Planning Grant program for \$10,000 for the Water Supply Strategic Plan project.

**e. Consideration of New Permissive Tax Exemption Application and PTE Cash Grant Funding Request - Clay Tree Society**

60 - 127

To be introduced by Laura Mercer, Director, Finance.

*Purpose: To obtain Council approval regarding Clay Tree Society's application for a Permissive Tax Exemption (PTE) for 2021 and a PTE Cash Grant funding request for their 2020 Property Taxes.*

Recommendation: That the Finance and Audit Committee recommend that Council:

1. Award a Permissive Tax Exemption for the 2021 tax year to Clay Tree Society at 838 Old Victoria Road; and,
2. Award a PTE Cash Grant to Clay Tree Society in the amount of \$5,000 for their 2020 Property Taxes for their newly purchased property at 838 Old Victoria Road.

**f. Quarterly Purchasing Report (Single and Sole Source, Purchases in Excess of \$250,000 and Instances of Non-Compliance Purchases)**

128 - 132

To be introduced by Laura Mercer, Director, Finance.

*Purpose: To provide information in compliance with the City's Procurement Policy (03-1200-01) regarding single and sole source purchases, awards in excess of \$250,000 and policy non compliance for the quarter ending 2020-MAR-31.*

**g. 2019 Annual Parking Reserve Fund Report**

133 - 134

To be introduced by Laura Mercer, Director, Finance.

*Purpose: To present Council with the 2019 Annual Parking Reserve Fund Report for information purposes.*

**h. 2019 Development Cost Charge Reserve Fund Report**

135 - 136

To be introduced by Laura Mercer, Director, Finance.

*Purpose: To present Council with the 2019 Development Cost Charges Reserve Fund Report for information purposes.*

**6. OTHER BUSINESS:**

7. ADJOURNMENT:



**MINUTES**  
**FINANCE AND AUDIT COMMITTEE MEETING**  
**BOARD ROOM, SERVICE AND RESOURCE CENTRE**  
**411 DUNSMUIR STREET, NANAIMO, BC**  
**WEDNESDAY, 2020-FEB-19, AT 9:00 A.M.**

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Present: Mayor L. Krog  
Councillor D. Bonner  
Councillor T. Brown  
Councillor E. Hemmens  
Councillor I. W. Thorpe  
Councillor J. Turley

Absent: Councillor S. D. Armstrong  
Councillor B. Geselbracht  
Councillor Z. Maartman

Staff: J. Rudolph, Chief Administrative Officer  
R. Harding, General Manager, Parks, Recreation and Culture  
D. Lindsay, General Manager, Development Services (arrived 9:05 a.m.)  
B. Sims, General Manager, Engineering and Public Works  
L. Mercer, A/General Manager, Corporate Services  
K. Fry, Fire Chief  
A. Groot, Director, Facilities and Parks Maintenance  
J. Holm, Director, Development Services (arrived 9:37 a.m., vacated 10:10 a.m.)  
L. Clarkson, A/Director, Parks, Recreation and Culture  
L. Bhopalsingh, Manager, Community Planning (arrived 9:32 a.m., vacated 9:35 a.m.)  
W. Fulla, Manager, Business, Asset & Financial Planning (arrived 9:10 a.m.)  
K. Gonzales, Manager, Aquatics  
K. Lindsay, Manager, Emergency Program (vacated 9:05 a.m.)  
D. Johnston, Manager, Arenas  
R. Lawrance, Environmental Planner (arrived 9:37 a.m., vacated 10:10 a.m.)  
S. Newlands, Parks Project Coordinator (vacated 9:35 a.m.)  
D. Blackwood, Client Support Specialist (vacated 9:05 a.m.)  
S. Gurrie, City Clerk  
K. Gerard, Steno, Legislative Services  
N. Sponaule, Recording Secretary

1. **CALL THE FINANCE AND AUDIT COMMITTEE MEETING TO ORDER:**

The Finance and Audit Committee Meeting was called to order at 9:00 a.m.

2. INTRODUCTION OF LATE ITEMS:

- (a) Move Agenda Item 7(f) - Parks, Recreation and Culture Fees and Charges Policy Update for September 2020 to August 2024 to Agenda Item 7(k) – Closed Circuit Television Video Equipment and Camera Van. Move Agenda Item 7(k) – Closed Circuit Television Video Equipment and Camera Van to Agenda Item 7(f) - Parks, Recreation and Culture Fees and Charges Policy Update for September 2020 to August 2024.

3. ADOPTION OF AGENDA:

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

4. ADOPTION OF MINUTES:

It was moved and seconded that the following Minutes be adopted as circulated:

- Minutes of the Special Finance and Audit Committee Meeting held in the Boardroom, Service and Resource Centre, 411 Dunsmuir Street, Nanaimo, BC, on Monday, 2019-DEC-09, at 3:43 p.m.
- Minutes of the Finance and Audit Committee Meeting held in the Boardroom, Service and Resource Centre, 411 Dunsmuir Street, Nanaimo, BC, on Wednesday, 2019-DEC-18, at 9:00 a.m.

The motion carried unanimously.

5. REPORTS:

- (a) Emergency Preparedness Mobile App Host Community Grant

Introduced by Laura Mercer, Acting General Manager, Corporate Services.

Laura Mercer, Acting General Manager, Corporate Services, provided the Finance and Audit Committee (the Committee) with a verbal report regarding the City's role in administering an \$11,000 grant as part of a partnership with the University of British Columbia (UBC) and six island Communities.

Karen Lindsay, Manager, Emergency Program, advised that the City was approached by UBC in November regarding an opportunity to develop a mobile app to assist in developing emergency preparedness plans. The funding will support the public education component of the City's climate resiliency study by hosting workshops and creating a mobile app to further a common vision of encouraging residents in developing household emergency response plans for a more resilient community.

(b) Community Program Development Grant – Nanaimo Science and Sustainability Society (NS3)

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Introduced by Richard Harding, General Manager, Parks, Recreation and Culture.

D. Lindsay entered the Boardroom at 9:05 a.m.

D. Blackwood and K. Lindsay vacated the Boardroom at 9:05 a.m.

Committee discussion took place regarding:

- Eligibility of grant applications and approval process
- Why certain applicants were not eligible and including this reasoning in future reports

It was moved and seconded that the Finance and Audit Committee recommend that Council approve the request from the Nanaimo Science and Sustainability Society (NS3) for a Community Program Development Grant in the amount of \$3,000 to assist in funding a Science in the Park summer program for children and families. The motion carried unanimously.

(c) Next Phase for Nanaimo Art Gallery Development and Implementation

Richard Harding, General Manager, Parks, Recreation and Culture, spoke regarding the next phases for the Nanaimo Art Gallery. Phases one and two of the Nanaimo Art Gallery's development is complete and Staff are now recommending moving forward with phases three and four.

Committee discussion took place regarding:

- The \$50,000 in funding for 2020-2021 not being included in budget deliberations for this year
- Potential impact to the Art Gallery's timeline if funding is pushed out for a year

W. Fulla entered the Boardroom at 9:10 a.m.

- Recent requests made to Council for a community arts centre and whether the Nanaimo Art Gallery would incorporate community art space as part of phase three or four
- Phase four including expansion of the gallery
- Conditional \$50,000 operating grant each year
- Amount requested by the Nanaimo Art Gallery in comparison to the Port Theatre
- Opportunity for partnerships allowing for other groups to use space

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

1. direct Staff to work with the Nanaimo Art Gallery on moving forward with the next phase of the Nanaimo Art Gallery development process and return with options that may include an updated co-management agreement; and,

2. direct Staff to include funding options that address the next phase of Art Gallery Development and Operations for Council's consideration in the 2021-2025 budget deliberations.

The motion carried unanimously.

(d) Rotary Centennial Garden Project Update

Richard Harding, General Manager, Parks, Recreation and Culture, provided the Committee with an update regarding the Rotary Centennial Garden Project, which included:

- Project will cost more than initial scope showed
- Rotary has fulfilled original \$200,000 sponsorship

Committee discussion took place regarding:

- Status of the Port Theatre grant and it's effect on the Strategic Infrastructure Reserve
- Unique project with components such as lighting and pavers adding to extra costs
- Whether costs involved in infrastructure of project (power, lighting) would benefit other areas of park and could offset costs to those areas
- Whether washroom facilities had been considered for the area because of proximity to playground

It was moved and seconded that the Finance and Audit Committee recommend that Council approve adding \$186,120 to the 2020 budget for the Rotary Centennial Garden Project at Maffeo Sutton Park to be funded by the Strategic Infrastructure Reserve. The motion carried unanimously.

(e) Beban Complex 2019 Project Cancellation

Introduced by Richard Harding, General Manager, Parks, Recreation and Culture.

Committee discussion took place regarding:

- Money that was allocated to this project going into reserves if cancelled
- Reasoning for cancellation

Art Groot, Director, Facilities and Parks Maintenance, provided the following rationale:

- Review of Beban Complex facility took place in 2017 and re-painting the metal siding was proposed as a short-term option at that time
- Upon review, it was discovered that chemical substances in the old paint would require a considerable abatement process which was not budgeted for
- Staff are instead now planning for a longer-term solution which involves upgrading the siding to a thermal energy siding
- Money originally proposed for painting will now be incorporated into the budget for the long-term plan

(f) Closed Circuit Television Video Equipment and Camera Van

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

Committee discussion took place regarding whether there would be improved efficiencies with the new equipment.

It was moved and seconded that the Finance and Audit Committee recommend that Council approve increasing the budget for the Closed Circuit Television Video Equipment and Camera Van by \$214,458, funded from the Sewer Reserve. The motion carried unanimously.

(g) Funding for Overdose Emergency Response Conference

Introduced by Dale Lindsay, General Manager, Development Services.

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to dispense \$200,000 received from the Ministry of Mental Health and Addictions to the British Columbia Patient Safety & Quality Council for the purpose of hosting a provincial Overdose Emergency Response Centre Conference in Nanaimo in 2020. The motion carried unanimously.

(h) British Columbia Poverty Reduction Grant Application

Introduced by Dale Lindsay, General Manager, Development Services.

L. Bhopalsingh entered the Boardroom at 9:32 a.m.

Committee discussion took place regarding:

- Expected outcome
- This program addressing phase one of a two phased approach by assessing what needs to be done.
- Health and Housing Task Force systems mapping project helping to inform the Regional District of Nanaimo's project
- Integration of systems mapping with partners at different levels

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

“That the City of Nanaimo supports the Regional District of Nanaimo as the primary applicant to the UBCM Poverty Reduction Planning and Action grant program for a Social Needs Assessment and Strategy and supports the Regional District of Nanaimo to receive and manage the grant funding on its behalf”.

The motion carried unanimously.

L. Bhopalsingh and S. Newlands vacated the Boardroom at 9:35 a.m.

(i) Sponsorship Policy and Program Development

Laura Mercer, Acting General Manager, Corporate Services, introduced the report in which Staff recommended a three phased approach: phase one determines what the City has to sell, phase two develops a sponsorship policy and phase three is implementation.

J. Holm and R. Lawrence entered Boardroom 9:37 a.m.

Committee discussion took place regarding:

- Combining phase one and phase two to help move the process along faster and be more cost effective
- Phase one helping to identify what kind of sponsorship value could be associated to the City's inventory and what that inventory is
- Process being uncomfortable but a more phased approach not helping to alleviate this
- Not losing sense of community in current naming practices where various fields, facilities and trails are named after community volunteers

It was moved and seconded that the Finance and Audit Committee recommend that Council take a two (2) phased approach to creating a sponsorship policy and strategic plan as follows:

- Phase 1 – Issue a Request For Proposals to:
  - Conduct a feasibility study/inventory asset valuation
  - Develop or update sponsorship/advertising/naming policy
  - Develop sponsorship strategic plan
- Phase 2 – Implement sponsorship program

The motion carried unanimously.

(j) CleanBC Better Homes Rebate Program

Dale Lindsay, General Manager, Development Services, provided the Committee with an overview of the CleanBC Better Homes Rebate Program, which included:

- Opportunity for residents who have oil or natural gas furnaces to have them replaced with a heat pump
- \$100,000 allowing for participation in the program for the next two years

Committee discussion took place regarding:

- Concern that program is not big enough and wouldn't benefit those that may need funding assistance the most
- Possibility of increasing program funding from \$100,000 to \$200,000

Rob Lawrance, Environmental Planner, spoke regarding:

- Program costs being relative to different areas of the province
- Province having a direct role in marketing the program

Committee discussion continued regarding:

- Decision time-sensitive as program deadline first week of March with program launching first week of April – no time to refer to Environment Committee for further discussion on whether funding should be increased
- Keeping with staff recommendation would allow for more funding to be available for Environment Committee initiatives
- Current rebate programs and whether they are well advertised and utilized
- Program for residential only, not commercial
- Benefits of program to both homeowners and tenants

It was moved and seconded that the Finance and Audit Committee recommend that Council direct Staff to participate in the CleanBC Better Homes for Nanaimo to contribute:

- \$2,000 to the Electric Heat Pump fund
- \$500 to the Electric Service Upgrade fund
- \$1,000 to the Electric Heat Pump Water Heater fund
- \$550 to the Contractor Participation Incentive fund
- \$150 to the EnerGuide Home Energy Assessment fund

The motion was defeated.

Opposed: Mayor Krog, Councillors Thorpe and Turley

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

1. direct Staff to coordinate with the Province of BC and participate in the CleanBC Better Homes Rebate Program; and,
2. direct Staff to add \$100,000 to the 2020-2024 Financial Plan for the participation in the Province of BC CleanBC Better Homes Rebate Program with funding coming from the Emissions Reduction Reserve Fund.

The motion carried unanimously.

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

The Finance and Audit Committee meeting reconvened at 10:23 a.m.

Staff Present: L. Clarkson, K. Fry, W. Fulla, R. Harding, K. Gerard, K. Gonzales, A. Groot, S. Gurrie, D. Johnston, D. Lindsay, L. Mercer, J. Rudolph, B. Sims and N. Sponaugle

- (k) Parks, Recreation and Culture Fees and Charges Policy Update for September 2020 to August 2024
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Richard Harding, General Manager, Parks, Recreation and Culture, provided an overview of the planned rollout of an updated Parks, Recreation and Culture Fees and Charges Policy which included:

- Fees have not increased since 2015

- Timeline for update as follows:
  - Present: Bring forward information report for discussion
  - Bringing recommendations back to Finance and Audit in March
  - Engagement with rental groups in advance so they are aware of changes
  - Adoption of bylaw outlining changes by Council in June, in time for printing of the Fall and Winter Activity Guide
  - Fee changes in effect September 1<sup>st</sup>
- Conservative increase to fees with some fees staying the same
- Proposed fees will be consistent with other communities across Vancouver Island
- Current operation costs, marketing conditions, inflationary costs, cost of living increases, cost of most effective use, equipment costs, and comparison to other Vancouver Island communities all factors taken into account
- Costs associated with facility infrastructure and operations

Committee discussion took place regarding:

- Renaming of senior to super senior and increase of use in that age group
- Costs based on age rather than income
- Consideration for people who are working but still hover on poverty line and do not qualify for Leisure Economic Access Policy (LEAP) program
- Whether LEAP program will be reviewed and updated as part of this update

Richard Harding, General Manager, Parks, Recreation and Culture, spoke regarding:

- LEAP program being separate from fees and charges bylaw and able to be reviewed and changed anytime.
- LEAP program based on annual income and is up for a review – will come back to Council at a future date with a broader program that changes the income threshold
- Proposed changes including changing definition to youth and eliminating student rates so the rate for youth, regardless of whether they are in school, would be the same
- Changes including a disability program
- Increase of cost of inflation over the years while fees have stayed the same

Committee discussion continued regarding:

- Building carbon tax into fee structures for facilities
- Recognizing a genuine attempt to establish fairness in staff report
- A relatively small number of user groups will see biggest impact

Richard Harding, General Manager, Parks, Recreation and Culture, spoke regarding:

- Returning to a Finance and Audit meeting in March with recommendations
- Main concern with user groups is knowing as soon as possible so they can budget and plan for financial impacts

## 6. QUESTION PERIOD:

There were no members of the public in attendance who wished to ask questions.



7. ADJOURNMENT:

It was moved and seconded at 11:00 a.m. that the meeting terminate. The motion carried unanimously.

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CHAIR

CERTIFIED CORRECT:

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CORPORATE OFFICER

DATE OF MEETING JUNE 17, 2020

AUTHORED BY MIKE STRAIN, SENIOR PROJECT MANAGER

SUBJECT FIRE STATION NO. 1

## **OVERVIEW**

### **Purpose of Report**

To obtain Finance and Audit Committee approval to increase the budget for the Fire Station No. 1 project.

### **Recommendation**

That the Finance and Audit Committee recommend that Council direct Staff to:

1. Proceed with the Fire Station No. 1 project; and,
2. Amend the 2020-2024 Financial Plan to increase the budget in year three (2022) by \$3M from \$3,740,269 to \$6,740,269 with the additional funding from the General Capital Reserve and the General Asset Management Reserve.

## **BACKGROUND**

Replacement of the existing Fire Station No. 1 was recommended in the 2017 Business Case Report, "Renovation vs. Replacement" and was endorsed by Council at the May 8, 2017 Council meeting. The project scope and budget were set from this report. The scope identified a 1583m<sup>2</sup> facility and a corresponding \$17 million overall project budget. Electorate approval to borrow up to this amount was subsequently received in 2018. The new facility is intended to be a post-disaster structure housing, in addition to central fire fighting forces, Fire Administration, Fire Dispatch, and the City's Emergency Coordination Centre.

A public tender was issued in January 2020, following a third party estimate of construction cost that indicated affordability within the current budget. In March 2020, overlapping with the project's tender period, COVID-19 was declared a Pandemic by the World Health Organization and varying degrees of States of Emergency were being declared by governments across the world, including British Columbia. In April 2020, the City extended the tender close date to May 12, 2020 and issued an instruction to bidders to assume that safe work restrictions currently in place, due to COVID-19, would persist for the duration of the contract.

On May 12, 2020, 9 tenders were received, an excellent response. The lowest bid price was \$15.4 million, with three others within 3% of this figure, indicating a high degree of accuracy in pricing, and a tight specification. Clearly, bidders understood the project's scope and design. Unfortunately, the lowest bid price was \$2.8 million higher than can be afforded within the \$17 million budget. The tender is open for the City's acceptance until August 10, 2020.

## **DISCUSSION**

The Project Team implemented all possible measures of diligence during the design and tender period to keep the project within scope and budget. Examples include:

- Re-planning the delivery strategy to avoid the need for a temporary fire station (approx. \$1.5 million savings).
- Revisiting and challenging the entire space needs assessment and project functional requirements.
- Implementation of the Project Management Framework, complete with cost estimates of increasing accuracy and a stage gate prior to tender.
- Engagement of an independent cost consultant to advise on costs from the start of design through to tender.
- Two value engineering exercises to reduce costs and optimize the design.
- Implementation of an integrated design process involving fire fighters and dispatchers through the development of functional requirements and design.
- Engagement of an Architect with extensive experience in fire station design.
- Engagement with the construction community, well in advance of the tender, to advertise the project and to attract interest.

As a result of the above measures, the demolition and construction costs per square metre are 10% less than anticipated in the original business case, and other project costs (\$4.4 million) remain in line with the 2017 business case (\$4.5 million).

During the tender, bidders were instructed to allow for COVID-19 restrictions, to continue through the duration of the contract. Any changes to the restrictions would be subject to negotiation in the future. The cost consultant indicated that the 'COVID premium', seen across building projects in the lower mainland, could be up to 20% for complex projects such as this one. There was no extension to the construction schedule to accommodate issues arising from the pandemic, which may have added some additional cost pressure.

While the longer term impact of the pandemic on the construction industry remains unclear, Staff believe that the coincidence of the pandemic with the tender period, may have resulted in a 'COVID premium', driven by a number of factors aside from this future uncertainty, including:

- Supply chain disruption
- Labour availability and resultant cost pressures
- Labour productivity and resultant schedule pressures
- Uncertain Health & Safety overhead (likely to gain clarity in coming weeks)

The low tender price would require an increase to the budget of \$3 million, approximately 18% higher than the approved budget of \$17 million and would bring the revised project budget to \$20 million. This includes contingency to deal with the cost of post-contract risks retained under contract, a necessity when dealing with a project of this magnitude.

## **OPTIONS**

1. That the Finance and Audit Committee recommend that Council direct Staff to:
  1. Proceed with the Fire Station No.1 project; and,
  2. Amend the 2020-2024 Financial Plan to increase the budget in year three (2022) by \$3 million from \$3,740,269 to \$6,740,269 with the additional funding from the General Capital Reserve and the General Asset Management Reserve.
    - A competitive price has been received for this project, it is ready for construction, and the additional budget will allow it to move forward and open as planned in the fall of 2022.
    - Is the most cost certain approach.
    - This option will address the pressing need to replace the aging facility at the end of its useful life and provide safety and certainty for Fire operations.
    - This avoids necessary minimum building expenses (estimated \$1.5-2M) to ensure the building remains useable for several critical functions.
    - The facility houses several critical functions ensuring the safety and well being of our citizens: Fire Administration, Dispatch and crews along with the City's Emergency Coordination Centre.
    - Additional funding will be required, and is proposed as follows:
      - i. Up to \$1.5 million from Asset Management Reserve.
      - ii. Up to \$1.5 million from General Capital Reserve.
      - iii. Savings in other general projects funded from general revenue in 2020 to be used first.
2. That the Finance and Audit Committee recommend that Council direct Staff to cancel the tender and revise the design to retender in the future.
  - Canceling the project would cause the project to lose momentum. There is no guarantee that a better price will be achievable in the future, and there is a risk that pricing may increase. There is \$1.6 million in sunk costs to date.
  - The schedule to address building deficiencies would be delayed by a year or more
  - The City may suffer damage to its reputation as a tendering authority, and the market may choose to not engage to the same degree next time as a result of lost credibility.
3. That the Finance and Audit Committee recommend that Council direct Staff to cancel the tender and completely reconsider the project as part of a larger precinct strategy.
  - This would avoid spending funds now and creates an opportunity for a more integrated 'Responder Precinct' including RCMP, social housing, and BCEHS.
  - Necessary intermediate expenses to replace or upgrade the roof, boiler, dismantle the hose tower and seismic retrofits are estimated to be \$1.5 – 2 Million
  - This option would likely delay the replacement of the Fire Station for a minimum of four to five years. The existing station is past its useful life, does not meet current life safety or seismic codes, and is an ongoing maintenance cost. |

### **SUMMARY POINTS**

- An additional \$3 million is required to proceed with the Construction of the Fire Station No. 1 project as planned.
- The Fire Station No. 1 project is shovel-ready with a competitive lump sum price open for acceptance by the City.
- Proceeding with the project addresses the pressing need to replace the aging facility at the end of its useful life.
- The fire station has been carefully designed and redesigned to meet functional requirements of this critical service, with careful attention to cost and schedule.
- The pandemic is believed to have impacted the construction market for complex projects such as this one.

#### **Submitted by:**

Mike Strain  
Senior Project Manager,  
Engineering Projects |

#### **Concurrence by:**

Karen Fry,  
Fire Chief,  
Nanaimo Fire Rescue

Bill Sims  
General Manager,  
Engineering and Public Works

Laura Mercer,  
Director,  
Finance

Jake Rudolph  
Chief Administrative Officer |



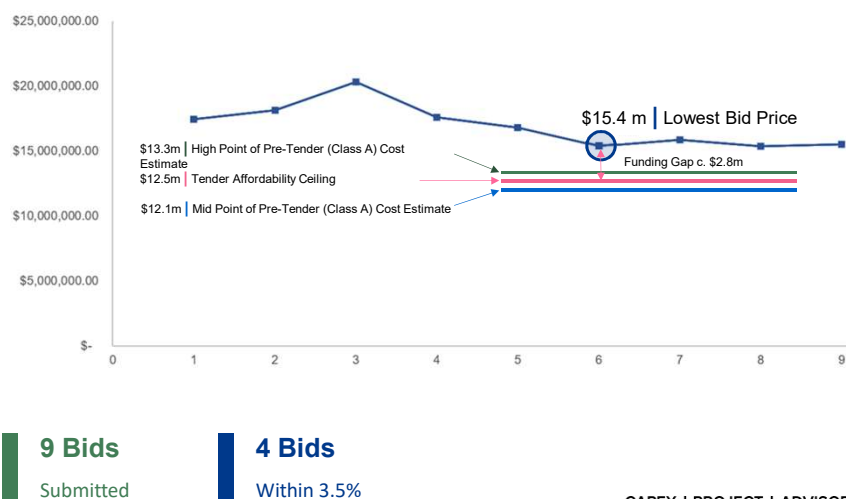
# Fire Station #1 Project

Project Cost Update

June 17, 2020

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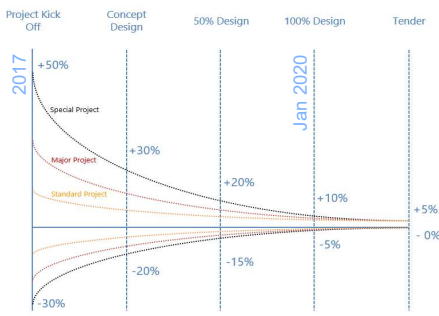
## Tender Prices



## Construction Cost Estimation



- A baseline cost estimate was developed in 2017 by a professional quantity surveyor – this was the basis of the \$17M Budget
- The construction cost estimate was updated at each of 3 stages of project development.
- Each estimate indicated the project was likely affordable (in a pre-pandemic market).



Extract from City of Nanaimo Project Management Framework, showing degree of confidence that should be communicated alongside the Project Budget at each stage of project development

NB: the City's Project Management Framework requires that, should the forecast cost of a project vary as the project progresses, there are two options: mitigate cost (which has already been done to deal with GFA and escalation cost pressures), or otherwise secure an increase in the Approved Project Budget.

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## What's changed since 2017?



**1 Escalation**  
 10% Additional

Construction cost escalation to date has been around 10% > than forecast in 2017

**2 GFA (M<sup>2</sup>)**  
 1/3 Increase

The actual space program required to provide a functional facility was identified as being larger than assumed in 2017

**3 COVID-19**  
 Cost of Restrictions  
 Continuing Included

Budget did not include costs associated with the impacts of the Pandemic

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## How have we mitigated cost pressure?



### 1 **Cost / m<sup>2</sup>** ↓ over 10%

- Total Project Cost / m<sup>2</sup> is down over 10%
- Construction Rate unchanged at \$7,100/m<sup>2</sup>
- Total Project Soft Costs down \$100k

### 2 **Site Planning** Avoided Significant Unnecessary Costs

Innovative Site Development Strategy implemented to avoid requirement for a temporary fire station during construction

### 3 **Competition** Secured a competitive market price

Market Engagement Strategy attracted a great deal of interest and price competition, demonstrated by number and distribution of tender prices

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## Best Practice Delivery



- Steering Committee
- Stage Gate Process
- Cost Consultant (QS)
- Value Engineering
- Market Engagement
- Site Development Strategy
- Engagement of an Architect Specializing in Fire Station Design
- Validation of Functional Program



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## Schedule



**COVID-19**

Supply chain disruption

Labour availability

Labour productivity

Health & Safety overhead

- The Project is on schedule, despite the Pandemic
- The tender documents require the General Contractor to manage the risk of late delivery even if the restrictions continue to be in place for the duration of the project
- This has undoubtedly put upward pressure on the tender price but brings greater time and cost certainty

CAPEX | PROJECT | ADVISORY

## Summary



- The Project is on-time but is over-budget despite the application of project control and governance best practices.
- A firm and competitive Tender is open for acceptance which provides a good degree of certainty that the new facility will be occupied by the summer of 2022 within a re-baselined budget of \$20m.
- To defer and re-tender the Project at a later date means that it will no longer be delivered in 2022, while at the same time deterring future tender participation and providing no guarantee or likelihood of reducing cost.

CAPEX | PROJECT | ADVISORY

DATE OF MEETING JUNE 17, 2020

AUTHORED BY RICHARD HARDING, GENERAL MANAGER OF PARKS,  
RECREATION & CULTURE

SUBJECT SUPPORTING ARTS & CULTURE: IMPLEMENTATION OF  
NANAIMO ART GALLERY PHASED DEVELOPMENT PLAN

## **OVERVIEW**

### **Purpose of Report**

To provide Council with options regarding support for Nanaimo Art Gallery's plan for phased development at the Arts Centre at 150 Commercial Street.

### **Recommendation**

That the Finance and Audit Committee recommend that Council include the following items in their review process of the 2021-2025 Budget considerations:

- a) Allocation of \$50,000 per year in additional operating funding of the Nanaimo Art Gallery in the 2021-2025 Financial Plan;
- b) Allocation of \$10,000 per year in funding to the Nanaimo Art Gallery in the 2021-2025 Financial Plan for capital expenditures at the Arts Centre at 150 Commercial Street; and amend the 2014-2023 Co-Management Agreement with an execution date after the Provisional 2021-2025 Financial Plan has been adopted by Council; and
- c) Allocation of \$25,000 in the 2021 budget for the development of a feasibility report on the concept of an Arts Centre and Nanaimo Art Gallery's Phase 3 facility project.

## **BACKGROUND**

In August 2019, Nanaimo Art Gallery submitted a proposal to Staff that outlined strategic issues and challenges the organization was facing, both with regard to operations and the City-owned facility the Society co-manages (Attachment A).

At the regular Council meeting held 2020-FEB-03, Art Gallery representatives provided a presentation that highlighted how the impact and reach of their program has grown since entering into a Co-Management Agreement with the City in 2014. They also addressed a need for more resources to meet increased demand for services and community expectations, and mitigate issues related to an aging facility with finite space.

At the Finance and Audit Committee meeting held 2020-FEB-19, Staff followed up with a report titled *Next Phase for Art Gallery Development and Implementation*. Subsequently, at the regular Council meeting held 2020-FEB-24, the following motion was adopted under "Consent Items":

*That Council:*

1. *direct Staff to work with the Nanaimo Art Gallery on moving forward with the next phase of the Nanaimo Art Gallery development process and return with options that may include an updated co-management agreement; and,*

2. *direct Staff to include funding options that address the next phase of Art Gallery Development and Operations for Council's consideration in the 2021-2025 budget deliberations.*

Since, Staff and Gallery personnel have met three times to examine options, review operating issues as well as review the of existing Co-Management Agreement (Attachment B).

## **DISCUSSION**

The following factors were used for review and recommendation for increases in the Operational and Capital allocation for the Art Gallery as well as recommendation to proceed with a feasibility study for next phase of Gallery and the Arts Centre Concept:

### **Meeting Community Cultural Needs and Exploring Sustainable Models for the Future**

The City's *Cultural Plan for a Creative Nanaimo (2014-2020)* (Attachment C), was developed between 2012 and 2014 with significant stakeholder input, and identifies specific priorities and calls on the City to "support the Nanaimo Art Gallery phased development plan that starts with consolidation of their operations to 150 Commercial Street and ends with an expansion, including a "Class A" public art gallery".

To date, the Art Gallery has successfully completed Phases 1, 2 and 2.5 of their development plan; built organizational capacity and resources; and has gradually renovated the building at 150 Commercial with outside investment. Consequently, the Art Gallery is well-positioned to explore Phase 3 expansion by undertaking more in-depth research into building requirements, the existing building and site, and prospective business models.

On 2020-MAY-29, the Art Gallery announced the appointment of their next Executive Director, Carolyn Holmes, who will take up the role in July 2020. With new leadership and an active Board of Directors, and with demonstrated ability to steward and develop a City-owned building, a track record of attracting investment from other levels of government and private donors, and an existing vision to provide more space for artists, the Nanaimo Art Gallery Society is at a point and capable to advance the development plan.

### **Art Centre Concept**

At the same time, recreational and professional artists, independent of any society or organization, have made Council aware of their desire for increased access to space for creation, exhibition and education beyond the venues that are currently available, in the form of a community arts centre. The Art Gallery's 2008 vision and 2013 phased development plan, previously endorsed by Council, includes these types of expanded services and amenities for the arts community, including classroom/workshop space, studio space and enhanced exhibition space. The Art Gallery has effectively been operating the Nanaimo's Arts Centre.

Purchased by City from CIBC twenty years ago, and run by Centre for the Arts Nanaimo until the end of 2013, the building at 150 Commercial Street has housed cornerstone professional arts and culture organizations including Vancouver Island Symphony, TheatreOne, Nanaimo Archives, and Crimson Coast Dance. The feasibility study recommended in this report will explore possibilities for additional multi-use space and sustainable, viable ways to expand the arts centre model, prioritizing possibilities for interdisciplinary collaboration between

organizations, and collaboration outside the sector to serve the arts community and broad publics.

With the recent news that The Port Theatre's community performing arts centre expansion project was not successful with funding from the federal-provincial *Investing in Community Infrastructure Program*, that project is on hold. The proposed improvements the Art Gallery and feasibility report review the Arts Centre and Phase 3 options of the Gallery support resurgence goals to the downtown area as well.

### **Increasing Facility Costs at the Arts Centre**

Costs to operate the Arts Centre building have risen sharply since the City and the Art Gallery entered into a Co-Management Agreement in 2014. Whereas in 2014, the Nanaimo Art Gallery Society was able to use revenue from tenant rent to pay costs associated with utilities and services (hydro, water, etc.), in 2020, costs exceed building revenue. These issues are now increased with COVID-19 and the physical modifications required to keep building users safe at 150 Commercial, including increased custodial requirements throughout the building and plexi-glass partitions, have compounded building costs further.

In April, the Vancouver Island Symphony provided notice of termination of their licence agreement at the Arts Centre, effective 2020-OCT-31 (Attachment D). This change presents both an opportunity for the Art Gallery to potentially re-purpose space to accommodate their staff and allow for physical distancing—currently their staff share small offices. However, it is an additional financial pressure for the Art Gallery and represents a \$13,104 decrease in annual revenue.

The Nanaimo Art Gallery Society has worked collaboratively with City Staff to identify specific facility issues related to increased use by the public and the age of the building that need to be addressed. Increased investment on the part of the City will allow the Society to manage minor capital improvements independently. At the same time, Staff are in the process of reviewing the schedule of responsibilities in the Co-Management Agreement to identify what the City may reasonably take on as building owners.

### **Sector Research – Comparing Municipal Partnerships in Like-Size Communities**

A review of professional public museums in other like-size communities reveals that the City's investment in the Art Gallery is below average. Examples for comparison, based on size and the nature of the organization, include public art museums in like-size municipalities such as Two Rivers Gallery (Prince George), where municipal investment accounts for 35% of their annual operating budget; and Kamloops Art Gallery (Kamloops), where municipal investment accounts for 38% of their annual operating budget. Currently, City of Nanaimo investment in Nanaimo Art Gallery accounts for 20% of their annual operating budget. Based on 2018/19, that equates to a cost of \$1.79 per citizen for this public, admission-free cultural amenity (according to population stats for Nanaimo from the City's 2018 Community Profile).

The following data reflects the growth of the Art Gallery since the initiation of the Co-Management Agreement in 2014. Increases in service levels reflect the evolving partnership between the City and the Art Gallery.

## Nanaimo Art Gallery: Growth Comparison – 2013/14 vs. 2018/19

REVENUE STREAM	2013-14		2018-19	
Earned revenue (registration, membership, sales, building income)	\$105,376	26%	\$154,550	20%
Public Sector (Provincial, Federal, VIU, SD 68)	\$160,417	40%	\$341,227	43%
Private (fundraising, sponsorships)	\$64,801	16%	\$139,149	18%
Municipal	\$70,230	18%	\$162,048	20%
Total Operating Revenue	\$400,824		\$796,974	

*\*provided by Nanaimo Art Gallery based 2013/14 Review Engagement Report & 2018/19 Audited Financial Report*

## Impact on Downtown and Local Economy

The local arts and culture economy has been severely impacted by COVID-19 with facility closures and program cancellations, and related decreases in revenue (ticket sales, registration, donations, sales and services). Whereas the Art Gallery identified a need for increased investment in 2019 before COVID-19, additional support, like in other facilities, is required to cultural organizations and by extension, contribute to the resiliency of the sector.

Currently, the Art Gallery operates the Arts Centre which houses four key professional arts and culture organizations. The Art Gallery employs full-time (6) and part-time staff (5), pays artists for exhibitions, talks, workshops and other work, provides regular contract employment for 15-20 local artists, pays cultural knowledge keepers and Elders, and regularly hires creative professionals like designers, photographers and other service providers. In addition to costs related to the building, they have identified three operational issues that will be addressed via increased operational and capital funding:

- extended open hours to serve the public,
- communications including online infrastructure, and
- human resources (Attachment A).

In addition to contributing to liveability, tourism, and downtown vibrancy, the Art Gallery and the arts and culture sector as a whole is an important local economic driver, and supports the livelihood of many. Based on the Nanaimo Arts and Culture Economic Impact Study (2013) (Attachment E), the most recent local study of its kind:

*“The total direct gross output attributed to the arts and culture sector in Nanaimo was estimated at \$94 million in 2012. This is equivalent to \$55 million worth of contributions to the provincial GDP, 880 jobs created, and \$7 million in tax revenue to all levels of governments. In addition to direct economic impacts, the input-output model estimates that when indirect and induced impacts are included, total gross output impacts in the province are \$154 million, total GDP impacts are \$83 million, 1,330 jobs are supported, and \$12.8 million in tax revenue is generated. The arts and culture sector in Nanaimo has a large economic footprint that creates an indelible mark in the region.”*

## **OPTIONS**

1. That the Finance and Audit Committee recommend that Council include the following items in their review process of the 2021-2025 Budget considerations:
  - a) Allocation of \$50,000 per year in additional operating funding of the Nanaimo Art Gallery in the 2021-2025 Financial Plan;
  - b) Allocation of \$10,000 per year in funding to the Nanaimo Art Gallery in the 2021-2025 Financial Plan for capital expenditures at the Arts Centre at 150 Commercial Street; and amend the 2014-2023 Co-Management Agreement with an execution date after the Provisional 2021-2025 Financial Plan has been adopted by Council; and
  - c) Allocation of \$25,000 in the 2021 budget for the development of a feasibility report on the concept of an Arts Centre and Nanaimo Art Gallery's Phase 3 facility project.
  - Advantages: The City would honour a commitment to a 2012 plan to support the Nanaimo Art Gallery realize its long-term vision; it would address a community priority identified in "*A Cultural Plan for a Creative Nanaimo (2014-2020)*," and support Council's strategic theme of Liveability by enabling the sustainability of a valued, downtown cultural amenity. A feasibility study would explore options for collaborative models that could address the needs of community user groups and stakeholders in the creative community.
  - Disadvantages: Increased operational costs
  - Financial Implications: Financial implications include \$60,000 of annual increase in 2021-2025 Financial Plan; \$25,000 one-time cost for the feasibility report in 2021. These costs would be funded from General Taxation.
2. That the Finance and Audit Committee recommend that Council not proceed with the next phase of the Nanaimo Art Gallery development process at this time and maintain status quo.
  - Advantages: Staff resources and funding not required.
  - Disadvantages: The City would not fulfill a commitment to a plan established in 2012, a priority identified in the City's *A Cultural Plan for a Creative Nanaimo (2014-2020)*, and would not advance an opportunity to support a key community organization's long-term vision, and enhance a valued City-owned asset. This could have a potential negative impact on the sustainability of Art Gallery and its ability to secure outside investment from other levels of government.
  - Financial Implications: None.
3. That the Finance and Audit Committee provide alternate direction.

### **SUMMARY POINTS**

- A phased development plan for the Nanaimo Art Gallery was approved by Council in 2013. Phases 1, 2 and 2.5 of the plan have been implemented as of 2019.
- The Art Gallery requested City support for research and capacity building while working towards implementation of Phase 3.
- Given changing circumstances, identified community need, and new opportunities there are strategic advantages to investing in Nanaimo Art Gallery at a higher service level.

### **ATTACHMENTS:**

- ATTACHMENT A: Nanaimo Art Gallery Proposal (2019)  
ATTACHMENT B: Existing Co-Management Agreement (2014-2023) City of Nanaimo and Nanaimo Art Gallery Society for 150 Commercial Street  
ATTACHMENT C: A Cultural Plan for a Creative Nanaimo (2014-2020)  
ATTACHMENT D: Vancouver Island Symphony – Notice of Termination of Licence Agreement at 150 Commercial Street (effective 2020-OCT-31)  
ATTACHMENT E: Nanaimo Economic Development Arts & Culture Impact Study (2013)

#### **Submitted by:**

Richard Harding  
General Manager of Parks, Recreation &  
Culture

#### **Concurrence by:**

Laura Mercer  
Director of Finance





## Proposal to City of Nanaimo // Fall 2019

### Sustaining and growing a key community asset: Increased investment at Nanaimo Art Gallery

#### Executive Summary

Building on the City's legacy as the Cultural Capital of Canada in 2018, culture as a pillar of sustainability, and inline with our phased plan for development, Nanaimo Art Gallery requests that the City increase their annual investment in our operations. This is an opportunity to strengthen the Gallery's capacity and vibrant presence, which resonates not only in the heart of downtown Nanaimo, but across the province and nationally. Investment from the City is a much-needed boost that will enable our organization to strength its position as an attraction and accessible cultural resource, and better meet the needs of the diverse communities we serve everyday.

#### Background

In line with a vision developed in 2008 and plans endorsed by the community and by the City in 2013, Nanaimo Art Gallery has moved forward with strategic shifts in operations, expansion of our programs and services, and transformations of our spaces to make the Gallery a creative hub in the heart of downtown Nanaimo and a destination. The Gallery has re-framed our relationships to artists and diverse audiences, and enhanced our capacity to present innovative, relevant and impactful exhibitions and programs that create new knowledge through art, build community, and contribute to the positive national and international profile of Nanaimo. In 2012, the Gallery was primarily used by local artists. Now, the Gallery is an asset that serves very broad audiences in meaningful, life-changing ways, creating accessible entry points for people to engage with art and ideas, and fostering dialogue about the most pressing issues of our time through art.

Because of the calibre of our work, we have successfully accessed increased public investment from outside Nanaimo, from streams including BC Arts Council, The Province of BC, and Canada Council for the Arts. At the same time, we have thoughtfully reallocated existing resources, invented new ways to generate earned revenue, and attracted enthusiastic sponsors and donors from our region and beyond. Now, with momentum and fresh expectations on the part of engaged new audiences, our goal is to sustain our current high level of activity and continue to maximize the potential of the Arts Centre at 150 Commercial, which requires increased core funding from the City of Nanaimo.



## Progress Report: 3 Phase Plan for Facility Development

Nanaimo Art Gallery has completed two out of three phases of the facility development plan originally conceptualized in 2013 and supported by the City. As an adaptive, responsive organization committed to learning, we have made appropriate adjustments to our plan along the way, informed by data, stakeholder feedback, and as new opportunities have been identified. Now, our spaces at 150 Commercial Street are increasingly professional, beautiful and flexible. The Gallery and the Arts Centre we co-manage with the City, is a bustling hub of activity, welcoming diverse audiences every day for a variety of activities.

Until May 2015, the Gallery operated two locations: the purpose-built space on campus at Vancouver Island University where the society had operated since 1976, and a satellite location (opened in 1999) in the City-owned building at 150 Commercial Street downtown. In 2008, with community input, our organization developed a vision for a new Nanaimo Art Gallery. In 2012/13, we developed a plan for facility development at 150 Commercial Street, the City-owned building where the Gallery leased space. This was supported by the community and endorsed by Mayor and Council. In 2014, the Gallery and the City entered into a 10-year Co-Management Agreement for the operation of the entire building at 150 Commercial Street, which included increased financial investment in the Gallery by the City. That year, we undertook Phase 1 renovations to improve our exhibition space (which was built as a bank in the 1960s), and expand our footprint in the building to create Art Lab. We entered into multi-year agreements with tenants on the lower floor of the building including other professional arts organizations: Vancouver Island Symphony, Nanaimo Archives, Crimson Coast Dance, and TheatreOne. This arrangement has fuelled new collaboration, partnerships and sharing.

As part of Phase 2, we shifted our relationship with Vancouver Island University and left the campus building to amalgamate services and staff downtown, and established our first, full-time curatorial position. With support from the Province of BC, Canadian Heritage, and BC Arts Council, we undertook renovations that included the removal of bulkheads and installation of new LED lighting in our exhibition space, construction of storage for the collection, and renewal of a flexible kitchen space in the building shared by the Gallery and the other arts groups who reside here.

In 2018, we leveraged support from the City to secure investment from Canadian Heritage, and we undertook fundraising in the community, to enhance the Gallery's presence on Commercial Street and to make our place more iconic, welcoming and accessible. A specially commissioned artwork by Joel and William Good was created and installed above the Gallery's public entranceway as the centre-piece of a pride-of-place project.

Phase 3 involves an expansion on site and we are focused on building organizational capacity, strengthening community connections and undertaking active research towards that future goal, by closely following the development of other public art museums across Canada. We have been particularly interested in projects that involve collaboration with public and private partners, such as at the Ottawa Art Gallery. We have also been learning about how projects in other cities have catalysed downtown renewal, such as at The Polygon in North Vancouver.

## Why More Support Now?

### Capital Costs

We are at the 6 year mark in our 10 year Co-Management Agreement with the City. There are several

items outside the scope of our agreement including issues related to climate control, security, and accessibility that have become pressing, as well as items related to an aging facility that is actively used by the public. Faucets leak, hot water tanks fail, door handles and knobs need upgrading - these are small items in an aging facility that add up and can potentially de-stabilize the Gallery's inflexible budget. While grant funding is and can be accessed for capital items related to programs, finding funds to take care of routine repair and replacement, or funds to address issues with major building systems is beyond our capacity. Addressing issues related to building security, and accessibility are other facility issues that require assistance. In the last year, because of feedback from users, the Gallery installed two automated doors, but there is other work to improve physical access to our public building that needs to be undertaken.

### **Extended Hours to Animate Downtown**

Visitors and business owners downtown have indicated that they want and expect the Gallery to be open, including on weekends and in the evenings. For the first time, in 2019 the Gallery will be open every Saturday and Sunday throughout the year, and on Thursday evenings until 9 PM during the Commercial Street Night Market. To meet audience expectations, sustaining these extended hours is an objective for the short-term, and keeping hours similar to the Harbourfront Library is a long-term goal.

### **Investing in our People**

People are our most important asset. The Gallery needs to be able to invest in our professional staff so that members of our team are fairly compensated at levels which are on par with other like-size art museums and at other cultural organizations in Nanaimo. This is essential in order to retain talent at the Gallery and in Nanaimo.

### **Storytelling and Celebrating our Successes**

Enhancing our ability to communicate with our audiences and share inspiring stories from this place is essential to our ongoing success and relevance. The Gallery is moving forward with a Digital Needs Assessment and Strategy. Looking ahead, establishing a communication and marketing position, and investing in online infrastructure are key projects.

## **Links to Plans & Priorities for a Vibrant City**

Our work at the Gallery is informed by and aligns with articulated community priorities, and connects to the central themes of the City's new Strategic Plan 2019-2022 around livability and economic health. We contribute to making downtown a "desirable heart of our community," and engage locals, tourists, and newcomers to our area. As the only public art museum in our region, with a growing national and international reputation as a leader, the programs and services the Gallery offers are essential to "building a vibrant culture of innovation, stewardship and partnership" to contribute to a diverse and healthy economy. The Gallery is an ally in the City's desire to "be a city in which all people live, work, play, create and learn in a safe and connected community."

Access to excellent cultural infrastructure is essential to our quality of life, and was identified as a key priority in the City of Nanaimo's plan, *A Cultural Plan for a Creative Nanaimo 2014-2020*. Supporting the Gallery's plan for phased development, resulting in an expansion and 'Class A' designation is specifically noted in the plan. The 2014 report commissioned by Nanaimo Economic Development Corporation revealed that in 2012, our sector directly contributed \$94 million and 880 jobs, with a total economic impact of \$154 million annually, supporting 1,330 jobs in the community. The value of arts and culture

goes far beyond economics. The Gallery contributes directly to priorities related to education, social cohesion, health, reconciliation, civic identity, and pride of place.

## Request for Increased Support

The City of Nanaimo's current operating contribution equals 22% (\$165,289) of the Gallery's total operating budget \$734,100 (board approved budget, current year). We request the following increases, over four years:

\$50,000 in 2020/21

\$50,000 in 2021/22

\$50,000 in 2022/23

\$50,000 in 2023/24

These increases will bring the Gallery into alignment with the levels of investment that peer organizations, both locally and provincially, receive from their municipality. Examples for comparison include Nanaimo Museum, as well as public art museums in like-size municipalities such as Two Rivers Gallery (Prince George), and Kamloops Art Gallery (Kamloops). The Gallery participates in national networks and has strong relationships with these organizations and others across the country. We are also in direct competition with peer organizations for provincial and federal funding, as well as funding from some private donors and foundations. Investment from the City will increase the Gallery's competitive advantage, and demonstrate the City's commitment to developing the kind of excellent cultural infrastructure that residents desire, and that newcomers and visitors expect.

## Maximizing the Potential of 150 Commercial Street & Creating a Culture of Collaboration

Nanaimo Art Gallery is proud to manage the Arts Centre at 150 Commercial Street and works collaboratively with the four other professional, non-profit arts and culture organizations who have made this building their home base for 20 years: Crimson Coast Dance, Nanaimo Archives, TheatreOne, and Vancouver Island Symphony. The Gallery took over management of the building in 2014 and holds a 10-year agreement with the City. Our partners in the building then each hold three-year agreements with the Gallery.

Our organization has been a pro-active steward of the Arts Centre since 2014, spear-heading initiatives designed to improve our physical spaces, and also foster interdisciplinary collaboration, resource and skill-sharing, pride-of-place, and collegiality. In an aging building, with costs related to utilities and house-keeping are increasing, we have worked hard to keep rent low and affordable for smaller arts organizations, while undertaking necessary improvements.

***Revenue vs Expenses for Building Operations*** (source: Nanaimo Art Gallery working budget, 2019/20)

Income from building (rentals + service fees)	\$57,009	
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Cost of services (hydro, water, janitorial + waste removal, internet, photocopying)	\$55,300	*this excludes any fees, wages or hours for building manager or Gallery Staff coordinator
Surplus (2019/20)	\$1,709	

## Leveraging City Investment and Building a Thriving Non-Profit

The City of Nanaimo provides 22% of the Gallery's operating revenues. Other major public investment includes funding from BC Arts Council, The Province of British Columbia via Community Gaming Grants, and Canada Council for the Arts. Vancouver Island University, TD, and Vancouver Foundation are other significant contributors.

Strategic shifts in our operations have generated new streams of earned revenue. In the past two years, the Gallery has exceeded its targets for Art Lab program registrations and at The Gallery Store. At the same time, we are building capacity in fundraising. Nanaimo Art Gallery is not a public art museum with an endowment fund, money in reserves, or a robust donor database. Last year we experimented with several tactics around fundraising and garnered an enthusiastic response; an online crowd-funding campaign generated nearly \$25,000 (our goal was \$10,000). Also, because of our growing reputation as a leader, private donors committed to supporting contemporary art activity have sought us out. We have received \$75,000 in investment from donors outside Nanaimo, in order to support our innovative programs for teens. This is a positive endorsement of our work, and a significant gift to young people in our area.

The Gallery is committed to continuing to develop diverse streams of revenue and will continue to attract funds from outside our community to support our work.

## About the Gallery

Nanaimo Art Gallery is located in the heart of downtown Nanaimo on the traditional territory of the Snuneymuxw First Nation. Founded in 1976, the Gallery enhances the cultural, social and economic environment of Vancouver Island, serving a regional population base of approximately 225,000, through exhibitions, education, and outreach that encourages active public involvement with the visual arts. Our audience includes those working in resource-based industries and small business, a large retirement community, diverse Indigenous communities, a university with regional and international students, the arts community, engaged teens, and families.

In 2017, the Gallery celebrated 40 years of service. We marked this milestone by launching a new long-term programming initiative that takes an inquiry-based approach. In 2017, we explored the question: what does it mean to live on an island? In 2018, our exhibitions and activities respond to the question: how can we speak differently? This year, our inquiry is: what are generations? This innovative approach has resonated locally and further afield—our work here has taken on life outside the Gallery's program. In Nanaimo, teachers and students at McGirr Elementary brought the Gallery's inquiry into school activities. Likewise, at Chartwell Malaspina Care Residence, residents and staff are taking on our inquiry to guide their own internal professional development. Our staff have been invited to present on our unique

approach to programming at the Canadian Museums Association National Conference and via other professional networks.

At Nanaimo Art Gallery, ambitious contemporary exhibitions and dynamic public programs explore ideas inside our walls and at sites across the region. Exhibitions are deeply connected to our local context and to issues and practices that resonate globally; artists from our region are presented in dialogue with diverse Canadian and International artists. The Gallery is open six days a week and admission is free.

Art Lab, our dedicated space for learning, offers a year-round program of innovative workshops, talks, and hands-on activities for children, teens and adults including Dazzle Camouflage, Code Switching, Saturday Studio and Open Session.

The Gallery maintains and activates a growing collection of art and holds works by significant artists from British Columbia. Recent acquisitions include works by Brendan Tang, Carole Itter, Michael Morris, Krista Belle Stewart, Jin-me Yoon, Marianne Nicolson, Wayne Ngan, Sean Alward, Lari Robson, Jerry Pethick and others. In the most recent year, 50 artworks were donated to the Gallery's permanent collection, and the Gallery acquired artwork by purchase: *Supernatural Eagle Bringing the Sun Back to the World*, by Snuneymuxw father and son team, Joel and William Good. The Gallery's project around the commissioning of *Supernatural Eagle* has been nominated for a 2019 Award for Outstanding Achievement by the British Columbia Museum's Association.

Annually, children in three school districts participate in our TD Artists in the Schools program which ignites creativity, develops technical skills, and fosters a life-long love of art. Last year, over 14,000 kids participated! We operate The Gallery Store, which contributes to the livelihood of regional artists.

Since 2012, the Gallery has undertaken a process of transformation to re-position itself in the communities we serve and enhance our capacity. We have completed two phases of renovations at our facility, expanded our staff team, re-imagined and enriched our integrated exhibition and education programs and created new, innovative opportunities for artists and audiences.

The Gallery's vision is 'inspiring and challenging our community through art' and our trajectory is guided by our Impact 2021 Strategic Plan, which was designed collaboratively by our team and available online. The Gallery is a registered non-profit society and charity, governed by a 10 member Board of Directors who contribute various skills and expertise. Led by Executive Director Julie Bevan with Curator Jesse Birch, our staff team is group of knowledgeable, passionate, professionals who make the Gallery a welcoming, friendly, accessible public space for meaningful engagement with art, ideas, and with each other.



## Arts Centre at 150 Commercial Street April 2019 Facility Tour – Summary Notes

### 5 Organizations, 20 Years of Collaboration

Nanaimo Art Gallery is proud to manage the Arts Centre at 150 Commercial Street and works collaboratively with the four other professional, non-profit arts and culture organizations who make this building their home base: Crimson Coast Dance, Nanaimo Archives, TheatreOne, and Vancouver Island Symphony. From this creative hub, these groups produce the best, most relevant and engaging exhibitions, inspired contemporary dance performances, educational workshops, concerts, and theatre performances in our region, connecting our varied audiences to the culture and history of our communities.

In a building originally constructed in the early 1960s as a bank, the Arts Centre at 150 Commercial Street has served as a creative hub since the late 1990s. The five organizations in the Arts Centre have operated out of this City-owned building for twenty years, working closely as colleagues and collaborators. **The Gallery took over management of the building in 2014 and holds a 10-year agreement with the City.** Our partners in the building then each hold three-year agreements with the Gallery. Each partner organization is a well-established non-profit society with a Board of Directors, professional staff, and many dedicated volunteers from the community. We are recognized as leaders in our field and in the cultural community, and our work in visual arts, theatre, dance, music, and heritage impacts large and diverse audiences in Central-Vancouver Island and beyond.

### Capital Projects to Maximize the Potential at 150 Commercial, a Timeline

2013

- The City approves the Gallery's three-phase plan for facility development at 150 Commercial

2014

- The Gallery and the City enter into a 10-year Co-Management Agreement
- The Gallery leverages a \$50k capital contribution from the City to receive matching funds from The Province of British Columbia, funds from Artsvest, and major in-kind contributions. Phase 1 renovations, including the creation of Art Lab are completed!

2015

- The Gallery departs its first home on VIU's Nanaimo campus to amalgamate services at 150 Commercial and establishes its first full-time curatorial position.
- The five organizations in the Arts Centre collaborate and pool resources to improve exterior signage at the Wharf Street entrance for increased visibility and to contribute to pride of place.

2016

- The Gallery completes Phase 2 renovations which transforms our exhibition space with the installation of new environmentally sound LED lights, builds space-saving storage for our permanent collection, and creates our flexible, shared Studio Kitchen/meeting space on the lower floor. This project is funded by BC Arts Council, The Province of BC, and Canadian Heritage.
- Our first multi-lingual welcome signage, and a first for downtown Nanaimo, is installed at the entranceway in English, Hul'q'umi'num and French.

2017

- Renowned artist Marianne Nicolson is commissioned to create a new public artwork in response to our site in Nanaimo for the Wharf Street façade of our building. Called *Inquiry to the Newcomers*, this project is supported by Nanaimo Foundation and the Community Fund for Canada's 150<sup>th</sup> and accessioned to the Gallery's permanent collection.

2018

- The Gallery's public entrance way on Commercial Street is transformed to be more visible, welcoming and iconic. Noted local carvers Joel and William Good create a new public artwork, called *Supernatural Eagle Bringing the Sun Back to the World*, especially for the Gallery. The project is supported by City of Nanaimo, Canadian Heritage and many community donors through a Gallery lead crowd-funding campaign.

2019

- This year we will address maintenance issues to ensure the health, safety and well-being of building users, and that appropriate conditions and standards are met to realize programs for growing audiences. Issues to be addressed include air quality and humidity levels, pest control, restrooms, automatic door openers, and exterior door improvements for security and environmental control.

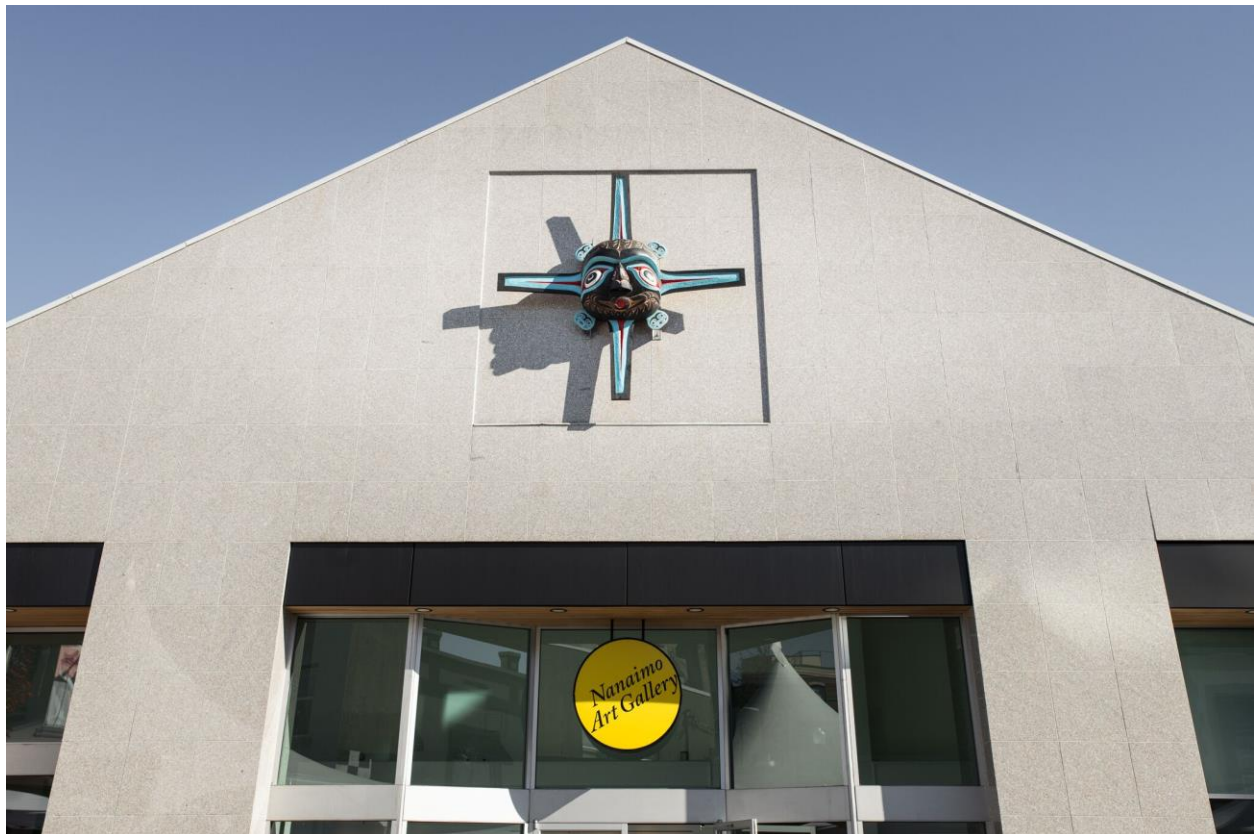
## Arts & Culture for the People: Community Impact & Public Involvement

- This space is well utilized. **The partner organizations of the Arts Centre involve over 80 people as staff, board members and volunteers, all who frequent the building and have regular access to our shared spaces.** Our five organizations host a full calendar of meetings—with our boards and committees, donors, stakeholders, audience members, staff, musicians, artists, actors, designers and other creative professionals—our spaces are in demand, 365 days a year.
- **This building is a site of artistic production;** in addition to Gallery exhibitions and programs, in this building actors rehearse, auditions take place for the Symphonic Choir and Children's Choir, rehearsals and workshops are held for dancers like Crimson Coast's teen Body Talk Cru.
- **Through our combined efforts 75,000+ people participate in our programs annually.** Each of our organizations at the Arts Centre host a year-round program of theatre productions, concerts, performances, exhibitions, educational programs, talks, fundraisers, and networking events that serve audiences from across Vancouver Island and draw tourists to our region.
- Our organizations are employers who **support the development of artistic practice and the livelihoods of artists by paying fair market rates in fees** to artists, dancers, musicians, writers, designers, and other creative professionals.

## Links to Plans & Priorities for a Vibrant City

- The corporate community understands the value of our work; in the recent year, our five organizations worked **with 95+ corporations and business who provided sponsorship.**
- Access to excellent cultural infrastructure is important to our quality of life, and was identified as a priority in the City of Nanaimo's *Cultural Plan for a Creative Nanaimo* (2014); the Gallery's plan for phased development is specifically noted in the plan.
- The 2014 report commissioned by Nanaimo Economic Development Corporation revealed that our sector directly contributes \$94 million and 880 jobs, with a total economic impact of \$154 million annually, supporting 1,330 jobs in the community ([www.investnanaimo.com](http://www.investnanaimo.com)).
- The value of arts and culture in a community goes far beyond economics and the work of the organizations at the Arts Centre contributes directly to priorities related to education, social cohesion, health, reconciliation, civic identity and pride of place.

Having worked together since the late 1990s at the Arts Centre, our creative hub is a good example of a strong, sustainable partnership and a site of creativity and potential. Ongoing investment in our home base at the Arts Centre will improve conditions and contribute to our long-term success and amplify our impact in the communities we serve everyday.





# ATTACHMENT B

## CO-MANAGEMENT AGREEMENT

DATED FOR REFERENCE THE 5<sup>TH</sup> DAY OF DECEMBER, 2013

BETWEEN:

**CITY OF NANAIMO**  
455 Wallace Street  
Nanaimo, British Columbia  
V9R 5J6  
(the "City")

OF THE FIRST PART

AND:

**NANAIMO ART GALLERY SOCIETY (INC. NO. S-0012135)**  
150 Commercial Street  
Nanaimo, British Columbia  
V9R 5G6  
(the "Society")

OF THE SECOND PART

WHEREAS:

- A. The City is the registered owner in fee simple of those lands located at 150 Commercial Street, Nanaimo, British Columbia, legally described as PID: 004-753-551, LOT A, SECTION 1, NANAIMO DISTRICT, PLAN 12390 (the "Land") and the City owns a building located on the Land (the "Building") (together, the Land and the Building comprise the "Property");
- B. The Society is a not-for-profit society and wishes to licence the Property, and the City wishes to grant a licence of the Property to the Society on the terms and conditions set out in this Co-Management and Operating Agreement;
- C. This Agreement is intended to provide the terms of reference for the occupancy, operation and management of the Property and the obligations of the Society and City in that regard;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements set out in this Agreement and the payment of \$1.00 by the Society to the City (the receipt and sufficiency of which the City acknowledges), the parties covenant and agree each with the other as follows:

- 1. **Licence To Occupy** – The City hereby grants to the Society the contractual right to use and occupy the Property subject to all of the terms and conditions including earlier termination as set out in this Agreement.
- 2. **Term** – The Society shall have the right to occupy the Property for a term of ten consecutive years (the "Term"), commencing January 1<sup>st</sup>, 2014 and ending December 31<sup>st</sup>, 2023 unless earlier terminated in accordance with the terms and conditions of this Agreement at which date the right to occupy shall cease.

3. **Renewal Option** – If the Society wishes to renew this Agreement, the Society may, by providing notice to the City at least 365 days before the expiry of the Term, request a renewal of this Agreement. If, upon receiving such request, the City wishes, in its sole discretion, to accept the requested renewal of this Agreement, it will provide notice of acceptance of renewal to the Society and upon giving such notice this Agreement will be renewed, on the same terms and conditions (including this right of renewal), for a further Term of 10 years.
4. **Society as Manager and Operator** – The Society shall manage and operate the Property for the Term in accordance with and subject to the terms and conditions set forth in this Agreement. The City will designate a representative to deal on its behalf with the affairs of the Property, herein after called the “City Representative”.
5. **Rules and Regulations** – The Society shall make such policies and procedures as are required to provide for the proper operation and management of the Property provided that such rules and regulations shall not be inconsistent with:
  - (a) the bylaws of the Society;
  - (b) the provisions, terms and conditions of this Agreement; and
  - (c) all applicable Federal, Provincial and City laws, by-laws and regulations.
6. **Access and Use** – The Society shall only use the Property for the purpose of a public art gallery. The Society shall use the Property to accommodate any and all activity consistent with the Society’s vision and plans for a public art gallery. Access to and use of the Property by members of the Society and by the general public shall be in accordance with guidelines developed by the Society for the operation of the Property, drawing where appropriate on relevant guidelines contained in City documents.
7. **Programming and Operation** – The Society shall be responsible for all aspects of the operation of the Property (save those exclusively to be performed by the City as described in this Agreement) including without limitation:
  - (a) all programming and booking of events in the Property;
  - (b) all responsibilities and functions delegated by the Society to its Executive Artistic Director who will have responsibility for management of the Property.
8. **Society’s Covenants** – The Society covenants and agrees with the City:
  - (a) to provide all equipment, furnishings, and supplies that may be required to use the Property for the purpose of this Agreement;
  - (b) not to do, suffer or permit any thing in, on, or from the Property that may be or become a nuisance or annoyance to the owners, occupiers or users of adjoining lands or to the public, including the accumulation of rubbish or unused personal property of any kind;
  - (c) not to do, suffer or permit any act or neglect that may in any manner directly or indirectly cause injury to the Property or to any fixtures or appurtenances thereon;

- (d) to pay all costs and expenses of any kind whatsoever associated with and payable in respect of the Building, including without limitation, all taxes, levies, charges and assessments, permit and license fees, repair and maintenance costs (other than those for which the City is expressly responsible pursuant to this Agreement), water, and sewage disposal;
  - (e) except for those items for which the City is expressly responsible pursuant to this Agreement, to repair and maintain the Property and all fixtures and appurtenances thereon in a safe, clean and sanitary condition and to take all reasonable precautions to ensure the safety of all persons using the Property;
  - (f) to keep the areas immediately adjacent to the Property free of any rubbish and debris originating from the Property;
  - (g) to carry on and conduct its activities on the Property in compliance with any and all laws, statutes, enactments, bylaws, regulations and orders from time to time in force and to obtain all required approvals and permits thereunder and not to do or omit to do anything in, on or from the Property in contravention thereof.
9. **Improvements and Alterations** – The Society must not make any improvements, extensions, installations, alternations, additions or renovations to the Property, or alter the existing state of the Property in any way, without the prior written consent of the City. If the City gives such consent, the Society must obtain the City's prior approval of drawings and specifications for such work, must do such work strictly in accordance with the approved drawings and specifications and must comply with any conditions the City imposes with that approval.
10. **Ownership of Improvements** – Any improvements carried out to the Property shall, upon their completion, become the property of the City and shall be left in the Property following termination of this Agreement, except those assets listed in attached Schedule B (the "Nanaimo Art Gallery Society Assets").
11. **Property Accepted "As Is"** – The Society acknowledges and agrees that the City has made no representations or warranties with respect the Property or the suitability of the Property for the Society's intended use and the Society hereby agrees to use and occupy the Property on an "as is" basis and condition.
12. **Powers and Duties of the Society** – The Society shall be responsible for:
- (a) the negotiation of all agreements with third parties for the use or occupancy of the Property. Except as otherwise provided in this Agreement the Society shall have the power to make any agreement in respect of the Property which relates to the long term operation, use or occupancy of the Property during the Term;
  - (b) the general administration of the Property and, without limiting the generality of the foregoing, this shall include all expenses incurred in the operation and management of the Property. The City Council may, pursuant to the *Community Charter*, grant the Society an exemption from taxation on the assessed land and improvements during the life of this Agreement. Nothing in this Agreement requires the Council to grant such an exemption and any such exemption is in Council's sole and unfettered discretion from time to time.

13. **Property Policy** – All policies governing the operations of the Property shall be in accordance with the provisions of this Agreement and shall be approved and determined by the Society with the Society being responsible for initiating such policy. The Society shall inform the City Representative with respect to policy matters and shall keep the City Council advised as outlined in section 5.
14. **Repair and Maintenance of Property** –
- (a) Other than those items for which the City is expressly responsible under this Agreement, the Society must keep the Property, and all fixtures and appurtenances thereon, in good repair consistent with standards of repair generally accepted in British Columbia with respect to comparable premises and, the Society is responsible for and must do all routine maintenance and repairs with respect to the Property necessary for the Society's use, occupation and operation of the Property and upon written notice from the City the Society must make such repairs as are required by the City in the notice. At the end of the Term, the Society must surrender the Property to the City in good repair, excepting reasonable wear and tear. If the Society fails to leave the Property in a condition required by this Agreement, the City may do so on behalf of the Society and the Society must, on demand, compensate the City for all costs incurred by the City.
  - (b) The City shall maintain and repair the roofs, exterior walls, external horticulture, outside sidewalks, foundations and site civil services.
  - (c) The City shall maintain and repair the electrical, heating, ventilation and air conditioning systems.
  - (d) Schedule A "Schedule of Operating Responsibilities" attached to this Agreement outlines these responsibilities in more detail.
15. **Entrances, Sidewalks and Snow Removal** – The City shall be responsible for the maintenance of and snow removal from the access roads, walkways, plaza and sidewalks.
16. **Liens** – In the event that any claim of builders lien is registered against the title of the Land pursuant to the provisions of the *Builders Lien Act* (British Columbia) with respect to any improvements, work, or construction that the Society undertakes on the Property, then the Society shall, within 30 days notification thereof, cause any such claim to be discharged from the title of the Lands. Should the Society fail to discharge any such lien within the time aforesaid, the City shall have the right to make application pursuant to Section 32 of the *Builders Lien Act* to have sufficient funds paid into Court to cause any such lien to be discharged from the title of the Land and the Society shall be responsible for payment to the City of any such sum, together with the costs thereof calculated on a solicitor and own client basis. The Society shall comply at all times with the *Builders Lien Act* in respect of any improvements, work or construction undertaken on the Property.
17. **Insurance Requirements** –
- (a) The City shall, at its sole expense, insure the Building and fixtures against the perils and under the terms and conditions that the City insures other similar types of buildings and fixtures owned by the City.

- (b) The Society shall, at its sole expense, obtain and maintain throughout the Term "all risk" insurance, for replacement cost, on all of the Society's assets, including the Nanaimo Art Gallery Society Assets.
  - (c) The Society shall, at its sole expense, obtain and maintain throughout the Term comprehensive general liability insurance providing coverage for death, bodily injury, property loss and damage, and all other losses arising out of or in connection with the operations, use, and occupation of the Property in an amount of not less than \$5,000,000 per occurrence.
18. **Insurance Policies** – All insurance required to be maintained by the Society hereunder shall be on terms and with insurers reasonably satisfactory to the City Representative. All policies shall name the City as an additional insured and must contain a waiver of rights or subrogation by the insurer against the City. The Society must obtain all required insurance at its sole expense and must deliver to the City certificates of insurance before the commencement of the Term. The policy shall provide for 30 days' notice to the City before cancellation and should such policy lapse or be cancelled the City may, at the cost of the Society, place insurance as provided in this section.
  19. **Effects Insurance** – The Society shall not, without the prior consent of the City, permit anything to be brought into the Property that would invalidate or increase the premium payable for policies of insurance held by the City or the Society in relation to the Property or that would injure or deface the Property. The Society in its contractual arrangements will undertake to assign culpability to contractual users of the Property, and ensure that adequate Effects Insurance is provided.
  20. **Indemnity** – The Society will indemnify and save harmless the City from and against any and all liabilities, obligations, damages, penalties, claims, costs (including reasonable solicitors' fees), fines, suits, demands and causes of action to, by or on behalf of any person, group, firm or corporation arising from the occupation or use of the Property by the Society or its invitees, employees, agents, members or any other person or persons for whose acts the Society is liable in law, or from any breach of the Society of any covenant, term or provision of this Agreement by the Society or its members, servants or agents or that might arise during the occupancy of the Property by the Society under this Agreement; save and except where any such matter is the cause of an act by the City or anyone for whom the City is in law responsible.
  21. **Strikes** – The Society in its contractual arrangements with users will absolve itself of liability arising out of strikes or lockouts and thereby release the City from any responsibility or liability whatsoever that might arise out of the City failing to provide the Property or any services to the Property under the terms of this Agreement arising out of any strike or lockout between the City and its employees or as a result of any other labour dispute, provided reasonable notice of any situation that might give rise to a labour action has been provided to the Society such that the Society has had the opportunity to modify its operations to minimize its risk.
  22. **Financial Records** – Proper and separate books of account and financial records of the Property's operation, as required by the Society Act, shall be kept by the Society at its expense during the occupancy by the Society of the Property. The City Representative or any person authorized by the City shall have free access to the Society's financial records at all reasonable times.

23. **Budget** – The Society's Board of Directors shall approve its annual Operating and Capital Budgets. The budget of the Society shall be submitted to the City Representative.
24. **Annual Audit Statement** – The Society will prepare and deliver to the City on an annual calendar year basis an audited statement of expense and income with respect to all revenues from and expenses for the use and operation of the Property as well as an audited statement of all related assets and liabilities. The Society will cause such annual financial statements to be audited by its auditor and thereafter submitted to the City Representative for consideration no later than October 1<sup>st</sup> each year of the Term.
25. **Reports** – The Society shall report annually to the City Council's Parks, Recreation and Culture Commission stating the previous year's operating results.
26. **City's Financial Contribution** – The City will consider each year the inclusion in its budget of an operating grant to the Society to be paid in equal quarterly amounts at the beginning of the quarter. The Society shall participate in the City budget preparation process through the City's Parks, Recreation and Culture Commission.
27. **Revenues** – All revenue obtained from operations at the Property shall be retained by the Society. The Society covenants and agrees that all revenue shall be used exclusively for operations at the Property.
28. **Society's Representations and Warranties** – The Society represents and warrants that the Society:
  - (a) is a not for profit society validly incorporated and in good standing under the laws of British Columbia and does not conduct its activities with a view to obtaining, and does not distribute, profit or financial gain for its members;
  - (b) has the power and capacity to enter into and carry out the obligations under this Agreement;
  - (c) has completed all necessary resolutions and other preconditions to the validity of this Agreement.
29. **Termination Without Breach** – This Agreement may be terminated by the Society or the City upon giving to the other party six months' notice of its intention to terminate, such notice to be given in writing on the last day of any month of the Term.
30. **Termination for Breach** – If the Society does not fully observe, perform and keep each and every term, covenant, agreement, stipulation, obligation, condition and provision of this Agreement to be observed, performed and kept by the Society, and persists in such default for 60 days after written notice by the City, the City may, at its option, terminate this Agreement and the Term then becomes immediately forfeited and void and the Society must immediately cease all use of the Property and must immediately vacate the Property and remove all equipment and supplies brought onto the Property by the Society.
31. **Termination for Other Reasons** – In the event that:
  - (a) the Society shall make an assignment for the benefit of creditors; or

- (b) the Society, for an unjustifiable reason, fails to hold a general meeting of members for a period of eighteen (18) months or longer; or
- (c) the Society becomes bankrupt or insolvent or takes the benefit of any Act now or hereafter in force for bankrupt or insolvent debtors; or
- (d) any order shall be made for the winding up of the Society; or
- (e) the Society is struck off the Register by the Registrar for any just reason whatsoever,

the City may give to the Society 60 days' notice to rectify the matter in question after which time, if the problem is not rectified to the satisfaction of the City, the City may terminate this Agreement and the Term then becomes immediately forfeited and void and the Society must immediately cease all use of the Property and must immediately vacate the Property and remove all equipment and supplies brought onto the Property by the Society.

- 32. **Amendments** – All amendments proposed to the terms and conditions of this Agreement shall be submitted in writing for consideration.
- 33. **Communications** – All communications relating to this Agreement between the Society and the City (apart from the ongoing exchange of operating information), shall be done in writing.
- 34. **Notices** – Any notice herein provided or permitted to be given by the Society to the City shall be sufficiently given if delivered to the City at:

**CITY OF NANAIMO**

City Hall  
455 Wallace Street  
Nanaimo, BC V9R 5J6  
Attention: Director of Parks, Recreation and Culture

Any notice herein provided or permitted to be given by the City to the Society shall be sufficiently given if delivered to the Society addressed to:

**NANAIMO ART GALLERY SOCIETY**

150 Commercial Street,  
Nanaimo BC V9R 5G6  
Attention: Executive Artistic Director

Either party may at any time give notice in writing to the other of any change of address of the party giving such notice and from and after the giving of such notice the address therein specified shall be deemed to be the address for such party for the giving of notice there under. The word "notice" in this paragraph shall be deemed to include any request, statement or other writing in this Agreement provided or permitted to be given by the City to the Society or by the Society to the City. Such notices may be given by personal delivery, mail or by fax and if given by mail shall be deemed to have been received five days after the date of mailing.

35. **Conflict of Interest** – Society Board Members and Staff shall be subject to the Society's "Conflict of Interest" policies.
36. **Agreement to Mediate Disputes** –
- (a) In the event that any dispute arises between the parties in relation to this Agreement, or out of this Agreement, and the dispute is not resolved by negotiation, the parties agree to submit the dispute to mediation. The parties further agree that their participation in mediation is a condition precedent to any party pursuing any other available remedy in relation to the dispute.
  - (b) Any party to the dispute may give written notice to the other party of his or her desire to commence mediation, and a mediation session must take place within (30) days after the date that such notice is given.
  - (c) The parties must jointly appoint a mutually acceptable mediator. If the parties are unable to agree upon the appointment of a mediator within (7) days after a party has given notice of a desire to mediate the dispute, any party may apply to the Mediate BC Society, or such other organization or person agreed to by the parties in writing, for appointment of a mediator.
  - (d) The parties agree that the mediation will be conducted in accordance with the Mediation Rules of the Mediate BC Society.
  - (e) The parties further agree to share equally the costs of the mediation, which costs will not include costs incurred by a party for representation by counsel at the mediation.
37. **Appeals** – In the event that Agreement between the City Representative and the Society cannot be reached on matters involving the City's and/or Society's interests, the Society or the City Representative may appeal the matter to the City Council. A decision of the Council shall be final and be binding on all matters which require City consent or approval.
38. **Agents** – It is understood and agreed that the Society and all agents, servants and employees of the Society are not and shall not be deemed to be agents, servants or employees of the City.
39. **Assignment** – This Agreement shall enure to the benefit of and be binding upon the parties hereto. This Agreement is personal to the Society and cannot be assigned to any other person.
40. **No Effect on Laws or Powers** – Nothing contained or implied herein prejudices or affects the City's rights and powers in the exercise of its functions pursuant to the *Local Government Act* (British Columbia) and the *Community Charter* (British Columbia) or its rights and powers under any enactment to the extent the same are applicable to the Property, all of which may be fully and effectively exercised in relation to the Property as if this Agreement had not been fully executed and delivered.
41. **Entire Agreement** – The provisions in this Agreement constitute the whole of the agreement between the parties and supersede all previous communications, representations, warranties, covenants and agreements, whether verbal or written, between the parties with respect to the subject matter of the Agreement.

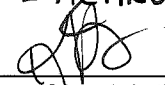


42. **Waiver or Non-Action** – Waiver by the City of any breach of any term, covenant or condition of this Agreement by the Society must not be deemed to be a waiver of any subsequent default by the Society. Failure by the City to take any action in respect of any breach of any term, covenant or condition of this Agreement by the Society must not be deemed to be a waiver of such term, covenant or condition.
43. **Interpretation** – Wherever the singular and masculine are used throughout this Agreement the same shall be constructed as meaning the plural or feminine or the body corporate or politic as the context requires.

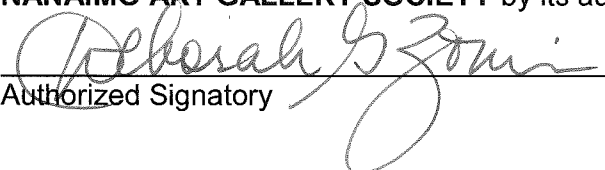
**IN WITNESS WHEREOF** the parties hereto have set their hands and seals as of the day and year first above written.

**CITY OF NANAIMO** by its authorized signatories:

  
 Mayor - ACTING - GEORGE ANDERSON

  
 Director of Legislative Services Deputy Corporate Officer  
 Kristin King

**NANAIMO ART GALLERY SOCIETY** by its authorized signatories:

  
 Authorized Signatory

\_\_\_\_\_  
 Authorized Signatory

## **SCHEDULE A**

### **SCHEDULE OF OPERATING RESPONSIBILITIES**

Both organizations take responsibility for notifying each other of any system failure, anticipated failures or damage in a timely fashion. Representatives from both organizations shall meet on a regular basis to ensure that communication and planning coordination is current.

All planning and execution of these repairs / replacement jobs shall be done by the Society, or in coordination with the Society, to ensure that operational impact is kept to a minimum.

As stated in the agreement the City of Nanaimo will be responsible for all mechanical and building maintenance issues. The Society however will be responsible for capital improvements as illustrated in this schedule and the agreement. Capital planning for the Property and assets will be done in cooperation with the City and Society as outlined in this schedule and the co-management agreement. A 10 year capital plan will be established and updated by both organizations as outlined in the agreement.

#### **1. Electrical**

The City is responsible for:

- High voltage feed to the building up to and including the step-down transformers in the Property electrical vault;
- Backup generator maintenance and feed to the Property including transfer panel;
- Maintenance of all breaker panels.

The Society is responsible for:

- All electrical equipment and distribution at 120volt;
- Installation of additional circuits as required.

#### **2. HVAC**

The City is responsible for all HVAC inspections, repairs, and maintenance.

#### **3. Plumbing Water**

The City is responsible for:

- High pressure water, up to and including pressure reduction valve, in the Property;
- Inspection and annual certification of boilers;
- Drainage, sewage and storm water collection exterior to the building.

The Society is responsible for:

- ongoing maintenance of hot and cold water systems, for all plumbing fixtures and water distribution throughout the building;
- replacement of domestic hot water tanks.

#### **4. Structural**

The City is responsible for:

- maintaining and repairing exterior walls and building foundations;
- remediation of any hazardous environmental material existing prior to the commencement of the Term.

#### **5. Roof**

The City is responsible for:

- Maintenance and repair of roofing membrane;
- roof top fall arrest system and the annual inspection of anchors.

## **6. Equipment**

The Society is responsible for:

- furnishings, fixtures and equipment and to provide inventory information to the City for insurance purposes.

## **7. Elevating Devices**

The City is responsible for:

- Monthly inspections and annual certification of the public elevator and repairs as required.

## **8. Fire Suppression | Fire Alarm | Sprinkler (if installed)**

The City is responsible for:

- maintenance and repair of high pressure valves.

The Society is responsible for:

- ongoing maintenance and care;
- annual testing and inspection.

## **9. Interior Surfaces**

The Society is responsible for:

- maintenance and repair of all interior surfaces as required, including all interior doors and hardware.

## **10. Exterior**

The City is responsible for:

- all exterior wall finishes, plaster, paint;
- maintaining and repairing all exterior doors, including automatic doors;
- maintaining and repairing all exterior lighting fixtures;
- all window repairs due to breakage and system failure;
- window maintenance, trim and desiccant inserts;
- landscaping and sidewalk maintenance;
- garbage pick-up of sidewalk trash cans;
- painting of all exterior handrails;
- Snow removal on sidewalks and parking lot – procedure will be worked out and added to City snow and ice and removal procedure.

The Society is responsible for:

- window cleaning;
- garbage and recycling contract for removal;
- maintenance of interior hardware on exterior doors including automatic doors.

## **11. Alarm and Security**

The Society is responsible for:

- repair and maintenance of alarm and security systems.

**SCHEDULE B**

**NANAIMO ART GALLERY SOCIETY ASSETS**

- Gallery Permanent Collection
- Society files as per *Society Act*
- Intellectual Property- data
- Nanaimo Art Gallery staff personal items
- Operating supplies, office equipment, educational materials etc.

# ATTACHMENT C

## **A Cultural Plan for a Creative Nanaimo (2014-2020)**

View online at <https://www.nanaimo.ca/docs/social-culture-environment/plan-culturalplanforacreativenanaimo.pdf>



April 28, 2020

**Jesse Birch, Interim Executive Director**  
**Nanaimo Art Gallery**

Dear Jesse

I am writing to advise that the Vancouver Island Symphony must give notice on our office space located at the Nanaimo Art Gallery. We understand that we are responsible for paying rent for the next six months and we will vacate space on October 31, 2020 or before.

As a nonprofit organization, we must do everything we can during this pandemic to cut our expenses in order to ensure that the Symphony will continue to operate. With next to no administrative team, we are looking at ways to reduce our expenses in order to continue to operate in 2020-2021 Season.

Yours sincerely

**VANCOUVER ISLAND SYMPHONY**

**Margot C. Holmes**  
**CEO**

**Blake McGuffie**  
**Treasurer, Board of Directors**

cc Julie Bevan, City of Nanaimo

# ATTACHMENT E

## **Nanaimo Arts & Culture Economic Impact Study (2013)**

View online at

<https://static1.squarespace.com/static/57ab61a51b631bb0ce757ca9/t/587938feb3db2b62000d36d4/1484339456962/PUB+-+ARTS+ECONOMIC+IMPACT+2013.pdf>

DATE OF MEETING JUNE 17, 2020

AUTHORED BY LAARA CLARKSON, MANAGER, RECREATION SERVICES

**SUBJECT COMMUNITY PROGRAM DEVELOPMENT GRANTS**

## **OVERVIEW**

### **Purpose of Report**

To obtain Council approval of two requests for a Community Program Development Grant.

### **Recommendation**

That the Finance and Audit Committee recommend that Council approve the request from the Nanaimo Science and Sustainability Society (NS3) for a Community Program Development Grant in the amount of \$1,000 to assist in funding The Great Pumpkin Toss event for children and families; and \$10,000 to the Salish Storm Hockey Association for a low-barrier Intro to Hockey Program for Indigenous Children.

## **BACKGROUND**

The intent of the Community Program Development Grant is to assist community groups to develop new or expanded programs that provide increased opportunities for residents to participate and connect with community, and to enhance residents' exposure to a variety of experiences.

The grant is intended as seed funding to help get new programs off the ground or to expand existing programs with the hope that the programs become self-sustaining. It is not intended to be long-term operational funding or funding for capital expenditures. A total budget of \$15,000 is available through this fund with applications accepted by deadlines of November 1 for spring/summer programs and May 1 for fall/winter programs, or as funds remain available. This is the second intake for funding in 2020, therefore \$3,000 has already been allocated.

Please note: as with any events or rentals in City parks & facilities, both these groups will be required to follow a COVID exposure safety plan. Cheques will not be issued until further information is known if these events and programs will be going ahead this fall or not.

## **DISCUSSION**

A total of two Community Program Development Grant applications were received prior to the acceptance deadline of 2020-MAY-01 for the intake period for 2020 fall/winter programs. Staff reviewed all applications based on program eligibility and assessment criteria (Attachment A).

Staff determined that both the applications, which were submitted by Nanaimo Science and Sustainability Society (NS3) and the Salish Storm Hockey Association, successfully met all the grant criteria.



## 2020 Community Program Development Grant – Applications Received

ORGANIZATION	PROGRAM	REQUEST	RECOMMENDED
Nanaimo Science and Sustainability Society (NS3)	The Great Pumpkin Toss event	\$1,000	\$1,000
Salish Storm Hockey Association	Intro to Hockey program	\$15,000	\$10,000
<b>Total Requested</b>		<b>\$16,000</b>	<b>\$11,000 awarded</b>
<b>Total Available</b>		<b>\$12,000</b>	<b>\$1,000 remaining in grant fund</b>

### OPTIONS

- That the Finance and Audit Committee recommend that Council approve the request from the Nanaimo Science and Sustainability Society (NS3) for a Community Program Development Grant in the amount of \$1,000 to assist in funding The Great Pumpkin Toss event for children and families; and \$10,000 to the Salish Storm Hockey Association for a low-barrier Intro to Hockey Program for Indigenous Children.
  - The advantages of this option: Meets the goal of helping community groups seed new programs to increase opportunities for residents to participate and connect in the community.
  - The disadvantages of this option: None identified.
  - Financial Implications: A balance of \$1,000 would remain for future Community Program Development Grant application funding.
- That the Finance and Audit Committee recommend that Council deny the Community Program Development Grant applications.
  - The advantages of this option: The requested grant funds of \$11,000 would remain available for a future grant application.
  - The disadvantages of this option: Two applications from community groups that fulfill all grant criteria would not be approved.
  - Financial Implications: The entire balance of \$12,000 would remain for future Community Program Development Grant application funding.

### SUMMARY POINTS

- Funding of \$15,000 is allocated yearly for Community Program Development Grants.
- The application from Nanaimo Science and Sustainability Society (NS3) to assist funding for a new family event called the Great Pumpkin Toss successfully meets the grant criteria.
- The application from the Salish Storm Hockey Association to assist funding a new low-barrier Intro to Hockey program for local indigenous children successfully meets the grant criteria.

- A balance of \$1,000 would remain in the 2020 Community Program Development Grant fund if both applications are approved.

**ATTACHMENTS:**

ATTACHMENT A: Community Program Development Grant Application Guidelines

**Submitted by:**

Laara Clarkson  
Manager, Recreation Services

**Concurrence by:**

Laura Mercer  
Director of Finance

Richard Harding  
General Manager of Parks, Recreation and  
Culture

# ATTACHMENT A



## **COMMUNITY PROGRAM DEVELOPMENT GRANT APPLICATION**

### **General Information**

The City of Nanaimo wants to work with community groups and partners to seed new or expanded programs that provide increased opportunities for residents to participate and connect in the community.

The City encourages community groups to build on their success and expertise in developing programs that enhance residents' exposure to a variety of experiences.

It is anticipated that groups will become self-sustaining. The purpose of this grant program is not for long-term funding.

To qualify, groups must identify:

- the goals and objectives of the project or program;
- target audience;
- clear success measures;
- how the project or program benefits the community;
- how the group will sustain the program or event in the long-term;
- marketing or promotion plan if applicable;
- funding sources and partners; and,
- evaluation criteria and tools.

Nanaimo Parks & Recreation have a budget of \$15,000 for Community Program Development grants to assist groups hosting community educational or experiential opportunities. When making your application, please remember that our objective is to assist as many groups as possible.

Any amateur non-profit organization is eligible for funding. Charitable status is not necessary.

***Private or commercial organizations are not eligible.***

***Funding for capital expenditures will not be considered.***

***Organizations will not be eligible for funding if they have received other funding assistance through the City of Nanaimo for this application.***

*Freedom of Information and Protection of Privacy Act (FOIPPA) Information on this form is done so under the general authority of the Community Charter and FOIPPA, and is protected in accordance with FOIPPA. Personal information will only be used by authorized staff to fulfill the purpose for which it was originally collected, or for a use consistent with that purpose. Submissions may be included within a future publically available Council Report, which will be available for viewing on the City's website.*

## **Application Timeline**

Applications must be submitted by: November 1st for spring and/or summer programs  
May 1st for fall and/or winter programs

Applicants will receive written notification of Council's decision within 90 days of the application deadline date. Applications received after this date will only be considered if there are unused funds. In exceptional or unforeseen circumstances, the Selection Committee will determine if late requests warrant special consideration.

## **Application Criteria**

- The program fills a void in the community and provides experiential opportunities for participants.
- The program targets specific community benefit and measures the success of the endeavor by using submitted evaluation criteria and tools.
- Preference will be given to programs that will be ongoing and have potential as a good long-term investment for the City and are able to demonstrate a plan to sustain the program in the long-term through fees, alternative funding, and/or partners. This grant is designed specifically to assist community groups to enhance the lives and experiences of fellow residents.
- The program must be sustainable and produce long-term benefit in the community.
- Has potential to offer short-term employment for student youth.
- Preference will be given to new applications. Applications for the same project or program funding in consecutive years will be considered where there is clearly identified change or expansion of the project or program, or, where there is proven need to sustain the program.
- This grant is designed specifically to assist programs, events and festivals that utilize services and facilities within the City of Nanaimo.
- The applicant must adhere to sound standards of corporate governance where applicable.
- ***Organizations receiving operational funds from the City of Nanaimo will not qualify for Community Program seed funding.***

## **Who Can Apply?**

1. Generally, organizations requesting funding will be established non-profit organizations, neighborhood groups or other bodies with experience in organizing programs and managing funds. Groups or individuals that do not fit these criteria have an opportunity to receive funding at the discretion of the Finance and Audit Committee.
2. Applicants must be able to demonstrate a broad community participation or significant potential audience.
3. Applications will be considered on the following criteria:
  - Evidence of benefit to the community.
  - Evidence of financial need by the sponsoring organization.
  - Secured commitment from other funding sources.
  - Evidence of long term viability and sustainability.
  - Demonstration of community support for the project or program as measured by volunteer participation, membership, and/or audience participation.
  - Evidence of competent management and fiscal responsibility (i.e. proven track record, business and marketing plan, sound financial controls and performance).
  - Potential community and/or financial impact (i.e. life experience, jobs created, spending, number of visitor days created and how this information will be tracked).
  - Public recognition of the municipal contribution.
  - Level of program profile and media exposure.

## **What Does Your Organization Need to do to Apply for Funds?**

- Your organization needs to complete the attached application form.
- For an application to be considered, it cannot be longer than 10 pages in length, including the application form.
- All pages must be single sided with a font size of at least 10.
- All applications for funding must be clearly marked “**Community Program Development Grant Application**” and submitted to:  
c/o Nanaimo Parks and Recreation  
500 Bowen Road  
Nanaimo, BC V9R 1Z7

## **Review Process**

The Finance and Audit Committee screens applications and makes recommendations to City Council for approval and distribution of funds.

Applicants will receive written notification of Council's decision within 90 days of the application deadline date.

## **Appeals**

**Statement of Purpose:** The mandate of the Grants Advisory Committee is to review appeals for process issues only. That is, to determine whether the original Advisory Committee had all the correct information and used the appropriate criteria to make their recommendation. **The Grants Advisory Committee will not revisit the actual decisions, i.e. whether the correct amount was granted.**

### **Criteria for Allowing an Appeal**

- Was the original advisory committee's decision based on the application not meeting certain criteria or submitting incomplete or incorrect information? Did the advisory committee misinterpret some of the information submitted?
- Did the original committee notify the applicant of its recommendations two weeks before it was sent to the next level (either to Council or to the Finance and Audit Committee), thereby giving the applicant time to respond?
- Does the applicant believe that the recommendation was based on incorrect or incomplete information? Does the applicant believe its information was misinterpreted?
- Did the original advisory committee determine the application should be reconsidered based on this new/different information?

## **Further Information?**

Contact: Darcie Osborne, Manager; Recreation Services at 250-756-5200.

G:\GRANTS\CommunityProgramDevelopmentGrant\GuidelinesandApplication2019-MAY-24.docx

DATE OF MEETING June 17, 2020

AUTHORED BY DEANNA WALKER, FINANCIAL ANALYST  
MIKE SQUIRE, MANAGER, WATER RESOURCES

**SUBJECT PROVINCE OF BC LOCAL GOVERNMENT INFRASTRUCTURE  
PLANNING GRANT PROGRAM**

## **OVERVIEW**

### **Purpose of Report**

To have Council approve a resolution to apply for a \$10,000 grant under the Province of BC Local Government Infrastructure Planning Grant Program.

### **Recommendation**

That Council approve submission of an application to the Local Government Infrastructure Planning Grant program for \$10,000 for the Water Supply Strategic Plan project.

## **BACKGROUND**

The Province of BC Local Government Infrastructure Planning Grant provides financial assistance to help local governments develop or improve long-term comprehensive plans related to assessing the technical, environmental and/or economic feasibility of local government infrastructure projects.

Funding may be used for all direct costs properly and reasonably incurred in relation to the proposed project. Eligible costs date is the submission date of the application. Costs incurred before this date are not eligible. Eligible costs include consultant fees, local government staff time (if using in-house resources), and in-kind contributions.

The program provides funding to a maximum of \$10,000. (100% of first \$5,000 eligible costs, 50% on the next \$10,000 eligible costs)

The grant application deadline is **2020-JUL-15**. Funding announcements are expected within 3 months.

## **DISCUSSION**

The City is eligible to apply for a \$10,000 grant for the Water Supply Strategic Plan project. This project is part of the approved 2020 – 2024 Financial Plan, and is funded from Water Reserves. Any grant funding received will offset and reduce funding used from Water Reserves.

## Water Supply Strategic Plan

The Water Supply Strategic Plan project is part of coordinated strategic policy review that will update several key strategic planning policy documents ensuring consistency and maximizing community participation and engagement. The updated plan will look to build resilience in source, transmission, emergency supply and storage and a continued focus on quality to future proof the City's water supply for growth, climate change and emergencies. The work will review regionalization of supply and interconnection to benefit resilience. The project is scheduled to begin in July 2020 and be complete in September 2021. Total project budget is \$300,900. |

## OPTIONS

1. That Council approve submission of an application to the Local Government Infrastructure Planning Grant program for \$10,000 for the Water Supply Strategic Plan project.
  - The advantages of this option: The City is actively pursuing other funding sources for projects to help offset costs. |

## SUMMARY POINTS

- The City will apply for a grant totaling \$10,000 from the Province of BC Local Government Infrastructure Planning Grant Program.
- Funding announcements are expected in October 2020.
- A grant application will be submitted for the Water Supply Strategic Plan project.
- If successful, this grant will reduce funding used from Water Reserves.
- This project is expected to be completed in 2021.

### **Submitted by:**

Deanna Walker  
Financial Analyst  
|

Mike Squire  
Manager, Water Resources

### **Concurrence by:**

Laura Mercer  
Director, Finance

Bill Sims  
General Manager, Engineering & Public  
Works |

DATE OF MEETING June 17, 2020

AUTHORED BY BARBARA WARDILL, MANAGER, REVENUE SERVICES

**SUBJECT CONSIDERATION OF NEW PERMISSIVE TAX EXEMPTION  
APPLICATION AND PTE CASH GRANT FUNDING REQUEST –  
CLAY TREE SOCIETY**

## **OVERVIEW**

### **Purpose of Report**

To obtain Council approval regarding Clay Tree Society's application for a Permissive Tax Exemption (PTE) for 2021 and a PTE Cash Grant funding request for their 2020 Property Taxes.

### **Recommendation**

That the Finance and Audit Committee recommend that Council:

1. Award a Permissive Tax Exemption for the 2021 tax year to Clay Tree Society at 838 Old Victoria Road; and,
2. Award a PTE Cash Grant to Clay Tree Society in the amount of \$5,000 for their 2020 Property Taxes for their newly purchased property at 838 Old Victoria Road.

## **BACKGROUND**

In prior years, new applications for a Permissive Tax Exemption were reviewed by the Grants Advisory Committee, who would then forward recommendations to approve or deny the applications to Council. With the dissolution of this Sub-Committee, the responsibility to review the new applications falls to the Finance and Audit Committee.

A copy of the Grants Policy and Guidelines document is attached to this report. Sections 7 and 8 provide specific direction on the evaluation of applications for permissive tax exemptions.

The new application received follows this report. The application meets the minimum criteria of being a not-for-profit organization that provides services to the community. The application consists of the following:

- Application page
- Questionnaire response
- Financial information
- Society Annual Report



## **DISCUSSION**

### **THE CLAY TREE SOCIETY**

The Clay Tree Society provides assistance and support for individuals with developmental disabilities by utilizing a variety of programs, techniques and system that help participants live a full life of quality and dignity. The Society was on the Permissive Tax Exemption Bylaw however due to a change in property ownership a new application is required.

The Clay Tree Society is also requesting a PTE Cash Grant of \$13,902.44 to cover the cost of their 2020 Property Taxes due to the ownership change of the property in November of 2019. The property located at 838 Old Victoria Road was previously owned by School District No.68 and was exempt. Under the current legislation when ownership changes exempt properties must reapply for a Permissive Tax Exemption. The deadline for 2020 PTE applications was June 30, 2019, however the sale of the property did not finalize until November 23, 2019.

The Committee is being asked to approve or deny a permissive tax exemption for 2021. Applications that are approved will be added to the 2021 Property Tax Exemption Bylaw that will come forward to Council in the fall of 2020.

## **OPTIONS**

1. That the Finance and Audit Committee recommend that Council:
  - a) Award a Permissive Tax Exemption for the 2021 tax year to the Clay Tree Society at 838 Old Victoria Road; and,
  - b) Award a PTE Cash Grant to Clay Tree Society in the amount of \$5,000 for their 2020 Property Taxes for their newly purchased property at 838 Old Victoria Road.
    - Financial Implications: The 2020 budget for PTE Cash Grants is \$5,000 and the full balance is currently available.
2. That the Finance and Audit Committee recommend that Council:
  - a) Award a Permissive Tax Exemption for the 2021 tax year to the Clay Tree Society at 838 Old Victoria Road;
  - b) Award a PTE Cash Grant to Clay Tree Society in the amount of \$5,000 for their 2020 Property Taxes for their newly purchased property at 838 Old Victoria Road; and,
  - c) Award an additional Cash Grant funded from the Strategic Infrastructure Reserve (SIR) to Clay Tree Society in the amount of \$8,902.44 to cover the full 2020 Property Taxes for their new purchased property at 838 Old Victoria Road.
    - Financial Implications: The Clay Tree Society is requesting a one-time PTE Cash Grant of \$13,902.44 to cover the cost of their 2020 Property Taxes. The annual budget for PTE Cash Grants is \$5,000. Council's Strategic

Infrastructure Reserve (SIR) is available to Council for strategic initiatives as identified by Council and would be a possible source of funding should Council wish to support the full request. Due to the COVID-19 Pandemic, contributions to the SIR will be lower than originally projected for 2020.

3. That the Finance and Audit Committee provide alternate direction. |

#### **SUMMARY POINTS**

- The City has received one new application for a permissive exemption from the Clay Tree Society that meets the grants policy and guideline criteria for exemption.
- Clay Tree Society is requesting a one-time PTE Cash Grant of \$13,902.44 to cover the cost of their 2020 Property Taxes.

#### **ATTACHMENTS:**

- Attachment 1: Grants Policy and Guidelines
- Attachment 2: 2021 PTE-01 Clay Tree Society
- Attachment 3: 2020 PTE-02 Clay Tree Society Cash Grant

#### **Submitted by:**

Barbara Wardill, CPA, CMA  
Manager, Revenue Services

#### **Concurrence by:**

Laura Mercer, CPA, CGA  
Director, Finance

# Attachment 1



## CITY OF NANAIMO COUNCIL POLICY MANUAL

Pages: 1 of 9  
Approval Date: 2011-AUG-29

**SECTION:** FINANCIAL ADMINISTRATION  
**SUBJECT:** **Grants Policy and Guidelines**

### GRANTS POLICY AND GUIDELINES INDEX

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## GRANTS POLICY AND GUIDELINES

### 1. COMPOSITION AND TERM

The Grants Advisory Committee shall be appointed by Council and shall be comprised of:

- ☐ 2 members recommended by the Parks, Recreation and Culture Commission, one from the Cultural Committee, and one from the Recreation Committee
- ☐ 1 member recommended by the United Way
- ☐ 1 Council member as appointed by Council and that member will serve as Chair of the Committee
- ☐ 1 member recommended by the Nanaimo Alcohol and Drug Action Committee
- ☐ 1 member recommended by the Social Planning Advisory Committee
- ☐ 2 members of the general public appointed by Council
- ☐ 1 non-voting Staff liaison recommended by the City Manager

The bodies recommending appointees shall be requested to ensure that the recommended representatives provide a good balance of knowledge in their respective areas of service, and to ensure the commitment and attendance of their recommended representatives.

The maximum term for any member shall be three years.

### 2. TERMS OF REFERENCE

The Terms of Reference of the Grants Advisory Committee shall be:

- (a) to advise Council on the amount of financial assistance which the municipality should grant to applicants, including permissive taxation exemptions. Recommendations shall be made in accordance with the guidelines and criteria defined in this Policy;
- (b) to recommend policies to Council with regard to non-statutory tax exemption (Permissive Tax Exemptions under Sections 224 and 227 of the *Community Charter*);
- (c) to make recommendations on requests for the subsidized use of civic facilities and resources as if they were requests for financial assistance ("in-kind" grants);
- (d) to maintain the confidentiality of all matters reviewed by the Committee;
- (e) to provide all applicants with observations, recommendations and/or reasons for the recommendations of the Committee;
- (f) to ensure that civic grant funding does not subsidize activities that are the responsibility of senior governments, as this would represent a downloading of senior government costs to local taxpayers;
- (g) to ensure that priority of funding in all categories shall be given to small organizations, rather than larger ones;
- (h) to ensure that grants from the City will be awarded on the basis of demonstrated need for the service within the community.

- (i) to consider appeals by organizations who do not agree with grant recommendations made by City committees. Appeals are limited to a review of the process and are not intended to be a review of the Committee's judgment.

3. CATEGORIES OF GRANT FUNDING

Grant funding will be divided into the following categories:

- ☐ Security Checks
- ☐ Other Grants
- ☐ Permissive Tax Exemptions (Cash Grants)
- ☐ Permissive Tax Exemptions

Recommendations on the amount of grant funding any applicant will be awarded from these categories shall be made in accordance with the guidelines that are outlined in this Policy.

4. YEARLY ALLOCATION FOR GRANT FUNDING

The amount of money available in each category shall be determined by Council during the Financial Plan process each year.

5. COORDINATION OF GRANTS-IN-AID PROCEDURES (with the Regional District of Nanaimo)

Funding: The amount raised from the Regional District levy on the City of Nanaimo shall be returned to the City each year on the condition that the funds are used as either basic or supplementary grants to those organizations which have a primary base of operations within the city, but also provide services which are of a benefit to residents outside the City.

6. GUIDELINES FOR MAKING GRANT RECOMMENDATIONS (by category)

(a) SECURITY CHECKS

Statement of Purpose: Security Check grants are awarded to organizations that must have security checks performed by the R.C.M.P. on their employees and/or volunteers and meet the criteria specified below.

Criteria for Awarding Grants:

- ☐ must be able to identify services provided to residents of Nanaimo
- ☐ nonprofit organization
- ☐ sound financial and administrative management
- ☐ demonstrated financial need
- ☐ \$500/year maximum award to any organization from this category (2012-JAN-09)
- ☐ eligible organizations can only apply for financial support from this category once a calendar year (applications reviewed in November)
- ☐ applications for this category must be received by October 31st
- ☐ must adhere to all City of Nanaimo bylaws and policies
- ☐ awards from this category are exclusive of awards from the other categories

Kind of Funding:

- ☐ Security Check Fee Reimbursement

(b) OTHER GRANTS

Statement of Purpose: Applications that don't fit into any categories of any of the granting committees are to be referred to the Grants Advisory Committee for review and recommendation. If the scope of the grant request exceeds the committee's budget, the Grants Advisory Committee can make a recommendation subject to the grant being funded from Council contingency.

Criteria for Awarding Grants:

- ☐ large number of volunteers;
- ☐ registered non-profit society;
- ☐ sound financial and administrative management;
- ☐ financial need;
- ☐ accessible to a large portion of the community;
- ☐ must have a broad base of support;
- ☐ must have another source of financial support;
- ☐ must be local in focus and must adhere to all City of Nanaimo's bylaws and policies;
- ☐ cash grants will not be provided if the organization receives a Permissive Tax Exemption, or where the facility is provided by the City of Nanaimo free of charge or at a substantially reduced rate. Notwithstanding the above statement, organizations facing critical financial difficulties are eligible to apply for emergency funding.

Kind of Funding:

- ☐ educational funding;
- ☐ emergency funding;
- ☐ capital grants on a matching basis up to a maximum of \$5,000;
- ☐ in-kind funding for facility rental.

(c) PERMISSIVE TAX EXEMPTIONS (Cash Grants)

Statement of Purpose: An organization may only be added to the Permissive Tax Exemption roll for the following year. In some unusual cases it may be appropriate to give an organization a cash grant during the current year.

Criteria for Awarding Grants:

- the property must be recommended for a Permissive Tax Exemption in the following year; and
  - (1) the property qualifies for Permissive Tax Exemption as a Church, Public Hospital, Community Care Facility, or Private School; or
  - (2) the organization can demonstrate an extraordinary financial need;
  - (3) must adhere to all City of Nanaimo's bylaws and policies.

Application Deadline: Will be considered at the time of application for Permissive Tax Exemption.

7. PERMISSIVE TAX EXEMPTIONS

Section 220 of the *Community Charter* identifies certain properties which are exempt from taxation. This section includes property owned and occupied by Her Majesty, the municipality, School Boards, hospitals and churches. As Section 220 exemptions are specifically provided for, Council's discretion is restricted, except in determining the extent of the exemption in certain cases.

Sections 224, 225, 226 of the *Community Charter* identify situations in which Council may exercise discretion in granting full or partial exemptions from taxation. These exemptions must be adopted by bylaw, by the 31<sup>st</sup> of October of the year preceding exemption.

All buildings and properties that receive a permissive tax exemption must be reviewed every three years to ensure that they continue to meet the specific criteria set out in their applicable category. A report to Council with recommendations for their endorsement is done after each review. The Grants Advisory Committee may also review specific organizations annually for various reasons determined by the committee.

In making recommendations to Council, the Grants Advisory Committee should ensure that:

- (a) the goals, policies, and general operating principles of the municipality as a whole are reflected in the organizations that receive municipal support;
- (b) exemptions are not given to services that are otherwise provided on a private, for profit basis, this would provide an unfair competitive advantage;
- (c) the services provided by the organizations should be an extension of municipal services and programs and must fall under the responsibility of local government, senior government program costs must not be transferred to property taxpayers, as this would represent a downloading of senior government costs to local taxpayers;



- (d) the taxation burden resulting from the exemption must be a justifiable expense to the taxpayers of the municipality, the sources of municipal revenue are limited and requests for exemption must be considered in concert with the other needs of the municipality;
- (e) the services provided by the organizations should provide benefits and be accessible to the residents of the City of Nanaimo, and, in an appropriate age range, the organization's regulations must allow all Nanaimo residents to participate at a reasonable fee.
- (f) the organization is adhering to all City of Nanaimo's bylaws and policies.

In order to more clearly specify criteria, Permissive Tax Exemptions will be divided into the following categories:

- ☐ Churches
- ☐ Public Hospital
- ☐ Senior Citizens' Housing Facilities
- ☐ Community Care Facilities
- ☐ Private Schools
- ☐ Recreation
- ☐ Other
  - ☐ Community Services
  - ☐ Community Associations
  - ☐ Arts and Cultural Organizations
  - ☐ Other Permissive Exemptions

## 8. GUIDELINES FOR MAKING RECOMMENDATIONS ON PERMISSIVE TAX EXEMPTION BY CATEGORY

### (a) CHURCHES

General: The buildings set apart for public worship and the land upon which they stand are exempt from taxation under Section 220(1)(h) of the *Community Charter*. Church halls and such lands as Council considers necessary to support the statutory exemption may be considered as an extension of the exemption under Section 224(2)(f).

Policy: The maximum area of land to be exempted from taxation shall be 2 acres of the land upon which the buildings for public worship stand plus the footprint of the building(s) used for public worship (Revised 1986-AUG-25). This exempted area will not exceed the land area of the legal parcel(s) upon which these buildings stand. Church properties which are currently on the PTE roll and do not conform are to be removed.

Buildings for public worship shall be those established by the Area Assessor and will not include a church manse.

### (b) PUBLIC HOSPITALS

General: Buildings set apart and used as a hospital under the *Hospital Act*, except a private hospital under that *Act*, and the land upon which they stand are exempt from taxation under Sections 220(1)(j) and 220(1)(k) of the *Community Charter*. Council may, by bylaw, under Section 224(2)(h) of the *Community*



*Charter*, exempt any area of land surrounding the exempted building under Sections 220(1)(j) and 220(1)(k).

Policy: Where a building has been identified as a hospital under the *Hospital Act* (except a private hospital) by the Area Assessor, Council will exempt the legal parcel(s) upon which the hospital building stands and any adjoining parcel that Council finds to be necessary to the operation of the hospital.

(c) SENIOR CITIZENS' HOUSING FACILITIES

General: Section 220(1)(i) of the *Community Charter* exempts from taxation a building that was constructed or reconstructed with the assistance of aid granted by the Province after 1947-JAN-01, but before 1974-APR-01, and that is owned and used exclusively without profit by a corporation to provide homes for elderly citizens, together with the land on which the building stands. It also allows Council, by bylaw, under Section 224(2)(h) of the *Community Charter* to exempt, by bylaw, any area of land surrounding the exempted building. Section 224(2)(k) of the *Community Charter* allows Council to exempt from taxation land or improvements for which a grant has been made, after 1974-MAR-31, under the Housing Construction (Elderly Citizens) Act before its repeal in 1996.

Policy: Where a building has been identified as meeting the above criteria by the Area Assessor, Council will exempt the legal parcel(s) upon which the building stands. As it is impossible for any new building to meet this criteria, this section will apply to only seven existing properties: The Mt. Benson Sr. Citizens' Housing Society (tax folios 81301.000; 81312.000; 81315.000; 84328.000), and George R. Pearkes Sr. Citizens Housing Society (tax folios 16006.051; 16006.252; 16006.275).

(d) COMMUNITY CARE FACILITIES

General: Section 224(2)(j) of the *Community Charter*, allows Council to exempt from taxation land and improvements owned or held by a person or organization and operated as a private hospital licensed under the *Hospital Act* or as a licensed community care facility, or registered assisted living residence, under the *Community Care and Assisted Living Act*.

Policy: Council will exempt property that meets the above criteria and is owned or held and operated by a registered non-profit society.

(e) PRIVATE SCHOOLS

General: Section 220(1)(l) of the *Community Charter*, with certain restrictions, exempts private schools from taxation. It also allows Council, by bylaw, under Section 224(2)(h) of the *Community Charter* to exempt from taxation any area of land surrounding the exempted building.

Policy: Where a building has been identified as meeting the above criteria by the Area Assessor, Council will exempt the legal parcel(s) upon which the building stands and any adjoining parcel that Council finds to be necessary to the operation of the school. The permissively exempt property must be accessible to the general public as identified in 7 (e) above.

(f) RECREATION

General: Section 224(2)(i) of the *Community Charter* permits Council, by bylaw, to exempt from taxation, certain organizations using property as a public park or recreation ground, or for public athletic or recreational purposes.

Policy: Permissive Tax Exemptions will be given to organizations that own property that is maintained and used for public park or recreation purposes if they:

- (1) provide full financial and operating information as requested by the Grants Advisory Committee;
- (2) meet the conditions of Section 224 of the *Community Charter*;
- (3) meet the general guidelines outlined in 7(a) to 7(f) of this Policy;
- (4) are registered non-profit societies.

(g) OTHER

General: Section 224(2)(a) *Community Charter* permits Council, by bylaw, to exempt from taxation, land or improvements that are owned or held by a charitable, philanthropic, or other not for profit organization that are used for a purpose that is directly related to the purposes of the organization.

- Community Service Organizations

This has been historically interpreted to include organizations that provide service to the community such as social service agencies.

- Community Associations

This can include community associations that provide a place for local communities to meet, engage in activities that enhance the local community, or hold land that is available for community use.

- Arts & Cultural Organizations

This can include organizations that provide or promote arts and cultural activities.

- Other Permissive Exemptions

Policy: Permissive Tax Exemptions may be given to organizations that:

- (1) provide full financial and operating information as requested by the Grants Advisory Committee;
- (2) meet the conditions of Section 224 of the *Community Charter*; and,
- (3) are registered non-profit societies.

## 9. APPEALS

Statement of Purpose The mandate of the Grants Advisory Committee is to review appeals for process issues only. That is, to determine whether the original advisory committee had all the correct information and used the appropriate criteria to make their recommendation. The Grants Advisory Committee will not revisit the actual decision, i.e. whether the correct amount was granted.

### Criteria for Allowing an Appeal:

- ☐ Was the advisory committee's decision based on the application not meeting certain criteria or submitting incomplete or incorrect information? Did the advisory committee misinterpret some of the information submitted?
- ☐ Did the committee notify the applicant of its recommendations two weeks before it was sent to the next level (either to Council or to the Parks, Recreation & Culture Commission), thereby giving the applicant time to respond?
- ☐ Does the applicant believe that the recommendation was based on incorrect or incomplete information? Does the applicant believe its information was misinterpreted?
- ☐ Did the advisory committee have all the information and the appropriate criteria to make its recommendation?
- ☐ Did the advisory committee determine the application should be reconsidered based on this new/different information?

G:\ADMINISTRATION\Committees\Grants Advisory Committee\Policy\Current Grants Policy & Information\  
GrantsPolicyAndGuidelines.docx

Previous Revision/s: 2002-FEB-25, 2000-MAY-08, 2000-FEB-02, 2000-JAN-13, 1998-OCT-19, 1998-JUN-29, 1998-JUN-15, 1998-APR-17, 1997-JUN-16, 1997-APR-28, 1996-DEC-11, 1995-OCT-16, 1994-DEC-05, 1994-FEB-14, 1993-FEB-15, 1993-FEB-08, 1991-OCT-28, 1991-MAY-27, 1991-MAR-18, 1991-FEB-18, 1990-OCT-22, 1990-OCT-22, 1989-APR-06, 1986-AUG-25, 1986-JUL-28, 1985-MAY-09, 1985-JAN-21, 1985-JAN-21, 1984-JUN-18, 1984-FEB-13, 1982-JUN-28
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## ATTACHMENT 2



CITY OF NANAIMO CITY  
OF NANAIMO

THE APPLICATION

Office Use

FOR PERMISSIVE

## TAX EXEMPTION

ORGANIZATION: Clay Tree Society	DATE: February 24 2020
ADDRESS: 838 Old Victoria Road	PRESIDENT: Dan Dube
Nanaimo, BC V9R 6A1	SENIOR STAFF MEMBER: Glenys Patmore
	POSITION: Executive Director
	CONTACT: glenys.claytree@shaw.ca
TELEPHONE: 250-753-5322 ext 1	TELEPHONE:
GEOGRAPHIC AREA SERVED BY THE ORGANIZATION: Nanaimo and surrounding area	
NO. OF FULL TIME STAFF: 18	NO. OF PART TIME STAFF: 10
NO. OF COMMUNITY VOLUNTEERS: 20	NO. OF VOLUNTEER HOURS PER YEAR:
CLIENTS SERVED, LAST YEAR: 120	CLIENTS SERVED, THIS YEAR (PROJECTED): 120
B.C. SOCIETY ACT REG. NO.: S0005166	REVENUE CANADA CHARITABLE REG. NO.: BN10775864RT001
CURRENT BUDGET: 1.9 MIL	LEGAL DESCRIPTION OF PROPERTY:
INCOME 1.9 MIL	
EXPENSES: 1.9 MIL	TAX FOLIO NUMBER:
NEXT YEAR PROJECTED: 1.9 MIL	
INCOME: 1.9 MIL	CURRENT YEAR TAXES (IF KNOWN):
EXPENSES: 1.9 MIL	

# **CITY OF NANAIMO GRANT QUESTIONNAIRE**

SIGNATURE: <i>Wm Easter</i>	TITLE/POSITION: <i>Financial Controller S. Ng</i>	DATE: <i>Feb 24 2020</i>
<i>250-753-5322 ext 3</i>		
<p><b>NOTE:</b> YOUR ORGANIZATION'S MOST RECENT YEAR-END FINANCIAL STATEMENTS AND CURRENT YEAR-TO-DATE STATEMENTS MUST BE ATTACHED TO THE APPLICATION FORM (INCLUDING A BALANCE SHEET AND INCOME STATEMENT).</p>		

1. Please describe the Purpose or Mandate of your organization in this community.  
Clay Tree is a non profit day program supporting people with developmental disabilities.

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2. Please list the programs and services provided by your organization.  
We are an accredited agency with interest groups that support adults with developmental disabilities ranging in age from nineteen to seventy. We focus on providing community inclusion, recreation, volunteer opportunities, art exploration, life skills, personal empowerment and independence.

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3. Are you planning to change or add to current programs and services in the future?

We strive for continued growth and do continuous assessment and research, with a 3 year strategic plan and are fully CARF accredited.

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4. Please describe the role of volunteers in your organization.

Clay Tree Participants volunteer at the 7 10 club, Local Salvation Thrift stores, poppy production for the Branch 10 Legion, Salvation Army Kettles, Loaves and Fishes and the Chamber of commerce. We also have a wide variety of volunteers that come to Clay Tree to volunteer their time, such as local music groups, Literacy Nanaimo, Church groups and Katimavik.

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5. Please list all grants received from the City of Nanaimo, Regional District of Nanaimo, and other governments or service clubs. We have received donations from local service clubs such as the Lions Club, Branch 10 Legion, Branch 256 etc.

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## CITY OF NANAIMO GRANT QUESTIONNAIRE

6. Please provide details of fees for service in your organization, and how costs and fees are determined.

We are funded by Community Living BC

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7. If your organization is a branch of a larger organization, please indicate how this affects the financial and other information you have provided.

N/A

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8. If you lease or rent out part of your premises: please note the amount of space rented (sq ft), total square feet of the premises, name of organization renting the space, and the annual rent received.

N/A

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**CITY OF NANAIMO  
GRANT QUESTIONNAIRE**

9. Please describe current or planned approaches to self generated income.  
Fundraising events, wood shop orders for BC Hydro & Island Timberlands.

10. Is there any other information about your organization that you would like to provide to support your application?

Clay Tree Society was founded on May 3<sup>rd</sup>, 1957. We are the Largest and Oldest day program in Nanaimo. We would not be submitting this application if we did not need support from the city. We are under funded from CLBC each year and truly appreciate your consideration of this application. We are grateful for any help you can give us.



## CITY OF NANAIMO GRANT QUESTIONNAIRE

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11. In what ways would you recognize the City's support, should you receive a Permissive Tax Exemption?

It is our understanding that agencies that receive support from the city for the permissive tax exemption are announced in the local newspaper. We will with full appreciation and respect publicly acknowledge and thank the city via our website and Facebook page to all of our membership, parents, participants, caregivers, home support, board of directors, employees and general public that we were supported by the City of Nanaimo.

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**CLAY TREE SOCIETY FOR PEOPLE  
WITH DEVELOPMENTAL DISABILITIES  
FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2019**

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# CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

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YEAR ENDED MARCH 31, 2019  
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Statement of Cash Flows	6
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## INDEPENDENT AUDITORS' REPORT

To the Members of Clay Tree Society for People with Developmental Disabilities

### Qualified Opinion

We have audited the accompanying financial statements of Clay Tree Society for People with Developmental Disabilities, which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, except for the effect of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Clay Tree Society for People with Developmental Disabilities as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many charitable organizations, Clay Tree Society for People with Developmental Disabilities derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations or fundraising, excess of revenues over expenses, cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Clay Tree Society for People with Developmental Disabilities in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on Other Legal and Regulatory Requirements**

As required by the British Columbia Society Act, we report that, in our opinion, these standards have been applied on a basis consistent with that of the preceding year.

Parksville, Canada  
May 31, 2019

*McGowan & Pichon*  
CHARTERED PROFESSIONAL ACCOUNTANTS

# CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

## STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

ASSETS		2019	2018
<b>CURRENT</b>			
Cash and equivalents	\$	717,828	\$ 495,198
GST receivable		1,936	4,264
Accounts receivable		19,635	6,027
Interest receivable		7,405	1,043
Prepaid expenses		6,366	3,512
		753,170	510,044
<b>TANGIBLE CAPITAL ASSETS (note 4)</b>		1,271,019	1,285,092
	\$	2,024,189	\$ 1,795,136
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities (note 5)	\$	130,818	\$ 127,415
Current portion of long term debt (note 6)		352,587	28,637
		483,405	156,052
<b>LONG TERM DEBT (note 6)</b>		-	352,587
<b>DEFERRED CONTRIBUTIONS (note 7)</b>		69,768	60,284
		553,173	568,923
<b>NET ASSETS</b>			
Invested in tangible capital assets (note 8)		848,323	843,244
Unrestricted (note 9)		622,693	382,969
		1,471,016	1,226,213
	\$	2,024,189	\$ 1,795,136

Commitment (note 10)  
Economic dependence (note 11)  
Employee, contractor and director remuneration (note 12)

### APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

## STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 2019

	2019	2018
<b>REVENUE</b>		
Community Living British Columbia - programs	\$ 1,656,412	\$ 1,547,734
Sales	36,855	25,300
Fundraising and donations	22,553	65,547
Deferred contributions - amortization	15,170	14,709
Interest and other	9,068	2,903
Gain on sale of tangible capital assets	614	88
	<b>1,740,672</b>	<b>1,656,281</b>
<b>EXPENSES</b>		
Wages and benefits - programs	1,019,411	937,777
Wages and benefits - administration	242,510	224,422
Amortization	46,279	48,740
Program costs, memberships and dues	40,285	28,920
Utilities	31,618	31,075
Transportation and vehicle	27,702	17,127
Training and education	17,519	24,632
Supplies	13,947	13,563
Professional fees	11,592	13,432
Repairs and maintenance	11,544	11,148
Insurance	9,921	9,677
Mortgage interest	7,363	5,224
Fundraising	6,547	29,463
Cleaning supplies	5,858	4,465
Board	3,157	4,309
Accreditation	616	4
Building occupancy	-	4,612
	<b>1,495,869</b>	<b>1,408,590</b>
<b>EXCESS OF REVENUE</b>	<b>\$ 244,803</b>	<b>\$ 247,691</b>

# CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

## STATEMENT OF CHANGES IN NET ASSETS YEAR ENDED MARCH 31, 2019

	Invested in Tangible Capital Assets	Unrestricted	Total 2019	Total 2018
<b>BALANCE AT BEGINNING OF YEAR</b>	\$ 843,244	\$ 382,969	\$ 1,226,213	\$ 978,522
Net change in invested in tangible capital assets	32,206	(32,206)	-	-
Payment of principal portion of long term debt	28,637	(28,637)	-	-
Deferred contributions	(24,655)	24,655	-	-
Excess of revenue (expenses)	(31,109)	275,912	244,803	247,691
<b>BALANCE AT END OF YEAR</b>	\$ 848,323	\$ 622,693	\$ 1,471,016	\$ 1,226,213



# CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

## STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2019

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess of revenue	\$ 244,803	\$ 247,691
Adjust for items which do not affect cash:		
Amortization	46,279	48,740
Deferred contributions	(15,170)	(14,709)
Gain on sale of tangible capital assets	(614)	(88)
	275,298	281,634
Changes in non-cash working capital		
Decrease (increase) in:		
GST receivable	2,328	(1,861)
Accounts receivable	(13,608)	(1,666)
Interest receivable	(6,362)	178
Prepaid expenses	(2,854)	470
Increase (decrease) in:		
Accounts payable and accrued liabilities	3,402	7,751
	(17,094)	4,872
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	258,204	286,506
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(36,573)	(866,190)
Deferred contributions	24,655	35,000
Proceeds on sale of tangible capital assets	4,981	3,000
	(6,937)	(828,190)
<b>FINANCING ACTIVITIES</b>		
Increase (decrease) in long term debt	(28,637)	381,224
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	222,630	(160,460)
<b>CASH AND EQUIVALENTS AT BEGINNING OF YEAR</b>	495,198	655,658
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>	\$ 717,828	\$ 495,198
<b>CASH AND EQUIVALENTS CONSIST OF:</b>		
Cash	\$ 216,830	\$ 200,475
Cashable guaranteed investment certificates	500,998	294,723
	\$ 717,828	\$ 495,198

# CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2019

The Clay Tree Society for People with Developmental Disabilities was incorporated under the Society Act of British Columbia in 1967 and is considered a registered charity under the Income Tax Act. The Society was incorporated to provide and run programs to service people with developmental disabilities in the Nanaimo area.

The Society is a registered charity and in accordance with the Income Tax Act is not required to pay income taxes provided certain requirements under the Income Tax Act are met. In the opinion of management, these requirements have been met.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO) and include the following significant accounting policies:

(a) Basis of accounting

The Society follows the deferral method of accounting for contributions.

(b) Cash

The Society's policy is to disclose bank balances under cash.

(c) Cash equivalents

Cash equivalents include short term highly liquid investments that are cashable on demand.

(d) Tangible capital assets

Tangible capital assets are recorded at cost and are being amortized on the straight-line basis using the following annual rates:

Building	- 40 years
Furniture and fixtures	- 10 years
Equipment	- 10 years
Vehicles	- 10 years
Computer hardware	- 3 years

(e) Revenue recognition

The Society follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of tangible capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related tangible capital asset. Unrestricted contributions are recognized as revenue when received. Contributed materials and services are recognized at fair value when they are considered to be significant.

# CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2019

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the current period. Significant items subject to such estimates and assumptions include valuation of accounts receivable, prepaid expenses, the estimated useful lives of tangible capital assets and accrued liabilities. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

### 2. FINANCIAL INSTRUMENTS

The Society initially measures its financial assets and financial liabilities at fair value.

The Society subsequently measures its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and equivalents, accounts receivable and interest receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long term debt.

#### *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

#### *Transaction costs*

Transaction costs related to financial assets measured at fair value are expensed as incurred. Transaction costs related to other financial assets and financial liabilities are included or deducted in the initial measurement of the asset or liability.

#### *Risks and concentrations*

The Society is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Society's risk exposure at March 31, 2019:

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risk relates to its accounts receivable. The Society provides credit to its clients in the normal course of its operations.

# CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2019

### 2. FINANCIAL INSTRUMENTS (continued)

#### *Risks and concentrations (continued)*

##### *Credit risk (continued)*

Four clients account for 100% of accounts receivable. The Society is subject to normal risk associated with accounts receivable.

##### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society's main liquidity risks relate to its accounts payable and accrued liabilities and long term debt.

### 3. BANK INDEBTEDNESS

The Society has a line of credit available to a maximum of \$50,000 with interest payable at prime plus 2%.

### 4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2019	Net 2018
Land	\$ 750,000	\$ -	\$ 750,000	\$ 750,000
Building	690,231	318,767	371,464	388,720
Furniture and fixtures	170,126	141,020	29,106	24,637
Equipment	2,524	2,344	180	231
Vehicles	249,661	131,604	118,057	121,504
Computer hardware	56,049	53,837	2,212	-
Fencing	5,256	5,256	-	-
Paving	3,466	3,466	-	-
	\$ 1,927,313	\$ 656,294	\$ 1,271,019	\$ 1,285,092

### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trades payable and accrued liabilities	\$ 95,671	\$ 93,692
Government remittances	35,147	33,723
	\$ 130,818	\$ 127,415

# CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2019

### 6. LONG TERM DEBT

	2019	2018
Board of Education of School District No. 68 loan, repayable at \$3,000 per month, including interest at 2%, due February 2021	\$ 352,587	\$ 381,224
Current portion of long term debt	352,587	28,637
	\$ -	\$ 352,587

The loan is secured by land included in tangible capital assets. The balance of principal and interest on the loan will be paid out in the 2020 fiscal year using funds from guaranteed investment certificates included in cash and equivalents.

### 7. DEFERRED CONTRIBUTIONS

	2019	2018
Beginning balance	\$ 60,284	\$ 39,993
Contributions received	24,654	35,000
Amount amortized to revenue	(15,170)	(14,709)
	\$ 69,768	\$ 60,284

### 8. INVESTED IN TANGIBLE CAPITAL ASSETS

Invested in tangible capital assets consists of tangible capital assets net of liabilities related to the acquisition of tangible capital assets.

### 9. UNRESTRICTED NET ASSETS

Unrestricted net assets represent the operating equity of the Society.

### 10. COMMITMENT

The Society rents equipment under a long term operating lease which expires March 31, 2022. Payments due under this lease are \$146 per month plus applicable taxes. The total amount due to the expiry of the lease is \$5,256 not including taxes.

### 11. ECONOMIC DEPENDENCE

Operations of the Society are dependant on continued funding from Community Living British Columbia (CLBC) with which there is an agreement in place until March 31, 2020. Cessation of funding from CLBC would seriously affect the organization's ability to carry out its stated objectives.

### 12. EMPLOYEE, CONTRACTOR AND DIRECTOR REMUNERATION

For the year ended March 31, 2019, the Society paid one employee total annual remuneration of \$75,000 or greater.

**CLAY TREE SOCIETY**  
***For People with Developmental Disabilities***

BALANCE SHEET

AS AT 12/31/19

(Unaudited)

Actual

ASSETS

CURRENT ASSETS

Cash - Bank Accounts	343,085.13
Cash - Other	1,870.80
Term Deposits	218,718.66
Reserve Bank	25,738.29
Accounts Receivable	7,360.53
Prepaid Expenses	12,860.11
	<hr/> 609,633.52

CAPITAL ASSETS

Furniture and Fixtures	812,933.26
Building Renovation Claytree	364,380.07
Less: Accumulated Depreciation	(692,608.25)
Land	750,000.00
	<hr/> 1,234,705.08

OTHER ASSETS

<hr/> 0.00
<hr/> <hr/> 1,844,338.60



**For People with Developmental Disabilities**

**January 2020**

# CLAY TREE SOCIETY

*For People with Developmental Disabilities*

## BALANCE SHEET

AS AT 1/31/20

(Unaudited)

Actual

## ASSETS

### CURRENT ASSETS

Cash - Bank Accounts	34,656.94
Cash - Other	1,870.92
Term Deposits	518,851.57
Reserve Bank	25,738.29
Accounts Receivable	(737.77)
Prepaid Expenses	11,109.05
	<hr/>
	591,489.00

### CAPITAL ASSETS

Furniture and Fixtures	812,933.26
Building Renovation Claytree	364,380.07
Less: Accumulated Depreciation	(696,643.07)
Land	750,000.00
	<hr/>
	1,230,670.26

### OTHER ASSETS

<hr/>	0.00
<hr/>	
	<hr/>
	1,822,159.26
	<hr/>
	<hr/>



**CLAY TREE SOCIETY**  
*For People with Developmental Disabilities*  
**BALANCE SHEET**  
**AS AT 1/31/20**  
**(Unaudited)**

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts Payable	105,675.10
	<u>105,675.10</u>

**OTHER LIABILITIES**

Mortgage Payable	(1,171.27)
Deferred Funding-Sundeck BC21	9,832.09
Deferred Funding - Mercedes Van	3,846.58
Deferred Funding - Wheelchair Van	25,083.30
Deferred Funding - 2016 Van	21,231.70
Reserve for Centre Daytrips	(100.00)
	<u>58,722.40</u>

**SURPLUS**

Surplus - Unappropriated	778,329.29
Surplus - Capital - allocation of prior year	879,432.47
	<u>1,657,761.76</u>
	<u><u>1,822,159.26</u></u>

**CLAY TREE SOCIETY**  
*For People with Developmental Disabilities*  
**Statement of Revenue Over Expenditure For The 10 Months Ending January 31, 2020**  
**(Unaudited) - Budget vs Actual**  
**Consolidated Departments to ZZ**

	Current Month	Budget Month	Actual YTD	Budget YTD	Over/(Under) YTD
<b>REVENUE</b>					
Sales	0.00	3,563.13	32,955.00	42,873.78	(9,918.78)
Fund Raising	25.00	2,738.84	11,975.50	24,522.34	(12,546.84)
Donations	125.00	2,211.88	5,610.34	15,576.28	(9,965.94)
Miscellaneous Income	535.48	500.00	5,665.42	5,000.00	665.42
Transfers from other Programs	1,155.41	0.00	6,305.73	0.00	6,305.73
Transfers to other Programs	(1,155.41)	0.00	(6,305.73)	0.00	(6,305.73)
	<u>685.48</u>	<u>9,013.85</u>	<u>56,206.26</u>	<u>87,972.40</u>	<u>(31,766.14)</u>
<b>COST OF SALES</b>					
Cost of Sales Purchases	467.70	1,875.00	16,665.51	18,750.00	(2,084.49)
	<u>467.70</u>	<u>1,875.00</u>	<u>16,665.51</u>	<u>18,750.00</u>	<u>(2,084.49)</u>
<b>GROSS PROFIT</b>	<u>217.78</u>	<u>7,138.85</u>	<u>39,540.75</u>	<u>69,222.40</u>	<u>(29,681.65)</u>
<b>OTHER INCOME</b>					
Government Subsidy	159,249.25	154,283.38	1,597,543.36	1,491,433.24	106,110.12
Interest	143.71	100.00	467.00	1,000.00	(533.00)
Deferred Funding	1,097.19	0.00	9,874.71	0.00	9,874.71
Membership & Fees	195.00	66.00	340.00	668.00	(328.00)
	<u>160,685.15</u>	<u>154,449.38</u>	<u>1,608,225.07</u>	<u>1,493,101.24</u>	<u>115,123.83</u>
	<u>160,902.93</u>	<u>161,588.23</u>	<u>1,647,765.82</u>	<u>1,562,323.64</u>	<u>85,442.18</u>

**For The 10 Months Ending January 31, 2020**  
**(Unaudited) - Budget vs Actual**  
**Consolidated Departments to ZZ**

	<u>Current Month</u>	<u>Budget Month</u>	<u>Actual YTD</u>	<u>Budget YTD</u>	<u>Over/(Under) YTD</u>
<b>STAFFING EXPENSES</b>					
Employee Wages	62,940.95	87,494.58	777,456.33	874,945.80	(97,489.47)
CPP Expense	2,868.68	3,866.83	35,237.47	38,668.30	(3,430.83)
EI Expense	1,392.22	1,960.38	17,572.37	19,603.80	(2,031.43)
MSP Expense	0.00	1,598.70	4,221.60	15,987.00	(11,765.40)
Life Ins. Expense	209.53	158.85	2,099.99	1,588.50	511.49
RRSP Expense	4,816.02	6,140.29	55,008.84	61,402.90	(6,394.06)
WCB Expense	574.59	806.85	8,718.03	8,068.50	649.53
LTD Expense	1,519.11	1,703.01	15,806.09	17,030.10	(1,224.01)
AD & D Expense	21.85	32.30	226.90	323.00	(96.10)
Dental Expense	1,795.42	3,413.45	17,056.37	34,134.50	(17,078.13)
EHB Expense	1,405.20	3,364.92	15,088.99	33,649.20	(18,560.21)
Admin Wage Expenses Allocated	29,343.25	21,187.86	250,134.49	211,878.60	38,255.89
	<u>106,886.82</u>	<u>131,728.02</u>	<u>1,198,627.47</u>	<u>1,317,280.20</u>	<u>(118,652.73)</u>

**For The 10 Months Ending January 31, 2020**  
**(Unaudited) - Budget vs Actual**  
**Consolidated Departments to ZZ**

	<u>Current Month</u>	<u>Budget Month</u>	<u>Actual YTD</u>	<u>Budget YTD</u>	<u>Over/(Under) YTD</u>
<b>PROGRAM EXPENSES</b>					
Staff Training	2,878.34	1,250.00	4,678.77	12,500.00	(7,821.23)
BCACL & CSSEA Training	2,152.15	916.67	10,986.21	9,166.70	1,819.51
Insurance	865.25	1,333.33	8,652.50	13,333.30	(4,680.80)
Kitchen	93.99	125.00	517.13	1,250.00	(732.87)
Program	12,202.61	3,875.00	40,481.98	38,750.00	1,731.98
Repairs & Maintenance	3,667.73	2,291.67	25,170.67	22,916.70	2,253.97
Costs - Mary Feron Travel	100.00	150.00	500.00	1,500.00	(1,000.00)
Fund Raising \$ Spent	1,481.29	166.67	2,738.83	1,666.70	1,072.13
Audit Costs	925.00	1,166.67	9,762.50	11,666.70	(1,904.20)
Cleaning Supplies	869.00	583.33	5,859.16	5,833.30	25.86
Accreditation	0.00	83.33	1,178.90	833.30	345.60
Professional Fees	6,590.68	333.33	41,486.17	3,333.30	38,152.87
Marketing / Promo	0.00	625.00	133.73	6,250.00	(6,116.27)
Utilities	5,602.48	3,000.00	27,779.52	30,000.00	(2,220.48)
Bank & Visa Charges	25.01	83.33	500.01	833.30	(333.29)
Copier Lease	163.66	163.66	4,292.70	1,636.60	2,656.10
Board Expense	1,418.44	333.33	3,481.85	3,333.30	148.55
Transportation	3,668.43	3,333.33	33,843.51	33,333.30	510.21
Depreciation	4,034.82	2,500.00	40,348.20	25,000.00	15,348.20
	<u>46,738.88</u>	<u>22,313.65</u>	<u>262,392.34</u>	<u>223,136.50</u>	<u>39,255.84</u>
<b>SURPLUS (DEFICIT)</b>	<u>7,277.23</u>	<u>7,546.56</u>	<u>186,746.01</u>	<u>21,906.94</u>	<u>164,839.07</u>



## 2019 BC SOCIETY ANNUAL REPORT

BC Society • Societies Act

**NAME OF SOCIETY:** CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

**Incorporation Number:** S0005166  
**Business Number:** 10775 8864 BC0001  
**Filed Date and Time:** July 18, 2019 03:00 PM Pacific Time  
**Annual General Meeting (AGM) Date:** June 11, 2019

### REGISTERED OFFICE ADDRESS INFORMATION

<b>Delivery Address:</b>	<b>Mailing Address:</b>
838 OLD VICTORIA ROAD NANAIMO BC V9R 6A1	838 OLD VICTORIA ROAD NANAIMO BC V9R 6A1

### DIRECTOR INFORMATION AS OF June 11, 2019

**Last Name, First Name Middle Name:**

DUBE, DAN

**Delivery Address:**

**Last Name, First Name Middle Name:**

HUBERTS, KRIS

**Delivery Address:**

**Last Name, First Name Middle Name:**

STUART, ALEXANDRIA KATHRYN

**Delivery Address:**

**Last Name, First Name Middle Name:**

TRINKWON, DARLENE

**Delivery Address:**

**Last Name, First Name Middle Name:**

WEEDON, KEVIN JOHN

**Delivery Address:**

**CERTIFICATION**

I, BHT Corporate Services, certify that I have relevant knowledge of the society, and that I am authorized to make this filing.



2019 2020 Budget Accounts	Clay Tree Programs	TOTAL
Audit	\$ 14,000.00	\$ 14,000.00
Program (program office computer kitchen centre)	\$ 48,000.00	\$ 48,000.00
Transportation	\$ 40,000.00	\$ 40,000.00
Utilities	\$ 36,000.00	\$ 36,000.00
Accreditation	\$ 1,000.00	\$ 1,000.00
Staff Training	\$ 15,000.00	\$ 15,000.00
Professional Fees	\$ 40,000.00	\$ 40,000.00
Cleaning	\$ 7,000.00	\$ 7,000.00
Repairs & Maint - (Equipment, Grounds, Building)	\$ 28,500.00	\$ 28,500.00
Board	\$ 4,000.00	\$ 4,000.00
CSSEA/BCACL	\$ 11,000.00	\$ 11,000.00
Insurance	\$ 16,000.00	\$ 16,000.00
Rent	\$ -	\$ -
Wages & Benefits	\$ 1,580,736.08	\$ 1,580,736.08
M Feron Travel	\$ 1,800.00	\$ 1,800.00
Bank Visa Charges	\$ 1,000.00	\$ 1,000.00
Marketing Promo	\$ 7,500.00	\$ 7,500.00
Depreciation	\$ 30,000.00	\$ 30,000.00
Fundraising Spent	\$ 2,000.00	\$ 2,000.00
Cost of Sales	\$ 22,500.00	\$ 22,500.00
Copier Lease	\$ 1,963.92	\$ 1,963.92

**\$ 1,908,000.00**

**NOTE1:**

30000.00 of Wages & Benefits are Connections and will be taken out of other income.

**NOTE 2:**

The wage and Benefit portion of this budget may be exceeded by 75000.00 to take into account the training period start of new E.D.

The above notes have been approved by the BOARD OF DIRECTORS.

\$ 1,800,000.00 CLBC Revenue  
 \$ 50,000.00 Sales  
 30000.00 Fundraising  
 20000.00 Donations  
 6000.00 Misc. Income  
 1200.00 Interest Earned  
 800.00 Membership

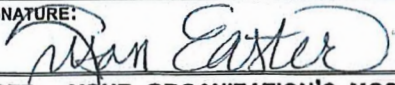
**\$ 1,908,000.00**

## ATTACHMENT 2



**CITY OF NANAIMO**  
**APPLICATION FOR GRANT**  
**OTHER GRANTS**

Office Use

ORGANIZATION: <b>Clay Tree Society</b>		DATE: <b>January 21, 2020</b>	
ADDRESS: <b>838 OLD VICTORIA RD</b>		PRESIDENT: <b>Dan Dube</b>	
<b>NANAIMO BC V9R6A1</b>		SENIOR STAFF MEMBER:	
TELEPHONE: <b>250-753-5322</b>		POSITION: <b>Financial Controller</b>	
FAX: <b>250-753-2749</b>		CONTACT: <b>Susan Easter</b>	
EMAIL: <b>susan.claytree@shaw.ca</b>		TELEPHONE: <b>250-753-5322 ext 3</b>	
OVERVIEW OF YOUR ORGANIZATION'S PROGRAMS AND SERVICES OFFERED IN THE COMMUNITY:			
GEOGRAPHIC AREA SERVED BY THE ORGANIZATION: <b>Nanaimo and surrounding area</b>			
NO. OF FULL TIME STAFF: <b>18</b>		NO. OF PART TIME STAFF: <b>10</b>	
NO. OF COMMUNITY VOLUNTEERS: <b>20</b>		NO. OF VOLUNTEER HOURS PER YEAR:	
NO. OF MEMBERS: <b>150</b>		MEMBERSHIP FEE: <b>5.00</b>	
CLIENTS SERVED, LAST YEAR: <b>120</b>		CLIENTS SERVED, THIS YEAR (PROJECTED): <b>120</b>	
B.C. SOCIETY ACT REG. NO.: <b>S0005166</b>		REVENUE CANADA CHARITABLE REG. NO.: <b>BN107758864</b>	
CURRENT BUDGET: <b>1.9 mil</b>		DO YOU REQUIRE A RENTAL SUBSIDY? IF SO, HOW MUCH?	
INCOME <b>1.9</b>			
EXPENSES: <b>1.9</b>		DO YOU REQUIRE A CASH GRANT? IF SO, HOW MUCH?	
NEXT YEAR PROJECTED: <b>1.9</b>		<b>\$ 13,902.44</b>	
INCOME: <b>1.9</b>		TOTAL GRANT REQUESTED:	
EXPENSES: <b>1.9</b>		<b>PROPERTY TAX 2020</b>	
SIGNATURE: 		TITLE/POSITION: <b>Financial Controller</b>	
		DATE: <b>Jan. 21, 2020</b>	
NOTE: YOUR ORGANIZATION'S MOST RECENT AUDITED FINANCIAL STATEMENTS, CURRENT FINANCIAL STATEMENTS AND BALANCE SHEET AND INCOME STATEMENT MUST BE ATTACHED TO THE APPLICATION FORM (SEE COMPLETE LIST OF REQUIRED ATTACHMENTS ON BACK OF THIS FORM).			



**CITY OF NANAIMO  
GRANT QUESTIONNAIRE**

1. What is the main purpose of your organization?

We are a non profit agency supporting  
adults with developmental disabilities.

2. Describe the work your organization does in this community.

Clay Tree Society is a day program  
that volunteers in the community.

3. What other agencies provide similar services?

NACL

4. How is your organization different than those organizations providing similar services in question 3. above?

CLAY TREE HAS BEEN ACTIVE FOR 63  
YEARS. WE HAVE THE LARGEST DAY PROGRAM  
IN NANAIMO THAT SUPPORTS PEOPLE WITH  
DEVELOPMENTAL DISABILITIES.

5. Describe who your clients are.

PEOPLE WITH DEVELOPMENTAL DISABILITIES.

6. Where do your clients live?

NANAIMO AND SURROUNDING AREAS.

## CITY OF NANAIMO GRANT QUESTIONNAIRE

7. Describe the needs of your clients.

WITH OVER 120 PARTICIPANTS THAT HAVE VARIOUS NEEDS DEPENDANT ON THE CHALLENGES THAT THEY FACE. WE ADHERE TO A QUALITY OF LIFE PROGRAM.

8. What are your organization's specific priorities for the coming year?

TO CONTINUE TO PROFESSIONALLY SUPPORT THE EVER GROWING POPULATION OF PEOPLE WITH DEVELOPMENTAL DISABILITIES.

9. How does your organization ensure that its services address continuing and emerging community needs?

WE DO CONTINUOUS ASSESSMENT & RESEARCH, WE HAVE A 3 YEAR STRATEGIC PLAN AND WE ARE FULLY CARF ACCREDITED.

10. Describe your organization's community support.

WE ARE SUPPORTED BY THE MEMBERSHIP & FRIENDS OF CLAY TREE SOCIETY, LOCAL BUSINESSES & THE CITY OF NANAIMO.

11. Describe the role of volunteers in your organization.

VERY VARIABLE BUT CAN INCLUDE LITERACY READERS, CHURCH GROUPS, COMMUNICATION SPECIALIST, KATIMAVIK VOLUNTEERS WHICH ASSIST OUR 50 PLUS INTEREST GROUPS THAT ARE OFFERED TO OUR PARTICIPANTS.

12. What are your organization's problems and how are they being addressed?

THE MAIN PROBLEM IS THAT WE CONSTANTLY ADDRESS FUNDING BY BEING ACCREDITED, ADHERING TO ALL COMPLIANCE & BY HAVING A FULL RESEARCH PROJECT PRIOR TO PRODUCING OUR STRATEGIC PLAN.

## CITY OF NANAIMO GRANT QUESTIONNAIRE

13. Provide details of fees for service in your organization, and how costs and fees are determined.

WE ARE FUNDED BY COMMUNITY LIVING B.C.  
AND CLAY TREE FUNDRAISING.

14. If your organization is a branch of a larger organization, indicate how this affects the financial and other information you have provided.

N/A

15. Provide details of any funds that are controlled by your organization that are not part of your operating income. Also provide details of any capital, special purpose bequests, endowments or reserve funds.

N/A

16. Describe your policy and treatment of year-end surpluses or deficits.

WE HAVE EXTERNAL AUDITORS & OUR POLICY HAS  
BEEN FOR THE LAST FEW YEARS THAT ANY EXCESS  
WOULD GO TOWARD THE PURCHASE OF THE LAND  
THAT CLAY TREE RESIDES ON TO MAKE OUR  
SOCIETY SECURE FOR THE FUTURE OF OUR PARTICIPANTS.

17. Detail current and/or planned revenue-generating activities of your organization.

SEE ANSWER 13.

## CITY OF NANAIMO GRANT QUESTIONNAIRE

18. List grants applied for/received from other governments or service clubs.

NONE AT THE MOMENT.

19. Name other organizations or individuals who can endorse your organization. Provide names and telephone numbers.

Name:

Telephone No.:

Name:

Telephone No.:

Name:

Telephone No.:

20. Identify previous grants from the City of Nanaimo and other agencies and describe how your organization ensured funding went towards the program identified.

NONE

21. What do you plan to use the City grant for this year?

PROPERTY TAXES 2020.

22. What will the effect be if you do not receive a Grant from the City of Nanaimo?

THIS WILL CAUSE A HARDSHIP TO OUR  
BUDGET AND PROGRAMS WOULD POSSIBLY  
BE AFFECTED.

**If you have any questions, call Diane Hiscock at 250-755-4413**

**CLAY TREE SOCIETY FOR PEOPLE  
WITH DEVELOPMENTAL DISABILITIES**

**FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2019**

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# CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

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YEAR ENDED MARCH 31, 2019  
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<b>FINANCIAL STATEMENTS</b>	
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Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
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## INDEPENDENT AUDITORS' REPORT

To the Members of Clay Tree Society for People with Developmental Disabilities

### Qualified Opinion

We have audited the accompanying financial statements of Clay Tree Society for People with Developmental Disabilities, which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, except for the effect of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Clay Tree Society for People with Developmental Disabilities as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many charitable organizations, Clay Tree Society for People with Developmental Disabilities derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations or fundraising, excess of revenues over expenses, cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Clay Tree Society for People with Developmental Disabilities in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on Other Legal and Regulatory Requirements**

As required by the British Columbia Society Act, we report that, in our opinion, these standards have been applied on a basis consistent with that of the preceding year.

Parksville, Canada  
May 31, 2019

  
CHARTERED PROFESSIONAL ACCOUNTANTS



# CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

## STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

ASSETS		2019	2018
<b>CURRENT</b>			
Cash and equivalents	\$	717,828	\$ 495,198
GST receivable		1,936	4,264
Accounts receivable		19,635	6,027
Interest receivable		7,405	1,043
Prepaid expenses		6,366	3,512
		753,170	510,044
<b>TANGIBLE CAPITAL ASSETS (note 4)</b>		1,271,019	1,285,092
	\$	2,024,189	\$ 1,795,136
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities (note 5)	\$	130,818	\$ 127,415
Current portion of long term debt (note 6)		352,587	28,637
		483,405	156,052
<b>LONG TERM DEBT (note 6)</b>		-	352,587
<b>DEFERRED CONTRIBUTIONS (note 7)</b>		69,768	60,284
		553,173	568,923
<b>NET ASSETS</b>			
Invested in tangible capital assets (note 8)		848,323	843,244
Unrestricted (note 9)		622,693	382,969
		1,471,016	1,226,213
	\$	2,024,189	\$ 1,795,136

Commitment (note 10)  
Economic dependence (note 11)  
Employee, contractor and director remuneration (note 12)

### APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

## STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 2019

	2019	2018
<b>REVENUE</b>		
Community Living British Columbia - programs	\$ 1,656,412	\$ 1,547,734
Sales	36,855	25,300
Fundraising and donations	22,553	65,547
Deferred contributions - amortization	15,170	14,709
Interest and other	9,068	2,903
Gain on sale of tangible capital assets	614	88
	1,740,672	1,656,281
<b>EXPENSES</b>		
Wages and benefits - programs	1,019,411	937,777
Wages and benefits - administration	242,510	224,422
Amortization	46,279	48,740
Program costs, memberships and dues	40,285	28,920
Utilities	31,618	31,075
Transportation and vehicle	27,702	17,127
Training and education	17,519	24,632
Supplies	13,947	13,563
Professional fees	11,592	13,432
Repairs and maintenance	11,544	11,148
Insurance	9,921	9,677
Mortgage interest	7,363	5,224
Fundraising	6,547	29,463
Cleaning supplies	5,858	4,465
Board	3,157	4,309
Accreditation	616	4
Building occupancy	-	4,612
	1,495,869	1,408,590
<b>EXCESS OF REVENUE</b>	\$ 244,803	\$ 247,691

# CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

## STATEMENT OF CHANGES IN NET ASSETS YEAR ENDED MARCH 31, 2019

	Invested in		Total	Total
	Tangible Capital	Unrestricted	2019	2018
	Assets			
BALANCE AT BEGINNING OF YEAR	\$ 843,244	\$ 382,969	\$ 1,226,213	\$ 978,522
Net change in invested in tangible capital assets	32,206	(32,206)	-	-
Payment of principal portion of long term debt	28,637	(28,637)	-	-
Deferred contributions	(24,655)	24,655	-	-
Excess of revenue (expenses)	(31,109)	275,912	244,803	247,691
BALANCE AT END OF YEAR	\$ 848,323	\$ 622,693	\$ 1,471,016	\$ 1,226,213

# CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

## STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2019

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess of revenue	\$ 244,803	\$ 247,691
Adjust for items which do not affect cash:		
Amortization	46,279	48,740
Deferred contributions	(15,170)	(14,709)
Gain on sale of tangible capital assets	(614)	(88)
	275,298	281,634
Changes in non-cash working capital		
Decrease (increase) in:		
GST receivable	2,328	(1,861)
Accounts receivable	(13,608)	(1,666)
Interest receivable	(6,362)	178
Prepaid expenses	(2,854)	470
Increase (decrease) in:		
Accounts payable and accrued liabilities	3,402	7,751
	(17,094)	4,872
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	258,204	286,506
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(36,573)	(866,190)
Deferred contributions	24,655	35,000
Proceeds on sale of tangible capital assets	4,981	3,000
	(6,937)	(828,190)
<b>FINANCING ACTIVITIES</b>		
Increase (decrease) in long term debt	(28,637)	381,224
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	222,630	(160,460)
<b>CASH AND EQUIVALENTS AT BEGINNING OF YEAR</b>	495,198	655,658
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>	\$ 717,828	\$ 495,198
<b>CASH AND EQUIVALENTS CONSIST OF:</b>		
Cash	\$ 216,830	\$ 200,475
Cashable guaranteed investment certificates	500,998	294,723
	\$ 717,828	\$ 495,198

## CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2019

The Clay Tree Society for People with Developmental Disabilities was incorporated under the Society Act of British Columbia in 1967 and is considered a registered charity under the Income Tax Act. The Society was incorporated to provide and run programs to service people with developmental disabilities in the Nanaimo area.

The Society is a registered charity and in accordance with the Income Tax Act is not required to pay income taxes provided certain requirements under the Income Tax Act are met. In the opinion of management, these requirements have been met.

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO) and include the following significant accounting policies:

(a) Basis of accounting

The Society follows the deferral method of accounting for contributions.

(b) Cash

The Society's policy is to disclose bank balances under cash.

(c) Cash equivalents

Cash equivalents include short term highly liquid investments that are cashable on demand.

(d) Tangible capital assets

Tangible capital assets are recorded at cost and are being amortized on the straight-line basis using the following annual rates:

Building	- 40 years
Furniture and fixtures	- 10 years
Equipment	- 10 years
Vehicles	- 10 years
Computer hardware	- 3 years

(e) Revenue recognition

The Society follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of tangible capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related tangible capital asset. Unrestricted contributions are recognized as revenue when received. Contributed materials and services are recognized at fair value when they are considered to be significant.

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## CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

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### NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2019

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (f) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the current period. Significant items subject to such estimates and assumptions include valuation of accounts receivable, prepaid expenses, the estimated useful lives of tangible capital assets and accrued liabilities. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

#### 2. FINANCIAL INSTRUMENTS

The Society initially measures its financial assets and financial liabilities at fair value.

The Society subsequently measures its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and equivalents, accounts receivable and interest receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long term debt.

##### *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

##### *Transaction costs*

Transaction costs related to financial assets measured at fair value are expensed as incurred. Transaction costs related to other financial assets and financial liabilities are included or deducted in the initial measurement of the asset or liability.

##### *Risks and concentrations*

The Society is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Society's risk exposure at March 31, 2019:

##### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risk relates to its accounts receivable. The Society provides credit to its clients in the normal course of its operations.

# CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2019

### 2. FINANCIAL INSTRUMENTS (continued)

#### *Risks and concentrations (continued)*

##### *Credit risk (continued)*

Four clients account for 100% of accounts receivable. The Society is subject to normal risk associated with accounts receivable.

##### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society's main liquidity risks relate to its accounts payable and accrued liabilities and long term debt.

### 3. BANK INDEBTEDNESS

The Society has a line of credit available to a maximum of \$50,000 with interest payable at prime plus 2%.

### 4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2019	Net 2018
Land	\$ 750,000	\$ -	\$ 750,000	\$ 750,000
Building	690,231	318,767	371,464	388,720
Furniture and fixtures	170,126	141,020	29,106	24,637
Equipment	2,524	2,344	180	231
Vehicles	249,661	131,604	118,057	121,504
Computer hardware	56,049	53,837	2,212	-
Fencing	5,256	5,256	-	-
Paving	3,466	3,466	-	-
	\$ 1,927,313	\$ 656,294	\$ 1,271,019	\$ 1,285,092

### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trades payable and accrued liabilities	\$ 95,671	\$ 93,692
Government remittances	35,147	33,723
	\$ 130,818	\$ 127,415

# CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2019

### 6. LONG TERM DEBT

	2019	2018
Board of Education of School District No. 68 loan, repayable at \$3,000 per month, including interest at 2%, due February 2021	\$ 352,587	\$ 381,224
Current portion of long term debt	352,587	28,637
	\$ -	\$ 352,587

The loan is secured by land included in tangible capital assets. The balance of principal and interest on the loan will be paid out in the 2020 fiscal year using funds from guaranteed investment certificates included in cash and equivalents.

### 7. DEFERRED CONTRIBUTIONS

	2019	2018
Beginning balance	\$ 60,284	\$ 39,993
Contributions received	24,654	35,000
Amount amortized to revenue	(15,170)	(14,709)
	\$ 69,768	\$ 60,284

### 8. INVESTED IN TANGIBLE CAPITAL ASSETS

Invested in tangible capital assets consists of tangible capital assets net of liabilities related to the acquisition of tangible capital assets.

### 9. UNRESTRICTED NET ASSETS

Unrestricted net assets represent the operating equity of the Society.

### 10. COMMITMENT

The Society rents equipment under a long term operating lease which expires March 31, 2022. Payments due under this lease are \$146 per month plus applicable taxes. The total amount due to the expiry of the lease is \$5,256 not including taxes.

### 11. ECONOMIC DEPENDENCE

Operations of the Society are dependant on continued funding from Community Living British Columbia (CLBC) with which there is an agreement in place until March 31, 2020. Cessation of funding from CLBC would seriously affect the organization's ability to carry out its stated objectives.

### 12. EMPLOYEE, CONTRACTOR AND DIRECTOR REMUNERATION

For the year ended March 31, 2019, the Society paid one employee total annual remuneration of \$75,000 or greater.



**CLAY TREE SOCIETY**  
*For People with Developmental Disabilities*

BALANCE SHEET  
AS AT 12/31/19  
(Unaudited)  
Actual

ASSETS

CURRENT ASSETS

Cash - Bank Accounts	343,085.13
Cash - Other	1,870.80
Term Deposits	218,718.66
Reserve Bank	25,738.29
Accounts Receivable	7,360.53
Prepaid Expenses	12,860.11
	<hr/> 609,633.52

CAPITAL ASSETS

Furniture and Fixtures	812,933.26
Building Renovation Claytree	364,380.07
Less: Accumulated Depreciation	(692,608.25)
Land	750,000.00
	<hr/> 1,234,705.08

OTHER ASSETS

<hr/> 0.00
<hr/> <hr/> 1,844,338.60

# CLAY TREE SOCIETY

*For People with Developmental Disabilities*

## BALANCE SHEET AS AT 12/31/19 (Unaudited)

### LIABILITIES

#### CURRENT LIABILITIES

Accounts Payable	134,034.48
	<u>134,034.48</u>

#### OTHER LIABILITIES

Mortgage Payable	(1,171.27)
Deferred Funding-Sundeck BC21	9,873.83
Deferred Funding - Mercedes Van	4,379.91
Deferred Funding - Wheelchair Van	25,374.97
Deferred Funding - 2016 Van	21,437.15
Reserve for Centre Daytrips	(75.00)
	<u>59,819.59</u>

### SURPLUS

Surplus - Unappropriated	771,052.06
Surplus - Capital - allocation of prior year	879,432.47
	<u>1,650,484.53</u>
	<u><u>1,844,338.60</u></u>

**CLAY TREE SOCIETY**  
*For People with Developmental Disabilities*  
**Statement of Revenue Over Expenditure For The 9 Months Ending December 31, 2019**  
**(Unaudited) - Budget vs Actual**  
**Consolidated Departments to ZZ**

	<u>Current Month</u>	<u>Budget Month</u>	<u>Actual YTD</u>	<u>Budget YTD</u>	<u>Over/(Under) YTD</u>
REVENUE					
Sales	7,680.00	3,563.13	32,955.00	39,310.65	(6,355.65)
Fund Raising	2,612.04	2,738.84	11,950.50	21,783.50	(9,833.00)
Donations	350.00	2,211.88	5,485.34	13,364.40	(7,879.06)
Miscellaneous Income	500.00	500.00	5,129.94	4,500.00	629.94
Transfers from other Programs	3,957.97	0.00	5,150.32	0.00	5,150.32
Transfers to other Programs	(3,957.97)	0.00	(5,150.32)	0.00	(5,150.32)
	<u>11,142.04</u>	<u>9,013.85</u>	<u>55,520.78</u>	<u>78,958.55</u>	<u>(23,437.77)</u>
COST OF SALES					
Cost of Sales Purchases	324.15	1,875.00	16,197.81	16,875.00	(677.19)
	<u>324.15</u>	<u>1,875.00</u>	<u>16,197.81</u>	<u>16,875.00</u>	<u>(677.19)</u>
GROSS PROFIT	<u>10,817.89</u>	<u>7,138.85</u>	<u>39,322.97</u>	<u>62,083.55</u>	<u>(22,760.58)</u>
OTHER INCOME					
Government Subsidy	159,249.25	154,283.38	1,438,294.11	1,337,149.86	101,144.25
Interest	66.64	100.00	323.29	900.00	(576.71)
Deferred Funding	1,097.19	0.00	8,777.52	0.00	8,777.52
Membership & Fees	0.00	66.00	145.00	602.00	(457.00)
	<u>160,413.08</u>	<u>154,449.38</u>	<u>1,447,539.92</u>	<u>1,338,651.86</u>	<u>108,888.06</u>
	<u>171,230.97</u>	<u>161,588.23</u>	<u>1,486,862.89</u>	<u>1,400,735.41</u>	<u>86,127.48</u>

**For The 9 Months Ending December 31, 2019**  
**(Unaudited) - Budget vs Actual**  
**Consolidated Departments to ZZ**

	<b>Current Month</b>	<b>Budget Month</b>	<b>Actual YTD</b>	<b>Budget YTD</b>	<b>Over/(Under) YTD</b>
<b>STAFFING EXPENSES</b>					
Employee Wages	68,110.47	87,494.58	714,515.38	787,451.22	(72,935.84)
CPP Expense	3,148.73	3,866.83	32,368.79	34,801.47	(2,432.68)
EI Expense	1,519.63	1,960.38	16,180.15	17,643.42	(1,463.27)
MSP Expense	0.00	1,598.70	4,221.60	14,388.30	(10,166.70)
Life Ins. Expense	0.00	158.85	1,890.46	1,429.65	460.81
RRSP Expense	4,943.92	6,140.29	50,192.82	55,262.61	(5,069.79)
WCB Expense	723.48	806.85	8,143.44	7,261.65	881.79
LTD Expense	0.00	1,703.01	14,286.98	15,327.09	(1,040.11)
AD & D Expense	0.00	32.30	205.05	290.70	(85.65)
Dental Expense	0.00	3,413.45	15,260.95	30,721.05	(15,460.10)
EHB Expense	0.00	3,364.92	13,683.79	30,284.28	(16,600.49)
Admin Wage Expenses Allocated	27,110.15	21,187.86	220,791.24	190,690.74	30,100.50
	<u>105,556.38</u>	<u>131,728.02</u>	<u>1,091,740.65</u>	<u>1,185,552.18</u>	<u>(93,811.53)</u>

**For The 9 Months Ending December 31, 2019**  
**(Unaudited) - Budget vs Actual**  
**Consolidated Departments to ZZ**

	<b>Current Month</b>	<b>Budget Month</b>	<b>Actual YTD</b>	<b>Budget YTD</b>	<b>Over/(Under) YTD</b>
<b>PROGRAM EXPENSES</b>					
Staff Training	39.97	1,250.00	1,800.43	11,250.00	(9,449.57)
BCACL & CSSEA Training	0.00	916.67	8,834.06	8,250.03	584.03
Insurance	865.25	1,333.33	7,787.25	11,999.97	(4,212.72)
Kitchen	9.59	125.00	423.14	1,125.00	(701.86)
Program	2,432.25	3,875.00	28,279.37	34,875.00	(6,595.63)
Repairs & Maintenance	2,160.43	2,291.67	21,502.94	20,625.03	877.91
Costs - Mary Feron Travel	0.00	150.00	400.00	1,350.00	(950.00)
Fund Raising \$ Spent	0.00	166.67	1,257.54	1,500.03	(242.49)
Audit Costs	925.00	1,166.67	8,837.50	10,500.03	(1,662.53)
Cleaning Supplies	429.69	583.33	4,990.16	5,249.97	(259.81)
Accreditation	0.00	83.33	1,178.90	749.97	428.93
Professional Fees	0.00	333.33	34,895.49	2,999.97	31,895.52
Marketing / Promo	0.00	625.00	133.73	5,625.00	(5,491.27)
Utilities	3,378.75	3,000.00	22,177.04	27,000.00	(4,822.96)
Bank & Visa Charges	25.00	83.33	475.00	749.97	(274.97)
Copier Lease	163.66	163.66	4,129.04	1,472.94	2,656.10
Board Expense	467.21	333.33	2,063.41	2,999.97	(936.56)
Transportation	3,837.24	3,333.33	30,175.08	29,999.97	175.11
Depreciation	4,034.82	2,500.00	36,313.38	22,500.00	13,813.38
	<u>18,768.86</u>	<u>22,313.65</u>	<u>215,653.46</u>	<u>200,822.85</u>	<u>14,830.61</u>
<b>SURPLUS (DEFICIT)</b>	<u>46,905.73</u>	<u>7,546.56</u>	<u>179,468.78</u>	<u>14,360.38</u>	<u>165,108.40</u>



## 2019 BC SOCIETY ANNUAL REPORT

BC Society • Societies Act

**NAME OF SOCIETY:** CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

**Incorporation Number:** S0005166

**Business Number:** 10775 8864 BC0001

**Filed Date and Time:** July 18, 2019 03:00 PM Pacific Time

**Annual General Meeting (AGM) Date:** June 11, 2019

### REGISTERED OFFICE ADDRESS INFORMATION

**Delivery Address:**

838 OLD VICTORIA ROAD  
NANAIMO BC V9R 6A1

**Mailing Address:**

838 OLD VICTORIA ROAD  
NANAIMO BC V9R 6A1

### DIRECTOR INFORMATION AS OF June 11, 2019

**Last Name, First Name Middle Name:**

DUBE, DAN

**Delivery Address:**

**Last Name, First Name Middle Name:**

HUBERTS, KRIS

**Delivery Address:**

**Last Name, First Name Middle Name:**

STUART, ALEXANDRIA KATHRYN

**Delivery Address:**

**Last Name, First Name Middle Name:**

TRINKWON, DARLENE

**Delivery Address:**

**Last Name, First Name Middle Name:**

WEEDON, KEVIN JOHN

**Delivery Address:**

**CERTIFICATION**

I, BHT Corporate Services, certify that I have relevant knowledge of the society, and that I am authorized to make this filing.



2019 2020 Budget Accounts	Clay Tree Programs	TOTAL
Audit	\$ 14,000.00	\$ 14,000.00
Program (program office computer kitchen centre)	\$ 48,000.00	\$ 48,000.00
Transportation	\$ 40,000.00	\$ 40,000.00
Utilities	\$ 36,000.00	\$ 36,000.00
Accreditation	\$ 1,000.00	\$ 1,000.00
Staff Training	\$ 15,000.00	\$ 15,000.00
Professional Fees	\$ 40,000.00	\$ 40,000.00
Cleaning	\$ 7,000.00	\$ 7,000.00
Repairs & Maint - (Equipment, Grounds, Building)	\$ 28,500.00	\$ 28,500.00
Board	\$ 4,000.00	\$ 4,000.00
CSSEA/BCACL	\$ 11,000.00	\$ 11,000.00
Insurance	\$ 16,000.00	\$ 16,000.00
Rent	\$ -	\$ -
Wages & Benefits	\$ 1,580,736.08	\$ 1,580,736.08
M Feron Travel	\$ 1,800.00	\$ 1,800.00
Bank Visa Charges	\$ 1,000.00	\$ 1,000.00
Marketing Promo	\$ 7,500.00	\$ 7,500.00
Depreciation	\$ 30,000.00	\$ 30,000.00
Fundraising Spent	\$ 2,000.00	\$ 2,000.00
Cost of Sales	\$ 22,500.00	\$ 22,500.00
Copier Lease	\$ 1,963.92	\$ 1,963.92

**NOTE1:**

30000.00 of Wages & Benefits are Connections and will be taken out of other income.

**NOTE 2:**

The wage and Benefit portion of this budget may be exceeded by 75000.00 to take into account the training period start of new E.D.

The above notes have been approved by the BOARD OF DIRECTORS.

**\$ 1,908,000.00**

\$ 1,800,000.00 CLBC Revenue  
\$ 50,000.00 Sales  
30000.00 Fundraising  
20000.00 Donations  
6000.00 Misc. Income  
1200.00 Interest Earned  
800.00 Membership

**\$ 1,908,000.00**





## 2019 BC SOCIETY ANNUAL REPORT

BC Society • Societies Act

**NAME OF SOCIETY:** CLAY TREE SOCIETY FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

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**Last Name, First Name Middle Name:**

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**Delivery Address:**

**Last Name, First Name Middle Name:**

STUART, ALEXANDRIA KATHRYN

**Delivery Address:**

**Last Name, First Name Middle Name:**

TRINKWON, DARLENE

**Delivery Address:**

**Last Name, First Name Middle Name:**

WEEDON, KEVIN JOHN

**Delivery Address:**

**CERTIFICATION**

I, BHT Corporate Services, certify that I have relevant knowledge of the society, and that I am authorized to make this filing.

## Barbara Wardill

---

**From:** Susan Easter <susan.claytree@shaw.ca>  
**Sent:** Wednesday, January 29, 2020 12:05 PM  
**To:** Barbara Wardill  
**Subject:** Cash grant for taxes Clay Tree Society  
**Attachments:** SKMBT\_C65420012911220.pdf

Hi Barbara,

Thank you for your help on the process of this cash grant application. I truly appreciate your time and the options you have suggested to help us.

As we discussed on the phone last week we didn't apply in June of 2019 to apply to be exempt – the reason is that we didn't take over the property until late November 2019 with the documents finalized on November 22, 2019. We now are requesting help from the city to help with the tax amount. Attached is the cash grant application. Please let me know if you require anything further to assist the process of this application.

Sincerely,

Susan Easter

250-753-5322 ext 3

DATE OF MEETING JUNE 17, 2020

AUTHORED BY JANE RUSHTON, MANAGER, PURCHASING AND STORES

**SUBJECT** **QUARTERLY PURCHASING REPORT (SINGLE AND SOLE SOURCE, PURCHASES IN EXCESS OF \$250,000 AND INSTANCES OF NON-COMPLIANCE PURCHASES)**

## **OVERVIEW**

### **Purpose of Report:**

To provide information in compliance with the City's Procurement Policy (03-1200-01) regarding single and sole source purchases, awards in excess of \$250,000 and policy non-compliance for the quarter ending 2020-MAR-31.

## **DISCUSSION**

The City's Procurement Policy (03-1200-01) requires:

### 17 Reporting

17.1 On a quarterly basis, Council will be provided with an information report summarizing the following:

- 17.1.1 Sole source and single source purchases between \$25,000 and \$250,000;
- 17.1.2 Award of all purchases in excess of \$250,000; and,
- 17.1.3 Instances of Non-Compliance and action taken in each instance.

This report outlines results of the above processes for information. Further details are summarized in Attachments 1 and 2 to this report.

### **Sole Source Purchases**

**"Sole Source Purchase"** means a non-competitive acquisition whereby the purchases for goods and or services are directed to one source where there is only one available Vendor or Contractor of that good and or service that meets the needs or requirements of the City. Sole source purchases go through an internal control review process and sign off covering justification, review of decision and costs.

### **Single Source Purchases**

**"Single Source Purchase"** means a non-competitive acquisition whereby purchases for goods and or services are directed to one source because of standardization, warranty, or other factors, even though other competitive sources may be available.

Due to staffing constraints, the City is not able at this time to undertake internal audits or reviews to determine policy compliance deviations. The City's internal controls have been updated to flag non-compliance going forward using current Staff, and if it is determined that the associated risks are significant additional resources will be requested from Council.

### **SUMMARY POINTS**

- The City undertook eleven (11) Single and Sole Source purchases subject to Procurement Policy (03-1200-01) reporting for a total amount of \$656,513.94 including PST for the period ending 2020-MAR-31.
- The City undertook two (2) purchases in excess of \$250,000 subject to Procurement Policy (03-1200-01) reporting for a total amount of \$2,378,363.70 including PST for the period ending 2020-MAR-31.
- The City undertook no instances of Procurement Policy non-compliance purchases subject to Procurement Policy (03-1200-01) for the period ending 2020-MAR-31.
- The City's Procurement Policy requires Staff to provide this information to Council on a quarterly basis.

### **ATTACHMENTS**

Attachment 1 – Sole Source and Single Source Purchases >\$25,000<=\$250,000  
Attachment 2 – Purchases Greater than \$250,000 Summary

#### **Submitted by:**

Jane Rushton  
Manager, Purchasing and Stores

#### **Concurrence by:**

Laura Mercer  
Director, Finance

Shelley Legin  
General Manager, Corporate Services

File/ Competition #	Department	Vendor Name	Transaction Description	Amount (Includes PST)	Reason/Comment
1122	Information Technology	Tempest Development Group	2020 Annual support and maintenance for the Tempest software	\$109,463.45	To maintain specialized products by the authorized service provider.
1864	Fire Services	FDM Software	Renewal of the Fire Department records management program	\$41,008.38	One with which staff have specialized training and/or expertise.
1941	GIS (IT Department)t	ESRI Canada	GIS Software for a three year term	\$199,280.00	To maintain specialized products and one with which staff have specialized training and/or expertise.
2246	Fleet Services	GEOTAB (formerly BSM Technologies)	Continuation of the City's GPS Monitoring software of Fleet vehicles	\$36,667.50	One with which staff have specialized training and/or expertise.
2312	Fleet Services	Alamein Mobile Technologies	Continuation of the City's GPS tracking software for 2020	\$25,000.00	One with which staff have specialized training and/or expertise.
2327	Engineering	Urban Systems Ltd	Continued technical expertise for the Brookwood Pump Station	\$39,050.00	One with which staff have specialized training and/or expertise.
2378	Engineering and Environment	EBB Environmental Consulting	Continuation of the City's Egg Addling multi-year program	\$12,656.00	One with which staff have specialized training and/or expertise. Accumulated spend exceeds \$25K
2392	Parks and Recreation	Prism Engineering Ltd	Engineering consulting services for the replacement of air handling units at Beban Leisure Pool	\$32,700.00	One with which staff have specialized training and/or expertise.

2543	Engineering	Kerr Wood Leidal Associates	Metral Drive culvert hydraulic assessment consulting engineering services	\$57,375.00	One with which staff have specialized training and/or expertise.
2549	Fire Services	Barkwell Holland Group Inc	Business needs assessment	\$71,430.00	One with which staff have specialized training and/or expertise.
2553	Human Resources	Royal Roads University	Workshop facilitators	\$31,883.61	One with which staff have specialized training and/or expertise.

File/ Competition #	Department	Vendor Name	Transaction Description	Amount (Includes PST)	Comment
2499	Engineering	Leuco Construction Ltd	Cinnabar Valley Watermain Project	\$955,000.00	Ten complaint Tenders were received
2541	Construction	Knappett Industries (2006) Ltd	Laguna Way Replacement Phase 1	\$1,423,363.70	Eight compliant Tenders were received



DATE OF MEETING 6/17/2020

AUTHORED BY DAN BAILEY, MANAGER, ACCOUNTING SERVICES

**SUBJECT 2019 ANNUAL PARKING RESERVE FUND REPORT**

## **OVERVIEW**

### **Purpose of Report:**

To present Council with the 2019 Annual Parking Reserve Fund Report for information purposes.

## **DISCUSSION**

The *Local Government Act* Section 525 (9) has a requirement for municipalities to prepare an Annual Parking Reserve Fund Report by June 30 each year to be filed with the Ministry of Community, Sport and Cultural Development.

The City has one statutory reserve fund related to parking and the collection of cash in lieu for off street parking of loading spaces. This reserve fund is for the Old City Neighbourhood and was established in 1994. The balance in the reserve at 2019-DEC-31 is \$123,741 (Attachment A).

## **SUMMARY POINTS**

- On an annual basis, the City of Nanaimo is required to prepare and file a Parking Reserve Fund Report prior to June 30<sup>th</sup> of each year.
- At 2019-DEC-31 the balance in the Old City Parking Reserve is \$123,741.

## **ATTACHMENTS**

Attachment A: 2019 Annual Parking Reserve Fund Report

### **Submitted by:**

Dan Bailey  
Manager, Accounting Services

### **Concurrence by:**

Laura Mercer  
Director, Finance

Shelley Legin  
General Manager, Corporate Services

## ATTACHMENT A

### CITY OF NANAIMO

### 2019 ANNUAL PARKING RESERVE FUND REPORT

in accordance with section 525 of the *Local Government Act*

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2019

#### OLD CITY NEIGHBOURHOOD PARKING RESERVE

Fund balance - beginning of year	\$ 90,891
Investment earnings	2,850
Cash-In-Lieu of parking (440 Selby Street - BP123429)	30,000
	<u>32,850</u>
Expenditures from the Old City Neighbourhood Parking Reserve Fund	<u>-</u>
Fund balance - end of year	<u><u>\$ 123,741</u></u>

#### PROJECTED TIMELINE FOR FUTURE PROJECTS TO BE FUNDED FROM RESERVE

The City of Nanaimo's five year financial plan has no expenditures budgeted from the statutory parking reserves created under the *Local Government Act* subsection 525(9).

DATE OF MEETING 6/17/2020

AUTHORED BY DAN BAILEY, MANAGER, ACCOUNTING SERVICES

**SUBJECT 2019 DEVELOPMENT COST CHARGE RESERVE FUND REPORT**

## **OVERVIEW**

### **Purpose of Report:**

To present Council with the 2019 Development Cost Charges Reserve Fund Report for information purposes.

## **DISCUSSION**

The *Local Government Act* Section 569 (01) has a requirement for municipalities to prepare an Annual Development Cost Charges (DCC) Reserve Fund Report by June 30<sup>th</sup> each year to be filed with the Ministry of Municipal Affairs and Housing.

The City collects Development Cost Charges (DCC's) in accordance with Bylaw 7252 and the balance in the Reserve at 2019-DEC-31 is \$49,483,535 (Attachment A).

In 2019 there were no reduction of development cost charges and no development cost charges grants approved by Council.

## **SUMMARY POINTS**

- On an annual basis, the City of Nanaimo is required to prepare and file a Development Cost Charge Reserve Fund Report prior to June 30<sup>th</sup> of each year.
- At 2019-DEC-31 the balance in the Development Cost Charges Reserve was \$49,483,535.

## **ATTACHMENTS**

Attachment A: 2019 Annual Development Cost Charges Reserve Fund Report

### **Submitted by:**

Dan Bailey  
Manager, Accounting Services

### **Concurrence by:**

Laura Mercer  
Director, Finance

Shelley Legin  
General Manager, Corporate Services

## ATTACHMENT A

### CITY OF NANAIMO

### 2019 ANNUAL DEVELOPMENT COST CHARGES RESERVE FUND REPORT

in accordance with section 569 of the *Local Government Act*

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2019

#### DEVELOPMENT COST CHARGE RESERVE

Fund balance - beginning of year	\$ 46,789,703
Development cost charges received	7,591,978
Investment earnings	1,178,164
	<u>8,770,142</u>
Expenditures from the development cost charge reserve fund	<u>(6,076,310)</u>
Fund balance - end of year	<u>\$ 49,483,535</u>

#### WAIVERS AND REDUCTIONS

During the year ended December 31, 2019, the City of Nanaimo issued no waivers and no reductions under section 569 (2)(d).