



ADDENDUM
FINANCE AND AUDIT COMMITTEE MEETING

December 13, 2017, 9:00 AM - 1:00 PM
Board Room, Service and Resource Centre,
411 Dunsmuir Street, Nanaimo, BC

Pages

5. PRESENTATIONS:

a. KPMG Audit Planning Report

Add - Report titled "City of Nanaimo Audit Planning Report for the year ending December 31, 2017"

3 - 22

6. REPORTS:

a. Community Engagement Task Force Mandate and 2018 Budget

Remove - Report titled "Community Engagement Task Force Mandate and 2018 Budget"

e. Add - Scope Change and Project Update for Harewood Centennial Park Improvement - Phase 2

23 - 26

To be introduced by Richard Harding, Director of Parks and Recreation.

Purpose: To provide an update to the Finance and Audit Committee on the current progress of the project and to obtain direction on any changes to the project scope.

Recommendation: That the Finance and Audit Committee recommend that Council approve the transfer of funds from Parks and Recreation projects as outlined to the Harewood Centennial Park Phase 2 Improvements as follows:

1. Up to \$330,000 to cover overall Phase 2 park implementation work as outlined, and;
2. Up to \$220,000 to change the playing surface from asphalt to concrete as per user group preference.

7. OTHER BUSINESS:

b. 2018 - 2022 Financial Plan Workshop

Add - Report titled "College Heights Water Mains"

27 - 28

Add - Report titled "Response to Health, Social and Safety Issues in the Downtown"

29 - 35



City of Nanaimo

Audit Planning Report

For the year ending December 31, 2017

KPMG LLP

Prepared for the meeting on December 13, 2017

kpmg.ca/audit

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At KPMG, we are **passionate** about earning your **trust**. We take deep **personal accountability**, individually and as a team, to deliver **exceptional service and value** in all our dealings with you.

At the end of the day, we measure our success from the **only perspective that matters – yours**.

Executive summary

Audit and business risk

Our audit is risk-focused. In planning our audit we have taken into account key areas of focus for financial reporting.

See pages 5-7 and Appendix 2

KPMG team

The KPMG team will be led by Nancy Adie-MacKay. She will be supported by Liette Bates-Eamer, Audit Partner; Brian Szabo, Quality Control Review Partner; and Sarah Burden, Engagement Manager. Subject matter experts will be involved to ensure our approach is appropriate and robust.

Effective communication

We are committed to transparent and thorough reporting of issues to senior management and the Finance and Audit Committee.

See page 10 and Appendix 3

Audit Materiality

Materiality has been determined based on estimated total expenses. We have determined materiality to be \$3.5 million for the year ending December 31, 2017.

See page 4

Independence

We are independent and have extensive quality control and conflict checking processes in place. We provide complete transparency on all services.

Current developments

Please refer to Appendix 6 for accounting standards changes relevant to the City.

Annual Inquiries of the Finance and Audit Committee

Professional standards require that during the planning of our audit we obtain your views on the risk of fraud. We make similar inquiries to management as part of our planning process; responses to these questions will assist us in planning our overall audit strategy and audit approach accordingly.

See page 5

This Audit Planning Report should not be used for any other purpose or by anyone other than the Finance and Audit Committee. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Planning Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Materiality

The determination of materiality requires professional judgment and is based on a combination of quantitative and qualitative assessments including the nature of account balances and financial statement disclosures.

The first step is the determination of the amounts used for planning purposes as follows:

Materiality determination	Comments	Amount
Metrics	Relevant metrics included assets, revenue, and expenses.	
Benchmark	Based on total expenses from the prior year audited financial statements. This benchmark is consistent with the prior year.	\$155 million
Materiality	Determined to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements. The corresponding amount for the prior year's audit was \$3.5 million.	\$3.5 million
% of Benchmark	The corresponding percentage for the prior year's audit was 2.1%.	2.3%
Performance materiality	Used 75% of materiality, and used primarily to determine the nature, timing and extent of audit procedures. The corresponding amount for the prior year's audit was \$2.625 million.	\$2.625 million
Audit Misstatement Posting Threshold (AMPT)	Threshold used to accumulate misstatements identified during the audit. The corresponding amount for the previous year's audit was \$175,000.	\$175,000
	Different threshold used to accumulate reclassification misstatements.	\$525,000 for reclassification

Professional standards require us to re-assess materiality at the completion of our audit based on period-end results or new information in order to confirm whether the amount determined for planning purposes remains appropriate. Our assessment of misstatements, if any, in amounts or disclosures at the completion of our audit will include the consideration of both quantitative and qualitative factors.

Audit approach (significant risks)

Professional standards presume the risk of fraudulent revenue recognition and the risk of management override of controls exist in all entities.

The risk of fraudulent revenue recognition can be rebutted, but the risk of management override of control cannot, since management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Significant accounts	Why	Our audit approach
Fraud risk from management override of controls	<p>This is a presumed fraud risk in accordance with professional standards.</p> <p>We have not identified any specific additional risks of management override relating to this audit.</p>	<p>As the risk is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk.</p> <p>These procedures include testing of journal entries and other adjustments, performing a retrospective review of estimates and evaluating the business rationale of significant unusual transactions.</p>

Annual inquiries of the Members of the Finance and Audit Committee

Professional standards require that during the planning of our audit we obtain your views on the risks of potential non-compliance with laws and regulations, and the existence of fraud. We make similar inquiries to management as part of our planning process; responses to these questions will assist us in planning our overall audit strategy and audit approach accordingly.

- Are you aware of, or have you identified any instances of, actual, suspected, possible, or alleged non-compliance of laws and regulations or fraud, including misconduct or unethical behaviour related to financial reporting or misappropriation of assets? If so, have instances been addressed and how have they been addressed?
- What are your views about fraud risks in the City?
- How do you exercise effective oversight of management's processes for identifying and responding to the risk of fraud in the City, and internal controls that management has established to mitigate these fraud risks?
- Is the committee aware of tips or complaints regarding the entity's financial reporting and, if so, what are the responses to such tips and complaints?

Audit approach (significant accounts)

Inherent risk is the susceptibility of an assertion related to a significant account or disclosure to a misstatement which could be material, individually or when aggregated with other misstatements, assuming that there are no related controls. Our assessment of inherent risk is based on various factors, including the size of the balance, its inherent complexity, the level of uncertainty in measurements, as well as significant external market factors or those particular to the internal environment of the entity.

We have not identified any significant financial reporting risks in addition to the presumed significant risks.

We set out below our audit approach to the significant accounts and disclosures we have identified.

Significant accounts / disclosures	Our audit approach
Tangible capital assets and deferred development cost charges	<p>Review the approval and related review process for capital expenditures to ensure they are in line with approved budgets.</p> <p>Perform substantive procedures such as agreeing additions to supporting documentation, analytical procedures over tangible capital assets and amortization.</p> <p>Compare actual spending to annual capital budget and overall replacement program and infrastructure construction progress against capital plan.</p> <p>Validate assumptions over remaining useful lives through discussions with engineering and review of replacement/maintenance schedules.</p> <p>Test deferred capital contributions received to ensure amounts are appropriately restricted and accurately recorded.</p> <p>Review management's assessment of contaminated sites and verify completeness and reasonableness of liabilities recognized.</p> <p>Review agreements for contractual commitments and related disclosure requirements.</p>
Salaries and benefits	<p>Perform substantive procedures such as testing of cut-off and analytical procedures over payroll liabilities and expense.</p> <p>Review of assumptions and method used in estimating the liability of future employee benefits to ensure the assumptions and methods used are reasonable and consistent with Public Sector Accounting Standards.</p> <p>Retrospective review of management's previous estimates.</p> <p>Review contracts to ensure that specific contingencies and settlements have been appropriately recorded.</p>
Cash and investments	<p>Agree cash balances to bank reconciliations and bank confirmations.</p> <p>Agree recorded values of investments to the investment manager confirmation.</p> <p>Agree a sample of freely traded investments to readily available 3rd party quotes.</p>
Revenue and receivables management	<p>Perform substantive analytical procedures over tax revenue based on BC Assessment Authority assessed values and Council approved property tax rates by class.</p> <p>Disaggregated analytical testing of revenue balances compared to prior year and budget.</p> <p>Assessment of revenue recognition in accordance with Public Sector Accounting Standards.</p>

Significant accounts / disclosures	Our audit approach
Expenses, procurement and payables	<p>Perform a search for unrecorded liabilities by testing payments made subsequent to year end.</p> <p>Perform analytical procedures comparing actual balances to expectations.</p> <p>Test expense reports (at both the management and Council level) to ensure appropriate review and compliance with the City's reimbursement policies.</p>

How we deliver audit quality



Value for fees

In determining the fees for our services, we have considered the nature, extent and timing of our planned audit procedures as described above.

Our fees consistent with our audit proposal dated July 29, 2016 and are estimated as follows:

	Current period (budget)	Prior period (actual)
Audit of the annual financial statements	\$39,700	\$38,750

Matters that could impact our fee

The proposed fees outlined above are based on the assumptions described in the engagement letter.

The critical assumptions, and factors that cause a change in our fees, include:

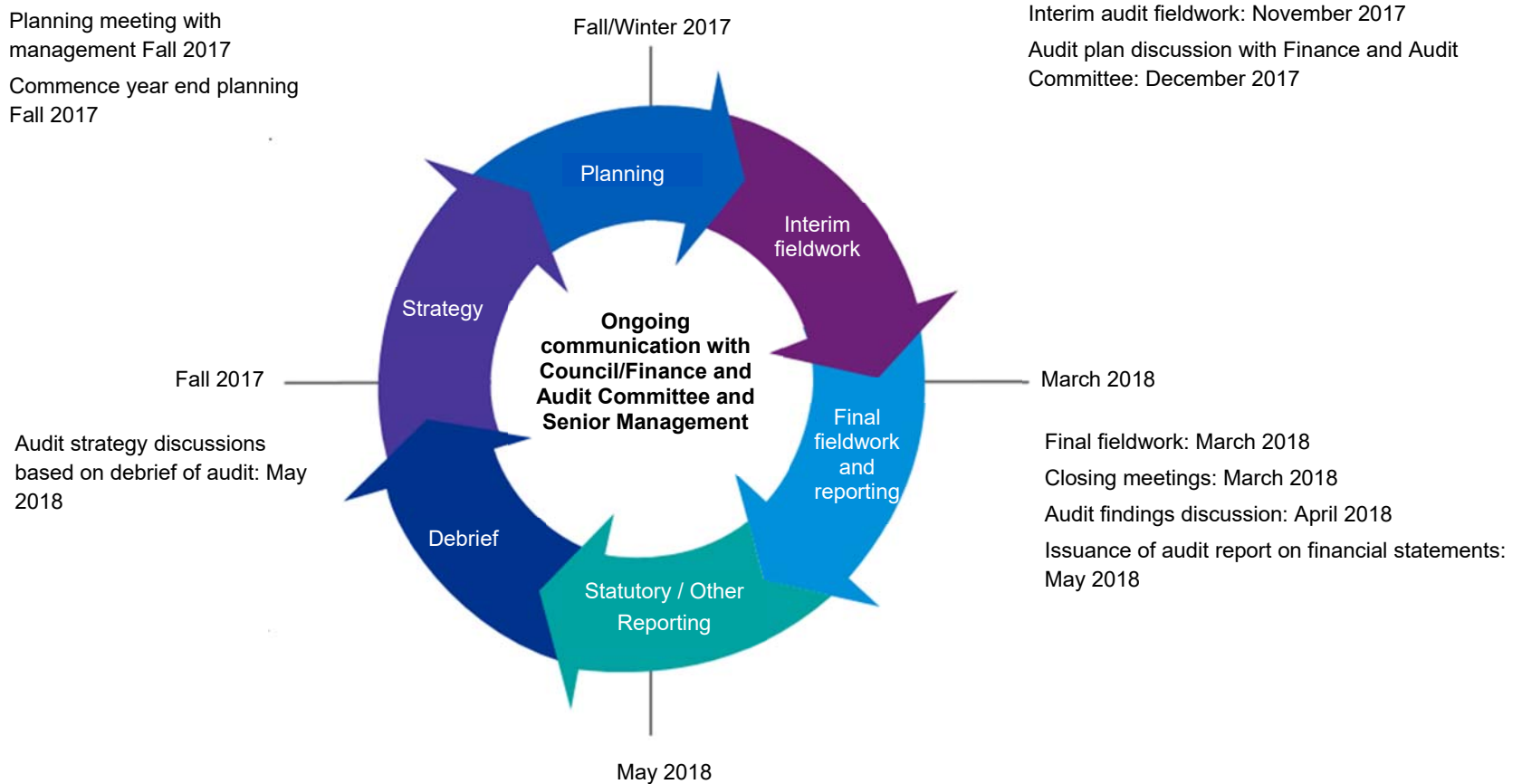
- Significant changes in the nature or size of the operations of the City beyond those contemplated in our planning processes;
- Changes in professional standards or requirements arising as a result of changes in professional standards or the interpretation thereof;
- Changes in the time of our work;

Audit cycle and timetable

Our key activities during the year are designed to achieve our one principal objective:

- To provide a robust audit, efficiently delivered by a high quality team focused on key issues.

Our timeline is in line with prior year.



Appendices

Appendix 1: Audit quality and risk management

Appendix 2: KPMG's audit approach and methodology

Appendix 3: Required communications

Appendix 4: Data & analytics in audit

Appendix 5: KPMG's Cyber Security Protocol

Appendix 6: Current developments

Appendix 1: Audit quality and risk management

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards.

Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarises the six key elements of our quality control systems.

Visit our [Audit Quality Resources](#) page for more information including access to our audit quality report, [Audit quality: Our hands-on process](#).

- Other controls include:
 - Before the firm issues its audit report, Engagement Quality Control Reviewer reviews the appropriateness of key elements of publicly listed client audits.
 - Technical department and specialist resources provide real-time support to audit teams in the field.
- We conduct regular reviews of engagements and partners. Review teams are independent and the work of every audit partner is reviewed at least once every three years.
- We have policies and guidance to ensure that work performed by engagement personnel meets applicable professional standards, regulatory requirements and the firm's standards of quality.



- All KPMG partners and staff are required to act with integrity and objectivity and comply with applicable laws, regulations and professional standards at all times.
- We do not offer services that would impair our independence.
- The processes we employ to help retain and develop people include:
 - Assignment based on skills and experience;
 - Rotation of partners;
 - Performance evaluation;
 - Development and training; and
 - Appropriate supervision and coaching.
- We have policies and procedures for deciding whether to accept or continue a client relationship or to perform a specific engagement for that client.
- Existing audit relationships are reviewed annually and evaluated to identify instances where we should discontinue our professional association with the client.

Appendix 2: KPMG's audit approach and methodology

Technology-enabled audit workflow (eAudit)

Engagement Setup

- Tailor the eAudit workflow to your circumstances
- Access global knowledge specific to your industry
- Team selection and timetable

Completion

- Tailor the eAudit workflow to your circumstances
- Update risk assessment
- Perform completion procedures and overall evaluation of results and financial statements
- Form and issue audit opinion on financial statements
- Obtain written representation from management
- Required Finance and Audit Committee communications
- Debrief audit process



Risk Assessment

- Tailor the eAudit workflow to your circumstances
- Understand your business and financial processes
- Identify significant risks
- Plan the use of KPMG specialists and others including auditor's external experts, management experts, internal auditors, service organizations auditors and component auditors
- Determine audit approach
- Evaluate design and implementation of internal controls (as required or considered necessary)

Testing

- Tailor the eAudit workflow to your circumstances
- Perform tests of operating effectiveness of internal controls (as required or considered necessary)
- Perform substantive tests

Appendix 3: Required communications

In accordance with professional standards, there are a number of communications that are required during the course of our audit. These include:

- **Engagement letter** – the objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter and any subsequent amendment letters as provided by management
- **Audit planning report** – as attached
- **Required inquiries** – professional standards require that during the planning of our audit we obtain your views on risk of fraud and other matters. We make similar inquiries to management as part of our planning process; responses to these will assist us in planning our overall audit strategy and audit approach accordingly

Management representation letter – we will obtain from management certain representations at the completion of the annual audit. In accordance with professional standards, copies of the representation letter will be provided to the Finance and Audit Committee

- **Audit findings report** – at the completion of our audit, we will provide a report to the Finance and Audit Committee

Appendix 4: Data & analytics in audit

Turning data into value

KPMG continues to make significant investments in our Data & Analytics (D&A) capabilities to help enhance audit quality and provide actionable insight to our clients by unlocking the rich information that businesses hold.

When D&A is applied to the audit, it enables us to test complete data populations and understand the business reasons behind outliers and anomalies.

Advancements in D&A tools allow us to analyze data at more granular levels, focusing on higher risk areas of the audit and developing insights you can then leverage to improve compliance, potentially uncover fraud, manage risk and more.

KPMG is enhancing the audit

The combination of our proven industry experience, technical know-how and external data allows us to focus our audit on the key business risks, while providing relevant insights of value to you.

For the audit

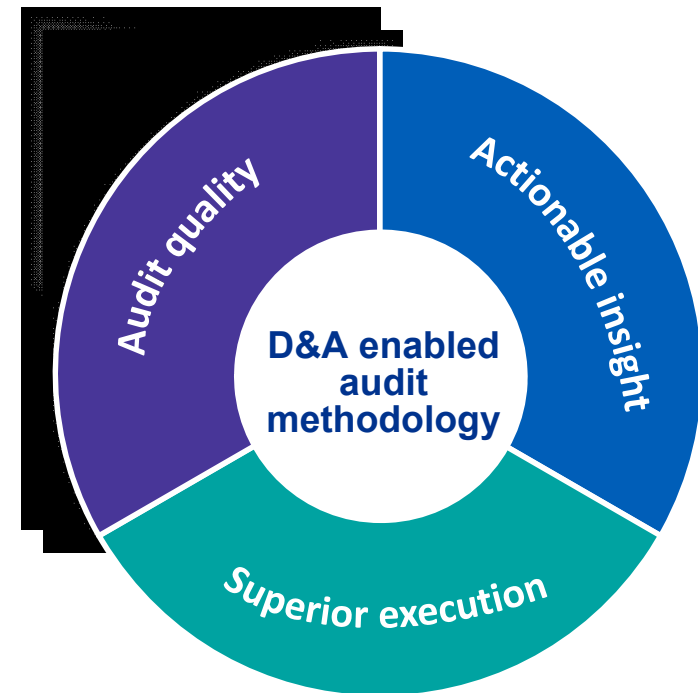
Audit quality

- Automated testing of 100% of the population
- Focuses manual audit effort on key exceptions and identified risk areas

For your business

Actionable insight

- Helping you see your business from a different perspective
- How effectively is your organization using your systems?



Appendix 5: KPMG's Cyber Security Protocol

This summary is intended to provide management and the Finance and Audit Committee members with some insight into KPMG's strategies and procedures regarding our cyber defence.

KPMG Global

KPMG Global provides managed security services for member firms which includes 24x7 monitoring and alerting services to identify potential attacks on our environment. We use a series of centrally managed firewalls among our network of member firms to identify and address potential attacks to member firms and to prevent attacks from spreading between member firms. This approach was in place during the Wanna Cry outbreak and was a critical element in our successful defence against that incident.

KPMG Global has also implemented enhanced email protection to address malware and attacks through email and we have implemented automated vulnerability detection services. This service scans equipment that is exposed to the Internet and identifies known vulnerabilities on a real-time basis. "Good housekeeping" is a central tenet of our approach and we continue to focus on known vulnerabilities and patching.

KPMG Global believes the cloud represents a secure environment when appropriately configured and monitored as a platform to deliver services. Our approach to secure the cloud includes deploying full-time, dedicated security and privacy resources, integrating the cloud platform into our managed security services to promote "good housekeeping," and deploying a continuous monitoring plan for each of the cloud platforms that we deploy to member firms and to our clients.

KPMG Global has invested heavily in enhancing the security of our environment, evidenced by the introduction of our Global Security Operations Centre, managed services and other enhancements to our cyber defence.

KPMG Canada Approach

- KPMG Canada does not currently use Office 365 or Cloud based email.
- Cloud environments provide robust security when properly configured, with proper password management.
- The Canadian firm's email servers are hosted in Canada and controlled and managed by KPMG Canada.
- In compliance with our global security controls, we enforce strong passwords that need to be renewed at regular intervals.
- We also maintain a specific IT security platform for the maintenance and management of privileged accounts.
- KPMG's Information Security Program is built on a comprehensive framework of policies, standards, and processes based on ISO 27001:2013.
- KPMG's security requirements are set out in Global Information Security Policies and Standards (GISP).
- The Canadian firm undergoes an internal audit every year to ensure compliance to key security controls in the GISP.
- Every three years, the Canadian firm goes through a Compliance Review conducted by a team from non-Canadian member firms.

Appendix 6: Current developments

Public Sector Accounting Standards:

The following is a summary of current Public Sector Accounting Standards developments applicable to the City.

Standard	Summary and implications
Related Party Transactions and Inter-entity Transactions	<ul style="list-style-type: none"> — Two new Handbook sections were approved in December 2014, effective for fiscal years beginning on or after April 1, 2017. — Related parties include entities that control or are controlled by a reporting entity, entities that are under common control and entities that have shared control over or that are subject to shared control of a reporting entity. — Individuals that are members of key management personnel and close members of their family are related parties. Disclosure of key management personnel compensation arrangements, expense allowances and other similar payments routinely paid in exchange for services rendered is not required. — Determining which related party transactions to disclose is a matter of judgment based on assessment of: <ul style="list-style-type: none"> • the terms and conditions underlying the transactions; • the financial significance of the transactions; • the relevance of the information; and • the need for the information to enable users' understanding of the financial statements and for making comparisons. — A related party transaction, with the exception of contributed goods and services, should normally be recognized by both a provider organization and a recipient organization on a gross basis. — Related party transactions, if recognized, should be recorded at the exchange amount. A public sector entity's policy, budget practices or accountability structures may dictate that the exchange amount is the carrying amount, consideration paid or received or fair value.
Assets, Contingent Assets and Contractual Rights	<ul style="list-style-type: none"> — Three new Handbook sections were approved in March 2015, effective for fiscal years beginning on or after April 1, 2017. — The intended outcome of the three new Handbook Sections is improved consistency and comparability. — The standard includes enhanced guidance on the definition of assets and disclosure of assets to provide users with better information about the types of resources available to the public sector entity. — Disclosure of contingent assets and contractual rights is required to provide users with information about the nature, extent and timing of future assets and potential assets and revenues available to the public sector entity when the terms of those contracts are met.

Employee Future Benefit Obligations	<ul style="list-style-type: none"> — Given the complexity of issues involved and potential implications of any changes that may arise from review of PS3250 Retirement Benefits and PS3255 Post-Employment Benefits, PSAB is undertaking this project in phases. Phase I will address specific issues related to measurement of employment benefits. Phase II will address accounting for plans with risk sharing features, multi-employer defined benefit plans and sick leave benefits. — An Invitation to Comment was issued in November 2016 and closed March 2017, seeking guidance on whether the deferral provisions in existing public sector standards remain appropriate and justified and the appropriateness of accounting for various components of changes in the value of the accrued benefit obligation and plan assets. Responses are currently under deliberation. — An Invitation to Comment is expected to be issued in November 2017 seeking guidance on the present value measurement of accrued benefit obligations. Webinars with an overview of the Invitation to Comment are scheduled for January 2018. The ultimate objective of this project is to issue a new employment benefits section to replace existing guidance.
Asset Retirement Obligations	<ul style="list-style-type: none"> — A new standard is under development addressing the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs would be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area. — PSAB recently released an Exposure Draft following the consideration of comments received in response to the previously released Statement of Principles. Responses are currently under deliberation. — The proposed ARO standard would require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets ("TCA"). — As a result of the proposed standard, the public sector entity would have to: <ul style="list-style-type: none"> • consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset; • carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements; • begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues. — The Exposure Draft has a proposed effective date of April 1, 2021 for the standard.

Public Private Partnerships	<ul style="list-style-type: none"> — A taskforce was established in 2016 as a result of increasing use of public private partnerships for the delivery of services and provision of assets. — A Statement of Principles (SOP) was issued in August 2017 which proposes new requirements for recognizing, measuring and classifying infrastructure procured through a public private partnership. Responses are currently under deliberation. — The SOP proposes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the P3 ends. — The SOP proposes the public sector entity recognize a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure. The infrastructure would be valued at cost, with a liability of the same amount if one exists. Cost would be measured by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project.
Revenue	<ul style="list-style-type: none"> — PSAB is proposing a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. — An Exposure Draft (ED) was issued in May 2017 seeking feedback from stakeholders. Responses are currently under deliberation. — The ED proposes that in the case of revenues arising from an exchange, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. — The ED proposes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue. The new section would be applied retroactively with restatement for fiscal years beginning on or after April 1, 2021.
Financial instruments	<ul style="list-style-type: none"> — Effective for governments for fiscal years beginning on or after April 1, 2019. — This standard requires that all financial instruments that are equity instruments and trade in an active market or derivatives be recorded at fair value. — The standard requires that all other financial instruments are recorded at cost but permits the option of fair value for any financial instruments that are managed and reported at fair value. — This standard also includes a requirement to identify and report embedded derivatives separate from the host contract with an option to value the full contract which includes the embedded derivatives at fair value.

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DATE OF MEETING December 13, 2017

AUTHORED BY ART GROOT, MANAGER OF FACILITY PLANNING & OPERATIONS,
PARKS AND RECREATION

SUBJECT **SCOPE CHANGE AND PROJECT UPDATE FOR HAREWOOD
CENTENNIAL PARK IMPROVEMENT – PHASE 2**

OVERVIEW

Purpose of Report

To provide an update to the Finance and Audit Committee on the current progress of the project and to obtain direction on any changes to the project scope.

Recommendation

That the Finance and Audit Committee recommend that Council approve the transfer of funds from Parks and Recreation projects as outlined to the Harewood Centennial Park Phase 2 Improvements as follows:

1. Up to \$330,000 to cover overall Phase 2 park implementation work as outlined, and;
2. Up to \$220,000 to change the playing surface from asphalt to concrete as per user group preference.

BACKGROUND

The Harewood Centennial Park Improvement Plan was adopted by Council in August 2012 and improvements have been ongoing since adoption. Phase 2 is the development of a multi-purpose covered space, civil work for next phases, and general park improvements. The covered space was identified as a priority for dry floor users due to conflict between dry floor and ice users, as well as a lack of year-round dry floor space.

Phase 2 is underway and includes:

- The multi-purpose covered space
- Complete rebuild of the existing lacrosse box (uncovered). The previous box was built in 1976 in partnership with the Nanaimo Lions Club.
- Upgrading of the underground electrical source and connecting it to the future project areas
- New parking lot phase, including access road and a drop-off area
- Improvements to safety and access through the installation of new parking lot lighting, improved entry points, installation of sidewalks, and securing the park with new gates.
- Improvements to the environmental storm drain into the Chase River

Once Phase 2 was underway, there were some items identified as being more cost effective to implement while construction was underway, rather than adding at a later date. These items include:

- (a) Prep work for the Georgia Greenway: Planning for the Greenway project identified the need for site prep in the same location. Work was completed to prepare the sub-grade for the pathway and install electrical conduit for pathway lighting.
- (b) Foundation for the score clock installation: Original confirmation was that the score clock could be installed on the building envelope at a later date. It was later confirmed with the building supplier that the score clock would need to be installed free-standing which would mean an engineered foundation. Work is underway for the steel structure and foundation for the score clock.
- (c) Drainage line for the skate park phase: It was more cost effective to lay the line prior to installation of the new playing surfaces for both the covered space and the new lacrosse box.
- (d) Upgrade of the drainage outfall to the Chase River: The drain had degraded and needed to be upgraded to current environmental standards and to meet projected capacity. A Brentwood Box was installed for sediment control outside of the riparian zone.
- (e) Electrical and mechanical upgrades to the existing washroom building for future park phases.

The overall project budget has increased approximately 12% to cover the costs listed, as well as increased cost for the BC Hydro upgrades into the park. This number does not account for any changes in surfacing.

PLAYING SURFACE: CONCRETE VS. ASPHALT

A steering committee called the “Harewood Dry Floor Development Working Group” was created by motion from the Parks, Recreation and Culture Commission on 2014-MAR-26 to outline the design and specifications of the covered space. Through 2014 and 2015, the Working Group identified the stakeholders, defined the needs and expectations for the space, and assisted in the detailed design development.

Staff conducted research on playing surfaces for the covered space through several methods. There was local input from the working group, input from lacrosse coaching staff, and input from other groups interested in dry floor space. Site visits were conducted on the Lower Mainland. Background was collected on covered spaces from across the Lower Mainland and Vancouver Island. This research found that the common material for outdoor spaces was asphalt. Through this research, the project was tendered with asphalt as the surfacing for both the covered court space and the apron, as well as the outdoor court.

Polished concrete was the initial preference throughout the process, based on knowledge of indoor arena floors. It was ultimately dismissed due to cost and potential safety concerns regarding slippery conditions due to damp weather. The common practice for playing surfaces in outdoor lacrosse boxes is asphalt. Asphalt is also the most cost effective option both due to

initial installation and long-term maintenance. Unlike concrete, asphalt is also easily repaired or altered. The safe use of a concrete playing surface may be limited during inclement weather due to slippery conditions.

The primary user group (Lacrosse) contacted Parks and Recreation on 2017-NOV-29 requesting that the asphalt playing surface be changed to concrete. Staff met on site with members of the Nanaimo Lacrosse Association and Herold Engineering to discuss the request, potential surface finishes, safety concerns, project delay implications, as well as the increased costs. A specialty engineering firm has been contacted to provide a fee proposal to help design the appropriate concrete flooring system for this project. Preliminary suggestions regarding additional cost ranges between \$125,000 to \$160,000. However, until a design is complete, actual cost will not be realized and could potentially cost up to \$220,000.

FUNDING SOURCES

- \$100,000 from rehab of Parkway Trail: project scope was reduced for 2017.
- \$22,600 from Diver Lake Park parking lot: project cancelled due to changes in water access and will be re-examined for a future year.
- \$16,200 from Portable Bleacher Replacement: This is a re-occurring project and will continue in 2018.
- \$43,000 from Beban Park Read-O-Graph sign: project was cancelled. The scope of the project changed and will need to be re-examined.
- \$368,200 from Sports Field Redevelopment – Mariner Field: Project cancelled due to the loss of grant funding and due to the purchase of the Serauxmen Stadium that is a more preferred location.

OPTIONS

1. Approving an increased project budget of 12% and making the change of the playing surface to concrete as per user group preference.
 - **Budget Implication:** An increase to project budget of \$330,000 and approval of up to \$220,000 for concrete playing surface and apron.
2. Proceed with existing scope of project, keeping the planned playing surface as asphalt.
 - **Budget Implication:** No implication unless market change in unit pricing.
 - **Political Implication:** Potential impact from the primary user group who will continue to advocate for change in surfacing even after project complete at a much greater cost than deciding on a change at this point in the project.

SUMMARY POINTS

- This report provides a summary of the current scope of Phase 2 improvements at Harewood Centennial Park, including the covered multi-purpose covered space.
- A decision needs to be made regarding which material to use for the playing surface of the covered space.

Submitted by:

Art Groot
Manager of Facility Planning & Operations

Concurrence by:

Richard Harding
Director, Parks and Recreation

DATE OF MEETING December 13, 2017

AUTHORED BY BILL SIMS, MANAGER, WATER RESOURCES

SUBJECT COLLEGE HEIGHTS WATER MAINS

OVERVIEW

Purpose of Report

To obtain Council approval to expand the scope of construction of the College Drive water main project.

Recommendation

That Council direct Staff to proceed with allocation of \$550,000 from water supply reserves to replace additional water mains in the area of the College Drive water main project.

BACKGROUND

The original water supply to the College Heights area was constructed by developers in 1975, and is insufficient for modern standards. The backbone of the system – a 250 mm diameter asbestos cement water main along College Drive - is planned to be replaced in early 2018. The 2018-2022 Financial Plan has \$650,000 allocated to replace this water main from College Park Reservoirs to Towers Reservoir. Subsequent and related projects will see replacement of the Towers Reservoir and Towers Pump Station. Altogether, these updates will ensure a robust water supply, and improved fire protection to College Heights, Westwood Lake and Nanaimo west of the Parkway.

During an engineering assessment and design of the water main, the City's engineering consultant recommended further enhancements to improve redundancy, fire flow and much improved pressures to homes along College Drive and Okanagan Place. There are also a few other minor asbestos cement water mains in the area that could be replaced economically and avoid additional future disruption.

To undertake the additional improvements to the scope of the College Drive water main project is estimated to cost \$550,000. Staff propose to fund this from water supply reserves.

OPTIONS

1. That Council direct Staff to proceed with allocation of an additional of \$550,000 from water reserves to the College Park to Towers Supply Water Main Project.
 - **Budget Implication:** The funds are proposed to be allocated from water supply reserves to this project and will be included in the Provisional 2018-2022 Financial Plan.

- **Legal Implication:** Replacement of water main will reduce the risk of breaks and disruptions to the area. The project will also improve fire flow to current standards, which supports increased residential units in the area.
 - **Level of Service:** The additional scope will further improve low service pressures and build redundancy into the water system.
2. That Council direct Staff to defer the project until a future year.
- **Legal Implication:** There is a risk of water main breaks between now and the scheduled replacement.
 - **Level of Service:** Insufficient or low service pressures to homes along College Drive and Okanagan.

SUMMARY POINTS

- The asbestos cement water main was constructed in 1975 by a developer to service the local area. They are due for renewal and upgrading to ensure sufficient fire flow, improve redundancy and support development in the area.
- There are insufficient service pressures to homes along College Drive and Okanagan Drive.
- Improving the scope of the original College Park to Towers Supply Water Main replacement to include other mains in the area is estimated to cost an additional \$550,000.
- The funds are available in water supply reserves.

Submitted by:

Bill Sims
Manager, Water Resources

Concurrence by:

John Elliot
Senior Manager, Public Works

Staff Report for Decision

DATE OF MEETING DECEMBER 11, 2017

AUTHORED BY JOHN HORN, SOCIAL PLANNER

SUBJECT RESPONSE TO HEALTH, SOCIAL AND SAFETY ISSUES IN THE DOWNTOWN

OVERVIEW

Purpose of Report

To provide Council with short, medium and long term options in response to the current social environment in the downtown.

Recommendation

That Council direct Staff to:

1. proceed with the identified priority actions and further develop the remaining actions in conjunction with community partners; and,
2. refer items with associated budget requirements to the Finance and Audit Committee for review.

BACKGROUND

At the 2017-JUN-19 Council meeting, Staff were directed to provide a range of possible responses to social and safety issues in the downtown. The current initiatives underway include an enhanced security presence in the downtown, implementation of the Urban Clean Up program, additional safe needle disposal boxes, and cross-departmental coordination. City Staff from the Bylaw, Regulation and Security Department and the Community & Cultural Planning Section conducted a series of individual interviews with business owners and employees in the downtown area to gather input on what they are experiencing with respect to safety concerns and social issues, in particular the impact of homelessness, mental health, and addictions on their daily lives.

In addition to these individual discussions that focused on identifying the issues, City Staff held three public meetings for merchants and residents in the downtown where attendees were invited to provide input on possible responses. These meetings were attended by approximately 80 people and included a diverse range of stakeholders.

A number of issues were identified in these dialogues, including:

- an increase in the number of visibly homeless people in the community and, in particular, in the downtown area;
- increased incidence of public intoxication; and,
- an increased amount of aggressive and extreme behaviours that have created anxiety and distress for residents, business owners, and employees.

Staff reviewed the list of possible responses arising from the public consultation process and conferred with colleagues in the RCMP, Nanaimo Ladysmith School District, Bylaws, Sanitation, Road and Traffic, Parks, Public Works, Island Health, and local non-profit service providers. The recommended responses were reviewed by the Public Safety Committee on 2017-NOV-02.

The Public Safety Committee recommended that the top priority for action be participating in the supported modular housing initiative recently announced by BC Housing. Staff further reviewed the priority responses and identified those that the City may be in a position to proceed with at this time. The actions identified in this report fall into three groupings: actions that are within the scope of the City and achievable in the short term; actions that require further development to determine cost and feasibility; and actions that have our community partners as the primary lead. For each recommended priority action, Staff have reviewed the timeframe for implementation and the frequency associated with each action. Estimated costs have been provided where the scope of the action is known.

Table 1 presents recommended high-priority responses where the City has primary jurisdiction, drawn from the above-referenced public engagement, consultation with community partners, and best practices in other jurisdictions.

Table 1: Recommended Response Plan – City of Nanaimo

Category of Response	Action	Cost	Timeframe	Frequency
Housing	Provide second-stage housing via BC Housing Modular Housing program	Land and DCC relief	1-12 months	One-time
Public Realm / Built environment	More frequent power washing of City Centre	\$75,000 per annum	Within 12 months	Ongoing
	Urban Clean Up initiative	\$45,000 per annum	Within 12 months	Ongoing
	Provision of 3 portable toilets in the downtown	\$405 per month	Within 12 months	Ongoing
	Additional safe syringe disposal boxes	\$2,500	Within 12 months	One-time
	Additional garbage cans at key locations	Staff time (existing stock)	Within 12 months	One-time
	Improved lighting	Part of LED replacement program	1 -5 years	One-time
Services	Provide merchants and residents with 'who to call' sheet, Safe Streets Act, Surviving in Nanaimo brochures	Staff time	Within 12 months	Ongoing
	Collaborate with stakeholders in the business community to enhance the downtown	Staff time	Within 12 months	Ongoing

Security/Safety	Additional security services via contract	\$25,000	Within 12 months	Summer months
	Review permitting of 24-hour business	Staff time	Within 12 months	One-time

Table 2: Proposed additional responses requiring further development

Category of response	Action	Timeframe
Housing	Increased residential density in the downtown	1–10 years
Built environment	Attract more businesses and investment to the downtown	1-10 years
Security/ Safety	Provide RCMP foot patrol officer in the downtown	1–24 months
Public realm / Built environment	Public realm enhancements to Diana Krall Square	1-5 years

Table 3 presents proposed recommended responses where the City may be a partner but where the lead organization is not the local government.

Table 3: Proposed Response Plan – Partner Organizations

Category of Response	Item	Lead Organization	City's Role	Timeframe
Housing	Expansion of the adult shelter system	Emergency Shelter Providers	Support and advocacy; DCC relief	1 – 5 years
Services	Additional detox beds	Island Health	Support and advocacy	1 – 5 years
Services	Additional mental health supports to help individuals maintain tenancy	Non-profit sector	In-kind support and advocacy	1 – 5 years
Housing	Additional rent supplements (25 – 100 units)	BC Housing, Island Health	Advocacy	Within 12 months
Services	Provide a daytime drop in space for homeless individuals	Island Health, Non-profit sector, Service Canada	Zoning, support and advocacy, site identification	Within 18 months

Staff are seeking Council direction on the scope and scale of the City's response to social and safety concerns in the downtown. As outlined above and in Attachment A, there are a range of potential actions with associated costs and impacts.

OPTIONS

1. That Council direct Staff to:
 - a. proceed with the identified priority actions and further develop the remaining actions in conjunction with community partners; and,
 - b. refer items with associated budget requirements to the Finance and Audit Committee for review.
 - **Budget Implication:** The recommended priority actions represent annualized costs of approximately \$267,000. It is recommended that these costs be included in the 2018 budget.
 - **Strategic Priorities Implication:** Furthers the community value of Social Equity.
2. That Council provide alternate direction.

SUMMARY POINTS

- Staff have conducted a process to identify priority responses to the health, social and safety issues impacting the downtown.
- A number of actions have been recommended as priorities for City response in the short and medium term.
- Further review of additional responses by both the City and partner organizations is recommended.

ATTACHMENTS

ATTACHMENT A – Detailed Action Plan

Submitted by:

Bruce Anderson
Manager
Community & Cultural Planning

Concurrence by:

Dale Lindsay
Director
Community Development

ATTACHMENT A

RESPONSE TO HEALTH, SOCIAL AND SAFETY ISSUES IN THE DOWNTOWN Detailed Action Plan

Provide modular housing through BC Housing initiative

Staff will work with BC Housing to identify a site in Nanaimo to provide second stage housing under the Province's modular housing initiative. Further review of this short-term opportunity will be undertaken by Staff.

More frequent power washing of downtown

Currently the downtown sidewalks are power washed once every two years, staff propose doing this once yearly with several "touch up" power washing of specific high use areas such as the Commercial street sidewalk abutting the A&B Sound building. These touch ups would be done during the summer months; May through September. The increase to once yearly power washing of the entire downtown will cost \$50,000, with an additional \$25,000 available for touch ups.

Urban Clean Up initiative

The Urban Clean Up initiative consists of contracting with the Nanaimo Region John Howard Society (NRJHS) to walk through the downtown and adjacent residential areas and pick up discarded syringes, litter etc. The NRJHS staff engage clients who have been street involved and or involved in the criminal justice system and are now working to reintegrate into mainstream society.

Provision of 3 portable toilets in the downtown

One of the key issues identified by the merchants in the downtown is the incidence of public urination in doorways, alcoves and other spots. With a significant homeless population in the core it was suggested by many that the provision of toilets would perhaps go some way to alleviating this issue.

Additional safe syringe disposal boxes

Substance use patterns in our community have shifted towards increased use of opioids, with inhalation and subcutaneous injection the favoured methods. Along with this has come a marked increase in the number of discarded hypodermic syringes being discarded in the public realm. Several locations in the downtown have been identified that would benefit from the provision of a safe disposal option.

Additional garbage cans at key locations

In collaboration with staff from the Sanitation section, several spots were identified that might benefit from the provision of litter receptacles. Sanitation staff indicated they would be able to supply receptacles from existing stock and service these within existing resources.

RESPONSE TO HEALTH, SOCIAL AND SAFETY ISSUES IN THE DOWNTOWN

Detailed Action Plan

Improved lighting

Stakeholders identified that some parts of the downtown lack sufficient illumination to impart a sense of safety during evening hours. A replacement program (LED conversion) is currently underway in the downtown and is expected to address this issue over time.

Provide merchants and residents with who to call sheet, Safe Streets Act, Surviving in Nanaimo brochures

These items do not have cost implications per se, although some staff time will be required to develop and produce these informational items.

Collaborate with stakeholders in the business community to enhance the downtown

During the engagement process with downtown stakeholders some members of the business community indicated a strong desire to play a role in enhancing the cleanliness of the downtown, a role focused on the areas adjacent to their storefronts / buildings. Staff would work collaboratively with interested parties to enhance the cleanliness and visual appeal of downtown.

Additional security services via contract

This action falls under the purview of the Bylaw Department and would be sourced and managed by them.

Review permitting of 24 hour business

Some of the residents expressed that the local 7-11 convenience store on Nicol Street attracts interesting customers in the late night hours, and that this kind of traffic did not enhance people's sense of being safe downtown at night.

Provide foot patrol officer in the downtown

All those we met with on this topic praised the work of the RCMP bicycle team in addressing the key issues arising from mental health and addictions in the downtown. Stakeholders believe that an additional police presence in the form of a foot patrol by a uniformed member would be an effective addition to the current RCMP bicycle presence.

Attract more business investment and residential rental development downtown

This proposed action is substantial and could range from encouraging and supporting the private sector to building and operating market rental housing in the downtown at key locations.

Provide RCMP foot patrol presence in the downtown

This item speaks to the deployment of RCMP resources and is beyond the purview of the authors of this report, but it was mentioned frequently by downtown stakeholders.

RESPONSE TO HEALTH, SOCIAL AND SAFETY ISSUES IN THE DOWNTOWN

Detailed Action Plan

Public realm enhancements to Diana Krall Square

Staff from the Harbourfront Library and the Coastal Community Credit Union have indicated that a significant amount of antisocial activity occurs in Diana Krall Square and that it is having a big impact on customers and staff. The approach being recommended is not to try and displace homeless individuals from this space, but to invite the rest of the community to use the space more frequently by making the space more inviting to the general public. Doing so will require a consultative process and collaboration across City departments to determine what type and scale of investments would best accomplish this purpose.

Expansion of the emergency shelter system

The Salvation Army operates the men's emergency shelter (New Hope Centre) and Island Crisis Care operates the women's shelter (Samaritan House). Both these organizations have development plans in process to add square footage to their existing facilities so as to better address the demand for services they are experiencing. Support for these expansion plans from the City may entail relief of DCCs associated with the new developments, and consideration of associated rezonings.

Additional detox facilities / beds

Island Health is actively working on plans to enhance this component of the health system.

Additional mental health supports to help individuals maintain their tenancy

This is a key component of the Housing First approach being implemented by Nanaimo's Homelessness Coalition.

Additional rent supplements

With the increasing rental costs in Nanaimo individuals exiting homelessness who have small fixed incomes will find it nearly impossible to access market rental units without a financial subsidy of some kind. While the City of Nanaimo has funded a rent supplement program (to support Syrian newcomers) it is largely the Province of BC who will be most likely to provide additional rent supplements to address homelessness.

Provide a daytime drop-in space for homeless individuals

The idea of a drop-in space has been tried in Nanaimo in the past (the Living Room on Nicol street) and the lesson learned from that is the need for a substantial level of staffing to ensure the effective and safe provision of a day time option for those who do not have access to a home or other alternatives where they can go. This action item will require a multi agency collaborative model and a significant budget, with the role of the City likely being contained to site consideration and issues of zoning and land use.