

**AGENDA**  
SPECIAL FINANCE AND AUDIT COMMITTEE MEETING  
SERVICE AND RESOURCE CENTRE BOARDROOM, 411 DUNSMUIR STREET, NANAIMO, BC  
TUESDAY, 2016-NOV-16, AT 9:30 A.M.

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

2. **INTRODUCTION OF LATE ITEMS:**

3. **ADOPTION OF AGENDA:**

4. **ADOPTION OF MINUTES:**

- (a) Minutes of the Special Open Meeting of the Finance and Audit Committee held in the Service and Resource Centre Boardroom, 411 Dunsmuir Street, Nanaimo, BC, on Tuesday, 2016-NOV-01 at 9:30 a.m. *Pg. 2-4*

5. **ADMINISTRATION:**

(a) **User Rate Increase Bylaws**

*Purpose: To provide background on the bylaws to amend water, sewer and garbage rates for 2017. Pg. 5-16*

Recommendation: That the Finance and Audit Committee recommend that Council receive the report pertaining to:

- (a) "Sewer Regulation and Charge Amendment Bylaw 2016 No. 2496.29";  
(b) "Waterworks Rate and Regulation Amendment Bylaw 2016 No. 7004.12"; and,  
(c) "Municipal Solid Waste Collection Amendment Bylaw 2016 No. 7128.07"

(b) **Bulk Water Rates for South West Extension**

*Purpose: To provide background on the bylaw to amend water rates for South West Extension for 2017. Pg. 17-19*

Recommendation: That the Finance and Audit Committee recommend that Council receive the report pertaining to "South West Bulk Water Rate Amendment Bylaw 2016 No. 7099.05".

(c) **Draft 2017 – 2021 Financial Plan Review (continued from the meeting held 2016-OCT-04)**

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*Purpose: To inform the Finance and Audit Committee of key information in the DRAFT 2017 – 2021 Financial Plan. More detailed information is being provided in the accompanying presentation.*

Presentation: Ms. Deborah Duncan, Deputy Director of Financial Services.

6. **QUESTION PERIOD:**

7. **ADJOURNMENT:**

**MINUTES**  
**OPEN FINANCE AND AUDIT COMMITTEE MEETING**  
**SERVICE AND RESOURCE CENTRE BOARDROOM, 411 DUNSMUIR STREET, NANAIMO, BC**  
**TUESDAY, 2016-NOV-01, AT 9:30 A.M.**

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**PRESENT:** Councillor W. L. Bestwick, Chair

**Members:** Councillor G. W. Fuller (vacated at 10:55 a.m.)  
Councillor J. Hong (arrived at 9:33 a.m.)  
Councillor J. A. Kipp  
Councillor W. L. Pratt

**Absent:** Mayor W. B. McKay  
Councillor M. D. Brennan  
Councillor I. W. Thorpe  
Councillor W. M. Yoachim

**Staff:** T. Samra, Chief Administrative Officer  
V. Mema, Chief Financial Officer  
B. McRae, Chief Operations Officer  
D. Duncan, Deputy Director of Financial Services  
L. Mercer, Manager of Accounting Services  
A. Coronica, Senior Financial Analyst  
D. Lindsay, Director of Community Development  
P. Rosen, Senior Manager of Engineering  
P. Cooper, Director of Communication and Engagement  
M. Brown, Recording Secretary

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

The Special Open Finance and Audit Committee Meeting was called to order at 9:32 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 Minutes of the Inaugural Special Open Meeting of the Finance and Audit Committee held in the Service and Resource Centre Boardroom, 411 Dunsmuir Street, Nanaimo, BC, on Tuesday, 2016-OCT-04 at 10:00 a.m. be adopted as circulated. The motion carried unanimously.

4. PRESENTATIONS:

- (a) Mr. Paul Warren and Mr. Stuart Wright, representatives of SGW Management Services Inc, presented the City of Nanaimo Supply Management Operations Update.

The Committee discussed having two sets of documents; a standard set as well as a set for emergencies. Earned value management was reviewed by the Committee members. Bids being inflated based on budget expectations were explored. Ms. Samra explained the relationship between the proposal of this presentation, the Core Services Review, and improvement in efficiencies. Mr. Mema addressed the timeline of the costs and benefits of the suggestions from the presentation. Discussion around staffing for centralized purchasing took place.

It was moved and seconded that the Finance and Audit Committee receive the presentation from SGW Management Services Inc. The motion carried unanimously.

5. TERMS OF REFERENCE:

- (a) Approval of the Edited Draft Terms of Reference:

It was moved and seconded that the Terms of Reference for the Finance and Audit Committee be forwarded to Council for adoption. The motion carried unanimously.

6. ADMINISTRATION:

- (a) Business Continuity Plan:

Presentation:

1. Mr. Victor Mema, Chief Financial Officer, Business Continuity Plan.

It was moved and seconded that the Finance and Audit Committee recommend that Council approve allocation of \$125,000 towards development and implementation of the City wide Business Continuity Plan. The motion carried unanimously.

- (b) Draft 2017 – 2021 Financial Review (continued from the meeting held 2016-OCT-04):

Presentation:

1. Ms. Deborah Duncan, Deputy Director of Financial Services, Draft 2017 – 2021 Financial Review from the Inaugural Special Open Finance and Audit Committee Meeting Held 2016-OCT-04

It was moved and seconded that the Finance and Audit Committee receive the presentation of the Draft 2017 – 2021 Financial Review. The motion carried unanimously.

It was moved and seconded that the Finance and Audit Committee Meeting continue to be video recorded for information once quorum was lost. The motion carried unanimously.

Councillor Fuller vacated the Boardroom at 10:55 a.m.

Discussion was suspended as quorum was lost at 10:55 a.m.

7. ADJOURNMENT:

It was moved and seconded at 11:02 a.m. that the meeting terminate. The motion carried unanimously.

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CHAIR

CERTIFIED CORRECT:

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CORPORATE OFFICER

DATE OF MEETING November 16, 2016

AUTHORED BY DIANE HISCOCK, MANAGER, REVENUE SERVICES

SUBJECT **USER RATE INCREASE BYLAWS**

## **OVERVIEW**

### **Purpose of Report**

To provide background on the bylaws to amend water, sewer and garbage rates for 2017.

### **Recommendation**

That the Finance and Audit Committee recommend that Council receive the report pertaining to:

- (a) "Sewer Regulation and Charge Amendment Bylaw 2016 No. 2496.29";
- (b) "Waterworks Rate and Regulation Amendment Bylaw 2016 No. 7004.12"; and,
- (c) "Municipal Solid Waste Collection Amendment Bylaw 2016 No. 7128.07".

## **BACKGROUND**

Coming out of the Core Review was a recommendation to conduct a comprehensive user fee review. A Request for Qualifications was issued on 2016-JUL-21. Five responses were received and these were evaluated by the staff selection committee on 2016-OCT-07.

The next step is to begin negotiations with the highest evaluated proponent, with the intent of developing an agreement. Based on timelines in the submissions, it is anticipated that the comprehensive review will take approximately six months to complete once started.

At the Regular Meeting of Council held 2016-SEP-19, Council adopted the Financial Plan Amendment Bylaw 2016 No. 7222.02, the Financial Plan for 2016 – 2020. The Plan proposed annual increases to the water and sewer user rates that take effect on January 1<sup>st</sup> of each year. If the rate increases are delayed, then either higher rates are required or the City will not meet its revenue targets.

Staff are recommending that the planned increases for 2017 are implemented on January 1<sup>st</sup>. Pending Council's consideration of recommendations from the comprehensive user fee review, the user rate amounts can be amended at that time.

### **Water and Sewer Asset Management**

City Staff have been developing asset management plans for the community's inventory of fixed assets including water supply and distribution and sanitary sewer. The Staff findings indicate that there is a gap between the current level of funding for replacement of infrastructure compared to the amount required to replace all of our assets over time. This gap will need to be closed over a period of years through a combination of increased funding and service level adjustments.

Sewer Regulation and Charge Amendment Bylaw 2016 No.2496.29

Sewer fees are proposed to increase by 5% in 2017 (\$5.90 per single family home). This will bring the annual cost for a single family home to \$123.79. The increase is required to fund long term asset management plans for the City's sanitary sewer systems.

The 2017 increase will be effective 2017-JAN-01 and will apply to all properties.

Waterworks Rate and Regulation Amendment Bylaw 2016 No. 7004.12

The City's strategic water supply plan calls for extensive investment in water treatment and supply infrastructure over the next few decades. One of the funding sources for these expenditures is a 5% annual increase in water rates. The growth related portion of the costs will be funded through development cost charges. In addition to this 5% annual increase, a 2.5% increase is needed to cover the costs relating to the long term asset management program for both water supply and distribution.

The total increase of 7.5% will be effective 2017-JAN-01 and will apply to all properties. The total impact of this proposed change on a typical single family home is \$33.33 (based on the average consumption of 220 gallons/day). This will bring the annual cost for a single family home to \$477.84.

Municipal Solid Waste Collection Amendment Bylaw 2016 No. 7128.07

Garbage and recycling rates will need to increase by 2% for residential units and 1.5% for non-residential units. Higher costs come from contract increases (CUPE and recycling) and increased fleet charges.

The 2017 increase will be effective 2017-JAN-01. This will bring the annual cost for a single family home to \$102.75, an increase of \$2.00.

2017 Proposed New Rates  
Impact to Average Home

	2016	Proposed 2017	\$ Change	% Change
Water**	444.51	477.84	33.33	7.5 %
Sewer	117.89	123.79	5.90	5.0 %
Garbage	100.75	102.75	2.00	2.0 %
Total	663.15	704.38	41.23	6.2 %

\*\*=based on average consumption of 220 gpd

## **OPTIONS**

1. That the Finance and Audit Committee recommend that Council receive the report pertaining to:
  - (a) "Sewer Regulation and Charge Amendment Bylaw 2016 No. 2496.29";
  - (b) "Waterworks Rate and Regulation Amendment Bylaw 2016 No. 7004.12"; and,
  - (c) "Municipal Solid Waste Collection Amendment Bylaw 2016 No. 7128.07".
    - **Budget Implication:** The City will meet its revenue targets, including asset management initiatives.
    - **Strategic Priorities Implication:** Asset Management is a Council priority.
2. Table the report and request more information from Staff.
  - **Budget Implication:** Would delay implementation of new user rates requiring higher rates or resulting in the City not meeting its revenue targets.

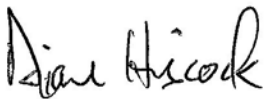
## **SUMMARY POINTS**

- The City's Financial Plan includes annual increases to water, sewer and garbage fees to provide for full cost recovery for those services including long-term asset management.
- Proposed increases for 2017 are 7.5% for water, 5% for sewer and 2% for garbage, over 2016 rates.
- This amounts to an annual increase of \$41.23, or 6.2%, over 2016 user rates for homes with an average water consumption of 220 gallons per day.

## **ATTACHMENTS**

Attachment A: "Sewer Regulation and Charge Amendment Bylaw 2016 No. 2496.29"  
"Waterworks Rate and Regulation Amendment Bylaw 2016 No. 7004.12"  
"Municipal Solid Waste Collection Amendment Bylaw 2016 No. 7128.07"

**Submitted by:**



Diane Hiscock  
Manager, Revenue Services

**Concurrence by:**



Victor Mema  
Chief Financial Officer



**CITY MANAGER COMMENT:**

I concur with the staff recommendation.

# **ATTACHMENT A**

CITY OF NANAIMO

BYLAW NO. 2496.29

## **A BYLAW TO AMEND THE SEWER REGULATION AND CHARGE BYLAW**

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WHEREAS the Council of the City of Nanaimo, in open meeting assembled, hereby ENACTS AS FOLLOWS:

### **Title**

1. This Bylaw may be cited as the "SEWER REGULATION AND CHARGE AMENDMENT BYLAW 2016 NO. 2496.29".

### **Amendment**

2. "SEWER REGULATION AND CHARGE BYLAW 1982 NO. 2496" is hereby amended by deleting Schedule "B" in its entirety and substituting the attached Schedule "B" therefore.

### **Effective Date**

3. This Bylaw shall take effect on January 1, 2017.

PASSED FIRST READING  
PASSED SECOND READING  
PASSED THIRD READING  
ADOPTED

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MAYOR

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CORPORATE OFFICER

**SCHEDULE "B"****SANITARY SEWER USER RATES**

1. The following flat rates shall apply to the following residential premises:

<b>(a) <u>Classification</u></b>	<b><u>Minimum Daily Rate</u></b>
Single Family Residence	\$.33914
Apartments, Suites or Duplex - each unit	.33914
Rooming Houses - first unit	.33914
- each additional group of plumbing fixtures	.22680
Trailer or Mobile Home Park – per occupied space	.33914
Secondary Suite (Bylaw 5342)	.33914

**(b) Classification**

The following flat rates shall apply to the following classified premises where the volumes of water supplied are less than 11,000 gallons or 1,766 cubic feet or 50 cubic metres per day.

Cafes, Restaurants and Licensed Premises - for each group of plumbing fixtures	.33914
Garage or Service Station	.33914
Store or Business Premises - for each group of plumbing fixtures	.33914
Laundry, Laundromat or Dry Cleaners - per washer	.15896
Schools and Colleges - per classroom	.22680
Hospitals - per bed	.22680
Office Building - for each group of plumbing fixtures	.33914
Churches and Halls - for each group of plumbing fixtures	.22680

<u>Classification</u>	<u>Minimum Daily Rate</u>
Other Premises - for each group of plumbing fixtures	.33914
2. The following daily rates shall apply to hotels, motels and campgrounds and shall also apply to other premises listed in Section 1(b) where water supplied by the City equals or exceeds the volume of 11,000 gallons or 1,766 cubic feet or 50 cubic metres per day:	
⇒ \$1.12372 per 1,000 gallons/160.5 cubic feet/4.5 cubic metres of water supplied up to 11,000 gallons or 1,766 cubic feet or 50 cubic metres daily; then	
⇒ \$.90147 per 1,000 gallons/160.5 cubic feet/4.5 cubic metres of water supplied for the next 11,000 gallons or 1,766 cubic feet or 50 cubic metres daily; then	
⇒ \$.67920 per 1,000 gallons/160.5 cubic feet/4.5 cubic metres of water supplied for the next 55,000 gallons or 8,831 cubic feet or 250 cubic metres daily; then	
⇒ \$.44454 per 1,000 gallons/160.5 cubic feet/4.5 cubic metres of water supplied over 77,000 gallons or 12,364 cubic feet or 352 cubic metres daily.	
3. All rates charged, as set out above shall be due and payable when levied which shall be subject to a discount of five (5) percent, provided rates for the current billing period are paid in full including all arrears then outstanding into the Office of the Collector, or his agents, on or before the close of business on the date set out on the billing form.	
4. Interim bills based on estimated water consumption may be levied and collected between billing periods.	

CITY OF NANAIMO

BYLAW NO. 7004.12

A BYLAW TO AMEND THE WATERWORKS RATE AND REGULATION BYLAW

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WHEREAS the Council has, by bylaw, provided for the classification of users and established terms, rates and conditions under which water facilities may be supplied and used throughout the City,

THEREFORE BE IT RESOLVED the Council of the City of Nanaimo, in open meeting assembled, ENACTS AS FOLLOWS:

Title

1. This Bylaw may be cited for all purposes as the City of Nanaimo "WATERWORKS RATE AND REGULATION AMENDMENT BYLAW 2016 NO. 7004.12".

Amendment

2. "WATERWORKS RATE AND REGULATION AMENDMENT BYLAW 2006 NO. 7004" is hereby amended as follows:
  - (a) By deleting Schedule "A" in its entirety and replacing it with the attached Schedule "A".
  - (b) By deleting Schedule "B" in its entirety and replacing it with the attached Schedule "B".

Effective Date

3. This Bylaw shall take effect on January 1, 2017.

PASSED FIRST READING  
PASSED SECOND READING  
PASSED THIRD READING  
ADOPTED

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MAYOR

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CORPORATE OFFICER

## **SCHEDULE "A"**

### WATER RATES

1. A Minimum Service Rate of .64466 dollars per day is hereby imposed on all properties.
2. The Minimum Service Rate referred to in Section 1 of this Schedule shall be levied and collected in any billing period.
3. In addition to the rates imposed pursuant to Section 1 of this Schedule, the following rates are hereby imposed upon all users and these rates shall be levied and collected for the proportionate amount of water consumed per day:
  - for the first 145 gallons, \$.00135 per gallon, or the equivalent in cubic feet and/or cubic metres.
  - for the next 75 gallons, \$.00625 per gallon, or the equivalent in cubic feet and/or cubic metres.
  - for the next 109 gallons, \$.00657 per gallon, or the equivalent in cubic feet and/or cubic metres.
  - for the next 219 gallons, \$.00683 per gallon, or the equivalent in cubic feet and/or cubic metres.
  - for the next 548 gallons, \$.00707 per gallon, or the equivalent in cubic feet and/or cubic metres.
  - all consumption over 1,096 gallons, \$.00728 per gallon, or the equivalent in cubic feet and/or cubic metres.
4. All rates charged, as set out above, shall be due and payable when levied which shall be subject to a discount of five (5) percent, provided rates for the current billing period are paid in full including all arrears then outstanding into the office of the Collector or his agents, on or before the close of business on the date set out on the billing form.
5. Interim bills based on the estimated water consumption may be levied and collected between billing periods.
6. Where more than one residential unit has consumption measured through a single meter, the City will calculate the charge for water in two ways:
  - (a) in the manner described in Sections 1 – 4 of this Schedule; and
  - (b) divide the total consumption by the number of units and use the average consumption per unit to calculate the charge as if each unit were a single family residence.

The City would then bill for the lower of the two amounts calculated above.
7. Water hauling services, distributors and other contractors shall be charged the highest water rate of \$.00728 (\$7.28/1,000 gallons).

**SCHEDULE "B"**

**FIRELINE RATES**

1. Single Meters:
  - (a) In the case of fireline service connections which are under 4 inches or 100 millimetres, rates levied and charged shall be on a minimum fee basis of \$.63764 per day.
  - (b) In the case of fireline service connections which are 4 inches or 100 millimetres and over, rates levied and charged shall be on a minimum fee basis of \$1.07425 per day.
2. Combination Meters:
  - (a) In the case of fireline service connections which are under 4 inches or 100 millimetres (combination), rates levied and charged shall be on a minimum fee basis of \$.31883 per day.
  - (b) In the case of fireline service connections which are 4 inches or 100 millimetres and over (combination), rates levied and charged shall be on a minimum fee basis of \$.53713 per day.
3. All rates charged, as set out above, shall be due and payable when levied which shall be subject to a discount of five (5) percent, provided rates for the current billing period are paid in full including all arrears then outstanding into the office of the Collector or his agents, on or before the close of business on the date set out on the billing form.

CITY OF NANAIMO

BYLAW NO. 7128.07

A BYLAW TO AMEND THE MUNICIPAL SOLID WASTE COLLECTION BYLAW

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WHEREAS a Council may, in accordance with the *Community Charter*, exercise its authority in relation to the use of waste disposal and recycling services, and impose fees and charges thereto:

THEREFORE the Council of the City of Nanaimo, in open meeting assembled, ENACTS AS FOLLOWS:

Title

1. This Bylaw may be cited for all purposes as the City of Nanaimo "MUNICIPAL SOLID WASTE COLLECTION AMENDMENT BYLAW 2016 NO. 7128.07".

Amendment

2. "MUNICIPAL SOLID WASTE COLLECTION BYLAW 2011 NO. 7128" is hereby amended as follows:
  - (a) By deleting Schedule "A" in its entirety and replacing it with the attached Schedule "A".

Effective Date

3. This Bylaw shall take effect on January 1, 2017.

PASSED FIRST READING  
PASSED SECOND READING  
PASSED THIRD READING  
ADOPTED

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MAYOR

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CORPORATE OFFICER



**SCHEDULE "A"**

**RATES AND CHARGES**

1. A fee of \$0.28151 per Dwelling Unit (or equivalent) per day is imposed on every owner of a Dwelling Unit receiving this service.
2. A fee of \$0.37762 per Dwelling Unit (or equivalent) per day is imposed on every owner of a Commercial or other premises receiving this service.
3. All fees shall be due and payable when levied.
4. All fees shall be subject to a five percent discount if fees for the current billing period are paid in full, along with any outstanding arrears, on or before the close of business on the date indicated on the statement of user rates.
5. The fee for Garbage Tags for additional Garbage is \$3 per tag.
6. The fee to purchase a Food Waste Container (Green Bin) is \$25 including taxes.

DATE OF MEETING November 16, 2016

AUTHORED BY DIANE HISCOCK, MANAGER, REVENUE SERVICES

SUBJECT **BULK WATER RATES FOR SOUTH WEST EXTENSION**

## **OVERVIEW**

### **Purpose of Report**

To provide background on the bylaw to amend water rates for South West Extension for 2017.

### **Recommendation**

That the Finance and Audit Committee recommend that Council receive the report pertaining to "South West Bulk Water Rate Amendment Bylaw 2016 No. 7099.05".

## **BACKGROUND**

In 2004, the water supply service established under the *Greater Nanaimo Water District Act* was transferred to the City of Nanaimo, making the City responsible for provision of water to the South West Extension Waterworks District. Under the legislation, the City's fees for this cannot exceed the cost of providing the service. The fees are reviewed on an annual basis.

The total cost to provide water to South West Extension for 2017 is estimated to be \$9,076,557. Based on the 5-year average annual water consumption volume, a rate of \$2.68 per 1,000 gallons is needed to meet full cost recovery, an increase of \$0.41 per 1,000 gallons. Costs related to the new water treatment plant and watershed management are the primary reasons for this increase.

## **OPTIONS**

1. That the Finance and Audit Committee recommend that Council receive the report pertaining to "South West Bulk Water Rate Amendment Bylaw 2016 No. 7099.05".
  - **Budget Implication:** The new rate reflects the full cost to provide the service, therefore revenue targets will be met.
  - **Strategic Priorities Implication:** Taking responsibility to be an excellent municipal government is a Council priority.
2. Table the report and request more information.
  - **Budget Implication:** Would delay implementation of new water rate requiring higher rates or resulting in the City not recovering the cost to provide the service.

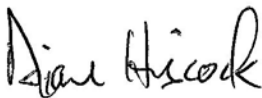
### **SUMMARY POINTS**

- The City's fees for providing water to South West Extension cannot exceed the cost to provide that service, and are reviewed on an annual basis.
- For 2017, a rate of \$2.68 is required to fund the costs of providing the service, an increase of \$0.41 per 1,000 gallons.
- Costs related to the new water treatment plant and watershed management are the primary reasons for the increase.

### **ATTACHMENTS**

Attachment A: "South West Bulk Water Rate Amendment Bylaw 2016 No. 7099.05"

**Submitted by:**



\_\_\_\_\_  
Diane Hiscock  
Manager, Revenue Services

**Concurrence by:**



\_\_\_\_\_  
Victor Mema  
Chief Financial Officer

### **CITY MANAGER COMMENT:**

I concur with the staff recommendation.

CITY OF NANAIMO

BYLAW NO. 7099.05

A BYLAW TO AMEND THE RATE FOR BULK WATER SUPPLY TO SOUTH WEST

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The Council of the City of Nanaimo, in open meeting assembled, ENACTS AS FOLLOWS:

Title

1. This Bylaw may be cited for all purposes as the City of Nanaimo "SOUTH WEST BULK WATER RATE AMENDMENT BYLAW 2016 NO. 7099.05".

Amendment

2. "SOUTH WEST BULK WATER RATE AMENDMENT BYLAW 2010 NO. 7099" is hereby amended as follows:

- (a) By deleting Section 3. in its entirety and replacing it with the following:

"3. Rate

The rate of bulk water supply to South West is \$2.68 per thousand gallons."

Effective Date

3. This bylaw shall take effect on January 1, 2017.

PASSED FIRST READING \_\_\_\_\_  
PASSED SECOND READING \_\_\_\_\_  
PASSED THIRD READING \_\_\_\_\_  
ADOPTED \_\_\_\_\_

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CORPORATE OFFICER