



AGENDA FINANCE AND AUDIT COMMITTEE MEETING

June 14, 2017, 9:30 AM

Board Room, Service and Resource Centre,
411 Dunsmuir Street, Nanaimo, BC

Pages

1. CALL THE MEETING OF THE FINANCE AND AUDIT COMMITTEE TO ORDER:
2. INTRODUCTION OF LATE ITEMS:
3. ADOPTION OF AGENDA:
4. ADOPTION OF MINUTES:

a. Minutes

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Finance and Audit Committee meeting held 2017-MAY-10 at 9:30 a.m. in the Board Room, Service and Resource Centre, 411 Dunsmuir Street, Nanaimo, BC.

5. PRESENTATIONS:
6. REPORTS:

a. 2018-2022 Financial Plan Process Update Report and Presentation

7 - 9

Purpose: To review the proposed 2018 – 2022 Financial Plan process with the Finance and Audit Committee and receive direction on property tax increases, service delivery changes, infrastructure investment program changes and public engagement.

Presentation:

1. Deborah Duncan, Deputy Director, Financial Services, to provide a presentation regarding the 2018 - 2022 financial Plan Process Update Report and Presentation.

Recommendation:

1. That the 2018 – 2022 Financial Plan Process report dated 2017-MAY-10 be received for information.
2. That the Finance and Audit Committee recommend that Council approve the “2018 – 2022 Financial Plan Development Calendar” outlined in Appendix A.

b. Council Expenses for the Three Months Ending 2017-MAR-31 10 - 38

Purpose: To present the Finance and Audit Committee with a summary of Council expenses for the three months ending 2017-MAR-31.

Recommendation: That the Council Expenses for the Three Months Ending report dated 2017-MAR-31 2017 JUN 14 be received for information.

c. User Fees and Charges Policy 39 - 50

Purpose: To provide the Finance and Audit Committee with a draft User Fees and Charges Policy for review and recommendation to Council.

Recommendation: That the Finance and Audit Committee recommend that Council approve the User Fees and Charges Policy.

7. OTHER BUSINESS:

a. Delegation: 51

Shawn Daniels & Chris Beaton to request a partnership with City and a one-time grant from the City, and to speak regarding plan for Canoe Journey 2017 and Nanaimo Aboriginal Day community celebrations.

8. QUESTION PERIOD:

9. ADJOURNMENT:

MINUTES
FINANCE AND AUDIT MEETING
BOARD ROOM, SERVICE AND RESOURCE CENTRE
411 DUNSMUIR STREET, NANAIMO, BC
WEDNESDAY, 2017-MAY-10, AT 9:30 A.M.

PRESENT: Councillor W. L. Bestwick, Chair

Members: Mayor W. B. McKay (vacated 11:05 a.m.)

Councillor J. Hong (vacated 10:05 a.m.)

Councillor J. A. Kipp

Councillor I. W. Thorpe

Councillor W. M. Yoachim

Councillor G. W. Fuller

Absent: Councillor M. D. Brennan

Staff: V. Mema, Chief Financial Officer

D. Duncan, Deputy Director of Financial Services

L. Mercer, Manager of Accounting Services

W. Fulla, Manager of Finance – Business and Asset Planning

B. Anderson, Manager of Community and Cultural Planning (entered 9:38 a.m., vacated 11:05 a.m.)

S. Gurrie, A/City Clerk (vacated 10:01 a.m.)

J. Vanderhoef, Steno

K. Gerard, Recording Secretary

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

The Finance and Audit Committee Meeting was called to order at 9:30 a.m.

2. ADOPTION OF AGENDA:

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

3. ADOPTION OF MINUTES:

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

- Minutes of the Special Meeting of the Finance and Audit Committee held in the Board Room, Service and Resource Centre, 411 Dunsmuir Street, Nanaimo, BC, on Wednesday, 2017-APR-05 at 1:00 p.m.; and,
- Minutes of the Regular Meeting of the Finance and Audit Committee held in the Board Room, Service and Resource Centre, 411 Dunsmuir Street, Nanaimo, BC, on Wednesday, 2017-APR-12 at 9:30 p.m.; and,

- Minutes of the Special Meeting of the Finance and Audit Committee held in the Board Room, Service and Resource Centre, 411 Dunsmuir Street, Nanaimo, BC, on Wednesday, 2017-APR-19 at 10:00 a.m.

The motion carried unanimously

B. Anderson entered the Boardroom at 9:38 a.m.
S. Gurrie vacated the Boardroom at 10:01 a.m.

4. PRESENTATIONS:

(a) Procurement Transformation Project Update

Stuart Wright, SGW Management Services Inc., provided an update regarding Procurement Transformation Project.

Councillor Hong vacated the Boardroom at 10:05 a.m.
Councillor Fuller vacated the Boardroom at 10:21 a.m.
Councillor Yoachim vacated the Boardroom at 10:22 a.m. and quorum was lost. Discussion continued.
Councillor Yoachim returned to the Boardroom at 10:25 a.m. and quorum was achieved.
Councillor Fuller returned to the Boardroom at 10:26 a.m.

It was moved and seconded that the Finance and Audit Committee receive the presentation from Stuart Wright, SGW Management Services Inc., regarding the Procurement Transformation Project, for information. The motion carried unanimously.

(b) Island Roots Market Co-operative

Larry Whaley provided a presentation regarding Island Roots Market Co-operative.

It was moved and seconded that the Finance and Audit Committee receive the presentation from Larry Whaley, regarding Island Roots Market Co-operative, for information. The motion carried unanimously.

It was moved and seconded that the Finance and Audit Committee direct Staff to meet with the Island Roots market Co-operative, as soon as possible, to discuss their lease at Beban Park, charitable donations and tax receipts. The motion carried unanimously.

5. REPORTS:

(a) Travel Assistance Grant – Wellington Secondary School Band

It was moved and seconded that the Finance and Audit Committee approve the request from the Wellington Secondary School Band for a Travel Assistance Grant in the amount of \$1,200 for twelve (12) musicians to attend MusicFest Canada – Canadian Nationals being held in Niagara Falls, Ontario, during the period 2017-MAY-14 through 2017-MAY-19. The motion carried unanimously.

(b) TeenFest

It was moved and seconded that the Finance and Audit Committee direct staff to provide details regarding:

- specifics of the \$7,000 funding request;
- what is involved in the TeenFest event;
- is there a profit to be made and if so where does it go; and,
- the time frame for the event.

The motion carried unanimously.

Mayor McKay vacated the Boardroom at 11:05 a.m.

B. Anderson vacated the Boardroom at 11:05 a.m.

(c) 2018 – 2022 Financial Plan Process

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

1. receive for information the 2018 – 2022 Financial Plan Process report dated 2017-MAY-10; and,
2. recommend that Council approve the “2018 – 2022 Financial Plan Development Calendar” outline:

May 2017	Planning Information and Direction Communicated to
June to August 2017	Departments prepare operating budgets and finalize project plans Business cases are prepared where
September to October 2017	Financial Planning review and completes plan preparation, analysis and reporting
November to December 2017	Council review and public consultation
December 2017	2018 – 2022 Financial Plan (Provisional) and 2018 User Fees bylaws adopted
January to March	Estimates finalized – e.g. growth, RDN and other levies
April/May 2018	2018 – 2022 Financial Plan (Annual) bylaw amendment and 2018 Property Tax Bylaw adopted

The motion carried unanimously.

(d) Quarterly Sole Source and Single Submission Purchase Report

It was moved and seconded that the Finance and Audit Committee receive for information the Quarterly Sole Source and Single Submission Purchases report dated 2017-MAY-10. The motion carried unanimously.

6. ADJOURNMENT:

It was moved and seconded at 11:09 a.m. that the meeting terminate. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER

DATE OF MEETING June 14, 2017

AUTHORED BY DEBORAH DUNCAN, DEPUTY DIRECTOR, FINANCIAL SERVICES

SUBJECT 2018 – 2022 FINANCIAL PLAN PROCESS UPDATE

OVERVIEW

Purpose of Report

To review the proposed 2018 – 2022 Financial Plan process with the Finance and Audit Committee and receive direction on property tax increases, service delivery changes, infrastructure investment program changes and public engagement.

Recommendation

1. That the 2018 – 2022 Financial Plan Process report dated 2017-MAY-10 be received for information.
2. That the FAC recommend that Council approve the “2018 – 2022 Financial Plan Development Calendar” outlined in Appendix A.

DISCUSSION

The current 2017 – 2021 Financial Plan continued previous year’s purposeful budget tightening measures.

The average property tax increase for the past five years is 1.4% and included a 1% increase for contributions to the General Asset Management Reserve. These low tax increases have been accomplished through:

- Elimination of management positions
- Limited service level increases
 - 2 additional RCMP members added in 2016
 - 9 additional CUPE positions, majority due to new water treatment plant
- Changes to service delivery models
 - Transition of 911 PSAP services to Emergency Communications of British Columbia Inc. (EComm 911)
 - Transition of Economic Development and Tourism functions in house
- Reduction in budget estimates that caused recurring annual surpluses
 - RCMP contract
 - Conferences, seminars and staff travel
- New revenues
 - Fortis
- Reduction in debt interest expense
- Continued annual growth in the community

The 2018 – 2022 Financial Plan process is informed by Council's 2016 – 2019 Strategic Plan Update and is now underway. The proposed key steps are outlined in Appendix A.

The current Five Year Plan projects a 2.1% property tax increase for 2018 and uses the following assumptions:

- 1% increased contribution for General Asset Management Reserve
- Current levels of service maintained
- Current staffing levels maintained
- Planned infrastructure investment program
- Planned strategic initiatives
- 2018 Election expenditures
- Estimated inflationary and contract increases

The Finance and Audit Committee's direction is required to enable an efficient and effective budget process and can include:

- Clear expectations regarding property tax increases
- Changes in service levels and guiding principles to be followed
- Changes in infrastructure investment programs and guiding principles to be followed
- Requests for additional operating resources
- Requests for new infrastructure investment programs
- Inclusion of strategic projects and initiatives and funding strategies


SUMMARY POINTS

- The 2018 – 2022 Financial Plan process is now underway.
- The Finance and Audit Committee's direction is required to set clear expectations that will enable an efficient and effective budget process.

ATTACHMENTS

- Appendix A: 2018 – 2022 Financial Plan Development Calendar

Submitted by:



Deborah Duncan
Deputy Director, Financial Services

Concurrence by:



Victor Mema
Chief Financial Officer

APPENDIX A
2018 – 2022 Financial Plan Development Calendar

May 2017	Planning information and direction communicated to departments
June to August 2017	Departments prepare operating budgets and finalize project plans Business cases are prepared where appropriate
September to October 2017	Financial Planning review and completes plan preparation, analysis and reporting
November to December 2017	Council review and public consultation
December 2017	2018 – 2022 Financial Plan (Provisional) and 2018 User Fees bylaws adopted
January to March 2018	Estimates finalized – eg growth, RDN and other levies
April/May 2018	2018 – 2022 Financial Plan (Annual) bylaw amendment and 2018 Property Tax Bylaw adopted

DATE OF MEETING June 14, 2017

AUTHORED BY LAURA L. MERCER, MANAGER, ACCOUNTING SERVICES

SUBJECT **COUNCIL EXPENSES FOR THE THREE MONTHS ENDING 2017-MAR-31**

OVERVIEW

Purpose of Report

To present the Finance and Audit Committee with a summary of Council expenses for the three months ending 2017-MAR-31.

Recommendation

That the Council Expenses for the Three Months Ending report dated 2017-MAR-31 2017-JUN-14 be received for information.

DISCUSSION

Council member expenses are incurred in accordance with the Council Spending and Amenities Policy 1-0530-05. This policy establishes governance and control parameters regarding expenditures for and by elected officials. This report summarizes Council expenses for the three month period ending 2017-MAR-31.

Summary of Council expenses at 2017-MAR-31:

<u>Name</u>	<u>Budget</u>	<u>Q1</u>	<u>YTD Actuals</u>
Mayor McKay	\$ 13,000.00	2,101.23	\$ 2,101.23
Councillor Bestwick	11,500.00	4,001.26	4,001.26
Councillor Brennan	11,500.00	1,621.01	1,621.01
Councillor Fuller	11,500.00	1,576.54	1,576.54
Councillor Hong	11,500.00	2,803.96	2,803.96
Councillor Kipp	11,500.00	2,887.63	2,887.63
Councillor Pratt	11,500.00	1,896.13	1,896.13
Councillor Thorpe	11,500.00	1,843.08	1,843.08
Councillor Yoachim	<u>11,500.00</u>	<u>1,769.77</u>	<u>1,769.77</u>
Total	<u>\$ 105,000.00</u>	<u>\$ 20,500.61</u>	<u>\$ 20,500.61</u>

Appendix 1 lists the total year-to-date expenses for each member of Council. This listing gives a detailed summary of the overall expenses of an individual Council member as at 2017-MAR-31 compared to the annual budget for that individual.

SUMMARY POINTS

- Mayor and Council have spent \$20,500.61 of the \$105,000.00 annual budget at 2017-MAR-31.

ATTACHMENTS

- Appendix 1: Detailed Council Expense Summaries.

Submitted by:



Laura L. Mercer
Manager, Accounting Services

Concurrence by:



Victor Mema
Chief Financial Officer

Appendix 1

STATEMENT OF FINANCIAL INFORMATION EXPENSES AS AT MARCH 31, 2017 BILL MCKAY

	Budget	Q1	Q2	Q3	Q4	YTD 2017	%	2016
Sponsored Events	\$ 1,500.00	\$ 218.03	\$ -	\$ -	\$ -	\$ 218.03	15%	\$ 975.74
Hospitality	500.00	-	-	-	\$ -	-	0%	137.34
Conferences/Travel - Other	500.00	124.49	-	-	\$ -	124.49	25%	2,410.63
LGLA	-	-	-	-		-	0%	-
FCM	3,000.00	-	-	-		-	0%	2,520.37
UBCM	2,500.00	355.88	-	-	\$ -	355.88	14%	2,408.83
AVICC	1,000.00	620.51	-	-		620.51	62%	268.56
Legal Fees	3,000.00	-	-	-		-	0%	-
Telephone/Internet	1,000.00	782.32				782.32	78%	782.32
	<u>\$ 13,000.00</u>	<u>\$ 2,101.23</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,101.23</u>	16%	<u>\$ 9,503.79</u>

CITY OF NANAIMO
STATEMENT OF FINANCIAL INFORMATION
BILL MCKAY 2017 EXPENSES
as at March 31, 2017

		Vendor	Description	Expense Date	Destination	Expense Type
SPONSORED EVENTS						
	\$	100.00	Clay Tree Society		Nanaimo	Meals
	\$	55.53	CHBA-VI	17-Mar	Nanaimo	Meals
	\$	62.50	Nanaimo Sports Achievement Awards	28-Feb	Nanaimo	Meals
	<hr/>					
	\$	218.03				
HOSPITALITY						
	\$	-				
	<hr/>					
	\$	-				
CONFERENCES/TRAVEL						
	\$	124.49	Bill McKay	31-Mar	Tsawwassen	Travel
	<hr/>					
	\$	124.49				
FCM (Date: June 1 - 4 in Ottawa, ON)						
	\$	-				
	<hr/>					
	\$	-				
UBCM (Date: September 27 - 29 in Vancouver, BC)						
	\$	355.88	Fairmont Pacific Rim	Oct 23-16	Vancouver	Hotel
	<hr/>					
	\$	355.88				
AVICC (Date: April 7 - 9 in Campbell River, BC)						
	\$	287.34	Bill McKay	31-Mar	Campbell River	Travel
	\$	333.17	Civicinfo BC	26-Feb	Campbell River	Registration
	<hr/>					
	\$	620.51				

CITY OF NANAIMO
STATEMENT OF FINANCIAL INFORMATION
BILL MCKAY 2017 EXPENSES
as at March 31, 2017

	Vendor	Description	Expense Date	Destination	Expense Type
LGLA (Date: February 1 - 3 in Richmond, BC)					
\$	-				
<hr/>					
\$	-				
TELEPHONE/INTERNET					
\$	667.68	Bill McKay	Internet for 2017	Jan-17	Phone
\$	114.64	Bill McKay	Call Display for 2017	Jan-17	Internet
<hr/>					
\$	782.32				
LEGAL COSTS					
\$	-				
<hr/>					
\$	-				
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TOTAL	\$	2,101.23			

**STATEMENT OF FINANCIAL INFORMATION
EXPENSES AS AT MARCH 31, 2017
BILL BESTWICK**

	Budget	Q1	Q2	Q3	Q4	YTD 2017	%	2016
Sponsored Events	\$ 375.00	\$ 32.71	\$ -	\$ -	\$ -	\$ 32.71	9%	\$ 38.46
Hospitality/Meetings	\$ 375.00	-	-	-	-	-	0%	11.74
LGLA	\$ -	-	-	-	-	-	0%	-
Conferences/Travel - Other	\$ 250.00	30.77	-	-	-	30.77	12%	-
FCM	\$ 3,000.00	-	-	-	-	-	0%	-
UBCM	\$ 2,500.00	355.88	-	-	-	355.88	14%	-
AVICC	\$ 1,000.00	-	-	-	-	-	0%	241.30
Legal Fees	* 3,000.00	3,312.26	-	-	-	3,312.26	110%	3,593.33
Telephone/Internet/Etc	\$ 1,000.00	269.64				269.64	27%	937.32
	<u>\$ 11,500.00</u>	<u>\$ 4,001.26</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,001.26</u>	35%	<u>\$ 4,822.15</u>

*** Note:** In January 2017 a legal bill dated December 31st, 2016 was submitted for \$2,862.01. The legal bill was recorded as a 2016 expense (accrued as an Accounts Payable) and the bill was paid in 2017. This legal bill didn't show up on the expense report for 2016. As it wasn't included on the expense report in 2016 it needs to be included in 2017. For 2017, there is still \$2,549.75 of the \$3,000 legal budget available.

CITY OF NANAIMO
STATEMENT OF FINANCIAL INFORMATION
BILL BESTWICK 2017 EXPENSES
as at March 31, 2017

		Vendor	Description	Expense Date	Destination	Expense Type
SPONSORED EVENTS						
\$	32.71	Island Corridor Foundation	Round Table Meeting	23-Jan	Parksville	Meals
<hr/>						
\$	32.71					
HOSPITALITY						
\$	-					
<hr/>						
\$	-					
CONFERENCES/TRAVEL						
\$	30.77	Robbins Parking	Parking Ticket	27-Feb	Nanaimo	Parking
<hr/>						
\$	30.77					
FCM (Date: June 1 - 4 in Ottawa, ON)						
\$	-					
<hr/>						
\$	-					
UBCM (Date: September 27 - 29 in Vancouver, BC)						
\$	355.88	Fairmont Pacific Rim	Hotel Deposit	Oct 23-16	Vancouver	Hotel
<hr/>						
\$	355.88					
AVICC (Date: April 7 - 9 in Campbell River, BC)						
\$	-					
<hr/>						
\$	-					
LGLA (Date: February 1 - 3 in Richmond, BC)						
\$	-					
<hr/>						
\$	-					

CITY OF NANAIMO
STATEMENT OF FINANCIAL INFORMATION
BILL BESTWICK 2017 EXPENSES
as at March 31, 2017

		Vendor	Description	Expense Date	Destination	Expense Type
TELEPHONE/INTERNET						
	\$ 269.64	Bill Bestwick	Call Display for 2017	Jan-17		Phone
	<u>\$ 269.64</u>					
LEGAL COSTS						
	\$ 2,862.01	Brian Kirkhope Law Corporation	Legal Fees	2-Feb		Legal
	\$ 450.25	Cook Roberts LLP	Legal Fees	6-Apr		Legal
	<u>\$ 3,312.26</u>					
TOTAL	<u><u>\$ 4,001.26</u></u>					

**STATEMENT OF FINANCIAL INFORMATION
EXPENSES AS AT MARCH 31, 2017
DIANE BRENNAN**

	<u>Budget</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>YTD 2017</u>	<u>%</u>	<u>2016</u>
Sponsored Events	\$ 375.00	\$ 62.50	\$ -	\$ -	\$ -	\$ 62.50	17%	\$ 294.62
Hospitality	375.00	-	-	-	-	-	0%	-
LGLA	-	-	-	-	-	-	0%	840.28
Conferences/Travel - Other	250.00	-	-	-	-	-	0%	721.05
FCM	3,000.00	-	-	-	-	-	0%	2,863.90
UBCM	2,500.00	355.88	-	-	-	355.88	14%	1,765.52
AVICC	1,000.00	343.27	-	-	-	343.27	34%	241.30
Legal Fees	3,000.00	-	-	-	-	-	0%	-
Telephone/Internet/Etc	1,000.00	859.36	-	-	-	859.36	86%	859.36
	<u>\$ 11,500.00</u>	<u>\$ 1,621.01</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,621.01</u>	<u>14%</u>	<u>\$ 7,586.03</u>

CITY OF NANAIMO
STATEMENT OF FINANCIAL INFORMATION
DIANE BRENNAN 2017 EXPENSES
as at March 31, 2017

		Vendor	Description	Expense Date	Destination	Expense Type
SPONSORED EVENTS						
\$	62.50	Nanaimo Sports Achievement Awards	Tickets Awards dinner	23-Feb	Nanaimo	Meals

**CITY OF NANAIMO
STATEMENT OF FINANCIAL INFORMATION
DIANE BRENNAN 2017 EXPENSES
as at March 31, 2017**

		Vendor	Description	Expense Date	Destination	Expense Type
TELEPHONE/INTERNET						
	\$	114.64	Diane Brennan	Call Display for 2017	Jan-17	Phone
	\$	744.72	Diane Brennan	Internet for 2017	Jan-17	Internet
	<hr/>					
	\$	859.36				
LEGAL COSTS						
	\$	-				
	<hr/>					
	\$	-				
	<hr/>					
TOTAL	\$	1,621.01				

STATEMENT OF FINANCIAL INFORMATION
EXPENSES AS AT MARCH 31, 2017
GORD FULLER

	Budget	Q1	Q2	Q3	Q4	YTD 2016	%	2016
Sponsored Events	\$ 375.00	\$ -	\$ -	\$ -	\$ -	\$ -	0%	\$ 76.92
Hospitality	375.00	-	-	-	-	-	0%	68.01
LGLA	-	-	-	-	-	-	0%	-
Conferences/Travel - Other	250.00	-	-	-	-	-	0%	-
FCM	3,000.00	-	-	-	-	-	0%	-
UBCM	2,500.00	355.88	-	-	-	355.88	14%	689.57
AVICC	1,000.00	-	-	-	-	-	0%	253.41
Legal Fees	3,000.00	450.26	-	-	-	450.26	15%	3,593.34
Telephone/Internet/Etc	1,000.00	770.40	-	-	-	770.40	77%	770.40
	<u>\$ 13,076.54</u>	<u>\$ 1,576.54</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,576.54</u>	12%	<u>\$ 5,451.65</u>

CITY OF NANAIMO
STATEMENT OF FINANCIAL INFORMATION
GORD FULLER 2017 EXPENSES
as at March 31, 2017

	Vendor	Description	Expense Date	Destination	Expense Type
SPONSORED EVENTS					
\$	-				
<hr/>					
\$	-				
HOSPITALITY					
\$	-				
<hr/>					
\$	-				
CONFERENCES/TRAVEL					
\$	-				
<hr/>					
\$	-				
FCM (Date: June 1 - 4 in Ottawa, ON)					
\$	-				
<hr/>					
\$	-				
UBCM (Date: September 27 - 29 in Vancouver, BC)					
\$	355.88	Fairmont Pacific Rim	Hotel Deposit	Oct 23-16	Vancouver Hotel
<hr/>					
\$	355.88				
AVICC (Date: April 7 - 9 in Campbell River, BC)					
\$	-				
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\$	-				

CITY OF NANAIMO
STATEMENT OF FINANCIAL INFORMATION
GORD FULLER 2017 EXPENSES
as at March 31, 2017

		Vendor	Description	Expense Date	Destination	Expense Type
LGLA (Date: February 1 - 3 in Richmond, BC)						
	\$	-				
	<hr/>					
	\$	-				
TELEPHONE/INTERNET						
	\$	770.40	Gord Fuller	Internet for 2017	Jan-17	Internet
	<hr/>					
	\$	770.40				
LEGAL COSTS						
	\$	450.26	Cook Roberts LLP	Legal Fees	31-Dec	Legal
	<hr/>					
	\$	450.26				
TOTAL	<hr/>					
	\$	1,576.54				
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STATEMENT OF FINANCIAL INFORMATION
EXPENSES AS AT MARCH 31, 2017
JERRY HONG

	Budget	Q1	Q2	Q3	Q4	YTD 2017	%	2016
Sponsored Events	\$ 375.00	\$ 55.53	\$ -	\$ -	\$ -	\$ 55.53	15%	\$ 100.96
Hospitality	375.00	-	-	-	-	-	0%	-
LGLA	-	-	-	-	-	-	0%	-
Conferences/Travel - Other	250.00	143.27	-	-	-	143.27	57%	584.09
FCM	3,000.00	926.82	-	-	-	926.82	31%	2,236.52
UBCM	2,500.00	355.88	-	-	-	355.88	14%	986.26
AVICC	1,000.00	-	-	-	-	-	0%	253.41
Legal Fees	3,000.00	450.26	-	-	-	450.26	15%	3,593.33
Telephone/Internet/Etc	1,000.00	872.20	-	-	-	872.20	87%	872.20
	<u>\$ 11,500.00</u>	<u>\$ 2,803.96</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,803.96</u>	24%	<u>\$ 8,626.77</u>

CITY OF NANAIMO
STATEMENT OF FINANCIAL INFORMATION
JERRY HONG 2017 EXPENSES
as at March 31, 2017

		Vendor	Description	Expense Date	Destination	Expense Type
SPONSORED EVENTS						
\$	55.53	CHBA-VI	Annual Building Forum registration fee	5-Jan	Nanaimo	Meals
<hr/>						
\$	55.53					
HOSPITALITY						
\$	-					
<hr/>						
\$	-					
CONFERENCES/TRAVEL						
\$	143.27	Conference Board Of Canada	Registration to Western Business Outlook Conference	16-Jan		
<hr/>						
\$	143.27					
FCM (Date: June 1 - 4 in Ottawa, ON)						
\$	926.82	FCM - Fed.Of Cdn Municipalities	Conference Registration	16-Mar	Ottawa	Registration
<hr/>						
\$	926.82					
UBCM (Date: September 27 - 29 in Vancouver, BC)						
\$	355.88	Fairmont Pacific Rim	Hotel Deposit	Oct 23-16	Vancouver	Hotel
<hr/>						
\$	355.88					
AVICC (Date: April 7 - 9 in Campbell River, BC)						
\$	-					
<hr/>						
\$	-					
LGLA (Date: February 1 - 3 in Richmond, BC)						
\$	-					
<hr/>						
\$	-					

CITY OF NANAIMO
STATEMENT OF FINANCIAL INFORMATION
JERRY HONG 2017 EXPENSES
as at March 31, 2017

		Vendor	Description	Expense Date	Destination	Expense Type
TELEPHONE/INTERNET						
	\$	757.56	Jerry Hong	Internet for 2017	1-Jan	Internet
	\$	114.64	Jerry Hong	Call Display for 2017	1-Jan	Phone
	<hr/>					
	\$	872.20				
LEGAL COSTS						
	\$	450.26	Cook Roberts LLP	Legal Fees	31-Dec	Legal
	<hr/>					
	\$	450.26				
<hr/>						
TOTAL	\$	2,803.96				
	<hr/>					

STATEMENT OF FINANCIAL INFORMATION
EXPENSES AS AT MARCH 31, 2017
JIM KIPP

	Budget	Q1	Q2	Q3	Q4	YTD 2017	%	2016
Sponsored Events	\$ 375.00	\$ -	\$ -	\$ -	\$ -	\$ -	0%	\$ -
Hospitality	375.00	-	-	-	-	-	0%	-
LGLA	-	-	-	-	-	-	0%	-
Conferences/Travel - Other	250.00	-	-	-	-	-	0%	-
FCM	3,000.00	-	-	-	-	-	0%	-
UBCM	2,500.00	355.88	-	-	-	355.88	14%	610.82
AVICC	1,000.00	-	-	-	-	-	0%	253.41
Legal Fees	3,000.00	1,968.40	-	-	-	1,968.40	66%	212.07
Telephone/Internet/Etc	1,000.00	563.35	-	-	-	563.35	56%	563.35
	<u>\$ 11,500.00</u>	<u>\$ 2,887.63</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,887.63</u>	25%	<u>\$ 1,639.65</u>

**CITY OF NANAIMO
STATEMENT OF FINANCIAL INFORMATION
JIM KIPP 2017 EXPENSES
as at March 31, 2017**

	Vendor	Description	Expense Date	Destination	Expense Type
SPONSORED EVENTS					
\$	-				
<hr/>					
\$	-				
HOSPITALITY					
\$	-				
<hr/>					
\$	-				
CONFERENCES/TRAVEL					
\$	-				
<hr/>					
\$	-				
FCM (Date: June 1 - 4 in Ottawa, ON)					
\$	-				
<hr/>					
\$	-				
UBCM (Date: September 27 - 29 in Vancouver, BC)					
\$	355.88	Fairmont Pacific Rim	Hotel Deposit	Oct 23-16	Vancouver Hotel
<hr/>					
\$	355.88				
AVICC (Date: April 7 - 9 in Campbell River, BC)					
\$	-				
<hr/>					
\$	-				

**CITY OF NANAIMO
STATEMENT OF FINANCIAL INFORMATION
JIM KIPP 2017 EXPENSES
as at March 31, 2017**

		Vendor	Description	Expense Date	Destination	Expense Type
LGLA (Date: February 1 - 3 in Richmond, BC)						
	\$	-				
	<hr/>					
	\$	-				
TELEPHONE/INTERNET						
	\$	448.71	Jim Kipp	Internet for 2017	Jan-17	Phone
	\$	114.64	Jim Kipp	Call Display for 2017	Jan-17	Internet
	<hr/>					
	\$	563.35				
LEGAL COSTS						
	\$	1,518.13	Cook Roberts LLP	Legal Fees	2-Feb	Legal
	\$	450.27	Cook Roberts LLP	Legal Fees	6-Apr	Legal
	<hr/>					
	\$	1,968.40				
<hr/>						
TOTAL	\$	2,887.63				

STATEMENT OF FINANCIAL INFORMATION
EXPENSES AS AT MARCH 31, 2017
WENDY PRATT

	Budget	Q1	Q2	Q3	Q4	YTD 2017	%	2016
Sponsored Events	\$ 375.00	\$ 34.32	\$ -	\$ -	\$ -	\$ 34.32	9%	\$ 413.64
Hospitality	375.00	-	-	-	-	-	0%	-
LGLA	-	-	-	-	-	-	0%	840.28
Conferences/Travel - Other	250.00	239.42	-	-	-	239.42	96%	1,570.88
FCM	3,000.00	-	-	-	-	-	0%	2,909.43
UBCM	2,500.00	344.59	-	-	-	344.59	14%	2,090.86
AVICC	1,000.00	302.88	-	-	-	302.88	30%	253.41
Legal Fees	3,000.00	-	-	-	-	-	0%	-
Telephone/Internet/Etc	1,000.00	974.92	-	-	-	974.92	97%	974.92
	<u>\$ 11,500.00</u>	<u>\$ 1,896.13</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,896.13</u>	16%	<u>\$ 9,053.42</u>

CITY OF NANAIMO
STATEMENT OF FINANCIAL INFORMATION
WENDY PRATT 2017 EXPENSES
as at March 31, 2017

		Vendor	Description	Expense Date	Destination	Expense Type
SPONSORED EVENTS						
\$	34.32	Greater Nanaimo Chamber Of Commerce	Chamber Luncheon	9-Jan	Nanaimo	Meal

CITY OF NANAIMO
STATEMENT OF FINANCIAL INFORMATION
WENDY PRATT 2017 EXPENSES
as at March 31, 2017

	Vendor	Description	Expense Date	Destination	Expense Type
LEGAL COSTS					
					\$ -
					<u>\$ -</u>
TOTAL					<u><u>\$ 1,896.13</u></u>

STATEMENT OF FINANCIAL INFORMATION
EXPENSES AS AT MARCH 31, 2017
IAN THORPE

	Budget	Q1	Q2	Q3	Q4	YTD 2017	%	2016
Sponsored Events	\$ 375.00	\$ 96.83	\$ -	\$ -	\$ -	\$ 96.83	26%	\$ 265.15
Hospitality	375.00	-	-	-	-	-	0%	-
LGLA	-	-	-	-	-	-	0%	840.29
Conferences/Travel - Other	250.00	239.42	-	-	-	239.42	96%	372.55
FCM	3,000.00	-	-	-	-	-	0%	-
UBCM	2,500.00	344.59	-	-	-	344.59	14%	1,683.54
AVICC	1,000.00	302.88	-	-	-	302.88	30%	253.41
Legal Fees	3,000.00	-	-	-	-	-	0%	-
Telephone/Internet/Etc	1,000.00	859.36	-	-	-	859.36	86%	859.36
	<u>\$ 11,500.00</u>	<u>\$ 1,843.08</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,843.08</u>	16%	<u>\$ 4,274.30</u>

CITY OF NANAIMO
STATEMENT OF FINANCIAL INFORMATION
IAN THORPE 2017 EXPENSES
as at March 31, 2017

		Vendor	Description	Expense Date	Destination	Expense Type
SPONSORED EVENTS						
	\$	34.33	Greater Nanaimo Chamber Of Commerce	9-Jan	Nanaimo	Meal
	\$	62.50	Nanaimo Sports Achievement Awards	28-Feb	Nanaimo	Meals
	<hr/>					
	\$	96.83				
HOSPITALITY						
	<hr/>					
	\$	-				
CONFERENCES/TRAVEL						
	\$	239.42	Conference Board Of Canada	11-Jan	Nanaimo	Registration
	<hr/>					
	\$	239.42				
FCM (Date: June 1 - 4 in Ottawa, ON)						
	\$	-				
	<hr/>					
	\$	-				
UBCM (Date: September 27 - 29 in Vancouver, BC)						
	\$	344.59	Fairmont Pacific Rim	Oct 23-16	Vancouver	Hotel
	<hr/>					
	\$	344.59				
AVICC (Date: April 7 - 9 in Campbell River, BC)						
	\$	302.88	Civicinfo BC	17-Mar	Campbell River	Registration
	<hr/>					
	\$	302.88				
LGLA (Date: February 1 - 3 in Richmond, BC)						
	<hr/>					
	\$	-				
TELEPHONE/INTERNET						
	\$	744.72	Ian Thorpe	1-Jan		Internet
	\$	114.64	Ian Thorpe	1-Jan		Phone
	<hr/>					
	\$	859.36				

Vendor	Description	Expense Date	Destination	Expense Type
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\$ -

TOTAL	\$ 1,843.08
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STATEMENT OF FINANCIAL INFORMATION
EXPENSES AS AT MARCH 31, 2017
BILL YOACHIM

	Budget	Q1	Q2	Q3	Q4	YTD 2017	%	2016
Sponsored Events	\$ 375.00	\$ -	\$ -	\$ -	\$ -	\$ -	0%	\$ 62.50
Hospitality	375.00	-	-	-	-	-	0%	-
LGLA	-	-	-	-	-	-	0%	-
Conferences/Travel - Other	250.00	-	-	-	-	-	0%	463.41
FCM	3,000.00	-	-	-	-	-	0%	-
UBCM	2,500.00	344.59	-	-	-	344.59	14%	706.73
AVICC	1,000.00	-	-	-	-	-	0%	200.91
Legal Costs	3,000.00	450.26				450.26	15%	3,593.33
Telephone/Internet/Etc	1,000.00	974.92				974.92	97%	974.92
	<u>\$ 11,500.00</u>	<u>\$ 1,769.77</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,769.77</u>	15%	<u>\$ 6,001.80</u>

CITY OF NANAIMO
STATEMENT OF FINANCIAL INFORMATION
BILL YOACHIM 2017 EXPENSES
as at March 31, 2017

	Vendor	Description	Expense Date	Destination	Expense Type
SPONSORED EVENTS					
\$	-				
<hr/>					
\$	-				
HOSPITALITY					
\$	-				
<hr/>					
\$	-				
CONFERENCES/TRAVEL					
\$	-				
<hr/>					
\$	-				
FCM (Date: June 1 - 4 in Ottawa, ON)					
\$	-				
<hr/>					
\$	-				
UBCM (Date: September 27 - 29 in Vancouver, BC)					
\$	344.59	Fairmont Pacific Rim	Hotel Deposit	Oct 23-16	Vancouver Hotel
<hr/>					
\$	344.59				
AVICC (Date: April 7 - 9 in Campbell River, BC)					
\$	-				
<hr/>					
\$	-				

CITY OF NANAIMO
STATEMENT OF FINANCIAL INFORMATION
BILL YOACHIM 2017 EXPENSES
as at March 31, 2017

		Vendor	Description	Expense Date	Destination	Expense Type
LGLA (Date: February 1 - 3 in Richmond, BC)						
	\$	-				
	<hr/>					
	\$	-				
TELEPHONE/INTERNET						
	\$	860.28	Bill Yoachim	Internet for 2017	1-Jan	Internet
	\$	114.64	Bill Yoachim	Call Display for 2017	1-Jan	Phone
	<hr/>					
	\$	974.92				
LEGAL COSTS						
	\$	450.26	Cook Roberts LLP	Legal Fees	31-Dec	Legal
	<hr/>					
	\$	450.26				
TOTAL	<hr/>					
	\$	1,769.77				
	<hr/>					

DATE OF MEETING June 14, 2017

AUTHORED BY VICTOR MEMA, CHIEF FINANCIAL OFFICER

SUBJECT USER FEES AND CHARGES POLICY

OVERVIEW

Purpose of Report

To provide the Finance and Audit Committee with a draft User Fees and Charges Policy for review and recommendation to Council.

Recommendation

That the Finance and Audit Committee recommend that Council approve the User Fees and Charges Policy.

BACKGROUND

The City of Nanaimo is currently undertaking a comprehensive user fees and charges review for all services except utilities; water and sewer. Information gathering is complete and analysis is underway. Staff is working with consultants to build a costing model that will inform setting of user fee rates.

In order to move forward with recommending user fee and charges rates as well as new user fees and charges, Staff require a basis of the mind of Council expressed in a related policy to provide direction and context.

The attached draft user fees and charges policy and related user fees and charges guidelines have been informed by best practices.

OPTIONS

1. That the Finance and Audit Committee recommend that Council approve the User Fees and Charges Policy.
 - **Legal Implication:** The *Community Charter* allows Council to set user fees and charges by adopting enabling bylaws.
 - **Policy Implication:** The User Fees and Charges Policy will inform enabling bylaws for relating User Fees and Charges.
2. The Finance and Audit Committee may provide amendments to the draft User Fees and Charges Policy.

SUMMARY POINTS

- The City of Nanaimo is undertaking a comprehensive User Fees and Charges review for all services except utilities; water and sewer.
- Staff is at a point where governance direction is required to provide direction and context to inform setting of user fees and charges rates and introduction of new user fees and charges.
- Once the policy is in place, individual department will recommend user fees and charges rates as the last step of the current comprehensive user fees and charges review exercise.

ATTACHMENTS

- Attachment A: Draft User Fees and Charges Policy
- Attachment B: Draft User Fees Guidelines and Procedures

Submitted by:



Victor Mema
Chief Financial Officer



CITY OF NANAIMO
THE HARBOUR CITY

COUNCIL POLICY MANUAL

Section:	Finance	SECTION #
Subsection:	Revenue Services	SUBSECTION #
Title:	User Fees and Charges Policy	REFERENCE #

POLICY

The City of Nanaimo is committed to sustainable delivery of public services, goods and amenities. The City will establish a transparent approach to establishing and administering of users fees.

The City's user fees will be guided by three principles:

- Non-subsidized:** the City will establish a fee to recover the full cost for a service, good or amenity provided by the City to identifiable groups, individuals or businesses who receive a direct benefit for which the service, good or amenity is both public and excludable;
- Partially subsidized:** the City will charge a fee to partially recover the cost of a service, good or amenity provided by the City to identifiable groups, individuals or business who receive a direct benefit for which the service, good or amenity is both public and excludable but also result in benefits to the general public; and,
- Fully subsidized:** the City will fund services, goods or amenities that benefit the general public through property tax revenues.

REASON FOR POLICY

The City's user fees policy is guided by provisions of the British Columbia *Community Charter, Division 2, Sections 194 – 196 and Division 9, Section 231* as amended.

AUTHORITY TO ACT

Council will:

- consider and approve the user fees policy;
- review, consider and approve future user fee policy amendments;
- consider and adopt related user fee bylaw(s) annually or amendments as necessary.

The Chief Administrative Officer will:

- recommend the user fees policy to Council for consideration;
- implement the user fees policy as approved by Council;
- recommend future amendments to the user fees policy to Council for consideration.

The Chief Financial Officer will:

- i. establish and update, annually, a cost allocation model or system;
- ii. utilize appropriate pricing models in establishing user fee levels for City services, goods and amenities;
- iii. recommend related user fee bylaw(s) for Council consideration as necessary.

Department Director will:

- i. establish and maintain user fee comparative data for select municipalities and other service providers;
- ii. recommend future amendments to the user fees policy to the Chief Administrative Officer;
- iii. recommend user fee recovery rates and other variances for consideration by the Chief Administrative Officer and Chief Financial Officer.

PROCEDURE

1. **Full Costing:** The City of Nanaimo will use the full cost of providing a service, good or amenity as the basis for setting a user fee. The full cost for a service, good or amenity include direct and indirect costs such as acquisition, operations, maintenance, overhead, capital costs for the replacement of the underlying asset and general wear and tear where applicable.
2. **Waivers and Exemptions:** The City will set a process to waive fees, in whole, or in part based on criteria or City policy.
3. **Subsidy:** The City will set a process to determine where less than full cost of providing a service, good or amenity is to be collected through a user fee.
4. **Annual Inflation Adjustment:** All user fees approved by Council will be subject to an automatic annual inflation adjustment. The projected rate of inflation will be part of the annual financial plan development instructions.
5. **User Fee Reviews:** User fees will be reviewed each year as part of the financial plan development process. Once every four (4) years a comprehensive user fee review will be undertaken.
6. **Revenue Appropriation:** Fees collected through user fees will fund costs incurred for providing the underlying service, good or amenity. Revenue collected for replacing a capital asset, such funds will be held in an appropriate reserve fund and used for replacing the underlying asset or class of assets as appropriate.
7. **Governance:** All user fees will be approved by Council before implementation.

Date:

1. Amendment Date:

201X-XXX-XX

Approved by:

Approved by:

Council / In Camera Council

**City of Nanaimo
User Fees
DRAFT Guidelines and Procedures**

The following guidelines complement the principles set out above and will be considered when developing new user fees, or where changes to existing user fees are contemplated.

When to Charge User Fees:

Every City service should be reviewed at least once every four years to determine if the cost of providing the service should be recovered through user fees or funded from property tax revenues. In order to accomplish this, Department Directors need to determine whether the benefits each service provides accrue directly to specific individuals or groups of individuals or businesses (a private service), and should therefore be paid for by users of the service; or whether the service benefits the entire society (a public service) and should be funded from the property tax revenues.

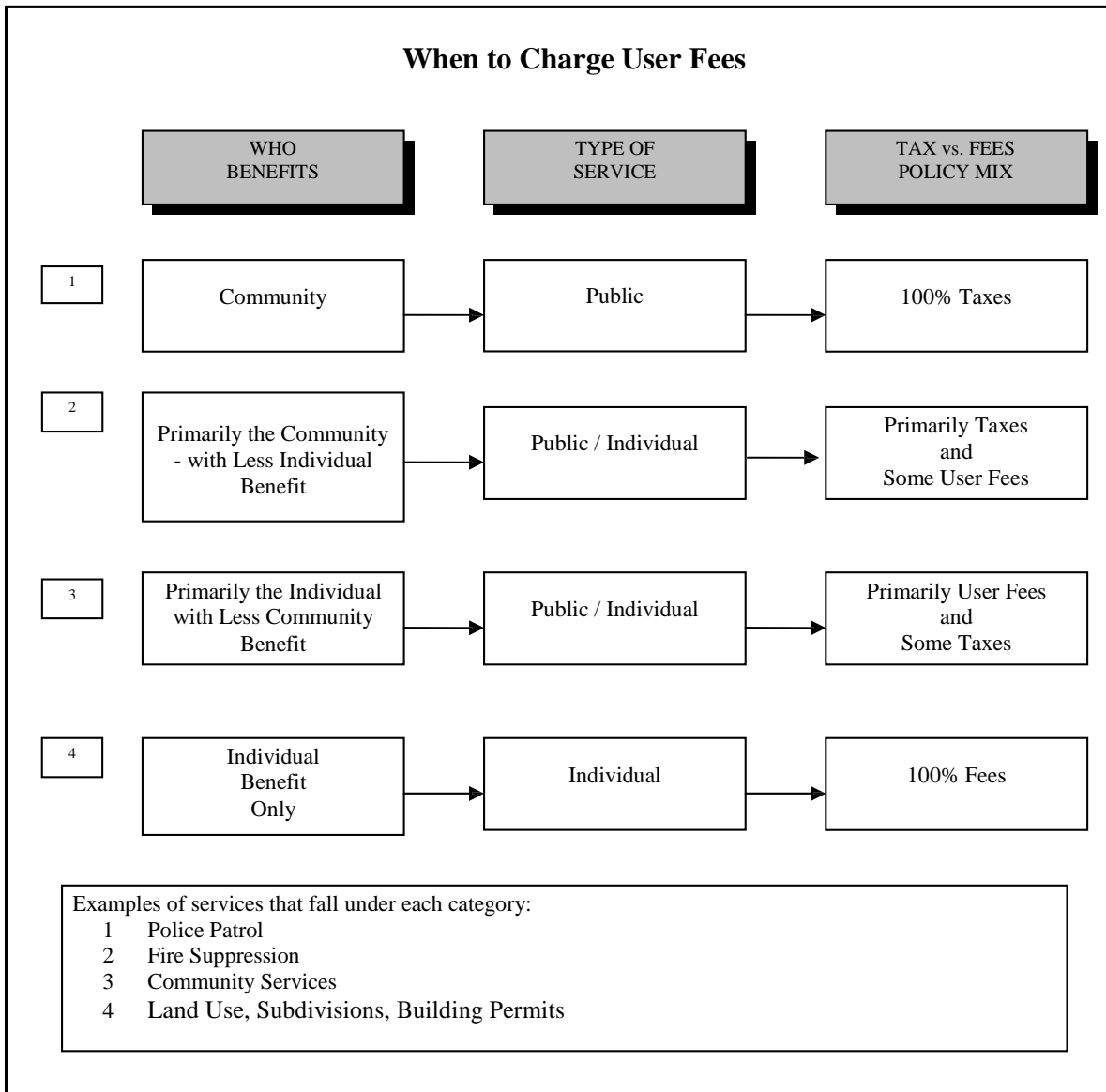
The characteristic of the service and the nature of the benefits derived will help to determine the type of service and when to charge user fees. Services delivered by government are generally classified into the following major categories:

- **Public Service, Goods or Amenity:** Benefits the general public; it is impossible to exclude someone from using or enjoying the benefits provided.
- **Private Service, Goods or Amenity:** Benefits specific individuals, groups or businesses; it is possible to prevent someone from benefiting from the service, goods or amenity.
- **Mixed Service, Goods or Amenity:** Benefits the general public as well as the specific individual, group or business.

The chart below represents a decision matrix which should help in determining whether a service should be funded by user fees, property tax revenues or a combination of user fees and property tax revenues, based on the type of service, goods or amenity (public or private) and who benefits.

As illustrated in the chart, the analysis distinguishes the degree to which a service, goods or amenity benefits the community as a whole and should be funded by property tax revenues, or benefits an individual or groups of individuals and should be funded by user fees. Furthermore, where it is established that consumers have choice in the amount of a specific product or service or amenity they consume, the service, goods or amenity should also be cost recoverable.

Notwithstanding that a service, goods or amenity qualifies for cost recovery, the service, goods or amenity may be subsidized by other sources of revenue either entirely or partially, if it is determined that full cost recovery would not be cost effective or would be inconsistent with achieving the City's policy objectives, or legislative requirements.



Full Cost Recovery:

Consistent with best practices for user fees, it is the City's Policy that user fees, including permits and licences should be set to recover the full cost from those who receive a direct benefit from the service; or where the service is performed at the request of, or for the convenience of the recipient. Full cost represents the value of all the resources used or consumed in the provision of the service.

Full cost recovery sets a framework for the efficient allocation of the City's scarce resources by recovering cost from those that benefit from goods and services provided by the City, or to those that engender the need for the service. The cost recovery framework will facilitate reducing reliance on property tax revenues, maintaining equity considerations in regard to the provision of services, goods and amenities; and contribute to the effective and efficient use of resources by having those who benefit from a service pay the cost of providing that service.

City Programs with user fees shall determine cost recovery rates based on direct and indirect costs, plus capital charges for all fees and shall accurately calculate the full cost of providing services, goods, or amenities regardless of whether all user fee services are deemed to be fully cost recoverable.

Subsidies:

Notwithstanding the principle that the full cost of user fee services should be recovered, certain factors may exist that warrant recovery of less than full cost, or not to recover costs at all. In such situations, the service is being subsidized by revenue other than user fees. A subsidy should be considered where:

- Full cost recovery would conflict with City policy objectives or priorities, or with legislative requirements.
- Consumption of the good or service or amenity provides societal benefits in excess of the value received by those paying for the service. In such cases, the amount of the subsidy should reflect the estimated value of the societal benefit derived from consumption of the service, good or amenity.
- Collecting the user fee is inefficient, not cost effective, or the fee constitutes an insignificant portion of the cost of the applicable service.
- Market conditions preclude setting user fees to recover the full cost of services that are offered in a competitive, open market environment.
- Other conditions exist, based on the extent of societal benefits derived from the general consumption of the service, which justify funding from other revenue sources.

The justification for the level of cost recovery associated with individual user fee services should be clear and explicit. Furthermore, the amount of subsidy should be well defined and transparent to those providing and monitoring the user fee service.

Waiving User Fees:

Waiving of user fees, in whole or in part, should be considered to ensure that identifiable vulnerable groups are not excluded from using particular user fee services. Waivers (and/or exemptions) should be considered where:

- Groups of individuals without sufficient income to pay the full amount of the user fee would otherwise be denied the privilege of consuming the service.
- Granting relief from full cost recovery promotes or advances economic or social benefits, specific City policy goals and objectives, including:
 - a. Supporting non-profit organizations in the development of projects or activities with clear societal benefits; and,
 - b. Intergovernmental events that benefits society as a whole.
- Legislation or City policy requires the protection of identifiable vulnerable groups.

Waiving of user fees will be considered by City Council and the specific conditions and criteria for waiving user fees must be included in the staff report recommending the fee for City Council's approval. The request should explain the reasons and should state the period for which the exemption will apply. The report must include:

- 1) Criteria for Eligibility – eligibility criteria can be by target groups or by type of service. Target groups can be those needing services that have strong societal benefits or those included for 'merit reasons' (e.g. low income).
- 2) Criteria Weight – it is necessary to have a scale along which the eligibility of the criteria can be determined. For example, if low income is one of the criteria, the range that constitutes low income should be clearly stated.
- 3) Financial Impact of the Waiver – waiver of fees represent a potential loss of revenues to the City. It is possible that the recipient of a fee waiver can pay some or part of the user fees, but not the full amount. Whether the fees will be waived in full or there will be a partial waiving of a portion of the fee and the financial impact of the waiver on the City's operating budget must be stated in the report.
- 4) Period for which the Waiver is Applicable – the report must state if the waiver is a one-time only or the period for which the waiver is applicable. Waivers that are not one-time request should be reassessed on a yearly basis unless circumstances warrant a more frequent review.
- 5) Justification for the Waiver – the report must state full details of the reasons for waiving the fees and how it will benefit the City, as well as the cost of granting the waiver, and other relevant information that will facilitate City Council's decision-making.

The ultimate goal of any fee waiver or exemption system is to improve equity in access to services, promote or advance City policy objectives, and to provide assistance to community groups and not-for-profit organizations whose programs and services provides societal benefits that enhances the quality of life for residents of the City of Nanaimo.

Cost-Recovery Strategy:

The major principle of the User Fee Policy is that those who receive the benefits should pay. Therefore, cost recovery strategies should consider the extent of the benefits received by identifiable individuals/groups (private benefit) versus that received by the general public.

Thus, there will be situations where full cost recovery will not be the appropriate pricing strategy. However, the level of subsidy should be based on the full cost of delivering the service and be taken into consideration in any decision on user fees; and the reasons for recovering less than the full cost of providing the service should be stated. This will help to improve consistency, transparency and accountability in managing user fees and facilitate City Council's decision-making process. The following factors should be considered when setting user fees and cost recovery levels:

- (i) Community-wide versus special benefits. Where the City provides goods or services that have societal benefits, the level of user fees should reflect the benefits received by the general public relative to the private benefits.

- (ii) The capacity of the user to pay. One of the objectives of the user fee system is to achieve equity in the distribution of the cost of providing the service by charging individual users who receive direct benefit for the use of such services. A full cost recovery strategy may negatively impact low income groups; therefore, the cost recovery level should be in accordance with the individual's ability to pay where services are specifically designed to serve particular groups or segments of the population in order to achieve public policy outcomes.
- (iii) Where the City provides a cost recoverable service that is similar to services provided by the private sector under competitive market conditions, the City's user fees should be in line with prices charged in the private sector.
- (iv) The fee charged for services can significantly impact demand. If the user fee is too low relative to the cost of providing the service, the City may have higher demand during peak periods, resulting in capacity being increased to meet this demand while there is under-utilized capacity during off-peak periods. In an environment with increasing public demand for services, user fees can be utilized as a mechanism for allocating scarce resources in an efficient manner. The implementation of full cost recovery generally ensures that the City is providing a service for which there is a genuine demand that is not overly stimulated by fees that are substantially below cost.
- (v) Where there are limits set by City policy objectives or other legislative requirements on the level of cost recovery, pricing should reflect these limits.

An impact assessment must be conducted to ensure that the value of the benefit provided bears a relation to the user fee associated with the service. The impact assessment should focus on factors such as economic competitiveness and on social factors such as access to City services by low-income residents.

Costing of Services:

Sound decision-making should be based on consistent costing practices. A consistent costing methodology for all City services will facilitate effective planning, and will be useful for comparative purposes across programs and among activities. The Full Costing Model developed by Accounting Services is recommended for the costing of City services.

Major elements comprising the Full Costing Model include the following:

- Direct costs / expenditures attributed to the delivery of the service; for example salaries (wages and benefits), materials, supplies and purchase of services.
- Indirect costs / expenditures that cannot be identified and charged directly to a specific program but are related to the resources dedicated to support it; for example support staff within a support role, costs that are administered centrally on behalf of the different divisions and insurance costs.
- Capital cost component or asset utilization / rental costs referred to as capital amortization. Amortization is defined as the original cost of the tangible capital asset divided by its useful life. Examples of capital assets used in the delivery of a program include buildings, vehicles and equipment. In addition, capital costs should also include interest payments.

City Departments and Agents with user fee services shall be responsible for establishing full cost in accordance with the Full Costing Model developed by Financial Planning.

Other Costing Considerations:

To distinguish a fee from a tax, case law requires that a reasonable connection exist between the cost of providing the service and the fee being charged for that service. The costs of providing a service should include direct operating expenditures, indirect costs (such as administrative overhead), and capital expenses (including depreciation).

The amount of revenues generated from user fees for a particular service, or product should not exceed the full cost of providing the service, good or amenity. Where services, goods or amenities provided by the City are the same as or similar to that of other private providers, user fees should be set to maintain market competitiveness. Charges within and among City Departments and Agents should be made at full cost.

Categories of User Fees:

To facilitate the review of user fees and evaluation of cost recovery rates, user fees are categorized based on the following classification:

- a) **Market-Based:** Fees in this category are compared to rates charged by other service providers for the same or similar services to ensure that market competitiveness is maintained.
- b) **Legislated:** Fees in this category are legislated by other levels of government or governmental agencies.
- c) **City Policy:** Fees in this category are determined by City policy and recovers less than the full cost of providing the service.
- d) **Full Cost Recovery:** Fees in this category recover the full cost of providing the service.

Allocating User Fee Revenues:

Revenues generated from user fees must be used to pay for direct and indirect expenses and capital costs incurred to provide the services. Revenues will be allocated to the specific Program or Programs that incurred the costs of providing the user fee; however, any revenues collected for the recovery of capital costs will be contributed to a reserve for purposes of funding the replacement of the capital asset.

In situations where a service is provided by more than one City department or agent, the revenues should be reallocated to the respective department and/or Agent based on the direct and/or indirect costs incurred in providing the service. In effect, user fee revenues should not be available for general expenditure purposes.

Collection Method:

The method used to collect user fees should be simple and efficient in order to reduce the administrative cost charged to the consumers of the service. In essence, every effort must be made to avoid passing on inefficiencies to the paying users of City services.

Service Levels and Standards:

Service levels and standards, and performance measures must be reported to City Council as part of any recommendation to establish a new user fee, or to change an existing user fee, as well as be reported as part of the comprehensive user fee review process at least once during the term of City Council. On a regular basis service levels and standards, and performance measures relative to each user fee service must be evaluated to confirm their continuing relevance.

Inventory of User Fees:

An inventory of user fees should be maintained and made available to the public. The inventory should be monitored on an ongoing basis and updated annually. At a minimum the inventory should include:

- (i) A description of the service and or activity for which each user fee is assessed.
- (ii) The basis for setting the user fee and the amount of the fee.
- (iii) The category the user fee falls under either market-driven, City policy; legislated or full cost recovery.
- (iv) Whether the fee is adjusted annually for inflation and the cost-recovery percentage.

Periodic Review of User Fees:

A comprehensive review and reporting of user fees should be conducted at least once every four years to coincide with the term of City Council. The review should re-evaluate the assumptions upon which the user fee is based, and should evaluate the degree to which the User Fee Policy is complied with.

The comprehensive user fee review will be coordinated by the Revenue Services Section and will require each department to review their user fees and present a report to City Council to include:

- List of user fees along with primary beneficiaries of the relevant services; Full cost of providing each user fee services;
- Full cost of providing each user fee services;
- User fee revenues generated for each service;
- Indication of whether subsidies are to be provided and why; along with criteria for waiving the fee in whole or in part, if applicable;
- Service levels and standards established to deliver the service as well as actual performance levels that have been reached, and other relevant performance metrics; and,
- User fees should also be reviewed through the annual budget process in order to adjust for inflationary changes and the level or standard of service delivery.

Information Required for Introduction of New User Fees:

When introducing a new user fee outside the annual operating budget process, a staff report is to be prepared and submitted to City Council for requesting approval of the fee. The report to City Council is to include the following:

- Service and user fee description;
- Primary users of the service for which the user fees relates;
- Full cost of providing the service;
- Proposed fee amount or rate;
- Justification for implementation of the proposed fee;
- Percentage of full cost that will be recovered from the fee, and if less than full cost will be recovered, the reasons for doing so;
- Estimated annual revenue that the fee will generate;
- Public consultation undertaken – when and how. Provide summary of consultation outcomes; and,
- Service levels and standards, and relevant performance measures.

Delegation Request

Shawn Daniels & Chris Beaton have requested an appearance before Finance and Audit Committee.

The requested date is June 14, 2017.

The requested meeting is:
Finance and Audit Committee

Presenter's Information:

City: Nanaimo
Province: BC
Bringing a presentation: No

Details of Presentation:

Present plans for Canoe Journey 2017 & Nanaimo Aboriginal Day community celebrations in order to request partnership with City of Nanaimo as well as a one-time grant from City of Nanaimo. Snuneymuxw First Nation and Nanaimo Aboriginal Centre are working together on these initiatives.